

MINUTES

San Joaquin Valley Insurance Authority

BOARD OF DIRECTORS

SUSAN B. ANDERSON

JUDITH CASE

MIKE ENNIS

ALLEN ISHIDA

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93921
August 26, 2011
9:00 AM

1. Call to Order

Meeting was called to order by President Judith Case at 9:05am.

2. Roll

Roll was called by Michele Mills, Gallagher Benefit Services. Present were President Judith Case, Director Phil Larson, Vice President Pete Vander Poel, Director Susan Anderson, Director Allen Ishida, and Director Mike Ennis.

3. Public Comment

President Case opened the meeting for public comment – no public comment was given.

4. Approve Minutes of Meeting of July 22, 2011

Director Vander Poel moved to approve the minutes as presented, Director Larson seconded the motion. Motion unanimously approved.

5. Pharmacy Benefit Management Report on Status of RFP and Contract with Catalyst/WHI.

Jeff Cardell, SJVIA Assistant Manager, gave a brief overview of the status of the WHI/Catalyst contract and acquisition as well as the RFP outcome. He stated that WHI provided revised pricing and it is recommended that we continue with WHI/Catalyst through the 2012 plan year and move to an alternate vendor in 2013.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 26, 2011

Mark Tucker gave a detailed overview of the RFP stating that WHI/Catalyst did submit revised pricing for the 2012 plan year, however, it would require a two year extension of the contract. Analysis of the revised pricing from WHI/Catalyst compared to the potential savings of the other vendors showed that the SJVIA would save a substantial amount on Rx claims with a vendor change. It is the recommendation of Gallagher Benefit Services and SJVIA staff to remain with WHI/Catalyst for the 2012 and move to a new vendor in the following plan year.

It was recommended that finalist interviews for PBM services begin in early 2012 with a decision by midyear for a new contract that would begin January 2013.

Director Mike Ennis moved to remain with WHI/Catalyst for the 2012 plan year to satisfy the contract terms and for GBS and SJVIA staff to bring a recommendation for an alternative vendor following finalist interviews. Director Phil Larson seconded the motion. Motion unanimously approved.

6. Wellness RFP Status Report and Recommendation

Paul Nerland, SJVIA Manager, gave a brief overview of the status of the Wellness RFP and introduced Ali Payne, Gallagher Benefit Services Wellness Division. Ali explained the detailed handout of the finalist presentations/proposals. She explained it was important to for the SJVIA to find a wellness vendor with the ability to become a long term partner and develop a strategy for the SJVIA. Delta TeamCare is the recommended vendor chosen by a panel staff from GBS and representatives from each county.

Director Susan Anderson asked how pricing compares between Anthem and Delta. Ali explained that it difficult to compare pricing as each company offers different services. However, due to the large number of participants in the SJVIA plans, her recommendation is for a vendor that offers pricing per participant rather than a flat fee per person.

President Judy Case asked staff about how the SJVIA would engage participants and target certain populations. Paul Nerland touched on Anthem's progress over the past couple years and how they have not

Minutes: San Joaquin Valley Insurance Authority

DATE: August 26, 2011

been able to keep in contact with those members; but that was something Delta would be able to focus on based on a more targeted approach. Ali provided more detail on Delta's approach – focusing not on just on the chronic conditions already being treated but also on the healthy. President Judy Case commented that blast emails, surveys, etc. don't always create results so this proactive approach with Delta would be more effective.

Director Pete Vander Poel made a motion to pursue a contract with Delta and work to remove Anthem's program if it proves to be in the best interest of the SJVIA. Allen Ishida seconded the motion. Motion unanimously approved.

7. Adopt 2012 Baseline Renewal under Shared Risk Model

Jeff Cardell explained that there is a revised document to this agenda item that offers the SJVIA a more favorable renewal and introduced Gallagher to explain. Leroy Tucker stated that the revised renewal resulted in a 0% increase over all plans.

Director Pete Vander Poel asked if we remain flat or reduced rates, what the future would look like with rates. He asked if adding entities to the SJVIA would create more stability and if the wellness program would cause rates to decrease over time.

Bruce Caldwell, Gallagher Benefit Services, explained that additional entities that are wisely underwritten would help to enhance the stability of the SJVIA and that over time, wellness initiatives can decrease cost overall. Mr. Caldwell also noted that wellness programs can cause a preliminary increase in claims as participants become aware of conditions and seek treatment or medication. However, the long-term impact is positive.

Leroy Tucker, Gallagher Benefit Services, then mentioned the renewal offering on the Anthem Blue View rates to which only the County of Tulare participates. The requested increase came in at just over 9%. Jeff Cardell informed the board that the County of will not participate in the Blue View Vision program offered by the SJVIA as more competitive costs were secured elsewhere. President Judy Case asked what the difference was in Fresno and Tulare's vision plans.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 26, 2011

Paul Nerland explained that Fresno is on the 4th and final year of their MES vision contract. Judy Case asked for public comment.

Director Mike Ennis made a motion to approve the shared risk renewal model at no increase. Susan Anderson seconded the motion. Motion unanimously approved.

8. Quarterly SJVIA Financial Update

Vicki Crow, SJVIA Auditor-Treasurer, gave an overview of the SJVIA financial report. Ms. Crow explained that the reason for the largest actual vs. budget variance amounts were due to decreasing enrollment during this time period.

Paul Nerland explained that administrative costs for the SJVIA Manager and Assistant Manager have not been charged. However, it is expected that this expense will be absorbed within the current budget. Susan asked what the claims mitigation cost was for. Paul explained that it was the budgeted wellness fund.

No action was required on this item.

9. Gallagher Medical/Rx Executive Claims Summary Report

Leroy Tucker, Gallagher Benefit Services, asked the Board if it was necessary to go through the executive report as much of it is the same information discussed in Item 7. The Board did not see the need to do that and did not have any questions on this item.

Director Susan Anderson asked the Board if this would be a good time to have a press release on status of SJVIA and the rate pass just approved. Board members agreed and direction was given to staff. Paul Nerland asked if the direction could also include an update on the SJVIA Wellness strategy and partnership with Delta TeamCare. Directors agreed and amended the direction to include the wellness strategy in the press release.

Director Phil Larson asked if we were still pursuing other agencies to join SJVIA. Leroy Tucker explained that we have been reaching out to other agencies and working on the logistics to do that.

No action was required for this item.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 26, 2011

10. Directors Reports – Information

There were no director reports.

Meeting was adjourned at 10:30am by President Judith Case.