



2355 Crenshaw Blvd.
Suite 200
Torrance, CA 90501
P.O. Box 4328
Torrance, CA 90510

310 212-3344
310 212-0360 fax
www.keenan.com
License No. 0451271

January 23, 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 TULARE
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 Tulare 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	\$19,932,133	3088	\$537.89
Prescription Drug	\$10,951,499	3088	\$295.54
Dental	\$1,230,580	2764	\$37.10
Total	\$32,114,211	N/A	\$870.53

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 Tulare:

Coverage	Number of Employees in December 2023	Reserves on 12/31/2023
Medical	3134	\$2,851,258
Prescription Drug	3134	\$657,090
Dental	2815	\$71,765
Total	N/A	\$3,580,113

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	\$2,851,258	1.15	\$3,278,950
Prescription Drug	\$657,090	1.15	\$755,650
Dental	\$71,765	1.15	\$82,530
Total	\$3,580,113	1.15	\$4,117,130

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