

November 28, 2023

San Joaquin Valley Insurance Authority
Board of Directors

Subject: SJVIA Stop Loss Program Change of Keenan Stop Loss Services & Cost Containment/Billing Vendor Intermediary

Dear Members of the SJVIA Board:

We are writing to provide a detailed explanation regarding the recent change in Keenan/AssuredPartners Stop Loss Coalition services to the SJVIA JPA.

The decision to switch our cost containment vendor from Point6 to Sigmatico mid-plan year was driven by a need to address unclear procedures in premium payment reconciliation and other administrative issues encountered with the previous vendor. These challenges were significant enough to necessitate a swift and decisive response, particularly as the prior vendor had struggled to reconcile and promptly report 2022 and 2023 premium discrepancies to Keenan (assuming due to variations in enrollment and prorated monthly premium calculation provided to them by the JPA).

Immediately, our new vendor partner, Sigmatico, worked with Keenan to successfully negotiate the removal of any 2022 premium discrepancies with the JPA's reinsurer, Granular, to ensure that there is no financial impact from these past premium payment issues. Additionally, Sigmatico has committed to auditing the 2023 premiums remitted by the JPA to the prior vendor to determine if any further premium discrepancy exists. Sigmatico's premium audit report and recommendation is expected soon, and we will promptly share the details of these findings with the SJVIA to ensure all premium discrepancies are resolved promptly.

We recognize the importance of timely and clear communication with our partners. We initially planned to inform the JPA of the vendor change earlier; however, due to an oversight, this communication was inadvertently delayed. We deeply regret this oversight and are taking steps to prevent such occurrences in the future.

The change in the cost containment vendor was initiated at the request of Keenan, and in coordination with Sigmatico and Granular. This transition involves no financial burden to the SJVIA. In fact, it represents an upgrade in services by Sigmatico, offering more robust auditing and oversight capabilities in addition to cost containment strategies.

It was important for the Granular to revise the intermediary vendor in the original stop loss application to allow Sigmatico to perform the premium billing audit for the 2023 plan year on behalf of Keenan and the JPA

We are committed to ensuring that this transition is in the best interest of all parties involved and will continue to work diligently to maintain a smooth and transparent process. We welcome any questions or concerns you may have regarding these changes and are eager to continue our partnership with the highest levels of integrity and efficiency.

Thank you for your understanding and continued trust in our services.

Sincerely,

E. Peter McNamara

E. Peter McNamara, SVP
Keenan/AssuredPartners Stop Loss Coalition

Attachment: Granular Confirmation of Change