

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
OCTOBER 24, 2016
COLLINGSWOOD SENIOR COMMUNITY CENTER
6:15 PM

Meeting of Executive Committee called to order by Chair Mevoli 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

APPOINTED PROFESSIONALS PRESENT:

Executive Director/Adm.	PERMA Risk Management Services Paul Laracy Karen Kamprath
Program Manager	Conner Strong & Buckelew Jozsef Pfeiffer Maggie Friel
Attorney	J. Kenneth Harris, Esq.
Medical TPA - Amerihealth	Lisa Didio
Medical TPA - Aetna	
Treasurer	Ken Verrill Lorraine Verrill
Express Scripts	Ken Rostkowski
Auditor	

ALSO PRESENT

Kim Porter, CHB Group
Robert Maybury, Mt. Holly MUA
Joe Madera, Hardenbergh Insurance Group
Suzanne Wood, CBIZ
Michael Dehoff, M. Holly MUA
Robert Weil, Conner Strong & Buckelew

Chair Mevoli thanked Collingswood for their hospitality.

APPROVAL OF MINUTES: SEPTEMBER 26, 2016

MOTION TO APPROVE OPEN MINUTES OF SEPTEMBER 26, 2016:

Moved:	Commissioner DiAngelo
Second:	Commissioner Wolk
Vote:	8 Ayes, 0 Nays,

CORRESPONDENCE – None

PRO FORMA REPORTS

- **Fast Track Financial Reports** – as of August 31, 2016
 - **Historical Income Statement**
 - **Consolidated Balance Sheet**
 - **Indices and Ratios Report**

Executive Director said the Financial Fast Track was reviewed at the budget meeting and the financials continue to be strong.

2017 BUDGET ADOPTION

Attached is a copy of the 2017 proposed budget that was updated per the Executive Committee requests at the September meeting and also at the Budget Workshop meeting. There were some changes that resulted from these meetings that have been reflected in the narrative.

Following is the introduced 2017 budget reflecting an overall increase of 2.07%. The budget was introduced with an increase of 2.48% but has been trimmed due to elimination of the wellness line item, improved pricing for Medicare Advantage, and a reduction in the contingency account due to an expected reduction in the use of “Independent Review Organizations” for appeals.

Wellness was funded in the draft budget but was eliminated after consideration at the budget workshop meeting.

ASSESSMENTS

Assessments are prepared using Fund policy developed over the last several years:

- The medical increase is 2.435% with Aetna and Amerihealth rising at the same percentage.
- Rx rates are rising by 2%.
- Dental rates are rising by 5.5%.
- In addition, loss ratio adjustment factors of +/-2.5% are applied at the entity level.
- CCBOSS is receiving a higher than normal Rx increase which is offset by a reduction in medical. Overall, CCBOSS, which is rated on its own experience, is receiving a 2.57% increase compared to an average of 2.07% for all members and an average of 1.73% for municipal members.

CLAIMS FUND

Medical claims are increasing by 1.07% while Rx claims are increasing by 7.08%.

The Rx increase is driven by funding insufficiency for claims for one large member.

We are also working on the possibility of converting some Medicare retirees from the "Retiree Drug Subsidy" program to the federal government's "Employer Group Waiver" program. This program has the possibility of producing higher subsidies from the federal government and reducing Fund expense. However, this program will not be available to the Fund until the second quarter of 2016. Rate reductions at that time are possible if the program is successful.

REINSURANCE AND INSURED PROGRAMS

The reinsurance line is decreasing by 9.6% for specific claims coverage and aggregate claims reinsurance is staying flat. This can change once MRHIF introduces its budget. This change assumes that the HIF specific retention will rise from \$300,000 to \$325,000.

The Medicare Advantage renewal is rising by .55% after dropping by 13.77% last year.

LOSS FUND CONTINGENCY

This item can be adjusted at the discretion of the Executive Committee. No money is currently budgeted for this item due to the priority placed on keeping the budget increase as low as possible.

CONTRACTS AND EXPENSES

Some expenses are proposed to rise by 2% in general.

Aetna's administrative fees are rising by more than 2% because they have taken on responsibility for handling Level 1 claim appeals in accordance with our by-laws and risk management plan. The Finance Committee has requested more information on the necessity of this change.

AHA fees are expected to drop due to the transition of some enrollees from AHNJ to AHA.

"Affordable Care Act" taxes are lower in accordance with the schedule adopted for the "Transitional Reinsurance Tax" by the federal government. This tax expires in 2016 but the Fund must still pay the "Comparative Effectiveness Fee".

DIVIDENDS / SUPPLEMENTAL ASSESSMENTS

The Fund declared a dividend in 2015 of \$750,000 and declared a dividend for this year of \$1,500,000. Processing of these payments is underway.

SNJ Municipal and County Members	
2015 Surplus Objective	2 Month Target
Surplus Target	\$ 5,764,417
Surplus	\$ 25,646,240
Less Shares of Former Members	\$ 13,616,810
Available	\$ 6,265,013
Paid in 2015	\$ 750,000
Recommended for 2016	\$ 1,500,000

Draft rates have been released to all members; final rates will be included in member Open Enrollment packets.

MOTION TO OPEN THE PUBLIC HEARING ON THE 2017 BUDGET:

Moved: Commissioner Wolk
Second: Commissioner DiAngelo
Vote: Unanimous

In response to Commissioner Shannon, Executive Director said Wellness was removed from the budget.

MOTION TO CLOSE THE PUBLIC HEARING:

Moved: Commissioner Wolk
Second: Commissioner Lipsett
Vote: Unanimous

MOTION TO APPROVE RESOLUTION 23-16 ADOPTING THE 2017 SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BUDGET IN THE AMOUNT OF \$40,855,634:

Moved: Commissioner Lipsett
Second: Commissioner Michielli
Vote: 8 Ayes, 0 Nays

DIVIDEND - At the previous meeting, the Executive Committee voted for a \$1.5 million dividend. Since then, it was noticed that the original calculation that was released did not include a terminated member which is due a portion of its earned surplus. This changes the total dividend to \$1.9 million, which still leaves the Fund with a strong surplus above its retention policy. Resolution 24-16 illustrates the details further.

Executive Director said it was previously agreed to begin to release the Funds for Monroe prior to the 6 year expiration so there is an additional \$300,000 in the dividend. In response to Commissioner Lipsett, Executive Director said Monroe will be fully paid out in 2018.

MOTION TO APPROVE RESOLUTION 24-16 APPROVING A DIVIDEND OF \$1,900,000 AS DISCUSSED.:

Moved: Commissioner Wolk
Second: Commissioner DiAngelo
Vote: 8 Ayes, 0 Nays

**Southern New Jersey Regional Employee Benefits Fund
Program Manager's Report
October 24 2016**

Brokers: brokerservice@permainc.com
Enrollment: southernnj_enrollments@permainc.com
Fax: 856-685-2249

AETNA ACCOUNTABLE CARE ORGANIZATION

Mr. Pfeiffer distributed the plan design spreadsheet. He said Virtua and Aetna have created an accountable care organization which is a 2 tier plan similar to the Patriot 10 plan. Members would elect a primary care physician through Virtua and all care would be coordinated through Virtua. Any care outside Virtua would be paid at the Tier 2 level. He said currently this plan would be about a 13-18% savings. In response to Commissioner Shannon, Mr. Pfeiffer said this plan is being rolled out and any group that is interested can have their data analyzed to see how many employees are already using the Virtua network. Mr. Pfeiffer said this will not be offered with open enrollment, but possibly for 2/1 or 3/1. Mr. Pfeiffer said there would be a minimal benefit for going out of network. In response to Commissioner DiAngelo, Mr. Pfeiffer said these are all open access plans. In response to Commissioner Shannon, Mr. Pfeiffer said Aetna would allow highly specialized cases to be paid at the tier 1 rate. In response to Chair Mevoli, Mr. Pfeiffer said Virtua has their own urgent care centers. In response to Commissioner Shannon, Executive Director said Cooper is involved with Horizon Omnia. Executive Director said Cooper can be offered through AmeriHealth.

ONLINE ENROLLMENT SYSTEM TRAINING

The Executive Committee voted and approved mandatory use of the online enrollment system by each member group. If you need training or would like a refresher course on the online enrollment system, please reach out to Karen Kidd at kkidd@permainc.com of PERMA.

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, *including terminations*, to 60 days.

ID CARDS

As a reminder, during the Q1 of this year PERMA no longer has direct carrier system access to order ID cards for members. As we prepare for Open Enrollment, we wanted you to be aware of the following carrier contact numbers members can call to request additional ID cards if needed.

OPEN ENROLLMENT

The SNJREBF will be hosting the 2016 open enrollment for January 1, 2017 elections which ends November 18th.

- PERMA will be bulk shipping Open Enrollment packets to individual entities for active employees
- Retirees and COBRA enrollees will receive the information directly at their residencies
- Medicare Advantage retirees will not be included in this open enrollment

For Groups with Prescription:

- Mail Order FAQ
- Prior Authorization FAQ
- Step Therapy FAQ (If Applicable)
- 2017 National Preferred Formulary

PHARMACY CLINICAL NEWS FLASH - SEPTEMBER UPDATE

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

Recent FDA Approvals: No new drugs to report for the month of September

Name of Medication	Approval Date	Release Date	Diagnosis	Type	Estimated Pricing
<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
<i>Epclusa</i>	6/28/2016	July	Hepatitis C genotypes 1-6	Specialty	\$75K (wholesale) per 12-week regimen

COMPOUND MANAGEMENT UPDATE- EXPRESS SCRIPTS

On December 1, 2016, Express Scripts will add all non-hormonal topical creams to the compound exclusion list. The vast majority of these compounds appear to be prescribed for unproven uses.

In early November, we will mail notifications to all members who have filled a prescription in the last 130 days for a compound containing one or more non-hormonal topical creams. The disruption in the HIFs is very minimal (less than 10 in all the State). There are no members impacted in the SNJREBF

specifically.

Below is a list of top 20 non-hormonal topical utilized in compounds.

Top 20	
diclofenac sodium	levocetirizine dihydrochloride
lidocaine-prilocaine	fluticasone propionate
Gabapentin (excluded Q1 2016)	ketoprofen
meloxicam	urea
duloxetine Hcl	EnovaRX-Baclofen™
lidocaine	fluocinonide
topiramate	mupirocin
amitriptyline Hcl	Voltaren®
lamotrigine	livixil pak
imiquimod	baclofen

AFFORDABLE CARE ACT'S "1557 NON DISCRIMINATION" PROVISION

PERMA is currently consulting with the Fund Attorneys to review the policy and applicability to the Funds. We will update the plan designs in accordance with their recommendations.

One of the provisions under the Affordable Care Act ("ACA") is the Nondiscrimination in Health Programs and Activities; often referred to as "Section 1557" or "1557". The final rule on this specific provision went into effect on July 18, 2016 and brings with it yet another new round of complexities and rules for employers and plan sponsors. The new rule mainly impacts insurers and health care providers that receive federal assistance from the US Department of Health and Human Services ("HHS"). But certain self-insured employer sponsored group health plans ("GHPs") are also subject to the rule, and may need to alter their plan designs to comply with the rule.

What is the Impact if 1557 Does Apply to Self Insured Plan?

There are a series of new obligations if 1557 applies to your self insured GHP. We suggest you again review our attached Benefits Update on Section 1557 for more information on the new obligations. From a regulatory standpoint, our understanding is there is no federal law requiring that employers cover all available gender transitioning services under their GHP. The 1557 final rules do, however, prohibit categorical limits or exclusions or all "health services related to gender transition". However, we understand the regulation does not specifically require the coverage of gender reassignment surgery. Thus, while a categorical exclusion under a GHP for transgender surgery appears to be prohibited, the required extent of coverage for transgender surgery and other transgender-related services remains unclear. Generally under 1557, discrimination based on sex or gender identity in certain health programs and activities is prohibited. For example:

- Individuals cannot be denied health care or health coverage based on their sex, including their gender identity.
- Individuals must be treated consistent with their gender identity, including in access to facilities.

- Sex-specific health care cannot be denied or limited just because the person seeking such services identifies as belonging to another gender. For example, a provider may not deny an individual treatment for ovarian cancer, based on the individual’s identification as a transgender man, where the treatment is medically indicated. A provider also may not limit sex-specific recommended preventive services based on sex assigned at birth, gender identity, or recorded gender – for example, a transgender man who has residual breast tissue or an intact cervix getting a mammogram or pap smear.
- Explicit categorical exclusions in coverage for all health care services related to gender transition are facially discriminatory. Other exclusions for gender transition care will be evaluated on a case-by-case basis.

TREASURER'S REPORT -

Resolution 25-16: Payment of October Bills List

FY Closed	\$455.24
FY2016	\$525,336.81
Total	\$525,792.05

MOTION TO APPROVE RESOLUTIONS 25-16, APPROVAL OF THE OCTOBER 2016 BILLS LIST:

Motion: Commissioner Lipsett
 Second: Commissioner Michielli
 Vote: 8 Ayes, 0 Nays

Fund Treasurer said there was an account opened at Cape Bank in October that will receive .8% and \$2 million was deposited.

MOTION TO APPROVE THE REMAINDER OF THE TREASURERS REPORT:

Motion: Commissioner Wolk
 Second: Commissioner Michielli
 Vote: Unanimous

FUND ATTORNEY: Fund Attorney said the state pension and health benefit review commission endorsed 2 senate bills stripping down the SHBP and SEBP to basic coverage with the option of extended benefit riders. In response to Chair Mevoli, Fund Attorney said this would not affect the Fund but would be another competing product. Executive Director said this legislation would not apply outside of the SHBP

AMERIHEALTH: Executive Director said the report included in the agenda with one notable item. The monthly AHA claims were high due to a claim paid from 2015 for \$156,000. He said this does not affect the 2016 fund year.

AETNA: Executive Director said the claims are as expected with no large claims for August.

EXPRESS SCRIPTS: Mr. Rostkowski said there are no changes from last month and the Fund continues to perform well and is trending at -1%. In response to Executive Director, Mr. Rostkowski said the Audit is complete and they are finalizing with Adler.

DENTAL ADMINISTRATOR: None

MOTION TO APPROVE THE MINUTES FROM OCTOBER 12, 2016:

Moved:	Commissioner Wolk
Second:	Commissioner DiAngelo
Vote:	6 Ayes, 0 Nays, 2 Abstain (Commissioner Shannon and Commissioner Hill)

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN:

Moved:	Commissioner Michielli
Second:	Commissioner DiAngelo
Vote:	Unanimous

MEETING ADJOURNED: 6:30 PM

NEXT MEETING: November 28, 2016, Brooklawn Senior Community Center

Emily Koval , Assisting Secretary
for

JOSEPH WOLK, SECRETARY