

San Joaquin Valley Insurance Authority
Medical and Prescription Drug Renewal Projection
Effective January 1, 2018 through December 31, 2018
Underwriting Using Internal Pooling Point
EPO

Line	EPO Line Item/Description	Original Fresno			Revised Fresno		
		Medical	Rx	Total	Medical	Rx	Total
1	Non-Cap Paid Claims (July 2016 through June 2017)	\$19,923,198	\$9,869,500	\$29,792,698	\$19,923,198	\$9,869,500	\$29,792,698
2	Capitation Claims (July 2016 through June 2017)	\$11,787,032	\$0	\$11,787,032	\$11,787,032	\$0	\$11,787,032
3	Savings from HMO to EPO conversion	(\$1,944,860)	\$0	(\$1,944,860)	(\$1,944,860)	\$0	(\$1,944,860)
4	Savings from Change of PBM	\$0	(\$1,508,729)	(\$1,508,729)	\$0	(\$1,508,729)	(\$1,508,729)
5	Large Claim Adjustment (Pooling Level: \$450,000)	(\$681,808)	\$0	(\$681,808)	(\$681,808)	\$0	(\$681,808)
6	Adjusted Paid Claims	\$29,083,562	\$8,360,771	\$37,444,333	\$29,083,562	\$8,360,771	\$37,444,333
7	Pooled Claim Risk Adjustment (Fresno: \$250,000)	(\$716,348)	\$0	(\$716,348)	(\$716,348)	\$0	(\$716,348)
8	Adjusted Paid Claims	\$28,367,214	\$8,360,771	\$36,727,985	\$28,367,214	\$8,360,771	\$36,727,985
9	Beginning Reserves @ 6/30/2016	(\$2,098,837)	(\$616,921)	(\$2,715,758)	(\$2,098,837)	(\$616,921)	(\$2,715,758)
10	Ending Reserves @ 6/30/2017	\$1,960,467	\$592,170	\$2,552,637	\$1,960,467	\$592,170	\$2,552,637
11	Incurred Claims (July 2016 through June 2017)	\$28,228,844	\$8,336,020	\$36,564,864	\$28,228,844	\$8,336,020	\$36,564,864
12	Total Covered Employees (May 2016 through Apr 2017)	41,745	41,745	41,745	41,745	41,745	41,745
13	Claims Cost PEPM	\$676.22	\$199.69	\$875.91	\$676.22	\$199.69	\$875.91
14	Trend Factor	1.1224	1.1537	1.1295	1.1224	1.1537	1.1295
15	Projected Claims Cost Per Employee	\$758.99	\$230.38	\$989.37	\$758.99	\$230.38	\$989.37
16	Recommended Funding Margin	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
17	Adjusted Projected Claims	\$781.76	\$237.29	\$1,019.05	\$781.76	\$237.29	\$1,019.05
	Fixed Costs PEPM						
18	Specific Stop-Loss Premium PEPM (Estimate)			\$23.38			\$23.38
19	Aggregate Stop-Loss Premium PEPM (Estimate)			\$1.03			\$1.03
20	Risk Share Pool Charge			\$19.96			\$19.96
21	Anthem Network & Administrative Fees			\$45.34			\$48.08
22	All Other Program Fees			\$13.36			\$13.36
23	Total Fixed Costs			\$103.07			\$105.81
24	Required Premium PEPM			\$1,122.13			\$1,124.87
25	Current Premium PEPM			\$1,121.88			\$1,121.88
26	Required Increase			0.02%			0.27%
27	Current Subscribers (June 2017)	3,189	3,189		3,189	3,189	
28	Base Trend	8.00%	10.00%		8.00%	10.00%	
29	Months Trended	18	18		18	18	
30	Internal Pooling Point	\$250,000	N/A		\$250,000	N/A	
	Margin included in Rates			\$1,135,838			\$1,135,838
	Additional Cost for revised Anthem Admin fee			\$0			\$104,854
	Revised Margin included in Rates			\$1,135,838			\$1,030,984
	Margin included in Rates			3.00%			2.72%

Notes:

Other Program Fees include: Wellness, Claims Management/Communication, Consulting Fees, SJVIA Fees, SJVIA Non-Founding Member Fee, Hourglass/ASI, and PCORI.

Assumes 10% stop loss renewal increase for 2018. For all other 2018 fixed cost fees, we assumed known changes from 2017.

Large claim credits above are obtained only from Anthem medical reports. Envolve Rx large claims have not been reconciled in the underwriting projections.