SJVIA San Joaquin Valley Insurance Authority

AGENDA

Meeting Location:
Tulare County Employees' Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016 10:00 AM

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of Agenda (A)
5. 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.
6. Approval of Minutes – Board Meeting of March 18, 2016 (A)
7. SJVIA Director Matters (I)
8. Receive Update on Cash Flow Projections, Mitigation Efforts and Entity Premium Remittance Timeframes (I)
9. Receive and File Third Quarter 2015-2016 Financial Report (A)

9A. Receive and File 2012-2013 Audited Financial Statements (A)

10. Receive and File SJVIA Executive Claims Summary through March 2016 (I)
11. Receive Staff Recommendations Responding to SJVIA Cash Flow (A)
12. Receive and File Gallagher Recommendation and Response to Outside Actuarial Review (I)

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 559-636-4900 or the Assistant SJVIA Manager at 559-600-1810. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

AGENDA

Meeting Location:
Tulare County Employees' Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016 10:00 AM

13. Receive Report on Administrative Services Costs and Staffing (I)

14. Receive Update on Wellness Activities (I)

15. Adjournment

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 559-636-4900 or the Assistant SJVIA Manager at 559-600-1810. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

SJVIA San Joaquin Valley Insurance Authority

MINUTES

Meeting Location:
Fresno County Employees' Retirement Association Board Chambers
1111 H Street
Fresno, CA 93721
March 18, 2016 9:00 AM

1. Call to Order

   Meeting was called to order by Director Poochigian at 9:01am.

2. Pledge of Allegiance

3. Roll Call and Election of President and Vice President of the SJVIA Board of Directors (A)

   Roll called by Heather Martinez, Gallagher Benefit Services.

   Meeting was called to order by President Poochigian.

   Director Vander Poel was elected as the new President. Director Pacheco was elected as Vice President – Motion Approved

4. Approval of Agenda (A)

   Motion Approved

5. 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.

   Public Comment was received by: Debra Perez, Bobby Bloyed, Santiago Oceguera and Doug Godinho.

6. Approval of Minutes – Board Meeting of November 6, 2015 (A)

   Motion Approved.

6A. Brief Overview of the SJVIA since Inception (I)

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SJVIA Manager at 636-4900 or the Assistant SJVIA Manager at 600-1810. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility. Documents related to the items on this Agenda submitted to the Board after distribution of the Agenda packet are available for public inspection at the County of Fresno plaza Building, 2220 Tulare St, 14th Floor, Fresno, CA during normal business hours. All documents are also posted online to www.sjvia.org.

Overview given by LeRoy Tucker, Gallagher Benefit Services. Comments received by Director Vander Poel, Bobby Bloyed and Paul Nerland.

7. Receive and File SJVIA Executive Claims Summary Through December 2015 (I)

   Presented by John McCue, Gallagher Benefit Services with additional information and comments provided by Bruce Caldwell, Gallagher Benefit Services.

   Staff directed Gallagher Benefit Services to provide information demonstrating impact 2015 growth may have had on high dollar claims.

8. Receive and File Quarterly Financial Report (I)

   Presented by Lawrence Seymour, County of Fresno.

9. Receive Update on Cash Flow Projections and Mitigation Efforts (I)

   Presented by Lawrence Seymour, County of Fresno.

10. Receive and File Aon Actuarial Review of Rate Development & Reserve Adequacy and Funding Projections and SJVIA Strategic Observations (I)

    Presented by Brent Crane, Aon Hewitt.

    Comments received by Bruce Caldwell, Mark Cardoza and Bobby Bloyed.

11. Receive Revised Fiscal Year Budget for the 2015-16 Plan Year(A)

    Presented by Michele Mills, Gallagher Benefit Services.

    Motion Approved.

12. Authorize Execution of Loan Agreement Between County of Fresno and SJVIA of up to $2 Million (A)

Presented by Rhonda Sjostrom, County of Tulare, SJVIA Manager.

Motion Approved.

13. Authorization and Execution of Anthem Blue Cross Administrative Service Agreement (PPO), Anthem Blue Cross Group Benefit Agreement (HMO) and Funding Provision Minimum Premium Agreements (HMO) (A)

    Presented by Michele Mills, Gallagher Benefits Services.

    Motion Approved.

14. Execution of Confidentiality Agreement with Anthem Blue Cross Regarding Sutter Health (A)

    Presented by Peter Wall, County of Fresno.

    Motion Approved – conditioned upon Counsel's approval or agreement language.

15. Authorization and Execution of Blue Shield of California Agreement Effective January 1, 2016 for the City of Tulare (A)

    Presented by Michele Mills, Gallagher Benefit Services.

    Motion Approved.

16. Receive and File Open Enrollment Migration Report for the 2016 Plan Year (A)

    Presented by Michele Mills, Gallagher Benefit Services.

    Motion Approved.

17. Authorization and Execution of Participation Agreements by the City of Tulare, County of Fresno and County of Tulare and Authorization and

Execution of Amendments by the Cities of Ceres, Clovis, Escalon, Farmersville, Gustine, Hanford, Hughson, Marysville, Modesto, Oakdale, Reedley, Riverbank, San Joaquin, Sanger, Shafter, Wasco, Waterford, County of Sutter, Superior Court of Kings County and San Joaquin Valley Air Pollution Control District (A)

Presented by Michele Mills, Gallagher Benefit Services.

Motion Approved.

18. Authorize Execution of the Agreement with Pacific Coast Medical Services Effective January 1, 2016 (A)

    Presented by Rhonda Sjostrom, County of Tulare, SJVIA Manager.

    Motion Approved.

19. Adjournment

SJVIA
San Joaquin Valley
Insurance Authority

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016-10:00 AM

AGENDA DATE: April 29, 2016

ITEM NUMBER: 8

SUBJECT: Receive Update on Cash Flow Projections, Mitigation Efforts and Entity Premium Remittance Timeframes

REQUEST(S): That the Board receives this update on the cash flow projection, mitigation efforts and entity premium remittance timeframes

DESCRIPTION:

This is an informational item. Please see attached report.

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:

Vicki Crow

Vicki Crow
SJVIA Auditor-Treasurer

SAN JOAQUIN VALLEY INSURANCE AUTHORITY

Cash Flow Projections and Update

April 29, 2016

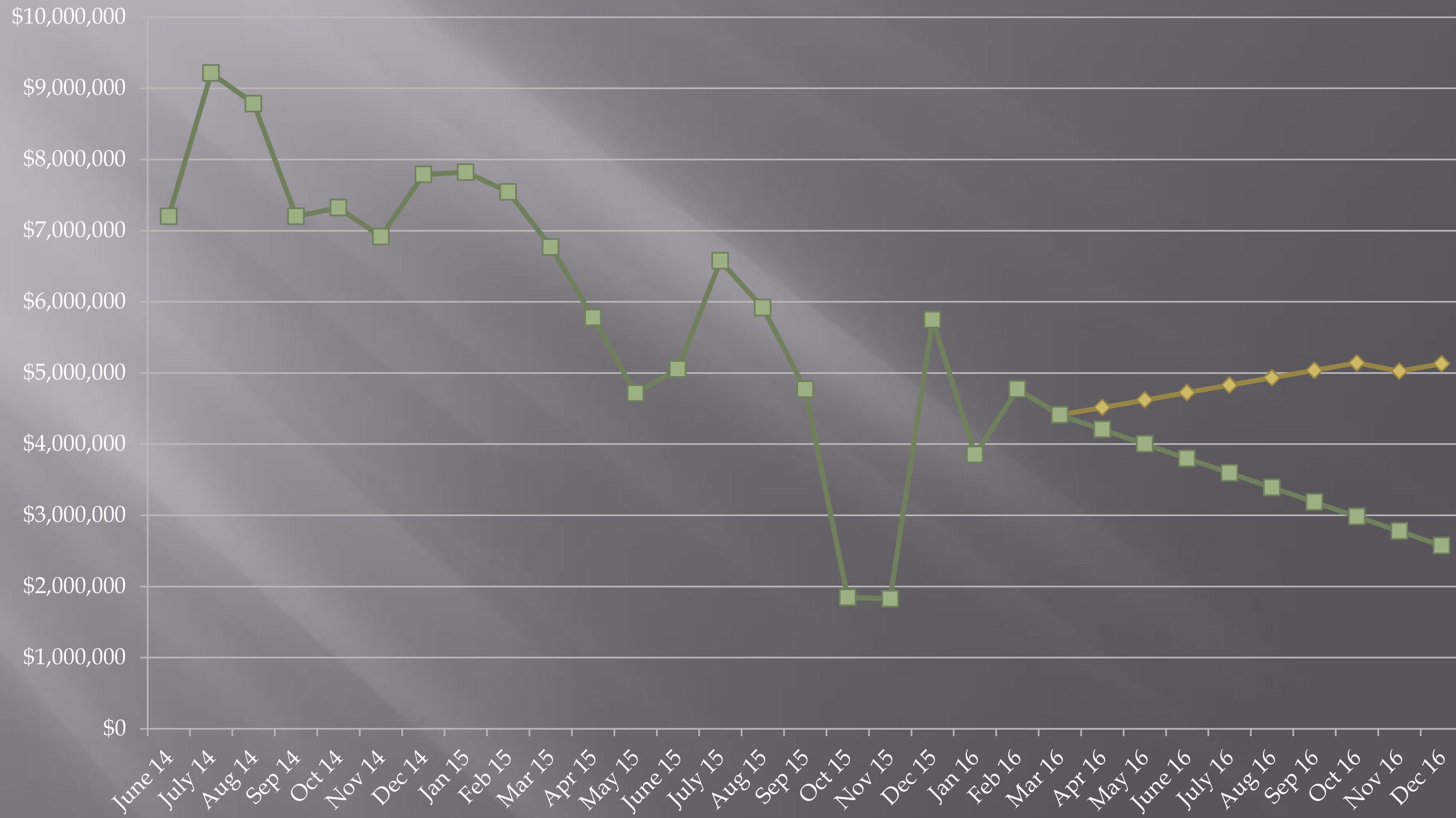
presented by

Lawrence Seymour

Data and Assumptions

- July 1, 2014 = $7,201,555
- Used actual cash receipts and disbursement date for the period July 1, 2014 through March 30, 2016
- The period from April 1, 2016 through December 2016 projected using amended 2015-16 Budget
  - Used projected receipts and expenditures from 2nd half of 2015-16 budget to project 1st half of 2016-17
  - Dental rate premium holiday only applicable to Jan and Feb 2016.
- Assumed no change in number of enrollees or PEPM rate

Cash Flow Projections



Mitigation Efforts

- Daily monitoring of cash balances
  - Cash Flow projections updated monthly
- Loan of $1.5 million, received December 2015
- Close monitoring of receipts and payments

SJVIA
San Joaquin Valley Insurance Authority

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93921
April 29, 2016
10 :00 AM

AGENDA DATE: April 29, 2016

ITEM NUMBER: 9

SUBJECT: Quarterly SJVIA financial update

REQUEST(S): That the Board receives the financial update through 3rd quarter, 2015-16

DESCRIPTION: Informational item. Please see attached report.

FISCAL IMPACT/FINANCING: None.

ADMINISTRATIVE SIGN-OFF:

Vicki Crow

Vicki Crow
SJVIA Auditor-Treasurer

BEFORE THE BOARD OF DIRECTORS SAN JOAQUIN VALLEY INSURANCE AUTHORITY

IN THE MATTER OF

RESOLUTION NO. __________
AGREEMENT NO. __________

UPON MOTION OF DIRECTOR ________________, SECONDED BY DIRECTOR ______________________, THE FOLLOWING WAS ADOPTED BY THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD _____________ ______, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: ____________________________

* * * * * * * * * * * * * * * * * *

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
ACTUALS VS. BUDGETED RECEIPTS & DISBURSEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2016

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
RECEIPTS								
TOTAL RECEIPTS	**$35,673,199**	**$36,246,504**	**$573,305**	**2%**	**$107,019,596**	**$111,797,062**	**$4,777,466**	**4%**
DISBURSEMENTS: Fixed								
1 Specific & Aggregate Stop Loss Insurance (PPO)	281,269	311,922	(30,653)	(11%)	843,806	834,350	9,456	1%
2 Anthem ASO Administration & Network Fees (PPO)	467,971	533,297	(65,326)	(14%)	1,403,912	1,577,548	(173,636)	(12%)
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	197,215	204,947	(7,732)	(4%)	591,646	599,231	(7,585)	(1%)
4 GBS Consulting	139,814	152,786	(12,972)	(9%)	419,442	444,531	(25,089)	(6%)
5 SJVIA Administration	99,525	105,114	(5,589)	(6%)	298,575	250,032	48,543	16%
6 Wellness	94,815	41,911	52,904	56%	284,445	469,789	(185,344)	(65%)
7 Communications	18,963	0	18,963	100%	56,889	0	56,889	100%
8 Anthem HMO Pooling	378,255	382,888	(4,633)	(1%)	1,134,764	1,254,779	(120,015)	(11%)
9 Anthem HMO Administration/Retention	561,572	600,694	(39,122)	(7%)	1,684,715	1,809,523	(124,808)	(7%)
10 ACA Reinsurance (PPO & HMO)	174,568	521,054	(346,486)	(198%)	523,703	729,476	(205,773)	(39%)
TOTAL FIXED DISBURSEMENTS	**2,413,967**	**2,854,613**	**(440,646)**	**(18%)**	**7,241,897**	**7,969,259**	**(727,362)**	**(10%)**
DISBURSEMENTS: Claims								
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	20,595,751	21,269,587	(673,836)	(3%)	61,787,252	70,344,929	(8,557,677)	(14%)
12 Anthem MMP HMO Capitation	4,131,451	4,399,834	(268,383)	(6%)	12,394,352	13,344,086	(949,734)	(8%)
TOTAL CLAIMS DISBURSEMENTS	**24,727,202**	**25,669,421**	**(942,219)**	**(4%)**	**74,181,604**	**83,689,015**	**(9,507,411)**	**(13%)**
DISBURSEMENTS: Premiums								
13 Delta Dental	1,550,647	992,092	558,555	36%	4,651,941	4,678,698	(26,757)	(1%)
14 Vision Service Plan	281,180	284,386	(3,206)	(1%)	843,539	855,543	(12,004)	(1%)
15 Kaiser Permanente	6,451,208	7,515,837	(1,064,629)	(17%)	19,353,623	18,417,161	936,462	5%
TOTAL PREMIUM DISBURSEMENTS	**8,283,035**	**8,792,315**	**(509,280)**	**(6%)**	**24,849,103**	**23,951,402**	**897,701**	**4%**
TOTAL DISBURSEMENTS	**35,424,204**	**37,316,349**	**(1,892,145)**	**(5%)**	**106,272,604**	**115,609,676**	**(9,337,072)**	**(9%)**
16 **Change in Reserve**	248,995	(1,069,845)	(1,318,840)	530%	746,992	(3,812,614)	(4,559,606)	610%
COMBINED DISBURSEMENTS & CHANGES IN RESERVES	**$35,673,199**	**$36,246,504**	**$573,305**	**2%**	**$107,019,596**	**$111,797,062**	**$4,777,466**	**4%**

*The approved budget contains assumptions that may differ throughout the fiscal year. The budget amounts presented in this report are estimates, and are presented irrespective of the timing of those assumptions.

Note: These schedules are on the cash basis and have not been audited.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY

ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - RECEIPTS & DISBURSEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2016

	Current Quarter			Year-To-Date		
	SJVIA FEES			SJVIA FEES		
	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)
FY15-16						
Receipts**	**$99,601**	**$109,143**	**$18,940**	**$326,252**	**$762,483**	**$68,907**
Disbursements:						
Auditor-Treasurer Services				8,551		
County Counsel Services	778			2,415		
Personnel Services	97,199			154,656		
Membership Fees						
Insurance (Liability, Bond, Etc)				66,719		
Audit Fees	2,200			2,200		
Bank Service Fees	4,937			15,491		
Wellness		41,911			469,789	
Communications						
Total Disbursements	**105,114**	**41,911**		**250,032**	**469,789**	
Change in Administration, Wellness & Communications Reserve	**($5,513)**	**$67,232**	**$18,940**	**$76,220**	**$292,694**	**$68,907**

*Total disbursements for each column correspond to the line number shown on the "ACTUALS VS. BUDGETED RECEIPTS & DISBURSEMENTS" report.

**Receipts consist of fees collected from relevant enrollees at the following rates per employee per month: Various rates for administration($2.00 for SJVIA administration fees & various rates for non-founding member fees depending upon a participant's enrollment), $2.50 for wellness & $.50 for communications fees.

Note: These schedules are on the cash basis and have not been audited.

San Joaquin Valley Insurance Authority
Schedule of Cash Flow by Month
For the Nine Months Ended March 2016

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	TOTAL
BEGINNING CASH BALANCES:										
Claims Funding Account	$ 255,518	$ 358,018	$ 725,672	$ 701,149	$ 173,361	$ 451,022	$ 709,191	$ 384,751	$ 404,977	$ 255,518
Fixed Cost Account	962,479	1,084,176	1,188,032	1,878,492	247,705	627,123	747,115	363,898	359,973	962,479
Claims Reserve Account	726,791	2,019,732	889,905	1,067,064	300,837	621,538	4,155,223	2,964,772	3,869,933	726,791
Investment Pool-Note 1	3,111,190	3,113,257	3,113,257	1,123,875	1,126,093	126,093	135,873	138,322	138,322	3,111,190
Total Beginning Balances	5,055,978	6,575,183	5,916,866	4,770,580	1,847,996	1,825,776	5,747,402	3,851,743	4,773,205	5,055,978
RECEIPTS:										
Claims Funding Account	5,458,470	6,197,585	5,777,556	6,256,995	6,237,840	6,488,465	4,070,715	4,945,519	5,622,034	51,055,179
Fixed Cost Account	5,476,988	5,056,322	4,467,807	4,701,234	6,645,574	3,937,764	4,631,475	4,942,634	6,225,053	46,084,851
Claims Reserve Account	10,537,501	8,604,557	10,352,117	10,904,299	11,726,242	13,613,566	6,201,321	10,377,870	10,779,671	93,097,144
Investment Pool	2,067		10,618	2,218		9,780	2,449		554	27,686
	21,475,026	19,858,464	20,608,098	21,864,746	24,609,656	24,049,575	14,905,960	20,266,023	22,627,312	190,264,860
DISBURSEMENTS:										
Claims Funding Account	5,355,970	5,829,931	5,802,079	6,784,783	5,960,179	6,230,296	4,395,155	4,925,293	5,849,058	51,132,744
Fixed Cost Account	5,355,291	4,952,466	3,777,347	6,332,021	6,266,156	3,817,772	5,014,692	4,946,559	6,104,202	46,566,506
Claims Reserve Account	9,244,560	9,734,384	10,174,958	11,670,526	11,405,541	10,079,881	7,391,772	9,472,709	11,035,928	90,210,259
Investment Pool		-	2,000,000		1,000,000					3,000,000
TOTAL DISBURSEMENTS	19,955,821	20,516,781	21,754,384	24,787,330	24,631,876	20,127,949	16,801,619	19,344,561	22,989,188	190,909,509
ENDING CASH BALANCES:										
Claims Funding Account	358,018	725,672	701,149	173,361	451,022	709,191	384,751	404,977	177,953	177,953
Fixed Cost Account	1,084,176	1,188,032	1,878,492	247,705	627,123	747,115	363,898	359,973	480,824	480,824
Claims Reserve Account	2,019,732	889,905	1,067,064	300,837	621,538	4,155,223	2,964,772	3,869,933	3,613,676	3,613,676
Investment Pool	3,113,257	3,113,257	1,123,875	1,126,093	126,093	135,873	138,322	138,322	138,876	138,876
Total Ending Balances	$ 6,575,183	$ 5,916,866	$ 4,770,580	$ 1,847,996	$ 1,825,776	$ 5,747,402	$ 3,851,743	$ 4,773,205	$ 4,411,329	$ 4,411,329

Note 1: The County of Fresno investment pool yield paid during the quarter ended 12/31/15 was 1.359% with quarterly earnings of $3,003.

Glossary of Terms:

1 Specific & Aggregate Stop Loss Insurance (PPO)

Specific: Insurance coverage for eligible individual specific claims in excess of the $450,000 plan year deductible up to the lifetime maximum of $6 million.

Aggregate: Insurance coverage for eligible claims under the specific deductible on the aggregated amount for all member claims.

2 Administration & Network Fees (Anthem & Blue Shield PPO)

ASO is "Administrative Services Only". These are administrative services for the PPO plans. This definition includes Anthem Blue Cross & Health Now Administrative Services administration fees and includes access fees to use the Anthem Blue Cross & Blue Shield networks of providers. These services do not include the Anthem HMO plan.

3 Chimienti Associates/Hourglass Administration (Anthem & Kaiser)

Chimienti & Associates is an independent vendor providing consolidated billing, eligibility, automated enrollment and Section 125 administrative services. Hourglass and ASI are subcontractors to Chimienti Associates that assist in these administrative processes. This line is for health plans excluding HealthNow/Blue Shield.

4 GBS Consulting

Gallagher Benefit Services (GBS) is a national benefit consultant who provides professional guidance to SJVIA and respective members concerning health plan matters including but not limited to compliance, underwriting, renewal bidding, employee communication, cost analysis, actuarial, etc. GBS played a significant role in the formation and establishment of SJVIA.

5 SJVIA Administration

These fees will be used by SJVIA for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority. It includes the association fee and the non-founding member fee which is assessed to non-founding member entities.

6 Wellness

This rate category is earmarked for special claims management services and may include some wellness applications that are outside and additional to the claims management services provided by the insurance company.

7 Communications

This rate category is earmarked for special employee communication materials and prospective new City/County member promotional materials. It may include fees for maintaining a presence at such trade associations as CALPELRA, etc.

8 Anthem HMO Pooling

This is for the specific stop loss pooling insurance for claims in excess of $400k within the HMO (not PPO).

9 Anthem HMO Administration/Retention

These are Anthem Blue Cross administration fees and include access fees to use the Blue Cross network of providers for the HMO plan.

10 ACA Reinsurance/PCORI (PPO & HMO)

The Affordable Care Act (ACA) includes the following fees on insurance plans: 1) Patient Centered Outcomes Research Institute (PCORI)-this fee is $2.00 per covered member per year for PPO & $2.08 per covered member per year on HMO. 2) Transitional Reinsurance Fee-this fee is $44.00 per covered member per year for the 2015 calendar year and $26.00 for the 2016 calendar year for both PPO & HMO.

11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO

Projected self-insured PPO claims for medical and Rx and non-capitated HMO claims (hospital).

12 Anthem MPP HMO Capitation

Amount paid in advance of services on a fixed per member per month basis for professional services (physician) as part of the HMO.

13 Delta Dental

Premium for entities covered under the SJVIA Delta Dental program.

14 Vision Service Plan

Premium for entities covered under the SJVIA VSP Vision program.

15 Kaiser Permanente

Premium for entities covered under the SJVIA Kaiser HMO program less fixed costs including items 6,7.

16 Change in Reserve

Excess receipts over claims, premiums and fixed costs.

SJVIA
San Joaquin Valley
Insurance Authority

Meeting Location:
Tulare County Employees' Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93921
April 29, 2016
10:00 AM

AGENDA DATE: April 29, 2016

ITEM NUMBER: 9A

SUBJECT: 2012-2013 audited financial statements

REQUEST(S): That the Board receives and files the 2012-2013 audited financial statements

DESCRIPTION: Informational item. Please see attached report.

FISCAL IMPACT/FINANCING: None.

ADMINISTRATIVE SIGN-OFF:

Vicki Crow

Vicki Crow
SJVIA Auditor-Treasurer

BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE AUTHORITY

IN THE MATTER OF

RESOLUTION NO. __________
AGREEMENT NO. __________

UPON MOTION OF DIRECTOR ________________, SECONDED BY DIRECTOR ______________________, THE FOLLOWING WAS ADOPTED BY THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD ____________ ______, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: ____________________________

* * * * * * * * * * * * * * * * * *

SAN JOAQUIN VALLEY INSURANCE AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED JUNE 30, 2013

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
FRESNO, CALIFORNIA

JUNE 30, 2013

TABLE OF CONTENTS

PRICE PAIGE & COMPANY
Accountancy Corporation

The Place to Be

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Joaquin Valley Insurance Authority
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of San Joaquin Valley Insurance Authority (the Authority), a component unit of the County of Fresno, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540
fax 559.299.2344

www.ppcpas.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Joaquin Valley Insurance Authority, as of June 30, 2013, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, effective July 1, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB No. 65, *Items Previously Reported as Assets and Liabilities.* GASB Statement No. 65 recognizes certain amounts that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflow of resources on the statement of net position. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Claims Development Information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 22, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Price Paige & Company

Clovis, California
March 22, 2016

BASIC FINANCIAL STATEMENTS

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
FRESNO, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 4,645,192
Due from other governmental units	4,963,367
Other receivable	578,900
Investment income receivable	13,020
Prepaid expenses	17,524
Total current assets	10,218,003
Noncurrent Assets:	
Deposits receivable	947,448
Investments	5,034,502
Total noncurrent assets	5,981,950
Total assets	16,199,953
LIABILITIES	
Current Liabilities:	
Accounts payable	1,881,367
Unearned member contributions	12,258
Unpaid claims and claims adjustment expenses	8,002,750
Total current liabilities	9,896,375
Noncurrent Liabilities:	
Due to other governmental units	884,432
Unpaid claims and claims adjustment expenses	110,527
Total noncurrent liabilities	994,959
Total liabilities	10,891,334
NET POSITION	
Unrestricted	5,308,619
Total net position	$ 5,308,619

The notes to the financial statements are an integral part of this statement.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
FRESNO, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenues:	
Member contributions	$ 69,147,290
Total operating revenues	69,147,290
Operating Expenses:	
Claims and claims adjustment expenses	63,980,098
Administrative expenses	5,000,268
Total operating expenses	68,980,366
Operating income (loss)	166,924
Nonoperating Revenues:	
Investment income	47,522
Total nonoperating revenues	47,522
Change in net assets	214,446
Net position, beginning of year	4,817,695
Prior period adjustment	276,478
Net position, beginning of year - as restated	5,094,173
Net position, end of year	$ 5,308,619

The notes to the financial statements are an integral part of this statement.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
FRESNO, CALIFORNIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Cash flows from operating activities:	
Cash received from members	$ 72,216,916
Cash received from reinsurance & refunds	2,300,852
Cash paid to vendors	(9,820,644)
Cash paid for claims	(63,974,071)
Net cash provided by (used in) operating activities	723,053
Cash flows from investing activities:	
Purchase of investments	(5,000,000)
Net cash provided by (used in) investing activities	(5,000,000)
Net increase (decrease) in cash and cash equivalents	(4,276,947)
Cash and cash equivalents - beginning	8,922,139
Cash and cash equivalents - ending	$ 4,645,192

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:

Operating income (loss)	$ 166,924
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Prior period adjustments	276,478
(Increase) decrease in due from other governmental units	(1,313,185)
(Increase) decrease in other receivables	(329,869)
(Increase) decrease in deposits receivable	(237,261)
(Increase) decrease in prepaid expenses	(102)
Increase (decrease) in accounts payable	147,658
Increase (decrease) in unearned member contributions	12,258
Increase (decrease) in due to other governmental units	(30,249)
Increase (decrease) in unpaid claims and claims adjustment expenses	2,030,401
Total adjustments	556,129
Net cash provided by (used in) operating activities	$ 723,053

Noncash Investing Activities

Changes in unrealized gain (loss) on investments	$ 19,547
Accrued investment income	27,975
Total noncash investing activities	$ 47,522

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In November 1989, GASB issued Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. GASB Statement No. 10 establishes accounting and financial reporting standards for risk financing and insurance-related activities for state and local governmental entities, including public entity risk pools. These financial statements have been prepared in accordance with GASB Statement No. 10, as amended by GASB Statement No. 30, *Risk Financing Omnibus*.

A. Reporting Entity

On October 6, 2009, County of Fresno and County of Tulare entered into an agreement creating the San Joaquin Valley Insurance Authority (the Authority) to negotiate, purchase or otherwise fund health, vision, dental, and life insurance for the employees of County of Fresno and certain employees of County of Tulare, in all instances subject to obtaining a financial commitment by the County of Fresno and County of Tulare to pay for their respective costs. Both counties desire to secure such coverage for the purpose of obtaining other coverage and/or insurance policies at more favorable rates, and administering such insurance programs with greater efficiency, than they could obtain by their individual efforts.

The Authority is governed by the Board of Directors which is composed of seven directors. Four of the directors are appointed by the County of Fresno Board of Supervisors and three of the directors are appointed by the County of Tulare Board of Supervisors. The Board of Directors appoint a President and Vice President from is membership to serve two-year terms. The County of Fresno or the County of Tulare may withdraw from the Authority by giving 120 days written notice to the Board of Directors. Upon the dissolution, all assets of the Authority will be distributed among the County of Fresno and County of Tulare in proportion to their cash contributions.

The Authority's Board of Directors voted to keep health insurance costs neutral and moved from a claims-servicing pool to a risk-sharing pool and insurance-purchasing pool effective January 1, 2012. The result is the claims experience of all member entities is pooled and risk is shared among all members, or the risk is transferred to commercial insurers by purchasing insurance. The County of Fresno and the County of Tulare have transferred their reserve funding for incurred but not reported (IBNR) claims to the Authority.

The Authority is legally separate from the County of Fresno (the County). However, the Authority is a component unit of the County due to the fact that the County appoints a voting majority of the Authority's board and accordingly can significantly influence the activities and level of services performed by the Authority.

The Authority itself does not employ any personnel. The County of Fresno staff provides the necessary services such as maintenance and accounting to the Authority on a reimbursement basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Authority's Board of Directors has elected to open membership consideration to other public agencies to increase membership, further reduce imbedded overhead cost and leverage additional growth to improve the Authority's negotiating capabilities with plan vendors in California. In addition to the founding pool participants consisting of the County of Fresno and County of Tulare, the following public agencies have joined the Authority as of June 30, 2013:

- City of Tulare (effective July 1, 2012)
- City of Ceres (effective January 1, 2013)
- City of Waterford (effective June 1, 2013)

B. Basis of Accounting

The Authority complies with Generally Accepted Accounting Principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Authority is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the enterprise fund are those revenues that are generated from the primary operations of the Authority. These revenues include premiums for insurance coverage and insurance purchasing service revenue. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as non-operating expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

Since San Joaquin Valley Insurance Authority is both an insurance-purchasing pool and a risk-sharing pool, the Authority's activities include both acting as an insurance purchaser and as an insurer. For the activities for which the Authority was acting as an insurance purchaser, GASB Statement No. 10 states that public entity risk pools that do not accept, transfer or pool risk among participants but instead transfer that risk to commercial insurers by purchasing insurance are acting as insurance purchasers and not insurers. Accordingly, operating statements of these pools should report insurance purchasing service revenue and administrative costs. Amounts collected or due from pool participants and remitted to the insurance carriers should be reported as a net liability. For the activities for which the Authority was acting as an insurer, operating statements should report member contributions as well as claims and administrative expenses.

D. Assets, Liabilities and Net Position

1. Cash

For purposes of the Statement of Cash Flows, the Authority considered all cash in banks to be cash. Cash include three bank accounts with the JPMorgan Chase Bank.

2. Investments

Investments are recorded at fair value. Investment income is recorded as earned.

3. Due from Other Governmental Units

Certain revenues are earned by the Authority during the current reporting period but are not received until after the beginning of the next fiscal year. These revenues are reported as due from other governmental units in the financial statements.

4. Deposits Receivable

The Authority has made the required minimum claims deposit to Anthem Blue Cross, and the deposit will be returned to the Authority when the Authority discontinues the agreement with Anthem Blue Cross. The minimum claims deposit held by Anthem Blue Cross as of June 30, 2013 is $947,448.

5. Member Contributions

Each member is assessed a premium which is intended to cover the Authority's claims, operating costs, claim expenses and any premiums for any risk transferred to commercial insurers by purchasing insurance for the insurance programs. Premiums are based upon the approved rates by the Authority's Board of Directors. All premiums are recognized as revenue when earned, based upon the period covered by the premiums. In determining if a premium deficiency exists, the pool does not consider anticipated investment income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (Continued)

6. Accounts Payable

Certain costs are incurred by the Authority during the current reporting period but are not paid until after the beginning of the next fiscal year. These costs are reported as payables in the financial statements. The Authority's current accounts payable balance of $1,881,367 as of June 30, 2013, is related to certain contract services and payments for eligibility administration and consulting fees as well as amounts collected or due from pool participants and remitted to the insurance carriers.

7. Due to Other Governmental Units

County of Fresno has made the required minimum claims deposit to Anthem Blue Cross on behalf of the Authority. The Authority will repay the County of Fresno after receiving refunds from Anthem Blue Cross. The noncurrent due to other governmental units as of June 30, 2013 is $884,432.

8. Unpaid Claims and Claims Adjustment Expenses

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

9. Reinsurance

In the ordinary course of business, the Authority reinsures certain risks with commercial insurers through contractual agreements, commonly referred to as reinsurance ceded. These agreements serve to limit the Authority's potential losses for large aggregate and individual losses. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Authority as direct insurer of the risks reinsured. A contingent liability exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet its obligation assumed under the reinsurance agreements. The Authority does not report reinsured risk as liabilities unless it is probable that those risks will not be covered by reinsurers. Premiums ceded to reinsurers during fiscal year 2013 were $1,911,418, and the amounts recovered from reinsurers during fiscal year 2013 were $1,555,632.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (Continued)

10. Net Position

Net position is reported in three categories as follows:

Net Investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted – This amount represents all resources that do not meet the definition of “net investment in capital assets” or “restricted net position.”

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. New Pronouncements

1. New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 60

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (“SCAs”), which are a type of public-private or public-public partnership. This statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. Application of this statement is effective for the Authority’s fiscal year ending June 30, 2013. The Statement did not have any effect on the Authority’s financial statements.

Governmental Accounting Standards Board Statement No. 61

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-– an amendment of GASB Statements No. 14 and No. 34.* This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of this statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012. This statement did not have any effect on the Authority’s financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Pronouncements (Continued)

1. New Accounting Pronouncements Adopted (Continued)

Governmental Accounting Standards Board Statement No. 62

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures which does not conflict with or contradict other GASB pronouncements The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. As of July 1, 2012, the Authority adopted this statement, which did not have a significant impact on its financial statements.

Governmental Accounting Standards Board Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. As of July 1, 2012, the Authority adopted this standard, which did not have a significant impact on its financial statements. The Authority renamed net assets as net position in the current year financial statements.

Governmental Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2014. As of July 1, 2012, the Authority adopted this statement, which did not have a significant impact on its financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Pronouncements (Continued)

1. New Accounting Pronouncements Adopted (Continued)

Governmental Accounting Standards Board Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62.* The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2014.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. As of July 1, 2012, the Authority adopted this standard, which did not have a significant impact on its financial statements.

2. New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 67

In June 2012, GASB issued No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statement No.'s 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2014. The provisions of this statement are not expected to be applicable to the Authority.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Pronouncements (Continued)

2. New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statement No.'s 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2015. The provisions of this statement are not expected to be applicable to the Authority.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2015. The provisions of this statement are not expected to be applicable to the Authority.

Governmental Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2014. The provisions of this statement are not expected to be applicable to the Authority.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Pronouncements (Continued)

2. New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 71

In November 2013, GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68". The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68 relating to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2015.

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements for this provision are effective for the Authority's fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 73

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68.* The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and accessing accountability. This statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 74

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures.* The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2017.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Pronouncements (Continued)

2. New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2018.

Governmental Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The requirements for this statement are effective for the Authority's fiscal year ending June 30, 2016.

NOTE 2 – CASH AND CASH EQUIVALENTS

Summary of Deposits

Cash and cash equivalents as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	$ 4,645,192
Total cash and cash equivalents	$ 4,645,192

Cash and cash equivalents as of June 30, 2013 consist of the following:

Deposits with financial institutions	$ 4,645,192
Total cash and cash equivalents	$ 4,645,192

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2013, the Authority's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS

The Authority's current due from other governmental units balance of $4,963,367 as of June 30, 2013 is related to insurance premiums, claims reserve, eligibility administration service fees, consulting fees and other administrative fees due from County of Fresno. As of June 30, 2013, all of the "due from other governmental units" are considered by management to be collectible. Therefore, no allowance for doubtful accounts has been recognized.

NOTE 4 – INVESTMENTS

The Authority maintains an external position in the County of Tulare Investment Pool. This pool has significant regulatory oversight as delineated in both the County of Tulare's Investment Policy and the California Government Code. For example, the County of Tulare's Investment Policy directs that all investments should be made in accordance with the County Treasurer's Investment Policy and California Government Code §27000 et. seq., and §53600 et. seq. The Policy also directs that the administration of idle funds should be performed in accordance with the prudent investor standard as stated in California Government Code §§27000.3 and 53600.3. The Policy lists the Treasurer's primary goals for the investment of the portfolio as (in order of priority as per California Government Code §§27000.5 and 53600.5): safety, liquidity and yield. The Policy also directs the County of Tulare Treasury Oversight Committee to annually review and monitor the Investment Policy and cause an annual audit to determine the Treasurer's compliance with the Investment Policy.

The Authority's investment is recognized at fair value. It is expressed as a percentage of the Authority's position (.515594084%) in the total estimated fair value of the County of Tulare's investment pool at June 30, 2013 ($976,446,828). The Authority's investment is $5,034,502 as of June 30, 2013.

NOTE 4 – INVESTMENTS (Continued)

Investments Authorized by the Authority's Investment Policy

The following securities are authorized investments for the San Joaquin Valley Insurance Authority Investment Pool.

Permitted Investments/Deposits	Government Code Limits %	Investment Policy Limits %	Investment Policy Term Limit	Rating
U.S. Government Securities (1)	No Limit	100%	5 years	N/A
Securities issued by United States Government Sponsored Enterprises (1)	No Limit	100%	5 years	N/A
Bankers Acceptances (2)	40%	40%	180 days	N/A
Commercial Paper	40%	40%	270 days	P-1, A-1+
Negotiable Certificates of Deposit (3)	40%	30%	13 months	P-1, A-1+ or 4 Star
Non-negotiable Certificates of Deposit (3)	No Limit	50%	13 months	P-1, A-1+ or 4 Star
Account Registry Service Deposits	30%	15%	Overnight/Weekend	N/A
Repurchase Agreements	No Limit	15%	Overnight/Weekend	N/A
Medium Term Notes (4)	30%	30%	5 years	AAA
LAIF (5)	No Limit	$50,000,000	5 years	N/A
Mutual Funds (6)	20%	20%	5 years	AAA, AAa
Bonds, notes or warrants of the State of California and any local agency within California	No Limit	No limit	No limit	N/A
Fresno County and Tulare County treasury pool	No Limit	No limit	No limit	N/A

(1) Investments in securities of the U.S. Government and securities issued by the U.S. Government Sponsored Enterprises have a combined limit of 85% of the portfolio.

(2) The Authority's investment policy limits any investment in bankers acceptances to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1+).

(3) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.

(4) Investments in medium term notes are restricted to maturities of not to exceed two years if in rating category "A", not to exceed three years if in rating category "AA" and not to exceed five years if in rating category "AAA".

(5) LAIF Board of Directors limits the investment to $50,000,000, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.

NOTE 4 – INVESTMENTS (Continued)

Investments Authorized by the Authority's Investment Policy (Continued)

(6) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either [1] attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or [2] have an investment adviser registered with the SEC with at least five years of experience investing in the securities authorized by code sections noted in the Authority's investment policy and with assets under management in excess of $500,000,000. Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either [1] attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or [2] retain an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds with assets under management in excess of $500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the sensitivity of an investment's fair value to changes in market interest rates is proportional to the length of the maturity of an investment. The Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Authority's interest rate risk policies are reflected in the "Investments Authorized by the Authority's Investment Policy" section by virtue of the disclosure of its policy to only invest in certain authorized investments with authorized percentage limits, terms and ratings. The weighted average maturity of the County of Tulare investment pool as of June 30, 2013 is 1.98 years.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2013 and during the 2012-2013 fiscal year, the Authority did not hold or purchase investments that were highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Tulare Investment Pool is not rated. The Authority's credit risk policies are reflected in the "Investments Authorized by the Authority's Investment Policy" section by virtue of the disclosure of its policy to only invest in certain authorized investments with authorized percentage limits, terms and ratings.

NOTE 5 – RECONCILIATION OF CLAIMS LIABILITIES

Liabilities for claims are based on undiscounted estimates of the ultimate net cost of settling all claims which are incurred but unpaid at year end, including claims incurred but not reported. The following represents changes in liabilities for the Authority during the fiscal year ended June 30, 2013:

Changes in the balance of claims liabilities dring the fiscal year is as follows:

	2013	2012
Unpaid claims and claim adjustment expenses at beginning of year	$ 6,082,876	$ -
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	65,640,209	29,984,544
Decrease in provision for insured events of prior years	(1,660,111)	-
Total incurred claims and claim adjustment expense	63,980,098	29,984,544
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	57,532,430	23,901,668
Claims and claim adjustment expenses attributable to insured events of prior years	4,417,267	-
Total payment	61,949,697	23,901,668
Total unpaid claims and claim adjustment expenses at end of the year	$ 8,113,277	$ 6,082,876

NOTE 6 – PRIOR PERIOD ADJUSTMENTS

During the current year, it was determined that $276,478 in net revenues was not recorded in the prior year. To correct this error, beginning net position was increased by this amount.

Additionally, the cost of the excess insurance coverage and the related portion of the premium revenue charged to cover this cost were recorded as insurance expense and member contribution revenue respectively in the prior year. In the current year, these were recorded in accounts payable to net insurance purchasing activity in a net liability in accordance with GASB Statement No. 10. There was no change to the net position for the manner in which these were recorded in the prior year since this revenue and expense offset each other with a net effect to net position of $0.

NOTE 7– COMMITMENTS AND CONTINGENCIES

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omission. During the year ended June 30, 2013, the Authority carried insurance through various commercial carriers all risks of losses. No settlements have exceeded coverage levels in place during fiscal year 2012-2013.

The Authority participated in the following insurance coverage programs with various commercial carriers:

Coverage Type	Description	Limit	Deductible
Master Crime Policy	Coverage is provided for incidents such as public employee dishonesty, forgery or alteration, theft, computer fraud and embezzlement.	$10 Million	$ 25,000
Trustees Errors & Omissions	Fiduciary liability insurance is a popular vehicle for the financial protection of fiduciaries of employee benefit plans against legal liability arising out of their role as fiduciaries, including the cost of defending those claims that seek to establish such liability. Coverage is provided for incidents such as miscalculation, a class action lawsuit, and enrollment errors.	$10 Million	$ 25,000
Special Liability	This program provides coverage for claims from third parties alleging damages due to negligence arising out of personal injury and property damage.	$10 Million	$ 1,000
Fiduciary Liability	Pays the legal liability arising from claims for alleged failure to act prudently. Protects the assets of a plan fiduciary due to allegations of breach of fiduciary duties. ERISA explicitly allows for the purchase of fiduciary insurance. It could be a breach of fiduciary duty if a claim arises and no insurance is in place that was readily available.	$5 Million	N/A

NOTE 9 – SUBSEQUENT EVENTS

The Authority's Board of Directors has elected to open membership consideration to other public agencies. The goal is to increase membership, further reduce imbedded overhead cost and leverage additional growth to improve the Authority's negotiating capabilities with plan vendors in California. The following public agencies joined the Authority after June 30, 2013:

- City of Sanger, City of San Joaquin, and City of Shafter (effective July 1, 2013)
- City of Gustine (effective October 1, 2013)
- City of Reedley, City of Wasco, City of Farmersville, City of Riverbank, and City of Newman (effective January 1, 2014)
- City of Oakdale, City of Hanford, City of Modesto, City of Hughson, and Kings County Superior Courts, City of Clovis (effective January 1, 2015)
- San Joaquin Valley Air Pollution Control District (effective February 1, 2015)
- City of Escalon (effective March 1, 2015)
- County of Sutter, Sutter County Superior Courts and, City of Marysville (effective July1, 2015)

After June 30, 2013, in an effort to continue to expand benefits to its members, the Authority's Board elected to extend its insurance offerings to pool participants to include additional health insurance coverage under Kaiser.

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REQUIRED SUPPLEMENTARY INFORMATION

CLAIMS DEVELOPMENT INFORMATION
JUNE 30, 2013

The following table illustrates how the Authority's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Authority as of the end of the previous two fiscal year. Note that only six months of activity is shown for this fiscal year 2012 since the period for which the Authority used a risk-sharing pool was only six months from January 1, 2012 through June 30, 2012. The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.

(2) This line shows each fiscal year's other operating costs of the Authority including overhead and claims expenses.

(3) This line shows the Authority's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called fiscal year).

(4) This section of one row shows the cumulative net amounts paid as of the end of successive years for each fiscal year.

(5) This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of current year for each fiscal year.

(6) This section of one row shows how each fiscal year's net incurred losses increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.)

(7) This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual fiscal years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature fiscal years. The columns of the table show data for successive fiscal years.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
FRESNO, CALIFORNIA

CLAIMS DEVELOPMENT INFORMATION
JUNE 30, 2013

		2012	2013
(1)	Required contribution and investment revenue		
	Earned	$ 37,177,277	$ 71,106,229
	Ceded	953,519	1,911,418
	Net earned	36,223,758	69,194,811
(2)	Unallocated expenses	2,385,290	5,000,268
(3)	Estimated claims and expenses, end of fiscal year		
	Incurred	30,233,575	67,195,841
	Ceded	249,031	1,555,632
	Net incurred	29,984,544	65,640,209
(4)	Net paid (cumulative) as of:		
	End of fiscal year	23,901,668	57,532,430
	One year later	28,318,935	-
(5)	Reestimated ceded claims and expenses	249,031	1,555,632
(6)	Reestimated net incurred claims and expenses:		
	End of fiscal year	29,984,544	65,640,209
	One year later	28,324,433	-
(7)	Increase (decrease) in estimated net incurred losses and expenses from end of fiscal year	(1,660,111)	-

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OTHER INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
San Joaquin Valley Insurance Authority
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Joaquin Valley Insurance Authority (the Authority), Fresno, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise of the Authority's basic financial statements, and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540
fax 559.299.2344

www.ppcpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Paige & Company

Clovis, California
March 22, 2016

SAN JOAQUIN VALLEY INSURANCE AUTHORITY
FRESNO, CALIFORNIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	____	yes	X	no
Significant deficiencies identified that are not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to financial statement noted?	____	yes	X	no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

San Joaquin Valley Insurance Authority

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016 10:00 AM

AGENDA DATE:	April 29, 2016
ITEM NUMBER:	Item 10
SUBJECT:	Receive and File SJVIA Executive Claims Summary through March 31, 2016 (I)
REQUEST(S):	That the Board Receive and File SJVIA Executive Claims Summary through March 31, 2016

DESCRIPTION:

Informational Item, please see attached report.

FISCAL IMPACT/FINANCING:

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

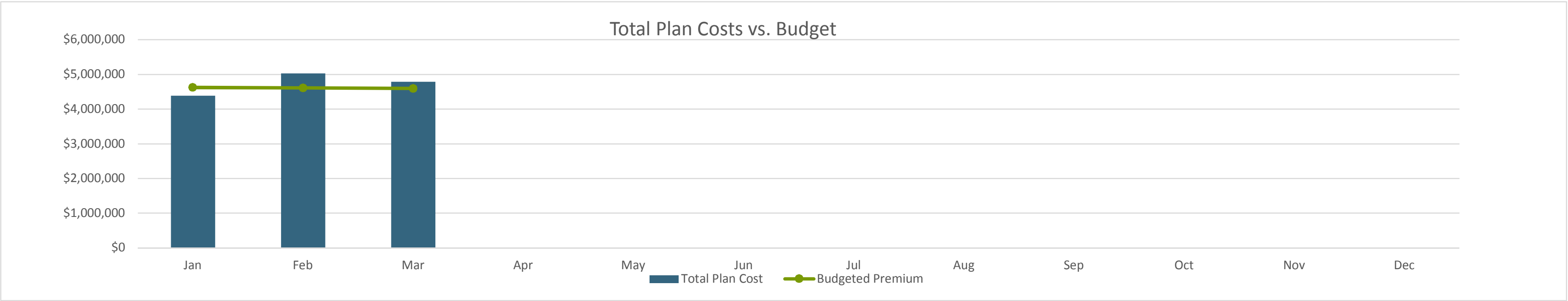
Paul Nerland
IVIA Assistant Manager

SJVIA

HMO Cost Sumary

Plan Year January 1, 2016 through December 31, 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Average / Total
Enrollment													
Employee Only	2,073	2,075	2,066										
Employee + Spouse	613	607	603										
Employee + Child(ren)	1,173	1,162	1,165										
Employee + Family	748	750	745										
Total Employees	**4,607**	**4,594**	**4,579**										**4,607**
Paid Claims													
Medical	$1,569,204	$2,175,671	$1,839,161										$5,584,036
Prescription Drug	$1,035,869	$1,073,967	$1,182,083										$3,291,919
Capitation	$1,379,797	$1,375,903	$1,371,411										$4,127,111
Total Gross Paid Claims	**$3,984,870**	**$4,625,541**	**$4,392,655**										**$13,003,066**
Total Pooled Claims / Rx Rebates	**$0**	**$0**	**$0**										**$0**
Total Net Paid Claims	**$3,984,870**	**$4,625,541**	**$4,392,655**										**$13,003,066**
Average Med Claims Per EE	$340.61	$473.59	$401.65										
Average Drug Claims Per EE	$224.85	$233.78	$258.15										
Total Fixed Costs	**$401,320**	**$400,211**	**$398,917**										**$1,200,448**
Total Costs (Claims + Fixed)	**$4,386,190**	**$5,025,752**	**$4,791,572**										**$14,203,514**
Total Premium	**$4,622,926**	**$4,607,931**	**$4,592,129**										**$13,822,986**
Total Costs vs. Premium													
$ Variance	**$236,736**	**($417,821)**	**($199,443)**										**($380,528)**
% Variance	**94.9%**	**109.1%**	**104.3%**										**102.8%**



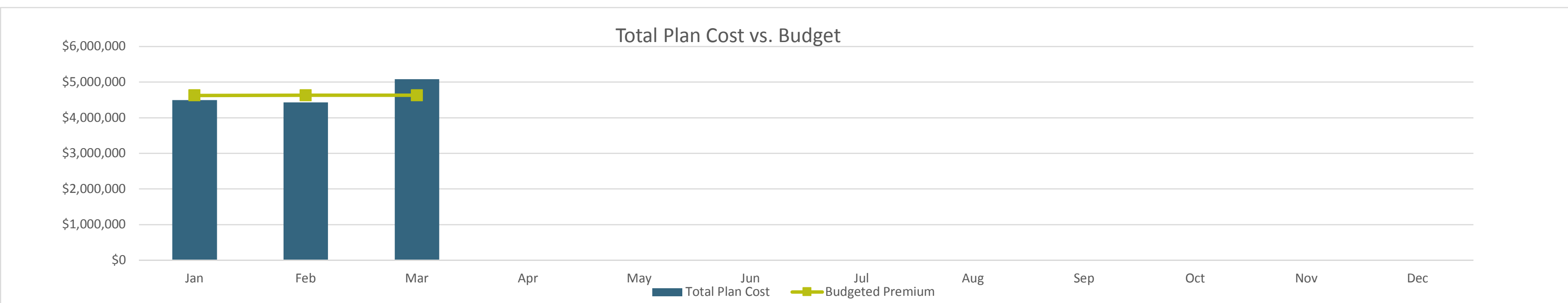
This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

SJVIA

PPO Cost Sumary

Plan Year January 1, 2016 through December 31, 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Average / Total
Enrollment													
Employee Only	3,669	3,677	3,677										
Employee + Spouse	752	748	749										
Employee + Child(ren)	205	204	204										
Employee + Family	1,070	1,076	1,074										
Total Employees	**5,696**	**5,705**	**5,704**										**5,696**
Paid Claims													
Medical	$3,017,547	$2,856,128	$3,452,211										$9,325,886
Prescription Drug	$1,075,185	$1,171,541	$1,230,678										$3,477,404
Total Gross Paid Claims	**$4,092,732**	**$4,027,669**	**$4,682,889**										**$12,803,290**
Total Pooled Claims / Rx Rebates	**$0**	**$0**	**$0**										**$0**
Total Net Paid Claims	**$4,092,732**	**$4,027,669**	**$4,682,889**										**$12,803,290**
Average Med Claims Per EE	$529.77	$500.64	$605.23										
Average Drug Claims Per EE	$188.76	$205.35	$215.76										
Total Fixed Costs	**$401,338**	**$401,763**	**$401,865**										**$1,204,966**
Total Costs (Claims + Fixed)	**$4,494,070**	**$4,429,432**	**$5,084,754**										**$14,008,256**
Total Premium	**$4,625,305**	**$4,630,550**	**$4,631,202**										**$13,887,057**
Total Costs vs. Premium													
$ Variance	**$131,235**	**$201,118**	**($453,552)**										**($121,199)**
% Variance	**97.2%**	**95.7%**	**109.8%**										**100.9%**



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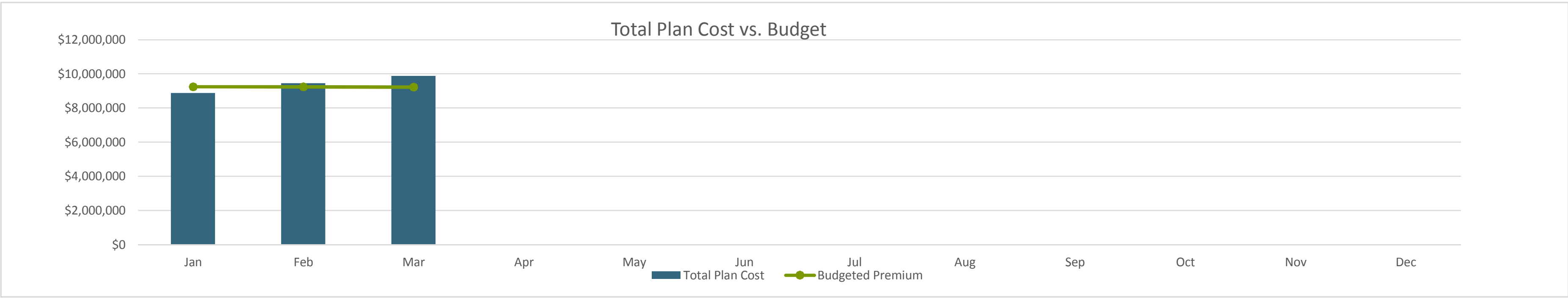
SJVIA

Total Cost Summary

Plan Year January 1, 2016 through December 31, 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Average / Total
Enrollment													
Employee Only	5,742	5,752	5,743										
Employee + Spouse	1,365	1,355	1,352										
Employee + Child(ren)	1,378	1,366	1,369										
Employee + Family	1,818	1,826	1,819										
Total Employees	**10,303**	**10,299**	**10,283**										**10,303**
Paid Claims													
Medical	$4,586,751	$5,031,799	$5,291,372										$14,909,922
Prescription Drug	$2,111,054	$2,245,508	$2,412,761										$6,769,323
Capitation	$1,379,797	$1,375,903	$1,371,411										$4,127,111
Total Gross Paid Claims	**$8,077,602**	**$8,653,210**	**$9,075,544**										**$25,806,356**
Total Pooled Claims	**$0**	**$0**	**$0**										**$0**
Total Net Paid Claims	**$8,077,602**	**$8,653,210**	**$9,075,544**										**$25,806,356**
Average Cost Per Employee	$784.00	$840.20	$882.58										$835.56
Total Fixed Costs	**$802,658**	**$801,974**	**$800,782**										**$2,405,414**
Total Costs (Claims + Fixed)	**$8,880,260**	**$9,455,184**	**$9,876,326**										**$28,211,770**
Total Premium	**$9,248,231**	**$9,238,481**	**$9,223,331**										**$27,710,043**
Total Costs vs. Premium													
$ Variance	**$367,971**	**($216,703)**	**($652,995)**										**($501,727)**
% Variance	**96.0%**	**102.3%**	**107.1%**										**101.8%**



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BOARD OF DIRECTORS

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016-10:00 AM

AGENDA DATE: April 29, 2016

ITEM NUMBER: 11

SUBJECT: Receive Staff Recommendations Responding to SJVIA Cash Flow

REQUEST(S): That the Board receive staff recommendations and give direction

DESCRIPTION:

SJVIA staff have considered options and challenges in responding to the SJVIA cash flow situation. Staff considered information from both Gallagher Benefit Services and the Aon Actuarial Review and Strategic Recommendations presented at the March 2016 SJVIA Board meeting. Although there are many considerations, staff has identified the following recommendations and considerations that are the most time sensitive:

1. **SJVIA Rate Adequacy for 2016** - The Aon report projected the costs in 2016 to run 2 to 3.5% over total budgeted premiums. This was estimated to be between $2.2 and $4.0 Million. This number almost matches the amounts discussed at the SJVIA Board meeting on November 6, 2015. However, Aon's report did not take into account Kaiser migration in 2016 that resulted in a net loss to the HMO of over 400 lives. Of most immediate concern is the access to the amount that it is already projected the SJVIA was underfunded in 2016. The County of Fresno authorized a loan of up to $2 million of which $1.5 million has been loaned. The other $2 million conceptually agreed to from the County of Tulare has not yet been authorized. Staff is concerned that if that loan will not materialize, another source (loan, mid-year rate adjustment) will be needed as soon as possible to ensure SJVIA solvency.

2. **SJVIA Rate Stability/Volatility 2017** - Although the SJVIA may secure and use the loans already referenced, the loan from the County of Fresno, requires repayment by the end of plan year 2017. Based on these terms, the next renewal must include the current year's experience, re-building a reserve, and repaying the loan in full. This will certainly result in a large rate increase in plan year 2017. Staff recommends consideration of alternatives that would allow for a smoothing of these impacts over time but also work towards rebuilding the reserve, repaying any outstanding loans and ensuring the long-term financial stability of the SJVIA. Alternatives could include negotiation of a longer-term loan, or partnership with another health insurance pool.

3. **SJVIA Excess Reserves Policy** - It is recommended that the SJVIA Board consider adopting a formal policy for reserves in excess of the IBNR. The policy may describe the amount considered conservative or healthy enough based on Actuarial studies and may allow for the contribution towards a "stabilization reserve" that would be the only reserve used for the stabilization of health premiums. The recommended policy would be created in partnership with the SJVIA consultant and adopted by your Board.

4. **Consider SJVIA Response to Adverse Selection** - The strategic partnership that the SJVIA entered into with Kaiser has allowed for entities that use Kaiser to join and enjoy group rates through the JPA. However, the County of Fresno has seen migration of over 400 employees, each year for two years in a row. This migration is a direct result of both Kaiser's strategically lowered rates, the County's contribution strategy and no consideration for the impact of the potential migration in the current rates. This may be handled several ways, including a surcharge for Kaiser premiums, but the stability of the overall rates in the SJVIA should be a primary objective. It is recommended that staff work with the SJVIA consultant on potential strategies to be considered by your Board, including a review of fully-blended (fixed costs and PPO/HMO plans rated together), and a partial blended rate (sharing of fixed costs but separate ratings for each PPO and HMO plan, and Kaiser) or a combination.

5. **Consultant Compensation** - The SJVIA compensates the current consultant on a "per employee per month" (PEPM) fee. This creates, at minimum, the appearance of an incentive for new business joining the SJVIA. Staff recommends moving from a PEPM fee schedule to a flat fee arrangement with the SJVIA consultant. As this is a completely new model, and the SJVIA is in uncharted territory, it is recommended that the SJVIA obtain quotes for these services on a flat fee schedule.

6. **SJVIA Growth** - Based on the continuing cash flow mitigation efforts, it is recommended that the Board place a moratorium on new growth only until the current issues have been addressed. It is expected that the SJVIA will revisit the underwriting guidelines in collaboration with the SJVIA consultant and recommend revisions that will restore stability, rebuild a healthy reserve and require building a contingent reserve that will handle extraordinary claim years as experienced in 2015 and 2016 to date.

7. **SJVIA Long-Term Staff Needs** - As referenced in another item on today's agenda, the SJVIA may consider a number of options with staffing. However, it is recommended that the SJVIA Board consider working towards a dedicated SJVIA Executive level position that would be dedicated to the JPA full-time. It is recognized that this could be contracted position as a County employee or an SJVIA employee and that this may be a long-term goal. However, staff recognizes the need for dedicated executive management of the SJVIA.

8. **SJVIA Communication to Participating Entities** - It is recognized by staff that during the recent SJVIA cash flow issues, that there should be better communication with participating entities from the SJVIA itself; not just through the consultant. Lack of information creates a vacuum of false information rather than the facts themselves. Staff recommends sending, on behalf of the SJVIA, a brief update to Participating Entities about the current position of the SJVIA and the plan to ensure long-term stability of the JPA.

These recommendations do not stand alone and it is expected that there will be many more to come. However, these are the most immediate recommendations being brought to your Board for consideration and direction to staff.

FISCAL IMPACT/FINANCING:

None.

AGENDA: San Joaquin Valley Insurance Authority

DATE: April 29, 2016

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom	Paul Nerland
SJVIA Manager	SJVIA Assistant Manager

SJVIA
San Joaquin Valley Insurance Authority

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016 10:00 AM

AGENDA DATE:	April 29, 2016
ITEM NUMBER:	Item 12
SUBJECT:	Receive and File Gallagher Recommendation and Response to Outside Actuarial Review (I)
REQUEST(S):	That the Board Receive and File Gallagher Benefit Services Recommendations

DESCRIPTION:

See attached.

FISCAL IMPACT/FINANCING:

None at this time.

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom
SJVIA Manager

Paul Nerland
SJVIA Assistant Manager

Gallagher Benefit Services

SJVIA Program Recommendations And Response to Outside Actuarial Review

April 29, 2016

BENEFITS | COMPENSATION | RETIREMENT | RISK MANAGEMENT

Arthur J. Gallagher & Co.

Public Entity Practice Group
Gallagher Benefit Services, Inc.
45 E River Park Place West, Suite 605
Fresno CA 93720
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BACKGROUND

Sharp increases in the incidence of high claims under the SJVIA PPO and HMO plans in 2015 diminished reserves below the 14% target called for in the Board policy. To address the current and ongoing financial impact on the SJVIA created by this spike in large claims, an in depth review/audit was completed by GBS (document attached entitled Results of Internal Gallagher Audit and Recommendations), and a special outside review was also completed by AON. These reviews were to determine:

- **Were there underwriting errors made in projecting the claims for 2015 and 2016?**
- **Are the current SJVIA underwriting procedures, calculations, trends and projections appropriate and responsible?**
- **What caused the deterioration of reserves?**
- **What other procedures (if any) could have been in place, to avoid the deterioration of reserves?**
- **What changes should be made moving forward to rebuild the reserve to the targeted 14% level?**

Both the GBS and AON evaluation of the rating methodology utilized validate the 2015 rate levels given the claims history available when these rates were established. The net differences between the two were approximately a 1.7% variance. The review of the rating process for the 2016 had a slightly greater difference, but with only limited claims experience so far in 2016, it is impossible to draw firm conclusions on the validity of the rates at this point in time.

Both reports focused on two main drivers that created the funding shortfall in 2015:

- **Primary Direct Cause: Sharp increase in large claim activity under the SJVIA programs, primarily the HMO plan. This is well documented in both reports.**
- **Secondary Cause: Enrollment shifts from SJVIA self-funded, or flex-funded plans to fully insured Kaiser HMO plans.**

At the end of this document we address some of the items raised in the AON report, but our primary focus here is to address the steps we believe the SJVIA should consider taking to rebuild the reserve to the 14% target level.

GALLAGHER RECOMMENDATIONS

The ideas and options covered below are not exclusive, or all inclusive, of options the SJVIA should consider implementing moving forward. However, they are designed to rebuild the reserve levels to the 14% target level, ensuring the continued health and stability of the SJVIA risk pool for all of the member entities and their employees.

Effectively, this refines the SJVIA operating procedures to protect against similar occurrences in the future. The following are suggestions from GBS along that take into account both the near term and long range health of the SJVIA risk pool.

RESERVES

- Gallagher recommends the SJVIA provide an accounting that compares “stated plan reserves” versus “cash on hand”. This will provide both the SJVIA and Gallagher consistent data and the tools needed to evaluate the build-up of future reserves and the ongoing valuation of these reserves.
- Gallagher recommends initiating steps to rebuild the reserve to the 14% target level.
- Gallagher recommends a review with the SJVIA’s outside Actuary before any contingency reserves developed above the 14% level are used to offset future rates.
- Gallagher recommends that reserve and cash balances are communicated to all stakeholders (SJVIA Managers, SJVIA Board of Directors and Gallagher) on a monthly basis.

GROWTH STRATEGY

- Gallagher recommends responsible growth should still be something the SJVIA considers.
- Gallagher recommends potential new members without claims experience are only considered if their demographic information is better than the profile of the existing SJVIA membership.
- Gallagher recommends a review and modification of the risk scoring process built into the SJVIA underwriting guidelines. These changes would specifically target the impact of Kaiser penetration and contribution formulas that may adversely impact employee plan selections.
- Gallagher recommends adding additional margin of 2 to 5% to all new groups quoted (in addition to the "non-founding member" administrative load).
- Gallagher recommends that future marketing efforts focus on the additional value that the program can bring to new prospective members, rather than specific cost savings.
- Gallagher suggests that marketing efforts should be concentrated on new member entities without a current Kaiser presence.

CHECKS AND BALANCES

- Gallagher recommends that there is a validation process on new groups once the group is enrolled. Each new entity will have their risk scores re-calculated after initial enrollment to validate the assumptions made during the new business process. If demographics change dramatically, more than 10%, rates could be adjusted immediately.
- Gallagher recommends the SJVIA split into three "silos" – County of Fresno, County of Tulare and All Other for experience reporting and evaluation. In order for individual groups to be split out on their own for reporting purposes, they must have 12 months of mature experience for 500 employees or greater.
- Gallagher recommends the SJVIA conduct an independent actuarial review of all rating variables, trend assumptions and methodologies to be used during the "upcoming" renewal process. The approximate cost of this review would be $20,000.
- Gallagher recommends presenting renewals showing each product offering (HMO and PPO) rated based on the respective experience and projections of each program.

KAISER

- Gallagher recommends not quoting any new groups with more than 40% Kaiser penetration.
- Gallagher recommends any new groups with between 20 and 40% Kaiser penetration include a 5% load to all rates quoted.
- Gallagher recommends that a population risk surcharge be included on all Kaiser plan rates. This surcharge will be retained by the SJVIA and used to rebuild the SJVIA reserve to the 14% target level. This surcharge will remain in effect until the reserve is completely rebuilt.

OTHER

- Gallagher recommends an SJVIA policy requiring all premiums be paid by the 1st of the month that coverage is provided, subject to a late fee if not paid on a timely basis.
- Consider rerating the SJVIA mid-year and adjusting the premiums accordingly
- Gallagher recommends establishing member entity contribution guidelines to protect the SJVIA from being placed at an employee premium disadvantage
- Gallagher recommends building a compensation schedule based on growth that takes into account the cost of adding new member agencies, but also adjusts our fees as the program grows. Current Gallagher compensation is less than 0.5% of the total program cost. In the past we have reduced our compensation as the SJVIA grew membership, and we propose developing a schedule to accomplish this same effect moving forward.

GALLAGHER RESPONSE TO OUTSIDE ACTUARIAL REVIEW

In late 2015, the SJVIA began experiencing claims activity specific to the HMO Population that lead to a diminishing of Cash on Hand. The SJVIA requested that Gallagher Benefit Services (GBS) review the calculations leading to the 2015 renewal action by the SJVIA as well as re-visiting the methodology for developing the 2016 renewal. The SJVIA also requested GBS to review all activity since 2013 (premiums paid, enrollment, claims paid, fixed costs, etc.) for accuracy in an effort to understand why the SJVIA was facing this cash position.

The Board of Directors of the SJVIA, upon the recommendation of staff, contracted with AON Hewitt to review and comment on the 2015 SJVIA renewal methodology and cash flow issues.

AON FINDINGS

AON's summary, presented at the March 18, 2016 SJVIA Board Meeting, included a review of the following components. The complete AON report is available on the SJVIA website however the pertinent findings for each section, and Gallagher comments, are included below:

2015 SJVIA Pricing

- AON Hewitt opines that from an overall technical perspective, Gallagher's 2015 pricing is not unreasonable. However, AON suggests that the SJVIA renewal rating method, *"ignores any adjustments for demographic changes within the population."*

Gallagher Comments:
The experience Gallagher uses to project claims is based on the total risk profile of the population of the SJVIA. In other words, the demographic changes, age-sex adjustments, actuarial value and plan modification calculations are already reflected in the claims experience. Any new entities are rated based on the SJVIA approved underwriting guidelines that reflect all of the above variables.

SJVIA underwriting guidelines, approved by the SJVIA Underwriting Committee and the Board of the SJVIA, take all variables into consideration for new entities as well as the effect of plan migration and demographical changes to the existing risk pool.

- AON also incorrectly states that the SJVIA used a 4.5% trend assumption for the Rx claims projections.

Gallagher Comments:
Gallagher DID NOT use a 4.5% trend assumption for the Rx for this projection period. The 4.5% trend shown on the renewal calculations resulted from a 5% discount in overall Rx trend as a result of an extensive RFP and Gallagher negotiations with the PBM vendor. This reduction in the trend was communicated to the SJVIA managers and fully explained at the July 11, 2015 SJVIA Board meeting (Agenda Item 11). In reality, the claims projection reflected a 9.5% trend for Rx. Because of this, the actual trend assumptions used by Gallagher to project total claims (given the distribution of claims in each of the categories – medical and Rx) was more conservative (on a prospective basis) than even the AON *retrospective* re-rating.

Conclusion:
Gallagher's underwriting methodology was developed and adopted by the SJVIA Board when the JPA moved to the shared risk rating model. The actual rating developed for 2015 SJVIA plan renewal followed this methodology and is validated within the AON Report, with the approved Gallagher rating action varying by only 1.73% when compared with the AON model proposed. This difference is less than the 2% margin included in the AON rating model.

The unexpected increase in utilization and the large claims experienced in the 2015 plan year drove higher than expected claim costs, something that would have been true under both the Gallagher and AON rating models outlined in the report. It is important to note the same underwriting approach used in 2015 was used in prior years and resulted in increased reserves during several of these years. Simply put, the AON report validates the 2015 rating, when looking at the same data available at the time the rating was completed.

New Business Rates

- "AON Hewitt reviewed the New Member Underwriting Methodology document (revised April 19, 2013) and found it to be a technically sound document. If followed correctly, this methodology should produce viable long term rates for new members in the Pool." AON did raise the issue of volatility as it relates to growing the SJVIA population.

Gallagher Comments:
Prudent growth has been a tenet of the SJVIA for the past 3 years. Careful consideration to this growth strategy has produced a set of underwriting guidelines that is, by design and direction, conservative. Any new entities expressing an interest in the SJVIA are reviewed based on their demographics and their risk profile relative to the SJVIA as a whole. A decision to proceed with illustrative rates is then discussed with the SJVIA Underwriting Committee (SJVIA Manager and Assistant Manager). After underwriting is complete, the SJVIA Underwriting Committee reviews the offering with Gallagher. The Underwriting Committee then makes a decision to release an illustrative proposal (subject to approval from the SJVIA Board) or decline to offer a proposal. To date, the SJVIA has received requests for proposals from 50+ public entities and have offered illustrative proposals to approximately 35 of those. The SJVIA elected not to offer proposals to the remaining entities.

An underwriting review of the 2015 Premiums Due and Costs for the SJVIA produced the following results:

Legacy members:		
	County of Fresno:	49.24% of the SJVIA Premiums Due / 51.10% of the SJVIA Costs
	County of Tulare:	21.89% of the SJVIA Premiums Due / 21.18% of the SJVIA Costs
Non-Legacy members		
	All other entities:	28.87% of the SJVIA Premiums Due / 27.72% of the SJVIA Costs

Based on the above percentages, in 2015 Non-Legacy entities as a whole performed on par with the pool. These new entities did not negatively impact the 2015 SJVIA costs.

IBNR & Excess Reserve Adequacy

- Multiple times in their report, AON spoke of the "practice of using all reserves in excess of the IBNR to reduce the necessary renewal rates."

Gallagher Comments:
This is a misstatement of the SJVIA guidelines with regards to reserves.

The SJVIA, at Gallagher's suggestion and after a review by an independent actuary hired by the SJVIA (Dempsey Filliger), has maintained between 12.5% - 16% reserve for IBNR claims. Lag studies and actuarial reports suggest that 8-9% IBNR is a conservative estimate to pay claims run-out should the plan end. In other words, the SJVIA has at all times maintained an excess reserves of between 4.5% and 7%. When and where there were "extra" excess reserves identified (above the 12.5% - 16% maintained by the SJVIA), those "extra" excess have been used to offset rate action, however never below the 12.5–16% reserve target set by the SJVIA. AON's statement suggests a practice of using all excess reserves above the 8-9% necessary for IBNR claims. These AON statements, made repeatedly during the report, are demonstrably false and misleading.

Certifications are done on an annual basis and the SJVIA maintains a policy (suggested by Gallagher and approved by the Board) to maintain, at all times between 4.5% and 7% ***more*** than the necessary required for IBNR claims. These excess reserves are already identified and labeled as Contingency/Stabilization reserves.

Conclusion:
Gallagher's renewal calculations projected to utilize a portion of the excess reserves to mitigate renewal increases, not the entire excess. The level for the IBNR, or reserves, was developed by a third party actuarial firm hired by the SJVIA. The IBNR level the actuaries have set is historically between 8% and 9%.

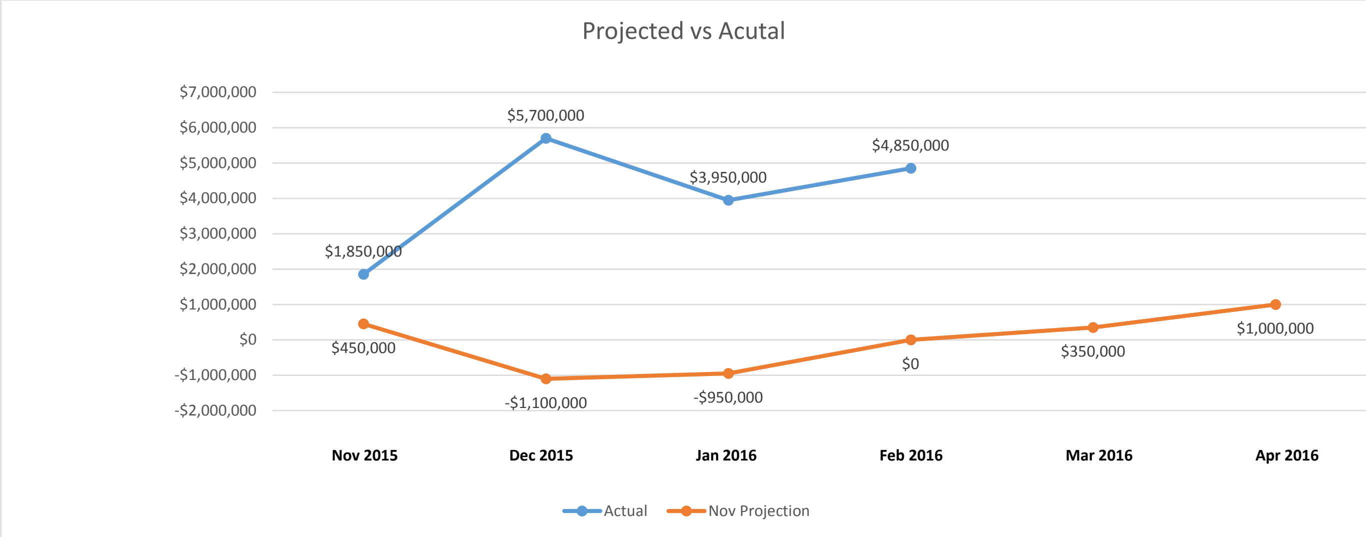
Renewal projections since the inception of the SJVIA have included a combined IBNR and excess reserve level set by the Board. Initially this level was set at 16%, or 7% to 8% over the required IBNR of 8-9%. A decision was made to reduce the combined reserve level to 14% for the 2016 renewal, still 5% to 6% over the required IBNR reserve level. At no time has Gallagher advised the use of all excess reserves in the rating process. The report mentions Gallagher using all the excess reserves in the rating formula, something that is not true, nor is it a practice we would ever recommend to a client.

CONCLUSION

As a result of our review, and given the AON Hewitt findings, Gallagher is confident in the methodology used and the reserves identified at any given point in time (all premiums due, for all eligible employees enrolled, less all fixed costs for all eligible employees enrolled, less all claims paid for all eligible employees enrolled).

By definition, the cash on hand at any point in time will fluctuate (sometime greatly based on claims activity and the timing of premium receivables) and may never equal exactly the amount calculated by Gallagher as reserves. To the extent that the claims activity mirrors the claims projections and all entities are paid current in their premiums, there would be no cause for concern relating to cash on hand. However, if claims begin spiking (as they have) and some entities are paying premiums in arrears (as they are) then cash on hand will diminish. If this trend continues, the potential for exhaustion of the claims reserve becomes very real.

The primary driving force for Gallagher's review (and the subsequent AON review) was the rapidly diminishing cash reserves during the end of 2015. SJVIA staff attempted to project the cash position based on circumstances at that time. To that end, at the special Board meeting in November 2015, staff projected that the SJVIA would be in a *negative* cash position of approximately $1.1 million dollars as of December 31, 2015. In fact, the SJVIA had cash on hand in the amount of $5.7 million as of December 31, 2015 as per the quarterly financial report presented at the March 18, 2016 Board Meeting. This is a delta of $6.8 million. (See graph)



Through careful analysis GBS has determined the HMO had greater than anticipated claims for a period of time and some entities pay premiums in arrears. Those two variables (and only those two variables) led to the temporary cash flow issues experienced.

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Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

SJVIA
San Joaquin Valley Insurance Authority

Results of Internal Gallagher Audit and Recommendations

January 1, 2013-October 31, 2015

GALLAGHER BENEFIT SERVICES | DECEMBER 30, 2015

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SJVIA Cash Flow Contributing Factors

Background:

Gallagher recently conducted a thorough review and audit of all premium and claims data from 2013 to the present.
Since the inception of the SJVIA, Gallagher has compiled plan information in order to track attributes for reporting and plan performance reviews. This information comes in many forms from several sources and is consolidated into one internal Gallagher document (Plan Cost Summary). During this recent review process, all sources that feed the Gallagher Plan Cost Summary were rechecked directly and compared to verify the following information:

- Enrollment Data – Confirm the enrollment data (total number of plan participants in each one of the plans for each of the member entities) to insure enrollment been properly verified. *Gallagher requested enrollment information (by entity, by plan and by coverage tier) from Hourglass. Gallagher then compared this verified source data with the Gallagher Plan Cost Summary. The source for this data was provided by Hourglass and represented the actual enrollment and eligibility for each group.*
- Premium Rates – Confirm the proper premium rates have been billed for each of the plans at each of the member entities. *The source data for this was the actual billed rates as agreed upon and noted in the individual entities participation agreement with the SJVIA. Gallagher further verified that the actual rates billed equaled the previous premium rates adjusted by the SJVIA Board approved renewal action.*
- Claims – Confirm all claims (by year, by entity, by plan) during the review period to insure that eligible claims have been reported and paid. *The source for this data was Anthem Blue Cross for the Minimum Premium HMO and the Anthem PPO, Blue Shield of California and HealthNow Administrators for the City of Tulare and US Script for the prescription drug claims.*
- Stop Loss and Other Reimbursements –Confirm that reimbursements from the excess reinsurance carriers and other sources have been paid. *The source for this data was Anthem Blue Cross for Minimum Premium HMO charges in excess of $400,000 (non-capitated claims), HM Life and Benefitmall for PPO claims in excess of $450,000. Gallagher also verified Capitation refund amounts with Anthem Blue Cross as well as Rx rebates with US Script*.

Results of the review/audit:

The internal review conducted by Gallagher supported the accuracy, within reasonable limits, of the Plan Cost Summary used for the reporting and renewal functions. *This review is available for internal use and discussion only.*

Pertinent items to be discussed:

1. Reserves: The beginning reserve for the 2013 plan year (ending 2012) was calculated at $12.0 million. From the source data, ending and beginning reserves were calculated thereafter through 10/31/2015 (for the 2013, 2014 and 2015 plan years). As shown below, ending the 2014 plan year and going into the current year (2015), the beginning reserve was calculated to be $12.25 million, not including the approximate $1 million in the HMO reserve held by Anthem. Clearly, the 2015 plan year beginning reserve of $12.25 million was appropriate to support the renewal according to underwriting calculations and based upon past performance. The HMO plan has experienced unusually high claims during the 2015 year to date and as a result, the HMO reserves alone have been depleted from $1.5 million positive to $7.7 negative, a $9.2 million delta. The reserve calculation assumes all premiums are paid through October 2015.

Reserve Calculations: 01/01/2013 through 10/31/2015

		2012	2013	2014	2015 (thru 10/31)
Beginning	PPO	N/A	$5,964,118	$10,005,185	$10,689,372
Beginning	HMO	N/A	$6,038,546	$4,193,084	$1,558,568
Total Beginning		N/A	$12,002,664	$14,198,269	$12,247,940
Ending	PPO	$5,964,118	$10,005,185	$10,689,372	$10,456,083
Ending	HMO	$6,038,546	$4,193,084	$1,558,568	-$7,681,730
Total Ending		$12,002,664	$14,198,269	$12,247,940	$2,774,353

2. HMO claims activity in 2015: The SJVIA HMO is currently showing a deficit of $9,240,298 (Total Premium less Total Expenses) YTD for 2015. The County of Fresno is responsible for $6,538,573 and the County of Tulare is responsible for $1,427,489. Combined, the two Counties make up $8.0 million of the total $9.2 million shortfall. The claims during this time period have exceeded 2014 claims costs and 2015 claims projections. As an example, for the 2015 renewal projection, using the standard SJVIA approved renewal rating methodology, HMO claims for the 2015 calendar year were anticipated to be:
    - Capitation $276.05 Per Member Per Month
    - Non-Capitated Medical Claims $419.03 PEPM
    - Rx Claims $147.82 PEPM

    Using the above projections, the total projected claims through 10/31/2015 would be $40,868,849.

    The actual net HMO claims for the period 1/1/2015 – 9/30/2015 are:
    - Capitation $276.05 PEPM
    - Non-Capitated Medical Claims $479.15 PEPM
    - Rx Claims $198.49 PEPM

    Using the above net claims costs, the total claims through 10/31/2015 are $46,240,677. Claims through 10/31/2015 are $5,371,828 ***greater*** than projected.

    These claim cost components represent an increase over 2014 of 26.48% (Non-Capitated Medical Claims) and 29.57% (Rx Claims). One item of note, Gallagher has identified 92 claims over $50,000 (through 10/31/2015) in 2015. For comparison, in 2014 there were only 65 claims over $50,000. Gallagher is currently working with Anthem Blue Cross to identify the source and possible reasons for this increase in larger claims. Additionally, GBS is looking at the following:

    - HMO Claims Payment in Excess of Projections
    - Community Hospital Lab Charges
    - Cap on Rx Claims (result of ACA) and Specialty Drugs
    - Why the Rx has increased at such an alarming rate over trend

Renewal Projection and Pricing

Beginning in 2012, the SJVIA began to employ a shared-risk, blended renewal methodology. Prior to that time, the Fixed Cost Components of the SJVIA program were shared but the entities (County of Fresno and County of Tulare) developed rates and renewal action based on their individual claims experience.

Gallagher Benefit Services has conducted the renewal claims projection and proposed rate action underwriting since the inception of the SJVIA using actuarially verified guidelines. These guidelines have been discussed, reviewed and accepted by SJVIA staff and the SJVIA Board of Directors.

Beginning in 2012, for each shared-risk renewal, GBS first determines the upcoming year's anticipated total plan costs. These costs include both a Fixed Cost component and a Claims Projection.

Fixed Costs Components:

- *Administration Fee – the fee (on a Per Employee Per Month basis) for Anthem to administer the claims adjudication process. Includes the fee charged to access the Anthem Blue Cross network of providers to ensure that eligible charges are subject to the steepest discounts available. This network discount analysis was recently reevaluated and confirmed by the SJVIA during a review of responses to a Request for Proposals for network discount.*
- *Excess Re-Insurance Fee – The SJVIA has elected to purchase excess reinsurance to indemnify the Authority should an individual claim become excessive. The Authority purchases a policy that reimburses once a PPO claim reaches $450,000 and when an HMO claim reaches $400,000.*
- *ACA Fees*
- *Various Other Administrative Fees*

The Fixed Costs for the SJVIA, both as a dollar amount and as a percentage of total plan costs, are the lowest of any program currently in existence. For example, the Affordable Care Act sets a maximum of 15% of total plan costs attributable to administrative costs. The Fixed Costs for the SJVIA PPO have averaged between 8-9% while the HMO has averaged 11%.

Claims Projection:
Due to the size and makeup of the SJVIA covered population, actuaries consider the SJVIA claims experience to be 100% credible. That is, the current claims of this population will have a direct relationship to what the future claims will be. Each July, Gallagher reviews claims activity (most recent 12 or 18 months), adjusts for any excess reimbursement payments and applies an agreed upon and appropriate medical inflationary trend increase in order to project claims for the upcoming renewal period. This claims projection (on a Per Employee Per Month – PEPM basis) is calculated for both the PPO and HMO and shown in the final renewal ratified and accepted by the Board.
The following table demonstrates GBS's claims projection (developed 6 months prior to the start of the plan year) versus actual claims for each of the blended renewal years:

Plan Year	Plan	GBS Claims Projection	Actual Claims
2012	HMO	$674.55 PEPM	$706.20 PEPM
2012	PPO	$562.95 PEPM	$533.45 PEPM
2012	Combined	$628.50 PEPM	$629.83 PEPM
2013	HMO	$774.36 PEPM	$768.03 PEPM
2013	PPO	$611.23 PEPM	$544.29 PEPM
2013	Combined	$703.73 PEPM	$672.61 PEPM
2014	HMO	$820.51 PEPM	$802.49 PEPM
2014	PPO	$585.05 PEPM	$614.39 PEPM
2014	Combined	$721.99 PEPM	$720.68 PEPM
2015	HMO	$842.91 PEPM	$953.69 PEPM
2015	PPO	$657.02 PEPM	$691.21 PEPM
2015	Combined	$762.78 PEPM	$821.19 PEPM

The above table reveals two things:

1) *Gallagher has historically been very successful in projecting the claims for each of the plans.*
2) *The SJVIA HMO has experienced unpredictably high claims in plan year 2016*

Final Rating Action
Once the Fixed Costs are identified and the Claims are projected, Gallagher can anticipate total costs for the upcoming rating period. Using the enrollment from the final month of the claims measurement period, the SJVIA can determine what the appropriate rate action should be. Gallagher determines this rate action

individually for the PPO, individually for the HMO and finally on a "whole-case" basis for both plans combined. From 2012 through 2015, the direction from the Board of the SJVIA was to blend the PPO and HMO and have one rate action for all of the SJVIA benefit plans. Beginning with the 2016 SJVIA renewal, the Board elected to issue separate rate actions. The PPO will experience a 4.9% increase while the HMO will experience an 11.7% or 13.1% increase (depending on member entity). These bifurcated renewal increases are still partially blended to smooth the overall projected rate increase.

3. Kaiser Migration: At the January 1, 2015 renewal effective date, 433 Anthem plan participants migrated off the Anthem BC PPO (self-insured) and HMO (minimum premium) plans and moved to the Kaiser plan, a fully insured plan. The 2015 renewal had been projected and rates were set during the 2014 plan year using 2014 enrollment/experience and in advance of the 2015 open enrollment and without foreknowledge of how many employees would migrate to Kaiser.

   The consequence of this amount of migration can be summarized that 433 employees no longer paid premium into the SJVIA Anthem plans as of January 1, 2015, however runout claims were paid for the next several months on those employees who left in favor of Kaiser. Effectively no revenue would come in but claims money would flow out. The estimated runout claims that would have been paid directly from the reserve for medical and Rx claims are estimated at approximately $484,157. GBS has projected this cost by taking actual claims rates for Non-Capitated medical claims and Rx claims from calendar year 2014 (there is no need to include Capitated costs as they are no longer being charged) on a Per Member Per Month basis and (conservatively) anticipating 2 months of runout claims. This IBNR payment has had a direct impact on the total reserve balance.

   It is anticipated (per the open enrollment results for the County of Fresno) that > 400 more employees will be migrating to Kaiser effective 1/1/2016 which will have an additional impact to the reserve balance.

4. Timing of Accounts Receivables: The data that Gallagher uses in all of our reporting functions to the SJVIA (monthly claims reports, renewal projections and recommendations, etc) originates from various sources. Regardless of the source utilized, the assumption for Gallagher's reports is that all entities that have reported enrollment, the corresponding premium for that enrollment has been received by the SJVIA. For example, if the reports show that the County of Fresno had 4,000 employees covered in the month of January, GBS anticipates that the premium for those 4,000 January County of Fresno employees has been received by the SJVIA. If the premium for January is not received by SJVIA in January, then the cash on hand will not reflect that premium. It is technically still part of the assets of the SJVIA (as an account receivable) but it is not available as cash on hand as it has not yet been remitted.

   Since first notified by the SJVIA of the cash flow issue, Gallagher Benefit Services has been concerned about a disconnect related to the timing of the County of Fresno's premium contributions. It is Gallagher's understanding that the County of Fresno pays premiums 2 pay periods (4 weeks) in arrears (i.e. the County of Fresno pays premium for members covered for the month of July by August XX). This payment schedule will, by design, always present the potential for cash flow issues. The claims are paid by the SJVIA for covered members on a daily (or weekly) basis. If claims for County of Fresno members are paid in July, but premium is not received by the SJVIA for those members until August, the impact to cash flow is evident.

   The County of Fresno recently noted that they had "advanced" the SJVIA $1,000,000 towards their premium obligation. It is our understanding that this "advance" actually brings the County from 2 pay periods in arrears to 1.5 pay periods in arrears. The impact to cash flow is slightly mitigated by this *reduction in arrears, however the underlying issue remains. Until the County of Fresno pays for claims on their membership with premium for that month, this cash flow issue will continue.*

Gallagher understands that the City of Modesto has traditionally paid in arrears as well. The City of Modesto has the majority of its members covered by Kaiser and as such, would have very little impact to cash flow by paying in arrears. Additionally, the City of Modesto has recently notified the SJVIA that they will begin paying current premiums by the 10th of each month. This change in premium remittance will eliminate any cash flow issues with the City of Modesto for 2016 and beyond.

SJVIA Rate Action Since Inception

Below is a table showing the SJVIA rate action by year vs a consensus trend:

Year	*SJVIA Rate Action*	*Consensus Trend**	*Difference*
2012	*0%*	*8.5%*	
2013	*4.9%*	*7.5%*	*-35%*
2014	*5.3%*	*6.5%*	*-19%*
2015	*1.17%*	*6.8%*	*-83%*

**Consensus trend from PwC Health Research Institute*

Overall Plan Savings

In the first year of the SJVIA, the combined savings for the County of Fresno and the County of Tulare was in excess of $1.5 million over the fully-insured renewal offerings. Since then, if you were to apply the above consensus trend rate increases and compare that to the actual rate action for the SJVIA (see table below) the approximate total savings attributable to the Authority would be $6,494,872.

Renewal Year	2012 Claims PEPM	2012 Enrollment	2012 Total Claims Cost	2013 SJVIA Renewal	2013 Trend	*Savings over Trend*
2013	$629.83	98,193	$61,844,897	4.90% $64,875,297	7.50% $66,483,264	*$1,607,967*
Renewal Year	2013 Claims PEPM	2013 Enrollment	2013 Total Claims Cost	2014 SJVIA Renewal	2014 Trend	*Savings over Trend*
2014	$672.51	105,262	$70,789,748	5.30% $74,541,604	6.50% $75,391,081	*$849,477*
Renewal Year	2014 Claims PEPM	2014 Enrollment	2014 Total Claims Cost	2015 SJVIA Renewal	2015 Trend	*Savings over Trend*
2015	$720.68	109,848	$79,165,257	1.17% $80,511,066	6.80% $84,548,494	*$4,037,428*
			Total	$219,927,967	$226,422,840	*$6,494,872*

Conclusion:

As a result of the above review, Gallagher is confident in the methodology used and the reserves identified at any given point in time (all premiums received, for all eligible employees enrolled, less all fixed costs for all eligible employees enrolled, less all claims paid for all eligible employees enrolled).

By definition, the cash on hand at any point in time will fluctuate (sometime greatly based on claims activity and the timing of premium receivables) and may never equal exactly the amount calculated by Gallagher as reserves. To the extent that the claims activity mirrors the claims projections and all entities are paid current in their premiums, there would be no cause for concern relating to cash on hand. However, if claims begin spiking (as they have) and some entities are paying premiums in arrears (as they are) then cash on hand will diminish. If this trend continues, the potential for exhaustion of the claims reserve becomes very real.

Gallagher Recommendations:

- Gallagher recommends the SJVIA staff work with all entities to insure timely premium payments. As identified above, the formula for determining reserves (as well as impacting cash on hand) requires that all premiums be paid in a timely manner. Fixed costs and claims are being paid on those members and if premium has not been collected that will contribute any cash on hand discrepancy. It is Gallagher's belief that two entities currently are responsible for approximately $3.2 million in premium arrears (premium due but not yet received by SJVIA). Had this premium been paid timely it would have completely mitigated the recent "Line of Credit" issue facing the County of Fresno (and SJVIA).

- During our review, Gallagher validated all enrollment eligibility, all premium amounts, all claims payments and all excess reimbursements for accuracy. Since Gallagher does handle any of the below functions, we would recommend that the staff of the SJVIA review the following:
    - Billing
        - Eligibility by entity by plan – did the SJVIA bill the correct number of employees for each plan offered by each entity?
        - Premium billed by entity by plan - did the SJVIA bill the correct premium (by tier) for each plan offered by each entity?
        - Premium received by entity – Has the SJVIA received all premiums due for each plan offered by each entity?
            - If the SJVIA is in arrears, which entity(s) are late in paying? What is the total amount still due the SJVIA for those covered employees?
    - Payments
        - Fixed costs by entity - has the SJVIA paid all fixed costs due by entity?
            - If the SJVIA has paid out fixed costs for an entity but not yet received premium for that entity, cash on hand will be affected.
        - Claims reconciliation - has the SJVIA reconciled the amount of ACH (and check payment) transfers from the claims fund against the Gallagher verified amounts?
        - Excess Reinsurance/Rx rebate reimbursements – has the SJVIA received and accounted for all reimbursements (Stop Loss, HMO Pooling, HMO Capitation and Rx Rebates)?

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016-10:00 AM

AGENDA DATE:	April 29, 2016
ITEM NUMBER:	13
SUBJECT:	Report on Administrative Services Costs and Staffing
REQUEST(S):	That the Board receive this informational report

DESCRIPTION:

At various times in the history of the SJVIA, staff have presented updates and options as it relates to the administration of the SJVIA. Most recently, on April 10, 2015, staff presented an informational report that summarized administrative costs. At recent meetings there was discussion of the annual budget and need for disclosure and understanding of the full costs for administration of the SJVIA. The administration of the SJVIA is handled in three distinct categories:

- County of Fresno and Tulare Staff Time
- Gallagher Benefit Services (Contracted)
- Chimienti & Associates (Contracted)

County of Fresno & Tulare Staff

These services are paid from a line item in health premiums amounting to $2.00 per employee per month (PEPM) for County of Fresno and Tulare, and $4.00 PEPM for all other SJVIA entities (includes $2.00 PEPM non-founding member fee), and amounting to $398,100 in the FY 15-16 budget. County of Fresno & Tulare staff time is divided into the following categories:

✓ **SJVIA Manager & Assistant Manager**
  - The Manager and Assistant Manager represented by the Director of Human Resources at County of Tulare and Director of Personnel Services at County of Fresno.

- Duties are governed by the SJVIA JPA Agreement, Article 10(1)(2) and include administration and oversight of the business of the SJVIA.

✓ **SJVIA Day-to-Day Activities**

- Represented primarily by a Senior Personnel Analyst and Personnel Technician at County of Fresno and Employee/Employer Benefit & Wellness Manager at County of Tulare.
- Duties are referenced in the SJVIA JPA Agreement, Article 10(c) and consist of all contract administration, website maintenance, Clerk to the Board activities, coordination of FPPC compliance, SJVIA insurance, biweekly/monthly payment transmittals, daily/weekly/monthly claims review/approval in coordination with Auditor-Treasurer and many other weekly activities.

✓ **SJVIA Auditor-Treasurer Activities**

- Represented by the Auditor-Controller/Treasurer-Tax Collector, Accounting-Financial Division Chief and Accountants at the County of Fresno.
- Duties are referenced in the SJVIA JPA Agreement, Article 10(3) and Article 12 summarizing responsibilities over accounts and records.

✓ **SJVIA Counsel**

- Represented by Deputy County Counsel staff from both County of Fresno and Tulare.
- Although the SJVIA secured the services of an outside firm a few years ago, all services have been through County Counsel of both founding County agencies. Their familiarity with public sector entities, JPAs and Brown Act compliance has been very helpful.

Gallagher Benefit Services (GBS)

These services are paid from a line item in health premiums amounting to $3.75 per employee per month and amounting to $559,256 in the FY 15-16 budget. Although GBS serves as a “consultant” to the SJVIA, they provide many services that contribute to the administration of the SJVIA. Their services are summarized well in the GBS Agreement, Exhibit A where they are categorized into activities such as strategic planning, financial monitoring and reporting, renewal services, renewal rate setting, vendor management, compliance services, member agency support services, program marketing and promotion and day-to-day program management.

Chimienti & Associates

These services are paid from a line item in health premiums amounting to $5.20 per employee per month and amounting to $788,861 in the FY 15-16 budget. Chimienti & Associates handles a variety of services, summarized in the Chimienti Agreement, Exhibit A, that are critical to the SJVIA such as use of the Admin Direct eligibility/billing system. This system is used by many entities for Open Enrollment elections and the biweekly/monthly eligibility feeds from all entities and then sent to all health vendors. The tools available in this system help ensure that the SJVIA only pays for eligible participants and maintains "clean" eligibility. There are additional services exclusive to some participating entities. For example, the County of Tulare has additional voluntary benefit and Open Enrollment services and the County of Fresno uses subcontractor Administrative Services Incorporated for all direct bill participants (COBRA, FMLA, Retirees).

Alternatives to SJVIA Services

The SJVIA has at various times considered whether it would be appropriate to hire full-time staff dedicated to the SJVIA and reviewed the administrative cost of the existing entity (May 6, 2011, February 21, 2014, April 10, 2015). Staff has recommended that this be reviewed at least once each year as the SJVIA experienced growth. As the agenda item in February 2014 referenced, there are additional mandated cost of becoming an employer rather than charging a County or contracting for the services. However, recent events highlight the need for *full-time* dedicated staff to the SJVIA at some point in the near future. The current model requires the sharing of duties by County of Fresno/Tulare staff at the Executive and Treasurer level. The volume, complexity and importance of these duties require a great deal of time and resources. For example, some entities of this size would have an Executive Director and may have support staff. CSAC-EIA's EIA Health program, has a full-time dedicated "Employee Benefits Manager" and 1 support staff. However, they are also part of the CSAC-EIA organization as the Employer who provide the framework and background for staff to operate within.

There are advantages in utilizing County staff who are knowledgeable of public agency requirements, benefits services, and acceptable governmental practices. However, although the current structure has some advantages in the familiarity with the largest founding entities and the governing Board, staff recommends that this issue be revisited as the SJVIA financial outlook improves. This review will also consider the advantages/disadvantages of contracting out for some services (administration, accounting, legal) with the input of current staff. Further examination of staffing services needs to be completed before a recommendation(s) related to any change in current arrangements for administrative services is brought back to the SJVIA board.

FISCAL IMPACT/FINANCING:

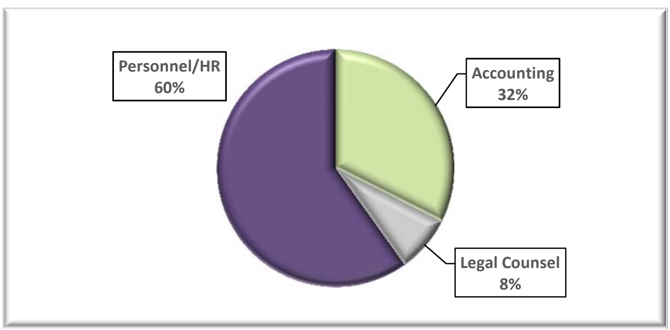
As noted above, SJVIA has reimbursed for services provided by the County of Fresno and Tulare. The amount invoiced as of April 22, 2016 is $330,644.63 as illustrated in the attached Administrative Cost Report. The SJVIA budgeted $398,100 in FY 2015-16 for administration. Due to the need to review issues relating to cash flow and claims examination on a concentrated basis this year, administrative costs may exceed the line item budget. An actuarial review by Aon Hewitt on rate development, reserve adequacy and fund projections was an additional cost in FY 2015-16 of $25,000.

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom	Paul Nerland
Rhonda Sjostrom SJVIA Manager	Paul Nerland SJVIA Assistant Manager

Administrative Cost Report
Invoice Dates July 1, 2015 through April 22, 2016

Payee	Description	Invoice Number	Invoice Date		Amount	Date Paid
ACTTC	Accounting Services, PPE 6/21, 7/5 & 7/19/15	916	8/17/2015	$	8,551.13	9/11/2015
ACTTC	Accounting Services, PPEs 8/2, 8/16 & 8/30/15	929	9/17/2015	$	12,342.46	4/1/2016
ACTTC	Accounting Services, PPEs 9/3 & 9/27/15	942	10/27/2015	$	9,852.28	4/1/2016
ACTTC	Accounting Services, PPEs 10/11 & 10/25/15	954	11/30/2015	$	15,576.53	4/15/2016
ACTTC	Accounting Services, PPEs 11/8 & 11/22/15	959	12/14/2015	$	10,911.52	4/15/2016
ACTTC	Accounting Services, PPEs 12/6 & 12/20/15	970	1/6/2016	$	10,794.14	4/15/2016
ACTTC	Accounting Services, PPEs 1/3, 1/17 & 1/31/16	989	2/25/2016	$	15,504.00	4/15/2016
ACTTC	Accounting Services, PPEs 2/14 & 2/28/16	999	3/28/2016	$	12,135.84	4/15/2016
ACTTC	Accounting Services, PPEs 3/13 & 3/27/16	1003	4/8/2016	$	11,555.45	4/15/2016
Fresno County Counsel	Professional Services for 6/22-6/30/15, 7/6-7/19/15	24, 26	7/31/2015	$	546.97	8/4/2015
Fresno County Counsel	Professional Services for 7/20-8/16/15	1	8/25/2015	$	255.30	9/2/2015
Fresno County Counsel	Professional Services for 8/17-9/13/15	2	9/18/2015	$	778.47	1/20/2016
Fresno County Counsel	Professional Services for 9/14-10/11/15	3	10/22/2015	$	992.54	4/11/2016
Fresno County Counsel	Professional Services for 10/12-11/8/15	4	11/13/2015	$	4,936.99	4/11/2016
Fresno County Counsel	Professional Services for 11/9/15-12/6/15	5	12/14/2015	$	3,643.73	4/11/2016
Fresno County Counsel	Professional Services for 12/7/15-1/1/16	6	1/15/2016	$	1,525.00	4/11/2016
Fresno County Counsel	Professional Services for 1/4/16-1/31/16	7	2/12/2016	$	1,681.13	4/11/2016
Fresno County Counsel	Professional Services for PPEs 2/1/16-2/28/16	8	3/7/2016	$	1,817.34	4/11/2016
Fresno County Counsel	Professional Services for 2/29/16-3/27/16	9	4/7/2016	$	2,863.28	4/12/2016
Fresno County Personnel	SJVIA Labor Billing PPEs 6/21/15 to 8/2/15	SJVIA-1601	8/13/2015	$	46,807.28	8/17/2015
Fresno County Personnel	SJVIA Labor Billing PPEs 8/16-9/13/15	SJVIA-1602	9/30/2015	$	18,212.75	2/16/2016
Fresno County Personnel	SJVIA Labor Billing PPEs 9/27-10/25/15	SJVIA-1603	11/3/2015	$	33,010.53	2/16/2016
Fresno County Personnel	SJVIA Labor Billing PPEs 11/8-12/6/15	SJVIA-1604	12/16/2015	$	21,403.93	2/16/2016
Fresno County Personnel	SJVIA Labor Billing PPEs 12/20/15-1/17/16	SJVIA-1605	1/26/2016	$	18,309.46	2/16/2016
Fresno County Personnel	SJVIA Labor Billing PPE 1/31/16	SJVIA-1606	2/9/2016	$	6,253.89	2/16/2016
Fresno County Personnel	SJVIA Labor Billing PPEs 2/14-3/13/16	SJVIA-1607	3/24/2016	$	23,181.02	4/5/2016
Tulare County Counsel	Legal Services 4/13/15-6/25/15	SJVIA2015(e)	8/13/2015	$	834.10	8/17/2015
Tulare County Counsel	Legal Services 10/1/15-12/31/15	SJVIA-2016(b)	1/15/2016	$	2,691.80	4/11/2016
Tulare County Counsel	Legal Services 7/1/15-9/30/15	SJVIA2016(a)	11/13/2015	$	840.00	
Tulare County Counsel	Legal Services 1/1/16-3/31/16	SJVIA2016(c)	4/13/2016	$	2,007.80	
Tulare County Human Resources	SJVIA Billing 6/28/15-10/3/15	SJVIA007	10/5/2015	$	6,720.30	10/8/2015
Tulare County Human Resources	SJVIA Billing 10/4/15-12/26/15	SJVIA008	4/14/2016	$	11,389.81	4/22/2016
Tulare County Human Resources	SJVIA Billing 12/27/15-4/2/16	SJVIA009	4/19/2016	$	12,717.86	4/22/2016



Accounting	$107,223.35
Legal Counsel	$25,414.45
Personnel/HR	$198,006.83

TOTAL:	$	330,644.63

SJVIA
San Joaquin Valley Insurance Authority

Meeting Location:
Tulare County Employees' Retirement Association Board Chambers
136 N Akers St
Visalia, CA 93291
April 29, 2016 10:00 AM

AGENDA DATE:	April 29, 2016
ITEM NUMBER:	Item 14
SUBJECT:	Report on Wellness and Prevention Activities (I)
REQUEST(S):	That the Board Receive and File the Report on Recent and Upcoming Wellness Activities

DESCRIPTION:

The annual SJVIA Walking Works challenge is scheduled to be held the week of May 9th and is in the planning stages. A kick off call with all of the participating entities was held on April 8, 2016. A total of 23 SJVIA entities will be participating in the challenge this year with a targeted participation of over 7,000 employees. In 2015, approximately 3,422 employees participated in the challenge. Employees will receive a free pedometer to track their steps. Anthem Blue Cross again donated 7,500 pedometers and over 117 prizes to be awarded to participants through a raffle. The prizes consist of Fit Bits, gift cards to Dick's Sporting Goods Store, Foot Locker, and Subway. Other prizes were donated by SJVIA vendors and will be distributed to all of the participating entities.

Mobile mammography screenings were conducted at the County of Tulare and the County of Fresno in March and April respectively. The County of Tulare screenings resulted in 179 participants with 166 of those considered normal and 13 screenings flagged as abnormal and follow-up was recommended. The County of Fresno screenings resulted in 168 participants. The final outcome report is not yet available. Overall, there was a decrease of screenings performed in comparison to 2015; County of Tulare had 190 and County of Fresno had 168. Nevertheless, this is still an important cause and a preventive measure for early detection. The cost of an onsite mammography screening is $95 versus the average of $300 if performed by a healthcare provider.

As approved by your Board at the November 7, 2014 meeting, SJVIA health plan members were eligible to earn incentives by engaging in the SJVIA wellness program. A $50 incentive was paid to members that participated in the onsite biometric health screenings and completed the online Member Health Assessment. This incentive was paid in June and July 2015. In addition to the previously mentioned $50 incentive, SJVIA members were eligible for an additional $50 incentive for engaging in wellness activities throughout the year and reaching 200 points by December 31, 2015. Points were earned by participating in health screenings, Employer Challenges, Online Courses, Webinars, and Health Questionnaires, Healthy Events like the Health Fair or Weight Watchers, and many more. Members were required to login to the Viverae (former SJVIA wellness vendor) Employee Portal to record their activities and earn the points. Earlier this year, a total of 642 members received a $50 incentive for reaching 200 points in 2015.

Lastly, the County of Tulare implemented a two-year wellness pilot program in 2014 and 2015. The pilot program included an incentive for participating in biometric screenings and improving health results in a period of 12-months. The incentive for 2015 is dependent on the results of the biometric screening that should have taken place in early 2016. As of this date, biometric screenings have not been scheduled and thus affecting the final payout for the County of Tulare's two-year pilot program. If SJVIA will not be sponsoring onsite biometric screenings, then Tulare County members will be directed to have screenings performed by their regular primary care physicians and costs will be processed through the SJVIA health claims. Staff will be looking for direction from your Board on the wellness program going forward.

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:

Rhonda Sjostrom

Rhonda Sjostrom
SJVIA Manager

Paul Nerland

Paul Nerland
SJVIA Assistant Manager