

# Bergen Municipal Employee Benefits Fund

## 2024 Proposed Budget Presentation

BMED Executive  
Committee Presentation

8/22/2023

Borough of Franklin Lakes

**PERMA** | RISK  
MANAGEMENT  
SERVICES

 **Gateway**  
BMED FUND

# 2024 Budget Overview\*

## BMED

	2023 Annualized	2024 Proposed	% Change
Medical Claims	\$32,790,298	\$33,354,300	1.72%
Prescription Claims (Net of rebates)	\$5,169,421	\$6,113,098	18.25%
Dental Claims <sup>1</sup>	\$2,054,737	\$2,078,467	1.15%
MRHIF (projected) <sup>2ab</sup>	\$1,040,285	\$1,254,722	20.61%
Medicare Advantage <sup>3</sup>	\$1,999,278	\$2,039,297	2.00%
Loss Fund Contingency <sup>4</sup>	\$34,052	\$42,829	25.78%
Expenses <sup>5</sup>	\$2,789,337	\$2,892,257	3.69%
<b>Overall Budget</b>	<b>\$44,368,942</b>	<b>\$45,987,638</b>	<b>3.65%</b>

### Notes:

1. Dental increase does not include DMO fully insured plans. 10% increase assumed for introduction.
- 2a. MRHIF renewal is a projected increase based on the performance of the BMED and the market.
- 2b. MRHIF renewal includes Retiree First Medicare Advantage Advocacy services for existing members.
3. The Funds negotiated a +2% rate cap with Aetna on the Medicare Advantage plans. 2024 is the last year of the agreement.
4. Loss Fund Contingency is discretionary budget income utilized for balancing the budget.
5. Total expenses include assumed Wellness program increase and estimated Medical TPA Fee.

\*Proposed budget is BMED/Gateway HIF membership only; **METRO Sub Fund claims and IBNR is extracted.**

# Assessments by Line of Coverage

## BMED

Change by Line of Coverage	Rate Change
Medical	+2.4%
Prescription	+18.5%
Dental PPO	+2.0%
Dental DMO*	+10.0%
Aetna Medicare Advantage	+2.0%

- Individual Group Assessment Factors:
  - 1) Loss ratio adjustments of up to +/- 2.5% are applied for members with at least 2 years of claims experience.
  - 2) Renewal factors and loss ratio factors are applied multiplicative
  - 3) Lines of coverage in the Fund
- Average renewal for a BMED group with Medical and Prescription 4.10%
- Dental only group renewal is ~2%

\*Dental increase does not include DMO fully insured plans. 10% increase assumed for introduction.

# 5-Year History

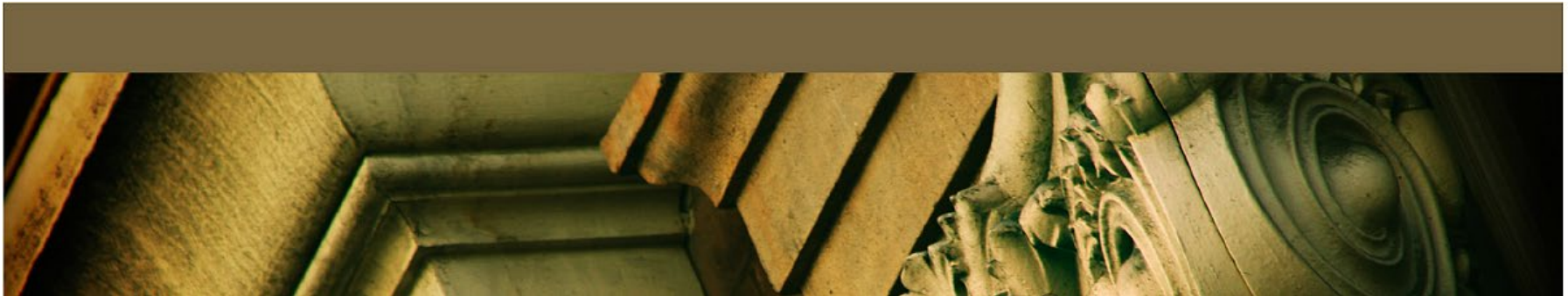
## BMED

### Bergen Municipal Employee Benefits Fund Budget Increase History

Plan Year	Budget Renewal
<b>2024</b> Proposed	<b>3.65%</b>
<b>2023</b>	<b>7.80%</b>
<b>2022</b>	<b>-0.79%</b>
<b>2021</b>	<b>-1.47%</b>
<b>2020</b>	<b>1.96%</b>
<b>5-YR Average</b>	<b>2.23%</b>

### Bergen Municipal Employee Benefits Fund Dividend History

Distribution Year	Distribution Amount
<b>2022</b>	<b>\$1,942,065</b>
<b>2021</b>	<b>\$3,002,329</b>
<b>2020</b>	<b>\$4,241,453</b>
<b>2019</b>	<b>\$3,497,725</b>
<b>2018</b>	<b>\$3,775,239</b>
<b>5- YR Average</b>	<b>\$3,291,762</b>



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# Bergen Municipal Employee Benefits Fund

2024 Budget Development  
Claims Projection & Reinsurance

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# 2024 Budget Development

## BMED

- 2024 Budget Change: **3.65%**
- Claims Fund Development: **3.25%**
  - Medical, Prescription and Dental claims incurred 2021 through June 30, 2023, were sent to the Fund's Actuary for 2023 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.
    - Aetna Q2 2023 claims processing catchup development was taken into consideration.
    - Pending pharmacy legislations, and recent/pipeline medications were factored in (weight loss, cancer, etc.)
    - Improved prescription pharmacy terms
  - Medical: +1.72%
  - Prescription: +18.25%
  - Dental: +1.15%
- Key Components:
  - Medical:
    - 2022 catastrophic claim reimbursements materialized 2<sup>nd</sup> Half of 2022
    - 1H 2022 vs. 1H 2023
      - Decrease in high-cost claimants
      - Decreased utilization in cost driven areas
      - COVID Expense Reduction
  - Prescription:
    - 1H 2022 vs. 1H 2023
      - Plan Cost Net of Rebates Increase of 15%
      - 400% increase in cancer medication spend (2 new medications ~\$200K)
      - Specialty Medication increase of 36.3%

# MRHIF Renewal

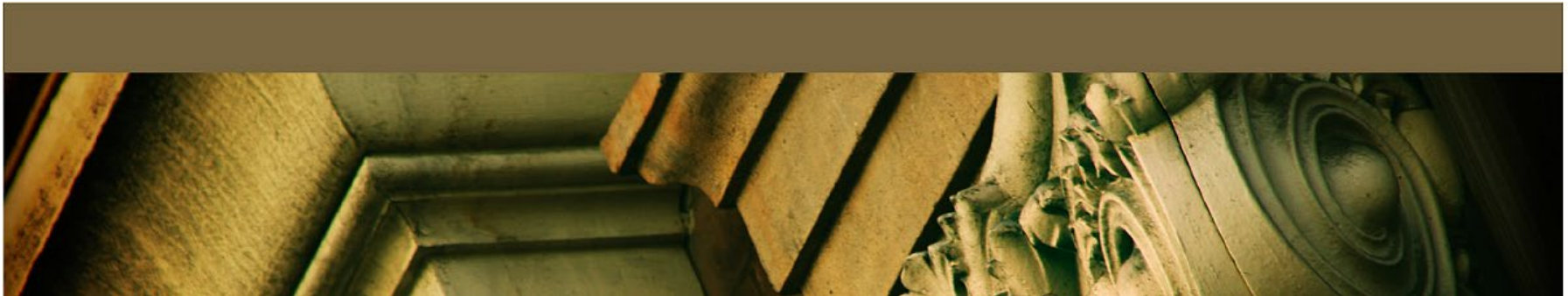
## BMED

- A 20% premium increase ‘placeholder’ is applied to the MRHIF budget line:
- 13% increase is estimated MRHIF Premium Renewal:
  - The MRHIF meets on 9/13 to introduce their budget
  - MRHIF is currently out to RFP for a reinsurer
  - \$25,000 increase to specific deductible. \$375K to \$400K
  - A portion of the local fund’s assessment to the MRHIF/reinsurance is determined by 5-year loss experience. 2021 and 2022 were high reimbursement years for the BMED.

Plan Year	2018	2019	2020	2021	2022	5-YR Composite
<b>BMED MRHIF Loss Ratio</b>	73%	7%	17%	140%	140%	<b>89.05%</b>

- 2024 New Service For Medicare Advantage Enrollees:
- **Retiree First**
  - During the 2023 Plan Year the MRHIF approved *Retiree First* as a subcontractor Executive Director’s contract.
  - Retiree First specializes in Medicare Advantage advocacy, enrollment and implementations.
  - We engaged Retiree First on our new Medicare Advantage entities that joined this year.
  - The reinsurance renewal includes ~\$80,000 (\$12 Per enrollee per month) to provide our Medicare Advantage enrollees access to Retiree First

<https://retireefirst.com/>



# Bergen Municipal Employee Benefits Fund

2024 Budget Development  
Expenses

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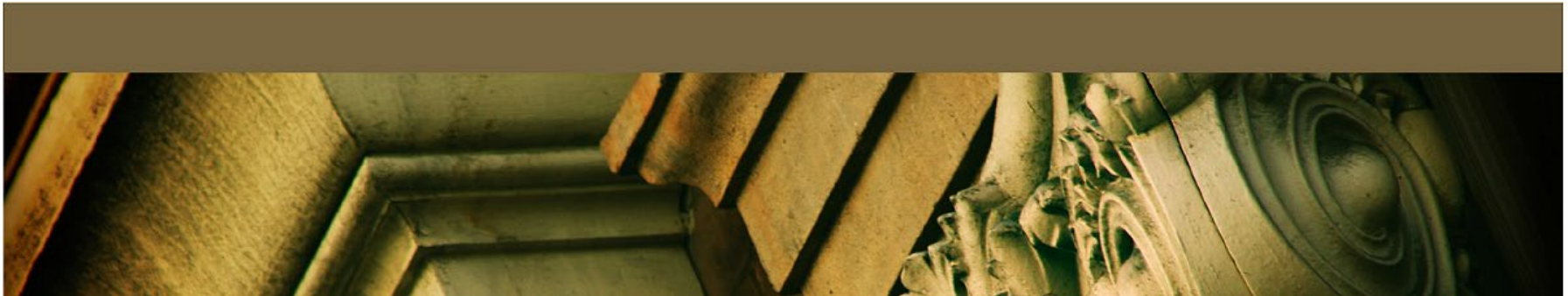
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# Expenses

## BMED

- Total Expense +3.69%
  - Professionals
    - In line with adopted RFP responses on average about 2% increase
  - Kept contingency for special projects such as: SWOT Analysis and additional wellness support
  - Claims Administrators
    - Medical:
      - BMED is out to RFP for Medical TPA services
        - » Proposed budget assumes a 5%
    - Dental:
      - The MRHIF, on behalf of member HIFs, went out to RFP for Dental TPA services.
        - » Delta was the only responder and will be receiving a 5% increase
  - Wellness & Wellness Coordinator:
    - Increased from \$100,000 to \$125,000
    - Wellness Coordinator to be RFP'd in Fall.



# Bergen Municipal Employee Benefits Fund

2023 Claims Performance and Utilization Review

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# 3 Year Loss Ratios – CY 2021, CY 2022, 1H 2023 (Paid Claims/Premium)

## BMED

	2021	2022	1H 2023	3-YR
Medical	103%	103%	80%	98%
Prescription	85%	96%	104%	93%
Dental	84%	84%	89%	85%
Composite	100%	102%	84%	97%

- 2021 and 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
- First half of 2023 is strong, which would equate to an adequate renewal for 2023 and medical utilization decreases
- 3-YR prescription loss ratio is favorable. Large increase in specialty medication use in 1H of 2023. Should continue to be monitored. Consistent with Rx trend.
- 3-YR Loss Ratio of 97% is on target with HIF Model
- Notes:
  - Loss Ratios are net of Specific Stop Loss reimbursements
  - 2023 Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims

# Key Medical Utilization Statistics- Aetna

## BMED

<b>BMED/Gateway Enrollment</b>	<b>1H 2022</b>	<b>1H 2023</b>	
Number of Employees	1,285	1,317	2.5%
<b>Financial Review</b>			
	<b>1H 2022</b>	<b>1H 2023</b>	<b>Comparison Change</b>
Total Medical	\$14,506,755	\$12,830,576	-11.6%
Total Medical Capitation Payments	\$308,984	\$340,080	10.1%
Total Medical Paid (Claims and Capitation)	\$14,815,739	\$13,170,655	-11.1%
Medical Paid per Member (Claims and Capitation)	\$4,813	\$4,146	-13.9%
Inpatient Paid Amount per Member	\$1,398	\$738	-42.7%
Ambulatory Paid Amount per Member	\$3,315	\$3,300	-0.4%
<b>Utilization Review</b>			
Total Admissions/1,000 Members	33	31	-5%
Total Days of Care/1,000 Members	286	145	-49.2%
Average Length of Stay	8.7	4.7	-46.6%
Total Surgeries/1,000 Members	672	634	-5.7%
Inpatient Surgeries/1,000 Members	28	29	6.0%
Ambulatory Surgeries/1,000 Members	645	606	-6.0%
Office Visits/1,000 Members	3,298	3,080	-6.6%
ER Visits/1,000 Members	120	114	-5.0%

# Medical High-Cost Claimants- Aetna BMED

	<b>All Claimants</b>		
	<b><u>1H 2022</u></b>	<b><u>1H 2023</u></b>	<b><u>% Change</u></b>
Number Of Claimants	2,889	2,898	0.3%
Claimants Per 1,000 Members	938.6	912.2	-2.8%
Medical Paid Amount for these Claimants	\$14,506,755	\$12,830,576	-11.6%
Average Paid Per Catastrophic Claimant	N/A	N/A	N/A
% of Total Paid Amount	N/A	N/A	N/A
	<b>Claimants above \$50,000</b>		
	<b><u>1H 2022</u></b>	<b><u>1H 2023</u></b>	<b><u>% Change</u></b>
Number Of Claimants	37	33	-10.8%
Claimants Per 1,000 Members	12.0	10.4	N/A
Medical Paid Amount for these Claimants	\$5,456,867	\$3,505,443	-35.8%
Average Paid Per Catastrophic Claimant	\$147,483	\$106,226	-28.0%
% of Total Paid Amount	37.6%	27.3%	-10.3%

# Prescription Plan Performance - Express Scripts BMED

Plan Performance			
	1H23	1H22	Change %
AWP	\$6,546,627	\$5,672,856	15.4%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$3,021,426	-\$2,712,835	11.4%
Tax	\$161	\$13	1104.0%
Gross Cost	\$3,525,362	\$2,960,034	19.1%
Member Cost	-\$423,847	-\$360,810	17.5%
Copay/Deductible	-\$170,989	-\$165,336	3.4%
SaveOnSP	-\$252,858	-\$195,474	29.4%
Plan Cost	\$3,101,515	\$2,599,223	19.3%
Rebates*	-\$1,156,525	-\$1,021,418	13.2%
Plan Cost Net	\$1,944,990	\$1,577,805	23.3%
Members	2,699	2,525	6.9%
Gross Cost PMPM	\$217.70	\$195.38	11.4%
Plan Cost PMPM	\$191.52	\$171.57	11.6%
Rebates PMPM	\$71.42	\$67.42	5.9%
Plan Cost Net PMPM	\$120.11	\$104.15	15.3%

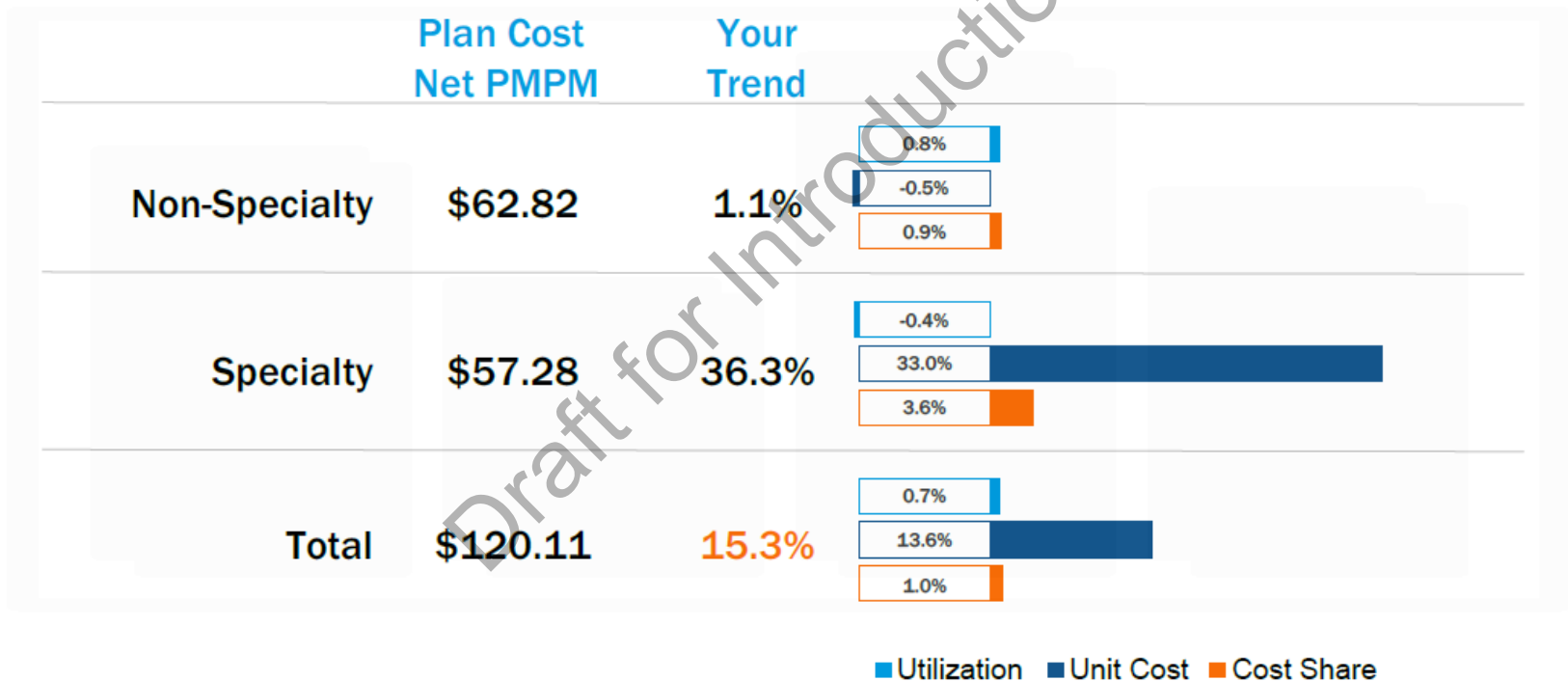
**Plan Cost PMPM increased  
\$19.96 (+11.6%) to \$191.52**

# Prescription Utilization Overview- Express Scripts BMED

Bergen Employee Health Benefits Fund-w						
Description	Non-Specialty			Specialty		
	1H23	1H22	Change	1H23	1H22	Change
Avg Subscribers per Month	1,186	1,102	7.6%	1,186	1,102	7.6%
Avg Members per Month	2,699	2,525	6.9%	2,699	2,525	6.9%
Number of Unique Patients	1,998	1,711	16.8%	63	63	0.0%
Pct Members Utilizing Benefit	74.0%	67.8%	6.3	2.3%	2.5%	-0.2
Total Plan Cost Net	\$1,017,351	\$940,999	8.1%	\$927,639	\$636,806	45.7%
Percent of Total Plan Cost Net	52.3%	59.6%	-7.3	47.7%	40.4%	7.3
Total Days	658,247	611,170	7.7%	9,816	9,218	6.5%
Total Adjusted Rx	24,861	22,898	8.6%	344	334	3.0%
Percent of Total Adjusted Rx	98.64%	98.56%	0.1	1.36%	1.44%	-0.1
Plan Cost Net PMPM	\$62.82	\$62.11	1.1%	\$57.28	\$42.03	36.3%
Plan Cost Net/Day	\$1.55	\$1.54	0.4%	\$94.50	\$69.08	36.8%
Plan Cost Net per Adjusted Rx	\$40.92	\$41.10	-0.4%	\$2,696.62	\$1,906.61	41.4%
Nbr Adjusted Rx PMPM	1.54	1.51	1.6%	0.02	0.02	-3.6%
Generic Fill Rate	87.0%	87.2%	-0.1	18.3%	13.8%	4.5
Member Cost Net %	13.5%	14.3%	-0.8	22.2%	24.3%	-2.1

# Prescription Utilization Overview- Express Scripts BMED

## Trend Components Plan Cost Net PMPM





# Prescription Key Utilization- Express Scripts BMED

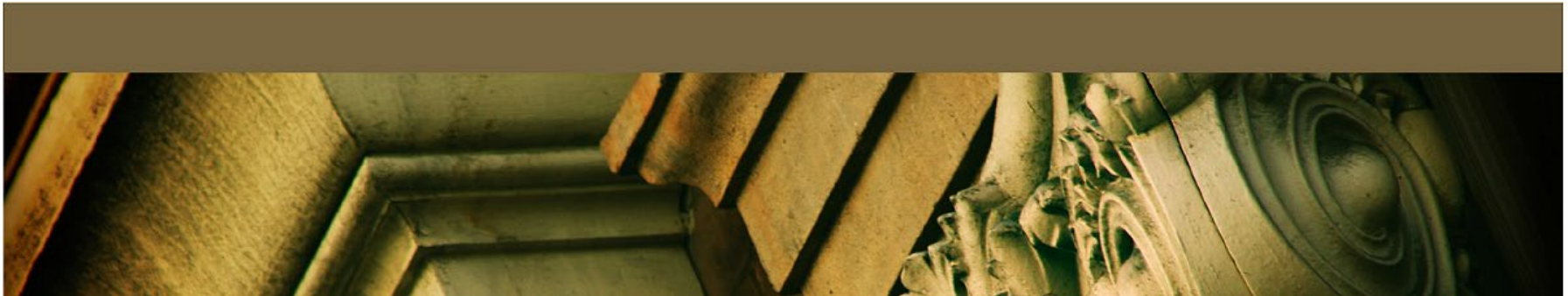
## Top 10 Indications

Top Indications by Plan Cost Net																
1H23											1H22				% Change	
Rank	Peer Rank	Indication	Adjusted		Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted		Plan Cost Net	Generic Fill Rate	Plan Cost Net PMPM	Rank	Plan Cost Net PMPM
			Rxs	Patients						Rxs	Patients					
1	3	CANCER	104	22	\$291,227	73.1%	83.9%	\$17.98	10	108	25	\$53,996	88.0%	\$3.56		404.6%
2	2	DIABETES	1,812	184	\$218,850	31.2%	35.6%	\$13.51	1	1,697	157	\$196,053	35.4%	\$12.94		4.4%
3	1	INFLAMMATORY CONDITIONS	158	35	\$194,651	55.1%	49.8%	\$12.02	2	144	28	\$187,290	60.4%	\$12.36		-2.8%
4	60	MUSCULAR DYSTROPHIES	9	1	\$149,445	0.0%	0.0%	\$9.23	3	12	1	\$144,482	0.0%	\$9.54		-3.2%
5	8	ASTHMA	999	277	\$104,539	73.9%	71.6%	\$6.46	5	858	240	\$84,124	71.9%	\$5.55		16.3%
6	4	WEIGHT LOSS	149	45	\$103,097	10.1%	9.7%	\$6.37	8	121	32	\$63,758	30.6%	\$4.21		51.3%
7	5	ANTICOAGULANT	280	55	\$77,583	14.6%	20.1%	\$4.79	7	272	49	\$68,838	19.5%	\$4.54		5.4%
8	33	GROWTH DEFICIENCY	45	7	\$75,030	0.0%	0.0%	\$4.63	4	48	9	\$96,914	0.0%	\$6.40		-27.6%
9	7	SKIN CONDITIONS	285	179	\$56,772	83.2%	87.5%	\$3.51	6	278	170	\$71,696	79.9%	\$4.73		-25.9%
10	18	SEIZURES	355	67	\$40,519	87.9%	95.2%	\$2.50	9	334	68	\$57,946	84.1%	\$3.82		-34.6%
Total Top 10:			4,196		\$1,311,712	49.4%		\$81.00		3,872		\$1,025,096	51.4%	\$67.66		19.7%
Differences Between Periods:			324		\$286,616	-2.1%		\$13.34								

The largest financially impactful change was in Cancer, driving \$0.2M in increased net cost

Cancer trend increased 404.6%, contributing an additional \$14.42 to Net PMPM

Represents 63.7% of your total Plan Cost Net



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# Bergen Municipal Employee Benefits Fund

Assessments by Entity

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# Assessments Change By Entity

## BMED

	Annualized Assessment FY2023	Proposed Assessment FY2024	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Edgewater	\$ 3,763,464	\$ 4,012,164	\$ 248,700	6.61%
Fairfield	\$ 3,103,176	\$ 3,227,052	\$ 123,876	3.99%
Fairfield BOE	\$ 2,264,448	\$ 2,433,924	\$ 169,476	7.48%
Fanwood Township	\$ 1,384,980	\$ 1,447,752	\$ 62,772	4.53%
Franklin Lakes	\$ 2,085,086	\$ 2,252,784	\$ 167,698	8.04%
City of Garfield	\$ 6,069,168	\$ 6,060,120	\$ (9,048)	-0.15%
Garwood	\$ 1,128,780	\$ 1,184,928	\$ 56,148	4.97%
Montvale	\$ 830,340	\$ 863,544	\$ 33,204	4.00%
Moonachie	\$ 1,716,636	\$ 1,757,052	\$ 40,416	2.35%
Oakland	\$ 2,744,112	\$ 2,814,828	\$ 70,716	2.58%
Park Ridge	\$ 2,231,184	\$ 2,290,992	\$ 59,808	2.68%
Ridgefield Park	\$ 2,815,080	\$ 2,881,584	\$ 66,504	2.36%
Rutherford	\$ 3,683,328	\$ 3,848,412	\$ 165,084	4.48%
Saddle River	\$ 1,068,756	\$ 1,080,408	\$ 11,652	1.09%
South Hackensack	\$ 1,362,900	\$ 1,452,288	\$ 89,388	6.56%
Verona	\$ 2,899,308	\$ 2,946,768	\$ 47,460	1.64%
Wallington	\$ 1,680,192	\$ 1,727,640	\$ 47,448	2.82%
Westwood	\$ 1,559,376	\$ 1,597,164	\$ 37,788	2.42%
Woodcliff Lake	\$ 1,620,480	\$ 1,704,708	\$ 84,228	5.20%

### Statistics:

- Average renewal for entities with Medical & Prescription = **4.10%**
- Standard deviation for entities with Medical & Prescription in Fund = **1.99%**

### Note:

- Actual rate change % may vary based on dividend application to 2023 rates.

# Assessment Change By Entity- Dental Only

## BMED

Group Name	Annualized Assessment FY2023	Proposed Assessment FY2024	Difference \$	Difference %
	Total	Total	Total	Total
Alpine	\$ 35,592	\$ 36,312	\$ 720	2.02%
Carlstadt	\$ 206,520	\$ 210,228	\$ 3,708	1.80%
Carlstadt Board of Education	\$ 69,948	\$ 71,232	\$ 1,284	1.84%
East Rutherford	\$ 118,260	\$ 122,208	\$ 3,948	3.34%
East Rutherford Board of Education	\$ 149,040	\$ 151,920	\$ 2,880	1.93%
Emerson	\$ 75,888	\$ 77,328	\$ 1,440	1.90%
Ft Lee	\$ 280,974	\$ 286,968	\$ 5,994	2.13%
Hillsdale	\$ 45,096	\$ 46,008	\$ 912	2.02%
Lodi	\$ 166,920	\$ 170,040	\$ 3,120	1.87%
Maywood Borough	\$ 70,632	\$ 72,036	\$ 1,404	1.99%
Mine Hill	\$ 15,072	\$ 15,420	\$ 348	2.31%
North Arlington	\$ 115,488	\$ 117,780	\$ 2,292	1.98%
Rochelle Park	\$ 66,228	\$ 67,500	\$ 1,272	1.92%
Saddle River	\$ 1,068,756	\$ 1,080,408	\$ 11,652	1.09%
Wanaque Valley Regional S.A.	\$ 12,036	\$ 12,276	\$ 240	1.99%

### Statistics:

- Average renewal for entities with Medical & Prescription = **2.00%**

### Note:

- Actual rate change % may vary based on dividend application to 2023 rates