

MINUTES

BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE

MIKE ENNIS

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

STEVE WORTHLEY

**Meeting Location:
Fresno County Employee Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
November 1, 2013
9:00 AM**

1. Call to Order

Meeting was called to order by President Vander Poel at 9:02am.

2. Roll Call

Roll was called by Brittany Howell, Gallagher Benefit Services. In attendance were Director Borgeas, Director Case, Director Ennis, Director Poochigian, Director Vander Poel and Director Worthley.

3. Approval of Agenda

President Vander Poel asked if there were any additions or corrections to the agenda. Director Ennis moved to approve the agenda with no changes; the motion was seconded by Director Worthley. 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.

President Vander Poel opened the meeting for public comment – no public comment was given.

5. Approval of Minutes – Board Meeting of September 6, 2013

Director Borgeas moved to approve the September 6, 2013 Meeting Minutes; the motion was seconded by Director Ennis. The motion passed unanimously.

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6. SJVIA Staff Change

Rhonda Sjostrom, SJVIA Interim Assistant Manager, gave an update on the decision County of Tulare recently made to appoint her to HR Director. This would then change her title from SJVIA Interim Assistant Manager to SJVIA Assistant Manager. Paul Nerland, SJVIA Manager, will finish out the two year term on June 30, 2014, and will switch into the role of SJVIA Assistant Manager at that time.

Director Case moved to approve the SJVIA Staff change; the motion was seconded by Director Worthley. The motion passed unanimously.

7. Required Timing for Claim Payments (I)

Rhonda Sjostrom gave an overview of the request for this item from the last Board Meeting. SJVIA was required per Health Care Reform to begin processing claims payments via Electronic Funds Transfer (EFT) and there were some questions from the Board on how that would affect the timing of the payments. In researching this with Anthem, Staff found that the funds transfer would be shortened to twenty-four hours in most cases. There will be some loss of interest however, we do not have a calculation yet. In addition, some providers will take a longer time in paying since not all of them will be using EFT.

Director Case asked how quickly the providers send in claims for payment. Larry Gomez, County of Fresno Senior Personnel Analyst, explained that SJVIA receives claims for the PPO plans daily and for the HMO plans both weekly and monthly. These claims are reviewed and funds are approved to be moved to an account for payment. It is unknown how quickly providers send in claims to Anthem but SJVIA does receive reports on a daily basis.

Director Poochigian asked if there was a penalty for not paying claims

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daily. Mark Tucker, Gallagher Benefit Services, gave some insight behind the carrier claim process. Providers have up to a year to submit claims for payment but it's in their best interest to do this much sooner, and most of them do so. In regards to timing and approval process, this takes place at Anthem as the plan administrator and before they get sent to SJVIA, they would have already been reviewed and approved. SJVIA will then review the incoming reports and basically approve the funds to be released – in a sense, claims will not be able to be denied at the SJVIA level. There is no requirement for claims to be funded within twenty-four hours rather, the EFT shortens it to this time frame, and therefore a penalty will not be incurred.

8. Authorization of the Release of Proposals and Execution of Participation Agreement(s) (A)

Rhonda Sjostrom stated that Staff is seeking approval to release proposals for City of Newman, City of Farmersville and City of Wasco to be effective January 1, 2014, as well as to authorize the Participation Agreements.

Director Case inquired about how many employees were at each entity. Alan Thaxter, Gallagher Benefit Services, stated there were approximately sixty-three employees at City of Wasco and twenty employees at both City of Newman and City of Farmersville.

Director Ennis moved to approve the Release of Proposals and Execution of Participation Agreements; the motion was seconded by Director Worthley. The motion passed unanimously.

9. Approve Proposed 2014 Board Meeting Calendar (A)

Rhonda Sjostrom presented the proposed Board Meeting Calendar for 2014. SJVIA Board suggested moving the July meeting from July 25th

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to July 18th and the August meeting from August 15th to August 22nd. Director Case also suggested that Staff come back with some alternative dates for July and August in case they are needed.

Director Poochigian moved to approve the 2014 Board Meeting Calendar; the motion was seconded by Director Ennis. The motion passed unanimously.

10. Receive and File Reports for First Quarter Financial Statements and Investment Activity (I)

Lawrence Seymour, ACTTC from Fresno County, gave an overview on the first quarter financial statements and investment activity. SJVIA is currently operating on par with the budget. For the current quarter, revenue is 1% under budget, fixed expenses are 7% under budget and claims expenses are 2% under budget.

There were some very large variances in SJVIA Administration and Wellness/Communication costs. Those higher costs occur periodically throughout the year as SJVIA implements the outreach programs for health awareness, the walking challenge and health screenings as well as payment timing differences on the backend.

The cash flow statement shows a lower balance in September due to the timing issue of payments from the new entities that joined recently, however these monies have been recovered.

11. Receive and File Executive Claims Summary through September 2013 (I)

Alan Thaxter, Gallagher Benefit Services, presented the claims summary through September 2013. YTD enrollment has increased 7.1%, overall premium has increased by 13.1% and overall claims by

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9.9%. These numbers do not yet reflect those entities that joined back in July however the next report will capture that data. When looking at these claim costs per employee per month (PEPM), it shows a 7.3% increase.

12. Receive and File Prescription Benefit Plan Claims Summary Report through September 2013 (I)

Don Anderson, US Script Clinical Pharmacist, gave an overview of the pharmacy program to date. He mentioned the specialty medications are approximately 0.9% of claims which is a very small amount but the cost associated with these drugs is so large. The generic fill rate is currently at 77.7% which is lower than the anticipated 82%. The extended day supply is also at a lower than anticipated percentage of 27.8% in which the goal would be 40%. This is something that should be communicated to employees as it would save both the plan and members money. Employees should also be educated on pharmacy choices in relation to cost and SJVIA claim spend. SJVIA Staff has committed to come back with a communication piece to employees outlining both these cost saving options.

Director Poochigian requested from Staff a list of approved or suggested retail stores that may save the plan and member money. Don Anderson mentioned that members are targeted and sent a letter advising them of other retail stores they may benefit from, in regards to cost, by making a change. He also suggested placing a higher copay for the more expensive retail stores.

Walgreens is currently the most expensive retail store and most other pharmacies would be a better choice in regards to cost. The SJVIA Board directed US Script to reach out to Walgreens with a request for decreased rates and if they do not agree, SJVIA may consider removing

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Walgreens from the list of in-network pharmacies or increase copays specific to their pharmacy.

Director Borgeas asked how this might affect the other smaller entities in regards to access to alternate pharmacies. It was confirmed that most smaller cities have access to pharmacies other than Walgreens. In addition, US Script can do a targeted outreach to these entities with a list of recommended retail stores.

13. Minimum Employee Count for SJVIA Participation (A)

Rhonda Sjostrom indicated that Staff is asking for direction from the Board to decide on a minimum employee count for entities interested in joining SJVIA. Currently the minimum count is set at fifteen employees. Recently, the SJVIA has been approached by smaller groups who have expressed interest in joining. One group in particular, LAFCo (Local Agency Formation Commission), is interested in joining SJVIA however, has only one employee. Staff recommendation would be to remain at the minimum employee count of fifteen employees but to revisit at a later time. The Auditor Controller's office agreed with this recommendation.

Director Borgeas requested an analysis of the optimal number of minimum employees and revisiting this threshold. Staff committed to this and will come back to the Board with this analysis and recommendation.

14. Directors Reports (I)

There were no reports.

15. Adjournment

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Meeting was adjourned at 10:16 am by President Pete Vander Poel.

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