

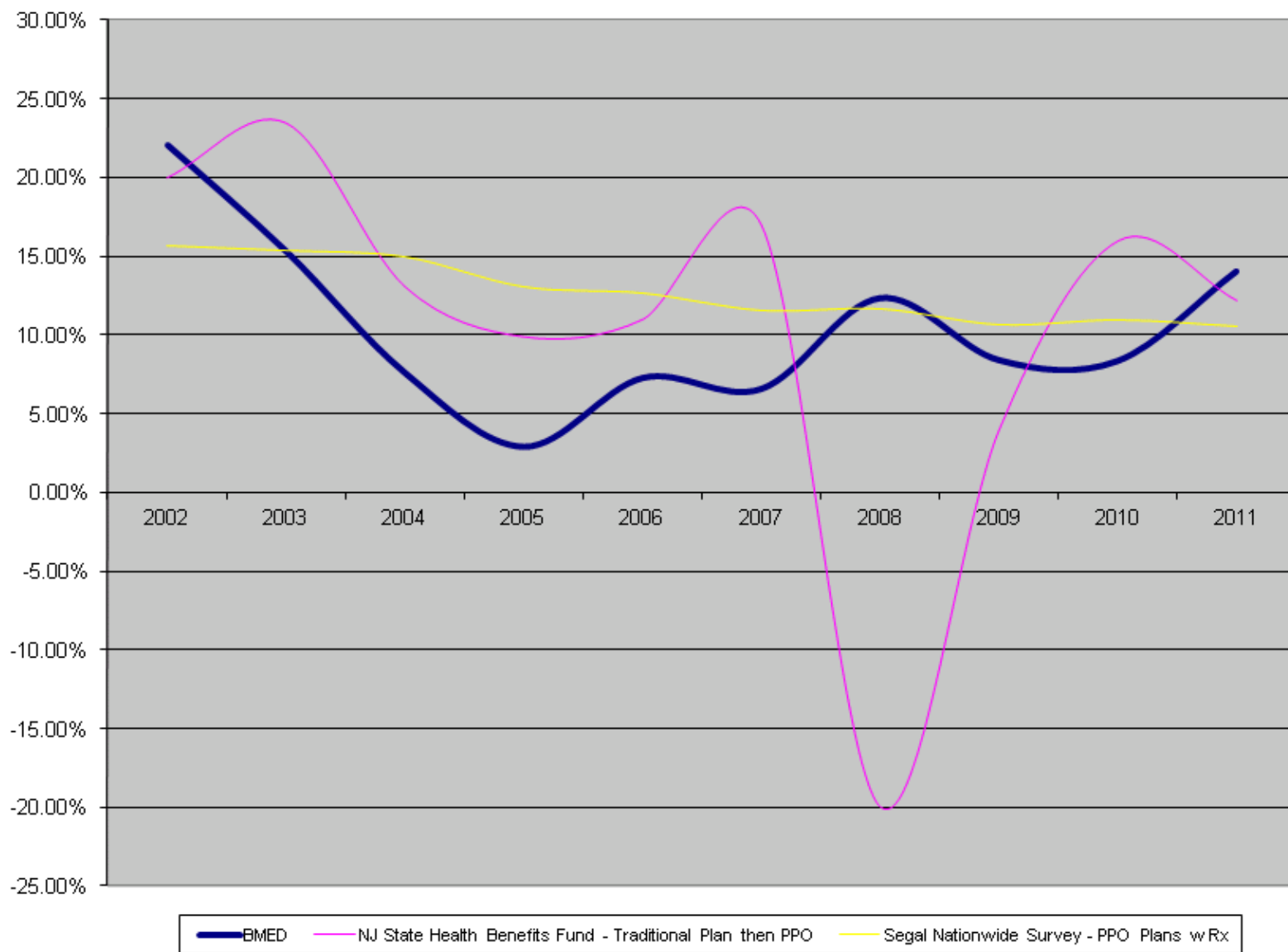
## 2011 BMED Budget

Following is a budget for introduction reflecting an overall increase of 13.82%.

- **Claims Fund:** Projections from the Fund Actuary, Mr. John Vataha, are above industry trends. Adverse claims development was most pronounced in United Healthcare plans. The BMED is discontinuing the use of this network and the claims projection includes a credit for the move to Aetna. The 2011 claims fund includes 2.5% for the impact of “Health Care Reform”.
- **Reinsurance:** Reinsurance expense is rising by 2.51% and the specific retention level is dropping from \$225,000 to \$200,000.
- **Rate Stabilization:** The budget excludes this item in an effort to control this year’s increase. Current plans are to re-establish it in 2012.
- **Administrative Expenses:** Overall, expenses are dropping by 11.36%.
  - Because of the above trend claims increase, it is proposed that compensation for fund vendors remain at the 2010 level.
  - The line items for United Healthcare are phased out and the enrollment in those plans is transferred to the Aetna line item. The Aetna administrative fee is flat on a per employee per month basis.
  - An additional \$15,000 is included in the plan documents line item to cover expenses associated with modifying plans as a result of Health Care Reform. Changes are occurring over the next three years in coverage as a result of this legislation.
- **Assessments:** More weight has been given than in prior years to loss ratios. The proposed assessments reflect loss experience for each member over the past 2.5 years adjusted for large claims and credibility.
- **Dividend Capacity:** The BMED retains a healthy surplus and can consider a dividend as a means of offsetting this year’s increase. By declaring a dividend of \$500,000, and by recommending that the dividend be taken as a credit, the average increase can be brought down from 13.82% to 11.29%.

Bergen Municipal Employee Benefits Fund			2011 Proposed Budget		
	Census:				
	Medical United	318			
	Medical Aetna	701		Print Date:	
	Rx	424		10/22/2010 14:47	
	Dental	1,594			
	Vision	43			
	LINE ITEMS	Annualized Budget FY2010	Proposed Budget FY2011	\$ Change	% Change
1	Medical Claims	\$ 13,088,547	\$ 15,527,465	2,438,918	18.63%
2	Prescription Claims	\$ 1,771,781	\$ 2,154,056	382,275	21.58%
3	Dental Claims	\$ 1,544,657	\$ 1,673,412	128,755	8.34%
4	Vision Claims	\$ 17,582	\$ 17,582	(0)	0.00%
5	<b>Subtotal Claims</b>	<b>16,422,567</b>	<b>19,372,515</b>	<b>2,949,948</b>	<b>17.96%</b>
6					
7	HMO/DMO Premiums	\$ 47,400	49,356	1,956	4.13%
8	Reinsurance				
9	Specific	\$ 1,424,386	1,461,769	37,384	2.62%
10	Aggregate*	\$ 52,173	52,173	0	0.00%
11	Dental	\$ 13,007	13,007	0	0.00%
12	<b>Subtotal Reinsurance</b>	<b>1,489,566</b>	<b>1,526,949</b>	<b>37,384</b>	<b>2.51%</b>
13					
14	<b>Total Loss Fund</b>	<b>17,959,533</b>	<b>20,948,820</b>	<b>2,989,287</b>	<b>16.64%</b>
15					
16	Rate Stabilization Reserve	\$ 50,000	0	(50,000)	-100.00%
17					
18	Expenses				
19	Legal	\$ 55,079	55,079	0	0.00%
20	Treasurer	\$ 19,423	19,423	0	0.00%
21	Administrator	\$ 225,771	225,771	0	0.00%
22	Administrator - Medicare Part D	\$ 7,918	7,918	0	0.00%
23	Risk Management Consultants	\$ 301,910	301,351	(559)	-0.19%
24	Claims Agent United	\$ 179,911	0	(179,911)	-100.00%
25	Claim Agent United Shared Savings	\$ 197,118	0	(197,118)	-100.00%
26	TPA - Claims Agent Aetna	\$ 429,012	623,628	194,616	45.36%
27	Dental TPA	\$ 62,549	62,549	0	0.00%
28	Rx Admin	\$ 15,000	5,000	(10,000)	-66.67%
29	Actuary	\$ 35,100	35,100	0	0.00%
30	Auditor	\$ 18,963	18,963	0	0.00%
31	Benefits Consultant	\$ 161,530	161,530	0	0.00%
32	Board Advisor	\$ 23,690	18,000	(5,690)	-24.02%
33	Legislative Agent	\$ 19,992	0	(19,992)	-100.00%
34	<b>Subtotal Expenses</b>	<b>1,752,966</b>	<b>1,534,312</b>	<b>(218,654)</b>	<b>-12.47%</b>
35					
36	Miscellaneous and Special Services				
37	Misc/Cont	\$ 14,808	15,213	405	2.74%
38	Plan Documents	\$ 21,748	36,748	15,000	68.97%
39	<b>Subtotal Misc/Sp Svcs</b>	<b>36,556</b>	<b>51,961</b>	<b>15,405</b>	<b>42.14%</b>
41	<b>Total Expenses</b>	<b>1,789,522</b>	<b>1,586,273</b>	<b>(203,249)</b>	<b>-11.36%</b>
42					
43	<b>Total Budget</b>	<b>19,799,054</b>	<b>22,535,093</b>	<b>2,736,038</b>	<b>13.82%</b>





<b>BMED Dividend Illustration</b>	
<b>Member</b>	<b>Illustrative Dividend</b>
Alpine	\$ 10,113
Carlstadt	\$ 552
Emerson	\$ 30,416
Hillsdale	\$ 32,417
Lodi	\$ 9,353
Maywood	\$ 45,353
Moonachie	\$ 25,161
N. Arlington	\$ 72,046
Palisades Park	\$ 62,140
Park Ridge	\$ 46,947
Ridgefield Park	\$ 5,577
Rutherford	\$ 28,648
Saddle River	\$ 19,231
S. Hackensack	\$ 21,503
Westwood	\$ 37,178
Wood-Ridge	\$ 5,513
Leonia	\$ 3,816
Wanaque	\$ 2,339
East Rutherford	\$ 457
Wallington	\$ 36,599
Montvale	\$ 4,431
Rochelle Park	\$ 212
Wanaque Valley Reg SA	\$ 4
<b>Totals</b>	<b>\$ 500,000</b>
<b>Total Budget</b>	<b>\$ 22,535,093</b>
<b>Dividend as % of Budget</b>	<b>2.2%</b>