



SJVIA

San Joaquin Valley
Insurance Authority

BOARD OF DIRECTORS

ANDREAS BORGEAS
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MIKE ENNIS
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STEVE WORTHLEY

**Meeting Location:
Fresno County Employee
Retirement Association Board
Chambers
1111 H Street
Fresno, CA 93721
July 26, 2013 9:00 AM**

AGENDA DATE: July 26, 2013

ITEM NUMBER: 10

SUBJECT: Extension of Agreements with Chimienti & Associates and Gallagher Benefit Services for one year through December 31, 2014

REQUEST(S): That the Board Direct Staff to amend and extend agreements with Chimienti & Associates and Gallagher Benefit Services for one year under the same terms, conditions and pricing as the current agreements through December 31, 2014.

DESCRIPTION:

The SJVIA currently has agreements in place with Chimienti & Associates and Gallagher Benefit Services (GBS) for specific administrative and consulting tasks that are essential to day-to-day operations. Both agreements were executed at the inception of the SJVIA in 2010. The agreement with Chimienti & Associates provides consolidated eligibility, vendor billing, accounting and payment reconciliation, COBRA Administration, Flexible Spending Account Administration and voluntary supplemental benefits. The complexity of the SJVIA rate structure and flexibility afforded by use of the "Admin Direct" benefits eligibility system has assisted the SJVIA in recent expansion efforts. The agreement provides that GBS provide services related to strategic planning, financial monitoring and reporting, renewal services, renewal underwriting and rate setting, vendor management, compliance services, member agency support services and program marketing and promotion.

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Both the Chimienti and GBS agreements were extended from their initial termination date of December 31, 2012 to December 31, 2013 with the intent of completing a competitive bidding process this year. However, staff delayed releasing the request for proposals for both agreements as the complexities of implementation of the Patient Protection & Affordable Care Act (PPACA) became apparent and required additional information. For example, guidance has not been released on the PPACA's rolling "look-back" period to determine eligibility for part-time or seasonal employees. Although it was announced this month that the employer-mandate provision will be delayed one year, it is important that the eligibility and billing system allows for all requirements under PPACA. Additionally, the SJVIA has been adding new entities consistent with the growth and marketing plan and any RFP will need to take the complexities of multiple entities into account.

The recommended action would direct staff to execute amendments with both Chimienti & Associates and GBS to extend the agreements one additional year (January 1, 2014 through December 31, 2014) under the same terms, conditions and pricing as the current agreement. Staff will return to your Board with the extension and a timeline for the RFPs for both Chimienti and GBS.

FISCAL IMPACT/FINANCING:

The fee for the Chimienti & Associates services to the SJVIA amounts to \$6.50 per employee per month (PEPM) and applies only to member entities participating in the Anthem plan offerings. Based on current enrollment at member entities, Chimienti would receive approximately \$650,000 in 2014. The GBS fee to the SJVIA for services amounts to \$4.00 per employee per month (PEPM). Based on current enrollment at member entities, GBS would receive approximately \$415,000 in 2014.

These expenses are included in the adopted FY 12/13 SJVIA budget and will be part of the renewal calculations for the Plan Year 2014 rates.

AGENDA: San Joaquin Valley Insurance Authority

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ADMINISTRATIVE SIGN-OFF:



Jeffrey Cardell
SJVIA Manager



Paul Nerland
Assistant SJVIA Manager

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

IN THE MATTER OF Extension of Agreements with Chimienti & Associates
and Gallagher Benefit Services for one year through December 31, 2014

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 directed staff to amend and extend agreements with Chimienti & Associates and Gallagher Benefit Services for one year under the same terms, conditions and pricing as the current agreements through December 31, 2014.