



SJVIA

San Joaquin Valley
Insurance Authority

BOARD OF DIRECTORS

ANDREAS BORGES
JUDITH CASE MC NAIRY
MIKE ENNIS
STEVE WORTHLEY
PHIL LARSON
DEBORAH POOCHIGIAN
PETE VANDER POEL

Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93921
February 21, 2014
9:00 AM

AGENDA DATE: February 21, 2014

ITEM NUMBER: 6

SUBJECT: Quarterly SJVIA Financial Update

REQUEST(S): That the Board receives the Financial Update through 2nd Quarter,
2013-14

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 AND SIX MONTHS ENDED DECEMBER 31, 2013

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
REVENUE								
TOTAL REVENUE	\$22,091,525	\$21,863,746	(\$227,779)	(1%)	\$44,183,051	\$42,960,821	(\$1,222,230)	(3%)
EXPENSES: Fixed								
1 Specific & Aggregate Stop Loss Insurance (PPO)	159,947	144,369	15,578	10%	319,893	283,583	36,310	11%
2 Anthem ASO Administration & Network Fees (PPO)	319,666	322,249	(2,583)	(1%)	639,331	633,296	6,035	1%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	173,433	173,906	(473)	(0%)	346,866	331,113	15,753	5%
4 GBS Consulting	103,800	111,167	(7,367)	(7%)	207,600	212,067	(4,467)	(2%)
5 SJVIA Administration	91,604	132,054	(40,450)	(44%)	183,208	161,640	21,568	12%
6 Wellness	66,705	17,005	49,700	75%	133,410	23,050	110,360	83%
7 Communications	13,341	0	13,341	100%	26,682	766	25,916	97%
8 Anthem HMO Pooling	334,742	357,438	(22,696)	(7%)	669,485	665,717	3,768	1%
9 Anthem HMO Administration/Retention	589,511	615,187	(25,676)	(4%)	1,179,021	1,149,085	29,936	3%
TOTAL FIXED EXPENSES	1,852,749	1,873,375	(20,626)	(1%)	3,705,496	3,460,317	245,179	7%
EXPENSES: Claims								
10 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	14,791,874	14,181,529	610,345	4%	29,583,747	28,867,417	716,330	2%
11 Anthem MMP HMO Capitation	4,042,085	4,226,648	(184,563)	(5%)	8,084,170	7,891,142	193,028	2%
TOTAL CLAIMS EXPENSES	18,833,959	18,408,177	425,782	2%	37,667,917	36,758,559	909,358	2%
EXPENSES: Premiums								
12 Delta Dental	1,306,578	1,428,745	(122,167)	(9%)	2,613,156	2,743,294	(130,138)	(5%)
13 Vision Service Plan	219,431	243,494	(24,063)	(11%)	438,861	462,663	(23,802)	(5%)
TOTAL PREMIUM EXPENSES	1,526,009	1,672,239	(146,230)	(10%)	3,052,017	3,205,957	(153,940)	(5%)
TOTAL EXPENSES	22,212,717	21,953,791	258,926	1%	44,425,430	43,424,833	1,000,597	2%
14 Reserve Deficit	(121,192)	(90,045)	31,147	26%	(242,379)	(464,012)	(221,633)	(91%)
COMBINED EXPENSES & RESERVES	\$22,091,525	\$21,863,746	(\$227,779)	(1%)	\$44,183,051	\$42,960,821	(\$1,222,230)	(3%)

*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 AND SIX MONTHS ENDED DECEMBER 31, 2013

	Current Quarter			Year-To-Date		
	SJVIA FEES			SJVIA FEES		
	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)	Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)
<u>FY13-14</u>						
Revenue**	\$56,386	\$67,483	\$13,097	\$111,664	\$131,942	\$25,181
Expenses:						
Auditor-Treasurer Services	68,133			68,133		
County Counsel Services	3,429			4,129		
Personnel Services	19,072			19,072		
Membership Fees						
Insurance (Liability, Bond, Etc)	30,292			49,662		
Audit Fees	7,000			7,925		
Bank Service Fees	4,128			8,131		
Excise Tax				4,588		
Wellness		17,005			23,050	
Communications						766
Total Expenses	132,054	17,005		161,640	23,050	766
Administration, Wellness & Communications Deficit/Surplus	(\$75,668)	\$50,478	\$13,097	(\$49,976)	\$108,892	\$24,415

*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.

SJVIA
Schedule of Cash Flow by Month
For the Six Months Ended December 31, 2013

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
BEGINNING CASH BALANCES:							
Claims Funding Account-844535294	\$551,069	\$369,448	\$784,967	\$524,872	\$423,437	\$629,363	\$551,069
Fixed Cost Account-844535120	322,321	613,622	304,292	349,020	34,572	332,421	322,321
Claims Reserve Account-428255819	4,266,377	4,832,847	3,333,752	3,907,007	2,571,442	3,529,897	4,266,377
Total Beginning Balances	5,139,767	5,815,917	4,423,011	4,780,899	3,029,451	4,491,681	5,139,767
RECEIPTS:							
Claims Funding Account-844535294	2,673,807	4,395,424	3,273,144	3,696,488	3,513,644	3,702,300	21,254,807
Fixed Cost Account-844535120	2,244,415	2,348,918	2,300,236	3,425,918	3,067,577	2,320,277	15,707,341
Claims Reserve Account-428255819	4,916,508	4,427,610	5,206,785	4,900,900	5,328,350	5,626,514	30,406,667
TOTAL RECEIPTS	9,834,730	11,171,952	10,780,165	12,023,306	11,909,571	11,649,091	67,368,815
DISBURSEMENTS:							
Claims Funding Account-844535294	2,855,428	3,979,905	3,533,239	3,797,923	3,307,718	3,762,344	21,236,557
Fixed Cost Account-844535120	1,953,114	2,658,248	2,255,508	3,740,366	2,769,728	2,316,333	15,693,297
Claims Reserve Account-428255819	4,350,038	5,926,705	4,633,530	6,236,465	4,369,895	5,183,971	30,700,604
TOTAL DISBURSEMENTS	9,158,580	12,564,858	10,422,277	13,774,754	10,447,341	11,262,648	67,630,458
ENDING CASH BALANCES:							
Claims Funding Account-844535294	369,448	784,967	524,872	423,437	629,363	569,319	569,319
Fixed Cost Account-844535120	613,622	304,292	349,020	34,572	332,421	336,365	336,365
Claims Reserve Account-428255819	4,832,847	3,333,752	3,907,007	2,571,442	3,529,897	3,972,440	3,972,440
Total Ending Balances	\$5,815,917	\$4,423,011	\$4,780,899	\$3,029,451	\$4,491,681	\$4,878,124	\$4,878,124
Investments:							
Total Ending Balances	\$5,027,974	\$5,027,974	\$5,039,948	\$5,039,948	\$5,039,948	\$5,053,890	\$5,053,890

The SJVIA invested \$5 million into the County of Tulare pool on December 21, 2012. These funds were moved from the JP Morgan Chase "Claims Reserve Account". The yield earned for the quarter ended 12/31/13 was 1.10% with quarterly earnings of \$13,942.

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 **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).

11 **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.

12 **Delta Dental**

Premium for entities covered under the SJVIA Delta Dental program.

13 **Vision Service Plan**

Premium for entities covered under the SJVIA VSP Vision program.

14 **Reserve Surplus/Deficit**

Projected excess revenue over projected claims, premiums and fixed costs.