



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: 7

SUBJECT: Approve Anthem Blue Cross as the SJVIA Health Plan Administrator from December 7, 2015 – December 31, 2016 (A)

REQUEST(S): That the Board approve Anthem Blue Cross as the plan administrator and authorize the Board Chair to execute the agreement for a term of one year, pending approval by SJVIA Counsel and Staff

DESCRIPTION:

As reviewed at the July 17, 2015 Board Meeting staff reported on the results of the request for proposal process for medical administration. The RFP was requested from eight vendors. Four of the vendors submitted proposals. Staff is recommending the SJVIA remain with Anthem Blue Cross for administrative services at their proposed pricing offered through the RFP process. The RFP proposal resulted in a **savings** of 7% on the administrative costs of the PPO plan in which 24 of the 25 entities participate. This reduction represents savings of approximately \$194,000 at current enrollment levels. The HMO contract fees consist of Retention (Administration, Pooling, and Capitation) which **will increase** 8.5% on a combined basis. These percentages are not overall projected changes to the HMO and PPO plans, but represent the change in fixed costs paid to Anthem for the administration of both plans. The total fixed costs plan represent about 36% of total plan costs for the HMO and about 3.2% for the PPO. Anthem Blue Cross also included disease management for the HMO population at no additional cost which will reduce the fees currently paid to Viverae for this service and will result in further savings to the SJVIA.

Pending your approval of the recommended action, staff and Gallagher will work with Anthem Blue Cross to finalize the agreement for Plan Year 2016.

AGENDA: San Joaquin Valley Insurance Authority

DATE: August 28, 2015

FISCAL IMPACT/FINANCING:

The budget impact for the new contract with Anthem Blue Cross is a savings of approximately \$194,000 to the PPO at current enrollment, and an increase of \$1.7 million for the HMO. The impact of both plans is considered as part of the renewal change for the Anthem plans as a whole.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager