



BOARD OF DIRECTORS

ANDREAS BORGEAS

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PETE VANDER POEL

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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: 14

SUBJECT: Approve Kaiser HMO Renewal Rate Increase for Plan Year 2017 and Authorize Staff to Negotiate Agreements (A)

REQUEST(S): That the Board approve the Kaiser renewal and authorize staff to negotiate the agreements for a term of one year

DESCRIPTION:

For 2017, Kaiser is proposing an 8.34% rate increase for the SJVIA. Currently there are 2,411 subscribers participating in the Kaiser plans. County of Fresno accounts for 1,293 subscribers of this membership. Due to concerns with adverse risk/migration, Kaiser is proposing a 12.34% rate increase specific to the County of Fresno. This 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. Due to the Anthem renewal rate action yet to be determined, Kaiser has agreed to provide for an alternative rate increase for County of Fresno that will preserve the current Anthem HMO/Kaiser pricing differential. Significant concern of potential mass migration/rate volatility are present if the Kaiser rates are renewed at a level that widens the pricing gap that exists currently. Attached is an illustration that depicts this concern.

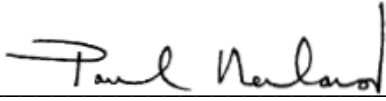
FISCAL IMPACT/FINANCING:

The fiscal impact to the SJVIA is contingent upon Board action of renewal increases. Budget and final rates will be adjusted based on the action taken.

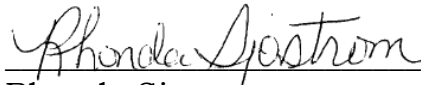
AGENDA: San Joaquin Valley Insurance Authority

DATE: August 26, 2016

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager