

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
February 6, 2015 9:00 AM**

1. Call to Order
2. Roll Call
3. Approval of Agenda (A)
4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less. Anyone wishing to 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.
5. Approval of Minutes – Board Meeting of November 7, 2014 and the special meeting of December 2, 2014 (A)
6. Receive and File Quarterly Financial Report (A)
7. Receive and File SJVIA Executive Claims Summary Through December 2014 (I)
8. Approve Revised 2014-15 Fiscal Year Budget (A)
9. Authorization of the Release of Proposals for Participation and Execution of Participation Agreement(s) (A)
10. Report on Wellness Activities Planned for 2015 (I)
11. Approve Amendment to Viverae Master Services Agreement Effective January 1, 2015 (A)
12. Adopt Recommended Minimum Size Requirement for New SJVIA Participating Entities (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 636-4900 or the Assistant SJVIA Manager at 600-1810. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

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13. Report on Planned 2015 RFP Activity (I)
14. Adjournment

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MINUTES

BOARD OF DIRECTORS

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

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

1. Call to Order

Meeting was called to order by Director Poochigian at 9:03am.

2. Roll Call

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

Director Worthley joined at 9:11am.

3. Approval of Agenda (A)

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

4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less. Anyone wishing to 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.

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

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November 7, 2014 9:00 AM**

5. Approval of Minutes – Board Meeting of August 22, 2014 (A)

Director Larson moved to approve the August 22, 2014 Meeting Minutes; the motion was seconded by Director Ennis. The motion passed unanimously.

6. Receive and File Quarterly Financial Report (A)

Lawrence Seymour, ACTTC from Fresno County, gave an overview on the quarterly financial statements.

Director Ennis moved to approve the Quarterly Financial Report; the motion was seconded by Director Case McNairy. The motion passed unanimously.

7. Approve Proposed Changes to SJVIA Investment Policy (A)

Mark Tucker, Gallagher Benefit Services, explained that the SJVIA Investment Policy has been revised due to modifications made in the County of Fresno and County of Tulare investment policies.

Director Worthley moved to approve the Proposed Changes to SJVIA Investment Policy; the motion was seconded by Director Larson. The motion passed unanimously.

8. Approve Proposed 2015 Board Meeting Calendar (A)

Director Pochigian requested to move the February Board Meeting from February 13, 2015 to February 6, 2015.

Director Ennis moved to approve the Proposed 2015 Board Meeting Calendar with the correction to the February Meeting; the motion was seconded by Director Worthley. The motion passed unanimously.

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9. Report on Entities New to SJVIA January 1, 2015 (I)

Alan Thaxter, Gallagher Benefit Services, stated that five new entities will be joining SJVIA on January 1, 2015. These new entities include City of Oakdale, City of Hanford, City of Modesto, City of Hughson and City of Clovis. It will be addressed at the next Board Meeting placing a minimum participation threshold for newly joining entities.

10. Authorization of the Release of Proposals for Participation and Execution of Participation Agreement(s) (A)

Alan Thaxter, Gallagher Benefit Services, requested approval to release proposals for Sutter County.

Director Worthley moved to approve the Release of Proposals for Participation and Execution of Participation Agreement; the motion was seconded by Director Ennis. The motion passed unanimously.

11. Authorization to Execute the Consulting Agreement with Arthur J. Gallagher & Co. effective January 1, 2015 (A)

Rhonda Sjostrom, SJVIA Manager, stated that Staff has been working with Gallagher to finalize the Agreement. It has been extended for three years effective January 1, 2015. Staff is seeking approval to execute this Agreement.

Director Worthley moved to approve the Consulting Agreement with Arthur J. Gallagher & Co. effective January 1, 2015; the motion was seconded by Director Ennis. The motion passed by majority vote. Director Pochigian chose to abstain.

12. Authorization to Execute the Administrative Services Agreement with Chimienti & Associates effective January 1, 2015 (A)

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Michele Mills, Gallagher Benefit Services, stated that Staff along with Gallagher has been working with Chimienti & Associates to finalize the Agreement. It has been extended for three years effective January 1, 2015. Staff is seeking approval to execute this Agreement.

Director Larson moved to approve the Execution of the Administrative Services Agreement with Chimienti & Associates effective January 1, 2015; the motion was seconded by Director Worthley. The motion passed unanimously.

13. Authorization to Execute the Agreement with Pacific Coast Medical Services effective January 1, 2015 (A)

Rhonda Sjostrom, County of Tulare, addressed the Board

Director Worthley moved to approve the Execute the Agreement with Pacific Coast Medical Services effective January 1, 2015; the motion was seconded by Director Ennis. The motion passed unanimously.

14. Introduction of Viverae team and overview of proposed wellness program for 2015 (I)

Paul Nerland, SJVIA Assistant Manager, introduced Mark Head from Viverae. He gave an informational presentation of the new wellness program.

15. Approval of the Master Services Agreement with Viverae and other related documents and Authorization of the Execution of Documents (A)

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Paul Nerland, SJVIA Assistant Manager, Advised this document outlines the strategy of the wellness program, timing and components of activities, communications, and many other aspects of the SJVIA's wellness program. Staff requested authorization to have any additional documents executed as needed to complete the implementation of the program with Viverae.

Director Worthley moved to approve the Master Services Agreement with Viverae and other related documents and Authorization of the Execution of Documents; the motion was seconded by Director Ennis. The motion passed by majority vote. Director Poochigian chose to abstain

16. Approval of the Recommended Wellness Incentives for the 2015 Plan Year (A)

Paul Nerland, SJVIA Assistant Manager, and Rhonda Sjostrom, SJVIA Manager stated that the Counties of Tulare and Fresno have are willing to offer a financial incentive for those employees that participate in the biometric screenings and other activities during the 2015 plan year. Studies have shown that offering an incentive to an employee who participates in wellness activities and screenings helps to drive higher participation rates, which helps to increase the impact of the wellness program.

Director Case McNairy moved to approve the Recommended Wellness Incentives for the 2015 Plan Year; the motion was seconded by Director Worthley. The motion passed unanimously.

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17. Receive and File SJVIA Executive Claims Summary Through September 2014 (I)

Alan Thaxter, Gallagher Benefit Services, provided an overview of several key plan metrics and is used to identify trends and outliers. As requested by the board, a "Large Claims Report" was included in the Monthly Claims Report Receive and File Report

18. Receive and File Report on Submission for HIPAA Health Plan Identification Number (HPID) and Filing for Payment of Transitional Reinsurance Fee (I)

Michele Mills, Gallagher Benefit Services, advised the Board that the SJVIA is considered a Large Health Plan and must obtain the HPID by November 5, 2014

19. Demonstration of Live Health Online by Anthem Blue Cross (I)

Michele Mills, Gallagher Benefits Introduced, Taylor Skyler, from Anthem Blue Cross, Taylor presented an online demo of their Live Health Online Services to the Board

20. Adjournment

Director Ennis left at 11:22 am

Meeting was adjourned at 11:39 am by Director Poochigian.

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Meeting Location:
County of Fresno Board of Chambers
Room 301, Hall of Records
2281 Tulare Street
Fresno, CA 93721-2198
County of Tulare Board Chambers
Administrative Building
2800 West Burrel Avenue
Visalia, CA 93291
December 2, 2014 8:30 AM

1. Call to Order

Meeting was called to order by Director Poochigian at 8:33am.

2. Roll Call

Roll was called by Michele Mills, Gallagher Benefit Services. In attendance were Director Case McNairy, Director Ennis, Director Borgeas, Director Poochigian, Director Worthley, Director Vander Pool and Director Perea.

3. Approval of Agenda (A)

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

4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.

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

5. Approve Proposed 2015 Board Meeting Calendar (A)

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December 2, 2014 8:30 AM

Director Worthley moved to approve the agenda with no changes; the motion was seconded by Director Case McNeary.

6. Authorization of the Release of Proposals for the Participation and Execution of Participation Agreements

Alan Thaxter, Gallagher Benefit Services advised since there is a long period of time before the next Board Meeting. We wanted to call to order a special meeting to approve the City of Lindsay; San Joaquin Valley Air Pollution Control District; Superior Courts of California of Kings; and the City of Escalon.

Director Worthley moved to approve the agenda with no changes; the motion was seconded by Director Case McNeary.

7. Adjournment

Meeting was adjourned at 8:44 am by Director Pochigian.

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SJVIA

San Joaquin Valley
Insurance Authority

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Meeting Location:
Fresno County Employee Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
February 6, 2015
9:00 AM

AGENDA DATE: February 6, 2015

ITEM NUMBER: 6

SUBJECT: Quarterly SJVIA financial update

REQUEST(S): That the Board receives the financial update through 2nd quarter, 2014-15

DESCRIPTION: Informational item. Please see attached report.

FISCAL IMPACT/FINANCING: None.

ADMINISTRATIVE SIGN-OFF:

Vicki Crow
SJVIA Auditor-Treasurer

**BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE
AUTHORITY**

IN THE MATTER OF

**RESOLUTION NO. _____
AGREEMENT NO. _____**

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

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
ACTUALS VS. BUDGETED REVENUES & EXPENSES
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2014

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
REVENUE								
TOTAL REVENUE	\$24,809,414	\$25,509,223	\$699,809	3%	\$49,618,828	\$52,057,475	\$2,438,647	5%
EXPENSES: Fixed								
1 Specific & Aggregate Stop Loss Insurance (PPO)	172,742	164,349	8,393	5%	345,484	325,904	19,580	6%
2 Anthem ASO Administration & Network Fees (PPO)	355,947	347,475	8,472	2%	711,893	689,921	21,972	3%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	162,079	191,132	(29,053)	(18%)	324,159	366,265	(42,106)	(13%)
4 GBS Consulting	107,364	121,264	(13,900)	(13%)	214,728	232,756	(18,028)	(8%)
5 SJVIA Administration	61,077	59,508	1,569	3%	122,154	142,851	(20,697)	(17%)
6 Wellness	69,268	13,700	55,568	80%	138,536	19,000	119,536	86%
7 Communications	13,854	661	13,193	95%	27,707	661	27,046	98%
8 Anthem HMO Pooling	391,503	380,013	11,490	3%	783,005	712,125	70,880	9%
9 Anthem HMO Administration/Retention	624,175	1,199,135	(574,960)	(92%)	1,248,350	2,241,989	(993,639)	(80%)
10 ACA Reinsurance (PPO & HMO)	238,651	0	238,651	100%	477,302	31,826	445,476	93%
TOTAL FIXED EXPENSES	2,196,660	2,477,237	(280,577)	(13%)	4,393,318	4,763,298	(369,980)	(8%)
EXPENSES: Claims								
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	16,099,430	14,596,656	1,502,774	9%	32,198,861	31,386,547	812,314	3%
12 Anthem MMP HMO Capitation	4,306,470	4,522,310	(215,840)	(5%)	8,612,941	8,474,605	138,336	2%
TOTAL CLAIMS EXPENSES	20,405,900	19,118,966	1,286,934	6%	40,811,802	39,861,152	950,650	2%
EXPENSES: Premiums								
13 Delta Dental	1,262,996	1,568,508	(305,512)	(24%)	2,525,992	3,017,311	(491,319)	(19%)
14 Vision Service Plan	246,974	261,094	(14,120)	(6%)	493,948	497,223	(3,275)	(1%)
15 Kaiser Permanente	1,435,514	1,521,241	(85,727)	(6%)	2,871,029	2,911,508	(40,479)	(1%)
TOTAL PREMIUM EXPENSES	2,945,484	3,350,843	(405,359)	(14%)	5,890,969	6,426,042	(535,073)	(9%)
TOTAL EXPENSES	25,548,044	24,947,046	600,998	2%	51,096,089	51,050,492	45,597	0%
16 Reserve Surplus	(738,630)	562,177	1,300,807	176%	(1,477,261)	1,006,983	2,484,244	168%
COMBINED EXPENSES & RESERVES	\$24,809,414	\$25,509,223	\$699,809	3%	\$49,618,828	\$52,057,475	\$2,438,647	5%

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

SAN JOAQUIN VALLEY INSURANCE AUTHORITY

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

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2014

	Current Quarter			Year-To-Date		
	SJVIA FEES			SJVIA FEES		
	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)
FY14-15						
Revenue**	\$65,220	\$74,923	\$14,593	\$134,480	\$153,046	\$29,425
Expenses:						
Auditor-Treasurer Services	15,793			48,581		
County Counsel Services	7,739			9,106		
Personnel Services	31,617			47,238		
Membership Fees						
Insurance (Liability, Bond, Etc)				30,278		
Audit Fees						
Bank Service Fees	4,359			7,648		
Wellness		13,700			19,000	
Communications			661			661
Total Expenses	59,508	13,700	661	142,851	19,000	661
Administration, Wellness & Communications Deficit/Surplus	\$5,712	\$61,223	\$13,932	(\$8,371)	\$134,046	\$28,764

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

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

San Joaquin Valley Insurance Authority
Schedule of Cash Flow by Month
For the Six Months Ended December 31, 2014

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
BEGINNING CASH BALANCES:							
Claims Funding Account	\$ 569,349	\$ 109,928	\$ 193,870	\$ 336,528	\$ 255,832	\$ 296,556	\$ 569,349
Fixed Cost Account	1,377,314	2,474,229	2,498,368	462,525	512,120	512,909	1,377,314
Claims Reserve Account	189,819	1,552,818	1,014,679	1,323,501	1,462,954	1,015,683	189,819
Investment Pool-Note 1	5,065,073	5,078,099	5,078,099	5,078,099	5,091,283	5,091,283	5,065,073
Total Beginning Balances	7,201,555	9,215,074	8,785,016	7,200,653	7,322,189	6,916,431	7,201,555
RECEIPTS:							
Claims Funding Account	5,605,961	3,690,907	5,333,659	4,704,825	2,729,226	4,145,820	26,210,398
Fixed Cost Account	4,062,691	3,188,275	3,192,934	5,247,769	1,863,897	4,219,169	21,774,735
Claims Reserve Account	9,385,605	5,498,291	8,002,374	8,288,178	4,346,196	6,901,305	42,421,949
Investment Pool	13,026	-	-	13,184			26,210
	19,067,283	12,377,473	16,528,967	18,253,956	8,939,319	15,266,294	90,433,292
DISBURSEMENTS:							
Claims Funding Account	6,065,382	3,606,965	5,191,001	4,785,521	2,688,502	3,537,327	25,874,698
Fixed Cost Account	2,965,776	3,164,136	5,228,777	5,198,174	1,863,108	4,268,995	22,688,966
Claims Reserve Account	8,022,606	6,036,430	7,693,552	8,148,725	4,793,467	6,587,345	41,282,125
Investment Pool	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	17,053,764	12,807,531	18,113,330	18,132,420	9,345,077	14,393,667	89,845,789
ENDING CASH BALANCES:							
Claims Funding Account	109,928	193,870	336,528	255,832	296,556	905,049	905,049
Fixed Cost Account	2,474,229	2,498,368	462,525	512,120	512,909	463,083	463,083
Claims Reserve Account	1,552,818	1,014,679	1,323,501	1,462,954	1,015,683	1,329,643	1,329,643
Investment Pool	5,078,099	5,078,099	5,078,099	5,091,283	5,091,283	5,091,283	5,091,283
Total Ending Balances	\$ 9,215,074	\$ 8,785,016	\$ 7,200,653	\$ 7,322,189	\$ 6,916,431	\$ 7,789,058	\$ 7,789,058

Note 1: The SJVIA invested \$5 million into the County of Tulare investment pool on December 21, 2012. The yield paid during the quarter ended 12/31/14 was 1.03% with quarterly earnings of \$13,184.

Glossary of Terms:

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

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

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

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

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

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

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

4 **GBS Consulting**

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

5 **SJVIA Administration**

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

6 **Wellness**

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

7 **Communications**

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

8 **Anthem HMO Pooling**

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

9 **Anthem HMO Administration/Retention**

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

10 **ACA Reinsurance (PPO & HMO)**

The Affordable Care Act (ACA) includes the following fees on insurance plans: 1) Patient Centered Outcomes Research Institute (PCORI) 2) Transitional Reinsurance Fee.

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

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

12 **Anthem MPP HMO Capitation**

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

13 **Delta Dental**

Premium for entities covered under the SJVIA Delta Dental program.

14 **Vision Service Plan**

Premium for entities covered under the SJVIA VSP Vision program.

15 **Kaiser Permanente**

Premium for entities covered under the SJVIA Kaiser HMO program

16 **Reserve Surplus/Deficit**

Excess revenue over claims, premiums and fixed costs.



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BUDDY MENDES

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DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
February 6, 2015 9:00 AM**

AGENDA DATE: February 6, 2015

ITEM NUMBER: 7

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

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

DESCRIPTION:

The attached report provides an overview of several key plan metrics and is used to identify trends and outliers. As requested by your board, a "Large Claims Report" has been included in the Monthly Claims Report (see page 3 of the Attachment). This summary details on-going claims that are over \$200,000 paid-to-date. The "pooling point" is the maximum amount the SJVIA could pay in a plan year for each individual on the plan. For historical purposes, the pooling point for the HMO plan is \$400,000 and the pooling point for the PPO plan is \$450,000. The pooling point for the HMO plan was increased from \$250,000 to \$400,000 in plan year 2013. When claims reach the pooling point the SJVIA is no longer liable for the payment of further eligible claims within the policy year.

In 2014, there were 11 claims that exceeded the pooling point for the HMO and 4 claims that exceeded the pooling point for the PPO. Together, these claims resulted in a reimbursement (savings) of \$2,742,241 to the SJVIA claims fund.

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

In addition to the founding Counties (Fresno and Tulare), this report includes data for the following member entities (including effective date of participation):

- City of Tulare (July 2012)
- City of Ceres (January 2013)
- City of Waterford (June 2013)
- City of San Joaquin (July 2013)
- City of Shafter (July 2013)
- City of Sanger (July 2013)
- City of Gustine (October 2013)
- City of Riverbank (January 2014)
- City of Newman (January 2014)
- City of Reedley (January 2014)
- City of Wasco (January 2014)
- City of Farmersville (January 2014)

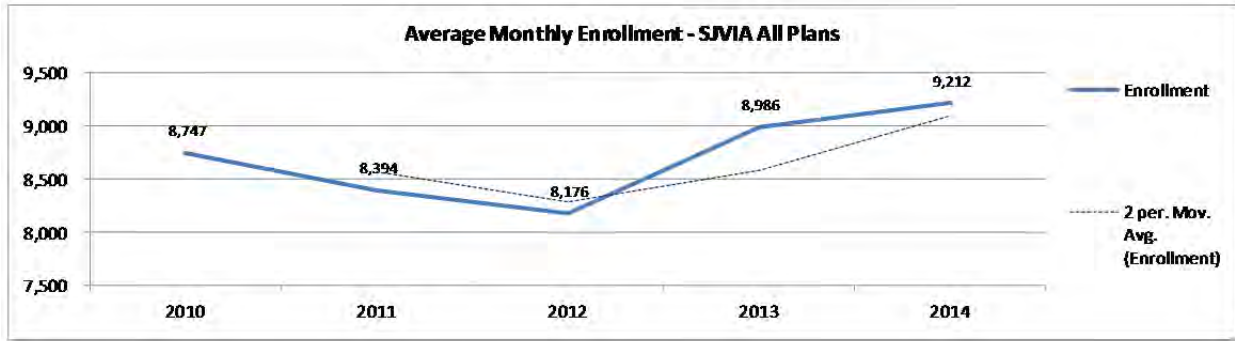
Comparing claims “Per Employee Per Month” (PEPM) can be a good indicator of overall medical inflationary trends. The overall yearly averages are below:

Plan Year	HMO	PPO	Overall
2010	<u>\$586.15</u> PEPM	<u>\$495.09</u> PEPM	<u>\$547.67</u> PEPM
2011	<u>\$681.06</u> PEPM	<u>\$553.64</u> PEPM	<u>\$628.33</u> PEPM
2012	<u>\$713.19</u> PEPM	<u>\$551.65</u> PEPM	<u>\$637.06</u> PEPM
2013	<u>\$783.07</u> PEPM	<u>\$517.95</u> PEPM	<u>\$667.02</u> PEPM
2014	<u>\$797.45</u> PEPM	<u>\$620.39</u> PEPM	<u>\$721.39</u> PEPM

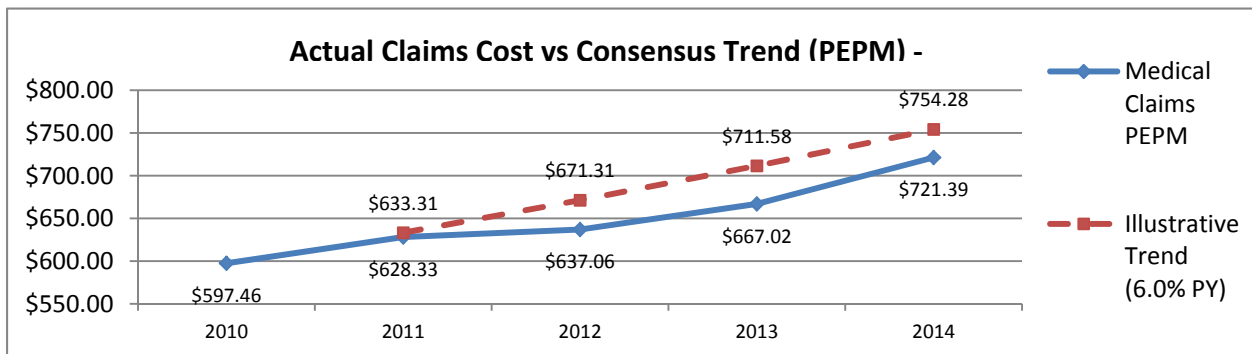
AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

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



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



Overall weighted annual medical claims trend since inception of the SJVIA has been 4.85%

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

FISCAL IMPACT/FINANCING:

Informational only.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager



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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
February 6, 2015 9:00 AM**

AGENDA DATE: February 6, 2015

ITEM NUMBER: 8

SUBJECT: Approve Revised 2014-15 Fiscal Year Budget (A)

REQUEST(S): That the Board approve the revised budget for the 2014-15 fiscal year

DESCRIPTION:

On August 22, 2014 your Board approved the budget for the 2014-15 fiscal year commencing July 1, 2014. Since then, stop loss rates were finalized slightly higher than projected, several entities joined the SJVIA, and open enrollment changes for the 2015 plan year have been finalized. Specific changes to the proposed revised 2014-15 budget include:

- 2015 stop loss rates (previously approved):
 - Specific – from \$14.21 to \$14.86 per employee per month
 - Aggregate – \$.94 to \$.91 per employee per month
- Updated eligibility effective January 1, 2015
 - The overall number of employees included in the budget increased from 9,745 to 11,749.
 - HMO enrollment decreased by 0.8%
 - PPO enrollment increased 17.7%
 - Kaiser enrollment increased by 244%
- Addition of the following groups to the SJVIA
 1. City of Clovis (January 1) – 395 employees
 2. City of Modesto (January 1) – 978 employees

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

3. City of Hughson (January 1) – 15 employees
4. City of Oakdale (January 1) – 69 employees
5. City of Hanford (January 1) – 194 employees
6. San Joaquin Valley Air Pollution Control District (February 1) – 276 employees

For your reference the following documents are attached:

1. Revised 2014-15 fiscal year budget
2. Previously approved 2014-15 fiscal year budget
3. Enrollment report by entity

FISCAL IMPACT/FINANCING:

This budget revises the revenue to \$112,599,711 and expenses to \$115,764,322 for the 2014-15 fiscal year.

Consistent with the Board's prior direction at the August 22, 2014 SJVIA Board Meeting, the revised budget reflects the use of reserves in the amount of \$3.16 million to mitigate a portion of the premium increase in the 2015 plan year.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager

SJVIA 2014-15 FISCAL BUDGET

REVISED February 6, 2015

REVENUE	
SJVIA Health Plan Revenue	
Medical & Rx	\$ 90,480,000
Dental	\$ 6,068,619
Vision	\$ 962,896
Kaiser Premium	\$ 15,088,196
TOTAL REVENUE	\$ 112,599,711
EXPENSES: Fixed	
1 Specific & Aggregate Stop Loss Insurance (PPO)	\$ 758,954
2 Administration & Network Fees (Anthem PPO)	\$ 1,333,446
2 Administration & Network Fees (Blue Shield PPO)	\$ 136,984
3 Viverae Wellness and Disease Management	\$ 399,922
4 Chimienti Associates/Hourglass Administration (Anthem & Kaiser)	\$ 744,779
5 GBS Consulting	\$ 496,946
6 SJVIA Association Fee	\$ 257,250
7 SJVIA Non-Founding Member Fee	\$ 47,142
8 Wellness/Communications	\$ 385,875
9 Anthem HMO Pooling	\$ 1,559,216
10 Anthem HMO Administration/Retention	\$ 2,486,542
11 ACA Reinsurance/PCORI (PPO)	\$ 351,345
11 ACA Reinsurance/PCORI (HMO)	\$ 617,497
TOTAL FIXED EXPENSES	\$ 9,575,896
EXPENSES: Claims	
12 Projected Paid Claims PPO	\$ 31,888,083
13 Projected Non-Cap HMO Claims	\$ 35,061,449
14 Anthem MMP HMO Capitation (Fixed Claims Cost)	\$ 17,156,317
TOTAL CLAIMS EXPENSES	\$ 84,105,848
15 Delta Dental	\$ 6,068,619
16 VSP	\$ 962,896
17 Kaiser Permanente	\$ 15,051,063
	\$ 22,082,577
TOTAL PROJECTED EXPENSES	\$ 115,764,322
Impact to Reserves	\$ (3,164,611)

Beginning Reserve	\$ 14,184,716
Add - Revenue	\$ 112,599,711
Less - Expenses	\$ (115,764,322)
Equals - Ending Reserves	\$ 11,020,105

Glossary of Terms:

1 Specific & Aggregate Stop Loss Insurance (PPO)

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

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

2 Administration & Network Fees (Anthem and Blue Shield PPO):

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

3 Viverae Wellness and Disease Management

viverae is an independent vendor providing wellness and disease management services for the SJVIA. These services include disease management, health coaching, challenges, website portal, and wellness resources for participants in the SJVIA health plans.

4 Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)

Chimienti & Associates is an independent vendor providing consolidated billing, eligibility, automated enrollment and Section 125 administrative services. Hourglass and ASI are subcontractors to Chimienti Associates that assist in these administrative processes. This line is for health plans excluding HealthNow/Blue Shield.

5 GBS Consulting

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

6 SJVIA Association Fee

The association fee will be used by SJVIA for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

7 SJVIA Non-Founding Member Fee

This additional fee will be assessed to non-founding member entities and be used to offset administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

8 Wellness

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

8 Communications

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

9 Anthem HMO Pooling

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

10 Anthem HMO Administration/Retention

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

11 ACA Reinsurance/PCORI (PPO)

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

11 ACA Reinsurance/PCORI (HMO)

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

12 Projected Paid Claims PPO

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

13 Projected Non-Cap HMO Claims

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

14 Anthem MMP HMO Capitation

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

15 Delta Dental

Premium for entities covered under the SJVIA Delta Dental program

16 VSP

Premium for entities covered under the SJVIA VSP Vision program

17 Kaiser Permanente

Premium for entities covered under the SJVIA Kaiser HMO program less fixed costs including items 5,6,7,8,and 9

SJVIA 2014-15 FISCAL BUDGET

	SJVIA
REVENUE	
SJVIA Health Plan Revenue	
Medical & Rx	\$ 87,455,719
Dental	\$ 5,051,984
Vision	\$ 987,895
Kaiser Premium	\$ 5,742,057
TOTAL REVENUE	\$ 99,237,656
EXPENSES: Fixed	
1 Specific & Aggregate Stop Loss Insurance (PPO)	\$ 690,968
2 Administration & Network Fees (Anthem PPO)	\$ 1,287,892
2 Administration & Network Fees (Blue Shield PPO)	\$ 135,894
3 Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)	\$ 648,317
4 GBS Consulting	\$ 429,456
5 SJVIA Association Fee	\$ 221,658
6 SJVIA Non-Founding Member Fee	\$ 22,650
7 Wellness/Communications	\$ 332,487
8 Anthem HMO Pooling	\$ 1,566,010
9 Anthem HMO Administration/Retention	\$ 2,496,700
10 ACA Reinsurance/PCORI (PPO)	\$ 335,017
11 ACA Reinsurance/PCORI (HMO)	\$ 619,586
TOTAL FIXED EXPENSES	\$ 8,786,634
EXPENSES: Claims	
12 Projected Paid Claims PPO	\$ 29,448,967
13 Projected Non-Cap HMO Claims	\$ 34,948,754
14 Anthem MMP HMO Capitation (Fixed Claims Cost)	\$ 17,225,881
TOTAL CLAIMS EXPENSES	\$ 81,623,602
15 Delta Dental	\$ 5,051,984
16 VSP	\$ 987,895
17 Kaiser Permanente	\$ 5,742,057
TOTAL PROJECTED EXPENSES	\$ 11,781,936
TOTAL PROJECTED EXPENSES	\$ 102,192,172

Beginning Reserve	\$ 14,184,716
Add - Revenue	\$ 99,237,656
Less - Expenses	\$ (102,192,172)
Equals - Ending Reserves	\$ 11,230,199



San Joaquin Valley Insurance Authority Pre and Post Open Enrollment Totals

<u>Entity Name</u>	<u>2014 Enrollment</u>			<u>2015 Enrollment</u>			<u>Totals</u>	
	<u>HMO</u>	<u>PPO</u>	<u>Kaiser</u>	<u>HMO</u>	<u>PPO</u>	<u>Kaiser</u>	<u>2014</u>	<u>2015</u>
County of Fresno	4,700	792	284	4,279	767	740	5,776	5,786
County of Tulare	290	2,466	204	312	2,479	196	2,960	2,987
City of Tulare	0	326	0	0	331	0	326	331
City of Ceres	85	3	19	85	3	17	107	105
City of Shafter	24	95	35	23	95	33	154	151
City of Sanger	0	98	0	0	99	1	98	100
City of Waterford	13	0	0	15	0	0	13	15
City of San Joaquin	12	2	0	17	0	0	14	17
City of Gustine	19	2	0	19	2	0	21	21
City of Riverbank	14	30	0	15	30	0	44	45
City of Newman	1	24	0	2	22	0	25	24
City of Reedley	96	18	10	95	17	10	124	122
City of Wasco	0	53	0	0	53	0	53	53
City of Farmersville	4	26	0	4	26	0	30	30
City of Clovis	0	0	0	175	79	141	0	395
City of Hughson	0	0	0	0	15	0	0	15
City of Oakdale	0	0	0	39	13	17	0	69
Kings County Superior Courts	0	0	0	0	35	0	0	35
City of Hanford	0	0	0	136	48	10	0	194
City of Modesto	0	0	0	0	242	736	0	978
San Joaquin Valley Air Pollution Control District	0	0	0	0	276	0	0	276
Total Enrollment	5,258	3,935	552	5,216	4,632	1,901	9,745	11,749



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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
February 6, 2015 9:00 AM

AGENDA DATE: February 6, 2015

ITEM NUMBER: 9

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

REQUEST(S): That the Board authorize the Release of Proposals for Participation and Execution of Participation Agreement(s) to the following entities: City of Marysville and the Sutter County Superior Court

DESCRIPTION:

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

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

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.

FISCAL IMPACT/FINANCING:

None at this time. If any of the entities join the SJVIA, the budget will be adjusted accordingly.

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager



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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
February 6, 2015 9:00 AM**

AGENDA DATE: February 6, 2015

ITEM NUMBER: 10

SUBJECT: Report on Wellness Activities Planned for 2015 (I)

REQUEST(S): That the Board receive and file the report on wellness activities planned for the 2015 plan year

DESCRIPTION:

In 2012 the SJVIA contracted with Delta TeamCare to promote wellness and awareness of healthy lifestyles, provide ongoing resources and periodic physical challenges/activities. Last year, an RFP was performed to select a vendor to provide the SJVIA with a comprehensive and streamlined wellness program for all participating entities. Viverae was selected as the vendor most aligned and well suited to meet the needs of the SJVIA. Staff and the GBS team have been working with Viverae through weekly conference calls to implement and launch the 2015 wellness program.

SJVIA health plan participants have begun receiving information about how to register for the wellness program, participate in the annual screenings, and access resources and coaching from Viverae. A sample trifold communication piece is included with this item for your information. All employees of participating SJVIA entities that are enrolled as a primary subscriber in one of the health plans (Anthem Blue Cross, Blue Shield, and Kaiser) are eligible to participate.

The new wellness program with Viverae officially launched January 1 and onsite biometric health screenings are scheduled for February through early April at many locations throughout the central valley. All those that participate in these screenings and complete an online Member Health Assessment will receive a \$50 incentive.

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

The success and impact of a wellness program is greatly dependent on employee engagement. In addition to the previously mentioned \$50 incentive approved by your Board at the November 7, 2014 meeting, participants may earn points towards an additional \$50 incentive by engaging in activities throughout the year. Points are earned by participating in the screenings and/or challenges, taking online courses, disease management, and engaging with a health coach. A one page overview of the program requirements and how points can be earned is included with this item. The intent of the incentives for 2015 is to increase participation in the wellness program which would have a greater impact on the overall health of the SJVIA and help to control claims costs in the future.

In addition to the biometric screenings, there will be four challenges offered throughout the year. They are:

- 1) Be Active – February/March
 - Four-week challenge designed to encourage lifestyle activity habits such as taking the stairs instead of the elevator, parking farther away than normal, or engaging in 30 minutes of physical activity every day
- 2) Step Ahead – April/May
 - Four week challenge designed to increase the number of steps taken each day. Participants earn points for tracking their daily steps
- 3) 15 for Me – June/July
 - Four week challenge designed to encourage taking 15 minutes each day to engage in healthy stress management activities. Participants award themselves one point for each day they spend at least 15 minutes performing stress management activities such as meditation, massage, journaling, yoga, etc.
- 4) Weigh 2 Win – September/October
 - Twelve-week challenge designed to encourage safe, long-term weight management. Participants earn one point for reporting a weekly weigh-in and an additional one point if they maintain or lose weight during the week.

Participants can also create and engage in peer challenges with other participants, such as number of steps taken per day, weight loss, water consumption, fruits and veggies consumption, or cardio. The peer challenges have a maximum of 20 participants and can be initiated by anyone participating in the wellness plan at any time.

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

In past years, the SJVIA has also offered onsite mammography screenings during the fall season through Pacific Coast Medical Services. This activity is scheduled to be held this month at various locations, and information will soon be provided to plan participants.

Lastly, monthly focus topics are offered internally by each SJVIA entity if so desired, and resources are available through Viverae.

Participants also have access to a personal online portal to help track their progress, gain access to resources on a wide range of wellness topics, and engage with health coaches.

Staff is very excited about the new program with Viverae and the activities planned for 2015. The new partnership with Viverae provides participants in the SJVIA health plans with access to a very broad range of activities and information to promote well-being and a healthier lifestyle.

FISCAL IMPACT/FINANCING:

Informational only.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
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
February 6, 2015 9:00 AM**

AGENDA DATE: February 6, 2015

ITEM NUMBER: 11

SUBJECT: Approve Amendment to Viverae Master Services Agreement Effective January 1, 2015 (A)

REQUEST(S): That the Board authorize the execution of the amendment to the Viverae Master Services Agreement effective January 1, 2015

DESCRIPTION:

Upon review by Staff, it has been recommended to amend the definition of an eligible participant.

Presently, Attachment B to the Master Services Agreement shows the definition of an eligible member as "All Benefit-Eligible Employees. No Spouses."

It was not the intent of the SJVIA to offer the wellness program to all employees of participating entities who are benefit eligible, only to those who are participating in the health plans as an enrolled primary subscriber. Under direction by SJVIA legal counsel, the definition has been changed to clarify eligibility for the program to "All SJVIA health plan participants enrolled as a primary subscriber in the plan with his or her respective employer, and excluding spouses or dependents of such participants."

This recommended change in definition does not alter the original intent of the plan, but more clearly defines who is eligible for participation.

The Amendment and Master Services Agreement, including Attachment B, are included with this item for your review.

FISCAL IMPACT/FINANCING:

No fiscal impact.

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 6, 2015

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager



FIRST AMENDMENT TO MASTER SERVICES AGREEMENT

This First Amendment ("Amendment") refers to and modifies that certain Master Services Agreement ("MSA") between Viverae, Inc. ("Viverae") and **San Joaquin Valley Insurance Authority** ("Client") with an effective date of August 29th, 2014 (hereinafter referred to as the "Agreement").

WHEREAS, the parties desire to modify certain terms and conditions of the Agreement;

NOW THEREFORE, in consideration of the mutual promises and obligations set forth in this Amendment and the Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Viverae and Client agree as follows:

1. **Eligible Member Definition.** The Eligible Member definition set forth in Attachment B is deleted in its entirety and replaced with: "All SJVIA health plan participants enrolled as a primary subscriber in the plan with his or her respective employer, and excluding spouses or dependents of such participants."
2. Except as expressly modified in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, by placing their duly authorized signatures below, the Parties hereby agree to be bound by the terms and conditions of this Amendment and the Agreement as of the last date signed below.

Client: San Joaquin Valley Insurance Authority	Viverae, Inc.
By:	By:
Name: Deborah Poochigian	Name: Michael K. Lamb
Title: President, SJVIA Board of Directors	Title: President & COO
Date:	Date:

MASTER SERVICES AGREEMENT

This Master Services Agreement, including all Attachments and Exhibits, (collectively referred to as the "Agreement") is made and entered into this 29th day of August, 2014 ("Effective Date") by and between **Viverae, Inc.**, a Delaware corporation, for itself and on behalf of its subsidiaries, authorized to do business in the State of California (collectively "Viverae") with offices at 10670 N. Central Expressway, Suite 700, Dallas, Texas 75231 and **San Joaquin Valley Insurance Authority**, a California joint powers authority ("Client") with offices located at 2220 Tulare St. Suite 1400, Fresno, CA 93721. Viverae and Client may individually be referred to as the "party" or collectively as "the Parties".

WHEREAS, Viverae is in the business of providing health management solution services; and

WHEREAS, Client desires to engage Viverae for the provision of health management solution services;

NOW THEREFORE, in consideration of the promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1: DEFINITIONS

- 1.1 **Definitions.** Unless otherwise specifically provided, the capitalized terms used in this Agreement shall have the meanings set forth in Exhibit A attached hereto and incorporated by reference.

ARTICLE 2: RESPONSIBILITIES OF VIVERAE

- 2.1 **Services.** Viverae shall provide health management solution services ("Services") for Client subject to the terms of the Viverae Service Specifications attached hereto as Attachment A and as specified throughout this Agreement. Unless otherwise specified, Services and related deliverables are provided in English only.
- 2.2 **Insurance.** Viverae shall maintain at its sole expense valid policies of (a) workers compensation insurance, (b) commercial general liability insurance with minimum limits of \$1,000,000 per occurrence and \$2,000,000 annual aggregate, and (c) professional liability insurance with minimum limits of \$3,000,000 per occurrence and \$5,000,000 annual aggregate during the term of this Agreement. Viverae shall obtain endorsements to the commercial general liability insurance naming the SJVIA, its officers, agents, and employees, individually and collectively, as additional insured, but only insofar as the operations under this Agreement are concerned. Such coverage for additional insured shall apply as primary insurance and any other insurance, or self-insurance, maintained by the SJVIA, its officers, agents, and employees shall be excess only and not contributing with insurance provided under Viverae's policies as stated above. This insurance shall not be cancelled or changed without a minimum of 30 days advance written notice to the SJVIA. Within 30 days after the Effective Date, Viverae shall provide to the SJVIA certificates of insurance for all policies stated above, and endorsements as stated above, stating: that such insurance coverages have been obtained and are in full force; that the commercial general liability insurance names the SJVIA, its officers, agents, and employees, individually and collectively, as individual insured; that such coverages for additional insured will apply as primary insurance and any other insurance, or self-insurance, maintained by the SJVIA, its officers, agents, or employees, shall be excess only and not contributing with insurance provided under Viverae's policies as stated above; and that this insurance shall not be cancelled or changed without a minimum of 30 days advance written notice to the SJVIA. If Viverae fails to keep in effect at all times during the term of this Agreement the insurance coverages required above, the SJVIA may, in addition to any other remedies it may have, suspend or terminate this Agreement upon the occurrence of such event, provided that Viverae is given notice and a reasonable opportunity to cure. All policies shall be issued by admitted insurers licensed to do business in the State of California, and such insurance shall be purchased from companies possessing a current A.B. Best, Inc. rating of A FSC VII or better.
- 2.3 **Viverae Personnel.** All Personnel provided by Viverae shall be employees or contractors of Viverae or its operating subsidiaries, and not of Client.
- 2.4 **Reporting.** Viverae shall provide Client with relevant reporting regarding Services as specified in the Service Specifications. Unless otherwise specified or unless reporting available on-demand by Client, reporting shall be provided at the end of the Program Year. Client may request additional reports and if Viverae is able to provide such reports, additional fees may apply and shall be agreed by the parties in advance of the production of same. Client agrees that any reports requested by Client which require the provision of member Protected Health Information

("PHI"), will only be provided if necessary for the administration of the plan referenced in the Business Associate Agreement attached hereto as Exhibit B. Client agrees that such report shall only be provided to the individual authorized by the plan sponsor (as defined in the Business Associate Agreement) to administer the health plan and Client acknowledges that the Plan has been amended to allow for access to Client employee PHI. Viverae may request that Client provide a copy of the "Certification by Plan Sponsor to Group Health Plan."

ARTICLE 3: BILLING AND COMPENSATION

- 3.1 **Compensation.** In consideration of the Services under this Agreement, Client shall pay Viverae undisputed fees and expenses as set forth in the Billing and Payment Schedule attached hereto as Attachment B. All billing cycles shall begin on the first of the month. An initial payment shall be due upon contract signing. Electronic invoices for all subsequent payments shall be presented to Client one month in advance of delivery of Services and unless otherwise specified in this Agreement, payment for Services shall be due within forty-five (45) days of the date of the invoice. Notwithstanding the provisions of the Billing and Payment Schedule, payments not received within forty-five (45) days of the date of the invoice will accumulate interest, until paid, at the rate of one and one-half percent (1 1/2%) per month on the unpaid balance, equal to an annual percentage rate of eighteen percent (18%), or the maximum rate permitted by applicable law, whichever is less. If Client's account is more than 90 days past due, in addition to other rights and remedies it may have, Viverae, without liability to Client, reserves the right to suspend Services until the past due undisputed amount is paid in full.
- 3.2 **Expenses.** Unless otherwise explicitly provided in the Agreement, travel, expenses, and sales and other state taxes are not included in the Services.
- 3.3 **Billing Contact.**

Name:	Jason Blanks / Lupe Garza
Address:	2220 Tulare St. Suite 1400, Fresno, CA 93721
Phone:	559-600-1810/ 559-636-4918
Fax:	
Email:	jblanks@co.fresno.ca.us lugarza@co.tulare.ca.us

ARTICLE 4: RESPONSIBILITIES OF CLIENT

- 4.1 **Implementation and Provision of Data.** The process of preparing to deliver Services under this Agreement is referred to as the "Implementation" process. Client shall designate an "Implementation Coordinator" to work with the designated Viverae Implementation Specialist during the Implementation process. The "Implementation Period" is the period between the Effective Date of the Agreement and the "Launch Date" for Services and is specified in the Billing and Payment Schedule attached hereto as Attachment B. The Launch Date for Services is the date on which Eligible Members may first access, use, or enroll in Services, and is set forth in Attachment B. Viverae reserves the right to commence charging the applicable monthly program fees prior to the Launch Date if Client, by its willful action, inaction, or lack of cooperation causes the Launch Date to be delayed. During the Implementation Period and as otherwise required under the Agreement, and subject to the requirements of HIPAA, Client shall timely provide to Viverae all data and other information (i.e. census files) requested and reasonably necessary for the performance of Services, as well as coordinate with thirdparty vendors for the provision of data of Client if applicable.
- 4.2 **Census Eligibility File.** Client understands that a Census Eligibility File containing the required data on all Eligible Members is necessary for the performance of Services and agrees to the following:
 - 4.2.1 Client will provide the Census Eligibility file in accordance with Viverae's Census Eligibility Management Specifications no later than forty-nine (49) days prior to the earlier of the first scheduled Screening Event or the Launch Date.
 - 4.2.2 Client is responsible for identifying and notifying Viverae of all persons who are Eligible Members (as defined in Attachment B of the Agreement) in file format in accordance with the census specifications document and client business requirements document (both of which must be signed off by the Client annually). Client understands that Viverae will only load files which strictly comply with the terms of the aforementioned

documents and all other files will be deemed "unloadable". Services will be available to all persons included on the Census Eligibility File and Client will be responsible for payment for all members provided on the Census Eligibility File and all members on the Census Eligibility File shall be considered Eligible Members. Viverae Services are only available to Eligible Members that are at least eighteen (18) years of age and Client agrees that it will not include anyone under the age of eighteen.

4.2.3 Client agrees that, upon request, Client will verify the eligibility status of any person seeking Services and, if deemed eligible, provide the same data as is required for the Census Eligibility File. All Participants shall be Eligible Members of Client.

4.3 **Notice of Privacy Practices.** Client will provide Eligible Members and Viverae with Client's Notice of Privacy Practices in compliance with the applicable sections of the Health Insurance Portability and Accountability Act ("HIPAA").

4.4 **Viverae Consent Form.** Eligible Members who desire to become Participants shall sign the Viverae Consent to Participate Form. Notwithstanding the foregoing, participation in the Viverae Program or acceptance of Services in any manner is deemed consent to participate. Client shall ensure that all necessary or required consents or authorizations (other than the Viverae Consent to Participate) are obtained from Eligible Members at its own expense.

4.5 **Incentives.** Client may provide a financial incentive reward that encourages Eligible Members or Eligible Spouses to become Participants. Viverae shall support Client in determining which Participants are eligible to receive the incentive reward and Client agrees to provide Viverae with the incentive reward requirements at least forty-five (45) days prior to the Launch Date. Client shall be solely responsible for the actual administration of the incentive reward.

Viverae will present Client with a standard Incentive Design that is in compliance with the law. If Client modifies or alters Viverae's standard Incentive Design in any manner, regardless of whether perceived to be material or immaterial, Client expressly waives any and all claims of any type against Viverae related, either directly or indirectly, to offering an incentive or the Incentive Design. Client affirms that any Incentive Design that requires the satisfaction of a Health Status Factor is intended to comply with all applicable Federal, State and/or Local rules or regulations, including but not limited to any and all applicable privacy statutes and/or statutes related to the use of lawful products or engaging in lawful conduct. Client agrees that it shall rely solely on advice of its own counsel with respect to the legality of its Incentive Design and program and expressly waives any and all claims against Viverae arising from any alleged or actual non-compliance with applicable rules and laws associated with Client's incentive design. Client waives any and all claims of any type against Viverae related to any data or information received by Viverae from any third party that Client requests to be included by Viverae in any reports used by Client or in data files sent to any other party (at the request of Client) for incentive fulfillment or to support payment or distribution of incentive rewards of any kind or type, for claims analytics, or for Disease Management.

4.6 **Communications to Eligible Members.** Client shall distribute recommended communication materials prepared by Viverae.

4.7 **Client Facilities.** For Services where use of Client facilities is required, Client agrees to provide suitable facilities in a setting that will enable Viverae to safely and, as appropriate, confidentially provide Services to Eligible Members. This shall include, without limitation, the provision of meeting room space, tables, chairs, utilities, and internet access.

4.8 **On-Site Services.** On-Site Services include Services, other than Screening Events, that require performance at the Client's locations. On-Site Services are to be performed and delivered during normal business hours (defined as 6:00am Monday through 6:00pm Friday) in no more than eight (8) hour increments, otherwise additional fees will apply. Client will be charged the cost of travel expenses plus 25% of the cost of travel as an administrative fee for cancellations less than thirty (30) days in advance of the scheduled On-Site Service.

4.9 **Screening Events.** A "Screening Event" is defined as on-site service for the administration of Biometric Screenings and/or MHA's at one location or address for an affixed, uninterrupted period of time not to exceed eight (8) hours.

4.9.1 **Timelines.** The parties shall agree on the date, location, and time for a Screening Event ("Screening Plan") no less than forty-nine (49) days prior to the Screening Event. Eligible Members will be required to sign up prior to a scheduled Screening Event. Registration for a Screening Event will be closed two (2) calendar days prior to the Screening Event. If applicable, paper sign up forms will be accepted up to fourteen (14) calendar days prior to a Screening Event. Client understands that Viverae will staff and supply according to the number of

participants expected (as determined in the Screening Plan) for a Screening Event thirty-five (35) days prior to the Screening Event. Additional fees will apply for Screening Events scheduled to be delivered outside normal business hours, outside of the continental U.S., or Screening Events that require travel on Premium Travel Dates. Walk-in only events are permitted, however, no on-site consultation will be provided due to the uncertainty of the volume.

4.9.2 **Modification.** Modifications are permitted between 49-36 days prior to the first Screening Event at no additional fee. Modifications made less than 35 days prior to the Screening Event will be charged a modification fee equal to \$300 per change plus travel and expenses incurred. A change to the Screening Event date must be rescheduled to occur within sixty (60) days of the original Screening Event otherwise it will be treated as a cancellation. A "change" includes modifications to the date, time, expected participation estimate, location, or other material aspect of the Screening Plan.

4.9.3 **Cancellation.** Cancellations with less than a thirty-five (35) day notice will be assessed a cancellation fee equal to \$30.00 per participant based on the greater of a) minimum participants set forth in Attachment B or b) 85% of the expected participation (as defined in the Screening Plan). Cancellations less than 49 days but more than 35 days prior will be assessed a fee of \$300.

4.10 **Exclusivity.** During the Term of this Agreement, Client shall not enter into an agreement with any other party for the provision of the same services provided by Viverae.

4.11 **Insurance.** Client will maintain at its sole expense a valid policy of general liability insurance with minimum limits of \$1,000,000 per occurrence and \$2,000,000 annual aggregate during the term of this Agreement. Client will provide proof of insurance upon request.

4.12 **Use of Client Marks.** Except as otherwise provided herein, this Agreement does not give either party any right, title, or interest in the other party's trade names, logos, service marks, or trademarks registered or intended to be registered (collectively "Marks"). Notwithstanding the foregoing, Viverae shall be permitted to use Client approved trade-name, logo(s), service mark(s), and trademark(s) (collectively "Client Marks") as follows:

- 4.12.1 within any portion of the VHMS website which will be accessed by Client;
- 4.12.2 on any materials prepared by Viverae for distribution to Eligible Members;
- 4.12.3 in a press release announcing the existence of a business relationship with Client; and
- 4.12.4 on sample marketing materials which may be provided to prospective customers, investors, and professional advisors of Viverae, or as otherwise provided in this Agreement.

4.13 **Custom Materials.** Any logos, designs, domain names, or other works created under this Agreement are the intellectual property of Viverae and Viverae retains any and all rights to such intellectual property. Notwithstanding the foregoing, Viverae does not claim any right or title to Client's name or registered marks.

4.14 **Use of De-Identified Data.** Viverae shall have the right to use the data, health and lifestyle status metrics, and other results of its Services under this Agreement in such a way that neither Client nor any Eligible Member or Participant is identifiable.

ARTICLE 5: TERM

5.1 **Term.** The Initial Term of this Agreement shall be from the Effective Date of this Agreement and shall continue for a period of three (3) years from the Launch Date for Services.

5.2 **Program Year.** A program year is the twelve (12) month period starting from the Launch Date set forth in Attachment B and each 12 month period thereafter ("Program Year"). Client will be presented with recommendations for a program design for the subsequent Program Year. The final program design for the subsequent year must be

approved by the client at least thirty (30) days prior to the subsequent Program Year. In the event, Client does not timely approve the program design, the then current Program Year will be extended for one (1) month. However, during this extended period, members will not be able to accrue points towards an incentive. Delays in approval may result in shortened subsequent Program Years and may negate any Performance Guarantees or ROI's.

- 5.3 **Renewal Term.** Upon expiration of the Initial Term, this Agreement shall automatically renew for two (2) additional one (1) year terms ("Renewal Term") under the same terms and conditions of this Agreement, except as noted in Article 5.4, and any amendments, unless either party gives written notice to the other of its intent not to renew at least ninety (90) days prior to the expiration of the Initial Term (or current Renewal Term) or unless otherwise terminated pursuant to Article 5.
- 5.4 **Rate Changes.** Fees for all products are guaranteed for the duration of the Initial Term. Upon expiration of the Initial Term, Viverae reserves the right to increase fees and rates to the then current rate, if Viverae has given notice to Client, at least 180 days before the end of the Initial Term or each applicable Renewal Term, of the proposed increase for the next Renewal Term.
- 5.5 **Termination.** Notwithstanding anything to the contrary contained in this Agreement, this Agreement may be terminated:
 - 5.5.1 by either Party, upon written notice to the other, if the other Party (the "Defaulting Party") shall materially breach any obligation or covenant of the Defaulting Party hereunder and if such breach shall remain uncured for thirty (30) days following notice of such breach given by the non-Defaulting Party to the Defaulting Party.
 - 5.5.2 immediately and automatically upon the filing of a voluntary or involuntary petition for reorganization or bankruptcy by or against a party.
 - 5.5.3 at the discretion of Viverae if Client is more than ninety (90) days past due on payments owed to Viverae under this Agreement and subject to the terms of paragraph 8.7 of this Agreement.
 - 5.5.4 by Client, upon 30 days advance written notice to Viverae, if sufficient funds are not allocated by the appropriating government agency or agencies. The terms of this Agreement, and the services to be provided under it, are contingent upon the approval of funds by the appropriating government agency or agencies, whose appropriations. Nothing in this section limits or otherwise affects the right of Viverae to inspect public records under the California Public Records Act.
 - 5.5.5 by either party at the end of each twelve (12) month Program Year provided that ninety (90) day advanced written notice is delivered to the other party.
- 5.6 **Rights of the Parties.** Termination or expiration of this Agreement shall not alter or impair any rights of either Party accrued under this Agreement through the date of termination or expiration.

ARTICLE 6: LICENSES

- 6.1 **License to VHMS.** Viverae hereby grants Client and each Authorized User a personal, nonexclusive, non-transferable limited license to use Viverae's VHMS website during the Term solely for the purposes of the Services provided under this Agreement (the "Site License"). Client may not modify or alter any of the content, information, or documentation contained on the VHMS website other than the data entries that are expressly contemplated and permitted by the VHMS website to be entered by Client. The Site License granted hereby authorizes the use of the VHMS website by Client's Eligible Members during the Term of this Agreement, subject to the terms and provisions hereof, including Section 6.5.4 hereof which requires Authorized Users to individually accept the "Terms of Use" provision provided on and accessible through the VHMS website.

Viverae must be notified of and approve in writing any third party Authorized User prior to granting access to them. For all third party Authorized Users, including Client broker, Client shall provide Viverae with a copy of the Business Associate Agreement between Client and the third party or alternatively shall request that third party execute the Viverae Confidentiality Agreement. Client third parties will not be given access to VHMS without one of the above referenced agreements. The Authorized User will continue having access to the system for the Term of the Agreement unless Client notifies Viverae, in writing, that authorization has been revoked

6.2 **License to Viverae Materials.** All materials other than Member Reports, Employer Reports, and date-specific marketing materials available to Client through the VHMS website (collectively, "Viverae Materials" or "Materials") are licensed to Client. Viverae hereby grants Client a personal, nonexclusive, non-transferable license to use the Viverae Materials solely for the purposes of the Services provided under this Agreement (the "Materials License"). Client shall not distribute, alter or use the Viverae Materials for any other purpose. Client shall treat all such Materials as Confidential Information as defined in Section 7 of the Agreement. Upon the termination of this Agreement, Client shall discontinue use or distribution of all Viverae Materials or, if requested by Viverae, return or destroy all such Materials to Viverae.

The Site License and Materials License are together referred to herein as the "License."

6.3 **License Exclusions.** Except as expressly authorized herein, Client shall not:

6.3.1 use the VHMS website or any Materials except as authorized pursuant to this Agreement.

6.3.2 cause or permit modification, reverse compilation or reverse assembly of all or any portion of the VHMS website or otherwise attempt to learn the source code, structure, or algorithms underlying the VHMS software;

6.3.3 copy or otherwise reproduce any portion of the VHMS website or the Viverae Materials contained therein, except to the extent necessary for Client to use the VHMS website and such Viverae Materials for their intended purpose, as set forth in this Agreement, or;

6.3.4 distribute, disclose, market, rent, lease, transfer, or provide or permit access to any third party any portion of the VHMS website or the Viverae Materials;

6.4 **Link Agreement.** Viverae grants Client a limited, non-exclusive, non-transferrable, non-assignable right to establish a link to VHMS. Client and its Members shall use VHMS only for the purposes expressly described in this Agreement and subject to the restrictions set forth in the Agreement.

6.5 **Proprietary Rights.** Subject to the nonexclusive License granted in Sections 6.1 and 6.2 hereof, Viverae retains all right, title, and interest, including without limitation any and all copyrights, trade secrets, patents, trademarks, service marks, and all other proprietary rights in and to the VHMS website and all of Viverae's Confidential Information (as defined in Article 7 of the Agreement).

6.5.1 **Terms of Use.** In addition to the terms and conditions set forth in this Agreement, use of the VHMS website by Authorized Users shall be subject to the "Terms of Use" statement provided on and accessible through the VHMS website and which, by this reference, are specifically incorporated herein. Before the first usage of the VHMS website, the user shall be required to agree to and comply with the Terms of Use provision before being granted access to the VHMS website. Viverae reserves the right from time to time to modify the terms and conditions of the Terms of Use provision, and the continued use of the VHMS website after the date of any such modification shall be deemed consent thereto.

6.5.2 **System Requirements.** Use of the VHMS website is available solely via the internet. Authorized Users must, at their own expense, have access to all equipment, hardware, software and the like, necessary to connect to the internet in order to be able to access and use the VHMS website.

ARTICLE 7: CONFIDENTIALITY

7.1 **Confidential Information.** All written, electronic, or oral proprietary or confidential information or documentation received by a party hereto (the "Receiving Party") from the other party or trade secrets of the other party (the "Disclosing Party") shall be deemed to be the Disclosing Party's proprietary and confidential information ("Confidential Information") including information disclosed prior to the effective date of this Agreement but disclosed in anticipation of its execution or the services contemplated herein. Confidential Information includes any and all information, know-how, and data, technical or non-technical, whether written, graphic, or oral, furnished by either party or on its behalf, to the other, that is confidential and proprietary or is treated as such by the Disclosing Party and shall include without limitation (i) content contained in or derived from the VHMS website, including all source code, object code, executable formats, files, modifications, processes, and any and all derivative works of the VHMS website); (ii) financial information, pricing information, trade secrets, intellectual property, ideas, concepts, designs, research and technical information, business and operational policies, processes, procedures and strategies, business plans, and system design and operating specifications; (iii) other information disclosed in writing by the Disclosing Party and

marked as proprietary, confidential, or with a similar designation; (iv) other information disclosed in writing that the Disclosing Party, within thirty (30) days of disclosure, specifies in writing as being Confidential Information; and (v) other information disclosed orally or not in a tangible medium of expression that the Disclosing Party, within thirty days of disclosure, describes and specifies in writing as being Confidential Information. Confidential Information does not include information which, at the time of its disclosure, is in the public domain or which, after disclosure, becomes part of the public domain by publication or otherwise through no action or fault of the receiving party. The parties agree and covenant as follows:

- 7.1.1 **Ownership.** All Confidential Information furnished, disclosed or exchanged is and shall be considered for all purposes to be the property of the Disclosing Party.
- 7.1.2 **Disclosure.** The Receiving Party shall comply with this Article 7 using at least the same degree of care as used to protect its own important confidential or proprietary information, but in any case using no less than a reasonable degree of care. The Receiving Party may disclose the Disclosing Party's Confidential Information to its and its affiliates' employees and independent contractors who have a need to know such information and who agree to protect the Confidential Information from unauthorized use and disclosure under standard provisions of employment or under the terms of a written agreement containing restrictive covenants at least as restrictive as those set forth herein.

The terms and conditions of this Agreement shall be considered the Confidential Information of both parties. Confidential Information shall not include material, data or information which is known to the Receiving Party prior to the disclosure by the Disclosing Party, which is generally available to the public or in the industry, or which has been obtained from a third party (which, to the Receiving Party's knowledge, has a right to disclose the same). Except as contemplated by or required to perform its obligations under this Agreement, the Receiving Party shall not, either directly or indirectly, use or disclose to any third party any Confidential Information without the prior written consent of the Disclosing Party. The Receiving Party may disclose Confidential Information:

- (i) as required by any court or other governmental body (provided it shall give the Disclosing Party prompt notice, prior to the disclosure, so that the Disclosing Party may take steps to oppose such disclosure); (ii) as otherwise required by law; (iii) to legal counsel of the parties; (iv) in connection with the requirements of an initial public offering or securities filing; (v) in confidence, to accountants, banks, and financing sources and their advisors; (vi) in confidence, in connection with the enforcement of this Agreement or rights under this Agreement; or (vii) in confidence, in connection with a merger or acquisition or proposed merger or acquisition, or the like.

- 7.1.3 **Survival.** The provisions of this Section 7 shall survive termination of the Agreement.

ARTICLE 8: GENERAL TERMS

- 8.1 **Independent Contractors.** The parties enter into this Agreement as independent contractors, and nothing contained in this Agreement will be construed to create a partnership, joint venture, agency, or employment relationship between the parties. Additionally, under no circumstances shall the employees, agents, or subcontractors of one party be considered employees or agents of the other party.
- 8.2 **Non-Solicitation of Personnel.** From the date hereof until one (1) year following the termination of this Agreement, the parties agree that they will not engage in any activities that would cause either party's personnel to leave the employment of the other, without the prior written consent of the other party, that includes but is not limited to: (i) directly soliciting or employing for full-time or part-time work with the other party or on behalf of a third-party or, (ii) soliciting or accepting employment applications directly or from a third-party from the other party's personnel. If it appears that one party is (or threatens to be) in violation of this covenant, the other party shall be entitled to injunctive relief to restrain the first party from further violation. Neither party shall be prohibited by this provision from pursuing other remedies, including a claim for losses and damages, or termination of this Agreement for cause.
- 8.3 **Service Modification.** Viverae reserves the right to make modifications to the Services outlined below for the express purpose of continuously improving the effectiveness and or efficiency of the Services. Viverae will provide advance written notice to Client of any material modifications where feasible.

- 8.4 **Business Associate Status.** The parties acknowledge that in providing the Services specified in this Agreement Viverae is a Business Associate under HIPAA, and that the parties have entered or will enter into the Business Associate Agreement (BAA) as a condition of this Agreement. Viverae's BAA is attached hereto as Exhibit B.
- 8.5 **Compliance with Laws.** Viverae agrees that all Services provided pursuant to this Agreement shall be performed in compliance with all applicable federal or state laws, rules and regulations.
- 8.6 **Indemnification.** Viverae agrees to indemnify and hold harmless Client, and its directors, officers, employees, and agents from and against any and all claims, actions, or liabilities which may be asserted against them by third parties determined to have arisen out of, the negligent acts or omissions of Viverae, its directors, officers, employees or agents in providing services under this Agreement. Client agrees to indemnify and hold harmless Viverae, and its directors, officers, shareholders, employees and agents, from and against any and all claims, actions, or liabilities which may be asserted against them by third parties determined to have arisen out of the negligent acts or omissions of Client, its directors, officers, employees, contractors or agents under this Agreement. The parties agree to provide prompt written notice to the other party of any claim or circumstance that likely will give rise to a request for indemnification.
- 8.7 **Limitation of Liability.** Neither Viverae nor Client will be responsible for special, indirect, incidental, punitive, consequential, or other similar damages, including but not limited to lost profits, that the other party may incur or experience in connection with this Agreement, whether in contract, tort, or otherwise, however caused, even if such party has been advised of the possibility of such damages. Notwithstanding the foregoing, in the event of a default by Client of any of the provisions of this Agreement, Viverae, without limiting any other remedies provided for in this Agreement, at law or in equity, shall be entitled to immediately accelerate and recover any and all amounts then due or to become due from Client pursuant to the provisions of this Agreement during the remaining term of this Agreement.
- 8.8 **Applicable Law.** The validity of this Agreement and any of its terms and provisions or the parties' rights and duties shall be interpreted and enforced in accordance with the laws of the State of California, without regard to its principles of conflict of laws. Any dispute or claim from this Agreement shall be resolved exclusively in the federal or state courts of the State of California and the parties hereby irrevocably submit to the personal jurisdiction of said courts and waive all jurisdictional defenses thereto.
- 8.9 **Mediation.** If any dispute arises out of or relates to this Agreement, including any dispute by and between Viverae and Client and, if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to litigation. The mediation shall be conducted in a mutually agreed upon location with a mediator who is agreeable to each of the parties to the dispute. The mediation shall be conducted in accordance with the mediator's rules. The fees, costs and expenses of the mediation will be borne equally by the parties. Each party will also bear the fees and expenses of its own counsel. This mediation clause shall survive the termination of this Agreement.
- 8.10 **Attorneys' Fees.** In the event mediation is unsuccessful, if either party is then required to obtain legal assistance to enforce its rights under this Agreement, or to collect any monies due hereunder, the prevailing party shall be entitled to recover from the other party, in addition to all other sums due, reasonable attorneys' fees, court costs and expenses, if any, incurred enforcing its rights and/or collecting its monies.
- 8.11 **Force Majeure.** Neither Client nor Viverae shall be deemed to be in default of any provision of this Agreement, or for failures in performance, resulting from acts or events beyond its reasonable control. Without limitation, such acts may include acts of God, civil or military authority, terrorists, civil disturbance, war, strikes, fires, other catastrophes, labor disputes, parts shortages, or other events beyond the Parties' control. If a party's non-performance under this section extends for thirty (30) days or longer, the party affected by such non-performance may terminate this Agreement by providing written notice thereof to the other party.
- 8.12 **No Waiver.** The failure of either party hereto to enforce at any time any of the provisions of this Agreement, or the failure to require at any time performance by the other party of any of the provisions of this Agreement, shall in no way be construed to be a present or future waiver of such provisions, nor in any way affect the validity of either party to enforce each and every such provision thereafter. The express waiver by either party of any provision, condition or requirement of this Agreement shall not constitute a waiver of any future obligation to comply with such provision, condition, or requirement.
- 8.13 **Assignment.** No party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other party, except that a merger, acquisition, change in control, change of ownership or a majority interest, or the sale of a significant portion of the assets of either party shall not constitute an assignment

or delegation hereunder. Notwithstanding the foregoing, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any party other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to the successors and assigns of either party permitted under the first sentence of this section.

8.14 **No Third Party Beneficiaries.** Viverae and Client intend that this Agreement will not benefit or create any right or cause of action in or on behalf of any person or entity other than the Parties.

8.15 **Notices.** Any notice or demand required under this Agreement, other than rate adjustment or renewal notices, will be in writing, will be personally served or sent by certified mail, return receipt requested and postage prepaid, or by a recognized overnight carrier which provides proof of receipt, and will be sent to the attention of person(s) at the address specified below. Rate adjustment notices or renewal notices may be provided by standard commercial means, including e-mail and/or facsimile transmission.

Client: San Joaquin Valley Insurance Authority	Viverae, Inc.
Attn: SJVIA Manager	Attn: General Counsel
Address: 2900 W. Burrel Ave.	Address: 10670 N. Central Expwy., Suite 700
City, ST, Zip: Visalia, CA 93291	City, ST, Zip: Dallas, TX 75231
Phone Number: 559-636-4927	Phone Number: 214-827-4400
Fax:	Fax: 469-398-3405
Email: rsjostro@co.tulare.ca.us	

With copy to: CLIENT CONSULTANT*

Name	Michele Mills	Company	Gallagher (Fresno)		
Phone Number	559-256-6525	Fax Number			
E-Mail Address	Michele_Mills@AJG.com	Street Address	45 E. River Park Pl. West, Suite 605		
City	Fresno	State	CA	Zip	93720

* Client Consultant is designated an Authorized User of VHMS and is granted Restricted Broker Access

Invoices will be directed to Client contact listed above. Invoices will not be directed to any third parties for payment unless specifically agreed to herein in writing.

8.16 **Headings.** The headings of the sections and subsections of this Agreement are for reference only and will not affect in any way the meaning or interpretation of this Agreement.

8.17 **Severability.** In the event that one or more provision of this Agreement is deemed invalid, unlawful and/or unenforceable, then only that provision will be omitted, and will not affect the validity or enforceability of any other provision; the remaining provisions will be deemed to continue in full force and effect.

8.18 **Entire Contract; Counterparts.** This Agreement and the Schedules, Attachments and Exhibits hereto constitute the entire contract between Client and Viverae regarding the Services to be provided hereunder. Any agreements, promises, proposals, negotiations, or representations (whether written, oral, express, or implied) which are not expressly set forth in this Agreement are of no force or effect. This Agreement may be executed in any number of counterparts, each of which will be deemed to be the original, but all of which shall constitute one and the same document. No amendments to this Agreement will be effective unless made in writing and signed by duly authorized representatives of both parties. The parties acknowledge and agree that the execution and delivery of this Agreement by facsimile or e-mail transmission shall be valid and binding.

Attachments:

Attachment A—Viverae Service Specifications

Attachment B—Billing and Payment Schedule

Exhibits:

Exhibit A—Definitions

Exhibit B—Business Associate Agreement

IN WITNESS WHEREOF, by placing their duly authorized signatures below, the Parties hereby agree to be bound by the terms and conditions of this Agreement as of the Effective Date.

Client: San Joaquin Valley Insurance Authority	Viverae, Inc.
By: <i>Deborah A. Poochigian</i>	By: <i>Michael K. Lamb</i>
Name: Deborah Poochigian	Name: Michael K. Lamb
Title: President, SJVIA Board of Directors	Title: President & COO
Date:	Date: <i>11/25/14</i>
Client: Reviewed & Recommended for Approval	
By: <i>Paul Neel</i> FOR	
Name: Rhonda Sjostrom	
Title: SJVIA Manager	

Attachment A
VIVERAE SERVICE SPECIFICATIONS

Client has selected the following Services. The fees for selected Services are listed in the Billing and Payment Schedule. Any modifications or adjustments to the Standard reports, programs, materials, or other deliverables shall be subject to additional fees including but not limited to an hourly rate of \$200 per hour for time estimated to accommodate the Client requested customization. "Standard" shall be defined as provision of Services and other deliverables in the manner, frequency, and format that is customary for Viverae in the normal course and scope of its business. Products or Services not expressly listed in Attachments A and/or B are not included.

E-PRODUCT:

ENGAGE

- Incentive Design: 200 points (Biometric Screening, MHA, self-reported Preventive Care, and Program Activities). Pre-assigned point value for each component of the incentive design.
- Access to VHMS which includes Member Portal , Employer Portal, and Mobile Access
- Unlimited Inbound Access to Member Services
- Support from Viverae team
- Online Member Health Assessment. Telephonic and paper MHA available for an additional fee.
- Program Activities may include supplemental questionnaires, online targeted programs, online courses, online health webinars, and a self-reported community activity.
- Client will select four (4) Health Challenges per year from Viverae's offerings
- Reports included:
 - o Member Log-In, Participation, and Challenge Participation Summaries available through VHMS
 - o Incentive Report, Post-Assessment, and Comparative Report (in year two and three) available in PDF format through VHMS.
- Communications included are:
 - o Launch Toolkit (Senior Management Letter, Coming Soon, CEO Letter, Program Guide Video, Program FAQ, Biometric Screening Information Sheet, Screening Video, Screening FAQ, Preventive Care Information, Alternative Screening Information Sheet, Easy as 1-2-3 handout, New Hire Instructions, VLife Network Invitation, and Mid-Year Program Reminder)
 - o "As-Needed" materials are included if Client has purchased the applicable product. "As-Needed" materials include:
 - Challenge 1, 2, and 3 informational fliers
 - Coaching overview
 - Coaching Teaser
 - Coaching Video
 - Tobacco Cessation general information
 - Disease Management FAQ and/or
 - Disease Management Privacy Information
 - o One (1) Custom URL for term of the Agreement
 - o One (1) Custom Wellness Logo for term of the Agreement
 - o Program Guide or Trifold
 - o Mid-year reminder postcard or End-of-year reminder postcard
 - o Launch Toolkit items, Program Guide (or Trifold), Mid-year reminder postcard (or End-of year reminder postcard), and "As-Needed" items will be provided annually. Viverae reserves the right to modify or remove any listed items at its discretion. Communication materials are provided in English. Translation services are available through a third party for an additional fee to be determined at time of request. Translation services are available by contacting Viverae's preferred vendors. This list of vendors will be provided upon request. Viverae's preferred rate will be provided.

BIOMETRIC SERVICES:

On-Site Biometric Screening

- Collection of blood sample through venipuncture. Screening will provide data on height, weight, waist circumference, blood pressure, glucose, lipid profile, and body mass index. Additional tests may be purchased for an additional fee. Screening services performed at Client location and at time agreed to by the parties. Laboratory or mail-in lab kit available as an alternative at Client's request.
- Client will be responsible for the difference in the per participant cost resulting from use of third party vendors requested by Client.

- Screening pricing is valid for three (3) years.

Third Party Lab (LabCorp)

- Testing is performed at third party lab designated by Viverae and will provide data on glucose and lipid profile. Client is responsible for ensuring that all values required for a Health Score will be provided to Viverae by the Member including height, weight, waist circumference, body mass index, and blood pressure and Eligible Members will be required to self-report such information. Additional tests may be purchased for an additional fee.

Biometric Import

• Import of biometric data from third party to Viverae. Client is responsible for ensuring that all values required for a Health Score will be provided to Viverae. Import via file feed in Viverae standard format and billed on a per source per feed basis. See Attachment B

Physician Forms

- Forms containing member biometric data which is sent directly to Viverae from the member or third party authorized by the member. Client is responsible for ensuring that all values required for a Health Score will be provided to Viverae including height, weight, waist circumference, body mass index, and blood pressure and Eligible Members will be required to self-report such information.

PROGRAM ENHANCERS

Coaching Level II

- Unlimited inbound access to the Viverae Health Center and team of Health Professionals during normal business hours (7am-7:30pm M-Th CST and 7am-6pm Fridays CST).
- Electronic or telephonic outbound coaching to members. Up to four outreach attempts for high risk Full Participants, two outreach attempts for moderate risk Full Participants, and one outreach attempt for low risk Full Participants. Post-assessment call made to all high risk Full Participants as part of outreach attempts. Low Risk is a Health Score greater than 80; Moderate Risk is a Health Score between 70-79.9, and High Risk is a Health Score of 69.9 and below

Disease Management (DM)

- Targets members identified by claims information that have asthma, diabetes, coronary artery disease, chronic obstructive pulmonary disease, and congestive heart failure.
- Monthly feeds from one medical and one Rx provider is included. Additional fees for feeds from additional providers.
- Up to three attempts to engage and enroll the identified member into the DM program.
- Coaching Level I Included (unlimited inbound access to the Viverae Health Center and team of Health Professionals during normal business hours (7am-7:30pm M-Th CST and 7am-6pm Fridays CST)).

Claims Analytics

- Using medical and pharmaceutical claims data, Claims Analytics demonstrates the correlations between lifestyle, biometrics, and medical services utilization, and gives a full view of the population.
- Only available to self-funded clients with a minimum 500 health plan enrolled employees. Claims Analytics is not available to Clients with less than 500 health plan enrolled Eligible Members. Any third-party costs associated with the acquisition of claims data will be the sole responsibility of the Client. Includes set up for up to three (3) carrier groups (defined as one medical and one pharmacy) with up to one feed per quarter. Additional fees for additional carrier groups or change within existing carrier group.
- Includes set up for three (3) carrier groups (defined as 1 medical and 1 pharmaceutical). Additional fees for additional carrier groups or change to new carrier group.

FitBit and Other Device Integration

- Members with FitBit and other select devices will be able to sync their device within VHMS
- Client and Client members are subject to any warranties, terms, and terms of use specified by the manufacturer or supplier of the FitBit Unit (or other select devices) and Viverae is not responsible for any product defects or resulting damage. Viverae is solely responsible for functionality of VHMS and is in no way responsible for API integration or issues with the hardware.

Paper and/or Telephonic MHA

- Viverae Member Health Assessment form available in paper format or telephonically for participant completion.

Attachment B
BILLING AND PAYMENT SCHEDULE

Client acknowledges that the rates quoted are based on the number of Eligible Members at time of signing. In the event of an increase or decrease (of 10% or more) in Client's population, which moves Client to a different tier level of pricing, Client's monthly rate will automatically be adjusted to reflect the then current rate for the applicable tier. Client has the ability to upgrade the Core Products at any time. Upgrades may be subject to a set-up fee. Client understands that any restructuring of its program, including the Incentive Design may require an upgrade in service. Service downgrades shall not be permitted.

PROGRAM COMPONENTS	DETAILS	RATE
Launch Date	January 1, 2015	n/a
Implementation Period	8/29/2014 – 1/1/2015	n/a
Program Years	Program Year 1: 1/1/2015 – 12/31/2015 Program Year 2: 1/1/2016 – 12/31/2016 Program Year 3: 1/1/2017 – 12/31/2017	n/a
Eligible Member Definition	All Benefit-Eligible Employees. No Spouses.	n/a
Estimated Eligible Member Count	10,361 Eligible Members	n/a
PRODUCTS	DETAILS	RATE
Engage	- Rate Per Eligible Member per month -\$1,350 monthly minimum bill -Billed and payable one month in advance	\$1.70
Coaching II	- Rate Per Eligible Member per month -\$750 monthly minimum bill -Billed and payable one month in advance	\$2.35
Disease Management	- Rate Per employee Eligible Member per month /Rate per spouse Eligible Member per month -\$750 monthly minimum bill -Billed and payable one month in advance	\$2.75
Biometric Import	-Rate per feed per source (\$2,000 for the Initial file feed and \$1,000 for subsequent feeds) -Additional fees if outside Viverae standard format	Waived the first \$5,000. Standard pricing will apply if Client exceeds \$5,000 during the Term.
Biometric Screening	-Rate per Participant for On-Site, LabCorp, or Home Kit -On-Site Screenings are post-billed on a weekly basis based on the greater of: (a) Actual participation (b) 85% of the expected participation (based on the Screening Plan) or (c) thirty-five (35) Participants per Screening Event -Travel and Expenses – INCLUDED – subject to paragraphs 4.8 and 4.9 of the Agreement -Additional fees may apply to additional tests outside of the standard biometrics or for any additional tests conducted by Local Draw Station for complete biometric results such as but not limited to Direct LDL tests.	\$59.95
Claims Analytics	-Rate per year to produce claims analytics report -Set-up fee for claims analytics has been waived with purchase of Disease Management	\$5,000
FitBit and Device Integration	-See Attachment A	No Fee
Paper MHA	-Rate per form	\$10.95
Telephonic MHA	-Rate per call	\$10.95
Physician Form	-Rate per form	\$10.95
FEE	DETAILS	AMOUNT DUE**
LOI Deposit	-Due upon signing Letter of Intent -One time non-refundable payment	Waived

Set-Up Fee	-Due upon contract signing -One-time payment	\$2,750
First Month Program Fee	-Due upon contract signing -Includes first month's PEPM Fees based on total Eligible Member count at contract signing. -Applied during first year of service -Second month's payment due on the 1 st of the month following the Launch Date. Subsequent payments will be adjusted based current Census Eligibility File	TBD
Screening Deposit	-Due upon contract signing -25% of total Eligible Member count at contract signing -Applied during first year of service	TBD

*Walk-in only Screening Events are billed the greater of: a) actual participation, b) 75% of the Eligible Member population, or c) 70 participants.

**The initial invoice will be based on the total Eligible Member population and is not broken out by division or location unless otherwise specified in this Agreement.

SPECIAL BILLING TERMS FOR 1/1/15-12/31/15:

For the first year only, Viverae will issue Client a \$61,380 billing credit to be pro-rated over a twelve month period and reflected on the Client's monthly invoices.

EXHIBIT A**DEFINITIONS**

Agreement means the Master Services Agreement (MSA) entered into by Viverae and Client, inclusive of all applicable Attachments, Exhibits, Terms of Use, and any modifications thereto.

Annual Service Period means the period beginning on the Launch date and continuing for twelve (12) months. Also referred to as Program Year.

Assessment Period means the period beginning with the Launch Date and ending as agreed by the parties during which time MHA's and Biometric Screenings are administered and Screening Events are conducted. The Post-Assessment Report shall contain the data provided and/or collected during the Assessment Period, or for a period extending beyond the end of the Assessment Period if agreed.

Authorized User means a person who is authorized by Viverae to use the VHMS website. Authorized Users include Client personnel acting in their capacity as Client representatives, Eligible Members, Eligible Spouses, Participants, and, third parties as agreed to by the parties.

Biometric Screening means a service provided by Viverae or a third-party that includes the collection of blood via finger stick or venipuncture and/or the collection of certain other biometric data including height, weight, blood pressure, lipid panel, glucose, and waist circumference. For Eligible Members not able to attend a Screening Event(s) at Client's Worksite, Viverae and/or Client may direct such Eligible Members to a third-party Local Draw Station. In such cases, only blood work will be performed and other Biometric Values such as blood pressure and height, weight, and BMI may be Self-Reported.

Census Eligibility File means a data file listing of persons including all of the data fields necessary for a person to be identified as Eligible Members of Client that meets Viverae's Census Eligibility Management Specifications.

Census Eligibility Management Specifications means the guidelines and any conditions provided by Viverae which are associated with the electronic file transfer via Secure Server of Census Eligibility Files.

Claims Analytics means the use of medical and pharmaceutical claims data to compare the health care costs of participants in the Viverae program versus non-participants across several categories: risk stratification categories, service category utilization, demographic analysis, and preventive care utilization. Any third-party costs associated with the acquisition of claims data (e.g., carrier, TPA, data mapping, etc.) will be the sole responsibility of the Client.

Clinician(s) means Viverae Health Professionals who interact with Participants for purposes of Health Management, including Registered Nurses, Registered Dietitians, physicians and other health care practitioners.

Coaching I. Telephonic inbound access to the Viverae Health Center.

Coaching II. Telephonic outreach or Secure Messaging targeting Eligible Members and Participants performed by Viverae Health Professionals.

Compensation means all monies due and payable to Viverae under this Agreement.

Consent Form means the required form as provided by Viverae which must be executed by Eligible Members who desire to become Participants.

Disease Management means a program under which Viverae Clinicians will seek to engage Eligible Members identified with a targeted chronic condition in receiving information relevant to evidence-based medical standards regarding treatment, consultations, testing and medication protocols as generally accepted by the medical community, to encourage consultation with appropriate medical providers and care management plans and collaboration with a member's physicians regarding same.

Electronic File Transfer means the uploading or downloading of data files via the Viverae Secure Server or other host or server that may be listed in a Service Schedule.

Eligibility Record means an electronic record maintained in the VHMS containing the minimum necessary census information for a person to be identified as an Eligible Member.

Eligible Members means those eligible employees, contractors, or spouses as defined in the Billing and Payment schedule.

Eligible Spouse means spouse eligible for Services as defined in the Billing and Payment schedule. Also referred to as Eligible Member.

Employer Portal means that portion of the VHMS available to Client for purposes such as entering, adding, and terminating Eligible Members, viewing Aggregate Risk Factors Information and Participation Metrics, and other features that may be

specified in applicable Service Schedules or that may become available in the future. Employer Portal Access is limited to employees of Client who have a need to access VHMS for purposes of the Services under this Agreement.

Full Participant means an Eligible Member who has completed both an MHA and a Biometric Screening in the current program year resulting in a valid Health Score.

Health Professional(s) means Viverae Personnel who interact with Participants for purposes of Health Management, including Health Coaches, Clinicians, Screening Specialists and Health Specialists.

Health Risk Factors means Lifestyle Data and/or Biometric Values deemed to pose health risks to Participants, as generally accepted by medical and/or health practitioners.

Health Score means a numeric score that reflects an analysis of the composite Lifestyle Data and Biometric Data, weighted based on proprietary risk assessment algorithms, and indicating a relative state of overall health. A Health Score is available only when all required Lifestyle and Biometric Data fields are complete and valid in the VHMS.

Health Status Factor has the meaning ascribed in either or both the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Code of Federal Regulations ("CFR") as described in the HIPAA non-discrimination rules published December 13, 2006 at 26 CFR Part 54, 29 CFR Part 2590, and 45 CFR Part 146.

Implementation means the process of preparing to deliver Services under this Agreement that occurs between the Effective Date and the Launch Date.

Implementation Period means the period between the Effective Date and the Launch Date for Services.

Incentive Design means the incentive program design provided by Viverae which includes pre-assigned components and point value and includes the general population, new hires and pregnancy programs.

Incentives Management means the process of tracking and evaluating the participation in activities or offerings and/or completion of a combination of requirements necessary to determine whether a Member has qualified for an incentive, and the reporting associated therewith.

Incentive Report means a points file provided to Client once per Program Year at the end of the Program Year which indicates which Eligible Members have qualified for the Client specified incentive.

Incentive(s) Reward means a financial inducement arranged, provided and/or funded by Client designed to encourage Eligible Members to become Participants and may include but is not limited to payroll deduction premium credits or surcharges, cash, paid time off, and gift cards.

Incentives Management means the process of tracking and evaluating the participation in activities or offerings and/or completion of a combination of requirements necessary to determine whether a Member has qualified for an incentive, and the reporting associated therewith.

Interactive Engagement means electronic communication with Eligible Members and Participants driven through the VHMS via e-mail or Secure Messaging.

Launch Date means the date during the first year of this Agreement upon which Eligible Members may first access, use, or enroll in Health Management services available under this Agreement, including use of the VHMS website. In subsequent Annual Service Periods, the Launch Date for new MHA's and/or Biometric Screenings will be the same date as the previous year.

Local Draw Station means an independent facility to which Client and/or Viverae may direct Eligible Members to have blood drawn as part of a Biometric Screening. Local Draw Stations provide venipuncture blood work only.

Member means a person with a record maintained in the VHMS. See the following terms: Eligible Member, Eligible Spouse, Full Participant, and Participant.

Member Health Assessment (MHA) means Viverae's proprietary health risk assessment questionnaire.

Member Health Report means a report available to Participants that provides an assessment of and information concerning Health Risk Factors including, if available, a Health Score, based on the answers and/or Biometric Values provided by or obtained from a Participant who has completed an MHA and/or Biometric Screening.

Metrics on Demand. Reports which are available to Client through VHMS 24 hours a day and 7 days a week (subject to VHMS downtime for maintenance).

Outreach. Telephonic or secure message to members.

Participant means an Eligible Member or Eligible Spouse who elects to participate in any of the Viverae services available under this Agreement.

PEPM means per Eligible Member per Month or per Eligible Spouse per Month

Post-Assessment Report means a report of the Aggregate Risk Factors information available from either or both of all MHA's and Biometric Screenings completed by Eligible Members.

Premium Travel Charges means charges associated with either (1) travel arrangements not agreed to and finalized at least twenty-one (21) calendar days in advance of any On-Site Service or Screening Event, or (2) travel arrangements associated with Premium Travel Dates.

Premium Travel Dates means the dates requested and agreed to by Client and Viverae that occur during peak travel periods, as generally defined by the airline and/or travel industries, and may include but are not limited to times such as the weeks of Thanksgiving, Christmas, New Year's, Spring Break, and July 4th.

Screening Plan means the locations, dates, times, travel and other arrangements necessary to plan and successfully provide a Screening Event.

Screening Specialist means Viverae Health Professionals who interact with Participants, with an emphasis on performing Biometric Screenings.

Secure Message/Messaging means communication between Participants and Viverae Health Professionals via the VHMS.

Self-Reported means either answers provided via the Viverae MHA or Biometric Values provided by a Participant that were either not collected or not validated by Viverae or a third party.

Services mean the services and programs set forth in the Service Specifications.

Standard means the provision of Services and other deliverables in the manner, frequency, and format that is customary for Viverae in the normal course and scope of its business.

Targeted Behavioral Program(s) means programs delivered via webinar that address a variety of health issues including but not limited to Tobacco Cessation, Weight Management, Stress Management, Heart Health Awareness, and Diabetes Management.

Travel and Expense Charges means all costs associated with the travel performed by Viverae Personnel to and from Client's Worksites for the purpose of delivering On-Site Services or Biometric Screenings, including but not limited to airfare, hotels, rental cars, taxis, meals, per diems, equipment shipping, luggage fees, etc., and all costs associated with contractors utilized by Viverae to provide On-Site Services or Biometric Screenings.

Viverae Personnel means employees or contractors of Viverae, Inc. or its wholly owned subsidiaries.

Viverae Client Services means the Viverae Personnel primarily responsible for managing the Implementation and coordination of ongoing Services deliverable under this Agreement.

Viverae Health Center means the collective team of all Viverae Health Professionals, their supportive environment, the VHMS, and other resources used by Viverae in delivering Health Management services pursuant to this Agreement. Normal business hours are 7am-7:30pm M-Th CST and 7am-6pm Fridays CST.

Viverae Health Management System (VHMS) means that certain website, the use of which is available by license to Client and Authorized Users under Article Six of the Agreement

Viverae Secure Server means the server required to be used for Electronic File Transfers in accordance with the Viverae Census Management Specifications.

EXHIBIT B

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (this "Agreement") is by and between **San Joaquin Valley Insurance Authority**, a California joint powers authority, as plan sponsor or agent of the San Joaquin Valley Insurance Authority plan (collectively referred to hereinafter as the "Covered Entity") and **Viverae, Inc.**, a Delaware corporation authorized to do business in the State of California ("Business Associate") effective as of the Effective Date of the Master Services Agreement ("Effective Date").

RECITALS

WHEREAS, Business Associate provides certain services to Covered Entity that requires Covered Entity to have access to certain Protected Health Information (defined below), and, in connection with those services, Covered Entity may disclose to Business Associate, or Business Associate may create on Covered Entity's behalf, Protected Health Information that is subject to protection under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA," found at Public Law 104-191), and certain privacy and security regulations promulgated by the U.S. Department of Health and Human Services to implement certain provisions of HIPAA and the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), as modified by the Final Omnibus Rule effective as of March 26, 2013 (collectively the "HIPAA Regulations") found at 45 C.F.R. Parts 160, 162 and 164;

WHEREAS, Covered Entity is a "covered entity," as that term is defined in the HIPAA Regulations;

WHEREAS, Business Associate is a "business associate" of Covered Entity, as that term is defined in the HIPAA Regulations; and

WHEREAS, pursuant to the HIPAA Regulations, all business associates of Covered Entity, as a condition of doing business with Covered Entity, must agree in writing to certain mandatory provisions regarding, among other things, the privacy and security of Protected Health Information.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, and the mutual promises and covenants contain herein, the parties agree as follows:

AGREEMENT

1. Definitions.

Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the HIPAA Regulations.

(a) "Breach" means the unauthorized acquisition, access, use, or disclosure of Protected Health Information, which compromises the security or privacy of such Protected Health Information, but does not include circumstances excluded from the definition of Breach as provided in 45 C.F.R. 164.402.

(b) "Data Aggregation" has the same meaning as the term "data aggregation" in 45 C.F.R. 164.501.

(c) "Designated Record Set" has the same meaning as the term "designated record set" in 45 C.F.R. 164.501.

(d) "Electronic Protected Health Information" or "ePHI" has the same meaning as the term "electronic protected health information" in 45 C.F.R. 160.103, limited to information created, or received or transmitted by Business Associate from or on behalf of Covered Entity.

(e) "Individual" has the same meaning as the term "individual" in 45 C.F.R. 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. 164.502(g).

(f) "Limited Data Set" has the same meaning as the term "limited data set" in 45 C.F.R. 164.514(e)(2).

(g) "Notice of Privacy Practices" means a notice of privacy practices that complies with the standards set out in 45 C.F.R. 164.520.

(h) "Privacy Rule" means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. parts 160 and 164.

(i) "Protected Health Information" or "PHI" has the same meaning as the term "protected health information" in 45 C.F.R. 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information shall include Electronic Protected Health Information.

(j) "Required by Law" has the same meaning as the term "required by law" in 45 C.F.R. 164.103.

(k) "Secretary" means the Secretary of the U.S. Department of Health and Human Services or his designee.

(l) "Security Standards" means the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. parts 160 and 164.

2. Obligations and Activities of Business Associate.

(a) **Specific Uses and Disclosures.** Except as otherwise limited in this Agreement, Business Associate may receive, create, use, disclose, maintain, or transmit Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity provided that such use or disclosure would not violate the Privacy Rule or Security Standards if done by Covered Entity and as permitted herein. To the extent Business Associate is carrying out any obligation of Covered Entity with respect to the HIPAA Regulations, Business Associate shall comply with such requirements of the HIPAA Regulations that apply to Covered Entity in the performance of such obligations.

(b) **Administrative Uses and Disclosures.** Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate provided the disclosures are Required by Law.

(c) **Data Aggregation.** Business Associate may provide Data Aggregation services relating to the health care operations of Covered Entity.

(d) **Other Business Associates.** As part of its providing functions, activities, and/or services to Covered Entity as identified in Section 2(a), Business Associate may disclose Protected Health Information, to other business associates of Covered Entity and may use and disclose Protected Health Information, received from other business associates of Covered Entity as if this information was received from, or originated with, Covered Entity.

(e) **Permitted Uses and Disclosures.** Business Associate agrees to not use or further disclose Protected Health Information other than as permitted or required by this Agreement or as Required by Law.

(f) **Safeguards for Protection of Protected Health Information.** Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement or as Required by Law.

(g) **Reporting of Unauthorized Uses or Disclosures.** Business Associate agrees to report to Covered Entity, in writing, without unreasonable delay but no later than within ten (10) business days of Business Associate's discovery, any use or disclosure, including Breach, of the Protected Health Information not provided for by this Agreement.

(h) **Content of Report of Breach.** In the event of a Breach of Protected Health Information, Business Associate shall provide Covered Entity a written report, without unreasonable delay, but no later than within fifteen (15) business days of Business Associate's awareness of the Breach. The report shall include:

- (i) the identification of each Individual whose PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired, used, or disclosed during the Breach;
- (ii) a brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
- (iii) a description of the types of PHI that were involved in the Breach (i.e., full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information that were involved);
- (iv) any steps that Covered Entity or the Individual (impacted by the Breach) should take to protect himself or herself from potential harm resulting from the Breach;
- (v) a brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to the Individual, and to protect against further Breaches; and
- (vi) contact procedures for Covered Entity to ask Business Associate questions or learn additional information from Business Associate, which shall include a telephone number, an e-mail address, and postal address.

(i) **Mitigation of Unauthorized Uses or Disclosures.** Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate, or one of its agents or subcontractors, of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement or the HIPAA Regulations.

(j) **Agents and Subcontractors.** Business Associate agrees to ensure that any agent, including a subcontractor, that creates, receives, maintains, or transmits Protected Health Information on behalf of Business Associate or on behalf of Covered Entity, agrees contractually in writing to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such Protected Health Information. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Electronic Protected Health Information agrees to implement reasonable and appropriate safeguards and security measures to protect such Electronic Protected Health Information.

(k) **Authorized Access to Protected Health Information.** Business Associate agrees to provide access, at the written request of Covered Entity, and in the time and manner (including, as applicable, in electronic format or electronic copies) reasonably designated by Covered Entity, to Protected Health Information in a Designated Record Set, to the Individual or to Covered Entity in order to allow Covered Entity to meet the requirements under 45 C.F.R. 164.524.

(l) **Amendment of Protected Health Information.** Business Associate agrees to make any Protected Health Information available for any amendments, and to incorporate any amendment(s) to Protected Health Information in a

Designated Record Set that the Covered Entity reasonably directs or agrees to pursuant to 45 C.F.R. 164.526 at the request of Covered Entity or an Individual, and in the time and manner reasonably designated by Covered Entity.

(m) **Secretary's Right to Audit.** Business Associate shall make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's and Business Associate's compliance with the Privacy Rule.

(n) **Accounting for Uses and Disclosures.** Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with:

(i) The HIPAA Regulations accounting requirements as provided in 45 C.F.R. 164.528; and

(ii) The accounting requirements as provided in the HITECH Act, as amended, in the event Covered Entity uses or maintains an electronic health record at any time during this term of this Agreement.

Business Associate agrees to provide to Covered Entity, in writing and within fifteen (15) days of a written request, information collected in accordance of this Section to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information.

(o) **Safeguards for Protection of Electronic Protected Health Information.** Business Associate shall utilize appropriate and commercially reasonable administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of Electronic Protected Health Information maintained or transmitted on behalf of Covered Entity, other than as provided for by this Agreement.

(p) **Security Incidents.** Business Associate agrees to report to Covered Entity, within a reasonable time from discovery, any security incident involving a breach of unsecure PHI of which Business Associate becomes aware.

(q) **General Privacy Rule and Security Standards Compliance.** Business Associate acknowledges that Business Associate is Required by Law to comply with the HIPAA Security Standards in accordance with 45 C.F.R. 164.302 through 164.316 and the provisions of the HIPAA Privacy Rule in accordance with 45 C.F.R. 164.504(e) in the same manner that such sections apply to Covered Entity, with respect to compliance with the standards in 45 C.F.R. 164.502(e) and 45 C.F.R. 164.504(e).

(r) **Minimum Necessary Requirement.** Business Associate shall comply with the minimum necessary requirement, in accordance with 45 C.F.R. 164.502(b) of the HIPAA Regulations, with respect to the use, disclosure, or request of Protected Health Information by limiting such Protected Health Information, to the extent applicable, to:

(i) The Limited Data Set; or

(ii) The minimum necessary to accomplish the intended purpose of such use, disclosure or request.

3. Obligations of Covered Entity.

(a) **Notice of Privacy Practices.** Covered Entity shall provide Business Associate with its Notice of Privacy Practices, as well as any changes to such notice, if such changes affect Business Associate's use or disclosure of PHI or ePHI.

(b) **Revocation of Permitted Use or Disclosure of Protected Health Information.** Covered Entity shall provide Business Associate with any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

(c) **Restrictions on Use or Disclosure of Protected Health Information.** Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

(d) **Requested Uses or Disclosures of Protected Health Information.** Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity and affirms that any request to use or disclose Protected Health Information meets the minimum necessary requirement. Except that Business Associate may use or disclose Protected Health Information for management, administrative, and legal activities of Business Associate and for Data Aggregation.

4. Term and Termination.

(a) **Term.** Except as otherwise provided, this Agreement shall commence on the Effective Date and continue until all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity or, if Business Associate believes that it is infeasible to return or destroy such Protected Health Information, the protections are extended to such information in accordance with the termination provisions in this Section.

(b) **Termination for Cause.** Upon Covered Entity's knowledge of an activity or practice of Business Associate that constitutes a material breach or violation of this Agreement by Business Associate, Covered Entity shall inform Business

Associate in writing of such breach or violation within five (5) business days of discovery and provide Business Associate an opportunity to cure the breach or violation within thirty (30) days. Provided that Covered Entity gave Business Associate notice within five (5) business days of discovery of a material breach of this Agreement, and if Business Associate does not cure the breach or violation within thirty (30) days, Covered Entity may immediately terminate this Agreement upon written notice to Business Associate.

(c) Effect of Termination.

(i) Except as provided in paragraph (ii) of this Section, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(ii) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

5. Miscellaneous.

(a) Amendment. Business Associate and Covered Entity agree to take such action as is reasonably necessary to amend this Agreement from time to time as is necessary for Covered Entity and Business Associate to comply with the requirements of the HIPAA Regulations and any amendment thereto. This Agreement may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed and agreed to by Business Associate and Covered Entity.

(b) Interpretation. In the event of an inconsistency between the provisions of this Agreement and the mandatory terms of the HIPAA Regulations, the HIPAA Regulations shall prevail. Where provisions of this Agreement are different from those mandated by the HIPAA Regulations, but are nonetheless permitted by law, the provisions of this Agreement shall control.

(c) No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Business Associate and Covered Entity, and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

(d) Notices. Any notices to be given hereunder shall be made via U.S. Mail or express courier, or hand delivery to the respective address given below, and/or (other than for the delivery of fees) via fax to the fax numbers listed below.

(e) Regulatory References. A reference in this Agreement to a section in the HIPAA Regulations means the section as in effect or as amended, and for which compliance is required.

(f) Subpoenas. In the event that Business Associate or Covered Entity receives a subpoena or similar notice or request from any judicial, administrative or other party in connection with this Agreement, including, but not limited to, any unauthorized use or disclosure of PHI in breach of this Agreement or in violation of the HIPAA Regulations, such party shall notify the other party as soon as practicable and forward a copy of such subpoena, notice or request to the other party and afford the other party an opportunity to exercise any rights it may have under the law.

(g) Severability. If any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, then the validity, legality and enforceability of the remaining provisions contained shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(h) Construction, Jurisdiction and Venue. This Agreement shall be governed by the laws of the State of Texas and, in the event that any party hereto shall bring a suit or cause of action in a court of law for construction, interpretation or enforcement of this Agreement, or for damages for any alleged breach of the terms or provisions of this Agreement, then venue for any such suit or cause of action shall lie exclusively in Dallas County, Texas.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed in its name and on its behalf as of the Effective Date.

COVERED ENTITY:

San Joaquin Valley Insurance Authority
 Attn: Employee Benefits
 2220 Tulare Street, Suite 1400
 Fresno, CA 93721
 Phone: 559-600-1810
 Fax: 559-455-4787

By: *Deborah A. Poochigian*
 Print Name: Deborah Poochigian
 Print Title: President, SJVIA Board of Directors
 Date: _____

BUSINESS ASSOCIATE:

Viverae, Inc.
 Attention: General Counsel
 10670 N. Central Expressway, Suite 700
 Dallas, TX 75231
 Phone: 214-827-4400
 Fax: _____

By: *Michael K. Lamb*
 Print Name: Michael K. Lamb
 Print Title: President & COO
 Date: 11/25/14



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
February 6, 2015 9:00 AM**

AGENDA DATE: February 6, 2015

ITEM NUMBER: 12

SUBJECT: Adopt Recommended Minimum Size Requirement for New SJVIA Participating Entities (A)

REQUEST(S): That the Board adopt recommended minimum size requirements for New SJVIA Participating entities

DESCRIPTION:

The Board of Directors of the SJVIA requested staff and Gallagher Benefit Services to review and provide recommendations on minimum group size considerations for entities seeking coverage under the SJVIA plans.

Background

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. Since that time, the SJVIA has added 19 new entities. Three additional member groups are committed for a 7/1/2015 start date.

Early marketing efforts and subsequent growth was concentrated in the Central San Joaquin Valley Risk Management Authority (CSJVRMA). Efforts to bring all member groups in to the SJVIA as one entity were not successful but the SJVIA did issue proposals to several individual entities within the CSJVRMA. Subsequently, 15 member groups of the CSJVRMA joined the SJVIA. These member groups range in size from 15 to 395 employees.

Current underwriting guidelines set the minimum group size for consideration to the SJVIA at 15 employee lives. Underwriting methodology provides for an anticipated claims adjustment for groups with less than 2,000 lives in order to offset the potential for large claims variance. Additionally, new member entity

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groups (non-founding members) are charged an additional fee Per Member Per Month (PMPM) to help offset the acquisition costs associated with on-boarding these new groups.

2015 Growth

The following entities have joined or will be joining the SJVIA in 2015:

Entity	Employees	Effective Date
City of Hanford	194 employees	1/1/2015
City of Oakdale	69 employees	1/1/2015
City of Hughson	15 employees	1/1/2015
City of Clovis	395 employees	1/1/2015
City of Modesto	978 employees	1/1/2015
SJVAPCD	276 employees	2/1/2015
Sutter County	875 employees	7/1/2015
Sutter Superior Courts	51 employees	7/1/2015
City of Marysville	50 employees	7/1/2015

The above new group activity represents approximately \$120,000 in increased revenue to the SJVIA in administration fees in 2015.

Direction from SJVIA Staff / Considerations

The staff of the SJVIA, in anticipation of this Agenda Item, recently asked Gallagher Benefit Services (GBS) to conduct a study with the intent of quantifying the costs associated with marketing, on-boarding, servicing and renewing new member entities. The goal of this study was to:

1. Validate the existing Marketing and Underwriting Guidelines
2. Offer new suggestions (including updated guidelines) for greater efficiencies

Further, it is the intent of the SJVIA to have potential new entities pay the necessary costs so the SJVIA is not in a position of subsidizing these new group entities.

Findings

GBS has quantified the costs associated with on-boarding a new entity at approximately \$7,500. The procedures associated with this cost include, but are not limited to, the following:

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Before Joining the SJVIA

- Preparation of Illustrative proposal
- Underwriting Committee review and issuing of proposal
- Presenting proposal to potential new member
- Board meeting prep related to release of proposal

After Joining the SJVIA

- Carrier implementation
- Staff Education and Support
- Open Enrollment Meetings
- Employee Communication
- Assisting with Financial Processes

Methodology

Upon direction, GBS sought to offer guidance according to the following criteria:

- Minimum Group Size
- Variable Administration Fee – based on group size

Minimum Group Size

GBS reviewed several internal resources as well as reaching out to vendor partners in the fully-insured marketplace to develop a strategy relative to minimum group size. One parameter for determining appropriate size for future marketing efforts ties in with the group size guidelines for the Affordable Care Act (ACA). For purposes of the Employer Mandate, the ACA requires employers with more than 50 full-time employees to provide coverage.

The rating methodology for fully-insured carriers also changes dramatically once a group covers 50 employees. Employers with less than 50 employees are usually rated based on the age and location of each employee. Groups with over 50 employees pay a composite premium with all single employees paying the same rate (as well as each employee plus dependents paying the same rate). The rating methodology for the SJVIA utilizes the composite rating structure and does not have the capacity for age-banding of rates.

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Variable Administration Fee

The SJVIA includes an administration fee for all member entities. The founding members (County of Fresno and County of Tulare) currently pay a fee of \$2.00 per employee per month (PEPM). This fee is collected on a monthly basis and has been used to offset the administration costs associated with the internal running of the plan. New, non-founding members are charged the standard \$2.00 fee plus an additional \$2.00 PEPM. Since the cost of the staff work necessary for a new entity to become actively enrolled in the SJVIA has been calculated at \$7,500, it is obvious that some smaller entities are not paying into this administration fee an amount equal to their acquisition costs. In an effort to recapture that cost, the SJVIA should include that cost into the initial rate build-up during the proposal process. Illustrative Non-Founding Administration Fees, based on the group size should be:

Group Size	Non- Founding Member Fee	Amount Collected
50 – 100	\$8.25 - 16.50	\$10,000
100 – 200	\$4.25 - 8.25	\$10,000
200 – 500	\$2.00 – 4.25	\$10,000
500+	\$2.00	\$10,000

The above suggested Non-Founding Member Fees are similar to the acquisition fees charged by fully insured carriers for groups of differing size. Additionally, the suggested fees continue the SJVIA’s commitment to lower overall fixed costs. With the addition of the suggested fees, the fixed costs for these new entities will continue to be less than the 15% maximum allowable under the Affordable Care Act.

Recommendations

Staff recommends that the SJVIA adopt a minimum group size of 50 employees for all future marketing efforts to new entities.

Further, in order to recapture costs associated with on-boarding new entities, the SJVIA should charge a fee of at least \$10,000 annually for each new group. This fee can be included in the rate build-up as a PEPM Non-Founding Fee (see schedule above) and will be transparent to the new entity.

Adoption of the recommended minimum group size and variable administration fee will serve two purposes. First, it will produce a more stable pool of member entities due to reducing the fluctuations inherent in smaller populations.

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Second, it will make each entity “self-sufficient” in recouping the startup costs associated with on-boarding new groups.

The minimum size and recommended fee structure would be implemented on a “go forwards” basis for new entities that have not yet committed to join the SJVIA.

FISCAL IMPACT/FINANCING:

Final rating of prospective groups will include the variable member fee listed above. Renewal calculation and budgets will be adjusted to reflect the new member fees.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager



BOARD OF DIRECTORS

ANDREAS BORGEAS

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J. STEVEN WORTHLEY

**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
February 6, 2015 9:00 AM**

AGENDA DATE: February 6, 2015

ITEM NUMBER: 13

SUBJECT: Report on Planned 2015 RFP Activity (I)

REQUEST(S): That the Board receive and file the report on planned Request for Proposal activity for the 2015 plan year

DESCRIPTION:

On January 9th, SJVIA Management met with the Gallagher team to discuss strategic projects and objectives for the 2015 plan year. Many items were discussed including the current vendor relationship and the status of each contract. After review of the current contracts, it is recommended that some of the component contracts with SJVIA vendors be subject to a Request for Proposal (RFP) process this year. This process is not on the premise of dissatisfaction with the current vendors, but rather to ensure SJVIA is offering the most competitive health plan options to its participating entities. Staff is recommending the following RFPs be performed in the 2015 plan year for a January 1, 2016 effective date.

1. **Pharmacy Benefit Management:** US Script is the current Pharmacy Benefit Manager for the SJVIA for all HMO and PPO plans, with the exception of the high deductible (HDPPPO) plans which are managed by Anthem. The SJVIA is now in the final year of a three year agreement with US Script. The pharmacy industry is rapidly evolving and both Staff and Gallagher feel it is advantageous to the SJVIA to research pricing and programs available outside the current contract. This RFP process is to commence in February with the recommendation for the 2016 contract to come to the Board by the end of July.

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2. **Medical Administration:** Anthem is currently the administrator for the majority of the health plans under the SJVIA. HealthNow, in partnership with Blue Shield, administers the plans for one of the SJVIA participating entities. The last RFP for these vendor partnerships was performed in 2012 resulting in the addition of the HealthNow/Blue Shield arrangement and is also the last time a full analysis has been performed. Staff and Gallagher are recommending a full RFP for medical administration to include a re-pricing of 12 months of claims to ensure that the most competitive pricing is in place for the SJVIA medical plans. This process is to commence in March, with final recommendations to the SJVIA Board by the end of July as well.

The RFP process for each of these components does not guarantee a change in vendor relationships but will help to analyze the current competitiveness of the contracts in place for the SJVIA. If it is determined that there may be a potential change in contracting vendors, Staff will report at upcoming Board meetings.

FISCAL IMPACT/FINANCING:

No fiscal impact.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager