



# SJVIA

San Joaquin Valley  
Insurance Authority

## BOARD OF DIRECTORS

ANDREAS BORGES  
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  
July 25, 2014  
9:00 AM

**AGENDA DATE:** July 25, 2014

**ITEM NUMBER:** 6

**SUBJECT:** Quarterly SJVIA financial update

**REQUEST(S):** That the Board receives the financial update through 4th quarter, 2013-14

**DESCRIPTION:** Informational item. Please see attached report.

**FISCAL IMPACT/FINANCING:** None.

**ADMINISTRATIVE SIGN-OFF:**

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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 TWELVE MONTHS ENDED JUNE 30, 2014**

	Current Quarter				Year-To-Date			
	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE	BUDGET*	ACTUALS	FAVORABLE/ (UNFAVORABLE)	% VARIANCE
<b>REVENUE</b>								
<b>TOTAL REVENUE</b>	<b>\$23,649,487</b>	<b>\$23,336,643</b>	<b>(\$312,844)</b>	<b>(1%)</b>	<b>\$94,597,949</b>	<b>\$90,261,194</b>	<b>(\$4,336,755)</b>	<b>(5%)</b>
<b>EXPENSES: Fixed</b>								
1 Specific & Aggregate Stop Loss Insurance (PPO)	153,941	165,876	(11,935)	(8%)	615,764	610,363	5,401	1%
2 Anthem ASO Administration & Network Fees (PPO)	328,007	350,823	(22,816)	(7%)	1,312,027	1,324,959	(12,932)	(1%)
3 Chimenti Associates/Hourglass Administration(PPO & Anthem HMO)	176,475	191,212	(14,737)	(8%)	705,900	688,518	17,382	2%
4 GBS Consulting	108,600	120,904	(12,304)	(11%)	434,400	449,833	(15,433)	(4%)
5 SJVIA Administration	59,004	66,999	(7,995)	(14%)	236,016	305,391	(69,375)	(29%)
6 Wellness	67,875	48,501	19,374	29%	271,500	82,276	189,224	70%
7 Communications	13,575	0	13,575	100%	54,300	26,272	28,028	52%
8 Anthem HMO Pooling	338,748	380,794	(42,046)	(12%)	1,354,993	1,376,947	(21,954)	(2%)
9 Anthem HMO Administration/Retention	859,312	1,208,579	(349,267)	(41%)	3,437,246	3,324,111	113,135	3%
10 ACA Reinsurance (PPO)	40,647	0	40,647	100%	162,588	4,588	158,000	97%
<b>TOTAL FIXED EXPENSES</b>	<b>2,146,184</b>	<b>2,533,688</b>	<b>(387,504)</b>	<b>(18%)</b>	<b>8,584,734</b>	<b>8,193,258</b>	<b>391,476</b>	<b>5%</b>
<b>EXPENSES: Claims</b>								
11 Projected Paid Medical & Rx Claims-PPO and Non-Cap HMO	15,067,763	17,402,478	(2,334,715)	(15%)	60,271,052	60,006,713	264,339	0%
12 Anthem MMP HMO Capitation	4,089,842	4,531,660	(441,818)	(11%)	16,359,367	16,375,456	(16,089)	(0%)
<b>TOTAL CLAIMS EXPENSES</b>	<b>19,157,605</b>	<b>21,934,138</b>	<b>(2,776,533)</b>	<b>(14%)</b>	<b>76,630,419</b>	<b>76,382,169</b>	<b>248,250</b>	<b>0%</b>
<b>EXPENSES: Premiums</b>								
13 Delta Dental	1,363,515	1,588,059	(224,544)	(16%)	5,454,060	5,785,512	(331,452)	(6%)
14 Vision Service Plan	235,817	263,405	(27,588)	(12%)	943,266	962,612	(19,346)	(2%)
15 Kaiser Permanente	1,119,995	1,413,973	(293,978)	(26%)	4,479,980	2,574,970	1,905,010	43%
<b>TOTAL PREMIUM EXPENSES</b>	<b>2,719,327</b>	<b>3,265,437</b>	<b>(546,110)</b>	<b>(20%)</b>	<b>10,877,306</b>	<b>9,323,094</b>	<b>1,554,212</b>	<b>14%</b>
<b>TOTAL EXPENSES</b>	<b>24,023,116</b>	<b>27,733,263</b>	<b>(3,710,147)</b>	<b>(15%)</b>	<b>96,092,459</b>	<b>93,898,521</b>	<b>2,193,938</b>	<b>2%</b>
16 Reserve Deficit	(373,629)	(4,396,620)	(4,022,991)	(1077%)	(1,494,510)	(3,637,327)	(2,142,817)	(143%)
<b>COMBINED EXPENSES &amp; RESERVES</b>	<b>\$23,649,487</b>	<b>\$23,336,643</b>	<b>(\$312,844)</b>	<b>(1%)</b>	<b>\$94,597,949</b>	<b>\$90,261,194</b>	<b>(\$4,336,755)</b>	<b>(5%)</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 AND TWELVE MONTHS ENDED JUNE 30, 2014**

**Current Quarter**

**Year-To-Date**

<b>SJVIA FEES</b>		
<b>Administration (*Line 5)</b>	<b>Wellness (*Line 6)</b>	<b>Communications (*Line 7)</b>
<b>Revenue**</b>	\$59,853	\$68,579
<b>Expenses:</b>		
Auditor-Treasurer Services	27,165	
County Counsel Services	4,181	
Personnel Services	13,327	
Membership Fees		
Insurance (Liability, Bond, Etc)	19,370	
Audit Fees		
Bank Service Fees	2,956	
Wellness		48,501
Communications		
<b>Total Expenses</b>	<b>66,999</b>	<b>48,501</b>
<b>Administration, Wellness &amp; Communications Deficit/Surplus</b>	<b>(\$7,146)</b>	<b>\$20,078</b>

<b>SJVIA FEES</b>		
<b>Administration (*Line 5)</b>	<b>Wellness (*Line 6)</b>	<b>Communications (*Line 7)</b>
\$233,117	\$270,042	\$51,597
121,483		
9,067		
44,424		
90,814		
24,500		
15,103		
	82,276	
		26,272
<b>305,391</b>	<b>82,276</b>	<b>26,272</b>
<b>(\$72,274)</b>	<b>\$187,766</b>	<b>\$25,325</b>

\*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 Twelve Months Ended June 30, 2014

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
<b>BEGINNING CASH BALANCES:</b>													
Claims Funding Account-844535294	\$551,069	\$369,448	\$784,967	\$524,872	\$423,437	\$629,363	\$569,319	\$221,587	\$707,709	\$308,246	\$75,336	\$839,907	\$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	2,452,905	1,326,052	3,968,213	322,321
Claims Reserve Account-428255819	<u>4,266,377</u>	<u>4,832,847</u>	<u>3,333,752</u>	<u>3,907,007</u>	<u>2,571,442</u>	<u>3,529,897</u>	<u>3,972,440</u>	<u>3,300,870</u>	<u>4,182,023</u>	<u>3,638,447</u>	<u>3,597,022</u>	<u>1,391,620</u>	<u>4,266,377</u>
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	6,399,598	4,998,410	6,199,740	5,139,767
<b>RECEIPTS:</b>													
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	3,355,440	5,380,340	4,389,538	43,633,900
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	4,511,174	5,715,101	4,640,545	45,020,011
Claims Reserve Account-428255819	<u>4,916,508</u>	<u>4,427,610</u>	<u>5,206,785</u>	<u>4,900,900</u>	<u>5,328,350</u>	<u>5,626,514</u>	<u>3,439,500</u>	<u>5,033,656</u>	<u>5,830,753</u>	<u>5,021,662</u>	<u>4,795,143</u>	<u>5,571,245</u>	<u>60,098,626</u>
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	12,888,276	15,890,584	14,601,328	148,752,537
<b>DISBURSEMENTS:</b>													
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	3,588,350	4,615,769	4,660,095	43,615,619
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	5,638,027	3,072,940	7,231,444	43,965,018
Claims Reserve Account-428255819	<u>4,350,038</u>	<u>5,926,705</u>	<u>4,633,530</u>	<u>6,236,465</u>	<u>4,369,895</u>	<u>5,183,971</u>	<u>4,111,070</u>	<u>4,152,503</u>	<u>6,374,329</u>	<u>5,063,087</u>	<u>7,000,545</u>	<u>6,773,047</u>	<u>64,175,185</u>
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	14,289,464	14,689,254	18,664,586	151,755,822
<b>ENDING CASH BALANCES:</b>													
Claims Funding Account-844535294	369,448	784,967	524,872	423,437	629,363	569,319	221,587	707,709	308,246	75,336	839,907	569,350	569,350
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	1,326,052	3,968,213	1,377,314	1,377,314
Claims Reserve Account-428255819	<u>4,832,847</u>	<u>3,333,752</u>	<u>3,907,007</u>	<u>2,571,442</u>	<u>3,529,897</u>	<u>3,972,440</u>	<u>3,300,870</u>	<u>4,182,023</u>	<u>3,638,447</u>	<u>3,597,022</u>	<u>1,391,620</u>	<u>189,818</u>	<u>189,818</u>
Total Ending Balances	<u>\$5,815,917</u>	<u>\$4,423,011</u>	<u>\$4,780,899</u>	<u>\$3,029,451</u>	<u>\$4,491,681</u>	<u>\$4,878,124</u>	<u>\$5,865,826</u>	<u>\$7,323,520</u>	<u>\$6,399,598</u>	<u>\$4,998,410</u>	<u>\$6,199,740</u>	<u>\$2,136,482</u>	<u>\$2,136,482</u>
<b>Investments:</b>													
Total Ending Balances	<u>\$5,027,974</u>	<u>\$5,027,974</u>	<u>\$5,039,948</u>	<u>\$5,039,948</u>	<u>\$5,039,948</u>	<u>\$5,053,890</u>	<u>\$5,053,890</u>	<u>\$5,053,890</u>	<u>\$5,065,073</u>	<u>\$5,065,073</u>	<u>\$5,065,073</u>	<u>\$5,078,099</u>	<u>\$5,078,099</u>

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 6/30/14 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) 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.