

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: September 29, 2011
SADDLE RIVER BOROUGH HALL
12:00 P.M.

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

ROLL CALL OF 2011 EXECUTIVE COMMITTEE:

Chairperson		
Charles Cuccia	Borough of Saddle River	Present
Secretary		
Peter Van Winkle	Borough of Rutherford	Absent
Executive Committee	Members	
Linda LoPiccolo	Twp. of South Hackensack	Present
Robert Hoffman	Borough of Westwood	Present
Maureen Iarossi-Alwan	Borough of Montvale	Present
Hugo Poli	Village of Ridgefield Park	Present
Alternates		
Victor Baginski	Borough of Wallington	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	Gary Lopez
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	Diane Peterson Brandon Lodicis
RX Administrator	Express Scripts	Katty Mercado Kelly Depcik

OTHERS PRESENT:

Frank Covelli, PIA
Randy Barber, PERMA
Tom Konikowski, RMC Wallington
Mathew McArow, GJEM Insurance Agency

Chris Assenheimer, Borough of Carlstadt
Kelley O'Donnell, Borough of Park Ridge

APPROVAL OF MINUTES: April 28, 2011 Open and Closed.

MOTION TO APPROVE THE OPEN AND CLOSED MINUTES OF JUNE 23, 2011.

MOTION:	Commissioner LoPiccolo
SECOND:	Commissioner Poli
VOTE:	5 Ayes, 0 Nays, 1 Abstain (Abstain – Commissione Iarossi-Alwan)

FINANCIAL REPORTS - The following reports were included in the agenda: Fast Track Financial Report as of June 30 & July 31, 2011; the Cash Flow Tracking Report as of July 31, 2011; the Budget\Billing Reconciliation, as of September 2011; and the Regulatory Compliance Checklist, as of September 30, 2011. Executive Director said that the Financial Fast Tracks illustrate a \$6 million surplus, \$1.5 million from this year. The financials seem very stable.

BUDGET INTRODUCTION - The agenda included the 2012 budget for introduction, and supporting documentation. The Finance and Operations Committee met prior to the meeting to review and make a recommendation at the Fund meeting. If approved, we are seeking motion and the adoption of Resolution 31-11 (included on Consent Agenda) to introduce and schedule a public hearing to adopt the 2012 budget on October 27, 2011.

Executive Director said that the budget shows an average increase of 7.79%. The Operations Committee recommended the rate stabilization line to increase to \$185,000, bringing the total average increase to 8%. Although the Fund is stable, Chairman Cuccia feels that the rate stabilization is important to hold a cushion during membership loss.

Executive Director reviewed the budget by line, including the Reinsurance which is flat due to the deletion of the Dental reinsurance. In addition, a regulatory expense for the mandated website and Early Retirement Reinsurance management were added.

RMC BREAKFAST - PERMA hosted a breakfast for the BMED Risk Managers at the Saddle Brook Marriott on September 29, 2011 at 8:30am. Presenters from PERMA and Conner Strong discussed Chapter 78, Wellness initiatives, Online Enrollment and other HIF updates. Mr. Barber said that the presentation went well and was able to introduce the Fund to new brokers.

MEMBERSHIP - High loss ratio members Alpine and North Arlington are terminating coverage for medical and moving this coverage to the State plan. These members received higher assessments than other members due to losses they were generating for the Fund. The withdrawal resolutions are included at the end of the report.

Oakland continues to investigate membership for January 1, 2012 and a variety of plan design options have been provided for their consideration. Mr. Barber said that some efforts are on hold until the State Health Benefit increase is announced. He asked for referrals from the current Fund Commissioners

2012 PROFESSIONAL CONTRACT AWARD PROCESS - Last year, the Fund adopted the alternative to the “Fair and Open” process. Fund Attorney described the difference between “Fair and Open” and “Non-Fair & Open”, which is basically the ability for Professionals to make political contributions. This effects Executive Director, Attorney, Treasurer, Auditor, Actuary and Program Manager. Commissioner Hoffman said he feels better knowing that the Professionals must set aside outside influences.

MOTION TO ADOPT THE ALTERNATIVE TO THE FAIR AND OPEN STATUTE IN AWARDING PROFESSIONAL CONTRACTS FOR FUND YEAR 2012.

MOTION: Commissioner Iarossi -Alwan
SECOND: Commissioner Poli
VOTE: 6 Ayes, 0 Nays,

RENEWALS FOR 2012 - The following members are coming up for renewal of their Indemnity and Trust Agreements at the end of this year. A sample of the renewal packet is included at the end of this report.

MEMBER	Date hard copy sent
BOROUGH OF CARLSTADT	8/5/2011
BOROUGH OF HILLSDALE	8/5/2011
BOROUGH OF MONTVALE	8/5/2011
BOROUGH OF PARK RIDGE	8/5/2011
BOROUGH OF RUTHERFORD	8/5/2011
BOROUGH OF SADDLE RIVER	8/5/2011
BOROUGH OF EMERSON	8/5/2011
BOROUGH OF EAST RUTHERFORD	8/5/2011
BOROUGH OF WALLINGTON	8/5/2011
TOWNSHIP OF ROCHELLE PARK	8/5/2011
VILLAGE OF RIDGEFIELD PARK	8/5/2011
EAST RUTHERFORD BOARD OF ED	8/5/2011
BOROUGH OF FT. LEE	8/5/2011
CARLSTADT BOARD OF ED	8/5/2011

CONTRIBUTIONS REQUIREMENTS – CHAPTER 78, P.L. 2011, SENATE #2937 - The adoption of this law will have a major impact upon our members and their employees as they administer the contributions system. It will also impact the HIF by:

- Alternative and lower cost plans need to be put in place to provide employees with opportunities to reduce their contributions and likewise reduce entity expenses.
- Ideally, the budget process should be moved up one month so that relative rates are known during open enrollment. If this is possible, it will be necessary to schedule a September meeting.

- We hope to facilitate implementation of the new law by assisting our members in interpreting the new law.

Each of these subject matters are being developed and we will provide an updated report at the meeting.

Chairman Cuccia suggested having members present low cost options to their Boards. Program Manager is sending materials out for all members. In response to Commissionr Hoffman, Chairman Cuccia said the Health Savings Plan that Westwood has instituted may not be used as a cost savings plan against the current plans because it was already active in 2011.

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The MRHIF's Executive Committee met on September 14,2011 at 2 pm in the offices of PERMA Risk Management Services to introduce their 2012 budget. A copy of Commissioner Van Winkle's report from that meeting is attached.

GATEWAY BMED WEBSITE - The Fund website, www.bmedhif.com, has been updated with the Gateway name and logo. Public notices, meeting minutes, some financials and other important Fund information has been upload and available. We encourage Commissioners and all employees to utilize.

Executive Director's Report Made Part of the Minutes.

FUND ATTORNEY – No Report

AETNA - THIRD PARTY ADMINISTRATOR - Mr. Lopez distributed the Monthly Claim Activity Report. He said the 2011 claims averaged \$153.04 PEPM. There were no high claimants in July over \$50,000.

TPA's Report Made Part of the Minutes

BENEFITS CONSULTANT: Conner Strong

ADMINISTRATIVE ISSUES - We would like to introduce our newest Health JIF Associate, Ruth Brown. Ruth's background in Human Resources and Benefit Administration will make her a valuable addition to the team.

2011 PUBLIC ENTITY SURVEY - Recently, this year's Public Entity Survey was released. This document discloses information pertaining to benefit programs of groups from all across the state. We are proud to announce that we have over one hundred respondents in the survey. We would like to thank everyone who participated in this year's survey and those who did complete the survey should have received a copy of the results. A separate handout of the survey will be distributed to each member of the Executive Committee. A thorough examination of this data may provide some insight into your current plan structure and hopefully provide each entity with some ideas of how to make strategic, lasting changes.

CHAPTER 78 – CONTRIBUTION CALCULATOR - Perma LLC has developed a proprietary Contribution Calculator to assist entities contending with the new requirements set forth in Chapter 78, P.L. 2011. Please reach out to Brandon Lodics, blodics@permainc.com, to request the calculation of your entity's contributions.

OPEN ENROLLMENT - There will be an open enrollment for all of the Municipalities during the month of October for changes effective January 1, 2011.

LEGISLATIVE UPDATE: HEALTH INSURERS TO OFFER BIRTH CONTROL WITHOUT COPAYS - On August 1, 2011 the Obama administration announced that birth control will be covered under preventative care as a new requirement imposed on all non-grandfathered health care plans. This means that no copays may be assessed for this type of treatment. These new guidelines also apply to a variety of other services that will be offered with no copays. These include: an annual “well-woman” visit, counseling for domestic violence, breastfeeding support, contraceptive counseling, as well as screening measures designed to detect the virus that causes cervical cancer. These new provisions will be effective as of January 1, 2013. The rules do provide for some flexibility as cost-sharing may be applied in instances where members utilize a brand drug where a generic equivalent is available. This legislative enactment is the brainchild of the Institute of Medicine, a panel of medical experts who advise the government. Though the patients may receive these services free of charge, as the old economics adage states, “there is no such thing as a free lunch.” All consumers with health insurance will notice a slight increase in their premiums to compensate for these additional services. There will be exceptions made for religious groups who will be given the option to opt out of offering this coverage.

EXPRESS SCRIPTS UPDATE - The recent release of the *2010 Drug Trend Report* will provide some good insight as to the inner workings of the prescription drug market. There were many valuable takeaways from the report, but the most shocking was the news that an approximated \$404 billion dollars is wasted every year. This is due to consumer behavior such as obtaining maintenance medications through a retail pharmacy as opposed to ordering them through the home delivery program. Also, waste could be cut down by an improvement in the Generic Fill Rate (GFR). This is an area of drug spend that is needlessly being wasted as higher cost medications are being utilized when they are providing no additional therapeutic value. Another focal point gleaned from the report is the significant proportion of drug spending that is eaten up by specialty drugs. Recent estimates have stated that by 2014, approximately 40% of U.S. drug spending is attributable to specialty drugs. Traditional drug trend has only increased approximately 1.4% from the prior year. It is also becoming increasingly apparent that pharmacy networks will need to be tightened as the savings that are generated from increased competition have not yet yielded significant savings. This is primarily due to the fact that many retail chains are consolidating and are therefore unwilling to offer pricing concessions. If you would like to read the full report you can view a PDF copy here:

www.express-scripts.com/research/studies/drugtrendreport/2010/dtrfinal.pdf

WALGREENS LEAVING EXPRESS SCRIPTS NETWORK - Effective January 1, 2012 Walgreens will no longer be participating with the Express Scripts network. Express Scripts has standard communications which, the Benefits Consultant is reviewing to assure the information applies to the Fund.

At this time Walgreens is still a participating pharmacy and prescriptions can continue to be picked up at the in-network rate. The network contract expires 12/31/2011, following this date Walgreens will no longer be an in network pharmacy.

Please see below the action plan for member notification moving forward.

- 1) ESI will Communicate with clients – August
- 2) ESI to send HIFs utilization statistical data in August
 - a. i.e. # of participants who use Walgreens
 - i. BMED Members With Walgreens Utilization
 - ii. BMED Members- Walgreens' Exclusive
 - b. FAQs
 - c. Templates of communications
- 3) ESI will Communicate with participants – October
 - a. Only those who use Walgreens (last 12 months)
 - b. Provide 3 next closest pharmacy to currently utilized Walgreens
 - c. Describe how new pharmacy will transfer RX without participant having to do anything

Please see attached an email sent on from the Executive Director to all Fund Commissioners, as well as the first letter from Express Scripts to BMED members- addressing those members who are currently utilizing Walgreens.

SOCIAL SECURITY NOTIFICATION FOR MEDICARE - Since its inception, the Fund has always held that if and when an individual becomes eligible for Medicare, they should elect coverage. It is also normal that all employees who are eligible for Medicare have their benefits processed as if Parts A & B are both in effect, regardless of whether the election is made. It is not in the Fund's scope to perform an audit of all members within the Fund and determine who is Medicare eligible and when. Rather, each individual employer must adequately communicate with their workers about the various ways to become eligible for Medicare. It is imperative that employers remain diligent and investigate any occurrences that may cause an employee to become eligible for Medicare.

LETTER TO WELLNESS AMBASSADOR - Attached is a copy of the letter which will be disseminated to all Wellness Ambassadors who have elected to represent their groups for the wellness initiative with Onlife Health. There will also be an email blast sent out to all Commissioners as a reminder. Please feel free to offer any suggestions or changes that you think may be appropriate.

PLAN CHANGES - Effective 7/1/2011, the Borough of Rutherford made an enrollment based prescription plan change which, resulted in premium savings.

GROUP TERMINATIONS: Effective 10/1/2011, the Borough of Alpine and the Borough of North Arlington will be leaving the BMED/Gateway Fund for prescription and medical.

Both entities will continue to have **dental** coverage in the Fund.

AETNA ID CARD UPDATE - Beginning in September, Aetna will be displaying new standard language on the back of all ID cards that are issued. Below is the language that will be added to each card depending on which plan the member is enrolled in.

Open Access and Choice POS

*You do not have to choose a primary care physician (PCP) or obtain referrals. The plan describes what you need to precertify. If you do not precertify, your benefits will be reduced. **To precertify, call the member or provider number listed.***

EMERGENCY: Call 911 or go to nearest emergency facility.

Notify Member Services as soon as possible after treatment.

This card does not guarantee coverage.

QPOS

*You must choose a primary care physician (PCP) and referrals are required. Your PCP must issue referrals before the service except for direct access benefits or emergencies. If you do not obtain referrals, your benefits will be reduced. **To precertify, call the member or provider number listed.***

Emergency: Call 911 or go to nearest emergency facility.

Notify Member Services as soon as possible after treatment.

This card does not guarantee coverage.

HMO

You must choose a primary care physician (PCP) and referrals

are required. Your PCP must issue referrals before the service except for direct access benefits or emergencies.

If

*you do not obtain referrals, you will be responsible for the cost of the service. **To precertify, call the member or provider number listed.***

Emergency: Call 911 or go to nearest emergency facility.

Notify Member Services as soon as possible after treatment.

This card does not guarantee coverage.

Additionally, the medical cost sharing amounts will be placed on the front of all new ID cards. This will include any applicable copayments for PCP, Specialist, ER, and Hospital Visits along with the wording 'deductible may apply.' The information concerning precertification must be included on the cards even though in many instances, members will not need to obtain a precertification because their plan does not call for one.

SMALL CLAIM APPEAL RATIFICATION:

Aug/Sept SC Appeals		
Appeal #	Appeal Basis	Committee Decision
SC08-11-01	Medical Necessity	Reprocess Claims at the In-Network Allowed Amount
SC09-11-01	Medical Necessity	Pending Medical Review

COMPLAINT REPORT as of September 19

CLAIM APPEALS - There is ONE claim appeal to be heard in closed session.

In response to Commissioner Hoffman, Mr. Lodics said that Open Enrollment packets are going to the Human Resource representatives. Program Manager said that there is a new open enrollment video online for any questions. There will be special open enrollments during next year to institute the new low cost plans. In response to Commissioner Baginski, Fund Attorney said that generic contract language can be provided for the low cost plan changes.

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

AUGUST 2011 BILLS LIST

FUND YEAR	AMOUNT
2011	\$237,876.94
TOTAL	\$237,876.91

RESOLUTION 34-11 SEPTEMBER BILLS LIST

FUND YEAR	AMOUNT
2011	\$258,221.54
TOTAL	\$258,221.54

APRIL CERTIFICATION OF CLAIMS\IMPREST TRANSFERS

FUND YEAR	AMOUNT
2011	\$1,273,838.53
2010	\$0.00
2009	\$0.00
TOTAL	\$1,273,838.53

Treasurer's Report Made Part of the Minutes

BOARD ADVISOR: No Report

Benefits Consultant Report Made Part of the Minutes

PRESCRIPTION PROVIDER – EXPRESS SCRIPTS-- Ms. Depcik reviewed the recent developments with Express Scripts' relationship with Walgreens. She said that a lawsuit has been filed because Walgreens has asked for the following items that Express Scripts will not abide by.

1. Walgreens is asking for a 28% increase on drug costs

2. Walgreens wants to limit Express Scripts' auditing capabilities
3. Walgreens would like to choose their clients

Because an agreement has not been reached, Ms. Depcik said that Express Scripts will not longer include Walgreens in its' network. She said a letter will be sent on or around October 10 to all clients who have used Walgreens in the past 90 days listing other pharmacies within a 3 mile radius, which exists for almost all clients. She said the lawsuit was filed in hopes to keep other pharmacies from insisting on the same demands.

In response to Chairman Cuccia, Ms. Depcik said that the Grocery Store Pharmacy networks show a significant savings for the member and the Fund because many times the Pharmacy is used as a marketing tool to get people in the store and do not even submit the claims or take copays. She said by making this network the first option, the Fund can save approximately \$30,000. In addition, mandating home delivery medications can save the Fund \$130,000. She said that there is usually resistance at first, but when the member is use to having their maintance drugs delivered this way, they usually prefer it. Executive Director said the actuary will request Actuary figures associated with these programs.

CONSENT AGENDA:

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

Resolutions	Subject Matter
31-11	Introduction of 2012 Budget, As Amended
32-11	Certification of Claim Payments/Imprest Transfers
33-11	August & September Bills List
34-11	Resolution for Executive Session – For specified purpose of claims discussion

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION:	Commissioner LoPicolo
SECOND:	Commissioner Hoffman
ROLL CALL VOTE:	6 Ayes, 0 Nays

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

MOTION:	Commissioner Baginski
SECOND:	Commissioner LoPicolo
ROLL CALL VOTE:	Unanimous

OLD BUSINESS:

None.

NEW BUSINESS:

None

PUBLIC COMMENT:

None.

MOTION TO ADJOURN:

MOTION:

Commissioner LoPiccolo

SECOND:

Commissioner Baginski

VOTE:

Unanimous

MEETING ADJOURNED: 2:00pm

NEXT MEETING: October 27, 2011
Saddle River Borough Hall
12:00 P.M.

Emily Koval, Assisting Secretary
Date Prepared: October 20, 2011