

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND  
OPEN MINUTES  
AUGUST 24, 2015  
BARRINGTON BOROUGH HALL  
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	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**  
**Joe Pfeiffer**

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

Medical TPA – Aetna                              **Peggy Dennison**

Medical TPA – Amerihealth                      **Lisa DiDio**

Dental TPA – Delta Dental

Prescription TPA – Express Scripts

Treasurer    **Kenneth Verrill**

Fund Coordinator (Coastal group)              **Robert Allen**

Fund Auditor – Bowman & Co                      **James Miles**

**PRESENT FUND COMMISSIONERS:**

Robert Maybury, Mt. Holly MUA

**ALSO PRESENT**

Kim Porter, CHB Group

Joe Madera, Hardenbergh Insurance Group

Sarah Scala, Hardenbergh Insurance Company

Commissioner Shannon welcomed the Committee to Barrington Borough.

**APPROVAL OF MINUTES:              JULY 27, 2015**

**MOTION TO APPROVE THE JULY 27, 2015 OPEN MEETING MINUTES**

Moved:    Commissioner D’Angelo  
Second:    Commissioner Wolk  
Vote:    Unanimous

**PRO FORMA REPORTS**

- **Fast Track Financial Reports** – as of June 30, 2015 *(page 10)*
  - **Historical Income Statement**
  - **Consolidated Balance Sheet**
  - **Indices and Ratios Report**

**FINANCES**

Executive Director said the June Financial Fast track was included in the agenda. We did see an uptick in July claims, which is usual for this Fund because the teachers tend to utilize their benefits during the summer break. We will have more financials at the next meeting.

**AUDIT REPORT AND VALUATION REPORT AS OF DECEMBER 31, 2014** - This week, the Finance Committee will be reviewing the December 31, 2015 and should have a recommendation for the meeting. A copy of the audit has been attached. The Actuary's Statement of Actuarial Opinion has also been included in the agenda for your review.

Mr. Miles reviewed the audit in detail which were distributed to the members. The affidavit was given to the Committee to sign.

**MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION 19-15, AND EXECUTE GROUP AFFIDAVIT INDICATING THAT MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT, AS PER THE RECOMMENDATION OF THE FINANCE COMMITTEE.**

Moved: Commissioner Shannon  
Second: Commissioner Wolk  
Vote: Unanimous

**FINANCIAL TRANSFER** - After approval of the 2014 Audit, we are recommending that the 2014 Fund Year surplus balance be transferred to the closed year in anticipation of the separation of the three Funds. Reslolution 20-15 was included memorizing this transaction was included in the agenda.

**MOTION TO APPROVE RESOLUTION 20-15 TRANSFERRING SURPLUSES FROM FUND YEAR 2014 TO THE CLOSED YEARS ACCOUNT AND ALLOCATING THESE SURPLUSES TO THE APPROPRIATE SUBGROUPS.**

Moved: Commissioner DiAngelo  
Second: Commissioner Michielli  
Vote: Unanimous

**DIVIDEND OPTIONS** - The Finance Committee also be discussed dividend options for the municipal membership. A recommendation with Resolution 21-15 was distributed at the meeting for formal action. Dividend checks will be available in September. Please let Emily Koval know if your entity would prefer to use the money toward a credit on your 2016 assessment.

Executive Director said the surplus is much higher versus the liabilities for the municipalities than the school boards, which is why there is a dividend for only the municipalities.

**MOTION TO APPROVE RESOLUTION 21-15 TO RELEASE A DIVIDEND IN THE AMOUNT OF \$750,000 FROM THE CLOSED YEARS ACCOUNT FOR THE MUNICIPALITY MEMBERSHIP.**

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

**2016 BUDGET** - We are working on the 2016 budgets for Coastal and Municipal members. While medical and dental claims experience is at or better than expected, Rx claims experience has been poor. Higher claims are driven primarily by the introduction of new classes of specialty drugs as has been discussed during the year.

Executive Director said the prescription is approximately 40% from the prior year due to specialty drugs that have been discussed this year. We will review with the actuary and the finance committee in October.

Our budgetary discussion will focus more specifically on the causes of the increase and the steps that can be taken to address the problem. Strategies that are being developed include:

- Changing the Medicare retiree drug program to possibly access greater subsidies from the federal government (converting some or all of retirees from the Retiree Drug Subsidy program to an "Employer Group Waiver" program).
- Lifting grandfathering for Step Therapy programs that are in place. Executive Director said this savings could be up to 5%.
- Redoubling efforts to support members in negotiating plans that maximize use of generic drugs. In addition, Executive Director said we are focusing on the Cadillac tax impact.

Chair Mevoli said the finance committee will be October 13.

## ADMINISTRATION

**FUND SEPARATIONS** - Pending a few contingency items, the Coastal Regional Employee Benefits Fund and the Schools Health Insurance Fund received approval to become independent Health Insurance Funds. There were a few corrections needed in the State's certification, but we will include when an updated copy is received. Both Funds remain on target for a January 1, 2016 start date.

## BENEFITS OPERATIONS

### **PRO FORMA REPORTS**

- **Claim Appeals** - none

**ONLINE ENROLLMENT SYSTEM** - The Executive Committee voted and approved mandatory use of the online enrollment system by each member group. The majority of the member groups are using the system but there are still a few member groups that are not. Next month, we will be sending a letter to groups that are not using the system to remind them of the Fund's policy. The letter will include additional information regarding the system as well as training dates so the group can become

complaint. If you need additional training on the online enrollment system, please reach out to Karen Kidd at [kkidd@permainc.com](mailto:kkidd@permainc.com) of PERMA.

**CONTACT INFORMATION** - 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)

**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.

#### Express Scripts

- ⋮ The school boards will be transitioned in to the current "SAIF," division.
- ⋮ It will be rebranded as the "SHIF."
- ⋮ All groups with Express Scripts in the SHIF will be receiving new ID cards for 1/1/2016
- ⋮ Prior Authorizations and existing refills will transfer to new ID#s
- ⋮ The Coastal groups currently stand on their own in the ESI system. This will not affect them

#### AmeriHealth NJ/ AmeriHealth Administrators

- ⋮ AmeriHealth members in the SHIF plans will be receiving new ID cards 1/1/2016
- ⋮ AmeriHealth Administrator (no referral) members in Coastal will not be affected 1/1/2016, they currently stand alone
- ⋮ AmeriHealth New Jersey (referrals) members in Coastal will receive new ID cards for 1/1/2016. This is a very small population

#### Aetna

On 7/14, PERMA and AETNA had a conference call to discuss the migration. AETNA has begun the process of separating out the 3 Funds. AETNA is confident that the 1/1/2016 date will be attainable.

- **Member Impact:**
  - Confirmed that members in **SHIF** and **Coastal** will be receiving new ID cards for 1/1/2016.

- AETNA to follow up regarding precertification and referrals
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Program Manager said there is no affect to the municipalities members on these separations.

**Next Steps:**

- **Delta Dental**
- **Member Communications**

**WELLNESS UPDATE**

**Municipalities-** On 9/10/2015 a tentative meeting is scheduled with the SNJREBF Municipality Wellness Committee and Bravo Wellness to discuss their proposal. It will be held at PERMA's Marlton office in the large conference room. Interested parties are encouraged to attend. Program Manager reviewed the details of this program. In response to Commissioner DiAngelo, Program Manager sia dthis is an in-person meeting that will be sent to all municipality members.

Please notify a PERMA representative of your intent to attend, as lunch will be provided.

**School Boards-** The Wellness Coaches project is underway for four school boards that were selected for the pilot program. The program is set to take effect in September, when teachers return. Currently, Wellness Coaches USA is working with each individual entity on setting up the administration and logistics of the plan.

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.

**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. Program Manager said a memo and individual reports are prepared and ready for distribution.:

**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

To assist with ACA required recordkeeping and reporting requirements (1094/95 B &C), PERMA can run census and data reports out of the Benefits Express system that can be utilized to generate the necessary reports.

If you'd like a standard report, please have your Risk Managers reach out to Jeanne Frank at [jfrank@permainc.com](mailto:jfrank@permainc.com). The expected turn around time to receive reports is 7-10 business days.

## **Draft Instructions and Revised Draft 2015 Forms for IRS Reporting Requirements**

On August 7, the Internal Revenue Service (IRS) released draft instructions and revised draft 1095-B and 1095-C forms to be used for Affordable Care Act (ACA) Minimum Essential Coverage (MEC) and Large Employer reporting in 2016. The IRS has posted the 2015 draft instructions and forms at [IRS.gov/draftforms](http://IRS.gov/draftforms) as information only, and will post final versions at a later date.

The revised 2015 draft forms are generally unchanged from the versions released on June 19, 2015. However, the IRS made several changes to the 2014 final instructions, including:

**"B" form instructions for applicable large employers** – The draft instructions for forms 1094-B and 1095-B now allow applicable large employers (ALEs) the option to use the "B" forms to report coverage of individuals who are not considered full-time employees for any month during the calendar year.

**"C" form instructions for applicable large employers** – The draft instructions for forms 1094-C and 1095-C require that ALEs continue to report all employees enrolled in self-insured coverage on the "C" forms – as part of MEC reporting.

**30-day extension for IRS filing** – An automatic extension is granted if Form 8809 is submitted to the IRS on or before the filing due date.

**30-day extension for providing forms to individuals** – An extension may be granted by submitting a letter to the IRS on or before the due date for providing forms to individuals.

**Details on how to file corrected forms** – The draft instructions include details on filing corrected paper returns. Information on electronic filing corrections can be found on IRS Publication 5125.

**Hand delivery** – Both sets of reporting may be hand delivered to individuals.

**Reporting supplemental coverage** – The definition of a "plan sponsor" has been clarified for the purpose of reporting supplemental coverage by the same reporting entity as the health plan sponsor.

**Reporting coverage offered under multiemployer plans** – Simplified reporting now available for reporting offers of coverage for employers with multiemployer arrangements that qualify for relief.

**Reporting on COBRA participants** – Clarifications on how to report COBRA participants.

## Draft Instructions and Forms

[Instructions for Forms 1094-C and 1095-C](#)

[Form 1094-C](#) – Transmittal/"cover sheet" for Large Employer and self-insured MEC reporting (applicable large employers)

[Form 1095-C](#) – Report to individuals and the IRS information on coverage offered and self-insured MEC (applicable large employers)

[Instructions for Forms 1094-B and 1095-B](#)

[Form 1094-B](#) – Transmittal/"cover sheet" for MEC reporting (insurance carriers and self-insured small group employers)



We will keep you informed when final instructions and forms are made available.

**EXPRESS SCRIPTS - DRUG QUANTITY MANAGEMENT (DQM)** - Drug Quantity Management (DQM) is a program that was incorporated into your prescription-drug benefit in 2011 that's designed *to make the use of prescription drugs safer and more affordable*. It provides you with medications you need for your good health and the health of your family, while making sure you receive them in the amount – or quantity – considered safe.

The program follows guidelines developed by the U.S. Food & Drug Administration (FDA). These guidelines recommend the maximum quantities considered safe for prescribing certain medications. Together with Express Scripts – the company that manages your prescription-drug benefit – your plan develops your Drug Quantity Management program based on FDA guidelines and other medical information.

The program includes *prescription drugs that could have safety issues for you* if the quantity is larger than the guidelines recommend. For instance, it includes prescription drugs that aren't easily measured out, like nose sprays or inhalers. *Prescription drugs that come in several strengths* are also included. Again, if you can take fewer doses at a higher strength, you save because you pay fewer copayments – and your plan can save, too. Program Manager said that the drug, Ambien, has been disrupted by this program and there is a higher quantity options that members are eligible for.

**This program does not deny access to the medication members need, but rather the quantities that follow the plan's guidelines for safe, and economical use.**

Here's what occurs at the pharmacy when a prescription drug is included in your Drug Quantity Management program:

1. When you hand in your prescription, your pharmacist sees a note on the computer system indicating that your medication isn't covered for the amount prescribed. This could mean:

*You've asked for a refill too soon;* that is, you should still have medication left from your last supply. Just ask your pharmacist when it will be time to get a refill.

*OR your doctor wrote you a prescription for a quantity larger than our plan covers.*

2. If the quantity on your prescription is too large, here's what you can do:

Have your pharmacist fill your prescription as it's written, for the amount that our plan covers. You pay the appropriate copayment. But you may need to get this prescription filled more often – for instance, twice a month instead of once a month – which means you pay more often.

**OR** ask your pharmacist to call your doctor. They can discuss changing your prescription to a higher strength, when one is available. In most cases, if your doctor approves this change you have fewer copayments because you receive your medication just once a month.

**OR** ask your pharmacist to contact your doctor about getting a “prior authorization.” That is, your doctor can call Express Scripts to request that you receive the original amount and strength he/she prescribed. During this call, your doctor and an Express Scripts representative may discuss how your medical problem requires medication in larger quantities than your plan usually covers. They may consider safety issues about the amount of medication you’re going to receive. And the Express Scripts representative will check your plan’s guidelines to see if your medication can be covered for a larger quantity. Express Scripts’ Prior Authorization phone lines are open 24 hours a day, seven days a week, so a determination can be made right away.

A Frequently Asked Questions (FAQ) provided by Express Scripts is included this is report for your review and distribution should you feel necessary.

**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 22-15: Payment of August 2015 Bills**

<b>Fund Year 2015</b>	<b>\$1,821,135.49</b>
<b>TOTAL 2011</b>	<b>\$1,821,135.49</b>

**MOTION TO APPROVE RESOLUTION 22-15 AUGUST BILLS LISTS FOR THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BILLS LIST AND TO APPROVE THE CASH RECONCILIATION REPORT AND CASH TRANSACTION REPORT.**

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

**AETNA:** Ms. Dennison said that Aetna claims were higher for the month of June, inclusive of some high claimants.

**AMERIHEALTH** - Ms. Didio review the claims and high claimant report from the month of July. The Amerihealth NJ groups received a letter regarding the new platform change which will result in new ID cards.

**DENTAL ADMINISTRATOR:** No Report

**PRESCRIPTION ADMINISTRATOR:** No further report

**FUND ATTORNEY:** Mr. Harris updated the committee on Cadillac comment period. There was a PERC decision this week with Clementon BOE that states that Chapter 78 must be fully implemented before negotiations and cannot go back to level 1 and must start at the fully implemented rate structure. In addition, there is legislation for 5 year contract terms.

**OLD BUSINESS:** none

**NEW BUSINESS:** None

**PUBLIC COMMENT:** none

**MOTION TO ADJOURN:**

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

**MEETING ADJOURNED: 7:46 PM**

**NEXT MEETING: September 28, 2015**

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Emily Koval , Assisting Secretary  
for

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**JOSEPH WOLK, SECRETARY**