



# SJVIA

San Joaquin Valley  
Insurance Authority

## BOARD OF DIRECTORS

ANDREAS BORGEAS  
JUDITH CASE MC NAIRY  
MIKE ENNIS  
PHIL LARSON  
DEBORAH POCHIGIAN  
PETE VANDER POEL  
J. STEVEN WORTHLEY

Meeting Location:  
Tulare County Employee Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93921  
November 7, 2014  
9:00 AM

**AGENDA DATE:**

November 7, 2014

**ITEM NUMBER:**

6

**SUBJECT:**

Quarterly SJVIA financial update

**REQUEST(S):**

That the Board receives the financial update through 1st quarter,  
2014-15

**DESCRIPTION:**

Informational item. Please see attached report.

**FISCAL IMPACT/FINANCING:**

None.

**ADMINISTRATIVE SIGN-OFF:**

Vicki Crow  
SJVIA Auditor-Treasurer

**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF**

**RESOLUTION NO. \_\_\_\_\_  
AGREEMENT NO. \_\_\_\_\_**

UPON MOTION OF DIRECTOR \_\_\_\_\_, SECONDED BY  
DIRECTOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY  
THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD \_\_\_\_\_  
\_\_\_\_\_, BY THE FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST:

BY: \_\_\_\_\_

\* \* \* \* \*

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**ACTUALS VS. BUDGETED REVENUES & EXPENSES**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014**

	Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
<b>REVENUE</b>				
<b>TOTAL REVENUE</b>	<b>\$24,809,414</b>	<b>\$26,532,920</b>	<b>\$1,723,506</b>	<b>7%</b>
<b>EXPENSES: Fixed</b>				
1 Specific & Aggregate Stop Loss Insurance (PPO)	172,742	161,555	11,187	6%
2 Anthem ASO Administration & Network Fees (PPO)	355,947	342,126	13,821	4%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	162,079	175,133	(13,054)	(8%)
4 GBS Consulting	107,364	111,492	(4,128)	(4%)
5 SJVIA Administration	61,077	83,340	(22,263)	(36%)
6 Wellness	69,268	5,300	63,968	92%
7 Communications	13,854	0	13,854	100%
8 Anthem HMO Pooling	391,503	332,112	59,391	15%
9 Anthem HMO Administration/Retention	779,072	1,042,854	(263,782)	(34%)
10 ACA Reinsurance (PPO)	83,754	31,826	51,928	62%
<b>TOTAL FIXED EXPENSES</b>	<b>2,196,660</b>	<b>2,285,738</b>	<b>(89,078)</b>	<b>(4%)</b>
<b>EXPENSES: Claims</b>				
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	16,099,430	16,790,210	(690,780)	(4%)
12 Anthem MMP HMO Capitation	4,306,470	3,952,295	354,175	8%
<b>TOTAL CLAIMS EXPENSES</b>	<b>20,405,900</b>	<b>20,742,505</b>	<b>(336,605)</b>	<b>(2%)</b>
<b>EXPENSES: Premiums</b>				
13 Delta Dental	1,262,996	1,448,803	(185,807)	(15%)
14 Vision Service Plan	246,974	236,129	10,845	4%
15 Kaiser Permanente	1,435,514	1,390,267	45,247	3%
<b>TOTAL PREMIUM EXPENSES</b>	<b>2,945,484</b>	<b>3,075,199</b>	<b>(129,715)</b>	<b>(4%)</b>
<b>TOTAL EXPENSES</b>	<b>25,548,044</b>	<b>26,103,442</b>	<b>(555,398)</b>	<b>(2%)</b>
16 Reserve Deficit/Surplus	(738,630)	429,478	1,168,108	158%
<b>COMBINED EXPENSES &amp; RESERVES</b>	<b>\$24,809,414</b>	<b>\$26,532,920</b>	<b>\$1,723,506</b>	<b>7%</b>

\*The approved budget contains assumptions that may differ throughout the fiscal year. The budget amounts presented in this report are estimates, and are presented irrespective of the timing of those assumptions.

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**

**ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - REVENUES & EXPENSES  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014**

**Year-To-Date**

**FY14-15**

**Revenue\*\***

**Expenses:**

- Auditor-Treasurer Services
- County Counsel Services
- Personnel Services
- Membership Fees
- Insurance (Liability, Bond, Etc)
- Audit Fees
- Bank Service Fees
- Wellness
- Communications

**Total Expenses**

**Administration, Wellness & Communications  
Deficit/Surplus**

<b>SJVIA FEES</b>		
<b>Administration (*Line 5)</b>	<b>Wellness (*Line 6)</b>	<b>Communications (*Line 7)</b>
\$69,196	\$78,083	\$14,824
32,788		
1,367		
15,621		
30,278		
3,286		
	5,300	
83,340	5,300	
(\$14,144)	\$72,783	\$14,824

\*Total expenses for each column correspond to the line number shown on the "ACTUALS VS. BUDGETED REVENUES & EXPENSES" report.

\*\*Revenue consists of fees collected from enrollees at the following rates per employee per month: \$4.00 for administration(\$2.00 for SJVIA administration fees & \$2.00 for non-founding member fees), \$2.50 for wellness fees & \$.50 for communications fees.

**San Joaquin Valley Insurance Authority**  
**Schedule of Cash Flow by Month**  
**For the Three Months Ended September 30, 2014**

	JULY	AUGUST	SEPTEMBER	TOTAL
<b>BEGINNING CASH BALANCES:</b>				
Claims Funding Account	\$ 569,349	\$ 109,928	\$ 193,870	\$ 569,349
Fixed Cost Account	1,377,314	2,474,229	2,498,368	1,377,314
Claims Reserve Account	189,819	1,552,818	1,014,679	189,819
Investment Pool-Note 1	5,065,073	5,078,099	5,078,099	5,065,073
<b>Total Beginning Balances</b>	<b>7,201,555</b>	<b>9,215,074</b>	<b>8,785,016</b>	<b>7,201,555</b>
<b>RECEIPTS:</b>				
Claims Funding Account	5,605,961	3,690,907	5,333,659	14,630,527
Fixed Cost Account	4,062,691	3,188,275	3,192,934	10,443,900
Claims Reserve Account	9,385,605	5,498,291	8,002,374	22,886,270
Investment Pool	13,026	-	-	13,026
	19,067,283	12,377,473	16,528,967	47,973,723
<b>DISBURSEMENTS:</b>				
Claims Funding Account	6,065,382	3,606,965	5,191,001	14,863,348
Fixed Cost Account	2,965,776	3,164,136	5,228,777	11,358,689
Claims Reserve Account	8,022,606	6,036,430	7,693,552	21,752,588
Investment Pool	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>17,053,764</b>	<b>12,807,531</b>	<b>18,113,330</b>	<b>47,974,625</b>
<b>ENDING CASH BALANCES:</b>				
Claims Funding Account	109,928	193,870	336,528	336,528
Fixed Cost Account	2,474,229	2,498,368	462,525	462,525
Claims Reserve Account	1,552,818	1,014,679	1,323,501	1,323,501
Investment Pool	5,078,099	5,078,099	5,078,099	5,078,099
<b>Total Ending Balances</b>	<b>\$ 9,215,074</b>	<b>\$ 8,785,016</b>	<b>\$ 7,200,653</b>	<b>\$ 7,200,653</b>

Note 1: The SJVIA invested \$5 million into the County of Tulare investment pool on December 21, 2012. The yield paid during the quarter ended 9/30/14 was 1.03% with quarterly earnings of \$13,026.

## Glossary of Terms:

### 1 **Specific & Aggregate Stop Loss Insurance (PPO)**

Specific: Insurance coverage for eligible individual specific claims in excess of the \$450,000 plan year deductible up to the lifetime maximum of \$6 million.

Aggregate: Insurance coverage for eligible claims under the specific deductible on the aggregated amount for all member claims

### 2 **Anthem ASO Administration & Network Fees (PPO):**

ASO is "Administrative Services Only". This definition includes Anthem Blue Cross administration fees and includes access fees to use the Blue Cross network of providers. This is the administration fee for the PPO plan(s), not the HMO plan.

### 3 **Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)**

Chimienti & Associates is an independent vendor providing consolidated billing, eligibility, automated enrollment and Section 125 administrative services. Hourglass and ASI are subcontractors to Chimienti Associates that assist in these administrative processes. This line is for non-Kaiser business.

### 4 **GBS Consulting**

Gallagher Benefit Services (GBS) is a national benefit consultant who provides professional guidance to SJVIA and respective members concerning health plan matters including but not limited to compliance, underwriting, renewal bidding, employee communication, cost analysis, actuarial, etc. GBS played a significant role in the formation and establishment of SJVIA.

### 5 **SJVIA Administration**

This rate category is for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

### 6 **Wellness**

This rate category is for special claims management services and may include some wellness applications that are outside and additional to the claims management services provided by the insurance company.

### 7 **Communications**

This rate category is for special employee communication materials and prospective new City/County member promotional materials. It may include fees for maintaining a presence at such trade associations as CALPELRA, etc.

### 8 **Anthem HMO Pooling**

This is for the specific stop loss pooling insurance for claims in excess of \$400k within the HMO (not PPO).

### 9 **Anthem HMO Administration/Retention**

Anthem Blue Cross administration fees and includes access fees to use the Blue Cross network of providers for the HMO plan.

### 10 **ACA Reinsurance (PPO)**

The Affordable Care Act (ACA) includes the following fees on insurance plans: 1) Patient Centered Outcomes Research Institute (PCORI) - this fee is \$2.00 per covered member per year. 2) Transitional Reinsurance Fee - this fee is \$63.00 per covered member per year.

### 11 **Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO**

Projected self-insured PPO claims for medical and Rx and non-capitated HMO claims (hospital).

### 12 **Anthem MPP HMO Capitation**

Amount paid in advance of services on a fixed per member per month basis for professional services (physician) as part of the HMO.

### 13 **Delta Dental**

Premium for entities covered under the SJVIA Delta Dental program.

### 14 **Vision Service Plan**

Premium for entities covered under the SJVIA VSP Vision program.

### 15 **Kaiser Permanente**

Premium for entities covered under the SJVIA Kaiser HMO program

### 16 **Reserve Surplus/Deficit**

Excess revenue over claims, premiums and fixed costs.