



BOARD OF DIRECTORS

STEVE BRANDAU
KUYLER CROCKER
NATHAN MAGSIG
BUDDY MENDES
BRIAN PACHECO
AMY SHUKLIAN
PETE VANDER POEL

Meeting Location:
County of Tulare
Board of Supervisors Chambers
2800 W. Burrel Avenue
Visalia, CA 93291

AGENDA DATE: December 11, 2020

ITEM NUMBER: Item 10

SUBJECT: Receive Consultant's Medical, Dental, and Vision Experience Reports through October 2020 with Update on Projected Plan Experience Surplus Accumulation and Projections (I)

REQUEST(S): That the Board receive the consultant's medical, dental, and vision experience reports through October 2020 and update on projected plan experience accumulation.

DESCRIPTION:

The report shows that on a total cost basis from January through October 2020, the medical premium of \$68,144,046 exceeded total cost of \$63,130,703 for an accumulation of \$5,013,341, or a 92.6% loss ratio. It is important to note that plan experience during the COVID-19 pandemic is unprecedented as is how the experience will be after the pandemic.

The dental PPO plan became self-insured in 2019. The report shows that on a total cost basis, the dental premium of \$4,018,598 exceeded total cost of \$3,213,098 for an accumulation of \$805,501, or an 80.0% loss ratio.

The vision plan remains fully-insured and has an accumulation of \$98,871. Under the fully-insured arrangement all deficit or surplus positions stay with the carrier.

Keenan projected a \$6,553,714 accumulation for the 2020 plan year. The accumulation is built from premium exceeding plan costs, built-in margin on the Kaiser plan, prescription drug rebates, and other sources. In total, \$12,558,960 or 191.6% of the annual total has been realized through October 2020.

AGENDA: San Joaquin Valley Insurance Authority

DATE: December 11, 2020

Please note this is the consultant's report and, prior to allocating funds for IBNR and stabilization reserves and to provide loan repayment, the SJVIA Auditor will provide the unaudited reserve accumulation based on actual revenue received and actual expenses paid.

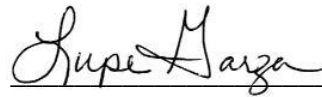
FISCAL IMPACT/FINANCING:

The 2020 plan year experience through October developed a \$5,013,341 medical accumulation and an \$805,501 dental accumulation for a total of \$5,818,842. These numbers include the realization of IBNR as paid claims for groups and coverage that have terminated. The addition of the prescription drug rebates of \$1,930,199, Kaiser reserve of \$683,481, and Kaiser EPO parity reserve of \$3,036,841, Voya 2018 year-end accounting on reinsurance of \$111,779, and the Anthem 2017 HMO final-accounting of \$977,819 brings the collective total reserve accumulation up to \$12,558,960 (based on the Consultant's report; the Auditor will provide the unaudited reserve accumulation based on actual revenue received and actual expenses paid).

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Lupe Garza
SJVIA Assistant Manager