

AGENDA

BOARD OF DIRECTORS

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 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 October 28, 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 and Authorize Staff to Seek Emergency Funding Should the Need Arise (A)
9. Receive and File Consultant's SJVIA Executive Claims Summary through September 2016 (I)
10. Receive and File Claims Utilization Report from Anthem Blue Cross Regarding the HMO and PPO Claims (I)
11. Receive Update on Member Entity Termination Notifications (I)
12. Approve Proposed Participation Agreement Revisions and Authorize President to Execute SJVIA Participation Agreements and Amendments to SJVIA Participation Agreements, as needed, Effective January 1, 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 559-600-1810 or the Assistant SJVIA Manager at 559-636-4900. 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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13. Approve Reinsurance Plan Renewal Rates for Plan Year 2017 and Authorize Staff to Execute Agreements (A)
14. Receive and File update on Affordable Care Act Fees and Taxes (I)
15. Approve Engagement Letter from Price, Paige and Company to Audit Financial Statements for Fiscal Year ended June 30, 2014 (A)
16. Closed Session CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION (Gov. Code, § 54956.9, subd. (d)(4)). No. of potential cases: 1
17. Adjournment

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**Meeting Location:
County of Tulare
Board of Supervisors Chambers
2800 W. Burrel Ave.
Visalia, CA 93291
October 28, 2016 9:00 AM**

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

All Directors present, voting quorum available.

4. Approval of Agenda (A)

Motion to approve by Director Worthley, Seconded by Director Ennis.
Motion unanimously 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 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.

Public comment made by Betina McCoy, City of Ceres and Christina Torres.

6. Approval of Minutes – Board Meeting of August 26, 2016 and September 2, 2016 (A)

Motion to approve by Director Worthley, Seconded by Director Pacheco.
Director Ennis abstained from voting. Motion approved 6-0.

7. SJVIA Director Questions, Announcements, and Activity Reports (Gov. Code, § 54954.2, subd. (a)(2)) (I)

No Director Comments or Announcements.

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October 28, 2016 9:00 AM**

8. Approve Proposed 2017 Board Meeting Calendar & December meeting (A)

Presented by Paul Nerland, SJVIA Manager.

Motion to approve by Director Ennis, Seconded by Director Worthley.
Motion unanimously approved.

9. Receive Update from Auditor-Treasurer on Cash Flow Projections (I)

Presented by Lawrence Seymour, County of Fresno.

10. Receive and File Auditor-Treasurer's First Quarter 2016-2017 Financial Report (I)

Presented by Lawrence Seymour, County of Fresno.

11. Receive and File Consultant's SJVIA Executive Claims Summary through August 2016 (I)

Presented by John McCue, Gallagher Benefit Services.

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**Meeting Location:
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Board of Supervisors Chambers
2800 W. Burrel Ave.
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October 28, 2016 9:00 AM**

12. Receive Update on Member Entity Termination Notifications & SJVIA Impact (I)

Presented by Mark Tucker, Gallagher Benefit Services

Public Comment made by Bobby Boyd.

13. Approve Proposed Participation Agreement Revisions and Authorize President to Execute SJVIA Participation Agreements and Amendments to SJVIA Participation Agreements, as needed, Effective January 1, 2017 (A)

Presented by Paul Nerland, SJVIA Manager, County of Fresno

Public Comment made by Jim Zervis, City of Shafter

Motion to forward to remaining entities and solicit feedback to be discussed at next scheduled board meeting by Director Pacheco, Seconded by Director Mendes

Motion approved unanimously.

14. Receive report on the status of the SJVIA Consultant RFP and direction to staff regarding the selection committee (A)

Presented by Larry Gomez, County of Fresno

Motion to approve by Director Ennis, Seconded by Director Worthley

Motion approved unanimously.

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**Meeting Location:
County of Tulare
Board of Supervisors Chambers
2800 W. Burrel Ave.
Visalia, CA 93291
October 28, 2016 9:00 AM**

15. Receive correspondence from the County of Sutter requesting claims information and a new Open Enrollment period in the next six months and give appropriate direction to staff (A)

Presented by Steve Smith, Interim Assistant CAO for the County of Sutter.

Motion to Approve by Director Worthley, Motion seconded by Director Ennis. Motion unanimously approved.

16. Receive and consider request by the County of Fresno to freeze enrollment in the Kaiser plan prospectively and approve revised rates if necessary (A)

Presented by Rhonda Sjostrom, County of Tulare. Additional comments made by Mark Tucker, Gallagher Benefit Services and Kate Kessler, Kaiser.

Public comment made by Mark Cardoza, Riley Talford, Colleen Biswall, OC Segura, Daniel Bettencourt, and Bobby Boyd.

Motion by Director Worthley to table this agenda item and discuss again during the February 17, 2017 board meeting. Motion seconded by Director Poochigian. Motion approved unanimously.

17. Authorize President to Execute Amendment to Administrative Services Agreement with Anthem Blue Cross Regarding Anthem Provider Network Requirements (A)

Presented by Paul Nerland, SJVIA Manager.

Director Poochigian requested that the Board receive the original agreement with the changes red lined to highlight the changes.

Motion to approve by Director Worthley. Motion seconded by Director Mendes. Motion approved unanimously.

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18. Closed Session –CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION (Gov. Code, § 54956.9, subd. (d)(2)). No. of potential cases: 1- Language in termination letters from participating entities

19. Closed Session CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION (Gov. Code, § 54956.9, subd. (d)(4)). No. of potential cases: 1

20. Adjournment

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Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 9

SUBJECT: Receive and File Consultant's SJVIA Executive Claims Summary through October 2016 (I)

REQUEST(S): That the Board receive and file SJVIA Executive Claims Summary through October 2016

DESCRIPTION:

Informational item, please see attached report.

FISCAL IMPACT/FINANCING:

ADMINISTRATIVE SIGN-OFF:

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

Paul Nerland
SJVIA Manager

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

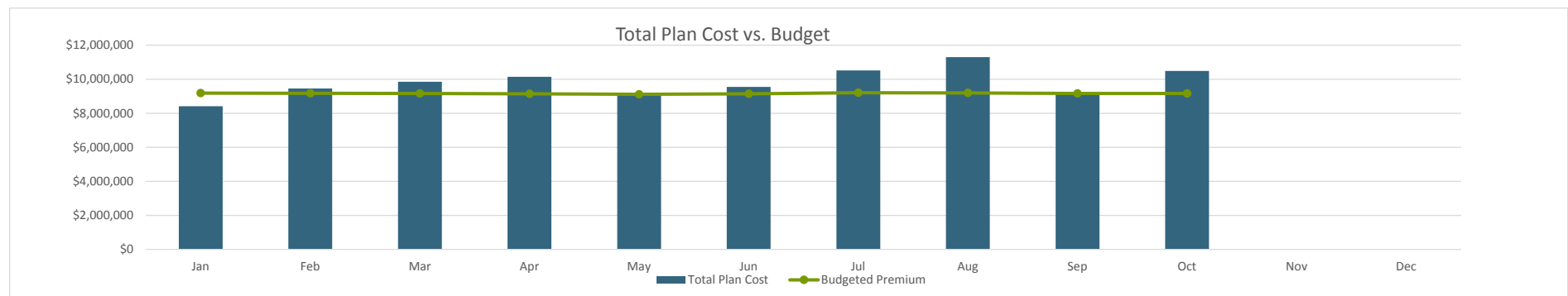
Rhonda Sjostrom
SJVIA Assistant Manager

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
Enrollment													
Employee Only													
Employee + Spouse													
Employee + Child(ren)													
Employee + Family													
Total Employees	10,303	10,299	10,284	10,284	10,262	10,316	10,329	10,306	10,291	10,294			10,303
Paid Claims													
Medical	\$4,176,111	\$5,027,646	\$5,270,392	\$5,778,381	\$5,527,000	\$5,035,233	\$6,254,234	\$6,615,146	\$4,756,582	\$5,909,935			\$54,350,660
Prescription Drug	\$2,050,280	\$2,245,249	\$2,411,418	\$2,196,680	\$2,335,207	\$2,345,710	\$2,073,602	\$2,508,057	\$2,340,429	\$2,407,392			\$22,914,024
Capitation	\$1,379,797	\$1,375,903	\$1,371,411	\$1,367,367	\$1,367,218	\$1,366,918	\$1,370,512	\$1,361,527	\$1,356,735	\$1,357,634			\$13,675,022
Total Gross Paid Claims	\$7,606,188	\$8,648,798	\$9,053,221	\$9,342,428	\$9,229,425	\$8,747,861	\$9,698,348	\$10,484,730	\$8,453,746	\$9,674,961			\$90,939,706
Total Pooled Claims	\$0	\$0	\$0	\$0	\$974,407	\$0	\$0	\$0	\$171,585	\$0			\$1,145,992
Total Net Paid Claims	\$7,606,188	\$8,648,798	\$9,053,221	\$9,342,428	\$8,255,018	\$8,747,861	\$9,698,348	\$10,484,730	\$8,282,161	\$9,674,961			\$89,793,714
Average Cost Per Employee	\$738.25	\$839.77	\$880.32	\$908.44	\$804.43	\$847.99	\$938.94	\$1,017.34	\$804.80	\$939.86			\$872.05
Total Fixed Costs	\$802,658	\$801,974	\$800,848	\$800,553	\$799,336	\$803,653	\$818,858	\$817,004	\$814,756	\$816,007			\$8,075,647
Total Costs (Claims + Fixed)	\$8,408,846	\$9,450,772	\$9,854,069	\$10,142,981	\$9,054,354	\$9,551,514	\$10,517,206	\$11,301,734	\$9,096,917	\$10,490,968			\$97,869,361
Total Premium	\$9,188,606	\$9,179,348	\$9,164,499	\$9,144,320	\$9,116,071	\$9,146,818	\$9,207,527	\$9,192,085	\$9,163,719	\$9,164,660			\$91,667,653
Total Costs vs. Premium													
\$ Variance	\$779,760	(\$271,424)	(\$689,570)	(\$998,661)	\$61,717	(\$404,696)	(\$1,309,679)	(\$2,109,649)	\$66,802	(\$1,326,308)			(\$6,201,708)
% Variance	91.5%	103.0%	107.5%	110.9%	99.3%	104.4%	114.2%	123.0%	99.3%	114.5%			106.8%



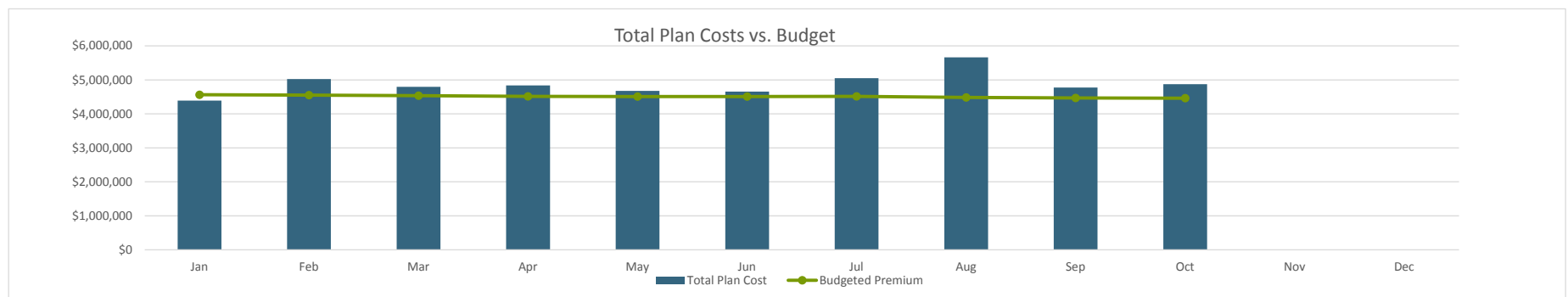
This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, 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

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
Enrollment													
Employee Only													
Employee + Spouse													
Employee + Child(ren)													
Employee + Family													
Total Employees	4,607	4,594	4,579	4,566	4,565	4,564	4,576	4,546	4,530	4,533			4,607
Paid Claims													
Medical	\$1,569,204	\$2,175,671	\$1,839,129	\$1,998,426	\$2,382,048	\$1,783,005	\$2,210,593	\$2,796,238	\$2,048,810	\$2,021,207			\$20,824,331
Prescription Drug	\$1,038,360	\$1,073,967	\$1,185,061	\$1,074,355	\$1,066,691	\$1,106,535	\$1,069,225	\$1,108,980	\$1,049,391	\$1,099,816			\$10,872,381
Capitation	\$1,379,797	\$1,375,903	\$1,371,411	\$1,367,367	\$1,367,218	\$1,366,918	\$1,370,512	\$1,361,527	\$1,356,735	\$1,357,634			\$13,675,022
Total Gross Paid Claims	\$3,987,361	\$4,625,541	\$4,395,601	\$4,440,148	\$4,815,957	\$4,256,458	\$4,650,330	\$5,266,745	\$4,454,936	\$4,478,657			\$45,371,734
Total Pooled Claims / Rx Rebates	\$0	\$0	\$0	\$0	\$535,924	\$0	\$0	\$0	\$75,525	\$0			\$611,449
Total Net Paid Claims	\$3,987,361	\$4,625,541	\$4,395,601	\$4,440,148	\$4,280,033	\$4,256,458	\$4,650,330	\$5,266,745	\$4,379,411	\$4,478,657			\$44,760,285
Average Med Claims Per EE	\$340.61	\$473.59	\$401.64	\$437.68	\$521.81	\$390.67	\$483.08	\$615.10	\$452.28	\$445.89			
Average Drug Claims Per EE	\$225.39	\$233.78	\$258.80	\$235.29	\$233.67	\$242.45	\$233.66	\$243.95	\$231.65	\$242.62			
Total Fixed Costs	\$401,320	\$400,211	\$398,917	\$397,764	\$397,727	\$397,332	\$398,370	\$396,078	\$394,690	\$395,263			\$3,977,672
Total Costs (Claims + Fixed)	\$4,388,681	\$5,025,752	\$4,794,518	\$4,837,912	\$4,677,760	\$4,653,790	\$5,048,700	\$5,662,823	\$4,774,101	\$4,873,920			\$48,737,957
Total Premium	\$4,563,301	\$4,548,798	\$4,533,297	\$4,515,915	\$4,511,691	\$4,508,016	\$4,514,780	\$4,485,729	\$4,466,980	\$4,460,339			\$45,108,846
Total Costs vs. Premium													
\$ Variance	\$174,620	(\$476,954)	(\$261,221)	(\$321,997)	(\$166,069)	(\$145,774)	(\$533,920)	(\$1,177,094)	(\$307,121)	(\$413,581)			(\$3,629,111)
% Variance	96.2%	110.5%	105.8%	107.1%	103.7%	103.2%	111.8%	126.2%	106.9%	109.3%			108.0%



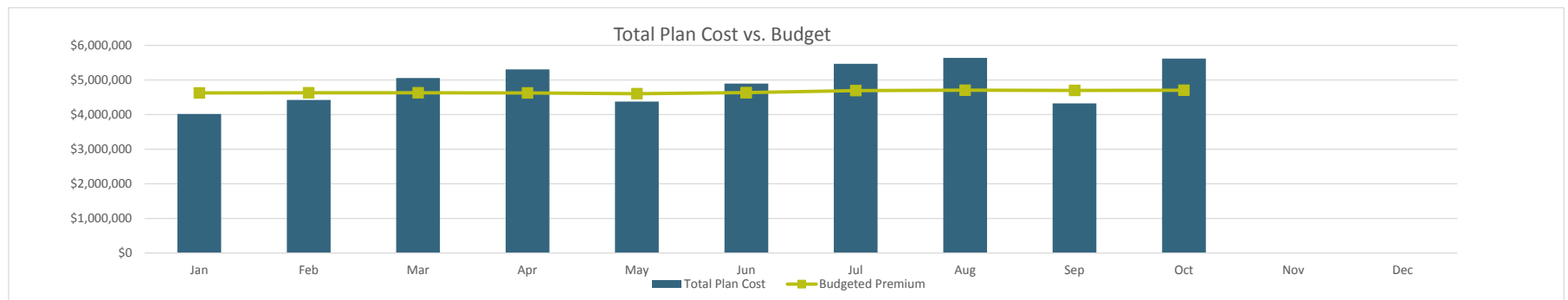
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SJIA

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
Enrollment													
Employee Only													
Employee + Spouse													
Employee + Child(ren)													
Employee + Family													
Total Employees	5,696	5,705	5,705	5,718	5,697	5,752	5,753	5,760	5,761	5,761			5,696
Paid Claims													
Medical	\$2,606,907	\$2,851,975	\$3,431,263	\$3,779,955	\$3,144,952	\$3,252,228	\$4,043,641	\$3,818,908	\$2,707,772	\$3,888,728			\$33,526,329
Prescription Drug	\$1,011,920	\$1,171,282	\$1,226,357	\$1,122,325	\$1,268,516	\$1,239,175	\$1,004,377	\$1,399,077	\$1,291,038	\$1,307,576			\$12,041,643
Total Gross Paid Claims	\$3,618,827	\$4,023,257	\$4,657,620	\$4,902,280	\$4,413,468	\$4,491,403	\$5,048,018	\$5,217,985	\$3,998,810	\$5,196,304			\$45,567,972
Total Pooled Claims / Rx Rebates	\$0	\$0	\$0	\$0	\$438,483	\$0	\$0	\$0	\$96,060	\$0			\$534,543
Total Net Paid Claims	\$3,618,827	\$4,023,257	\$4,657,620	\$4,902,280	\$3,974,985	\$4,491,403	\$5,048,018	\$5,217,985	\$3,902,750	\$5,196,304			\$45,033,429
Average Med Claims Per EE	\$457.67	\$499.91	\$601.45	\$661.06	\$552.04	\$565.41	\$702.88	\$663.00	\$470.02	\$675.01			
Average Drug Claims Per EE	\$177.65	\$205.31	\$214.96	\$196.28	\$222.66	\$215.43	\$174.58	\$242.90	\$224.10	\$226.97			
Total Fixed Costs	\$401,338	\$401,763	\$401,931	\$402,789	\$401,609	\$406,321	\$420,488	\$420,926	\$420,066	\$420,744			\$4,097,975
Total Costs (Claims + Fixed)	\$4,020,165	\$4,425,020	\$5,059,551	\$5,305,069	\$4,376,594	\$4,897,724	\$5,468,506	\$5,638,911	\$4,322,816	\$5,617,048			\$49,131,404
Total Premium	\$4,625,305	\$4,630,550	\$4,631,202	\$4,628,405	\$4,604,380	\$4,638,802	\$4,692,747	\$4,706,356	\$4,696,739	\$4,704,321			\$46,558,807
Total Costs vs. Premium													
\$ Variance	\$605,140	\$205,530	(\$428,349)	(\$676,664)	\$227,786	(\$258,922)	(\$775,759)	(\$932,555)	\$373,923	(\$912,727)			(\$2,572,597)
% Variance	86.9%	95.6%	109.2%	114.6%	95.1%	105.6%	116.5%	119.8%	92.0%	119.4%			105.5%



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**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM**

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 10

SUBJECT: Receive and File Claims Utilization Report from Anthem Blue Cross Regarding HMO and PPO Claims (I)

REQUEST(S): That the Board receive and file Claims Utilization Report from Anthem Blue Cross regarding HMO and PPO claims

DESCRIPTION:

Anthem Blue Cross has provided the attached report with claims utilization data for the San Joaquin Valley Insurance Authority. Included in the report are recommended initiatives and opportunities that the SJVIA may want to consider going forward in order to reduce the overall claims costs.

Recommendations for reducing claims utilization include:

- Promote and/or incentivize use of Live Health Online Telemedicine program currently available
- Educate and promote use of urgent care services in place of emergency room services when at all possible
- Continue to promote and encourage Diabetes Prevention Program (DPP)
- Develop wellness plan targeting lifestyle conditions linked to the top five conditions within the SJVIA
- Participate and promote Time Well Spent program available to all participating entities
- Educate and promote member usage of Anthem Blue Cross mobile app and Estimate Your Cost tool available

AGENDA: San Joaquin Valley Insurance Authority

DATE: December 8, 2016

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager

Building
healthy
communities
together

San Joaquin Valley Insurance Authority

Anthem Blue Cross



Findings	Initiatives/Opportunities
<p>Emergency Room, (ER) Low intensity or possible avoidable ER visits represent 56.3% of ER visits.</p> <ul style="list-style-type: none"> ER low intensity was 60.5% in prior period Benchmark 49%, Gold standard 39% 	<ul style="list-style-type: none"> Urgent Care Campaign to promote and educate members on Urgent Care Continue to promote Live Health Online, (LHO) registration and visits <ul style="list-style-type: none"> Promote LHO via email or flyers Consider onsite LHO Kiosks at largest SJVIA locations
<p>High Lifestyle conditions</p> <ul style="list-style-type: none"> Lifestyle conditions account for 28.2% of spend 5 Lifestyle conditions could be associated with Diabetes Musculoskeletal and Cardiac disease are the top health conditions of members 	<ul style="list-style-type: none"> Develop Wellness Plans that targets educational programs to reduce the risk of Lifestyle Conditions. Implement and promote a Musculoskeletal Disorders and/or Cardiac Disease Education campaign <ul style="list-style-type: none"> Increase health education awareness of lifestyle conditions by utilizing free health kits, articles, and posters on Anthems Time Well Spent Website. Continue to promote and encourage member engagement in Diabetes Prevention Program, (DPP). <ul style="list-style-type: none"> Consider requiring all SJVIA clients to promote DPP to their members Integrate with Biometrics Consider incentive for DPP program

Summary:

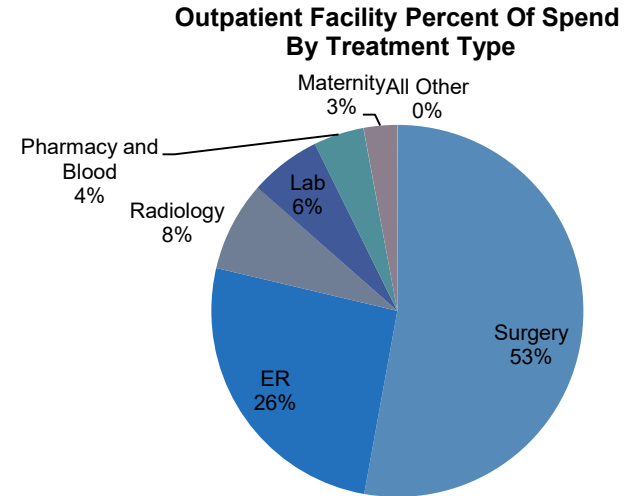
- Inpatient cost and utilization have decreased primarily driven by decreases in inpatient surgeries and inpatient medical admissions

Inpatient Facility	Current	Prior	Trend	Benchmark	Percent Variance
Paid Amount	\$23,590,456	\$23,514,576			
Paid Amount PMPM	\$99.99	\$116.44	-14.1%	\$87.80	13.9%
Acute Admissions Per 1000	62.0	64.5	-4.0%	55.6	11.5%
Annual Acute Days Per 1000	262.7	273.7	-4.0%	242.3	8.4%
Average Length Of Stay - Acute	4.24	4.24	0.0%	4.36	-2.8%
Paid Amount Per Acute Admission	\$18,938	\$21,341	-11.3%	\$18,675	1.4%

Inpatient Service Category	Average LOS	Admits/ 1000	Days/ 1000	Paid Amount	Current PMPM	Prior PMPM	Trend	Bench	Percent Variance
Surgical	3.84	19.9	76.3	\$9,990,718	\$42.35	\$58.29	-27.4%	\$44.97	-5.8%
Medical	4.69	22.5	105.7	\$8,639,294	\$36.62	\$43.86	-16.5%	\$27.39	33.7%
Maternity	3.02	14.8	44.5	\$3,754,927	\$15.92	\$10.10	57.5%	\$9.90	60.8%
Mental Health/Substance Abuse	7.78	4.6	35.6	\$582,986	\$2.47	\$2.43	1.7%	\$2.87	-14.0%
Skilled Nursing	26.75	1.8	49.0	\$348,805	\$1.48	\$0.80	85.4%	\$0.76	94.1%
Rehabilitation	13.29	0.4	4.7	\$175,108	\$0.74	\$0.88	-15.5%	\$0.58	28.1%
Other	*	0.1	0.3	\$93,420	\$0.40	\$0.00	0.0%	\$0.58	-31.7%
Well New Born	*	0.1	0.3	\$5,199	\$0.02	\$0.08	-73.0%	\$0.75	-97.1%
Total	*	64.1	316.4	\$23,590,456	\$99.99	\$116.44	-14.1%	\$87.80	13.9%

Summary:

- OP ER visits/1000 decreased while paid amount per visit has increased indicating there are more emergency room visits that are true emergencies versus low intensity/avoidable
- Outpatient Surgeries was the leading service category by paid amount with a PMPM trend of 23.0%
 - Surgeries in the outpatient facility category are less complex and less costly than inpatient surgeries
- Emergency Room PMPM increased 5.1% but visits/1000 decreased
 - Decrease in utilization and increase in cost indicate that members are using the emergency room more often for true emergencies as opposed to using the emergency room for low intensity visits



Outpatient Service Category	Visits per 1,000	Current Paid PMPM	Trend	Benchmark Paid PMPM	Percent Variance
Surgery	130.5	\$32.52	23.0%	\$31.42	3.5%
Emergency Room	143.0	\$15.86	5.1%	\$18.58	-14.6%
Radiology	138.2	\$4.81	31.1%	\$9.00	-46.6%
Lab & Pathology	175.1	\$3.78	24.4%	\$3.89	-2.7%
Pharmacy & Blood	16.9	\$2.68	114.1%	\$4.52	-40.5%
FACILITY OP - MH/SA	64.8	\$2.57	17.8%	\$2.50	2.7%
Maternity	0.0	\$0.00	0.0%	\$0.00	0.0%
Other	550.7	\$29.28	62.4%	\$25.83	13.3%

Emergency Room Summary:

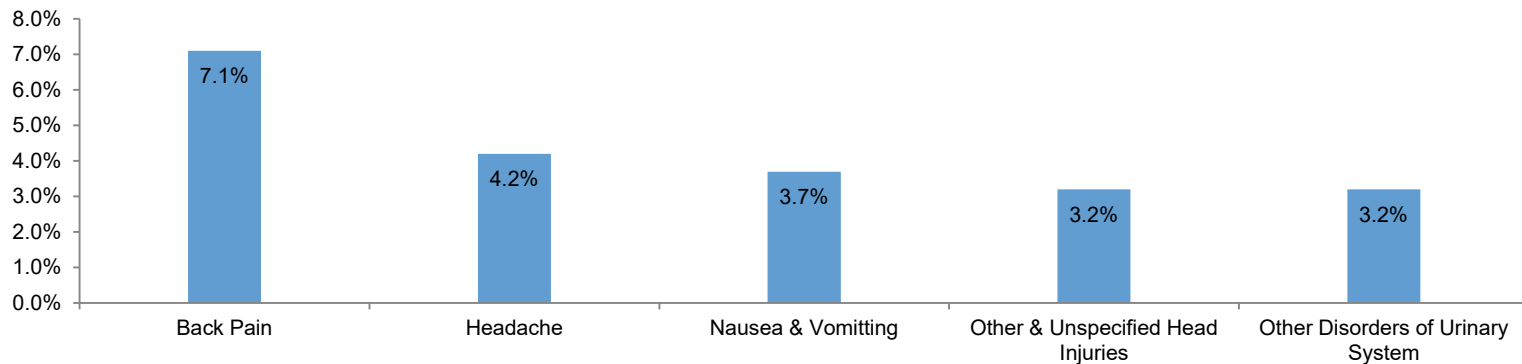
- Emergency Room facility paid amount was 5.8% of the total medical plan paid amount
- Average paid per ER facility visit was \$1,331, 10.4% higher than the prior period, and 5.6% higher than the Benchmark of \$1,260
- ER utilization was 143.0/1000
 - Compared to the Benchmark of 176.9/1000

Low Intensity Summary:

- 56.3% of ER visits were potentially “low intensity” in the current period compared to 60.5% in the prior period
- Low intensity ER utilization was 76.9/1000 compared to the prior period of 86.2/1000 and the Benchmark of 97.8/1000

Top 5 Low Intensity Diagnoses by ER Visits

This chart represents 21.4% of the avoidable ER visits



Professional Cost and Utilization Breakdown

Summary:

- Professional visits/1,000 increased 1.5% while Cost/visit increased 37.8%
- Total PMPM is 12.4% below benchmark

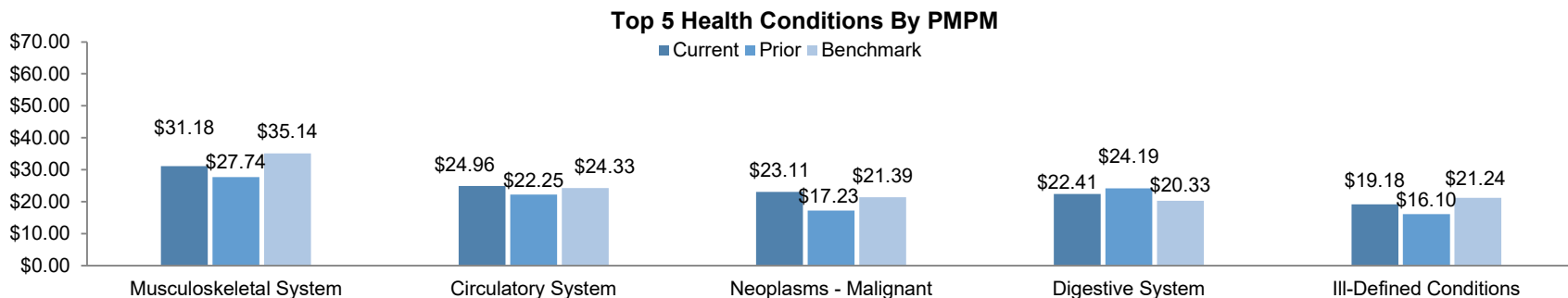
Professional Service Categories	Visits Per 1,000	Total Paid	Current PMPM	Prior PMPM	Trend	Benchmark PMPM	Variance to Benchmark
Office/Home Visits	3051.3	\$2,240,247	\$9.50	\$5.71	66.4%	\$13.49	-29.6%
Medical	908.9	\$2,069,159	\$8.77	\$4.75	84.6%	\$5.78	51.6%
OP Surgery	462.8	\$1,932,648	\$8.19	\$4.64	76.7%	\$14.28	-42.6%
Mental Health / Substance Abuse	809.3	\$1,649,012	\$6.99	\$5.90	18.4%	\$5.32	31.4%
Therapeutic Injections	164.7	\$1,486,085	\$6.30	\$5.52	14.1%	\$4.27	47.6%
Radiology	856.8	\$1,443,290	\$6.12	\$4.46	37.2%	\$6.94	-11.8%
Lab & Pathology	1200.3	\$1,280,224	\$5.43	\$2.91	86.3%	\$6.01	-9.6%
Preventive Services	559.5	\$1,251,289	\$5.30	\$4.07	30.3%	\$8.98	-41.0%
Professional Other	1297.8	\$1,143,042	\$4.84	\$3.10	56.5%	\$8.11	-40.2%
IP Surgery	61.8	\$761,073	\$3.23	\$2.22	45.1%	\$4.86	-33.6%
Maternity	227.0	\$485,270	\$2.06	\$1.05	95.6%	\$3.86	-46.7%
IP Visits	255.1	\$332,307	\$1.41	\$1.65	-14.8%	\$2.54	-44.5%
Other	702.1	\$3,241,484	\$13.74	\$13.41	2.5%	\$9.08	51.4%
Total	10557.4	\$19,315,127	\$81.87	\$59.39	37.8%	\$93.51	-12.4%

Top Five Health Conditions

Summary:

- Top five health condition categories accounted for 43.9% of claims paid for the total plan
- Three of the top Five Health conditions have PMPMs higher than the benchmark (Circulatory, Neoplasms & Digestive)
- Employees drove 65.7% of the expense in the top five health condition categories, the spouses drove 24.4%

Health Condition	Unique Claimants	Inpatient	Outpatient	Professional	Total	% of Total	Paid Amount per Unique Claimant
Musculoskeletal System	6,183	\$2,583,982	\$2,322,817	\$2,448,929	\$7,355,728	11.3%	\$1,190
Circulatory System	3,290	\$3,370,638	\$1,441,866	\$1,077,047	\$5,889,550	9.1%	\$1,790
Neoplasms - Malignant	539	\$1,766,693	\$1,668,913	\$2,015,515	\$5,451,120	8.4%	\$10,113
Digestive System	2,669	\$2,385,769	\$2,175,803	\$724,342	\$5,285,915	8.1%	\$1,980
III-Defined Conditions	7,963	\$227,127	\$2,447,089	\$1,851,783	\$4,525,998	7.0%	\$568



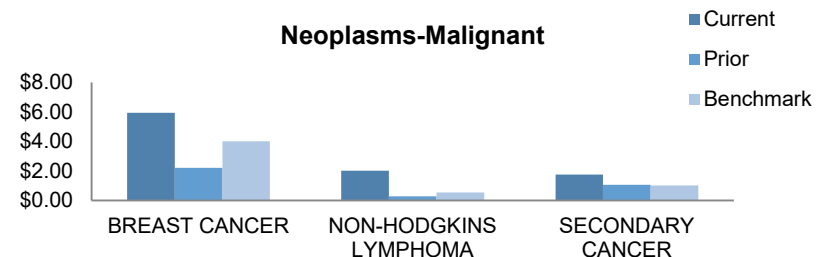
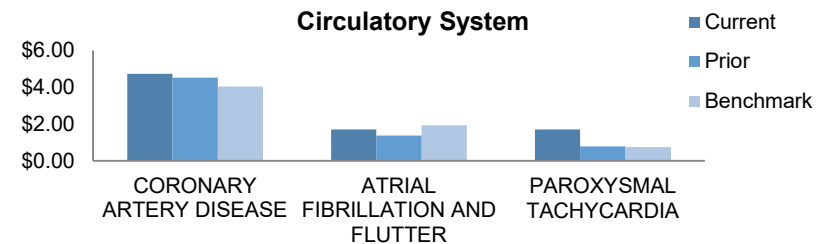
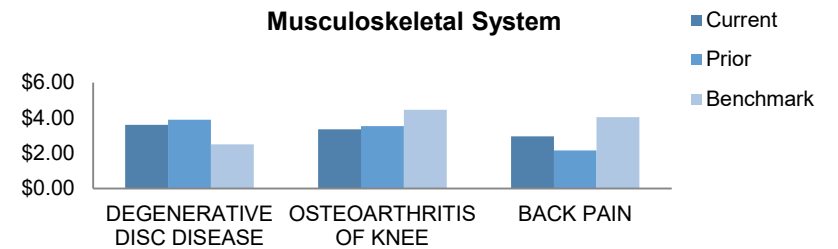
Top 3 Health Conditions With Top 3 Diagnoses

Summary:

- The top three diagnoses of the top three health conditions account to \$28.5M of total costs and affects 64.9% of unique claimants

Health Conditions with Top 3 Diagnoses

Diagnoses	Total	Unique Claimants	% of Total Claimants	Benchmark % of Total Claimants
Musculoskeletal System				
DEGENERATIVE DISC DISEASE	\$851,772	516	2.8%	2.0%
OSTEOARTHRITIS OF KNEE	\$790,898	373	2.0%	1.6%
BACK PAIN	\$698,199	2,290	12.3%	9.5%
Circulatory System				
CORONARY ARTERY DISEASE	\$1,114,711	357	1.9%	1.4%
ATRIAL FIBRILLATION AND FLUTTER	\$404,337	124	0.7%	0.7%
PAROXYSMAL TACHYCARDIA	\$400,914	50	0.3%	0.2%
Neoplasms - Malignant				
BREAST CANCER	\$1,401,100	130	0.7%	0.6%
NON-HODGKINS LYMPHOMA	\$474,045	18	0.1%	0.1%
SECONDARY CANCER	\$411,994	28	0.2%	0.1%



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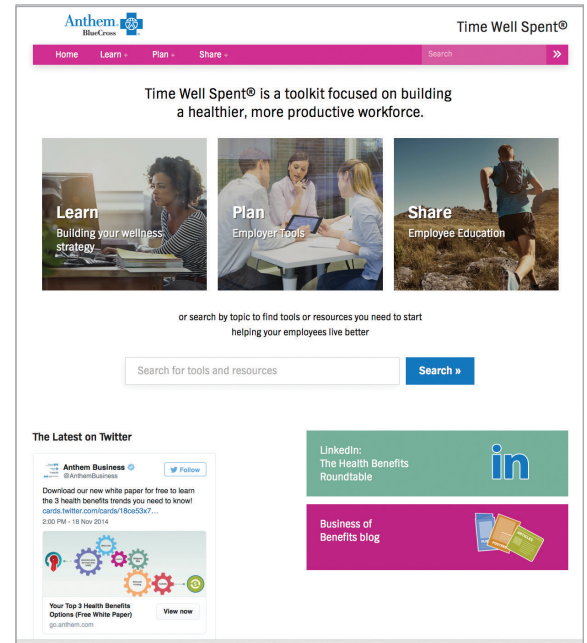
A step-by-step guide to building your wellness strategy, plus tips for getting executives on board and access to webinars to learn more

Plan

All you need to plan or grow your wellness strategy – calendars, challenges, health kits and more

Share

Educational materials that you can pass along to your employees in your workplace



Start your culture of health today at
timewellspent-ca.anthem.com

Here's a snapshot of some of the tools available to you:



Health kits

No-cost, turnkey wellness campaigns focused on important health topics. Each kit includes tools and instructions to help you start an informative, interactive health campaign to create awareness among your employees.



Wellness calendar

Planning your yearly wellness communications? Check it off the list with our wellness calendar. A year of health education to share with your employees includes monthly topics to line up with national health observances.



LunchWell

This kit includes fliers and posters that educate members about the importance of healthy eating and how to choose smart options at lunchtime. Plus, you'll find a comprehensive employer guide to make it simple for you to roll out this campaign in your workplace.



Healthy Hints Challenge

Motivate your employees to make simple, healthy changes with this fun wellness campaign.

Be a smart shopper – it pays to compare

Hospital 1		Hospital 2	
Procedures			
\$3,000	Bronchoscopy	\$5,000	
\$300	Chest CT scan	\$1,000	
\$25,000	Hip replacement	\$36,000	
\$25,000	Knee replacement	\$37,000	

Sample cost comparison*

Different doctors and hospitals may charge different amounts for the same service. So shop around using the **Estimate Your Cost** tool to see costs based on your own benefits. You can also compare the quality of different procedures.

Know your costs before you get care

Go to anthem.com/ca and log in to use the **Estimate Your Cost** tool. Search for the procedure you need and the tool will help guide you.

For even quicker cost comparison, use the **Anthem Blue Cross mobile app**.



* These rates are national averages for the services listed. Your experience may be different depending on your specific plan, the services you receive and the health care provider. Rates as of 2014.

Need a doctor – and no surprises?

Use Care & Cost Finder

Life happens. When it does, we've got your back.

There's a lot to think about when you need care. The best place to go, what's covered by your benefits – and, of course finding a doctor who's a good fit. Care & Cost Finder helps you put an end to the guess work.

Find a doctor, check quality and compare costs – all in one place at anthem.com/ca.

Care & Cost Finder puts the details together to help you make the right choice. You can search for doctors, hospitals and other health care providers in your plan. You'll get important facts like office location, services provided, gender, languages spoken and if providers have received awards for high-quality care.

But finding a doctor is just part of the puzzle. Knowing what you'll pay is important, too. That's why Care & Cost Finder includes costs for different kinds of care. You can compare doctors and costs side by side and get an estimate of what you'll pay based on your benefits.

It's easy to find, easy to use – and all in one place.

Ready to start using the Care & Cost Finder?

Just register or log in
to anthem.com/ca today.



BOARD OF DIRECTORS

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- MIKE ENNIS
- BUDDY MENDES
- BRIAN PACHECO
- DEBORAH A. POOCHIGIAN
- PETE VANDER POEL
- J. STEVEN WORTHLEY

Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 11

SUBJECT: Receive Update on Member Entity Termination Notifications (I)

REQUEST(S): That the Board receive an update on member entity termination notifications

DESCRIPTION:


During the October 28, 2016 Board Meeting it was reported that 15 member entities had chosen not to renew with the SJVIA for the 2017 plan year. Since that time, the City of Reedley, City of Shafter and City of Wasco have given notification of their intent to terminate bringing the total number of entities terminating to 18. Attached is an illustration showing the remaining seven entities and a list of the 18 terminating entities and their membership by plan.

The estimated claims run out has been updated to include all 18 entities intending to terminate, along with an update of the claims data used for the projections to October 2016. The revised updated run out estimation is \$2.2 million dollars.

FISCAL IMPACT/FINANCING:

Projected run out liability for terminated entities is \$2,258,179.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager

2017 Participating Entities

Entity	SJVIA Effective Date	Agreement Expiration Date	Participation			TOTAL
			PPO	HMO	Kaiser	
1 City of Ceres	1/1/2013	12/31/2016	4	77	25	106
2 City of Marysville	7/1/2015	12/31/2018	52	0	1	53
3 City of Riverbank	1/1/2014	12/31/2016	28	18	0	46
4 City of Waterford	6/1/2013	12/31/2016	0	18	0	18
5 County of Fresno	Founding Entity	12/31/2016	645	3500	1432	5577
6 County of Sutter	7/1/2015	12/31/2018	854	0	47	901
7 County of Tulare	Founding Entity	12/31/2016	2522	296	200	3018
			4105	3909	1705	9719

2017 Terminating Entities

Entity	SJVIA Effective Date	Participation Agreement Expiration Date	Participation			TOTAL
			PPO Lives	HMO Lives	Kaiser Lives	
1 City of Clovis	1/1/2015	12/31/2017	90	193	156	439
2 City of Escalon	3/1/2015	12/31/2018	17	0	0	17
3 City of Farmersville	1/1/2014	12/31/2016	28	5	0	33
4 City of Gustine	10/1/2013	12/31/2016	1	17	0	18
5 City of Hanford	1/1/2015	12/31/2017	49	122	14	185
6 City of Hughson	1/1/2015	12/31/2017	15	0	0	15
7 City of Modesto	1/1/2015	12/31/2017	248	0	620	868
8 City of Newman	1/1/2014	12/31/2016	24	1	0	25
9 City of Oakdale	1/1/2015	12/31/2017	18	37	18	73
10 City of Reedley	1/1/2014	12/31/2016	24	88	7	119
11 City of San Joaquin	7/1/2013	12/31/2017	0	17	0	17
12 City of Sanger	7/1/2013	12/31/2016	97	0	11	108
13 City of Shafter	7/1/2013	12/31/2016	107	28	23	158
14 City of Tulare	7/1/2012	12/31/2016	337	0	0	337
15 City of Wasco	1/1/2014	12/31/2016	57	0	0	57
16 San Joaquin Air Pollution CD	2/1/2015	12/31/2018	272	0	0	272
17 Superior Court, Kings County	1/1/2015	12/31/2017	35	0	0	35
18 Superior Court, Sutter County	7/1/2015	12/31/2018	54	6	0	60
			1473	514	849	2836

**SJVIA
RENEWAL UPDATE / ANALYSIS
JANUARY 1, 2017 EFFECTIVE DATE**

	Scenario 1				Scenario 2	
	ORIGINAL RENEWAL - 7/15-6/16		UPDATED EXP (9/15 - 8/16)		UPDATED EXP (9/15 - 8/16) & EXCLUDES KNOWN CANCELLATIONS	
	HMO	PPO	HMO	PPO	HMO	PPO
FRESNO	15.65%	11.80%	15.84%	8.22%	17.10%	8.22%
TULARE	15.65%	11.80%	15.84%	8.22%	17.10%	8.22%
ALL OTHER	15.65%	26.21%	15.84%	24.96%	17.10%	15.79%

2017 Projected Run Out Claims Payments for Entities Leaving SJVIA

\$2,258,179*

Scenario 1 - Updated experience using 12 months claims data through August 31, 2016. This includes all groups currently in the SJVIA and is being shown to document the change due to the updated experience alone.

Scenario 2 - Updated experience using 12 months claims data through August 31, 2016 and excluding Entities that are leaving the SJVIA effective 1/1/2017

*11% Medical and 5% Rx Run Out Factor Used



BOARD OF DIRECTORS

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PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM**

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 12

SUBJECT: Approve Proposed Participation Agreement Revisions and Authorize President to Execute SJVIA Participation Agreements and Amendments to SJVIA Participation Agreements, as needed, Effective January 1, 2017 (A)

REQUEST(S): That the Board approve the recommended revisions to the SJVIA participation agreements for new and continuing entities

DESCRIPTION:

Each entity that participates in the SJVIA's program offerings currently executes a participation agreement with the SJVIA. Participating entities may participate in a variety of SJVIA programs including medical HMO and PPO options through Anthem Blue Cross and Kaiser; dental options through Delta Dental of California; and vision options through Vision Service Plan. The participation agreements that are presented to and signed by non-founding entities have a term of three years. Those presented to the founding entities have a term of one year. Each participation agreement includes exhibits that cover the programs the entity has chosen and the benefits and rates that apply to those programs.

Each year at renewal, all SJVIA plans are reviewed and underwritten to cover anticipated costs for the upcoming plan year. Also at renewal, all participating entities have the opportunity to elect or opt out of ancillary programs. That, along with rate changes, creates the need to amend the exhibits attached to each participation agreement for participating entities who are still within the term of their participation agreement. For the entities whose participation agreement is expiring, a new participation agreement is necessary.

AGENDA: San Joaquin Valley Insurance Authority

DATE: December 8, 2016

As part of the January 1, 2017 renewal process, it became apparent that the current participation agreement should be revised to clarify the respective obligations of the SJVIA and each participating entity. As well, the most recent revision of the Joint Exercise of Powers Agreement creating the SJVIA (effective January 1, 2016) includes some additional requirements for participation agreements that the current template (last revised in 2014) does not include. Staff is recommending that the participation agreement template for new entities, or continuing entities once the term of their current agreement expires, be revised to accomplish those purposes.

Staff originally presented a revised participation agreement template on October 28. Because the Board determined that affected participating entities had not received sufficient time for review, the Board directed staff to confer with participating entities. Staff provided the draft revised agreement template to the participating entities and invited comments. Several entities submitted comments. Staff and SJVIA counsel considered those comments and made several changes to the proposed agreements. Those changes include:

- Simplifying the premium payment due date to allow for a single payment by each participating entity each month
- Clarifying that participating entities are not required to disclose information whose disclosure is prohibited by law
- Providing that the SJVIA will make reasonable efforts to adopt renewal rates at least 120 days before the beginning of the plan year
- Providing that documents of the SJVIA will be available to participating entities for purposes of audits and inspections, subject to legal prohibitions on disclosure
- Providing dispute resolution procedures that are similar to what participation agreements have previously provided

For the two entities currently participating in programs under the SJVIA with Participation Agreements that have not yet expired, staff requests direction to give those entities the option to execute an amendment that incorporates the new terms required by the Joint Exercise of Powers Agreement, or to terminate their current Participation Agreement and enter into a new one, effective January 1, 2017, using the new template.

AGENDA: San Joaquin Valley Insurance Authority

DATE: December 8, 2016

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager

SJVIA PARTICIPATION AGREEMENT

This agreement is dated [REDACTED] and is between [NAME OF PARTICIPATING ENTITY], a [type of entity] (“**Participating Entity**”), and the SAN JOAQUIN VALLEY INSURANCE AUTHORITY, a joint powers agency (“**SJVIA**”).

The SJVIA negotiates, purchases, or otherwise funds health, pharmacy, vision, dental, and life insurance (each an “**Insurance Program**,” and collectively “**Insurance Programs**”).

The SJVIA makes Insurance Programs available to participating entities, subject to the terms and conditions of an agreement by each participating entity to pay for its respective costs for the Insurance Programs in which it participates.

To carry out that purpose, the SJVIA enters into contracts with health insurance providers for Insurance Programs that are made available to participating entities. (Each of those contracts is an “**Insurance Contract**.”)

The SJVIA also provides public agencies, such as Participating Entity, access to **Insurance Programs**. Each year, the claims experience of all participating entities is aggregated and actuarially based underwriting standards are applied to determine the total projected cost of continuing to provide Insurance Programs during the upcoming renewal year. Based on that information, the SJVIA Board of Directors annually establishes premium rates for participating entities.

The Participating Entity wishes to participate in the Insurance Programs listed in exhibit A to this agreement (“**Selected Programs**”) for its participating employees.

The parties therefore agree as follows:

Article 1 Participating Entity’s Obligations

1.1 **Participation in Selected Programs.** Employees and dependents of the Participating Entity may participate in the Selected Programs, subject to (a) eligibility criteria established in each applicable Insurance Contract, (b) the terms and conditions of this agreement, and (c) the lawful terms and conditions established by Participating Entity for its employees.

1.2 **Premium Amounts.** Exhibit B to this agreement states the premium rates for the Participating Entity for the plan year initially covered by this agreement, which includes the period from _____ to _____. Participating Entity acknowledges that premium rates include a share of the SJVIA’s administrative expenses. Premium rates for subsequent plan years are established by the SJVIA Board of Directors and memorialized by written amendment to this agreement signed by both parties. Participating Entity acknowledges that the SJVIA Board of Directors annually establishes premium rates for participating entities.

1.3 **Premium Payments.** Premium payments under this agreement are due on the first day of the month for which coverage is provided under Selected Programs and are delinquent if

not paid within 15 calendar days after the due date. The Participating Entity understands and acknowledges that its failure to make full and timely premium payments under this agreement may result in a failure of coverage under Selected Programs.

1.4 **Insurance Contract Requirements.** The Participating Entity shall perform under this agreement consistently with the terms of each applicable Insurance Contract and shall not take any action that would impair the rights of the SJVIA, or of the Participating Entity through the SJVIA, under each applicable Insurance Contract. If any other section of this agreement conflicts with the requirements of this section 1.4, the requirements of this section take precedence.

1.5 **Changes to Selected Programs.** The Participating Entity may only participate in additional Insurance Programs, or make changes to Selected Programs, by written amendment to this agreement signed by both parties.

1.6 **Assessments.** If the Selected Programs are not adequately funded for any reason, the SJVIA may impose an assessment on the Participating Entity to ensure necessary funding for the Selected Programs. Assessments shall only be made upon determination and approval of the SJVIA Board of Directors after considering alternatives, including factoring inadequate funding into renewal rates. The Participating Entity is obligated to pay assessments under this section for 12 months after the end of participation in the SJVIA.

1.7 **Information, Assistance, Cooperation.** The Participating Entity shall provide to the SJVIA information or assistance that the SJVIA, in its sole discretion, deems necessary to develop and implement the Selected Programs. The Participating Entity shall cooperate with and assist the SJVIA, any insurer or insurance provider to the SJVIA, and other contractors of the SJVIA in all matters relating to this agreement, and shall comply with all bylaws, if any, and other rules or policies established by the SJVIA Board of Directors. Nothing in this section requires the Participating Entity to disclose information whose disclosure is prohibited by federal, state, or local law or regulation.

Article 2 SJVIA's Obligations

2.1 **Insurance Contracts.** The SJVIA shall negotiate, approve, and execute Insurance Contracts for the Selected Programs. In doing so, the SJVIA is not acting on behalf of, or as an agent for, the Participating Entity or the employees of the Participating Entity. Nothing in this agreement obligates the SJVIA to maintain any particular Insurance Contracts, or any particular terms or conditions of any Insurance Contracts, in any future plan years.

2.2 The SJVIA shall make available to the Participating Entity a copy of each applicable fully-executed Insurance Contract.

2.3 **Renewal Rates.** The SJVIA will make reasonable efforts to adopt renewal rates at least 120 days before the beginning of the plan year.

2.4 **Enforcement of Rights.** The SJVIA shall enforce its rights under each applicable Insurance Contract for the benefit of the Participating Entity. In doing so, the SJVIA is not acting as an agent for the Participating Entity or the employees of the Participating Entity.

2.5 **Conditional Obligations.** The SJVIA shall perform its obligations under each applicable Insurance Contract, including timely payment of premiums and any similar charges, necessary to keep each applicable Insurance Contract in full force and effect. The obligation of the SJVIA to pay premiums and similar charges under this section 2.4 is contingent on the Participating Entity's payment of premiums to the SJVIA as required by this agreement. The SJVIA's payment of any premium or similar charge under any applicable Insurance Contract while the Participating Entity is in breach of any payment obligation under this agreement is not a waiver of that obligation.

2.6 **Records and Data.** The SJVIA shall maintain all records and data with respect to the matters covered by this agreement for a minimum of three years, or a longer period if required by law, from the termination of this agreement. For purposes of audits and inspections, at any time during business hours as the Participating Entity requests during the term of this agreement, the SJVIA shall make available to the Participating Entity the SJVIA's records and data with respect to the matters covered by this agreement. Nothing in this section requires the SJVIA to disclose records or data whose disclosure is prohibited by federal, state, or local law or regulation.

Article 3 Term and Termination

3.1 **Term.** This agreement is effective on _____ and terminates on _____. If the Participating Entity expects to discontinue its participation in the SJVIA after that termination date, it shall provide written notice of nonrenewal to the SJVIA delivered not less than 120 days before the beginning of the next plan year. Participating Entity acknowledges that failure to give such notice may result in an assessment as provided in section 1.6 of this agreement.

3.2 **Termination for Non-Allocation of Funds.** The Participating Entity's obligations under this agreement are contingent on the approval of funds by the appropriating government agency or agencies. If sufficient funds are not allocated for a future plan year, then the Participating Entity may terminate this agreement upon written notice to the SJVIA delivered not less than 120 days before the beginning of the next plan year.

3.3 Termination for Breach; Reinstatement.

(A) Upon determining that the Participating Entity has failed to comply with any part of this agreement, the SJVIA Manager may give written notice of the breach to the Participating Entity. The written notice shall provide a reasonable time for the Participating Entity to cure the breach.

(B) If the Participating Entity fails to cure the breach within the reasonable time stated in the written notice, the SJVIA may terminate this agreement without further

notice, effective at the expiration of the last period for which full premium payment is made under each applicable Insurance Contract.

(C) If the SJVIA has terminated this agreement under this section 3.3 due to the Participating Entity's failure to make premium payments under this agreement, the SJVIA may, in its sole discretion, and subject to each applicable Insurance Contract, accept late or delinquent premium payments. Upon acceptance of such payments by the SJVIA, this agreement may be reinstated retroactively to the last date for which full premium payment was made under each applicable Insurance Contract. The SJVIA's acceptance of any such payments is not a waiver of the SJVIA's right to terminate this agreement if the Participating Entity later fails to pay premiums or any other amounts due under this agreement.

Article 4 Notices

4.1 **Contact Information.** The persons and their addresses having authority to give and receive notices provided for or permitted under this agreement include the following:

For the SJVIA:

SJVIA Manager
SAN JOAQUIN VALLEY INSURANCE AUTHORITY
[Street Address]
[City, State ZIP]
[Fax Number]

For the Participating Entity:

[Name if Desired]
[Title]
[ORGANIZATION]
[Street Address]
[City, State ZIP]
[Fax Number]

4.2 **Method of Delivery.** All notices between the SJVIA and the Participating Entity provided for or permitted under this agreement must be in writing and delivered either by personal service, by first-class United States mail, by an overnight commercial courier service, or by telephonic facsimile transmission.

(A) A notice delivered by personal service is effective upon service to the recipient.

(B) A notice delivered by first-class United States mail is effective three SJVIA business days after deposit in the United States mail, postage prepaid, addressed to the recipient

(C) A notice delivered by an overnight commercial courier service is effective on County business day after deposit with the overnight commercial courier service, delivery fees prepaid, with delivery instructions given for next day delivery, addressed to the recipient.

(D) A notice delivered by telephonic facsimile is effective when transmission to the recipient is completed (but, if such transmission is completed outside of SJVIA business hours, then such delivery shall be deemed to be effective at the next beginning of a SJVIA business day), provided that the sender maintains a machine record of the completed transmission.

4.3 **Claims Presentation.** For all claims arising from or related to this agreement, nothing in this agreement establishes, waives, or modifies any claims presentation requirements or procedures provided by law, including but not limited to the Government Claims Act (Division 3.6 of Title 1 of the Government Code, beginning with section 810).

Article 5 General Provisions

5.1 **Modification.** This agreement may not be modified, and no waiver is effective, except by another written agreement that is signed by both parties.

5.2 **Non-Assignment.** Neither party may assign its rights or delegate its obligations under this agreement without the prior written consent of the other party.

5.3 **Governing Law.** The laws of the State of California govern all matters arising from or related to this agreement.

5.4 **Jurisdiction and Venue.** This agreement is signed and performed in Fresno County, California. The Consultant consents to California jurisdiction for actions arising from or related to this agreement, and, subject to the Government Claims Act, all such actions must be brought and maintained in the Fresno County Superior Court.

5.5 **Alternative Dispute Resolution.** If a dispute arises out of or relating to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by non-binding mediation before resorting to litigation or some other dispute resolution procedure, unless the parties mutually agree otherwise. The mediator shall be mutually selected by the parties, but in case of disagreement, the mediator shall be selected by lot from among two nominations provided by each party. All costs and fees required by the mediator shall be split equally by the parties, otherwise each party shall bear its own costs of mediation. If mediation fails to resolve the dispute within 30 days, either party may pursue litigation to resolve the dispute.

5.6 **Construction.** The final form of this agreement is the result of the parties' combined efforts. If anything in this agreement is found by a court of competent jurisdiction to be ambiguous, that ambiguity is to be resolved by construing the terms of this agreement according

to their generally accepted meaning, and not by construing the terms of this agreement for or against either party.

5.7 **Headings.** The headings and section titles in this agreement are for convenience only and are not part of this agreement.

5.8 **Severability.** If anything in this agreement is found by a court of competent jurisdiction to be unlawful or otherwise unenforceable, the balance of this agreement remains in effect.

5.9 **Entire Agreement.** This agreement is the entire agreement between the Participating Entity and the SJVIA with respect to the subject matter of this agreement, and it supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature unless those things are expressly included in this agreement.

5.10 **Third-Party Beneficiaries.** This agreement does not and is not intended to create any rights or obligations for any person or entity except for the parties.

5.11 **Authorized Signatures.** The Participating Entity represents and warrants to the SJVIA that:

(A) The Participating Entity is duly authorized and empowered to sign and perform its obligations under this agreement.

(B) The individual signing this agreement on behalf of the Participating Entity is duly authorized to do so and his or her signature on this agreement will legally bind the Participating Entity to the terms of this agreement.

5.12 **Counterparts.** This agreement may be signed in counterparts, each of which is an original, and all of which together constitute this agreement.

[SIGNATURE PAGE FOLLOWS]

The parties are signing this agreement on the date stated in the introductory clause.

PARTICIPATING ENTITY

SAN JOAQUIN VALLEY INSURANCE
AUTHORITY

(Authorized signature)

[Name of President]

(Print name and title)

President, Board of Directors

Reviewed and recommended for approval.

SJVIA Manager

TEMPLATE



BOARD OF DIRECTORS

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

**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM**

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 13

SUBJECT: Approve Reinsurance Plan Renewal Rates for Plan Year 2017 and Authorize Staff to Execute Agreements (A)

REQUEST(S): That the Board approve the reinsurance plan renewal rates for Plan Year 2017 and authorize staff to execute agreements

DESCRIPTION:

On September 2, 2016, this Board renewed the PPO and HMO medical plans using information that included a projected renewal of fixed costs that were not yet available. Because reinsurance renewals are not finalized until a minimum of 60 days prior to year end, the rate was projected at a 10% increase to a PEPM factor of \$18.30. In November 2016, the actual renewal for the 2017 plan year came in at 16.5%. The final renewal for the same contract terms were received at a 12% increase, a PEPM factor of \$18.64, a \$0.34 delta.

In addition to reviewing the incumbent carrier renewal, Gallagher Benefit Services secured several other proposals, none of which were competitive, and several declinations due to non-competitiveness. It is the recommendation of Gallagher Benefit Services and SJVIA Staff to accept the renewal for the 2017 plan year at the current Specific Deductible of \$450,000 for the PPO plan with a 12.02% increase over the current rates.

FISCAL IMPACT/FINANCING:

The increase from the projection to the actual renewal is approximately \$23,468 annually and will not affect the previously approved medical plan renewal rates.

ADMINISTRATIVE SIGN-OFF:

Paul Nerland
SJVIA Manager

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:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM**

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 14

SUBJECT: Receive and file update on Affordable Care Act Fees and Taxes (I)

REQUEST(S): That the Board receive and file update on the Affordable Care Act fees and taxes

DESCRIPTION:

The Affordable Care Act (ACA) imposed a range of fees and taxes on health insurance carriers and plan sponsors. The fees are intended to offset some of the costs incurred by the federal government. Two of the fees and taxes imposed under the ACA affect the SJVIA:

1. Patient Centered Outcomes Research Institute Fee (PCORI) – Requires insurers and Self-Funded Plan Sponsors to pay a fee to provide evidence-based research that is intended to help people make informed health care decisions. PCORI fees apply to plan years 2013 through 2019.
2. Transitional Reinsurance Program Assessment Fee (TR) – Requires insurers and Self-Funded Plan Sponsors to fund a program designed to help stabilize premiums for coverage in the individual market during calendar years 2014 through 2016.

All required ACA fees have been paid by the SJVIA since the mandate required it, with the exception of the 2016 Transitional Reinsurance Fee and PCORI fees, both of which are scheduled to be paid in 2017. Following are two tables showing the total fees incurred thus far by the SJVIA due to the ACA:

AGENDA: San Joaquin Valley Insurance Authority

DATE: December 8, 2016

PCORI		
Year	Fee (PMPY)	Total Paid by SJVIA
2013	\$1.00	\$31,826
2014	\$2.00	\$35,250
2015	\$2.08	\$34,687
2016	\$2.08	TBD
2017-2019	Fee adjusted to reflect Inflation	
Total		\$101,763

Transitional Reinsurance		
Year	Fee (PMPY)	Total Paid by SJVIA
2014	\$63.00	\$1,039,031
2015	\$44.00	\$694,739
2016	\$27.00	\$441,791
TOTAL		\$2,175,561*

*Total includes 2016 Fees incurred but not paid. Payment scheduled for two installments: Jan 2017 and November 2017

FISCAL IMPACT/FINANCING:

See above illustration.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager



SJVIA

San Joaquin Valley
Insurance Authority

BOARD OF DIRECTORS

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

Meeting Location:
Fresno County Employee Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016
9:00 AM

AGENDA DATE: December 8, 2016

ITEM NUMBER: 15

SUBJECT: Approve the engagement letter from Price, Paige and Company to audit the financial statements for the fiscal year ended June 30, 2014

REQUEST(S): That the Board approve the engagement letter from Price, Paige and Company to audit the financial statements for the fiscal year ended June 30, 2014

DESCRIPTION:

Given Price, Paige and Company's experience in auditing the SJVIA from its inception, the SJVIA Auditor-Treasurer recommends that the SJVIA Board accept Price, Paige and Company's engagement letter to perform the audit of the San Joaquin Valley Insurance Authority for the fiscal year ended June 30, 2014.

FISCAL IMPACT/FINANCING:

The quote for this audit from Price, Paige and Company is \$23,500.00

ADMINISTRATIVE SIGN-OFF:

Oscar J. Garcia, CPA
SJVIA Auditor-Treasurer



November 1, 2016

Oscar J. Garcia, CPA, Auditor-Controller
Peter Vander Poel, Board President
County of Fresno
2200 Fresno Street
Fresno, California 93721

Re: San Joaquin Valley Insurance Authority

We are pleased to confirm our understanding of the services we are to provide to San Joaquin Valley Insurance Authority (the Authority) for the year ended June 30, 2014. We will audit the financial statements of the Authority, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority as of and for the year ended June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Claims Development Information

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of Directors of San

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540
fax 559.299.2344

Joaquin Valley Insurance Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of San Joaquin Valley Insurance Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Price Paige & Company and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to your cognizant agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Price Paige & Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date.

Fausto Hinojosa, CPA, CFE is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our not-to-exceed fee for the Authority's June 30, 2014 audit is \$23,500. This fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs. The fees for these services will be billed at the hourly billing rates for the individual involved, plus out-of-pocket expenses. Our standard hourly rates vary according

November 1, 2016

Page 5

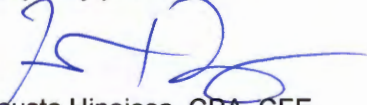
to the degree of responsibility involved and the experience level of the personnel assigned to your audit. We will issue a monthly billing statement for the work completed in that month. Payments for services are due when rendered and interim billings may be submitted as work progresses and expenses are incurred.

If any dispute pertaining to our work product arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

All work will be suspended if your account becomes 90 days past due. No work will be resumed until your account is fully paid. Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,


Fausto Hinojosa, CPA, CFE
Price Paige & Company

RESPONSE:

This letter correctly sets forth the understanding of San Joaquin Valley Insurance Authority.

Oscar J. Garcia Auditor-Controller 12-5-16
Management Signature Title Date

Board Chair Signature Title Date