

# AGENDA

## BOARD OF DIRECTORS

ANDREAS BORGEAS  
MIKE ENNIS  
BUDDY MENDES  
BRIAN PACHECO  
DEBORAH A. POCHIGIAN  
PETE VANDER POEL  
J. STEVEN WORTHLEY

**Meeting Location:  
County of Tulare  
Board of Supervisors Chambers  
2800 W. Burrel Ave.  
Visalia, CA 93291  
August 26, 2016 9:00 AM**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approve Agenda (A)
5. 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 have a matter considered for placement on the agenda for a specific topic may contact the SJVIA Manager's Office and submit correspondence at least 14 days before the desired date of appearance.
6. Approve Minutes – Board Meeting of July 14, 2016 (A)
7. SJVIA Director Questions, Announcements, and Activity Reports (Gov. Code, § 54954.2, subd. (a)(2)) (I)
8. Receive Update from Auditor-Treasurer on Cash Flow Projections (I)
9. Receive and File Auditor-Treasurer's Fourth Quarter 2015-2016 Financial Report (A)
10. Receive and File Consultant's SJVIA Executive Claims Summary through June 2016 (I)
11. Approve HMO and Self-Insured PPO Health Plan Renewal Rate Increase for Plan Year 2017 (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 559-636-4900 or the Assistant SJVIA Manager at 559-600-1810. 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, 14<sup>th</sup> Floor, Fresno, CA during normal business hours. All documents are also posted online to [www.sjvia.org](http://www.sjvia.org).*

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12. Approve Anthem Blue Cross as SJVIA Health Plan Administrator from December 19, 2016 through December 31, 2017, and Authorize Staff to Negotiate Amendment to Agreement (A)
13. Approve Amendment to the Health Now Administrative Services Agreement utilizing the Blue Shield network as the Health Plan Administrator for the City of Tulare for the 2017 Plan Year, and Authorize Chair to Execute Amendment to Agreement (A)
14. Approve Kaiser HMO Renewal Rate Increase for Plan Year 2017 and Authorize Staff to Negotiate Agreements (A)
15. Authorize Execution of Loan Agreement between SJVIA and County of Tulare for loan to SJVIA of up to \$2,000,000 (A)
16. Adjournment

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# MINUTES

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**Meeting Location:  
Fresno County Employees' Retirement  
Association Board Chambers  
1111 H Street  
Fresno, CA 93721  
July 14, 2016 9:00 AM**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call

All Directors present with the exception of Director Borgeas; Allen Ishida served as the alternate for Director Worthley.

4. Approval of Agenda (A)

Item 11 was deleted from the agenda.

Item 19 moved to Public Comment section.

Motion to approve by Director Mendes, second by Director Poochigian.  
Motion approved.

5. 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 have a matter considered for placement on the agenda for a specific topic may contact the SJVIA Manager's Office and submit correspondence at least 14 days before the desired date of appearance.

John Adams and Barbara Caress made public comment.

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# MINUTES

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July 14, 2016 9:00 AM**

6. Approval of Minutes – Board Meeting of April 29, 2016 (A)

Motion to approve by Director Ennis, second by Director Poochigian.  
Motion approved.

7. SJVIA Director Matters (I)

Update given by Paul Nerland, SJVIA Assistant Manager regarding July 12, 2016 County of Fresno Board meeting. Board approved payment of additional two pay periods of premium to the SJVIA. This change became effective July 18, 2016.

Congratulations given to Director Vander Poel on the birth of his new daughter.

8. Appoint SJVIA Manager and Assistant Manager for Fiscal Years 2016/17 and 2017/18 (A)

Presented by Rhonda Sjostrom, SJVIA Manager.

Motion to approve by Director Ennis, second by Director Poochigian.  
Motion approved.

9. Reschedule of SJVIA Board Meeting currently scheduled for August 12, 2016 (A)

Presented by Paul Nerland, SJVIA Manager.

Meeting date was not finalized; requesting authority to reschedule the meeting once calendars are confirmed.

Motion to approve by Director Ennis, seconded by Director Mendes. Motion approved.

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10. Presentation from Aetna by David Broome, Aetna, Sales Vice President, California and Utah, Public Sector & Labor, and Linda Machado, Senior Director of Service Operations, Fresno Service Center regarding Administrative and Health Plan Services (I)

Presented by David Broom and Linda Machado, Aetna.

11. **DELETED** Receive and File Quarterly Financial Report(I)

12. Receive Update on Cash Flow Projections (I)

Presented by Alan Cade, representing Vicki Crow, Auditor-Treasurer.

13. Receive and File Executive Claims Summary through May 2016 (I)

Presented by John McCue, Gallagher Benefit Services

14. Receive Staff and Gallagher Recommendations Responding to SJVIA Cash Flow and Provide Direction for Action to be Taken (A)

Presented by Paul Nerland, SJVIA Manager.

Director Pochigian requested information be brought to next board meeting showing savings potential with modified prescription copays.

Paul Nerland requested Gallagher Benefit services provide information to Staff and Board regarding rate impact if the HMO plan is eliminated or benefits are modified.

Director Ishida requested information be brought to the next board meeting to determine if claims from wild fires impacted claims costs over the past year in order to determine eligibility for additional funds or grants to mitigate costs.

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### PUBLIC COMMENT:

Barbara Caress made a public comment.

### Board Direction:

#### Staff/Operation Recommendations

1. Plan Year 2016 Cash Flow – No action needed by this board
2. SJVIA Rate Stability/Volatility 2017 – Board directs staff to bring back options with variety up to 5 years
3. SJVIA Growth – Board directs Moratorium.
4. Consultant Compensation – Board approves
5. SJVIA Excess Reserves Policy – Board approves
6. Develop & Maintain Risk Sharing Underwriting Guidelines – Board directs staff to bring back options

#### SJVIA Cash Flow Recommendations

1. Underwriting Trend Level – Board directs staff to bring back details on trend
2. Underwriting Experience History – Board directs looking at 12, 18 and 24 months and take the highest number for the most conservative approach
3. Underwriting Based on Actual Cash Flow – Board confirmed this is minimum of once per year, could be more often based on need

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4. Independent Actuarial Review of Rating Variables – Board directs staff to consult with individual consultants on cost to perform this service
5. Stop Loss Insurance – Board approves marketing of Stop Loss Options
6. High Loss Participating Entities – Board directs staff to bring back additional details and will finalize direction at that time
7. Adverse Selection Considerations – Board approves

Motion to approve direction above by Director Poochigian, second by Director Mendes. Motion approved.

### 15. Receive Gallagher Report on Preliminary 2017 Health Plan Renewal (A)

Presented by John McCue, Gallagher Benefit Services.

#### PUBLIC COMMENT:

Darlene Qualls, Anita Harper and Marlene Spencer made a public comment.

Motion to approve by Director Poochigian, second by Director Mendes. Motion approved.

### 16. Review County of Fresno/County of Tulare Loan Payment Impact on 2017 Renewal Rates and Provide Direction for Possible Negotiation of Payment Extension

Presented by Paul Nerland, SJVIA Manager.

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Motion to approve by Director Pochigian, second by Director Mendes.  
Motion approved.

17. Receive and Provide Direction on SJVIA Staffing (A)

Presented by Rhonda Sjostrom, County of Tulare.

Motion to approve not hiring SJVIA staff at this time by Director Pochigian, second by Director Mendes. Motion approved.

18. 2016 Walking Works Awards Presentation (I)

Presented by Rhonda Sjostrom, SJVIA Assistant Manager

19. Adjournment

Meeting adjourned by President Vander Poel at 11:44AM.

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# SJVIA

San Joaquin Valley  
Insurance Authority

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Visalia, CA 93921  
August 26, 2016  
9:00 AM

**AGENDA DATE:** August 26, 2016

**ITEM NUMBER:** 8

**SUBJECT:** Cash flow projection

**REQUEST(S):** That the Board receives this cash flow projection

**DESCRIPTION:** Informational item. Please see attached report.

**FISCAL IMPACT / FINANCING:** None.

**ADMINISTRATIVE SIGN-OFF:**

Lawrence Seymour  
Vicki Crow  
SJVIA Auditor-Treasurer

# SAN JOAQUIN VALLEY INSURANCE AUTHORITY

Cash Flow Projections and Update

August 26, 2016

presented by

Lawrence Seymour

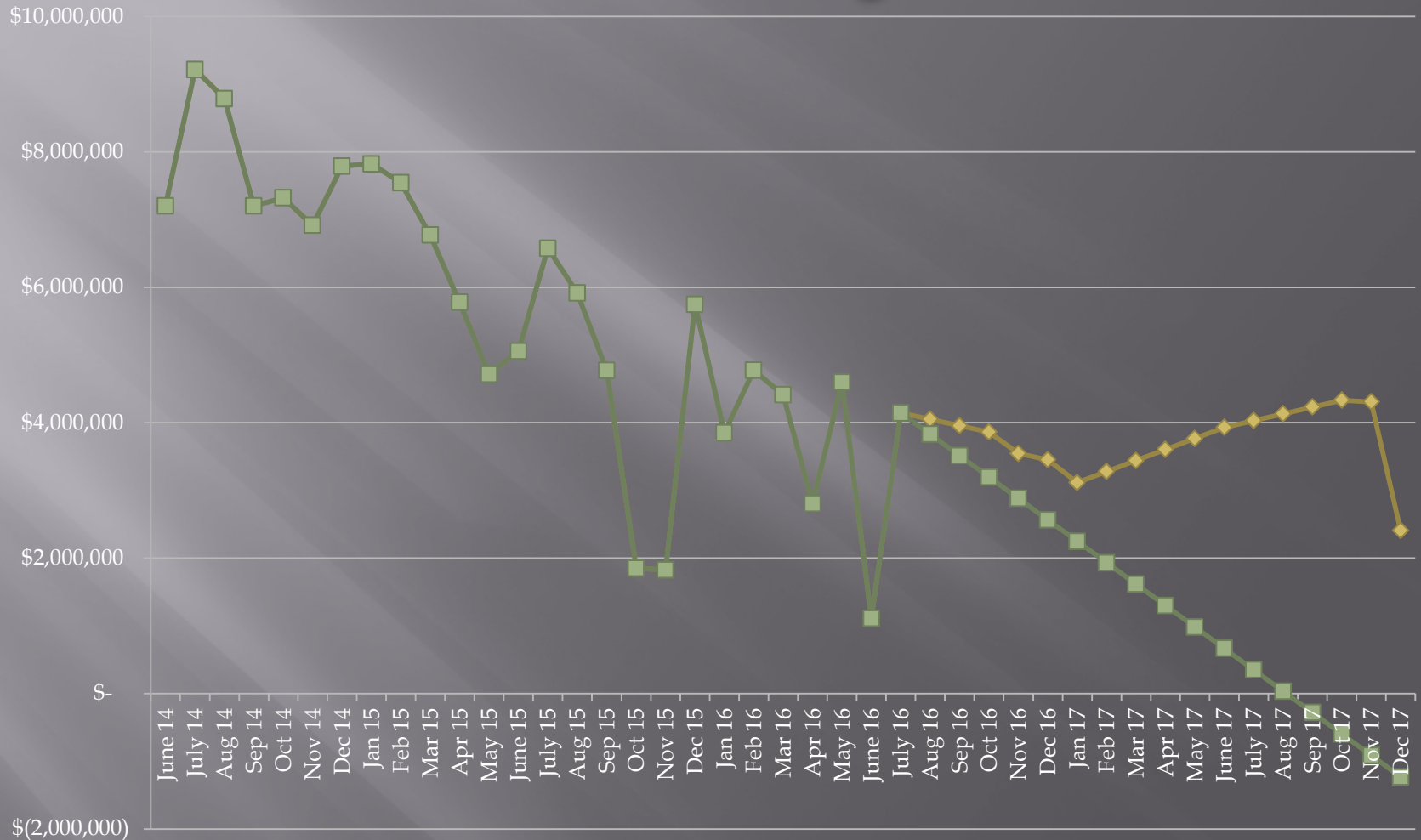
# Data and Assumptions

- ▣ Used actual cash receipts and disbursements for the period July 1, 2014 through July 31, 2016
  - Upper Projection: The period of Aug 1, 2016 through December 2017 projected using draft 2016-17 Budget
  - Lower Projection: The period of Aug 1, 2016 through December 2017 projected using 24 month average of cash receipts less cash disbursements
    - ▣ Removed the effect of non-recurrent receipts or disbursements (i.e. County of Fresno Loan)

# Data and Assumptions (cont.)

- ▣ July 2014 Cash Balance \$9,215,074
- ▣ 2015 - Transferred \$5,000,000 from investment account to cover claims cost
- ▣ 2016 - Loan of \$2,000,000 from County of Fresno
- ▣ Average month over month change in cash from July 2014 through June 2016 = \$(253,750)
  - Updated every 6 months as actual data becomes available
- ▣ June 2016 Cash Balance \$1,111,554
  - August 23, 2016 Cash Balance \$4,633,360

# Cash Flow Projections



◆ Actuals through 7/2016, GBS Budgets used to project out to December 2017

■ Actuals through 7/2016, Average gain/loss used to project out to December 2017



# Mitigation Efforts

- ▣ Daily monitoring of cash balances
  - Cash Flow projections updated monthly
- ▣ Loans of \$1.5 million and \$.5 million received in December 2015 and June 2016, respectively
- ▣ Defunded contract with wellness vendor
- ▣ Premium Payments
  - Update: As of July 2016, the County of Fresno is now paying 2 weeks in advance, as opposed to 2 weeks in arrears...net effect approximately \$4.8m
  - Some entities continue to prepay, but the number has decreased
- ▣ Closing positions in County of Fresno investment pool & fixed cost bank account to consolidate cash
  - Update: As of July 31, 2016, one of three Chase bank accounts has been closed
  - Update: As of August 23, 2016, SJVIA Investment Account, on deposit with County of Fresno, is \$461
- ▣ Close monitoring of receipts and payments
  - Update: Continue to work closely with Human Resources and Gallagher Benefit Services to track and improve Cash Flow Projections



# SJVIA

San Joaquin Valley  
Insurance Authority

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August 26, 2016  
9:00 AM

**AGENDA DATE:** August 26, 2016

**ITEM NUMBER:** 9

**SUBJECT:** Quarterly SJVIA financial update

**REQUEST(S):** That the Board receives the financial update through 4th quarter, 2015-16

**DESCRIPTION:** Informational item. Please see attached report.

**FISCAL IMPACT/FINANCING:** None.

**ADMINISTRATIVE SIGN-OFF:**

Vicki Crow  
SJVIA Auditor-Treasurer



**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**ACTUALS VS. BUDGETED RECEIPTS & DISBURSEMENTS**  
**FOR THE THREE AND TWELVE MONTHS ENDED JUNE 30, 2016**

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
<b>RECEIPTS</b>								
<b>TOTAL RECEIPTS</b>	<b>\$35,673,199</b>	<b>\$34,134,335</b>	<b>(\$1,538,864)</b>	<b>(4%)</b>	<b>\$142,692,795</b>	<b>\$146,931,397</b>	<b>\$4,238,602</b>	<b>3%</b>
<b>DISBURSEMENTS: Fixed</b>								
1 Specific & Aggregate Stop Loss Insurance (PPO)	281,269	299,081	(17,812)	(6%)	1,125,074	1,133,431	(8,357)	(1%)
2 Anthem ASO Administration & Network Fees (PPO)	467,971	504,537	(36,566)	(8%)	1,871,883	2,082,086	(210,203)	(11%)
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	197,215	201,409	(4,194)	(2%)	788,861	800,640	(11,779)	(1%)
4 GBS Consulting	139,814	147,692	(7,878)	(6%)	559,256	592,223	(32,967)	(6%)
5 SJVIA Administration	99,525	223,944	(124,419)	(125%)	398,100	488,572	(90,472)	(23%)
6 Wellness	94,815	24,945	69,870	74%	379,260	494,734	(115,474)	(30%)
7 Communications	18,963	0	18,963	100%	75,852	0	75,852	100%
8 Anthem HMO Pooling	378,255	373,304	4,951	1%	1,513,018	1,628,083	(115,065)	(8%)
9 Anthem HMO Administration/Retention	561,572	597,492	(35,920)	(6%)	2,246,287	2,407,015	(160,728)	(7%)
10 ACA Reinsurance (PPO & HMO)	174,568	0	174,568	100%	698,270	729,476	(31,206)	(4%)
<b>TOTAL FIXED DISBURSEMENTS</b>	<b>2,413,967</b>	<b>2,372,404</b>	<b>41,563</b>	<b>2%</b>	<b>9,655,861</b>	<b>10,356,260</b>	<b>(700,399)</b>	<b>(7%)</b>
<b>DISBURSEMENTS: Claims</b>								
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	20,595,751	22,133,067	(1,537,316)	(7%)	82,383,002	92,505,683	(10,122,681)	(12%)
12 Anthem MMP HMO Capitation	4,131,451	4,369,686	(238,235)	(6%)	16,525,803	17,713,772	(1,187,969)	(7%)
<b>TOTAL CLAIMS DISBURSEMENTS</b>	<b>24,727,202</b>	<b>26,502,753</b>	<b>(1,775,551)</b>	<b>(7%)</b>	<b>98,908,805</b>	<b>110,219,455</b>	<b>(11,310,650)</b>	<b>(11%)</b>
<b>DISBURSEMENTS: Premiums</b>								
13 Delta Dental	1,550,647	1,893,014	(342,367)	(22%)	6,202,588	6,571,712	(369,124)	(6%)
14 Vision Service Plan	281,180	282,482	(1,302)	(0%)	1,124,718	1,138,025	(13,307)	(1%)
15 Kaiser Permanente	6,451,208	7,126,948	(675,740)	(10%)	25,804,830	25,544,108	260,722	1%
<b>TOTAL PREMIUM DISBURSEMENTS</b>	<b>8,283,035</b>	<b>9,302,444</b>	<b>(1,019,409)</b>	<b>(12%)</b>	<b>33,132,136</b>	<b>33,253,845</b>	<b>(121,709)</b>	<b>(0%)</b>
<b>TOTAL DISBURSEMENTS</b>	<b>35,424,204</b>	<b>38,177,601</b>	<b>(2,753,397)</b>	<b>(8%)</b>	<b>141,696,802</b>	<b>153,829,560</b>	<b>(12,132,758)</b>	<b>(9%)</b>
16 Change in Reserve	248,995	(4,043,266)	(4,292,261)	1724%	995,993	(6,898,163)	(7,894,156)	793%
<b>COMBINED DISBURSEMENTS &amp; CHANGES IN RESERVES</b>	<b>\$35,673,199</b>	<b>\$34,134,335</b>	<b>(\$1,538,864)</b>	<b>(4%)</b>	<b>\$142,692,795</b>	<b>\$146,931,397</b>	<b>\$4,238,602</b>	<b>3%</b>

\*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.

Note: These schedules are on the cash basis and have not been audited.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**

**ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - RECEIPTS & DISBURSEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED JUNE 30, 2016**

	Current Quarter			Year-To-Date		
	SJVIA FEES			SJVIA FEES		
	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)
<b>FY15-16</b>						
<b>Receipts**</b>	<b>\$87,367</b>	<b>\$86,275</b>	<b>\$17,592</b>	<b>\$413,619</b>	<b>\$848,758</b>	<b>\$86,500</b>
<b>Disbursements:</b>						
Auditor-Treasurer Services	108,187			116,738		
County Counsel Services	9,733			26,744		
Personnel Services	67,411			222,067		
Membership Fees						
Insurance (Liability, Bond, Etc)				66,719		
Audit Fees	33,220			35,420		
Bank Service Fees	5,393			20,883		
Wellness		24,945			494,734	
Communications						
<b>Total Disbursements</b>	<b>223,944</b>	<b>24,945</b>		<b>488,571</b>	<b>494,734</b>	
<b>Change in Administration, Wellness &amp; Communications Reserve</b>	<b>(\$136,577)</b>	<b>\$61,330</b>	<b>\$17,592</b>	<b>(\$74,952)</b>	<b>\$354,024</b>	<b>\$86,500</b>

\*Total disbursements for each column correspond to the line number shown on the "ACTUALS VS. BUDGETED RECEIPTS & DISBURSEMENTS" report.

\*\*Receipts consist of fees collected from relevant enrollees at the following rates per employee per month: Various rates for administration(\$2.00 for SJVIA administration fees & various rates for non-founding member fees depending upon a participant's enrollment), \$2.50 for wellness & \$.50 for communications fees.

Note: These schedules are on the cash basis and have not been audited.

**San Joaquin Valley Insurance Authority  
Schedule of Cash Flow by Month  
For the Twelve Months Ended June 2016**

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
<b>BEGINNING CASH BALANCES:</b>													
Claims Funding Account	\$ 255,518	\$ 358,018	\$ 725,672	\$ 701,149	\$ 173,361	\$ 451,022	\$ 709,191	\$ 384,751	\$ 404,977	\$ 177,953	\$ 379,318	\$ 296,259	\$ 255,518
Fixed Cost Account	962,479	1,084,176	1,188,032	1,878,492	247,705	627,123	747,115	363,898	359,973	480,824	388,596	1,754,000	962,479
Claims Reserve Account	726,791	2,019,732	889,905	1,067,064	300,837	621,538	4,155,223	2,964,772	3,869,933	3,613,676	1,900,358	2,408,237	726,791
Investment Pool-Note 1	3,111,190	3,113,257	3,113,257	1,123,875	1,126,093	126,093	135,873	138,322	138,322	138,876	138,954	138,954	3,111,190
<b>Total Beginning Balances</b>	<b>5,055,978</b>	<b>6,575,183</b>	<b>5,916,866</b>	<b>4,770,580</b>	<b>1,847,996</b>	<b>1,825,776</b>	<b>5,747,402</b>	<b>3,851,743</b>	<b>4,773,205</b>	<b>4,411,329</b>	<b>2,807,226</b>	<b>4,597,450</b>	<b>5,055,978</b>
<b>RECEIPTS:</b>													
Claims Funding Account	5,458,470	6,197,585	5,777,556	6,256,995	6,237,840	6,488,465	4,070,715	4,945,519	5,622,034	5,450,670	5,125,697	5,578,662	67,210,208
Fixed Cost Account	5,476,988	5,056,322	4,467,807	4,701,234	6,645,574	3,937,764	4,631,475	4,942,634	6,225,053	5,547,807	5,578,712	4,982,921	62,194,291
Claims Reserve Account	10,537,501	8,604,557	10,352,117	10,904,299	11,726,242	13,613,566	6,201,321	10,377,870	10,779,671	8,976,287	9,168,863	8,822,519	120,064,813
Investment Pool	2,067	10,618	2,218	9,780	2,449	554	78	400	28,164	19,858,464	20,608,098	21,864,746	24,609,656
<b>Total Receipts</b>	<b>21,475,026</b>	<b>19,858,464</b>	<b>20,608,098</b>	<b>21,864,746</b>	<b>24,609,656</b>	<b>24,049,575</b>	<b>14,905,960</b>	<b>20,266,023</b>	<b>22,627,312</b>	<b>19,974,842</b>	<b>19,873,272</b>	<b>19,384,502</b>	<b>249,497,476</b>
<b>DISBURSEMENTS:</b>													
Claims Funding Account	5,355,970	5,829,931	5,802,079	6,784,783	5,960,179	6,230,296	4,395,155	4,925,293	5,849,058	5,249,305	5,208,756	5,613,231	67,204,036
Fixed Cost Account	5,355,291	4,952,466	3,777,347	6,332,021	6,266,156	3,817,772	5,014,692	4,946,559	6,104,202	5,640,035	4,213,308	6,736,921	63,156,770
Claims Reserve Account	9,244,560	9,734,384	10,174,958	11,670,526	11,405,541	10,079,881	7,391,772	9,472,709	11,035,928	10,689,605	8,660,984	10,381,292	119,942,140
Investment Pool	-	2,000,000	1,000,000	-	-	-	-	-	-	-	-	138,954	3,138,954
<b>TOTAL DISBURSEMENTS</b>	<b>19,955,821</b>	<b>20,516,781</b>	<b>21,754,384</b>	<b>24,787,330</b>	<b>24,631,876</b>	<b>20,127,949</b>	<b>16,801,619</b>	<b>19,344,561</b>	<b>22,989,188</b>	<b>21,578,945</b>	<b>18,083,048</b>	<b>22,870,398</b>	<b>253,441,900</b>
<b>ENDING CASH BALANCES:</b>													
Claims Funding Account	358,018	725,672	701,149	173,361	451,022	709,191	384,751	404,977	177,953	379,318	296,259	261,690	261,690
Fixed Cost Account	1,084,176	1,188,032	1,878,492	247,705	627,123	747,115	363,898	359,973	480,824	388,596	1,754,000	-	-
Claims Reserve Account	2,019,732	889,905	1,067,064	300,837	621,538	4,155,223	2,964,772	3,869,933	3,613,676	1,900,358	2,408,237	849,464	849,464
Investment Pool	3,113,257	3,113,257	1,123,875	1,126,093	126,093	135,873	138,322	138,322	138,876	138,954	138,954	400	400
<b>Total Ending Balances</b>	<b>\$ 6,575,183</b>	<b>\$ 5,916,866</b>	<b>\$ 4,770,580</b>	<b>\$ 1,847,996</b>	<b>\$ 1,825,776</b>	<b>\$ 5,747,402</b>	<b>\$ 3,851,743</b>	<b>\$ 4,773,205</b>	<b>\$ 4,411,329</b>	<b>\$ 2,807,226</b>	<b>\$ 4,597,450</b>	<b>\$ 1,111,554</b>	<b>\$ 1,111,554</b>

Note 1: The County of Fresno investment pool yield paid during the quarter ended 3/31/16 was 1.388% with quarterly earnings of \$478.

## 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 **Administration & Network Fees (Anthem & Blue Shield PPO)**

ASO is "Administrative Services Only". These are administrative services for the PPO plans. This definition includes Anthem Blue Cross & Health Now Administrative Services administration fees and includes access fees to use the Anthem Blue Cross & Blue Shield networks of providers. These services do not include the Anthem HMO plan.
- 3 **Chimienti Associates/Hourglass Administration (Anthem & Kaiser)**

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 health plans excluding HealthNow/Blue Shield.
- 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**

These fees will be used by SJVIA for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority. It includes the association fee and the non-founding member fee which is assessed to non-founding member entities.
- 6 **Wellness**

This rate category is earmarked 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 earmarked 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**

These are Anthem Blue Cross administration fees and include access fees to use the Blue Cross network of providers for the HMO plan.
- 10 **ACA Reinsurance/PCORI (PPO & HMO)**

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 for PPO & \$2.08 per covered member per year on HMO. 2) Transitional Reinsurance Fee-this fee is \$44.00 per covered member per year for the 2015 calendar year and \$26.00 for the 2016 calendar year for both PPO & HMO.
- 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 less fixed costs including items 6,7.
- 16 **Change in Reserve**

Excess receipts over claims, premiums and fixed costs.



**BOARD OF DIRECTORS**

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:**  
**County of Tulare**  
**Board of Supervisors Chambers**  
**2800 W. Burrel Ave.**  
**Visalia, CA 93291**  
**August 26, 2016 9:00 AM**

**AGENDA DATE:** August 26, 2016

**ITEM NUMBER:** Item 10

**SUBJECT:** Receive and File Consultant's SJVIA Executive Claims Summary through June 30, 2016 (I)

**REQUEST(S):** That the Board Receive and File SJVIA Executive Claims Summary through June 30, 2016

**DESCRIPTION:**

Informational Item, please see attached report.

**FISCAL IMPACT/FINANCING:**

None

**ADMINISTRATIVE SIGN-OFF:**

A handwritten signature in black ink that reads "Paul Nerland".

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Paul Nerland  
SJVIA Manager

A handwritten signature in black ink that reads "Rhonda Sjostrom".

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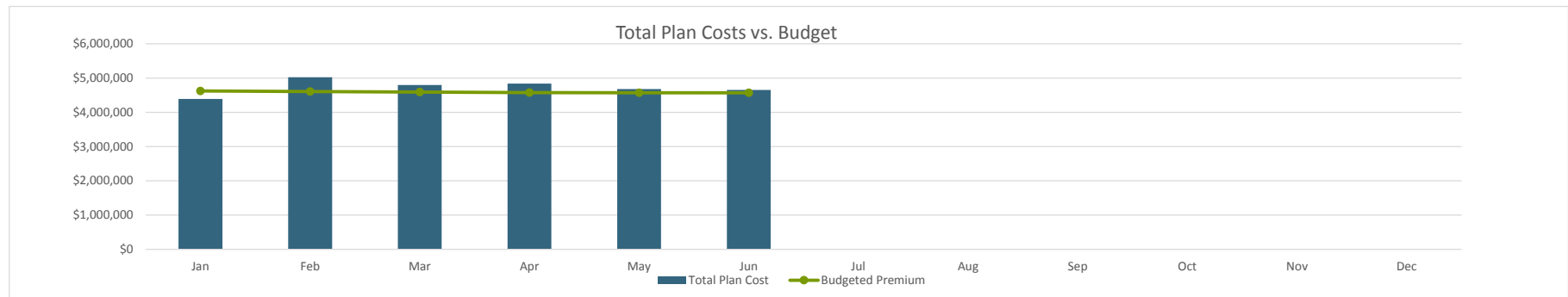
Rhonda Sjostrom  
SJVIA Assistant Manager

## SJVA

### HMO Cost Summary

Plan Year January 1, 2016 through December 31, 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Average / Total
<b>Enrollment</b>													
Employee Only													
Employee + Spouse													
Employee + Child(ren)													
Employee + Family													
<b>Total Employees</b>	<b>4,607</b>	<b>4,594</b>	<b>4,579</b>	<b>4,566</b>	<b>4,565</b>	<b>4,564</b>							<b>4,607</b>
<b>Paid Claims</b>													
Medical	\$1,569,204	\$2,175,671	\$1,839,129	\$1,998,426	\$2,382,048	\$1,783,005							\$11,747,483
Prescription Drug	\$1,038,360	\$1,073,967	\$1,185,061	\$1,074,355	\$1,066,691	\$1,106,535							\$6,544,969
Capitation	\$1,379,797	\$1,375,903	\$1,371,411	\$1,367,367	\$1,367,218	\$1,366,918							\$8,228,614
<b>Total Gross Paid Claims</b>	<b>\$3,987,361</b>	<b>\$4,625,541</b>	<b>\$4,395,601</b>	<b>\$4,440,148</b>	<b>\$4,815,957</b>	<b>\$4,256,458</b>							<b>\$26,521,066</b>
<b>Total Pooled Claims / Rx Rebates</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$535,924</b>	<b>\$0</b>							<b>\$535,924</b>
<b>Total Net Paid Claims</b>	<b>\$3,987,361</b>	<b>\$4,625,541</b>	<b>\$4,395,601</b>	<b>\$4,440,148</b>	<b>\$4,280,033</b>	<b>\$4,256,458</b>							<b>\$25,985,142</b>
Average Med Claims Per EE	\$340.61	\$473.59	\$401.64	\$437.68	\$521.81	\$390.67							
Average Drug Claims Per EE	\$225.39	\$233.78	\$258.80	\$235.29	\$233.67	\$242.45							
<b>Total Fixed Costs</b>	<b>\$401,320</b>	<b>\$400,211</b>	<b>\$398,917</b>	<b>\$397,764</b>	<b>\$397,727</b>	<b>\$397,332</b>							<b>\$2,393,271</b>
<b>Total Costs (Claims + Fixed)</b>	<b>\$4,388,681</b>	<b>\$5,025,752</b>	<b>\$4,794,518</b>	<b>\$4,837,912</b>	<b>\$4,677,760</b>	<b>\$4,653,790</b>							<b>\$28,378,413</b>
<b>Total Premium</b>	<b>\$4,622,926</b>	<b>\$4,607,931</b>	<b>\$4,592,129</b>	<b>\$4,576,063</b>	<b>\$4,571,736</b>	<b>\$4,568,946</b>							<b>\$27,539,731</b>
<b>Total Costs vs. Premium</b>													
<b>\$ Variance</b>	<b>\$234,245</b>	<b>(\$417,821)</b>	<b>(\$202,389)</b>	<b>(\$261,849)</b>	<b>(\$106,024)</b>	<b>(\$84,844)</b>							<b>(\$838,682)</b>
<b>% Variance</b>	<b>94.9%</b>	<b>109.1%</b>	<b>104.4%</b>	<b>105.7%</b>	<b>102.3%</b>	<b>101.9%</b>							<b>103.0%</b>



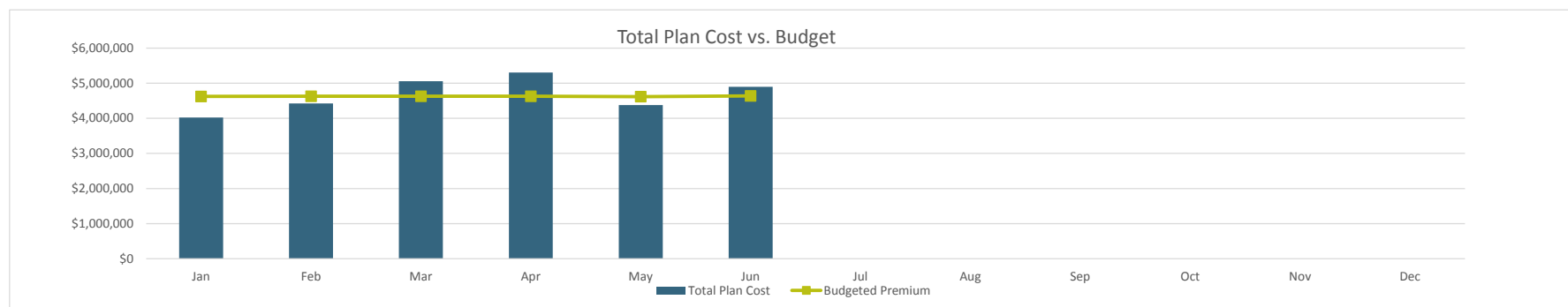
This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

## SJVIA

### PPO Cost Summary

Plan Year January 1, 2016 through December 31, 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Average / Total
<b>Enrollment</b>													
Employee Only													
Employee + Spouse													
Employee + Child(ren)													
Employee + Family													
<b>Total Employees</b>	5,696	5,705	5,705	5,718	5,697	5,752						5,696	
<b>Paid Claims</b>													
Medical	\$2,606,907	\$2,851,975	\$3,431,263	\$3,779,955	\$3,144,952	\$3,252,228						\$19,067,280	
Prescription Drug	\$1,011,920	\$1,171,282	\$1,226,357	\$1,122,325	\$1,268,516	\$1,239,175						\$7,039,575	
<b>Total Gross Paid Claims</b>	\$3,618,827	\$4,023,257	\$4,657,620	\$4,902,280	\$4,413,468	\$4,491,403						\$26,106,855	
<b>Total Pooled Claims / Rx Rebates</b>	\$0	\$0	\$0	\$0	\$438,483	\$0						\$438,483	
<b>Total Net Paid Claims</b>	\$3,618,827	\$4,023,257	\$4,657,620	\$4,902,280	\$3,974,985	\$4,491,403						\$25,668,372	
Average Med Claims Per EE	\$457.67	\$499.91	\$601.45	\$661.06	\$552.04	\$565.41							
Average Drug Claims Per EE	\$177.65	\$205.31	\$214.96	\$196.28	\$222.66	\$215.43							
<b>Total Fixed Costs</b>	\$401,338	\$401,763	\$401,931	\$402,789	\$401,609	\$406,321						\$2,415,751	
<b>Total Costs (Claims + Fixed)</b>	\$4,020,165	\$4,425,020	\$5,059,551	\$5,305,069	\$4,376,594	\$4,897,724						\$28,084,123	
<b>Total Premium</b>	\$4,625,305	\$4,630,550	\$4,631,202	\$4,628,405	\$4,616,854	\$4,638,802						\$27,771,118	
<b>Total Costs vs. Premium</b>													
<b>\$ Variance</b>	\$605,140	\$205,530	(\$428,349)	(\$676,664)	\$240,260	(\$258,922)						(\$313,005)	
<b>% Variance</b>	86.9%	95.6%	109.2%	114.6%	94.8%	105.6%						101.1%	



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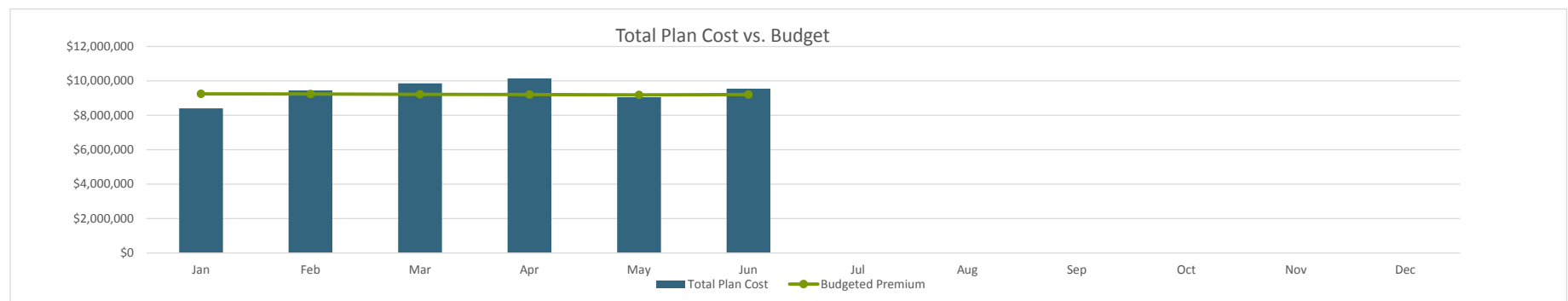


## SJVIA

### Total Cost Summary

Plan Year January 1, 2016 through December 31, 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Average / Total
<b>Enrollment</b>													
Employee Only													
Employee + Spouse													
Employee + Child(ren)													
Employee + Family													
<b>Total Employees</b>	<b>10,303</b>	<b>10,299</b>	<b>10,284</b>	<b>10,284</b>	<b>10,262</b>	<b>10,316</b>							<b>10,303</b>
<b>Paid Claims</b>													
Medical	\$4,176,111	\$5,027,646	\$5,270,392	\$5,778,381	\$5,527,000	\$5,035,233							\$30,814,763
Prescription Drug	\$2,050,280	\$2,245,249	\$2,411,418	\$2,196,680	\$2,335,207	\$2,345,710							\$13,584,544
Capitation	\$1,379,797	\$1,375,903	\$1,371,411	\$1,367,367	\$1,367,218	\$1,366,918							\$8,228,614
<b>Total Gross Paid Claims</b>	<b>\$7,606,188</b>	<b>\$8,648,798</b>	<b>\$9,053,221</b>	<b>\$9,342,428</b>	<b>\$9,229,425</b>	<b>\$8,747,861</b>							<b>\$52,627,921</b>
<b>Total Pooled Claims</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$974,407</b>	<b>\$0</b>							<b>\$974,407</b>
<b>Total Net Paid Claims</b>	<b>\$7,606,188</b>	<b>\$8,648,798</b>	<b>\$9,053,221</b>	<b>\$9,342,428</b>	<b>\$8,255,018</b>	<b>\$8,747,861</b>							<b>\$51,653,514</b>
Average Cost Per Employee	\$738.25	\$839.77	\$880.32	\$908.44	\$804.43	\$847.99							\$836.52
<b>Total Fixed Costs</b>	<b>\$802,658</b>	<b>\$801,974</b>	<b>\$800,848</b>	<b>\$800,553</b>	<b>\$799,336</b>	<b>\$803,653</b>							<b>\$4,809,022</b>
<b>Total Costs (Claims + Fixed)</b>	<b>\$8,408,846</b>	<b>\$9,450,772</b>	<b>\$9,854,069</b>	<b>\$10,142,981</b>	<b>\$9,054,354</b>	<b>\$9,551,514</b>							<b>\$56,462,536</b>
<b>Total Premium</b>	<b>\$9,248,231</b>	<b>\$9,238,481</b>	<b>\$9,223,331</b>	<b>\$9,204,468</b>	<b>\$9,188,590</b>	<b>\$9,207,748</b>							<b>\$55,310,849</b>
<b>Total Costs vs. Premium</b>													
\$ Variance	\$839,385	(\$212,291)	(\$630,738)	(\$938,513)	\$134,236	(\$343,766)							(\$1,151,687)
% Variance	90.9%	102.3%	106.8%	110.2%	98.5%	103.7%							102.1%



This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.



**BOARD OF DIRECTORS**

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:  
County of Tulare  
Board of Supervisors Chambers  
2800 W. Burrel Ave.  
Visalia, CA 93291  
August 26, 2016 9:00 AM**

**AGENDA DATE:** August 26, 2016

**ITEM NUMBER:** 12

**SUBJECT:** Approve Anthem Blue Cross as SJVIA Health Plan Administrator from December 19, 2016 – December 31, 2017, and Authorize Staff to Negotiate Amendment to Agreement (A)

**REQUEST(S):** That the Board approve Anthem Blue Cross and authorize staff to negotiate amendment to agreement for a term of one year

**DESCRIPTION:**

The recommended action will approve maintaining Anthem Blue Cross as a Plan Administrator and authorize staff to negotiate an amendment to the contract for services commencing December 19, 2016 for a one year term. The proposed Amendment increases the Administrative Services Only (ASO) fees for PPO administrative services and access to the Anthem Blue Cross provider network 10.61% from \$29.41 Per Employee per Month (PEPM) to \$32.53 PEPM. The HMO contract fees consist of Retention (Administration, Pooling, and Capitation) which will increase 2.185% on a combined basis for a PEPM increase from \$366.04 to \$374.04.

These percentages are not overall projected changes to the HMO and PPO plans, but represent the change in fixed costs paid to Anthem for the administration of both plans. The total fixed costs represent about 36% of total plan costs for the HMO, which includes capitation claims) and approximately 3.2% for the PPO. Anthem Blue Cross also includes disease management for the PPO population at no additional cost, and credits a wellness budget of \$50,000 for the contract year.

Staff and Gallagher will work with Anthem Blue Cross to finalize the agreement to commence December 19, 2016 and will present the agreement to your Board for approval at the November meeting.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** August 26, 2016

**FISCAL IMPACT/FINANCING:**

Projected renewal rate increases will be added to the budget for the 2016-17 fiscal year to be amended and approved at a future meeting.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager



**BOARD OF DIRECTORS**

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:  
County of Tulare  
Board of Supervisors Chambers  
2800 W. Burrel Ave.  
Visalia, CA 93291  
August 26, 2016 9:00 AM**

**AGENDA DATE:** August 26, 2016

**ITEM NUMBER:** 13

**SUBJECT:** Approve Amendment to the Health Now Administrative Services Agreement Utilizing the Blue Shield Network as the Health Plan Administrator for the City of Tulare for the 2017 Plan Year, and Authorize Chair to Execute Amendment to Agreement (A)

**REQUEST(S):** That the Board authorize the Chair to execute Amendment to the Health Now Administrative Services Agreement effective January 1, 2017

**DESCRIPTION:**

The proposed Amendment to the Health Now Administrative Services (HNAS) contract for services commencing January 1, 2017 for a one year term has been reviewed by Gallagher and Staff. The Amendment, attached, increases the fees for administrative services and access to the Blue Shield provider network from \$36.52 Per Employee Per Month (PEPM) to \$36.96 PEPM.

Staff and counsel have reviewed the Amendment to the HNAS Agreement and recommend approval authorizing for the SJVIA President to execute the Amendment.

**FISCAL IMPACT/FINANCING:**

The impact to the SJVIA during the contract period (Plan Year 2017) with HNAS is \$36.96 PEPM, with an annual cost of \$147,692.20 for administrative services based on current participation. For comparison, the estimated annual cost for the current plan year is approximately \$142,793.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** August 26, 2016

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager

**AMENDMENT 1  
SCHEDULE "B"  
SCHEDULE OF FEES  
San Joaquin Valley Insurance Authority**

**Amendment #1 is amending the current Administrative Services Agreement Schedule B between Health Now Administrative Services & San Joaquin Valley Insurance Authority dated 7/1/2012 and signed on 6/4/2014.**

The following list of fees shall apply to the implementation and maintenance of the benefit plan for the Employees and their dependents covered under the Employee Health Care Benefit Plan.

<u>Service(s)</u>	<u>Fee</u>
HNAS Core Administrative Charges	\$16.89 (Includes Cobra, Consolidated Billing and Comprehensive Care Basic Program)
Blue Shield of CA Network Access Fee	\$16.96
Blue Shield of CA Case Management Bundle Fee	\$3.11
N.Y. Surcharge	Included
Massachusetts Surcharge	Included
Plan Document Revision*	Included
Consolidated Billing	Included for core group administrative areas

\*Not included: Direct costs of printing, charges for obtaining medical records.

The above Schedule of Fees is in effect for (Check one of the boxes): the  initial term of the Agreement, or  for the following two year renewal term.

Effective Date(s): January 1, 2017 – December 31, 2017

**HealthNow Administrative Services, Inc.**

**San Joaquin Valley Insurance Authority**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name/Title)

\_\_\_\_\_  
(Print Name/Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)



**BOARD OF DIRECTORS**

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:  
County of Tulare  
Board of Supervisors Chambers  
2800 W. Burrel Ave.  
Visalia, CA 93291  
August 26, 2016 9:00 AM**

**AGENDA DATE:** August 26, 2016

**ITEM NUMBER:** 15

**SUBJECT:** Authorize Execution of Loan Agreement between SJVIA and County of Tulare for Loan to SJVIA of up to \$2,000,000 (A)

**REQUEST(S):** That the Board authorize Chair to execute agreement between SJVIA and County of Tulare for Cash Advances and Repayment of up to \$2,000,000

**DESCRIPTION:**

On November 6, 2015 your Board approved a plan by which Fresno and Tulare Counties would each advance and be repaid up to \$2,000,000, as needed, to assist the SJVIA in managing its cash flow. On January 26, 2016 the Fresno County Board of Supervisors approved an agreement between the SJVIA and Fresno County for Cash Advances and Repayment of Cash Advances. The County of Tulare Board of Supervisors approved a similar agreement on July 19, 2016.

If approved by your Board, the agreement would apply for the period of July 19, 2016 through December 30, 2016 for the advance of funds. The agreement would remain in effect through December 30, 2017, except that SJVIA's obligation to repay all advances, plus interest, continues after that date.

**FISCAL IMPACT/FINANCING:**

If funds are advanced by the County of Tulare, the balance shall be repaid at the County of Tulare's Treasury Pool interest rate at the earlier of:

(a) when there is sufficient cash balance in SJVIA's bank account to cover regular SJVIA cash flow needs, as determined by the SJVIA Manager and SJVIA Auditor-Treasurer, or (b) December 30, 2017.



**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** August 26, 2016

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager