

METROPOLITAN HEALTH INSURANCE FUND

**FINANCIAL STATEMENTS
with
Independent Auditor's Report**

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

METROPOLITAN HEALTH INSURANCE FUND
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INDEPENDENT AUDITOR'S REPORT

Executive Committee
Metropolitan Health Insurance Fund
Parsippany, New Jersey

Report on Audit of the Financial Statements

Opinion Opinion

We have audited the accompanying financial statements of Metropolitan Health Insurance Fund, (the "Fund"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Metropolitan Health Insurance Fund's basic financial statements as listed on the table of contents.

In our opinion, except for the effects on the December 31, 2024, financial statements of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metropolitan Health Insurance Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinions.

Matter Giving Rise to Qualified Opinions

As permitted by the Department of Community Affairs and Banking and Insurance, State of New Jersey, we did not extend our audit to the loss reserve and underlying actuarial assumptions for the loss reserve amounts, since they are prepared by the Metropolitan Health Insurance Fund's actuary.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the ten year claims development information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2025, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Donohue, Gironde, Doria & Tomkins LLC". The script is cursive and fluid.

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Secaucus, New Jersey
July 31, 2025

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Executive Committee
Metropolitan Health Insurance Fund
Parsippany, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States, the financial statements of the Metropolitan Health Insurance Fund (the "Fund"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Metropolitan Health Insurance Fund's basic financial statements, as listed in the table of contents, and have issued our report thereon dated July 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that may not be identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Secaucus, New Jersey
July 31, 2025

**METROPOLITAN HEALTH INSURANCE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The discussion and analysis of the Metropolitan Health Insurance Fund (the "Fund") provides an overall review of the Metropolitan Health Insurance Fund's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the Fund's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Fund's financial performance. The discussion and analysis is an element of required supplementary information specified by the Government Auditing Standards Board. The discussion and analysis is required to present comparative information between the current and previous years, however, 2024 is the Fund's first year of operation and therefore no comparative information is available for presentation.

Overview of Basic Financial Statements

The Fund's financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide insurance coverage to various New Jersey local government entities. The Fund meets the definition of an enterprise fund in addition the basic financial statements are presented on an accrual basis of accounting. The three financial statements presented are as follows:

Statement of Net Position – This statement presents information reflecting the Fund's assets, liabilities, and net position of the reporting periods presented in the financial statements. Net position represents the amount of total assets less total liabilities.

Statement of Revenues, Expenses and Changes in Net Position – This statement reflects the Fund's operating revenues and expenses, as well as nonoperating revenues during the reporting periods. The major source of operating revenue is assessment income, and the major operating expenses are insurance premiums, health insurance claims, administrative expenses and applicable loss reserves. The change in net position for an enterprise fund is like net profit for any other insurance company.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, investing and non-capital financial activities. Cash collections and payments are reflected in this statement to arrive at the net increase in cash for the year.

**METROPOLITAN HEALTH INSURANCE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Financial Highlights

The following tables summarize the financial position of the Fund first year of operations for the year ended December 31, 2024.

Summary Statement of Net Position

| | |
|---------------------------------------|---------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 2,904,238 |
| Assessment Receivables | 7,083 |
| Medical and Prescription Receivables | 284,475 |
| Related Party Receivables | 1,396,818 |
| Prepaid Expenses | 2,274 |
| Investment in Joint Venture | 161,626 |
| Total Assets | <u>4,756,514</u> |
| LIABILITIES | |
| Accounts Payable and Accrued Expenses | 499,363 |
| Due to State - Insurance Surcharge | 301,888 |
| Excess Insurance | 285,012 |
| Unearned Revenues | 109,475 |
| Loss Reserves | <u>6,202,000</u> |
| Total Liabilities | 7,397,738 |
| NET POSITION | |
| Unrestricted | <u>(2,641,224)</u> |
| Total Net Position | <u>(2,641,224)</u> |
| Total Liabilities and Net Position | <u>\$ 4,756,514</u> |

Summary Statement of Revenues, Expenses, and Changes in Net Position

| | |
|---|-----------------------|
| REVENUES | \$ 79,113,667 |
| EXPENSES | |
| Provision for Claims and Claims Adjusted Expenses | 68,310,587 |
| Insurance Premiums | 8,437,386 |
| Administrative | <u>5,437,596</u> |
| Total Expenses | <u>82,185,569</u> |
| Operating (Loss) | (3,071,902) |
| NONOPERATING REVENUES | |
| Change in Investment in Joint Venture | 161,626 |
| Interest Income | <u>269,052</u> |
| Total Nonoperating Revenues | 430,678 |
| Net Position, January 1 | <u>-</u> |
| Net Position, December 31 | <u>\$ (2,641,224)</u> |

**METROPOLITAN HEALTH INSURANCE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Financial Highlights (Continued)

A detailed description of the Fund's financial highlights as of December 31, 2024 are as follows:

- Total assets for the first year of the Fund's operations as of December 31, 2024 increased \$4,756,514. Cash and cash equivalents make up approximately 61% of total assets as of the end of the reporting period followed by approximately 29% due from a related party. See Note 7 for detail of the related party receivable.
- Total liabilities for the first year of the Fund's operations as of December 31, 2024 increased \$7,397,738. Loss reserves make up approximately 84% of total liabilities at year end, followed by accounts payable and accrued expenses which make up approximately 7% of the total.
- The Fund's net position as of December 31, 2024 recorded a deficit in its first year of operations of (\$2,641,224).
- The Fund recorded operating revenues in its first year of operations of \$79,113,667 in conjunction with paid medical benefits, including insurance premiums and excess insurance of \$76,747,973. Based on the current year results the Fund recorded a Medical Loss Ratio of 97.0% for its first year of operations.

Economic Conditions

The Future financial position for the Fund will be impacted by changes in economic conditions and increases in future medical and prescription costs affected by the healthcare industry particularly in the northeast region of the State. The Fund has experienced high out-of-network utilization, increase in utilization of weight loss drugs and large increases in costs due to local hospital negotiations. Recently, the Fund has experienced additional unexpected claims arising from the federal No Surprises Act and the Independent Dispute Resolution process. The Fund has taken action in 2024 to mitigate out of network claim utilization and is planning to offset any additional deficits with supplemental assessments to the respective members.

Request for Information

This financial report is designed to provide a general overview of the Metropolitan Health Insurance Fund's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Metropolitan Health Insurance Fund, 9 Campus Drive, Suite 216, Parsippany, NJ 07054.

FINANCIAL STATEMENTS
METROPOLITAN HEALTH INSURANCE FUND

METROPOLITAN HEALTH INSURANCE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2024

EXHIBIT A-1

ASSETS

| | |
|--------------------------------------|----------------------------|
| Cash and Cash Equivalents | \$ 2,904,238 |
| Assessment Receivables | 7,083 |
| Medical and Prescription Receivables | 284,475 |
| Related Party Receivables | 1,396,818 |
| Prepaid Expenses | 2,274 |
| Investment in Joint Venture | 161,626 |
| | <hr/> |
| Total Assets | <u><u>\$ 4,756,514</u></u> |

LIABILITIES

| | |
|---------------------------------------|------------------|
| Accounts Payable and Accrued Expenses | \$ 499,363 |
| Due to State - Insurance Surcharge | 301,888 |
| Excess Insurance | 285,012 |
| Unearned Revenues | 109,475 |
| Loss Reserves | 6,202,000 |
| | <hr/> |
| Total Liabilities | <u>7,397,738</u> |

NET POSITION

| | |
|------------------------------------|----------------------------|
| Unrestricted | <u>(2,641,224)</u> |
| | <hr/> |
| Total Liabilities and Net Position | <u><u>\$ 4,756,514</u></u> |

See accompanying notes to financial statements

METROPOLITAN HEALTH INSURANCE FUND
STATEMENT OF REVENUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

EXHIBIT A-2

| | |
|---|------------------------------|
| REVENUES | |
| Assessments | \$ 79,113,667 |
| EXPENSES | |
| Provision for Claims and Claims Adjusted Expenses | 68,310,587 |
| Insurance Premiums | 8,437,386 |
| Administrative | <u>5,437,596</u> |
| Total Expenses | <u>82,185,569</u> |
| Operating (Loss) | (3,071,902) |
| NONOPERATING REVENUES | |
| Change in Investment in Joint Venture | 161,626 |
| Interest Income | <u>269,052</u> |
| Total Nonoperating Revenues | <u>430,678</u> |
| Total Change in Net Position | (2,641,224) |
| Net Position, January 1, 2024 | <u>-</u> |
| Net Position, December, 2024 | <u><u>\$ (2,641,224)</u></u> |

See accompanying notes to financial statements

METROPOLITAN HEALTH INSURANCE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

EXHIBIT A-3

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Cash Received from Participating Members | \$ 79,093,210 |
| Cash Paid for Claims and Premiums | (69,959,073) |
| Cash Paid for Contracts and Services | <u>(6,498,951)</u> |
| Net Cash Provided by Operating Activities | 2,635,186 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|----------------|
| Interest Received | <u>269,052</u> |
| Net Cash Provided by Investing Activities | <u>269,052</u> |

Net Increase in Cash and Cash Equivalents 2,904,238

Cash and Cash Equivalents, January 1, 2024 -

Cash and Cash Equivalents, December 31, 2024 \$ 2,904,238

Reconciliation of Operating (Loss) to Net Cash

Provided by Operating Activities:

| | |
|---|------------------|
| Operating (Loss) | \$ (3,071,902) |
| Adjustments: | |
| Changes in Operating Assets and Liabilities | |
| (Increase) in Contributions Receivable | (7,083) |
| (Increase) in Medical and Prescription Receivable | (284,475) |
| (Increase) in Related Party Receivable | (1,396,818) |
| (Increase) in Prepaid Expenses | (2,274) |
| Increase in Accounts Payable and Due to State | 801,251 |
| Increase in Insurance Payable | 285,012 |
| Increase in Unearned Revenue | 109,475 |
| Increase in Loss Reserves | <u>6,202,000</u> |

Net Cash Provided by Operating Activities \$ 2,635,186

Supplemental Disclosure - Non - Cash Activity

| | |
|---------------------------------------|--------------------------|
| Change in Investment in Joint Venture | <u><u>\$ 161,626</u></u> |
|---------------------------------------|--------------------------|

See accompanying notes to financial statements

**METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1. ORGANIZATION AND DESCRIPTION OF THE FUND

On January 1, 2024, the Metropolitan Health Insurance Fund (the “Fund”) was formed in accordance with P.L. 1983, C.372, entitled "An Act Concerning Board of Education Insurance", and supplementing Chapter 18B of Title 18A of the New Jersey Statutes. The Fund is operated in accordance with regulations of the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey for the purpose of containing medical costs.

On January 1, 2024, the Fund became its own separate entity after being a subgroup of the Bergen Municipal Employee Benefits Fund since 2021. The 13 members within the subgroup became the initial members of the Fund. During the Fund's initial period, any New Jersey local government entity that was a member of the Bergen Municipal Employee Benefits Fund could become a part of the Fund's initial application. Thereafter, the Executive Committee of the Fund may approve subsequent membership by a two-thirds vote of the full-authorized membership or may terminate any member by a two-thirds vote, after proper notice has been given.

All member’s assessments, including a reserve for contingencies, are based on annual actuarial assumptions determined by the Fund's Actuary and quarterly adjustments determined by the Fund's Actuary based on actual loss experience. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund offers medical, dental, prescription, and vision coverage to its members. The Fund provides coverage on a self-insured basis and secures excess insurance through the Municipal Reinsurance Health Insurance Fund, a public entity specifically designed for reinsuring local Health Insurance Funds. The Municipal Reinsurance Health Insurance Fund purchases excess insurance from an Insurance Company acceptable with the Commissioner of Insurance. During calendar year 2024, the following New Jersey local government entities were members of the Fund:

- | | |
|-----------------------------|------------------------------------|
| • Bloomfield Township | • Orange Township |
| • Bloomfield Public Library | • Passaic Valley Sewage Commission |
| • East Amwell | • Plainfield Public Schools |
| • East Orange Township | • Scotch Plains Township |
| • Irvington Township | • Union Township |
| • Maplewood Township | • West Caldwell Township |
| • Morristown Township | • West Orange Township |

Health Insurance Coverage

Medical - The Fund offers a “point of service” and “open access” plan designs. These plans have both in-network and out-of-network benefit. The Fund can offer other plans as may meet the needs of the members. The Fund also offers “low-cost plans” to allow members options to comply with contribution requirements under Chapter 78. The Fund also offers Medicare Advantage programs and/or Medicare Supplement programs in addition to the Educator’s Health Plan under Chapter 44.

Dental - The Fund offers customized dental plans as required by the members.

Prescription - The Fund offers customized prescription plans as required by the members, including plans that are coordinated with the low-cost medical plan options.

Vision - The Fund plans to offer customized vision plans as required by the members.

The Medical and Prescription liability limits coverages for 2024 were as follows:

- Specific Retention: \$375,000 per enrolled participant
- Aggregate Retention: Not applicable, aggregate reinsurance or stop loss not obtained
- Specific Limit: Unlimited
- Aggregate Limit: Not applicable

**METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1. ORGANIZATION AND DESCRIPTION OF THE FUND (Continued)

Health Insurance Coverage (Continued)

Dental Aggregate Retention: None – Self-insured with risk retained by the Fund.

Health Insurance Coverage Notes:

1. "Health Insurance" means health insurance as defined pursuant to N.J.S.A. 17B:17-4 or service benefits as provided by health service corporations, hospital service corporations or medical service corporations authorized to do business in the State.
2. "Incurred Claims" means claims, which occur during a Fund year, including claims paid during a later period. The exact definition of "Incurred Claims" or any similar term is the definition used in the excess insurance policy purchased by the Fund.
3. The Fund's reinsurance agreement for the calendar year 2024 was with the Municipal Reinsurance Health Insurance Fund ("MRHIF"). The agreement is on a 12/24-month exposure period covering claims incurred during the twelve-month policy period January 1 to December 31, 2024.
4. Open enrollment for participating employees is offered during the months of May and November.
5. Medical coverage consists of each participating boards of education and school district's individual medical benefits plan, the HMO option on a group basis or the PPO option in accordance with a plan on file with the Department of Insurance.
6. Medicare provides secondary coverage for eligible active employees and primary coverage for eligible Medicare participants.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Schools Health Insurance Fund:

Component Unit

In evaluating how to define the Fund for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in-substance part of the primary entity's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary entity.

The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the primary entity.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the primary entity is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary entity could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fund has no component units and is not includable in any other reporting entity.

**METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Member Assessments are recognized as revenue at the time of assessment.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Cash and Cash Equivalents

Cash included amounts in demand deposits as well as short-term investments, with a maturity date within three months of the date acquired by the Fund.

Interest Income Allocation

Interest income was allocated based on the ratio of monthly average invested cash balances by line of coverage to the total amount invested applied to interest income credited for the month.

Revenue Recognition

Assessments are computed annually by the Fund's management and approved by the Executive Committee in accordance with N.J.A.C. 11:15-2.15. Assessments are accrued as revenue in the Fund year for which they are levied against. Members are assessed monthly contributions based on a pro-rata amount of the current estimates of projected losses, administrative expenses, the cost of reinsurance, and contingency fund needs for the year. Pass-through costs regarding HMO and Medicare Advantage premiums are billed directly to the members who incurred the charges.

Additional Assessments and Dividend Credits (Refunds)

Members are subject to additional assessments if the regular contributions (premiums) collected in a calendar year are not sufficient to cover all claims and expenses. Should premiums collected exceed claims and expenses, members may accrue a dividend credit subject to the discretion of the Executive Committee of the Fund and approval by the Department of Banking and Insurance. Dividends approved by the Executive Committee are shown in the financial statements as reserved Net Position. Each member shares in these charges and credits based upon its participation in the various coverages provided.

Claims Funding (Unaudited)

The Fund is on a claim payment reimbursement basis with Aetna, Express Scripts, and Delta Dental (the third-party administrators). During the course of each month, the third-party administrators pay respective plan benefit obligations, including medical services and capitation and incentives, prescription and dental.

Plan benefit obligations are transmitted electronically by ACH (Automated Clearing House) payments in an amount equal to the paid obligations to the respective third-party administrator.

METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unpaid Claims Liability (Unaudited)

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, and future changes in claim severity and frequency, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent developments, claim frequency and severity and other economic and social factors.

A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Amounts shown as negative loss reserves, if any, in Note 8. *Loss Reserves* represent payments to the Claims Servicing Agents in excess of claims paid on the Fund's loss runs. These amounts are shown on the Balance Sheet as Advances to Claims Servicing Agents.

In accordance with practices prescribed or permitted by the Departments of Community Affairs and Banking and Insurance, State of New Jersey, the audit procedures were not extended to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) reserve amounts since they are prepared by the Fund's Actuary.

Reinsurance

The Fund seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to the Municipal Reinsurance Health Insurance Fund ("MRHIF") under excess coverage insurance contracts. Although the MRHIF is liable to the Fund for the amounts reinsured, the Fund remains liable to its insureds for the full amount of the policies written whether or not the MRHIF meets its obligations to the Fund. Failure of the MRHIF to honor its obligations could result in losses to the Fund. The MRHIF insures each individual's claim at a threshold of \$375,000. The MRHIF purchases excess insurance through Starline which insures the liability of those claims after the MRHIF pays the claim up to \$800,000. The Fund pays a monthly assessment of \$71.99 per employee, per month to the MRHIF based on the terms of the reinsurance agreement.

Gains from reinsurer during the year ended December 31, 2024 amounted to \$3,743.

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the Executive Committee. In instances where invoices have not been submitted for specific periods, the maximum allowable contract amount has been accrued.

Net Position

In accordance with the provisions of the GASB Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", the Fund has classified its net position as unrestricted. This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets" and includes net position that may be allocated for specific purposes by the Executive Committee.

Income Taxes

The Fund is exempt from income taxes under Section 115 of the Internal Revenue Code.

**METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from member contributions. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and positive changes in the Fund's investment joint venture.

Operating expenses include expenses associated with the fund operations, including claims expenses, insurance, and administrative expenses. Non-operating expenses include negative changes in the Fund's investment joint venture.

Use of Estimate

The preparation of financial statements in conformity with GAAP requires management of the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include petty cash, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey governments units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments, which may be purchased by New Jersey governmental units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. Public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Additionally, the Fund has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits might not be recovered. Although the Fund does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC"). Public funds owned by the Fund in excess of FDIC-insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fund relative to the happening of a future condition. If the Fund had any such funds, they would be shown as Uninsured and Uncollateralized.

Of the Fund's bank balance of \$2,904,238 as of December 31, 2024, \$250,000 was FDIC-insured while \$2,654,238 was collateralized under GUDPA.

NOTE 4. ACCOUNTS AND OTHER RECEIVABLES

At December 31, 2024 accounts and other receivables are primarily comprised of medical, prescription receivables and assessments. The following table illustrates the composition of the Fund's receivables as of December 31, 2024:

| | |
|--------------------------------|-------------------|
| Assessment Receivables | \$ 7,083 |
| Medical and Prescription | |
| Medical - COBRA | 32,703 |
| Prescription | 186,155 |
| Wellness Reimbursement | 65,617 |
| Total Medical and Prescription | <u>284,475</u> |
| Total Receivables | <u>\$ 291,558</u> |

Management has evaluated the year end receivables for collectability and has determined an allowance for uncollectible accounts is not warranted as of December 31, 2024.

NOTE 5. INVESTMENT IN JOINT VENTURE

On January 1, 2024, when the Fund became its own separate entity after being a subgroup of the Bergen Municipal Employee Benefits Fund, the initial 13 members within the subgroup also transferred their membership of the Municipal Reinsurance Health Insurance Fund ("MRHIF"). The MRHIF is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of providing excess health insurance coverage to participating members. Each member appoints an official to represent their respective joint insurance fund for the purpose of creating a governing body from which officers for the MRHIF are elected. As a member of the MRHIF, the Fund could be subject to supplemental assessments in the event of deficiencies. If the assets of the MRHIF were to be exhausted, members would become jointly and severely liable for the MRHIF's liabilities.

The MRHIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the total assessment of the membership for that Fund year.

Equity Interest

As of December 31, 2024, the Fund's share of net position in MRHIF was \$161,626.

METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5. INVESTMENT IN JOINT VENTURE (Continued)

Fair Value Measurements of Investments

The Fund categorizes its fair value disclosures within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Fund's investment in joint venture is valued using significant other observable inputs (Level 2 inputs).

Selected Financial Information

Selected summarized financial information for MRHIF as of December 31, 2024, was as follows:

| | |
|------------------------|----------------------|
| Total Assets | <u>\$ 31,857,037</u> |
| Net Position | <u>\$ 7,817,536</u> |
| Total Revenue | <u>\$ 29,334,338</u> |
| Total Expenses | <u>\$ 28,112,403</u> |
| Change in Net Position | <u>\$ 1,221,935</u> |
| Member Dividends | <u>\$ -</u> |

Financial statements for MRHIF are available at the office of the Fund's Executive Director:

PERMA
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

NOTE 6. STATE HEALTH BENEFITS PLAN SURCHARGE

Chapter 8, Public Law 1993, provides for insurers of school districts that do not participate in the State Health Benefits Plan (SHBP) to pay an annual surcharge to the program. The surcharge is determined by the State Treasurer and is based on a percentage of the total claims paid for the coverage of employees of the nonparticipating school districts. The surcharge is to compensate the SHBP for the excess cost of the health coverage of the school district's eligible retirees (25 or more years of credited service in a State-administered pension fund or retired on disability with fewer years of service), who are covered in the SHBP.

Every November 1, a survey is sent to each nonparticipating school district requesting the name and address of their health benefits insurance carrier. A response is required by the end of November. The SHBP sends a surcharge payment request form on December 1 to the insurance carrier. The insurance carrier will complete the surcharge form and forward the form and payment to the SHBP by March 31. The surcharge form includes information such as adjustments from prior year payment, total claims paid, the surcharge rate and the amount to be remitted. For the year ended December 31, 2024, the Fund recorded insurance expense of \$301,888 for State Health Benefits Program premium surcharges.

METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7. RELATED PARTIES

Bergen Municipal Employee Benefits Fund

Effective as of January 1, 2024 the Fund separated from the Bergen Municipal Employee Benefits Fund, creating two distinct health joint insurance funds. As of the time of separation the Bergen Municipal Employees Benefit Fund operating and claims accounts had a total cash balance of \$20,815,034 of which the Fund members owned \$5,863,949 of the total cash balance. A portion of the cash was allocated to pay down run out claims and in addition the Fund treasurer transferred \$4,400,000 from the Bergen Municipal Employee Benefit Fund operating account to the Fund's claims account as of January 1, 2024. There is a remaining balance due from the Bergen Municipal Employee Benefit Fund as of December 31, 2024 in the amount of \$1,396,818, which will be paid down subsequently to year end.

Municipal Reinsurance Health Insurance Fund

As disclosed in note 5, the fund is a member of MRHIF and accordingly, has an ownership interest in MRHIF. Excess insurance premiums paid to MRHIF as of December 31, 2024 were \$2,240,977.

NOTE 8. LOSS RESERVES

The Fund establishes a liability for both reported and unreported insurance events, which included estimates of future payment of losses and related allocated claims adjustments. The following represents changes in those aggregate undiscounted reported and unreported liabilities for the year ended December 31, 2024, for all open fund years net of excess insurance recoveries:

| | |
|----------------------------|---------------------|
| Loss Reserves, January 1 | \$ - |
| Incurred Related to: | |
| Current Year | 67,610,286 |
| Paid Related to: | |
| Current Year | <u>61,408,286</u> |
| Loss Reserves, December 31 | <u>\$ 6,202,000</u> |

NOTE 9. LOSS FUND CONTINGENCY ACCOUNT

Upon recommendation of the Fund's Administrator, the Fund Executive Committee agreed to establish a loss fund contingency account. This reserve provides additional assurance that any variances from the expected losses promulgated by the Actuary will be covered without seeking additional assessments. Annual assessments or transfers into this account cannot exceed 2.5% of the Fund's current calendar year earned income with an aggregate cap of 10% unless approved by the Commissioner of the Department of Insurance.

NOTE 10. DEFICIT NET POSITION

At December 31, 2024, the 2024 fund year, the first fund year of operations, reported a deficit net position of \$2,641,224. The Fund's management is planning to offset such fund year deficit with loss reserves and by levying supplementals assessments to the respective members.

NOTE 11. COMMITMENTS AND CONTINGENCIES

During the normal course of operations, the fund might encounter lawsuits filed by claimants in the future. No provision for these contingencies has been included in the financial statements since the amounts are not reasonably estimable.

**METROPOLITAN HEALTH INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

No Surprises Act

Effective January 1, 2022, the federal No Surprises Act (NSA) was implemented to protect consumers from surprise medical bills by prohibiting balance billing and limited consumer cost sharing in specific out-of-network scenarios. The NSA established an Independent Dispute Resolution (IDR) process to resolve payment disagreements between providers and insurers of out-of-network services falling under NSA's purview. The IDR process's outcome, along with evolving interpretations and potential legal challenges to the NSA, created uncertainty regarding the final claim liabilities for certain services. As a result, the Fund has experienced additional unexpected claims that were not considered in the loss reserve as of December 31, 2024, but cannot be estimated as of the date of the audit. The Fund's management is planning to offset any additional deficits resulting from NSA and IDR process with supplemental assessments to the respective members.

NOTE 12. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through July 31, 2025, the date which the financial statements were available to be issued and no items have come to the attention of the Fund's management that would require disclosure, except for the following:

New membership

The following local government entities joined their membership with the Fund:

- Township of Chester, effective January 1, 2025
- Township of East Hanover, February 1, 2025

REQUIRED SUPPLEMENTARY INFORMATION
METROPOLITAN HEALTH INSURANCE FUND

METROPOLITAN HEALTH INSURANCE FUND
RECONCILIATION OF HEALTH CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE 1

| | <u>Medical</u> | <u>Prescription</u> | <u>Dental</u> | <u>Total</u> |
|--|----------------------------|-------------------------|--------------------------|----------------------------|
| Total unpaid claims and claim adjustment expenses, January 1, 2024 | \$ - | \$ - | \$ - | \$ - |
| Incurred claims and claims adjustment expenses: Provision for insured events of current fund year | 64,358,929 | 2,091,658 | 1,159,698 | 67,610,285 |
| Payments: Claims and claims adjustment expenses (Net of Recoveries): Attributable to insured events of current fund year | <u>58,324,929</u> | <u>2,025,658</u> | <u>1,057,698</u> | <u>61,408,285</u> |
| Total unpaid claims and claim adjustment expenses, December 31, 2024 | <u><u>\$ 6,034,000</u></u> | <u><u>\$ 66,000</u></u> | <u><u>\$ 102,000</u></u> | <u><u>\$ 6,202,000</u></u> |

METROPOLITAN HEALTH INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION
ONE FUND YEAR

SCHEDULE 2

| | FUND YEAR 2024 |
|--|--------------------|
| Net Earned Required Assessments and Investment Revenue | \$ 79,382,719 |
| Unallocated Expenses | <u>8,437,386</u> |
| Estimated Incurred Claims and Expenses, End of Policy Year | <u>6,202,000</u> |
| Paid Cumulative as of: End of Policy Year | <u>61,408,286</u> |
| Reestimated Incurred Claims and Expenses: End of Policy Year | <u>6,202,000</u> |
| Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year | <u><u>\$ -</u></u> |

Note:

Claims development information is required for last ten years, however only one year of information is available.

SUPPLEMENTARY INFORMATION
METROPOLITAN HEALTH INSURANCE FUND

METROPOLITAN HEALTH INSURANCE FUND
STATEMENT OF NET POSITION - STATUTORY BASIS
DECEMBER 31, 2024

SCHEDULE A

| | FUND YEAR 2024 |
|---------------------------------------|-------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 2,904,238 |
| Assessment Receivables | 7,083 |
| Medical and Prescription Receivables | 284,475 |
| Related Party Receivables | 1,396,818 |
| Investment in Joint Venture | 161,626 |
| | <hr/> |
| Total Assets | 4,756,514 |
| | <hr/> |
| LIABILITIES | |
| Accounts Payable and Accrued Expenses | 499,363 |
| Due to State - Insurance Surcharge | 301,888 |
| Excess Insurance | 285,012 |
| Loss Reserves | 6,202,000 |
| Unearned Revenues | 109,475 |
| | <hr/> |
| Total Liabilities | 7,397,738 |
| | <hr/> |
| NET POSITION | |
| Unrestricted | (2,641,224) |
| | <hr/> |
| Total Net Position | \$ (2,641,224) |
| | <hr/> |

METROPOLITAN HEALTH INSURANCE FUND
STATEMENT OF REVENUS, EXPENSES AND CHANGES IN NET POSITION
- STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE B

| | <u>FUND YEAR 2024</u> |
|---|------------------------------|
| REVENUES | |
| Assessments | \$ 79,113,667 |
| EXPENSES | |
| Provision for Claims and Claims Adjusted Expenses | 68,310,587 |
| Insurance Premiums | 8,437,386 |
| Administrative | <u>5,437,596</u> |
| Total Expenses | <u>82,185,569</u> |
| Operating (Loss) | (3,071,902) |
| NONOPERATING REVENUES | |
| Change in Investment in Joint Venture | 161,626 |
| Interest Income | <u>269,052</u> |
| Total Nonoperating Revenues | 430,678 |
| Total Change in Net Position | (2,641,224) |
| Net Position, January 1 | <u>-</u> |
| Net Position, December 31 | <u><u>\$ (2,641,224)</u></u> |

METROPOLITAN HEALTH INSURANCE FUND
STATEMENT OF CASH FLOWS - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE C

| | FUND YEAR 2024 |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Participating Members | \$ 79,093,210 |
| Cash Paid for Claims and Premiums | (69,959,073) |
| Cash Paid for Contracts and Services | (6,498,951) |
| Net Cash Provided by Operating Activities | 2,635,186 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest Received | 269,052 |
| Net Increase in Cash and Cash Equivalents | 2,904,238 |
| Cash and Cash Equivalents, January 1 | - |
| Cash and Cash Equivalents, December 31 | \$ 2,904,238 |
| Reconciliation of Operating (Loss) to Net Cash | |
| Provided by Operating Activities: | |
| Operating (Loss) | \$ (3,071,902) |
| Adjustments: | |
| Changes in Operating Assets and Liabilities | |
| (Increase) in Contributions Receivable | (7,083) |
| (Increase) in Medical and Prescription Redeivable | (284,475) |
| (Increase) in Related Party Receivable | (1,396,818) |
| (Increase) in Prepaid Expenses | (2,274) |
| Increase in Accounts Payable and Due to State | 801,251 |
| Increase in Insurance Payable | 285,012 |
| Increase in IBNR | 6,202,000 |
| Increase in Unearned Revenue | 109,475 |
| Net Cash Provided by Operating Activities | \$ 2,635,186 |
| Supplemental Disclosure - Non - Cash Activity | |
| Change in Investment in Joint Venture | \$ 161,626 |

METROPOLITAN HEALTH INSURANCE FUND
HISTORICAL OPERATING RESULTS - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE D

| | <u>Medical</u> | <u>Prescription</u> | <u>Dental</u> | <u>Reinsurance</u> | <u>Administrative</u> | <u>Total</u> |
|----------------------------|-----------------------|---------------------|-------------------|--------------------|-----------------------|-----------------------|
| INCOME | | | | | | |
| Regular Assessments | \$ 68,870,268 | \$ 1,144,682 | \$ 1,210,865 | \$ 2,237,393 | \$ 5,650,460 | \$ 79,113,668 |
| Interest Income | <u>228,850</u> | <u>42</u> | <u>3,049</u> | <u>7,327</u> | <u>29,783</u> | <u>269,051</u> |
| Total Income | <u>69,099,118</u> | <u>1,144,724</u> | <u>1,213,914</u> | <u>2,244,720</u> | <u>5,680,243</u> | <u>79,382,719</u> |
| INCURRED LIABILITIES | | | | | | |
| Benefits Paid | 64,358,929 | 2,091,659 | 1,159,698 | - | - | 67,610,286 |
| Excess Insurance | (890,049) | (650,627) | - | 2,240,977 | - | 700,301 |
| Insurance Premiums | 8,379,987 | - | 57,399 | - | - | 8,437,386 |
| Administrative | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,437,596</u> | <u>5,437,596</u> |
| Total Incurred Liabilities | <u>71,848,867</u> | <u>1,441,032</u> | <u>1,217,097</u> | <u>2,240,977</u> | <u>5,437,596</u> | <u>82,185,569</u> |
| NET POSITION | <u>\$ (2,749,749)</u> | <u>\$ (296,308)</u> | <u>\$ (3,183)</u> | <u>\$ 3,743</u> | <u>\$ 242,647</u> | <u>\$ (2,802,850)</u> |

METROPOLITAN HEALTH INSURANCE FUND
STATEMENT OF FUND YEAR EXPENSES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE E

| | Paid | Accrued Expenses | Total |
|------------------------------------|---------------------|---------------------|---------------------|
| ADMINISTRATIVE EXPENSES | | | |
| Executive Director | \$ 1,088,960 | \$ - | \$ 1,088,960 |
| Third-Party Administrators: | | | |
| Medical | 1,230,841 | - | 1,230,841 |
| Dental | 66,957 | - | 66,957 |
| Local Entity Risk Managers | 1,723,366 | 199,917 | 1,923,283 |
| Fund Coordinator | 672,367 | 244,343 | 916,710 |
| Retiree First | 54,588 | 15,912 | 70,500 |
| Attorney | 27,805 | - | 27,805 |
| Auditor | 22,000 | - | 22,000 |
| Treasurer | 21,899 | - | 21,899 |
| Patient Centered Outcomes Research | 18,228 | | 18,228 |
| Actuary | 17,500 | - | 17,500 |
| Meetings | 7,362 | | 7,362 |
| Wellness Program | 4,781 | 15,140 | 19,921 |
| Miscellaneous Expense | 2,999 | - | 2,999 |
| Postage | 581 | 2,050 | 2,631 |
| Total Administrative Expenses | <u>\$ 4,960,234</u> | <u>\$ 477,362</u> | <u>\$ 5,437,596</u> |

METROPOLITAN HEALTH INSURANCE FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS - STATUTORY BASIS
DECEMBER 31, 2024

SCHEDULE F

| | <u>Amount</u> |
|----------------|------------------------|
| Cash Accounts: | |
| Citizens Bank | <u>\$ 2,904,238</u> |

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
METROPOLITAN HEALTH INSURANCE FUND

**METROPOLITAN HEALTH INSURANCE FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR YEAR ENDED DECEMBER 31, 2024**

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and other matters related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

No matters were noted.

METROPOLITAN HEALTH INSURANCE FUND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AS PREPARED BY MANAGEMENT
FOR YEAR ENDED DECEMBER 31, 2024

This section identifies the status of prior year audit findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

There was no prior year audit and therefore there were no findings in the prior year.