

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
November 23, 2015
Brooklawn Senior Community Center
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
Mayor Joseph Wolk	Secretary	Borough of Mt. Ephraim	Present
Richard Michielli	Executive Committee	Borough of Magnolia	Present
Louis DiAngelo	Executive Committee	Borough of Bellmawr	Present
Terry Shannon	Executive Committee	Borough of Barrington	Present
Jack Lipsett	Executive Committee	Gloucester City	Present
Neal Rochford	Executive Committee	Borough of Haddonfield	Present
Joseph Collins	Executive Committee 1st Alternate	Delsea Regional BOE	Present
Gene Mercoli	Executive Committee 2ndAlternate	Cumberland Co. Vo Tech Ed	Present
Frank Domin	Executive Committee 3 RD Alternate	Berlin Borough BOE	Present
Lisa Giovanelli	Executive Committee 4 th Alternate	Rancocas Valley Regional	Absent

APPOINTED PROFESSIONALS PRESENT:

Executive Director/Adm. PERMA Risk Management
Services

Paul Laracy
Emily Koval
Karen Kamprath

Program Manager Conner Strong & Buckelew
Jeanne Frank
Greg Grimaldi
Jozsef Pfeiffer

Attorney **J. Kenneth Harris, Esq.**

Medical TPA – Aetna **Kim Ward**

Dental TPA – Delta Dental **Crista O’Donnell**

Express Scripts - **Ken Rostkowski**

Medical TPA – AmeriHealth **Lisa DiDio**

Treasurer - **Kenneth Verrill**

PRESENT FUND COMMISSIONERS:

Edward Hill, Camden County Board of Social Services

ALSO PRESENT

Kim Porter, CHB Group

Sandy Taylor, CHB Group

Mike Avalone, Conner Strong and Buckelew

John J. Cobb, J. Cobb Insurance Group

Mayor Branella welcomed the committee to Brooklawn.

APPROVAL OF MINUTES: October 26, 2015

MOTION TO APPROVE THE OCTOBER 26TH OPEN MEETING MINUTES

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

PRO FORMA REPORTS

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

Executive director distributed the October Financial Fast Track which showed October has been a break even month and is slightly under budget but, after some adjustments there might be a slight loss of \$28,000. There is good participation in the case management program which can help keep costs down. The Verisk claims management system is still being updated and reports should be available the first week in December. Executive Director also noted the fund has reached over 1 billion in income over the years.

2016 SOUTHERN AND COASTAL BUDGET ADOPTION

Attached for adoption are the SNJ HIF and the Southern Coastal budgets.

SNJ HIF

The SNJ HIF budget reflects changes made at our last meeting and some decisions made by local entities.

The budget no longer includes Rx reductions associated with:

- Removing grandfathering of step therapy; or
- Implementing mandatory generic.

Instead, each member has the opportunity to implement such programs in early 2016 and to achieve corresponding rate reductions (of 5% and 4% respectively).

The brokerage line item was previously flat but now reflects an increase because Somerdale has hired risk manager. This line item increase is reflected in Somerdale's assessment and does not impact the assessments of other members.

Southern Coastal HIF

The Coastal Commissioners have concluded contract award processes that are consistent with the attached budget. These processes were on-going when the budget was introduced.

Executive Director said the Southern budget had a few changes. Each individual entity will decide whether or not to remove the grandfathering of step therapy and the mandatory generic option. The claim fund is up 11.14%, the contingency accounts are down, reinsurance is up 4.5% and expenses are down 10%. Overall there is an increase of 9.17% which varies by each entity.

Commissioner Mevoli said that towns should continue to reach out the Program Manager to discuss low cost options.

We ask for two separate public hearings to adopt budgets as presented for SNJHIF and the Coastal Subgroup:

MOTION TO OPEN THE PUBLIC HEARING ON THE 2016 SOUTHERN NEW JERSEY EMPLOYEE BENEFITS FUND BUDGET AND ASSESSMENTS

Moved: Commissioner Wolk
Second: Commissioner Lipsett
Vote: Unanimous

MOTION TO CLOSE THE PUBLIC HEARING

Moved: Commissioner DiAngelo
Second: Commissioner Wolk
Vote: Unanimous

MOTION TO APPROVE THE 2016 SOUTHERN NEW JERSEY EMPLOYEE BENEFITS FUND BUDGET IN THE AMOUNT OF \$40,448,128.

Moved: Commissioner Wolk
Second: Commissioner DiAngelo
Vote: 7 Ayes, 0 Nays

MOTION TO OPEN THE PUBLIC HEARING ON THE 2016 SOUTHERN COASTAL HEALTH INSURANCE FUND BUDGET AND ASSESSMENTS

Moved: Commissioner Wolk

Second: Commissioner DiAngelo
Vote: Unanimous

MOTION TO CLOSE THE PUBLIC HEARING

Moved: Commissioner DiAngelo
Second: Commissioner Lipsett
Vote: Unanimous

MOTION TO APPROVE THE 2016 SOUTHERN NEW JERSEY EMPLOYEE BENEFITS FUND BUDGET IN THE AMOUNT OF \$51,368,970.

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

AFFORDABLE CARE ACT FEE - TRANSITIONAL REINSURANCE

On December 1, the Fund will be paying the Transitional Reinsurance Fee in the amount of \$1,172,600.00. This will be the last installment of this tax.

ADMINISTRATION

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** - as of November 16, 2015

INDEMNITY AND TRUST AGREEMENTS

A few months ago, PERMA sent Indemnity and Trust Agreements and Resolutions to be adopted by the governing body to renew membership with the Fund for an additional 3 years. Below is a list of members who have renewing agreements due by January 1, 2016 and older:

BOROUGH OF MEDFORD LAKES	12/31/2006
BOROUGH OF BARRINGTON	12/31/2015
WESTVILLE Borough	12/31/2013
BOROUGH OF MAGNOLIA	12/31/2015
BOROUGH OF MOUNT EPHRAIM	12/31/2015
HADDONFIELD BOROUGH	12/31/2015
Winslow Fire District	12/31/2015
BOROUGH OF BROOKLAWN	12/31/2015
BOROUGH OF GIBBSBORO	12/31/2015
BOROUGH OF LINDENWOLD	12/31/2015
BOROUGH OF WENONAH	12/31/2015

NEW MEMBER APPLICATION - WINSLOW TOWNSHIP

Underwriting Factor	Winslow Township	Fund Average or Standard	Relativity
Current Carrier or Arrangement	Aetna and AHA	Aetna and AHA	
Age Sex Factor	1.190	1.16	102.49%
Enrollment	240	8,859	2.71%
Claims Pick (Per Employee Per Month)	\$ 1,424.00	\$ 1,199.00	118.77%
Trend Applied	9.3%	8%	115.63%
Risk Manager Fee Applied	0%		
Rate Effective Date			
From	1/1/2016		
To	12/31/2016		
Prior Fund Member?	Yes		
Current P&C JIF Member?	Yes		
Lines of Coverage to Fund			
Medical	Yes		
Dental	Yes		
Rx	No		
Anticipated Commissioner Involvement	Yes		
Explanatory Notes or Contingencies	Rx to be reviewed in future years		
	Current Rx claims +89%		

Executive Director said Winslow Township has applied to the fund for Medical benefits. They are still going through their internal decision making process and are looking at State Benefits or joining the HIF. In response to Commissioner Shannon, Executive Director said their RX plan is currently with Express Scripts in a multi year contract.

MOTION TO APPROVE THE MEMBERSHIP OF WINSLOW TOWNSHIP PENDING THEIR ADOPTION OF THE FUND INDEMNITY AND TRUST AGREEMENT.

Moved: Commissioner Wolk
 Second: Commissioner DiAngelo
 Vote: 7 Ayes, 0 Nays

TRANSFER OF CLOSED YEAR AND OTHER ACCOUNTS TO NEW FUNDS

The Fund's closed year account has been segregated by each HIF that will exist once the Southern Coastal and Schools HIFs begin operating on 1/1/2016. The attached resolution transfers closed year accounts owned by the Southern Coastal and School HIF members to those new HIFs. The resolution also transfers lesser amounts that were raised in Coastal and School rates to the new HIFs for use for their original purposes.

Commissioner Mevoli thanked the Coastal Commissioners and wished them luck with the new Fund.

Executive Director said the Audit Report distributed shows that everything is in balance and documented and the transition between treasurers was successful. He suggested having an audit for the transition to make sure all the transactions between funds balance out.

MOTION TO APPROVE RESOLUTION 25-15 AUTHORIZING THE FINANCIAL TRANSFERS OF THE CLOSED YEAR ACCOUNTS AND CONTINGENCY ACCOUNTS

Moved:	Commissioner Wolk
Moved:	Commissioner Lipsett
Vote:	7 Ayes, 0 Nays

**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

NEW Benefits Administration Manual

In our continuing efforts to improve Fund operations and communications, PERMA has created a new Benefits Administration Manual. The purpose of the manual is to provide additional guidance and assistance to the Benefit reps at each member group. The manual also explains policies and procedures that have been established and approved by the Fund's Commissioners.

PERMA has completed mailing out copies of the manual to all member groups. Electronic copies are available upon request. Any questions or requests for additional copies of the manual should be directed to the SNJREBF Team. Their contact information is below.

Program Manager said the Benefits Administration Manual has gone out to all the entities.

Municipality Open Enrollment

The SNJREBF Municipalities are currently hosting their 2015 open enrollment during the month of November. All Open Enrollment changes must be entered in to the online enrollment system by December 4, 2015 to ensure ID cards are received by January 1, 2016. If you need assistance or have questions about how to process open enrollment elections, please contact the SNJREBF Team. Their contact information is listed above.

Program manager reviewed that any changes need to be made by December 4, 2015 to ensure timely delivery of ID Cards.

NEW AETNA ID Cards- January 1, 2016

As a result of the separation of the School Boards into their own SHIF Fund, new ID Cards will be sent to only those members enrolled in the Aetna Choice POS II due to that system platform type. There is no impact to ID cards with the other medical, dental and prescription carriers.

Prescription Utilization Management March 1, 2016

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.*

Special Open Enrollment for Municipalities- Spring 2016

The Municipalities will be holding a special open enrollment for the Spring 2016 for members to have appropriate time to review new suggested low cost plan options, in particular prescription.

PERMA is recommending the below contingencies/logistics:

1. Employees can only elect to move to a lower cost plan
2. Dependents may not be added
3. Only available to currently enrolled employees (not an opportunity to add coverage)
4. Effective Date: April 1, 2016

Program manager reviewed the opt in programs which are not mandatory and include step therapy without grandfathering and brand replacement. The special open enrollment for these plans will begin on March 1, 2016.

Low Cost Prescription Plan

PERMA is currently working on pricing and communication pieces for the previously, discussed plan below.

If your entity is interested in adding new plan options for Spring 2016 please notify PERMA no later than October 15, 2015. Due to ACA requirements and administrative concerns, PERMA will not permit plan changes/new plan additional later than this date.

Copays			
Generic	Formulary Brand	Non Formulary Brand	
Retail	\$ 5.00	\$20.00	\$40.00
Mail Order	\$10.00	\$40.00	\$ 80.00
Specialty	\$100.00		

30 day supply per fill
90 day supplier per fill

Retail
Mail Order
Specialty

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 plan is 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

Conner Strong & Buckelew Webinar- ACA Update and 2016 Readiness

On Wednesday, November 11, Conner Strong and Buckelew held a webinar for employers regarding 2016 and the requirements of the Affordable Care Act. The webinar was distributed electronically.

Cadillac Tax

The Cadillac Tax imposes a 40% non-deductible tax on the excess amount of the aggregate cost of “applicable employer-sponsored coverage” in a calendar year. Applicable employer-sponsored coverage is generally defined as the coverage under any group health plan made available to employees by an employer which is excludable from the employee’s gross income or would be excludable from the employee’s gross income under IRC section 106. The definition of “employees” includes former employees, retirees, surviving spouses and “other primary insureds” (an undefined term). The tax applies to all employers subject to excise tax provisions of the IRC which includes all private employers, regardless of size, and also includes tax exempt and governmental entities. The excess amount of the total cost of coverage, from which the tax is calculated, is the amount of applicable coverage which exceeds the annual statutory limits, which have been set at \$10,200 for individual coverage and \$27,500 for other-than-individual coverage for the 2018 tax year.

The tax is calculated on a monthly basis, but is assessed on a calendar year basis. The value of applicable coverage must be calculated based on approved methods identified in the guide. Rules permit adjustments to the limits for retirees and high risk professions, as well as age and gender adjustments. Adjustments will also be made through 2018 and beyond for health cost inflation.

Each provider of coverage is responsible for paying its share of the tax. For all fully-insured coverages, the health insurer is the coverage provider. For self-insured coverages or other coverage, the employer/plan administrator is responsible for paying the tax. Keep in mind that while the coverage provider is responsible for paying the tax, employers sponsoring health plans are responsible for calculating the tax and determining the share of the tax attributable to each coverage provider. In general, penalties may be assessed on employers who miscalculate the tax or fail to correctly attribute the tax to the responsible party. The employer may be responsible for a penalty equal to 100% of the error plus interest. The IRS reserves the right to waive penalties for employers who can prove they were not aware of the mistake, provided the mistake is corrected within 30 days.

A recent article, “Union Plans Need to Look Ahead to Cadillac Tax Despite Lack of Guidance”, was published in Bloomberg BNA discussing the importance of preparation for this looming tax and the consideration of adding contract language allowing reopening of negotiations in 2017 when more guidance is available. <http://www.bna.com/union-plans-need-b17179923113/>

Recordkeeping and Reporting

The Internal Revenue Service (IRS) released more detailed reporting information in the form of Questions and Answers (FAQs) in an effort to assist employers with IRS reporting (Form 1094-C) and providing statements to its employees (Form 1095-C) regarding employer health coverage information under the Affordable Care Act (ACA). Employers must comply with these new reporting requirements beginning in 2016, reporting on calendar year 2015. The latest guidance consists of an

updated Q&A document covering basic reporting requirements and a new Q&A document addressing more specific issues that may arise while completing Forms 1094 and 1095. The Q&As are clarifications to the existing rules. The final rulings remain unchanged. The revised Q&As can be found here, [Questions and Answers on Reporting of Offers of Health Insurance Coverage by Employers \(Section 6056\)](#), providing you the guidance needed in respect to the reporting of healthcare coverage

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 bills lists for November and cash reconciliation report.

Resolution 26-15: Payment of November 2015 Bills

Fund Year 2015	\$1,913,522.34
TOTAL 2015	\$1,971,989.37

MOTION TO APPROVE RESOLUTION 26-15 NOVEMBER BILLS LISTS FOR THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BILLS LIST

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

MOTION TO APPROVE THE CASH RECONCILIATION REPORT AND CASH TRANSACTION REPORT.

Motion: Commissioner Lipsett
 Second: Commissioner Wolk
 Vote: Unanimous

AETNA: Ms. Ward said September was a high claims month. The high level claims were reviewed with the medical director and the claims are in network and under case management. October looks to be a better month.

Ms. Ward also noted that Aetna is currently in negotiations with Cooper Hospital and it is going well but it takes time so they have received a 1 month extension. No letters are going out at this time.

AMERIHEALTH : No Report

EXPRESS SCRIPTS: Mr. Rostkowski said costs are trending down. They are working on a new program for 2016 that could provide approximately 2% savings on Hepatitis C drugs. It would also put a cap on high cost mediations and inflation

DENTAL ADMINISTRATOR: No Report

FUND ATTORNEY: Mr. Harris discussed the shared responsibility program for employers that need to provide minimal essential coverage to employees and dependents. Dependents do not include spouses, step children or foster children. Mr. Harris said we could start to carve out plans for employee or employee and dependents as defined to test against the Cadillac tax threshold. Executive director said this could affect the way we establish our rates. Commissioner Shannon said it would be difficult to bring a family plan down under \$27,500. Mr. Harris suggested that due to the 40% excise tax it could be cheaper not to offer any benefits and pay the fine.

OLD BUSINESS: none

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO PAY THE DECEMBER BILLS:

Motion: Commissioner Shannon
Second: Commissioner DiAngelo
Vote: 7 Ayes, 0 Nays

MOTION TO ADJOURN:

Moved: Commissioner Michielli
Second: Commissioner Wolk
Vote: Unanimous

MEETING ADJOURNED: 7:26 PM

NEXT MEETING: January 25, 2016

Emily Koval , Assisting Secretary
for

JOSEPH WOLK, SECRETARY