



February 21, 2020

**SJVIA Board Meeting: Consultant’s Report on Medical, Dental, and Vision Experience Through December 2019**

The following pages provide a summary of the plan experience from January 1 through December 31, 2019 for the self-funded medical and the self-funded dental plans, as well as the fully-insured vision plan (Kaiser and Delta Dental DHMO experience is not available). The Anthem self-funded medical plan showed a surplus of \$1,705,555 for a 97.9% total cost loss ratio. This includes paying the second-year runout claims on the discontinued Anthem HMO and the two cities which terminated effective January 1, 2018.

<b>Buildup</b>	<b>COF</b>	<b>COT</b>	<b>COM</b>	<b>Total</b>
Medical	\$ (429,843)	\$ 1,945,860	\$ 189,539	\$ 1,705,555
Dental	\$ 380,988	\$ 121,542	\$ -	\$ 502,532
Total	\$ (48,855)	\$ 2,067,402	\$ 189,539	\$ 2,208,086
Loss Ratio				
Medical	100.8%	93.1%	75.3%	97.9%
Dental	88.5%	90.7%	n/a	89.1%

The County of Fresno’s EPO is the loss leader increasing its deficit position from -\$3,700,657 as reported through September 2019, to -\$3,995,773 deficit position.

For 2019, the County of Fresno elected to pass on a common renewal among its EPO, PPO, and HDHP plans. The EPO plan received a common 6.54% increase in lieu of the 11.85% specific EPO renewal. The expectation for 2019 was that the EPO plan would perform at a -\$883,971 deficit position while the PPO and HDHP plans would make up the deficit difference. For 2019, these two plans contributed \$3,671,149 towards reserve accumulation.

For 2020, the County of Fresno has elected a parity strategy which sets the EPO and Kaiser rates the same. This strategy will attempt to draw healthier lives back into the EPO and have the Kaiser plan contribute reserves towards the adverse selection currently within the EPO plan. Keenan estimates the Kaiser EPO parity reserve will develop \$3.6 million in reserves on the Kaiser enrollment for use on the EPO plan experience.

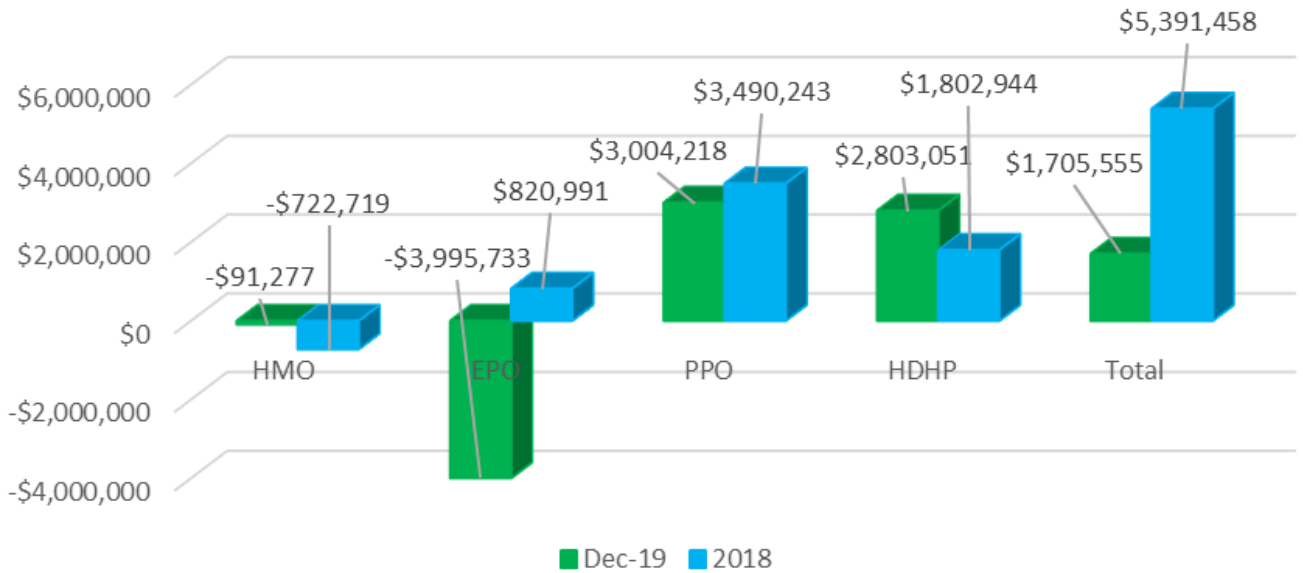
For the 2019 Plan Year, the SJVIA changed the dental PPO plan to self-funding. Through December 2019, the dental program has accumulated \$502,532 in surplus for an 89.1% total cost loss ratio.

The vision plan remains fully-insured and is in a surplus position of \$31,648. Under the fully-insured arrangement all deficit or surplus positions stay with the carrier.

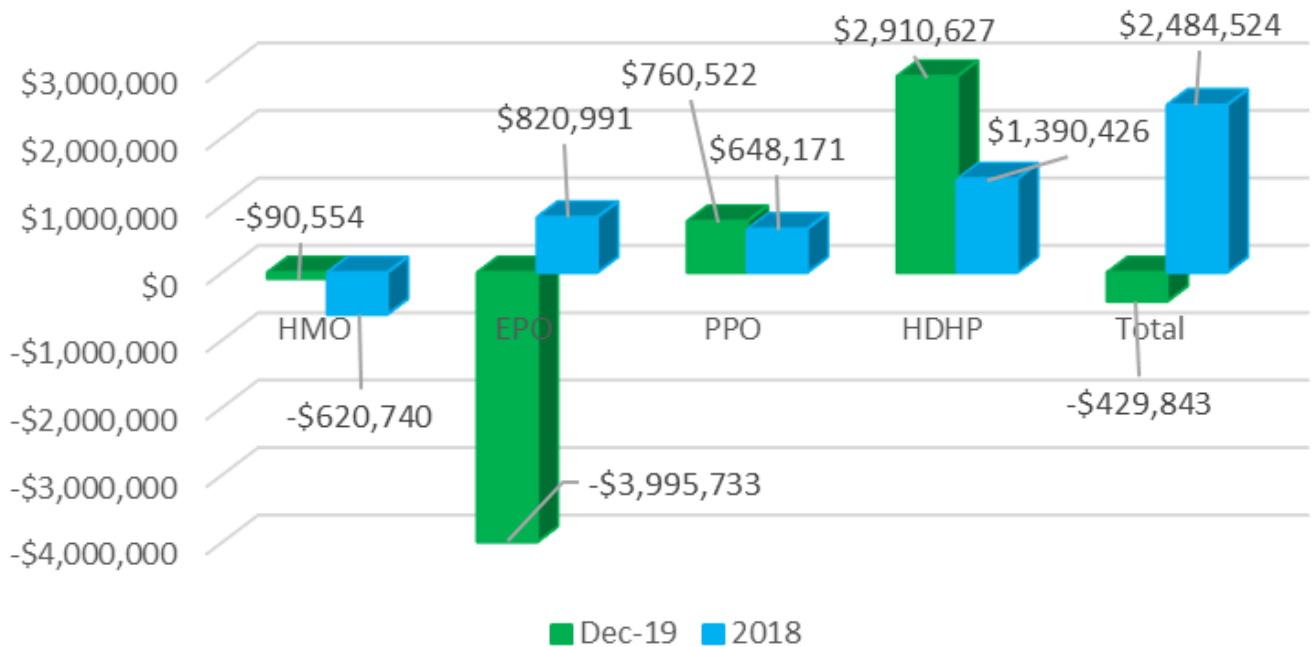
The SJVIA has been able to accumulate a total reserve buildup in 2019 of \$5,614,816 or 117.2% of the \$4.8 million annual reserve projection. Please note that this is the consultant’s report and prior to

allocating funds for IBNR, the stabilization reserve, and to provide loan repayment, the SJVIA Auditor will provide the unaudited reserve accumulation based on actual revenue received and actual expenses paid.

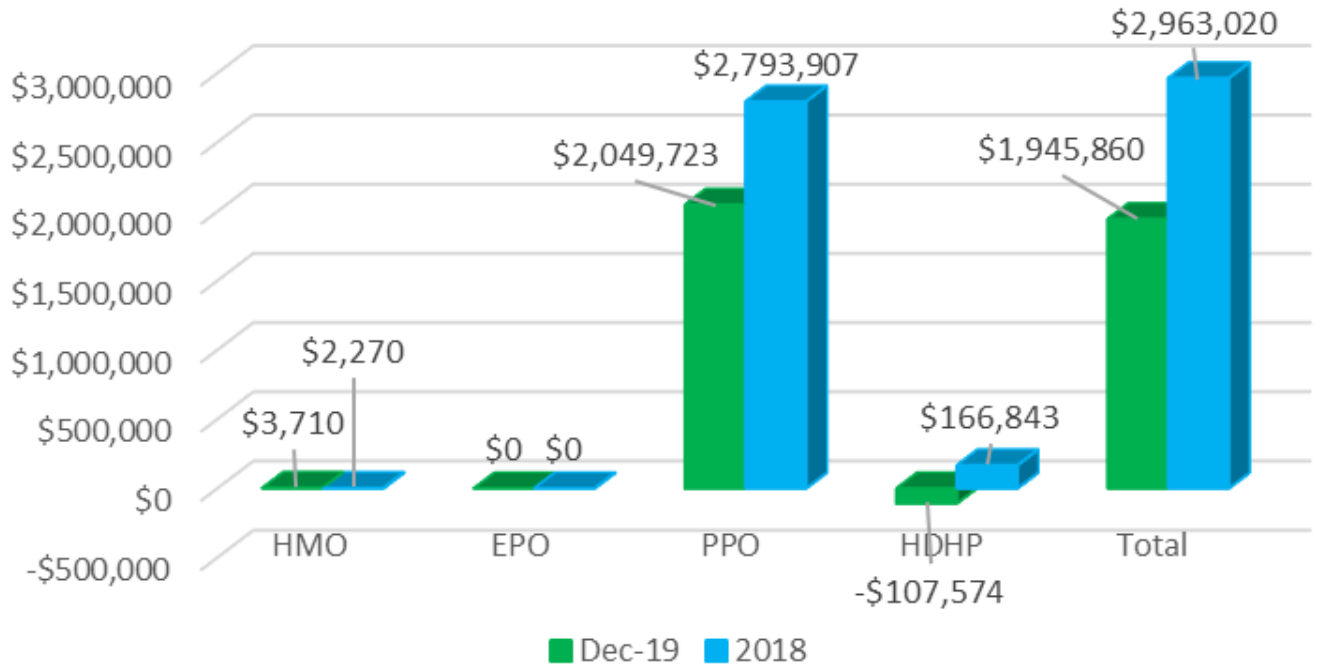
SJVIA - 2019 vs. 2018



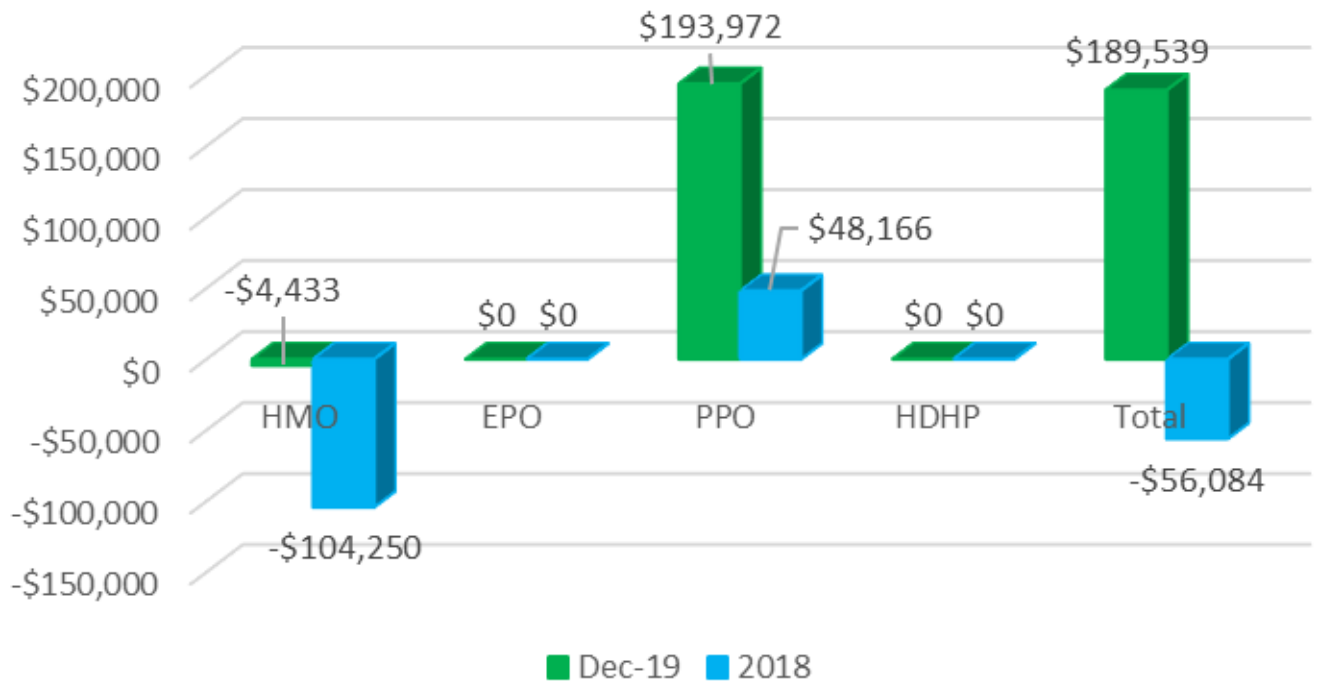
County of Fresno - 2019 vs. 2018



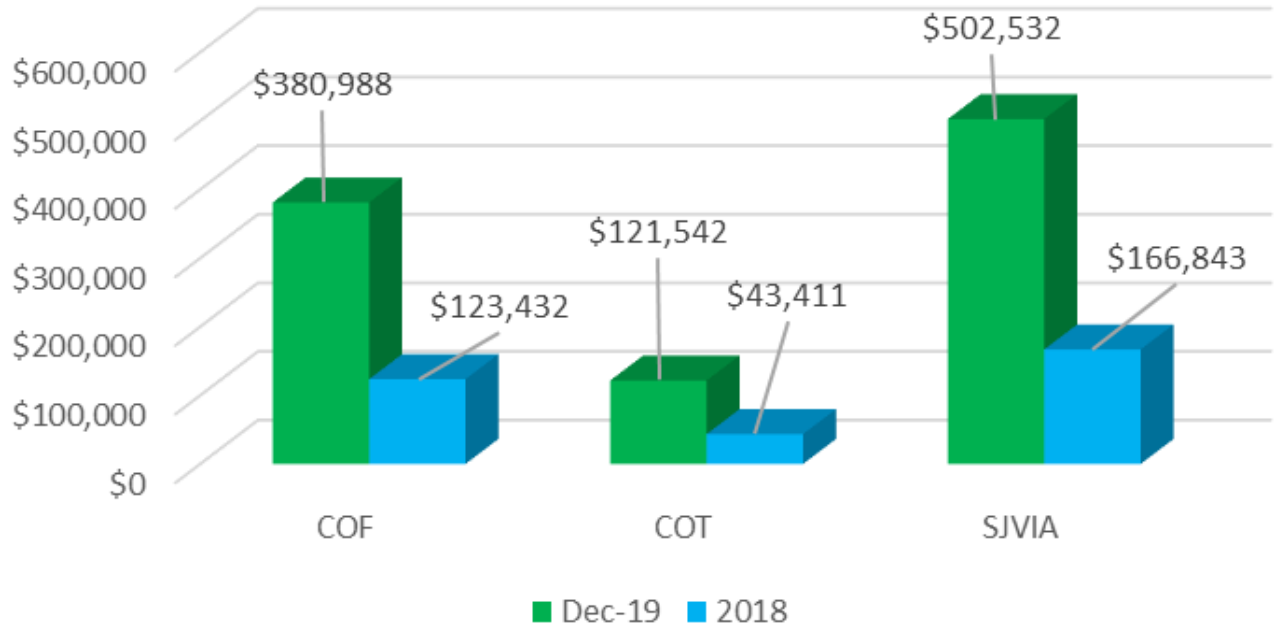
### County of Tulare - 2019 vs. 2018



### City of Marysville - 2019 vs. 2018



## Dental - 2019 vs. 2018



<b>Reserve Accumulation /Funding Model</b>													
<b>2018</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
<b>Budget</b>													
Medical Plan Experience	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 240,122	\$ 2,881,460
Kaiser Rate Surcharge	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 1,155,952
Delta Dental Premium Holiday	\$ 362,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,752
<u>Delta Dental 2% Rate Subsidy</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 88,672</u>
2018 Budgeted Reserve Buildup	\$ 706,592	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 343,840	\$ 4,488,836
<b>Actual</b>													
Medical Plan Experience	\$ 1,534,858	\$ 1,400,750	\$ (989,574)	\$ 480,446	\$ 8,084	\$ 578,056	\$ 255,195	\$ (80,220)	\$ 1,069,414	\$ (6,979)	\$ 164,822	\$ 976,606	\$ 5,391,458
Kaiser Rate Surcharge	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 96,329	\$ 1,155,952
Prescription Drug Rebates*	\$ -	\$ -	\$ 231,170	\$ 3,705	\$ -	\$ 173,044	\$ -	\$ -	\$ -	\$ 112	\$ -	\$ -	\$ 408,031
Delta Dental Premium Holiday	\$ 362,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,752
<u>Delta Dental 2% Rate Subsidy</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>	<u>\$ 88,672</u>
2018 Actual Reserve Buildup	\$ 2,001,329	\$ 1,504,469	\$ (654,685)	\$ 587,869	\$ 111,803	\$ 854,819	\$ 358,914	\$ 23,499	\$ 1,173,133	\$ 96,852	\$ 268,541	\$ 1,080,325	\$ 7,406,865
<b>2019</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
<b>Budget</b>													
Plan Experience	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 273,618	\$ 3,283,410
Kaiser Rate Surcharge	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 719,171
<u>Delta Dental PSR Transfer</u>	<u>\$ 398,199</u>	<u>\$ 265,466</u>	<u>\$ 132,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,398</u>
2019 Budgeted Reserve Buildup	\$ 731,747	\$ 599,014	\$ 466,281	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 333,548	\$ 4,798,979
<b>Actual (through November)</b>													
Plan Experience (Medical)	\$ 266,540	\$ 571,444	\$ (526,484)	\$ (116,911)	\$ 556,905	\$ 555,716	\$ (807,303)	\$ 9,423	\$ 97,325	\$ (74,071)	\$ 403,481	\$ 769,490	\$ 1,705,555
Plan Experience (Dental)	\$ 69,763	\$ 25,643	\$ 41,648	\$ 27,807	\$ (4,548)	\$ 56,692	\$ 72,159	\$ (21,223)	\$ 65,340	\$ (30,719)	\$ 75,246	\$ 124,724	\$ 502,532
Prescription Drug Rebates*	\$ 382,100	\$ -	\$ 303,186	\$ 343,529	\$ -	\$ -	\$ 309,695	\$ -	\$ -	\$ 400,385	\$ -	\$ -	\$ 1,738,894
Kaiser Rate Surcharge	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 59,931	\$ 719,171
<u>Delta Dental PSR Transfer</u>	<u>\$ 379,822</u>	<u>\$ 379,190</u>	<u>\$ 189,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,664</u>
2019 Actual Reserve Buildup	\$ 1,158,156	\$ 1,036,208	\$ 67,932	\$ 314,356	\$ 612,288	\$ 672,339	\$ (365,518)	\$ 48,131	\$ 222,596	\$ 355,526	\$ 538,658	\$ 954,145	\$ 5,614,816

\* 2018 - 3/18 2017 Final Rebate, 4/18 Audit Recovery, 6/18 Performance Guarantee Recovery, 10/18 Audit Recovery  
2019 - 1/19 1st Qtr 2018, 3/19 2nd Qtr 2018, 4/19 3rd Qtr 2018, 7/19 4th Qtr 2018, 10/19 1st Qtr 2019 (\$400,385)

The chart above shows budgeted reserve buildup to realized buildup based on plan experience for 2018 and 2019. For 2019, the SJVIA realized \$5,614,816 or 117.2% of the \$4.8 million projected reserve buildup.

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