



# Southern Skylands Health Insurance Fund

**2025 Proposed Budget Presentation**

Finance Committee Review

9/10/2024

Somerset County

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SERVICES

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# 2025 Budget Overview\*

## Southern Skylands Fund

\*as of 9/6/2024

	2024 Annualized	2025 Proposed	% Increase
Medical Claims	\$35,197,739	\$37,519,914	6.60%
Rx Claims (inc'd rebates)	\$9,773,230	\$11,366,100	16.30%
Dental Claim – Pass through	\$1,223,465	\$1,226,220	0.23%
Stop Loss (projected)	\$1,878,950	\$2,104,424	12.00%
Medicare Advantage	\$1,303,138	\$1,832,356	40.61%
Health Center	\$3,806,125	\$3,949,941	3.78%
Loss Fund Contingency	\$121,724	\$121,724	FLAT
Expenses	\$2,029,025	\$2,047,010	0.89%
Overall Budget	\$55,333,396	\$60,167,688	8.74%

### Notes:

- Loss Fund Contingency is a budget balancing figure and can help build surplus
- Stop Loss Renewals are estimated – overall budget may change based on actual renewals
- Expenses include estimates for most professionals.
- Horizon Dental covers County, Library & BOSS. The Skylands HIF does not bill for dental coverage.
- Health Center increase is an estimate received from Integrity Health for budget introduction
- The Fund will be RFPing Medicare Advantage Coverage for 2025 based on initial renewal expectations

# Assessments by Line of Coverage

## Southern Skylands Fund

- Medical +6.5%
- Prescription +18.0%
- Dental - TBD
- Medicare Advantage +22 - +27%
  - Average Composite +8.44%
- Groups may consider Formulary change for prescription savings

<b>Southern Skyland Regional Health Insurance Fund</b>				
<b>2025 PROPOSED vs ANNUAL ASSESSMENTS BY MEMBER</b>				
	<b>Annualized Assessments FY2024</b>	<b>Proposed Assessments FY2025</b>	<b>Difference \$</b>	<b>Difference %</b>
<b>Group Name</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Hillsborough	3,935,736	4,252,500	316,764	8.05%
Manville	1,261,020	1,377,084	116,064	9.20%
Peapack and Gladstone	701,868	769,404	67,535	9.62%
Raritan	3,760,044	4,110,252	350,208	9.31%
Somerset County	35,009,368	38,071,044	3,061,676	8.75%
Somerset County Library	2,981,541	3,209,736	228,195	7.65%
Somerset County Parks	3,919,182	4,197,300	278,118	7.10%
Somerset County Vo Tech	2,497,308	2,655,864	158,556	6.35%
Somerville	1,366,584	1,469,580	102,996	7.54%
<b>Totals</b>	<b>55,432,652</b>	<b>60,112,764</b>	<b>4,680,112</b>	<b>8.44%</b>

# 5-Year History Southern Skylands

Southern Skylands Fund Budget Increase History	
Plan Year	Budget Renewal
<b>2025</b> <i>Proposed</i>	<b>9.52%</b>
<b>2024</b>	<b>5.14%</b>
<b>2023</b>	<b>-0.18%</b>
<b>2022</b>	<b>8.33%</b>
<b>2021</b>	<b>4.37%</b>
<b>5-YR Average</b>	<b>5.44%</b>



# Southern Skylands Health Insurance Fund

2025 Budget Development  
Renewal Components

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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 Southern Skylands

- 2025 Budget Change: **8.74%**
- Claims Fund Development : **8.71%**
  - 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.
    - Adjustments made for impact of growth and claims lag
    - Assumed pharmacy savings included: Omada GLP1 Program, Annual improved contract pricing, Inflammatory Formulary Updates, improved rebate returns.
  - Medical: +6.60%
  - Prescription: +16.30%
- Key Components:
  - Medical:
    - 1H 2023 vs. 1H 2024
      - Increase in Emergency Room Use
      - Inpatient Admissions had no change
        - » Total days of care reduced
  - Prescription:
    - 1H 2023 vs. 1H 2024
      - Cancer drugs were the largest cost driver
        - » Weight loss drugs were second largest driver for Net PMPM
      - Rebates increased by 39%
      - AWP increased by 33%



# Southern Skylands Health Insurance Fund

2025 Budget Development  
Expenses

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# Expenses- Partnership Health Center Southern Skylands

- Composite Change: +3.78%
  - 1) Integrity Management Fee- No change
    - Awarded through 1 year contract extension
  - 2) Partnership Health Center Lease – No change. *A recent increase was added in 2023*
  - 3) Partnership Health Center Pass Through Expense – Budgeted Estimate +5%
    - New membership
    - Increased utilization statistics
- First Half of 2024, pass through expenses are running within budget

# Expenses

## Southern Skylands

- Total Expense +0.89%
  - **Professionals**
    - Auditor, Attorney and Actuary RFPs to be released
      - Assumed 2% increases for above
  - **Claims Administrators**
    - Medical:
      - TPA RFP results – no increase
    - Medicare Advantage – RFP in development
  - **Miscellaneous through 12/31/2025:**
    - Executive Director – 2% increase per 2022 RFP
    - Health Center Coordinator- No change for administration
    - Marketing – No change
    - Enrollment Vendor



# Southern Skylands Health Insurance Fund

2024 Claims Performance and  
Utilization Review

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

	2022	2023	1H 2024	3-YR
<b>Medical</b>	<b>92%</b>	<b>108%</b>	<b>94%</b>	<b>98%</b>
<b>Prescription</b>	<b>61%</b>	<b>71%</b>	<b>74%</b>	<b>68%</b>
<b>Composite</b>	<b>83%</b>	<b>96%</b>	<b>88%</b>	<b>89%</b>

- 2022 Medical claims ran below budget
- 2023 Medical claims ran above budget
  - Much can be contributed to increase ER visits and utilization
- First half of 2024 is running well
- Prescription is increasing
  - Much can be contributed to the large cost drivers
- 3-YR Loss Ratio of 98% is on target with HIF Model

## Notes:

- Loss Ratios are net of Specific Stop Loss reimbursements
- 2023 Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims
- Rx assessments and claims assume 20% rebate on paid claims

# Key Medical Utilization Statistics- Aetna Southern Skylands

Southern Skylands HIF	1H 2023	1H 2024
Number of Employees	1,486	1,856 24.9%

Financial Review	1H 2023	1H 2024	Comparison Change
Total Medical Paid Claims	\$12,753,265	\$17,372,758	36.2%
Medical Paid per Member (Claims and Capitation)	\$3,849	\$4,212	9.4%
Inpatient Paid Amount per Member	\$809	\$975	<b>20.6%</b>
Ambulatory Paid Amount per Member	\$3,040	\$3,235	6.4%
<b>Utilization Review</b>			
Total Admissions/1,000 Members	29.88	29.81	-0.2%
Total Days of Care/1,000 Members	149	136	-9.0%
Average Length of Stay	5.0	4.6	-8.8%
Non-Acute Average Length of Stay/1,000 Members	27.8	15.2	<b>-45.2%</b>
Inpatient Surgeries/1,000 Members	25	19	<b>-22.6%</b>
Ambulatory Surgeries/1,000 Members	496	502	1.2%
PCP Office Visits/1,000 Members	939	1,020	8.6%
ER Visits/1,000 Members	103	132	<b>28.7%</b>

# Medical High-Cost Claimants-AETNA

## All Claimants

	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	2,834	3,620	27.7%
Claimants Per 1,000 Members	855.2	877.4	2.6%
Medical Paid Amount for these Claimants	\$12,753,265	\$17,372,758	36.2%

## Claimants above \$50,000

	<u>1H 2023</u>	<u>1H 2024</u>	<u>% Change</u>
Number Of Claimants	46	29	28.3%
Claimants Per 1,000 Members	13.9	14.3	N/A
Medical Paid Amount for these Claimants	\$4,197,253	\$5,929,509	<b>41.3%</b>
Average Paid Per Catastrophic Claimant	\$91,245	\$100,500	10.1%
% of Total Paid Amount	32.9%	34.1%	1.2%
Inpatient Paid Amount per Member (Claimants Net of Catastrophic)	\$289	\$266	<b>-7.7%</b>



# Prescription Plan Performance- Express Scripts Southern Skylands

## Plan Performance

	1H24	1H23	Change %
AWP	\$15,275,370	\$11,492,284	32.9%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$7,294,680	-\$5,764,735	26.5%
Tax	\$176	\$440	-60.1%
Gross Cost	\$7,980,866	\$5,727,989	39.3%
Member Cost	-\$935,344	-\$729,348	28.2%
Copay/Deductible	-\$385,812	-\$284,682	35.5%
SaveOnSP	-\$549,532	-\$444,666	23.6%
Plan Cost	\$7,045,522	\$4,998,641	40.9%
Rebates*	-\$2,728,816	-\$1,955,935	39.5%
Plan Cost Net	\$4,316,707	\$3,042,706	41.9%
Members	4,615	3,761	22.7%
Gross Cost PMPM	\$288.22	\$253.83	13.5%
Plan Cost PMPM	\$254.44	\$221.51	14.9%
Rebates PMPM	\$98.55	\$86.68	13.7%
Plan Cost Net PMPM	\$155.89	\$134.84	15.6%

Plan Cost PMPM increased \$32.93 (+14.9%) to \$254.44

SaveOnSP provided \$549,532 in value. Total Member Cost less SaveOnSP was \$385,812, representing 7.3% in Total Member Cost Net

Rebates reduced Plan Cost PMPM from \$254.44 to \$155.89 (-38.7%)

# Prescription Plan Utilization – Express Scripts

Description	Southern Skylands					
	Non-Specialty			Specialty		
	1H24	1H23	Change	1H24	1H23	Change
Avg Subscribers per Month	2,168	1,778	21.9%	2,168	1,778	21.9%
Avg Members per Month	4,615	3,761	22.7%	4,615	3,761	22.7%
Number of Unique Patients	3,474	2,858	21.6%	149	109	36.7%
Pct Members Utilizing Benefit	75.3%	76.0%	-0.7	3.2%	2.9%	0.3
Total Plan Cost Net	\$3,210,084	\$2,220,732	44.6%	\$1,106,622	\$821,974	34.6%
Percent of Total Plan Cost Net	74.4%	73.0%	1.4	25.6%	27.0%	-1.4
Total Days	1,466,791	1,232,083	19.0%	20,076	14,523	38.2%
Total Adjusted Rx	54,343	45,423	19.6%	760	569	33.6%
Percent of Total Adjusted Rx	98.62%	98.76%	-0.1	1.38%	1.24%	0.1
Plan Cost Net PMPM	\$115.93	\$98.41	17.8%	\$39.96	\$36.43	9.7%
Plan Cost Net/Day	\$2.19	\$1.80	21.4%	\$55.12	\$56.60	-2.6%
Plan Cost Net per Adjusted Rx	\$59.07	\$48.89	20.8%	\$1,456.08	\$1,444.59	0.8%
Nbr Adjusted Rx PMPM	1.96	2.01	-2.5%	0.03	0.03	8.9%
Generic Fill Rate	85.2%	84.7%	0.6	21.2%	19.7%	1.5
Member Cost Net %	9.2%	11.1%	-2.0	35.6%	35.4%	0.1

Your Specialty Plan Cost Net PMPM is \$32.70 lower than your peer, and trending 5.6 points higher

SaveOnSP provided \$549,532 in value. Specialty Member Cost Net less Specialty SaveOnSP was 3.6%

# Prescription Cost Drivers – Express Scripts

## Top 10 Indications

Top Indications by Plan Cost Net																
1H24										1H23						%
Rank	Peer Rank	Indication	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Plan Cost Net PMPM	Plan Cost Net PMPM	
1	2	DIABETES	4,947	407	\$766,801	34.0%	32.2%	\$27.69	1	4,086	333	\$471,417	37.2%	\$20.89	32.6%	
2	3	CANCER	212	45	\$628,898	75.5%	85.2%	\$22.71	4	159	33	\$224,232	91.2%	\$9.94	128.6%	
3	1	INFLAMMATORY CONDITIONS	434	89	\$619,801	49.3%	41.4%	\$22.38	2	346	64	\$386,447	61.0%	\$17.13	30.7%	
4	6	WEIGHT LOSS	808	200	\$613,691	3.7%	4.9%	\$22.16	3	396	99	\$308,320	3.3%	\$13.66	62.2%	
5	9	ASTHMA	1,712	464	\$222,575	73.4%	89.2%	\$8.04	6	1,626	405	\$168,565	67.2%	\$7.47	7.6%	
6	11	ANTICOAGULANT	678	132	\$192,302	18.1%	18.1%	\$6.94	7	589	108	\$150,729	24.6%	\$6.68	4.0%	
7	4	SKIN CONDITIONS	606	353	\$141,534	86.6%	85.0%	\$5.11	8	413	260	\$135,373	79.7%	\$6.00	-14.8%	
8	13	GI DISORDERS	302	92	\$129,884	49.7%	52.0%	\$4.69	11	243	76	\$88,183	45.7%	\$3.91	20.0%	
9	12	MENTAL DISEASES	459	89	\$122,776	78.9%	85.1%	\$4.43	10	318	66	\$102,387	72.0%	\$4.54	-2.3%	
10	16	DEPRESSION	3,890	618	\$121,085	96.3%	98.9%	\$4.37	9	3,077	540	\$110,404	95.7%	\$4.89	-10.6%	
Total Top 10:			14,048		\$3,559,347	58.7%		\$128.54		11,253		\$2,146,058	59.9%	\$95.10	35.2%	
Differences Between Periods:			2,795		\$1,413,289	-1.2%		\$33.44								

The largest financially impactful change was in Cancer, driving \$0.4M in increased net cost for a 128.6% increase in Net PMPM

Cancer trend increased 128.6%, contributing an additional \$12.78 to Net PMPM

Represent 82.5% of your total Plan Cost Net