



SJVIA

San Joaquin Valley
Insurance Authority

BOARD OF DIRECTORS

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

**Meeting Location:
Fresno County Employee
Retirement Association Board
Chambers
1111 H Street
Fresno, CA 93721
November 1, 2013 9:00 AM**

AGENDA DATE: November 1, 2013

ITEM NUMBER: 7

SUBJECT: Required Timing for Claim Payments (I)

REQUEST(S): That the Board of Directors Receive the Report regarding the required timing for claim payments from Anthem Blue Cross

DESCRIPTION:

At the September 6, 2013 meeting, your Board approved the execution of an agreement with JP Morgan Chase allowing for the payment of claims via electronic funds transfer (EFT) as required by the Affordable Care Act. This discussion raised questions about the required timing of claims payments within Anthem and/or under regulation. It also raised further questions about the potential impact to the reserve account as the funds sent electronically would be drawn from the account much sooner than if the payments were by check.

Anthem has confirmed the timing of the claims processing and funding will not change as a result of this EFT requirement, however the average float of 4 to 5 days of the funds in the account will shorten to 24 hours. So, in essence, the SJVIA will lose at least 3 days or more on cash flow. On average, Anthem has 60% of claims paid to providers via EFT. Therefore, if 60% of the claims paid through the SJVIA are considered to be drawn from the account within 24 hours the impact of the float can be calculated.

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Anthem's claims payment timing standards and 2013 YTD statistics are as follows:

	Standard	2013 YTD Results
Resolved in 14 days	90%	96.3%
Resolved in 30 days	98%	99.6%

A flow chart of how claims are handled within the SJVIA (Exhibit A) and Anthem Blue Cross (Exhibit B) is attached, and is reviewed to ensure that Anthem's claims payment timing standards are met. SJVIA staff and GBS will be having further discussions with Anthem and Chase to determine the operational impact to the banking arrangements and will work to make any necessary procedure changes.

FISCAL IMPACT/FINANCING:

None at this time.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager

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

IN THE MATTER OF Required Timing for Claim Payments (I)

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:

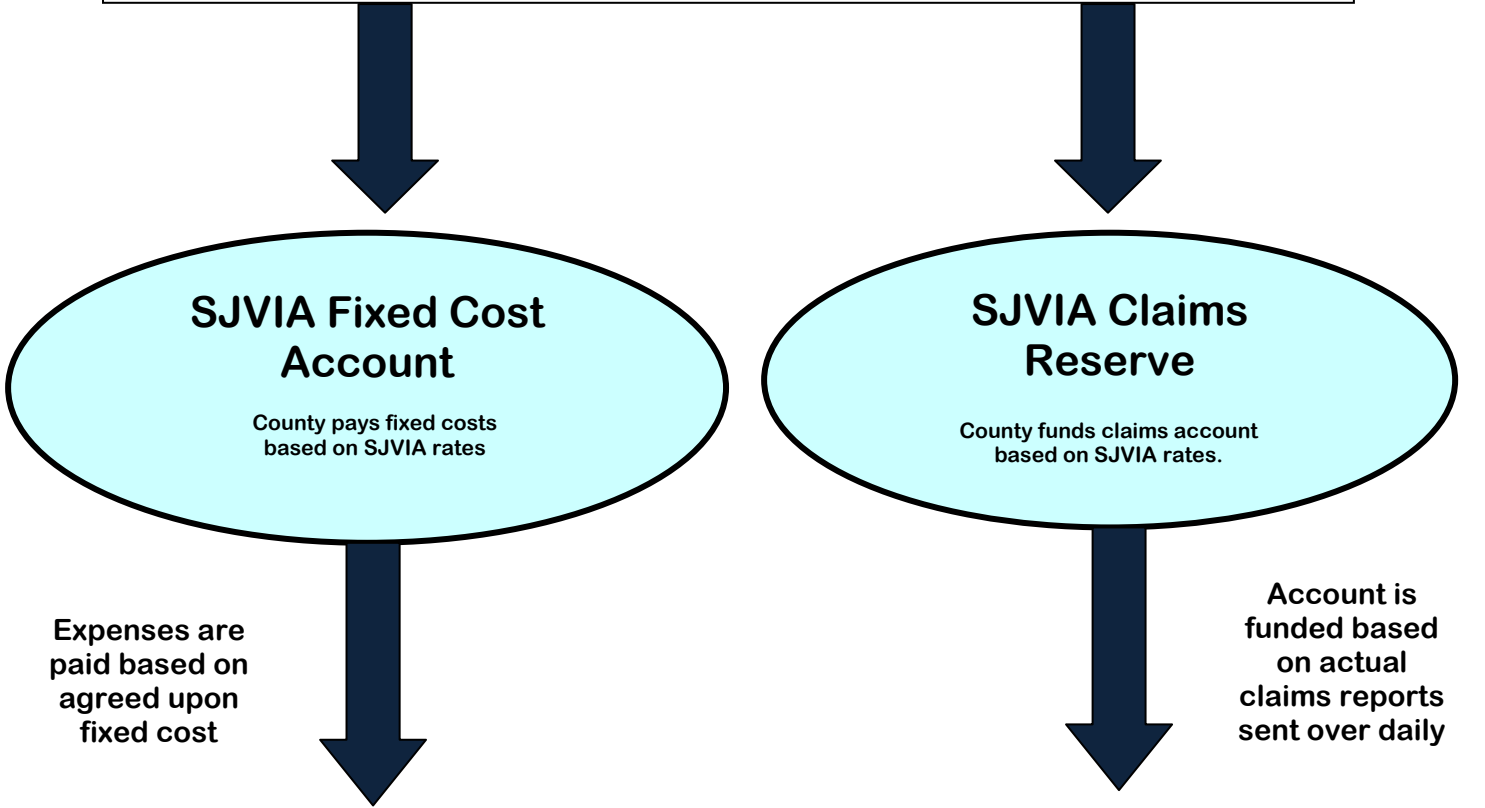
BY: _____

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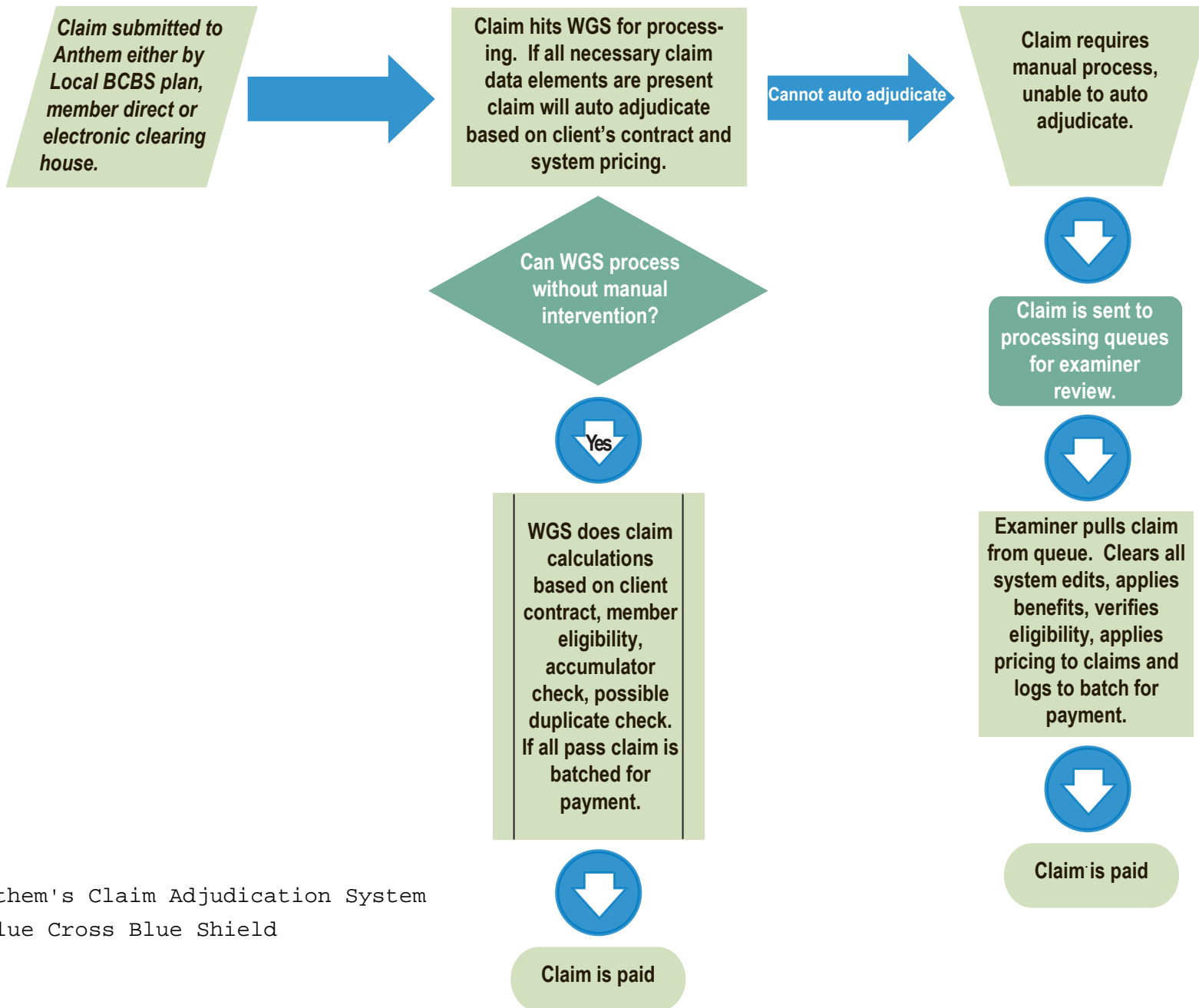
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Funding of Accounts



WGS Claims Process Flow



WGS - Anthem's Claim Adjudication System
BCBS - Blue Cross Blue Shield