

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: JANUARY 28, 2016
FRANKLIN LAKES, NEW JERSEY
12:00 P.M.**

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

ROLL CALL OF 2015 EXECUTIVE COMMITTEE:

Chairperson		
Peter Van Winkle	Borough of Rutherford	Present
Secretary		
Victor Baginski	Borough of Wallington	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgefield Park	Present
Richard Kunze	Borough of Oakland	Present
Gregory Hart	Borough of Franklin Lakes	Present
Donna Gambutti	Twp of S. Hackensack	Absent
Michael Mariniello	Borough of Saddle River	Present
Alternates		
Joseph Catenaro	Township of Fairfield	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval Karen Kamprath
Attorney	Huntington Bailey, LLP	Russ Huntington
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	
Actuary	John Vataha	
Independent Consultant	LaMendola Associates	
Benefits Consultant	Conner Strong	Jozsef Pfeiffer Brandon Lodics
RX Administrator	Express Scripts	Kenneth Rostkowski

OTHERS PRESENT:

Carolyn Petrowski, Vozza
Randi Gerber, Vozza
Thomas Ucko, IMAC
Kim White, Delta Dental
Frank Covelli, PIA

Matt McArow, GJEM, Otterstedt
Erik Ruebenacker, Express Scripts
Deb Ginetto, Burton Agency
Dan Saragnese, Fairfield BOE
Bruce T Masopust, Lodi
Robert S. Hoffman, Emerson

CORRESPONDENCE - None

APPROVAL OF MINUTES: October 22, 2015

Ms. Koval distributed updated minutes at the meeting.

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF OCTOBER 22, 2015:

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

MOTION TO ADJOURN SINE DIE MEETING:

MOTION:	Commissioner Baginski
SECOND:	Commissioner Kunze
VOTE:	Unanimous

Executive Director thanked the commissioners for attending and asked for a roll call of all 2016 BMED Fund Commissioners.

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND**2016 FUND COMMISSIONERS**

MUNICIPALITY	FUND COMMISSIONER	ALTERNATE	
Alpine	Paul Tomasko		Absent
Emerson	Robert Hoffmann		Present
Hillsdale	Chris Looes		Absent
Lodi	Bruce Masopust		Present
Maywood	Roberta Stern		Absent
Moonachie	Anthony Ciannanmea		Present
N. Arlington	Tom Kane		Absent
Park Ridge	Kelly O'Donnell		Absent
S. Hackensack	Donna Gambutti	Ashley Maroney *	Present
Saddle River	Michael Marinello		Present
Wallington	Victor Baginski		Present
Westwood	Jon Birkner - Absent	Ben Kezmarsky	Present
Wood-Ridge	Dominick Azzolini		Absent
Rutherford	Peter Van Winkle		Present
Montvale	Timothy Lane*		Present
Ridgefield Park	Hugo Poli*		Present
Rochelle Park	Elizabeth Kroll*		Present
Wanaque Valley Regional Sewerag	Frank Covelli		Present
Carlstadt	Virginia Bello		Absent
East Rutherford	John Hansen*		Present
East Rutherford BOE	Ken Rotta		Absent
Ft. Lee	Alfred Restaino		Absent
Carlstadt BOE	Pamela Baxley		Absent
Oakland	Richard Kunze		Present
Franklin Lakes	Gregory Chapman Hart		Present
Fairfield	Joseph Catenaro		Present
Fairfield BOE	Dan Saragnese		Present
Mine Hill	Katelyn Wild		Absent

* Via Conference Call

With the members on the phone, Executive Director said that a quorum was present.

Commissioner Van Winkle read the Nominating Committee report and made a motion recommending the following slate for 2016:

Chairman Peter VanWinkle, Borough of Rutherford

Secretary Victor Baginski, Borough of Wallington

Executive Committee Members:

Hugo Poli, Village of Ridgefield Park

Richard Kunze, Borough of Oakland

Gregory Hart, Borough of Franklin Lakes

Donna Gambutti, Township of South Hackensack

Michael Marinello, Borough of Saddle River

Alternates:

Joseph Catenaro, Township of Fairfield

MOTION TO ADOPT 2015 SLATE OF EXECUTIVE COMMITTEE AS RECOMMENDED AND CLOSE NOMINATIONS:

MOTION:	Commissioner VanWinkle
SECOND:	Commissioner Catenaro
ROLL CALL VOTE:	16 Ayes, 0 Nays

Fund Attorney swore in the Executive Committee and asked that members on the phone sign and return the oath of office at the next meeting.

EXECUTIVE DIRECTORS REPORT

Executive Director reviewed the consent agenda items. He said there are not many changes from the previous year, except for the Risk Management Plan and the MRHIF representatives.

FINANCES

PRO FORMA REPORTS

- **Fast Track Financial Reports** - as of November 30, 2015
 - **Historical Income Statement**
 - **Cash Flow Tracking Reports**

Executive Director reviewed the Financial Fast Track which illustrates a surplus of 12.8 million for all years combined. The results continue to be positive.

REGULATORY

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The Municipal Reinsurance Health Insurance Fund met on December 9, 2015 to adopt the 2016 budget in the amount of \$11,875,087, which was passed unanimously. The Bergen Municipal assessment to the MRHIF is \$1,676,235.

The Committee also discussed its two new members – the Schools Health Insurance Fund and Southern Coastal Regional Employee Benefits Fund which have become independent from the SNJHIF on January 1, 2016.

In addition, the Executive Committee had a lengthy discussion on Passaic County being a territory of both the NJHIF and the BMED. The Commissioners tabled a resolution to gather further information.

Chair Van Winkle's report was included in Appendix II.

Executive Director reviewed the MRHIF report. He said an audit for ESI showed an overcharge on generic drug guarantees in the first quarter of the contract. An audit through the end of 2015 is being conducted now to see if the contracted guarantees and rebates balance out. Executive Director said there is also an ongoing discussion regarding Passaic County territory. Chair VanWinkle said BMED

needs medical lives to be viable. In response to Commissioner Kunze, Chair VanWinkle said two towns have expressed interest in coming over from the NJHIF, which would significantly help bring mass into the BMED. He said BMED has primarily stayed in Bergen County, while NJHIF has been able to expand. The additional medical lives would make the fund more viable. Chair VanWinkle said that it is important that all HIFs under the MRHIF umbrella stay strong.

Executive Director said that Edgewater is still interested in joining the fund.

STATE WEBSITE NOTICE - Late last year, the State reviewed the Fund websites for required documentation. BMED was noted for not having a CAFR Audit report and a listing of the contracted vendors. Both items were included on the website and we have responded accordingly.

Executive Director said the Fund received a letter from the State that the website was not in compliance, however our response is included in the agenda and shows that the website is in fact in compliance.

BENEFITS OPERATIONS

PLAN CHANGES - The following BMED/Gateway groups have elected to increase their out of network usual and customary fee schedules: "Fairfield Township, Fairfield Board of Education, Borough of Moonachie (Retirees Only), Township of South Hackensack (1 Active Plan)."

Each group's medical rates will be adjusted accordingly

Benefits Consultant said several members are looking to move back to the old out of network fee schedule. Their rates would be adjusted accordingly.

MOTION TO APPROVE OUT OF NETWORK FEE SCHEDULE CHANGES FOR FAIRFIELD TOWNSHIP, FAIRFIELD BOARD OF EDUCATION, BOROUGH OF MOONACHIE (RETIRES ONLY) TOWNSHIP OF SOUTH HACKENSACK (1 ACTIVE PLAN):

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

In response to Chair VanWinkle, Benefits Consultant said their current out of network fee schedule would be moving back to 80/20. In response to Commissioner Hart, Benefits Consultant said the effect on the rates would be 4%. Executive Director said for Fairfield and Fairfield BOE would be 2%.

SPECIAL OPEN ENROLLMENTS - The Borough of Saddle River and The Township of South Hackensack have requested special open enrollments to introduce new low cost plan options.

Benefits Consultant said Saddle River and South Hackensack are looking to have a special open enrollment within the next 60 days, the date has not been determined.

Commissioner Hart said he is interested to see what these low cost plans look like. Benefits Consultant said they can be presented at the next meeting. Commissioner Mariniello said the plans went over well because

now the members have options. Benefits Consultant said these plans drive members to stay in network which in turn lowers rates.

MOTION TO APPROVE OPEN ENROLLMENT FOR SADDLE RIVER AND SOUTH HACKENSACK.

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

MUNICIPALITY OPEN ENROLLMENT UPDATES - All open enrollment changes that were received have been processed and updated with the carriers. ID cards for members who made changes during open enrollment were mailed out prior to January 1, 2016.

STEP THERAPY - REVISIT - Step therapy is a program that requires members to utilize medications in a certain order based on price and clinical efficacy. The Fund implemented Step Therapy with grandfathering in 2013, which allowed members on a drug that required a step, to bypass the step as long as they remained on that medication continuously every 130 days. Removing grandfathering will require members to at least try the least costly/more clinically effective medication before moving to the second tier drug. *Clinical exceptions are attainable for members that may not be able to take the preferred medication.*

Member disruption reports were distributed following the October 2015 Executive Committee meeting.

Benefits Consultant said the discussion to remove grandfathering for Step Therapy should be tabled until the next meeting to gather more reports. Disruption reports were recently sent to the Risk Managers.

CADILLAC TAX DELAYED UNTIL 2020 - /under prior law, for tax years beginning after December 31, 2017, the Cadillac tax required that plan sponsors and insurers pay a 40% excise tax on the excess cost of employer-sponsored health coverage over \$10,200 for employee-only and \$27,500 for family coverage, adjusted for inflation annually. Plans providing this "high-cost" coverage are often referred to as "Cadillac plans," and the related tax is referred to as the "Cadillac tax." This Cadillac tax is now effective for tax years beginning after December 31, 2019. Thus, the Cadillac tax won't be imposed until 2020. Any Cadillac tax payments will also now be "deductible" for businesses.

RECORDKEEPING AND REPORTING - IRS GRANTS AUTOMATIC EXTENSION - The Internal Revenue Service has announced that it has decided to delay the 1094 and 1095 forms filing deadlines for employers, insurers and others health plan coverage providers after it determined that filers need "additional time to adapt and implement systems to gather, analyze and report this information." The delay provides an "automatic" 60-day extension for furnishing Forms 1095-C and 1095-B to employees and an "automatic" 3 month extension for filing these forms with the IRS. The new due date for furnishing the 2015 Form 1095-C to employees is extended from January 31, 2016 to March 31, 2016. And the new due date for employers furnishing the 2015 Form 1094-C to the IRS is extended from February 28, 2016 to May 31, 2016 (if filing electronically the new due date is extended from March 31, 2016 to June 30, 2016).

Employers will welcome this reporting deadline extension as it will provide more time to address the very complicated and onerous filing requirements without the need to make any formal extension request to the IRS. The IRS previously published the final forms and instructions needed for large employers' mandatory reporting requirements under the Affordable Care Act (ACA). The final instructions clarified various issues relating to how large employers prepare the Form 1095-C for full-time employees. Notwithstanding the automatic extension, the IRS is still encouraging employers and other coverage providers to furnish statements and file the information returns as soon as they are ready. The new guidance reiterates that employers or other coverage providers that do not comply with the new extended due dates are subject to penalties for failure to timely furnish and file. The guidance states, however, that "employers and other coverage providers that do not meet the extended due dates are still encouraged to furnish and file, and the Service will take such furnishing and filing into consideration when determining whether to abate penalties for reasonable cause." The IRS will take into account whether an employer or other coverage provider made reasonable efforts to prepare for reporting the required information to the IRS and furnishing it to employees and covered individuals, and the extent to which the employer or other coverage provider is taking steps to ensure that it is able to comply with the reporting requirements for 2016.

The new guidance also addresses individuals who might not receive a Form 1095-B or Form 1095-C by the time they file their 2015 tax returns. According to the IRS, most individual taxpayers will generally not be affected by the 1095 automatic filing extension and should file their tax returns as they normally would. The rules do not require that individuals send any 1095 Form to the IRS when filing their individual tax return, but rather they should keep it with their tax records. Nonetheless, some employees (and related individuals) who enrolled in coverage through the Marketplace but did not receive a determination from the Marketplace that the offer of employer-sponsored coverage was not affordable could be affected by the extension if they do not receive their Forms 1095-C before they file their income tax returns. As a result, for 2015 only, individuals who rely upon other information received from employers about their offers of coverage for purposes of determining eligibility for the premium tax credit when filing their income tax returns need not amend their returns once they receive their Forms 1095-C or any corrected Forms 1095-C.

The IRS is encouraging employers and other filers to take a close look at its webpage titled "Affordable Care Act Information Center for Applicable Large Employers (ALEs)." The webpage can be used to understand the Form 1095-C and 1094-C, to determine applicable large employer or "ALE" status, and as a means to finding additional resources on these complicated filing 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. See "Questions and Answers on Information Reporting by Health Coverage Providers" for information on the Form 1095-B and 1094-B used primarily by fully insured carriers for reporting information about the entity providing coverage, which individuals are enrolled in coverage, and the months for which they were covered.

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.

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.

In response to Commissioner Mariniello, Benefits Consultant said you still have to do the actual reporting the timeframe has just been delayed.

FUND ATTORNEY - No Report

TREASURER - Chair VanWinkle said the Bills List is included in the Consent Agenda

FUND YEAR NOVEMBER 2015	AMOUNT
2015	\$258,030.22
2015 - Supplemental	\$1,485.92
TOTAL	\$259,516.14

FUND YEAR DECEMBER 2015	AMOUNT
2015	\$315,220.09
2015 - supplemental	\$93,588.00
TOTAL	\$408,808.09

RESOLUTION 10-16 JANUARY 2016 BILLS LIST

FUND YEAR	AMOUNT
2015	\$1,860.72
2016	\$297,271.75
TOTAL	\$299,132.47

BOARD ADVISOR - Board Advisor reviewed the report from the Wellness Task Force Meeting. The report showed materials available and what various organizations were doing about wellness. Board Advisor said he and Commissioner Hart tried to come up with a strategy on what direction BMED should go regarding Wellness. Board Advisor said programs should be developed to be able to be customized for each member. He said we should be testing at the member level to see what they need and what is currently covered. In addition, current dental coverage and wellness programs are very important as dental health is a predictor to overall health. Commissioner Hart said its important to inform employees of what benefits are available and how they can take advantage of them. Board Advisor also said with the help of Aetna, to build a wellness themed toolkit with information for all members.

Board Advisor also suggested contacting local hospitals to get access wellness programs and facilities. Hackensack has a multiple centers that members can visit through their BMED coverage. This relationship should be built under the BMED brand. Commissioner Covelli said the thinking has been outside the box and thorough and we are off to a great start.

Commissioner Mariniello said Saddle River is doing a walking club and using cash as an incentive. Board Advisor said he opposes incentives, but would like to know what other members may be doing for wellness initiatives.

AETNA - THIRD PARTY ADMINISTRATOR - No Report

PHARMACY NETWORK (Express Scripts) - Mr. Ruebenacker said they will continue to support any ongoing requirements for step therapy and for the audit. He can provide products available for free from ESI for wellness.

DELTA DENTAL - Ms. White said in the realm of wellness, Delta Dental offers an oral health enhancement with 2 extra cleanings and a carry over maximum wellness benefit where the member can go for 1 cleaning then carry over 25% of unused balance. She said she will bring these programs to the wellness committee.

CONSENT AGENDA:

The following Resolutions listed on the Consent Agenda will be enacted in one motion. The Committee voted for Commissioner Van Winkle and Baginski to be MRHIF Commissioner and Alternate, respectively.

In response to Commissioner Kunze, Executive Director said that the Allstate charge on the bills list is for the Fund archives. Also, he said we can provide an RMC break out resolution for the next meeting

Executive Director said he should mention that under the reinsurance we now have a program that includes reinsurance for stop loss coverage for RX only.

Resolutions	Subject Matter
Resolution 1-16:	Professional Contracts
Resolution 2-16:	Designation of Service of Process
Resolution 3-16:	Designation of Secretary as Custodian of Records
Resolution 4-16:	Designation of Official Newspaper
Resolution 5-16:	Designation of Regular Meeting Times and Place
Resolution 6-16:	Designation of Bank Depositories & CMP
Resolution 7-16:	Designation of Authorized Signatories
Resolution 8-16:	Approval of 2016 Risk Management Plan
Resolution 9-16:	Appointment of MRHIF Commissioners
Resolution 10-16:	Authorization of November & December 2015 and January 2016 Bills Lists
Resolution 11-16:	Certification of Claim Payments/Imprest Transfers
Resolution 12-16:	Resolution for Executive Session - For specified Purpose of Claims discussion

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

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

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ENTER EXECUTIVE SESSION

MOTION:	Commissioner Baginski
SECOND:	Commissioner Hart
VOTE:	Unanimous

MOTION TO ADJOURN:

MOTION:	Commissioner Baginski
SECOND:	Commissioner Hart
VOTE:	Unanimous

MEETING ADJOURNED: 1:30 pm

NEXT MEETING: February 25, 2016
Franklin Lakes Borough
12:00 P.M.

Emily Koval, Assisting Secretary
Date Prepared: February 18, 2016