



# SJVIA

San Joaquin Valley  
Insurance Authority

**BOARD OF DIRECTORS**

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

Meeting Location:  
Fresno County Employee Retirement  
Association Board Chambers  
1111 H Street  
Fresno, CA 93721  
February 6, 2015  
9:00 AM

**AGENDA DATE:** February 6, 2015

**ITEM NUMBER:** 6

**SUBJECT:** Quarterly SJVIA financial update

**REQUEST(S):** That the Board receives the financial update through 2nd quarter, 2014-15

**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, 2014**

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
<b>REVENUE</b>								
<b>TOTAL REVENUE</b>	<b>\$24,809,414</b>	<b>\$25,509,223</b>	<b>\$699,809</b>	<b>3%</b>	<b>\$49,618,828</b>	<b>\$52,057,475</b>	<b>\$2,438,647</b>	<b>5%</b>
<b>EXPENSES: Fixed</b>								
1 Specific & Aggregate Stop Loss Insurance (PPO)	172,742	164,349	8,393	5%	345,484	325,904	19,580	6%
2 Anthem ASO Administration & Network Fees (PPO)	355,947	347,475	8,472	2%	711,893	689,921	21,972	3%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	162,079	191,132	(29,053)	(18%)	324,159	366,265	(42,106)	(13%)
4 GBS Consulting	107,364	121,264	(13,900)	(13%)	214,728	232,756	(18,028)	(8%)
5 SJVIA Administration	61,077	59,508	1,569	3%	122,154	142,851	(20,697)	(17%)
6 Wellness	69,268	13,700	55,568	80%	138,536	19,000	119,536	86%
7 Communications	13,854	661	13,193	95%	27,707	661	27,046	98%
8 Anthem HMO Pooling	391,503	380,013	11,490	3%	783,005	712,125	70,880	9%
9 Anthem HMO Administration/Retention	624,175	1,199,135	(574,960)	(92%)	1,248,350	2,241,989	(993,639)	(80%)
10 ACA Reinsurance (PPO & HMO)	238,651	0	238,651	100%	477,302	31,826	445,476	93%
<b>TOTAL FIXED EXPENSES</b>	<b>2,196,660</b>	<b>2,477,237</b>	<b>(280,577)</b>	<b>(13%)</b>	<b>4,393,318</b>	<b>4,763,298</b>	<b>(369,980)</b>	<b>(8%)</b>
<b>EXPENSES: Claims</b>								
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	16,099,430	14,596,656	1,502,774	9%	32,198,861	31,386,547	812,314	3%
12 Anthem MMP HMO Capitation	4,306,470	4,522,310	(215,840)	(5%)	8,612,941	8,474,605	138,336	2%
<b>TOTAL CLAIMS EXPENSES</b>	<b>20,405,900</b>	<b>19,118,966</b>	<b>1,286,934</b>	<b>6%</b>	<b>40,811,802</b>	<b>39,861,152</b>	<b>950,650</b>	<b>2%</b>
<b>EXPENSES: Premiums</b>								
13 Delta Dental	1,262,996	1,568,508	(305,512)	(24%)	2,525,992	3,017,311	(491,319)	(19%)
14 Vision Service Plan	246,974	261,094	(14,120)	(6%)	493,948	497,223	(3,275)	(1%)
15 Kaiser Permanente	1,435,514	1,521,241	(85,727)	(6%)	2,871,029	2,911,508	(40,479)	(1%)
<b>TOTAL PREMIUM EXPENSES</b>	<b>2,945,484</b>	<b>3,350,843</b>	<b>(405,359)</b>	<b>(14%)</b>	<b>5,890,969</b>	<b>6,426,042</b>	<b>(535,073)</b>	<b>(9%)</b>
<b>TOTAL EXPENSES</b>	<b>25,548,044</b>	<b>24,947,046</b>	<b>600,998</b>	<b>2%</b>	<b>51,096,089</b>	<b>51,050,492</b>	<b>45,597</b>	<b>0%</b>
16 Reserve Surplus	(738,630)	562,177	1,300,807	176%	(1,477,261)	1,006,983	2,484,244	168%
<b>COMBINED EXPENSES &amp; RESERVES</b>	<b>\$24,809,414</b>	<b>\$25,509,223</b>	<b>\$699,809</b>	<b>3%</b>	<b>\$49,618,828</b>	<b>\$52,057,475</b>	<b>\$2,438,647</b>	<b>5%</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, 2014**

	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>FY14-15</b>						
<b>Revenue**</b>	<b>\$65,220</b>	<b>\$74,923</b>	<b>\$14,593</b>	<b>\$134,480</b>	<b>\$153,046</b>	<b>\$29,425</b>
<b>Expenses:</b>						
Auditor-Treasurer Services	15,793			48,581		
County Counsel Services	7,739			9,106		
Personnel Services	31,617			47,238		
Membership Fees						
Insurance (Liability, Bond, Etc)				30,278		
Audit Fees						
Bank Service Fees	4,359			7,648		
Wellness		13,700			19,000	
Communications			661			661
<b>Total Expenses</b>	<b>59,508</b>	<b>13,700</b>	<b>661</b>	<b>142,851</b>	<b>19,000</b>	<b>661</b>
<b>Administration, Wellness &amp; Communications Deficit/Surplus</b>	<b>\$5,712</b>	<b>\$61,223</b>	<b>\$13,932</b>	<b>(\$8,371)</b>	<b>\$134,046</b>	<b>\$28,764</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.

**San Joaquin Valley Insurance Authority**  
**Schedule of Cash Flow by Month**  
**For the Six Months Ended December 31, 2014**

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
<b>BEGINNING CASH BALANCES:</b>							
Claims Funding Account	\$ 569,349	\$ 109,928	\$ 193,870	\$ 336,528	\$ 255,832	\$ 296,556	\$ 569,349
Fixed Cost Account	1,377,314	2,474,229	2,498,368	462,525	512,120	512,909	1,377,314
Claims Reserve Account	189,819	1,552,818	1,014,679	1,323,501	1,462,954	1,015,683	189,819
Investment Pool-Note 1	5,065,073	5,078,099	5,078,099	5,078,099	5,091,283	5,091,283	5,065,073
<b>Total Beginning Balances</b>	<b>7,201,555</b>	<b>9,215,074</b>	<b>8,785,016</b>	<b>7,200,653</b>	<b>7,322,189</b>	<b>6,916,431</b>	<b>7,201,555</b>
<b>RECEIPTS:</b>							
Claims Funding Account	5,605,961	3,690,907	5,333,659	4,704,825	2,729,226	4,145,820	26,210,398
Fixed Cost Account	4,062,691	3,188,275	3,192,934	5,247,769	1,863,897	4,219,169	21,774,735
Claims Reserve Account	9,385,605	5,498,291	8,002,374	8,288,178	4,346,196	6,901,305	42,421,949
Investment Pool	13,026	-	-	13,184			26,210
	19,067,283	12,377,473	16,528,967	18,253,956	8,939,319	15,266,294	90,433,292
<b>DISBURSEMENTS:</b>							
Claims Funding Account	6,065,382	3,606,965	5,191,001	4,785,521	2,688,502	3,537,327	25,874,698
Fixed Cost Account	2,965,776	3,164,136	5,228,777	5,198,174	1,863,108	4,268,995	22,688,966
Claims Reserve Account	8,022,606	6,036,430	7,693,552	8,148,725	4,793,467	6,587,345	41,282,125
Investment Pool	-	-	-	-			-
<b>TOTAL DISBURSEMENTS</b>	<b>17,053,764</b>	<b>12,807,531</b>	<b>18,113,330</b>	<b>18,132,420</b>	<b>9,345,077</b>	<b>14,393,667</b>	<b>89,845,789</b>
<b>ENDING CASH BALANCES:</b>							
Claims Funding Account	109,928	193,870	336,528	255,832	296,556	905,049	905,049
Fixed Cost Account	2,474,229	2,498,368	462,525	512,120	512,909	463,083	463,083
Claims Reserve Account	1,552,818	1,014,679	1,323,501	1,462,954	1,015,683	1,329,643	1,329,643
Investment Pool	5,078,099	5,078,099	5,078,099	5,091,283	5,091,283	5,091,283	5,091,283
<b>Total Ending Balances</b>	<b>\$ 9,215,074</b>	<b>\$ 8,785,016</b>	<b>\$ 7,200,653</b>	<b>\$ 7,322,189</b>	<b>\$ 6,916,431</b>	<b>\$ 7,789,058</b>	<b>\$ 7,789,058</b>

Note 1: The SJVIA invested \$5 million into the County of Tulare investment pool on December 21, 2012. The yield paid during the quarter ended 12/31/14 was 1.03% with quarterly earnings of \$13,184.

## 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 **ACA Reinsurance (PPO & HMO)**

The Affordable Care Act (ACA) includes the following fees on insurance plans: 1) Patient Centered Outcomes Research Institute (PCORI) 2) Transitional Reinsurance Fee.

### 11 **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).

### 12 **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.

### 13 **Delta Dental**

Premium for entities covered under the SJVIA Delta Dental program.

### 14 **Vision Service Plan**

Premium for entities covered under the SJVIA VSP Vision program.

### 15 **Kaiser Permanente**

Premium for entities covered under the SJVIA Kaiser HMO program

### 16 **Reserve Surplus/Deficit**

Excess revenue over claims, premiums and fixed costs.