

**CENTRAL JERSEY HEALTH INSURANCE FUND  
OPEN MINUTES  
OCTOBER 19, 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	Borough of Brielle	Present
<b>SECRETARY</b>		
Adeline Schmidt	Township of Shrewsbury	Present
<b>EXECUTIVE COMMITTEE</b>		
Richard Bethea	Borough of Ship Bottom	Present
Jerome Cevetello	Manasquan River RSA	Present
William Rieker	Township of Lakewood	Present
Joseph Gilsean	Township of Brick	Present
Diane Lapp	Township of Manchester	Present
<b>ALTERNATES:</b>		
Adam Hubeny	Borough of Atlantic Highlands	Absent

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Administrator	PERMA Risk Management Services	<b>Paul Laracy</b> <b>Emily Koval</b>	Present Present
Program Manager	Conner Strong	<b>Diane Peterson</b> <b>Paul Chae</b> <b>Mike Jose</b> <b>Ruth Brown</b>	Present 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</b> <b>Gary Epstein</b> <b>Susan Seitzman</b>	Present Present Present
Network & Medical Claims Service	Aetna	<b>Gary Lopez</b>	Present
Auditor	Holman & Frenia, P.C.	<b>Rodney Haines</b>	Absent
Actuary		<b>John Vataha</b>	Present
TPA- Dental	Delta Dental	<b>Amy Lehrer</b>	Present

PBA – Prescription	Express Scripts	Kelly Depcik	Present
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**OTHERS PRESENT:**

Angela Morin, Township of Aberdeen  
Charles Casagrande, Danskin Agency  
Brian Valentino, Hazlet

**APPROVAL OF MINUTES: SEPTEMBER 27, 2011 OPEN MINUTES**

**MOTION TO APPROVE OPEN SEPTEMBER 27, 2011 OPEN MINUTES**

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

**EXECUTIVE DIRECTOR:**

**PRO FORMA MONITORING REPORTS** – The Financial Fast Track as of August 31, 2011; Cash Flow Tracking Report as of August 31, 2011; Budget Reconciliation for October 2011 and the Monthly and Yearly Regulatory Filing Checklist were included in the agenda. Executive Director said there is a \$1.4 million deficit this month. He said there is a backlog of Qualcare payments that were paid in August, so September should show a stabilization.

**2012 BUDGET ADOPTION** - The agenda included a copy of the 2012 proposed budget and assessments for adoption, which was introduced at last month’s meeting. Fund Actuary gave an overview of the budget process, which has been the same since the inception of the Fund. He said he reviews the prior year rates and project claim changes with industry trend. He said Qualcare’s projection is significantly disproportionate to that of Aetna. He said the PPO platform policies in both networks are almost the same, so plan design is not the reason for the discrepancy.

In response to Commissioner Cevetello, Fund Actuary said the age/sex factor is accounted for, and the magnitude of this trend difference. He said there are many lucrative plans with low deductibles that do not control behavior. He said claim management may be a factor. Executive Director said more analysis of this difference will be available at the next meeting. If the answer is not appropriate, the Fund may consider going down to one network.

**MOTION TO OPEN THE PUBLIC HEARING ON THE 2012 BUDGET**

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

**DISCUSSION OF BUDGET, ASSESSMENTS AND RATES**

**MOTION TO CLOSE THE PUBLIC HEARING**

**MOTION:** Commissioner Gilsenan

**SECOND:** Commissioner Reicker  
**VOTE:** Unanimous

**MOTION TO APPROVE THE 2012 BUDGET IN THE AMOUNT OF \$46,712,196 AND CERTIFY THE ASSESSMENTS AND RATES.**

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

**NETWORK ALTERNATIVES** - In attempt to help members lower their projected 2012 rate increase, PERMA sent an email after last month's meeting discussing network alternatives and the cost savings attached to these transitions. This email is included in the agenda. Please feel free to contact PERMA if you are interested in making a change. A 90 day notice is required for these changes.

**DIVIDEND** - Dividend request forms have been sent to all Fund Commissioners receiving a portion of the 2011 Dividend. Please return these forms by October 21 if you would like your dividend to be used as a credit against your first installment in 2012. If not received by that date, a check will automatically be sent.

**2012 PROFESSIONAL VENDOR CONTRACTS** - Last month, the Executive Committee agreed to send out RFPs for all professionals under the "Fair and Open" statute for a 3 year contract term. These RFPs were issued on October 11 and are due in the Fund office by November 10, 2011 at 2 pm. We will need to schedule a Contracts Committee meeting to review the responses and have a recommendation for the Executive Committee at the Reorg meeting in January.

**INDEMNITY AND TRUST AGREEMENTS** - A list of Member Indemnity and Trust Agreements received by the Fund office was included in the agenda. Please have these documents returned by December 31, 2011 to renew membership with the Fund for 3 years.

**HIF LUNCHEON** - PERMA will be hosting a HIF Luncheon on Wednesday, November 16 at 12:15 during the League of Municipalities at the Sheraton Crown Ballroom. Please note the invitation included in the agenda. RSVP to Emily Koval at [emilyk@permainc.com](mailto:emilyk@permainc.com).

**DECEMBER MEETING** - Historically, the Fund has cancelled their December meeting. Should the Fund wish to continue this process, we will need a motion to cancel and process any necessary payments for the month. The Reorganization meeting will be held on Wednesday, January 18, 2012 at 1:30pm. Chairman Nolan said there may be a need to have the December meeting and recommended to not cancel it.

**DECEMBER 2011 ASSESSMENTS** - As a reminder, the December 2011 premium due date is due in early January 2012. The due date will be printed on the cover page of each member's December statement.

**Executive Director's report made part of minutes**

**PROGRAM MANAGER – CONNER STRONG & BUCKELEW**

**EXPRESS SCRIPTS UPDATE** - Express Scripts has made some changes that will be effective 1/1/2012 regarding their supplemental Prior Authorization program. Specifically, the medications Topamax and Zonegran will be removed from the list while Neulasta and Neupogen are added.

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**COST PER EMPLOYEE CLIMBING** - According to a recent press release by Aon Hewitt, the average health care cost per employee is expected to surpass the \$10,000 mark in 2012. While the average rate at which overall costs are increasing is slightly lower than prior years, the amount spent on individual employees continues to climb. This can be attributed to a variety of factors such as a rise in the number of chronic conditions, as well as an increase in the number of catastrophic claims. Increasingly, a growing segment of the workforce is afflicted with diabetes or heart conditions. Also, due to economic conditions, employers have slowed their rate of hiring which has caused the average age of workers to increase. In order to counteract this increase, employers continue to shift the burden of costs to employees and implement cost saving mechanisms.

**STATE HEALTH BENEFITS PLAN – NEW PLAN DESIGNS** - This past week the SHBP/SEHBP committees each approved **new plan designs**. The Commissions for the SHBP/SEHBP were scheduled to meet October 12, 2011 to finalize the health benefit, dental, and prescription drug rates for plan year 2012. We will distribute to the Executive Committee when the health benefits plans are finalized.

**OPEN ENROLLMENT VIDEO** - PERMA has made available an open enrollment video. For all the details concerning Open Enrollment, check out the video posted online at [www.permainc.com/openenrollment](http://www.permainc.com/openenrollment). In response to Commissioner Cevetello, Program Manager said a PERMA representative can come out to their facility to assist with open enrollment.

**EMPLOYEES NEED TO BE MORE ENGAGED** - A growing body of research has demonstrated that employees generally do not review open enrollment communications and often do not consider the cost savings they may achieve by switching to a lower cost plan. There are also dollars that may be saved by employee participation in an employer sponsored wellness program. Increasingly, many employers are offering lower premiums or deductibles to employees who complete a Health Risk Assessment or participate in some aspect of a wellness program. Additionally, Health Savings Accounts (HSAs) continue to be a popular option amongst organizations trying to rein in their costs. These “consumer-driven” plans are the wave of the future as companies want their employees to begin to view health insurance as a product like any other; and as such act like rational consumers in the marketplace.

**CLIENT ACTIVITY REPORT** - The activity logs in the reports represent issues in its entirety; however there may be multiple correspondence and action items to resolve an issue which is not displayed on the report. Global issues and system issues pertinent to the CJHIF are not included on this report. The Client Activity report is intended to capture the activity for individual members and group representatives. This report will be sent along with the October Agenda for the CJHIF.

**MARKETING REPORT** - The majority of Municipalities and Boards of Educations are contacted during marketing campaigns. As of October 12, 2011, the following groups have provided data for actuarial rating:

Name of Prospect	Proposed Effective Date
Monmouth County Regional Health Commission	8/1/2011
Brick Township MUA	8/1/2011
Borough of West Long Branch	9/1/2011
Township of Scotch Plains	1/1/2012

**CLAIM APPEALS** – There was one claim for this month that has been resolved prior to the meeting.

**PROGRAM MANAGER’S REPORT MADE PART OF MINUTES**

**TREASURER’S REPORT** – Fund Treasurer reviewed the October Bills list and cash reconciliation report.

**October– Resolution 23-11**

<b>FUND YEAR 2011</b>	<b>\$394,647.18</b>
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**MOTION TO ADOPT AUGUST BILLS LIST AND RESOLUTION 23-11 TO PAY SEPTEMBER BILLS LIST**

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

**MOTION TO ACCEPT TREASURER’S REPORT**

<b>MOTION:</b>	Commissioner Lapp
<b>SECOND:</b>	Commissioner Schmidt
<b>VOTE:</b>	6 Ayes, 0 Nays

**ATTORNEY – NO REPORT**

**QUALCARE** – Mr. Eisenberg distributed and reviewed the total claims payments and two high dollar reports. He said there has been just under \$1 million in claim payments made in the past month, which was discussed in the Executive Director’s report.

**Qualcare report made a part of minutes**

**NETWORK & THIRD PARTY ADMINISTRATOR – (Aetna)** – Mr. Lopez distributed and reviewed the claims paid and high dollar report. He said the average claim for August 2011 is \$108 PEP. There were three high claimants. Year to date, there has been 12% increase due mostly the high claimants. Commissioner Cevetello requested the high dollar claim amounts at the \$10,000 threshold.

Mr. Lopez also distributed a snapshot report which described claim cost amounts by type of claim.

**PRESCRIPTION ADMINISTRATOR – (Express Scripts)** – Ms. Depcik said the Walgreen notices were sent to members last week.

**DENTAL ADMINISTRATOR – (Delta Dental)** – Ms. Leherer said there was no report except that a dental wellness program is being developed.

**OLD BUSINESS**

None

**NEW BUSINESS** – None

**PUBLIC COMMENT**

None

**MOTION TO ADJOURN MEETING:**

**MOTION:**

Commissioner Cevetello

**SECOND:**

Commissioner Schmidt

**VOTE:**

Unanimous

**MEETING ADJOURNED 2:00 pm**

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