



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 9:00 AM**

AGENDA DATE: October 28, 2016

ITEM NUMBER: 16

SUBJECT: Receive and Consider Request by the County of Fresno to Freeze Enrollment in the Kaiser Plan Prospectively and Approve Revised Rates if Necessary (A)

REQUEST(S): That the Board consider a request by the County of Fresno to freeze enrollment in the Kaiser plan prospectively and approve revised rates if necessary

DESCRIPTION:

On March 18, 2016, the SJVIA Board received the [Aon Report](#) focused on an Actuarial Review of the SJVIA at that time. The report referenced the ongoing impact to the SJVIA self-insured health plans of Kaiser migration and indicating that there appears to be migration of better risk employees from the Anthem self-funded plan to the Kaiser plan. Unchecked migration could create a death spiral of the self-funded Anthem plan. At the Board meeting on September 2, 2016, the [SJVIA approved the Kaiser renewal](#) of 8.34% for SJVIA member entities with the exception of the County of Fresno. Based on concerns with adverse risk/migration, Kaiser proposed a separate 12.34% rate increase specific to the County of Fresno. The higher rate action is intended to preserve the current pricing difference that exists at County of Fresno where Kaiser is \$33.22 less expensive than the Anthem HMO plan for Employee Only coverage on a monthly basis. Additionally, a \$10 PEPM risk adjustment to SJVIA Kaiser Subscribers to offset adverse risk/migration effects of member migration was approved.

Although your Board's action responds to the Kaiser migration concern, the County of Fresno is requesting consideration of also freezing Kaiser enrollment for Plan Year 2017. The purpose of this item is to give your Board all of the information before considering this request. Staff reached out to Kaiser to determine the potential impact of this request. In summary, Kaiser indicated that the rates that were approved by your Board on September 2nd were based

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on the status quo assumptions (i.e. New enrollment being allowed at the County of Fresno for Kaiser). Freezing enrollment would negate the rates approved for all entities. The exact impact was unknown at the time that this item was published but Kaiser has committed to have this information available for the meeting on October 28th.

Other considerations for your Board include the fact that there are remaining participating entities that have some Kaiser enrollment but have already concluded Open Enrollment. Should new rates be adopted, it may require re-approval of those rates by each impacted participating entity and re-opening enrollment. Additionally, the County of Fresno is currently in the middle of Open Enrollment. New rates would require approval at the County of Fresno Board of Supervisors and an extended Open Enrollment period.

This issue was discussed with the County of Fresno, Health Benefits Advisory Committee (HBAC) on October 25th to determine their position on the issue. The HBAC voted unanimously to recommend against this action (freezing Kaiser enrollment prospectively) primarily based on the timing and impact to the rates. Approximately 25% of County of Fresno enrollment is in the Kaiser plan.

Based on these considerations, staff would recommend that this be considered as part of the strategic planning process for Plan Year 2018, rather than at this late date for Plan Year 2017. Relevant information from Kaiser will be made available when received and it is expected that Kaiser staff will be in attendance to answer any questions.

FISCAL IMPACT/FINANCING:

The fiscal impact to the SJVIA is contingent upon Board action and revised rates to be provided by Kaiser. Budget and final rates will be adjusted, if necessary, based on the action taken.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjoström
SJVIA Assistant Manager