

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: AUGUST 28, 2014
WESTWOOD BOROUGH HALL
12:00 P.M.**

Meeting called to order by Acting Chair Peter VanWinkle The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2014 EXECUTIVE COMMITTEE:

Chairperson		
Peter Van Winkle	Borough of Rutherford	Present
Secretary		
Robert Hoffmann	Borough of Westwood	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgefield Park	Absent
Victor Baginski	Borough of Wallington	Absent
Richard Kunze	Borough of Oakland	Present
Gregory Hart	Borough of Franklin Lakes	Present
Donna Gambutti	Township of South Hackensack	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval
Attorney	Huntington Bailey, LLP	William Bailey
Treasurer	Joseph Iannaconi	
Third Party Administrator	Aetna	Kim Ward
Dental Claims Administrator	Delta Dental of NJ, Inc.	Kim White
Auditor	Lerch, Vinci & Higgins	
Actuary	John Vataha	
Independent Consultant	LaMendola Associates	Clark LaMendola
Benefits Consultant	Conner Strong	Brandon Lodics
RX Administrator	Express Scripts	Paul Grew

OTHERS PRESENT:

Frank Covelli, PIA
Deb Ginetto, RMC

Matt McArow, Otterstedt
Carolyn Petrowski, Vozza Agency

CORRESPONDENCE - None

APPROVAL OF MINUTES: June 26, 2014

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF JUNE 26, 2014:

MOTION:	Commissioner Kunze
SECOND:	Commissioner Hart
ROLL CALL VOTE:	7 Ayes, 0 Nays,

PRO FORMA REPORTS

- **Fast Track Financial Reports** - as of June 2014 (*page 4*)
 - **Historical Income Statement**
 - **Cash Flow Tracking Reports**

Executive Director said the Financial Fast Track illustrates a \$963,000 surplus, including the MRHIF dividend. The current year will slightly gain.

2015 PRELIMINARY BUDGET - We are currently working with the actuary on the 2015 budget and will have preliminary claims projections for 2015 at the meeting. Claims projections for Rx and dental are positive but the preliminary medical projection is higher than for recent years. Last year, we deferred or tabled actions that may need to be reconsidered:

- Medical expenses can be reduced by 3% or \$411,000 by adopting different out of network reimbursement (OON) schedules. This step was taken in 2013 by the CJ and SNJ HIFs with success. Increased OON utilization and expense is the primary cost driver for BMED.
- Rx expenses can be reduced by 2% by implementing the ESI formulary. This plan was implemented by all 4 other HIFs in April, 2014 with success as well.

Executive Director explained that the difference between the current OON schedule and the proposed 150% to 175% of medicare is the amount being reimbursed to the provider or facility and balance billing may occur. He said the other funds have had to make slight exceptions for continued care, particularly in the mental health realm. Some non-par surgicenter will accept the insurance company's out of network fee schedule and not even balance bill the participant. The cost is significantly higher to the Fund, but the participant may not even know. He said this transition may not be easy, but could help the increase.

In addition, the Fund has accumulated a substantial surplus due to consistent results and MRHIF dividends. Preliminary discussion on surplus retention and dividend strategy is also requested. Executive Director said the reinsurance and expenses should decrease slightly.

Mr. Grew reviewed the National Preferred formulary that had been introduced earlier in the year. He said all other funds have accepted the formulary and there has been very little disruption. He said that Advair was a drug that was removed but recently was added back on because its sales too a dramatic loss, proving the formulary is making an impact on overinflated drug costs.

The Committee requested the budget be reviewed with an without the Out of Network change and formulary change. Chairman Van Winkle said he is not opposed to using surplus funds to offset the next year's rate increase. Board Advisor encouraged a review of the cost savings programs for due diligence. Executive Director said the Fund is in a good financial position to make some changes toward the 2015 renewal

In response to Commissioner Baginski, Ms. Ward said Aetna will be transferring the PPO platform which will be easier to work with than the current HMO platform. The plans and network will not be impacted.

REGULATORY

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** - as of August 21, 2014

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The MRHIF met in August after negotiations with Express Scripts were finalized. Their final offer would save the MRHIF between 4% and 7%, depending upon guarantees, in addition to some resolutions to the services issues and transparent pricing request. Ultimately, the MRHIF Commissioners felt that the Fund should continue with an RFP for this contract to fulfill its due diligence. PERMA will have the RFP completed by the September 10th MRHIF meeting. We will have an update on the recommendation results by the October meeting.

MEETING WITH SENATOR PAUL SARLO -The MRHIF lobbyist has a tentative date of September 11 to meet with Senator Sarlo which Chairman Van Winkle will be attending. He said he is welcome to other topics of discussion. He plans to discuss the option for the local members and Funds to be part of the SHBP Express Scripts contract, much like other state contracts which are open to other entities. In addition, the Cadillac Tax of 2018 should be discussed because he feels strongly that it is double 'dipping' on tax payer money.

MRHIF ENDORSEMENT UPDATE - There has been a few minor language updates to the MRHIF/SNJHIF policy contract. Attached is the updated version to be signed by the Chair.

BENEFITS OPERATIONS

ENROLLMENTS - All enrollment and billing questions should be directed to our dedicated enrollment team. The BMED enrollment team may be contacted via email at bmedenrollments@permainc.com or by facsimile at 856-685-2257.

URGENT CARE FACILITY COPAY REDUCTION 1/1/2015 FOLLOW UP - As a follow up to the June meeting, Fund Commissioner Kuntz asked that we provide a list of Urgent Care Facilities participating in the AETNA network within Morris and Passaic counties. The facilities can be seen listed below:

Morris:

Passaic:

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Provider ID: 9657964
Atlantic Urgent Care at Hackettstown
Urgent Care Center
57 Route 46
Suite 100
Hackettstown, NJ 07840
(908) 598-7980

Provider ID: 7045888
Concentra Health Services, Inc.
Urgent Care Center
190 Baldwin Road
Suite B
Parsippany, NJ 07054
(866) 944-6046

Provider ID: 9606259
FastER Urgent Care
Urgent Care Center
130 Speedwell Avenue
Morris Plains, NJ 07950
(862) 242-8053

Provider ID: 7045888
Concentra Health Services, Inc.
Urgent Care Center
283 Piaget Avenue
Clifton, NJ 07011
(973) 772-3930

Provider ID: 9966914
MedExpress Urgent Care-New Jersey, Inc.
Urgent Care Center
225 US Highway 46
Suite A
Totowa, NJ 07512
(973) 256-0452

MOTION TO REDUCE MEMBER COPAYS FOR URGENT CARE FACILITIES TO MATCH THE CURRENT SPECIALIST COPAY.

MOTION:	Commissioner Kunze
SECOND:	Commissioner Hart
ROLL CALL VOTE:	7 Ayes, 0 Nays

ONLINE ENROLLMENT SYSTEM TRAINING - The effective date of the full transition to the online enrollment system, Benefits Express was **8/1/2014**. After this date, the PERMA enrollment team will no longer be accepting paper enrollment forms via USPS, email or facsimile. To make this transition smoother for each entity, Karen Kidd, Implementation and Enrollment Manger at PERMA, has held several Web Ex trainings session in June, July and August, in which your benefit administrators and enrollment representatives were able to join to better learn the system and ask any questions. If your HR representative has not participated in training and does not have access to the online enrollment system, they should contact Karen Kidd at kkidd@permainc.com.

AETNA NEW ID CARDS 1-1-15 - Aetna will be migrating the majority of the BM ED/Gateway member base to a new platform effective 1-1-15. This will cause many members to receive new ID Cards for 1-1-15; not just members who made changes during Open Enrollment. We will continue to communicate details regarding the migration in the upcoming Agendas.

MEDICARE ELIGIBLE MEMBERS MUST BE ENROLLED IN PART A & B- We recently became aware of a situation where a member became eligible for Medicare due to a disability and did not enroll in Part B. It is policy of the BMED/Gateway Fund that once a member is eligible for Medicare Part A & B and no longer actively at work they must enroll in both or their coverage will terminate with the Fund.

APPEAL - Mr. Lodics said a recent medical necessity appeal was received. He requested approval from the Committee to decide on the claim based on the decision from the IRO review.

MOTION TO ALLOW BENEFIT CONSULTANT TO MAKE THE DECISION OF THE CLAIM #08-14-01 BASED OFF THE DECISION OF THE INDEPENDENT REVIEW ORGANIZATION

MOTION:	Commissioner Kunze
SECOND:	Commissioner Hart
ROLL CALL VOTE:	7 Ayes, 0 Nays

FUND ATTORNEY - no report

AETNA - THIRD PARTY ADMINISTRATOR - Ms. Ward reviewed the claims report included in the agenda which showed claims running higher than prior months. There was a reduction in employees from the loss of Maywood and Park Ridge medical, which can impact larger claim averages due to run out. She said the Out of Network usage is high. There were 4 large claimants in May.

Executive Director said the run out from termed members will stabilize in a month. In response to Commissioner Kunze, the loss of these members were considered in the new budget.

PHARMACY NETWORK (Express Scripts) - Mr. Grew reported that there has been a recent drug that was put on the market to essentially cure Hepatitis C. The cost is \$84,000 a year, per prescription. He estimated a 10% increase if the price of this drug is not forced to reduce by legislative efforts. Executive Director said the actuary will include his opinion in the budget.

DELTA DENTAL - No report

TREASURER - Chairman Van Winkle reviewed the bills lists included in the agenda for July and August.

CONFIRMATION OF PAYMENT - JULY 2014 BILLS LIST

FUND YEAR	AMOUNT
2014	\$ 414,584.80
TOTAL	\$ 414,584.80

RESOLUTION 22-14 AUGUST 2014 BILLS LIST

FUND YEAR	AMOUNT
2014	\$ 255,154.12
TOTAL	\$ 255,154.12

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.

Resolutions	Subject Matter
24-14	Authorization of July and August 2014 Bills List
25-14	Certification of Claim Payments/Imprest Transfers

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION: Commissioner Kunze
SECOND: Commissioner Hart
ROLL CALL VOTE: 7 Ayes, 0 Nays

OLD BUSINESS: In response to Commissioner Hoffmann, Executive Director said there are two applications with a Charter School and Mahwah. Mr. Covelli said that Maywood's transition to the State Health is not going as smooth as they had anticipated and praised the Fund for its flexibility. Most recently, the Fund Chair attended a meeting with a current member that was considering leaving and he said he felt confident the member will stay.

In addition, Mr. Covelli said there should be follow up on notices sent to Medicare eligible members who are not 65, e. we are primary when we dont have to. retirees on disability should go on medicare. Ms. Ward said that there has been some recent efforts to clean up COB discrepancies. Mr. Lodics said that the plan document requires all employees to purchase Part .

CL - do we require in plan doc to enroll when they have the option. BL - yes, once elibgile must get on A&B, regardless of age..

NEW BUSINESS: none

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION:	Commissioner Kunze
SECOND:	Commissioner Hart
VOTE:	Unanimous

MEETING ADJOURNED: 1:15pm

NEXT MEETING: August 28, 2014
Westwood Borough Hall
12:00 P.M.

Emily Koval, Assisting Secretary
Date Prepared: August 21, 2014