

## Response to Recent Questions from the CSJVRMA

### 1. *What are the advantages for the CSJVRMA to join SJVIA?*

The members of the CSJVRMA will realize plan cost efficiencies and plan features as part of the JPA that for the most part, they will not be able to experience on a stand alone “direct carrier” purchase basis. Key advantages include:

- Lower Administrative Costs: Most of the cities in the CSJVRMA are providing benefits on a direct basis with an assortment of insurance carriers in <50 ee or <250 ee pooled fully insured products. The administrative expense for these insured plans is generally between 15-25% of the premium. The SJVIA can reduce the administrative expense to 12% for the HMO plans and 8.5% for the PPO plans.
- Rate Stability: The majority of Cities have experienced significant renewal increases for the past three years. The SJVIA has been experiencing single digit renewals since inception and due to the size of the pool and the SJVIA underwriting guidelines, rate volatility has been minimized.
- Plan Selections: The SJVIA offers an array of PPO plan choices and a HMO plans through Anthem Blue Cross and Blue Shield of CA. Plans can generally be tailored to fit each employer’s needs.
- Wellness Benefits: The SJVIA makes available to every employee a wellness program that includes such things as onsite mammograms and health risk assessments. These benefits are provided at no additional cost to participating entities.
- Plan Management: The SJVIA Managers and consultants meet weekly, the Board of Directors meets bi-monthly and there are ad hoc meetings regularly as needed. There is project work taking place daily. It is this consistent and focused attention to all plan details that enables the SJVIA to run efficiently and remain on the cutting edge of plans of this type. Additionally, SJVIA staff and consultants are located in the San Joaquin Valley and provide local expertise based on the similar populations served by central valley public sector employers.

### 2. *Explain the administrative fee. How much is it, does it change, and what does it pay for? (SJVIA administration, Gallagher, etc.).*

The Anthem PPO administration fee is approximately 8.5% of the plan rates. It is made of up of several components including the ASO Administration/Provider Network Access, Specific and Aggregate Stop Loss insurance, Eligibility Administration, SJVIA Administration, Consulting, Wellness and Marketing. The HMO plan includes the same components however the overall administration fee is approximately 12%. The fees have remained very constant since the inception of SJVIA and have actually been reduced a small amount as a percentage of the overall rates. The retention for the Blue Shield plans is extremely competitive and is on par with the Anthem plans.

3. ***What are the economies of scale? (At what number of lives would it benefit the CSJVRMA member cities?)***

Each participating City will experience economies as mentioned in item number 1 above. Whether a city enters the SJVIA on a stand alone basis or as a group with the CSJVRMA, there will be economies gained by participation in the large SJVIA pool. It was further determined that there would be additional economy if the cities entered the SJVIA together as the CSJVRMA. The additional discount to the cities over their "one off" rating was approximately 4-5%. The threshold for that discount was if the CSJVRMA collectively entered with the 750 employees quoted as a single group. This represents the cities quoted thus far by the SJVIA and later grouped together and quoted as a single group for this study. Additional discounts will apply at 1,000 and 2,000 employee lives.

4. ***How does the three-year commitment work? Would it apply to CSJVRMA or each individual member city based on the date they join?***

The three year rate commitment is determined on an individual case bases from the point of entry, whether the employer entered the SJVIA stand alone or whether it entered as part of a group.

5. ***If a member joins SJVIA prior to the CSJVRMA joining, would that city's lives count toward the lives of the group prior to that city's three-year commitment expiring?***

Yes the cities that are already part of the SJVIA, their employee lives will count toward the RMA group total lives. However, the three year commitment will not change, decrease or increase, as the three year commitment is on a city by city basis as explained in item number four above.