



Megan Livesey
Senior Account Executive

July 29, 2013

Ms. Michele Mills
Gallagher Benefit Services, Inc.
45 E. River Park Place West Suite 408
Fresno, CA 93720-1565

RE: SAN JOAQUIN VALLEY INSURANCE AUTHORITY, CONTRACT # 30028675 / JANUARY 1, 2014 RENEWAL AND ACA HEALTH INSURANCE PROVIDER FEE RATE ADJUSTMENT NOTIFICATION

Dear Michele,

On March 4, 2013, the IRS published in the Federal Register a rulemaking that will require VSP and others that sell fully-insured vision, dental and medical insurance policies to pay a Health Insurance Provider Fee (HIPF) to the IRS starting in 2014. As you know, SJVIA fully insures the VSP Program. In order to comply with this federal legislation, VSP will be including the 2% increase in the renewal effective January 1, 2014 to accommodate this tax.

Please see the current rates, ACA Fee and 2014 Total Premium Listed below:

Current Rates – County of Tulare VSP Policy Period January 1, 2012 – December 31, 2013		Capped 2014 Renewal Increase – 10%	2014 ACA TAX – 2%	2014 Total Premium VSP Policy Period January 1, 2014 – December 31, 2015	
Employee Only:	\$4.24	\$4.66	\$0.10	Employee Only:	\$4.76
Employee + 1:	\$7.16	\$7.88	\$0.16	Employee + 1:	\$8.04
Employee + Child(ren):	\$7.58	\$8.34	\$0.17	Employee + Child(ren):	\$8.51
Employee + Family:	\$11.30	\$12.34	\$0.34	Employee + Family:	\$12.68

Current Rates – County of Fresno VSP Policy Period December 10, 2012 – December 31, 2013		2014 ACA TAX – 2%	2014 Total Premium VSP Policy Period January 1, 2014 – December 31, 2015	
Employee Only:	\$7.34	\$0.15	Employee Only:	\$7.49
Employee + 1:	\$13.19	\$0.27	Employee + 1:	\$13.46
Employee + Child(ren):	\$12.93	\$0.26	Employee + Child(ren):	\$13.19
Employee + Family:	\$18.93	\$0.39	Employee + Family:	\$19.32

The current rates for City of Shafter and City of San Joaquin will hold until December 31, 2015, with the exception of any additional taxes assessed for January 1, 2015.

Once the rate change has been made, VSP will send out an amendment outlining the rate adjustment that will act as confirmation of the change and an amendment to the contract.

VSP Vision Care Proprietary & Confidential

Michele, I would like to thank you in advance for your partnership through this roll-out and for your continued support of VSP. If you have any questions or need additional information, please do not hesitate to contact me at (916) 851-4017 or via email at; Megan.Livesey@vsp.com. Thank you in advance for your support through this roll-out.

Cordially,



MEGAN LIVESEY
Senior Account Executive

Reference:

Section 4.02 of the VSP's contract states: VSP may increase premiums during a Plan Term by the amount of any tax or assessments not now in effect but subsequently levied by any taxing authority, which is attributable to premiums VSP receives from Group."

Please see [page 865 of PLAW section 9010](#) for more information on the Federal Register rulemaking.