

July 22, 2022

**SJVIA Reserve Reconciliation Report**

The SJVIA staff requested Keenan prepare a report outlining reserve accumulation since inception. Keenan reviewed the performance of the plan, financial adjustments to the plans for prescription drug rebates, margin surcharge on Kaiser, year-end accounting, dental reserve buildup (since 2019), and other revenues received by the SJVIA. The SJVIA’s obligation for the IBNR reserve liability and three-month stabilization reserve were also included. The following chart, illustrates the reserve accumulation position of the SJVIA and each entity:

<b>May 2022 Position</b>	<b>SJVIA</b>	<b>Fresno</b>	<b>Tulare</b>	<b>All Other</b>
Medical/RX Performance	\$ (209,273)	\$ (7,905,108)	\$ 7,467,599	\$ 228,235
<u>Adjustments</u>	<u>\$ 28,460,527</u>	<u>\$ 23,501,743</u>	<u>\$ 5,356,616</u>	<u>\$ 253,852</u>
Total Gross Position	\$ 28,251,254	\$ 15,596,635	\$ 12,824,216	\$ 482,088
IBNR Reserve Requirement	\$ 8,450,550	\$ 5,605,410	\$ 2,845,140	\$ -
<u>Stabilization Reserve</u>	<u>\$ 14,988,880</u>	<u>\$ 10,195,078</u>	<u>\$ 4,793,802</u>	<u>\$ -</u>
Total Net Position	\$ 5,463,508	\$ (203,853)	\$ 5,185,274	\$ 482,088
Other Obligations				
COF Seed Money 2010	\$ 887,669			

The SJVIA has \$5,463,508 in excess reserves after consideration for IBNR reserve and stabilization reserve requirements. The County of Fresno is in a slight deficit position of (\$203,853) while the County of Tulare is in a \$5,185,274 surplus position. The “all other entities” which have not been enrolled in the SJVIA for several years have a \$482,088 surplus position.

This report excludes the settlement from the lawsuit, nor expected recoveries from ARPA for Covid-19.

The SJVIA Board may want to consider reallocating the All-Other Entities surplus among the two Counties. In 2009, the County of Fresno provided \$887,669 as seed money to launch the SJVIA. This amount remains an SJVIA obligation that has not been repaid. The balance of this report details our findings.

SJVA Reserve Reconciliation Report

July 22, 2022

Page 2

Medical / RX Premium vs. Total Cost 2010 -2017

SJVA Reconciliation Report		SJVA			Fresno			Tulare			All Other		
		HMO/EPO	PPO/HDHP	Total	HMO/EPO	PPO/HDHP	Total	HMO	PPO/HDHP	Total	HMO	PPO/HDHP	Total
2010	Premium	\$ 42,181,416	\$ 26,395,385	\$ 68,576,801	\$ 42,181,416	\$ 8,483,786	\$ 50,665,202	\$ -	\$ 17,911,599	\$ 17,911,599	\$ -	\$ -	\$ -
	Total Cost	\$ 37,720,237	\$ 23,526,473	\$ 61,246,710	\$ 37,720,237	\$ 6,812,938	\$ 44,533,175	\$ -	\$ 16,713,535	\$ 16,713,535	\$ -	\$ -	\$ -
	\$ Difference	\$ 4,461,179	\$ 2,868,912	\$ 7,330,091	\$ 4,461,179	\$ 1,670,848	\$ 6,132,027	\$ -	\$ 1,198,064	\$ 1,198,064	\$ -	\$ -	\$ -
	Loss Ratio	89.4%	89.1%	89.3%	89.4%	80.3%	87.9%		93.3%	93.3%			
2011	Premium	\$ 44,955,847	\$ 26,323,381	\$ 71,279,228	\$ 44,955,847	\$ 7,561,939	\$ 52,517,786	\$ -	\$ 18,761,442	\$ 18,761,442	\$ -	\$ -	\$ -
	Total Cost	\$ 42,591,763	\$ 24,817,680	\$ 67,409,443	\$ 42,591,763	\$ 7,477,950	\$ 50,069,713	\$ -	\$ 17,339,730	\$ 17,339,730	\$ -	\$ -	\$ -
	\$ Difference	\$ 2,364,084	\$ 1,505,701	\$ 3,869,785	\$ 2,364,084	\$ 83,989	\$ 2,448,073	\$ -	\$ 1,421,712	\$ 1,421,712	\$ -	\$ -	\$ -
	Loss Ratio	94.7%	94.3%	94.6%	94.7%	98.9%	95.3%		92.4%	92.4%			
2012	Premium	\$ 42,211,773	\$ 27,077,170	\$ 69,288,943	\$ 42,211,773	\$ 6,809,346	\$ 49,021,119	\$ -	\$ 18,652,690	\$ 18,652,690	\$ -	\$ 1,615,134	\$ 1,615,134
	Total Cost	\$ 42,997,488	\$ 25,487,664	\$ 68,485,152	\$ 42,997,488	\$ 6,376,102	\$ 49,373,590	\$ -	\$ 18,158,890	\$ 18,158,890	\$ -	\$ 952,672	\$ 952,672
	\$ Difference	\$ (785,715)	\$ 1,589,506	\$ 803,791	\$ (785,715)	\$ 433,244	\$ (352,471)	\$ -	\$ 493,800	\$ 493,800	\$ -	\$ 662,462	\$ 662,462
	Loss Ratio	101.9%	94.1%	98.8%	101.9%	93.6%	100.7%		97.4%	97.4%		59.0%	59.0%
2013	Premium	\$ 49,017,156	\$ 29,330,683	\$ 78,347,839	\$ 44,965,190	\$ 6,839,897	\$ 51,805,087	\$ 2,098,473	\$ 18,114,767	\$ 20,213,240	\$ 1,953,493	\$ 4,376,019	\$ 6,329,512
	Total Cost	\$ 51,038,431	\$ 26,286,441	\$ 77,324,872	\$ 48,199,812	\$ 6,294,333	\$ 54,494,145	\$ 2,053,678	\$ 17,539,970	\$ 19,593,648	\$ 784,941	\$ 2,452,138	\$ 3,237,079
	\$ Difference	\$ (2,021,275)	\$ 3,044,242	\$ 1,022,967	\$ (3,234,622)	\$ 545,564	\$ (2,689,058)	\$ 44,795	\$ 574,797	\$ 619,592	\$ 1,168,552	\$ 1,923,881	\$ 3,092,433
	Loss Ratio	104.1%	89.6%	98.7%	107.2%	92.0%	105.2%	97.9%	96.8%	96.9%	40.2%	56.0%	51.1%
2014	Premium	\$ 53,610,500	\$ 33,035,282	\$ 86,645,782	\$ 47,770,525	\$ 6,853,201	\$ 54,623,726	\$ 2,573,539	\$ 18,691,219	\$ 21,264,758	\$ 3,266,436	\$ 7,490,862	\$ 10,757,298
	Total Cost	\$ 55,693,816	\$ 32,311,383	\$ 88,005,199	\$ 50,198,930	\$ 7,451,756	\$ 57,650,686	\$ 2,274,398	\$ 19,647,012	\$ 21,921,410	\$ 3,220,488	\$ 5,212,615	\$ 8,433,103
	\$ Difference	\$ (2,083,316)	\$ 723,899	\$ (1,359,417)	\$ (2,428,405)	\$ (598,555)	\$ (3,026,960)	\$ 299,141	\$ (955,793)	\$ (656,652)	\$ 45,948	\$ 2,278,247	\$ 2,324,195
	Loss Ratio	103.9%	97.8%	101.6%	105.1%	108.7%	105.5%	88.4%	105.1%	103.1%	98.6%	69.6%	78.4%
2015	Premium	\$ 54,154,735	\$ 46,646,481	\$ 100,801,216	\$ 43,026,208	\$ 6,592,106	\$ 49,618,314	\$ 3,126,648	\$ 18,928,110	\$ 22,054,758	\$ 8,001,879	\$ 21,126,265	\$ 29,128,144
	Total Cost	\$ 65,514,244	\$ 47,066,983	\$ 112,581,227	\$ 51,931,320	\$ 6,379,508	\$ 58,310,828	\$ 4,619,688	\$ 19,545,380	\$ 24,165,068	\$ 8,963,236	\$ 21,142,095	\$ 30,105,331
	\$ Difference	\$ (11,359,509)	\$ (420,502)	\$ (11,780,011)	\$ (8,905,112)	\$ 212,598	\$ (8,692,514)	\$ (1,493,040)	\$ (617,270)	\$ (2,110,310)	\$ (961,357)	\$ (15,830)	\$ (977,187)
	Loss Ratio	121.0%	100.9%	111.7%	120.7%	96.8%	117.5%	147.8%	103.3%	109.6%	112.0%	100.1%	103.4%
2016	Premium	\$ 53,526,716	\$ 55,640,763	\$ 109,167,479	\$ 41,546,898	\$ 6,947,403	\$ 48,494,301	\$ 3,171,595	\$ 20,015,806	\$ 23,187,401	\$ 8,808,223	\$ 28,677,554	\$ 37,485,777
	Total Cost	\$ 60,038,503	\$ 61,544,592	\$ 121,583,095	\$ 47,089,638	\$ 7,467,476	\$ 54,557,114	\$ 3,338,010	\$ 21,250,509	\$ 24,588,519	\$ 9,610,856	\$ 32,826,607	\$ 42,437,463
	\$ Difference	\$ (6,511,787)	\$ (5,903,829)	\$ (12,415,616)	\$ (5,542,740)	\$ (520,073)	\$ (6,062,813)	\$ (166,415)	\$ (1,234,703)	\$ (1,401,118)	\$ (802,633)	\$ (4,149,053)	\$ (4,951,686)
	Loss Ratio	112.2%	110.6%	111.4%	113.3%	107.5%	112.5%	105.2%	106.2%	106.0%	109.1%	114.5%	113.2%
2017	Premium	\$ 44,831,052	\$ 35,624,181	\$ 80,455,233	\$ 42,484,507	\$ 9,063,639	\$ 51,548,146	\$ 19,113	\$ 25,476,557	\$ 25,495,670	\$ 2,327,432	\$ 1,083,985	\$ 3,411,417
	Total Cost	\$ 45,038,106	\$ 33,462,667	\$ 78,500,773	\$ 42,064,711	\$ 8,363,066	\$ 50,427,777	\$ 272,998	\$ 24,246,643	\$ 24,519,641	\$ 2,700,397	\$ 852,958	\$ 3,553,355
	\$ Difference	\$ (207,054)	\$ 2,161,514	\$ 1,954,460	\$ 419,796	\$ 700,573	\$ 1,120,369	\$ (253,885)	\$ 1,229,914	\$ 976,029	\$ (372,965)	\$ 231,027	\$ (141,938)
	Loss Ratio	100.5%	93.9%	97.6%	99.0%	92.3%	97.8%	142.83%	95.2%	96.2%	116.0%	78.7%	104.2%

SJVA Reserve Reconciliation Report

July 22, 2022

Page 3

Medical / RX Premium vs. Total Cost 2018 to May 2022 (Continued)

SJVA Reconciliation Report		SJVA			Fresno			Tulare			All Other		
		HMO/EPO	PPO/HDHP	Total	HMO/EPO	PPO/HDHP	Total	HMO	PPO/HDHP	Total	HMO	PPO/HDHP	Total
2018	Premium	\$ 41,235,443	\$ 53,248,943	\$ 94,484,386	\$ 41,225,886	\$ 25,476,557	\$ 66,702,443	\$ 9,557	\$ 26,943,450	\$ 26,953,007	\$ -	\$ 828,936	\$ 828,936
	Total Cost	\$ 41,208,944	\$ 49,140,623	\$ 90,349,567	\$ 41,197,215	\$ 24,246,643	\$ 65,443,858	\$ 7,286	\$ 24,113,209	\$ 24,120,495	\$ 4,443	\$ 780,771	\$ 785,214
	\$ Difference	\$ 26,499	\$ 4,108,320	\$ 4,134,819	\$ 28,671	\$ 1,229,914	\$ 1,258,585	\$ 2,271	\$ 2,830,241	\$ 2,832,512	\$ (4,443)	\$ 48,165	\$ 43,722
	Loss Ratio	99.9%	92.3%	95.6%	99.9%	95.2%	98.1%	76.2%	89.5%	89.5%		94.2%	94.7%
2019	Premium	\$ 42,445,762	\$ 37,625,732	\$ 80,071,494	\$ 42,445,762	\$ 8,764,693	\$ 51,210,455	\$ -	\$ 28,092,399	\$ 28,092,399	\$ -	\$ 768,640	\$ 768,640
	Total Cost	\$ 46,554,527	\$ 30,721,067	\$ 77,275,594	\$ 46,546,713	\$ 3,996,151	\$ 50,542,864	\$ 3,371	\$ 26,150,249	\$ 26,153,620	\$ 4,443	\$ 574,667	\$ 579,110
	\$ Difference	\$ (4,108,765)	\$ 6,904,665	\$ 2,795,900	\$ (4,100,951)	\$ 4,768,542	\$ 667,591	\$ (3,371)	\$ 1,942,150	\$ 1,938,779	\$ (4,443)	\$ 193,973	\$ 189,530
	Loss Ratio	109.7%	81.6%	96.5%	109.7%	45.6%	98.7%		93.1%	93.1%		74.8%	75.3%
2020	Premium	\$ 43,778,298	\$ 38,084,054	\$ 81,862,352	\$ 43,778,298	\$ 8,535,984	\$ 52,314,282	\$ -	\$ 29,548,070	\$ 29,548,070	\$ -	\$ -	\$ -
	Total Cost	\$ 44,079,157	\$ 32,130,887	\$ 76,210,044	\$ 44,072,264	\$ 5,963,676	\$ 50,035,940	\$ -	\$ 26,160,808	\$ 26,160,808	\$ 6,893	\$ 6,403	\$ 13,296
	\$ Difference	\$ (300,859)	\$ 5,953,167	\$ 5,652,308	\$ (293,966)	\$ 2,572,308	\$ 2,278,342	\$ -	\$ 3,387,262	\$ 3,387,262	\$ (6,893)	\$ (6,403)	\$ (13,296)
	Loss Ratio	100.7%	84.4%	93.1%	100.7%	69.9%	95.6%		88.5%	88.5%			
2021	Premium	\$ 44,376,243	\$ 36,871,116	\$ 81,247,359	\$ 44,376,243	\$ 8,566,210	\$ 52,942,453	\$ -	\$ 28,304,906	\$ 28,304,906	\$ -	\$ -	\$ -
	Total Cost	\$ 48,600,411	\$ 34,045,231	\$ 82,645,642	\$ 48,600,411	\$ 5,387,247	\$ 53,987,658	\$ -	\$ 28,657,984	\$ 28,657,984	\$ -	\$ -	\$ -
	\$ Difference	\$ (4,224,168)	\$ 2,825,885	\$ (1,398,283)	\$ (4,224,168)	\$ 3,178,963	\$ (1,045,205)	\$ -	\$ (353,078)	\$ (353,078)	\$ -	\$ -	\$ -
	Loss Ratio	109.5%	92.3%	101.7%	109.5%	62.9%	102.0%		101.2%	101.2%			
May-22	Premium	\$ 19,062,641	\$ 14,360,445	\$ 33,423,086	\$ 19,062,641	\$ 3,158,076	\$ 22,220,717	\$ -	\$ 11,202,369	\$ 11,202,369	\$ -	\$ -	\$ -
	Total Cost	\$ 19,407,139	\$ 14,836,014	\$ 34,243,153	\$ 19,407,139	\$ 2,754,652	\$ 22,161,791	\$ -	\$ 12,081,362	\$ 12,081,362	\$ -	\$ -	\$ -
	\$ Difference	\$ (344,498)	\$ (475,569)	\$ (820,067)	\$ (344,498)	\$ 403,424	\$ 58,926	\$ -	\$ (878,993)	\$ (878,993)	\$ -	\$ -	\$ -
	Loss Ratio	101.8%	103.3%	102.5%	101.8%	87.2%	99.7%		107.8%	107.8%			
2010-2022	Premium	\$ 575,387,582	\$460,263,616	\$ 1,035,651,198	\$ 540,031,194	\$113,652,837	\$653,684,031	\$ 10,998,925	\$280,643,384	\$291,642,309	\$ 24,357,463	\$ 65,967,395	\$ 90,324,858
	Total Cost	\$ 600,482,766	\$435,377,705	\$ 1,035,860,471	\$ 562,617,641	\$ 98,971,498	\$661,589,139	\$ 12,569,429	\$271,605,281	\$284,174,710	\$ 25,295,697	\$ 64,800,926	\$ 90,096,623
	\$ Difference	\$ (25,095,184)	\$ 24,885,911	\$ (209,273)	\$ (22,586,447)	\$ 14,681,339	\$ (7,905,108)	\$ (1,570,504)	\$ 9,038,103	\$ 7,467,599	\$ (938,234)	\$ 1,166,469	\$ 228,235
	Loss Ratio	104.4%	94.6%	100.0%	104.2%	87.1%	101.2%	114.3%	96.8%	97.4%	103.9%	98.2%	99.7%

**Revenue Adjustments** for Prescription drug rebates, year-end accounting returns, Kaiser margin, Kaiser Parity margin, Delta Dental surplus (as of January 01, 2019), and other return of revenue.

<b>SJVIA Adjustments</b>	<b>SJVIA</b>	<b>Fresno</b>	<b>Tulare</b>	<b>All Other</b>
<b>2010-2017</b>				
HMO YEA	\$ 3,098,036	\$ 2,895,972	\$ 68,315	\$ 133,749
<u>Prescription Drug Rebates</u>	<u>\$ 2,010,245</u>	<u>\$ 1,242,665</u>	<u>\$ 671,170</u>	<u>\$ 96,410</u>
<b>Total</b>	<b>\$ 5,108,281</b>	<b>\$ 4,138,637</b>	<b>\$ 739,485</b>	<b>\$ 230,159</b>
<b>2018</b>				
Prescription Drug Rebates	\$ 408,011	\$ 247,136	\$ 157,776	\$ 3,099
Kaiser Surcharge	\$ 1,155,952	\$ 1,050,119	\$ 98,270	\$ 7,563
Dental Premium Holiday	\$ 362,752	\$ 257,961	\$ 104,791	\$ -
<u>Delta Dental 2.0% Subsidy</u>	<u>\$ 88,672</u>	<u>\$ 63,056</u>	<u>\$ 25,616</u>	<u>\$ -</u>
<b>Total</b>	<b>\$ 2,015,387</b>	<b>\$ 1,618,272</b>	<b>\$ 386,453</b>	<b>\$ 10,662</b>
<b>2019</b>				
Plan Experience (Dental)	\$ 502,530	\$ 380,988	\$ 121,542	\$ -
Prescription Drug Rebates	\$ 1,738,894	\$ 1,137,341	\$ 588,522	\$ 13,031
Kaiser Rate Surcharge	\$ 719,171	\$ 639,496	\$ 79,675	\$ -
<u>Delta Dental PSR Transfer</u>	<u>\$ 948,664</u>	<u>\$ 681,041</u>	<u>\$ 267,623</u>	<u>\$ -</u>
<b>Total</b>	<b>\$ 3,909,259</b>	<b>\$ 2,838,866</b>	<b>\$ 1,057,362</b>	<b>\$ 13,031</b>
<b>2020</b>				
Plan Experience (Dental)	\$ 921,357	\$ 745,908	\$ 175,449	\$ -
Kaiser Rate Surcharge	\$ 820,340	\$ 729,457	\$ 90,884	\$ -
Kaiser EPO Parity Surcharge	\$ 3,644,938	\$ 3,644,938	\$ -	\$ -
Prescription Drug Rebates	\$ 2,508,819	\$ 1,530,379	\$ 978,440	\$ -
<u>Stop Loss Dividend</u>	<u>\$ 111,779</u>	<u>\$ 76,792</u>	<u>\$ 34,987</u>	<u>\$ -</u>
<b>Total</b>	<b>\$ 8,007,234</b>	<b>\$ 6,727,474</b>	<b>\$ 1,279,760</b>	<b>\$ -</b>
<b>2021</b>				
Plan Experience (Dental)	\$ 466,009	\$ 396,414	\$ 69,594	\$ -
Kaiser Rate Surcharge	\$ 788,665	\$ 788,665	\$ -	\$ -
Kaiser EPO Parity Surcharge	\$ 2,469,507	\$ 2,469,507	\$ -	\$ -
Prescription Drug Rebates	\$ 2,725,566	\$ 1,646,927	\$ 1,078,639	\$ -
<u>HMO Final Accounting 2017</u>	<u>\$ 977,819</u>	<u>\$ 977,819</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total</b>	<b>\$ 7,427,565</b>	<b>\$ 6,279,332</b>	<b>\$ 1,148,233</b>	<b>\$ -</b>
<b>May-22</b>				
Plan Experience (Dental)	\$ 208,802	\$ 179,757	\$ 29,045	\$ -
Kaiser Rate Surcharge	\$ 168,656	\$ 729,457	\$ 90,884	\$ -
Kaiser EPO Parity Surcharge	\$ 170,075	\$ 170,075	\$ -	\$ -
Prescription Drug Rebates	\$ 1,445,268	\$ 819,873	\$ 625,395	\$ -
<b>Total</b>	<b>\$ 1,992,801</b>	<b>\$ 1,899,162</b>	<b>\$ 745,324</b>	<b>\$ -</b>
<b>Total 2010 - May 2022</b>				
<b>Total</b>	<b>\$ 28,460,527</b>	<b>\$ 23,501,743</b>	<b>\$ 5,356,616</b>	<b>\$ 253,852</b>