

**CENTRAL JERSEY HEALTH INSURANCE FUND
OPEN MINUTES
JANUARY 15, 2014
BRIELLE BOROUGH MUNICIPAL BUILDING
1:30 PM**

Meeting called to order by Chairman Thomas Nolan. The Open Public Meeting notice read into record.

PLEDGE OF ALLEGIANCE

MEETING OF EXECUTIVE COMMITTEE CALLED TO ORDER

ROLL CALL OF 2013 EXECUTIVE COMMITTEE:

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
Adeline Schmidt	Township of Shrewsbury	Present
EXECUTIVE	COMMITTEE	
Richard Bethea	Borough of Ship Bottom	Present
Jerome Cevetello	Manasquan River RSA	Present
William Rieker	Township of Lakewood	Present
Joseph Gilsenan	Township of Brick	Present
Diane Lapp	Township of Manchester	Present
ALTERNATES:		
Adam Hubeny	Borough of Atlantic Highlands	Present
Jane Gillespie	Borough of Spring Lake	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval	Present Present
Program Manager	Conner Strong & Buckelew	Brandon Lodics Jozsef Pfeiffer	Present Present
Attorney	Berry, Sahradnik, Kotzas & Benson	Jack Sahradnik	Present
Treasurer		Stephen Mayer	Present
Network & Medical Claims Service	Qualcare Inc.	Sharon Seitzman Jerry Eisenberg Gary Epstein	Absent Present Present
Network & Medical Claims Service	Aetna	Kim Ward	Present

Dental Claims Service	Delta Dental	Beth Jackson	Present
Rx Administrator	Express Scripts	Susan Wolf Katty Mercado	Absent Absent
Auditor	Holman & Frenia	Rodney Haines	Absent

OTHERS PRESENT:

Bill Coy, Borough of Interlaken
Peter Gorbatuck, Borough of Englishtown
Joseph Linker, Conner Strong & Buckelew
Eva Biviano, Red Bank
Joe Diorio, Manasquan
Diane Peterson, Conner Strong & Buckelew
John Lajewski, Conner Strong & Buckelew
Cindy Lisa, Danskin
Dominic Cinelli, Brown and Brown

CORRESPONDENCE: None

APPROVAL OF MINUTES: NOVEMBER 20, 2013 OPEN:

MOTION TO APPROVE OPEN MINUTES OF NOVEMBER 20, 2013:

MOTION: Commissioner Lapp
SECOND: Commissioner Gilsenan
VOTE: Unanimous

ADJOURN SINE DINE MEETING - Chairs vacated – Chairman Nolan asks Executive Director to run meeting.

MOTION TO ADJOURN SINE DIE MEETING:

MOTION: Commissioner Cevetello
SECOND: Commissioner Schmidt
VOTE: Unanimous

ROLL CALL OF 2014 FUND COMMISSIONERS:

CJHIF 2014 FUND COMMISSIONERS		
MEMBER	COMMISSIONER/CONTACT	
ATLANTIC HIGHLANDS BOROUGH	Adam Hubeny	Present
BOROUGH OF ALLENTOWN	June Madden	Absent
BOROUGH OF RED BANK	Eva Biviano	Present
BRIELLE BOROUGH	Tom Nolan	Present
ENGLISHTOWN BOROUGH	Peter Gorbatak	Present
LAKWOOD TOWNSHIP	William Rieker	Present
MANASQUAN RIVER REG'L SEWERAGE AUTH	Jerome A. Cevetello, Jr.	Present
MANCHESTER TOWNSHIP	Dianne Lapp	Present
PLUMSTED TOWNSHIP	Eric Surkol	Absent
SHIP BOTTOM BOROUGH	Richard Bethea	Present
TOWNSHIP OF SHREWSBURY	Adeline Schmidt	Present
BRICK TOWNSHIP	Joseph Gilsonen	Present
BOROUGH OF MANASQUAN	Joseph DeIorio	Present
BOROUGH OF INTERLAKEN	Dawn McDonald	Absent
BOROUGH OF SPRING LAKE	Jane Gillespie	Present
TOWNSHIP OF ABERDEEN	Angela Morin	Absent
BOROUGH OF NEPTUNE CITY	Mary Sapp	Absent
BOROUGH OF MATAWAN	Louis Ferrara	Absent
EATONTOWN SEWERAGE AUTHORITY	Theodore Lewis	Absent
TOWNSHIP OF MONTGOMERY	Donato Nieman	Present
TOWNSHIP OF BEDMINSTER	Judith Sullivan	Absent
WEST LONG BRANCH TOWNSHIP	Victor Cantillo	Absent
KEYPORT BOROUGH	Lorene Wright	Absent

A quorum of Fund Commissioners was achieved. The following nominations were presented and resolutions adopted.

Commissioner Schmidt offered the following nominations for the 2014 Executive Committee:

Nomination of Chairperson: **Thomas Nolan**

Nomination of Secretary: **Adeline Schmidt**

Nomination of Executive Committee: **Richard Bethea**
Jerome Cevetello
William Reiker
Joseph Gilsonen
Diane Lapp

Nomination of Alternates: **Adam Hubeny**
Jane Gillespie

MOTION TO APPROVE NOMINATION OF 2014 EXECUTIVE COMMITTEE

MOTION: Commissioner Schmidt
SECOND: Commissioner Cevetello
VOTE: 13 Ayes, 0 Nays

Oaths of Office distributed, and Fund Attorney swore in the 2014 Executive Committee.

ROLL CALL OF 2014 EXECUTIVE COMMITTEE

CHAIRPERSON		
Thomas Nolan	Borough of Brielle	Present
SECRETARY		
Adeline Schmidt	Township of Shrewsbury	Present
EXECUTIVE	COMMITTEE	
Richard Bethea	Borough of Ship Bottom	Present
Jerome Cevetello	Manasquan River RSA	Present
William Rieker	Township of Lakewood	Present
Joseph Gilsenan	Township of Brick	Present
Diane Lapp	Township of Manchester	Present
ALTERNATES:		
Adam Hubeny	Atlantic Highlands Twp	Present
Jane Gillespie	Borough of Spring Lake	Present

EXECUTIVE DIRECTOR:

Executive Director thanked the board for the reappointment and reported on the following items:

REORGANIZATION RESOLUTIONS - The 2014 Reorganization Resolutions for adoption were included in the agenda. Resolution 1-14 awards professional vendor contracts and fees for the 2014 Fund year. Resolution 10-14 added Commissioner Schmidt and Bethea as MRHIF Fund Commissioner and Alternate, respectively.

MOTION TO ADOPT RESOLUTION 1-14, AS PRESENTED

MOTION: Commissioner Schmidt
SECOND: Commissioner Gilsenan
VOTE: 7 Ayes, 0 Nays

MOTION TO ADOPT RESOLUTION 2-14 THROUGH 11-14, AS PRESENTED

MOTION: Commissioner Schmidt
SECOND: Commissioner Gilsenan
VOTE: 7 Ayes, 0 Nays

PRO FORMA REPORTS – The agenda included the Fast Track Financial Report – as of November 30, 2013. Executive Director said there was a deficit from 2013, but waiting for the final IBNR to determine how much of a deficit.

2011 SUPPLEMENTAL ASSESSMENT - As presented in the budget introduction, after applying the MRHIF dividend to the 2011 and 2012 years, several former members and one current member have negative balances in the closed year account due to the deficit in the Fund’s 2011 year.

Spotswood BOE	(23,476.18)
Holmdel	(39,548.87)
Green Brook TWP BOE	(35,211.27)
Montgomery Twp	(42,847.63)
Total	(141,083.95)

As part of the 2014 financial plan, the Fund should declare a supplemental assessment for 2011 to eliminate the deficit and to provide a formal basis for collecting this money under the terms of the indemnity and trust agreements. The 2013 fund year also reflects a deficit at this time. If that deficit persists, similar action would need to be taken upon the close out of that year (in late 2014 or early 2015).

A resolution is included to introduce these assessments and hold a public hearing on March 19, 2014 to adopt.

MOTION TO ADOPT RESOLUTION 12-14 TO INTRODUCE ESTABLISHING A SUPPLEMENTAL ASSESSMENT FOR THE 2011 FUND YEAR.

MOTION: Commissioner Schmidt
SECOND: Commissioner Gilsenan
VOTE: 7 Ayes, 0 Nays

FINANCE COMMITTEE - The Finance Committee will meet prior to the meeting to discuss Lakewood’s request for a dividend. Commissioner Cevetello said the Committee had no recommendations to present to the Executive Committee at this time. He made a motion to authorize the Fund authorize the actuary to review the possibility of distributing closed year

balances above the 2.5 months of claim retention policy to all Members, as per a request by Lakewood.

MOTION TO AUTHORIZE THE ACTUARY REVIEW FUND RETENTION OPTIONS WITH RESPECT OT CLOSED YEAR FUNDS FOR ALL MEMBERS.

MOTION:	Commissioner Cevetello
SECOND:	Commissioner Lapp
VOTE:	7 Ayes, 0 Nays

REGULATORY

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** – as of November 6, 2013

LEGISLATIVE UPDATE - The Fund has yet to receive a response from the letter we sent to the congressional delegation at the end of last year regard the Affordable Care Act. PERMA is working with the Fund Lobbyist; KZG, to set up a meeting with Congressman Frank Pallone to discuss the impact the ACA will potentially have on the Fund, in particular the 2018 Cadillac Tax. For your information, a power point presentation including key points of the impact of this tax was included in the distribution of the agenda.

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The Municipal Reinsurance Health Insurance Fund met on December 11, 2014 at 2 pm at the Saddle River Borough Hall. The MRHIF held its annual public hearing and adopted the 2014 budget in the amount of \$9,705,102. In addition, the Committee approved the release of an RFQ for Pharmacy Benefit Manager, which the current contract expires March 2015. He said since the Medco merge, service has declined and the pricing is not transparent. Commissioner Schmidt's report is included.

INCLEMENT WEATHER REPORT - A procedure has been instituted for Commissioners to confirm whether a meeting has been cancelled. The Executive Director will talk to the Chair to determine if a meeting should be cancelled. In the case of an early morning or evening meeting, PERMA will leave a message, which can be obtained by dialing the Fund's main number of (201) 881-7632 and on the Fund website.

BENEFITS OPERATIONS

PRO FORMA REPORTS

- **Client Activity Report** - as of November 30, 2014
- **Plan Documents** – as of November 30,2014
- **Claim Appeals** – One appeal for closed session

ENROLLMENTS - All enrollment and billing questions should be directed to our dedicated enrollment team. The CJHIF enrollment team may be contacted via email at cjhifenrollments@permainc.com or by facsimile at 856-685-2258.

OPEN ENROLLMENT - All enrollment forms that were received for members who elected to make changes during open enrollment have been processed and changes have been updated with the carriers.

ONLINE ENROLLMENT SYSTEM TRAINING - PERMA is planning upcoming training session for the online enrollment system. Save the date notifications will be coming out in the next few weeks.

QUALCARE ID CARDS - All employees enrolled in Qualcare received new Medical ID cards. The new cards reflect the new exclusive free standing lab agreement with Quest Diagnostics, as well as any changes made during Open Enrollment. At the request of the Executive Committee, a payroll stuffer was distributed to all groups notifying them of the issuance of new cards by Qualcare. Attached for your reference

All employees who made changes during Open Enrollment have received their new benefit elections.

UTILIZATION MANAGEMENT- January 2013 - Based on a claims comparison between 2012 and 2013, the utilization management tools, such as Triad Chiropractic review, have produced an estimated savings of \$11.15 per employee per month.

EXPRESS SCRIPTS FORMULARY UPDATE - On Friday, December 20th, PERMA sent out the below email to all Benefit Administrators and CJHIF Commissioners with Express Scripts prescription coverage. If you or your group's representative has not received this communication, please reach out to me (blodics@permainc.com / 856-552-4628) and I will make sure it is forwarded in its entirety.

Within the next couple of weeks affected members will begin receiving notifications from Express Scripts, of any impacted prescription they may be filling/have filled. Sample letters are attached for your reference.

The following plan update has been scheduled for implementation on April 1, 2014:

2014 EXPRESS SCRIPTS' PREFERRED DRUG FORMULARY UPDATE - Express Scripts, Prescription Drug Benefit Manager (PBM) to the Central Jersey Health Insurance Fund (CJHIF), regularly reviews their National Preferred Formulary to guarantee the safest and most effective medications are available to its members.

Beginning on **April 1, 2014**, certain medications will no longer be available to CJHIF members. Express Scripts' team of clinical physicians and pharmacists has guaranteed that a suitable replacement medication will be available to all patients affected.

Physicians of affected members may call 1-800-753-2851 to request a clinical exception.
Clinical exceptions will be reviewed and considered by Express Scripts clinical staff.

Attached please see the 2014 Express Scripts Formulary .

In response to Commissioner Lapp, Mr. Lodics said that the letters have been sent to only those who will be affected at this time.

Member Communications:

Over the next several weeks, members who have or are currently utilizing one or more of the affected medications will be receiving a letter from Express Scripts. This letter will provide a detailed list of all medications that are affected by this formulary update, as well as the recommended alternatives. We recommend that all patient's who receive a letter, share it with their treating physicians to guarantee a smooth transition on and after April 1st

HEALTHCARE REFORM COMPLIANCE - As of January 1, 2014 the Patient Protection and Affordable Care Act (PPACA), require that all group health plans include an in-network out of pocket maximum, no greater that \$6350 Individual and \$12,700. family. In order to comply with this, all CJHIF plans that currently do not have in-network out of pocket maximum, or have an in network out of pocket maximum greater than \$6350/\$12,700. These out of pocket maximums will be inclusive of any in network medical copays, deductibles or coinsurance that a member may experience in a calendar year.

Both carriers have confirmed, plans have been updated in the claims adjudication system. We are working on a plan to update all Plan Documents accordingly, for groups this applies to.

In order to comply with PPACA, all plan change requests must be submitted no less than 90 days in advance of the desired effective date.

MEDICARE ADVANTAGE 2014 UPDATE -As of January 1, 2014, original Medicare (CMS) made an update to this benefit. Medicare's clinical team has deemed 1 routine screening per 24 months as medically necessary. This plan update has been made to Medicare's plan nationally and is affecting all Medicare enrollees, including the CJHIF Medicare Advantage Plan. When advised of this change by CMS, AETNA requested an exemption to this policy, but was declined by CMS. Please be assured that additional screenings are available to patients in situations of medical necessity, including but not limited to: high risk of cervical or pelvic cancer, history of cancer, and women who may have received an abnormal pap smear within the previous 3 years.

In January 2014 PERMA enrollments will run a report that identifies all retirees and spouses who will reach 65 during the year. Medicare Advantage enrollment materials will be mailed to all newly eligible retirees and spouses 60 days prior to their 65th birthday.

BENEFITS DESIGN

PLAN CHANGE RATIFICATION - Manasquan – Effective 3/1/14, will be adding Direct 10 and Direct 15 match on Qualcare.

Ship Bottom – Effective 2/1/14, will be adding the CJHIF PPO Core and Buy Up with Qualcare and AETNA, as well as a PPO Plan to AETNA

Atlantic Highlands – Effective 1/1/14 updated eligibility rules to comply with PPACA.

MOTION TO APPROVE THE BOROUGH OF ATLANTIC HIGHLANDS TO UPDATE ELIGIBILITY RULES TO COMPLY WITH THE PPACA, THE BOROUGH OF SHIP BOTTOM TO ADD LOW COST PLANS AND PPO PLANS EFFECTIVE FEBRUARY 1, 2014 AND THE BOROUGH OF MANASQUAN TO ADD DIRECT 10 AND DIRECT 15 PLANS EFFECTIVE MARCH 1, 2014.

MOTION: Commissioner Gilsenan
SECOND: Commissioner Lapp
VOTE: Unanimous

TREASURER: Fund Treasurer was absent; Executive Director read the report that was included in the agenda.

Bills lists:

December 2013 – Confirmation of Payment

FUND YEAR 2013	\$338,283.79
TOTAL ALL FUND YEARS	\$338,283.79

January 2013 – Resolution 13-14

FUND YEAR 2013	\$1,835.48
FUND YEAR 2014	\$315,627.26
TOTAL ALL FUND YEARS	\$317,462.74

MOTION TO ADOPT RESOLUTION 13-14 TO PAY JANUARY 2014 BILLS LIST AND TO APPROVE BALANCE OF TREASURER’S REPORTS AS SUBMITTED:

MOTION: Commissioner Schmidt
SECOND: Commissioner Bethea
VOTE: 8 Ayes, 0 Nays

ATTORNEY:

No report

QUALCARE: The Qualcare payment report was distributed and reviewed by Mr. Epstein showing total charges of \$32 million for 2013.

AETNA: Ms. Ward reviewed November and December claim payments which were lower than prior months in 2013. The Fund received the broker bonus in the amount of \$3,815. IN addition, the enhanced case management program is doing very well and she expects to have some success stories for the next meeting.

EXPRESS SCRIPTS:

No report

DELTA DENTAL:

NO report

NEW BUSINESS:

None

OLD BUSINESS:

None.

PUBLIC COMMENT:

None

MOTION TO ENTER EXECUTIVE SESSION:

MOTION:	Commissioner Gilsenan
SECOND:	Commissioner Lapp
VOTE:	Unanimous

MOTION TO AUTHORIZE PROGRAM MANAGER TO RESPOND TO CLAIM 12-13-02 USING THE RECOMMENDATION OF THE INDEPENDENT CLAIM REVIEWER AND RATIFY AT THE NEXT MEETING.

MOTION:	Commissioner Lapp
SECOND:	Commissioner Schmidt
VOTE:	Unanimous

MOTION TO ADJOURN MEETING:

MOTION:	Commissioner Bethea
SECOND:	Commissioner Gilsenan
VOTE:	Unanimous

MEETING ADJOURNED: 1:50 PM