San Joaquin Valley Insurance Authority

Analysis of Establishing a Separate Retiree Pool

Presented By:
Healthcare Analytics
A Division of Gallagher Benefit Services

June 2013

TABLE OF CONTENTS

1. Plan Background

The San Joaquin Valley Insurance Authority ("SJVIA") is a Joint Purchasing Authority ("JPA") providing health insurance coverage to several municipal employers in the San Joaquin Valley area. In addition to covering active employees, most of the participating entities offer coverage to retirees who are not yet eligible for Medicare, although there is a wide variation between entities in how much the retirees are required to pay for coverage. In addition, one current participating entity offers coverage to Medicare eligible retirees.

Claim costs for retirees are usually very different than they are for active employees. Pre-Medicare retirees tend to be much more costly due to the demographic differences. Once employees become eligible for Medicare, the medical portion of their claims are greatly reduced because Medicare is primary for retirees. Pharmacy claims for Medicare eligible retirees are not offset by Medicare and typically make up over half of the claim cost for this population. In total, claim costs for Medicare retirees are similar to claim costs for active employees.

Because of the variation in claim costs for retirees, particularly for pre-Medicare retirees, the inclusion of those retirees will cause the overall experience of the pool to be worse than it would be without that subset. If pre-Medicare retirees are funded at the same rates as actives, an implicit subsidy is created under which the funding rates for active employees subsidize the cost of the pre-65 retirees. Under GASB 45, this blended funding approach creates an implicit liability which in turn generates an Other Postemployment Benefit ("OPEB") expense that must be reported and accrued each year. If an employer charges the pre-Medicare retirees rates that are based on the expected cost of those lives on a standalone basis, the implicit subsidy is eliminated (and the rates for active employees will be lower). Consequently, the manner in which the pre-Medicare retirees are rated can have a material impact on the employer's financial reporting.

Because the cost for Medicare eligible retirees is much closer to the cost of active employees, there is usually a much smaller implicit subsidy under GASB 45 for the Medicare eligible retiree population. In addition, because Medicare eligible retirees have options for securing adequate coverage at much more affordable premiums than pre-Medicare retirees, many employers do not allow retirees to remain on the plan once they are eligible for Medicare. In addition to Medicare itself, these retirees are eligible for Medicare supplement policies and in many locations a variety of Medicare Advantage plans. They also have access to prescription drug coverage under Medicare Advantage plans or through standalone Prescription Drug Plans ("PDPs") under the Medicare Part D program. All of these plans tend to be much more affordable than any coverage available to pre-Medicare retirees.

There is a great deal of variation in how the entities currently participating in the SJVIA pool treat retirees. The following table summarizes the current practices. In the table, "Blended" means the same rates are used for actives and retirees, while "Self-Supporting" means the retiree rates are set separately with the intent of supporting their own expense.

Entity	Retirees Covered		Retiree Pricing Method	
	Pre-65	**65+**	**Pre-65**	**65+**
County of Tulare	129	211	Blended	Blended
County of Fresno	268	N/A	Self-Supporting	N/A
City of Tulare	25	N/A	Self-Supporting	N/A
City of Ceres	Very few	N/A	Blended	N/A

For the County of Fresno, many of the retirees are actually taking COBRA and are expected to drop their coverage when the COBRA period ends.

As the pool expands, it is likely that there will be even greater variation in how participating entities handle retiree coverage. At the request of the SJVIA, Gallagher Benefit Services has compiled information about the retiree experience of the entities above and considered the impact of setting up a separate pool, or pools, for retirees. Our analysis is summarized in the following sections.

2. Historical Retiree Experience

We reviewed the premium and expense for active and retiree coverage for 2011 and 2012 for each participating entity. The data was prepared for us by the Gallagher Fresno office. We did not audit the data but we did review if for reasonableness and consistency and we believe it is sufficient for the purposes of this analysis. Due to the size of the retiree population, this experience is not completely credible but it does illustrate some interesting trends that can be used in the development of a retiree strategy. The key results for each entity are summarized below, and the complete analysis is included as an attachment to this report.

<u>County of Tulare</u>

The County of Tulare allows pre- and post-Medicare retirees to select from the same plans that are offered to active employees. Retirees pay 100% of the blended premium rate. The enrollment in the pre-Medicare retiree plan has a similar distribution across the plans to the active enrollees, while Medicare eligible retirees who participate are far more likely to take the $1000 deductible plan and less likely to take the $0 and $500 deductible plans.

As measured on a per member per month ("pmpm") basis, where members include employees and dependents, the experience is similar to what we would expect. Pre-Medicare retirees on average have claims that are double the average of active members. There is significant variation by plan, which is likely attributable to the smaller sample size within any one plan. As a rule of thumb, we expect pre-Medicare retirees to average 75% to 100% more than actives, so these results, in aggregate, are not surprising.

Medicare retirees cost, on average, 25% to 30% more than actives over the two years, despite a lower average plan value due to the higher enrollment in the $1000 deductible plan. Pharmacy claims accounted for 60% of the total claim cost for this group over the 2 year period. Our rule of thumb for Medicare retirees is that they cost 100% to 120% of what actives do, so the County's experience is slightly outside the norm. Given the relatively small number of members, some variation from our norms is not surprising.

Since the premium rates are the same for actives and both retiree categories, it is not surprising, given the results above, that the active lives did indeed subsidize the retiree experience significantly. We estimate the underwriting gain/ (loss) by class for each year as follows (excluding stop loss recoveries of approximately $200,000 in each year):

Class	2011	2012
Actives	$2,043,985	$1,067,155
Pre Medicare Retirees	($992,609)	($892,500)
Medicare Retirees	($126,064)	($246,833)
Total	$925,311	($72,177)

Based on these results, there is a significant implicit subsidy built into the blended rates to cover the costs of the retirees. This subsidy must be measured and reported under the requirements of

GASB 45. Overall, the County of Tulare's results are typical of what we see for employers using the blended rating approach.

County of Fresno

The County of Fresno allows pre-Medicare retirees to participate only in the High Deductible PPO plan. The County charges its pre-Medicare retirees more than the premium rates for actives, although the loads are not uniform by tier and are less than we would expect to be necessary to fund the full expense. The active and retiree rates for 2013 are summarized in the following table:

Tier	Active	Retiree	Dollar Difference	% Difference
Employee	$440.82	$617.08	$176.26	40%
Employee/Spouse	$933.73	$1,092.43	$158.70	17%
Employee/Child(ren)	$837.11	$963.97	$126.86	15%
Employee/Family	$1,275.65	$1,438.15	$162.50	13%

The comparison of the active and retiree experience is more complicated for the County of Fresno because the active lives are spread across two plans but the retirees are all in one plan. We would normally expect the active High Deductible plan would attract a healthier than average population, so a straight comparison between the active and retiree high deductible plans may be somewhat skewed. In fact, the active PPO pmpm claims were over 3 times as high as the high deductible pmpm claims in both 2011 and 2012, so it appears that the active high deductible plan is the beneficiary of very positive selection. Given that, it is not surprising that the retiree pmpm claims exceeded the active pmpm for the high deductible plan by 62% in 2011 and by over 150% in 2012. But if we compare the retiree pmpm cost to the active cost across all plans, the pmpm retiree claims were actually 29% lower in 2011 and 12% higher in 2012.

The underwriting results for the County of Fresno are much different than for the County of Tulare, due to the higher retiree premiums and the more favorable retiree experience. The 2011 and 2012 underwriting results are summarized in the following table.

Class	2011	2012
Actives	($420,995)	$380,100
Retirees	$436,513	($7,039)
Total	$15,517	$373,061

In 2011, the retiree plan actually produced a gain, which is very surprising even considering the higher premiums. In 2012, the retiree plan broke even, and even that is perhaps slightly surprising since the premium loads are not as large as the expected difference in claim costs. Again, the small population will see large swings from year to year, and it may be that we simply saw an unusually good year in 2011 and experience is now regressing back to the norm for the retiree population. At the noted premium loads, we expect that over time the County of Fresno plan will also see an implicit subsidy on its retiree coverage, with the resulting GASB 45 liability and expense.

City of Tulare

Because the City of Tulare has such a small number of retirees, the experience has no credibility and we limited our review to a comparison of the premium rates between active and retiree plans. The City offers PPO plans with deductibles of $500, $1000, and $3000 to retirees. It offers the same $500 and $1000 deductible plans to retirees, but also offers a $0 deductible plan to actives rather than the $3000 deductible plan. The retiree rates for the $500 and $1000 plans are considerably higher than the rates for the corresponding active plans, as summarized in the following table.

Plan	Tier	Active	Retiree	$ Difference	% Difference
$500 Deductible	Employee	$484.48	$961.83	$477.35	99%
	Employee + 1	N/A	$1,923.68	N/A	N/A
	Family	$1,065.85	$2,693.14	$1,627.29	153%
$1,000 Deductible	Employee	$435.67	$877.42	$441.75	101%
	Employee + 1	N/A	$1,754.84	N/A	N/A
	Family	$958.48	$2,456.77	$1,498.29	156%

The retiree premiums for single coverage are approximately double, while the premiums for family coverage are 2.5 times as high as the active rates. At these rates, we believe the retiree plan can be expected to be self-supporting and we do not expect an implicit subsidy for retiree coverage.

City of Ceres

We do not have complete data for the City, and once again the retiree population is very small, so the experience will not be credible. Since the retiree rates are the same as the active rates, we expect there will be an implicit subsidy for the City.

Summary

With the possible exception of the retiree experience for the County of Fresno, the results are consistent with our expectations. Pre-Medicare retirees are generally much more expensive than active members, and including them in the active rating pool creates a subsidy under which the active rates subsidize the retirees. The County of Tulare is the only participant that provides retiree coverage for Medicare eligible retirees through the pool, and the experience for that plan suggests there is also an implicit subsidy for that population if they are rated on a blended basis, though it is much smaller than the implicit subsidy we see for the pre-Medicare retirees.

3. Pros and Cons of a Separate Pre-Medicare Retiree Pool

The SJVIA could create a separate pool for pre-Medicare retirees (or all retirees). Under this approach, the retirees of all participating entities would be assigned to a separate rating pool, and rates would be set to make that pool self supporting. Some advantages of this approach are as follows.

1. The current rates for active employees are higher than they need to be because they are supporting the more expensive retirees, at least for some participants. If new participants bring additional retirees who are priced at blended rates, this implicit subsidy could get worse. This could hurt the competitiveness of the pool, especially when quoting on smaller, manually rated prospective participants that do not cover retirees. A separate retiree pool should make the rates charged for active employees more competitive.

2. Carving out the retirees and pricing them appropriately will eliminate the implicit subsidy associated with the retirees under GASB 45, although it would still provide a coverage option for these retirees.

3. The retiree pool could still allow participating entities to subsidize retiree premiums, so those who wanted to keep the retiree premiums lower could do that with an explicit premium subsidy rather than the implicit subsidy that a blended rate structure produces.

4. Self-supporting rates for pre-Medicare retirees will result in rates that are much more consistent with what retirees are likely to see in the state Exchange. This will help justify the rates when retirees complain that the self-supporting rates are excessive. It will also encourage retirees to seriously consider the Exchange, especially if they qualify for premium assistance through the Exchange. There is no penalty on the employer if retirees go to the Exchange and obtain subsidized coverage.

There are also some potential disadvantages of setting up a separate retiree pool.

1. The feasibility and/or desire for an entity to adjust their contributions to an existing retiree is very low. Entities are often more open to adjusting rate blending to mitigate GASB 45 implicit subsidy than to modifying contributions impacting explicit subsidies. Also, contribution amounts are more clearly defined than rate structure in bargaining agreements.

2. For those participants that currently charge a blended rate, the increase under a self-supporting separate pool will be very large. This may cause bad publicity and is likely to be a hardship for current retirees, depending on what coverage is available through the State Exchange.

3. Even for those participants that already have separate rates for pre-Medicare retirees, it is possible that the retiree pool rate structure would result in a significant change to some

rates. For example, the current loads in the retiree premiums for the County of Fresno would probably go up under a separate retiree pool.

4. It is possible that by raising retiree rates, the pool may subject itself to a higher degree of anti selection. The more retirees are asked to pay, the more the healthier ones will look for other options, leaving a potentially even higher cost retiree pool.

5. Adding a separate pool may result in a greater administrative burden. This should not be a significant factor.

6. The separate pool may be perceived negatively by future prospective participants if they do not share the desire to charge retirees self-supporting rates. As noted above, they could still provide an explicit subsidy to keep the retiree premiums more in line with where they are today.

A factor that lends support to the decision to move to a separate pool for pre-Medicare retirees, or all retirees, is that it gives participating entities an opportunity to avoid the implicit subsidy under GASB, but does not preclude an entity from replacing the implicit subsidy with an explicit subsidy if they prefer to keep the retiree premiums at the blended active/retiree level. So there is an advantage for those that want it, but the change is not forced on those that don't. However, this factor does not take into account the current rate blending flexibility in place with the SJVIA at the member level. The existing structure allows for member entities that have unblended rates to join the SJVIA with rate structure intact by adhering their prior cost differential for active employees versus retirees. Again, the flexibility or willingness to adjust implicit subsidy for member entities seems to be much greater than to adjust explicit subsidy (contributions for retiree coverage). The appeal of the SJVIA to prospective members may be diminished if the current active/retiree rate flexibility is replaced by a requisite to unblend rates and increase explicit subsidies. The transition of the potential rating may prove problematic to existing member entities that have joined under a certain underwriting methodology and with rate guarantees in place. Further, the County of Fresno may be advised to resist this potential change as they do not presently have an implicit OR explicit GASB 45 subsidy position (unblended rates and no retiree contribution).

From an underwriting perspective, a separate retiree pool provides a greater opportunity to charge premiums that are more consistent with the underlying risk. The current approach is not wrong or especially problematic, but a separate pool could be considered a small improvement from a rating perspective. The pool would need to larger than its current size of 400 retirees. In order for it to function well it would need to be over 1,000.

.

4. Next Steps

If the SJVIA elects not to establish the separate pool for retirees, no further action is needed. The pool will continue to operate as it has been.

If the SJVIA elects to move ahead with the separate pool, then as part of the 2014 renewal process Gallagher will do a separate renewal calculation for the retiree lives. That calculation will look at the cost across all entities, with an adjustment for plan designs, to produce a pmpm cost for a benchmark retiree plan design. Plan factors will be applied to get the comparable pmpm cost for all retiree plans offered by participating entities.

The renewal for active employees will be prepared just as it has in the past, but with the retiree experience removed.

As a final step, the rates of the actives and retirees will be compared for reasonableness. Because the retiree population will not be fully credible, it may be necessary to make an adjustment to the retiree rates to keep the active/retiree relationship appropriate.

This analysis deals primarily with the pre-Medicare retirees. As noted earlier, experience on Medicare retirees is more similar to the active experience, but it is also possible to have a third pool for Medicare retirees, or a single retiree pool that has separate rates for pre- and post-Medicare retirees. Many employers have separate rates for Medicare retirees. Fewer employers offer coverage to Medicare retirees, so this issue will affect a smaller subset of the participating entities. If the SJVIA elects to move forward with a retiree pool, we would recommend focusing on the Medicare retirees in that pool, but with separate rates to reflect the impact of Medicare being the primacy payer for medical claims.

5. Certification

I, Glen R. Volk, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I am a Consulting Actuary with Healthcare Analytics, a division of Gallagher Benefit Services. I have prepared this analysis at the request of the Fresno office of Gallagher Benefit Services. I certify that to the best of my knowledge and judgment:

- I have relied on data provided by the Gallagher Fresno office and I believe the data is appropriate for the purposes of this analysis.

- I am not aware of any relation between myself, the Gallagher Benefits Fresno office, or the SJVIA, that would impair or appear to impair my ability to conduct this analysis in an unbiased manner.

- This analysis is prepared for the purposes described in the report. Any other use of the analysis or results in inappropriate.

- I satisfy the American Academy of Actuaries qualification standards for issuing this opinion.

GRVolk

Glen R. Volk
June 13, 2013

San Joaquin Valley Insurance Authority
Summary of Retiree Experience and Rates Compared to Active

County of Fresno

2011

	Under 65						% of	% of Active	% of	% of Total
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	HDHP	Total	HDHP
HDHP	3,288	4,180	$1,275,582	$433,231	$1,708,813	$408.81	71%	162%	78%	121%

	Actives						% of		% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active		Total
PPO	4,453	5,687	$3,410,075	$1,006,898	$4,416,973	$776.68	100%		100%
HDHP	2,724	3,513	$692,872	$195,619	$888,491	$252.92	100%		75%
Total	7,177	9,200	$4,102,947	$1,202,517	$5,305,464	$576.68	100%		110%

	Total Active and Retiree						% of	% of Active	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	HDHP	Total
PPO	4,453	5,687	$3,410,075	$1,006,898	$4,416,973	$776.68	100%		100%
HDHP	6,012	7,693	$1,968,454	$628,850	$2,597,304	$337.62	133%	133%	100%
Total	10,465	13,380	$5,378,529	$1,635,747	$7,014,276	$524.24	91%		100%

	Retiree	Active	Total
Premium	$2,312,520	$5,249,419	$7,561,939
Claims	$1,708,813	$5,305,464	$7,014,276
Fixed Costs	$167,195	$364,950	$532,145
Gain/(Loss)	$436,513	($420,995)	$15,517
% Gain/(Loss)	18.9%	-8.0%	0.2%

2012

	Under 65						% of	% of Active	% of	% of Total
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	HDHP	Total	HDHP
HDHP	3,247	3,991	$1,566,447	$480,477	$2,046,924	$512.88	112%	253%	108%	144%

	Actives						% of		% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active		Total
PPO	3,464	4,320	$2,248,228	$775,067	$3,023,295	$699.84	100%		100%
HDHP	3,234	4,131	$667,177	$169,606	$836,783	$202.56	100%		57%
Total	6,698	8,451	$2,915,405	$944,673	$3,860,078	$456.76	100%		96%

	Total Active and Retiree						% of	% of Active	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	HDHP	Total
PPO	3,464	4,320	$2,248,228	$775,067	$3,023,295	$699.84	100%		100%
HDHP	6,481	8,122	$2,233,624	$650,083	$2,883,707	$355.05	175%	175%	100%
Total	9,945	12,442	$4,481,852	$1,425,150	$5,907,002	$474.76	104%		100%

	Retiree	Active	Total
Premium	$2,212,690	$4,596,655	$6,809,346
Claims	$2,046,924	$3,860,078	$5,907,002
Fixed Costs	$172,805	$356,476	$529,282
Gain/(Loss)	($7,039)	$380,100	$373,061
% Gain/(Loss)	-0.3%	8.3%	5.5%

San Joaquin Valley Insurance Authority
Summary of Retiree Experience and Rates Compared to Active

City of Tulare

No credible experience

Premium Rate Comparision

PPO 500

	Retiree			Active		Retiree as % of Active	
Year	EE	EE + 1	EF	EE	EF	EE	EF
2012	$961.83	$1,923.68	$2,693.14	$484.48	$1,065.85	199%	253%
2013	$961.83	$1,923.68	$2,693.14	$484.48	$1,065.85	199%	253%

PPO 1000

	Retiree			Active		Retiree as % of Active	
	EE	EE + 1	EF	EE	EF	EE	EF
2012	$877.42	$1,754.84	$2,456.77	$435.67	$958.48	201%	256%
2013	$877.42	$1,754.84	$2,456.77	$435.67	$958.48	201%	256%

PPO 3000

	Retiree		
	EE	EE + 1	EF
2012	$631.40	$1,262.80	$1,767.92
2013	$631.40	$1,262.80	$1,767.92

San Joaquin Valley Insurance Authority
Summary of Retiree Experience and Rates Compared to Active

County of Tulare

2011

	Under 65						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	468	504	$429,755	$153,015	$582,770	1,156.29	146%	136%
$500 Ded	737	941	$690,123	$259,795	$949,918	1,009.48	228%	210%
$1000 Ded	1,102	1,400	$427,008	$244,522	$671,530	479.66	232%	188%
$2500 Ded	12	24	$1,201	$17,834	$19,035	793.13	2627%	860%
Total	2,319	2,869	$1,548,087	$675,165	$2,223,252	774.92	210%	190%

	Over 65						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	81	117	$133,573	$70,410	$203,983	1,743.45	220%	206%
$500 Ded	243	340	$53,798	$61,076	$114,874	337.87	76%	70%
$1000 Ded	2,219	2,882	$479,647	$767,734	$1,247,381	432.82	209%	169%
$2500 Ded	-	-	$0	$0	$0	-	0%	0%
Total	2,543	3,339	$667,018	$899,221	$1,566,239	469.07	127%	115%

	Total						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	4,523	5,324	$3,515,409	$997,317	$4,512,726	847.62	107%	100%
$500 Ded	10,337	13,060	$4,548,485	$1,739,749	$6,288,234	481.49	109%	100%
$1000 Ded	16,071	21,235	$3,556,162	$1,866,849	$5,423,011	255.38	124%	100%
$2500 Ded	238	295	$6,333	$20,883	$27,217	92.26	306%	100%
Total	31,169	39,914	$11,626,389	$4,624,798	$16,251,188	407.16	110%	100%

	Actives						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	3,974	4,703	$2,952,081	$773,893	$3,725,974	792.25	100%	93%
$500 Ded	9,357	11,779	$3,804,564	$1,418,878	$5,223,442	443.45	100%	92%
$1000 Ded	12,750	16,953	$2,649,507	$854,593	$3,504,100	206.69	100%	81%
$2500 Ded	226	271	$5,132	$3,049	$8,182	30.19	100%	33%
Total	26,307	33,706	$9,411,284	$3,050,413	$12,461,697	369.72	100%	91%

	Pre 65 Retiree	65+ Retiree	Active	Total	
Premium	$1,348,564	$1,569,486	$15,843,393	$18,761,442	Allocated on pmpm basis
Claims	$2,223,252	$1,566,239	$12,461,697	$16,251,188	
Fixed Costs	$117,921	$129,312	$1,337,711	$1,584,944	
Gain/(Loss)	($992,609)	($126,064)	$2,043,985	$925,311	Excludes $220K stop loss recovery (active)
% Gain/(Loss)	-73.6%	-8.0%	12.9%	4.9%	

San Joaquin Valley Insurance Authority
Summary of Retiree Experience and Rates Compared to Active

County of Tulare

2012

	Under 65						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	285	324	$162,358	$95,717	$258,075	796.53	108%	105%
$500 Ded	550	699	$948,551	$186,884	$1,135,435	1,624.37	351%	308%
$1000 Ded	980	1,246	$249,697	$163,831	$413,528	331.88	126%	113%
$2500 Ded	20	32	$27,066	$21,220	$48,286	1,508.94	967%	558%
Total	1,835	2,301	$1,387,672	$467,651	$1,855,323	806.31	207%	191%

	Over 65						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	61	91	$68,871	$61,089	$129,960	1,428.13	193%	189%
$500 Ded	222	307	$62,362	$81,668	$144,030	469.15	101%	89%
$1000 Ded	2,213	2,846	$463,806	$871,292	$1,335,098	469.11	177%	160%
$2500 Ded	-	-	$0	$0	$0	-	0%	0%
Total	2,496	3,244	$595,039	$1,014,048	$1,609,087	496.02	128%	118%

	Total						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	4,081	4,826	$2,733,684	$914,039	$3,647,723	755.85	102%	100%
$500 Ded	9,957	12,554	$4,915,670	$1,710,647	$6,626,317	527.83	114%	100%
$1000 Ded	17,145	22,713	$4,472,312	$2,199,703	$6,672,015	293.75	111%	100%
$2500 Ded	316	379	$74,713	$27,723	$102,436	270.28	173%	100%
Total	31,499	40,472	$12,196,379	$4,852,112	$17,048,491	421.24	108%	100%

	Actives						% of	% of
Plan	Employees	Members	Medical	Pharmacy	Total	PMPM	Active	Total
$0 ded	3,735	4,411	$2,502,455	$757,233	$3,259,688	738.99	100%	98%
$500 Ded	9,185	11,548	$3,904,757	$1,442,096	$5,346,853	463.01	100%	88%
$1000 Ded	13,952	18,621	$3,758,809	$1,164,581	$4,923,390	264.40	100%	90%
$2500 Ded	296	347	$47,647	$6,503	$54,150	156.05	100%	58%
Total	27,168	34,927	$10,213,668	$3,370,412	$13,584,080	388.93	100%	92%

	Pre 65 Retiree	65+ Retiree	Active	Total	
Premium	$1,060,482	$1,495,091	$16,097,117	$18,652,690	Allocated on pmpm basis
Claims	$1,855,323	$1,609,087	$13,584,080	$17,048,491	
Fixed Costs	$97,659	$132,837	$1,445,881	$1,676,377	
Gain/(Loss)	($892,500)	($246,833)	$1,067,155	($72,177)	Excludes $228K stop loss recovery (active)
% Gain/(Loss)	-84.2%	-16.5%	6.6%	-0.4%	

San Joaquin Valley Insurance Authority
Summary of Retiree Experience and Rates Compared to Active

<u>Retiree Census Summary</u>

	County of Fresno			County of Tulare			City of Tulare		
Age Band	#	% of </>= 65	% of Total	#	% of </>= 65	% of Total	#	% of </>= 65	% of Total
<55	3	1.3%	1.1%	13	9.4%	3.6%	3	12.0%	11.5%
55-59	36	15.9%	13.3%	35	25.2%	9.7%	6	24.0%	23.1%
60-64	187	82.7%	69.3%	91	65.5%	25.3%	16	64.0%	61.5%
Subtotal <65	226	100.0%	83.7%	139	100.0%	38.6%	25	100.0%	96.2%
65-69	30	68.2%	11.1%	65	29.4%	18.1%	1	100.0%	3.8%
70-74	9	20.5%	3.3%	43	19.5%	11.9%	0	0.0%	0.0%
75-79	1	2.3%	0.4%	34	15.4%	9.4%	0	0.0%	0.0%
80-84	4	9.1%	1.5%	35	15.8%	9.7%	0	0.0%	0.0%
85+	0	0.0%	0.0%	44	19.9%	12.2%	0	0.0%	0.0%
Subtotal 65+	44	100.0%	16.3%	221	100.0%	61.4%	1	100.0%	3.8%
Total	270			360			26		
Average Age									
<65	62.0			60.1			60.7		
65+	69.5			76.2			65.5		