

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
SEPTEMBER 27, 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:

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

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval	Present Present
Program Manager	Conner Strong	Diane Peterson Paul Chae Mike Jose Ruth Brown	Present Present Present Present
Attorney	Berry, Sahradnik, Kotzas & Benson	Jack Sahradnik	Present
Treasurer		Stephen Mayer	Present
Network & Medical Claims Service	Qualcare Inc.	Jerry Eisenberg Gary Epstein	Present Present
Network & Medical Claims Service	Aetna	Gary Lopez	Present
Auditor	Holman & Frenia, P.C.	Rodney Haines	Absent
TPA- Dental	Delta Dental	Patricia Barton	Present
PBA – Prescription	Express Scripts	Kelly Depcik	Present

OTHERS PRESENT:

Angela Morin, Township of Aberdeen
Cindy Lisa, Danskin Agency
Charles Casagrande, Danskin Agency
Laurie Gavin, Eatontown
Ted Wardell, B&B Benefits Advisors
Susan Smith, Montgomery Township
Laura Kirkpatrick, Delta Dental
Dawn McDonald, Interlaken

APPROVAL OF MINUTES: MAY 18, 2011 OPEN AND CLOSED & JULY 20, 2011

MOTION TO APPROVE OPEN AND CLOSED MINUTES OF MAY 18, 2011 AND JULY 20, 2011

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Lapp
VOTE:	5 Ayes, 0 Nays, 3 Abstain (Commissioners Schmidt, Cevetello and Hubeny)

EXECUTIVE DIRECTOR:

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

Financial Fast Track as of June 30, 2011 & July 31, 2011 – Executive Director said that the Financial Fast Track ending July 31 illustrates an \$11.9 million surplus, including \$459,567 in dividend income from the MRHIF.

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

Monthly and Yearly Regulatory Filing Checklist

Finance Committee/ 2012 Budget Introduction - The 2012 budget was introduced at the meeting. The Finance Committee met on September 12, 2011 to review the proposed budget, as developed by PERMA and the Fund's Actuary. The minutes from this meeting were included in the agenda along with the budget and assessments.

Executive Director said the budget has increased more than in prior years. After reviewing with the Finance Committee, it was noticed that the claim fund is increasing 13.25%, of which Qualcare is above trend. The prescription rates are increasing 12%. He said there was a spike in injectable and specific drug costs. In addition, the reinsurance attachment points went from \$250,000 to \$275,000, leaving the local HIF with more risk, but savings. Expenses are up .85% including a \$1 PEPM savings for Aetna.

Executive Director said that members could save by transitioning from the Qualcare network to the Aetna network or from the Qualcare PPO to the Qualcare Managed Care plan. He said if there is an interest to switching plans, to contact the Program Manager. In response to Commissioner Cevetello, Program Manager said there are no hospital differences between the networks. Instead of making this a HIF required change, the Operations Committee decided to make this a change by entity.

Commissioner Hubney said that he has been in negotiations with his PBA for over 8 months and has been very difficult to come to an agreement, so he could not foresee another negotiation coming up soon to switch networks entirely. Commissioner Cevetello said that the finance committee is leaving this as an entity decision to help try and reduce the increases.

MOTION TO INTRODUCE THE 2012 BUDGET IN THE AMOUNT OF \$46,712,196

MOTION: Commissioner Schmidt
SECOND: Commissioner Bethea
VOTE: 11 Ayes, 0 Nays

MOTION TO CANCEL THE NOVEMBER MEETING AND SCHEDULE A PUBLIC HEARING TO ADOPT THE 2012 BUDGET ON OCTOBER 19, 2011 AT BRIELLE BOROUGH.

MOTION: Commissioner Cevetello
SECOND: Commissioner Lapp
VOTE: 8 Ayes, 0 Nays

DIVIDEND- The Finance Committee also discussed the 2011 Dividend and is recommending a \$2,000,000 dividend to be distributed to members. A breakdown of the distribution is included in the budget illustrations. Resolution 21-11 was enclosed for adoption of this dividend. Following the meeting, the fund office will distribute a Dividend Request form to members.

MOTION TO APPROVE RESOLUTION 21-11 AUTHORIZING A CLOSED YEAR DIVIDEND OF \$2,000,000.

MOTION: Commissioner Cevetello
SECOND: Commissioner Lapp
VOTE: 8 Ayes, 0 Nays

2012 PROFESSIONAL VENDOR CONTRACTS - Should the Executive Committee wish to use the "Fair and Open" process again for Fund year 2012, attached is a sample of the CJHIF criteria that will be distributed to all professionals who are subject to the regulations under the "Pay to Play" laws, as well as Resolution 22-11 approving this criteria. After approval, the notification will be advertised in the newspaper and on the Fund's web-site. Executive Director said that in prior years, the contracts were one year terms and suggested changing to a two or three year term. Chairman Nolan agreed saying that the professionals have not changed in many years, so to save on paperwork, a three year term is appropriate.

MOTION TO ADOPT RESOLUTION 22-11 AUTHORIZING THE ISSUANCE OF NOTICES AND CRITERIA FOR CONTRACT AWARDS FOR VARIOUS PROFESSIONAL AND OTHER CONTRACTS FOR FUND YEAR 2012

MOTION: Commissioner Schmidt
SECOND: Commissioner Gilsenan
VOTE: 8 Ayes, 0 Nays

MRHIF REPORT - The MRHIF met on September 14, 2011 to introduce the 2012 Budget in the amount of \$10,059,875. Commissioner Adeline Schmidt's report was included in the agenda. Executive Director said that a \$3 million dividend was approved. In addition, the Dental reinsurance program will be dropped since that threshold has almost never been penetrated.

Executive Director's report made part of minutes

PROGRAM MANAGER – CONNER STRONG & BUCKELEW

LEGISLATIVE UPDATE: HEALTH INSURERS TO OFFER BIRTH CONTROL WITHOUT COPAYS

On August 1, 2011 the Obama administration announced that birth control will be covered under preventative care as a new requirement imposed on all non-grandfathered health care plans. This means that no copays may be assessed for this type of treatment. These new guidelines also apply to a variety of other services that will be offered with no copays. These include: an annual "well-woman" visit, counseling for domestic violence, breastfeeding support, contraceptive counseling, as well as screening measures designed to detect the virus that causes cervical cancer. These new provisions will be effective as of January 1, 2013. The rules do provide for some flexibility as cost-sharing may be applied in instances where members utilize a brand drug where a generic equivalent is available. This legislative enactment is the brainchild of the Institute of Medicine, a panel of medical experts who advise the government. Though the patients may receive these services free of charge, as the old economics adage states, "there is no such thing as a free lunch." All consumers with health insurance will notice a slight increase in their premiums to compensate for these additional services. There will be exceptions made for religious groups who will be given the option to opt out of offering this coverage.

OPEN ENROLLMENT UPDATE

The time for annual open enrollments is rapidly approaching and municipalities will be able to make any enrollment changes from 10/1-10/31. Groups will receive communications informing them of all the pertinent details surrounding open enrollment for active members. All retirees, dependent to 31 members, COBRA members will receive communications directly.

SPECIAL OPEN ENROLLMENTS

- Montgomery Township had a special open enrollment, for coverage to be effective 9/1/2011.
- Spotswood BOE had a special open enrollment because of contract negotiations, for coverage to be effective 9/1/2011.
- Keansburg BOE will have a special open enrollment in October for a 1/1/2011 effective date, this will only be for traditional plan employees who may elect a managed care plan.

AETNA ID CARD UPDATE

Beginning in September, Aetna will be displaying new standard language on the back of all ID cards that are issued. Below is the language that will be added to each card depending on which plan the member is enrolled in.

Open Access and Choice POS

You do not have to choose a primary care physician (PCP) or obtain referrals. The plan describes what you need to precertify. If you do not precertify, your benefits will be reduced. **To precertify, call the member or provider number listed.**

EMERGENCY: Call 911 or go to nearest emergency facility. Notify Member Services as soon as possible after treatment. This card does not guarantee coverage.

QPOS

You must choose a primary care physician (PCP) and referrals are required. Your PCP must issue referrals before the service except for direct access benefits or emergencies. If you do not obtain referrals, your benefits will be reduced. **To precertify, call the member or provider number listed.**

Emergency: Call 911 or go to nearest emergency facility. Notify Member Services as soon as possible after treatment. This card does not guarantee coverage.

HMO

You must choose a primary care physician (PCP) and referrals are required. Your PCP must issue referrals before the service except for direct access benefits or emergencies. If you do not obtain referrals, you will be responsible for the cost of the service. **To precertify, call the member or provider number listed.**

Emergency: Call 911 or go to nearest emergency facility. Notify Member Services as soon as possible after treatment. This card does not guarantee coverage.

Additionally, the medical cost sharing amounts will be placed on the front of all new ID cards. This will include any applicable copayments for PCP, Specialist, ER, and Hospital Visits along with the wording 'deductible may apply.' The information concerning precertification must be included on the cards even though in many instances, members will not need to obtain a precertification because their plan does not call for one.

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 September Agenda for the CJHIF.

UNHEALTHY BEHAVIORS: A LEADING DRIVER OF COST

A report recently published by Thomson Reuters Workforce Wellness Index has demonstrated that the behavior of workers in the U.S. costs employers approximately \$670 per employee annually. The report, which gauges employee health, was based on a scale from 1 to 100 (100 representing optimal health conditions) and primarily looks into the costs associated with individuals who engage in unhealthy habits. The score has been falling in recent years and in 2009 it reached 84.4. The overall health rating is based upon six key contributors that are crucial to maintaining a healthy lifestyle. These factors include: blood pressure, cholesterol, body mass index measurement, blood glucose, tobacco and alcohol abuse. Another finding from the report revealed that

approximately fourteen percent of the costs of the private sector workforce stem from these six behavioral factors. The rate at which obesity has increased continues to be a significant concern and is the major contributor to increasing healthcare costs.

MARKETING REPORT

The majority of Municipalities and Boards of Educations are contacted during marketing campaigns. As of September 17, 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

COMPLAINT REPORT as of September 17, 2011

There were no written complaints received by:

- ⊗ Conner Strong
- ⊗ Delta Dental
- ⊗ Aetna
- ⊗ QualCare
- ⊗ Express Scripts

CLAIM APPEALS

There are THREE claim appeals for closed session.

CLAIM APPEALS

There is ONE claim appeal for closed session.

PROGRAM MANAGER'S REPORT MADE PART OF MINUTES

TREASURER'S REPORT – Fund Treasurer reviewed the August Bills list, September Bills list and cash reconciliation report.

August 2011 – Confirmation of Payment

FUND YEAR 2011	\$402,067.08
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September – Resolution 22-11

**MOTION TO ADOPT AUGUST BILLS LIST AND RESOLUTION 22-11 TO PAY
SEPTEMBER BILLS LIST**

MOTION: Commissioner Bethea
SECOND: Commissioner Gilsenan
VOTE: Unanimous

MOTION TO ACCEPT TREASURER'S REPORT

MOTION: Commissioner Lapp
SECOND: Commissioner Schmidt
VOTE: 8 Ayes, 0 Nays

ATTORNEY – NO REPORT

QUALCARE – Mr. Eisenberg distributed and reviewed the total claims payments and two high dollar reports. For the period of Jan – August 2011, total charges were \$39,816,903.14, Payments were \$13,405,783.88 and the number of claims processed was 39,006.

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 \$925 per employee. The high dollar report is much lower than normal.

PRESCRIPTION ADMINISTRATOR – (Express Scripts) – Ms. Depcik reviewed the recent developments with Express Scripts' relationship with Walgreens. She said that a lawsuit has been filed because Walgreens has asked for the following items that Express Scripts will not abide by.

1. Walgreens is asking for a 28% increase on drug costs
2. Walgreens wants to limit Express Scripts' auditing capabilities
3. Walgreens would like to choose their clients

Because an agreement has not been reached, Ms. Depcik said that Express Scripts will not longer include Walgreens in its' network. She said a letter will be sent on or around October 10 to all clients who have used Walgreens in the past 90 days listing other pharmacies within a 3 mile radius, which exists for almost all clients. She said the lawsuit was filed in hopes to keep other pharmacies from insisting on the same demands. In response to Commissioner Hubeny, Ms. Depcik said that a letter has not already been sent by ESI because they were hoping to resolve the issue before clients would be affected. An email from PERMA was sent earlier this month letting Commissioners know what was happening.

DENTAL ADMINISTRATOR – (Delta Dental)

No Report.

OLD BUSINESS

None

NEW BUSINESS – Commissioner Hubeny said that he would like to see a plan document to show his employees. Fund Program Manager said that she was waiting on changes, but Atlantic Highlands is the next group to be developed. She said she has put a high priority on all plan documents.

Qualcare Meeting - Chairman Nolan asked for an Ad Hoc Committee to get together to discuss developments with Qualcare. Commissioner Bethea, Schmidt (chair) and Cevetello agreed to be on the Committee. PERMA will set a date to hold this meeting.

PUBLIC COMMENT

None

MOTION TO ENTER EXECUTIVE SESSION:

MOTION:	Commissioner Cevetello
SECOND:	Commissioner Gilsean
VOTE:	Unanimous

MOTION TO ENTER OPEN SESSION:

MOTION:	Commissioner Cevetello
SECOND:	Commissioner Bethea
VOTE:	Unanimous

MOTION TO APPROVE PROGRAM MANAGER’S RECOMMENDATIONS FOR CLAIM 08-11-03, 08-11-05, AND 08-11-06 AS OUTLINED IN EXECUTIVE SESSION:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Schmidt
VOTE:	8 Ayes, 0 Nays

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Cevetello
SECOND:	Commissioner Schmidt
VOTE:	Unanimous

MEETING ADJOURNED 2:25 pm
