

METROPOLITAN
HEALTH INSURANCE FUND

2027 Proposed Budget Presentation

Executive Committee Introduction
September 2026
Zoom

2027 Budget Overview

as of 9/8/2026

METROPOLITAN
HEALTH INSURANCE FUND

	2026 Annualized	2027 Proposed	% Change
Medical Claims	\$125,650,635	\$123,057,553	-2.06%
Prescription Claims ¹	\$11,464,644	\$13,587,682	18.52%
Dental Claims	\$1,348,241	\$1,259,964	-6.55%
MRHIF (introduced) ²	\$5,559,587	\$6,701,734	20.54%
Medicare Advantage ³	\$22,799,066	\$24,262,002	6.42%
Surplus Retention ⁴	\$1,500,000	\$3,000,000	100%
Trust Fund Contingency ⁵	0	\$3,500,000	-
Expenses	\$10,434,079	\$10,697,796	2.53%
Overall Budget	\$175,442,242	\$184,153,769	4.97%

Notes:

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

Assessments by Line of Coverage

Change by Line of Coverage	Rate Change
Medical	+3.5%
Prescription	+18%
Dental PPO	Flat
Dental DMO*	Flat
Aetna Medicare Advantage	+5%
United Medicare Advantage	+19%

- Individual Group Assessment and Billing Factors:
 - 1) Lines of Coverage in the Fund
 - 2) **NEW:** Loss ratio impact: groups with at least 30 months experience in the Fund can receive up to a +/-2.5%.
- Average renewal for a METRO group with Medical and Prescription 5.65%
- Dental only group renewal is flat Does not include DMO plans

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**2027 Budget Development
Claims Projection & Reinsurance**

2027 Budget Development

- 2027 Budget Change: **4.97%**
- Claims Fund Development: **0.62%**
 - Medical, Prescription and Dental claims incurred 2024 through June 30, 2026, were sent to the Fund's Actuary for 2027 expected claims development.
 - Medical claims include additional administrative expenses not captured in the claims detail (NAP, claims review, etc.)
 - Medical and Rx claims additionally weighted for new members
 - MRHIF receivables removed from METRO experience
 - Trend Considerations:
 - 25% METRO Experience 75% Market
 - » Medical: 9.0%
 - » Rx: 9.0%
 - Market Trend
 - » Medical: 8.5%
 - » RX: 13.5%

Historical Trends and Observations

- Actuarial Observed Trends (Incurred and Paid Anytime):

<i>METRO</i>	2024/2023	2025/2024	1H26/1H25
Medical	9.7%	6.5%	-6.1%
Prescription	0%	114.9%	27.1%

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

- Changing the Out of Network Fee Schedule
- Addressing varicose vein treatment utilization
- Issuing a supplemental assessment
- Continuously reviewing strategic, long-term strategies

2027 Expenses

- **Total Expenses +2.53%**
 - Professionals
 - PERMA and Conner Strong & Buckelew increasing 2%
 - Auditor, Attorney, Treasurer and Actuary per last year's RFP response
 - Risk Managers / Brokers of Record
 - 2% annual increase included
 - Contract negotiations and fees are direct and can be altered at the direction of the entity.
 - Negative line reflects a broker going direct
 - Claims Administrators
 - Medical:
 - Medical TPA RFP – per response
 - Dental:
 - No increase over 2026 as part of 5-year contract award.
 - Wellness & Wellness Coordinator:
 - Increase to \$300,000 – Wellness Committee to discuss recommendations
 - Plan Documents
 - This line has not increased in many years while the Fund has grown

Surplus Regeneration & Trust Account

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

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

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

2027 MRHIF Renewal

- MRHIF introduce their 2027 budget on September 9th.
 - METRO estimated increase 20.54% - **all numbers are subject to change prior to adoption.**
 - \$50,000 increase of SIR assumed: \$475,000
- The Fund's loss ratio experience with the MRHIF has been above 100% 3 out of the 5 years, although there could be run out from 2025.

Plan Year	2021	2022	2023	2024	2025	5-YR Composite
METRO MRHIF Loss Ratio	140%	246%	40%	129%	38%	148%

High-Cost Claimants

as of July 2026

METRO High Claimants 2025								
Aetna Med + ESI RX Claims Incurred in 2025								
METRO spec limit	\$425,000							
50%	\$212,500							
US Fire	\$850,000							
	Count of members >50% but Under spec	Total Net Paid (Med+RX)	% Increase in Net Paid from Previous Month	Total members Exceeding Spec	Total Net Paid (Med+RX)	Reimbursement Amount	Total Net Paid After Reimbursement	% Increase in Net Paid (Net Reimbursement) from Previous Month
Jan-25	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Feb-25	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Mar-25	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Apr-25	2	\$680,657.29	--	0	\$0.00	\$0.00	\$0.00	
May-25	6	\$1,733,113.76	155%	1	\$450,581.67	\$25,581.67	\$425,000.00	--
Jun-25	10	\$2,739,800.25	58%	1	\$454,975.60	\$29,975.60	\$425,000.00	0%
Jul-25	14	\$4,037,366.43	47%	1	\$525,018.33	\$100,018.33	\$425,000.00	0%
Aug-25	17	\$4,661,489.44	15%	3	\$1,801,318.80	\$526,318.80	\$1,275,000.00	200%
Sep-25	19	\$5,600,302.55	20%	3	\$1,946,776.93	\$671,776.93	\$1,275,000.00	0%
Oct-25	24	\$7,144,902.87	28%	4	\$2,389,839.26	\$689,839.26	\$1,700,000.00	33%
Nov-25	26	\$7,780,138.59	9%	5	\$2,906,883.93	\$781,883.93	\$2,125,000.00	25%
Dec-25	26	\$7,906,824.28	2%	7	\$3,880,669.42	\$905,669.42	\$2,975,000.00	40%
Jan-26	31	\$8,937,973.33	13%	9	\$4,846,396.10	\$1,007,850.11	\$3,838,546.00	29%
Feb-26	30	\$8,613,783.47	-4%	10	\$5,273,827.38	\$1,023,827.38	\$4,250,000.00	11%
Mar-26	29	\$8,256,369.91	-4%	11	\$6,302,667.76	\$1,627,667.76	\$4,675,000.00	10%
Apr-26	31	\$8,611,750.10	4%	11	\$6,341,431.21	\$1,666,431.21	\$4,675,000.00	0%
May-26	32	\$8,654,263.34	0%	11	\$6,339,831.75	\$1,664,831.75	\$4,675,000.00	0%
Jun-26	32	\$8,833,490.12	2%	12	\$6,776,559.99	\$1,676,559.99	\$5,100,000.00	9%
Jul-26	32	\$9,034,853.17	2%	12	\$6,785,759.32	\$1,685,759.32	\$5,100,000.00	0%

High-Cost Claimants

as of July 2026

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Jan-26	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Feb-26	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Mar-26	0	\$0.00		0	\$0.00	\$0.00	\$0.00	
Apr-26	4	\$893,739.86	--	2	\$977,527.00	\$127,527.00	\$850,000.00	
May-26	4	\$913,502.86	2%	2	\$1,025,503.74	\$175,503.74	\$850,000.00	0%
Jun-26	7	\$1,785,154.62	95%	3	\$1,811,012.62	\$536,012.62	\$1,275,000.00	50%
Jul-26	11	\$2,845,794.52	59%	4	\$2,307,685.18	\$607,685.18	\$1,700,000.00	33%

3 Year Loss Ratios –

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

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	2024	2025	1H 2026	3-YR
Medical	132%	98%	63%	99%
Prescription	92%	76%	58%	76%
Dental	92%	91%	82%	90%
Composite	125%	95%	63%	96%

- 2024 ran above budget while 2025 stabilized
- First half of 2026 is running well under budget
- 3-YR Loss Ratio of 96% without IBNR indicates the renewals are justified
- Notes:
 - Loss Ratios are net of Specific Stop Loss reimbursements
 - 2026 Loss Ratios do not include consideration of Incurred But Not Reported (IBNR) claims