



BOARD OF DIRECTORS

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**Meeting Location:
Tulare County Employees' Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93291
August 28, 2015 9:00 AM**

AGENDA DATE: August 28, 2015

ITEM NUMBER: 10

SUBJECT: Approve Vision Plan Renewal Rates for Plan Year 2016 (A)

REQUEST(S): Approve the acceptance of renewal proposal from Vision Service Plan for the 2016 Plan Year and Authorize Chair to Execute Agreements pending approval of SJVIA Staff and Counsel

DESCRIPTION:

The SJVIA has offered vision plan options to participating entities since January 1, 2013. There are twelve entities participating in various vision plans offered through Vision Service Plan (VSP). While all plans and rates may differ, all plans are considered as a pool for renewal.

VSP has offered three scenarios for renewal:

1. Renewal increase of 3.5% with a two year rate guarantee and no changes to the plan benefits.
2. Renew at no increase and two year rate guarantee if the County of Fresno accepts minor changes to their plan as follows:
 - a. Change current copay for materials from \$0 to \$10.
 - b. Change current allowance for elective contacts from \$130 to \$150 per year.
3. Move from a fully insured plan to a self-insured structure with no increase to rates billed to participating entities. The option includes and administrative fee of \$0.88 per employee per month (PEPM) and projected claims of \$7.89 PEPM. Alternatively the administrative fee could be charged as 11% of claims on a monthly basis. This fee as a percentage of claims would fluctuate monthly. The costs listed could result in a projected plan savings of approximately 8% from the current costs, but savings are dependent on claims experience.

AGENDA: San Joaquin Valley Insurance Authority

DATE: August 28, 2015

Staff is recommending your Board approve option 2 renewing at no increase with the benefit changes at the County of Fresno. Staff will further review the option to self-insure but is not recommending it at this time due to unknown administrative burden to the SJVIA for this change in structure.

FISCAL IMPACT/FINANCING:

The budget impact for the VSP plan renewal at 3.5% is an increase of approximately \$38,000 at current enrollment and participation. If your Board accepts Staff's recommendation, there would be no impact to the current costs outside of enrollment changes and/or the addition of new entities to the plan.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager