

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

2019 Stop Loss Renewal/Marketing Presentation

December 7, 2018

Presented by:

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SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

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SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

EXECUTIVE SUMMARY

FINAL RESULTS

Effective Date: January 1, 2019

I. Stop Loss Marketing and Renewal Results:

- Stop loss RFP marketed to thirteen (13) stop loss carriers. Seven (7) carriers quoted and six (6) declined.
- Requested to match current Voya coverage and conditions

II. Voya Renewal:

- **Initial** - Renewal offer is an approximate **13.4% increase**, or an additional \$226,970, in annual premium when compared to current
- **Final** - Renewal offer is an approximate **9.0% increase**, or an additional \$152,833, in annual premium when compared to current and a savings of \$74,137 in annual premium when compared to the final renewal offer
- **Projected Experience Credit Refund of \$166,000 (Based on claims paid October 31, 2018) subject to renewal with Voya**
- Includes - Alternate deductible options of \$500,000
- Includes - Experience Credit Advantage with a maximum premium refund (25% of net profit)
- No New Lasers at Renewal and a 50% Rate Cap
- Includes Mirroring Endorsement
- Individual Gapless Renewal
- Medicare is primary for retirees age 65 and over
- No Re-Disclosure required

III. Berkley Proposal:

- **Proposed** - Renewal offer is an approximate **9.0% increase**, or an additional \$151,688, in annual premium when compared to current
- Includes - Alternate deductible option of \$500,000

IV. TM HCC Proposal:

- **Proposed** - Renewal offer is an approximate **10.3% increase**, or an additional \$173,747, in annual premium when compared to current
- Includes - Alternate deductible option of \$500,000

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
Stop Loss RFP Analysis
Carrier Responses

Carrier	Financial Rating	Status	Notes
Voya Financial (Incumbent)	A (Excellent)	Quoted	Finalist
Berkely	A+ (Superior)	Quoted	Finalist
TM HCC	A++ (Superior)	Quoted	Finalist
Anthem	A (Excellent)	Declined	Uncompetitive with current rates
Berkshire Hathaway	A++(Superior)	Quoted	Uncompetitive with proposed rates
Liberty	A+ (Superior)	Quoted	Uncompetitive with proposed rates
Optum	A (Excellent)	Quoted	Uncompetitive with proposed rates
Partner Re	A+ (Superior)	Quoted	Uncompetitive with proposed rates
QBE	A (Excellent)	Declined	Uncompetitive with current rates
Reliance Standard	A+ (Superior)	Declined	Uncompetitive with current rates
SunLife	A+ (Superior)	Declined	Uncompetitive with current rates
Swiss Re	A+ (Superior)	Declined	Uncompetitive with current rates
Symetra	A (Excellent)	Declined	Uncompetitive with current rates

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
FINANCIAL SUMMARY
 Effective Date: January 1, 2019

QUOTED DEDUCTIBLE OPTIONS	\$450,000 Current Annual Premium	\$450,000 Initial Renewal	\$450,000 Final Renewal	\$500,000 Annual Premium
Voya	\$1,689,348	\$1,916,318	\$1,842,181	\$1,662,629
% Increase/Decrease over Current		13.4%	9.0%	-1.6%
\$ Increase/Decrease over Current		\$226,970	\$152,833	(\$26,720)
Berkley			\$1,841,036	\$1,554,255
% Increase/Decrease over Current			9.0%	-8.0%
\$ Increase/Decrease over Current			\$151,688	(\$135,093)
TM HCC			\$1,863,095	\$1,750,114
% Increase/Decrease over Current			10.3%	3.6%
\$ Increase/Decrease over Current			\$173,747	\$60,766

Voya Assumptions/Contingencies

No fully insured lives are covered.

Plan designs and contribution levels are assumed as submitted to underwriting. Any changes may require an adjustment to the individual excess risk rates and/or monthly aggregate corridor.

Plan must have medical case management and utilization review.

All claims are reported/paid in U.S. dollars.

Any costs charged by the claim administrator for reports required to substantiate claims will be paid by the employer.

The proposal is based on the data submitted. Any changes to this data may allow us to modify the proposal.

Plan designs and contribution levels are assumed as submitted to underwriting. Any changes may require an adjustment to the individual excess risk rates and/or monthly aggregate corridor.

This proposal includes a second year laser free renewal, so no new individual adjusted deductible will apply.

Renewal Rate Cap Endorsement guarantees your subsequent year's renewal will be capped at 50% and no new individual adjusted deductible will apply (laser free renewal).

Medicare is primary for retirees age 65 and over.

Experience Refund Agreement included.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
STOP LOSS MARKETING ANALYSIS - SPECIFIC DEDUCTIBLE LEVEL OF \$450,000
Effective Date: January 1, 2019

	Current	Initial Renewal	Final Renewal	Proposed Option	Proposed Option
Carrier Name	Voya	Voya	Voya	Berkley	TM HCC
Rate Guarantee / Cap		1 Year	1 Year	1 Year	1 Year
Specific Stop Loss (SSL)					
Specific Deductible	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Annual Maximum Reimbursement	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Contract Basis	12/18	12/18	12/18	12/18	12/18
Covered Expense	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx
Specific Premium					
Single (4,818)	\$14.13	\$16.45	\$15.81	\$10.13	\$12.26
Family (2,149)	\$33.83	\$37.43	\$35.99	\$48.68	\$44.76
Composite (6,967)	\$20.21	\$22.92	\$22.03	\$22.02	\$22.28
Specific Monthly Premium	\$140,779	\$159,693	\$153,515	\$153,420	\$155,258
Specific Annual Premium	\$1,689,348	\$1,916,318	\$1,842,181	\$1,841,036	\$1,863,095
% Increase/Decrease over Current		13.4%	9.0%	9.0%	10.3%
\$ Increase/Decrease over Current		\$226,970	\$152,833	\$151,688	\$173,747

Projected Experience Credit Refund (Based on claims paid - October 31, 2018)	\$165,621
<u>Projected Annual Cost Summary</u>	<u>\$1,842,181</u>
Experience Credit Refund *	(\$165,621)
Projected Annual Premium (after Experience Credit)	\$1,676,560
% Increase/Decrease over Current	-0.8%
\$ Increase/Decrease over Current	(\$12,788)

* Experience credit refund is contingent on renewal with Voya and maintaining a loss ratio no greater than 65%.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
STOP LOSS MARKETING ANALYSIS - SPECIFIC DEDUCTIBLE LEVEL OF \$500,000
 Effective Date: January 1, 2019

	Current	Renewal Option	Proposed Option	Proposed Option
Carrier Name	Voya	Voya	Berkley	TM HCC
Rate Guarantee / Cap		1 Year	1 Year	1 Year
Specific Stop Loss (SSL)				
Specific Deductible	\$450,000	\$500,000	\$500,000	\$500,000
Annual Maximum Reimbursement	Unlimited	Unlimited	Unlimited	Unlimited
Contract Basis	12/18	12/18	12/18	12/18
Covered Expense	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx
Specific Premium				
Single (4,818)	\$14.13	\$14.27	\$8.35	\$11.47
Family (2,149)	\$33.83	\$32.48	\$41.55	\$42.15
Composite (6,967)	\$20.21	\$19.89	\$18.59	\$20.93
Specific Monthly Premium	\$140,779	\$138,552	\$129,521	\$145,843
Specific Annual Premium	\$1,689,348	\$1,662,629	\$1,554,255	\$1,750,114
% Increase/Decrease over Current		-1.6%	-8.0%	3.6%
\$ Increase/Decrease over Current		(\$26,720)	(\$135,093)	\$60,766
Projected Experience Credit Refund (Based on claims paid - October 31, 2018)		\$165,621		
<u>Projected Annual Cost Summary</u>		<u>\$1,662,629</u>		
Experience Credit Refund *		(\$165,621)		
Projected Annual Premium (after Experience Credit)		\$1,497,007		
% Increase/Decrease over Current		-11.4%		
\$ Increase/Decrease over Current		(\$192,341)		

* Experience credit refund is contingent on renewal with Voya and maintaining a loss ratio no greater than 65%.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

TOTAL CLAIMS PAID MEDICAL

EXCEEDING \$200,000

Paid Date Range: 1/1/2018 To 10/31/2018

Claimant	Group	Plan	Relation	Total Medical Only Paid
1	COF	EPO	EMPLOYEE	\$830,847
2	COF	PPO	EMPLOYEE	329,702
3	COF	EPO	DEPENDENT	257,482
4	COF	EPO	EMPLOYEE	243,659
5	COF	EPO	DEPENDENT	219,085
Total				\$1,880,775

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

ESTIMATED LOSS RATIO

Contract Year	Carrier	Spec. Deduct.	Basis	Covg.	Catg.	Count	Rates	Monthly Premium	# Months	Net Annual Premium	# Months	Estimated Claims Over Sepc. Ded.	Stop Loss Recovery
YTD 2018	Voya	\$450,000	12/18	MED/RX	EE Family	4,818 2,149	\$14.13 \$33.83	\$68,078 \$72,701	12	\$1,689,348	10	\$380,847	22.5%

\$1,689,348 \$380,847 22.5%

Claims Over Specific Deductible

	Claimants	Paid Claims	Specific Ded.	Expected Reimb.
YTD 2018	1	\$830,847	\$450,000	\$380,847

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
REFUNDING ELIGIBLE EXAMPLE

Voya -	
Refunding Agreement:	<u>Expected (based on claims through October 31, 2018)</u>
Gross Premium	\$1,689,606
Net Premium (provided by Voya)	\$1,605,126
Loss Threshold	65%
Threshold Dollar Amount	\$1,043,332
Actual Incurred Claims (Anthem reporting)	\$380,847
End of Year Loss Ratio	23.7%
Total Excess	\$662,485
<u>Refund Percentage</u>	<u>25% of the Excess</u>
Lesser of Estimated Eligible Refund or Max. Refund	\$165,621
% of Premium Returned (capped refund @15% of premium)	10%

Additional Assumptions and Definitions:

Loss Threshold: This represents the amount of premium that is available to share with the client.

Loss Ratio: Must be below 65% of gross premium to achieve a refund.

Total Excess: Equals the threshold dollar amount minus actual incurred claims.

Refund Percentage: The group will receive 25% of the excess premium below the 65% loss threshold, to a max of 15% of total premium.

Eligible Refunds: Will be calculated 6 months after the benefit period and is subject to renewal with Voya.