

County of Mendocino

2012 Actives

Benefit Coverage Renewal Projection Report

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Data Sources

- *Delta Health Systems* – Self-Funded Medical/Dental/Vision Experience, Enrollment Information, Large Claims Data, Claims Lag Reports, Early Retiree Reinsurance Program Subsidy Data, and Utilization Reports
- *Medco Prescription Plan Data and Information* – Prescription Plan Enrollment, Experience Data, Utilization Data, and Rebate Information
- *County of Mendocino Human Resources Department* – Census Data, PPO Plan Descriptions, Stop Loss Contract, Provider Network Agreements, and Budget and Expense Reports

Scope of Work

- As part of Keenan & Associates' ("Keenan") benefit consulting agreement with the County of Mendocino ("County"), Keenan is hereby providing the renewal cost projections for the plan year 2012 to 2014 for active employee benefit coverages. This report also includes the incurred but not reported (IBNR) claim reserve projections.
- The non-Medicare eligible enrollees are excluded from this presentation. A separate report is provided for this segment.

Background

- The County of Mendocino provides health benefits to its employees and their dependents. The Mendocino County Employee Health Plan is self-insured and is administered by the Human Resources Department as directed by the Chief Executive Officer.
- The Plan provides coverage for medical, dental, vision, prescription drugs and an Employee Assistance and Wellness program. The Plan is 75 percent funded by the County and 25 percent by employee contributions. Benefits are negotiated and subject to inclusion in County agreements with bargaining unions. Approximately 93 percent of total qualifying employees participate in the Health Plan.
- On December 11, 2007, the Board approved a premium increase of 17.59 percent which included the costs of providing services, contributions to building reserves and enhancements to dental and vision benefits. In addition, the Board agreed to return the County/Employee funding ratio to 75 percent/25 percent for overall plan premiums as agreed upon by all bargaining unit MOUs.

Background (continued)

- On October 28, 2008, the Board directed that it wished to fully fund the past accumulated health plan deficit, the Incurred but Not Reported Liability (IBNR) and a stabilization reserve equivalent to 3 months of plan expenditures over the next few years. The Board then approved a funding and premium increase of 16 percent to cover the increase in costs of providing medical services, payment of the deficit carried over from previous fiscal years and contributions to building reserves.
- On October 27, 2009, the Board approved a 14 percent funding and premium increase for the Employee Health Plan for the Calendar Year 2010.
- On September 14, 2010, the Board approved the Fiscal Year 2010/11 budget which included a 10 percent funding/premium **decrease** effective the first full pay period after January 1, 2011.

Background (continued)

- A total of 15 percent funding and premium reduction for the 2011 Plan Year was approved by the Board of Supervisors effective the first full pay period after January 1, 2011.

Executive Summary

- This report presents the benefit coverage renewal projections and reserve estimates for the plan year starting January 1, 2012 for the County of Mendocino's active employee segment. Cost projections were also included for subsequent years, Plan Years 2013 and 2014.
- Based upon our analysis of the overall plan experience and expenses, we recommend a zero rate increase in 2012. It is important to note that the plan's claim costs and expenses are expected to increase in 2012 and subsequent years as detailed in this report.
- For Plan Year 2012, however, we believe the plan has sufficient Excess Surplus to cover the increase in claim costs, plan expenses, and the reserve requirements for the upcoming plan year.

Executive Summary (continued)

- The Plan position on December 31, 2011 is expected to be a surplus of \$5,968,970; on December 31, 2012, the Plan position is expected to be a surplus of \$5,248,862. This includes the Incurred But Not Reported liability and three months of stabilization reserve for these plan years.
- The Excess Surplus position, the amount above the required Incurred But Not Reported (IBNR) Claims for the plan year and three month reserve requirements, is expected to be \$1,378,273 on December 31, 2011 and \$365,422 on December 31, 2012. This Excess Surplus is expected to be exhausted by the end of December 31, 2013.
- While an Excess Surplus position is ideal, we believe that the Plan's IBNR claim reserve in addition to three months of stabilization reserve are sufficient to maintain the Plan's surplus position for Plan Years 2012 to 2014.

Executive Summary (continued)

- Based upon our analysis and findings, we recommend and conclude that the County of Mendocino should implement a zero rate increase for the Plan Year 2012. Renewal adjustments may be necessary for subsequent renewal years as presented in this report.

Enrollment & Claim Cost Overview

- The enrollment for the County of Mendocino has dropped significantly over the past two years while the claims on a per capita basis continue to increase. See Table 1 (page 13).
- The average active monthly enrollment for the County of Mendocino dropped 20 percent from 1,263 total employees in January 2009 to 1,004 in July 2011.
- The average program (expenses and claims) cost in January 2009 was \$689 per employee per month compared to \$1,174 in July 2011, a difference of about 70 percent.
- The monthly claim cost per employee during the recent 12 months, 8/1/10 - 7/31/11, is \$838 compared to the prior 12 months at \$737. This represents an increase of \$101 per employee or 13.7 percent over the past two years. See Table 2 (page 14).

Table 1 - Enrollment & Claim Cost Overview

(continued)

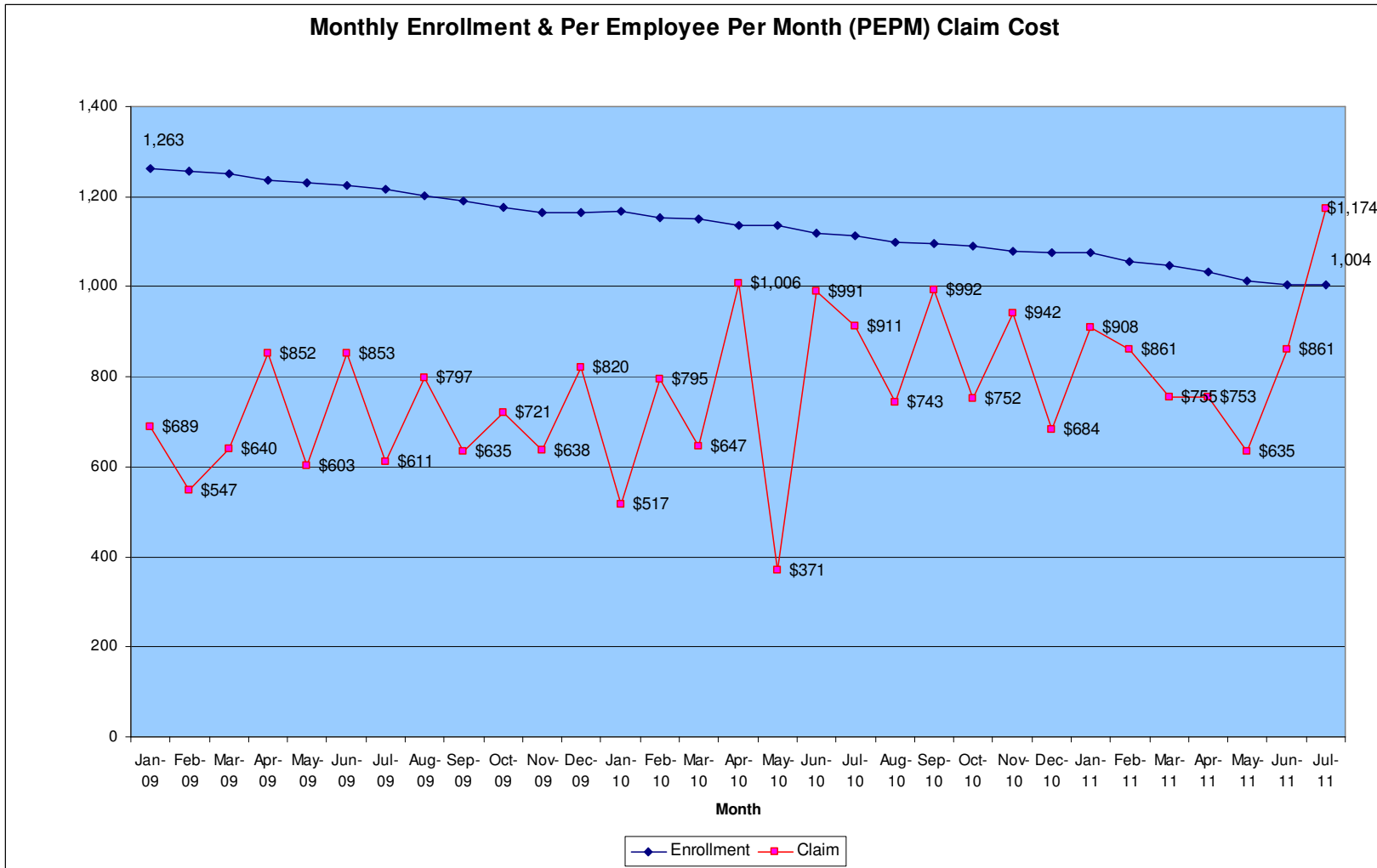
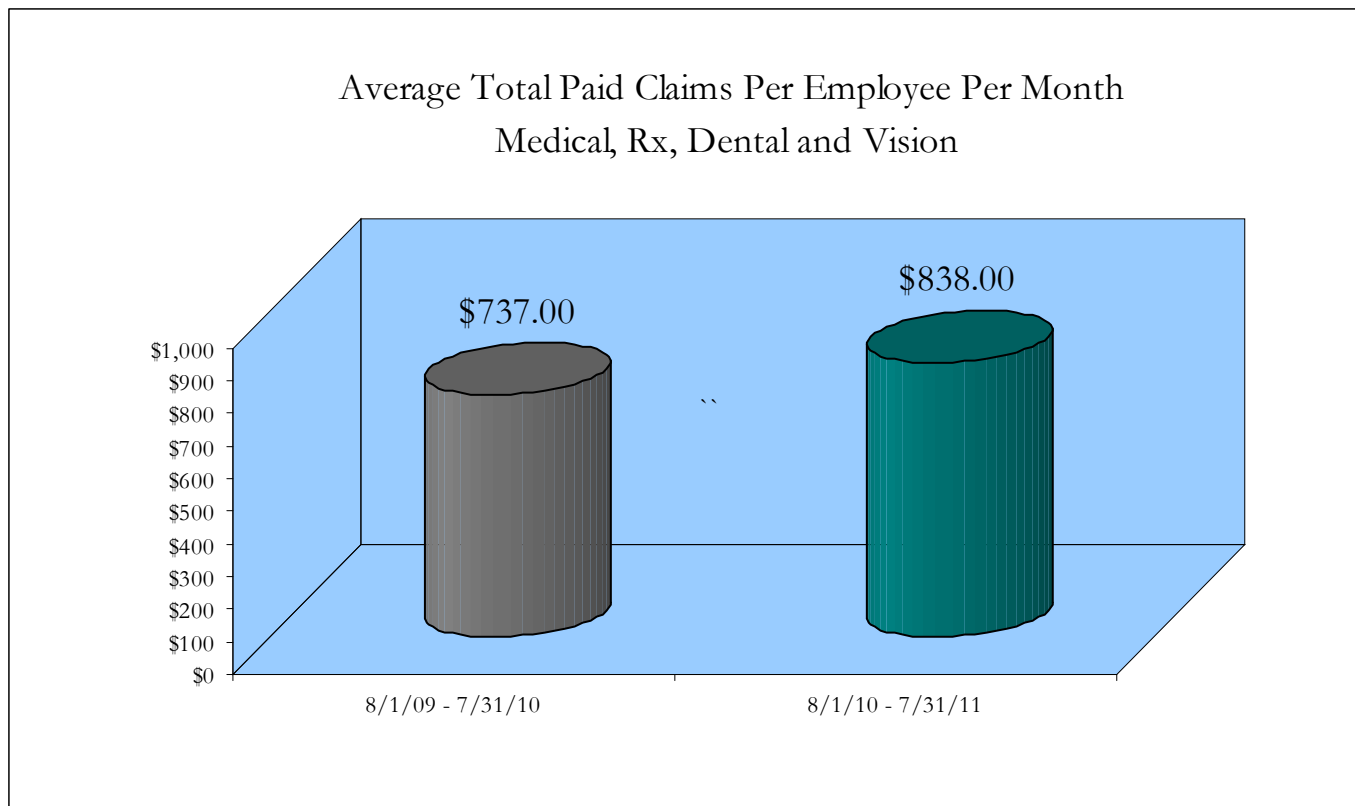


Table 2 - Enrollment & Claim Cost Overview

(continued)



Renewal Projections

Claims Projection

- Keenan applied a standard experience rating methodology in developing the Claims Projection for Plan Years 2012-2014. See **Exhibit I** (page 17) – Claims Projection Detail.
- The methodology we applied is similar to what has been applied by the prior consultant in the previous years. The calculation development and detail are provided on the following pages.
- The Total Projected Aggregate Claim Cost for Plan Year 2012 is \$11,241,139. This represents an increase of 7 percent in claim costs from 2011. This represents a projected claims Per Employee Per Month (PEPM) of \$933.03 for the Plan Year 2012 for medical, prescription, dental, and vision coverages.
- For Plan Year 2013, the Projected Aggregate Claims are estimated to increase 9 percent from the prior period to \$12,266,892.
- For Plan Year, 2014, the Projected Aggregate Claims are estimated to increase 9 percent from the prior period to \$13,387,308.

Exhibit I -Claims Projection Detail

2012 Claims Cost Projection	Medical	Rx	Dental	Vision	Total
Medical Claims (8/1/10 - 7/31/11)	\$ 7,946,345	\$ 1,759,903	\$ 853,060	\$ 55,711	\$ 10,615,019
Large Claims Credit	\$ 48,883	\$ -	\$ -	\$ -	\$ 48,883
Adjusted Paid Claims	\$ 7,897,462	\$ 1,759,903	\$ 853,060	\$ 55,711	\$ 10,566,136
Actives Exposure ¹	12,897	12,897	12,897	12,897	12,897
Paid Claims/EE/Month	\$ 612.35	\$ 136.46	\$ 66.14	\$ 4.32	\$ 819.27
Plan Design Adjustment ²	0.71%	0.71%	0.0%	0.0%	0.6%
Adjusted Paid Claims/EE/Month	\$ 616.69	\$ 137.42	\$ 66.14	\$ 4.32	\$ 824.57
Trend Factor	9.5%	9.0%	6.0%	5.0%	
Months of Trend	17	17	17	17	
Trend Factor	<u>1.137</u>	<u>1.130</u>	<u>1.086</u>	<u>1.072</u>	
2012 Projected Claims PEPM	\$ 701.30	\$ 155.27	\$ 71.84	\$ 4.63	\$ 933.03
Projected Monthly Enrollment ³	1,004	1,004	1,004	1,004	1,004
2011 - 2014 Claims Cost Projection	Medical	Rx	Dental	Vision	Total
2011 Projected Aggregated Claims ⁴	\$ 7,825,646	\$ 1,771,411	\$ 890,899	\$ 53,983	\$ 10,541,939
2012 Projected Aggregated Claims	\$ 8,449,206	\$ 1,870,688	\$ 865,478	\$ 55,768	\$ 11,241,139
2013 Projected Aggregated Claims ⁵	\$ 9,251,880	\$ 2,039,050	\$ 917,406	\$ 58,556	\$ 12,266,892
2014 Projected Aggregated Claims ⁵	\$ 10,130,809	\$ 2,222,564	\$ 972,451	\$ 61,484	\$ 13,387,308

Change
From Prior
Year

7%

9%

9%

¹ Actives Exposure lagged two months (6/1/10 - 5/30/11).

² Plan Design Adjustment for Healthcare Reform changes.

³ Projected Monthly Enrollment as of July 2011.

⁴ 2011 Projected Aggregated Claims includes actual paid claims for the period 1/1/11 - 7/31/11.

⁵ 2013 and 2014 Projected Aggregated Claims includes Wellness Benefit credits of 2% in 2013 and 3% in 2014.

Claims Projection Detail

- The components of the claim projection are described below:
 - ***Paid Claims.*** We utilized data from the most recent 12 months of paid claims for each coverage as the basis of our projections. These are provided on a month-by-month basis so that we can determine any significant patterns or trends that might impact the projection. The employee enrollment corresponding to the claim experience period is also utilized to develop per capita funding levels.
 - ***Large Claims Adjustment.*** The paid claims were adjusted to extract claims in excess of the Specific Stop-Loss level: \$175,000.
 - ***Actives Exposure.*** We utilized the most recent 12 months of enrollment and lagged two months to determine the per capita paid claims for each coverage.
 - ***Plan Design Adjustment.*** Adjustments were made to reflect Health Care Reform changes for the Plan Year 2012: i.e. extended children coverage to age 26; no lifetime maximum, 100% preventive care coverage, etc.

Claims Projection Detail (continued)

- ***Trend Factor.*** We applied a trend factor to the Incurred Claims based on Keenan & Associates’ “book of business” trend factors in the Northern California region. Trend is a percentage increase used to reflect the projected rise in healthcare costs. Calculation factors include inflation, utilization, technology and geographic area. The result is the Projected Claims for the upcoming policy year.
- ***Projected Monthly Enrollment.*** The most recent enrollment as of July 2011 was used to project the aggregated claims for the future period starting January 1, 2012.
- Using the projected claims for the upcoming policy year and most recent enrollment, Projected Aggregated Claims were developed for Plan Years 2012-2014.

Expense (excluding claims cost) & Total Cost (expenses and claims) Projections

- The Expense (excluding claims costs) & Total Cost Projection (expenses and claims), **Exhibit II** (page 21 and 23) shows the various components that are charged to benefit coverage programs for Plan Years 2012-2014. In addition, the Total Cost Projection sums the Claim Projection and Expense Projection to account for the overall cost of the benefit coverage programs for each of the plan years.
- In aggregate, the Total Plan Expenses (excluding claims costs) for Plan Year 2012 is \$1,645,381. This represents a cost increase of one percent from 2011. Total projected per employee per month cost for the Plan Year 2012 is \$136.57.
- For Plan Year 2013, plan expenses are (excluding claims costs) projected to increase to \$1,674,856, a two percent change from the prior period.
- For Plan Year, 2014, plan expenses (excluding claims costs) are projected to increase to \$1,723,797, a three percent change from the prior period.

Exhibit II - Expense & Total Cost Projection Detail

2011 - 2014 Expenses Projection	2011		2012		2013		2014	
	Annual	PEPM	Annual	PEPM	Annual	PEPM	Annual	PEPM
2011 County Costs (Source: County)								
- Salaries and Benefits	\$ 161,599	\$ 13.41	\$ 166,447	\$ 13.82	\$ 171,440	\$ 14.23	\$ 176,584	\$ 14.66
- Services and Supplies	\$ 11,688	\$ 0.97	\$ 12,039	\$ 1.00	\$ 12,400	\$ 1.03	\$ 12,772	\$ 1.06
Life Insurance (Source: County)	\$ 70,000	\$ 5.81	\$ 70,000	\$ 5.81	\$ 70,000	\$ 5.81	\$ 70,000	\$ 5.81
Reinsurance (Swiss Re)								
- Specific S/L (\$175,000; 24/12)	\$ 751,354	\$ 62.36	\$ 775,849	\$ 64.40	\$ 814,641	\$ 67.62	\$ 855,374	\$ 71.00
- Aggregate S/L (125%; 24/12)	\$ 31,853	\$ 2.64	\$ 32,891	\$ 2.73	\$ 34,536	\$ 2.87	\$ 36,262	\$ 3.01
Plan Administration and Cost Containment								
- DHS Administration	\$ 229,706	\$ 19.07	\$ 232,677	\$ 19.31	\$ 239,657	\$ 19.89	\$ 246,847	\$ 20.49
- DHS Cost Containment	\$ 42,879	\$ 3.56	\$ 43,433	\$ 3.61	\$ 44,736	\$ 3.71	\$ 46,078	\$ 3.82
- DHS Nurseline	\$ 11,638	\$ 0.97	\$ 11,789	\$ 0.98	\$ 12,143	\$ 1.01	\$ 12,507	\$ 1.04
- DHS FSA	\$ 13,350	\$ 1.11	\$ 13,350	\$ 1.11	\$ 13,350	\$ 1.11	\$ 13,350	\$ 1.11
PPO Network								
- PPO Access - Blue Cross (MCS)	\$ 173,107	\$ 14.37	\$ 175,345	\$ 14.55	\$ 180,606	\$ 14.99	\$ 186,024	\$ 15.44
- PPO Access - Foundation	\$ 18,377	\$ 1.53	\$ 18,614	\$ 1.55	\$ 19,173	\$ 1.59	\$ 19,748	\$ 1.64
Health Plan Consulting								
- General Consulting (Keenan/Mercer)	\$ 80,000	\$ 6.64	\$ 72,000	\$ 5.98	\$ 72,000	\$ 5.98	\$ 72,000	\$ 5.98
- Rx Accreditation	\$ 5,000	\$ 0.42	\$ 5,000	\$ 0.42	\$ 5,000	\$ 0.42	\$ 5,000	\$ 0.42
- Aon Actuarial Review	\$ 18,000	\$ 1.49	\$ 18,000	\$ 1.49	\$ -	\$ -	\$ -	\$ -
Prescription Drugs Rebate	\$ (134,388)	\$ (11.15)	\$ (\$141,919)	\$ (11.78)	\$ (154,692)	\$ (12.84)	\$ (168,614)	\$ (14.00)
Wellness Program	\$ 139,866	\$ 11.61	\$ 139,866	\$ 11.61	\$ 139,866	\$ 11.61	\$ 139,866	\$ 11.61
Total Plan Expenses	\$ 1,624,028	\$ 134.80	\$ 1,645,381	\$ 136.57	\$ 1,674,856	\$ 139.02	\$ 1,723,797	\$ 143.08
Change From Prior Year			1%		2%		3%	
Projected Employees	1,004		1,004		1,004		1,004	

Expense (excluding claims cost) & Total Cost (expenses and claims) Projections

- In aggregate, the Total Cost Projection (expenses and claims) for Plan Year 2012 is \$12,886,520. This represents a cost increase of 5.92 percent from 2011. The total projected per employee cost for the Plan Year 2012 is \$1,069.60.
- For Plan Year 2013, total cost projection (expenses and claims) is expected to increase to \$13,941,748, an 8.19 percent change from the prior period.
- For Plan Year 2014, total cost projection (expenses and claims) is expected to increase to \$15,111,104, an 8.39 percent change from the prior period.

Exhibit II - Expense & Total Cost Projection Detail (continued)

2011 - 2014 Total Cost Projection	2011		2012		2013		2014	
	Annual	PEPM	Annual	PEPM	Annual	PEPM	Annual	PEPM
Projected Paid Claims	\$ 10,541,939	\$ 874.99	\$ 11,241,139	\$ 933.03	\$ 12,266,892	\$ 1,018.17	\$ 13,387,308	\$ 1,111.16
Projected Plan Expenses	\$ 1,624,028	\$ 134.80	\$ 1,645,381	\$ 136.57	\$ 1,674,856	\$ 139.02	\$ 1,723,797	\$ 143.08
Total Health Plan Cost	\$ 12,165,968	\$ 1,009.79	\$ 12,886,520	\$ 1,069.60	\$ 13,941,748	\$ 1,157.18	\$ 15,111,104	\$ 1,254.24
Change From Prior Year			5.92%		8.19%		8.39%	

¹ General Consulting for 2012, 2013 and 2014: Actives: \$72,000; Retirees: \$3,000.

Expense & Total Cost Projection Detail

- The components of the expense projection development are described below:
 - ***County Costs.*** This data and assumed future costs of three percent increase per year were included in the calculation and discussed with the County.
 - ***Life Insurance Costs.*** No increase is assumed for 2012 and subsequent years.
 - ***Reinsurance Costs.*** We assumed that reinsurance or excess stop loss coverage for 2012 will be marketed and negotiated with existing and potential vendors. An increase of five percent was included in the expense illustration.
 - ***Plan Administration and Cost Containment.*** The plan administration and cost containment includes an increase of three percent (zero percent for FSA).

Expense & Total Cost Projection Detail

(continued)

- *PPO Network.* The PPO Network includes an increase of three percent.
 - *Health Plan Consulting.* No increase is assumed for 2012 and succeeding years.
 - *Prescription Drug Rebate.* The rebate amount included is 7.59 percent of total prescription claims.
 - *Wellness Program.* There is no cost increase anticipated for the wellness program.
- The sum of the above components generated the Total Plan Expenses for Plan Years 2012-2014.
 - Total Projected Claims and Projected Plan Expenses were added to determine the Total Cost Projection for Plan Years 2012-2014.

Reserve Projection

- The Reserve Projection shows the development of the Total Plan Costs and impact of a projected rate increase to the overall plan revenue. See **Exhibit III (page 27)**. The reserve requirement as of the end of the plan period and the stabilization reserve requirement of three months are presented in this exhibit.
- At a zero percent increase, the Plan position on December 31, 2011 is expected to be at a surplus of \$5,968,970 and on December 31, 2012, the Plan position is expected to be at a surplus of \$5,248,862. This includes the Incurred But Not Reported and three months of stabilization reserve for these plan years.
- For the same period, the expected excess surplus is \$1,378,273 on December 31, 2011 and \$365,422 on December 31, 2012.

Exhibit III - Reserve Projection Detail

2012 Reserve Projection	2011		Option A: 2012 @ 0.0%	
	Annual	PEPM	Annual	PEPM
Projected Paid Claims	\$ 10,541,939	\$ 874.99	\$ 11,241,139	\$ 933.03
Projected Plan Expenses	\$ 1,624,028	\$ 134.80	\$ 1,645,381	\$ 136.57
Total Health Plan Cost	\$ 12,165,968	\$ 1,009.79	\$ 12,886,520	\$ 1,069.60
Projected Rate Increase				0.00%
Projected Plan Revenue ¹	\$ 12,166,412	\$ 1,009.83	\$ 12,166,412	\$ 1,009.83
Projected Surplus / (Deficit)	\$ 444	\$ 0.04	\$ (720,108)	\$ (59.77)
Beginning Plan Surplus / (Deficit) Position ²	\$ 5,968,526	\$ 495.40	\$ 5,968,970	\$ 495.43
Ending Plan Surplus / (Deficit) Position	\$ 5,968,970	\$ 495.43	\$ 5,248,862	\$ 435.66
Reserve Requirements				
Incurred But Not Reported Claims	\$ (1,549,205)	\$ (128.59)	\$ (1,661,810)	\$ (137.93)
Stabilization Reserve - 3 Months	\$ (3,041,492)	\$ (252.45)	\$ (3,221,630)	\$ (267.40)
Total Reserve Requirement	\$ (4,590,697)	\$ (381.03)	\$ (4,883,440)	\$ (405.33)
Ending Plan Surplus/ (Deficit) Position	\$ 5,968,970	\$ 495.43	\$ 5,248,862	\$ 435.66
Excess Surplus / (Deficit) Position	\$ 1,378,273	\$ 114.40	\$ 365,422	\$ 30.33
Excess Position as Months of Reserve	1.4		0.3	
Projected Employees		1,004		1,004

¹ Projected Plan Revenue is based on July 2011 enrollment and current bi-weekly plan I and II rates.

<i>Enrollment</i>	Plan I	Plan II	<i>Bi-Weekly Rates</i>	Plan I	Plan II
Employee Only	47	433	Employee Only	\$406.48	\$256.79
Employee & Spouse	29	186	Employee & Spouse	\$890.72	\$572.02
Employee & Child(ren)	10	126	Employee & Child(ren)	\$708.60	\$457.60
Employee, Spouse & Child(ren)	11	162	Employee, Spouse & Child(ren)	\$1,212.18	\$786.05
Total	97	907			

² Beginning Plan Surplus / (Deficit) Position (Source: County)

Reserve Projection Detail

- The components of the reserve projection are described below:
 - ***Total Health Plan Cost.*** Derived from Claim Cost (Paid Claims) and Projected Expense.
 - ***Projected Rate Increase.*** We assume a rate increase of zero percent for Plan Year 2012.
 - ***Beginning and Ending Surplus/Deficit Position.*** As calculated based upon information provided by the County as of July 2011.
 - ***Incurred But Not Reported (IBNR) Claim Reserve.*** As determined by a Keenan & Associates actuary based upon the study of experience and claim lag reports received for the program. An actuarial certificate of the most recent IBNR is included in the appendix of this report.

Reserve Projection Detail (continued)

- *Stabilization Reserve.* A three month stabilization reserve is required by the Board.
- The total reserve requirement is calculated based upon the above components and offset by the Ending Plan Surplus. We estimate Excess Surpluses at the end of Plan Years 2011 and 2012.

Revenue Projection

- The Revenue Projection, **Exhibit IV (page 31)**, shows the impact of the projected zero rate increase for the Plan Year 2012 and the resulting impact on subsequent years.
- At a zero percent rate increase for 2012, there is no anticipated increase in revenue from the prior year even if Total Plan Cost from 2011 to 2012 increased from \$16,756,665 to \$17,769,960. We recommend the application of Excess Surplus to offset this cost increase.
- The annual revenue increases for the subsequent years were also projected at 13 percent for Plan Year 2013 and 8 percent for Plan Year 2014. This includes a Wellness Program Credit starting in 2013.

Exhibit IV - Revenue Projection Detail

	2011		2012 @ 0%		2013		2014	
	Annual	PEPM	Annual	PEPM	Annual	PEPM	Annual	PEPM
Projected Paid Claims	\$ 10,541,939	\$ 874.99	\$ 11,241,139	\$ 933.03	\$ 12,266,892	\$ 1,018.17	\$ 13,387,308	\$ 1,111.16
Projected Paid Expenses	\$ 1,624,028	\$ 134.80	\$ 1,645,381	\$ 136.57	\$ 1,674,856	\$ 139.02	\$ 1,723,797	\$ 143.08
Total Reserve Requirement ¹	\$ 4,590,697	\$ 381.03	\$ 4,883,440	\$ 405.33	\$ 5,301,708	\$ 440.05	\$ 5,762,964	\$ 478.33
Total Health Plan Cost	\$ 16,756,665	\$ 1,390.83	\$ 17,769,960	\$ 1,474.93	\$ 19,243,456	\$ 1,597.23	\$ 20,874,068	\$ 1,732.58
Plan Surplus/(Deficit) Position	\$ 5,968,526	\$ 495.40	\$ 5,968,970	\$ 495.43	\$ 5,248,862	\$ 435.66	\$ 5,308,583	\$ 440.62
Projected Revenue ²	\$ 12,166,412	\$ 1,009.83	\$ 12,166,412	\$ 1,009.83	\$ 14,001,469	\$ 1,162.14	\$ 15,572,360	\$ 1,292.53
Total Funding Position	\$ 18,134,938	\$ 1,505.22	\$ 18,135,382	\$ 1,505.26	\$ 19,250,331	\$ 1,597.80	\$ 20,880,943	\$ 1,733.15
With Wellness Program Credit Adjustment								
Wellness Program Credit					\$ 245,338	\$ 20.36	\$ 401,619	\$ 33.33
Projected Revenue					\$ 13,756,131	\$ 1,141.78	\$ 15,170,741	\$ 1,259.19
Plan Excess Surplus/(Deficit) ³			\$ 365,422	\$ 30.33	\$ 6,875	\$ 0.57	\$ 6,875	\$ 0.57
Chang Over Prior Year⁴			0%		13%		8%	

¹Total Reserve Requirement is IBNR (incurred but not reported) claims and 3-months stabilization reserve.

²Projected Revenue is based on July 2011 enrollment and 2011 bi-weekly plan I and II rates.

³Plan Excess Surplus/(Deficit) for 2013 and 2014 represent fund position without excess surplus balance.

⁴With Wellness Program credit, annual revenue increases of +13% (2013) and +8% (2014) generate plan fund position without excess surplus balance.

Revenue Projection Detail

- The components of the revenue projection are described below:
 - ***Total Health Plan Cost.*** Derived from Claim Cost (Paid Claims) and Projected Expense.
 - ***Plan Surplus/Deficit Position.*** Derived from the Reserve Projection.
 - ***Projected Revenue.*** The projected revenue for 2012 is the same as 2011 at a zero increase. The projected revenue for the subsequent years have been adjusted based upon the carry-forward of any excess surplus/deficit.
 - ***Wellness Credit Adjustment.*** Wellness credit adjustments were provided for the Plan Year beginning 2013.
- Based upon the above components, Total Funding Position and Projected Revenue were calculated for Plan Years 2012 and 2014.

Appendix

Experience Report

Experience Report

MENDOCINO COUNTY

Medical, Rx, Dental, Vision Claims and Enrollment

(Source: Delta Health Systems and Medco experience reports)

Month	<i>Actives Claims Experience</i>						
	Enrollment	Medical	Rx	Dental	Vision	Total	PEPM
Jan-09	1,263	\$628,878	\$164,688	\$71,667	\$5,000	\$870,233	\$689
Feb-09	1,256	\$457,154	\$153,173	\$71,667	\$5,000	\$686,994	\$547
Mar-09	1,252	\$570,545	\$153,552	\$71,667	\$5,000	\$800,764	\$640
Apr-09	1,236	\$787,314	\$175,666	\$85,283	\$4,942	\$1,053,206	\$852
May-09	1,231	\$501,714	\$150,120	\$85,283	\$4,942	\$742,060	\$603
Jun-09	1,226	\$780,730	\$174,780	\$85,283	\$4,942	\$1,045,736	\$853
Jul-09	1,217	\$488,028	\$167,946	\$80,630	\$6,925	\$743,529	\$611
Aug-09	1,201	\$715,358	\$166,080	\$70,929	\$4,949	\$957,316	\$797
Sep-09	1,192	\$547,232	\$148,690	\$55,553	\$4,951	\$756,426	\$635
Oct-09	1,177	\$623,894	\$145,663	\$74,411	\$5,213	\$849,181	\$721
Nov-09	1,164	\$487,172	\$180,140	\$69,806	\$5,396	\$742,514	\$638
Dec-09	1,164	\$726,807	\$162,640	\$62,199	\$3,140	\$954,786	\$820
2009	14,579	\$7,314,826	\$1,943,138	\$884,378	\$60,401	\$10,202,743	\$700
Jan-10	1,168	\$368,540	\$162,663	\$69,929	\$3,270	\$604,402	\$517
Feb-10	1,153	\$698,722	\$147,968	\$65,991	\$3,492	\$916,173	\$795
Mar-10	1,150	\$484,422	\$169,733	\$83,960	\$5,593	\$743,708	\$647
Apr-10	1,137	\$888,563	\$137,596	\$110,023	\$7,422	\$1,143,604	\$1,006
May-10	1,136	\$189,101	\$149,192	\$78,725	\$4,955	\$421,973	\$371
Jun-10	1,120	\$901,428	\$157,660	\$48,959	\$1,858	\$1,109,905	\$991
Jul-10	1,114	\$744,378	\$169,372	\$93,754	\$7,279	\$1,014,783	\$911
Aug-10 *	1,098	\$608,534	\$139,676	\$62,476	\$5,633	\$816,319	\$743
Sep-10	1,095	\$844,690	\$162,811	\$72,251	\$6,461	\$1,086,213	\$992
Oct-10	1,091	\$634,164	\$129,150	\$53,092	\$3,978	\$820,384	\$752
Nov-10	1,080	\$807,509	\$155,402	\$51,095	\$3,614	\$1,017,620	\$942
Dec-10	1,076	\$527,112	\$134,749	\$69,282	\$4,489	\$735,632	\$684
2010	13,418	\$7,697,163	\$1,815,972	\$859,537	\$58,044	\$10,430,716	\$777

Experience Report (continued)

MENDOCINO COUNTY

Medical, Rx, Dental, Vision Claims and Enrollment

(Source: Delta Health Systems and Medco experience reports)

Month	<i>Actives Claims Experience</i>						
	Enrollment	Medical	Rx	Dental	Vision	Total	PEPM
Jan-11	1,076	\$727,376	\$161,925	\$83,611	\$4,190	\$977,102	\$908
Feb-11	1,056	\$668,319	\$139,106	\$96,035	\$5,799	\$909,259	\$861
Mar-11	1,046	\$579,354	\$130,622	\$75,018	\$4,343	\$789,337	\$755
Apr-11	1,033	\$570,560	\$129,376	\$74,071	\$3,951	\$777,958	\$753
May-11	1,012	\$364,040	\$188,764	\$84,634	\$4,968	\$642,406	\$635
Jun-11	1,004	\$630,419	\$158,550	\$72,263	\$2,825	\$864,057	\$861
Jul-11 **	1,004	\$984,268	\$129,772	\$59,232	\$5,460	\$1,178,732	\$1,174
Subtotal	7,231	\$4,524,336	\$1,038,115	\$544,864	\$31,536	\$6,138,851	\$849

Claim Lag Reports

Claim Lag Report - Medical

ACTIVES													TOTAL
Incurred	Paid												
	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	
Feb-2005													0.00
Jan-2006													0.00
Jul-2006													0.00
Aug-2006									-28.00				-28.00
Feb-2007									-13.00				-13.00
May-2007									-18.26				-18.26
Jul-2007									-18.26				-18.26
Oct-2007									-45.00				-45.00
Nov-2007				24.12					-37.50				-13.38
Dec-2007			121.84						9.27				131.11
Jan-2008									-30.00				-30.00
Feb-2008			-379.48		49.48		2,461.18						2,131.18
Mar-2008	25.56		-2,675.11										-2,649.55
Apr-2008			-101.58										1,258.96
May-2008			-2,566.18						105.92			1,360.54	1,144.99
Jul-2008			-7,769.53				-6.34		-75.00			1,110.71	-6,740.16
Aug-2008				604.80									446.34
Sep-2008	76.68						26,532.17						528.10
Oct-2008	25.56		-146.95				9.32						73.42
Nov-2008										1,487.07			1,487.07
Dec-2008				7,456.00								287.17	7,743.17
Jan-2009	-463.74							20.96					-442.78
Feb-2009	-1,491.85	-210.10	-2,150.36									17.43	-3,834.88
Mar-2009	982.00		-474.50	171.27			529.99					50.10	1,258.86
Apr-2009	-35.26		-144.94		-228.00		718.62					9,249.44	9,559.86
May-2009	-1,736.41	14.17					164.16					2,033.15	475.07
Jun-2009	186.97	27.60		36.89			164.16		4.75			718.81	1,139.18
Jul-2009	310.50	91.01			4,519.50	32.09	250.07	939.60				1,127.06	7,269.83
Aug-2009	443.33	5.34	106.84		-209.08	32.09	164.16					959.07	1,501.75
Sep-2009	681.29	11,380.08	-5,456.46	413.35		426.00	189.16		498.60			336.08	8,468.10
Oct-2009	517.16	113.31	1,771.99	-161.73	1,136.40	4,874.21	164.16	5.03		1,930.47	1,662.90	1,703.73	13,717.63
Nov-2009	76.00	3,967.36	889.46	733.93		850.13	164.16			30.00	103.54	465.26	7,279.84
Dec-2009	205.03	733.46	2,114.51	445.80	114.95	467.25	164.16			87.08		18.40	248.57
Jan-2010	24,424.73	1,844.25	1,280.47	2,198.83	722.01	746.15	500.41			745.89	154.40	681.10	33,298.24
Feb-2010	534.65	11,866.95	1,797.64	830.42	85.00	1,874.51	4,031.11			1,740.51		139.32	22,900.11
Mar-2010	5,315.89	5,290.72	42,741.53	1,990.69	1,946.58	2,003.73	-106.92	2,090.57	5,607.39			301.47	29,551.58
Apr-2010	84,961.22	269,524.50	14,319.48	91,221.02	-24,396.16	4,418.20	957.66	2,807.38	804.38		164.00	12,551.58	457,333.26
May-2010	73,171.84	39,883.34	41,708.30	5,189.16	28,594.41	24,582.48	1,072.11	9,315.62	3,051.96	844.50		11.07	227,424.79
Jun-2010	82,465.88	23,789.12	10,488.75	19,354.89	-3,006.49	7,159.52	531.36	3,179.65	1,907.92	-214.64	684.81	12.78	146,353.55
Jul-2010	313,511.82	145,573.49	123,785.86	52,636.97	-641.13	3,004.83	1,575.96	3,478.38	860.68	246.62	30,121.38	-47.22	674,107.64
Aug-2010	24,345.44	263,209.03	121,294.38	115,031.68	75,500.79	6,340.00	57,645.58	1,630.08	3,319.37	475.47	857.94	373.15	670,022.91
Sep-2010		67,586.62	268,156.86	144,174.93	123,036.09	28,288.36	13,390.49	5,925.40	491.70	737.96	1,630.57	662.98	654,081.96
Oct-2010			25,451.32	307,283.40	60,794.78	40,170.32	51,594.00	4,407.71	2,645.33	-7,213.29	4,877.92	1,437.70	491,449.19
Nov-2010				57,873.01	232,325.28	123,514.45	99,566.64	8,350.35	6,273.44	4,069.07	6,431.51	3,993.56	542,397.31
Dec-2010					26,767.67	464,427.26	113,951.49	26,417.57	15,047.76	32,142.29	21,126.52	37,303.51	737,184.07
Jan-2011						14,163.04	266,137.74	192,587.36	24,732.22	77,346.95	6,368.77	21,869.80	603,205.88
Feb-2011							210,076.97	98,528.00	5,000.54	8,606.03	11,996.95	360,011.54	
Mar-2011								108,122.18	377,877.56	76,330.61	23,236.62	19,899.71	605,466.68
Apr-2011									26,455.41	150,861.68	306,620.80	27,695.25	511,633.14
May-2011										19,891.63	188,030.28	181,795.62	389,717.53
Jun-2011											29,524.74	615,317.00	644,841.74
Jul-2011												26,415.54	26,415.54
TOTAL	608,534.29	844,690.25	634,164.14	807,509.43	527,112.08	727,374.62	668,319.81	579,354.81	570,560.12	364,040.47	630,419.06	984,268.92	7,946,348.00

Claim Lag Report - Dental

DENTAL

Incurred	Paid												TOTAL	
	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011		
Jun-2009														0.00
Jul-2009	-479.79						370.00							-109.79
Aug-2009	25.00	102.00												127.00
Sep-2009														0.00
Oct-2009		931.00												931.00
Nov-2009														0.00
Dec-2009	472.99		-105.75	176.62					58.00					601.86
Jan-2010	10.15	429.25		416.50								99.89		955.79
Feb-2010		110.50	-806.90		54.43	887.50								245.53
Mar-2010	1,276.94		-247.35		395.25									1,424.84
Apr-2010	-144.20	-296.25	8.25	16.00		91.24								-324.96
May-2010	1,083.26	1,876.50	88.00	62.00										3,109.76
Jun-2010	6,423.10	1,034.20	322.31	295.00	315.81	260.00	425.00	157.00						9,232.42
Jul-2010	34,814.81	5,231.56	695.13	816.25	87.16	1,367.59						245.08		43,257.58
Aug-2010	18,994.28	47,482.56	3,114.52	315.40	377.59	27.10			68.94					70,380.39
Sep-2010		15,349.69	34,554.39	4,740.80	722.19	2,107.72	476.01			133.45				58,084.25
Oct-2010			15,469.81	34,245.19	3,494.68	4,131.00	1,070.39	256.61		170.31				58,837.99
Nov-2010				10,012.08	42,226.89	5,837.21	5,388.47		68.00	550.00	47.00			64,129.65
Dec-2010					21,608.40	38,098.64	7,303.02	2,607.80	3,709.05		906.77	300.00		74,533.68
Jan-2011						30,803.52	51,813.88	3,893.85	5,085.13	1,796.00	459.75			93,852.13
Feb-2011							29,188.97	40,135.51	13,774.42	2,219.84	-36.20	212.54		85,495.08
Mar-2011								27,967.80	34,244.05	13,598.89	3,629.42	193.30		79,633.46
Apr-2011									17,063.51	47,594.31	5,364.70	1,450.09		71,472.61
May-2011										18,571.29	36,347.84	5,276.57		60,195.70
Jun-2011											25,544.06	36,477.62		62,021.68
Jul-2011												14,977.02		14,977.02
TOTAL	62,476.54	72,251.01	53,092.41	51,095.84	69,282.40	83,611.52	96,035.74	75,018.57	74,071.10	84,634.09	72,263.34	59,232.11		853,064.67

Claim Lag Report – Vision

VISION

Incurred	Paid													TOTAL	
	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011			
Dec-2009		110.00													110.00
Jan-2010															0.00
Feb-2010															0.00
Mar-2010					60.00		60.00								120.00
Apr-2010	170.00							-203.24							-33.24
May-2010	200.00	140.00													340.00
Jun-2010	1,305.00	570.00	20.00			214.00									2,109.00
Jul-2010	3,632.02	760.00	168.82	120.00											4,680.84
Aug-2010	326.00	3,999.95	360.00	450.00		140.00	60.00								5,335.95
Sep-2010		881.99	3,049.95	615.00	1,169.99	120.00									5,836.93
Oct-2010			380.00	1,840.00	670.00	120.00	160.00					120.00			3,290.00
Nov-2010				589.00	2,020.00	660.00	1,337.99			210.00					4,816.99
Dec-2010					570.00	2,000.00	1,600.00	360.00		60.00					4,590.00
Jan-2011						1,140.00	2,301.99	380.00	486.00						4,307.99
Feb-2011							279.99	2,463.99	800.00	156.00			290.00		3,989.98
Mar-2011								1,140.00	1,604.95	520.00	690.00	180.00			4,134.95
Apr-2011									1,060.00	3,152.99	151.90	500.00			4,864.89
May-2011										870.00	1,503.50	1,060.00			3,433.50
Jun-2011											360.00	2,990.00			3,350.00
Jul-2011													440.00		440.00
TOTAL	5,633.02	6,461.94	3,978.77	3,614.00	4,489.99	4,190.76	5,799.97	4,343.99	3,950.95	4,968.99	2,825.40	5,460.00			55,717.78

Acknowledgement

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Disclaimer

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