



Southern New Jersey Regional Employee Benefits Fund

2025 Proposed Budget Presentation

Finance Committee Review
9/9/2024
Via Zoom

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2025 Budget Overview*

SNRJEBF

* As of 9/6/2024

	2024 Annualized ¹	2025 Proposed ¹	% Change
Medical Claims	\$77,844,855	\$81,098,631	4.18%
Prescription Claims² (Net of Rebates)	\$11,386,870	\$14,392,142	26.39%
Dental Claims³	\$1,448,991	\$1,451,181	0.15%
MRHIF (projected)⁴	\$1,619,791	\$1,943,749	20.00%
Medicare Advantage⁵	\$10,136,990	\$13,084,775	29.08%
Loss Fund Contingency⁶	\$144,174	\$1,000,000	593.61%
Expenses⁷	\$5,799,656	\$5,964,256	2.84%
Overall Budget	\$108,381,328	\$118,907,369	9.71%

Notes:

- 1) CCBOSS included above, but claims budget and renewal is developed separately.
- 2) Prescription claims includes projected savings for : Omada Program, Improved Contract Pricing and Inflammatory Condition Formulary Updates
- 3) Dental increase does not include DMO fully insured plans.
- 4) MRHIF renewal is projected increase based on the performance of SNJREBF and Market
- 5) Medicare Advantage renewals are significantly higher this year due to the Inflation Reduction Act (IRA) Federal legislation impacting Part D
- 6) Discretionary budget enhancement meant to build surplus and protect from market changes (GLP1s)
- 7) Expenses include estimates for Medical TPA and professionals who are all out for RFP
- 8) Proposed introduction on Monday, 9/23 and adoption on Monday, 10/28

Assessments by Line of Coverage

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Change by Line of Coverage	Rate Change**
Medical	+3.4%
Prescription	+31%
Dental PPO	Flat
Dental DMO*	TBD
Medicare Advantage	+25%

- Individual Group Assessment Factors:
 - 1) Loss ratio adjustments of up to +/- 2.5% are applied for members with at least years of claims experience.
 - 2) Renewal factors and loss ratio factors are applied multiplicative
 - 3) Lines of coverage in the Fund
 - 4) Medicare advantage renewals vary based on additional claims line subsidy built into rates
- Average renewal for a SNJREBF group with Medical and Prescription 8.42%**
- Dental only group renewal is ~0%

*Dental increase does not include DMO fully insured plans.

**Not reflective of CCBSS. 2024 rate actions included a moderate subsidy of CCBSS' claims, the subsidy is continued in the 2025 budget

5-Year History

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Southern Regional Employee Benefits Fund Budget Increase History	
Plan Year	Budget Renewal
2025 <i>Proposed</i>	9.74%
2024	5.22%
2023	6.57%
2022	2.16%
2021	4.84%
5-YR Average	5.71%

CCBOSS included above, but claims budget and renewal is developed separately.



Southern New Jersey Regional Employee Benefits Fund

2025 Budget Development
Renewal Components

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Medical Advantage – Inflation Reduction Act Renewal Impact

- Inflation Reduction Act (IRA)
 - *Provides meaningful financial relief for millions of people with Medicare by improving access to affordable treatments and strengthening the Medical Program.*
 - <https://www.cms.gov/inflation-reduction-act-and-medicare>
- Medicare Advantage Impact:
 - January 1, 2025:
 - **Member annual out-of-pocket:** Reduces the annual out-of-pocket maximum threshold from \$8,000 to \$2,000
 - **Reinsurance Subsidy:** Plans will cover 60% of the cost once the out-of-pocket maximum is met, increasing the plan's/Carrier's liability by 300%
 - **Medicare Advantage Part D Payment Plan:** Offers enrollees with CMS Part D coverage to enter a payment plan for high-cost medication cost share and spread the cost out over the course of the year. Currently, copays and coinsurance must be paid at point-of-service
 - **Reduced CMS Funding for Medicare Advantage Plans:** Medicare Advantage Plans will receive less funding from CMS in plan years 2024, 2025 and 2026.

2025 Budget Development

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- 2025 Budget Change: **9.74%**
- Claims Fund Development : **6.90%**
 - Medical, Prescription and Dental claims incurred 2022 through June 30, 2024, were sent to the Fund's Actuary for 2025 expected claims development.
 - Estimated completion factors, inflation, trend and potential growth are considered in the claim development
 - Adjustments are made for actual and assumed stop loss write offs.
 - Adjustments made for impact of growth and claims lag
 - Assumed pharmacy savings included: Omada GLP1 Program, Annual improved contract pricing, Inflammatory Formulary Updates, improved rebate returns.
 - Included \$1M loss fund contingency to further stabilize budget from market and utilization fluctuations.
 - Medical: **+4.18%**
 - Prescription: **+26.39%**
 - Dental: **+0.15%**
- Key Components: 1H 23 v. 1H of 24
 - Medical:
 - 62% enrollment growth
 - 5% decrease in paid per member
 - 6% decrease in inpatient paid per member
 - 2% decrease in ambulatory paid per member
 - Prescription:
 - 1H 2022 vs. 1H 2023
 - 68% enrollment growth
 - 27% Per Member Per Month Cost Increase (Net of Rebates)
 - » Non-Specialty +32% ; Specialty +19%

MRHIF Renewal

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- A 20% premium increase ‘placeholder’ is applied to the MRHIF budget line:
 - The MRHIF will meet in October to introduce their budget
 - MRHIF is currently out to RFP for a reinsurer
 - SNJ HIF \$25,000 increase to specific deductible. \$475K to \$500K
 - A portion of the local fund’s assessment to the MRHIF/reinsurance is determined by 5-year loss experience. 2021, 2022 and 2023 were high reimbursement years for the SNJREBF
 - 2023 – 3 Claimants more than \$1M

Plan Year	2019	2020	2021	2022	2023	5-YR Composite
SNJREBF MRHIF Loss Ratio	129%	62%	91%	109%	238%	131%

- Cedar Gate Technologies – April 1, 2025
 - At a special meeting on August 14, 2024, the Executive Committee of the MRHIF awarded a contract to Cedar Gate Technologies for Data Warehouse Management
 - *Data Warehouse will provide the ability to do a deep dive into the Medical and Pharmacy data.*
 - *Provide proactive analysis of Fund Plan Performance.*
 - *Gaps in Care*
 - *Predictive Modeling*
 - *Budget Reconciliation*
 - *Renewal Projections*



Southern New Jersey Regional Employee Benefits Fund

2025 Budget Development
Expenses

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Expenses

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- Estimated Total Expense +2.84%
- Professionals
 - All professionals are out of RFP for 2025 Contracts
 - Assumed +2% increase
- Local Broker/Risk Managers include a 2% increase
- Claims Administrators
 - Medical:
 - The Health Insurance Pricing System has not yet received Comptroller approval to release the RFP for TPA Services
 - Proposed budget assumes a 5% for Aetna and AmeriHealth
 - Individual HIFs may need to seek one-year extensions while we work with the Comptroller's office for an RFP in 2026
 - Dental:
 - The MRHIF awarded Delta Dental a 5-year award beginning in 2024. There is no administrative rate change for 2025 or 2026.



Southern New Jersey Regional Employee Benefits Fund

2024 Claims Performance
and Utilization Review

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3 Year Loss Ratios – CY 2022, CY 2023, 1H 2024 (Paid Claims/Premium)

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	2022	2023	1H 2024	3-YR
Medical	104%	99%	84%	96%
Prescription	79%	89%	89%	86%
Dental	71%	73%	67%	71%
Composite	99%	97%	85%	96%

- 2022 Medical claims ran above budget
 - Much of which can be attributed to unexpected COVID costs, higher utilization rebound from the end of the Pandemic, and high-cost claimants
- 2023 ran to budget, stop loss claimants were higher than recent years, which resulted in a reduction to the medical claims expense
- Dental and Prescription continue to perform consistent
- 3-YR Loss Ratio of 96% is on target with HIF Model
- Prescription claims on the rise last 2 years
 - GLP1s
 - Cancer Medication
 - Introduction of new inflammatory conditions to the market
- **Notes:**
 - CCBSS Loss Ratio extracted for exhibit
 - Loss Ratios are net of Specific Stop Loss reimbursements
 - 2023 Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims
 - Prescription claims reduced by assumed rebates of 15%-20%

Key Medical Utilization Statistics- Aetna

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Southern NJ HIF	1H 2023	1H 2024
Number of Employees	2,100	3,398 61.8%

Financial Review	1H 2023	1H 2024	Comparison Change
Total Medical	\$19,244,571	\$29,405,686	52.8%
Total Medical Capitation Payments	\$1,381,022	\$1,460,771	5.8%
Total Medical Paid (Claims and Capitation)	\$20,408,421	\$30,707,791	50.5%
Medical Paid per Member (Claims and Capitation)	\$3,652	\$3,531	-3.3%
Inpatient Paid Amount per Member	\$987	\$924	-6.4%
Ambulatory Paid Amount per Member	\$2,665	\$2,608	-2.1%
Utilization Review			
Total Admissions/1,000 Members	38	34	-9.0%
Total Days of Care/1,000 Members	176	156	-11.1%
Average Length of Stay	4.6	4.5	-2.3%
Total Surgeries/1,000 Members	418	414	-1.0%
Inpatient Surgeries/1,000 Members	25	24	-2.2%
Ambulatory Surgeries/1,000 Members	393	363	-0.9%
Office Visits/1,000 Members	2,446	2,464	0.7%
ER Visits/1,000 Members	164	151	-8.2%

Medical High-Cost Claimants- Aetna SNJREBF

All Claimants

	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	4,729	7,011	48.3%
Claimants Per 1,000 Members	907.6	846.6	-6.7%
Medical Paid Amount for these Claimants	\$19,027,400	\$29,247,020	53.7%

Claimants above \$50,000

	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	51	74	45.1%
Claimants Per 1,000 Members	9.8	8.9	-8.70%
Medical Paid Amount for these Claimants	\$6,273,129	\$8,284,781	32.1%
Average Paid Per Catastrophic Claimant	\$123,003	\$111,957	-9.0%
% of Total Paid Amount	33.0%	29.1%	-4.6%

Prescription Plan Performance- Express Scripts

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Plan Performance

	1H24	1H23	Change %
AWP	\$22,414,444	\$12,293,359	82.3%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$10,534,547	-\$6,179,303	70.5%
Tax	\$5	\$219	-97.6%
Gross Cost	\$11,879,903	\$6,114,275	94.3%
Member Cost	-\$1,562,032	-\$835,848	86.9%
Copoly/Deductible	-\$674,670	-\$319,161	111.4%
SaveOnSP	-\$887,363	-\$516,687	71.7%
Plan Cost	\$10,317,870	\$5,278,428	95.5%
Rebates*	-\$3,663,997	-\$2,123,724	72.5%
Plan Cost Net	\$6,653,873	\$3,154,703	110.9%
Members	8,628	5,195	66.1%
Gross Cost PMPM	\$229.48	\$196.16	17.0%
Plan Cost PMPM	\$199.31	\$169.34	17.7%
Rebates PMPM	\$70.78	\$68.13	3.9%
Plan Cost Net PMPM	\$128.53	\$101.21	27.0%

Plan Cost PMPM increased \$29.97 (+17.7%) to \$199.31

SaveOnSP provided \$887,363 in value. Total Member Cost less SaveOnSP was \$674,670, representing 8.2% in Total Member Cost Net

Rebates reduced Plan Cost PMPM from \$199.31 to \$128.53 (-35.5%)

Prescription Utilization Overview-Express Scripts

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Description	Southern NJ					
	Non-Specialty			Specialty		
	1H24	1H23	Change	1H24	1H23	Change
Avg Subscribers per Month	3,581	2,138	67.5%	3,581	2,138	67.5%
Avg Members per Month	8,628	5,195	66.1%	8,628	5,195	66.1%
Number of Unique Patients	5,962	3,689	61.6%	205	113	81.4%
Pct Members Utilizing Benefit	69.1%	71.0%	-1.9	2.4%	2.2%	0.2
Total Plan Cost Net	\$4,113,331	\$1,870,038	120.0%	\$2,540,541	\$1,284,665	97.8%
Percent of Total Plan Cost Net	61.8%	59.3%	2.5	38.2%	40.7%	-2.5
Total Days	2,080,040	1,251,038	66.3%	29,791	16,034	85.8%
Total Adjusted Rx's	78,414	47,153	66.3%	1,075	570	88.6%
Percent of Total Adjusted Rx's	98.65%	98.81%	-0.2	1.35%	1.19%	0.2
Plan Cost Net PMPM	\$79.46	\$59.99	32.4%	\$49.08	\$41.21	19.1%
Plan Cost Net/Day	\$1.98	\$1.49	32.3%	\$85.28	\$80.12	6.4%
Plan Cost Net per Adjusted Rx	\$52.46	\$39.66	32.3%	\$2,363.29	\$2,253.80	4.9%
Nbr Adjusted Rx's PMPM	1.51	1.51	0.1%	0.02	0.02	13.6%
Generic Fill Rate	88.8%	87.9%	0.9	26.2%	27.9%	-1.7
Member Cost Net %	10.1%	13.6%	-3.5	30.2%	29.7%	0.5

Your Specialty Plan Cost Net PMPM is \$24.12 lower than your peer, and trending 14.8 points higher. SaveOnSP provided \$887,363 in value. Specialty Member Cost Net less Specialty SaveOnSP was 5.8%

Prescription Key Utilization- Express Scripts SNJREBF

Top 10 Indications

Top Indications by Plan Cost Net																
1H24										1H23					% Change	
Rank	Peer Rank	Indication	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Plan Cost Net PMPM	Plan Cost Net PMPM	% Change
1	2	DIABETES	6,401	563	\$910,047	32.4%	32.2%	\$17.58	2	3,706	340	\$417,237	31.4%	\$13.39	\$13.39	31.3%
2	1	INFLAMMATORY CONDITIONS	541	109	\$885,070	40.1%	41.4%	\$17.10	3	333	63	\$416,309	51.7%	\$13.36	\$13.36	28.0%
3	6	WEIGHT LOSS	1,186	307	\$842,799	4.0%	4.9%	\$16.28	4	338	104	\$237,235	6.8%	\$7.61	\$7.61	113.9%
4	3	CANCER	240	52	\$800,473	77.5%	85.2%	\$15.46	1	147	31	\$497,715	82.3%	\$15.97	\$15.97	-3.2%
5	8	MULTIPLE SCLEROSIS	57	9	\$240,407	36.8%	47.4%	\$4.64	6	39	8	\$134,459	79.5%	\$4.31	\$4.31	7.7%
6	4	SKIN CONDITIONS	965	558	\$229,640	86.9%	85.0%	\$4.44	7	512	303	\$126,908	85.9%	\$4.07	\$4.07	9.0%
7	9	ASTHMA	3,200	885	\$201,447	85.6%	89.1%	\$3.89	11	2,034	581	\$64,574	78.6%	\$2.07	\$2.07	87.8%
8	7	MIGRAINE HEADACHES	590	164	\$192,487	50.8%	48.9%	\$3.72	10	346	102	\$68,679	60.4%	\$2.20	\$2.20	68.8%
9	5	HIV	78	15	\$171,691	35.9%	23.0%	\$3.32	5	56	9	\$144,238	21.4%	\$4.63	\$4.63	-28.3%
10	14	CYSTIC FIBROSIS	12	2	\$157,775	0.0%	9.4%	\$3.05								
Total Top 10:			13,270		\$4,631,835	48.6%		\$89.47		7,511		\$2,107,353	50.2%	\$67.61	\$67.61	32.3%
Differences Between Periods:			5,759		\$2,524,482	-1.6%		\$21.86								

The largest financially impactful change was in Weight Loss, driving \$0.6M in increased net cost for a 113.9% increase in Net PMPM

Weight Loss trend increased 113.9%, contributing an additional \$8.67 to Net PMPM

Represent 69.6% of your total Plan Cost Net



Southern New Jersey Regional Employee Benefits Fund

Assessments by Entity

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Assessments

SNJREBF- Medical Groups (1/3)

	Annualized Assessments FY2024	Proposed Assessments FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Barrington	\$1,290,456.00	\$1,438,320.00	\$147,864.00	11.46%
Bellmawr	\$2,410,332.00	\$2,657,472.00	\$247,140.00	10.25%
Berlin Borough	\$1,497,888.00	\$1,622,496.00	\$124,608.00	8.32%
Bordentown	\$1,246,344.00	\$1,366,908.00	\$120,564.00	9.67%
Brooklawn	\$287,892.00	\$314,640.00	\$26,748.00	9.29%
Camden City	\$21,724,836.00	\$24,115,296.00	\$2,390,460.00	11.00%
CAMDEN COUNTY BOARD OF SOCIAL SERVICES	\$15,297,480.00	\$17,421,528.00	\$2,124,048.00	13.88%
Chesilhurst Borough	\$172,332.00	\$189,408.00	\$17,076.00	9.91%
Delran Township	\$1,757,688.00	\$1,904,784.00	\$147,096.00	8.37%
Elk Township	\$547,980.00	\$594,924.00	\$46,944.00	8.57%
Evesham	\$2,660,064.00	\$2,870,328.00	\$210,264.00	7.90%
Franklin	\$2,279,952.00	\$2,441,016.00	\$161,064.00	7.06%
Gibbsboro	\$204,420.00	\$227,820.00	\$23,400.00	11.45%
Gloucester City	\$3,485,088.00	\$3,642,900.00	\$157,812.00	4.53%
Gloucester Township Fire #2	\$375,216.00	\$402,204.00	\$26,988.00	7.19%
Gloucester Township	\$973,944.00	\$1,218,432.00	\$244,488.00	25.10%
Haddon Heights	\$1,296,024.00	\$1,426,404.00	\$130,380.00	10.06%
Haddonfield Borough	\$2,584,872.00	\$2,828,124.00	\$243,252.00	9.41%
Laurel Springs	\$150,600.00	\$161,856.00	\$11,256.00	7.47%

Statistics:

- Average renewal for entities with Medical & Prescription = **8.42%**
- Standard deviation for entities with Medical & Prescription in Fund = **1.9%**

Note:

- Actual rate change % may vary based on dividend application to 2024 rates.
- Medicare Advantage only groups not included in calculation

Assessments

SNJREBF- Medical Groups (2/3)

	Annualized Assessments FY2024	Proposed Assessments FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Lawnside	\$765,732.00	\$806,028.00	\$40,296.00	5.26%
Lumberton Township	\$906,060.00	\$1,001,760.00	\$95,700.00	10.56%
Magnolia	\$388,920.00	\$422,496.00	\$33,576.00	8.63%
Mantua Township	\$3,133,440.00	\$3,366,660.00	\$233,220.00	7.44%
Medford Township	\$3,358,116.00	\$3,667,296.00	\$309,180.00	9.21%
Merchantville	\$705,096.00	\$777,420.00	\$72,324.00	10.26%
Merchantville Pennsauken Water Commission	\$1,029,432.00	\$1,145,592.00	\$116,160.00	11.28%
Monroe	\$6,126,360.00	\$6,744,132.00	\$617,772.00	10.08%
Mount Ephraim	\$1,030,560.00	\$1,153,140.00	\$122,580.00	11.89%
MT. Holly MUA	\$1,295,184.00	\$1,396,140.00	\$100,956.00	7.79%
Oaklyn	\$940,812.00	\$1,010,964.00	\$70,152.00	7.46%
Paulsboro	\$1,218,168.00	\$1,314,192.00	\$96,024.00	7.88%
Pennsauken Township	\$7,839,120.00	\$8,464,404.00	\$625,284.00	7.98%
Pine Hill Borough	\$928,068.00	\$996,432.00	\$68,364.00	7.37%
Pitman	\$1,426,800.00	\$1,597,200.00	\$170,400.00	11.94%
Riverside Township	\$933,420.00	\$1,006,272.00	\$72,852.00	7.80%
Runnemede	\$1,073,412.00	\$1,196,112.00	\$122,700.00	11.43%
Somerdale	\$618,960.00	\$674,196.00	\$55,236.00	8.92%

Statistics:

- Average renewal for entities with Medical & Prescription = **8.42%**
- Standard deviation for entities with Medical & Prescription in Fund = **1.9%**

Note:

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- Medicare Advantage only groups not included in calculation

Assessments

SNJREBF- Medical Groups (3/3)

	Annualized Assessments FY2024	Proposed Assessments FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Springfield Township	\$450,888.00	\$487,380.00	\$36,492.00	8.09%
Washington Township	\$7,006,284.00	\$7,640,676.00	\$634,392.00	9.05%
Wenonah	\$168,864.00	\$183,576.00	\$14,712.00	8.71%
West Deptford Township	\$4,510,788.00	\$4,866,876.00	\$356,088.00	7.89%
Westville	\$683,004.00	\$748,092.00	\$65,088.00	9.53%
Winslow Township	\$237,708.00	\$296,856.00	\$59,148.00	24.88%
Winslow Township Fire District #1	\$790,548.00	\$856,440.00	\$65,892.00	8.33%
Woodbury Heights	\$346,272.00	\$375,408.00	\$29,136.00	8.41%

Statistics:

- Average renewal for entities with Medical & Prescription = **8.42%**
- Standard deviation for entities with Medical & Prescription in Fund = **1.9%**

Note:

- Actual rate change % may vary based on dividend application to 2024 rates.
- Medicare Advantage only groups not included in calculation

<i>Dental Only Groups</i>	Annualized Assessments FY2024	Proposed Assessments FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Berlin Township	\$43,260.00	\$43,260.00	\$0.00	0.00%
Lindenwold	\$91,992.00	\$91,992.00	\$0.00	0.00%
Medford Lakes	\$22,596.00	\$22,596.00	\$0.00	0.00%
North Hanover Township	\$6,228.00	\$6,228.00	\$0.00	0.00%
Palmyra	\$63,096.00	\$63,096.00	\$0.00	0.00%
Waterford	\$36,084.00	\$36,084.00	\$0.00	0.00%
Willingboro	\$5,076.00	\$5,076.00	\$0.00	0.00%