



BOARD OF DIRECTORS

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**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
September 2, 2016 10:00 AM**

AGENDA DATE: September 2, 2016

ITEM NUMBER: Item 7

SUBJECT: Approve Kaiser HMO Renewal Rate Increases 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 Plan Year 2017, Kaiser is proposing an 8.34% rate increase for SJVIA member entities with the exception of County of Fresno. Currently, of the 2,411 SJVIA Kaiser Subscribers, County of Fresno accounts for 1,293 or 53.6% of total Kaiser Membership. Based on concerns with adverse risk/migration, Kaiser is proposing a separate 12.34% rate increase specific to the County of Fresno. The 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 for Employee Only coverage on a monthly basis. Additionally, SJVIA Staff is recommending a \$10 PEPM risk adjustment to SJVIA Kaiser Subscribers to offset adverse risk/migration effects of member migration. 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 at Fresno County. This concern was also referenced in the [AON study](#) presented at the March 18, 2016 meeting. Further, concern was voiced at recent meetings with SJVIA Staff, Gallagher, Keenan (Fresno County's Consultant) and Alliant (Tulare County's Consultant). Attachment I is an illustration depicting this potential impact.

AGENDA: San Joaquin Valley Insurance Authority

DATE: September 2, 2016

Due to the Anthem renewal rate action yet to be determined, Kaiser has agreed to provide for an alternative rate increase (other than 12.34%) for County of Fresno that will achieve preserving the current Anthem HMO/Kaiser pricing differential while factoring in the \$10 PEPM charge. Kaiser requires formal notification if the Board decides to adopt this renewal strategy. This agenda item along with Board action will suffice for this requirement.

Additionally, Attachment II to this item for approval is the Kaiser Senior Advantage rates for the County of Tulare offered through the SJVIA. The \$10 PEPM does not apply to these plans.

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.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager