



Southern Coastal Regional Employee Benefits Fund

2025 Proposed Budget Presentation

Finance Committee
9/17/2024
W/ Rate Stabilization

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2025 Budget Overview*

Coastal Fund

As of 9/7/2024

	2024 Annualized	Proposed	% Change
Medical Claims	\$131,694,273	\$143,706,929	9.12%
Prescription Claims (Includes Assumed Rebates)	\$3,222,512	\$3,780,124	17.3%
Dental Claims	\$112,871	\$114,881	1.78%
Rate Stabilization¹	\$1,000,000	\$1,000,000	Flat
MRHIF (projected)^{2ab}	\$4,897,915	\$5,877,498	20%
Medicare Advantage³	\$555,402	\$693,480	24.86%
Expenses⁴	\$12,638,684	\$13,126,768	3.00%
Total Budget⁵	\$154,162,942	\$168,344,471	9.20%

Notes:

- 1) Rate stabilization is claims ~1.6% claims margin with the purpose of building surplus
- 2ab) MRHIF renewal is projected increase based on the performance of Coastal Fund and Market
- 3) Based on initial Medicare Advantage renewal. RFP results needed
- 4) Total budget includes legislated taxes such as ACA and A-4 Surcharge

Assessment Change by Line of Coverage Coastal Fund

Change by Line of Coverage	Rate Change
Medical	+9.5%
Prescription	+18.5%
Dental PPO	No Change
Vision	+1%
Aetna Medicare Advantage	+25%

- Additional items for consideration for Committee to review:
 - **Loss Ratios by member** – up to +/- 2.5% for members with surplus earning/losing members
 - **EHP/GSP plan adjustments** – lesser increase to EHP plans to encourage participation
 - **Members with self injectables in medical** – effects a handful of members
 - **Lines of coverage in the Fund**
 - As part of their agreement to enter the Fund, **Vineland BOE** will receive a -1% loss ratio adjustment

5-Year History Coastal Fund

Southern Coastal Fund Regional Employee Benefits Fund Budget Renewals	
Plan Year	Budget Renewal
2025 Proposed	9.20%
2024	8.77%
2023	7.84%
2022	3.61%
2021	1.24%
5-YR Average	6.13%



Southern Coastal Regional Employee Benefits Fund

2025 Budget Development
Claims Projection & Reinsurance

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2025 Budget Development Coastal Fund

- 2025 Budget Change: **9.20%**
- Claims Fund Development: **9.68%**
 - Medical, Prescription and Dental claims incurred 2022 through June 30, 2024, were sent to the Fund’s Actuary for 2024 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.)
 - Improved prescription contract provisions
 - Medical: **+8.2%**
 - Prescription: **+14.4%**
 - Dental: **+1.00%**
 - Vision: **+8.20%**
- Key Components:
 - Medical:
 - 2023 high claimants materialized in 2024
 - Prescription:
 - Weight Loss medications and Cancer medications

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.

MRHIF Renewal Coastal Fund

- A 20% premium increase placeholder is applied to the MRHIF budget line:
 - The MRHIF RFP for reinsurance closed on 9/12
 - Expected \$25,000 increase to specific deductible: \$450K to \$475K
 - A portion of the local fund’s assessment to the MRHIF/reinsurance is determined by 5-year loss experience. Last 3 years have highest loss ratios

Plan Year	2019	2020	2021	2022	2023	5-YR Composite
SCREBF MRHIF Loss Ratio	46%	122%	199%	93%	163%	125%

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*



Southern Coastal Regional Employee Benefits Fund

2023 Claims Performance and Utilization Review

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

	2022	2023	1H 2024	3-YR
Medical	104%	102%	85%	99%
Prescription	77%	92%	73%	82%
Composite	103%	101%	85%	98%

- 2022 and 2023 Medical claims ran above budget
- First half of 2024 is to budget, which would equate to an adequate renewal for 2024
- First half of 2024 has 2 high claimants; totaling \$500,000
- Prescription continue to trend upwards
- 3-YR Loss Ratio of just under 100% indicates appropriate assessments with little margin
- Notes:
 - Loss Ratios are net of Specific Stop Loss reimbursements
 - Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims
 - Rx assessments and claims assume 20%-30% rebate on paid claims

Key Medical Utilization Statistics- Aetna Coastal Fund

Southern Coastal HIF -Aetna	1H 2023	1H 2024
Number of Employees	4,749	4,746 -0.1%

Financial Review	1H 2023	1H 2024	Comparison Change
	Total Medical Paid Claims	\$47,363,171	
Total Medical Capitation Payments	\$2,389,323	\$2,192,077	-8.3%
Total Medical Paid (Claims and Capitation)	\$49,752,494	\$49,250,469	-1.0%
Medical Paid per Member (Claims and Capitation)	\$4,214	\$4,215	0.0%
Inpatient Paid Amount per Member	\$1,175	\$1,033	-12.1%
Ambulatory Paid Amount per Member	\$2,836	\$2,995	5.6%
Utilization Review			
Total Admissions/1,000 Members	31	29	-7.2%
Total Days of Care/1,000 Members	152	16	8.0%
Average Length of Stay	4.9	5.7	16.4%
Total Surgeries/1,000 Members	414	453	9.5%
Inpatient Surgeries/1,000 Members	27	26	-5.8%
Ambulatory Surgeries/1,000 Members	387	428	10.5%
Office Visits/1,000 Members	2,573	2,648	2.9%
ER Visits/1,000 Members	166	153	-7.7%

Medical High-Cost Claimants- AETNA Coastal Fund HIF

	All Claimants		
	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	10,372	10,182	-1.8%
Claimants Per 1,000 Members	878.4	871.5	-0.8%
Medical Paid Amount for these Claimants	\$47,363,171	\$47,058,392	-0.6%
	Claimants above \$50,000		
	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	119	120	0.8%
Claimants Per 1,000 Members	10.1	10.3	N/A
Medical Paid Amount for these Claimants	\$16,161,339	\$16,286,953	0.8%
Average Paid Per Catastrophic Claimant	\$135,810	\$135,725	-0.1%
% of Total Paid Amount	34.1%	34.6%	0.5%

Key Medical Utilization Statistics- AmeriHealth Coastal Fund

Southern Coastal HIF- AHA	1H 2022	1H 2023
Number of Employees	1,419	1,518 7.0%

Financial Review	1H 2022	1H 2023	Comparison Change
	Total Medical Paid Claims	\$11,935,931	\$11,994,081
Medical Paid per Member per Month	\$549.06	\$510.76	-7.0%
Inpatient Paid Amount per Member*	\$74.96	\$93.10	24.2%
Ambulatory Paid Amount per Member*	\$134.93	\$158.29	17.3%
High-Cost Claimants: \$100,000+			
High-Cost Claimants	14	5	-64.3%
Net Payment	\$2,699,257	\$987,151	-63.4%
Average Payment per Claimant	\$192,804	\$197,430	2.4%
% of Total Claims Spend	22.6%	8.2%	-14.4%
Emergency Room			
Emergency Room Visits Per 1,000	204.1	194.2	-5.1%
Office Visits			
Primary Care Visits Per 1,000	1,762.6	1,816.1	3.1%
Specialist Visits Per 1,000	2,233.9	2,300.6	2.9%

Prescription Performance Overview - Express Scripts Coastal Fund

Plan Performance

	1H24	1H23	Change %
AWP	\$5,613,068	\$5,025,515	11.7%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$2,604,105	-\$2,317,261	12.4%
Tax	\$0	\$40	-99.5%
Gross Cost	\$3,008,962	\$2,708,294	11.1%
Member Cost	-\$279,986	-\$294,718	-5.0%
Copay/Deductible	-\$108,451	-\$63,172	71.7%
SaveOnSP	-\$171,535	-\$231,546	-25.9%
Plan Cost	\$2,728,976	\$2,413,576	13.1%
Rebates*	-\$1,237,632	-\$1,191,690	3.9%
Plan Cost Net	\$1,491,344	\$1,221,886	22.1%
Members	2,322	2,142	8.4%
Gross Cost PMPM	\$215.97	\$210.73	2.5%
Plan Cost PMPM	\$195.88	\$187.80	4.3%
Rebates PMPM	\$88.83	\$92.72	-4.2%
Plan Cost Net PMPM	\$107.04	\$95.07	12.6%

Plan Cost PMPM increased \$8.08 (+4.3%) to \$195.88

SaveOnSP provided \$171,535 in value. Total Member Cost less SaveOnSP was \$108,451, representing 6.1% in Total Member Cost Net

Rebates reduced Plan Cost PMPM from \$195.88 to \$107.04 (-45.4%)

Prescription Performance Overview- Express Scripts Coastal Fund HIF

Description	Southern Coastal					
	Non-Specialty			Specialty		
	1H24	1H23	Change	1H24	1H23	Change
Avg Subscribers per Month	997	925	7.8%	997	925	7.8%
Avg Members per Month	2,322	2,142	8.4%	2,322	2,142	8.4%
Number of Unique Patients	1,637	1,452	12.7%	63	63	0.0%
Pct Members Utilizing Benefit	70.5%	67.8%	2.7	2.7%	2.9%	-0.2
Total Plan Cost Net	\$1,024,318	\$796,065	28.7%	\$467,026	\$425,822	9.7%
Percent of Total Plan Cost Net	68.7%	65.2%	3.5	31.3%	34.8%	-3.5
Total Days	512,828	457,519	12.1%	8,464	9,437	-10.3%
Total Adjusted Rx	19,277	17,183	12.2%	311	349	-10.9%
Percent of Total Adjusted Rx	98.41%	98.01%	0.4	1.59%	1.99%	-0.4
Plan Cost Net PMPM	\$73.52	\$61.94	18.7%	\$33.52	\$33.13	1.2%
Plan Cost Net/Day	\$2.00	\$1.74	14.8%	\$55.18	\$45.12	22.3%
Plan Cost Net per Adjusted Rx	\$53.14	\$46.33	14.7%	\$1,501.69	\$1,220.12	23.1%
Nbr Adjusted Rx PMPM	1.38	1.34	3.5%	0.02	0.03	-17.8%
Generic Fill Rate	88.3%	87.5%	0.8	17.0%	22.1%	-5.0
Member Cost Net %	6.1%	7.1%	-1.0	31.4%	35.4%	-4.1

Your Specialty Plan Cost Net PMPM is \$39.68 lower than your peer, and trending 3.1 points lower

SaveOnSP provided \$171,535 in value. Specialty Member Cost Net less Specialty SaveOnSP was 6.2%

Prescription Key Utilization – Express Scripts Coastal Fund

Top 10 Indications

Top Indications by Plan Cost Net																
1H24										1H23					% Change	
Rank	Peer Rank	Indication	Adjusted Rx	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted Rx	Patients	Plan Cost Net	Generic Fill Rate	Plan Cost Net PMPM	Plan Cost Net PMPM	% Change
1	6	WEIGHT LOSS	410	115	\$296,629	3.4%	4.9%	\$21.29	3	222	61	\$148,620	7.2%	\$11.56	\$11.56	84.1%
2	2	DIABETES	1,343	129	\$225,515	28.1%	32.2%	\$16.19	2	1,225	118	\$151,542	31.1%	\$11.79	\$11.79	37.3%
3	1	INFLAMMATORY CONDITIONS	114	28	\$180,887	43.0%	41.4%	\$12.98	1	173	34	\$164,586	54.9%	\$12.81	\$12.81	1.4%
4	25	ENZYME DEFICIENCIES	11	2	\$134,526	100.0%	16.9%	\$9.66	4	11	2	\$128,182	100.0%	\$9.97	\$9.97	-3.2%
5	4	SKIN CONDITIONS	291	173	\$94,422	77.0%	85.0%	\$6.78	12	226	126	\$42,123	86.7%	\$3.28	\$3.28	106.8%
6	5	HIV	24	4	\$82,859	0.0%	23.0%	\$5.95	8	21	3	\$68,309	0.0%	\$5.32	\$5.32	11.9%
7	13	GI DISORDERS	119	35	\$76,787	65.5%	52.0%	\$5.51	9	103	31	\$65,978	64.1%	\$5.13	\$5.13	7.4%
8	3	CANCER	40	6	\$73,234	85.0%	85.2%	\$5.26	5	35	7	\$94,113	80.0%	\$7.32	\$7.32	-28.2%
9	48	INFERTILITY	52	12	\$55,740	36.5%	67.4%	\$4.00	11	54	14	\$51,038	38.9%	\$3.97	\$3.97	0.7%
10	9	ASTHMA	684	200	\$49,585	85.1%	89.1%	\$3.56	7	636	192	\$69,919	73.4%	\$5.44	\$5.44	-34.6%
Total Top 10:			3,088		\$1,270,183	44.9%		\$91.17		2,706		\$984,410	47.3%	\$76.60	\$76.60	19.0%
Differences Between Periods:			382		\$285,773	-2.4%		\$14.57								

The largest financially impactful change was in Weight Loss, driving \$0.1M in increased net cost for a 84.1% increase in Net PMPM

Skin Conditions trend increased 106.8%, contributing an additional \$3.50 to Net PMPM

Represent 85.2% of your total Plan Cost Net



Southern Coastal Regional Employee Benefits Fund

2025 Budget Development
Expenses

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Expenses

Coastal Fund HIF

- Total Expense +3.00%
 - Professionals
 - RFPs expected to be received in October
 - 2% placeholder for most professionals
- Local Broker/Risk Managers include a 2% increase
- Wellness changed to a PEPM to allow for growth
 - Claims Administrators
 - Medical:
 - RFP to be released; 5% increase included.
 - PBM:
 - Level Care contract price check adjustment