CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
OCTOBER 19, 2016
BRIELLE BOROUGH MUNICIPAL BUILDING
1:30 PM

Meeting called to order by Chair Nolan The Open Public Meeting notice read into record.

PLEDGE OF ALLEGIANCE

MEETING OF EXECUTIVE COMMITTEE CALLED TO ORDER

ROLL CALL OF 2016 EXECUTIVE COMMITTEE:

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
William Rieker	Township of Lakewood	Present
EXECUTIVE	**COMMITTEE**	
Joseph Gilsenan	Township of Brick	Present
Diane Lapp	Township of Manchester	Present
Adam Hubeny	Borough of Atlantic Highlands	Present
Eugenia Poulos	Township of Red Bank	Present 1:34pm
Donato Nieman	Montgomery Township	Absent
ALTERNATES:		

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services	**Paul Laracy** **Emily Koval** **Karen Kamprath**	Present Present Present
Program Manager	Conner Strong & Buckelew	**Brandon Lodics**	Present
Attorney	Berry, Sahradnik, Kotzas & Benson	**Jack Sahradnik**	Present
Treasurer		**Stephen Mayer**	Absent
Network & Medical Claims Service	Qualcare Inc.	**Gary Epstein**	Absent
Network & Medical Claims Service	Aetna	**Kim Ward**	Present
Dental Claims Service	Delta Dental	**Amy Lehrer**	Absent
Rx Administrator	Express Scripts	**Jeff Basile**	Present
Auditor	Holman & Frenia	**Rodney Haines**	Absent

OTHERS PRESENT:
Dom Cinelli, Brown & Brown Advisors
Karen Lalla, Integrity Consulting Group

Anthony Tonzini, Integrity Consulting Group
Cindy Toye, Toms River MUA
Eva Biviano, Red Bank
Sue Smith, Montgomery
Charles Casagrande, Danskin

CORRESPONDENCE: None

APPROVAL OF MINUTES: SEPTEMBER 21, 2016 OPEN:

MOTION TO APPROVE OPEN MINUTES OF SEPTEMBER 21, 2016:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous (Commissioner Lapp abstains)

EXECUTIVE DIRECTOR:

- **Fast Track Financial Report –** as of August 31, 2016
- **Cash Flow Report –** as of August 2016

Executive Director said the Financial Fast Track shows a surplus of $20 ½ million. The September Fast Track will show a reduction in surplus because of the dividend. He said the financials are strong, but there was an operating loss in August which is not expected to continue.

BUDGET ADOPTION
Executive Director said the budget is included for adoption. He said overall the budget is up 3.28%.

MOTION TO OPEN THE PUBLIC HEARING ON THE 2017 BUDGET:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MOTION TO CLOSE THE PUBLIC HEARING ON THE 2017 BUDGET:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

INDEMNITY AND TRUST AGREEMENTS
A few months ago, PERMA sent Indemnity and Trust Agreements and Resolutions to be adopted by the governing body to renew membership with the Fund for an additional 3 years. Below is a list of members who have renewing agreements due by December 31, 2016 and older. Please reach out to PERMA (karenk@permainc.com) for a blank form to be executed. The list was last updated on October 12, 2016.

MEMBER	I&T EXPIRED
Borough of Manasquan	12/31/2012
Keyport	10/1/2013
Lakewood Fire District	12/31/2013
West Long Branch	12/31/2014
Montgomery	1/1/2016

Executive Director said there will be a deadline of 12/31/2016 for any outstanding agreements.

Executive Director said there is a meeting scheduled for Wednesday November 16th to discuss the EGWP program. The Commissioners agreed to move the meeting up to 12:45 pm at the Atlantic City Sheraton.

2017 PROPOSED BUDGET
Following is the proposed 2017 budget reflecting an overall assessment increase of .14% excluding Lakewood's self insured retention. Including Lakewood, the average increase is 3.28%.

CLAIMS FUND
Medical claims are increasing by 1% (x Lakewood) compared to 2016 while Rx claims are unchanged. Lakewood Rx and medical claims are rising by 7.5%.

Rx claims rose significantly last year but leveled out this year due to maturation in the use of certain specialty drugs.

We are also working on the possibility of converting 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 after January 1st so credits are not reflected in this budget. Rate credits will be provided upon program implementation.

REINSURANCE AND INSURED PROGRAMS
The reinsurance line is provisionally decreasing by 7.32% for specific claims coverage and aggregate claims reinsurance is staying flat. This can change depending upon the outcome of the MRHIF budget and renewal process.

A separate line item is included for the stop loss insurance that will be purchased for the Lakewood program. This program is rising in cost by 21.15%.

The Medicare Advantage renewal is rising by 7.13% as a result of higher than expected claims experience. We are continuing to work with Aetna on this renewal.

LOSS FUND CONTINGENCY
This item can be adjusted at the discretion of the Executive Committee. A modest amount is currently included to balance assessments to the budget.

CONTRACTS AND EXPENSES
Most expenses are proposed to rise by 2% as a normal inflationary increase.

"Affordable Care Act" taxes are lower in accordance with the schedule adopted for the "Transitional Reinsurance Tax" by the federal government.

A significant increase in the wellness budget is proposed. If we proceed with a wellness program, it is proposed that CJHIF and other Funds split the cost of a full time wellness coordinator. Each of three Funds (CJ, SNJ, and BMED) would pay $25,000 each for a wellness coordinator assigned solely to these HIFs.

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

- The medical increase is 2.3% for Aetna;
- Qualcare is dropping by 2.7%.
- Medicare Advantage rates rising by 8%.
- Rx rates are flat.
- Dental rates are flat.
- In addition, loss ratio adjustment factors of +-2.5% are applied at the entity level.
- Lakewood medical and Rx rates are rising by 11.4% but its dental rates will be unchanged.

For future years, we can consider also adjusting assessments slightly to reflect entity use of Rx cost control measures and participation in wellness programs.

DIVIDENDS / SUPPLEMENTAL ASSESSMENTS
The Fund declared a dividend in 2016 of $1,500,000 and can consider another dividend in 2017 once the 2016 audit is received.

PROGRAM MANAGER'S REPORT:

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 CJHIF 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 CJHIF will be hosting the 2016 open enrollment for January 1, 2017 elections, October 24th through 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

JANUARY 1, 2017 MEDICAL PLAN OPTIONS
Below are options available to CJHIF members for the upcoming January 1, 2017.

AETNA
- Standard Plans (HMO, POS, PPO, HDHP and EPO)
- **NEW** Meridian Health Connection (Accountable Care Organization)

NEW AmeriHealth Administrators:
- Standard Plans (PPO, HDHP, and EPO)
- Meridian Community Network Tiered Plan

QUALCARE
- Standard Plans (HMO, POS, PPO, HDHP, and EPO)

**QualCare is currently working on a potential 3 Tiered Plan with Meridian Health*

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
Tecentriq	5/18/2016	October	Metastatic urothelial carcinoma	Specialty	$150,000 per year
Zinbryta	5/27/2016	July	Multiple Sclerosis	Specialty	Not Available
Epclusa	6/28/2016	July	Hepatitis C genotypes 1-6	Specialty	$75K (wholesale) per 12-week regimen

EGWP
An EGWP, or Employer Group Waiver Plan, is a Medicare Part D prescription drug plan, which provides the standard Medicare Part D prescription drug coverage only to the Medicare-eligibility retirees and their covered dependents of the sponsoring employer.

PERMA is current researching the prospect of implementing an EGWP for the retiree prescription population to be offered through United Healthcare or Aetna in the future. This alternative financial arrangement will be evaluated to determine if any cost savings may be available to the Fund.

Program Manager said a competitive quote was received from Aetna and will be reviewed further at the November 16th meeting.

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.

<u>What is the Impact if 1557 Does Apply to Self Insured Plan?</u>
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 – Fund Treasurer said the bills list is included in the consent agenda.

October 2016 – Resolution 23-16

FUND YEAR 2016	**$386,818.45**
TOTAL MAY 2016	**$386,818.45**

ATTORNEY: No Report

QUALCARE: Report Distributed.

AETNA: Ms. Ward distributed the dashboard report. She noted that all performance guarantees were met except for claims accuracy, however that was not driven by any HIF claims.

DELTA DENTAL: No Report

CONSENT AGENDA:

Resolution 22-16 – Budget adoption
Resolution 23-16 – October Bills list

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Rieker
ROLL CALL VOTE:	6 Ayes, 0 Nays

EXPRESS SCRIPTS: Mr. Basile said the claims remain flat.

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MEETING ADJOURNED: 1:45 pm