

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: APRIL 25, 2017  
FRANKLIN LAKES, NEW JERSEY  
12:00 P.M.**

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Meeting called to order by Secretary Victor Baginski. The Open Public Meeting Notice was read into the record.

**ROLL CALL OF 2017 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	Absent
Joseph Catenaro	Township of Fairfield	Present
<b>Alternates</b>		
Gregory Franz	Borough of Edgewater	Present
Jerry Giaimis	Borough of Saddle River	Absent

**APPOINTED OFFICIALS PRESENT:**

Executive Director/ Administrator	<b>PERMA Risk Management Services</b>	Paul Laracy Emily Koval Karen Kamprath
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>	Gary Vinci
Actuary	<b>John Vataha</b>	Absent
Independent Consultant	<b>LaMendola Associates</b>	Clark LaMendola
Benefits Consultant	<b>Conner Strong</b>	Jozsef Pfeiffer Brandon Lodics
RX Administrator	<b>Express Scripts</b>	Jeff Basile

**OTHERS PRESENT:**

Deb Ginetto, RMC  
Frank Covelli, PIA  
Matt McArow, RMC  
Carolyn Petrowski, Vozza

**CORRESPONDENCE - None**

**APPROVAL OF MINUTES:**

**MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF FEBRUARY 28, 2017:**

**MOTION:** Commissioner Kunze  
**SECOND:** Commissioner Hart  
**ROLL CALL VOTE:** 5 Ayes, 0 Nays

**PRO FORMA REPORTS**

- **Fast Track Financial Reports - as of February 28, 2017**
  - **Historical Income Statement**
  - **Cash Flow Tracking Reports**

Executive Director said the Fund is performing as expected with a \$17 million surplus for all years combined.

**EXECUTIVE DIRECTORS REPORT**

**AUDITOR AND ACTUARY YEAR-END REPORTS**

Gary Vinci from Lerch, Vinci & Higgins was present to review the Audit for the period ending December 31, 2016. He said the report has an unmodified opinion which is the cleanest opinion. The surplus at year end was just under \$17 million. He said he has no recommendations.

**STATEMENT OF ACTUARIAL**

Included in the agenda is the review of actuarial assumptions and actuarial methods used in determining the reserves, by the Fund Actuary to be filed with the December 31, 2016 year end financial reports to New Jersey Department of Banking and Insurance.

**BMED WELLNESS APPLICATION**

Ms. Koval said the Wellness Program application has been finalized and is included in the Agenda for final approval. This application would be distributed to all medical members and should be returned by mid May.

**JUNE MEETING DATE**

Ms. Koval said a conflict has arisen with a few of the professionals for the June meeting and we are requesting a reschedule. Suggested dates are 6/20, 6/21 and 6/29. The Commissioners agreed to change the date to June 20<sup>th</sup>.

**MOTION TO CHANGE THE JUNE MEETING DATE FROM JUNE 27<sup>TH</sup> TO JUNE 20<sup>TH</sup>:**

**MOTION:** Commissioner Hart  
**SECOND:** Commissioner Kunze  
**ROLL CALL VOTE:** 5 Ayes, 0 Nays

## **FINANCIAL DISCLOSURE STATEMENTS**

Ms. Koval said as done in prior years and required by State law, each Fund Commissioner is required to complete a Financial Disclosure Statement through the Department of Community Affairs. The 2017 notice with instructions has been released and fines will be issued for non compliance.

## **GASB 45 REPORTING**

Ms Koval said if a member is in need of an updated report for their annual audit, please reach out to Emily Koval ([emilyk@permainc.com](mailto:emilyk@permainc.com)).

## **MRHIF MEETING DATE**

The MRHIF has rescheduled its meeting to from June 14 to May 11.

## **AETNA PERFORMANCE STANDARDS**

Ms. Koval said part of Aetna's contract is performance standards which they did not meet for 2 quarters of 2016. The Fund will be eligible for a partial refund of up to 2% of fees paid in 2016 (\$10,812 for BMED). We are working with Aetna on the details of this adjustment and will report further at next month's meeting.

## **BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND BENEFITS CONSULTANT REPORT**

## **CONTACT INFORMATION**

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 856-685-2257.

The primary enrollment contact for BMED is now Janine Haday, she has been on the enrollment team for the last few months and has now fully transitioned to handle all BMED groups. She can be reached directly at 856-552-4748.

## **AETNA NETWORK UPDATE**

Benefits Consultant said Aetna has settled their contract with RWJ/Barnabas. He said termination letters were sent out, however since the contract was resolved, retraction letters have been sent.

## **LEGISLATIVE UPDATE**

As you may be aware the Republican leaders in the U.S. House of Representatives have withdrawn the proposed Affordable Care Act (ACA) repeal and replace bill from consideration and indefinitely postponed a vote on the bill. There are no new plans in place for what the next step in Healthcare Reform will be.

Benefits Consultant said their office is watching the federal legislation and will provide any updates on anything that may affect the Fund.

## **SHBP FINANCIAL ANALYSIS**

State Employees Health Benefit Plan recently released their annual plan audit. PERMA has performed an in-depth analysis of the financial report. The following is summary of our observations we found regarding the SHBP's overall financial health:

- State subgroup deficit doubled
- Local subgroup continues to maintain a sizable surplus but its operations lost \$27.2M or 8.46%.
- This suggests that this year's rate action, +2.4%, may be insufficient.
- Local subgroup surplus provides working capital for the entire program
- Schools subgroup operated at a deficit of 2.5% but continues to maintain a slight surplus
- Subgroup surplus compared to 2 months of claims (stated by State as retention objective):
  - a. State group in deficit = to over 1 month of claims
  - b. Local group surplus exceeds 2 months of claims.
  - c. Education subgroup surplus is de minimis at 9 days of claims.

In response to Commissioner Hart, Executive Director said the Fund has about 5 months worth of claims in surplus. Executive Director said he can provide a claims reserve comparison between the BMED vs. the State.

## **COMPLIANCE UPDATES**

NJ Opioid Law - As reported at the last fund meeting, New Jersey Governor Chris Christie signed legislation aimed at curbing the state's opioid addiction epidemic. The new law also mandates state-regulated health insurers, namely fully insured plans and plans run by the state (including the State Health Benefits Program and the School Employees Health Benefits Program), to cover inpatient and outpatient treatment for drug addiction. We recommend that the existing BMED members adopt the mandate as well, on renewal January 1, 2018.

## **EPI PEN RECALL**

Express Scripts informed us that the manufacturer (Meridian Technologies) issued a world-wide voluntary recall on March 30, 2017 of EpiPen Auto-Injector devices. The recall is only on devices from 13 specific production lots that were distributed between 12/17/2015 and 7/1/2016. Affected patients were notified by the manufacturer and given instructions for obtaining a free replacement for the defective devices. There is no financial impact to the Fund.

## **CMS UPDATE**

Benefits Consultant said CMS now requires MA members to complete an annual HRA, however there is no penalty for non-compliance.

## **ADMINISTRATIVE AUTHORIZATION**

There are no small claim appeals or appeals for executive session.

**FUND ATTORNEY - No Report**

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

Confirmation of Payment - March 2017

<b>FUND YEAR</b>	<b>AMOUNT</b>
FY 2016	\$7,283.00
FY 2017	<b>\$413,613.24</b>
<b>TOTAL</b>	<b>\$414,613.24</b>

Resolution 16-17 April 2017 Bills List

<b>FUND YEAR</b>	<b>AMOUNT</b>
FY Closed	\$200,000
FY 2016	\$300.00
FY 2017	\$378,092.10
<b>TOTAL</b>	<b>\$578,392.10</b>

**BOARD ADVISOR -** Board Advisor said an update on the Wellness program was provided. Commissioner Hart said it is not clear what is and is not covered on the application. Mr. LaMendola said the plan is structured to cover all wellness related transactions including a physical and annual assessment. He said any additional incentives not covered by the plan would be funded by the town. Commissioner Hart said that should be clarified when the application is distributed. The Commissioners agreed to approve the application subject to the revisions discussed and after review from the Wellness Committee.

**AETNA - THIRD PARTY ADMINISTRATOR -** Ms. Ward reviewed the January and February claims. She said there were 4 high claimants in January which drove up the pepm. She said the February claims were more in line with what the Fund normally sees. She said the RWJ/Barnabas retraction letters were sent out on April 20<sup>th</sup>. She reviewed the performance guarantees and said 2 quarters were missed for claims accuracy. She said the claims are audited based on a pool of claims so it is not necessarily specific to the Fund.

**PHARMACY NETWORK (Express Scripts) -** Mr. Basile said he is closely following the opioid law. He said any new acute opioid prescription written will only be prescribed for 5 days. He said additional days would need to be filled on the 4<sup>th</sup> or 5<sup>th</sup> day. He said about 16% of the Fund members are using opioid medications. He said the average is between 14%-25%. He said the doctor and ER visits are what are driving up costs not the actual prescription.

**DELTA DENTAL - None**

**OLD BUSINESS: None**

**NEW BUSINESS: None**

**PUBLIC COMMENT: None**

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

<b>MOTION:</b>	Commissioner Catenaro
<b>SECOND:</b>	Commissioner Kunze
<b>VOTE:</b>	5 Ayes, 0 Nays

**MOTION TO ADJOURN**

<b>MOTION:</b>	Commissioner Hart
<b>SECOND:</b>	Commissioner Kunze
<b>VOTE:</b>	Unanimous

**MEETING ADJOURNED:** 12:30 pm

**NEXT MEETING:** June 20, 2017  
Franklin Lakes Borough  
12:00 P.M.

Karen Kamprath, Assisting Secretary  
Date Prepared: March 2, 2017