

November 8, 2019

## SJVIA Board Meeting: Consultant's Report on Medical, Dental, and Vision Experience Through September 2019

The following pages provide a summary of the plan experience from January 1 through September 30, 2019. The Anthem self-funded medical plan showed a surplus of \$302,592 for a 99.5% Total Cost loss ratio. This includes paying the second-year runout claims on the discontinued Anthem HMO and the two cities which terminated effective January 1, 2018.

Buildup	COF	COT	COM	Total
Medical	\$ (791,108)	\$ 987,193	\$ 106,508	\$ 302,592
Dental	\$ 237,031	\$ 78,867	\$ -	\$ 315,900
Total	\$ (554,077)	\$ 1,066,060	\$ 106,508	\$ 618,491
Loss Ratio				
Medical	102.1%	95.3%	81.7%	99.5%
Dental	90.3%	91.9%	n/a	90.8%

The County of Fresno's EPO is the loss leader increasing its deficit position from -\$1,589,767 as reported through June 2019, to -\$3,700,657 deficit position.

For 2019, the County of Fresno elected to pass on a common renewal among its EPO, PPO and HDHP plans. The EPO plan received a common 6.54% increase in lieu of the 11.85% specific EPO renewal. The expectation for 2019 was that the EPO plan would perform at a -\$883,971 deficit position while the PPO and HDHP plans would make up the deficit difference. Through September these two plans contributed \$2,983,152 towards reserve accumulation.

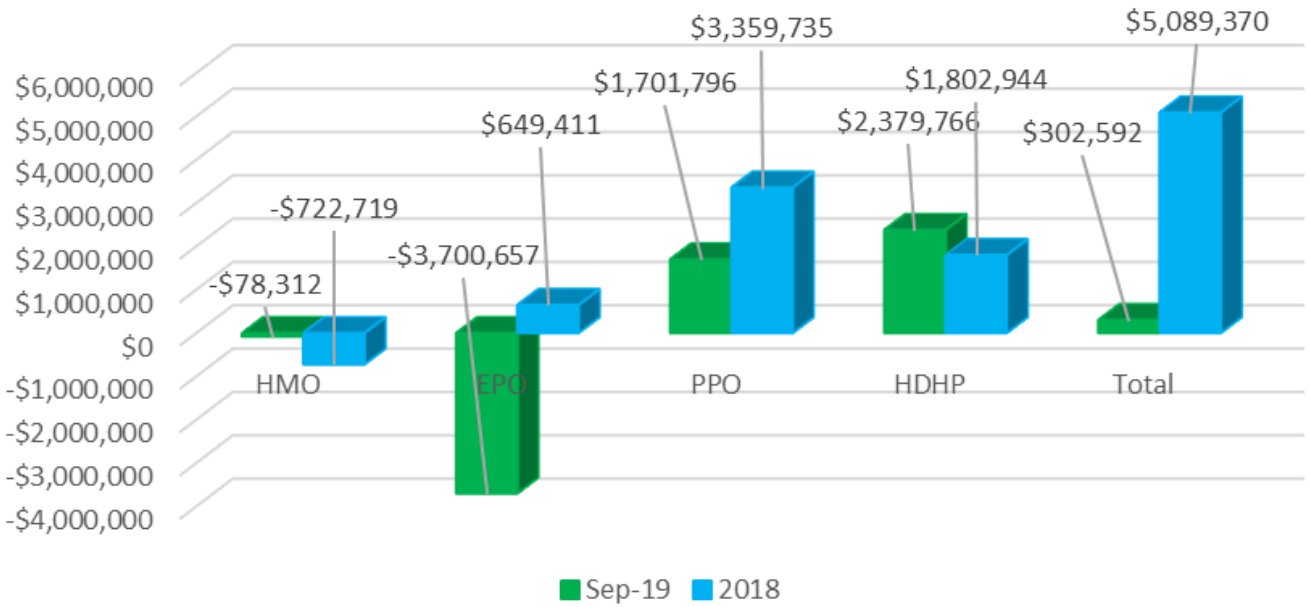
The County of Fresno has realized 10 claimants (less than 0.2% of the population) with claims above \$200,000 making up 12.2% of the claim cost. Keenan will be reviewing the large claims in greater detail to determine trends and cost reduction strategies. However, it appears based on 2019, claims to date (specifically in the third quarter), 2020 renewal projections may understate plan performance.

For 2020, the County of Fresno has elected a parity strategy which sets the EPO and Kaiser rates the same. This strategy will attempt to draw healthier lives back into the EPO and have the Kaiser plan contribute reserves towards the adverse selection currently within the EPO plan. Keenan will prepare a migration report and analysis based on post-open enrollment results to determine the overall cost impact.

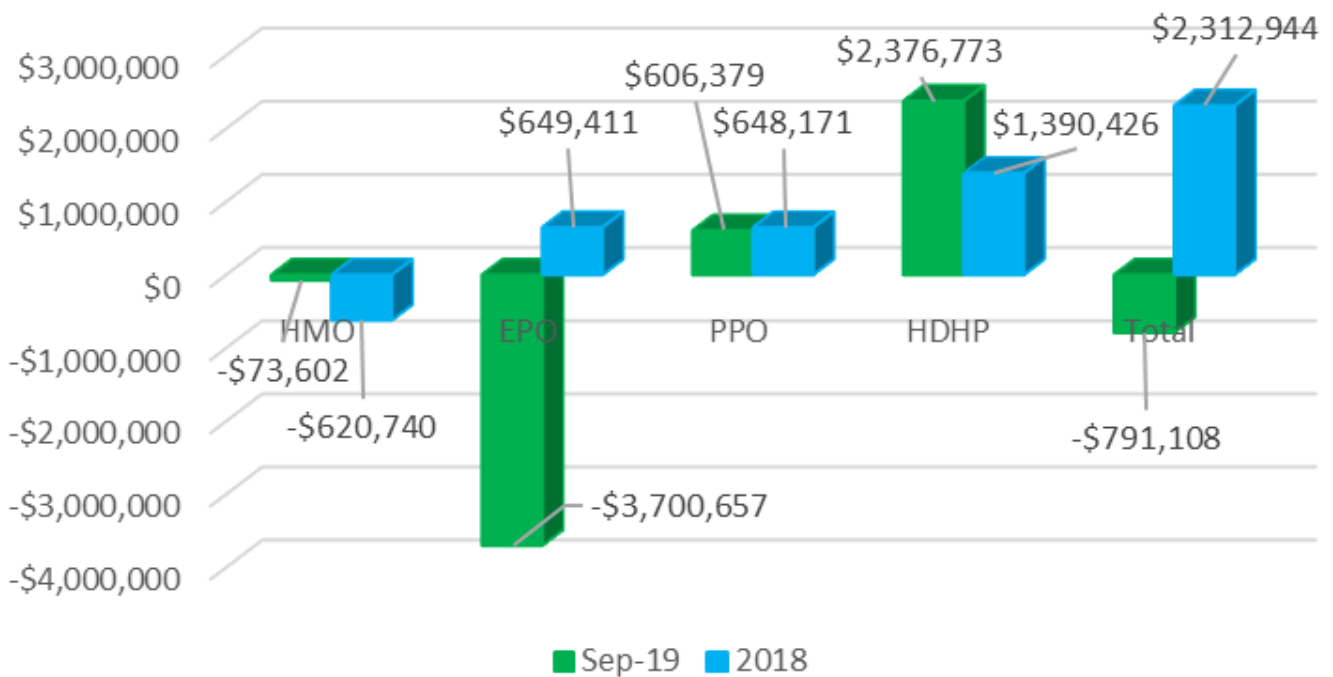
For the 2019 Plan year, the SJVIA changed the dental PPO plan to self-funding. Through September 2019, the dental program has accumulated \$315,900 in surplus or a 90.8% Total cost loss ratio. Please note that the cumulative report includes IBNR reserve build up, and claims for January through September should be considered mature.

The SJVIA has been able to accumulate a reserve buildup of \$3,445,013 or 71.8% through September 2019, of the \$4.8 million projected reserve buildup for the year.

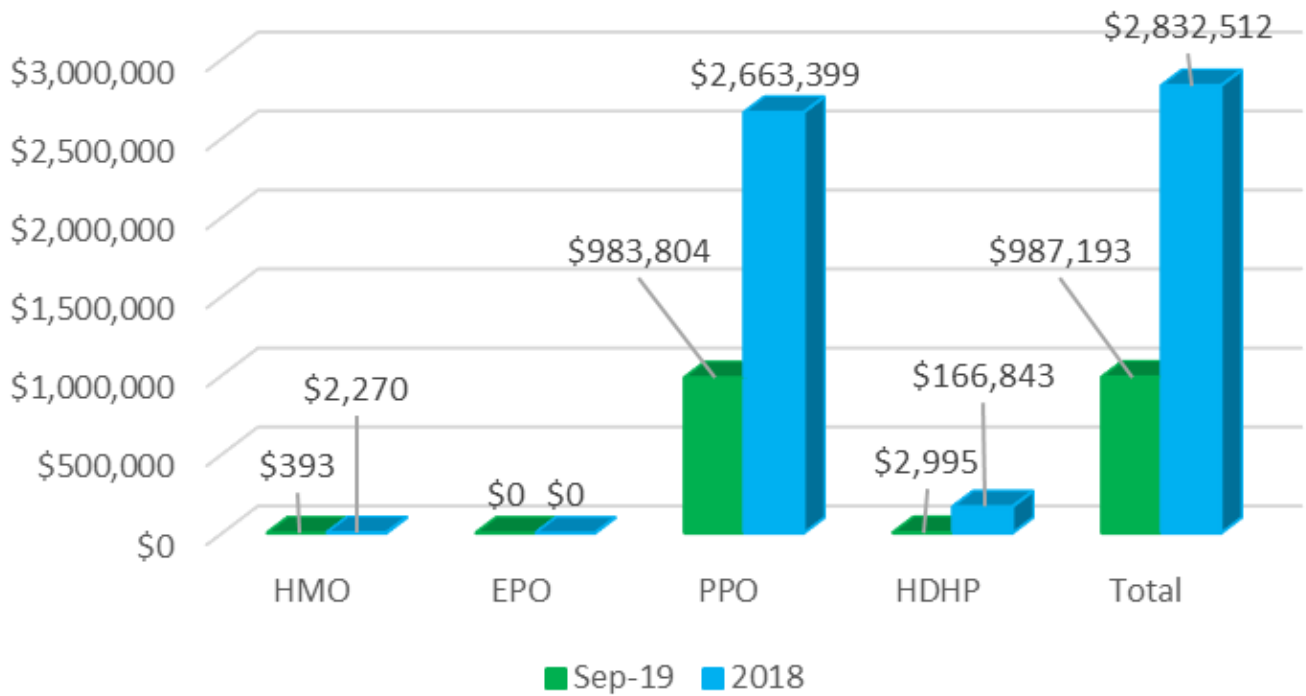
### SJVIA - September 2019 vs. 2018



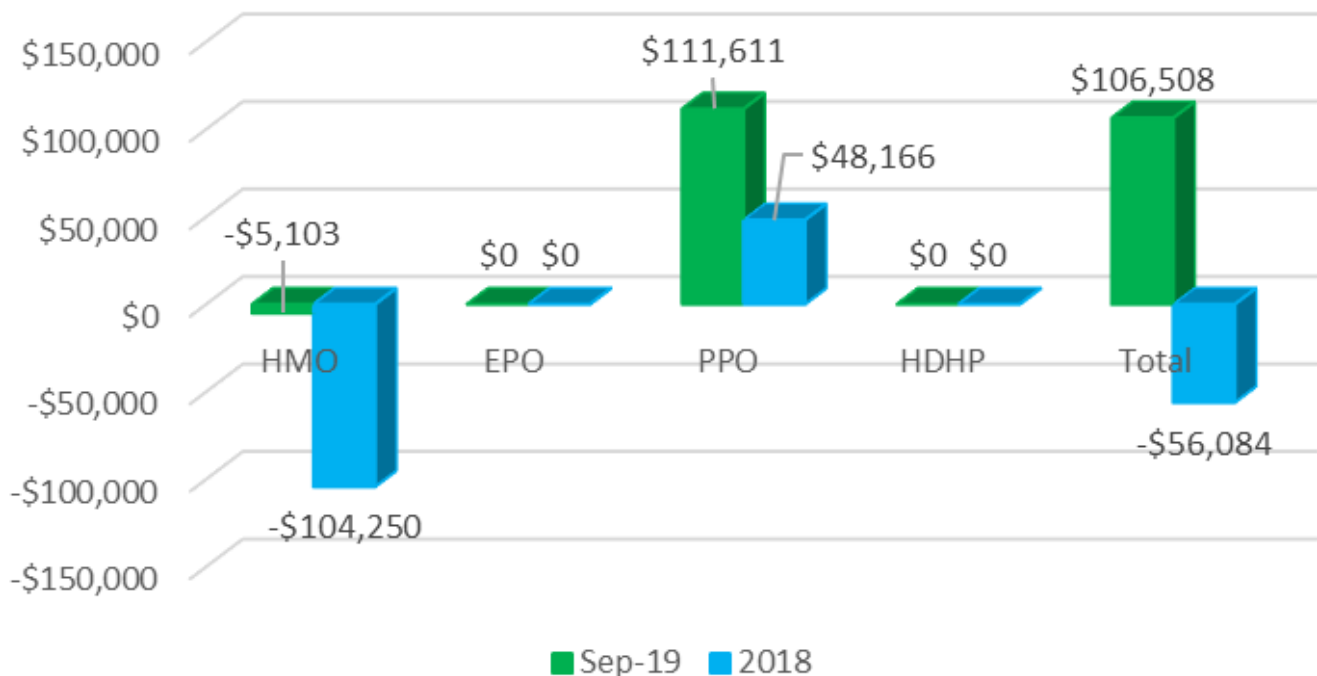
### County of Fresno - September 2019 vs. 2018



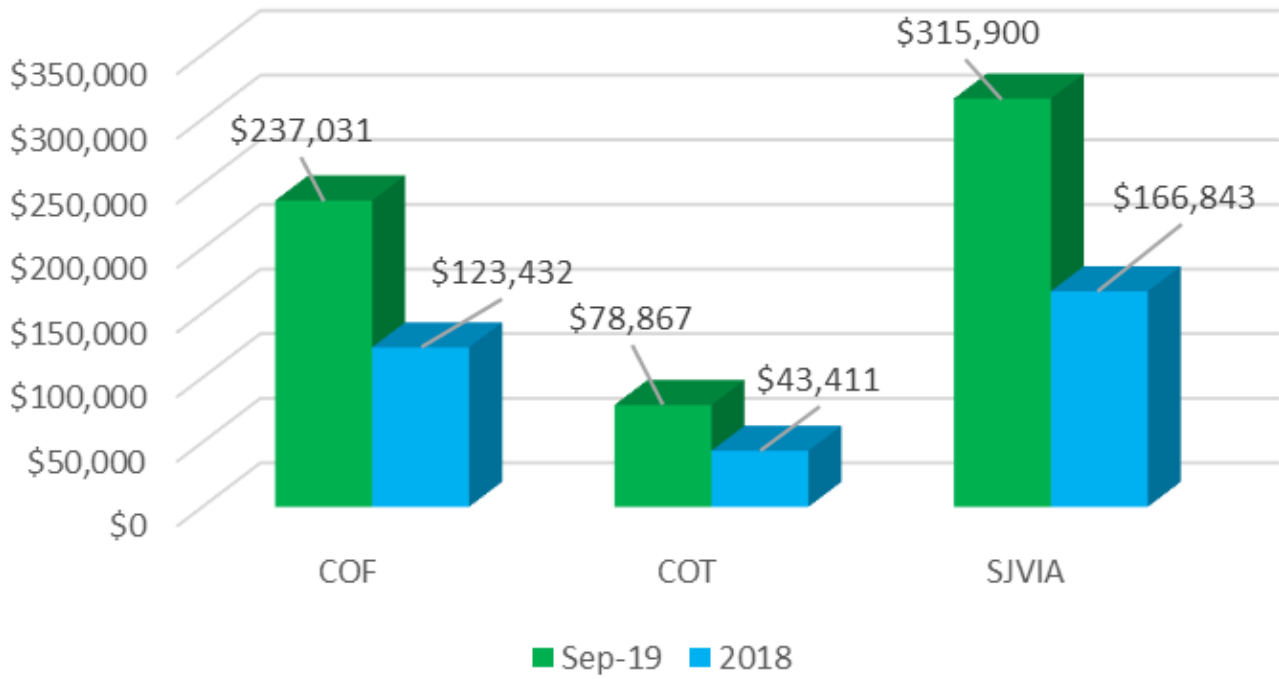
## County of Tulare - September 2019 vs. 2018



## City of Marysville - September 2019 vs. 2018



## Dental - September 2019 vs. 2018



<b>Reserve Accumulation /Funding Model</b>													
<b>2018</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
<b>Budget</b>													
Medical Plan Experience	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 2,881,460
Kaiser Rate Surcharge	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 1,155,952
Delta Dental Premium Holiday	\$ 362,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,752
Delta Dental 2% Rate Subsidy	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 88,672
2018 Budgeted Reserve Buildup	\$ 706,592	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 4,488,836
<b>Actual</b>													
Medical Plan Experience	\$ 1,534,858	\$ 1,400,750	\$ (989,574)	\$ 480,446	\$ 8,084	\$ 578,056	\$ 255,195	\$ (80,220)	\$ 1,069,414	\$ (6,979)	\$ 164,822	\$ 674,518	\$ 5,089,370
Kaiser Rate Surcharge	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 1,155,952
Prescription Drug Rebates*	\$ -	\$ -	\$ 231,170	\$ 3,705	\$ -	\$ 173,044	\$ -	\$ -	\$ -	\$ 112	\$ -	\$ -	\$ 408,031
Delta Dental Premium Holiday	\$ 362,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,752
Delta Dental 2% Rate Subsidy	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 7,389	\$ 88,672
2018 Actual Reserve Buildup	\$ 2,001,329	\$ 1,504,469	\$ (654,685)	\$ 587,869	\$ 111,803	\$ 854,819	\$ 358,914	\$ 23,499	\$ 1,173,133	\$ 96,852	\$ 268,541	\$ 778,237	\$ 7,104,777
<b>2019</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
<b>Budget</b>													
Plan Experience	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 3,283,410
Kaiser Rate Surcharge	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 719,171
Delta Dental PSR Transfer	\$ 398,199	\$ 265,466	\$ 132,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 796,398
2019 Budgeted Reserve Buildup	\$ 731,747	\$ 599,014	\$ 466,281	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 4,798,979
<b>Actual</b>													
Plan Experience (Medical)	\$ 266,540	\$ 571,444	\$ (526,484)	\$ (116,911)	\$ 556,905	\$ 555,716	\$ (807,303)	\$ 9,423	\$ (206,738)	\$ -	\$ -	\$ -	\$ 302,592
Plan Experience (Dental)	\$ 69,763	\$ 25,643	\$ 41,648	\$ 27,807	\$ (4,548)	\$ 56,661	\$ 72,159	\$ (21,223)	\$ 47,959	\$ -	\$ -	\$ -	\$ 315,869
Prescription Drug Rebates*	\$ 382,100	\$ -	\$ 303,186	\$ 343,529	\$ -	\$ -	\$ 309,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,338,510
Kaiser Rate Surcharge	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ -	\$ -	\$ -	\$ 539,378
Delta Dental PSR Transfer	\$ 379,822	\$ 379,190	\$ 189,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 948,664
2019 Actual Reserve Buildup	\$ 1,158,156	\$ 1,036,208	\$ 67,932	\$ 314,356	\$ 612,288	\$ 672,308	\$ (365,518)	\$ 48,131	\$ (98,848)	\$ -	\$ -	\$ -	\$ 3,445,013

\* 2018 - 3/18 2017 Final Rebate, 4/18 Audit Recovery, 6/18 Performance Guarantee Recovery, 10/18 Audit Recovery  
2019 - 1/19 1st Qtr 2018, 3/19 2nd Qtr 2018, 4/19 3rd Qtr 2018, 7/19 4th Qtr 2018, 10/19 1st Qtr 2019 (\$400,385)

The chart above shows budgeted reserve buildup to realized buildup based on plan experience for 2018 and 2019. For 2019, the SJVIA has realized \$3,445,013 or 71.8% of the \$4.8 million projected reserve buildup.

Past exhibits excluded the inclusion of prescription drug rebates and other prescription drug settlements. This exhibit includes the prescription drug rebates and other prescription drug funds realized during each plan year.

Please note that this is the consultant's report and prior to allocating funds for IBNR, the stabilization reserve, and to provide loan repayment, the SJVIA Auditor will validate actual reserve accumulation.