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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: 17

SUBJECT: Authorize President to Execute Amendment to Administrative Services Agreement with Anthem Blue Cross Regarding Anthem Provider Network Requirements (A)

REQUEST(S): That the Board authorize the President to sign an amendment to the Administrative Services Agreement with Anthem Blue Cross

DESCRIPTION:

Effective January 1, 2016 Anthem Blue Cross (Anthem) has renewed their provider contract with Sutter Health (Sutter). That contract, which is confidential, obligates Anthem to seek from its self-funded customers, including the SJVIA, a commitment to comply with a number of requirements relating to dispute resolution, claims payment, utilization management, coordination of benefits and other items.

For any self-funded customer that fails to make that commitment by November 16, 2016, Sutter will no longer provide services to members at the lower rates negotiated by Anthem. Instead, Anthem will be required to pay the claims for services to those members at higher out-of-network rates.

Initially, Anthem sought to obtain the SJVIA's commitment by requiring the SJVIA to give a certification that it would comply with "applicable" terms of the confidential contract between Anthem and Sutter, even though the SJVIA is not a party to that agreement.

AGENDA: San Joaquin Valley Insurance Authority

DATE: October 28, 2016

On March 18, 2016, the Board authorized the SJVIA President to sign a confidentiality agreement with Anthem, subject to the approval of SJVIA counsel. The purpose of that agreement was to allow the SJVIA to review the confidential contract between Anthem and Sutter, and see what might be the “applicable” terms of that contract for purposes of the certification. The SJVIA entered into that confidentiality agreement in May and shortly after received a redacted copy of the contract between Anthem and Sutter.

After reviewing the contract between Anthem and Sutter, SJVIA staff and counsel raised objections to the proposed certification. In response, Anthem presented an alternative, in the form of an amendment to the SJVIA’s Administrative Services Agreement with Anthem.

The proposed amendment to the Administrative Services Agreement:

1. Obligates Anthem to include the requirements of its provider contracts, such as its contract with Sutter, in processing claims from those providers;
2. Provides that if the Administrative Services Agreement between Anthem and the SJVIA conflicts with a contract between Anthem and a provider, such as Anthem’s contract with Sutter, then the provider contract governs the rights and obligations as between Anthem, the SJVIA, and the provider; and
3. Clarifies that Anthem has sole authority to build and maintain its Provider network on its own behalf, and is not acting on behalf of or as an agent for any employer or member, including in the negotiation of its provider contracts.

Anthem and its counsel represent that the proposed amendment will satisfy Anthem’s obligation under its confidential contract with Sutter to obtain commitment from the SJVIA.

Staff recommends approving the proposed amendment to the Administrative Services Agreement and asks the Board to authorize the President to sign the proposed amendment.

FISCAL IMPACT/FINANCING:

No Financial Impact at this time. Failure to sign the agreement will result in Sutter Health claims being processed as non-participating out of network claims.

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ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager