



**BOARD OF DIRECTORS**

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**Meeting Location:  
Tulare County Employees' Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93291  
April 29, 2016-10:00 AM**

**AGENDA DATE:** April 29, 2016

**ITEM NUMBER:** 13

**SUBJECT:** Report on Administrative Services Costs and Staffing

**REQUEST(S):** That the Board receive this informational report

**DESCRIPTION:**

At various times in the history of the SJVIA, staff have presented updates and options as it relates to the administration of the SJVIA. Most recently, on April 10, 2015, staff presented an [informational report](#) that summarized [administrative costs](#). At recent meetings there was discussion of the annual budget and need for disclosure and understanding of the full costs for administration of the SJVIA. The administration of the SJVIA is handled in three distinct categories:

- County of Fresno and Tulare Staff Time
- Gallagher Benefit Services (Contracted)
- Chimienti & Associates (Contracted)

County of Fresno & Tulare Staff

These services are paid from a line item in health premiums amounting to \$2.00 per employee per month (PEPM) for County of Fresno and Tulare, and \$4.00 PEPM for all other SJVIA entities (includes \$2.00 PEPM non-founding member fee), and amounting to \$398,100 in the FY 15-16 budget. County of Fresno & Tulare staff time is divided into the following categories:

✓ **SJVIA Manager & Assistant Manager**

- The Manager and Assistant Manager represented by the Director of Human Resources at County of Tulare and Director of Personnel Services at County of Fresno.

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- Duties are governed by the [SJVIA JPA Agreement](#), Article 10(1)(2) and include administration and oversight of the business of the SJVIA.

✓ **SJVIA Day-to-Day Activities**

- Represented primarily by a Senior Personnel Analyst and Personnel Technician at County of Fresno and Employee/Employer Benefit & Wellness Manager at County of Tulare.
- Duties are referenced in the [SJVIA JPA Agreement](#), Article 10(c) and consist of all contract administration, website maintenance, Clerk to the Board activities, coordination of FPPC compliance, SJVIA insurance, biweekly/monthly payment transmittals, daily/weekly/monthly claims review/approval in coordination with Auditor-Treasurer and many other weekly activities.

✓ **SJVIA Auditor-Treasurer Activities**

- Represented by the Auditor-Controller/Treasurer-Tax Collector, Accounting-Financial Division Chief and Accountants at the County of Fresno.
- Duties are referenced in the [SJVIA JPA Agreement](#), Article 10(3) and Article 12 summarizing responsibilities over accounts and records.

✓ **SJVIA Counsel**

- Represented by Deputy County Counsel staff from both County of Fresno and Tulare.
- Although the SJVIA secured the services of an outside firm a few years ago, all services have been through County Counsel of both founding County agencies. Their familiarity with public sector entities, JPAs and Brown Act compliance has been very helpful.

Gallagher Benefit Services (GBS)

These services are paid from a line item in health premiums amounting to \$3.75 per employee per month and amounting to \$559,256 in the FY 15-16 budget. Although GBS serves as a “consultant” to the SJVIA, they provide many services that contribute to the administration of the SJVIA. Their services are summarized well in the [GBS Agreement](#), Exhibit A where they are categorized into activities such as strategic planning, financial monitoring and reporting, renewal services, renewal rate setting, vendor management, compliance services, member agency support services, program marketing and promotion and day-to-day program management.

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### Chimienti & Associates

These services are paid from a line item in health premiums amounting to \$5.20 per employee per month and amounting to \$788,861 in the FY 15-16 budget. Chimienti & Associates handles a variety of services, summarized in the [Chimienti Agreement](#), Exhibit A, that are critical to the SJVIA such as use of the Admin Direct eligibility/billing system. This system is used by many entities for Open Enrollment elections and the biweekly/monthly eligibility feeds from all entities and then sent to all health vendors. The tools available in this system help ensure that the SJVIA only pays for eligible participants and maintains “clean” eligibility. There are additional services exclusive to some participating entities. For example, the County of Tulare has additional voluntary benefit and Open Enrollment services and the County of Fresno uses subcontractor Administrative Services Incorporated for all direct bill participants (COBRA, FMLA, Retirees).

### **Alternatives to SJVIA Services**

The SJVIA has at various times considered whether it would be appropriate to hire full-time staff dedicated to the SJVIA and reviewed the administrative cost of the existing entity ([May 6, 2011](#), [February 21, 2014](#), [April 10, 2015](#)). Staff has recommended that this be reviewed at least once each year as the SJVIA experienced growth. As the agenda item in February 2014 referenced, there are additional mandated cost of becoming an employer rather than charging a County or contracting for the services. However, recent events highlight the need for *full-time* dedicated staff to the SJVIA at some point in the near future. The current model requires the sharing of duties by County of Fresno/Tulare staff at the Executive and Treasurer level. The volume, complexity and importance of these duties require a great deal of time and resources. For example, some entities of this size would have an Executive Director and may have support staff. CSAC-EIA’s EIA Health program, has a full-time dedicated “Employee Benefits Manager” and 1 support staff. However, they are also part of the CSAC-EIA organization as the Employer who provide the framework and background for staff to operate within.

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There are advantages in utilizing County staff who are knowledgeable of public agency requirements, benefits services, and acceptable governmental practices. However, although the current structure has some advantages in the familiarity with the largest founding entities and the governing Board, staff recommends that this issue be revisited as the SJVIA financial outlook improves. This review will also consider the advantages/disadvantages of contracting out for some services (administration, accounting, legal) with the input of current staff. Further examination of staffing services needs to be completed before a recommendation(s) related to any change in current arrangements for administrative services is brought back to the SJVIA board.

**FISCAL IMPACT/FINANCING:**

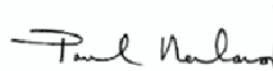
As noted above, SJVIA has reimbursed for services provided by the County of Fresno and Tulare. The amount invoiced as of April 22, 2016 is \$330,644.63 as illustrated in the attached Administrative Cost Report. The SJVIA budgeted \$398,100 in FY 2015-16 for administration. Due to the need to review issues relating to cash flow and claims examination on a concentrated basis this year, administrative costs may exceed the line item budget. An actuarial review by Aon Hewitt on rate development, reserve adequacy and fund projections was an additional cost in FY 2015-16 of \$25,000.

**ADMINISTRATIVE SIGN-OFF:**



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Rhonda Sjostrom  
SJVIA Manager



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Paul Nerland  
SJVIA Assistant Manager