

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
JUNE 27, 2011
HADDONFIELD 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
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 Loreine Ghani
Program Manager	Conner Strong Paul Chae Jason Miller
Attorney	J. Kenneth Harris, Esq.
Treasurer	Joanne Diggs

ALSO PRESENT:

William G. Dunn, Mount Holly MUA
Maria Rogers, Conner Strong

Pat Eckel, RHM Benefits
Tyrone Wakefield, Lawnside
Christopher Lessard, Frankford BOE
Joe Linker, Perma
Gary Lavenia, Maple Shade
Greg Grimaldi, Connor Strong
Lisa DiDio, AmeriHealth
Jean Grubb, BlackHorse Pike

Commissioner Rochford welcomed the HIF to Haddonfield on behalf of the Mayor .

APPROVAL OF MINUTES: May 23, 2011 Open and Closed

MOTION TO APPROVE OPEN AND CLOSED MINUTES OF MAY 23, 2011:

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

CORRESPONDENCE – Executive Director referred to two pieces of correspondence; one was a disclosure letter from Commissioner Johnson disclosing new broker fees for Paulsboro and the second is a copy of Chairman Mevoli’s letter regarding MRHIF which was discussed in further detail later.

PRO FORMA MONITORING REPORTS: The Regulatory Compliance Checklists, as of June30, 2011; the Financial Fast Track Report, as of April 30, 2011; the Indices and Ratios Report, as of April 30, 2011 and the Budget/Billing Reconciliation, as of June 2011 were included in the agenda. Executive Director said the Financial Fast Track shows a combined surplus of \$14.8 in earnings, with a YTD number of \$2.4M which is good because typically the fund makes more money in the second half of the year. He continued by introducing Jim Miles of Bowman and Company to address the Draft audit for the fund.

2010 DRAFT AUDIT REPORT AND VALUATION: Mr. Miles began that he is still in the process of claims testing, but addressed the Draft Audit. The fund had \$80M in contributions, a \$34M increase over the prior year. Claims expenses increased from \$33M to \$66M. He stated the report would be finalized over the next three weeks. In response to a question to Chairman Mevoli, there were no recommendations for operational changes to be made. Mr. Miles did make a recommendation to the board that a claims audit be done in addition to the traditional financial audit. He explained that a claims audit goes into more extensive detail of the claims and may provide more information. In addition, he made a suggestion that the Executive Committee consider creating an Audit review group to allow for a more comprehensive report. Chairman Mevoli directed Perma to set up a separate sub-group made up of financial professionals and Mr. Laracy stated that January would be an appropriate time to appoint the sub-group. Commissioner Shannon asked why the recommendation about a claims audit came up and Mr. Laracy and Mr. Miles explained that because of the rapid growth of the funds (almost double), it would be a good idea to verify the claims reporting process which is currently done on a triangle basis. Chairman Mevoli also requested the same process happen for the JIF. The board chose not to adopt the resolution to ratify the 2010 audit until the final report was presented and withdrew resolution 27-11.

NEW MEMBERS – Mr. Laracy talked about a summary of New Members and that all new members were added efficiently (over 1000 lives)

SOUTHERN COASTAL HIF IN FORMATION - Southern Coastal had an extensive meeting and gave Perma and the fund Attorney the authority to begin the formal filings. The earliest date of independence date will be January 1, 2012.

SAIF SUB GROUP- Alexandria was added to SAIF as they continue to try to gain enough size for independence. A commissioner from SAIF attended the Southern meeting and will continue to represent the sub-group.

MRHIF LEGISLATIVE AGENDA – SENATE BILL 2718 – Mayor Wolk asked Mr. Laracy to address the MRHIF dividend which was \$3M, of which the Southern fund’s portion is approximately \$828K of that. The strong performance of MRHIF indicates that there is a strong possibility of the Southern HIF also enjoying a dividend which will be discussed in more detail in the September/October timeframe. Regarding specifics on the “Sweeney bill”, Mr. Laracy stated that the negatives to the HIF have been removed. He recognized that the fund members obviously would be most affected by when the contributions would be effective and stated that Perma is looking for that answer and would keep the board apprised. Chairman Mevoli added that he read a summary of the bill in the Sunday paper and it looked as if most of the suggestions made by Perma in conjunction with the lobbyist had been taken and lauded the efforts of everyone involved.

Commissioner Shannon has some questions on the revised bill and raised some questions. Mr. Laracy encouraged all questions to be asked in the moment so we could have them on record. Commissioner asked about the three medical plans, asking if it also has to be three dental as well. She also asked a question regarding the four year phase in and how it affects current contracts. Attorney Harris stated that the law was unclear as to the application of the law to existing contracts. Mr. Laracy took note of all the questions and promised to get back to the board with answers. Commissioner Shannon also stated the grid only has three price models, but we have four. Mr. Laracy stated that we will have to convert our four tier system to a three tier system by January 1, 2012. Mr. Laracy was tasked with answering these questions for the board.

Executive Director's Report Made Part of June 27, 2011 Minutes.

PROGRAM MANAGER:

ADMINISTRATIVE ISSUES

- There are no administrative issues

NAME CHANGE ANNOUNCEMENT

We are pleased to announce that we will now officially be referred to as Conner Strong & Buckelew. This change is to recognize the accomplishments of our company’s chairman, Joseph Buckelew, who was the founder of our predecessor company over 50 years ago.

HEALTH CARE REFORM

It is worthwhile to note that effective April 15, the U.S. Senate repealed the free-choice voucher provision that was enacted as a part of Health Care Reform. This provision, which was slated to become effective in 2014, would have forced employers to offer vouchers to certain employees whose cost of coverage fell within the 8-9.8 percent range of their household income. These vouchers would have enabled employees to purchase their coverage

through the state-based insurance exchanges and many experts had argued that these vouchers would result in adverse selection. In any event, this requirement will no longer be effective. However, it is important to note that in 2014 employers will still be required to pay a penalty for not offering coverage or for offering coverage which has been deemed unreasonable in terms of cost.

The Department of labor has recently stated that the rules concerning internal appeals and external review processes will go into effect as of July 1, 2011. This change will impose an additional requirement on the carriers, such as providing additional information in the event of an adverse benefit determination. On all future letters of denial that are sent to members, the carriers will now be expected to include the date of service, provider, claim amount, the reason for the denial, and a description of the methodology the carrier used when coming to the benefit determination. Carriers will also be required to provide all of this information on the Explanation of Benefits (EOBs) that they send out to members along with the denial code for the service rendered.

HDHP INFORMATION

Recently, the IRS released the 2012 minimum deductible and maximum out-of-pocket limits for high deductible health plans (HDHPs) and the maximum allowable contribution levels for Health Savings Accounts (HSAs). These figures have been slightly adjusted from 2011 to account for inflation. The minimum annual deductible for an HDHP in 2012 will be \$1,200 for single coverage and \$2,400 for family coverage. The maximum annual out-of-pocket limits under an HDHP will be \$6,050 for single coverage and \$12,100 for family. The maximum allowable annual contribution that employees may make to their HSA will be \$3,100 for single coverage and \$6,250 for an individual with family coverage. Annual catch-up contributions for those who are over age 55 will remain unchanged from last year, at an additional \$1,000 per year.

CLIENT ACTIVITY REPORTS

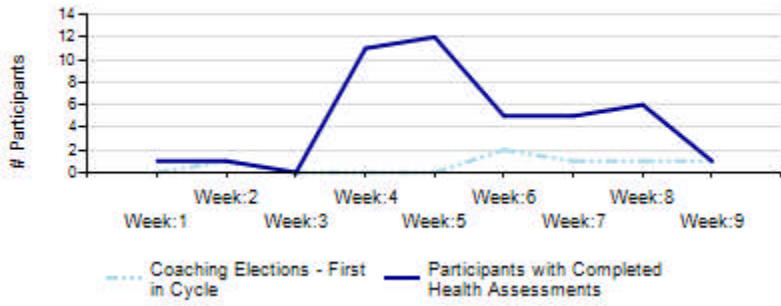
There will be an activity report distributed detailing May’s member activity.

ONLIFE HEALTH REPORTS

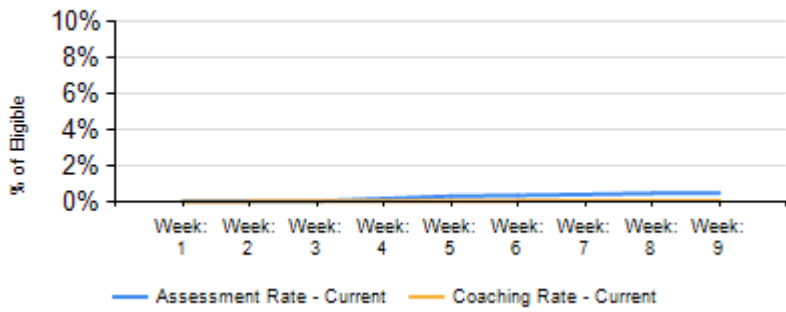
Attached are various reports regarding the status of the wellness program with the SNJREBF. Every month, Onlife Health will release these statistics to keep the Fund informed of participation, employee engagement, and the results obtained from biometric screening measures.

Engagement Report Conner Strong - SJHIF										
Week	2	3	4	5	6	7	8	9	Cycle-To-Date (CTD)	Currently Eligible CTD
Eligible	8,404	8,408	8,408	8,408	8,994	8,995	8,995	9,007	9,007	9,007
Participants with	1	0	11	12	5	5	6	1	42	42
Coaching	1	0	0	0	2	1	1	1	6	6
Currently Engaged	6									

Weekly Engagement



Engagement with Benchmarks



Service Statistics Conner Strong - SJHIF

Week	6		7		8		9		Cycle-To-Date		Currently Eligible CTD	
	N	%	N	%	N	%	N	%	N	%	N	%
Eligible Participants	8,994	100.0	8,995	100.0	8,995	100.0	9,007	100.0	9,007	100.0	9,007	100.0
Female	5,229	58.1 %	5,229	58.1 %	5,229	58.1 %	5,236	58.1 %	5,236	58.1 %	5,236	58.1 %
Male	3,764	41.9 %	3,765	41.9 %	3,765	41.9 %	3,770	41.9 %	3,770	41.9 %	3,770	41.9 %

Assessments

# Completed Health Assessments	5	0.1 %	5	0.1 %	6	0.1 %	1	0.0 %	42	0.5 %	42	0.5 %
---------------------------------------	---	-------	---	-------	---	-------	---	-------	----	-------	----	-------

Materials Mailed

# Participants Sent Reminders	30	0.3 %	37	0.4 %	24	0.3 %	14	0.2 %	60	0.7 %	60	0.7 %
--------------------------------------	----	-------	----	-------	----	-------	----	-------	----	-------	----	-------

Coaching Statistics Conner Strong - SJHIF

Week	6	7	8	9	Cycle-To-	Currently Eligible CTD
Eligible Participants	8,994	8,995	8,995	9,007	9,007	9,007
Coaching Participants: CP	2	1	1	1	6	6

Coaching Center Voice Communications

Successful Call Attempts	0	0	1	0	1	1
Unsuccessful Call Attempts	1	1	0	1	3	3
Inbound Speed to Answer: Seconds	0	0	2	0	10	
% Inbound Calls Abandoned	100.0%	0.0%	0.0%	0.0%	5.6%	

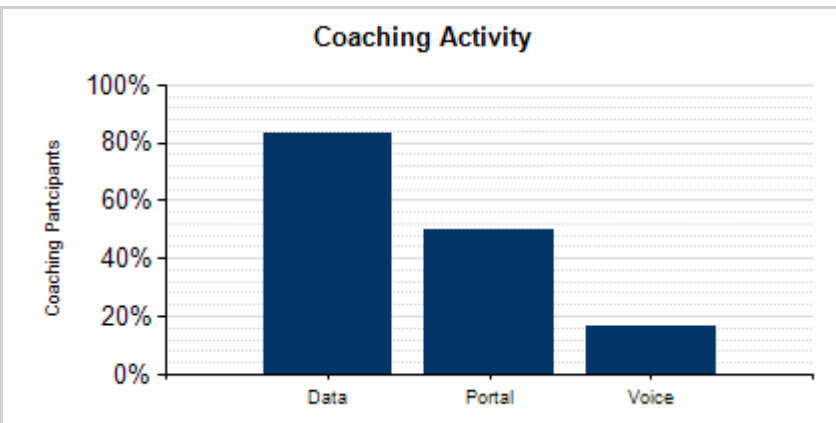
Coaching Center Data Communications

Inbound	11	3	5	4	39	39
Outbound	38	22	17	17	130	130

Week	6	7	8	9	Cycle-To-	% of CP	% of Total Eligible	Currently Eligible CTD
------	---	---	---	---	-----------	---------	---------------------	------------------------

Coaching Activity

# CP with any Activity	3	1	1	1	6	100.0%	0.1%	6
# CP with Voice Activity	0	0	1	0	1	16.7%	0.0%	1
# CP with Data Activity	1	1	0	1	5	83.3%	0.1%	5
# CP with Portal Activity	2	0	0	0	3	50.0%	0.0%	3



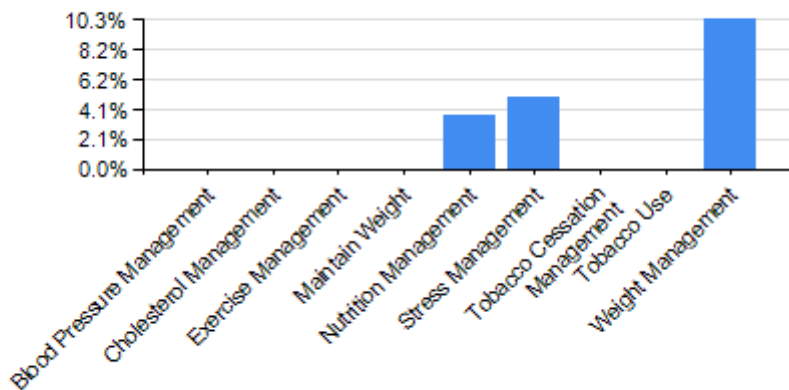
Needs Statistics Conner Strong - SJHIF

	Cycle-To-
Participants with any HA or Biometric data	60

Needs Detail

Needs	Participants w/Need Identified		Needs	Participants w/Engagement	
	N	%		N	%
Nutrition Management	53	88.3 %	Nutrition Management	2	3.8 %
Weight Management	39	65.0 %	Weight Management	4	10.3 %
Blood Pressure	32	53.3 %	Blood Pressure Management	0	0.0 %
Healthy Back	30	50.0 %	Exercise Management	0	0.0 %
Women's Menopause	30	50.0 %	Cholesterol Management	0	0.0 %
Women's Breast	29	48.3 %	Maintain Weight	0	0.0 %
Exercise Management	27	45.0 %	Stress Management	1	5.0 %
Cholesterol	26	43.3 %	Tobacco Cessation Management	0	0.0 %
Osteopenia	25	41.7 %	Tobacco Use	0	0.0 %
Maintain Weight	22	36.7 %			
Stress Management	20	33.3 %			
GERD Management	9	15.0 %			
Migraine Management	6	10.0 %			
Asthma Management	5	8.3 %			
Osteoporosis	5	8.3 %			
Tobacco Cessation	5	8.3 %			
Women's Pregnancy	3	5.0 %			
Tobacco Use	2	3.3 %			
Diabetes	1	1.7 %			
Heart Disease	0	0.0 %			
Pre-Diabetes	0	0.0 %			
Stay Healthy Program	0	0.0 %			
	N	%			
Participants w/o a	0	0.0 %			

Participants w/ Engagement



Portal Tracker Utilization Conner

Tracker	Cycle-To-Date		Currently Eligible CTD	
	Distinct Member Use	Avg Use per Member	Distinct Member Use	Avg Use per Member
Blood Pressure	0	0.00	0	0.00
Cardio	0	0.00	0	0.00
Chew Use	0	0.00	0	0.00
Cholesterol	0	0.00	0	0.00
Cigar Use	0	0.00	0	0.00
Cigarette Use	0	0.00	0	0.00
Dairy Intake	0	0.00	0	0.00
Dip Use	0	0.00	0	0.00
Fruit Intake	2	9.50	2	9.50
Grain Intake	0	0.00	0	0.00
HDL	0	0.00	0	0.00
LDL	0	0.00	0	0.00
Meat/Bean Intake	0	0.00	0	0.00
Pipe Use	0	0.00	0	0.00
Progress	10	1.10	10	1.10
Strength Training	0	0.00	0	0.00
Stress	1	3.00	1	3.00
Stretching	0	0.00	0	0.00
Tobacco Use	0	0.00	0	0.00
Triglycerides	0	0.00	0	0.00
Vegetable Intake	0	0.00	0	0.00
Weight	5	1.40	5	1.40

EXPRESS SCRIPTS UPDATE

Recently, the FDA completed their safety review of angiotensin receptor blockers (ARBs), medications that are primarily used to treat individuals with high blood pressure. Among these medications are Atacand, Avapro, Benicar, Cozaar, Diovan, Micardis, and Teveten. Upon completion of more than 30 controlled trials, the FDA has found no evidence demonstrating an increased risk of cancer in patients being treated by ARBs. These results have continued to indicate that the benefits achieved through the use of this medication still outweigh the possible risks associated with this treatment.

The FDA has recently recommended that patients who are currently using the cholesterol medication Simvastatin should not use more than an 80mg dosage. This is due to the increased risk of muscle damage associated with this drug. Most issues associated with Simvastatin tend to manifest in the first year of treatment and can be a result of poor interaction with other medications or simply that an individual is predisposed to certain forms of muscle disease.

GENERIC COST SAVINGS

During these tough economic times, many companies find themselves racking their brains for ways to rein in their ever-increasing prescription drug costs. While there are many different elements contributing to a successful plan

design, the push for generic alternatives is normally a crucial piece of the puzzle. This is because these drugs normally sell for a fraction of the price of brand name drugs. According to the Congressional Budget Office, generic drugs purchased through pharmacies save consumers an estimated **\$8 to \$10 billion dollars every year**. The generic drug industry owes its growth to Legislation passed in the 1980s that enabled pharmacists to dispense generic medications even when the prescription called for a brand name drug. The passage of this Legislation created an influx of new entrants into the generic drug industry, and led to fierce competition amongst its participants. In turn, this competition led to favorable prices as manufacturers began to vie for increased market share. From a consumer's standpoint, this is a welcome trend indeed. Research has demonstrated that when one to ten firms are manufacturing a generic form of a particular brand-name drug, the generic's price is roughly equivalent to sixty percent of the brand name drug. When ten or more firms are producing a generic drug, its price normally falls below half of what the brand-name drug costs. It is important that all groups continue to evaluate their current plan structures and designs as there may be savings left on the table. If you would like to discuss your current offerings and look into implementing potential cost savings initiatives, please let us know and we will set up a time to see how we can help your plan achieve the most bang for your buck.

NEW MEMBER REPORT

Alexandria BOE has a proposed effective date of July 1 to join SAIF. This group is comprised of approximately 78 lives and is located in Hunterdon County.

West Deptford BOE has a tentative effective date of July 1 to join the Southern Coastal group. This entity will cover 255 lives, offering 3 medical plans as well as dental and Rx. They are located in Gloucester County.

Florence Township BOE has a tentative effective date of July 1 to join the Southern Fund. This group contains approximately 209 lives and will be offering 3 medical plans. This group is located in Burlington County.

Medford Township BOE will join the Southern Fund July 1. This group will cover 371 lives and offer two medical plans. They are located in Burlington County.

Winslow Fire District had a proposed effective date of August 1 to join the Southern Fund. This group has approximately 26 covered lives, will offer 3 medical plans as well as dental and Rx. They are located in Camden County.

PLAN CHANGES

Woodstown-Pilesgrove BOE will be transferring all of their PPO members to the POS plan and making this the base plan effective 7/1.

Medford Lakes BOE group will be implementing some benefit changes for their Medical, Rx, & Dental plans with the changes effective 7/1.

Hainesport BOE will also be moving members from their lower copay plan to the higher one and making this the base plan effective for 7/1.

Borough of Bellmawr will be implementing some cost saving programs for their Rx plan, but an effective date has not yet been determined.

MARKETING REPORT

The majority of Municipalities and Boards of Educations are contacted during marketing campaigns. As of June 1, 2011, the following groups have provided data for actuarial rating for the SNJREG, Southern Coastal or SAIF HIFs:

Name of Prospect	Proposed Effective Date
Southampton BOE (RX & DNT ONLY)	7/1/2011
Alexandria BOE SAIF	7/1/2011
Riverside BOE	7/1/2011
Easthampton BOE	7/1/2011
West Deptford BOE	7/1/2011
Florence Township BOE	7/1/2011
Delran Township BOE	7/1/2011
North Hanover Township BOE	7/1/2011
Eastern Camden County Reg'l S.D.	7/1/2011
Medford Township BOE	7/1/2011
Winslow Fire District	8/1/2011
Burlington City BOE	8/1/2011
Deptford BOE	9/1/2011

COMPLAINT REPORT as of June 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 June 27, 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 \$16, 713,677.48 for Southern and \$272,657.55 for Coastal

Resolution 28-11: Payment of June Vouchers (Southern HIF):

TOTAL 2010	\$21,500.00
TOTAL 2011	\$1,042,585.81

Resolution 29-11:Payment of June Vouchers (Southern Coastal HIF):

TOTAL JUNE	\$87,840
TOTAL 2011	\$328,516.17

MOTION TO APPROVE CERTIFICATION OF CLAIMS PAID, RESOLUTIONS 28-11, 29-11 AND THE BALANCE OF THE TREASURER'S REPORT:

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

Treasurer's Report Made Part of June 27, 2011 Minutes.

AETNA: Mr. Laracy pointed out the Aetna report was on pages 34-38 in the absence of Mr. Lopez. There were no questions about the report.

Claims Administrators Report Made Part of June 27, 2011 Minutes.

MOTION TO ENTER EXECUTIVE SESSION:

Moved: Commissioner Wolk
Second: Commissioner DiAngelo
Vote: Unanimous

MOTION TO ENTER OPEN SESSION

Moved: Commissioner Lipsett
Second: Commissioner Wolk
Vote: Unanimous

MOTION TO ACCEPT DECISION ON APPEAL 06-11-01 AS AGREED IN EXECUTIVE SESSION.

Moved: Commissioner Beatrice
Second: Commissioner Gilson
Vote: 10 Ayes, 0 Nays

MOTION TO APPROVE APPEAL 06-11-03 AS PER CSG MEDICAL REVIEW

Moved: Commissioner Collins
Second: Commissioner Shannon
Vote: 8 Ayes, 2 Nays (Mevoli, Gilson)

MOTION TO DENY APPEAL 06-11-04

Moved: Commissioner Gilson
Second: Commissioner Rochford
Vote: 10 Ayes, 0 Nays

MOTION TO ADJOURN:

Moved: Commissioner Michielli
Second: Commissioner Shannon
Vote: Unanimous

MEETING ADJOURNED: 7:45 PM

NEXT MEETING: July 25, 2011 Pine Hill Borough

Loreine Ghani , Assisting Secretary
for

JOSEPH WOLK, SECRETARY