

Wethe & Associates

*Independent
Risk Management, Insurance & Employee Benefit
Consultants*

March 10, 2010

Manuel Villarreal
Human Resource/Civil Service Director
Cameron County Courthouse
1100 E. Monroe Street
Brownsville, TX 78520

Re: Self-Funded Health Benefit Plan Reports

Dear Manuel:

Attached are the Self-Funded Health Benefit Plan (Plan) reports for the 3 months of the current plan year ended December 31, 2009; plus for the three plan years ended September 30, 2009 (12 months), September 30, 2008 (13 months), and August 31, 2007 (12 months). These reports are based on enrollment, paid claim and stop loss reimbursement information provided by Mutual of Omaha (M of O) and Texas Association of Counties Health & Employee Benefits Pool/Blue Cross Blue Shield of Texas (TAC/BCBSTX).

Comments on significant items from the reports are summarized below:

- **Comparative Plan Year Costs.** (Page 1) Per Member Per Month (PMPM) cost is the following:

Plan Year	2006-07	2007-08	2008-09	2009-10
Number Months	12	13	12	3
Fixed Costs	\$ 53.24	\$ 44.66	\$ 42.61	\$ 40.75
Paid Claims	\$249.05	\$181.80	\$193.33	\$192.73
Total PMPM	\$302.29	\$226.46	\$235.94	\$233.48

- **Estimated Fund Balance.** Estimated gain or loss for fund balance by plan year is the following:

3 Months Ended 12-31-2009 (Page 2)				
	Active	COBRA	Retiree	Total
Gain (Loss)	\$ 313,937	\$ (694)	\$(27,580)	\$285,663
Loss Ratio	85.2%	111.2%	181.8%	86.8%

12 Months Ended 09-30-2009 (Page 12)				
	Active	COBRA	Retiree	Total
Gain (Loss)	\$1,483,887	\$ 6,543	\$(103,577)	\$1,399,322
Loss Ratio	82.7%	73.9%	180.9%	84.0%

13 Months Ended 09-30-2008 (Page 15)				
	Active	COBRA	Retiree	Total
Gain (Loss)	\$2,257,565	\$(12,528)	\$(169,652)	\$2,075,386
Loss Ratio	76.3%	117.1%	199.0%	78.8%

12 Months Ended 08-31-2007 (Page 18)				
	Active	COBRA	Retiree	Total
Gain (Loss)	\$(358,172)	\$(75,237)	\$(696,281)	\$(1,129,690)
Loss Ratio	103.7%	200.6%	392.2%	111.3%

Street Address: 6003 Maple, Suite 109 • Dallas, Texas 75235

Mail Address: P.O. Box 36021 • Dallas, Texas 75235-1021

Telephone: (214) 350-9570 • Fax (214) 350-8745 • Email: kenwethe@sbcglobal.net

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- **Large Claims.** Large claims in excess of \$50,000 by plan year is the following:

3 Months Ended 12-31-2009 (Page 4)			
Dollar Range	Claims	Amount	Average
\$50,000 to \$75,000	3	\$198,298	\$66,099
\$75,000 to \$100,000	-	-	-
\$100,000 to \$200,000	-	-	-
Over \$200,000	-	-	-
Total	3	\$198,298	\$66,099

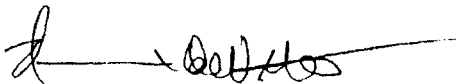
12 Months Ended 09-30-2009 (Page 14)			
Dollar Range	Claims	Amount	Average
\$50,000 to \$75,000	7	\$ 414,556	\$ 59,222
\$75,000 to \$100,000	3	\$ 239,635	\$ 79,878
\$100,000 to \$200,000	5	\$ 691,557	\$ 138,311
Over \$200,000	-	-	-
Total	15	\$1,345,748	\$ 89,717

13 Months Ended 09-30-2008 (Page 17)			
Dollar Range	Claims	Amount	Average
\$50,000 to \$75,000	5	\$ 317,483	\$ 63,497
\$75,000 to \$100,000	4	\$ 330,150	\$ 82,537
\$100,000 to \$200,000	-	-	-
Over \$200,000	-	-	-
Total	9	\$ 647,633	\$ 71,959

12 Months Ended 08-31-2007 (Page 20)			
Dollar Range	Claims	Amount	Average
\$50,000 to \$75,000	9	\$ 573,642	\$ 63,738
\$75,000 to \$100,000	4	\$ 345,689	\$ 86,422
\$100,000 to \$200,000	4	\$ 549,537	\$137,184
Over \$200,000	5	\$2,017,825	\$403,565
Total	22	\$3,486,693	\$158,486

- **Provider Savings.** (Page 9) Provider savings as a percent of eligible charges is 67.0% for the 3 months ended December 31, 2009. This is greater than the provider savings of 62.3% for the prior plan year, and is significantly greater than estimated provider savings of 40.0% for 12 months ended August 31, 2007.

Sincerely,



Kenneth D. Wethe
Independent Insurance Consultant