

**MINUTES OF A SPECIAL MEETING OF THE BOARD OF  
COMMISSIONERS OF THE TOWNSHIP OF HADDON, IN THE  
COUNTY OF CAMDEN, NEW JERSEY, HELD JUNE 30, 2025  
IN THE MUNICIPAL BUILDING AT 7 PM**

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A special meeting of the Board of Commissioners of the Township of Haddon was convened in the Municipal Building, 135 Haddon Avenue, Westmont, NJ on Tuesday, June 30, 2025 at 7:00 PM.

Flag Salute

Mayor Teague announced that Chapter 231, Public Law 1975 requires adequate notice of this meeting be provided. This was done by placing Notice in the Courier-Post and Retrospect Newspapers and by posting on the bulletin boards of the Municipal Building.

ROLL CALL:	Mayor Teague	Present
	Commissioner Mulroy	Present
	Commissioner Linhart	Present

**RESOLUTIONS FOR APPROVAL THIS EVENING:**

The following Resolutions was approved with a motion by Commissioner Mulroy, seconded by Commissioner Linhart, with all members affirmatively concurring.

#2025-090 – Authorizing Renewal of Liquor License for 2025-2026 Licensing Term for Speedys Liquors Inc

Mayor Teague reports, the next resolution on agenda is the appointment of a health insurance company that was discussed at our last meeting. Commissioner Linhart advocated for IDA to come in and discuss questions the Township has regarding the proposal received from Connor Strong which had the Health Insurance Fund (“HIF”), Insurance Design Administrators (“IDA”) and the State Health Benefits Plan (“SHBP”). The Township has been with IDA for a number of years; it’s appropriate to give them an opportunity since they’ve been with the Township so many years. Mayor Teague states, overall, it has been a good program and a good experience. Mayor Teague continues that his concern and question is, since the Township brought this program in 2015, time has gone by, people have changed and there is not a lot of familiarity with the program itself. Mayor Teague reports, it’s good to hash out and discuss it so everyone is aware of the program. Every year Connor Strong has been getting the Township proposals from IDA, the HIF and SHBP. This year the renewals were for IDA, the premium was \$2,523,467.00 and for the HIF \$2,181,972.00. If the Township were to switch to the HIF, the Township would be obligated to pay IDA \$168,300.00 for the runoff and claims administrator. The State Plan was significantly higher than either one of those programs at \$3,000,000.00, so the Township is gravitating between the HIF and IDA.

Mayor Teague reports, Dan Roslokken, CEO of IDA is here tonight and asks him to explain the program and answer any questions. Mayor Teague stated we have our Broker, Connor Strong, here to assist all of us. Mr. Roslokken reported that IDA has been administering the Township’s Health Plan for about 9 or 10 years. It is on a self-funded basis which means there are three components; claims, how do you not pay full retail price and the Township has full coverage. You make an arrangement with a health network to get access to their discounts. In this case, the Township has contracted thru IDA thru AmeriHealth and that is the manner in which we don’t pay full retail price on medical claims. Second component is the fixed costs. That is the price for IDA to administer claims which is not on the value of claims, that is actually forbidden, it is per employee per month and it is capped as is the monthly rate to rent the AmeriHealth Network and discounts. The largest component of fixed costs is reinsurance and that is to make certain that the plan has a backstop, called reinsurance or stop loss. It is marketed to the reinsurance community and they come back with their actuarial assessment of where they think the Township would dial in. They assess a rate for the premium again. It’s capped on each employee that has elected onto the plan.

That's the fixed costs would be the reinsurance premium would be IDAs administration and the medical network rental. Those are truly the largest components of how it all rolls up.

Otherwise, this is in a basic sense pay as you go plan. If those on plan are so blessed to not be in need of medical services, there are no claims that come in and the claims cost is down. But if there is an incidence of use or severity or of the cost of use that also comes to the plan. That is where reinsurance comes in. You have both aggregate (entire group) protection and specific retention (only pay a certain amount per employee) and thereafter reinsurance picks it up. In years where the use is heavy, the overall cost comes up, in years where it is more moderate, its moderate, it's the largest driver of the plan. This past year or the year we are currently in right before renewal, the overall claims have run hotter, higher or expensive then in the past. It worried the reinsurer whether or not the value of that was going to exceed the overall cost of the plan, at which time the reinsurer picks up every single dime on every single claim thereafter, an aggregate claim. Such things are seldom seen as the reinsurers and actuaries must always set that attachment point so high they never hit it; but we came close this year. While there are specific individuals that the Township received reimbursement for the claims because they went over the retention amount, it was more the general use of the plan that was the cost driver this past year. That made the reinsurance renewal which is a central part of the renewal that IDA would present a little bit more challenging. What the reinsurer did on this renewal is keep, with no change in the rates, the reinsurance coverage and the premium. What they have changed is the attachment point because the Township is almost at it, we are projecting that you are going to be somewhere around 75 to 1000 within the attachment point. That is very close. It is prudent for the reinsurer to adjust the attachment point. By law, a reinsurer is supposed to set a corridor of 20% to 25% above expected claims. They took this year and they have adjusted it upward. They weren't overly greedy about it. They didn't go for the entirety of it. It did seem reasoned.

As to the fixed costs, it amounts to a zero percent increase in your premium. With this current year, on page entitled renewal proposal (of packet given out), we have 3 columns, the first column is your current, what have you spent currently, the next in green is what we would suggest, its only fair to benchmark where we've been to suggest where we are going. The first column is summarizing the current year, and we've broken it into several categories, trying to demystify it. The first is just plan basics, the kind of the structure of the plan and the managing general underwriter ("MGU"), is what the jargon stands for, RMTS (Underlying Carriers Nation Wide). The first \$65,000 of any individual's claims are paid by the Township. Anything thereafter the reinsurer picks up and pays. The 24/12 notation there, means that the reinsurance will cover claims in the current year and the prior 12 months that are paid in the current 12 months. You will always have worry of a claims lag tail comes into the current coverage. The network is AmeriHealth. The coverage is both medical and Rx. Your enrollment is right around 102 on plan. Below we have fixed costs. These are the reinsurance premium rates and it rolls up into two categories, employee only coverage and family. The aggregate premium is for the overall group. The monthly aggregate accommodation, is in case in a given month the claims are truly high, there can be an in-term relief to the plan and that is in there as a protection. There is a terminal liability option which I believe was put in at last year's renewal, as to the ability to convert the reinsurance if you were ever to leave the program. For monthly, the reinsurance cost alone are \$36,996.88 which rolls up to a \$443,962.56 in annual reinsurance fees. Then we drop down to the next component in fixed costs and that is the medical admin fee for IDA and Rx administration compliance and the AmeriHealth rental fee, network management fee.

There is an utilization management for complicated medical cases that should only be looked at and handled by medical experts. Behavioral Health Access Fee was elected on this plan as is pretty much the AmeriHealth Program. The monthly administration fees when you total all those up comes to \$5,821 annualized is \$69,853.68.

Then when we take the last two categories, overall fixed costs (taking the reinsurance rates and all the other fixed costs) and again those are fixed and when we say fixed because it is dependent upon the employee census so it is fixed and doesn't vary at all aside from the census. That comes to annualized \$513,816.24. We drop down below to claims cost and

the attachment point and there is a fine distinction that really matters. The attachment point is on the whole, everyone enrolled in the plan, all of their medical costs hitting a certain number over which the reinsurer would pay. They assigned these two rates, the 770 and the 1800 number and that's what the reinsurer assigned, to roll up and calculate maximum cost. The difference is, Maximum Annual Aggregate Attachment Point, that's what the reinsurer said was the maximum costs before they would pick up the tab, \$1,855,542 when we are projecting the claims after reinsurance reimbursements because you can't double dip and have it both ways \$1,839,677.34. Awfully close to the attachment point. We drop down to total plan costs and we have expected and the maximum. The annual plan cost here seems to be \$2,353,493.58 for the current period. That pretty much is where hard dollar cash is spent. The Township spends just about this number in the current.

Commissioner Mulroy asks if Mr. Roslokken agrees that the objective is to obtain the best plan for our employees at the best price for our taxpayers? Mr. Roslokken responded absolutely. Commissioner Mulroy states from what he's been told by the Brokers, the HIF's proposal is at least \$200,000 less than the IDA proposal, so isn't our decision tonight obvious? Mr. Roslokken responds that he has not been privy to whatever else has been proposed. Commissioner Linhart to Commissioner Mulroy, states for clarity they are charging us the fixed rate and for the self-insured option, we have our fixed costs and then the claims and benefits thereafter. IDA's proposal is that we should set aside a budget for the 2.5 million. Commissioner Linhart ask Mr. Roslokken if that is correct? Mr. Roslokken responds yes. In the green column if we drop down to fixed costs premium insurance rates, it's the same. The reinsurer is not raising their rates. If we drop down to the next fixed costs, IDA will not raise its rates, zero increase. Therefore, when we drop down to overall fixed costs, no difference between this year to next year. Where does the change come in?

In the next category, claims cost. How do you estimate trend? We look at AONS Report Auditing the SHB suggesting medical would have an 8% increase and Rx would have a 12.5% increase. When we applied it to the columns of this year's claims, it came out to a blended 9.25% so that is what we applied here. A 9.25% increase in claims is the component none of us have any control over. How sick or how well any of us on the planet will be so therefore the only cost increase that IDA is suggesting with IDA is driven by claims inflation and use. Mayor Teague asks, so we have to focus on the claims that is where the differential is occurring. You said general use of plan as a reason for it to be higher, what does that mean? Mr. Roslokken responds, it means more people used your plan at a moderate rate this year, you didn't have specific high claimants but you had a whole bunch of people that used the plan and overall, it lifted the cost. Commissioner Linhart responds that what he has seen is people putting off a trip to the cardiologist, they see them every other year, so you compound that with what use to be in the 90s over 100 because basically that should take it on more employees and that's also why the numbers are increasing. You're going to see fluctuations when someone sees a foot doctor and a cardiologist. Commissioner Mulroy asks, so we are being asked to set aside about \$200,000 more to accept your plan than the HIF plan but your indication is that is just an estimate. Commissioner Mulroy replies, you don't know what our claims experience will be because we are self-pay. The IDA proposal is a better deal for the Town because it is a self-funded plan? The possibility is that we actually could do better financially with IDA if our claims exposure for the upcoming year is better than expected but must be aware that the enhanced costs of going with IDA could be greater if our claims experience is worse than expected, in short, to go with IDA you must accept this risk and hope for the reward. Commissioner Mulroy asks if that is an accurate summation of the self-paid plan? Mr. Roslokken responded, I think that is fair. Commissioner Mulroy states that nobody on this board is a professional insurance person that's why we hire brokers. Commissioner Linhart states, it's like anything you hope for the best and plan for the worse, you do that with overtime. Commissioner Mulroy states the question is whether we are willing and financially able to absorb this risk. Commissioner Mulroy further states that in his experience large corporations and large municipalities opt for the self-funding plan because they have the financial resources to cover a bad year. Smaller municipalities like us should not engage in making this bet especially since we saw what happened the one year, we rolled snake eyes and had to find an additional \$500,000 to cover our health care costs. Money that would have been better used elsewhere. Commissioner Linhart to Commissioner Mulroy stated

but that was after saving a million over three years. Commissioner Mulroy reports, they say past performance is no indication of future activity. Wasn't that a warning that this could happen year in and year out for us so we are going to have to find money in our budget to cover unexpected claims if we stay with the self-funded plan. When with the HIF, we have a guaranteed number, good or bad. It's a risk vs. reward, are we willing to take that risk year in and year out. Commissioner Linhart reports the way self-insured benefits the community, yes, we take on the risk but if we plan accordingly which we have we can ride out the ebbs and flows and the other thing is the money that is budgeted is simply saved in our bank accounts as opposed to just cutting a check for the HIF Fund in which we would not see a return.

The actual numbers for our self-insured health plan, however they play out, we actually realize a savings and they stay in our bank account. Commissioner Linhart further states, when you sign to the HIF, you are subject to being assessed if you go up, if our claims are high. The number right now is great but, we haven't actually seen a breakdown of what they are truly offering and we didn't see an employee head count of what they are offering. I understand that number has recently changed. When you have the self-insured model, you have more control internally to cater to your employees. Whereas, if it is with the HIF, you are subjective to what the collective agreement is on say what is around 50 Municipalities. What they have to offer may or may not fit the model of what the employees are currently taking benefit from. Commissioner Mulroy reports, so if we have an abnormally large claims exposure this year, we are going to have to pay that out of pocket under the self-funded plan. Then the following year the HIF would say then you had a really bad year so we are raising your premiums. Mayor Teague reports that we are being assessed higher because we had a lot of claims this year. The cost we have to be looking at is the claims costs and because that cost is projected to be so high this year, they have to assess us more for next year. That brings me back to looking at these costs, on that form that you have, if you get to the very bottom and under total plan cost, the second line item is Projected Annual Expected Plan Cost and you have that number at \$2,353,493.58 so that is what we are expected to spend this year. According to the Connor Strong document, \$2,020,143 that means we are over by \$300,000. Mayor Teague asks if that is correct? That's the expected plan cost but there is still that Maximum Cost that we could hit which is a little higher at \$2,369,358.48, I'm assuming it is a little higher because we are at the end. We only have two months left. To your point, it was a bad claims year, it looks like there is a \$300,000 difference, that's the premium last year and the expected costs this year. Commissioner Linhart said a savings and Mayor Teague responded no an increase. According to the document we are all looking at, he explained because the claims are so high. I assume we are going to have to make up that difference. On this document we have a premium that says \$2,021,000 from last year but our projected costs are \$2,353,493.58. Connor Strong's document is handed to Mr. Roslokken for review. He said it's not my numbers so it's difficult to say. He guessed that since it's for 10 months it will end up being near his numbers. Mayor Teague asks Connor Strong, the premium is \$2,021,000 and is that what we agreed to go with last year? We had this discussion last year and we ended up going with IDA and was that the number we were quoted? Ms. Brown from Connor replies, it was. That number is consistent for the annual amount? Your projected amount is 2.3 million dollars and I'm wondering if we are going to be on the hook for \$300,000? Mr. Roslokken seeing that your claims are run weekly and funded by the Township weekly and the fixed costs are invoiced monthly, you've spent that so there is no balloon payment here is what I am saying. Mayor Teague responds, so we've already exceeded that amount we went with last year, close to \$300,000. Commissioner Linhart replied he is saying that we paid it already. Mayor Teague, we paid \$300,000 more than what we were quoted last year. Commissioner Linhart the issue is there is no breakdown with the Connor Strong proposal. Mayor Teague said a premium is a premium, it's \$2,021,000 and this year we are projected to spend 2.3 million dollars. Commissioner Linhart to Mr. Roslokken, so in those 2.3 million dollars there is a premium and then some, correct? Mayor Teague that is his projected annual expected cost of our plan this year, \$2.353. Mr. Roslokken responds, given how we are in this cycle pretty spot on. Mayor Teague reports, we've already exceeded what was proposed from last year which was \$2 million, it's because of all the claims which are greater than we had before which is \$2 million? Mr. Roslokken responded that is fair enough. We shouldn't be in the position that if this was a year from now and

well Mr. Roslokken, you said it was going to be \$2.5 and we dialed in at \$2.7 which I think is the concern. Mayor Teague reported, these numbers are determined by actuaries. They are in the business to determine these numbers and get them as close as they can. Mr. Roslokken stated on the projections forward and in the current is the real deal. Mayor Teague reported from that to the projection for next year claims are much higher and that is a real concern. Mr. Roslokken commented for the reinsurer and where they chose to address is in the attachment point, in the overall aggregate liability but otherwise to your current spend to \$2,353,493 to a \$2,523,467 is indeed an increase but it's a 7% increase in comparison that is the purpose of benchmarking this. Commissioner Linhart ask what is the average % increase other municipalities might face? What's the State's Plan increase? Mr. Roslokken responds, it's about 12%, in years past it's been even worse.

Then you get into the reinsurer houses in fall they usually project for the following year and when you averaged all of them it was around 8% for this year is proving to perhaps been low. Mayor Teague and Commissioner Linhart discuss last year's percentage and Commissioner Linhart states that last year is cloudy because he was not invited to the meeting that Connor Strong hosted. Mayor Teague responded the numbers are the numbers. Commissioner Linhart said I wasn't there so I can't confirm one way or the other. Mayor Teague points out that the Commissioner has the same document he has. Commissioner Linhart reiterates he wasn't at the meeting last year. Mayor Teague points out the Commissioner could have called IDA for a meeting. Mayor Teague further points out that we have to have the meeting by this date to make a comparative decision on insurance, if we waited until August to have this meeting it would be a forgone conclusion. Commissioner Linhart stated that last year's meeting was a blur. Mayor Teague states the meeting needed to be scheduled two months prior to when the premium is up.

Commissioner Mulroy asks why in the current contract is there an automatic 90-day renewal clause in there. What is the purpose of that renewal clause except to trap an unwary municipality forcing them to go with IDA even if they are not the low bidder. I don't know why its in there when the Brokers tell us they can't give a meaningful quote that far out. Mr. Roslokken responds that clause was drafted for a mid-year interpretation. IDA has never applied it to a client renewing. IDA is of the belief to let the best quote win. We would never have applied the termination penalty clause to a nonrenewal. Commissioner Mulroy reported, we passed a resolution back in May formally terminating our relationship with IDA because our Brokers advised us that there was this 90 day and if we didn't act before the end of May, we would be locked back in with IDA for another year. Mr. Roslokken responded, without clarification that was a very prudent move. I believe with reading the document with that clause in, it could be interpreted that way. IDA would never apply that on a renewal. Commissioner Mulroy, this document we got from the Broker, did not have your numbers in it, rather there was their estimate of what your numbers would be. Why didn't IDA provide a quote in advance of the June 17<sup>th</sup> meeting? The other plans had no problem complying with that request. Finally, you did provide us with a quote at the 11<sup>th</sup> hour, literally a day or so before that meeting. Why such a long delay? Mr. Roslokken responded, the reinsurance community typically wants to see 10 months of claims to ask for the renewal on the self-funded basis on reinsurers on the basis of 7 months and 8 months of data is unusual for them. They are unlikely to issue a quote on that lack of data and that was the clause. Commissioner Mulroy reports, what is biting us is the Broker said if we want to move to a new plan they will need 60 days to make the change.

At our last meeting we were told by the Broker if we did not decide before the 60-day window closed then our coverage would default back to IDA. Then I see you are scheduling a meeting with Commissioner Linhart on August 11<sup>th</sup> and I'm questioning what was the purpose of that meeting, if it's after the 60-day window. If we had this meeting we would be with IDA? Is that just the way these contracts work. Mr. Roslokken responded, I'm not privy to implementation requirements, what I'm trying to say is I wouldn't be privy to their terms. Commissioner Linhart to Commissioner Mulroy, when I first started 7 years ago, Connor Strong set the timeline of having the meetings in August/September and that had been a regular occurrence. Commissioner Mulroy what was the renewal date? Commissioner Linhart it was still the same cycle; still the same September 1 renewal or maybe it was August in anticipation of September. That predetermined the cycle. In terms

of the 11<sup>th</sup> both Connor Strong and IDA were invited to that but that seems to be a moot point at this stage. Commissioner Mulroy stated, that's because of the 60-day window. Commissioner Linhart stated, IDA was left out of this conversation except for the Resolution authorizing the termination in which they received a letter. We wouldn't even be having this conversation with IDA and truthfully as a Broker they should be advocating for the best third-party administrator. IDA is one of many third-party administrators. We pay Connor Strong, as our Broker, and they are our Broker from January thru December. They have a full year to seek other third-party administrators out there. Their proposal only has IDA which is our current administrator, the HIF which is one of their funds that they manage and then the State Plan which we all know how the State Plan is coming. I don't see any other options here as a third-party administrator on the table. Commissioner Linhart further states he's been doing this for 7 years now, they've had every year to come up with a different third-party administrator as an option. Mayor Teague to Commissioner Linhart, did you ask them? Commissioner Linhart when you look at the numbers, we haven't necessarily needed it. As a Broker you would think they would look around and suggest that. You learn a lot over 7 years. So now we know, so I guess you can put it on the list to do. Mayor Teague directs questions to Connor Strong regarding coverage that employees reached out to him. The prescription plan with Express Scripts, Ms. Brown currently the PBM is Optum and that would be the only change. The Health Insurance Funds actually utilize two vendors, AmeriHealth and Aetna. When we talk about TPAs in this area, we feel that an AmeriHealth to an AmeriHealth move from a network access perspective would result in zero disruption. Aetna, as the other vendor, has a very robust network in South Jersey when we talk about other vendors, we have United, Cigna, Horizon Blue Cross Blue Shield, Independence Blue Cross Blue Shield but when we look at where the Township members are located and we were to map those residents to the network, Aetna and AmeriHealth would be the vendor of choice. When we talk about what is out there in market perspective, those are the vendors we would be looking at and we know a Cigna and United would not provide a good match. When we are talking about the prescription coverage, there will be a change in PBMs but the disruption we anticipate will be minimal. Mayor Teague states, the concern is that a year or so ago IDA contracted with Express Scripts and there were a lot of problems and then you went with OPTUM and there were no problems, so there is concern about going back to Express Scripts. If we were to move to a new insurance and there were some employee concerns with that. Ms. Brown responds, I appreciate you bringing that up because without knowing the types of problems, when we talk about pharmacy coverage, was it a benefit concern, was it a co-pay concern or was it possibly a formulary concern. Mayor Teague responded they were just having problems, I think the copay became a little high, they were having trouble getting some prescriptions filled, just an overall not so great of an experience with Express Scripts. Ms. Brown responded, we will look at the current prescriptions that the Townships members are using and compare that to the prescriptions on the Express Scripts formulary because folks are very sensitive to the prescription drug coverage, want to make sure they have comparable coverage. As part of the HIF model, we actually have an operations team that would investigate these types of issues if they were to arise under the Express Scripts Plan.

Ms. Brown further responds, if you have any questions, we actually have our actuary here, Matt Ruddman, and he can certainly speak to the numbers but I will say in this form Mr. Roslokken and his team have been extremely cooperative and extremely collegial throughout this entire process and I agree with his underwriting analysis as he has explained it. Mayor Teague asks the actuary, can you explain one proposal of \$2.5 million and another proposal for \$2.1 million, that's a \$400,000 proposal difference and typically actuaries are looking at the same numbers, they should be pretty close especially when we are focused upon the claims. Mr. Ruddman, with Connor Strong, responds without getting into the argument of the proverbial crystal ball there are a lot of assumptions that go into the work that Mr. Roslokken and his teams do as well as Connor Strong as well as other Brokers. It is more common than what you might think for there to be some semblance of disagreement between estimates but ultimately all actuarial and professionals in this space, IDA, Connor Strong and the like is provide a best estimate based on the most up-to-date information that we have. On that end when you talk about \$400,000 on \$2 million that's about 20% or so and that seems like a lot. There are elements of IDA's proposal and undoubtedly other proposals that you received where you take some money from one bucket and put it into

another bucket. It's a simple example given some of the things we discussed so far today. Another actuary could reasonably make the argument that there is the need to increase some of the fixed costs but as an underwriting decision the reinsurers part as Mr. Roslokken described in the IDA renewal some of those fixed costs were left flat when in another actuary may increase some of those fixed costs at the expense of other variables. In looking at the IDA Proposal, what's apparent to me is, if you look at the projected claims versus that maximum annual allowance, there's about a 10% increase from the current to the renewal in terms of just what the projection is and I would also agree that's in the realm of reasonability. Whereas if you look at the projection of the maximum annual aggregate liability there is about a 30% increase from current to renewal. Given the fact that some of the fixed costs have been kept flat from the reinsurance contract that in and of itself explains the variability of one actuary, one professional or one underwriter in this space might see relative to another and the trade off that comes with it. In this case while most of your fixed costs are being kept consistent there is the added risk of potential variable costs increase the maximum liability that is being quoted in this proposal here.

Mayor Teague responds that we are a smaller town with around 150 employees so how does the spreading of the risk apply here. Being an actuary I'm sure you look at the population of what you are spreading the risk over so when you are seeing claims that fluctuate particularly when you are having a higher claims experience like we have this year, does it hurt us being a smaller self-insured or does it help us if we are with a larger group because you are spreading that risk over more people, more municipalities and so forth. Maybe we wouldn't see such a fluctuation. How does that work? Mr. Ruddman responds, I can help make the comparison pretty simply by looking at the State Plan by comparison. The State covers actives and retirees, typically retirees are more expensive, why are retirees more expensive, they are older, they take more drugs, they have more therapies whereas the active population you also have some 20-year-olds. Where some of them probably don't even go to the doctor in any given year on occasion. It is the collection of premiums and contributions that you make from younger healthier individuals on the plan that subsidize or offset the costs of those that use the plan frequently. In today's day and age with evolving technologies there are very high therapies that are available in the market place now some gene therapies range in the millions to 4 million per treatment and when you have a group that is relatively small, 100 employees are relatively small, there is less opportunity for the healthier risks to offset the riskier populations. Some of those risks are offset by having a larger pool who spread the risk around and that is some of the design of the State Health Benefits Program. Where some townships and municipalities subsidize others, particularly those who would find it unaffordable to go into the open market place on their own.

James Casey mentions that the biggest thing with the police is they like the Optum Prescription Plan and they did have issues with Express Scripts specifically copay issues, drugs that were and weren't covered. When we switched to Optum it seemed to work itself out. We want to know that it is apple to apple and is anything going to change, are we going to lose doctors, are we using AmeriHealth Administration or the Health Network? Ms. Brown responds IDA currently uses AmeriHealth there is a cost in the administrative expenses to lease the network. With the HIF, AmeriHealth would be that vendor; there would be zero disruption on the medical side because we would continue to use AmeriHealth. I understand on the pharmacy side there are some challenges with your prior experiences and in the spirit of full transparency we are talking about Optum to Express Scripts the number one and two PBMs in the Country so the networks are very broad the formulary lists are very broad. I understand the concern with change, but Optum is number one and ESI is number two, we don't anticipate major concerns but I want to be sensitive to what you have gone through in the past. James Casey asks if Aetna is in play? Ms. Brown responds so this is what we are recommending, the HIFs have two options for carrier, they have Aetna and they have AmeriHealth. We are recommending that the Township move solely to AmeriHealth so there is zero disruption on the medical side. AmeriHealth has a very strong network down here. James Casey asks what about cross country? What do we do if we have a retiree that is moving away or cross country? He asks about South Carolina in particular. Ms. Brown mentions Medicare Advantage that is offered across the country. Mr. Casey asks about retirees under age 65. Ms. Brown responds, there would be a network woven into that AmeriHealth network; it would be the Cigna Network. Mr. Casey stated to

make sure it is apples to apples. Ms. Brown is curious about the Pharmacy piece and that is why we had that operations team to handle. Mr. Casey, the Mayor hit it on the head, we had issues with Express Scripts and we were quite happy when we went to Optum. From a members perspective, common pharmacy concerns are what are the copays I'm paying for this particular drug, depending or not whether is drug is on a certain formulary list I may have to pay more for that drug and that is why that analysis is critical and making sure we can work with each member so we can see the prescription drugs that are being taken today against possibly what may be taken tomorrow because formulary lists change quarterly or semi-annually with pharmacy with benefit manager companies. Mr. Casey asks if anything will change with dependents being 26 years to finish out the year. Ms. Brown that is correct, it is the law that would not be impacted at all. Ms. Brown responds, I believe it comes down to here are the projected costs of \$2.5 million with the IDA Plan, here are the costs with the health insurance funds, that are about \$100,000 lower that is really what we are here to discuss. Commissioner Linhart responds, if the HIF's numbers are accurate and true, if we were to plan for the worst with the self-insured plan and we were to expend what the HIF is targeting we would essentially see a savings and that savings is critical that difference say it is around \$300,000 where does that go. In our self-insured model, it goes in our bank account, it goes into our funds. In the HIF model where does that go? How do we see that return? How do we see that \$300,000 savings? Mayor Teague responds you are going to see it right off the bat with the premium. The HIF does have a dividend program we are not going to realize as much as we did with the IDA Program if we were to be significantly less. With the HIF we have a guaranteed savings of \$300,000 this year just by the premiums. Commissioner Linhart to Mayor Teague, are you pitching this, or are they? Mayor Teague responds, I am giving you the numbers. Commissioner Linhart, the HIF is a fixed cost which means it is going to cost the 2.3 and change regardless of how much we spend. Mayor Teague responds, it's actually 2.1 and 168,000 is the penalty. Commissioner Linhart states we have fixed costs in our self-insured model with a variable rate. Connor Strong is saying the variable rate is actually favorable for us which is to say the \$2.5 million is a conservative estimate. If we are to underspend and perform better by \$300,000 under the HIF model, how do we save that money? How do we see that return? Mr. Ruddman states, I believe the dividend program that was referenced takes effect after 10 years in the Health Insurance Program. It is a pseudo fully insured program in the same respect if you were to enroll in the SHBP Program. If you were to have claims under your premiums your financial obligation is set at a level of premium rate that you pay on behalf of your participants regardless of their health insurance expense whether their claims are high or their claims are low, you pay the same amount so by extension while the \$300,000 that would be realized in surplus on a self-insured program as you described goes back into your accounts and given back to your constituents, by the same token that is extra money that needs to be found as was previously referenced in a year of higher claims experience. To not have a horse in the race one way or another, the health insurance landscape across the world, let alone in America, it is evolving and it is changing whether it is GLP-1s, where I see the prescription drugs are a significant driver of your overall spend, whether it is new gene therapy and that could be millions of dollars for a single treatment much less for a single year, costs are rising and I think there is some acknowledgement of that in the renewal that has been presented and to hear even though I described before a concession of keeping back the stop loss rates, the aggregate projection on its own, suggests that even IDAs reinsurer expects the top line of costs to go up. To go back to your original question, fully insured model vs. self-insured model, where do surpluses and deficits go, you're right that in a fully self-insured world, you're paying the claims and nothing more with a quote from the HIFs or the SHBP or other fully insured arrangements that are available in the market place your financial liability is capped at the premium rates you pay regardless of your experience with the only caveat being that experiences are getting worse and there really isn't two ways about it.

Commissioner Linhart states, but that is also saying the savings is capped which isn't to say there is necessarily the savings. I think the issue I have is telling taxpayers that this is great proposal and I understand that it is a business model to get our business, the business of Haddon Township to join the fund, I believe this can be throttled. This proposal is throttled to be more appealing for us to join the HIF. I don't see it as a sustainable number in the bottom line. I think this is an introductory rate, if you could guarantee this would be a flat

rate in perpetuity. The risk is that we are losing our flexibility to manage the costs on our end through the savings we acquire. What increases have the other towns had year to year? Mr. Ruddman all towns that participate whether they are in the SHBP or the HIF receive the same increase, its part of that shared risk model that I described in my first question. Commissioner Linhart asks, do you know what Haddonfield's increase was from last year to this year or going into 2026? Mr. Ruddman responds, I do not as I just recently started with Connor Strong. Ms. Brown responds I believe it was in the range of 7% or 8%. That goes back to the theory of larger numbers because of all the groups you can manage that group much better. Commissioner Linhart asks, so other towns may have seen a higher number than that. You are saying every town increases at the same rate? Ms. Brown responds, that is correct because every town comes in at its own rate unlike the State Health Benefits Plan every group comes in at the States determined rate. The States takes all newcomers regardless of the experience that may be why the state is realizing some level of change right now. When our underwriters and actuaries look at proposing a HIF rate we look at that based on the actual experience of each group. Once each group is in that fund, the entire funds experience is reviewed. The entire fund would be presented with an increase for the medical and pharmacy. Mr. Ruddman states, I do believe that better performers in future years received some acknowledgement or some decrement to their rate increase in recognition of better performance or conversely worse performing.

Commissioner Linhart asks, if and when someone retires and they are still collecting benefits through us and they do move to another State how does that impact us. Because as I understand it, they would be in a different network and costs would be drastically different because they have different drivers. Ms. Brown responds, for clarification purposes, are you talking over or under age 65? Commissioner Linhart responds, let's talk about both. Ms. Brown reports that retirees over the age of 65 would have the Medicare Advantage product that would be administered by United. A retiree at the age of 52 would use that Cigna Network and we would get those claims for those outside the New Jersey domiciled area. We would get all that data regardless of where that 52-year-old retiree decides to access care.

Mayor Teague commented, we have a \$300,000 difference between proposals and it's guaranteed that we are going to have a \$300,000 savings. The other one is it could be less but it is based upon actuarial data and evaluation and that's how they came up with the 2.5 but it could it be less than that yes and could we reach awards, yes. However, is that guaranteed no. There is a \$300,000 savings that is guaranteed and we are not gambling with the taxpayers dollars and for me it's hard going to the taxpayer and saying we are going to forego a \$300,000 savings and we are going to gamble that we are going to be less when this year we are already \$300,000 more than what our premium proposal was from last year so we are already over \$300,000 that we gambled and we are going to have to make up for it. According to these numbers we are provided from both IDA and by Connor Strong and that's the dilemma, we've been with IDA and it's a very good program. I did have a concern that one year we went over \$580,000 and we were scrambling to find that money at the end of the year and I know there were years when it was good but it does seem like the claims trend is going up. Mayor Teague continues, I would love to say can you match this price, but I don't want to put you on the spot. That's the dilemma I struggle with. Mayor Teague asks if Mr. Roslokken would like to comment. Mayor Teague states this is a very difficult and important decision for our taxpayers and our employees. We want to make sure we are making the right decision.

Mr. Roslokken responds agreed and compliments to you Mayor and Commissioners you are stewards of the public tax moneys. It is smart and you have the right people for the knowledge and seniority of everyone assembled here. I think it shows a joint seriousness we share and you getting the best platform for renewal year. I wish I had more control over the claims volume and the cost thereof but I've never been that powerful. I don't want to stray too far. I am not privy to what the other proposal had been. I don't know what their assumptions were so I am somewhat at a disadvantage there but if you do have a guaranteed assessment that rolls up to that number, it is a clear consideration. I do agree with you.

Mayor Teague responds, I do commend you for being so forthright with your numbers and bringing them here and discussing these numbers with us. Mayor Teague asks, let's say we are to go with the HIF, would you still be able to quote next year? Mr. Roslokken responded that we would always be interested and I would not want this to devolve into a get the account back thing. Mayor Teague points out, what we've been doing over the years is trying to get three quotes and you've been with us and you've done a great job. Mr. Roslokken states, my understanding is with many HIFs memberships the inaugural period is set for a number of years. I don't know if that is the case here.

Commissioner Linhart asks what that would be? Ms. Brown responds, let me just say, the rates you have for today extend for 16 months. Ms. Brown responds I'm not sure. Commissioner Linhart asks how many years until we are tenured and see a dividend? Ms. Brown responds, I believe it is three years. Mayor Teague states, so it is three years until we are tenured and then we would be eligible? Ms. Brown responds, for an adjustment, if your experience is more favorable, it's a 2 ½ % adjustment up or down. Mayor Teague asks, so there is a commitment for a certain amount of time for the HIF? Ms. Brown responds, yes, we would like to see that. Mayor Teague states and you don't know what that is? Ms. Brown responds, I don't want to say a number that's incorrect. Commissioner Linhart asks if there associated termination fees? Ms. Brown responds; there are not. Ms. Brown states, because the rates are set on what we call mature rates so there would not be that tail on the back end.

Commissioner Mulroy reports, this process was a little haphazard and I felt under the gun continuously with regard to this decision so I would rather that not happen next year going forward. Whoever we choose for the following year, so can we come up with a plan or procedure by which the decision making that we are making tonight can be done over a period of time? Ms. Brown responds, you raise an excellent point, that goes back to my earlier comment that the rates we have put out are rates for a 16-month period and the reason we did that is because we wanted the Township, if we were successful in moving into the HIF, to renew on a January basis. To that point, discussions around a January renewal, it would happen in the August/September timeframe, well before the January renewal. Commissioner Mulroy states, and I would whole heartedly support that because in my own company it was always January 1. I didn't know anyone else did it other than that so I was surprised at the September 1<sup>st</sup> date that seems somewhat arbitrary. Yes, I think it's a great idea.

Ms. Brown reports, the fixed rates have been calculated would be extended for that additional 4-month period. Commissioner Linhart states, I work in finance and I'm use to the calendar years but fiscal years is also an interesting topic because fiscal years don't always align with calendar years. Commissioner Linhart it's hard to onboard someone in January and start policy. That's the only guess I can make. It was September because the timing seemed to work better for onboarding. I have mixed feelings because that is my first question and Peterson was with you guys at the time. And I asked that once, can we get to a calendar year in terms of budgeting, it helps knowing that it is January to December. They said this is the timeline that we have which is kind of the reason so I said okay done we don't need to do it. Let's not waste our time and then every year she kept coming back to me, #1 trying to switch to calendar year and there is an additional cost then proposing the HIF. I would like to ask about Improving the Structure of it, assuming we renew our broker, is also seeking out third party administrators, because what is missing from your proposal as our broker, we just have one third party administrator, IDA, and then we have the HIF and the SHBP. We don't have other third-party administrators. I told Diane year in and year out we've been self-funded and it has worked really well for us. This discussion, the way it is going, I don't agree with it. I think there are a lot of issues; a loss of control. We will not have the same autonomy. If the HIF decides to change something drastically, that will impact us and we may have a voice in a committee but in terms of a voice within 50 municipalities and 100 employees and family members, we will not carry the same weight as some of the larger municipalities. So, I do have my concerns there. And I do have my concerns with losing the savings. I can't reiterate that enough. At this point we have benefited from it. It impacts how much money we have in our bank account; it impacts our bond ratings, it impacts how we can smooth out our funds all over, it doesn't matter what

dept. it is or what expense. We can control that it is more money we have in our wallet and that's another fundamental reason I disagree with this. Another is confidentiality. I understand that insurance is generally confidential business but right now our benefits as they are administered in town all that business is kept internal as we join the HIF all the information about our employees doesn't matter if it is DPW, officers or Tax Office, all that information about their health benefits essentially is part of that HIF and that was presented to me sometime ago by our CFO. When we handle health insurance internally, as a self-insured municipality, we are able to understand the dynamics of what is going on, within our employees and their benefits. If we join the HIF, we give up that autonomy. We give up that right to budget, plan accordingly. The HIF can make certain assessments and make judgements and we can be assessed negatively, in terms of seeing higher expenses. Whereas if we see something internally, we can just look at it as these are one-time situations, this is situational, and that ebbs and flows throughout the years. That's kind of where my apprehension is; we give up that control. Financially from an HR perspective, and we lose that mechanism to be further engaged with our employees. As the Commissioner that oversees insurance, how are we still able to maintain that involvement?

Ms. Brown states, Commissioner, I appreciate the transparency of your questions. I can understand as an independent self-funded plan, the access that you have. What I will say is under the HIF model, you have a comparable voice because every HIF member participates every month in our commissioner meetings, so as we talk about confidentiality the same data that AmeriHealth has today AmeriHealth will have tomorrow. The carriers have designed a level of privacy protection as do the consultants. So, in concerns around the security of your members information, nothing would change as being part of this Health Insurance Fund. Every member of the Fund, has an opportunity to bring questions, concerns, we have an appeal process, I understand why you may feel that your voice may be a bit diminished, but its actually not, and as the Township's consultant, we will continue to advocate, on behalf of our clients that are in the Health Insurance Funds. I think the mechanisms of the funds since they are so large smaller clients appreciate the facts, we talk about the risks being spread over a larger base. You are getting into the operational metrics, which I really appreciate, so we have individuals that will manage your members' claims concerns if there are any appeals, things of that nature. I would argue that we probably have more of a touch point with our fund members because of the structure, of the Health Insurance Funds. You are all familiar with the executive director's office that handles those budgets, and manages the surpluses within the funds. Every month there is a report as to the performance of the plan and then we have the underwriting actuarial, where we are looking at the data for the fund's totality, and you would get loss ratios, with the Township's specific performance. I don't want you to feel that once you are in this giant collective that you no longer have access to data, because you do. And we would be able to provide that to you, I believe it is twice a year, what we call at loss ratio reports. When Mr. Ruddman joined our firm, one of his responsibilities was to get the reporting mechanisms for all the groups, in the Health Insurance Funds and then we talk about eligibility. Someone had a question about independents and how independents are coded in the system. We have a separate team of people that do just that, so I would say that because the HIFs are large, we have set up the structure in such a way that we have probably more of a connection with the Township members. The last thing I will say that when we talk about the success and the fluctuation potentially of the Health Insurance Funds, with 30 years strong, and the way we evaluate groups to enter Health Insurance Funds, is a very financially responsible process, and what that does is limits the amount of fluctuation because we are bringing accounts in at a level we think is reasonable and the last thing I will say in addition to Mr. Ruddman, the Connor Strong HIF actuary, we have to pass mustard with the funds actuary as well to make sure there is some level of financial guidance. When we go out with budgets, we have a very transparent model though it may not seem like it now, and that is why the HIFs have been so successful over the last 30 years.

Mayor Teague reports, the one thing I will add as far as employees and control is when we first moved to the IDA program there was concern that people you knew and people you worked with, those that were handling the claims, knew the claims. I know there HIPA requirements, they can't disclose them just the fact that this person they knew who they worked with knew they went to the doctor for whatever, that was a concern and there was an

unease about that initially. Having it with someone they are not familiar with; I don't think that is a downside. I guess my concern now is, we don't know what the time limit is. How long we have to be in the HIF? Is it 5 years, 10 years, 3 years? That is an important component of this decision. Ms. Brown responded that she can find out by calling the Executive Director. Mayor and Commissioners take a 5-minute recess while Ms. Brown calls the Executive Director.

Ms. Brown stated she just spoke to the Associated Executive Director and she confirmed that there is a three-year term to remain in the Health Insurance Funds, it is called an Indemnity and Trust Agreement, however, there is a 90-day out clause for whatever reason. Commissioner Mulroy asks if that is 90 days before end of the plan. Ms. Brown responded, it is 90 days at any time. Commissioner Mulroy asks if it is an opt out for both parties? Ms. Brown responds, yes. Mayor Teague asks for anytime for any reason? Ms. Brown responds for anytime for any reason. Commissioner Mulroy asks are penalties involved for opting out? Ms. Brown responded there are no penalties. It's a matter of notifying with 90 days. Commissioner Linhart asks how do we pay? Ms. Brown responds month to month; you will get a monthly bill. It's a fixed rate, multiplied by the enrollment. Commissioner Mulroy asks what is the purpose of the three years then if you can opt out at any time? Ms. Brown responds, there is a stability, so you definitely want clients that believe in the concept of the health insurance funds. It's not a one year in and one year out the next year. It's about the stability of the funds and we have not had a lot of groups that have taken advantage of that but again we have to give our clients the opportunity to opt out for whatever reason but with 90 days. The Mayor and Commissioners go into a closed session to discuss further.

Motion made by Commission Mulroy to go into a closed executive session to discuss health insurance at 8:42 PM, seconded by Commissioner Linhart, with all members affirming:

Motion made by Commissioner Mulroy to end the closed session and return to the order of business at 9:15 PM, seconded by Commissioner Linhart, with all members affirming:

#### Resolution #2025-091 – Appointing Health Insurance Company

Motion made by Commissioner Mulroy to accept the recommendation of Connor Strong to Appoint the Southern New Jersey Health Insurance Fund for the Township of Haddon effective September 1, 2025 for 3 years and a 90 day opt out clause wherein either party can leave upon proper notice, seconded by Commissioner Linhart, with both members positively affirming. Commissioner Linhart abstained.

#### **PUBLIC COMMENT**

There being no further business on the agenda, Commissioner Mulroy made a motion to open the meeting for public comment, seconded by Commissioner Linhart, with all members affirmatively concurring:

There being no public comments, Commissioner Mulroy moved to close the meeting for public comment, seconded by Commissioner Linhart, with all members voting in the affirmative.

**ADJOURNMENT**

There being no further business to discuss, Commissioner Mulroy moved, seconded by Commissioner Linhart that the meeting be adjourned at 9:18 PM, with all members voting in the affirmative.

June 30, 2025

BOARD OF COMMISSIONERS

\_\_\_\_\_  
Dawn M. Pennock, Municipal Clerk

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Randall W. Teague, Mayor

\_\_\_\_\_  
James Mulroy, Commissioner

\_\_\_\_\_  
Ryan Linhart, Commissioner