



AGENDA AND REPORTS

APRIL 10, 2025

ZOOM

3:00 PM

Join Zoom Meeting

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Meeting ID: 920 6154 8845

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OPEN PUBLIC MEETINGS ACT - In accordance with the Open Public Meetings Act, notice of this meeting was given by:

- I.** Sending sufficient notice to **The Record and The Star Ledger**
- II.** Filing advance written notice of this meeting with the Clerk/ Administrator of each member municipality and,
- III.** Posting notice on the Public Bulletin Board of all member municipalities.
- IV.** During the business session portion of this Remote Public Meeting, the audio of all members of the public meeting will be muted. At the end of the business session of the meeting, a time for public comment will be available. Members of the public who desire to provide comment shall raise their virtual hand in the Zoom application and/or submit a written comment via the text message section of the application. The meeting moderator will queue the members of the public that wish to provide comment and the Chairperson will recognize them in order. Public comment shall be concise and to the point, and shall not contain abusive, defamatory, or obscene language.

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
AGENDA MEETING: APRIL 10, 2025
ZOOM
3:00 PM

MEETING CALLED TO ORDER - OPEN PUBLIC MEETING NOTICE READ

PLEDGE OF ALLEGEANCE

ROLL CALL OF 2025 EXECUTIVE COMMITTEE

Gregory Hart, Chair
Richard Kunze, Secretary
Gregory Franz, Executive Committee
Donna Gambutti, Executive Committee
Bob Kakoleski, Executive Committee
Anthony Ciannamea, Executive Committee
James Gasparini, Executive Committee
Erin Delaney, Executive Committee Alternate
Tomas Padilla, Executive Committee Alternate
Joe Voytus, Executive Committee Alternate
Durene Ayer, Executive Committee Alternate

CORRESPONDENCE - None

EXECUTIVE DIRECTOR - PERMA - Brandon Lodics

Executive Director's ReportPage 3
Resolution 16-25: Accepting Retro Active Adjustment:Page 4
Resolution 17-25: Appointing Wellness Coordinator:.....Page 5

OLD BUSINESS

NEW BUSINESS

PUBLIC COMMENT

RESOLUTION - EXECUTIVE SESSION FOR CERTAIN SPECIFIED PURPOSES
PERSONNEL - CLAIMS - LITIGATION

MEETING ADJOURNED

**Bergen Municipal Employee Benefits Fund
Executive Director's Report
April 10, 2025**

FINANCE COMMITTEE MEETING

On March 12, 2025, the Finance Committee held a meeting to discuss the current cash position of the Fund and discuss possible solutions. The meeting minutes are included in Appendix I for reference and the PowerPoint presentation was sent as an attachment with the agenda.

In addition, a memo was released to Fund Commissioners and Risk Managers outlining the cash position and an assessment letter that was drafted by the committee to explain the surplus issues, industry concerns, and suggested remedies. This was sent as an attachment with the agenda.

RETRO ACTIVE DEDUCTIBLE ADJUSTMENT

On April 1st, 2025, MRHIF held a meeting where the following items were presented for MRHIF's approval:

- Allow BMED to retroactively update their SIR from \$425,000 to \$325,000 for Fund Year 2025.
- Allow BMED to carry a payable for the underbudgeted MRHIF adjusted premium to be paid back over the 2026 Plan Year.
 - a. The Executive Director's office will record the payable on the BMED account and receivable on the MRHIF account, so it reconciles to enrollment by month.
 - b. The estimated difference is listed below:

2025 MRHIF Budgeted Premium		Updated 2025 MRHIF Budgeted Premium	
PEPM	Annualized	PEPM	Annualized
\$ 80.07	\$ 1,682,445	\$ 120.77	\$ 2,537,619

Through the Resolution 16-25, the MRHIF Program Manager will be authorized to:

- Update the US Fire reinsurance agreement, reducing the MRHIF's deductible on BMED from \$850,000 to \$800,000.
- Amend MRHIF Reinsurance agreement, the BMED and the MRHIF agreement with updated information.

For your reference, MRHIF Resolution 12-25 supported the above action items, which was approved at the meeting, and included in Appendix II.

WELLNESS COMMITTEE

The Wellness Committee has finalized their selection for a new coordinator. The Civitas (Marianne Smith) contract will be extended until April 30, 2025, and the new coordinator, Christine Baker, will be starting on May 1, 2025. The compensation will be \$1,000 a month, which was included in the approved 2025 budget.

RESOLUTION NO. 16-25

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
ACCEPTING THE RETROACTIVE ADJUSTMENT TO THE SELF INSURED RETENTION
AMOUNT AT THE MUNICIPAL REINSURANCE HEALTH INSURANCE FUND**

WHEREAS, the BMED has experienced an increase in high claim amounts that are below the Municipal Reinsurance Health Insurance Fund ("MRHIF") self-insured retention ("SIR") causing a deficit in the MRHIF's budget;

WHEREAS, after review by the Program Manager, the MRHIF Reinsurer and the MRHIF Actuary, it is recommended that there be a reduction in BMED's SIR from \$425,000.00 to \$325,000.00 for the January 1, 2025, to December 31, 2025, Plan Year and a reduction to the MRHIF's deductible on BMED claims from \$850,000.00 to \$800,000.00;

WHEREAS, the Reinsurer, US Fire, has agreed to the above changes to the SIR for both the BMED and the MRHIF at a cost of \$40.70 per enrollee per month which amount shall be paid by the BMED during the 2026 Plan Year;

WHEREAS, the MRHIF held a special meeting on April 1, 2025 to make the following changes:

- 1) BMED shall retroactively update their SIR from \$425,000 to \$325,000 for Plan Year January 1, 2025-December 31, 2025
- 2) The BMED shall carry forward a payable for the underbudgeted MRHIF adjusted premium in the amount of \$40.70 per enrollee per month to be built into the 2026 MRHIF Premium.

WHEREAS, the Executive Committee of the BMED will approve the MRHIF Program Manager to do the following, effective immediately, retroactive to January 1, 2025:

- 3) Update the US Fire reinsurance agreement reducing the MRHIF's deductible on BMED from \$850,000 to \$800,000
- 4) Amend MRHIF's Reinsurance agreement and BMED/MRHIF agreement with updated information.

ADOPTED: April 10, 2025

BY: _____
CHAIRPERSON

ATTEST:

SECRETARY

RESOLUTION NO. 17-25

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
RESOLUTION APPOINTING A WELLNESS COORDINATOR**

WHEREAS the Bergen Municipal Employee Benefits Fund ("Fund") has determined that there exists a need for contract with a wellness coordinator for its Wellness Program as a non-fair and open contract pursuant to the provisions of NJSA 19:44A-20.4-20.5; and

WHEREAS the Wellness Coordinator has determined and certified that the value of the services will exceed \$17,500; and

WHEREAS Civitas New Jersey LLC has held a contract as Wellness Coordinator through March 31, 2025 and the Wellness Committee deemed it necessary to extend the contract terms through April 30, 2025 ; and

WHEREAS Christine Baker has shown interest in accepting the Wellness Coordinator contract at the same fee of \$1,000 a month and has not made any reportable contributions to a political or candidate committee in the previous one year, and that the contract will prohibit Ms. Baker from making any reportable contributions through the term of the contract; and

WHEREAS the Fund Treasurer hereby certifies that funds are available in the amount of \$75,000 for the 2025 wellness program, inclusive of the Wellness Coordinator fee;

NOW THEREFORE BE IT RESOLVED that the Bergen Municipal Employee Benefits Fund hereby appoint Christine Baker to develop as a Wellness Coordinator; and

BE IT FURTHER RESOLVED that the Determination of Value be placed on file with the resolution; and

BE IT FURTHER RESOLVED that notification of this contract award shall be published in the Bergen Record, as required by R.S. 18A:18A-5 (a)(2).

ADOPTED: April 10, 2025

BY:

CHAIRPERSON

ATTEST:

SECRETARY

APPENDIX I

BMED Finance Meeting
March 12, 2025, at 2:00 PM – Teams Meeting

Rich Kunze, Executive Committee Member

Bob Kakoleski, Executive Committee Member

Clark LaMendola, Board Advisor

Bill Bailey, Fund Attorney

Gary Vinci, Fund Auditor

Liz Shick, Fund Auditor

Brandon Lodics, Executive Director

John Lajewski, HIF Consulting Business Leader

Emily Koval, Associate Executive Director

Caitlin Perkins, Account Manager

Jenna Bauer, Assistant Controller

Mr. Lodics opened the meeting by thanking the attendees for accommodating the schedule change to allow additional time for review. He acknowledged the 2024 financial performance was not unexpected given the increase in claims and utilization. However, the focus of this meeting would be on the surplus transfer, rather than revisiting the known contributing factors.

Mr. Lodics began by reviewing the December 2024 Financial Fast Track, which showed an \$8.7 million deficit. He noted that expected ESI rebates may help offset this number. A significant issue observed was a large volume of out-of-network claim movement. This was particularly driven by groups transitioning from the State, where caps on ADA network claims had been applied incorrectly by Aetna. These discrepancies are being addressed and should not be viewed as ongoing trends. Mr. Lodics highlighted that the second half of 2024 ran approximately 6% higher than the first half. The Fund Actuary used this data to update the 2025 medical claims budget, resulting in a 3% increase in the Per Employee Per Month rate. Key drivers included payments for varicose vein treatments (which the Fund has acted on), a new reimbursement contract for a major inpatient hospital, which had a significant impact, and the addition of new members with higher morbidity and a disproportionate number of large claims that did not hit the SIR. In response to a question from Mr. LaMendola, Mr. Lodics confirmed that the claims were distributed across members rather than concentrated to one or two members. Mr. LaMendola also noted the updated projection aligns with current market trends, a comment that Mr. Lodics agreed with.

Mr. Lodics then reviewed the Fund's cash flow projection, noting there is no need for protective measures such as pausing professional payments. Ms. Koval shared that she had spoken with the Treasurer that morning, who confirmed that cash flow is stable, and claims are tracking at or slightly above budget. Ms. Bauer added that the latest report does not yet reflect stop-loss recoveries, so those receivables have not been realized yet. While a surplus transfer is not immediately necessary, Mr. Lodics suggested that given the projected \$4.3 million shortfall in 2025, a \$5 million surplus transfer is a reasonable consideration to help stabilize the Fund's budget. He clarified that legacy members have retained surplus and wouldn't need to contribute cash, but the challenge is the newer members may have callable cash that could be earmarked to address the deficit at exit or when needed.

In response to Commissioner Kakoleski's question on whether these assessments were factored into the budget, Mr. Vinci explained that if the funding is sourced from a closed year, municipalities aren't required to undergo any special budget transitions. However, Mr. Lodics stated if a special assessment is needed, it must be introduced and adopted formally. Mr. Vinci confirmed and highlighted the issue of entities finding the funds to budget these amounts in 2025. He mentioned legislation allowing municipalities to declare a special emergency, which requires approval by the Local Finance Board and DOBI and must occur before the end of March. However, Mr. Lodics stated that the current deficit doesn't meet the 10% threshold needed to qualify. Mr. Vinci added that he is in contact with DCA to advocate for increased flexibility for municipalities in today's challenging market. Commissioner Kakoleski emphasized the need to notify towns that may face additional funding needs. Mr. Lodics agreed, suggesting a memo be sent to communicate this potential direction. Mr. LaMendola added that engaging risk managers would also be beneficial.

Responding to a question from Commissioner Kunze, Mr. Lodics confirmed the Fund currently holds about one month's worth of claims in cash, which is considered sufficient by Fund professionals. Mr. Vinci noted additional reserves are expected within the next two to three months and stressed the importance of municipalities paying the assessments on time. Mr. Lodics acknowledged that while claims are being paid, cash isn't replenishing quickly, and the volatility of the claims right now is realistic. In response to Commissioner Kakoleski, Mr. Vinci confirmed that a surplus transfer would require Board approval.

Mr. Lodics mentioned other cash protection strategies being explored, including adjustments to the out-of-network fee schedule. Mr. Bailey is drafting a memo outlining the potential impacts. However, Mr. Bailey noted the challenges of implementing these changes unless negotiated into collective bargaining agreements. He emphasized the importance of encouraging members to use in-network providers. Mr. LaMendola pointed out that some critical service providers, like physical therapists and chiropractors, often remain out-of-network. Mr. Lajewski shared that GeoAccess reports are being run to assess in-network provider availability by zip code, which may assist the encouragement of using in-network providers.

Commissioner Kakoleski asked if an additional meeting should be held in March, ahead of the next scheduled April meeting. Mr. Lodics supported the idea of keeping stakeholders informed and monitoring cash flow projections but was unsure if the timeline would be necessary to move up for the potential budget component. Commissioner Kunze commented that statutory criteria wouldn't necessarily be required for such a meeting. Mr. Lodics recommended conducting diagnostics on individual entities and working with the risk managers of those with highest loss ratios to discuss curbing the utilization moving forward. Another option being explored is resetting the 2025 reimbursement level to capture potential write-offs that could have otherwise gone to MRHIF. Mr. Lodics noted the strategy should be outlined for the next meeting, but the current budget would not have the additional premium considered but there may be options. Commissioner Kunze noted that although this is a unique situation, there are benefits to the Fund's flexible structure.

In closing, Mr. Lodics said a follow-up meeting will be scheduled in early April, stating that notice will be provided to those few entities, which Mr. Vinci confirmed would be adequate for what those entities need. Mr. Vinci confirmed he will reach out to the DCA as well. Mr. Lodics concluded by thanking everyone for their time, thoughts, and input during these challenging market conditions.

APPENDIX II

RESOLUTION NO. 12-25

**MUNICIPAL REINSURANCE HEALTH INSURANCE FUND
RESOLUTION AUTHORIZING THE RETROACTIVE ADJUSTMENT TO THE SELF INSURED
RETENTION AMOUNT FOR THE BMED/GATEWAY HIF ("BMED")**

WHEREAS, the BMED has experienced an increase in high claim amounts that are below the Municipal Reinsurance Health Insurance Fund ("MRHIF") self insured retention ("SIR") causing a deficit in the MRHIF's budget;

WHEREAS, after review by the Program Manager, the MRHIF Reinsurer and the MRHIF Actuary, it is recommended that there be a reduction in BMED's SIR from \$425,000.00 to \$325,000.00 for the January 1, 2025, to December 31, 2025, Plan Year and a reduction to the MRHIF's deductible on BMED claims from \$850,000.00 to \$800,000.00;

WHEREAS, the Reinsurer, US Fire, has agreed to the above changes to the SIR for both the BMED and the MRHIF at a cost of \$40.70 per enrollee per month which amount shall be paid by the BMED during the 2026 Plan Year;

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the MRHIF that the following actions are authorized and approved:

- 1) BMED shall retroactively update their SIR from \$425,000 to \$325,000 for Plan Year January 1, 2025-December 31, 2025
- 2) With BMED's approval, the Program Manager shall update the US Fire reinsurance agreement reducing the MRHIF's deductible on BMED from \$850,000 to \$800,000
- 3) With BMED's approval, the Program Manager shall amend MRHIF's Reinsurance agreement and BMED/MRHIF agreement with updated information.
- 4) The BMED shall carry forward a payable for the underbudgeted MRHIF adjusted premium in the amount of \$40.70 per enrollee per month to be built into the 2026 MRHIF Premium.
- 5) With BMED approval, the Program Manager shall amend MRHIF Reinsurance agreement and BMED/MRHIF agreement with updated information.

ADOPTED: April 1, 2025

BY: _____
CHAIRPERSON

ATTEST:

SECRETARY