

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: OCTOBER 29, 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	Present
Robert Hoffman	Borough of Westwood	Present(arrived 12:10)
Maureen Iarossi-Alwan	Borough of Montvale	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
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>	Kim White
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>	Paul Grew Kelly Depcik

**OTHERS PRESENT:**

Frank Covelli, PIA  
Randy Barber, PERMA  
Tom Konikowski, RMC Wallington  
Mathew McArow, GJEM Insurance Agency  
Chris Assenheimer, Borough of Carlstadt

Deb Ginetto, Burton Agency  
Glen Parsells, Parsells Agency

**APPROVAL OF MINUTES:** October 27, 2011 Open

**MOTION TO APPROVE THE OPEN MINUTES OF OCTOBER 27, 2011.**

<b>MOTION:</b>	Commissioner Baginski
<b>SECOND:</b>	Commissioner Iarossi-Alwan
<b>VOTE:</b>	4 Ayes, 0 Nays, 1 Abstain (Abstain – Commissioner VanWinkle)

**EXECUTIVE DIRECTOR'S REPORT**

**REPORTS** – The Fast Track Financial Report, as of August 31, 2011; the Cash Flow Tracking Report, as of August 31, 2011; the Budget Reconciliation – October 2011; and the Regulatory Compliance Checklist – as of October 20, 2011 were included in the agenda. Executive Director said that the Financial Fast Track report showed a \$1.5 million statutory surplus inclusive of the MRHIF dividend income of \$783,315. The finances are stable.

**2012 BUDGET ADOPTION** - A copy of the 2012 proposed budget and assessments for adoption, which was introduced at last month's meeting was included in the agenda. The Rate Stabilization amount was increase, as per the direction of the Finance Committee, making the total budget increase just shy of 8.00%. Minutes from the Finance Committee follow the budget and assessments.

**MOTION TO OPEN THE PUBLIC HEARING ON THE 2012 BUDGET**

<b>MOTION:</b>	Commissioner VanWinkle
<b>SECOND:</b>	Commissioner LoPiccolo
<b>VOTE:</b>	Unanimous

**DISCUSSION OF BUDGET AND ASSESSMENTS**

**MOTION TO CLOSE THE PUBLIC HEARING**

<b>MOTION:</b>	Commissioner VanWinkle
<b>SECOND:</b>	Commissioner Poli
<b>VOTE:</b>	Unanimous

**MOTION TO APPROVE THE 2012 BUDGET IN THE AMOUNT OF \$18,737,337 AND CERTIFY THE ASSESSMENTS.**

<b>MOTION:</b>	Commissioner VanWinkle
<b>SECOND:</b>	Commissioner Poli
<b>VOTE:</b>	7 Ayes, 0 Nays

## **ADMINISTRATION**

**INDEMNITY AND TRUST AGREEMENTS** - The following is a list of members who have expiring Indemnity and Trust Agreements and Resolutions to Renew. Please return these documents to the Fund office by December 31, 2011 to renew membership with the Fund for 3 years.

BOROUGH OF RUTHERFORD
BOROUGH OF CARLSTADT
BOROUGH OF HILLSDALE
TOWNSHIP OF ROCHELLE PARK
BOROUGH OF WALLINGTON

**HIF LUNCHEON** - PERMA will be hosting a HIF Luncheon on Wednesday, November 16 at 12:15 during the League of Municipalities at the Sheraton Crown Ballroom. Please note the invitation included in the agenda. RSVP to Emily Koval at [emilyk@permainc.com](mailto:emilyk@permainc.com).

**MEMBERSHIP** - The Borough of Oakland has submitted an application to the Fund and may be joining 2/1/2012. An update will be given at the next meeting.

**DECEMBER 2011 ASSESSMENTS** - As a reminder, the December 2011 premium due date is due in early January 2012. The due date will be printed on the cover page of each member's December statement.

## **BENEFITS**

**EXPRESS SCRIPTS UPDATE** - Express Scripts has made some changes that will be effective 1/1/2012 regarding their supplemental Prior Authorization program. Specifically, the medications Topamax and Zonegran will be removed from the list while Neulasta and Neupogen are added.

As requested from last month's discussion regarding Pharmacy savings, a list of programs is included in the agenda with a description and an approximate savings amount. If the Executive Committee chooses to adopt some or all of these programs, no budget change is required; instead, these programs should moderate the Rx trend. Representatives from Express Scripts are present and will cover these programs in their report.

**COST PER EMPLOYEE CLIMBING** - According to a recent press release by Aon Hewitt, the average health care cost per employee is expected to surpass the \$10,000 mark in 2012. While the average rate at which overall costs are increasing is slightly lower than prior years, the amount spent on individual employees continues to climb. This can be attributed to a variety of factors such as a rise in the number of chronic conditions, as well as an increase in the number of catastrophic claims. Increasingly, a growing segment of the workforce is afflicted with diabetes or heart conditions. Also, due to economic conditions, employers have slowed their rate of hiring which has caused the average age of workers to increase. In order to counteract this

increase, employers continue to shift the burden of costs to employees and implement cost saving mechanisms.

**STATE HEALTH BENEFITS PLAN – NEW PLAN DESIGNS** - This past week the SHBP/SEHBP committees each approved **new plan designs**. The Commissions for the SHBP/SEHBP were scheduled to meet October 12, 2011 to finalize the health benefit, dental, and prescription drug rates for plan year 2012. We will distribute to the Executive Committee when the health benefits plans are finalized.

**OPEN ENROLLMENT VIDEO** - PERMA has made available an open enrollment video. For all the details concerning Open Enrollment, check out the video posted online at [www.permainc.com/openenrollment](http://www.permainc.com/openenrollment).

**EMPLOYEES NEED TO BE MORE ENGAGED** - A growing body of research has demonstrated that employees generally do not review open enrollment communications and often do not consider the cost savings they may achieve by switching to a lower cost plan. There are also dollars that may be saved by employee participation in an employer sponsored wellness program. Increasingly, many employers are offering lower premiums or deductibles to employees who complete a Health Risk Assessment or participate in some aspect of a wellness program. Additionally, Health Savings Accounts (HSAs) continue to be a popular option amongst organizations trying to rein in their costs. These “consumer-driven” plans are the wave of the future as companies want their employees to begin to view health insurance as a product like any other; and as such act like rational consumers in the marketplace.

**SMALL CLAIM APPEAL RATIFICATION-**

**CLAIM APPEALS** - There is NO Claim Appeals to be heard in closed session. Although, three claims were presented to the claims committee prior to the meeting The committee is recommending the following:

October SC Appeals		
Appeal #	Appeal Basis	Committee Decision
SC10-11-01	Medical Necessity	Reprocess Claim at the In-Network Allowed Amount
SC10-11-02	Benefit Application	Approve
SC10-11-03	Plan Exclusion	Uphold Denial

**MOTION TO APPROVE CLAIM APPEALS 10-11-01 AND 10-11-02 AND UPHOLD DENIAL OF CLAIM APPEAL 10-11-03.**

**MOTION:** Commissioner VanWinkle  
**SECOND:** Commissioner Hoffmann  
**VOTE:** 7 Ayes, 0 Nays

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

**FUND ATTORNEY** – Fund Attorney said the Small Claims Committee process is working well. In addition, the Bergen Record included an article stating that the BMED filed a class action suit against a major pharmaceutical company. Fund Attorney said this suit is on the MRHIF level, not the BMED.

**AETNA - THIRD PARTY ADMINISTRATOR** – Executive Director said the Aetna report was included in the agenda for review.

*TPA's Report Made Part of the Minutes*

**PHARMACY NETWORK (Express Scripts)** – Ms. Depcik introduced Mr. Paul Grew, the Express Scripts pharmacist assigned to the Fund.

Mr. Grew said there were many programs that Express Scripts offers to help save money for the Fund and the member:

Select Step Therapy – This is an opt out program, unlike the Mandatory Step Therapy. There are approximately 25 treatments that this therapy will effect. If prescribed a brand name medication, the employee must try the generic versions first. If these steps do not work, the brand may be filled. He said 75% of Express Script’s book of business is in this program. In response to Fund Attorney, Mr. Grew said that the Step Therapy design can be opted in by the employee, the member or the Fund. For the most flexibility, the Fund should opt in and allow the opt out by member or employee.

Chairman Cuccia asked if a physician does not feel the generic is the best choice, will the brand name be filled and paid? Ms. Depcik said many physicians write ‘as written’ on the prescriptions as drugs representatives request, but the generic goes through rigid rating and is mostly the same exact drug as the brand. There are very few situations where a brand is required. But, the plan is designed by the Fund, so rules may be overridden. She said pushback from the employees is unlikely.

Prior Authorization – The member would be required to take the generic of any medication, unless FDA specific or their provider recommends the brand. In addition, this program recognizes potential dangerous drug interactions. Ms. Peterson said this program is already in the Fund policy.

Adherence & Specialty – This program determines a patient adherence to maintenance medication, which has been linked to increased worker productivity. In addition, if the med/specialty possession ratio is adhered to at least 80%, a savings on the major medical is possible. Employees with a ratio lower than 60% will be notified.

Fraud Waste & Abuse – This program looks into drug utilization that is excessive, specifically controlled substances. The most common fraudulent situation occurs out of identity theft. Some employees see multiple physicians to get prescriptions filled. For every fraud or abuse situation that is controlled, there is a savings on prescription and on the medical. In response to Commissioner Hoffmann, Mr. Grew said Express Scripts runs reports of possible fraud situations and contacts the physicians and pharmacies. An employee may be ‘locked’ to one pharmacy to gain control. The program is \$0.88 per employee, per year, while each fraud claim is \$0.05.

Select Home Delivery – Express Scripts owns the Home Delivery company, so more savings is available. The Select feature sends the employee a choice form to try home delivery. If the form is not returned in 90 days, the employee will get 3 more fills at retail. On the fourth fill, the prescription will be denied and the employee will be required to call Express Scripts with their election. The member may opt out for an employee. The employee will always have the option to go back to retail, so this program offers little to no disruption. The conversion rate is approximately 40%.

Executive Director said that the Actuary reviewed these programs and recommended not changing the 2012 budget but instead moderate the trend. Copays will remain the same. Fund Attorney asked if copay amounts can be a negotiation term since the programs seem to have little incentive for the employee. Ms. Depcik said that is a possibility, but the savings will be less since the copays are being reduced. Executive Director suggested that all programs be approved and allow the member to opt out, depending on the savings and their contract negotiations. Ms. Depcik said that employees will be notified before the next meeting.

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

**RESOLUTION 38-11 OCTOBER 2011 BILLS LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2011	\$214,037.67
<b>TOTAL</b>	<b>\$214,037.67</b>

**SEPTEMBER CERTIFICATION OF CLAIMS\IMPREST TRANSFERS**



<b>FUND YEAR</b>	<b>AMOUNT</b>
2011	\$1,556,021.39
2010	\$0.00
2009	\$0.00
<b>TOTAL</b>	<b>\$1,556,021.39</b>

*Treasurer's Report Made Part of the Minutes*

**BOARD ADVISOR:** No Report

*Benefits Consultant Report Made Part of the Minutes*

**CONSENT AGENDA:**

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

<b>Resolutions</b>	<b>Subject Matter</b>
35-11	Adoption of 2012 Budget
36-11	Certification of 2012 Assessments
37-11	Certification of Claim Payments/Imprest Transfers
38-11	October Bills List
39-11	Resolution for Executive Session – For specified purpose of claims discussion

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

<b>MOTION:</b>	Commissioner VanWinkle
<b>SECOND:</b>	Commissioner Baginski
<b>ROLL CALL VOTE:</b>	7 Ayes, 0 Nays

**OLD BUSINESS:**

None.

**NEW BUSINESS:**

None

**PUBLIC COMMENT:**

Commissioner Hoffmann gave his condolences to Ms. Peterson for her recent family losses.

**MOTION TO ADJOURN:**

**MOTION:**

Commissioner VanWinkle

**SECOND:**

Commissioner Poli

**VOTE:**

Unanimous

**MEETING ADJOURNED:** 2:00pm

**NEXT MEETING:** December 8, 2011  
Saddle River Borough Hall  
12:00 P.M.

Emily Koval, Assisting Secretary  
Date Prepared: November 23, 2011