

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
JANUARY 28, 2016
BRIELLE BOROUGH MUNICIPAL BUILDING
1:30 PM**

Meeting called to order by Chairman Thomas Nolan. The Open Public Meeting notice read into record.

PLEDGE OF ALLEGIANCE

MEETING OF EXECUTIVE COMMITTEE CALLED TO ORDER

ROLL CALL OF 2015 EXECUTIVE COMMITTEE:

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

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval	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	Present
Network & Medical Claims Service	Aetna	Kim Ward	Present
Dental Claims Service	Delta Dental	Amy Lehrer	Absent
Rx Administrator	Express Scripts	Ken Rostkowski	Absent
Auditor	Holman & Frenia	Rodney Haines	Absent

OTHERS PRESENT:

Charles Casagrande, Danskin

Cindy Lisa, Danskin
Kelly Bellu, TRMUA
Stephen Acropolis, TRMUA
Eva Biviano, Red Bank
Dom Cinelli, Brown & Brown
Brian Valentino, WMUA

CORRESPONDENCE: None

APPROVAL OF MINUTES: OCTOBER 28, 2015 OPEN:

MOTION TO APPROVE OPEN MINUTES OF OCTOBER 28, 2015:

MOTION:	Commissioner Gilseman
SECOND:	Commissioner Nieman
VOTE:	Unanimous

ADJOURN SINE DINE MEETING - Chairs vacated - Chairman Nolan asks Executive Director to run meeting.

MOTION TO ADJOURN SINE DIE MEETING:

MOTION:	Commissioner Nieman
SECOND:	Commissioner Hubeny
VOTE:	Unanimous

ROLL CALL OF 2016 FUND COMMISSIONERS:

CJHIF 2016 FUND COMMISSIONERS			
MEMBER	COMMISSIONER/CONTACT	ALTERNATE	
ATLANTIC HIGHLANDS BOROUGH	Adam Hubeny	Beth Merkel	present
BOROUGH OF ALLENTOWN	Laurie Gavin		absent
BOROUGH OF RED BANK	Eugenia Poulos	Eva Biviano	both present
BRIELLE BOROUGH	Tom Nolan		present
ENGLISHTOWN BOROUGH	Peter Gorbatuk		absent
LAKEWOOD TOWNSHIP	William Rieker		present
MANASQUAN RIVER REG'L SEWERAGE AUTH	Brian Brach		present**
MANCHESTER TOWNSHIP	Dianne Lapp		present
PLUMSTED TOWNSHIP	Eric Sorchik	Joe Pryzwara	absent
SHIP BOTTOM BOROUGH	Kathleen Wells		absent
TOWNSHIP OF SHREWSBURY	Suzanne Vietengruber		present**
BRICK TOWNSHIP	Joseph Gilson		present
BOROUGH OF MANASQUAN	Joseph Delorio	Mayor Richard Dunne	absent
BOROUGH OF INTERLAKEN	Brian Coy		absent
BOROUGH OF SPRING LAKE	Jane Marban	Brian Dempsey	present**
TOWNSHIP OF ABERDEEN	Angela Morin		absent
BOROUGH OF NEPTUNE CITY	Mary Sapp		absent
BOROUGH OF MATAWAN	Louis Ferrara		absent
EATONTOWN SEWERAGE AUTHORITY	Theodore Lewis		absent
TOWNSHIP OF MONTGOMERY	Donato Nieman	Susan Smith	present
TOWNSHIP OF BEDMINSTER	Judith Sullivan	Trina Lindsey	present**
WEST LONG BRANCH TOWNSHIP		Lori Cole	absent
KEYPORT BOROUGH	Valerie Heilweil		absent
TOMS RIVER MUA	Steven Acropolis	Kelly Bellu	both present
SEASIDE HEIGHTS BOE	Kevin O'Shea		absent
WESTERN MOUNMOUTH MUA	Brian Valentino		present
**VIA CONFERENCE CALL			

A quorum of Fund Commissioners was achieved. The following nominations were presented and resolutions adopted.

Ms. Koval read the current 2016 Executive Committee Slate.

Nomination of Chairperson: Thomas Nolan

Nomination of Secretary: William Rieker

**Nomination of Executive Committee: Joseph Gilson
Diane Lapp
Adam Hubeny
Eugenia Poulos
Donato Nieman**

Nomination of Alternates: Jane Marban

MOTION TO APPROVE NOMINATION OF 2016 EXECUTIVE COMMITTEE, AS READ

MOTION: Commissioner Vietengruber
SECOND: Commissioner Hubeny
VOTE: 13 Ayes, 0 Nays

Oaths of Office distributed, and Fund Attorney swore in the 2016 Executive Committee.

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	Present
Adam Hubeny	Borough of Atlantic Highlands	Present
Eugenia Poulos	Borough of Red Bank	Present
Donato Nieman	Borough of Montgomery	Present
ALTERNATES:		
Jane Marban	Borough of Spring Lake	Absent

REORGANIZATION RESOLUTIONS - The 2016 Reorganization Resolutions for adoption were included in the agenda.

Executive Director reviewed the concept of the Consent Agenda.

MOTION TO APPROVE THE CONSENT AGENDA CONCEPT.

MOTION: Commissioner Nieman
SECOND: Commissioner Hubeny
VOTE: 7 Ayes, 0 Nays

Commissioner Hubeny and Commissioner Lapp volunteered to be the representative and alternate representative for MRHIF, respectively.

The consent agenda included 13-16 which pertained to approval of wellness grant money. The Commissioners of the towns being granted will abstain to voting on their town's request.

MOTION TO ADOPT RESOLUTION 1-16 THROUGH 14-16, EXCLUSIVE OF RESOLUTION 13-16, AS DISCUSSED.

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

EXECUTIVE DIRECTOR:

Executive Director thanked the board for the reappointment and reported on the following items:

PRO FORMA REPORTS -

- **Fast Track Financial Report** - as of November 30, 2015
- **Cash Flow Report** - as of November 30, 2015

Executive Director said the Financial Fast Track shows a surplus 17 million for all years combined. He said the Fund paid a substantial dividend this year and continues to do well financially. He said it could be a challenging year due to the loss of Lakewood and Manchester but the Fund is starting off well, financially.

ADMINISTRATION

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The Municipal Reinsurance Health Insurance Fund has met on December 9, 2015 to adopt the 2016 budget in the amount of \$11,875,087, which was passed unanimously. The Central Jersey Health Insurance Fund assessment to the MRHIF is \$1,357,027.

The Committee also discussed its two new members - the Schools Health Insurance Fund and Coastal Regional Employee Benefits Fund which have become independent from the SNJHIF on January 1, 2016.

Commissioner Hubeny's report was included in Appendix II.

2016 COMMITTEE APPOINTMENTS - Below are the standing Committees that were appointed in 2015. If a Commissioner is interested in joining a committee, please reach out to Emily Koval or Chair Nolan.

Executive Director said the Fund needs to appoint Committee members. The current members can be reappointed or volunteers will be accepted. The committee agreed to keep the sub committees as listed.

Finance & Contracts Committee

Tom Nolan, Chair
Eugenia Poulos
William Riecker

Wellness and Plan Design Committee

Diane Lapp, Chair
Joseph Gilsean
Eugenia Poulos

Claims Committee

William Rieker, Chair

Nominating Committee

Adam Hubeny, Chair

Jane Marban
Diane Lapp

Joseph Gilseman

MOTION TO APPROVE THE CURRENT COMMITTEE APPOINTMENTS AS IS.

MOTION: Commissioner Nieman
SECOND: Commissioner Hubeny
VOTE: 7 Ayes, 0 Nays

WELLNESS GRANT PROGRAM - At the previous meeting, the Wellness Committee recommended releasing wellness grant applications. Four responses were received: Red Bank, Toms River MUA, Lakewood, and Montgomery. Since Lakewood has its own retention and claims Fund, it would be best to build a wellness budget separately for this group. Removing their request, the remaining three responses are within the \$11,000 budget. It is the committee's recommendation to approve resolution 13-16, accepting these grant programs.

Ms. Koval reviewed the Wellness Grand responses and recommends not including Lakewood. The 3 responses received for Red Bank, Toms River MUA and Montgomery are all within the \$11,000 budget. She Recommends approving the programs as described.

MOTION TO APPROVE RESOLUTION 13-16, ADOPTING THE 2016 WELLNESS GRANT PROGRAMS.

MOTION: Commissioner
SECOND: Commissioner
VOTE: 7 Ayes, (Commissioner Nieman abstains for a portion of the resolution for Montgomery only, Commissioner Poulos abstains for a portion of the resolution for Red Bank only)

NEW MEMBER APPLICATION - SOUTH RIVER - The Borough of South River has submitted an application to the Central Jersey HIF. A competitive quote has been provided, although the Borough has not yet passed a resolution to join. A summary of key characteristics is below and the rates have been certified by the Fund Actuary. Currently, the member is with the State Health Benefits Plan. We request a motion to approve membership, pending a fully executed Indemnity and Trust agreement.

Executive Director said there is a new member application for South River. A 2% Risk Manager fee is included.

Underwriting Factor	Borough of South River	Fund Average or Standard	Relativity
Current Carrier or Arrangement	SHBP	Aetna and Qualcare	
Age Sex Factor	1.159	1.16	99.82%
Enrollment	148	878	16.86%
Claims Pick (Per Employee Per Month)	\$ 1,245.00	\$ 1,402.00	88.80%
Trend Applied	8.0%	8%	100.00%
Risk Manager Fee Applied	NA		
Rate Effective Date			
From	4/1/2016		
To	12/31/2016		
Prior Fund Member?	No		
Current P&C JIF Member?	Yes		
Lines of Coverage to Fund			
Medical	Yes		
Dental	No		
Rx	No		
Anticipated Commissioner Involvement	Yes		
Explanatory Notes or Contingencies	None		

MOTION TO APPROVE MEMBERSHIP FOR THE BOROUGH OF SOUTH RIVER EFFECTIVE APRIL 1, 2016 OR MAY 1, 2016, PENDING A SIGNED INDEMNITY AND TRUST AGREEMENT TO THE CENTRAL JERSEY HEALTH INSURANCE FUND.

Moved: Commissioner Lapp
Second: Commissioner Gilsenan
Vote: 7 Ayes, 0 Nays

Executive Director said the Finance Committee will be meeting to discuss contracting with AmeriHealth. In response to Commissioner Hubeny, Executive Director said there are several reasons for considering AmeriHealth in addition to Qualcare and Aetna. AmeriHealth is a big player in the state and is expanding, so could create more interest in the Fund. He said they have an accountable care organization arrangement with Meridian and a 3 tier network plan much like Horizon's OMnia. Commissioner Hubeny said he is currently going through contract negotiations and it's been very difficult to bring in new plans.

STATE WEBSITE NOTICE - Late last year, the State reviewed the Fund websites for required documentation. CJHIF was noted for not having a CAFR Audit report and a listing of the contracted vendors. Both items were included on the website and we have responded accordingly.

Ms. Koval said the Fund received a letter from the State that the website was not in compliance, however our response is included in the agenda and shows that the website is in fact in compliance.

BENEFITS OPERATIONS

Program Manager reviewed the report that was distributed at the meeting.

MUNICIPALITY OPEN ENROLLMENT UPDATES --All open enrollment changes that were received have been processed and updated with the carriers. ID cards for members who made changes during open enrollment were mailed out prior to January 1, 2016. We did experience a small issue with a few members receiving an Aetna ID card in error which was quickly resolved.

Program manager said open enrollment was held in November and there was a slight issue with Aetna ID cards which has been rectified.

STEP THERAPY LETTERS - Aberdeen Township requested that PERMA complete a special mailing to employees regarding the removal of grandfathering to their Step Therapy program. Express Scripts provided a mailing list, which included all impacted members in the CJHIF. Unfortunately, letters were mailed before the error was identified.

PERMA worked with Risk Managers and group contacts to notify groups of the impacted population prior to receipt of letters. Each group received a list of these impacted members, along with the retraction letter.

An apology letter from Express Scripts is attached and can be found on Page 10.

Program Manager said a letter was sent out to all municipalities regarding Step Therapy and should have only been sent to Aberdeen Township. An apology letter was issued from Express Scripts.

Commissioner Gilsenan said he has been receiving calls from members with changes in their prescriptions with out notification and asked how this can be rectified. Program manager requested a list to see if there is a trend. He said certain drugs can come on prior authorization. He said the benefits did not change there is just an additional step to get the prescription. Commissioner Hubeny said his municipality is also receiving complaints. He the preauthorization can take up to 3-4 days. Program Manager said he will review any issues with Express Scripts. Commissioner Hubeny asked if a letter can be sent out to the members as a reminder.

CADILLAC TAX DELAYED UNTIL 2020 - Under prior law, for tax years beginning after December 31, 2017, the Cadillac tax required that plan sponsors and insurers pay a 40% excise tax on the excess cost of employer-sponsored health coverage over \$10,200 for employee-only and \$27,500 for family coverage, adjusted for inflation annually. Plans providing this "high-cost" coverage are often referred to as "Cadillac plans," and the related tax is referred to as the "Cadillac tax." This Cadillac tax is now effective for tax years beginning after December 31, 2019. Thus, the Cadillac tax won't be imposed until 2020. Any Cadillac tax payments will also now be "deductible" for businesses.

Program Manager said the Cadillac Tax has been delayed until 2020.

RECORDKEEPING AND REPORTING - IRS GRANTS AUTOMATIC EXTENSION

The Internal Revenue Service has announced that it has decided to delay the 1094 and 1095 forms filing deadlines for employers, insurers and others health plan coverage providers after it determined that filers need "additional time to adapt and implement systems to gather, analyze and report this

information." The delay provides an "automatic" 60-day extension for furnishing Forms 1095-C and 1095-B to employees and an "automatic" 3 month extension for filing these forms with the IRS. The new due date for furnishing the 2015 Form 1095-C to employees is extended from January 31, 2016 to March 31, 2016. And the new due date for employers furnishing the 2015 Form 1094-C to the IRS is extended from February 28, 2016 to May 31, 2016 (if filing electronically the new due date is extended from March 31, 2016 to June 30, 2016).

Employers will welcome this reporting deadline extension as it will provide more time to address the very complicated and onerous filing requirements without the need to make any formal extension request to the IRS. The IRS previously published the final forms and instructions needed for large employers' mandatory reporting requirements under the Affordable Care Act (ACA). The final instructions clarified various issues relating to how large employers prepare the Form 1095-C for full-time employees. Notwithstanding the automatic extension, the IRS is still encouraging employers and other coverage providers to furnish statements and file the information returns as soon as they are ready. The new guidance reiterates that employers or other coverage providers that do not comply with the new extended due dates are subject to penalties for failure to timely furnish and file. The guidance states, however, that "employers and other coverage providers that do not meet the extended due dates are still encouraged to furnish and file, and the Service will take such furnishing and filing into consideration when determining whether to abate penalties for reasonable cause." The IRS will take into account whether an employer or other coverage provider made reasonable efforts to prepare for reporting the required information to the IRS and furnishing it to employees and covered individuals, and the extent to which the employer or other coverage provider is taking steps to ensure that it is able to comply with the reporting requirements for 2016.

The new guidance also addresses individuals who might not receive a Form 1095-B or Form 1095-C by the time they file their 2015 tax returns. According to the IRS, most individual taxpayers will generally not be affected by the 1095 automatic filing extension and should file their tax returns as they normally would. The rules do not require that individuals send any 1095 Form to the IRS when filing their individual tax return, but rather they should keep it with their tax records. Nonetheless, some employees (and related individuals) who enrolled in coverage through the Marketplace but did not receive a determination from the Marketplace that the offer of employer-sponsored coverage was not affordable could be affected by the extension if they do not receive their Forms 1095-C before they file their income tax returns. As a result, for 2015 only, individuals who rely upon other information received from employers about their offers of coverage for purposes of determining eligibility for the premium tax credit when filing their income tax returns need not amend their returns once they receive their Forms 1095-C or any corrected Forms 1095-C.

The IRS is encouraging employers and other filers to take a close look at its webpage titled "Affordable Care Act Information Center for Applicable Large Employers (ALEs)." The webpage can be used to understand the Form 1095-C and 1094-C, to determine applicable large employer or "ALE" status, and as a means to finding additional resources on these complicated filing rules. According to the webpage, two provisions of ACA that apply only to ALEs are now in effect – the employer shared responsibility provision, and the employer information reporting provision for offers of minimum essential coverage. Self-insured ALEs, i.e., employers who sponsor self-insured group health plans, have additional provider information reporting requirements. See "Questions and Answers on Information Reporting by Health Coverage Providers" for information on the Form 1095-B and 1094-B used primarily by fully insured carriers for reporting information about the entity

providing coverage, which individuals are enrolled in coverage, and the months for which they were covered.

Employers are advised to consult with their tax, HRIS/payroll, and legal advisors for assistance with specific issues/complexities regarding form preparation, appropriate eligibility and hours tracking rules, and the actual implementation of the data gathering, tracking, and reporting rules.

FINALIZED IRS REPORTING FORMS

Final 2016 ACA Reporting Requirements

The Internal Revenue Service (IRS) has released final forms and instructions for the information reporting provisions under the Patient Protection and Affordable Care Act (the “PPACA”).

Compliance is mandatory for affected employers. Failure to file the required informational returns or filing incomplete or inaccurate forms could result in reporting penalties and penalties under the ACA’s employer shared responsibility provisions. Employers should be prepared now to report for the first time in early 2016 for calendar year 2015. For more information on the final rules on this IRS information reporting for employers, please see the [IRS ACA Reporting webpage](#).

The following final forms and instructions are now available for 2015 (minor changes were made to some of the forms and both sets of instructions):

The following final forms and instructions are now available for 2015 (minor changes were made to some of the forms and both sets of instructions):

- [Form 1094-C](#) (transmittal)
- [Form 1095-C](#) (employee statement)
- [2015 Instructions](#) for 1094-C and 1095-C
- [Form 1094-B](#) (transmittal)
- [Form 1095-B](#) (employee statement)
- [2015 Instructions](#) for 1094-B and 1095-B

The final instructions clarify various issues relating to how large employers prepare the [Form 1095-C](#) for full-time employees. Some helpful clarifications are provided, including:

- Instructions for obtaining an automatic 30-day extension to furnish forms to the IRS;
- Instructions for requesting an extension of time to furnish statements to employees;
- Instructions on correcting Forms 1094-C and 1095-C;

- Clarification that the IRS requires reporting for only one plan where employees are covered by more than one type of minimum essential coverage (such as a medical plan and an HRA);
- Clarification that COBRA offers for terminated employees are not reported as offers of coverage under any circumstances;
- Additional details on reporting cost of coverage for non-calendar year plans;
- Additional details on reporting coverage through multiemployer plans;
- Instructions on electronic filing and how to obtain a waiver from electronic filing; and
- Information on potential penalties and penalty relief.

Recently released [IRS Notice 2015-68](#) also simplifies the rules for collecting Social Security Numbers (SSNs). When an employer sponsors a self-insured plan, the employer must report the SSN for each enrolled individual (including dependents). Pending additional guidance, reporting entities will not be subject to penalties for failing to report SSNs if they request them as follows: (1) make an initial solicitation at an individual’s first enrollment or, if already enrolled on September 17, 2015, the next open enrollment season; (2) make a second solicitation within a reasonable time thereafter; and (3) make a third solicitation by December 31st of the year following the initial solicitation. In addition, plan sponsors do not have to solicit SSNs from individuals who have terminated coverage.

The IRS is encouraging employers and tax professionals to take a close look at its new webpage titled [“Affordable Care Act Information Center for Applicable Large Employers \(ALEs\).”](#) The webpage can be used to determine ALE status and as a means to finding additional resources on these complicated rules. According to the webpage, two provisions of ACA that apply only to ALEs are now in effect – the employer shared responsibility provision, and the employer information reporting provision for offers of minimum essential coverage. Self-insured ALEs, i.e., employers who sponsor self-insured group health plans, have additional provider information reporting requirements.

Employers are advised to consult with their tax, HRIS/ payroll, and legal advisors for assistance with specific issues/complexities regarding form preparation, appropriate eligibility and hours tracking rules, and the actual implementation of the data gathering, tracking, and reporting rules.

Program Manager said the electronic filing has been delayed until June 30th.

TREASURER – Fund Treasurer said 8.5 million was moved to Ocean First Trust back in November and a report can be brought to the next meeting.

November 2015– Confirmation of Payment

FUND YEAR 2015	\$372,228.14
TOTAL ALL FUND YEARS	\$372,228.14

December 2015 – Confirmation of Payment

FUND YEAR 2015	\$446,546.83
FUND YEAR 2015 SUPP.	\$107,756.00
TOTAL ALL FUND YEARS	\$554,302.83

JANUARY 2016 – Resolution 14-16

FUND YEAR 2015	\$103.54
FUND YEAR 2016	\$328,014.93
TOTAL ALL FUND YEARS	\$328,118.47

ATTORNEY: Fund Attorney thanked the Committee for his reappointment

QUALCARE: Mr. Epstein thanked the Committee for his reappointment. He reviewed the Qualcare claim payment reports and high claimants report. He said the Fund had a favorable year with lower high dollar claimants.

AETNA: Ms. Ward thanked the Committee for the reappointment. She reviewed September, October and November claim reports and high claimants. Claims are trending at \$1,000 pepm.

EXPRESS SCRIPTS: No Report

DELTA DENTAL: No Report

NEW BUSINESS: None

OLD BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Lapp
VOTE:	Unanimous

MEETING ADJOURNED: 2:00 pm