

**INTERLOCAL AGREEMENT**  
**BETWEEN VANCOUVER HOUSING AUTHORITY AND THE CITY OF VANCOUVER**  
**FOR**  
**CITY OF VANCOUVER HEALTH CARE BENEFIT PROGRAM**

This Agreement is made and entered into by and between City of Vancouver (“City”) and the Vancouver Housing Authority (“VHA”), a municipal corporation, organized and existing under the laws of the State of Washington, participating in the City’s employee health care benefit plans, and a signatory to this Agreement.

**RECITALS**

WHEREAS, the City of Vancouver Health Care Self-Insurance Fund is an entity through which City of Vancouver provides one or more insured health care benefit plans or programs to Participating Employees, their qualified dependents and other qualified individuals (“Beneficiaries”), on whose behalf the contributions were paid; and

WHEREAS, the City and VHA have 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 City 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 City of Vancouver and the VHA.
- 1.2 **Beneficiary** means a Participating Employee, their qualified dependents and other qualified individuals.
- 1.3 **Contribution** means the amount owed by the Vancouver Housing Authority and when combined equals the total premium due to the City of Vancouver.
- 1.4 **Effective Date** means January 1, 2015.

- 1.5 **Governing Board** means the group of individuals whose role is to oversee the operations of the Health Care Benefit Program. The Governing Board may delegate its responsibilities to other groups or entities at its discretion and in accordance with this Agreement.
- 1.6 **Health Care Benefit Program** or **Program** means the joint self-insurance program offering self-insured medical, which may include vision, prescription drug, dental and other benefit options through the self-insurance fund.
- 1.7 **Health Care Benefit Service Agreement** or **Service Agreement** means an agreement between City of Vancouver and a qualifying public entity participating in the City's health care benefit programs and which agreement stipulates the administrative requirements, funding, and employee eligibility associated with the Health Care Benefit Program.
- 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, related costs and required reserves.
- 1.9 **Participating Agency** means the City of Vancouver ("City") and/or the Vancouver Housing Authority ("VHA"), both municipal corporations that are also party to this Agreement.
- 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 COBRA eligible, excluding those eligible for Medicare. Eligibility shall be defined in the Services Agreement.
- 1.11 **Plan Year** means January 1 through December 31.

- 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 and spouse, employee and child(ren), employee and 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 State of Washington 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 City of Vancouver and the VHA 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 City of Vancouver 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 set forth in the Governing Board Bylaws.

#### **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 City of Vancouver 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, in compliance with Chapter 48.62 RCW, Chapter 200-110 WAC and the Program Policies.
- 8.3 The Governing Board is responsible for plan design such as copays, coinsurance and deductibles.
- 8.4 The City of Vancouver Health Care Benefit Program Governing Board Bylaws are hereby incorporated into this Agreement. In the event of conflict of terms between the City of Vancouver Resolution No. \_\_\_\_, this Interlocal Agreement, and the Third Party Administrator's Agreement for Benefits Administration, the order of priority shall be the City of Vancouver Resolution, the Third Party Administrator's Agreement for Benefits Administration and then this Interlocal Agreement.

## **ARTICLE 9**

### **RESPONSIBILITIES OF THE VANCOUVER HOUSING AUTHORITY**

In order to participate in the Program, the VHA shall:

- 9.1 Timely make all required payments, including Premiums and reserve funding, to the Program as detailed in the prior year-end communication from the City of Vancouver to the VHA;
- 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 City of Vancouver 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 terms and conditions of the City of Vancouver Third Party Administrator's 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 and the Washington State privacy act set forth in RCW Chapter 70.02;
- 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**

### **VANCOUVER HOUSING AUTHORITY TERMINATION AND WITHDRAWAL**

- 12.1 The VHA must remain in good standing with the Program in accordance with the requirements of this Agreement and the Services Agreement. In the event that the VHA fails to timely make any required 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 the VHA 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 20 of this Agreement.
- 12.3 The Governing Board may take action to terminate VHA's membership (upon 120 days prior notice) in the Program.

- 12.4 The VHA may only withdraw its participation in the Program at the end of the Plan Year and must provide written notice to City of Vancouver at least one-hundred and twenty (120) days in advance of the end of the Plan Year (December 31<sup>st</sup>).
- 12.5 In the event of withdrawal or non-renewal, the Program will apply VHA payments to cover any of VHA's remaining outstanding Program claim expenses incurred prior to the VHA's withdrawal from or non-renewal in the Program. The VHA is solely responsible for any and all outstanding Program claim expenses, claim adjustment expenses and all other related amounts, extending beyond VHA payments and VHA's contribution towards the reserve
- 12.6 The VHA will not, because of withdrawal or any other reason, have any right or interest in the Health Care Self-Insurance Fund because of its nature as a rate stabilization fund. In the event the VHA withdraws from the Program, its Participating Employees and their covered dependents and any Consolidated Omnibus Budget Reconciliation Act of 1985 as amended ("COBRA") participants 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 of the Program, 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 City of Vancouver Benefits 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 the VHA may occur using mail or email.
- 14.3 Communications may come directly from the Program Manager.

## **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 in accordance with WAC 200-110-270 and 200-110-280.

## **ARTICLE 16**

### **PROHIBITION ON ASSIGNMENT**

- 16.1 The VHA may not assign any right or claim of interest it may have under this Agreement.
- 16.2 No creditor, assignee or third-party beneficiary of the VHA 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 the VHA and the Program, the VHA 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 the VHA, 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 the VHA 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 VHA written notice describing such failure, the VHA shall be considered in default.

20.2 Upon default, the Governing Board may immediately cancel the VHA'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. The City of Vancouver Human Resources Director, or designee, 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**

#### **RATIFICATION**

Acts taken in conformity with this Agreement prior to its execution are hereby ratified and affirmed.

#### **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 contains all of the agreements of the parties with respect to the subject matter covered or mentioned therein, and no prior Agreement shall be effective to the contrary. All agreements, covenants and understandings of the parties are hereby merged into this written agreement, and no prior agreement or prior understanding of the parties or their agents shall be valid or enforceable unless set forth in this Agreement.

#### **ARTICLE 27**

#### **INTERLOCAL ACT**

This is an Agreement entered into pursuant to Chapter 39.34 RCW. Its purpose is as set forth in Article 2. Its duration is as specified in Article 4. Its method of termination is set forth in Articles 12 and 13. Its manner of financing is set forth in Articles 5, 10 and 11. No property shall be acquired

pursuant to this Agreement which will need to be disposed of upon partial or complete termination of this Agreement.

**ARTICLE 28**

**DOCUMENT EXECUTION AND POSTING**

The City and the VHA agree that there shall be two (2) duplicate originals of this Agreement procured and distributed for signature by the necessary officials of the parties. Upon execution, one executed original of this Agreement shall be retained by the Vancouver City Clerk and one shall be retained by the VHA. The Vancouver City Clerk shall cause a copy of this Agreement to be posted on the City website pursuant to Chapter 32, Laws of Washington 2006 (RCW 39.34.040). Upon execution of the originals and posting of a copy on the City's website, each such duplicate original shall constitute an agreement binding upon both parties.

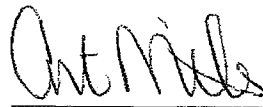
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their respective names by their duly authorized officers and have caused this Agreement to be dated as of the 10th day of November, 2014.

FOR THE CITY OF VANCOUVER, a municipal corporation:



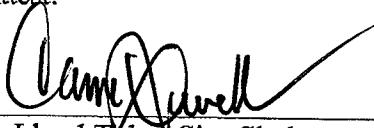
Eric Holmes, City Manager

FOR THE VANCOUVER HOUSING AUTHORITY, a municipal corporation:



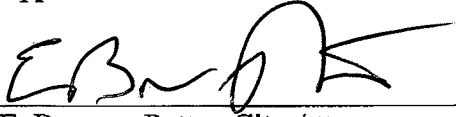
Art Miles, Board Chair

Attest:



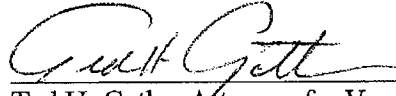
R. Lloyd Tyler, City Clerk  
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:



E. Bronson Potter, City Attorney

Approved as to form:



Ted H. Gathe, Attorney for Vancouver Housing Authority