

**WASHINGTON FIRE COMMISSIONERS ASSOCIATION
JOINT SELF INSURANCE PROGRAM
(WFCA HEALTH CARE PROGRAM)**

INTERLOCAL AGREEMENT

This Agreement is made and entered into by and among local fire protection districts, regional fire authorities, municipal fire departments and the Washington Fire Commissioners Association Health Care Program who are signatories to this Agreement.

Intent

Local fire districts, regional fire authorities and municipal fire departments in the State of Washington in conjunction with the Washington Fire Commissioners Association agree to purchase employee health and welfare benefits through self-insurance or private insurers to best meet the needs of fire service employees and their families. The purchase of health and welfare benefits through self-funding provides a lower cost cooperative approach to developing health care options that best meet the needs of fire service employees and will provide the greatest value for the public monies spent.

Authorities

The Washington Fire Commissioners Association Health Care Program is a Joint Self Insurance Program established by the Washington Fire Commissioners Association pursuant to Resolution 12-80(b) and under the authority of and in conformance with Chapter 48.62 RCW and WAC 82-65.

Washington Fire Commissioners Association Board of Directors Resolution Number 12-80(b) creates the Health Care Program as a joint self insurance program for Members and Associate Members of the Association and authorizes the creation of the Insurance Rate Stabilization Reserve Account to collect and administer funds from Member Employer Organizations for the exclusive purpose of improving and facilitating medical, dental insurance and life insurance for Member Employer Organizations, their employees and dependents, qualified retirees, qualified WFCA employees, qualified fire commissioners, qualified retired fire commissioners, contract personnel and dependents.

Article 1 - Definitions

The following definitions shall apply to the provisions of this Agreement:

1. **Washington Fire Commissioners Association or WFCA or Association** means the Washington Fire Commissioners Association a quasi municipal entity formed pursuant to RCW 52.12.031 to encourage uniformity and coordination of fire protection district operations.
2. **Health Care Program** means the joint self insurance program (Insurance Rate Stabilization Reserve Account) offering self-insured and insured benefit options created by this Agreement, Resolution No. 12-80(b), the WFCA Bylaws and WFCA Policies all under the authority of chapter 48.62 RCW to provide health and welfare program benefits for Member Employer Organizations.
3. **Agreement** means this Interlocal Agreement entered into under the authority of chapter 39.34 RCW and as required by RCW 48.62.031(2) between the Washington Fire Commissioners Association Health Care Program and Member Employer Organizations.
4. **Resolution No. 12-80(b)** means the resolution adopted by the Washington Fire Commissioners Association Board of Directors that created the Insurance Rate Stabilization Reserve Account (Health Care Program) for the purposes of providing medical, dental and life insurance benefits for employees of Member Employer Organizations. .
5. **Board of Directors** means the twelve individuals elected by the WFCA District Members nine individuals who are elected by the District Members in their respective regions and three individuals who are elected by all District Members on a state-wide basis. The Board of Directors of the Association is also the Board of Directors of the Health Care Program.
6. **IRSRA Administration Committee or Health Care Committee** means the committee established under Resolution No. 12-80(b) consisting of five fire Commissioners appointed by the Board of Directors that is responsible for: overseeing the operations of the Health Care Program, analyzing and developing annual premium levels and benefit coverage changes for recommendation to the Board of Directors and performing other duties necessary to ensure that the needs of Member Employer Organizations are met and the long-term financial health of the Health Care Program is maintained.
7. **District Member** means any fire protection district of the state of Washington organized and existing pursuant to Title 52 RCW that has paid the annual membership fee established by the Board of Directors. District members are eligible to enroll in the Health Care Program.
8. **Associate Member** means an individual or organization that has been granted associate membership status by the Board of Directors of the Association for a period of one year for services rendered to the Association or for a Municipal Fire Department to participate in the Health Care Program or for such other reasons and on such conditions as may be established by the Board of Directors. All Associate Members' status terminates at the end of each

association year unless reinstated by action of the Board of Directors. Associate Member Municipal Fire Departments are eligible to enroll in the Health Care Program.

9. **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 Health Care Program: Pool management or administration services, claims administration services, risk management services, or services for the design, implementation, or termination of an individual or joint self-insurance program.
10. **Reinsurance or Stop Loss Insurance** means a promise by an insurance company that it will cover losses of the entity it insures over and above an agreed-upon amount.
11. **Fire Protection District** means a political subdivision of the state organized and operating under Title 52 RCW.
12. **Qualified Regional Fire Authority** means a municipal corporation, organized and operating pursuant to Chapter 52.26 RCW that that has been approved by the Board of Directors as qualified to participate in the Health Care Program as authorized under Resolution No. 12-80(b).
13. **Qualified Municipal Fire Department** means the fire and EMS department of any municipal corporation that provides fire protection or emergency medical services that has qualified for Associate Membership for purposes of the Health Care Program as authorized under the WFCA Bylaws and Resolution No. 12-80(b).
14. **Member Employer Organization** means a District Member, a Qualified Regional Fire Authority or a Qualified Municipal Fire Department that is also a party to this Agreement.
15. **State Risk Manager or Risk Manager** means the risk manager of the Risk Management Division within the Department of Enterprise Services.
16. **Contact Person** means the person designated by the Health Care Program to whom the State Risk Manager shall forward legal process so served upon the Risk Manager.

Article 2 - Purpose

This Agreement is entered into for the purpose of authorizing the Health Care Program created by the Washington Fire Commissioners Association to provide Member Employer Organization employees health and welfare benefit options. The Washington Fire Commissioners Association Health Care Program shall comply with the statutory provisions found in Chapters 48.62 and 39.34 RCW and the regulatory requirements contained in WAC 82-65 applicable to joint self insurance programs.

Article 3 - Parties to Agreement

Each party to this Agreement certifies that it intends to contract with the Washington Fire Commissioners Association Health Care Program to participate in the health and welfare benefits provided. Member Employer Organizations are signatories of this Agreement on its effective date and with such other parties as may later be added to and become signatories to this Agreement.

Article 4 - Duration of Agreement

This Agreement shall become effective when approved by the Washington Fire Commissioners Association and a Member Employer Organization that chooses to participate in the Health Care Program. This Agreement shall have perpetual duration unless terminated as hereinafter provided. This Agreement is separate and distinct from the annual Employer Application and Eligibility/Contribution Forms required for enrollment or re-enrollment of Member Employer Organizations in the Health Care Program.

Article 5 - Membership Composition

The Health Care Program shall be open to District Members, Qualified Regional Fire Authorities and Qualified Municipal Fire Departments. Participation in the Health Care Program is voluntary and not a requirement of Washington Fire Commissioner Association membership. The Board of Directors shall provide for the reasonable admission of new members.

Article 6 - Insurance Rate Stabilization Reserve Account (IRSRA)

The Washington Fire Commissioners Association, pursuant to Resolution 80-12(b) created the Insurance Rate Stabilization Reserve Account (IRSRA). All Premium contributions by Member Employer Organizations together with refunds, premium refunds, dividends, overpayments, or rate stabilization reserve funds received from medical and/or dental or other insurers or contractors of which WFCOA is the named policy holder are deposited into the fund. The IRSRA represents a pool of funds that is independent of all other Association funds and independent of all other Member Employer Organization funds. The funds deposited into the IRSRA are held, managed and expended only for employee health and welfare benefit purposes as provided for in Washington Fire Commissioners Association Resolution 80-12(b) and consistent with applicable state and federal statutes and rules governing joint self insurance programs The Insurance Rate Stabilization Reserve Account is subject to audit by the State Auditors Office.

Article 7 - Powers of the Health Care Program

The Board of Directors of the Health Care Program is provided with the powers and functions established under Resolution No. 80-12(b) and RCW 48.62.031 to accomplish the following:

1. Promote more economical and efficient purchase of health and welfare benefits for Member Employer Organizations,
2. Protect the financial integrity of the Health Care Program through purchase of insurance or reinsurance in such form and amount as needed;
3. Contract or otherwise provide for risk management and loss control services;
4. Contract or otherwise provide legal counsel for the defense of claims and other legal services;
5. Consult with the state insurance commissioner and the state risk manager;
6. Jointly purchase insurance and reinsurance coverage in such form and amount as the program's participants agree by contract;
7. Obligate the program's participants to pledge revenues or contribute money to secure the obligations or pay the expenses of the program, including the establishment of a reserve or fund for coverage; and
8. Exercise all other powers and perform all other functions reasonably necessary to carry out the purposes of Resolution 80-12(b), Chapter 48.62 RCW and Chapter 82-65 WAC.

Article 8 - Organization of Health Care Program

As set forth in Resolution 80-12(b), the operations of the Health Care Program are managed by the five-member Health Care Committee appointed by the Board of Directors. The Health Care Committee reviews and analyzes program related matters, makes operational decisions and makes recommendations to the Board of Directors regarding premium contributions, reserves, plan options and benefits.

The Board of Directors has decision authority consistent with the Association By-Laws, Policies, Resolution 80-12(b), chapter 48.62 RCW and chapter 82-65 WAC.

Article 9 - Responsibilities of the Washington Fire Commissioners Association

The Washington Fire Commissioners Association shall discharge its responsibilities under this Agreement as follows:

1. Provide for the efficient management and operation of the Health Care Program;
2. Provide for health and welfare benefit coverage options for Member Employer Organization's and their employees and families;
3. Determine the level of reinsurance coverage for claims expenses above the amounts deemed appropriate for self-insurance;
4. Ensure that the Health Care Program meets required state and federal statutes and rules;
5. Contract with vendors required to meet the responsibilities established by the Association by-laws, Policies, Resolution 80-12(b) and applicable state and federal statutes and rules;
6. Maintain the balance between meeting the employee benefit needs of Member Employer Organizations and the long-term financial integrity of the Health Care Program;
7. Prepare an annual financial report on the operations of the Health Care Program; and
8. Provide for other services deemed appropriate by the Board of Directors to meet the purposes of this Agreement.

Article 10 - Member Employer Organization Responsibilities

In order to participate in the Health Care Program, Member Employer Organizations shall:

1. Be a Member , Associate Member or Qualified Regional Fire Authority in good standing of the Washington Fire Commissioners Association and comply with the requirements of admission or qualification as established by the Board of Directors;
2. By resolution or appropriate formal action of the Member Employer Organization's legislative body adopt this Interlocal Agreement agreeing to the terms and provisions,
3. Submit the signed Interlocal Agreement to the Washington Fire Commissioners Association,
4. Read the terms, conditions and representations set forth in the application agreement related to participation in the Health Care Program,

5. Annually provide a completed and signed employer application and eligibility/contribution form to the Third-Party Administrator;
6. Appoint an employee of the Member Employer Organization to be responsible for carrying out the administrative tasks necessary to support both the Member Employer Organization and the Health Care Program;
7. Pay premiums to the Third-Party Administrator no later than the tenth day of the month in which the premium is due;
8. By formal action of the legislative body of the Member Employer Organization, approve policies and procedures necessary to secure protected health information (PHI) in accordance with Chapter 70.02 RCW and the Health Insurance Portability and Accountability Act (HIPAA) privacy and security rules, codified at 45 C.R.F. Parts 160-164 and formally appoint the Member Employer Organization's HIPAA Security and Privacy Officer;
9. Provide the Health Care Program with such information or assistance as is necessary for the Health Care Program to meet its responsibilities under this Agreement; and
10. Cooperate with and assist the Health Care Program and any insurer of the Health Care Program, in all matters relating to the administration and operation of the Health Care Program and all matters relating to this Agreement.
11. Comply with all bylaws, rules, regulations and policies adopted by the Board of Directors relating to the Health Care Program.

Article 11 - Financial Records

The Board of Directors shall develop estimated revenue and expenditures to establish a budget for each fiscal year covering January 1 through December 31 annually. Actual Health Care Program revenues and expenditures shall be monitored monthly by the Health Care Committee and reported to the Board of Directors at their quarterly meetings.

The accounting records of the Health Care Program are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Health Care Program also follows applicable accounting standards established by the Governmental Accounting Standards Board. (GASB). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 82-65 WAC. Once reviewed and approved by the Office of the State Auditor the year-end financial report is transmitted to the Department of Enterprise Services, Office of the State Risk Manager.

Financial records of the Health Care Program shall be open to inspection by the Board of Directors and subject to audit by the Office of the State Auditor. Year-end financial reports and

audit results shall be made available to the Board of Directors as well as interested parties. The Health Care Program shall provide financial information as required by state statute and rule to the Office of the State Risk Manager.

Article 12 - Member Employer Organization Termination and Withdrawal

A Member Employer Organization must remain in good standing with the Washington Fire Commissioners Association and adhere to the requirements of the annual application agreement and this Agreement. In the event that a Member Employer Organization fails to be a Member, Associate Member or Qualified Regional Fire Authority in good standing, participation in the Health Care Program shall automatically terminate without notice as shall all health and welfare benefits provided through the Health Care Program.

In circumstances where the Health Care Committee determines it is in the best interest of the Health Care Program to deny membership or to terminate a Member Employer Organizations membership, the Board of Directors may take action to terminate membership or deny membership in the Health Care Program.

When a Member Employer Organization's eligibility in the Health Care Program is affected due to merger, annexation, or formation of a Regional Fire Authority, the affected Member Employer Organization may petition the Health Care Committee to remain in the Health Care Program. The Health Care Committee shall evaluate the circumstances and make a recommendation to the Board of Directors for continued eligibility in or termination from the Health Care Program.

A Member Employer Organization may only withdraw its participation in the Health Care Program at the end of the calendar year and must provide written notice to the Washington Fire Commissioners Association. The notice of withdrawal must be submitted at least thirty-one (31) days in advance of the end of the calendar year (December 31st).

In the event of withdrawal or non-renewal, the Health Care Program will cover any of the Member Employer Organization's remaining outstanding self-funded medical (run-out) claims expenses that occur after the Member Employer Organization has terminated participation in the Health Care Program.

No participating Member Employer Organization because of withdrawal has any right or interest in the Insurance Rate Stabilization Reserve Account because of its nature as a rate stabilization fund. In the event any participating member organization withdraws from the Health Care Program, its employees and dependents, qualified retirees, qualified WFCA employees, qualified fire commissioners, qualified retired fire commissioners, Consolidated Omnibus Budget Reconciliation Act (COBRA) participants and contract personnel and dependents approved by

the Board of Directors, shall forfeit all right and interest to the Insurance Rate Stabilization Reserve Account.

Article 13 - Termination of Health Care Program

In the event the Health Care Program is terminated, the Board of Directors shall distribute the remaining funds in the account to the Washington Fire Commissioners Association or any successor association authorized by RCW 52.12.030(4) for like purposes for use in any program with similar purposes. Upon termination, this Agreement and the Insurance Rate Stabilization Account shall continue for the purpose of paying remaining outstanding claims and expenses and fulfilling all other functions necessary to complete the business of the Health Care Program.

Article 14 - Meetings, Notices and Communications

The Board of Directors and the Health Care Committee shall provide notice of its regular and special meetings and hold its meetings in accordance with Chapter 42.30, RCW Open Public Meetings Act. Communications with Member Employer Organizations may occur using mail, email or posting on the Washington Fire Commissioners Association Health Care Program Website. The website shall be partitioned to provide information for the general public and information specific to Member Employer Organizations and their employees. Communications may come directly from the Health Care Program, through the Third-Party Administrator or through another vendor on behalf of the Health Care Program.

Article 15 - Amendments to Interlocal Agreement

The Health Care Committee shall review and analyze any proposed amendment to this Agreement. An amendment may be proposed for review by any party to this Agreement. The Health Care Committee shall recommend to the Board of Directors those amendments deemed appropriate for consideration by the Board of Directors. The Board of Directors upon their discretion may take action by Resolution on any amendment recommended by the Health Care Committee at any regular meeting of the Board of Directors.

Article 16 - Prohibition - Assignment of Interest

No Member Employer Organization may assign any right or claim of interest it may have under this Agreement. No creditor, assignee or third-party beneficiary of any employer shall have the right, claim or title to any part, share, interest, premium or asset of the Washington Fire Commissioners Association or the Health Care 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 Washington Fire Commissioners Association Health Care Program's Plan Document applicable to the self-funded plan option covering the plan member. In the case of covered members enrolled in plans provided by insured carriers, health claim disputes and appeals shall be resolved according to the insured carrier's plan document or applicable contract.

Article 18 -Plan Administration Disputes and Appeals

In the event that a dispute arises between a Member Employer Organization and the Health Care Program, the Member Employer Organization shall document the circumstances causing the dispute and submit a written request for review of the disputed circumstances to the Health Care Committee. Upon review of the information provided by the Member Employer Organization and any additional information obtained by the Health Care Committee, the Health Care Committee shall attempt to resolve the dispute.

Depending on the significance of the dispute, the Health Care Committee may decide to advance its analysis and recommended resolution of the dispute to the Board of Directors for review and decision. If Board of Director resolution to the dispute is deemed unsatisfactory, then alternative dispute resolution through mediation or binding arbitration may be necessary.

Article 19 - Enforcement - Terms of Agreement

The Board of Directors may enforce the terms of this Agreement. In the event legal action is initiated to enforce any term or provision of this Agreement against any present or previous Member Employer Organization, the prevailing party shall receive such reimbursement of costs as the court deems reasonable for attorneys' fees and costs related to the relevant legal action.

Article 20 - Default

If any Member Employer Organization fails to perform any term or condition of this Agreement and such failure continues for a period of sixty days after the Health Care Program has given the Member Employer Organization written notice describing such failure, the Member Employer Organization shall be considered in default. Upon default, the Board of Directors may immediately cancel the Member Employer Organization's participation in the Health Care Program without additional notice or exercise some other remedy otherwise provided by law. The rights and remedies of the Health Care Program 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 Washington Fire Commissioners Association Health Care Manager (designee or successor) 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 contains 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.

