

Executive Summary

Keenan is pleased to present the 2019 final renewal for the SJVIA self-funded medical program, Kaiser, Delta Dental and VSP. Based on the underwriting for the self-funded plans, Keenan's negotiations with Kaiser and Delta Dental, and the SJVIA Staff's recommendations, the SJVIA will be looking at an overall rate adjustment for 2019 of 4.36%.

SJVIA Recommended Renewal Action				
SJVIA	2018	2019	\$ Change	% Change
COF				
Anthem	\$ 50,379,458	\$ 53,675,599	\$ 3,296,140	6.54%
Kaiser	\$ 21,778,632	\$ 22,447,693	\$ 669,061	3.07%
Dental	\$ 3,149,639	\$ 3,149,639	\$ -	0.00%
Vision	\$ 584,286	\$ 584,286	\$ -	0.00%
Total COF	\$ 75,892,015	\$ 79,857,217	\$ 3,965,202	5.22%
COT				
Anthem	\$ 27,113,581	\$ 27,750,520	\$ 636,939	2.35%
Kaiser	\$ 2,038,050	\$ 2,082,382	\$ 44,332	2.18%
Dental	\$ 1,277,702	\$ 1,277,702	\$ -	0.00%
Vision	\$ 180,507	\$ 180,507	\$ -	0.00%
Total COT	\$ 30,609,840	\$ 31,291,111	\$ 681,271	2.23%
COM				
Anthem	\$ 820,135	\$ 860,368	\$ 40,233	4.91%
Kaiser	\$ 156,852	\$ 161,477	\$ 4,625	2.95%
Total COM	\$ 976,987	\$ 1,021,845	\$ 44,858	4.59%
SJVIA				
Anthem	\$ 78,313,174	\$ 82,286,486	\$ 3,973,312	5.07%
Kaiser	\$ 23,973,534	\$ 24,691,552	\$ 718,018	3.00%
Dental	\$ 4,427,341	\$ 4,427,341	\$ -	0.00%
Vision	\$ 764,793	\$ 764,793	\$ -	0.00%
Total SJVIA	\$ 107,478,843	\$ 112,170,173	\$ 4,691,330	4.36%

Notes:

Medical - 2018 based on 2018 rates and the Kaiser stabilization reserve buildup

Medical - 2019 based on Self-Funded Option 4, and 2019 Kaiser rates plus 3% stabilization reserve buildup

The SJVIA Staff followed Board direction in preparing various self-funded renewal options which are detailed in the full report. The Staff recommendation for SJVIA Board action on the 2019 renewal includes the following recommendations:

- Anthem Self-Funded medical plans – Option 4 Renew based on the underwriting results
 - County of Fresno combined renewal increases for the EPO and the PPO/HDHP of 6.54%
 - County of Tulare a 2.35% renewal increase to the PPO/HDHP plans
 - City of Marysville a 4.91% renewal increase to the PPO/HDHP plans which represents the average SJVIA self-funded medical renewal requirement prior to adjustments
- Kaiser – Accept renewal and add a 3.0% surcharge (surcharge does not apply to the Medicare plan)
- Delta Dental – Self-fund the dental plan and transfer premium stabilization reserve to the SJVIA
- VSP – Accept the VSP second year of two-year rate guarantee
- Accept all fees that support the renewals as outlined in the SJVIA Final Renewal Report fee schedule (note: reinsurance is shown as a projected fee and will be finalized in December 2018)

Should the SJVIA Board accept the recommended renewal action, the SJVIA would accumulate a projected \$4,658,426 in reserve buildup for IBNR and Stabilization.

SJVIA 2019 Projected Reserve Accumulation			
SJVIA	IBNR	Stabilization Res	Total
COF			
Anthem	\$737,995	\$ 1,444,990	\$ 2,182,984
Kaiser	\$ -	\$ 653,816	\$ 653,816
Dental	\$ -	\$ 466,572	\$ 466,572
Total COF	\$ 737,995	\$ 2,565,378	\$ 3,303,373
COT			
Anthem	\$ 169,702	\$ 740,274	\$ 909,975
Kaiser	\$ -	\$ 60,652	\$ 60,652
Dental	\$ -	\$ 189,272	\$ 189,272
Total COT	\$ 169,702	\$ 990,197	\$ 1,159,899
COM			
Anthem	\$ 38,769	\$ 151,681	\$ 190,450
Kaiser	\$ -	\$ 4,703	\$ 4,703
Total COM	\$ 38,769	\$ 156,385	\$ 195,154
SJVIA			
Anthem	\$ 946,465	\$ 2,336,945	\$ 3,283,410
Kaiser	\$ -	\$ 719,171	\$ 719,171
Dental	\$ -	\$ 655,844	\$ 655,844
Total SJVIA	\$ 946,465	\$ 3,711,960	\$ 4,658,426

The renewal assumes the continuation of the \$450,000 specific stop-loss deductible. Please note that this line of coverage will be marketed and Staff will return at the December Board meeting with a complete analysis and recommendation. In addition to the current level, Keenan will request quotes to reduce the SJVIA risk including \$400,000, \$350,000, \$300,000, and \$250,000.

The attached full report provides more details and information.

Introduction

Keenan is pleased to present the 2019 final renewal for the SJVIA self-funded medical program, Kaiser, Delta Dental and VSP. At the July 20, 2018 SJVIA Board meeting direction was given by the Board to come back at the August 24, 2018 Board meeting for final renewal recommendations. The direction given by the Board included the following:

- Final renewal for the self-funded plans to be underwritten based on the most recent plan experience available from July 1, 2017 through June 30, 2018
- Each entity was underwritten based on each entity's experience. No plan experience (claim cost) was blended across the entities
- Fixed cost components continue to be blended for all participants to receive overall economies of scale and decreased fixed costs
- The renewal assumes the continuation of the \$450,000 specific stop-loss deductible. Please note that this line of coverage will be marketed, and staff will return at the December Board meeting with a complete analysis and recommendation. In addition to the current level, Keenan will request quotes to reduce the SJVIA risk including \$400,000, \$350,000, \$300,000, and \$250,000
- Each renewal option includes IBNR reserve build up and Stabilization reserve build up
- Based on the preliminary renewal results, the SJVIA Board gave direction to come back with renewal options. Keenan prepared four renewal options:
 - Option 1 - The Underwriting results
 - Option 2 - The Underwriting results with the rate decreases set at 0.0%
 - Option 3 – The Underwriting results, COF rate decrease for the PPO/HDHP set at 0.0%, with the difference used to reduce the EPO increase, Marysville set at the overall renewal for the SJVIA
 - Option 4 – The Underwriting results, COF EPO and the PPO/HDHP set at the overall COF renewal requirement, Marysville set at the overall renewal for the SJVIA
- The Kaiser renewal was prepared with various levels of surcharges to contribute towards the three reserving elements
- Delta Dental provided a self-funding option, with no increase for 2019
- The VSP vision plan has a rate guarantee for 2019, with no increase for 2019

Report Summary

Keenan is pleased to present the 2019 SJVIA Final Renewal. The SJVIA Board will have the following decisions to make in conjunction with the Final Renewal selections:

- Which self-funded medical renewal option to select
- Whether a surcharge for reserve buildup should be included in the Kaiser renewal
- Whether the dental plan should convert to a self-funded plan

The following table illustrates the 2019 final rate adjustments based on carrier requested renewals and standard underwriting practices:

Executive Summary	Final Renewal				Comments on Renewal Options
	COF	COT	COM	SJVIA	
Self-Funded Medical Option 1					The 2019 final renewal rates Option 1 include \$3,151,888 in margin accumulation and IBNR reserves. A 3.0% of claims margin (or \$2,205,422) and \$946,465 for the IBNR reserve. The margin is available to cover adverse claim activity. If unused, the margin would be available for reserve buildup.
EPO	11.85%	n/a	n/a	11.85%	
PPO / HDHP	-17.32%	2.35%	-11.13%	-2.81%	
Total	6.54%	2.35%	-11.13%	4.91%	
Kaiser HMO	4.83%	4.76%	4.81%		In 2018, the SJVIA held rates from 2017 rather than pass on the rate decreases allowing for the accumulation of COF - 4.76%, COT -5.56%, -5.39% respectively, and All Other -4.86%. The 2019 net impact of the renewal would be COF +0.07%, COT - 0.80%, -0.82% respectively, and All Other - 0.05%.
Deductible HMO	n/a	4.57%	n/a		
Medicare Kaiser	n/a	3.14%	n/a		The 2019 Kaiser Medicare Senior Advantage rate for the County of Tulare is a 3.14% increase over 2018.
Delta Dental PPO	0.0%	0.0%	n/a	0.0%	Delta Dental will be going into the second year of a Two-Year Rate Guarantee. Keenan will be providing a self-funding option for the PPO plan to enable the transfer of the PSR balance to SJVIA.
DHMO	0.0%	0.0%	n/a	0.0%	
VSP	0.0%	0.0%	n/a	0.0%	Second Year of a Two-Year Rate Guarantee

Report Summary

The following chart illustrates the projected cost for 2018 and 2019 and the dollar cost differential and percentage differential based on the updated underwriting and carrier proposals. Please note that the 2018 Kaiser costs are based on the 2018 Kaiser carrier rates and exclude the Kaiser reserve element.

SJVIA Underwriting Results				
SJVIA	2018	2019	\$ Change	% Change
COF				
Anthem	\$ 50,379,458	\$ 53,675,599	\$ 3,296,140	6.54%
Kaiser	\$ 20,789,160	\$ 21,793,877	\$ 1,004,717	4.83%
Dental	\$ 3,149,639	\$ 3,149,639	\$ -	0.00%
Vision	\$ 584,286	\$ 584,286	\$ -	0.00%
Total COF	\$ 74,902,543	\$ 79,203,401	\$ 4,300,857	5.74%
COT				
Anthem	\$ 27,113,581	\$ 27,750,520	\$ 636,939	2.35%
Kaiser	\$ 1,976,456	\$ 2,069,692	\$ 93,236	4.72%
Dental	\$ 1,277,702	\$ 1,277,702	\$ -	0.00%
Vision	\$ 180,507	\$ 180,507	\$ -	0.00%
Total COT	\$ 30,548,246	\$ 31,278,421	\$ 730,175	2.39%
COM				
Anthem	\$ 820,135	\$ 728,845	\$ (91,289)	-11.13%
Kaiser	\$ 149,583	\$ 156,774	\$ 7,191	4.81%
Total COM	\$ 969,718	\$ 885,619	\$ (84,098)	-8.67%
SJVIA				
Anthem	\$ 78,313,174	\$ 82,154,964	\$ 3,841,790	4.91%
Kaiser	\$ 22,915,199	\$ 24,020,343	\$ 1,105,144	4.82%
Dental	\$ 4,427,341	\$ 4,427,341	\$ -	0.00%
Vision	\$ 764,793	\$ 764,793	\$ -	0.00%
Total SJVIA	\$ 106,420,507	\$ 111,367,441	\$ 4,946,934	4.65%

Notes:

2018 Based on actual rates and does not include Kaiser reserve buildup

2019 Based on underwriting results and carrier proposals

The SJVIA Board at its discretion may increase the recommended renewal action to increase reserve build-up.

Report Summary

Self-funded Medical Plan

In the final renewal for the self-funded program, plan experience was updated through June 30, 2018.

While the plan experience for the EPO plan has developed a surplus of \$1,357,294 since inception, the 2019 EPO underwriting included June through December 2017 HMO experience. This is appropriate where groups transition from one form of coverage to another. The 2020 EPO underwriting will be based on 12 months of EPO experience.

Overall, the SJVIA will require a 4.82% increase to the self-funded medical program. Rather than passing on the renewal increases as justified by the underwriting the Board may elect to take action such as:

- County of Fresno pass on a combined increase 6.54% to all self-funded coverage (PPO/HDHP and the EPO).
- County of Tulare pass on 2.35% rate increase
- City of Marysville pass on 4.91% rate increase. The City of Marysville has so few participants the experience is not credible, and the Board may elect to pass on the SJVIA average renewal rate increase.

The Board may also consider further increasing the renewal (this includes the Kaiser plans) to allow for additional buildup of reserves. Anthem Blue Cross has included \$50,000 to be used for wellness in any manner the SJVIA deems appropriate for wellness. The contribution has no impact on the 2019 underwriting/rates.

Kaiser

In 2018, the SJVIA Board elected to hold Kaiser rates from 2017 rather than pass on the rate decreases of COF - 4.76%, COT -5.56%, -5.39% respectively, and All Other -4.86%. The net impact of that board action on the 2019 renewal is that the increases are COF +1.52%, COT +0.61%, +0.57% respectively, and COM +1.39% over the members current rates.

Keenan estimates that the 2018 Kaiser reserve accumulation will be \$1,155,952. The Board may also want to consider adding a reserve accumulation for Kaiser in 2019 by adjusting the rates so that the net impact to Kaiser is like the overall SJVIA 2019 renewal impact. This will allow for the continued participation of Kaiser members in reserve accumulation. Keenan has prepared Kaiser reserve accumulation options from 0% to 5.0% for the Board to consider. The Kaiser renewal includes \$50,000 to be used for wellness as approved by Kaiser. The wellness contribution has no impact on the 2019 rates.

Delta Dental

Keenan recommends that the SJVIA move to a self-funded arrangement for the Delta Dental PPO plan. Moving to this format for 2019 will allow for the transfer of funds from the Premium Stabilization Reserve (PSR) held by Delta Dental to the SJVIA.

VSP

VSP vision plans will enter the second year of a two-year rate guarantee with no rate adjustments for 2019.

Recommendations

- Anthem Self-Funded plan – Option 4
- Kaiser – Accept renewal and add a 3.0% surcharge (surcharge does not apply to the Medicare plan)
- Delta Dental – Self-fund the dental plan and transfer premium stabilization reserve to the SJVIA
- VSP – Accept renewal of second year of two-year rate guarantee

- Accept all fees that support the renewals as outlined in the fee schedule (note: reinsurance is shown as a projected fee and will be finalized in December)

SJVIA Self-Funded Medical Renewal Options Summary

Self-Funded Renewal Options Line Item/Description	County of Fresno			County of Tulare	City of Marysville	Total		
	EPO	PPO/HDHP	Total	PPO/HDHP	PPO/HDHP	EPO	PPO/HDHP	Total
1 Option 1 - Underwriting Results								
2 \$ Change from 2018	\$4,882,821	(\$1,586,681)	\$3,296,140	\$636,939	(\$91,289)	\$4,882,821	(\$1,041,031)	\$3,841,790
3 % Change from 2018	11.85%	-17.32%	6.54%	2.35%	-11.13%	11.85%	-2.81%	4.91%
4 Total Reserve (included in the renewal)	\$2,038,901	\$144,084	\$2,182,984	\$909,975	\$58,928	\$2,038,901	\$1,112,987	\$3,151,888
5 Option 2 - Negative Renewals at 0%								
6 \$ Change from 2018	\$4,882,821	\$0	\$4,882,821	\$636,939	\$0	\$4,882,821	\$636,939	\$5,519,759
7 % Change from 2018	11.85%	0.00%	9.69%	2.35%	0.00%	11.85%	1.72%	7.05%
8 Total Reserve (included in the renewal)	\$2,038,901	\$1,730,764	\$3,769,665	\$909,975	\$150,217	\$2,038,901	\$2,790,957	\$4,829,858
9 Option 3 - COF EPO increase offset by COF PPO/HDHP 0%, Marysville set at SJVIA overall								
10 \$ Change from 2018	\$3,296,140	\$0	\$3,296,140	\$636,939	\$40,233	\$3,296,140	\$677,172	\$3,973,312
11 % Change from 2018	8.00%	0.00%	6.54%	2.35%	4.91%	8.00%	1.83%	5.07%
12 Total Reserve (included in the renewal)	\$452,220	\$1,730,764	\$2,182,984	\$909,975	\$190,450	\$452,220	\$2,831,190	\$3,283,410
13 Option 4 - COF common increase 6.45%, Marysville set at SJVIA overall								
14 \$ Change from 2018	\$2,696,725	\$599,415	\$3,296,140	\$636,939	\$40,233	\$2,696,725	\$1,276,587	\$3,973,312
15 % Change from 2018	6.54%	6.54%	6.54%	2.35%	4.91%	6.54%	3.44%	5.07%
16 Total Reserve (included in the renewal)	(\$147,195)	\$2,330,179	\$2,182,984	\$909,975	\$190,450	(\$147,195)	\$3,430,605	\$3,283,410

SJVIA Self-Funded Medical Renewal Options Detail

Self-Funded Renewal Options Description	County of Fresno			County of Tulare	City of Marysville	Total		
	EPO	PPO/HDHP	Total	PPO/HDHP	PPO/HDHP	EPO	PPO/HDHP	Total
1 2018 Cost (based on June 2018 enrollment)	\$41,217,775	\$9,161,684	\$50,379,458	\$27,113,581	\$820,135	\$41,217,775	\$37,095,400	\$78,313,174
2 Option 1 - Underwriting Results								
3 2019 Projected Cost (based on June 2018 enrollment)	\$ 46,100,596	\$7,575,003	\$53,675,599	\$27,750,520	\$728,845	\$46,100,596	\$36,054,369	\$82,154,964
4 \$ Change from 2018	\$4,882,821	(\$1,586,681)	\$3,296,140	\$636,939	(\$91,289)	\$4,882,821	(\$1,041,031)	\$3,841,790
5 % Change from 2018	11.85%	-17.32%	6.54%	2.35%	-11.13%	11.85%	-2.81%	4.91%
6 IBNR Reserve (included in the renewal)	\$791,321	(\$53,326)	\$737,995	\$169,702	\$38,769	\$791,321	\$155,144	\$946,465
7 Stabilization Reserve (included in the renewal)	\$1,247,580	\$197,410	\$1,444,990	\$740,274	\$20,159	\$1,247,580	\$957,843	\$2,205,422
8 Total Reserve (included in the renewal)	\$2,038,901	\$144,084	\$2,182,984	\$909,975	\$58,928	\$2,038,901	\$1,112,987	\$3,151,888
9 Option 2 - Negative Renewals at 0%								
10 2019 Projected Cost (based on June 2018 enrollment)	\$46,100,596	\$9,161,684	\$55,262,279	\$27,750,520	\$820,135	\$46,100,596	\$37,732,338	\$83,832,934
11 \$ Change from 2018	\$4,882,821	\$0	\$4,882,821	\$636,939	\$0	\$4,882,821	\$636,939	\$5,519,759
12 % Change from 2018	11.85%	0.00%	9.69%	2.35%	0.00%	11.85%	1.72%	7.05%
13 IBNR Reserve (included in the renewal)	\$791,321	(\$53,326)	\$737,995	\$169,702	\$38,769	\$791,321	\$155,144	\$946,465
14 Stabilization Reserve (included in the renewal)	\$1,247,580	\$1,784,091	\$3,031,670	\$740,274	\$111,448	\$1,247,580	\$2,635,812	\$3,883,392
15 Total Reserve (included in the renewal)	\$2,038,901	\$1,730,764	\$3,769,665	\$909,975	\$150,217	\$2,038,901	\$2,790,957	\$4,829,858
16 Option 3 - COF EPO increase offset by COF PPO/HDHP 0%, Other set at SJVIA overall								
17 2019 Projected Cost (based on June 2018 enrollment)	\$44,513,915	\$9,161,684	\$53,675,599	\$27,750,520	\$860,368	\$44,513,915	\$37,772,572	\$82,286,486
18 \$ Change from 2018	\$3,296,140	\$0	\$3,296,140	\$636,939	\$40,233	\$3,296,140	\$677,172	\$3,973,312
19 % Change from 2018	8.00%	0.00%	6.54%	2.35%	4.91%	8.00%	1.83%	5.07%
20 IBNR Reserve (included in the renewal)	\$791,321	(\$53,326)	\$737,995	\$169,702	\$38,769	\$791,321	\$155,144	\$946,465
21 Stabilization Reserve (included in the renewal)	(\$339,101)	\$1,784,091	\$1,444,990	\$740,274	\$151,681	(\$339,101)	\$2,676,046	\$2,336,945
22 Total Reserve (included in the renewal)	\$452,220	\$1,730,764	\$2,182,984	\$909,975	\$190,450	\$452,220	\$2,831,190	\$3,283,410
23 Option 4 - COF common increase 6.45%, Other set at SJVIA overall								
24 2019 Projected Cost (based on June 2018 enrollment)	\$43,914,500	\$9,761,098	\$53,675,599	\$27,750,520	\$860,368	\$43,914,500	\$38,371,986	\$82,286,486
25 \$ Change from 2018	\$2,696,725	\$599,415	\$3,296,140	\$636,939	\$40,233	\$2,696,725	\$1,276,587	\$3,973,312
26 % Change from 2018	6.54%	6.54%	6.54%	2.35%	4.91%	6.54%	3.44%	5.07%
27 IBNR Reserve (included in the renewal)	\$791,321	(\$53,326)	\$737,995	\$169,702	\$38,769	\$791,321	\$155,144	\$946,465
28 Stabilization Reserve (included in the renewal)	(\$938,516)	\$2,383,505	\$1,444,990	\$740,274	\$151,681	(\$938,516)	\$3,275,460	\$2,336,945
29 Total Reserve (included in the renewal)	(\$147,195)	\$2,330,179	\$2,182,984	\$909,975	\$190,450	(\$147,195)	\$3,430,605	\$3,283,410

Self-funded Medical Underwriting EPO

Line	EPO Line Item/Description	Fresno			Tulare			Marysville			Total		
		Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total
1	Non-Cap Paid Claims (Jul 2017 through Jun 2018)	\$22,580,836	\$10,003,192	\$32,584,028							\$22,580,836	\$10,003,192	\$32,584,028
2	Capitation Claims (Jul 2017 through Dec 2017)	\$5,582,474	\$0	\$5,582,474							\$5,582,474	\$0	\$5,582,474
3	Savings from HMO to EPO conversion (Jul 2017-Dec 2017)	(\$921,108)	\$0	(\$921,108)							(\$921,108)	\$0	(\$921,108)
4	Savings from Change of PBM (Jul 2017-Dec 2017)	\$0	(\$682,763)	(\$682,763)							\$0	(\$682,763)	(\$682,763)
5	Large Claim Adjustment (Pooling Level: \$450,000)	<u>(\$27,078)</u>	<u>\$0</u>	<u>(\$27,078)</u>							<u>(\$27,078)</u>	<u>\$0</u>	<u>(\$27,078)</u>
6	Adjusted Paid Claims	\$27,215,124	\$9,320,429	\$36,535,553							\$27,215,124	\$9,320,429	\$36,535,553
7	Beginning Reserves @ 6/30/2017	(\$1,960,467)	(\$592,170)	(\$2,552,637)							(\$1,960,467)	(\$592,170)	(\$2,552,637)
8	Ending Reserves @ 6/30/2018	<u>\$2,661,175</u>	<u>\$600,192</u>	<u>\$3,261,367</u>							<u>\$2,661,175</u>	<u>\$600,192</u>	<u>\$3,261,367</u>
9	Incurred Claims (July 2017 through June 2018)	\$27,915,832	\$9,328,450	\$37,244,282							\$27,915,832	\$9,328,450	\$37,244,282
10	Total Covered Employees (May 2017 through Apr 2018)	<u>37,631</u>	<u>37,631</u>	<u>37,631</u>							<u>37,631</u>	<u>37,631</u>	<u>37,631</u>
11	Claims Cost PEPM	\$741.83	\$247.89	\$989.72							\$741.83	\$247.89	\$989.72
12	Trend Factor	<u>1.1224</u>	<u>1.1537</u>	<u>1.1302</u>							<u>1.1224</u>	<u>1.1537</u>	<u>1.1302</u>
13	Projected Claims Cost Per Employee	\$832.63	\$285.99	\$1,118.62							\$832.63	\$285.99	\$1,118.62
14	<u>Recommended Funding Margin</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>							<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
15	Adjusted Projected Claims	\$857.61	\$294.57	\$1,152.18							\$857.61	\$294.57	\$1,152.18
	Fixed Costs PEPM												
16	Specific Stop-Loss Premium PEPM (Estimate)			\$25.50									\$25.50
17	Aggregate Stop-Loss Premium PEPM (Estimate)			\$0.00									\$0.00
18	Anthem Network & Administrative Fees			\$49.63									\$49.63
19	<u>All Other Program Fees</u>			<u>\$12.75</u>									<u>\$12.75</u>
20	Total Fixed Costs			\$87.88									\$87.88
21	Required Premium PEPM			\$1,240.06									\$1,240.06
22	Current Premium PEPM			\$1,108.72									\$1,108.72
23	Required Increase			11.85%									11.85%
24	Current Subscribers (June 2018)	3,098	3,098								3,098	3,098	
25	Base Trend	8.00%	10.00%								8.00%	10.00%	
26	Months Trended	18	18								18	18	

Notes:

Other Program Fees include: Wellness, Claims Management/Communication, Consulting Fees, SJVIA Fees, SJVIA Non-Founding Member Fee, and Hourglass/ASI.
 Large claim credits above are obtained only from Anthem medical reports. Rx large claims have not been reconciled in the underwriting projections.

Self-funded Medical Underwriting PPO/HDHP

Line	PPO/HDHP Line Item/Description	Fresno			Tulare			Marysville			Total		
		Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total
1	Non-Cap Paid Claims (Jul 2017 through Jun 2018)	\$4,184,704	\$2,138,733	\$6,323,437	\$13,895,365	\$7,739,768	\$21,635,133	\$549,906	\$100,348	\$650,254	\$18,629,975	\$9,978,849	\$28,608,824
2	Capitation Claims (Jul 2017 through Dec 2017)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Savings from HMO to EPO conversion (Jul 2017-Dec 2017)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Savings from Change of PBM (Jul 2017-Dec 2017)	\$0	(\$55,161)	(\$55,161)	\$0	(\$567,372)	(\$567,372)	\$0	(\$7,204)	(\$7,204)	\$0	(\$629,737)	(\$629,737)
5	Large Claim Adjustment (Pooling Level: \$450,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Adjusted Paid Claims	\$4,184,704	\$2,083,572	\$6,268,276	\$13,895,365	\$7,172,396	\$21,067,761	\$549,906	\$93,144	\$643,050	\$18,629,975	\$9,349,112	\$27,979,087
7	Beginning Reserves @ 6/30/2017	(\$469,996)	(\$118,362)	(\$588,358)	(\$1,352,850)	(\$373,542)	(\$1,726,392)	(\$58,468)	(\$7,121)	(\$65,588)	(\$1,881,314)	(\$499,025)	(\$2,380,338)
8	Ending Reserves @ 6/30/2018	\$409,645	\$128,324	\$537,969	\$1,407,900	\$464,386	\$1,872,286	\$98,940	\$6,021	\$104,961	\$1,916,485	\$598,731	\$2,515,216
9	Incurred Claims (July 2017 through June 2018)	\$4,124,353	\$2,093,534	\$6,217,887	\$13,950,415	\$7,263,240	\$21,213,655	\$590,378	\$92,045	\$682,423	\$18,665,146	\$9,448,818	\$28,113,965
10	Total Covered Employees (May 2017 through Apr 2018)	11,347	11,347	11,347	34,461	34,461	34,461	508	508	508	46,316	46,316	46,316
11	Claims Cost PEPM	\$363.48	\$184.50	\$547.98	\$404.82	\$210.77	\$615.58	\$1,162.16	\$181.19	\$1,343.35	\$403.00	\$204.01	\$607.00
12	Trend Factor	1.0759	1.1537	1.1021	1.1224	1.1537	1.1331	1.1224	1.1537	1.1266	1.1121	1.1537	1.1261
13	Projected Claims Cost Per Employee	\$391.06	\$212.86	\$603.92	\$454.37	\$243.16	\$697.53	\$1,304.41	\$209.04	\$1,513.45	\$448.18	\$235.36	\$683.55
14	<u>Recommended Funding Margin</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
15	Adjusted Projected Claims	\$402.79	\$219.24	\$622.04	\$468.00	\$250.46	\$718.45	\$1,343.54	\$215.31	\$1,558.85	\$461.63	\$242.42	\$704.05
Fixed Costs PEPM													
16	Specific Stop-Loss Premium PEPM (Estimate)			\$25.50			\$20.32			\$34.02			\$21.74
17	Aggregate Stop-Loss Premium PEPM (Estimate)			\$0.00			\$0.00			\$0.00			\$0.00
18	Anthem Network & Administrative Fees			\$34.92			\$34.92			\$34.92			\$34.92
19	<u>All Other Program Fees</u>			<u>\$12.75</u>			<u>\$10.75</u>			<u>\$13.75</u>			<u>\$11.27</u>
20	Total Fixed Costs			\$73.17			\$65.99			\$82.69			\$67.93
21	Required Premium PEPM			\$695.21			\$784.44			\$1,641.54			\$771.98
22	Current Premium PEPM			\$840.83			\$766.44			\$1,847.15			\$796.52
23	Required Increase			-17.32%			2.35%			-11.13%			-3.08%
24	Current Subscribers (June 2018)	908	908		2,948	2,948		37	37		3,893	3,893	
25	Base Trend	5.00%	10.00%		8.00%	10.00%		8.00%	10.00%		7.34%	10.00%	
26	Months Trended	18	18		18	18		18	18		18	18	

Notes:

Other Program Fees include: Wellness, Claims Management/Communication, Consulting Fees, SJVIA Fees, SJVIA Non-Founding Member Fee, and Hourglass/ASI.
 Large claim credits above are obtained only from Anthem medical reports. Rx large claims have not been reconciled in the underwriting projections.

Self-funded Medical Underwriting Total SJVIA

EPO and PPO/HDHP		Fresno			Tulare			Marysville			Total		
Line	Description	EPO	PPO/HDHP	Total	EPO	PPO/HDHP	Total	EPO	PPO/HDHP	Total	EPO	PPO/HDHP	Total
1	Required Premium PEPM	\$ 1,240.06	\$ 695.21	\$ 1,116.57	\$ -	\$ 784.44	\$ 784.44	\$ -	\$ 1,641.54	\$ 1,641.54	\$ 1,240.06	\$ 771.78	\$ 979.29
2	Current Premium PEPM	\$ 1,108.72	\$ 840.83	\$ 1,048.00	\$ -	\$ 766.44	\$ 766.44	\$ -	\$ 1,847.15	\$ 1,847.15	\$ 1,108.72	\$ 794.06	\$ 933.50
3	\$ Difference	\$ 131.34	\$ (145.62)	\$ 68.57	\$ -	\$ 18.00	\$ 18.00	\$ -	\$ (205.61)	\$ (205.61)	\$ 131.34	\$ (22.28)	\$ 45.79
4	% Difference	11.85%	-17.32%	6.54%	0.00%	2.35%	2.35%	0.00%	-11.13%	-11.13%	11.85%	-2.81%	4.91%
5	Current Subscribers (June 2018)	3,098	908	4,006	0	2,948	2,948	0	37	37	3,098	3,893	6,991
6	Required Annual Premium	\$ 46,100,596	\$ 7,575,003	\$ 53,675,599	\$ -	\$ 27,750,520	\$ 27,750,520	\$ -	\$ 728,845	\$ 728,845	\$ 46,100,596	\$ 36,054,369	\$ 82,154,964
7	Current Annual Premium	\$ 41,217,775	\$ 9,161,684	\$ 50,379,458	\$ -	\$ 27,113,581	\$ 27,113,581	\$ -	\$ 820,135	\$ 820,135	\$ 41,217,775	\$ 37,095,400	\$ 78,313,174
8	\$ Difference	\$ 4,882,821	\$ (1,586,681)	\$ 3,296,140	\$ -	\$ 636,939	\$ 636,939	\$ -	\$ (91,289)	\$ (91,289)	\$ 4,882,821	\$ (1,041,031)	\$ 3,841,790
9	% Difference	11.85%	-17.32%	6.54%	0.00%	2.35%	2.35%	0.00%	-11.13%	-11.13%	11.85%	-2.81%	4.91%

Kaiser – County of Fresno



San Joaquin Valley Insurance Authority (SJVIA)

Rate Comparison

Effective Date: December 18, 2018

County of Fresno

	Current		Renewal	
Carrier Name	Kaiser		Kaiser	
Effective Date	1/1/2018		1/1/2019	
Plan Name	HMO		HMO	
Eligible Class	Active Employees		Active Employees	
Rating Structure	Bi-Weekly Rate	Subscribers	Bi-Weekly Rate	Subscribers
Employee Only	\$326.10	1,230	\$341.86	1,230
Employee + Spouse	\$585.26	121	\$613.55	121
Employee + Child(ren)	\$515.89	440	\$540.82	440
Family	\$774.40	130	\$811.83	130
Total Monthly Premium	\$1,732,430		\$1,816,156	
Total Annual Premium	\$20,789,160		\$21,793,877	
% Change over Current Monthly Premium			4.83%	
\$ Change over Current Annual Premium			\$1,004,718	

Note: Rates for 65+ Retirees are under separate contract directly between the County of Fresno and Kaiser

Renewal rates do not include SJVIA Fixed Fees

Kaiser – County of Tulare



San Joaquin Valley Insurance Authority (SJVIA)

Rate Comparison

Effective Date: January 1, 2019

County of Tulare

Carrier Name	Current		Renewal		Current		Renewal	
	Kaiser 1/1/2018 Traditional HMO Active Employees		Kaiser 1/1/2019 Traditional HMO Active Employees		Kaiser 1/1/2019 Deductible HMO Active Employees		Kaiser 1/1/2019 Deductible HMO Active Employees	
Effective Date	1/1/2018		1/1/2019		1/1/2019		1/1/2019	
Plan Name	Traditional HMO		Traditional HMO		Deductible HMO		Deductible HMO	
Eligible Class	Active Employees		Active Employees		Active Employees		Active Employees	
Rating Structure	Rate	Subscribers	Rate	Subscribers	Rate	Subscribers	Rate	Subscribers
Employee Only	\$739.11	157	\$774.31	157	\$568.15	7	\$594.12	7
Employee + Spouse	\$1,478.21	15	\$1,548.61	15	\$1,136.30	1	\$1,188.24	1
Employee + Child(ren)	\$1,337.77	9	\$1,401.49	9	\$1,028.35	1	\$1,075.36	1
Family	\$2,217.33	2	\$2,322.92	2	\$1,704.45	0	\$1,782.36	0
Total Monthly Premium	\$154,688		\$162,055		\$6,142		\$6,422	
Total Annual Premium	\$1,856,256		\$1,944,661		\$73,700		\$77,069	
% Change over Current Monthly Premium			4.76%				4.57%	
\$ Change over Current Annual Premium			\$88,405				\$3,369	

County of Tulare

Carrier Name	Current		Renewal	
	Kaiser 1/1/2018 Sr. Advantage Medicare Eligible Retirees		Kaiser 1/1/2019 Sr. Advantage Medicare Eligible Retirees	
Effective Date	1/1/2018		1/1/2019	
Plan Name	Sr. Advantage		Sr. Advantage	
Eligible Class	Medicare Eligible Retirees		Medicare Eligible Retirees	
Rating Structure	Rate	Subscribers	Rate	Subscribers
Retiree	\$298.08	13	\$307.45	13
Total Monthly Premium	\$3,875		\$3,997	
Total Annual Premium	\$46,500		\$47,962	
% Change over Current Monthly Premium			3.14%	
\$ Change over Current Annual Premium			\$1,462	

Renewal rates do not include SJVIA Fixed Fees

Kaiser – City of Marysville



San Joaquin Valley Insurance Authority (SJVIA)

Rate Comparison

Effective Date: January 1, 2019

City of Marysville

	Current		Renewal	
Carrier Name	Kaiser		Kaiser	
Effective Date	1/1/2018		1/1/2019	
Plan Name	HMO		HMO	
Eligible Class	Active Employees		Active Employees	
Rating Structure	Rate	Subscribers	Rate	Subscribers
Employee Only	\$645.19	2	\$676.21	2
Employee + Spouse	\$1,290.40	3	\$1,352.44	3
Family	\$1,825.91	4	\$1,913.69	4
Total Monthly Premium	\$12,465.22		\$13,064.50	
Total Annual Premium	\$149,582.64		\$156,774.00	
% Change over Current Monthly Premium			4.8%	
\$ Change over Current Annual Premium			\$7,191.36	

Renewal rates do not include SJVIA Fixed Fees

Kaiser Renewal and Surcharge Consideration

SJVIA	Kaiser Evaluation					Surcharge Consideration						
	2018 Kaiser Cost	2018 Kaiser Cost + Reserve (2017 Cost)	2019 Kaiser Cost	2018 Kaiser Cost + Reserve (2017 Cost)	2019 Kaiser Cost	\$10	0%	1%	2%	3%	4%	5%
COF	\$ 20,789,160	\$ 21,778,632	\$ 21,793,877	\$ 21,778,632	\$ 21,793,877	\$230,520	\$ -	\$217,939	\$435,878	\$653,816	\$871,755	\$1,089,694
\$ Change		\$ 989,472	\$ 1,004,717		\$ 15,245							
% Change		4.76%	4.83%		0.07%	1.1%	0.1%	1.1%	2.1%	3.1%	4.1%	5.1%
COT HMO	\$ 1,856,256	\$ 1,960,344	\$ 1,944,661	\$ 1,960,344	\$ 1,944,661	21,960	15,683	19,447	38,893	58,340	77,786	97,233
\$ Change		\$ 104,088	\$ 88,405		\$ (15,683)							
% Change		5.61%	4.76%		-0.80%	0.3%	0.0%	0.2%	1.2%	2.2%	3.2%	4.2%
COT HMO Ded.	\$ 73,700	\$ 77,706	\$ 77,069	\$ 77,706	\$ 77,069	1,080	637	771	1,541	2,312	3,083	3,853
\$ Change		\$ 4,006	\$ 3,369		\$ (637)							
% Change		5.44%	4.57%		-0.82%	0.6%	0.0%	0.2%	1.2%	2.2%	3.1%	4.1%
AO	\$ 149,583	\$ 156,852	\$ 156,774	\$ 156,852	\$ 156,774	1,080	78	1,568	3,135	4,703	6,271	7,839
\$ Change		\$ 7,269	\$ 7,191		\$ (78)							
% Change		4.86%	4.81%		-0.05%	0.6%	0.0%	0.9%	1.9%	2.9%	3.9%	4.9%
Total	\$ 22,868,699	\$ 23,973,534	\$ 23,972,381	\$ 23,973,534	\$ 23,972,381	254,640	16,398	239,724	479,448	719,171	958,895	1,198,619
\$ Change		\$ 1,104,835	\$ 1,103,682		\$ (1,153)							
% Change		4.83%	4.83%		0.00%	1.1%	0.1%	1.0%	2.0%	3.0%	4.0%	5.0%
COT Medicare	\$ 46,500	\$ 46,500	\$ 47,962	\$ 46,500	\$ 47,962	-	-					
\$ Change		\$ -	\$ 1,462		\$ 1,462							
% Change		0.00%	3.14%		3.14%							

The Kaiser renewal includes \$50,000 to be used for wellness as approved by Kaiser. The contribution has no impact on the 2019 rates.

Delta Dental



San Joaquin Valley Insurance Authority (SJVIA)

Dental PPO Self Funded Options

Effective Date: December 18, 2018

County of Fresno

	Current	Option 1 Self-Funded	Option 2 Self-Funded
Carrier Name	Delta Dental	Delta Dental	Delta Dental
Effective Date	1/1/2019	1/1/2019	1/1/2019
Plan Name	PPO	PPO	PPO
Eligible Class	Active Employees	Active Employees	Active Employees
Rating Structure			
ASO/Admin Fee	Fully Insured	8.1% of Paid Claims	\$3.87 PEPM

Proposed Rates	Rate	Subscribers	Rate Equivalent	Subscribers	Rate Equivalent	Subscribers
Employee Only	\$50.29	2,532	\$47.51	2,532	\$44.58	2,532
Employee + Spouse	\$80.19	488	\$75.76	488	\$71.09	488
Employee + Child(ren)	\$69.88	885	\$66.02	885	\$61.95	885
Family	\$102.58	333	\$96.91	333	\$90.94	333
Annual Claim Cost	\$2,678,365		\$2,678,365		\$2,678,365	
Administration Cost	\$243,999		\$216,948		\$196,813	
Margin (8.5% FI, 3.0% SF of Claims)	\$227,275		\$80,351		\$80,351	
Annual Premium Cost	\$3,149,639		\$2,975,664		\$2,955,529	
\$ Difference			-\$173,976		-\$194,111	
% Difference			-5.5%		-6.2%	

2019 DHMO will be in the second year of a two-year rate guarantee.

San Joaquin Valley Insurance Authority (SJVIA)

Dental PPO Self Funded Options

Effective Date: January 1, 2019

County of Tulare

	Current	Option 1 Self-Funded	Option 2 Self-Funded
Carrier Name	Delta Dental	Delta Dental	Delta Dental
Effective Date	1/1/2019	1/1/2019	1/1/2019
Plan Name	PPO	PPO	PPO
Eligible Class	Active Employees	Active Employees	Active Employees
Rating Structure			
ASO/Admin Fee	Fully Insured	8.1% of Paid Claims	\$3.87 PEPM

Proposed Rates	Current		Option 1 Self-Funded		Option 2 Self-Funded	
	Rate	Subscribers	Rate Equivalent	Subscribers	Rate Equivalent	Subscribers
Employee Only	\$35.43	2,086	\$34.47	2,086	\$34.27	2,086
Employee + Spouse	\$61.42	195	\$59.75	195	\$59.41	195
Employee + Child(ren)	\$69.60	186	\$67.71	186	\$67.32	186
Family	\$103.32	74	\$100.52	74	\$99.95	74
Annual Claim Cost	\$1,118,832		\$1,118,832		\$1,118,832	
Administration Cost	\$101,926		\$90,625		\$118,004	
Margin (5.1% FI, 3.0% SF of Claims)	\$56,944		\$33,565		\$33,565	
Annual Premium Cost	\$1,277,702		\$1,243,022		\$1,270,401	
\$ Difference			-\$34,680		-7,301	
% Difference			-2.7%		-0.6%	

2019 DHMO will be in the second year of a two-year rate guarantee.

Self-Funding the Dental PPO

Delta Dental reported the ending position (June 30, 2018) for its Premium Stabilization Reserve (PSR) at \$700,122. The PSR is excess premium paid to Delta Dental. Since the dental plans are fully insured, the monies are considered Delta Dental's.

As part of the 2018 renewal, Keenan negotiated a premium holiday and a 2.0% buy-down of the renewal from the PSR. The premium holiday was given to the SJVIA in January 2018, for \$362,752. The SJVIA still collected the premium from the two Counties for January but did not remit the premium to Delta Dental. Instead, Delta Dental took the \$362,752 in premium from the PSR. This action transferred the \$362,752 from the PSR to the SJVIA reserves.

Additionally, Delta Dental requested a 2.0% renewal increase for 2018 which the SJVIA Board approved. Delta Dental agreed to fund the 2.0% from the PSR. The SJVIA is collecting the 2.0% increase from both Counties and passing on 0.0% to Delta Dental. Delta Dental is funding the 2.0% from the PSR. Through June 30, 2018, the 2.0% represents \$44,278. Keenan estimates the 2018 total will be approximately \$88,556. This action will transfer \$88,556 from the PSR to the SJVIA reserves over the 2018 plan year.

The combined total Delta Dental PSR reserve which will be transferred to the SJVIA reserves for 2018 will be approximately \$451,308. This will leave a Delta Dental PSR reserve of \$655,844. The reserve balance is subject to plan experience and premium remitted throughout the balance of the year.

Keenan negotiated with Delta Dental to allow the PSR monies to be returned to the SJVIA if the SJVIA were to self-fund the dental plan for 2019. The PSR would be used to pay claims under the self-funded plan. Additionally, Delta Dental would apply any excess IBNR reserves (reserves after the run-out claims were paid) to pay claims under the self-funded plan.

Vision Service Plan – VSP

2019 VSP will be in the second year of a two-year rate guarantee.

SJVIA Vendor Fees and Administration Charges

Fixed Fee Schedule										
SJVIA Fixed Fees	2015		2016		2017		2018		2019	
	HMO	PPO/HDHP	HMO	PPO/HDHP	HMO	PPO/HDHP	EPO	PPO/HDHP	EPO	PPO/HDHP
Specific Stop-Loss*										
County of Fresno	\$26.90	\$14.86	\$25.58	\$16.64	\$27.69	\$18.30	\$23.38	\$23.38	\$25.50	\$25.50
County of Tulare	\$26.90	\$14.86	\$25.58	\$16.64	\$27.69	\$18.30	\$0.00	\$18.05	\$0.00	\$20.32
All Other	\$26.90	\$14.86	\$25.58	\$16.64	\$27.69	\$18.30	\$0.00	\$23.38	\$0.00	\$34.02
Aggregate Stop-Loss	\$0.00	\$0.91	\$0.00	\$0.94	\$0.00	\$1.03	\$0.00	\$0.00	\$0.00	\$0.00
Anthem Network & Administration	\$37.30	\$28.39	\$40.96	\$29.41	\$45.34	\$32.53	\$48.08	\$33.83	\$49.63	\$34.92
Wellness	\$4.05	\$6.80	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Claims Mgmt/Communication	\$3.00	\$3.00	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
Consulting	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.35	\$3.35	\$3.10	\$3.10
SJVIA Administration	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
SJVIA Non-Founding Member	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Hourglass/ASI - Benefits Administration										
County of Fresno	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$4.65	\$4.65	\$4.65	\$4.65
County of Tulare	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$2.65	\$2.65	\$2.65	\$2.65
All Other	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$3.65	\$3.65	\$3.65	\$3.65
PCORI/Transitional Reinsurance	\$8.29	\$5.40	\$5.24	\$3.61	\$0.36	\$0.36	\$0.36	\$0.36	\$0.00	\$0.00
Total Fixed Fee - Self-Funded Plan										
County of Fresno	\$90.49	\$70.31	\$85.73	\$64.55	\$87.34	\$66.17	\$84.82	\$70.57	\$87.88	\$73.17
County of Tulare	\$90.49	\$70.31	\$85.73	\$64.55	\$87.34	\$66.17	N/A	\$63.24	N/A	\$65.99
All Other	\$92.49	\$72.31	\$87.73	\$66.55	\$89.34	\$68.17	N/A	\$71.57	N/A	\$82.69

Note: *2019 Stop Loss Fee estimated at 2018 fee + 15%

Kaiser rates will require the addition of the following SJVIA fees:

- COF \$12.75 pepm
- COT \$10.75 pepm
- City of Marysville \$14.75 pepm