

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
APRIL 25, 2011
WOODLYNNE BOROUGH HALL
6:15 PM

Meeting of Executive Committee called to order by Michael Mevoli. Open Public Meetings notice read into record.

ROLL CALL OF 2011 EXECUTIVE COMMITTEE:

Michael Mevoli, Chairman	Borough of Brooklawn	Present
M. Joseph Wolk, Secretary	Borough of Mt. Ephraim	Present
Richard Michielli	Borough of Magnolia	Present
Louis Di Angelo	Borough of Bellmawr	Present
Anthony Beatrice	Borough of Runnemede	Present
Terry Shannon	Borough of Barrington	Present
Jennifer Johnson	Paulsboro BOE	Present

EXECUTIVE COMMITTEE ALTERNATES:

Jack Lipsett	Gloucester City	Present
Joseph Gilson	Cherry Hill Fire District	Present
Neal Rochford	Haddonfield	Present
Joseph Collins	Delsea Regional	Present

APPOINTED PROFESSIONALS PRESENT:

Executive Director/Adm.	PERMA Risk Management Services Paul Laracy Emily Koval
Program Manager	Conner Strong Diane Peterson Paul Chae Brandon Lodics Jason Miller
Attorney	J. Kenneth Harris, Esq.
Claims Administrator	Aetna Gary Lopez
Treasurer	Joanne Diggs
Amerihealth	Lisa Didio

ALSO PRESENT:

William G. Dunn, Mount Holly MUA
Steve Anoslewsni, Paulsboro BOE & Borough
Pat Eckel, RHM Benefits
Rich Allen, Allen Associates

Mayor Fuentes welcomed the Executive Committee to Woodlynne Borough.

APPROVAL OF MINUTES: March 28, 2011 Open and Closed

MOTION TO APPROVE OPEN AND CLOSED MINUTES OF MARCH 28, 2011:

Moved:	Chairman Gilson
Second:	Commissioner DiAngelo
Vote:	10 Ayes, 0 Nays, 1 Abstain (Abstain - Commissioner Johnson)

CORRESPONDENCE: None

PRO FORMA MONITORING REPORTS – The following reports were included in the agenda: Regulatory Compliance Checklists, as of April 2011; Financial Fast Track Report, as of March 31, 2011; Indices and Ratios Report, as of March 2011; and the Budget/Billing Reconciliation – April 2011.

MRHIF LEGISLATIVE AGENDA – SENATE BILL 2718 - Last week, MRHIF commissioners, representatives from our lobbying firm, and Perma had a series of meetings in the State House on the bill. We had 3 consecutive meetings with the staffs of the Senate Democrats and State Government Committee, the Senate Republican Office, and the chief of staff for Treasury. Each of the groups we met with were attentive to our concerns and we left with the impression that our positions were recognized as reasonable and worthy of additional consideration. Our next step is to meet with Senator Jennifer Beck who is co-sponsoring the bill with Senator Sweeney. Executive Director said the objective to meeting with the representatives was to gain more HIF recognition in the bill language. He said there has been no vote on this bill yet and is unsure when that will occur.

In response to Commissioner Johnson, Executive Director said the change proposed in the bill that may cause a concern for the HIF is requirement of a labor committee to negotiations. He said the HIF acts as a negotiation committee for its members, and would not want to lose that ability to an outside vendor. He said the HIF helps smaller members have a bigger voice for their employee benefits.

Commissioner Shannon said she is concerned with the requirement of offering five plans to employees for small boroughs. Executive Director said the MRHIF is suggesting a maximum of three plans. In response to Chairman Mevoli, Executive Director said the bill states a moratorium

on the State Health Benefits Plan. In addition, the lobbyist was able to get us access to the bill representatives.

AMENDMENT OF RISK MANAGEMENT PLAN TO INCORPORATE THE SOUTHERN COASTAL SUBGROUP – Enclosed in the agenda was an amended RMP officially creating the Southern Coastal subgroup and its separate indemnification arrangement. Once approved by the Executive Committee, we will formally file this plan with the State of NJ for approval. In the meantime, this subgroup is being operated with independent financial controls and reporting

MOTION TO AMEND RESOLUTION 10-11 RISK MANAGEMENT PLAN TO INCORPORATE THE SOUTHERN COASTAL SUBGROUP INDEMNIFICATION.

Moved:	Chairman Gilson
Second:	Commissioner DiAngelo
Vote:	11 Ayes, 0 Nays

SOUTHERN COASTAL BUDGET - Enclosed for approval is the Southern Coastal budget reflecting actuarial claim funds, reinsurance through MRHIF, and expenses as previously approved. This version of the budget shows expenses by month which illustrates the membership phase-in that has occurred.

This budget format varies slightly from that used for the SNJ fund. Fees normally paid to Perma and Conner Strong are combined in the Executive Director line item. Additionally, brokerage fees that, in SNJ, are paid to Conner Strong for distribution to local brokers will instead be paid to Allens Associates.

MOTION TO ADOPT SOUTHERN COASTAL BUDGET, AS PRESENTED, IN THE AMOUNT OF \$19,766,483.

Moved:	Chairman Rochford
Second:	Commissioner DiAngelo
Vote:	11 Ayes, 0 Nays

SAIF SUBGROUP - The SAIF Subgroup met on April 14, 2011 to discuss matters of the subgroup. Marketing efforts are going well and we hope to add members on or about July 1. Minutes of this meeting were included in the agenda. Executive Director said the Newton Board of Education has decided to leave due to a significant financial savings. He said a SAIF Commissioner will be in attendance at the May meeting, as per the Southern Commissioner's request.

FINANCIAL DISCLOSURE STATEMENTS - Included in the agenda packet is a Financial Disclosure form. We would encourage all Fund Commissioners to complete these forms and provide two copies with original signatures to the Fund office on or before April 30, 2011. In

accordance with State regulations, the Fund must file these disclosures with the Department of Community Affairs. The website for the on-line form is: http://www.state.nj.us/dca/lgs/ethics/pdfs/fds_fill-in_form.pdf

Executive Director's Report Made Part of April 25, 2011 Minutes.

PROGRAM MANAGER:

MODEL PLANS - A handout was distributed regarding the various model plan options that Conner Strong has prepared for cost saving initiatives. Program Manager said these plans will be developed on a group by group basis, depending on the individual member's needs. She will present a base plan and then add 4 additional buy-up and/or high deductible plans for the employee to choose from. Commissioner DiAngelo said he has had the Program Manager's office working on his town's plans and is saving 30%.

UPDATE ON URGENT CARE PROCEDURES & PROCESSES - Aetna and Conner Strong have discussed the implementation of a few techniques in order to address the high frequency of urgent care claims that have been occurring within the SNJREBF. These options will be discussed in further detail.

Program Manager said currently both urgent and non urgent care patients that are admitted to an inpatient facility is reviewed by the carrier, which typically takes 72 hours. During that time, the facility reviews the information with an Aetna Care manager to discuss medical necessity. If the request is denied, a Level 1 appeal is sent to the medical provider within 24 hours. If the care manager still denies the level care, the appeal becomes a level 2 appeal which comes to the Program Manager within another 24 hours. She said the length of time before it becomes a Level 2 claim is difficult to overcome. The Fund may be responsible for the cost of the time in treatment while waiting for the claim appeal to develop. This does not apply to Out of Network treatment facilities because the patient is aware of the level of coverage from the beginning.

Fund Attorney suggested that a policy be implemented that is practical for the review time and is clear to participants. If the time period is 72 hours for in network treatment centers to get an answer on coverage, the Fund should consider paying for that time period. But, the participant must also be aware that they will be responsible for anything after that. The claim appeal procedure is mandated and still must occur.

Program Manager said the treatment facility works as the claim appeal representative. The Fund's policy can be relayed to this representative at the beginning of the 72 hours to possibly avoid the claim from being appealed further. All claim appeal materials are overnighted and tracked from the Program Manager's office.

MOTION TO ADOPT PROGRAM MANAGER'S URGENT CARE PROCEDURES AND PROCESS FOR TREATMENT CENTER CLAIM APPEALS, AS PRESENTED.

Moved: Chairman Rochford
Second: Commissioner DiAngelo
Vote: 11 Ayes, 0 Nays

HEALTH CARE REFORM

Conner Strong continues to receive questions regarding Health Care Reform and in particular, the “grandfather” rules. Some general information is provided below:

- **Anti-abuse rule:** The grandfather rules generally state that transferring employees from one grandfathered plan or benefit package (transferor plan) to another (transferee plan) will cause the transferee plan to lose grandfather status if amending the transferor plan to replicate the terms of the transferee plan would have caused the transferor plan to lose grandfather status. However, this rule applies only if there was no bona fide employment-based reason to transfer the employees.
- **Prescription drug tiers:** When a brand name drug moves into a higher-cost sharing tier and a generic alternative becomes available, this will not cause the plan to lose grandfather status.
- **Timing issues:** A plan or coverage operating on a calendar plan year will cease to be a grandfathered plan when an amendment causing the plan to lose grandfather status becomes effective, regardless of when the amendment is adopted. If a plan sponsor decides to adopt an amendment on July 1, 2011 that causes the plan to lose grandfather status, and the change becomes effective for the plan year beginning on January 1, 2012, the plan would cease to be a grandfathered health plan on January 1, 2012, the first day of the first plan year for which the change is effective. If a plan sponsor wishes to avoid losing grandfathered status in the middle of a plan year, any changes that will cause a plan or coverage to lose grandfather status should be made effective the first day of a plan year that begins after the change is adopted.

EXPRESS SCRIPTS UPDATE

Recently, the Animas Corporation announced a recall of certain lots of 2 mL insulin pump cartridges because of a chance they can leak resulting in the delivery of less insulin than intended.

Express Scripts’ Response:

Express Scripts has ensured that any members who have recently received a prescription for Animas cartridges will receive a communication piece from the manufacturer informing them of the recall. Patients should check to see if they have recalled cartridges and

Greenstone Recalls Citalopram and Finasteride Tablets

Greenstone, a subsidiary of Pfizer, recently announced a recall of one lot of Citalopram 10mg Tablets and Finasteride 5mg Tablets because the labeling on the bottles may have been switched. As a result of this labeling mix-up, patients may unintentionally take finasteride instead of the intended dose of citalopram. Finasteride is used to treat benign prostatic hyperplasia and citalopram is used to treat depression. Women who are, or who may become pregnant, should not take or handle

finasteride due to the possible risk of it causing abnormalities to the external genitalia of a developing male fetus. Patients who discontinue citalopram abruptly by inadvertently taking the mislabeled product may experience discontinuation symptoms and/or worsening of depression.

Greenstone recommends the following:

- Patients with a prescription for these medications should call their pharmacies to see if they have product from the recalled lot.
- Patients should return recalled medications to the place it was obtained for a replacement.
- If you have any questions, you can contact Pfizer at 1-800-438-1985 for more information.

Express Scripts' Response:

- Express Scripts has identified members that have recently received a prescription and are ensuring that a communication piece will be sent to the members by the manufacturer.

NEW MEMBER REPORT

Bridgeton Board of Education has a proposed effective date of July 1 to become effective in the Fund as the latest Southern Coastal group. This entity plans to offer three medical plans including: Direct Access 5, Direct Access 8, and Direct Access 9. The group is comprised of approximately 871 lives and is located in Cumberland County.

OPEN ENROLLMENTS

There will be an open enrollment for all of the School Boards for 30 days during the months of April and May for changes effective July 1, 2011.

The Borough of Pine Hill will also be holding a special open enrollment period in order to add Dependent 26 coverage to their plan.

MARKETING REPORT

The majority of Municipalities and Boards of Educations are contacted during marketing campaigns. As of April 11, 2011, the following groups have provided data for actuarial rating:

Name of Prospect	Proposed Effective Date
Quinton BOE	4/1/2011
City of Bridgeton	7/1/2011
Mt. Laurel BOE	5/1/2011
Borough of Pennsgrove	5/1/2011

Northern Burlington Regional School District	6/1/2011
Berlin Borough BOE	6/1/2011
Mantua Township BOE	7/1/2011
Brigantine BOE	7/1/2011
Berlin Township BOE	7/1/2011
Southampton BOE (RX & DNT ONLY)	7/1/2011
Riverside BOE	7/1/2011
Easthampton BOE	7/1/2011
West Deptford BOE	7/1/2011

CLAIM APPEALS

There is ONE claim appeal to be reported in closed session.

Program Manager's Report Made Part of March 28, 2011 Minutes.

TREASURER'S REPORT –Fund Treasurer reviewed the bills list and treasurer reports that were distributed to the Committee. She said there was a cash balance of \$19,128,835 for

Payment of April Vouchers (Southern HIF):

TOTAL 2010	\$35,893.44
TOTAL 2011	\$963,111.57
Supplemental	\$1134.00
TOTAL	\$1,000,139.05

Payment of April Vouchers (Southern Coastal HIF):

TOTAL 2011	\$382,945.55
TOTAL	\$382,945.55

MOTION TO APPROVE RESOLUTION 21-11, SUPPLEMENTAL BILLS LIST, APPROVING THE APRIL PAYMENTS, THE BALANCE OF THE TREASURER'S REPORTS AND THE SOUTHERN COASTAL SUB GROUP BILLS LIST RESOLUTION 22-11:

Moved: Commissioner Johnson
 Second: Commissioner Beatrice
 Roll Call Vote: 11 Ayes, 0 Nays

Treasurer's Report Made Part of April 25, 2011 Minutes.

AETNA:

MONTHLY REPORT – Mr. Lopez reviewed the monthly claim activity report. He said there were no high value claims to report. Chairman Mevoli requested that the treatment center claim procedures discussed in the Program Manger’s report be clearly stated in Aetna’s system so it can be relayed to the participant.

AMERIHEALTH: No report

Claims Administrators Report Made Part of April 25, 2011 Minutes.

ATTORNEY: Fund Attorney said claim appeal 11-10-02 is scheduled for arbitration on August 16. The cost for arbitration will be approximately \$3500.

OLD BUSINESS:

None.

NEW BUSINESS:

None.

PUBLIC:

None.

MOTION TO ENTER EXECUTIVE SESSION:

Moved:	Commissioner DiAngelo
Second:	Commissioner Lipsett
Vote:	Unanimous

MOTION TO ENTER OPEN SESSION.

Moved:	Commissioner Beatrice
Second:	Commissioner DiAngelo
Vote:	Unanimous

MOTION TO DENY CLAIM APPEAL 03-11-02 IN THE AMOUNT REQUEST AMOUNT OF \$4,190.00.

Moved: Commissioner DiAngelo
Second: Commissioner Gilson
Vote: 11 Ayes, 0 Nays

MOTION TO APPROVE PROGRAM MANAGER TO NEGOTIATE WITH PROVIDER IN AN AMOUNT NO LESS THAN \$1200.

Moved: Commissioner Beatrice
Second: Commissioner Rochford
Vote: 10 Ayes, 0 Nays, 1 Abstain
(Abstain – Commissioner Johnson)

MOTION TO ADJOURN:

Moved: Commissioner Michelli
Second: Commissioner Beatrice
Vote: Unanimous

MEETING ADJOURNED: 7:30 PM

NEXT MEETING: May 23, 2011 Borough of Runnemede

Emily Koval , Assisting Secretary
for

JOSEPH WOLK, SECRETARY