

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: OCTOBER 22, 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	Absent
<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>		
Joseph Catenaro	Township of Fairfield	Present

**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>	
Benefits Consultant	<b>Conner Strong</b>	Jozsef Pfeiffer
RX Administrator	<b>Express Scripts</b>	Kenneth Rostkowski

**OTHERS PRESENT:**

Dave Vozza, Vozza Agency  
Tom Ucko, IMAC Insurance Agency  
Frank Covelli, PIA  
Renee Gear, PIA

Matt McArow, Otterstedt Agency  
Deb Ginetto, Burton Agency

**CORRESPONDENCE - None**

**APPROVAL OF MINUTES:** September 24, 2015

**MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF SEPTEMBER 24, 2015:**

<b>MOTION:</b>	Commissioner Hart
<b>SECOND:</b>	Commissioner Marinello
<b>ROLL CALL VOTE:</b>	5 Ayes, 0 Nays, 1 Abstain (Commissioner Catenaro)

**PRO FORMA REPORTS**

- **Fast Track Financial Reports** - as of August 31, 2015 & September 30, 2015
  - **Historical Income Statement**
  - **Cash Flow Tracking Reports**

Executive Director said the August Financial Fast Track shows an increase in surplus even with the release of the dividend in that month. September's financials were also strong, inclusive of the new membership.

**2016 BUDGET ADOPTION** - Attached is a copy of the 2016 proposed budget and assessments for adoption, which was introduced by the Executive Committee at the September meeting. The total budget is increasing by 4.8%. The assessments include an additional rate increase for members with significantly high loss experience. Draft rates were sent earlier this month and final rates will be included the open enrollment packets. Resolution # 28-15 adopting the 2016 budget is included in the consent agenda.

Executive Director said the budget was reviewed by the Strategic Planning committee, who requested that the budget be kept under 5%. This increase is one of the lowest in the State. Member assessments include a slight loss ratio factor. In response to Commissioner Hart, Executive Director said the wellness committee budget is seed money right now to start a program that will be managed by the board advisor.

**MOTION TO OPEN THE PUBLIC HEARING ON THE 2016 BUDGET**

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

**Discussion of Budget and Assessments**

**MOTION TO CLOSE THE PUBLIC HEARING**

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

**ADMINISTRATION**

**PRO FORMA REPORTS**

- **Regulatory Compliance Checklist** - as of October 16, 2015 (*page 13*)

**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:

MEMBER	I & T end date
BOROUGH OF MOONACHIE	12/31/201 2
BOROUGH OF LODI	12/31/201 2
BOROUGH OF NORTH ARLINGTON	12/31/201 2
BOROUGH OF WOOD-RIDGE	12/31/201 2
BOROUGH OF EMERSON	12/31/201 4
BOROUGH OF EAST RUTHERFORD	12/31/201 4
TOWNSHIP OF ROCHELLE PARK	1/1/2015
BOROUGH OF WESTWOOD	12/31/201 8

**NEW MEMBER APPLICATION - MONTCLAIR TOWNSHIP**

Underwriting Factor	Montclair Township	Fund Average or Standard	Relativity
Current Carrier or Arrangement	Horizon BCBS	Aetna	
Age Sex Factor	1.11	1.16	95.69%
Enrollment	408	847	48.17%
Trend Applied	8.0%	8%	100.00%
Risk Manager Fee Applied	2.25%		
Rate Effective Date			
From	1/1/2016		
To	12/31/2016		
Prior Fund Member?	No, but current Manager was EC member		
Lines of Coverage to Fund			
Medical	Yes		
Dental	No		
Rx	Yes		
Anticipated Commissioner Involvement	Involvement Expected		
Explanatory Notes or Contingencies	None		

In response to Commissioner Hart, Executive Director said the age/sex factor is within 5% of the Fund. This is a factor that is determined by the amount of women vs. men and at what age. There was a trend applied for this factor. Mr. Ucko said he group is currently with Horizon and was with the State prior. In response to Commissioner Mariniello, Mr. Ucko said prior to their current arrangement, the group had stayed with the State for a long period of time.

**MOTION TO APPROVE THE MEMBERSHIP OF MONTCLAIR TOWNSHIP,  
PENDING THEIR ADOPTION OF THE FUND INDEMNITY AND TRUST  
AGREEMENT.**

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

We are also in the process of developing a proposal for Garfield

**WELLNESS COMMITTEE** - Greg Hart, Victor Baginski and Frank Covelli have volunteered to serve on this Committee that will be guided by Mr. LaMendola. We are in the process of reaching out to other commissioners and risk managers and ask that anyone that is interested contact Ms. Koval.

**Bergen Municipal Employee Benefits Fund  
Benefits Consultant Report  
October 22, 2015**

**ONLINE ENROLLMENT SYSTEM** - The Executive Committee voted and approved

mandatory use of the online enrollment system by each member group. If you need additional training on the online enrollment system, please reach out to Karen Kidd at [kkidd@permainc.com](mailto:kkidd@permainc.com) of PERMA.

**NEW BENEFITS ADMINISTRATION MANUAL** - In our continuing efforts to improve Fund operations and communications, PERMA has created a new Benefits Administration Manual. The purpose of the manual is to provide additional guidance and assistance to the Benefit reps at each member group. The manual also explains policies and procedures that have been established and approved by the Fund's Commissioners.

PERMA is in the process of printing hard copies of the manual and will be mailing them to all member groups shortly. Electronic copies are available upon request. Any questions or requests for additional copies of the manual should be directed to the BMED Team. Their contact information is below.

**ENROLLMENT TEAM CONTACT** - Please direct any eligibility, enrollment, billing or system related questions to our dedicated BMED Team. The team can be reached by email at [bmedenrollments@permainc.com](mailto:bmedenrollments@permainc.com) or by fax at 856-685-2249.

**BROKER EMAIL BOX** - The broker email box is officially open for correspondence. We ask our broker partners to utilize this tool for service, advocacy or any like requests that may arise with their groups.

[brokerservice@permainc.com](mailto:brokerservice@permainc.com)

**MUNICIPALITY OPEN ENROLLMENT:** BMED will be hosting the 2015 open enrollment for January 1, 2016 elections, November 2<sup>nd</sup>- November 23<sup>rd</sup>.

- PERMA will be bulk shipping Open Enrollment packets to individual entities for active employees
- Retirees and COBRA enrollees will receive the information directly at their residencies
- Medicare Advantage retirees will not be included in this open enrollment

**PLAN CHANGE OPTIONS – JANUARY 1, 2016** - If your entity is interested in adding new plan options for January 1, 2016 please notify PERMA no later than October 15, 2015. Due to ACA requirements and administrative concerns, PERMA will not permit plan changes/new plan additional later than this date.

### **Express Scripts**

Express Scripts will be attending the meeting to discuss BMED's utilization in 2015, the

impact of specialty medications and the use of brand vs. generic medications.

New York Times Article :

## **Drug Goes From \$13.50 a Tablet to \$750, Overnight**

By [ANDREW POLLACK](#) SEPT. 20, 2015

Specialists in infectious disease are protesting a gigantic overnight increase in the price of a 62-year-old drug that is the standard of care for treating a life-threatening parasitic infection.

The drug, called Daraprim, was acquired in August by Turing Pharmaceuticals, a start-up run by a former hedge fund manager. Turing immediately raised the price to \$750 a tablet from \$13.50, bringing the annual cost of treatment for some patients to hundreds of thousands of dollars.

“What is it that they are doing differently that has led to this dramatic increase?” said Dr. Judith Aberg, the chief of the division of infectious diseases at the Icahn School of Medicine at Mount Sinai. She said the price increase could force hospitals to use “alternative therapies that may not have the same efficacy.”

Turing’s price increase is not an isolated example. While most of the attention on pharmaceutical prices has been on new drugs for diseases like cancer, hepatitis C and high cholesterol, there is also growing concern about huge price increases on older drugs, some of them generic, that have long been mainstays of treatment.

Martin Shkreli is the founder and chief executive of Turing Pharmaceuticals, which raised the price of the drug Daraprim to \$750 a tablet from \$13.50. Credit Paul Taggart/Bloomberg, via Getty Images

Although some price increases have been caused by shortages, others have resulted from a business strategy of buying old neglected drugs and turning them into high-priced “specialty drugs.”

Cycloserine, a drug used to treat dangerous multidrug-resistant tuberculosis, was just increased in price to \$10,800 for 30 pills from \$500 after its acquisition by Rodelis Therapeutics. Scott Spencer, general manager of Rodelis, said the company needed to invest to make sure the supply of the drug remained reliable. He said the company provided the drug free to certain needy patients.

In August, two members of Congress investigating generic drug price increases wrote to Valeant Pharmaceuticals after that company acquired two heart drugs, Isuprel and Nitropress, from Marathon Pharmaceuticals and promptly raised their prices by 525 percent and 212 percent respectively. Marathon had acquired the drugs from another company in 2013 and had quintupled their prices, according to the lawmakers, Senator

Bernie Sanders, the Vermont independent who is seeking the Democratic nomination for president, and Representative Elijah E. Cummings, Democrat of Maryland.

Doxycycline, an antibiotic, went from \$20 a bottle in October 2013 to \$1,849 by April 2014, according to the two lawmakers.

The Infectious Diseases Society of America and the HIV Medicine Association sent a joint letter to Turing earlier this month calling the price increase for Daraprim “unjustifiable for the medically vulnerable patient population” and “unsustainable for the health care system.” An organization representing the directors of state AIDS programs has also been looking into the price increase, according to doctors and patient advocates.

Daraprim, known generically as pyrimethamine, is used mainly to treat toxoplasmosis, a parasite infection that can cause serious or even life-threatening problems for babies born to women who become infected during pregnancy, and also for people with compromised immune systems, like AIDS patients and certain cancer patients.

Martin Shkreli, the founder and chief executive of Turing, said that the drug is so rarely used that the impact on the health system would be minuscule and that Turing would use the money it earns to develop better treatments for toxoplasmosis, with fewer side effects.

“This isn’t the greedy drug company trying to gouge patients, it is us trying to stay in business,” Mr. Shkreli said. He said that many patients use the drug for far less than a year and that the price was now more in line with those of other drugs for rare diseases.

“This is still one of the smallest pharmaceutical products in the world,” he said. “It really doesn’t make sense to get any criticism for this.”

This is not the first time the 32-year-old Mr. Shkreli, who has a reputation for both brilliance and brashness, has been the center of controversy. He started MSMB Capital, a hedge fund company, in his 20s and drew attention for urging the Food and Drug Administration not to approve certain drugs made by companies whose stock he was shorting.

In 2011, Mr. Shkreli started Retrophin, which also acquired old neglected drugs and sharply raised their prices. Retrophin’s board fired Mr. Shkreli a year ago. Last month, it filed a complaint in Federal District Court in Manhattan, accusing him of using Retrophin as a personal piggy bank to pay back angry investors in his hedge fund.

Mr. Shkreli has denied the accusations. He has filed for arbitration against his old company, which he says owes him at least \$25 million in severance. “They are sort of concocting this wild and crazy and unlikely story to swindle me out of the money,” he said.

**Turing Chief Explains Drug Price Rise** - Martin Shkreli, the chief executive of Turing Pharmaceuticals, explains the increase in drug prices in a CNBC interview.

Daraprim, which is also used to treat malaria, was approved by the F.D.A. in 1953 and has long been made by GlaxoSmithKline. Glaxo sold United States marketing rights to CorePharma in 2010. Last year, Impax Laboratories agreed to buy Core and affiliated companies for \$700 million. In August, Impax sold Daraprim to Turing for \$55 million, a deal announced the same day Turing said it had raised \$90 million from Mr. Shkreli and other investors in its first round of financing.

Daraprim cost only about \$1 a tablet several years ago, but the drug's price rose sharply after CorePharma acquired it. According to IMS Health, which tracks prescriptions, sales of the drug jumped to \$6.3 million in 2011 from \$667,000 in 2010, even as prescriptions held steady at about 12,700. In 2014, after further price increases, sales were \$9.9 million, as the number of prescriptions shrank to 8,821. The figures do not include inpatient use in hospitals.

Turing's price increase could bring sales to tens or even hundreds of millions of dollars a year if use remains constant. Medicaid and certain hospitals will be able to get the drug inexpensively under federal rules for discounts and rebates. But private insurers, Medicare and hospitalized patients would have to pay an amount closer to the list price.

Some doctors questioned Turing's claim that there was a need for better drugs, saying the side effects, while potentially serious, could be managed.

"I certainly don't think this is one of those diseases where we have been clamoring for better therapies," said Dr. Wendy Armstrong, professor of infectious diseases at Emory University in Atlanta.

With the price now high, other companies could conceivably make generic copies, since patents have long expired. One factor that could discourage that option is that Daraprim's distribution is now tightly controlled, making it harder for generic companies to get the samples they need for the required testing.

The switch from drugstores to controlled distribution was made in June by Impax, not by Turing. Still, controlled distribution was a strategy Mr. Shkreli talked about at his previous company as a way to thwart generics.

Some hospitals say they now have trouble getting the drug. "We've not had access to the drug for a few months," said Dr. Armstrong, who also works at Grady Memorial Hospital, a huge public treatment center in Atlanta that serves many low-income patients.



But Dr. Rima McLeod, medical director of the toxoplasmosis center at the University of Chicago, said that Turing had been good about delivering drugs quickly to patients, sometimes without charge.

“They have jumped every time I’ve called,” she said. The situation, she added, “seems workable” despite the price increase.

Daraprim is the standard first treatment for toxoplasmosis, in combination with an antibiotic called sulfadiazine. There are alternative treatments, but there is less data supporting their efficacy.

Dr. Aberg of Mount Sinai said some hospitals will now find Daraprim too expensive to keep in stock, possibly resulting in treatment delays. She said that Mount Sinai was continuing to use the drug, but each use now required a special review.

“This seems to be all profit-driven for somebody,” Dr. Aberg said, “and I just think it’s a very dangerous process.”

**2015 PPACA UPDATES** - In our constant effort to keep you informed of the ongoing progression of PPACA, the following communications regarding 2015 PPACA updates are included in the attachment section of this report:

**CADILLAC TAX** - The Cadillac Tax imposes a 40% non-deductible tax on the excess amount of the aggregate cost of “applicable employer-sponsored coverage” in a calendar year. Applicable employer-sponsored coverage is generally defined as the coverage under any group health plan made available to employees by an employer which is excludable from the employee’s gross income or would be excludable from the employee’s gross income under IRC section 106. The definition of “employees” includes former employees, retirees, surviving spouses and “other primary insureds” (an undefined term). The tax applies to all employers subject to excise tax provisions of the IRC which includes all private employers, regardless of size, and also includes tax exempt and governmental entities. The excess amount of the total cost of coverage, from which the tax is calculated, is the amount of applicable coverage which exceeds the annual statutory limits, which have been set at \$10,200 for individual coverage and \$27,500 for other-than-individual coverage for the 2018 tax year.

The tax is calculated on a monthly basis, but is assessed on a calendar year basis. The value of applicable coverage must be calculated based on approved methods identified in the guide. Rules permit adjustments to the limits for retirees and high risk professions, as well as age and gender adjustments. Adjustments will also be made through 2018 and beyond for health cost inflation.

Each provider of coverage is responsible for paying its share of the tax. For all fully-insured coverages, the health insurer is the coverage provider. For self-insured coverages or other coverage, the employer/plan administrator is responsible for paying the tax. Keep in mind that while the coverage provider is responsible for paying the

tax, employers sponsoring health plans are responsible for calculating the tax and determining the share of the tax attributable to each coverage provider. In general, penalties may be assessed on employers who miscalculate the tax or fail to correctly attribute the tax to the responsible party. The employer may be responsible for a penalty equal to 100% of the error plus interest. The IRS reserves the right to waive penalties for employers who can prove they were not aware of the mistake, provided the mistake is corrected within 30 days.

A recent article, "Union Plans Need to Look Ahead to Cadillac Tax Despite Lack of Guidance", was published in Bloomberg BNA discussing the importance of preparation for this looming tax and the consideration of adding contract language allowing reopening of negotiations in 2017 when more guidance is available.

<http://www.bna.com/union-plans-need-b17179923113/>

**RECORDKEEPING AND REPORTING** - The Internal Revenue Service (IRS) released more detailed reporting information in the form of Questions and Answers (FAQs) in an effort to assist employers with IRS reporting (Form 1094-C) and providing statements to its employees (Form 1095-C) regarding employer health coverage information under the Affordable Care Act (ACA). Employers must comply with these new reporting requirements beginning in 2016, reporting on calendar year 2015. The latest guidance consists of an updated Q&A document covering basic reporting requirements and a new Q&A document addressing more specific issues that may arise while completing Forms 1094 and 1095. The Q&As are clarifications to the existing rules. The final rulings remain unchanged. The revised Q&As can be found here, [Questions and Answers on Reporting of Offers of Health Insurance Coverage by Employers \(Section 6056\)](#), providing you the guidance needed in respect to the reporting of healthcare coverage

### **FINALIZED IRS REPORTING FORMS -Final 2016 ACA Reporting Requirements**

The Internal Revenue Service (IRS) has released final forms and instructions for the information reporting provisions under the Patient Protection and Affordable Care Act (the "PPACA"). Compliance is mandatory for affected employers. Failure to file the required informational returns or filing incomplete or inaccurate forms could result in reporting penalties and penalties under the ACA's employer shared responsibility provisions. Employers should be prepared now to report for the first time in early 2016 for calendar year 2015. For more information on the final rules on this IRS information reporting for employers, please see the [IRS ACA Reporting webpage](#).

The following final forms and instructions are now available for 2015 (minor changes were made to some of the forms and both sets of instructions):

The following final forms and instructions are now available for 2015 (minor changes were made to some of the forms and both sets of instructions):

- [Form 1094-C](#) (transmittal)
- [Form 1095-C](#) (employee statement)
- [2015 Instructions](#) for 1094-C and 1095-C
- [Form 1094-B](#) (transmittal)
- [Form 1095-B](#) (employee statement)
- [2015 Instructions](#) for 1094-B and 1095-B

The final instructions clarify various issues relating to how large employers prepare the [Form 1095-C](#) for full-time employees. Some helpful clarifications are provided, including:

- Instructions for obtaining an automatic 30-day extension to furnish forms to the IRS;
- Instructions for requesting an extension of time to furnish statements to employees;
- Instructions on correcting Forms 1094-C and 1095-C;
- Clarification that the IRS requires reporting for only one plan where employees are covered by more than one type of minimum essential coverage (such as a medical plan and an HRA);
- Clarification that COBRA offers for terminated employees are not reported as offers of coverage under any circumstances;
- Additional details on reporting cost of coverage for non-calendar year plans;
- Additional details on reporting coverage through multiemployer plans;
- Instructions on electronic filing and how to obtain a waiver from electronic filing; and
- Information on potential penalties and penalty relief.

Recently released [IRS Notice 2015-68](#) also simplifies the rules for collecting Social Security Numbers (SSNs). When an employer sponsors a self-insured plan, the employer must report the SSN for each enrolled individual (including dependents). Pending additional guidance, reporting entities will not be subject to penalties for failing to report SSNs if they request them as follows: (1) make an initial solicitation at an individual's first enrollment or, if already enrolled on September 17, 2015, the next open enrollment season; (2) make a second solicitation within a reasonable time thereafter; and (3) make a third solicitation by December 31st of the year following the initial solicitation. In addition, plan sponsors do not have to solicit SSNs from individuals who have terminated coverage.

The IRS is encouraging employers and tax professionals to take a close look at its new webpage titled "[Affordable Care Act Information Center for Applicable Large Employers \(ALEs\)](#)." The webpage can be used to determine ALE status and as a means to finding additional resources on these complicated rules. According to the webpage, two provisions of ACA that apply only to ALEs are now in effect – the employer shared responsibility provision, and the employer information reporting provision for offers of minimum essential coverage. Self-insured ALEs, i.e., employers who sponsor self-

insured group health plans, have additional provider information reporting requirements.

Employers are advised to consult with their tax, HRIS/payroll, and legal advisors for assistance with specific issues/complexities regarding form preparation, appropriate eligibility and hours tracking rules, and the actual implementation of the data gathering, tracking, and reporting rules. Final versions of the 1094-C and 1095-C have been included for your reference.

**LIFTING GRANDFATHERING OF STEP THERAPY** – Mr. Pfeiffer included an FAQ and educational flyer for the membership affected by the grandfathering of step therapy being lifted. In response to Commissioner Baginski, Executive Director said the budget being adopted today will reflect this change. Mr. Pfeiffer said that opting out would be an entire group option, not just the member.

**FUND ATTORNEY** – No report.

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

**RESOLUTION 31-15 October 2015 BILLS LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2015	\$296,783.35
<b>TOTAL</b>	<b>\$ 296,783.35</b>

**BOARD ADVISOR** – No report

**AETNA - THIRD PARTY ADMINISTRATOR** – Ms. Ward said the Aetna August claims were higher than previous years and there were two high claimant reports.

**PHARMACY NETWORK (Express Scripts)** – Mr. Rostkowski said the Fund’s overall trend is approximately 12% which is overall very good, compared to the book of business. The generic usage is at approximately 73.5% which is below other Funds. Commissioner Kunze requested strategies of how to increase generic to be discussed at the next meeting.

**DELTA DENTAL** – None

**CONSENT AGENDA:**

The following Resolutions listed on the Consent Agenda will be enacted in one motion

<b>Resolutions</b>	<b>Subject Matter</b>
28-15	Adoption of 2016 Budget
29-15	Certification of 2016 Assessments

30-15  
31-15

Certification of Claim Payments/Imprest Transfers  
October Bills List

**MOTION TO APPROVE THE CONSENT AGENDA**

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

**OLD BUSINESS:** Commissioner Gambutti distributed a letter from her Business Administrator to the Chair expressing concerns on how claims are being paid. She said that out of network providers are being paid less and leaving a balance for the member when the borough's plans are 100% out of network benefit. She said she will discuss further with the Program Manager.

Mr. Covelli said he had requested a list of members who would be affected by lifting the grandfathering of step therapy which would be necessary before action is taken. He said this change would be impactful to the employees directly. He said he did not think the commissioners should vote on this change yet. In response, Executive Director said the change had been adopted with each member having the option to elect out of the lifting.

In response to Commissioner Catenaro, Program Manager said the 5% discount came from ESI which is consistent with the Fund Actuary's opinion. He said the Fund could look at this option again in July and offer half the discount. Executive Director said the Fund may push this to February and pro rate the rates. The difference would be approximately \$30,000 a month in savings.

**MOTION TO DEFER THE LIFTING OF STEP THERAPY TO APRIL 1 AND ALLOW THE SAVINGS DIFFERENCE TO BE TAKEN FROM SURPLUS AND ALLOW THE MEMBER TO DECIDE ON OPTING INTO THE LIFT.**

**MOTION:** Commissioner Catenaro  
**SECOND:** Commissioner Mariniello  
**ROLL CALL VOTE:** 5 Ayes, 1 Nays (Commissioner Hart)

Commissioner Hart said he voted no against using the surplus to take the reduction in savings because there are members who do not have prescription coverage, yet will be affected by the loss in surplus. He said he was in favor of deferring the decision.

**MOTION TO ENTER EXECUTIVE SESSION**

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

**NEW BUSINESS:**

**PUBLIC COMMENT:**

**MOTION TO ADJOURN:**

**MOTION:** Commissioner Mariniello  
**SECOND:** Commissioner Baginski  
**VOTE:** Unanimous

**MEETING ADJOURNED:** 1:25 pm

**NEXT MEETING:** October 22, 2015  
Franklin Lakes Borough  
12:00 P.M.

Emily Koval, Assisting Secretary  
Date Prepared: January 22, 2016