

February 17, 2022

SJVIA Reserve Reconciliation Report

The SJVIA staff requested Keenan provide a report outlining reserve accumulation since inception. Keenan reviewed the performance of the plan and financial adjustments to the plans including:

- Prescription drug rebates,
- Margin surcharge on Kaiser,
- Kaiser margin requirements,
- Year-end accounting,
- Dental reserve buildup (since 2019),
- 2022 COVID-19 claim recovery funds, 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:

December 31, 2022 Position	SJVIA	Fresno	Tulare	All Other
Medical/RX Performance	\$ (4,672,129)	\$ (9,068,183)	\$ 4,167,818	\$ 228,235
Adjustments	\$ 33,086,241	\$ 26,879,029	\$ 5,953,360	\$ 253,852
Total Gross Position	\$ 28,414,112	\$ 17,810,846	\$ 10,121,178	\$ 482,088
Reallocation of All Other	\$ -	\$ 302,188	\$ 179,900	\$ (482,088)
IBNR Reserve Requirement	\$ 10,363,820	\$ 7,362,510	\$ 3,001,310	\$ -
Stabilization Reserve	\$ 20,741,256	\$ 13,160,836	\$ 7,580,420	\$ -
Total Net Position	\$ (2,690,964)	\$ (2,410,312)	\$ (280,652)	\$ -
Other Considerations				
February 2022 Settlement	\$ 7,000,000			
COF Seed Money 2010	\$ 887,669			

The SJVIA has (\$2,690,964) shortfall in reserves after consideration for IBNR reserve and stabilization reserve requirements. The County of Fresno has a (\$2,410,312) shortfall while the County of Tulare has (\$280,652) shortfall of fully funding IBNR and the three-month stabilization reserve. The “all other entities” which have not been enrolled in the SJVIA for several years, have a \$482,088 surplus position that has been transferred to Fresno County and Tulare County. This report excludes 2022’s lawsuit settlement.

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.

Medical / RX Premium vs. Total Cost 2010 -2022

SJVIA		SJVIA			Fresno			Tulare			All Other		
Reconciliation Report		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%	1428.3%	95.2%	96.2%	116.0%	78.7%	104.2%

Medical / RX Premium vs. Total Cost 2010 to 2022 (Continued)

SJVIA		SJVIA			Fresno			Tulare			All Other		
Reconciliation Report		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%			
2022	Premium	\$ 45,908,995	\$ 35,191,316	\$ 81,100,311	\$ 45,908,995	\$ 7,451,112	\$ 53,360,107	\$ -	\$ 27,740,204	\$ 27,740,204	\$ -	\$ -	\$ -
	Total Cost	\$ 48,391,578	\$ 37,991,656	\$ 86,383,234	\$ 48,391,578	\$ 6,072,678	\$ 54,464,256	\$ -	\$ 31,918,978	\$ 31,918,978	\$ -	\$ -	\$ -
	\$ Difference	\$ (2,482,583)	\$ (2,800,340)	\$ (5,282,923)	\$ (2,482,583)	\$ 1,378,434	\$ (1,104,149)	\$ -	\$ (4,178,774)	\$ (4,178,774)	\$ -	\$ -	\$ -
	Loss Ratio	105.4%	108.0%	106.5%	105.4%	81.5%	102.1%		115.1%	115.1%			
2010-2022	Premium	\$ 602,233,936	\$ 481,094,487	\$ 1,083,328,423	\$ 566,877,548	\$ 117,945,873	\$ 684,823,421	\$ 10,998,925	\$ 297,181,219	\$ 308,180,144	\$ 24,357,463	\$ 65,967,395	\$ 90,324,858
	Total Cost	\$ 629,467,205	\$ 458,533,347	\$ 1,088,000,552	\$ 591,602,080	\$ 102,289,524	\$ 693,891,604	\$ 12,569,429	\$ 291,442,897	\$ 304,012,326	\$ 25,295,697	\$ 64,800,926	\$ 90,096,623
	\$ Difference	\$ (27,233,269)	\$ 22,561,140	\$ (4,672,129)	\$ (24,724,532)	\$ 15,656,349	\$ (9,068,183)	\$ (1,570,504)	\$ 5,738,322	\$ 4,167,818	\$ (938,234)	\$ 1,166,469	\$ 228,235
	Loss Ratio	104.5%	95.3%	100.4%	104.4%	86.7%	101.3%	114.3%	98.1%	98.6%	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.

SJVIA Adjustments	SJVIA	Fresno	Tulare	All Other
2010-2017				
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>
Total	\$ 5,108,281	\$ 4,138,637	\$ 739,485	\$ 230,159
2018				
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>
Total	\$ 2,015,387	\$ 1,618,272	\$ 386,453	\$ 10,662
2019				
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>
Total	\$ 3,909,259	\$ 2,838,866	\$ 1,057,362	\$ 13,031
2020				
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>
Total	\$ 8,007,234	\$ 6,727,474	\$ 1,279,760	\$ -
2021				
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>
Total	\$ 7,427,565	\$ 6,279,332	\$ 1,148,233	\$ -
2022				
Plan Experience (Dental)	\$ 661,028	\$ 497,581	\$ 163,447	\$ -
Kaiser Rate Surcharge	\$ 398,886	\$ 398,886	\$ -	\$ -
Kaiser EPO Parity Surcharge	\$ 400,516	\$ 400,516	\$ -	\$ -
Prescription Drug Rebates	\$ 2,731,351	\$ 1,552,731	\$ 1,178,620	\$ -
<u>Other - 2022 COVID-19 Reimb.</u>	<u>\$ 2,426,734</u>	<u>\$ 2,426,734</u>	<u>\$ -</u>	<u>\$ -</u>
Total	\$ 6,618,515	\$ 5,276,448	\$ 1,342,067	\$ -
Total 2010 - 2022				
Total	\$ 33,086,241	\$ 26,879,029	\$ 5,953,360	\$ 253,852