

San Francisco Health Service System Health Service Board

Incurred But Not Reported (IBNR) Reserve Fund Status Presentation

January 11, 2018

Introduction

Current policy requires an Incurred But Not Reported (IBNR) reserve for each plan that is self-funded / flex-funded. An IBNR reserve is an estimate of the unpaid claims liability for run-out claims where services were incurred on or before a given date, but those claims have not yet been paid as of that specific date. For the SFHSS plans, our calculations are based on an incurred-through date of June 30 (last day of fiscal year)—so our most recent calculations involve claims where services are incurred on or before June 30, 2017, but not paid until July 1, 2017 or later.

In this presentation we report upon the status of the IBNR reserve for each of the SFHSS self-funded / flex-funded health plans.

IBNR Reserve Status

The recommended IBNR reserve as of June 30, 2017 is as follows:

IBNR Reserves

Plan	June 30, 2016	June 30, 2017	\$ Change	% Change
UHC City Plan	\$4,512,233	\$2,893,472	-\$1,618,761	-36%
Delta Dental of California PPO Plan	\$2,769,621	\$2,956,951	\$187,330	7%
Blue Shield of California Plan	\$22,064,763	\$21,904,443	-\$160,320	-1%
TOTAL	\$29,346,617	\$27,754,867	-\$1,591,750	-5%

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

The UHC City Plan IBNR reserve reduction is due to the migration of the UHC Medicare retirees to fully-insured funding as of January 1, 2017.

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