

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: APRIL 24, 2018
FRANKLIN LAKES, NEW JERSEY
12:00 P.M.

Meeting called to order by Chairman Peter VanWinkle. The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2018 EXECUTIVE COMMITTEE:

Chairperson		
Peter Van Winkle	Borough of Rutherford	Present
Secretary		
Gregory Hart	Borough of Franklin Lakes	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgefield Park	Present
Richard Kunze	Borough of Oakland	Present
Joseph Catenaro	Twp of Fairfield	Absent
Gregory Franz	Borough of Edgewater	Present
Donna Gambutti	Twp of S. Hackensack	Present
Alternates		
Jerry Giaimis	Borough of Saddle River	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval Karen Kamprath
Attorney	Huntington Bailey, LLP	Russ Huntington
Treasurer	Joseph Iannaconi	Joseph Iannaconi
Third Party Administrator	Aetna	Joseph Rodrigues
Dental Claims Administrator	Delta Dental of NJ, Inc.	Kim White
Auditor	Lerch, Vinci & Higgins	Absent
Actuary	John Vataha	Absent
Independent Consultant	LaMendola Associates	Clark LaMendola
Benefits Consultant	Conner Strong	Jozsef Pfeiffer
RX Administrator	Express Scripts	Ken Rostkowski Kyle Colalillo

OTHERS PRESENT:

Frank Covelli, RMC
Matt McArow, GJEM
Tom Ucko, IMAC
Carolyn Petrowksi, RMC

CORRESPONDENCE - None

APPROVAL OF MINUTES:

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF FEBRUARY 27, 2018:

MOTION:	Commissioner Hart
SECOND:	Commissioner Poli
ROLL CALL VOTE:	5 Ayes, 0 Nays, 2 Abstain (Commissioner Gambutti, Commissioner Kunze)

EXECUTIVE DIRECTORS REPORT

FAST TRACK FINANCIAL REPORTS - as of February 28, 2018

Executive Director said the Fund made \$175,000 in February, but lost almost \$150,000 year to date due to large claims in January as well as Aetna working off of claims backlog.

Executive Director said there was a discussion at the last meeting about claims and claims trend so an additional report is included in the agenda that reviews the pepm claims cost for rx. He said there is a reduction so far which is due in part to the programs implemented including the EGWP.

DIVIDEND POLICY

Executive Director said Fund members have off balance sheet liabilities for Other Post Employee Benefits (OPEB) but do not have an explicitly authorized mechanism to fund those liabilities other than pay as you go. According to the GASB 45 Actuary through the MRHIF, Executive Director said that the combined value of these liabilities in the BMED is approximately \$3 million. Because the BMED has the capacity to declare additional dividends, we are investigating the possibility of allowing members to dedicate portions of their surplus or dividends toward OPEB.

Executive Director said there are some hurdles because 49 of the 50 states require these liabilities to be reflected on their balance sheets while New Jersey does not. In response to Commissioner Hart, Executive Director said this would give members an additional option in lieu of issuing a dividend.

Commissioner Kunze said his town has a huge upcoming liability based on contractual obligations and an expanding pool of retirees that will continue to grow with a new round of retirees. He said his town was self-insured prior to the BMED and there is a trust fund already established and any remaining funds budgeted are put into that account.

Executive Director said he will review this concept further with the Fund Auditor.

AETNA CLAIMS AUDIT CONCLUSION

Executive Director said NIIS completed its audit of Aetna. Aetna met or exceeded all procedural and financial accuracy requirements and is performing efficiently on behalf of the HIFs. The audit also produced recommendations that have resulted in operational and reporting changes:

1. Aetna will include data on claims processing turnaround time in their agenda reports. Aetna has also started reporting on turnaround time to PERMA monthly rather than quarterly.

2. Aetna was excluding certain physical therapy (PT) treatments from plan limit controls but will now assure that all PT services are included.
3. Aetna will collect coordination of benefits data once per lifetime for employees and on a rolling 12 month basis for dependents and claims will be pended until responses are received. This will impact only out of network claims.

IBNR - ACTUARY CERTIFICATION

Executive Director said the IBNR Certification and actuarial ranges are included in the agenda. He said the actuary provides a best estimate range and a range with includes a 20% pad in order to remain conservative. He said he typically does not include this illustration, but thought some Commissioners may like to know how the IBNR is determined each year.

SENATE BILLS 1877/1878

Executive Director said Senate Bill 1877 would re-impose the individual mandate for NJ residents and 1878 would create a subsidy program to support that market. The subsidy was originally proposed in the form of a surcharge on both fully and self-insured plans and was to include HIFs. Working with the MRHIF lobbyist and the League of Municipalities, the legislation has been amended so that our plans will not be taxed. Instead, any needed subsidy is proposed to derive from the state treasury. We will continue to monitor the progress of this legislation and will advise the Executive Committee and our members if additional concerns arise.

In response to Commissioner Kunze, Executive Director said all record keeping and reporting remains unchanged.

FINANCIAL DISCLOSURE STATEMENTS

Ms. Koval said Commissioners are required to complete a Financial Disclosure Statement through the Department of Community Affairs. The 2018 notice with instructions has been released. The deadline to file is April 30, 2018. Fines will be issued for noncompliance.

WELLNESS COMMITTEE

Ms. Koval said the Wellness Committee met on April 3 to discuss the future administration of the wellness program. The Committee approved the release of an RFP for a wellness coordinator. At this time no responses have been received so this will be re-advertised and given a few more weeks for responses. In response to Commissioner Gambutti, Ms. Koval said the way the program is set up, Aetna would not have the resources to run it. Ms. Koval said Aetna does offer a Wellness Program at an additional cost. Mr. LaMendola said Aetna and Delta do have educational materials available.

BENEFIT'S CONSULTANT'S REPORT

AETNA REPORTS

Benefit's Consultant distributed Vital Statistics report and Teledoc utilization reports. He reviewed the Vital Statistics executive summary. He said the report is for claims incurred and paid from January 1, 2015 - December 31, 2017. He said there was an increase in the average medical enrollment from 768 to 1128 employees which includes actives and pre-65 retirees. He said prescription enrollment has increased from 405 to 776 which includes members that were transferred to the EGWP. He said there was an increase in Dental membership from 1745 to 2145. He reviewed the loss ratios from the last 3 years. He said the Fund is performing significantly less than trend. He

said the loss ratio has decreased slightly to 75% in 2017, but the Fund is collecting slightly more than 20% in premium than paying out for medical.

In response to Commissioner Hart, Benefit's Consultant said the loss ratio is determined without factoring in the spec reimbursement claims. He said the average pepm cost is increasing, however medical trend is also increasing year over year. He said the biggest concern for the Fund is out of network utilization. He said 22% of claims are being paid to out of network providers. He said the out of network fee schedule did decrease, but the utilization seems to still be there. In response to Commissioner Kunze, Benefit's Consultant said the BMED has the highest out of network utilization compared to the other Funds. Benefit's Consultant said Chiropractors and Physical Therapists seem to be the biggest problem. Executive Director said plan design is a contributor to this utilization. Chair VanWinkle said that this area of the State may tend to have a less strong network, particularly with utilization in NYC.

Benefit's Consultant said there was an increase in the loss ratio to 106% for the prescription plan, which means the Fund paid out more in rx claims than assessment coming in. He said the retirees were moved to the EGWP program so that will come off of the claims and loss ratio. He said the generic fill rate is at about 79% which is positive but he would like to see that increase. He said the Saveon Program was implemented on January 1 which should start to save the Fund additional money. He said Delta Dental continues to perform very well.

Benefit's Consultant reviewed the Teledoc utilization report. He said through March 2018 78 individuals signed up and 14 visits were completed. Mr. Rodrigues communication is important for the Teledoc program so members remember they have this as an option. In response to Commissioner Gambutti, Benefit's Consultant said members in an HDHP plan can utilize Teledoc but they have to pay for the cost of the visit until they reach their deductible.

CIGNA PURCHASING EXPRESS SCRIPTS

Benefit's Consultant said Cigna recently announced that it has entered into a definitive agreement to acquire Express Scripts for \$67 billion. The Benefit's Consultant's team had a call with the Express Scripts BMED Account Team to discuss this. At this time there is limited information available, but they do not anticipate there to be much impact on current Express Scripts clients, such as the HIFs.

MEDICARE PART D INITIAL COVERAGE LIMIT/DONUT HOLE

Benefit's Consultant said Aetna member communications on Medicare Part D plans outlines the *Initial Coverage Limit* (ICL). Medicare Part D's ICL, also referred to as the "donut hole," is a component of Medicare Part D, which states that when a member reaches \$3,750 in covered medication costs, Medicare Part D temporarily stops paying and requires the member to self-pay *a discounted amount of the cost of medications* until the member reaches \$5,000 of covered drug spending. The BMED EGWP is offered as a single integrated product designed to cover the ICL. The enhanced Part D consists of two components: basic Medicare Part D benefits and AETNA supplemental benefits. Supplemental benefits are non-Medicare benefits that provide enhanced coverage beyond basic Part D, and are designed to protect members from traditional Part D exposure, such as the *Initial Coverage Limit* described above. Should a member enter the "donut hole", the AETNA supplemental coverage kicks in and covers prescription costs that would have fallen into the "donut hole". Exposure for BMED members is limited to their applicable copay.

RITE AID - WALGREENS MERGER

Benefit's Consultant said there are currently 12 groups in the BMED that will be affected by this merger. He said the range is from 1%-20% who are filling prescriptions at an impacted Rite Aid. He said his team will be working with the Risk Managers to come up with a solution that is beneficial to the town and the Fund.

IRS - NEW 2018 HSA CONTRIBUTION LIMIT

Benefits Consultant said the IRS made an announcement this week changing the maximum HSA contribution for family coverage to \$6,850 a decrease of \$50 (down from \$6,900) for 2018. The change poses operational and other issues for employer-sponsored HSA-qualified health plans as there was no warning and 2018 contributions began 2 months ago. Contributions collected over the new maximum may be subject to taxes and penalties. It seems likely that this increase was an unintended result of a provision in the new federal tax law. We will keep you apprised of any further updates on this new development.

ADMINISTRATIVE AUTHORIZATIONS:

Benefits Consultant said there is one small claim appeal which was approved by the small claims committee. The resolution approving the claim was included in consent.

FUND ATTORNEY - Fund Attorney said there is nothing to report at this time.

TREASURER - Fund Treasurer said his report is included in the Agenda.

Confirmation of Payment - March 2018

FUND YEAR	AMOUNT
FY 2018	\$489,815.12
TOTAL	\$489,815.12

Confirmation of Payment - March 2018 - Dividends

FUND YEAR	AMOUNT
FY 2018	\$968,051.41
TOTAL	\$968,051.41

Resolution 16-18 - April 2018 Bills List

FUND YEAR	AMOUNT
FY 2017	\$20,689.38
FY 2018	\$509,367.41
TOTAL	\$530,056.79

BOARD ADVISOR

Mr. LaMendola said the Wellness Committee met and agreed to issue an RFP not to exceed \$25,000 for a Wellness Coordinator. He said the Committee discussed the incentive from the BMED to get members to participate in the Wellness program. He said there would need to be something to help offset the initial cost of the program, possibly by contributing to the cost of the biometric screenings.

AETNA - THIRD PARTY ADMINISTRATOR - Mr. Rodrigues reviewed the claims through February 2018. He said the total paid claims was \$3.4 million. He said the pmpm for January and February 2018 is \$615. He said there were 6 large claims in January and 2 in February. He also reviewed the dashboard

report. He said the network discounts remain strong, but could be better with higher in network utilization. He said the average speed of answer and claims processing metrics were missed for 2017 and he is working with the Executive Director to determine if any money is due back to the Fund. Mr. Rodrigues said in the Month of March Aetna processed over 5,000 claims answered 900 calls for BMED members. In response to Commissioner Hart, Mr. Rodrigues said there were 2 main drivers for the missed metrics which were an early retiree program for Aetna employees, as well as larger than anticipated growth across the entire book of business. He said Aetna has been working on filling these positions to service the customers and the Fund appropriately.

PHARMACY NETWORK (Express Scripts) - Mr. Colalillo said the Fund is trending at -30.5% due to lives rolling over to the EGWP program. He said ESI is looking to possibly introduce a program to control opioid abuse. He said they are going to look at the connection between the prescriber, pharmacies and counselling. He said they are also looking to add a prior authorization for longer acting opioids which are more likely to cause addiction. He said ESI will be exploring all areas to develop a program to reduce addiction and abuse. Mr. Colalillo said with this program ESI has disposable rx bags available to make drugs inactive. Executive Director said there is no action at this time, but we should have a recommendation at the next meeting review is complete.

DELTA DENTAL - Ms. White said Delta just completed a pilot program to allow dentists to test for diabetes. She said it was very successful and there is now a code for this test. She said Delta is also working on a program related to opioids.

MOTION TO APPROVE THE CONSENT AGENDA AS DISCUSSED.

MOTION:	Commissioner Kunze
SECOND:	Commissioner Poli
VOTE:	7 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: Mr. Covelli said he would like to commend Executive Director for the dividend policy discussed today. He also thanked Benefits Consultant for the excellent Vital Statistics report.

MOTION TO ADJOURN

MOTION:	Commissioner Hart
SECOND:	Commissioner Poli
VOTE:	Unanimous

MEETING ADJOURNED: 1:00 pm

NEXT MEETING: June 26, 2018
Franklin Lakes Borough
12:00 P.M.

Karen Kamprath, Assisting Secretary

Date Prepared: May 1, 2018