

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: AUGUST 25, 2020  
ZOOM MEETING  
12:00 P.M.**

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

**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF 2020 EXECUTIVE COMMITTEE:**

Gregory Hart, Chair	Present
Richard Kunze, Secretary	Present
Joseph Catenaro, Executive Committee	Present
Gregory Franz, Executive Committee	Present
Donna Gambutti, Executive Committee	Absent
Jerry Giannis, Executive Committee	Absent
Matthew Cavallo, Executive Committee Alternate	Present
Bob Kakoleski, Executive Committee Alternate	Present

**APPOINTED OFFICIALS PRESENT:**

Executive Director/ Administrator	<b>PERMA Risk Management Services</b>	Paul Laracy  Karen Kamprath
Attorney	<b>Huntington Bailey, LLP</b>	Russ Huntington
Treasurer	<b>Joseph Iannaconi</b>	Joseph Iannaconi
Third Party Administrator	<b>Aetna</b>	Jason Silverstein
Dental Claims Administrator	<b>Delta Dental of NJ, Inc.</b>	Kim White
Auditor	<b>Lerch, Vinci &amp; Higgins</b>	Absent
Actuary	<b>John Vataha</b>	Absent
Independent Consultant	<b>LaMendola Associates</b>	Clark LaMendola
Benefits Consultant	<b>Conner Strong</b>	Jozsef Pfeiffer
RX Administrator	<b>Express Scripts</b>	Kyle Colalillo Ken Rostkowski

**OTHERS PRESENT:**

Suzanne Pennell  
Frank Covelli  
Vincent Caruso  
Tom Ucko  
Matt McArow  
Dave Voza

**CORRESPONDENCE - None**

## APPROVAL OF MINUTES:

### MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF JUNE 23, 2020

**MOTION:** Commissioner Kunze  
**SECOND:** Commissioner Cavallo  
**ROLL CALL VOTE:** All in Favor

## EXECUTIVE DIRECTORS REPORT

### **FAST TRACK FINANCIAL REPORTS** – as of June 30, 2020

Executive Director said the Financial Fast Track shows a gain of \$1.9 million. He said the fast track also reflects dividend income from the MRHIF. He said overall the fund has \$18 million in surplus.

### **2021 DRAFT BUDGET**

Executive Director said the overall budget increase is .38%. He said the claims fund is the biggest drive of the budget. He said the actuary determined the medical and Rx increases. His projection included claims through 5/31/2020, but because of the decreased claim activity due to the pandemic, his projection was based off 2019 and then added 2 years of trend at 7% to those numbers. The dental claims are increasing slightly, after many years of negative to flat renewals. Formulary rebates were better than estimated in last year's budget; therefore, an additional savings was included in this budget. The Funds experience in the MRHIF is favorable, so a 20% decrease has been included, but the reinsurance renewal has not been finalized so that number may change. The Dental DMO and Aetna Medicare Advantage proposals have not been received, but we anticipate very low renewals to help the overall Fund increase.

Executive Director said expenses have been updated according to the RFP responses. Aenta's contract includes a sliding scale fee schedule, which decreases their PEPM fee as our Statewide population increases. This year, the Funds will receive a \$1.50 decrease. The assessments include the loss ratio factor of plus or minus 2.5%.

Executive Director said the finance committee thoroughly discussed a dividend and how to distribute funds to our members this year. Their recommendation is to release a dividend in the amount of \$4,240,068, broken out as follows:

1. \$875,000 to be added into the 2021 budget towards rate reduction (about 2.5% of the budget). *Since this is a dividend and only members with closed year balance are eligible, only those members will get its share of the \$875,000 to flow through to their rates.*
2. \$3,365,068 will be released to the members. Members will have the choice of one or combination of the following:
  - a. A check from the Fund to be cut in September
  - b. A reduction on a future bill specified by the member
  - c. An additional rate reduction at no more than 2.5% of their projected assessment
  - d. Retain their dividend with the Fund to gain interest. This can be requested by the member at any given time. Allow 30 days for the check to be cut.

Chair Hart said the Strategic Planning Committee reviewed the budget in detail. He said the actuary would still perform the same scope of services under the reduced fee. He said he does have a thought on assessments that he feels could benefit all members. He asked if there is a way to improve assessments that will improve the rate optics by having the overall increase at 0. He said while he does understand the concept of the HIF and does not object to the loss ratio factor adjustments, however he is suggesting considering a floor and a ceiling for the rate increases. He said for this year for example the floor would be 0 and the ceiling could be around 3%. Executive Director said he does think this approach would work well for the Fund, however in the BMED there is not consistent participation by line of coverage. He said for instance some members have rx and some do not, as well as some members having significant medicare advantage enrollment while others do not. He said what could happen in future years is a subsidy between medicare advantage and non medicare advantage. He said this could reduce the overall accuracy and effectiveness of the rate process. He said he does feel once the medicare advantage renewal is received he does see the fund coming close to a 0 % increase overall.

In response to Commissioner Cavallo, Executive Director said an annualized assessment for 2020 and proposed assessment for 2021 broken out by medical, rx and dental by group can be provided. In response to Commissioner Cavallo, Executive Director said the Actuary is basing the assessment as if covid never existed. He said the fact of the matter is that that Fund is likely to have an increase in expenses next year. He said if that were to occur, the Fund can transfer money from the 2020 to the 2021 budget.

In response to Chair Hart, Executive Director said the dividend allocation by member can be distrusted as a follow up to the meeting.

In response to Secretary Kunze, Executive Director said the generic increase would go up because most of the members are getting a positive loss ratio adjustment. He said the loss ratio factor is developed by taking the loss ratio from the last 3 years and adjust for credibility. He said that is then capped at no more than +/- 2.5%.

In response to Chair Hart , Executive Director said 3,365,000 would be released to members in addition to the \$875,000 that is being applied to the assessments. He said dividends can be taken by check, bill credit, rate credit of up to 2.5% of the total assessment or the Fund can retain the balance for future use.

## **RFP RESULTS**

Executive Director said the Professional Services contracts for Actuary, Auditor, Treasurer, Fund Coordinator and Attorney were released for RFP. A report of submissions was included in the Agenda. Competing responses for the Actuary position were received and the Committee is recommending to stay with the incumbent. Resolution 22-20 is included in the consent agenda for approval of the contracts.

## **BENEFIT'S CONSULTANT'S 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 a refresher course on the online enrollment system, please reach out to Karen Kidd at [kkidd@permainc.com](mailto:kkidd@permainc.com) of PERMA.

## 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, *including terminations*, to 60 days. We have noticed an increase in requests for enrollment changes, billing changes, terminations and additions well past the 60-day period. Moving forward, it is of the utmost importance to review bills for rate and enrollment accuracy on a monthly basis. If there is an error, please bring it to the enrollment team's attention.

## BROKER CONTACT INFORMATION

Please direct any escalated claims, benefit coverages, prescription coverage, Medicare advantage or appeal related questions to our dedicated BMED Client Servicing Team. The team is reachable by email at [brokerservices@permainc.com](mailto:brokerservices@permainc.com).

## ESI UPDATE

**New Brand Launch for Mail Order Pharmacy-** Program Manager said members will be receiving communication from ESI regarding updates and improvements to their online mail order pharmacy

## 2021 National Preferred Formulary Update

Program Manager said ESI announced their NPF updates for the 2021 plan year. On January 1, 2021, ESI will add 70 additional products to their exclusions list. ESI has identified **82 BMED** members who are impacted. ESI will work to make the transition to more affordable medications as simple and seamless as possible for members:

- The members who are required to switch to preferred medications will receive personalized notifications, reminder communications and targeted alerts about preferred options. ESI will notify physicians and pharmacists before the exclusions take effect.
- ESI's Academic Detailing pharmacists and Accredo® Physician Engagement team are actively educating prescribers on lower-cost alternatives.

## LEGISLATIVE UPDATE

Program Manager said, Governor Murphy recently signed Executive Order #172 allowing entities in the State Health Benefit Plan (SHBP) to waive the normal waiting period for new hires, allowing them to enroll in health benefits upon date of hire. The order became effective on 8/3/2020 and will remain in effect for the duration of the COVID-19 NJ Public Health Emergency. Fund entities wishing to comply with this order may do so by completing and returning the Plan Document Amendment form included with this agenda to their Risk Manager or to PERMA enrollment team specialist. We recommend that the entity's governing body ratify the amendment.

Please note, only Final Approved plan documents are eligible to have amendments added. To finalize plan document **Drafts**, the entity or their Risk Manager needs to sign and return the signature sheet at the end of each plan document to the Fund Program Manager.

## ADMINISTRATIVE UPDATES

There are not updates to report at this time.

**FUND ATTORNEY** - None

**TREASURER** - Fund Treasurer said his report is included in the agenda. He said in addition from July 6 - August 14 the BMED was hit with \$164,000 in fraudulent transactions. He said as of this morning all of the money has been returned. He said additional controls have been established on the bank side. In response to Secretary Kunze, Fund Treasurer said it was 164 transactions.

Confirmation of Payment -July 2020

<b>FUND YEAR</b>	<b>AMOUNT</b>
Fund Year 2019	\$10,000
Fund Year 2020	\$604,948.79
<b>TOTAL</b>	<b>\$614,948.79</b>

Resolution 23-20 -August 2020

<b>FUND YEAR</b>	<b>AMOUNT</b>
Fund Year 2019	\$8,000
Fund Year 2020	\$572,306.78
<b>TOTAL</b>	<b>\$580,306.78</b>

**BOARD ADVISOR** - Mr. LaMendola said the major points he would discuss have been covered under the strategic planning discussion. He said the committee also discussed the wellness program, and the potential of distributing the wellness activities individual plan members can participate in. He said the Wellness Coordinator is working on a distribution for members.

**AETNA - THIRD PARTY ADMINISTRATOR** - Mr. Silverstein reviewed the claims for May 2020 and June 2020. He said the average pepm for May was \$1054 and \$1106 for June. He said there were 3 claims over \$50,000 for May and 1 for June. He said all metrics are currently performing well. He reviewed the Covid reporting that was included with the Agenda.

**PHARMACY NETWORK (Express Scripts)** - Mr. Colalillo said the trend has increased 9.4% for the year, but has decreased 3.2% in July compared to last year at this time. He said they are starting to slowly see patients start to use the benefit again. He reviewed the Covid reporting that was included with the Agenda.

**DELTA DENTAL** - Ms. White said they are back to claims at a pre-Covid level.

**MOTION TO APPROVE THE CONSENT AGENDA AS PRESENTED.**

**MOTION:** Commissioner Kunze  
**SECOND:** Commissioner Franz  
**VOTE:** 6 Ayes, 0 Nays

**OLD BUSINESS:** Commissioner Cavallo asked what liability the Fund has regarding the Indemnity & Trust Agreements. Ms. Kamprath said Rutherford did return their agreement so currently only Maywood is outstanding.

**NEW BUSINESS:** None

**PUBLIC COMMENT:** Mr. Covelli said he agrees with Chair Hart in regards to the assessment suggestion and could be a positive thing for the Fund.

**MOTION TO ADJOURN**

**MOTION:**

Commissioner Kunze

**SECOND:**

Commissioner Kakoleski

**VOTE:**

Unanimous

**MEETING ADJOURNED:** 1:00 pm

**NEXT MEETING:** September 22, 2020  
Zoom Meeting  
12:00 P.M.

Karen Kamprath, Assisting Secretary  
Date Prepared: September 1, 2020