



CONSULTING GROUP

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August 4, 2026

Ms. Rochelle Garcia
Financial reporting & Audits Division Chief
Auditor-Controller/Treasurer-Tax Collector
Financial Reporting & Audits
2281 Tulare St., Room 105
Fresno, CA 93721

**SJVIA – COUNTY OF FRESNO
INCURRED BUT NOT REPORTED (IBNR) RESERVES AS OF JUNE 30, 2026**

Dear Rochelle,

The enclosed information is based on the Medical, Prescription Drug, and Dental benefits that the **County of Fresno** provided employees and their respective dependents for the period July 1, 2025 to June 30, 2026. These benefits are made available to covered individuals through a self-funded group health insurance plan.

When funding in this manner, there is a lag between the time claims are incurred and payment for services are recorded. At any point in time, there exists a liability for incurred but unrecorded claims. Consequently, it is advisable for employers who choose to self-fund health benefits to reserve for this “run-out” claim liability.

Per your request, we estimated the **County of Fresno’s** claim reserve as of June 30, 2026. This memo provides you with the results of this valuation and documents our calculations. This liability is derived based upon claims paid over the past 24 months.

Sources of Data

I have assumed the accuracy of the data reported, and do not have any information to attempt any type of audit of the data. The reports that were provided are as follows:

Claim Lag (BCBS): this report provides monthly paid (recorded) claims for the Medical and Prescription Drug coverage for the period 07/01/24 – 06/30/26 by their incurred month.

Claim Lag (Delta Dental): this report provides monthly paid (recorded) claims for the Dental Coverage for the period 07/01/24 – 06/30/26 by their incurred month.

Monthly Claims and Enrollment Report (BCBS): this report was provided for the period 07/01/24 – 06/30/26.

Monthly Claims and Enrollment Report (Delta Dental): this report was provided for the period 07/01/24 – 06/30/26.

Claims IBNR Methodology

In order to estimate the claims incurred but not reported (IBNR) as of June 30, 2026, we reviewed claims for medical, prescription drug and dental claims over a 24-month period paid through June 30, 2026 and utilized the Development or “Chain ladder” method to develop “completion factors” to calculate the total incurred claims for each month being examined. We then calculated the difference between the total incurred claims and total paid claims for each month and summed the result to determine the claims IBNR as of June 30, 2026.

Exhibits I, II and III below outlines the summary claim reserve estimates as of June 30, 2026

Exhibits I, II and III also outlines member count, the estimated Per Employee Per Month (PEPM) claim cost, the completion factors, the estimated incurred claims, paid claims, adjusted enrollment, adjusted incurred claims and the estimated claims incurred but not paid for Medical, Prescription Drug and Dental claims respectively.

Exhibits IV, V and VI contain claim lag information through June 30, 2026 for Medical, Prescription Drug, and Dental claims respectively. Note that the paid claims column on Exhibits I through III reflect claims that were incurred and paid within the period being examined.

Also included in our reserve calculation is a margin for adverse deviation. This is to reflect the fact that we recognize that the claims IBNR is an estimate of the true liability and that there is some uncertainty in our estimation, hence it is appropriate to include some margin for this uncertainty. We used a 15% margin for adverse deviation.

Per the administrative services contract, we used 6% of the claim reserve to calculate the other liability (expense) that would be used to pay the claim run out for medical and prescription drug claims, should the plan terminate their ASO agreement with Blue Cross Blue Shield.

Summary of Results

As of June 30, 2026:

	<i>Reserve without margin</i>	<i>Reserve with 15% margin</i>
Medical	\$5,561,730	\$6,395,990
Prescription Drug	\$52,500	\$60,375
Dental	\$153,005	\$175,956
Other Liability (expense)	\$336,854	\$387,382
Total IBNR Reserve	\$6,104,089	\$7,019,703

Actuarial Certification

I have no relationship with the employer or the plan that would objectively impair, or appear to impair, my ability to perform the work detailed in this report.

I certify that I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please contact me if you have any questions regarding this valuation.

Regards,

USI Consulting Group

A handwritten signature in blue ink, appearing to read "Adeniyi Olaiya".

Adeniyi Olaiya, ASA, MAAA
Associate Vice President and Actuary

c: Mr. Daniel Duzyk, USI Insurance Services

APPENDIX

EXHIBIT I

RESERVE ANALYSIS
FRESNO MEDICAL CLAIMS
AS OF JUNE 30,2026

Month of Incurral	Enrollment	Estimated Incurred Claims	Estimated Incurred PEPM Claims	Completion Factor	Claims Paid to Date	Est. Claims Incurred but not paid	Adjusted Enrollment	Adjusted Incurred PEPM Claims	Adjusted Completion Factor	Adjusted Incurred Claims
Jun-26	4,874	5,430,495	1,114	49.76%	2,702,392	2,728,103	4,874	1,114	49.76%	5,430,495
May-26	4,869	5,109,773	1,049	79.40%	4,057,214	1,052,559	4,869	1,049	79.40%	5,109,773
Apr-26	4,874	5,533,280	1,135	84.40%	4,670,017	863,263	4,874	1,135	84.40%	5,533,280
Mar-26	4,908	4,166,957	849	93.73%	3,905,823	261,134	4,908	849	93.73%	4,166,957
Feb-26	4,942	4,096,382	829	95.98%	3,931,514	164,869	4,942	829	95.98%	4,096,382
Jan-26	4,947	4,149,550	839	96.54%	4,005,953	143,597	4,947	839	96.54%	4,149,550
Dec-25	4,935	4,797,284	972	97.27%	4,666,221	131,063	4,935	972	97.27%	4,797,284
Nov-25	4,791	3,665,885	765	98.55%	3,612,615	53,270	4,791	765	98.55%	3,665,885
Oct-25	4,789	5,252,588	1,097	98.81%	5,190,127	62,461	4,789	1,097	98.81%	5,252,588
Sep-25	4,785	5,226,147	1,092	99.45%	5,197,225	28,922	4,785	1,092	99.45%	5,226,147
Aug-25	4,780	4,348,657	910	99.44%	4,324,261	24,396	4,780	910	99.44%	4,348,657
Jul-25	4,800	4,832,512	1,007	99.60%	4,813,397	19,115	4,800	1,007	99.60%	4,832,512
Jun-25	4,810	3,778,778	786	99.55%	3,761,653	17,124	4,810	786	99.55%	3,778,778
May-25	4,813	3,369,315	700	99.65%	3,357,461	11,854	4,813	700	99.65%	3,369,315
Apr-25	4,821	5,598,871	1,161	100.00%	5,598,871	0	4,821	1,161	100.00%	5,598,871
Total		\$69,356,473			\$63,794,742	\$5,561,730				\$69,356,473

Initial Reserve Amount	\$5,561,730
Margin for Adverse Deviation (15%)	\$834,260
Reserve Amount as of June 30, 2026	\$6,395,990

Other Claims Liability (6% admin charge for claims run out) \$383,759

Large Claim Adjustment \$4,735,531

12 months Claims Paid to date \$51,076,757

Add Large Claims Adjustment	\$4,735,531
Claims Paid to date	\$55,812,288

Reserve as a % of paid claims 11.46%

APPENDIX

EXHIBIT II

RESERVE ANALYSIS
FRESNO PRESCRIPTION DRUG CLAIMS
AS OF JUNE 30,2026

Month of Incurral	Enrollment	Estimated Incurred Claims	Estimated Incurred PEPM Claims	Completion Factor	Claims Paid to Date	Est. Claims Incurred but not paid	Adjusted Enrollment	Adjusted Incurred PEPM Claims	Adjusted Completion Factor	Adjusted Incurred Claims
Jun-26	4,874	2,506,188	514	98.9%	2,478,620	27,568	4,874	514	98.9%	2,506,188
May-26	4,869	2,219,261	456	98.9%	2,194,849	24,412	4,869	456	98.9%	2,219,261
Apr-26	4,874	2,127,544	437	100.0%	2,127,448	95	4,874	437	100.0%	2,127,544
Mar-26	4,908	2,113,724	431	100.0%	2,113,649	75	4,908	431	100.0%	2,113,724
Feb-26	4,942	1,731,302	350	100.0%	1,731,251	51	4,942	350	100.0%	1,731,302
Jan-26	4,947	1,701,095	344	100.0%	1,701,046	49	4,947	344	100.0%	1,701,095
Dec-25	4,935	2,347,612	476	100.0%	2,347,544	68	4,935	476	100.0%	2,347,612
Nov-25	4,791	1,968,651	411	100.0%	1,968,593	57	4,791	411	100.0%	1,968,651
Oct-25	4,789	2,176,824	455	100.0%	2,176,761	63	4,789	455	100.0%	2,176,824
Sep-25	4,785	2,084,976	436	100.0%	2,084,915	61	4,785	436	100.0%	2,084,976
Aug-25	4,780	1,966,708	411	100.0%	1,966,708	0	4,780	411	100.0%	1,966,708
Jul-25	4,800	1,854,636	386	100.0%	1,854,636	0	4,800	386	100.0%	1,854,636
Total		\$24,798,521			\$24,746,021	\$52,500				\$24,798,521

Initial Reserve Amount	\$52,500
Margin for Adverse Deviation (15%)	\$7,875
Reserve Amount as of June 30, 2026	\$60,375

Other Claims Liability (6% admin charge for claims run out) \$3,623

Claims Paid to date	\$24,746,021
Reserve as % of paid claims	0.24%

APPENDIX

EXHIBIT III

RESERVE ANALYSIS
FRESNO DENTAL CLAIMS
AS OF JUNE 30,2026

Month of Incurral	Enrollment	Estimated Incurred Claims	Estimated Incurred PEPM Claims	Completion Factor	Claims Paid to Date	Est. Claims Incurred but not paid	Adjusted Enrollment	Adjusted Incurred PEPM Claims	Adjusted Completion Factor	Adjusted Incurred Claims
Jun-26	5,293	259,432	49	58.0%	150,349	109,084	5,293	49	58.0%	259,432
May-26	5,283	287,023	54	94.2%	270,459	16,564	5,283	54	94.2%	287,023
Apr-26	5,311	313,617	59	97.0%	304,305	9,313	5,311	59	97.0%	313,617
Mar-26	5,369	328,483	61	98.2%	322,490	5,993	5,369	61	98.2%	328,483
Feb-26	5,381	316,748	59	98.6%	312,471	4,277	5,381	59	98.6%	316,748
Jan-26	5,395	350,416	65	99.1%	347,110	3,305	5,395	65	99.1%	350,416
Dec-25	5,410	255,071	47	99.3%	253,324	1,748	5,410	47	99.3%	255,071
Nov-25	5,261	224,281	43	99.5%	223,177	1,103	5,261	43	99.5%	224,281
Oct-25	5,272	266,160	50	99.7%	265,378	782	5,272	50	99.7%	266,160
Sep-25	5,284	263,964	50	99.8%	263,488	476	5,284	50	99.8%	263,964
Aug-25	5,290	277,800	53	99.9%	277,441	359	5,290	53	99.9%	277,800
Jul-25	5,324	313,651	59	100.0%	313,651	0	5,324	59	100.0%	313,651
Total		\$3,456,646			\$3,303,642	\$153,005				\$3,456,646

Initial Reserve Amount	\$153,005
Margin for Adverse Deviation (15%)	\$22,951
Reserve Amount as of June 30, 2026	\$175,956

Claims Paid to date	\$3,303,642
Reserve as % of paid claims	5.33%

**RESERVE ANALYSIS
FRESNO MEDICAL CLAIMS
AS OF JUNE 30,2026**

Dates Paid Incurred	→	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
↓		1,618,948	1,397,892	111,831	40,539	241,574	16,721	14,075	1,406	1,443	1,854	1,246	513
	Jul-24												
	Aug-24		2,156,692	871,573	285,354	511,723	45,840	(1,926)	11,430	1,317	9,251	(1)	14,090
	Sep-24			1,687,993	899,157	498,984	337,129	5,178	9,297	(7,347)	13,130	357	2,517
	Oct-24				1,934,074	1,232,755	74,671	49,868	21,089	(9,221)	4,956	5,633	1,540
	Nov-24					1,743,131	958,770	179,027	54,124	18,790	15,663	9,505	(851)
	Dec-24						1,921,164	968,247	264,454	240,872	(976)	10,052	43,029
	Jan-25							1,918,935	1,267,989	432,641	67,806	38,791	10,134
	Feb-25								1,972,136	1,183,282	239,506	71,341	(4,134)
	Mar-25									2,232,000	1,250,385	124,673	188,775
	Apr-25										1,963,982	1,339,872	195,052
	May-25											2,094,277	989,624
	Jun-25												2,099,098
	Jul-25												
	Aug-25												
	Sep-25												
	Oct-25												
	Nov-25												
	Dec-25												
	Jan-26												
	Feb-26												
	Mar-26												
	Apr-26												
	May-26												
	Jun-26												
	Totals	1,618,948	3,554,584	2,671,397	3,159,125	4,228,166	3,354,295	3,133,403	3,601,926	4,093,776	3,565,557	3,695,746	3,539,387

**RESERVE ANALYSIS
FRESNO MEDICAL CLAIMS
AS OF JUNE 30,2026**

Dates Paid → Incurring ↓													Totals
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	
Jul-24	(1,257)	(457)	3,376	470	2,611	8,691	247	875	3,256	(36)	1,391	(221)	3,466,987
Aug-24	766	(2,351)	11,983	18,955	2,581	(6,138)	1,609	379	820	866	(1,368)	2,045	3,935,490
Sep-24	3,839	(1,749)	(341)	1,049	620	989	211,380	1,200	478	250	100	0	3,664,211
Oct-24	25,917	(3,952)	33,560	(832)	13,558	130	111	524	1,158	12	375	56	3,385,983
Nov-24	(4,056)	(1,228)	1,196	5,388	(24,276)	26,844	31	1,570	39,216	1,036	47,725	(41)	3,071,565
Dec-24	(4,602)	3,867	2,716	2,713	17,013	(17,900)	(1,535)	278	346	420	2,363	19,635	3,472,153
Jan-25	126,428	39,771	(44,827)	231,100	(5,911)	183,531	(1,462)	10,462	(5,794)	0	1,257	786	4,271,636
Feb-25	3,390	76,711	815,636	6,100	1,471	(20,359)	772	2,288	(1,290)	41,022	276	4,615	4,392,764
Mar-25	165,476	174,593	2,023	303,059	(66)	(3,714)	1,434	2,902	1,921	554	471	27	4,444,513
Apr-25	131,381	6,484	24,985	91,578	9,051	7,508	660,344	2,998	(87,168)	1,252,596	346	(139)	5,598,871
May-25	63,272	35,758	215,159	5,091	2,528	(339)	2,305	(45,818)	(3,611)	466	449	(1,701)	3,357,461
Jun-25	1,013,249	94,161	445,183	24,953	20,326	14,207	22,253	43,829	(12,914)	302	(2,760)	(234)	3,761,653
Jul-25	2,383,319	1,322,934	131,094	836,263	81,203	17,378	22,683	2,729	28,226	(14,340)	2,315	(406)	4,813,397
Aug-25		2,291,119	1,344,324	281,992	53,650	71,687	27,649	5,794	18,503	226,308	2,419	816	4,324,261
Sep-25			2,647,303	1,707,867	301,615	192,550	156,139	16,221	2,837	155,026	4,346	13,322	5,197,225
Oct-25				2,761,586	1,377,471	330,380	447,933	176,425	(21,400)	68,682	25,767	23,283	5,190,127
Nov-25					2,017,121	1,243,577	130,493	248,233	(56,433)	26,255	10,685	(7,317)	3,612,615
Dec-25						2,161,534	1,300,033	263,960	796,878	685,732	30,473	1,152	5,239,762
Jan-26							1,814,610	993,552	192,810	828,642	1,278,306	64,147	5,172,068
Feb-26								1,788,095	1,000,605	1,760,584	770,115	738,308	6,057,707
Mar-26									1,991,574	1,589,339	1,130,190	64,401	4,775,504
Apr-26										2,226,196	2,100,030	343,790	4,670,017
May-26											2,622,826	1,434,388	4,057,214
Jun-26												2,702,392	2,702,392
Totals	3,907,122	4,035,660	5,633,371	6,277,332	3,870,566	4,210,553	4,797,030	3,516,498	3,890,019	8,849,911	8,028,096	5,403,106	102,635,574

**RESERVE ANALYSIS
FRESNO PRESCRIPTION DRUG CLAIMS
AS OF JUNE 30,2026**

Dates Paid Incurred	→	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Jul-24		1,497,511	(84,175)	(342)	0								
Aug-24			1,638,059	(46,292)	1,332	2							
Sep-24				1,642,819	(78,161)	87							
Oct-24					1,599,974	(52,969)	(214)						
Nov-24						1,453,869	(74,818)						
Dec-24							1,631,680	(46,424)	4,616				
Jan-25								1,630,078	(76,344)	0			250
Feb-25									1,524,421	(46,520)	0		
Mar-25										1,674,517	(51,994)	0	
Apr-25											1,912,293	(63,879)	0
May-25												1,924,790	(99,115)
Jun-25													2,105,635
Jul-25													
Aug-25													
Sep-25													
Oct-25													
Nov-25													
Dec-25													
Jan-26													
Feb-26													
Mar-26													
Apr-26													
May-26													
Jun-26													
Totals		1,497,511	1,553,884	1,596,185	1,523,145	1,400,989	1,556,648	1,583,654	1,452,693	1,627,997	1,860,299	1,860,911	2,006,770

RESERVE ANALYSIS
FRESNO PRESCRIPTION DRUG CLAIMS
AS OF JUNE 30,2026

Dates Paid Incurred	→	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Totals
↓														
Jul-24														1,412,994
Aug-24														1,593,101
Sep-24														1,564,744
Oct-24														1,546,791
Nov-24														1,379,051
Dec-24														1,589,872
Jan-25						1,735						555		1,556,275
Feb-25												555		1,478,456
Mar-25												586		1,623,109
Apr-25										11		593		1,849,018
May-25		0										555		1,826,230
Jun-25		(116,055)												1,989,580
Jul-25		1,964,061	(111,098)							11	1,090	571		1,854,636
Aug-25			2,081,072	(114,363)										1,966,708
Sep-25				2,204,368	(119,393)	(60)								2,084,915
Oct-25					2,269,365	(93,709)				11	1,095			2,176,761
Nov-25						2,065,003	(96,419)				9			1,968,593
Dec-25							2,455,240	(111,803)	1		4,107			2,347,544
Jan-26								1,822,042	(121,945)	671	172	106	0	1,701,046
Feb-26									1,876,885	(145,064)	(4,886)	4,316	0	1,731,251
Mar-26										2,192,458	(85,256)	6,447	0	2,113,649
Apr-26											2,222,690	(93,405)	(1,836)	2,127,449
May-26												2,286,113	(91,265)	2,194,849
Jun-26													2,478,620	2,478,620
Totals		1,848,006	1,969,974	2,090,005	2,149,971	1,972,969	2,358,821	1,710,240	1,754,941	2,048,097	2,139,021	2,206,992	2,385,519	44,155,241

**RESERVE ANALYSIS
FRESNO DENTAL CLAIMS
AS OF JUNE 30,2026**

Dates Paid Incurred	→	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
↓	Jul-24	124,149	146,430	5,093	763	3,993	692	653	473		132	347	228
	Aug-24		158,360	86,533	7,177	1,732	1,007	598	322	328	59	375	
	Sep-24			121,952	102,045	2,285	2,576	2,944		166	389	57	217
	Oct-24				157,604	79,424	11,322	3,725	2,425	582	497	707	179
	Nov-24					137,650	90,081	7,626	1,262	284	602	1,541	257
	Dec-24						126,598	77,528	7,551	2,890	1,973	696	762
	Jan-25							185,660	99,619	8,684	2,896	7,728	403
	Feb-25								157,798	106,514	6,487	3,269	1,992
	Mar-25									160,778	135,852	16,867	5,161
	Apr-25										128,648	141,543	7,094
	May-25											163,086	83,956
	Jun-25												144,398
	Jul-25												
	Aug-25												
	Sep-25												
	Oct-25												
	Nov-25												
	Dec-25												
	Jan-26												
	Feb-26												
	Mar-26												
	Apr-26												
	May-26												
	Jun-26												
	Totals	124,149	304,790	213,579	267,589	225,084	232,275	278,734	269,449	280,225	277,532	336,214	244,646

**RESERVE ANALYSIS
FRESNO DENTAL CLAIMS
AS OF JUNE 30,2026**

Dates Paid Incurred	→	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Totals
↓		Jul-24	191	87						560				283,793
		Aug-24		1,450	353						55		422	258,771
		Sep-24	90	625							64		111	233,521
		Oct-24	214		607	2,570					108			259,962
		Nov-24	78	1,017	66	972	493				22			241,949
		Dec-24	1,000	285	587	543	46	411			1,482			222,349
		Jan-25	918	490	1,820	554	(483)	271	35		214	92		308,900
		Feb-25	2,360	1,576	763	662	150	299	122		112	(299)		281,804
		Mar-25	930	1,690	1,090	102	132	411	527	121	92		92	325,679
		Apr-25	4,421	36	624	504		271	67		560			284,293
		May-25	7,485	2,321	1,684	1,615	355	694	299	299	208	258	(183)	262,284
		Jun-25	105,225	6,038	3,612	1,036	595	676	671	144	231	26		262,651
		Jul-25	199,634	92,887	10,014	4,802	1,513	1,231	588	211	1,398	1,371		313,651
		Aug-25		165,632	90,458	11,849	1,917	2,116	1,368	1,447	791	1,632	(220)	277,441
		Sep-25			132,414	117,806	8,541	2,286	649	384	381	869		263,488
		Oct-25				162,400	92,713	5,525	1,476	970	1,534	629		265,378
		Nov-25					130,666	83,765	3,842	2,431	1,542	536	(55)	223,177
		Dec-25						168,049	74,125	5,588	2,205	1,880	797	253,324
		Jan-26							192,385	134,077	10,266	6,360	2,968	347,110
		Feb-26								170,868	127,108	8,665	5,128	312,471
		Mar-26									167,723	141,152	10,667	322,490
		Apr-26										205,133	90,320	304,305
		May-26											179,597	270,459
		Jun-26												150,349
		Totals	322,547	274,135	243,738	305,767	236,637	265,706	276,331	316,660	314,599	372,928	288,812	6,529,599