



2027 Proposed Budget Presentation

Executive Committee Introduction
September 24, 2026
Zoom

2027 Budget Overview

as of 9/14/2026



	2026 Annualized	2027 Proposed	% Change
Medical Claims	\$69,629,486	\$76,155,272	9.37%
Prescription Claims ¹	\$10,955,023	\$9,525,588	-13.05%
Dental Claims	\$1,877,310	\$1,864,742	-0.67%
MRHIF (introduced) ²	\$4,921,807	\$4,634,743	-5.83%
Medicare Advantage ³	\$6,020,605	\$6,469,602	7.46%
Claims Contingency ⁴	\$1,911,858	\$1,911,858	0%
Trust Fund Contingency ⁵	0	\$2,100,000	-
Expenses	\$3,299,596	\$3,335,285	1.08%
Overall Budget	\$95,330,078	\$103,835,694	8.92%

Notes:

- 1) Prescription claims consider a reduction in rebates to be less budget-dependent.
- 2) MRHIF renewal is introduced. Final assessment will be provided prior to adoption
- 3) Medicare Advantage rates based on bundled renewal and blended between UHC and Aetna
- 4) Claims Contingency is optional and cannot be more than 2.5% of total budget
- 5) Trust Fund Account for Contingencies – regulated account for prior year deficits
- 6) Budget is preliminary and draft for introduction; may be altered prior to adoption

Assessments by Line of Coverage



Change by Line of Coverage	Rate Change
Medical	+9.5%
Prescription	+9.5%
Dental PPO	+3%
Dental DMO*	+3%
Aetna Medicare Advantage	+7.5%
United Medicare Advantage	+7.5%

- This year, the Finance Committee is recommending an updated Loss Ratio adjustment from the overall budget increase (8.94%):
 - Up to +4% groups >110% (5 members)
 - Up to -4% groups <75% (5 members)
 - **Highest possible is 12.9% and lowest possible is 4.92%**
 - Up to +2.5% groups 101% - 109% (8 members)
 - Up to -2.5% groups 99%-76% (14 members)
 - **Highest possible 11.44% and lowest possible 6.44%**

**members with less than 30 months experience and dental only members not subject to above.*

Premium Calculation

- Steps to calculate premium:
 1. Increase current premium by 9.5% for medical and prescription
 2. Multiply applicable loss ratio adjustment
 3. Increase current dental premium by 3%
 4. Increase current Medicare Advantage premium by 7.5%
 5. Add Medical + Prescription + Dental + Medicare Advantage

5-Year History



North Jersey Municipal Employee Benefits Fund Budget Increase History

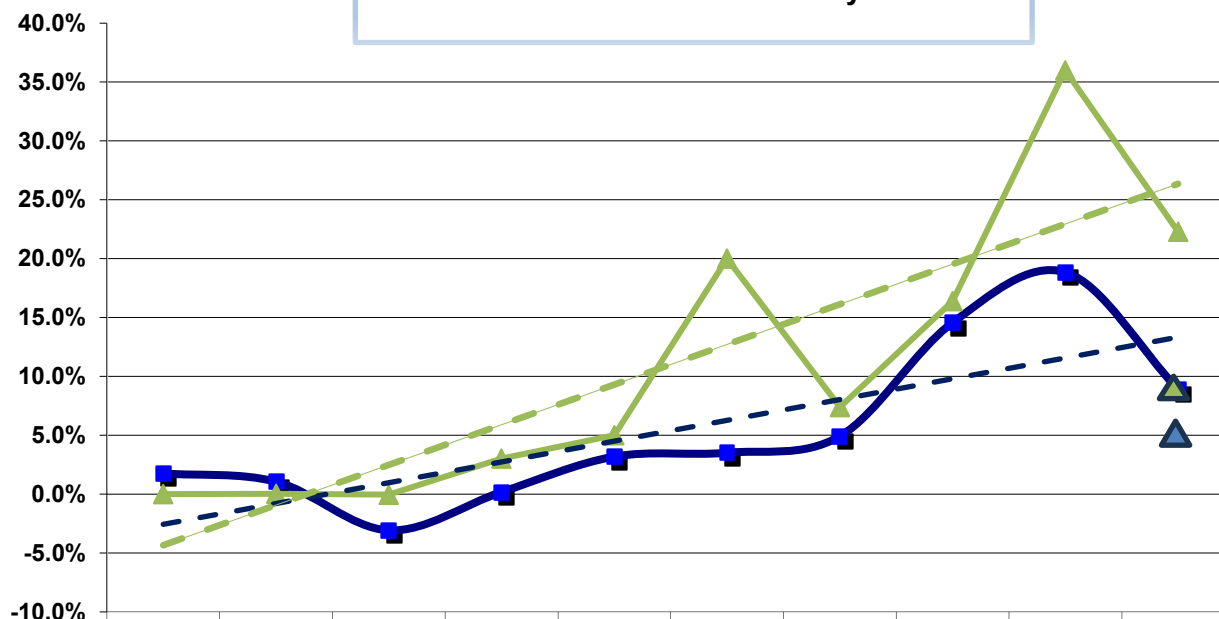
Plan Year	Budget Renewal
2027 <i>Proposed</i>	8.92%
2026	18.90%
2025	14.60%
2024	4.90%
2023	3.50%
5-YR Average	10.16%

NJHIF – Comparison with SHBP

North Jersey Municipal Employee Benefits Fund
vs.
State Health Benefits Program
10-Year Renewal History

▲ NJMEBF 10-YR
Average- **5.4%**

▲ SHBP 10-YR
Average- **11.0%**



	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
■ NJMEBF Adopted Budget Increase	1.8%	1.1%	-3.1%	0.2%	3.2%	3.5%	4.9%	14.6%	18.9%	8.9%
▲ NJ State Health Benefits Fund - Composite Renewal	0.0%	0.0%	0.0%	3.0%	5.0%	20.0%	7.4%	16.4%	36.0%	22.3%

*NJMEBF budgets are reflective of all lines of coverage offered in the Fund and the fixed expenses



2027 Budget Development Claims Projection & Reinsurance

2027 Budget Development



- 2027 Budget Change: **8.92%**
- Claims Fund Development: **7.86%**
 - Medical, Prescription and Dental claims incurred 2024 through June 30, 2026, were sent to the Fund's Actuary for 2027 expected claims development.
 - Medical claims include additional administrative expenses not captured in the claims detail (NAP, claims review, etc.)
 - Medical and Rx claims additionally weighted for new members
 - Trend Considerations:
 - 25% NJHIF Experience 75% Market
 - » Medical: 10.0%
 - » Rx: 9.0%
 - Market Trend
 - » Medical: 8.5%
 - » RX: 13.5%

NJHIF is trending higher for medical and lower for prescription

Historical Trends and Observations



- Actuarial Observed Trends (Incurred and Paid Anytime):

<i>NJHIF</i>	2024/2023	2025/2024	1H26/1H25
Medical	16.5%	10.3%	9.6%
Prescription	29.7%	18.3%	-6.1%

The Fund continues to trend in a positive position. The Executive Committee is commended for the following changes:

- Changing the Out of Network Fee Schedule
- Addressing varicose vein treatment utilization
- Careful review of new member opportunities
- Continuously reviewing strategic, long-term strategies

2027 Expenses



- **Total Expenses +2.53%**
 - Professionals
 - All professionals, Executive Director and Program Manager are out for RFP currently
 - 2% placeholders included
 - Risk Managers / Brokers of Record
 - 2% annual increase included
 - Contract negotiations and fees are direct and can be altered at the direction of the entity.
 - Claims Administrators
 - Medical:
 - Medical TPA RFP – 5% placeholder
 - Dental:
 - No increase over 2026 as part of 5-year contract award.
 - Wellness & Wellness Coordinator:
 - Budget remaining but can be increased if Wellness Committee needs

Surplus Regeneration & Trust Account



The proposed budget includes two additional lines of margin to address surplus in prior and future years:

1. **Claims Contingency**– This line was included in last year’s budget. The regulation only allows for 2.5% of the total budget for this contingency line.

**This contingency line is for 2027 surplus regeneration.*

2. **Trust Account for Contingencies** - NJAC 11:15-3.13 (b) allows the Fund to appropriate up to 2.5% of the budget each year into a contingency trust fund account that can be used to offset a deficit in any fund year. Fund Commissioners may reclassify 2.5% of this year’s budget as well as appropriate 2.5% in next years and subsequent years’ budgets. This is the more flexible option because the contingency trust fund can be used to both resolve deficits and build a rainy-day fund.

**This contingency line is to help offset prior year deficits.*

**Both accounts are optional and at the discretion of the Executive Committee*

2027 MRHIF Renewal



- MRHIF introduced their 2027 budget on September 9th.
 - NJHIF estimated -5.83% - **all numbers are subject to change prior to adoption.**
 - \$50,000 increase of SIR assumed: \$475,000
- The Fund's loss ratio experience with the MRHIF has been above 100% 3 out of the 5 years, although there could be run out from 2025.

Plan Year	2021	2022	2023	2024	2025	5-YR Composite
NJHIF MRHIF Loss Ratio	48%	54%	4%	16%	104	48%

High-Cost Claimants

as of July 2026



NJMEBF High Claimants 2025

Aetna Med + ESI RX Claims Incurred in 2025

NJMEBF spec limit	\$475,000							
50%	\$237,500							
US Fire	\$950,000							
	Count of members >50% but Under spec	Total Net Paid (Med+RX)	% Increase in Net Paid from Previous Month	Total members Exceeding Spec	Total Net Paid (Med+RX)	Reimbursement Amount	Total Net Paid After Reimbursement	% Increase in Net Paid (Net Reimbursement) from Previous Month
Jan-25	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Feb-25	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Mar-25	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Apr-25	0	\$0.00	--	0	\$0.00	\$0.00	\$0.00	
May-25	2	\$589,990.52	--	0	\$0.00	\$0.00	\$0.00	---
Jun-25	6	\$1,737,991.25	195%	0	\$0.00	\$0.00	\$0.00	---
Jul-25	6	\$1,928,170.41	11%	0	\$0.00	\$0.00	\$0.00	---
Aug-25	7	\$2,535,988.11	32%	0	\$0.00	\$0.00	\$0.00	---
Sep-25	7	\$2,160,913.76	-15%	3	\$1,630,829.96	\$205,829.96	\$1,425,000.00	---
Oct-25	8	\$2,387,597.00	10%	4	\$2,365,517.03	\$465,517.03	\$1,900,000.00	33%
Nov-25	9	\$2,657,839.30	11%	5	\$3,145,053.60	\$770,053.60	\$2,375,000.00	25%
Dec-25	11	\$3,498,368.48	32%	5	\$3,480,047.04	\$1,105,047.04	\$2,375,000.00	0%
Jan-26	14	\$4,326,956.24	24%	6	\$4,223,641.59	\$1,373,641.59	\$2,850,000.00	20%
Feb-26	14	\$4,233,930.90	-2%	7	\$5,119,510.60	\$1,794,510.60	\$3,325,000.00	17%
Mar-26	15	\$4,390,523.12	4%	8	\$6,253,699.82	\$2,453,699.82	\$3,800,000.00	14%
Apr-26	16	\$4,766,461.06	9%	8	\$6,344,030.36	\$2,544,030.36	\$3,800,000.00	0%
May-26	17	\$5,033,956.90	6%	8	\$6,336,419.47	\$2,536,419.47	\$3,800,000.00	0%
Jun-26	17	\$5,032,652.22	0%	8	\$6,344,771.77	\$2,544,771.77	\$3,800,000.00	0%
Jul-26	20	\$5,810,495.93	15%	7	\$6,345,528.31	\$2,545,528.31	\$3,800,000.00	0%

High-Cost Claimants

as of July 2026



NJMEBF High Claimants 2026

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Feb-26	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Mar-26	0	\$0.00	--	0	\$0.00	\$0.00	\$0.00	
Apr-26	2	\$722,193.57	--	0	\$0.00	\$0.00	\$0.00	
May-26	3	\$879,117.07	22%	1	\$596,762.77	\$121,762.77	\$475,000.00	---
Jun-26	6	\$1,826,669.09	108%	2	\$1,178,867.81	\$228,867.81	\$950,000.00	100%
Jul-26	7	\$1,799,970.95	-1%	4	\$2,379,598.42	\$479,598.42	\$1,900,000.00	100%

3 Year Loss Ratios –

CY 2024, CY 2025, 1H 2026 (Paid Claims/Premium)



	2024	2025	1H 2026	3-YR
Medical	114%	110%	80%	104%
Prescription	171%	90%	56%	94%
Dental	93%	90%	84%	90%
Composite	117%	108%	77%	103%

- 2024 and 2025 ran above budget, overall
- First half of 2026 is running well under budget
- 3-YR Loss Ratio of 1036% without IBNR indicates the renewals are justified
- Notes:
 - Loss Ratios are net of Specific Stop Loss reimbursements
 - 2026 Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims