

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
AUGUST 22, 2011
BARRINGTON BOROUGH
6:15 PM

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

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

ROLL CALL OF 2011 EXECUTIVE COMMITTEE:

Michael Mevoli, Chairman	Borough of Brooklawn	Present
M. Joseph Wolk, Secretary	Borough of Mt. Ephraim	Present (Left at 7 pm)
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 Loreine Ghani
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Program Manager	Conner Strong Brandon Lodics Paul Chae Jason Miller Diane Peterson
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Attorney	J. Kenneth Harris, Esq.
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Treasurer

ALSO PRESENT:

Tyrone Wakefield, Lawnside

Greg Grimaldi, Conner Strong
Lisa Didio, Amerihealth
Karen Gefraehrer, Medford Lakes
William Dunn, Mt. Holly MUA
Christopher Lessard, Frankford BOE
Pat Eckel, RHM Benefits
Gary Lopez, Aetna
Jean Grubb, BlackHorse Pike

Welcome from Councilwoman Bergeron.

APPROVAL OF MINUTES: July 25, 2011 Open

MOTION TO APPROVE OPEN MINUTES OF JULY 25, 2011:

Moved:	Commissioner Rochford
Second:	Commissioner Gilson
Vote:	Unanimous

CORRESPONDENCE – None

EXECUTIVE DIRECTOR REPORT-

PRO FORMA MONITORING REPORTS: The Regulatory Compliance Checklists, as of June 30, 2011; the Financial Fast Track Report for both Southern and Coastal, as of June 30, 2011; the Indices and Ratios Report, as of June 30, 2011 and the Budget as of August 2011 were included in the agenda.

2010 Audit

Ms. Peterson asked the Executive Committee to approve a request for another extension from the Departments of Banking and Insurance to file the 2010 Audit report. Bowman & Company is still conducting claims testing with Aetna. We recommend requesting another extension through September 30th as Bowman and Co. has assured us that testing will be completed by then.

MOTION TO AUTHORIZE EXECUTIVE DIRECTOR TO ASK DEPARTMENTS OF BANKING AND INSURANCE FOR ANOTHER EXTENSION TO FILE 2010 AUDIT

Moved:	Commissioner Michielli
Second:	Commissioner Beatrice
Vote:	Unanimous

Policy Regarding Ancillary Lines of Coverage

In two recent cases, a member has dropped prescription coverage with the Fund while keeping medical coverage. To prevent situations where some newer members may seek to move ancillary coverages in and out of the Fund for short terms considerations, we recommend two policy changes.

1. If a member terminates a line of coverage, it cannot be reinstated within the fund for a three year period.

2. If a line of coverage is terminated, and if that line of coverage was profitable, other rates will be re-evaluated to determine if increased assessments are needed.

Mr. Gregory Grimaldi is the key sales representative for the Fund and addressed the Executive Committee regarding the request and stated the recommendation is a support mechanism to help protect the fund's financial health over the long term. He pointed out that at any point in time, a member can be either below or above the line in terms of claims experience. He added that when a member is above the line, this affords them the opportunity to shop around in the private market for a lower premium which then impacts the remaining members of the fund. He presented an idea that if a member were to leave the HIF, they would not be allowed to re-enter for a three year period. In particular when a fund is doing well, adopting this action would protect the long term financial health of the fund. Mr. Grimaldi added that many members, particularly in this current environment are feeling pressure to make short term financial decisions. By restricting re-entry, the incentive to make a short term gain will be eliminated, thus protecting a well run fund. He also amended the resolution to preclude entry for specific lines of coverage. Commissioner DiAngelo asked the Executive Committee if they themselves as mayors and council people want to eliminate the option for their own municipalities; Mr. Grimaldi responded that since the fund is long term in nature, there will also be a point in time when every entity in the fund with a positive experience rating can shop for better rates. Commissioner Shannon added that the function of the fund is to provide safety in numbers and that long term membership affords protection from a rate hike should they have a year of poor claims experiences. Ms. Peterson added that potential members could also use the fund as a shelter for a poor claims year and then exit once they have a positive experience. The board considered a variety of scenarios and discussed the potential impact at length before coming to a consensus that implementing this change is a beneficial tactic for the fund. Attorney Harris recommended the Executive Committee approve the general policy at the time, but to return next month with a formalized resolution.

MOTION TO AUTHORIZE PROFESSIONALS TO CREATE FORMALIZED RESOLUTION FOR CONSIDERATION AT SEPTEMBER MEETING

Moved: Commissioner Wolk
Second: Commissioner DiAngelo
Vote: Unanimous

Risk Management Plan Amendment – Claim Appeals Procedures

Enclosed was a resolution amending the Risk Management Plan to implement the claims appeals changes discussed at the July 25, 2011 fund meeting.

MOTION TO APPROVE RESOLUTION 32-11 AMENDING RESOLUTION 10-11; RISK MANAGEMENT PLAN REGARDING CLAIM APPEALS PROCEDURES

Moved: Commissioner Michielli
Second: Commissioner Lipsett
Vote: 11 Ayes, 1 Abstain (Commissioner Gilson)

Executive Director's Report Made Part of August 22, 2011 Minutes.

PROGRAM MANAGER:

Ms. Peterson stated that the report was largely informational, but she had an update on the Walgreens/Express Scripts relationship that surfaced after the report was created. Definitely Walgreens will not be a part of the Express Scripts network effective 1/1/2012. Per Express Scripts, Walgreens is seeking a 20% increase in reimbursement of pharmacy drugs and they have restricted the audit that Express Scripts can do. Finally, Walgreens wanted the ability to review any plan design for any client and to cherry pick which plan it would honor or not. For the HIFs, this would mean that it would be highly likely that within the HIF, Walgreens would not provide equal coverage to all members. Ms. Peterson explained that her staff is preparing a letter to all Southern HIF members to explain the removal. She also recommended that the HIF can make this initiative effective October 1, 2011 in order to avoid the busy season of open enrollment and the fund will enjoy a rebate amount. The Executive Committee discussed the pros and cons and decided to take the recommendation.

MOTION TO REMOVE WALGREENS AS EXPRESS SCRIPTS PROVIDER TO SOUTHERN HIF MEMBERS EFFECTIVE OCTOBER 1, 2011

Motion: Commissioner DiAngelo
Second: Commissioner Shannon
Vote: 11 Ayes, 0 Nays, 0 Abstain

ADMINISTRATIVE ISSUES

- There are no administrative issues

EXPRESS SCRIPTS UPDATE

In late July, Express Scripts agreed to purchase competitor, Medco Health Solutions, for an unprecedented \$29.1 billion. Through this acquisition, Express Scripts has captured close to one-third of the entire pharmacy benefits market. This deal solidifies Express Scripts’ position as the largest Pharmacy Benefit Manager (PBM) with CVS Caremark coming in at a distant second. The integration of two of the largest PBMs will no doubt allow the company significant bargaining power when dealing with suppliers. The deal is pending approval from regulators and is expected to close in the first half of 2012.

UNHEALTHY BEHAVIORS: A LEADING DRIVER OF COST

A report recently published by Thomson Reuters Workforce Wellness Index has demonstrated that the behavior of workers in the U.S. costs employers approximately \$670 per employee annually. The report, which gauges employee health, was based on a scale from 1 to 100 (100 representing optimal health conditions) and primarily looks into the costs associated with individuals who engage in unhealthy habits. The score has been falling in recent years and in 2009 it reached 84.4. The overall health rating is based upon six key contributors that are crucial to maintaining a healthy lifestyle. These factors include: blood pressure, cholesterol, body mass index measurement, blood glucose, tobacco and alcohol abuse. Another finding from the report revealed that approximately fourteen percent of the costs of the private sector workforce stem from these six behavioral factors. The rate at which obesity has increased continues to be a significant concern and is the major contributor to increasing healthcare costs.

LEGISLATIVE UPDATE: HEALTH INSURERS TO OFFER BIRTH CONTROL WITHOUT COPAYS

On August 1, 2011 the Obama administration announced that birth control will be covered under preventative care as a new requirement imposed on all non-grandfathered health care plans. This means that no copays may be assessed for this type of treatment. These new guidelines also apply to a variety of other services that will be offered with no copays. These include: an annual “well-woman” visit, counseling for domestic violence, breastfeeding support, contraceptive counseling, as well as screening measures designed to detect the virus that causes cervical cancer. These new provisions will be effective as of January 1, 2013. The rules do provide for some

flexibility as cost-sharing may be applied in instances where members utilize a brand drug where a generic equivalent is available. This legislative enactment is the brainchild of the Institute of Medicine, a panel of medical experts who advise the government. Though the patients may receive these services free of charge, as the old economics adage states, “there is no such thing as a free lunch.” All consumers with health insurance will notice a slight increase in their premiums to compensate for these additional services. There will be exceptions made for religious groups who will be given the option to opt out of offering this coverage.

CLIENT ACTIVITY REPORTS

There will be an activity report distributed detailing July’s member activity.

ONLIFE HEALTH REPORTS

Attached are various reports regarding the status of the wellness program with the SNJREBF. Every month, Onlife Health will release these statistics to keep the Fund informed of participation, employee engagement, and the results obtained from biometric screening measures.

LETTER TO WELLNESS AMBASSADOR

Attached is a copy of the letter which will be disseminated to all Wellness Ambassadors who have elected to represent their groups for the wellness initiative with Onlife Health. There will also be an email blast sent out to all Commissioners as a reminder. Please feel free to offer any suggestions or changes that you think may be appropriate.

NEW MEMBER REPORT

Burlington City BOE has a proposed effective date of 9/1 to join the Fund. This group has approximately 270 employees and is located in Burlington County.

Borough of Westville has a proposed effective date of 9/1 to join the Southern Fund. This group has approximately 39 employees and is located is Gloucester County.

PLAN CHANGES

Bellmawr will be implementing some changes to their prescription program effective 9/1 that will help the group achieve some cost savings.

MARKETING REPORT

The majority of Municipalities and Boards of Educations are contacted during marketing campaigns. As of August 15, 2011, the following groups have provided data for actuarial rating for the SNJREG, Southern Coastal or SAIF HIFs:

Name of Prospect	Proposed Effective Date
Deptford BOE	9/1/2011
Borough of Westville	9/1/2011

COMPLAINT REPORT as of August 15, 2011

There were no written complaints received by:

- ⊗ Conner Strong
- ⊗ Delta Dental
- ⊗ Aetna
- ⊗ Express Scripts
- ⊗ AmeriHealth

CLAIM APPEALS

There are THREE claim appeals to be reported in closed session.

Program Manager's Report Made Part of August 22, 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 \$19,326,607 for Southern and \$395,219.65 for Coastal

Resolution 33-11: Payment of August Vouchers (Southern HIF):

TOTAL 2011	\$1,238,026.98

MOTION TO APPROVE SOUTHERN AUGUST VOUCHERS

Motion: Commissioner Michielli
Second: Commissioner DiAngelo
Vote: 11 Ayes, 0 Nays, 0 Abstain

Resolution 34-11: Payment of August Vouchers (Southern Coastal HIF):

TOTAL 2011	\$505,499.77

MOTION TO APPROVE SOUTHERN COASTAL AUGUST VOUCHERS:

Moved: Commissioner Michielli
Second: Commissioner DiAngelo
Roll Call Vote: 11 Ayes, 0 Nays, 0 Abstain

Treasurer's Report Made Part of August 22, 2011 Minutes.

AETNA: Mr. Lopez started with the June claims of \$4,534,000 for just under 5663 employees which came to an average cost per employee of \$763.30. The other two pages are regarding high claimants above \$50,000, which were 4 claimants

Claims Administrators Report Made Part of August 22, 2011 Minutes.

MOTION TO ENTER EXECUTIVE SESSION

Moved: Commissioner Michielli
Second: Commissioner Gilson
Vote: Unanimous

Fund Attorney

MOTION TO AUTHORIZE FUND ATTORNEY TO MAKE OFFER OF UP TO \$500:

Moved: Commissioner Gilson
Second: Commissioner Lipsett
Vote: Unanimous

MOTION TO ADJOURN:

Moved: Commissioner Michielli
Second: Commissioner Beatrice
Vote: Unanimous

MEETING ADJOURNED: 7:45 PM

NEXT MEETING: August 22, 2011 Barrington Borough

Loreine Ghani , Assisting Secretary
for

JOSEPH WOLK, SECRETARY