SJVIA
San Joaquin Valley Insurance Authority

AGENDA

BOARD OF DIRECTORS
ANDREAS BORGEAS
JUDITH CASE MCNAIRY
MIKE ENNIS
PHIL LARSON
DEBORAH A. POOCHIGIAN
PETE VANDER POEL
J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

1. Call to Order
2. Roll Call
3. Approve Agenda (A)
4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less. Anyone wishing to be placed on the agenda for a specific topic should contact the SJVIA Manager's Office and submit correspondence at least 14 days before the desired date of appearance.
5. Approve Minutes – Board Meeting of August 22, 2014 (A)
6. Receive and File Quarterly Financial Report (A)
7. Approve Proposed Changes to SJVIA Investment Policy (A)
8. Approve Proposed 2015 Board Meeting Calendar (A)
9. Report on Entities New to SJVIA January 1, 2015 (I)
10. Authorize the Release of Proposal for Participation and Execute Participation Agreement (A)
11. Authorize the Execution of the Consulting Agreement with Gallagher Benefit Services effective January 1, 2015 (A)
12. Authorize the Execution of the Administrative Services Agreement with Chimienti & Associates effective January 1, 2015 (A)

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

A = Action Item I = Information Item

San Joaquin Valley Insurance Authority

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13. Authorize the Execution of the Agreement with Pacific Coast Medical Services effective January 1, 2015 (A)
14. Introduction of Viverae Team and Overview of Proposed Wellness Program for 2015 (I)
15. Approve the Master Services Agreement with Viverae and Other Related Documents and Authorize Execution of these Documents (A)
16. Approve the Recommended Wellness Incentives for the 2015 Plan Year (A)
17. Receive and File SJVIA Executive Claims Summary through August 2014 (I)
18. Receive and File Report on Submission for HIPAA Health Plan Identification Number (HPID) and Filing for Payment of Transitional Reinsurance Fee (I)
19. Demonstration of Live Health Online by Anthem Blue Cross (I)
20. Adjournment

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Meeting Location:
Fresno County Employees' Retirement Association Board Chambers
1111 H Street
Fresno, CA 93721
August 22, 2014 9:00 AM

1. Call to Order

   Meeting was called to order by Director Poochigian at 9:02am.

2. Roll Call

   Roll was called by Heather Martinez, Gallagher Benefit Services. In attendance were Director Case McNairy, Director Ennis, Director Larson, Director Vander Poel, Director Worthley, Director Poochigian, and Director Borgeas.

3. Approval of Agenda (A)

   Director Poochigian asked if there were any additions or corrections to the agenda. Director Worthley moved to approve the agenda with no changes; the motion was seconded by Director Ennis. The motion passed unanimously.

4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less. Anyone wishing to be placed on the agenda for a specific topic should contact the SJVIA Manager's Office and submit correspondence at least 14 days before the desired date of appearance.

   Director Poochigian opened the meeting for public comment – no public comment was given.

5. Approval of Minutes – Board Meeting of July 25, 2014 (A)

   Director Worthley moved to approve the July 25, 2014 Meeting Minutes; the motion was seconded by Director Ennis. The motion passed unanimously.

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6. Approve Dental Plan Renewal Rates (A)

Rhonda Sjostrom, SJVIA Manager, advised the Board that the increase to the PPO plan was 0% this year and the increase to the DHMO plan was 4.3%. Mark Tucker, Gallagher Benefit Services, then expanded on the DHMO dental renewal increase. Mark stated the reason why the PPO plan has a much lower pricing point than the DHMO plan is due to the rate being 50% less than the PPO rates. The trade off is the DHMO plan has a much smaller network. Currently the SJVIA has balanced enrollment in both plans.

Director Vander Poel moved to approve the Dental Plan Renewal Rates; the motion was seconded by Director Ennis. The motion passed unanimously.

7. Approve Kaiser HMO Renewal Rates for the 2015 Plan Year (A)

Rhonda Sjostrom opened the agenda item stating that the 2016 renewal will be a pooled rate under the Kaiser plans. The County of Fresno received a 15% reduction this year. While the County of Tulare received a 5.2% increase.

Director Case McNairy inquired on why the decrease was so large. Mark Tucker, Gallagher Benefit Services, explained that since this is the first renewal for the SJVIA we requested that the Kaiser rates are in parity with the Anthem HMO plan. This was the direction that Kaiser has committed to continue since the rates were skewed. Kaiser will be applying the shared risk on the next renewal.

Director Poochigian asked if we had a lot of enrollment since last year. Mark Tucker replied we have gained 500 members since last year. SJVIA did not have substantial growth because Kaiser was a buy up option last year. If the Kaiser rates are much lower than the Anthem rates, this could result in a large amount of migration and affect the risk pool for Anthem.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable Staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

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Director Ennis moved to approve the Kaiser HMO Renewal Rates; the motion was seconded by Director Vander Poel. The motion passed unanimously.

8. Approve Health Plan Renewal Rates for the 2015 Plan Year (A)

Rhonda Sjostrom stated that the Anthem plans received a 1.17% increase this year. Alan Thaxter, Gallagher Benefit Services, explained that there have been some slight changes to the renewal since the last meeting in July. The preliminary renewal that was presented now incorporates the June 2014 claims and the projections are calculated over a rolling 12 months. The methodology takes into consideration all of the fixed costs and current reserves. When building a claim action the underwriters take a look at where the reserves are in the beginning of the year verses what is needed for the current year. The reserves are combined for all entities and after using the excess reserves, SJVIA is still positioned at 16% for Medical and 5% for Rx.

Director Poochigian asked if there is any reason the reserves should be higher than 16% and 5%. Alan Thaxter stated that in the GASB 45 study conducted earlier this year showed the SJVIA needed to maintain 6 million dollars in reserves; currently, SJVIA currently has 8 million. Even with everything that is happening with the Affordable Care Act, SJVIA is very well reserved.

Director Worthley moved to approve the 2015 Health Plan Renewal Rates; the motion was seconded by Director Vander Poel. The motion passed unanimously.

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9. Adopt Fiscal Year Budget for 2014-15 (A)

   Paul Nerland, SJVIA Assistant Manager, gave an overview on the newly recommended budget for 2014-2015 plan years. Director Poochigian suggested that we wait to adopt this agenda item at the end of the meeting. The Board then decided to move on to item 9 after item 13.

   Rhonda Sjostrom advised the board that the budget includes the discounted rates from both Gallagher Benefit Services and Chimienti & Associates.

   Director Borgeas moved to approve the Fiscal Year Budget for 2014-15; the motion was seconded by Director Ennis. The motion passed unanimously.

10. Approval of Modifications to the Prescription Plan Benefit Managed by US Script (A)

   Michele Mills, Gallagher Benefit Services, gave a detailed background on why this modification to the pharmacy plan is being requested. She explained, currently if someone goes to the pharmacy without their ID card and pays out of pocket, they have to submit a claim for direct member reimbursement within 30 days. If the claim is not received within the 30 day time frame the claim is denied. This has caused problems for multiple employees over the last several months. Staff is recommending extending the filing limit to the industry standard of either 90 days or 180 days.

   Paul Nerland also recommended raising the maximum allowance threshold to $2,000 for a 30 day supply and $6,000 for a 90 day supply. The approval process has involved multiple individuals and has been a timely and burdensome procedure for Staff. He added that the maximum dollar allowance has remained unchanged since the inception of the plan.

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Director Poochigian asked what the common practice for reimbursement is and if the $6,000 only applies to mail order services. Michele Mills replied that US Script typically sees industry standards at 90 days for direct member reimbursement and $6,000 for maximum threshold limits on mail order pharmacy drugs. Gallagher has many other clients that apply these same limitations and have increased them when needed though out the years.

Director Borgeas moved to approve the recommended modifications to the Prescription Plan allowing $2,000-$6,000 thresholds and modifying the direct member reimbursement to 180 days; the motion was seconded by Director Ennis. The motion passed unanimously.

11. Final results of the RFP for Wellness and Disease Management Services and recommendation of vendor selection effective January 1, 2015 (A)

    Paul Nerland gave an overview of the Wellness and Disease Management RFP results. Ali Payne with Gallagher Benefit Services Wellness Division helped find qualified vendors that could offer these additional services to the SJVIA. After an extensive process of narrowing down four very competitive vendors, Staff is recommending to move to Viverae. This company has an innovated approach with a multitude of online capabilities. They also perform Biometric Screenings as well as an extensive Disease Management program. Another selling point was they offered to manage the incentive program. This has previously been done by the SJVIA and Gallagher Staff and is quite time consuming. SJVIA is currently contracted with Delta Team Care and while they are a great company for local onsite help, they have limited capabilities compared to Viverae. SJVIA can still utilize Delta Team Care's onsite services as needed.

    Director Vander Poel asked if Viverae would be willing to come out and do a presentation for the Board. Michele Mills replied that they are more than

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willing to do this. Staff can work on getting Viverae to come out to the next Board meeting in November.

Director Vander Poel moved to approve the recommendation to move to Viverae for our Wellness Vendor; the motion was seconded by Director Ennis. The motion passed unanimously.

12. Final results of the RFP for Administrative Services and Recommendation of vendor selection effective January 1, 2015 (A)

    Rhonda Sjostrom advised the Board that after receiving a total of five vendor responses, the current vendor Chimienti & Associates agreed to lower their current fees to remain competitive. The fees were lowered from $6.50 PEPM to $5.20 PEPM; in addition, they agreed to extend the contract for another three years at this reduced rate.

    Director Worthley moved to approve the recommendation to remain with Chimienti & Associates for our Administrative Services Vendor; the motion was seconded by Director Borgeas. The motion passed unanimously

13. Final results of the RFP for Consulting Services and recommendation of vendor selection effective January 1, 2015 (A)

    Rhonda Sjostrom explained this item is a recommendation to extend the current contract with Gallagher Benefit Services. SJVIA Staff received multiple responses and conducted many interviews with other consulting firms. Through this process, Gallagher Benefit Services agreed to decrease their fee from $4.00 PEPM to $3.75 PEPM and this resulted in a significant savings to the SJVIA. This positioned Gallagher Benefit Services as the lowest cost among the other competitors.

San Joaquin Valley Insurance Authority

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Meeting Location:
Fresno County Employees' Retirement Association Board Chambers
1111 H Street
Fresno, CA 93721
August 22, 2014 9:00 AM

Director Larson moved to approve the recommendation to remain with Gallagher Benefit Services as the SJVIA Consultant; the motion was seconded by Director Ennis. The motion passed unanimously.

14. Adjournment

Meeting was adjourned at 10:44am by Director Poochigian.

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Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93921
November 7, 2014
9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 6

SUBJECT: Quarterly SJVIA financial update

REQUEST(S): That the Board receives the financial update through 1st quarter, 2014-15

DESCRIPTION: Informational item. Please see attached report.

FISCAL IMPACT/FINANCING: None.

ADMINISTRATIVE SIGN-OFF:

Vicki Crow
SJVIA Auditor-Treasurer

BEFORE THE BOARD OF DIRECTORS SAN JOAQUIN VALLEY INSURANCE AUTHORITY

IN THE MATTER OF

RESOLUTION NO. ___________
AGREEMENT NO. ___________

UPON MOTION OF DIRECTOR __________________, SECONDED BY DIRECTOR __________________________, THE FOLLOWING WAS ADOPTED BY THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD _______________ ______, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: ________________________________

* * * * * * * * * * * * * * * * * *

SAN JOAQUIN VALLEY INSURANCE AUTHORITY

ACTUALS VS. BUDGETED REVENUES & EXPENSES

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

	Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
REVENUE				
TOTAL REVENUE	**$24,809,414**	**$26,532,920**	**$1,723,506**	**7%**
EXPENSES: Fixed				
1 Specific & Aggregate Stop Loss Insurance (PPO)	172,742	161,555	11,187	6%
2 Anthem ASO Administration & Network Fees (PPO)	355,947	342,126	13,821	4%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	162,079	175,133	(13,054)	(8%)
4 GBS Consulting	107,364	111,492	(4,128)	(4%)
5 SJVIA Administration	61,077	83,340	(22,263)	(36%)
6 Wellness	69,268	5,300	63,968	92%
7 Communications	13,854	0	13,854	100%
8 Anthem HMO Pooling	391,503	332,112	59,391	15%
9 Anthem HMO Administration/Retention	779,072	1,042,854	(263,782)	(34%)
10 ACA Reinsurance (PPO)	83,754	31,826	51,928	62%
TOTAL FIXED EXPENSES	**2,196,660**	**2,285,738**	**(89,078)**	**(4%)**
EXPENSES: Claims				
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	16,099,430	16,790,210	(690,780)	(4%)
12 Anthem MMP HMO Capitation	4,306,470	3,952,295	354,175	8%
TOTAL CLAIMS EXPENSES	**20,405,900**	**20,742,505**	**(336,605)**	**(2%)**
EXPENSES: Premiums				
13 Delta Dental	1,262,996	1,448,803	(185,807)	(15%)
14 Vision Service Plan	246,974	236,129	10,845	4%
15 Kaiser Permanente	1,435,514	1,390,267	45,247	3%
TOTAL PREMIUM EXPENSES	**2,945,484**	**3,075,199**	**(129,715)**	**(4%)**
TOTAL EXPENSES	**25,548,044**	**26,103,442**	**(555,398)**	**(2%)**
16 **Reserve Deficit/Surplus**	(738,630)	429,478	1,168,108	158%
COMBINED EXPENSES & RESERVES	**$24,809,414**	**$26,532,920**	**$1,723,506**	**7%**

*The approved budget contains assumptions that may differ throughout the fiscal year. The budget amounts presented in this report are estimates, and are presented irrespective of the timing of those assumptions.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY

ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - REVENUES & EXPENSES

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

	Year-To-Date		
	SJVIA FEES		
	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)
FY14-15			
Revenue**	**$69,196**	**$78,083**	**$14,824**
Expenses:			
Auditor-Treasurer Services	32,788		
County Counsel Services	1,367		
Personnel Services	15,621		
Membership Fees			
Insurance (Liability, Bond, Etc)	30,278		
Audit Fees			
Bank Service Fees	3,286		
Wellness		5,300	
Communications			
Total Expenses	**83,340**	**5,300**	
Administration, Wellness & Communications Deficit/Surplus	**($14,144)**	**$72,783**	**$14,824**

*Total expenses for each column correspond to the line number shown on the "ACTUALS VS. BUDGETED REVENUES & EXPENSES" report.

**Revenue consists of fees collected from enrollees at the following rates per employee per month: $4.00 for administration($2.00 for SJVIA administration fees & $2.00 for non-founding member fees), $2.50 for wellness fees & $.50 for communications fees.

San Joaquin Valley Insurance Authority
Schedule of Cash Flow by Month
For the Three Months Ended September 30, 2014

	JULY	AUGUST	SEPTEMBER	TOTAL
BEGINNING CASH BALANCES:				
Claims Funding Account	$ 569,349	$ 109,928	$ 193,870	$ 569,349
Fixed Cost Account	1,377,314	2,474,229	2,498,368	1,377,314
Claims Reserve Account	189,819	1,552,818	1,014,679	189,819
Investment Pool-Note 1	5,065,073	5,078,099	5,078,099	5,065,073
Total Beginning Balances	7,201,555	9,215,074	8,785,016	7,201,555
RECEIPTS:				
Claims Funding Account	5,605,961	3,690,907	5,333,659	14,630,527
Fixed Cost Account	4,062,691	3,188,275	3,192,934	10,443,900
Claims Reserve Account	9,385,605	5,498,291	8,002,374	22,886,270
Investment Pool	13,026	-	-	13,026
	19,067,283	12,377,473	16,528,967	47,973,723
DISBURSEMENTS:				
Claims Funding Account	6,065,382	3,606,965	5,191,001	14,863,348
Fixed Cost Account	2,965,776	3,164,136	5,228,777	11,358,689
Claims Reserve Account	8,022,606	6,036,430	7,693,552	21,752,588
Investment Pool	-	-	-	-
TOTAL DISBURSEMENTS	17,053,764	12,807,531	18,113,330	47,974,625
ENDING CASH BALANCES:				
Claims Funding Account	109,928	193,870	336,528	336,528
Fixed Cost Account	2,474,229	2,498,368	462,525	462,525
Claims Reserve Account	1,552,818	1,014,679	1,323,501	1,323,501
Investment Pool	5,078,099	5,078,099	5,078,099	5,078,099
Total Ending Balances	$ 9,215,074	$ 8,785,016	$ 7,200,653	$ 7,200,653

Note 1: The SJVIA invested $5 million into the County of Tulare investment pool on December 21, 2012. The yield paid during the quarter ended 9/30/14 was 1.03% with quarterly earnings of $13,026.

Glossary of Terms:

1 **Specific & Aggregate Stop Loss Insurance (PPO)**

Specific: Insurance coverage for eligible individual specific claims in excess of the $450,000 plan year deductible up to the lifetime maximum of $6 million.

Aggregate: Insurance coverage for eligible claims under the specific deductible on the aggregated amount for all member claims

2 **Anthem ASO Administration & Network Fees (PPO):**

ASO is "Administrative Services Only". This definition includes Anthem Blue Cross administration fees and includes access fees to use the Blue Cross network of providers. This is the administration fee for the PPO plan(s), not the HMO plan.

3 **Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)**

Chimienti & Associates is an independent vendor providing consolidated billing, eligibility, automated enrollment and Section 125 administrative services. Hourglass and ASI are subcontractors to Chimienti Associates that assist in these administrative processes. This line is for non-Kaiser business.

4 **GBS Consulting**

Gallagher Benefit Services (GBS) is a national benefit consultant who provides professional guidance to SJVIA and respective members concerning health plan matters including but not limited to compliance, underwriting, renewal bidding, employee communication, cost analysis, actuarial, etc. GBS played a significant role in the formation and establishment of SJVIA.

5 **SJVIA Administration**

This rate category is for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

6 **Wellness**

This rate category is for special claims management services and may include some wellness applications that are outside and additional to the claims management services provided by the insurance company.

7 **Communications**

This rate category is for special employee communication materials and prospective new City/County member promotional materials. It may include fees for maintaining a presence at such trade associations as CALPELRA, etc.

8 **Anthem HMO Pooling**

This is for the specific stop loss pooling insurance for claims in excess of $400k within the HMO (not PPO).

9 **Anthem HMO Administration/Retention**

Anthem Blue Cross administration fees and includes access fees to use the Blue Cross network of providers for the HMO plan.

10 **ACA Reinsurance (PPO)**

The Affordable Care Act (ACA) includes the following fees on insurance plans: 1) Patient Centered Outcomes Research Institute (PCORI) - this fee is $2.00 per covered member per year. 2) Transitional Reinsurance Fee - this fee is $63.00 per covered member per year.

11 **Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO**

Projected self-insured PPO claims for medical and Rx and non-capitated HMO claims (hospital).

12 **Anthem MPP HMO Capitation**

Amount paid in advance of services on a fixed per member per month basis for professional services (physician) as part of the HMO.

13 **Delta Dental**

Premium for entities covered under the SJVIA Delta Dental program.

14 **Vision Service Plan**

Premium for entities covered under the SJVIA VSP Vision program.

15 **Kaiser Permanente**

Premium for entities covered under the SJVIA Kaiser HMO program

16 **Reserve Surplus/Deficit**

Excess revenue over claims, premiums and fixed costs.

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J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93921
November 7, 2014
9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 7

SUBJECT: SJVIA Investment Policy changes

REQUEST(S): That the Board approves the revised SJVIA Investment Policy.

DESCRIPTION:

The SJVIA Investment Policy, dated January 20, 2012, has been revised due to modifications made in the County of Fresno and County of Tulare investment policies. The changes made in the individual county policies would prevent SJVIA from investing in their pools. This revised SJVIA Investment Policy will allow for continued investment in the County pools and section 8.13 of this policy has been modified such that future changes in the Fresno and Tulare investment policies will not necessarily require changes to the SJVIA Investment Policy.

The County of Fresno modified their investment policy, section 8.2 to remove the wording “prudence should apply for a single agency issue”, since the general standard of prudence is already set forth in section 6.0; the policy was also modified to remove the additional rating restrictions on medium term notes, in section 8.8, and use the basic requirements set forth in Government Code instead. The SJVIA policy has been modified to account for these changes.

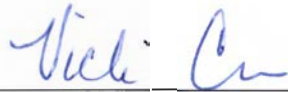
The County of Tulare moved "Asset and Mortgage Backed securities" from "Ineligible Securities" to eligible. The SJVIA policy added these securities in section 8.14 using the Government Code requirements.

Appendix A of the SJVIA Investment Policy has been updated for the above changes.

A revised document with tracked updates from the January 20, 2012 investment policy and a "clean" final copy of the revised investment policy are included with this agenda item for your Board's review and consideration.

FISCAL IMPACT/FINANCING: None.

ADMINISTRATIVE SIGN-OFF:



Vicki Crow
SJVIA Auditor-Treasurer

BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE AUTHORITY

IN THE MATTER OF

RESOLUTION NO. ___________
AGREEMENT NO. ___________

UPON MOTION OF DIRECTOR _________________, SECONDED BY DIRECTOR ________________________, THE FOLLOWING WAS ADOPTED BY THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD ______________ ______, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

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Vicki Crow C.P.A.
Treasurer

San Joaquin Valley Insurance Authority Treasury Investment Pool

INVESTMENT POLICY

Established: January 20, 2012

Current Revision: November 7, 2014

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SAN JOAQUIN VALLEY INSURANCE AUTHORITY

INVESTMENT POLICY

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SAN JOAQUIN VALLEY INSURANCE AUTHORITY

INVESTMENT POLICY

1.0 **Purpose**

The San Joaquin Valley Insurance Authority's policy is to invest public funds in a manner which will provide a market average rate of return consistent with the objectives included herein while meeting the daily cash flow demands of the San Joaquin Valley Insurance Authority (SJVIA), and conform to all state laws governing the investment of public funds.

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2.0 **Scope**

The SJVIA investment policy applies to all financial assets deposited and retained in the San Joaquin Valley Insurance Authority.

3.0 **Objective**

The primary objectives, in priority order, of the San Joaquin Valley Insurance Authority's investment activities shall be the following:

3.1 Legality. Investments shall only be made in securities legally permissible by the California Government Code, Sections 27000 et seq. and 53600 et. seq.. In recognition of a rapidly changing and expanding marketplace, new concepts or securities shall be reviewed for compliance and possible consideration. Legality issues shall be resolved with outside counsel.

3.2 Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required. Investments should be made in securities of high quality to avoid credit risk and loss of principal.

3.3 Liquidity. The investment portfolio should remain sufficiently liquid to enable the San Joaquin Valley Insurance Authority to meet all operating requirements which might be reasonably anticipated or respond to opportunities for investments arising from changing market conditions.

3.4 Return on Investment. The investment portfolio shall be designed with the objective of attaining the highest rate of return, taking into consideration the income preservation, current market conditions, the present phases of the market cycle, both present and future cash flow needs, other primary goals of the Safety and Liquidity objectives of this policy and the cash flow characteristics of the portfolio.

4.0 Delegation of Authority

Authority to manage the San Joaquin Valley Insurance Authority Investment Pool (Treasury Investment Pool) is derived from Government Code Section 53607. Management responsibility for the investment program, in accordance with this provision, has been delegated to the Auditor-Treasurer. This delegation is included in Article 13 of the Joint Exercise of Powers Agreement creating the San Joaquin Valley Insurance Authority. The Auditor-Treasurer shall establish written procedures for the operation of the investment program consistent with the SJVIA investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions (GC 53607).

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Auditor-Treasurer. The Auditor-Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

The San Joaquin Valley Insurance Authority Board shall annually review and monitor the SJVIA investment policy. The San Joaquin Valley Insurance Authority Board shall also cause an annual audit to determine the Auditor-Treasurer's compliance with the SJVIA investment policy.

5.0 Ethics and Conflict of Interest

The Auditor-Treasurer, the San Joaquin Valley Insurance Authority Board and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or other persons with whom the San Joaquin Valley Insurance Authority Investment Pool conducts business by any member of the San Joaquin Valley Insurance Authority Board shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy sets the limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in calendar year consistent with maximum amount set by the California Fair Political Practices Commission.

6.0 Prudence

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, and not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

6.1 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the SJVIA investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.0 Borrowing for Purposes of Making Investments

The Auditor-Treasurer is prohibited from the practice of borrowing for the sole purpose of making investments.

8.0 Authorized Investments and Limits

The following securities are authorized investments for the San Joaquin Valley Insurance Authority Investment Pool. Securities shall be valued at amortized cost when determining their percentage to the money in the San Joaquin Valley Insurance Authority Investment Pool. Additions or deviations from this list, in addition to being permissible under the Government Code, require approval by the Auditor-Treasurer. Investments not expressly authorized by law are prohibited. Attachment A summarizes the authorized investments and applicable limits. (CDIAC Local Agency Investment Guidelines) Where there is a percentage limitation for a particular category of investment, that percentage is only applicable at the time of purchase. If at the end of any quarter, any percentage in a restricted security is higher than the maximum allowed by category at time of purchase, the Auditor-Treasurer shall take action within 90 days, to adjust the portfolio holdings so that the percentages are brought within the percentage limits.

The Auditor-Treasurer interprets the authorized investment limits to be based upon the portfolio allocation at the time a security is purchased. The portfolio allocation may temporarily fall outside of these limits due to maturities and fluctuations in the size of the pool after the purchase of a security. Additionally, the applicable credit ratings are interpreted to be based upon the rating at the time the security is purchased.

8.1 United States Treasury Bills, Notes, Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

8.2 Obligations issued by Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Mortgage Company, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in obligations, participations, or other instruments of or issued by a federal agency or a United States Government-sponsored enterprise.

Deleted: Although there is no percentage limit on the total dollar amount that may be invested in these issues, prudence should apply for a single agency issue.

8.3 Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Any investment in Bankers Acceptances shall be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt (commercial paper) is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating service.

Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the money in the Treasury Investment Pool.

8.4 Commercial Paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's (P-1; A-1+). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and having an "A" or higher rating for the issuer's other outstanding debentures by Standard and Poor's, or its equivalent or better ranking by a nationally recognized statistical-rating service.

Investments in Commercial Paper may not exceed 270 days maturity and is limited to 10 percent of the assets held by the Treasury Investment Pool in any single issuer (GC 53635 (a)(2)). Investments may not exceed 40 percent of the money in the Treasury Investment Pool in accordance with Section 53635 of the California Government Code. Commercial paper should not be more than five percent of the outstanding paper of the issuing corporation.

8.5 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. Any investment is to be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt (commercial paper) is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1+). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments.

Investments in Negotiable Certificates of Deposit (in combination with section 8.6.1) may not exceed 30 percent of the money in the Treasury Investment Pool. No more than 5 percent of the money shall be invested in any one institution.

8.6 Non-negotiable Time Certificates of Deposit issued by a nationally or state-chartered bank, savings association or federal association (GC 53601 (n)). Unless fully covered by FDIC insurance, including the interest earned, these investments require full collateralization with government securities totaling 110 percent or mortgages totaling 150 percent of the principal amount (GC 53652). Any investment is to be restricted to those institutions whose short term rating is of prime quality of the highest ranking as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1+). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments. Any investment will require the approval and execution of a Contract for Deposit by the Auditor-Treasurer.

Investments in Non-negotiable Time Certificates of Deposit may not exceed 50 percent of the money in the Treasury Investment Pool. No more than 15 percent of the money shall be invested in any one institution.

8.6.1 Investments in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit. Investments will be made in compliance with Government Code section 53635.8. Investments shall be initially placed with a nationally or state-chartered commercial bank, savings bank, savings and loan association or a credit union in this state, which shall be known as the selected depository institution. Any investment will require the approval and execution of a Deposit Placement Agreement by the Auditor-Treasurer. Combined purchases under sections 8.5 and 8.6.1 shall not exceed 30% of the portfolio. Additionally, purchases under 8.6.1 shall not exceed 15% of the portfolio.

8.7 Investments in Repurchase Agreements representing United States Treasury Securities, United States Agency discount and coupon securities, domestic and foreign Banker's Acceptances, commercial paper, and domestic bank/savings associations or federal associations Negotiable Certificates of Deposit.

Investments shall be made only after the execution of a Repurchase and Custody Agreement (Tri-Party Agreement) between the County or the investment manager (if under contract), the dealer and the Custodian. Investments will consist of overnight Repurchase Agreements, which includes

weekend placements and maturities; however, securities with longer maturities may be used as collateral for these Agreements. (GC 53635.2)

Excluding circumstances of market-timing and known cash demands, investments in Repurchase Agreements shall be limited to not more than 15 percent of the money in the Treasury Investment Pool. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against these securities. Any exceptions to the maturity or investment amount provisions will require written approval by the Auditor-Treasurer.

8.8 Medium-term Notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or higher, by Standard and Poor's Corporation, or its equivalent or better by a nationally recognized rating service

Deleted: . If applicable, notes eligible for investment shall also have commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided by a nationally recognized statistically-rating organization.

Investments in Medium-term Notes may not exceed 30 percent of the money in the Treasury Investment Pool

Deleted: . Investments in such notes will be restricted to maturities of: (1) not to exceed two years if in rating category "A," (2) not to exceed three years if in rating category "AA," and (3) not exceed five years if in rating category "AAA."

8.9 Investment of funds in the Local Agency Investment Fund (LAIF - California) created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available for overnight liquidity; however, it is also subject to a limited number of transactions per month. Money shall be placed in LAIF as alternative liquid investments under the guidelines of this policy pertaining to yield. The maximum balance that can be held in the fund is the maximum amount permitted by State Treasury policy.

Deleted: Investment of funds in the LAIF is limited to $50,000,000. An exception to this dollar limit is available for bond and note proceeds. The Auditor-Treasurer may invest any portion of debt proceeds in the LAIF.

8.10 Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, investing in the securities and obligations as authorized by the California Government Code, Sections 53601 et. seq.

To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with at least five years' experience investing in the securities authorized by the code sections noted above and with assets under management in excess of $500,000,000.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the

highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of $500,000,000. (GC 53601)

Investment in Mutual Funds shall not include the payment of any commission that these companies may charge and may not exceed 20 percent of the surplus funds in the Treasury Investment Pool. Only 10 percent of the surplus funds may be invested in any one mutual fund. (GC 53601, 53635.2)

8.11 External Investment Managers. The Auditor-Treasurer may, subject to San Joaquin Valley Insurance Authority Board approval, contract with external investment managers to provide investment management services. These managers may be hired to invest funds not needed for liquidity and to increase the rate of return of the pool by employing an active investment strategy. The external investment manager is allowed to make specific investment decisions within the framework of the SJVIA investment policy.

External investment managers are required to provide timely transaction documentation and investment reports to ensure that the manager's actions comply with the requirements of the law and the SJVIA investment policy. External investment managers shall remit, at least monthly, the interest earnings to the Pool to allow these earnings to be apportioned to the pool participants.

Selection of External Investment Managers is subject to section 13.0 of the SJVIA investment policy. Additionally, after selection, the manager's performance shall be reviewed against the agreed upon benchmark.

8.12 Bonds, notes or warrants of the State of California and any local agency within California, including bonds payable solely out of the revenues form a revenue-producing property owned, controlled, or operated by the local agency or by a department board, agency or authority of the local agency.

8.13 Investment of funds in Fresno County and/or Tulare County Treasury investment pools.

Deleted: Money shall be placed in Fresno County and Tulare County treasury pool as alternative liquid investments under the guidelines of this policy pertaining to yield and shall follow all restrictions imposed in the SJVIA investment policy.

8.14 Asset or Mortgage Backed Securities with a maximum five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed

20 percent of the agency's surplus money that may be invested pursuant to this section.

8.15 Ineligible Securities

1. Securities Lending
2. Inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages.
3. A local agency shall not invest any funds in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited investments purchased prior to January 1, 1996 until their maturity dates.
4. Financial futures and options.

9.0 Selection of Investments

To the extent possible, investments shall be made following a minimum of three competitive comparisons with offerings documented and retained for each type of investment.

10.0 Diversification

The San Joaquin Valley Insurance Authority Investment Pool may be diversified by security type and institution.

11.0 Maximum Maturities

To the extent possible, investments shall be made to match anticipated cash requirements. Unless matched to a specific cash flow, normal investments will be in securities such that the average weighted maturity of the Treasury Investment Pool shall not exceed 365 days.

12.0 Selling Securities Prior to Maturity

Securities purchased shall normally be held until maturity. Occasionally, opportunities will exist to sell securities prior to maturity and purchase other securities (swap/trade). These transactions shall only be considered if the proposed swap/trade enhances the yield over the life of the new security on a total return basis.

Additionally, securities that are no longer in compliance with the SJVIA investment policy may be sold prior to maturity. Securities may also be sold in order to maintain the liquidity of the pool.

13.0 Authorized Financial Dealers and Institutions

The Auditor-Treasurer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of

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1. Prohibited investments:¶
♦ "Non-Federal Agency" mortgage pass-thr

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♦ Collateralized mortgage obligation¶
♦ Mortgage-backed or other pay-through bond¶
♦ Equipment lease-backed certificate¶
♦ Consumer receivable pass-through certificate¶
♦ Consumer receivable-backed bond¶
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approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following: audited financial statements, proof of Financial Industry Regulatory Authority membership, trading resolution, proof of state registration, completed broker/dealer questionnaire, certification of having read the SJVIA's investment policy, and if applicable, depository contracts. Broker/dealers are evaluated and selected based upon criteria that include: organization experience and credibility, individual broker/dealer, compliance, product inventory, and economic research.

An annual review of the financial conditions and registrations of selected brokers shall be conducted by the Auditor-Treasurer. A current audited financial statement is required to be on file for each authorized financial institution and broker/dealer.

Investment managers are evaluated and selected based upon criteria that include: organization experience and credibility, staff experience, compliance, and performance.

The selection of any broker, brokerage firm, dealer or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Auditor-Treasurer or member of the Board of the San Joaquin Valley Insurance Authority or any candidate for those offices shall be prohibited. The County will, to the best of its ability, monitor and comply with this requirement.

14.0 Confirmation

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodian information. Confirmation of all investment transactions should be received by the Auditor-Treasurer within five business days of the transaction.

15.0 Safekeeping and Custody

As required by California Government Code §53601 and §53635 all investment instruments in a negotiable, bearer, registered, or non-registered format, shall be delivered to the San Joaquin Valley Insurance Authority Investment Pool's

custodial bank by using book entry or physical delivery. The "delivery vs. payment" purchase procedure shall be used. Securities will be held by a third party custodian designated by the Auditor-Treasurer and evidenced by safekeeping receipts. No securities will be held by the broker/dealer from whom they were purchased.

16.0 Performance Standards

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

16.1 Market yield benchmark. The investment strategy is passive. Given this strategy, the basis used by the Auditor-Treasurer to determine whether market yields are being achieved shall be the two-year U.S. Treasury note rate.

17.0 Reporting

The Auditor-Treasurer shall provide a quarterly investment report to the San Joaquin Valley Insurance Authority Board. The quarterly investment report contains, but is not limited to, the following investment information:

A. The type of investment, name of issuer, date of maturity, par and dollar amount invested in all securities, investments, and monies;
B. A description of any funds, investments that are under the management of contracted parties;
C. The market value as of the date of the report, and the source of this valuation for any security within the treasury or under management by contract;
D. The weighted average maturity of investments within the treasury;
E. Purchase dates, book values, and current credit rating of issuers;
F. Yield to maturity;
G. Overall portfolio yield based on cost;
H. Statement that the portfolio is in compliance with the SJVIA investment policy or the manner in which the portfolio is not in compliance;

18.0 Internal Control

As part of the San Joaquin Valley Insurance Authority's annual independent audit, the investment program shall be reviewed for appropriate internal controls that provide assurance of compliance with policies and procedures.

19.0 Investment Policy Review

The SJVIA investment policy shall be reviewed on an annual basis by the Auditor-Treasurer and the SJVIA investment policy shall be rendered annually to the San Joaquin Valley Insurance Authority Board

The San Joaquin Valley Insurance Authority Board shall accept and approve the SJVIA investment policy and any changes thereto at a public meeting. (GC 27133) (GC 53646)

Approved

__________________________________ __________________

Vicki Crow, C.P.A. Date
Auditor-Treasurer

APPENDIX A

Permitted Investments/Deposits	Government Code Limits %	Investment Policy Limits %	Investment Policy Term Limit	Rating
Securities of the U.S. Government	No Limit	100%	5 years	N/A
Securities issued by United States Government Sponsored Enterprises	No Limit	100%	5 years	N/A
Bankers Acceptances (1)	40%	40%	180 days	N/A
Commercial Paper	40%	40%	270 days	P-1, A-1
Negotiable Certificates of Deposit (2)	40%	30%	13 months	P-1, A-1 or 4 Star
Non-negotiable Certificates of Deposit (2)	No Limit	50%	13 months	P-1, A-1 or 4 Star
Account Registry Service Deposits	30%	15%	Overnight/Weekend	N/A
Repurchase Agreements	No Limit	15%	Overnight/Weekend	N/A
Medium Term Notes	30%	30%	5 years	A
LAIF (3)	No Limit	$50,000,000	5 years	N/A
Mutual Funds (4)	20%	20%	5 years	AAA, AAa
Asset or Mortgage Backed Securities	20%	20%	5 years	AA

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APPENDIX A
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(1) The SJVIA investment policy limits any investment in bankers acceptances to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1+).

(2) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.

(3) State Treasury policy limits the invest,ment in LAIF, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.

(4) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the SEC with at least five years experience investing in the securities authorized by code sections noted in the SJVIA investment policy and with assets under management in excess of $500,000,000.

Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the SEC with not less than five years experience managing money market mutual funds with assets under management in excess of $500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

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APPENDIX B

RATING SUMMARY

RATING SERVICE	RATING CATEGORY	RATING DEFINITION
Moody's	Aaa	Best Quality
	Aa	High Quality
	A	Upper-medium grade
	Baa	Medium grade obligations
	Ba	Judged to have speculative elements
	B	Lack characteristics of desirable investment
	Caa	Investment in poor standing
	Ca	Speculative in a high degree
	C	Poor prospect of attaining investment standing
Moody's Modifiers	1,2,and 3	Rankings within rating category
Moody's Commercial Paper	Prime-1	Superior ability for repayment
	Prime-2	Strong ability for repayment
	Prime-3	Acceptable ability for repayment
	Not Prime	Do not fall in top 3 rating categories
Standard & Poors	AAA	Highest Rating
	AA	Strong capacity for repayment
	A	Strong capacity for repayment but less than AA category
	BBB	Adequate capacity for repayment
	BB	Speculative
	B	Greater vulnerability to default than BB category
	CCC	Identifiable vulnerability to default
	CC	Subordinated debt of issues ranked in CCC category
	C	Subordinated debt of issues ranked in CCC category
	Cl	Income bonds where no interest is paid
	D	Default
Standard & Poors – Modifiers	(+) or (-)	Rankings within rating category
Standard & Poors – Commercial	A-1	Highest degree of safety
	A-2	Timely repayment characteristics is satisfactory
	A-3	Adequate capacity for repayment
	B	Speculative
	C	Doubtful repayment
	D	Default

APPENDIX B
(Continued)

RATING SUMMARY

RATING SERVICE		RATING CATEGORY	RATING DEFINITION
Fitch		AAA	Highest credit quality
		AA	Very high credit quality
		A	High credit quality
		BBB	Good credit quality
		BB	Speculative
		B	High speculative
		CCC, CC, C	High default risk
		DDD, DD, D	Default
Fitch	Modifiers	"+" or "-	Relative status within rating categories
Fitch	Commercial Paper	F1	Highest credit quality
		F2	Good credit quality
		F3	Fair credit quality
		B	Speculative
		C	High default risk
		D	Default
Bauer		5 Star	Superior
		4 Star	Excellent
		3 ½ Star	Good
		3 Star	Adequate
		2 Star	Problematic
		1 Star	Troubled
		Zero	Our lowest star rating

APPENDIX C

Glossary of Cash Management Terms

The following is a glossary of key investing terms, many of which appear in San Joaquin Valley Insurance Authority Investment Policy. This glossary has been adapted from the Government Finance Officer's Association (GFOA) sample investment policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance – A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., "1/4" of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

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Certificate of Deposit – A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period.

Certificate of Deposit Account Registry System (CDARS) – A private CD placement service that allows local agencies to purchase more than $100,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $100,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper - An unsecured short-term promissory note issued, with maturities ranging from 1 to 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk - The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return) - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount - The amount by which the par value of a security exceeds the price paid for the security.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality rating.

Fair Value - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate - Interest rate charged by one institution lending federal funds to the other.

Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms in the United States.

Government Securities - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate - See "Coupon Rate."

Interest Rate Risk - The risk associated with declines or rises in interest rates which cause in investment in a fixed-income security to increase or decrease in value.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash without significant loss of value.

Local Agency Investment Fund – A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

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(Continued)

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Medium-Term Note – Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mortgage Backed Securities – Mortgage-backed securities (MBS) are created when a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interest or participations in the pool.. MBS owners receive a prorate share of the interest and principal passed through from the pool of mortgages. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities.

Mortgage Pass-through Obligations – Securities that are created when residential mortgages are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.

6. Have all individuals who sells SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

Negotiable Certificates of Deposit – Short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, or state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)]/(Number of shares outstanding)

Nominal Yield - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Non-negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to $100,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral.

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par - Face value or principal value of a bond, typically $1,000 per bond.

Positive Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium - The amount by which the price paid for a security exceeds the security's par value.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Regular Way Delivery - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13- month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Swap - Trading one asset for another.

Term Bond - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Treasury Bonds - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule - SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

Volatility - A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM) - The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-call (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-coupon Securities - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

Vicki Crow C.P.A.
Treasurer

San Joaquin Valley Insurance Authority Treasury Investment Pool

INVESTMENT POLICY

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SAN JOAQUIN VALLEY INSURANCE AUTHORITY

INVESTMENT POLICY

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SAN JOAQUIN VALLEY INSURANCE AUTHORITY

INVESTMENT POLICY

1.0 Purpose

The San Joaquin Valley Insurance Authority's policy is to invest public funds in a manner which will provide a market average rate of return consistent with the objectives included herein while meeting the daily cash flow demands of the San Joaquin Valley Insurance Authority (SJVIA), and conform to all state laws governing the investment of public funds.

2.0 Scope

The SJVIA investment policy applies to all financial assets deposited and retained in the San Joaquin Valley Insurance Authority.

3.0 Objective

The primary objectives, in priority order, of the San Joaquin Valley Insurance Authority's investment activities shall be the following:

3.1 Legality. Investments shall only be made in securities legally permissible by the California Government Code, Sections 27000 et seq. and 53600 et. seq.. In recognition of a rapidly changing and expanding marketplace, new concepts or securities shall be reviewed for compliance and possible consideration. Legality issues shall be resolved with outside counsel.

3.2 Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required. Investments should be made in securities of high quality to avoid credit risk and loss of principal.

3.3 Liquidity. The investment portfolio should remain sufficiently liquid to enable the San Joaquin Valley Insurance Authority to meet all operating requirements which might be reasonably anticipated or respond to opportunities for investments arising from changing market conditions.

3.4 Return on Investment. The investment portfolio shall be designed with the objective of attaining the highest rate of return, taking into consideration the income preservation, current market conditions, the present phases of the market cycle, both present and future cash flow needs, other primary goals of the Safety and Liquidity objectives of this policy and the cash flow characteristics of the portfolio.

4.0 Delegation of Authority

Authority to manage the San Joaquin Valley Insurance Authority Investment Pool (Treasury Investment Pool) is derived from Government Code Section 53607. Management responsibility for the investment program, in accordance with this provision, has been delegated to the Auditor-Treasurer. This delegation is included in Article 13 of the Joint Exercise of Powers Agreement creating the San Joaquin Valley Insurance Authority. The Auditor-Treasurer shall establish written procedures for the operation of the investment program consistent with the SJVIA investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions (GC 53607).

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Auditor-Treasurer. The Auditor-Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

The San Joaquin Valley Insurance Authority Board shall annually review and monitor the SJVIA investment policy. The San Joaquin Valley Insurance Authority Board shall also cause an annual audit to determine the Auditor-Treasurer's compliance with the SJVIA investment policy.

5.0 Ethics and Conflict of Interest

The Auditor-Treasurer, the San Joaquin Valley Insurance Authority Board and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or other persons with whom the San Joaquin Valley Insurance Authority Investment Pool conducts business by any member of the San Joaquin Valley Insurance Authority Board shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy sets the limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in calendar year consistent with maximum amount set by the California Fair Political Practices Commission.

6.0 Prudence

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, and not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

6.1 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the SJVIA investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.0 Borrowing for Purposes of Making Investments

The Auditor-Treasurer is prohibited from the practice of borrowing for the sole purpose of making investments.

8.0 Authorized Investments and Limits

The following securities are authorized investments for the San Joaquin Valley Insurance Authority Investment Pool. Securities shall be valued at amortized cost when determining their percentage to the money in the San Joaquin Valley Insurance Authority Investment Pool. Additions or deviations from this list, in addition to being permissible under the Government Code, require approval by the Auditor-Treasurer. Investments not expressly authorized by law are prohibited. Attachment A summarizes the authorized investments and applicable limits. (CDIAC Local Agency Investment Guidelines) Where there is a percentage limitation for a particular category of investment, that percentage is only applicable at the time of purchase. If at the end of any quarter, any percentage in a restricted security is higher than the maximum allowed by category at time of purchase, the Auditor-Treasurer shall take action within 90 days, to adjust the portfolio holdings so that the percentages are brought within the percentage limits.

The Auditor-Treasurer interprets the authorized investment limits to be based upon the portfolio allocation at the time a security is purchased. The portfolio allocation may temporarily fall outside of these limits due to maturities and fluctuations in the size of the pool after the purchase of a security. Additionally, the applicable credit ratings are interpreted to be based upon the rating at the time the security is purchased.

8.1 United States Treasury Bills, Notes, Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

8.2 Obligations issued by Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Mortgage Company, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in obligations, participations, or other instruments of or issued by a federal agency or a United States Government-sponsored enterprise.

8.3 Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Any investment in Bankers Acceptances shall be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt (commercial paper) is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating service.

Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the money in the Treasury Investment Pool.

8.4 Commercial Paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's (P-1; A-1+). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and having an "A" or higher rating for the issuer's other outstanding debentures by Standard and Poor's, or its equivalent or better ranking by a nationally recognized statistical-rating service.

Investments in Commercial Paper may not exceed 270 days maturity and is limited to 10 percent of the assets held by the Treasury Investment Pool in any single issuer (GC 53635 (a)(2)). Investments may not exceed 40 percent of the money in the Treasury Investment Pool in accordance with Section 53635 of the California Government Code. Commercial paper should not be more than five percent of the outstanding paper of the issuing corporation.

8.5 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. Any investment is to be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt (commercial paper) is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1+). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments.

Investments in Negotiable Certificates of Deposit (in combination with section 8.6.1) may not exceed 30 percent of the money in the Treasury Investment Pool. No more than 5 percent of the money shall be invested in any one institution.

8.6 Non-negotiable Time Certificates of Deposit issued by a nationally or state-chartered bank, savings association or federal association (GC 53601 (n)). Unless fully covered by FDIC insurance, including the interest earned, these investments require full collateralization with government securities totaling 110 percent or mortgages totaling 150 percent of the principal amount (GC 53652). Any investment is to be restricted to those institutions whose short term rating is of prime quality of the highest ranking as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1+). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments. Any investment will require the approval and execution of a Contract for Deposit by the Auditor-Treasurer.

Investments in Non-negotiable Time Certificates of Deposit may not exceed 50 percent of the money in the Treasury Investment Pool. No more than 15 percent of the money shall be invested in any one institution.

8.6.1 Investments in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit. Investments will be made in compliance with Government Code section 53635.8. Investments shall be initially placed with a nationally or state-chartered commercial bank, savings bank, savings and loan association or a credit union in this state, which shall be known as the selected depository institution. Any investment will require the approval and execution of a Deposit Placement Agreement by the Auditor-Treasurer. Combined purchases under sections 8.5 and 8.6.1 shall not exceed 30% of the portfolio. Additionally, purchases under 8.6.1 shall not exceed 15% of the portfolio.

8.7 Investments in Repurchase Agreements representing United States Treasury Securities, United States Agency discount and coupon securities, domestic and foreign Banker's Acceptances, commercial paper, and domestic bank/savings associations or federal associations Negotiable Certificates of Deposit.

Investments shall be made only after the execution of a Repurchase and Custody Agreement (Tri-Party Agreement) between the County or the investment manager (if under contract), the dealer and the Custodian. Investments will consist of overnight Repurchase Agreements, which includes weekend placements and maturities; however, securities with longer maturities may be used as collateral for these Agreements. (GC 53635.2)

Excluding circumstances of market-timing and known cash demands, investments in Repurchase Agreements shall be limited to not more than 15 percent of the money in the Treasury Investment Pool. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against these securities. Any exceptions to the maturity or investment amount provisions will require written approval by the Auditor-Treasurer.

8.8 Medium-term Notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or higher, by Standard and Poor's Corporation, or its equivalent or better by a nationally recognized rating service

Investments in Medium-term Notes may not exceed 30 percent of the money in the Treasury Investment Pool

8.9 Investment of funds in the Local Agency Investment Fund (LAIF - California) created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available for overnight liquidity; however, it is also subject to a limited number of transactions per month. Money shall be placed in LAIF as alternative liquid investments under the guidelines of this policy pertaining to yield. The maximum balance that can be held in the fund is the maximum amount permitted by State Treasury policy.

8.10 Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, investing in the securities and obligations as authorized by the California Government Code, Sections 53601 et. seq.

To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with at least five years' experience investing in the securities authorized by the code sections noted above and with assets under management in excess of $500,000,000.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the Securities and Exchange

Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of $500,000,000. (GC 53601)

Investment in Mutual Funds shall not include the payment of any commission that these companies may charge and may not exceed 20 percent of the surplus funds in the Treasury Investment Pool. Only 10 percent of the surplus funds may be invested in any one mutual fund. (GC 53601, 53635.2)

8.11 External Investment Managers. The Auditor-Treasurer may, subject to San Joaquin Valley Insurance Authority Board approval, contract with external investment managers to provide investment management services. These managers may be hired to invest funds not needed for liquidity and to increase the rate of return of the pool by employing an active investment strategy. The external investment manager is allowed to make specific investment decisions within the framework of the SJVIA investment policy.

External investment managers are required to provide timely transaction documentation and investment reports to ensure that the manager's actions comply with the requirements of the law and the SJVIA investment policy. External investment managers shall remit, at least monthly, the interest earnings to the Pool to allow these earnings to be apportioned to the pool participants.

Selection of External Investment Managers is subject to section 13.0 of the SJVIA investment policy. Additionally, after selection, the manager's performance shall be reviewed against the agreed upon benchmark.

8.12 Bonds, notes or warrants of the State of California and any local agency within California, including bonds payable solely out of the revenues form a revenue-producing property owned, controlled, or operated by the local agency or by a department board, agency or authority of the local agency.

8.13 Investment of funds in Fresno County and/or Tulare County Treasury investment pools.

8.14 Asset or Mortgage Backed Securities with a maximum five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

8.15 Ineligible Securities

1. Securities Lending
2. Inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages.
3. A local agency shall not invest any funds in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited investments purchased prior to January 1, 1996 until their maturity dates.
4. Financial futures and options.

9.0 Selection of Investments

To the extent possible, investments shall be made following a minimum of three competitive comparisons with offerings documented and retained for each type of investment.

10.0 Diversification

The San Joaquin Valley Insurance Authority Investment Pool may be diversified by security type and institution.

11.0 Maximum Maturities

To the extent possible, investments shall be made to match anticipated cash requirements. Unless matched to a specific cash flow, normal investments will be in securities such that the average weighted maturity of the Treasury Investment Pool shall not exceed 365 days.

12.0 Selling Securities Prior to Maturity

Securities purchased shall normally be held until maturity. Occasionally, opportunities will exist to sell securities prior to maturity and purchase other securities (swap/trade). These transactions shall only be considered if the proposed swap/trade enhances the yield over the life of the new security on a total return basis.

Additionally, securities that are no longer in compliance with the SJVIA investment policy may be sold prior to maturity. Securities may also be sold in order to maintain the liquidity of the pool.

13.0 Authorized Financial Dealers and Institutions

The Auditor-Treasurer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following: audited financial statements, proof of Financial Industry Regulatory Authority membership, trading resolution, proof of state registration, completed broker/dealer questionnaire, certification of having read the SJVIA's investment policy, and if applicable, depository contracts. Broker/dealers are evaluated and selected based upon criteria that include: organization experience and credibility, individual broker/dealer, compliance, product inventory, and economic research.

An annual review of the financial conditions and registrations of selected brokers shall be conducted by the Auditor-Treasurer. A current audited financial statement is required to be on file for each authorized financial institution and broker/dealer.

Investment managers are evaluated and selected based upon criteria that include: organization experience and credibility, staff experience, compliance, and performance.

The selection of any broker, brokerage firm, dealer or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Auditor-Treasurer or member of the Board of the San Joaquin Valley Insurance Authority or any candidate for those offices shall be prohibited. The County will, to the best of its ability, monitor and comply with this requirement.

14.0 Confirmation

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodian information. Confirmation of all investment transactions should be received by the Auditor-Treasurer within five business days of the transaction.

15.0 Safekeeping and Custody

As required by California Government Code §53601 and §53635 all investment instruments in a negotiable, bearer, registered, or non-registered format, shall be delivered to the San Joaquin Valley Insurance Authority Investment Pool's custodial bank by using book entry or physical delivery. The "delivery vs. payment" purchase procedure shall be used. Securities will be held by a third party custodian designated by the Auditor-Treasurer and evidenced by safekeeping receipts. No securities will be held by the broker/dealer from whom they were purchased.

16.0 Performance Standards

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

16.1 Market yield benchmark. The investment strategy is passive. Given this strategy, the basis used by the Auditor-Treasurer to determine whether market yields are being achieved shall be the two-year U.S. Treasury note rate.

17.0 Reporting

The Auditor-Treasurer shall provide a quarterly investment report to the San Joaquin Valley Insurance Authority Board. The quarterly investment report contains, but is not limited to, the following investment information:

A. The type of investment, name of issuer, date of maturity, par and dollar amount invested in all securities, investments, and monies;
B. A description of any funds, investments that are under the management of contracted parties;
C. The market value as of the date of the report, and the source of this valuation for any security within the treasury or under management by contract;
D. The weighted average maturity of investments within the treasury;
E. Purchase dates, book values, and current credit rating of issuers;
F. Yield to maturity;
G. Overall portfolio yield based on cost;
H. Statement that the portfolio is in compliance with the SJVIA investment policy or the manner in which the portfolio is not in compliance;

18.0 Internal Control

As part of the San Joaquin Valley Insurance Authority's annual independent audit, the investment program shall be reviewed for appropriate internal controls that provide assurance of compliance with policies and procedures.

19.0 Investment Policy Review

The SJVIA investment policy shall be reviewed on an annual basis by the Auditor-Treasurer and the SJVIA investment policy shall be rendered annually to the San Joaquin Valley Insurance Authority Board

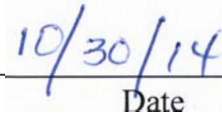
The San Joaquin Valley Insurance Authority Board shall accept and approve the SJVIA investment policy and any changes thereto at a public meeting. (GC 27133) (GC 53646)

The SJVIA investment policy shall be reviewed on an annual basis by the Auditor-Treasurer and the SJVIA investment policy shall be rendered annually to the San Joaquin Valley Insurance Authority Board

The San Joaquin Valley Insurance Authority Board shall accept and approve the SJVIA investment policy and any changes thereto at a public meeting. (GC 27133) (GC 53646)

Approved

Vicki Crow, C.P.A.
Auditor-Treasurer



Date

APPENDIX A

Permitted Investments/Deposits	Government Code Limits %	Investment Policy Limits %	Investment Policy Term Limit	Rating
Securities of the U.S. Government	No Limit	100%	5 years	N/A
Securities issued by United States Government Sponsored Enterprises	No Limit	100%	5 years	N/A
Bankers Acceptances (1)	40%	40%	180 days	N/A
Commercial Paper	40%	40%	270 days	P-1, A-1
Negotiable Certificates of Deposit (2)	40%	30%	13 months	P-1, A-1 or 4 Star
Non-negotiable Certificates of Deposit (2)	No Limit	50%	13 months	P-1, A-1 or 4 Star
Account Registry Service Deposits	30%	15%	Overnight/Weekend	N/A
Repurchase Agreements	No Limit	15%	Overnight/Weekend	N/A
Medium Term Notes	30%	30%	5 years	A
LAIF (3)	No Limit	$50,000,000	5 years	N/A
Mutual Funds (4)	20%	20%	5 years	AAA, AAa
Asset or Mortgage Backed Securities	20%	20%	5 years	AA

APPENDIX A
(Continued)

(1) The SJVIA investment policy limits any investment in bankers acceptances to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1+).

(2) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.

(3) State Treasury policy limits the invest,ment in LAIF, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.

(4) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the SEC with at least five years experience investing in the securities authorized by code sections noted in the SJVIA investment policy and with assets under management in excess of $500,000,000.

Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the SEC with not less than five years experience managing money market mutual funds with assets under management in excess of $500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

APPENDIX B

RATING SUMMARY

RATING SERVICE	RATING CATEGORY	RATING DEFINITION
Moody's	Aaa	Best Quality
	Aa	High Quality
	A	Upper-medium grade
	Baa	Medium grade obligations
	Ba	Judged to have speculative elements
	B	Lack characteristics of desirable investment
	Caa	Investment in poor standing
	Ca	Speculative in a high degree
	C	Poor prospect of attaining investment standing
Moody's Modifiers	1,2,and 3	Rankings within rating category
Moody's Commercial Paper	Prime-1	Superior ability for repayment
	Prime-2	Strong ability for repayment
	Prime-3	Acceptable ability for repayment
	Not Prime	Do not fall in top 3 rating categories
Standard & Poors	AAA	Highest Rating
	AA	Strong capacity for repayment
	A	Strong capacity for repayment but less than AA category
	BBB	Adequate capacity for repayment
	BB	Speculative
	B	Greater vulnerability to default than BB category
	CCC	Identifiable vulnerability to default
	CC	Subordinated debt of issues ranked in CCC category
	C	Subordinated debt of issues ranked in CCC category
	Cl	Income bonds where no interest is paid
	D	Default
Standard & Poors – Modifiers	(+) or (-)	Rankings within rating category
Standard & Poors – Commercial	A-1	Highest degree of safety
	A-2	Timely repayment characteristics is satisfactory
	A-3	Adequate capacity for repayment
	B	Speculative
	C	Doubtful repayment
	D	Default

APPENDIX B
(Continued)

RATING SUMMARY

RATING SERVICE		RATING CATEGORY	RATING DEFINITION
Fitch		AAA	Highest credit quality
		AA	Very high credit quality
		A	High credit quality
		BBB	Good credit quality
		BB	Speculative
		B	High speculative
		CCC, CC, C	High default risk
		DDD, DD, D	Default
Fitch	Modifiers	"+" or "-	Relative status within rating categories
Fitch	Commercial Paper	F1	Highest credit quality
		F2	Good credit quality
		F3	Fair credit quality
		B	Speculative
		C	High default risk
		D	Default
Bauer		5 Star	Superior
		4 Star	Excellent
		3 ½ Star	Good
		3 Star	Adequate
		2 Star	Problematic
		1 Star	Troubled
		Zero	Our lowest star rating

APPENDIX C

Glossary of Cash Management Terms

The following is a glossary of key investing terms, many of which appear in San Joaquin Valley Insurance Authority Investment Policy. This glossary has been adapted from the Government Finance Officer's Association (GFOA) sample investment policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance – A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., "1/4" of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

APPENDIX C
(Continued)

Certificate of Deposit – A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period.

Certificate of Deposit Account Registry System (CDARS) – A private CD placement service that allows local agencies to purchase more than $100,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $100,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper - An unsecured short-term promissory note issued, with maturities ranging from 1 to 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk - The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return) - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount - The amount by which the par value of a security exceeds the price paid for the security.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality rating.

APPENDIX C
(Continued)

Fair Value - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate - Interest rate charged by one institution lending federal funds to the other.

Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms in the United States.

Government Securities - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate - See "Coupon Rate."

Interest Rate Risk - The risk associated with declines or rises in interest rates which cause in investment in a fixed-income security to increase or decrease in value.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash without significant loss of value.

Local Agency Investment Fund – A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer’s Office.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

APPENDIX C
(Continued)

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Medium-Term Note – Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mortgage Backed Securities – Mortgage-backed securities (MBS) are created when a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interest or participations in the pool.. MBS owners receive a prorate share of the interest and principal passed through from the pool of mortgages. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities.

Mortgage Pass-through Obligations – Securities that are created when residential mortgages are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.

6. Have all individuals who sells SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

Negotiable Certificates of Deposit – Short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, or state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)]/(Number of shares outstanding)

Nominal Yield - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Non-negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to $100,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral.

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par - Face value or principal value of a bond, typically $1,000 per bond.

Positive Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium - The amount by which the price paid for a security exceeds the security's par value.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Regular Way Delivery - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13- month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Swap - Trading one asset for another.

Term Bond - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Treasury Bonds - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule - SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

Volatility - A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM) - The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-call (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-coupon Securities - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

BOARD OF DIRECTORS

ANDREAS BORGEAS
JUDITH CASE MCNAIRY
MIKE ENNIS
PHIL LARSON
DEBORAH A. POOCHIGIAN
PETE VANDER POEL
J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 8

SUBJECT: Proposed 2014 Board Meeting Calendar

REQUEST(S): That the Board of Directors approve the proposed 2015 Board Meeting Calendar

DESCRIPTION:

The attached proposed schedule recommends five meetings of your Board in 2014 and maintains the tradition of alternating meeting locations between the County of Fresno and County of Tulare with meeting times scheduled from 9:00am to 12:00pm. Your Board may elect to adopt other dates and times or add meetings based on SJVIA business and your availability. Adopting dates today will allow staff to reserve locations and publish the 2015 SJVIA Board Calendar.

FISCAL IMPACT/FINANCING:

None

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom	Paul Nerland
SJVIA Manager	SJVIA Assistant Manager

BOARD OF DIRECTORS

ANDREAS BORGEAS
JUDITH CASE MCNAIRY
MIKE ENNIS
PHIL LARSON
DEBORAH A. POOCHIGIAN
PETE VANDER POEL
J. STEVEN WORTHLEY

Board of Directors Meetings – 2015

DRAFT - SCHEDULE

Date	Time	City	Location
February 13, 2015 (Friday)	9:00 - 12:00	Fresno	FCERA Board Chambers- Fresno County Employee Retirement Association
April 10, 2015 (Friday)	9:00 - 12:00	Visalia	TCERA Board Chambers- Tulare County Employee Retirement Association
July 17, 2015 (Friday)	9:00 - 12:00	Fresno	FCERA Board Chambers- Fresno County Employee Retirement Association
August 28, 2015 (Friday)	9:00 - 12:00	Visalia	TCERA Board Chambers- Tulare County Employee Retirement Association
November 6, 2015 (Friday)	9:00 - 12:00	Fresno	FCERA Board Chambers- Fresno County Employee Retirement Association

LOCATIONS:

FCERA – Fresno County Employee Retirement Association
1111 H Street
Fresno, CA 93721

TCERA – Tulare County Employee Retirement Association
136 N. Akers Street
Visalia, CA 93291

BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE MCNAIRY

MIKE ENNIS

PHIL LARSON

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 9

SUBJECT: Receive and File Report on Entities New to SJVIA Effective January 1, 2015 (I)

REQUEST(S): Notification to the Board of five (5) new entities joining the SJVIA effective January 1, 2015

DESCRIPTION:

After issuing several proposals in 2014 we are pleased to report that five (5) new entities have decided to join the SJVIA effective January 1, 2015. The cities include Oakdale (56), Hanford (166), Modesto (917), Hughson (14), and Clovis (375).

FISCAL IMPACT/FINANCING:

The above entities represent approximately 1,428 new employee members to the SJVIA. The combined premium for these five new members is approximately $18,640,000 annually.

Once initial enrollment is completed, the SJVIA budget will be adjusted accordingly.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE MCNAIRY

MIKE ENNIS

PHIL LARSON

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 10

SUBJECT: Authorization of the Release of Proposal for Participation and Execution of Participation Agreement

REQUEST(S): That the Board of Directors approve the release of proposal for Sutter County

DESCRIPTION:

On November 5, 2010, your Board approved Member Underwriting Guidelines and the SJVIA Growth Implementation and Marketing Plan. These documents provide the framework for the prudent growth of the SJVIA which will facilitate fixed cost reductions and pricing stability over time.

The Underwriting Committee is in the process of reviewing this proposal and upon approval seeks authority to release an illustrative proposal for Sutter County.

Contingent upon acceptance and approval of Sutter County's governing body, it is recommended that the Board authorize the Board President to execute the participation agreement.

FISCAL IMPACT/FINANCING:

None at this time. If the entity joins the SJVIA, the budget will be adjusted accordingly.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE MCNAIRY

MIKE ENNIS

PHIL LARSON

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 11

SUBJECT: Authorize the Execution of the Consulting Agreement with Gallagher Benefit Services effective January 1, 2015 for a Term of Three Years

REQUEST(S): That the Board authorizes the execution of the Consulting Agreement with Gallagher Benefit Services effective January 1, 2015

DESCRIPTION:

At the August 22, 2014 meeting, at the conclusion of an RFP process, your Board directed staff to negotiate a new three year agreement with Gallagher Benefit Services (Gallagher) to provide consulting services effective January 1, 2015. SJVIA legal counsel and staff have been working with Gallagher to finalize the agreement.

Gallagher's services to the SJVIA include health benefits consultation and administration services with specific experience in the public sector, risk-sharing pools, underwriting, self-funded health benefit plans and the impact of the Affordable Care Act.

Staff is requesting authorization to have the consulting agreement executed by the Board Chairman upon approval of the final document by Gallagher, SJVIA legal and staff.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

FISCAL IMPACT/FINANCING:

This contract provides for administrative services at $3.75 per employee per month (PEPM), a reduction to the current fee of $4.00 PEPM for a savings of approximately $90,000 over three years.

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

BOARD OF DIRECTORS

ANDREAS BORGEAS
JUDITH CASE MCNAIRY
MIKE ENNIS
PHIL LARSON
DEBORAH A. POOCHIGIAN
PETE VANDER POEL
J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 12

SUBJECT: Authorize the Execution of the Agreement with Chimienti & Associates effective January 1, 2015 for a Term of Three Years

REQUEST(S): That the Board authorizes the execution of the Agreement with Chimienti & Associates effective January 1, 2015

DESCRIPTION:

At the August 22, 2014 meeting, at the conclusion of an RFP process, your Board directed staff to negotiate a new three year agreement with Chimienti & Associates to provide administrative services effective January 1, 2015. SJVIA legal counsel and staff have been working to finalize the agreement.

Administrative services provided include maintaining benefits and eligibility information, consolidated billing and reporting, on-line management of benefit programs, COBRA administration, flexible spending account administration, and enrollment services.

Staff is requesting authorization to have the agreement executed by the Board Chairman upon approval of the final document by Chimienti & Associates, SJVIA legal and staff.

FISCAL IMPACT/FINANCING:

This contract provides for administrative services at $5.20 per employee per month (PEPM), a reduction to the current fee of $6.50 PEPM for a savings of approximately $145,000 or 20%.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom	Paul Nerland
SJVIA Manager	SJVIA Assistant Manager

BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE MCNAIRY

MIKE ENNIS

PHIL LARSON

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 13

SUBJECT: Authorize the Execution of the Agreement with Pacific Coast Medical Services effective January 1, 2015

REQUEST(S): That the Board authorizes the execution of the agreement with Pacific Coast Medical Services effective January 1, 2015

DESCRIPTION:

For the last three years, the SJVIA has offered onsite mammography screenings at no charge to its health plan participants through the SJVIA wellness program. The last offering of mammography screenings, which was held in November of 2013, had increased participation over the prior year. Therefore, staff is requesting that the SJVIA contract with Pacific Coast Medical Services to again offer these screenings. The contract would allow for multiple days of onsite screenings with a guarantee of 30 exams conducted per day. Offering the screenings as an onsite service is of great benefit to both the SJVIA and the employee. Currently, under the Anthem Blue Cross health plans, a mammogram costs the plan around $300 and is covered as a preventive care benefit. Each exam through the recommended vendor costs $95, a discount of almost 70%. In addition, the employees that participate in this event are spending much less time away from work, thus improving efficiency while providing a heightened awareness of healthy behavior. In 2012, 339 mammograms were performed for both County of Fresno and County of Tulare employees; in 2013, a total of 182 mammograms were completed for County of Tulare employees. The next round of screenings will be held in the first quarter of 2015.

This item requests the authority of the Chair to execute a one year agreement with Pacific Coast Medical Services effective January 1, 2015.

FISCAL IMPACT/FINANCING:

Under the prior agreements, the Counties of Fresno and Tulare have each contracted for six days of mammography services. Under the new agreement, the cost is estimated to be approximately $38,000 and will be treated as Anthem medical claims, paid through the SJVIA budget.

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

BOARD OF DIRECTORS

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J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 14

SUBJECT: Introduction of Viverae Team and Overview of Proposed Wellness Program for 2015

REQUEST(S): That the Board receive and file the information from Viverae on the proposed wellness services for 2015

DESCRIPTION:

At the August 22, 2014 meeting, your Board approved the recommended selection of Viverae as the new wellness partner for the SJVIA effective January 1, 2015. Additionally, Viverae is taking over the disease management formerly provided by Anthem 360 to provide an integrated wellness/disease management program. SJVIA staff, along with Gallagher, have been working closely with Viverae on the implementation process and proposed wellness program in anticipation of the January 1, 2015 start date.

Attachment A is the proposed SJVIA Wellness Program Design for Plan Year 2015. The proposed program includes a point based incentive program, four challenges and additional proposed resources. One of the key components of the proposed wellness program is incentives. Item number 16 on today's agenda requests approval of incentives for Plan Year 2015.

Members of the Viverae team will be present at the Board meeting to present an overview of services and programs, and answer any questions you might have about the program. The bio for each Viverae attendee is included in Attachment B.

FISCAL IMPACT/FINANCING:

There is no fiscal impact for this item.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

San Joaquin Valley Insurance Authority

PROGRAM DESIGN

LAUNCH DATE: Thursday, 01/01/2015

Sign Off Deadline: Friday, 11/07/2014

PROGRAM CONFIGURATION

Sample Screen Shot:

Engage Incentive Program

Program Description   Program Guidelines

Rewards:

200.0 Points: Engage Reward Level

Progress

0

Points Earned

Required Actions

Action	Category		
Member Health Assessment (MHA)	*(Health Assessments)*	View Details	Start Now
Biometric Screening	*(Health Assessments)*	View Details	
Preventive Care Compliance	*(Preventive Care)*	View Details	

Actions:

Note: Required Actions must be completed before points can be applied to incentives.

Health Assessments — 50.0 of 100.0 points

Preventive Care — 0.0 of 50.0 points

2015 SJVIA PROGRAM

The Engage program creates risk factor reduction and engages members in behavior change.

The Engage incentive program is based on an easy-to-track 200-point structure with requirements including the MHA, Biometric Screening and preventive care compliance. The program focuses on addressing risk factors through engagement in a variety of wellness activities.

ENGAGEMENT	
Assessments	**Point Value**
Member Health Assessment (Required)	50
Biometric Screening (Required)	50
Preventive Care Compliance	**Point Value**
Preventive Care Compliance	50
Program Activities	**Point Value / Max**
Questionnaires	5 each / 45 max
Targeted Programs	15 each / 45 max
Online Courses	10 each / 30 max
Webinars	5 each / 30 max
Employer Challenges	15 each / 60 max
Peer Challenges	10 each / 30 max
Healthy Events: Event #1, Event #2, Event #3	5 each / 15 max
Disease Management	**Point Value / Max**
Care Plan Complete (first 6 months plan year) Care Plan Enrolled (last 6 months plan year)	20 each / 20 max
Coaching II	**Point Value / Max**
High Health Score ($\geq$ 80) Moderate Health Score (70 – 79.9) Low Health Score (<70)	20 each / 20 max 10 each / 20 max 5 each / 20 max
PROGRAM GOAL	**200 points**

IMPORTANT NOTE: The order of the program requirements will appear as shown. Once design is confirmed, the program design will be built in the system and it is at this point that the program is final. Therefore, no modifications to the program order (including but not limited to changes and/or rearrangements) will be accommodated.

2015 SJVIA PROGRAM DETAILS – EXISTING EMPLOYEES

Program Components

Elected Services: **Engage, Biometric Screenings, Disease Management, Claims Analytics, Biometric Import, & Coaching II**

Alternative Screenings: **Labcorp and Physician Lab Form**

MHA Options: **Online, Telephonic, and Paper**

Program Plan Year: **01/01/2015- 12/31/2015**

Assessment Period: **01/01/2015- 04/30/2015**

MHA & Screening available after the Assessment Period? Yes

Incentive available after the Assessment Period? Yes; Tier-2 only

Eligibility

Program Eligibility: **All health plan covered employees (approximately 11,000 employees)**

Incentive Eligibility: **All health plan covered employees (approximately 11,000 employees)**

Employees

Eligibility: **Hired prior to 03/31/2015**

Requirements:

Tier-1: Complete your MHA and Biometric Screening by 04/30/2015 to earn a gift card

Tier-2: Reach the 200 point goal by 12/31/2015 to earn an additional incentive

Type: Tier-1: Gift Card; Tier-2: TBD

Value: Tier-1: $50 (TBD); Tier-2: TBD

Distribution Timeframe: Tier-1: After 05/01/2015; Tier-2: After 01/01/2016

Reporting

- Incentive Tier-1:
  - Access Report(s): **The Standard Incentive Report**
  - Timing: **10 business days after 04/30/2015**
    - Report will notate who met the 100 point goal (completion of both the MHA and Screening)
- Incentive Tier-2:
  - Access Report(s): **The Standard Incentive Report**
  - Timing: **on or after 01/01/2016**

Additional Notes/FAQs

- *Who is eligible? (Health-Plan Covered Employees)*
- *What is required for me to earn my incentive? (Existing Employees vs. New Hires)*
- *What is my incentive/are my incentives? **(TBD)***
- *When will I receive it? (Tier-1: After 04/01/2015 & Tier-2: After 01/01/2016)*
- *Can I have a second or more LabCorp Requests? **(TBD)***

NOTE: Changes in the products, pricing, eligible member definition, or other material modifications will only be effective upon execution by both

2015 SJVIA PROGRAM DETAILS – NEW HIRES

New Hires

Eligibility: **Hired between 03/31/2015 – 09/30/2015**

Requirements:

Any health plan covered individual, hired between 03/31/2015 and 09/30/2015 will complete the MHA & Biometric Screening by 12/31/2015 to receive the *incentive.*

This means that anyone hired prior to 03/31/2015 would still need reach the 200 point program goal and everyone hired after 09/30/2015 would fall into the program requirements in Year 2 with everyone else.

Incentives

Type: **TBD**

Value: **TBD**

Distribution Timeframe: **effective on or after 01/01/2016**

Reporting

- Incentive Tier:
  - Access Report(s): **The Standard Incentive Report**
  - Timing: **on or after 01/01/2016**

Additional Notes

New Hire Program	
Assessments	**Point Value**
Member Health Assessment (Required)	50
Biometric Screening (Required)	50
PROGRAM GOAL	**100 points**

NOTE: Changes in the products, pricing, eligible member definition, or other material modifications will only be effective upon execution by both

2015 SJVIA EMPLOYER CHALLENGES

Healthy Challenges

Challenge 1: Be Active
Sign-up Begins: 02/02/2015
Sign-up Ends: 03/02/2015
Start Date: 02/16/2015
End Date: 03/15/2015

Challenge 2: Step Ahead
Sign-up Begins: 04/06/2015
Sign-up Ends: 05/04/2015
Start Date: 04/20/2015
End Date: 05/17/2015

Challenge 3: 15 for Me
Sign-up Begins: 06/08/2015
Sign-up Ends: 07/06/2015
Start Date: 06/22/2015
End Date: 07/19/2015

Challenge 4: Weigh-2-Win
Sign-up Begins: 09/07/2015
Sign-up Ends: 10/05/2015
Start Date: 09/21/2015
End Date: 12/13/2015

Please note the following important information regarding the system set-up for Viverae Health Challenges.

- Three Challenges are included as standard; 4th at no additional cost
- Challenges run one at a time and are active for each of your wellness eligible members.
- Sign-ups are open two weeks prior to the challenge start date and close two weeks after the start date.
- Participation tracking closes 10 days after the last day of the challenge.
- Challenges should be scheduled quarterly, with the exception of the assessment periods.

NOTE: Changes in the products, pricing, eligible member definition, or other material modifications will only be effective upon execution by both parties of a formal Amendment to the Master Services Agreement.

PREVENTATIVE CARE COMPLIANCE

Preventive care guidelines vary among national health advocacy groups. Viverae's Medical Advisory Board supports the evidence-based preventive care compliance schedules recommended below, which are provided by recognized specialty medical organizations that take a more proactive stance.

Recommended Preventive Care Compliance Schedule[‡]			
Males	**Under Age 40** **Credit for completion of** **At least 2 of the following:**	**Ages 40 – 49** Credit for completion of At least 3 of the following:	**Ages 50 and Over** Credit for completion of At least 4 of the following
	Physical Exam	Physical Exam with DRE[◊] (Prostate Exam)	Physical Exam with DRE[◊] (Prostate Exam)
	Dental Exam	Dental Exam	Dental Exam
	Flu Immunization	Flu Immunization	Flu Immunization
	Skin Cancer Screening	Skin Cancer Screening	Skin Cancer Screening
	Vision Screening	Vision Screening	Vision Screening
		PSA Test[◊]	PSA Test[◊]
		Fecal "Stool" Test[§]	Fecal "Stool" Test[§]
			Colonoscopy[+]
Females	**Under Age 40** Credit for completion of At least 2 of the following	**Ages 40 – 49** Credit for completion of At least 3 of the following	**Ages 50 and Over** Credit for completion of At least 4 of the following
	Well Woman Exam with Pap Smear[*] or Physical Exam	Well Woman Exam with Pap Smear[*] or Physical Exam	Well Woman Exam with Pap Smear[*] or Physical Exam
	Dental Exam	Dental Exam	Dental Exam
	Flu Immunization	Flu Immunization	Flu Immunization
	Skin Cancer Screening	Skin Cancer Screening	Skin Cancer Screening
	Vision Screening	Vision Screening	Vision Screening
		Mammogram	Mammogram
		Fecal "Stool" Test[§]	Fecal "Stool" Test[§]
			Colonoscopy[+]
			Osteoporosis Screening

The Preventive Care Compliance Schedules do not take into account a member's personal or family health and medical history. Viverae recommends that members consult with a physician regarding their specific preventive health screening schedules.

◊ Starting at age 50, men should talk to their doctor about the pros and cons of testing so they can decide if testing is the right choice for them. Men who are African American or have a father or brother who had prostate cancer before age 65 should have this talk with their doctor starting at age 45. Men with several first-degree relatives who had prostate cancer at an early age should have this talk with their doctor starting at age 40.

* A Pap Smear ("regular pap test") is recommended every year for women starting at age 21, and every 2 to 3 years beginning at age 30 for women who have had 3 normal pap test results in a row. Women 70 years of age or older who have had 3 or more normal Pap tests in a row and no abnormal Pap test results in the last 10 years or women who have had a total hysterectomy (unless the surgery was done as a treatment for cervical cancer or pre-cancer) may choose to stop having Pap tests.

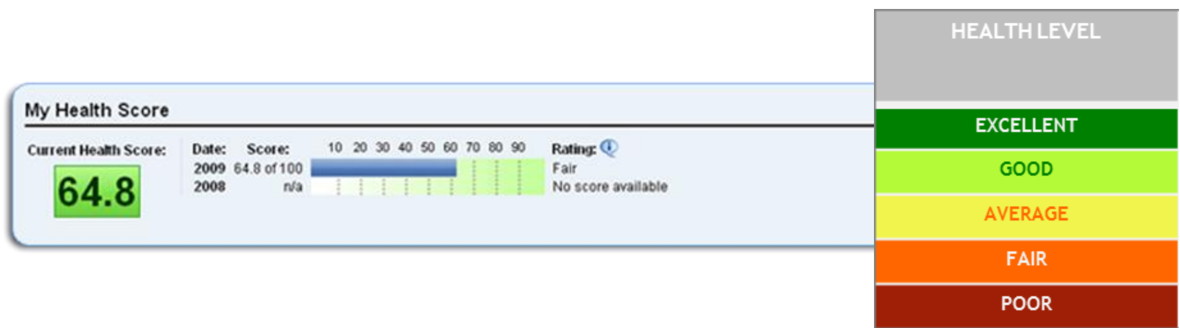
§ A Fecal "Stool" Test is recommended every year for those of average risk beginning at age 50, with those at increased or unknown risk starting at an earlier age.

+ Other tests that can be used to find polyps and cancer beginning at age 50 include Flexible Sigmoidoscopy (recommended every 5 years), Double-contrast Barium Enema (recommended every 5 years), and CT colonography or "virtual colonoscopy" (recommended every 5 years).

VIVERAE HEALTH SCORE

Health Score Definition:

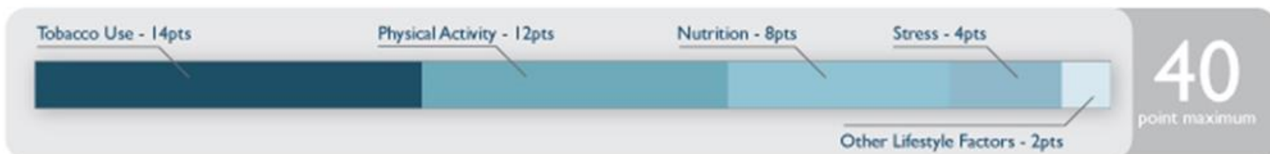
The Health Score is based on a combination of answers to the questions asked in the Member Health Assessment (MHA) and Biometric Screening data. A high Health Score can indicate that a member's health decisions and current health status are on the right track. A low Health Score suggests that the member could be at a greater risk of developing certain diseases and health problems



Risk Level Key:

80 - 100 = Low Risk
70 - 79.9 = Moderate Risk
0 - 69.9 = High Risk

Member Health Assessment Composition



Biometric Assessment Composition

MYVIVERAE ENGAGEMENT ACTIVITIES

MyViverae Activities

Wellness programs that include an activity point system will tie point accumulations based on completion of certain program activities throughout the program year; however, these engagement activities are available to each member, regardless if their wellness program includes points earning for completed activities.

Biometric Screening

Biometric Screenings provide vital information about overall health, including cholesterol (total, LDL and HDL), triglycerides, cardiac risk, glucose, blood pressure, height, weight, Body Mass Index (BMI) and waist measurement.

Member Health Assessment

The Member Health Assessment (MHA) is a short survey that asks questions about specific lifestyle habits and takes less than 10 minutes to complete.

Targeted Programs

Targeted Programs focus on member lifestyles to help them make changes and reach their health goals through a series of videos. Each program consists of four consecutive weekly online sessions that take 20–30 minutes each to complete. Assignments are given each session to move on to the next weekly course. Members must attend all weekly sessions and they may only participate in one Health-e Steps Targeted Program at a time.

- Tackling Your Stress
- Reaching Your Healthy Weight
- Focusing on Your Heart
- Breaking Free from Tobacco:
- Taking Control of Your Diabetes
- Strengthening Your Bones and Muscles
- Supporting Your Healthy Pregnancy

Online Courses

Online Courses can help members make small changes that lead to big results. Members can take any course, but we recommend that they choose courses that are most related to their risk factors.

Webinars

Webinars are available monthly and include various topics based on the monthly health observance that are relevant to everyone. Each webinar takes less than 10 minutes to complete and is followed by a brief quiz to earn points.

Supplemental Questionnaires

These questionnaires are related to seasonal health topics, chronic conditions, or specific health risks. Supplemental Questionnaires can be triggered by responses to the MHA and by the first-of-the month national health observance.

Healthy Events

Healthy Events are defined by each client. They can consist of generic events that members can complete such as a 5k run, going to the gym, participating in a financial wellness class, or clients can specify certain events unique to their company.

Employer Challenges

Employer Challenges run from four to twelve weeks in length and focus on practicing specific health behaviors or lifestyle changes and encouraging members to meet a challenge goal.

Peer Challenges

Peer challenges allow members to create a custom challenge for themselves and up to 19 additional peers who are also part of their health management program.

ENHANCERS

Program Enhancers

Viverae offers additional services to support and ensure the success of your health management program. These services seamlessly integrate into your health management program.

Coaching II	Point Value / Max
• ≥ 80 Health Score • 70 - 79.9 Health Score • < 70 Health Score	20 each / 20 max 10 each / 20 max 5 each / 20 max
Disease Management	**Point Value / Max**
• Care Plan Complete (first half of plan year) • Care Plan Enrolled (second half of plan year)	20 each / 20 max

Coaching II*

Inbound access to the Viverae Health Center™ is available both telephonically and through the Viverae Health Management System (VHMS). A team of Viverae Health Professionals, including registered dieticians, registered nurses and exercise specialists, provide another supportive touch point to help foster healthy changes and awareness in members. Coaching II also adds an additional layer of support through personalized risk-based outreach to members.

Disease Management*

Disease Management targets members with high risk levels based on claims data, biometric data and self-reported Member Health Assessment data. DM focuses on chronic condition and medical compliance, targeted DM Preventive Care, chronic condition management and predictive modeling outreach. The targeted conditions addressed in Viverae's DM program are asthma, diabetes, coronary artery disease, chronic obstructive pulmonary disease and congestive heart failure.

Claims Analytics

Utilizing medical and pharmaceutical claims data, Claims Analytics demonstrates the correlations between lifestyle, biometrics and medical services utilization, giving a 360-degree view of population health issues and associated costs.

ADDITIONAL SERVICES

Viverae offers additional services to support and ensure the success of your health management program. These services seamlessly integrate into your health management program, delivering data right into the www.MyViverae.com website. The following products and services are available, at an additional cost, to help design and execute a program that is personalized for you.

Event Staffing

Viverae offers onsite staffing support for special events. These events may include educational seminars, lunch and learn sessions, health fairs, benefits, vendor summits and more. Pricing is available upon request.

Onsite Services

Various onsite services from account management, health coaching and onsite health specialists can be scoped and staffed at additional costs.

NRT

Nicotine Replacement Therapy is offered as an additional Enhancer for clients that have purchased Coaching II or Disease Management. This service provides members that have enrolled in the Tobacco Cessation Targeted Program an opportunity to receive one of four types of nicotine replacement therapy after speaking with a Viverae Health Center representative. The supplies are sent to the member at no cost, and then the client is billed. Members that participate in this program must be 18 years of age or older and can only complete the program once per program year

2015 SJVIA PROGRAM DESIGN

Acceptance Statement

By signing below, you agree and accept the terms of this Launch Plan and understand that the Launch Plan is subject to the terms and conditions of the Master Services Agreement ("MSA"). Modifications, such as but not limited to, changes in the products, pricing, or eligible member definition must be formalized by a written amendment to the signed by both parties.

Upon signing, the Launch Plan will be final and any modifications to the program design or order will be subject to additional fees.

San Joaquin Valley Insurance Authority

Signature: ______________________________ Date: ____________________

Name: ____

Title: ____

IMPORTANT NOTE: Signed approval is required a minimum of 30 days prior to launch date in order to proceed with building the program in the system and begin on program communications.

THANK YOU!

VIVERAE TEAM BIO'S

Mark Head – National Sales Manager

Mark's expertise in strategic health management spans a combined 34 years in health promotion, wellness, health insurance brokerage and consulting. He has been a part of the Viverae concept team since its inception, and currently works with consultants and employers in the design and implementation of comprehensive health management solutions.

Prior to joining Viverae, Mark served on the Chairman's Council of the Foundation for Responsible Television, which funds and distributes the McCuistion Program, an issues-oriented television program on business, social, economic and public policy concerns and challenges. An active member of the community, he has served on numerous boards and steering committees for Dallas organizations, including the Dallas Chapter of the National Association of Insurance and Financial Advisors and the Dallas Junior Chamber of Commerce.

Garrett Myer, Implementation Specialist

Garrett is dedicated to deliver hands-on, consistent oversight during the client implementation process. He manages all procedures, progress, and tasks necessary to produce a successful on-time launch for each new client going through implementation. He provides continuous support and valuable insight into designing the proper components for the client's new wellness program.

Garrett has been a part of the Viverae Team for over two years. During his time at Viverae, he has worked as a Health and Wellness Coach in the Viverae Health Center and later promoted to his current role as an Implementation Specialist. Prior to joining the Viverae team, he was involved in various areas within the wellness and fitness industries. He began practicing his passion for wellness by working as a Personal Fitness Trainer and Fitness Center Supervisor at the Pohl Recreation Center within the University of North Texas. He later assisted in management of a local Anytime Fitness health club, along with offering his services of Personal Training. He had also worked as a part-time sales representative for GNC.

Garrett has a Bachelor of Science in Health Promotion from the University of North Texas and a background in personal fitness training, nutrition, health education, and providing quality customer service.

Alexandra Santiago, Manager Implementation Services

Alex Santiago is an integral part of the Viverae team and currently serves as the Manager, Implementation Services. She brings more than 5 years of experience in wellness & project management to her position.

Alex originally joined the Viverae family as a Dedicated Account Manager overseeing a large distribution company. Following her success, she then transitioned to an Account Manager where her focus was the management and guidance of larger and more complex client accounts. She has been responsible for life groups in excess of 50,000 and program builds for hundreds of locations. Her passion for health doesn't end at the office, as an internal Wellness Champion, leading two-minute drills. Alex competes in Figure Competitions, a division of bodybuilding, when she's not helping clients achieve their health management solution goals. Viverae has given her the platform for challenge, growth and the opportunity to contribute to the achievement of a healthy work culture.

Prior to joining the Viverae team, Alex was a Health and Wellness Coordinator for Verizon where she designed, implemented and evaluated their on-site employee health and wellness program. During this time, Alex organized biometric screenings, flu shot clinics, mobile mammograms, Weight Watchers at work, and on-site stress management, all the while managing the on-site fitness center.

BOARD OF DIRECTORS

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J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 15

SUBJECT: Approve the Master Services Agreement with Viverae and Other Documents and Authorize Execution of these Documents

REQUEST(S): That the Board approves the Master Services Agreement with Viverae effective January 1, 2015 and other related documents and authorizes the execution of these documents upon approval by SJVIA legal and staff

DESCRIPTION:

At the August 22, 2014 meeting, your Board approved the recommendation to negotiate a three year agreement with Viverae effective January 1, 2015.

Staff has been working with Gallagher and the Viverae implementation team on program design, communication, logistics, data transfer and other details to negotiate an agreement that will allow successfully launching a new wellness program on January 1, 2015. To complete the implementation process, other documents may require signature by the SJVIA.

The documents include:

1. Master Services Agreement: to be executed by SJVIA and Viverae. This agreement governs all services to be provided by Viverae, responsibilities of both the vendor and the client, and terms of the relationship.
2. Program Design Document: to be executed by SJVIA and Viverae. This document outlines the strategy of the wellness program, timing and components of activities, communications, and many other aspects of the SJVIA's wellness program.

3. Confidentiality Agreements: to be executed by Viverae and any SJVIA vendors that will be either accepting or providing information for the support of the wellness program.
4. Screening Plan: to be executed by SJVIA and Viverae. This document will outline the strategy for biometric screenings and all components to be included.
5. Census Business Requirements Document (BRD): to be executed by SJVIA and Chimienti & Associates for the exchange of census information from Admin Direct.
6. Biometric Import BRD: to be executed by Delta Team Care and SJVIA. This document covers the transfer of past biometric screenings from Delta Team Care (prior vendor) to Viverae for the purpose of year over year comparison for both the SJVIA and individual participants.

As the implementation process continues, other documents may require signature by the SJVIA. Staff is requesting authorization to have the documents listed above executed by the Board Chairman upon approval of the final document by SJVIA legal and staff, and Viverae. Staff is also requesting authorization to have any additional documents executed as needed to complete the implementation of the program with Viverae.

FISCAL IMPACT/FINANCING:

The SJVIA has budgeted $2.50 per employee per month (PEPM), or $325,800 annually for Wellness efforts. The SJVIA currently pays $2.10 PEPM (PPO) and $3.38 PEPM (HMO) for disease management programs through Anthem 360, whereas Viverae's fee for disease management is $2.75 PEPM. Delta TeamCare offers health risk assessments and biometric screenings at $195 per employee that participates. Viverae's fee for biometric screenings is $59.95. The total fee for comprehensive wellness programs through Viverae is $4.05 PEPM. While there will be an increase in fixed costs for the wellness program, Viverae's comprehensive program will produce the employee engagement and subsequent return on investment the SJVIA sought through the RFP process.

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

BOARD OF DIRECTORS

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J. STEVEN WORTHLEY

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7, 2014

ITEM NUMBER: 16

SUBJECT: Approval of the Recommended Wellness Incentives for the 2015 Plan Year

REQUEST(S): That the Board approves the proposed wellness incentives for the 2015 plan year

DESCRIPTION:

As part of the wellness initiative of the SJVIA, the founding Counties of Tulare and Fresno have offered a financial incentive for participating in the biometric screenings and other activities during the 2014 plan year. Studies have shown that offering an incentive to an employee who participates in wellness activities and screenings helps to drive higher participation rates, which helps to increase the impact of the wellness program.

The County of Tulare offered a cash incentive of $50 for participating in the wellness screenings and an additional $150 for maintenance or improvement of scores, paid for from Tulare County excess insurance reserves. The County of Fresno also offered an incentive of $50 for participation in the screenings and an additional $50 if the member engaged in two (2) coaching sessions with Delta TeamCare from the SJVIA funds.

To demonstrate the impact of offering an incentive for participation, consider the increased results in participation from 2013 to 2014.

	2013	**2014**
Participants	716	1417
Repeat Participants	278	498
Newly Discovered Conditions	365	692
Potential High Risk	21	55
Total SJVIA	8,900	9,200
Percentage Participation	8.0%	15.4%

The 2014 plan year did include participation by entities other than the Counties of Fresno and Tulare for the biometric screenings, but the participation of Fresno County alone tripled from 300 to over 900 by offering the incentive. You can see that the participation as a whole for SJVIA nearly doubled as did the number of newly discovered conditions. The focus of the biometric screenings is first to identify those with undiagnosed conditions and then reduce this risk in subsequent years.

With participation in the 15% range for 2014 there is still a large part of the founding members' employees not engaging in these programs, and if your Board has approved the services agreement with Viverae, staff will work in partnership with Viverae to increase this percentage. Staff is proposing the SJVIA fund an incentive for participation in the biometric screenings and completion of predetermined activities throughout the year. Higher participation in the screenings and activities will also drive higher costs for these budgetable items; however, the Return On Investment (ROI) can be demonstrated by case studies and reporting by Viverae on their current book of business. The attached results from a study on their book of business on clients who offer a $50 or more per month incentive in the form of contribution discount shows ROI of up to 4.13:1 when wellness programs are used in conjunction with coaching and disease management. While the SJVIA is not yet in a position to offer incentives at this level, a flat financial incentive has also been shown to increase participation and ROI.

Staff is proposing incentive scenarios which give employee participants multiple ways to engage in the program to earn the incentives. In each scenario, the employee is incentivized to participate in the health screenings for one incentive and to also engage in activities throughout the year for additional reward. The employee can participate in challenges offered to the entire SJVIA or in individual activities, both of which earn points toward the amount required to earn the incentive. The scenarios below are based on a population

of 10,000 employees and show the cost to the SJVIA at participation levels of 20, 30, and 40 percent. Also for each scenario, the cost of the incentive spread over the entire population of 10,000 employees on a per employee per month (PEPM) basis is shown. The 2015 plan year would be the first year that SJVIA would be funding participation incentives for the wellness plan and these funds would be deducted from plan reserves. In subsequent years, participation data will be available to project cost which would be spread across the entire SJVIA as part of the renewal underwriting at amounts similar to those shown on the calculations.

The scenarios for discussion are as follows:

Scenario #1		**Participation**		
	Incentive	20%	30%	40%
Biometric Screenings	$50	$100,000	$150,000	$200,000
Additional Activities	$50	$100,000	$150,000	$200,000
	Total Cost	**$200,000**	**$300,000**	**$400,000**
	PEPM Cost	$1.67	$2.50	$3.33

Scenario #2		**Participation**		
	Incentive	20%	30%	40%
Biometric Screenings	$25	$50,000	$75,000	$100,000
Additional Activities	$75	$150,000	$225,000	$300,000
	Total Cost	**$200,000**	**$300,000**	**$400,000**
	PEPM Cost	$1.67	$2.50	$3.33

Scenario #3		**Participation**		
	Incentive	20%	30%	40%
Biometric Screenings	$50	$100,000	$150,000	$200,000
Additional Activities	$100	$200,000	$300,000	$400,000
	Total Cost	**$300,000**	**$450,000**	**$600,000**
	PEPM Cost	$2.50	$3.75	$5.00

FISCAL IMPACT/FINANCING:

Impact is dependent on the scenario and incentive levels approved by your Board.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE MCNAIRY

MIKE ENNIS

PHIL LARSON

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AGENDA DATE: November 7, 2014

ITEM NUMBER: 17

SUBJECT: Receive and File SJVIA Executive Claims Summary through August 2014 (I)

REQUEST(S): That the Board Receive and File SJVIA Executive Claims Summary through August 2014

DESCRIPTION:

The attached report provides an overview of several key plan metrics and is used to identify trends and outliers. As requested by your board, a "Large Claims Report" has been included in the Monthly Claims Report (page 3). This summary details on-going claims that are over $100,000 paid-to-date. The "pooling point" is the maximum amount the SJVIA could pay in a plan year for each individual on the plan. For historical purposes, the pooling point for the HMO plan is $400,000 and the pooling point for the PPO plan is $450,000. The pooling point for the HMO plan was increased from $250,000 to $400,000 in plan year 2013. When claims reach the pooling point the SJVIA is no longer liable for the payment of further eligible claims within the policy year.

In addition to the founding Counties (Fresno and Tulare), this report includes data for:

- City of Tulare, which joined the SJVIA effective July 1, 2012
- City of Ceres, which joined SJVIA effective January 1, 2013
- City of Waterford, which joined the SJVIA effective June 1, 2013
- City of San Joaquin, which joined the SJVIA effective July 1, 2013
- City of Shafter, which joined the SJVIA effective July 1, 2013
- City of Sanger, which joined the SJVIA effective July 1, 2013
- City of Gustine, which joined the SJVIA effective October 1, 2013
- City of Riverbank, which joined the SJVIA effective January 1, 2014
- City of Newman, which joined the SJVIA effective January 1, 2014
- City of Reedley, which joined the SJVIA effective January 1, 2014
- City of Wasco, which joined the SJVIA effective January 1, 2014
- City of Farmersville, which joined the SJVIA effective January 1, 2014

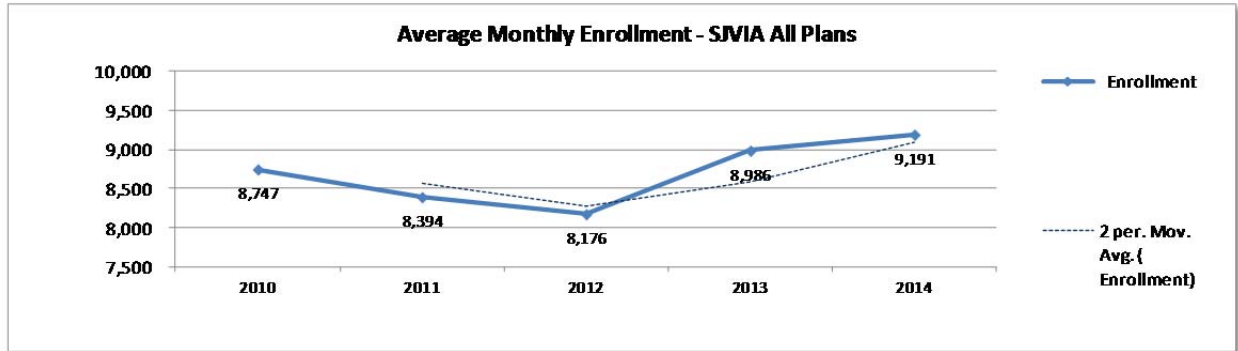
Comparing claims "Per Employee Per Month" (PEPM) can be a good indicator of overall medical inflationary trends. The overall yearly averages are below:

Plan Year	HMO	PPO	Overall
2010	$586.15 PEPM	$495.09 PEPM	$547.67 PEPM
2011	$681.06 PEPM	$553.64 PEPM	$628.33 PEPM
2012	$713.19 PEPM	$551.65 PEPM	$637.06 PEPM
2013	$783.07 PEPM	$517.95 PEPM	$667.02 PEPM
2014 (through August)	$780.15 PEPM	$647.23 PEPM	$722.98 PEPM

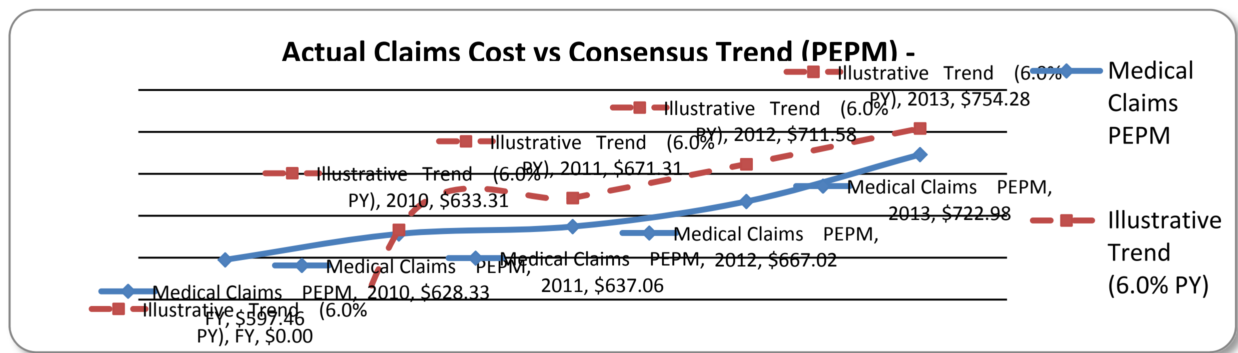
AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

The chart below shows average monthly enrollment in all SJVIA plans since inception. Enrollment dropped slightly in 2011 and 2012 but increased 9.9% in 2013 due to increased participation in the founding members' population as well as the addition of the new entities mentioned above. Membership continues to grow in 2014 as a result of new entities joining the SJVIA.



The chart below shows actual claims costs (Per Employee Per Month) for all of the SJVIA plans. These values are represented by the blue line with corresponding average claims from the table above. For illustrative purposes, we have included a consensus trend line (red line) that represents a level, year over year, 6% medical inflationary trend assumption. The differential between these two lines demonstrates the savings the SJVIA has realized over a normal, consensus medical trend assumption.



Overall weighted annual medical trend since inception of the SJVIA has been 4.20%

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

FISCAL IMPACT/FINANCING:

Informational Only

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

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AGENDA DATE: November 7, 2014

ITEM NUMBER: 18

SUBJECT: Report on Submission for HIPAA Health Plan Identification Number (HPID) and Filing for Payment of Transitional Reinsurance Fee

REQUEST(S): That the Board receive and file report on HPID and Transitional Reinsurance Fee

DESCRIPTION:

The SJVIA has been impacted by many aspects of healthcare reform since inception. The following two items presented to your Board today require the SJVIA to complete certification processes as well as pay fees associated with the self-insured Anthem Blue Cross and Blue Shield of CA PPO plans.

HIPAA Health Plan Identification Number (HPID)

As part of healthcare reform, HIPAA's administrative simplification rules have been amended to require health plans to obtain a Unique Health Plan Identifier ("HPID") and to then file a certification of compliance. The HPID is a 10-digit, all-numeric identifier assigned to health plans that is required to be used in electronic standard transactions. The SJVIA is considered a large health plan and must obtain the HPID by November 5, 2014. Although the insurer for fully-insured plans will obtain the HPID, the SJVIA must do so for the Anthem Blue Cross and Blue Shield of CA PPO self-insured plans. The certification process for health plans that obtain an HPID by November 5, 2014 must be completed by December 31, 2015. The SJVIA has obtained the required HPID and will be completing the certification process as required.

Additional details on this can be found on EXHIBIT A to this item.

Transitional Reinsurance Fee

The goal of the Transitional Reinsurance program is to reduce the uncertainty of insurance risk in the individual market by partially offsetting risk for high-cost enrollees. By limiting insurer's exposure to high-cost enrollees, it's hoped this program will limit individual market rate increases that might otherwise occur because of the immediate enrollment of individuals with unknown health status. The national contribution rate will be $5.25 per covered life, per month in 2014, which is equivalent to an **annual rate of $63 per covered life**. For future years, the U.S. Department of Health and Human Services (HHS) intends to publish an annual notice setting forth the national contribution rate for the upcoming benefit year. HHS anticipates the 2015 benefit year contribution rate will be $44 per covered life. For 2016 the contribution rate is unknown but the amount to be collected is scheduled to decline. Health insurance issuers and self-insured group health plans are ultimately responsible for making the payment. The SJVIA Anthem Blue Cross and Blue Shield PPO plans are self-insured and the SJVIA is required to make payment for these. The annual enrollment count must be submitted to HHS no later than November 15th of the applicable benefit year (i.e., November 15, 2014 for the 2014 benefit year). The gross annual enrollment count (covered lives) is then entered into the system and the Pay.gov system will auto-calculate the amount of the fee. Once the form has been completed, supporting documentation will need to be uploaded to the Pay.gov system. The supporting documentation will assist HHS with verifying the amount of the fee for each contributing entity. Once the form has been completed and the supporting documentation has been uploaded, contributing entities will then enter bank information and schedule payment dates.

Additional details can be found on EXHIBIT B to this item.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

FISCAL IMPACT/FINANCING:

There is no fiscal impact for the Health Plan Identification Number. The amount due for the 2014 plan year for the Transitional Reinsurance Fee is $1,039,031 calculated from the average number of members on the plan from January through September of 2014. This amount had been included in the underwriting of the plan rates for the 2014 plan year and as such, included in the budget for 2014-15 fiscal year.

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

EXHIBIT A

Arthur J. Gallagher & Co.
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As HPID Deadline Draws Closer: Application Steps for Self-Insured Plans

By November 5, 2014, self-insured health plans with more than $5 million in annual claims are required to obtain a 10-digit Health Plan Identifier ("HPID") to use in standard HIPAA electronic transactions. Small self-insured health plans (defined as those with annual claims of $5 million or less) have a one-year delay and, as such, must obtain an HPID on or before November 5, 2015. Fully-insured plans are also required to obtain an HPID; however, recent guidance makes it clear that the carriers must apply for the HPID on behalf of fully-insured plans. [1]

Group health plans should determine the amount of annual claims as follows:

- Self-insured plans, both funded and unfunded, should use the total amount paid for health care claims by the employer, plan sponsor, or benefit fund, as applicable to their circumstances, on behalf of the plan during the plan's last full fiscal (i.e., plan) year. The premiums or amounts paid for stop-loss insurance by an employer or sponsor of a self-insured plan should not be included in the amount of receipts/claims.
- Fully insured health plans should use the amount of total premiums that they paid for health insurance benefits during the plan's last full fiscal (i.e., plan) year.
- Plans that provide benefits through a mix of purchased insurance and self-insurance should combine proxy measures to determine their total annual receipts.

By November 7, 2016, all health plans[2] must use their HPID in standard electronic transactions. The goal is that the HPID will replace health plan identifiers that currently vary in length and format. This will result in a standardized identification system that is intended to efficiently facilitate the routing of electronic transactions. The standard electronic transactions that will require the use of an HPID include:

- Health claims or equivalent encounter information,
- Health claims attachments,
- Enrollment and disenrollment in a health plan,
- Eligibility for a health plan,

[1] Additional information on HPID(s) can be found in our Technical Bulletin at https://ajg.adobeconnect.com/tb_2014_01/ and our FAQ(s) at https://ajg.adobeconnect.com/_a815130238/p9duqrjd1fw/.

[2] Under HIPAA, the definition of a health plan is very broad and includes medical, dental, vision, healthcare FSAs, long-term benefits, health reimbursement arrangements, many wellness programs, and most employee assistance programs. For purposes of an HPID, in general, all self-insured plans must obtain an HPID. However, it is necessary to determine how the plan is structured in order to determine if an HPID is necessary.

- Health plan premium payments,
- First report of injury,
- Health claim status,
- Referral certification or authorization, and
- Coordination of benefits.

Determining a Controlling Health Plan

Plan sponsors of self-insured health plans must identify how many HPIDs they are required to obtain. For purposes of the HPID, there are two classifications of health plans: a Controlling Health Plan (CHP); and a Subhealth Plan (SHP). A CHP is required to obtain an HPID, while an SHP is not required to obtain its own HPID. To determine whether a plan qualifies as a CHP, the final rule published by HHS suggests that the plan sponsor answer the following questions:

- Does the health plan itself provide or pay for medical care?
- Does either the health plan or a non-health plan organization control the business activities, actions, or policies of the health plan?

If the answer to both of these questions is ‘‘yes,’’ then the plan qualifies as a CHP and must obtain an HPID.

With respect to an SHP, the guidance provides that a CHP may get an HPID for its SHP or may direct the SHP to get an HPID. When determining whether an SHP should obtain an HPID, the CHP and/or its SHP must consider whether the SHP needs to be identified in any standard electronic transactions. If the SHP needs to be identified in any standard electronic transactions, then it should obtain its own HPID.

Compliance Pointer:

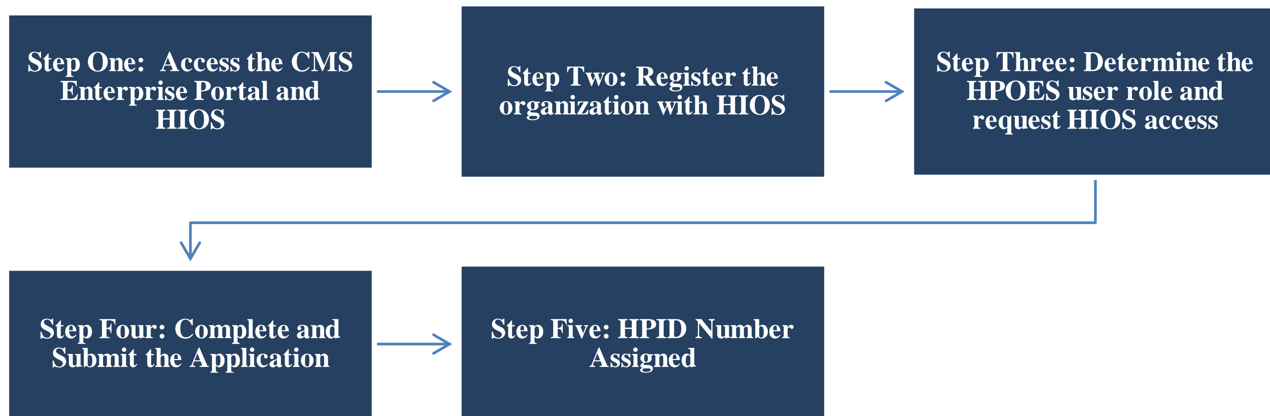
Healthcare FSAs and Health Savings Accounts (“HSAs”) are individual account plans and do not require an HPID. However, a Health Reimbursement Arrangement (“HRA”) may require an HPID if it qualifies as a health plan. However, HRAs that cover only deductibles or out-of-pocket costs do not require HPIDs.

If a self-insured medical plan, a fully-insured dental, and a fully-insured vision plan are wrapped together as a single plan, the plan sponsor (employer) must obtain an HPID for the self-insured plan. The carriers would obtain the HPIDs for the fully-insured dental and vision plans. If an HSA is part of the same wrap plan, a separate HPID for the HSA is not necessary.

According to informal guidance from CMS, the definition of a CHP is very flexible. If, for example, multiple health plans such as a medical plan, a dental plan, and a health reimbursement arrangement are wrapped together and reported on one Form 5500 as one plan, an employer could apply for one HPID covering the “wrapped plan” that includes the medical, dental, and health reimbursement plans. It need not obtain HPIDs for each plan separately.

High Level Overview of Application Process

A CHP or SHP must obtain the HPID via an online application process through CMS's Health Insurance Oversight System ("HIOS") available on the CMS Enterprise Portal (https://portal.cms.gov/). The entire online module is referred to as the Health Plan and Other Entity Enumeration System ("HPOES"). Current HIOS users should have an account to access the Enterprise Portal. New HIOS users must register with the Enterprise Portal to obtain a user ID and password. New users will be required to establish an account and provide identifying information (social security number, date of birth, home address and telephone number). The HPID application process can be broken down into the following steps.



STEP	ACTION ITEM	COMMENTS	COMPLETED
1	**Access the CMS Enterprise Portal and HIOS**	1) Navigate the CMS Enterprise Portal (https://portal.cms.gov) and click New User Registration. 2) Complete the New User Registration process and receive email confirmation of user registration. 3) Navigate back to the CMS portal and login using the new credentials received in step 2. 4) To establish access to HIOS through the CMS Enterprise portal, click Request Access Now, and then Request New System Access, selecting "HIOS Issuer" (NOTE: CMS documents refer to this option as "HIOS User") from the dropdown. 5) Navigate the HIOS registration page using the URL provided on the page and complete the HIOS user registration process.	

STEP	ACTION ITEM	COMMENTS	COMPLETED
		6) Once the HIOS user registration request has been reviewed and approved by the HIOS Helpdesk, an email containing the HIOS authorization code will be provided. 7) Repeat steps 3 and 4 in the CMS Enterprise Portal and enter the authorization code on the Request New System Access page. 8) Log out of the CMS Enterprise Portal and log back in. Users should see a yellow HIOS button on the top left of the dashboard indicating successful access established to the HIOS. 9) Click on the yellow HIOS button, followed by the Access HIOS link to navigate to HIOS Homepage.	
2	**Register the organization with HIOS.**	1) Determine if your organization already has access to HIOS by searching the database using your organization's Federal Employer Identification Number (FEIN). If your organization already has access to the HIOS platform, please proceed to Step Two. 2) If the organization does not have access to HIOS, then you must register the organization. To do so, you will need the following information: • The organization's legal name, • The organization's FEIN, • The state in which the organization is incorporated, and • The organization's domiciliary address. Once approved, the user will receive an email notification.	☐
3	**Determine the HPOES user role and request HIOS access.**	1) Once the organization has been successfully registered, click on Role Management on the HIOS home page.	☐

STEP	ACTION ITEM	COMMENTS	COMPLETED
		2) Users will need to determine their user role and identify the organization to which they need access. Users will navigate to the Request Role tab, select the HPOES module and either select Submitter User or Authorizing Official User. A Submitter User is a representative of a health plan or other entity that submits an application. An Authorizing Official User is an executive for the organization that has the authority to approve applications, including CEOs and CFOs. If requesting the Submitter or Authorizing Official Role, users will also need to identify the organization to which they wish to be granted access by entering the FEIN and submit the role request. Users can only have one HPOES role at a time. 3) After the role is submitted for approval, the user will receive a notifying email once the request is approved.	
4	**Complete and submit the application.**	A Submitter Users must complete their application with the necessary information. CHP**:** A CHP that is completing the application will require the following information: 1) The organization's information: the organization's name, FEIN, and domiciliary address. 2) The authorizing official's information: first and last name, title, phone number, and e-mail address of the authorizing official. (Please note that the organization's authorizing official needs to be identified, if one has	☐

STEP	ACTION ITEM	COMMENTS	COMPLETED
		not been designated.) 3) The health plan's NAIC number or Payer ID that is used in standard transactions. CMS has provided a self-insured plan can enter NOT APPLICABLE to complete the application. In order to complete the application for a Controlling Health Plan, the Submitter User should: 1) Click the HPOES button on the homepage. 2) Select the Create a profile and Apply for HPID button under the Controlling Health Plan function section of the HPOES to initiate a CHP application. 3) Select the organization and provide either the NAIC number, Payer ID, or enter NOT APPLICABLE. 4) Certify the accuracy and submit the application for approval. 5) The user will receive an email confirmation of the submission. SHP**:** There are two different ways an SHP can apply for an HPID: • Select the 'Apply for SHP HPID(s)' button on the HPOES Submitter Homepage; or • Select the 'Apply for SHP HPID(s)' button on the CHP Profile Page. The SHP will need the following information: 1) CHP Name/HPID Number**.** All SHP applications will require the User to identify the organization's	

STEP	ACTION ITEM	COMMENTS	COMPLETED
		CHP that has already been assigned an HPID. 2) The SHP type: company, issuer, product, line of business, and other category. 3) The organization information: the organization's name, FEIN and domiciliary address. 4) The health plan's NAIC number or Payer ID that is used in standard transactions. CMS has provided a self-insured plan can enter NOT APPLICABLE to complete the application.	
5	**HPID number assigned.**	Once the application is approved by the Authorizing Official, the system will generate an HPID and will send a notification email with the HPID to the submitter user. The plan sponsor must provide the HPID to its TPA.	☐

Obtaining an HPID is only the start of the process. Plans (those with more than $5 million in annual claims) must also file a certification with HHS. Plans that obtain an HPID before January 1, 2015 must complete the certification process between January 1, 2015 and December 1, 2015. A plan that obtains an HPID after January 1, 2016, but before December 31, 2016, has 365 days from the date the HPID was obtained to satisfy the certification requirement.

Additional Resources:

- A complete User Manual can be found at: http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Downloads/HIOSHPOESUserManual0401012014.pdf.
- A list of data elements needed for the applications is available at: http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Downloads/HPOESDataelements.pdf.
- A Quick Reference Guide can be found at http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Downloads/HPIDQuickGuideOctober2014v2.pdf

Gallagher Benefit Services, through its compliance experts and consultants, will continue to monitor developments on healthcare reform legislation and regulation and will provide you with relevant updated information as it becomes available. In the interim, please contact your Gallagher Benefit Services Representative with any questions that you may have.

The intent of this analysis is to provide general information regarding the provisions of current healthcare reform legislation and regulation. It does not necessarily fully address all your organization's specific issues. It should not be construed as, nor is it intended to provide, legal advice. Your organization's general counsel or an attorney who specializes in this practice area should address questions regarding specific issues.

EXHIBIT B

Arthur J. Gallagher & Co.
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September 2014

HHS Issues Final Rule on Transition Reinsurance Program

Introduction

The transitional reinsurance program was established with the stated intent of stabilizing premiums in the individual market during calendar years 2014 through 2016. The program cannot be extended past 2016 without an act of Congress.

Under the statute, the program will be financed through "contribution funds from contributing entities," which is a round-about way of saying "payments from health insurers and third-party administrators ("TPA"), on behalf of self-funded group health plans," to support reinsurance payments to individual market insurers that cover high-cost individuals. Although the final rule refers to "contributing entities" and "contributions," the payment amounts discussed below are not voluntary.

The goal of the transitional reinsurance program is to reduce the uncertainty of insurance risk in the individual market by partially offsetting risk for high-cost enrollees. By limiting insurer's exposure to high-cost enrollees, it's hoped this program will limit individual market rate increases that might otherwise occur because of the immediate enrollment of individuals with unknown health status. The program is intended to be state-based but if a state chooses not to establish a transitional reinsurance program, the final rule provides that the U.S. Department of Health and Human Services ("HHS") will do so on its behalf. Based on HHS' communications with the states, as of February 25, 2013, Maryland and Connecticut were the only states electing to operate transitional reinsurance programs in 2014.

We have updated this Article since its original publication to incorporate the process for submitting a count and payment to HHS.

What is the estimated reinsurance contribution?

Pursuant to the final rule, the national contribution rate will be $5.25 per covered life, per month in 2014, which is equivalent to an **annual rate of $63 per covered life**. The amount was calculated by summing up the three amounts that HHS is required to collect from contributing entities and then dividing the sum total by the estimated number of enrollees in plans that will be required to make a contribution payment. For 2014, the total amount HHS is required to collect is comprised of the following: $10 billion for the reinsurance pool; $2 billion to be paid to the U.S. Treasury to partially offset the government's cost for the Early Retiree Reinsurance Program ("ERRP"); and $20.3 million for administrative expenses. States that decide to operate their own reinsurance program may elect to collect more than the amount represented by the national contribution rate set by HHS.

For future years, HHS intends to publish an annual notice setting forth the national contribution rate for the upcoming benefit year. HHS anticipates the 2015 benefit year contribution rate will be $44 per covered life. For 2016 the contribution rate is unknown, but we do know that the amount to be collected for the reinsurance pool is scheduled to decline.

Who is required to make a reinsurance contribution payment?

Under the final rule, health insurance issuers and self-insured group health plans are ultimately responsible for making the payment. However, a self-insured group health plan may elect to use a TPA or administrative-service-only contractor to make the payment on its behalf. Self-insured plans using a TPA should discuss with their TPA whether they will be submitting to HHS on their behalf. Also, using a TPA to submit does not shift liability of the fee or missed deadlines away from the self-insured plan. A self-insured, self-administered group health plan without a TPA or administrative-services-only contractor would make its reinsurance contributions directly. For benefit years 2015 and 2016, self-insured, self-administered plans are not required to make reinsurance contributions.

What coverage is affected?

In general, a contributing entity is required to make reinsurance contributions on behalf of major medical coverage, but is not required to make payments on behalf of coverage that is not major medical coverage or which is considered excepted benefits. Therefore, health savings accounts ("HSA"), as well as health reimbursement arrangements ("HRA") that are integrated with a group health plan, would not be subject to the assessment. However, assessments would be required for the group health plan providing major medical coverage that is typically associated with an HSA or HRA. In addition, no contributions would be required from (1) flexible spending accounts, (2) employee assistance plans, wellness programs, and disease management programs (to the extent they do not provide major medical coverage), (3) self-insured group health plans or health insurance coverage that consists solely of excepted benefits, such as stand-alone dental or vision, (4) Private Medicare (Medicare plans such as Medicare Advantage and Part D drug plans that are provided by insurance issuers), Medicaid, CHIP, state high-risk pools, and basic health plans described in section 1331 of PPACA[1], (5) stop-loss and indemnity reinsurance policies, (6) military benefits under TRICARE, (7) expatriate health coverage, and (8) coverage limited to prescription drug benefits.

The final rule also provides useful insight on a number of special situations. When an individual has both Medicare coverage and employer-sponsored group health coverage, Medicare Secondary Payer ("MSP") rules would apply and the employer-sponsored group health coverage would be considered major medical only if the group health coverage is the primary payer of medical expense under the MSP rules. The employer-sponsored plan would not be responsible for making reinsurance contributions for retirees covered under an employer plan where Medicare is the primary plan and the employer plan is secondary.

With respect to Tribal coverage, the final rule excludes such coverage when offered by a Tribe to Tribal members, their spouses and dependents in their capacity as members of the Tribe. However, a plan offered by a Tribe to employees (or retirees and dependents) because of a current or former employment relationship would be required to make a reinsurance contribution payment for that coverage.

Lastly, COBRA and other continuation coverage is subject to a reinsurance contribution payment to the extent that the coverage provided qualifies as major medical coverage.

[1] Section 1331 of PPACA gives states the flexibility to establish a basic health insurance program for low-income individuals not eligible for Medicaid.

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How are covered lives calculated?

The ultimate reinsurance contribution payment will be the product of the national contribution rate and the number of covered lives for each affected plan (major medical coverage). For example, for 2014, a self-insured plan with 1,000 covered lives (pursuant to major medical coverage) would be liable for a reinsurance contribution payment of $63,000.

The final rule provides a number of different methods that can be used to calculate covered lives. These methods build upon the methods permitted for calculating covered lives for purposes of calculating the Patient-Centered Outcomes Research ("PCOR") fee. A description of the various counting methods follows:

Actual Count Method: A health insurance issuer and self-insured group health plan would add the total number of lives covered for each day of the first nine months of the benefit year[2] and divide that total by the number of days in those nine months. The calculations are based on the first nine months of a calendar year, since contributing entities will have to provide a report to HHS setting forth the annual enrollment count of the number of covered lives for purposes of the reinsurance contribution for that year (see below).

Snapshot Count Method: A health insurance issuer and self-insured group health plan would add the totals of lives covered on a date (or more dates if an equal number of dates are used for each quarter) during the same corresponding month in each of the first three quarters of the benefit year, (provided that the dates used for the second and third quarters must be within the same week of the quarter as the date used for the first quarter), and divide that total by the number of dates on which a count was made. For this purpose, the same months must be used for each quarter (for example, January, April and July).

Snapshot Factor Method: A self-insured group health plan can use this method by adding the totals of lives covered on any date (or more dates if an equal number of dates are used for each quarter) during the same corresponding month in each quarter, and dividing that total by the number of dates on which a count was made. However, for this method, the number of lives covered on a date is calculated by adding the number of participants with self-only coverage on the date to the product of the number of participants with coverage other than self-only coverage on the date multiplied by 2.35. For example, a plan with 30 individuals with self-only coverage and 20 individuals with other than self-only coverage on each counting date will have a total of 77 covered lives (30 + (20*2.35)). For this purpose, the same months must be used for each quarter (for example, January, April, July). Moreover, as with the snapshot count method, the dates used for the second and third quarters must be within the same week of the quarter as the date used for the first quarter.

Form 5500 Method: A self-insured group health plan may calculate the number of lives covered for a plan that offers only self-only coverage by adding the total participants covered at the beginning and end of the benefit year, as reported on the Form 5500, and dividing by two. Additionally, a self-insured group plan that offers self-only coverage and coverage other than self-only coverage may calculate the number of lives covered by adding the total participants covered at the beginning and the end of the benefit year, as reported on the Form 5500.

Member Months Method or State Form Method: Health insurance issuers using this method multiply the average number of policies for the first nine months of the applicable benefit year by the ratio of covered lives per policy calculated from the NAIC Supplemental Health Care Exhibit (or from a form filed with the issuer's state of domicile for the most recent time period). Issuers would count the number of policies in

[2] Benefit year is defined as the calendar year for the purpose of the transitional reinsurance program.

the first nine months of the applicable benefit year by adding the total number of policies on one date in each quarter, or an equal number of dates for each quarter (or all dates for each quarter), and dividing the total by the number of dates on which a count was made.

For example, if a health insurance issuer indicated on the NAIC form for the most recent time period that it had 2,000 policies covering 4,500 covered lives, it would apply the ratio of 4,500 divided by 2,000, equaling 2.25 to the number of policies it had over the first three quarters of the applicable benefit year. If the issuer had an average of 2,300 policies in the three quarters of the applicable benefit year, it would report 2.25 multiplied by 2,300 as the number of covered lives for the purposes of reinsurance contributions.

The final rule provides additional insight with respect to which methods can, or cannot be used, under special circumstances. For plans that offer one or more coverage options that are self-insured and one or more other options that are insured, then the actual count method or the snapshot count method must be used. For multiple self-insured group health plans, the rule provides that the Form 5500 method is prohibited, since that method would not easily permit aggregate counting due to the fact that the identities of the covered lives are not available on that form. If a plan sponsor maintains two or more group health insurance plans (or a group health insurance plan with both insured and self-insured components) that collectively provide major medical coverage for the same covered lives, then these multiple plans must be treated as a single self-insured group health plan.

While the aforementioned methods are based on those established for the PCOR fee, contributing entities are allowed to use a different counting method for the annual enrollment count of covered lives for purposes of the reinsurance contribution payment and a different method to calculate the PCOR fee.

Compliance Pointer: Employers cannot simply rely upon the count they used to pay the PCOR fee. Although the same methods are used, the reinsurance contribution is based on the first nine months of enrollment during a calendar year. (i.e., January through September). Although fluctuations may occur in the fourth quarter of a benefit year, those fluctuations are ignored when counting covered lives.

Who will collect the reinsurance contribution payment?

HHS will collect the reinsurance contribution payment from both health insurance issuers and self-insured group health plans, even if a state decides to operate its own reinsurance program. Contributing entities must register on Pay.gov, unless they are already registered. This will be the website contributing entities submit their count of covered lives, and pay the fee. This is intended to help streamline the collection process so that health insurance issuers and self-insured group health plans are not responsible for making payments to each individual state. However, if any state decides to operate its own reinsurance program, then HHS would transfer a portion of the administrative fee that is part of the national contribution rate to those states.

Any state that decides to operate its own reinsurance program may elect to collect additional reinsurance amounts beyond the amount represented by the national contribution rate that will be set by HHS. However, the final rule states that "nothing in [PPACA] or this final rule gives a state the authority to

collect any funds – whether under the national contribution rate or under an additional state contribution rate – from self-insured group health plans covered by ERISA."

Any state that chooses to collect additional reinsurance contributions must set forth the amount of any additional contribution that it wishes to collect. Under the final rule, any additional contributions imposed by any given state may only be collected by the state and not by HHS.

What is the tax treatment of the payments?

A sponsor of a self-insured group health plan that pays a reinsurance contribution may treat the contribution as ordinary and necessary business expenses, subject to any applicable disallowances or limitations under the Internal Revenue Code. This treatment applies whether the contributions are made directly or through a TPA or administrative-services-only contractor.

Moreover, the final rule confirms that paying reinsurance contributions would constitute a permissible expense of the plan for purposes of Title I of ERISA because the payment is required by the plan under PPACA.

What is the process for submitting the count of covered lives to HHS?

Contributing entities will be required to register on Pay.gov and create an account. Contributing entities that already have an account with Pay.gov can use their existing account to submit count and pay the fee. Information provided in the profile will be used to auto-populate certain information on the ***"ACA Transitional Reinsurance Program Annual Enrollment and Contributions Submission"*** form. This is the form contributing entities will submit to HHS with the total count of covered lives for the applicable benefit year. The annual enrollment count must be submitted to HHS no later November 15 of the applicable benefit year (i.e., November 15, 2014 for the 2014 benefit year). Contributing entities will select whether they are submitting for first collection, second collection, or combined collection. Next, the gross annual enrollment count (covered lives) is to be entered into the system and the Pay.gov system will auto-calculate the amount of the fee. Once the form has been completed, Supporting Documentation will need to be uploaded to the Pay.gov system. The supporting documentation will assist HHS with verifying the amount of the fee for each contributing entity. All contributing entities are required to provide supporting documentation. It is important the annual enrollment count in the supporting documentation and on the form match, so contributing entities should verify the amounts are correct. Once the form has been completed and the supporting documentation has been uploaded, contributing entities will then enter bank information and schedule payment dates.

The Supporting Documentation requires certain information be included and in a certain format. HHS will be providing sample documentation for contributing entities to use as a guide.

What is the timeframe for collection of the contribution payment?

Once the contributing entity has registered on Pay.gov, filled out the applicable form, and uploaded the supporting documentation, contributing entities must enter checking account information and select a payment date. HHS will do an ACH withdrawal on the date selected. Only one bank account can be used for each form. If a contributing entity chooses to pay the fee in two installments, the contributing entity will have to resubmit the form with the same supporting documentation. The difference being the 'Type of Payment' selection will be 'Second Collection.' Contributing entities have the option to duplicate the form, which is suggested by HHS. The deadline for both submissions is November 15th of the applicable benefit year. A payment date for the second collection will have to be scheduled and paid by the following November 15th. For the 2014 benefit year, if one combined payments is made, payment should be

scheduled within 30 days of submission, but no later than January 15, 2015. If two payments will be made, the first installment should be scheduled within 30 days of submission, but no later than January 15, 2015 and the second installment must be paid by November 15, 2015. However, submission of the form and supporting documentation is still required by November 15, 2014.

Action Steps for Plan Sponsors

1. For insured plans, though the insurer will be responsible for paying the contribution, the assessment could affect the plan's premium. Plan sponsors should discuss the impact with their insurer.

2. For self-funded plans, the plan sponsor should review their TPA administrative services agreement to determine the rights and obligations of each party with respect to counting enrolled lives and remitting the fee and if the TPA will be providing this services what if any additional fee would apply.

3. Register on Pay.gov. Contributing entities will be required to set up a pay.gov account in order to complete the form and pay for the fee. Information provided in the profile will be used to auto-populate the Transitional Reinsurance form, so completing as much as possible will help minimize redundancy.

4. Review the Supporting Documentation content and style requirements to ensure compliance with the Pay.gov website. See the GBS "Getting Ready for the Transitional Reinsurance Fee: Checklist for Self-Insured Plan Sponsors." http://ajg.adobeconnect.com/hcrfees_trexamples/

Gallagher Benefit Services, through its compliance experts and consultants, will continue to monitor developments on healthcare reform legislation and regulation and will provide you with relevant updated information as it becomes available. In the interim, please contact your Gallagher Benefit Services Representative with any questions that you may have.

The intent of this analysis is to provide general information regarding the provisions of current healthcare reform legislation and regulation. It does not necessarily fully address all your organization's specific issues. It should not be construed as, nor is it intended to provide, legal advice. Your organization's general counsel or an attorney who specializes in this practice area should address questions regarding specific issues.

BOARD OF DIRECTORS

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Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM

AGENDA DATE: November 7 , 2014

ITEM NUMBER: 19

SUBJECT: Demonstration of Live Health Online by Anthem Blue Cross

REQUEST(S): That the Board hear the presentation of Live Health Online

DESCRIPTION:

All PPO plans under the Anthem Blue Cross contract with SJVIA have access to Live Health Online (LHO). LHO gives employees and their dependents on these plans live access to Board Certified physicians 24 hours a day, 7 days a week. These visits are live via video conference on a smart phone or computer and can either be scheduled or instantaneous with an available provider. The visits are billed to the plan participant at the same copay as an office visit. However, these visits are at a potential savings to the SJVIA as the total paid claim cost is $49, compared to most office visits which are over $80. Also, in California and many other states the physician can prescribe medications as appropriate for the patient, helping to resolve the medical issue and avoid future office visits.

A representative from LHO will be present at the Board meeting to demonstrate how the online visits work and answer any questions. Sample communication pieces are attached for your information.

FISCAL IMPACT/FINANCING:

The cost of each online visit for the SJVIA plan is a potential savings.

AGENDA: San Joaquin Valley Insurance Authority

DATE: November 7, 2014

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

Anthem BlueCross LiveHealth ONLINE

What if your employees could see a doctor on a lunch break without leaving work?

They can with LiveHealth Online!

You know what it's like when your employees need to see a doctor. They may have to take a longer lunch break, work a shortened day or even take a day off. And if they can't get in to see their doctors, they might come to work sick and expose others to their illness. In some cases, they might even go to the emergency room. All of this can hurt workplace productivity and make everyone's health care costs go up.

Introducing LiveHealth Online – the quick and easy way to see a doctor anywhere your employees have an Internet connection.

Now when your employees have health care questions or are under the weather, they don't have to schedule an appointment, drive to the doctor's office or hang around in crowded waiting rooms. In fact, they don't even have to leave their home or work.

LiveHealth Online is a new communications tool that lets your employees talk to doctors online by two-way video on a computer. Doctors can answer questions, make a diagnosis and may prescribe basic medications.

Here's why your employees will love LiveHealth Online:

- They can use it at work, at home, anywhere and never need an appointment.
- It's fast. They can log in and talk to a doctor within a few minutes.
- Doctors are available seven days a week, 24 hours per day.
- It's private and secure, and they can choose a board-certified doctor from an available group.
- When needed, prescriptions are emailed right to employees' local pharmacies, if that information is given to the doctor. (Note: Some states limit prescriptions to in-person visits.)
- It's affordable. Employee members can use the tool, as part of their health plan, at no charge or pay their standard office visit copay. (Options depend on your health plan).
- Employees and family who aren't members can use it too, but pay the full price for the visit. Doctors using the LiveHealth Online tool charge an average fee of $49.

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Here’s why you’ll love LiveHealth Online:

- Reduced health care costs. When employees choose to see doctors online instead of going to urgent care centers or retail health clinics, everyone saves money.
- Higher productivity. Employees may be absent less and not come to work sick because they can’t find time to get to the doctor.
- Less stressed employees. Employees will enjoy how fast and easy it is to see a doctor online and get the care they need.
- High satisfaction rates. Users of online care report high satisfaction results: 92% report a “good”, “very good” or “excellent” experience.[1]

See how easy it is to get started with LiveHealth Online!

Contact your sales representative for more information and visit livehealthonline.com. LiveHealth Online is not available in all states.

Your employees can use LiveHealth Online for non-urgent matters like:

- **Cold and flu symptoms including a cough and fever**
- **Allergies**
- **Sinus infections**
- **Bronchitis**
- **Urinary tract infections**
- **Diarrhea**

[1] 2011 study by American Well, Inc.

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LiveHealth Online

Easy, fast doctor visits. All from the comfort of your own computer or mobile device.

Talk to a doctor today, tonight, anytime - 365 days a year. Just enroll at livehealthonline.com or on the free, mobile app.

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Now you can get the health care you need without all the hassle.

Have a health question? Under the weather? With LiveHealth Online, you don't have to schedule an appointment, drive to the doctor's office, and then wait for your appointment. In fact, you don't even have to leave your home or office. Doctors can answer questions, make a diagnosis, and even prescribe basic medications when needed.*

With LiveHealth Online, you get:

- Immediate doctor visits through live video.
- Your choice of U.S. board-certified doctors.
- Help at the same cost as your regular doctor visits.
- Private, secure and convenient online visits.

Who are the doctors who use LiveHealth Online?

- U.S. board-certified.
- Average 15 years practicing medicine.
- Mostly primary care physicians.
- Specially trained for online visits.

When can you use LiveHealth Online?

As always, you should call 911 with any emergency. Otherwise, you can use LiveHealth Online whenever you have a health concern and don't want to wait. Doctors are available 24 hours a day, seven days a week, 365 days a year. Some of the most common uses include:

- Cold and flu symptoms such as a cough, fever and headaches
- Allergies
- Sinus infections
- Family health questions

Start a conversation now.

Just enroll for free at **livehealthonline.com** or on the app, and you're ready to see a doctor.

*As legally permitted in certain states

Download the app now!

apple.com

play.google.com/store

LiveHealth Online is the trade name of Health Management Corporation, a separate company providing telehealth services on behalf of Anthem Blue Cross.

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Anthem BlueCross

LiveHealth® ONLINE

Frequently Asked Questions

What is LiveHealth Online?

LiveHealth Online is a convenient way for you to talk with and get treatment from a doctor at livehealthonline.com or on your smartphone or tablet using the free app. It is secure, private, easy-to-use and affordable. You can have live, instant or planned visits with doctors seven days a week, 24 hours a day. You use two-way video conferencing, along with instant messaging.

Why would I use LiveHealth Online instead of going to visit my doctor in person?

The choice to use LiveHealth Online is different for each person. For some, busy schedules, location or other conflicts make it hard to get to the doctor's office. It also depends on the type of condition you need care or treatment for. Sometimes there's just no substitute for going to the doctor in person. But other times, the convenience of having a doctor a click away can help you get the care you need when you need it.

Enroll at livehealthonline.com or download the free app at the Apple App Store or Google Play.

When is LiveHealth Online available?

Doctors are available on LiveHealth Online seven days a week, 24 hours a day, 365 days a year.

Do doctors have access to my health information?

If you enroll and set up an account, doctors who use LiveHealth Online can access your health information and review previous treatment recommendations and information from prior LiveHealth Online visits.

If you are using LiveHealth Online for the first time, and have not enrolled or set up an account, you will be asked to answer a brief questionnaire to gather relevant health information before you speak with a doctor. This information from your online visit will be available for future LiveHealth Online visits.

How does online care work? Do I need an appointment?

Whenever you think you need to see a doctor, simply go to livehealthonline.com or download the free app from the Apple App Store or Google Play. Just enroll for free, set up a personal account and you are ready to see a doctor.

Establishing an account allows you to securely store your personal, health, and payment information so you can more easily connect with doctors in the future, share your health history and even schedule future online visits at times that are convenient for you. Once connected, you can talk and interact with the doctor as if you were in a private exam room.

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Anthem BlueCross

LiveHealth ONLINE

What are some of the most common reasons to see a doctor using LiveHealth Online?

People use LiveHealth Online for a range of medical issues. The most common are cold and flu symptoms, fevers, allergies, infections and other similar illnesses.

How long does a LiveHealth Online session with a doctor usually last?

A typical LiveHealth Online session is about 10 minutes.

How much does it cost to use LiveHealth Online?

You can see a doctor using LiveHealth Online for the same cost as your regular doctor visits. You just have to enroll for free at livehealthonline.com or on the app, and choose a doctor to see your cost. Without enrolling, your health plan won't be able to cover your visit.

Will I be charged different amounts for using video or instant messaging features?

No. The cost is the same.

Will I be charged more if I use LiveHealth Online on weekends, holidays or at night?

No. The cost is the same.

How do I pay for a LiveHealth Online session?

LiveHealth Online accepts Visa, MasterCard and Discover cards.

Can I get online care from a doctor if I'm traveling or in another state?

As long as you are located in a state where LiveHealth Online is available, you can get online care. You can also use the app on your smartphone or tablet if you aren't near your computer.

Do I have what I need to access doctors through LiveHealth Online?

Go to livehealthonline.com and click on "System Requirements."

Who do I get in touch with if I still have questions?

You can email customersupport@livehealthonline.com (include your email address and phone number) or call toll free at 855-603-7985.

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LiveHealth Online

**Visitas al médico rápidas y fáciles.
Todo desde la comodidad de su propia computadora o dispositivo móvil.**

Hable con un médico hoy, esta noche o en cualquier momento, los 365 días del año. Solo tiene que inscribirse en livehealthonline.com o en la aplicación móvil gratuita.

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Ahora puede obtener la atención médica que necesita sin complicaciones

¿Tiene alguna pregunta sobre salud? ¿No se siente bien? Con LiveHealth Online, no tiene que programar una cita, dirigirse al consultorio del médico y luego esperar a que lo atiendan. De hecho, ni siquiera tiene que dejar su casa o la oficina. Los médicos pueden responder preguntas, hacer un diagnóstico e incluso recetar medicamentos básicos cuando sea necesario.*

Con LiveHealth Online, obtendrá lo siguiente:

- Visitas inmediatas al médico a través de un video en vivo;
- Su elección de médicos certificados por la junta de EE. UU.;
- Ayuda por el mismo costo que las visitas regulares al médico;
- Visitas privadas, seguras y convenientes a través de Internet.

¿Quiénes son los médicos que usan LiveHealth Online?

- Médicos certificados por la junta de EE. UU.;
- Médicos que ejercen la medicina, en promedio, desde hace 15 años;
- Mayormente, médicos de atención primaria;
- Médicos especialmente capacitados para realizar visitas a través de Internet.

¿Cuándo puede usar LiveHealth Online?

Como siempre, para cualquier emergencia debe llamar al 911. De lo contrario, puede usar LiveHealth Online siempre que tenga un problema de salud y no desee esperar. Los médicos se encuentran disponibles las 24 horas del día, los siete días de la semana, los 365 días del año. Entre algunos de los usos más comunes se encuentran los siguientes:

- Síntomas de gripe y resfrío, como tos, fiebre y dolores de cabeza
- Alergias
- Sinusitis
- Preguntas sobre la salud de la familia

Inicie una conversación ahora

Solo tiene que inscribirse gratuitamente en **livehealthonline.com** o en la aplicación, y estará preparado para consultar a un médico.

* Según lo permitido legalmente en algunos estados

¡Descargue la aplicación ahora mismo!

apple.com

play.google.com/store

LiveHealth Online es el nombre comercial de Health Management Corporation, una empresa por separado que provee servicios de telesalud en nombre de Anthem Blue Cross.

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