

WFCA HEALTH CARE COMMITTEE MEETING MINUTES

The WFCA Health Care Committee held a regular meeting on Friday, July 12, 2013 at the state association office in Olympia, Washington.

PRESENT

Members: Chair Jack Hensley, Jerry Bragg, Gene Carmody, Jim Farrell and Brad Langdell.

Staff: Roger Ferris, Jim Lux and Nora Eyllenfeldt.

Guests: Barb Wills, John Fawcett-Long (Mercer), Tina Vasen (TPSC) and WFCA President Miland Walling.

CALL TO ORDER

Chair Hensley called the meeting to order at 10:00 a.m. and led the group in the Pledge of Allegiance.

APPROVAL OF MINUTES

Jim Farrell moved and it was seconded to approve minutes of the April 19 and June 21, 2013 Health Care Committee meetings. **Motion carried.**

FINANCIAL REPORT

Roger Ferris reported program finances are doing very well.

JAMES R. LARSON FORUM BUILDING REPORT

Roger Ferris stated the siding on the west side of the building is being replaced because it has deteriorated and rotted over the years; fortunately, there is no structural damage but this project was overdue. The original AEG option to purchase Suite 201 has expired and there is no word on the latest proposal to purchase Suite 101.

CORRESPONDENCE

Jim Lux stated he will discuss correspondence under the Health Care Manager's report.

EXPERIENCE REPORT

Barb Wills presented the experience report, stating the program operated at an 85% loss ratio through June 30. She distributed reports on funding and paid claims, large claims and the reserve calculation. Jerry Bragg thanked Barb Wills and Tina Vasen for putting together all the information for the committee's review.

AFFORDABLE CARE ACT (ACA)

Implementation of the shared responsibility provisions of the Act have been delayed until January 2015. Provisions becoming effective in 2014 include updating summary of benefits and coverage and giving notice to employees about the availability of health exchanges. It was the consensus of the committee that communicating with districts regarding provisions of the Act is critical to helping them meet the applicable requirements of the ACA.

Also, there is an ongoing debate regarding whether or not volunteers are "employees" for purposes of health care coverage eligibility under the ACA. One line of thinking is that the ACA views variable hour workers, seasonal workers and volunteers as separate from part-time paid hourly employees as long as employers can demonstrate the tasks to be completed, the time of year and the time it will take to accomplish those identified tasks. This is contrasted to part-time employees completing ongoing tasks throughout the year and whether the part-time employee works an average of 30 hours or more per week or less. The ACA did not

contemplate small employers who provide health care coverage to employees; these employers rely heavily on volunteers or seasonal workers to operate a viable business. If not covered elsewhere, variable hour workers, seasonal workers and volunteers could get their individual health care coverage on the State Exchange. The other line of thought was brought into discussion by attorneys and is based on the Internal Revenue Service (IRS) Code's definition of employee. This thinking infers that any individual subject to the control of an organization's management is an employee whether receiving compensation or not for work done. Therefore, variable hour workers, seasonal workers and volunteers working an average of 30 hours or more per week would be eligible for employer-provided health care. If the latter definition were to apply, the resident volunteers and other volunteers working 30 hours or more per week for fire districts would be eligible for health care coverage. The financial impact could overwhelm fire district budgets.

The committee recessed at 11:05 a.m. The committee reconvened at 11:10 a.m.

Barb Wills reviewed additional ACA mandates that will go into effect January 1, 2014:

- Eligibility for children to age 26;
- No pre-existing condition waiting period;
- Elimination of 90-day waiting period for eligibility of coverage for new hires;
- Cover cost of certain clinical trials;
- Non-discrimination for network providers;
- Elimination of any dollar limitation on "essential health benefits", including pediatric oral and vision care;
- Limit employee out of pocket (deductibles, co-insurance and co-payments) cost sharing;
- Fees to support the Patient Centered Outcomes Research Institute (PCORI) and to stabilize premiums in the individual health insurance market for those with pre-existing conditions (state non-profit reinsurance entities).

2014 SELF-FUNDED PROGRAM

Barb Wills distributed a revised 2013 year-end projected fund balance noting a modest increase in the projected fund balance compared to the information provided at the last meeting.

Vision Care: Barb Wills stated that due to ACA statutory changes, the \$200 limit on pediatric (under age 19) vision care must be removed in 2014; there can be frequency limits, however. It was noted the \$200 limit for adults has been in effect for some time and it may be time make an upward adjustment in the adult coverage limit. Tina Vasen will look into this and report back to the committee. Any potential change made would not be implemented until 2015 at the earliest.

Incentive Program for Detecting Medical Claim Overpayments: In a follow-up to the June 21 meeting, Jim Lux distributed a revised document outlining implementation of an incentive program designed to recognize enrolled self-funded members who identify medical claim overpayment errors on their medical billings for services not received. Jerry Bragg moved and it was seconded to accept this program, as revised July 8, 2013, effective January 1, 2014. **Motion carried.**

Early Retirees—Active Service Coverage: Based on inquiries from fire districts and an analysis of the financial impact, Jim Lux suggested the committee consider offering early retirees (age 53-65) the option to continue "active service" coverage rather than mandating enrollment in the WFCR Retiree Plan. Mr. Lux stated this is a fundamental difference between our self-funded plans and many of our competitors, who offer active service plans to those who want to retire before becoming eligible to enroll in Medicare. He made clear there could be a cost to adopting this policy, which Barb Wills estimated might increase costs to the self-funded program by 1.4%. Jerry Bragg moved and it was seconded to recommend to the Board that the WFCR offer this coverage to early retirees *provided* the cost to do so does not exceed three percent overall;

further, if the actuarial report is favorable, that staff poll the committee and Board for final approval prior to the September health care workshops. **Motion carried.**

The committee recessed for lunch at 12:40 p.m. The committee reconvened at 1:10 p.m.

Rate Approval: Jerry Bragg moved and it was seconded to adopt a zero premium increase for 2014 and 2015. Discussion followed. Brad Langdell moved and it was seconded to amend the motion to remove the year 2015. **Motion to amend carried. Motion to adopt a zero premium increase as amended (2014 only), passed unanimously.**

Premium Holiday: Jim Farrell moved and it was seconded to adopt a 2014 premium holiday for districts enrolled in the self-funded health care plans in 2013 and re-enrolled in 2014. A lengthy discussion followed regarding the pros, cons and timing of a “holiday”. Jim Farrell amended the motion and it was seconded to direct Jim Lux and Tina Vasen to schedule the premium holiday as early as possible, but no later than June 30, 2014. **Motion to amend carried, with Brad Langdell voting no.** Jim Farrell amended the motion and it was seconded to schedule the premium holiday, preferably in December 2013 or January 2014, but no later than March 31, 2014. **Motion to amend carried. The motion to establish a 2014 premium holiday, as amended, passed; Jerry Bragg abstained from voting.**

The committee recessed at 2:30 p.m. The committee reconvened at 2:45 p.m.

Employee Cost Sharing (Out of Pocket Limit): The committee discussed the scenarios provided regarding new in-network cost sharing limits contained in the ACA. It was noted that Option 4 would create a tracking challenge for TPSC. Jerry Bragg moved and it was seconded to adopt Scenario 3. Discussion followed and resulted in the motion and second being withdrawn. Brad Langdell moved and it was seconded to adopt Scenario 4. Tina Vasen will investigate tracking programs and costs. In the event there is no tracking program, the committee will communicate via email or conference call to discuss options. **Motion carried.**

2014 INSURED PLANS

Barb Wills reviewed rates, as follows:

- Group Health Cooperative:
 - Active employees, 2.16% increase;
 - Retirees, 1.88% increase;
 - LEOFF 1 active employees, 3.89% increase.
- Kaiser Foundation Health Plan:
 - Active employees, 7.97% increase;
 - Retirees, 7.97% increase;
 - LEOFF 1 active employees and retirees, 7.97% increase.
- WDS Dental Plan:
 - No increase in premiums.
- Standard Life and AD&D Insurance:
 - No increase in premiums.

Discussion was held on the dental plans, including the reserve maintained by WDS that is accumulated to cover potential extraordinary annual dental expenses exceeding annual premium funding. It was the consensus of the committee to study the financial impact of increasing dental benefits sometime in the future but no earlier than 2015. Barb Wills will provide information for the committee’s review at the October meeting. It was the consensus of the committee to create a reserve line item in the health care budget. Jim Farrell moved and it was seconded to recommend to the WFCA Board a zero premium increase in dental rates for 2014. **Motion carried.**

UTILIZATION CONTRACT REVIEW

Based on an analysis by TPSC staff, Tina Vasen suggested switching vendors from Qualis to American Health Holding (AHH); while Qualis has provided excellent service, it does not have the technological advances offered by AHH, which offers pre-certification and comprehensive data reporting to improve program management at a negligible cost difference. Ms. Vasen noted AHH also provides the current wellness portal. Jim Farrell moved and it was seconded to switch to AHH as the program's utilization review vendor. **Motion carried.**

HEALTH CARE MANAGER'S REPORT

Jim Lux stated the 2010 and 2011 audit is complete. He expects a management letter calling for improvements to internal controls. The CPA is working on an automated financial reporting system to provide the desired checks and balances to improve the integrity of financial information generated by WFCA and TPSC. Mr. Lux shared with the committee that he had received inquiries from some larger fire districts that are not currently enrolled in the WFCA Health Care Program who are interested in possibly enrolling in the program.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

GOOD OF THE ORDER

Jerry Bragg stated the ACA requires business owners to file a 650W form with the IRS in order to reconcile payments from credit card companies that businesses use with the amount the businesses report to the IRS. There will be a fine for non-compliance.

Gene Carmody asked if there will be changes to the health care workshop schedule. Jim Lux responded that the 2013 program will be similar to past workshops but he hopes to offer a training program on HIPAA responsibilities in the future. We will request RSVPs for the luncheons at this year's workshops in order to have a more accurate count.

Health care workshop dates and locations were reviewed; Gene Carmody will attend in Tulalip, Jim Farrell in Kelso and Jack Hensley in Spokane.

Brad Langdell asked, 1) How do our benefit limits compare with other plans?, and 2) Are our benefit limits keeping up with inflation? Discussion followed. It was the consensus of the committee to review this information at a future meeting.

ADJOURN

There being no further business, the meeting was adjourned at 3:40 p.m.