

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: APRIL 28, 2011  
SADDLE RIVER BOROUGH HALL  
12:00 P.M.**

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Meeting called to order by Chairman Charles Cuccia. The Open Public Meeting Notice was read into the record.

**ROLL CALL OF 2011 EXECUTIVE COMMITTEE:**

<b>Chairperson</b>		
Charles Cuccia	Borough of Saddle River	Present
<b>Secretary</b>		
Peter Van Winkle	Borough of Rutherford	Present
<b>Executive Committee</b>	<b>Members</b>	
Linda LoPiccolo	Twp. of South Hackensack	Absent
Robert Hoffman	Borough of Westwood	Present
Maureen Iarossi-Alwan	Borough of Montvale	Absent
Helene Fall	Borough of Park Ridge	Present
Hugo Poli	Village of Ridgefield Park	Present
<b>Alternates</b>		
Victor Baginski	Borough of Wallington	Present

**APPOINTED OFFICIALS PRESENT:**

Executive Director/ Administrator	<b>PERMA Risk Management Services</b>	Paul Laracy Emily Koval Despina Kontomanolis
Attorney	<b>Huntington Bailey, LLP</b>	Russell Huntington
Treasurer	<b>Joseph Iannaconi</b>	
Third Party Administrator	<b>Aetna</b>	Gary Lopez
Dental Claims Administrator	<b>Delta Dental of NJ, Inc.</b>	
Auditor	<b>Lerch, Vinci &amp; Higgins</b>	
Actuary	<b>John Vataha</b>	
Independent Consultant	<b>LaMendola Associates</b>	Clark LaMendola
Benefits Consultant	<b>Conner Strong</b>	Diane Peterson Brandon Lodics
RX Administrator	<b>Express Scripts</b>	Katty Mercado

**OTHERS PRESENT:**

Chris Assenheimer, Carlstadt  
David Voza, Voza Agency  
Randy Barber, PERMA Risk Management

Robin Degenaaars, PIA  
Renee Gear, PIA  
Tom Konikowski, RMC

**APPROVAL OF MINUTES:** February 24, 2011 Open and Closed.

**MOTION TO APPROVE THE OPEN AND CLOSED MINUTES OF FEBRUARY 24, 2011:**

<b>MOTION:</b>	Commissioner Fall
<b>SECOND:</b>	Commissioner Poli
<b>ROLL CALL VOTE:</b>	5 Ayes, 0 Nays, 1 Abstain (Abstain - Commissioner Hoffmann)

**FINANCIAL REPORTS** - The following reports were included in the agenda: Fast Track Financial Report, as of February 28, 2011; the Cash Flow Tracking Report, as of February 2011; the Budget\Billing Reconciliation, as of April 2011; and the Regulatory Compliance Checklist, as of April 21, 2011.

**MRHIF LEGISLATIVE AGENDA – SENATE BILL 2718** - Last week, MRHIF commissioners, Chairman Cuccia, representatives from our lobbying firm, and Perma had a series of meetings in the State House on the bill. We had 3 consecutive meetings with the staffs of the Senate Democrats and State Government Committee, the Senate Republican Office, and the chief of staff for Treasury. Each of the groups we met with were attentive to our concerns and we left with the impression that our positions were recognized as reasonable and worthy of additional consideration. Our next step is to meet with Senator Jennifer Beck who is co-sponsoring the bill with Senator Sweeney.

Chairman Cuccia said it was apparent that some representatives were not aware of the HIFs existence. He complimented the lobbyist and Executive Director on a good meeting.

**LOGO AND MARKETING COMMITTEE** - Minutes from February's Logo and Marketing Committee meeting are enclosed. Randy Barber was in attendance to discuss sales efforts. He said the Fund has issued quotes for the following entities but we have not yet received commitments to join:

Fairfield Township  
Oradell Borough  
North Brunswick BOE  
South Plainfield BOE  
Pompton Lakes BOE  
Nutley BOE  
Town of Secaucus  
North Arlington BOE  
Caldwell Borough  
Fairfield BOE

We have also just received an application from Oakland Borough. He said he was feeling confident that Oradell would join, but the State Health Benefit Plan is very competitive. He said he will continue his efforts there. Fund Attorney said the brokers can make it difficult to market and would not want the Fund to develop a bad relationship with them.

**2011 PROFESSIONAL CONTRACTS** - We are in the process of distributing the Professional Services Agreement to the various Fund Professionals for 2011. Upon completion of the Professional Service Agreements, the Chair will be asked to execute the Agreements. There is also a contractual matter to discuss in executive session.

**FINANCIAL DISCLOSURE STATEMENTS** - Included in your agenda packet is a Financial Disclosure form. We would encourage all Fund Commissioners to complete these forms and provide two copies with original signatures to the Fund office on or before April 30, 2011. In accordance with State regulations, the Fund must file these disclosures with the Department of Community Affairs. The website for the on-line form is:  
[http://www.state.nj.us/dca/lgs/ethics/pdfs/fds\\_fill-in\\_form.pdf](http://www.state.nj.us/dca/lgs/ethics/pdfs/fds_fill-in_form.pdf)

*Executive Director's Report Made Part of the Minutes.*

**ATTORNEY** - Fund Attorney said there are claim appeals for closed session.

**TREASURER** - The Treasurers' Report was included in the agenda. Chairman Cuccia reviewed the bills

**MARCH 2011 BILLS LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2009	\$115.68
2010	\$9,289.91
2011	\$253,233.07
<b>TOTAL</b>	<b>\$262,638.66</b>

**DIVIDEND PAYMENT LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
YEAR END	\$324,802.00
<b>TOTAL</b>	<b>\$324,802.00</b>

**RESOLUTION 19-11 APRIL BILLS LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2010	\$1,234.48
2011	\$236,857.41
<b>TOTAL</b>	<b>\$238,091.89</b>

**FEBRUARY CERTIFICATION OF CLAIMS\IMPREST TRANSFERS**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2011	\$1,159,858.38
2009	\$314,480.92
2008	\$7,387.00
Closed	\$44.00
<b>TOTAL</b>	<b>\$1,481,770.30</b>

**MARCH CERTIFICATION OF CLAIMS\IMPREST TRANSFERS**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2011	\$1,593,421.01
2009	\$0.00
2008	\$0.00
Closed	\$0.00
<b>TOTAL</b>	<b>\$1,593,421.01</b>

*Treasurer's Report Made Part of the Minutes*

**BOARD ADVISOR:** No Report

**AETNA - THIRD PARTY ADMINISTRATOR** - Mr. Lopez distributed the Monthly Claim Activity Report. He said the January and February claims equaled \$1,868,919. The high claims report reflected one claim over \$100,000 through February. In addition, Mr. Lopez distributed handouts showing how members can save money on their employee benefits.

**BENEFITS CONSULTANT: Conner Strong**

**EXPRESS SCRIPTS PRIOR AUTHORIZATION & DRUG QUANTITY MAXIMUM PROGRAMS-** Implemented on 4/1/2011 in the BMED was Express Scripts, *Base & Supplemental Prior Authorization and Drug Quantity Management Program*. These programs will assist in controlling above average Prescription Utilization.

The programs are designed to eliminate unnecessary utilization and drive down costs. Please see a handout of the letters that were mailed to each member that may have been affected by the implementation of these programs.

**WELLNESS PROGRAM** - The Wellness Kick-Off meeting with Onlife Health was held on Monday, March 21<sup>st</sup>. Please see a printout of the presentation for those who could not attend the

meeting. Enrollment in the program includes active and retired employees who participate in medical coverage.

The program was rolled out April 1, 2011 and each entity should have received informational marketing materials to be distributed or displayed.

### **ENROLLMENT SYSTEM IMPLEMENTATION UPDATE**

- Implemented 3/1/2011 with Benefit Express
- Successfully ran March, April and May's bills from BE's system
- OnLife Health file successfully ran out of BE system for April
- File feeds up and running to Aetna, Express Scripts and Delta Dental (weekly files)

#### **Tasks:**

- Update Plan Information for Accuracy
- Complete testing on client self service feature

#### **Goals Moving Forward:**

- Training seminar for Risk Managers
- Determine level of user access
- Roll out self service to all entities
- Electronic issuance of monthly bills
- Electronic payment by members to Fund

**CONTINUATION OF COVERAGE FOR DISABLED DEPENDENTS** - Prior to Health Care Reform (hereinafter "HCR"), dependent children covered under their parent's plan become ineligible for coverage at the end of the calendar month or year in which they reach the limiting age (i.e. 19, 19/23 FTS, 23). However, children who are considered disabled due to mental retardation, mental illness, or suffer from a physical disability and are dependent upon the primary subscriber for support and unmarried may retain coverage provided their disability is documented and so far as the disability continues. The disability must have existed prior to the aging out of the plan. At reasonable intervals during the two years following the Dependent's reaching the limiting age, the Plan Administrator may require subsequent proof of the child's Total Disability and dependency.

After such two year period, the Plan Administrator may require subsequent proof not more than once each year. The Plan Administrator reserves the right to have the disabled dependent child examined by a Physician of the Plan Administrator's choice, at the Plan's expense, to determine the continuing existence of such disability.

Health Care Reform requires that all plans, with their first renewal after September 2010, must cover adult children until their 26<sup>th</sup> birthday without regard to dependent status, student status, whether living with their parents or not (grandfathered plans can exclude adult children who have access to employer provided health benefits). It is extremely important to note that Health Care Reform does not mandate that the determination of disability be moved to age 26. To clarify,

that the HIF may continue the requirement that the right to continuation of coverage must be established before the time the dependent reached the limiting age in place prior to HCR. Then the plan will not need to maintain coverage for these individuals past the age of 26.

We recommend that the HIF approve a policy retaining the age pre-HCR that the covered dependent must have been approved for continuation of coverage based on disability. Should a group elect to move the age to coincide with the limiting age of 26; then an actuarial rating would apply.

**MEDICARE DIRECT** - AETNA has finalized the implementation of the Medicare Direct for BMED members on the POS II platform. Medicare Direct assists member's who have Medicare Primary coverage by transferring claims directly from Medicare to Aetna for secondary processing. Those who qualify have automatically been enrolled.

Medicare Direct offers the following advantages for eligible members and dependents: **An end to paperwork, quicker turnaround, faster reimbursement, and no postage fees.**

For those Medicare retirees on the POS I platform, this is still unavailable, however moving forward is our goal to house all retirees on the POS II platform.

**AETNA UTILIZATION and CLAIMS MANAGEMENT** - The Fund converted all medical plans to AETNA as a cost savings measure. After the first quarter following the conversion claims management differences between the previous administrator and AETNA have been recognized and noted as follows:

- 1) Behavioral health claims are weighted based on the designation of the provider. For example Aetna reimburses a Psychiatrist 100% of the 80<sup>th</sup> of HIAA and reduces a Social Worker's reimbursement to 60% of the 80<sup>th</sup> of HIAA amount. United Healthcare did not consider a provider's designation and all providers received 100% of the 80<sup>th</sup> of HIAA amount. Though, this payment scale may leave some members with additional out of pocket, it will implement the consumerist mindset into members and create steerage towards an in network provider.
- 2) It was also noticed that Aetna's pre-service medical review may be more in depth and stringent. In one recent case, a member had a service, which required pre-authorization approved by United Healthcare. Unfortunately, the procedure was not performed before the end of 2010. In an attempt to get pre-approval from Aetna, the determination was that this procedure was considered to be cosmetic, an exception from the plan. Because of the evidence of the pre-approval from United Healthcare an administrative override was permitted to allow her the utilization of the service under her Aetna plan.
- 3) Medical Necessity Reviews are more frequent with all claim payments vs. United Healthcare. This confirms statements pre-United implementation that benefits are paid based on plan limits and not medical review. AETNA's claims management will review for medical necessity regardless of plan limits.

Program Manager said a total amount of savings will be available soon.

**MODEL PLANS** - Please see an Executive Summary and comparison handout of recommended model (base plans) to consider for your entities. The plan used to illustrate the comparison is the Aetna Patriot V plan. Program Manger said the Fund Actuary will rate based on the member's base plan. She suggested that the Risk Manager be consulted on their plan decisions. It is unsure whether the Senate Bill will require three or five plans.

### **FOR YOUR INFORMATION**

#### **Borough of Rutherford Special Open Enrollment:**

The Borough of Rutherford will be conducting a special open enrollment starting April 15, 2011 and ending May 15, 2011 to allow participants to elect into the more cost effective AETNA Open Access 15 Plan. This open enrollment will be for current members to change plans only. The changes will be effective July 1, 2011.

#### **Express Scripts Updates**

Recently, the Animas Corporation announced a recall of certain lots of 2 mL insulin pump cartridges because of a chance they can leak resulting in the delivery of less insulin than intended.

#### **Express Scripts' Response:**

Express Scripts has ensured that any members who have recently received a prescription for Animas cartridges will receive a communication piece from the manufacturer informing them of the recall. Patients should check to see if they have recalled cartridges and

#### **Greenstone Recalls Citalopram and Finasteride Tablets**

Greenstone, a subsidiary of Pfizer, recently announced a recall of one lot of Citalopram 10mg Tablets and Finasteride 5mg Tablets because the labeling on the bottles may have been switched. As a result of this labeling mix-up, patients may unintentionally take finasteride instead of the intended dose of citalopram. Finasteride is used to treat benign prostatic hyperplasia and citalopram is used to treat depression. Women who are, or who may become pregnant, should not take or handle finasteride due to the possible risk of it causing abnormalities to the external genitalia of a developing male fetus. Patients who discontinue citalopram abruptly by inadvertently taking the mislabeled product may experience discontinuation symptoms and/or worsening of depression.

#### **Greenstone recommends the following:**

- Patients with a prescription for these medications should call their pharmacies to see if they have product from the recalled lot.
- Patients should return recalled medications to the place it was obtained for a replacement.

- If you have any questions, you can contact Pfizer at 1-800-438-1985 for more information.

**Express Scripts' Response:**

- Express Scripts has identified members that have recently received a prescription and are ensuring that a communication piece will be sent to the members by the manufacturer.

**AETNA ARTICLE:** *Aetna Sues Doctors Over Bills It Calls 'Excessive'*

**CLAIM APPEALS** - There are FOUR claim appeals to be reported in closed session.

*Benefits Consultant Report Made Part of the Minutes*

**PRESCRIPTION PROVIDER – EXPRESS SCRIPTS-** No Report

**CONSENT AGENDA:**

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

<b>Resolutions</b>	<b>Subject Matter</b>
19-11	Authorization of March and April 2011 Bills Lists
20-11	Certification of Claim Payments/Imprest Transfers
21-11	Resolution for Executive Session - For specified purpose of Claims discussion

**MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:**

<b>MOTION:</b>	Commissioner Fall
<b>SECOND:</b>	Commissioner Poli
<b>ROLL CALL VOTE:</b>	6 Ayes, 0 Nays

**OLD BUSINESS:**

None.

**NEW BUSINESS:**

None

**PUBLIC COMMENT:**

None.

**MOTION TO OPEN AND TO RATIFY DECISIONS MADE IN CLOSED SESSION:**

**MOTION:** Commissioner Fall  
**SECOND:** Commissioner Van Winkle  
**VOTE:** Unanimous

**MOTION TO ADJOURN:**

**MOTION:** Commissioner VanWinkle  
**SECOND:** Commissioner Fall  
**VOTE:** Unanimous

**MEETING ADJOURNED:** 2:00pm

**NEXT MEETING:** June 23, 2011  
Saddle River Borough Hall  
12:00 P.M.

Emily Koval, Assisting Secretary  
Date Prepared: June 7, 2011