

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
August 26, 2011
9:00 AM

AGENDA DATE: August 26, 2011

ITEM NUMBER: Item 6

SUBJECT: Wellness RFP Report and Recommendation

REQUEST(S): That the Board receive the following report and recommendation regarding the RFP for Wellness Programs

DESCRIPTION:

At the direction of the Board of Directors of the San Joaquin Valley Insurance Authority, Gallagher Benefit Services recently conducted a Request for Proposal (RFP) for wellness vendors/programs for inclusion in the SJVIA 2012 Plan Year benefits. The stated goals of the RFP included promotion of provider accountability and value, pursuing targeted health care strategies, providing incentives to promote health and wellbeing and achieving a measurable return on investment to wellness efforts. The RFP was conducted by GBS's national practice leader, Ali Payne, M.S., Health Cost Management Consultant and solicited responses from 6 vendors. A detailed and comprehensive evaluation process identified 4 vendors that GBS recommended present in person at a finalist meeting. The selection of the four finalists was based on 5 main components; Implementation Process, Return on Investment Strategies, Integration Capabilities, Engagement Strategies and Overall Customer Service. Additionally, staff spoke with references (both current clients and former clients) to gain further knowledge of their satisfaction, program integration and relationship philosophies. Finalist presentations were held on August 17th in Fresno with the following vendors:

- Delta Team Care
- Nurtur Health, Inc
- Elite Corporate Wellness
- Anthem Blue Cross

The presentations allowed the committee to meet vendor teams and establish relationships for a working partnership. Specific pricing needs and guarantees were identified based on industry standards and current pricing models in the field. Gallagher and representatives

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from the County of Fresno and Tulare heard the presentations and conducted the finalist interviews. Attached to this item is a summary of the proposing vendors and the recommendations of GBS as well as SJVIA staff.

Recommendation

Based on the review of anticipated services and potential for increased plan effectiveness, GBS and SJVIA staff is recommending to contract with Delta Team Care for the 2012 plan year. The scope of services available as well as the philosophies detailed in the response and interview compliment the overall goals of the SJVIA in regard to wellness. Pending your Board's direction, staff would return to your Board with a contract with Delta Team Care. Staff will also return with recommended changes to the Anthem Blue Cross 360 Health program. This program is currently embedded in the Anthem Blue Cross rate and is projected to cost \$97,200 in Plan Year 2012. This expense could be reduced or eliminated where there is a duplication of services.

FISCAL IMPACT/FINANCING:

As reflected in the SJVIA Financial Report (item 8 on today's agenda), the SJVIA had a balance of approximately \$423,085 in line items designated for Claims Mitigation (Wellness) and Communication. Approximately \$13,000 was spent after June 30, 2011 and would reduce the available balance to approximately \$410,000. Based on current enrollment, it is projected that an additional \$125,000 will be collected between June 30, 2011 and December 31, 2011 and an additional \$300,000 between January 1, 2012 and December 31, 2012.

- Approximate Claims Mitigation/Communication Funds Available: \$410,000
- Projected Revenue – June 30, 2011 through December 31, 2011: \$125,000
- Projected Revenue – January 1, 2012 through December 31, 2012: \$300,000
- **Total Projected Funds Available: \$835,000**

The approximate costs for implementing the Delta Team Care program are as follows:

\$461,982 (anticipating a 30% compliance rate)
\$615,976 (anticipating a 40% compliance rate)

In the first year, the cost of the recommended wellness program, according to participation will be covered either completely or in part by the funds accrued in 2010 and 2011 for Claims Mitigation/Communication. Claims may increase slightly for both medical and Rx due to increased utilization.

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ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Jeffrey Cardell
Assistant SJVIA Manager

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

IN THE MATTER OF Wellness RFP Report and Recommendation

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 received the report and recommendation regarding the RFP for Wellness Programs