

# AGENDA

## BOARD OF DIRECTORS

ANDREAS BORGEAS  
JUDITH CASE MCNAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POOCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014 9:00 AM**

1. Call to Order
2. Roll Call and Election of President and Vice President of the SJVIA Board of Directors (A)
3. Approval of Agenda
4. Public Comment: At this time, members of the public may comment on any item, within the jurisdiction of the SJVIA, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less. Anyone wishing to be placed on the agenda for a specific topic should contact the SJVIA Manager's Office and submit correspondence at least 14 days before the desired date of appearance.
5. Approval of Minutes – Board Meeting of November 1, 2013 (A)
6. Receive and File Quarterly Financial Report (I)
7. Receive and File 2011-12 Audited Financial Statements (I)
8. Receive and File Results of the GASB 10 Study (I)
9. Approve Revised 2013-14 Fiscal Year Budget (A)
10. Discussion and Direction for Staff and Administration of the SJVIA (A)
11. Receive and File Executive Claims Summary through December 2013 (I)

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12. Receive and File Report from US Script for Prescription Benefit Plan (I)
13. Discussion and Direction for Efficient Use of Wellness Funds and Incentivizing Participation(A)
14. Direction on SJVIA Wellness Strategy for 2015 (A)
15. Approval of the Inclusion of Post 65 Retirees under Kaiser Contract (A)
16. Adjournment

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# MINUTES

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1111 H Street  
Fresno, CA 93721  
November 1, 2013  
9:00 AM**

1. Call to Order

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

2. Roll Call

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

3. Approval of Agenda

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

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

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

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

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

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### 6. SJVIA Staff Change

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

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

### 7. Required Timing for Claim Payments (I)

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

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

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

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

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

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

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

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

9. Approve Proposed 2014 Board Meeting Calendar (A)

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

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# MINUTES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 13. Minimum Employee Count for SJVIA Participation (A)

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

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

### 14. Directors Reports (I)

There were no reports.

### 15. Adjournment

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

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# SJVIA

San Joaquin Valley  
Insurance Authority

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9:00 AM

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 6

**SUBJECT:** Quarterly SJVIA Financial Update

**REQUEST(S):** That the Board receives the Financial Update through 2nd Quarter,  
2013-14

**DESCRIPTION:** Informational Item. Please see attached report.

**FISCAL IMPACT/FINANCING:** None.

**ADMINISTRATIVE SIGN-OFF:**

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 REVENUES & EXPENSES**  
**FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2013**

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
<b>REVENUE</b>								
<b>TOTAL REVENUE</b>	<b>\$22,091,525</b>	<b>\$21,863,746</b>	<b>(\$227,779)</b>	<b>(1%)</b>	<b>\$44,183,051</b>	<b>\$42,960,821</b>	<b>(\$1,222,230)</b>	<b>(3%)</b>
<b>EXPENSES: Fixed</b>								
1 Specific & Aggregate Stop Loss Insurance (PPO)	159,947	144,369	15,578	10%	319,893	283,583	36,310	11%
2 Anthem ASO Administration & Network Fees (PPO)	319,666	322,249	(2,583)	(1%)	639,331	633,296	6,035	1%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	173,433	173,906	(473)	(0%)	346,866	331,113	15,753	5%
4 GBS Consulting	103,800	111,167	(7,367)	(7%)	207,600	212,067	(4,467)	(2%)
5 SJVIA Administration	91,604	132,054	(40,450)	(44%)	183,208	161,640	21,568	12%
6 Wellness	66,705	17,005	49,700	75%	133,410	23,050	110,360	83%
7 Communications	13,341	0	13,341	100%	26,682	766	25,916	97%
8 Anthem HMO Pooling	334,742	357,438	(22,696)	(7%)	669,485	665,717	3,768	1%
9 Anthem HMO Administration/Retention	589,511	615,187	(25,676)	(4%)	1,179,021	1,149,085	29,936	3%
<b>TOTAL FIXED EXPENSES</b>	<b>1,852,749</b>	<b>1,873,375</b>	<b>(20,626)</b>	<b>(1%)</b>	<b>3,705,496</b>	<b>3,460,317</b>	<b>245,179</b>	<b>7%</b>
<b>EXPENSES: Claims</b>								
10 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	14,791,874	14,181,529	610,345	4%	29,583,747	28,867,417	716,330	2%
11 Anthem MMP HMO Capitation	4,042,085	4,226,648	(184,563)	(5%)	8,084,170	7,891,142	193,028	2%
<b>TOTAL CLAIMS EXPENSES</b>	<b>18,833,959</b>	<b>18,408,177</b>	<b>425,782</b>	<b>2%</b>	<b>37,667,917</b>	<b>36,758,559</b>	<b>909,358</b>	<b>2%</b>
<b>EXPENSES: Premiums</b>								
12 Delta Dental	1,306,578	1,428,745	(122,167)	(9%)	2,613,156	2,743,294	(130,138)	(5%)
13 Vision Service Plan	219,431	243,494	(24,063)	(11%)	438,861	462,663	(23,802)	(5%)
<b>TOTAL PREMIUM EXPENSES</b>	<b>1,526,009</b>	<b>1,672,239</b>	<b>(146,230)</b>	<b>(10%)</b>	<b>3,052,017</b>	<b>3,205,957</b>	<b>(153,940)</b>	<b>(5%)</b>
<b>TOTAL EXPENSES</b>	<b>22,212,717</b>	<b>21,953,791</b>	<b>258,926</b>	<b>1%</b>	<b>44,425,430</b>	<b>43,424,833</b>	<b>1,000,597</b>	<b>2%</b>
14 Reserve Deficit	(121,192)	(90,045)	31,147	26%	(242,379)	(464,012)	(221,633)	(91%)
<b>COMBINED EXPENSES &amp; RESERVES</b>	<b>\$22,091,525</b>	<b>\$21,863,746</b>	<b>(\$227,779)</b>	<b>(1%)</b>	<b>\$44,183,051</b>	<b>\$42,960,821</b>	<b>(\$1,222,230)</b>	<b>(3%)</b>

\*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.

# SAN JOAQUIN VALLEY INSURANCE AUTHORITY

## ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - REVENUES & EXPENSES FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2013

	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)
<b><u>FY13-14</u></b>						
<b>Revenue**</b>	<b>\$56,386</b>	<b>\$67,483</b>	<b>\$13,097</b>	<b>\$111,664</b>	<b>\$131,942</b>	<b>\$25,181</b>
<b>Expenses:</b>						
Auditor-Treasurer Services	68,133			68,133		
County Counsel Services	3,429			4,129		
Personnel Services	19,072			19,072		
Membership Fees						
Insurance (Liability, Bond, Etc)	30,292			49,662		
Audit Fees	7,000			7,925		
Bank Service Fees	4,128			8,131		
Excise Tax				4,588		
Wellness		17,005			23,050	
Communications						766
<b>Total Expenses</b>	<b>132,054</b>	<b>17,005</b>		<b>161,640</b>	<b>23,050</b>	<b>766</b>
<b>Administration, Wellness &amp; Communications Deficit/Surplus</b>	<b>(\$75,668)</b>	<b>\$50,478</b>	<b>\$13,097</b>	<b>(\$49,976)</b>	<b>\$108,892</b>	<b>\$24,415</b>

\*Total expenses for each column correspond to the line number shown on the "ACTUALS VS. BUDGETED REVENUES & EXPENSES" report.

\*\*Revenue consists of fees collected from enrollees at the following rates per employee per month: \$4.00 for administration(\$2.00 for SJVIA administration fees & \$2.00 for non-founding member fees), \$2.50 for wellness fees & \$.50 for communications fees.

**SJVIA**  
Schedule of Cash Flow by Month  
For the Six Months Ended December 31, 2013

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
<b>BEGINNING CASH BALANCES:</b>							
Claims Funding Account-844535294	\$551,069	\$369,448	\$784,967	\$524,872	\$423,437	\$629,363	\$551,069
Fixed Cost Account-844535120	322,321	613,622	304,292	349,020	34,572	332,421	322,321
Claims Reserve Account-428255819	4,266,377	4,832,847	3,333,752	3,907,007	2,571,442	3,529,897	4,266,377
<b>Total Beginning Balances</b>	<b>5,139,767</b>	<b>5,815,917</b>	<b>4,423,011</b>	<b>4,780,899</b>	<b>3,029,451</b>	<b>4,491,681</b>	<b>5,139,767</b>
<b>RECEIPTS:</b>							
Claims Funding Account-844535294	2,673,807	4,395,424	3,273,144	3,696,488	3,513,644	3,702,300	21,254,807
Fixed Cost Account-844535120	2,244,415	2,348,918	2,300,236	3,425,918	3,067,577	2,320,277	15,707,341
Claims Reserve Account-428255819	4,916,508	4,427,610	5,206,785	4,900,900	5,328,350	5,626,514	30,406,667
<b>TOTAL RECEIPTS</b>	<b>9,834,730</b>	<b>11,171,952</b>	<b>10,780,165</b>	<b>12,023,306</b>	<b>11,909,571</b>	<b>11,649,091</b>	<b>67,368,815</b>
<b>DISBURSEMENTS:</b>							
Claims Funding Account-844535294	2,855,428	3,979,905	3,533,239	3,797,923	3,307,718	3,762,344	21,236,557
Fixed Cost Account-844535120	1,953,114	2,658,248	2,255,508	3,740,366	2,769,728	2,316,333	15,693,297
Claims Reserve Account-428255819	4,350,038	5,926,705	4,633,530	6,236,465	4,369,895	5,183,971	30,700,604
<b>TOTAL DISBURSEMENTS</b>	<b>9,158,580</b>	<b>12,564,858</b>	<b>10,422,277</b>	<b>13,774,754</b>	<b>10,447,341</b>	<b>11,262,648</b>	<b>67,630,458</b>
<b>ENDING CASH BALANCES:</b>							
Claims Funding Account-844535294	369,448	784,967	524,872	423,437	629,363	569,319	569,319
Fixed Cost Account-844535120	613,622	304,292	349,020	34,572	332,421	336,365	336,365
Claims Reserve Account-428255819	4,832,847	3,333,752	3,907,007	2,571,442	3,529,897	3,972,440	3,972,440
<b>Total Ending Balances</b>	<b>\$5,815,917</b>	<b>\$4,423,011</b>	<b>\$4,780,899</b>	<b>\$3,029,451</b>	<b>\$4,491,681</b>	<b>\$4,878,124</b>	<b>\$4,878,124</b>
<b>Investments:</b>							
<b>Total Ending Balances</b>	<b>\$5,027,974</b>	<b>\$5,027,974</b>	<b>\$5,039,948</b>	<b>\$5,039,948</b>	<b>\$5,039,948</b>	<b>\$5,053,890</b>	<b>\$5,053,890</b>

The SJVIA invested \$5 million into the County of Tulare pool on December 21, 2012. These funds were moved from the JP Morgan Chase "Claims Reserve Account". The yield earned for the quarter ended 12/31/13 was 1.10% with quarterly earnings of \$13,942.

## 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 **Anthem ASO Administration & Network Fees (PPO):**

ASO is "Administrative Services Only". This definition includes Anthem Blue Cross administration fees and includes access fees to use the Blue Cross network of providers. This is the administration fee for the PPO plan(s), not the HMO plan.

### 3 **Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)**

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 non-Kaiser business.

### 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**

This rate category is for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

### 6 **Wellness**

This rate category is 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 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**

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

### 10 **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).

### 11 **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.

### 12 **Delta Dental**

Premium for entities covered under the SJVIA Delta Dental program.

### 13 **Vision Service Plan**

Premium for entities covered under the SJVIA VSP Vision program.

### 14 **Reserve Surplus/Deficit**

Projected excess revenue over projected claims, premiums and fixed costs.



# SJVIA

San Joaquin Valley  
Insurance Authority

## BOARD OF DIRECTORS

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

Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014  
9:00 AM

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 7

**SUBJECT:** 2011-12 audited financial statements

**REQUEST(S):** That the Board receive and file the 2011-12 audited financial statements.

**DESCRIPTION:** Pursuant to Government Code Section 6505, the Authority shall either make or contract with a certified public accountant to make an annual fiscal year audit of all accounts and records of the Authority. Accordingly, the 2011-12 audited financial statements will be presented by the auditors, Price, Paige & Company.

**FISCAL IMPACT/FINANCING:** None

**ADMINISTRATIVE SIGN-OFF:**

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, 2012**

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**JUNE 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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

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, 2012, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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 for 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Joaquin Valley Insurance Authority, as of June 30, 2012, and the respective changes in financial position, and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2014, 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* and should be considered in assessing the results of our audit.

677 Scott Avenue  
Clovis, CA 93612

tel 559.299.9540

fax 559.299.2344

Management has not presented management's discussion and analysis that governmental 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 pages 19 and 20 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.

*Price Pange & Company*

Clovis, California  
February 12, 2014

## BASIC FINANCIAL STATEMENTS

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 8,922,139
Due from other governmental units	3,650,182
Other receivable	249,031
Prepaid expenses	<u>17,422</u>

Total current assets 12,838,774

Noncurrent Assets:

Deposits receivable	<u>710,187</u>
---------------------	----------------

Total noncurrent assets 710,187

Total assets 13,548,961

**LIABILITIES**

Current Liabilities:

Accounts payable	1,733,709
Due to other governmental units	30,249
Unpaid claims and claims adjustment expenses	<u>6,000,009</u>

Total current liabilities 7,763,967

Noncurrent Liabilities:

Due to other governmental units	884,432
Unpaid claims and claims adjustment expenses	<u>82,867</u>

Total noncurrent liabilities 967,299

Total liabilities 8,731,266

**NET ASSETS**

Unrestricted	<u>4,817,695</u>
--------------	------------------

Total net assets \$ 4,817,695

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 FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Operating Revenues:	
Member contributions	\$ 37,177,277
Claims servicing revenue	<u>814,287</u>
Total operating revenues	<u>37,991,564</u>
Operating Expenses:	
Claims and claims adjustment expenses	29,984,544
Insurance expense	953,519
Administrative expenses	<u>2,855,650</u>
Total operating expenses	<u>33,793,713</u>
Change in net assets	4,197,851
Net assets, beginning of year	704,303
Prior period adjustment	<u>(84,459)</u>
Net assets, beginning of year - as restated	<u>619,844</u>
Net assets, end of year	<u>\$ 4,817,695</u>

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, 2012**

Cash flows from operating activities:	
Cash received from members	\$ 34,235,397
Cash paid to vendors	(2,290,566)
Cash paid for claims	<u>(23,600,237)</u>
Net cash provided by (used in) operating activities	<u>8,344,594</u>
Net increase (decrease) in cash and cash equivalents	8,344,594
Cash and cash equivalents - beginning	<u>577,545</u>
Cash and cash equivalents - ending	<u>\$ 8,922,139</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>	
Operating income (loss)	\$ 4,197,851
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Prior period adjustments	(84,459)
(Increase) decrease in due from other governmental units	(3,508,163)
(Increase) decrease in other receivables	(248,004)
(Increase) decrease in deposits receivable	(710,187)
(Increase) decrease in prepaid expenses	(17,422)
(Increase) decrease in amount due from pool participants	96,937
Increase (decrease) in accounts payable	1,620,484
Increase (decrease) in due to other governmental units	914,681
Increase (decrease) in unpaid claims & claims adjustment expenses	<u>6,082,876</u>
Total adjustments	<u>4,146,743</u>
Net cash provided by (used in) operating activities	<u>\$ 8,344,594</u>

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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 elects from its membership a President and Vice President 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 effective January 1, 2012. The result is the claims experience of all member entities is pooled and risk is shared among all members. The County of Fresno and the County of Tulare have transferred their reserve funding for incurred but not reported (IBNR) claims to the Authority. As of January 1, 2012, the Authority has assumed all risk for incurred claims.

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.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting**

Pursuant to Governmental Accounting Standards Board (GASB) Standard No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989, are applied to proprietary operations unless they conflict with GASB pronouncements. The Authority has elected not to apply FASB statements issued subsequent to November 30, 1989.

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 Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, 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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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 claims servicing fees. 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.

**C. Basis of Presentation**

GASB Statement No. 10 states that public entity risk pools that do not transfer or pool risk among participants are acting as claims servicers and not insurers. From July 1, 2011 to December 31, 2011, the Authority was acting as a claim servicers. Accordingly, operating statements of these pools should report claims servicing revenue and administrative costs. Amounts collected or due from pool participants and paid to settle claims should be reported as a net asset or liability on an accrual basis from January 1, 2012 to June 30, 2013 since the Authority was acting as an insurer, not a claim servicer. Accordingly, operating statements should report member contributions as well as claims and administrative expenses.

**D. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Authority considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include three bank accounts with the JPMorgan Chase Bank.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets (Continued)**

**2. 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.

**3. 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, 2012 is \$710,187.

**4. Member Contributions**

Each member is assessed a premium which intended to cover SJVIA's claims, operating costs and claim expenses 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 on the period covered by the premiums.

The Authority moved from a claims-servicing pool to a risk-sharing pool effective January 1, 2012. As the result, the County of Fresno and the County of Tulare have transferred \$4,748,762 and \$2,000,361 reserve funding for incurred but not reported (IBNR) claims to the Authority, respectively.

**5. 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 \$1,733,709 as of June 30, 2012, is related to certain contract services and payments for eligibility administration and consulting fees.

**6. 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, 2012 is \$884,432.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets (Continued)**

**7. 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.

**8. 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 2012 were \$953,519, and the amounts recovered from reinsurers during fiscal year 2012 were \$249,031.

**9. Net Assets**

Net assets are reported in three categories as follows:

*Invested in capital assets, net of related debt* – 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 is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**10. 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.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. New Pronouncements**

**1. New Accounting Pronouncements Adopted**

***Governmental Accounting Standards Board Statement No. 64***

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement sets forth criteria to establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2012. This statement did not have a significant impact on the Authority's financial statements.

**2. New Accounting Pronouncements Not Yet 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 provisions of this Statement are not expected to be applicable to the Authority.

***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. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2013.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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. 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.

***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. Application of this Statement is effective for the Authority's fiscal year ending June 30, 2013.

***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.



**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Summary of Deposits**

Cash and cash equivalents as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 8,922,139</u>
Total cash and cash equivalents	<u>\$ 8,922,139</u>

Cash and cash equivalents as of June 30, 2012 consist of the following:

Deposits with financial institutions	<u>\$ 8,922,139</u>
Total cash and cash equivalents	<u>\$ 8,922,139</u>

**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. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, 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 \$3,650,182 as of June 30, 2012 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, 2012, all of the due from other governmental units are considered by management to be collectible. Therefore, no allowance for doubtful accounts has been recognized.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4 – 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, 2012:

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

Unpaid claims and claim adjustment expenses at beginning of year	\$	-
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year		29,984,544
Increases in provision for insured events of prior years		<u>-</u>
Total incurred claims and claim adjustment expense		<u>29,984,544</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year		23,901,668
Claims and claim adjustment expenses attributable to insured events of prior years		<u>-</u>
Total payment		<u>23,901,668</u>
Total unpaid claims and claim adjustment expenses at end of the year	\$	<u>6,082,876</u>

**NOTE 5 – PRIOR PERIOD ADJUSTMENTS**

During the current year, it was determined that \$84,459 in expenses were not recorded in the prior year. To correct this error, beginning net assets were decreased by this amount.

**NOTE 6 – 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 7 – 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, 2012, the Authority carried insurance through various commercial carriers all risks of losses. No settlements have exceeded coverage levels in place during fiscal year 2012.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 7 – RISK MANAGEMENT (Continued)**

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

<u>Coverage Type</u>	<u>Description</u>	<u>Limit</u>	<u>Deductible</u>
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	\$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, 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 8 – 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 have joined the Authority after June 30, 2012:

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

After June 30, 2012 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 and Blue Shield. Also, for the first time, the Authority decided to offer dental and vision insurance to its members through Delta Dental, Delta Care USA and VSP-Vision Care.

REQUIRED SUPPLEMENTAL INFORMATION

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**CLAIMS DEVELOPMENT INFORMATION**  
**JUNE 30, 2012**

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 fiscal year 2012. 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, 2012**

	<u>Fiscal Year Ended 2012</u>
(1) Required contribution and investment revenue	
Earned	\$ 37,177,277
Ceded	<u>953,519</u>
Net earned	36,223,758
(2) Unallocated expenses	2,385,290
(3) Estimated claims and expenses, end of fiscal year	
Incurred	30,233,575
Ceded	<u>249,031</u>
Net incurred	29,984,544
(4) Net paid (cumulative) as of:	
End of fiscal year	23,901,668
(5) Reestimated ceded claims and expenses	249,031
(6) Reestimated net incurred claims and expenses:	
End of fiscal year	29,984,544
(7) Increase (decrease) in estimated net incurred losses and expenses from end of fiscal year	-

OTHER INDEPENDENT AUDITOR'S REPORT



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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 the financial statements of the San Joaquin Valley Insurance Authority (the Authority), Fresno, California, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 12, 2014. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

677 Scott Avenue  
Clovis, CA 93612

tel 559.299.9540  
fax 559.299.2344

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

This report is intended solely for the information and use of management and the Board of Directors of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

*Price Pange & Company*

Clovis, California  
February 12, 2014

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**FRESNO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued	<u>Unqualified</u>	
Internal control over financial reporting: Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<u>  X  </u> none reported
Noncompliance material to financial statement noted?	_____ yes	<u>  X  </u> no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.



February 12, 2014

To the Board of Directors  
San Joaquin Valley Insurance Authority

We have audited the financial statements of the San Joaquin Valley Insurance Authority for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 15, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Joaquin Valley Insurance Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2012. We noted no transactions entered into by the San Joaquin Valley Insurance Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the San Joaquin Valley Insurance Authority's financial statements was:

Unpaid claims and claims adjustment expense is determined using claims, premium, expense, and enrollment data with relevant actuarial assumptions. We evaluated the key factors and assumptions used to develop the unpaid claims and claims adjustment expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

677 Scott Avenue  
Clovis, CA 93612  
  
tel 559.299.9540  
fax 559.299.2344

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The material misstatements (see attached schedule) detected as a result of audit procedures were corrected by the management.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 12, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and management of the San Joaquin Valley Insurance Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Price Pauge & Company*

Prepared by \_\_\_\_\_

**San Joaquin Valley Insurance Authority  
Adjusting Journal Entries**

Reviewed by \_\_\_\_\_

Reference	Type	Date Account Number	Description	Detailed Description	Debit	Credit
AJE01	Adjusting	06/30/12				
		7709-4815-9861-0-42351	Anthem BC Claim Fund (PPO-HM)	To reclass capitation surplus from		1,775,855.84
		1435-4815-9861-0-42351	Due to Other Gov't Units-L/t	To reclass capitation surplus from	1,775,855.84	
			To reclass capitation surplus from due to other gov back to expense by reversing client's AJE10.			
AJE02	Adjusting	06/30/12				
		1435-4815-9864-0-42354	L/t Member Deposit Payable/Capit	To reclass transfer of claim reserv	2,000,361.15	
		1435-4815-9864-0-42354	L/t Member Deposit Payable/Capit	To reclass transfer of claim reserv	3,906,626.74	
		1435-4815-9864-0-42354	L/t Member Deposit Payable/Capit	To reclass transfer of claim reserv	842,134.92	
		5705-4815-9860-0-42356	Transfers of Reserve Balance from	To reclass transfer of claim reserv		6,749,122.81
			To reclass transfer of claim reserve balances from COT and COF from deposit payable to revenue.			
AJE03	Adjusting	06/30/12				
		1435-4815-9864-0-42354	L/t Member Deposit Payable/Capit	Remove extraordinary items by re		4,771,865.00
		3382-4815-9860-0-42350	Extraordinary Item-Reduction in D	Remove extraordinary items by re	4,771,865.00	
			Remove extraordinary items by reversing client's AJE17.			
AJE04	Adjusting	06/30/12				
		1435-4815-9861-0-42351	Due to Other Gov't Units-L/t	To reclass receipt of reserve for tr	1,893,605.66	
		1435-4815-9864-0-42354	L/t Member Deposit Payable/Capit	To reclass receipt of reserve for tr		842,134.92
		5705-4815-9860-0-42356	Transfers of Reserve Balance from	To reclass receipt of reserve for tr		1,051,470.74
			To reclass receipt of reserve for transmittal related to the claim servicing period & claims adj/refund from DTOG to rev			

Prepared by \_\_\_\_\_

**San Joaquin Valley Insurance Authority  
Adjusting Journal Entries**

Reviewed by \_\_\_\_\_

Reference	Type	Date Account Number	Description	Detailed Description	Debit	Credit
AJE05	Adjusting	06/30/12				
		1435-4815-9861-0-42351	Due to Other Gov't Units-L/t	To reclass receipt of the claim pay	13,109.56	
		5705-4815-9860-0-42356	Transfers of Reserve Balance from	To reclass receipt of the claim pay		13,109.56
			To reclass receipt of the claim payment from COF related to the claim servicing period from DTOG to revenue.			
AJE06	Adjusting	06/30/12				
		1834-4815-9861-0-42351	S/t-Determinable Claims Payable	To reclass fixed costs (HMO Cap	1,278,779.59	
		1210-4815-9866-0-42356	Accounts Payable	To reclass fixed costs (HMO Cap		1,278,779.59
			To reclass fixed costs (HMO Capitation) from unpaid claims ST to accounts payable.			
AJE07	Adjusting	06/30/12				
		1834-4815-9861-0-42351	S/t-Determinable Claims Payable	To reclass stop-loss receivable as		249,030.56
		0350-4815-9860-0-42350	Accounts Receivable	To reclass stop-loss receivable as	249,030.56	
			To reclass stop-loss receivable as of 6/30/12 from unpaid claims ST to accounts receivable.			
		TOTAL			<u>16,731,369.02</u>	<u>16,731,369.02</u>





# SJVIA

San Joaquin Valley  
Insurance Authority

## BOARD OF DIRECTORS

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

Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014  
9:00 AM

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 8

**SUBJECT:** Actuarial review of self-insured healthcare plans as of June 30, 2012

**REQUEST(S):** That the Board receives the actuarial review of self-insured healthcare plans as of June 30, 2012

**DESCRIPTION:** Informational item. Please see attached report.

**FISCAL IMPACT/FINANCING:** None.

**ADMINISTRATIVE SIGN-OFF:**

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: \_\_\_\_\_

\* \* \* \* \*



November 1, 2013

Ms. Michele Mills  
Senior Client Manager  
Gallagher Benefit Services of California  
45 E. River Park Place West, Suite 408  
Fresno, CA 93720-1565

Re: San Joaquin Valley Insurance Authority ("SJVIA")  
Actuarial review of self-insured healthcare plans as of June 30, 2012

Dear Ms. Mills:

This report presents the results of our actuarial review of SJVIA's self-insured medical and prescription drug plans as of June 30, 2012:

The results of our review are contained in Exhibit I-II, attached.

- Exhibit I contains projected plan costs for each of the 7 PPOs and the County of Fresno HMO, for the fiscal years ending June 30, 2012 through June 30, 2015, broken out by medical claims, prescription drug claims, and non-claims costs (including HMO capitation).
- Exhibit II contains projected Incurred but Not Reported (IBNR) reserves broken out in the same format as Exhibit I.

The balance of this report contains a detailed description of the methodology and actuarial assumptions we used to arrive at the numbers in the exhibits. Please note that we have excluded post-statement date plan experience, including that of agencies joining the pool on or after July 1, 2012. We have also excluded prescription drug claims paid by the County of Fresno prior to 2013; however, prescription drug claims paid under the County of Fresno High Deductible PPO were paid by SJVIA and have therefore been included. We appreciate the opportunity to be of service to SJVIA and Gallagher Benefit Services, and are available to answer any questions you may have concerning the information contained herein.

Sincerely,  
DEMSEY, FILLIGER & ASSOCIATES

A handwritten signature in cursive script that reads 'T. Louis Filliger'.

T. Louis Filliger, FSA  
Partner & Actuary

### **Assumed Trend Rates**

Paid claims were analyzed over the period January, 2010 to June, 2012 to develop expected claim costs and trends. The following annual trends were applied to project claims and expenses for the period July, 2012 to June, 2015, using a rolling 24-month average. Because of the operation of the averaging method, comparison of plan costs and rates from one year to the next will not agree precisely with the trend rates.

<b>Item</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Medical Claims	12.0%	11.0%	10.0%
Rx Claims	8.0%	8.0%	8.0%
Administration	3.0%	3.0%	3.0%

### **Claim and Non-Claim (Administration) Reserves**

Our recommended Incurred But Not Reported (IBNR) reserves are expressed as multiples of one average paid month of claims adjusted with trend to the statement date. The multiples are based on our analysis of recent SJVIA claim lag experience for self-insured medical claims, and recent industry experience for prescription drug claims. The use of a multiple with respect to the medical claim reserves is an expedient for discussion purposes only since the reserves were calculated using a direct method of applying completion factors to open incurred months as of June 30, 2012.

We developed the completion factors by determining the percentage of ultimate claims payable, by incurred month, for the 18 incurred months from January, 2010 through June, 2011. We assumed that all runout for June, 2011 incurrals had been paid by June 30, 2012.

We next calculated the projected ultimate paid medical claims for each of the twelve incurred months ending with June, 2012 and then subtracted all claims actually paid through June 30, 2012. The result is the basic medical IBNR reserve. The IBNR reserve for prescription drug claims was taken by multiplying the average monthly paid claims for the year ended June 30, 2012 by the multiple shown in the table below.

To determine the average number of lag months for projection of the IBNR reserves to 2013 through 2015, we divided the 2012 IBNR reserves by average monthly paid claims for the year ending June 30, 2012. The average number of months are shown in the following table.

<b>Item</b>	<b>6/30/12</b>	<b>6/30/13</b>	<b>6/30/14</b>	<b>6/30/15</b>
Medical Claims	1.15	1.15	1.15	1.15
Rx Claims	0.50	0.50	0.50	0.50
Administration	0.00	0.00	0.00	0.00

### **Claim and Non-Claim (Administration) Reserves (Continued)**

The 0.50 factor for prescription drug claims is based on DF&A's experience with self-insured prescription drug plans in the Central Valley over the last 3-5 years. We attempted to develop a more precise factor based on SJVIA's own experience, but were unable to do so due to data limitations. We believe that the 0.50 factor is on the conservative side; that is, if SVJIA's own experience were used, the resulting factor would most likely be somewhat less than 0.50. We recommend that the effort be undertaken once again in future reports to obtain factors based on SVJIA's own prescription drug experience data.

### **Claims Fluctuation Reserves**

The reserves shown in Exhibits II are based on our best estimate of claims runout. That is, if the reserves are set properly there is a 50% chance that the actual runout will be higher than the reserve and a 50% chance that it will be lower than the reserve. If SVJIA wishes to adopt an additional measure of conservatism, it may elect to hold a claims fluctuation reserve as described below.

We have developed reserving factors based on 85% and 98% confidence intervals. This may be interpreted as follows: If SJVIA holds the reserve for the 85% confidence interval (approximately 1 standard deviation above the mean), the probability of the actual runout exceeding the reserve will be 15% (100% less 85%). Similarly, if SJVIA holds the reserve for the 98% confidence interval (approximately 2 standard deviations above the mean), the probability of the actual runout exceeding the reserve will be 2%. The "standard deviation" referred to above is based on the fluctuations in the estimated IBNR reserve as it would have been calculated, by coverage, for each of the 12 months in the fiscal year ending June 30, 2012. Factors shown are expressed as a percentage of annual expected paid claims (excluding capitation). The higher the factor, the higher the average fluctuation around the mean for a given coverage.

<b>Item</b>	<b>85% Level</b>	<b>98% Level</b>
Medical Claims	2.92%	5.78%
Rx Claims	1.11%	2.21%

The recommended June 30, 2012 IBNR reserve of \$3,635,622 (Exhibit II) would be adjusted to \$4,871,312 at the 85% confidence level and \$6,082,876 at the 98% confidence level. DF&A does not offer a recommendation as to which of the three sets of reserves (unadjusted, adjusted to the 85% level, or adjusted to the 98% level) SJVIA should hold; that decision may be based in part on information which is outside the scope of this report. In our opinion, any of the three sets of reserves would be considered reasonable. Of the \$3,635,622 in total reserve as of June 30, 2012, \$3,586,094 is expected to be paid by June 30, 2013.

## Actuarial Certification

The reserves set forth in this report are based on our actuarial review of the self-insured medical and prescription drug plans of San Joaquin Valley Insurance Authority, as of June 30, 2012.

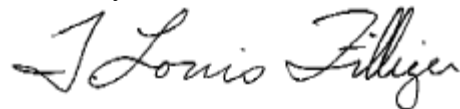
The review has been performed in accordance with generally accepted actuarial principles and practices. We made use of claims, premium, expense, and enrollment data, and copies of relevant sections of budget items and financial statements, provided to us by SJVIA and by Gallagher Benefit Services.

The assumptions used in performing the review, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the plan under the existing and proposed Actuarial Standards of Practice for measuring the liabilities associated with employer-provided health and welfare benefits and public entity risk pools.

Throughout the report, we have used unrounded numbers, because rounding and the reconciliation of the rounded results would add an additional, and in our opinion unnecessary, layer of complexity to the review process. By our publishing of unrounded results, no implication is made as to the degree of precision inherent in those results. Clients and their auditors should use their own judgment as to the desirability of rounding when transferring the results of this report to the clients' financial statements.

The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:



T. Louis Filliger, FSA, EA, MAAA Date: 11/1/13  
Partner & Actuary

**SJVIA  
Projected COSTS:**

**Exhibit I**

	Year Ended June 30, 2012			Year Ending June 30, 2013			Year Ending June 30, 2014			Year Ending June 30, 2015		
	Paid Claims	Fixed Costs	Total	Paid Claims	Fixed Costs	Total	Paid Claims	Fixed Costs	Total	Paid Claims	Fixed Costs	Total
<b>County of Tulare</b>												
CoT Med \$0 Deductible PPO	\$3,345,893	\$221,576	\$3,567,469	\$3,618,349	\$222,988	\$3,841,337	\$3,908,119	\$229,677	\$4,137,796	\$4,340,870	\$236,567	\$4,577,437
CoT Rx \$0 Deductible PPO	450,530	0	450,530	998,502	0	998,502	1,068,537	0	1,068,537	1,158,736	0	1,158,736
<b>CoT \$0 Deductible PPO Total</b>	<b>\$3,796,423</b>	<b>\$221,576</b>	<b>\$4,017,999</b>	<b>\$4,616,851</b>	<b>\$222,988</b>	<b>\$4,839,839</b>	<b>\$4,976,656</b>	<b>\$229,677</b>	<b>\$5,206,333</b>	<b>\$5,499,606</b>	<b>\$236,567</b>	<b>\$5,736,173</b>
CoT Med \$500 Deductible PPO	\$4,228,056	\$523,882	\$4,751,938	\$4,932,777	\$534,781	\$5,467,558	\$5,331,968	\$550,825	\$5,882,793	\$5,923,284	\$567,349	\$6,490,633
CoT Rx \$500 Deductible PPO	865,265	0	865,265	1,852,314	0	1,852,314	1,998,006	0	1,998,006	2,162,211	0	2,162,211
<b>CoT \$500 Deductible PPO Total</b>	<b>\$5,093,321</b>	<b>\$523,882</b>	<b>\$5,617,203</b>	<b>\$6,785,091</b>	<b>\$534,781</b>	<b>\$7,319,872</b>	<b>\$7,329,974</b>	<b>\$550,825</b>	<b>\$7,880,799</b>	<b>\$8,085,495</b>	<b>\$567,349</b>	<b>\$8,652,844</b>
CoT Med \$1,000 Deductible PPO	\$4,127,890	\$858,910	\$4,986,800	\$4,886,142	\$932,140	\$5,818,282	\$5,447,185	\$960,104	\$6,407,289	\$5,971,407	\$988,907	\$6,960,314
CoT Rx \$1,000 Deductible PPO	1,058,596	0	1,058,596	2,255,024	0	2,255,024	2,440,986	0	2,440,986	2,637,473	0	2,637,473
<b>CoT \$1,000 Deductible PPO Total</b>	<b>\$5,186,486</b>	<b>\$858,910</b>	<b>\$6,045,396</b>	<b>\$7,141,166</b>	<b>\$932,140</b>	<b>\$8,073,306</b>	<b>\$7,888,171</b>	<b>\$960,104</b>	<b>\$8,848,275</b>	<b>\$8,608,880</b>	<b>\$988,907</b>	<b>\$9,597,787</b>
CoT Med \$2,500 Deductible PPO	\$60,441	\$14,929	\$75,370	\$47,155	\$62,730	\$109,885	\$65,758	\$17,359	\$83,117	\$67,803	\$17,880	\$85,683
CoT Rx \$2,500 Deductible PPO	15,436	0	15,436	30,740	0	30,740	36,839	0	36,839	38,845	0	38,845
<b>CoT \$2,500 Deductible PPO Total</b>	<b>\$75,877</b>	<b>\$14,929</b>	<b>\$90,806</b>	<b>\$77,895</b>	<b>\$62,730</b>	<b>\$140,625</b>	<b>\$102,597</b>	<b>\$17,359</b>	<b>\$119,956</b>	<b>\$106,648</b>	<b>\$17,880</b>	<b>\$124,528</b>
CoT All Plans - Med	\$11,762,280	\$1,619,297	\$13,381,577	\$13,484,423	\$1,752,639	\$15,237,062	\$14,753,030	\$1,757,965	\$16,510,995	\$16,303,364	\$1,810,703	\$18,114,067
CoT All Plans - Rx	2,389,827	0	2,389,827	5,136,580	0	5,136,580	5,544,368	0	5,544,368	5,997,265	0	5,997,265
<b>CoT All Plans - Total</b>	<b>\$14,152,107</b>	<b>\$1,619,297</b>	<b>\$15,771,404</b>	<b>\$18,621,003</b>	<b>\$1,752,639</b>	<b>\$20,373,642</b>	<b>\$20,297,398</b>	<b>\$1,757,965</b>	<b>\$22,055,363</b>	<b>\$22,300,629</b>	<b>\$1,810,703</b>	<b>\$24,111,332</b>
77												
<b>County of Fresno</b>												
CoF Med Active PPO	\$2,734,832	\$200,879	\$2,935,711	\$2,908,446	\$188,447	\$3,096,893	\$3,150,046	\$193,623	\$3,343,669	\$3,497,324	\$199,432	\$3,696,756
CoF Rx Active PPO	0	0	0	468,193	0	468,193	1,002,171	0	1,002,171	1,078,528	0	1,078,528
<b>CoF Active PPO Total</b>	<b>\$2,734,832</b>	<b>\$200,879</b>	<b>\$2,935,711</b>	<b>\$3,376,639</b>	<b>\$188,447</b>	<b>\$3,565,086</b>	<b>\$4,152,217</b>	<b>\$193,623</b>	<b>\$4,345,840</b>	<b>\$4,575,852</b>	<b>\$199,432</b>	<b>\$4,775,284</b>
CoF Med Active HDPPPO	\$722,714	\$151,822	\$874,536	\$841,221	\$172,426	\$1,013,647	\$930,999	\$177,599	\$1,108,598	\$1,026,109	\$182,927	\$1,209,036
CoF Rx Active HDPPPO	207,002	0	207,002	247,239	0	247,239	254,272	0	254,272	278,620	0	278,620
<b>CoF Active HDPPPO Total</b>	<b>\$929,716</b>	<b>\$151,822</b>	<b>\$1,081,538</b>	<b>\$1,088,460</b>	<b>\$172,426</b>	<b>\$1,260,886</b>	<b>\$1,185,271</b>	<b>\$177,599</b>	<b>\$1,362,870</b>	<b>\$1,304,729</b>	<b>\$182,927</b>	<b>\$1,487,656</b>
CoF Med Retiree HDPPPO	\$1,297,705	\$168,780	\$1,466,485	\$1,497,258	\$180,205	\$1,677,463	\$1,653,787	\$185,611	\$1,839,398	\$1,824,431	\$191,180	\$2,015,611
CoF Rx Retiree HDPPPO	457,860	0	457,860	502,128	0	502,128	531,335	0	531,335	576,374	0	576,374
<b>CoF Retiree HDPPPO Total</b>	<b>\$1,755,565</b>	<b>\$168,780</b>	<b>\$1,924,345</b>	<b>\$1,999,386</b>	<b>\$180,205</b>	<b>\$2,179,591</b>	<b>\$2,185,122</b>	<b>\$185,611</b>	<b>\$2,370,733</b>	<b>\$2,400,805</b>	<b>\$191,180</b>	<b>\$2,591,985</b>
CoF All PPOs - Med	\$4,755,251	\$521,481	\$5,276,732	\$5,246,925	\$541,078	\$5,788,003	\$5,734,832	\$556,833	\$6,291,665	\$6,347,864	\$573,539	\$6,921,403
CoF All PPOs - Rx	664,862	0	664,862	1,217,560	0	1,217,560	1,787,778	0	1,787,778	1,933,522	0	1,933,522
<b>CoF All PPOs - Total</b>	<b>\$5,420,113</b>	<b>\$521,481</b>	<b>\$5,941,594</b>	<b>\$6,464,485</b>	<b>\$541,078</b>	<b>\$7,005,563</b>	<b>\$7,522,610</b>	<b>\$556,833</b>	<b>\$8,079,443</b>	<b>\$8,281,386</b>	<b>\$573,539</b>	<b>\$8,854,925</b>
CoF Med HMO	\$32,868,383	\$3,924,356	\$36,792,739	\$33,866,163	\$3,985,643	\$37,851,806	\$36,525,446	\$4,105,212	\$40,630,658	\$39,164,235	\$4,228,369	\$43,392,604
CoF Rx HMO	0	0	0	3,896,438	0	3,896,438	8,282,260	0	8,282,260	8,931,358	0	8,931,358
<b>CoF HMO Total</b>	<b>\$32,868,383</b>	<b>\$3,924,356</b>	<b>\$36,792,739</b>	<b>\$37,762,601</b>	<b>\$3,985,643</b>	<b>\$41,748,244</b>	<b>\$44,807,706</b>	<b>\$4,105,212</b>	<b>\$48,912,918</b>	<b>\$48,095,593</b>	<b>\$4,228,369</b>	<b>\$52,323,962</b>
CoF All Plans - Med	\$37,623,634	\$4,445,837	\$42,069,471	\$39,113,088	\$4,526,721	\$43,639,809	\$42,260,278	\$4,662,045	\$46,922,323	\$45,512,099	\$4,801,908	\$50,314,007
CoF All Plans - Rx	664,862	0	664,862	5,113,998	0	5,113,998	10,070,038	0	10,070,038	10,864,880	0	10,864,880
<b>CoF All Plans - Total</b>	<b>\$38,288,496</b>	<b>\$4,445,837</b>	<b>\$42,734,333</b>	<b>\$44,227,086</b>	<b>\$4,526,721</b>	<b>\$48,753,807</b>	<b>\$52,330,316</b>	<b>\$4,662,045</b>	<b>\$56,992,361</b>	<b>\$56,376,979</b>	<b>\$4,801,908</b>	<b>\$61,178,887</b>
<b>Grand Totals for Pool**</b>												
Total Medical Costs	\$49,385,914	\$6,065,134	\$55,451,048	\$52,597,511	\$6,279,360	\$58,876,871	\$57,013,308	\$6,420,010	\$63,433,318	\$61,815,463	\$6,612,611	\$68,428,074
Total Rx Costs	3,054,689	0	3,054,689	10,250,578	0	10,250,578	15,614,406	0	15,614,406	16,862,145	0	16,862,145
<b>Total Medical + Rx Costs</b>	<b>\$52,440,603</b>	<b>\$6,065,134</b>	<b>\$58,505,737</b>	<b>\$62,848,089</b>	<b>\$6,279,360</b>	<b>\$69,127,449</b>	<b>\$72,627,714</b>	<b>\$6,420,010</b>	<b>\$79,047,724</b>	<b>\$78,677,608</b>	<b>\$6,612,611</b>	<b>\$85,290,219</b>

\*HMO Capitation included with claims rather than fixed costs at SJVIA's request  
\*\*Excluding agencies joining after June 30, 2012

**SJVIA**  
**Projected RESERVES:**

**Exhibit II**

	-----IBNR Reserves-----			-----IBNR Reserves-----			-----IBNR Reserves-----			-----IBNR Reserves-----		
	<i>As of June 30, 2012</i>			<i>As of June 30, 2013</i>			<i>As of June 30, 2014</i>			<i>As of June 30, 2015</i>		
County of Tulare	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total
CoT Med \$0 Deductible PPO	\$320,648	\$0	\$320,648	\$346,758	\$0	\$346,758	\$374,528	\$0	\$374,528	\$416,000	\$0	\$416,000
CoT Rx \$0 Deductible PPO	<u>37,544</u>	<u>0</u>	<u>37,544</u>	<u>41,604</u>	<u>0</u>	<u>41,604</u>	<u>44,522</u>	<u>0</u>	<u>44,522</u>	<u>48,281</u>	<u>0</u>	<u>48,281</u>
<b>CoT \$0 Deductible PPO Total</b>	<b>\$358,192</b>	<b>\$0</b>	<b>\$358,192</b>	<b>\$388,362</b>	<b>\$0</b>	<b>\$388,362</b>	<b>\$419,050</b>	<b>\$0</b>	<b>\$419,050</b>	<b>\$464,281</b>	<b>\$0</b>	<b>\$464,281</b>
CoT Med \$500 Deductible PPO	\$405,189	\$0	\$405,189	\$472,724	\$0	\$472,724	\$510,980	\$0	\$510,980	\$567,648	\$0	\$567,648
CoT Rx \$500 Deductible PPO	<u>72,105</u>	<u>0</u>	<u>72,105</u>	<u>77,180</u>	<u>0</u>	<u>77,180</u>	<u>83,250</u>	<u>0</u>	<u>83,250</u>	<u>90,092</u>	<u>0</u>	<u>90,092</u>
<b>CoT \$500 Deductible PPO Total</b>	<b>\$477,294</b>	<b>\$0</b>	<b>\$477,294</b>	<b>\$549,904</b>	<b>\$0</b>	<b>\$549,904</b>	<b>\$594,230</b>	<b>\$0</b>	<b>\$594,230</b>	<b>\$657,740</b>	<b>\$0</b>	<b>\$657,740</b>
CoT Med \$1,000 Deductible PPO	\$395,589	\$0	\$395,589	\$468,255	\$0	\$468,255	\$522,022	\$0	\$522,022	\$572,260	\$0	\$572,260
CoT Rx \$1,000 Deductible PPO	<u>88,216</u>	<u>0</u>	<u>88,216</u>	<u>93,959</u>	<u>0</u>	<u>93,959</u>	<u>101,708</u>	<u>0</u>	<u>101,708</u>	<u>109,895</u>	<u>0</u>	<u>109,895</u>
<b>CoT \$1,000 Deductible PPO Total</b>	<b>\$483,805</b>	<b>\$0</b>	<b>\$483,805</b>	<b>\$562,214</b>	<b>\$0</b>	<b>\$562,214</b>	<b>\$623,730</b>	<b>\$0</b>	<b>\$623,730</b>	<b>\$682,155</b>	<b>\$0</b>	<b>\$682,155</b>
CoT Med \$2,500 Deductible PPO	\$5,792	\$0	\$5,792	\$4,519	\$0	\$4,519	\$6,302	\$0	\$6,302	\$6,498	\$0	\$6,498
CoT Rx \$2,500 Deductible PPO	<u>1,286</u>	<u>0</u>	<u>1,286</u>	<u>1,281</u>	<u>0</u>	<u>1,281</u>	<u>1,535</u>	<u>0</u>	<u>1,535</u>	<u>1,619</u>	<u>0</u>	<u>1,619</u>
<b>CoT \$2,500 Deductible PPO Total</b>	<b>\$7,078</b>	<b>\$0</b>	<b>\$7,078</b>	<b>\$5,800</b>	<b>\$0</b>	<b>\$5,800</b>	<b>\$7,837</b>	<b>\$0</b>	<b>\$7,837</b>	<b>\$8,117</b>	<b>\$0</b>	<b>\$8,117</b>
<b>CoT All Plans - Med</b>	<b>\$1,127,218</b>	<b>\$0</b>	<b>\$1,127,218</b>	<b>\$1,292,256</b>	<b>\$0</b>	<b>\$1,292,256</b>	<b>\$1,413,832</b>	<b>\$0</b>	<b>\$1,413,832</b>	<b>\$1,562,406</b>	<b>\$0</b>	<b>\$1,562,406</b>
<b>CoT All Plans - Rx</b>	<b><u>199,151</u></b>	<b><u>0</u></b>	<b><u>199,151</u></b>	<b><u>214,024</u></b>	<b><u>0</u></b>	<b><u>214,024</u></b>	<b><u>231,015</u></b>	<b><u>0</u></b>	<b><u>231,015</u></b>	<b><u>249,887</u></b>	<b><u>0</u></b>	<b><u>249,887</u></b>
<b>CoT All Plans - Total</b>	<b>\$1,326,369</b>	<b>\$0</b>	<b>\$1,326,369</b>	<b>\$1,506,280</b>	<b>\$0</b>	<b>\$1,506,280</b>	<b>\$1,644,847</b>	<b>\$0</b>	<b>\$1,644,847</b>	<b>\$1,812,293</b>	<b>\$0</b>	<b>\$1,812,293</b>
<hr/>												
	-----IBNR Reserves-----			-----IBNR Reserves-----			-----IBNR Reserves-----			-----IBNR Reserves-----		
	<i>As of June 30, 2012</i>			<i>As of June 30, 2013</i>			<i>As of June 30, 2014</i>			<i>As of June 30, 2015</i>		
County of Fresno	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total
CoF Med Active PPO	\$262,088	\$0	\$262,088	\$278,726	\$0	\$278,726	\$301,879	\$0	\$301,879	\$335,160	\$0	\$335,160
CoF Rx Active PPO	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,016</u>	<u>0</u>	<u>39,016</u>	<u>41,757</u>	<u>0</u>	<u>41,757</u>	<u>44,939</u>	<u>0</u>	<u>44,939</u>
<b>CoF Active PPO Total</b>	<b>\$262,088</b>	<b>\$0</b>	<b>\$262,088</b>	<b>\$317,742</b>	<b>\$0</b>	<b>\$317,742</b>	<b>\$343,636</b>	<b>\$0</b>	<b>\$343,636</b>	<b>\$380,099</b>	<b>\$0</b>	<b>\$380,099</b>
CoF Med Active HDPPPO	\$69,260	\$0	\$69,260	\$80,617	\$0	\$80,617	\$89,221	\$0	\$89,221	\$98,335	\$0	\$98,335
CoF Rx Active HDPPPO	<u>8,625</u>	<u>0</u>	<u>8,625</u>	<u>20,603</u>	<u>0</u>	<u>20,603</u>	<u>10,595</u>	<u>0</u>	<u>10,595</u>	<u>11,609</u>	<u>0</u>	<u>11,609</u>
<b>CoF Active HDPPPO Total</b>	<b>\$77,885</b>	<b>\$0</b>	<b>\$77,885</b>	<b>\$101,220</b>	<b>\$0</b>	<b>\$101,220</b>	<b>\$99,816</b>	<b>\$0</b>	<b>\$99,816</b>	<b>\$109,944</b>	<b>\$0</b>	<b>\$109,944</b>
CoF Med Retiree HDPPPO	\$124,363	\$0	\$124,363	\$143,487	\$0	\$143,487	\$158,488	\$0	\$158,488	\$174,841	\$0	\$174,841
CoF Rx Retiree HDPPPO	<u>19,078</u>	<u>0</u>	<u>19,078</u>	<u>41,844</u>	<u>0</u>	<u>41,844</u>	<u>22,139</u>	<u>0</u>	<u>22,139</u>	<u>24,016</u>	<u>0</u>	<u>24,016</u>
<b>CoF Retiree HDPPPO Total</b>	<b>\$143,441</b>	<b>\$0</b>	<b>\$143,441</b>	<b>\$185,331</b>	<b>\$0</b>	<b>\$185,331</b>	<b>\$180,627</b>	<b>\$0</b>	<b>\$180,627</b>	<b>\$198,857</b>	<b>\$0</b>	<b>\$198,857</b>
<b>CoF All PPOs - Med</b>	<b>\$455,711</b>	<b>\$0</b>	<b>\$455,711</b>	<b>\$502,830</b>	<b>\$0</b>	<b>\$502,830</b>	<b>\$549,588</b>	<b>\$0</b>	<b>\$549,588</b>	<b>\$608,336</b>	<b>\$0</b>	<b>\$608,336</b>
<b>CoF All PPOs - Rx</b>	<b><u>27,703</u></b>	<b><u>0</u></b>	<b><u>27,703</u></b>	<b><u>101,463</u></b>	<b><u>0</u></b>	<b><u>101,463</u></b>	<b><u>74,491</u></b>	<b><u>0</u></b>	<b><u>74,491</u></b>	<b><u>80,564</u></b>	<b><u>0</u></b>	<b><u>80,564</u></b>
<b>CoF All PPOs - Total</b>	<b>\$483,414</b>	<b>\$0</b>	<b>\$483,414</b>	<b>\$604,293</b>	<b>\$0</b>	<b>\$604,293</b>	<b>\$624,079</b>	<b>\$0</b>	<b>\$624,079</b>	<b>\$688,900</b>	<b>\$0</b>	<b>\$688,900</b>
CoF Med HMO	\$1,825,839	\$0	\$1,825,839	\$1,900,713	\$0	\$1,900,713	\$2,115,217	\$0	\$2,115,217	\$2,326,547	\$0	\$2,326,547
CoF Rx HMO	<u>0</u>	<u>0</u>	<u>0</u>	<u>324,703</u>	<u>0</u>	<u>324,703</u>	<u>345,094</u>	<u>0</u>	<u>345,094</u>	<u>372,140</u>	<u>0</u>	<u>372,140</u>
<b>CoF HMO Total</b>	<b>\$1,825,839</b>	<b>\$0</b>	<b>\$1,825,839</b>	<b>\$2,225,416</b>	<b>\$0</b>	<b>\$2,225,416</b>	<b>\$2,460,311</b>	<b>\$0</b>	<b>\$2,460,311</b>	<b>\$2,698,687</b>	<b>\$0</b>	<b>\$2,698,687</b>
<b>CoF All Plans - Med</b>	<b>\$2,281,550</b>	<b>\$0</b>	<b>\$2,281,550</b>	<b>\$2,403,543</b>	<b>\$0</b>	<b>\$2,403,543</b>	<b>\$2,664,805</b>	<b>\$0</b>	<b>\$2,664,805</b>	<b>\$2,934,883</b>	<b>\$0</b>	<b>\$2,934,883</b>
<b>CoF All Plans - Rx</b>	<b><u>27,703</u></b>	<b><u>0</u></b>	<b><u>27,703</u></b>	<b><u>426,166</u></b>	<b><u>0</u></b>	<b><u>426,166</u></b>	<b><u>419,585</u></b>	<b><u>0</u></b>	<b><u>419,585</u></b>	<b><u>452,704</u></b>	<b><u>0</u></b>	<b><u>452,704</u></b>
<b>CoF All Plans - Total</b>	<b>\$2,309,253</b>	<b>\$0</b>	<b>\$2,309,253</b>	<b>\$2,829,709</b>	<b>\$0</b>	<b>\$2,829,709</b>	<b>\$3,084,390</b>	<b>\$0</b>	<b>\$3,084,390</b>	<b>\$3,387,587</b>	<b>\$0</b>	<b>\$3,387,587</b>
<hr/>												
	-----IBNR Reserves-----			-----IBNR Reserves-----			-----IBNR Reserves-----			-----IBNR Reserves-----		
	<i>As of June 30, 2012</i>			<i>As of June 30, 2013</i>			<i>As of June 30, 2014</i>			<i>As of June 30, 2015</i>		
Grand Totals for Pool*	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total	Claims	Fixed Costs	Total
Total Medical Reserves	\$3,408,768	\$0	\$3,408,768	\$3,695,799	\$0	\$3,695,799	\$4,078,637	\$0	\$4,078,637	\$4,497,289	\$0	\$4,497,289
Total Rx Reserves	<u>226,854</u>	<u>0</u>	<u>226,854</u>	<u>640,190</u>	<u>0</u>	<u>640,190</u>	<u>650,600</u>	<u>0</u>	<u>650,600</u>	<u>702,591</u>	<u>0</u>	<u>702,591</u>
<b>Total Medical + Rx Reserves</b>	<b>\$3,635,622</b>	<b>\$0</b>	<b>\$3,635,622</b>	<b>\$4,335,989</b>	<b>\$0</b>	<b>\$4,335,989</b>	<b>\$4,729,237</b>	<b>\$0</b>	<b>\$4,729,237</b>	<b>\$5,199,880</b>	<b>\$0</b>	<b>\$5,199,880</b>

\*Excluding agencies joining after June 30, 2012





# SJVIA

San Joaquin Valley  
Insurance Authority

## BOARD OF DIRECTORS

ANDREAS BORGEAS  
JUDITH CASE MCNAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POOCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:**  
**Tulare County Employee Retirement  
Association Board Chambers**  
**136 N Akers St**  
**Visalia, CA 93921**  
**February 21, 2014 9:00 AM**

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 9

**SUBJECT:** Revised 2013-14 Fiscal Year Budget

**REQUEST(S):** That the Board approve the revised budget for the 2013-14 Fiscal Year

**DESCRIPTION:**

On September 6, 2013 your Board approved the budget for the 2013-14 fiscal year commencing July 1, 2013. Since then, the final 2014 stop loss rates came in lower than projected, several entities joined the SJVIA, Kaiser was added as an option and open enrollment changes for the 2014 plan year have been finalized. Specific changes to the proposed revised 2013-14 budget include:

- Decrease from previously approved 2014 stop loss rates:
  - Specific – from \$14.68 to \$12.92 Per Employee Per Month
  - Aggregate – \$.85 (no change)
- Updated eligibility effective January 1, 2014
  - The overall number of employees included in the budget increased from 8,911 to 9,199.
  - HMO enrollment increased 1.9%
  - PPO enrollment increased 5.0%

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

- Addition of the following groups to the SJVIA
  - The City of Gustine – October 1, 2013 (20 participants)
  - The City of Reedley – January 1, 2014 (93 participants)
  - The City of Riverbank – January 1, 2014 (37 participants)
  - The City of Newman – January 1, 2014 (24 participants)
  - The City of Farmersville – January 1, 2014 (63 participants)
  - The City of Wasco – January 1, 2014 (59 participants)
- Addition of Kaiser plans for the County of Fresno, County of Tulare and the cities of Reedley and Ceres.

For your reference, attached is a copy of the proposed revised 2013-14 budget (Exhibit A) and the adopted 2013-14 budget (Exhibit B).

**FISCAL IMPACT/FINANCING:**

It is estimated that revenue will increase by \$6,231,847 or 7% and expenses are estimated to increase by \$6,219,180 or 6.9%. Consistent with the Board's prior direction at the September 6, 2013 SJVIA Board Meeting, the revised budget reflects the use of reserves in the amount of \$2.6 million to mitigate a portion of the premium increase in the 2014 plan year.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Revised 2013-14 Fiscal Year Budget

**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: \_\_\_\_\_

\* \* \* \* \*

That the Board approved the revised budget for the 2013-14 Fiscal Year

# SJVIA 2013 - 2014 FISCAL BUDGET - REVISED

<b>REVENUE</b>	
SJVIA Health Plan Revenue	
Medical & Rx	\$ 83,720,643
Dental	\$ 5,454,060
Vision	\$ 943,266
Kaiser Premium	<u>\$ 4,479,980</u>
 <b>TOTAL REVENUE</b>	 <b>\$ 94,597,948</b>

## EXPENSES: Fixed

1 Specific & Aggregate Stop Loss Insurance (PPO)	\$ 615,764
2 Administration & Network Fees (PPO)	\$ 1,312,027
3 Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)	\$ 705,900
4 GBS Consulting	\$ 434,400
5 SJVIA Association Fee	\$ 217,200
6 SJVIA Non-Founding Member Fee	\$ 18,816
7 Wellness/Communications	\$ 325,800
8 Anthem HMO Pooling	\$ 1,354,993
9 Anthem HMO Administration/Retention	\$ 2,385,791
10 ACA Reinsurance (PPO)	\$ 162,588
11 ACA Reinsurance (HMO)	\$ 355,699
12 ACA Insurer Fee (HMO)	<u>\$ 695,756</u>
<b>TOTAL FIXED EXPENSES</b>	<b>\$ 8,584,735</b>

## EXPENSES: Claims

13 Projected Paid Claims PPO	\$ 26,940,180
14 Projected Non-Cap HMO Claims	\$ 33,330,872
15 Anthem MMP HMO Capitation (Fixed Claims Cost)	<u>\$ 16,359,367</u>
<b>TOTAL CLAIMS EXPENSES</b>	<b>\$ 76,630,419</b>

16 Delta Dental	\$ 5,454,060
17 VSP	\$ 943,266
18 Kaiser Permanente	<u>\$ 4,479,980</u>
	<b>\$ 10,877,306</b>

<b>TOTAL PROJECTED EXPENSES</b>	<b>\$ 96,092,460</b>
---------------------------------	----------------------

<b>Beginning Reserve</b>	<b>\$ 10,055,460</b>
<b>Add - Revenue</b>	<b>\$ 94,597,948</b>
<b>Less - Expenses</b>	<b>\$ (96,092,460)</b>
<b>Equals - Ending Reserves</b>	<b>\$ 8,560,949</b>

## 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 **Anthem ASO Administration & Network Fees (PPO):**

ASO is "Administrative Services Only". This definition includes Anthem Blue Cross administration fees and includes access fees to use the Blue Cross network of providers. This is the administration fee for the PPO plan(s), not the HMO plan.

### 3 **Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)**

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 non-Kaiser business.

### 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 Association Fee**

The association fee 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.

### 6 **SJVIA Non-Founding Member Fee**

This additional fee will be assessed to non-founding member entities and be used to offset administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

### 7 **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**

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

### 10 **ACA Reinsurance (PPO)**

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. 2) Transitional Reinsurance Fee - this fee is \$63.00 per covered member per year.

### 11 **ACA Reinsurance (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. 2) Transitional Reinsurance Fee - this fee is \$63.00 per covered member per year.

### 12 **ACA Insurer Fee (HMO)**

The Affordable Care Act (ACA) levys a new tax on insurers of approximately 2.5% of total premiums. Since the SJVIA is self-insured for the PPO membership, this tax is only collected on the HMO membership.

### 13 **Projected Paid Claims PPO**

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

### 14 **Projected Non-Cap HMO Claims**

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

### 15 **Anthem MMP 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

### 16 **Delta Dental**

Premium for entities covered under the SJVIA Delta Dental program

### 17 **VSP**

Premium for entities covered under the SJVIA VSP Vision program

### 18 **Kaiser Permanente**

Premium for entities covered under the SJVIA Kaiser HMO program



**BOARD OF DIRECTORS**

ANDREAS BORGEAS  
JUDITH CASE MCNAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POOCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014 9:00 AM**

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 10

**SUBJECT:** Direction on SJVIA Administration & Staff

**REQUEST(S):** That the Board receive an update on the administration of the SJVIA and direct staff based on recommendations.

**DISCUSSION:**

The SJVIA was founded upon the principles of securing or offering insurance at more favorable rates “*and administering such programs with greater efficiency*” than each founding entity could otherwise obtain on their own. To that end, the SJVIA has maintained favorable administrative costs as a percentage of total premium. On average, all SJVIA plans have maintained administrative costs in the range of 10% of total premium.

Since the creation of the SJVIA in 2009 by the County of Fresno and Tulare, the oversight and administration of the entity has been handled jointly by staff at both Counties. Pursuant to Article 10 of the “[Amended & Restated Joint Exercise of Powers Agreement Creating the San Joaquin Valley Insurance Authority](#)”, the SJVIA Manager and Assistant Manager shall administer the business and activities of the SJVIA. The agreement stipulates that the Manager and Assistant Manager shall be either the Director of Personnel Services or Employee Benefits Manager from the County of Fresno (COF) or the Human Resources Director from the County of Tulare (COT). The Manager and Assistant Manager have typically been appointed to serve 2 years before alternating roles as approved by your Board. However, when Tim Huntley (COT) retired, Paul Nerland (COF) was appointed in January 2011 and served two years before Jeff Cardell (COT) was appointed in January 2013. When Jeff Cardell left the County of Tulare, Paul Nerland (COF) was again appointed in

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

July 2013 and is scheduled to serve until July 2014 when Rhonda Sjostrom (COT) will serve as Manager. Although the role of Manager and Assistant Manager alternate, the majority of administrative functions are maintained at either the County of Fresno or Tulare regardless of the change in Manager/Assistant Manager. In practice, the Manager and Assistant Manager continue to share the workload and maintain administrative oversight of certain functions at one location (rather than alternating back and forth) contributing to stability and continuity of operations. For example, item 7 on today's agenda shares the results of an external audit performed by Price Paige & Company. The summary letter indicates a "clean" audit with no significant findings and speaks to the continuity provided by having certain functions maintained at one location.

In addition to the Manager & Assistant Manager, your Board appointed Vicki Crow from the County of Fresno as the SJVIA's Auditor-Treasurer. The Auditor-Treasurer has the custody of and disperses all SJVIA funds, oversees funds and accounts, and contracts with a CPA to conduct an annual audit of all accounts.

Since the creation of the SJVIA, it has grown from two entities in 2010 to 13 entities in 2014. The budget of the entity has increased from approximately \$60 million in 2010 to \$94 million in 2014. Additional lines of coverage have expanded insurance offerings from originally only offering health insurance through Anthem Blue Cross to now also offering health coverage through Blue Shield and Kaiser, dental coverage through Delta Dental, pharmacy coverage through US Script, and vision coverage through VSP. Additionally, the SJVIA currently manages over 40 agreements.

With the increasing administrative needs of the SJVIA, each County has spent the necessary additional time to maintain proper oversight and operational efficiency. However, the additional time required, without adding additional resources, takes time away from other County functions. Although each County charges the SJVIA for time spent, there are only so many hours in one day managing all functions. Recently, the County of Fresno Board of Supervisors considered adding a position to the Personnel Services Department, Employee Benefits division partially (25-50%) to help with the additional time spent on the SJVIA and to assist with the additional workload. Since this related to the operation of the SJVIA, it was recommended that this issue be discussed with the SJVIA Board.

In considering the administration needs of the SJVIA, the option of hiring staff for the authority has been considered. Although it would be ideal to eventually hire or contract with independent staff for the SJVIA, it is not recommended at this time. The cost of hiring an Administrator and becoming an "employer"

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

would certainly threaten the efficiency achieved to date by adding the additional mandated costs. Additionally, the SJVIA would be forced to pay one rate of pay for any level of service no matter how much time was actually spent on administration. Currently, the County of Fresno and Tulare invoice the SJVIA only for actual services performed. Although the SJVIA Manager and Assistant Manager put in significant time, other County staff at lower rates of pay also contribute to the administration. For example, the review and approval of claims invoices, clerical support for the SJVIA Board meetings and website, review and approval of each entities monthly payment transmittal, recordkeeping of all agreements and payments, coordination of the conflict of interest statements (form 700) with the Fair Political Practices Commission (FPPC) is handled by staff at lower hourly rates. This method of administration has achieved efficiency through economies of scale and by charging at the appropriate rate.

Based on the efficiencies referenced above, it is recommended that the SJVIA maintain the continuity of operations by using staff at the County of Fresno and Tulare. The County of Fresno's recent consideration of additional staff to support the SJVIA (25-50%) is recommended as it allows additional support to the Authority, maintains continuity of operations and ensuring that each County is able to meet its own obligations. Staff recommends that your Board review and consider the administration of the SJVIA at least once every year at the first meeting of the calendar year.

**FISCAL IMPACT/FINANCING:**

The SJVIA currently receives \$2.00 per employee per month for administration and an additional \$2.00 per employee per month for non-founding entities. The revised FY 13-14 budget administration line item is approximately \$216,000. The SJVIA Quarterly Financial Report through December 31, 2013 indicates \$161,640 in costs for the administration line item.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager



**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Direction on SJVIA Administration & Staff

**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: \_\_\_\_\_

\* \* \* \* \*

That the Board received an update on the administration of the SJVIA and directed staff based on recommendations.



# 2013 Annual SJVIA Claims Report

Claims Data Through December 2013

[www.gallagherbenefits.com](http://www.gallagherbenefits.com)

- **Prepared By Gallagher Benefit Services**  
January 31, 2014

# Large Claim Report - 2013

## San Joaquin Valley Insurance Authority

Potential Large Dollar Claimants >\$200,000

### HMO Plan

January 1, 2013 through December 31, 2013 as of December 2013

Pooling Point \$400,000

Relationship	Paid	Diagnosis	Reimbursement
Dependent	\$ 392,339	Circulatory System (05)	\$ -
Dependent	\$ 340,656	Myeloid Disorders (17)	\$ -
Dependent	\$ 322,211	Injuries/Poisonings (21)	\$ -
Subscriber	\$ 285,910	Myeloid Disorders (17)	\$ -
Subscriber	\$ 273,662	Nervous System (01)	\$ -
Dependent	\$ 215,661	Hepatobiliary (07)	\$ -
Subscriber	\$ 213,456	Ear/Nose/Throat Disorders (08)	\$ -
Dependent	\$ 202,454	Newborns (15)	\$ -

**Total HMO Pooling Reimbursements** \$ -

### PPO Plan

January 1, 2013 through December 31, 2013 as of December 2013

Stop Loss Deductible \$450,000

Relationship	Paid	Diagnosis	Reimbursement
Subscriber	\$ 479,395	Injuries/Poisonings (21)	\$ 29,395
Dependent	\$ 223,672	Circulatory System (05)	\$ -
Subscriber	\$ 203,726	Nervous System (01)	\$ -
			\$ -

**Total PPO Stop Loss Reimbursements** \$ 29,395

**Total SJVIA Pooling and Stop Loss Reimbursements** \$ 29,395.00

# Large Claim Report - 2012

## San Joaquin Valley Insurance Authority Potential Large Dollar Claimants HMO Plan

January 1, 2012 through December 31, 2012

Pooling Point \$250,000

Relationship	Paid	Diagnosis	Reimbursement
Subscriber	\$ 1,225,803	Blood Disorders(16)	\$ 975,803
Dependent	\$ 945,511	Myeloid Disorders (17)	\$ 695,511
Dependent	\$ 847,166	Digestive System (06)	\$ 597,166
Dependent	\$ 425,472	Muscle/Tissue Disorders(08)	\$ 175,472
Dependent	\$ 320,326	Circulatory System (05)	\$ 70,326
Subscriber	\$ 286,720	Myeloid Disorders (17)	\$ 36,720

**Total HMO Pooling Reimbursements** **\$ 2,550,998**

## PPO Plan

January 1, 2012 through December 31, 2012

Stop Loss Deductible \$450,000

Relationship	Paid	Diagnosis	Reimbursement
Subscriber	\$ 586,616	Digestive System (06)	\$ 136,616
Subscriber	\$ 541,759	Nervous System (01)	\$ 91,759

\*Anthem Blue Cross does not begin reporting large claims until they reach \$50,000

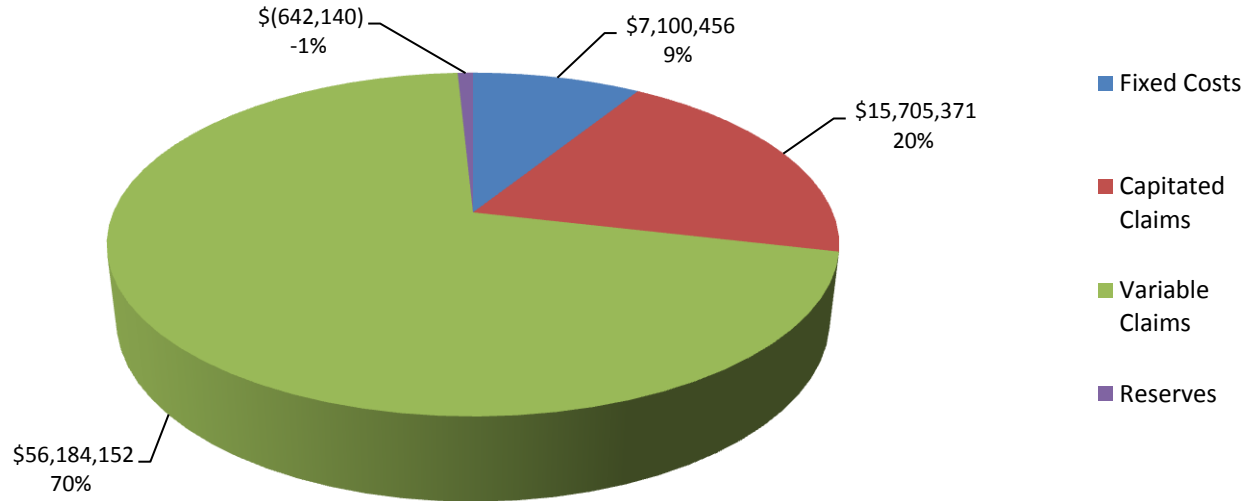
**Total PPO Stop Loss Reimbursements** **\$ 228,375**

**Total SJVIA Pooling and Stop Loss Reimbursements** **\$ 2,779,373.00**

# SJVIA - All Plans

# SJVIA - All Plans

## YTD SJVIA Premium Breakdown - 2013

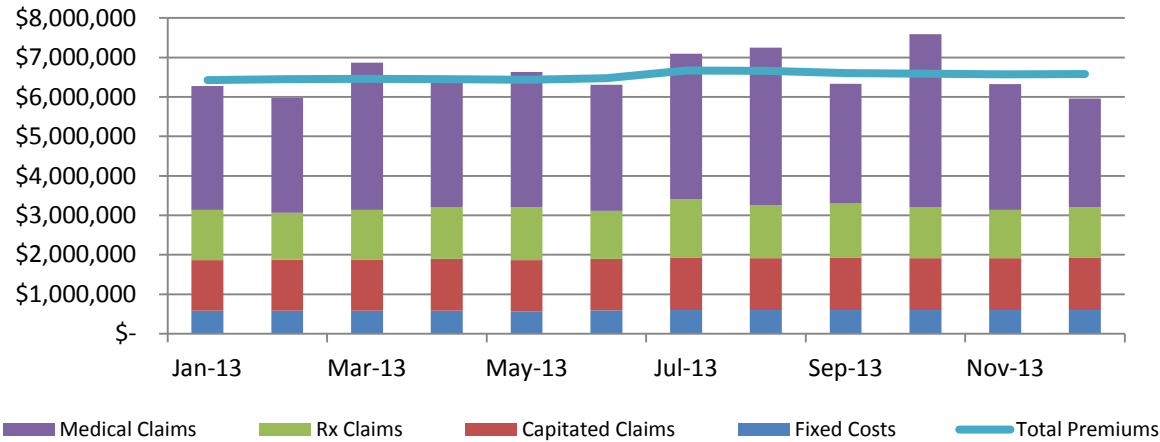


2013 Premium Breakdown - All Plans	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Fixed Costs	\$ 583,834	\$ 586,580	\$ 587,395	\$ 588,830	\$ 571,851	\$ 590,070	\$ 600,266	\$ 599,320	\$ 598,739	\$ 597,696	\$ 597,801	\$ 598,073	\$ 7,100,456
Capitulated Claims	\$ 1,282,850	\$ 1,290,885	\$ 1,298,101	\$ 1,305,832	\$ 1,297,722	\$ 1,311,837	\$ 1,321,827	\$ 1,318,659	\$ 1,321,540	\$ 1,317,492	\$ 1,317,159	\$ 1,321,465	\$ 15,705,371
Variable Claims	\$ 4,405,587	\$ 4,100,037	\$ 4,977,785	\$ 4,528,889	\$ 4,764,080	\$ 4,401,965	\$ 5,173,542	\$ 5,333,286	\$ 4,410,735	\$ 5,671,241	\$ 4,409,107	\$ 4,007,898	\$ 56,184,152
Reserves	\$ 148,703	\$ 468,101	\$ (408,902)	\$ 28,446	\$ (199,305)	\$ 172,246	\$ (431,708)	\$ (590,151)	\$ 271,269	\$ (1,003,337)	\$ 249,080	\$ 653,418	\$ (642,140)
<b>Total</b>	<b>\$ 6,420,974</b>	<b>\$ 6,445,603</b>	<b>\$ 6,454,378</b>	<b>\$ 6,451,998</b>	<b>\$ 6,434,347</b>	<b>\$ 6,476,118</b>	<b>\$ 6,663,927</b>	<b>\$ 6,661,115</b>	<b>\$ 6,602,284</b>	<b>\$ 6,583,092</b>	<b>\$ 6,573,148</b>	<b>\$ 6,580,855</b>	<b>\$ 78,347,839</b>

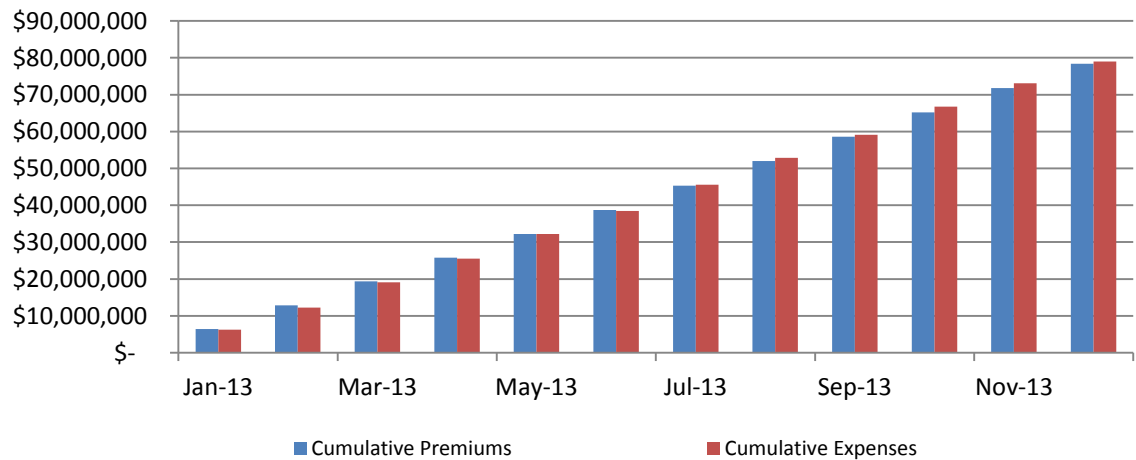
2012 Premium Breakdown - All Plans	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Fixed Costs	\$ 539,562	\$ 542,245	\$ 542,577	\$ 537,900	\$ 535,828	\$ 544,395	\$ 545,120	\$ 546,470	\$ 548,711	\$ 550,422	\$ 551,403	\$ 551,466	\$ 6,536,098
Capitulated Claims	\$ 1,125,742	\$ 1,126,734	\$ 1,128,967	\$ 1,115,075	\$ 1,105,152	\$ 1,126,982	\$ 1,130,703	\$ 1,138,432	\$ 1,139,137	\$ 1,143,768	\$ 1,145,587	\$ 1,147,820	\$ 13,574,099
Variable Claims	\$ 3,522,881	\$ 4,496,622	\$ 4,202,429	\$ 4,280,777	\$ 4,663,006	\$ 4,157,749	\$ 4,496,594	\$ 4,307,330	\$ 4,245,487	\$ 5,807,131	\$ 3,815,270	\$ 3,710,832	\$ 51,706,108
Reserves	\$ 375,156	\$ (577,340)	\$ (289,233)	\$ (392,359)	\$ (786,791)	\$ (239,826)	\$ (302,419)	\$ (118,560)	\$ (42,424)	\$ (1,599,678)	\$ 393,371	\$ 491,666	\$ (3,088,436)
<b>Total</b>	<b>\$ 5,563,341</b>	<b>\$ 5,588,262</b>	<b>\$ 5,584,740</b>	<b>\$ 5,541,393</b>	<b>\$ 5,517,195</b>	<b>\$ 5,589,300</b>	<b>\$ 5,869,998</b>	<b>\$ 5,873,672</b>	<b>\$ 5,890,911</b>	<b>\$ 5,901,643</b>	<b>\$ 5,905,631</b>	<b>\$ 5,901,784</b>	<b>\$ 68,727,870</b>

# SJVIA – All Plans

## SJVIA Total Premiums & Expenses - 2013

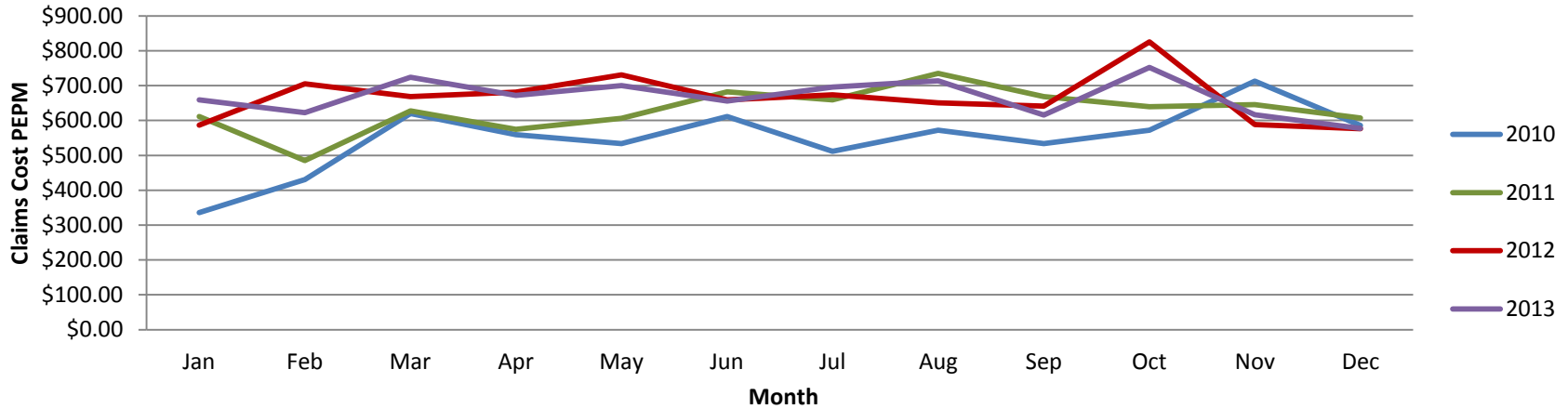


## SJVIA Cumulative Premiums & Expenses - 2013

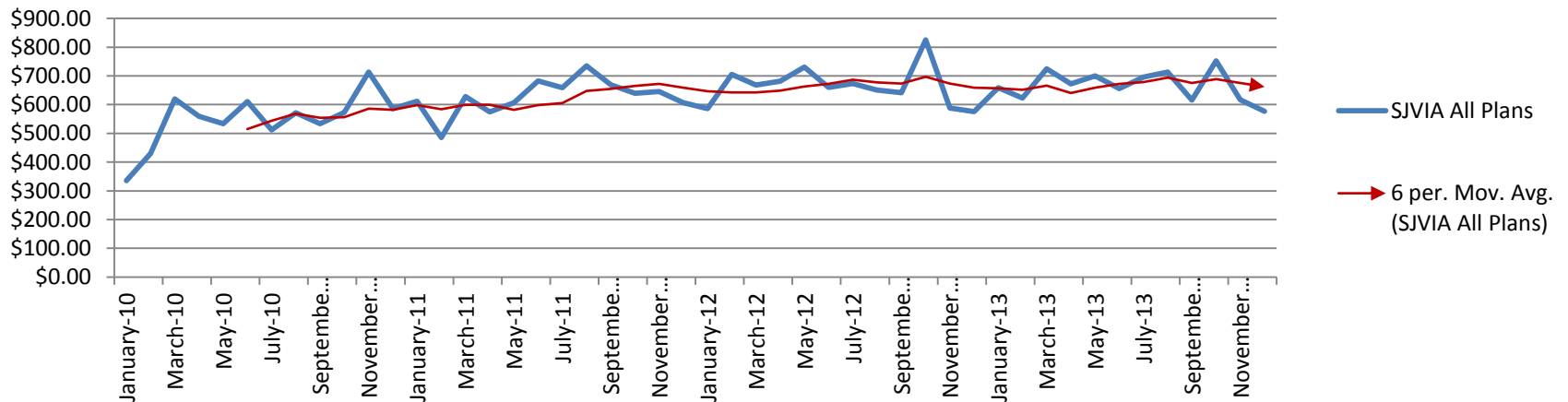


# SJVIA - All Plans

## SJVIA 2010 - 2013 All Plans (Year Over Year) - Claims PEPM



## SJVIA All Plans - Claims PEPM

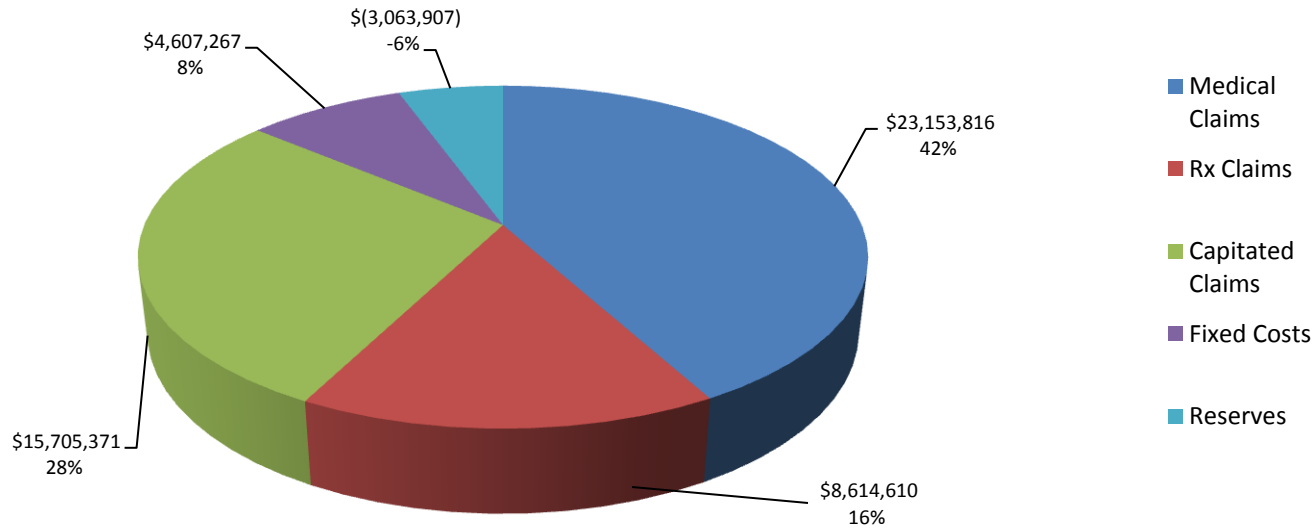




# SJVIA - HMO

# SJVIA - HMO

## YTD HMO Premium Breakdown - 2013

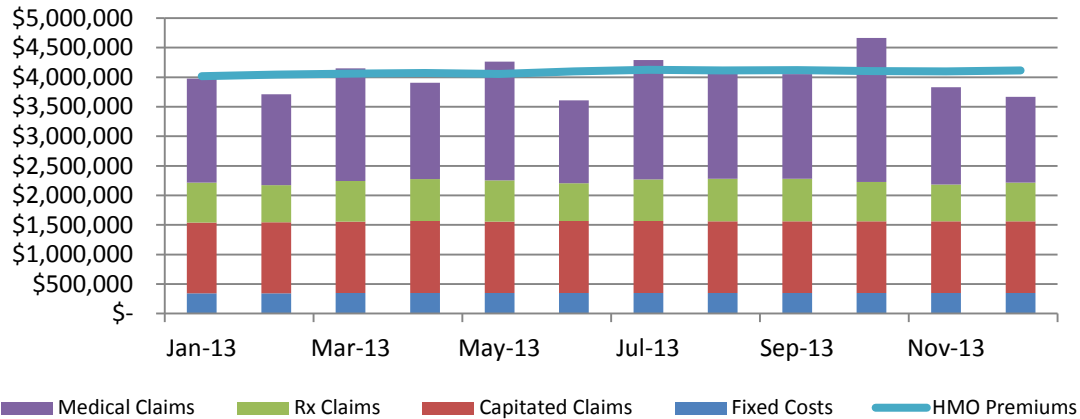


2013 Premium Breakdown - HMO	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Fixed Costs	\$ 377,213	\$ 379,829	\$ 381,908	\$ 384,137	\$ 381,549	\$ 384,799	\$ 386,766	\$ 385,862	\$ 386,775	\$ 385,639	\$ 385,905	\$ 386,884	\$ 4,607,267
Capitulated Claims	\$ 1,282,850	\$ 1,290,885	\$ 1,298,101	\$ 1,305,832	\$ 1,297,722	\$ 1,311,837	\$ 1,321,827	\$ 1,318,659	\$ 1,321,540	\$ 1,317,492	\$ 1,317,159	\$ 1,321,465	\$ 15,705,371
Medical Claims	\$ 1,758,813	\$ 1,553,541	\$ 2,201,042	\$ 1,884,434	\$ 2,236,723	\$ 1,588,607	\$ 2,184,670	\$ 2,006,960	\$ 1,907,913	\$ 2,557,500	\$ 1,744,290	\$ 1,529,322	\$ 23,153,816
Rx Claims	\$ 713,502	\$ 664,853	\$ 721,627	\$ 757,054	\$ 741,845	\$ 683,590	\$ 742,765	\$ 758,755	\$ 766,216	\$ 706,425	\$ 665,364	\$ 692,614	\$ 8,614,610
Reserves	\$ (113,573)	\$ 153,590	\$ (542,626)	\$ (261,435)	\$ (604,013)	\$ 126,718	\$ (512,265)	\$ (354,353)	\$ (262,372)	\$ (861,614)	\$ (13,160)	\$ 181,196	\$(3,063,907)
<b>Total</b>	<b>\$ 4,018,805</b>	<b>\$ 4,042,699</b>	<b>\$ 4,060,052</b>	<b>\$ 4,070,023</b>	<b>\$ 4,053,826</b>	<b>\$ 4,095,550</b>	<b>\$ 4,123,763</b>	<b>\$ 4,115,884</b>	<b>\$ 4,120,072</b>	<b>\$ 4,105,442</b>	<b>\$ 4,099,559</b>	<b>\$ 4,111,482</b>	<b>\$ 49,017,156</b>

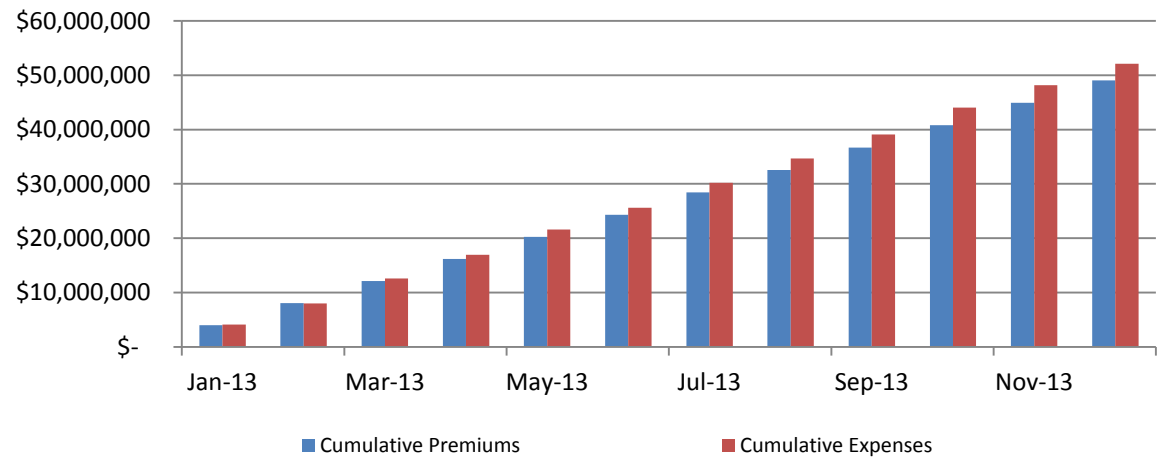
2012 Premium Breakdown - HMO	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Fixed Costs	\$ 357,186	\$ 357,501	\$ 358,209	\$ 353,801	\$ 350,653	\$ 357,658	\$ 358,760	\$ 359,626	\$ 361,436	\$ 362,932	\$ 363,483	\$ 364,191	\$ 4,305,437
Capitulated Claims	\$ 1,125,742	\$ 1,126,734	\$ 1,128,967	\$ 1,115,075	\$ 1,105,152	\$ 1,126,982	\$ 1,130,703	\$ 1,138,432	\$ 1,139,137	\$ 1,143,768	\$ 1,145,587	\$ 1,147,820	\$ 13,574,099
Medical Claims	\$ 1,128,332	\$ 1,941,584	\$ 1,376,948	\$ 1,816,134	\$ 2,330,814	\$ 1,662,356	\$ 2,054,136	\$ 1,679,713	\$ 1,433,160	\$ 2,636,011	\$ 1,453,372	\$ 1,296,919	\$ 20,809,479
Rx Claims	\$ 660,723	\$ 647,395	\$ 661,476	\$ 601,293	\$ 628,846	\$ 585,061	\$ 636,179	\$ 650,205	\$ 601,331	\$ 666,803	\$ 592,884	\$ 246,944	\$ 7,179,141
Reserves	\$ 184,564	\$ (616,175)	\$ (67,475)	\$ (466,974)	\$ (1,032,216)	\$ (287,080)	\$ (725,705)	\$ (367,736)	\$ (61,597)	\$ (1,326,739)	\$ (68,875)	\$ 437,317	\$ (4,398,692)
<b>Total</b>	<b>\$ 3,456,547</b>	<b>\$ 3,457,039</b>	<b>\$ 3,458,125</b>	<b>\$ 3,419,330</b>	<b>\$ 3,383,249</b>	<b>\$ 3,444,977</b>	<b>\$ 3,454,073</b>	<b>\$ 3,460,240</b>	<b>\$ 3,473,467</b>	<b>\$ 3,482,775</b>	<b>\$ 3,486,451</b>	<b>\$ 3,493,192</b>	<b>\$ 41,469,464</b>

# SJVIA – HMO

## HMO Total Expenses & Premiums - 2013

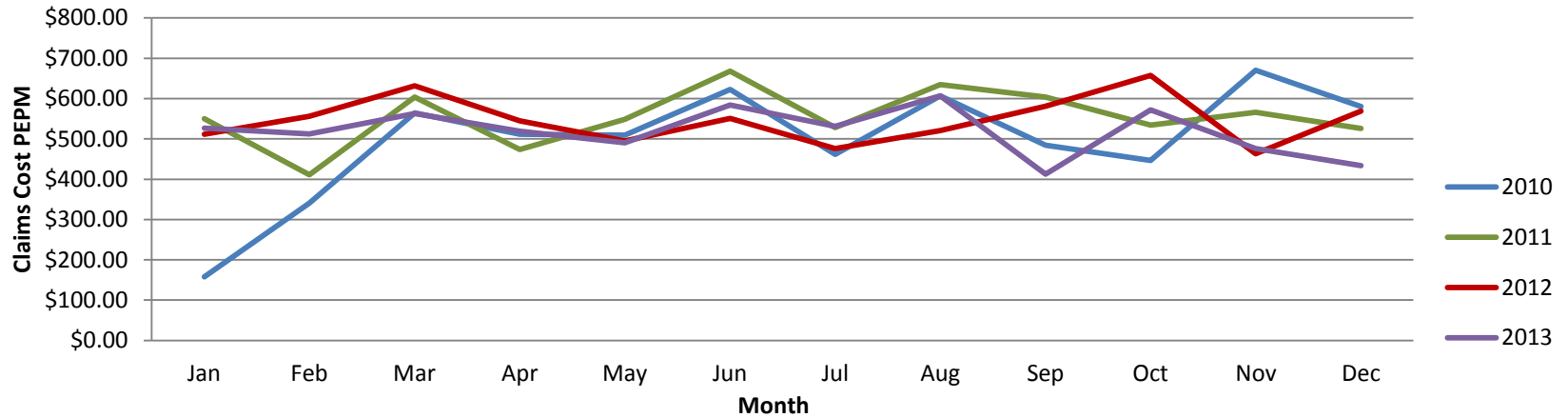


## HMO Cumulative Premiums & Expenses -2013

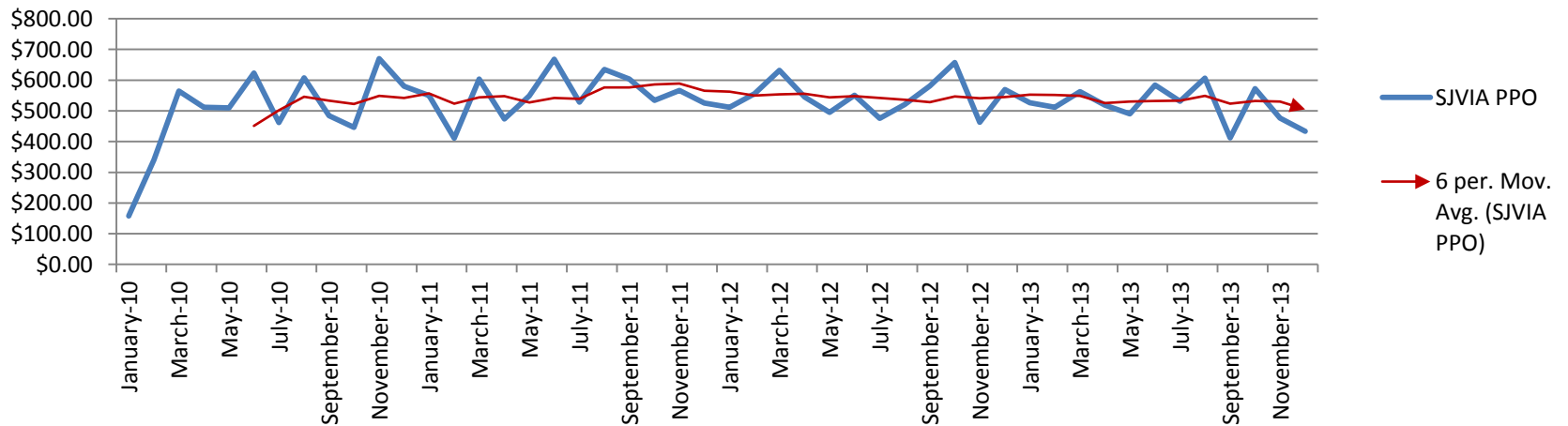


# SJVIA – HMO

## SJVIA 2010 - 2013 PPO (Year Over Year) - Claims PEPM



## SJVIA PPO Claims PEPM

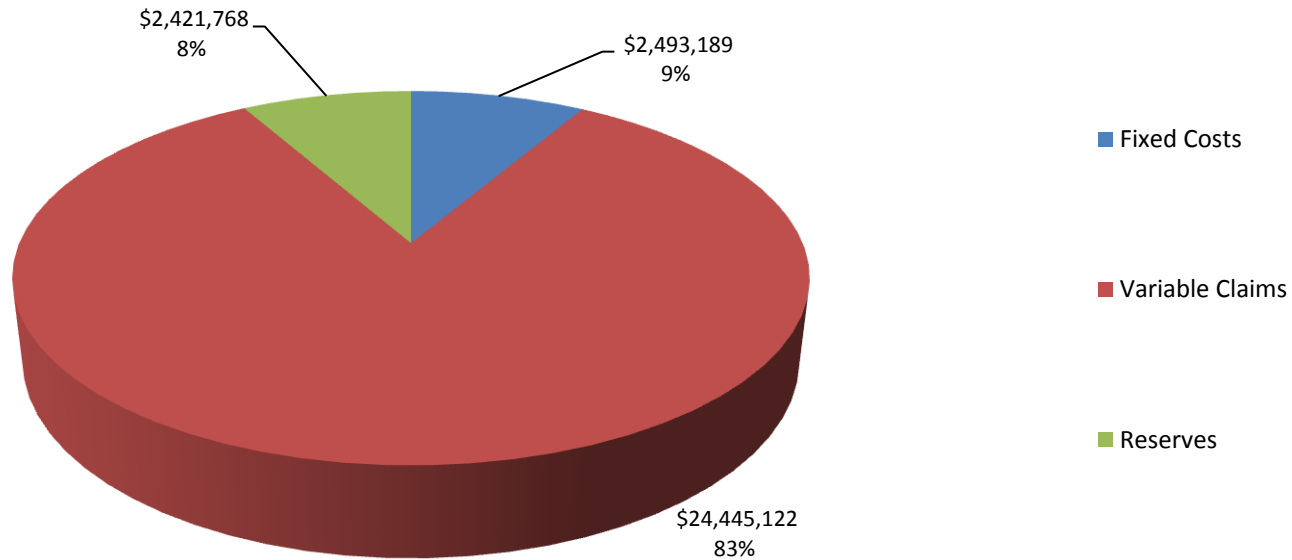


\*PEPM – Per Employee Per Month

# SJVIA - PPO

# SJVIA - PPO Premium Breakdown

## YTD PPO Premium Breakdown - 2013

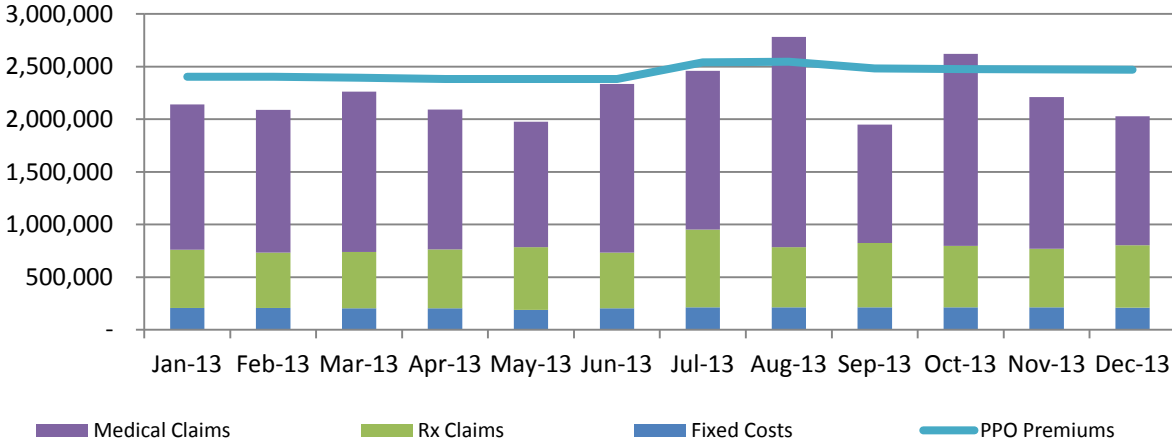


2013 Premium Breakdown - PPO	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Fixed Costs	\$ 206,621	\$ 206,752	\$ 205,486	\$ 204,694	\$ 190,302	\$ 205,271	\$ 213,500	\$ 213,458	\$ 211,964	\$ 212,057	\$ 211,896	\$ 211,189	\$ 2,493,189
Variable Claims	\$ 1,933,272	\$ 1,881,643	\$ 2,055,116	\$ 1,887,401	\$ 1,785,512	\$ 2,129,769	\$ 2,246,107	\$ 2,567,571	\$ 1,736,607	\$ 2,407,316	\$ 1,999,453	\$ 1,785,962	\$ 24,415,727
Reserves	\$ 262,276	\$ 314,510	\$ 133,725	\$ 289,881	\$ 404,708	\$ 45,528	\$ 80,557	\$ (235,798)	\$ 533,641	\$ (141,723)	\$ 262,240	\$ 472,222	\$ 2,421,768
<b>Total</b>	<b>\$ 2,402,169</b>	<b>\$ 2,402,904</b>	<b>\$ 2,394,326</b>	<b>\$ 2,381,975</b>	<b>\$ 2,380,522</b>	<b>\$ 2,380,568</b>	<b>\$ 2,540,165</b>	<b>\$ 2,545,231</b>	<b>\$ 2,482,212</b>	<b>\$ 2,477,650</b>	<b>\$ 2,473,589</b>	<b>\$ 2,469,373</b>	<b>\$ 29,330,683</b>

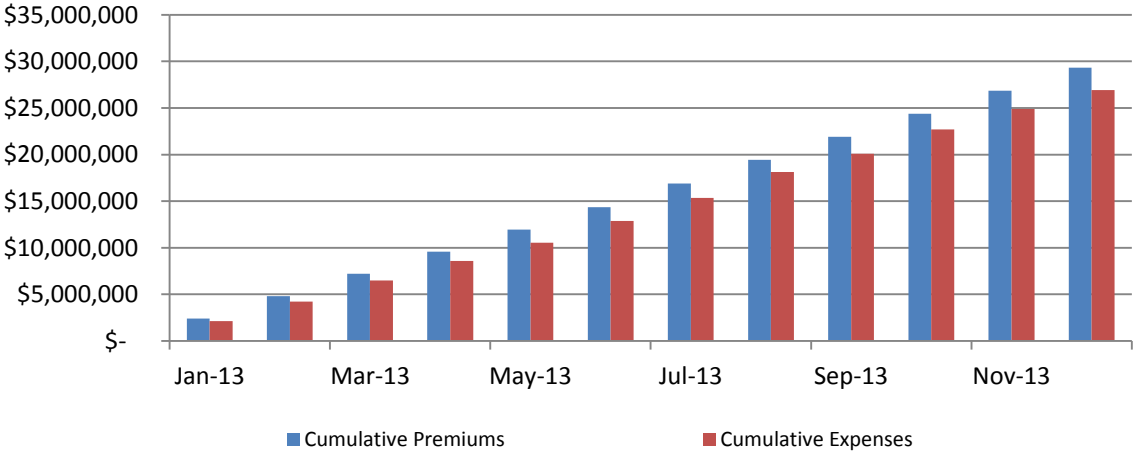
2012 Premium Breakdown - PPO	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Fixed Costs	\$ 182,376	\$ 184,745	\$ 184,368	\$ 184,099	\$ 185,175	\$ 186,736	\$ 186,359	\$ 186,844	\$ 187,275	\$ 187,490	\$ 187,921	\$ 187,275	\$ 2,230,661
Variable Claims	\$ 1,733,826	\$ 1,907,643	\$ 2,164,005	\$ 1,863,350	\$ 1,703,346	\$ 1,910,332	\$ 1,806,279	\$ 1,977,412	\$ 2,210,996	\$ 2,504,317	\$ 1,769,014	\$ 2,166,969	\$ 23,717,489
Reserves	\$ 190,592	\$ 38,835	\$ (221,757)	\$ 74,615	\$ 245,425	\$ 47,254	\$ 423,286	\$ 249,177	\$ 19,173	\$ (272,939)	\$ 462,246	\$ 54,349	\$ 1,310,256
<b>Total</b>	<b>\$ 2,106,794</b>	<b>\$ 2,131,223</b>	<b>\$ 2,126,615</b>	<b>\$ 2,122,064</b>	<b>\$ 2,133,947</b>	<b>\$ 2,144,322</b>	<b>\$ 2,415,925</b>	<b>\$ 2,413,432</b>	<b>\$ 2,417,444</b>	<b>\$ 2,418,868</b>	<b>\$ 2,419,180</b>	<b>\$ 2,408,592</b>	<b>\$ 27,258,406</b>

# SJVIA - PPO Plans

**PPO Total Expenses & Premiums - 2013**

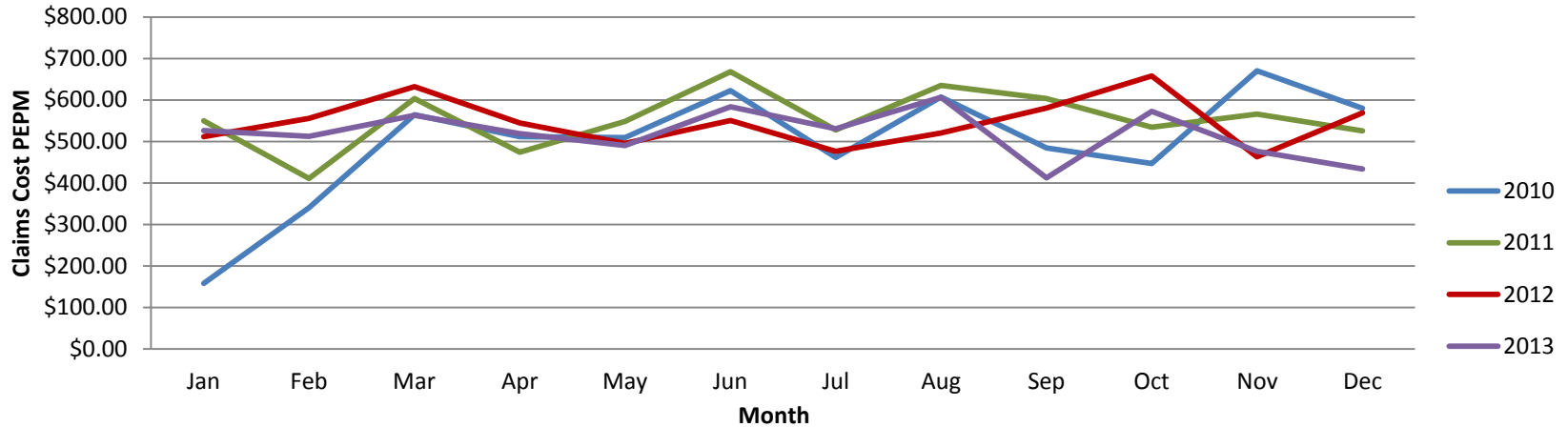


**PPO Cumulative Premiums & Expenses - 2013**

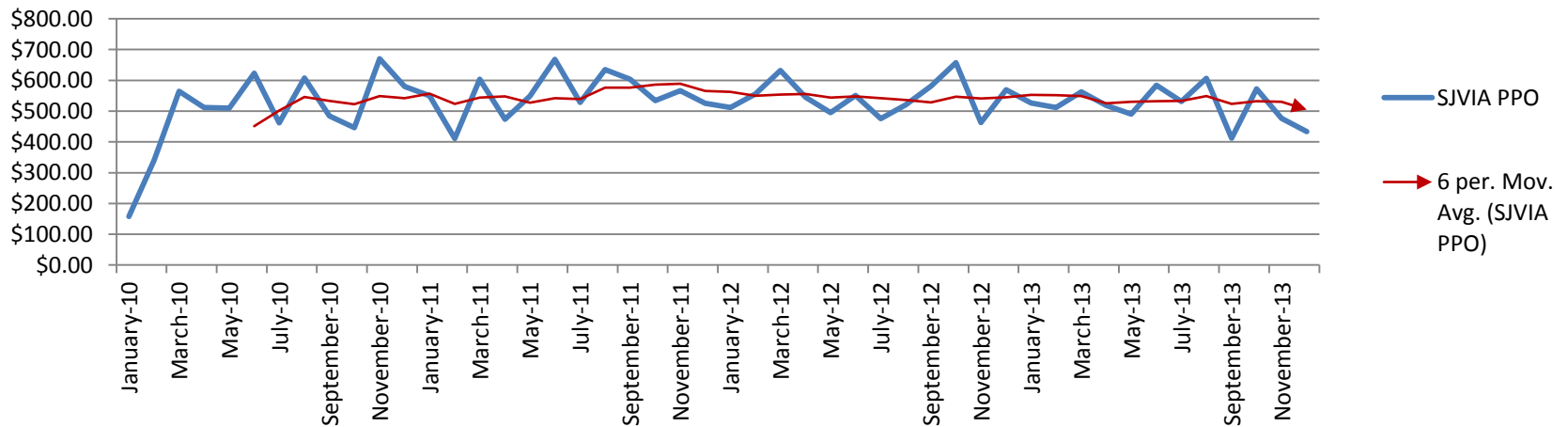


# SJVIA – PPO Claims PEPM

## SJVIA 2010 - 2013 PPO (Year Over Year) - Claims PEPM



## SJVIA PPO Claims PEPM





# SJVIA - Monthly Data

# SJVIA - All Plans

2013 SJVIA Enrollment - All Plans	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
- Employee Only	5,155	5,179	5,180	5,211	5,188	5,221	5,285	5,263	5,256	5,272	5,281	5,273	62,764
- Employee + Spouse	1,028	1,029	1,024	1,017	1,003	1,002	1,035	1,033	1,020	1,014	1,003	1,005	12,213
- Employee + Child(ren)	1,546	1,544	1,547	1,548	1,547	1,555	1,789	1,796	1,797	1,773	1,773	1,777	19,992
- Employee + Family	899	908	914	905	918	933	1,224	1,229	1,236	1,232	1,224	1,230	12,852
<b>SJVIA Total Enrollment</b>	<b>8,628</b>	<b>8,660</b>	<b>8,665</b>	<b>8,681</b>	<b>8,656</b>	<b>8,711</b>	<b>9,333</b>	<b>9,321</b>	<b>9,309</b>	<b>9,291</b>	<b>9,281</b>	<b>9,285</b>	107,821
<b>SJVIA Total Premiums</b>	<b>\$6,420,974</b>	<b>\$6,445,603</b>	<b>\$6,454,378</b>	<b>\$6,451,998</b>	<b>\$ 6,434,347</b>	<b>\$6,476,118</b>	<b>\$6,663,927</b>	<b>\$ 6,661,115</b>	<b>\$6,602,284</b>	<b>\$ 6,583,092</b>	<b>\$6,573,148</b>	<b>\$ 6,580,855</b>	<b>\$78,347,839</b>
SJVIA Premiums PEPM	\$ 744.20	\$ 744.30	\$ 744.88	\$ 743.23	\$ 743.34	\$ 743.44	\$ 714.02	\$ 714.64	\$ 709.24	\$ 708.55	\$ 708.24	\$ 708.76	\$ 726.65
SJVIA Total Claims	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
- Medical Claims	\$ 3,137,882	\$ 2,909,055	\$ 3,722,059	\$ 3,213,819	\$ 3,427,595	\$ 3,190,394	\$ 3,691,102	\$ 4,002,578	\$ 3,033,677	\$ 4,378,767	\$ 3,186,000	\$ 2,753,509	\$ 40,646,437
- Rx Claims	\$ 1,267,704	\$ 1,190,983	\$ 1,255,726	\$ 1,315,070	\$ 1,336,485	\$ 1,211,571	\$ 1,482,440	\$ 1,330,708	\$ 1,377,059	\$ 1,292,474	\$ 1,223,107	\$ 1,283,785	\$ 15,567,111
- Stop-Loss Refunds	\$ -	\$ -										\$ (29,395)	\$ (29,395)
- Capitated Claims (HMO)	\$ 1,282,850	\$ 1,290,885	\$ 1,298,101	\$ 1,305,832	\$ 1,297,722	\$ 1,311,837	\$ 1,321,827	\$ 1,318,659	\$ 1,321,540	\$ 1,317,492	\$ 1,317,159	\$ 1,321,465	\$ 15,705,371
<b>SJVIA Total Claims</b>	<b>\$ 5,688,437</b>	<b>\$ 5,390,922</b>	<b>\$ 6,275,885</b>	<b>\$ 5,834,721</b>	<b>\$ 6,061,802</b>	<b>\$ 5,713,802</b>	<b>\$ 6,495,369</b>	<b>\$ 6,651,945</b>	<b>\$ 5,732,276</b>	<b>\$ 6,988,733</b>	<b>\$ 5,726,266</b>	<b>\$ 5,329,364</b>	<b>\$ 71,918,918</b>
SJVIA Claims PEPM	\$ 659.30	\$ 622.51	\$ 724.28	\$ 672.13	\$ 700.30	\$ 655.93	\$ 695.96	\$ 713.65	\$ 615.78	\$ 752.20	\$ 616.99	\$ 573.98	\$ 667.02
<b>SJVIA Fixed Costs</b>	<b>\$ 583,834</b>	<b>\$ 586,580</b>	<b>\$ 587,395</b>	<b>\$ 588,830</b>	<b>\$ 571,851</b>	<b>\$ 590,070</b>	<b>\$ 600,266</b>	<b>\$ 599,320</b>	<b>\$ 598,739</b>	<b>\$ 597,696</b>	<b>\$ 597,801</b>	<b>\$ 598,073</b>	<b>\$ 7,100,456</b>
<b>SJVIA Total Costs</b>	<b>\$ 6,272,271</b>	<b>\$ 5,977,502</b>	<b>\$ 6,863,280</b>	<b>\$ 6,423,552</b>	<b>\$ 6,633,653</b>	<b>\$ 6,303,872</b>	<b>\$ 7,095,635</b>	<b>\$ 7,251,265</b>	<b>\$ 6,331,015</b>	<b>\$ 7,586,429</b>	<b>\$ 6,324,067</b>	<b>\$ 5,927,437</b>	<b>\$ 78,989,979</b>
SJVIA Cost PEPM	\$ 726.97	\$ 690.24	\$ 792.07	\$ 739.96	\$ 766.36	\$ 723.67	\$ 760.27	\$ 777.95	\$ 680.10	\$ 816.54	\$ 681.40	\$ 638.39	\$ 732.60
<b>SJVIA Total Reserve - Increase/(Decrease)</b>	<b>\$ 148,703</b>	<b>\$ 468,101</b>	<b>\$ (408,902)</b>	<b>\$ 28,446</b>	<b>\$ (199,305)</b>	<b>\$ 172,246</b>	<b>\$ (431,708)</b>	<b>\$ (590,151)</b>	<b>\$ 271,269</b>	<b>\$ (1,003,337)</b>	<b>\$ 249,080</b>	<b>\$ 653,418</b>	<b>\$ (642,140)</b>
<b>Reserve % of Non Cap. Claims</b>	<b>3.4%</b>	<b>11.4%</b>	<b>-8.2%</b>	<b>0.6%</b>	<b>-4.2%</b>	<b>3.9%</b>	<b>-8.3%</b>	<b>-11.1%</b>	<b>6.2%</b>	<b>-17.7%</b>	<b>5.6%</b>	<b>16.3%</b>	<b>-1.1%</b>

# SJVIA - HMO

2013 HMO Enrollment	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
- Employee Only	2,241	2,265	2,289	2,327	2,296	2,322	2,356	2,344	2,358	2,363	2,370	2,377	27,908
- Employee + Spouse	646	644	640	639	634	636	636	632	621	622	615	618	7,583
- Employee + Child(ren)	1,413	1,412	1,418	1,418	1,416	1,425	1,422	1,425	1,426	1,405	1,412	1,415	17,007
- Employee + Family	655	664	666	659	666	680	688	688	694	694	685	688	8,127
<b>HMO Total Enroll.</b>	<b>4,955</b>	<b>4,985</b>	<b>5,013</b>	<b>5,043</b>	<b>5,012</b>	<b>5,063</b>	<b>5,102</b>	<b>5,089</b>	<b>5,099</b>	<b>5,084</b>	<b>5,082</b>	<b>5,098</b>	<b>60,625</b>
<b>HMO Premiums</b>	<b>4,018,805</b>	<b>4,042,699</b>	<b>4,060,052</b>	<b>4,070,023</b>	<b>4,053,826</b>	<b>4,095,550</b>	<b>4,123,763</b>	<b>4,115,884</b>	<b>4,120,072</b>	<b>4,105,442</b>	<b>4,099,559</b>	<b>4,111,482</b>	<b>\$ 49,017,156</b>
HMO Premiums PEPM	\$ 811.06	\$ 810.97	\$ 809.90	\$ 807.06	\$ 808.82	\$ 808.92	\$ 808.26	\$ 808.78	\$ 808.02	\$ 807.52	\$ 806.68	\$ 806.49	\$ 808.53
<b>HMO Claims</b>	<b>January</b>	<b>February</b>											<b>YTD Totals</b>
- Medical Claims	1,758,813	1,553,541	2,201,042	1,884,434	2,236,723	1,588,607	2,184,670	2,006,960	1,907,913	2,557,500	1,744,290	1,529,322	\$ 23,153,816
- Rx Claims	713,502	664,853	721,627	757,054	741,845	683,590	742,765	758,755	766,216	706,425	665,364	692,614	\$ 8,614,610
- Capitated Claims	1,282,850	1,290,885	1,298,101	1,305,832	1,297,722	1,311,837	1,321,827	1,318,659	1,321,540	1,317,492	1,317,159	1,321,465	\$ 15,705,371
Pooling Reimbursements													
<b>HMO Total Claims</b>	<b>\$ 3,755,165</b>	<b>\$ 3,509,280</b>	<b>\$ 4,220,770</b>	<b>\$ 3,947,321</b>	<b>\$ 4,276,290</b>	<b>\$ 3,584,034</b>	<b>\$ 4,249,262</b>	<b>\$ 4,084,375</b>	<b>\$ 3,995,669</b>	<b>\$ 4,581,417</b>	<b>\$ 3,726,814</b>	<b>\$ 3,543,401</b>	<b>\$ 47,473,796</b>
HMO Claims PEPM	\$ 757.85	\$ 703.97	\$ 841.96	\$ 782.73	\$ 853.21	\$ 707.89	\$ 832.86	\$ 802.59	\$ 783.62	\$ 901.14	\$ 733.34	\$ 695.06	\$ 783.07
<b>HMO Fixed Costs</b>	<b>377,213</b>	<b>379,829</b>	<b>381,908</b>	<b>384,137</b>	<b>381,549</b>	<b>384,799</b>	<b>386,766</b>	<b>385,862</b>	<b>386,775</b>	<b>385,639</b>	<b>385,905</b>	<b>386,884</b>	<b>\$ 4,607,267</b>
<b>HMO Total Costs</b>	<b>\$ 4,132,378</b>	<b>\$ 3,889,108</b>	<b>\$ 4,602,678</b>	<b>\$ 4,331,457</b>	<b>\$ 4,657,839</b>	<b>\$ 3,968,833</b>	<b>\$ 4,636,028</b>	<b>\$ 4,470,237</b>	<b>\$ 4,382,444</b>	<b>\$ 4,967,057</b>	<b>\$ 4,112,719</b>	<b>\$ 3,930,285</b>	<b>\$ 52,081,063</b>
HMO Costs PEPM	\$ 833.98	\$ 780.16	\$ 918.15	\$ 858.90	\$ 929.34	\$ 783.89	\$ 908.67	\$ 878.41	\$ 859.47	\$ 977.00	\$ 809.27	\$ 770.95	\$ 859.07
<b>HMO Plan Reserve - Increase/(Decrease)</b>	<b>\$ (113,573)</b>	<b>\$ 153,590</b>	<b>\$ (542,626)</b>	<b>\$ (261,435)</b>	<b>\$ (604,013)</b>	<b>\$ 126,718</b>	<b>\$ (512,265)</b>	<b>\$ (354,353)</b>	<b>\$ (262,372)</b>	<b>\$ (861,614)</b>	<b>\$ (13,160)</b>	<b>\$ 181,196</b>	<b>\$ (3,063,907)</b>
<b>Reserve % of Non Cap. Claims</b>	<b>-4.6%</b>	<b>6.9%</b>	<b>-18.6%</b>	<b>-9.9%</b>	<b>-20.3%</b>	<b>5.6%</b>	<b>-17.5%</b>	<b>-12.8%</b>	<b>-9.8%</b>	<b>-26.4%</b>	<b>-0.5%</b>	<b>8.2%</b>	<b>-9.6%</b>

# SJVIA - PPO

2013 PPO Enrollment - All Plans	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
- Employee Only	2,914	2,914	2,891	2,884	2,892	2,899	2,929	2,919	2,898	2,909	2,911	2,896	34,856
- Employee + Spouse	382	385	384	378	369	366	399	401	399	392	388	387	4,630
- Employee + Child(ren)	133	132	129	130	131	130	367	371	371	368	361	362	2,985
- Employee + Family	244	244	248	246	252	253	536	541	542	538	539	542	4,725
<b>PPO Plans Total Enrollment</b>	<b>3,673</b>	<b>3,675</b>	<b>3,652</b>	<b>3,638</b>	<b>3,644</b>	<b>3,648</b>	<b>4,231</b>	<b>4,232</b>	<b>4,210</b>	<b>4,207</b>	<b>4,199</b>	<b>4,187</b>	<b>47,196</b>
<b>PPO Plans Total Premiums</b>	<b>2,402,169</b>	<b>2,402,904</b>	<b>2,394,326</b>	<b>2,381,975</b>	<b>2,380,522</b>	<b>2,380,568</b>	<b>2,540,165</b>	<b>2,545,231</b>	<b>2,482,212</b>	<b>2,477,650</b>	<b>2,473,589</b>	<b>2,469,373</b>	<b>\$ 29,330,683</b>
PPO Premiums PEPM	\$ 654.01	\$ 653.85	\$ 655.62	\$ 654.75	\$ 653.27	\$ 652.57	\$ 600.37	\$ 601.42	\$ 589.60	\$ 588.94	\$ 589.09	\$ 589.77	\$ 621.47
<b>PPO Plans Total Claims</b>	<b>January</b>	<b>February</b>											<b>YTD Totals</b>
- Medical Claims	1,379,070	1,355,513	1,521,017	1,329,384	1,190,872	1,601,788	1,506,432	1,995,618	1,125,764	1,821,267	1,441,710	1,224,187	\$ 17,492,621
- Rx Claims	554,202	526,129	534,099	558,016	594,640	527,981	739,675	571,953	610,843	586,049	557,743	591,170	\$ 6,952,501
- Stop-Loss Refunds	\$ -	\$ -										\$ (29,395)	
<b>PPO Plans Net Claims</b>	<b>\$ 1,933,272</b>	<b>\$ 1,881,643</b>	<b>\$ 2,055,116</b>	<b>\$ 1,887,401</b>	<b>\$ 1,785,512</b>	<b>\$ 2,129,769</b>	<b>\$ 2,246,107</b>	<b>\$ 2,567,571</b>	<b>\$ 1,736,607</b>	<b>\$ 2,407,316</b>	<b>\$ 1,999,453</b>	<b>\$ 1,785,962</b>	<b>\$ 24,445,122</b>
PPO Plans Claims PEPM	\$ 526.35	\$ 512.01	\$ 562.74	\$ 518.80	\$ 489.99	\$ 583.82	\$ 530.87	\$ 606.70	\$ 412.50	\$ 572.22	\$ 476.17	\$ 426.55	\$ 517.95
<b>PPO Plans Fixed Costs</b>	<b>206,621</b>	<b>206,752</b>	<b>205,486</b>	<b>204,694</b>	<b>190,302</b>	<b>205,271</b>	<b>213,500</b>	<b>213,458</b>	<b>211,964</b>	<b>212,057</b>	<b>211,896</b>	<b>211,189</b>	<b>\$ 2,493,189</b>
<b>PPO Plans Total Costs</b>	<b>\$ 2,139,893</b>	<b>\$ 2,088,394</b>	<b>\$ 2,260,602</b>	<b>\$ 2,092,094</b>	<b>\$ 1,975,814</b>	<b>\$ 2,335,039</b>	<b>\$ 2,459,607</b>	<b>\$ 2,781,029</b>	<b>\$ 1,948,571</b>	<b>\$ 2,619,373</b>	<b>\$ 2,211,348</b>	<b>\$ 1,997,151</b>	<b>\$ 26,908,916</b>
PPO Plans Cost PEPM	\$ 582.60	\$ 568.27	\$ 619.00	\$ 575.07	\$ 542.21	\$ 640.09	\$ 581.33	\$ 657.14	\$ 462.84	\$ 622.62	\$ 526.64	\$ 476.99	\$ 570.15
<b>PPO Plans Total Reserve - Increase/(Decrease)</b>	<b>\$ 262,276</b>	<b>\$ 314,510</b>	<b>\$ 133,725</b>	<b>\$ 289,881</b>	<b>\$ 404,708</b>	<b>\$ 45,528</b>	<b>\$ 80,557</b>	<b>\$ (235,798)</b>	<b>\$ 533,641</b>	<b>\$ (141,723)</b>	<b>\$ 262,240</b>	<b>\$ 472,222</b>	<b>\$ 2,421,768</b>
<b>Reserve % of Net Claims</b>	<b>13.6%</b>	<b>16.7%</b>	<b>6.5%</b>	<b>15.4%</b>	<b>22.7%</b>	<b>2.1%</b>	<b>3.6%</b>	<b>-9.2%</b>	<b>30.7%</b>	<b>-5.9%</b>	<b>13.1%</b>	<b>26.4%</b>	<b>9.9%</b>



**BOARD OF DIRECTORS**

ANDREAS BORGEAS  
JUDITH CASE MCNAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POOCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014 9:00 AM**

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 11

**SUBJECT:** Receive and File Executive Claims Summary through December 2013

**REQUEST(S):** That the Board Receive and File Executive Claims Summary through December 2013

**DESCRIPTION:**

The attached report provides an overview of several key plan metrics and is used to identify trends and outliers. As requested by your board, a "Large Claim Report" has been included in the Monthly Claims Report (page 3). This summary details on-going claims that are over \$100,000 paid-to-date. The "pooling point" is the maximum amount the SJVIA could pay in a plan year for each individual on the plan. For historical purposes, the pooling point for the HMO plan is \$400,000 and the pooling point for the PPO plan is \$450,000. The pooling point for the HMO plan was increased from \$250,000 to \$400,000 in plan year 2013. When claims reach the pooling point the SJVIA is no longer liable for the payment of further eligible claims within the policy year.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

The attached Monthly Claims Report reflects claims data through December 2013. For comparative purposes, the attached report includes 2012 data. In addition to the founding Counties (Fresno and Tulare), this report includes data for:

- City of Tulare, which began participating in the SJVIA effective July, 2012
- City of Ceres, which joined SJVIA effective January 2013
- City of Waterford, which joined the SJVIA effective June 2013
- City of San Joaquin, which joined the SJVIA effective July 2013
- City of Shafter, which joined the SJVIA effective July 2013
- City of Sanger, which joined the SJVIA effective July 2013
- City of Gustine, which joined the SJVIA effective October 2013

**Claims Report Highlights:**

- Year-to-date total enrollment in the SJVIA has increased 9.9% when comparing 2012 enrollment to 2013 enrollment. The annual total of enrolled employees increased from 98,193 to 107,821.
- Year-to-date total premium collected in the SJVIA has increased 13.9% (2012 premium collected vs 2013 premium collected)
- Year-to-date total claims in the SJVIA have increased 10.1% (2012 claims vs 2013 claims)
- The HMO plan total claims were \$47,473,796
- The PPO plan total claims were \$24,445,122

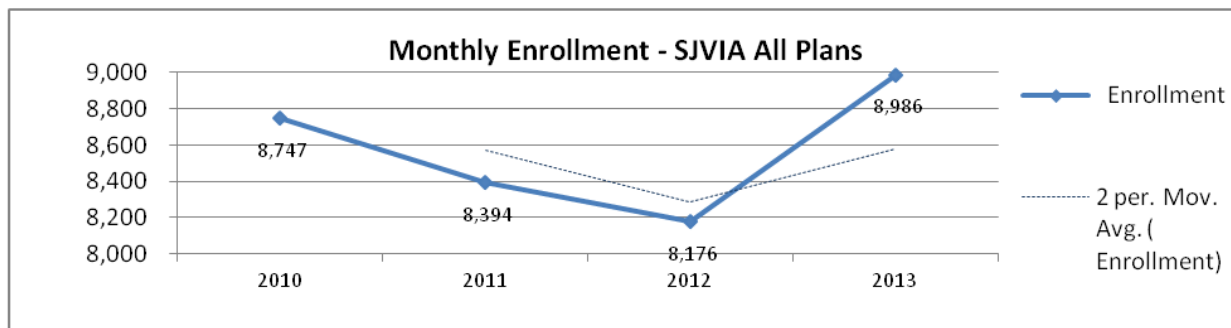
**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

Comparing claims “Per Employee Per Month” (PEPM) can be a good indicator of overall medical inflationary trends. Although page 7 shows the PEPM trend each month for each year, the overall yearly averages are below:

Plan Year	HMO	PPO	Overall
2010	<u>\$586.15</u> PEPM	<u>\$495.09</u> PEPM	<u>\$547.67</u> PEPM
2011	<u>\$681.06</u> PEPM	<u>\$553.64</u> PEPM	<u>\$628.33</u> PEPM
2012	<u>\$713.19</u> PEPM	<u>\$551.65</u> PEPM	<u>\$637.06</u> PEPM
2013	<u>\$783.07</u> PEPM	<u>\$517.95</u> PEPM	<u>\$667.02</u> PEPM

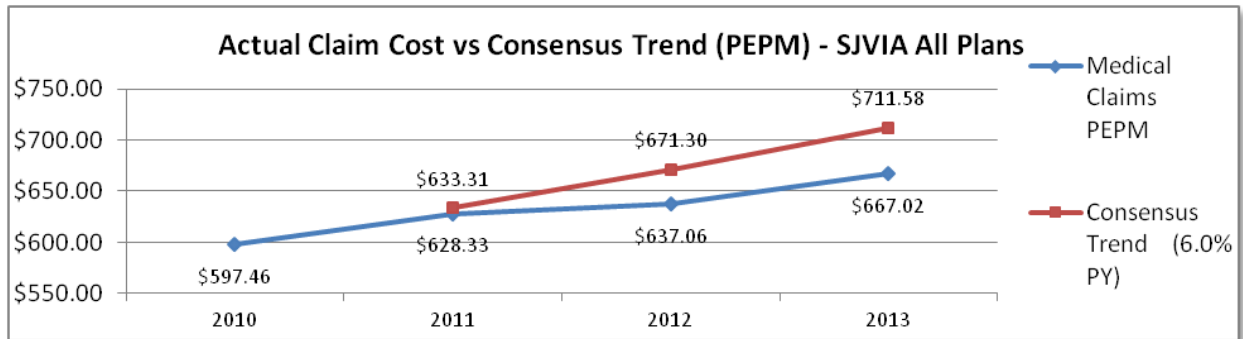
The chart below shows average monthly enrollment in all SJVIA plans since inception. Enrollment dropped slightly in 2011 and 2012 but increased 9.9% in 2013 due to increased participation in the founding members’ population as well as the addition of the new entities mentioned above.



The chart below shows actual claims costs (Per Employee Per Month) for all of the SJVIA plans. These values are represented by the blue line with corresponding average claims from the table above. For illustrative purposes, we have included a consensus trend line (red line) that represents a level, year over year, 6% medical inflationary trend assumption. The differential between these two lines demonstrates the savings the SJVIA has realized over a normal, consensus medical trend assumption.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014



The complete 2013 Executive Claims Summary is attached.

**FISCAL IMPACT/FINANCING:**

None

**ADMINISTRATIVE SIGN-OFF:**

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Paul Nerland  
SJVIA Manager

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Rhonda Sjostrom  
SJVIA Assistant Manager



**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Receiving and filing Executive Claims Summary through  
December 2013

**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: \_\_\_\_\_

\* \* \* \* \*

That the Board received and filed Executive Claims Summary through  
December 2013



**BOARD OF DIRECTORS**

ANDREAS BORGEAS  
JUDITH CASE MCNAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POOCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014 9:00 AM**

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 12

**SUBJECT:** Receive and File Report from US Script for Prescription Benefit Plan

**REQUEST(S):** That the Board Receive and File Report from US Script for Prescription Benefit Plan

**DESCRIPTION:**

US Script became the Pharmacy Benefits Manager (PBM) for the SJVIA beginning in Plan Year 2013. The agreement with the SJVIA is for three years and all participants of the SJVIA are included in this program. On November 1, 2013 US Script presented an overview of trends and shared several recommendations that may help mitigate the rising cost of pharmacy claims. The report presented included claims through September 2013. The attached report is updated to include claims through the end of December 2013.

Don Anderson, Pharm D will present additional information and trends and follow-up regarding questions posed by your Board regarding pricing and options for network pharmacies. A few points that will be presented at the meeting are highlighted below:

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

**Specialty Medications:** Specialty medications are the fastest growing, most expensive category of prescription drugs. They often require special handling and approval to be covered and are utilized by only 2.0% of SJVIA members. These drugs continue to make up less than 1% of the total number of claims, but are responsible for 20% of the total cost of all claims. This is down from 25% for the 3rd quarter results. The majority of SJVIA's current plans do not follow industry trends of separating these drugs into their own pricing class to help offset costs. Many plans assess a separate copay for specialty meds, with the average copay of \$125, due to their expensive nature. Alternatively, percentage share of cost with a maximum is also a common design. The County of Tulare plan has this provision, with member share for specialty medication at 30% to a maximum of \$100.

**Generic Fill Rate:** Generic fill rate, percentage of prescriptions filled as generic when available, is another important metric monitored by US Script. SJVIA's generic fill rate of 77.8% is below the standard goal of 80-82%. Statistically, every 1% increase of generic medicines reduces overall costs by 1.5%, saving the plan significant costs each year. Given the large volume of claims dollars spent on prescriptions every year, incentivizing members to fill generic medications is of great importance in driving the generic fill rate to the goal rate of 82%.

**Extended Days Supply:** Also noted in the review of the 2013, 21.9% of claims are being filled as extended day supply, 60 or 90 days for example. Plan allowances for extended days supply for routine medications helps to reduce costs for patients and the SJVIA by reducing the number of visits to pharmacies. Other plans that offer an extended days supply, usually have a rate of 38-40%, as compared to SJVIA's 22%.

**Retail Network Selection:** Based on retail network selection, we see many members filling prescriptions at Walgreens pharmacies. Historically Walgreens has been a more costly retail chain, which is why we are seeing so many non-Walgreens strategies evolving. US Script had previously mentioned a limited scope network that excluded Walgreens. Since that time, they have been able to renegotiate the Walgreens contract to obtain better discounts behalf of the SJVIA. As a result of these new rates, the savings opportunities are insignificant when paired with the potential member impact. At this point US Script does not advise making any limited network changes, as based on the revised rates the benefit of such a change has diminished to a level that no longer appears to justify the member disruption that would occur. US Script will continue to monitor on a semi-annual basis to ensure this continues to be the case.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

**FISCAL IMPACT/FINANCING:**

None.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Receive and File Report from US Script for Prescription Benefit Plan

**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: \_\_\_\_\_

\* \* \* \* \*

That the Board Receive and File Report from US Script for Prescription Benefit Plan

## TPA Executive Summary

January 2013 - December 2013

## Traditional vs. Specialty

	Claims	Claims/1000	Utilizers/1000	Billed Amt	\$ Per Rx
Traditional	170,584	11,392	801	\$11,794,357	\$69.14
Specialty	1,597	107	16	\$3,018,400	\$1,890.04
% Specialty	<b>0.9%</b>		<b>2.0%</b>	<b>20.4%</b>	

## Brand vs. Generic

	Claims	Claims/1000	Utilizers/1000	Billed Amt	\$ Per Rx
Brand	38,228	2,553	463	\$11,211,806	\$293.29
Generic	133,953	8,946	765	\$3,600,951	\$26.88
Generic Fill Rate	<b>77.8%</b>				
Standard GFR 2014	<b>80-82%</b>				

## Standard Day Supply vs. Extended Day Supply

	Claims	Claims/1000	Utilizers/1000	Billed Amt	\$ Per Rx
Std Supply	134,392	8,975	794	\$7,364,739	\$54.80
Ext Supply	37,789	2,524	293	\$7,448,018	\$197.09
Total	<b>172,181</b>	<b>11,499</b>	<b>1,087</b>	<b>\$14,812,757</b>	<b>\$86.03</b>
Ext Supply %	<b>21.9%</b>				
Ext Supply Goal %	<b>38-40%</b>				

## Formulary vs. Non-Formulary

	Claims	Claims/1000	Utilizers/1000	Billed Amt	\$ Per Rx
Formulary	159,551	10,655	793	\$12,715,050	\$79.69
Non-Formulary	12,630	843	284	\$2,097,707	\$166.09
Total	<b>172,181</b>	<b>11,499</b>	<b>1,076</b>	<b>\$14,812,757</b>	<b>\$86.03</b>

TPA Executive Summary

January 2013 - December 2013

Top 10 Drugs by Cost

Rank	Drug Name	Drug Type	Rx Count	Utilizers	Total Cost	% Total	Cost Per Rx
1	Enbrel Srcl (Soluble Tumor Necrosis Factor Receptor Agents)	Brand	122	12	\$272,366	1.8%	\$2,232.51
2	Abilify (Quinolinone Derivatives)	Brand	314	86	\$255,260	1.7%	\$812.93
4	Lantus (Insulin)	Brand	924	214	\$352,704	2.4%	\$381.71
5	Novolog (Insulin)	Brand	291	82	\$190,949	1.3%	\$656.18
6	Stelara (Antipsoriatics)	Brand	12	3	\$152,934	1.0%	\$12,744.54
7	Advair Disku (Sympathomimetics)	Brand	490	200	\$151,889	1.0%	\$309.98
8	Atorvastatin (HMG CoA Reductase Inhibitors)	Generic	1,596	445	\$144,349	1.0%	\$90.44
9	Humira Pen (Anti-TNF-alpha - Monoclonal Antibodies)	Brand	67	9	\$141,243	1.0%	\$2,108.11
10	Onetouch (Diagnostic Tests)	Brand	511	251	\$121,659	0.8%	\$238.08
<b>Top 10 Totals</b>			<b>4,327</b>		<b>\$1,783,353</b>	<b>12.0%</b>	<b>\$412.15</b>
<b>Grand Totals</b>			<b>172,181</b>		<b>\$14,812,757</b>		<b>\$86.03</b>

Top 10 Drugs by Volume

Rank	Drug Name	Drug Type	Rx Count	% Total	Utilizers	Total Cost	Cost Per Rx
2	Hydroco/apap (Opioid Combinations)	Generic	6,754	3.9%	2,365	\$37,478	\$5.55
3	Lisinopril (ACE Inhibitors)	Generic	2,615	1.5%	569	\$1,269	\$0.49
4	Levothyroxin (Thyroid Hormones)	Generic	2,451	1.4%	492	\$992	\$0.40
5	Metformin (Biguanides)	Generic	2,080	1.2%	504	\$5,848	\$2.81
6	Ibuprofen (Nonsteroidal Anti-inflammatory Agents (NSAIDs))	Generic	1,724	1.0%	1,207	\$177	\$0.10
7	Azithromycin (Azithromycin)	Generic	1,714	1.0%	1,436	\$10,329	\$6.03
8	Proair Hfa (Sympathomimetics)	Brand	1,670	1.0%	1,130	\$55,840	\$33.44
9	Atorvastatin (HMG CoA Reductase Inhibitors)	Generic	1,596	0.9%	445	\$144,349	\$90.44
10	Amoxicillin (Aminopenicillins)	Generic	1,545	0.9%	1,325	\$77	\$0.05
<b>Top 10 Totals</b>			<b>22,149</b>	<b>12.9%</b>		<b>\$256,358</b>	<b>\$11.57</b>
<b>Specialty Grand Totals</b>			<b>172,181</b>			<b>\$14,812,757</b>	<b>\$86.03</b>

## TPA Executive Summary

January 2013 - December 2013

## Top 10 Specialty Drugs by Cost

Rank	Drug Name	Rx Count	Utilizers	Total Cost	% Total	Cost Per Rx
1	Enbrel Srclk (Soluble Tumor Necrosis Factor Receptor Agents)	169	17	\$373,445	2.5%	\$2,209.73
2	Humira Pen (Anti-TNF-alpha - Monoclonal Antibodies)	124	16	\$265,760	1.8%	\$2,143.23
3	Stelara (Antipsoriatics)	16	4	\$172,831	1.2%	\$10,801.93
4	Copaxone (Multiple Sclerosis Agents)	26	5	\$114,405	0.8%	\$4,400.19
5	Enoxaparin (Heparins And Heparinoid-Like Agents)	89	30	\$104,283	0.7%	\$1,171.72
6	Sprycel (Antineoplastic Enzyme Inhibitors)	12	1	\$100,613	0.7%	\$8,384.39
7	Simponi (Anti-TNF-alpha - Monoclonal Antibodies)	43	6	\$99,436	0.7%	\$2,312.45
8	Revatio (Pulmonary Hypertension - Phosphodiesterase Inhibitors)	12	1	\$94,247	0.6%	\$7,853.91
9	Afinitor (Antineoplastic Enzyme Inhibitors)	12	1	\$93,617	0.6%	\$7,801.40
10	Tracleer (Pulmonary Hypertension - Endothelin Receptor Antagonists)	13	1	\$90,443	0.6%	\$6,957.19
<b>Top 10 Totals</b>		<b>516</b>		<b>\$1,509,079</b>	<b>10.2%</b>	<b>\$2,924.57</b>
<b>Specialty Grand Totals</b>		<b>172,181</b>		<b>\$14,812,757</b>		<b>\$86.03</b>

## Top 10 Specialty Drugs by Volume

Rank	Drug Name	Rx Count	% Total	Utilizers	Total Cost	Cost Per Rx
1	Enbrel Srclk (Soluble Tumor Necrosis Factor Receptor Agents)	169	0.1%	17	\$373,445	\$2,209.73
2	Humira Pen (Anti-TNF-alpha - Monoclonal Antibodies)	124	0.1%	16	\$265,760	\$2,143.23
3	Enoxaparin (Heparins And Heparinoid-Like Agents)	89	0.1%	30	\$104,283	\$1,171.72
4	Mycophenolat (Immunosuppressive Agents)	73	0.0%	12	\$20,841	\$285.49
5	Claravis (Acne Products)	64	0.0%	21	\$29,026	\$453.52
6	Tacrolimus (Immunosuppressive Agents)	56	0.0%	6	\$13,334	\$238.11
7	Amnesteem (Acne Products)	55	0.0%	16	\$17,176	\$312.29
8	Simponi (Anti-TNF-alpha - Monoclonal Antibodies)	43	0.0%	6	\$99,436	\$2,312.45
9	Cyclosporine (Immunosuppressive Agents)	41	0.0%	2	\$7,725	\$188.42
10	Baraclude (Hepatitis Agents)	39	0.0%	4	\$39,359	\$1,009.21
11	Enbrel (Soluble Tumor Necrosis Factor Receptor Agents)	39	0.0%	3	\$84,956	\$2,178.36
<b>Top 10 Totals</b>		<b>792</b>	<b>0.5%</b>		<b>\$1,055,340</b>	<b>\$1,332.50</b>
<b>Specialty Grand Totals</b>		<b>172,181</b>			<b>\$14,812,757</b>	<b>\$86.03</b>



## TPA Executive Summary

January 2013 - December 2013

## Top 10 Therapeutic Classes by Cost

Rank	Therapeutic Class	Rx Count	Utilizers	Total Cost	GFR	Cost Per Rx
1	Insulin	2,047	337	\$895,277	0.0%	\$437.36
2	HMG CoA Reductase Inhibitors	7,959	1,726	\$605,376	80.3%	\$76.06
3	Sympathomimetics	4,392	2,097	\$500,083	7.7%	\$113.86
4	Soluble Tumor Necrosis Factor Receptor Agents	208	20	\$458,401	0.0%	\$2,203.85
5	Proton Pump Inhibitors	5,028	1,324	\$437,285	81.5%	\$86.97
6	Opioid Agonists	2,855	763	\$428,837	84.1%	\$150.21
7	Antineoplastic Enzyme Inhibitors	53	6	\$402,954	0.0%	\$7,602.90
8	Serotonin-Norepinephrine Reuptake Inhibitors (SNRIs)	2,136	371	\$400,337	47.4%	\$187.42
9	Anti-TNF-alpha - Monoclonal Antibodies	173	24	\$378,333	0.0%	\$2,186.90
10	Quinolinone Derivatives	440	119	\$354,959	0.0%	\$806.73
<b>Top 10 Total</b>		<b>25,291</b>	<b>6,787</b>	<b>\$4,861,842</b>		<b>\$192.24</b>

## Top 10 Therapeutic Classes by Volume

Rank	Therapeutic Class	Rx Count	Utilizers	Total Cost	GFR	Cost Per Rx
1	Opioid Combinations	8,977	3,194	\$66,761	99.4%	\$7.44
2	HMG CoA Reductase Inhibitors	7,959	1,726	\$605,376	80.3%	\$76.06
3	ACE Inhibitors	5,906	1,216	\$9,351	99.4%	\$1.58
4	Selective Serotonin Reuptake Inhibitors (SSRIs)	5,522	1,217	\$112,687	98.4%	\$20.41
5	Thyroid Hormones	5,183	885	\$6,974	78.0%	\$1.35
6	Nonsteroidal Anti-inflammatory Agents (NSAIDs)	5,040	2,757	\$128,698	90.7%	\$25.54
7	Proton Pump Inhibitors	5,028	1,324	\$437,285	81.5%	\$86.97
8	Sympathomimetics	4,392	2,097	\$500,083	7.7%	\$113.86
9	Antihypertensive Combinations	4,263	822	\$315,128	72.7%	\$73.92
10	Beta Blockers Cardio-Selective	4,159	804	\$83,661	86.9%	\$20.12
<b>Top 10 Total</b>		<b>56,429</b>	<b>16,042</b>	<b>\$2,266,005</b>		<b>\$40.16</b>

TPA Executive Summary

January 2013 - December 2013

**Top 10 Pharmacy Chains by Total Cost**

ID	Chain Name	Utilizers	GFR	Brand		Generic		Specialty		Total	
				Rx Cnt	Total Cost	Rx Cnt	Total Cost	Rx Cnt	Total Cost	Rx Cnt	Total Cost
226	WALGREENS DRUG STORE	7,077	77.3%	18,032	\$5,026,979	61,361	\$1,770,383	334	\$517,034	79,393	\$6,797,363
001	Independent Pharmacies	419	56.2%	1,516	\$2,393,807	1,949	\$267,281	989	\$2,216,167	3,465	\$2,661,088
123	LONGS DRUG STORES CALIFORNIA LLC	1,821	79.3%	4,894	\$947,448	18,786	\$548,660	40	\$16,758	23,680	\$1,496,108
181	RITE AID CORPORATION	1,731	80.2%	4,468	\$931,988	18,055	\$494,002	103	\$74,607	22,523	\$1,425,990
039	CVS PHARMACY INC	786	81.8%	1,319	\$283,960	5,918	\$140,934	9	\$8,488	7,237	\$424,893
207	TARGET CORPORATION	722	78.3%	1,891	\$310,063	6,834	\$54,097	14	\$1,336	8,725	\$364,160
904	GOOD NEIGHBOR PHCY PROVIDER NTKW	548	74.6%	1,314	\$214,000	3,862	\$88,640	18	\$10,181	5,176	\$302,641
229	WALMART STORES INC	596	80.8%	1,055	\$204,774	4,437	\$52,440	3	\$155	5,492	\$257,214
310	SAVE MART SUPERMARKETS	209	79.0%	749	\$135,218	2,822	\$42,481	1	\$260	3,571	\$177,699
227	VONS COMPANIES INC	96	75.3%	617	\$146,668	1,878	\$27,926	0	\$0	2,495	\$174,594
<b>Top 10</b>			<b>77.8%</b>	<b>35,855</b>	<b>\$10,594,906</b>	<b>125,902</b>	<b>\$3,486,845</b>	<b>1,511</b>	<b>\$2,844,986</b>	<b>161,757</b>	<b>\$14,081,751</b>
<b>Total</b>			<b>77.8%</b>	<b>38,228</b>	<b>\$11,211,806</b>	<b>133,953</b>	<b>\$3,600,951</b>	<b>1,597</b>	<b>\$3,018,400</b>	<b>172,181</b>	<b>\$14,812,757</b>

**Top 10 Pharmacy Chains by Rx Count**

ID	Chain Name	Utilizers	GFR	Brand		Generic		Specialty		Total	
				Rx Cnt	Total Cost	Rx Cnt	Total Cost	Rx Cnt	Total Cost	Rx Cnt	Total Cost
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<b>Total</b>			<b>77.8%</b>	<b>38,228</b>	<b>\$11,211,806</b>	<b>133,953</b>	<b>\$3,600,951</b>	<b>1,597</b>	<b>\$3,018,400</b>	<b>172,181</b>	<b>\$14,812,757</b>



**BOARD OF DIRECTORS**

ANDREAS BORGEAS  
JUDITH CASE MCNAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POOCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014 9:00 AM**

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 13

**SUBJECT:** Discussion and Direction for the Efficient Use of Wellness Funds and Incentivizing Participation

**REQUEST(S):** That the Board Authorize Use of Wellness Funds to Increase Participation and Direct Staff to Implement Pilot Programs

**DESCRIPTION:**

The SJVIA budget and rates include \$2.50 per employee per month for the purpose of wellness and \$.50 per employee per month for communication. The proposed revised 2013-14 SJVIA budget confirm that these line items generate approximately \$325,800. Last fiscal year, the SJVIA focused efforts on having employees complete an onsite health risk assessment and biometric screening through Delta TeamCare (Reference: April 19, 2013 SJVIA Board Meeting, [Item 10](#) and [Item 10 Report](#)). The effort resulted in 716 employees participating at the County of Fresno, County of Tulare and City of Tulare at a cost of approximately \$140,000 (\$195 per participant). Additionally, the SJVIA offered onsite mammograms the last two fiscal years through Pacific Coast Medical at a cost of \$95 per participant or approximately \$37,000 per year based on participation.

Gallagher Benefit Services and SJVIA staff have reviewed these efforts and determined the following:

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

- Participation in health risk assessments is an important part of the SJVIA Wellness strategy. The focus has been on employee awareness of their health conditions and providing a detailed report, coaching and resources for setting wellness goals.
- Despite the importance of this effort, participation has been minimal compared to SJVIA enrollment (8% of enrollment).
- Participation in both of these efforts were more cost efficient for the SJVIA compared to the cost of an employee claim for the same service as summarized below. Additionally, the convenience of offering the services onsite increases participation.

<b>Service</b>	<b>Health Risk Assessment &amp; Blood Screening</b>	<b>Mammogram</b>
Anthem Blue Cross	\$410	\$300
SJVIA Wellness Vendor	\$195	\$95
Savings Per Claim	\$215	\$205

- The nature of these wellness efforts are bringing services to employees that could also be accessed as a claim through Anthem Blue Cross. Since these wellness expenses meet the criteria as medically eligible health claims, they could appropriately be paid for as part of claims expenses and would then allow for further use of the wellness budget line item
- As the SJVIA wellness efforts have not had high participation rates, a recent survey of other entities confirmed that incentives bolster and encourage participation. For example, a near-by County experienced consistent annual (four year program) participation of nearly 45% of their employees with small incentives. The County of Tulare has recently launched an incentive based wellness program that has already increased participation.

In consideration of these factors, staff is recommending that the SJVIA launch a pilot program that uses incentives for participation in existing wellness programs. The incentives would be modest and funded through the SJVIA Wellness line item of the budget while the cost of the health risk assessment and screening would be paid for appropriately as an SJVIA claim.

**AGENDA:** San Joaquin Valley Insurance Authority

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The proposed pilot programs would allow the participating entities to pay the incentives to participating employees with reimbursement from the SJVIA Wellness funds. Specific pilot programs proposed are:

1. Health Risk Assessment & Biometric Screening (Delta TeamCare)

- Participation in HRA & Biometric Screening = \$50 Incentive
- Participation in a minimum of 2 individual health improvement courses available onsite and online = \$50 incentive

The pilot program would be designed to increase both participation in the HRA & Biometric screening but also in following up with Delta TeamCare's health coaching and online resources. Delta TeamCare would track and report the participation.

2. Weight Watchers at Work

Although the SJVIA has not offered such a program, claims data confirms that obesity and its related conditions are a major driver of claims cost. In an effort to incentivize participation, Entities may choose to offer a "Weight Watchers at Work" program. Employee who pay for and complete the 12-week program would be eligible for full reimbursement of the program (\$156).

Approval of the recommended action will allow the SJVIA to pilot the use of incentives in an effort to increase participation in SJVIA wellness efforts. The results of this pilot program will be reported back to your Board to determine if this strategy should be used or expanded in the future.

**FISCAL IMPACT/FINANCING:**

Approval of the recommended action would not increase SJVIA FY 13-14 budget but would allow the appropriate payment of medically eligible claims offered through wellness efforts. Incentives may lead to increased participation.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Efficient Use Wellness Funds Incentivizing Participation

**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: \_\_\_\_\_

\* \* \* \* \*

That the Board That the Board Authorized the Use of Wellness Funds to  
Increase Participation and Directed Staff to Implement Pilot Programs



**BOARD OF DIRECTORS**

ANDREAS BORGEAS  
JUDITH CASE MCNAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POCHIGIAN  
PETE VANDER POEL  
STEVE WORTHLEY

**Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
February 21, 2014 9:00 AM**

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 14

**SUBJECT:** Direction on SJVIA Wellness Strategy for 2015

**REQUEST(S):** That the Board direct staff to perform an RFP for integrated wellness and disease management programs in Plan Year 2015.

**DESCRIPTION:**

As the SJVIA plans wellness efforts for 2014, staff and Gallagher Benefits Services have evaluated the programs offered to date. Although the SJVIA has been proactive and offered several successful programs (Walking Works, Health Risk Assessments, Onsite Mammograms) that increase employee awareness, staff recommends pursuing a programs in the future that are more integrated with actual SJVIA claims experience and disease management programs.

The Rand Corporation completed a study<sup>1</sup> on the effectiveness of wellness programs in 2013. In the study, they noted five key factors that promote wellness program success:

1. Effective Communication Strategies: Clear communication using multiple channels as to the services available and how to access them.
2. Opportunity for Employee to Engage: Activities are convenient, easily accessible and address the needs of employees.

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<sup>1</sup> Workplace Wellness Programs Study Final Report – Rand Corporation  
[http://www.rand.org/content/dam/rand/pubs/research\\_reports/RR200/RR254/RAND\\_RR254.pdf](http://www.rand.org/content/dam/rand/pubs/research_reports/RR200/RR254/RAND_RR254.pdf)



**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

3. Leadership Engaged at All Levels: Building a culture of wellness from the top down generates excitement and connects employees to available resources.
4. Use of Existing Resources & Relationships: Leverage existing relationships with health plans and partners to expand offerings at little or no cost.
5. Continuous Evaluation: Conducting needs assessments and evaluating program outcomes.

The SJVIA and its participating entities have employed most of these strategies but should evaluate past efforts and focus on measurable outcomes. The Rand report confirmed that “lifestyle management programs” can reduce risk factors and increase healthy behavior. However, the measurable results were more difficult to nail down. The report also confirmed that participation in many programs remains low but modest incentives are effective in increasing participation rates (see item 14 for recommendations on incentives).

However, the report also studied the measurable cost impact of both “lifestyle management” and “disease management” programs. The study concluded that effective disease management programs had measurable reductions in healthcare costs. For example, a study of participation in PepsiCo’s integrated wellness program with both lifestyle and disease management components over seven years resulted in a reduction in healthcare costs by \$136 per member per month, driven primarily by a 29% reduction in hospital admissions.

Since inception the SJVIA has included a disease management program called Anthem 360 through the contract with Anthem Blue Cross at a current cost of \$2.10 (PPO) and \$3.38 (HMO) per employee per month. Although the program may prevent some medical costs, the disease management program is not directly linked to lifestyle wellness efforts or screenings. Furthermore, staff cannot report the actual return on investment for these efforts. However, past efforts confirm that employees may have serious health conditions for which information and prevention would improve outcomes. For example, even though only 713 of 9,000 employees participated in the health risk assessment and biometric screening through Delta TeamCare, 26 of them were reported to have a previously unknown condition that was considered critical or severe enough to be advised to urgently contact their physicians. However, these results are currently not integrated with the Anthem 360 disease management program.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

Considering all of these factors and trends, staff recommends that the SJVIA request proposals that consider an integrated lifestyle and disease management program that allows for flexibility and more targeted efforts. The recommendation does not suggest that current wellness and disease management efforts have been unsuccessful but rather considers the benefits and cost of a more integrated approach that may provide a better return on investment. Approval of the recommended action would result in staff, working with Gallagher Benefits Services, releasing an RFP and coming back to your Board with options and recommendations for more robust, measurable, integrated wellness and disease management efforts. Ali Payne, Gallagher Benefits Services, National Wellness Practice Leader, would assist in the development of the RFP and recommendations based on expertise in the industry.

**REFERENCES**

<sup>1</sup> “Study Raises Questions for Employer Wellness Programs” – New York Times, January 6, 2014  
<http://www.nytimes.com/2014/01/07/your-money/study-raises-questions-for-employer-wellness-programs.html? r=1>

<sup>2</sup> Workplace Wellness Programs Study Final Report – Rand Corporation  
[http://www.rand.org/content/dam/rand/pubs/research\\_reports/RR200/RR254/RAND\\_RR254.pdf](http://www.rand.org/content/dam/rand/pubs/research_reports/RR200/RR254/RAND_RR254.pdf)

**FISCAL IMPACT/FINANCING:**


The SJVIA currently pays \$2.10 (PPO) and \$3.38 (HMO) per employee for month for disease management programs through Anthem 360 (approximately \$340,000) per year. Health Risk Assessments and Biometric Screening through Delta TeamCare are offered at \$195 per employee that participates.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Direction on SJVIA Wellness Strategy for 2015

**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: \_\_\_\_\_

\* \* \* \* \*

That the Board directed staff to perform an RFP for integrated wellness and disease management programs in Plan Year 2015.



# SJVIA

San Joaquin Valley  
Insurance Authority

## BOARD OF DIRECTORS

ANDREAS BORGEAS

JUDITH CASE MCNAIRY

MIKE ENNIS

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

STEVE WORTHLEY

**Meeting Location:**  
**Tulare County Employee Retirement  
Association Board Chambers**  
**136 N Akers St**  
**Visalia, CA 93921**  
**February 21, 2014 9:00 AM**

**AGENDA DATE:** February 21, 2014

**ITEM NUMBER:** 15

**SUBJECT:** Approval for the Inclusion of Post 65 Retirees under the Kaiser Contract

**REQUEST(S):** That the Board approve the inclusion of post 65 retirees under the SJVIA contract for the County of Tulare plans and Authorize Chair to Execute Agreements pending approval of SJVIA staff and Counsel

**DESCRIPTION:**

On September 6, 2013 your Board approved the addition of plan options with Kaiser Permanente for its member entities. The approval of Kaiser to contract with SJVIA was based on the pricing advantage presented over the then current direct contracts between the County of Fresno and Tulare.

As implementation of the new contract took place it was discovered that the rates for the Post 65 group for the County of Tulare were not included in the item from the September 6<sup>th</sup> meeting. To ensure proper approval and documentation of the Kaiser Contract for the County of Tulare through the SJVIA staff has brought this before your Board for approval.

This item does not impact enrollment or eligibility for any of the SJVIA Kaiser participants as all aspects of this contract have already been implemented. This portion of the Kaiser contract includes 7 current members with 3 additional turning 65 this year.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** February 21, 2014

The rates for this group are as follows:

<b><u>Medicare Combination Rates</u></b>	<b><u>Medical</u></b>	<b><u>Dental</u></b>	<b><u>Chiro</u></b>	<b><u>Total</u></b>
Subscriber with Medicare	288.40	0.00	1.70	290.10
Subscriber with Medicare + Spouse Non-	921.68	0.00	3.40	925.08
Subscriber Non-Medicare + Spouse with	921.70	0.00	3.40	925.10
Subscriber with Medicare + Spouse with	576.80	0.00	3.40	580.20
Subscriber with Medicare + Child Non-	801.34	0.00	3.08	804.42
Subscriber with Medicare + Children Non-	801.34	0.00	3.08	804.42
Subscriber with Medicare + Spouse with	1,210.08	0.00	5.10	1,215.18
Subscriber with Medicare + Spouse Non-	1,554.96	0.00	5.10	1,560.06
Subscriber Non-Medicare + Spouse with	1,554.98	0.00	5.10	1,560.08
Subscriber with Medicare + Spouse with	1,210.08	0.00	5.10	1,215.18
Subscriber with Medicare + Spouse Non-	1,554.96	0.00	5.10	1,560.06
Subscriber Non-Medicare + Spouse with	1,554.96	0.00	5.10	1,560.06

**FISCAL IMPACT/FINANCING:**

None.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Approval for the Inclusion of Post 65 Retirees under the Kaiser Contract

**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: \_\_\_\_\_

\* \* \* \* \*

That the Board approved the inclusion of post 65 retirees under the SJVIA contract for the County of Tulare plans and Authorized Chair to Execute Agreements pending approval of SJVIA staff and Counsel