

MINUTES

BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE

MIKE ENNIS

ALLEN ISHIDA

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

Meeting Location:
Tulare County
Human Resource and
Development Test Room
2900 W Burrel
Visalia, CA
April 19, 2013 9:00 AM

1. Call to Order

Meeting was called to order by President Vander Poel at 9:04am.

2. Roll Call

Roll was called by Brittany Howell, Gallagher Benefit Services. In attendance were Director Borgeas, Director Ennis, and Director Vander Poel. Director Steve Worthley was in attendance as an alternate. Director Case was not present at the time of roll but arrived at 9:08am.

3. Approval of Agenda

President Vander Poel asked if there were any additions or corrections to the agenda. Jeff Cardell, SJVIA Manager, pointed out an error in the date on agenda item 5 which should be revised to February 1, 2013. Director Ennis moved to approve the agenda with the correction on the item 5; the motion was seconded by Director Worthley. 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.

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Margee Fallert, City of Tulare Administrative Services Director, informed the Board of the City's concern for their Pre-65 Retiree pool. Currently the City's early retirees are unblended from the actives. There are approximately 15 retirees on the plan and they are paying approximately \$1,000 for single coverage. When joining SJVIA the City expressed a desire to create a larger retiree pool in order to lower the rates. The City would like these discussions regarding the Pre-65 program to begin among the Staff and Board Members as well as working on an actuarial study.

5. Approval of Minutes – Board Meeting of February 1, 2013

Director Ennis moved to approve the February 1, 2013 Meeting Minutes, the motion was seconded by Director Worthley. The motion passed unanimously.

6. Receive and File Third Quarter Financial Statements and Investment Activity (I)

Joseph Nuttman, ACTTC from Fresno County, gave a detailed overview of the quarterly financial reports. For the current quarter, the Revenue and Expenses Report shows that revenue is higher than budget and fixed costs are lower than budget. In addition, claims expenses are lower than budget. He pointed out a new section on the report which reflects Premium Expenses for Delta Dental and Vision Service Plan and both are running at lower than budget.

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7. Receive and File SJVIA Executive Claims Summary through February 2013 (I)

Alan Thaxter, Gallagher Benefit Services, gave a detailed overview of the claims summary. He pointed out the enrollment on page 5 which now includes the new entities, City of Tulare and City of Ceres, as well as the County of Tulare's HMO plan. In addition, page 8 reflects the total premium year to date and reserves thus far. He went on to explain that this reserve account is set aside for claims to be paid if the plan were ever to be terminated (incurred but not yet reported, IBNR). In addition, he pointed out that City of Ceres claims are not mature claims as they joined SJVIA this year.

8. Authorization of the Release of Proposals and Execution of Participation Agreement(s) (A)

Paul Nerland, SJVIA Assistant Manager, asked for the approval to release illustrative proposals as well as participation agreements to those entities who are interested in joining SJVIA, specifically City of Sanger, City of Hanford, City of Shafter, City of Madera, City of Sonora, Amador Water District and San Joaquin Valley Air Pollution Control District. Of these entities, City of Sanger is highly likely to join SJVIA effective July 1, 2013. City of Hanford is very interested in joining SJVIA effective January 1, 2014 but they are currently with CalPERS and are still waiting for that renewal to be released.

Director Case mentioned the fact that CalPERS includes all Retirees in their plan thus making it higher in cost and wondered how this might affect groups trying to leave that plan to join SJVIA. She asked if this

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might create an opportunity to form a Post 65 Retiree plan or research what that may look like. Alan Thaxter suggested that Gallagher could find a more cost effective Post 65 solution for these entities who are leaving CalPERS and may need this option. This would also eliminate the GASB liability for the SJVIA on these Retirees.

Director Ennis moved to approve the Release of Proposals and Execution of Participation Agreements; the motion was seconded by Director Case. The motion passed unanimously.

9. Approve Amended & Restated JPA Agreement to Allow the Addition of the Central San Joaquin Valley Risk Management Authority as a Member of the San Joaquin Valley Insurance Authority (A)

Jeff Cardell, SJVIA Manager, explained the desire of the CSJVRMA to join SJVIA as a separate pool and asked for approval to amend the JPA Agreement to allow for this change. He stated that the RMA has gone through an extensive review process and will be making a recommendation to the Board of Directors in June to join SJVIA as a member entity. The benefit for SJVIA is that we are gaining a partner in the marketing efforts for SJVIA and essentially gaining membership. In addition, the RMA will benefit from this arrangement as the participating cities will be able to achieve a better rate by pooling their experience collectively rather than individually.

Director Case asked if the RMA joining SJVIA as a separate pool would hurt other entities joining SJVIA. Bruce Caldwell explained this probably would not happen due to the shared risk model that is in place currently because this model takes into account each entity's

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experience but not at 100%. This allows the risk to be balanced between the participating entities.

Director Worthley moved to approve the Amended and Restated JPA Agreement, the motion was seconded by Director Ennis. The motion passed unanimously.

10. Results of the SJVIA Health Evaluations for 2013 (I)

Katie Nyby, Health and Wellness Consultant for Delta Health Systems, gave a detailed overview of the wellness results. The results showed a small decline in the participation from 2012 to 2013. Of those who participated this year, only 38% of the population who participated in 2012 returned. The top risk areas identified were high blood pressure, diabetes, liver conditions and high cholesterol. The average BMI was at the low end of obesity for females and high end of obesity for males. Approximately 57% of members were referred to a doctor however not all were critical. Alan Thaxter asked if benchmarking book of business or national averages can be added to the report.

Ms. Nyby went on to explain that in their book of business, participation is much higher when the employer offers an incentive to the wellness program. When there is zero incentive from the employer, Delta Health has found around 25% of the population will participate. Alternatively, participation moves to approximately 50% when there is an incentive from the employer. Director Vander Poel and Director Case agreed that SJVIA should consider moving forward in that direction by adding an incentive to the wellness program. In addition, Director Case suggested offering a second window for members to

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participate in the program who were not able to take part earlier this year.

11. Funding Request for Wellness Activities (A)

Jeff Cardell gave some details on the Walking Challenge conducted last year between County of Tulare and County of Fresno. He explained the poor quality of pedometers received from the carriers last year and expressed the desire to purchase higher quality pedometers for each entity using SJVIA wellness funds for the Walking Challenge that will take place in May.

Director Worthley moved to approve the funding request, the motion was seconded by Director Ennis. The motion passed unanimously.

12. Revised Underwriting Guidelines (A)

Alan Thaxter gave details behind the underwriting guideline revisions and mentioned that the revisions are standard to all carrier underwriting guidelines. As we begin marketing to new groups, guidelines will be revised from time to time in order to keep SJVIA in the correct position as well as protect from adverse selection. Some of the revisions include added language in the guideline requirements, a surcharge added for some of the smaller groups and minor revisions to the stop loss coverage amounts for these smaller entities.

Director Worthley moved to approve the underwriting guidelines, the motion was seconded by Director Case. The motion passed unanimously.

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13. Directors Reports. (I)

There were no reports.

14. Adjournment

Meeting was adjourned at 10:34am by President Pete Vander Poel.

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