

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
MARCH 18, 2015
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

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
William Rieker	Township of Lakewood	Present
EXECUTIVE	COMMITTEE	
Joseph Gilsenan	Township of Brick	Present
Diane Lapp	Township of Manchester	Absent
Adam Hubeny	Borough of Atlantic Highlands	Absent
Eugenia Poulos	Borough of Red Bank	Present
ALTERNATES:		
Jane Marban (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 Dawn Brown	Present Present
Attorney	Berry, Sahradnik, Kotzas & Benson	Jack Sahradnik	Present
Treasurer		Stephen Mayer	Present
Network & Medical Claims Service	Qualcare Inc.	Jerry Eisenberg Gary Epstein	Present Present
Network & Medical Claims Service	Aetna	Kim Ward	Absent
Dental Claims Service	Delta Dental	Amy Lehrer	Present
Rx Administrator	Express Scripts	Ken Rostkowski	Absent
Auditor	Holman & Frenia	Rodney Haines	Absent

OTHERS PRESENT:

Eva Biviano, Red Bank
Diane Peterson, Conner Strong & Buckelew
Cindy Lisa, Danskin
Charles Casagrande

Dominic Cinelli, Brown and Brown
Kelly Bellu, Toms River MUA

CORRESPONDENCE: None

APPROVAL OF MINUTES: JANUARY 21, 2015 OPEN: Ms. Koval indicated that the Commissioner Veitengruber's name was misspelled in the minutes and will be corrected.

MOTION TO APPROVE OPEN MINUTES OF JANUARY 21, 2015, AS AMENDED :

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Rieker
VOTE:	Unanimous

EXECUTIVE DIRECTOR:

PRO FORMA REPORTS

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

Executive Director reviewed the year end financial fast track which illustrated a profitable year of over \$5 million in surplus. He indicated that the January Fast track was delayed due to the platform transition with Aetna.

ADMINISTRATION

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The Municipal Reinsurance Health Insurance Fund met in February and unanimously voted to award a 32- month contract to Express Scripts effective May 1, 2015. The contract language is expected to be agreed upon and signed next week, but the Fund will see significant savings over the next 2 ½ years, proving that the RFQ process was a success. Executive Director said there were 7 proposals received in the initial RFQ release, then the Committee brought it down to Express Scripts and CVS Caremark.

The MRHIF will be meeting March 11, 2015 to further discuss the contract details and to review the Audit RFP responses. Commissioner Lapp's report will be distributed to at the meeting.

REGULATORY

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** – as of January 15, 2015

DIVIDEND - The Fund should have the ability again to declare a dividend this year. We will present a dividend recommendation at our next meeting when we expect to have the audit completed and will have knowledge of the MRHIF dividend to the Fund. Executive Director said he expects \$1 million in availability to release, depending on the audit.

ASSESSMENT AND RISK OPTIONS FOR LARGER MEMBERS - Lakewood and Manchester have both asked the Fund to consider allowing them to retain some risk individually as an option to reducing cost in certain circumstances. We are investigating these options and plan to discuss the matter with the Finance Committee prior to the meeting. An individual retention option appears feasible for Lakewood while other options may be more appropriate for Manchester. Executive Director said the finance committee met prior to this meeting and has requested more finite financials before making a recommendation.

PROFESSIONAL SERVICE AGREEMENTS - For all Professional Service Contracts, we recommend some of the standard contract language to be updated to include the law on Political Contributions, Affirmative Action and Records. The attached Resolution includes the recommended form - with tracked changes. Clauses unique by Fund professional are set forth in the first section of the professional service agreements.

**MOTION TO ADOPT RESOLUTION 13-15 AMENDING THE FUND'S
STANDARD CONTRACT LANGUAGE**

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Rieker
VOTE:	4 Ayes, 0 Nays

2015 MEL & MR HIF EDUCATIONAL SEMINAR - Banking and Insurance Commissioner Kenneth Kobylowski will be the Keynote speaker at the annual MEL & MRHIF Educational Seminar, Friday April 17, 2015. The annual MEL & MRHIF Educational Seminar will be held at the National Conference Center at the East Windsor Holiday Inn. Continuing Ed credits are available for CFO/CMFO, Clerks, Public Works, Insurance Producers, Purchasing Agents, Accountants, Lawyers, TCH Water Supply, Wastewater, RPPO and QPA. Registration form and agenda can be found on the MRHIF website (mrhif.com).

GASB 45 VALUATION - Many municipalities with less than 200 eligible employees received the State mandated GASB 45 report for retiree liability through 2011. These reports need to be updated every 3 years. The MRHIF has contracted with an actuary through UHY Advisors for all HIF clients. To receive your updated report, please contact Emily (emilyk@permainc.com) to gather data. The process usually takes 4-6 weeks.

FINANCIAL DISCLOSURE STATEMENTS - The filing process for financial disclosure statements is the same online structure as last year (www.fds.nj.gov). PERMA is currently updating the Fund's roster and we will be sending PIN codes by April 1. User ID and Passwords are the same as last year. Please log in with your Fund PIN by April 30, 2015. Ms. Koval said that violations have been sent for non filers in 2014

BENEFITS OPERATIONS

PRO FORMA REPORTS

➤ **Claim Appeals** - None
March 18, 2015-

MANDATORY USAGE OF THE ONLINE ENROLLMENT SYSTEM - Usage of the online enrollment system is in full progress. The PERMA Enrollment Department continues to offer assistance to HR representatives as they acclimate themselves with system.

CONTACT INFORMATION - Please direct any eligibility, enrollment, billing or system related questions to our dedicated CJHIF Team. The team can be reached by email at CJHIFenrollments@permainc.com or by fax at 856-685-2258.

BARNABAS HEALTH SYSTEM - UPDATE - On January 27th, the CJHIF was notified that Saint Barnabas Health Care System and Aetna were in contract negotiations and if they did not come to an agreement Barnabas Health System would no longer be a participating provider effective March 1, 2015. Letters informing members of this development were sent out in late January. As half of the system's six hospital campuses directly affect CJHIF members, there was understandably much cause for concern. We are very pleased to report that on February 26, 2015, Aetna released an official announcement of a new agreement reached with the Barnabas Health System, effective March 1, 2015 through December 31, 2016. As the agreement was reached before the termination date of the prior contract, no interruption to member access was experienced. Retraction letters were released to members on approximately February 27, 2015.

EXPRESS SCRIPTS- 2014 DRUG TREND REPORT RELEASED - Express Scripts has provided PERMA with their annual utilization review. In the review prescription trends are examined and reported on. The entire report has been provided electronically. Below please see a high level extract of some of the note worthy findings.

- 2014 was the highest annual increase in drug spend since 2003 due to:
 - Hepatitis C Medications:
 - i.e. Harvoni® \$1,125/tablet; \$33k per 30 day prescription
 - Compound Medications
- The top 5 *therapy classes* ranked by 2014 spend include:
 - Diabetes
 - High Blood Cholesterol
 - Compound Medications
 - Pain/Inflammation
 - High Blood Pressure/Heart Disease
- The top 5 *therapy drugs* ranked by 2014 spend include:
 - Nexium® - Ulcer Disease
 - Crestor® - High Blood Pressure/Heart Disease
 - Lantus® - Diabetes
 - Abilify® - Mental/Neurological disorders
 - Humalog® - Diabetes
- Scheduled for Summer 2015 FDA approval and release:
 - New class of injectable high blood cholesterol medications – PCSK9 inhibitors:

- Projected annual cost of \$7-12k/patient; 71 million patients in US with high cholesterol
- Impact to specialty drug trends in the future; Lipitor® is the most commonly used medication in this class.

Program Manager said the this is a very costly drug for a very common condition. PERMA is in the process of projecting the potential cost for the Fund for 2015.

THE NEW JERSEY AUTISM AND OTHER DEVELOPMENTAL DISABILITIES INSURANCE MANDATE - AMENDMENTS: The New Jersey Autism and Other Developmental Disabilities Mandate was passed in 2009 and requires fully-insured plans written in NJ. Since the mandate's inception the Health Insurance Funds have elected to include the mandate within their plans.

NJ Mandate Highlights:

- Expenses for screening and diagnosis for autism spectrum disorders (ASD) and other developmental disability (DD)
- Medically necessary physical, occupational and speech therapy for individuals with ASD or other DD
- Medically necessary behavioral intervention based on the principles of applied behavior analysis (ABA) for individuals with (ASD) and
- Certain family cost share expenses incurred through NJ Early Intervention

Recent amendments, adopted in November 2014 and effective as of January 1, 2015, have removed the previous age cap of 21 years for the coverage of medically necessary ABA for the treatment of autism as well as the ability to receive physical, occupational and speech therapies beyond 30 visits.

QUALCARE ACQUISITION BY CIGNA - On January 26, 2015 Business Wire reported that Cigna had entered into an agreement to acquire QualCare Alliance Networks, Inc., citing the expected close of the transaction as the first quarter of 2015. Other than stating that QualCare "will continue to offer its full suite of existing products and services and to be led by founder and CEO Annette Cantino", no further substantive information was revealed. We will look to our QualCare team to provide further guidance on any impacts to the CJHIF.

2015 AFFORDABLE CARE ACT- EMPLOYER RESPONSIBILITIES - The Affordable Care Act (ACA) has made a number of significant changes to group health plans since the law was enacted. PERMA has highlighted below some of the more direct impacting components of the ACA on our HIF members. Program Manager said the required fees have been included in the rates and are being paid by the Fund. As for reporting requirements for self insured entities, the Fund has been recommending current payroll companies work on this for the individual entities.

TREASURER: Fund Treasurer reviewed the February and March bills list, the cash reconciliation and the paid claims report.

Bills lists:

February 2015 – Confirmation of Payment

FUND YEAR 2014	\$4,400.19
FUND YEAR 2015	\$353,984.92
TOTAL ALL FUND YEARS	\$358,385.11

March 2015 – Resolution 14-15

FUND YEAR 2015	\$369,319.98
TOTAL ALL FUND YEARS	\$369,319.98

MOTION TO ADOPT TO PAY FEBRUARY AND MARCH BILLS LIST AND APPROVE BALANCE OF TREASURER’S REPORTS AS SUBMITTED:

MOTION: Commissioner Gilsenan
SECOND: Commissioner Rieker
VOTE: 4 Ayes, 0 Nays

ATTORNEY: No Report

QUALCARE: Mr. Epstein reviewed the claims payment report and high dollar report through February. There was one high claimant from 2013-2014 showing that is no longer on the plan.

Mr. Epstein said that Qualcare was acquired by Cigna. The Qualcare website includes FAQs regarding this purchase. He said everything will remain as is, even the name. The use of the Cigna network will be a significant positive change.

AETNA: Chairman Nolan said the Aetna claim reports were included in the agenda for review.

EXPRESS SCRIPTS: No report

DELTA DENTAL: Ms. Lehrer announced the Oral B electric toothbrush special for members who sign up online.

NEW BUSINESS: None

OLD BUSINESS: None.

PUBLIC COMMENT: None

MOTION TO ADJOURN MEETING:

MOTION: Commissioner Rieker
SECOND: Commissioner Gilsenan
VOTE: Unanimous

MEETING ADJOURNED: 1:55 PM