

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 Street
Visalia, CA 93291
May 6, 2011
9:00 AM

AGENDA DATE: May 6, 2011

ITEM NUMBER: 5

SUBJECT: Administrative and Operational Funding Review

REQUEST(S): That the Board direct staff to prepare a report that will determine the appropriate amount required to fund past, present, and future SJVIA operational and administrative responsibilities.

DESCRIPTION:

The SJVIA was formed by the County of Fresno and County of Tulare with the goal of experiencing the lowest imbedded fixed costs available in the large group health insurance marketplace. The management responsibilities of the Authority are currently being shared by staff from each of member counties. As the Authority grows in membership (both member lives as well as member entities) it will become necessary to provide dedicated staff rather than utilize the entities resources. Imbedded in the rating structure is an SJVIA administration fee (\$2.00 per employee per month) which is being collected and reimbursed to the counties upon receipt of billed hours for services provided. Hours have been devoted to the establishment of the legal entity, proper legal filings, obtaining appropriate insurance protection, setting up the bank accounts and funding structure and establishing procedures with contracted vendors. These functions have been taken on by staff at both the County of Fresno and Tulare in addition to their respective County responsibilities. Although the SJVIA is being charged for some of these functions, there are expenses that have not yet been charged to the SJVIA. As is customary with Joint Powers Authorities of this nature, the long term vision of the SJVIA is to have dedicated staff provide and oversee SJVIA administration. (Reference: [Marketing & Feasibility Study, Gallagher Benefit Services, October 2010](#)). Entities such as CSAC EIA, CalPERS, and others have several employees dedicated to these duties.

The purpose of this item is to confirm your Board's direction to staff to return with a full report on the SJVIA Administration budget and make recommendations as to what rate may

AGENDA: San Joaquin Valley Insurance Authority

DATE: May 6, 2011

be appropriate beginning in 2012. As already mentioned in this item, other entities may offset administration costs and allow for lower fees in the future.

FISCAL IMPACT/FINANCING:

Of the \$62,464,332 Budget for Fiscal Year 2010, \$214,968 was allocated to the SJVIA Association Fee. The current amount collected has remained unchanged since plan inception at \$2.00 per employee per month. Determined based on updated administrative and operational expense reporting along with anticipated future expenses will be the basis for any adjustment to the fee to be applied to the 2012 Plan Year medical premiums.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
Interim Assistant SJVIA Manager

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

IN THE MATTER OF Administrative and Operational Funding Review

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: _____

* * * * *

That the Board of Directors directed staff to prepare a report that will determining the appropriate amount required to fund past, present, and future SJVIA operational and administrative responsibilities.