



SJVIA

San Joaquin Valley
Insurance Authority

BOARD OF DIRECTORS

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

Meeting Location:
Fresno County Employee Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
April 25, 2014
9:00 AM

AGENDA DATE: April 25, 2014

ITEM NUMBER: 6

SUBJECT: Quarterly SJVIA financial update

REQUEST(S): That the Board receives the financial update through 3rd 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 NINE MONTHS ENDED MARCH 31, 2014

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
REVENUE								
TOTAL REVENUE	\$23,649,487	\$23,288,908	(\$360,579)	(2%)	\$70,948,462	\$66,512,909	(\$4,435,553)	(6%)
EXPENSES: Fixed								
1 Specific & Aggregate Stop Loss Insurance (PPO)	153,941	160,862	(6,921)	(4%)	461,823	444,487	17,336	4%
2 Anthem ASO Administration & Network Fees (PPO)	328,007	340,754	(12,747)	(4%)	984,020	974,135	9,885	1%
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	176,475	165,466	11,009	6%	529,425	497,307	32,118	6%
4 GBS Consulting	108,600	116,445	(7,845)	(7%)	325,800	328,930	(3,130)	(1%)
5 SJVIA Administration	59,004	81,335	(22,331)	(38%)	177,012	238,389	(61,377)	(35%)
6 Wellness	67,875	10,725	57,150	84%	203,625	33,775	169,850	83%
7 Communications	13,575	25,506	(11,931)	(88%)	40,725	26,272	14,453	35%
8 Anthem HMO Pooling	338,748	328,300	10,448	3%	1,016,245	996,153	20,092	2%
9 Anthem HMO Administration/Retention	859,312	959,599	(100,287)	(12%)	2,577,935	2,115,532	462,403	18%
10 ACA Reinsurance (PPO)	40,647	0	40,647	100%	121,941	4,588	117,353	96%
TOTAL FIXED EXPENSES	2,146,184	2,188,992	(42,808)	(2%)	6,438,551	5,659,568	778,983	12%
EXPENSES: Claims								
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	15,067,763	13,668,546	1,399,217	9%	45,203,289	42,604,234	2,599,055	6%
12 Anthem MMP HMO Capitation	4,089,842	3,927,230	162,612	4%	12,269,525	11,843,796	425,729	3%
TOTAL CLAIMS EXPENSES	19,157,605	17,595,776	1,561,829	8%	57,472,814	54,448,030	3,024,784	5%
EXPENSES: Premiums								
13 Delta Dental	1,363,515	1,454,159	(90,644)	(7%)	4,090,545	4,197,453	(106,908)	(3%)
14 Vision Service Plan	235,817	234,440	1,377	1%	707,450	699,208	8,242	1%
15 Kaiser Permanente	1,119,995	1,144,911	(24,916)	(2%)	3,359,985	1,160,996	2,198,989	65%
TOTAL PREMIUM EXPENSES	2,719,327	2,833,510	(114,183)	(4%)	8,157,980	6,057,657	2,100,323	26%
TOTAL EXPENSES	24,023,116	22,618,278	1,404,838	6%	72,069,345	66,165,255	5,904,090	8%
16 Reserve Deficit/Surplus	(373,629)	670,630	1,044,259	279%	(1,120,883)	347,654	1,468,537	131%
COMBINED EXPENSES & RESERVES	\$23,649,487	\$23,288,908	(\$360,579)	(2%)	\$70,948,462	\$66,512,909	(\$4,435,553)	(6%)

*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 NINE MONTHS ENDED MARCH 31, 2014

Current Quarter

Year-To-Date

SJVIA FEES			
Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)	
Revenue**	\$58,992	\$67,677	\$12,938
Expenses:			
Auditor-Treasurer Services	26,186		
County Counsel Services	757		
Personnel Services	12,025		
Membership Fees			
Insurance (Liability, Bond, Etc)	21,782		
Audit Fees	16,575		
Bank Service Fees	4,010		
Wellness		10,725	
Communications			25,506
Total Expenses	81,335	10,725	25,506
Administration, Wellness & Communications Deficit/Surplus	(\$22,343)	\$56,952	(\$12,568)

SJVIA FEES			
Administration (*Line 5)	Wellness (*Line 6)	Communications (*Line 7)	
Revenue**	\$171,776	\$200,319	\$38,259
Expenses:			
Auditor-Treasurer Services	94,318		
County Counsel Services	4,886		
Personnel Services	31,097		
Membership Fees			
Insurance (Liability, Bond, Etc)	71,444		
Audit Fees	24,500		
Bank Service Fees	12,144		
Wellness		33,775	
Communications			26,272
Total Expenses	238,389	33,775	26,272
Administration, Wellness & Communications Deficit/Surplus	(\$66,613)	\$166,544	\$11,987

*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 Nine Months Ended March 31, 2014

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	TOTAL
BEGINNING CASH BALANCES:										
Claims Funding Account-844535294	\$551,069	\$369,448	\$784,967	\$524,872	\$423,437	\$629,363	\$569,319	\$221,587	\$707,709	\$551,069
Fixed Cost Account-844535120	322,321	613,622	304,292	349,020	34,572	332,421	336,365	2,343,369	2,433,788	322,321
Claims Reserve Account-428255819	4,266,377	4,832,847	3,333,752	3,907,007	2,571,442	3,529,897	3,972,440	3,300,870	4,182,023	4,266,377
Total Beginning Balances	5,139,767	5,815,917	4,423,011	4,780,899	3,029,451	4,491,681	4,878,124	5,865,826	7,323,520	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	2,678,747	2,600,291	3,974,737	30,508,582
Fixed Cost Account-844535120	2,244,415	2,348,918	2,300,236	3,425,918	3,067,577	2,320,277	4,268,308	4,522,568	5,654,974	30,153,191
Claims Reserve Account-428255819	4,916,508	4,427,610	5,206,785	4,900,900	5,328,350	5,626,514	3,439,500	5,033,656	5,830,753	44,710,576
TOTAL RECEIPTS	9,834,730	11,171,952	10,780,165	12,023,306	11,909,571	11,649,091	10,386,555	12,156,515	15,460,464	105,372,349
DISBURSEMENTS:										
Claims Funding Account-844535294	2,855,428	3,979,905	3,533,239	3,797,923	3,307,718	3,762,344	3,026,479	2,114,169	4,374,200	30,751,405
Fixed Cost Account-844535120	1,953,114	2,658,248	2,255,508	3,740,366	2,769,728	2,316,333	2,261,304	4,432,149	5,635,857	28,022,607
Claims Reserve Account-428255819	4,350,038	5,926,705	4,633,530	6,236,465	4,369,895	5,183,971	4,111,070	4,152,503	6,374,329	45,338,506
TOTAL DISBURSEMENTS	9,158,580	12,564,858	10,422,277	13,774,754	10,447,341	11,262,648	9,398,853	10,698,821	16,384,386	104,112,518
ENDING CASH BALANCES:										
Claims Funding Account-844535294	369,448	784,967	524,872	423,437	629,363	569,319	221,587	707,709	308,246	308,246
Fixed Cost Account-844535120	613,622	304,292	349,020	34,572	332,421	336,365	2,343,369	2,433,788	2,452,905	2,452,905
Claims Reserve Account-428255819	4,832,847	3,333,752	3,907,007	2,571,442	3,529,897	3,972,440	3,300,870	4,182,023	3,638,447	3,638,447
Total Ending Balances	\$5,815,917	\$4,423,011	\$4,780,899	\$3,029,451	\$4,491,681	\$4,878,124	\$5,865,826	\$7,323,520	\$6,399,598	\$6,399,598
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	\$5,053,890	\$5,065,073	\$5,065,073

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 3/31/14 was .90% with quarterly earnings of \$11,183.

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) 2) Transitional Reinsurance Fee

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.