

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
FEBRUARY 22, 2016
HADDON TOWNSHIP MUNICIPAL BUILDING
6:15 PM**

Meeting of Executive Committee called to order by Michael Mevoli. Open Public Meetings notice read into record.

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

ROLL CALL OF 2015 EXECUTIVE COMMITTEE:

Michael Mevoli, Chairman	Borough of Brooklawn	Present
M. Joseph Wolk, Secretary	Borough of Mt. Ephraim	Present
Richard Michielli	Borough of Magnolia	Present
Louis Di Angelo	Borough of Bellmawr	Present
Terry Shannon	Borough of Barrington	Present
Jack Lipsett	Gloucester City	Present
Neal Rochford	Haddonfield	Present

APPOINTED PROFESSIONALS PRESENT:

Executive Director/Adm.	PERMA Risk Management Services Paul Laracy Emily Koval Karen Kamprath
Program Manager	Conner Strong & Buckelew Brandon Lodics Jeanne Frank
Attorney	J. Kenneth Harris, Esq.
Medical TPA - Amerihealth	Lisa DiDio
Treasurer	Ken Verrill
Express Scripts	Ken Rostkowski
Dental TPA - Delta Dental	Crista O'Donnell

PRESENT FUND COMMISSIONERS:

Robert Maybury, Mt. Holly MUA
Ed Hill, CCBSS

ALSO PRESENT

Georganna Marian, Hardenbergh Insurance

Lorraine Verill, Verill & Verill

APPROVAL OF MINUTES: January 25, 2016

MOTION TO APPROVE OPEN MINUTES OF JANUARY 25, 2016:

Moved: Commissioner Di Angelo
Second: Commissioner Michielli
Vote: Unanimous

CORRESPONDENCE - None

Executive Director asked for a Roll Call of the Fund Commissioners. A quorum of Fund Commissioners was not present.

2015 SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND		
FUND COMMISSIONERS		
MEMBER ENTITY	COMMISSIONER/CONTACT	BALLOT RECEIVED
Barrington	Terry Shannon	Present
Bellmawr	Louis DiAngelo	Present
Bordentown	Frank Nucera	Ballot Received
Brooklawn	Michael Mevoli	Present
CCBOSS	Ed Hill	Present
Chesilhurst	Michael Blunt	Ballot Received
Franklin Township	Debra Fourre	Absent
Gibbsboro	ann levy	Absent
Gloucester City	Jack Lipsett	Present
Haddon Heights	Kelly Santosusso	Absent
Haddonfield	Neal Rochford	Present
Lindenwold	M. Frank Delucca, Jr.	Absent
Lumberton Township	mike mansdoerfer	Absent
Magnolia	Richard Michielli	Present
Medford Lakes	Julie Keizer	Absent
Merchantville	Edward Brennan	Absent
Mount Holly MUA	Robert Maybury	Present
Mt Ephraim	M. Joseph Wolk	Present
North Hanover Twp	Mary Picariello	Absent
Paulsboro	John Giovannitti	Absent
Pennsauken	Ronald Crane	Absent
Pine Hill	Pat Hendricks	Ballot Received
Pitman	Michael Raze	Absent
Runnemede	Elenenor Kelly	Ballot Received
Somerdale, Boro of	Gary Passanante	Ballot Received
Wenonah	Karen Sweeney	Ballot Received
Westville Borough	William Bittner	Absent
Willingboro	Joanne Diggs	Absent
Winslow Fire District	Lou Pantalone	Absent

Commissioner Michielli read the nominations

In addition to the Commissioners present, nomination ballots were sent to all Commissioners. Ballots were received and counted as a vote. There nomination ballot is noted below:

OFFICERS

Michael Mevoli	Chairman	Borough of Brooklawn
Mayor Joseph Wolk	Secretary	Borough of Mt. Ephriam

FIVE MEMBER EXECUTIVE COMMITTEE

Richard Michielli	Executive Committee	Borough of Magnolia
Louis DiAngelo	Executive Committee	Borough of Bellmawr
Terry Shannon	Executive Committee	Borough of Barrington
Jack Lipsett	Executive Committee	Gloucester City
Neal Rochford	Executive Committee	Borough of Haddonfield

ALTERNATES TO EXECUTIVE COMMITTEE

Ed Hill	Executive Committee Alt.	Camden County Board of Social Services
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Ms. Koval read the ballot responses and conducted a roll call of the present fund commissioners. Executive Director said there is one additional vote needed to elect the executive committee. He suggested conducting the election and once one more ballot is received that will constitute a quorum. The final vote would not change the outcome because there is a majority vote. He said the Fund can conduct the nomination process for the full slate of officers.

2016 SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND**FUND COMMISSIONERS**

MEMBER ENTITY	COMMISSIONER/CONTACT	BALLOT RECEIVED
Barrington	Terry Shannon	Present
Bellmawr	Louis DiAngelo	Present
Bordentown	Frank Nucera	Ballot Received - Full Slate
Brooklawn	Michael Mevoli	Present
CCBOSS	Ed Hill	Present
Chesilhurst	Michael Blunt	Absent
Franklin Township	Debra Fourre	Absent
Gibbsboro	ann levy	Absent
Gloucester City	Jack Lipsett	Present
Haddon Heights	Kelly Santosusso	Absent
Haddonfield	Neal Rochford	Present
Lindenwold	M. Frank Delucca, Jr.	Absent
Lumberton Township	mike mansdoerfer	Absent
Magnolia	Richard Michielli	Present
Medford Lakes	Julie Keizer	Absent
Merchantville	Edward Brennan	Absent
Mount Holly MUA	Robert Maybury	Present
Mt Ephraim	M. Joseph Wolk	Present
North Hanover Twp	Mary Picariello	Absent
Paulsboro	John Giovannitti	Absent
Pennsauken	Ronald Crane	Absent
Pine Hill	Pat Hendricks	Ballot Received - Full Slate
Pitman	Michael Razze	Absent
Runnemede	Elenenor Kelly	Ballot Received - Full Slate
Somerdale, Boro of	Gary Passanante	Ballot Received - Full Slate
Wenonah	Karen Sweeney	Ballot Received - Full Slate
Westville Borough	William Bittner	Absent
Willingboro	Joanne Diggs	Absent
Winslow Fire District	Lou Pantalone	Absent

Fund Attorney said he will swear in the Commissioners after the final ballot is received.

EXECUTIVE DIRECTOR'S REPORT

FINANCES

PRO FORMA REPORTS

- **Fast Track Financial Reports** - as of December 30, 2015
 - **Historical Income Statement**
 - **Consolidated Balance Sheet**
 - **Indices and Ratios Report**

Executive Director said the financial fast track illustrates a modest surplus for December with a year to date surplus of 13.5 million. The combined surplus of 47 million includes the funds paid on January 1 to SHIF and Coastal. Claims went back to normal in Q4 however the municipalities still showed relatively high claims. He said this will be monitored to see if there is a pattern.

ADMINISTRATION

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 Wolk said there were concerns with the ESI audit that members are being over charged for generic prescriptions. In response to Commissioner Shannon, Executive director said there will be another audit for the period of May 1, 2015 - December 31, 2015.

Mr. Rostkowski reviewed the contract guarantee process saying that this was not an overcharge, but because generics vary in price, Express Scripts missed the guarantees during that audited time period. He said if the guarantees are not met during the contract year, at the end of the contract year the difference will be made up. In response to Commissioner Shannon, Executive Director said the audit being performed by the approved hired auditor should be complete in 4-6 weeks. Mr. Rostkowski said if ESI exceeds their guarantees the Fund would keep the difference. In response to Chair Mevoli, Executive Director said any excess would become part of the surplus or it could be distributed to the entity as part of a dividend.

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

Higher drugs costs contributed to the claims surge experienced by the SNJ HIF in 2012. 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, that 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.

COMMITTEE APPOINTMENTS - Each year the Fund Chair makes appointment to the Fund's standing committees. A report of the proposed 2016 committees is included in the agenda

Chair Mevoli Reviewed the Committee Members for 2016:

<u>Contracts</u>	<u>Claims</u>	<u>Finance</u>	<u>Nominating</u>
Lou DiAngelo	Joseph Wolk	Richard Michielli	Richard Michielli
Jack Lipsett	Ed Hill	Terry Shannon	Lou DiAngelo
Richard Michielli	Terry Shannon	Lou DiAngelo	Joseph Wolk

**Southern New Jersey Regional Employee Benefits Fund
Program Manager's Report
November 23, 2015**

Enrollments: southernnj_enrollments@permainc.com

Brokers: brokerservice@permainc.com

Fax: 856-685-2249

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

BROKER EMAIL BOX - The broker email box is officially open for correspondence. We ask our broker partners to utilize this tool for service, advocacy or any like requests that may arise with their groups.

PRESCRIPTION UTILIZATION MANAGEMENT PROGRAMS - As agreed upon at the October SNJREBF Executive Committee meeting, the implementation of the 2 programs below has been delayed to March 1, 2016. Also, groups will have the option to *opt-in* to the programs for a reduction to their prescription rates.

1. Step Therapy without Grandfathering (5% Impact on 2016 Rx Rates)

Step therapy is a program that requires members to utilize medications in a certain order based on price and clinical efficacy. The Fund implemented Step Therapy with grandfathering in 2013, which allowed members on a drug that required a step, to bypass the step as long as they remained on that medication continuously every 130 days. Removing grandfathering will require members to at least try the least costly/more clinically effective medication before moving to the second tier drug. *Clinical exceptions are attainable for members that may not be able to take the preferred medication.*

1. Brand Replacement (4% Impact on 2016 Rx Rates):

Brand replacement would require members that would like to fill a brand medication when there is a clinically equivalent generic available to pay the generic copay **plus** the difference in plan cost of the generic and brand. Brand Replacement encourages the use of generic medication, which is often much less costly. *Clinical exceptions are attainable for members that require a brand medication due to a clinical need.*

LOW COST PRESCRIPTION PLANS - PERMA is currently working on pricing and communication pieces for the 2 plans outlined below. We will be rolling these out as optional for interested groups. We will be forwarding your group’s specific pricing in March. These will be optional for each group based on collective bargaining arrangements. PERMA will be reaching out to Risk Managers and Commissioners to discuss effective dates, special enrollment timelines and employee meetings.

Plan 1			
	Generic	Formulary Brand	Non Formulary Brand
Retail	\$7	50% up to \$200	50% up to \$200
Mail	\$14	50% up to \$200	50% up to \$200
Specialty	50% up to \$200		
Plan 2			
Retail	\$ 5.00	\$20.00	\$40.00
Mail Order	\$10.00	\$40.00	\$ 80.00
Specialty	\$100.00		

30 day supply

90 day supply

30 day supply

90 day supply

Low Cost Prescription Plan		
Program	Description	Intent/Purpose
Step Therapy Without Grandfathering	Step Therapy is a program that requires members to utilize medications in a certain order based on price and clinical efficacy. The Fund initially implemented with grandfathering, which allowed members on a drug that required a step, to bypass the step as long as they remained on that medication continuously every 130 day lookback period.	Removing grandfathering will require members to at least attempt to try the least costly/more clinically effective medication before moving on to the second tier drug.
Mandatory Mail Order	Maintenance medications would be required to be filled by Express Scripts Mail Order	Plan gets the advantage of Express Scripts low cost Mail Order medications, and eliminates dispensing fees.
Member Pay the Difference Mandatory Generics	If members would like a brand medication, when a generic equivalent is available, they are required to pay the generic copay plus the difference in plan cost of the generic and brand.	Encourages the use of generic medications when available. And if a brand is chosen the plan is only charged the cost of the generic.

The above low cost prescription plans are meant to be suggestive and may not be the best fit for all municipalities in the SNJRBEF. Savings vary based on current plan designs. Plan may be modified from original version to better fit the needs of each entity.

If an entity is interested in implemented this or any low cost plans similar, a special open enrollment can be held for the sole purposes of employees electing to move in to this model plan.

PERMA will be working on a standard communication piece for this plan that outlines the caveats and explains the benefits in more detail.

Program Manager said they are still working on low cost plan options.

ESTIMATED SAVINGS- 7% - 18% (based on current plan designs).

Savings estimate is illustrative only and is not a guarantee- individual entity implementation rates will require actuarial approval and certification

EXPRESS SCRIPTS FORMULARY UPDATE - BRAND GLUMETZA CHANGE (ANTIDIABETIC)

This month, 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, client benefit plans 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.

Program Manager said the makers of Glumetza have an agreement with contracted pharmacies to prescribe their branded product as generic instead of using normal generic substitution. He said they

are recommending the exclusion of the multi-source branded drug to ensure normal generic substitution continues.

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 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) 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.

Program Manager said the filing for the 1095C has been extending to March 31, 2016 and the filing for the 1094C has been extended to May 31, 2016.

QUEST PAYMENT ISSUE - Program Manager said Quest Diagnostics have an in house procedure where they are asking for a credit card at the time of service. Aetna opted out of this and the members should not be affected. Members can refuse to hand over their cards and should not be denied services. Three municipalities have had members experience this and it has been brought to Aetna's attention. In response to Commissioner Shannon, Program Manager said the card would only be processed if the claim was improperly processed, then the member would be reimbursed by Aetna. Program manager said a member communication piece can be put together. Chair Mevoli said he has had this issue with Labcorp as well. Program Manager said apparently this is a policy they have always had to avoid debt collection, but the Fund members should be exempt from it.

TREASURER'S REPORT - Fund Treasurer reviewed the February Bills List and the CIR handout.

Resolution 2-16: Payment of February 2016 Bills

2015	\$128.77
2016	\$434,345.39

Total	\$434,474.16
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MOTION TO APPROVE RESOLUTIONS 2-16, APPROVAL OF THE FEBRUARY 2016 BILLS LIST

Motion: Commissioner Michielli
Second: Commissioner Wolk
Vote: 7 Ayes, 0 Nays

MOTION TO APPROVE THE BALANCE OF THE TREASURERS REPORT IN THE AMOUNT OF \$30,908,906.82

Motion: Commissioner Wolk
Second: Commissioner Lipsett
Vote: 7 Ayes, 0 Nays

FUND ATTORNEY: Fund Attorney said the 1094 form goes to the government and the 1095 form goes to the employee. Fund Attorney reviewed the memo that was included in the MRHIF report. He said the Southern New Jersey Regional Employee Benefits Fund has been involved in a subrogation suit. In this case, the court needs to be educated about Health Insurance Funds being excluded from the statute that health insurance companies not being able to subrogate.

AETNA: None

AMERIHEALTH: None

EXPRESS SCRIPTS: Mr. Rostkowski said he is starting to see RX costs trending down. He said in the coming months he will communicate programs that are available through ESI.

DENTAL ADMINISTRATOR: Ms. O'Donnell reviewed the utilization report. She said overall in network utilization from 2013-2015 is at 97%. The Fund has access to the PPO network which is the most cost effective network.

OLD BUSINESS: none

NEW BUSINESS: none

PUBLIC COMMENT: none

MOTION TO ADJOURN:

Moved: Commissioner Michielli
Second: Commissioner Wolk
Vote: Unanimous

MEETING ADJOURNED: 7:00 PM

NEXT MEETING: March 28, 2016, Gloucester City Community Center

Emily Koval , Assisting Secretary
for

JOSEPH WOLK, SECRETARY