

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND**  
**OPEN MINUTES**  
**OCTOBER 24, 2011**  
**COLLINGSWOOD BOROUGH**  
**6:15 PM**

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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 2011 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
Anthony Beatrice	Borough of Runnemede	Present
Terry Shannon	Borough of Barrington	Present
Jennifer Johnson	Paulsboro BOE	Present

**EXECUTIVE COMMITTEE ALTERNATES:**

Jack Lipsett	Gloucester City	Present
Joseph Gilson	Cherry Hill Fire District	Present
Neal Rochford	Haddonfield	Present
Joseph Collins	Delsea Regional	Present

**APPOINTED PROFESSIONALS PRESENT:**

Executive Director/Adm.	PERMA Risk Management Services <b>Paul Laracy</b> <b>Emily Koval</b>
Program Manager	Conner Strong <b>Brandon Lodics</b> <b>Paul Chae</b> <b>Jason Miller</b>
Attorney	<b>J. Kenneth Harris, Esq.</b>
Medical TPA – Aetna	<b>Gary Lopez</b>
Medical TPA – Amerihealth	
Dental TPA – Delta Dental	

**PRESENT FUND COMMISSIONERS:**

William Dunn, Mt. Holly MUA  
Terry Osborne, Winslow Fire District  
Gene Mercoli, Gloucester County Vo Tech

**ALSO PRESENT**

Greg Grimaldi, Conner Strong & Buckelew  
Richard Allen, Allen Associates  
Chuck Hartsoe, PEGAS  
Kevin Heydel, Monroe Township  
Joseph Linker, Conner Strong & Buckelew  
Roseann Borda, Black Horse Pike Regional School District

**APPROVAL OF MINUTES: September 26, 2011 Open**

**MOTION TO APPROVE OPEN MINUTES OF SEPTEMBER 26, 2011:**

Moved: Commissioner Beatrice  
Second: Commissioner Lipsett  
Vote: Unanimous

**CORRESPONDENCE – None**

**EXECUTIVE DIRECTOR REPORT-**

**PRO FORMA MONITORING REPORTS:** The Regulatory Compliance Checklists, as of October 18, 2011; the Budget Reconciliation, as of October 2011; the Financial Fast Track Reports as of August 31, 2011 and the Indices and Ratios Report as of August 31, 2011 for the Southern HIF and Southern Coastal HIF. Executive Director said that the Financial Fast Track for the month of August shows a surplus loss of \$958,716. The Year-to-Date surplus increased by approximately \$3 million. There were some large claims that month that may have attributed to the loss.

**2012 BUDGET ADOPTION-** The Finance Committee met on Monday, October 17 at Collingswood. Minutes were distributed at the meeting.

The 2012 proposed budget and assessments for adoption, along with a descriptive list of cost saving measures that the Committee agreed to institute were included in the agenda. The originally introduced budget from last month was also included for comparison. Executive Director reviewed the budget by line of coverage. He said in light of the dividend discussion at the recent Finance Committee meeting, PERMA will be developing a Fund policy regarding future use of input and surplus for the November meeting.

In response to Commissioner Shannon, Executive Director said that the Prescription changes discussed at the Finance Committee will go in effect 7/1, with the exception of the Mandatory Generic program which will take effect July 1, 2012. The Cost savings were included in the budget to be adopted. If a member opts out on any of these options, there will be an assessment increase. In response to Commissioner Rochford, Executive Director

said that a brand name drug can be purchased on the Mandatory Generic plan, but the employee would be required to pay the difference of the brand cost and the generic cost. Commissioner Shannon said this will be an item that will have to be negotiated in contracts, so the total increase for opting out would be needed. Executive Director said these plans will not be mandated, they are just options to help the Fund and the members save money. Many members, and all State Health Benefit Plan members have already budgeting with these options. In response to Commissioner Shannon, Executive Director said that the low cost plans will be prepared by next meeting to be priced out for July 1, 2012.

**MOTION TO OPEN THE PUBLIC HEARING ON THE 2012 BUDGET**

**Moved:** Commissioner Gilson  
**Second:** Commissioner Johnson  
**Vote:** 11 Ayes, 0 Nays

**DISCUSSION OF BUDGET AND ASSESSMENTS** – In response to Commissioner Shannon, Executive Director said the only other options to help reduce this budget would be to reduce professional fees. The member will have the option to reduce when low cost plans with employee contributions are put into effect.

Commissioner DiAngelo suggested changing the prescription vendor from Express Scripts to Medco because he had seen Gloucester County save significantly. Executive Director said the Prescription Network is contracted thought the MRHIF, which will advertise RFQs next year, but he believes the county has a deal with Medco because of their size. The Fund had reviewed Medco in the past and Express Scripts negotiated a better contract. The Rx increase is almost entirely claims driven, not network driven, so a different Rx vendor may not be the answer. The members who have their Rx outside of the Fund saw a small increase to the medical to offset some Rx claims being placed through the major medical plan. In addition, Executive Director said there are many rich plans in the Fund which are not promoting the employee to make cost saving choices for the Fund.

**MOTION TO CLOSE THE PUBLIC HEARING**

**Moved:** Commissioner Beatrice  
**Second:** Commissioner Lipsett  
**Vote:** 11 Ayes, 0 Nays

**MOTION TO APPROVE THE 2012 BUDGET IN THE AMOUNT OF \$103,958,856 AND CERTIFY THE ASSESSMENTS.**

**Moved:** Commissioner Michielli  
**Second:** Commissioner DiAngelo  
**Vote:** 10 Ayes, 1 Nays (Commissioner Rochford)

**2012 SOUTHERN COASTAL INTRODUCTION** - The 2012 Southern Coastal Budget presentation was included in the agenda for your review. The Committee members will be meeting on October 31 in Vineland to review the budget prior to its' adoption at the November Southern Executive Committee meeting.

Executive Director reviewed the budget. He said there is a 11.9% increase overall, of which the January 1 renewals are seeing a 19% increase. He introduced the Southern Coastal Chairman, Gene Mercoli, who will be meeting with the reset of the Executive Committee to introduce the budget. Commissioner Mercoli said he feels the claims data

is immature and many new members were added in a short period of time. The Fund will adopt a 12 month budget, with the option to reevaluate in six months. Chairman Mevoli said he would like to attend the Southern Coastal meeting.

**MOTION TO INTRODUCE THE 2012 SOUTHERN COASTAL HEALTH INSURANCE FUND BUDGET IN THE AMOUNT OF \$41,834,498 AND SCHEDULE A PUBLIC HEARING FOR NOVEMBER 28, 2011 AT 6:15 PM AT BROOKLAWN BOROUGH.**

**Moved:** Commissioner Beatrice  
**Second:** Commissioner Lipsett  
**Vote:** 11 Ayes, 0 Nays

**DIVIDEND** - Also included in the Budget materials is the dividend recommendation and breakdown. The Finance Committee has decided to release an \$827,000 dividend to eligible members. Resolution 37-11 is included in the agenda to be adopted. Dividend choice forms will be sent to Fund Commissioners this week. If not received by the due date, your dividend will be sent in the form of a check.

**MOTION TO ADOPT RESOLUTION 37-11 DECLARING A DIVIDEND IN THE AMOUNT OF \$827,000.**

**Moved:** Commissioner Beatrice  
**Second:** Commissioner Lipsett  
**Vote:** 11 Ayes, 0 Nays

**RISK MANAGEMENT PLAN AMENDMENT** – Ms. Koval asked for a motion to amend the risk management plan, originally Resolution #10-11, regarding termination and rejoining membership of any line of coverage. In lieu of including the entire Risk Management Plan, the following verbiage will be added to Section 8 and be filed with the state:

**8. THE INITIAL AND RENEWAL RATING METHODOLOGIES**

Upon application to the Fund, the prospective member's benefit program is reviewed by the actuary to determine its projected claim cost. In this evaluation, the actuary takes into consideration:

- a.) age/sex factor as compared to the average for the existing Fund membership;
- b.) the plan of benefits for the prospective member; and
- c.) loss data if available.

The actuary then recommends a relativity factor to the Fund's base rates. This recommendation requires Fund approval before the prospective member is admitted to the Fund.

Rates for all members are adjusted at the beginning of each Fund year to reflect the new budget. The Fund may also adopt mid Fund year rate changes to reflect changes in plan design, participation in lines of coverage, or a budget amendment. Additionally, if a member terminates a line of coverage but continues membership for other lines of coverage, it shall not be eligible for membership in the dropped line of coverage for a three year period.

Chairman Mevoli said the significance of this change is to prevent members from using the Fund as a marketing tool. Commissioner Johnson asked if this effects new members or members who have already pulled their Rx from the Fund. Executive Director said this is starting today, going forward, so a member may come back in if a line of coverage had been pulled earlier than October 26.

In response to Commissioner Shannon, Fund Attorney said the Resolution number should follow the last resolution, noting it is an amendment to Resolution 10-11.

**MOTION TO ADOPT RESOLUTION 40-11, AMENDING RESOLUTION 10-11 TO ADD VERBIAGE TO SECTION 8 OF THE RISK MANAGEMENT PLAN TO NOT ALLOW MEMBERS TO REJOIN A LINE OF COVERAGE WITHIN THREE YEARS OF TERMINATING THAT LINE.**

<b>Moved:</b>	<b>Commissioner Beatrice</b>
<b>Second:</b>	<b>Commissioner Lipsett</b>
<b>Vote:</b>	<b>11 Ayes, 0 Nays</b>

**INDEMNITY AND TRUST AGREEMENTS-** A list of Member Indemnity and Trust Agreements received by the Fund office was included in the agenda. Please have these documents returned by December 31, 2011 to renew membership with the Fund for 3 years.

**HIF LUNCHEON-** PERMA will be hosting a HIF Luncheon on Wednesday, November 16 at 12:15 during the League of Municipalities at the Sheraton Crown Ballroom. Please note the invitation included in the agenda. RSVP to Emily Koval at [emilyk@permainc.com](mailto:emilyk@permainc.com).

Executive Director's Report Made Part of October 24, 2011 Minutes.

**PROGRAM MANAGER:**

**EXPRESS SCRIPTS UPDATE** - Express Scripts has made some changes that will be effective 1/1/2012 regarding their supplemental Prior Authorization program. Specifically, the medications Topamax and Zonegran will be removed from the list and replaced with Neulasta and Neupogen.

**COST PER EMPLOYEE CLIMBING** - According to a recent press release by Aon Hewitt, the average health care cost per employee is expected to surpass the \$10,000 mark in 2012. While the average rate at which overall costs are increasing is slightly lower than prior years, the amount spent on individual employees continues to climb. This can be attributed to a variety of factors such as a rise in the number of chronic conditions, as well as an increase in the number of catastrophic claims. Increasingly, a growing segment of the workforce is afflicted with diabetes or heart conditions. Also, due to economic conditions, employers have slowed their rate of hiring which has caused the average age of workers to increase. In order to counteract this increase, employers continue to shift the burden of costs to employees and implement cost saving mechanisms.

**EMPLOYEES NEED TO BE MORE ENGAGED** - A growing body of research has demonstrated that employees generally do not review open enrollment communications and often do not consider the cost savings they may achieve by switching to a lower cost plan. There are also dollars that may be saved by employee participation in an employer sponsored wellness program. Increasingly, many employers are offering lower premiums or deductibles to employees who complete a Health Risk Assessment or participate in some aspect of a

wellness program. Additionally, Health Savings Accounts (HSAs) continue to be a popular option amongst organizations trying to rein in their costs. These “consumer-driven” plans are the wave of the future as companies want their employees to begin to view health insurance as a product like any other; and as such act like rational consumers in the marketplace.

**ONLIFE HEALTH REPORTS** - included were various reports regarding the status of the wellness program with the SNJREBF. Every month, Onlife Health will release these statistics to keep the Fund informed of participation, employee engagement, and the results obtained from biometric screening measures.

**PLAN / ENROLLMENT CHANGES** - Due to Chapter 78, there are several Boards of Education that have requested to have an open enrollment period to coincide with the municipal open enrollment period. This enrollment period would be held in addition to the enrollment period held in the spring. The following group has requested to have open enrollment periods in both the fall and the spring:

West Deptford Board of Education  
Medford Lakes Board of Education

**CLAIM APPEALS** - There were THREE claim appeals that have been determined by the claims committee.

Program Manager's Report Made Part of October 24, 2011 Minutes.

**TREASURER'S REPORT** –Fund Treasurer reviewed her cash reconciliation report and the October Bills lists for Southern NJ HIF and Coastal HIF.

**Resolution 38-11: Payment of August Vouchers (Southern HIF):**

<b>October</b>	
<b>TOTAL 2011</b>	\$1,107,437.31

**Resolution 39-11: Payment of August Vouchers (Southern Coastal HIF):**

<b>TOTAL 2011</b>	\$484,740.88

**MOTION TO APPROVE RESOLUTIONS 38-11 FOR THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BILLS LIST AND RESOLUTION 39-11 FOR THE SOUTHERN COASTAL HEALTH INSURANCE FUND BILLS LIST**

Motion: Commissioner Shannon  
Second: Commissioner Johnson  
Vote: 11 Ayes, 0 Nays

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

Motion: Commissioner DiAngelo  
Second: Commissioner Wolk  
Vote: Unanimous

Treasurer's Report Made Part of October 24, 2011 Minutes.

**AETNA:** Mr. Lopez reviewed the monthly claim report from August 2011. He said that there are new member groups causing the number of claims to increase. He said the average PEPM hit \$1000, which may have been because the month was longer and there was a recurring high claimant. Overall the PEPM has increased 5.5% from August 2010.

Claims Administrators Report Made Part of October 24, 2011 Minutes.

**FUND ATTORNEY:** Fund Attorney said the first year of the 4 year employee contribution phase in period starts 12 months after the first contribution.

**OLD BUSINESS:**

**NEW BUSINESS:**

**PUBLIC COMMENT:**

**MOTION TO ADJOURN:**

Moved: Commissioner Michielli  
Second: Commissioner Beatrice  
Vote: Unanimous

**MEETING ADJOURNED: 7:20 PM**

**NEXT MEETING: November 28, 2011 Brooklawn Borough**

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Emily Koval , Assisting Secretary  
for

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**JOSEPH WOLK, SECRETARY**