Central Jersey FUND

2027 Proposed Budget Presentation

Executive Committee Introduction
September 16, 2026
Zoom

PERMA Risk Management Services

2027 Budget Overview

as of 8/31/2026

	2026 Annualized	2027 Proposed	% Change
Medical Claims	$42,829,367	$46,836,349	9.36%
Prescription Claims[1]	$16,709,529	$15,026,483	-10.07%
Dental Claims	$2,054,741	$1,924,672	-6.33%
MRHIF (introduced)[3]	$1,417,576	$1,781,743	25.69%
Medicare Advantage[4]	$8,017,294	$8,598,834	7.25%
Loss Fund Contingency[5]	$1,644,017	$2,000,000	21.65%
Trust Fund Contingency[5]	0	$2,250,000	-
Expenses	$4,493,185	$4,604,717	2.48%
Overall Budget	**$93,035,019**	**$101,282,779**	**8.84%**

Notes:

1) Prescription claims consider a reduction in rebates to be less budget-dependent.
2) Lakewood renewal are pending acceptance from the Township and is not included in above
3) MRHIF renewal is draft. Final assessment will be provided prior to adoption
4) Medicare Advantage rates based on bundled renewal.
5) Contingency Accounts defined on Slide 9
6) Proposed introduction on Wednesday, September 16th and adoption on Wednesday, October 14th.

6a) Budget is preliminary and draft for introduction; may be altered prior to adoption

Assessments by Line of Coverage

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Change by Line of Coverage	Rate Change
Medical	+10%
Prescription	+3.5%
Dental PPO	Flat
Dental DMO*	TBD
Aetna Medicare Advantage	+6%

- Individual Group Assessment and Billing Factors:
  1) Lines of Coverage in the Fund
  2) Medicare Advantage Rate Active & Early Retiree Subsidy
     1) Many Medicare Advantage premiums included subsidies from when the program began that has grown with the past larger renewals. Some groups will see a lower increase due to a reduction in that subsidy
- Loss ratio impact: groups with at least 30 months experience in the Fund can receive up to a +/-2.5%.
- Average renewal for a CJHIF group with Medical and Prescription 8.8%
- Dental only group renewal is flat Does not include DMO plans

5-Year History

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Central Jersey Health Insurance Fund Budget Increase History	
Plan Year	**Budget Renewal**
2027 *Proposed*	**8.84%**
2026	**20.90%**
2025	**14.80%**
2024	**4.60%**
2023	**3.7%**
5-YR Average	**10.57%**

2027 Budget Development

Claims Projection & Reinsurance

2027 Budget Development

- 2027 Budget Change: **8.84%**
- Claims Fund Development: **5.57%**
  - Medical, Prescription and Dental claims incurred 2024 through June 30, 2026, were sent to the Fund's Actuary for 2027 expected claims development.
  - Medical claims include additional administrative expenses not captured in the claims detail (NAP, claims review, etc.)
  - Medical and Rx claims additionally weighted for new members
  - MRHIF receivables removed from CJHIF experience
  - Trend Considerations:
    - 25% CJHIF Experience 75% Market
      - » Medical: 10.0%
      - » Rx: 9.0%
    - Market Trend
      - » Medical: 8.5%
      - » RX: 13.5%

Historical Trends and Observations

- Actuarial Observed Trends (Incurred and Paid Anytime):

CJHIF	**2024/2023**	**2025/2024**	**1H26/1H25**
Medical	18.9%	9.6%	9.9%
Prescription	16.8%	10.0%	-7.6%

The Fund continues to trend in a positive position. The Executive Committee is commended for the following changes:

- Changing the Out of Network Fee Schedule
- Approving a record high increase for the 2026 Budget
- Controlling cash with interest penalties and cash advance from the MRHIF
- Continuously reviewing strategic, long-term strategies
- Steady, conservative growth

2027 Expenses

- **Total Expenses +2.48%**
  - Professionals
    - PERMA and Conner Strong & Buckelew increasing 2%
    - Auditor, Attorney, Treasurer and Actuary per last RFP response
  - Risk Managers / Brokers of Record
    - 2% annual increase included
      - Contract negotiations and fees are direct and can be altered at the direction of the entity.
  - Claims Administrators
    - Medical:
      - Medical TPA RFP to be released: a 5% increase is included for introduction
    - Dental:
      - No increase over 2026 as part of 5-year contract award.
  - Wellness:
    - Held budget to $150,000
  - Plan Documents
    - This line has not increased in many years while the Fund has grown

Surplus Regeneration & Trust Account

The proposed budget includes two additional lines of margin to address surplus in prior and future years:

1. **Surplus Regeneration** – This line was included in last year's budget. The regulation only allows for 2.5% of the total budget for this contingency line.

2. **Trust Account for Contingencies** - NJAC 11:15-3.13 (b) allows the Fund to appropriate up to 2.5% of the budget each year into a contingency trust fund account that can be used to offset a deficit in any fund year. Fund Commissioners may reclassify 2.5% of this year's budget as well as appropriate 2.5% in next years and subsequent years' budgets. This is the more flexible option because the contingency trust fund can be used to both resolve deficits and build a rainy-day fund.

Both accounts are optional and at the discretion of the Executive Committee

2027 MRHIF Renewal

- MRHIF Expected to introduce budget on September 9th.
  - CJHIF estimated increase 25.69%
    - Assumes no increase to SIR: $400,000
    - No increase taken in 3 years
    - Favorable experience at MRHIF and Starline Level

Plan Year	2021	2022	2023	2024	2025	5-YR Composite
CJHIF MRHIF Loss Ratio	16%	28%	65%	95%	68%	**61.72%**

** Lakewood excluded. Its stop loss renewal to be received early October*.

High-Cost Claimants

as of July 2026

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CJHIF High Claimants 2025

Aetna Med, AHA Med + ESI RX Claims Incurred in 2025

CJHIF spec limit	$400,000
50%	$200,000
US Fire	$800,000

	Count of members >50% but Under spec	Total Net Paid (Med+RX)	% Increase in Net Paid from Previous Month	Total members Exceeding Spec	Total Net Paid (Med+RX)	Reimbursement Amount	Total Net Paid After Reimbursement	% Increase in Net Paid (Net Reimbursement) from Previous Month
Jan-25	0	$0.00		0	$0.00	$0.00	$0.00	
Feb-25	0	$0.00		0	$0.00	$0.00	$0.00	
Mar-25	0	$0.00		0	$0.00	$0.00	$0.00	
Apr-25	1	$268,046.03	--	0	$0.00	$0.00	$0.00	
May-25	3	$781,379.67	192%	1	$569,716.74	$169,716.74	$400,000.00	--
Jun-25	5	$1,287,444.72	65%	1	$573,741.60	$173,741.60	$400,000.00	0%
Jul-25	4	$1,130,765.10	-12%	2	$1,011,762.57	$211,762.57	$800,000.00	100%
Aug-25	9	$2,569,629.24	127%	2	$1,023,713.73	$223,713.73	$800,000.00	0%
Sep-25	9	$2,347,753.57	-9%	4	$1,867,984.16	$267,984.16	$1,600,000.00	100%
Oct-25	9	$2,454,648.54	5%	5	$2,370,970.63	$370,970.63	$2,000,000.00	25%
Nov-25	14	$4,019,047.76	64%	5	$2,436,281.99	$436,281.99	$2,000,000.00	0%
Dec-25	15	$4,413,559.52	10%	5	$2,903,322.04	$903,322.04	$2,000,000.00	0%
Jan-26	15	$4,502,685.36	2%	5	$3,213,200.60	$1,213,200.60	$2,000,000.00	0%
Feb-26	15	$4,588,973.56	2%	5	$3,182,732.70	$1,182,732.70	$2,000,000.00	0%
Mar-26	14	$4,271,673.40	-7%	6	$3,610,833.26	$1,210,833.26	$2,400,000.00	20%
Apr-26	14	$4,305,624.32	1%	7	$4,064,492.92	$1,264,492.92	$2,800,000.00	17%
May-26	16	$4,774,993.66	11%	7	$4,205,803.16	$1,405,803.16	$2,800,000.00	0%
Jun-26	16	$4,775,749.15	0%	7	$4,215,554.99	$1,415,554.99	$2,800,000.00	0%
Jul-26	16	$4,775,749.15	0%	7	$4,432,177.22	$1,632,177.22	$2,800,000.00	0%

High-Cost Claimants

as of July 2026

CJHIF High Claimants 2026								
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Jan-26	0	$0.00		0	$0.00	$0.00		
Feb-26	0	$0.00		0	$0.00	$0.00		
Mar-26	2	$455,237.52	--	0	$0.00	$0.00		
Apr-26	3	$662,976.66	46%	0	$0.00	$0.00	$0.00	
May-26	4	$1,001,926.97	51%	1	$496,603.42	$96,603.42	$400,000.00	--
Jun-26	5	$1,338,540.50	34%	2	$967,384.19	$167,384.19	$800,000.00	100%
Jul-26	6	$1,420,747.10	6%	3	$1,411,420.19	$211,420.19	$1,200,000.00	50%

3 Year Loss Ratios –

CY 2024, CY 2025, 1H 2026 (Paid Claims/Premium)

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	2024	2025	1H 2026	3-YR
Medical	114%	114%	80%	106%
Prescription	109%	94%	54%	86%
Dental	83%	78%	81%	81%
Composite	112%	108%	73%	101%

- 2024 and 2025 ran well above budget
- First half of 2026 is running well under budget
- 3-YR Loss Ratio of 101% without IBNR indicates the renewals are justified

- Notes:
  - Loss Ratios are net of Specific Stop Loss reimbursements
  - 2026 Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims