

# Meeting Minutes 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 St  
Visalia, CA 93921  
January 20, 2012  
9:00 AM

1. Call to Order

Meeting was called to order by President Judith Case at 9:03am.

2. Roll Call

Roll was called by Brittany Harlan, Gallagher Benefit Services. Present were President Judith Case, Vice President Pete Vander Poel, Director Susan Anderson, Director Debbie Poochigian, and Director Mike Ennis.

3. Approval of Agenda

Director Poochigian moved to approve the agenda, Director Vander Poel seconded the motion. Motion unanimously approved.

4. Public Comment

President Case opened the meeting for public comment – no public comment was given.

5. Election of President and Vice President of the SJVIA Board of Directors

Director Ennis nominated Director Vander Poel for President, President Case seconded the motion. Motion unanimously approved.

Director Vander Poel nominated Director Poochigian for Vice President, Director Anderson seconded the motion. Motion unanimously approved.

6. Consent Agenda – Items 6 a through 6g.

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a. Approval of Minutes – Board Meeting of October 7, 2011

Director Poochigian pointed out that the date on the minutes did not match the agenda item. Gallagher Benefit Service confirmed October 7, 2011 as the correct date.

Director Poochigian moved to approve the minutes with the correction of the date, Director Ennis seconded the motion. Motion unanimously approved.

b. Receive & File Report on SJVIA RFP for:

i. Actuarial Services for GASB 10 Review

Director Case stated that the way we described this item sounded like it was more of an accounting item rather than an actuarial service. She asked if we were actually getting a projection on claims.

Bruce Caldwell and Alan Thaxter, Gallagher Benefit Services, clarified the purpose of GASB 10. This is an actuarial service provided to validate the underwriting methodology used to project claims and reasonable stop loss coverages for the population that is covered.

ii. Health Administrative Services

c. Receive and File Report on Scheduled Wellness Efforts

d. Receive and File Report on SJVIA Enrollment

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- e. Receive and File SJVIA Executive Claims Summary through November 2011
  - f. Consider and Approve the Proposed SJVIA Logo
  - g. Receive and File Report on SJVIA Marketing Activity
7. Adopt Revised Conflict of Interest Code (A)

Paul Nerland, SJVIA Manager, informed the Board that they had already adopted this conflict of interest code, however since that time, there has been a minor title change to the following positions:

- Human Resources Director to SJVIA Manager
- Assistant Human Resources Director to SJVIA Assistant Manager

Paul Nerland asked for the approval of these revisions to be made.

Director Anderson moved to approve the revisions to be made to the Conflict of Interest Code, Director Ennis seconded the motion. Motion unanimously approved.

8. Adopt Proposed SJVIA Investment Policy (A)

Vicki Crow, SJVIA Auditor-Treasurer, explained the purpose of the policy is to invest the reserves while meeting the daily cash flow demands of the SJVIA. Current reserves are between 4 – 5 million dollars. She stated that we want to provide the opportunity to invest these reserves. This policy mirrors the County investment policies and complies with laws governing the investing of public funds.

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Director Case asked that staff revise references to position titles to be consistent with the SJVIA titles (i.e. – SJVIA Auditor-Treasurer). Vice President Poochigian also asked that staff make revisions to references “County” and replace with “SJVIA”. There were no objections.

Director Ennis moved to approve the revisions, Director Case seconded the motion. Motion unanimously approved.

#### 9. Quarterly SJVIA Financial Update through September 30, 2011(I)

Vicki Crow, SJVIA Auditor-Treasurer, gave an overview of the SJVIA financial report. Ms. Crow explained the overarching differences and variances are driven by membership verses budget verses actual and the claims expense that has been occurred in the first three months. The revenue has an overall lower than budgeted by \$500,000, which is also membership driven. There has been declining enrollment based on fewer eligible employees at both the County of Fresno and County of Tulare and the recent departure of the Courts for the County of Fresno’s eligibility. Fixed costs are lower than budgeted by \$200,000. Claims have been higher in the last 3 months.

Director Case mentioned item 6e and wanted some clarification on our why it seems our HMO expenses, claims and reserves have been over budget when enrollment has been declining.

Alan Thaxter, Gallagher Benefit Services, directed her to the SJVIA Executive Claims Summary that shows the main driver is claims fluctuation on a month to month basis. Leroy Tucker, Gallagher Benefit Services, also mentioned that overall, the HMO is still healthy in reserve.

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No action was required on this item.

10. Adopt Revised Fiscal Year Budget 2011-12 (A)

Jeff Cardell, SJVIA Assistant Manager, explained that we are revising the budget based on enrollment changes and rates for the 2012 plan year. The budget reflects a decline in terms of the budgeted amount directly related to the decline in enrollment. The budget is being reduced by 8.7%; the decline in enrollment was over 7%.

Director Case moved to approve the revised budget, Director Anderson seconded the motion. Motion unanimously approved.

11. Receive Direction Regarding the SJVIA Governance and the Composition of the Board of Directors (A)

Paul Nerland, SJVIA Manager, explained the need-option to make revisions to the SJVIA JPA Agreement regarding the SJVIA Governance. He pointed out some different options to consider: remain status quo or allow other participating entities to join the Board.

Vice President Poochigian stated she would like to remain status quo since the JPA is still new and in the future, we can revisit if needed. Director Ennis agreed that it would be best not to make a decision currently but to revisit at another time. Director Anderson asked if there have been governance issues with other JPA's in this decision.

Leroy Tucker, Gallagher Benefit Services, explained that other JPA's have issues to some degree with how governance is set-up but usually, if the interested entity does not agree with the governance, they ultimately decide not to join. He added that there is nothing wrong

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with leaving it status quo, however offering something that could be an incentive to other entities may spike interest.

Director Anderson mentioned her interest in allowing other entities to form a sub-committee where they would be able to add recommendations and having that option would allow the control to stay with the SJVIA founders. Director Case agreed with the initial comments that remaining status quo would be the best option for SJVIA currently.

Director Poochigian moved to remain status quo, Director Ennis seconded the motion. Motion unanimously approved.

#### 12. Request for Proposal for Outside Legal Counsel for the SJVIA (A)

Paul Nerland, SJVIA Manager, explained that since the formation of SJVIA, both County of Fresno and County of Tulare have been utilized for legal services as needed. Due to the future growth of SJVIA as well as some unique issues that may be coming up, we may need to explore other options.

Vice President Poochigian asked how the RFP market is determined. President Vander Poel added that we need to have a public process and involve several firms rather than hand-picking them.

Jeff Cardell, SJVIA Assistant Manager, stated that with Gallagher's assistance we would be able to identify firms or independent attorney's that specialize in this area and provide similar services to other self-insured pools.

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Director Case moved to approve an RFP for outside legal counsel for SJVIA, Vice President Poochigian seconded the motion. Motion unanimously approved.

13. Closed Session: Conference with Legal Counsel-Anticipated Litigation (Gov.Code, § 54956.9 (b) (1).)

Significant Exposure to Litigation (Gov. Code, § 54956.9(b)(1).)

No. of potential cases: 1

Arbitration demand by member regarding plan coverage and denial of services.

This item was moved up in the agenda and followed item 6.

14. Receive Direction on Revision of Appeals Process as part of the 2012 Contract with Anthem Blue Cross

Paul Nerland, SJVIA Manager, explained that we have a 2011 Anthem ASO Agreement in place that we cannot change but we would like to address the 2012 Anthem ASO Agreement since we are finalizing it at this time. He stated that the plan provisions were reviewed and staff's recommendation would be to revise the policy to add an independent review prior to binding arbitration. He explained that independent review is much cheaper than arbitration and another layer that may stop it from going another step. It may also validate the position we have before we go to binding arbitration.

Vice President Poochigian moved to approve the revision of the appeals process in the 2012 Anthem ASO Agreement, Director Anderson seconded the motion. Motion unanimously approved.

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### 15. Directors Reports (I)

Director Case distributed a report to the Board and staff.

### 16. Adjournment

Meeting was adjourned at 10:22am by President Pete Vander Poel.

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