

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: JUNE 26, 2014
WESTWOOD BOROUGH HALL
12:00 P.M.**

Meeting called to order by Acting Chair Peter VanWinkle The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2014 EXECUTIVE COMMITTEE:

Chairperson		
OPEN	Borough of Saddle River	
Secretary		
Peter Van Winkle	Borough of Rutherford	Present
Executive Committee	Members	
Robert Hoffmann	Borough of Westwood	Present
Maureen Iarossi-Alwan	Borough of Montvale	Absent
Hugo Poli	Village of Ridgefield Park	Absent
Victor Baginski	Borough of Wallington	Absent
Richard Kunze	Borough of Oakland	Present
Alternates		
Gregory Hart	Borough of Franklin Lakes	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval
Attorney	Huntington Bailey, LLP	Russell Huntington
Treasurer	Joseph Iannaconi	
Third Party Administrator	Aetna	
Dental Claims Administrator	Delta Dental of NJ, Inc.	Kim White
Auditor	Lerch, Vinci & Higgins	
Actuary	John Vataha	
Independent Consultant	LaMendola Associates	
Benefits Consultant	Conner Strong	Brandon Lodics
RX Administrator	Express Scripts	

OTHERS PRESENT:

Frank Covelli, PIA
 Deb Ginetto, RMC
 Matt McArow, Otterstedt
 Dave Vozza, Vozza Agency
 Charles Cuccia, Borough of Little Falls

CORRESPONDENCE – None

APPROVAL OF MINUTES: April 24, 2014

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF APRIL 24, 2014:

MOTION:	Commissioner Kunze
SECOND:	Commissioner Hart
ROLL CALL VOTE:	3 Ayes, 0 Nays, 1 Abstain (Commissioner Hoffmann Abstained)

Acting Chair Van Winkle thanked Mr. Cuccia and presented him with a plaque for his service as Chairman to the Bergen HIF for many years. He said he did not believe the Fund would still be in existence if it weren't for him, particularly in the initial start up of the Fund. He is leaving the Fund in the best financial state it has been in since inception. Mr. Cuccia thanked the members and said the HIF shows the difference that government officials can make. Commissioner Hoffmann thanked Mr. Cuccia for taking the time to educate new members.

ELECTION OF OFFICERS - In the resignation of Chairman Cuccia effective May 1, the Fund needs to elect a new chairman and secretary.

In addition, Commissioner Iarossi-Alwan has resigned as Fund Commissioner for the Borough of Montvale.

Acting Chair vacated the seat and handed the meeting to Executive Director. Executive Director said that when a Chairperson leaves, the Secretary typically moves into the position. In which case, along with the vacated Executive Committee seat from Montvale, a Secretary and Executive Committee seat are open. He said Commissioner Gambutti from South Hackensack said she will accept an Executive Committee Alternate position.

Commissioner Hoffmann nominated Commissioner Van Winkle as Chairman, Commissioner Hart as Executive Committee and Commissioner Gambutti as alternate Fund Commissioner. Commissioner Kunze second the motion.

Commissioner Hart amended the nomination to include Commissioner Hoffmann as Secretary, in addition to nominations already passed. Commissioner Kunze second the motion. Vote was unanimous. Fund Attorney said Committee may vote for themselves in a matter of necessity

FINANCES

PRO FORMA REPORTS

- Fast Track Financial Reports – as of April 2014
 - Historical Income Statement
 - Cash Flow Tracking Reports

Executive Director reviewed the Financial Fast Track which had a deficit for the month of April, but said that his preliminary findings showed a small surplus gain for the month of May, due to dividend from the MRHIF.

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The MRHIF met on June 11, 2014. Commissioner Van Winkle'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.

Chairman Van Winkle said he is hopeful that a meeting with Senator Sarlo will be set up in the near future.

FUTURE ORGANIZATIONAL OPTIONS – Executive Director said that nothing specific has occurred, but has had a conversation with a few CJHIF Executive Committee members who are open to combining Funds. Currently, BMED is financially healthy so there is no emergent need. Mr. Covelli said he is marketing East Rutherford and Mahwah and speaking with Ramsey. In addition, the Passaic Valley Water Commission has submitted an application.

MRHIF RENEWAL - Attached for your consideration is Resolution 20-14 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 20-14 RENEWING THE FUND'S MEMBERSHIP IN THE MUNICIPAL REINSURANCE HEALTH INSURANCE FUND

MOTION:	Commissioner Kunze
SECOND:	Commissioner Hart
ROLL CALL VOTE:	4 Ayes, 0 Nays

BENEFITS OPERATIONS

ENROLLMENTS - All enrollment and billing questions should be directed to our dedicated enrollment team. The BMED enrollment team may be contacted via email at bmedenrollments@permainc.com or by facsimile at 856-685-2257.

URGENT CARE FACILITY COPAY REDUCTION 10/1/2014 - With the rising cost of emergent healthcare, it is the recommendation of PERMA to reduce the copay for Urgent Care Clinics to that of a specialist (majority of our plans follow the ER copay). Most urgent care clinics are open seven days a week with no appointments required and can often be a more convenient option for common ailments that members may visit the ER. Costs for a visit to an urgent care clinic are typically one fifth of a comparable emergency room visit, which could significantly reduce claims expense. Attached in your agenda is suggested flyer to be distributed by PERMA to all groups with medical coverage.

Urgent Care Clinics are also located conveniently throughout the BMED membership area. Below is a listing of AETNA participating Urgent Care Facilities in Bergen County:

AETNA QPOS/Choice POS (OA)/HMO NETWORK

<p><i>Provider ID: 9301984</i> AM PM Urgent Care Clinic <i>Urgent Care Center</i> 19 South Washington Avenue Bergenfield, NJ 07621 (201) 387-0177</p>	<p><i>Provider ID: 4186551</i> ER Express Urgent Care Center <i>Urgent Care Center</i> 2419 Broadway Fair Lawn, NJ 07410 (201) 475-4000</p>	<p><i>Provider ID: 9966914</i> MedExpress Urgent Care-New Jersey, Inc. <i>Urgent Care Center</i> 184 Essex Street Space F1 Lodi, NJ 07644 (201) 843-3207</p>
<p><i>Provider ID: 7045888</i> Concentra Health Services, Inc. <i>Urgent Care Center</i> 150 North Street Teterboro, NJ 07608 (201) 393-9199</p>	<p><i>Provider ID: 9095327</i> Excel Urgent Care of Paramus, L.L.C. <i>Urgent Care Center</i> 110 East Ridgewood Avenue Paramus, NJ 07652 (201) 265-9500</p>	<p><i>Provider ID: 5529788</i> Prompt Med Urgent Care <i>Urgent Care Center</i> 185 Bridge Plaza North Suite 10 Fort Lee, NJ 07024 (201) 947-8282</p>
		<p><i>Provider ID: 7070342</i> The Doctor's Inn Medical Center <i>Urgent Care Center</i> 171 Lake Street Ramsey, NJ 07446 (201) 785-0011</p>

Commissioner Kunze asked for a list of facilities in Passiac and Morris counties, as well.

MOTION TO TABLE DISCUSSION TO REDUCE COPAY FOR URGENT CARE FACILITIES.

MOTION:	Commissioner Gambutti
SECOND:	Commissioner Hart
ROLL CALL VOTE:	Unanimous

LUNCH AND LEARN – ONLINE ENROLLMENT TRAINING SESSION - The Executive Committee of the BMED voted and approved mandatory use of the Online Enrollment system for all members of the Funds. PERMA and Benefit Express hosted a lunch and learn session to train and educate all Fund Benefit Coordinators on the enrollment system. The training was held at the Woodbridge Hilton on Thursday, May 8th from 12:00-2:30 pm.

We would like to express our sincere thanks to all benefits professionals who attended this training. For those who were unable to attend, PERMA will make additional trainings by Web Ex available as the online enrollment system will become mandatory as of August 1, 2014. Invites for the Web Ex sessions will be coming from Karen Kidd at PERMA.

Benefit Express, the Fund's online enrollment system, offers a variety of benefits. The system will help Benefit Coordinators become more organized and efficient by eliminating sending in paper applications, having the ability to view employee's benefit information, helping to eliminate making unnecessary phone calls and overall, save time. The online enrollment system also offers reporting features that can help you with every day needs.

PPACA UPDATES

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.

Source: New York Times August 2013, Forbes Magazine August 2013

PATIENT-CENTERED OUTCOMES RESEARCH (PCOR) FEE

The PCOR fee was incorporated into the SNJREBF 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.

Source: Conner Strong & Buckelew Legislative Update June 2014

INDUSTRY NEWS

NEW HEPATITIS C MEDICATION SOVALDI MAY CURE 90% OF SUFFERERS BUT IT COSTS \$84,000 PER PATIENT

This new medication poses great promise for the more than 3.2 million Americans that suffer from the disease. Since this new medication hit the market at the start of the year, it is believed that 30,000 Hepatitis C patients have begun to take the medication. The manufacturer, Gilead Sciences, Inc. forecasts that sales will hit a record-breaking \$2.3 billion within a few months. The treatment requires 84 pills be taken over 12 weeks at a cost of about \$1,000 per pill. While the medication poses substantial opportunities to eradicate the condition, its price tag can have a debilitating impact on employer and plan sponsor benefit plan costs. By law, insurers and health plans cannot simply deny access to new drugs if they represent a real improvement for patients. This gives manufacturers the upper hand on pricing and it is at least 10 years before one can expect a generic

alternative to hit the market. There are other Hepatitis C medications on the market. However, with the promise of a 90% “cure rate” one can reasonably assume there will be great consumer demand for this medication.

We have been are in on-going and extensive discussions with the various Pharmacy Benefit Managers (PBMs) and carriers engaged in the pharmacy space to review drug utilization management techniques and controls that can be installed to contend with this issue. We also expect to see a sharp increase in the public criticism from PMBs and carriers around this issue and the cost of the medication. We shall issue updates on the issue and what employers and plan sponsors can do to safeguard their plans and ensure the proper quality and cost controls are in place. Below is a link to an article on this issue. If you have any questions with this issue, please let me know.

Executive Director said there are 50 members in the MRHIF with this disease, which could potentially be a \$4 million claim to the Fund, state wide. But, this is cureable, so it should be a one time cost, with nothing further for this condition.

FUND ATTORNEY – no report

AETNA - THIRD PARTY ADMINISTRATOR – Ms. Ward reviewed the claims for January and February. She said there were 4 high level claims which caused a higher than average claim cost for January. February only had 2 high claimants. She said she hopes to bring new detailed reports to future meetings.

PHARMACY NETWORK (Express Scripts) – No Report

DELTA DENTAL – No report

TREASURER – Chairman Van Winkle reviewed the bills lists included in the agenda for May and June.

RESOLUTION 21-14 MAY 2014 BILLS LIST

FUND YEAR	AMOUNT
2014	\$265,158,.79
TOTAL	\$265,158,.79

RESOLUTION 21-14 JUNE 2014 BILLS LIST

FUND YEAR	AMOUNT
2014	\$256,179.53
TOTAL	\$256,179.53

Treasurer's Report Made Part of the Minutes

BOARD ADVISOR: no report

CONSENT AGENDA:

The following Resolutions listed on the Consent Agenda will be enacted in one motion.

Resolutions	Subject Matter
20-14	Approval of MRHIF/BMED Indemnity and Trust agreement
21-14	Authorization of March and April 2014 Bills List
22-14	Certification of Claim Payments/Imprest Transfers
23-14	Resolution for Executive Session - For specified purpose of Claims discussion

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION: Commissioner Kunze
SECOND: Commissioner Hart
ROLL CALL VOTE: 4 Ayes, 0 Nays

OLD BUSINESS: Commissioner Kunze asked if there were any developments to the Pharmacy Benefits Manager contract. Executive Director said this was discussed at the June MRHIF meeting. The Fund received an offer from Express Scripts for renewal, which we are continuing to negotiate further until July 11. Unless we get a great offer, we will go with the RFP process. Chairman VanWinkle said he is hoping our discussion with Sarlo will help with this and possibly be able to leverage from the State contract. Executive Director said he is happy with programs that Express Scripts provides, but the service is not up to par since merge with Medco, in addition to the lack of transparency in pricing. Commissioner Hoffmann suggested making sure the RFP standards are up to date.

Commissioner Hart said he feels that the Fund should offer more plan options to be competitive with the state, which offers 18 different plan options. In addition, he requested the rates be available in time for the open enrollment period. Executive Director said PERMA will work with the Risk Managers and members to do as requested. He said it would not be possible to introduce the 2015 budget any earlier than January for credible data and the MRHIF renewal. Draft rates can be released in September and rarely change to the final rates.

NEW BUSINESS: none

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION: Commissioner Kunze
SECOND: Commissioner Hart
VOTE: Unanimous

MEETING ADJOURNED: 1:15pm

NEXT MEETING: August 28, 2014
Westwood Borough Hall
12:00 P.M.

Emily Koval, Assisting Secretary
Date Prepared: August 21, 2014