

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
APRIL 27, 2015
LINDENWOLD BOROUGH HALL
6:15 PM

Meeting of Executive Committee called to order by Michael Mevoli. Open Public Meetings notice read into record.

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

ROLL CALL OF 2015 EXECUTIVE COMMITTEE:

Michael Mevoli	Chairman	Borough of Brooklawn	Present
Mayor Joseph Wolk	Secretary	Borough of Mt. Ephraim	Present
Richard Michielli	Executive Committee	Borough of Magnolia	Present
Louis DiAngelo	Executive Committee	Borough of Bellmawr	Present
Terry Shannon	Executive Committee	Borough of Barrington	Present
Jack Lipsett	Executive Committee	Gloucester City	Present
Neal Rochford	Executive Committee	Borough of Haddonfield	Present
Joseph Collins	Executive Committee 1st Alternate	Delsea Regional BOE	Present
Gene Mercoli	Executive Committee 2ndAlternate	Cumberland Co. Vo Tech Ed	Present
Frank Domin	Executive Committee 3 RD Alternate	Berlin Borough BOE	Present
Lisa Giovanelli	Executive Committee 4 th Alternate	Rancocas Valley Regional	Absent

APPOINTED PROFESSIONALS PRESENT:

Executive Director/Adm. PERMA Risk Management Services
Paul Laracy

Program Manager Conner Strong & Buckelew
Jeanne Frank

Attorney **J. Kenneth Harris, Esq.**

Medical TPA – Aetna **Kim Ward**

Medical TPA – Amerihealth **Lisa DiDio**

Dental TPA – Delta Dental

Prescription TPA – Express Scripts

Ken Rostkowski

Treasurer

Fund Coordinator (Coastal group)

Gerald Cowan
Rick Alessandrini

PRESENT FUND COMMISSIONERS:

Ken Verill, Leap Academy
Edward H. Hill, Camden County Board of Social Services

ALSO PRESENT

Karen Read, PERMA
John Cobb, J Cobb Insurance Group
Suzanne Wood, CBIZ Model
Karen Lalla, Integrity Consulting Group
Ashley, Sotffel, Integrity Consulting Group

Mr. John Foley welcomed the committee to the Cherry Hill Fire District

APPROVAL OF MINUTES: **March 23, 2015 Open.** Chair Mevoli noted the correction of the mayor’s name to be reflected as Mayor Roach and Fund Attorney said on page 6, the verbiage should read “mandate was adopted in 2009 and applies to...”.

MOTION TO APPROVE OPEN MINUTES OF MARCH 23, 2015, WITH CORRECTIONS:

Moved:	Commissioner Lipsett
Second:	Commissioner Wolk
Vote:	Unanimous

PRO FORMA REPORTS

- **Fast Track Financial Reports** – as of February 28, 2015
 - **Historical Income Statement**
 - **Consolidated Balance Sheet**
 - **Indices and Ratios Report**

Executive Director noted that the Financial Fast Track shows a high IBNR because of the delay in Aetna claims, but the treasurer’s report is showing financials are stable. The audit will be prepared for the next meeting, at which a modest dividend may be discussed. The Fund Auditor has also requested a deeper look at the audit by the sub committee prior to adoption. Chair Mevoli suggested that the finance committee review the audit.

FINANCES

A4 SURCHARGE - Since our last meeting, PERMA has met with the State Deputy Treasurer to appeal the decision of our A4 surcharge position. We feel that we may still have an opportunity to reach those who developed and work closely with this surcharge and will continue to pursue. The 2012-2014 surcharge payments are included on this month's bills list.

Executive Director said he met with Mr. Romano at the State Treasurer's department to discuss our position. We have not given an answer either way. The surcharges from prior years is on the April bills list. There have not been any charges against us for not paying this yet. He said he was not positive because of the budgetary issues within the State right now. We will discuss further with the School Board Committee.

ADMINISTRATION

TREASURER FUNCTION - Michael Zambito, C.P.A, C.M.F.O, and Kenneth Verrill, C.P.A., have agreed to work respectively as Fund Treasurer and Deputy Treasurer. In addition to splitting the current treasurer functions, this structure will support the banking and accounting changes needed in order to reorganize the Fund into separate units (municipal, school, and Coastal).

Executive Director reviewed the proposed allocation of duties is as follows.

Function	Allocation of Duties
Accounts Receivable	
Schools	Payments now go to two lock boxes, one for Coastal, one for SNJ
Municipals	Mr. Verrill to post payments to Perma AR list and that his team
Coastal	follow up on delinquent payments.
Accounts Payable (Contracts - Bills List)	
Schools	Mr. Zambtio handle to this function and reconcile the checking
Municipals	account. Mr. Verrill would need to fund the account monthly and Mr. Zambito
Coastal	would need to share the reconciliation w Mr. Verrill monthly.
Accounts Payable (Claims Xfers)	
Schools	This process is passive for the most part (claims agents debit the
Municipals	account).
Coastal	Mr. Verrill will have custody over this account.
Checking Account Reconciliation	
Schools	Mr. Zambito to reconcile the administrative expense account.
Municipals	Mr. Verrill to reconcile other accounts.
Coastal	
Investments	
Schools	Mr. Verrill has banking relationships that could be
Municipals	brought into play. Mr. Zambito has good relationship with TD for
Coastal	fixed income investments.
Monthly CIR Reporting	
Schools	Mr. Verrill will complete this function.
Municipals	
Coastal	

We propose to issue RFQs for the positions for appointment effective 1/1/2016.

Attached is a resolution appointing these gentlemen. Also attached is a revised Cash and Investment Management Plan incorporating additional banks that will be used for investment of idle cash.

Executive Director said the segregation of the Coastal and BOE Fund will be a task that Mr. Verrill will be making. He noted one remark that Mr. Zambito is Fund Treasurer and Mr. Verrill will be Deputy Treasurer. In response to Commissioner Shannon, the School Boards and Coastal HIFs will RFQ for Treasurer in 2016, as well. Chair Mevoli said a cash audit should be done after the transition.

MOTION TO APPROVE RESOLUTION 14-15 AWARDING PROFESSIONAL SERVICE CONTRACTS FOR FUND TREASURER AND DEPUTY FUND TREASURER EFFECTIVE MAY 1, 2015 AND APPROVE THE AMENDED CASH AND INVESTMENT MANAGEMENT FUND, AS INCLUDED WITH CORRECTION NOTED.

Moved: Commissioner Wolk
Second: Commissioner DiAngelo
Vote: 7 Ayes, 0 Nays

COASTAL HIF MEETING - The Coastal subgroup met on April 21 to discuss breaking off on its own entity in 2016, in addition to the School Board separation. A fully report will be provided at the meeting. Executive Director said that most Commissioners were in attendance and voted to separate with the current membership. This will occur on January 1, 2016

NEW MEMBERSHIP - SNJHIF MUNICIPALITY

Haddon Heights Township has submitted an application to the Fund and the Fund Actuary has certified rates. The township is expected to vote on membership later this month. Below are the details of the member. We ask for authorization to offer membership and will update the Committee on their decision at the next meeting. Commissioner Shannon noted that Haddon Heights is a Borough

Underwriting Factor	Haddon Heights Township	Fund Average or Standard	Relativity
Current Carrier or Arrangement	Aetna	Aetna	
Age Sex Factor	0.975	1.16	83.95%
Enrollment	59	8,859	0.67%
Claims Pick (Per Employee Per Month)	\$1,355.31	\$ 1,176.00	115.25%
Trend Applied	9.3%	8%	115.63%
Risk Manager Fee Applied	None		
Rate Effective Date			
From	3/1/2015		
To	12/31/2015		
Prior Fund Member?	No		
Current P&C JIF Member?	Yes		
Lines of Coverage to Fund			
Medical	Yes		
Dental	No		
Rx	Yes		
Anticipated Commissioner Involvement	To be determined		
Explanatory Notes or Contingencies	None		

NEW COASTAL MEMBERSHIP - The Coastal HIF has accepted membership from the Dennis Township Board of Education. Details of the new member are below and have been certified by the Fund Actuary.

Underwriting Factor	Dennis Township BOE	Fund Average or Standard	Relativity
Current Carrier or Arrangement	Aetna and AHA	Aetna and AHA	
Age Sex Factor	1.174	1.16	101.11%
Enrollment	82	8,859	0.93%
Claims Pick (Per Employee Per Month)	\$ 1,132.00	\$ 1,176.00	96.26%
Trend Applied	9.3%	8%	115.63%
Risk Manager Fee Applied	2%		
Rate Effective Date			
From	1/1/2015		
To	12/31/2015		
Prior Fund Member?	No		
Current P&C JIF Member?	Yes		
Lines of Coverage to Fund			
Medical	Yes		
Dental	No		
Rx	Yes		
Anticipated Commissioner Involvement	To be determined		
Explanatory Notes or Contingencies	None		

MOTION TO APPROVE MEMBERSHIP OF HADDON HEIGHTS BOROUGH TO THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND EFFECTIVE JULY 1, 2015 THROUGH DECEMBER 31, 2015 AND OF DENNIS TOWNSHIP SCHOOL BOARD INTO THE COASTAL SUBGROUP WITH RATES EFFECTIVE JANUARY 1, 2015 THROUGH DECEMBER 31, 2015

Moved: Commissioner Lipsett
 Second: Commissioner Wolk
 Vote: 7 Ayes, 0 Nays

REGULATORY

GASB 45 VALUATION - Many municipalities with less than 200 eligible employees received the State mandated GASB 45 report for retiree liability through 2011. These reports need to be updated every 3 years. The MRHIF has contracted with an actuary through UHY Advisors for all HIF clients. To receive your updated report, please contact Emily (emilyk@permainc.com) to gather data. The process usually takes 4-6 weeks.

FINANCIAL DISCLOSURE STATEMENTS - The filing process for financial disclosure statements is the same online structure as last year (www.fds.nj.gov). PERMA is currently updating the Fund's roster and we will be sending PIN codes by April 1. User ID and Passwords are the same as last year. Please log in with your Fund PIN by April 30, 2015. Non filers for 2014 were issued violations. Below is a list of Commissioners and filing status:

FUND COMMISSIONER	MUNICIPALITY	Filed (as of April 20)
William Bittner	Westville Borough	yes
Frank Rizzo	Woodstown-Pilesgrove BOE	no
Nicole M. Schoener	Bridgeton BOE	yes
Christopher Lessard	Frankford Twp BOE	no
Gene Mercoli	Cumberland County Tech Ed	yes
Jean Grubb	Black Horse Pike BOE	no
Cindy A Dye	North Hanover Twp	yes
Michael Razze	Pitman	no
Frank Nucera	Bordentown	yes
Pamela Zook	Commercial Township BOE	no
Noreen Boston	Tabernacle BOE	no
Neal Rochford	Haddonfield	no
Meghan Jack	Riverside	no
Constance Mahon	Middle Township	yes
Denise Menella	Mantua Township BOE	yes
Michael Colling	Medford Lakes BOE	yes
Patricia Hendricks	Pine Hill	no
Craig Wilkie	Burlington City BOE	no
	Gibbsboro	no
Joe Hiles	Woodstown Borough	yes
Donna Contrevo	Gateway Regional BOE	no
Shannon DuBois	Lower Alloways BOE	yes
Michael Scardino	Winslow Fire District	yes
Michael F Mevoli	Brooklawn	yes
Stephen Hoffman	EIRC	no
Paul Laracy	Fund Administrator	yes
Jack Lipsett	Gloucester City	yes
Barbara Godfrey	Southampton	no
Bruce M. Benedetti	Florence Twp. BOE	no
Douglas McGarry	Millville Public Charter Schools	yes
Scott Henry	Woodbury Heights BOE	no
Eleanor Kelly	Runnemede	yes
Lisa DiNovi	Upper Pittsgrove BOE	yes
Chad Fires	Medford Township BOE	yes
Janine Wechter	Logan Township BOE	yes
Louis DiAngelo	Bellmawr	yes
Bryce Kell	Millville BOE	yes
Richard Michielli	Magnolia	no
Stephanie Kuntz	Hopewell BOE	yes
	Millville Library	no
J. Kenneth Harris	Fund Attorney	yes
Lisa Giovanelli	Rancocas Valley Regional BOE	yes
Beth Ann Coleman	Collingswood BOE	yes
James Sekelsky	Hardyston Twp BOE	yes
Bruce Harbinson	Cumberland BOE	yes
Evon DiGangi	Mt. Holly Twp. BOE	no
Debra Fourre	Franklin Township	no
Edward Brennan	Merchantville	yes
Mary Ann Bell	Burlington Twp BOE	yes
Jodi Lennon	Riverside Twp. BOE	yes
Gary Passanante	Somerdale, Boro of	yes
Joseph Wolk	Mt Ephraim	no
Frank Domin	Berlin Borough BOE	no
Thomas Egan	Cinnaminson Twp BOE	yes
Richard Schwab	Treasurer	no
Karen Sweeney	Wenonah	yes
Michael Blunt	Chesilhurst	yes
Robert Maybury	Mount Holly MUA	yes
Terry Shannon	Barrington	no
Alice Bresett	Byram BOE	no
Cherie Ludy	Upper Deerfield BOE	no
David Pawlowski	Alexandria BOE	no
John Giovannitti	Paulsboro	no
	Lindenwold	no
Joseph Collins	Delsea Regional BOE	no
Christopher J. DeStratis	Swedesboro-Woolwich BOE	no

Executive Director said the Fund Attorney has appealed the 2014 filing for the School Board members. The State did issue violations fro 2014 non filers.

BENEFITS OPERATIONS

PRO FORMA REPORTS

- **Claim Appeals** - none

MANDATORY USAGE OF THE ONLINE ENROLLMENT SYSTEM - Usage of the online enrollment system is in full progress. The PERMA Enrollment Department continues to offer assistance to HR representatives as they acclimate themselves with system. Please reach out to our Enrollment Team if you are in need of training.

CONTACT INFORMATION - Please direct any eligibility, enrollment, billing or system related questions to our dedicated SNREBF Team. The team can be reached by email at southernnj_enrollments@permainc.com or by fax at 856-685-2249.

BROKER EMAIL BOX - PERMA is excited to announce the roll out of our Risk Manager advocacy box. To better manage volume and take advantage of the full PERMA staff, we will be implementing a brokers only email box for claims issues and benefit inquiries. In the event a PERMA staff member is out of the office or unavailable, any member of the PERMA service team will be able to respond to inquiries. This process will improve work flow and provide faster response time. You will be receiving an outreach email with instructions and "go live date" shortly. The advocacy box address will be brokerservice@permainc.com.

WELLNESS COACHING PILOT PROGRAM - The Southern New Jersey Regional Employee Benefits Fund School Board Steering Committee continuously strives to keep wellness in its culture. At their previous meeting on March 5th, the Committee approved an onsite wellness coaching pilot program at no additional cost to its members. As there is a limited budget, the program can only be offered to a few select entities that best fit the objectives of the program at this time. To assist in deciding the final candidates for this program, a short survey was sent via email on April 13th to those entities with at least 150 enrolled employees to gauge interest in starting or enhancing an existing wellness program. A vote on the final candidates will take place at the next School Board Steering Committee meeting. Ms. Frank reviewed the details of this program.

OPEN ENROLLMENT - SCHOOL BOARDS - The SNJREBF will be holding its annual open enrollment for school boards May 1st for the July 1st plan year. PERMA will be bulk shipping the open enrollment guides and enrollment forms directly to the districts for all active employees with expected delivery the week of April 20th.

2015 PPACA UPDATES - In our constant effort to keep you informed of th e ongoing progression of PPACA, the following communications regarding 2015 PPACA updates are included in the attachment section of this report:

CADILLAC TAX - The Cadillac Tax imposes a 40% non-deductible tax on the excess amount of the aggregate cost of “applicable employer-sponsored coverage” in a calendar year. Applicable employer-sponsored coverage is generally defined as the coverage under any group health plan made available to employees by an employer which is excludable from the employee’s gross income or would be excludable from the employee’s gross income under IRC section 106. The definition of “employees” includes former employees, retirees, surviving spouses and “other primary insureds” (an undefined term). The tax applies to all employers subject to excise tax provisions of the IRC which includes all private employers, regardless of size, and also includes tax exempt and governmental entities. The excess amount of the total cost of coverage, from which the tax is calculated, is the amount of applicable coverage which exceeds the annual statutory limits, which have been set at \$10,200 for individual coverage and \$27,500 for other-than-individual coverage for the 2018 tax year.

The tax is calculated on a monthly basis, but is assessed on a calendar year basis. The value of applicable coverage must be calculated based on approved methods identified in the guidance and the rules permit adjustments to the limits for retirees and high risk professions, as well as age and gender adjustments. Adjustments will also be made through 2018 and beyond for health cost inflation.

Each provider of coverage is responsible for paying its share of the tax. For all fully-insured coverages, the health insurer is the coverage provider. For self-insured coverages or other coverage, the employer/plan administrator is responsible for paying the tax. Keep in mind that while the coverage provider is responsible for paying the tax, employers sponsoring health plans are responsible for calculating the tax and determining the share of the tax attributable to each coverage provider. In general, penalties may be assessed on employers who miscalculate the tax or fail to correctly attribute the tax to the responsible party. The employer may be responsible for a penalty equal to 100% of the error plus interest. The IRS reserves the right to waive penalties for employers who can prove they were not aware of the mistake provided the mistake is corrected timely, within 30 days.

Chair Mevoli said that notification should be sent to members because it maybe affecting current or negotiated contracts now. Fund Attorney and Executive Director will work on this letter and include an invitation to the seminar. Commissioner DiAngelo asked that since this is a federal mandate, can a contract be reopened midterm to include Cadillac Tax negotiations. Fund Attorney said the mandate does not forbid plans over the threshold, just a tax imposed for those over. Adjustments for future years have been considered. Fund Attorney said the biggest problem with the threshold is that it is the same across the nation, although the north east is more expensive.

In response to Commissioner Shannon, Executive Director said the sunseting Chapter 78 contributions are now a negotiation item. Fund Attorney said the contributions are mandated, but cannot go lower than the 1.5%. Executive Director said the Fund cannot plan on a change to this tax and must plan for it based on how it reads now

RECORDKEEPING AND REPORTING - To assist with ACA required recordkeeping and reporting requirements (1094/95 B &C), PERMA can run census and data reports out of the Benefits Express system that can be utilized to generate the necessary reports.

If you'd like a standard report, please have your Risk Managers reach out to Jeanne Frank at jfrank@permainc.com. The expected turn around time to receive reports is 7-10 business days. Ms. Frank encouraged members to get their report through the beenfit

EXPRESS SCRIPTS - CHOLESTEROL / PCSK9 MEDICATIONS STRATEGY UPDATE- Starting in July, 2015, a new class of statins to treat high LDL cholesterol is being introduced to the market. Termed PCSK9 medications, these specialty medications are designed to specifically treat those who are resistant to higher dose statins, intolerant to statins, or have a diagnosis of familial hypercholesterolemia. Based on the currently estimated cost, prevalence, and clinical prescribing guidelines, these drugs have the potential to increase your current overall drug costs by 30-40%. In combination with projected annual drug trend, plans are now facing potential 50% increases in annual drug costs. In light of this unprecedented cost impact to plan sponsors, PERMA is recommending a strategy that will allow the Funds to calculate the potential cost impact and make a fully informed decision for this class of drugs prior to offering member coverage. In response to Commissioner Shannn, Executive Director said we can get the impact. He said the impact would be approximately \$5 million for the MRHIF entirely. Only .2% of population would be eligible because of need, though. He said that there could be members taking these injectables and continuing a poor lifestyle, which is not effective. We could include this on the formulary. Executive director said more detail will be provided..

RECOMMENDED STRATEGY - PERMA has requested specific reporting from Express Scripts that will estimate the potential cost impact to the SNJREBF. Because of the broad variances (over 200%) for both cost and prevalence, we recommend that our clients exclude these medications from coverage for the first six months following their release in July & August. This will allow the Fund to wait for real world prescribing that will determine the (1)number of current statin users to whom doctors will prescribe these medications, (2) the actual average annual cost per member, and (3) the clinical protocols under which these medications are being prescribed. The total annual cost impact can then be calculated and an informed decision made to continue excluding these medications or to begin coverage for your members. We also anticipate the current clinical guidelines changing as drug companies "sponsor" research studies that broaden the criteria for prescribing these drugs.

TREASURER'S REPORT – Chair Mevoli reviewed the bills list. The unusually higher bills were the payment of the A4 surcharge, as discussed previously. Chair Mevoli reviewed the cash transactions and reconciliation report.

Resolution 15-15: Payment of April 2015 Bills

Closed Years	\$1,275,638.00
2013	1,203,533.00
2014	8,845.00
2015	1,619859.59
TOTAL 2011	\$4,107,875.59

MOTION TO APPROVE RESOLUTION 15-15 APRIL BILLS LIST FOR THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BILLS LIST.

Motion: Commissioner Wolk
Second: Commissioner Michielli
Vote: 7 Ayes, 0 Nays

MOTION TO APPROVE THE CASH RECONCILIATION REPORT AND CASH TRANSACTION REPORT.

Motion: Commissioner Wolk
Second: Commissioner Michielli
Vote: Unanimous

AETNA: Ms. Ward reviewed the claims report which did not include all claims which are still delayed due to the migration. There is an increase in population which is shown on the report. There were 13 claims over the high claimant threshold. These high claimants reflect two months since none were reported in February. In addition, Ms. Ward said Ms. Dennison from Aetna will be reporting at the future meetings while she is on maternity leave.

AMERIHEALTH – Ms. Didio reviewed the Amerihealth claims paid reports for both Amerihealth Administrators and Amerihealth New Jersey. There were no high claimants for the Amerihealth NJ, but there were 5 high claimants over \$500,000 for Amerihealth Administrators. There is one on going very high claimant in the Coastal group which has hit the stop loss level.

DENTAL ADMINISTRATOR: No report

PRESCRIPTION ADMINISTRATOR: Mr. Rostkowski said the Fund gained 3 new Hep c patients. There was growth, which may help bring down the pepm. Chair Mevoli requested a monthly report from Express Scripts.

FUND ATTORNEY: Fund Attorney said the DCA has issued violations for 2014 non filers of financial disclosure statements. An appeal has been filed for the school board members that did not file. He said there is language that does not include school board members, although he does not feel that will have much credibility.

Fund Attorney reviewed the reporting requirements forms which are dependent upon the size of the group.

OLD BUSINESS: none

NEW BUSINESS: None

PUBLIC COMMENT: none

MOTION TO ADJOURN:

Moved: Commissioner Rochford
Second: Commissioner D'Angelo
Vote: Unanimous

MEETING ADJOURNED: 7:50 PM

NEXT MEETING: April 27, 2015

Emily Koval , Assisting Secretary
for

JOSEPH WOLK, SECRETARY