



Central Jersey Health Insurance Fund

2025 Proposed Budget Presentation

Finance Committee Review
9/16/2024
Via Zoom

PERMA | RISK
MANAGEMENT
SERVICES



2025 Budget Overview*

CJHIF

As of 9/13/2024

	2024 Annualized ¹	2025 Proposed ¹	% Change
Medical Claims	\$22,065,423	\$26,614,608	20.62%
Prescription Claims²	\$6,910,029	\$8,166,087	18.18%
Lakewood Medical Claims	\$12,782,143	\$13,740,924	7.50%
Lakewood Prescription Claims	\$4,163,044	\$4,663,019	12.01%
Dental Claims	\$1,881,882	\$1,863,202	-0.94%
Loss Fund Contingency	\$287,451	\$500,000	73.94%
MRHIF (projected)³	\$853,164	\$981,139	15.00%
Medicare Advantage⁴	\$3,562,638	\$4,453,224	25.00%
Expenses⁵	\$3,545,292	\$3,634,951	2.53%
Total Budget⁶	\$55,988,764	\$64,511,920	15.22%

Notes:

- 1) Toms River has been removed. Exiting the Fund 10/1/2024. Lakewood claims are pending for acceptance by Township. Lakewood MUA has been extracted, as they have requested a proposal to join the CJHIF
- 2) Prescription claims includes savings for: Omada Program, Improved Contract Pricing, and Inflammatory Condition Formulary Updates
- 3) MRHIF renewal is projected increase based on the performance of CJHIF and Market
- 4) Medicare Advantage renewals are significantly higher this year due to the Inflation Reduction Act (IRA) Federal legislation impacting Part D and CMS Subsidies
- 5) Expenses include estimate for Medical TPA services and professionals
- 6) Total budget includes legislated taxes such as ACA
- 7) Proposed introduction on Wednesday, 9/18 and adoption on Wednesday, 10/16

Assessment Change by Line of Coverage

CJHIF

Change by Line of Coverage	Rate Change
Medical	+19.5%
Prescription	+14%
Dental PPO	+1%
Vision	Flat
Aetna Medicare Advantage	+25%

- Individual Group Assessment Factors:
 - 1) Renewal factors and loss ratio factors are applied multiplicative
 - 2) Lines of coverage in the Fund
- LR Factors not initially included due to overall increase but may be included at the discretion of the Executive Committee
- Average renewal for a CJHIF group with Medical and/or Prescription 14.52%..
- Dental only group renewal is ~+1%

*Dental increase does not include DMO fully insured plans.

**Not reflective of Lakewood.

5-Year History CJHIF

Central Jersey Health Insurance Fund Budget Renewals	
Plan Year	Budget Renewal
2025	14.81%
2024	4.63%
2023	3.70%
2022	-0.40%
2021	-1.34%
5-YR Average	4.28%



Central Jersey Health Insurance Fund

2025 Budget Development
Claims Projection & Reinsurance



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 Claims Budget Development

CJHIF

- 2025 Budget Change: **15.10%**
- Claims Fund Development: **15.01%**
 - 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
 - Toms River removed from claims and enrollment
 - New pharmacy utilization pattern
 - Updated network contracts
 - Improved prescription contract provisions
 - Medical: **+20.62%**
 - Prescription: **+18.18%**
 - Dental: **-0.94%**
 - Vision **0%**
- Key Components: 1H 23 vs. 1H 24
 - Medical:
 - 21% Increase In Inpatient per member costs
 - Emergency room use up by 7%
 - 2% increase in out of network claims processing
 - 15% increase in average catastrophic claims payment
 - Prescription:
 - Drivers:
 - New market entrants:
 - » Skin conditions
 - » Weight Loss medications

MRHIF Renewal

CJHIF

- A 15% premium increase is included as a placeholder while awaiting introduction of the MRHIF
 - Reinsurance RFP due 9/12
 - \$25,000 likely to increase to specific deductible. \$400K to \$425K
 - A portion of the local fund's assessment to the MRHIF/reinsurance is determined by 5-year loss experience. Aside from 2020, CJHIF has maintained very favorable Loss Ratio for the MRHIF. We expect the CJHIF MRHIF Renewal to be lower than the average.

Plan Year	2019	2020	2021	2022	2023	5-YR Composite
CJHIF MRHIF Loss Ratio	4%	94%	16%	50%	28%	56%

- 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*



Central Jersey Health Insurance Fund

2024 Claims Performance and Utilization Review



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

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	2022	2023	1H 2024	3-YR
Medical	97%	110%	104%	104%
Prescription	74%	87%	92%	83%
Dental	80%	90%	82%	84%
Composite	90%	103%	100%	97%

- 2022 Medical ran below budget while 2023 and 2024 I ran above budget
 - 2023 medical can be contributed to higher utilization in second half of year
- First half of 2024 is running below budget
- Prescription continue to trend upwards with GLP-1s and cancer drugs
- 3-YR Loss Ratio of 97%; without IBNR would indicate the 2025 proposed claims increases are appropriate

- Notes:

- Lakewood, Lakewood MUA and Toms River removed
 - Toms River's performance improved the overall 3 YR experience by 2%
 - Their assessments were 30% of the total Fund Assessments for the last 3 years.
- Loss Ratios are net of Specific Stop Loss reimbursements
- 2024 Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims
- Rx assessments and claims assume 20%-30% rebate on paid claims

Key Medical Utilization Statistics- Aetna CJHIF

Lakewood, Lakewood MUA and Toms River removed.		
Central Jersey HIF -Aetna	1H 2023	1H 2024
Number of Employees	1,096	1,149

Financial Review	1H 2023	1H 2024	Comparison Change
Total Medical Paid Claims	\$9,824,047	\$11,709,080	19.4%
Medical Paid per Member (Claims and Capitation)	\$3,837	\$4,386	14.3%
Inpatient Paid Amount per Member	\$1,067	\$1,293	21.3%
Ambulatory Paid Amount per Member	\$2,771	\$3,093	11.6%
Utilization Review			
Total Admissions/1,000 Members	44	41	-6.6%
Maternity Admissions/1,000 Members	5	6	18%
Total Days of Care/1,000 Members	307	235	-23.3%
Average Length of Stay	6.9	5.7	-17.8%
Total Surgeries/1,000 Members	638	636	-0.3%
Inpatient Surgeries/1,000 Members	37	26	-7.8%
Ambulatory Surgeries/1,000 Members	602	611	1.5%
Office Visits/1,000 Members	2,946	3,153	7%
ER Visits/1,000 Members	135	154	14.3%

Medical High-Cost Claimants- AETNA

CJHIF

	All Claimants		
	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	2,316	2,458	6.1%
Claimants Per 1,000 Members	905	921	1.8%
Medical Paid Amount for these Claimants	\$9,824,047	\$11,709,080	19.2%
	Claimants above \$50,000		
	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	30	37	23.3%
Claimants Per 1,000 Members	11.7	13.9	N/A
Medical Paid Amount for these Claimants	\$2,985,434	\$4,210,959	41.1%
Average Paid Per Catastrophic Claimant	\$99,514	\$113,810	14.4%
% of Total Paid Amount	30.4%	36.0%	5.6%

Lakewood, Lakewood MUA and Toms River removed

Prescription Performance Overview- Express Scripts CJHIF

Plan Performance

	1H24	1H23	Change %
AWP	\$9,407,940	\$7,959,205	18.2%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$4,109,902	-\$3,666,630	12.1%
Tax	\$83	\$258	-67.7%
Gross Cost	\$5,298,121	\$4,292,833	23.4%
Member Cost	-\$581,752	-\$555,542	4.7%
Copay/Deductible	-\$225,626	-\$113,857	98.2%
SaveOnSP	-\$356,126	-\$441,685	-19.4%
Plan Cost	\$4,716,369	\$3,737,291	26.2%
Rebates*	-\$1,700,397	-\$1,492,713	13.9%
Plan Cost Net	\$3,015,972	\$2,244,579	34.4%
Members	3,110	2,993	3.9%
Gross Cost PMPM	\$283.93	\$239.05	18.8%
Plan Cost PMPM	\$252.75	\$208.11	21.4%
Rebates PMPM	\$91.13	\$83.12	9.6%
Plan Cost Net PMPM	\$161.63	\$124.99	29.3%

Plan Cost PMPM increased \$44.64 (+21.4%) to \$252.75

SaveOnSP provided \$356,126 in value. Total Member Cost less SaveOnSP was \$225,626, representing 6.3% in Total Member Cost Net

Rebates reduced Plan Cost PMPM from \$252.75 to \$161.63 (-36.1%)

Prescription Key Utilization – Express Scripts CJHIF

Description	Central Jersey					
	Non-Specialty			Specialty		
	1H24	1H23	Change	1H24	1H23	Change
Avg Subscribers per Month	1,275	1,216	4.9%	1,275	1,216	4.9%
Avg Members per Month	3,110	2,993	3.9%	3,110	2,993	3.9%
Number of Unique Patients	2,290	2,091	9.5%	85	69	23.2%
Pct Members Utilizing Benefit	73.6%	69.9%	3.8	2.7%	2.3%	0.4
Total Plan Cost Net	\$1,614,608	\$1,173,852	37.5%	\$1,401,364	\$1,070,727	30.9%
Percent of Total Plan Cost Net	53.5%	52.3%	1.2	46.5%	47.7%	-1.2
Total Days	738,687	708,035	4.3%	11,328	8,985	26.1%
Total Adjusted Rx	28,048	26,970	4.0%	407	327	24.5%
Percent of Total Adjusted Rx	98.57%	98.80%	-0.2	1.43%	1.20%	0.2
Plan Cost Net PMPM	\$86.53	\$65.37	32.4%	\$75.10	\$59.62	26.0%
Plan Cost Net/Day	\$2.19	\$1.66	31.8%	\$123.71	\$119.17	3.8%
Plan Cost Net per Adjusted Rx	\$57.57	\$43.52	32.3%	\$3,443.15	\$3,274.40	5.2%
Nbr Adjusted Rx PMPM	1.50	1.50	0.1%	0.02	0.02	19.8%
Generic Fill Rate	87.0%	85.6%	1.4	14.7%	20.8%	-6.1
Member Cost Net %	7.5%	8.7%	-1.2	24.3%	29.3%	-5.0

Your Specialty Plan Cost Net PMPM is \$1.90 higher than your peer, and trending 21.7 points higher
SaveOnSP provided \$356,126 in value. Specialty Member Cost Net less Specialty SaveOnSP was 5.1%

Prescription Key Utilization – Express Scripts CJHIF

Top 10 Indications

Top Indications by Plan Cost Net																
1H24										1H23						
Rank	Peer Rank	Indication	Adjusted Rx	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted Rx	Patients	Plan Cost Net	Generic Fill Rate	Plan Cost Net PMPM	Plan Cost Net PMPM	% Change
1	1	INFLAMMATORY CONDITIONS	224	47	\$500,607	39.7%	41.4%	\$26.83	1	183	37	\$344,255	42.1%	\$19.17		39.9%
2	2	DIABETES	2,456	196	\$388,338	27.9%	32.2%	\$20.81	3	2,444	186	\$265,612	28.8%	\$14.79		40.7%
3	3	CANCER	108	26	\$255,740	84.3%	85.2%	\$13.71	2	126	29	\$329,944	77.8%	\$18.37		-25.4%
4	6	WEIGHT LOSS	233	54	\$167,274	3.4%	4.9%	\$8.96	14	66	22	\$44,168	9.1%	\$2.46		264.5%
5	39	HEREDITARY ANGIOEDEMA	6	1	\$149,848	0.0%	13.6%	\$8.03	5	7	1	\$98,575	0.0%	\$5.49		46.3%
6	4	SKIN CONDITIONS	371	226	\$143,987	79.5%	85.0%	\$7.72	18	284	186	\$39,065	88.0%	\$2.18		254.7%
7	21	SEIZURES	577	109	\$142,333	88.9%	97.2%	\$7.63	4	555	103	\$127,119	86.3%	\$7.08		7.8%
8	35	KIDNEY DISEASE	6	1	\$100,416	0.0%	39.1%	\$5.38								
9	62	AMYLOIDOSIS	6	1	\$95,672	0.0%	0.0%	\$5.13								
10	8	MULTIPLE SCLEROSIS	21	4	\$94,469	28.6%	47.4%	\$5.06	7	18	3	\$79,456	50.0%	\$4.42		14.4%
Total Top 10:			4,008		\$2,038,685	42.1%		\$109.25		3,683		\$1,328,195	44.0%	\$73.96		47.7%
Differences Between Periods:			325		\$710,490	-1.9%		\$35.29								

The largest financially impactful change was in Inflammatory Conditions, driving \$0.2M in increased net cost for a 39.9% increase in Net PMPM

Weight Loss trend increased 264.5%, contributing an additional \$6.50 to Net PMPM

Represent 67.6% of your total Plan Cost Net



Central Jersey Health Insurance Fund

2025 Budget Development Expenses



Expenses CJHIF

- Total Expense +2.53%
- Professionals
 - In line with adopted RFP responses on average about 2% increase
- Local Broker/Risk Managers include a 2% increase
 - Claims Administrators
 - Medical:
 - Through the Cooperative, an RFP for Medical TPA services is expected.
 - » Proposed budget assumes a 5% for Aetna and AmeriHealth



Central Jersey Health Insurance Fund

2025 Budget Development

Assessments By Entity



Assessment By Entity

Medical/Prescription Groups

CJHIF

CJHIF	Annualized Assessments FY2024	Proposed Assessments FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Aberdeen	3,406,632	4,026,708	620,076	18.20%
Allentown	232,368	275,340	42,972	18.49%
Atlantic Highlands Borough	1,134,900	1,338,300	203,400	17.92%
Brick Township	3,771,840	4,435,476	663,636	17.59%
Brick Twp Housing Authority	58,608	67,392	8,784	14.99%
Brielle Borough	886,284	1,046,340	160,056	18.06%
Eatontown Sewerage Authority	149,148	176,784	27,636	18.53%
Hamilton Township	1,925,760	2,407,200	481,440	25.00%
Highland Park	1,661,220	1,978,644	317,424	19.11%
Interlaken	122,316	145,308	22,992	18.80%
Lakewood Township	17,498,820	18,832,788	1,333,968	7.62%
Lakewood MUA	1,688,028	2,008,836		
Manasquan River Regional Sewerage Authority	374,556	438,960	64,404	17.19%
Monmouth County Bayshore OA	195,780	230,616	34,836	17.79%
Montgomery Township	2,326,632	2,747,496	420,864	18.09%
Oceanport	938,940	1,089,084	150,144	15.99%
Plumsted Township	403,776	476,820	73,044	18.09%
Red Bank	4,196,244	4,979,232	782,988	18.66%
Sayreville Borough	6,403,044	7,653,780	1,250,736	19.53%
Seaside Park Borough	899,472	1,071,756	172,284	19.15%
Shrewsbury Township	24,540	29,568	5,028	20.49%
South River	2,255,160	2,701,080	445,920	19.77%
Toms River MUA	1,217,388	1,443,984	226,596	18.61%
Tuckerton Borough School District	1,000,620	1,188,756	188,136	18.80%
West Long Branch	1,331,376	1,593,240	261,864	19.67%

Assessment By Entity

Dental Only

CJHIF

CJHIF	Annualized Assessments FY2024	Proposed Assessments FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Barnegat Light	16,320	16,524	204	1.25%
Englishtown	12,156	12,312	156	1.28%
Harvey Cedars	26,220	26,544	324	1.24%
Jackson Township MUA	65,520	66,024	504	0.77%
Keyport	26,580	26,724	144	0.54%
Manasquan	50,964	51,324	360	0.71%
Manchester Township	272,520	274,632	2,112	0.77%
Matawan	72,408	72,960	552	0.76%
Seaside Heights BOE	49,728	50,376	648	1.30%
Ship Bottom Borough	35,796	36,000	204	0.57%
Spring Lake	64,188	64,776	588	0.92%

Notes

- Dental only Renewal = **+1%**
- Assessment change impacted by rounding rates to the nearest dollar.