



# SJVIA

San Joaquin Valley  
Insurance Authority

**BOARD OF DIRECTORS**

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Meeting Location:  
County of Tulare  
Board of Supervisors Chambers  
2800 W. Burrel Avene  
Visalia, CA 93291  
August 24, 2018 - 9:00 AM

**AGENDA DATE:** August 24, 2018

**ITEM NUMBER:** Item 10

**SUBJECT:** Receive Update From Auditor-Treasurer on SJVIA Financials as of June 30, 2018 (I)

**REQUEST(S):** That the Board Receives the Financial Update Through June 30, 2018

**DESCRIPTION:**  
Informational item. Please see attached report.

**FISCAL IMPACT/FINANCING:**  
None.

**ADMINISTRATIVE SIGN-OFF:**

Oscar J. Garcia, CPA  
SJVIA Auditor-Treasurer

**San Joaquin Valley Insurance Authority**  
**Estimated Statement of Net Position**  
**As of June 30, 2018**  
**(UNAUDITED)**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 6,560,511
Due from other governmental units	342,650
Total current assets	6,903,161

Noncurrent assets:

Other receivables	977,819
Total noncurrent assets	977,819

Total assets	\$ 7,880,980
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**LIABILITIES**

Current liabilities:

Accounts payable	\$ 3,273,973
Unearned member contributions	2,523,169
Unpaid claims and claims adjustment expenses	932,571
Total current liabilities	6,729,713

Noncurrent liabilities:

Due to other governmental units	9,887,669
Interest payable	207,774
Total noncurrent liabilities	9,887,669

Total liabilities	16,617,382
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**NET POSITION**

Unrestricted	(8,736,402)
Total net deficit	\$ (8,736,402)

Note:

This statement of net position is presented on an accrual basis. Certain related adjustments presented in this report are estimates. Additionally, this statement of net position does not include an IBNR accrual. Of the nine million currently loaned to SJVIA, five million is payable to the County of Fresno, due June 30, 2021, and four million is payable to the County of Tulare, due June 30, 2018. Long-term liability also includes \$887,669 in County of Fresno start-up costs.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**ACTUALS VS. BUDGETED RECEIPTS & DISBURSEMENTS**  
**FOR THE NINE AND TWELVE MONTHS ENDED JUNE 30, 2018**  
**(UNAUDITED)**

	Current Month				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
<b>RECEIPTS</b>								
<b>TOTAL RECEIPTS</b>	<b>\$29,381,429</b>	<b>\$24,713,386</b>	<b>(\$4,668,043)</b>	<b>(16%)</b>	<b>97,992,705</b>	<b>\$104,321,846</b>	<b>\$6,329,141</b>	<b>6%</b>
<b>DISBURSEMENTS: Fixed</b>								
1 Specific & Aggregate Stop Loss Insurance (PPO)	280,186	610,600	(330,414)	(118%)	828,394	1,410,385	(581,991)	(70%)
2 Anthem ASO Administration & Network Fees (PPO)	424,911	1,146,624	(721,713)	(170%)	1,320,371	2,581,477	(1,261,106)	(96%)
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	157,721	171,511	(13,790)	(9%)	510,473	567,027	(56,554)	(11%)
4 Keenan Consulting	113,627	209,548	(95,921)	(84%)	368,017	515,096	(147,079)	(40%)
5 SJVIA Administration	82,290	380,131	(297,841)	(362%)	246,870	1,112,540	(865,670)	(351%)
6 Wellness	84,796	0	84,796	100%	254,388	0	254,388	100%
7 Communications	16,957	0	16,957	100%	50,871	0	50,871	100%
8 Anthem HMO Pooling	225,358	268	225,090	100%	855,132	629,436	225,696	26%
9 Anthem HMO Administration/Retention	514,140	440	513,700	100%	1,532,894	1,031,140	501,754	33%
10 ACA Reinsurance (PPO & HMO)	67,147	0	67,147	100%	208,465	131,913	76,552	37%
<b>TOTAL FIXED DISBURSEMENTS</b>	<b>1,967,133</b>	<b>2,519,122</b>	<b>(551,989)</b>	<b>(28%)</b>	<b>6,175,875</b>	<b>7,979,014</b>	<b>(1,803,139)</b>	<b>(29%)</b>
<b>DISBURSEMENTS: Claims</b>								
11 Projected Paid Medical & Rx Claims-PPO/EPO and Non-Cap HMO	17,895,822	17,192,117	703,705	4%	59,338,802	63,847,581	(4,508,779)	(8%)
12 Anthem MMP HMO Capitation	0	2,918	(2,918)	(100%)	7,134,390	6,142,277	992,113	14%
<b>TOTAL CLAIMS DISBURSEMENTS</b>	<b>17,895,822</b>	<b>17,195,035</b>	<b>700,787</b>	<b>4%</b>	<b>66,473,192</b>	<b>69,989,858</b>	<b>(3,516,666)</b>	<b>(5%)</b>
<b>DISBURSEMENTS: Premiums</b>								
13 Delta Dental	1,477,759	1,873,543	(395,784)	(27%)	5,024,381	5,498,748	(474,367)	(9%)
14 Vision Service Plan	279,368	257,315	22,053	8%	827,148	819,282	7,866	1%
15 Kaiser Permanente	7,157,779	8,464,284	(1,306,505)	(18%)	19,979,995	24,598,362	(4,618,367)	(23%)
<b>TOTAL PREMIUM DISBURSEMENTS</b>	<b>8,914,906</b>	<b>10,595,142</b>	<b>(1,680,236)</b>	<b>(19%)</b>	<b>25,831,524</b>	<b>30,916,392</b>	<b>(5,084,868)</b>	<b>(20%)</b>
<b>TOTAL DISBURSEMENTS</b>	<b>28,777,861</b>	<b>30,309,299</b>	<b>(1,531,438)</b>	<b>(5%)</b>	<b>98,480,591</b>	<b>108,885,264</b>	<b>(10,404,673)</b>	<b>(11%)</b>
16 Change in Reserve	603,568	(5,595,913)	(6,199,481)	1027%	(487,886)	(4,563,418)	(4,075,532)	(835%)
<b>COMBINED DISBURSEMENTS &amp; CHANGES IN RESERVES</b>	<b>\$29,381,429</b>	<b>\$24,713,386</b>	<b>(\$4,668,043)</b>	<b>(16%)</b>	<b>\$97,992,705</b>	<b>\$104,321,846</b>	<b>\$6,329,141</b>	<b>6%</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.

Note: These schedules are on the cash basis.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - RECEIPTS & DISBURSEMENTS**  
**FOR THE NINE AND TWELVE MONTHS ENDED JUNE 30, 2018**  
**(UNAUDITED)**

	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>FY 17-18</b>						
<b>Receipts*</b>	\$40,678	\$50,660	\$10,230	203,942	250,960	51,201
<b>Disbursements:</b>						
Auditor-Treasurer Services	43,545			144,563		
Legal Services (CoF & CoT)	36,276			57,793		
Litigation	198,181			595,711		
Human Resource Services	62,555			218,424		
Insurance (Liability, Bond, Etc)				23,481		
Audit Fees	22,970			46,470		
Actuary Fees	13,000			13,000		
Bank Service Fees	3,604			13,098		
Wellness						
Communications						
<b>Total Disbursements**</b>	<b>380,131</b>			<b>1,112,540</b>		
<b>Change in Administration, Wellness &amp; Communications Reserve</b>	<b>(\$339,453)</b>	<b>\$50,660</b>	<b>\$10,230</b>	<b>(\$908,598)</b>	<b>\$250,960</b>	<b>\$51,201</b>

\*Receipts consist of fees collected from relevant enrollees at the following rates per employee per month: Various rates for administration(\$2.00 for SJVIA administration fees & various rates for non-founding member fees depending upon a participant's enrollment), \$2.50 for wellness & \$.50 for communications fees.

\*\*Total disbursements for each column correspond to the line number shown on the "ACTUALS VS. BUDGETED RECEIPTS & DISBURSEMENTS" report.

Note: These schedules are on the cash basis.

**San Joaquin Valley Insurance Authority**  
**Schedule of Cash Flow by Month**  
**For the Twelve Months Ended June 30, 2018**  
**(UNAUDITED)**

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
<b>BEGINNING CASH BALANCES:</b>													
Claims Funding Account (294)	\$ 1,022,409	\$ 798,242	\$ 653,950	\$ 730,536	\$ 669,250	\$ 689,275	\$ 709,972	\$ 843,660	\$ 581,190	\$ 615,110	\$ 679,462	\$ 696,610	\$ 1,022,409
Claims Main Account (819)	1,974,075	2,190,435	3,855,604	3,525,337	3,336,721	2,329,587	2,688,331	2,995,838	4,303,713	4,107,274	6,081,219	6,067,290	1,974,075
Investment Pool	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Beginning Balances</b>	<b>2,996,484</b>	<b>2,988,677</b>	<b>4,509,554</b>	<b>4,255,873</b>	<b>4,005,971</b>	<b>3,018,862</b>	<b>3,398,303</b>	<b>3,839,498</b>	<b>4,884,903</b>	<b>4,722,384</b>	<b>6,760,681</b>	<b>6,763,900</b>	<b>2,996,484</b>
<b>RECEIPTS:</b>													
Claims Funding Account (294)	3,107,397	3,849,768	2,890,848	3,663,027	4,176,340	2,957,464	3,145,746	2,791,702	4,531,410	4,324,576	4,071,656	3,719,532	43,229,466
Claims Main Account (819)	8,498,699	11,625,886	8,922,632	8,593,566	8,744,756	8,757,204	8,112,805	8,306,761	8,724,778	11,962,913	8,534,985	8,735,367	109,520,352
Investment Pool	-	-	-	-	-	-	-	-	-	-	-	-	-
	11,606,096	15,475,654	11,813,480	12,256,593	12,921,096	11,714,668	11,258,551	11,098,463	13,256,188	16,287,489	12,606,641	12,454,899	152,749,818
<b>DISBURSEMENTS:</b>													
Claims Funding Account (294)	3,331,564	3,994,060	2,814,262	3,724,312	4,156,315	2,936,767	3,012,058	3,054,172	4,497,490	4,260,224	4,054,509	3,706,435	43,542,168
Claims Main Account (819)	8,282,339	9,960,717	9,252,899	8,782,182	9,751,889	8,398,460	7,805,298	6,998,886	8,921,217	9,988,968	8,548,915	8,153,773	104,845,543
Investment Pool	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>11,613,903</b>	<b>13,954,777</b>	<b>12,067,161</b>	<b>12,506,494</b>	<b>13,908,204</b>	<b>11,335,227</b>	<b>10,817,356</b>	<b>10,053,058</b>	<b>13,418,707</b>	<b>14,249,192</b>	<b>12,603,424</b>	<b>11,860,208</b>	<b>148,387,711</b>
<b>ENDING CASH BALANCES:</b>													
Claims Funding Account (294)	798,242	653,950	730,536	669,250	689,275	709,972	843,660	581,190	615,110	679,462	696,610	709,707	709,707
Claims Main Account (819)	2,190,435	3,855,604	3,525,337	3,336,721	2,329,587	2,688,331	2,995,838	4,303,713	4,107,274	6,081,219	6,067,290	6,648,884	6,648,884
Investment Pool	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Ending Balances</b>	<b>\$ 2,988,677</b>	<b>\$ 4,509,554</b>	<b>\$ 4,255,873</b>	<b>\$ 4,005,971</b>	<b>\$ 3,018,862</b>	<b>\$ 3,398,303</b>	<b>\$ 3,839,498</b>	<b>\$ 4,884,903</b>	<b>\$ 4,722,384</b>	<b>\$ 6,760,681</b>	<b>\$ 6,763,900</b>	<b>\$ 7,358,591</b>	<b>7,358,591</b>
Less Outstanding Checks													(798,080)
Cash per Estimated Statement of Net Position													<u>\$ 6,560,511</u>

Note: These schedules are on the cash basis.

## Glossary of Terms:

### Actuals vs. Budgeted Receipts & Disbursements

#### **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 Administration & Network Fees (Anthem & Blue Shield PPO)**

ASO is "Administrative Services Only". These are administrative services for the PPO plans. This definition includes Anthem Blue Cross & Health Now Administrative Services administration fees and includes access fees to use the Anthem Blue Cross & Blue Shield networks of providers. These services do not include the Anthem HMO plan.

#### **3 Chimienti Associates/Hourglass/Asi Administration (Anthem & Kaiser)**

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 health plans excluding HealthNow/Blue Shield.

#### **4 Keenan Consulting**

These are payments to the 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.

#### **5 SJVIA Administration**

These fees will be used by SJVIA for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority. It includes the association fee and the non-founding member fee which is assessed to non-founding member entities.

#### **6 Wellness**

This rate category is earmarked 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 earmarked 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**

These are Anthem Blue Cross administration fees and include access fees to use the Blue Cross network of providers for the HMO plan.

#### **10 ACA Reinsurance/PCORI (PPO & HMO)**

The Affordable Care Act (ACA) includes the following fees on insurance plans: 1) Patient Centered Outcomes Research Institute (PCORI) fee. 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**

## **Glossary of Terms:**

### **Actuals vs. Budgeted Receipts & Disbursements**

Amount paid in advance of services on a fixed per member per month basis for professional services (physician) as part of the HMO. This fee is no longer in effect due to a change in program.

**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 Change in Reserve**

Excess receipts over claims, premiums and fixed costs.

### **Estimated Statement of Net Position**

**17 Due from other governmental units**

These represent premiums due to SJVIA from various participants.

**18 Other receivables**

This is primarily a deposit that SJVIA is required to keep with Anthem Blue Cross as part of the capitated HMO claims activity. For a discussion of capitated HMO claims, see item 12 above.

**19 Accounts payable**

This represents non-claims payments owed to vendors which have not yet been remitted.

**20 Unearned member contributions**

This represents premiums paid early to SJVIA before the premiums are due.

**21 Unpaid claims and claims adjustment expenses**

This represents claims payments owed to vendors which have not yet been remitted.

**22 Due to other governmental units-Current and Noncurrent**

This represents various loans made to the SJVIA by the County of Fresno & the County of Tulare as well as start up payments made by the County of Fresno at SJVIA's inception. Current amounts reflect due dates within a 12 month period.

**23 Interest payable-Current and Noncurrent**

This represents accrued interest on various loans made to the SJVIA by the County of Fresno and the County of Tulare.

**24 Unrestricted Net Position**

This represents the assets less any liabilities.