



Schools Health Insurance Fund

2026/2027 Budget Presentation

Finance Committee Review

2/18/2026

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2026/2027 Budget Overview

Schools Health Insurance Fund

- In July 2020, Governor Murphy signed Chapter 44 (S2273 /A20), which required New Jersey Public School Districts to implement 2 new plan designs: Educators Health Plan (EHP) and Garden State Plan (GSP)
 - Chapter 44 Overview:
 - Legislated cost control measures such as: Reduced out of network reimbursement, brand vs. generic penalties, and in-state coverage only.
 - New hires after 2021 could only select EHP or GSP.
 - New contribution schedule calculated on percent of salary.
- The SHIF adopted a budget strategy in 2024/2025 and 2025/2026 imposing varying increases for the EHP/GSP populations vs. the “Legacy/Other” plans.
 - This decision was supported by the claim performance of the two populations.
- The 2026/2027 Proposed Budget continues the varying increases by plan.

Statistics by Plan – Chapter 44

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Plan Performance	EHP & GSP (AETNA & AMERIHEALTH)		LEGACY/ALL OTHERS (AETNA & AMERIHEALTH)	
	July 1, 2025- December 31, 2025			
	Medical	Express Scripts Rx	Medical	Express Scripts Rx
Avg. Age	43		50	
% of Enrollment	68%	68%	32%	32%
Loss Ratio*	80%	102%	102%	126%
PEPM *	\$1,696	\$447	\$2,271	\$666
	July 1, 2024- June 30, 2025			
	Medical	Express Scripts Rx	Medical	Express Scripts Rx
% of Enrollment	62%	62%	38%	38%
Loss Ratio	92%	118%	114%	151%
PEPM	\$1,636	\$426	\$2,276	\$615
	July 1, 2023- June 30, 2024			
	Medical	Express Scripts Rx	Medical	Express Scripts Rx
% of Total	56%	56%	44%	44%
Loss Ratio	88%	108%	114%	146%
PEPM	\$1,452	\$327	\$2,080	\$495

Observations:

- Clear performance disparity:
 - Medical - EHP/GSP; better out of network controls and positive steerage to less costly providers
 - Rx- EHP/GSP; most cost containment protocols- member pays the difference for brands when generic is alternative is available
- Enrollment increases year over year into EHP/GSP ~+7% per year
 - New hires are mandatory
 - Payroll savings
- EHP/GSP Medical plans are properly rated and are earning surplus
- Both pharmacy populations are running above budget in recent plan periods.
- Higher utilization in legacy plans. Claims cost have been exceeding premium claims budget.
- 2024/2025 – large losses on Rx. Increase in costly GLP1 fills and rise of specialty medications
- 2025 Medical for Legacy plan premium to claims improved, supporting the split renewal strategy

Notes:

*2025 Medical statistics include 11% assumed IBNR

**GSP Introduced January 1, 2022

- Enrollment continues to be minor and not credible individually.

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- **Prescription Drug Cost Management**

- In September 2024, the SHIF implemented the Express Scripts' Encircle program to better manage GLP1 exposure. The program is intended to tighter manage the utilization, avoid waste and reduce.
 - **Body Mass Index (BMI)** – Increased the BMI requirement for prior authorization to GLP1 for weight loss from 27 to 32.
 - **Omada**- implemented the Omada lifestyle program, which is a tool for SHIF members on GLP1s for weight loss manage their progress, get tips and assure optimal outcomes. Participation in the program is a requirement for drug coverage through the SHIF pharmacy plan.
 - **Off Label Management**- Requires that lab results be submitted verifying Diabetes Type 2 diagnoses for GLP1 Diabetic medication access.

- **2026/2027 Rx Claims Development**

- Express Scripts Encircle program BMI requirement for prior authorization can be increased to 35 from 32 for GLP1s for weight loss.
 - Express Scripts estimates that roughly 12% of current medication utilizers would no longer be able to fill. This equates to ~\$1.6M based on claims through September 2025.
 - Actuarially Approved Rx Claims Reduction
 - » Reduce claims budget
 - » Improve rebate assumption

2025/2026 Budget Overview

GLP1 Weight Loss – BMI 35
 Schools Health Insurance Fund
 As of 2/18/2026

	25-26 Annualized	26-27 Proposed	% Increase
Medical Claims	\$666,376,343	\$760,902,553	14.19%
Rx Claims – BMI 35 (net of rebates)	\$78,736,915	\$96,941,488	23.12%
Dental PPO Claims	\$5,623,071	\$5,623,071	0.0%
Rate Stabilization Reserve	\$2,000,000	\$2,740,000	37.0%
Dental DMO Premiums	\$70,162	TBD	TDB
Stop Loss and Reinsurance	\$16,665,121	\$18,451,792	10.51%
Professionals and Administration	\$35,395,902	\$35,649,841	0.72%
A4 Retiree Surcharge	\$13,327,527	\$13,696,246	2.77%
All Other Expenses & Wellness	\$1,330,151	\$1,381,012	3.82%
Overall Budget	\$819,525,193	\$935,420,165	14.14%

Notes:

- Rate stabilization reserve is a contingency account utilized for stabilization, surplus building and budget reconciliation
- BMI 35 Increase expected to reduce fills by ~12% and should improve rebate. Assumed rebates is 30% of claims
- Vision claims are included in medical – very small percentage
- Professionals and Administration includes Fund Professionals, TPA fees, and broker/risk managers
 - Broker/risk manager fees include 2% increase unless otherwise directed
- NJ A4 Surcharge, which is a percent (1.8%) of claims charge imposed by the SEHBP to cover retirees.
- Dental DMO Renewal is an estimate and will be replaced with actual renewal
- Stop loss increase reflects 6 months of new rate realized 1/1/2027

Assessment Change by Line of Coverage

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Increase BMI Requirement to 35 for GLP1s

Schools Health Insurance Fund 2026/2027 Proposed Renewal	
Medical	EHP/GSP +13% All Others +17.3%
Prescription	EHP/GSP +21% All Others +27%
Dental PPO	Flat/0.0%
Considerations	<ul style="list-style-type: none">- Aligns renewal with performance- Payroll contribution consideration- Groups with lower EHP/GSP enrollment receive higher renewal- Market approach- Group Renewal Range (Med & Rx): 12.4%-19.7%

Assessment Considerations:

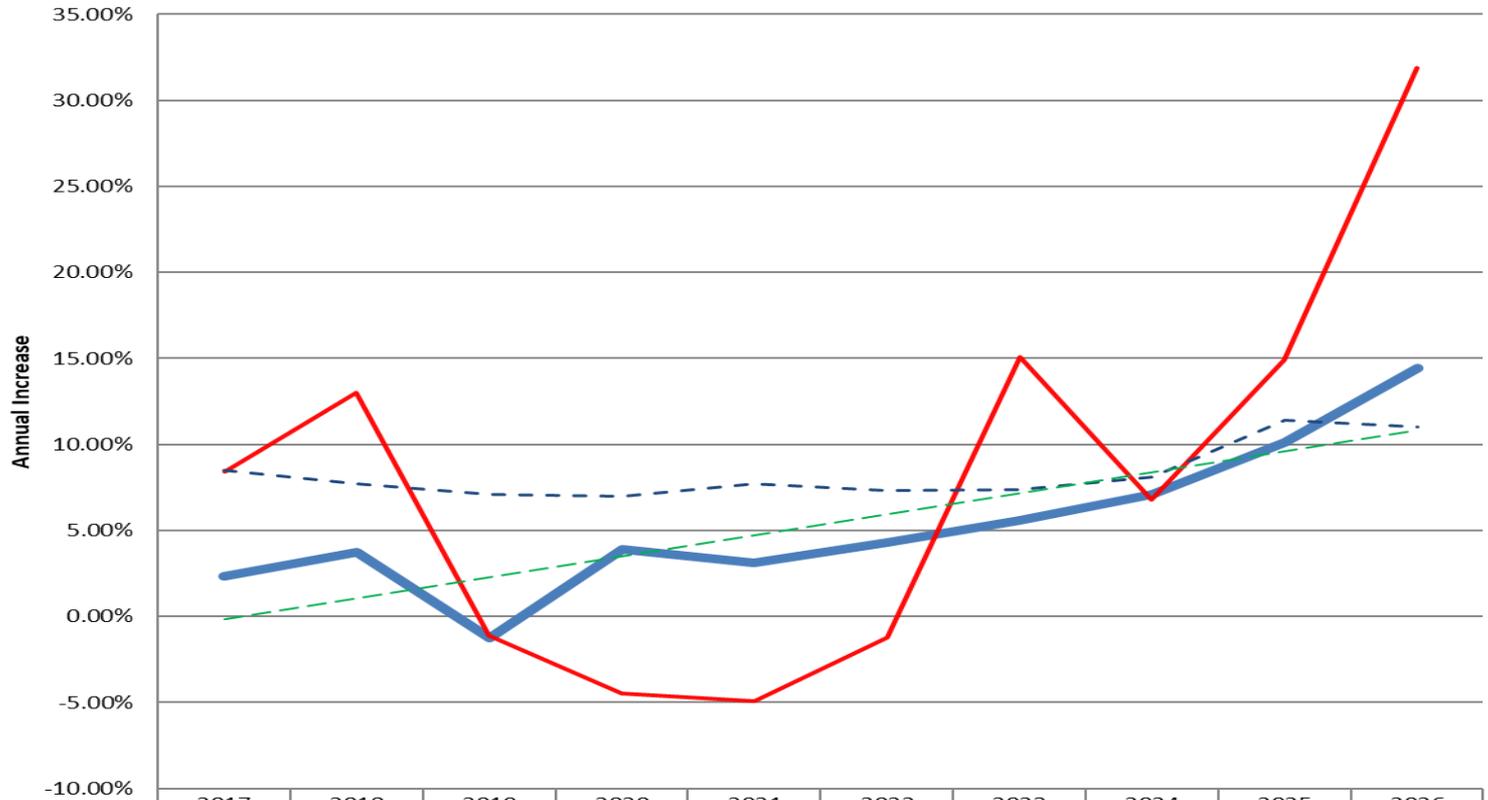
- 1) Lines of coverage in the Fund
- 2) Chapter 44 Enrollment Percentage
- 3) Loss Ratio adjustments of up to +/- 2.5% are applied for members with at least 2 years of claims experience.
- 4) Renewal factors and Loss Ratio Factors are multiplicative.

Comparative Performance

(overall budget)

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SHIF 5-Year
Average= 7.6%



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Schools HIF (Budget)	2.35%	3.76%	-1.23%	3.89%	3.10%	4.30%	5.60%	7.10%	10.10%	14.46%
SEHBP (Active Medical + Rx)	8.40%	13.00%	-1.10%	-4.50%	-4.90%	-1.20%	15.10%	6.80%	14.90%	31.90%
Segal Survey Open Access w Rx	8.52%	7.70%	7.10%	7.00%	7.70%	7.30%	7.40%	8.10%	11.40%	11.00%



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2026/20267 Budget Development

Claims Development, MRHIF and Expenses

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2025/2026 Budget Development

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- **2026/2027 Budget Change:** **14.14%**
- **Claims Fund Development:** **15%**
 - Medical, Prescription and Dental claims incurred 2023 through December 31, 2025, were sent to the Fund's Actuary for expected claims development for July 1, 2026-June 30, 2027:
 - 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
 - Major provider contract negotiations
 - Pending pharmacy legislations, and recent/pipeline medications were factored in (weight loss, cancer, etc.)
 - Adjustments made to rebate assumptions based on inclusion of ESI Encircle program and consideration of the BMI 35 impact on fill mix
 - Improved prescription contract provisions
 - Medical: +14.19%
 - Prescription: +23.1%
 - Dental: Flat
 - Vision: Flat
- **Trend:**
 - Trend by line of coverage were set on the SHIF historic performance by carrier and expected impact of future hospital negotiations, increased drug demand, medication pipeline and inflation.
 - Medical : Aetna 10.5% / AmeriHealth +8%
 - Prescription Express Scripts +15%
 - Dental PPO Delta Dental +5%

Municipal Reinsurance HIF Renewal

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- 2026 MRHIF Budget: +17.4% Increase over 2025
 - Included \$1M Claims Contingency
 - Adopted on 12/10/2025
- **SHIF's 2025/2026 MRHIF Increase = +21.01%**
 - Rate change implemented July 1, 2026; 10.5% increase in 26/27 budget for SHIF
 - 2026 is 2nd year of multi-year contract awarded to US Fire for reinsurance
 - No increase to specific deductible – will remain at \$575,000
 - A portion of the local Fund's assessment to the MRHIF/reinsurance is determined by 5-year loss experience.
 - FYs 19/20 and 21/22 performed higher than preferred but overall favorable

Plan Year	2019/2020	2020/2021	2021/2022	2022/2023	2024/2025	5-YR Composite
SHIF MRHIF Loss Ratio	97%	80%	121%	156%	120%	115.4%

- 2026 Initiatives:
 - Cedar Gate Data Warehouse Continues to Be Implemented
 - Pharmacy Audit underway; Caribou LLC

Expenses

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- **Professional and Administrative Expenses +0.72%**
 - **Medical Claims Administrators:**
 - 297HICPS (HIF Cooperative) continues to work with OSC to get approval on RFP for TPA services. Unable to release the RFP for a new contract starting January 1, 2026
 - Aetna and AmeriHealth agreed to extension of 2025 terms with no increase in cost
 - Horizon Omnia +7%
 - Very small population
 - **Delta Dental (0%)**
 - Result of multi-year RFP issued by the MRHIF awarded January 1, 2024
 - **Fund Professionals (+2%)**
 - In accordance with RFP awards
 - Program Manager RFP continues to be in OSC review
 - Currently operating with extension from prior contract
 - Budget assumes 2% increase over 24/25
 - **Local Risk Managers (+1.91%)**
 - 2% increase included, unless instructed otherwise
 - **Guardian Nurses (+0%)**
 - New business includes expense allotment for growth to be self sustaining in additional resources.
- **A4 Retiree Surcharge (+9.1%)**
 - NJ A4 Surcharge, which is a percent (1.8%) of claims charge imposed by the SEHBP to School Board entities whose coverage is outside the SEHBP to cover retirees.
 - Reflective of growth in medical claims budget
- **Miscellaneous Expenses (+5.3%)**
 - Wellness committee to meet on prior to the budget adoption to discuss recommended budget and additional resources



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Claims Development, MRHIF and Expenses

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2026/2027 Assessment Increases Statistics

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GLP1 Weight Loss – BMI 35

2026/2027 SHIF Renewal Statistics	
Average Renewal for entity with Medical	14.5%
Median Renewal for entity with Medical	14.9%
Average Renewal for entity with Medical and Rx	15.8%
Median Renewal for entity with Medical and Rx	15.9%

Assessment Considerations:

- 1) Lines of coverage in the Fund
- 2) Chapter 44 Enrollment Percentage
- 3) Loss Ratio adjustments of up to +/- 2.5% are applied for members with at least 2 years of claims experience.
- 4) Renewal factors and Loss Ratio Factors are multiplicative.
- 5) Newer entities that renew January 1, 2027- Assessment increase represents 6 months (Jan 26- June 26)