

MINUTES

BOARD OF DIRECTORS

ANDREAS BORGEAS
JUDITH CASE MCNAIRY
MIKE ENNIS
PHIL LARSON
DEBORAH A. POOCHIGIAN
PETE VANDER POEL
J. STEVEN WORTHLEY

**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
August 22, 2014 9:00 AM**

1. Call to Order

Meeting was called to order by Director Poochigian at 9:02am.

2. Roll Call

Roll was called by Heather Martinez, Gallagher Benefit Services. In attendance were Director Case McNairy, Director Ennis, Director Larson, Director Vander Poel, Director Worthley, Director Poochigian, and Director Borgeas.

3. Approval of Agenda (A)

Director Poochigian asked if there were any additions or corrections to the agenda. Director Worthley moved to approve the agenda with no changes; the motion was seconded by Director Ennis. The motion passed unanimously.

4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less. Anyone wishing to be placed on the agenda for a specific topic should contact the SJVIA Manager's Office and submit correspondence at least 14 days before the desired date of appearance.

Director Poochigian opened the meeting for public comment – no public comment was given.

5. Approval of Minutes – Board Meeting of July 25, 2014 (A)

Director Worthley moved to approve the July 25, 2014 Meeting Minutes; the motion was seconded by Director Ennis. The motion passed unanimously.

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6. Approve Dental Plan Renewal Rates (A)

Rhonda Sjostrom, SJVIA Manager, advised the Board that the increase to the PPO plan was 0% this year and the increase to the DHMO plan was 4.3%. Mark Tucker, Gallagher Benefit Services, then expanded on the DHMO dental renewal increase. Mark stated the reason why the PPO plan has a much lower pricing point than the DHMO plan is due to the rate being 50% less than the PPO rates. The trade off is the DHMO plan has a much smaller network. Currently the SJVIA has balanced enrollment in both plans.

Director Vander Poel moved to approve the Dental Plan Renewal Rates; the motion was seconded by Director Ennis. The motion passed unanimously.

7. Approve Kaiser HMO Renewal Rates for the 2015 Plan Year (A)

Rhonda Sjostrom opened the agenda item stating that the 2016 renewal will be a pooled rate under the Kaiser plans. The County of Fresno received a 15% reduction this year. While the County of Tulare received a 5.2% increase.

Director Case McNairy inquired on why the decrease was so large. Mark Tucker, Gallagher Benefit Services, explained that since this is the first renewal for the SJVIA we requested that the Kaiser rates are in parity with the Anthem HMO plan. This was the direction that Kaiser has committed to continue since the rates were skewed. Kaiser will be applying the shared risk on the next renewal.

Director Pochigian asked if we had a lot of enrollment since last year. Mark Tucker replied we have gained 500 members since last year. SJVIA did not have substantial growth because Kaiser was a buy up option last year. If the Kaiser rates are much lower than the Anthem rates, this could result in a large amount of migration and affect the risk pool for Anthem.

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Director Ennis moved to approve the Kaiser HMO Renewal Rates; the motion was seconded by Director Vander Poel. The motion passed unanimously.

8. Approve Health Plan Renewal Rates for the 2015 Plan Year (A)

Rhonda Sjostrom stated that the Anthem plans received a 1.17% increase this year. Alan Thaxter, Gallagher Benefit Services, explained that there have been some slight changes to the renewal since the last meeting in July. The preliminary renewal that was presented now incorporates the June 2014 claims and the projections are calculated over a rolling 12 months. The methodology takes into consideration all of the fixed costs and current reserves. When building a claim action the underwriters take a look at where the reserves are in the beginning of the year verses what is needed for the current year. The reserves are combined for all entities and after using the excess reserves, SJVIA is still positioned at 16% for Medical and 5% for Rx.

Director Poochigian asked if there is any reason the reserves should be higher than 16% and 5%. Alan Thaxter stated that in the GASB 45 study conducted earlier this year showed the SJVIA needed to maintain 6 million dollars in reserves; currently, SJVIA currently has 8 million. Even with everything that is happening with the Affordable Care Act, SJVIA is very well reserved.

Director Worthley moved to approve the 2015 Health Plan Renewal Rates; the motion was seconded by Director Vander Poel. The motion passed unanimously.

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9. Adopt Fiscal Year Budget for 2014-15 (A)

Paul Nerland, SJVIA Assistant Manager, gave an overview on the newly recommended budget for 2014-2015 plan years. Director Pochigian suggested that we wait to adopt this agenda item at the end of the meeting. The Board then decided to move on to item 9 after item 13.

Rhonda Sjostrom advised the board that the budget includes the discounted rates from both Gallagher Benefit Services and Chimienti & Associates.

Director Borgeas moved to approve the Fiscal Year Budget for 2014-15; the motion was seconded by Director Ennis. The motion passed unanimously.

10. Approval of Modifications to the Prescription Plan Benefit Managed by US Script (A)

Michele Mills, Gallagher Benefit Services, gave a detailed background on why this modification to the pharmacy plan is being requested. She explained, currently if someone goes to the pharmacy without their ID card and pays out of pocket, they have to submit a claim for direct member reimbursement within 30 days. If the claim is not received within the 30 day time frame the claim is denied. This has caused problems for multiple employees over the last several months. Staff is recommending extending the filing limit to the industry standard of either 90 days or 180 days.

Paul Nerland also recommended raising the maximum allowance threshold to \$2,000 for a 30 day supply and \$6,000 for a 90 day supply. The approval process has involved multiple individuals and has been a timely and burdensome procedure for Staff. He added that the maximum dollar allowance has remained unchanged since the inception of the plan.

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Director Pochigian asked what the common practice for reimbursement is and if the \$6,000 only applies to mail order services. Michele Mills replied that US Script typically sees industry standards at 90 days for direct member reimbursement and \$6,000 for maximum threshold limits on mail order pharmacy drugs. Gallagher has many other clients that apply these same limitations and have increased them when needed though out the years.

Director Borgeas moved to approve the recommended modifications to the Prescription Plan allowing \$2,000-\$6,000 thresholds and modifying the direct member reimbursement to 180 days; the motion was seconded by Director Ennis. The motion passed unanimously.

11. Final results of the RFP for Wellness and Disease Management Services and recommendation of vendor selection effective January 1, 2015 (A)

Paul Nerland gave an overview of the Wellness and Disease Management RFP results. Ali Payne with Gallagher Benefit Services Wellness Division helped find qualified vendors that could offer these additional services to the SJVIA. After an extensive process of narrowing down four very competitive vendors, Staff is recommending to move to Viverae. This company has an innovated approach with a multitude of online capabilities. They also perform Biometric Screenings as well as an extensive Disease Management program. Another selling point was they offered to manage the incentive program. This has previously been done by the SJVIA and Gallagher Staff and is quite time consuming. SJVIA is currently contracted with Delta Team Care and while they are a great company for local onsite help, they have limited capabilities compared to Viverae. SJVIA can still utilize Delta Team Care's onsite services as needed.

Director Vander Poel asked if Viverae would be willing to come out and do a presentation for the Board. Michele Mills replied that they are more than

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willing to do this. Staff can work on getting Viverae to come out to the next Board meeting in November.

Director Vander Poel moved to approve the recommendation to move to Viverae for our Wellness Vendor; the motion was seconded by Director Ennis. The motion passed unanimously.

12. Final results of the RFP for Administrative Services and Recommendation of vendor selection effective January 1, 2015 (A)

Rhonda Sjostrom advised the Board that after receiving a total of five vendor responses, the current vendor Chimienti & Associates agreed to lower their current fees to remain competitive. The fees were lowered from \$6.50 PEPM to \$5.20 PEPM; in addition, they agreed to extend the contract for another three years at this reduced rate.

Director Worthley moved to approve the recommendation to remain with Chimienti & Associates for our Administrative Services Vendor; the motion was seconded by Director Borgeas. The motion passed unanimously

13. Final results of the RFP for Consulting Services and recommendation of vendor selection effective January 1, 2015 (A)

Rhonda Sjostrom explained this item is a recommendation to extend the current contract with Gallagher Benefit Services. SJVIA Staff received multiple responses and conducted many interviews with other consulting firms. Through this process, Gallagher Benefit Services agreed to decrease their fee from \$4.00 PEPM to \$3.75 PEPM and this resulted in a significant savings to the SJVIA. This positioned Gallagher Benefit Services as the lowest cost among the other competitors.

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Director Larson moved to approve the recommendation to remain with Gallagher Benefit Services as the SJVIA Consultant; the motion was seconded by Director Ennis. The motion passed unanimously.

14. Adjournment

Meeting was adjourned at 10:44am by Director Pochigian.

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