

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
JULY 16, 2014
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 2014 EXECUTIVE COMMITTEE:

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
Adeline Schmidt	Township of Shrewsbury	Present
EXECUTIVE	COMMITTEE	
Richard Bethea	Borough of Ship Bottom	Absent
Jerome Cevetello	Manasquan River RSA	Present
William Rieker	Township of Lakewood	Present
Joseph Gilsenan	Township of Brick	Present
Diane Lapp	Township of Manchester	Present
ALTERNATES:		
Adam Hubeny	Borough of Atlantic Highlands	Absent
Jane Gillespie	Borough of Spring Lake	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval	Present Present
Program Manager	Conner Strong & Buckelew	Brandon Lodics Jozsef Pfeiffer	Present Present
Attorney	Berry, Sahradnik, Kotzas & Benson	Jack Sahradnik	Present
Treasurer		Stephen Mayer	Present
Network & Medical Claims Service	Qualcare Inc.	Sharon Seitzman Jerry Eisenberg Gary Epstein	Absent Present Present
Network & Medical Claims Service	Aetna	Kim Ward	Present

Dental Claims Service	Delta Dental	Christa O'Donnell	Present
Rx Administrator	Express Scripts	Susan Wolf Paul Grew	Absent Present
Auditor	Holman & Frenia	Rodney Haines	Absent

OTHERS PRESENT:

Susan Smith, Montgomery Twp
Diane Peterson, Conner Strong & Buckelew
Eva Biviano, Red Bank
Eugenia Poulos, Red Bank

CORRESPONDENCE: Executive Director distributed a letter from Assemblyman Dancer, also the administrator for Plumsted which stated concerns about the mandatory electronic enrollment, particularly for small towns that have little changes and little staff. Executive Director suggested that the Fund grant a 30 day extension to allow for an onsite training option and approve a dedicated representative to assist in changes.

Commissioner Schmidt said she agreed that the electronic enrollment feature should not be mandatory for smaller entities. Executive Director said the Fund is making a large investment on this enrollment system and it should be utilized to the fullest.

Commissioner Cevetello suggested that a letter be sent back to the member stating that the online enrollment will remain mandatory and provide the contact information of a dedicated service representative to assist and review changes for accuracy.

APPROVAL OF MINUTES: MAY 21, 2014 OPEN:

MOTION TO APPROVE OPEN MINUTES OF MAY 21, 2014:

MOTION:	Commissioner Cevetello
SECOND:	Commissioner Lapp
VOTE:	Unanimous

EXECUTIVE DIRECTOR:

PRO FORMA REPORTS

- **Fast Track Financial Report** – as of April 30, 2014
- **Cash Flow Report** – as of April 2014

Executive Director said the Financial Fast Track shows a \$1.4 million surplus for 2014. The dividend received by the MRHIF and the dividend released were about even. He said he feels the Fund is beginning to stabilize after a few touch renewals.

ADMINISTRATION

MARKETING ACTIVITY - We request an executive session to discuss a possible contractual change impacting HIF marketing activity.

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The MRHIF met on June 11, 2014. Commissioner Schmidt's report is included in the agenda. Holman and Frenia presented a clean Annual Audit ending December 31, 2013 and was unanimously approved by the committee. In addition, the Executive Committee approved a dividend in the amount of \$3,658,333. Allocation of these funds by local member is included in the MRHIF report. This dividend is less conservative than prior years in hopes to assist the local Funds' financial positions.

Lastly, the MRHIF Committee had a lengthy discussion on the Pharmacy Benefit Manager contract renewal which expires March 2015. The final decision is to begin the process of writing a Request for Qualifications with the assistance of APC, an independent consultant. During this time, PERMA will continue negotiations with Express Scripts in an attempt to further decrease their renewal by more than their proposed 1.5% reduction and address service and transparency issues. These negotiation discussions will cease on July 11 and the RFQ will be released to all bidders. We expect to have a report of all findings at the September MRHIF meeting.

MRHIF RENEWAL - Attached for your consideration is Resolution 17-14 authorizing the Fund's membership renewal in the Municipal Reinsurance Health Insurance Fund for a three year period effective January 1, 2014

MOTION TO APPROVE RESOLUTION 17-14 RENEWING THE FUND'S MEMBERSHIP IN THE MUNICIPAL REINSURANCE HEALTH INSURANCE FUND

MOTION:	Commissioner Schmidt
SECOND:	Commissioner Lapp
VOTE:	Unanimous

REGULATORY

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** – as of May 12, 2014

BENEFITS OPERATIONS

PRIOR AUTHORIZATION – APPELLATE COURT DECISION - The MRHIF Fund Attorney has included a memorandum to all members regarding a recent Appellate Division decision from City of Union City v. City of Union City PBA Local 8 & 8A which concluded that pre-authorization of certain prescription drugs is not a change in benefit under contract terms. Mr. Lodics said this sets a precedent for the Fund.

ONLINE ENROLLMENT SYSTEM TRAINING - The effective date of the full transition to the online enrollment system, Benefits Express, is 8/1/2014. After this date, the PERMA enrollment team will no longer be accepting paper enrollment forms via USPS, email or facsimile. To make this transition smoother for each entity, Karen Kidd, enrollment and eligibility manager of PERMA, will be hosting several interactive webinars in July, which your benefit administrators and enrollment representatives can join to better learn the system and ask any questions they may have.

Below is the schedule of these webinars, please share this information with the designated enrollment officer of your group. Please ask that they look out for invitations to these webinars to be sent by Karen Kidd directly. If there is a particular representative that will be operating this function for your group that we may not be aware of, please let us know and we will make sure they are included on the invites.

ON LINE ENROLLMENT SYSTEM TRAINING SCHEDULE

DATE	TIME	FUND
Thursday, July 17th	11:00 – 12:00	CJHIF
Thursday, July 24th	11:00 – 12:00	CJHIF
Tuesday, July 29th	2:00 – 3:00	CJHIF

CJHIF DEPENDENT AND COORDINATION OF BENEFITS (COB) AUDIT - PERMA would like to remind you that Dependent/COB Audits are still available by request.

If you are interested in scheduling a dependent/COB audit, please reach out to Brandon Lodics (blodics@permainc.com) or Dawn Brown, (dmbrown@permainc.com).

EXPRESS SCRIPTS COMPOUND MANAGEMENT PROGRAM - Compounding is a practice in which FDA approved medications are combined/mixed or altered to create a medication tailored to the needs of an individual as prescribed by a physician. Commonly approved compound medications include pediatric formulations and hormone therapies.

Certain compounds have yet to be clinically proven as effective for the diagnosis that they have been prescribed including compounds for pain management. Industry professionals would

consider these medications to be “experimental and investigational”, as there is no support or evidence for the prescribing of these compounded medications.

In 2013, the CNJHIF spent roughly, \$180,000 on compound medication claims. As of July 15, 2014 Express Scripts is beginning a new claims management campaign, in which experimental and investigational compounds will be more tightly and properly managed. Experimental and investigational services are standard exclusions from benefit plans.

An Express Scripts representative will be attending the CJHIF Meeting to answer any questions you may have.

URGENT CARE FACILITY COPAY REDUCTION - As a follow up to last month’s meeting, we have prepared a communication piece we would like to distribute to the members informing them of the urgent care copay reduction. Please let us know if you have any recommendations or if the attached flyer is ready for distribution.

OUT OF NETWORK SPENDING - Historically, out of network spending in the CNJHIF accounts for approximately 30% of paid claims. However, such claims constitute only 10% of the Fund’s claim count. PERMA would like to have an open discussion with the Executive Committee and Plan Sponsors on possible solutions to reduce this utilization. We have seen positive results on the cost of claims with the reduction of the fee schedule. Next steps to consider would be reducing the utilization of out of network facilities.

Mr. Lodics said a campaign to encourage in network utilization is a good option. Ms. Ward said that the biggest impact is coming from out of network surgeons that are referring patients to their surgicenters. Members are not questioning the doctors. Mr. Lodics said he will bring member to communication to the next meeting to review.

PPACA - CADILLAC EXCISE TAX (TAX FOR HIGH-COST PLANS) - For taxable years beginning in 2018, the Affordable Care Act is imposing a 40 percent excise tax on high-cost group health coverage. Self-Funded plans will be responsible for paying this tax. In 2018, the thresholds are \$10,200 for single coverage and \$27,500 for family coverage. In the case of retirees over age 55 and individuals employed in high-risk professions, these thresholds are increased to \$11,850 for single coverage and \$30,950 for individuals and families. The dollar amount over the threshold is what will be taxed at a 40 percent rate. The threshold amount includes both Medical and Rx premiums. Sources estimate that New York City will pay more than a half-billion dollars in Cadillac taxes in 2022. The Cadillac Tax is currently scheduled to be a permanent tax.

PPACA - PATIENT-CENTERED OUTCOMES RESEARCH (PCOR) FEE - The PCOR fee was incorporated into the CNJHIF budget under line item (41) Affordable Care Act Taxes. This fee is being handled by the Fund and is due no later than July 31, 2014. This fee has been imposed on insurers of “specified health insurance policies” and plan sponsors of self-insured health plans by federal health reform; this fee supports clinical effectiveness research. The fee is

\$1 per covered life for plans ending on or after October 1, 2012 and before October 1, 2013, and \$2 for plans ending on or after October 1, 2013 and before October 1, 2014. The fee for plan years ending after October 1, 2014 will be indexed for inflation. The PCOR fee is scheduled to phase out after September 30, 2019.

PRO FORMA REPORTS

CLAIM APPEALS

- There are 0 claim appeals that need to be determined at this meeting.

TREASURER: Fund Treasurer reviewed his report.

Bills lists:

JUNE 2014 – Confirmation of Payment

FUND YEAR 2014	\$422,252.01
TOTAL ALL FUND YEARS	\$422,252.01

JUNE 2014 – DIVIDEND PAYMENTS

FUND YEAR 2014	\$732,130.82
TOTAL ALL FUND YEARS	\$732,130.82

JULY 2014 – Resolution 18-14

FUND YEAR 2014	\$367,926.99
TOTAL ALL FUND YEARS	\$367,926.99

MOTION TO ADOPT RESOLUTION 18-14 TO PAY JULY 2014 BILLS LIST

MOTION: Commissioner Schmidt
SECOND: Commissioner Cevetello
VOTE: 6 Ayes, 0 Nays

MOTION TO APPROVE BALANCE OF TREASURER’S REPORTS AS SUBMITTED:

MOTION: Commissioner Lapp
SECOND: Commissioner Cevetello

ATTORNEY: No report

QUALCARE: The Qualcare payment and high dollar report was distributed and reviewed by Mr. Epstein. He said a high claimant that totaled \$6.6 million in 2013 has been discharged. Commissioner Lapp said she has an employee with a medical condition but said Qualcare has been handling the claims very well.

AETNA: Ms. Ward reviewed the April and May claim payments and high claimants.

EXPRESS SCRIPTS: Mr. Grew reviewed the compound management that Express Scripts implemented on July 15. He explained that pharmacies can take particular ingredients of a drug and combine to make a different drug. Some pharmacies are making these not within the rules of the FDA and selling at an escalated cost.

In response to Commissioner Schmidt, Mr. Grew said that these pharmacies are not the large chains, mostly mail order. Executive Director said there is no direct exclusion, so the prescriptions are being filled. We are asking for this exclusion now.

In addition, Mr. Grew explained that a curative drug for Hepatitis C has been discovered but will cost the Fund \$84,000 per year, per prescription. He predicts a 10% trend for the impact of this drug initially, then the cost should drop off and the medical will not see as many claims for this condition.

DELTA DENTAL: Ms. O'Donnell introduced herself as the new servicer on the account. She said there are 4 groups that joined the new cost savings programs.

NEW BUSINESS: Ms. Poulos requested assistance with the contract negotiations to include the Cadillac tax impact. Mr. Lodics will send her information to help include language in upcoming contracts.

OLD BUSINESS:None.

PUBLIC COMMENT: None

MOTION TO ENTER EXECUTIVE SESSION:

MOTION:	Commissioner Cevetello
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MOTION TO AUTHORIZE PERMA AND FUND ATTORNEY TO DEVELOP MARKETING CONTRACT WITH BROWN AND BROWN AND CHANGE THE SEPTEMBER MEETING TO SEPTEMBER 10, 2014

MOTION: Commissioner Lapp
SECOND: Commissioner Cevetello
VOTE: Unanimous

MOTION TO ADJOURN MEETING:

MOTION: Commissioner Lapp
SECOND: Commissioner Gilsenan
VOTE: Unanimous

MEETING ADJOURNED: 2:35 PM