

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
JUNE 27, 2016
HADDONFIELD BOROUGH
6:15 PM

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

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

ROLL CALL OF 2016 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
Edward Hill - Alternate 1	CCBOSS	Present

Mr. Rochford welcomed everyone to Haddonfield Borough.

APPOINTED PROFESSIONALS PRESENT:

Executive Director/Adm.	PERMA Risk Management Services Paul Laracy Karen Kamprath
Program Manager	Conner Strong & Buckelew Jeanne Frank Maggie Laute
Attorney	J. Kenneth Harris, Esq.
Medical TPA - Amerihealth	
Medical TPA - Aetna	Kim Ward
Treasurer	Lorraine Verrill Mike Zambito
Express Scripts	Ken Rostkowski
Auditor	Jim Miles

ALSO PRESENT

Kim Porter, CHB Group
Eleanor Kelly, Boro of Runnemede
Joe Madera, Hardenbergh Ins. Group

APPROVAL OF MINUTES: MAY 23, 2016

MOTION TO APPROVE OPEN MINUTES OF MAY 23, 2016:

Moved:	Commissioner Wolk
Second:	Commissioner Michielli
Vote:	Ayes, 0 Nays

CORRESPONDENCE – None

Executive Director said he is happy to see Chair Mevoli back. Chair Mevoli thanked everyone for their well wishes.

PRO FORMA REPORTS

- **Fast Track Financial Reports – as of April 30, 2016**
 - **Historical Income Statement**
 - **Consolidated Balance Sheet**
 - **Indices and Ratios Report**

Executive Director said the Financial Fast Track shows a gain of \$286,000 in April and over \$1 million this year. The Fast Track shows a deficit because of the transfer to the SHIF and Coastal Funds. Overall the surplus is very strong.

ADMINISTRATION

AUDITOR AND ACTUARY YEAR-END REPORTS

Mr. Miles presented the Draft Audit. He said they are in the process of completing the Audit procedures. He said the Finance Committee will meet and the Final Audit will be presented at the July meeting. He said the net position of \$49,736,000 is before any funds were transferred out.

STATEMENT OF ACTUARIAL OPINION

Included in the agenda is the review of actuarial assumptions and actuarial methods used in determining the reserves, by the Fund Actuary to be filed with the December 31, 2015 year end financial reports to New Jersey Department of Banking and Insurance.

FINANCE COMMITTEE

The Finance Committee will meet via conference call prior to the meeting to review the Audit, dividend options and additional surplus transfers to SHIF and Coastal. Recommendations will be made at the July meeting after the Audit is finalized and filed.

AUDITS

The following audits/exams are underway:

- **Amerihealth Administrators Claims Audit**
- **State Examination** – the State has notified the Fund that they will be in PERMA’s offices at the end of the summer to audit Fund Year 2015
- **Express Scripts Contract Audit** – this Audit is complete and a draft has been included in Appendix II. We are waiting ESI’s response.

AETNA CONTRACT

The Aetna contract is in the process of being finalized and we expect to have a final copy for the meeting to be fully executed.

Executive Director said the Aenta contract should be finalized and ready for the July agenda.

AMERIHEALTH CONTRACTS

The Fund currently has contracts with both Amerihealth NJ and Amerihealth Administrators. The Amerihealth NJ contract allows for “Primary Care Physicians” (PCPs) whereas the other contract does not. The Fund actuary has determined that the value of PCPs is unproven. Also, the enrollment is so low in both Amerihealth contracts (50 each) that maintaining both platforms is not cost effective. We recommend consolidating the arrangement into the Amerihealth Administrator’s contract effective 1/1/2017.

Executive Director said by consolidating AmeriHealth NJ and AmeriHealth Admin it would simplify the operation. Chair Mevoli said that he agrees and to move forward if everyone is in agreement.

MRHIF MEETING

The MRHIF met on Wednesday, June 8. The Committee approved the 2015 Audit which has been filed with the State. In addition, the Committee approved a dividend to the local Funds in the amount of \$1,589,500, of which the SNJHIF will receive \$901,552. Portions of this dividend are owed to the SHIF and Coastal Funds, which will be forwarded as part of the next surplus transfer resolution.

Southern New Jersey Regional Employee Benefits Fund Program Manager's Report

June 27, 2016

Brokers: brokerservice@permainc.com

Enrollment: southernnj_enrollments@permainc.com

Fax: 856-685-2249

MONTHLY BILLING

As a reminder, please be sure to check your monthly invoice for accuracy. If you find a discrepancy, please report it to the SNJREBF enrollment team. The Fund's policy is to limit retro corrections to 60 days.

BROKER EMAIL BOX - RELAUNCH!

We are excited to announce that we've added a new member to our team! Maggie Friel is an Employee Benefits Specialist with over 15+ years experience in the Employee Benefits Industry. Her role will include acting as a liaison between insurance carriers and clients to resolve claim issues and billing inquiries and performing benefit provision research, as well as assisting our broker partners when they bring these inquiries into the Broker Email Box. We are certain that our dedicated efforts will continue to streamline broker inquiries and provide increased response time and data tracking.

PHARMACY CLINICAL NEWS FLASH- MAY UPDATE

We will continue to provide updates regarding pharmacy trends and new drugs to the market.

Recent FDA Approvals:

Name of Medication	Approval Date	Release Date	Diagnosis	Type	Estimated Pricing
<i>Descovy</i>	4/4/2016	Early April	HIV -1	Specialty	\$18,000 per year
<i>Inflectra</i>	4/5/2016	TBD	Rheumatoid Arthritis	Non Specialty	Not Available
<i>Cabometyx</i>	4/25/2016	Early May	Renal Cell Carcinoma	Specialty	\$165,000 per year
<i>Nuplazid</i>	4/29/2016	End of May	Hallucinations & Delusions	Specialty	Not Available
<i>Tecentriq</i>	5/18/2016	October	Metastatic urothelial carcinoma	Specialty	\$150,000 per year
<i>Zinbryta</i>	5/27/2016	July	Multiple Sclerosis	Specialty	Not Available

Program manager said there were a few new drugs added to the market.

ACA UPDATE

PCORI Fee Due to the IRS August 1

The Patient-Centered Outcomes Research Institute (PCORI) fee for plan years ending on and after January 1, 2015 and on and before December 31, 2015 must be remitted to the IRS by August 1, 2016. Typically, the fee is due by July 31st of the year following the last day of a plan year. However, the fee due in 2016 must be paid by Monday, August 1, 2016 since July 31st falls on a weekend this year.

Program Manager said the fee is paid on behalf of the entities through the Fund.

Background

The ACA created the Patient-Centered Outcomes Research Institute to help patients, clinicians, payers and the public make more informed health decisions by advancing comparative effectiveness research. The Institute's research is funded, in part, through PCORI fees paid by insurers of "specified health insurance policies" and plan sponsors of self-insured health plans. Plan sponsors of self-insured health plans are required to pay the PCORI fee for certain health coverage arrangements. Plan sponsors of fully-insured health plans are not responsible for paying the PCORI fee (the obligation rests with the insurer). For a list of insurance coverage or arrangements subject to the PCORI fee, please see the IRS chart Application of the Patient-Centered Outcomes Research Trust Fund Fee to Common Types of Health Coverage or Arrangements.

The PCORI fee applies to policy or plan years ending on or after October 1, 2012 and before October 1, 2019.

PCORI fees are paid directly by the fund on behalf of all member entities.

Not Waiting for the Feds, Some States Are Tackling Drug Pricing

[Ipsita Smolinski](#) | [June 9, 2016](#)

Like the rest of the country, Californians will head to the polls on Nov. 8 to vote for a new President and Congress. The liberal state is also known for offering a laundry list of ballot initiatives each election cycle covering issues ranging from agriculture to the entertainment industry to healthcare.

This year, Golden State residents will vote on the Drug Price Relief Act, which would require the state to pay no more for prescription drugs than the US Department of Veterans Affairs rates. The initiative is sponsored by the AIDS Healthcare Foundation and may impact three to seven million Californians currently, such as those on Medicaid and who receive other state healthcare benefits.

Democratic presidential candidate Bernie Sanders supports the measure. And anything with the pharmaceutical industry's disdain is bound to be supported by a good chunk of the California public.

For over a year, surveys have shown that Americans are fed up with high drug prices. Presidential candidates are talking about solutions on the campaign trail. HHS has even proposed a controversial Part B drug demonstration (that is likely to be scaled back due to stakeholder opposition).

Fearing that the federal government may be moving too slowly, roughly a dozen states have embarked on initiatives to improve drug pricing transparency or deliver other solutions to address citizens' concerns that medicines are simply too expensive.

On June 3, the governor of Vermont, Peter Shumlin, signed into law one of the first state drug pricing bills. Vermont's bill will require regulators to develop a list of 15 drugs each year that are deemed too burdensome to state finances and/or where their prices that have increased substantially. It will require drug manufacturers to justify the price increases to the attorney general's office and will require insurers to report on the extent to which drug spending is driving up premiums.

In contrast to Vermont, California's size is enough to materially affect market dynamics. The state's Medicaid population is about 16% of the total U.S. Medicaid program, a jointly funded federal and state healthcare program for the poor and disabled. The Affordable Care Act (ACA) expanded the

Medicaid program significantly to the point that Medicaid now has more covered lives than Medicare- 72 million vs. 54 million beneficiaries. The November 8 ballot measure would exempt some purchases of drugs through California's Medicaid program, Medi-Cal.

California is often seen as a bellwether state for shaping legislative ideas for the rest of the country. That means that a measure that passes there could soon see traction soon in other states.

However, the CA ballot initiative has its limitations, to be sure.

For instance, there is no discussion of the interaction between healthcare government prices at VA levels, along with other prominent programs, such as the Medicaid rebate program and/or 340b.

Ballot measure opponents would argue that government spending on certain drugs could actually increase in Medicaid, given the hefty rebates that biopharmaceutical companies provide to the state and other dynamics.

Two other bills are slowly moving through the CA state legislature: One bill would require manufacturers that plan to hike drug prices over 10 percent to notify the state with two months advance notice, with justification of the spike. In addition, manufacturers with drugs that cost over \$10,000 would also be required to notify officials, as well as health plans. Manufacturers would have to disclose research and development (R&D) as well as marketing costs, prescription assistance, and profits for high priced drugs.

Quietly, other states are moving ahead.

At least ten states – California, Massachusetts, New York, North Carolina, Oregon, Pennsylvania, and Texas for instance – have introduced drug price transparency legislation, which would require drug manufacturers to disclose costs of R&D, production, and marketing.

In the past two years, at least 30 states have considered legislation establishing state standards for substitution of a “biosimilar” prescription product to replace an original biologic product.

Drug cost containment strategies are being used in 25 states to rein in prescription drug costs. Strategies include: higher rebates, clinical criteria, prior authorization, and Hepatitis C specific policies.

At least seven states – Delaware, Louisiana, Maine, Maryland, Montana, New York, and Vermont – have laws that limit the out-of-pocket payments of patients in private health plans.

For once the states may be moving ahead of the feds and Vermont has paved the way. California will be a state to watch this fall because ballot initiative passage means that other states could follow suit more quickly.

Drug transparency is an initiative most patients, employers, hospitals and physicians support. It's no surprise that many in the pharmaceutical industry are opposed, and between now and November 8 they will be making their case to Californians. It's sure to be a long, hot summer.

[New Interactive Wellness Hub:](http://www.healthylearn.com/connerstrong)
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:

TREASURER'S REPORT - Deputy Treasurer reviewed the June Bills List.

Resolution 18-16: Payment of June Bills List

FY Closed	\$9,714.59
FY2014	\$5,339.16
FY2015	\$8,619.48
FY2016	\$508,929.29
Total	\$532,602.52

MOTION TO APPROVE RESOLUTIONS 18-16, APPROVAL OF THE JUNE 2016 BILLS LIST:

Motion: Commissioner Wolk
Second: Commissioner Shannon
Vote: Ayes, 0 Nays

MOTION TO APPROVE THE REMAINDER OF THE TREASURERS REPORT:

Motion: Commissioner DiAngelo
Second: Commissioner Michielli
Vote: Unanimous

FUND ATTORNEY: Fund Attorney said under the ACA transgender status is protected with regards to receiving healthcare benefits. He said he does not think it will have a big impact on the Fund.

AMERIHEALTH: None

AETNA: Ms. Ward said the claims are starting to level out. She said there were no high level claimants during the reporting period. She distributed a new dashboard report shows more robust

reporting and a snapshot of the plan. She said it can be adjusted accordingly. In response to Commissioner Shannon, Ms. Ward said the member would be contacted by a nurse for Flex management. In response to Commissioner Shannon, members would be identified by their Pulse score. She said Aetna has been focusing on readmissions, frequent ER visits and high level claimants. In response to Chair Mevoli, Ms. Ward said \$1,660 is the average for 4 months.

EXPRESS SCRIPTS: Mr. Rostkowski said there isn't much change from last month and the Fund is trending at 1%. Executive Director said he had noted there was a large increase in claims, but it seems to have self corrected.

DENTAL ADMINISTRATOR: None

OLD BUSINESS: none

NEW BUSINESS: none

PUBLIC COMMENT: Commissioner Shannon thanked Program manager and team for their help with coming up with a high deductible plan and pricing for Barrington PD.

MOTION TO ADJOURN:

Moved:	Commissioner Michielli
Second:	Commissioner DiAngelo
Vote:	Unanimous

MEETING ADJOURNED: 6:45 PM

NEXT MEETING: July 25, 2016, Pine Hill Borough

Emily Koval , Assisting Secretary
for

JOSEPH WOLK, SECRETARY