



Gallagher Benefit Services, Inc.  
t h i n k i n g   a h e a d

Renewal

for



**SJVIA**

San Joaquin Valley  
Insurance Authority

Plan Year: January 1, 2014 - December 31, 2014

Presented By:

**Gallagher Benefit Services**

CA License #: 0D36879

August 29, 2013

**Important Note:** This presentation represents estimations of the scope, size and operation of SJVIA subject to its formation and inclusion of the counties to which it is presenting. This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

## San Joaquin Valley Insurance Authority Paid Claims History - All PPO Plans

### 2010 Plan Year

|                      |        |              |             |              |
|----------------------|--------|--------------|-------------|--------------|
| Totals               | 44,423 | \$17,200,878 | \$5,311,947 | \$22,512,825 |
| Average per Employee |        | \$387.21     | \$119.58    | \$506.78     |

### 2011 Plan Year

|   |        |              |             |              |
|---|--------|--------------|-------------|--------------|
| Totals  | 41,718 | \$16,784,754 | \$6,260,546 | \$23,045,300 |
| Average per Employee (Enrollment lagged 2 months) | 42,120 | \$398.50     | \$148.64    | \$547.13     |
| Percentage Change from Prior Year                 |        | 2.92%        | 24.30%      | 7.96%        |

### 2012 Plan Year

| Month-Year  | Enrollment |       |       |       | Total EE's | Paid Claims         |                    |                     |
|---|------------|-------|-------|-------|------------|---------------------|--------------------|---------------------|
|   | EE         | ES    | EC    | EF    |            | Medical             | Rx                 | Combined            |
| Jan-12  | 2,744      | 414   | 147   | 85    | 3,390      | 1,286,008           | 492,397            | 1,778,405           |
| Feb-12  | 2,785      | 415   | 150   | 88    | 3,438      | 1,443,721           | 464,802            | 1,908,523           |
| Mar-12  | 2,774      | 412   | 150   | 90    | 3,426      | 1,651,732           | 512,848            | 2,164,580           |
| Apr-12  | 2,778      | 407   | 154   | 90    | 3,429      | 1,374,121           | 496,552            | 1,870,673           |
| May-12  | 2,796      | 402   | 157   | 90    | 3,445      | 1,153,853           | 549,850            | 1,703,703           |
| Jun-12  | 2,821      | 401   | 155   | 90    | 3,467      | 1,346,162           | 564,170            | 1,910,332           |
| Jul-12*   | 2,978      | 403   | 151   | 260   | 3,792      | 1,294,539           | 619,173            | 1,913,712           |
| Aug-12  | 2,986      | 401   | 155   | 257   | 3,799      | 1,467,322           | 619,485            | 2,086,807           |
| Sep-12  | 2,979      | 405   | 155   | 257   | 3,795      | 1,280,728           | 641,239            | 1,921,966           |
| Oct-12  | 2,993      | 405   | 155   | 256   | 3,809      | 1,667,499           | 573,307            | 2,240,806           |
| Nov-12  | 3,003      | 402   | 156   | 257   | 3,817      | 1,714,342           | 599,113            | 2,313,455           |
| Dec-12  | 2,993      | 400   | 154   | 259   | 3,806      | 1,276,207           | 518,434            | 1,794,641           |
| Sub Total   | 34,629     | 4,866 | 1,839 | 2,079 | 43,412     | 16,956,235          | 6,651,370          | 23,607,605          |
| Stop Loss Reimbursement (Pooling Limit @ \$450K)  |            |       |       |       |            | -                   | -                  | -                   |
| City of Tulare Run-Out Claims                     |            |       |       |       |            | 315,409             | -                  | 315,409             |
| <b>Totals</b>                                     |            |       |       |       |            | <b>\$17,271,644</b> | <b>\$6,651,370</b> | <b>\$23,923,014</b> |
| Average per Employee (Enrollment lagged 2 months) |            |       |       |       | 42,630     | \$405.16            | \$156.03           | \$561.18            |
| Percentage Change from Prior Year                 |            |       |       |       |            | 1.67%               | 4.97%              | 2.57%               |

\*City of Tulare Joined SJVIA with enrollment in EE, ES, and EF Tiers

### 2013 Plan Year

| Month-Year  | Enrollment |       |     |       | Total EE's    | Paid Claims         |                    |                     |
|---|------------|-------|-----|-------|---------------|---------------------|--------------------|---------------------|
|   | EE         | ES    | EC  | EF    |               | Medical             | Rx                 | Combined            |
| Jan-13  | 2,914      | 382   | 133 | 244   | 3,673         | 1,379,070           | 555,128            | 1,934,197           |
| Feb-13  | 2,914      | 385   | 132 | 244   | 3,675         | 1,355,513           | 526,154            | 1,881,668           |
| Mar-13  | 2,891      | 384   | 129 | 248   | 3,652         | 1,521,017           | 534,131            | 2,055,148           |
| Apr-13  | 2,884      | 378   | 130 | 246   | 3,638         | 1,329,384           | 558,015            | 1,887,399           |
| May-13  | 2,892      | 369   | 131 | 252   | 3,644         | 1,190,872           | 594,640            | 1,785,512           |
| Jun-13  | 2,899      | 366   | 130 | 253   | 3,648         | 1,601,788           | 527,981            | 2,129,769           |
| Jul-13  | 2,898      | 368   | 130 | 249   | 3,645         | 1,195,806           | 588,131            | 1,783,938           |
| Sub Total   | 20,292     | 2,632 | 915 | 1,736 | 25,575        | 9,573,450           | 3,884,180          | 13,457,630          |
| Rolling 12 month Stop Loss Reimbursement                    |            |       |     |       |               | -                   | -                  | -                   |
| City of Tulare Run-Out Claims                               |            |       |     |       |               | 10,586              | -                  | 10,586              |
| <b>Totals</b>   |            |       |     |       |               | <b>\$9,584,036</b>  | <b>\$3,884,180</b> | <b>\$13,468,216</b> |
| Average per Employee (Enrollment lagged 2 months)           |            |       |     |       | 25,905        | \$369.98            | \$149.94           | \$519.92            |
| Percentage Change from Prior Year                           |            |       |     |       |               | -8.68%              | -3.90%             | -7.35%              |
| <b>Rolling 12 Month Totals (Enrollment lagged 2 months)</b> |            |       |     |       | <b>44,566</b> | <b>\$17,305,543</b> | <b>\$6,835,758</b> | <b>\$24,141,301</b> |
| Average per Employee (Enrollment lagged 2 months)           |            |       |     |       |               | \$388.31            | \$153.38           | \$541.70            |
| Percentage Change from Prior Year                           |            |       |     |       |               | -4.16%              | -1.69%             | -3.47%              |

# SJVIA PPO 2014 Claims Projection

Paid Claims Period: August 2012 through July 2013

|   | Medical             | Rx                 | Total               |
|---|---------------------|--------------------|---------------------|
| Total Paid Claims   | \$17,305,543        | \$6,835,758        | \$24,141,301        |
| Claims in Excess of Pooling   | -                   | \$530,349          | -                   |
| Total Paid Claims Net of Pooling  | \$17,305,543        | \$6,305,409        | \$24,141,301        |
| Enrollment lagged 2 months  | 44,566              | 44,566             |                     |
| Average Paid Claim for Period   | \$388.31            | \$141.48           | \$529.80            |
| Trend (Med.- 8.25%, Rx - 4.5%)  | 1.1189              | 1.0643             | 1.1043              |
| <b>Projected Paid Claim</b>   | <b>\$434.46</b>     | <b>\$150.59</b>    | <b>\$585.05</b>     |
| Current Monthly Enrollment (July 2013)  | 3,645               | 3,645              |                     |
| Monthly Projected Paid Claims   | \$1,583,618         | \$548,892          | \$2,132,510         |
| <b>2014 Annual Projected Paid Claims</b>  | <b>\$19,003,413</b> | <b>\$6,586,704</b> | <b>\$25,590,117</b> |
| <b>Projected Required Reserve (16%Med/5% Rx)</b>  | <b>\$3,040,546</b>  | <b>\$329,335</b>   | <b>\$3,369,881</b>  |
| Current Reserve*  |                     |                    | \$6,576,613         |
| Contingent Reserve  |                     |                    | \$3,206,732         |
| <i>*Calculated from July 2013 Claims Data - represents all premiums paid from inception less all costs from inception</i> |                     |                    |                     |

# SJVIA 2014 PPO Cost Worksheet: Combined - Anthem Blue Cross

| <u>Enrollment</u>                                       | <u>Single</u>    | <u>EE +Sp</u>    | <u>EE + Ch</u>   | <u>Family</u>              | <u>Total</u>         |
|---|------------------|------------------|------------------|----------------------------|----------------------|
| Total PPO   | 2,898            | 368              | 130              | 249                        | 3,645                |
|   |                  |                  |                  | Estimated Total Members    | 4,929                |
|   |                  |                  |                  | Total Non Founding Members | 342                  |
| <b>2013 Fixed Costs:</b>                                |                  |                  |                  |                            |                      |
|   | <u>Single</u>    | <u>EE +Sp</u>    | <u>EE + Ch</u>   | <u>Family</u>              | <u>Totals</u>        |
| PPO - Specific Stop Loss (HM Life \$450,000 ded. 12/15) | \$ 11.74         | \$ 11.74         | \$ 11.74         | \$ 11.74                   | \$ 513,508           |
| PPO - Aggregate Stop Loss (HM Life 12/15)               | \$ 0.85          | \$ 0.85          | \$ 0.85          | \$ 0.85                    | \$ 37,179            |
| PPO - Blue Cross Core Administration                    | \$ 25.55         | \$ 25.55         | \$ 25.55         | \$ 25.55                   | \$ 1,117,557         |
| PPO - Blue Cross 360 Claims Management                  | \$ 1.98          | \$ 1.98          | \$ 1.98          | \$ 1.98                    | \$ 86,605            |
| Claims Management/Communication                         | \$ 3.00          | \$ 3.00          | \$ 3.00          | \$ 3.00                    | \$ 131,220           |
| JPA Consulting  | \$ 4.00          | \$ 4.00          | \$ 4.00          | \$ 4.00                    | \$ 174,960           |
| SJVIA Fee   | \$ 2.00          | \$ 2.00          | \$ 2.00          | \$ 2.00                    | \$ 87,480            |
| Hourglass (Consolidated Billing, COBRA, Flex Admin)     | \$ 6.50          | \$ 6.50          | \$ 6.50          | \$ 6.50                    | \$ 284,310           |
| <b>Total Fixed Cost</b>                                 | <b>\$ 55.62</b>  | <b>\$ 55.62</b>  | <b>\$ 55.62</b>  | <b>\$ 55.62</b>            | <b>\$ 2,432,819</b>  |
| <b>2013 Claims Costs:</b>                               |                  |                  |                  |                            |                      |
| PPO - Medical Claims                                    | \$ 388.31        | \$ 388.31        | \$ 388.31        | \$ 388.31                  | \$ 16,984,733        |
| PPO - Rx Claims   | \$ 141.48        | \$ 141.48        | \$ 141.48        | \$ 141.48                  | \$ 6,188,519         |
| <b>Total Claims</b>                                     | <b>\$ 529.80</b> | <b>\$ 529.80</b> | <b>\$ 529.80</b> | <b>\$ 529.80</b>           | <b>\$ 23,173,253</b> |
| <i>Aggregate Attachment Factors</i>                     | <i>\$ 803.33</i> | <i>\$ 803.33</i> | <i>\$ 803.33</i> | <i>\$ 803.33</i>           | <i>\$ 35,137,654</i> |
| <b>Projected Total PPO Cost</b>                         |                  |                  |                  |                            | <b>\$ 25,606,071</b> |

| <u>2014 Fixed Costs:</u>                                | <u>Single</u>    | <u>EE +Sp</u>    | <u>EE + Ch</u>   | <u>Family</u>    | <u>Totals</u>        | <u>Increase</u> |
|---|------------------|------------------|------------------|------------------|----------------------|-----------------|
| PPO - Specific Stop Loss (HM Life \$450,000 ded. 12/15) | \$ 14.68         | \$ 14.68         | \$ 14.68         | \$ 14.68         | \$ 642,103           | 25%             |
| PPO - Aggregate Stop Loss (HM Life 12/15)               | \$ 0.85          | \$ 0.85          | \$ 0.85          | \$ 0.85          | \$ 37,179            | 0%              |
| PPO - Blue Cross Core Administration                    | \$ 26.57         | \$ 26.57         | \$ 26.57         | \$ 26.57         | \$ 1,162,172         | 4%              |
| PPO - Blue Cross 360 Claims Management                  | \$ 2.10          | \$ 2.10          | \$ 2.10          | \$ 2.10          | \$ 91,854            | 6%              |
| Claims Management/Communication                         | \$ 3.00          | \$ 3.00          | \$ 3.00          | \$ 3.00          | \$ 131,220           | 0%              |
| JPA Consulting  | \$ 4.00          | \$ 4.00          | \$ 4.00          | \$ 4.00          | \$ 174,960           | 0%              |
| SJVIA Fee   | \$ 2.00          | \$ 2.00          | \$ 2.00          | \$ 2.00          | \$ 87,480            | 0%              |
| SJVIA Non Founding Member Fee                           | \$ 2.00          | \$ 2.00          | \$ 2.00          | \$ 2.00          | \$ 8,208             |                 |
| Hourglass (Consolidated Billing, COBRA, Flex Admin)     | \$ 6.50          | \$ 6.50          | \$ 6.50          | \$ 6.50          | \$ 284,310           | 0%              |
| PCORI Fee   | \$ 0.23          | \$ 0.23          | \$ 0.23          | \$ 0.23          | \$ 9,858             | N/A             |
| Transitional Reinsurance Fee                            | \$ 7.10          | \$ 7.10          | \$ 7.10          | \$ 7.10          | \$ 310,527           | N/A             |
| <b>Total Fixed Cost</b>                                 | <b>\$ 69.02</b>  | <b>\$ 69.02</b>  | <b>\$ 69.02</b>  | <b>\$ 69.02</b>  | <b>\$ 2,939,871</b>  | <b>20.8%</b>    |
| <b>2014 Claims Costs:</b>                               |                  |                  |                  |                  |                      |                 |
| PPO - Projected Claims                                  | \$ 434.46        | \$ 434.46        | \$ 434.46        | \$ 434.46        | \$ 19,003,413        | 12%             |
| PPO - Projected Rx Claims                               | \$ 150.59        | \$ 150.59        | \$ 150.59        | \$ 150.59        | \$ 6,586,704         | 6%              |
| <b>Total Claims</b>                                     | <b>\$ 585.05</b> | <b>\$ 585.05</b> | <b>\$ 585.05</b> | <b>\$ 585.05</b> | <b>\$ 25,590,117</b> | <b>10%</b>      |
| <i>Aggregate Attachment Factors</i>                     | <i>\$ 803.33</i> | <i>\$ 803.33</i> | <i>\$ 803.33</i> | <i>\$ 803.33</i> | <i>\$ 35,137,654</i> | <i>0%</i>       |
| <b>Projected Total PPO Cost</b>                         |                  |                  |                  |                  | <b>\$ 28,529,988</b> |                 |
| <b>Current PPO Plan Funding</b>                         |                  |                  |                  |                  | <b>\$ 28,505,544</b> |                 |
| <b>Projected Increase</b>                               |                  |                  |                  |                  |                      | <b>0.1%</b>     |

## San Joaquin Valley Insurance Authority Paid Claims History - All HMO Plans

### 2010 Plan Year

| Month-Year           | Enrollment |       |        |       | Total EE's | Capitation    | Non Capitated |              | Combined      |
|----------------------|------------|-------|--------|-------|------------|---------------|---------------|--------------|---------------|
|                      | EE         | ES    | EC     | EF    |            |               | Medical       | Rx           |               |
| Totals               | 27,516     | 8,247 | 16,644 | 8,194 | 60,601     | \$ 12,438,557 | \$ 18,037,889 | \$ 6,196,669 | \$ 38,336,460 |
| Average per Employee |            |       |        |       |            | \$240.97      | \$297.65      | \$102.25     | \$632.60      |

### 2011 Plan Year

|   |        |       |        |       |        |              |              |             |              |
|---|--------|-------|--------|-------|--------|--------------|--------------|-------------|--------------|
| Totals  | 25,459 | 8,099 | 17,456 | 8,064 | 59,078 | \$13,198,510 | \$17,891,946 | \$7,249,950 | \$38,340,406 |
| Average per Employee (Enrollment lagged 2 months) |        |       |        |       | 59,329 | \$240.97     | \$301.57     | \$122.20    | \$646.23     |
| Percentage Change from Prior Year                 |        |       |        |       |        |              | 1.32%        | 19.51%      | 2.15%        |

### 2012 Plan Year

| Month-Year  | Enrollment   |            |              |            | Total EE's   | Capitation       | Non Capitated Paid Claims |                |                  |
|---|--------------|------------|--------------|------------|--------------|------------------|---------------------------|----------------|------------------|
|   | EE           | ES         | EC           | EF         |              |                  | Medical                   | Rx             | Combined         |
| Jan-12  | 1,950        | 628        | 1,348        | 609        | 4,534        | 1,124,625        | 1,128,332                 | 660,723        | 2,913,680        |
| Feb-12  | 1,962        | 629        | 1,360        | 609        | 4,559        | 1,130,827        | 1,941,584                 | 647,395        | 3,719,806        |
| Mar-12  | 1,973        | 623        | 1,348        | 600        | 4,543        | 1,126,982        | 1,376,948                 | 661,476        | 3,165,406        |
| Apr-12  | 1,952        | 623        | 1,345        | 607        | 4,526        | 1,122,765        | 1,816,134                 | 601,293        | 3,540,192        |
| May-12  | 1,962        | 618        | 1,344        | 602        | 4,527        | 1,123,013        | 2,330,814                 | 628,846        | 4,082,673        |
| Jun-12  | 1,966        | 618        | 1,344        | 599        | 4,527        | 1,123,013        | 1,662,356                 | 585,061        | 3,370,431        |
| Jul-12  | 1,988        | 617        | 1,346        | 607        | 4,558        | 1,130,703        | 2,054,136                 | 636,179        | 3,821,018        |
| Aug-12  | 1,998        | 618        | 1,346        | 607        | 4,569        | 1,133,432        | 1,679,713                 | 650,205        | 3,463,350        |
| Sep-12  | 2,016        | 612        | 1,346        | 608        | 4,582        | 1,136,657        | 1,433,160                 | 601,331        | 3,171,148        |
| Oct-12  | 2,035        | 613        | 1,357        | 606        | 4,611        | 1,143,768        | 2,636,011                 | 666,803        | 4,446,583        |
| Nov-12  | 2,042        | 602        | 1,365        | 609        | 4,618        | 1,145,587        | 1,453,372                 | 592,884        | 3,191,843        |
| Dec-12  | <u>2,042</u> | <u>600</u> | <u>1,377</u> | <u>608</u> | <u>4,627</u> | <u>1,147,820</u> | <u>1,296,919</u>          | <u>246,944</u> | <u>2,691,683</u> |
| Sub Total   | 11,764       | 3,738      | 8,088        | 3,625      | 27,215       | 13,589,192       | 20,809,479                | 7,179,142      | 41,577,812       |
| Large Claim Credit (Pooling Limit @ \$250K)       |              |            |              |            |              |                  |                           | n/a            | 1,140,790        |
| Totals  |              |            |              |            |              | \$13,589,192     | \$19,668,689              | \$7,179,142    | \$40,437,022     |
| Average per Employee (Enrollment lagged 2 months) |              |            |              |            | 55,289       | \$248.07         | \$355.75                  | \$129.85       | \$731.38         |
| Percentage Change from Prior Year                 |              |            |              |            |              |                  | 17.96%                    | 6.26%          | 13.18%           |

### 2013 Plan Year

| Month-Year   | Enrollment |       |        |       | Total EE's   | Capitation       | Non Capitated Paid Claims |                |                  |
|--|------------|-------|--------|-------|--------------|------------------|---------------------------|----------------|------------------|
|  | EE         | ES    | EC     | EF    |              |                  | Medical                   | Rx             | Combined         |
| Jan-13   | 2,241      | 646   | 1,456  | 612   | 4,955        | 1,282,850        | 1,758,813                 | 713,502        | 3,755,165        |
| Feb-13   | 2,265      | 644   | 1,458  | 618   | 4,985        | 1,290,885        | 1,553,541                 | 664,853        | 3,509,280        |
| Mar-13   | 2,289      | 640   | 1,464  | 620   | 5,013        | 1,298,101        | 2,201,042                 | 727,365        | 4,226,507        |
| Apr-13   | 2,327      | 639   | 1,464  | 613   | 5,043        | 1,305,832        | 1,884,434                 | 757,054        | 3,947,321        |
| May-13   | 2,296      | 634   | 1,462  | 620   | 5,012        | 1,297,722        | 2,236,723                 | 741,845        | 4,276,290        |
| Jun-13   | 2,321      | 635   | 1,472  | 623   | 5,051        | 1,308,015        | 1,588,607                 | 683,226        | 3,579,848        |
| Jul-13   | 2,342      | 634   | 1,466  | 624   | <u>5,066</u> | <u>1,311,820</u> | <u>2,181,272</u>          | <u>741,474</u> | <u>4,234,566</u> |
| Sub Total  | 16,081     | 4,472 | 10,242 | 4,330 | 35,125       | 9,095,225        | 13,404,433                | 5,029,319      | 27,528,976       |
| Rolling 12 month Large Claim Credit (Pooling Limit @ \$400K) |            |       |        |       |              |                  | -                         | n/a            | -                |
| Totals   |            |       |        |       | 35,125       | \$9,095,225      | \$13,404,433              | \$5,029,319    | \$27,528,976     |
| Average per Employee (Enrollment lagged 2 months)            |            |       |        |       | 34,253       | \$258.94         | \$391.34                  | \$146.83       | \$803.70         |
| Percentage Change from Prior Year                            |            |       |        |       |              |                  | 10.00%                    | 13.08%         | 9.89%            |
| Rolling 12 Month Totals (Enrollment lagged 2 months)         |            |       |        |       | 57,100       | \$14,802,488     | \$21,903,607              | \$7,787,487    | \$44,493,583     |
| Average per Employee (Enrollment lagged 2 months)            |            |       |        |       |              | \$258.94         | \$368.37                  | \$136.38       | \$763.99         |
| Percentage Change from Prior Year                            |            |       |        |       |              |                  | 3.55%                     | 5.03%          | 4.46%            |

SJVIA HMO  
**2014 Claims Projection - All HMO Plans**  
 Paid Claims Period: August 2012 through July 2013

|   | <u>Non Capitated</u> | <u>Capitation</u>    | <u>Rx</u>           | <u>Total</u>         |
|---|----------------------|----------------------|---------------------|----------------------|
| Total Paid Claims   | \$ 21,903,607        | \$ 14,802,488        | \$ 7,787,487        | \$ 44,493,583        |
| Claims in Excess of Pooling   | <u>869,790</u>       | <u>-</u>             | <u>389,374</u>      | <u>1,259,164</u>     |
| Total Paid Claims Net of Pooling  | \$ 21,033,817        | \$ 14,802,488        | \$ 7,398,113        | \$ 43,234,419        |
| Enrollment lagged 2 months  | 57,100               | 57,100               | 57,100              | 57,100               |
| Average Paid Claim for Period (Non-Cap)   | \$ 368.37            | \$ 258.94            | \$ 129.56           | \$ 756.87            |
| Trend (Med.- 8.25,Cap - 5%, Rx -4.5)  | 1.1189               | 1.0445               | 1.0643              | 1.0841               |
| <b>Projected Paid Claim</b>   | <b>\$ 412.15</b>     | <b>\$ 270.46</b>     | <b>\$ 137.90</b>    | <b>\$ 820.51</b>     |
| Current Monthly Enrollment (July 2013)  | 5,066                | 5,066                | 5,066               |                      |
| Monthly Projected Paid Claims   | 2,087,962            | 1,370,150            | 698,609             | 4,156,721            |
| <b>2014 Annual Projected Paid Claim Reserves needed for 16% Me</b>  | <b>\$ 25,055,543</b> | <b>\$ 16,441,804</b> | <b>\$ 8,383,304</b> | <b>\$ 49,880,652</b> |
| <b>Projected Required Reserve (16% Medical/5% Rx)</b>   | <b>\$4,008,887</b>   | <b>N/A</b>           | <b>\$419,165</b>    | <b>\$4,428,052</b>   |
| Current Reserve*  |                      |                      |                     | \$3,831,033          |
| Contingent Reserve  |                      |                      |                     | -\$597,019           |
| <i>*Calculated from July 2013 Claims Data - represents all premiums paid from inception less all costs from inception</i> |                      |                      |                     |                      |

# SJVIA 2014 HMO Cost Worksheet: Combined - Anthem Blue Cross

| <u>Enrollment</u>                                   |           | <u>Single</u>             | <u>EE +Sp</u> | <u>EE + Ch</u> | <u>Family</u> | <u>Total</u>         |
|---|-----------|---------------------------|---------------|----------------|---------------|----------------------|
| Total HMO   |           | 2,342                     | 634           | 1,466          | 624           | 5,066                |
|   |           | Total Nonfounding Members |               |                |               | 104                  |
| <b>2013 Fixed Costs:</b>                            |           |                           |               |                |               |                      |
|   |           | <u>Single</u>             | <u>EE +Sp</u> | <u>EE + Ch</u> | <u>Family</u> | <u>Totals</u>        |
| HMO - Pooling (\$400,000)                           | \$        | 21.02                     | 21.02         | 21.02          | 21.02         | \$ 1,277,848         |
| HMO - Blue Cross MPP Retention (incl 360 Health)    | \$        | 37.76                     | 37.76         | 37.76          | 37.76         | \$ 2,295,506         |
| Claims Management/Communication                     | \$        | 3.00                      | 3.00          | 3.00           | 3.00          | \$ 182,376           |
| JPA Consulting                                      | \$        | 4.00                      | 4.00          | 4.00           | 4.00          | \$ 243,168           |
| SJVIA Fee   | \$        | 2.00                      | 2.00          | 2.00           | 2.00          | \$ 121,584           |
| Hourglass (Consolidated Billing, COBRA, Flex Admin) | \$        | 6.50                      | 6.50          | 6.50           | 6.50          | \$ 395,148           |
| <b>Total Fixed Cost</b>                             | <b>\$</b> | <b>74.28</b>              | <b>74.28</b>  | <b>74.28</b>   | <b>74.28</b>  | <b>\$ 4,515,630</b>  |
| <b>2013 Claims Costs:</b>                           |           |                           |               |                |               |                      |
| HMO - Capitation                                    | \$        | 257.71                    | 257.71        | 257.71         | 257.71        | \$ 15,666,706        |
| HMO - Medical Claims                                | \$        | 368.37                    | 368.37        | 368.37         | 368.37        | \$ 22,393,963        |
| HMO - Rx Claims                                     | \$        | 129.56                    | 129.56        | 129.56         | 129.56        | \$ 7,876,510         |
| <b>Total Claims</b>                                 | <b>\$</b> | <b>755.65</b>             | <b>755.65</b> | <b>755.65</b>  | <b>755.65</b> | <b>\$ 45,937,179</b> |
| <i>Aggregate Factors</i>                            | \$        | 509.37                    | 509.37        | 509.37         | 509.37        | \$ 30,965,621        |
| <b>Renewal Total Projected Cost</b>                 | <b>\$</b> |                           |               |                |               | <b>50,452,809</b>    |

| <u>2014 Fixed Costs:</u>                            |           | <u>Single</u> | <u>EE +Sp</u> | <u>EE + Ch</u> | <u>Family</u> | <u>Totals</u>        | <u>Increase</u> |
|---|-----------|---------------|---------------|----------------|---------------|----------------------|-----------------|
| HMO - Pooling (\$400,000)                           | \$        | 22.72         | 22.72         | 22.72          | 22.72         | \$ 1,381,194         | 8%              |
| HMO - Blue Cross MPP Retention (incl 360 Health)    | \$        | 39.27         | 39.27         | 39.27          | 39.27         | \$ 2,387,302         | 4%              |
| ACA Reinsurance                                     | \$        | 11.37         | 11.37         | 11.37          | 11.37         | \$ 691,205           | N/A             |
| ACA Insurer   | \$        | 22.24         | 22.24         | 22.24          | 22.24         | \$ 1,352,014         | N/A             |
| Claims Management/Communication                     | \$        | 3.00          | 3.00          | 3.00           | 3.00          | \$ 182,376           | 0%              |
| JPA Consulting                                      | \$        | 4.00          | 4.00          | 4.00           | 4.00          | \$ 243,168           | 0%              |
| SJVIA Fee   | \$        | 2.00          | 2.00          | 2.00           | 2.00          | \$ 121,584           | 0%              |
| SJVIA Non Founding Member Fee                       | \$        | 2.00          | 2.00          | 2.00           | 2.00          | \$ 2,496             |                 |
| Hourglass (Consolidated Billing, COBRA, Flex Admin) | \$        | 6.50          | 6.50          | 6.50           | 6.50          | \$ 395,148           | 0%              |
| <b>Total Fixed Cost</b>                             | <b>\$</b> | <b>113.10</b> | <b>113.10</b> | <b>113.10</b>  | <b>113.10</b> | <b>\$ 6,756,487</b>  | <b>50%</b>      |
| <b>2014 Claims Costs:</b>                           |           |               |               |                |               |                      |                 |
| HMO - Capitation                                    | \$        | 270.46        | 270.46        | 270.46         | 270.46        | \$ 16,441,804        | 5%              |
| HMO - Projected Medical Claims                      | \$        | 412.15        | 412.15        | 412.15         | 412.15        | \$ 25,055,543        | 12%             |
| HMO - Projected Rx Claims                           | \$        | 137.90        | 137.90        | 137.90         | 137.90        | \$ 8,383,304         | 6%              |
| <b>Total Claims</b>                                 | <b>\$</b> | <b>820.51</b> | <b>820.51</b> | <b>820.51</b>  | <b>820.51</b> | <b>\$ 49,880,652</b> | <b>9%</b>       |
| <i>Aggregate Factors</i>                            | \$        | 548.65        | 548.65        | 548.65         | 548.65        | \$ 33,353,531        |                 |
| <b>Projected Total HMO Cost</b>                     | <b>\$</b> |               |               |                |               | <b>56,637,139</b>    |                 |
| <b>Current HMO Plan Funding</b>                     | <b>\$</b> |               |               |                |               | <b>49,877,434</b>    |                 |
| <b>Projected Increase</b>                           |           |               |               |                |               | <b>13.6%</b>         |                 |

# San Joaquin Valley Insurance Authority 2014 Renewal Summary

Effective January 1, 2014

| No Rate Offset       |              |
|----------------------|--------------|
|                      | SJVIA Total  |
| 2013 Premium Funding | \$78,382,977 |
| 2014 Projected Costs | \$85,167,127 |
| Change               | 8.7%         |

| SJVIA at 16% Medical / 5% Rx Reserves        |   |
|--|---|
| \$85,167,127                                 | SJVIA Required Premium 2014                       |
| \$10,407,646                                 | Current Estimated Reserves                        |
| \$7,049,433                                  | 16% Medical Reserve                               |
| <u>\$748,500</u>                             | 5% Rx Reserve                                     |
| \$7,797,933                                  | Reserves needed for 16% Med/5% Rx                 |
| \$2,609,713                                  | Contingency reserve used in 2014 rate calculation |
| \$82,557,414 Adjusted SJVIA premium required |   |

| 2014 Rate Action - Maintain 16% Medical/5% Rx reserve |              |
|---|--------------|
|   | SJVIA Total  |
| 2013 Premium Funding                                  | \$78,382,977 |
| 2014 Projected Costs                                  | \$82,557,414 |
| Change  | 5.3%         |