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January 26, 2024

Ms. Rochelle Garcia  
Financial Reporting & Audits Division Chief  
Auditor-Controller/Treasurer-Tax Collector  
Financial Reporting & Audits  
2281 Tulare St., Room 105  
Fresno, CA 93721

**SJVIA – COUNTY OF FRESNO  
INCURRED BUT NOT REPORTED (IBNR) RESERVES AS OF DECEMBER 31, 2023**

Dear Rochelle:

We have estimated the “Incurred But Not Reported” (IBNR) claims reserves for the self-funded medical, prescription drug and dental plans for County of Fresno as of December 31, 2023.

**CLAIM EXPERIENCE – JANUARY 1, 2023 TO DECEMBER 31, 2023**

We analyzed the experience in the past 12 months to determine the actual lag between the incurred and payment dates of the medical and drug claims.

Coverage	Paid Claims	Average Monthly Employees	Per Employee Per Month (PEPM)
Medical	\$34,793,740	4095	\$708.05
Prescription Drug	\$14,639,399	4095	\$297.91
Dental	\$2,772,137	4818	\$47.95
<b>Total</b>	<b>\$52,205,276</b>	<b>N/A</b>	<b>\$1,053.91</b>

**KEENAN’S IBNR ACTUARIAL RESERVE METHODOLOGY**

In Keenan’s IBNR actuarial reserve calculation, the estimated outstanding claims at the end of the period (ending IBNR) is calculated based on the Bornhuetter-Ferguson actuarial method. Under this method, the IBNR is determined based on completion factors and expected incurred claims. The completion factors are derived from actual claim lag data which takes into account the claim payment pattern. When the groups are small, the completion factors are blended with the industry norm completion factors. The IBNR claim reserve is estimated as the sum, for all prior months, of the expected incurred claim for the month multiplied by the proportion of claims expected to still be outstanding based on the completion factors.

Based on our analysis, we estimated the following unpaid claim liabilities for County of Fresno:

Coverage	Number of Employees in December 2023	Reserves on 12/31/2023
Medical	4067	\$4,997,846
Prescription Drug	4067	\$878,364
Dental	4826	\$149,327
<b>Total</b>	<b>N/A</b>	<b>\$6,025,538</b>

**ESTIMATED IBNR RESERVES AS OF DECEMBER 31, 2023**

Finally, the claims reserves are adjusted to reflect, among other things, claims fluctuation margins, retroactive claim adjustments and enrollment fluctuation. The final reserves are shown below:

Coverage	Reserves on 12/31/2023	Adjustment Factor	IBNR on 12/31/2023
Medical	\$4,997,846	1.15	\$5,747,520
Prescription Drug	\$878,364	1.15	\$1,010,120
Dental	\$149,327	1.15	\$171,730
<b>Total</b>	<b>\$6,025,538</b>	<b>1.15</b>	<b>\$6,929,370</b>

**CERTIFICATION**

The costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The IBNR reserve calculations reported herein are consistent with our understanding of the Bornhuetter-Ferguson actuarial method. The actuarial assumptions are reasonable and represent our best estimate of the anticipated experience under the plan.

The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Sincerely,



James Y. Takamatsu, ASA, MAAA  
Vice President & Actuary



Arthur Ternersesian  
Assistant Vice President