

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND**  
**OPEN MINUTES**  
**SEPTEMBER 28, 2015**  
**BELLMAWR BOROUGH HALL**  
**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 <sup>RD</sup> Alternate	Berlin Borough BOE	Present
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**

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

Medical TPA - Aetna

Medical TPA – Amerihealth                      **Lisa DiDio**  
Dental TPA – Delta Dental  
Prescription TPA – Express Scripts              **Kenneth Rostkowski**  
Treasurer    **Kenneth Verrill**  
Fund Coordinator (Coastal group)              **Gerald Cowan**  
Fund Auditor – Bowman & Co

**PRESENT FUND COMMISSIONERS:**

Eleanor Kelly, Runnemedede  
Edward Hill, Camden County Board of Social Services  
Robert Maybury, Mt. Holly MUA

**ALSO PRESENT**

Kim Porter, CHB Group  
Nick Tafaro, CHB Group  
Robert Weil, Conner Strong and Buckelew  
John J. Cobb, J. Cobb Insurance Group

Commissioner DiAngelo welcomed the committee to Bellmawr.

**APPROVAL OF MINUTES:              AUGUST 24, 2015**

**MOTION TO APPROVE THE AUGUST 24, 2015 OPEN MEETING MINUTES**

Moved:    Commissioner Lipsett  
Second:    Commissioner Wolk  
Vote:    Unanimous

**PRO FORMA REPORTS**

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

**FINANCES**

Executive Director said the July Financial Fast track illustrated a loss for the month, but that did include the release of the \$500,000 dividend, but the Fund is still performing well overall. He said the August financial fast track has not been reviewed, but is showing a small loss as well.

**INTRODUCTION OF 2016 BUDGET** - The SNJHIF and Coastal HIF 2016 budget materials are included. We recommend introduction of the budgets at this meeting while retaining the ability to review and modify at the upcoming budget workshop.

Executive Director reviewed the proposed budget included in the agenda. He said the increase overall is slightly over 8.19%, which is mostly attributed to utilization in the prescription claims Fund over the year. He said this does take into account the prescription contract credit given mid year. Executive Director reviewed the administrative expenses which have decreased due to negotiations with Aetna and AmeriHealth, who offered renewals with savings.

Executive Director said that the prescription has increased almost 100% in specialty and the brand name drug usage is also up significantly due to marketing and doctor incentive. Many of the Fund's plan designs do not incentivize generic enough to change behavior. The Fund cannot absorb this increase. He said one change that has been included in the cost of the renewal is lifting the grandfathering in Step Therapy which would require all members currently taking a brand prescription to try a less expensive alternative at the next fill. Mr. Lodics reviewed the program in further detail stating that there is a clinical exception process that the provider may override back to the brand. This may be a decision at the group level, which is worth 5%.

Commissioner Shannon said the utilization fo specialty drugs in May was not bad and now there is a significant increase. Executive Director said the Express Scripts audit will begin soon to ensure that the contract is being upheld. In addition, PERMA and the Program Manager have been reviewing an EGWP option which provides more subsidies from Medicare Part D, but not all plans may be converted. These options may be available in April 2016. In response to Commissioner Shannon, Mr. Rostkowski said Express Scripts has the ability to leverage a price for one specialty drug when multiple drugs for one disease state are on the market. He explained how drugs go from brand to generic. He said the industry spend \$5 billion on marketing a year.

Chair Mevoli said this increase was unexpected and requested proof that the usage is accurate. Executive Director said the PCSK9 and the Hepitis C drugs are significant, but just a portion of the specialty drugs being used. This trend is State-wide.

Chair Mevoli said he will not introduce and requested that the budget be reviewed further and include more reports from Express Scripts illustrating the trend.

### ADMINISTRATION

**FUND SEPARATIONS - SHIF AND COASTAL** - The Schools Health Insurance Fund will meet prior to the Executive Committee meeting. We will present a verbal report, including the Grant Wellness program responses and requested grant money.

The Coastal Fund is meeting on October 1 to review the 2016 budget and further filing requirements. We will report at the next meeting. Commissioner Mercoli said that the Coastal Fund will also wait to introduce its budget since Committee has not reviewed yet.

**MUNICIPAL REINSURANCE HEALTH INSURANCE FUND** - The MRHIF met on September 9, 2014. Commissioner Wolk's report is included. A modest budget of \$408,000 for prescription aggregate claims has also been included. The overall increase is 9.46%. The assessment allocation is included in the report. RFQs for all positions were also reviewed and will be finalized during the budget adoption scheduled for December 9, 2015.

**2016 RFQ RESPONSES** - An RFQ for all Fund professionals was due on September 8, 2015. All responses will be further reviewed at the finance committee meeting on October 14.

## **BENEFITS OPERATIONS**

### **PRO FORMA REPORTS**

- **Claim Appeals** - none

**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.

**ENROLLMENT TEAM CONTACT** - Please direct any eligibility, enrollment, billing or system related questions to our dedicated SNJREBF Team. The team can be reached by email at [southernnj\\_enrollments@permainc.com](mailto:southernnj_enrollments@permainc.com) or by fax at 856-685-2249.

**BROKER EMAIL BOX** - The broker email box is officially open for correspondence. We ask our broker partners to utilize this tool for service, advocacy or any like requests that may arise with their groups.

[brokerservice@permainc.com](mailto:brokerservice@permainc.com)

**MUNICIPALITY OPEN ENROLLMENT:** - The 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 residencies

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

**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.

**SOUTHERN FUNDS BREAKOUT** - PERMA has begun the process of breaking out the 3 Funds:

1. Southern New Jersey Regional Employee Benefits Fund (SNJREBF)
2. Schools Health Insurance Funds (SHIF)
3. Southern Coastal Regional Employee Benefits Fund

Status updates will be provided at each meeting through the end of the year. PERMA will be holding frequent status calls with the carriers to assure the transition remains on track.

#### **Amerihealth**

- Amerihealth has determined that all members in enrolled in a non-gated Amerihealth Administrators product will not need to received a new ID Card as a result of the school board split.
- All school board members enrolled in an Amerihealth New Jersey product will be receiving new ID Cards effective January 1, 2016 with the implementation of the SHIF.

**WELLNESS UPDATE - Municipalities**- On 9/10/2015 Bravo Wellness held a presentation to discuss their proposal and capabilities at PERMA's Marlton office. Please notify your PERMA representative with any additional questions you may have regarding the program. Program Manager said **School Boards**- The wellness coaching sessions are currently operational in the four school boards selected for the pilot program. PERMA will be having monthly status calls to discuss progress, participation and member feedback. Commissioner Shannon said 3 Fund Commissioners attended the Bravo presentation. She reviewed the program briefly. The pilot program should be a few municipalities. Executive Director said there is modest budget included to be discussed at the budget meeting.

The School Boards have extended the 2014/2015 wellness grant applications through the end of 2015, for the completion of current programs and allocation of awarded monies. PERMA continues to review wellness opportunities to accompany and enhance the grant programs and will be reviewing at future meetings.

**EXPRESS SCRIPTS** - Express Scripts will be attending the meeting to discuss SNJREBF's utilization in 2015, the impact of specialty medications and the use of brand vs. generic medications.

**2015 PPACA UPDATES** - In our constant effort to keep you informed of the ongoing progression of PPACA, the following communications regarding 2015 PPACA updates are included in the attachment section of this report:

## Cadillac Tax

### What the “Leadership at Public Entities” Need to Know About the “Cadillac Tax”

#### A “101” Tutorial for Executives

##### A brief outline of the Cadillac Tax for the leadership at Public Entities:

The “Cadillac tax” refers to an excise tax on some health insurance plans called for in the Affordable Care Act (ACA). It takes effect in 2018. Under the Cadillac tax, insurers (who will simply charge their customer) and self-insured employees must pay a 40% tax on the excess value of insurance plans whose cost exceeds standards set by the government. The Cadillac tax was designed to encourage employers to offer cost-effective health plans. A medical insurance plan will be subject to this tax if its annual aggregate value is higher than \$10,200 for single coverage and \$27,500 for family coverage. Under the law, the “aggregate value” of a plan includes:

- Medical insurance premiums (both the employer-paid and employee-paid portions)
- Flexible spending accounts (FSA), health savings accounts (HSA) and health reimbursement arrangements (HRA) if part of the health plan (employer and employee contributions)
- Onsite medical clinics (not “wellness centers”)
- Voluntary benefits when premiums are paid with pre-tax dollars (except accident plans) and,
- The cost of employee assistance plans (EAPs) with counseling benefits, onsite medical clinics and wellness programs

It does not include non-medical ancillary benefit plans, such as:

- Dental and Vision coverage offered through “stand-alone” plans
- Voluntary benefits when premium is paid with post-tax dollars
- Any accident plan (whether paid with pre- or post-tax dollars)
- Life and disability coverage and,
- Long term care coverage

The IRS has not yet finalized how HSA contributions will be calculated. The IRS is still deciding whether an employee’s pre-tax contributions should be considered part of the employer’s contribution and thus be included in the tax calculation. Employees’ post-tax contributions are expected to be excluded.

Employers will not pay tax on the total value of the plan; instead they will pay a 40% tax only on the portion of the plan’s value that exceeds the \$10,200 (single) and \$27,500 (family) limits. So if the medical plan’s aggregate value for a single person is \$12,000 (\$1,800 higher than the limit), the employer would have to pay about \$720 for each covered single employee (\$1,800 x 40%). The employer is responsible for calculating a company’s plan value and tax liability. Each year, beginning in 2018, employers must calculate their liability for each employee and report this to the IRS and to each insurance carrier in the plan.

Employers that wish to avoid paying the excise tax may need to adjust their benefit plans so that the aggregate value does not exceed ACA limits. Some employers are of course considering increasing employee cost-sharing (raising deductible, copays and out-of-pocket limits) and/or charging more for covering spouses but those are short term tactics that don't change the underlying drivers of cost. Other solutions like broader chronic care management, population health activities, intensive disease management, on-site primary care, narrow networks and other longer-term solutions are likely *better* ways to address rising health care costs that presumably will help address costs around the Cadillac Tax.

This outline is intended to address a "101" of the Cadillac Tax for the c-suite vs. solutions and strategies to contend with it. For more information about the Cadillac Tax, please let us know. Thank you.

## **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):

- [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

Employers should be prepared now to comply with these reporting requirements. The information needed to complete these forms includes whether the employee and dependents were offered coverage, the employee-only cost of coverage, and identifying information not only for covered employees, but also for covered dependents (Social Security number, or date of birth if the dependents' Social Security number could be obtained). Employers must also report the monthly count of the total number of employees, the total of full-time employees, and the reasons why the employer is not responsible for coverage in a given month. Controlled-group status of the employer and changes to employer and employee status during the year will create additional complexities. The information must be captured and reported for each month of the calendar year.

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 the 1094-C and 1095-C have been included for your reference.

Program Manager said there is a local company, Prime Point who is providing services for this filing and is familiar with the Fund's report.

**TREASURER'S REPORT** - Fund Treasurer reviewed bills lists for August and cash reconciliation report. An investment report was also distributed. All funds are GUDPA insured. There is a \$100,000 projection for this year.

**Resolution 23-15: Payment of September 2015 Bills**

<b>Fund Year 2015</b>	<b>\$1,881,604.75</b>
<b>TOTAL 2011</b>	<b>\$1,881,604.75</b>

**MOTION TO APPROVE RESOLUTION 23-15 SEPTEMBER BILLS LISTS FOR THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BILLS LIST**

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

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

Motion: Commissioner DiAngelo  
 Second: Commissioner Lipsett  
 Vote: Unanimous

**AETNA:** Report reviewed by Executive Director



**AMERIHEALTH** – Ms. Didio review the claims and high claimant report from the month of August. She said there were two small typographical errors that will be corrected at the next meeting.

**DENTAL ADMINISTRATOR:** No Report

**PRESCRIPTION ADMINISTRATOR:** Mr. Rostkowski said there were two large claimants driving costs this month.

**FUND ATTORNEY:** Mr. Harris reviewed the bed and board divorce which may still allow someone to continue to be a spouse and covered under their insurance, although not living together as long as they jointly file taxes.

**OLD BUSINESS:** none

**NEW BUSINESS:** None

**PUBLIC COMMENT:** In response to Commissioner Kelly, Mr. Rostkowski said that the Hep C drugs being offered potentially may cure patients of this disease.

**MOTION TO ADJOURN:**

Moved:	Commissioner Michielli
Second:	Commissioner D'Angelo
Vote:	Unanimous

**MEETING ADJOURNED: 7:42 PM**

**NEXT MEETING: October 14, 2015**

---

Emily Koval , Assisting Secretary  
for

---

**JOSEPH WOLK, SECRETARY**