

# 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:  
Fresno County Employee Retirement  
Association Board Chambers  
1111 H Street  
Fresno, CA 93721  
January 14, 2011  
9:00 AM

### 1. Call to Order

Meeting called to order at 9:08 AM by President Judith Case.

### 2. Roll Call

Roll was called by Michele Mills, Gallagher Benefit Services. Present were Director Anderson, President Judith Case, Director Ennis, Director Ishida, Director Larson, and Vice President Vander Poel. Director Poochigian joined the meeting at approximately 9:30 and left at 10:35.

### 3. Approve Minutes of Meeting of November 5, 2010

President Judith Case called for any additions or corrections to the minutes. There were no additions or corrections. Vice President Vander Poel made a motion to approve the minutes, which was seconded by Director Anderson. The motion was approved unanimously.

### 4. SJVIA Staff Changes

Mr. Paul Nerland, County of Fresno, and Assistant Manager of the SJVIA announced that Mr. Tim Huntley, former Human Resources Manager for the County of Tulare and Manager of the SJVIA, has retired. Staff has requested the Paul Nerland move into the position of Manager of the SJVIA and Rhonda Sjostrom,

**Minutes:** San Joaquin Valley Insurance Authority

**DATE:** January 14, 2011

Interim HR Manager for the County of Tulare, be appointed the Interim Assistant Manager of the SJVIA.

Director Ennis moved that Paul Nerland be appointed the new manager for the SJVIA, and Rhonda Sjostrom be appointed the Interim Assistant Manager. The motion was made to have the positions begin January 1, 2011 for a two year term. Director Larson seconded the motion which was unanimously approved.

#### 5. Status Report and Request Direction on SJVIA Insurance Policies

Mr. Paul Nerland gave a report on the status of the liability policies for the SJVIA. Mr. Nerland stated that Robyn Henry, risk manager for the County of Tulare had been working on these policies. Mr. Nerland explained the types of policies that are needed for the SJVIA. He stated that the special liability policy which is needed is still in the process of research. He asked that a special meeting or conference call be made in the event the policies are ready prior to the next meeting in March 4.

President Case asked if there was any indication of the cost of the policies. Mr. Nerland stated that early in the next week there will be concrete information.

Director Larson suggested that the discussions take place on a conference call.

Discussion arose that the March 4<sup>th</sup> meeting will need to be rescheduled due to most of the Board having other commitments.

The March 4<sup>th</sup> meeting is cancelled. There will be a special meeting or conference call scheduled prior to March 4<sup>th</sup> to review

**Minutes:** San Joaquin Valley Insurance Authority

**DATE:** January 14, 2011

and place the liability policies. The regular March 4<sup>th</sup> meeting will then be scheduled at a time to be determined.

#### 6. Sample 2011 Fully Pooled Renewal – Informational Item

Paul Nerland introduced LeRoy Tucker, Gallagher Benefit Services, and explained that in the prior board meeting the Board requested to see an illustrative renewal showing the rates for 2011 had Tulare and Fresno County been fully pooled for both fixed costs and claims expenses. Mr. Tucker explained that in the first year of a pooling scenario that one group may benefit more than the other from a pooled arrangement. In subsequent years, all groups in the pool would benefit from the stability of a larger participant pool.

Director Vander Poel asked if the illustration included both fixed cost and claims, to which Mr. Tucker answered that did include both.

Director Poochigian asked if there would be a benefit in offering the same plans at both Counties. Mr. Tucker stated that it would benefit the Counties administratively and could also promote stabilization of the number of people in each plan.

Bruce Caldwell, Gallagher Benefit Services, stated that an employer can have both too many and too few plan offerings. He explained that having too many plans can add to administrative costs. He also added the having too few plans limits the interest of other public entities with bargaining unit agreements.

This was an informational item with no action required.

**Minutes:** San Joaquin Valley Insurance Authority

**DATE:** January 14, 2011

## 7. Direction for 2012 Plan Design and Strategies

Paul Nerland summarized that the purpose of this item is to look at strategies in anticipation of the next year's renewal process. He explained that there are many options for the SJVIA to review regarding cost mitigation and the design of the SJVIA going forward.

Staff and Gallagher Benefit Services employees discussed each topic on the agenda item to determine which options would be most beneficial to each County and the SJVIA as a whole.

Director Poochigian moved and Director Larson seconded the motion to direct Gallagher Benefit Services and Staff to further explore strategies for the upcoming plan year to be presented at the next regular Board Meeting.

## 8. Potential Client Listing – Informational Item

Alan Thaxter, Gallagher Benefit Services, gave an overview of the listing of potential clients for the SJVIA. He explained the Gallagher included 18 surrounding counties and 31 area cities that would be of a suitable size for possible inclusion in the SJVIA. He also stated that a number of neighboring cities and counties have approached GBS with interest in the JPA as an option for their benefit programs.

This was an informational item with no action required.

## 9. Report on Recent Non-Sufficient Funds Incident with SJVIA claims payments

Vicki Crow, Auditor/Treasurer of the SJVIA, introduced Stephen Farmer, the treasury manager for the County of Fresno. Ms. Crow gave an overview of the incidents in November of NSF in

**Minutes:** San Joaquin Valley Insurance Authority

**DATE:** January 14, 2011

the claims accounts. She explained that Anthem transmits claims reports to ASI for communication to County of Tulare and County of Fresno. The County of Fresno transfers money on a daily basis, while Tulare transfers on a weekly basis for the payment of claims. ASI had an issue with their servers which delayed reporting and therefore funding into the claims reserve account. This caused approximately \$8,000 worth of claims payments to be denied payment and checks were rejected twice. As late as the day before this meeting, Chase Bank did acknowledge errors on their side that caused the rejection of the payment on the involved claims payments.

Vicki explained that procedures have been put into place to prevent this situation in the future. She stated there will be a letter going out to the providers explaining the error, with Chase Bank taking partial responsibility for the error. Stephen Farmer stated that SJVIA was made aware of the problem on November 23. He explained that 43 checks from the SJVIA were involved. He explained that this was a major problem with Chase internally and the problem has been addressed. SJVIA accounting is working with Chase to identify the checks and recoup the fees involved with the rejected checks as well as to ensure this does not happen in the future.

Director Ishida commented that as a business if Chase is not willing to work to resolve the issue that there may need to be a move to new banking institution. Vicki Crow explained that the claims payment system in place with Anthem is set up to work only with Chase and Wells Fargo.

Stephen Farmer explained that the providers as well the SJVIA will be made whole with regards to the fees charged with the rejection of these checks. He then explained that new procedures in place have been set up to prevent any NSF situations in the future. He also stated that Chase has

<b>Minutes:</b>	San Joaquin Valley Insurance Authority
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<b>DATE:</b>	January 14, 2011
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acknowledged full responsibility of the technical issue that caused this problem.

Director Vander Poel moved, and Director Ennis seconded the motion directing SJVIA Staff to work with Chase to recoup all fees to both the SJVIA and the providers or the SJVIA should look to move to Wells Fargo. All were in favor of the motion.

#### 10. Receive and File Health Care Reform Information

Mark Tucker gave a brief overview of Health Care reform provisions that have gone into effect with the January 1, 2011 renewal. Preventive care is now covered at 100% with no cost to the participant for plans that have not retained their grandfathered status. Dependents to age 26 are now eligible for coverage under the plan regardless of student status.

#### 11. Directors Reports – Information

#### 12. Public Comment

Meeting adjourned at 11:15 AM by President Case.