



BOARD OF DIRECTORS

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**Meeting Location:
County of Tulare
Board of Supervisors Chambers
2800 W. Burrel Ave.
Visalia, CA 93291
October 28, 2016 9:00AM**

AGENDA DATE: October 28, 2016

ITEM NUMBER: Item 12

SUBJECT: Receive Update on Member Entity Termination
Notifications & SJVIA Impact (I)

REQUEST(S): That the Board Receive an Update on Member Entity
Terminations and the Impact to the SJVIA

DESCRIPTION:

During the September 2, 2016 meeting, the Board approved a waiver of the 120-day requirement for member entities to notify the SJVIA of termination and extended the deadline for notification to October 15, 2016 due to the renewal rate action being delayed. The SJVIA has received official notification of termination from fifteen member entities with a total of 2,502 employee lives.

The attached illustration lists the member entities who will be terminating their participation with the SJVIA effective January 1, 2017, as well the member entities who will remain with the SJVIA. Gallagher Benefit Services has performed an in depth analysis of the claims for the fifteen member entities leaving the SJVIA. The original renewal recommendations made on September 2, 2016 reflected claims data through June 2016. The updated analysis reflects updated claims information through August 2016. The results of this analysis shows that if the Board were to re-rate the HMO and PPO with the most recent claims data and excluding the entities leaving the SJVIA, the updated renewal rate requirement for all remaining entities for HMO would be 16.70%, the PPO rate action needed for the Counties of Fresno and Tulare would be 8.22%, and the PPO rate action for all other remaining entities would be 26.86%.

The estimated claims run out for the fifteen terminating entities is \$2.7 million dollars, the majority of which will likely be billed before February 15, 2017.

AGENDA: San Joaquin Valley Insurance Authority

DATE: October 28, 2016

Consistent with the approved rates at the Board meeting on September 2, 2016, the updated renewal rate calculations do not reflect adjustments for rebuilding incurred but not reported claims (IBNR), SJVIA loan repayments, or rebuilding the reserve.

It is the recommendation of Gallagher Benefit Services to not adjust the renewal rates at this time, and to reexamine the rating of the SJVIA plans in January 2017 to allow for any migration attributable to open enrollment to also be considered.

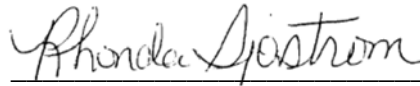
FISCAL IMPACT/FINANCING:

Estimated impact of run out claims for entities leaving the SJVIA is approximately \$2.7 million dollars.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager