



BOARD OF DIRECTORS

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Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 13

SUBJECT: Approve Reinsurance Plan Renewal Rates for Plan Year 2017 and Authorize Staff to Execute Agreements (A)

REQUEST(S): That the Board approve the reinsurance plan renewal rates for Plan Year 2017 and authorize staff to execute agreements

DESCRIPTION:

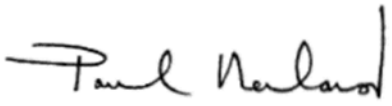
On September 2, 2016, this Board renewed the PPO and HMO medical plans using information that included a projected renewal of fixed costs that were not yet available. Because reinsurance renewals are not finalized until a minimum of 60 days prior to year end, the rate was projected at a 10% increase to a PEPM factor of \$18.30. In November 2016, the actual renewal for the 2017 plan year came in at 16.5%. The final renewal for the same contract terms were received at a 12% increase, a PEPM factor of \$18.64, a \$0.34 delta.

In addition to reviewing the incumbent carrier renewal, Gallagher Benefit Services secured several other proposals, none of which were competitive, and several declinations due to non-competitiveness. It is the recommendation of Gallagher Benefit Services and SJVIA Staff to accept the renewal for the 2017 plan year at the current Specific Deductible of \$450,000 for the PPO plan with a 12.02% increase over the current rates.

FISCAL IMPACT/FINANCING:

The increase from the projection to the actual renewal is approximately \$23,468 annually and will not affect the previously approved medical plan renewal rates.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager