

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
 OPEN MEETING: SEPTEMBER 25, 2014
 WESTWOOD BOROUGH HALL
 12:00 P.M.
 REVISED**

Meeting called to order by Acting Chair Hoffmann The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2014 EXECUTIVE COMMITTEE:

Chairperson		
Peter Van Winkle	Borough of Rutherford	Present *
Secretary		
Robert Hoffmann	Borough of Westwood	Present
Executive Committee	Members	
Hugo Poli	Village of Ridgefield Park	Absent
Victor Baginski	Borough of Wallington	Present
Richard Kunze	Borough of Oakland	Present
Gregory Hart	Borough of Franklin Lakes	Absent
Donna Gambutti	Township of South Hackensack	Present

APPOINTED OFFICIALS PRESENT:

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

OTHERS PRESENT:

Frank Covelli, PIA
 Deb Ginetto, RMC
 Matt McArow, Otterstedt
 Dave Vozza, Vozza Agency
 Tom Konikowski, Wallington

Sylvia Kokowski, Westwood

CORRESPONDENCE - None

APPROVAL OF MINUTES: August 28, 2014

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF AUGUST 28, 2014:

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

PRO FORMA REPORTS

- **Fast Track Financial Reports** - as of July 31, 2014
 - **Historical Income Statement**
 - **Cash Flow Tracking Reports**

Executive Director reviewed the Financial Fast Track that illustrated a \$1 million surplus this year, including operational income and MRHIF dividend.

INTRODUCTION OF 2015 BUDGET- The BMED 2015 budget materials are included. Using the guidance of the Executive Committee from last meeting, we have included a lower Out of Network reimbursement schedule of 150% of Mediare for providers and 175% of Medicare for facility. In addition, a discount for electing the National Preferred Formulary has been included. The savings are further depicted in the materials. However decided, we ask for a motion to introduce the budget and schedule a public hearing.

Executive Director said that this Fund has continually budgeted for a rate stabilization reserve for budgets that were slightly higher. This Fund is financially stable, so he suggested using this reserve to stabilize the rates. By statute, the Fund may only use a maximum of 2.5% or \$470,000. Each member would see a .4% reduction overall. The Fund also has the option of releasing a dividend of about \$1 million, which could sustain up to 3 years if financials remained stable. Using the stabilization reserve does not deplete the Fund's surplus, unlike the dividend. Chair Van Winkle said there are some members facing higher than average increases this year, so using the reserve is a good option, rather than a dividend. He said he was in favor of using the maximum allowed at \$470,000. Commissioner Kunze said the budget without the maximum stabilization reserve is reasonable, compared to the trend. If this reserve is used, there could be a bigger swing next year. Although \$70,000 is not a significant amount this year, if the Fund uses approximately \$70,000 every year to maintain this lower rate over time, it will become significant. Commissioner Gambutti and Baginski agreed to using the maximum reserve for the 2015 budget. Acting Chair Hoffmann said that there are some members that may really benefit from a rate reduction at this time.

MOTION TO INCLUDE \$470,000 OF THE RATE STABILIZATION RESERVE IN THE 2015 BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND BUDGET

MOTION: Commissioner Baginski

SECOND: Commissioner Hoffmann
ROLL CALL VOTE: 4 Ayes, 1 Nay (Nay - Commissioner Kunze)

Executive Director reviewed all lines of the proposed budget. He said many professionals took reductions or flat fee requests, but requested to revisit if the Fund expands. Ms. Ward said Aetna has offered a flat renewal, which will be reflected in the adoption. In response to Board Advisor, Executive Director said that the medical claim increases seemed to be driven by the out of network fee schedule and normal trend of 7-8%. He said the Out of Network claims are 10% higher than the Aetna book of business. One member had poor experience that left in May that has been considered in the renewal.

MOTION TO INTRODUCE THE BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND BUDGET FOR 2015, AS AMENDED AND ADVERTISE A PUBLIC HEARING FOR OCTOBER 23, 2014 TO ADOPT THE BUDGET.

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

ADMINISTRATION

PRO FORMA REPORTS

- **Regulatory Compliance Checklist** - as of September 19, 2014 (*page 8*)

MUNICIPAL REINSURANCE HEALTH INSURANCE FUND - The MRHIF met on September 10, 2014. Chairman Van Winkle's report is included. The 2015 budget was introduced which illustrates no changes in the local HIF retentions. The overall increase is 4.34%. In addition, the Committee reviewed the Pharmacy Benefit Manager RFP evaluation recommendation and approved the criteria suggested by the Fund Administrator, which is included in the report. The RFP will be expected to be released next week with a response due date of early November.

MEETING WITH SENATOR PAUL SARLO - The MRHIF lobbyist has set a new date of October 14th to meet with Senator Sarlo which Chairman Van Winkle will be attending. We will report at the next meeting.

BENEFITS OPERATIONS

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

OPEN ENROLLMENT - To provide additional Benefits Express training time and assure all rates are received prior to the open enrollment period. The BMED/GATEWAY Open Enrollment will be held in November.

Open Enrollment materials will be shipped the last week of October. Members are instructed to have all information back to the HR Contacts by Tuesday November 25th. PERMA will then work with the HR Contacts in ensuring that all information entered into the Online Enrollment System is correct. All enrollments must be in the system by Friday, December 5th in order to guarantee a New ID card is received prior to January 1st.

Open Enrollment materials for active employees will be bulk shipped to a group representative to be distributed. Retiree and COBRA enrollees will receive their Open Enrollment Materials via standard mail.

ONLINE ENROLLMENT SYSTEM TRAINING - The majority of our medical groups is compliant with the online training system and has been using the system successfully. For the small number of groups that are not using the system Karen Kidd will continue to hold training sessions. If your HR representative has not participated in training and does not have access to the online enrollment system, they should contact Karen Kidd at kkidd@permainc.com.

We ask for the assistance of the Risk Managers of the dental only groups in getting them more active on the enrollment system. We have very little participation from this population.

Please see updated training schedule below:

On Line Enrollment System Training Schedule	
<u>Date</u>	<u>Time</u>
Thursday, October 9	2:00 - 3:00
Thursday, October 16	11:00:00 - 12:00
Thursday, October 23	2:00 - 3:00

AETNA NEW ID CARDS 1-1-15 - Aetna will be migrating a portion of BMED/GATEWAY member population base to a new platform effective 1-1-15. This will cause these members to receive new ID Cards for 1-1-15 even if they have not made changes during Open Enrollment. We will continue to communicate details regarding the migration in the upcoming Agendas. Sample ID cards are included in this agenda.

**Employees who currently are enrolled in a Choice POS II (Open Access) plan will not be affected. Those employees currently have ID numbers that start with a "W."

Current Platform Name	2015 Platform Name
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<i>Choice POS (OA)</i>	<i>Health Network Option</i>
<i>HMO</i>	<i>HMO</i>
<i>QPOS</i>	<i>QPOS</i>

Important Notes:

1. All benefit and coverage levels *will not* be changing
2. There will be no network provider disruption

PERMA is working on a 3 pronged communication campaign:

1. Letters To Business Administrators / Benefits Administrators- Early October
2. Payroll Stuffers To Employees - Middle/Late October
3. Reminder Open Enrollment Guide Insert- Distributed With OE Guides

EXPRESS SCRIPTS 2015 FORMULARY UPDATE - Express Scripts continues to negotiate with brand prescription manufacturers isolate the most cost effective medications. The 2015 formulary negotiations resulted in certain medications no longer being offered in the BMED/GATEWAY

In the BMED/GATEWAY, roughly 50members are being affected by this update. Physicians of affected members may request a clinical exception. Clinical exceptions will be reviewed and considered by the Express Scripts clinical staff.

Communications- Express Scripts will be notifying these members directly at least 60 days in advance of the update, notifying them of the preferred clinical equivalent. All prescribing physicians and Express Scripts participating pharmacies will be notified as well.

Advair - As a result of Express Scripts' formulary negotiations, the pharmaceutical manufacturer of Advair, has agreed to the terms outlined by Express Scripts and will be available to all Express Scripts members as a Formulary medication effective January 1, 2015.

BMED/GATEWAY LOW COST PLAN SUGGESTIONS - At the request of the Executive Committee, PERMA has worked in coordination of the Risk Managers to develop additional low cost medical and prescription plan offerings. We have developed 4 additional plans varying in premium savings. To request specific pricing for each, please reach out to your Risk Managers. A brief summary of the plan designs will be distributed at the meeting. Mr. Lodics said the savings will range from 8-30%: PPO, 2 EPOs and a high deductible plan. For January 1 implementation, he will need to know in 2 weeks. The plans are not to replace existing offerings, but to enhance for savings. Board Advisor asked for a workshop with members to describe the plan designs.

FUND ATTORNEY - no report

AETNA - THIRD PARTY ADMINISTRATOR - Ms. Ward reviewed the claims report included in the agenda which showed claims through July which were lower than prior months.

PHARMACY NETWORK (Express Scripts) - no report

DELTA DENTAL - No report

TREASURER - Chairman Van Winkle reviewed the bills lists included in the agenda for September

RESOLUTION 25-14 SEPTEMBER 2014 BILLS LIST

FUND YEAR	AMOUNT
2014	\$ 243,877.10
TOTAL	\$ 243,877.10

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
26-14	Authorization of September 2014 Bills List
27-14	Certification of Claim Payments/Imprest Transfers

MOTION TO APPROVE THE CONSENT AGENDA, AS DISCUSSED:

MOTION: Commissioner Kunze
SECOND: Commissioner Gambutti
ROLL CALL VOTE: 5 Ayes, 0 Nays

OLD BUSINESS: Commissioner Hoffmann said that the out of network surgicenters continues to be a high claimant in the BMED. Executive Director said he will review with the Actuary and Aetna.

Chairman Van Winkle asked the Fund to come back with options for Medicare Advantage plans in the United healthcare network. Executive Director said he will reach out to United Healthcare to get a quote.

NEW BUSINESS: none

PUBLIC COMMENT: None

MOTION TO ENTER EXECUTIVE SESSION TO DISCUSS A CLAIM APPEAL

MOTION: Commissioner Kunze

**SECOND:
VOTE:**

Commissioner Gambutti
Unanimous

MOTION TO ADJOURN:

**MOTION:
SECOND:
VOTE:**

Commissioner Kunze
Commissioner Gambutti
Unanimous

MEETING ADJOURNED: 1:10 pm

NEXT MEETING: October 22, 2014
Westwood Borough Hall
12:00 P.M.

Emily Koval, Assisting Secretary
Date Prepared: October 17, 2014