

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND**  
**OPEN MINUTES**  
**MAY 23, 2011**  
**RUNNEMEDE SENIOR CENTER**  
**6:15 PM**

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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 (arrvd6:45pm)

**EXECUTIVE COMMITTEE ALTERNATES:**

Jack Lipsett	Gloucester City	Present (dep 6:25)
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
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**Paul Laracy**  
**Emily Koval**  
**Loreine Ghani**

Program Manager	Conner Strong
	<b>Diane Peterson</b>
	<b>Brandon Lodics</b>
	<b>Jason Miller</b>

Attorney	<b>J. Kenneth Harris, Esq.</b>
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Treasurer	<b>Joanne Diggs</b>
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**ALSO PRESENT:**

William G. Dunn, Mount Holly MUA  
Chuck Hartsoe, PEGAS  
Pat Eckel, RHM Benefits  
Rich Allen, Allen Associates  
Mayor Bertha Kalvaitis, Mayor of Runnemede  
Tyrone Wakefield, Borough of Lawnside

Mayor Bertha Kalvaitis welcomed the Executive Committee to Runnemede.

**APPROVAL OF MINUTES: April 25, 2011 Open and Closed**

Attorney Kenneth Harris noted that Attorney fee for claim arbitration of Appeal 11-10-02 should read \$3500, not \$35,000. Ms. Koval said the minutes will be amended and filed correctly.

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

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

Executive Director introduced Ms. Loreine Ghani as Ms. Emily Koval's replacement while Ms. Koval is on maternity leave.

**PRO FORMA MONITORING REPORTS:** The Regulatory Compliance Checklists, as of May 2011; the Financial Fast Track Report, as of March 31, 2011; the Indices and Ratios Report, as of March 2011 and the Budget/Billing Reconciliation, as of May 2011 were included in the agenda. Executive Director said the Financial Fast Track shows \$2.6M in earnings with a total surplus of \$15 million. He said if the Fund continues to be as strong financially, the surplus should help with next year's renewal.

Executive Director summarized the new members coming into the fund and asked for a motion to accept those new members.

**MOTION TO ACCEPT FLORENCE TOWNSHIP BOE, MEDFORD TOWNSHIP PUBLIC SCHOOLS, MANTUA TOWNSHIP BOE, WINSLOW FIRE DISTRICT, WEST DEPTFORD BOE AND BERLIN BOROUGH BOE FOR MEMBERSHIP TO THE SOUTHERN NEW JERSEY FUND :**

Moved:	Chairman Lipsett
Second:	Chairman DiAngelo
Vote:	11 Ayes, 0 Nays

**SOUTHERN COASTAL HIF IN FORMATION** - Southern Coastal formed a steering committee and will be working towards an independence date of January 1, 2012. Rich Allen, the Fund Coordinator of Southern Coastal assured that the sub group will be sending a representative at the August meeting.

**GASB 45** - Valuation of Cost of Post Retirement Medical Benefits – PERMA is in the process of working on the 1/1/2010 valuation for GASB45 with AON just for the one member; Monroe Township. We will continue to update the Fund on the status of this process.

**MRHIF LEGISLATIVE AGENDA – SENATE BILL 2718** – The MRHIF Commissioners, representatives from the Fund Lobbyist and PERMA had a follow up meeting with Senators Beck and Sarlo. We left with the impression that our positions were recognized as reasonable and worthy of additional consideration. We have an upcoming meeting on June 2<sup>nd</sup> with Assemblyman Greenwald and we seek SNJHIF members to attend.

Executive Director said the Fund is getting recognition from the state that HIFs are an important piece of the puzzle. There is an upcoming meeting with Senator Greenwald that Chairman Mevoli will also attend.

**FINANCIAL DISCLOSURE STATEMENTS** - PERMA has included Financial Disclosure forms for each Fund Commissioner in the March 20, 2011 agenda. We would encourage all Fund Commissioners to complete these forms and provide two copies with original signatures to the Fund office even though the filing deadline has passed. In accordance with State regulations, the Fund must file these disclosures with the Department of Community Affairs by April 30, 2011.

Executive Director's Report Made Part of May 23, 2011 Minutes.

**PROGRAM MANAGER:**

**MEMBER VISITS** – The HIF team is available to meet with any entity that wishes to discuss service issues, plan design options or any other strategies for possible implementation. Please do not hesitate to contact us and we will make every effort to accommodate your request.

Woodbury Heights & Gateway BOE- On 05/05/2011, conducted a meeting with these groups in order to discuss some service issues as well as lay out a plan for delivering some prescription plan changes.

Monroe Township- Paul Chae and Diane will meet with this entity on 05/16/2011 to discuss some possible cost saving initiatives.

Cherry Hill Fire District- Brandon Lodics and Lisa Frappoli will be meeting with this group to discuss the partnership with wellness vendor Onlife Health. They plan on discussing the various products and services that will be offered. These include biometric screening, wellness coaching, and online tools that will help get employees more engaged with their health.

**CLIENT ACTIVITY REPORTS**

Conner Strong receives many calls regarding coverage and procedural questions. We only wish to present the Executive Committee with pressing matters and refrain from reporting everyday concerns. However, we would like to distribute a monthly report showing some of the inquiries received from members.

Program Manager reviewed the Summary of Member Activity Report for the month of April, which shows the calls that come in, what kind of call and how it came in. The last page gives the name of the group and the status on the particular claim, including days tracking. This lets you know how we manage the service calls.

## **ONLIFE HEALTH REPORTS**

Various reports were distributed 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. Conner Strong will receive them monthly now working on a quarterly report. A mailing to 8400 participants was sent, of which 25 logged in and completed the health assessment. The remaining reports include mainly statistical breakdowns. The last page shows what area of Wellness concern is most important to the employees. In response to Commissioner Gilson, Program Manager explained that the low response rate can be attributed to an organic priority process. The Program Manager's office is working on a secondary email blast and a summer program and with those programs, the word will get out.

## **EXPRESS SCRIPTS UPDATE**

### **CLINICAL IMPROVEMENTS FOR MEDICATIONS**

Recently, there has been an alarming increase in the number of individuals abusing prescription drugs within the U.S. In 2007 alone, the Food & Drug Administration (FDA) estimated that more than 33 million Americans over the age of 12 have misused opioids. In an effort to curtail this issue, the White House has implemented a multi-departmental strategy known as the Risk Evaluation and Mitigation Strategy (REMS). This plan mainly aims to reduce abuse related to extended-release and long-acting opioid drugs. REMS plans on partnering with the manufacturers of these drugs in order to better educate prescribing physicians, counsel patients who may be using these medications, and increase public awareness of the harmful effects associated with these drugs if used improperly. The FDA has welcomed this initiative and wants to have a proposed plan within the next four months. Many experts are speculating the REMS will become effective in the beginning of 2012.

In light of this information, experts within the pharmaceutical industry are encouraging the implementation of Prior Authorization programs as well as Drug Quantity Management measures. These programs have proven beneficial in ensuring that only those patients who truly need medications of this strength receive them. By adopting these processes, plans are taking a crucial step in the direction of reducing this escalating problem before it becomes insurmountable.

### **GENERIC VS. BRAND DRUGS: WHAT'S THE DIFFERENCE?**

The majority of individuals are aware that generic drugs are significantly cheaper than their brand name counterparts. However, there is a common misperception in place that may be the reason many individuals opt for the more expensive brand name drug when the generic equivalent will be sufficient. The simple truth of the matter is that brand and generic drugs have the same pharmacological effects and undergo the same scrutiny as brand name drugs when being regulated by the FDA. It would seem that many people subscribe to the adage, "You get what you pay for," when thinking of what prescription drugs to purchase. In actuality, generic drugs are able to be offered at a lower price than brand name drugs because these manufacturers have not incurred the substantial R&D and marketing costs that the initial manufacturer has. Therefore, no credence should be given to the myth that generic drugs are an inferior product or are manufactured in substandard facilities that do not maintain good business practices.

In an effort to rein in the skyrocketing prescription drug costs, many plans are implementing Preferred Generic Plans. These plans mandate that if a patient is prescribed a brand name drug when there is a generic equivalent, they must receive the generic or pay the difference. Needless to say, this is a useful cost saving device that will drive utilization toward generics while still offering employees choice and flexibility.

A separate handout was distributed demonstrating the breakdown of Generic/Brand drug utilization for SNJREBF, which came from a strategy meeting with Bellmawr. Program Manager said that though New Jersey is a mandatory generic state, there is still a single co-copy for either generic or brand name. There is no incentive for the employee to ask for the generic. The report illustrates that 80% of the drugs prescribed are brand name drugs for which the average cost is \$108, compared to the generic which carries an average cost of \$26. There is a big savings to be had in encouraging the use of the generic brand. Program Manager said prescription plans can be one benefit of the strategy meetings, to discover this information. Commissioner DiAngelo said he showed the generic brand usage savings to his PBA and labor union which had a very positive reaction. It helped show that the going to the State Health Benefit Plan and/or increasing deductibles and copays are not the only cost saving alternative.

**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.

Millville Library has a proposed effective date of June 1 to join the Southern Coastal Group. This group will cover 3 lives and is located in Cumberland 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.

**MARKETING REPORT**

The majority of Municipalities and Boards of Educations are contacted during marketing campaigns. As of May 7, 2011, the following groups have provided data for actuarial rating for the SNJREG, Southern Coastal or SAIF HIFs:

Name of Prospect	Proposed Effective Date
Brigantine BOE	5/1/2011
Mt. Laurel BOE	5/1/2011
Borough of Pennsgrove	5/1/2011
Millville Library joining	6/1/2011
Northern Burlington Regional School District	6/1/2011
Southampton BOE (RX & DNT ONLY)	6/1/2011
Alexandria BOE SAIF	7/1/2011
Riverside BOE	7/1/2011
Easthampton BOE	7/1/2011
West Deptford BOE joining	7/1/2011

Florence Township BOE joining	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 joining	7/1/2011
Winslow Fire District	8/1/2011
Berlin Borough BOE	8/1/2011

**CLAIM APPEALS**

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

Program Manager's Report Made Part of May 23, 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 \$17,718,517.50 for

**Resolution 23-11: Payment of May Vouchers (Southern HIF):**

<b>TOTAL 2010</b>	\$25,582.39
<b>TOTAL 2011</b>	\$1,036,431.06
<b>All Fund Years</b>	\$1,062,013.45

**Resolution 24-11: Payment of May Vouchers (Southern Coastal HIF):**

<b>TOTAL 2011</b>	\$451,333.37
<b>TOTAL</b>	\$451,333.37

**MOTION TO APPROVE CERTIFICATION OF CLAIMS PAID, RESOLUTIONS 23-11, 24-11 AND THE BALANCE OF THE TREASURER’S REPORT:**

Moved: Commissioner Wolk  
 Second: Commissioner Di Angelo  
 Roll Call Vote: 9 Ayes, 0 Nays

Treasurer's Report Made Part of May 23, 2011 Minutes.

**AETNA:** Chairman Wolk read the Aetna claim report in the absence of Mr. Lopez. The billed amount was \$3,390,314.13 and the paid amount was \$1,154,577.90

Claims Administrators Report Made Part of May 23, 2011 Minutes.

**ATTORNEY:** The Health and Human services issued recent regulation that will impact employers with 50 or fewer employees. Starting September 1, 2011, local entities must publicly post any justification for any premium increases in the amount of 10% or more. Those increases will have to be reviewed by a state agency.

**MOTION TO ENTER EXECUTIVE SESSION:**

Moved: Commissioner Wolk  
Second: Commissioner DiAngelo  
Vote: Unanimous

**MOTION TO ENTER OPEN SESSION**

Moved: Commissioner Beatrice  
Second: Commissioner DiAngelo  
Vote: Unanimous

**MOTION TO UPHOLD AETNA'S DENIAL OF CLAIM APPEAL 04-11-05 IN THE REQUEST AMOUNT OF \$2482.**

Moved: Commissioner DiAngelo  
Second: Commissioner Beatrice  
Vote: 9 Ayes, 0 Nays

**MOTION TO UPHOLD AETNA'S DENIAL OF CLAIM APPEAL 04-11-02**

Moved: Commissioner Rochford  
Second: Commissioner Wolk  
Vote: 9 Ayes, 0 Nays

**MOTION TO UPHOLD CSG MEDICAL REVIEW AND APPROVE CLAIM APPEAL 04-11-03**

Moved: Commissioner Beatrice  
Second: Commissioner Gilson  
Vote: 9 Ayes, 0 Nays

**MOTION TO UPHOLD AETNA'S DENIAL OF CLAIM APPEAL 04-11-04**

Moved: Commissioner Beatrice  
Second: Commissioner Gilson  
Vote: 9 Ayes, 0 Nays

**MOTION TO ADJOURN:**

Moved: Commissioner Michelli  
Second: Commissioner Wolk  
Vote: Unanimous

**MEETING ADJOURNED: 7:40 PM**

**NEXT MEETING: June 27, 2011 Haddonfield Borough**

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Loreine Ghani , Assisting Secretary  
for

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**JOSEPH WOLK, SECRETARY**