

**Central Washington Public Utilities**  
UIP (Unified Insurance Program) Special Trustee Meeting  
via Conference Call (855) 201-9213  
Wednesday, August 15, 2018  
**MEETING MINUTES**

**Roll call**

The meeting was called to order at 1:35 p.m. by UIP Chair Wenner. Those attending the meeting included:

<b><u>PUD</u></b>	<b><u>Trustees</u></b>	<b><u>Alternate Trustees</u></b>	<b><u>Administrators/Others</u></b>
Benton	Melina Wenner, Chair	Jody George	
Douglas	Barbara Davis		
Ferry	Marilee Kuehne	Sue Nush	
Franklin	Carrie Locke	Sylvia Hubbard, Vice Chair	
Grant	Annette Hernandez	Darla Stevens	
Okanogan		Katie Pfitzer	
Pend Oreille			Shanna Rice

**Alliant:** Kerri Coyle, Schuyler Briscoe and Christian Rothrauff

**Others:** Tim Barnett, IBEW Local No. 77

**Financial Reserve Policy**

Trustee Davis shared that language specific to what occurs if the reserves are underfunded have been incorporated into the Financial Reserve policy as requested by Trustees during the July Quarterly meeting. Trustee Davis indicated that in addition to making this amendment, she had reviewed the policy to ensure nothing was unintentionally omitted and found one sentence relating to intent of the policy that needed to be added to the policy. Trustees reviewed and discussed the changes to the Policy. Trustee Kuehne recommended the section related to the Program Reserve Account and Target Funding Level be amended to include prescription as a program expense.

Prior to approving the policy Christian Rothrauff with Alliant provided Trustees with an overview and comparison of the current reserve policy to the proposed policy reserve balances. He indicated that because the Trust decided to be conservative and use 16 weeks of medical, pharmacy, dental and vision expenses under the IBNR Claims Liability Policy and reduce the Contingency Reserve Policy to 8 weeks, Alliant based their comparison on the average program expenses for the past rolling 12 months ending in July to determine the change in total reserve balances. Mr. Rothrauff indicated that in the future, Alliant will annually use data through the end of July to calculate and set the minimum reserve amount for the future year. Discussion ensued regarding the increase in IBNR and decrease in contingency reserves reflected in the comparison and how the increase in minimum reserves results in a lower balance of excess reserves. Vice Chair Hubbard shared that by adopting this policy decisions related to rates will

be based on these new numbers. Trustees discussed the rationale for being more conservative on the reserve balance limits and how it will affect decisions related to buying down rates in the future. Schuyler Briscoe shared that the contingency reserve target number is one that should be stabilized as they are truly contingency numbers and by increasing the IBNR the Trust is creating stability.

**Motion** to approve the amended Financial Reserve Policy with the understanding that the section identified by Trustee Kuehne would be amended was made by Alternate Trustee Pfitzer and seconded by Trustee Davis. Motion passed unanimously.

**Outcome/Future Actions:** Chair Wenner thanked the subcommittee and Alliant for their work on this policy.

### **Dental Preventative Benefit**

Mr. Briscoe shared that the financial impact of adding Delta Dentals Maximum Wellness Program to the Plan design will result in a maximum 2.83% increase in claims liability. Alternate Trustee Shannon shared that during the July meeting Trustees had discussed the timing of this option considering the UIP may be marketing dental and changing the medical TPA and with this in mind, asked Trustees if it would be a goodwill decision to withhold further consideration of this change and discuss during negotiations.

**Outcome/Future Actions:** Trustees discussed the value of the program and agreed that while it aligned with the goals of the UIP to promote wellness the option but should be deferred to negotiations. Tim Barnett with the IBEW concurred with this decision.

### **2019 Renewal – Rate Setting (WebEx)**

Mr. Rothrauff provided a detailed explanation of the renewal projections to Trustees. Discussion followed regarding national trend and the source used by Alliant to determine the UIP rates. Mr. Rothrauff indicated that Alliant uses Segal National Trend as well as others and as our Broker has the ability to normalize the trend to get a base essential root for consistent trending year over year. Using this trend they can also factor in pharmacy inflation and specific drug inflation to come up with more valuable and conservative number. Trustee Davis asked if Rx is broken out by plan when determining rates; which Mr. Rothrauff indicated were not due to the likely hood that members utilizing more expensive prescriptions are likely electing to enroll in the PPO vs. the CDHP plan because of their comfort level with the copayment.

Mr. Rothrauff led Trustees into a rate adjustment conversation and exhibited different scenarios based on the current and proposed Financial Reserve Policy. Kim Chawes provided an overview of the renewal history beginning with the 2016 Plan Year. Trustees discussed at length the option of buying down the rate with excess reserves. Mr. Rothrauff reminded Trustees that when setting the 2018 rates a decision had been made to buy down the rate increase by 3% using excess reserves. He further reported that Alliant's renewal projection has a 3% buffer and because the Trust continues to see a favorable trend the reserves allocated for the 2018 buy down have not yet been spent. Discussion ensued and each Trustee was given an opportunity to share their thoughts relative to the medical rate increase proposed by Alliant and option to buy down the increase with reserves.

**Motion** to approve an increase in medical premiums of 7.1%, a vision premium increase of 6.4%, and a dental premium rate pass for the 2019 calendar year was made by Trustee Davis and seconded by Trustee Locke. Prior to passing the motion Alternate Trustee Pfitzer asked for clarification on the IBNR and the effect of these changes on excess reserves. Mr. Rothrauff indicated the excess reserves funding over what is required by the WAC would be reduced approximately 1.5 million. Motion passed unanimously.

**Outcome/Future Actions:** Alliant will update the rate sheets and distribute to Trustees for review.

### **Medical TPA**

**Update from Broker:** Mr. Briscoe shared that since the July meeting, Alliant had consolidated the Trustees comments and conducted an exit interview with First Choice Health; spoken with Premera; and let Cigna know the general feeling of the Trust and shared with them some of the questions and requests identified by Trustees (which they are working on).

**Cigna Questions:** Mr. Briscoe indicated that Cigna was being very responsive and has shared that they can provide a side by side comparison of where the UIP would have been had they transitioned to Cigna this year. Vice Chair Wenner asked if this comparison would show savings and discounts applied, which Mr. Briscoe responded they would.

Trustees entered into discussion about Cigna and information they had obtained from other employers who are contracted with them. Trustees discussed Cigna's verbal commitment to contract with more providers in the UIP rural areas and once more reiterated the importance of ensuring the UIP carrier can provide in-network services to all members within the UIP vs. only those who live in larger areas. Chair Wenner shared that the UIP as a public entity needs to be stewards of public dollars and as Trustees we are tasked with, as well as required by regulation, to obtain services with the best value at the lowest cost.

**Outcome/Future Actions:** Trustee Kuehne expressed her gratitude for Trustees looking out for her utility when making decisions that affect her employees.

**Next Steps:** Mr. Briscoe shared that Cigna is very active in pursuing the UIP and would to temper the conversation and schedule a follow-up meeting with Trustees. He indicated that Alliant has presented the Trustees initial questions to them and asked if the Trustees would be agreeable to meeting with Cigna so they can provide answers directly to Trustees and expand on the services they shared during the finalist presentation.

**Outcome/Future Actions:** Trustees discussed the meeting invitation and decided it would be best to defer the meeting to early 2019 and that by doing so it would give the new UIP Benefits Program Administrator the ability to participate in the meeting with a better understanding of the UIP. Trustee Davis indicated that she would like to see the disruption and comparison reports in advance of meeting with Cigna. Mr. Briscoe reiterated that the next steps identified by Trustees as areas to evaluate included directive network expansion, current gaps and disruption reporting and reporting on repricing on claims and potential savings with dental and additional lines.

### **EIAC Meeting Schedule**

Trustees discussed possible dates for a future EIAC meeting and the purpose of meeting with the EIAC. Trustees had a brief discussion about rolling over the wellness program requirements for the future year and using 2019 to evaluate the direction of the program for the 2021 wellness year.

**Outcome/Future Actions:** Trustees and Mr. Barnett were in agreement that a meeting be scheduled to occur at the beginning of 2019 and that the meeting purpose would be discussion about the wellness program, education on benefit terms and plan design. In preparation for the 2019 wellness event Trustees will add discussion about the Wellness Event to qualify for the 2020 incentive on the next meeting agenda.

### **Claims Audit Update**

Vice Chair Hubbard shared that CTI had provided a contract with a Business Associate Agreement (BAA) to the Trust and that the contract and BAA had been reviewed by Franklin PUD General Counsel and then accepted and signed by the Chair.

**Outcome/Future Actions:** Vice Chair Hubbard indicated that the kick-off meeting for the audit has been scheduled for August 27, 2018.

**Meeting adjourned at 3:13 PM**

Approved by Trustees on October 11, 2018

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Melina Wenner, CWPU UIP Chair

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