

**CENTRAL JERSEY HEALTH INSURANCE FUND  
OPEN MINUTES  
MAY 18, 2011 MEETING  
BRIELLE BOROUGH MUNICIPAL BUILDING  
1:30 PM**

Meeting called to order by Chairman Tom Nolan. The Open Public Meeting notice was read into record.

**PLEDGE OF ALLEGIANCE**

**MEETING OF EXECUTIVE COMMITTEE CALLED TO ORDER**

**ROLL CALL OF 2011 EXECUTIVE COMMITTEE:**

<b>CHAIRPERSON</b>		
Thomas Nolan	<b>Borough of Brielle</b>	Present
<b>SECRETARY</b>		
Adeline Schmidt	Township of Shrewsbury	Absent
<b>EXECUTIVE COMMITTEE</b>		
Richard Bethea	Borough of Ship Bottom	Absent
Jerome Cevetello	Manasquan River RSA	Absent
William Rieker	Township of Lakewood	Present
Joseph Gilsean	Township of Brick	Present
Diane Lapp	Township of Manchester	Present
<b>ALTERNATES:</b>		
Frank Mason	Borough of Red Bank	Absent
Adam Hubeny	Borough of Atlantic Highlands	Absent

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Administrator	PERMA Risk Management Services	<b>Paul Laracy Emily Koval Loreine Ghani</b>	Present Present Present
Program Manager	Conner Strong	<b>Diane Peterson Paul Chae Mike Jose</b>	Present Present Present
Attorney	Berry, Sahradnik, Kotzas & Benson	<b>Jack Sahradnik</b>	Present
Treasurer		<b>Stephen Mayer</b>	Present
Network & Medical Claims Service	Qualcare Inc.	<b>Jerry Eisenberg Gary Epstein</b>	Present Present
Network & Medical Claims Service	Aetna	<b>Gary Lopez</b>	Absent
Auditor	Holman & Frenia, P.C.	<b>Rodney Haines</b>	Present
TPA- Dental	Delta Dental	<b>Kim White</b>	Present

**OTHERS PRESENT:**

[Type text]

Holly Reycraft, Township of Aberdeen  
Helen Cau, Keansburg Board of Ed  
Irving Cau, Claimant, Keansburg Board of Ed  
Cindy Lisa, Danskin  
Charles Casagrande, Danskin  
Ted Wardell, B&B Benefits Advisors  
Josephine Schroeder, B&B Benefits Advisors

**APPROVAL OF MINUTES: MARCH 16, 2011 OPEN AND CLOSED**

**MOTION TO APPROVE OPEN AND CLOSED MINUTES OF MARCH 16, 2011**

<b>MOTION:</b>	Commissioner Gilsenan
<b>SECOND:</b>	Commissioner Lapp
<b>VOTE:</b>	Unanimous

**CORRESPONDENCE** – Hazlet Disclosure Letter

**EXECUTIVE DIRECTOR:**

**PRO FORMA MONITORING REPORTS** – The following reports were included in the agenda:

**Financial Fast Track as of February 28, 2011 & March 31, 2011** - Executive Director said as of March 31, 2011, all years combined our surplus is \$11.6M, year to date, the fund has made \$148K. In the current month there are some losses, but on consolidated basis the fund is healthy.

**Cash Flow Tracking Report as of March 2011, Budget Reconciliation for May 2011**

**Monthly and Yearly Regulatory Filing Checklist**

**AUDITOR AND ACTUARY YEAR-END REPORTS**- A final copy of the financial audit for the period ending December 31, 2010 was distributed at the meeting. A representative from Holman & Frenia will be in attendance to review.. Once approved, PERMA will make a filing with the Departments of Insurance and Community Affairs to meet the June 30th deadline. Attached are Resolution 18 -11 and the Affidavit of Certification to approve the December 31, 2010 audit. The Actuary's Statement of Actuarial Opinion was also included for the Committee to review.

Fund Auditor presented the final Audit report for Fund Year 2010. He said the Independent Auditor's Report regarding presentation of financial statements is an Unqualified Audit Opinion, meaning there are no exceptions to how financial statements are presented. The internal controls report, also has no exceptions. The actual financials start with the Statement of Net Assets. Under the assets there is a joint venture investment of \$2,987,886, which represents the Central fund share of the balances in the MRHIF fund. The total assessments are a combination of all fund years, there was a dividend income of \$392,814 from MRHIF and a dividend of \$2,044,091 was distributed to the members. The Fund's total net assets went from \$14 million to \$13 million , There are no Comments or Recommendations to report.

**MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION 18-11 AND EXECUTE THE GROUP AFFIDAVIT INDICATING THAT THE MEMBERS FO THE**

[Type text]

**EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE  
AUDIT REPORT.**

**MOTION:** Commissioner Lapp  
**SECOND:** Commissioner Rieker  
**VOTE:** 4 Ayes, 0 nays

**MRHIF LEGISLATIVE AGENDA – SENATE BILL 2718** - Last month, MRHIF commissioners, representatives from the Fund lobbying firm, and Perma had a series of meetings in the State House on the bill. We had 3 consecutive meetings with the staffs of the Senate Democrats and State Government Committee, the Senate Republican Office, and the chief of staff for Treasury. Each of the groups we met with were attentive to our concerns and we left with the impression that our positions were recognized as reasonable and worthy of additional consideration.

Executive Director said there have been constructive meetings with Senator Beck amongst others who understand what the HIF's are about and should there be a bill adopted, we believe it will be adjusted to reflect the existence of the HIFs. Commissioner Schmidt has been particularly helpful in making those meetings successful.

**RECORDS DISPOSAL** - The Fund Treasurer has requested authorization for records disposal. The records cover the fund bank statements and check files for the time period prior to December 31, 2004. A copy of the request is included in the agenda. The request will then be forwarded to the State for final approval.

We have a motion to dispose of fund treasurer records and it is in accordance with the Bureau of Archives retention scheduled.

**MOTION TO APPROVE FUND TREASURER'S REQUEST TO DISPOSE OF FUND'S  
BANK STATEMENTS AND CHECKS FILES FROM THE TIME PERIOD PRIOR TO  
DECEMBER 31, 2004 AND FILE SAME WITH STATE.**

**MOTION:** Commissioner Gilsenan  
**SECOND:** Commissioner Lapp  
**VOTE:** Unanimous

**ENROLLMENT SYSTEM** - We are transitioning to the new enrollment system financed by MRHIF. Primary feature is front end enrollment to allow staff to directly choose benefits online. The target date for CJHIF to transition to the new system by June 1.

**GASB 45 - VALUATION OF COST OF POST RETIREMENT MEDICAL BENEFITS** - We are in the process of working on the 1/1/2010 valuation for GASB45 with AON just for the two members; Lakewood and Red Bank. We will continue to update the Fund on the status of this process.

**FINANCIAL DISCLOSURE STATEMENTS** - PERMA has mailed Financial Disclosure forms for each Fund Commissioner. We would encourage all Fund Commissioners to complete these forms and provide two copies with original signatures to the Fund office on or before the filing deadline of April 30, 2011. In accordance with State regulations, the Fund must file these disclosures with the Department of Community Affairs. Enclosed is a listing of financial disclosure forms received to date.

If you would like to fill this form out online, please go to the below link:

[Type text]

PLEASE NOTE, you can only fill it out online and will still need to return two copies to the Fund Office.

## **PROGRAM MANAGER – CONNER STRONG & BUCKELEW**

**MODEL PLANS** - A handout was distributed regarding the various model plan options that Conner Strong has prepared for cost saving initiatives.

Program Manager gave information using the illustrated model plans from the Conner Strong brochure. She suggested that in order to achieve long term results, before entering negotiations, look at the plan strategically. The model plans have to be sent to the Actuary, so she recommended that about 4-6 months before negotiations, members consult their broker or set a strategy meeting and Ms. Peterson's team will look at the member's needs and evaluate a plan that gains the highest savings. If necessary, she said she will work and meet with your labor attorney, union rep, and set up employee trainings.

**HEALTH CARE REFORM** - Conner Strong continues to receive questions regarding Health Care Reform and in particular, the "grandfather" rules. Some general information is provided below:

- **Anti-abuse rule:** The grandfather rules generally state that transferring employees from one grandfathered plan or benefit package (transferor plan) to another (transferee plan) will cause the transferee plan to lose grandfather status if amending the transferor plan to replicate the terms of the transferee plan would have caused the transferor plan to lose grandfather status. However, this rule applies only if there was no bona fide employment-based reason to transfer the employees.
- **Prescription drug tiers:** When a brand name drug moves into a higher-cost sharing tier and a generic alternative becomes available, this will not cause the plan to lose grandfather status.
- **Timing issues:** A plan or coverage operating on a calendar plan year will cease to be a grandfathered plan when an amendment causing the plan to lose grandfather status becomes effective, regardless of when the amendment is adopted. If a plan sponsor decides to adopt an amendment on July 1, 2011 that causes the plan to lose grandfather status, and the change becomes effective for the plan year beginning on January 1, 2012, the plan would cease to be a grandfathered health plan on January 1, 2012, the first day of the first plan year for which the change is effective. If a plan sponsor wishes to avoid losing grandfathered status in the middle of a plan year, any changes that will cause a plan or coverage to lose grandfather status should be made effective the first day of a plan year that begins after the change is adopted.

**EXPRESS SCRIPTS UPDATE** - Recently, the Animas Corporation announced a recall of certain lots of 2 mL insulin pump cartridges because of a chance they can leak resulting in the delivery of less insulin than intended.

**Express Scripts' Response:** Express Scripts has ensured that any members who have recently received a prescription for Animas cartridges will receive a communication piece from the manufacturer informing them of the recall. Patients should check to see if they have recalled cartridges and

**Greenstone Recalls Citalopram and Finasteride Tablets** - Greenstone, a subsidiary of Pfizer, recently announced a recall of one lot of Citalopram 10mg Tablets and Finasteride 5mg Tablets because the labeling on the bottles may have been switched. As a result of this labeling mix-up, patients may unintentionally take finasteride instead of the intended dose of citalopram. Finasteride is used to treat benign prostatic hyperplasia and citalopram is used to treat depression. Women who are, or who may become pregnant,

should not take or handle finasteride due to the possible risk of it causing abnormalities to the external genitalia of a developing male fetus. Patients who discontinue citalopram abruptly by inadvertently taking the mislabeled product may experience discontinuation symptoms and/or worsening of depression.

**Greenstone recommends the following:**

- Patients with a prescription for these medications should call their pharmacies to see if they have product from the recalled lot.
- Patients should return recalled medications to the place it was obtained for a replacement.
- If you have any questions, you can contact Pfizer at 1-800-438-1985 for more information.

**Express Scripts' Response:**

- Express Scripts has identified members that have recently received a prescription and are ensuring that a communication piece will be sent to the members by the manufacturer.

**NEW MEMBER REPORT** - Bedminster Township has a proposed effective date of July 1 to become effective in the Fund as the latest Central Jersey HIF member. This entity plans to offer SHBP-match medical plans. The group is comprised of approximately 36 lives and is located in Somerset County.

**OPEN ENROLLMENTS** - Open enrollments for School Boards were held during the month of April, for an effective date of July 1, 2011.

**MARKETING REPORT** - The majority of Municipalities and Boards of Educations are contacted during marketing campaigns. As of May 9, 2011, the following groups have provided data for actuarial rating:

Name of Prospect	Proposed Effective Date
Mansfield Township	6/1/2011
City of Asbury Park	6/1/2011
Franklin Township	7/1/2011
Lakehurst BOE	7/1/2011
Cranbury BOE	7/1/2011
West Long Branch BOE	7/1/2011
Little Silver	7/1/2011
Neptune City BOE	7/1/2011
Monmouth County Regional Health Commission	8/1/2011

Mr. Jose said marketing activity continues to be strong. He said that two proposals are being evaluated and added Monmouth County Regional health commission is a strong prospect. Belmar BOE and Red Bank Regional BOE are also prospects.

There was one written complaint received by:

- ⊗ QualCare

**CLAIM APPEALS** - There is ONE claim appeals to be reported in closed session.

Mr. Chae distributed handouts with some vital statistics. He said that while membership of CJHIF grew about 30%, Network utilization remains high at about 90% and the discount is about 57% of all eligible charges. The amount of claims has increased in line with membership growth but the average per employee per month has remained consistent. It shows the new members to the fund have not added risk to the fund. Also, the MRHIF attachment point grew from 200K to 250K which shows more stability as a fund. Average claim cost per employee per month is around \$755, which is well below trend. In response to Commissioner Gilsenan, Mr. Chae explained trend was about 11% for medical.

**TREASURER – STEPHEN MAYER**

**April 2011 – Confirmation of Payment**

<b>FUND YEAR 2010</b>	<b>\$982.09</b>
<b>FUND YEAR 2011</b>	<b>\$418,295.13</b>
<b>TOTAL ALL FUND YEARS</b>	<b>\$419,277.22</b>

**May 2011 – Resolution 19-11**

<b>FUND YEAR 2010</b>	<b>\$183.00</b>
<b>FUND YEAR 2011</b>	<b>\$431,373.69</b>
<b>TOTAL ALL FUND YEARS</b>	<b>\$431,556.69</b>

**MOTION TO ADOPT APRIL BILLS LIST AND RESOLUTION 19-11 TO PAY MAY BILLS LIST**

**MOTION:** Commissioner Gilsenan  
**SECOND:** Commissioner Lapp  
**VOTE:** Unanimous

**MOTION TO ACCEPT TREASURER’S REPORT**

**MOTION:** Commissioner Rieker  
**SECOND:** Commissioner Gilsenan  
**VOTE:** Unanimous

Fund Treasurer went over the cash and bank reconciliation and reported no issues.

**ATTORNEY – (John C. Sahradnik, Esq.)**  
 No Report

**NETWORK & THIRD PARTY ADMINISTRATOR – (QualCare Inc.)**

Mr. Epstein said to date there has been little over \$21M in claims. In April, there was a higher utilization which caused a spike in claim activity. Mr. Eisenberg also announced a partnership with Virtua Health to strengthen the member services, primarily in Southern New Jersey.

[Type text]

**NETWORK & THIRD PARTY ADMINISTRATOR – (Aetna)**

Aetna’s report was distributed to the members to review.

**PRESCRIPTION ADMINISTRATOR – (Express Scripts)**

No Report

**DENTAL ADMINISTRATOR – (Delta Dental)**

Ms. White announced the retirement of Dan Hickey and informed the group the representative would attend the next meeting with a report.

**OLD BUSINESS**

None

**NEW BUSINESS**

Executive Director said that Greenbrook Board of Education is leaving the fund effective September 1 to go to the State Health Benefit Plan. Their exit should not hurt the fund financially. He added that Loreine Ghani will be replacing Emily Koval during her leave of absence.

**PUBLIC COMMENT**

None

**MOTION TO ENTER EXECUTIVE SESSION:**

<b>MOTION:</b>	Commissioner Rieker
<b>SECOND:</b>	Commissioner Gilsenan
<b>VOTE:</b>	Unanimous

**MOTION TO ENTER OPEN SESSION:**

<b>MOTION:</b>	Commissioner Rieker
<b>SECOND:</b>	Commissioner Gilsenan
<b>VOTE:</b>	Unanimous

**MOTION TO APPROVE CLAIM APPEAL AS OUTLINED IN EXECUTIVE SESSION:**

<b>MOTION:</b>	Commissioner Gilsenan
<b>SECOND:</b>	Commissioner Lapp
<b>VOTE:</b>	Unanimous

**MOTION TO ADJOURN MEETING:**

<b>MOTION:</b>	Commissioner Lapp
<b>SECOND:</b>	Commissioner Gilsenan
<b>VOTE:</b>	Unanimous

**MEETING ADJOURNED 2:15 pm**

---