

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
OPEN MEETING: JUNE 26, 2018
FRANKLIN LAKES, NEW JERSEY
12:00 P.M.**

Meeting called to order by Secretary Hart. The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2018 EXECUTIVE COMMITTEE:

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

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	PERMA Risk Management Services	Paul Laracy Emily Koval Karen Kamprath
Attorney	Huntington Bailey, LLP	Russ Huntington
Treasurer	Joseph Iannaconi	Joseph Iannaconi
Third Party Administrator	Aetna	Joseph Rodrigues
Dental Claims Administrator	Delta Dental of NJ, Inc.	Kim White
Auditor	Lerch, Vinci & Higgins	Liz Shick
Actuary	John Vataha	Absent
Independent Consultant	LaMendola Associates	Absent
Benefits Consultant	Conner Strong	Jozsef Pfeiffer Maggie Friel
RX Administrator	Express Scripts	Ken Rostkowski

OTHERS PRESENT:

Frank Covelli, RMC
Matt McArow, GJEM
Tom Ucko, IMAC
Dave Voza, Voza

CORRESPONDENCE - None

APPROVAL OF MINUTES:

MOTION TO APPROVE THE PRESENTED OPEN MINUTES OF APRIL 26, 2018:

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

EXECUTIVE DIRECTORS REPORT

FAST TRACK FINANCIAL REPORTS - as of April 30, 2018

Executive Director said the Fund has a surplus of \$911,603 year to date and \$16 million for all years combined.

AUDITOR AND ACTUARY YEAR-END REPORTS

Ms. Shick from Lerch, Vinci & Higgins was present to review the Audit for the period ending December 31, 2017. She said she is recommending that the Fund does not allow the use of dividends towards open surplus. Ms. Shick said the audit has an unmodified opinion. She said the unrestricted net position is \$15.3 million which is down slightly from 2016. She reviewed the analysis by fund year and said the Fund is in excellent financial shape.

MRHIF REPORT

Executive Director said the MRHIF Executive Committee met on June 13, 2018 to review the 2017 audit, which was accepted and filed with the State. The Committee also approved a \$4,240,735 dividend, which is one of the largest dividends in Fund history. The BMED's portion of that dividend is \$676,014 which will be received by the end of the summer.

Notably, the Fund also approved the Medical and Dental TPA contracts to be negotiated for the 2019 renewal by the Administrator and Program Managers, rather than go out for RFP. It is believed that the Funds have the best arrangement with their current carriers and insurance carriers are exempt from the fair and open procurement laws. Although, since the contracts are written with the local funds, the BMED can decide to send out for requests for proposals. Otherwise, negotiation outcomes will be discussed during budget season.

NEW MEMBER - ROSELLE BOROUGH

Executive Director said a new member submission for Roselle Borough is included. He said it is currently 50/50 whether or not they will join.

Underwriting Factor	Roselle Borough	Fund Average or Standard	Relativity
Current Carrier or Arrangement	United Healthcare - Oxford	Aetna	
Age Sex Factor	1.510	1.29	117.05%
Enrollment	272	1,081	25.16%
Claims Pick (Per Employee Per Month)	\$ 1,970.51	\$ 2,056.91	95.80%
Trend Applied	8.25%	8.00%	103.13%
Risk Manager Fee Applied	2.50%		
Rate Effective Date			
From	9/1/2018		
To	12/31/2019		
Prior Fund Member?	No		
Lines of Coverage to Fund			
Medical	Yes		
Dental	No		
Rx	Yes		
Anticipated Commissioner Involvement	TBD		
Explanatory Notes or Contingencies	None		

WELLNESS COORDINATOR - RFQ

Ms. Koval said the Wellness Committee set forth an additional request for qualifications for a wellness program coordinator in May and received one response. The Committee met with Lisa Dent, the respondent, and are recommending that the BMED award a contract to her at \$26 per hour at an annual fee of \$26,500, including the cost of a professional liability policy.

BENEFITS CONSULTANT REPORT

HACKENSACK - MERIDIAN

Benefits Consultant said Aetna is currently in negotiations with Hackensack – Meridian group. The current term date is set at August 15, 2018. Aetna is confident negotiations are moving in the right direction and will reach an agreement prior to the term date.

VALLEY HOSPITAL

Benefits Consultant said Valley Hospital is in the final stages of negotiations, Aetna expects a new contract to be signed in the coming weeks.

MONTEFIORE HEALTH SYSTEM

Benefits Consultant said Montefiore Health System is leaving the Aetna network effective August 1st. Utilization by BMED membership is low, only 10 members have utilized a Montefiore facility within the last 12 months. Members who have visited a provider in the last 12 months will received a notification letter as well as any member living in Westchester and Bronx Counties.

RITE AID WALGREENS MERGER

Benefits Consultant said as of September 1st, Rite Aid Pharmacies that have been purchased by Walgreen’s will officially leave the Express Scripts Prime Network. The member disruption report provided by ESI showed that every group in BMED had some form of member disruption, some as high as 20%. When the narrow Prime Network was established, the savings was approximately 7%, now the cost differential is only 1.25%. Given the high member impact and low financial impact, we are recommending the BMED transition all ESI members from the current Prime Network, in which Walgreen’s is excluded, to their larger pharmacy network. There will be no change in member rates

in 2018. In response to Commissioner Gambutti, Benefits Consultant said member would be able to utilize Walgreens.

MOTION TO TRANSITION ALL EXPRESS SCRIPTS MEMBERSHIP TO THE STANDARD NETWORK WITH NO RATE IMPACT:

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

FORMULARY UPDATE

Benefits Consultant said ESI has informed us that the National Preferred Formulary Guide (NPF) is being updated effective 7/1/2018 the following 33 medications will be added to the list of excluded medications. An updated list of all excluded medications was distributed with the Agenda.

NEW FORMULARY EXCLUSIONS		
ARIMIDEX	AVALIDE, AVAPRO	AVODART
CELEBREX	CELEXA	COREG
COSOPT	COZAAR, HYZAAR	CRESTOR
DETROL, DETROL LA	DIOVAN, DIOVAN HCT	EXFORGE, EXFORGE HCT
GLEEVEC	GLUCOPHAGE, GLUCOPHAGE XR	KEPPRA, KEPPRA XR
LAMICTAL, LAMICTAL ODT, LAMICTAL XR	LIPITOR	LOESTRIN, LOESTIN FE
LOTREL	MAXALT, MAXALT MLT	MEBOLIC*
MICARDIS, MICARDIS HCT	NEURONTIN	NORVASC
ORTHO TRI-CYCLEN, ORTHO TRI-CYCLEN LO	TOPAMAX	TRICOR
TRILEPTAL	XALATAN	XYZBAC*
ZOCOR	ZOMIG TABLETS, ZOMIG ZMT	ZYVIT*

MEMBER IMPACT

- Approximately 22 BMED members will be impacted by the formulary update.
 - o These individuals will be receiving a the notification letter that has been included in your packet roughly 30 days prior to implementation
- Of the 33 products being added to the exclusion list, 30 are multi-source brands, products with generic equivalents. The remaining 3 drugs are high-cost combination drugs with lower-cost generic or over-the-counter options.
- Impacted members will receive a customized letter (sample included with the agenda)
- Members who cannot tolerate the suggested alternative (or generic version) have the option of having their provider request a clinical exception with ESI.

MARKETPLACE PROTECTION

As a part of the Fund’s participation in Express Scripts’ market protection program, two medications have been identified that are currently priced much higher than clinical equivalents currently available- **Treximet/Sumatriptan tablets & Zavesca.**

Pernix Therapeutics’ Treximet® 85mg/500mg and its generics containing both sumatriptan and naproxen in a single formulation cost roughly 10 times more than the individual components with no superior clinical efficacy.

A new generic has launched for Zavesca. Miglustat is available at a significantly lower cost over the brand, with the potential to save over \$100K annually per patient.

Our records indicate there are no members in the BMED who will be impacted by this.

Targeted Medications	Preferred Medications
Treximet® 85mg/500mg sumatriptan/naproxen tablets 85mg/500mg (all mfgs)	sumatriptan AND naproxen sodium sumatriptan AND naproxen sodium
Zavesca®	miglustat

\$0 STATIN MEDICATIONS

Benefits Consultant said effective January 1, 2018 the Fund updated coverage for certain low cost/generic statin medications to *no cost/\$0 copay* in compliance with the Affordable Care Act (ACA). To assure that all members were aware of this opportunity Conner Strong & Buckelew worked with Express Scripts to do a mailing, notifying brand statin utiliziers that there were alternative generic opportunities, which would eliminate their out of pocket cost.

ACA requires that plans also include a review option for enrollees who clinically cannot take generic alternative. With clinical evidence and approval by Express Scripts, members can remain on the medically necessary brand medication at a *\$0 copay*.

Letters were sent by Express Scripts on May 22.

SAVEONSP PROGRAM

Benefits Consultant said SaveonSP continues to monitor the specialty medication market to assure the Funds are taking advantage of copay manufacturer assistance programs as they become available. Effective 7/1/2018 (all copays reflect a 30-day supply and updated drug list attached) the below medication updates will be made to our SaveOnSp Drug List:

Additions to the SaveonSP Program (outbound phone calls will be made):

Cabometyx \$2,080	Kalydeco \$3,333	Pulmozyme \$830
Cometriq \$2,080	Neupogen \$830	Symdeko \$3,333
Fasenra \$830	Orenitram \$1,666	Tobi Podhaler \$1,000
Glatiramer \$750	Orkambi \$3,333	

Monetary Assistance Changes: (member experience will not change: update made to drug list url)

Avonex	From \$2,000 to \$600
Tecfidera	From \$2,000 to \$600
Plegridy	From \$2,000 to \$600

Ilaris	From \$1,666 to \$2,666
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There are also a few changes in the marketplace, which we will continue to monitor. Some manufacturers are starting to produce debit cards for assistance on their medications. The SaveonSP program can work with these cards.

IRS - NEW 2018 HSA CONTRIBUTION LIMIT REVERSED

The IRS recently reversed the reduction in the 2018 annual maximum family HSA contribution (which was originally announced earlier this year) from \$6,850 to back to \$6,900.

LEGISLATIVE - NJ S483/A2039 OUT-OF-NETWORK CONSUMER PROTECTION, TRANSPARENCY, COST CONTAINMENT AND ACCOUNTABILITY ACT

As you may have seen reported in the media, the NJ legislature recently passed a consumer protection bill intended to protect consumers from getting hit with unanticipated large medical bills from "hidden" out-of-network providers. The new law requires hospitals to post the names of all medical professionals they employ, their contact information and the insurance plans they accept. Hospitals must also provide the same information for specialists they do business with such as anesthesiologists and pathologists. Medical professionals are also required to disclose which health insurance plans they accept and an estimate of the cost for their services if they are out-of-network. A key provision of the law which may have ramifications for HIF plans requires insurance carriers and providers who cannot agree on an acceptable reimbursement to abide by the decision of a third party arbitrator who will choose between one of two offers. Each side may use whatever information they need to support their case. Self-funded plans are not obligated to adopt the mandate. PERMA is currently analyzing the ramifications of the legislation and will be making a recommendation to the BMED in the near future.

OPIOID PRESENTATION

Conner Strong and Buckelew participated in a seminar to discuss the impact of the current opioid crisis on group health plans. For your reference the presentation was distributed with the Agenda.

DOMESTIC PARTNERSHIP

NJ did have a domestic partnership act became effective on July 10, 2004 and was amended by the Civil Union Act implemented on February 19, 2007.

Under the original Domestic Partnership Act, same-sex couples age 18 or older and opposite-sex couples age 62 or older had to meet the requirements of the Act to register a Domestic Partnership. The implementation of the Civil Union Act amended this requirement so that effective February 19, 2007, same-sex or opposite-sex couples must be age 62 or older and meet the remaining eligibility requirements of the Domestic Partnership Act to register as Domestic Partners.

Domestic Partnerships registered prior to February 19, 2007 are still valid and are afforded the rights and benefits of Domestic Partners.

APPEALS

Appeal #05-18-01 was sent to IRO which overturned Aetna's denial.

FUND ATTORNEY - Fund Attorney said there is nothing to report at this time.

TREASURER - Fund Treasurer said his report is included in the Agenda.

Confirmation of Payment - May 2018

FUND YEAR	AMOUNT
FY 2018	\$473,532.86
TOTAL	\$473,532.86

Resolution 20-18 - June 2018 Bills List

FUND YEAR	AMOUNT
FY 2017	\$6,000.00
FY 2018	\$479,477.57
TOTAL	\$485,477.57

AETNA - THIRD PARTY ADMINISTRATOR - Mr. Rodrigues reviewed the paid claims through April. He said there were 3 high claims for the month. He reviewed the dashboard and said they are currently meeting all metrics. He said beginning January 1, 2019 Labcorp will be part of the Aetna network.

PHARMACY NETWORK (Express Scripts) - Mr. Rostkowski said the Fund is trending down almost 19% which is due in part to the medicare part d members moving over to the egwp program. He said there was an increase of new patients in March but overall the numbers are strong.

DELTA DENTAL - Ms. White said Delta will begin offering individual products which will help with the needs of employees who many not qualify for an individual plan.

MOTION TO APPROVE THE CONSENT AGENDA AS DISCUSSED.

MOTION: Commissioner Catenaro
SECOND: Commissioner Kunze
VOTE: 5 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: 1:00 pm

NEXT MEETING: August 23, 2018
Franklin Lakes Borough
12:00 P.M.

Karen Kamprath, Assisting Secretary
Date Prepared: July 10, 2018