

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: AUGUST 16, 2016
CAFÉ CAPRI, EAST RUTHERFORD, NJ
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 2016 EXECUTIVE COMMITTEE:

Chairperson		
Peter Van Winkle	Borough of Rutherford	Present
Secretary		
Victor Baginski	Borough of Wallington	Absent
Executive Committee	Members	
Hugo Poli	Village of Ridgefield Park	Absent
Richard Kunze	Borough of Oakland	Present
Gregory Hart	Borough of Franklin Lakes	Absent
Donna Gambutti	Twp of S. Hackensack	Present
Michael Mariniello	Borough of Saddle River	Absent
Alternates		
Joseph Catenaro	Township of Fairfield	Absent
Gregory Franz	Borough of Edgewater	Present

APPOINTED OFFICIALS PRESENT:

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

OTHERS PRESENT:

Tom Ucko, IMAC Insurance Agency
Dave Vozza, Vozza Agency
Matthew Cavallo, Verona
Yvonne Hellwig, Fairfield

Matt McArow, RMC
Dan Saragnese, Fairfield BOE

CORRESPONDENCE - None

APPROVAL OF MINUTES: June 23, 2016

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF JUNE 23, 2016

MOTION:	Commissioner Gambutti
SECOND:	Commissioner Kunze
ROLL CALL VOTE:	Unanimous

FINANCES

PRO FORMA REPORTS

- **Fast Track Financial Reports - as of - June 30, 2016**
 - **Historical Income Statement**
 - **Cash Flow Tracking Reports**

Executive Director welcomed Ms. Hellwig from Fairfield BOE and Mr. Cavallo from Verona who will be joining the fund on 10/1.

Executive Director said the financial fast track shows a year to date surplus of 2.2 million.

2017 BUDGET INTRODUCTION - Following is the proposed 2017 budget reflecting an overall increase of 2.36%.

CLAIMS FUND

Medical claims are increasing 3%, while prescription and dental claims are staying flat.

This low increase is reflecting the success of the effort made in 2015 to reduce out of network claims. In network claims now represent 81.5% of all medical claims.

The Rx claim line came in flat partially due to the new ESI contract that has been in place for over a year. An audit of this contract has been performed and may result in rebates to the local Funds.

We are also working on the possibility of converting 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. The study is not complete, so rate reductions are not reflected in this budget but may be provided at the time of the program's inception.

REINSURANCE AND INSURED PROGRAMS

The Reinsurance renewal has not yet been received, but a 10% placeholder is being used for now. BMED's 2016 retention is \$225,000, which the Fund may consider increasing for additional savings. BMED has an excellent reinsurance loss ratio which will be discussed with the MRHIF.

Medicare Advantage rates are expected to rise by 5%.

RATE STABILIZATION RESERVE AND DIVIDENDS

This item can be adjusted at the discretion of the Executive Committee. The attached budget reflects the use of \$276,000 in surplus from prior years, which is the same used in the 2016 budget. The Fund could use up to \$693,000 for this purpose. The treatment of this line item should be coordinated with a discussion on a dividend. This credit benefits members with surplus from prior years, but not our new members that have yet to accumulate surplus balances.

CONTRACTS AND EXPENSES

Expenses for most professionals are projected to increase by 2%. Aetna has requested a slightly higher increase because their contract is proposed to include Level 1 claim appeals handling.

The Transitional Reinsurance Program Affordable Care Act tax is no longer applicable, but the Fund will continue to budget for the Comparative Effectiveness fee.

Although the financial details of the Wellness program have not been finalized, the budget includes \$75,000 for the pilot program.

Executive Director said level 1 appeals are currently being handled by Conner Strong but will be handled by Aetna going forward, causing a slightly higher increase in their fees.. He said the increase for the Actuary is up slightly more than 2% due to balancing the value of work across the Funds.

ASSESSMENTS

Assessments will be prepared using Fund policy developed over the last several years with average increases as follows:

- The medical and Medicare Advantage rate increase is 5%
- Rx rates are unchanged
- Dental rates are unchanged

In the past, the BMED only made loss ratio adjustment of up to +2.5%. Implementation of adjustments up to -2.5% is also recommended to incentivize members with excellent loss ratios to remain in the BMED.

Executive Director said the average assessment is 3.2%. In response to Mr. McArrow, Executive Director said the State has not released their increase yet. In response to Commissioner Kunze, Executive Director said the reasons behind the downward trend seem to be due to the market.

Executive Director said the RX increase was flat this year compared to prior years. Mr. Basile said the generic offering of Crestor is having a big impact.

Bergen Municipal Employee Benefits Fund												
ASSESSMENT COMPARISON FY2016 vs. FY2017												
Group Name	Annualized Assessment FY2016			Proposed Assessment FY2017			Difference \$			Difference %		
	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total
BOROUGH OF ALPINE	\$ 34,104	\$ 1,116	\$ 35,220	\$ 34,104	\$ 1,116	\$ 35,220	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF MOONACHIE	\$ 1,356,348	\$ -	\$ 1,356,348	\$ 1,386,816	\$ -	\$ 1,386,816	\$ 30,468	\$ -	\$ 30,468	2.25%	0.00%	2.25%
BOROUGH OF CARLSTADT	\$ 213,768	\$ -	\$ 213,768	\$ 213,768	\$ -	\$ 213,768	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF HILLSDALE	\$ 62,784	\$ 1,776	\$ 64,560	\$ 62,784	\$ 1,776	\$ 64,560	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF LODI	\$ 163,152	\$ 2,124	\$ 165,276	\$ 163,152	\$ 2,124	\$ 165,276	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF MONTVALE	\$ 1,062,144	\$ -	\$ 1,062,144	\$ 1,080,672	\$ -	\$ 1,080,672	\$ 18,528	\$ -	\$ 18,528	1.74%	0.00%	1.74%
BOROUGH OF NORTH APLINGTON	\$ 90,972	\$ 2,472	\$ 93,444	\$ 90,972	\$ 2,472	\$ 93,444	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF PARK RIDGE	\$ 145,332	\$ 660	\$ 145,992	\$ 145,332	\$ 660	\$ 145,992	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF RUTHERFORD	\$ 3,253,860	\$ 16,656	\$ 3,270,516	\$ 3,328,920	\$ 17,052	\$ 3,345,972	\$ 75,060	\$ 396	\$ 75,456	2.31%	2.38%	2.31%
BOROUGH OF WOODRIDGE	\$ 76,212	\$ -	\$ 76,212	\$ 76,212	\$ -	\$ 76,212	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF SADDLE RIVER	\$ 1,011,984	\$ 3,348	\$ 1,015,332	\$ 1,032,732	\$ 3,348	\$ 1,036,080	\$ 20,748	\$ -	\$ 20,748	2.05%	0.00%	2.04%
BOROUGH OF WESTWOOD	\$ 1,368,960	\$ 13,872	\$ 1,382,832	\$ 1,404,636	\$ 14,184	\$ 1,418,820	\$ 35,676	\$ 312	\$ 35,988	2.61%	2.25%	2.60%
TOWNSHIP OF SOUTH HACKENSACK	\$ 1,202,940	\$ 1,872	\$ 1,204,812	\$ 1,290,528	\$ 1,872	\$ 1,292,400	\$ 87,588	\$ -	\$ 87,588	7.28%	0.00%	7.27%
BOROUGH OF EMERSON	\$ 89,244	\$ -	\$ 89,244	\$ 89,244	\$ -	\$ 89,244	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
MAYWOOD BOROUGH	\$ 76,620	\$ -	\$ 76,620	\$ 76,620	\$ -	\$ 76,620	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF EAST RUTHERFORD	\$ 99,077	\$ 938	\$ 100,014	\$ 99,077	\$ 938	\$ 100,014	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF WALLINGTON	\$ 2,067,060	\$ -	\$ 2,067,060	\$ 2,098,692	\$ -	\$ 2,098,692	\$ 31,632	\$ -	\$ 31,632	1.53%	0.00%	1.53%
TOWNSHIP OF ROCHELLE PARK	\$ 62,940	\$ -	\$ 62,940	\$ 62,940	\$ -	\$ 62,940	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
VILLAGE OF RIDGEFIELD PARK	\$ 2,566,452	\$ 456	\$ 2,566,908	\$ 2,685,204	\$ 456	\$ 2,685,660	\$ 118,752	\$ -	\$ 118,752	4.63%	0.00%	4.63%
WANAOUE VALLEY REGIONAL S.A	\$ 13,800	\$ -	\$ 13,800	\$ 13,800	\$ -	\$ 13,800	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
EAST RUTHERFORD BOARD OF ED	\$ 141,000	\$ 2,376	\$ 143,376	\$ 141,000	\$ 2,376	\$ 143,376	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF FT. LEE	\$ 274,344	\$ 60,408	\$ 334,752	\$ 274,344	\$ 60,408	\$ 334,752	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
CARLSTADT BOARD OF ED	\$ 83,064	\$ 768	\$ 83,832	\$ 83,064	\$ 768	\$ 83,832	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF OAKLAND	\$ 2,106,312	\$ 46,620	\$ 2,152,932	\$ 2,195,316	\$ 47,628	\$ 2,242,944	\$ 89,004	\$ 1,008	\$ 90,012	4.23%	2.16%	4.18%
BOROUGH OF FRANKLIN LAKES	\$ 1,233,192	\$ 53,844	\$ 1,287,036	\$ 1,320,660	\$ 57,612	\$ 1,378,272	\$ 87,468	\$ 3,768	\$ 91,236	7.09%	7.00%	7.09%
TOWNSHIP OF FAIRFIELD	\$ 2,749,548	\$ -	\$ 2,749,548	\$ 2,847,516	\$ -	\$ 2,847,516	\$ 97,968	\$ -	\$ 97,968	3.56%	0.00%	3.56%
FAIRFIELD BOE	\$ 1,933,308	\$ 56,820	\$ 1,990,128	\$ 1,971,000	\$ 57,924	\$ 2,028,924	\$ 37,692	\$ 1,104	\$ 38,796	1.95%	1.94%	1.95%
TOWNSHIP OF MINE HILL	\$ 13,248	\$ -	\$ 13,248	\$ 13,248	\$ -	\$ 13,248	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
BOROUGH OF EDGEWATER	\$ 3,079,248	\$ -	\$ 3,079,248	\$ 3,201,444	\$ -	\$ 3,201,444	\$ 122,196	\$ -	\$ 122,196	3.97%	0.00%	3.97%
Totals:	\$ 26,631,017	\$ 266,126	\$ 26,897,143	\$ 27,483,797	\$ 272,714	\$ 27,756,511	\$ 852,780	\$ 6,588	\$ 859,368	3.20%	2.48%	3.20%

ADMINISTRATION

DIVIDEND CONSIDERATION

Due to positive financial results, the BMED can consider a dividend. Last year's dividend was exceptional because of payment to dental only members on reserves developed while they were medical members.

A dividend of \$750,000, or 1/5th of the amount available, after accounting for appropriate reserves, is recommended.

In response to Commissioner Kunze, Executive Director said a portion of the dividend can be used towards rate stabilization. Executive Director said he recommends a dividend of at least \$750,000. In response to Commissioner Kunze, Executive Director said most Funds are giving money back and not using it towards the budget. He said the NJHIF is using a portion for their wellness program. Executive Director said putting the dividend in the budget could help offset rates. Commissioner Kunze said he would prefer to put the funds toward rate stabilization. Executive Director said the option can be given to each entity how they want to use their portion. Mr. McArrow requested a breakdown on how each dividend option would affect the employee.

Executive Director said the budget and dividend can be introduced at the next meeting if everyone is comfortable with the numbers. Chair VanWinkle said there needs to be a quorum at the next few meetings, so a headcount should be taken. Commissioner Gambutti said she is unable to attend the September 20th meeting due to a conflict.

Item	Status
Surplus as of 12/31/2015	\$ 13,326,109
Plus MRHIF Dividend	\$ 211,579
Surplus Target - 3 Months of Claims	\$ (5,010,194)
Less Surplus of Former Members and Excess Retention on Dental Only Members	\$ (2,258,047)
Less Retention for Rate Stabilization	\$ (2,500,000)
Available	\$ 3,769,447
Paid in 2011	\$ 445,158
Paid in 2012	\$ -
Paid in 2013	\$ -
Paid in 2015 (Included payments to former members dental only members w excess balances)	\$ 2,412,751
Recommended for 2016 (1/5th of Available)	\$ 750,000

2016 BMED DIVIDEND RECOMMENDATION	750,000
Alpine	729
Carlstadt	4,191
Carlstadt Board of Education	1,481
East Rutherford	2,198
East Rutherford Board of Education	2,000
Emerson	1,656
Fort Lee	5,608
Franklin Lakes	18,661
Hillsdale	1,375
Lodi	12,508
Maywood Borough	72,060
Montvale	22,627
Moonachie	47,715
North Arlington	74,645
Oakland	29,761
Palisades Park	23,657
Park Ridge	78,338
Ridgefield Park	48,818
Rochelle Park	1,465
Rutherford	90,144
Saddle River	36,299
South Hackensack	40,208
Wallington	70,699
Wanaque	1,468
Wanaque Valley Regional S.A.	153
Westwood	59,985
Wood-Ridge	1,547
	750,000

WELLNESS COMMITTEE UPDATE - The Wellness Committee has continued conversations with Hackensack University Medical and begun discussions with Valley Medical Group. A draft Wellness Program is included to be reviewed further at the meeting.

Board Advisor said there is a report included in the agenda outlining the Hackensack and Valley meetings. He said the program would start with a Wellness Expo that would include a biometric screening followed by a physical. The member would then be provided with the results of their screening and a review of their medical history. A follow up will then be provided by the facility or their primary care physician. He said once the member has completed this process they will be eligible for a gym benefit. He said this plan represents a model that can be customized for each member. He said each entity should designate a wellness ambassador who can help coordinate onsite. Chair VanWinkle said the ambassador should be someone who is involved with the employees on a daily basis. In response to Commissioner Gambutti, Board Advisor said the ambassador would have no knowledge of any test results. Program Manager said he would like to recognize Board Advisors efforts. Executive Director said there needs to be proper staff support which can be worked into the budget. Board Advisor said its possible costs could rise initially upon implementing the wellness program.

BOARD ADVISOR WELLNESS FEES - The Board Advisor has requested a modest additional fee for his work on the wellness pilot program. An invoice for \$1257.95 additional is included. The Committee may approve on a one time basis or for all additional wellness related work.

Executive Director said this approval can be included in the September's bills list.

MEDICAL NECESSITY APPEALS - We are proposing that the BMED/Gateway Regional HIF adopt an adjusted Risk Management plan in 2017. Currently, the Appeals process for claims denied due medical necessity and experimental/investigational is to obtain a recommendation from one of our contracted Independent Review Organizations (IRO) and provide that recommendation to the Executive Committee for a vote. As the Benefits Consultant, we always align our recommendations with those of the IROs.

The adjustment that we are proposing is to allow the IRO determination to be final and remove the Executive Committee vote. We will report on the appeal determination for ratification at each meeting of the Executive Committee. This practice is currently in place in many of our other Funds.

In response to Executive Director, Program Manager said the volume of claim appeals has decreased.

NEW MEETING DATES - A conflict has occurred with the current reoccurring BMED meeting date. The proposed dates for the remainder of 2016 are as follows:

September 20, 2016	Franklin Lakes Borough
October 18, 2016	Franklin Lakes Borough

There was a discussion regarding the proposed meeting dates and it was agreed to change the meetings to the 4th Tuesday of the month starting with September 27th.

CONFIRMATION OF PAYMENT - JULY 2016

FUND YEAR	AMOUNT
2015	\$6,000
2016	\$343,740.63
TOTAL	\$349,740.63

RESOLUTION 25-16 AUGUST 2016 BILLS LIST

FUND YEAR	AMOUNT
2016	\$339,050.78
TOTAL	\$339,050.78

CONSENT AGENDA -

MOTION TO APPROVE THE CONSENT AGENDA INCLUDING CHANGING THE MEETING DATES TO SEPTEMBER 27TH AND OCTOBER 25TH:

MOTION: Commissioner Gambutti
SECOND: Commissioner Kunze
ROLL CALL VOTE: 4 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION: Commissioner Gambutti
SECOND: Commissioner Kunze
VOTE: Unanimous

MEETING ADJOURNED: 2:00 pm

NEXT MEETING: September 27th, 2016
Franklin Lakes, NJ
12:00 P.M.

Emily Koval, Assisting Secretary
Date Prepared, August 29, 2016