

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
MAY 20, 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	Present*
Eugenia Poulos	Borough of Red Bank	Absent
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.	Gary Epstein Allison Hofmann	Present Present
Network & Medical Claims Service	Aetna	Kim Ward	Present
Dental Claims Service	Delta Dental	Amy Lehrer	Present
Rx Administrator	Express Scripts	Ken Rostkowski	Present
Auditor	Holman & Frenia	Matt Holman	Present

OTHERS PRESENT:

Cynthia Lisa, Danskin Agency
Donato Nieman, Montgomery
Suzanne Veitengruber, Shrewsbury Twonship
Ted Wardell, BBBA

Dominic Cinelli, Brown and Brown

*via conference call

CORRESPONDENCE: None

APPROVAL OF MINUTES: MARCH 18, 2015 OPEN:

MOTION TO APPROVE OPEN MINUTES OF MARCH 18, 2015, AS AMENDED :

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Rieker
VOTE:	Unanimous

EXECUTIVE DIRECTOR:

PRO FORMA REPORTS

- **Fast Track Financial Report** – as of March 31, 2015
- **Cash Flow Report** – as of March 31, 2015

AUDITOR AND ACTUARY YEAR-END REPORTS - A copy of the Annual Financial Audit for the period ending December 31, 2014 will be distributed at the meeting. Mr. Holman was in attendance to review the report. He distributed a summary report for the Commissioners. He said the net position of the Fund grew by \$5 million totaling over \$15 million as of December 31, 2014. Details of the past 5 years net position and dividend expenses was included. Mr. Holman said 2014 was a healthy year for the Fund and no comments or recommendations were made.

PERMA will make a filing with the Departments of Insurance and Community Affairs to meet the June 30th deadline. Resolution 15-15 and the Affidavit of Certification to approve the December 31, 2014 audit were included in the agenda.

MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION 15-15 AND EXECUTE THE GROUP AFFIDAVIT INDICATING THAT THE MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT

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

STATEMENT OF ACTUARIAL OPINION - Included in the agenda is the review of actuarial assumptions and actuarial methods used in determining the reserves, by the Fund Actuary to be filed with the December 31, 2014 year end financial reports to New Jersey Department of Banking and Insurance.

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.

For Manchester, we will present options during the renewal process for policies that will guide future rate increases.

For Lakewood, we are investigating similar options and, due to their size, providing an additional option for them to individually retain risk. Lakewood is unique within the Fund in this respect due to its size.

The Finance Committee met prior to the meeting to discuss options. Executive Director said the Actuary has reviewed both entity's positions and recommends a 10% decrease to the medical and dental rates as of July 1 in hopes to retain their membership. In future budgets, the Fund can review the members separately based off their own experience, rather than the entire group. In response to the Commissioners, Executive Director said the 10% decrease will not affect the other members, but individual rating in future may have an impact on others and should be discussed in further detail at that time. He said it is more prudent for the financial health of the Fund to give a decrease now, rather than lose both entities entirely.

MOTION TO APPROVE 10% DECREASE TO THE MEDICAL AND DENTAL RATES FOR THE TOWNSHIPS OF MANCHESTER AND LAKEWOOD EFFECTIVE JULY 1, 2015

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

2015 DIVIDEND - The Finance Committee will meet to develop a recommendation for a dividend given the successful 2014 fund year. Commissioner Rieker said a dividend of \$1.5 million has been recommended by the Finance Committee. He said the Fund is in good financial position and is able to sustain this amount. Resolution 17-15 with dividend allocation was available.

MOTION TO APPROVE RESOLUTION 17-15 AUTHORIZING REFUND FROM CLOSED YEARS ACCOUNT

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

*Commissioner Hubeny voted yes on the recommendation of the Executive Director, but does have some concerns on the impact of the other Fund members and the likelihood of other similar requests.

MEDICARE PART D SUBSIDY - The Fund's application for Medicare Part D Subsidy for 2014 has been approved in the amount of \$193,182.77.

ADMINISTRATION

MEMBERSHIP - The Western Monmouth Utilities Authority has submitted a new member submission for dental effective May 1, 2015. The Fund Actuary has certified the rates from May 1 through December 31, 2016. Details of the new member are below.

New Member Summary Sheet			
Underwriting Factor	Western Monmouth MUA	Fund Average or Standard	Relativity
Current Carrier or Arrangement	Delta Dental Direct	Delta Dental	
Enrollment	51	1,501	3.40%
Claims Pick (Per Employee Per Month)	\$133.51	\$80	166.89%
Trend Applied	7%	7%	100.00%
Increase Factor (excluding RMC fee)	-7.00%	1.00%	-6.00%
Risk Manager Fee Applied	4%		
Rate Effective Date	2/3/2015		
From	5/1/2015		
To	12/31/2016		
Prior Fund Member?	No		
Current P&C JIF Member?	Yes		
Lines of Coverage to Fund			
Medical	No		
Dental	Yes		
Rx	No		
Anticipated Commissioner Involvement	Yes		
Explanatory Notes or Contingencies	Resolution to Join Adopted		

MOTION TO APPROVE THE MEMBERSHIP OF WESTERN MONMOUTH UTILITIES AUTHORITY FOR DENTAL COVERAGE EFFECTIVE MAY 1, 2015

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

BENEFITS OPERATIONS

PRO FORMA REPORTS

➤ **Claim Appeals** - None

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.

BROKER EMAIL BOX - PERMA is excited to announce the roll out of our Risk Manager Advocacy box. To better manage volume and take advantage of the full PERMA staff, we will be implementing a broker only email box for claims issues and benefit inquiries. In the event a PERMA staff member is out of the office or unavailable, any member of the PERMA service team will be able to respond to inquiries. This process will improve work flow and provide faster response time. You will be receiving an outreach email with instructions and “go live date” shortly. The advocacy box address will be brokerservice@permainc.com.

AETNA CLAIM ADJUDICATION UPDATES ORTHOTICS - For the majority of our plans, orthotics was a covered benefit regardless if the diagnosis was in compliance with Aetna’s clinical policy bulletin (CPB). In 2014, the claims system began to require that the diagnosis align with Aetna’s CPB. This resulted in a lesser benefit for many groups and their employees. Aetna has updated the system to match the old processing method. Any claims affected by this will be reprocessed.

2015 PPACA UPDATES - In our constant effort to keep you informed of the ongoing progression of PPACA, the following communications regarding 2015 PPACA updates are included in the attachment section of this report:

Cadillac Tax - The Cadillac Tax imposes a 40% non-deductible tax on the excess amount of the aggregate cost of “applicable employer-sponsored coverage” in a calendar year. Applicable employer-sponsored coverage is generally defined as the coverage under any group health plan made available to employees by an employer which is excludable from the employee’s gross income or would be excludable from the employee’s gross income under IRC section 106. The definition of “employees” includes former employees, retirees, surviving spouses and “other primary insureds” (an undefined term). The tax applies to all employers subject to excise tax provisions of the IRC which includes all private employers, regardless of size, and also includes tax exempt and governmental entities. The excess amount of the total cost of coverage, from which the tax is calculated, is the amount of applicable coverage which exceeds the annual statutory limits, which have been set at \$10,200 for individual coverage and \$27,500 for other-than-individual coverage for the 2018 tax year.

The tax is calculated on a monthly basis, but is assessed on a calendar year basis. The value of applicable coverage must be calculated based on approved methods identified in the guidance and the rules permit adjustments to the limits for retirees and high risk professions, as well as age and gender adjustments. Adjustments will also be made through 2018 and beyond for health cost inflation.

Each provider of coverage is responsible for paying its share of the tax. For all fully-insured coverages, the health insurer is the coverage provider. For self-insured coverages or other coverage, the employer/plan administrator is responsible for paying the tax. Keep in mind that while the coverage provider is responsible for paying the tax, employers sponsoring health plans are responsible for calculating the tax and determining the share of the tax attributable to each coverage provider. In general, penalties may be assessed on employers who miscalculate the tax or fail to correctly attribute the tax to the responsible party. The employer may be responsible for a penalty equal to 100% of the error plus interest. The IRS reserves the right to waive penalties for employers who can prove they were not aware of the mistake provided the mistake is corrected timely, within 30 days.

Program Manager said PERMA is working on a tool to project the member's impact of the Cadillac tax by taking current rates and projecting where a member will be in 2018, using an estimated trend.

In response to Chairman Nolan, Executive Directors said Cadillac tax index is based off federal employee coverage. He agreed that if the prescription is increasing at a trend of 35%, the index for this tax would, as well. Executive Director said PERMA will continue to bring information on this tax to the members.

Recordkeeping and Reporting - To assist with ACA required recordkeeping and reporting requirements (1094/95 B & C), PERMA can run census and data reports out of the Benefits Express system that can be utilized to generate the necessary reports.

If you'd like a standard report, please have your Risk Managers reach out to Dawn M. Brown at dmbrown@permainc.com. The expected turn around time to receive reports is 7-10 business days.

EXPRESS SCRIPTS - CHOLESTEROL / PCSK9 MEDICATIONS STRATEGY UPDATE - Starting in July, 2015, a new class of statins to treat high LDL cholesterol is being introduced to the market. Termed PCSK9 medications, these specialty medications are designed to specifically treat those who are resistant to higher dose statins, intolerant to statins, or have a diagnosis of familial hypercholesterolemia. Based on the currently estimated cost, prevalence, and clinical prescribing guidelines, these drugs have the potential to increase your current overall drug costs by 30-40%. In combination with projected annual drug trend, plans are now facing potential 50% increases in annual drug costs. In light of this unprecedented cost impact to plan sponsors, PERMA is recommending a strategy that will allow the Funds to calculate the potential cost impact and make a fully informed decision for this class of drugs prior to offering member coverage.

RECOMMENDED STRATEGY - PERMA has requested specific reporting from Express Scripts that will estimate the potential cost impact to the CJHIF. Because of the broad variances (over 200%) for both cost and prevalence, we recommend that our clients exclude these medications from coverage for the first six months following their release in July & August. This will allow the Fund to wait for real world prescribing that will determine the (1) number of current statin users to whom doctors will prescribe these medications, (2) the actual average annual cost per member, and (3) the clinical protocols under which these medications are being prescribed. The total annual cost impact can then be calculated and an informed decision made to continue excluding these medications or to begin coverage for your members. We also anticipate the current clinical guidelines changing as drug companies "sponsor" research studies that broaden the criteria for prescribing these drugs.

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

Bills lists:

April 2015 - Confirmation of Payment

FUND YEAR 2014	\$1,033.84
FUND YEAR 2015	\$368,940.61
TOTAL ALL FUND YEARS	\$369,974.45

May 2015 – Resolution 16-15

FUND YEAR 2015	\$355,209.12
TOTAL ALL FUND YEARS	\$355,209.12

MOTION TO ADOPT TO PAY APRIL AND MAY 2015 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 April. He said the top 3 high dollar claimants have been termed from the plan. There is one high claimant that seems to be reoccurring.

AETNA: Ms. Ward reviewed the claim report and high dollar claim reports. Due to the platform migration, claims were delayed but caught up in February. March claims returned to normal. Ms. Ward said Dave Norton will be in attendance at the next few meetings.

EXPRESS SCRIPTS: Mr. Rostkowski said the PCKT9 drugs discussed during the Program Managers report is a code for the type of drugs. He said prescription costs are increasing nationwide. The Fund’s highest contributors are 2 participants on Hepetitis C drugs, 3 Multiple Schlerosis and a few cancer patients. The increase is driven by a small amount of patients.

DELTA DENTAL: No report

NEW BUSINESS: Chairman Nolan appointed Ms. Lapp as a finance committee member. To avoid having to advertise these committee meetings, he offered to resign from the committee, but as Chairman of the Fund, he can attend as ex officio in case there is a need. Fund Attorney agreed with this strategy.

Chairman Nolan said there are openings on the Executive Committee for Alternates and encouraged participation. Additions will be made in July.

OLD BUSINESS: None.

PUBLIC COMMENT: Mr. Wardell remembered Mr. Michael Trotta who recently passed.

In addition, Mr. Wardell asked Aetna for the status of claim handling for a chiropractor in Neptune City who had been discussed at a prior meeting. Chairman Nolan asked the operations committee to handle with Aetna. Ms. Ward said this is a complex contracting issue with the provider. She is aware and is handling.

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Rieker
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MEETING ADJOURNED: 1:55 PM