



**BOARD OF DIRECTORS**

ANDREAS BORGEAS  
JUDITH CASE  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:  
Tulare County Board of  
Supervisors Chambers  
2800 West Burrel  
Visalia, CA 93921  
September 6, 2013 8:00 AM**

**Meeting Location:  
County of Fresno Board of  
Supervisors, Hall of Records  
2281 Tulare St, Room 301  
Fresno, CA 93721  
September 6, 2013 8:00 AM**

**AGENDA DATE:** September 6, 2013

**ITEM NUMBER:** 6

**SUBJECT:** Addition of Kaiser Permanente Plans (A)

**REQUEST(S):** Approve the acceptance of proposal from Kaiser Permanente for the 2014 Plan year and Authorize Chair to Execute Agreements pending acceptance of County of Fresno and Tulare and approval of SJVIA staff and Counsel.

**DESCRIPTION:**

For Plan Year 2013, SJVIA staff explored expanding health plans choices by adding Kaiser Permanente as an option. The County of Fresno and the County of Tulare both have Kaiser options available outside of the SJVIA. Last year, the SJVIA also sought a proposal from Kaiser but the rates presented did not provide any cost savings over the proposals that were already directed to the County of Fresno and Tulare. Further, there was concern that the radical 2013 County of Fresno renewal rate reduction (-41%) proposed by Kaiser would trigger massive migration from the Anthem program resulting in a significant impact to the existing overall SJVIA risk pool. As a result of these factors, the Board directed staff to explore more viable conditions for the 2014 plan year that would maintain rate stability but explore a partnership with Kaiser if viable.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** September 6, 2013

For the past several months, SJVIA staff and Gallagher have worked extensively with Kaiser senior management develop and negotiate terms that allow for Kaiser to exist within the SJVIA without negative consequence to the existing pool of risk. Specific consideration was given to limit potential migration at County of Fresno while still providing cost savings. For 2014, Kaiser is proposing an SJVIA rate for the County of Fresno that results in a 16.2% reduction against the 2013 Kaiser rates. This would reduce the premiums by 1.4% lower with an approximate savings of \$50,000 when compared to the 2014 rates if the County of Fresno renewed directly with Kaiser. It is anticipated that less than 10% migration to Kaiser would occur thereby maintaining the stability of the existing SJVIA risk pool.

For the County of Tulare, the SJVIA 2014 Kaiser rates were discounted by 0.7% with an approximate savings of \$12,300 over the direct to County renewal offer. This would result in an increase of 8% for the High Option and 7.4% for the Low Option plan.

The City of Shafter (effective with the SJVIA July 1<sup>st</sup>) has kept their Kaiser direct plan in place. The Kaiser SJVIA option would guarantee their rates for an additional six months allowing current SJVIA plans as well as Kaiser to next renew on January 1, 2015. Further, the City of Ceres and Sanger would be able to offer Kaiser as an option for a January 1, 2014 effective date.

For other prospective SJVIA member entities with Kaiser in place, Kaiser requires that existing benefits and rates will not be impacted due to entering the SJVIA in the first year. The provision does allow for the plan benefits to be modified if the member entity desires to do so.

In summary, this proposal allows for immediate cost benefits to existing SJVIA member entities, expanded choice, as well as promoting future growth to the SJVIA being able to accommodate more member entity scenarios.

The recommended action would authorize the Chair to execute related agreements with Kaiser and to include Kaiser as an option in related Participation Agreements with Member Entities.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** September 6, 2013

**FISCAL IMPACT/FINANCING:**

Annual premium reductions of \$62,347 over the direct renewal option for County of Tulare (\$12,336) and County of Fresno (\$50,010). Additional SJVIA income of \$11,400 from membership fees and \$17,100 from Claims Management/Communication fees.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
Interim SJVIA Assistant Manager

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

**IN THE MATTER OF** Addition of Kaiser Permanente Plans (A)

**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 approve the acceptance of proposal from Kaiser Permanente for the 2014 Plan year and Authorize Chair to Execute Agreements pending acceptance of County of Fresno and Tulare and approval of SJVIA staff and Counsel.