



"hi" fund at a Glance

SUMMER 2019



New Jersey
Health Insurance Fund

Schools | Municipalities | Public Entities

Wecome to the "hi" fund

We are pleased to present our inaugural edition of the New Jersey Health Insurance Fund (hi) Annual Report.

Twenty-seven years ago, the first Fund launched to create a secure and financially sustainable method for public entities to purchase health insurance benefits.

Fast-forward to today, we are proud to have established 6 local Health Insurance Funds, 2 Health Insurance Commissions, and a Reinsurance Health Insurance Fund. Each of these individual Funds are part of the New Jersey Health Insurance Fund (hi) or "hi" fund, the new overall brand developed in 2018 to promote the power, stability, and success of the health insurance pool concept.

Our Funds continue to grow at a disciplined pace to ensure that the financial integrity of the Funds remains strong. Over the past year, we have served 68,615 belly buttons. Our budget is \$600,277,551, and from inception to date dividends grew to \$180,000,000. Please see the report for more detail and individual reports on each fund.

We are also proud to announce that we have enrolled our 100th School into the fund family, and that we have partnered with Guardian Nurses to develop an innovative program to provide a higher level of care and advocacy for those suffering with chronic conditions.

On behalf of our "hi" fund team I would like to say Thank You for giving us the opportunity to work with you to ensure outstanding health coverage for your members. For those of you who are considering the "hi" funds we would like to say Welcome!

We look forward to another fantastic year of growth, innovation and success.

Sincerely,

Bergen Municipal Employee
Benefits Fund (Gateway BMED)
Gregory Hart, Chair

Municipal Reinsurance
Health Insurance Fund (MRHIF)
Silvio Esposito, Chair

Schools Health Insurance Fund (SHIF)
Joseph Collins, Chair

Southern New Jersey Regional
Employee Benefits Fund (Southern Jersey)
Michael Mevoli, Chair

Somerset County Insurance Commission (SCIC)
William Hyncik, Chair

Central New Jersey Regional
Employee Benefits Fund (Central Jersey)
Tom Nolan, Chair

North Jersey Municipal
Employee Benefits Fund (NJMEBF)
John Dunleavy, Chair

Southern Coastal Regional
Employee Benefits Fund (Southern Coastal)
Pat Yacovelli, Chair

Burlington County Insurance Commission (BCIC)
Sander Friedman, Chair

Meet the “hi” fund

New Jersey Health Insurance Fund (hi) is built on the simple and powerful idea of shared services—a pool allowing municipalities, schools, and other public entities to give choice and value for employees while delivering savings, stability, and reliability for members.

The Fund’s combined purchase strength delivers flexible, affordable, and customizable health benefits for tens of thousands of plan participants. Owned and governed by its members, the surpluses belong to them—not the insurance companies.

History

The PERMA family of Health Insurance Funds (HIFs) have been serving members, their employees and families for nearly three decades. A HIF is a public entity, regulated by the NJ Dept. of Banking and Insurance. State law created Municipal Health Insurance JIFs in 1991 and allowed School Districts to join existing Funds in 2007. In 2018, we created the “hi” campaign to better explain how insurance pools work, the range of benefits available, and to promote the unprecedented success, stability and strength of the funds.

Members

The “hi” funds are comprised of 7 HIFs and 2 Commissions which serve nearly 70,000 bellybuttons from 230 public entities across the State of New Jersey. These include: public schools, charter schools, municipalities, fire districts, municipal utility authorities, county colleges, and county governments and their agencies.

Advantages

Since the “hi” funds are member owned and governed, they deliver greater customization and control over plans, options and savings.

- + Stable and predictable premium rates over time
- + Fund Actuary determines the premium rates, not the insurance carriers
- + Controls insurance company profit and lowers expenses
- + Streamlines claims management and data reporting
- + Emphasizes the health and wellness of employees and their family members
- + Member entities make the rules and design flexible plans
- + Member entities can duplicate existing plans or customize plans based on specific needs



Performance at a Glance

The self-insured structure and member owned design of the "hi" funds offer tremendous value and savings to the municipalities, schools and public entities within the funds.

\$600,277,551

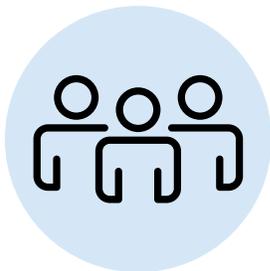
collective annual budget

\$200M

in surplus

\$180M

in dividends (since 1992)



230
public entities

25,000
employees

68,615
bellybuttons

5 YEAR AVERAGES

3% rate
increase

12% enrollment
growth rate
per year



3.5 months of
claims as surplus

Financial information is current as of 5/31/19, and entity "count" as of 7/1/19.

Savings & Dividends

The self-insured structure and member owned design of the "hi" funds offer tremendous value and savings to the municipalities, schools and public entities within the funds. Fixed-costs are significantly lower when compared to fully insured programs. The shared services approach gives the funds enormous leverage to secure favorable pricing from vendors and carriers. And, when surplus levels exceed the amount required to maintain a healthy financial position, dividends are declared and paid to the "hi" fund member entities. Surplus dollars are owned by the entities – not the insurance carriers.

Over the past 5 years, the funds have paid

\$93,581,041.44

in dividends to member entities

Since inception the funds
have paid more than

\$180 MILLION

in dividends

5 Year Surplus Chart



Financial information is current as of 5/31/19, and entity "count" as of 7/1/19.



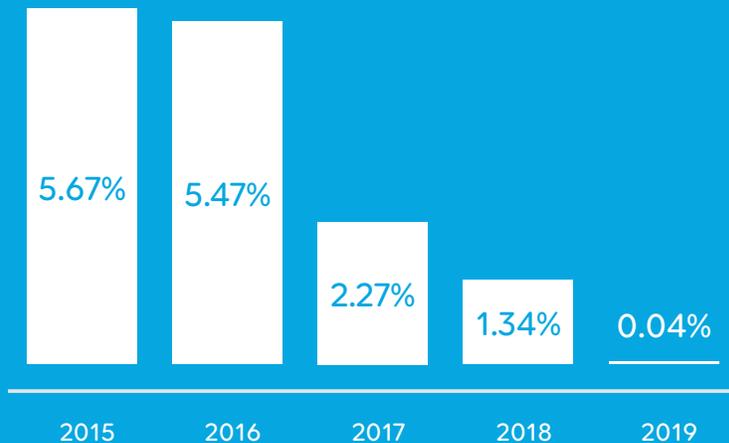
Cost Control

Controlling costs and delivering stable, predictable rates year-over-year for member entities are the fundamental goals of the “hi” funds, which have been achieved by managing the funds with extreme and intense discipline. Prospective member entities are critically evaluated by the Fund Actuary to determine if they are eligible to join. The funds have implemented many successful cost-control features to lower the amount spent on claims, such as: telemedicine, pharmacy utilization protocols, extraordinary medical case management techniques, and health and wellness grants. These measures allow rates to become more predictable which “flattens” the premium variations over time.

On average, budget costs over the past
5 years have only increased

2.93%

Combined
average of
increases for
all funds from
2015-2019



Benefits

The "hi" fund Best in Class Administrators offer top of the line health plan products and services, and taking the burden of tedious paperwork, plan management and reporting off the "to do" lists of our members.

- + Medical coverage is provided by: Aetna, AmeriHealth, and Horizon OMNIA
- + Dental coverage is offered by: Delta Dental
- + Pharmacy coverage is provided by: Express Scripts



The "hi" fund also includes these "value added" services for our member entities.

- + Telemedicine gives employees and their family members the ability to get medical advice and prescriptions by phone or computer 24/7. This service has a ZERO \$0 copayment and is more convenient and less costly compared to a visit to urgent care or the emergency room. The HIFs also save claim dollars which produces lower premiums. These services are provided by:
 - + TELADOC (Aetna Members)
 - + MD LIVE (AmeriHealth Members)



- ⊕ Guardian Nurses* includes a team of registered nurses (RN) who provide personalized care and advocacy services to assist employees and their family members with managing their health and making informed healthcare decisions. These services not only provide for better patient outcomes, they yield savings to the fund. There is ZERO \$0 cost for this service. (*Currently only available to SHIF but may expand to other funds in the future)
- ⊕ benefitexpress is a web-based, online enrollment service that helps consolidate billing, provides administrator access for enrollment changes, and offers optional self-enrollment for employees.
- ⊕ COBRA & Retiree Billing Services are standard and included. We handle the notification letters, premium billing and premium collection. In addition, reporting and reconciliations are provided for each member entity and there is a call center for employer and employee inquiries.

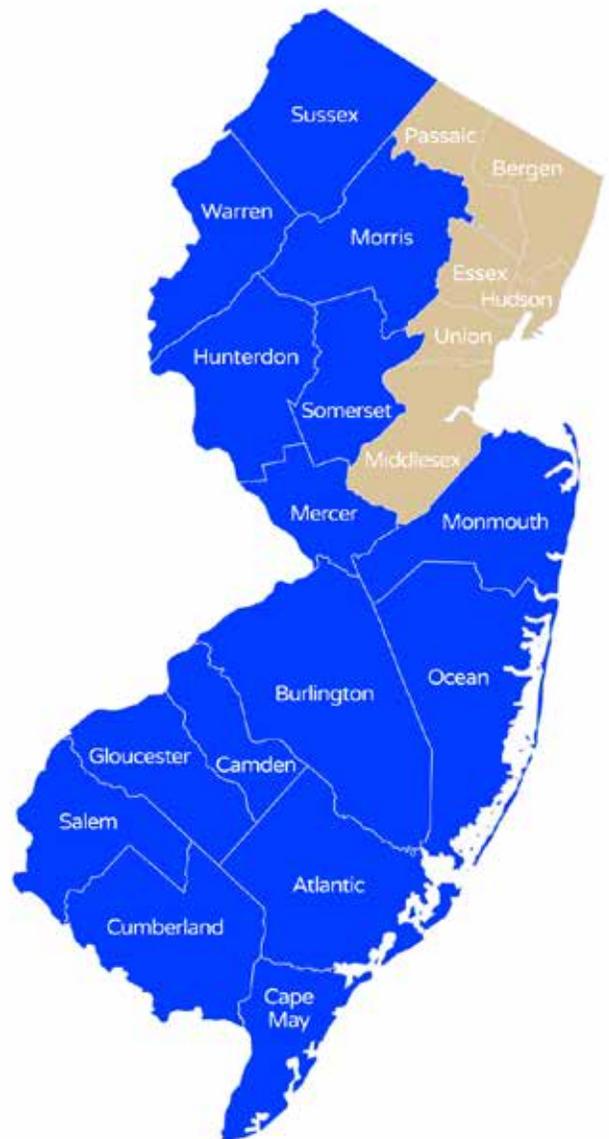


The "hi" Family of Funds

Bergen Municipal Employee Benefits Fund

Founded in 1992

- Services large portions of Northern NJ
- \$31.8 million annual budget
- \$17.2 million in surplus
- \$13.8 million in dividends
- 30 entities
- 1,098 employee lives
- 2,959 bellybuttons
- 5 year average rate increase of 2.76%

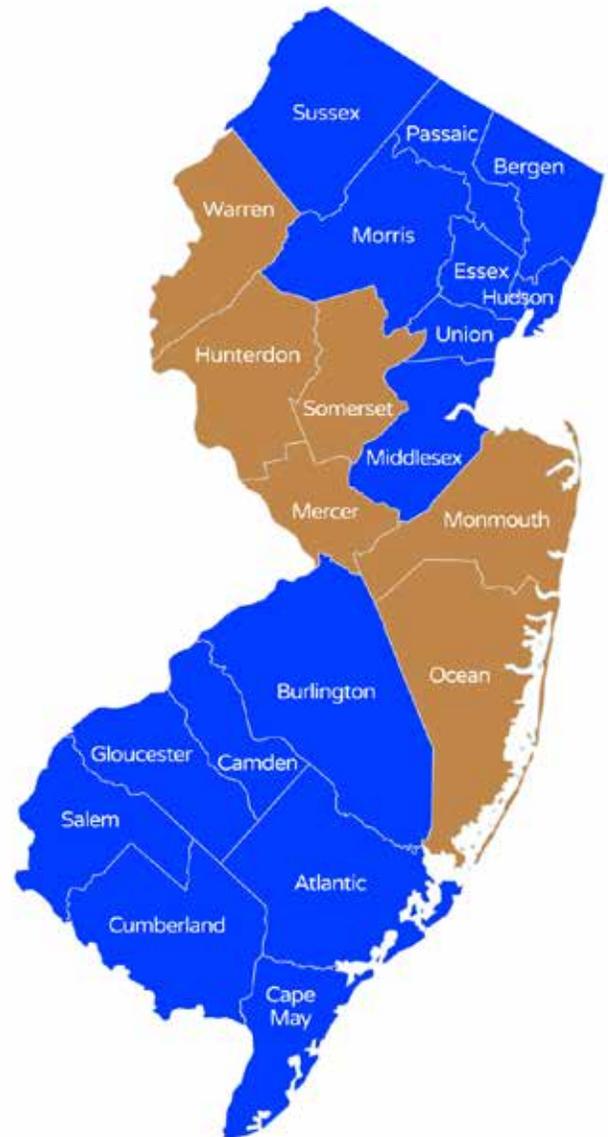


Gateway
BMED FUND

Central New Jersey Regional Employee Benefits Fund

Founded in 1992

- Services public entities Central and Northwest NJ
- \$40 million annual budget
- \$23.68 million in surplus
- \$26.08 million in dividends
- 32 entities
- 1,363 employee lives
- 3,680 bellybuttons
- 5 year average rate increase of 1.53%



Central ^{FUND} Jersey

Municipal Reinsurance Health Insurance Fund

Founded in 1999

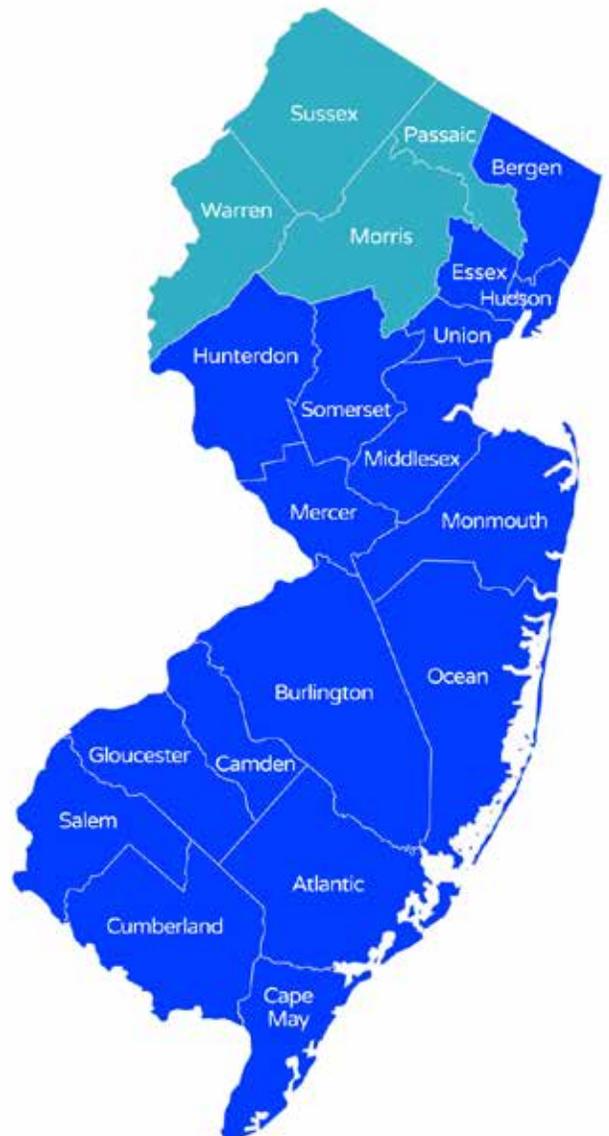
- Statewide re-insurance Fund for Health JIFs
- \$15 million annual budget
- \$11.67 million in surplus
- \$23 million in dividends
- 20,939 employee lives
- 56,534 bellybuttons
- 5 year average rate increase of .48%



North Jersey Municipal Employee Benefits Fund

Founded in 1994

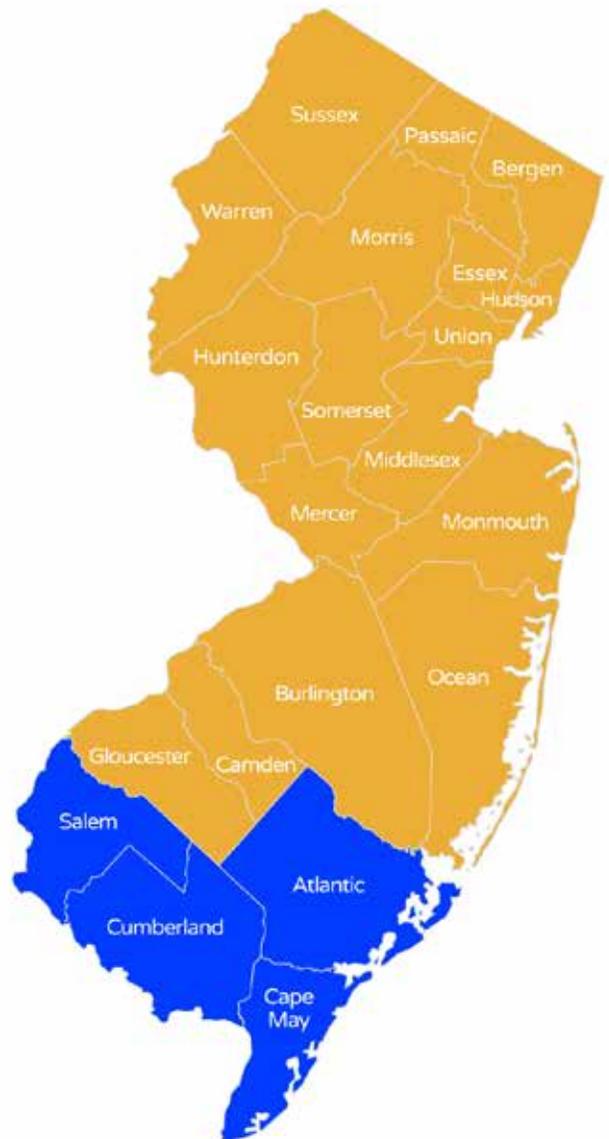
- \$44 million annual budget
- \$20.8 million in surplus
- \$19.2 million in dividends
- 24 entities
- 1,521 employee lives
- 4,107 bellybuttons
- 5 year average rate increase of 4.39%



Schools Health Insurance Fund

Founded in 2016 (spin off from Southern Regional Fund)

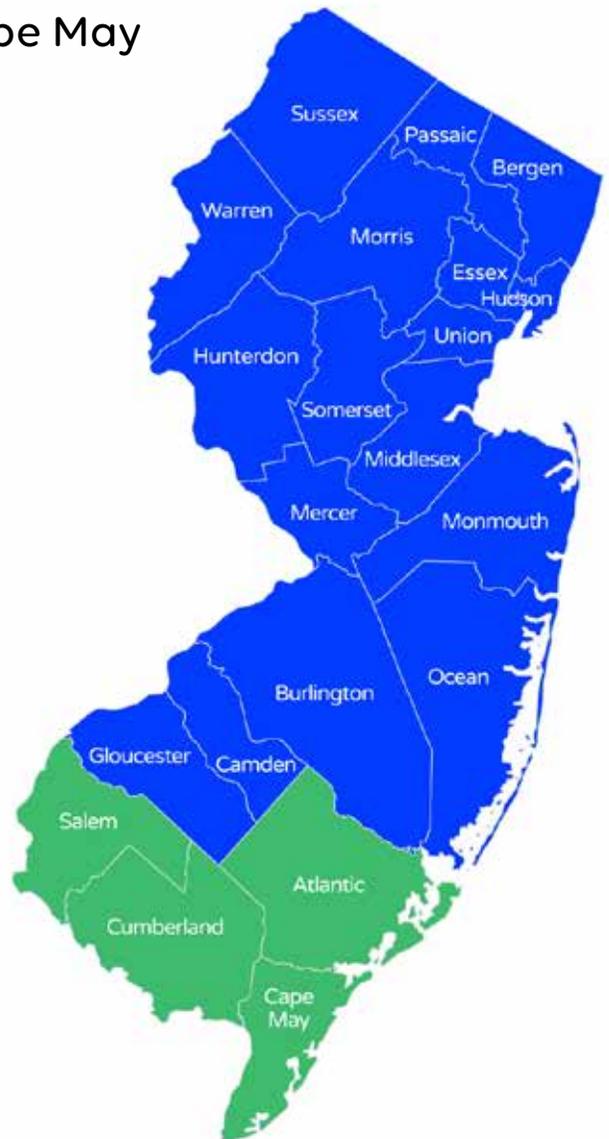
- Services school districts across state of NJ
- \$236 million annual budget
- \$78 million in surplus
- \$12.7 million in dividends
- 76 entities
- 11,141 employee lives
- 30,081 bellybuttons
- 5 year average rate increase of 3.35%



Southern Coastal Regional Employee Benefits Fund

Founded in 2011 (spin off from Southern Regional Fund)

- Services public entities in Salem, Cumberland, Atlantic and Cape May Counties
- \$104 million annual budget
- \$19 million in surplus
- \$2.5 million in dividends
- 23 entities
- 4,824 employee lives
- 13,025 bellybuttons
- 5 year average rate increase of 4.06%

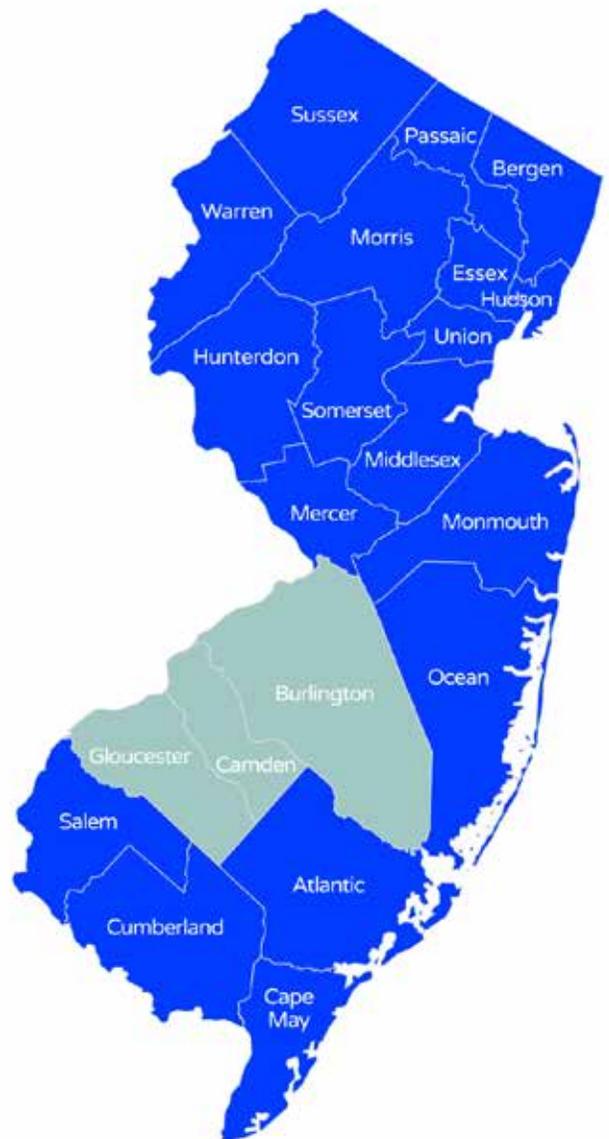


SouthernCoastal FUND

Southern New Jersey Regional Employee Benefits Fund

Founded in 1992

- Services municipalities in the Camden, Gloucester and Burlington Counties
- \$44 million annual budget
- \$16.5 million in surplus
- \$20.6 million in dividends
- 33 entities
- 1,745 employee lives
- 4,712 members lives
- 5 year average rate increase of 2.8%



Southern Jersey FUND

What you need to know about the "hi" funds

How do the "hi" funds operate?

The "hi" funds (HIFs) are public entities and are governed in the same fashion as Joint Insurance Funds (JIFs) are for property and casualty coverage. What makes these funds so effective is the high level of stakeholder involvement.

Each member entity has a seat at the table and selects one person to serve as their Fund Commissioner. The Commissioner becomes the voice of their school, municipality, or public entity and serves on the governing body of the fund.

At the annual reorganization meeting the Commissioners elect an Executive Committee to manage the monthly meetings and to make decisions that are in the best interest of the member entities within that specific HIF.

On a rotating basis the "hi" funds perform a Request for Qualification process for all fund professionals that serve the funds.

- + Executive Director
- + Program Manager
- + Actuary
- + Attorney
- + Auditor
- + Treasurer

Broker/Consultant Role

Employee Benefits brokers and consultants are vetted by the "hi" funds and are an integral component of the overall success of the "hi" funds.

Powered by PERMA

PERMA serves as Executive Director for the "hi" funds. PERMA is responsible for preparing meeting agendas, minutes and records management. PERMA serves as the "back office," with many other responsibilities including: accounting and general ledger functions, enrollment and COBRA administration, regulatory interface, and annual filings.

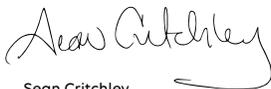
hifund Team



Joseph DiBella
Managing Director, Executive Vice President



Paul Laracy
Senior Vice President



Sean Critchley
Vice President,
Business Development Executive



Scott Davenport
Public Entity &
HIF Practice Leader



Margaret Friel
HIF Associate Consultant



Randi Gerber
NJHIF Account Executive



Greg Grimaldi
Vice President,
Business Development Executive



Angela Hutchinson
Staff Accountant



Karen Kamprath
Assistant Account Manager



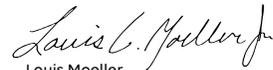
Karen Kidd, Director
HIF Operations



Emily Kovai
Account Manager



Brandon Lodics
HIF Program Manager



Louis Moeller
HIF Employee Benefits Specialist



Jozsef Pfeiffer
HIF Associate Consultant



Carolyn Petrowski
Account Executive



Marybeth Visconti
HIF Associate Leader



Dave Voza
NJHIF Program Manager



Dive into New Jersey's Safest Health Insurance Pool



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