



# NJ Car Annual Benefits Roundtable

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# Agenda

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NJ Car Survey Highlights

Mitigating Renewal Increases

Pharmacy Strategy

Self Insurance Overview

Voluntary Benefits



# NJ CAR Annual Survey

## Highlights



# NJ CAR Benefits Survey 2025 – Executive Summary

- Premium renewals trended up to their highest levels in several years.
- Premiums rose an average of 8.2% in 2024. Renewals of greater than 15% tripled in 2024. NJ Dealership renewal increases are higher than seen in the national Kaiser Family Foundation survey.
- This is driven by geography, increased specialty medication utilization, general inflation, and higher cost carrier contracts with participating providers.
- According to PWC, health insurance premiums are expected to increase 8% in 2025.



# NJ CAR Benefits Survey 2025 – Executive Summary

- Self Insurance, including Level Funded Self Insurance, is gaining in popularity in an effort to better control costs.
- There was a 25% increase in the percentage of dealerships now self insuring health benefits.
- While self-insurance can add to risk and uncertainty, over time self insurance is projected to reduce costs by 5-8%.





# NJ CAR Benefits Survey 2025 – Executive Summary

- Employers continue to proportionately shift renewal increases to enrolled employees.
- Employer contributions decrease slightly as a percent of premium to 50% from 51%.
- Accordingly, employees also contribute 50%, up from 49%.
- Exacerbating this trend for employees is the sharp increase in cost sharing for high-cost services.



# NJ CAR Benefits Survey 2025 – Executive Summary

- Worksite and Voluntary Benefits are increasingly being used to attract and retain employees.
- Worksite and Voluntary Benefits are generally offered to employees through payroll deductions.
- Though employees pay, costs are generally reasonable because the contracts are on a group basis.
- More than half of all stores reported offering Long Term Disability (LTD), Supplemental Life Insurance, Accident Coverage, and Critical Illness/Cancer policies.







# Mitigating Renewal Increases

In it for the long haul



# Taking Control Over Supply Chain of Healthcare

- Cost of Care
  - Varies by setting
- Wellness Programs
- Alternative Delivery Models



## Cost of Care by Setting

- Virtual Visits vs. Doctors Office
- Hospital Facility Cost vs. Freestanding Med Surge
- Emergency Room vs Urgent Care
- MRI / CAT Scan / PET Scan
- High Performance Networks





# Wellness Programs

- Wellness Programs
  - Value Based Plan Designs – Rewards for specific milestones
  - Age Based Healthcare Compliance – Adherence to AMA guidelines
  - Yearly Physicals
  - Targeted programs such a musculoskeletal (Hinge), biometrics, and group challenges
- Execution
  - Crawl – walk – run
  - Senior Management Support
  - Communications and newsletters



## Alternative Benefits Delivery Models

- ICHRA (Individual Coverage Health Reimbursement Arrangement)
  - Defined Employer Contribution
  - Employee chooses carrier, plan design and deductible levels from state exchanges
- PEO (Professional Employer Organization)
  - Co-employment – Vendor manages HR functions, payroll, benefits administration, employee compliance and workers' compensation
- Alternative Funding / Self-Funding / Referenced Based Pricing
  - Provides highest level of claims transparency





# Pharmacy Strategy

Managing a leading cost driver

# Pharmacy Strategy

An objective analysis using recent data is crucial to develop and measure a successful **Pharmacy Benefits Manager (PBM)** strategy.



**Updated and Competitive**  
contract terms  
and conditions



Clinical / UM  
program  
**inventory / review**



**Optimized**  
benefit design  
that drives desired  
behaviors



**Specialty solutions** for  
high-cost claims



# Pharmacy Strategy

- PBM Analysis
  - Traditional vs Pass Thru Cost
- Contract Terms
- Plan Design Considerations
- Specialty Drug Solutions
- Utilization Review



## Contract Terms

- AWP – Average Wholesale Price
- Pharmacy Rebates
- Formulary
  - Customized Formulary Updates / Changes
  - Voluntary GLP1 Programs
- Fee Based
- Plan Design





# Optimized Design To Drive Outcomes

- Pharmacy Plan Design
  - \$0 Co-Pay for Chronic Conditions
  - Compliance Programs
  - Brand - Generic Cost Share Spread
  - Specialty Tier – Copay vs. Coinsurance
  - Exclusions



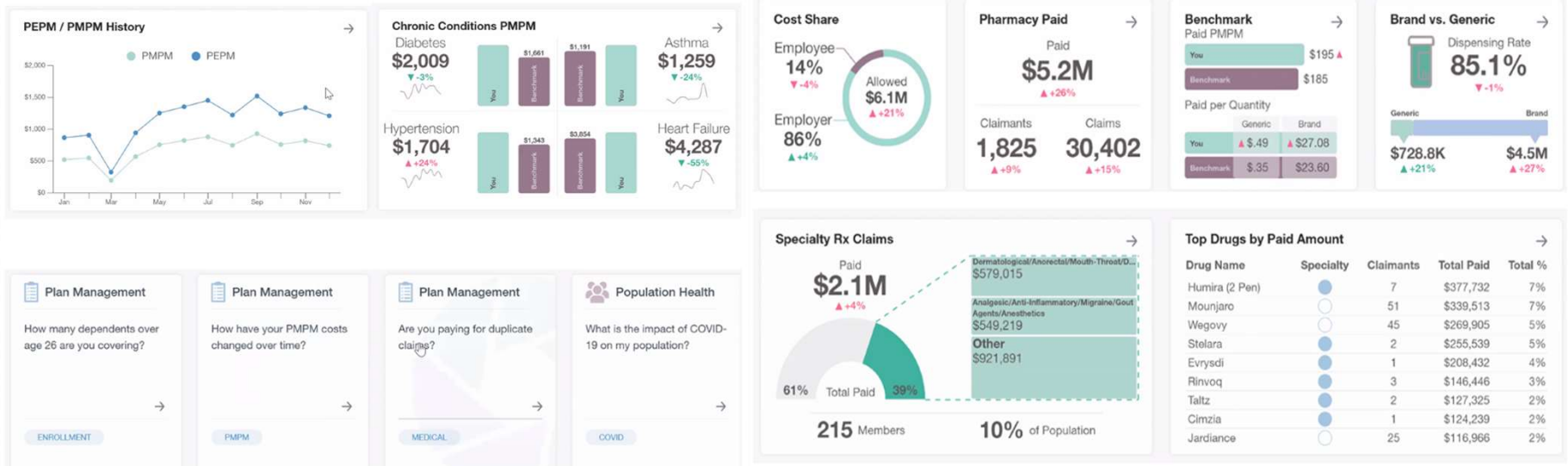
## Specialty Solutions

- Specialty Carveout Programs
- GLP1 Medications
  - Diabetic Programs
  - Weight Loss Solutions
- International RX Programs





# Clinical Utilization



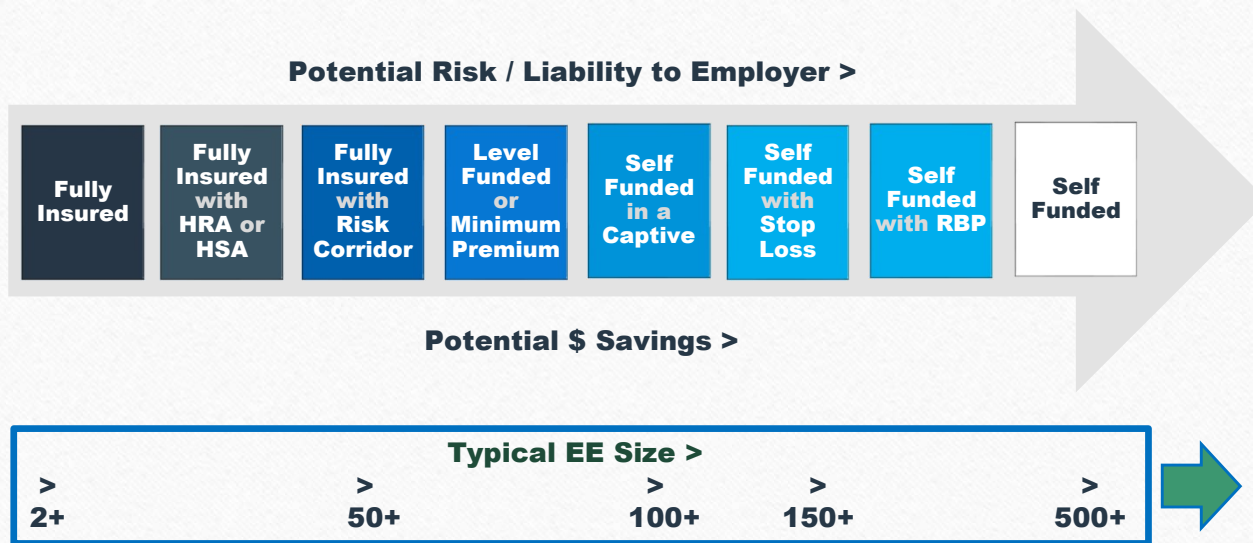


# Self Insurance Overview

Alternative ways to pay  
for health insurance



# Claim Funding Continuum



# Components of Self Insurance

## **Administrative Fees**

- Generally billed on a Per Employee Per Month (PEPM) Basis
  - Claims Processing, Network Access
  - Medical Management, Disease Management
  - Advisor Fees

## **Stop Loss Insurance**

- Specific Stop Loss - protects against an individual's high claims (\$50K-\$100K)
  - May be billed by coverage tiers or PEPM
- Aggregate Stop Loss - protects against high claims, group-wide
  - Premiums are based the on % risk above “expected” claims levels (110% -125% of expected)

## **Claims Payments**

- Discounted based on a network fee schedule, employer pays portion of the exposure after the employee cost share
- Claims will fluctuate weekly/monthly
- Fluctuations may be “leveled” monthly by Stop Loss protection (aggregate accommodation)



# Advantages and Disadvantages of Self Insurance

## Advantages

- Flexibility
  - Plan design, vendor
- Premium tax savings
- Access to extensive claims data and reporting
- Potential plan savings, cash flow, access to Rx rebates

## Disadvantages

- Financial risk that claims run poorly
  - Partially mitigated by Stop Loss Insurance
- More difficult to accurately budget expenses, administrative burden
- Barriers to exiting Self Insurance
- Provider recognition of “payer” can create member issues



# Models of Self Insurance

## **Level Funded Self Insurance**

- Hybrid self insurance with maximum risk and billing similar to “fully insured”

## **Traditional, Carrier Based Administration**

- Better provider recognition, administrative integration, best access to carrier discounts

## **Traditional, Carrier Owned Third Party Administrator (TPA)**

- Greater flexibility, access to full carrier discounts

## **Traditional, Independent TPA**

- Most flexibility - greater Stop Loss and Pharmacy Benefits Manager (PBM) options

## **Reference Based Pricing**

- Replaces a carriers’ facility fee schedule with a schedule based on Medicare reimbursement levels or reported costs, resulting in reduced facility claims costs

## **Stop Loss Captives**

- Smaller employers combining to spread stop loss risks, often like industries



# Basics of a Stop Loss Captive



# What is Gained by Joining a Captive?

## Data Transparency

Totally uninhibited line of sight to all claims, administration, performance and cost data

## Greater Flexibility

Total freedom to design your plans and choose your limit, network and vendor partners

## Claims Cost Control

Access to exclusive tools and vendors that help keep claims costs low, which translates to lower renewals and larger surpluses



## Reduced Fixed Costs

Lower renewals, lower administration costs and lower returns of unused pooled premiums from the collective captive layer

## Market Leverage

Strength in numbers allows for better purchasing power and market leverage than an employer would have on their own

## Renewal Stability

Captive pooled risk provides increases that are consistently below trend, and surpluses can offset future premiums

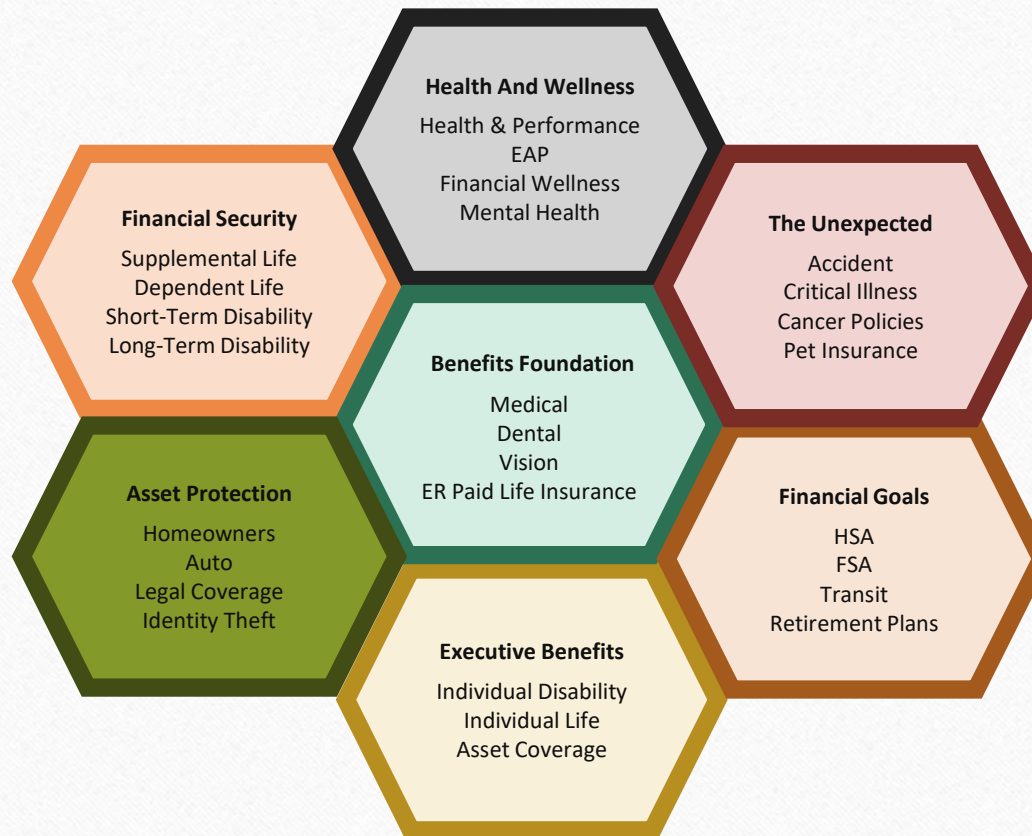




# Voluntary and Executive Benefits

Attracting and Retaining Employees

# Building Blocks of a Balanced Benefits Portfolio





# Benefits of Voluntary Benefits

## Employer Incentive

80% of employers see direct savings through voluntary benefits via employee attraction/retention, behavior change, increased participation in cost-favorable plans, and reduced premiums on employer-paid benefits

- ✓ No cost to offer
- ✓ Aids in recruitment & retention
- ✓ Promotes strategic initiatives
- ✓ Provides communication & enrollment resources

## Employee Advantage

69% of employees say having a wider array of benefits would increase loyalty to their employer<sup>2</sup>

- ✓ Ability to customize benefits to needs
- ✓ Fills gaps in coverage
- ✓ Enhances financial wellness
- ✓ Competitive plans, pricing, and underwriting (vs individual marketplace)

1. Buck Financial Wellbeing and Voluntary Benefits Survey, 2020

2. MetLife Employee Benefits Trends Study, 2020

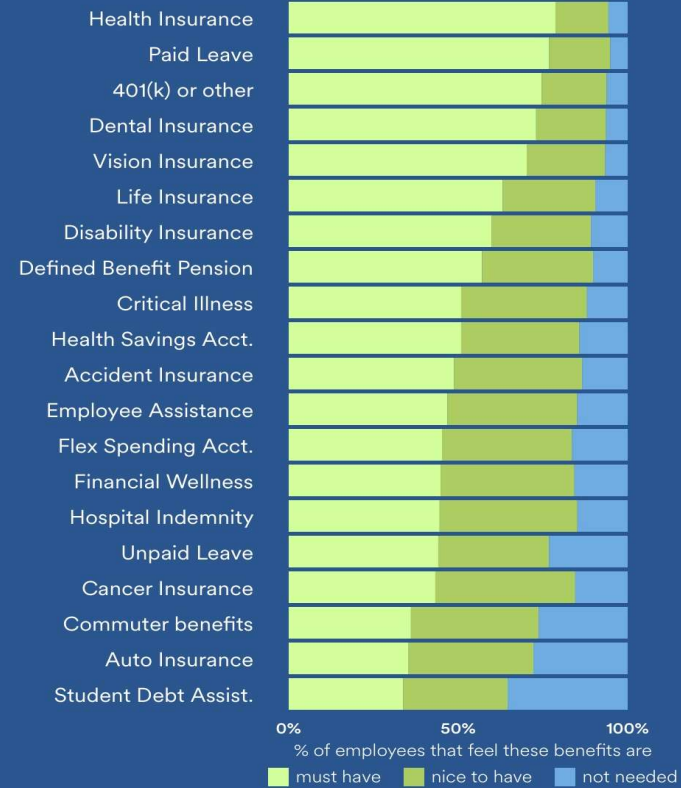
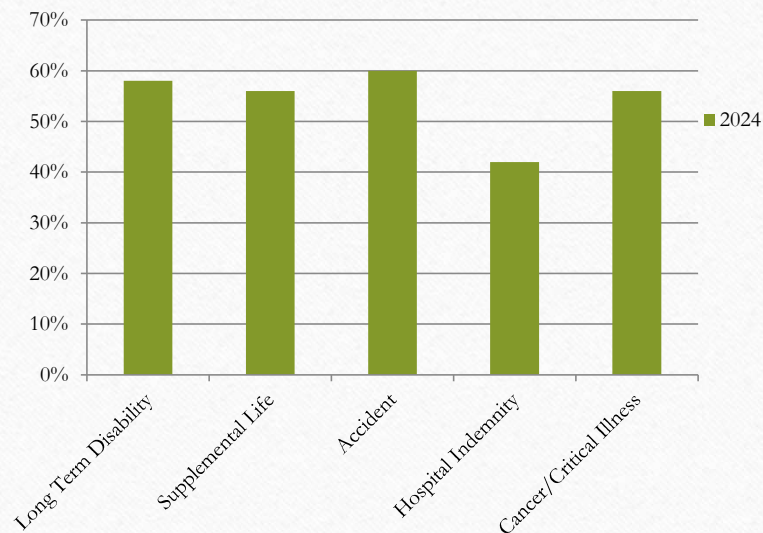
# Effectively Engage the Five Generations of Workers

Generation:	Silent Generation	Baby Boomers	Gen X	Millennials	Gen Z
Age	75 +	56 - 74	40 - 55	24 - 39	< 24
Communication Strategy	Meet with Me	Meet/Mail me	Call Me	Email me	Text me
Concerns & Well-being	Remain healthy and productive at work until ready to retire	Providing for family and retirement	Buying a home, supporting families, financial future	Concerned with finances and their future	Beginning their career
Medical Benefits	Likes choice (PPO) but can afford (HDHP)		Likes choice (PPO), Understands In-Network only (EPO)	HDHP or low cost option (EPO)	Likely still on Parents Plan
	Likes HSA retirement savings option				
Voluntary / Disability	ID theft, permanent life, LTD	Term life, CI, ID theft and LTC; Disability - Values coverage	Cancer, accident, 529 plan, home/auto; Needs Disability but must be educated	Home/auto, financial wellness, student loan repayment, accident, ID theft	Pet Insurance



# Voluntary Benefits: Trending Solutions

Worksite/Voluntary Benefits Offerings



MetLife Trends  
Study 2023

# Executive Benefits

## Employer Paid Life Insurance

- Set up an executive class with enhanced coverage

## Cash Value Whole Life

- Employer owned life insurance providing the cash value benefit to the employee at some later date (vesting)

## Company Paid Worksite Benefits

- Accident and Critical Illness, employer paid

## Lifestyle Savings Account/Supplemental Benefits

- Designated funds to be used at employee's discretion

## Individual Long Term Disability

- Written on a group contract, Enhanced LTD to cover high wage earners







# Open Discussion Q&A

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**We are here to help!**

# Thank you!

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