

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: APRIL 24, 2014  
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 2014 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>	
Robert Hoffmann	Borough of Westwood	Absent
Maureen Iarossi-Alwan	Borough of Montvale	Present
Hugo Poli	Village of Ridgefield Park	Absent
Victor Baginski	Borough of Wallington	Present
Richard Kunze	Borough of Oakland	Absent
<b>Alternates</b>		
Gregory Hart	Borough of Franklin Lakes	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>	Kim Ward
Dental Claims Administrator	<b>Delta Dental of NJ, Inc.</b>	Kim White
Auditor	<b>Lerch, Vinci &amp; Higgins</b>	Gary Vinci
Actuary	<b>John Vataha</b>	
Independent Consultant	<b>LaMendola Associates</b>	Clark LaMendola
Benefits Consultant	<b>Conner Strong</b>	Brandon Lodics
RX Administrator	<b>Express Scripts</b>	

**OTHERS PRESENT:**

Frank Covelli, PIA  
Renee Gear, PIA  
Deb Ginetto, RMC  
Tom Konikowski, Konikowski Insurance  
Matt McArow, Otterstedt  
Dave Vozza, Vozza Agency

**CORRESPONDENCE** – None

**APPROVAL OF MINUTES:** February 27, 2014

**MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF FEBRUARY 27, 2014:**

**MOTION:** Commissioner Baginski  
**SECOND:** Commissioner Van Winkle  
**ROLL CALL VOTE:** Unanimous

**MOTION TO SUSPEND REGULAR ORDER OF BUSINESS TO ENTER INTO EXECUTIVE SESSION FOR THE DISCUSSION OF CLAIMS**

**MOTION:** Commissioner Iarossi - Alwan  
**SECOND:** Commissioner Van Winkle  
**ROLL CALL VOTE:** Unanimous

**MOTION TO ENTER INTO OPEN PUBLIC SESSION**

**MOTION:** Commissioner Iarossi - Alwan  
**SECOND:** Commissioner Van Winkle  
**ROLL CALL VOTE:** Unanimous

Chairman Cuccia announced that this will be his last meeting as the Chairman of the BMED and Commissioner of Saddle River as he has accepted a position at a non member town. Executive Director said the Secretary usually fills the position of a Chairperson. Commissioner Van Winkle said he will accept the position, but suggested an election at the next meeting. He said that Commissioner Hoffmann had notified the Fund that Westwood is available for meeting location. PERMA will update the website and advertise this change.

**MOTION TO MOVE THE JUNE BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND MEETING TO WESTWOOD BOROUGH.**

**MOTION:** Commissioner Iarossi - Alwan  
**SECOND:** Commissioner Baginski  
**ROLL CALL VOTE:** Unanimous

**EXECUTIVE DIRECTOR'S REPORT:**

- Fast Track Financial Reports – as of February 2014
  - Historical Income Statement
  - Cash Flow Tracking Reports

Executive Director said the Fund's surplus has reached \$9.5 million, which is the highest he has ever seen it. He thanked Chairman Cuccia for his vigilance with the Funds finances.

**Auditor and Actuary Year-End Reports** - A copy of the financial audit for the period ending December 31, 2013 has been included with the agenda. A representative from Lerch, Vinci and Higgins is expected to be in attendance to review. Once approved, we will make a filing with the Departments of Insurance and Community Affairs to meet the June 30th deadline. Attached are Resolution 16-14 and the Affidavit of Certification to approve the December 31, 2013 audit. We request the approval via the following motion.

Fund Auditor reviewed the financials contained in the report. He said at year end, there was a surplus of \$9.3 million, which is \$2 million higher than the previous year and \$5 million higher than 5 years ago. He said the Fund is in excellent condition and has no recommendations. Operationally, the Fund is working well.

**MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION 16-14 AND EXECUTE THE GROUP AFFIDAVIT INDICATING THAT THE MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT**

<b>MOTION:</b>	Commissioner Iarossi - Alwan
<b>SECOND:</b>	Commissioner Baginski
<b>ROLL CALL VOTE:</b>	Unanimous

**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, 2013 year –end financial reports to New Jersey Department of Banking and Insurance.

**STRATEGIC DIRECTION** - At our last meeting, the Executive Committee expressed the intention to continue to remain an independent Fund. Since that meeting, Maywood, which also has a poor loss ratio and had previously advised the Fund of its intent to leave, has made its decision final. Maywood’s departure will leave the Fund with 729 medical enrollees. Aggregate enrollment, including dental only enrollees, remains strong at over 2,000. Executive Director said they are leaving June 1.

We have evaluated the option of reducing our specific claim retention from \$225,000 to \$200,000 as a means of reducing risk for the smaller pool. However, the additional cost of doing so, at \$129,000, may not be justified by the reduced risk. The Fund would receive a positive return on the additional premium only if it had 6 or more claims in this corridor. We have averaged less than 4 such claims over the past 5 years. Given our history and our strong surplus position, we recommend that no change in retention levels be made at this time. This issue can be revisited with the 2015 budget and as enrollment levels change in the future.

Marketing activity has picked up considerably and currently involves the following entities:

- Park Ridge BOE – dental
- East Rutherford
- Waldwick
- Wycoff

Ridgewood  
Harrington Park

We are also in the process of working with Mr. LaMendola on updating Fund marketing materials.

**MEETING WITH SENATOR PAUL SARLO** - At the request of MRHIF Chairman Van Winkle, the MRHIF lobbyist is in the process of setting up a meeting with the Senator to discuss his bill on sharing of refunds (dividends) with employees, to introduce again the concept of consolidated purchasing of Rx benefits with the SHBP, and other issues of concern to HIF members. We would like to briefly discuss this matter with the EC to determine if other EC members can attend.

### **BENEFITS OPERATIONS**

**AETNA COORDINATION OF BENEFITS ISSUES** - As a result of MRHIF claims audits, two claims from 2012 may have overpayments due to coordination of benefits opportunities that were previously not identified.

- Once claim for \$200,604 will drop to \$36,292;
- Another claim for \$491,397 is being evaluated for a possible reduction.

We will report on the status of these recoveries at future meetings until the matters are finalized.

Aetna is also in the process of conducting an audit that we will carefully monitor and possibly supplement if necessary with an outside audit from MRHIF. Prospective COB procedures are expected to be significantly tightened as a result of the upcoming transition to a new Aetna claims system on 1/1/2014. Executive Director said a tighter claims handling process is beginning to be established.

Ms. Ward said that the Medicare Advantage transition revealed many of these COB issues. She said controls are being put in place from here on out.

**RX RFP PROCESS** - Express Scripts has offered the HIFs revised pricing terms that we are in the process of evaluating. Executive Director said they have submitted a proposal with a small decrease, but the transparency and service issues were not addressed. We will be starting the RFP process through MRHIF with the intention that a new contract can be in place by March, 2015.

The other HIFs have implemented the ESI "Formulary" effective 4/1/2014. We will provide an update on their experience at the meeting.

We are meeting with ESI this month on clinical adherence programs and will have an update and a possible recommendation for action at our next meeting. Program Manager said the formulary has been set up in other Funds for almost a month and there has been very little disturbance, so it may be something to discuss again in the future.

**DELTA DENTAL PREVENTATIVE PROGRAMS-** PERMA met with Delta Dental to discuss programs they provide towards preventative measures and overall oral health. Two suggestions are that:

- 1) The Fund implement the Delta Dental “oral health enhancement program” which consists of expanded preventative care (4 annual cleanings v. 2 without charge) for persons with periodontal diagnosis.
- 2) The Fund implement Delta Dental’s calendar year maximum carry over for persons that use at least one preventative care visit per year (this program will be optional by member but without additional cost).

These programs each “cost” about 1% of current claims or \$18,000 per year. Due to changes in the Delta Dental reimbursement schedule, the Fund’s dental program is operating significantly below budget so this investment, which will reduce long term costs, is affordable.

Commissioners said this would be better presented on a town by town basis, allowing the Risk Managers to introduce.

**MOTION TO ADOPT OPTIONAL DENTAL ORAL HEALTH ENHANCEMENT PROGRAM AND CARRY OVER PROGRAM AT THE MEMBER LEVEL.**

<b>MOTION:</b>	Commissioner Iarossi - Alwan
<b>SECOND:</b>	Commissioner Van Winkle
<b>ROLL CALL VOTE:</b>	Unanimous

**PERMA HIF TEAM** - PERMA is pleased to announce the addition of 2 new members to the BMED servicing team:

*Jozsef Pfeiffer*- Joe will be the BMED Associate Consultant to the Benefits Consultant. Joe will be responsible for claims, appeals and new plan pricing under the direction of the Benefit’s Consultant. Joe’s official title is *Health JIF Associate Consultant*.

Jozsef Pfeiffer | *Health JIF Associate Consultant*  
PERMA Risk Management Services | 40 Lake Center Executive Park  
401 Route 73 North | P.O. Box 989 | Marlton, NJ 08053  
P : 856-552-4546 | F : 856-552-4547  
[jpfeiffer@permainc.com](mailto:jpfeiffer@permainc.com) |permainc.com

*Dawn Brown*- Dawn will be joining the HIF team, as an *Employee Benefits Specialist* (EBS). Her primary role will be supporting Jozsef and Brandon in servicing the BMED Gateway accounts.

Dawn M. Brown |*Health JIF Employee Benefits Specialist*  
Conner Strong & Buckelew, Inc.|40 Lake Center Executive Park|401 Route 73 North, Suite 300|P.O. Box 989, Marlton, NJ 08053  
P : 856-552-4714 | F : 856-552-4715  
[dmbrown@connerstrong.com](mailto:dmbrown@connerstrong.com) | connerstrong.com

**LUNCH AND LEARN – ONLINE ENROLLMENT TRAINING SESSION** - The Executive Committees for the Gateway BMED Fund voted and approved mandatory use of the Online Enrollment system for all members of the Funds. PERMA and Benefit Express are hosting a lunch and learn session to train and educate all Fund Benefit Coordinators on the enrollment system. The training will be held at the Woodbridge Hilton on Thursday, May 8<sup>th</sup> from 12:00-2:30 pm. Lunch will be served promptly at noon. The address for the Woodbridge Hilton is 120 Wood Avenue South, Iselin, NJ 08830-2709.

Benefit Express, the Fund’s online enrollment system, offers a variety of benefits. The system will help Benefit Coordinators become more organized and efficient by eliminating sending in paper applications, having the ability to view employee’s benefit information, helping to eliminate making unnecessary phone calls and overall, save time. The online enrollment system also offers reporting features that can help you with every day needs.

Invites were sent out all Benefit Coordinators. Space is limited so please be sure to RSVP by May 1<sup>st</sup>. If you did not receive an invite and you would like to attend the training, please contact Karen Kidd at PERMA at 856-552-4644 or [kkidd@permainc.com](mailto:kkidd@permainc.com)

**PRESCRIPTION MAIL ORDER COPAY PROGRAM** - Express Scripts is rolling out an optional mail order copay program that will benefit both members and the Fund. The program offers all members currently, not utilizing the Express Scripts Mail Order pharmacy for their maintenance medications a \$0.00 copay (up to \$50 per claim) for their initial fill to move their maintenance medications to mail order.

**Communications:**

Express Scripts will send a targeted letter or email to your members notifying them about the program. To receive the copay waiver, members will need to move their generic prescriptions currently at retail to home delivery with the Express Scripts Pharmacy between June 1 and August 31, 2014.

**MOTION TO ADOPT OPTIONAL MAIL ORDER COPAY PROGRAM  
EFFECTIVE JUNE 1, 2014.**

<b>MOTION:</b>	Commissioner Iarossi - Alwan
<b>SECOND:</b>	Commissioner Van Winkle
<b>ROLL CALL VOTE:</b>	Unanimous

**MAY 1, 2014 AETNA RE-CARD:** To better service your employees and their dependents AETNA has developed an individual customer service unit for all HIF plan members. Beginning around 5/1/2014, all members enrolled in an AETNA plan will be receiving new ID Cards with the attached AETNA insert. No ID or group numbers will be changing, only the customer service telephone number. The new number listed will put HIF employees and dependents directly in contact with the specialized HIF Customer Service unit.

We will be developing a payroll stuffer that will be distributed electronically to your enrollment representatives.

**Updated Customer Service Lines:**

HMO/QPOS/Choice Open Access (OA) POS – 855-281-8857

Traditional/Choice Open Access (OA) POS II- 855-281-8858

**FUND ATTORNEY** – no report

**AETNA - THIRD PARTY ADMINISTRATOR** – Ms. Ward reviewed the claims for January and February. She said there were 4 high level claims which caused a higher than average claim cost for January. February only had 2 high claimants. She said she hopes to bring new detailed reports to future meetings.

**PHARMACY NETWORK (Express Scripts)** – No Report

**DELTA DENTAL** – No report

**TREASURER** – Chairman Cuccia reviewed the bills list which is included in consent agenda.

**RESOLUTION 14-14 FEBRUARY 2014 BILLS LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2014	\$306,842.48
<b>TOTAL</b>	<b>\$306,842.48</b>

*Treasurer's Report Made Part of the Minutes*

**BOARD ADVISOR:** 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>
16-14	Acceptance of 2013 Year End Financial Statements
17-14	Authorization of March and April 2014 Bills List
18-14	Certification of Claim Payments/Imprest Transfers
19-14	Resolution for Executive Session - For specified purpose of Claims discussion

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

**MOTION:** Commissioner Baginski  
**SECOND:** Commissioner Van Winkle  
**ROLL CALL VOTE:** 5 Ayes, 0 Nays

**OLD BUSINESS:** None.

**NEW BUSINESS:** none

**PUBLIC COMMENT:** Mr. Covelli said that the enrollment seminars are a distance for the BMED members and asked for an alternative. Executive Director said there will be webinars in addition to this meeting.

**MOTION TO ADJOURN:**

**MOTION:**

Commissioner Kunze

**SECOND:**

Commissioner Baginski

**VOTE:**

Unanimous

**MEETING ADJOURNED:** 1:15pm

**NEXT MEETING:** June 26, 2014  
Westwood Borough Hall  
12:00 P.M.

Emily Koval, Assisting Secretary  
Date Prepared: June 19, 2014