

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
MAY 17, 2017
BRIELLE BOROUGH MUNICIPAL BUILDING
1:30 PM**

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

PLEDGE OF ALLEGIANCE

MEETING OF EXECUTIVE COMMITTEE CALLED TO ORDER

ROLL CALL OF 2017 EXECUTIVE COMMITTEE:

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
William Rieker	Township of Lakewood	Present
EXECUTIVE	COMMITTEE	
Joseph Gilsean	Township of Brick	Absent
Diane Lapp	Township of Manchester	Absent
Adam Hubeny	Borough of Atlantic Highlands	Present
Eugenia Poulos	Township of Red Bank	Present
Donato Nieman	Township of Montgomery	Absent
ALTERNATES:		
Brian Valentino	Western Monmouth MUA	Present
Brian Brach	MRRSA	Absent

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 Marybeth Visconti	Present Present
Attorney	Berry, Sahradnik, Kotzas & Benson	Matthew Thompson	Present
Treasurer		Stephen Mayer	Absent
Network & Medical Claims Service	Qualcare Inc.	Gary Epstein	Present
Network & Medical Claims Service	Aetna	Kim Ward	Present
Network & Medical Claims Service	AmeriHealth	Lisa Didio	Present
Dental Claims Service	Delta Dental	Amy Lehrer	Absent

Rx Administrator	Express Scripts	Jeff Basile	Present
Auditor	Holman Frenia & Allison	Rodney Haines	Present

OTHERS PRESENT:

Cindy Toye, Toms River MUA
 Dom Cinelli, Brown & Brown
 Jack Layne, South River
 John Casagrande, Danskin Agency
 Charles Casagrande, Danskin Agency
 Bill Coy, Interlaken
 Trina Lindsey, Township of Bedminster

CORRESPONDENCE: None

APPROVAL OF MINUTES: MAY 15, 2017 OPEN:

MOTION TO APPROVE OPEN MINUTES OF MAY 15, 2017:

MOTION: Commissioner Rieker
SECOND: Commissioner Poulos
VOTE: 5 Ayes, 0 Nays,

EXECUTIVE DIRECTOR’S REPORT

FAST TRACK FINANCIAL REPORT – as of March 31, 2017

Executive Director said the financial fast track shows the surplus for all years combined is almost \$22.5 million.

ADMINISTRATION

AUDITOR AND ACTUARY YEAR-END REPORTS

Final copies of the Audit were distributed at the meeting and Mr. Haines from Holman Frenia & Allison was present to review the report. Mr. Haines said there were no adjustments to the financials from the draft that was previously emailed. He said the opinion is unmodified and there are no exceptions or recommendations. He said the total net position for 2016 of \$23,924,685. He said this includes the investment in the MRHIF. He said the biggest part of the balance is in the closed years.

STATEMENT OF ACTUARIAL OPINION

Executive Directors said the Statement of Actuarial Opinion which certifies the IBNR is Included in the agenda. He said it includes the review of actuarial assumptions and actuarial methods used in determining the reserves. He said this will be filed to be filed with the Department of Banking and Insurance.

DIVIDEND DISCUSSION

Executive Director said the Finance Committee met prior to this meeting to discuss the dividend availability. He said the Fund is continuing to make money this year and feels comfortable releasing a larger than usual dividend. He had recommended \$3.5- \$7 million. Chair Nolan said the

committee is recommending a dividend of \$3.5 million which is almost double what was given last year.

NEW MEMBER – TUCKERTON BOE

Ms. Koval Tuckerton BOE entered the Fund on 4/1 and has some of the first enrollment in AmeriHealth. She said a resolution is included in the consent agenda approving their membership.

FINANCIAL DISCLOSURE STATEMENTS

Ms. Koval said the Financial Disclosure notice with filing instructions has been released to each Commissioner. She said the deadline to file has been extended to May 30, 2017. Fines will be issued for non compliance.

AETNA PERFORMANCE STANDARDS

Ms. Koval said Aetna has informed us that they did not meet the standards for financial accuracy of claims processing for 2016. The Fund will be eligible for a partial refund of up to 2% of fees paid in 2016 (\$11,100 for CJHIF). We are working with Aetna on the details of this adjustment and will report further at next month's meeting

MRHIF MEETING – May 11

Ms. Koval said the MRHIF met on Thursday May 11. She said the Annual Audit was presented and there were no comments. She said the Aetna Audit was approved and John Adler is currently working on the Express Scripts contract renewal. She said the Commissioners also agreed to a dividend release of about \$3.6 million.

PROGRAM MANAGER'S REPORT

AETNA NETWORK UPDATE

Program Manager said on April 17, 2017 Aetna announced that they successfully completed negotiations with Robert Wood Johnson Barnabas Health (RWJ/Barnabas). The new 2 year agreement was effective April 22, 2017 and resulted in RWJ/Barnabas' continued participation in Aetna's Northern New Jersey network. Retraction letters were sent on/about April 20th to those members who previously received notice that RWJ/Barnabas was pulling out of the Aetna network.

MERIDIAN/HACKENSACK BLOOD WORK

Program Manager said one of our members received a letter from their Meridian Primary Care Physician (PCP). The letter is stating that due to the Quest only arrangement of the health insurance plan, the member would be required to have their blood drawn at Quest and could no longer do so at their Meridian PCP, as of January 1, 2017. Both AETNA and QualCare have network relationships with Quest Diagnostics. We have engaged both AETNA and QualCare to work with their network teams to verify if this applies to the HIF, and to provide a potential disruption if necessary. We will work with the carriers to implement a response and or action plan. If you or any of your members receive a similar letter, please forward to our attention.

EXPRESS SCRIPTS FORMULARY UPDATE 7/1/2017

Program Manager said as of July 1, 2017 the new formulary guide will be implemented. He noted that 2 medications will be added to the non preferred list. Butrans (a narcotic analgesic) and Sumavel (anti-migraine therapy) will be excluded from the NPF because clinically comparable options are available at a lower cost. Member impact is expected to be minimal to the CJHIF. ESI generated a

report of members who filled scripts for both of these medications in the last year and there were only 2 CJ members identified. ESI will provide personalized notifications to the affected members with information on the preferred options and alternatives. Additionally, members who try to fill an excluded medication will receive a targeted alert for the rest of 2017.

RX PROGRAM UPDATE: SAVEONSP

Program Manager said the MRHIF agreed to participate in the SAVEON Specialty program. He said this is an ESI sponsored program with a third party vendor. He said 64 high cost specialty medications were identified. He said the copay is artificially raised to the level of the manufacturer discount, allowing the Fund to receive money from the manufacturer giving the member a zero dollar copay. He said about 40 members in the CJHIF including Lakewood are eligible and this would result in about \$200,000 in savings for the Fund. He said the potential negative impact is that membership is automatically enrolled and if they choose not to participate in the manufacturer discount the member would be responsible for the high copay. He said the Fund could provide an exception on the copay. He said there is no cost for the Fund to implement. In response to Commissioner Hubeny, Mr. Basile said he can provide a list to the Risk Managers of affected employees.

VISION RFP UPDATE

Program Manager said the MRHIF has authorized the PM to prepare and release an RFP for a separate vision plan vendor. He said they believe that having an alternate vision plan that is separate from medical plans will allow us to provide groups with the option of a one-stop shop for Medical, Rx and Vision and COBRA elections. We anticipate that having a standalone vision plan available will improve member experience with vision claim issues.

EPIPEN RECALL

Express Scripts informed us that the manufacturer (Meridian Technologies) issued a world-wide voluntary recall on March 30, 2017 of EpiPen Auto-Injector devices. The recall is only on devices from 13 specific production lots that were distributed between 12/17/2011 and 7/1/2016. Affected patients were notified by the manufacturer and given instructions for obtaining a free replacement for the defective devices. There is no financial impact to the Fund.

CSB GOOD RX TOOL

Included in the agenda was information for an online pharmacy selection tool provided by Conner Strong & Buckelew that is available to all CJHIF members. The tool enables members to search for pharmacies that offer the lowest price for specific medications. While your copay remains the same for each pharmacy, the cost to the plan can vary significantly among pharmacies. Lower plan costs result in savings for employers and ultimately for members.

PLAN DESIGN CONSIDERATIONS

With the progression of Chapter 78 and the increase on employee contributions, many employers are considering High Deductible Health Plans (HDHPs) with full or partially funded Health Savings Accounts (HSAs). When considering implementation of a program such as this it is important to keep in mind that employees cannot contribute to both a Health Savings Account (HSA) and a Flexible Spending Account (FSA) at the same time. As both carry tax advantages, the IRS does not allow a member to receive the double tax incentive. Chapter 78 requires that public sector entities at least offer their employees an FSA. If implementing a HDHP with an HSA, it is important to consider the timing of implementation and how many of your employees are enrolled an FSA.

CMS MEDICARE ADVANTAGE UPDATE

PERMA received notice from Aetna that the Centers for Medicare & Medicaid Services (CMS) has changed its requirement for the completion of Annual Health Risk Assessment (HRA) for Medicare Advantage (MA) members. An HRA is a member survey that gathers the most up-to-date health information about MA members. In the past, CMS required plan administrators to reach out only to newly enrolled MA members to complete an HRA. CMS recently changed this regulation and now requires plan administrators to request that *all members* complete an annual HRA. However, there is no penalty for members that do not complete an annual HRA.

To comply with the new requirement, Aetna has established the following member outreach protocol:

- Annual Healthy Home Visits are offered to members in most locations and are provided by either Nurse practitioners or physicians who visit members in their homes to assess these areas: health status, home safety, presence of chronic conditions and quality/screening gaps.
- A summary of actionable data is provided to the member's primary care physician (PCP).
- A referral of members for case management or specialized programs such as the Compassionate Care Program may be made.
- Members that are unable to be reached for home visits will get up to 3 outreach call attempts to complete a baseline HRA.

LEGISLATIVE UPDATE

- **American Healthcare Act** - On May 4th, 2017, the US House of Representatives voted to pass the American Healthcare Act ("AHC"); step 1 in replacing the Affordable Care Act ("ACA"). The bill will need to go to the US Senate where it will face further debate and likely alterations. The bill eliminates the "mandates" for individuals and employers and makes sweeping changes to programs like Medicaid and subsidies for low earners to buy individual coverage. The new bill leaves intact the Cadillac tax but it is further delayed until 2025. The employer tax exclusion for benefits is also maintained under the bill. Finally, it leaves intact the popular provision of requiring employers to cover dependent children until they reach the age of 26. Ultimately, the House and Senate will have to agree to a final bill that can then be sent to the President. The timing of the next steps is unclear although it is expected that the Senate will begin to debate the bill in the near term. We will continue to keep you apprised on this issue.
- **Expanded Fertility Mandate** - On Monday, May 1, 2017, Governor Christie signed a new bill into law that expands the mandates of insurance coverage of infertility procedures for the State Health Benefit Plan (SHBP) and the School Employees Health Benefit Plan (SEHPB). The expanded law mandates insurance coverage for any woman who is trying to conceive outside of a heterosexual relationship. The SCIC is a self-funded plan and not subject to the mandate. However, we will be exploring the ramifications of adopting the mandate and provide a recommendation to the Executive Committee.

COMPLIANCE UPDATES

NJ Opioid Law - As reported at the March meeting, New Jersey Governor Chris Christie signed legislation aimed at curbing the state's opioid addiction epidemic. The new law also mandates state-regulated health insurers, namely fully insured plans and plans run by the state (including the State

Health Benefits Program and the School Employees Health Benefits Program) to cover inpatient and outpatient treatment for opioid addiction. It is our recommendation that the CJHIF members adopt the mandate upon renewal on January 1, 2018.

SHBP FINANCIAL ANALYSIS

State Employees Health Benefit Plan recently released their annual plan audit. PERMA’s Executive Director performed an in-depth analysis of the financial report. The following is summary of our observations regarding the SHBP’s overall financial health:

- State subgroup deficit doubled
- Local subgroup continues to maintain a sizable surplus but its operations lost \$27.2M or 8.46%.
- This suggests that this year's rate action, +2.4%, may be insufficient.
- Local subgroup surplus provides working capital for the entire program
- Schools subgroup operated at a deficit of 2.5% but continues to maintain a slight surplus
- Subgroup surplus compared to 2 months of claims (given by State as retention objective):
 - a. State group in deficit = to over 1 month of claims
 - b. Local group surplus exceeds 2 months of claims
 - c. Education subgroup surplus is de minimis at 9 days of claims

BEDMINSTER WELLNESS GRANT HIGHLIGHT

Ms. Lyndsey said Bedminster received their wellness grant and the response from the members was very positive. She said the participants just completed a walking challenge through Tavi Health. She said the participants were very involved in the 6 week challenge.

MEMBER APPEAL

A member appeal has been filed with the CJHIF and will be discussed during the Executive Session of this meeting. Confidential appeal packets were provided to the Executive Committee with their agendas.

TREASURER – Chair Nolan reviewed the bills lists.

APRIL 2017 – Confirmation of Payment

FUND YEAR 2016	\$768.25
FUND YEAR 2017	\$358,820.02
TOTAL ALL FUND YEARS	\$359,588.27

MAY 2017 – Resolution 20-17

FUND YEAR 2017	\$391,957.08
TOTAL ALL FUND YEARS	\$391,957.08

ATTORNEY: None

QUALCARE: Mr. Epstein distributed the claims report. He said the highest claim reported for this period is \$138,000.

AETNA: Ms. Ward reviewed the claims for February and March. She said the increase in March is due to 22 high level claimants for the month. She said enhanced case management is used for any claim over \$50,000. She said the dashboard report shows strong in network discounts. She reviewed the performance guarantees and said the metric that was missed was for claims accuracy. She said the HIF claims are part of a pool of claims that are audited and the unit was missed on a global basis.

EXPRESS SCRIPTS: Mr. Basile said the Fund is at a 1.8% trend over last year. He said he is available for any questions regarding the SAVEON product.

AMERIHEALTH: Ms. Didio introduced herself and said AmeriHealth will start reporting on claims at the next meeting.

DELTA DENTAL: None

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Rieker
VOTE:	5 Ayes, 0 Nays

OLD BUSINESS: Commissioner Hubeny said he has continued to have issues with Qualcare and that he feels they need to pay more attention to their members. He said if things continue this way they will not have his support for reappointment. He said he has a responsibility to this Group and his Town and will request research into other TPA's. In response to Commissioner Hubeny, Chair Nolan said his town has not had the same issues.

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ENTER EXECUTIVE SESSION:

MOTION:	Commissioner Hubeny
SECOND:	Commissioner Valentino
VOTE:	Unanimous

MOTION UPHOLD AETNA'S DENIAL ON APPEAL 05-17-01 :

MOTION:	Commissioner
SECOND:	Commissioner
VOTE:	5 Ayes, 0 Nays

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner
SECOND:	Commissioner
VOTE:	Unanimous

MEETING ADJOURNED: 2:20 pm