

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
MAY 18, 2016
BRIELLE BOROUGH MUNICIPAL BUILDING
1:30 PM**

Meeting called to order by Acting Chair William Rieker. The Open Public Meeting notice read into record.

PLEDGE OF ALLEGIANCE

MEETING OF EXECUTIVE COMMITTEE CALLED TO ORDER

ROLL CALL OF 2016 EXECUTIVE COMMITTEE:

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Absent
SECRETARY		
William Rieker	Township of Lakewood	Present
EXECUTIVE	COMMITTEE	
Joseph Gilsean	Township of Brick	Present
Diane Lapp	Township of Manchester	Absent
Adam Hubeny	Borough of Atlantic Highlands	Present
Eugenia Poulos	Township of Red Bank	Present
Donato Nieman	Township of Englishtown	Present
ALTERNATES:		

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval	Present Present
Program Manager	Conner Strong & Buckelew	Brandon Lodics Jeanne Frank	Present
Attorney	Berry, Sahradnik, Kotzas & Benson	Jack Sahradnik	Present
Treasurer		Stephen Mayer	Present
Network & Medical Claims Service	Qualcare Inc.	Gary Epstein	Present
Network & Medical Claims Service	Aetna	David Norton	Present
Dental Claims Service	Delta Dental	Amy Lehrer	Present
Rx Administrator	Express Scripts	Jeff Basile Ken Rostkowski	Present Present
Auditor	Holman & Frenia	Rodney Haines	Present

OTHERS PRESENT:

Kelly Bellu, Toms River MUA
Eva Biviano, Red Bank
Chuck Grande, Integrity Consulting Group
Cindy Lisa, Danskin Agency
Dom Cinelli, Brown & Brown
Fred Carr, South River
Joseph Zanga, South River
Suzanne Vietengruber, Shrewsbury Township
Charles Casagrande, Danskin
Ted Wardell, BBA

CORRESPONDENCE: None

Commissioner Gilsenan volunteered to be on the Claims Committee.

APPROVAL OF MINUTES: MARCH 16, 2016 OPEN:

Commissioner Nieman said the he is listed as a representative for Montgomery instead of Englishtown Borough. Ms. Koval said Commissioner Poulos was listed as present but she was not.

MOTION TO APPROVE OPEN MINUTES OF MARCH 16, 2016, AS AMENDED:

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Hubeny
VOTE:	Unanimous

EXECUTIVE DIRECTOR:

FINANCES

PRO FORMA REPORTS

- **Fast Track Financial Report** - as of March 31, 2016
- **Cash Flow Report** - as of March 2016

Mr. Grande introduced Fred Carr and Joe Zanga from South River. Executive Director said the Borough joined May 1.

Executive Director said the Financial Fast Track shows a surplus of approximately 19 million which varies slightly from the auditor’s report due to the amount of equity the Fund owns in the MRHIF. He said the report shows Lakewood’s surplus separately because they now carry their own retention and surplus (deficits).

AUDITOR AND ACTUARY YEAR-END REPORTS - A copy of the Annual Financial Audit for the period ending December 31, 2015 was distributed at the meeting. Mr. Haines was present to review the report. Once approved, we will make a filing with the Departments of Insurance and Community Affairs to meet the June 30th deadline.

Mr. Haines distributed a summary report for the Commissioners. He said it is a clean, unmodified opinion. He said the total net position as of December 31, 2015 is \$20,205,595 which increased from the prior year. He said the change in net position for the year is \$4,363,098. Mr. Haines said overall the Fund is healthy and he has no comments or recommendations. The Fund is running well, operationally, as well.

Executive Director said if the Commissioners are comfortable with the report, Resolution 16-16 approving the December 31, 2015 audit can be adopted in the consent agenda.

STATEMENT OF ACTUARIAL OPINION - Included in the agenda was the review of actuarial assumptions and actuarial methods used in determining the reserves, by the Fund Actuary to be filed with the December 31, 2015 year end financial reports to New Jersey Department of Banking and Insurance.

2016 DIVIDEND - After the adoption of the Audit and close out of Fund Year 2015, we will bring dividend options to the Finance Committee for the July meeting.

Executive Director said \$5 million was distributed last year.

ADMINISTRATION

CLAIMS AGENT RELATIONSHIPS - Qualcare's parent company, Cigna, has approached the Fund about expanding its relationship. They indicated that they would be discussing the matter with Qualcare to determine if there are cost savings alternatives available (for instance, improved out of state networks).

In response to Commissioner Hubeny, Mr. Epstein said the merger has been in effect for the past year. Executive Director said this is in the preliminary stages and the current relationship with Qualcare has not changed and will not change without the approval of the Committee. Program Manager said ideally this would not occur until 2017.

We are also working with AmeriHealth on finalizing their contract and developing the implementation process.

NEW MEMBER - BRICK MUA - Brick MUA has submitted an application to join the Fund which has been reviewed by the Fund Actuary. Pending a fully executed Indemnity and Trust agreement, we feel this group is a good fit for the Fund. A resolution was included in the consent agenda.

In response to Commissioner Hubeny, Executive Director said Brick MUA is currently with Aenta and we are proposing Aetna and Qualcare. He said the age/sex factor is a look at the demographics of the group. There are about 148 employees and would make up about 14% of the enrolment. He said the claims pick from the Actuary is 1464. The built in Risk Manager fee is 3%.

INDEMNITY AND TRUST AGREEMENTS - A few months ago, PERMA sent Indemnity and Trust Agreements and Resolutions to be adopted by the governing body to renew membership with the

Fund for an additional 3 years. A list of members with renewing agreements due January 1, 2016 and older was included in the agenda.

Central Jersey Health Insurance Fund Program Manager's Report

The Program Manager's report was distributed at the meeting.

BROKER EMAIL BOX - We are excited to announce the relaunch of the broker service email box! We restructured the team and have hired a dedicated service representative to work on the broker box. The expected start date of this new team member is the week of June, 13. The role of this individual will include acting as a liaison between insurance carriers and clients to resolve claim issues and billing inquiries and performing benefit provision research, as well as assisting our broker partners when they bring these inquiries into the Broker Email Box. We are certain that our dedicated efforts will continue to streamline broker inquiries and provide increased response time and data tracking.

Program Manager said a new team member, Maggie will be managing the broker email box.

AETNA APPEALS PROCESS - In recent months AETNA and PERMA have been working on an updated agreement to better manage appeals in accordance with the CJHIF bylaws. The bylaws permit members to file two levels of appeal, a level one and a level two. At this time PERMA is managing both levels, and we are requesting AETNA handle the level one process, which better aligns with what is outlined in the bylaws. We have not come to an agreement at this point, but will continue to provide updates as we move forward.

EXPRESS SCRIPTS MAIL ORDER - Mail Order floor limit has been increased from \$100 to \$150. Any member utilizing the Express Scripts home delivery pharmacy will not see a disruption in mail order shipments until their total balance reaches \$150 or more. This figure is set by Express Scripts corporate finance team and allows members a limited credit line when ordering prescriptions through the mail order pharmacy.

PHARMACY SERVICE UPDATES:At the last meeting we discussed some recent trends in servicing experienced through various members in the CJHIF. PERMA and Express Scripts discussed ways to improve the member experience. Below are some updates and follow ups for future meetings:

1. *Step Therapy and Prior Authorization FAQ*- in partnership with Express Scripts, we have developed the attached FAQs for distribution consideration. We can provide these files electronically and also believe distributing hardcopies during open enrollment will be helpful.

2. *CJHIF Specific Call Center, August 1, 2016-* To improve consistency and experience for member calls the CJHIF will be transitioning to a new Express Scripts member service center.
 - a. We are on target for August 1, 2016
 - b. This will require new ID Cards for Express Scripts members
 - i. Only change will be new member service number
 - ii. PERMA is developing a pre-notification piece that will be sent out to all Express Scripts members in early July.
 - c. Express Scripts is in process of identifying call center with public sector experience.
 - d. Express Scripts will be able to better track, report and improve member experience.
3. *Mail Order-* At our July meeting an Express Scripts Mail Order representative will be present to provide communications answer questions and discuss mail order best practices.

In response to Commissioner Rieker, Program Manager said this information will be included with the open enrollment materials in October. In response to Commissioner Poulos, Program Manager said members who are already impacted by step therapy can be notified.

LATEST TRENDS AND BEST PRACTICES IN PHARMACY MANAGEMENT - On Thursday, April 14th, Conner Strong and Buckelew hosted a webinar in partnership with Express Scripts regarding the drivers of high cost pharmacy trend.

Here are some highlights of the presentation:

- Overall cost of care for a family of 4 in 2015 was \$24,671; \$3,913 or 16% of which was in Pharmacy costs.
- Pharmacy spend is expected to increase by 10.6% PEPY in 2016; most of which will be due to rising costs of Specialty Pharmacy.
- Employers surveyed noted that Specialty Pharmacy is the 2nd highest driver of costs next to their high cost claimants.
- Employers surveyed noted the most commonly used utilization management strategies implemented have been Step Therapy, Prior Authorizations, Quantity Limitations, and Mandatory Mail Order for maintenance medications.

If you were unable to attend the webinar and would like a copy of the presentation, please reach out to Jeanne Frank- jfrank@permainc.com

Commissioner Hubeny said he was disappointed with some comments that were made during the webinar which did not offer guidance or alternatives for municipalities and contract negotiations.

In response to Commissioner Poulos, Mr. Rostkowski said the specific spend for specialty drugs is down 30% for the year. Program Manager said compound medication and Hep C controls are in place which can help keep costs down. Mr. Bastile said there are 2000 new drugs being approved for

cancer treatment that will have an impact, but the Fund has an oncology utilization management in place.

AETNA SPEECH THERAPY CODING ISSUE - PERMA recently uncovered a coding issue on AETNA speech therapy claims. Certain covered diagnosis codes were not properly updated in 2016. AETNA has begun correcting the issue. The impacted members that have contacted us have been placed in special handling, and their providers contacted. Any others impacted will be picked up by a claims report requested of AETNA.

3D MAMMOGRAMS - We've recently identified a gap in coverage between the Fund and other group plans regarding the coverage of 3D mammograms. The State and private market updated plan coverage to follow the expansion of the NJ Mandate in 2015.

This expansion of coverage now includes an ultrasound evaluation, a magnetic resonance imaging (MRI) scan, a three-dimensional (3D) mammography and other additional testing of an entire breast or breasts, after a baseline mammogram examination, and if the following criteria are met:

- the mammogram demonstrates extremely dense breast tissue,
- the mammogram is abnormal within any degree of breast density including not dense, moderately dense, heterogeneously dense or extremely dense breast tissue, or if
- The patient has additional risk factors for breast cancer, including but not limited to, family history of breast cancer, prior personal history of breast cancer, positive genetic testing, extremely dense breast tissue based on the Breast Imaging Reporting and Data System established by the American College of Radiology or other indications as determined by the patient's doctor.

Note: The coverage required for an ultrasound evaluation, MRI scan, 3D mammography or other additional testing may be subject to utilization review, including periodic review of the medical necessity of the additional screening and diagnostic testing.

In response to Commissioner Nieman, Program Manager said additional training can be set up for the online enrollment system.

TREASURER – Fund Treasurer reviewed the April and May bills lists. He said the Audit report shows an unrealized loss, which is now an unrealized gain of \$16,000. He said the investments are held until they are mature and should never show a loss.

April 2016 – Confirmation of Payment

FUND YEAR 2014	\$62,560.00
FUND YEAR 2015	\$68,484.60
FUND YEAR 2016	\$299,807.50
TOTAL ALL FUNDS YEARS	\$430,852.10

MAY 2016 – Resolution 18-16

FUND YEAR 2016	\$352,817.81
TOTAL MAY 2016	\$352,817.81

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MOTION TO APPROVE THE APRIL AND MAY 2016 BILLS LISTS:

MOTION: Commissioner Rieker
SECOND: Commissioner Poulos
VOTE: 5 Ayes, 0 Nays

MOTION TO APPROVE THE APRIL PAID CLAIMS:

MOTION: Commissioner Nieman
SECOND: Commissioner Gilsenan
VOTE: 5 Ayes, 0 Nays

ATTORNEY: No Report

QUALCARE: Mr. Epstein distributed the Qualcare report. He said the claims paid for January through April are a little over 1.3 million with 5,000 claims processed.

AETNA: Mr. Norton reviewed the Aetna report from January through March. He said there were only 2 high claimants over \$70,000.

EXPRESS SCRIPTS: Mr. Rostkowski introduced Jeff Basile who is a new team member. Mr. Rostkowski said the pepm is trending down for the years due partly because of a decrease in specialty spend. In response to Commissioner Gilsenan, Mr. Rostkowski said there are not many generic options available for diabetes and there is also a new asthma medication that is very expensive which can impact costs.

DELTA DENTAL: No Report

CONSENT AGENDA: The following Resolutions listed on the Consent Agenda will be enacted in one motion.

- 16-16 Certification of Annual Audit
- 17-16 Offering Membership to Brick MUA
- 18-16 April and May 2016 Bills List

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION: Commissioner Hubeny
SECOND: Commissioner
ROLL CALL VOTE: 5 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Nieman
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MEETING ADJOURNED: 2:00 pm