



**BOARD OF DIRECTORS**

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**Meeting Location:  
Tulare County Employees' Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93291  
November 6, 2015 9:00 AM**

**AGENDA DATE:** November 6, 2015

**ITEM NUMBER:** Item 13

**SUBJECT:** Receive and File SJVIA Executive Claims Summary through August (I)

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

**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 Claims Report" has been included in the Monthly Claims Report (see page 3 of the Attachment). This summary details on-going claims that are over \$200,000 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.

In addition to the founding Counties (Fresno and Tulare), the attached report includes data for all members of the SJVIA.

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Comparing claims “Per Employee Per Month” (PEPM) can be a good indicator of overall medical inflationary trends. The overall yearly averages are below:

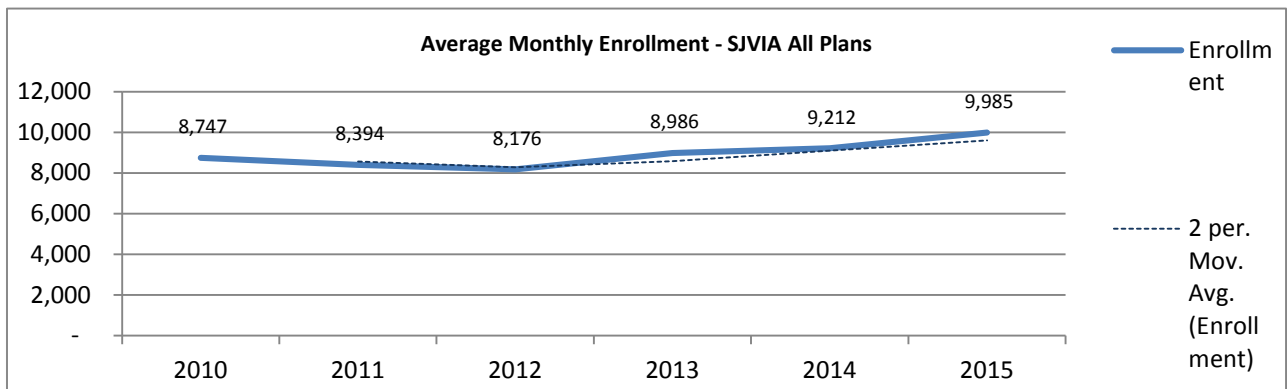
Plan Year	HMO	PPO	Overall
2010	<u>\$586.15</u> PEPM	<u>\$495.09</u> PEPM	<u>\$547.67</u> PEPM*
2011	<u>\$681.06</u> PEPM	<u>\$553.64</u> PEPM	<u>\$628.33</u> PEPM
2012	<u>\$713.19</u> PEPM	<u>\$551.65</u> PEPM	<u>\$637.06</u> PEPM
2013	<u>\$783.07</u> PEPM	<u>\$517.95</u> PEPM	<u>\$667.02</u> PEPM
2014	<u>\$797.45</u> PEPM	<u>\$620.39</u> PEPM	<u>\$721.39</u> PEPM
2015 (through August)	<u>\$960.59</u> PEPM	<u>\$635.60</u> PEPM	<u>\$804.24</u> PEPM

\*The overall claims Per Employee Per Month (PEPM) for Plan Year 2010 was \$547.67. Since 2010 was the first year of the SJVIA, this claims rate is considered immature. In the Actual Claims vs Consensus Trend chart below, we have used a more accurate depiction of the claims for 2010 (\$597.46).

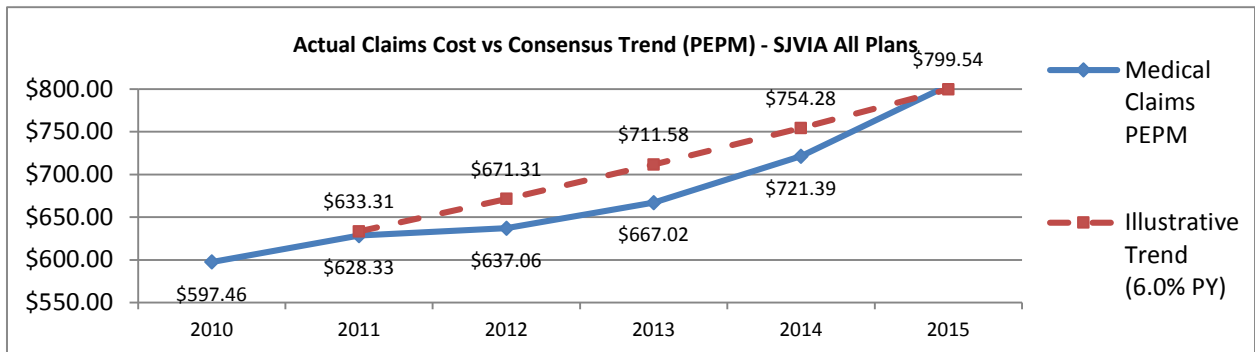
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The chart below shows average monthly enrollment in all SJVIA plans since inception. Enrollment dropped slightly in 2011 and 2012 but increased 9.9% in 2013 due to increased participation in the founding members' population as well as the addition of the new entities. Membership continued to grow in 2014 as a result of new entities joining the SJVIA. Several entities have joined the SJVIA in 2015 as well. Gallagher Benefit Services is continuing to monitor the increase in HMO claims. For calendar year 2015 (to date) the HMO claims have increased approximately 20%. Additionally, beginning July 1, 2015, the PPO enrollment was greater than HMO enrollment for the first time since the inception of the SJVIA.



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. (note: 2015 claims experience represents only claims from January-September 2015)



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Overall weighted annual medical claims trend, (on a Per Employee Per Month basis) since inception of the SJVIA has been 6.18%

**FISCAL IMPACT/FINANCING:**

Informational only.

**ADMINISTRATIVE SIGN-OFF:**



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Rhonda Sjostrom  
SJVIA Manager



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Paul Nerland  
SJVIA Assistant Manager