

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND**  
**OPEN MINUTES**  
**MAY 26, 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	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 <i>*left at 6:33pm</i>
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 <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  
**Paul Laracy**  
**Emily Koval**

Program Manager                              Conner Strong & Buckelew  
**Brandon Lodics**  
**Jeanne Frank**  
**Joseph Pfeiffer**

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

Medical TPA – Aetna

**Lisa DiDio**

Medical TPA – Amerihealth

**Christa O’Donnell**

Dental TPA – Delta Dental

**Ken Rostkowski**

Prescription TPA – Express Scripts

Treasurer

**Kenneth Verrill**  
**Michael Zambito**

Fund Coordinator (Coastal group)

**Robert Allen**

**PRESENT FUND COMMISSIONERS:**

Anthony Stagliano Sr, Mount Holly MUA

**ALSO PRESENT**

John Cobb, J Cobb Insurance Group

Kim Porter, CHB Group

Commissioner Lipsett welcomed the Executive Committee and professionals to Gloucester City.

**APPROVAL OF MINUTES: April 27, 2015 Open.**

**MOTION TO APPROVE OPEN MINUTES OF APRIL 27, 2015:**

Moved:	Commissioner D’Angelo
Second:	Commissioner Michielli
Vote:	Unanimous

**PRO FORMA REPORTS**

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

Executive Director said the Fund’s surplus as of March 31, 2015 is \$37 million.

**FINANCES**

**AUDIT AND DIVIDEND** - The 2014 Audit is expected to be complete for the June meeting. The Finance committee should meet to review and discuss the Audit and dividend options. We should schedule a date for this committee meeting, which can be done via conference call.

**MEDICARE PART D SUBSIDY** - The Fund’s application for Medicare Part D Subsidy for 2014 has been approved in the amount of \$164,498.01.

**TREASURER TRANSITION** - The transition of the treasurer position has proceeded smoothly and with excellent cooperation. Executive Director introduced Mr. Zambito, the Fund Treasurer. Mr. Zambito reviewed his experience with Insurance Funds and is looking forward to working with the HIF.

### ADMINISTRATION

**MEMBERSHIP** - Effective July 1, 2015, Upper Pittsgrove BOE will be offering dental to their existing medical plan through the Fund. At the same time, Southampton BOE will be offering prescription.

### **MOTION TO APPROVE DENTAL COVERAGE FOR UPPER PITTSGROVE BOE AND PRESCRIPTION COVERAGE FOR SOUTHAMPTON BOE EFFECTIVE 7/1/2015.**

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

**SCHOOL BOARD AND COASTAL SUBGROUP STEERING COMMITTEES** - The School Board Steering Committee will be meeting prior to this meeting to further discuss the separation process. Commissioner Collins will have a report on the discussion. The Coastal commissioners also met and voted to proceed to form their own Fund. Minutes from this meeting were in Appendix II. Commissioner Domin said the Fund decided on the name Schools Health Insurance Fund. The wellness initiatives are also taking off.

The process for filing for new Funds occurs in two phases. We anticipate that Phase 1 filings will be filed for Coastal on or about June 1 and for the schools by July 1.

**VERISK CLAIMS ANALYSIS SYSTEM** - The 2014 and 2015 budgets included funding for a claims analysis system. This project was conceived in 2012 when we recognized that our ability to effectively and quickly analyze claims patterns was insufficient for the challenges that arose. Funding was included for the SNJ school and municipal subgroups, but not for the Coastal subgroup.

The project took several months to implement but is now in place and is producing fruits. The municipalities report has been attached with the agenda and the BOE members will receive their report at their committee meeting.

Some initial observations from 2014 and 2013 data:

1. Claims costs between Amerihealth and Aetna on a per member per month basis are nearly identical.
2. Data indicate that there are modest differences in care and screening gaps between the Amerihealth and Aetna populations that will be further explored with those carriers.
3. Our population has fewer screening and care gaps than the Verisk norms. Schools show fewer screening and care gaps than municipalities. Care and screening gaps, relative to Verisk norms, for municipal members occur in the following areas:

- a. Diabetes
  - b. Pediatric screenings
  - c. Mammograms
4. Screening and care gaps are most common in the 50+ age groupings.
  5. The municipal group has higher risk scores than the school group, but its pmpm costs are more stable.
  6. Crestor and Nexium are identified as commonly dispensed and expensive drugs that can be substituted with generics and therapeutic equivalents. (ESI is addressing this opportunity with new utilization management programs going into effect on 7/1/2015.)
  7. There are other drugs that have been identified as representing savings opportunities that are being explored with ESI.

The system is still being updated for missing data from 2012 and is being revised to allow for entity level analysis. Once these updates are included, further analysis will be completed and results will be shared.

Prospectively, the system will be updated quarterly, usually with a 2 to 3 month lag. We are investigating the cost of updating the system monthly which could be required in an environment of claims volatility as occurred in 2012.

We will continue to maintain our own data base which will be used for loss ratio analysis, loss triangles used by the actuary to project future claims, and for trouble shooting. We will also continue to use reports generated by the claims agents.

Based upon the success of this project, we will be recommending its use by the Coastal subgroup and other HIFs. We are also researching how to effectively use care and screening gap data in such a way as to monitor claims agent programs, or supplement such programs to reduce costs and improve the health of our populations.

Executive Director said he hopes the system will help prevent large claims from getting too large and focus on preventative care which will become less expensive over time. In response to Commissioner D'Angelo, Executive Director said the Fund may consider hiring a case manager who will use these reports.

## **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](mailto: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](mailto:brokerservice@permainc.com).

**OPEN ENROLLMENT - SCHOOL BOARDS** - The SNJREBF open enrollment for school boards will be closing soon. All new enrollments and any changes to existing enrollments must be keyed in through Benefit Express no later than Friday, June 5th to ensure timely delivery of ID cards.

**2015 PPACA UPDATES** - In our constant effort to keep you informed of the 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. Program Manager said that members may want to consider this tax in all upcoming bargaining contracts, as 2018 would be within a 3 year term. Commissioner Mercoli said that the Fund should follow suit with the SHBP and wait for that population to move into a lower cost plan. Program Manager suggested including the lower cost plans as options now, although the members that have included these plans are seeing less than 1% migration because the contribution savings is not worth the loss in coverage. He said he will redistribute the power point presentation on this topic.

### **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](mailto:jfrank@permainc.com). The expected turn around time to receive reports is 7-10 business days.

**EXPRESS SCRIPTS - Crestor® to move to Step Therapy List Effective July 1, 2015** - Effective July 1<sup>st</sup>, Crestor® will be moving to step therapy. The following first-line alternatives should be considered and eliminated during the treatment process before Express Scripts will release a Crestor® prescription: lovastatin, pravastatin, simvastatin, atorvastatin, fluvastatin, atorvastatin/amlodipine

**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.

### **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.

## WELLNESS

**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 13<sup>th</sup> to those entities with at least 150 enrolled employees to gauge interest in starting or enhancing an existing wellness program. We received 6 responses to our survey. A vote on the final candidates will take place at the next School Board Steering Committee meeting.

In response to Commissioner Shannon, Program Manager said the Fund can release a grant program application for the municipalities, much like the School Boards. Executive Director suggested getting another quarter of Verisk data before developing a wellness program for these groups.

**TREASURER'S REPORT** – Fund Treasurer reviewed bills lists for May, Resolutions 16-15 and 17-15.

### **Resolution 16-15: Payment of April 2015 Bills**

<b>2014</b>	<b>\$20,928.93</b>
<b>2015</b>	<b>\$1,852,454.01</b>
<b>TOTAL 2011</b>	<b>\$2,265,270.49</b>

### **Resolution 17-15: Payment of April 2015 Bills**

<b>Closed Years</b>	<b>\$391,887.55</b>
<b>TOTAL 2011</b>	<b>\$391,887.55</b>

### **MOTION TO APPROVE RESOLUTION 16-15 AND 17-15 MAY BILLS LISTS 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:** Chairman Mevoli reviewed the March claim and high claimant reports.

**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 2 high claimants over \$500,000 for Amerihealth Administrators.

**DENTAL ADMINISTRATOR:** Ms. O'Donnell distributed a Fund dental action report which was based on member behavior. The report depicts healthy and unhealthy participants, versus those who go to the dentist regularly and those who have not been for regular visits. In response to Commissioner Shannon, Ms. O'Donnell said the reports are not currently available by member town, but an aggregate report for members could be made available.

**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 Aetna and the Fund had been sued regarding subrogation notification. Currently, the litigation is between Aetna and Cooper Hospital. The Fund is waiting for the motion by Aetna to be dismissed. This has been going on since October. The legal bills have been included in the bills lists.

**OLD BUSINESS:** none

**NEW BUSINESS:** None

**PUBLIC COMMENT:** none

**MOTION TO ADJOURN:**

Moved:	Commissioner Michielli
Second:	Commissioner Wolk
Vote:	Unanimous

**MEETING ADJOURNED: 7:50 PM**

**NEXT MEETING: June 22, 2015**

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Emily Koval , Assisting Secretary  
for

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**JOSEPH WOLK, SECRETARY**