

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
MARCH 19, 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 2013 EXECUTIVE COMMITTEE:

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
Adeline Schmidt	Township of Shrewsbury	Present
EXECUTIVE	COMMITTEE	
Richard Bethea	Borough of Ship Bottom	Present
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	Present
Jane Gillespie	Borough of Spring Lake	Absent

APPOINTED OFFICIALS PRESENT:

OTHERS PRESENT:

Peter Gorbatuck, Borough of Englishtown
Joseph Linker, Conner Strong & Buckelew
Eva Biviano, Red Bank
Diane Peterson, Conner Strong & Buckelew
Cindy Lisa, Danskin
Dominic Cinelli, Brown and Brown

CORRESPONDENCE: None

APPROVAL OF MINUTES: JANUARY 15, 2014 OPEN:

MOTION TO APPROVE OPEN MINUTES OF JANUARY 15, 2014:

MOTION:
SECOND:
VOTE:

Commissioner Bethea
Commissioner Schmidt
Unanimous

EXECUTIVE DIRECTOR:

PRO FORMA REPORTS

- **Fast Track Financial Report** – as of January 31, 2014
- **Cash Flow Report** – as of January 2014

JANUARY FINANCIAL FAST TRACK REPORT - This month's FFT reflect a loss for the month of \$505,000. This loss reflects:

- An increase in IBNR resulting from the application of standard formulas to higher assessments for the month.
- One notable large claim for \$218,000 (Qualcare).
- Another large claim of \$180,000 (Qualcare) that will be reversed in February or March.

We are obtaining further information on this claims increase and may have additional information at the meeting.

Executive Director said there is a 8.2 mill surplus with a loss of \$500k for January. Next month there will be a change in IBNR, which is a bookkeeping entry that needs to be ratified and a large claim that will be reversed. This month did also include an ongoing large claim in the Qualcare network.

2011 SUPPLEMENTAL ASSESSMENT - As introduced at the last meeting, after applying the MRHIF dividend to the 2011 and 2012 years, several former members and one current member have negative balances in the closed year account due to the deficit in the Fund's 2011 year.

Spotswood BOE	(23,476.18)
Holmdel	(39,548.87)
Green Brook TWP BOE	(35,211.27)
Montgomery Twp	(42,847.63)
Total	(141,083.95)

As part of the 2014 financial plan, the Fund should declare a supplemental assessment for 2011 to eliminate the deficit and to provide a formal basis for collecting this money under the terms of the indemnity and trust agreements. Notices have been sent to all members, including the terminated members with outstanding balances.

MOTION TO OPEN THE PUBLIC HEARING ON THE SUPPLEMENTAL ASSESSMENTS RESOLUTION

MOTION: Commissioner Cevetello
SECOND: Commissioner Rieker
VOTE: Unanimous

In response to Commissioner Gorbatuk, Executive Director said the delay of presenting this supplemental assessment was due to waiting on post Fund Years to close out. This allowed the small surplus from Fund Year 2012 to subsidize this assessment, but because 2013 also had a significant deficit, it would seem prudent to enforce an assessment to collect the funds back to 2011. All members were assessed, but the members that did not carry enough within their owned closed year account, will be billed.

MOTION TO CLOSE THE PUBLIC HEARING

MOTION: Commissioner Bethea
SECOND: Commissioner Gilsenan
VOTE: Unanimous

MOTION TO RATIFY RESOLUTION 13-14 TO ESTABLISH SUPPLEMENTAL ASSESSMENTS FOR THE 2011 FUND YEAR.

MOTION: Commissioner Schmidt
SECOND: Commissioner Rieker
VOTE: Unanimous

LAKWOOD DIVIDEND PETITION

Lakewood has petitioned the Fund to consider a dividend from the closed year account. Lakewood had a higher than average increase this year and is taking steps to take full advantage of the Medicare Advantage program. We are below our targeted surplus retention target of 2.5 months of claims. However, a dividend could be considered if the Fund reduces its retention target to 2 months of claims:

Dividend Availability Review	Fund Standard		Alternative
	2.5 Months of Claims as Surplus		2 Months of Claims
Surplus as of 12/31/2013 Less Shares of Prior Members	\$	6,664,852	\$ 6,664,852
Surplus Objective	\$	7,368,958	\$ 5,895,167
Available For Dividends	\$	(704,107)	\$ 769,685

The Finance Committee will be meeting prior to the Executive Committee meeting to develop a recommendation on this petition. The Fund actuary, John Vataha, feels that the 2 month

standard is acceptable from his standpoint, although it reduces reserves that would otherwise be available for adverse claims development.

ADMINISTRATION

WELLNESS

A Wellness Committee meeting needs to be determined to discuss the Wellness Grant Program and some preventative programs through Delta Dental. Commissioner C. Lapp is no longer in an entity in the Fund, so we are looking for one more volunteer to join Commissioner D. Lapp and Gilsenan on this committee.

REGULATORY

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** – as of November 6, 2013 (*page 8*)

LEGISLATIVE UPDATE

MRHIF lobbyist is still trying to get meeting with Pallone regarding Affordable Care Act impacts.

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND (*page 13*)

The Municipal Reinsurance Health Insurance Fund held its annual reorganization meeting on February 5, 2014 at 2 pm at the Saddle River Borough Hall. The Commissioners adopted the 2014 professional fees, as adopted in the budget, along with the 2014 Risk Management Plan and Cash Management Plan. The Commissioners also discussed recent legislation regarding the use of dividend money in the wake of Chapter 78. Commissioner Schmidt's report is included.

BENEFITS OPERATIONS

ONLINE ENROLLMENT SYSTEM TRAINING

In early May, PERMA will be holding an onsite training session on Benefit Express, the CJHIF online enrollment system. Once all of the details are finalized, your HR representatives will receive save the dates, followed by invitations. We ask that all who plan on attending, RSVP, as lunch will be served.

CJHIF DEPENDENT AND COORDINATION OF BENEFITS (COB) AUDIT (*page 15*)

PERMA would like to offer each group the opportunity to conduct a Fund sponsored Dependent/COB Audit for medical and prescription benefits. On a first come, first serve basis, PERMA work in cooperation with the entity, to verify that coverage is being provided and claims are paid, only for dependents who meet the eligibility rules under the plan as well as the primary plan paying first. The audit benefits Fund Members and its employees by assuring the financial resources are spent appropriately.

Once the audit process is underway, employees will receive an affidavit that includes the definition of an eligible dependent and it will list all dependents currently covered under their plan. They will be asked to review and certify that each dependent currently enrolled meets the definition of an eligible dependent and will need to identify if anyone on their plan has other insurance.

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

EXPRESS SCRIPTS FORMULARY UPDATE

Go live date for the 2014 Formulary Enhancement is April 1, 2014. The Express Scripts letter campaign consists of 2 mailings. First mailing identified those members who had utilized any of the prescriptions that may have been affected by the Formulary, between July and November of 2013. These began mailing in December 2013. The second mailing began on 3/3/2014. This mailing consists of a “reminder,” letter to those employees, based on current utilization are still filling the prescriptions referenced in the first mailing (doing so without a clinical override).

PPACA UPDATE FEBRUARY 10, 2014

Impact on Small Businesses: The government announced that the law will now exempt companies employing between **50 and 100 full-time workers** from complying with the mandate to offer employees affordable health insurance by another year; now until 2016. The mandate was to take effect in 2014 but last summer was delayed to 2015. In their announcement, government officials said that any business claiming they are eligible for the new one-year delay because they have fewer than 100 workers must certify, under penalty of perjury, that they did not reduce their workforce merely to qualify for the exemption.

The one year delay for smaller companies (50-100 workers) to comply with the mandate and the reduction from 95% to 70% of the workforce having to be covered in 2015 for larger companies (100 and above) represents the latest in a series of continued updates, changes and delays with the roll out of the PPACA.

Impact on Large Businesses: Companies that have **100 or more full-time workers**, defined as employees who work more than 30 hours per week, will still have to begin complying with the mandate to offer such coverage in 2015 or face financial penalties. However, the Treasury Department announced today that larger companies, those with 100 or more full time workers, will only have to offer affordable insurance coverage to 70% of their full-time workers in 2015 to comply with the law or face penalties. This is down from a requirement to cover 95% of their workforce come 2015 as originally proposed by regulations. Larger employers with 100 or more full time employees must increase that offer to 95% of workers by 2016 under the final rule announced Monday

PRO FORMA REPORTS

- **Client Activity Report** - none
- **Claim Appeals** – 3 Appeals

TREASURER: Fund Treasurer was absent; Executive Director read the report that was included in the agenda.

Bills lists:

February 2014 – Confirmation of Payment

FUND YEAR 2013	\$37.52
FUND YEAR 2014	305,500.51
TOTAL ALL FUND YEARS	\$305,538.03

MARCH 2014 – Resolution 15-14

FUND YEAR 2013	\$74.65
FUND YEAR 2014	\$292,098.81
TOTAL ALL FUND YEARS	\$292,173.46

MOTION TO ADOPT RESOLUTION 15-14 TO PAY MARCH 2014 BILLS LIST AND TO APPROVE BALANCE OF TREASURER’S REPORTS AS SUBMITTED:

MOTION: Commissioner Schmidt
SECOND: Commissioner Lapp
VOTE: 8 Ayes, 0 Nays

ATTORNEY:

No report

QUALCARE: The Qualcare payment report was distributed and reviewed by Mr. Epstein showing total charges of \$32 million for 2013.

AETNA: Ms. Ward reviewed November and December claim payments which were lower than prior months in 2013. The Fund received the broker bonus in the amount of \$3,815. IN addition, the enhanced case management program is doing very well and she expects to have some success stories for the next meeting.

EXPRESS SCRIPTS:

No report

DELTA DENTAL:

NO report

NEW BUSINESS:

None

OLD BUSINESS:

None.

PUBLIC COMMENT:

None

MOTION TO ENTER EXECUTIVE SESSION:

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Lapp
VOTE:	Unanimous

MOTION TO AUTHORIZE PROGRAM MANAGER TO RESPOND TO CLAIM 12-13-02 USING THE RECOMMENDATION OF THE INDEPENDENT CLAIM REVIEWER AND RATIFY AT THE NEXT MEETING.

MOTION:	Commissioner Lapp
SECOND:	Commissioner Schmidt
VOTE:	Unanimous

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Bethea
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MEETING ADJOURNED: 1:50 PM