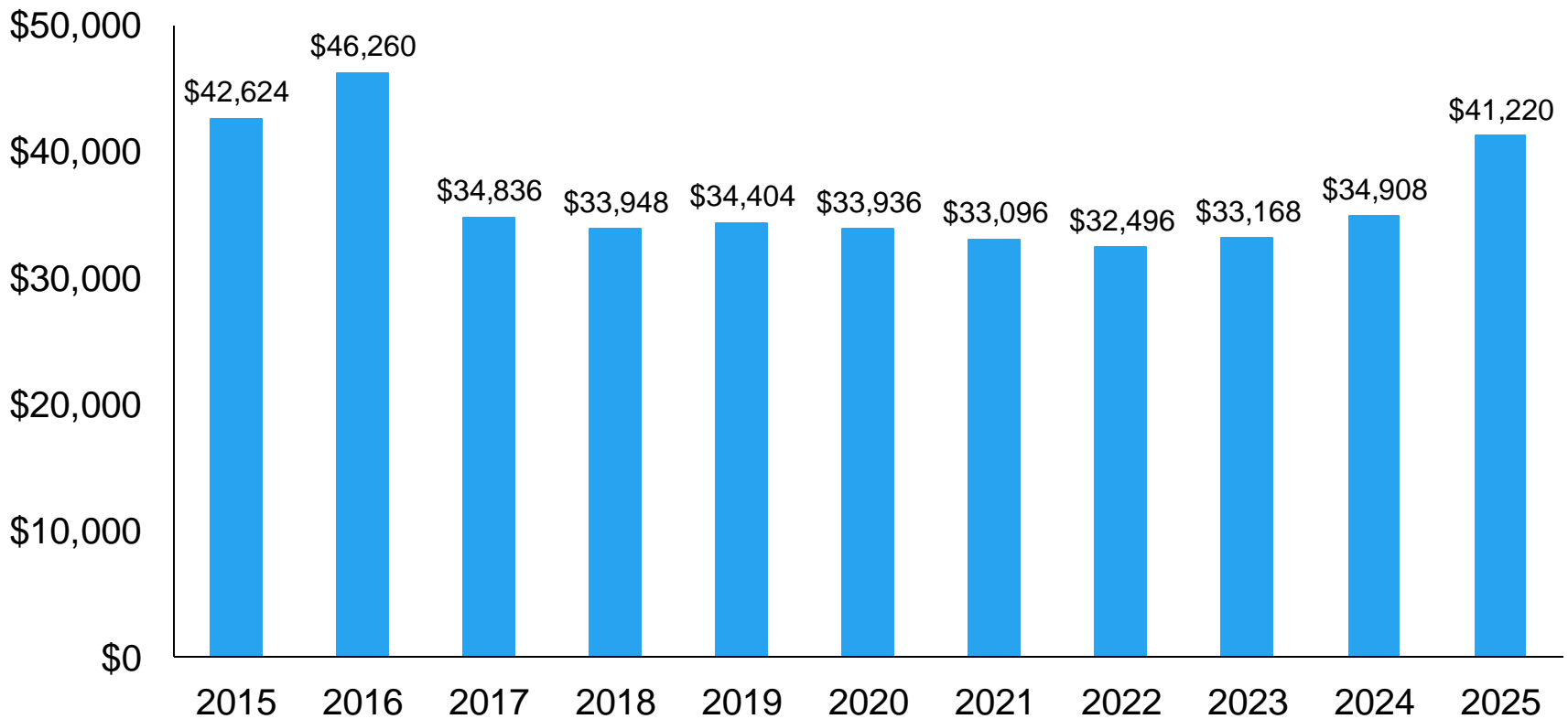


Health Insurance Fund Overview



Manasquan River Regional Sewerage Authority

Medical & Rx Family Coverage Premiums



Objectives

- Our goal this afternoon is to provide an education regarding the Health Insurance Funds as it relates to the following:
 - Comparison to the State Health Benefits plan and Commercial markets
 - Mechanics of the Health Insurance Funds
 - Governance Rules
 - Industry Trends
 - New Business Process
 - Client Service Team Structure



Health Insurance JIFs

- + A Health Insurance JIF is a **public entity** regulated by the NJ Department of Banking and Insurance (DOBI) that creates the infrastructure to “**share services**” for the procurement and delivery of health benefits.
- + State law created Municipal Health JIFs in 1991. School Districts were allowed to join Municipal Health JIFs in 2007.
- + JIFs allow for economies of scale.
- + To start a new Health Insurance JIF, there must be at least 2 entities and a minimum of 1,000 employees covered.
- + A Health Insurance JIF and a Property & Casualty Insurance JIF share the same objectives.



Present Day State-Wide Profile



Advantages of Health JIFs

- + Owned and governed by the member entities.
- + Stable and predictable premium rates over time.
- + Early renewals to assist with budgeting timeframes.
- + Lower expenses and profits compared to traditional insurance programs.
- + Ability to maintain or alter your plan designs.
- + Potential dividend distributions.
- + Premium rates determined by the Fund Actuary, in the best interest of the member entities.
- + All professionals are selected and appointed by Fund Commissioners subject to public bidding requirements.



Health JIF Mechanics

- ⊕ Regularly scheduled open public meetings for transparency:
 - Best practices
 - Performance results
 - Creative solutions
- ⊕ Monthly financial statements distributed to member schools and state regulators.
- ⊕ Risk management plans and by-laws to safeguard the integrity of the plan.
- ⊕ Premium rate calculation:
 - New entrants pay initial premiums based on their attributes.
 - Annually, member schools receive the same rate change.
 - At 3rd renewal, rate deviation of +/- 2 ½% based upon individual member school results.



Health JIF Mechanics

- + Coverage is “equal to or better than” current plan designs.
- + Self-insured.
- + Re-insurance protection from large claims.
- + Products available include:
 - Medical
 - Pharmacy
 - Dental
- + Each group maintains their trusted broker partner that performs consultancy services related to strategy, plan design, compliance, collective bargaining services and other functions between the group and broker.
- + The model is totally transparent – groups receive detailed paid claims history annually to complete any necessary due diligence.



Why Health JIFs Work

- By retaining the dollars, you would otherwise pay an insurance company for routine benefits, you reduce margin, overhead expenses, and applicable taxes that group insurance premiums include.
- These savings become available to help defray the expenses for claims and to pay the administrative costs for your program.
- Benefits include:
 - Saving money by reducing the expenses and profits included in insurance premiums.
 - Being able to maintain or change your benefits.
 - Enjoying reduced administrative costs by leveraging the total size of the Fund.
 - Capping your overall risk exposure at a manageable level.
 - Providing long-term stability in your health benefits program costs.
 - Containing your health benefits cost.



Health JIFs Value Proposition

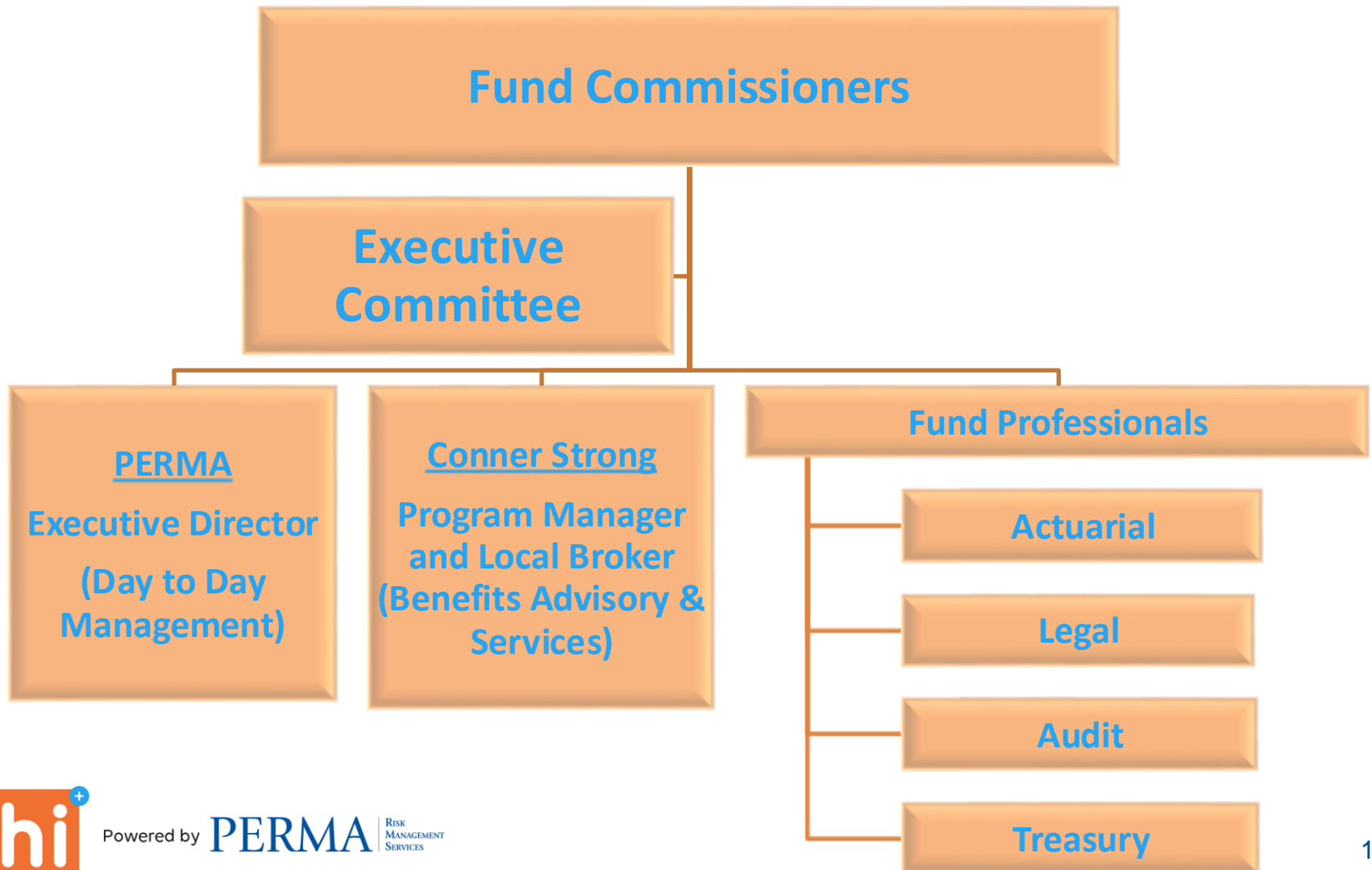
- ⊕ The existing HIFs have a documented track record of stability and strong financial performance. This is because:
 - There is interest and participation by the participating entities.
 - There are established “ground rules” to safeguard the integrity of the plan.
 - Risk Management Plans and By-Laws provide the framework for effective management and governance.
- ⊕ Long-term solution for managing and delivering employee benefits.
- ⊕ Effective cost management has yielded favorable costs to participating employers:
 - Pooled rate increases
 - Financial predictability
 - Ease of forecasting and budgeting
 - Dividend eligible



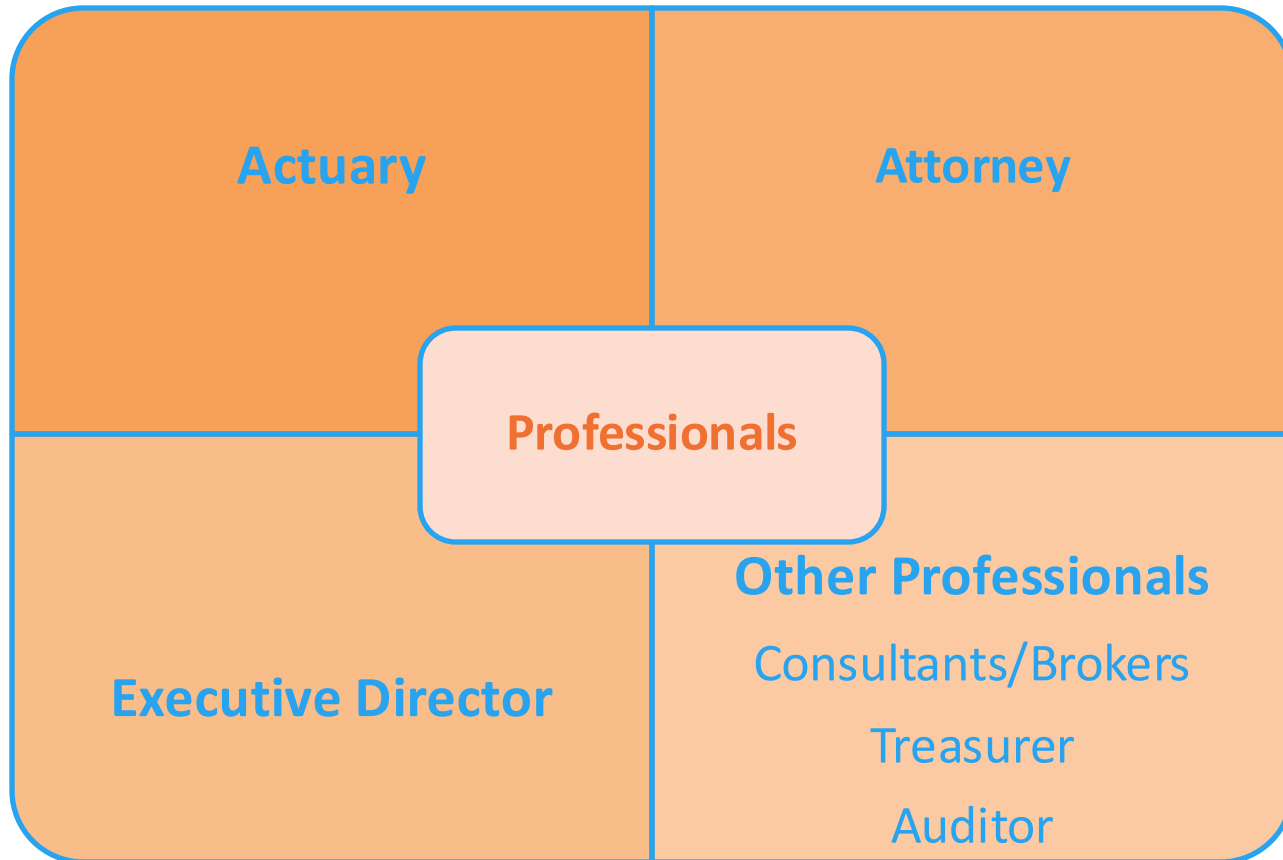
HIF Fund Governance



Fund Governance



Fund Professionals



Best-in-Class Administrators



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Industry Trends

- + We are seeing an increase in costs as it relates to High Level Medical claimants. 6 out of 10 cancers are being diagnosed more frequently including Breast, Prostate and Kidney for example. These increases in cost will impact our pricing trends when evaluating new business.
- + Healthcare cost drivers by condition are noted below:
 - Cancer
 - Musculoskeletal
 - Cardiovascular
 - Diabetes
 - High Risk Maternity
 - Mental Health
 - Prescription drug as a percentage of Healthcare



Industry Trends

- ⊕ There is also increase in Specialty Drug Medications. Specialty drugs cost employers significantly more than non-Specialty drugs. These medications are used to treat the more complex ongoing medical conditions.
- ⊕ The cost of providing coverage for the weight loss medications. i.e., **GLP1s** has taken off over the last 2 years. The cost and utilization of these medications is driving employer costs beyond the standard trends. Many employers that are offering GLP1s are requiring behavioral modification plans to support members on their weight loss journey.
- ⊕ **Healthcare Provider Consolidation** continues to be a challenge. Our Carrier partners are wrestling with hospital contracting reflective of the increase in cost to provide patient care.
- ⊕ Increasing Out of Network Utilization at higher costs.



Solutions

- ⊕ Early identification of issues via an increased focus on the Data Analytics via a Data Warehouse. The HIFs went through an RFP and selected CedarGate based on service model, performance metrics and cost. This will result in a more focused strategy on high level claimants earlier in the process.
- ⊕ Develop a plan to address specific issues for Cancer, MSK and Mental Health issues with channel partners.
- ⊕ On-going Reform will lead to greater transparency of healthcare costs and quality of care. Machine readable files (MRF) Compliance amongst Provider Networks.
- ⊕ Review of benefit plans offered upon contract expiration.
- ⊕ Encourage In Network utilization and Generic drugs when feasible.



Client Service Model

- + Our Client Service team is comprised of an Implementation and a Billing, Claims and Eligibility team.
- + Our Implementation team will work with your brokers and carriers to ensure a smooth transition to the Health Insurance Funds platform regardless of the prior arrangement, i.e., SHBP or Commercial market. All plans will guarantee “Equal to or Better” than provisions to ensure no loss in coverage.
- + Our Billing, Eligibility and Claims Team will address any concerns regarding these areas. Each client has a dedicated team that will provide excellent member service, claims resolution and balance billing.
- + Claim appeals are also handled on this team.

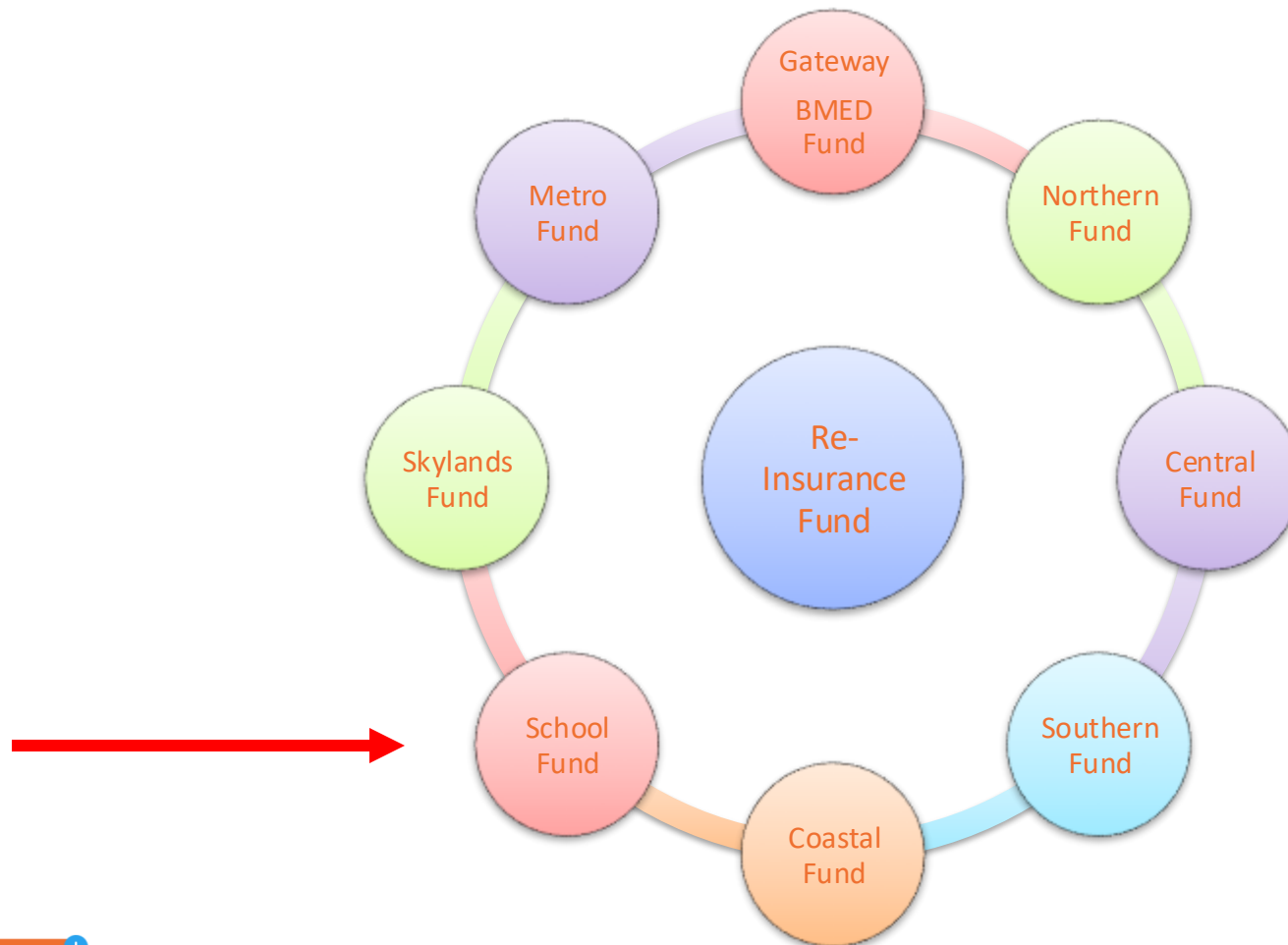


New Business Process

- + To receive a HIF Proposal, we will need the following items:
 - + 24 months of claims information.
 - + Census.
 - + Plan Designs.
 - + Most recent invoice.
 - + Most recent renewal.
- + Once we receive those items our Chief Underwriter will review, establish the required premium needed, and send to the Actuary for approval.
- + Actuary will certify the rates, and we will then release your proposal.



Regional Funds - Statewide Model



School Health Insurance Fund

- Founded in 2016 and serves school districts across NJ
 - \$775 million annual budget
 - \$94.8 million in surplus
 - \$52.4 million in dividends
 - 121 entities
 - 26,000 employee lives
 - 70,000 members lives
 - 5-year average rate increase of 6.29%



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Southern NJ Municipal Fund

- Founded in 1992
 - Services municipalities in the Camden, Gloucester and Burlington Counties
 - \$1.75 million annual budget
 - \$7.6 million in surplus
 - \$72 million dividends paid
 - 52 entities
 - 3,676 employee lives
 - 2,370 retirees
 - 9,925 members
 - 5-year average rate increase of .26%

Southern Jersey FUND



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Coastal Fund

- Founded in 2011 (spin off from Southern Regional Fund)
 - Services public entities in Salem, Cumberland, Atlantic and Cape May Counties
 - \$170 million annual budget
 - \$1.8 million in surplus
 - \$28 million in dividends
 - 32 entities
 - 6,668 employee lives
 - 18,000 members lives
 - 5-year average rate increase of 5.46%

SouthernCoastal^{FUND}



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Central NJ Regional Fund

- Founded in 1992
 - Services public entities Central and Northwest NJ
 - \$65 million annual budget
 - \$6.94 million in surplus
 - \$60.9 million in dividends
 - 39 entities
 - 2,778 employee lives
 - 7,500 members lives
 - 5-year average rate increase of 4.22%

Central Jersey FUND



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BMED/Gateway Fund

- Founded in 1992
 - Services large portions of Northern NJ
 - \$67 million annual budget
 - \$1.13 million in surplus
 - \$29.5 million in dividends
 - 35 entities
 - 2,363 employee lives
 - 6,300 members lives
 - 5-year average rate increase of 4.62%

Gateway

BMED FUND



Southern Skylands Fund

- Founded in 2020:
 - Primarily serving Somerset, Sussex, Hunterdon and Warren Counties
 - \$59 million annual budget
 - \$4.19 million in surplus
 - 9 entities
 - 2,500 employee lives
 - 6,700 members lives
 - 5-year average rate increase of 5.69%



Metropolitan Fund

- Founded in 2020
 - \$86.6 million annual budget
 - 17 entities
 - 4,050 employee lives
 - 12,300 members lives
 - 5-year average rate increase of 3.2%



METROPOLITAN
HEALTH INSURANCE FUND



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SERVICES

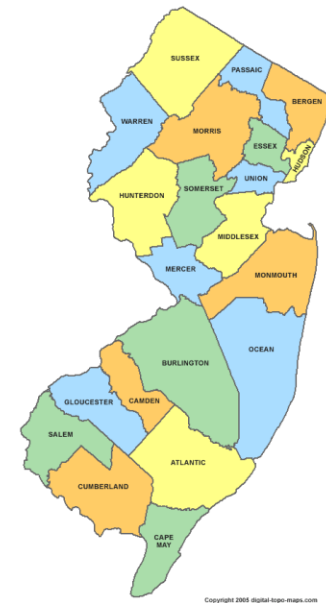
North Jersey Fund

- Founded in 1994
 - \$74.7 million annual budget
 - \$5.1 million in surplus
 - \$42.5 million in dividends
 - 32 entities
 - 3,054 employee lives
 - 8,200 members lives
 - 5-year average rate increase of 5.38%



Statewide Re-Insurance Fund

- Founded in 1999
 - Statewide re-insurance Fund for Health JIFs
 - \$32.5 million annual budget
 - \$7.8 million in surplus
 - \$45.2 million in dividends
 - 56,700 employee lives
 - 153,000 members lives
 - 5-year average rate increase of 4.48%



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Questions?