



BOARD OF DIRECTORS

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**Meeting Location:
County of Tulare
Board of Supervisors Chambers
2800 W. Burrel Ave.
Visalia, CA 93291
August 26, 2016 9:00 AM**

AGENDA DATE: August 26, 2016

ITEM NUMBER: 12

SUBJECT: Approve Anthem Blue Cross as SJVIA Health Plan Administrator from December 19, 2016 – December 31, 2017, and Authorize Staff to Negotiate Amendment to Agreement (A)

REQUEST(S): That the Board approve Anthem Blue Cross and authorize staff to negotiate amendment to agreement for a term of one year

DESCRIPTION:

The recommended action will approve maintaining Anthem Blue Cross as a Plan Administrator and authorize staff to negotiate an amendment to the contract for services commencing December 19, 2016 for a one year term. The proposed Amendment increases the Administrative Services Only (ASO) fees for PPO administrative services and access to the Anthem Blue Cross provider network 10.61% from \$29.41 Per Employee per Month (PEPM) to \$32.53 PEPM. The HMO contract fees consist of Retention (Administration, Pooling, and Capitation) which will increase 2.185% on a combined basis for a PEPM increase from \$366.04 to \$374.04.

These percentages are not overall projected changes to the HMO and PPO plans, but represent the change in fixed costs paid to Anthem for the administration of both plans. The total fixed costs represent about 36% of total plan costs for the HMO, which includes capitation claims) and approximately 3.2% for the PPO. Anthem Blue Cross also includes disease management for the PPO population at no additional cost, and credits a wellness budget of \$50,000 for the contract year.

Staff and Gallagher will work with Anthem Blue Cross to finalize the agreement to commence December 19, 2016 and will present the agreement to your Board for approval at the November meeting.

AGENDA: San Joaquin Valley Insurance Authority

DATE: August 26, 2016

FISCAL IMPACT/FINANCING:

Projected renewal rate increases will be added to the budget for the 2016-17 fiscal year to be amended and approved at a future meeting.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager