

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: AUGUST 27, 2019
FRANKLIN LAKES, NEW JERSEY
12:00 P.M.**

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

ROLL CALL OF 2019 EXECUTIVE COMMITTEE:

Chairperson		
Gregory Hart	Borough of Franklin Lakes	Present
Secretary		
Richard Kunze	Borough of Oakland	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgely Park	Absent
Joseph Catenaro	Fairfield Township	Absent
Gregory Franz	Borough of Edgewater	Present
Donna Gambutti	Twp of S. Hackensack	Present
Jerry Giannis	Borough of Saddle River	Present
Alternates		
Matthew Cavallo	Township of Verona	Present
Bob Kakoleski	Borough of Rutherford	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Karen Kamprath
Attorney	Huntington Bailey, LLP	Russ Huntington Bill Bailey
Treasurer	Joseph Iannaconi	Joseph Iannaconi
Third Party Administrator	Aetna	Joseph Rodrigues
Dental Claims Administrator	Delta Dental of NJ, Inc.	Absent
Auditor	Lerch, Vinci & Higgins	Absent
Actuary	John Vataha	Absent
Independent Consultant	LaMendola Associates	Clark LaMendola
Benefits Consultant	Conner Strong	Jozsef Pfeiffer
RX Administrator	Express Scripts	Ken Rostkowski
Wellness Coordinator		Absent

OTHERS PRESENT:

Dave Voza, RMC
Tom Ucko, IMAC
Frank Covelli, RMC
Suzanne Pennell, Scirocco Group
Deb Ginetto, Burton Agency

CORRESPONDENCE - None

EXECUTIVE DIRECTORS REPORT

2020 BUDGET PROCESS

Executive Director said an updated version of the draft budget was distributed. He said overall the budget is up 4.88% with Medical Claims being the main driver. He said the medical claims are being driven primarily by a series of large claims, with an increase from 52 large claims in 2018 to 70 so far in 2019. He said there was an increase in ambulatory services as well as radiology claims.

Mr. Rodrigues said across the book of business they are seeing 8.7% medical trend. He said when looking at the Fund year over year the typical trend is 4-5%.

Executive Director said the federal government is imposing a 10% tax for Medicare Advantage. He said Aetna came in at about 10%. He said we went out to market and received a competitive quote from United Healthcare. Benefits Consultant said the Fund is trying to remain competitive with the SHBP. He said a competitive quote was received from United at about a 40% reduction in premiums. He said UHC is able to match all plans exactly as well as provide an equal to or better than letter and would waive the health insurer fee for the 1st year. In response to Chair Hart, Executive Director said Aetna is now within 15%. In response to Chair Hart, Benefits Consultant said the health insurer fee is a fee imposed with the ACA on fully insured plans. In response to Commissioner Kakoleski, Benefits Consultant said everything would remain the same if the switch was made to United Healthcare for the Medicare Advantage population.

Benefits Consultant said part of the United Healthcare deal is that there would be no increase in 2021 aside from the health insurer fee if that applies, and in year 3 there is a potential 8% rate cap.

REINSURANCE

Executive Director said the reinsurance projection is in the preliminary stages. He said this reflects roughly a 6% overall reduction. The budget proposal eliminates the purchase of aggregate reinsurance. This coverage normally attaches at 125% of the claims budget and provides \$10 million in coverage. Mature HIFs such as the BMED have never had an aggregate reinsurance claim.

RATE STABILIZATION RESERVE AND DIVIDENDS

Executive Director said \$202,000 is included in this line item. He said this amount is up to the discretion of the Fund. The committee agreed to lower the rate stabilization to \$100,000. The committee agreed this should not be called a reserve, but a line item in the budget.

DIVIDEND

Executive Director the Fund has the ability to declare a dividend of up to \$10.3 million. He said he is recommending a dividend of \$3.4 million which is 1/3 of the available amount. He said as done in the past members will have the ability to apply a portion of their dividend to their rates at a maximum of 2.5% of prospective assessments. Commissioner Kunze said a good way to look at this is what the Funds surplus regeneration is. Executive Director said the Fund generated \$1.2 million this year through July 31st. The Committee discussed the dividend options and are recommending tabling discussions until the September meeting.

In response to Commissioner Kunze, Executive Director said the formulary rebates are money that comes back from ESI. Mr. Rostkowski said the HIF receives 100% of rebates and can expect significant savings. In response to Mr. LaMendola, Mr. Rostkowski said the rx trend is about 10% before rebates. He said there are a few outliers. He said this past year the trend was about 2% overall while the public sector is about 4-5%.

RFP RESULTS

Executive Director said we have received RFP responses for the positions of Auditor, Actuary, Treasurer and Attorney. He said competing responses were received for the Auditor and Attorney positions and should be discussed in executive session.

EXPENSES

Executive Director said expenses are mostly increasing by 2%. He said Aetna has agreed to a decrease of 3.9%. In response to Commissioner Cavallo, Executive Director said he is starting to see some trend in Rx and an 8.7% trend in the public sector. In response to Commissioner Kunze, Benefits Consultant said the state announced an overall number however it was not broken out by line of coverage. He said there may possibly be a decrease because of new programs in place and a possible carrier change but nothing is set in stone.

Executive Director said \$75,000 is budgeted for Wellness. He said only about \$30,000 will be spent this year.

BENEFIT'S CONSULTANT'S REPORT

NEW CONTACT

Benefits Consultant said as of September 1, 2019, Renny Maier will replace Austin Flinn as the Lead Benefits Administrator for BMED. Renny and Austin have been working closely for the last several months to ensure a smooth transition. Austin will still be a part of the PERMA team but will be focusing on other areas. Please continue to 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. We will distribute new contact sheets to all client and brokers, prior to September 1st.

SAVEONSP

Benefits Consultant said the MRHIF has saved just under \$1,000,000 with the SaveOnSP program this year. The BMED has experienced savings detailed below from 67 total claims for 19 participants:

- \$123,650 in total Manufacturer Dollars
- \$6298 in participant savings
- \$435 in tertiary savings
- \$1309 in savings per claim
- \$769 saved PPM

ESI PLAN COST FORWARD REPORT

A copy of the ESI Plan Cost Forward Report - Key Performance Metrics (YTD July 2019) for the BMED was included in the Agenda. Important Metrics include:

- Total Members Impacted- 1992
- Plan Cost PMPM- \$152.36

- Days PMPM- 38.36
- Generic Conversion %- 96.6%

NEW ID CARDS

Benefits Consultant said due to new legislation that requires specific benefit language on ID cards Aetna will be updating ID cards to comply with the new regulations. ID cards requested by members after 7/1/2019 will reflect the new requirements. Effective 1/1/2020, new ID cards will be issued to all Commission members (excluding fully insured plan members such as Medicare Advantage). The legislation requires that the PCP, Specialist, Hospital, and ER copays be listed on the ID cards, even when there is no member cost share. Currently, the PCP, Specialist, Hospital, ER, and Urgent Care information appears on the Commission ID cards only when there is member responsibility. The ID cards must also include disclaimer that a deductible may apply to these benefits.

NEW MATERNITY SUPPORT CENTER DIGITAL HUB

Benefits Consultant said Aetna has announced a new resource available to pregnant women. All Aetna members with medical coverage, as well as their family members, and caregivers have access to an online repository of information about pregnancy. The digital hub is accessible through the secure Aetna member website. Members can log-in on the Aetna portal at www.aetna.com to find the “Maternity Support Center” under the “Stay Healthy” tab.

APPEALS

Benefits Consultant said there is 1 small claim to be ratified.

FUND ATTORNEY - Fund Attorney said there is one matter for closed session

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

Confirmation of Payment - July 2019

FUND YEAR	AMOUNT
FY 2019	\$511,475.67
TOTAL	\$511,475.67

Confirmation of Payment - July 2019 Supplemental

FUND YEAR	AMOUNT
FY 2019	\$6,592.95
TOTAL	

Resolution 23-19 - August 2019 Bills List

FUND YEAR	AMOUNT
FY 2019	\$722,773.92
TOTAL	\$722,773.92

BOARD ADVISOR- Mr. LaMendola said the Medical members received a wellness program update. He said Ms. Mclean will be reaching out to interested members.

AETNA - THIRD PARTY ADMINISTRATOR - Mr. Rodrigues reviewed the paid claims and lives report through June 2019. He said the claims are starting to level off. He said the 2019 average compared to the 2018 average is about 9.9% higher primarily driven by large claims. Mr. Rodrigues

also reviewed the dashboard report and noted that they are not meeting the average speed of answer and financial accuracy metrics are not currently being met for Q1.

PHARMACY NETWORK (Express Scripts) – Mr. Rostkowski said the trend is driven by specialty medications.

DELTA DENTAL – None

Chair Hart noted that resolution 22-19 should note that the executive session is for litigation and contractual matters and also the date should be amended to today’s date. Resolution 24-19 to ratify the small claim appeal was added to the consent agenda.

MOTION TO APPROVE THE CONSENT AGENDA AS AMENDED.

MOTION:	Commissioner Kunze
SECOND:	Commissioner Gambutti
VOTE:	7 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION:	Commissioner Gambutti
SECOND:	Commissioner Franz
VOTE:	Unanimous

MEETING ADJOURNED: 1:30 pm

NEXT MEETING: September 24, 2019
Franklin Lakes Borough
12:00 P.M.

Karen Kamprath Assisting Secretary
Date Prepared: September 18, 2019