

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: FEBRUARY 27, 2014
SADDLE RIVER BOROUGH HALL
12:00 P.M.**

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

ROLL CALL OF 2014 EXECUTIVE COMMITTEE:

Chairperson		
Charles Cuccia	Borough of Saddle River	Present
Secretary		
Peter Van Winkle	Borough of Rutherford	Present
Executive Committee	Members	
Robert Hoffmann	Borough of Westwood	Present
Maureen Iarossi-Alwan	Borough of Montvale	Present
Hugo Poli	Village of Ridgefield Park	Absent
Victor Baginski	Borough of Wallington	Present
Richard Kunze	Borough of Oakland	Present
Alternates		
Gregory Hart	Borough of Franklin Lakes	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval
Attorney	Huntington Bailey, LLP	Russell Huntington
Treasurer	Joseph Iannaconi	
Third Party Administrator	Aetna	
Dental Claims Administrator	Delta Dental of NJ, Inc.	Amy Leher
Auditor	Lerch, Vinci & Higgins	
Actuary	John Vataha	
Independent Consultant	LaMendola Associates	Clark LaMendola
Benefits Consultant	Conner Strong	Brandon Lodicis
RX Administrator	Express Scripts	

OTHERS PRESENT:

Frank Covelli, PIA
Tom Konikowski, Konikowski Insurance
Donna Gambutti, South Hackensack Twp
Deb Ginetto, Burton Agency
Matt McArow, Otterstedt

CORRESPONDENCE – None

APPROVAL OF MINUTES: January 23, 2014

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF JANUARY 23, 2014:

MOTION: Commissioner Baginski
SECOND: Commissioner Iarossi- Alwan
ROLL CALL VOTE: Unanimous

EXECUTIVE DIRECTOR’S REPORT

FINANCES

PRO FORMA REPORTS

- **Fast Track Financial Reports** – as of December 31, 2013
 - **Historical Income Statement**
 - **Cash Flow Tracking Reports**

Executive Director reviewed the Financial Fast Track which showed a \$2 million surplus increase in 2013, of which \$565,000 came from the MRHIF. Currently, the surplus is at \$9 million, which is the highest it has ever been for this Fund.

1099 REQUIREMENTS - Per the Internal Revenue Code when issuing payments to vendors, a JIF, HIF or insurance Commission must have the Employer Identification Number (EIN) before issuing a check.

THE BILL FROM ANY VENDOR SHALL NOT BE PROCESSED FOR PAYMENT UNLESS THE VENDOR HAS ITS W-9 ON FILE WITH THE FUND OFFICE.

MOTION: Commissioner Baginski
SECOND: Commissioner Iarossi- Alwan
ROLL CALL VOTE: Unanimous

REGULATORY

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** – as of February 19, 2014

BMED MEMBERSHIP AND GOVERNANCE DISCUSSION - At our last meeting, we were advised that Park Ridge may be terminating its medical membership in the Fund. Since then, we have received their resolution to terminate medical coverage but to remain in the Fund for dental coverage. This will reduce membership in the medical self insured plan from 816

employees/2,100 members down to 738 employees/1893 members. Park Ridge has had relatively poor loss experience over the past several years and has received higher than average rate increases.

BMED has experienced net membership attrition to the SHBP over the past several years for members that have had poor loss experience. Our unofficial objective has been to maintain critical mass membership in the medical line of at least 1,000 employees. While the Fund has had recent success in attracting new members such as Oakland and Franklin Lakes, this has not been enough to offset the loss of larger members such as North Arlington and Park Ridge. Because most BMED contracts provide for variable fees, the loss in membership will not result in higher fixed costs for BMED members. Additionally, because most services are purchased collectively through the MRHIF relationship, economies of scale will not diminish. Finally, BMED's retained earnings are at the highest level in its history due to conservative underwriting and the Fund's "rate stabilization reserve" strategy.

The reduction in membership can be addressed by following one or more of the following strategies:

1. Reinitiate efforts to re-grow the Fund.
 - SHBP experience is now available at no cost creating the possibility of a membership campaign.
2. Temporarily or permanently merge with another Fund.
 - Discussions can take place with either the CJ or the NJ funds.
3. Reduce specific claim retention so that less risk is borne by the BMED and more by MRHIF.
 - This option is available but may be slightly more costly.

Board Advisor reviewed the possible action items. Chairman Cuccia suggested that the Risk manager fees be increased to entice brokers to submit for quotes. Board Advisor said he did not feel that the fees are a large factor. He suggested marketing Commissioner ownership, healthy surplus, flexibility and strong administration. Commissioner Van Winkle agreed with marketing to current State Health members now that their experience is free. He suggested Ramsey, Mahwah and Hackensack. Chairman Cuccia said the municipalities in the private market should also be quoted and asked the current risk managers to assist in marketing the Fund. Mr. Covelli said the Fund is in a good position to focus on marketing after the loss of some poorer performing members. Commissioner Hoffmann suggested sending Fund marketing to current members to have them spread the word. Board Advisor encouraged this and asked that if there is an interested prospect, to let Fund Professionals know.

Executive Director said if the Fund is unsuccessful in marketing, the Fund can exist as is but may want to lower its risk retention. Board Advisor emphasized that the Fund is not in an emergent situation, but should begin thinking about future possibilities.

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The Municipal Reinsurance Health Insurance Fund held its annual reorganization meeting on February 5, 2014 at 2 pm at the Saddle River Borough Hall. The Commissioners adopted the 2014 professional

fees, as adopted in the budget, along with the 2014 Risk Management Plan and Cash Management Plan. The Commissioners also discussed recent legislation regarding the use of dividend money in the wake of Chapter 78. Commissioner Van Winkle's report was included. He said he hopes to speak with Senator Sarlo soon regarding the HIFs impact from Affordable Care Act.

DELTA DENTAL REPORTING - Earlier this month, PERMA met with Delta Dental to discuss the Fund performance, network marketing and some reporting options. The agenda includes a new quarterly report.

BENEFITS OPERATIONS

PRO FORMA REPORTS

- **Claim Appeals** – One

ENROLLMENTS - All enrollment and billing questions should be directed to our dedicated enrollment team. The BMED/Gateway enrollment team may be contacted via email at BMEDenrollments@permainsc.com or by facsimile at 856-685-2257

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

UPDATE TO PPACA EMPLOYER REQUIREMENTS - *February 10, 2014:*

Companies that have 100 or more full-time workers, defined as employees who work more than 30 hours per week, will still have to begin complying with the mandate to offer such coverage in 2015 or face financial penalties. However, the Treasury Department announced today that larger companies, those with 100 or more full time workers, will only have to offer affordable insurance coverage to 70% of their full-time workers in 2015 to comply with the law or face penalties. This is down from a requirement to cover 95% of their workforce come 2015 as originally proposed by regulations. Larger employers with 100 or more full time employees must increase that offer to 95% of workers by 2016 under the final rule announced Monday.

Note that companies with fewer than 50 full-timers are totally exempt from the PPACA mandate to offer health insurance to workers. That provision has not been changed.

The one year delay for smaller companies (50-100 workers) to comply with the mandate and the reduction from 95% to 70% of the workforce having to be covered in 2015 for larger companies (100 and above) represents the latest in a series of continued updates, changes and delays with the roll out of the PPACA. These delays shall provide employers more time to deal with the migration to comply with the litany of changes. They also continue to pose challenges as employers attempt to finalize design strategies to deal with the changes in the law.

Fund Attorney said that these standard updates are good policies to mention in Fund marketing efforts.

BENEFITS DESIGN

EXPRESS SCRIPTS FORMULARY UPDATE - On February 21, 2014, PERMA signed off on the removal of the updated 2014 Express Scripts' Formulary for the BMED Fund.

FUND ATTORNEY – no report

AETNA - THIRD PARTY ADMINISTRATOR – Chairman Cuccia said the Aetna report was included in the agenda.

PHARMACY NETWORK (Express Scripts) – No Report

DELTA DENTAL – Ms. Leher reviewed the report in detail. She suggested marketing tools focused on the 'serious population' listed in the report.

TREASURER - Fund Treasurer said his report was included in the agenda and the bills lists were included in the consent agenda.

RESOLUTION 14-14 FEBRUARY 2014 BILLS LIST

FUND YEAR	AMOUNT
2014	\$290,857.63
TOTAL	\$290,857.63

Treasurer's Report Made Part of the Minutes

BOARD ADVISOR: no report

CONSENT AGENDA:

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

Resolutions	Subject Matter
14-14	Authorization of February 2014 Bills List
15-14	Certification of Claim Payments/Imprest Transfers

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION: Commissioner Baginski
SECOND: Commissioner Hoffmann

ROLL CALL VOTE: 7 Ayes, 0 Nays

OLD BUSINESS: None.

NEW BUSINESS: none

PUBLIC COMMENT: Commissioner Hoffmann thanked Mr. Lodics with his recent assistance in Westwood.

MOTION TO ADJOURN:

MOTION:	Commissioner Kunze
SECOND:	Commissioner Baginski
VOTE:	Unanimous

MEETING ADJOURNED: 1:00pm

NEXT MEETING: April 24, 2014
Saddle River Borough Hall
12:00 P.M.

Emily Koval, Assisting Secretary
Date Prepared: February 21, 2013