

**SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND  
OPEN MINUTES  
SEPTEMBER 26, 2016  
BELLMAWR BOROUGH  
6:15 PM**

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

**PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

**ROLL CALL OF 2016 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
Terry Shannon	Borough of Barrington	Present
Jack Lipsett	Gloucester City	Present
Neal Rochford	Haddonfield	Present
Edward Hill - Alternate 1	CCBOSS	Present

**APPOINTED PROFESSIONALS PRESENT:**

Executive Director/Adm.	PERMA Risk Management Services <b>Paul Laracy</b> <b>Karen Kamprath</b> <b>Emily Koval</b>
Program Manager	Conner Strong & Buckelew <b>Jeanne Frank</b> <b>Brandon Lodics</b>
Attorney	<b>J. Kenneth Harris, Esq.</b>
Medical TPA - Amerihealth	<b>Lisa Didio</b>
Medical TPA - Aetna	
Treasurer	<b>Ken Verrill</b>
Express Scripts	<b>Ken Rostkowski</b>
Auditor	

**ALSO PRESENT**

Eleanor Kelly, Boro of Runnemede  
Robert Maybury, Mt. Holly MUA  
Kim Porter, CHB Group  
Suzanne Wood, CBIZ  
Deb Ginetto, Burton Agency

**APPROVAL OF MINUTES:        AUGUST 22, 2016**

**MOTION TO APPROVE OPEN MINUTES OF AUGUST 22, 2016:**

Moved:                                Commissioner Michielli  
Second:                                Commissioner DiAngelo  
Vote:                                     8 Ayes, 0 Nays

**CORRESPONDENCE - None**

Commissioner DiAngelo welcomed everyone to Bellmawr Borough.

**PRO FORMA REPORTS**

- **Fast Track Financial Reports - as of July 31, 2016**
  - **Historical Income Statement**
  - **Consolidated Balance Sheet**
  - **Indices and Ratios Report**

Executive Director said the financial fast track shows a surplus of over \$24 million for all years combined. He said the SNJHIF has a 2016 surplus of \$2 million. He said once the 2015 fund year is closed out, additional funds will be transferred to the SHIF and Coastal Funds.

**INTRODUCTION OF 2017 BUDGET** - The Southern NJ Regional Employee Benefits Fund 2017 budget materials were included. The Finance Committee met last week via conference call to review the budget and are recommending introduction as presented, but have some items for discussion at the Budget Workshop meeting in October. Minutes from this meeting were included in the Agenda. After review and pending no changes, we ask for a motion to introduce the 2017 SNJHIF budget as presented. Executive Director reviewed the following is the proposed 2017 budget reflecting an overall increase of 2.48%.

**CLAIMS FUND** - Medical claims are increasing by 1.07% while Rx claims are increasing by 7.08%.

The Rx increase is driven by funding insufficiency for claims for one large member.

We are also working on the possibility of converting some Medicare retirees from the "Retiree Drug Subsidy" program to the federal government's "Employer Group Waiver" program. This program has the possibility of producing higher subsidies from the federal government and reducing Fund expense. However, this program will not be available to the Fund until the second quarter of 2016. Rate reductions at that time are possible if the program is successful.

**REINSURANCE AND INSURED PROGRAMS** - The reinsurance line is decreasing by 9.6% for specific claims coverage and aggregate claims reinsurance is staying flat. This can change once MRHIF introduces its budget. This change assumes that the HIF specific retention will rise from \$300,000 to \$325,000.

The Medicare Advantage renewal is rising by 2.99% after dropping by 13.77% last year. We are investigating an alternative quote for this program from United Healthcare and continuing discussions with Aetna on the possibility of a reduction in the premium.

**LOSS FUND CONTINGENCY** - This item can be adjusted at the discretion of the Executive Committee. No money is currently budgeted for this item due to the priority placed on keeping the budget increase as low as possible.

**CONTRACTS AND EXPENSES** - Some expenses are proposed to rise by 2%.

Aetna's administrative fees are rising by more than 2% because they have taken on responsibility for handling Level 1 claim appeals in accordance with our by-laws and risk management plan. The Finance Committee has requested more information on the necessity of this change.

AHA fees are expected to drop due to the transition of some enrollees from AHNJ to AHA.

"Affordable Care Act" taxes are lower in accordance with the schedule adopted for the "Transitional Reinsurance Tax" by the federal government. This tax expires in 2016 but the Fund must still pay the "Comparative Effectiveness Fee".

An increase in the wellness line item has been included to start a pilot program. The Finance Committee expressed the desire to discuss this program with the entire Executive Committee.

**ASSESSMENTS** - Assessments are prepared using Fund policy developed over the last several years:

- The medical increase is 3% with Aetna and Amerihealth rising at the same percentage.
- Rx rates are rising by 2%.
- Dental rates are rising by 5.5%.
- In addition, loss ratio adjustment factors of +/-2.5% are applied at the entity level.
- CCBOSS is receiving a higher than normal Rx increase which is offset by a reduction in medical. Overall, CCBOSS, which is rated on its own experience, is receiving a 2.98% increase compared to an average of 2.48% for all members.

**DIVIDENDS / SUPPLEMENTAL ASSESSMENTS** - The Fund declared a dividend in 2015 of \$750,000. Using 2 months of claims as a retention objective, we can adopt a dividend policy distributing up to \$6.2M to the membership. We recommend making this distribution gradually.

<b>SNJ Municipal and County Members</b>	
<b>2015 Surplus Objective</b>	<b>2 Month Target</b>
Surplus Target	\$ 5,764,417
Surplus	\$ 25,646,240
Less Shares of Former Members	\$ 13,616,810
Available	\$ 6,265,013
Paid in 2015	\$ 750,000
Recommended for 2016	\$ 1,500,000

<b>SNJHIF Dividend Calculation</b>		
Borough of Barrington	\$ 55,984	\$ 83,976
Borough of Bellmawr	\$ 99,710	\$ 149,565
Borough of Brooklawn	\$ 13,375	\$ 20,062
Borough of Gibbsboro	\$ 6,532	\$ 9,798
Borough of Lawnside	\$ 18,747	\$ 28,121
Borough of Lindenwold	\$ 5,292	\$ 7,937
Borough of Magnolia	\$ 18,874	\$ 28,312
Borough of Medford Lakes	\$ 6,162	\$ 9,243
Borough of Merchantville	\$ 6,734	\$ 10,100
Borough of Mount Ephraim	\$ 34,028	\$ 51,041
Borough of Paulsboro	\$ 21,332	\$ 31,998
Borough of Pitman	\$ 37,725	\$ 56,588
Borough of Runnemede	\$ 44,639	\$ 66,958
Borough of Somerdale	\$ 9,219	\$ 13,829
Borough of Wenonah	\$ 10,327	\$ 15,490
Borough of Westville	\$ 8,159	\$ 12,239
Cherry Hill Fire Department	\$ 18,050	\$ 27,075
Chesilhurst Borough	\$ 6,557	\$ 9,835
Gloucester City	\$ 98,640	\$ 147,960
Haddonfield Borough	\$ 105,662	\$ 158,493
Monroe Township	\$ 152,056	\$ 228,085
MT. Holly MUA	\$ 16,650	\$ 24,975
North Hanover Township	\$ 208	\$ 312
Pennsauken Township	\$ 3,206	\$ 4,809
Pine Hill Borough	\$ 22,310	\$ 33,465
Township of Bordentown	\$ 37,211	\$ 55,817
Township of Franklin	\$ 11,214	\$ 16,821
Township of Mansfield	\$ 14,342	\$ 21,513
Township of Riverside	\$ 14,640	\$ 21,960
Township of Willingboro	\$ 96,852	\$ 145,278
Winslow Township Fire District #1	\$ 5,564	\$ 8,346
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>\$ 1,500,000</b>

Executive Director reviewed the proposed budget. He said claims are performing better than anticipated and the increase is only 3%. He said CCBOSS is performing better than expected on the medical side, but slightly higher on the RX side.

In reviewing the expenses, Executive Director said in addition to 2%, Aetna has requested an additional fee for Level 1 claims. Program Manager said there has been an influx of Level 1 Aetna appeals at the PERMA level. He said based on the bylaws, Aetna should be handling Level 1 appeals, although was not written in the original contract. He said Aetna was accommodating and began handling the appeals July 1, 2016 at no charge for the remaining calendar year. In response to Commissioner DiAngelo, Ms. Ward said Aenta will now be making the decision at Level 1 and the number of appeals being sent to Program Manager has been cut significantly. Program Manager said this is an expense shift, because the appeals were previously sent out to a 3<sup>rd</sup> party IRO which was expensed by the Fund, but now Aetna will handle without sending to an IRO. In response to Commissioner Shannon, Program Manager said the IRO expense load is listed under miscellaneous expenses, which could be lowered if there will be a decrease in their services. In response to Chair Mevoli, Executive Director said the original contract did not address Level 1 appeals. Program Manager said this will not completely eliminate IRO expenses because Level 2 appeals would still be sent to the Program Manager, but should decrease significantly. In response to Commissioner Shannon, Executive Director said this will cost an additional \$14 thousand annually in Aetna's contract.

Executive Director said the Fund has the option of distributing a dividend to qualifying members.

In response to Chair Mevoli, Executive Director some of the increases seem high because of their loss experience. Most of them are dental only and dental received a higher increase, although on a small number. Chair Mevoli invited members to come to the budget workshop meeting to further discuss the fee issue and other items within the budget.

Commissioner Shannon recommends approving a \$1.5 million dividend. Commission D'Angelo requested notices to the members on how to distribute the dividend.

**MOTION TO INTRODUCE THE SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND BUDGET FOR 2017 AND ADVERTISE A PUBLIC HEARING FOR OCTOBER 24, 2016 AT COLLINGSWOOD SENIOR COMMUNITY CENTER AT 6:15PM:**

Moved:	Commissioner Shannon
Second:	Commissioner DiAngelo
Vote:	8 Ayes, 0 Nays

**MOTION TO AUTHORIZE THE RELEASE OF A DIVIDEND IN THE AMOUNT OF 1.5 MILLION, AS PRESENTED:**

Moved:	Commissioner Shannon
Second:	Commissioner DiAngelo
Vote:	8 Ayes, 0 Nays

Southern NJ Municipal Employee Benefits Fund				
2017 Certified Budget				
Census:	Total Monthly Census	Annual Census		
Medical - Aetna	1,520	18,240		
Medical - AmenHealth NJ	48	576		
Medical - AmenHealth Admin	56	672		
Rx	1,593	19,116		
Dental	1,509	18,108		
Medicare Advantage - Medical	626	7,512		
Rx No Medical (Incl in Rx above)	201	2,412		
Dental Only (Incl in Dental above)	651	7,812		
Medicare Adv Only (Incl above)	253	3,036		
DMO Only	1	12		
LINE ITEMS	2016 Annualized Budget	2017 Proposed Budget	\$ Change	% Change
<b>Claims</b>				
1 Medical Claims	\$ 23,057,888	\$ 23,314,529	\$ 256,641	1.11%
2 Prescription Claims	\$ 9,586,181	\$ 10,264,661	\$ 678,479	7.08%
3 Medicare Part D Subsidy	\$ (360,000)	\$ (360,000)	\$ -	0.00%
4 Dental Claims	\$ 1,286,030	\$ 1,384,497	\$ 98,467	7.66%
5 Subtotal	\$ 33,570,099	\$ 34,603,686	\$ 1,033,587	3.08%
6				
7 Loss Fund Contingency	\$ -	\$ 1,695	\$ 1,695	0.00%
8 HMO Premiums	\$ 6,459	\$ 6,459	\$ -	0.00%
9 Medicare Advantage	\$ 2,812,869	\$ 2,897,097	\$ 84,228	2.99%
10				
11 Reinsurance				
12 Specific	\$ 1,138,437	\$ 1,029,161	\$ (109,276)	-9.60%
13 Aggregate*	\$ 93,075	\$ 93,075	\$ -	0.00%
14 Dental	\$ -	\$ -	\$ -	0.00%
15 Subtotal Reinsurance	\$ 1,231,512	\$ 1,122,236	\$ (109,276)	-8.87%
16				
17 Total Loss Fund	\$ 37,620,939	\$ 38,631,173	\$ 1,010,234	2.69%
18				
19 Expenses				
20 Legal	\$ 19,680	\$ 20,074	\$ 394	2.00%
21 Treasurer	\$ 14,000	\$ 14,280	\$ 280	2.00%
22 Administrator	\$ 242,358	\$ 247,206	\$ 4,847	2.00%
23 Administrator - Medicare Part D	\$ 8,022	\$ 8,182	\$ 160	2.00%
24 Program Manager	\$ 654,335	\$ 667,421	\$ 13,087	2.00%
25 Brokerage	\$ 182,812	\$ 186,469	\$ 3,656	2.00%
26 TPA - Med Aetna	\$ 885,552	\$ 917,654	\$ 32,102	3.63%
27 TPA - Med AmenHealth NJ	\$ 26,496	\$ 25,344	\$ (1,152)	-4.35%
28 TPA - Med AmenHealth Admin	\$ 28,752	\$ 28,752	\$ -	0.00%
29 TPA - Dental	\$ 55,229	\$ 56,135	\$ 905	1.64%
30 Actuary	\$ 22,000	\$ 22,440	\$ 440	2.00%
31 Auditor	\$ 12,000	\$ 12,250	\$ 250	2.08%
32 Subtotal Expenses	\$ 2,151,236	\$ 2,206,206	\$ 54,970	2.56%
33				
34 Misc/Contingency	\$ 29,345	\$ 29,345	\$ -	0.00%
35 Enrollment Audits	\$ -	\$ -	\$ -	0.00%
36 Data Analysis System	\$ 27,301	\$ 27,301	\$ (0)	0.00%
37 Internet Documentation	\$ 2,520	\$ 2,571	\$ 50	2.00%
38 Wellness and Prevention Programs	\$ -	\$ 80,000	\$ 80,000	0.00%
39 Affordable Care Act Taxes	\$ 143,007	\$ 9,647	\$ (133,360)	-93.25%
40 GASB 45	\$ 9,884	\$ 9,884	\$ 0	0.00%
41 Plan Documents	\$ 25,000	\$ 25,000	\$ -	0.00%
42				
43 Total Expenses	\$ 2,388,294	\$ 2,389,954	\$ 1,660	0.07%
44				
45 Total Budget	\$ 40,009,232	\$ 41,021,127	\$ 1,011,895	2.53%
46 Total Billing	\$ 40,028,007	\$ 41,021,127	\$ 993,120	2.48%
47				
48 Reconciliation	18,774	(0)		

<b>Assessment Summary</b>				
Group Name	2016	2017	Change \$	Change %
BOROUGH OF BARRINGTON	\$ 1,453,116	\$ 1,456,428	\$ 3,312	0.23%
BOROUGH OF BELLMAWR	\$ 2,519,796	\$ 2,527,656	\$ 7,860	0.31%
BOROUGH OF BROOKLAWN	\$ 347,232	\$ 353,904	\$ 6,672	1.92%
BOROUGH OF GIBBSBORO	\$ 230,844	\$ 235,080	\$ 4,236	1.84%
BOROUGH OF LINDENWOLD	\$ 85,929	\$ 90,729	\$ 4,800	5.59%
BOROUGH OF MAGNOLIA	\$ 395,652	\$ 414,876	\$ 19,224	4.86%
BOROUGH OF MEDFORD LAKES	\$ 18,192	\$ 19,224	\$ 1,032	5.67%
BOROUGH OF MOUNT EPHRAIM	\$ 923,904	\$ 934,596	\$ 10,692	1.16%
BOROUGH OF RUNNEMEDE	\$ 1,041,108	\$ 1,043,712	\$ 2,604	0.25%
CHESILHURST BOROUGH	\$ 100,404	\$ 101,004	\$ 600	0.60%
GLOUCESTER CITY	\$ 2,974,296	\$ 3,140,040	\$ 165,744	5.57%
HADDONFIELD BOROUGH	\$ 2,314,692	\$ 2,324,460	\$ 9,768	0.42%
TOWNSHIP OF BORDENTOWN	\$ 1,135,368	\$ 1,139,748	\$ 4,380	0.39%
TOWNSHIP OF WILLINGBORO	\$ 16,104	\$ 17,040	\$ 936	5.81%
BOROUGH OF PITMAN	\$ 1,053,420	\$ 1,058,532	\$ 5,112	0.49%
BOROUGH OF WENONAH	\$ 328,344	\$ 329,556	\$ 1,212	0.37%
PINE HILL BOROUGH	\$ 874,428	\$ 921,252	\$ 46,824	5.35%
BOROUGH OF PAULSBORO	\$ 1,165,800	\$ 1,167,876	\$ 2,076	0.18%
BOROUGH OF MERCHANTVILLE	\$ 529,440	\$ 557,688	\$ 28,248	5.34%
PENNSAUKEN TOWNSHIP	\$ 196,236	\$ 207,000	\$ 10,764	5.49%
NORTH HANOVER TWP	\$ 11,736	\$ 12,384	\$ 648	5.52%
BOROUGH OF SOMERDALE	\$ 794,603	\$ 828,287	\$ 33,684	4.24%
MT. HOLLY MUNICIPAL UTILITIES AUTHO	\$ 1,298,796	\$ 1,368,000	\$ 69,204	5.33%
WINSLOW TWP FIRE DISTRICT #1	\$ 498,414	\$ 500,694	\$ 2,280	0.46%
BOROUGH OF WESTVILLE	\$ 684,912	\$ 685,728	\$ 816	0.12%
FRANKLIN TWP	\$ 1,113,672	\$ 1,131,252	\$ 17,580	1.58%
CAMDEN COUNTY BOARD OF SOCIAL SERVICES	\$ 16,203,432	\$ 16,686,504	\$ 483,072	2.98%
LUMBERTON TOWNSHIP	\$ 771,888	\$ 794,064	\$ 22,176	2.87%
BOROUGH OF HADDON HEIGHTS	\$ 946,248	\$ 973,812	\$ 27,564	2.91%
Totals:	\$ 40,028,007	\$ 41,021,127	\$ 993,120	2.48%

**MRHIF MEETING** - The MRHIF met on September 14<sup>th</sup> to introduce its 2017 budget. The overall budget is decreasing by 4.24%. The SNJHIF will be receiving a 6.83% decrease, which is reflected in this budget introduction. In addition, the Rx-only aggregate coverage is being taken over by the existing reinsurance company and will no longer be covered through a third party stop loss company.

The Committee also released an RFQ to retain a contract with a pharmacy benefit consultant to audit the ESI contract and to develop other strategic cost savings options. That appointment will be made at the MRHIF reorg meeting.

Commissioner Shannon said the report should be corrected to refer to Commissioner Wolk.

**Southern New Jersey Regional Employee Benefits Fund  
Program Manager's Report  
September 26, 2016**

**ONLINE ENROLLMENT SYSTEM TRAINING** - The Executive Committee voted and approved mandatory use of the online enrollment system by each member group. If you need training or would like a refresher course on the online enrollment system, please reach out to Karen Kidd at [kkidd@permainc.com](mailto:kkidd@permainc.com) of PERMA.

**MONTHLY BILLING** - s a reminder, please be sure to check your monthly invoice for accuracy. If you find a discrepancy, please report it to the SNJREBF enrollment team.

The Fund's policy is to limit retro corrections, *including terminations*, to 60 days.

**ID CARDS** - As a reminder, during the Q1 of this year PERMA no longer has direct carrier system access to order ID cards for members. As we prepare for Open Enrollment, we wanted you to be aware of the following carrier contact numbers members can call to request additional ID cards if needed.

- Aetna ID cards: 800-370-4526
- Express Scripts ID cards: 800-305-1834
- Delta Dental: 800-452-9310
- AmeriHealth NJ (referrals): 800-275-2583
- AmeriHealth Admin (non referrals): 800-480-5031

**OPEN ENROLLMENT** - The SNJREBF will be hosting the 2016 open enrollment for January 1, 2017 elections, October 24<sup>th</sup> through November 18<sup>th</sup>.

- PERMA will be bulk shipping Open Enrollment packets to individual entities for active employees

- Retirees and COBRA enrollees will receive the information directly at their residences
- Medicare Advantage retirees will not be included in this open enrollment

**STATE HEALTH BENEFITS (SHBP) UPDATE** - On September 8, the SHBP Committee proposed the 2017 rate renewal and plan modifications for the Local Government and State Employee Groups. Aggregate rate increase for medical and prescription will be 2.4% over last year. The composite 2017 rate changes by population are as follows:

Active Employees: (-.1%)  
 Early Retirees: +8.6%  
 Medicare Retirees: +4.6%

SHBP made the following noticeable changes:

- All Medicare Eligible members in the PPO 10 and PPO 15 will be transitioned into a new Horizon Medicare Advantage plan.
- Emergency Room Copays will increase by \$25 for all plans in which the ER copay is \$100 or less.
- Members pay the difference for brand medications when a generic is available
- Implementation of the Express Scripts National Preferred Formulary.
- Local government groups have the option to incentivize members with a gift card to enroll in lower cost three tier Horizon Omnia plans as follows:
  - o \$1,000 for single coverage
  - o \$1,250 for member and spouse coverage
  - o \$1,250 for subscriber/parent and child coverage
  - o \$2,000 for family coverage
- Applied \$22 Million in surplus to proposed renewal

**PHARMACY CLINICAL NEWS FLASH - SEPTEMBER UPDATE**

We will continue to provide updates regarding pharmacy trends and new drugs to the market.

*Recent FDA Approvals: No new drugs to report for the month of September*

Name of Medication	Approval Date	Release Date	Diagnosis	Type	Estimated Pricing
<i>Tecentriq</i>	5/18/2016	October	Metastatic urothelial carcinoma	Specialty	\$150,000 per year
<i>Zinbryta</i>	5/27/2016	July	Multiple Sclerosis	Specialty	Not Available
<i>Epclusa</i>	6/28/2016	July	Hepatitis C genotypes 1-6	Specialty	\$75K (wholesale) per 12-week regimen

## EXPRESS SCRIPTS FORMULARY UPDATE

Express Scripts recently completed its annual formulary review, and the following drug list exclusions will go into effect for your member population on January 1, 2017.

New Exclusions		
COLCHICINE	KINERET	ORENCIA
TALTZ	ZYCLARA	

Claims reporting was run and analyzed, and less than 10 members will be affected throughout the Southern Fund. Express Scripts will send a letter to the affected members advising of this change and include the suitable alternatives for them to discuss with their physician. Clinical exceptions can also be reviewed if requested by the physician.

The complete communication notice from Express Scripts has been included in this packet for your review.

## MEDICARE PART D NOTICES

Employers whose provide Rx drug benefits must notify Medicare-eligible employees and CMS.

Employers whose health care plans include prescription drug benefits for active employees (or retirees) who are Medicare-eligible must notify those covered individuals by **Oct. 15 of each year** whether their drug benefit is "creditable coverage," meaning that it is expected to cover, on average, as much as the standard Medicare Part D prescription drug plan. These plan sponsors must also report whether their drug benefit is creditable coverage to the federal Centers for Medicare & Medicaid Services (CMS) by **March 1** for calendar-year plans.

The disclosure obligation applies to all plan sponsors that provide prescription drug coverage, even those that do not offer prescription drug coverage to retirees. Medicare Part D, which became effective in 2006, is a federal program to subsidize the cost of private prescription drug plans.

**If your group's prescription plan is in the Fund, Express Scripts will be sending these member notices by the October 15<sup>th</sup> due date.**

## EGWP

An EGWP, or Employer Group Waiver Plan, is a Medicare Part D prescription drug plan, which provides the standard Medicare Part D prescription drug coverage only to the Medicare-eligibility retirees and their covered dependents of the sponsoring employer.

PERMA is current researching the prospect of implementing an EGWP for the retiree prescription population to be offered through United Healthcare or Aetna in the future. This alternative financial arrangement will be evaluated to determine if any cost savings may be available to the Fund. We are not making any recommendations at this time, but expect to provide more information in October.

## Same & Opposite Sex Partner Benefit Clarity

With the help of the Conner Strong & Buckelew compliance department, the comments below have

been provided to answer the questions we are commonly asked to address around this topic.

### **High Level Items Related to Same and Opposite Sex Partner Benefits**

- **Are all employers now obligated to cover same sex partners since same sex marriage is now legal (provided the employer covers spouses)?**

It depends on the plan's funding mechanism (that is, whether benefits are fully insured or self-insured). Fully insured contracts are required to recognize marriages of both same- and opposite-sex couples (if a particular definition of spouse is imposed by state insurance law, then insured plan sponsors will have no choice regarding the definition). Self-insured plan sponsors are not required to comply with state insurance laws and may continue to offer spousal benefits to only opposite-sex spouses. But employers that continue to offer spouse benefits, but limit benefits to only opposite sex spouses, may be at an increased risk of claims of discrimination.

- **Does the definition of a "spouse" need to be changed as a result of the recent court cases on this issue?**

It depends on the plan's funding mechanism and the current treatment of same sex spouses and domestic/civil union "partners" under the plan. While many employers who offer spousal coverage made changes to their plan's eligibility and benefit offerings after the Defense of Marriage Act (DOMA) court ruling, employers operating in states that historically did not permit same-sex marriages and self-insured employers not subject to state insurance laws, may have decided to retain the traditional definition of "spouse" under their plans as a person of the opposite sex. Many have also retained eligibility for "partner" benefits and still others have re-examined plan eligibility for "partners" based on the legalization of same-sex marriages.

Employers that offer coverage to spouses should review the plan's definition of "spouse" and "partners" and "common law" spouses. A plan's funding mechanism (that is, whether benefits are fully insured or self-insured), the state laws in place related to partnerships and common law spouses, as well as the current treatment of same-sex/common law spouses and partners under the employer's plan may impact an employer's analysis and decisions with regard to next steps.

- **Are there still state by state issues on this issue?**

No, not for same-sex couples. Same-sex couples have a constitutional right to marry in all states and same-sex marriages performed in one state must be recognized by other states. Same-sex married couples have the same rights, benefits and obligations awarded to opposite-sex married couples under both federal and state law. State by state issues may still exist for "partners".

- **Are the benefits for same-sex couples now no longer taxable?**

Yes, the tax favorability of benefits now applies to all legal spouses. Note that couples in partnerships that are not marriages under state law may still be subject to state and federal imputed income rules.

- **Are there any ACA requirements?**

There do not appear to be any issues in the ACA related to this issue.

- **Does an employer need to maintain all the effort related to same sex domestic partner validation, etc.?**

No, not if they are not covering partners.

One final note; since PERMA cannot give legal advice, remember that only a plan sponsor's legal counsel can offer legal advice as to whether eligibility definitions comply with the law and meet the employer's intent. While our aim is to help clients with these issues, we are unable to attest to the accuracy or appropriateness of any sponsor's eligibility definition; and to try and to do so would require us to work outside our legitimate practice scope for which we are not licensed. Please consult with your tax advisor and/or legal counsel to review any new eligibility definition for compliance.



## Annual Formulary Update: 2017 Status Changes

Dear Brandon,

Express Scripts recently completed its annual formulary review. This communication describes the drug list changes that will go into effect for your member population on Jan. 1, 2017. As always, our formulary development process calls for a focus on clinical factors, with financial considerations coming into play only among clinically comparable or optional products.

Our formulary is designed to bring the greatest value to you and your members while increasing your population's use of the lowest net-cost products. Over the past three years, our formulary management strategy has maintained broad drug access with minimal member disruption while maximizing your ability to control costs. As we head into 2017, we continue our momentum by delivering more savings with minimal member impact, ensuring you achieve optimal results from your pharmacy benefit.

### Summary of 2017 Changes

The new exclusions in our 2017 National Preferred Formulary will impact approximately 0.08% of our members while continuing to add value for you. Member impact specific to your plan is available upon request. Our formulary will continue to ensure that clinically sound, cost-effective drugs are available to members and will drive greater savings, in part by minimizing brand inflation and by reducing the use of non-preferred brands. A summary of changes is below, and the complete list of 2017 exclusions and available preferred alternatives is available [here](#).

New Exclusions		
COLCHICINE	KINERET	ORENCIA
TALTZ	ZYCLARA	

Preferred-to-Nonpreferred Changes		
ACCU-CHEK COMPACT BLUE CONTROL SOLUTION	ANALPRAM ADVANCED, ANALPRAM-HC 2.5% LOTION	CUPRIMINE
DIFFERIN 0.1% LOTION	FORADIL	LIPTRUZET
MIRAPEX ER 3.75 MG TABLET	OXTELLAR XR	RIOMET
TRELSTAR LA SOVALDI*	XTANDI	DAKLINZA*

\* Note: These products are currently excluded on NPF, but members who meet the exception criteria for coverage will experience a preferred-to-nonpreferred copay change.

**TREASURER'S REPORT** - Fund Treasurer reviewed the September bills list and treasurer's report.

**Resolution 23-16: Payment of September Bills List**

<b>FY Closed</b>	<b>\$2,336,627.58</b>
<b>FY2016</b>	<b>\$520,733.73</b>
<b>Total</b>	<b>\$2,857,361.31</b>

**MOTION TO APPROVE RESOLUTIONS 23-16, APPROVAL OF THE SEPTEMBER 2016 BILLS LIST:**

Motion: Commissioner Wolk  
Second: Commissioner Lipsett  
Vote: 8 Ayes, 0 Nays

**MOTION TO APPROVE THE REMAINDER OF THE TREASURERS REPORT:**

Motion: Commissioner Wolk  
Second: Commissioner Michielli  
Vote: Unanimous

**FUND ATTORNEY:** Fund Attorney said there are new regulations regarding child support and medical support orders. He said if a National Medical Support Notice is received there is a mandatory obligation to enforce the order. If an employee is not currently enrolled in a medical plan they must be enrolled in the least expensive plan that offers dependent coverage.

**AMERIHEALTH:** Ms. Didio said there are no high level claimants for AHNJ or AHA for this reporting period. She said they are working on shifting some of the membership from AHNJ to AHA.

**AETNA:** Ms. Ward said there were no high claimants for the month of July. She distributed the dashboard report. She said there were 43 claims over 50,000 this year which does include the runout from SHIF and Coastal.

**EXPRESS SCRIPTS:** Mr. Rostkowski said claims are trending down for the year. He said specialty is still trending high due to inflammatory conditions. He said last years contract was reviewed and revised to include deeper discounts.

**DENTAL ADMINISTRATOR:** None

**OLD BUSINESS:** None

**NEW BUSINESS:** None

**PUBLIC COMMENT:** Ms. Porter said she recommends that the Fund send the Medicare part D notice to every single employee to ensure compliance. Program Manager said the procedure can be reviewed.

Chair Mevoli said there are 2 meetings coming up in October on the 12<sup>th</sup> and the 24<sup>th</sup>.

**MOTION TO ADJOURN:**

Moved:	Commissioner Michielli
Second:	Commissioner DiAngelo
Vote:	Unanimous

**MEETING ADJOURNED: 6:30 PM**

**NEXT MEETING: October 24, 2016, Collingswood Senior Community Center**

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Emily Koval , Assisting Secretary  
for

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**JOSEPH WOLK, SECRETARY**