

AGENDA

BOARD OF DIRECTORS

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

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
August 28, 2015 9:00 AM**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of 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 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.
6. Approval of Minutes – Board Meeting of July 17, 2015 (A)
7. Approve Anthem Blue Cross as the SJVIA Health Plan Administrator from December 7, 2015 – December 31, 2016, Approve Renewal Rates, and Authorize Chair to Execute Agreements (A)
8. Approve US Script as the SJVIA Pharmacy Benefit Manager from January 1, 2016 – December 31, 2018, and Authorize Chair to Execute Agreements (A)
9. Approve Dental Plan Renewal Rates for Plan Year 2016 and Authorize Chair to Execute Agreements (A)
10. Approve Vision Plan Renewal Rates for Plan Year 2016 and Authorize Chair to Execute Agreements (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.

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11. Approve Kaiser HMO Renewal Rates for Plan Year 2016 and Authorize Chair to Execute Agreements (A)
12. Approve HMO and Self-Insured PPO Health Plan Renewal Rate Change for Plan Year 2016 (A)
13. Adopt Fiscal Year Budget for 2015-16 (A)
14. Authorization of the Release of Proposals for Participation and Authorization of Execution of Participation Agreement(s) for County of Yuba (705) and County of Modoc (135) (A)
15. 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 17, 2015 9:00 AM**

1. Call to Order

Meeting was called to order by Director Poochigian at 9:00am.

2. Pledge of Allegiance

3. Roll Call

Roll was called by Heather Martinez, Gallagher Benefit Services. In attendance were Director Ennis, Director Pacheco, Director Vander Poel, Director Worthley, Director Mendes, and Director Poochigian.

4. Approval of Agenda (A)

Director Vander Poel moved to approve the agenda with no changes; the motion was seconded by Director Ennis. The motion passed unanimously.

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 specific item placed on the agenda for a future meeting should contact the SJVIA Manager's Office and submit correspondence at least 14 days before the scheduled meeting.

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

6. Approval of Minutes – Board Meeting of April 10, 2015 (A)

Director Ennis moved to approve the April 10, 2015 Minutes; the motion was seconded by Director Pacheco. The motion passed unanimously.

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**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
July 17, 2015 9:00 AM**

7. Receive and File Quarterly Financial Report through May 2015 (I)

Jeff Blanks, ACTTC and Joseph Nuttman, ACTTC, from Fresno County, presented the report.

Director Mendes moved to approve the Quarterly Financial Report through May 2015; the motion was seconded by Director Ennis. The motion passed unanimously.

8. Authorization of the Release of Proposals for Participation and Authorization of Execution of Participation Agreements(s) for City of Oroville, City of Selma, City of Chowchilla, and County of Modoc. (A)

Moved Item 8 to next Board Meeting after renewal rates have been considered.

9. Receive and File SJVIA Executive Claims Summary Through May 2015 (I)

Alan Thaxter, Gallagher Benefit Services, presented the Executive Claims Summary.

10. Receive Report on Medical Administrative Request for Proposals (I)

Paul Nerland, SJVIA Assistant Manager, presented information and summarized the findings of the Medical Administration Request for Proposals. Final staff recommendations to be presented at the next board meeting.

11. Receive Report on Request for Proposals for Prescription Benefit Management (I)

Rhonda Sjostrom, SJVIA Manager, presented information and summarized the findings of the Prescription Benefit Management Request for Proposals. Final staff recommendations to be presented at

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the next board meeting.

12. Receive Report on Wellness Program Activities and Overall Program Performance. (I)

Rhonda Sjostrom, SJVIA Manager, gave an overview on the Biometric Screening participation and the Walking Works Challenge results.

Rebecca Kruske, Gallagher Benefit Services, Director of Health & Wellness, gave an update on the wellness vendor, Viverae, pricing concessions given to the SJVIA as a result of renegotiation due to service issues.

13. Receive Report on Preliminary 2016 Health Plan Renewal (I)

Alan Thaxter, Gallagher Benefit Services, gave an overview on the Preliminary Renewal. Final renewal results will be presented at the next board meeting.

14. Adjournment

Meeting was adjourned at 10:34am by Director Poochigian.

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**Tulare County Employees' Retirement
Association Board Chambers**
136 N Akers St
Visalia, CA 93291
August 28, 2015 9:00 AM

AGENDA DATE: August 28, 2015

ITEM NUMBER: 7

SUBJECT: Approve Anthem Blue Cross as the SJVIA Health Plan Administrator from December 7, 2015 – December 31, 2016 (A)

REQUEST(S): That the Board approve Anthem Blue Cross as the plan administrator and authorize the Board Chair to execute the agreement for a term of one year, pending approval by SJVIA Counsel and Staff

DESCRIPTION:

As reviewed at the July 17, 2015 Board Meeting staff reported on the results of the request for proposal process for medical administration. The RFP was requested from eight vendors. Four of the vendors submitted proposals. Staff is recommending the SJVIA remain with Anthem Blue Cross for administrative services at their proposed pricing offered through the RFP process. The RFP proposal resulted in a **savings** of 7% on the administrative costs of the PPO plan in which 24 of the 25 entities participate. This reduction represents savings of approximately \$194,000 at current enrollment levels. The HMO contract fees consist of Retention (Administration, Pooling, and Capitation) which **will increase** 8.5% on a combined basis. 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 plan represent about 36% of total plan costs for the HMO and about 3.2% for the PPO. Anthem Blue Cross also included disease management for the HMO population at no additional cost which will reduce the fees currently paid to Viverae for this service and will result in further savings to the SJVIA.

Pending your approval of the recommended action, staff and Gallagher will work with Anthem Blue Cross to finalize the agreement for Plan Year 2016.

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FISCAL IMPACT/FINANCING:

The budget impact for the new contract with Anthem Blue Cross is a savings of approximately \$194,000 to the PPO at current enrollment, and an increase of \$1.7 million for the HMO. The impact of both plans is considered as part of the renewal change for the Anthem plans as a whole.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager

Meeting Location:
**Tulare County Employees' Retirement
Association Board Chambers**
136 N Akers St
Visalia, CA 93291
August 28, 2015 9:00 AM

AGENDA DATE: August 28, 2015

ITEM NUMBER: 8

SUBJECT: Approve US Script as the SJVIA Pharmacy Benefit Manager from December 7, 2015 – December 31, 2018 (A)

REQUEST(S): That the Board approve US Script as the Pharmacy Benefit Manager and authorize the Board Chair to execute the agreement pending approval by SJVIA Counsel and Staff

DESCRIPTION:

As reviewed at the July 17, 2015 Board Meeting staff reported on the results of the request for proposal process for Pharmacy Benefit Manager. Staff is recommending the SJVIA remain with US Script for an additional three year contract term at their proposed pricing offered through the RFP process. The new contract terms include more favorable pricing projected to save the SJVIA 5.5% of prescription costs over the next three years. These savings may be realized primarily through enhanced discounts and additional rebates.

Pending your Board's approval, staff and Gallagher will work with US Script to finalize the agreement for the three year period to commence December 7, 2015 through December 31, 2018.

FISCAL IMPACT/FINANCING:

The budget impact for the new contract terms with US Script is approximately a decrease in costs of \$3.5 million dollars over the next three years. This savings projection is based on current enrollment and with no changes to benefit plans. The impact of this contract is included as part of the renewal calculation/costs for the medical plan as a whole.

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ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager

Meeting Location:
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Visalia, CA 93291
August 28, 2015 9:00 AM

AGENDA DATE: August 28, 2015

ITEM NUMBER: 9

SUBJECT: Approve Dental Plan Renewal Rates

REQUEST(S): Approve the renewal proposal from Delta Dental for the 2016 Plan year and Authorize Chair to Execute Agreements pending approval of SJVIA Staff and Counsel.

DESCRIPTION:

The SJVIA has offered a dental option through Delta Dental of California since January of 2013. Currently, eight of the participating entities in the SJVIA are utilizing plans through the Delta Dental contract (see Attachment 1). All entities over 100 employees maintain separate plan and rate structure and all those under 100 employees have a choice of several plan options with the same rates offered to each entity. Although there may be different plan and rate structures, all PPO plans are renewed uniformly at the same percentage. The PPO under Delta Dental has experienced very positive utilization periods for the past few years and has developed a large stabilization fund projected to reach \$1.5 million dollars by the end of 2015. The unique contract with Delta Dental, referred to as "guaranteed administration", allows the SJVIA to benefit from favorable claims experience and SJVIA has the option to apply this growing stabilization fund to offset future increases or benefit modification.

The renewal rate action for the PPO for all participating entities is a 4.11% **decrease** due to favorable claims experience and the stability of a larger buying pool. This rate decrease includes a rate guarantee for two years, through the end of 2017. In addition to this decrease staff is requesting approval to accept the offer of a transfer of a portion of the stabilization fund totaling approximately \$900,000 during the months of January and February. These funds will be held as dental reserves by the SJVIA and made available to offset future increases. This opportunity for the SJVIA to receive back this stabilization is part of the guaranteed administration contract with Delta and is not an option with other

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vendors. Funds received must be used towards rate stabilization for SJVIA dental premiums since they were paid into the SJVIA for that purpose as premiums. The advantage of this option is that it allows the SJVIA to hold the funds and contribute towards rate stability over the next two years.

There are currently four entities participating in the DHMO plan option (see Attachment 2). The 2016 rates for the DHMO are **increasing** by 5.38% and all rates include accommodation for projected costs associated with the Affordable Care Act.

Pending your Board's approval, participating SJVIA Member entities may choose to modify their dental benefits to adjust rates. These considerations are made at the member entity level and do not require SJVIA Board action.

FISCAL IMPACT/FINANCING:

The budget impact for the Delta Dental PPO is a savings of approximately \$215,300 at current enrollment in addition to the stabilization fund transfer of approximately \$900,000. The increase of 5.38% for the DHMO plans equals approximately \$61,000 at current enrollment.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager

Dental PPO Plan

2015 SJVIA BENEFITS & RATES SUMMARY

	County of Tulare	County of Fresno	City of Farmersville	City of Hughson	City of San Joaquin	San Joaquin Valley APCD	Sutter County	City of Tulare
Deductible								
Individual	\$25.00	\$50	\$25	\$25	\$25	\$50	\$50	\$0
Family	\$25/member	150	75	75	75	150	100	0
Waived for Preventive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Annual Maximum	\$1,000	\$2,500	\$1,500	\$2,000	\$1,500	\$1,000	\$1,000	\$1,500
Preventive Services	100%	100%	100%	100%	100%	100%	100%	100%
Basic Services	80%	90%	80%	80%	80%	100%	85%	80%
Major Services	50%	50%	50%	50%	50%	60%	50%	80%
Orthodontia	50%	100%	50%	50%	50%	Not Covered	50%	80%
Lifetime Max	\$1,500	\$1,880	\$1,500	\$2,000	\$1,500	N/A	\$1,000	\$1,000
Rates							Composite Rate	
Single	\$36.95	\$52.45	\$43.12	\$52.02	\$43.12	\$47.32	\$74.30	\$60.53
EE + Spouse	\$64.05	\$83.63	\$81.11	\$97.20	\$81.11	\$74.72	\$74.30	\$133.00
EE+ Child(ren)	\$72.58	\$72.87	\$102.31	\$120.24	\$102.31	\$74.72	\$74.30	\$133.00
Family	\$107.75	\$106.98	\$144.09	\$169.78	\$144.09	\$98.04	\$74.30	\$133.00

Dental DHMO Plan

2015 SJVIA BENEFITS & RATES SUMMARY

		County of Tulare	County of Fresno	San Joaquin Valley APCD	Sutter County
Employee Co-Pays					
D0230	Intraoral - periapical each additional film	\$0	\$0	\$0	\$0
D1110	Prophylaxis - adult	\$0	\$0	\$0	\$0
D2392	Resin-based composite - two surfaces, posterior	\$30	\$30	\$30	\$30
D3330	Root Canal - Molar (excluding final restoration)	\$60	\$60	\$60	\$60
D4341	Periodontal scaling and root planning	\$0	\$0	\$0	\$0
D5214	Mandibular partial denture	\$95	\$95	\$95	\$95
D6750	Crown - porcelain fused to high noble metal	\$70	\$70	\$70	\$70
D7210	Surgical removal of erupted tooth	\$10	\$10	\$10	\$10
D9220	Deep sedation/general anesthesia - first 30 minutes	\$165	\$165	\$165	\$165
D9972	External Bleaching - 1 tray & gel for 2 weeks	\$125	\$125	\$125	\$125
D8080	Child Ortho	\$1,700	\$1,700	\$1,700	\$1,700
D8090	Adult Ortho	\$1,900	\$1,900	\$1,900	\$1,900
Rates					
	Single	\$23.76	\$23.76	\$23.76	Composite Rate \$45.63
	EE + Spouse	\$40.77	\$40.77	\$41.05	\$45.63
	EE+ Child(ren)	\$41.05	\$41.05	\$41.05	\$45.63
	Family	\$59.17	\$59.17	\$59.17	\$45.63



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Association Board Chambers
136 N Akers St
Visalia, CA 93291
August 28, 2015 9:00 AM**

AGENDA DATE: August 28, 2015

ITEM NUMBER: 10

SUBJECT: Approve Vision Plan Renewal Rates for Plan Year 2016 (A)

REQUEST(S): Approve the acceptance of renewal proposal from Vision Service Plan for the 2016 Plan Year and Authorize Chair to Execute Agreements pending approval of SJVIA Staff and Counsel

DESCRIPTION:

The SJVIA has offered vision plan options to participating entities since January 1, 2013. There are twelve entities participating in various vision plans offered through Vision Service Plan (VSP). While all plans and rates may differ, all plans are considered as a pool for renewal.

VSP has offered three scenarios for renewal:

1. Renewal increase of 3.5% with a two year rate guarantee and no changes to the plan benefits.
2. Renew at no increase and two year rate guarantee if the County of Fresno accepts minor changes to their plan as follows:
 - a. Change current copay for materials from \$0 to \$10.
 - b. Change current allowance for elective contacts from \$130 to \$150 per year.
3. Move from a fully insured plan to a self-insured structure with no increase to rates billed to participating entities. The option includes and administrative fee of \$0.88 per employee per month (PEPM) and projected claims of \$7.89 PEPM. Alternatively the administrative fee could be charged as 11% of claims on a monthly basis. This fee as a percentage of claims would fluctuate monthly. The costs listed could result in a projected plan savings of approximately 8% from the current costs, but savings are dependent on claims experience.

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Staff is recommending your Board approve option 2 renewing at no increase with the benefit changes at the County of Fresno. Staff will further review the option to self-insure but is not recommending it at this time due to unknown administrative burden to the SJVIA for this change in structure.

FISCAL IMPACT/FINANCING:

The budget impact for the VSP plan renewal at 3.5% is an increase of approximately \$38,000 at current enrollment and participation. If your Board accepts Staff's recommendation, there would be no impact to the current costs outside of enrollment changes and/or the addition of new entities to the plan.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager

VSP Vision

2015 - Plan Details and Current Rates

	County of Tulare	County of Fresno	City of Shafter	City of San Joaquin	City of Ceres	City of Farmersville	City of Wasco	Kings County Superior Court	City of Hughson	San Joaquin Valley APCD	County of Sutter	Sutter County Superior Court
	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network
Frequency	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24	12/12/24
Copays												
Exams	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$20	\$10
Materials	\$25	\$0	\$0	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$0	\$10
Frames	\$130	\$150	\$150	\$150	\$150	\$150	\$130	\$130	\$150	\$100	\$130	\$150
Contacts	\$120	\$130	\$130	\$150	\$150	\$150	\$130	\$130	\$150	\$120	\$130	\$150
Costco	\$70	\$100	\$80	\$80	\$80	\$80	\$70	\$70	\$80	\$55	\$70	\$80
Options	n/a	n/a	Tint/Trans	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Primary EyeCare	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	n/a	n/a	\$20
2015 Current Rates												
Single	\$4.76	\$7.49	\$6.18	\$7.54	\$6.06	\$7.54	Composite	\$5.88	\$7.54	\$4.42	Composite	\$7.54
EE + Spouse	\$8.04	\$13.46	\$12.34	\$15.08	\$12.12	\$15.08	Rate	\$11.76	\$15.08	\$8.88	Rate	\$15.08
EE+ Child(ren)	\$8.51	\$13.19	\$13.20	\$16.14	\$12.98	\$16.14	\$11.76	\$12.58	\$16.14	n/a	\$11.94	n/a
Family	\$12.68	\$19.32	\$21.12	\$25.78	\$20.74	\$25.78		\$20.12	\$25.78	\$14.28		\$24.28



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August 28, 2015 9:00 AM**

AGENDA DATE: August 28, 2015

ITEM NUMBER: 11

SUBJECT: Approve Kaiser HMO Plan Renewal Rates for Plan Year 2016 (A)

REQUEST(S): Approve the acceptance of renewal proposal from Kaiser Permanente for the 2016 Plan Year and Authorize Chair to Execute Agreements pending acceptance of participating entities and approval of SJVIA Staff and Counsel

DESCRIPTION:

As part of the renewal process for the 2016 plan year, Kaiser agreed to issue a blended (or shared-risk) renewal to establish a unified rating action for all entities in the SJVIA. As agreed, Kaiser has requested a rate increase of 7.75% for all participating entities for the 2016 Plan Year.

Currently there are fifteen entities offering Kaiser plans to their employees through the partnership with the SJVIA.

FISCAL IMPACT/FINANCING:

The budget impact for the Kaiser Plan renewal is an increase of approximately \$1,770,871 at current enrollment and participation.

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ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager



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AGENDA DATE: August 28, 2015

ITEM NUMBER: 12

SUBJECT: Approve HMO and Self-Insured PPO Health Plan
Renewal Rate Change for the 2016 Plan Year (A)

REQUEST(S): That the Board select and approve a rate renewal
option for health plans through Anthem Blue Cross
and Blue Shield/Health Now for the 2016 Plan Year

DESCRIPTION:

The renewal projections for the 2016 plan year have been updated from the previous information presented at the July Board meeting. The updated data includes claims experience through June 2015. Staff has been working with the Gallagher consulting team and their regional underwriters to carefully review the claims experience for both the HMO and the PPO plans, and the fixed costs associated with each plan. For the past several years, the SJVIA renewal has been uniform across all plans, both HMO and PPO, and excess reserves have been used to offset a portion of the renewal increases (see attached chart – SJVIA Blended Rate History).

The HMO and PPO plans are experiencing different utilization patterns this year. While the PPO plan is performing better than expected, the HMO claims are higher than expected causing the required rate increase to be higher. Excluding Kaiser, the HMO population as of June 30, 2015 was approximately 53% of the enrollment under the health plans (See attached charts - SJVIA Current Membership, and Participating Entities and Benefits Offered). Fixed costs for the HMO are increasing by 7% and overall the HMO increase is projected to require an increase of 16.90% on a stand-alone basis. The PPO fixed costs are decreasing by 7.23% as a result of the administrative services RFP and a reduction of the larger of the two ACA fees, (transitional reinsurance). In addition to this reduction, claims for the PPO continue to be favorable. Taking all factors into consideration, the PPO is projected to require an increase of 0.85% on a stand-alone basis. With no plan changes, fully

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blending the renewal between the PPO and HMO (as has been done the past two years) would result in a 9.96% increase to both plans.

As part of the preparation for this meeting, different scenarios were reviewed to mitigate the increases. These include:

1. Increasing the pooling points to both the HMO and the PPO. The HMO is currently at \$400K and the PPO is set at \$450K. Increasing either or both of these levels results in a small decrease in the premium paid for this protection, but the offset does add claims exposure to the plan. Several options were considered for each plan and none provided significant enough savings to offset the additional risk.
2. Using the SJVIA Underwriting Guidelines to review the loss ratios of Fresno and Tulare County, and City of Tulare. The guidelines call for a review at the second three year renewal. These three entities are the only ones who have been with SJVIA to meet the time period. A review was completed to determine if any adjustments to each entities "factors" used for rates was warranted. Based on the three year experience, slight adjustments could be made but would not offset or seriously impact the current proposed increases to the PPO or HMO plans per an analysis by Gallagher staff.

The above scenarios are not recommended for your consideration as a singular option to address the increases. Other options reviewed and provided for your consideration are included in the Attachment titled "Proposed Options".

In reviewing the plan experience for the past twelve months it became apparent to Gallagher staff there have been changes to the enrollment this year which indicated an 18 month claims average would provide for a more stable indication of claims experience. For instance, the HMO experienced a decrease of approximately 500 members at the County of Fresno as movement to the Kaiser HMO plan. Also, several entities were added January 1 to both the HMO and PPO plans, changing membership ratios and also creating claims lag in the early months of 2015. As a result, Gallagher's underwriting team recommends considering a claims lookback of 18 months as the basis of the underwriting projections for the new plan year for both PPO and HMO (as opposed to 12 months).

Your board approved setting the reserves rates to be held within the SJVIA at 16% of expected claims for medical and 5% of expected claims for prescription. These levels have been maintained with a small surplus. These reserve percentages are very conservative. Several variations of reserve levels are discussed below and outlined on pages 7 and 8 of the attachment. For

AGENDA: San Joaquin Valley Insurance Authority

DATE: August 28, 2015

historical purposes the SJVIA targeted a reserve level of 12.5% for medical and 5% for Rx through the 2012 renewal. For the 2013 renewal and forward, 16% medical and 5% Rx has been the level used in renewal calculations.

The reserve position of the SJVIA was also reviewed, and included in the considerations are the same renewal options with a reserve withholding set at 14% for medical and 5% for prescription. Actuarially, the calculated reserve requirement for the SJVIA is under 12% for medical. Adjusting the SJVIA reserve position to 14% medical and keeping the prescription at 5% results in a projected contingency reserve of \$1.1 Million. Using this contingency to adjust the required renewal for next year brings the projected pooled renewal to 8.9%. Additional options at this reserve level are included in the attachment on page 8.

Finally, the current HMO plan provides for a very high level of benefit. Several options were reviewed by Gallagher and Fresno County staff ranging from small changes to copays, to drastic increases in deductible and out of pocket limits. The most drastic of the options provided for a 4% savings to the HMO.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjoström
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager

Medical Health Plan

SJVIA - 2015 Current Plan Benefits & Rates For Groups With 200+ Employees

Health Plans	HDPPO \$2500	HDPPO \$3000	HDPPO \$1500	PPO \$1000	PPO \$500	PPO \$250	PPO \$0	HMO
DEDUCTIBLE								
Per Individual	\$2,500	\$3,000	\$1,500	\$1,000	\$500	\$250	\$0	\$0
Per Family	\$5,000	\$6,000	\$3,000	\$2,000	\$1,000	\$500	\$0	\$0
OUT OF POCKET MAX								
Per Individual	\$5,000	\$3,000	\$3,000	\$4,000	\$3,000	\$3,000	\$2,000	\$1,000
Per Family	\$10,000	\$6,000	\$5,000	\$8,000	\$6,000	\$5,000	\$4,000	\$2,000
PREVENTIVE SERVICES	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
PYSICIAN SERVICES								
Office Visits	10% after ded	N/C after ded	20% after ded	\$45	\$35	\$20	\$20	\$15
Lab and X-Rays	10% after ded	N/C after ded	20% after ded	No Charge	No Charge	No Charge	No Charge	No Charge
OUTPATIENT SERVICES								
Surgery	10% after ded	N/C after ded	20% after ded	\$250/Surgery+20%	\$125/surgery+20%	No Charge	10%	No Charge
HOSPITALIZATION SERVICES								
Inpatient Services	10% after ded	N/C after ded	20% after ded	\$1000/year+20%	\$250/admit+20%	No Charge	10%	No Charge
EMERGENCY SERVICES	10% after ded	N/C after ded	20% after ded	\$100+20%	\$100+20%	\$100	\$100+10%	\$100
CHIROPRACTIC SERVICES	10% after ded 24 visits	N/C after ded 24 visits	20% after ded 24 visits	\$25/12 visits	\$25 / 12 visits	No Charge 24 Visits	\$25/12 visits	\$15 (60 days)
PRESCRIPTION DRUG	Express Scripts			US Scripts	US Scripts	US Scripts	US Scripts	US Scripts
Generic	\$7 after ded	N/C after ded	20% after ded	\$10	\$10	\$10	\$10	\$10
Brand	\$25 after ded	N/C after ded	20% after ded	\$20	\$20	\$20	\$20	\$20
Non-Formulary	\$50 after ded	N/C after ded	20% after ded	\$35	\$35	\$35	\$35	\$35
Monthly Rates - County of Tulare								
Employee Only	\$469.68			\$495.58	\$564.17		\$749.20	\$604.87
Employee + Spouse	\$938.62	n/a	n/a	\$990.45	\$1,128.88	n/a	\$1,497.61	\$1,069.71
Employee + Child(ren)	\$861.25			\$908.80	\$1,033.93		\$1,367.08	\$944.09
Employee + Family	\$1,430.89			\$1,509.86	\$1,780.52		\$2,270.51	\$1,407.65
Monthly Rates - County of Fresno								
Employee Only		\$469.60				\$853.99		\$604.87
Employee + Spouse		\$994.71				\$1,792.68		\$1,069.71
Employee + Child(ren)	n/a	\$891.79	n/a	n/a	n/a	\$1,624.13	n/a	\$944.09
Employee + Family		\$1,358.98				\$2,476.58		\$1,407.65
Monthly Rates - City of Modesto								
Employee Only		\$477.40						
Employee + Spouse		\$954.80						
Employee + Child(ren)	n/a	\$954.80	n/a	n/a	n/a	n/a	n/a	n/a
Employee + Family		\$1,351.04						

Health Plans	HDPPO \$2500	HDPPO \$3000	HDPPO \$1500	PPO \$1000	PPO \$500	PPO \$250	PPO \$0	HMO
Monthly Rates - County of Sutter								
Employee Only		\$340.00		\$489.04	\$596.17	\$685.59	\$804.82	
Employee + Spouse		\$680.00		\$978.09	\$1,192.33	\$1,371.18	\$1,609.65	
Employee + Child(ren)	n/a	\$680.00	n/a	\$978.09	\$1,192.33	\$1,371.18	\$1,609.65	n/a
Employee + Family		\$883.07		\$1,270.58	\$1,550.03	\$1,782.91	\$2,092.17	
Monthly Rates - SJVAPCD								
Employee Only	\$386.10			\$471.24	\$532.41	\$585.36	\$616.39	
Employee + Spouse	\$694.98			\$818.98	\$925.29	\$1,016.68	\$1,071.25	
Employee + Child(ren)	\$694.98	n/a	n/a	\$818.98	\$925.29	\$1,016.68	\$1,071.25	n/a
Employee + Family	\$1,061.77			\$1,110.10	\$1,254.21	\$1,376.87	\$1,452.05	
Monthly Rates - City of Tulare								
Employee Only				\$934.73	\$1,024.66		\$1,076.69	
Employee + Spouse				\$1,869.47	\$2,049.34		\$2,153.38	
Employee + Child(ren)	n/a	n/a	n/a	\$1,869.47	\$2,049.34	n/a	\$2,153.38	n/a
Employee + Family				\$2,617.25	\$2,869.06		\$3,014.73	
Monthly Rates - City of Clovis								
Employee Only		\$397.94			\$546.46			\$487.43
Employee + Spouse		\$835.69			\$1,147.48			\$1,023.59
Employee + Child(ren)	n/a	\$716.31	n/a	n/a	\$985.65	n/a	n/a	\$877.37
Employee + Family		\$1,193.83			\$1,639.31			\$1,462.28

SJVIA - Blended Rate History								
Plan Year	Plan	Projected Renewal	Projected Blended Renewal	Projected Required Reserve	Projected Reserve Surplus/Shortfall	Contingent Reserve Amt Used for Rate Stabilization	Pooling Point Change Impact	Final Blended Rate Increase
2016	HMO	16.9%	10.0%	5,242,292	-5,766,697	0	N/A	11.5%
	PPO	0.9%		5,175,582	6,267,815	0		
2015	HMO	9.8%	7.3%	8,887,055	159,115	159,115	N/A	1.17%
	PPO	3.3%		4,190,406	5,207,369	5,207,369		
2014	HMO	13.6%	8.7%	4,428,052	-597,019	-597,019	N/A	5.3%
	PPO	0.1%		3,369,881	3,206,732	3,206,732		
2013	HMO	6.0%	5.4%	2,901,274	2,793,381	0	\$364,485	4.9%
	PPO	4.6%		2,669,902	1,513,738	0		

SJVIA - 2012 Individual Rate History							
Entity	Projected Increase PPO	Projected Increase HMO	Projected Required Reserve	Projected Reserve Surplus/Shortfall	Contingent Reserve Amt Used for Rate Stabilization	Pooling Point Change Impact	Final Blended Rate Increase
Fresno	7.5%	-1.6%	\$2,896,593	\$2,432,762	\$0	N/A	0.0%
Tulare	2.0%	N/A	\$1,797,856	-\$91,013	\$0	N/A	0.0%

SJVIA - 2011 Individual Rate History							
Entity	Projected Increase PPO	Projected Increase HMO	Projected Required Reserve	Projected Reserve Surplus/Shortfall	Contingent Reserve Amt Used for Rate Stabilization	Pooling Point Change Impact	Final Blended Rate Increase
Fresno	< 1%	8.1%	\$3,591,695	\$764,414	\$0	N/A	N/A
Tulare	12.0%	N/A	\$1,534,980	-\$594,664	\$0	N/A	N/A

SJVIA - Current Membership Effective July 2015

Entities	HMO	PPO	Kaiser	TOTAL
County of Fresno	4230	759	1244	6233
County of Tulare	319	2472	198	2989
City of Tulare	n/a	332	n/a	332
City of Ceres	82	3	22	107
City of Waterford	13	n/a	n/a	13
City of San Joaquin	16	n/a	n/a	16
City of Shafter	22	96	34	152
City of Sanger	n/a	97	2	99
City of Gustine	18	2	n/a	20
City of Farmersville	4	25	n/a	29
City of Riverbank	14	30	n/a	44
City of Reedley	93	18	10	121
City of Wasco	n/a	54	n/a	54
City of Newman	2	23	n/a	25
City of Clovis	193	78	146	417
City of Hanford	140	48	10	198
City of Hughson	n/a	14	n/a	14
Superior Courts of Kings County	n/a	35	n/a	35
City of Modesto	n/a	213	670	883
City of Oakdale	39	15	17	71
SJVAPCD (Feb-Dec)	n/a	277	n/a	277
City of Escalon (Mar-Dec)	n/a	17	n/a	17
County of Sutter (Jul-Dec)	n/a	741	37	778
Superior Courts of Sutter County(Jul-Dec)	n/a	48	4	52
City of Marysville(Jul-Dec)	n/a	49	1	50
Totals	5185	5446	2395	13026



San Joaquin Valley Insurance Authority
Participating Entities and Benefits Offered

Group Name	PPO	HMO	Kaiser	Dental PPO	Dental HMO	Vision
County of Tulare	X	X	X	X	X	X
County of Fresno	X	X	X	X	X	X
City of Ceres	X	X	X			X
City of Clovis	x	x	x			
City of Escalon	X					
City of Farmersville	X	X		X		X
City of Gustine	X	X				
City of Hanford	X	X	X			
City of Hughson	X			X		X
Kings County Superior Court	X					X
City of Modesto	X		X			
City of Newman	X	X				
City of Oakdale	X	X	X			
City of Reedley	X	X	X			
City of Riverbank	X	X				
City of Sanger	X	X				
City of San Joaquin	X	X		X		X
San Joaquin Valley APCD	X			X	X	X
City of Shafter	X	X	X			X
Sutter County	X		X	X	X	X
Sutter Superior Courts	X		X			X
City of Tulare	X			X		
City of Wasco	X					X
City of Waterford		X				
City of Marysville	X		X			



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

2016 HMO and PPO Health Plan Renewal



SJVIA

San Joaquin Valley
Insurance Authority

Plan Year: January 1, 2016 - December 31, 2016

Presented By:

Gallagher Benefit Services

CA License #: 0D36879

August 28, 2015

Important Note: This presentation represents estimations of the scope, size and operation of SJVIA subject to its formation and inclusion of the counties to which it is presenting. 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.

San Joaquin Valley Insurance Authority

Paid Claims History - All PPO Plans

2013 Plan Year

Average per Employee (Enrollment lagged 2 months)	44,666	\$391.87	\$141.06	\$532.94
Percentage Change from Prior Year		-3.28%	-9.59%	-5.03%

2014 Plan Year

Month-Year	Enrollment				Total EE's	Paid Claims		
	EE	ES	EC	EF		Medical	Rx	Combined
Jan-14	2,940	419	144	403	3,906	1,480,472	571,763	2,052,235
Feb-14	2,921	428	160	429	3,938	1,668,736	605,630	2,274,366
Mar-14	2,960	422	157	417	3,956	1,644,388	675,050	2,319,438
Apr-14	2,976	429	164	424	3,993	2,073,142	671,780	2,744,922
May-14	2,953	419	162	420	3,954	2,484,196	565,164	3,049,359
Jun-14	2,985	419	164	417	3,985	2,726,546	685,147	3,411,693
Jul-14	2,994	418	164	418	3,994	2,220,215	697,899	2,918,114
Aug-14	2,963	415	167	415	3,960	2,128,869	699,228	2,828,097
Sep-14	2,975	405	164	415	3,959	2,097,173	695,460	2,792,633
Oct-14	2,965	392	162	417	3,936	1,661,621	680,007	2,341,628
Nov-14	2,999	390	160	419	3,968	1,535,711	587,282	2,122,994
Dec-14	<u>2,955</u>	<u>397</u>	<u>169</u>	<u>419</u>	<u>3,940</u>	<u>1,674,435</u>	<u>695,293</u>	<u>2,369,727</u>
Sub Total	35,586	4,953	1,937	5,013	47,489	23,395,504	7,829,703	31,225,207
Rolling 12 month Stop Loss Reimbursement						1,545,548	471,619	2,017,167
Totals						\$21,849,956	\$7,358,084	\$29,208,040
Average per Employee (Enrollment lagged 2 months)					47,094	\$463.96	\$156.24	\$620.21
Percentage Change from Prior Year						18.40%	10.76%	16.38%

2015 Plan Year

Month-Year	Enrollment				Total EE's	Paid Claims		
	EE	ES	EC	EF		Medical	Rx	Combined
Jan-15	3,112	461	179	562	4,314	1,574,864	724,958	2,299,822
Feb-15	3,316	497	179	609	4,601	1,557,323	649,774	2,207,097
Mar-15	3,297	490	185	612	4,584	2,682,686	819,848	3,502,534
Apr-15	3,304	492	184	618	4,598	1,833,906	807,568	2,641,473
May-15	3,290	482	187	624	4,583	2,526,031	827,433	3,353,464
Jun-15	<u>3,300</u>	<u>486</u>	<u>187</u>	<u>614</u>	<u>4,587</u>	<u>2,196,073</u>	<u>926,194</u>	<u>3,122,267</u>
Sub Total	19,619	2,908	1,101	3,639	27,267	12,370,882	4,755,775	17,126,657
Stop Loss Reimbursement						258,826	209,435	468,261
Totals						\$12,112,056	\$4,546,340	\$16,658,396
Average per Employee (Enrollment lagged 2 months)					26,005	\$465.76	\$174.83	\$640.58
Percentage Change from Prior Year						0.39%	11.89%	3.29%
Rolling 12 Month Totals (Enrollment lagged 2 months)					49,793	\$23,688,905	\$8,810,944	\$32,499,850
Average per Employee (Enrollment lagged 2 months)						\$468.04	\$167.85	\$635.89
Percentage Change from Prior Year						0.88%	7.43%	2.53%

San Joaquin Valley Insurance Authority
2016 Claims Projection - PPO Plans
Paid Claims Period: January 2014 through June 2015 (18 months)

	Medical	Rx	Total
Total Paid Claims	\$ 35,766,386	\$ 12,585,478	\$ 48,351,864
Claims in Excess of Pooling	\$ 1,804,374	\$ 681,054	\$ 2,485,428
Total Paid Claims Net of Pooling	\$ 33,962,012	\$ 11,904,424	\$ 45,866,436
Enrollment lagged 2 months	74,075	74,075	
Average Paid Claim for Period	\$ 458.48	\$ 160.71	\$ 619.19
Trend (Med.- 7.00%, Rx - 4.5%)	1.1257	1.0801	1.1139
Projected Paid Claim	\$ 516.11	\$ 173.58	\$ 689.69
Current Monthly Enrollment	4,587	4,587	
Monthly Projected Paid Claims	\$ 2,367,402	\$ 796,194	\$ 3,163,597
2016 Annual Projected Paid Claims	\$ 28,408,830	\$ 9,554,330	\$ 37,963,160
Projected Required Reserve (16%Med/5% Rx)	\$ 4,545,413	\$ 477,716	\$ 5,023,129
Current Reserve*			\$ 11,662,095
Contingent Reserve			\$ 6,638,966
<i>*Calculated from June Claims Data - represents all premiums paid from inception less all costs from inception</i>			

SJVIA 2016 PPO Cost Worksheet

Enrollment	Single	EE +Sp	EE + Ch	Family	Total
Total PPO - June 2015	3,300	486	187	614	4,587
				Total Members	5,675
				Total Non Founding Employees	1,370
2015 Fixed Costs (Budget based on 1.17% increase in 2015):					
	Single	EE +Sp	EE + Ch	Family	Totals
PPO - Specific Stop Loss (HM Life \$450,000 ded. 12/15)	\$ 14.86	\$ 14.86	\$ 14.86	\$ 14.86	\$ 817,954
PPO - Aggregate Stop Loss (HM Life 12/15)	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.91	\$ 50,090
PPO - Blue Cross Core Administration	\$ 28.39	\$ 28.39	\$ 28.39	\$ 28.39	\$ 1,562,699
Viverae	\$ 6.80	\$ 6.80	\$ 6.80	\$ 6.80	\$ 374,299
PPO - Blue Shield / HNAS Administration	\$ 35.38	\$ 35.38	\$ 35.38	\$ 35.38	\$ 140,954
Claims Management/Communication	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 165,132
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 206,415
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 110,088
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 32,880
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 286,229
PCORI Fee	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 13,211
Transitional Reinsurance Fee	\$ 5.16	\$ 5.16	\$ 5.16	\$ 5.16	\$ 351,396
Total PPO Fixed Costs					\$ 4,111,347
2015 Claims Costs:					
PPO - Medical Claims	\$ 458.48	\$ 458.48	\$ 458.48	\$ 458.48	\$ 25,236,652
PPO - Rx Claims	\$ 160.71	\$ 160.71	\$ 160.71	\$ 160.71	\$ 8,845,996
Total Claims	\$ 619.19	\$ 619.19	\$ 619.19	\$ 619.19	\$ 34,082,647
Aggregate Attachment Factors	\$ 803.33	\$ 803.33	\$ 803.33	\$ 803.33	\$ 44,218,497
Projected Total PPO Cost					\$ 38,193,994
Current PPO Plan Rates/Funding					\$ 41,424,465

2016 Fixed Costs: (Projected)					
	Single	EE +Sp	EE + Ch	Family	Totals
PPO - Specific Stop Loss (HM Life \$450,000 ded. 12/15)	\$ 16.35	\$ 16.35	\$ 16.35	\$ 16.35	\$ 899,749
PPO - Aggregate Stop Loss (HM Life 12/15)	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.96	\$ 52,595
PPO - Blue Cross Core Administration	\$ 26.80	\$ 26.80	\$ 26.80	\$ 26.80	\$ 1,369,051
Viverae	\$ 6.80	\$ 6.80	\$ 6.80	\$ 6.80	\$ 347,371
PPO - Blue Shield / HNAS Administration	\$ 36.52	\$ 36.52	\$ 36.52	\$ 36.52	\$ 145,496
Claims Management/Communication	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 165,132
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 206,415
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 110,088
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 32,880
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 286,229
PCORI Fee	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 11,804
Transitional Reinsurance Fee	\$ 3.40	\$ 3.40	\$ 3.40	\$ 3.40	\$ 187,275
Total PPO Fixed Costs					\$ 3,814,085
				% Change	-7.23%
2016 Claims Costs: (Projected)					
PPO - Projected Claims	\$ 516.11	\$ 516.11	\$ 516.11	\$ 516.11	\$ 28,408,830
PPO - Projected Rx Claims	\$ 173.58	\$ 173.58	\$ 173.58	\$ 173.58	\$ 9,554,330
Total Claims	\$ 689.69	\$ 689.69	\$ 689.69	\$ 689.69	\$ 37,963,160
Aggregate Attachment Factors	\$ 803.33	\$ 803.33	\$ 803.33	\$ 803.33	\$ 44,218,497
Projected Total PPO Cost					\$ 41,777,244
Current PPO Plan Rates/Funding					\$ 41,424,465
Rate Action					0.85%

Paid Claims History - All HMO Plans

2013 Plan Year

Totals	60,625	\$15,705,371	\$23,153,816	\$7,817,880	\$46,677,066
Average per Employee (Enrollment lagged 2 months)	59,690	\$259.06	\$387.90	\$130.97	\$781.99
Percentage Change from Prior Year			9.04%	0.87%	6.92%

2014 Plan Year

Month-Year	Enrollment				Total EE's	Capitation	Non Capitated Paid Claims		
	EE	ES	EC	EF			Medical	Rx	Combined
Jan-14	2,402	640	1,435	739	5,216	1,410,719	1,453,807	782,651	3,647,177
Feb-14	2,406	638	1,434	742	5,220	1,411,801	1,730,576	783,486	3,925,863
Mar-14	2,426	648	1,452	740	5,266	1,424,242	1,861,256	936,204	4,221,702
Apr-14	2,447	642	1,452	727	5,268	1,424,783	1,594,156	764,169	3,783,109
May-14	2,459	627	1,432	726	5,244	1,418,292	2,289,930	860,911	4,569,133
Jun-14	2,471	627	1,433	727	5,258	1,422,079	2,217,380	840,840	4,480,299
Jul-14	2,484	621	1,441	726	5,272	1,425,865	1,841,435	918,746	4,186,046
Aug-14	2,472	629	1,438	730	5,269	1,425,054	1,995,472	861,082	4,281,608
Sep-14	2,468	617	1,429	723	5,237	1,416,399	2,669,075	905,176	4,990,650
Oct-14	2,480	613	1,436	723	5,252	1,420,456	2,915,330	794,540	5,130,326
Nov-14	2,493	605	1,441	729	5,268	1,424,783	1,288,159	804,591	3,517,534
Dec-14	<u>2,492</u>	<u>600</u>	<u>1,438</u>	<u>730</u>	<u>5,260</u>	<u>1,422,620</u>	<u>2,765,494</u>	<u>835,600</u>	<u>5,023,713</u>
Sub Total	17,095	4,443	10,079	5,127	63,030	17,047,094	24,622,070	10,087,996	51,757,159
Large Claim Credit (Pooling Limit @ \$400K)							619,029	576,423	1,195,452
Totals	63,030				63,030	\$17,047,094	\$24,003,041	\$9,511,573	\$50,561,708
Average per Employee (Enrollment lagged 2 months)	62,682				62,682	\$271.96	\$382.93	\$151.74	\$806.64
Percentage Change from Prior Year							-1.28%	15.86%	3.15%

2015 Plan Year

Month-Year	Enrollment				Total EE's	Capitation	Non Capitated Paid Claims		
	EE	ES	EC	EF			Medical	Rx	Combined
Jan-15	2,391	667	1,338	820	5,216	1,439,877	2,002,351	898,013	4,340,240
Feb-15	2,373	662	1,355	818	5,208	1,437,668	1,374,758	953,926	3,766,353
Mar-15	2,365	650	1,353	817	5,185	1,431,319	3,177,783	1,114,694	5,723,797
Apr-15	2,365	650	1,348	818	5,181	1,430,215	3,146,480	1,251,650	5,828,345
May-15	2,354	647	1,344	819	5,164	1,425,522	1,988,944	1,010,902	4,425,368
Jun-15	<u>2,368</u>	<u>642</u>	<u>1,349</u>	<u>816</u>	<u>5,175</u>	<u>1,428,559</u>	<u>2,653,397</u>	<u>1,111,280</u>	<u>5,193,235</u>
Sub Total	14,216	3,918	8,087	4,908	31,129	8,593,160	14,343,713	6,340,465	29,277,338
Large Claim Credit (Pooling Limit @ \$400K)							244,554	255,977	500,531
Totals	31,129				31,129	\$8,593,160	\$14,099,159	\$6,084,488	\$28,776,808
Average per Employee (Enrollment lagged 2 months)	31,318				31,318	\$274.38	\$450.19	\$194.28	\$918.86
Percentage Change from Prior Year							17.56%	28.03%	13.91%
Rolling 12 Month Totals (Enrollment lagged 2 months)	62,850				62,850	17,128,337	27,818,678	11,460,200	56,407,215
Average per Employee (Enrollment lagged 2 months)						\$272.53	\$431.52	\$173.53	\$877.58
Percentage Change from Prior Year							12.69%	14.36%	8.79%

San Joaquin Valley Insurance Authority
2016 Claims Projection - HMO Plan
 Paid Claims Period: January 2014 through June 2015 (18 Months)

	<u>Capitation</u>	<u>Non Capitated</u>		<u>Total</u>
		<u>Medical</u>	<u>Rx</u>	
Total Paid Claims	\$ 25,640,254	\$ 38,965,783	\$ 16,428,461	\$ 81,034,498
Claims in Excess of Pooling	<u>\$ 483,563</u>	<u>\$ 863,583</u>	<u>\$ 832,399</u>	<u>\$ 2,179,545</u>
Total Paid Claims Net of Pooling	\$ 25,156,691	\$ 38,102,200	\$ 15,596,062	\$ 78,854,953
Enrollment lagged 2 months	94,200	94,200	94,200	94,200
Average Paid Claim for Period (Non-Cap)	\$ 276.05	\$ 404.48	\$ 165.56	\$ 846.10
Trend (Med.- 7.0,Cap - 5%, Rx -4.5)	1.0849	1.1257	1.0801	1.1035
Projected Paid Claim	\$ 299.50	\$ 455.32	\$ 178.82	\$ 933.64
Current Monthly Enrollment	5,175	5,175	5,175	
Monthly Projected Paid Claims	1,549,913	2,356,303	925,397	4,831,612
2016 Annual Projected Paid Claims	\$ 18,598,950	\$ 28,275,634	\$ 11,104,759	\$ 57,979,344
Projected Required Reserve (16% Medical/5% Rx)	N/A	\$4,524,102	\$555,238	\$5,079,339
Current Reserve*				-\$2,609,720
Reserves Held by Anthem Blue Cross				\$1,065,596
Actual Reserves				-\$1,544,124
<i>*Calculated from June 2015 Claims Data - represents all premiums paid from inception less all costs from inception</i>				

SJVIA 2016 HMO Cost Worksheet

<u>Enrollment</u>	<u>Single</u>	<u>EE +Sp</u>	<u>EE + Ch</u>	<u>Family</u>	<u>Total</u>
Total HMO - April 2015	2,368	642	1,349	816	5,175
					9,860
				Total Nonfounding Employees	641
<u>2015 Fixed Costs (Budget based on 1.17% increase in 2015):</u>	<u>Single</u>	<u>EE +Sp</u>	<u>EE + Ch</u>	<u>Family</u>	<u>Totals</u>
HMO - Pooling (\$400,000)	\$ 26.91	\$ 26.91	\$ 26.91	\$ 26.91	\$ 1,671,111
HMO - Blue Cross MPP Retention	\$ 37.30	\$ 37.30	\$ 37.30	\$ 37.30	\$ 2,316,330
Viverae Wellness	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 251,505
ACA Reinsurance	\$ 8.29	\$ 8.29	\$ 8.29	\$ 8.29	\$ 514,809
Claims Management/Communication	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 186,300
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 232,875
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 124,200
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 15,384
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 322,920
Total Fixed Cost	\$ 92.50	\$ 92.50	\$ 92.50	\$ 92.50	\$ 5,635,434
<u>2015 Claims Costs:</u>					
HMO - Capitation	\$ 276.05	\$ 276.05	\$ 276.05	\$ 276.05	\$ 17,142,705
HMO - Medical Claims	\$ 360.47	\$ 360.47	\$ 360.47	\$ 360.47	\$ 22,385,187
HMO - Rx Claims	\$ 140.86	\$ 140.86	\$ 140.86	\$ 140.86	\$ 8,747,406
Total Claims	\$ 777.38	\$ 777.38	\$ 777.38	\$ 777.38	\$ 48,275,298
<i>Aggregate Factors</i>	\$ 509.37	\$ 509.37	\$ 509.37	\$ 509.37	\$ 31,631,877
Projected Total HMO Cost					\$ 53,910,732
<u>2016 Fixed Costs: (Projected)</u>	<u>Single</u>	<u>EE +Sp</u>	<u>EE + Ch</u>	<u>Family</u>	<u>Totals</u>
HMO - Pooling (\$400,000)	\$ 25.58	\$ 25.58	\$ 25.58	\$ 25.58	\$ 1,588,518
HMO - Blue Cross MPP Retention	\$ 40.96	\$ 40.96	\$ 40.96	\$ 40.96	\$ 2,543,616
Viverae Wellness	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 251,505
ACA Reinsurance/PCORI	\$ 5.24	\$ 5.24	\$ 5.24	\$ 5.24	\$ 325,380
Claims Management/Communication	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 186,300
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 232,875
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 124,200
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 15,384
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 322,920
Total Fixed Cost	\$ 91.78	\$ 91.78	\$ 91.78	\$ 91.78	\$ 5,590,698
				% Change	4%
<u>2016 Claims Costs: (Projected)</u>					
HMO - Capitation	\$ 299.50	\$ 299.50	\$ 299.50	\$ 299.50	\$ 18,598,950
HMO - Projected Medical Claims	\$ 455.32	\$ 455.32	\$ 455.32	\$ 455.32	\$ 28,275,634
HMO - Projected Rx Claims	\$ 178.82	\$ 178.82	\$ 178.82	\$ 178.82	\$ 11,104,759
Total Claims	\$ 933.64	\$ 933.64	\$ 933.64	\$ 933.64	\$ 57,979,344
<i>Aggregate Factors</i>	\$ 603.08	\$ 603.08	\$ 603.08	\$ 603.08	\$ 37,451,268
Projected Total HMO Cost					\$ 63,570,042
Current HMO Plan Funding					\$ 54,378,643
Rate Action					16.90%

San Joaquin Valley Insurance Authority 2016 Renewal Summary and Options

SJVIA at 16% Medical / 5% Rx Reserves
<p>\$105,347,286 SJVIA Required Premium 2015</p> <p>\$10,117,971 Current Estimated Reserves</p> <p style="padding-left: 40px;">\$9,069,514 16% Medical Reserve</p> <p style="padding-left: 40px;"><u>\$1,032,954</u> 5% Rx Reserve</p> <p>\$10,102,469 Reserves needed for 16% Med/5% Rx</p> <p style="padding-left: 40px;">\$15,502 Surplus/Shortfall (Not reflected in renewal increase)</p>
\$105,331,784 Adjusted SJVIA premium
<p><i>*Calculated from June 2015 Claims Data - represents all premiums paid from inception less all costs from inception. This total also includes HMO reserves held by Anthem which are not available for any offset to rate increase.</i></p>

2015 Rate Action - Maintain 16% Medical/5% Rx reserve			
	PPO	HMO	SJVIA Total
2015 Premium Funding	\$41,424,465	\$54,378,643	\$95,803,107
2016 Projected Costs	\$41,777,244	\$63,570,042	\$105,347,286
	0.85%	16.90%	9.96%

Renewal Options	PPO	HMO	SJVIA Total
Option 1 - Fully Blended*	\$45,551,288	\$59,795,998	\$105,347,286
<i>*Status Quo</i>	9.96%	9.96%	9.96%
Option 2 - Partially Blended Renewal	\$44,531,299	\$60,815,987	\$105,347,286
	7.50%	11.84%	9.96%
Option 3 - Partially Blended Renewal	\$43,454,263	\$61,893,023	\$105,347,286
	4.90%	13.82%	9.96%
Option 4 - Partially Blended Renewal	\$42,667,198	\$62,680,087	\$105,347,286
	3.00%	15.27%	9.96%

San Joaquin Valley Insurance Authority
2016 Renewal Summary and Options

SJVIA at 14% Medical / 5% Rx Reserves
<p>\$105,347,286 SJVIA Required Premium 2015</p> <p>\$10,117,971 Current Estimated Reserves</p> <p>\$7,935,825 14% Medical Reserve</p> <p><u>\$1,032,954</u> 5% Rx Reserve</p> <p>\$8,968,779 Reserves needed for 14% Med/5% Rx</p> <p>\$1,149,192 Contingency reserve used in 2016 rate calculation</p>
\$104,198,094 Adjusted SJVIA premium

2015 Rate Action - Maintain 14% Medical/5% Rx reserve			
	PPO	HMO	SJVIA Total
2015 Premium Funding	\$41,424,465	\$54,378,643	\$95,803,107
2016 Projected Costs	\$41,321,513	\$62,876,581	\$104,198,094
	-0.25%	15.63%	8.76%

Renewal Options (14% Reserve)			
	PPO	HMO	SJVIA Total
Option 1 - Fully Blended*	\$45,130,877	\$59,067,217	\$104,198,094
<i>*Status Quo</i>	8.95%	8.62%	8.76%
Option 2 - Partially Blended Renewal	\$44,531,299	\$59,666,795	\$104,198,094
	7.50%	9.72%	8.76%
Option 3 - Partially Blended Renewal	\$43,454,263	\$60,743,831	\$104,198,094
	4.90%	11.71%	8.76%
Option 4 - Partially Blended Renewal	\$42,667,198	\$61,530,896	\$104,198,094
	3.00%	13.15%	8.76%



BOARD OF DIRECTORS

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

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
August 28, 2015 9:00 AM**

AGENDA DATE: August 28, 2015

ITEM NUMBER: 13

SUBJECT: Adopt Fiscal Year Budget for 2015-2016 (A)

REQUEST(S): That the Board adopt the 2015-2016 Fiscal Year Budget

DESCRIPTION:

The SJVIA has adopted a fiscal year that runs from July 1st to June 30th. Therefore, your Board formally adopts a new budget each fiscal year. Revenue and expenditures for all plans are included for all entities currently participating in the SJVIA.

As requested in the past, the prior fiscal year 2014-15 SJVIA budget is included in your materials for reference.

The budget presented for approval is calculated based on current fixed costs and claims projections utilizing current enrollment for the period of July 1 through the end of the 2015 calendar year. To complete the fiscal year calculations, any increase to fixed cost components and claims projections as well as the overall premium increase for revenue calculations is included. Also, these amounts are calculated using current enrollment. Historically the budget has been revised at the first meeting of the new calendar year to account for changes in enrollment and the addition of new entities to the SJVIA.

This budget includes assumptions of your Board approving renewal action as follows:

1. Anthem Blue Cross HMO and PPO and Blue Shield PPO at 9.9% increase
2. Kaiser HMO at 7.75% increase
3. Delta Dental PPO at a 4.11% reduction
4. Delta Dental HMO at 5.38% increase
5. Vision Service Plan at no increase

AGENDA: San Joaquin Valley Insurance Authority

DATE: August 28, 2015

Accordingly, the attached budget reflects the projected costs and revenue for fiscal year 2015-16 given the above. The proposed budget will be revised according to actions taken as part of this Board meeting and brought back for approval at the next meeting.

FISCAL IMPACT/FINANCING:

This budget revises the revenue to \$144,735,288 and expenses to \$141,598,360 for the 2015-16 fiscal year.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager

SJVIA 2015-16 FISCAL BUDGET

Adopted August 28, 2015

REVENUE

SJVIA Health Plan Revenue	
Medical & Rx	\$ 112,908,818
Dental	\$ 6,770,654
Vision	\$ 1,320,429
Kaiser Premium	\$ 23,735,387
TOTAL REVENUE	\$ 144,735,288

EXPENSES: Fixed

1 Specific & Aggregate Stop Loss Insurance (PPO)	\$ 1,092,464
2 Administration & Network Fees (Anthem PPO)	\$ 1,696,429
2 Administration & Network Fees (Blue Shield PPO)	\$ 142,793
3 Viverae Wellness and Disease Management	\$ 867,816
4 Chimienti Associates/Hourglass Administration (Anthem & Kaiser)	\$ 783,370
5 GBS Consulting	\$ 556,305
6 SJVIA Association Fee	\$ 301,296
7 SJVIA Non-Founding Member Fee	\$ 92,424
8 Wellness/Communications	\$ 451,944
9 Anthem HMO Pooling	\$ 1,617,847
10 Anthem HMO Administration/Retention	\$ 2,412,130
11 ACA Reinsurance/PCORI (PPO)	\$ 297,222
11 ACA Reinsurance/PCORI (HMO)	\$ 417,022
TOTAL FIXED EXPENSES	\$ 10,729,061

EXPENSES: Claims

12 Projected Paid Claims PPO	\$ 44,425,269
13 Projected Non-Cap HMO Claims	\$ 37,016,606
14 Anthem MMP HMO Capitation (Fixed Claims Cost)	\$ 17,739,602
TOTAL CLAIMS EXPENSES	\$ 99,181,477

15 Delta Dental	\$ 6,770,654
16 VSP	\$ 1,320,429
17 Kaiser Permanente	\$ 23,596,739
	\$ 31,687,822

TOTAL PROJECTED EXPENSES

\$ 141,598,360

Impact to Reserves

\$ 3,136,928

Beginning Reserve	\$ 10,117,971
Add - Revenue	\$ 144,735,288
Less - Expenses	\$ (141,598,360)
Equals - Ending Reserves	\$ 13,254,899



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
August 28, 2015 9:00 AM**

AGENDA DATE: August 28, 2015

ITEM NUMBER: 14

SUBJECT: Authorization of the Release of Proposals for Participation and Execution of Participation Agreement(s) for County of Yuba and County of Modoc (A)

REQUEST(S): That the Board authorize the Release of Proposals for Participation and Execution of Participation Agreement(s) for County of Yuba and County of Modoc

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 Member Underwriting Guidelines were revised on [July 20, 2012](#) to accommodate growth and the addition of smaller entities. Finally, on [April 19, 2013](#), the [Member Underwriting Guidelines](#) were revised to be consistent with industry standards to include standard minimum participation and employer contribution requirements and mandate that a minimum of twelve months of claims experience be considered when developing rates.

The Underwriting Committee is in the process of reviewing these proposals and upon approval seeks authority to release an illustrative proposal for the County of Modoc (135) and County of Yuba (705).

Upon approval of the 2016 SJVIA rates on today's agenda, the recommended action would allow for release of these proposals, and contingent upon acceptance and approval of the respective entity's governing body, it is recommended that the Board authorize the Board President to execute the participation agreement.

AGENDA: San Joaquin Valley Insurance Authority

DATE: August 28, 2015

FISCAL IMPACT/FINANCING:

Should any of the requesting entities choose to join the SJVIA, the budget would increase by their respective projected annual premiums, along with expenses increasing by a similar number.

<u>Entity</u>	<u>Members</u>	<u>Projected Annual Premium</u>
1. County of Yuba	705	\$9,975,000
2. County of Modoc	135	\$2,100,000
Total	840	\$12,075,000

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager