

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
MAY 16, 2018
BRIELLE BOROUGH MUNICIPAL BUILDING
11:30 AM**

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 2018 EXECUTIVE COMMITTEE:

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
William Rieker	Township of Lakewood	Present
EXECUTIVE	COMMITTEE	
Joseph Gilsean	Township of Brick	Present
Diane Lapp	Township of Manchester	Absent
Adam Hubeny	Borough of Atlantic Highlands	Present
Eugenia Poulos	Borough of Red Bank	Present
Donato Nieman	Township of Montgomery	Present
ALTERNATES:		
Brian Valentino	Western Monmouth MUA	Present
Brian Brach	Manasquan River Regional SA	Present
Suzanne Veitengruber	Township of Shrewsbury	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	Present
Attorney	Berry, Sahradnik, Kotzas & Benson	Jack Sahradnik	Present
Treasurer		Stephen Mayer	Present
Network & Medical Claims Service	Qualcare Inc.	Gary Epstein	Present
Network & Medical Claims Service	AmeriHealth	Mike Murphy	Absent
Network & Medical Claims Service	Aetna	Joseph Rodrigues	Present

Dental Claims Service	Delta Dental	Amy Lehrer	Present
Rx Administrator	Express Scripts	Kyle Colalillo Ken Rostkowski	Present
Auditor	Holman & Frenia	Lauren Holman	Present

OTHERS PRESENT:

Trina Lindsey, Bedminster Township
Cindy Toye, TRMMA
Dom Cinelli, Brown & Brown

CORRESPONDENCE: None

APPROVAL OF MINUTES: MARCH 27, 2018 OPEN:

MOTION TO APPROVE OPEN MINUTES OF MARCH 27, 2018:

MOTION: Commissioner
SECOND: Commissioner
VOTE: Unanimous

EXECUTIVE DIRECTOR’S REPORT

FINANCIAL FAST TRACK – as of March 31, 2018

AUDITOR AND ACTUARY YEAR-END REPORTS

We expect to have a final 2017 Audit for the meeting, but it could still in a draft. If so, the finance committee will review with PERMA and the Auditors. We ask the Executive Committee to authorize the Finance Committee to conditionally approve for filing with the Department of Community Affairs. In July, the final report will be presented to the Executive Committee and ratification of the filing can take place.

MOTION: *Motion to authorize the Central Jersey Health Insurance Fund Finance Committee to review and approve filing of the 2017 Fund Year Audit.*

AETNA CLAIMS AUDIT CONCLUSION

We have previously reported that the MRHIF claims auditor, NIIS, completed its audit of Aetna. Aetna met or exceeded all procedural and financial accuracy requirements and is performing efficiently on behalf of the HIFs. The audit also produced recommendations that have resulted in operational and reporting changes:

1. Aetna will include data on claims processing turnaround time in their agenda reports. Aetna has also started reporting on turnaround time to PERMA monthly rather than quarterly.
2. Aetna was excluding certain physical therapy (PT) treatments from plan limit controls but will now assure that all PT services are included.

3. Aetna will collect coordination of benefits data once per lifetime for employees and on a rolling 12 month basis for dependents and claims will be pended until responses are received. This will impact only out of network claims.

BRICK - IRMA RESOLUTION

At the previous meeting, the Executive Committee approved a reimbursement to Brick for the Medicare surcharge for certain employees when transitioning to the EGWP plan. After meeting with Brick, they have decided not to reimburse the employees so this rate reduction will not be needed.

DIVIDEND

After the audit is accepted and filed with the State, we expect to present dividend options to the finance committee in early July for a recommendation at that month's meeting.

EXPRESS SCRIPTS OPIOID PROGRAM

We are recommending that all HIFs implement ESI's opioid program. This program seeks to reduce opioid abuse and addiction by limiting dosages, identifying and correcting drug seeking behavior, using prior authorizations, and encouraging safe disposal of unused opioids.

The annual cost of the program is \$9,554. However, from a budgeting standpoint, the net cost is \$3,040 because of overall reductions in the cost of ESI's utilization management program as a result of improved contract terms.

This is recommended as a safety and disease management program and does not come with a guaranteed return on investment. However, we also expect reduced spending on opioids and the costs attendant to the overuse of these drugs.

SENATE BILLS 1877/1878

The federal government has eliminated the individual mandate for the purchase of health insurance and has also reduced subsidies to the individual market. Senate Bill 1877 would re-impose the mandate for NJ residents and 1878 would create a subsidy program to support that market.

The subsidy was originally proposed in the form of a surcharge on both fully and self-insured plans and was to include HIFs. Working with the MRHIF lobbyist and the League of Municipalities, the legislation has been amended so that our plans will not be taxed. Instead, any needed subsidy is proposed to derive from the state treasury.

We will continue to monitor the progress of this legislation and will advise the Executive Committee and our members if additional concerns arise.

CENTRAL JERSEY REGIONAL EMPLOYEE BENEFITS FUND
FINANCIAL FAST TRACK REPORT
AS OF March 31, 2018

	<i>THIS MONTH</i>	<i>YTD CHANGE</i>	<i>PRIOR YEAR END</i>	<i>FUND BALANCE</i>
1. UNDERWRITING INCOME	3,334,277	9,989,793	613,738,167	623,727,959
2. CLAIM EXPENSES				
Paid Claims	2,340,316	6,228,153	516,447,650	522,675,803
IBNR	15,346	57,246	3,237,000	3,294,246
Less Specific Excess	(190,842)	(190,842)	(15,343,427)	(15,534,269)
Less Aggregate Excess	-	-	(1,000,000)	(1,000,000)
TOTAL CLAIMS	2,164,820	6,094,557	503,341,224	509,435,780
3. EXPENSES				
MA & HMO Premiums	213,884	641,157	9,420,923	10,062,080
Excess Premiums	138,798	425,632	29,615,993	30,041,625
Administrative	175,958	524,663	35,440,551	35,965,213
TOTAL EXPENSES	528,640	1,591,452	74,477,466	76,068,918
4. UNDERWRITING PROFIT (1-2-3)	640,817	2,303,784	35,919,477	38,223,261
5. INVESTMENT INCOME	22,384	39,558	2,927,951	2,967,509
6. DIVIDEND INCOME	0	0	4,762,663	4,762,663
7. STATUTORY PROFIT (4+5+6)	663,201	2,343,342	43,610,090	45,953,433
8. DIVIDEND	0	0	23,070,632	23,070,632
9. STATUTORY SURPLUS (7-8)	663,201	2,343,342	20,539,458	22,882,800

SURPLUS (DEFICITS) BY FUND YEAR

Closed	Surplus	15,932	27,248	10,011,831	10,039,079
	Cash	(146,894)	(1,948,067)	12,962,046	11,013,978
2016	Surplus	14,002	168,199	4,479,126	4,647,325
	Cash	3,899	120,216	4,426,344	4,546,560
2017	Surplus	(17,340)	667,295	4,150,312	4,817,607
	Cash	(212,329)	165,366	5,214,593	5,379,959
LAKEWOOD	Surplus	199,116	771,405	1,898,188	2,669,593
	Cash	(697,552)	(1,036,749)	2,371,007	1,334,258
2018	Surplus	451,491	709,195		709,195
	Cash	(495,051)	(1,254,607)		(1,254,607)
TOTAL SURPLUS (DEFICITS)	663,201	2,343,342	20,539,458	22,882,800	
TOTAL CASH	(1,547,926)	(3,953,842)	24,973,989	21,020,148	

CLAIM ANALYSIS BY FUND YEAR

TOTAL CLOSED YEAR CLAIMS	(4,970)	(7,823)	443,139,553	443,131,730
FUND YEAR 2016				
Paid Claims	(13,239)	(114,436)	19,571,911	19,457,475
IBNR	-	(50,000)	50,000	0
Less Specific Excess	3,136	3,136	(89,942)	(86,805)
Less Aggregate Excess	-	0	0	0
TOTAL FY 2016 CLAIMS	(10,103)	(161,300)	19,531,969	19,370,669
FUND YEAR 2017				
Paid Claims	216,119	952,463	17,832,910	18,785,372
IBNR	0	(1,417,404)	2,141,000	723,596
Less Specific Excess	(193,978)	(193,978)	(49,746)	(243,724)
Less Aggregate Excess	0	0	0	0
TOTAL FY 2017 CLAIMS	22,141	(658,919)	19,924,163	19,265,244
LAKEWOOD				
Paid Claims	699,409	1,916,078	20,316,105	22,232,183
IBNR	10,713	26,291	1,046,000	1,072,291
Less Specific Excess	0	0	(616,568)	(616,568)
Less Aggregate Excess	0	0	0	0
TOTAL LAKEWOOD 2018 CLAIMS	710,122	1,942,370	20,745,537	22,687,907
FUND YEAR 2018				
Paid Claims	1,442,997	3,481,870		3,481,870
IBNR	4,633	1,498,359		1,498,359
Less Specific Excess	0	0		0
Less Aggregate Excess	0	0		0
TOTAL FY 2018 CLAIMS	1,447,630	4,980,228		4,980,228
COMBINED TOTAL CLAIMS	2,164,820	6,094,557	503,341,222	509,435,779

This report is based upon information which has not been audited nor certified by an actuary and as such may not truly represent the condition of the fund.

PROGRAM MANAGER'S REPORT

ELIGIBILITY/ENROLLMENT

Please direct any eligibility, enrollment, or system related questions to our dedicated CJHIF enrollment team. The team can be reached by email at cjhifenrollments@permainc.com or by fax at 856-552-2175.

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 eligibility/enrollment team cjhifenrollments@permainc.com or by fax at 856-552-2175.

VITAL STATISTICS

The agenda distribution included the 2017 year end vital statistics for the CJHIF. The Program Manager and Aetna will be in attendance to review in greater depth.

CARRIER UPDATES

AETNA

Telemedicine - Included in the agenda is a first quarter detailed report on Aetna's Teladoc program in the CJHIF which was implemented on 1/1/2018. To date, 107 members have registered for the service and there were 32 patient consultations conducted.

EXPRESS SCRIPTS

Rite Aid - Walgreens Merger - *Vote Required*

As previously reported, an outcome of this merger is that certain Rite Aids are being converted to Walgreens. PERMA has been working with Express Scripts to identify the impact on the CJHIF and we have concluded that the impact to Fund member is significant. We are recommending that the CJHIF move to a larger pharmacy network effective 9/1/2018 which is the date that the converted Rite Aid pharmacies will no longer accept Express Scripts as in-network. The anticipated claim impact for moving to the larger network is +1.25% reduction in discounts and + \$0.30 per prescription for dispensing fee increase.

- Statistics:

- 14 Rite Aids in Ocean & Monmouth Counties have been purchased by Walgreens
- Close to 300 members enrolled in Express Scripts in the CJHIF would be disrupted
- Individual group disruption as high as 33% of population

FORMULARY UPDATE

ESI has informed us that the National Preferred Formulary Guide (NPF) is being updated effective 7/1/2018 the following 33 medications will be added to the list of excluded medications. An updated list of all excluded medications is included in the agenda.

NEW FORMULARY EXCLUSIONS		
ARIMIDEX	AVALIDE, AVAPRO	AVODART
CELEBREX	CELEXA	COREG
COSOPT	COZAAR, HYZAAR	CRESTOR
DETROL, DETROL LA	DIOVAN, DIOVAN HCT	EXFORGE, EXFORGE HCT
GLEEVEC	GLUCOPHAGE, GLUCOPHAGE XR	KEPPRA, KEPPRA XR
LAMICTAL, LAMICTAL ODT, LAMICTAL XR	LIPITOR	LOESTRIN, LOESTIN FE
LOTREL	MAXALT, MAXALT MLT	MEBOLIC*
MICARDIS, MICARDIS HCT	NEURONTIN	NORVASC
ORTHO TRI-CYCLEN, ORTHO TRI-CYCLEN LO	TOPAMAX	TRICOR
TRILEPTAL	XALATAN	XYZBAC*
ZOCOR	ZOMIG TABLETS, ZOMIG ZMT	ZYVIT*

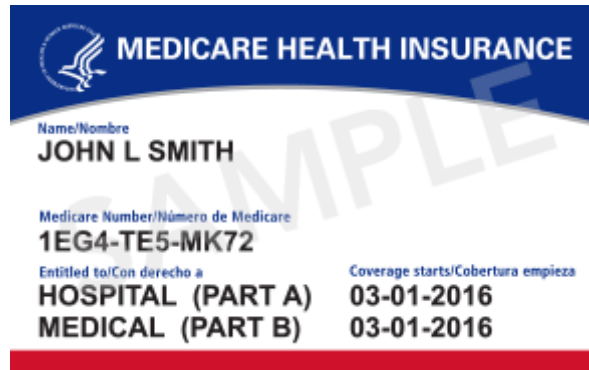
Member Impact:

- 99.83% of members will not see any changes to their drug coverage.
- Approximately 25 CJHIF members will be impacted by the formulary update.
 - o These individuals will be receiving a the notification letter that has been included in your packet roughly 30 days prior to implementation
- Of the 33 products being added to the exclusion list, 30 are multi-source brands, products with generic equivalents. The remaining 3 drugs are high-cost combination drugs with lower-cost generic or over-the-counter options.
- Impacted members will receive a customized letter (sample included with the agenda)
- Members who cannot tolerate the suggested alternative (or generic version) have the option of having their provider request a clinical exception with ESI.

INDUSTRY UPDATES

MEDICARE

The Centers for Medicare & Medicaid (CMS) has announced that they will be issuing new ID cards to all Medicare members. The new cards will feature a unique, randomly generated number known as *Member Beneficiary Identifier* or **MBI**. The MBI will replace social security numbers with the intent of reducing fraudulent use of social security information (see sample below). The new cards are being mailed to members over the next several months based on geographic areas. Providers will be able to continue using old ID numbers throughout 2018. This will have no impact on the HIF enrollees in the Medicare Advantage program.



IRS - NEW 2018 HSA CONTRIBUTION LIMIT REVERSED

The IRS recently reversed the reduction in the 2018 annual maximum family HSA contribution (which was originally announced earlier this year) from \$6,850 to back to \$6,900.

COMPLIANCE UPDATES

No updates.

ADMINISTRATIVE UPDATES

No updates.

APPEAL FOR CLOSED SESSION

There are two appeals for discussion in Executive Session. Detailed packets have been distributed to the Executive Committee.

TREASURER - The April and May 2018 List were included in the Agenda.

April 2018 - Confirmation of Payment

FUND YEAR CLOSED	\$1,812,424.00
FUND YEAR 2017	\$311.61
FUND YEAR 2018	\$745,331.85
TOTAL ALL FUND YEARS	\$2,558,067.46

May 2018 - Resolution -18

FUND YEAR CLOSED	\$160,517.69
FUND YEAR 2018	\$518,513.07
TOTAL ALL FUND YEARS	\$679,030.76

ATTORNEY: None

QUALCARE:

AETNA:

AMERIHEALTH: Report was distributed

EXPRESS SCRIPTS:

DELTA DENTAL: None

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

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

NEW BUSINESS: None

OLD BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner
SECOND:	Commissioner
VOTE:	Unanimous

MEETING ADJOURNED: 12:00 PM