CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
SEPTEMBER 21, 2016
BRIELLE BOROUGH MUNICIPAL BUILDING
1:30 PM

Meeting called to order by Chair Nolan 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	Present
SECRETARY		
William Rieker	Township of Lakewood	Present
EXECUTIVE	**COMMITTEE**	
Joseph Gilsenan	Township of Brick	Present
Diane Lapp	Township of Manchester	Absent
Adam Hubeny	Borough of Atlantic Highlands	Present (1:36)
Eugenia Poulos	Township of Red Bank	Absent
Donato Nieman	Montgomery Township	Present
ALTERNATES:		

APPOINTED OFFICIALS PRESENT:

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

OTHERS PRESENT:
Dom Cinelli, Brown & Brown Advisors
Karen Lalla, Integrity Consulting Group

Anthony Tonzini, Integrity Consulting Group
Fred Carr, Borough of South River
Cindy Toye, Toms River MUA
Eva Biviano, Red Bank

CORRESPONDENCE: None

APPROVAL OF MINUTES: JULY 20, 2016 OPEN AND CLOSED:

MOTION TO APPROVE OPEN MINUTES OF JULY 20, 2016:

MOTION:	Commissioner Nieman
SECOND:	Commissioner Gilsenan
VOTE:	4 Ayes, 0 Nays

EXECUTIVE DIRECTOR:

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

Executive Director said the Financial Fast track showed a loss of $184,000 in July, however overall the surplus is strong and year to date financials are strong.

INTRODUCTION OF 2017 BUDGET - The Central Jersey HIF 2017 budget materials were included. The Finance Committee met last week via conference call to discuss the budget and are not recommending any changes. Minutes from this meeting were included in the agenda. Executive Director reviewed the proposed budget items included in the agenda:

Following is the proposed 2017 budget reflecting an overall assessment increase of .14% excluding Lakewood's self insured retention. Including Lakewood, the average increase is 3.28%.

CLAIMS FUND

Medical claims are increasing by 1% (x Lakewood) compared to 2016 while Rx claims are unchanged. Lakewood Rx and medical claims are rising by 7.5%.

Rx claims rose significantly last year but leveled out this year due to maturation in the use of certain specialty drugs.

The professionals are also working on the possibility of converting Medicare retirees from the "Retiree Drug Subsidy" program to the federal government's "Employer Group Waiver" program. This program has the possibility of producing higher subsidies from the federal government and reducing Fund expense. However, this program will not be available to the Fund until after January 1st so credits are not reflected in this budget. Rate credits will be provided upon program implementation.

Executive Director said the program would most likely be available on or after March 2017.

REINSURANCE AND INSURED PROGRAMS - The reinsurance line is provisionally decreasing by 7.32% for specific claims coverage and aggregate claims reinsurance is staying flat. This can change depending upon the outcome of the MRHIF budget and renewal process.

A separate line item is included for the stop loss insurance that will be purchased for the Lakewood program. This program is rising in cost by 21.15%.

The Medicare Advantage renewal is rising by 7.13% as a result of higher than expected claims experience. We are continuing to work with Aetna on this renewal.

LOSS FUND CONTINGENCY - This item can be adjusted at the discretion of the Executive Committee. A modest amount is currently included to balance assessments to the budget.

CONTRACTS AND EXPENSES - Most expenses are proposed to rise by 2% as a normal inflationary increase.

"Affordable Care Act" taxes are lower in accordance with the schedule adopted for the "Transitional Reinsurance Tax" by the federal government.

A significant increase in the wellness budget is proposed. If we proceed with a wellness program, it is proposed that CJHIF and other Funds split the cost of a full time wellness coordinator. Each of three Funds (CJ, SNJ, and BMED) would pay $25,000 each for a wellness coordinator assigned solely to these HIFs.

In response to Commissioner Hubeny, Ms. Koval said a report can be presented to the wellness committee or at the next meeting regarding the utilization of the wellness program.

ASSESSMENTS - Assessments are prepared using Fund policy developed over the last several years:

- The medical increase is 2.3% for Aetna;
- Qualcare is dropping by 2.7%.
- Medicare Advantage rates rising by 8%.
- Rx rates are flat.
- Dental rates are flat.
- In addition, loss ratio adjustment factors of +-2.5% are applied at the entity level.
- Lakewood medical and Rx rates are rising by 11.4% but its dental rates will be unchanged.

For future years, we can consider also adjusting assessments slightly to reflect entity use of Rx cost control measures and participation in wellness programs.

DIVIDENDS / SUPPLEMENTAL ASSESSMENTS - The Fund declared a dividend in 2016 of $1,500,000 and can consider another dividend in 2017 once the 2016 audit is received.

MOTION TO INTRODUCE THE CENTRAL JERSEY HEALTH INSURANCE FUND BUDGET FOR 2017 AND ADVERTISE A PUBLIC HEARING FOR OCTOBER 19, 2016 AT 1:30PM AT THE BRIELLE BOROUGH HALL TO ADOPT THE BUDGET.

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

MRHIF MEETING - The MRHIF met on September 14th to introduce its 2017 budget. The overall budget is decreasing by 4.24%. The Central Jersey HIF will be receiving a 6.83% decrease, which is reflected in this budget introduction. In addition, the Rx-only aggregate coverage is being taken over by the existing reinsurance company and will no longer be covered through a third party stop loss company.

The Committee also released an RFQ to retain a contract with a pharmacy benefit consultant to audit the ESI contract and to develop other strategic cost savings options. That appointment will be made at the MRHIF reorg meeting. A report was included in the agenda.

In response to Commissioner Hubeny, Executive Director said the return on investment for the additional audit has proven to be worth the additional cost. He said the consultant was able to negotiate better contract terms with ESI with will decrease costs about 5% overall.

Central Jersey Health Insurance Fund
Program Manager's Report
Enrollments: CJHIFenrollments@permainc.com
Brokers: brokerservice@permainc.com
Fax: 856-685-2249

ONLINE ENROLLMENT SYSTEM TRAINING - The Executive Committee voted and approved mandatory use of the online enrollment system by each member group. If you need training or would like a refresher course on the online enrollment system, please reach out to Karen Kidd at kkidd@permainc.com of PERMA.

MONTHLY BILLING - As a reminder, please be sure to check your monthly invoice for accuracy. If you find a discrepancy, please report it to the CJHIF enrollment team.

The Fund's policy is to limit retro corrections, *including terminations,* to 60 days.

ID CARDS - As a reminder, PERMA no longer has direct carrier system access to order ID cards for members. As we prepare for Open Enrollment, we wanted you to be aware of the following carrier contact numbers members can call to request additional ID cards if needed.

- Aetna ID cards: 800-370-4526
- Express Scripts ID cards: 800-305-1834
- Delta Dental: 800-452-9310

- AmeriHealth NJ (referrals): 800-275-2583
- AmeriHealth Admin (non referrals): 800-480-5031

OPEN ENROLLMENT - The CJHIF will be hosting the 2016 open enrollment for January 1, 2017 elections, October 24th through November 18th.

- PERMA will be bulk shipping Open Enrollment packets to individual entities for active employees
- Retirees and COBRA enrollees will receive the information directly at their residencies
- Medicare Advantage retirees will not be included in this open enrollment

JANUARY 1, 2016 MEDICAL PLAN OPTIONS: Below are options available to CJHIF members for the upcoming January 1, 2016.

- AETNA
  - Standard Plans (HMO, POS, PPO, HDHP and EPO)
  - **NEW** Meridian Health Connection (Accountable Care Organization)

- **NEW** AmeriHealth Administrators:
  - Standard Plans (PPO, HDHP, and EPO)
  - Meridian Community Network Tiered Plan

- QualCare
  - Standard Plans (HMO, POS, PPO, HDHP, and EPO)

  **QualCare is currently working on a potential 3 Tiered Plan with Meridian Health*

Program Manager said Aetna and AmeriHealth are both offering tiered plans similar to the Horizon Omnia plan. If the employees access care at Meridian the Fund would receive a deeper discount and the employee would pay less out of pocket. He said these plan offers about 12-15% savings.

STATE HEALTH BENEFITS (SHBP) UPDATE - On September 8, the SHBP Committee proposed the 2017 rate renewal and plan modifications for the Local Government and State Employee Groups. Aggregate rate increase for medical and prescription will be 2.4% over last year. The composite 2017 rate changes by population are as follows:

Active Employees:	(-.1%)
Early Retirees:	+8.6%
Medicare Retirees:	+4.6%

SHBP Made the following noticeable changes:

- All Medicare Eligible members in the PPO 10 and PPO 15 will be transitioned into a new Horizon Medicare Advantage plan.
- Emergency Room Copays will increase by $25 for all plans in which the ER copay is $100 or less.
- Implementation of the Express Scripts National Preferred Formulary
- Members pay the cost difference for brands when a generic is available.
- Local government groups have the option to incentivize members with a gift card to enroll in

lower cost three tier Horizon Omnia plans as follows:
  - $1,000 for single coverage
  - $1,250 for member and spouse coverage
  - $1,250 for subscriber/parent and child coverage
  - $2,000 for family coverage
- Applied $22 Million in surplus to proposed renewal

The proposed budget is scheduled to be approved on the afternoon of Wednesday, 9/14/2016.

In response to Commissioner Hubeny's concerns that these changes made by the SHBP are not possible for Fund members because of negotiations, Program Manager said a group previously tried to implement mandatory generics and it was removed. He said although this is a significant change, there will still be clinical exceptions.

PHARMACY CLINICAL NEWS FLASH - SEPTEMBER UPDATE - We will continue to provide updates regarding pharmacy trends and new drugs to the market.

Recent FDA Approvals: ***No new drugs to report for the month of September***

Name of Medication	Approval Date	Release Date	Diagnosis	Type	Estimated Pricing
Tecentriq	5/18/2016	October	Metastatic urothelial carcinoma	Specialty	$150,000 per year
Zinbryta	5/27/2016	July	Multiple Sclerosis	Specialty	Not Available
Epclusa	6/28/2016	July	Hepatitis C genotypes 1-6	Specialty	$75K (wholesale) per 12-week regimen

EXPRESS SCRIPTS FORMULARY UPDATE - Express Scripts recently completed its annual formulary review, and the following drug list exclusions will go into effect for your member population on January 1, 2017.

New Exclusions		
COLCHICINE	KINERET	ORENCIA
TALTZ	ZYCLARA	

Claims reporting was run and analyzed, and less than 10 members will be affected throughout the Central Fund. Express Scripts will send a letter to the affected members advising of this change and include the suitable alternatives for them to discuss with their physician. Clinical exceptions can also be reviewed if requested by the physician.

The complete communication notice from Express Scripts was included in the packet for your review.

MEDICARE PART D NOTICES - Employers whose provide Rx drug benefits must notify Medicare-

eligible employees and CMS.

Employers whose health care plans include prescription drug benefits for active employees (or retirees) who are Medicare-eligible must notify those covered individuals by **Oct. 15 of each year** whether their drug benefit is "creditable coverage," meaning that it is expected to cover, on average, as much as the standard Medicare Part D prescription drug plan. These plan sponsors must also report whether their drug benefit is creditable coverage to the federal Centers for Medicare & Medicaid Services (CMS) by **March 1** for calendar-year plans.

The disclosure obligation applies to all plan sponsors that provide prescription drug coverage, even those that do not offer prescription drug coverage to retirees. Medicare Part D, which became effective in 2006, is a federal program to subsidize the cost of private prescription drug plans.

If your group's prescription plan is in the Fund, Express Scripts will be sending these member notices by the October 15th due date.

EGWP - An EGWP, or Employer Group Waiver Plan, is a Medicare Part D prescription drug plan, which provides the standard Medicare Part D prescription drug coverage only to the Medicare-eligibility retirees and their covered dependents of the sponsoring employer.

PERMA is current researching the prospect of implementing an EGWP for the retiree prescription population to be offered through United Healthcare or Aetna in the future. This alternative financial arrangement will be evaluated to determine if any cost savings may be available to the Fund. We are not making any recommendations at this time, but expect to provide more information in October.

Program Manager said the Fund is working to confirm the EGWP will be equal to or better than current plans. More discussion will occur in the first quarter.

SAME & OPPOSITE SEX PARTNER BENEFIT CLARITY - With the help of the Conner Strong & Buckelew compliance department, the comments below have been provided to answer the questions we are commonly asked to address around this topic.

High Level Items Related to Same and Opposite Sex Partner Benefits

- **Are all employers now obligated to cover same sex partners since same sex marriage is now legal (provided the employer covers spouses)?**
  It depends on the plan's funding mechanism (that is, whether benefits are fully insured or self-insured). Fully insured contracts are required to recognize marriages of both same- and opposite-sex couples (if a particular definition of spouse is imposed by state insurance law, then insured plan sponsors will have no choice regarding the definition). Self-insured plan sponsors are not required to comply with state insurance laws and may continue to offer spousal benefits to only opposite-sex spouses. But employers that continue to offer spouse benefits, but limit benefits to only opposite sex spouses, may be at an increased risk of claims of discrimination.

- **Does the definition of a "spouse" need to be changed as a result of the recent court cases on this issue?**
  It depends on the plan's funding mechanism and the current treatment of same sex spouses and domestic/civil union "partners" under the plan. While many employers who offer

spousal coverage made changes to their plan's eligibility and benefit offerings after the Defense of Marriage Act (DOMA) court ruling, employers operating in states that historically did not permit same-sex marriages and self-insured employers not subject to state insurance laws, may have decided to retain the traditional definition of "spouse" under their plans as a person of the opposite sex. Many have also retained eligibility for " partner" benefits and still others have re-examined plan eligibility for "partners" based on the legalization of same-sex marriages.

Employers that offer coverage to spouses should review the plan's definition of "spouse" and "partners" and "common law" spouses. A plan's funding mechanism (that is, whether benefits are fully insured or self-insured), the state laws in place related to partnerships and common law spouses, as well as the current treatment of same-sex/common law spouses and partners under the employer's plan may impact an employer's analysis and decisions with regard to next steps.

- **Are there still state by state issues on this issue?**
  No, not for same-sex couples. Same-sex couples have a constitutional right to marry in all states and same-sex marriages performed in one state must be recognized by other states. Same-sex married couples have the same rights, benefits and obligations awarded to opposite-sex married couples under both federal and state law. State by state issues may still exist for "partners".

- **Are the benefits for same–sex couples now no longer taxable?**
  Yes, the tax favorability of benefits now applies to all legal spouses. Note that couples in partnerships that are not marriages under state law may still be subject to state and federal imputed income rules.

- **Are there any ACA requirements?**
  There do not appear to be any issues in the ACA related to this issue.

- **Does an employer need to maintain all the effort related to same sex domestic partner validation, etc.?**
  No, not if they are not covering partners.

One final note; since PERMA cannot give legal advice, remember that only a plan sponsor's legal counsel can offer legal advice as to whether eligibility definitions comply with the law and meet the employer's intent. While our aim is to help clients with these issues, we are unable to attest to the accuracy or appropriateness of any sponsor's eligibility definition; and to try and to do so would require us to work outside our legitimate practice scope for which we are not licensed. Please consult with your tax advisor and/or legal counsel to review any new eligibility definition for compliance.

TREASURER – Fund Treasurer reviewed the distributed report.

MOTION TO APPROVE THE TREASURERS REPORT AS DISCUSSED:

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Nieman
ROLL CALL VOTE:	Unanimous

August 2016 – Confirmation of Payment

FUND YEAR 2016	**$354,902.69**
TOTAL ALL FUNDS YEARS	**$354,902.69**

September 2016 – Resolution 21-16

FUND YEAR 2016	**$361,273.78**
TOTAL MAY 2016	**$361,273.78**

ATTORNEY: No Report

QUALCARE: Report Distributed.

AETNA: Ms. Ward said there was a slight elevation in pepm driven by a handful of large claims. She said Executive Director requested additional information on the large claims so they have been sent to the medical underwriting team for further review. Ms. Ward reviewed the dashboard report and advised the performance guarantees for Q2 will be available for the October meeting.

EXPRESS SCRIPTS: Mr. Rostkowski said the overall cost per member per month is trending down. He said generic utilization has increased 3.2 percentage points with each point equaling about $250,000 in savings. He said there was a new customer service number rolled out in august and they will have an update at the next meeting.

DELTA DENTAL: No Report

CONSENT AGENDA:

Resolution 21-16 – August and September Bills Lists

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

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

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN MEETING:

MOTION: Commissioner Hubeny

SECOND:	Commissioner Nieman
VOTE:	Unanimous

MEETING ADJOURNED: 1:30 pm