

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: FEBRUARY 26, 2015  
FRANKLIN LAKES, NEW JERSEY  
12:00 P.M.**

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

**ROLL CALL OF 2015 EXECUTIVE COMMITTEE:**

<b>Chairperson</b>		
Peter Van Winkle	Borough of Rutherford	Present
<b>Secretary</b>		
Victor Baginski	Borough of Wallington	Present
<b>Executive Committee</b>	<b>Members</b>	
Hugo Poli	Village of Ridgefield Park	Absent
Richard Kunze	Borough of Oakland	Present
Gregory Hart	Borough of Franklin Lakes	Present
Donna Gambutti	Twp of S. Hackensack	Present
Michael Mariniello	Borough of Saddle River	Present
<b>Alternates</b>		
Open		

**APPOINTED OFFICIALS PRESENT:**

Executive Director/ Administrator	<b>PERMA Risk Management Services</b>	Paul Laracy Emily Koval
Attorney	<b>Huntington Bailey, LLP</b>	Russ Huntington
Treasurer	<b>Joseph Iannaconi</b>	Joseph Iannaconi
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>	
Actuary	<b>John Vataha</b>	
Independent Consultant	<b>LaMendola Associates</b>	Clark LaMendola
Benefits Consultant	<b>Conner Strong</b>	Jozsef Pfeiffer
RX Administrator	<b>Express Scripts</b>	Kenneth Rostkowski

**OTHERS PRESENT:**

Frank Covelli, PIA  
David Voza, Voza Agency  
Matt McArrow, Otterstedt  
Deb Ginetto, Burton Agency

\*via conference call

Chairman Van Winkle presented a desk clock to recognized Mr. Hoffmann as Commissioner and Secretary of the BMED Fund since 2009. Mr. Hoffmann thanked the Committee and said he appreciated the concept of the HIF and the work put into the program for the members.

**CORRESPONDENCE -**

**APPROVAL OF MINUTES:** January 23, 2015. Ms. Koval noted that Resolution 9-15 included the wrong Commissioners. She said the minutes should read "The Committee voted for Chairman Van Winkle and Commissioner Baginski to be the MRHIF Commissioner and Alternate, respectively".

**MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF JANUARY 23, 2015, AS AMENDED:**

<b>MOTION:</b>	Commissioner Hart
<b>SECOND:</b>	Commissioner Baginski
<b>ROLL CALL VOTE:</b>	5 Ayes, 0 Nays

**EXECUTIVE DIRECTOR**

Executive Director thanked Franklin Lakes for hosting the meeting.

**FINANCIAL FAST TRACK** - Executive Director said there was a processing delay for January claims so the Financial Fast Track was not available for 2015, so far. Including the MRHIF dividend, the Fund had a strong year at the end of 2014.

**PHARMACY BENEFIT MANAGER CONTRACT AWARD** - The MRHIF met on February 13, 2015 to award a contract for Pharmacy Benefit Manager. Due to the sensitivity of contract negotiations, we will bring a full report to the meeting.

**NEW MEMBER APPLICATION - FAIRFIELD TOWNSHIP** - Fairfield Township has applied for membership in the Fund and is well qualified as a member.

Underwriting Factor	Fairfield Township	Fund Average or Standard	Relativity
Current Carrier or Arrangement	Horizon BCBSNJ Fully Insured	Aetna	
Age Sex Factor	1.14	1.17	97.56%
Enrollment	125	802	15.59%
Trend Applied	9.3%	8%	115.63%
Risk Manager Fee Applied	NA		
Rate Effective Date			
From	7/1/2015		
To	3/30/2016		
Prior Fund Member?	No but was prior NJ HIF member		
Current P&C JIF Member?	Yes, Suburban Essex		
Lines of Coverage to Fund			
Medical	Yes		
Dental	Yes		
Rx	No		
Anticipated Commissioner Involvement	To be determined		
Explanatory Notes or Contingencies	None		

Executive Director said the Fund has put out many quotes over the past few years, and this is one of the first to accept. The Fund Commissioner is familiar with the joint insurance fund concept. In response to Commissioner Kunze, Executive Director said the Fund is not responsible for the run out.

**MOTION TO APPROVE THE MEMBERSHIP OF FAIRFIELD TOWNSHIP WITH THE RATES CERTIFIED BY THE FUND ACTUARY EFFECTIVE JULY 1, 2015.**

Motion: Commissioner Baginski  
 Second: Commissioner Gambutti  
 Vote: 6 Ayes, 0 Nays

**GASB 45 VALUATIONS** - Many municipalities with less than 200 eligible employees received the State mandated GASB 45 report for retiree liability through 2011. These reports need to be updated every 3 years. The MRHIF has contracted with an actuary through UHY Advisors for all HIF clients. To receive your updated report, please contact Emily ([emilyk@permainc.com](mailto:emilyk@permainc.com)) to gather data. The process usually takes 4-6 weeks. Commissioner Kunze requested a listing of members with reports that are expiring.

**BENEFITS OPERATIONS**

**pro forma Reports**

- Claim Appeals – One

**UNITED HEALTHCARE MEDICARE ADVANTAGE TRANSITION** - The transition process is in the preliminary stages of gathering information. Notices to the Aetna enrolled Medicare Advantage retirees will be released in early March. We are hopeful that the enrollment process will be automatic and will not require enrollment forms or

documentation from the current retirees. The effective date of the new plan is June 1, 2015.

#### **OUT OF NETWORK FEE SCHEDULE AND RX FORMULARY IMPLEMENTATIONS**

- Mr. Pfeiffer said there have been no major out of network issues, so far, although there has been a delay in Aetna's claim processing on the new platform. Aenta has been working with major providers in the area to get them in the network. In addition, there has been very little disruption from the formulary. If something does

**CVS URGES COST CONTROLS FOR NEW CHOLESTEROL DRUGS** - CVS Health warned on Tuesday that the costs of a potent new class of cholesterol treatments could eclipse those of other expensive medicines and overwhelm the U.S. healthcare system "if rigid cost control mechanisms are not put in place." Two of the new injectable cholesterol treatments, called PCSK9 inhibitors, could gain U.S. approval this summer. CVS said they could eventually be used by as many as 15 million patients at an annual cost of up to \$150 billion a year if priced at \$7,000 to \$12,000 a year, making it the highest-selling class of drugs in history.

The CVS call for cost controls follows sharp criticism from insurers, other payers and politicians over the high cost of new, highly effective treatments for hepatitis C, especially two medicines from Gilead Science Inc that have retail prices of up to \$94,500 per patient for a course of treatment. Unlike those drugs, which are typically taken for about 12 weeks, the PCSK9s would be used for a lifetime. Express Scripts, the largest U.S. PBM, which has waged a campaign against Gilead's hepatitis C drugs and is now scrutinizing costly cancer medications, provided a slightly different view of the new cholesterol drug market. Express Scripts also expects annual costs of around \$10,000 per year per patient. But it sees a patient population that will start small before it ever reaches a possible high of 10 million people and a potential annual cost of \$100 billion. Express Scripts Chief Medical Officer Steve Miller said in an interview that limits set by regulators and the fact that the first wave of drugs are injections may slow their uptake. "We are going to work to get these products at the best price possible, but they also deserve to get value in the marketplace," Miller said.

Amgen Inc and a partnership of Sanofi and Regeneron Pharmaceuticals Inc are awaiting approval of rival PCSK9 inhibitors. They are expected to be used first by patients who are genetically prone to extreme high cholesterol - a population that CVS and Express peg at 620,000 Americans. They also are likely to be used by those who cannot tolerate standard statin treatments, like Pfizer 's Lipitor.

**FUND ATTORNEY** - Fund Attorney reminded professionals to get their contracts and insurance requirements into the Fund Office.

**TREASURER** - Fund Treasurer said his report was included in the agenda and the bills lists were included in the consent agenda.

**RESOLUTION 14-15 FEBRUARY 2015 BILLS LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2014	\$453.93
2015	\$268,580.33
<b>TOTAL</b>	<b>\$269,034.26</b>

**BOARD ADVISOR** - In regards to the out of network surgi-centers, Board Advisor distributed a draft payroll stuffer for members. Most information as available on the Aetna website. Commissioner Kunze suggested customizing the actual cost comparisons for Bergen County and possibly how the savings can be attributed to the member.

**AETNA - THIRD PARTY ADMINISTRATOR** - Ms. Ward said that this morning Aetna and Barnabas signed a contract this morning. Members will receive a retraction letter this week.

**PHARMACY NETWORK (Express Scripts)** - Mr. Rostowski reviewed the 2014 statistics for pharmacy. Specialty drugs went up particularly from Hep C drugs. The generic fill for BMED is low, compared to the ESI book of business. If generic was 100%, the increase would be approximately 8% for 2015. Chairman VanWinkle suggested a payroll stuffer on these savings, as well.

**DELTA DENTAL** - No report.

Treasurer's Report Made Part of the Minutes

**CONSENT AGENDA:**

The following Resolutions listed on the Consent Agenda will be enacted in one motion. The Committee voted for Commissioner Van Winkle and Hoffmann to be MRHIF Commissioner and Alternate, respectively.

<b>Resolutions</b>	<b>Subject Matter</b>
14-15	Authorization of February 2015 Bills List
15-15	Certification of Claim Payments/Imprest Transfers
16-15	Resolution for Executive Session - For specified purpose of Claims discussion

**MOTION TO APPROVE THE CONSENT AGENDA:**

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

**OLD BUSINESS:** None.

**NEW BUSINESS:** none

**PUBLIC COMMENT:** None

**MOTION TO APPROVE PAYMENT FOR APPEAL #02-15-01 WITH  
THE FUND TO FIND THE BEST POSSIBLE PRICE**

<b>MOTION:</b>	Commissioner Mariniello
<b>SECOND:</b>	Commissioner Hart
<b>VOTE:</b>	Unanimous

**MOTION TO ADJOURN:**

<b>MOTION:</b>	Commissioner Baginski
<b>SECOND:</b>	Commissioner Gambutti
<b>VOTE:</b>	Unanimous

**MEETING ADJOURNED:** 1:15pm

**NEXT MEETING:** April 23, 2015  
Franklin Lakes Borough  
12:00 P.M.

Emily Koval, Assisting Secretary  
Date Prepared: April 16, 2015