

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
 OPEN MEETING: OCTOBER 25, 2016
 FRANKLIN LAKES, NEW JERSEY
 12:00 P.M.**

Meeting called to order by Chair Van Winkle. The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2016 EXECUTIVE COMMITTEE:

Chairperson		
Peter Van Winkle	Borough of Rutherford	Present
Secretary		
Victor Baginski	Borough of Wallington	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgely Park	Absent
Richard Kunze	Borough of Oakland	Present
Gregory Hart	Borough of Franklin Lakes	Present
Donna Gambutti	Twp of S. Hackensack	Present
Alternates		
Joseph Catenaro	Township of Fairfield	Present
Gregory Franz	Borough of Edgewater	Present
Susan Hodgins	Borough of Saddle River	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.	
Auditor	Lerch, Vinci & Higgins	
Actuary	John Vataha	
Independent Consultant	LaMendola Associates	Clark Lamendola
Benefits Consultant	Conner Strong	Jozsef Pfeiffer Brandon Lodics
RX Administrator	Express Scripts	Jeffrey Basile

OTHERS PRESENT:

Matthew McArow, RMC
 Frank Covelli, RMC
 Tom Ucko, RM

CORRESPONDENCE - None

EXECUTIVE DIRECTORS REPORT

PRO FORMA REPORTS

- **Fast Track Financial Reports** – as of August 31, 2016
 - **Historical Income Statement**
 - **Cash Flow Tracking Reports**

Executive Director said the Fund continues to perform well financial with a \$300,000 gain in August. He said the dividend is not reflected in the Financial Fast Track, but will be shown in the September report.

BUDGET ADOPTION

Attached is a copy of the 2017 proposed budget that was updated per the Executive Committee requests at the September meeting. Draft rates have been released to all members; final rates will be included in member Open Enrollment packets. Resolution 30-16 was included in the consent agenda.

Executive Director said overall the budget is up 2.8%. He said the assessments vary based on the loss ratio.

MOTION TO OPEN THE PUBLIC HEARING ON THE 2017 BUDGET:

MOTION:	Commissioner Gambutti
SECOND:	Commissioner Hart
VOTE:	Unanimous

In response to Commissioner Gambutti, Executive Director said adopting the budget would not change the appeals process. He said there is a change in the risk management plan with how the loss ratio adjustments are handled. Executive Director said there is a change for Aetna to handle level one appeals which is why their increase is higher than 2%. He said the bylaws state the claims agent should manage level one appeals.

MOTION TO CLOSE THE PUBLIC HEARING ON THE 2017 BUDGET:

MOTION:	Commissioner Baginski
SECOND:	Commissioner Franz
VOTE:	Unanimous

RESOLUTION TO SUPPORT INVESTMENT ALTERNATIVE LEGISLATION FOR JIFS AND HIFS

Enclosed is a resolution supporting legislation aimed at providing additional investment options for joint insurance funds. The universe of investments would be expanded to include local entity

securities, and the opportunity to create a combined investment trust for JIFs would be provided. The legislation was included in Appendix II.

Executive Director said a resolution is included in the consent agenda. In response to Commissioner Hart, Executive Director said he feels there will be less risk. Fund Treasurer said this is similar to the NJ cash management plan.

RISM MANAGEMENT PLAN ADJUSTMENT

At the last meeting, the committee discussed amending the Risk Management Plan to include a policy allowing members with +100% claims experience that have made low cost plan design changes or have added utilization management features to be given a loss ratio adjustment of no more than +2%. The consent agenda includes revised resolution #8-16. Please refer to the highlighted portion of Section 7 which includes language to address these adjustments.

2017 BUDGET INTRODUCTION

Following is the proposed 2017 budget reflecting an overall increase of 2.81% or 2.69% after application of dividend offsets.

CLAIMS FUND

Medical claims are increasing 3%, while prescription and dental claims are staying flat.

This low increase is reflecting the success of the effort made in 2015 to reduce out of network claims. In network claims now represent 81.5% of all medical claims .

The Rx claim line came in flat partially due to the new ESI contract that has been in place for over a year. An audit of this contract has been performed and may result in rebates to the local Funds. We are also working on the possibility of converting Medicare retirees from the "Retiree Drug Subsidy" program to the federal government's "Employer Group Waiver" program. This program has the possibility of producing higher subsidies from the federal government and reducing Fund expense. The study is not complete, so rate reductions are not reflected in this budget but may be provided at the time of the program's inception.

REINSURANCE AND INSURED PROGRAMS

The Reinsurance renewal has not yet been finalized, but a 15.29% reduction is included based upon the introduced MRHIF budget. BMED's 2016 retention is \$225,000 and would rise to \$250,000 under this proposal. BMED has an excellent reinsurance loss ratio which is a primary cause of the reduction. Overall, the MRHIF budget is dropping by 4.24%. Medicare Advantage rates are expected to rise by 5%.

RATE STABILIZATION RESERVE AND DIVIDENDS

The treatment of this line item is being coordinated with the dividend action. Members are being given the option of applying portions of the dividend to rate stabilization. This credit benefits members with surplus from prior years, but not our new members that have yet to accumulate surplus balances. We anticipate that member elections will be received on time for incorporation into the adopted budget.

CONTRACTS AND EXPENSES

Expenses for most professionals are projected to increase by 2%. Aetna has requested a slightly higher increase because their contract is proposed to include Level 1 claim appeals handling.

The Transitional Reinsurance Program Affordable Care Act tax is no longer applicable, but the Fund needs to continue to budget for the Comparative Effectiveness fee.

Although the financial details of the Wellness program have not been finalized, the budget includes \$75,000 for the pilot program. If we proceed with a wellness program, it is proposed that BMED and other Funds split the cost of a full time wellness coordinator. Each of three Funds (CJ, SNJ, and BMED) would pay \$25,000 each for a wellness coordinator assigned solely to these HIFs.

ASSESSMENTS

Assessments are prepared using Fund policy developed over the last several years with average increases as follows:

- The medical increase is 4.6%
- The Medicare Advantage rate increase is 5%
- Rx rates are unchanged
- Dental rates are unchanged

In the past, the BMED only made loss ratio adjustment of up to +2.5%. Members using utilization management measures have a positive adjustment of up to 2% while those without such measures can receive an adjustment of up to 2.5%.

Two entities are applying dividends to offset their rates: Franklin Lakes and Hillsdale. This option was provided to all members but only these two selected the option.

BMED/Gateway Health Insurance Fund

Benefits Consultant Report

October 25, 2016

bmedenrollmets@permainc.com

Fax: 856-685-2249

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 would like a refresher course on the online enrollment system, please reach out to Karen Kidd at 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.

ID CARDS

As a reminder, during the Q1 of this year PERMA no longer has direct carrier system access to order ID cards for members. As we prepare for Open Enrollment, we wanted you to be aware of the following carrier contact numbers members can call to request additional ID cards if needed.

OPEN ENROLLMENT

The BMED will be hosting the 2016 open enrollment for January 1, 2017 elections through November 18th.

- 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
- All Enrollment changes must be entered into online enrollment system by December 5th.

For Groups with Prescription:

- Mail Order FAQ
- Prior Authorization FAQ
- Step Therapy FAQ (If Applicable)
- 2017 National Preferred Formulary

COMPOUND MANAGEMENT UPDATE- EXPRESS SCRIPTS

On December 1, 2016, Express Scripts will add all non-hormonal topical creams to the compound exclusion list. The vast majority of these compounds appear to be prescribed for unproven uses.

In early November, we will mail notifications to all members who have filled a prescription in the last 130 days for a compound containing one or more non-hormonal topical creams. The disruption in the HIFs is very minimal (less than 10 in all the State). There are no members impacted in the BMED specifically.

Below is a list of top 20 non-hormonal topical utilized in compounds.

Top 20	
diclofenac sodium	levocetirizine dihydrochloride
lidocaine-prilocaine	fluticasone propionate
Gabapentin (excluded Q1 2016)	ketoprofen
meloxicam	urea
duloxetine Hcl	EnovaRX-Baclofen™
lidocaine	fluocinonide
topiramate	mupirocin
amitriptyline Hcl	Voltaren®
lamotrigine	livixil pak
imiquimod	baclofen

EGWP

An EGWP, or Employer Group Waiver Plan, is a Medicare Part D prescription drug plan, which

provides the standard Medicare Part D prescription drug coverage only to the Medicare-eligibility retirees and their covered dependents of the sponsoring employer.

PERMA is current researching the prospect of implementing an EGWP for the retiree prescription population to be offered through United Healthcare in the future. This alternative financial arrangement will be evaluated to determine if any cost savings may be available to the Fund. We are not making any recommendations at this time, we had expected to be able to make a recommendation but are still reviewing proposals and member impact.

Benefits Consultants a meeting with the Risk Managers and a separate Fund meeting is necessary to review the EGWP proposal and take possible action for a 3/1 implementation. He said this program would only affect retirees who are currently enrolled in the Medicare Advantage program. He said under 65 retirees and active employees would not be affected.

VITAL STATISTICS REPORT

Benefits Consultant distributed the BMED vital statistics report. He said the report is for claims paid from 1/1/2014 – 9/30/2016. He noted that in-network utilization has gone down in 2016 which could be attributed to less high claimants or some of the new members. He said the Fund is in a better position due to the reduced fee schedule. He said the generic fill rate for rx is currently at 76% which is higher than average. He said there is a 4% savings to remove grandfathering for step therapy. He said it would also be a 3.5% savings for the Fund to implement member pay the difference and mandatory generic.

Affordable Care Act's "1557 Non Discrimination" Provision

PERMA is currently consulting with the Fund Attorneys to review the policy and applicability to the Funds. We will update the plan designs in accordance with their recommendations.

One of the provisions under the Affordable Care Act ("ACA") is the Nondiscrimination in Health Programs and Activities; often referred to as "Section 1557" or "1557". The final rule on this specific provision went into effect on July 18, 2016 and brings with it yet another new round of complexities and rules for employers and plan sponsors. The new rule mainly impacts insurers and health care providers that receive federal assistance from the US Department of Health and Human Services ("HHS"). But certain self-insured employer sponsored group health plans ("GHPs") are also subject to the rule, and may need to alter their plan designs to comply with the rule.

What is the Impact if 1557 Does Apply to Self Insured Plan?

There are a series of new obligations if 1557 applies to your self insured GHP. We suggest you again review our attached Benefits Update on Section 1557 for more information on the new obligations. From a regulatory standpoint, our understanding is there is no federal law requiring that employers cover all available gender transitioning services under their GHP. The 1557 final rules do, however, prohibit categorical limits or exclusions or all "health services related to gender transition". However, we understand the regulation does not specifically require the coverage of gender reassignment surgery. Thus, while a categorical exclusion under a GHP for transgender surgery appears to be prohibited, the required extent of coverage for transgender surgery and other transgender-related services remains unclear. Generally under 1557, discrimination based on sex or gender identity in certain health programs and activities is prohibited. For example:

- Individuals cannot be denied health care or health coverage based on their sex, including their gender identity.
- Individuals must be treated consistent with their gender identity, including in access to facilities.
- Sex-specific health care cannot be denied or limited just because the person seeking such services identifies as belonging to another gender. For example, a provider may not deny an individual treatment for ovarian cancer, based on the individual's identification as a transgender man, where the treatment is medically indicated. A provider also may not limit sex-specific recommended preventive services based on sex assigned at birth, gender identity, or recorded gender – for example, a transgender man who has residual breast tissue or an intact cervix getting a mammogram or pap smear.
- Explicit categorical exclusions in coverage for all health care services related to gender transition are facially discriminatory. Other exclusions for gender transition care will be evaluated on a case-by-case basis.

CLAIM APPEALS

There are two appeals which need to be heard in executive session.

FUND ATTORNEY - No Report

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

RESOLUTION 32-16 OCTOBER 2016 BILLS LIST

FUND YEAR	AMOUNT
2016	\$407,506.33
TOTAL	\$407,506.33

CONFIRMATION OF PAYMENT DIVIDEND

FUND YEAR	AMOUNT
CLOSED	\$733,765.58
TOTAL	\$733,765.58

BOARD ADVISOR - Board Advisor said there should be a meeting to discuss the logistics and internal structuring of the Wellness Program. He said he would like to see the program implemented by the end of the 1st Quarter.

AETNA - THIRD PARTY ADMINISTRATOR - Ms. Ward reviewed the August claims and said there were 2 high level claimants for this reporting period. She distributed and reviewed the dashboard report. She said their performance guarantees were met with the exception of claims accuracy. She said this was not driven by any of the HIFs.

PHARMACY NETWORK (Express Scripts) - Mr. Basile said the push to generic drugs is benefiting the fund. In response to Executive Director, Mr. Basile said there is very little incentive for the member

to try the generic option when the copay is similar. Benefits Consultant said the SHBP has implemented mandatory step therapy and member pay the difference as of 1/1/2017.

DELTA DENTAL - None

APPROVAL OF MINUTES: October 25, 2016

MOTION TO APPROVE THE OPEN AND CLOSED MINUTES OF OCTOBER 25, 2016.

MOTION: Commissioner Baginski
SECOND: Commissioner Gambutti
ROLL CALL VOTE: 7 Ayes, 0 Nays, 1 Abstain (Commissioner Catenaro)

CONSENT AGENDA -

Resolutions	Subject Matter
Revised Resolution 8-16	Revised Risk Management Plan
Resolution 30-16	Budget Adoption
Resolution 31-16	Supporting S-2663 and A-4234
Resolution 32-16	October Bills List
Resolution 33-16	Executive Session

MOTION TO APPROVE THE CONSENT AGENDA:

MOTION: Commissioner Kunze
SECOND: Commissioner Baginski
ROLL CALL VOTE: 8 Ayes, 0 Nays

MOTION TO HOLD A SPECIAL MEETING ON NOVEMBER 29 AT 12PM IN FRANKLIN LAKES TO DISCUSS THE EGWP PROGRAM:

MOTION: Commissioner Catenaro
SECOND: Commissioner Hart
ROLL CALL VOTE: 8 Ayes, 0 Nays

MOTION TO ENTER EXECUTIVE SESSION:

MOTION: Commissioner Catenaro
SECOND: Commissioner Hart
VOTE: Unanimous

MOTION TO UPHOLD DENIAL FOR CLAIM 10-1-16:

MOTION: Commissioner Catenaro
SECOND: Commissioner Hart
ROLL CALL VOTE: 7 Ayes, 1 Nay (Commissioner Gambutti)

MOTION TO GRANT APPEAL 10-2-16 :

MOTION:	Commissioner Catenaro
SECOND:	Commissioner Gambutti
ROLL CALL VOTE:	8 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: Mr. LaMendola asked for a written definition of medical necessity. Fund Attorney said he will prepare this for the next meeting.

PUBLIC COMMENT: Commissioner Kunze thanked the professionals and executive committee for their work on the Fund.

MOTION TO ADJOURN:

MOTION:	Commissioner Hart
SECOND:	Commissioner Kunze
VOTE:	Unanimous

MEETING ADJOURNED: 1:45 pm
NEXT MEETING: January 24, 2017
Franklin Lakes Borough

Emily Koval, Assisting Secretary
Date Prepared: November 11, 2016