



STAFF REPORT

TO: Southwest Washington Regional Transportation Council Board of Directors
FROM: Matt Ransom, Executive Director
DATE: January 28, 2014
SUBJECT: **Health Care Benefit Program Interlocal Agreement**

AT A GLANCE - ACTION

The Southwest Washington Regional Transportation Council (RTC) contracts with Clark County for the purchasing and administration of the organization's Human Resources and benefit program. The Clark County Board of Commissioners has approved modification of the County administered benefit program and has asked Participating Agencies (RTC) to enter into an Interlocal Agreement and provide a one-time reserve fund contribution for continued administration of the revised benefit program. Approval of the Interlocal Agreement will ensure continued provision of health care benefits to affected employees of the Regional Transportation Council and will require a one-time budget increase to enable payment of the reserve fund cost estimated at \$6,500. This payment will be due in April 2014.

INTRODUCTION

The Southwest Washington Regional Transportation Council (RTC), was organized in 1992 through an interlocal agreement among member agencies. At the time of establishment, the RTC entered into a Memorandum of Understanding with Clark County (County) whereby the RTC contracts with the County for human resources services such as personnel, payroll, and benefits administration. In this relationship, the RTC is considered a Participating Agency.

Periodically, Clark County reviews their human resources related agreements, contracts, and bids benefit contracts with external providers in order to keep their programs current and market competitive. The County recently completed a review of a benefit contract and has elected to establish a new form of administration. This new program requires establishment of a new interlocal agreement among participating agencies and a revised cost structure which includes a one-time reserve fund requirement from Participating Agencies to establish the new program.

The RTC has been provided an overview of the new program and an estimate for the reserve fund cost. The reserve fund cost is estimated at \$6,500. A final cost estimate is forthcoming. No other changes are proposed for the benefit program and the recurring monthly costs are estimated to be equivalent to the existing costs. Future cost increases are unknown at this time. However future program cost increases will be addressed through the annual budgeting process.

Adoption of Resolution 02-14-02 and authorization of the budget in the amount of \$6,500 will ensure that the RTC can continue to participate in the County's benefit program and will enable a seamless transition of benefits.

POLICY IMPLICATION

Upon approval of the Resolution and the Interlocal Agreement, the Board will authorize an increase of the 2014 Budget to reflect this new cost.

BUDGET IMPLICATION

The action requested increases the 2014 RTC Budget by \$6,500. This one-time payment can be accommodated within the agencies existing operating resources.

ACTION REQUESTED

Adoption of Resolution 02-14-02 authorizes the Executive Director to sign the Clark County Health Care Program Interlocal Agreement and authorizes a one-time increase to the 2014 RTC budget by \$6,500 to cover the up-front costs of the Health Care Benefit Program establishment.

Attachments:

- 1) Southwest Washington Regional Transportation Council Resolution 02-14-02 Requesting Participation in the Clark County Health Care Benefit Program
- 2) Clark County Health Care Benefit Program Interlocal Agreement

**SOUTHWEST WASHINGTON REGIONAL TRANSPORTATION COUNCIL
RESOLUTION NO. 02-14-02
REQUESTING PARTICIPATION IN THE
CLARK COUNTY HEALTH CARE BENEFIT PROGRAM
February 4, 2014**

WHEREAS, Clark County administers Health and Welfare benefits for its employees, and certain other Participating Agency's organized and existing under the Constitution or laws of the State of Washington; and

WHEREAS, Southwest Washington Regional Transportation Council has determined that it is in their best interest to jointly self-insure certain health benefit plans for its employees and to pay such contributions for employees and dependents to the Health Care Self Insurance program maintained and administered by Clark County while at the same time continuing as the entity to which other insured health and welfare benefit plans are provided to employees; and

WHEREAS, it appears economically feasible and practical for the parties to do so; and

WHEREAS, Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under chapter 39.34 RCW, jointly self-insure health benefit plans and programs, and

WHEREAS, the Clark County Health Care Benefit Program Interlocal Agreement (the "Interlocal Agreement") attached hereto and incorporated herein creates a joint self-insured health benefit program (the "Health Care Program") to be administered by the Governing Board and Program Manager for the purposes of providing self-insured health benefits; and

WHEREAS, WAC 200-110-030 requires every local government entity participating in a joint self-insurance health benefit program to adopt such program by resolution; and

WHEREAS, Chapter 48.62 requires Health Care Program assets to be managed consistent with existing authority over use of municipal funds in RCW 35.39.030. The Governing Board will manage Health Care Program reserves in compliance with Chapter 48.62 RCW; RCW 35.39.030, and the Clark County Investment Policy; and

WHEREAS, all premium contributions for use in the Health Care Program will be deposited into the Health Care Self-Insurance Fund (the Fund), which represents a pool of funds that is independent of all other Clark County funds; and

WHEREAS, the Self-Insurance Program Governing Board intends to manage the Fund assets in compliance with federal and state laws and the Interlocal Agreement; and

WHEREAS, the Southwest Washington Regional Transportation Council believes it is in the best interest of the Health Care Benefit Program to allow the Governing Board to manage the Fund;

NOW THEREFORE BE IT RESOLVED, that the Interlocal Agreement creating the Health Care Benefit Program is hereby approved by the Board of Directors and the Executive Director is hereby authorized to execute the Interlocal Agreement on behalf of the Southwest Washington Regional Transportation Council.

ADOPTED this 4th day of February 2014, by the Southwest Washington Regional Transportation Council.

SOUTHWEST WASHINGTON
REGIONAL TRANSPORTATION COUNCIL

ATTEST:

Jack Burkman
Chair of the Board

Matt Ransom
Executive Director

**Clark County Health Care Benefit Program
Interlocal Agreement**

This Agreement is made and entered into by and between Clark County and the public entities organized and existing under the Constitution or laws of the State of Washington that are participating in the County's employee health care benefit plans, and that is a signatory to this Agreement.

RECITALS

WHEREAS, the Clark County Health Care Self-Insurance Fund is an entity to which contributions by Participating Agencies and Participating Employees are paid and through which Clark County provides one or more insured health care benefit plans or programs to Participating Employees, their covered dependents and other beneficiaries ("Beneficiaries"), on whose behalf the contributions were paid; and

WHEREAS, the County and Participating Agency has determined that it is in their best interest to jointly self-insure certain health care benefit plans and programs for Beneficiaries through a designated account, while at the same time having the County continue as the entity to which health care benefit plan or program contributions are paid and through which insured health care benefit plans and programs are provided to Beneficiaries; and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so; and

WHEREAS, Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal Agreement under Chapter 39.34 RCW, jointly self-insure health care benefit plans and programs, and/or jointly hire risk management services for such plans or programs by any one or more of certain specified methods; and

WHEREAS, each local entity that is a signatory hereto, as required by WAC 200-110-030, acts upon the authority of a resolution adopting this Agreement and the Health Care Benefit Program created herein;

NOW, THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

The following are definitions of terms used in this Agreement. Unless indicated otherwise, other terms are defined where they are first used. Defined terms are capitalized when used in the defined context.

- 1.1 **Agreement** means this Interlocal Agreement entered into under the authority of Chapter 39.34 RCW and as required by RCW 48.62.03(2) between Clark County and Participating Agencies.
- 1.2 **Contribution** means the amount owed by the Participating Agency and Participating Employee and when combined equals the total premium due to the insurance carrier.
- 1.3 **Effective Date** means April 1, 2014.
- 1.4 **Governing Board** means the group of individuals whose role is to oversee the operations of the Health Care Program, analyze and develop Rates and benefit coverage changes not covered under the Memorandum of Understanding for health care benefits prescribed by the Health Care Committee, for recommendation to the Board of Clark County Commissioners, where applicable, and perform other duties necessary to ensure that the needs of Participating Agencies are met and the long-term financial health of the Health Care Program is maintained. The Governing Board may delegate its responsibilities to other groups or entities at its discretion and in accordance with this Agreement.
- 1.5 **Health Care Benefit Program** or **Program** means the joint self-insurance program offering self-insured medical, which may include vision, prescription drug, and dental benefit options through the self-insurance fund.
- 1.6 **Health Care Benefit Service Agreement** or **Service Agreement** means an agreement between Clark County and a public entity participating in the County's health care benefit programs and which agreement stipulates the administrative requirements, funding, and employee eligibility associated with the Health Care Benefit Program.
- 1.7 **Health Care Committee** means a labor/management committee that is established through a Memorandum of Understanding and is a party to their respective collective bargaining agreements.
- 1.8 **Health Care Self-Insurance Fund** or **Fund** means a fund designated and established by this Agreement and Program policies under the authority of Chapter 48.62 RCW to receive revenue and pay expenses related to the Program. The Fund will consist of revenue accounts, expense accounts to cover the cost of administration, payment of claims and required reserves.
- 1.9 **Participating Agency** means an Agency that is also a party to this Agreement. **Participating Agency** is limited to the following Agencies: CRESA, SW Washington Behavioral Health, Southwest Washington Regional Transportation Council, Law Library, Southwest Clean Air Agency, Cemetery District 6, and Fire District 3.

- 1.10 **Participating Employee** means any eligible individual employed by a Participating Agency and for whom the Participating Agency makes payment to the Health Care Self-Insurance Fund, and any individual who may have been so employed but is subsequently laid off, terminated, or retired, excluding those eligible for Medicare. Eligibility shall be defined in the Services Agreement.
- 1.11 **Plan Year** means January 1 through December 31. The first plan year shall run April 1, 2014 through December 31, 2014.
- 1.12 **Premium** means the sum of the rates made to continue coverage for participants.
- 1.13 **Program Policies** means this Agreement, Program Governing Board Bylaws and other documents governing the operations of the Program and approved by the Governing Board.
- 1.14 **Rate** means the amount charged for each tier of coverage, (i.e. single, employee plus one, employee plus family).
- 1.15 **Resolution** means the legislative action adopted by each Agency that authorizes participation in the Program.
- 1.16 **State Risk Manager or Risk Manager** means the risk manager of the Risk Management Division within the Department of Enterprise Services.
- 1.17 **Stop-Loss Insurance or Reinsurance** means a promise by an insurance company that it will cover losses of the Program over and above an agreed-upon individual or aggregated amount, which definition shall be modified by any changes to the definition of stop-loss insurance in WAC 200-110-020.
- 1.18 **Third-Party Administrator** means the independent association, agency, entity or enterprise, which, through a contractual agreement, provides one or more of the following ongoing services to the Program; pool management or administration services; claims administration services, risk management services, or services for the design, implementation, or termination the Program.

ARTICLE 2

PURPOSE

This Agreement is entered into for the purpose of authorizing the Program created by and between Clark County and Participating Agencies to provide self-insured health care benefits to Beneficiaries. The Program shall comply with the statutory provisions found in Chapters 48.62 and 39.34 RCW and the regulatory requirements contained in Chapter 200-110 WAC applicable to joint self-insurance programs.

ARTICLE 3

PARTIES

Each party certifies that it is authorized to and will participate in the Program. The Participating Agencies are signatories to this Agreement as of the Effective Date until participation is terminated.

ARTICLE 4

DURATION OF AGREEMENT

- 4.1 This Agreement shall become effective on the Effective Date.
- 4.2 This Agreement shall have perpetual duration unless terminated as hereinafter provided.

ARTICLE 5

HEALTH CARE ACCOUNT

- 5.1 All Program Contributions will be deposited into the Health Care Self-Insurance Fund (Fund.) Such Program Contributions include but are not limited to reserve fund Contributions and Premium Contributions.
- 5.2 The Fund represents a pool of funds that is independent of all other Clark County funds. The funds deposited into the Fund are held, managed and expended only for the Program and its reasonable expenses, consistent with applicable state and federal statutes and rules governing joint self-insurance programs and self-insurance programs generally.
- 5.3 The Fund is subject to audit by the State Auditor's Office.

ARTICLE 6

GOVERNING BOARD POWERS RELATED TO THE PROGRAM

The Governing Board is provided with the powers and functions established under RCW 48.62.031 to accomplish the following:

- 6.1 Promote the economical and efficient means by which health care coverage is made available to Participating Agencies and provided to Participating Employees, and their covered dependents;
- 6.2 Protect the financial integrity of the Health Care Self-Insurance Fund through purchase of Stop-Loss Insurance or Reinsurance in such form and amount as necessary;
- 6.3 Contract for or otherwise provide legal counsel for the defense of claims and other legal services;

- 6.4 Consult with the state insurance commissioner and the State Risk Manager;
- 6.5 Obligate the Participating Agencies to pledge revenues or contribute money to secure the obligations or pay the expenses of the Program, including the establishment of a fund for coverage; and
- 6.6 Exercise all other powers and perform all other functions reasonably necessary to carry out the purposes of the Program pursuant to Chapter 48.62 RCW and Chapter 200-110 WAC.

ARTICLE 7

RESPONSIBILITIES OF THE GOVERNING BOARD

The Governing Board shall discharge its responsibilities under this Agreement as follows:

- 7.1 Provide for the management and operation of the Program;
- 7.2 Provide for health care benefit coverage options for Participating Employees, and their covered dependents not otherwise provided for by the Healthcare Committee Memorandum of Understand (MOU);
- 7.3 Determine the level of Stop-Loss Insurance or Reinsurance coverage for claims expenses above the amounts deemed appropriate for self-insurance;
- 7.4 Ensure that the Program meets required state and federal statutes and rules;
- 7.5 Recommend to the Board of Commissioners vendor contracts required to meet the responsibilities established by the Program policies, and applicable state and federal statutes and rules;
- 7.6 Maintain the balance between the Program needs of the Participating Agencies and the long-term financial integrity of the Program including setting rates, budget preparation for cost of administration and adjusting reserves;
- 7.7 Provide for services that are appropriate to meet the purposes of this Agreement; and
- 7.8 Ensure a claims audit is performed at least every three (3) years in accordance with WAC 200-110-100.

ARTICLE 8

ORGANIZATION OF THE PROGRAM

- 8.1 The Governing Board has decision authority consistent with the Program Policies, Chapter 48.62 RCW and Chapter 200-110 WAC, which authority may be delegated expressly in writing to other entities that are then subject to this Agreement and all Program Policies, as applicable.

- 8.2 The operations of the Program are managed by the Clark County Human Resources Department (the "HR Department"). The HR Department reviews and analyzes Program related matters and makes recommendations to the Governing Board regarding Rates, plan options and benefits not otherwise provided for by the Healthcare Committee MOU, in compliance with Chapter 48.62 RCW, Chapter 200-110 WAC and the Program Policies.
- 8.3 The Health Care Committee is responsible for plan design such as copays, coinsurance and deductibles as well as an employee Contribution method as authorized in the Memorandum of Understanding Regarding Healthcare Benefits.
- 8.4 The Clark County Health Care Benefit Program Governing Board Bylaws are hereby incorporated into this Agreement. In the event of conflict of terms between the Clark County Resolution No. ____, this Interlocal Agreement, and the Agreement for Benefits Administration, the order of priority shall be the Resolution, Interlocal Agreement and the Agreement for Benefits Administration.

ARTICLE 9

RESPONSIBILITIES OF THE PARTICIPATING AGENCIES

In order to participate in the Program, Participating Agencies shall:

- 9.1 Timely make all required payments, including Premiums and reserve funding, to the Program;
- 9.2 Comply with the requirements of admission or qualification as established by the Governing Board;
- 9.3 Adopt this Agreement by Resolution, agreeing to its terms and provisions;
- 9.4 Submit the Resolution and Agreement to the HR Department as the Governing Board's designee;
- 9.5 Abide by the terms, conditions and representations set forth in the application agreement related to participation in the Program;
- 9.6 Accept and comply with the Agreement for Benefits Administration,
- 9.7 Agree to secure protected health information ("PHI") in accordance with Chapter 70.02 RCW and the Health Insurance Portability Act ("HIPAA") privacy and security rules, codified at 45 CFR Parts 160-164;
- 9.8 Provide such information or assistance as is necessary for the Program to meet its responsibilities under this Agreement; and
- 9.9 Cooperate with and assist the Program and any insurer of Stop-Loss Insurance or Reinsurance in all matters relating to the administration and operation of the Program and all matters relating to this Agreement.

ARTICLE 10

RESERVE FUND INVESTMENT

All reserve fund investments from the Health Care Self-Insurance Fund shall be made in a manner that is consistent with RCW 48.62.111, Chapter 39.59 RCW, WAC 200-110-090 and the Program Investment Policy.

ARTICLE 11

FINANCIAL RECORDS

- 11.1 The Governing Board shall develop a budget for each fiscal year covering the Plan Year annually. Actual Health Care Self-Insurance Fund revenues and expenditures shall be monitored monthly by the Governing Board.
- 11.2 The accounting records of the Program are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Program also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial report is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC, within one hundred and fifty (150) days of the fiscal year end. Once reviewed and approved by the Office of the State Auditor the year-end financial report is transmitted to the State Risk Manager.
- 11.3 The financial records of the Program shall be subject to audit by the Office of the State Auditor. Year-end financial reports and audit results shall be made available to interested parties. The Program shall provide financial information as required by state statute and rule to the Office of the State Risk Manager.

ARTICLE 12

PARTICIPATING AGENCY TERMINATION AND WITHDRAWAL

- 12.1 A Participating Agency must remain in good standing with the Program in accordance with the requirements of this Agreement and the Services Agreement. In the event that a Participating Agency fails to timely make any required Premium payment, it may have 30 days to cure, after which period its Services Agreement and participation in the Program may automatically be terminated without notice as shall all health coverage provided through the Program.
- 12.2 In the event that a Participating Agency fails to comply with the terms and conditions of this Agreement and the Services Agreement, its participation in the Program may be terminated in accordance with Article 13 of this Agreement.
- 12.3 The Governing Board may take action to terminate membership (upon 60 days prior notice) in the Program.

- 12.4 When a Participating Agency's eligibility in the Program is affected due to a change in government structure, the Participating Agency may re-apply for participation in the Program.
- 12.5 A Participating Agency may only withdraw its participation in the Program at the end of the Plan Year and must provide written notice to Clark County at least one-hundred and twenty (120) days in advance of the end of the Plan Year (December 31st).
- 12.6 In the event of withdrawal or non-renewal, the Program will cover any of the Participating Agency's remaining outstanding Program claim expenses incurred prior to the Participating Agency's withdrawal from or non-renewal in the Program.
- 12.7 No Participating Agency, because of withdrawal or any other reason, has any right or interest in the Health Care Self-Insurance Fund because of its nature as a rate stabilization fund. In the event any Participating Agency withdraws from the Program, its Participating Employees and their covered dependents and any Consolidated Omnibus Budget Reconciliation Act of 1985 as amended ("COBRA") participants or retirees approved by the Governing Board, shall forfeit all rights and interest in the Health Care Self-Insurance Fund.

ARTICLE 13

TERMINATION OF THE PROGRAM

- 13.1 In the event of termination, this Agreement and the Health Care Self-Insurance Fund shall continue for the purpose of paying remaining outstanding claims and expenses and fulfilling all other functions necessary to complete the business of the Program.
- 13.2 Claims run-out period shall cease twelve (12) months following termination of the Program.
- 13.3 Upon conclusion of the claims run-out period and closure of administrative requirements, the Governing Board shall distribute the remaining funds in the Health Care Self-Insurance Fund to the Clark County General Fund.

ARTICLE 14

MEETINGS, NOTICES AND COMMUNICATIONS

- 14.1 The Governing Board, or any entity performing Program business delegated thereto by the Governing Board, shall provide notice of its regular and special meetings and hold its meetings in accordance with WAC 200-110-230 and 200-110-240, and Chapter 42.30, RCW, the Open Public Meetings Act.
- 14.2 Communications with Participating Agencies may occur using mail or email.
- 14.3 Communications may come directly from the Program, Third-Party Administrator or through another vendor on behalf of the Program.

ARTICLE 15

AMENDMENTS TO THE INTERLOCAL AGREEMENT

- 15.1 The Governing Board shall review and analyze any proposed amendment to this Agreement. An amendment may be proposed for review by any party to this Agreement.
- 15.2 The Governing Board upon its discretion may take action by resolution on any amendment at any meeting of the Board.

ARTICLE 16

PROHIBITION ON ASSIGNMENT

- 16.1 No Participating Agency may assign any right or claim of interest it may have under this Agreement.
- 16.2 No creditor, assignee or third-party beneficiary of any Participating Agency shall have the right, claim or title to any party, share, interest, premium or asset of the Health Care Self-Insurance Fund or the Program.

ARTICLE 17

HEALTH CLAIM DISPUTES AND APPEALS

In the event that a dispute arises over a health claim, the procedures, adjudication requirements and administrative remedies shall be found in the Program's plan document applicable to the Program covering a claimant.

ARTICLE 18

PLAN ADMINISTRATION DISPUTES AND APPEALS

- 18.1 In the event that a dispute arises between a Participating Agency and the Program, the Participating Agency shall document the circumstances causing the dispute and submit a written request for review of the disputed circumstances to the Governing Board. Upon review of such information, the Governing Board shall attempt to resolve the dispute.
- 18.2 If the Governing Board's resolution to the dispute is deemed unsatisfactory, then alternative dispute resolution through mediation or binding arbitration, if agreed upon, shall be completed prior to litigation.

ARTICLE 19

ENFORCEMENT OF TERMS OF AGREEMENT

- 19.1 The Governing Board may enforce the terms of this Agreement.
- 19.2 In the event legal action is initiated to enforce any term or provision of this Agreement against any present or previous Participating Agency, each party shall be responsible for its own attorneys' fees and associated costs related to the relevant legal action.

ARTICLE 20

DEFAULT

- 20.1 If any Participating Agency fails to perform any term or condition of this Agreement and such failure continues for a period of thirty (30) days after the Governing Board has given the Participating Agency written notice describing such failure, the Participating Agency shall be considered in default.
- 20.2 Upon default, the Governing Board may immediately cancel the Participating Agency's participation in the Program without additional notice or exercise some other remedy otherwise provided by law.
- 20.3 The rights and remedies of the Governing Board are cumulative in nature and pursuit of any particular remedy shall not be deemed an election of remedies or a waiver of any other remedies available hereunder or otherwise available by law.

ARTICLE 21

NO WAIVERS

No waiver or forbearance of a breach of any covenant, term or condition of this Agreement shall be construed to be a waiver or forbearance of any other or subsequent breach of the same or of any other covenant, term or condition, and the acceptance of any performance hereunder, or the payment of any sum of money after the same has become due or at a time when any other default exists hereunder, shall not constitute a waiver or right to demand payment of all sums owing or a waiver of any other default then or thereafter existing.

ARTICLE 22

CONTRACT MANAGEMENT

The Program shall designate a person to whom the State Risk Manager shall forward legal process served upon the Risk Manager; Clerk of the Board of Commissioners. The Clark County Benefits Manager shall be responsible for and shall be the contact person for all communications regarding the performance of this Agreement.

ARTICLE 23

SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

ARTICLE 24

COUNTERPART COPIES

This Agreement may be signed in counterpart or duplicate copies and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

ARTICLE 25

HEADINGS

The Article and Section headings in this Agreement are inserted for convenience only and are not intended to be used in the interpretation of the contents of the Articles and Sections they introduce.

ARTICLE 26

AGREEMENT COMPLETE

This Agreement and the documents referenced herein contain all the terms and conditions agreed to by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties hereto.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement.

Clark County, Washington

Participating Agency

Signature: 

Signature: _____

Name: Steve Stuart

Name (print): _____

Title: Chair, Board of Commissioners

Title: _____

Date: Dec. 17, 2013

Date: _____

Effective: April 1, 2014