

**CENTRAL JERSEY HEALTH INSURANCE FUND  
OPEN MINUTES  
MARCH 16, 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 2016 EXECUTIVE COMMITTEE:**

<b>CHAIRPERSON</b>		
Thomas Nolan	Borough of Brielle	Present
<b>SECRETARY</b>		
William Rieker	Township of Lakewood	Absent
<b>EXECUTIVE</b>	<b>COMMITTEE</b>	
Joseph Gilsenan	Township of Brick	Present
Diane Lapp	Township of Manchester	Present
Adam Hubeny	Borough of Atlantic Highlands	Present
Eugenia Poulos	Township of Red Bank	Absent
Donato Nieman	Township of Englishtown	Present
<b>ALTERNATES:</b>		

**APPOINTED OFFICIALS PRESENT:**

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

**OTHERS PRESENT:**

Cindy Lisa, Danskin  
Kelly Bellu, TRMUA  
Dom Cinelli, Brown & Brown

**CORRESPONDENCE:** None

**APPROVAL OF MINUTES: JANUARY 20, 2016 OPEN:**

**MOTION TO APPROVE OPEN MINUTES OF JANUARY 20, 2016:**

<b>MOTION:</b>	Commissioner Nieman
<b>SECOND:</b>	Commissioner Hubeny
<b>VOTE:</b>	Unanimous

**EXECUTIVE DIRECTOR:**

### **FINANCES**

**PRO FORMA REPORTS**

- **Fast Track Financial Report** – as of December 31, 2015
- **Cash Flow Report** – as of December 2015

The January 31, 2016 Fast Track was distributed at the meeting. Executive Director said the last two years were very profitable for the Fund. Year to date, the Fund has a current surplus of 18 million. Going forward, Executive Director said Lakewood will be illustrated on a separate line item since their profits and losses are retained only by them. Lakewood currently has \$600,000 in surplus and is running similar to the rest of the membership.

### **ADMINISTRATION**

**MEDICAL TPA RFQ** - In the interest to include AmeriHealth as an additional medical network to the CJHIF, an RFQ was released. Responses are due on March 15, 2016. Responses were reviewed at the meeting.

Executive director said AmeriHealth has a strong network in Monmouth and Ocean counties. They also have an arrangement with Meridian and can offer a tiered network plan. He said Aetna is also working on a deal with Meridian. Executive Director said we can move forward or let the Finance committee discuss further. In response to Chair Nolan, Executive Director said there is no need to delay we have a good relationship with AmeriHealth in other Funds. In response to Commissioner Hubeny, Executive Director said the fees are in the middle of Qualcare and Aetna. There would be no expense to the Fund to add this network and would be a member offering decision.

**MOTION TO AWARD A CONTRACT TO AMERIHEALTH ADMINISTRATORS ASA  
THIRD PARTY ADMINISTRATOR TO THE CENTRAL JERSEY HEALTH INSURANCE FUND**

**MOTION:** Commissioner Hubeny  
**SECOND:** Commissioner Nieman  
**VOTE:** 6 Ayes, 0 Nays

**REVISED RISK MANAGEMENT PLAN** - As previously discussed, Lakewood Township is retaining its own risk from the rest of the Fund and has placed reinsurance outside of the MRHIF. The details have been disclosed in a revised risk management plan included in the consent agenda. If approved, the plan will be refiled with the State.

Executive Director said there is a revised risk management plan included that further outlines the Lakewood arrangement. He said they will have their own retention and will not share on medical or RX loss. He said they will be asked to adopt a similar resolution. He said he will ask for re adoption of resolution 9-16, amending the Risk Management Plan, which is included in the consent agenda.

**MRHIF MEETING** - The Municipal Reinsurance Health Insurance Fund met on February 9 to reorganize for 2016. The new Coastal and SHIF commissioners were in attendance. The Committee reviewed the new reinsurance policies which are available for all Commissioners' review.

In addition, Express Scripts was present at the meeting to review the recent audit that found significant overcharges on generic drugs during the first quarter of the new contract. A year end audit is being conducted now and results will be available at the next meeting. Minutes from this meeting were included in Appendix II.

Commissioner Hubeny said the lines of communication are open. Executive Director said there were some concerns with the ESI audit and possible overcharges. Commissioner Hubeny said the Fund is on the right track with future audits.

**ESI AUDIT** - The following will retrace the recent history of ESI audits and contracts review.

As part of the overall effort to tighten controls, in 2013 MRHIF commissioned an audit of ESI by Pharmacy Benefits Consultants. They found that ESI was not providing adequate discounts on generic drugs but that outperformance in other areas offset those losses. They identified deficiencies in contract definitions that reduced the efficacy of discount guaranties and recommended the issuance of an RFP for the ESI contract. MRHIF accepted this recommendation and issued a comprehensive RFP, under the guidance of another consulting firm, Advanced Pharmacy Concepts, which attracted proposals from all major PBMs. This culminated in a renewal with ESI, as the most cost effective offer, on May 1, 2015.

Pricing performance guaranties are reviewed annually with ESI. The recent history of such guaranty reviews is:

- In 2013 discounts were not achieved and payment to MRHIF of \$310,737 was made.

- For the 2014/2015 year, discounts underperformed by \$23,357 but rebates outperformed by \$2.7M, so no payment was due to the HIFs. Adler Associate reviewed this reconciliation and feels that it is credible and that it would not be cost effective to independently audit the outcome.
- For 2015, Adler Associates performed an interim audit covering the period from 5/1/2015 to 7/31/2015 that identified inadequate generic drug discounts of \$1M. Discounts for brand and specialty drugs were at contractual levels. Rebates were not evaluated.
- Adler Associates is currently auditing the contractual period of 5/1/2015 to 12/31/2015. The HIFs will receive payments from ESI for this period if discounts and rebates do not meet contractual requirements.

Since 2013 we have used three outside firms to review ESI contracts and performance. While each firm added significant value, I am confident that Adler Associates provides the highest level of audit and contract experience available in the industry. Through MRHIF, we are maintaining an on-going process of audit, contract review, and contract negotiation/bidding.

**EXECUTIVE COMMITTEE** - After the reorganization meeting, it was discovered that Jane Marban is no longer an employee which leaves the Executive Committee with no alternate(s) and an opening on the Claims Committee. The Committee may consider adding another commissioner at any time. Chair Nolan suggested a notice go out to the Commissioners to allow for volunteers

**2016 MEL & MR HIF EDUCATIONAL SEMINAR** - The 6<sup>th</sup> annual seminar is scheduled for Friday, April 15<sup>th</sup> beginning at 9:00 AM at the National Conference Center in East Windsor, NJ. The seminar qualifies for an extensive list of Continuing Educational Credits including CFO/CMFO, Public Works, Clerks, Insurance Producers and Purchasing Agents. There is no fee for employees and insurance producers associated with MEL and MR HIF members as well as personnel who work for service companies that are engaged by MEL member JIFs and MR HIF member HIFs.

### **BENEFITS OPERATIONS**

**BROKER EMAIL BOX** - The broker email box has been open for correspondence for the last few quarters. After reviewing volume and efficiencies, it has been decided to restructure the current service model and utilize more resources to improve service delivery. We are planning for a relaunch early in third quarter.

**DUPLICATE ID CARD REQUESTS** - Effective immediately, the CJHIF no longer has the capability to request duplicate ID cards from the carrier systems. Going forward, the most efficient way for members to order additional ID cards is by calling the carrier directly or by registering online through the carrier's website. Most carriers also have mobile apps available where you can download their app to your mobile phone and you are able to view a copy of your ID card right from your phone.

**EXPRESS SCRIPTS FORMULARY UPDATE - BRAND GLUMETZA CHANGE (ANTIDIABETIC)**

A generic medication for Glumetza is coming to the market. Normally, when a multi-source brand loses patent protection, substitution to the generic is automatic. In the situation with Glumetza, Valeant (its manufacturer) has entered into agreements with retailers to dispense their branded product as a generic at the contracted pharmacies.

This action will circumvent normal generic substitution and increase plan costs. Valeant increased drug prices throughout their products in 2014, and Glumetza saw an over 800% increase in price in 2015. As such, we recommend the exclusion of this multi-source branded product to ensure that normal generic substitution continues. This action maximizes your ability to control costs. This exclusion will ensure that the standard process of generic substitution will take place at the point of sale.

**EXPRESS SCRIPTS CLINICAL NEWS & NOTES** - Xeljanz XR, a medication formerly excluded under the Express Scripts formulary, has now been approved for Rheumatoid Arthritis. Xeljanz XR will now be added to the Express Scripts specialty drug list.

- Updated DrugWatch Available for Viewing: The Emerging Therapeutics department has updated this viewable document, which highlights the near-term pipeline of drugs as well as potential new generic opportunities. This updated list includes new medications for various cancers, HIV and Parkinson's Disease. Important to note that majority of the medications in the pipeline are high cost specialty medications. You can access the DrugWatch document [here](#).
- On 3/1/2016, the FDA approved *Odesfy*. Odesfy is a HIV-1 treatment for individuals with the virus over the age of 12. Odesfy is estimated to cost roughly \$30,000 per patient per year and treatment can last up to 6 months. The medication is primarily for new diagnoses with no history of like treatments.

#### **RECORDKEEPING AND REPORTING - IRS GRANTS AUTOMATIC EXTENSION**

- **Employee forms 1095B or 1095C are due to your employees no later than March 31, 2016.**
- **Employer forms 1094B or 1094C are due to the IRS no later than May 31, 2016; unless filing electronically then due no later than June 30, 2016.**

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.

**All entities with medical coverage in the Fund are self-insured and therefore required to file and distribute these forms; even those employers with less than 50 employees.**

**Entities with less than 50 employees will need to complete the 1094 and 1095 B forms.**

## **Entities with more than 50 employees will need to complete the 1094 and 1095 C forms**

### **ACA and 1095 Forms Generally / Individual Tax Filing Issues - Most Commonly Asked Questions:**

#### ***1. What are the new health coverage forms required by the Affordable Care Act?***

The Affordable Care Act (ACA) is a law designed, in part, to extend access to affordable health care coverage to more Americans. As required by the ACA, you must receive 1095 forms reporting on certain offers of health coverage and actual health coverage received in the prior year (note that other benefits such as dental plans, life insurance, or disability benefits are not reported on 1095 forms). The 1095 forms are filed by the marketplace ([Form 1095-A](#)), other insurers or providers ([Form 1095-B](#)), and certain large employers ([Form 1095-C](#)). One copy is sent to the Internal Revenue Service (IRS) and one copy is sent to you. A 1095 form is a little bit like a W-2 form. A W-2 form reports your annual earnings. The 1095 forms will show that you and your family members either did or did not have an offer of health coverage and/or actual health coverage during each month of the past year. Because of the ACA, every person who is not otherwise exempt must obtain health insurance or pay a penalty to the IRS.

#### ***2. How many forms will I get and when should I receive the form(s)?***

Depending on the circumstances, some people may receive multiple forms and some people may receive no forms. You may receive multiple forms if you had coverage from more than one coverage provider, if you worked for more than one employer during 2015, or if you enrolled for coverage in the marketplace for a portion of the year and received coverage from another source for part of 2015. If you are due a form, you should receive it by March 31, 2016. (Starting in 2017, you should receive it each year by January 31, just like your W-2.)

#### ***3. What do I do with the form(s)?***

You should keep your forms with your tax records. You don't actually need the form(s) in order to file your taxes, but when you do file, you'll have to tell the IRS (by checking a box on your tax return) whether or not you had health insurance for each month of 2015. Since you don't actually need the form(s) to file your taxes, you don't have to wait to receive it if you already know what months you did or didn't have health insurance in 2015. When you do get the form, keep it with your other 2015 tax information in case you should need it in the future to help prove you had health insurance. In the meantime, if your accountant or tax preparer requests proof of coverage, the government suggests these forms of documentation as proof of insurance coverage: insurance cards, explanation of benefits, statement(s) from insurers, W-2 or payroll statement(s) reflecting health insurance deductions, record(s) of advance payments of the premium tax credit, and other statements indicating an individual or family member had coverage.

#### ***4. Where can I go for more information?***

You can go to the governmental websites and find more detailed information on the forms and the ACA requirements. See the [IRS Questions and Answers about Health Care Information Forms for Individuals \(Forms 1095-A, 1095-B, and 1095-C\)](https://www.irs.gov/Affordable-Care-Act/Questions-and-Answers-about-Health-Care-Information-Forms-for-Individuals) at <https://www.irs.gov/Affordable-Care-Act/Questions-and-Answers-about-Health-Care-Information-Forms-for-Individuals>. See also the Department of Health and Human Services website at

<https://www.healthcare.gov/fees/> for detailed information on how the penalty is calculated. Ask your tax preparer or advisor if you have specific questions while filing your personal tax return. Everyone's family structure and income situation is different, and coverage providers and employers are not able to give you personal income tax advice. For further assistance you can always call the IRS helpline at 800-829-1040.

## NEWSWORTHY ARTICLE

*N.J. Public Employee Unions Irked by Christie Call to Cut Health Benefits, February 29, 2016*

Governor Chris Christie stated in his state budget address a challenge to cut \$250M from state employees' health benefits. Nearly 10% of Christie's \$34.8 billion proposed budget pays for health benefits for active and retired state workers and retired teachers. The administration estimates that Healthcare costs will crack \$6 billion a year by 2024.

The average teacher enrolled in one School Employees' Health Benefits Program plan makes \$69,000 and pays \$6,193 a year for family coverage, 19 percent of the premium and 9 percent of their salary, said Wendell Steinhauer, president of the New Jersey Education Association and a member of the school employees' committee. They're motivated to save money because it also lowers the cost of employees' premiums, he added.

Labor leaders said the problem is much bigger than employee health benefits: New Jersey is one of the most expensive health care markets in the U.S.

To read the full article click here:

[http://www.nj.com/politics/index.ssf/2016/02/christie\\_health\\_care\\_cut.html?utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=New%20Campaign&utm\\_term=Wake%20Up%20Call%20NJ#incart\\_most-comments](http://www.nj.com/politics/index.ssf/2016/02/christie_health_care_cut.html?utm_source=Sailthru&utm_medium=email&utm_campaign=New%20Campaign&utm_term=Wake%20Up%20Call%20NJ#incart_most-comments)

## NEW INTERACTIVE WELLNESS HUB:

[www.healthylearn.com/connerstrong](http://www.healthylearn.com/connerstrong)

Conner Strong and Buckelew is pleased to announce we have launched a new, interactive wellness portal available to our customers called **HealthyLearn™**. This is a new, high-powered portal that includes the best, most interactive and source based data available on wellness and medical topics. This new site replaces our previous Healthier at Home site. All of the content one would expect regarding wellness and population health is now delivered to you on a site so user friendly you may never go anywhere else for health information.

**HealthyLearn™** is available to all Conner Strong & Buckelew clients at no additional cost, to make available to their employees and plan participants. HealthyLearn™ covers over a thousand health topics in a simple, straightforward manner. The data and information is laid out in an easy-to-follow format and includes an informational print-on-demand PDF. HealthyLearn™ includes the following interactive features and services:

- Ask the Coach
- Rotating Health Tip-of-the-Day
- Symptom Checker

- A to Z Encyclopedia
- Health News
- Medical Self-Care Guides for Adults, Children, Adolescents and Seniors
- Women and Men Guides
- Pain Management Guide
- Financial Wellness information
- Mental Health Guide
- Home Safety Guide
- Wellness and Disease Management
- Tobacco Cessation
- Stress Management
- Nutrition and Weight Loss
- Health Trackers
- Health Posters
- Health Videos
- Monthly Wellness Newsletter

**EXPRESS SCRIPTS SERVICE ISSUES** - Program Manager said the ESI processing errors have been resolved. He said his team is work with ESI to develop an all inclusive communication piece for the HIF. ESI is also in the process of developing a HIF inclusive customer service number that should be ready by 8/1. He said his team is also working to better communicate when drugs are added or removed from the prior authorization or drug quantity management list. Commissioner Hubeny said this is important because of Union contracts. Commissioner Gilsenan said there were also some issues with the formulary and a lack of notification. Program Manager will discuss with ESI on more prior education.

**TREASURER** – Fund Treasurer reviewed the February and March bills lists. He distributed a report including certification of funds transferred, claims paid, cash reconciliation and transfer of funds to treasury bills. He said the treasury bills will fluctuate each month but will not sell at a loss and will be held until maturity.

**February 2016 – Confirmation of Payment**

<b>FUND YEAR 2015</b>	<b>\$1,904.42</b>
<b>FUND YEAR 2016</b>	<b>\$339,327.43</b>
<b>TOTAL ALL FUNDS YEARS</b>	<b>\$341,231.85</b>

**MARCH 2016 – Resolution 15-16**

<b>FUND YEAR 2016</b>	<b>\$334,570.91</b>
<b>TOTAL MARCH 2016</b>	<b>\$334,570.91</b>

**MOTION TO APPROVE THE FEBRUARY 2016 AND MARCH 2016 BILLS LISTS:**

**MOTION:** Commissioner Lapp  
**SECOND:** Commissioner Gilsenan



**VOTE:**

6 Ayes, 0 Nays

**ATTORNEY:** No Report

**QUALCARE:** Mr. Epstein reviewed the distributed reports. He said there were no high dollar members in January or February. There has been 2.4 million in charges, 720 total payments and 2800 claims processed.

Mr. Epstein provided information regarding Qualcare's health information line which has a registered nurse available 24/7 to answer questions and provide information.

**AETNA:** Ms. Ward said December was a high month with 19 claims over 10k but January is starting to trend down with only 15 claims over 10k. Ms. Ward said in regards to changing the reports she will leave it up to the executive committee. Commissioner Gilsenan requested that Qualcare and Aetna be the same frame of reporting. She said by showing the top 25 claims, that would have the opposite effect because not very often are there more than 15 claims over \$10,000. Chair Nolan said the reports can stay how they are. Ms. Ward they are working on the South River and Oceanport implementations. She said Aetna is also working on the on a plan similar to the OMNIA plan as well as a deal with Meridian to bring tiered plans to the fund. Ms. Ward said Aetna also has a Nurse Line similar to the Qualcare health information line.

**EXPRESS SCRIPTS:** Mr. Rostkowski said ESI is meeting weekly with Program Manager's team to review client issues. ESI will have a designated number for members to call where they will be able to track service issues and quality. He said they are working on a comprehensive communication plan that will better explain prior authorization and step therapy. Mr. Rostkowski distributed a handout on the Accredo copay assistance program. In response to Commissioner Hubeny, Mr. Rostkowski said ESI can notify them if they qualify for this program.

**DELTA DENTAL:** Ms. O'Donnell reviewed the utilization report. She said overall in network utilization is at 93%. The Fund has access to the PPO network which is the most cost effective network.

**CONSENT AGENDA:** The following Resolutions listed on the Consent Agenda will be enacted in one motion.

Revised Resolution 9-16: Approval of 2016 Revised Risk Management Plan

Resolution 15-16: Approval of the February and March 2016 Bills Lists

**MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:**

**MOTION:** Commissioner Nieman

**SECOND:** Commissioner Lapp

**ROLL CALL VOTE:** 6 Ayes, 0 Nays

**OLD BUSINESS:** None

**NEW BUSINESS:** None

**PUBLIC COMMENT:** None

**MOTION TO ADJOURN MEETING:**

<b>MOTION:</b>	Commissioner Gilsean
<b>SECOND:</b>	Commissioner Hubeny
<b>VOTE:</b>	Unanimous

**MEETING ADJOURNED: 2:00 pm**