

# 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  
July 22, 2011  
9:00 AM

### 1. Call to Order / Roll Call

Meeting was called to order by President Judith Case at 9:02 am.

Roll was called by Michele Mills, Gallagher Benefit Services. Present were President Judith Case, Director Susan Anderson, Director Phil Larson, Director Mike Ennis and Vice President Pete Vander Poel. Director Steve Worthley was in attendance as alternate for Allen Ishida. Director Poochigian joined the meeting at 9:10 AM.

President Case announced the revised agenda due to time constraints and to address agenda items that require action.

### 2. Approve Minutes of Meeting of May 6, 2011

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

### 3. Public Comment

### 13. SJVIA Staff Change

Paul Nerland introduced Jeff Cardell, as new HR Director for the County of Tulare. Paul explained that as per the JPA agreement that HR directors for each County to service as director and co-director of the SJVIA.

Director Anderson Moved and Director Larson seconded the motion to appoint Mr. Cardell as assistant manager for the SJVIA. Motion was unanimously approved.

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4. Results of the SJVIA External Audit

Vicki Crow, treasurer for the SJVIA introduced Fausto Hinojosa of Price, Page & Associates to review the results of the external audit. Mr. Hinojosa explained that the financial review of the SJVIA does not accurately reflect the financial activity. He explained that due to GASB requirements and as the SJVIA holds no risk the financial audit is done on the basis that the SVJIA is a servicing agency. Under GASB 10, the SJVIA is viewed as a claims servicer and not an insurer and the review covered approximately 25 million dollars in transactions.

The audit examined financial practices as well as controls and legal practices. He explained there were adjustments to the manner in which transactions were reported due to the GASB 10 requirements. He explained these adjustments were indicative of a year one agency and were made to define how transactions are tracked and reported in the future.

President Judith Case opened the discussion and stated that it was expected there would be adjustments to the tracking as 2010 was the first year of the SJVIA. Vicki Crow explained that funds held in more than one bank account and that Anthem Blue Cross processes the checks, which made reconciling a difficult process. Ms. Queenie Hill explained that the reconciliation difficulty in the early months was due to the lack of access to invoices from Anthem to the SJVIA. She explained that the reconciliation process is very involved and is done by comparing Anthem Blue Cross's payment to provider against the invoices of claims paid. President Case asked if any change to insurers would impact the banking process. Vicki Crow explained that a change would have impact as the process is specific to Anthem.

Paul Nerland explained that the financial process will be simplified with the shared risk model that will be adopted as of January 1, 2012.

5. Closed Session: Initiation of litigation pursuant to subdivision (c) of Section 54956.9: (number of potential cases:1)

6. Pharmacy Benefit Management RFP Report & Direction

Mark Tucker, GBS, gave a brief report on the status of the PBM for RFP services. He outlined that concern with WHI prior to the acquisition by Catalyst prompted the recommendation for an RFP. The acquisition has created further concern for disruption to the members. Gallagher

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requested direction from the Board to move forward with finalist interviews.

Director Larson moved that GBS move forward with interviews with the two recommended finalists. Director Vander Poel seconded the motion which passed unanimously.

#### 7. Wellness RFP Report

Paul Nerland briefed the Board on the progress of the RFP for Wellness Vendors. He reviewed the list of the vendors who have committed to submit proposals and noted that finalist presentations will be taking place in August. President Judith Case asked that as part of a wellness program there be a focused and targeted approach for conditions that are specific to the SJVIA.

Director Vander Poel stated that this is one of the important pieces that the SJVIA can do to affect health care costs. No action was necessary for this item.

#### 10. Preliminary Renewal Rate Projections

Alan Thaxter, Gallagher Benefit Services, reviewed the preliminary renewal projections for the SJVIA. He mentioned that at the last Board meeting, approval was given for adopting a shared risk methodology for rating the SJVIA and all plans within each County. He explained that claims projections are based on claims through the month of May 2011. As a group the SJVIA will be projected to have a plan cost of \$70.57 million for the plan year 2011 and a projected preliminary renewal cost of \$71.7 million which would require a 1.6% increase. Final renewal offering will be presented at the August Board meeting and calculations will include updated claims information.

Deborah Poochigian asked if a decreasing employee population had been taken into consideration. Mr. Thaxter stated that this had been considered in calculating current costs and also costs moving forward

No action required on this item.

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11. Quarterly SJVIA Financial Update

Director Poochigian moved, Director Larson seconded the motion to move this item to the next meeting. The motion was unanimously approved.

12. Adopt Preliminary SJVIA Budget for 2011-12 Fiscal Year

Mr. Nerland reviewed the proposed budget for the 2011-12 fiscal year. He stated that this budget is a duplicate of the prior budget and will be amended and presented at the next meeting.

Director Ennis moved, and Director Anderson seconded the motion to approve the preliminary budget. The motion passed unanimously.

8. Anthem Blue Cross 2010 SJVIA Annual Report

Dan Saeger, Account Executive from Anthem Blue Cross prefaced the presentation and introduced Dr. Tony Linares to review the results of the Anthem 360 plan year 2010 report. Dr. Linares is a family doctor and specialized in asthma, obesity, and diabetes and commended the Board for their interest in targeting these conditions. Dr. Linares reviewed the conditions that are targeted as part of the Condition Care portion of the 360 Wellness Program. He stated that individuals with high to moderate intensity were managing their condition well and that only 1 out of 4 high risk individuals responded to contacts from Anthem 360. This program also targets those that are at risk for becoming high risk in the future and aims to prevent those claims.

Dr Linares stated that as much as a third of patients diagnosed with high blood pressure delay filling their prescriptions which can be due to side effects of the medication. He also explained that adequate sleep is essential and is a major contributor to health problems.

Verna Velasquez, Anthem Blue Cross 360 Health, further reviewed the report regarding engagement in the program. She outlined the criteria for identification as a high to moderated intensity members and explained the outcomes of the outreach given in the report. She stated that having 8 members “graduate” from their respective programs is a very good accomplishment for a first year program. Benchmark employer has \$50 incentive for complete HRA and also has a \$50 incentive for future mom program. A study has shown that incentive to complete a program vs. enrolling produces greater results.

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Director Anderson mentioned that the information was helpful and that as time moved on and more information is gathered this will be very positive.

No action was required for this item.

9. Gallagher Executive Claims Summary Report

Bruce Caldwell, Gallagher Benefit Services, briefly reviewed the claims summary report for the Board.

No action was necessary for this item.

14. Directors Reports – Information

There were no Director reports.

Meeting was adjourned at 10:55 by President Judith Case.