

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND  
OPEN MINUTES  
MARCH 23, 2015  
LINDENWOLD BOROUGH HALL  
6:15 PM**

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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	Absent
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	Absent
Frank Domin	Executive Committee 3 <sup>RD</sup> Alternate	Berlin Borough BOE	Present
Lisa Giovanelli	Executive Committee 4 <sup>th</sup> Alternate	Rancocas Valley Regional	Absent

**APPOINTED PROFESSIONALS PRESENT:**

Executive Director/Adm.	PERMA Risk Management Services <b>Paul Laracy</b> <b>Emily Koval</b>
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Program Manager	Conner Strong & Buckelew <b>Brandon Lodics</b>
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Attorney	<b>J. Kenneth Harris, Esq.</b>
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Medical TPA – Aetna	<b>Kim Ward</b>
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Medical TPA – Amerihealth	<b>Lisa DiDio</b>
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Dental TPA – Delta Dental	<b>Christa O'Donnell</b>
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Prescription TPA – Express Scripts                      **Ken Rostkowski**  
Treasurer    **Richard Schwab**  
Fund Coordinator (Coastal group)                      **Robert Allen**

**PRESENT FUND COMMISSIONERS:**

Ken Verill, Leap Academy  
Robert Maybury, Mt. Holly MUA

**ALSO PRESENT**

Jeanne Frank, PERMA  
Joe Madera, Hardenbergh Insurance Group  
Kim Porter, CHB Group  
Robert Weil, Conner Strong & Buckelew  
John Cobb, J Cobb Insurance Group  
Greg Grimaldi, Conner Strong & Buckelew  
Beth Delaney, CBIZ Model

Mayor DeLuca welcomed the Committee to Lindenwold.

**APPROVAL OF MINUTES:                      February 23, 2015 Open**

**MOTION TO APPROVE OPEN MINUTES OF FEBRUARY 23, 2015:**

Moved:    Commissioner DiAngelo  
Second:    Commissioner Wolk  
Vote:    Unanimous

Fund Attorney swore in Commissioner Domin as Alternate Executive Committee.

**PRO FORMA REPORTS**

- **Fast Track Financial Reports** – as of January 31, 2015 (*TBD*)
  - **Historical Income Statement**
  - **Consolidated Balance Sheet**
  - **Indices and Ratios Report**

Fund Commissioner said January includes a large IBNR, which is an estimate, but reasonable compared to February claim totals. The Fund seems to be performing better than expected.

**FINANCES**

**PBM CONTRACT SAVINGS ALLOCATION** - At the previous meeting, Commissioner Shannon requested that the Fund consider allocating the savings obtained by the renegotiated PBM contract through a reduction in member rates. This reduction is proposed for July 1 through December 31st for municipal members of the SNJ fund that renewed on 1/1/2015. The credit for the new contract was already applied for the members renewing on 7/1/2015. Executive Director said he has worked with the Actuary on a reasonable credit and he agreed to a 5% decrease

on the prescription line effective July 1. He said Fund across the State are seeing trend increases due to specialty and compound drugs, so a larger discount would not be wise at this time. The School Board members were given a 10% credit for the new contract, but they also saw a 14% increase for prescription overall. In response to Chairman Mevoli, Executive Director said the maintenance drugs are staying level.

**MOTION TO APPROVE 5% DISCOUNT TO MUNICIPAL PRESCRIPTION RATES FOR SAVINGS FROM THE NEW EXPRESS SCRIPTS PHARMACY BENEFITS MANAGER CONTRACT**

Moved: Commissioner DiAngelo  
Second: Commissioner Wolk  
Vote: 6 Ayes, 0 nays

**A4 SURCHARGE** - Our efforts on this issue have hit a roadblock. The enclosed correspondence from the State Treasury department advised us that they believe the A4 surcharge is formulated correctly and has requested all outstanding surcharge payments to be paid. We will continue to work on this issue, but will be including the 2013, 2014 and first half of 2015 payments in the April bills list on the recommendation of counsel. Fund Attorney said the legal firm hired to handle this case will not longer be retained. In response to Commissioner Shannon, Fund Attorney said the meeting may not have been obtained because the State is not in the position to reduce income. He said it was not until the Fund's withheld surcharges were mentioned during a phone call that they requested payment. This surcharge is mentioned in the pensions and benefits report.

**ADMINISTRATION**

**SCHOOL BOARD COMMITTEE** - After several cancellations due to the weather, the School Board Committee is planning to meet prior to the meeting on March 23. Commissioners Collins said there are two action items from today's school board committee meeting. First, the Fund has approximately \$150,000 not used for the legal firm for the A4 surcharge which will be transferred to an onsite wellness coaching pilot program. Second, the Fund Attorney will work on the separation process of the School Board Fund at an amount not to exceed \$20,000.

**MOTION TO APPROVE THE TRANSITION OF THE REMAINING \$150,000 BUDGET FOR LEGAL COSTS FOR THE A4 SURCHARGE INTO THE WELLNESS BUDGET LINE AND AN AMOUNT NOT TO EXCEED \$20,000 TO THE FUND ATTORNEY FOR LEGAL SEPARATION AND FILING SERVICES FOR SCHOOL BOARD MEMBERS.**

Moved: Commissioner Collins  
Second: Commissioner DiAngelo  
Vote: 6 Ayes, 0 nays

**MUNICIPAL REINSURANCE HEALTH INSURANCE FUND** - The Municipal Reinsurance Health Insurance Fund met in February and unanimously voted to award a 32- month contract to Express Scripts effective May 1, 2015. The contract language is expected to be agreed upon and signed next

week, but the Fund will see significant savings over the next 2 ½ years, proving that the RFQ process was a success.

The MRHIF will be meeting March 11, 2015 to further discuss the contract details and to review the Audit RFP responses. Commissioner Wolk's report can be found in Appendix II.

**COOPER HOSPITAL HIGH UTILIZER PROGRAM** - Cooper Hospital has approached the SNJ HIF with a proposal to offer an employee centered medical home program for high utilizers. This program would be offered as part of the Fund's Amerihealth program and participation would be voluntary.

Cooper developed this program for its own employees and is in the early phases of rolling it out to the commercial market. The HIF could be the first participant outside of the hospital itself.

The purpose of the program is threefold:

- Reduce or stabilize costs by coordinating care and improving adherence;
- Improve patient satisfaction
- Improve health indices of the individuals enrolled and of the general population.

Cooper and Amerihealth are in the process of providing costs for the program. We also started working with the Fund actuary and reinsurer on evaluating the potential financial impact of the program. Cooper was able to stabilize its costs in the first year of the program and reduce costs significantly in the second year.

Cooper and Amerihealth are also working on a proposal for a narrow "inner network" involving Cooper, Shore Hospital, and their affiliated physicians. This narrow network will be the backbone of a low cost plan and will benefit from steeper discounts. The high utilizer program will be integral to this product and will also be a rider for other Amerihealth offerings.

**AMERIHEALTH CLAIMS** - We met with Amerihealth to review high claim patters observed for both the Coastal and SNJ subgroups. Claims have begun to return to more normal patterns and evidence was supplied to indicate that the increases were related to normal increase in high utilizer claims. We are satisfied that, based upon the latest information, budgetary projections for SNJ are adequate. For Coastal, we are awaiting an update on a large claim impacting February payments.

## 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](mailto:emilyk@permainc.com)) to gather data. The process usually takes 4-6 weeks.

### **PROFESSIONAL SERVICE AGREEMENTS -**

For all Professional Service Contracts, we recommend some of the standard contract language to be updated to include the law on Political Contributions, Affirmative Action and Records. The attached Resolution includes the recommended form – with tracked changes. Clauses unique by Fund professional are set forth in the first section of the professional service agreements. Ms. Koval said the changes are identical to what is included in the JIF contracts.

**MOTION TO ADOPT RESOLUTION 12-15 AMENDING THE FUND'S  
STANDARD CONTRACT LANGUAGE**

Moved:	Commissioner Lipsett
Second:	Commissioner DiAngelo
Vote:	6 Ayes, 0 nays

**2015 MEL & MR HIF EDUCATIONAL SEMINAR** - Banking and Insurance Commissioner Kenneth Kobylowski will be the Keynote speaker at the annual MEL & MRHIF Educational Seminar, Friday April 17, 2015. The annual MEL & MRHIF Educational Seminar will be held at the National Conference Center at the East Windsor Holiday Inn. Continuing Ed credits are available for CFO/CMFO, Clerks, Public Works, Insurance Producers, Purchasing Agents, Accountants, Lawyers, TCH Water Supply, Wastewater, RPPO and QPA. Registration form and agenda can be found on the MRHIF website (mrhif.com).

**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. Ms. Koval said violations were sent to 2014 non filers.

**BENEFITS OPERATIONS**

**PRO FORMA REPORTS -**

**Claim Appeals** - none

➤ **ACA Checklist** - page 13

**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.

**Contact Information** - Please direct any eligibility, enrollment, billing or system related questions to our dedicated SNJREBF Team. The team can be reached by email at [southernnj\\_enrollements@permainc.com](mailto:southernnj_enrollements@permainc.com) or by fax at 856-685-2249.

**JULY 1, 2015- OPEN ENROLLMENT FOR BOARDS OF EDUCATION** - The 2015 Open Enrollment planning is underway and materials are expected to ship by the end of April. It will be a passive open enrollment, only those employees who wish to make changes will need to complete a form. We will ask for forms back by May 21, and electronic processing in the Benefits Express system by June 5, in order for idea cards to be received prior to July 1.

Please have all requests for plan design changes/additions submitted to PERMA no later than April 20<sup>th</sup>.

## AETNA CLAIM ADJUDICATION UPDATES -

- **Chiropractic** - It was identified that due to the migration, gatekeeper (HMO, QPOS) plans were requiring referrals required for chiropractic services. This was result of an internal update to the Aetna claims system. Through research with our Aetna account team, it was identified that referrals were not needed for chiropractic services in the past. The issue has been resolved and the Aetna system now reflects referrals not required for chiropractic services. Any claims affected by this will be reprocessed.
- **Orthotics** - For the majority of our plans, orthotics was a covered benefit regardless if the diagnosis was in compliance with Aetna's clinical policy bulletin (CPB). In 2014, the claims system began to require that the diagnosis align with Aetna's CPB. This resulted in a lesser benefit for many groups and their employees. Aetna has updated the system to match the old processing method. Any claims affected by this will be reprocessed.

**EXPRESS SCRIPTS- 2014 DRUG TREND REPORT RELEASED** - Express Scripts has provided PERMA with their annual utilization review. In the review prescription trends are examined and reported on. The entire report has been provided electronically. Below please see a high level extract of some of the note worthy findings. Program Manager said these findings are nationwide, not just for this group.

- 2014 was the highest annual increase in drug spend since 2003 due to:
  - Hepatitis C Medications:
    - i.e. Harvoni® \$1,125/tablet; \$33k per 30 day prescription
  - Compound Medications
- The top 5 *therapy classes* ranked by 2014 spend include:
  - Diabetes
  - High Blood Cholesterol
  - Compound Medications
  - Pain/Inflammation
  - High Blood Pressure/Heart Disease
- The top 5 *therapy drugs* ranked by 2014 spend include:
  - Nexium® - Ulcer Disease
  - Crestor® - High Blood Pressure/Heart Disease
  - Lantus® - Diabetes
  - Abilify® - Mental/Neurological disorders
  - Humalog® - Diabetes
- Scheduled for Summer 2015 FDA approval and release:
  - New class of injectable high blood cholesterol medications - PCSK9 inhibitors:
    - Projected annual cost of \$7-12k/patient; 71 million patients in US with high cholesterol

- Impact to specialty drug trends in the future; Lipitor® is the most commonly used medication in this class.

Program Manager said the Fund approved a pre authorization program to compounds in September, which has potential to save, but had an impact on the first 9 months of 2014.

**THE NEW JERSEY AUTISM AND OTHER DEVELOPMENTAL DISABILITIES INSURANCE MANDATE - AMENDMENTS** - The New Jersey Autism and Other Developmental Disabilities Mandate was passed in 2009 and requires fully-insured plans written in NJ. Since the mandate's inception the Health Insurance Funds have elected to include the mandate within their plans.

**NJ Mandate Highlights:**

- Expenses for screening and diagnosis for autism spectrum disorders (ASD) and other developmental disability (DD)
- Medically necessary physical, occupational and speech therapy for individuals with ASD or other DD
- Medically necessary behavioral intervention based on the principles of applied behavior analysis (ABA) for individuals with (ASD) and
- Certain family cost share expenses incurred through NJ Early Intervention

**TREASURER'S REPORT** – Mr. Schwab announced that he was stepping down from the Treasurer position, but will be available to assist in the transition process to the new Treasurer. The Treasurer's report was distributed.

**Resolution 13-15: Payment of March 2015 Bills**

2014	\$37,850.00
2015	\$1,626,851.41
<b>TOTAL 2011</b>	<b>\$ 1,664,701.41</b>

**MOTION TO APPROVE RESOLUTION 13-15 MARCH BILLS LIST FOR THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BILLS LIST AND APPROVE THE CASH RECONCILIATION REPORT AND CASH TRANSACTION REPORT.**

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

**AETNA:** Ms. Ward reviewed the claims report which illustrated lower claims because of the transition to the new platform. The February claims report should level out. There were 4 claims over the \$50,000.

**AMERIHEALTH** – Ms. Didio reviewed the Amerihealth claims paid report and high dollar claims report through January 2015. There was a very large claim that was paid 1.9 million in non allowable charges. The plan protection caught the incorrect payment and it is being worked out with the clinical team and will be working to correct the payments with the facility.

**DENTAL ADMINISTRATOR:** Ms. O'Donnell reminded the committee of the benefits perk to enroll in the website and get an electric toothbrush from Oral B.

**FUND ATTORNEY:** Fund Attorney said there are some Affordable Care Act changes within the reinsurance fee which does not impact the Fund. He said the updated regulations will be included in the plan documents. Program Manager said the benefits express program has the ability to provide members with reports for the reporting requirements under the ACA. Members can work with their payroll companies to complete the filing.

**PRESCRIPTION ADMINISTRATOR:** Mr. Rostkowski discussed the trend increase across the nation, including the HIF. He said the Hep C drugs, compounds and specialty drugs are worth about \$6 million of last year's spend. He said the Fund is seeing savings by increasing its generic fill rate.

**OLD BUSINESS:** none

**NEW BUSINESS:** Commissioner Rochford thanked Fund Treasurer for his service with the Fund

**PUBLIC COMMENT:** none

**MOTION TO ENTER EXECUTIVE SESSION FOR CERTAIN SPECIFIED PUROSES:**

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

**MOTION TO APPOINT TRANSITIONAL TREASURERS MICHAEL ZAMBITO AND KENNETH VERILL WITHIN THE CURRENT TREASURER BUDGET AND RELEASE AN RFP FOR THIS POSITION IN SEPTEMBER:**

Moved:	Commissioner Rochford
Second:	Commissioner Lipsett
Vote:	Unanimous

**MOTION TO ADJOURN:**

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

**MEETING ADJOURNED: 7:55 PM**

**NEXT MEETING: April 27, 2015**

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Emily Koval , Assisting Secretary  
for



