

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND**  
**OPEN MINUTES**  
**October 26, 2015**  
**Collingswood Senior Community Center**  
**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 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 <sup>RD</sup> Alternate	Berlin Borough BOE	Absent
Lisa Giovanelli	Executive Committee 4 <sup>th</sup> Alternate	Rancocas Valley Regional	Absent

**APPOINTED PROFESSIONALS PRESENT:**

Executive Director/Adm. PERMA Risk Management  
Services

**Paul Laracy**  
**Emily Koval**

Program Manager Conner Strong & Buckelew  
**Brandon Lodics**  
**Jeanne Frank**  
**Greg Grimaldi**

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

Medical TPA – Aetna **Kim Ward**

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

Fund Coordinator -  
Allen Associates  
**Gerald Cowan**  
**Bob Allen**

Medical TPA – AmeriHealth **Lisa DiDio**

Treasurer - **Kenneth Verrill**

**PRESENT FUND COMMISSIONERS:**

Edward Hill, Camden County Board of Social Services

Robert Maybury, Mt. Holly MUA

**ALSO PRESENT**

Kim Porter, CHB Group

Sandy Taylor, CHB Group

Robert Weil, Conner Strong and Buckelew

John J. Cobb, J. Cobb Insurance Group

David Pawlowski, Alexandria Township

James Finn, Brown & Brown

Suzanne Ward, CBIZ Model

Commissioner Mevoli welcomed the committee to Collingswood.

**APPROVAL OF MINUTES: September 28<sup>th</sup> and October 14<sup>th</sup>**

**MOTION TO APPROVE THE SEPTEMBER 28<sup>TH</sup> AND OCTOBER 14<sup>TH</sup> OPEN MEETING MINUTES**

Moved:	Commissioner Lipsett
Second:	Commissioner Di Angelo
Vote:	Unanimous
	Commissioner Michielli abstained on October 14 <sup>th</sup>

**PRO FORMA REPORTS**

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

Executive Director distributed a memo which stated that the August Financial Fast track showed a small loss for the 3<sup>rd</sup> quarter, which followed two large losses from July and August. In prior years, summer months do trend higher, but this increase is higher than previous years. Executive Director said there were several large claims that were seeded to MRHIF from the School population. The Municipal –only experience is trending above the 50% specific retention, but not penetrating the MRHIF level. Executive director said that in contrast to the first two quarters of 2015, prescription claims seem to be stabilizing. In response to Commissioner Shannon, Executive Director said school employees may choose elective procedures in the Summer months. Executive Director said that this information will be reviewed by Aetna and then reviewed with the Finance Committee. Coastal is currently operating as expected, but September is a higher month.

**2016 SOUTHERN AND COASTAL BUDGET INTRODUCTIONS & ASSESSMENTS** - A special budget workshop occurred on October 14, 2015 to discuss the 2016 budget and member assessments. Minutes from this meeting were included in Appendix II. A budget introduction report including the SNJHIF and Coastal budgets and assessments derived from the decisions made at this meeting were included in the agenda.

Executive Director said that the proposed budget reflects and overall increase of 7.01%, with an average increase of 5.91%. Some changes to the budget that were introduced last month are the mandatory generic opt out option, Medicare Advantage reduction and a higher retention rate on the MRHIF level which would save a total of \$804,000 which equates to -2%. Executive Director said the increase varies by member depending on coverage, for example Delta has no increase and

Merchantville is looking at multiyear increase to bring their rates closer to the norm. In response to Commissioner Shannon, Executive Director said the budget includes lifting grandfathering of Step Therapy which provides a savings of 5% and the mandatory generic is an additional 4% decrease.

Program Manager said that the lifting of grandfathering Step Therapy can be reviewed plan by plan and those that opt out of both/either plan would receive an increase. In response to Commissioner DiAngelo, Program Manager said the Fund could set the rates higher for renewal and then allow for a special open enrollment to allow members to opt in/out in March and present the new low cost prescription plan that was discussed and included in the agenda. Chair Mevoli requested the plan design changes to be written out to explain the programs and impact to each town.

Executive Director said that with the prescription changes excluded, the overall increase would be 9.31%. Chair Mevoli requested the revised budget include an additional proposed assessment line to describe the impact, net of the prescription credit from 2015.

**MOTION TO INTRODUCE THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND IN THE AMOUNT OF 39,626,849 AND HOLD AN OPEN PUBLIC HEARING ON NOVEMBER 23, 2015 AT THE BROOKLAWN BOROUGH SENIOR CENTER AT 6:15PM FOR BUDGET ADOPTIONS.**

MOTION:	Commissioner Di Angelo
SECOND:	Commissioner Shannon
VOTE:	9 Ayes, 0 Nays

**Coastal introduction and motion**

**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 is in the process of printing hard copies of the manual and will be mailing them to all member groups shortly. 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.

**MUNICIPALITY OPEN ENROLLMENT:** SNJREBF will be hosting the 2015 open enrollment for January 1, 2016 elections, November 2<sup>nd</sup>- November 23<sup>rd</sup>.

- 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 residences
- Medicare Advantage retirees will not be included in this open enrollment

A sample guide has been included with the agenda.

**PRESCRIPTION UTILIZATION MANAGEMENT 2016** - We will have a discussion about the 2 below programs and their attainable effective date. Attached, please find:

- Commissioner Letter (page 23)
- Opt Out Form (page 25)

**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.*

Attached, please find:

- Step Therapy FAQ (page 26)
- Member Notification Letter (page 28)

**2. 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 are often much less costly. *Clinical exceptions are attainable for members that require a brand medication due to a clinical need.*

Attached, please find:

- Member Notification Letter (page 30)

Program Manager

**PLAN CHANGE OPTIONS- JANUARY 1, 2016** - If your entity is interested in adding new plan options for January 1, 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.

**LOW COST PRESCRIPTION PLAN**

Copays		
Generic	Formulary Brand	Non Formulary Brand

<b>Retail</b>	\$ 5.00	\$20.00	\$40.00
<b>Mail Order</b>	\$10.00	\$40.00	\$ 80.00
<b>Specialty</b>	\$100.00		

**30 day supply  
per fill  
90 day supplier  
per fill**

<b>Low Cost Prescription Plan</b>		
<b>Program</b>	<b>Description</b>	<b>Intent/Purpose</b>
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 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*

Program manager discussed the low cost plan option, and reviewed the 3 tier copay with generic rates of approximately \$5-\$10. Program manager advised that rates can be turned around pretty quickly. Chairman Mevoli said it would be a good idea for this to be explained to the entities individually. Program manager responded to Chairman Mevoli that we could delay open enrolment until 2/1 so he can meet with the individual entities and make changes if need be. Commissioner Shannon said they can't budget until they introduce this to the employees.

**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.

**ACA CHANGE TO SMALL GROUP MARKET DEFINITION** - President Obama has signed the Protecting Affordable Coverage for Employees (PACE) Act that amends the Affordable Care Act (ACA) definition of a “small employer” for purposes of purchasing health insurance coverage. This bi-partisan legislation leaves the federal definition of a small business as 2-50 employees. States will now have the flexibility to determine the size of their small group market instead of being forced into a national standard. This is a favorable change for small businesses and many hope this development may signal bi-partisan opportunities for other fixes to the ACA.

**Background:** Under the ACA, health insurance offered in the small group market must meet strict underwriting requirements and cover all essential health benefits; conditions that do not apply in the large group market. A controversial aspect of the ACA called for the establishment of a new, federal definition of “small employer” as those with 2-100 eligible employees effective as of January 1, 2016. Prior to January 1, 2016 states had the flexibility to maintain the definition of a small employer to those with up to 50 employees and most states continued to do so. Under the ACA rules beginning January 1, 2016, every state was required to expand the definition of the small group market to include employers with up to 100 employees. The ACA’s expanded definition would have forced non-grandfathered insured plans of employers with 51-100 employees into the ACA community rating standards and would have required them to cover all essential health benefits. With expansion, these 51-100 groups would have faced less favorable rate structures, narrow networks and restricted access to out-of-network services.

**The change:** Concerns about steep price increases and loss of benefit design flexibility from many businesses with 51-100 employees who would be re-classified as a “small group” prompted a push for the repeal of this requirement. The PACE Act now repeals the mandatory expansion of the small group market to employers with up to 100 employees and reverts to the prior definition of up to 50 employees.

**State rules can vary:** States maintain flexibility to define the small market as up to 100 employees. While the federal definition is now set at 2-50 as a result of the change to the ACA, federal law still allows states to develop their own definition of what constitutes a small group. For example, a state

could still establish their own local requirements that a small group could be defined as 2-50, 2-75, 2-100 or any denomination they choose. A few states, like New York for example, have already enacted laws or issued regulatory guidance changing their small group definition to the 1-100 employee definition in 2016. Most states will likely be reverting back to 50 lives for community rating, however, these states will need to enact legislation prior to considering a change.

**Potential implications for employers and plan sponsors:** While this law is very significant for smaller companies, it also has possible indirect implications for larger companies. If the political parties and the President can reach bi-partisan compromise on changes to the ACA on this issue, there is hope they can do the same on other aspects of the law that are unfavorable to employers and sponsors; things like the “30 hour rule”, the complex “reporting rules,” and the wildly unpopular “Cadillac tax.” We are monitoring all of these developments closely and will share updates as they become available.

**IDSIELD- CREDIT PROTECTION** ( -Robert Weil, *Business Development Executive* of Conner Strong and Buckelew, introduced a new voluntary product that is available to our Fund Members.

Mr. Weil spoke about the ID Shield Protection Plan that is currently offered to the private sector and requested the authorization of the Fund to offer to their employees. Commissioner Mevoli said that this is something each individual town would need to make a decision of the Fund or its Commissioners. He suggested reaching out to each town.

**Robert Weil** | Business Development Executive  
Conner Strong & Buckelew Companies, Inc. | 40 Lake Center Executive Park  
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Southern NJ Municipal Employee Benefits Fund					
2016 Certified Budget					
	Census:	Total Monthly Census	Annual Census		
	Medical - Aetna	1,505	18,060		
	Medical - AmeriHealth NJ	55	660		
	Medical - AmeriHealth Admin	44	528		
	Rx	1,950	23,400		
	Dental	1,477	17,724		
	Medicare Advantage - Medical	549	6,588		
	Rx No Medical (Incl in Rx above)	531	6,372		
	Dental Only (Incl in Dental above)	497	5,964		
	Medicare Adv Only (Incl above)	8	96		
	DMO Only	1	12		
	LINE ITEMS	2015 Annualized Budget	2016 Proposed Budget	\$ Change	% Change
	<b>Claims</b>				
1	Medical Claims	\$ 22,344,642	\$ 23,095,350	\$ 750,708	3.36%
2	Prescription Claims	\$ 7,337,812	\$ 10,501,037	\$ 3,163,225	43.11%
3	Medicare Part D Subsidy	\$ (73,000)	\$ (360,000)	\$ (287,000)	393.15%
4	Dental Claims	\$ 1,311,222	\$ 1,258,773	\$ (52,449)	-4.00%
5	<b>Subtotal</b>	<b>\$ 30,920,676</b>	<b>\$ 34,495,160</b>	<b>\$ 3,574,485</b>	<b>11.56%</b>
6					
7	<b>Loss Fund Contingency</b>	<b>\$ 101,776</b>	<b>\$ -</b>	<b>\$ (101,776)</b>	<b>-100.00%</b>
8	<b>HMO Premiums</b>	<b>\$ 6,136</b>	<b>\$ 6,136</b>	<b>\$ -</b>	<b>0.00%</b>
9	<b>Medicare Advantage</b>	<b>\$ 1,825,403</b>	<b>\$ 1,574,005</b>	<b>\$ (251,398)</b>	<b>-13.77%</b>
10					
11	<b>Reinsurance</b>				
12	Specific	\$ 1,022,197	\$ 1,073,307	\$ 51,110	5.00%
13	Aggregate*	\$ 108,885	\$ 108,885	\$ -	0.00%
14	Dental	\$ -	\$ -	\$ -	0.00%
15	<b>Subtotal Reinsurance</b>	<b>\$ 1,131,082</b>	<b>\$ 1,182,192</b>	<b>\$ 51,110</b>	<b>4.52%</b>
16					
17	<b>Total Loss Fund</b>	<b>\$ 33,985,073</b>	<b>\$ 37,257,494</b>	<b>\$ 3,272,420</b>	<b>9.63%</b>
18					
19	<b>Expenses</b>				
20	Legal	\$ 43,340	\$ 19,680	\$ (23,660)	-54.59%
21	Treasurer	\$ 18,147	\$ 14,000	\$ (4,147)	-22.85%
22	Administrator	230,238	234,843	\$ 4,605	2.00%
23	Administrator - Medicare Part D	\$ 7,864	\$ 8,022	\$ 157	2.00%
24	Program Manager	642,913	655,771	\$ 12,858	2.00%
25	Brokerage	\$ 159,303	\$ 159,303	\$ -	0.00%
26	TPA - Med Aetna	\$ 876,813	\$ 876,813	\$ -	0.00%
27	TPA - Med AmeriHealth NJ	39,178	29,040	\$ (10,138)	-25.88%
28	TPA - Med AmeriHealth Admin	25,829	23,232	\$ (2,597)	-10.06%
29	TPA - Dental	\$ 54,058	\$ 54,058	\$ -	0.00%
30	Actuary	\$ 30,850	\$ 22,000	\$ (8,850)	-28.69%
31	Auditor	\$ 23,619	\$ 12,000	\$ (11,619)	-49.19%
32	<b>Subtotal Expenses</b>	<b>\$ 2,152,153</b>	<b>\$ 2,108,762</b>	<b>\$ (43,391)</b>	<b>-2.02%</b>
33					
34	Misc/Contingency	\$ 75,237	\$ 29,345	\$ (45,892)	-61.00%
35	Enrollment Audits	\$ 25,000	\$ -	\$ (25,000)	-100.00%
36	Data Analysis System	\$ 26,766	\$ 27,301	\$ 535	2.00%
37	Internet Documentation	\$ 2,471	\$ 2,520	\$ 49	2.00%
38	Wellness and Prevention Programs	\$ 100,000	\$ -	\$ (100,000)	-100.00%
39	Affordable Care Act Taxes	\$ 255,431	\$ 167,299	\$ (88,133)	-34.50%
40	GASB 45	\$ 9,884	\$ 9,884	\$ -	0.00%
41	Plan Documents	\$ 25,000	\$ 25,000	\$ -	0.00%
42					
43	<b>Total Expenses</b>	<b>\$ 2,671,942</b>	<b>\$ 2,370,111</b>	<b>\$ (301,831)</b>	<b>-11.30%</b>
44					
45	<b>Total Budget</b>	<b>\$ 36,657,015</b>	<b>\$ 39,627,605</b>	<b>\$ 2,970,589</b>	<b>8.10%</b>
46	<b>Total Billing</b>	<b>\$ 36,189,484</b>	<b>\$ 39,627,604</b>	<b>\$ 3,438,120</b>	<b>9.50%</b>
47					
48	Reconciliation	(467,531)	(0)		

Southern NJ Municipal Employee Benefits Fund												
ASSESSMENT COMPARISON FY2015 vs. FY2016												
SNJ Fund - Assessments Table												
	Annualized Assessment 2015 *			Proposed Assessment 2016			Difference \$			Difference %		
Group Name	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total
BOROUGH OF BARRINGTON	\$ 1,271,832	\$ -	\$ 1,271,832	\$ 1,403,880	\$ -	\$ 1,403,880	\$ 132,048	\$ -	\$ 132,048	10.38%	0.00%	10.38%
BOROUGH OF BELLMAWR	\$ 2,276,484	\$ -	\$ 2,276,484	\$ 2,505,480	\$ -	\$ 2,505,480	\$ 228,996	\$ -	\$ 228,996	10.06%	0.00%	10.06%
BOROUGH OF BROOKLAWN	\$ 346,284	\$ -	\$ 346,284	\$ 381,912	\$ -	\$ 381,912	\$ 35,628	\$ -	\$ 35,628	10.29%	0.00%	10.29%
BOROUGH OF GIBBSBORO	\$ 208,164	\$ -	\$ 208,164	\$ 230,952	\$ -	\$ 230,952	\$ 22,788	\$ -	\$ 22,788	10.95%	0.00%	10.95%
BOROUGH OF LINDENWOLD	\$ 84,957	\$ 384	\$ 85,341	\$ 84,957	\$ 384	\$ 85,341	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF MAGNOLIA	\$ 439,884	\$ -	\$ 439,884	\$ 468,948	\$ -	\$ 468,948	\$ 29,064	\$ -	\$ 29,064	6.61%	0.00%	6.61%
BOROUGH OF MEDFORD LAKES	\$ 20,316	\$ -	\$ 20,316	\$ 20,316	\$ -	\$ 20,316	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF MOUNT EPHRAIM	\$ 780,240	\$ -	\$ 780,240	\$ 873,480	\$ -	\$ 873,480	\$ 93,240	\$ -	\$ 93,240	11.95%	0.00%	11.95%
BOROUGH OF RUNNEMEDE	\$ 961,848	\$ 456	\$ 962,304	\$ 1,073,424	\$ 456	\$ 1,073,880	\$ 111,576	\$ -	\$ 111,576	11.60%	0.00%	11.59%
CHESILHURST BOROUGH	\$ 94,584	\$ -	\$ 94,584	\$ 102,792	\$ -	\$ 102,792	\$ 8,208	\$ -	\$ 8,208	8.68%	0.00%	8.68%
GLOUCESTER CITY	\$ 2,796,936	\$ 17,148	\$ 2,814,084	\$ 2,963,664	\$ 17,964	\$ 2,981,628	\$ 166,728	\$ 816	\$ 167,544	5.96%	4.76%	5.95%
HADDONFIELD BOROUGH	\$ 2,322,828	\$ -	\$ 2,322,828	\$ 2,541,216	\$ -	\$ 2,541,216	\$ 218,388	\$ -	\$ 218,388	9.40%	0.00%	9.40%
TOWNSHIP OF BORDENTOWN	\$ 991,932	\$ -	\$ 991,932	\$ 1,078,512	\$ -	\$ 1,078,512	\$ 86,580	\$ -	\$ 86,580	8.73%	0.00%	8.73%
TOWNSHIP OF WILLINGBORO	\$ 17,328	\$ -	\$ 17,328	\$ 17,328	\$ -	\$ 17,328	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF PITMAN	\$ 928,116	\$ -	\$ 928,116	\$ 974,136	\$ -	\$ 974,136	\$ 46,020	\$ -	\$ 46,020	4.96%	0.00%	4.96%
BOROUGH OF WENONAH	\$ 247,632	\$ -	\$ 247,632	\$ 273,168	\$ -	\$ 273,168	\$ 25,536	\$ -	\$ 25,536	10.31%	0.00%	10.31%
PINE HILL BOROUGH	\$ 738,864	\$ 7,440	\$ 746,304	\$ 796,608	\$ 7,920	\$ 804,528	\$ 57,744	\$ 480	\$ 58,224	7.82%	6.45%	7.80%
BOROUGH OF PAULSBORO	\$ 1,007,880	\$ -	\$ 1,007,880	\$ 1,092,036	\$ -	\$ 1,092,036	\$ 84,156	\$ -	\$ 84,156	8.35%	0.00%	8.35%
BOROUGH OF MERCHANTVILLE	\$ 510,672	\$ -	\$ 510,672	\$ 602,940	\$ -	\$ 602,940	\$ 92,268	\$ -	\$ 92,268	18.07%	0.00%	18.07%
PENNSAUKEN TOWNSHIP	\$ 195,900	\$ 6,084	\$ 201,984	\$ 195,900	\$ 6,084	\$ 201,984	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
NORTH HANOVER TWP	\$ 10,740	\$ 1,464	\$ 12,204	\$ 10,740	\$ 1,464	\$ 12,204	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF SOMERDALE	\$ 745,501	\$ 1,116	\$ 746,617	\$ 819,421	\$ 1,116	\$ 820,537	\$ 73,920	\$ -	\$ 73,920	9.92%	0.00%	9.90%
MT. HOLLY MUNICIPAL UTILITIES AUTHO	\$ 1,184,364	\$ -	\$ 1,184,364	\$ 1,304,352	\$ -	\$ 1,304,352	\$ 119,988	\$ -	\$ 119,988	10.13%	0.00%	10.13%
WINSLOW TWP FIRE DISTRICT #1	\$ 414,870	\$ -	\$ 414,870	\$ 453,102	\$ -	\$ 453,102	\$ 38,232	\$ -	\$ 38,232	9.22%	0.00%	9.22%
BOROUGH OF WESTVILLE	\$ 646,440	\$ -	\$ 646,440	\$ 719,364	\$ -	\$ 719,364	\$ 72,924	\$ -	\$ 72,924	11.28%	0.00%	11.28%
FRANKLIN TWP	\$ 955,740	\$ -	\$ 955,740	\$ 1,059,504	\$ -	\$ 1,059,504	\$ 103,764	\$ -	\$ 103,764	10.86%	0.00%	10.86%
CAMDEN COUNTY BOARD OF SOCIAL SERVICES	\$ 14,873,136	\$ 273,624	\$ 15,146,760	\$ 16,404,696	\$ 283,500	\$ 16,688,196	\$ 1,531,560	\$ 9,876	\$ 1,541,436	10.30%	3.61%	10.18%
LUMBERTON TOWNSHIP	\$ 801,564	\$ 6,732	\$ 808,296	\$ 889,800	\$ 8,208	\$ 898,008	\$ 88,236	\$ 1,476	\$ 89,712	11.01%	21.93%	11.10%
Totals:	\$ 35,875,036	\$ 314,448	\$ 36,189,484	\$ 39,342,628	\$ 327,096	\$ 39,669,724	\$ 3,467,592	\$ 12,648	\$ 3,480,240	9.67%	4.02%	9.62%

<b>Rate Increases Net of Mid Year Rx Rate Credit</b>	
BOROUGH OF BARRINGTON	5.19%
BOROUGH OF BELLMAWR	5.08%
BOROUGH OF BROOKLAWN	6.16%
BOROUGH OF GIBBSBORO	7.14%
BOROUGH OF LINDENWOLD	0.00%
BOROUGH OF MAGNOLIA	5.74%
BOROUGH OF MEDFORD LAKES	0.00%
BOROUGH OF MOUNT EPHRAIM	5.64%
BOROUGH OF RUNNEMEDE	5.65%
CHESILHURST BOROUGH	5.77%
GLOUCESTER CITY	5.83%
HADDONFIELD BOROUGH	5.22%
TOWNSHIP OF BORDENTOWN	4.67%
TOWNSHIP OF WILLINGBORO	0.00%
BOROUGH OF PITMAN	3.66%
BOROUGH OF WENONAH	6.23%
PINE HILL BOROUGH	6.14%
BOROUGH OF PAULSBORO	4.70%
BOROUGH OF MERCHANTVILLE	13.86%
PENNSAUKEN TOWNSHIP	0.00%
NORTH HANOVER TWP	0.00%
BOROUGH OF SOMERDALE	6.11%
MT. HOLLY MUNICIPAL UTILITIES AUTHO	6.23%
WINSLOW TWP FIRE DISTRICT #1	5.96%
BOROUGH OF WESTVILLE	6.30%
FRANKLIN TWP	7.30%
CAMDEN COUNTY BOARD OF SOCIAL SERVICES	7.45%
LUMBERTON TOWNSHIP	4.91%
Totals:	5.91%

**Southern Coastal HIF  
2016 Proposed Budget**

Print Date: 10/23/2015

Census:	Monthly	Annualized		
Medical - Aetna	1,947	23,364		
Medical - AmeriHealth	717	8,604		
Rx	250	3,000		
Rx - Passive (Medical HMO's)	45	540		
Dental	110	1,320		
Medicare Advantage - Medical	57	684		
Rx No Medical (Incl in Rx above)	1	12		
Dental Only (Incl in Dental above)	11	132		
Medicare Advantage Only (Incl in Med Adv al	56	672		

  

LINE ITEMS	Annualized Budget FY2015	Proposed Budget FY2016	\$ Change	% Change
<b>1 Claim Funds</b>				
2 Medical Aetna 1/1 Renewal	\$ 28,897,598	\$ 27,274,131	\$ (1,623,467)	-5.62%
3 Medical Aetna 7/1 Renewals	\$ 2,026,341	\$ 1,912,501	\$ (113,840)	-5.62%
4 Medical AmeriHealth 1/1 Renewal	\$ 10,274,862	\$ 12,514,782	\$ 2,239,920	21.80%
5 Medical AmeriHealth 7/1 Renewals	\$ -	\$ -	\$ -	0.00%
6 Subtotal Medical	\$ 41,198,800	\$ 41,701,413	\$ 502,613	1.22%
7 Prescription Claims 1/1 Renewals	\$ 756,956	\$ 1,110,743	\$ 353,787	46.74%
8 Prescription Claims 7/1 Renewals	\$ 103,761	\$ 152,257	\$ 48,496	46.74%
9 Subtotal Prescription	\$ 860,717	\$ 1,263,000	\$ 402,283	46.74%
9 Dental Claims 1/1 Renewals	\$ 76,495	\$ 80,319.6	\$ 3,825	5.00%
10 Dental Claims 7/1 Renewals	\$ 15,850	\$ 16,642.7	\$ 793	5.00%
11 Subtotal Dental	\$ 92,345	\$ 96,962	\$ 4,617	5.00%
12 Subtotal	\$ 42,151,862	\$ 43,061,375	\$ 909,513	2.16%
13				
14 Loss Fund Contingency	\$ -	\$ 306,608	\$ 306,608	0.00%
15				
16 Medicare Advantage	\$ 198,996	\$ 163,421	\$ (35,575)	-17.88%
17				
18 Reinsurance				
19 Specific	\$ 1,697,714	\$ 1,867,483	\$ 169,771	10.00%
20 Aggregate*	\$ 135,915	\$ 135,915	\$ -	0.00%
21 Subtotal	\$ 1,833,629	\$ 2,003,400	\$ 169,771	9.26%
22				
23 Total Loss Fund	\$ 44,184,487	\$ 45,534,805	\$ 1,350,318	3.06%
24				
25 Professional and Contractual				
26 Legal	\$ 26,532	\$ 27,063	\$ 531	2.00%
27 Treasurer	\$ 12,359	\$ 18,147	\$ 5,788	46.83%
28 Executive Director	\$ 516,887	\$ 578,913	\$ 62,026	12.00%
29 Fund Coordinator	\$ 766,812	\$ 870,303	\$ 103,491	13.50%
30 Brokerage	\$ 766,838	\$ 870,398	\$ 103,560	13.50%
31 TPA - Med Aetna	\$ 1,134,322	\$ 1,134,322	\$ -	0.00%
32 TPA - Med AmeriHealth	\$ 429,340	\$ 361,368	\$ (67,972)	-15.83%
33 TPA - Dental	\$ 4,039	\$ 4,039	\$ -	0.00%
34 Actuary	\$ 33,150	\$ 33,813	\$ 663	2.00%
35 Auditor	\$ 15,300	\$ 12,000	\$ (3,300)	-21.57%
36 Subtotal	\$ 3,705,578	\$ 3,910,366	\$ 204,788	5.53%
37				
38 Miscellaneous and Contingency				
39 Contingency	\$ 40,814	\$ 40,892	\$ 78	0.19%
40 Wellness Program	\$ 89,736	\$ 150,000	\$ 60,264	67.16%
41 Data Analysis System	\$ 30,000	\$ 30,000	\$ -	0.00%
42 Plan Documents	\$ 51,000	\$ 51,000	\$ -	0.00%
43 Subtotal	\$ 211,550	\$ 271,892	\$ 60,342	28.52%
44				
45 Total Expenses	\$ 3,917,128	\$ 4,182,258	\$ 265,130	6.77%
46				
47 Total Budget Before Taxes	\$ 48,101,615	\$ 49,717,063	\$ 1,615,447	3.36%
48 Affordable Care Act Taxes	\$ 319,680	\$ 208,751	\$ (110,929)	-34.70%
49 Retiree Surcharge	\$ 1,071,169	\$ 1,010,700	\$ (60,469)	-5.65%
50 Budget Including Taxes	\$ 49,492,464	\$ 50,936,514	\$ 1,444,049	2.92%
51 Total Billing	\$ 49,495,344	\$ 50,936,514	\$ 1,441,170	2.91%
52				
53 Budget - Billing Reconciliation	\$ 2,880	\$ 0	\$ (2,880)	-100.00%

Group Name	Fund Year 2015 Annualized			Fund Year 2016 Proposed			Difference \$			Difference %		
	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total
Bridgeton BOE	15,577,680	5,808	15,583,488	16,745,844	6,240	16,752,084	1,168,164	432	1,168,596	7.50%	7.44%	7.50%
Buena Regional BOE	4,432,332	16,236	4,448,568	4,765,092	17,448	4,782,540	332,760	1,212	333,972	7.51%	7.46%	7.51%
Commercial Township BOE	1,060,536	7,080	1,067,616	1,140,000	7,608	1,147,608	79,464	528	79,992	7.49%	7.46%	7.49%
Cumberland County Technical School	1,004,232	3,720	1,007,952	1,079,352	3,996	1,083,348	75,120	276	75,396	7.48%	7.42%	7.48%
Cumberland Regional BOE	1,989,024	8,964	1,997,988	2,063,592	9,300	2,072,892	74,568	336	74,904	3.75%	3.75%	3.75%
Dennis Township BOE	1,347,864	16,092	1,363,956	1,447,512	17,280	1,464,792	99,648	1,188	100,836	7.39%	7.38%	7.39%
Hopewell BOE	827,136	-	827,136	889,128	-	889,128	61,992	-	61,992	7.49%	0.00%	7.49%
Lower Cape May Regional School District	3,532,056	10,968	3,543,024	3,851,376	11,952	3,863,328	319,320	984	320,304	9.04%	8.97%	9.04%
Middle Township	2,516,196	-	2,516,196	2,700,096	-	2,700,096	183,900	-	183,900	7.31%	0.00%	7.31%
Millville BOE	15,308,052	17,976	15,326,028	16,455,072	19,320	16,474,392	1,147,020	1,344	1,148,364	7.49%	7.48%	7.49%
Millville Library	26,064	-	26,064	28,536	-	28,536	2,472	-	2,472	9.48%	0.00%	9.48%
Millville Public Charter School	242,460	-	242,460	253,386	-	253,386	10,926	-	10,926	4.51%	0.00%	4.51%
Upper Deerfield BOE	2,143,080	-	2,143,080	2,304,276	-	2,304,276	161,196	-	161,196	7.52%	0.00%	7.52%
Vineland Public Charter School	281,076	5,976	287,052	293,664	6,252	299,916	12,588	276	12,864	4.48%	4.62%	4.48%
Woodstown Borough	469,776	8,352	478,128	511,896	8,940	520,836	42,120	588	42,708	8.97%	7.04%	8.93%
<b>Totals:</b>	<b>49,385,100</b>	<b>110,244</b>	<b>49,495,344</b>	<b>50,823,864</b>	<b>112,650</b>	<b>50,936,514</b>	<b>1,438,764</b>	<b>2,406</b>	<b>1,441,170</b>	<b>2.91%</b>	<b>2.18%</b>	<b>2.91%</b>

**Southern New Jersey Regional Employee Benefits Fund**  
9 Campus Drive, Suite 216  
Parsippany, NJ 07054  
Telephone (201) 881-7632 Fax (201) 881-7633

**To: SNJREBF Executive Committee**  
**From: PERMA**  
**cc: Fund Professionals**  
**Date: October 23, 2015**  
**Re: September Financial Fast Track Report and Claims Development**

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Dear Executive Committee Members:

Enclosed is the SNJ Fund's Financial Fast Track report for September. Claims in September significantly exceeded budgeted amounts.

- Claims in September exceeded the budget by 18.38% or \$2.6M. This was partially offset on the income statement and balance sheet by increased reinsurance recoveries of \$1.9M.
- Year to date underwriting gains are still significant, at \$11.5 million or 8.2% of assessments. However, there is a profound difference in results for quarters 1 and 2 compared to quarter 3:
  - Claims were under budget by 17% for the first half of the year but 9.3% (\$4M) over budget for the third quarter.
  - The increase is driven **in part** by large claims:
    - Total claims that exceed the \$300,000 specific MRHIF level for Q3 2015 total \$1.9M v. \$227k for 2014 at the end of Q3.
    - Claims above 50% of the specific retention (\$150,000+) total \$10M for 2015 v. \$5.5M for 2014 at the end of Q3.
    - Enrollment alone does not account for this change. Enrollment grew by 24% year over year while claims in this layer increased by 83%.
    - Claims penetrating the MRHIF layer are concentrated among school members. Only \$148,000 of the \$1.9M recovery is for municipal members.
    - Despite school members having many more large claims, the schools subgroup loss ratio is 94% while the loss ratio for municipalities has grown to 109% for 2015. At the end of the quarter 2, the combined municipal loss ratio was 92%.



- High Rx costs for the Camden County Board of Social Services (CCBOSS) is a partial contributor to the problem and is the focus of additional analysis.
- Rx loss ratios for schools and municipalities began to stabilize during quarter 3. Rx for these entities is not a major contributor to the problem during the past quarter. Indeed, Rx costs overall stabilized during the period. See attached chart.

The Fund normally experiences higher claims in the summer months, but this year's increase is more significant than in prior years. Also, this increase is accompanied by statistics (through August) indicating increased services utilization.

We are developing additional information in order to better understand this surge. We will be running loss ratio reports for the Coastal subgroup and Aetna utilization reports through 9/30/2015 as soon as the data is ready. Additionally, we are working with Verisk, the new claims analysis vendor, to load the data into that potentially helpful analytical tool. Finally, because Aetna is experiencing more of a surge than AHA, we have asked them to examine recent trends. These studies may offer helpful conclusions or point the way toward additional studies.

The Fund remains financially strong and year to date results are reasonable in total. However, we began escalating efforts after seeing August results in an abundance of caution given lessons learned from the 2012 claims surge.

We welcome any questions or suggestions that you may have.

Respectfully,

Paul Laracy, Executive Director

Enclosures (2)

**TREASURER'S REPORT** - Fund Treasurer reviewed bills lists for October and cash reconciliation report.

**Resolution 24-15: Payment of October 2015 Bills**

<b>Fund Year Closed</b>	<b>\$24,198.00</b>
<b>Fund Year 2014</b>	<b>\$24,316.00</b>
<b>Fund Year 2015</b>	<b>\$1,861,179.27</b>
<b>TOTAL 2015</b>	<b>\$1,909,693.27</b>

**MOTION TO APPROVE RESOLUTION 24-15 OCTOBER BILLS LISTS FOR THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BILLS LIST**

Motion: Commissioner Lipsett  
 Second: Commissioner Wolk

Vote: 9 Ayes, 0 Nays

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

Motion: Commissioner Lipsett  
Second: Commissioner Di Angelo  
Vote: Unanimous

**AETNA:** Ms. Ward said they are in the process of looking at claims, August claims are higher but there were many high level claimants, one which was almost \$600,000. Some claims will be going to the MRHIF level. Ms. Ward said Coastal claims are also high this month as well, but it is typical to see ups and downs. They had several high claims as well.

**AMERIHEALTH** – Ms. DiDio discussed the AmeriHealth report included in the agenda. At the previous meeting, she presented a claim that was paid higher than billed, but after researching, Ms. DiDio said it was a claim that was reprocessed.

**DENTAL ADMINISTRATOR:** No Report

**FUND ATTORNEY:** In response to Commissioner DiAngelo’s mandatory generic grievance, Fund Attorney said the decision was made to fund each employee for the difference in out of pocket, which can be very tedious.

**OLD BUSINESS:** none

**NEW BUSINESS:** None

**PUBLIC COMMENT:** None

**MOTION TO ADJOURN:**

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

**MEETING ADJOURNED: 7:26 PM**

**NEXT MEETING: November 23, 2015**

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Emily Koval , Assisting Secretary  
for

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**JOSEPH WOLK, SECRETARY**