

RESOLUTION NO. 07-13188

A RESOLUTION AUTHORIZING THE GENERAL MANAGER OR HIS DELEGATE TO EXECUTE ALL DOCUMENTS RELATED TO DENTAL SELF-INSURANCE, TO OBTAIN RATE STABILIZATION FUNDS HELD BY WASHINGTON DENTAL SERVICE (WDS), TO ESTABLISH A CASH RESERVE ACCOUNT, AND TO CONTINUE WITH WDS AS THE DENTAL PLAN THIRD PARTY ADMINISTRATOR

FACTUAL BACKGROUND AND REASONS FOR ACTION

On August 1, 2007 the District transitioned to a self-insured group dental insurance program. The Board was notified of this action on September 10, 2007. This action was the result of work by the District's Joint Benefit Advisory Committee (the "Benefits Committee"), which is comprised of both bargaining unit and non-bargaining unit employees. A self-funded dental plan is low-risk and has cash flow advantages for the District.

Historically, the dental plan had been fully insured with Washington Dental Service ("WDS"). The plan included a refunding arrangement. Under that arrangement, any "contract gains" flowed into a Stabilization Reserve held by WDS on behalf of Chelan. Any "contract losses" carried forward to and were offset against gains. The rate stabilization had a balance of \$174,443.33 as of October 16, 2007.

The District estimates excess funds returned to the District will be approximately \$170,000.00. The District staff recommends that a part of the Stabilization Reserve refund be used to establish a reserve of approximately \$75,000 for the self-funded plan. The balance of the funds will go into the District's general assets.

Pursuant to RCW 48.62, local governments, including utility districts, have the authority to establish self-insurance programs for health and welfare benefits. Under RCW 48.62.071, the District must obtain approval from the State Risk Manager's office prior to the establishment of a self-insured program. The State Risk Manager has approved our self-insured dental plan.

RCW 48.62.031 provides local governments the authority to contract with third parties to provide risk management, claims and administrative services

The District intends to continue using WDS as its third part dental administrator to ensure both continuity of claims administration process and access to current dentists by District employees.

In summary, the District is transitioning to a self-insured program, and recommends the establishment of a reserve account in the amount of \$75,000, and to retain WDS as the District's third party administrator to administer the program.

ACTION

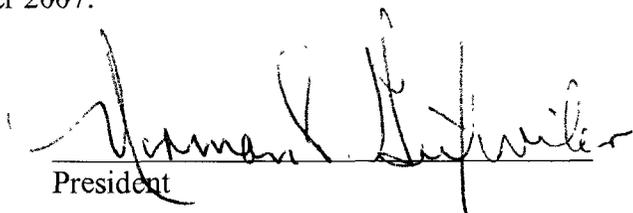
IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, as follows:

Section 1. The General Manager of the District or his delegate is hereby authorized and directed to execute any and all documents necessary to have the rate stabilization balance of \$174,443.33 held by WDS transferred to the District.

Section 2. The General Manager of the District or his delegate is hereby authorized to establish a reserve account in the amount of \$75,000 for the self-funded dental plan from the WDS rate stabilization funds returned to the District.

Section 3. The General Manager of the District or his delegate is hereby authorized to execute any and all documents necessary to contract with WDS as third party administrator to perform claims administration and related services for the self-insured dental plan for the plan year effective August 1, 2007. A copy of the Agreement will be on file in the offices of the District.

DATED this 5th day of November 2007.

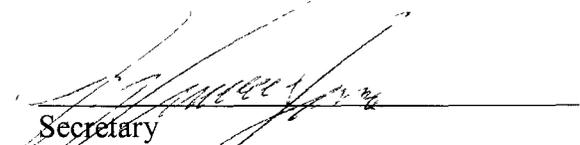


President

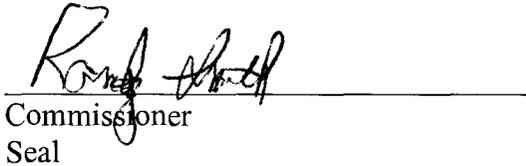
ATTEST:



Vice President



Secretary



Commissioner
Seal



Commissioner