

August 23, 2019

SJVIA Board Meeting: Consultant’s Report on Medical, Dental, and Vision Experience Through June 2019

The following pages provide a summary of the plan experience from January 1 through June 30, 2019. The Anthem self-funded medical plan showed a surplus of \$1,637,444 for a 95.9% 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	\$ 644,119	\$ 827,284	\$ 166,043	\$ 1,637,446
Dental	\$ 190,264	\$ 26,660	\$ -	\$ 216,924
Total	\$ 834,383	\$ 853,944	\$ 166,043	\$ 1,854,370
Loss Ratio				
Medical	97.5%	94.1%	90.7%	95.9%
Dental	88.4%	95.9%	n/a	90.5%

The County of Fresno’s EPO is a loss leader with a -\$1,589,767 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 (the difference between the combined and individual renewal) while the PPO and HDHP plans would make up the deficit difference. Through June the shortfall is \$705,796 on the EPO plan. The County of Fresno has realized 44 claimants (less than 1% of the population) with claims above \$50,000 making up 30% of the claim cost (in all of 2018 the County only had 66 claimants over \$50,000). It should be noted that the County of Fresno in total has contributed positively to the surplus position with a 97.5% total cost loss ratio and \$644,118 towards reserves.

For 2020, the County of Fresno may elect a renewal strategy which elects to include Kaiser. Over the past four years close to 1,800 members have migrated to the Kaiser plan from the HMO and EPO plan. The Kaiser plan shows a younger age demographic of 4.8 year which allows adverse selection into the EPO plan. This renewal strategy including Kaiser has not been used in previous years.

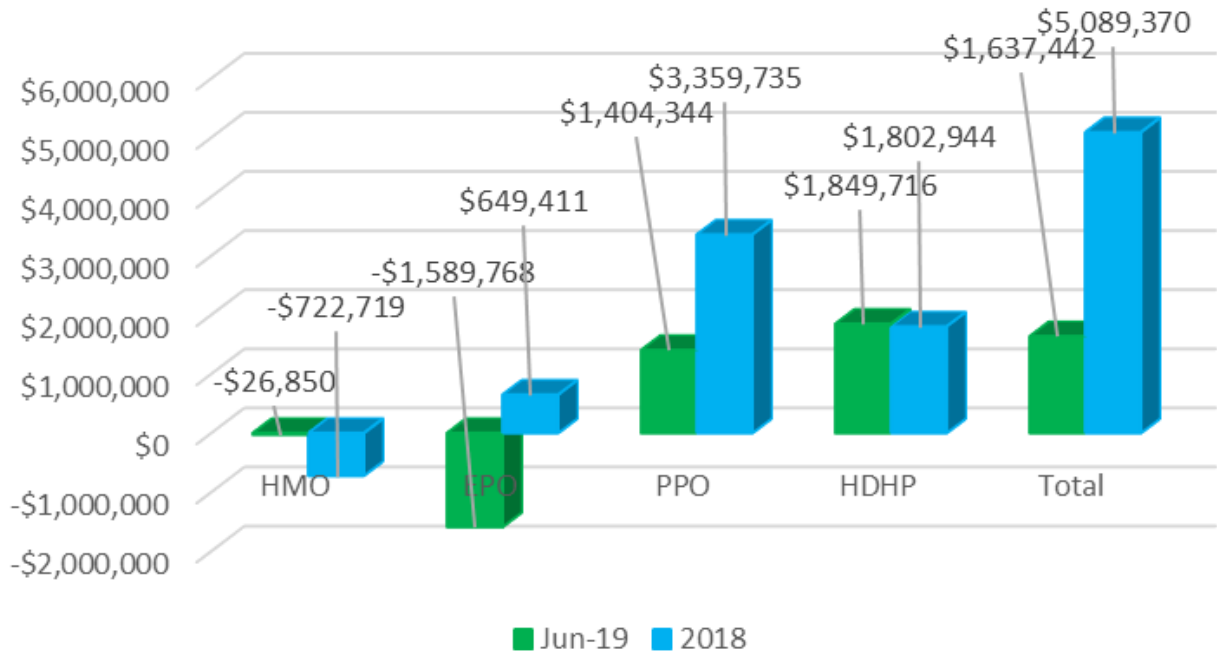
For the 2019 Plan year, the SJVIA changed the dental PPO plan to self-funding. Through June 2019, the dental program has accumulated \$216,923 in surplus or a 90.5% Total Cost loss ratio. Please note that the cumulative report includes IBNR reserve build up and claims for January through June and should be considered mature.

The vision plan remains fully insured and is in a deficit position of -\$10,591. Under the fully insured arrangement all deficit or surplus positions stay with the carrier.

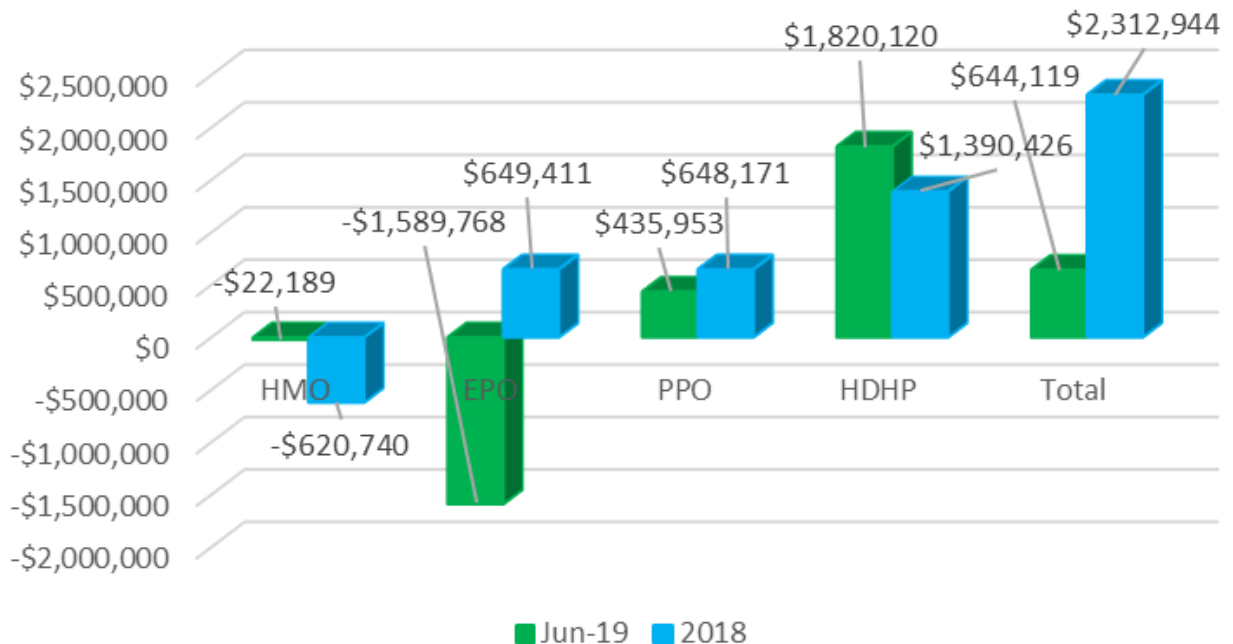
The SJVIA has been able to accumulate a reserve buildup of \$3,162,158 or 65.9% through June 2019, of the \$4.8 million projected reserve buildup for the year.

The following charts illustrate the year-over-year reserve accumulation by plan and entity.

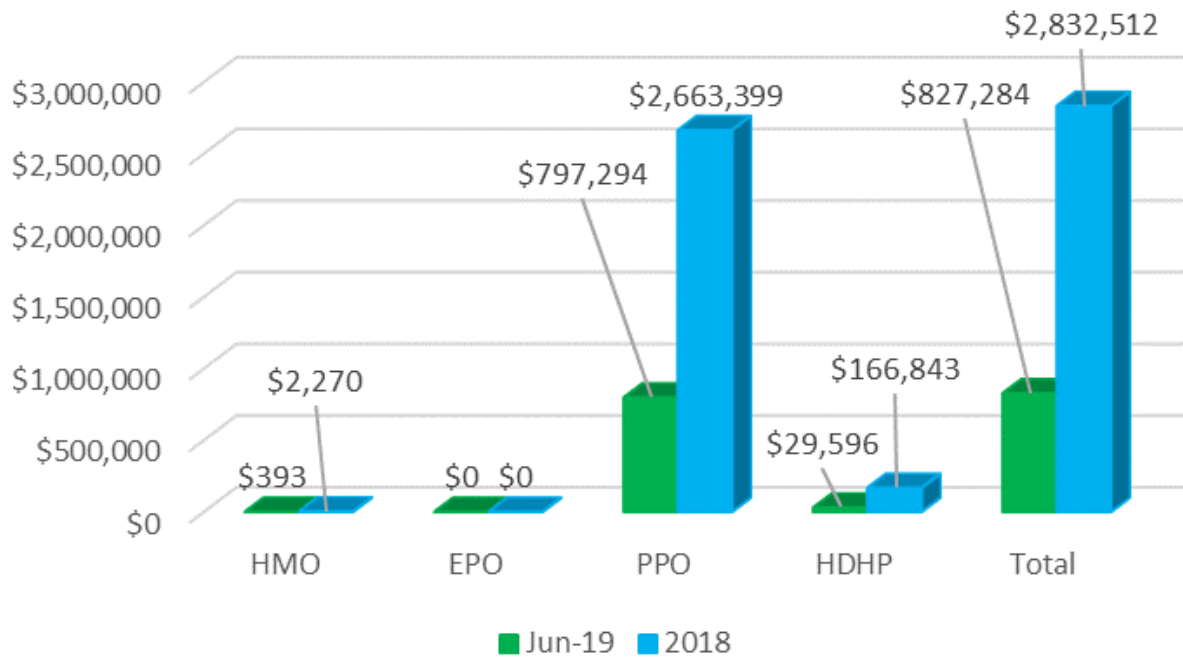
SJVIA - June 2019 vs. 2018



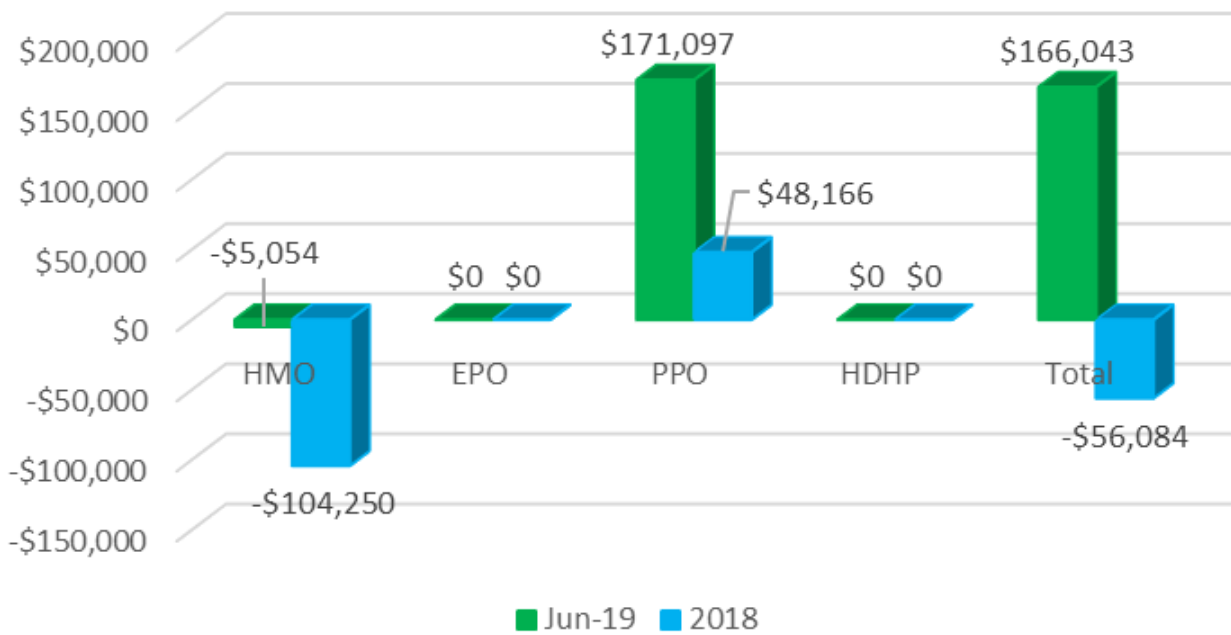
County of Fresno - June 2019 vs. 2018



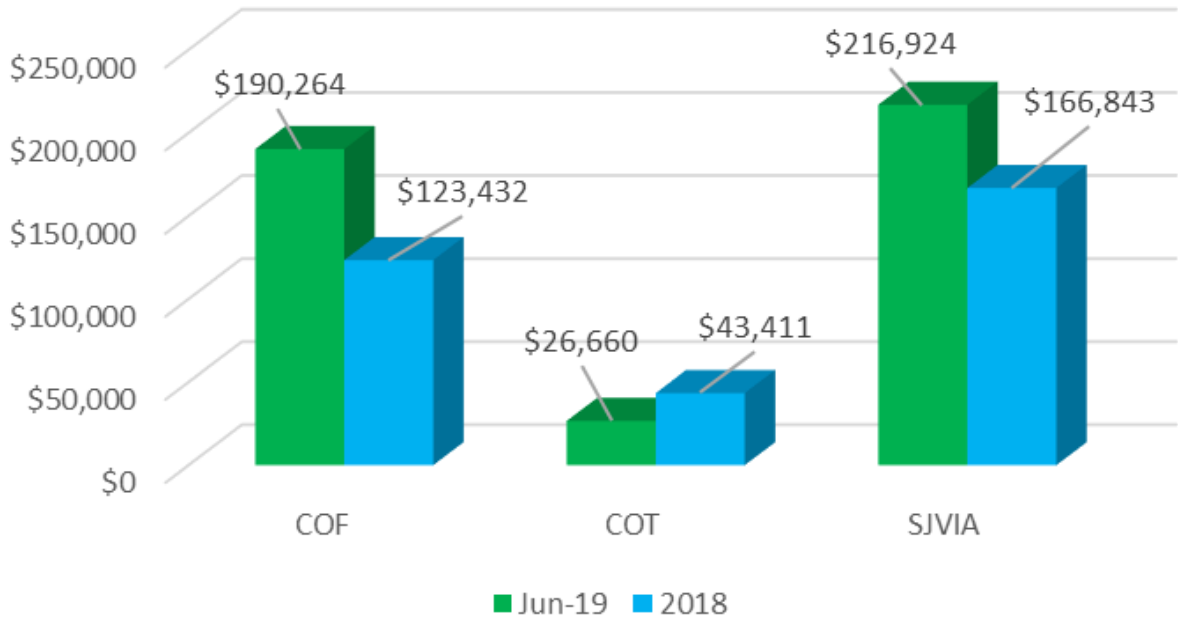
County of Tulare - June 2019 vs. 2018



City of Marysville - June 2019 vs. 2018



Dental - June, 2019 vs. 2018



Reserve Accumulation /Funding Model													
2018	January	February	March	April	May	June	July	August	September	October	November	December	Total
Budget													
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
Actual													
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
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	\$ (885,855)	\$ 584,165	\$ 111,803	\$ 681,775	\$ 358,914	\$ 23,499	\$ 1,173,133	\$ 96,740	\$ 268,541	\$ 778,237	\$ 6,696,746
2019	January	February	March	April	May	June	July	August	September	October	November	December	Total
Budget													
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
Actual													
Plan Experience (Medical)	\$ 321,615	\$ 626,456	\$ (471,457)	\$ (61,908)	\$ 612,011	\$ 610,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,636,984
Plan Experience (Dental)	\$ 69,759	\$ 25,639	\$ 41,644	\$ 27,792	\$ (4,571)	\$ 56,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,924
Kaiser Rate Surcharge	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,586
Delta Dental PSR Transfer	\$ 379,822	\$ 379,190	\$ 189,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 948,664
2019 Actual Reserve Buildup	\$ 831,127	\$ 1,091,216	\$ (180,230)	\$ 25,815	\$ 667,371	\$ 726,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,162,158

The chart above shows budgeted reserve buildup to realized buildup based on plan experience for 2018 and 2019. For 2019, the SJVIA has realized \$3,162,158 or 65.9% of the \$4.8 million projected reserve buildup.

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 should validate reserve accumulation and availability.