

# San Francisco Health Service System Health Service Board

## Contingency Reserve Fund Status Presentation

January 11, 2018

# Introduction

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Current policy requires a Contingency Reserve for each plan that is self-funded. A Contingency Reserve is a reserve that protects against shortfalls in funding estimates. These shortfalls occur when the actual claims incurred over a plan year are higher than projected when developing premium equivalents, causing a difference between actual expenses and revenues collected.

In this presentation we will review the status of the Contingency Reserves for each of the self-funded / flex-funded plans as of fiscal year-end on June 30, 2017.

## Fund Status

The recommended Contingency Reserves as of June 30, 2017 are:

### Contingency Reserves

Plan	June 30, 2016	June 30, 2017	\$ Change	% Change
UHC City Plan	\$5,694,340	\$5,555,678	-\$138,662	-2%
Delta Dental of California PPO Plan	\$3,634,389	\$3,086,872	-\$547,517	-15%
Blue Shield of California Plan	\$15,110,906	\$13,326,881	-\$1,784,025	-12%
<b>TOTAL</b>	<b>\$24,439,635</b>	<b>\$21,969,431</b>	<b>-\$2,470,204</b>	<b>-10%</b>

The UnitedHealthcare (UHC) City Plan, Blue Shield of California and Delta Dental of California IBNR reserves are currently fully funded.

The change in Contingency Reserve is added into the calculation of the Claims Stabilization.

These estimates will be reset as of June 30, 2018 after the close of the fiscal year.