



CSAC-EIA Health Program Proposal

Presented To: **County of El Dorado**

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INTRODUCTION

CSAC-EIA Mission Statement

CSAC-EIA was established to offer California's governmental entities cost-effective insurance solutions through shared risk.

CSAC-EIA History

In 1978 Alliant first partnered with the California State Association of Counties (CSAC) to create the Excess Insurance Authority (EIA) joint powers authority for the purpose of offering California counties cost effective property and casualty insurance solutions through shared risk.

CSAC EIA has since provided its members with numerous risk management/insurance property, casualty and employee benefits Programs that have allowed them to effectively manage their loss exposures and provide cost effective solutions for their employees.

In 2001, the EIA formed a sister JPA, the California Public Entity Insurance Authority (CPEIA), to provide access to EIA Programs for all non-County California Public Entities. This JPA allows any public entity to reap the benefits of EIA's unique and successful Programs.

CSAC-EIA first offered only Property/Casualty and Workers Compensation Programs, but in recent years the demand for new employee benefits programs has increased. The benefits offerings through CSAC-EIA have grown in recent years and currently include:

Health Program

- Medical
- Pharmacy

Dental Program

- DeltaCare
- Delta Preferred Provider Network
- Delta Premier Network

Life Program

- Basic Life AD&D
- Supplemental Life

Disability Program

- Long-Term Disability
- Short-Term Disability

EAP Program

- MHN

Vision

- MES
- VSP

CSAC-EIA Benefit Programs current membership includes many California Public Entities:

Current Counties Participating in Alliant CSAC-EIA Benefit Programs:

Amador	Mariposa	Shasta
Butte	Mendocino	Siskiyou
Calaveras	Merced	Solano
Colusa	Modoc	Stanislaus
El Dorado	Mono	Sutter
Fresno	Nevada	Tehama
Glenn	Placer	Trinity
Humboldt	Plumas	Tuolumne
Imperial	San Benito	Yolo
Inyo	San Joaquin	Yuba County
Lassen	San Luis Obispo	
Madera	Santa Barbara	
Marin	Santa Cruz	

Public Entities Participating in Alliant CSAC-EIA Benefit Programs:

Aptos La Selva Fire Protection District	City of Visalia
Calaveras Superior Court	Colusa Superior Court
Central Sierra Child Support	El Dorado Transportation Commission
City of Calabasas	North County Transit District
City of Claremont	RCRC
City of Goleta	Santa Cruz Superior Court
City of Los Altos	Sausalito-Marín Sanitary District
City of Maywood	Shasta Superior Court
City of Merced	Transportation Corridor Agency
City of Mission Viejo	City of Santa Rosa
City of San Leandro	

The CSAC-EIAHealth (EIAHealth henceforth) Program was founded in 2003 at the request of CSAC-EIA members who were looking for cost-effective alternatives to their current health programs. Members wanted savings as well as long-term stability.

EIAHealth has created value and long-term stability by using the typical CSAC-EIA shared risk model to combine the risks of employers with similar risk profiles in a more cost-effective and financial stable risk pool. It is our philosophy that selectively chosen groups with attractive and quantifiable risk profiles can be pooled to achieve financial results not available through any other insurance channels. We have coupled this risk-sharing approach with the best available administrative components and risk management mechanisms at the most competitive prices possible. This philosophy has created a financially stable risk pool that has outperformed the trend of both the California PPO market as well as CalPERS.

Plan Year	EIA Renewal	CA PPO Trend	CalPERS PERSChoice Renewal*
2004	10.00%	10.00%	18.02%
2005	7.20%	11.00%	5.82%
2006	8.82%	10.00%	9.43%
2007	0.00%	11.00%	12.50%
2008	8.50%	10.00%	9.00%
2009	4.35%	10.00%	0.00%
2010	3.10%	10.00%	2.00%
2011	11.80%	12.00%	9.89%

* CalPERS PERSChoice renewal figures represent overall statewide figure as published by CalPERS

Value Proposition

The founding principle of EIAHealth is to create a stable and cost-effective health insurance option for Public Entities. EIAHealth drew upon the experience and expertise of founding partner Alliant to help design and launch what is now the fastest growing Public Sector Health Program in the state.

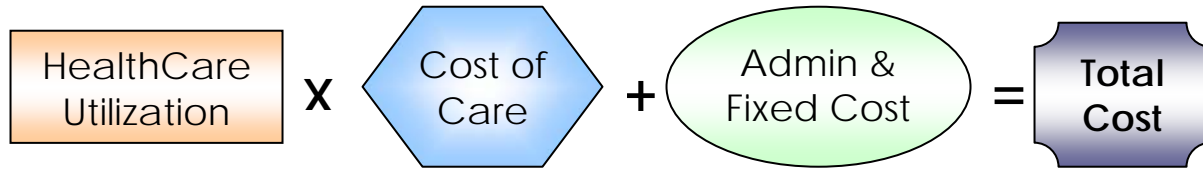
The goals of the Program are simple:

1. Provide financial stability and savings
2. Allow flexibility to cater to a collectively bargained environment

EIAHealth is a fully-funded self-insured health program. This means that, as a whole, EIAHealth is maintained financially by the contributions of its members. EIAHealth and Alliant ensure that all cost components of the program are as tightly managed as possible. This gives us the ability and

confidence to offer each member a fixed premium rate that guarantees their cost year over year.

Providing financial stability and savings means understanding the components of healthcare cost and how they can be managed:



HealthCare Utilization is managed at the employee level. Alliant works closely with CSAC-EIA’s health benefit providers to secure the most effective tools in managing cost at this level:

- Disease Management and Health Improvement Programs
- Wellness Education and Communication
- Nurse Line
- Centers of Excellence

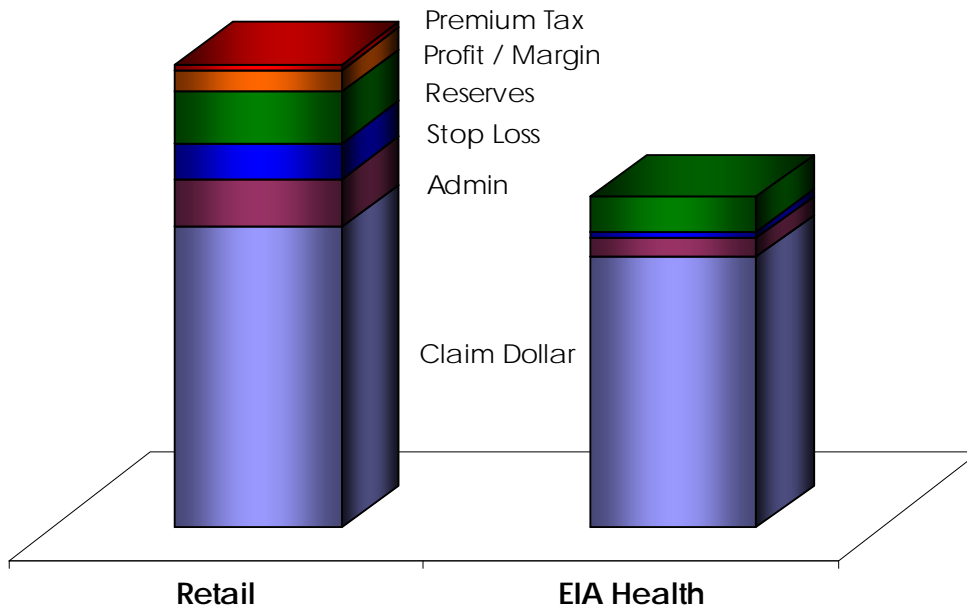
The Cost of Care received is managed at the Program level. Alliant routinely performs network strength assessments for all of the medical networks available in California to ensure EIAHealth employs the most effective network possible. EIAHealth currently offers access to either the Blue Cross or Blue Shield PPO networks. Both networks outperform all other PPO alternatives in California. EIAHealth also uses Medco, the nation’s largest Pharmacy Benefit Manager, to access an Alliant program that leverages the volume of a large pool of employees to drive some of the deepest drug discounts available in the marketplace.

Administration and Fixed Costs associated with a healthcare program are components such as:

- Stop Loss
- Banking
- Care Mgt Programs
- Network Access
- Claims Adjudication
- Billing and Eligibility
- Third Party Recovery
- Underwriting & Actuarial

Alliant has worked with EIAHealth in finding and negotiating the highest quality components at the most competitive price, which has resulted in overall retention costs lower than the standard retail insurance markets can provide to single employers.

Total Cost Comparison



Most recently, in our continuous efforts to improve the program, EIAHealth has structured a risk-sharing agreement with Self-Insured Schools of California (SISC). This arrangement allows EIAHealth to further reduce costs to its membership while providing the additional stability associated with a risk pool of over 70,000 employee lives.

The flexibility to cater to a collectively bargained environment is, for EIAHealth, the ability to offer members and prospective members with more than 1,000 employees the ability to transition their health benefits plans design into EIAHealth without having to change the level of benefits offered.

Unlike most other health insurance programs and retail insurance plans, EIAHealth has the ability duplicate any plan design a large employer may have in-force. This feature allows management to make decisions and build consensus among bargaining units much more quickly and efficiently than any other option available. This feature also removes all of the issues of employee disruption commonly associated with changing benefit plans / carriers.

PROGRAM PROPOSAL

Benefit Proposal

Highlights to our benefit proposal are:

- Benefit plans mirroring current benefits
- Blue Shield Provider Network
- Medco Pharmacy Solutions

Our proposal provides a replacement for the existing HMO and PPO plans.

Rate Offering and Financial Comparison

EIAHealth is offering a fully-insured rate in the same manner that a carrier would offer on a fully-insured platform. The quoted rates are per covered employee unit (single, two-party, family, composite, etc...) and will be the premium that is billed for the quoted time period.

Rate tables and financial comparisons can be found in the appendix section of this proposal.

Network Information

Based on your current medical provider network, EIAHealth offers access to the **Blue Shield and Medco** provider networks.

Administration and Service

An essential part of the EIAHealth program is ensuring that we are offering our members the best in technology through our administrative and service capabilities. Based on an extensive review of Best in Class organizations providing these services, Employee Benefits Solutions (EBS) and Benefit Coordinators Corp (BCC) have been selected as the primary administrative platforms for the EIAHealth program membership.

EIAHealth provides an administrative platform for program members. This proposal assumes that services will be provided by one of the two selected Best in Class vendors, who offer a complete on-line system that enables employers to manage eligibility and to make changes as needed throughout the month. These vendors provide billing, COBRA, HIPAA and other services as part of the EIAHealth suite of administrative services (see following table for more detail).

CSAC-EIA Administrative Services Summary

- Online System
- Assist with Open Enrollment

- Training and Support
- Telephone customer service to staff and employees

- Collect Eligibility via online system
- COBRA services

- Report eligibility to vendors
- Retiree billing services

- Coordinate billing and eligibility with providers
- Dependent care and FSA administration

- Bill reconciliation
- Enroll, bill and track seasonal and leave employees

- Payroll reconciliation (for employee contributions)
- Administrative function for basic and Supplemental Life

- Consolidated billing statement
- Maintain database of benefit elections

- Collect premium and distribute to vendors
- System access to standard reports

- Update employer payroll deduction files twice monthly

PROGRAM DETAILS

Underwriting and Renewal Methodology

As a fully-pooled risk arrangement, EIAHealth is underwritten and renewed as a single risk pool. The claim experience of all member groups is pooled and risk is shared equally among all members.

Each member joining EIAHealth signs on for a 3 year contract term. During this 3 year term, members are guaranteed to receive annual renewal increase based on the collective experience of the entire program. Upon the 3rd renewal, each member group is evaluated to assess the accuracy of their premium rate based on their claim history with EIAHealth. Based on this assessment, adjustments can be made to further decrease or increase the premium rate from what the program renewal requires. Member groups who entered the program without any credible claim experience will undergo this assessment upon their 2nd renewal.

EIAHealth's renewal rating methodology ensures that over time members are insulated from larger than average changes in rates. It also ensures that over several years, rates for members with claims costs significantly better or worse than the pool average will increase a little more or a little less than the pool's rates. This methodology guarantees fairness in rate development and encourages long-term participation in the Program.

Member Equity

The financial results of the Program are tracked from year to year. Gains and losses are cumulative over the life of a member's participation in the program and are calculated and tracked at the Program and member level. Members share in results in an amount equal to their percentage of the Program's total premium for each year in which they participate.

Cash dividends are not paid, but gains may be used at the discretion of the Program Committee to offset rate increases.

Upon leaving the Program a member is subject to assessment for 12 months and then a final settlement of the member's equity is made.

[Please refer to the EIAHealth JPA agreement for further details.](#)

Implementation and Renewal Timing

New groups wishing to join EIAHealth may enter at any date. The program renews on a January 1 cycle, so that groups entering off-anniversary are given the option of a long (>12 months) or short (<12 months) contract in order to become aligned with the program anniversary.

The administrative functionality offered by EIAHealth requires a 90-day lead-time to construct, test and implement. We will work with you to ensure a smooth and complete transition of all facets of your program.

Renewals are provided to all program members at the same time. Renewals are underwritten in June of each year and provided sometime within the late-July / early-August timeframe. At this point Alliant will work with each individual member to help determine financial and benefit goals for the year. Alliant then will help develop and implement a strategy on how these goals can be accomplished. Information regarding the impact of benefit plan changes will be provided upon request during the year to facilitate labor negotiations and strategic planning.

Reporting

EIAHealth will provide Program-level data upon request. As with almost all JPA Programs, individual, detailed employer claims data is not available. However, it is our objective to provide you with the necessary information so that informed and educated decisions can be made regarding your health plan design.

PROGRAM AND JPA GOVERNANCE

Program Committee

As with all other CSAC-EIA Programs, the EIAHeath Program is governed by members participating in the Program and decisions regarding the Program are made by this Committee.

The Program Committee has seven voting members who meet throughout the year to address rate actions, plan administrative needs, review new members and monitor the performance of vendors to the Program. Current voting members of the Committee are the Counties of Merced, Tehama and Santa Barbara and the Cities of Merced, Redding, Santa Rosa and Visalia.

EIA pays for a representative of every Program member to attend every Program Committee meeting regardless of voting status.

Committee meetings are open to the public.

Plan set up distinctions

- The Pharmacy benefit will be administered through Medco for PPO and EPO plans, therefore the ID Cards for the pharmacy benefit will be different from the Medical card. Medical cards will state “No Pharmacy” because of we carve out pharmacy.
- The Pharmacy benefit for HDHP and any HMO plans run through the Medical carrier.
- Medco uses Accredo Health Group for their specialty drugs
- Members will need to ensure they receive a new prescription for mail order medication (*encouraged to request a 90 day supply with four refill allowance.*)
- CSAC Rx plans are built with “Mandatory Generic”. If you purchase a brand-name medication when a generic is available, you will pay the appropriate copayment, plus the difference in cost between the brand and the generic.
- For mail order- if the medication is a new prescription and is a high cost medication a 90 day supply may not be given initially and will charge members only 30 day supply at a time
- Ability to waive the prior auths on medication for the first six months of the new group implementation, to ensure a smooth transition for the member.
- Eligibility changes take effective the first of the following month following qualifying event. (this includes any probationary periods that group may set)
- Essential PDST programs have been set for Proton Pump Inhibitors (Nexium, Prevacid, Prilosec, etc)
- There is a retail refill allowance set for retail ordered prescriptions. This will require a member to refill through mail order after a total of **3** fills for the same prescription at the retail pharmacy. (30 day supply for each fill)
- Cal Cobra is not offered through the program or by the Carriers (exception for HMO plans) Members will need to take a individual plan after Federal Cobra is exhausted.
- Medical premium payments are due to the third party administrator prior to the first of each month as payments need to be received by the pool on the 1st of each premium month.

Network Information

Based on your current medical provider network, EIAHealth offers access to the **Blue Shield of California and Medco** provider networks.

Networks used:

Blue Shield of California Network Providers used	
Benefit	ASO Network
Medical	Blue Shield PPO Network
Retail Pharmacy	Medco
Mail Order	Medco Pharmacy
Specialty Pharmacy	Medco's - Accredo Health Group
Mental Health / Sub abuse	Blue Shield PPO Network
DME	PPO - Blue Shield Network providers
Chiro	Blue Shield PPO Network
Acupuncture	No true "network" provider must be licensed all paid at in-network level

APPENDIX

Rate Proposal

Important! Please note that all rates and plans quoted are subject to the terms and conditions below

- Rates assume that the current medical plans offered through the OE3 Trust are only available to qualifying employees of El Dorado County and that these plans are not available to all employees of the County
- Unless otherwise stated, the quoted rates are for currently covered benefits under the quoted plans only. Any plans currently carved-out to other vendors are assumed to remain carved-out unless otherwise specified in our proposal

The rate proposal for El Dorado County is included in the exhibits. There are two sets of proposed rates as requested by the County:

1. The contract period beginning on **7/1/2011 through 12/31/2011 (6 months)**, including a **Not-To-Exceed (NTE) renewal guarantee for the 1/1/2012 through 12/31/2012 EIA Health program renewal (12 months)**
2. The contract period beginning on **7/1/2011 through 12/31/2012 (18 months)**

The EIAHealth program, because of the risk pooling approach that governs the pool, runs on a January 1 anniversary cycle. Each year thereafter renewal rates will be provided on a January 1 cycle.

Note: All proposed rates include Alliant Program management and underwriting fees. Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com.

Eligibility Options

Proposed rates are guaranteed ONLY for the current population of El Dorado County, including all currently covered active employees and retirees. EIA Health reserves the right to re-rate if upon acceptance of this proposal and finalization of open enrollment the total enrollment in the quoted EIAHealth plans changes by more than 10% from what was provided in the RFP data.

Financial Comparison – See Exhibit 1

Benefit Comparison

PPO: Our goal is to match your requested plan designs as closely as possible; however, we can not guarantee a 100% match to your requested plan designs. Some differences may be found through the implementation process, and we will make every attempt to notify you as soon as possible with potential impacts and solutions.

Please note: any services currently NOT provided as part of the existing PPO plan with Blue Shield are not included as part of this proposal. For example, if Mental Health / Substance Abuse coverage is currently carved-out and not part of the current Blue Shield plan, the EIA Health proposal assumes that this coverage will remain carved-out and is not part of this proposal, unless specifically stated otherwise.

Additional Information and References

Please note that any plans outside of the CSAC Medical plans may have an additional fee required by the TPA for administration.

For additional information about the EIAHealth Program or to obtain references please contact:

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