



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
July 26, 2013
9:00 AM**

AGENDA DATE:

July 26, 2013

ITEM NUMBER

12

SUBJECT

Preliminary 2014 Health Plan Renewal

REQUEST(S):

That the Board receive a report projecting the 2014 renewal rate action.

DESCRIPTION:

For the third plan year the SJVIA is using the Board approved, shared risk underwriting methodology to calculate the plan year renewals. Under this underwriting arrangement, the SJVIA is reviewed as a unit for claims and reserves and then each agency/plan is also reviewed to determine how their agency specific experience relates to the overall SJVIA pool. The participating agency is then issued a renewal based on the experience of the SJVIA pool, adjusted according to their specific plan performance consistent with the Underwriting Guidelines. This approach provides rate smoothing and stability for all agencies and is employed by many JPAs.

For the preliminary renewal projection, Gallagher Benefit Services, has projected the overall SJVIA renewal for 2014 would require an increase between 7% and 11%. This initial renewal projection is based on claims data through May 2013 and current demographic information on all participating agencies. This preliminary renewal also contains preliminary rate renewal from the respective vendors for various plan components in addition to fees associated with the Affordable Care Act.

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The final rate recommendation will be completed using claims data updated through June 2013 and presented at the August 23, 2013 SJVIA Board of Directors meeting. The presentation at that time will have the 2014 percentage increase for the overall SJVIA, as well as the specific rate increases for each plan and member agency, all developed using the approved shared risk underwriting methodology. Additionally, the recommendation will consider the SJVIA's reserve position for Incurred but Not Reported (IBNR) liability and consider the impact of alternatives.

FISCAL IMPACT/FINANCING:

Projected renewal rate increases will be added to the budget for the 2013-14 fiscal year to be amended and approved at a future meeting.

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 Preliminary 2014 Health Plan Renewal

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 received a report projecting 2014 renewal rate action.