Flemington-Raritan Regional Board of Education

FY 27 BUDGET & BENEFITS

PRESENTED BY: TEAM FINN

February 19, 2026

Disclaimer:

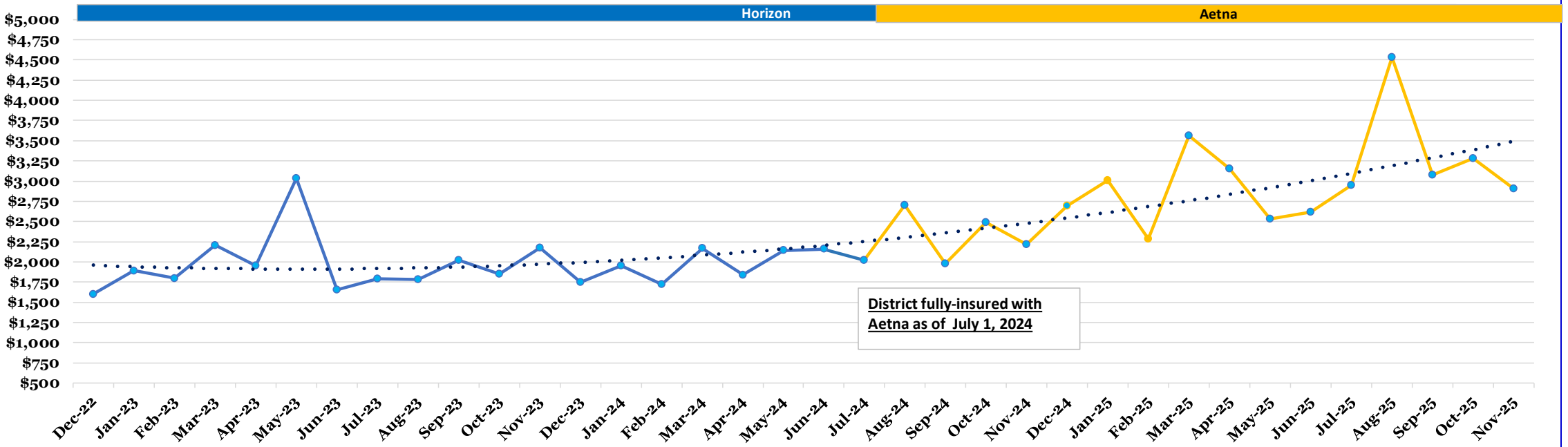
Except where noted, all rate increase projections used herein are estimates!

Brown & Brown

Report Date: 1/30/2026

Flemington-Raritan Regional BOE

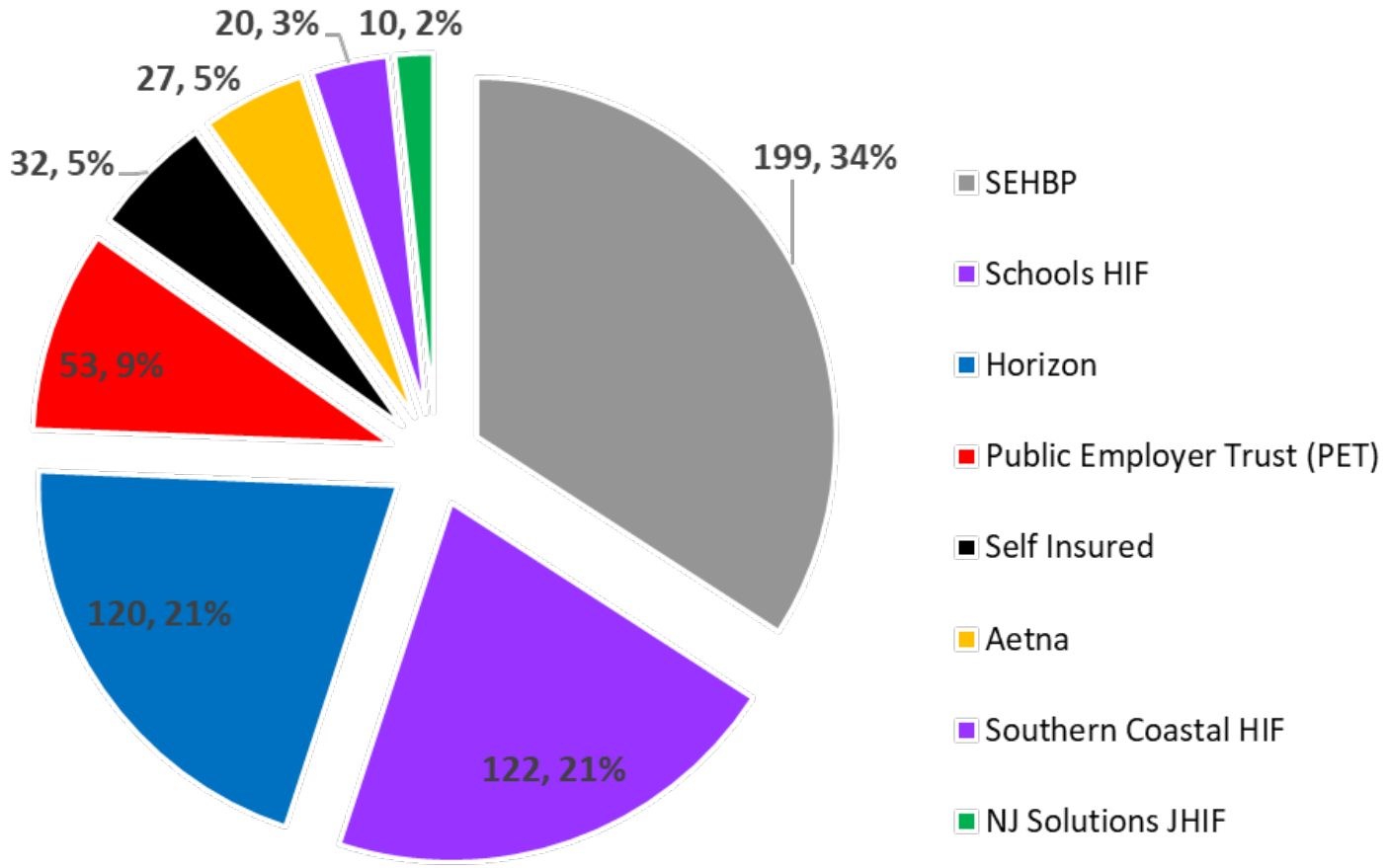
Medical & Rx Claims PEPM: DEC 22- NOV 25 (36 months)



Period	Avg. Claims PEPM	Change Y/Y
JUL 19 - JUN 20*	$ 1,581	
JUL 20 - JUN 21	$ 1,693	7.1%
JUL 21 - JUN 22	$ 1,864	10.1%
JUL 22 - JUN 23	$ 1,946	4.4%
JUL 23 - JUN 24	$ 1,945	0.0%
JUL 24 - JUN 25	$ 2,605	33.9%
JUL 25 - NOV 25	$ 3,347	28.5%
5 1/2 Year Average (JUL 20 - NOV 25)		14.0%

Source: Claims data prior to 7/1/24 provided by Horizon, and after 7/1/24 provided by Aetna. Effective 7/1/19 claims data reported on self insured basis, and 7/1/24 on a fully-insured basis.
Claims PEPM (data points) represent total monthly claim payments divided by the number of monthly subscribers.
*Claims reporting format changed 7/1/19 from carrier estimate of fully incurred claims to paid claims only and do not include stop loss reimbursements.

NJ BOE Marketplace - Medical Risk Bearers



PROJECTED FOR 1/1/26 FOR 583 SCHOOL DISTRICTS, INCLUDING ESCS & VO-TECHS, EXCLUDING CHARTER SCHOOLS & COUNTY COLLEGES

TEAM FINN FY 27 BUDGET & BENEFITS
Broker Budget Estimates Place Mat V1
30 BOE Clients: $300 Million

HEADWINDS GALORE

Hospital Reimbursement Demands from Risk Bearers & TPAs
GLP-1 Utilization
Poor Population Health
Chapter 44 Net Cost Negative Impact on Most BOEs
End of Enhanced ACA Subsidies, OON Claim Spike, $1 M+ Gene Therapies, NSA

A SUDDEN RUSH OF CHAOS

MAY 25 - "Death Spiral" Report from State of NJ Treasurer re: SHBP/SEHBP
SEP 25 - SEHBP 1/1/26 Rate Increase **+31%**
SEP 25 - OSC "Findings" on CSB / PERMA / SHIF
OCT 25 - Horizon **$100 Million** Settlement w/State of NJ
JAN 26 - **70** BOEs & Munis. Join the NJ Solutions Joint Health Insurance Fund
DEC 27 - Chapter 44 expires (or does it?)

SEHBP

Death spiral?

A rush for the door

Paralysis at the Plan Design Committee

1/1/26 **+31%**

1/1/27 **+29% (P)**

Possible 7/1/27 "special open enrollment?"

SHIF

3rd year of **5%-10%** operating deficit

Cash of **$141 M**
(incl. **$38 M** of surplus)
Total top line **$800 M**

7/1/26 **(P)**
Medical **+18%**
Rx Drug **+25%**
Collar/cuff = **+/- 2.5%**

4 new BOEs for 1/1/26
Maintaining disciplined approach

Horizon

<150 "pool"
7/1/25 **+9.5%**
1/1/26 **+18%**
7/1/26 **+21% (P)**

>150 Experience-rated
Whatever market will bear

E.g. a Middlesex County BOE w/200 Ees
7/1/25 **+30%**
1/1/26 **+30%**

Diversifying strategy by powering the NJSJHIF

PET

The only fully-insured pool outside SEHBP

7/1/26 **(P)**
Medical **+19%**
Rx Drug **+25% to +29%**

No "collar/cuff": common rate action for all groups

Recently added CIGNA PPO national network

NJSJHIF

J = "joint" (Munis. + BOEs)

New kid on the block
1/1/25
6 charter Munis.

Powered by Horizon (TPA, PBM, & stop-loss)

Slight operating deficit

1/1/26 1st renewal **+16%**

SEHBP/SHBP exodus
70 new groups 1Q26

Aetna

Finding it difficult to retain fully-insured BOE business

The "engine" behind SHIF & many other HIFs

Experience-rated BOEs with Aetna should expect merciless renewals

Still a good option for self-insured BOEs

JIM'S
THOUGHTS, COMMENTS, & QUESTIONS

1. Recent passage (2/3/26) of Federal Pharmacy Benefit Manager (PBM) reform (H.R. 7148) will upend the pricing strategies of PBMs like your carrier, Aetna/CVS

2. How much of this is real price pressure on risk bearers, versus how much will be opportunistic behavior?

3. Is the SEHBP really on its last legs? Don't we need an "insurer of last resort?"

4. This is not just a NJ problem, and it is not just a BOE problem

5. Will the state or federal government "do something" about all of this?

6. Flem-Rar BOE rates are **24th** lowest out of **30** TEAM FINN BOE clients

7. Chapter 44 expires 12/31/27. It is time to "get real" on health plan design, including re-linking employee contributions to the cost of health insurance. We are here to help.

NEXT STEPS

1. It is important to underscore that even the second budget estimate from Brown & Brown, up from **+27.5%** (12/15/25) to **+35%** (2/4/26) is not a "worst case" number because we do not hold the underwriting pen

2. Aetna has committed to a firm renewal "worst case" number for 7/1/26 no later than 3/12/26. Aetna is legally required to give renewal notice no later than 60 days prior to renewal (5/1/26).

3. F-R BOE and Brown & Brown are meeting with an Aetna Medical Director (M.D.) on 3/18/26 to do a "deep dive" into your population health and to develop strategies to improve it

4. Brown & Brown is marketing your programs to other "equal to" risk bearers
   AmeriHealth – declined to quote (DTQ)
   Benecard – quote received
   Horizon – response pending
   New Jersey Solutions Joint Health Insurance Fund – DTQ
   Schools Health Insurance Fund (SHIF) – DTQ