

Board of Directors Regular Meeting  
Seitz Residence - Valley View Hot Springs  
Saturday, January 10, 2004

MINUTES

- I. Record Attendance: Carolyn, Chris, Doug, Linda, Harold, and Rob attending. Fred and Jim are excused absences. Michelle arrived late.
- II. Meeting called to order at 1:05 P.M.
- III. Changes to the Agenda: Add to questions/comments from guests section staff questions regarding use of overnight accommodations and facilities. Linda pointed out that Robin Byers, OLT attorney, would be available by telephone from 2:00 – 4:00 P.M. if legal questions arise during review of the lease, which would need to be discussed in executive session. Motion to accept the agenda as amended: Chris, seconded by Doug, passed unanimously, no abstentions.
- IV. Approve minutes from November 8, 2003 meeting. No changes to minutes. Harold moved to approve minutes and is seconded by Carolyn. All in favor, none opposed, no abstentions.
- V. Questions from guests: Don Geddes asked the board and staff to speak louder, since guests have a hard time hearing. Carolyn suggested adding questions/comments from guests to the end of agenda as well as at the beginning, to give guests a chance to follow up, if necessary. Linda pointed out that the audience can interject their input or questions at any time during the board meeting, if relevant to the topic of discussion. Art Powers, guest, suggested that guest introductions would be appropriate each meeting. Each guest introduced themselves and their community affiliation.  
  
OLT staff has been able to come and stay overnight and pay for accommodations, without paying the overnight use fee. Neil pointed out that this is an administrative issue, not one that the Board needs to vote on. The board agreed that the policy should remain the same, with staff able to make advanced reservations (similar to the board policy) for accommodations with no penalty paid for canceling.
- VI. Correspondence: Slim Wolfe's letter in the Saguache Crescent on 1/8/2004 was brought to the attention of the board.
- VII. Treasurer's report. [See Financial Reports - Attachment A](#). Terry presented in Fred's absence.
  - A. Income and Expenses for 2003: \$65,863.53 net income; \$ 27,028.72 total expenses. Terry pointed out that the Total Visitor Services line item of \$138.00 income was an error. She will work to remedy the item. A combination of support from volunteers, low expenses and more contributions than expected resulted in a higher than expected income. Question from audience: have we received any in-kind contributions? Terry answered that we had and tracking will occur in the database as opposed to part of accounting.
  - B. Total assets on balance sheet as of December 31, 2003: \$110,058.23  
No transfer of assets from VVHS to OLT was recorded. The decision was made to close the account at the Saguache Credit Union as of the end of 2003, due to complications and simplicity of using one account. Discussion on short-term investments and cash flow ensued.
  - C. Bills: Neil highlighted Pinnacle Worker's Compensation Insurance. OLT will audit 2003 rates which were much higher than expected. 2004 rates are also expected to be higher than they should be and OLT will audit these to get a refund of overpaid premiums.

- D. 2004 Budget: Neil discussed 2004 budget with Board. Pinnacle will be lower after audit. Insurance premiums, paid early in the year, will use up the associated line items in the 2004 budget early in the year. A few capital expenses will be made early in this year – capital improvement's to the Program and Fundraising Director's house and the purchase of a telescope for the astronomy program. Carolyn moved to approve treasurer's report as presented, Rob seconded, all in favor with Michelle abstaining because she came in late and missed part of the discussion.

## VIII. Unfinished Business

- A. Program & Fundraising Director's Report ([Attachment B](#)): Laura highlighted that OLT received its first grant from the Eddy Foundation. Discussion around GOCO open space funding research and requirements for grantees (particularly the third party conservation easement) followed. Laura recommended not applying for the March 2004 deadline and revisiting in the fall. Bat program funding looks promising from CDOW and Graham Foundation for benches, trail improvements and interpretive signage. OLT is now signed up for Vehicles for Charity and has received its first two car donations. Items to sell as fundraisers in the welcome center were also discussed. Laura attended the RiGHT board meeting and discussed other outreach activities of the past few months, including a Moffat School field trip to OLT. Naturist Society magazine to cover the transition of OLT from a private business to a nonprofit land trust. Carolyn expressed concern that we need to emphasize family-oriented nature of OLT on web site and in outreach. Terry added that Neil, Laura and herself would be touring the Medano-Zapata Ranch, to get a sense of how a nonprofit (The Nature Conservancy) is running a working ranch. Donald Sands and Laura have been developing the astronomy program. Discussion around program design ensued. Board members expressed interest in getting a telescope donated, as opposed to buying one. Carolyn brought up orientation video with concern that people aren't signing a list of rules and regulations to acknowledge that they understand. Admissions committee created a list of rules/guidelines last year. Discussion ensued regarding how to best educate and orient new visitors. It was suggested that the issue go back to the admissions committee (with Rob as the point person) for a synopsis of past issues and recommendations, options, pros and cons and current recommendations. This will be on the next board meeting agenda. Harold pointed out that rules without education is not an effective approach to the orientation of visitors – we need to help people understand the reason for the rules.

1. Lease of Everson Ranch resolution: Neil discussed recent meeting with the Wheelers, current tenants of the Everson Ranch. The property has about 70 acres in alfalfa production, with about 150 head of cattle on both Everson Ranch and BLM leased land. The purpose of resolution is to negotiate a new three year lease between OLT and Ray and Bobbie Wheeler to maintain and operate a working cattle ranch on the Everson Ranch property. Discussion ensued regarding the lease and OLT's ability to utilize the property for other uses. Harold moved to pass the resolution as amended ([Attachment C](#)) with board review and approval before lease is signed, Doug seconded. Michelle initiated further discussion on uses of ranch in future and possible impacts on fundraising. Guest suggested making grammatical changes to layout of resolution. Board agreed. All in favor, none opposed, no abstentions.

- B. VVHS Transition: Reports on work in progress, etc.
1. Lease negotiations and competition: Harold suggested that both parties enter into this agreement as a partnership with mutual benefits, not an adversarial relationship. Board went through letter from Robin Byers to OLT board of directors. Robin alerted OLT board of possible issues and board discussed where they stand on these issues. "Triple net" language was explained. Neil discussed his and Terry's desire to conduct these negotiations as a partnership, not as adversaries. Linda pointed out that as far as insurance, we are trying to understand who's insured, for how much and who's paying. Linda clarified that the OLT board is trying to look at issues where there may be a difference of opinion and make decisions on unresolved matters. Discussion regarding indemnification language and collaborative insurance ensued. Harold suggested that OLT buy liability insurance for Seitz for both employment and non-employment situations. Board agreed to go with the liability language proposed by the Seitz (Michelle abstained). It was pointed out that whether the board indemnifies Seitz or not, they could be put in a compromising

position (either OLT pays potential large sums of money or Seitz have to sell property to pay potential large sums of money). As future owners, OLT accepts responsibility of property as-is and is willing to accept responsibility for acts of God. The board agrees to strike item 3 – employment agreements from the lease. OLT is willing to have the right of refusal language identified in the clause. Harold moves that the board instruct their attorney to incorporate the following intent in the next version of the lease and forward it to the Seitz attorney for final negotiation. OLT's intent includes (referencing numbers in the letter from Robin): 1a. that the liability insurance be comprehensive and cover the Seitz both personal activity and employment activity. 1b. that the language in the lease include hold harmless language – that OLT hold the Seitz harmless. 1c. that OLT indemnify the Seitz for all claims. 2. that OLT accepts and includes language that OLT will be responsible for any situations that results from prior conditions and acts of God. 3. that the employment agreements section be stricken from the lease. 4. that the lease include language that provides OLT first right of refusal if the Seitz did ever decide to sell the property. Chris seconded motion. Chris initiated further discussion, pointing out that the hold harmless language is actually part of section c, not b. Michelle clarified that in section 1b, OLT wants Robin to accept Seitz attorney language and not offer the alternative language regarding liability. All in favor of resolution as amended with additional language, Michelle is opposed, no abstentions. Linda will forward motion to Robin.

2. Insurance quote review and amend/approve: Neil discussed \$12,000 budgeted for whole insurance package for 2004. A question came up regarding business interruption insurance and whether or not it's important to add. The board decided it was not worth adding. The insurance coverage began January 1, 2004. Certificates of liability and evidence of property have been received.

3. Update on the State Land Board leases – Neil stated that the state land board leases expire in 2006. The recreational lease has to be reapplied for and the agricultural lease can be transferred. A new stewardship plan will be required.

4. Lease Attachments regarding personal property to be leased (vehicles, tools, e.g.): Neil stated that in terms of vehicles – the Seitz 1983 pickup truck with snow plow has been donated to OLT. The Seitz have made a list of larger items to be donated, but there is a wide range of smaller miscellaneous items that exist which will not be itemized. Carolyn moved to accepts exhibits B and C as presented, Doug seconded. All in favor, none opposed, no abstentions. Chris pointed out that the 1983 truck needs to be struck from the lease.

5. Database report: Chris stated that the database was activated on January 6, 2004. It is currently being used and the old database was deactivated. It has been a tough week. Chris exceeded the budget by his estimate. He has invoiced for 246 hours. He is currently in maintenance mode. Chris stated that the database is very different than it was and that it still has many bugs which he will work out. It has been more complex than anyone imagined, especially Chris. In the 2004 budget, \$8,000 was budgeted for database development, although some will be needed for hardware. Chris anticipates spending many hours over the course of the next 2-6 months on the database.

- C. Cottonwood Peak Ranch acquisition: Neil introduced Ken Koprowicz, a real estate attorney working pro bono on the ranch contract and acquisition. Ken generated the term sheet for the acquisition of the Cottonwood Peak Ranch. Ken asked for the board to make a decision whether or not they wanted him to continue to work on their behalf. Ken defers to Moses, Wittemyer, Harrison and Woodruff for the water rights portion of the contract. Ken recommended going into executive session if substantive terms of the contract are to be discussed. Chris motioned to have OLT retain Ken to represent the OLT in the purchase of the Cottonwood Peak Ranch on a pro bono basis. Harold seconded. All in favor, none opposed, no abstentions.

IX. Regular meeting adjourned at 4:25 P.M. At this time Board convened Executive Session to address the ranch

contract purchase negotiations.

X. Executive Session adjourned and regular meeting reconvened at 5:40 P.M. to complete some resolutions and business.

XI. New Business

- A. Volunteer Policy Draft: Laura created and circulated a volunteer application form, volunteer policies and procedures, confidentiality agreement, list of projects (working document) and other documents related to the volunteer program. Laura asked for questions and comments on the volunteer policies and procedures. Michelle moved to adopt the volunteer policies and procedures as amended (comments had been made by board members via email prior to meeting), Chris seconded. All in favor, none opposed, and no abstentions.
- B. Health Insurance for OLT Employees ([Attachment D](#)): Neil addressed two questions posed by Jim McCalpin to be addressed on the agenda regarding employee health insurance. Neil described the current flexible spending plan (FSP) available to OLT employees and discussed potential options for the future. Since current FSP is for 2004, Neil suggested researching options and revisiting in fall 2004 for 2005 adoption. Board directed staff to research catastrophic health insurance premiums in addition to an FSP or similar health expense spending account.
- C. Update LTA Standards & Practices Resolution ([Attachment E](#)): Terry discussed the resolution passed in 2002 to bring OLT into compliance with LTA Standards and Practices by December 31, 2003. OLT needs more time to come into compliance. Terry would like to see a board committee to review and act on this matter. No interest was shown on the part of the board to participate. Harold moved to pass resolution to review OLT operating practices and to bring them into compliance with the LTA, Carolyn seconds. Terry will distribute a self-assessment to the board for feedback. All in favor, none opposed, and no abstentions. Terry and Laura will get a start on this work.
- D. Plans for Annual Meeting – March 13, 2004: Neil suggested that OLT make a policy to solicit new board members for current vacancies each January for annual March meeting. Board decided to annually solicit letters of intent for board vacancies. The deadline for 2004 will be February 15. Harold and Jim have expressed a willingness to stay on the board for another term. Harold and Jim will be asked to submit letters of intent. Michelle has expressed a conflict and is not interested in serving another term.
- E. Revised Mission Statement and Organizational Goals (See [Mission Statement](#)): Laura presented a compilation of board members feedback on previous drafts of the mission statement, including organizational goals. A copy had been emailed to all board members for review prior to board meeting. Michelle moved to adopt the presented mission statement and organizational goals, Chris seconded. Further discussion was initiated by guest who suggested adding geological features and natural resources to mission statement. Michelle motioned to amend OLT mission statement to include guest comments. All in favor, none opposed, and no abstentions.
- F. Organizations requesting non-monetary support from OLT ([Attachment G](#)): Terry presented a draft list and policy for organizations requesting non-monetary support from OLT. Considerations for granting non-monetary support (i.e. gift certificates used for fundraising purposes) were discussed. A cap on the number given was also discussed. Terry will add value of redeemed gift certificates to the treasurer's report for tracking purposes. Michelle motioned to accept the policy as presented and to track the value of gift certificates redeemed in order to monitor on an annual basis. Doug seconded. All in favor, none opposed, and no abstentions.
- G. Report on new credit card for OLT ([Attachment H](#)): Terry reported on her research on credit cards with associated airline miles. Discussion ensued on options presented by Terry. The miles will accrue to individuals not OLT, but the question of whether or not miles can be transferred to other individuals was discussed. Annual fees associated with credit cards are not acceptable to board members. Benefits of

each option presented were discussed. Carolyn motioned to authorize Terry to pursue a credit card on behalf of the business that does not have an annual fee or credit cards fees and allows for transfer of miles to employees, Chris seconded. All in favor, none opposed, and no abstentions.

XII. Next meeting date confirmed for March 13, 2004 at 12:00 P.M.

XIII. Regular meeting adjourned at 6:25 PM.

Submitted by:

Approved by:

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Laura O'Leary, Interim Secretary Date

Linda Joseph, Chairperson Date

Guests: Donald Sands (representing Astronomy program), Jim Pratt, Art Powers, Don and Kathy Geddes (liaisons from town of Saguache), Dan Zack, Barbara Tidd, and Barb Schwendler.

## Attachment B

Program and Fundraising Director's Report to Board of Directors Meeting January 10, 2004

### Fundraising

- **Our first grant!** – OLT received its first grant in 2003. The Eddy Foundation wrote a check for \$500 in support of the Everson Ranch Campaign. Two trustees visited us in November from New York after a strange coincidence. I called as part of my funding research and it just so happened they were on their way across country and decided to visit! We gave them a tour and followed up with a letter encouraging them to make a grant to help us establish a funding track record. They mailed a check in December.
- **CGA** - I began pulling together our boilerplate Colorado Common Grant Application (a 3-page narrative + format accepted by many Colorado foundations). Modification of our mission statement and organizational goals was a result of this process. I will develop one for general operating support (GOS) and one for the Ranch Program. Eventually CGAs for other programs will be created as funding opportunities present themselves.
- **GOCO** – The second cycle of GOCO Open Space grants for FY 2003-2004 are due March 2004. In researching this as a major source of funding for the Everson Ranch, the following issues surface:
  - For grantees acquiring fee title to property, GOCO requires a conservation easement must be held by third party
    - I spoke with Rio Grande Headwaters Land Trust (RiGHT) and Colorado Cattlemen's Agricultural Land Trust (CCALT)
      - Easements take time. If super efficient, may complete easement in ~ 1 year, but a typical time frame is 1.5-2 years.
      - Easements aren't cheap! Allow ~\$100,000 to complete easement transaction. Lawyers for each side, fee for service, appraisal, baseline report, GOCO due diligence (stewardship plan, monitoring plan, and environmental assessment), professional services, etc. A minimum "contribution" of \$10,000 is standard for land trusts to create a stewardship endowment (to monitor easement and for possible legal action in future)
      - Key questions:
        - Will OLT allow grazing? Will we allow hunting? CCALT requires both allowed in order to hold easement.
        - Why are we protecting this piece of property? What values are we protecting (agricultural, wetlands, wildlife habitat, etc.)?
        - Will we allow public access of the property? RiGHT Board not keen on public access on lands protected by easement (increased liability)
        - Would OLT be placing an easement on the ranch if it was not a GOCO requirement?
      - Jim McCalpin agreed to do the required Geologist's remoteness letter as an in-kind service, if we decide to proceed.
- I am continuing to research potential funding sources and updating my 2004 funding calendar as needed.
- **City Market Value Card** - OLT will collect value card numbers from its membership for King Soopers OR City Market. If our application is approved, we will receive a % of \$125,000 every 3 months. The more purchases, the

greater the % to OLT. There are currently over 500 active nonprofits in the program (includes Colorado and a few other locations in other states).

- Sent over 300 letters to past contributors to notify that 501(c)(3) tax-exempt status had been granted and to ask for an additional 2003 donation. A color insert for the Everson Ranch campaign was included.
- We are researching obtaining nonprofit mailing status from the USPS to save money on bulk mailings.
- In November, we sent out 15 requests for \$1,600 each to Colorado High Schools participating in the El Pomar Foundation's Youth in Community Service Program in support of the Everson Ranch Campaign.
- We submitted a \$10,000 letter of intent to the Helen K. and Arthur E. Johnson Foundation in support of the Everson Ranch Campaign. We received a response that we made the first cut and our request will go to the Board in March.
- I am researching the planned giving programs of other nonprofits to assist in the development of OLT's planned giving materials.
- We need to develop a list of potential major donors. If Board members have contacts or ideas of individuals who may be willing to make a substantial donation, please let me know.
- We are beginning to discuss 2004 special events and fundraisers, including the annual party and fireworks display.
- **Bat Program Funding** – John Koshak, Watchable Wildlife Coordinator for DOW, has agreed to fund OLT in 2004. He is drafting a letter which will accompany our request for \$5,000 to the Graham Foundation stating that, if funded, DOW will match 1:1 the Graham Foundation's grant. The trustee of the foundation is a DOW volunteer and John is willing to put a call in on our behalf. This funding will allow us to place viewing benches and interpretive signs up at the glory hole, as well as make trail improvements.
- **Vehicles for Charity** – Lea Bonewell, OLT contributor, called to see if she could donate her car to OLT in 2003 (in order to receive the write off). So, we set up an account with Vehicles for Charity, so others could do the same. VFC handles all processing (pickup, title, disposal/selling). OLT will receive 60% of net profits after towing charges, \$40 processing fee (if car is worth enough) and auction fee (10% up to \$100). I also encouraged my parents to donate their car in California! VFC is a nationwide program, so we can be the recipient of donations nationwide.
- **Fundraising Items to Sell**– We are requesting photographs of OLT lands in our next newsletter to include in a 2005 calendar to sell as a fundraiser. I am talking to Edward Adamic about turning photographs of his artwork of OLT lands into high-quality boxed or individual greeting cards.

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## Outreach

- We are in the process of publishing the latest newsletter which will be released in email format, followed by a mailed paper copy.
- Neil updated the Web site to reflect OLT management and changes
- We have updated brochures and handout materials for visitors
- I attended the RiGHT Board Meeting in November to introduce myself and understand the work that they are doing.
- Neil and I attended the Saguache County Commissioner's Meeting on November 18. Neil gave a presentation updating the Board on OLT and the Colorado Natural Areas Program (CNAP) and the Orient Mine's designation.

CNAP requested their blessing before designation was finalized.

- Brian McPeck, Southeastern Colorado Program Manager for The Nature Conservancy, visited OLT on December 11. We gave him a tour of the property and overview of OLT programs. We discussed possible future collaborations.
- Linda Eickhoff brought 2 students up from Moffat School for a field trip on December 18. They had chosen Environmental Careers in the San Luis Valley as their field trip focus. Neil and I discussed our roles as ED and PFD and gave an overview of programs and responsibilities. We toured the Orient Mine, hot spring pools and ponds and the hydroelectric facility.
- We created and circulated flyers announcing the availability of school field trip funding for Moffat and Mountain Valley School Teachers (\$600 per school). The flyers were mailed in December.
- We created and circulated a flyer announcing the availability of research project topics (geology, hydrology, wildlife biology, bats, floral and faunal inventories, alternative energy, range management, caves, alternative wastewater treatment design, interpretation/environmental education, mining, or cultural and natural histories) to graduate students in exchange for a place to live and study for the summer. The flyer was emailed to several universities throughout Colorado. A PDF application form was also developed, with input from Kirk Navo, for interested students. A CU Boulder student inquired.
- We developed a community outreach calendar for 2004 with local events to attend:
  - Crestone Music Festival (2<sup>nd</sup> weekend in August)
  - 4<sup>th</sup> of July in Crestone
  - Saguache – Memorial Day Sunday (parade)
  - Saguache – Fall Tour (3rd weekend September)
  - Center – Harvest Festival (August)
- We have submitted articles for inclusion in the 2004 Crestone Visitor's Guide and the 2004 San Luis Valley Visitor's Guide.
- I have also created a press release announcing the OLT transition as of January 1, 2004, which includes an overview of OLT and its programs.
- The Naturist Society Magazine will be doing a cover story on hot springs and land stewardship, holding OLT up as the national model. The article will be part of the next quarterly publication due out in February and should include several pictures of the property and staff.

## Programs

- **Astronomy** - Donald Sands put together a draft astronomy program outline. We have been talking to local astronomy clubs to get a sense of what they are doing and how we might collaborate. We are also shopping around and doing research on a new telescope. We will include a regular column in newsletters on upcoming astronomical events.
- **Bats** – Kirk Navo and I are finalizing bat viewing guidelines for the 2004 season. With Kirk and John, we discussed the following projects related to the bat program:



- Reclined benches at viewing area
  - Informational signs on viewing guidelines
  - Interpretive signs (bat ecology and OM history)
  - Maintenance/construction of trails (i.e. culvert area improvements)
  - Road improvements, parking and turn around area near upper meadow
  - Develop script and train others to lead tours
  - Develop structured program so that bats and people stay safe
- **Visitor Services** – We are beginning to pull together ideas to include in an orientation video for new visitors in the Welcome Center.

**Orient Land Trust**  
**Lease of Everson Ranch Resolution**

January 10, 2004

WHEREAS, the 760-acre Everson Ranch residence and property has been leased to Ray and Bobbie Wheeler for several years and they have demonstrated good stewardship of the property;

WHEREAS, the Wheelers have almost three years remaining on their existing lease with the Cottonwood Peak Ranch Company and currently pay approximately \$12,000 annually for the lease;

WHEREAS, extending the Wheelers lease and maintaining the Everson Ranch as a working cattle ranch will provide some income for OLT, keep Valley residents working the land, provide maintenance of the ranch property and buildings, and allow OLT to retain control of the existing BLM grazing lease (4,927 acres);

WHEREAS, the Wheelers are in the process of applying for federal cost share funding through Natural Resources Conservation Service (NRCS) to make improvements to the irrigation efficiency and the Orient Land Trust desires to participate in this application;

WHEREAS, the Wheelers have applied for another parcel of BLM grazing land and a result from application may take some time;

WHEREAS, leasing the ranch to the Wheelers does not preclude other uses of the ranch as determined by the OLT Board of Directors from time to time; and

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of Orient Land Trust, intends to draft and negotiate a new three year lease between OLT and Ray and Bobbie Wheeler to maintain and operate a working cattle ranch on the Everson Ranch property. Said lease to be reviewed and approved by the OLT Board of Directors before execution.

Submitted by:

Approved by:

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Laura O'Leary, Interim Secretary / Date

Linda Joseph, Chairperson / Date

**Board of Directors Regular Meeting  
Saturday, January 10, 2004  
Attachment D**

**QUESTION #1: Will the insurance OLT is getting (or already has) for employees cover instances like Rick's?**

OLT does not offer an employee health insurance plan. In 2003 and several years prior, Valley View Hot Springs employees received a pre-tax contribution of \$1.25 per hour worked. The money was collected in an account and distributed on a reimbursable basis for medical expenses. As of January 1, 2004, employees were each given a \$1.25 raise and are offered a voluntary Flexible Spending Plan (FSP) which follows IRS regulations. There are two different types of FSPs for employees to choose from – those that cover health care expenses and those that cover health insurance premiums. FSPs are self-funded by the employee through pre-tax deductions from their paychecks. The annual amount can be from \$260 to \$5,000 per year is available to employees at the beginning of the year, however, the total amount is divided by 26 and deducted from each paycheck throughout the year.

**QUESTION #2: If it doesn't, how much would it cost us to provide such coverage? This would be for ALL employees, including Neil and Terry**

Group health insurance plans for small organizations are not cheap. Organizations must contribute at least 50% of the cost of the employees' policy and 75% of eligible (however that is defined internally) employees must participate. If employees have coverage elsewhere, they are not considered part of the 75% (they are not eligible). In Colorado, there are approximately 25 health insurers and only a few are willing to offer plans to small groups. Those include United Health Care (PPO), PacifiCare (HMO), Kaiser (managed care), and Blue Cross.

To get quotes we need to take a census. Get the names, date of birth, dependent status and interest level of each employee. Each employee will, at some point, be asked to fill out an application stating their specific health condition. Health insurers can no longer penalize individuals for pre-existing conditions within group plans, but they do give up to a 15% discount for a "healthy" group.

One option is to provide a catastrophic employee health insurance plan with high deductibles and have an employee-paid health savings account (HSA) to pay for deductible and other medical costs.