



SJVIA

San Joaquin Valley
Insurance Authority

BOARD OF DIRECTORS

ANDREAS BORGEAS
JUDITH CASE MCNAIRY
MIKE ENNIS
PHIL LARSON
DEBORAH POOCHIGIAN
PETE VANDER POEL
STEVE WORTHLEY

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: 9

SUBJECT: Revised 2013-14 Fiscal Year Budget

REQUEST(S): That the Board approve the revised budget for the 2013-14 Fiscal Year

DESCRIPTION:

On September 6, 2013 your Board approved the budget for the 2013-14 fiscal year commencing July 1, 2013. Since then, the final 2014 stop loss rates came in lower than projected, several entities joined the SJVIA, Kaiser was added as an option and open enrollment changes for the 2014 plan year have been finalized. Specific changes to the proposed revised 2013-14 budget include:

- Decrease from previously approved 2014 stop loss rates:
 - Specific – from \$14.68 to \$12.92 Per Employee Per Month
 - Aggregate – \$.85 (no change)
- Updated eligibility effective January 1, 2014
 - The overall number of employees included in the budget increased from 8,911 to 9,199.
 - HMO enrollment increased 1.9%
 - PPO enrollment increased 5.0%

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 21, 2014

- Addition of the following groups to the SJVIA
 - The City of Gustine – October 1, 2013 (20 participants)
 - The City of Reedley – January 1, 2014 (93 participants)
 - The City of Riverbank – January 1, 2014 (37 participants)
 - The City of Newman – January 1, 2014 (24 participants)
 - The City of Farmersville – January 1, 2014 (63 participants)
 - The City of Wasco – January 1, 2014 (59 participants)
- Addition of Kaiser plans for the County of Fresno, County of Tulare and the cities of Reedley and Ceres.

For your reference, attached is a copy of the proposed revised 2013-14 budget (Exhibit A) and the adopted 2013-14 budget (Exhibit B).

FISCAL IMPACT/FINANCING:

It is estimated that revenue will increase by \$6,231,847 or 7% and expenses are estimated to increase by \$6,219,180 or 6.9%. Consistent with the Board's prior direction at the September 6, 2013 SJVIA Board Meeting, the revised budget reflects the use of reserves in the amount of \$2.6 million to mitigate a portion of the premium increase in the 2014 plan year.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager

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

IN THE MATTER OF Revised 2013-14 Fiscal Year Budget

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: _____

* * * * *

That the Board approved the revised budget for the 2013-14 Fiscal Year

SJVIA 2013 - 2014 FISCAL BUDGET - REVISED

REVENUE

SJVIA Health Plan Revenue		
Medical & Rx	\$	83,720,643
Dental	\$	5,454,060
Vision	\$	943,266
Kaiser Premium	\$	4,479,980
TOTAL REVENUE		\$ 94,597,948

EXPENSES: Fixed

1 Specific & Aggregate Stop Loss Insurance (PPO)		
2 Administration & Network Fees (PPO)	\$	615,764
3 Chimienti Associates/Hourglass Administration (PPO & Anthem HMO)	\$	1,312,027
4 GBS Consulting	\$	705,900
5 SJVIA Association Fee	\$	434,400
6 SJVIA Non-Founding Member Fee	\$	217,200
7 Wellness/Communications	\$	18,816
8 Anthem HMO Pooling	\$	325,800
9 Anthem HMO Administration/Retention	\$	1,354,993
10 ACA Reinsurance (PPO)	\$	2,385,791
11 ACA Reinsurance (HMO)	\$	162,588
12 ACA Insurer Fee (HMO)	\$	355,699
TOTAL FIXED EXPENSES	\$	695,756
		\$ 8,584,735

EXPENSES: Claims

13 Projected Paid Claims PPO		
14 Projected Non-Cap HMO Claims	\$	26,940,180
15 Anthem MMP HMO Capitation (Fixed Claims Cost)	\$	33,330,872
TOTAL CLAIMS EXPENSES		\$ 16,359,367
		\$ 76,630,419

16 Delta Dental		
17 VSP	\$	5,454,060
18 Kaiser Permanente	\$	943,266
		\$ 4,479,980
		\$ 10,877,306

TOTAL PROJECTED EXPENSES

\$ 96,092,460

Beginning Reserve		\$ 10,055,460
Add - Revenue	\$	94,597,948
Less - Expenses	\$	(96,092,460)
Equals - Ending Reserves	\$	8,560,949

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 Association Fee

The association fee will be used by SJVIA for administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

6 SJVIA Non-Founding Member Fee

This additional fee will be assessed to non-founding member entities and be used to offset administrative, management, legal, accounting and other services needed to effectively establish and maintain proper functioning of the Joint Powers Authority.

7 Wellness

This rate category is earmarked 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 earmarked 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 ACA Reinsurance (HMO)

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.

12 ACA Insurer Fee (HMO)

The Affordable Care Act (ACA) levys a new tax on insurers of approximately 2.5% of total premiums. Since the SJVIA is self-insured for the PPO membership, this tax is only collected on the HMO membership.

13 Projected Paid Claims PPO

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

14 Projected Non-Cap HMO Claims

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

15 Anthem MMP 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

16 Delta Dental

Premium for entities covered under the SJVIA Delta Dental program

17 VSP

Premium for entities covered under the SJVIA VSP Vision program

18 Kaiser Permanente

Premium for entities covered under the SJVIA Kaiser HMO program