

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
SEPTEMBER 26, 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
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	Absent

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 Brandon Lodics Jason Miller
Attorney	J. Kenneth Harris, Esq.
Medical TPA – Aetna	Gary Lopez
Medical TPA – Amerihealth	Lisa DiDio
Bowman & Company	Jim Miles
Treasurer	Joanne Diggs

PRESENT FUND COMMISSIONERS:

Tyrone Wakefield, Lawnside
William Dunn, Mt. Holly MUA
Jean Grubb, BlackHorse Pike
Terry Osborne, Winslow Fire District

ALSO PRESENT

Greg Grimaldi, Conner Strong
Nancy Ghani, PERMA
Chuck Hartsoe, PEGAS
Steve Anuronowski, Paulsboro
Kevin Heydel, Monroe Township
Roseann Borda, Black Horse Pike Regional School District
Jean Grubb, Black Horse Pike Regional School District

Commissioner DiAngelo welcomed the Committee to Bellmawr.

APPROVAL OF MINUTES: August 22, 2011 Open

MOTION TO APPROVE OPEN AND CLOSED MINUTES OF AUGUST 22, 2011:

Moved: Commissioner Gilson
Second: Commissioner DiAngelo
Vote: Unanimous

CORRESPONDENCE – None

EXECUTIVE DIRECTOR REPORT-

PRO FORMA MONITORING REPORTS: The Regulatory Compliance Checklists, as of September 19, 2011; the Budget Reconciliation, as of September 2011; the Financial Fast Track Report as of July 31, 2011 and the Indices and Ratios Report as of July 31, 2011. Executive Director said that the Financial Fast Track for the Southern HIF shows a \$3.9 million surplus, year to date, which includes \$827,000 in dividend income. The Southern Coastal Fund Financial Fast Track is showing over a \$1 million deficit, year to date. Executive Director said the claims are much higher than anticipated. The group will receive a much higher renewal than the Southern HIF group.

2010 AUDIT - The 2010 Audit will be presented at the meeting. Mr. Jim Miles from Bowman & Company was in attendance with copies for review. Enclosed was a Resolution and Group Affidavit to be executed and filed with the state.

Mr. Miles said the claims totaled \$66,366,433 for Fund Year 2010. There were no comments or recommendations which he attributed to the Fund Professional’s productivity.

MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION 22-10, AND EXECUTE GROUP AFFIDAVIT INDICATING THAT MEMBERS OF THE EXECUTIVE

COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT.

Moved: Commissioner Wolk
Second: Commissioner Michelli
Vote: 10 Ayes, 0 Nays

2012 BUDGET INTRODUCTION - The 2012 Budget presentation was included in the agenda.

If approved, we ask for a motion to introduce the budget as presented and schedule the Public Hearing for adoption on October 24, 2011 at 6:15 pm in the Collingswood Senior Center. We can also consider the budget further at a special workshop meeting. However, members wishing to present enrollment options will benefit from early notice of pending assessment changes. We are still working on the Coastal budget and can address this budget with you at the workshop meeting. Executive Director said that the medical is increasing 7%, which is below trend, but the Prescription rates are at 14%, which is above trend. He said specialty drugs and injectable drugs increased significantly, causing the majority of this increase. There are many ways the Fund could help reduce the prescription costs such as Prior Authorization on certain brand name drugs; Modified Step Therapy which requires members to purchase the generic brand first; and Mail order option. Currently, these programs are optional by entity, but if they were mandated by the Fund, there could be a significant savings. The State Health Benefits plan currently mandates many of these programs and in order to compete, it may be necessary for the Fund to consider these options as well.

Executive Director reviewed the Reinsurance line showing flat, including the elimination of the dental reinsurance since there have no claims since the inception of the Fund. Expenses show a decrease for Aetna's contract and a moderate increase for all other professionals. IN addition, the loss Fund Contingency has been budgeted, but can be eliminated if the Commissioners agree. The budget also reflects a fee for website management, since the State is mandating that all public meetings and notices be listed on a public website and a \$10,000 administration fee for Early Retiree Reinsurance Program fee, which the Fund will receive money in return.

In response to Chairman Mevoli, Executive Director said that the Actuary fee increased by 33% due to an increase in analysis by market constraints and the increase in membership. IN addition, Deloitte has requested and change in the new member fee. Executive Director said that the Fund has the option to RFP if the fee seems unreasonable. Chairman Mevoli asked for clarification on the brokerage increase. Executive Director said that most brokers are paid on a percentage basis, so as the assessments increase, the broker fee increases, as well. Many long standing members do not have brokers, which can be illustrated.

In response to Commissioner Gilson, Executive Director said that members may opt out of prescription coverage. He also requested a list of generic names of popular drugs. The Program Manager will provide that list, along with the cost saving programs.

Commissioner Shannon said she was uneasy with introducing the budget today because of the increase and not knowing rates for the new low cost plans. Executive Director said there is no pressure to introduce today, but the budget process was pushed up one month to give extra time for the low cost plans to be developed. In response to Commissioner Beatrice, Executive Director said without the School Board members, the budget increases would probably be more because their loss ratios are similar, but fixed costs would have to be spread amongst less members.

Executive Director suggested a special budget meeting to be held on October 17, 2011 at 6:15 in Collingswood.

MOTION TO INTRODUCE THE 2012 BUDGET IN THE AMOUNT OF \$104,411,160 AND SCHEDULE A PUBLIC EXECUTIVE COMMITTEE BUDGET MEETING FOR OCTOBER 17, 2011 AND A PUBLIC HEARING FOR OCTOBER 24, 2011 AT 6:15 PM IN THE COLLINGSWOOD SENIOR CENTER.

Moved: Commissioner DiAngelo
Second: Commissioner Lipsett
Vote: 9 Ayes, 1 Nays (Nay- Commissioner Shannon)

MEMBERSHIP RENEWALS - Members had received notification from our office that their membership documents had or will be expiring soon. A list of these members is included in the agenda. These documents are required to be filed by the State, so please return to our office as soon as possible.

PLAN DESIGN COMMITTEE MEETING - The Plan Design Committee met on August 31, 2011 to discuss implications resulting from Chapter 78. Minutes from the meeting are included in the agenda. Commissioner Shannon said the meeting discussed the three basic plans: An HSA plan, a PPO base plan and a PPO buy up plan. She said the HSA plan is confusing and requested the Program Manager to explain the new plans to council and mayors. She said because plans may be modified for each member's needs, it is unlikely that the plans will be built and priced prior to January 1, 2012, so the Committee agreed to extend the date to July 1, 2012. Commissioner Beatrice said that the negotiations may take a while, as well. Fund Attorney said that the fixed contributions based on salary will be in effect by 2014, regardless of the existing negotiated contract. Commissioner Gilson said that the Program Manager may use his entity as a 'guinea pig' for plan demonstrations.

Executive Director's Report Made Part of September 26, 2011 Minutes.

PROGRAM MANAGER:

EXPRESS SCRIPTS UPDATE - The recent release of the *2010 Drug Trend Report* will provide some good insight as to the inner workings of the prescription drug market. There were many valuable takeaways from the report, but the most shocking was the news that an approximated \$404 billion dollars is wasted every year. This is due to consumer behavior such as obtaining maintenance medications through a retail pharmacy as opposed to ordering them through the home delivery program. Also, waste could be cut down by an improvement in the Generic Fill Rate (GFR). This is an area of drug spend that is needlessly being wasted as higher cost medications are being utilized when they are providing no additional therapeutic value. Another focal point gleaned from the report is the significant proportion of drug spending that is eaten up by specialty drugs. Recent estimates have stated that by 2014, approximately 40% of U.S. drug spending is attributable to specialty drugs. Traditional drug trend has only increased approximately 1.4% from the prior year. It is also becoming increasingly apparent that pharmacy networks will need to be tightened as the savings that are generated from increased competition have not yet yielded significant savings. This is primarily due to the fact that many retail chains are consolidating and are therefore unwilling to offer pricing concessions. If you would like to read the full report you can view a PDF copy here:

www.express-scripts.com/research/studies/drugtrendreport/2010/dtrfinal.pdf

AETNA ID CARD UPDATE

Beginning in September, Aetna will be displaying new standard language on the back of all ID cards that are issued. Below is the language that will be added to each card depending on which plan the member is enrolled in.

Open Access and Choice POS

You do not have to choose a primary care physician (PCP) or obtain referrals. The plan describes what you need to precertify. If you do not precertify, your benefits will be reduced. **To precertify, call the member or provider number listed.**

EMERGENCY: Call 911 or go to nearest emergency facility.
Notify Member Services as soon as possible after treatment.
This card does not guarantee coverage.

QPOS

You must choose a primary care physician (PCP) and referrals are required. Your PCP must issue referrals before the service except for direct access benefits or emergencies. If you do not obtain referrals, your benefits will be reduced. **To precertify, call the member or provider number listed.**

Emergency: Call 911 or go to nearest emergency facility.
Notify Member Services as soon as possible after treatment.
This card does not guarantee coverage.

HMO

You must choose a primary care physician (PCP) and referrals are required. Your PCP must issue referrals before the service except for direct access benefits or emergencies. If you do not obtain referrals, you will be responsible for the cost of the service. **To precertify, call the member or provider number listed.**

Emergency: Call 911 or go to nearest emergency facility.
Notify Member Services as soon as possible after treatment.
This card does not guarantee coverage.

Additionally, the medical cost sharing amounts will be placed on the front of all new ID cards. This will include any applicable copayments for PCP, Specialist, ER, and Hospital Visits along with the wording 'deductible may apply.' The information concerning precertification must be included on the cards even though in many instances, members will not need to obtain a precertification because their plan does not call for one.

OPEN ENROLLMENT UPDATE - The time for annual open enrollments is rapidly approaching and members will be able to make any enrollment changes from 10/1-10/31. Members will receive communications informing them of all the pertinent details surrounding open enrollment.

CLIENT ACTIVITY REPORTS - There will be an activity report distributed detailing August'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.

PLAN/ ENROLLMENT CHANGES - Due to Chapter 78, there are several Boards of Education that have requested to have an open enrollment period to coincide with the municipal open enrollment period. This enrollment period would be held in addition to the enrollment period held in the spring. The following groups have requested to have open enrollment periods in both the fall and the spring:

Frankford Board of Education
South Harrison Board of Education

CLAIM APPEALS

There are TWO claim appeals that have been determined by the claims committee as they fall below the established monetary threshold.

Appeal 09-11-01

Appeal 09-11-02

MOTION TO APPROVE RECOMMENDATIONS FROM THE SMALL CLAIMS COMMITTEE REGARDING APPEAL 09-11-01 AND 09-11-02

Moved: Commissioner DiAngelo
 Second: Commissioner Lipsett
 Vote: 9 Ayes, 1 Nays (Nay- Commissioner Shannon)

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

TREASURER'S REPORT –Fund Treasurer said that the Fund interest report is no longer healthy and has, under the stipulations of the Cash Management Plan, set up two ne investment plans, yielding .92% and .62% annually. In response to Commissioner Gilson, Fund Treasurer said that the longest maturity period is 4.5 years.

Fund Treasurer also reviewed her cash reconciliation report and the September Bills lists for Southern NJ HIF and Coastal HIF.

Resolution 35-11: Payment of August Vouchers (Southern HIF):

TOTAL 2011	\$1,042,018.70

Resolution 36-11:Payment of August Vouchers (Southern Coastal HIF):

TOTAL 2011	\$459,078.05

**MOTION TO APPROVE RESOLUTION 35-11 FOR THE SOUTHERN NEW JERSEY REGIONAL
EMPLOYEE BENEFITS FUND AND RESOLUTION 36-11 FOR THE SOUTHERN COASTAL
HEALTH INSURANCE FUND**

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

Treasurer's Report Made Part of September 26, 2011 Minutes.

AETNA: Mr. Lopez reviewed the July claims paid were \$5,089,034 for just under 6324 employees which came to an average cost per employee of \$804.72. The high dollar claimants illustrated a total billed amount of \$903,392.85 and paid amount of \$458,711.55. Mr. Lopez said that an amount paid more than amount bill would occur if there were two separate bills.

Chairman Mevoli asked if Aetna was prepared for the new low cost plan development. Mr. Lopez said a 60 day notice is required for plan building.

Claims Administrators Report Made Part of September 26, 2011 Minutes.

FUND ATTORNEY: No report.

OLD BUSINESS:

NEW BUSINESS:

PUBLIC COMMENT: Mr. Kevin Highdell from Monroe Township said that his entity is receiving a 12% increase. He said he is having trouble recommending to his council to stay in the HIF with these types of increases. He has been a long standing member, and it seems that the longer term members are receiving the highest increases. As discussed during the budget presentation and prior on the phone with Executive Director, he suggested that instead of the Fund retaining 2.5 months of surplus and give 12% increases, that the surplus be used to reduce member's increases. He feels that the older members should be able to use their equity within the Fund instead of retaining. IN addition, besides plan design, the Fund should review other ways to save money and relieve the existing members. Chairman Mevoli agreed with Mr. Highdell's feelings and requested that he attend the budget meeting next month.

MOTION TO ADJOURN:

Moved: Commissioner Michielli
Second: Commissioner Beatrice
Vote: Unanimous

MEETING ADJOURNED: 7:35 PM

NEXT MEETING: October 24, 2011 Collingswood Borough.

Emily Koval , Assisting Secretary
for

JOSEPH WOLK, SECRETARY