

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: JUNE 23 2016
FRANKLIN LAKES, NEW JERSEY
12:00 P.M.**

Meeting called to order by Secretary Victor Baginski. The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2016 EXECUTIVE COMMITTEE:

Chairperson		
Peter Van Winkle	Borough of Rutherford	Present 12:15pm
Secretary		
Victor Baginski	Borough of Wallington	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgfield Park	Present
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	Absent
Alternates		
Joseph Catenaro	Township of Fairfield	Absent
Gregory Franz	Borough of Edgewater	Present

APPOINTED OFFICIALS PRESENT:

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

OTHERS PRESENT:

Dan Saragnese, Fairfield BOE
Matt McArow, RMC
Maggie Friel, Conner Strong & Buckelew
Max Hollander, Conner Strong & Buckelew

CORRESPONDENCE - None

APPROVAL OF MINUTES: April 28, 2016

MOTION TO APPROVE THE PRESENTED OPEN AND CLOSED MINUTES OF APRIL 28, 2016

MOTION: Commissioner Kunze
SECOND: Commissioner Gambutti
ROLL CALL VOTE: 6 Ayes, 0 Nays

Fund Attorney swore in Commissioner Franz to the Executive Committee.

EXECUTIVE DIRECTORS REPORT

FINANCES

PRO FORMA REPORTS

- **Fast Track Financial Reports - as of April 30, 2016**
 - **Historical Income Statement**
 - **Cash Flow Tracking Reports**

Executive Director said the year to date surplus is off to a strong start and the Fund should see a respectable renewal for next year, which will be projected after the June data is received.

ADMINISTRATION

AUDITOR AND ACTUARY YEAR-END REPORTS - A copy of the Annual Financial Audit for the period ending December 31, 2015 was distributed at the meeting. Ms. Shick was present to review the Audit. PERMA will make a filing with the Departments of Insurance and Community Affairs to meet the June 30th deadline.

Ms. Shick said the Fund received an unmodified opinion. She said the Fund is in a good place overall financially. Commissioner Kunze thanked the fund professionals for their work in producing a positive audit.

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, 2015 year end financial reports to New Jersey Department of Banking and Insurance.

DIVIDEND CONSIDERATION - Due to positive financial results, the BMED can consider a dividend. Last year's dividend was exceptional because of payment to dental only members on reserves developed while they were medical members.

A dividend of \$753,889, or 1/5th of the amount available, after accounting for appropriate reserves, is recommended.

Item	Status
Surplus as of 12/31/2015	\$ 13,326,109
Plus MRHIF Dividend	\$ 211,579
Surplus Target - 3 Months of Claims	\$ (5,010,194)
Less Surplus of Former Members and Excess Retention on Dental Only Members	\$ (2,258,047)
Less Retention for Rate Stabilization	\$ (2,500,000)
Available	\$ 3,769,447
Paid in 2011	\$ 445,158
Paid in 2012	\$ -
Paid in 2013	\$ -
Paid in 2015	\$ 2,412,751
Recommended for 2016	\$ 753,889

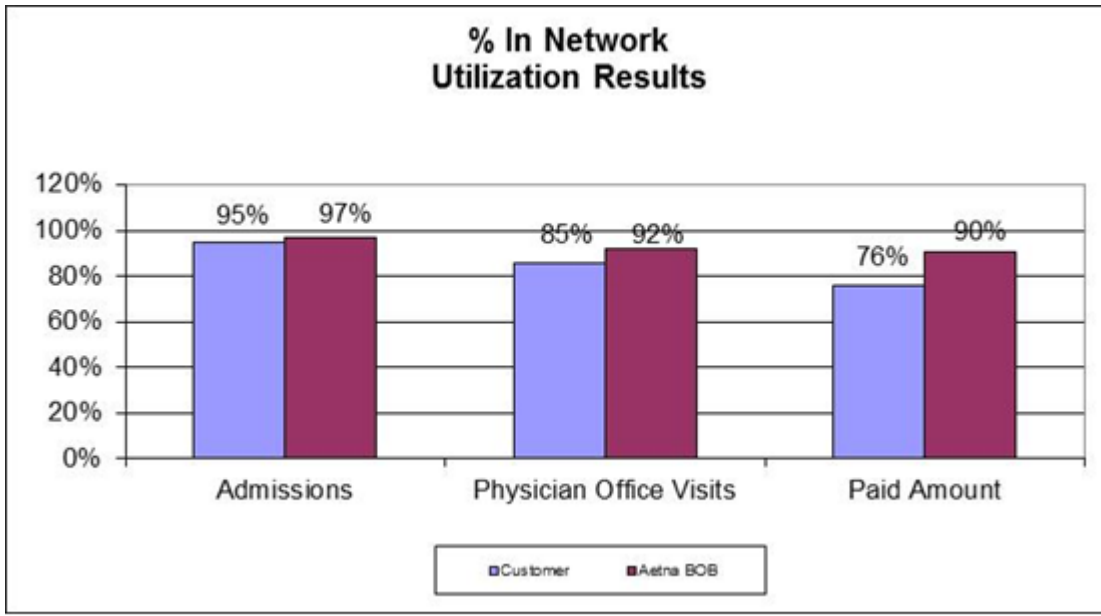
Executive Director said the dividend can be considered today or held off until the August meeting. He said the funds can be used to offset individual rates. He said this also includes the Fund's portion of the MRHIF dividend. The Commissioners agreed to hold a strategic meeting in August to discuss the dividend and draft budget. Executive Director said this would also be a good time to discuss the out of network claims and wellness strategy. The Committee agreed to table the dividend resolution until August.

EXPRESS SCRIPTS AUDIT - The Express Scripts audit of the new contract has been finalized and was included in Appendix II. There appears to be a \$1.2 million difference, which we expect to be resolved. Express Scripts will provide a response to the audit soon.

OUT OF NETWORK CLAIMS - The Fund's surplus over the last 18 months is due to a significant reduction in out of network claims. However, a comparison of BMED claims to those of other HIFs indicates that BMED continues to experience higher than average costs out of network claims. BMED out of network claims are still at 24% of claims despite 95% of hospital admissions and 85% of office visits being in network. HIFs with better in network utilization pay only 5% for out of network claims, indicating that BMED may have the potential to reduce costs significantly.

We would like to have a committee meeting, including interested risk managers, to discuss the development of a plan to address this cost area. BMED also experiences high emergency room, ambulatory surgery, and radiology utilization; other areas that can be explored by the Committee.

If this is acceptable, the matter can be referred either to the Finance Committee or we can use the approach started last year when we had an open discussion at a strategic planning luncheon.



NJ STATE EXAMINATION - The Department of Banking and Insurance has notified PERMA that they will be auditing FY 2015 in late summer/early fall. The cost of this audit is typically borne by the MRHIF, which may be approved at the end of the year when the exam is complete.

AETNA CONTRACT - Executive Director said the Aetna contract should be finalized for the August meeting.

INDEMNITY AND TRUST AGREEMENTS - A few months ago, PERMA sent Indemnity and Trust Agreements and Resolutions to be adopted by the governing body to renew membership with the Fund for an additional 3 years. Below is a list of members who have renewing agreements due by January 1, 2016 and older. Please reach out to PERMA (karenk@permainc.com) for a blank form to be executed. The list was last updated on June 16, 2016.

MEMBER	I&T EXPIRED
Borough of Moonachie	12/31/2012
Borough of Lodi	12/31/2012
Borough of North Arlington	12/31/2012
Borough of Wood-Ridge	12/31/2012
Borough of Emerson	12/31/2014
Township of Rochelle Park	1/1/2015

BENEFITS CONSULTANT REPORT

ONLINE ENROLLMENT SYSTEM TRAINING - The Executive Committee voted and approved mandatory use of the online enrollment system by each member group. If you need training or would like a refresher course on the online enrollment system, please reach out to Karen Kidd at kkidd@permainc.com of PERMA.

CONTACT INFORMATION - Please direct any eligibility, enrollment, billing or system related questions to our dedicated BMED Team. A new member has been added to the BMED Enrollment team, we ask that during her training, all correspondence be sent to the enrollment box. Please do

not email Austin Flinn directly.

MONTHLY BILLING - As a reminder, please be sure to check your monthly invoice for accuracy. If you find a discrepancy, please report it to the BMED enrollment team. The Fund's policy is to limit retro corrections to 60 days.

BROKER EMAIL BOX - RELAUNCH! - We are excited to announce that we've added a new member to our team! Maggie Friel is an Employee Benefits Specialist with over 15+ years experience in the Employee Benefits Industry.

Her role will include acting as a liaison between insurance carriers and clients to resolve claim issues and billing inquiries and performing benefit provision research, as well as assisting our broker partners when they bring these inquiries into the Broker Email Box. We are certain that our dedicated efforts will continue to streamline broker inquiries and provide increased response time and data tracking.

NEW MEMBER UPDATE - BMED would like to welcome the Borough of Edgewater that recently joined for medical and prescription benefits on May 1st with approximately 160 enrolled members. We look forward to working with their Risk Manager, Reliance Insurance Group.

WELLNESS PROGRAM UPDATE - The Board Advisor and Wellness Committee have been working with Hackensack University Medical Center to develop a customized Wellness Program for the Fund. PERMA will be meeting with representatives from HUMC on 6/24 to obtain additional details. Attached is a BMED Vital Statistics report for 2016 claims. Some highlights are:

- Highest net paid claim is an aortic aneurism
- The top provider is Hackensack University Medical Group
- Claims and generic utilization are funning well

ACA UPDATE - PCORI Fee Due to the IRS August 1 - The Patient-Centered Outcomes Research Institute (PCORI) fee for plan years ending on and after January 1, 2015 and on and before December 31, 2015 must be remitted to the IRS by August 1, 2016. Typically, the fee is due by July 31st of the year following the last day of a plan year. However, the fee due in 2016 must be paid by Monday, August 1, 2016 since July 31st falls on a weekend this year.

Background

The ACA created the Patient-Centered Outcomes Research Institute to help patients, clinicians, payers and the public make more informed health decisions by advancing comparative effectiveness research. The Institute's research is funded, in part, through PCORI fees paid by insurers of "specified health insurance policies" and plan sponsors of self-insured health plans. Plan sponsors of self-insured health plans are required to pay the PCORI fee for certain health coverage arrangements. Plan sponsors of fully-insured health plans are not responsible for paying the PCORI fee (the obligation rests with the insurer). For a list of insurance coverage or arrangements subject to the PCORI fee, please see the IRS chart Application of the Patient-Centered Outcomes Research Trust Fund Fee to Common Types of Health Coverage or Arrangements.

The PCORI fee applies to policy or plan years ending on or after October 1, 2012 and before October 1, 2019.

PCORI fees are paid directly by the fund on behalf of all member entities and are included in member rates. In response to Commissioner Kunze, Executive Director said the cost is determined by a per

member fee per year.

APPEALS - There is one appeal that needs to be heard in closed session.

FUND ATTORNEY - None

TREASURER - Fund Treasurer said his report is included in the agenda.

CONFIRMATION OF PAYMENT - MAY 2016

FUND YEAR	AMOUNT
2015	\$6,000
2016	\$343,740.63
TOTAL	\$349,740.63

RESOLUTION 23-16 JUNE 2016 BILLS LIST

FUND YEAR	AMOUNT
2016	\$339,050.78
TOTAL	\$339,050.78

BOARD ADVISOR - Board Advisor thanked the Wellness task force. He said the committee is working to develop a model that each town can individually decide how to implement. He said the work with Hackensack University Medical Center is not meant to be exclusive due to the various geographic locations of the members. He said the first phase of the program would be a health fair to explain to the member how to utilize their benefits, followed by a comprehensive exam and an individual program design. He said preventative measures are paid for through the Fund plans, but additional costs need to be discussed. Board Advisor said the focus on HUMC is for their wellness offerings, but there needs to be more accessible locations for the fitness option in order for members to take advantage. Commissioner Poli said he is a member and the PBA receives a very good discount on the gym membership. Commissioner Hart said the event needs to be most convenient for the local level.

AETNA - THIRD PARTY ADMINISTRATOR - Executive Director said the Aetna report is included in the agenda.

PHARMACY NETWORK (Express Scripts) - Mr. Basile said the Fund is trending well. In response to Commissioner Poli, Mr. Basile said the PCSK9 inhibitors have not been utilized as much as was anticipated. The category of people that should be prescribed this drug is very low. He said the BMED gained a high claimant this year, but had a dropped a few high utilizers. In addition, Crestor is now generic, which will reduce brand usage.

DELTA DENTAL - Ms. White said she agrees with Board Advisor that wellness cannot be a single event and must be continuous to be effective. In response to Commissioner Gambutti, Ms. White said to reach out to the program manager for updated wellness materials for her members.

CONSENT AGENDA -

Resolutions

Subject Matter

21-16Annual Audit Certification

MOTION TO APPROVE THE CONSENT AGENDA EXCLUSIVE OF RESOLUTION 22-16:

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

OLD BUSINESS: In response to Commissioner Kunze, Mr. Basile said ESI responded to Adler Associates regarding the pharmacy contract audit.

NEW BUSINESS: Commissioner Hart said his employees are not happy with the timing of open enrollment. Executive Director said draft rates can be provided so they can make an informed decision. Program manager said open enrollment can be moved up a few weeks tentatively to October 15th.

Commissioner Poli said retirees are asking for Medicare Part B contributions refunds for their spouses. In response to Commissioner Poli, Commissioner Hart said that is contractual. Mr. Vozza said it depends on the way the town negotiated Chapter 88. Program Manager said what he has seen in most towns only the retiree is being reimbursed.

MOTION TO GO INTO CLOSED SESSION:

MOTION: Commissioner VanWinkle
SECOND: Commissioner Gambutti
VOTE: Unanimous

MOTION TO APPROVE THE CLAIM APPEAL#06-16-01 CONTINGENT UPON FULL DISCLOSURE TO THE MEMBER THAT THIS IS A ONE TIME APPROVAL AT AN EXPENSE NOT TO EXCEED \$6,650 AND THE RISK MANAGER WILL EDUCATE THE MEMBER ON OUT OF NETWORK USAGE:

MOTION: Commissioner VanWinkle
SECOND: Commissioner Baginski
VOTE: 6 Ayes, 1 Nay (Commissioner Hart)

PUBLIC COMMENT:

MOTION TO ADJOURN:

MOTION: Commissioner VanWinkle
SECOND: Commissioner Kunze
VOTE: Unanimous

MEETING ADJOURNED: 2:00 pm

NEXT MEETING: August 16, 2016
Café Capri, East Rutherford, NJ
12:00 P.M.

Emily Koval, Assisting Secretary

Date Prepared: August 4, 2016