

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND  
OPEN MEETING: APRIL 23, 2015  
FRANKLIN LAKES, NEW JERSEY  
12:00 P.M.**

Meeting called to order by Chairman Peter VanWinkle. The Open Public Meeting Notice was read into the record.

**ROLL CALL OF 2015 EXECUTIVE COMMITTEE:**

<b>Chairperson</b>		
Peter Van Winkle	Borough of Rutherford	Present
<b>Secretary</b>		
Victor Baginski	Borough of Wallington	Present
<b>Executive Committee</b>	<b>Members</b>	
Hugo Poli	Village of Ridgefield Park	Present
Richard Kunze	Borough of Oakland	Present
Gregory Hart	Borough of Franklin Lakes	Present
Donna Gambutti	Twp of S. Hackensack	Present
Michael Mariniello	Borough of Saddle River	Present
<b>Alternates</b>		
Open		

**APPOINTED OFFICIALS PRESENT:**

Executive Director/ Administrator	<b>PERMA Risk Management Services</b>	Paul Laracy Emily Koval
Attorney	<b>Huntington Bailey, LLP</b>	Russ Huntington
Treasurer	<b>Joseph Iannaconi</b>	Joseph Iannaconi
Third Party Administrator	<b>Aetna</b>	Kim Ward Jason Silverstein
Dental Claims Administrator	<b>Delta Dental of NJ, Inc.</b>	Kim White
Auditor	<b>Lerch, Vinci &amp; Higgins</b>	
Actuary	<b>John Vataha</b>	
Independent Consultant	<b>LaMendola Associates</b>	
Benefits Consultant	<b>Conner Strong</b>	Jozsef Pfeiffer
RX Administrator	<b>Express Scripts</b>	Kenneth Rostkowski

**OTHERS PRESENT:**

Frank Covelli, PIA  
Renee Gear, PIA  
Carolyn Petrowski, Vozza Agency  
Matt McArow, Otterstedt

Deb Ginetto, Burton Agency  
Tom Konikowski, RMC  
Noreen Cacchitore

**CORRESPONDENCE - None**

**APPROVAL OF MINUTES:** February 26, 2015

**MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF FEBRUARY 26, 2015:**

**MOTION:** Commissioner Hart  
**SECOND:** Commissioner Baginski  
**ROLL CALL VOTE:** 5 Ayes, 0 Nays

Executive Director introduced Joseph Catenaro, the Fund Commissioner from Fairfield Township. He suggested he represent the open Alternate Commissioner position.

**MOTION TO APPOINT JOSEPH CATENARO AS ALTERNATE FUND COMMISSIONER TO THE BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND**

**MOTION:** Commissioner Mariniello  
**SECOND:** Commissioner Poli  
**ROLL CALL VOTE:** 7 Ayes, 0 Nays

Fund Attorney swore in Commissioner Catenaro.

**PRO FORMA REPORTS**

- **Fast Track Financial Reports** - as of February 28, 2015
  - **Historical Income Statement**
  - **Cash Flow Tracking Reports**

Executive Director said the Financial Fast Track illustrates a 12.3 million dollar surplus. In the prior month, a high IBNR was reserved for a claims lag, which corrected itself in this month. Overall the Fund is performing well.

**REGULATORY**

**NEW MEMBERSHIP** - The Borough of Edgewater has submitted an application. The rates are being finalized and we will bring their membership determination to the board at the next meeting. In addition, Executive Director said Fairfield School Board has submitted a new member application. Commissioner Catenaro said the same broker is working with the School district who is good to work with.

**EXPRESS SCRIPTS CONTRACT** - As discussed at the previous meeting, the Express Scripts contract has been signed by the Fund. The Fund should see significant savings over the next 2.5 years. Executive Director thanked Express Scripts for their work with executing this process.

**COMMUNICATIONS TO MEMBERSHIP** – Executive Director presented communications regarding out of network benefits for the commissioners to review. Executive Committee agreed to release these communications as a payroll staffer to all members. Executive Director said the Board Advisor would like to send these often throughout the year on different topics.

**PROFESSIONAL SERVICE AGREEMENTS** - For all Professional Service Contracts, we recommend some of the standard contract language to be updated to include the law on Political Contributions, Affirmative Action and Records. The attached Resolution includes the recommended form – with tracked changes. Clauses unique by Fund professional are set forth in the first section of the professional service agreements.

**FINANCIAL DISCLOSURE STATEMENTS** - The filing process for financial disclosure statements is the same online structure as last year ([www.fds.nj.gov](http://www.fds.nj.gov)). PERMA is currently updating the Fund’s roster and we will be sending PIN codes by April 1. User ID and Passwords are the same as last year. Please log in with your Fund PIN by April 30, 2015. Non filers for 2014 were issued violations. Below is a list of Commissioners and filing status:

<b>MUNICIPALITY</b>	<b>FUND COMMISSIONER</b>	<b>Filed (as of April 16)</b>
Oakland	Richard Kunze	yes
Lodi	Anthony Luna	no
Franklin Lakes	Gregory Chapman Hart	yes
Montvale	Fund Commissioner	no
Hillsdale	Susan Witkowski	no
Treasurer	Joseph Iannaconni	no
Ft. Lee *	Alfred Restaino	no
Carlstadt *	Joseph Crifasi	no
Executive Director	Paul Laracy	yes
Saddle River	Michael Mariniello	no
Moonachie	Anthony Ciannanmea	no
Alpine	Paul Tomasko	no
Wanaque Valley Regional Sewerage Authority	Frank Covelli	no
Emerson	Elizabeth Garis	no
Wood-Ridge	Dominick Azzolini	no
<b>Fund Attorney</b>	Russ Huntington	yes
Westwood	John Birkner	no
N. Arlington	Fund Commissioner	no
Rochelle Park	Elizabeth Kroll	yes
Ridgefield Park	Hugo Poli	yes
S. Hackensack	Donna Gambutti	no
Rutherford	Peter Van Winkle	yes
Wallington	Victor Baginski	no
East Rutherford *	John Hansen	yes
East Rutherford BOE *	Fund Commissioner	no
Carlstadt BOE *	Fund Commissioner	no

## **BENEFITS OPERATIONS**

**MANDATORY USAGE OF THE ONLINE ENROLLMENT SYSTEM** - Usage of the online enrollment system is in full progress. The PERMA Enrollment Department continues to offer assistance to HR representatives as they acclimate themselves with system. Please reach out to our Enrollment Team if you are in need of training.

**CONTACT INFORMATION** - Please direct any eligibility, enrollment, billing or system related questions to our dedicated BMED Team. The team can be reached by email at [bmedenrollments@permainc.com](mailto:bmedenrollments@permainc.com) or by fax at 856-685-2257.

**BROKER EMAIL BOX** - Perma is excited to announce the roll out of our Risk Manager advocacy box. To better manage volume and take advantage of the full PERMA staff, we will be implementing a brokers only email box for claims issues and benefit inquiries. In the event a PERMA staff member is out of the office or unavailable, any member of the PERMA service team will be able to respond to inquiries. This process will improve work flow and provide faster response time.

**IN-NETWORK UTILIZATION** - PERMA and fund consultants have developed a employee payroll flyer to encourage in-network utilization. The flyer reminds members they have additional cost exposure if they utilize non-participating providers. The flyer will be distributed to all BMED member entities for employee distribution.

**UNITED HEALTHCARE MEDICARE ADVANTAGE UPDATE** - As of June 1<sup>st</sup> 2015 all BMED Medicare aged retirees will be transitioned from the current Aetna Medicare Advantage offering to a United Healthcare Medicare Advantage Plan.

Below are what retirees can expect as a result of the transition.

- Retirees will be automatically enrolled in the UnitedHealthcare Group Medicare Advantage. They do not need to complete an enrollment form.
- Aetna Medicare Advantage will send out two separate notices, notifying retirees that coverage is ending as of May 31, 2015. The termination notices are a required by CMS to be sent when a Medicare Advantage Plan is terminating.
- In the next coming weeks, retirees will receive additional information in the mail from UnitedHealthcare about the plan.
- Retirees will receive a new ID card from UnitedHealthcare on or before June 1, 2015.
- Retirees will need to notify their medical providers of the change to UnitedHealthcare and be sure to present their new ID card for services on or after June 1, 2015.
- Prescription drug plan is NOT part of this plan; however certain drugs may be covered at no additional cost under this plan. Retirees should continue to use their current prescription benefit ID card. They should present both your new

UnitedHealthcare ID card and their prescription benefit ID card, when filling prescriptions on or after June 1, 2015.

Executive Director apologized for the Aetna termination notices being sent prior to the United Healthcare transition notification.

**2015 PPACA UPDATES** - In our constant effort to keep you informed of the ongoing progression of PPACA, the following communications regarding 2015 PPACA updates are included in the attachment section of this report:

**CADILLAC TAX** - The Cadillac Tax imposes a 40% non-deductible tax on the excess amount of the aggregate cost of “applicable employer-sponsored coverage” in a calendar year. Applicable employer-sponsored coverage is generally defined as the coverage under any group health plan made available to employees by an employer which is excludable from the employee’s gross income or would be excludable from the employee’s gross income under IRC section 106. The definition of “employees” includes former employees, retirees, surviving spouses and “other primary insureds” (an undefined term). The tax applies to all employers subject to excise tax provisions of the IRC which includes all private employers, regardless of size, and also includes tax exempt and governmental entities. The excess amount of the total cost of coverage, from which the tax is calculated, is the amount of applicable coverage which exceeds the annual statutory limits, which have been set at \$10,200 for individual coverage and \$27,500 for other-than-individual coverage for the 2018 tax year.

The tax is calculated on a monthly basis, but is assessed on a calendar year basis. The value of applicable coverage must be calculated based on approved methods identified in the guidance and the rules permit adjustments to the limits for retirees and high risk professions, as well as age and gender adjustments. Adjustments will also be made through 2018 and beyond for health cost inflation.

Each provider of coverage is responsible for paying its share of the tax. For all fully-insured coverages, the health insurer is the coverage provider. For self-insured coverages or other coverage, the employer/plan administrator is responsible for paying the tax. Keep in mind that while the coverage provider is responsible for paying the tax, employers sponsoring health plans are responsible for calculating the tax and determining the share of the tax attributable to each coverage provider. In general, penalties may be assessed on employers who miscalculate the tax or fail to correctly attribute the tax to the responsible party. The employer may be responsible for a penalty equal to 100% of the error plus interest. The IRS reserves the right to waive penalties for employers who can prove they were not aware of the mistake provided the mistake is corrected timely, within 30 days.

**RECORDKEEPING AND REPORTING** - To assist with ACA required recordkeeping and reporting requirements (1094/95 B &C), PERMA can run census and data reports out of the Benefits Express system that can be utilized to generate the necessary reports.

If you'd like a standard report, please have your Risk Managers reach out to Jozsef Pfeiffer at [jpfeiffer@permainc.com](mailto:jpfeiffer@permainc.com). The expected turn around time to receive reports is 7-10 business days.

**FUND ATTORNEY** - No report.

**TREASURER** - Fund Treasurer said his report was included in the agenda and the bills lists were included in the consent agenda. In addition, he said he is in the process of bringing the deposits back to TD Bank from Wells Fargo.

**RESOLUTION 18-15 FEBRUARY 2015 BILLS LIST**

<b>FUND YEAR</b>	<b>AMOUNT</b>
2014	\$258.69
2015	\$243,161.40
<b>TOTAL</b>	<b>\$243,420.09</b>

**BOARD ADVISOR** - No report

**AETNA - THIRD PARTY ADMINISTRATOR** - Ms. Ward introduced Mr. Silverstein who will be attending the meetings during her maternity leave. She reviewed the claims which were understated due to the migration to the new platform. Overall, the Fund is seeing low claim costs, although the next month's report will catch up. In response to Commissioner Kunze, Ms. Ward said she has not seen a dramatic claim increase in real time, so the true numbers should be average, which is trending similar to 2014.

**PHARMACY NETWORK (Express Scripts)** - No report

**DELTA DENTAL** - Ms. White distributed a network utilization report which was high for in network. The savings by plan design was also included. The PPO showed the most savings.

*Treasurer's Report Made Part of the Minutes*

**CONSENT AGENDA:**

The following Resolutions listed on the Consent Agenda will be enacted in one motion

Resolutions	Subject Matter
17-15	Amending Standard Provisions within Fund Professional Service Agreements
18-15	Authorization of March and April 2015 Bills List
19-15	Certification of Claim Payments/Imprest Transfers
20-15	Resolution for Executive Session - For specified purpose of Claims discussion

**MOTION TO APPROVE THE CONSENT AGENDA:**

<b>MOTION:</b>	Commissioner Baginski
<b>SECOND:</b>	Commissioner Gambutti
<b>ROLL CALL VOTE:</b>	8 Ayes, 0 Nays

**OLD BUSINESS:** None.

**NEW BUSINESS:** none

**PUBLIC COMMENT:** None

**MOTION TO ADJOURN:**

<b>MOTION:</b>	Commissioner Poli
<b>SECOND:</b>	Commissioner Hart
<b>VOTE:</b>	Unanimous

**MEETING ADJOURNED:** 12:50 pm

**NEXT MEETING:** June 25, 2015  
Franklin Lakes Borough  
12:00 P.M.

Emily Koval, Assisting Secretary  
Date Prepared: June 17, 2015