

MINUTES

BOARD OF DIRECTORS

ANDREAS BORGEAS
JUDITH CASE
MIKE ENNIS
PHIL LARSON
DEBORAH POOCHIGIAN
PETE VANDER POEL
STEVE WORTHLEY

**Meeting Location:
Tulare County Board of
Supervisors Chambers
2800 West Burrel
Visalia, CA 93921
September 6, 2013 8:00 AM**

**Meeting Location:
County of Fresno Board of
Supervisors, Hall of Records
2281 Tulare St, Room 301
Fresno, CA 93721
September 6, 2013 8:00 AM**

1. Call to Order

Meeting was called to order by President Vander Poel at 8:04am.

2. Roll Call

Roll was called by Brittany Howell, Gallagher Benefit Services. In attendance were Director Borgeas, Director Ennis, Director Poochigian, Director Vander Poel and Director Worthley. Director Perea arrived at 8:46am. Director Larson arrived at 9:14am.

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 Poochigian. 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 meeting for public comment – no public comment was given.

5. Approval of Minutes – Board Meeting of July 26, 2013

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Director Worthley moved to approve the July 26, 2013 Meeting Minutes; the motion was seconded by Director Ennis. The motion passed unanimously.

The chair indicated that we would hear Items 10 through 13 first and then move into Items 6 through 9 due to needing a super majority vote on the latter section.

6. Item 10: Adopt Fiscal Year Budget for 2013-14 (A)

Paul Nerland, SJVIA Manager, requested to adopt the 2013-14 Fiscal Year Budget for SJVIA. He pointed out the primary differences are the newly added entities as well as the dental and vision that were not a part of the prior budget. He added that this budget does not include the new 2014 renewal rates or enrollment numbers. The impact of the open enrollment changes and additional entities will be reflected in January.

Director Borgeas asked if the only differences between the 2012-13 Fiscal Year Budget and the 2013-14 Fiscal Year Budget were the five new entities and dental/vision coverages. Paul Nerland confirmed this was accurate however, he noted the enrollment for County of Fresno and County of Tulare was updated to reflect current numbers.

Alan Thaxter, Gallagher Benefit Services, confirmed the above statements are accurate. He added that the 2012-13 Budget took into consideration the rate components for that plan year. The 2013-14 Budget reflects the rate component increases for the 2014 plan year as

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well as the Affordable Care Act additional fees associated with the plans.

Director Vander Poel inquired about the reserve which was established by County of Fresno and County of Tulare. He asked if both Counties would be made whole with respect to the reserve monies paid in which these new entities will be using. Alan Thaxter clarified by explaining that each new member entity is rated on their own experience and do not reflect any renewal increase since they have 18 month rate guarantees, therefore, they will not be using any of the reserve funds. Further, they will be building their reserves based on their rates determined when they joined.

Director Poochigian wanted to confirm that as we add new entities, County of Fresno and County of Tulare benefit from adding these new entities. Alan Thaxter confirmed this statement is accurate. As new entities join, they are charged a new member entity fee so the Counties can recoup start up costs associated with a JPA. In addition, adding new entities will to lower fixed costs in the long run as we grow. The larger the group becomes, the more negotiating power we have on these fixed costs.

Director Poochigian moved to approve the 2013-2014 Fiscal Year Budget; the motion was seconded by Director Ennis. The motion passed unanimously.

7. Item 11: Request for use of claims mitigation funds to conduct Mobile Mammography Screenings and authorization for execution of contract with Pacific Coast Medical Services (A)

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Rhonda Sjostrom, SJVIA Interim Assistant Manager, gave the historical account for the utilization of these services over the past three years. Staff would like to request a one year contract extension with Pacific Coast Medical Services in order to conduct mobile mammography screenings this fall. Both County of Fresno and County of Tulare have utilized the recommended vendor for their mobile mammography screening services 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 Vander Poel asked if the other participating entities would be able to utilize these services or if we have reached out to them to see if there was any interest. Rhonda Sjostrom stated this has not been extended to the other entities yet but will be revisited in the future. She added that there may be efficiencies in combining entities who are close in proximity, due to the minimum of 30 exams per day, for this service such as County of Tulare and City of Tulare.

Director Worthley moved to approve the mitigation funds to conduct Mobile Mammography Screenings and authorization for execution of contract with Pacific Coast Medical Services; the motion was seconded by Director Poochigian. The motion passed unanimously.

8. Item 12: Affordable Care Act Requirement of Electronic Funds Transfers (EFT) for Claims Payment and authorization for execution of contract with J.P. Morgan Chase (A)

Paul Nerland explained the mandatory requirement mandated by the Affordable Care Act to utilize electronic funds transfers (EFT) for the

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payment of claims to providers along with electronic remittance information. Anthem Blue Cross will need to work with J.P. Morgan Chase to set up an EFT transfer for claims funding in order to comply with this mandate. Staff is seeking approval to execute the contract with J.P. Morgan Chase.

Director Poochigian asked if there was a minimum timeframe of when payment is due and how long until we are considered late. Dan Saeger, Anthem Blue Cross, committed to research that answer and get back to us on the timing of payment.

Director Poochigian moved to approve the authorization for execution of contract with J.P. Morgan Chase; the motion was seconded by Director Ennis. The motion passed unanimously.

9. Item 13: Report on the measurable costs related to the Affordable Care Act on the SJVIA and its member entities (I)

Alan Thaxter gave an overview of the costs related to the Affordable Care Act, some including the PCORI Fee, Transitional Reinsurance Fee and Health Insurance Industry Fee. He stated that the majority of these fees will be charged in 2014. The overall impact to the SJVIA is between \$4,000,000 and \$6,500,000 in additional costs per year. This represents 5% to 8.125% of overall costs. Since SJVIA renewed as a shared risk model, all participating entities will share in this cost by the number of covered lives enrolled.

Director Worthley asked if the Health Insurance Industry Fee will be an ongoing cost for HMO plans only, since the fee only applies to fully insured plans. Alan Thaxter confirmed that this will be an ongoing fee

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however since SJVIA is in a shared risk model, the fees are blended into the rates for all plans, including the PPO, but it is only based on the HMO enrollment.

Director Borgeas asked how the Employer Mandate might affect the membership base, specifically in regards to the mandate to offer coverage to all employees working over 30 hours coupled with available insurance through other means. Will this cause employees to opt out of the SJVIA health plan? Mark Tucker, Gallagher Benefit Services, stated this will probably be more impactful at the entity level based on their own eligibility rules. At an SJVIA level, we don't anticipate this mandate to affect us negatively. The Marketplace Exchange is more appealing to those without employer coverage due to subsidy dollars being available to those individuals. In most cases, employees who are offered coverage through their employer will pay more money in the Marketplace since they are not eligible for this subsidy.

Director Poochigian revisited the previous comments on the HMO fees and asked if SJVIA would be willing to have the HMO plan pick up more cost due to the high dollar fees associated with that plan. Mark Tucker suggested running a cost relativity report in the 1st quarter to see the cost relativity between the HMO and PPO plans as well as look at cost differences and underlying benefit structure. This study would give SJVIA Board an opportunity to look at potential adjustments to the cost relativity that exists currently. Director Poochigian added that there may be instances where the PPO plans are costing more than the HMO plans so weighing these costs may be beneficial.

10. Item 6: Approve Addition of Kaiser Permanente Plans (A)

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Paul Nerland gave a historical overview of Kaiser’s proposal last year. This year Staff has worked to partner with Kaiser to come up with a rate that will not impact the SJVIA risk pool negatively. Mark Tucker confirmed this and gave more detail on adding Kaiser as an offered plan in the SJVIA. For 2014, Kaiser is proposing an SJVIA rate for the County of Fresno that results in a 16.2% reduction against the 2013 Kaiser rates with an approximate savings of \$50,000 over the direct to County renewal offer. For the County of Tulare, the SJVIA 2014 Kaiser rates were discounted by 0.7% with an approximate savings of \$12,300 over the direct to County renewal offer. Even with these decreases, Kaiser is still substantially higher than the Anthem plans. Both Gallagher and Kaiser feel that the migration will not be large enough to create a cost increase to Anthem. This proposal allows for immediate cost benefits to existing SJVIA member entities, expanded choice, as well as promoting future growth to the SJVIA being able to accommodate more member entity scenarios.

Director Worthley moved to approve the addition of Kaiser Permanente Plans; the motion was seconded by Director Ennis. The motion passed unanimously.

11. Item 7: Approve Vision Plan Renewal Rates (A)

Paul Nerland gave an overview on the VSP plan renewal for the 2014 plan year. VSP offered a “not to exceed 10%” provision for County of Tulare’s 2014 renewal and County of Fresno is in a rate guarantee for these coverages. However, due to the Affordable Care Act’s Provider Fee, VSP will be increasing rates by 2% to accommodate this tax. County of Fresno will be then be increasing by 2% in spite of the rate guarantee and by 12% for County of Tulare. Staff is recommending

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acceptance of the renewal proposal from VSP and seeking approval to execute the 2014 contract.

Director Perea moved to approve the Vision Plan Renewal rates; the motion was seconded by Director Worthley. The motion passed unanimously.

12. Item 8: Approve Dental Plan Renewal Rates (A)

Mark Tucker gave an overview on the Delta Dental plan renewal for the 2014 plan year. Delta Dental offered a “not to exceed” provision to the County of Fresno and Tulare’s rates for 2014, capping their renewal at 10%. County of Tulare will be receiving a 0.8% increase to their PPO dental plan and County of Fresno will be receiving a 1.9% to their PPO plans, both with no benefit changes. There’s also a lower costing dental HMO plan in place which will be receiving a 5% increase with a “not to exceed” 10% rate cap for year two.

Director Poochigian asked if County of Fresno and County of Tulare now have the same benefits in place for one of the plans. Mark Tucker confirmed that they both have the same benefits for the DHMO plan but the PPO plans are still different.

Director Poochigian moved to approve the Dental Plan renewal rates; the motion was seconded by Director Ennis. The motion passed unanimously.

13. Item 9: Approve Health Plan Renewal Rates for the 2014 Plan Year (A)

Alan Thaxter stated the renewal follows the same methodology as in years past. In looking at the renewal attachment, page 7 is a rollup of

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all the pages showing an overall renewal increase of 8.7%. As discussed in years past, the claims reserve should remain at 16% for medical and 5% for Rx. Currently, there is a surplus of reserves and if used, while maintaining the above reserve percentages, it would bring the renewal down to a 5.3% increase.

Director Poochigian mentioned that the Affordable Care Act is costing us a lot of money, thus contributing to the rate increase and employees need to know that. Alan Thaxter agreed and added that 3.4% of the renewal increase is directly related to these fees. If not for the Affordable Care Act fees, SJVIA would be looking at a 1.9% renewal increase.

Mark Tucker suggested an SJVIA Board Press Release on the 2014 renewal and Affordable Care Act fees. This would demonstrate the cost stability of the SJVIA and could serve as an educational piece to employees as well.

Director Worthley moved to approve the Health Plan Renewal Rates for 2014; the motion was seconded by Director Poochigian. The motion passed unanimously.

14. Adjournment

Meeting was adjourned at 9:26am by President Pete Vander Poel.

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