

**/SUMTER COUNTY BOARD OF COMMISSIONERS
EXECUTIVE SUMMARY**

SUBJECT: Annual Report of Self-Funded Health Benefits Plans (Chapter 112) for Fiscal Year 2009/2010

REQUESTED ACTION: Information Only

Work Session (Report Only) **DATE OF MEETING:** March 8, 2011
 Regular Meeting Special Meeting

CONTRACT: N/A Vendor/Entity: _____
Effective Date: _____ Termination Date: _____
Managing Division / Dept: _____

BUDGET IMPACT: _____
 Annual **FUNDING SOURCE:** _____
 Capital **EXPENDITURE ACCOUNT:** _____
 N/A

HISTORY/FACTS/ISSUES:
Each year Sumter County, with the assistance of our Actuary, must submit an Annual Report of Self-Funded Health Benefits Plans (also know as the Chapter 112 Report) to the Office of Insurance Regulation (OIR).

A copy of the Acceptance Letter from the OIR and the Annual Report are attached for review. They are followed in the same attachment by three revision documents and an email from our Actuary, Stephanie Noonon of Milliman, Inc. responding to our Auditor and explaining why the revisions are necessary and that the revisions will be submitted with the Annual Report for Fiscal Year 2010/2011.



OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

FINANCIAL SERVICES
COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF
AGRICULTURE

via email: sandra.howell@sumtercountyfl.gov

January 13, 2011

Ms. Sandra Howell
Sumter County
7375 Powell Road
Wildwood, FL 34785

RE: SUMTER COUNTY
FILE LOG NUMBER: SIP 11-00205
PLEASE REFER TO THIS FILE NUMBER WHEN CORRESPONDING

Dear Ms. Howell:

The Office of Insurance Regulation has reviewed your annual report for the above referenced plan for plan year ending 9/30/2010, including the statement as to the plan's actuarial soundness. Since the liabilities and assets appear to produce adequate positive surplus, your filing is **ACCEPTED** as being in compliance with the requirements of Section 112.08, F.S. We look forward to receiving your plan year 9/30/2011 report by 12/29/2011.

Thank you for filing the required information.

Feel free to contact me if you have any questions.

Sincerely,

Dan Keating, FSA, MAAA
Chief Actuary
Dan.Keating@fior.com
(850) 413-5144

DK/md



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milliman.com

December 30, 2010

Mr. Daniel J. Keating, FSA, MAAA, FLMI
Chief Life & Health Actuary
Florida Department of Financial Services
Office of Insurance Regulation
Life & Health Forms & Rates
200 East Gaines Street
Tallahassee, FL 32399-0328

Re: Sumter County Board of County Commissioner's(Sumter County) 112.08 Filing for 2010

Dear Mr. Keating:

At the request of our client, Sumter County, Milliman, Inc. (Milliman) has completed and enclosed all the forms required by Florida Statute 112.08, as well as any relevant supporting documentation.

Please review and contact us if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Stephanie M. Noonan".

Stephanie M. Noonan, F.S.A., CERA, M.A.A.A.
Actuarial Consultant

A handwritten signature in black ink that reads "Dan R. Freeman".

Dan R. Freeman, F.S.A., M.A.A.A.
Consulting Actuary



OFFICE OF INSURANCE REGULATION
Bureau of Life & Health Forms and Rates

GENERAL INFORMATION ON SELF-FUNDED HEALTH BENEFIT PLANS

Sumter County Board of County Commissioners

PLAN FISCAL YEAR October 1, 2009 – September 30, 2010

PLAN NAME Board of Sumter County Commissioners Group Health Plan

INDIVIDUAL CONTACT Ms. Sandra Howell, Assistant County Administrator

ADDRESS 7375 Powell Road
Wildwood, FL 34785

FAX NUMBER (352) 689-4401

PHONE NUMBER (352) 689-4400

E-MAIL ADDRESS sandra.howell@sumtercountyfl.gov

ADMINISTRATOR BlueCross BlueShield of Florida

INDIVIDUAL CONTACT Pamela Ross

ADDRESS 610 Crescent Executive Court
Suite 600
Lake Mary, FL 32746

FAX NUMBER 407-804-4415

PHONE NUMBER 407-833-7700 ext. 37735

E-MAIL ADDRESS Pamela.Ross@bcbsfl.com

ACTUARIAL FIRM Milliman, Inc.

ACTUARY Stephanie Noonan, FSA, CERA, MAAA

ADDRESS 1120 South 101st Street
Suite 400
Omaha, NE 68124-1088

FAX NUMBER (402) 384-5776

PHONE NUMBER (402) 384-5736

E-MAIL ADDRESS Stephanie.Noonan@Milliman.com



OFFICE OF INSURANCE REGULATION
Bureau of Life & Health Forms and Rates

ANNUAL REPORT OF SELF-FUNDED HEALTH BENEFIT PLANS
SUMTER COUNTY BOARD OF COUNTY COMMISSIONERS

FISCAL YEAR REPORT COVERING OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010

1. PREMIUM INCOME		<u>\$7,928,639</u>
2. OTHER INCOME (IF AMOUNT IS GREATER THAN 10% OF ITEM 1, ATTACH DETAILED EXPLANATION.)		<u>\$595,873</u>
3. INVESTMENT INCOME (IF AMOUNT IS GREATER THAN 10% OF ITEM 1, ATTACH DETAILED EXPLANATION.)		<u>\$18,842</u>
4. TOTAL INCOME (SUM OF ITEMS 1,2, & 3.)		<u>\$8,543,353</u>
5. CLAIMS PAID	_____ \$5,896,279	
6. CLAIM RESERVES – END OF CURRENT YEAR (ATTACH DETAILED EXPLANATION OF HOW RESERVES WERE CALCULATED.)	_____ \$565,127	
7. CLAIMS RESERVES – END OF PRIOR YEAR (MUST MATCH WITH PRIOR REPORT OR ATTACH DETAILED EXPLANATION.)	_____ \$592,776	
8. TOTAL INCURRED CLAIMS (GROSS) (SUM OF ITEMS 5 & 6, LESS ITEM 7.)		<u>\$5,868,629</u>
9. REINSURANCE RECOVERABLE		<u>\$119,461</u>
10. TOTAL INCURRED CLAIMS (NET OF REINSURANCE) (ITEM 8 LESS ITEM 9)		<u>\$5,749,168</u>
11. STOP LOSS INSURANCE PREMIUMS		<u>\$741,649</u>
12. EXPENSES		
A. SALARIES		<u>\$97,462</u>
B CONSULTING FEES		
1. TPA/INSURANCE COMPANY CONSULTING FEES _____	\$712,775	
2. OTHER CONSULTING FEES _____	\$20,000	
	TOTAL CONSULTING FEES	<u>\$732,775</u>
C. OFFICE EXPENSES		<u>\$2,352</u>
D. OTHER (IF GREATER THAN 10% OF THE TOTAL OF A, B, AND C DETAIL THE COSTS.)		<u>\$709,732</u>
E. TOTAL EXPENSES (SUM OF ITEMS A, B, C, & D.)		<u>\$1,542,321</u>
13. TOTAL DISBURSEMENTS (SUM OF ITEMS 10, 11, 12E.)		<u>\$8,033,138</u>
14. OPERATING GAIN OR LOSS (ITEM 4 LESS ITEM 13.)		<u>\$510,216</u>

Additional Detail:

Item 12.D.Other Expenses Include:

Life Premium	\$ 75,638
AD&D Premium	\$ 9,447
LTD Premium	\$130,345
STD Premium and Fees	\$ 91,308
STD Claims	\$ 12,891
Health FSA and DCAP	\$147,061
Voluntary Life	\$199,909
AllState	\$ 31,960
Wellness	\$ 11,174
Total	<u>\$709,732</u>



OFFICE OF INSURANCE REGULATION
Bureau of Life & Health Forms and Rates

OPERATING PROJECTIONS FOR SELF-FUNDED HEALTH BENEFIT PLANS
SUMTER COUNTY BOARD OF COUNTY COMMISSIONERS

PLAN FISCAL YEAR REPORT COVERING	October, 2010	THROUGH	September, 2013
PART 1	CURRENT YEAR	YEAR 1 OCT. 2011- SEP. 2012	YEAR 2 OCT. 2012- SEP. 2013
1. NUMBER OF EMPLOYEES	887	887	887
2. PREMIUM INCOME	\$8,926,000	\$9,729,000	\$10,605,000
3. OTHER INCOME (INCLUDES INVESTMENT INCOME)	\$ 21,000	\$ 22,000	\$ 22,000
4. TOTAL INCOME (SUM OF ITEMS 2 AND 3)	\$8,947,000	\$9,751,000	\$10,627,000
5. TOTAL INCURRED CLAIMS* (NET OF REINSURANCE)	\$8,067,000	\$8,843,000	\$ 9,697,000
6. TOTAL EXPENSES	\$ 844,000	\$ 878,000	\$ 913,000
7. TOTAL DISBURSEMENTS (SUM OF ITEMS 5 AND 6)	\$8,911,000	\$9,721,000	\$10,610,000
8. TOTAL GAIN OR LOSS (ITEM 4 LESS ITEM 7)	\$ 36,000	\$ 30,000	\$ 17,000
9. CHANGE IN SURPLUS DUE TO OTHER FACTORS (CONTRIBUTION, WITHDRAWAL)	\$ 0	\$ 0	\$ 0
10. SURPLUS BEGINNING OF YEAR	\$1,743,000	\$1,779,000	\$1,809,000
11. SURPLUS END OF YEAR (SUM OF ITEMS 8, 9, AND 10)	\$1,779,000	\$1,809,000	\$1,826,000
PART 2-ASSUMPTIONS	CURRENT YEAR (ACTUAL)	YEAR 1 OCT. 2011- SEP.2012	YEAR 2 OCT.2012- SEP.2013
1. PERCENT PREMIUM INCREASE	ACTUAL	9.0%	9.0%
2. TREND (MEDICAL AND EXPENSE)	9%(Claims), 15%(ISL), 4%(Exp)	9%(Claims), 15%(ISL), 4%(Exp)	9%(Claims), 15%(ISL), 4%(Exp)
3. PREMIUM CONTRIBUTION- SINGLE/FAMILY EMPLOYEE	\$20/\$314	\$21.80/\$342.26	\$23.76/\$373.06
LOCAL GOVERNMENTAL UNIT	\$741/\$741	\$807.69/\$807.69	\$880.38/\$880.38
4. STOP LOSS MINIMUM ATTACHMENT POINT	\$ 75,000	\$ 75,000	\$ 75,000

* INCLUDES PREMIUMS FOR STOP LOSS INSURANCE.



OFFICE OF INSURANCE REGULATION
Bureau of Life & Health Forms and Rates

**GENERAL INFORMATION AND SURPLUS STATEMENT
 FOR SELF-FUNDED HEALTH BENEFIT PLANS
 SUMTER COUNTY OF BOARD OF COUNTY COMMISSIONERS**

GENERAL INFORMATION

	BENEFIT (A)	BENEFIT (B)	BENEFIT (C)
1. TYPE OF BENEFIT	MEDICAL		
2. NUMBER OF COVERED EMPLOYEES	887		
SINGLE (EMPLOYEE ONLY)	432		
FAMILY (EMPLOYEE AND DEPENDENTS)	455		
3. CLAIMS INCURRED	\$5,749,168		
4. ANNUAL CLAIM COST PER EMPLOYEE (ITEM 3 / ITEM 2)	\$6,482		

SURPLUS STATEMENT

(THIS SCHEDULE TRACES THE DEVELOPMENT OF SURPLUS IN THE PLAN FROM THE PRIOR YEAR TO THE END OF THE CURRENT YEAR.)

1. SURPLUS FROM PRIOR YEAR (IF A DEFICIT, SHOW AS NEGATIVE SURPLUS)	\$1,178,000
2. CHANGE IN SURPLUS FROM FUND OPERATIONS (GAIN OR LOSS FOR YEAR)	\$ 510,000
3. CHANGE IN SURPLUS DUE TO OTHER FACTORS (CONTRIBUTION, WITHDRAWAL)	\$ 55,000
4. OVERALL CHANGE IN SURPLUS, PRESENT YEAR	\$ 566,000
5. SURPLUS, END OF CURRENT YEAR (SUM OF ITEM 1 AND ITEM 4)	\$1,743,000

THE SURPLUS FROM THE END OF THE PRIOR YEAR SHOULD AGREE WITH THE STARTING SURPLUS FOR THE CURRENT YEAR. IF THEY DO NOT COINCIDE, PLEASE PROVIDE AN EXPLANATION.

NOTE: IF LINE 5 IS NEGATIVE, THE PLAN IS NOT IN GOOD STANDING WITH THE FLORIDA OFFICE OF INSURANCE REGULATION. THIS DEFICIT MUST BE REMOVED BY AN INFUSION OF AN AMOUNT AT LEAST EQUAL TO THE DEFICIT. IF THE DEFICIT IS TO BE LIQUIDATED OVER A PERIOD OF TIME, PLEASE PROVIDE THE DETAILS OF THIS PROGRAM FOR CONSIDERATION, ALONG WITH A SUPPORTING ACTUARIAL OPINION. IF THE PLAN'S SURPLUS IS LESS THAN SIXTY DAYS OF ANTICIPATED CLAIMS, OTHER QUESTIONS MAY BE ASKED OF THE PLAN AS THE OFFICE SEES FIT.



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December 30, 2010

Mr. Daniel J. Keating, FSA, MAAA, FLMI
Chief Life & Health Actuary
Florida Department of Financial Services
Office of Insurance Regulation
Life & Health Forms & Rates
200 East Gaines Street
Tallahassee, FL 32399-0328

**Re: Sumter County Board of County Commissioner's ("Sumter County") IBNR Calculation
as of 9/30/2010**

Dear Mr. Keating:

Milliman, Inc. ("Milliman") has performed a calculation of the incurred but not reported (IBNR) reserve of Sumter County's medical, prescription drugs, and dental plans as of September 30, 2010. Our major findings are summarized below:

Based on our calculations, Sumter County should be holding approximately \$565,000 in medical, prescription drug, and dental IBNR reserves. This represents 8.8% of total annual paid claims. The results are detailed in the table below.

Benefit Type	09/30/2010
Medical	\$491,999
Rx	\$37,967
Dental	\$21,377
SubTotal	\$551,343
Margin	2.5%
Total	\$565,127

This calculation depends on certain data, methodology and assumptions which are described below.

Methodology

To calculate the medical reserve, we used a standard actuarial reserve methodology described as a “completion method” that is shown in Attachment #1. This methodology is outlined in the Actuarial Standards of Practice (ASOP #5) from the American Academy of Actuaries. Using the claims data by paid date and incurred date since October 1, 2008 (a claims triangle), we estimate the percent of claims incurred that are currently unpaid. We also project the monthly claims incurred for the most recent months. These historical estimates are used to calculate the expected claims payments in the coming year. If we have the incurred and paid dates for large claims and the corresponding reimbursements from the stop loss carrier, we adjust the claims triangle accordingly. However, in Sumter County’s case this information was not available. Since prescription drug and dental claims were provided separately, we used the same method to calculate those reserves shown in Attachments #2-3.

Assumptions and Data

In performing our reserve calculation, we used the following assumptions:

1. We received monthly enrollment data from Blue Cross Blue Shield of Florida through September 2010.
2. The claims data was complete and accurate. We received claims data in a paid-and-incurred triangle format from Blue Cross Blue Shield of Florida through September 2010. In cases when this is not equal to the effective date, we trend our results forward accordingly.
3. Where applicable, we assumed an overall trend rate of 9% for Medical and Prescription Drugs coverage, and a 6% trend rate for Dental claims. We assumed that claims would continue at this level.
4. We assume that claims will continue to be incurred at the same rate as those incurred in the data that we received.
5. We did not explicitly add a load for loss adjustment expenses since the payment of run-out claims are typically included in the contract with the claims payer.
6. We did add a load for conservatism (margin) of 2.5%.

Conclusion

As part of Sumter County’s fiduciary responsibility to the plan, it is important to maintain an adequate level of reserves, especially in light of the continual increase in the size and variability of



December 30, 2010

claims, changes in enrollment, and plan design changes. In addition to the calculation provided in this letter, we recommend that you continue to monitor the reserve levels going forward to ensure financial stability and viability.

Reliance and Limitations

In performing our analysis for Sumter County, we relied on data provided by Blue Cross Blue Shield of Florida and Sumter County. We have not audited this data; but we performed a limited review for reasonableness, and we found no material defects in the data used in this report. If the underlying data is inaccurate or incomplete, then the results of our analysis may be inaccurate or incomplete.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is likely that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

This letter and its attachments have been prepared for the use of Sumter County and is only to be relied upon by this organization. No portion may be provided to any other party without Milliman's prior written consent. Milliman does not intend to benefit any other recipient of this report, even if Milliman consents to the release of this report to that recipient. Please contact us if you have any questions.

We, Stephanie M. Noonan and Dan R. Freeman, are Consulting Actuaries with Milliman, Inc. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained herein.

Sincerely,

A handwritten signature in black ink that reads "Stephanie M. Noonan".

Stephanie M. Noonan, F.S.A., CERA, M.A.A.A.
Actuarial Consultant

A handwritten signature in black ink that reads "Dan R. Freeman".

Dan R. Freeman, F.S.A., M.A.A.A.
Consulting Actuary



IBNR Reserve Calculation - Medical

~ Sumter County Board of County Commissioners ~

Incurred Month	Initial Calculation					Final Calculation				
	Paid Claims by Incurred Month	Completion Factor	Incurred Claims	Initial Reserve	Enrollment	Incurred PEPM	Adj Incurred PEPM	Adj Completion Factor	Adj Incurred Claims	Final Reserve
Oct-08	\$462,442	100.0%	\$462,442	\$0	866	\$534	\$534	100.0%	\$462,442	\$0
Nov-08	\$430,139	100.0%	\$430,139	\$0	869	\$495	\$495	100.0%	\$430,139	\$0
Dec-08	\$392,049	100.0%	\$392,049	\$0	864	\$454	\$454	100.0%	\$392,049	\$0
Jan-09	\$497,890	100.0%	\$497,890	\$0	870	\$572	\$572	100.0%	\$497,890	\$0
Feb-09	\$398,948	100.0%	\$398,948	\$0	865	\$461	\$461	100.0%	\$398,948	\$0
Mar-09	\$486,167	100.0%	\$486,167	\$0	866	\$561	\$561	100.0%	\$486,167	\$0
Apr-09	\$428,283	100.0%	\$428,283	\$0	874	\$490	\$490	100.0%	\$428,283	\$0
May-09	\$664,810	100.0%	\$664,810	\$0	874	\$761	\$761	100.0%	\$664,810	\$0
Jun-09	\$565,228	100.0%	\$565,228	\$0	872	\$648	\$648	100.0%	\$565,228	\$0
Jul-09	\$487,589	100.0%	\$487,589	\$0	867	\$562	\$562	100.0%	\$487,589	\$0
Aug-09	\$377,450	100.0%	\$377,450	\$0	861	\$438	\$438	100.0%	\$377,450	\$0
Sep-09	\$403,797	100.0%	\$403,797	\$0	859	\$470	\$470	100.0%	\$403,797	\$0
Oct-09	\$299,825	99.5%	\$301,438	\$1,613	862	\$350	\$350	99.5%	\$301,438	\$1,613
Nov-09	\$423,703	98.8%	\$428,938	\$5,235	869	\$494	\$494	98.7%	\$429,286	\$5,583
Dec-09	\$428,810	98.7%	\$434,656	\$5,846	878	\$495	\$495	98.7%	\$434,656	\$5,846
Jan-10	\$392,238	98.2%	\$399,290	\$7,052	882	\$453	\$453	98.2%	\$399,290	\$7,052
Feb-10	\$371,415	98.1%	\$378,592	\$7,177	876	\$432	\$432	98.1%	\$378,592	\$7,177
Mar-10	\$347,106	98.0%	\$354,268	\$7,162	890	\$398	\$398	98.0%	\$354,220	\$7,114
Apr-10	\$309,522	97.6%	\$317,093	\$7,571	874	\$363	\$363	97.6%	\$317,262	\$7,740
May-10	\$407,856	96.1%	\$424,620	\$16,763	878	\$484	\$484	96.1%	\$424,620	\$16,764
Jun-10	\$403,845	95.3%	\$423,795	\$19,950	860	\$482	\$482	95.3%	\$423,795	\$19,950
Jul-10	\$486,751	93.6%	\$520,225	\$33,474	866	\$587	\$587	93.6%	\$520,225	\$33,474
Aug-10	\$298,704	86.6%	\$344,950	\$46,246	860	\$392	\$450	75.4%	\$396,000	\$97,296
Sep-10	\$202,710	46.5%	\$435,565	\$232,855	882	\$494	\$550	41.8%	\$485,100	\$282,390
12-month Total*	\$4,372,485	91.8%	\$4,763,429	\$390,944	878			89.9%	\$4,864,484	\$491,999

* Initial and final reserve totals include all months

September 30, 2010 Reserve \$491,999

12-Month Paid Claims Total for All Incurred Months \$4,827,413

Reserve as a Percent of Paid Claims 10.2%



IBNR Reserve Calculation - Prescription Drugs

~ Sumter County Board of County Commissioners ~

Incurred Month	Initial Calculation				Final Calculation					
	Paid Claims by Incurred Month	Completion Factor	Incurred Claims	Initial Reserve	Enrollment	Incurred PEPM	Adj Incurred PEPM	Adj Completion Factor	Adj Incurred Claims	Final Reserve
Oct-08	\$95,768	100.0%	\$95,768	\$0	866	\$111	\$111	100.0%	\$95,768	\$0
Nov-08	\$87,873	100.0%	\$87,873	\$0	869	\$101	\$101	100.0%	\$87,873	\$0
Dec-08	\$104,546	100.0%	\$104,546	\$0	864	\$121	\$121	100.0%	\$104,546	\$0
Jan-09	\$101,283	100.0%	\$101,283	\$0	870	\$116	\$116	100.0%	\$101,283	\$0
Feb-09	\$115,791	100.0%	\$115,791	\$0	865	\$134	\$134	100.0%	\$115,791	\$0
Mar-09	\$108,299	100.0%	\$108,299	\$0	866	\$125	\$125	100.0%	\$108,299	\$0
Apr-09	\$93,231	100.0%	\$93,231	\$0	874	\$107	\$107	100.0%	\$93,231	\$0
May-09	\$82,144	100.0%	\$82,144	\$0	874	\$94	\$94	100.0%	\$82,144	\$0
Jun-09	\$87,915	100.0%	\$87,915	\$0	872	\$101	\$101	100.0%	\$87,915	\$0
Jul-09	\$85,958	100.0%	\$85,958	\$0	867	\$99	\$99	100.0%	\$85,958	\$0
Aug-09	\$103,911	100.0%	\$103,911	\$0	861	\$121	\$121	100.0%	\$103,911	\$0
Sep-09	\$96,184	100.0%	\$96,184	\$0	859	\$112	\$112	100.0%	\$96,184	\$0
Oct-09	\$89,295	100.0%	\$89,304	\$8	862	\$104	\$104	100.0%	\$89,295	\$0
Nov-09	\$93,928	100.0%	\$93,937	\$9	869	\$108	\$108	100.0%	\$93,937	\$9
Dec-09	\$96,165	100.0%	\$96,175	\$11	878	\$110	\$110	100.0%	\$96,175	\$10
Jan-10	\$94,801	100.0%	\$94,812	\$11	882	\$107	\$107	100.0%	\$94,812	\$11
Feb-10	\$89,725	100.0%	\$89,738	\$13	876	\$102	\$102	100.0%	\$89,738	\$13
Mar-10	\$95,590	100.0%	\$95,612	\$22	890	\$107	\$107	100.0%	\$95,612	\$22
Apr-10	\$108,233	99.8%	\$108,416	\$182	874	\$124	\$124	99.8%	\$108,416	\$183
May-10	\$110,958	99.8%	\$111,152	\$194	878	\$127	\$127	99.8%	\$111,152	\$194
Jun-10	\$84,874	99.8%	\$85,043	\$169	880	\$97	\$97	99.8%	\$85,043	\$169
Jul-10	\$102,931	99.8%	\$103,159	\$227	886	\$116	\$116	99.8%	\$103,159	\$228
Aug-10	\$99,406	99.6%	\$99,787	\$381	880	\$113	\$113	99.6%	\$99,787	\$381
Sep-10	\$95,553	73.0%	\$130,854	\$35,300	882	\$148	\$150	72.2%	\$132,300	\$36,747
12-month Total*	\$1,161,461	97.0%	\$1,197,988	\$36,527	878			96.8%	\$1,199,426	\$37,967

* Initial and final reserve totals include all months

September 30, 2010 Reserve **\$37,967**

12-Month Paid Claims Total for All Incurred Months **\$1,194,038**

Reserve as a Percent of Paid Claims **3.2%**



IBNR Reserve Calculation - Dental

~ Sumter County Board of County Commissioners ~

Incurred Month	Initial Calculation					Final Calculation				
	Paid Claims by Incurred Month	Completion Factor	Incurred Claims	Initial Reserve	Enrollment	Incurred PEPM	Adj Incurred PEPM	Adj Completion Factor	Adj Incurred Claims	Final Reserve
Jan-09	\$35,089	100.0%	\$35,089	\$0	870	\$40	\$40	100.0%	\$35,089	\$0
Feb-09	\$41,031	100.0%	\$41,031	\$0	865	\$47	\$47	100.0%	\$41,031	\$0
Mar-09	\$39,246	100.0%	\$39,246	\$0	866	\$45	\$45	100.0%	\$39,246	\$0
Apr-09	\$33,956	100.0%	\$33,956	\$0	874	\$39	\$39	100.0%	\$33,956	\$0
May-09	\$32,546	100.0%	\$32,546	\$0	874	\$37	\$37	100.0%	\$32,546	\$0
Jun-09	\$40,244	100.0%	\$40,244	\$0	872	\$46	\$46	100.0%	\$40,244	\$0
Jul-09	\$39,945	100.0%	\$39,945	\$0	867	\$46	\$46	100.0%	\$39,945	\$0
Aug-09	\$33,532	100.0%	\$33,532	\$0	861	\$39	\$39	100.0%	\$33,532	\$0
Sep-09	\$33,967	100.0%	\$33,967	\$0	859	\$40	\$40	100.0%	\$33,967	\$0
Oct-09	\$33,812	100.0%	\$33,812	\$0	862	\$39	\$39	100.0%	\$33,812	\$0
Nov-09	\$30,377	100.0%	\$30,381	\$4	869	\$35	\$35	100.0%	\$30,381	\$4
Dec-09	\$24,959	99.7%	\$25,025	\$66	878	\$29	\$29	99.7%	\$25,025	\$66
Jan-10	\$34,503	99.7%	\$34,606	\$103	882	\$39	\$39	99.7%	\$34,606	\$103
Feb-10	\$39,839	99.5%	\$40,023	\$184	876	\$46	\$46	99.5%	\$40,023	\$184
Mar-10	\$39,443	99.4%	\$39,698	\$255	890	\$45	\$45	99.4%	\$39,698	\$255
Apr-10	\$27,606	98.6%	\$27,988	\$383	874	\$32	\$32	98.6%	\$27,988	\$382
May-10	\$33,026	97.9%	\$33,728	\$702	878	\$38	\$38	97.9%	\$33,728	\$702
Jun-10	\$30,537	97.5%	\$31,308	\$771	880	\$36	\$36	97.5%	\$31,308	\$771
Jul-10	\$32,692	96.1%	\$34,004	\$1,312	886	\$38	\$38	96.1%	\$34,004	\$1,312
Aug-10	\$37,359	92.5%	\$40,404	\$3,046	880	\$46	\$46	92.5%	\$40,404	\$3,045
Sep-10	\$11,907	65.6%	\$18,137	\$6,230	882	\$21	\$30	45.0%	\$26,460	\$14,553
12-month Total*	\$376,059	96.6%	\$389,115	\$13,055	878			94.6%	\$397,437	\$21,377

* Initial and final reserve totals include all months

Trend factor for IBNR date of September 30, 2010
September 30, 2010 Reserve **\$21,377**

12-Month Paid Claims Total for All Incurred Months **\$392,514**

Reserve as a Percent of Paid Claims **5.4%**

Hart, Lita

From: Stephanie.Noonan@Milliman.com
Sent: Monday, February 21, 2011 4:57 PM
To: Hart, Lita; Howell, Sandee
Cc: Dan.Freeman@Milliman.com
Subject: Re: FW: OIR Fiscal year report
Attachments: OIR-B2-572_Revised.pdf; OIR-B2-573_Revised.pdf; OIR-B2-574_Revised.pdf

Lita / Sandee,

Attached are amended documents as they relate to the 112.08 filing with the Florida Office of Insurance Regulation. Based on our conversation with the Department on 01/20/2011 in addition to the adjusted surplus amounts on OIR-B2-574 being greater than 60 days of anticipated claims, there is no need to file a new 112.08 filing. However, we will denote in the filing next year the changes made below:

- (a) Adjusted for the EMS employees leaving the employer sponsored health plan. This amounted to approximately 240 employees.
- (b) Adjusted the claims to be on a cash basis as was done last year. In other words, the amount of claims paid reflects the claims paid regardless of the year the claims were incurred.
- (c) The reinsurance recoverable was adjusted to be only taken out once rather than twice.

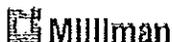
If there are any follow-up questions, please let me know. Thanks. --Stephanie

** FYI: ISL is to reflect the Individual StopLoss Insurance premiums and Exp is to reflect the Admin Expenses required to maintain the employer sponsored healthcare coverage.

Stephanie Noonan FSA, CERA, MAAA
Actuarial Consultant
Health & Welfare

1120 South 101st Street
Suite 400
Omaha, NE 68124-1088
USA

Direct 1 402 384 5736
Cell 1 402 218 0261



From: "Hart, Lita" <Lita.Hart@sumtercountyfl.gov>
To: <Stephanie.Noonan@Milliman.com>
Date: 01/24/2011 03:57 PM
Subject: FW: OIR Fiscal year report

Stephanie;

Please see the Auditor's comments below. Can you please respond to her concerns?

3/2/2011

Lita Nell Hart CPRP

Risk Manager

352-689-4430 Phone

352-689-4431 Fax

Email : lita.hart@sumtercountyfl.gov

Website: www.sumtercountyfl.gov

IMPORTANT NOTICE

Effective September 17, 2010, **Sumter County Risk Management** will be relocating. Please update your contact database to reflect the following changes:

7375 Powell Rd., Suite 219

Wildwood, FL 34785

Phone: 352-689-4430

Fax: 352-689-4431

From: Martha LaTour [<mailto:mlatour@cricpa.com>]

Sent: Monday, January 24, 2011 3:19 PM

To: Hart, Lita

Subject: OIR Fiscal year report

Dear Lita,

Thanks for sending the SAS 70 report for Blue Cross Blue Shield.

Each year we do a reconciliation of the OIR fiscal year report to the balances in the general ledger. We have attached a copy of our worksheet that does a line-by-line reconciliation plus a second worksheet that does a recap of the health claims account.

This year we have a concern about the amount on line 5 "claims paid." In the past Wakely used the amount of claims paid during the year regardless of the year the claims were incurred, i.e., they reported on the cash basis. This year Milliman used the account balances without adjusting to the cash basis (by adding back the claims that were incurred in 08-09 but paid in 09-10). That means the claims included in the accrual at 9/30/09 would never be reported in the OIR fiscal year report. The accrual at 9/30/09 was \$374,525.49 health and \$15,839.01 dental for a total of \$390,364.50.

Milliman also used a health claims total from the general ledger that was already net of reinsurance recoverable. Reinsurance recoverable was deducted again on line 9 of the OIR Fiscal year report.

We believe the result is that claims expense is understated and surplus is overstated. Would you please bring these findings to the attention of the actuaries and let us know if there will be an amended report?

Many thanks,

Martha LaTour

3/2/2011



Martha LaTour, CPA
Carr, Riggs & Ingram, LLC
4010 NW 25th Place
Gainesville, FL 32606
Voice: 352-372-6300
Fax: 352-375-1583
<http://www.cricpa.com>

In compliance with IRS Circular 230:

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******* Important Notice *******

The Board of Sumter County Commissioners is a public agency subject to Chapter 119 of Florida Statutes concerning public records. [attachment "Actuary calculation worksheet 2010.xlsx" deleted by Stephanie M. Noonan/OMAH/MILLIMAN]

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OFFICE OF INSURANCE REGULATION
Bureau of Life & Health Forms and Rates

ANNUAL REPORT OF SELF-FUNDED HEALTH BENEFIT PLANS
SUMTER COUNTY BOARD OF COUNTY COMMISSIONERS

FISCAL YEAR REPORT COVERING OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010

1. PREMIUM INCOME		<u>\$7,928,639</u>
2. OTHER INCOME (IF AMOUNT IS GREATER THAN 10% OF ITEM 1, ATTACH DETAILED EXPLANATION.)		<u>\$595,873</u>
3. INVESTMENT INCOME (IF AMOUNT IS GREATER THAN 10% OF ITEM 1, ATTACH DETAILED EXPLANATION.)		<u>\$18,842</u>
4. TOTAL INCOME (SUM OF ITEMS 1,2, & 3.)		<u>\$8,543,353</u>
5. CLAIMS PAID	_____ \$6,406,104	
6. CLAIM RESERVES – END OF CURRENT YEAR (ATTACH DETAILED EXPLANATION OF HOW RESERVES WERE CALCULATED.)	_____ \$565,127	
7. CLAIMS RESERVES – END OF PRIOR YEAR (MUST MATCH WITH PRIOR REPORT OR ATTACH DETAILED EXPLANATION.)	_____ \$592,776	
8. TOTAL INCURRED CLAIMS (GROSS) (SUM OF ITEMS 5 & 6, LESS ITEM 7.)		<u>\$6,378,454</u>
9. REINSURANCE RECOVERABLE		<u>\$119,461</u>
10. TOTAL INCURRED CLAIMS (NET OF REINSURANCE) (ITEM 8 LESS ITEM 9)		<u>\$6,258,994</u>
11. STOP LOSS INSURANCE PREMIUMS		<u>\$741,649</u>
12. EXPENSES		
A. SALARIES		<u>\$97,462</u>
B. CONSULTING FEES		
1. TPA/INSURANCE COMPANY CONSULTING FEES _____	\$712,775	
2. OTHER CONSULTING FEES _____	\$20,000	
	TOTAL CONSULTING FEES	<u>\$732,775</u>
C. OFFICE EXPENSES		<u>\$2,352</u>
D. OTHER (IF GREATER THAN 10% OF THE TOTAL OF A, B, AND C DETAIL THE COSTS.)		<u>\$709,732</u>
E. TOTAL EXPENSES (SUM OF ITEMS A, B, C, & D.)		<u>\$1,542,321</u>
13. TOTAL DISBURSEMENTS (SUM OF ITEMS 10, 11, 12E.)		<u>\$8,542,963</u>
14. OPERATING GAIN OR LOSS (ITEM 4 LESS ITEM 13.)		<u>\$390</u>

Additional Detail:

Item 12.D. Other Expenses Include:

Life Premium	\$ 75,638
AD&D Premium	\$ 9,447
LTD Premium	\$130,345
STD Premium and Fees	\$ 91,308
STD Claims	\$ 12,891
Health FSA and DCAP	\$147,061
Voluntary Life	\$199,909
AllState	\$ 31,960
Wellness	\$ 11,174
<u>Total</u>	<u>\$709,732</u>



OFFICE OF INSURANCE REGULATION
Bureau of Life & Health Forms and Rates

**GENERAL INFORMATION AND SURPLUS STATEMENT
 FOR SELF-FUNDED HEALTH BENEFIT PLANS
 SUMTER COUNTY OF BOARD OF COUNTY COMMISSIONERS**

GENERAL INFORMATION

	BENEFIT (A)	BENEFIT (B)	BENEFIT (C)
1. TYPE OF BENEFIT	MEDICAL		
2. NUMBER OF COVERED EMPLOYEES	887		
SINGLE (EMPLOYEE ONLY)	432		
FAMILY (EMPLOYEE AND DEPENDENTS)	455		
3. CLAIMS INCURRED	\$6,258,994		
4. ANNUAL CLAIM COST PER EMPLOYEE (ITEM 3 / ITEM 2)	\$7,056		

SURPLUS STATEMENT

(THIS SCHEDULE TRACES THE DEVELOPMENT OF SURPLUS IN THE PLAN FROM THE PRIOR YEAR TO THE END OF THE CURRENT YEAR.)

1. SURPLUS FROM PRIOR YEAR (IF A DEFICIT, SHOW AS NEGATIVE SURPLUS)	\$1,178,000
2. CHANGE IN SURPLUS FROM FUND OPERATIONS (GAIN OR LOSS FOR YEAR)	\$ 390
3. CHANGE IN SURPLUS DUE TO OTHER FACTORS (CONTRIBUTION, WITHDRAWAL)	\$ 202,000
4. OVERALL CHANGE IN SURPLUS, PRESENT YEAR	\$ 203,000
5. SURPLUS, END OF CURRENT YEAR (SUM OF ITEM 1 AND ITEM 4)	\$ 1,381,000

THE SURPLUS FROM THE END OF THE PRIOR YEAR SHOULD AGREE WITH THE STARTING SURPLUS FOR THE CURRENT YEAR. IF THEY DO NOT COINCIDE, PLEASE PROVIDE AN EXPLANATION.

NOTE: IF LINE 5 IS NEGATIVE, THE PLAN IS NOT IN GOOD STANDING WITH THE FLORIDA OFFICE OF INSURANCE REGULATION. THIS DEFICIT MUST BE REMOVED BY AN INFUSION OF AN AMOUNT AT LEAST EQUAL TO THE DEFICIT. IF THE DEFICIT IS TO BE LIQUIDATED OVER A PERIOD OF TIME, PLEASE PROVIDE THE DETAILS OF THIS PROGRAM FOR CONSIDERATION, ALONG WITH A SUPPORTING ACTUARIAL OPINION. IF THE PLAN'S SURPLUS IS LESS THAN SIXTY DAYS OF ANTICIPATED CLAIMS, OTHER QUESTIONS MAY BE ASKED OF THE PLAN AS THE OFFICE SEES FIT.



OFFICE OF INSURANCE REGULATION
Bureau of Life & Health Forms and Rates

OPERATING PROJECTIONS FOR SELF-FUNDED HEALTH BENEFIT PLANS
SUMTER COUNTY BOARD OF COUNTY COMMISSIONERS

PLAN FISCAL YEAR REPORT COVERING	October, 2010	THROUGH	September, 2013
PART 1	CURRENT YEAR	YEAR 1 OCT. 2011- SEP. 2012	YEAR 2 OCT. 2012- SEP. 2013
1. NUMBER OF EMPLOYEES	647	647	647
2. PREMIUM INCOME	\$6,501,000	\$7,086,000	\$7,724,000
3. OTHER INCOME (INCLUDES INVESTMENT INCOME)	\$ 17,000	\$ 17,000	\$ 17,000
4. TOTAL INCOME (SUM OF ITEMS 2 AND 3)	\$6,518,000	\$7,103,000	\$7,741,000
5. TOTAL INCURRED CLAIMS* (NET OF REINSURANCE)	\$5,884,000	\$6,450,000	\$7,073,000
6. TOTAL EXPENSES	\$ 615,000	\$ 640,000	\$ 666,000
7. TOTAL DISBURSEMENTS (SUM OF ITEMS 5 AND 6)	\$6,499,000	\$7,090,000	\$7,739,000
8. TOTAL GAIN OR LOSS (ITEM 4 LESS ITEM 7)	\$ 19,000	\$ 13,000	\$ 2,000
9. CHANGE IN SURPLUS DUE TO OTHER FACTORS (CONTRIBUTION, WITHDRAWAL)	\$ 0	\$ 0	\$ 0
10. SURPLUS BEGINNING OF YEAR	\$1,381,000	\$1,400,000	\$1,413,000
11. SURPLUS END OF YEAR (SUM OF ITEMS 8, 9, AND 10)	\$1,400,000	\$1,413,000	\$1,415,000
PART 2-ASSUMPTIONS	CURRENT YEAR (ACTUAL)	YEAR 1 OCT. 2011- SEP. 2012	YEAR 2 OCT. 2012- SEP. 2013
1. PERCENT PREMIUM INCREASE	ACTUAL	9.0%	9.0%
2. TREND (MEDICAL AND EXPENSE)	9%(Claims), 15%(ISL), 4%(Exp)	9%(Claims), 15%(ISL), 4%(Exp)	9%(Claims), 15%(ISL), 4%(Exp)
3. PREMIUM CONTRIBUTION- SINGLE/FAMILY EMPLOYEE	\$20/\$313	\$21.80/\$341.17	\$23.76/\$371.88
LOCAL GOVERNMENTAL UNIT	\$741/\$742	\$807.69/\$808.78	\$880.38/\$881.57
4. STOP LOSS MINIMUM ATTACHMENT POINT	\$ 75,000	\$ 75,000	\$ 75,000

* INCLUDES PREMIUMS FOR STOP LOSS INSURANCE.