



# Bergen Municipal Employee Benefits Fund 2025 Proposed Budget Presentation

Executive Committee Review  
September 24, 2024  
Franklin Lakes Borough Hall

**PERMA** | RISK  
MANAGEMENT  
SERVICES

**Gateway**  
BMED FUND

## 2025 Budget Overview\*

## BMED

as of 9/18/24\*

	2024 Annualized	2025 Proposed	% Change
Medical Claims	\$45,099,911	\$51,400,561	13.97%
Prescription Claims <sup>1</sup>	\$5,583,850	\$7,049,884	26.25%
Dental Claims	\$2,128,094	\$2,169,015	1.92%
MRHIF (projected) <sup>2</sup>	\$1,504,459	\$1,805,351	20.00%
Medicare Advantage <sup>3</sup>	\$2,488,028	\$3,110,050	25.00%
Loss Fund Contingency <sup>4</sup>	\$128,942	\$220,516	71.02%
Expenses <sup>5</sup>	\$3,410,177	\$3,45,595	1.45%
<b>Overall Budget</b>	<b>\$58,645,896</b>	<b>\$67,130,388</b>	<b>14.36%</b>

Notes:

- 1) Prescription claims includes projected savings for: Omada Program, Improved Contract Pricing and Inflammatory Condition Formulary Updates
- 2) MRHIF renewal is a projected increase based on the performance of the BMED and the market.
- 3) Medicare Advantage renewals are significantly higher this year due to the Inflation Reduction Act (IRA) Federal legislation impacting Part D.
- 4) Loss Fund Contingency is discretionary budget income utilized for balancing the budget and padding claims exposure
- 5) Total expenses include estimates for Medical TPA and professionals
- 6) Proposed introduction on Tuesday, 9/24 and adoption on Tuesday 10/22

# Assessments by Line of Coverage

## BMED

Change by Line of Coverage	Rate Change
<b>Medical</b>	<b>+14%</b>
<b>Prescription</b>	<b>+25%</b>
<b>Dental PPO</b>	<b>+3%</b>
<b>Dental DMO*</b>	<b>TBD</b>
<b>Aetna Medicare Advantage</b>	<b>+25%</b>

- Individual Group Assessment and Billing Factors:
  - 1) Lines of Coverage in the Fund
  - 2) Application of dividend to 2024 renewal rates
  - 3) Medicare Advantage Rate Active & Early Retiree Subsidy
- No Loss Ratio Adjustments are applied although can be considered
- Average renewal for a BMED group with Medical and Prescription 15.99%
- Dental only group renewal is ~3%
  - Does not include DMO plans

# 5-Year History BMED

<b>Bergen Municipal Employee Benefits Fund Budget Increase History</b>	
<b>Plan Year</b>	<b>Budget Renewal</b>
<b>2025 Proposed</b>	<b>14.36%</b>
<b>2024</b>	<b>3.50%</b>
<b>2023</b>	<b>7.80%</b>
<b>2022</b>	<b>-0.79%</b>
<b>2021</b>	<b>-1.47%</b>
<b>5-YR Average</b>	<b>4.44%</b>



# Bergen Municipal Employee Benefits Fund

2025 Budget Development  
Claims Projection & Reinsurance

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# 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 Budget Development BMED

- 2025 Budget Change: **14.36%**
- Claims Fund Development: **14.41%**
  - 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.
    - Adjustments are made for actual and assumed stop loss write offs.
    - Pending pharmacy legislations, and recent/pipeline medications were factored in (weight loss, cancer, etc.)
    - Estimated savings associated with pharmacy contract improvements, implementation of the Omada program and inflammatory condition formulary updates.
    - Estimated contract increases for Hospital negotiated contracts.
  - Medical: **+13.97%**
  - Prescription: **+26.25%**
  - Dental: **+1.92%**
- Key Components:
  - Medical: 1H 23 vs 1H 24
    - Ambulatory/outpatient surgeries increased by 12%
    - Increase in inpatient admittance, increased by 11%
    - Claims processing growth is consistent with increase in membership
      - Large cost claimants increased at higher rate.
  - Prescription:
    - Weight loss medication increase 150% in cost
    - Cancer medications are top cost category

# MRHIF Renewal BMED

- A 20% premium increase ‘placeholder’ is applied to the MRHIF budget line:
  - The MRHIF meets 10/2 to review the budget
  - MRHIF’s RFP for reinsurer closed on 9/12. Program Manager is reviewing
  - \$25,000 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. 2021 and 2022 were high reimbursement years for the BMED.

Plan Year	2019	2020	2021	2022	2023	5-YR Composite
<b>BMED MRHIF Loss Ratio</b>	7%	17%	140%	149%	30%	<b>86.79%</b>

- 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*





# Bergen Municipal Employee Benefits Fund

2025 Budget Development  
Expenses

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## Expenses BMED

- Total Expense +3.69%
  - Professionals
    - In line with adopted RFP responses on average about 2% increase
  - 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:
    - Reduced wellness budget to \$100,000
      - Based on recent year excess at year end.



# Bergen Municipal Employee Benefits Fund

2024 Claims Performance and Utilization Review

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

## BMED

	2022	2023	1H 2024	3-YR
Medical	105%	103%	101%	103%
Prescription	72%	87%	84%	81%
Dental	84%	95%	88%	89%
Composite	99%	100%	98%	99%

- 2022 and 2023 Medical claims ran above budget
  - Much of which can be attributed to higher utilization
- First half of 2024 is running to budget
- 3-YR prescription loss ratio is favorable. Large increase in specialty medication use in 2023. Should continue to be monitored. Consistent with Rx trend.
- 3-YR Loss Ratio of 99% without IBNR indicates the renewals are justified
- Notes:
  - Loss Ratios are net of Specific Stop Loss reimbursements
  - 2024 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 2023</b>	<b>1H 2024</b>
Number of Employees	1,319	1,630
		23.6%

<b>Financial Review</b>	<b>1H 2023</b>	<b>1H 2024</b>	<b>Comparison Change</b>
Total Medical Paid Amount	\$12,848,390	\$20,238,275	<b>57.5%</b>
Medical Paid per Member	\$4,038	\$5,162	27.8%
Inpatient Paid Amount per Member	\$737	\$1,020	<b>38.4%</b>
Ambulatory Paid Amount per Member	\$3,301	\$4,142	25.5%
<b>Utilization Review</b>			
Total Admissions/1,000 Members	29	34	16.4%
Total Days of Care/1,000 Members	146	164	11.1%
Average Length of Stay	5.0	4.8	-4.6%
Total Surgeries/1,000 Members	634	703	11.0%
Inpatient Surgeries/1,000 Members	29	26	-11.0%
Ambulatory Surgeries/1,000 Members	606	678	<b>12.0%</b>
Office Visits/1,000 Members	3,083	3,209	4.1%
ER Visits/1,000 Members	113	108	<b>-5.1%</b>

# Medical High-Cost Claimants- Aetna BMED

	<b>All Claimants</b>		
	<b><u>1H 2023</u></b>	<b><u>1H 2024</u></b>	<b><u>% Change</u></b>
Number Of Claimants	2,896	3,702	<b>27.8%</b>
Claimants Per 1,000 Members	910.3	944.2	3.7%
Medical Paid Amount for these Claimants	\$12,848,390	\$20,238,275	57.5%
	<b>Claimants above \$50,000</b>		
	<b><u>1H 2023</u></b>	<b><u>1H 2024</u></b>	<b><u>% Change</u></b>
Number Of Claimants	33	62	<b>87.9%</b>
Claimants Per 1,000 Members	10.4	15.8	N/A
Medical Paid Amount for these Claimants	\$3,521,354	\$7,836,707	<b>122.5%</b>
Average Paid Per Catastrophic Claimant	\$106,708	\$126,398	18.5%
% of Total Paid Amount	27.4%	38.7%	11.3%

# Prescription Plan Performance - Express Scripts BMED

## Plan Performance

	1H24	1H23	Change %
AWP	\$7,865,199	\$7,373,349	6.7%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$3,354,733	-\$3,423,395	-2.0%
Tax	\$69	\$190	-63.7%
Gross Cost	\$4,510,535	\$3,950,144	14.2%
Member Cost	-\$503,942	-\$472,260	6.7%
Copay/Deductible	-\$213,245	-\$179,293	18.9%
SaveOnSP	-\$290,696	-\$292,967	-0.8%
Plan Cost	\$4,006,593	\$3,477,884	15.2%
Rebates*	-\$1,328,785	-\$1,325,638	0.2%
Plan Cost Net	\$2,677,808	\$2,152,247	24.4%
Members	2,835	3,055	-7.2%
Gross Cost PMPM	\$265.17	\$215.50	23.0%
Plan Cost PMPM	\$235.54	\$189.74	24.1%
Rebates PMPM	\$78.12	\$72.32	8.0%
Plan Cost Net PMPM	\$157.43	\$117.42	34.1%

Plan Cost PMPM increased \$45.81 (+24.1%) to \$235.54

SaveOnSP provided \$290,696 in value. Total Member Cost less SaveOnSP was \$213,245, representing 6.7% in Total Member Cost Net

Rebates reduced Plan Cost PMPM from \$235.54 to \$157.43 (-33.2%)

# Prescription Utilization Overview- Express Scripts BMED

Description	BMED					
	Non-Specialty			Specialty		
	1H24	1H23	Change	1H24	1H23	Change
Avg Subscribers per Month	1,148	1,328	-13.6%	1,148	1,328	-13.6%
Avg Members per Month	2,835	3,055	-7.2%	2,835	3,055	-7.2%
Number of Unique Patients	2,062	2,262	-8.8%	70	70	0.0%
Pct Members Utilizing Benefit	72.7%	74.0%	-1.3	2.5%	2.3%	0.2
Total Plan Cost Net	\$1,333,600	\$1,159,117	15.1%	\$1,344,208	\$993,129	35.4%
Percent of Total Plan Cost Net	49.8%	53.9%	-4.1	50.2%	46.1%	4.1
Total Days	648,127	747,114	-13.2%	10,842	10,651	1.8%
Total Adjusted Rx	24,864	28,203	-11.8%	388	376	3.2%
Percent of Total Adjusted Rx	98.46%	98.68%	-0.2	1.54%	1.32%	0.2
Plan Cost Net PMPM	\$78.40	\$63.24	24.0%	\$79.02	\$54.18	45.9%
Plan Cost Net/Day	\$2.06	\$1.55	32.6%	\$123.98	\$93.24	33.0%
Plan Cost Net per Adjusted Rx	\$53.64	\$41.10	30.5%	\$3,464.45	\$2,641.30	31.2%
Nbr Adjusted Rx PMPM	1.46	1.54	-5.0%	0.02	0.02	11.2%
Generic Fill Rate	87.9%	87.1%	0.8	17.3%	20.2%	-2.9
Member Cost Net %	11.4%	12.9%	-1.5	19.8%	23.2%	-3.4

Your Specialty Plan Cost Net PMPM is \$5.83 higher than your peer, and trending 41.6 points higher

SaveOnSP provided \$290,696 in value. Specialty Member Cost Net less Specialty SaveOnSP was 2.4%



# Prescription Utilization Overview- Express Scripts BMED

## Top 10 Indications

Top Indications by Plan Cost Net																
1H24										1H23					% Change	
Rank	Peer Rank	Indication	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Peer Plan Cost Net PMPM	Rank	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Peer Plan Cost Net PMPM	Plan Cost Net PMPM
1	3	CANCER	113	27	\$421,860	77.9%	85.2%	\$24.80	1	127	27	\$291,536	78.0%	85.2%	\$15.90	55.9%
2	1	INFLAMMATORY CONDITIONS	172	30	\$321,364	41.9%	41.4%	\$18.89	3	198	44	\$233,238	56.6%	41.4%	\$12.72	48.5%
3	2	DIABETES	1,838	195	\$307,003	30.8%	32.2%	\$18.05	2	2,102	208	\$265,901	32.4%	32.2%	\$14.51	24.4%
4	6	WEIGHT LOSS	338	89	\$243,377	3.6%	4.9%	\$14.31	6	152	47	\$103,691	9.9%	4.9%	\$5.66	152.9%
5	43	MUSCULAR DYSTROPHIES	10	1	\$169,567	20.0%	30.5%	\$9.97	4	9	1	\$149,445	0.0%	30.5%	\$8.15	22.3%
6	34	GROWTH DEFICIENCY	45	8	\$127,717	0.0%	0.0%	\$7.51	8	45	7	\$70,011	0.0%	0.0%	\$3.82	96.6%
7	4	SKIN CONDITIONS	376	234	\$111,195	82.7%	85.0%	\$6.54	10	347	210	\$63,654	83.9%	85.0%	\$3.47	88.2%
8	9	ASTHMA	865	271	\$106,162	78.0%	89.1%	\$6.24	5	1,123	310	\$106,203	74.9%	89.1%	\$5.79	7.7%
9	27	PAIN/INFLAMMATION	1,206	427	\$88,980	98.3%	99.2%	\$5.23	15	1,341	453	\$37,151	97.3%	99.2%	\$2.03	158.1%
10	11	ANTICOAGULANT	266	53	\$75,564	15.4%	18.1%	\$4.44	7	305	60	\$84,419	14.4%	18.1%	\$4.61	-3.5%
Total Top 10:			5,229		\$1,972,789	56.5%		\$115.98		5,749		\$1,405,250	58.9%		\$76.66	51.3%
Differences Between Periods:			-520		\$567,539	-2.5%		\$39.31								

The largest financially impactful change was in Weight Loss, driving \$0.1M in increased net cost for a 152.9% increase in Net PMPM

Pain/Inflammation trend increased 158.1%, contributing an additional \$3.20 to Net PMPM

Represent 73.7% of your total Plan Cost Net



# Bergen Municipal Employee Benefits Fund

Assessments by Entity

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# Assessments Change By Entity

## BMED

	Annualized Assessment FY2024	Proposed Assessment FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Edgewater	\$ 3,821,676	\$ 4,460,160	\$ 638,484	16.71%
Fairfield	\$ 3,246,000	\$ 3,805,848	\$ 559,848	17.25%
Fairfield BOE	\$ 2,360,700	\$ 2,729,364	\$ 368,664	15.62%
Fanwood Township	\$ 1,371,180	\$ 1,604,508	\$ 233,328	17.02%
Franklin Lakes	\$ 2,204,079	\$ 2,557,008	\$ 352,929	16.01%
Ft. Lee	\$ 11,367,882	\$ 12,926,532	\$ 1,558,650	13.71%
City of Garfield	\$ 6,004,600	\$ 6,845,076	\$ 840,476	14.00%
Garwood	\$ 1,203,108	\$ 1,406,244	\$ 203,136	16.88%
Midland Park	\$ 1,113,576	\$ 1,298,400	\$ 184,824	16.60%
Montvale	\$ 866,892	\$ 997,464	\$ 130,572	15.06%
Moonachie	\$ 1,756,344	\$ 2,034,288	\$ 277,944	15.83%
Oakland	\$ 2,750,916	\$ 3,191,220	\$ 440,304	16.01%
Park Ridge	\$ 2,385,564	\$ 2,783,712	\$ 398,148	16.69%
Ridgefield Park	\$ 2,877,156	\$ 3,344,076	\$ 466,920	16.23%
Rutherford	\$ 3,588,732	\$ 4,168,596	\$ 579,864	16.16%
Saddle River	\$ 1,067,424	\$ 1,235,016	\$ 167,592	15.70%
South Hackensack	\$ 1,094,580	\$ 1,268,376	\$ 173,796	15.88%
Verona	\$ 3,072,528	\$ 3,531,096	\$ 458,568	14.92%
Wallington	\$ 1,746,288	\$ 2,034,504	\$ 288,216	16.50%
Westwood	\$ 1,683,996	\$ 1,937,796	\$ 253,800	15.07%
Woodcliff Lake	\$ 1,462,176	\$ 1,698,720	\$ 236,544	16.18%

Statistics:

- Average renewal for entities with Medical, Prescription and Medicare Advantage = **~16.5%**

Note:

- Actual rate change % may vary based on dividend application to 2024 rates.

# Assessment Change By Entity- Dental Only

## BMED

	Annualized Assessment FY2024	Proposed Assessment FY2025	Difference \$	Difference %
Group Name	Total	Total	Total	Total
Alpine	\$ 36,192	\$ 37,368	\$ 1,176	3.25%
Carlstadt	\$ 215,340	\$ 221,844	\$ 6,504	3.02%
Carlstadt Board of Education	\$ 62,052	\$ 63,912	\$ 1,860	3.00%
East Rutherford	\$ 127,476	\$ 130,488	\$ 3,012	2.36%
East Rutherford Board of Education	\$ 157,152	\$ 161,700	\$ 4,548	2.89%
Emerson	\$ 75,924	\$ 78,180	\$ 2,256	2.97%
Hillsdale	\$ 50,940	\$ 52,404	\$ 1,464	2.87%
Lodi	\$ 176,100	\$ 181,488	\$ 5,388	3.06%
Maywood Borough	\$ 73,500	\$ 75,516	\$ 2,016	2.74%
Mine Hill	\$ 12,228	\$ 12,588	\$ 360	2.94%
North Arlington	\$ 80,160	\$ 82,632	\$ 2,472	3.08%
Rochelle Park	\$ 74,940	\$ 77,208	\$ 2,268	3.03%
Wanaque Valley Regional S.A.	\$ 12,924	\$ 13,344	\$ 420	3.25%

Statistics:

- Average renewal for entities with Dental ONLY **3.00%**

Note:

- Actual rate change % may vary based on dividend application to 2024 rates