

# REACHING ONE BILLION WE ARE STILL KICKING!

“If you want to succeed you should strike out on new paths, rather than travel the worn paths of accepted success.”  
-- John D. Rockefeller

Striking out on a new path is exactly what the New Jersey Health Insurance Fund (“hi” Fund) did in the early 90s when skyrocketing health insurance rates and market instability left public entities scrambling to manage this growing crisis.

The creation of Health Insurance Funds (HIFs) was groundbreaking in the health insurance arena, offering entities a way to pool resources to secure better pricing through economies of scale and giving public entities the power to be an active part of the solution.

That formula, along with innovative care strategies and strong broker partner relationships has enabled the Funds to continue to grow and reach the groundbreaking milestone of a combined annual budget of \$1.042 Billion. The “hi” family of nine Funds currently serves over 300 public entities including municipalities, counties, authorities, and schools.

## Measuring the Milestone

“Piercing the billion-dollar threshold demonstrates the success, scalability, and sustainability of this program, and solidifies us as the premiere public entity benefit plan in the nation,” said Joseph DiBella, Executive Partner at Conner, Strong and Buckelew. “The bigger you are the more stable and predictable your program, and by leveraging that size we procure really strong deals for our members.”

Broker Joseph Madera, a Partner with the Hardenbergh Insurance Group, remarked that

reaching the \$1 billion mark is a game changer. “When you lead with that, it provides instant credibility to the HIF Funds. This isn’t some wing and a prayer, it is a well-thought-out organization that really focuses on the integrity of the pool. The members who participate with the HIF want to make sure the Funds continue to head in the right direction.”

“That billion-dollar number is significant, especially since they are using that aggregate to expand purchasing power and we [HIF funds and members] receive the direct benefit,” stated Gregory Hart, Administrator for the Borough of Franklin Lakes and Chair of the Bergen Municipal Employee Benefits Fund (Gateway/BMED). “HIFs are sound and stable financially, and the ‘hi’ Fund as a group has very healthy surplus levels. In this world where there is so little certainty, we really have a healthy outlook going forward on the BMED level and across the funds.”

## Understanding Public Entities

How did the Funds reach One Billion? By always looking forward and having a true understanding of the pain points for public entities. DiBella explained, “We continually evaluate the marketplace, are attuned to the needs of public entities, and are often ahead of the curve when it comes to bringing participants the best solutions.”

1. The enormous pressure on public employers to find ways to stabilize health care costs.
2. The flexibility to build custom benefit plans and find affordable solutions for every group.
3. Giving member entities ownership of the Funds, encouraging collaboration, engagement, and transparency to know what is going on 24/7.
4. Getting results. A 5-year renewal rate average of 2%, unprecedented vs. the marketplace.

## Rate Stability, Plan Flexibility & Savings

Skyrocketing benefit costs led West Deptford Township to join the Southern New Jersey Regional Employee Benefits Fund in 2021. "We were very happy to be able to join because they were talking about a 21% jump in the State Health Benefits. The savings alone would have done it, but the service provided was so much better than the state," remarked Michael Kwasizur, Chief Financial Officer of West Deptford Township. "Benefits are such a large built-in cost, so being able to save really helps your budget each year. Any savings you can offer to taxpayers is a huge benefit."

"The SHIF offered us over a million dollars in initial savings – that obviously got our attention," stated John Bilodeau, Superintendent of the Gloucester Township Schools, which joined the Schools Health Insurance Fund (SHIF) in June of 2021, after years of rising costs in a direct provider relationship. "I wanted us to have the safe harbor of the SHIF. I didn't like the spiking effect in our health quotes every year," noted Bilodeau who is also a SHIF Commissioner.

Plan flexibility and customization were a priority for the Borough of Oceanport. "We did an extensive evaluation before we switched, and the Central Jersey Fund was the best bet for the Borough. The plans they offer can be catered to what our bargaining agreements are, we are able to customize plans based on the need," said Jeanne Smith, Clerk of the Borough of Oceanport, a member of the Central Jersey Regional Employee Benefits Fund since 2016.

## A Seat at the Table

Part of the recipe for success is direct member involvement in each Fund, which provides for greater control and transparency.

"All member entities have a seat at the table. The HIFs are managed and controlled by members, whether policy, claims, appeals, budget review and approval, or cost containment – they are making those decisions," explained Hart.

"As a member, I can attend monthly meetings and I find it useful to watch how they operate," said Peter Daquila, Business Administrator for the School District of the Chathams, a member of the SHIF. "They are a well-oiled unit and very cohesive, everyone on the board participates and it works."

"This structure creates transparency for the clients and creates greater 'policing' while still maintaining their autonomy," explained Broker Viviana Lamm, VP of Benefits for Acrisure. "As a big picture, they also have a voice in their benefits, which I love, in comparison to the state where they would not have that opportunity."

## Broker Relationships

The broker-driven distribution model and the strength of the broker partner relationships continue to be integral to the success and continued growth of the Funds.

"We work directly with our broker partners, there is no competition, we work together to find solutions," said Jason Edelman, HIF Business Development Executive at CSB.

"The fact that the folks that manage the fund at the board level and professional level are open to broker input, solicit broker input, and value broker input is a big deal," explained Broker Jim Finn, Senior Vice President of Employee Benefits at Brown & Brown.

Twice a year, the Funds provide brokers with claims and premium information for their groups and handle the year-end reporting. Working together, they also save clients hundreds of wasted hours trying to navigate a complicated health care system and cut through the red tape and endless phone calls normally associated with getting an "answer."

"Brokers know they are getting better service through the HIFs and they have grown to trust us," added Edelman.

Maintaining the broker relationship is also important for public entities. "It is fantastic because I have developed a relationship with Jim [Finn], and I rely on and trust him," said Daquila.

"The level of service and support you get between the broker, the Fund, and PERMA professionals is one of the biggest selling points for the HIFs," added Madera. "You can't put a price tag on that."

“The rates have been much better than the market rate. There is no doubt we have saved the district money.”  
-- Peter Daquila, B.A., School District of the Chathams

## The Power of the Funds and Future Growth

With access to the best in industry attorneys, treasurers, auditors, a new QPA, and other industry professionals, the “hi” fund is a force to be reckoned with.

“We continue to leverage the size and girth of the Funds and drive down costs, but also to challenge the industry, to serve as a disruptor, to impact public policy and serve as an industry leader and innovator,” said DiBella.

The “hi” funds have partnered with groups like the Guardian Nurses to improve patient outcomes and control chronic conditions, Minute Clinics and telehealth services to increase access to care, and were one of the first to implement standard copays for Urgent Care facilities to reduce Emergency Room visits. The Funds also developed solutions – before the carriers did -- for extremely expensive gene therapies putting protections in place through stoploss to protect the member when these claims materialize.

“The future is very bright for the HIFS. They will continue to grow and prosper. What I like most about the HIF is their desire to continue to look for innovative ways to curb and manage costs,” noted Madera.

“We have had great renewal rates, it is very well funded, it is a very sound operation,” said Daquila, “I haven’t looked back since.”

“We know there will be some increases, especially with rising health care costs and being a school district in the northeast, but we know as a member of the SHIF we can manage, which is the goal,” said Bilodeau.

“The HIF has worked well for us and our employees. I haven’t had any complaints about services, doctor selection, or availability and there is always someone to help if we have an issue,” added Smith. “We have no plans on leaving.”

“Growth is important, but our 99% retention rate of members, particularly our legacy accounts who are the ones that took the risk to create the Funds are still here,” noted Diane Peterson, a Senior Partner and Health Insurance Funds Business Leader at Conner Strong & Buckelew.

“That is the true measure of success.”

