

**SCHOOLS HEALTH INSURANCE FUND
OPEN MINUTES
MARCH 23, 2016
COLLINGSWOOD SENIOR COMMUNITY CENTER
12:00 PM**

Meeting of Board of Trustees called to order by Joe Collins Open Public Meetings notice read into record.

PLEDGE OF ALLEGIANCE

ROLL CALL OF 2016 BOARD OF TRUSTEES:

Trustee	BOE		
Joseph Collins	Delsea Regional BOE	Chairman	Present
Frank Domin	Berlin Borough BOE	Secretary	Present
Lisa Giovanelli	Rancocas Valley BOE		Absent
Michael Colling	Medford Lakes BOE		Present
Beth Ann Coleman	Collingswood BOE		Present
Jean Grubb	Black Horse Pike Regional BOE		Present
Christopher Lessard	Frankford Township BOE		Present
Christopher Destratis	Swedesboro-Woolwich BOE		Present
David Pawlowski	Alexandria BOE		Absent
Evon Digangi	Mount Holly BOE		Absent

PRESENT FUND PROFESSIONALS:

FUND ADMINISTRATOR:

PERMA Risk Management

Paul Laracy
Emily Koval
Karen Kamprath

PROGRAM MANAGER:

Conner Strong & Buckelew

Jozsef Pfeiffer

FUND ATTORNEY:

Ken Harris

FUND TREASURER:

Ken Verrill

PRESCRIPTION ADMIN:

Ken Rostkowski

MEDICAL TPA AMERIHEALTH:

Lisa Didio

MEDICAL TPA AETNA:

Kim Ward

ALSO PRESENT

Rob Wachter, Mount Laurel BOE

Abbie Geletka, Allen Associates
Greg Grimaldi , Conner Strong & Buckelew
Joe Madera, Hardenbergh Insurance Group
Susan Morris, The Lance Group
John DiMartino, The Lance Group
Chuck Grande, Integrity Consulting Group
Ashley Stoffel, Integrity Consulting Group

APPROVAL OF MINUTES:

February 24, 2016 Open

MOTION TO APPROVE OPEN MINUTES OF FEBRUARY 24, 2016

Moved:	Trustee Domin
Second:	Trustee Grubb
Vote:	Unanimous

CORRESPONDENCE - None

EXECUTIVE DIRECTORS REPORT

PRO FORMA REPORTS

- **Fast Track Financial Reports** - as of January 31, 2016
 - **Historical Income Statement**
 - **Consolidated Balance Sheet**
 - **Indices and Ratios Report**

Executive Director reviewed the January Fast Track that was distributed at the meeting. He said it shows a the transfer of funds from Southern. January appears to be basically break even. The substantial surplus is misleading due to delayed claims. He said March should normalize.

2016 BUDGET ADOPTION - Attached was a copy of the 2016 proposed budget and assessments for adoption, which was introduced by the Board of Trustees at the February meeting. The total budget is increasing by 4.19%. The assessments include an additional rate increase for members with significantly high loss experience.

Rates will be sent by the end of March and will be included the open enrollment packets. Resolution #17-16 adopting the 2016-2017 budget was included.

SCHOOLS HEALTH INSURANCE FUND				
2016/2017 Budget				
Census:	Monthly Census	Annual Census		
Medical - Aetna	4,737	56,844		
Medical - AmeriHealth NJ	396	4,752		
Medical - AmeriHealth Admin	394	4,728		
Rx	2,926	35,112		
Dental	2,603	31,236		
Rx No Medical (Incl in Rx above)	11	132		
Dental Only (Incl in Dental above)	523	6,276		
DMO Only	1	12		
LINE ITEMS	2015/2016 Annualized Budget	2016/2017 Proposed Budget	\$ Change	% Change
Claims				
1 Medical Claims BOEs	\$ 83,029,624	\$ 84,690,216	\$ 1,660,592	2.00%
2 Prescription Claims BOEs	\$ 13,033,152	\$ 15,515,967	\$ 2,482,815	19.05%
3 Dental Claims BOEs	\$ 2,061,576	\$ 2,148,987	\$ 87,411	4.24%
4 Subtotal	\$ 98,124,352	\$ 102,355,170	\$ 4,230,819	4.31%
5				
6 Rate Stabilization Reserve	\$ 342,544	\$ 431,682	\$ 89,138	26.02%
7 HMO Premiums	\$ 58,407	\$ 58,407	\$ -	0.00%
8				
9 Reinsurance				
10 Specific	\$ 3,874,471	\$ 3,971,333	\$ 96,862	2.50%
11 Aggregate*	\$ 282,438	\$ 282,438	\$ -	0.00%
12 Subtotal Reinsurance	\$ 4,156,909	\$ 4,253,771	\$ 96,862	2.33%
13				
14 Total Loss Fund	\$ 102,682,212	\$ 107,099,031	\$ 4,416,818	4.30%
15				
16 Expenses				
17 Legal	\$ 33,720	\$ 34,057	\$ 337	1.00%
18 Treasurer	\$ 18,147	\$ 18,328	\$ 181	1.00%
19 Administrator	\$ 566,674	\$ 578,007	\$ 11,333	2.00%
20 Program Manager	\$ 1,484,682	\$ 1,514,376	\$ 29,694	2.00%
21 Brokerage	\$ 1,250,385	\$ 1,275,393	\$ 25,008	2.00%
22 Fund Coordinator	\$ 503,070	\$ 513,132	\$ 10,061	2.00%
23 TPA - Med Aetna	\$ 2,759,776	\$ 2,787,374	\$ 27,598	1.00%
24 TPA - Med AmeriHealth NJ	\$ 209,088	\$ 211,084	\$ 1,996	0.95%
25 TPA - Med AmeriHealth Admin	\$ 198,576	\$ 200,562	\$ 1,986	1.00%
26 TPA - Dental	\$ 95,270	\$ 96,222	\$ 953	1.00%
27 Actuary	\$ 25,000	\$ 25,250	\$ 250	1.00%
28 Auditor	\$ 14,000	\$ 14,125	\$ 125	0.89%
29 Subtotal Expenses	\$ 7,158,389	\$ 7,267,911	\$ 109,522	1.53%
30				
31 Misc/Contingency	\$ 52,764	\$ 57,336	\$ 4,572	8.66%
32 Fund Initiation and Start Up	\$ 15,000	\$ -	\$ (15,000)	-100.00%
33 Data Analysis System	\$ 30,000	\$ 30,000	\$ -	0.00%
34 Internet Documentation	\$ 2,472	\$ 2,521	\$ 49	2.00%
35 Wellness Program	\$ 250,000	\$ 250,000	\$ -	0.00%
36 Affordable Care Act Taxes	\$ 764,716	\$ 530,592	\$ (234,124)	-30.62%
37 A4 Retiree Surcharge Challenge	\$ 160,000	\$ -	\$ (160,000)	-100.00%
38 A4 Retiree Surcharge	\$ 2,158,770	\$ 2,210,849	\$ 52,079	2.41%
39 Plan Documents	\$ 36,000	\$ 36,000	\$ -	0.00%
40 Enrollment Audits	\$ 15,000	\$ 15,000	\$ -	0.00%
41				
42 Total Expenses	\$ 10,643,111	\$ 10,400,209	\$ (242,902)	-2.28%
43				
44 Total Budget	\$ 113,325,323	\$ 117,499,240	\$ 4,173,917	3.68%
45 Total Billing	\$ 112,768,707	\$ 117,499,239	\$ 4,730,532	4.19%
46				
47 Reconciliation	(556,615)	(0)	\$ 556,615	-100.00%

MOTION TO OPEN THE PUBLIC HEARING ON THE 2016 SCHOOLS HEALTH INSURANCE FUND BUDGET AND ASSESSMENTS

Moved: Trustee Domin
Second: Trustee Colling
Vote: Unanimous

MOTION TO CLOSE THE PUBLIC HEARING

Moved: Trustee Domin
Second: Trustee Colling
Vote: Unanimous

MOTION TO APPROVE THE 2016-2017 SCHOOLS HEALTH INSURANCE FUND BUDGET IN THE AMOUNT OF \$117,499,240.

Moved: Trustee Coleman
Second: Trustee Grubb
Vote: 7 Ayes, 0 Nays

MEMBERSHIP - The Fund is in the process of implementing membership for Lebanon BOE and Ewing BOE. We are not aware of any current members that are considering leaving the Fund. In addition, we are currently processing 10 new member applications, which are listed below.

Maple Shade BOE
Fredon Township BOE
Delran Township BOE
Haddonfield Boro BOE
Lenape Valley BOE
Paulsboro BOE
Ogdensburg BOE
North Brunswick BOE
Spotswood Boro BOE
Greenwich Township BOE

In short, we anticipate membership stability / moderate growth over the coming year. As applications and sales efforts mature, membership applications will be added to future agendas for approval.

In response to Trustee Colling, Executive Director said he believes most applicants are serious. Executive Director said the Fund has gained many broker partners and some returning members. Chair Collins said the Fund should be careful of growing too quickly. Executive Director said the Risk Management Plan limits growth to 20% per year.

AMERIHEALTH AUDIT - The Reinsurance HIF finances audits of claims agents for local HIFs on a three year cycle. In 2016, using 2015 data, AmeriHealth's operations for the SNJ HIF, including

Coastal and School entities, will be audited. We will keep the Trustees advised of this process, the report findings, and, if needed, corrective action plans.

Executive Director thanked AmeriHealth for being cooperative.

HIF EXAMINATION BY NJ DEPARTMENT OF BANKING AND INSURANCE - We have received a verbal indication from DOBI that they will be examining all HIFs this year using financial statements and transactions from 2015. Generally, such examinations take place every 5 to 6 years. The last examination was completed as of 12/31/2009. The cost of the exams will be borne by the Reinsurance HIF. The examination normally includes an independent confirmation of financial statements and reviews for regulatory compliance. The examiners normally conduct their tests at PERMA's offices.

ESI AUDIT - The following will retrace the recent history of ESI audits and contracts review.

Higher drugs costs contributed to the claims surge experienced by the SNJ HIF in 2012. As part of the overall effort to tighten controls, in 2013 MRHIF commissioned an audit of ESI by Pharmacy Benefits Consultants. They found that ESI was not providing adequate discounts on generic drugs but that outperformance in other areas offset those losses. They identified deficiencies in contract definitions that reduced the efficacy of discount guaranties and recommended the issuance of an RFP for the ESI contract. MRHIF accepted this recommendation and issued a comprehensive RFP, under the guidance of another consulting firm, Advanced Pharmacy Concepts, that attracted proposals from all major PBMs. This culminated in a renewal with ESI, as the most cost effective offer, on May 1, 2015.

Pricing performance guaranties are reviewed annually with ESI. The recent history of such guaranty reviews is:

- In 2013 discounts were not achieved and payment to MRHIF of \$310,737 was made.
- For the 2014/2015 year, discounts underperformed by \$23,357 but rebates outperformed by \$2.7M, so no payment was due to the HIFs. Adler Associate reviewed this reconciliation and feels that it is credible and that it would not be cost effective to independently audit the outcome.
- For 2015, Adler Associates performed an interim audit covering the period from 5/1/2015 to 7/31/2015 that identified inadequate generic drug discounts of \$1M. Discounts for brand and specialty drugs were at contractual levels. Rebates were not evaluated.
- Adler Associates is currently auditing the contractual period of 5/1/2015 to 12/31/2015. The HIFs will receive payments from ESI for this period if discounts and rebates do not meet contractual requirements.

Since 2013 we have used three outside firms to review ESI contracts and performance. While each firm added significant value, confident that Adler Associates provides the highest level of audit and contract experience available in the industry. Through MRHIF, we are maintaining an on-going process of audit, contract review, and contract negotiation/bidding. Executive Director said should we find that there is non compliance to the contract, ESI will issue a reimbursement.

SHIF MEETING LOCATION - The May 25, 2016 meeting will take place at 12:00 PM at the Moorestown Community House, located at 16 East main St. Moorestown, NJ 08057.

MOTION TO CHANGE AND ADVERTISE THE SHIF OPEN PUBLIC MEETING LOCATION TO THE MOORESTOWN COMMUNITY HOUSE FOR 2016:

Moved:	Trustee Domin
Second:	Trustee Lessard
Vote:	7 Ayes, 0 Nays

WEBSITE - Our Website Management Company has started the login/password setup for Fund Commissioners. We expect to have this completed by the next meeting.

FINANCIAL DISCLOSURE STATEMENTS - As done in prior years and required by State law, each Fund Commissioner is required to complete a Financial Disclosure Statement through the Department of Community Affairs. The 2016 notice with instructions has been released and is included in agenda. The deadline is April 30, 2016. Fines will be issued for non compliance.

NOTE: Since we are a new Fund, new PIN numbers will be issued to each Fund Commissioner. These will be sent from PERMA by the end of the month.

VERISK REPORT FINDINGS - After the claims increase that occurred in 2012, the SNJ Fund invested in a claims analysis system that was intended to provide more rapid and in depth analysis of claims trends. The system was implemented in 2014 and most bugs in it were worked out in 2015. A synopsis of report findings was included in the agenda and versions of the report on school entities was previously supplied to SHIF Finance Committee members. This system will continue to be used to support the SHIF.

**Schools Health Insurance Fund
Program Manager's Report
January 27, 2016**

Enrollments: cs.mb.SHIFenrollments@permainc.com

Brokers: brokerservice@permainc.com

Fax: 856-685-2249

ONLINE ENROLLMENT SYSTEM - The Executive Committee voted and approved mandatory use of the online enrollment system by each member group. If you need additional training on the online

enrollment system, please reach out to Karen Kidd at kkidd@permainc.com of PERMA.

BROKER EMAIL BOX - The broker email box has been open for correspondence for the last few quarters. After reviewing current volume and efficiencies, it has been decided to restructure the current service model and utilizes more resource to better improve service delivery. We are planning for relaunch early in third quarter!

MONTHLY INVOICES - As a reminder, please be sure to review your monthly invoices for accuracy. It is the responsibility of the employer group to maintain an accurate census for enrollment and billing. Any discrepancies should be reported to the SHIF Enrollment team immediately. The SHIF's policy is to limit retro adjustments or changes to 60 days.

NEW MEMBER GROUPS - 2016 has so far proven to be a successful year in gaining membership for the Schools Health Insurance Fund. We would like to welcome new members, Lebanon Board of Education with roughly 99 members, which officially became effective March 1st and Ewing Board of Education with roughly 473 members which will be effective April 1st.

OPEN ENROLLMENT - Open Enrollment will be held from May 1st to May 27th for the July 1, 2016 – June 30, 2017 plan year. Changes must be keyed into the online enrollment system no later than Friday June 3rd to ensure ID cards are received by the effective date.

- **Plan changes must be finalized before May 1st in order to properly change plans or implement new plans with our Medical, Prescription, and Dental Carriers.**
- Sample open enrollment material has been distributed for review and will be directly mailed or all member districts. .
- Open Enrollment Materials will be received by member groups no later than the last week of April
- Information presented in the open enrollment guides is targeted to each groups specific lines of coverage.
- Open enrollment will once again be **passive**, only members wishing to make a change will be required to fill out an enrollment form.
- Changes outside enrollment – Due to Federal regulations, members will not be allowed to change plans or add dependents outside of open enrollment unless they experience a qualified life event.

Program Manager said any open enrollment changes need to be received 60 days prior.

WELLNESS UPDATE - As discussed at the previous meeting, the Coaches from the Wellness Coaches USA pilot program will be attending the May meeting with most recent data for the participating schools boards.

A report through February 2016 was included in Appendix III. The report appears to need some clarification, which we are working with the company to obtain updated reports by May. In the meantime, for your reference the total eligible employees by BOE are below:

Delsea Regional BOE - 262

Rancocas Valley BOE - 207

Riverside BOE - 161

Woodstown - Pilesgrove BOE - 180

Members who have approved Wellness Grant invoices or reimbursement request may send to Emily Koval (emilyk@permainc.com) for payment.

Program Manager said additional Wellness Grants begin on July 1. Chair Collins said there will be more detailed reports available at the next meeting.

EXPRESS SCRIPTS

- Mail Order floor limit has been increased from \$100 to \$150. Any member utilizing the Express Scripts home delivery pharmacy will not see a disruption in mail order shipments until their total balance reaches \$150 or more. This figure is set by Express Scripts corporate finance team and allows members a limited credit line when ordering prescriptions through the mail order pharmacy.

CLINICAL NEWS & NOTES

- Xeljanz XR, a medication formerly excluded under the Express Scripts formulary, has now been approved for Rheumatoid Arthritis. Xeljanz XR will now be added to the Express Scripts specialty drug list.
- Updated DrugWatch Available for Viewing: The Emerging Therapeutics department has updated this viewable document, which highlights the near-term pipeline of drugs as well as potential new generic opportunities. This updated list include new medications for various cancer, HIV and Parkinson's Disease. Important to note that the majority of the medications in the pipeline are high cost specialty medications.
- On 3/1/2016, the FDA approved *Odesfy*. Odesfy is an HIV-1 treatment for individuals with the virus over the age of 12. Odesfy is estimated to cost roughly \$30,000 per patient per year and treatment can last up to 6 months. The medication is primarily for new diagnoses with no history of like treatments.

Program Manager said Express Scripts will have additional updates with their report.

TREASURER - Fund Treasurer reviewed the March Bills List as well as the reconciled balance, 2016 reconciled balance, claims paid and summary of all fund years.

RESOLUTION 18-16 MARCH 2016 BILLS LIST

FUND YEAR	AMOUNT
2016	\$977,567.74
TOTAL	\$977,567.74

MOTION TO APPROVE THE MARCH 2016 BILLS LIST AND TREASURERS REPORT:

MOTION: Trustee Lessard
SECOND: Trustee Domin
VOTE: Unanimous

FUND ATTORNEY- Fund Attorney said there is a box to check off on the 1094/95 forms noting that an employee has been employed for 12 months.

AMERIHEALTH - Ms. Didio said this is the first reporting period for just SHIF so the data is immature. She said there are no high level claimants for AmeriHealth or AmeriHealth Admin.

AETNA - Ms. Ward said the PEPM is low this month because it is only showing claims incurred and paid in January. All incurred in prior years, but paid in January will show on the SNJHIF run out. She said there is a new ACO deal with Virtua, introducing a tiered plan. Ms. Ward said Aetna is in contract negotiations with Debora Heart and Lung which should be completed shortly, as well as Cooper Hospital which has been given another extension to prevent member letters from going out.

EXPRESS SCRIPTS - Mr. Rostkowski said the metrics show a downward trend in the first 2 months. He also distributed a handout on their Accredo Pharmacy which is a copay assistance program, free of charge to the Fund. It allows copays to be waived if the member needs assistance to help them stay on their specialty medications.

DELTA - None

OLD BUSINESS: None

NEW BUSINESS: None

MOTION TO ADJOURN:

MOTION: Trustee Colling
SECOND: Trustee Domin
VOTE: Unanimous

MEETING ADJOURNED: 1:00pm

NEXT MEETING: May 25, 2016
Moorestown Community House
12:00pm

Emily Koval, Assisting Secretary

Date Prepared: May 5, 2016