

# San Joaquin Valley Insurance Authority

## BOARD OF DIRECTORS

SUSAN B. ANDERSON  
JUDITH CASE  
MIKE ENNIS  
ALLEN ISHIDA  
PHIL LARSON  
DEBORAH POOCHIGIAN  
PETE VANDER POEL

Meeting Location:  
Fresno County Employee Retirement  
Association Board Chambers  
1111 H Street  
Fresno, CA 93721  
August 24, 2012  
9:00 AM

**AGENDA DATE:** August 24, 2012

**ITEM NUMBER:** 5(d)

**SUBJECT:** Quarterly SJVIA Financial Update

**REQUEST(S):** That the Board receives the Financial Update through 4<sup>th</sup> Quarter, 2011-12

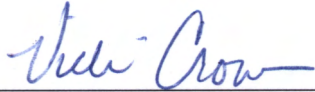
**DESCRIPTION:** Informational Item. Please see attached report.

**FISCAL IMPACT/FINANCING:**  
None.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** August 24, 2012

**ADMINISTRATIVE SIGN-OFF:**



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Vicki Crow  
SJVIA Auditor-Treasurer

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**ACTUALS VS. BUDGETED REVENUES & EXPENSES**  
**FOR THE THREE AND TWELVE MONTHS ENDED JUNE 30, 2012**

	<u>Current Quarter</u>				<u>Year-To-Date</u>			
	<u>ACTUALS</u>	<u>BUDGET</u>	<u>(OVER) / UNDER BUDGET</u>	<u>% VARIANCE</u>	<u>ACTUALS</u>	<u>BUDGET</u>	<u>(OVER) / UNDER BUDGET</u>	<u>% VARIANCE</u>
<b>REVENUE</b>								
County of Fresno & County of Tulare Health Plan Revenue	\$15,494,566	\$14,528,838	(\$965,728)	(7%)	\$60,842,169	\$60,528,931	(\$313,238)	(1%)
COT (Anthem Medical, Rx, Vendor Services)								
COF (Anthem Medical, Vendor Services)								
<b>EXPENSES: Fixed</b>								
1 Specific & Aggregate Stop Loss Insurance (PPO)	114,724	106,520	(8,204)	(8%)	422,741	425,531	2,790	1%
2 Anthem ASO Administration & Network Fees (PPO)	278,302	266,498	(11,804)	(4%)	1,074,207	1,076,644	2,437	0%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	167,618	151,798	(15,820)	(10%)	639,068	631,371	(7,697)	(1%)
4 GBS Consulting	99,601	93,414	(6,187)	(7%)	385,155	388,536	3,381	1%
5 SJVIA Association Fee	12,128	46,707	34,579	74%	200,730	194,268	(6,462)	(3%)
6 Claims Management/Communications	120,900	70,036	(50,864)	(73%)	152,091	291,402	139,311	48%
7 Anthem HMO Pooling	391,702	358,503	(33,199)	(9%)	1,534,015	1,556,270	22,255	1%
8 Anthem HMO Administration/Retention	521,327	477,386	(43,941)	(9%)	1,947,362	1,977,027	29,665	2%
9 Blue View Vision (County of Tulare only, 6 months of 2011 only)	0	0	0	0%	71,249	72,082	833	1%
<b>TOTAL FIXED EXPENSES</b>	<b>1,706,302</b>	<b>1,570,862</b>	<b>(135,440)</b>	<b>(9%)</b>	<b>6,426,618</b>	<b>6,613,131</b>	<b>186,513</b>	<b>3%</b>
<b>EXPENSES: Claims</b>								
10 Projected Paid Medical Claims PPO and Non-Cap HMO, & Projected Paid Rx Claims PPO (All CoT and Only CoF HDPPPO)	9,477,448	9,365,763	(111,685)	(1%)	40,238,808	37,432,011	(2,806,797)	(7%)
11 Anthem MMP HMO Capitation	3,582,977	3,280,478	(302,499)	(9%)	13,481,537	13,684,511	202,974	1%
<b>TOTAL CLAIMS EXPENSES</b>	<b>13,060,425</b>	<b>12,646,241</b>	<b>(414,184)</b>	<b>(3%)</b>	<b>53,720,345</b>	<b>51,116,522</b>	<b>(2,603,823)</b>	<b>(5%)</b>
<b>TOTAL EXPENSES</b>	<b>14,766,727</b>	<b>14,217,103</b>	<b>(549,624)</b>	<b>(4%)</b>	<b>60,146,963</b>	<b>57,729,653</b>	<b>(2,417,310)</b>	<b>(4%)</b>
12 Reserve Surplus	727,839	311,735	(416,104)	(133%)	695,206	2,799,278	2,104,072	75%
<b>COMBINED EXPENSES &amp; RESERVES</b>	<b>\$15,494,566</b>	<b>\$14,528,838</b>	<b>(\$965,728)</b>	<b>(7%)</b>	<b>\$60,842,169</b>	<b>\$60,528,931</b>	<b>(\$313,238)</b>	<b>(1%)</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 Claims Management/Communications**

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. This rate category is also 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.

**7 Anthem HMO Pooling**

This is for the specific stop loss pooling insurance for claims in excess of \$250k within the HMO (not PPO).

**8 Anthem HMO Administration/Retention**

Anthem Blue Cross plan administration fee and network access fee for the HMO plan

**9 Blue View Vision**

Anthem Blue Cross Vision plan utilized by County of Tulare through 2011. There will be no participants in this plan as of January 1, 2012

**10 Projected Paid Medical Claims PPO and Non-Cap HMO, & Projected Paid Rx Claims PPO (All CoT and Only CoF HDPPO)**

Projected self-insured PPO claims for medical and non-capitated HMO claims (hospital). Also, projected self-insured Rx claims for all County of Tulare plans and only County of Fresno HDPPO Plan.

**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 Reserve Surplus/Deficit**

Projected excess revenue over projected claims and fixed costs

**SJVIA**  
 Schedule of Cash Flow by Month  
 For the Twelve Months Ended June 30, 2012

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
<b>BEGINNING CASH BALANCES:</b>													
Claims Funding Account-844535294	\$515,991	\$863,986	\$347,466	\$479,850	\$391,099	\$724,634	\$760,193	\$675,347	\$1,093,688	\$801,866	\$685,631	\$1,124,128	\$515,991
Fixed Cost Account-844535120	591,016	630,210	635,905	672,278	117,889	680,212	425,290	461,099	439,645	309,117	301,469	385,343	591,016
SJVIA Claims Reserve Account-428255819	-	-	-	-	-	0.00	2,000,361	7,233,120	6,522,118	6,182,654	5,846,522	8,177,387	-
<b>Total Beginning Balances</b>	<b>1,107,007</b>	<b>1,494,196</b>	<b>983,371</b>	<b>1,152,128</b>	<b>508,988</b>	<b>1,404,846</b>	<b>3,185,844</b>	<b>8,369,566</b>	<b>8,055,451</b>	<b>7,293,637</b>	<b>6,833,622</b>	<b>9,686,858</b>	<b>1,107,007</b>
<b>RECEIPTS:</b>													
Claims Funding Account-844535294	3,584,451	3,963,540	3,689,572	2,810,397	3,322,194	3,046,750	2,234,334	3,415,519	3,635,479	2,875,238	3,147,248	2,685,896	38,410,618
Fixed Cost Account-844535120	1,856,007	2,344,316	2,353,832	1,128,280	1,480,513	2,193,973	1,539,608	1,596,572	1,412,761	1,534,154	2,249,736	1,516,926	21,006,678
SJVIA Claims Reserve Account-428255819	-	-	-	-	-	2,000,361	7,060,106	3,349,816	3,677,698	3,129,304	5,762,860	3,116,373	28,096,518
<b>TOTAL RECEIPTS</b>	<b>5,240,458</b>	<b>6,307,856</b>	<b>6,043,404</b>	<b>3,938,677</b>	<b>4,802,707</b>	<b>7,241,084</b>	<b>10,834,048</b>	<b>8,361,907</b>	<b>8,725,938</b>	<b>7,538,696</b>	<b>11,159,844</b>	<b>7,319,195</b>	<b>87,513,814</b>
<b>DISBURSEMENTS:</b>													
Claims Funding Account-844535294	3,236,456	4,480,060	3,557,188	2,899,148	2,988,659	3,011,191	2,319,180	2,997,178	3,927,301	2,991,473	2,708,751	3,100,627	38,217,212
Fixed Cost Account-844535120	1,816,813	2,338,621	2,317,459	1,682,669	918,190	2,448,895	1,503,799	1,818,026	1,543,289	1,541,802	2,165,862	1,600,812	21,296,037
SJVIA Claims Reserve Account-428255819	-	-	-	-	-	-	1,827,347	4,060,818	4,017,162	3,465,436	3,431,995	3,116,353	19,919,111
<b>TOTAL DISBURSEMENTS</b>	<b>4,853,269</b>	<b>6,818,681</b>	<b>5,874,647</b>	<b>4,581,817</b>	<b>3,906,849</b>	<b>5,460,086</b>	<b>5,650,326</b>	<b>8,676,022</b>	<b>9,487,752</b>	<b>7,998,711</b>	<b>8,306,608</b>	<b>7,817,592</b>	<b>79,432,360</b>
<b>ENDING CASH BALANCES:</b>													
Claims Funding Account-844535294	863,986	347,466	479,850	391,099	724,634	760,193	675,347	1,093,688	801,866	685,631	1,124,128	709,397	709,397
Fixed Cost Account-844535120	630,210	635,905	672,278	117,889	680,212	425,290	461,099	439,645	309,117	301,469	385,343	301,657	301,657
SJVIA Claims Reserve Account-428255819	-	-	-	-	-	2,000,361	7,233,120	6,522,118	6,182,654	5,846,522	8,177,387	8,177,407	8,177,407
<b>Total Ending Balances</b>	<b>\$1,494,196</b>	<b>\$983,371</b>	<b>\$1,152,128</b>	<b>\$508,988</b>	<b>\$1,404,846</b>	<b>\$3,185,844</b>	<b>\$8,369,566</b>	<b>\$8,055,451</b>	<b>\$7,293,637</b>	<b>\$6,833,622</b>	<b>\$9,686,858</b>	<b>\$9,188,461</b>	<b>\$9,188,461</b>

**Investments:**

No investments made at this time.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**

**ANALYSIS OF ADMINISTRATION, CLAIMS & COMMUNICATIONS (FEES) - REVENUES & EXPENSES**

**FOR THE THREE AND TWELVE MONTHS ENDED JUNE 30, 2012**

	Current Quarter		Year-To-Date	
	SJVIA FEES		SJVIA FEES	
	Administration (*Line 5)	Claims Management/ Communications (*Line 6)	Administration (*Line 5)	Claims Management/ Communications (*Line 6)
<b><u>FY11-12</u></b>				
<b>Revenue**</b>	<b>\$49,629</b>	<b>\$74,443</b>	<b>\$195,856</b>	<b>\$298,258</b>
<b>Expenses:</b>				
Auditor-Treasurer Services	4,839		107,661	
County Counsel Services	57		9,037	
Personnel Services	5,739		12,430	
Membership Fees				
Insurance (Liability, Bond, Etc)			60,690	
Audit Fees			1,570	
Bank Service Fees	1,493		9,342	
Claims Management Communications		120,900		152,091
<b>Total Expenses</b>	<b>12,128</b>	<b>120,900</b>	<b>200,730</b>	<b>152,091</b>
<b>Administration, Claims &amp; Communications (Deficit)/Surplus</b>	<b>\$37,501</b>	<b>(\$46,457)</b>	<b>(\$4,874)</b>	<b>\$146,167</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: \$2.00 for SJVIA association fees & \$3.00 for claims management/communications(\$2.50 for claims management & \$.50 for communications).