

Central Washington Public Utilities
UIP (Unified Insurance Program) Special Trustee Meeting
via Conference Call (855) 201-9213 / Access Code: 7141885
Thursday, September 14, 2017
MEETING MINUTES

Roll call

The meeting was called to order at 10:08 a.m. by Chair Wenner. Those attending the meeting included:

<u>PUD</u>	<u>Trustees</u>	<u>Alternate Trustees</u>	<u>Others</u>
Benton	Melina Wenner	Jody George	
Douglas	Barbara Davis		
Ferry	Marilee Kuehne		
Franklin	Carrie Locke	Sylvia Hubbard	
Grant	Annette Hernandez	Darla Stevens	
Okanogan		Katie Pfitzer	Rob Gillespie, Treasurer
Pend Oreille	Lloyd Clark		Shanna Rice, Administrator

Alliant: Kim Chawes, Schuyler Briscoe, Christian Rothrauff

Meeting Minute Approvals

Trustees reviewed the quarterly minutes distributed in advance of the meeting for the meetings held on:

- July 17, 2017

Motion was made by Trustee Davis and seconded by Alternate Trustee Pfitzer to approve the minutes from the meeting held on July 17, 2017. Motion passed unanimously.

Reserve Discussion

In advance of the meeting, Alliant provided Trustees with the attached presentation for review and consideration. Schuyler Briscoe opened the discussion with his recollection discussions during the August 29, 2017 UIP meeting and request for Alliant to conduct an actuary review of the assets available within the excess reserves to off-set the projected 9.5% medical rate increase. Mr. Briscoe shared the objective of their review was to provide Trustees information on the current status of reserve assets, assist with the review of a future reserve policy, create a conservative reduction of assets recommendation that meet reserve requirements, and help Trustees establish rates for the 2018 plan year.

Christian Rothrauff presented Alliant's actuarial findings and information on the current reserve assets, he explained minimum requirements, provided an overview of current reserve balances, and explained the impacts of inflation and annual funding vs. plan performance to contingency reserves. Mr. Rothrauff stated that Alliant's position is to ensure the security of the Trust and therefore recommended that Trustees consider a conservative reduction of the contingency reserve using a phased approach over a 3-4 year period of time.

Mr. Rothrauff shared that it is Alliant's recommendation that Trustees consider reducing the previously proposed 9.5% medical/RX rate increase by 3.5% through a reserve reduction, making the overall plan increase 6% for the 2018 renewal. Discussion ensued between Trustees and Mr. Rothrauff relative to the how the excess contribution trends year over year, historical claims experience (spend), the logic behind rate projections, the reserve minimum level and the importance of ensuring reserve assets are protected.

Mr. Rothrauff reiterated that when utilizing reserves to buy-down premiums the goal is to project higher to what you are budgeting and the recommended 3.5% buy down to the Trust contingency reserve would equal a 103.5 projected spend/trend in 2018; therefore ensuring sufficient reserves remain to reduce the risk of a future double-down while reducing the actual reserves in a responsible manner.

- **Future Reserve Policy – Alliant Recommendations:** Alliant during their analysis reviewed the UIP Reserve Policy and proposed that Trustees consider making the following amendments:
 - 1) Create accounting policy to dollars out of the contingency reserve to the IBNR reserve the IBNR reserve is under-funded.
 - 2) Change Value from Weeks to Weeks per Employee – This change would allow automatic adjustments based on changes in enrollment.
 - 3) Clearly define “Program Expenses”
 - 4) Stay consistent with terminology in future policies
 - 5) Change Dental minimum to 12 weeks to match Medical/RX – Change would simplify accounting and clarify minimum for Trustees
 - 6) Contingency Reserve reaches 16-20 weeks evaluate whether a buy-down makes sense – This change would result in an automatic financial review, which is not required, but would at least commit Trustees to initiate a conversation.
 - 7) Contingency Reserve reaches over a ceiling of 20 weeks a buy-down must occur to a level below 20 weeks but not less than 16 weeks – This change would create a process to automatically buy-down reserves once the reserves reach 20 weeks.

Outcome/Future Actions: Chair Wenner thanked Alliant for their work on the reserves actuarial review and recommendation to amend the UIP Reserve Policy. Based on these recommendations, trustees agreed to utilize the reserves for a 3.5% buy-down of the medical premium, add an annual review of the Financial Reserve Policy to the UIP Annual Calendar and form a sub-committee to review and update the current Financial Reserve Policy

2018 Rate Setting

Chair Wenner proposed Trustees consider a rate pass for vision and dental and a 6% medical plan rate increase. Discussion ensued.

Motion was made by Trustee Davis and seconded by Alternate Trustee Pfitzer to have rate pass on vision and dental and a 6% rate increase to medical rates effective January 1, 2018 through December 31, 2018. Motion passed unanimously.

Dental Preventative Services

Trustees continued discussion from that began at the August 29, 2017 meeting relative to the preventative dental benefits application towards the annual maximum. Trustees shared a common interest in understanding how preventative benefit utilization impacts overall plan utilization before making a decision to amend the application towards the maximums. Trustees also discussed engaging the EIAC in the decision making process before making any changes.

Outcome/Future Actions: Chair Wenner recommended and Trustees agreed to defer making a decision on this benefit plan change to 2018, following receipt of the Delta Dental Knowledge Services Report, which will be presented during the Q1 2018 UIP Meeting. Trustees also agreed to engage the EIAC following receipt of the report.

Open Enrollment Communications

Alliant shared with Trustees that they will send individual emails to each PUD next week recapping materials needed.

Meeting adjourned at 10:02 AM

Approved by Trustees on December 12, 2017



Melina Wenner, Chair

/jag