



County of Sutter
Office of the County Administrator

ATTACHMENT I

1160 Civic Center Boulevard
Yuba City, California 95993
Phone: (530) 822-7100 Fax: (530) 822-7103

October 14, 2016

Rhonda Sjostrom, Manager
San Joaquin Valley Insurance Authority
2220 Tulare Street, Suite 1400
Fresno, CA 93721

Dear Ms. Sjostrom:

As you know, Sutter County has been a member of the San Joaquin Valley Insurance Authority (SJVIA) since July 1, 2015. A major factor in our decision to join SJVIA was a representation by one of your staff members that the Authority operated under a "pooled" rating model in which all member entities receive the same rate action based on the experience of the entire pool.

In September, 2016, we were notified that the Board of Directors of SJVIA, which consists entirely of elected supervisors from Fresno and Tulare Counties, had essentially bifurcated the pool in setting 2017 PPO rates. Consequently, a rate increase of 26.21% was imposed on all of the participating agencies except Fresno and Tulare Counties, each of which received a much lower rate increase. This action was taken without any consultation with, or forewarning to, Sutter County or, apparently, any other member agency. We were notified of the decision on the eve of our annual open enrollment period, and at the advent of contract negotiations with our employee bargaining groups. The 26.21% rate increase will have a great fiscal impact on the County and our employees, and has complicated our open enrollment and collective bargaining processes.

As Sutter County evaluates our options in the wake of the SJVIA Board's actions, I am requesting that:

- 1) SJVIA immediately provide us with our detailed claims information for the period from July 1, 2015, to the present. If the SJVIA staff does not have the authority to provide this information, please place this request on the agenda for the SJVIA Board of Director's October 28, 2016 meeting. If the Board of Directors does not approve this request, please provide us with a cogent explanation of its decision. It is our understanding Fresno and Tulare Counties have received their detailed claims information, and that the analysis of this claims experience led to the bifurcation of the 2017 PPO rates action. We note that it is patently unfair for the experience of select members of the pool to be carved out and used to validate a rating action that favors one set of entities at the expense of the other pool participants.

- 2) The SJVIA Board of Directors authorize and approve Sutter County to have a new open enrollment period during a month of our choosing in the first six months of 2017.

Thank you for your assistance. Please contact me if you have any questions concerning my request.

Sincerely,



CURTIS R. COAD

INTERIM COUNTY ADMINISTRATIVE OFFICER

- cc: Sutter County Board of Supervisors
Paul Nerland, SJVIA Assistant Manager
Vicky Crow, SJVIA Treasurer
Alan Thaxter, Gallagher Benefit Services