

# MINUTES

## 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  
July 26, 2013  
9:00 AM**

1. Call to Order

Meeting was called to order by President Vander Poel at 9:00am.

2. Roll Call

Roll was called by Brittany Howell, Gallagher Benefit Services. In attendance were Director Case, Director Ennis, Director Larson, Director Vander Poel and Director Worthley.

3. Approval of Agenda

President Vander Poel asked if there were any additions or corrections to the agenda. Director Ennis moved to approve the agenda with no changes; the motion was seconded by Director Larson. 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 – no public comment was given.

5. Approval of Minutes – Board Meeting of April 19, 2013

Director Ennis moved to approve the April 19, 2013 Meeting Minutes; the motion was seconded by Director Larson. The motion passed unanimously.

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6. SJVIA Staff Change (A)

Paul Nerland, SJVIA Assistant Manager, gave an update on the departure of Jeff Cardell with the County of Tulare. As Mr. Cardell was the SJVIA Manager, this would then appoint Paul Nerland, for the time being, as SJVIA Manager and Rhonda Sjostrom as Interim SJVIA Assistant Manager. Once the HR Director at County of Tulare is replaced, we can revisit the terms of service, as this position is a two-year term.

Director Worthley moved to approve the SJVIA Staff Change; the motion was seconded by Director Ennis. The motion passed unanimously.

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

Paul Nerland stated that Staff is seeking approval to release proposals for City of Taft and City of Gustine to be effective September 1, 2013, as well as to authorize the Participation Agreements. A letter of intent to join SJVIA was received by City of Taft; however, we are still waiting for a final decision from City of Gustine.

Director Case made mention of keeping a closer eye on new groups being blended vs. unblended for Retirees. As these Cities leave Cal-PERS, where it was required to have Retirees enrolled, they will be looking for plans to accommodate those members.

Director Worthley inquired about the attached New Member Activity Report and asked for clarification on the “no vs. inactive” column and what that actually means. Paul Nerland confirmed that the “no” column indicates actual declinations.. Director Case then asked about the reasoning behind these declinations. Mark Tucker, Gallagher

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Benefit Services, explained there are many reasons for these declinations, a few being that groups want to take a slower approach in joining, some use our proposal to leverage down their current plan and other entities aren't able to get out of Cal-PERS in time or they received a favorable decrease from Cal-PERS.

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

8. Approval of Amendment No. 3 to the Anthem Blue Cross Administrative Service Agreement (PPO), Anthem Blue Cross Group Benefit Agreement (HMO) and Funding Provision Minimum Premium Agreements (HMO) (A)

Paul Nerland informed everyone of an error on a date in the original packets for this item located on page 3, section 1. A revised page is being distributed. As mentioned, this item is requesting approval to execute the Anthem Group Agreements. These Agreements are similar to those in past years with the exception of the Minimum Premium Agreement (HMO) that now allows all groups to be under the same Agreement rather than issuing separate ones.

Director Case moved to approve the Anthem Blue Cross Agreements; the motion was seconded by Director Larson. The motion passed unanimously.

9. Approval of 2013 HM Life Specific and Aggregate Stop Loss Policy and Amendment No. 1 (A)

Paul Nerland mentioned this Agreement is something the Board has

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seen in past years. These rates are built in to our medical rates and cover the aggregate and specific high claims. The current specific stop loss is set at \$450,000 for the calendar year.

Director Ennis moved to approve the HM Life Specific and Aggregate Stop Loss Policy; the motion was seconded by Director Case. The motion passed unanimously.

10. Extension of Agreements with Chimienti & Associates and Gallagher Benefit Services one-year through December 31, 2014 (A).

Paul Nerland explained that the purpose of this item is to extend the agreement for Chimienti & Associates and Gallagher Benefit Services for an additional year. These agreements have already been extended once with the intent to conduct an RFP for services. For a variety of reasons, Staff is requesting more time on this RFP to better prepare for this. Due to Health Care Reform, not having enough details and data, as well as the disruption it may bring to new entities joining SJVIA, it would be beneficial for Staff to conduct the RFP's in 2014.

Director Case moved to approve the extensions on the Chimienti and Gallagher Agreements; the motion was seconded by Director Worthley. The motion passed unanimously.

11. Receive and File Report on Retiree Pool Options (A)

Paul Nerland reminded the Board of the comments on the Retiree pool at our last meeting from City of Tulare. Staff was directed to look further into this to find out if it would be viable to create a Retiree pool within the SJVIA pool.

Mark Tucker gave an explanation on blending vs. unblending of Retiree

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rates. He mentioned that there are not many options available to Pre-65 Retirees; however, the exchange may be a good opportunity for them to receive affordable care. He further explained the GASB 45 implicit subsidy (the liability created from rate blending) and explicit subsidy (the liability created through contributions to Retirees). These liabilities would then affect each entity and thus, has no impact on the SJVIA. The study conducted by Gallagher shows us the benefits and potential impacts of pooling retirees. The study showed that creating a Retiree pool would increase costs and cause disruption to participating entities that have unblended rates. In addition, it would limit the growth ability by appealing to only those entities that have blended rates currently. Although there could be some efficiency in creating a Retiree pool, SJVIA is not large enough at this time; however, this is something that can be reviewed down road as we grow larger.

Director Case moved to revisit Retiree Pool Options next year but look at options for Post 65 Retirees within SJVIA; the motion was seconded by Director Worthley. The motion passed unanimously.

### 12. Receive and File Preliminary January 1, 2014 health plan renewal (I)

Alan Thaxter, Gallagher Benefit Services, gave an overview of the 2014 health plan renewal. With the shared risk model, each participating entity will share the same rate increase. The renewal exhibit shows an overall increase between 7 – 11%. In the next month, we will look at June claims and deliver the final renewal rates at the next Board meeting. Health Care Reform has also impacted the claims cost as well as the renewal increase by about \$2,300,000, which equates to 2.8%.

### 13. Receive and File Reports for Third Quarter Financial Statements and Investment Activity (I)

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Lawrence Seymour, ACTTC from Fresno County, gave an overview on the third quarter financial statements and investment activity. Revenue is 2% under budget for the current quarter and 5% under budget for YTD revenue. Total fixed expenses came in at 123% over budget due to wellness programs utilized this quarter; however, if we look at YTD totals, it is coming in at 20% under budget. Claims expenses for the quarter are at 8% positive variance. Total premium expenses are at 4% under budget YTD. Wellness programs brought in \$60,000 of fees during the current quarter.

14. Receive and File SJVIA Executive Claims Summary through May 2013 (I)

Alan Thaxter presented the claims summary through May 2013. YTD enrollment has increased 8.9% due to City of Tulare, City of Ceres and City of Waterford joining SJVIA. YTD premium has increased 15.1% due to the 2013 rate increase as well as the new entities joining. YTD claim cost has increased 8.3%. When looking at these claim costs per employee per month (PEPM), it shows a 6.2% increase.

15. Receive and File Report on Wellness Activities (I)

Rhonda Sjostrom, Interim SJVIA Assistant Manager, gave an overview of the Walking Works! Program conducted in May of this year. County of Fresno, County of Tulare, City of Tulare and City of Ceres participated this year and competed against each other. Vendors including Anthem Blue Cross, US Script, Delta Health, BenefitMall, HealthNow, Chimienti & Associates, Hourglass, Delta Dental and VSP, donated pedometers and prizes. City of Tulare won both the highest participation and highest number of steps. Both County of Tulare and County of Fresno increased their participation from last year.

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16. Directors Reports. (I)

There were no reports.

17. Adjournment

Meeting was adjourned at 10:25am by President Pete Vander Poel.

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