



# SJVIA

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  
August 24, 2012  
9:00 AM

**AGENDA DATE:** August 24, 2012

**ITEM NUMBER:** 9a

**SUBJECT:** Consider additional benefit options for the SJVIA

**REQUEST(S):** Approve the acceptance of proposals from Delta Dental and VSP Vision for the 2013 Plan year and Authorize Chair to Execute Agreements pending acceptance of County of Fresno and Tulare and approval of SJVIA staff and Counsel.

**DESCRIPTION:**

At the July 20, 2012 Meeting, the Board recommended exploring efficiencies that could be gained through consolidation of dental and vision plans between Fresno and Tulare Counties as part of the SJVIA.

**Dental Recommendation:**

For dental coverage, both Counties currently have PPO dental coverage provided by Delta Dental and Fresno also offers a Dental HMO plan. The County of Fresno Delta Dental contract has fully insured premiums with a Guaranteed Administration charge that allows surplus premiums to stay in the plan and stabilize future rate increases. The Guaranteed Administration charge is 7.36%. This allows for the potential of a renewal rate discount if actual costs are less than the premium. If actual costs exceed the premium,

**AGENDA:** San Joaquin Valley Insurance Authority

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the Employer is not liable for the deficit and pays no more than the monthly contracted rates.

The County of Tulare has Delta Dental through the CSAC EIA purchasing pool on an Administrative Services Only (ASO) arrangement. The plan is self funded with administrative costs of 7.5% of paid claims plus \$1.00 PEPM. Based on projected claims costs, the effective administration costs are 10.2% of paid claims. This arrangement does not have any guaranteed maximum costs as the groups plan costs consist of actual claims plus the administration charge (10.2% of claims cost).

Delta Dental has provided an SJVIA option for both Counties that assume the same benefits and providers available to both Fresno and Tulare. This option features a fully insured rate structure with a Guaranteed Administration charge of 7.36% of claims costs for Fresno and 8.36% of claims costs for Tulare. The second year Guaranteed Administration charge would be 7.36% for both Counties. This option also allows for the County of Tulare the discretion of offering Dental HMO along with their PPO plan. The SJVIA rates for Tulare and Fresno also include a 10% second year not-to-exceed rate cap. This option would also provide an additional benefit that prospective members could choose to participate in as the SJVIA continues to expand. Pending acceptance of both the County of Fresno and Tulare and the review of staff and SJVIA Counsel, this item requests the authority of the Chair to execute agreements with Delta Dental for HMO and PPO coverage effective December 10, 2012 through December 31, 2014.

Vision Recommendation:

The County of Fresno is in the last year of their contract with MES vision and has explored other options due to a large increase in their fully insured premiums for the upcoming plan year. As the County of Fresno reviewed the options for their vision plan, staff will be recommending VSP on a fully insured basis through the SJVIA. The County of Tulare is considering the merits of the VSP plan through the SJVIA compared to the fully insured stand-alone plan.

Though there is little immediate financial incentive for the SJVIA to combine the two Counties' vision plans, there is a long term advantage to the combination. As part of the offer to the SJVIA, VSP has offered a "not to exceed" provision of to the County of Tulare's rates for 2014, capping their renewal at 10%. Also, moving their plan into a contract with the SJVIA will lower their required administrative load which will further affect their 2014 renewal in a positive direction. For the County of Fresno, VSP has offered to

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guarantee their fully insured rates under the SJVIA for three years (an additional year over their offer to the County as a stand alone client).

Given these contracting and future renewal offset advantages, it is the recommendation of staff to offer the proposed SJVIA option to members of the SJVIA. Pending acceptance of both the County of Fresno and Tulare and the review of staff and SJVIA Counsel, this item requests the authority of the Chair to execute an agreement with VSP effective December 10, 2012 through December 31, 2013.

**FISCAL IMPACT/FINANCING:**

The SJVIA dental option generates \$288,000 of annual savings when compared with the combined Fresno and Tulare renewal costs (fixed rates for Fresno and projected claims and administration cost for Tulare). Required premiums for both dental and vision will be included in a revised 2012-13 fiscal year budget to be approved at a later meeting.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Jeffrey Cardell  
Assistant SJVIA Manager

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

**IN THE MATTER OF** Consider additional benefit options for the SJVIA

**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 Approved the acceptance of proposals from Delta Dental and VSP Vision for the 2013 Plan year and Authorized Chair to Execute Agreements pending acceptance of County of Fresno and Tulare and approval of SJVIA staff and Counsel.

**County of Fresno SJVIA Renewal Option  
DHMO Dental Plan Comparison and Options**

**Effective Date: December 12, 2011 - December 15, 2012 (Actives), January 1, 2012 - January 1, 2013 (Retirees)**

		<b>Current</b>	<b>Renewal</b>	<b>Renewal Option</b>
		<b>MetLife Custom Plan</b>	<b>MetLife Custom Plan</b>	<b>SJVIA/Delta Dental Custom Plan</b>
<b>Top Utilized Providers in Fresno County</b>				
Overlap Providers (%)		68 100.00%	68 100.00%	59 86.76%
<b>Employee co-pays</b>				
D0230	Intraoral - periapical each additional film	\$0	\$0	\$0
D1110	Prophylaxis - adult	\$0	\$0	\$0
D2392	Resin-based composite - two surfaces, posterior	\$30	\$30	\$30
D3330	Molar (excluding final restoration)	\$0	\$0	\$60
D4341	Periodontal scaling and root planing	\$0	\$0	\$0
D5214	Mandibular partial denture	\$0	\$0	\$95
D6750	Crown - porcelain fused to high noble metal	\$0	\$0	\$70
D7210	Surgical removal of erupted tooth	\$0	\$0	\$10
D9220	Deep sedation/general anesthesia - first 30 minutes	\$165	\$165	\$165
D9972	External Bleaching - 1 tray & gel for 2 weeks	\$125	\$125	\$125
D8080	Child Ortho	\$1,300	\$1,300	\$1,700
D8090	Adult Ortho	\$1,400	\$1,400	\$1,900
<b>Rate Guarantee</b>			<b>1 Year</b>	<b>Second Year Cap**</b>
	<b>Enrollment</b>			
Single	1294	\$18.53	\$24.18	\$21.69
EE + Spouse	333	\$35.21	\$45.95	\$37.22
EE+ Child(ren)	553	\$37.06	\$48.36	\$37.48
Family	<u>255</u>	\$52.81	\$68.92	\$54.01
<b>Total Enrollment</b>	2435			
<b>Annual Total</b>		\$835,962	\$1,090,895	\$899,521
<b>Annual \$ Increase</b>		n/a	<b>\$254,934</b>	<b>\$63,560</b>
<b>Percentage Increase</b>		n/a	30.50%	7.60%

\*SJVIA/Delta Dental 2nd Year Guarantee is a not to exceed 10% increase.

## County of Tulare SJVIA Dental Renewal Option

Effective January 1, 2013

		Current Delta Dental - ASO with CSAC- EIA	Preliminary Renewal Delta Dental - ASO with CSAC- EIA	SJVIA Renewal Option Delta Dental - Fully Insured Participating Contract
<b><u>Rates</u></b>				<u>Illustrative</u>
		<u>Admin</u>	<u>Claims</u>	<u>Admin</u>
				<u>Claims</u>
Single	2131	\$3.73	\$36.45	\$3.97
EE + Spouse	296	\$3.73	\$36.45	\$39.63
EE+ Child(ren)	119	\$3.73	\$36.45	\$39.63
Family	<u>81</u>	\$3.73	\$36.45	\$39.63
	2627			\$8.94
Monthly Total		\$105,551		\$113,665
<b>Annual Total</b>		<b>\$1,266,611</b>		<b>\$1,363,976</b>
		<u>Funding Rates</u>	<u>Funding Rates</u>	
Single	2131	\$34.34	\$37.12	<b>Rates</b>
EE + Spouse	296	\$59.74	\$64.58	\$36.66
EE+ Child(ren)	119	\$64.46	\$69.69	\$63.55
Family	<u>81</u>	\$91.80	\$99.25	\$72.01
	2627			\$106.91
Annual Total		\$1,271,617	\$1,374,705	\$1,369,946
<b>Annual \$ Increase</b>			<b>\$103,088</b>	<b>\$98,328</b>
<b>Percentage Increase</b>		N/A	<b>8.10%</b>	<b>7.73%</b>

NOTES: Admin Fees are 7.50% of paid claims plus \$1.00. This equates to 10.02% of paid claims being charged for dental administration

NOTES: This is a Guaranteed Administration contract where premium surpluses excess of 8.36% of actual claims cost are made available to offset subsequent renewal increases. The Guaranteed Administration charge is reduced to 7.36% for the second year. Second year rates are capped at a 10% not to exceed increase.

**San Joaquin Valley Insurance Authority**  
**Vision Comparison - VSP Vision**  
 Effective: January 1, 2013

	Stand-Alone COUNTY OF TULARE CURRENT CHOICE PLAN		Stand-Alone COUNTY OF FRESNO CURRENT / MATCHING PLAN		COMBINED SJVIA CONTRACT	
					2013 PROPOSED PLAN COUNTY OF TULARE	2013 PROPOSED PLAN COUNTY OF FRESNO
<b>Network</b>	<b>Choice Network</b>		<b>Choice Network</b>		<b>Choice Network</b>	<b>Choice Network</b>
<b>Copay</b>	\$10 Exam / \$25 Materials		\$5 Exam		\$10 Exam / \$25 Materials	<b>\$10 Exam</b>
<b>Exam Every:</b>	12 Months		12 Months		12 Months	12 Months
<b>Lenses Every:</b>	12 Months		12 Months		12 Months	12 Months
<b>Frame Every:</b>	24 Months		24 Months		24 Months	24 Months
<b>Primary EyeCare</b>	\$20 per visit		\$20 per visit		\$20 per visit	\$20 per visit
<b>VSP PROVIDER</b>						
<b>Examination</b>	Covered after copay		Covered after copay		Covered after copay	Covered after copay
<b>Contact Lens Exam (Fitting &amp; Evaluation)</b>	15% off		15% off		15% off	15% off
<b>Lenses:</b>						
<b>Single Vision</b>	Covered after copay		Covered		Covered after copay	Covered
<b>Lined Bifocal</b>	Covered after copay		Covered		Covered after copay	Covered
<b>Lined Trifocal</b>	Covered after copay		Covered		Covered after copay	Covered
<b>Lenticular</b>	Covered after copay		Covered		Covered after copay	Covered
<b>Maximum Copay on Lens Options:</b>	The most popular lens options are covered-in-full with a copay, saving our members an average of 20-25%.		The most popular lens options are covered-in-full with a copay, saving our members an average of 20-25%.		The most popular lens options are covered-in-full with a copay, saving our members an average of 20-25%.	The most popular lens options are covered-in-full with a copay, saving our members an average of 20-25%.
<b>Frames</b>	\$130.00		\$150.00		\$130.00	\$150.00
<b>Elective Contact Lenses*</b>	\$120.00		\$130.00		\$120.00	\$130.00
<b>Necessary Contact Lenses*</b>	Covered after copay		Covered		Covered after copay	Covered
	*Contact Lenses are in lieu of spectacle lenses and frames once every 12 months		*Contact Lenses are in lieu of spectacle lenses and frames once every 12 months		*Contact Lenses are in lieu of spectacle lenses and frames once every 12 months	*Contact Lenses are in lieu of spectacle lenses and frames once every 12 months
<b>VSP Rates</b>						
	<u>Enrollment</u>	<u>Current Rates</u>	<u>Enrollment</u>	<u>VSP Rates</u>	<u>VSP Rates</u>	
Employee Only	2019	\$4.24	2930	\$7.71	\$4.24	\$7.34
Employee + 1	250	\$7.16	843	\$13.84	\$7.16	\$13.19
Employee + Children	121	\$7.58	1370	\$13.57	\$7.58	\$12.93
Employee + Family	75	\$11.30	614	\$19.87	\$11.30	\$18.93
					<b>Renews 1/1/14 Not to Exceed 10%</b>	<b>Renews 1/1/16</b>
<b>Annual Cost</b>	<b>\$145,383</b>		<b>\$780,582</b>		<b>\$145,382.88</b>	<b>\$743,550</b>
<b>Self Funded Option Claims + 11%</b>						
	Est Claim = \$6.18			Est Claim = \$11.55		
	Projected Annual Cost			Projected Annual Cost		
	<b>\$202,912.88</b>			<b>\$885,691.42</b>		
36 month Contract Term to Renew 1/1/16						