

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: JUNE 25, 2019
FRANKLIN LAKES, NEW JERSEY
12:00 P.M.

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

ROLL CALL OF 2019 EXECUTIVE COMMITTEE:

Chairperson		
Gregory Hart	Borough of Franklin Lakes	Present
Secretary		
Richard Kunze	Borough of Oakland	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgely Park	Absent
Joseph Catenaro	Fairfield Township	Absent
Gregory Franz	Borough of Edgewater	Present
Donna Gambutti	Twp of S. Hackensack	Present
Jerry Giannis	Borough of Saddle River	Present
Alternates		
Matthew Cavallo	Township of Verona	Present
Bob Kakoleski	Borough of Rutherford	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval Shah Mapp
Attorney	Huntington Bailey, LLP	Russ Huntington
Treasurer	Joseph Iannaconi	Joseph Iannaconi
Third Party Administrator	Aetna	Joseph Rodrigues
Dental Claims Administrator	Delta Dental of NJ, Inc.	Kim White
Auditor	Lerch, Vinci & Higgins	Gary Vinci
Actuary	John Vataha	Absent
Independent Consultant	LaMendola Associates	Clark LaMendola
Benefits Consultant	Conner Strong	Jozsef Pfeiffer
RX Administrator	Express Scripts	Kyle Colalillo
Wellness Coordinator		Diane McClean

OTHERS PRESENT:

Dave Voza, RMC
Tyler Jones, Conner Strong & Buckelew
Suzanne Pennell, Scirocco Group
Matthew McArow, RMC

Tom Ucko, IMAC
Andrew Fusco, PERMA

CORRESPONDENCE - None

APPROVAL OF MINUTES:

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF JUNE 25 2019:

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

EXECUTIVE DIRECTORS REPORT

FAST TRACK FINANCIAL REPORTS – as of April 30, 2019

Ms. Koval said the Fund saw higher claims for the first few months of the year however the Fund gained a small amount of surplus in April.

AUDITOR AND ACTUARY YEAR-END REPORTS

Ms. Koval said a copy of the Annual Financial Audit for the period ending December 31, 2018 was distributed with the Agenda. She said Mr. Vinci is in attendance to present the report. Mr. Vinci reviewed the report and said the surplus at the end of 2018 was \$14,766,352 which was slightly lower than 2017. He said there is one member whose 2017 receivable was not paid at the time of the Audit which makes this their only recommendation. Mr. Vinci said presently part of the receivable has been paid and Executive Director said there is a plan in place to have the payment completed. In response to Mr. LaMendola, Executive Director said the Excess Insurance increase is not an increase in expense, it is an increase in receivables. Ms. Koval said a resolution approving the Audit is included in the Consent Agenda.

MRHIF MEETING

Ms. Koval said the MRHIF Executive Committee met on June 12 and unanimously approved a dividend in the amount of \$4,835,090 of which the BMED will receive \$846,795.

Ms. Koval said The Committee reviewed the 2018 Audit which came in clean with no comments or recommendations. In addition, PERMA announced the possibility of two new HIFs that could become MRHIF members in 2020. The Program Manager included the updated reinsurance agreement that includes the SHIF for 7/1/2019, which did not include aggregate reinsurance for 2019-2020, and may consider reviewing removing this coverage for all HIFs in a future year

NIIS is in the process of scheduling the audit of AmeriHealth. We anticipate that the audit will be completed in the fall.

We also planned to audit Qualcare (that provides claims agents services for some CJHIF members) but this company is being liquidated at the end of the year so we cancelled the project.

ESI CONTRACT

Ms. Koval said ESI is returning \$290,000 to the MRHIF for failing to meet performance guaranties for implementation of plans and pricing. Once all the documentation from ESI on these guaranties are received, Mr. Adler's firm will review the calculations as part of the annual review that is completed.

Ms. Koval said Mr. Adler is also working on the market check with ESI and other Pharmacy Benefit Managers. This process could result in improved discounts for 2020 and thereafter. We expect to be able to act on the market check results at our next meeting.

STRATEGIC PLANNING MEETING

Ms. Koval said there are several groups in Essex County that are exploring the possibility of forming their own HIF. If this Fund continues to evolve, we will work closely with BMED and NJMEBF to assure territorial courtesy. She said there is also the possibility of the groups entering the BMED as a subgroup which would allow them to use the Fund cash. Chair Hart said the committee which includes himself, Commissioner Franz and Commissioner Kunze met prior to this meeting. He said they discussed the possibility of the "Metropolitan HIF" with the Fund professionals. He said there are issues and concerns that the planning committee had as to whether or not the BMED would be taking on a risk, who the membership would be, the Fund's ability to vet the potential members and also what advantages there would be for the BMED. He said one assumed advantage is that with more membership, costs would be spread out. He said the overall consensus is that the recommendation is to continue to explore this possibility and continue to address any concerns as the Fund is not interested in taking on any risk.

BENEFIT'S CONSULTANT'S REPORT

NEW CONNER STRONG & BUCKELEW HQ

Benefits Consultant said Conner Strong & Buckelew moved to their new Camden Headquarters along with the Philadelphia Office. He said all contact phone numbers and email address will remain the same. For more Information about our new building: <http://www.triad1828.com/>

Express Scripts (ESI) UPDATES

SAVEONSP UPDATE

Benefits Consultant said SaveonSP continues to monitor the specialty medication market and associated manufacturer copay assistance programs to align the program with the available copay manufacturer assistance funds to maximize your savings opportunity. With that, we are adding 10 new therapeutic classes, modifying certain copays and will be removing 6 medications. Effective 7/1/2019, the SaveonSP program will cover 19 therapeutic classes and over 150 medications. Please see the below drug list for the medications being added to the program

- **Addition:** There are 10 new therapeutic classes added to the list; SaveonSP Program now covers medication in 19 therapeutic classes. Members impacted will receive a notification letter informing them their drug qualifies for a \$0 Copay.
- **Removal:** There are 6 medications being removed from the program. *Communication Plan:* outbound phone calls will be made to all members on one of the below medications:

- ESI Formulary Exclusions 7/1/2019: Ampyra, Gleevec, Kisqali, Zytiga
- Copay assistance program no longer available Hycamtin
- Copay assistance reduced significantly Imatinib Mesylate

SaveOn identified one member in BMED impacted by the newly added drugs. There are no members who are impacted by the removal of drugs.

MARKET EVENTS PROTECTION PROGRAM

Benefits Consultant said effective June 7, 2019, ESI will no longer cover the below list of medications, as an attempt to help control drug spend. The drug manufacturer Foxland Pharmaceuticals has egregiously priced their product portfolio, more than 25 times than the cost of therapeutically equivalent alternative products. The BMED has no members currently on one of these impacted medications.

Targeted Medications	Preferred Medications
lactulose 10 GM packet (Foxland Pharmaceuticals, Inc.)	generic lactulose solutions
dexchlorpheniramine 2 mg/5mL (Foxland Pharmaceuticals, Inc.)	generic loratadine, fexofenadine, cetirizine, or chlorpheniramine tablets and liquids
glycopyrrolate 1.5 mg tablet (Foxland Pharmaceuticals, Inc.)	generic glycopyrrolate 1 mg tablet or 2 mg tablet
brand/generic Amrix ER and Brand Fexmid (all manufacturers)	generic cyclobenzaprine 5 mg or 10mg

NEW FDA APPROVED MEDICATION: ZOLGENSMA

Benefits Consultant said on May 24, 2019, the U.S. Food and Drug Administration (FDA) approved the gene therapy, Zolgensma, a new medication designed to treat spinal muscular atrophy, (SMA) in children under two years of age. SMA is a genetic disorder that affects the neurons responsible for motor skill development (e.g., eating, breathing, walking). It is the leading genetic cause of infant death in the U.S., affecting approximately 1 in 11,000 infants. Currently, no cure for SMA exists, but there are treatments that may help manage the condition. Zolgensma is a one-time infusion drug that is currently priced at \$2.1 million. It is seen as potentially “curative” and a “one-time” therapy for infants when treated early enough. Zolgensma can only be administered in an outpatient facility that is certified to administer the treatment.

ALTERNATIVES

A competing drug, Spinraza, was approved by the FDA in December 2016 and treats all types of SMA regardless of a patient’s age. The cost of this medication is an estimated \$750,000 for the first

year and \$375,000 every year thereafter, or an estimated \$4.125 million over the course of a decade. In contrast, Zolgensma is a single-treatment drug that may be curative.

BMED COVERAGE

Benefits Consultant said Zolgensma can only be administered by a medical professional so it will be considered a medical claim and will be covered under the medical plans with the appropriate prior authorizations in place. The Fund will exclude this medication under the Prescription benefit plans. We have reviewed historical claims up through 5/31/2019 and we do not have any records of members in the Fund filling Spinraza.

AETNA UPDATES

Benefits Consultant said the American Medical Collection Agency (AMCA) has notified of unauthorized activity on Quest web payment page. The unauthorized user had access the system containing personal patient information. The breach has potentially effected 11.9 million Quest patients and included certain member financial information, but not laboratory results. At this point Quest is working to investigate the AMCA data security incident and upon completion will work to ensure affected members are appropriately notified. At the moment this appears not to have impacted Aetna.

LEGISLATIVE UPDATES

Benefits Consultant said the individual and family annual contribution limits, HDHP minimum deductibles will be increased slightly for 2020. He said Individual will increase from \$1,350 to \$1,400 and Family will increase from \$2,700 to \$2,800.

ADMINISTRATIVE & LEGISLATIVE MANDATE UPDATES

PATIENT-CENTERED OUTCOMES RESEARCH INSTITUTE (PCORI) FEES

Benefits Consultant said the PCORI fee part of the ACA and is collected in the premiums and paid to the IRS on your behalf by the Executive Directors office.

THE ACA'S HEALTH INSURER FEE RETURNS FOR 2020

Benefits Consultant said the annual fee on health insurers is one of the several funding mechanisms for the ACA's implementation. Referred to as the Health Insurer Fee ("HIF") or tax, it began at \$8 million in 2014 and climbed to reach \$14.3 billion in 2018. The HIF is a permeant tax embedded in the ACA and is intended to help pay for various aspects of the law. The HIF, which was temporarily suspended by Congress for CYs 2017 and 2019, only applies to fully insured business. Unfortunately, it seems increasingly unlikely that Congress will act to suspend or repeal the HIF for 2020. Because our AETNA Medicare Advantage Plans are Fully Insured, unless suspended the Fund's 2020 renewal/increase will be impacted. This will not impact any of our early retiree or active medical/prescription rates as those plans are all self-insured.

In response to Commissioner Kunze, Executive Director said the fee is about 3%.

NJ UPDATES GUIDANCE FOR EMPLOYER REPORTING RELATED TO 2019 INDIVIDUAL MANDATE

Benefits Consultant said as part of the Tax Cuts and Jobs Act of 2017, Congress essentially repealed the individual mandate of the Affordable Care Act (ACA) by reducing the penalty to \$0. In response, a few states, including New Jersey have enacted individual mandates. Beginning this year, taxpayers

in New Jersey and the District of Columbia are required to maintain qualifying health coverage or pay a penalty on their state income tax forms.

New Jersey recently updated its reporting guidance indicating "employers will file health coverage forms through New Jersey's system for filing of W-2 forms and must file 2019 coverage information electronically by February 15, 2020." Further instructions are expected to be posted on the New Jersey state website in mid-2019.

Information for employers: <https://nj.gov/treasury/njhealthinsurancemandate/employers.shtml>

ADMINISTRATIVE AUTHORIZATIONS

None at this time.

WELLNESS COORDINATOR UPDATE - Ms. McClean said the Wellness Committee met on May 1. She said on May 7th along with Mr. LaMendola and Brittany Voza they toured the Hackensack University Wellness Center and went over the programs and services offered. She said she has also been working on the constant contact wellness newsletter and has also met with Valley Health. Ms. McClean said Oakland is in the process of launching their program with 17 members signed up, and she will be attending their upcoming wellness meeting. Chair Hart reminded everyone to reach out to Diane if they are interested in starting a program.

FUND ATTORNEY - No Report

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

Confirmation of Payment - May 2019

FUND YEAR	AMOUNT
FY2018	\$11,149.27
FY 2019	\$279,015.78
TOTAL	\$290,165.05

Resolution 21-19 - June 2019 Bills List

FUND YEAR	AMOUNT
FY 2018	\$7,000.00
FY 2019	\$465,605.73
TOTAL	\$47605.73

BOARD ADVISOR- Mr. LaMendola said it is important to note that each town is different and each program will be different.

AETNA - THIRD PARTY ADMINISTRATOR - Mr. Rodrigues reviewed the claims through April.

PHARMACY NETWORK (Express Scripts) - Mr. Colalillo said there is a positive trend of 12.1% for 2019. He said there are 2 new specialty members.

DELTA DENTAL - Ms. White advised there are Wellness tools available to any interested group.

Ms. Koval said the professional services contracts are up for RFP. She is requesting authorization to release RFPs for Actuary, Attorney, Auditor, Treasurer and Board Advisor.

MOTION TO AUTHORIZE THE RFP RELEASE FOR ACTUARY, ATTORNEY, AUDITOR, TREASURER AND BOARD ADVISOR.

MOTION:	Chair Hair
SECOND:	Commissioner Kunze
VOTE:	All in Favor

It was noted that Resolution 20-19 in paragraphs 4 and 5 the language should be corrected to "at a minimum" instead of "as a minimum"

MOTION TO APPROVE THE CONSENT AGENDA INCLUDING RESOLUTIONS 20-19 AND 21-19, AMENDING RESOLUTION 20-19 AS DISCUSSED.

MOTION:	Commissioner Franz
SECOND:	Commissioner Kunze
VOTE:	7 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN

MOTION:	Commissioner Gambutti
SECOND:	Commissioner Franz
VOTE:	Unanimous

MEETING ADJOURNED: 1:00 pm

NEXT MEETING: August 27, 2019
Franklin Lakes Borough
12:00 P.M.

Karen Kamprath Assisting Secretary
Date Prepared: August 2, 2019