

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: AUGUST 15, 2017
CAFÉ CAPRI, RUTHERFORD, NJ
12:00 P.M.

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

ROLL CALL OF 2017 EXECUTIVE COMMITTEE:

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

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval Karen Kamprath
Attorney	Huntington Bailey, LLP	
Treasurer	Joseph Iannaconi	
Third Party Administrator	Aetna	
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
RX Administrator	Express Scripts	Jeff Basile

OTHERS PRESENT:

Tom Ucko, IMAC
Dave Vozza, Vozza
Joseph Kolodziej, Park Ridge
Frank Covelli, PIA
Renee Gear, PIA

Matt McArow, Otterstedt
Yvonne Hellwig, Fairfield BOE

CORRESPONDENCE - None

APPROVAL OF MINUTES:

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF JUNE 20, 2017:

MOTION:	Commissioner Baginski
SECOND:	Commissioner Gambutti
ROLL CALL VOTE:	7 Ayes, 0 Nays

PRO FORMA REPORTS

- **Fast Track Financial Reports** - as of June 30, 2017

2018 BUDGET

Executive Director reviewed the 2018 draft budget and said the Executive Committee could introduce today, but there may be some items left for discussion and would recommend introduction in September.

CLAIMS FUND

Medical claims are increasing 2.97%, while prescription claims are rising by 9.03% and dental claims are dropping by 5%. The increase in Rx claims is caused by higher utilization of specialty drugs primarily among the newer members of the Fund. The effective Rx increase is offset by the application of formulary rebates as a result of the new contract with ESI. In addition, we have proposals to migrate Medicare enrollees to "Employer Group Waiver Programs" from Aetna. These programs have higher federal subsidies than our existing "Retiree Drug Subsidy" programs and save additional money. The net Rx increase is zero as a result. The dental program is performing well and the budget is dropping by 5%.

MEDICARE ADVANTAGE AND EGWP DISCUSSION

The MRHIF released an RFQ for the Medicare Advantage and EGWP (prescription equivalent) and received 3 responses - Aetna, United Healthcare and Hartford. PERMA and Conner Strong have reviewed and analyzed the responses and determined that because of their ability to offer the closest plan designs on an equal to or better basis, Aetna would provide a significant savings.

Benefits Consultant said there are 7 plans that the retirees will be mapped into for the prescription portion. Executive Director said this will produce about \$250,000 in net savings to the Fund.

REINSURANCE AND INSURED PROGRAMS

The Reinsurance renewal has not yet been received, but it may be possible to avoid an increase this year due to BMED's excellent loss ratio at the MRHIF and Munich layers. We are currently working with Munich on the renewal and MRHIF is expected to introduce its budget in early September.

Medicare Advantage rates may rise by 31% due to high claims experience and a new "Health Insurer Tax" under the Affordable Care Act. It is possible that this tax will be repealed but it needs to be

included for now. We are continuing to work on ways of offsetting this increase. These line items also illustrate the impact of the EGWP program. The line item rises to accommodate higher premium costs but is offset by the greater reduction in the Rx claims line item.

In response to Chair VanWinkle, Executive Director said the Health Insurer Tax is also included in the State renewal. He said the State Municipal Program is running effectively and saw a flat renewal this year while the School Program saw a 13% increase. In response to Commissioner Hart, Executive Director said he can break out the ACA costs separately.

CONTRACTS AND EXPENSES

Expenses for most professionals are projected to increase by 2%. Generally, proposals are consistent with RFP responses received in 2016.

Although the initial response for wellness grants has been minimal, maintaining this budget can be considered to allow other members to apply. In addition, there are disease management programs that are available from Aetna and ESI that can be funded using this line item.

Executive Director said there is \$75,000 in the budget for the Wellness Program. He said the grants received will not expend the amount allotted in the budget for the current year and can be changed if needed.

RATE STABILIZATION RESERVE AND DIVIDENDS

This item can be adjusted at the discretion of the Executive Committee. In prior years we have:

- Appropriated money into the line item in order to help build surplus;
- Applied dividends to the line item to reduce rates; and
- Given members the opportunity to apply some or all of their dividends to reduce their rates.

The BMED now has substantial surplus and can consider dividends that are much greater than those paid in the past. The options illustrated for 2017 below represent 11% and 8% of the budget respectively. Up to 2.5% of each members assessments can be used to reduce rates. The balance can be taken as a check or as a billing credit.

Executive Director said 2 members used their dividend as a rate credit which is why it is showing as a negative number for 2017.

Item	Status
Surplus as of 5/30/2017	\$ 18,034,857
Surplus Target - 2.5 Months of Claims	\$ (5,787,500)
Less Surplus of Former Members and Excess Retention on Dental Only Members	\$ (2,249,668)
Less Retention for Rate Stabilization	\$ (2,500,000)
Available	\$ 7,497,688
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
Paid in 2016	\$ 750,000
2017 Options	
Pay 1/2 (rounded)	\$ 3,750,000
Pay 1/3 (rounded)	\$ 2,500,000

Commissioner Baginski said he is comfortable with a \$2.5 million dividend. Commissioner Kunze said he would entertain a dividend of 1/4 or 1/5 of the surplus. Commissioner Hart said a higher dividend would mean a lower increase for his town. The Commissioners agreed to release a dividend of \$2.5 million.

MOTION TO APPROVE THE RELEASE OF A DIVIDEND IN THE AMOUNT OF \$2,500,000:

MOTION: Commissioner Baginski
SECOND: Commissioner Hart
ROLL CALL VOTE: 8 Ayes, 0 Nays

In response to Commissioner Kunze, Mr. Vozza said it was ruled in favor of the town in another case that the employees are not due back a share of the dividend. Chair VanWinkle said the employee will benefit from a rate reduction. In response to Mr. Vozza, Executive Director said the town can choose to split how they apply the dividend. He said that if a member applies the dividend to their rates, that will have to be adjusted in the next budget since the rates are artificially lowered.

ASSESSMENTS

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

- Medical +3.4%
- Medicare Advantage +20%
- Rx unchanged
- Dental -4.2%

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.

Bergen Municipal Employee Benefits Fund
ASSESSMENT COMPARISON FY2017 vs. FY2018

Group Name	Annualized Assessment FY2017			Proposed Assessment FY2018			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	\$ 38,040	\$ 1,116	\$ 39,156	\$ 36,420	\$ 1,068	\$ 37,488	\$ (1,620)	\$ (48)	\$ (1,668)	-4.26%	-4.30%	-4.26%
BOROUGH OF MOONACHIE	\$ 1,357,632	\$ -	\$ 1,357,632	\$ 1,371,576	\$ -	\$ 1,371,576	\$ 13,944	\$ -	\$ 13,944	1.03%	0.00%	1.03%
BOROUGH OF CARLSTADT	\$ 210,984	\$ -	\$ 210,984	\$ 202,356	\$ -	\$ 202,356	\$ (8,628)	\$ -	\$ (8,628)	-4.09%	0.00%	-4.09%
BOROUGH OF HILLSDALE	\$ 55,968	\$ 3,996	\$ 59,964	\$ 54,732	\$ 3,900	\$ 58,632	\$ (1,236)	\$ (96)	\$ (1,332)	-2.21%	-2.40%	-2.22%
BOROUGH OF LODI	\$ 175,692	\$ 708	\$ 176,400	\$ 168,012	\$ 684	\$ 168,696	\$ (7,680)	\$ (24)	\$ (7,704)	-4.37%	-3.39%	-4.37%
BOROUGH OF MONTVALE	\$ 1,172,292	\$ -	\$ 1,172,292	\$ 1,180,704	\$ -	\$ 1,180,704	\$ 8,412	\$ -	\$ 8,412	0.72%	0.00%	0.72%
BOROUGH OF NORTH ARLINGTON	\$ 90,648	\$ 1,296	\$ 91,944	\$ 87,108	\$ 1,248	\$ 88,356	\$ (3,540)	\$ (48)	\$ (3,588)	-3.91%	-3.70%	-3.90%
BOROUGH OF PARK RIDGE	\$ 2,153,988	\$ 660	\$ 2,154,648	\$ 2,259,480	\$ 636	\$ 2,260,116	\$ 105,492	\$ (24)	\$ 105,468	4.90%	-3.64%	4.89%
BOROUGH OF RUTHERFORD	\$ 3,109,412	\$ 9,696	\$ 3,119,108	\$ 3,180,164	\$ 9,780	\$ 3,189,944	\$ 70,752	\$ 84	\$ 70,836	2.28%	0.87%	2.27%
BOROUGH OF WOOD-RIDGE	\$ 76,392	\$ -	\$ 76,392	\$ 73,356	\$ -	\$ 73,356	\$ (3,036)	\$ -	\$ (3,036)	-3.97%	0.00%	-3.97%
BOROUGH OF SADDLE RIVER	\$ 978,300	\$ 2,640	\$ 980,940	\$ 990,084	\$ 2,544	\$ 992,628	\$ 11,784	\$ (96)	\$ 11,688	1.20%	-3.64%	1.19%
BOROUGH OF WESTWOOD	\$ 1,334,892	\$ 1,320	\$ 1,336,212	\$ 1,398,540	\$ 1,260	\$ 1,399,800	\$ 63,648	\$ (60)	\$ 63,588	4.77%	-4.55%	4.76%
TOWNSHIP OF SOUTH HACKENSACK	\$ 1,397,772	\$ -	\$ 1,397,772	\$ 1,475,532	\$ -	\$ 1,475,532	\$ 77,760	\$ -	\$ 77,760	5.56%	0.00%	5.56%
BOROUGH OF EMERSON	\$ 81,576	\$ 1,752	\$ 83,328	\$ 78,192	\$ 1,680	\$ 79,872	\$ (3,384)	\$ (72)	\$ (3,456)	-4.15%	-4.11%	-4.15%
MAYWOOD BOROUGH	\$ 81,144	\$ -	\$ 81,144	\$ 77,856	\$ -	\$ 77,856	\$ (3,288)	\$ -	\$ (3,288)	0.00%	0.00%	-4.05%
BOROUGH OF EAST RUTHERFORD	\$ 98,983	\$ 625	\$ 99,608	\$ 95,887	\$ 625	\$ 96,512	\$ (3,096)	\$ -	\$ (3,096)	-3.13%	0.00%	-3.11%
BOROUGH OF WALLINGTON	\$ 2,188,200	\$ -	\$ 2,188,200	\$ 2,203,800	\$ -	\$ 2,203,800	\$ 15,600	\$ -	\$ 15,600	0.71%	0.00%	0.71%
TOWNSHIP OF ROCHELLE PARK	\$ 65,976	\$ -	\$ 65,976	\$ 63,288	\$ -	\$ 63,288	\$ (2,688)	\$ -	\$ (2,688)	-4.07%	0.00%	-4.07%
VILLAGE OF RIDGEFIELD PARK	\$ 2,621,196	\$ -	\$ 2,621,196	\$ 2,674,956	\$ -	\$ 2,674,956	\$ 53,760	\$ -	\$ 53,760	2.05%	0.00%	2.05%
WANAQUE VALLEY REGIONAL S.A.	\$ 11,736	\$ -	\$ 11,736	\$ 11,280	\$ -	\$ 11,280	\$ (456)	\$ -	\$ (456)	-3.89%	0.00%	-3.89%
EAST RUTHERFORD BOARD OF ED	\$ 148,776	\$ 2,544	\$ 151,320	\$ 142,848	\$ 2,448	\$ 145,296	\$ (5,928)	\$ (96)	\$ (6,024)	-3.98%	-3.77%	-3.98%
BOROUGH OF FT. LEE	\$ 258,936	\$ 68,640	\$ 327,576	\$ 248,184	\$ 65,880	\$ 314,064	\$ (10,752)	\$ (2,760)	\$ (13,512)	-4.15%	-4.02%	-4.12%
CARLSTADT BOARD OF ED	\$ 80,664	\$ 1,536	\$ 82,200	\$ 77,088	\$ 1,464	\$ 78,552	\$ (3,576)	\$ (72)	\$ (3,648)	-4.43%	-4.69%	-4.44%
BOROUGH OF OAKLAND	\$ 2,083,476	\$ 53,196	\$ 2,136,672	\$ 2,120,520	\$ 56,064	\$ 2,176,584	\$ 37,044	\$ 2,868	\$ 39,912	1.78%	5.39%	1.87%
BOROUGH OF FRANKLIN LAKES	\$ 1,332,804	\$ 57,168	\$ 1,389,972	\$ 1,402,728	\$ 64,764	\$ 1,467,492	\$ 69,924	\$ 7,596	\$ 77,520	5.25%	13.29%	5.58%
TOWNSHIP OF FAIRFIELD	\$ 2,957,712	\$ -	\$ 2,957,712	\$ 3,164,136	\$ -	\$ 3,164,136	\$ 206,424	\$ -	\$ 206,424	6.98%	0.00%	6.98%
FAIRFIELD BOE	\$ 2,075,410	\$ 13,356	\$ 2,088,766	\$ 2,075,441	\$ 13,368	\$ 2,088,809	\$ 31	\$ 12	\$ 43	0.00%	0.09%	0.00%
TOWNSHIP OF MINE HILL	\$ 13,248	\$ -	\$ 13,248	\$ 12,696	\$ -	\$ 12,696	\$ (552)	\$ -	\$ (552)	-4.17%	0.00%	-4.17%
BOROUGH OF EDGEWATER	\$ 3,202,536	\$ 12,864	\$ 3,215,400	\$ 3,289,464	\$ 13,212	\$ 3,302,676	\$ 86,928	\$ 348	\$ 87,276	2.71%	2.71%	2.71%
TOWNSHIP OF VERONA	\$ 2,408,040	\$ 108,852	\$ 2,516,892	\$ 2,476,332	\$ 109,992	\$ 2,586,324	\$ 68,292	\$ 1,140	\$ 69,432	2.84%	1.05%	2.76%
Totals:	\$ 31,862,425	\$ 341,965	\$ 32,204,390	\$ 32,692,760	\$ 350,617	\$ 33,043,377	\$ 830,335	\$ 8,652	\$ 838,987	2.61%	2.53%	2.61%

CONTINUING COST CONTROL EFFORTS

Executive Director reviewed the following cost saving efforts for the Fund.

- Out of network (OON) costs continue to be a primary cost driver in BMED. We are investigating 2 steps to help offset these costs:
 - The current OON fee schedule is set at 150% of Medicare rates for providers, and 175% for facilities. We believe that we can move to the 150% rate for facilities with minimal or no disruption.
 - We are investigating a vendor that would use Fund claims data and communications efforts to encourage enrollees to use lower cost in network providers. This concept needs to be developed further but would involve sharing of savings with enrollees that use high quality but lower cost in-network providers.
- We are in the process of negotiating a new contract with ESI at the MRHIF level. In addition to better discounts and rebates, we are investigating a custom formulary to further reduce costs.
- MRHIF is also investigating a program that communicates with providers and enrollees to migrate from high cost to low cost generics voluntarily.
- Aetna and ESI both have disease management programs that are effective but require greater access to enrollee phone numbers in order to make direct contact. To access these cost effective programs, a commitment to populate our enrollment data base with phone numbers will be required.
- The grandfathering of step therapy can be lifted to further enhance generic utilization and save additional money.

Mr. Basile said ScreenRX is used to determine who will be adherent to their medication. He said if a member is not adherent it can extend to all aspects including medical and pharmacy. He said the purpose of this program is to determine why the member is not taking their medication. He said a 2 to 1 return on investment is guaranteed with this program.

Executive Director said the Fund is working with Aetna on an expanded disease and case management program. Ms. Ward said there would be a team similar to the flex team that would be assigned to work with members on an individual basis. She said this would require access to pharmacy and medical data. She said one issue is getting members on the phone and obtaining contact information.

Executive Director said he will hold off on the Budget Introduction until September so he can make the changes discussed.

OPEN ENROLLMENT DISCUSSION

Mr. Pfeiffer said the tentative dates for open enrollment are October 16 – November 10th.

Commissioner Hart said he would not want it to be any later than that. Ms. Koval said the budget adoption would be October 24th, but the rates would be distributed prior and normally do not change.

Mr. Pfeiffer said PERMA is considering an electronic only open enrollment guide due to the printing and shipping being a large cost to the Fund. He said hard copies would still be mailed to retirees and cobra members. The Commissioners agreed to proceed with this option.

Mr. Pfeiffer said Friday October 13th will be the last day to add any new plan options.

WELLNESS COMMITTEE UPDATE

Ms. Koval said the Wellness Committee released its application to survey the membership for interest in the Wellness Program its pilot program and the following responses were received:

- 1. Franklin Lakes – interested in the full program through Valley Medical Group
- 2. Verona – interested in the full program. Facility outreach required
- 3. South Hackensack - interested in biometric screenings and educational seminars

We will work with the Board Advisor and Risk Managers of the above mentioned towns to facilitate the program. Any member that becomes interested may submit a request at any time.

Mr. LaMendola said it needs to be determined if this approach is of interest to the Fund members. He said either wellness is not an interest or the approach needs to be rethought. He said the original approach is focused on disease state which the Fund data proves to have areas that need improvement. He said towns need to be contacted on an individual basis. Commissioner Hart said there are certain issues that are not able to be addressed through a survey. Chair Van Winkle said there needs to be a key employee to be an advocate for the program, which is difficult in some towns.

Ms. Ward said the NJHIF has seen success in their Wellness Program. Mr. Voza said there needs to be an individual who is very enthusiastic about the program to get others involved. He said the NJHIF started with about 5 towns and has more than doubled now. He said the members seem to respond well to incentives.

MOTION TO APPROVE THE PILOT WELLNESS PROGRAM AS DEVELOPED BY THE WELLNESS COMMITTEE FOR FRANKLIN LAKES, VERONA AND SOUTH HACKENSACK AND ANY OTHER INTERESTED FUND MEMBER.

MOTION:	Commissioner Kunze
SECOND:	Commissioner Baginski
ROLL CALL VOTE:	8 Ayes, 0 Nays

In response to Commissioner Gambutti, Ms. Koval said the survey was emailed to the Fund Commissioners and consultants.

STATE EXAMINATION APPROVAL

Ms. Koval said the State of New Jersey Department of Banking & Insurance performed an examination for the 2015 Fund year. She said a copy was distributed for review prior to the meeting. She said there were no findings or recommendations.

MOTION TO APPROVE THE STATE OF NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE EXAMINATION REPORT FOR THE 2015 FUND YEAR AND EXECUTE THE GROUP AFFIDAVIT CERTIFYING THAT THE MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE REPORT.

MOTION:	Commissioner Franz
SECOND:	Commissioner Gambutti

ROLL CALL VOTE: 8 Ayes, 0 Nays

EMPLOYER GROUP WAIVER PROGRAM (EGWP)

Mr. Pfeiffer said included in the budget is a line item for the implementation of the EGWP. He said there were some concerns with the previous program through United Healthcare about out of pocket costs. He said it is recommended to move forward for a January 1, 2018 effective date with the Aetna EGWP program. He said the retirees currently enrolled in United Healthcare MA would be moved to Aetna MA. He said Aetna would handle through CMS to receive upfront discounts. He said communications will be distributed in October and ID cards would be received by the end of December.

TREASURER - The July and August 2017 Bills Lists were included in the Agenda.

Confirmation of Payment - July 2017

FUND YEAR	AMOUNT
FY 2016	\$4,500
FY 2017	\$445,888.23
TOTAL	\$450,388.23

Resolution 18-17 August 2017 Bills List

FUND YEAR	AMOUNT
FY 2017	\$365,231.81
TOTAL	\$365,231.81

MOTION TO APPROVE THE JULY AND AUGUST 2017 BILLS LISTS.

MOTION: Commissioner Franz
SECOND: Commissioner Kunze
ROLL CALL VOTE: 8 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: Commissioner Covelli said the Commissioners are prudent to agree to the \$2.5 million dividend. He said the Fund has come a long way and everyone should be commended.

MOTION TO ADJOURN

MOTION: Commissioner
SECOND: Commissioner
VOTE: Unanimous

MEETING ADJOURNED: 1:30 pm

NEXT MEETING: September 26, 2017

Franklin Lakes Borough
12:00 P.M.

Karen Kamprath, Assisting Secretary, Date Prepared: August 16, 2017