



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

2016 Preliminary Renewal



SJVIA

San Joaquin Valley
Insurance Authority

Plan Year: January 1, 2016 - December 31, 2016

Presented By:

Gallagher Benefit Services

CA License #: 0D36879

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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

2013 Plan Year

Average per Employee (Enrollment lagged 2 months)	44,666	\$391.87	\$141.06	\$532.94
Percentage Change from Prior Year		-3.28%	-9.59%	-5.03%

2014 Plan Year

Month-Year	Enrollment					Total EE's	Paid Claims		
	EE	ES	EC	EF	Medical		Rx	Combined	
Jan-14	2,940	419	144	403	3,906	1,480,472	571,763	2,052,235	
Feb-14	2,921	428	160	429	3,938	1,668,736	605,630	2,274,366	
Mar-14	2,960	422	157	417	3,956	1,644,388	675,050	2,319,438	
Apr-14	2,976	429	164	424	3,993	2,073,142	671,780	2,744,922	
May-14	2,953	419	162	420	3,954	2,484,196	565,164	3,049,359	
Jun-14	2,985	419	164	417	3,985	2,726,546	685,147	3,411,693	
Jul-14	2,994	418	164	418	3,994	2,220,215	697,899	2,918,114	
Aug-14	2,963	415	167	415	3,960	2,128,869	699,228	2,828,097	
Sep-14	2,975	405	164	415	3,959	2,097,173	695,460	2,792,633	
Oct-14	2,965	392	162	417	3,936	1,661,621	680,007	2,341,628	
Nov-14	2,999	390	160	419	3,968	1,535,711	587,282	2,122,994	
Dec-14	<u>2,955</u>	<u>397</u>	<u>169</u>	<u>419</u>	<u>3,940</u>	<u>1,674,435</u>	<u>695,293</u>	<u>2,369,727</u>	
Sub Total	35,586	4,953	1,937	5,013	47,489	23,395,504	7,829,703	31,225,207	
Rolling 12 month Stop Loss Reimbursement						1,545,548	471,619	2,017,167	
Totals						\$21,849,956	\$7,358,084	\$29,208,040	
Average per Employee (Enrollment lagged 2 months)					47,094	\$463.96	\$156.24	\$620.21	
Percentage Change from Prior Year						18.40%	10.76%	16.38%	

2015 Plan Year

Month-Year	Enrollment					Total EE's	Paid Claims		
	EE	ES	EC	EF	Medical		Rx	Combined	
Jan-15	3,112	461	179	562	4,314	1,572,126	724,006	2,296,132	
Feb-15	3,316	497	179	609	4,601	1,553,486	640,866	2,194,352	
Mar-15	3,297	490	185	612	4,584	2,678,634	822,679	3,501,313	
Apr-15	3,302	492	184	618	4,596	1,825,680	699,669	2,525,349	
May-15	<u>3,290</u>	<u>483</u>	<u>188</u>	<u>624</u>	<u>4,585</u>	<u>2,325,635</u>	<u>699,976</u>	<u>3,025,611</u>	
Sub Total	16,317	2,423	915	3,025	22,680	9,955,561	3,587,196	13,542,757	
Rolling 12 month Stop Loss Reimbursement						440,946	489,150	930,096	
Totals						\$9,514,615	\$3,098,046	\$12,612,661	
Average per Employee (Enrollment lagged 2 months)					21,407	\$444.46	\$144.72	\$589.18	
Percentage Change from Prior Year						-4.20%	-7.37%	-5.00%	
Rolling 12 Month Totals (Enrollment lagged 2 months)					49,188	\$24,000,130	\$8,327,512	\$32,327,643	
Average per Employee (Enrollment lagged 2 months)						\$478.96	\$159.36	\$638.32	
Percentage Change from Prior Year						3.23%	1.99%	2.92%	

San Joaquin Valley Insurance Authority
2016 Claims Projection - PPO Plans

Paid Claims Period: June 2014 through May 2015

	Medical	Rx	Total
Total Paid Claims	\$ 24,000,130	\$ 8,327,512	\$ 32,327,643
Claims in Excess of Pooling	<u>\$ 440,946</u>	<u>\$ 489,150</u>	<u>\$ 930,096</u>
Total Paid Claims Net of Pooling	\$ 23,559,184	\$ 7,838,362	\$ 33,257,739
Enrollment lagged 2 months	\$ 49,188	\$ 49,188	
Average Paid Claim for Period	\$ 478.96	\$ 159.36	\$ 638.32
Trend (Med.- 7.00%, Rx - 4.5%)	1.1131	1.0722	1.1029
Projected Paid Claim	\$ 533.12	\$ 170.86	\$ 703.98
Current Monthly Enrollment (April 2015)	\$ 4,596	\$ 4,596	
Monthly Projected Paid Claims	\$ 2,450,222	\$ 785,260	\$ 3,235,482
2016 Annual Projected Paid Claims	\$ 29,402,663	\$ 9,423,124	\$ 38,825,787
Projected Required Reserve (16%Med/5% Rx)	\$ 4,704,426	\$ 471,156	\$ 5,175,582
Current Reserve*			\$ 11,443,398
Contingent Reserve			\$ 6,267,815
<i>*Calculated from May 2015 Claims Data - represents all premiums paid from inception less all costs from inception</i>			

SJVIA 2016 PPO Cost Worksheet

<u>Enrollment</u>	<u>Single</u>	<u>EE +Sp</u>	<u>EE + Ch</u>	<u>Family</u>	<u>Total</u>
Total PPO - April 2015	3,302	492	184	618	4,596
				Total Members	5,675
				Total Non Founding Members	1,370
<u>2015 Fixed Costs (Budget based on 1.17% increase in 2015):</u>					
	<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)	\$ 14.86	\$ 14.86	\$ 14.86	\$ 14.86	\$ 819,559
PPO - Aggregate Stop Loss (HM Life 12/15)	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.91	\$ 50,188
PPO - Blue Cross Core Administration	\$ 28.39	\$ 28.39	\$ 28.39	\$ 28.39	\$ 1,565,765
Viverae	\$ 6.80	\$ 6.80	\$ 6.80	\$ 6.80	\$ 375,034
Communication	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 27,576
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 206,820
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 110,304
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 110,304
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 286,790
PCORI Fee	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 13,236
Transitional Reinsurance Fee	\$ 5.16	\$ 5.16	\$ 5.16	\$ 5.16	\$ 249,700
Total Fixed Cost	\$ 69.81	\$ 69.81	\$ 69.81	\$ 69.81	\$ 3,815,277
<u>2015 Claims Costs:</u>					
PPO - Medical Claims	\$ 478.96	\$ 478.96	\$ 478.96	\$ 478.96	\$ 26,415,714
PPO - Rx Claims	\$ 159.36	\$ 159.36	\$ 159.36	\$ 159.36	\$ 8,788,757
Total Claims	\$ 638.32	\$ 638.32	\$ 638.32	\$ 638.32	\$ 35,204,470
Total Budget Costs	\$ 708.13	\$ 708.13	\$ 708.13	\$ 708.13	
Aggregate Attachment Factors	\$ 803.33	\$ 803.33	\$ 803.33	\$ 803.33	\$ 44,305,256
Projected Total PPO Cost					\$ 39,019,747
Current PPO Plan Rates/Funding					\$ 41,424,465

<u>2016 Fixed Costs: (Projected)</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)	\$ 16.35	\$ 16.35	\$ 16.35	\$ 16.35	\$ 901,515	10%
PPO - Aggregate Stop Loss (HM Life 12/15)	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 55,207	10%
PPO - Blue Cross Core Administration	\$ 26.80	\$ 26.80	\$ 26.80	\$ 26.80	\$ 1,369,051	-6%
Viverae	\$ 6.80	\$ 6.80	\$ 6.80	\$ 6.80	\$ 347,371	0%
PPO - Blue Shield / HNAS Administration	\$ 34.11	\$ 34.11	\$ 34.11	\$ 34.11	\$ 136,713	
Communication	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 27,576	0%
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 206,820	0%
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 110,304	0%
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 32,880	0%
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.75	\$ 5.75	\$ 5.75	\$ 5.75	\$ 317,124	11%
PCORI Fee	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 11,350	-14%
Transitional Reinsurance Fee	\$ 3.40	\$ 3.40	\$ 3.40	\$ 3.40	\$ 187,275	-34%
Total Fixed Cost Anthem Blue Cross	\$ 66.55	\$ 66.55	\$ 66.55	\$ 66.55	\$ 3,703,186	-2.9%
Total Fixed Cost BSC/HNAS	\$ 67.06	\$ 67.06	\$ 67.06	\$ 67.06		
Total PPO Fixed Costs					\$ 3,703,186	
<u>2016 Claims Costs: (Projected)</u>						
PPO - Projected Claims	\$ 533.12	\$ 533.12	\$ 533.12	\$ 533.12	\$ 29,402,663	11.3%
PPO - Projected Rx Claims	\$ 170.86	\$ 170.86	\$ 170.86	\$ 170.86	\$ 9,423,124	7.2%
Total Claims	\$ 703.98	\$ 703.98	\$ 703.98	\$ 703.98	\$ 38,825,787	10.3%
Aggregate Attachment Factors	\$ 803.33	\$ 803.33	\$ 803.33	\$ 803.33	\$ 44,305,256	0%
Projected Total PPO Cost					\$ 42,528,973	
Current PPO Plan Rates/Funding					\$ 41,424,465	
Rate Action						2.67%

Paid Claims History - All HMO Plans

2013 Plan Year

Totals	60,625	\$15,705,371	\$23,153,816	\$7,817,880	\$46,677,066
Average per Employee (Enrollment lagged 2 months)	59,690	\$259.06	\$387.90	\$130.97	\$781.99
Percentage Change from Prior Year			9.04%	0.87%	6.92%

2014 Plan Year

Month-Year	Enrollment				Total EE's	Non Capitated Paid Claims			
	EE	ES	EC	EF		Capitation	Medical	Rx	Combined
Jan-14	2,402	640	1,435	739	5,216	1,410,719	1,453,807	782,651	3,647,177
Feb-14	2,406	638	1,434	742	5,220	1,411,801	1,730,576	783,486	3,925,863
Mar-14	2,426	648	1,452	740	5,266	1,424,242	1,861,256	936,204	4,221,702
Apr-14	2,447	642	1,452	727	5,268	1,424,783	1,594,156	764,169	3,783,109
May-14	2,459	627	1,432	726	5,244	1,418,292	2,289,930	860,911	4,569,133
Jun-14	2,471	627	1,433	727	5,258	1,422,079	2,217,380	840,840	4,480,299
Jul-14	2,484	621	1,441	726	5,272	1,425,865	1,841,435	918,746	4,186,046
Aug-14	2,472	629	1,438	730	5,269	1,425,054	1,995,472	861,082	4,281,608
Sep-14	2,468	617	1,429	723	5,237	1,416,399	2,669,075	905,176	4,990,650
Oct-14	2,480	613	1,436	723	5,252	1,420,456	2,915,330	794,540	5,130,326
Nov-14	2,493	605	1,441	729	5,268	1,424,783	1,288,159	804,591	3,517,534
Dec-14	<u>2,492</u>	<u>600</u>	<u>1,438</u>	<u>730</u>	<u>5,260</u>	<u>1,422,620</u>	<u>2,765,494</u>	<u>835,600</u>	<u>5,023,713</u>
Sub Total	17,095	4,443	10,079	5,127	63,030	17,047,094	24,622,070	10,087,996	51,757,159
Large Claim Credit (Pooling Limit @ \$400K)							619,029	576,423	1,195,452
Totals					63,030	\$17,047,094	\$24,003,041	\$9,511,573	\$50,561,708
Average per Employee (Enrollment lagged 2 months)					62,682	\$271.96	\$382.93	\$151.74	\$806.64
Percentage Change from Prior Year							-1.28%	15.86%	3.15%

2015 Plan Year

Month-Year	Enrollment				Total EE's	Non Capitated Paid Claims			
	EE	ES	EC	EF		Capitation	Medical	Rx	Combined
Jan-15	2,391	667	1,338	820	5,216	1,439,877	2,002,351	882,849	4,325,076
Feb-15	2,373	662	1,355	818	5,208	1,437,668	1,374,758	952,622	3,765,048
Mar-15	2,365	650	1,340	818	5,173	1,430,215	3,177,783	1,112,202	5,720,200
Apr-15	2,366	648	1,340	812	5,166	1,428,835	3,146,480	1,251,650	5,826,965
May-15	<u>2,349</u>	<u>643</u>	<u>1,352</u>	<u>817</u>	<u>5,161</u>	<u>1,418,325</u>	<u>1,988,944</u>	<u>1,013,942</u>	<u>4,421,211</u>
Sub Total	11,844	3,270	6,725	4,085	25,924	7,154,920	11,690,316	5,213,264	24,058,500
Rolling 12 month Large Claim Credit (Pooling Limit @ \$400K)							\$ 687,351	483,563	1,170,914
Totals					25,924	\$7,154,920	\$11,002,965	\$4,729,701	\$22,887,585
Average per Employee (Enrollment lagged 2 months)					26,125	\$273.87	\$421.17	\$181.04	\$876.08
Percentage Change from Prior Year							9.98%	19.31%	8.61%
Rolling 12 Month Totals (Enrollment lagged 2 months)					62,925	17,112,175	27,382,661	11,173,839	55,668,675
Average per Employee (Enrollment lagged 2 months)						\$271.95	\$424.24	\$169.89	\$866.07
Percentage Change from Prior Year							10.79%	11.96%	7.37%

San Joaquin Valley Insurance Authority

2016 Claims Projection - HMO Plan

Paid Claims Period: June 2014 through May 2015

	<u>Non Capitated</u>	<u>Capitation</u>	<u>Rx</u>	<u>Total</u>
Total Paid Claims	\$ 27,382,661	\$ 17,112,175	\$ 11,173,839	\$ 55,668,675
Claims in Excess of Pooling	<u>\$ 687,351</u>	<u>483,563</u>	<u>597,850</u>	<u>1,768,764</u>
Total Paid Claims Net of Pooling	\$ 26,695,310	\$ 16,628,612	\$ 10,575,989	\$ 53,899,911
Enrollment lagged 2 months	62,925	62,925	62,925	62,925
Average Paid Claim for Period (Non-Cap)	\$ 424.24	\$ 299.50	\$ 168.07	\$ 891.81
Trend (Med.- 7.0,Cap - 5%, Rx -4.5)	<u>1.1131</u>	<u>0.9217</u>	<u>1.0722</u>	1.0411
Projected Paid Claim	\$ 472.21	\$ 276.05	\$ 180.20	\$ 928.47
Current Monthly Enrollment (May 2014)	5,166	5,166	5,166	
Monthly Projected Paid Claims	2,439,442	1,426,074	930,936	4,796,452
2015 Annual Projected Paid Claims	\$ 29,273,302	\$ 17,112,892	\$ 11,171,227	\$ 57,557,420
Projected Required Reserve (16% Medical/5% Rx)	\$4,683,728	N/A	\$558,561	\$5,242,290
Current Reserve*				-\$1,615,003
Reserves Held by Anthem Blue Cross				\$1,065,596
Actual Reserves				-\$549,407

**Calculated from May 2015 Claims Data - represents all premiums paid from inception less all costs from inception*

SJVIA 2016 HMO Cost Worksheet

Enrollment	Single		EE +Sp		EE + Ch		Family		Total
Total HMO - April 2015	2,366		648		1,340		812		5,166
									9,870
									632
									Total Nonfounding Members
2015 Fixed Costs (Budget based on 1.17% increase in 2015):	<u>Single</u>		<u>EE +Sp</u>		<u>EE + Ch</u>		<u>Family</u>		<u>Totals</u>
HMO - Pooling (\$400,000)	\$ 26.91	\$ 26.91	\$ 26.91	\$ 26.91	\$ 26.91	\$ 26.91	\$ 26.91	\$ 1,668,205	
HMO - Blue Cross MPP Retention (incl 360 Health)	\$ 37.30	\$ 37.30	\$ 37.30	\$ 37.30	\$ 37.30	\$ 37.30	\$ 37.30	\$ 2,312,302	
ACA Reinsurance	\$ 8.29	\$ 8.29	\$ 8.29	\$ 8.29	\$ 8.29	\$ 8.29	\$ 8.29	\$ 513,914	
Claims Management/Communication	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 185,976	
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 232,470	
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 123,984	
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 15,168	
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 322,358	
Total Fixed Cost	\$ 88.45	\$ 88.45	\$ 88.45	\$ 88.45	\$ 88.45	\$ 88.45	\$ 88.45	\$ 5,374,376	
2015 Claims Costs:									
HMO - Capitation	\$ 276.05	\$ 276.05	\$ 276.05	\$ 276.05	\$ 276.05	\$ 276.05	\$ 276.05	\$ 17,112,892	
HMO - Medical Claims	\$ 360.47	\$ 360.47	\$ 360.47	\$ 360.47	\$ 360.47	\$ 360.47	\$ 360.47	\$ 22,346,256	
HMO - Rx Claims	\$ 140.86	\$ 140.86	\$ 140.86	\$ 140.86	\$ 140.86	\$ 140.86	\$ 140.86	\$ 8,732,193	
Total Claims	\$ 777.38	\$ 777.38	\$ 777.38	\$ 777.38	\$ 777.38	\$ 777.38	\$ 777.38	\$ 48,191,341	
Aggregate Factors	\$ 509.37	\$ 509.37	\$ 509.37	\$ 509.37	\$ 509.37	\$ 509.37	\$ 509.37	\$ 31,576,865	
Projected Total HMO Cost								\$ 53,565,717	

2016 Fixed Costs: (Projected)	Single		EE +Sp		EE + Ch		Family		Totals	Increase
HMO - Pooling (\$400,000)	\$ 28.43	\$ 28.43	\$ 28.43	\$ 28.43	\$ 28.43	\$ 28.43	\$ 28.43	\$ 1,762,433	6%	
HMO - Blue Cross MPP Retention (incl 360 Health)	\$ 40.96	\$ 40.96	\$ 40.96	\$ 40.96	\$ 40.96	\$ 40.96	\$ 40.96	\$ 2,539,192	10%	
ACA Reinsurance/PCORI	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 8.29	\$ 8.29	\$ 325,710	-37%	
Claims Management/Communication	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 185,976	0%	
JPA Consulting	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 232,470	0%	
SJVIA Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 123,984	0%	
SJVIA Non Founding Member Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 15,168	0%	
Hourglass (Consolidated Billing, COBRA, Flex Admin)	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.20	\$ 322,358	0%	
Total Fixed Cost	\$ 90.59	\$ 90.59	\$ 90.59	\$ 90.59	\$ 90.59	\$ 93.63	\$ 93.63	\$ 5,507,291	2%	
2016 Claims Costs: (Projected)										
HMO - Capitation	\$ 292.45	\$ 292.45	\$ 292.45	\$ 292.45	\$ 292.45	\$ 292.45	\$ 292.45	\$ 18,129,560	6%	
HMO - Projected Medical Claims	\$ 472.21	\$ 472.21	\$ 472.21	\$ 472.21	\$ 472.21	\$ 472.21	\$ 472.21	\$ 29,273,302	31%	
HMO - Projected Rx Claims	\$ 180.20	\$ 180.20	\$ 180.20	\$ 180.20	\$ 180.20	\$ 180.20	\$ 180.20	\$ 11,171,227	28%	
Total Claims	\$ 944.87	\$ 944.87	\$ 944.87	\$ 944.87	\$ 944.87	\$ 944.87	\$ 944.87	\$ 58,574,089	22%	
Aggregate Factors	\$ 548.65	\$ 548.65	\$ 548.65	\$ 548.65	\$ 548.65	\$ 548.65	\$ 548.65	\$ 34,011,911		
Projected Total HMO Cost								\$ 64,081,380		
Current HMO Plan Funding								\$ 54,174,283		
Rate Action									18.29%	

San Joaquin Valley Insurance Authority 2016 Renewal Summary

Cost Recap

	PPO	HMO	SJVIA Total
2015 Premium Funding	\$41,424,465	\$54,174,283	\$95,598,747
2016 Projected Costs	\$42,528,973	\$64,081,380	\$106,610,353
Change	2.67%	18.29%	11.52%

Reserve Recap - All Plans

	Medical	Rx	Total
Projected Required Reserve (16% Medical/5% Rx)	\$9,388,154	\$1,029,718	\$10,417,872
Current Reserve*			\$10,893,991
Contingent Reserve			\$476,119
<i>*Calculated from May 2015 Claims Data - represents all premiums paid from inception less all costs from inception. This total also includes HMO reserves held by Anthem which are not available for any offset to rate increase.</i>			