

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND**  
**OPEN MINUTES**  
**JANUARY 25, 2016**  
**BERLIN MUNICIPAL HALL**  
**6:15 PM**

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Meeting of Executive Committee called to order by Louis DiAngelo. 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	Absent
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 <b>Paul Laracy</b> <b>Emily Koval</b> <b>Karen Kamprath</b>
Program Manager	Conner Strong & Buckelew <b>Brandon Lodics</b>
Attorney	<b>J. Kenneth Harris, Esq.</b>
Medical TPA – Amerihealth	<b>Lisa DiDio</b>
Treasurer	<b>Mike Zambito</b>

**PRESENT FUND COMMISSIONERS:**

Eleanor Kelly, Borough of Runnemede  
Robert Maybury, Mt. Holly MUA  
Ed Hill, CCBSS

**ALSO PRESENT**

Suzanne Wood, Model Consulting  
Sarah Scala, Hardenbergh Insurance Group

Mayor Bilella welcomed the Committee to Berlin Borough.

**APPROVAL OF MINUTES: November 23, 2015**

**MOTION TO APPROVE OPEN MINUTES OF NOVEMBER 23, 2015:**

Moved: Commissioner Michielli  
Second: Commissioner Wolk  
Vote: Unanimous

**CORRESPONDENCE – None**

It was determined that a quorum of commissioners was not present. Executive Director said the Committee can continue with the Executive Committee from 2015 and conduct normal business but not reorganizational resolutions. In addition, to avoid not getting a quorum at the next meeting, he suggested a ballot be released to all commissioners. He read the slate of commissioners included in the agenda.

**EXECUTIVE DIRECTOR'S REPORT**

**PRO FORMA REPORTS**

- **Fast Track Financial Reports** – as of November 31, 2015
  - **Historical Income Statement**
  - **Consolidated Balance Sheet**
  - **Indices and Ratios Report**

Executive Director said the Financial Fast Track shows the fund made a little over 1 million, although July and August were high claim months.

**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 Southern New Jersey Regional Employee Benefits Fund assessment to the MRHIF is \$1,266,671.

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.

Executive Director reviewed the MRHIF report that was included in Appendix II. Executive Director said the ESI audit showed an overcharge in excess of 1 million for generic drug guarantees. There will be another audit completed to see if guarantees are still not being met. In response to Commissioner Di Angelo, Executive Director said an audit will be done annually to make sure guarantees are being met. Fund Attorney said the ESI contract states they will charge a percentage of retail price which should equal an overall savings against the retail price. The audit showed they

were not hitting their guarantees during that timeframe. Commissioner Shannon said that it is possible that employees were given large increases while Express Scripts was not making guarantees. Commissioner Rochford requested that Express Scripts make sure that the guarantees and rebates are provided to the appropriate Funds.

**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

**MEDICARE RETIREE RX PROGRAMS** - We are recommending the implementation of an "Employer Group Waiver Program" for the Camden County Board of Social Services through Aetna. This program will replace their current Medicare retiree Rx coverage through ESI. These programs have higher subsidies from industry and the federal government than the current "Retiree Drug Subsidy" program used by the Fund.

We are also working with Aetna and ESI on the possibility of using similar programs for other members with Medicare retiree Rx coverage and will report on this matter at future meetings.

Executive Director said Camden County Board of Social Services is moving forward with EGWP on 4/1.

**STATE WEBSITE NOTICE** - Late last year, the State reviewed the Fund websites for required documentation. SNJHIF 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 reviewed the letter from the state regarding the website and said that her response shows that the website is in compliance.

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

**Enrollments:** [southernnj\\_enrollments@permainc.com](mailto:southernnj_enrollments@permainc.com)

**Brokers:** [brokerservice@permainc.com](mailto: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](mailto:kkidd@permainc.com) of PERMA.

**MUNICIPALITY OPEN ENROLLMENT** - The SNJREBF Municipalities has completed their 2015 open enrollment for the 2016 Plan Year.

**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.*

Program Manager said there is no timeframe to opt in on these programs, however the implementation can probably start on 3/1 and special open enrollments can be made.

**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 within the next few weeks. 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	30 day supply
Mail	\$14	50% up to \$200	50% up to \$200	90 day supply
Specialty	50% up to \$200			
Plan 2				
Retail	\$ 5.00	\$20.00	\$40.00	30 day supply

<b>Mail Order</b>	\$10.00	\$40.00	\$ 80.00	<b>90 day supply</b>
<b>Specialty</b>	\$100.00			

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 <b>plus</b> 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.

**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

Program Manager reviewed the additional low cost plan which has a high emphasis on generic drugs and can offer savings of 7-18%. Each entity can have a special Open Enrollment for these plans.

### **CADILLAC TAX DELAYED TO 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.

## **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.

Program Manager said they Record keeping and Reporting is delayed until the end of June. In response to Commissioner Shannon, Program Manager said this will not delay W2’s or individual filing.

## **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. Final versions of the 1094-C and 1095-C have been included for your reference.

**TREASURER'S REPORT** - Fund Treasurer reviewed the bills which include the transfers for SHIF and Coastal.

#### Confirmation of Payment - December 2015

December	
TOTAL 2015	\$1,887,289.15
TOTAL	\$1,887,289.15



<b>December</b>	<b>Supplemental</b>
<b>TOTAL 2015</b>	<b>\$1,172,600.00</b>
<b>TOTAL</b>	<b>\$1,172,600.00</b>

<b>December</b>	<b>Supplemental 2</b>
<b>TOTAL 2015</b>	<b>\$24,198,963.00</b>
<b>TOTAL</b>	<b>\$24,198,963.00</b>

**Resolution 1-16: Payment of January 2016 Bills**

<b>2016</b>	<b>\$483,432.89</b>
<b>TOTAL 2016</b>	<b>\$483,432.89</b>

**MOTION TO APPROVE RESOLUTIONS 1-16, APPROVAL OF THE NOVEMBER 2015, DECEMBER 2015 AND JANUARY 2016 BILLS LISTS.**

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

**AETNA:** No report.

**AMERIHEALTH** – Ms. Didio reviewed the Amerihealth reports included in the agenda

**DENTAL ADMINISTRATOR:** none

**FUND ATTORNEY:** - Fund Attorney said the Cadillac Tax has been postponed until 2020. He said this tax does not apply multiemployer plans. Although the Fund is not categorized as a multiemployer plan, it follows similar characteristics and may be worth pursuing to be exempt from the tax.

**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:** February 22, 2016

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Emily Koval , Assisting Secretary  
for

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**JOSEPH WOLK, SECRETARY**