CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
MAY 15, 2013
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 2013 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:		
Adam Hubeny	Atlantic Highlands Twp	Absent
Jane Gillespie	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	**Diane Peterson** **Joseph Linker** **Jason Edelman** **Brandon Lodics**	Absent Absent Present Present
Attorney	Berry, Sahradnik, Kotzas & Benson	**Jack Sahradnik**	Present
Treasurer		**Stephen Mayer**	Present
Network & Medical Claims Service	Qualcare Inc.	**Sharon Seitzman** **Jerry Eisenberg** **Gary Epstein**	Absent Present Present
Network & Medical Claims Service	Aetna	**Kim Ward**	Present
Dental Claims Service	Delta Dental	**Jackie Wright**	Absent

Rx Administrator	Express Scripts	**Susan Wolf** **Katty Mercado**	Absent Absent
Auditor	Holman & Frenia	**Rodney Haines**	Present

OTHERS PRESENT:
Vic Cantillo, West Long Branch
Susan Smith Montgomery Twp
Ted Wardell, Brown and Brown Advisors
Charles Casagrande, Danskin Insurance Agency
Dominick Cinelli, Brown & Brown
Mark Sher, Claimant

CORRESPONDENCE: None

APPROVAL OF MINUTES: APRIL 18, 2013 OPEN:

MOTION TO APPROVE OPEN MINUTES OF APRIL 18, 2013:

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

PRO FORMA REPORTS

- **Fast Track Financial Report** – as of March 31, 2013
- **Cash Flow Report** – as of March 31, 2013
- **Budget Reconciliation** – as of May 2013
- **Regulatory Compliance Checklist** – as of May 2013

AUDITOR AND ACTUARY YEAR-END REPORTS - A final copy of the financial audit for the period ending December 31, 2012 was distributed to the Committee. Rodney Haines from Holman & Frenia was in attendance to review. Once approved, we will make a filing with the Departments of Insurance and Community Affairs to meet the June 30th deadline. Attached were Resolution #16 -13 and the Affidavit of Certification to approve the December 31, 2012 audit. The Actuary's Statement of Actuarial Opinion has also been included for review. We request the approval via the following motion.

Fund Auditor reviewed the report by section, noting that it is an unqualified opinion with no complaints. He said there are multiple years that have closed at a deficit which are being covered by prior year closed year surplus balances. Although, Fund Auditor suggested that these losses be something the Fund view closely, particularly at budget time. Operationally, the Fund is running efficiently and there would be nothing to note to the State.

Chairman Nolan said the Finance Committee should meet very soon to review these deficits. He said he agrees with the process of using closed year balances to cover. Executive Director will reach out to the committee to set up a date to meet.

MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION 16-13 AND EXECUTE THE GROUP AFFIDAVIT INDICATING THAT THE MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT

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

ADMINISTRATION

PROGRAM IMPLEMENTATION STATUS - We will have an update at the meeting regarding the Medicare Advantage program and the new Out of Network fee schedule that were adopted at the previous meetings. Executive Director said the Out of Network fee schedule change has been set up for an August 1 implementation date. Medicare Advantage has been approved by all Funds except the NJHIF and will also be initiated on August 1.

MEMBERSHIP - We have received a resolution form the Spotswood Board of Education terminating their membership effective August 1, 2013.

GASB 45 AUDIT - The GASB 45 Audit data requests for members with more than 200 employees was sent earlier this month. There is a 4-6 turnaround time on these reports. If a member is in need of an updated report, please contact the Fund office.

MRHIF RENEWAL ENDORSEMENT - The MRHIF/CJHIF renewal endorsement for January 2013-December 31, 2013 is included in the agenda for your reference.

FINANCIAL DISCLOSURE FORM - A list of Commissioners who have successfully submitted their financial disclosure forms is included. If you have not already done so, please visit the DCA website (below) and submit your disclosure. A signed pre-filled and dated receipt can be sent to the Fund office**.**

LOSS EXPERIENCE REQUESTS - In the past years, there has been an increased demand of member's loss experience data, multiple times throughout the year. The SHBP only releases information once a year at a cost, while the Fund has given information upon request at no fee. We feel that this data should be released on a more controlled schedule to match our competition.

We propose the following verbiage to be added to the Risk Management Plan to section 8 regarding the initial and renewal rating methodologies:

> Proposed: Loss experience used by the Fund to determine loss ratio adjustments will be made available two times per year to members at no additional cost. "Loss experience data" is defined as monthly claims and assessments for a three year period including de-identified specific claims at 50% of the Fund's self insured retention. Requests for additional claims data can be considered based upon the availability of data, the feasibility of extracting the data, and the reimbursement to the Fund or its vendors of data extraction and formatting costs.

Executive Director said if there is a request for more experience or a special report, the Fund can reserve the right to charge a nominal fee.

MOTION TO AMEND THE RISK MANAGEMENT PLAN TO INCLUDE LOSS EXPERIENCE DATA AVAILABILITY VERBIAGE TO TWO TIMES DURING A 12 MONTH PERIOD.

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

Executive Director's Report and Attachments made part of the Minutes.

PROGRAM MANAGER – Executive Director introduced Brandon Lodics from the Program Manager's office. Mr. Edelman reviewed the following items.

ENROLLMENTS - All enrollment and billing questions should be directed to our dedicated enrollment team. The CJHIF enrollment team may be contacted via email at cjhifenrollments@permainc.com or by facsimile at 856-685-2258.

PLAN / ENROLLMENT CHANGES- The Borough of Allentown will be increasing their copays for Primary Care visits, Specialists, and Therapies to $10 per visit and increasing their ER copay to $100 which will be effective July 1, 2013. They will also be offering CJHIF Model Plan Options.

Plumsted Township will be terminating coverage with Qualcare, and will be moving the enrollment to Aetna effective July 1, 2013. They will also be offering CJHIF Model Plan Options.

PLAN DOCUMENT STATUS- All groups have been provided with their Plan Documents outlining their base plans.
This year, the goal is to restate every plan document to incorporate the following:

1) Lower Cost plan options that were implemented
2) HealthCare Reform mandates
    a. Eligibility
    b. preventive care
    c. COBRA language revision
    d. Essential Benefits review for annual / lifetime limits restrictions
3) New Jersey mandates
    a. Grace's Law (hearing aids for children up to age 15 (under 16 years of age) to a maximum of $1,000 every 24 months)

b. Autism and Developmental disabilities (coverage for therapies and behavioral interventions to age 21 for those diagnosed with autism)

4) Incorporate all documents into the PERMA database
   a. Earlier completion of documents for new members
   b. Earlier completion for plan changes
   c. Ability to run reports on select benefits
   d. Efficient distribution
   e. May be integrated with enrollment system (2014 goal)

Future Consultant reports will provide a plan document for the 2013 status.

EXPRESS SCRIPTS CASH & CARRY PROGRAM TERMINATION - Express Scripts has decided to end the cash and carry program. The cash and carry program allows a member to fill a medication that would not be covered by the plan through Home Delivery Pharmacy and pay 100% of the cost of the medication. The medication is not processed through the member's benefit plan and does not impact you as the client in any way.

Members will be notified in early May that new prescriptions will no longer be accepted for this program beginning June 1, 2013. There are less than 8 individuals statewide using this program.

HEALTH CARE REFORM

The Healthcare Reform Full-Time Employee Determination - The more substantial aspects of the Patient Protection and Affordability Care Act ("the PPACA") are now looming closer for employers. To help our clients stay ahead of the curve with compliance and readiness we have rolled out a series of tools and have and will continue to hold educational webinars and one-on-one meetings with customers. Rapidly approaching is one of the most significant aspects of the PPACA; the *"Pay or Play"* mandate. That is, come 2014 employers with 50 or more full time employees (FTEs) will have to decide whether to continue to offer benefits to their workforce or abandon coverage and pay a penalty to the US government. This is perhaps the most important piece of the legislation for employers to consider with implications that are financial and cultural and will have a substantial impact on your business.

To assist in evaluating this complex issue, Conner Strong & Buckelew developed a FTE Determination Checklist as a companion piece to our previously issued "Pay or Play" Checklist. The new FTE Checklist is designed to assist an "applicable large employer" in understanding the definition of FTE for purposes of the employer pay or play (shared responsibility) mandate rules. This FTE Checklist is designed to enable you to begin preparing for the IRS reporting on the FTE determination and assist with project planning and strategy for 2014 compliance with the pay or play requirements. The purpose of this communication is to introduce our FTE Checklist and outline proposed next steps for your organization. We encourage you to read this letter and the attached FTE Checklist carefully.

- **What is Pay or Play?** Effective 2014, the healthcare reform law imposes "shared responsibility" requirements on employers related to providing health coverage to employees. These pay or play rules do not explicitly mandate that an employer offer employees acceptable health insurance. However, beginning in 2014, certain employers with at least 50 FT equivalent employees will face penalties (sometimes referred to as the "free rider" penalty or "assessable payment") if one or more of their FTEs obtains a premium credit through an exchange. An individual up to a certain income threshold may be eligible for a premium credit if their employer does not offer coverage or the employer offers coverage that is either not "affordable" or does not provide "minimum value". The amount of the penalty depends on whether the employer: 1) fails to "offer" coverage to its FTEs (and their dependents); or 2) "offers" coverage but that coverage is unaffordable or does not provide minimum value.

- **How does the FTE determination work?** Determining whether an employee is a FTE is a key factor in determining liability under the "pay or play" penalty rules. PPACA defines a FTE, with respect to any month, as an employee who is employed on average at least 30 hours of service per week. The IRS has outlined approaches for determining who is a new FTE and who is an ongoing FTE. In calculating penalties, part-time employees will not be taken into account. A large employer pays a penalty only if at least one FTE gets a premium tax credit or cost sharing reduction for exchange coverage**.**

- **What is required under the rules?** Every large employer will need to count their employees and measure their hours to determine their FTE population. All applicable large employers will be required to report information on the FTE determination for the entire 2014 calendar year. Some employees may be clearly full-time or clearly part-time (and easier to count) and should be tracked as such. Other employees could fall into the category of "variable hour" or "seasonal" and can be tracked using a month-by-month method or a more complicated look-back measurement method for counting hours of service. Despite ongoing litigation and calls to delay implementation of some or all of the PPACA law, employers need to begin now to plan for these new obligations and their possible impact on benefit costs, plan design and workforce strategies.

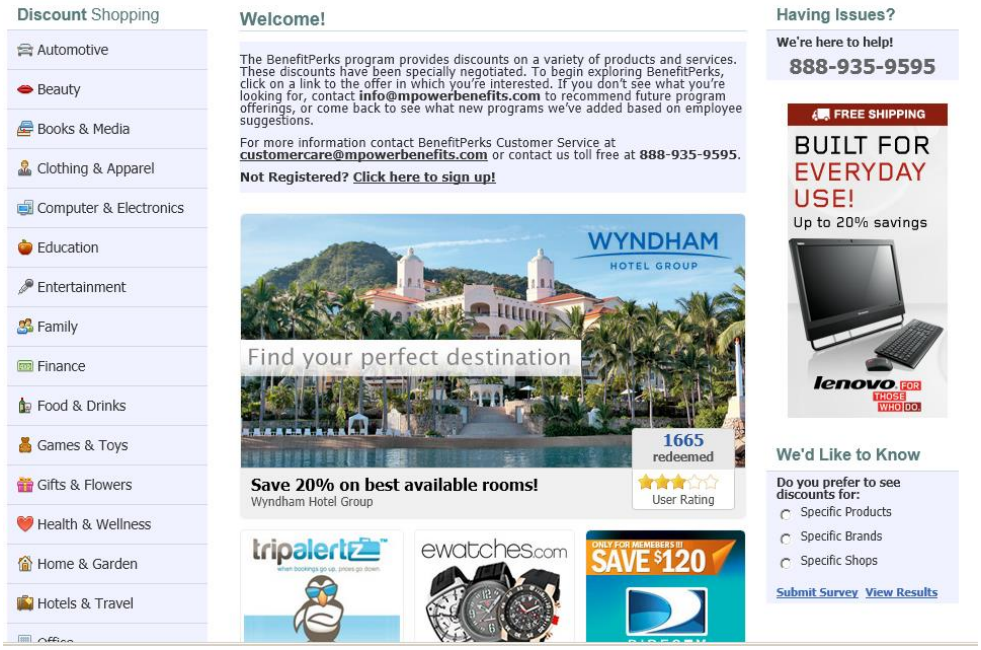
- **What to do next?** Don't panic; we're here to help. First, Conner Strong & Buckelew conducted a webinar focused on the FTE Determination rules. You can view the presentation and listen to a recording of the session by visiting our Webinars Page on our website at this link: http://www.connerstrong.com/index.cfm/fuseaction/content.page/nodeID/53512724-1ec4-49a0-9fe0-d230f9eb4fda/. We also created a FTE Determination Checklist to assist with this issue which is attached to this communication.

In terms of immediate next steps, I'd like to arrange a time to speak with you to review the attached Checklist. This is a step-by-step checklist that our compliance team has developed to assist our clients in understanding the FTE Determination rules. Our associated Pay or Play

Checklist and financial model are other available tools we can utilize to assist with project planning and strategy for 2014 compliance with these requirements.

INDUSTRY NEWS - We are always attempting to add value to our clients and increase our offerings. Recently, we have partnered with one of our online voluntary vendor partners, Empower, to extend an expanded "discount and perks" website, Benefit Perks. The site contains a myriad of services and includes partnerships with national companies. Members can take advantage of deals ranging from clothing to electronics and even gardening. This service is provided at no additional cost and we encourage you to visit the website below and take full advantage of these fantastic deals!!

https://connerstrong.mpowerbenefits.com/home



CLIENT ACTIVITY REPORTS - client Activity Reports illustrate service specific communication from the participants. Global Issues are reported separately to the Executive Committee via the Program Manager Report.

CLAIM APPEALS - We have 2 claim appeals that needs to be determined at this meeting.

TREASURER: Fund Treasurer presented the May bills list and treasurer report.

Bills lists:

May 2013 – Resolution 16-13

FUND YEAR 2013	**$342,348.03**
TOTAL ALL FUND YEARS	**$342,348.03**

MOTION TO APPROVE MAY 2013 BILLS LIST AND ADOPT RESOLUTION 16-13

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

MOTION TO APPROVE BALANCE OF TREASURER'S REPORTS, AS SUBMITTED

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

ATTORNEY:

No report

QUALCARE: Mr. Epstein reviewed the claim payment report Jan - April. The total payments of 1.4 mill were higher than normal becuase of one retiree that had a large transplant claim and also April was a 5 week month.

AETNA: Ms. Ward said the Aetna reports include february and march data. claims up slightly both months. She said the average pepm were $1288 and $1255, which were attributed to significant high cost claims. There was one claim paid at $255,000. She noted that February had a billed amount higher which was a split charge that was paid off a higher bill.

EXPRESS SCRIPTS:

No report

DELTA DENTAL:

none

NEW BUSINESS:

None

OLD BUSINESS:

None.

PUBLIC COMMENT:

None

MOTION TO ENTER EXECUTIVE SESSION

MOTION:	Commissioner Bethea
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MOTION TO APPROVE PROGRAM MANAGER'S RECOMMENDATIONS FOR CLAIM NUMBERS 03-13-01 AND 04-13-01

MOTION:	Commissioner Bethea
SECOND:	Commissioner Lapp
VOTE:	6 ayes, 0 nayes

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Bethea
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MEETING ADJOURNED: 1:25 PM