

Meeting Minutes

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
August 24, 2012
9:00 AM

1. Call to Order

Meeting was called to order by President Pete Vander Poel at 9:03 AM

2. Roll Call

Roll was called by Michele Mills, Gallagher Benefit Services. In attendance were Director Anderson, Director Case, Director Ennis, Director Larson, Director Poochigian, and Director Vander Poel were present. Director Ishida arrived at 9:35 AM.

3. Approval of Agenda

President Vander Poel asked if there were any additions or corrections to the agenda. Director Ennis moved to approve the agenda with no changes, the motion was seconded by Director Case. The motion passed unanimously.

4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less. Anyone wishing to be placed on the agenda for a specific topic should contact the SJVIA Manager's Office and submit correspondence at least 14 days before the desired date of appearance.

President Vander Poel opened the floor for any public comment. No public comment.

5. Consent Agenda – Items 5a through 5d.

- *These items are routine in nature and are usually approved by a single vote. Prior to action by the Board, the public will be given the opportunity to remove any item from the Consent Calendar. Items removed from the Consent Calendar may be heard immediately following approval of*

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 24, 2012

Consent Calendar or set aside until the department can be notified and its representative is in the board room.

Director Vander Poel asked if there were any items from the consent agenda that any Board Member would like to have pulled for further discussion. Items 5b and 5d were pulled for discussion.

Director Ennis moved for approval of consent agenda items 5a and 5c. Director Case seconded the motion, which passed unanimously.

- a. Approval of Minutes – Board Meeting of July 20, 2012
- b. Receive and File SJVIA Executive Claims Summary through June 2012

Director Case requested the review of the claims during the meeting as she noted higher costs in the HMO cost. Alan Thaxter addressed the question regarding the HMO and the appearance of increased unit costs. He explained that utilization tends to fluctuate during the course of the year and that the HMO has been running higher this year.

- c. Receive and File Report on SJVIA Marketing Activity
- d. Receive and File Fourth Quarter Financial Statements

Director Case asked for clarification on the line item for claims management and communication, inquiring as to the use of these funds. Paul Nerland, SJVIA Manager, clarified that claims management is the allocation for the wellness initiatives of the SJVIA. Director Case suggested changing the name of this line item and separating the claims management and communication on future reports. Joseph Nuttman, ACTTC from Fresno County responded that these can be separated and will be completed for the next report.

Director Case also asked where the money held in reserves for the SJVIA was being held. She asked if the funds were being held in an interest earning account. At this time the account is not earning interest but as the SJVIA grows this position will be reviewed.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 24, 2012

Director case also commented that even a portion of the funds should be moved into an account that would earn interest on behalf of the SJVIA.

Director Poochigian asked if there were any outliers in the financial reports. Paul Nerland commented that staff is paying close attention to the administration fee of \$2.00 pepm. Costs related to the SJVIA administration have been running higher during the last reporting cycle based on the auditing of financials and start up of the SJVIA. He also mentioned that there are cyclical costs making it appear that there is a deficit at a particular time of the year. Mr. Nerland alluded to a meeting with Vicki Crow, Auditor-Treasurer as to the charges to the SJVIA. Ms. Crow reported in that meeting that additional cost/hours were needed to move the SJVIA to a shared risk model but that it is expected that Auditor-Treasurer labor costs will stabilize.

Director Poochigian also asked if fixed costs such as the administration and consultant fee would go down over time. Paul Nerland stated that moving to a shared risk model achieved efficiencies and reduced the total number of financial transactions. He also mentioned that staff will analyze whether further efficiencies may be achieved. Director Poochigian moved for the approval of item 5d, Director Case seconded the motion. The motion was approved unanimously.

6. Request for use of claims mitigation funds to conduct Mobile Mammography Screenings and authorization for execution of contract with Pacific Coast Medical Services. (A)

Jeffrey Cardell gave an overview of the claims mitigation funds and the request to use a portion the funds available for mobile mammography screenings. The County of Tulare utilized the recommended vendor for their mobile mammography screening services in 2010 with great success. The costs for the tests are less than would be charged through a local facility, so there is savings opportunity for the plan. If any follow up is required, the participant is referred to her physician. Director Ennis moved to approve the request for use of claims mitigation funds for mobile

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 24, 2012

mammography for SJVIA member entities. Director Anderson seconded the motion, which passed unanimously.

7. Authorization of communication funds expense for the design and production of open enrollment materials for the County of Fresno and the County of Tulare. (A)

Jeffrey Cardell explained the request for the use of the communication funds to produce the open enrollment materials. The Counties in the past have used their internal print shop to produce materials and will be exploring the option of using outside vendors. The process will remain as cost effective and prudent as in the past but with the goal to improve the effectiveness of the communication materials but be cautious of making them appear costly.

Paul Nerland added that electronic communication will also be maximized to enhance the past communication procedures. He commented that the use of electronic will not replace the hard copies all together, but will be there for ease of reference and to supplement the materials.

Director Poochigian moved for the approval of the request to use communication funds to produce the open enrollment materials for the County of Fresno and the County of Tulare. Director Case seconded the motion, which passed unanimously.

8. Approve the selection of US Script as the pharmacy benefit manager and authorize Board Chair to execute the agreement effective December 10, 2012. (A)

Paul Nerland explained the process of the finalist interviews and explained the difference between the pass through and traditional contract options. Michele Mills, Gallagher Benefit Services, commented on the RFP process and the finalist interview, giving a brief summary of the decision to recommend US Script for the 2013 plan year, replacing Catalyst Rx.

Pete Clagett, President and CEO of US Script, and Don Anderson, Clinical Pharmacist with US Script were in attendance to be introduced to the Board.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 24, 2012

Director Ennis moved for the approval of the selection of US Script and authorization of the Board Chair to execute the agreement effective December 10, 2012. The motion was seconded by Director Anderson and was passed unanimously.

9. Consider additional benefit option for the SJVIA. (A)

- a. Approve the acceptance of proposals from Delta Dental and VSP Vision for the 2013 Plan year

Jeffrey Cardell gave an overview of the programs in place at each County for vision and dental. The options available to the SJVIA will be with Delta Dental as a PPO and HMO offering, and VSP for a fully insured vision option.

The approval of the SJVIA Board for these options would provide the opportunity to offer them to their employees. Both options include benefits that are similar to what is in place currently with each County.

Director Larson moved to approve the proposals received from Delta Dental and VSP vision for the 2013 plan year. Director Poochigian seconded the motion which unanimously passed.

- b. Approve recommendation to reevaluate offering a Kaiser HMO option for plan year 2014

Paul Nerland explained that at this time Kaiser declined to offer a quote through the SJVIA.

Director Anderson approved the recommendation for reevaluation of a Kaiser option for the SJVIA for the 2014 plan year. Director Ennis seconded the moment and it was passed unanimously.

10. Approve the release of proposals and authorize the Board President to execute Participation Agreements contingent upon acceptance and approval by the interested entities' governing bodies. (A)

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 24, 2012

Alan Thaxter, Gallagher Benefit Services, gave an overview of the process of the development of proposals released to potential member entities.

Director Poochigian asked if the SJVIA is mindful in their underwriting of the potential impact to the SJVIA's stability. Mr. Thaxter confirmed and stated that as part of the underwriting process, the SJVIA analyzes the demographics and other aspects of the interested entities, including size, location, and claims history.

Director Poochigian requested a Board briefing report outlining potential administrative savings available as the SJVIA grows. LeRoy Tucker, Gallagher Benefit Services, explained that as the enrollment in the SJVIA grows, there is opportunity to decrease the fixed costs. Also, with a larger group, the stop loss deductible can be increased which impacts premium positively.

11. Approve and adopt the recommended renewal rates for the 2013 plan year.
(A)

Jeffrey Cardell reviewed the initial renewal offered to the SJVIA at the July Board meeting of a 7-11% range of increase for the 2013 plan year. The addition of favorable June claims data affected the renewal positively. Following the underwriting guidelines of the SJVIA as adopted by the Board, claims and demographics were analyzed and staff is recommending a 4.9% increase to all plans.

In the last week, new information was delivered to the County of Fresno directly that impacts the SJVIA renewal significantly. Director Poochigian asked how this information is analyzed both on behalf of the SJVIA and on behalf of the member Counties and if there was a conflict of interest potential. Jeffrey Cardell explained that SJVIA management and Gallagher Benefit Services work diligently to make certain that the best interest of the Counties and the SJVIA are considered in all decisions. Crystal Sullivan commented that as time progresses the contracts between GBS and the Counties and/or SJVIA will need to be analyzed to ensure there is no conflict of interest potential.

LeRoy Tucker, Gallagher Benefit Services, explained the recent offering from Kaiser to the County of Fresno which, if accepted, would significantly

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

Minutes: San Joaquin Valley Insurance Authority

DATE: August 24, 2012

impact the renewal offering of the SJVIA. Bruce Caldwell, Gallagher Benefit Services, explained that GBS is committed to presenting the analysis and ramification of all options, both short and long term. If the County of Fresno, at a subsequent Board Meeting elected to accept the renewal proposal from Kaiser, the overall SJVIA renewal would be recalculated based upon actuarial assumptions and assumed migration. Also, due to the projected change in enrollment Anthem offered a revised renewal based on this scenario. The revised enrollment recommendation, taking all factors into consideration, would be at 18.4% overall for the 2013 plan year.

Director Case moved to approve and adopt the recommended 4.9% increase to all plans. The motion was seconded by Director Ennis and passed unanimously.

12. Directors Reports. (I)

There were no reports.

13. Adjournment

Meeting adjourned at 11:23 AM by Director Vander Poel.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 600-1810 or the Assistant SJVIA Manager at 636-4900. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.