

**SCHOOLS HEALTH INSURANCE FUND
OPEN MINUTES
MAY 24, 2017
MOORESTOWN COMMUNITY HOUSE
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 2016-2017 BOARD OF TRUSTEES:

Trustee	BOE		
Joseph Collins	Delsea Regional BOE	Chairman	Present
Frank Domin	Berlin Borough BOE	Secretary	Present
Lisa Giovanelli	Rancocas Valley BOE		Present
Michael Colling	Medford Lakes BOE		Present
Beth Ann Coleman	Collingswood BOE		Present
Christopher Lessard	Frankford Township BOE		Present *12:10
Christopher Destratis	Swedesboro-Woolwich BOE		Present *left 12:30
David Pawlowski	Alexandria BOE		Present *12:10
Evon Digangi	Mount Holly BOE		Present *12:10
Jim Sekelsky	Hardyston Township BOE		Present
Nicholas Bice	Burlington Township BOE		Present

PRESENT FUND PROFESSIONALS:

FUND ADMINISTRATOR:

PERMA Risk Management

Paul Laracy
Emily Koval
Karen Kamprath

PROGRAM MANAGER:

Conner Strong & Buckelew

Brandon Lodics
Jozsef Pfeiffer

FUND ATTORNEY:

Ken Harris

FUND TREASURER:

Lorraine Verrill

FUND AUDITOR:

PRESCRIPTION ADMIN:

Jeff Basile

MEDICAL TPA AMERIHEALTH:

Lisa Didio

MEDICAL TPA AETNA:

Kim Ward

MEDICAL TPA HORIZON:

Joe Ciampa

ALSO PRESENT

Dina Murray, Allen Associates
Susan Morris, The Lance Group
Joe Madera, Hardenbergh Insurance
Kim Porter, CHB Group
Michael Griggel, Deptford
Rob Wachter, Mount Laurel BOE
Christina Moskal, Ewing BOE
Jason Schimpf, Kingsway Regional BOE
John J Cobb, JCobb Insurance
John DiMartino, Liberty Benefit Advisors
Mary Muscarella, Brown & Brown
Chuck Grande, Integrity Consulting
Gregory Grimaldi, Conner Strong & Buckelew

Ms. Koval said 24 ballots were received and the results of the election are as follows:

Joseph Collins, Chair
Beth Ann Coleman, Secretary

Trustees

Lisa Giovanelli
Michael Colling
Christopher Lessard
Christopher Destratis
David Pawlowski
Evon Digangi
Jim Sekelsky
Nicholas Bice
Kelly Brazelton

Chair Collins thanked everyone for their continue participation and everyone will be swore in at the July meeting. He presented Secretary Domin with a clock and thanked him for all his service and time on the Board.

APPROVAL OF MINUTES: March 22, 2017 Open

MOTION TO APPROVE OPEN MINUTES OF MARCH 22, 2017

Moved:	Trustee Giovanelli
Second:	Trustee Sekelsky
Vote:	Unanimous

CORRESPONDENCE - None

EXECUTIVE DIRECTORS REPORT

PRO FORMA REPORTS

- **Fast Track Financial Reports - SHIF - as of March 31, 2017**
 - **Indices and Ratios Report**
 - **Consolidated Balance Sheet**
 - **Budgetary Comparison**

Executive Director said the Financial Fast Track shows a surplus of \$38.8 million, with a surplus in March of \$560,000. He said the MRHIF declared a dividend and the SHIF will be receiving approximately \$1.4 million through the SNJHIF. He said the Fund is also due approximately \$7 million from the SNJHIF closed year account, which is illustrated on the SNJHIF Financial Fast Track.

ORGANIZATIONAL RESOLUTIONS

Executive Director reviewed the changes to the resolutions in the consent agenda including:

1. The signatories need to be updated as per election results. (Resolution 16-17)
2. The Risk Management Plan contains updated stop loss arrangements (most importantly, increasing the School HIFs retention on claims from \$300k to \$325k.) (Resolution 17-17)
3. The appointments and sub-producer resolutions include updated compensation for professionals and vendors corresponding to the 2017/2018 budget. A revised resolution 18-17 was distributed at the meeting.
4. The sub-producer resolution includes the form of contract used for local entity risk managers. We are currently reviewing the non-solicitation clause and may seek an amendment this year to that portion of the agreement once legal research is completed.

Trustee Colling will be added as an additional signatory on resolution 16-17.

Executive Director said a revised sub producer resolution was distributed and to replace what is in the agenda.

OPERATIONS & NOMINATIONS COMMITTEE

NEW MEMBER APPROVALS - Executive Director said PERMA received a number of new member applications. He said the target last year was to grow by 20% but the Fund grew by 25%. He said the Committee reviewed the submissions and are proposing to add 6 entities with approximately 315 employees. He said the cap is at 1500 employees so the Fund can continue to accept applications throughout the year. He said resolution 20-17 is included in the Agenda approving new membership.

MOTION TO APPROVE RESOLUTION 20-17 APPROVING NEW MEMBERSHIP:

Moved:	Trustee Domin
Second:	Trustee Sekelsky
Vote:	Unanimous

WELLNESS COMMITTEE

2017-2018 GRANT APPLICATION - Ms. Koval said the Wellness Committee met to approve the grant application. She said the only change is Wellness Coaches was removed and each entity has the option to add this into their rates. She said all brokers were notified.

MOTION TO APPROVE THE 2017-2018 WELLNESS GRANT APPLICATION, AS PRESENTED:

Moved:	Trustee Lessard
Second:	Trustee Destratis
Vote:	Unanimous

INVESTIGATION OF "PARTNERSHIP HEALTH CENTER" CONCEPT - Ms. Koval said PERMA has begun an investigation of a "Partnership Health Center" concept for the Schools HIF. Preliminarily, we are working with Integrity, who provides such services for Somerset County, the Toms River BOE, and the Long Branch BOE. Under this concept, the Fund would contract with a service provider to operate a health center dedicated to employees, retirees, and dependents of Schools HIF member. She said the incentive would to provide services at no copay with flexible hours.

Fund Attorney said the State Educators Health Benefits Program is experimenting with a similar concept. Chair Collins said the concept is interesting but concerned that a Fund with such disperse enrollment may not benefit. He encouraged more research.

ADMINISTRATION

AETNA PERFORMANCE STANDARDS - Ms. Koval said as previously discussed Aetna has informed us that they did not meet the standards for financial accuracy of claims processing for 2 quarters of 2016. The Fund will be eligible for a partial refund of up to 2% of fees paid in 2016 (\$64,147 for Schools HIF). Aetna expects payment to be sent this summer.

FINANCIAL DISCLOSURE STATEMENTS - Ms. Koval said each Trustee is required to complete a Financial Disclosure Statement. She said the deadline has been extended to May 30, 2017 and fines will be issued for non compliance.

MRHIF MEETING SUMMARY - Ms. Koval said the MRHIF held an Executive Committee meeting on May 11 and the Committee approved an audit of Aetna's claims and operations, in addition to an RFQ for an EGWP (Medicare Advantage prescription plan) and a Vision benefit manager. The MRHIF also approved a dividend of \$3.68M of which \$1,339,454 will be paid to the Schools HIF either directly or through the SNJ HIF.

PROGRAM MANAGER'S REPORT

OPEN ENROLLMENT - Mr. Pfeiffer said the annual open enrollment period has come to a close. Any member changes were to have been entered into the Benefit Express online enrollment system by Monday May 15th. If there are any Open Enrollment changes which have not been submitted, please contact the enrollment department immediately.

PLAN CHANGES - Mr. Pfeiffer said any requested, August 1st plan changes will need to be submitted no later than Friday May 26th. As a remainder, PERMA kindly requests a minimum of 60 days notice for any plan adds edits, or deletions.

AETNA NETWORK UPDATE - Mr. Pfeiffer said on April 17, 2017 Aetna announced that they successfully completed negotiations with Robert Wood Johnson Barnabas Health (RWJ/Barnabas). The new 2 year agreement was effective April 22, 2017 and resulted in RWJ/Barnabas' continued participation in Aetna's New Jersey network. Retraction letters were sent on/about April 20th to those members who previously received notice that RWJ/Barnabas was pulling out of the Aetna network. He said it was requested that Aetna provide more notice so the Board of Trustees can be notified as soon as possible.

VISION RFP UPDATE - Mr. Pfeiffer said MRHIF has authorized Conner Strong & Buckelew to prepare and release an RFP for a separate vision plan vendor. We believe that having an alternate vision plan that is separate from medical plans will allow us to provide groups with the option of a one-stop shop for Medical, Rx and Vision and COBRA elections. We anticipate that having a standalone vision plan available will improve member experience with vision claim issues.

EPIPEN RECALL - Mr. Pfeiffer said Express Scripts informed Conner Strong & Buckelew that the manufacturer (Meridian Technologies) issued a world-wide voluntary recall on March 30, 2017 of EpiPen Auto-Injector devices. The recall is only on devices from 13 specific production lots that were distributed between 12/17/2015 and 7/1/2016. Affected patients were notified by the manufacturer and given instructions for obtaining a free replacement for the defective devices. *There is no financial impact to the Fund.*

CSB GOOD RX TOOL - Included in your agenda is information for an online pharmacy selection tool provided by Conner Strong & Buckelew that is available to all SHIF members. The tool enables members to search for pharmacies that offer the lowest price for medications. While your copay remains the same for each pharmacy, the cost to the plan can vary significantly among pharmacies. Lower plan costs result in savings for employers and ultimately for members.

PLAN DESIGN CONSIDERATIONS - With the progression of Chapter 78 and the increase on employee contributions, many employers are considering High Deductible Health Plans (HDHPs) with full or partially funded Health Savings Accounts (HSAs). When considering implementation of a program such as this it is important to keep in mind that employees cannot contribute to both a Health Savings Account (HSA) and a Flexible Spending Account (FSA) at the same time. As both carry tax advantages, the IRS does not allow a member to receive the double tax incentive. Chapter 78 requires that public sector entities at least offer their employees an FSA. If implementing a HDHP with an HSA, it is important to consider the timing of implementation and how many of your employees are enrolled an FSA.

LEGISLATIVE UPDATE

- **American Healthcare Act** - On May 4th, 2017, the US House of Representatives voted to pass the American Healthcare Act ("AHC"); step 1 in replacing the Affordable Care Act ("ACA"). The bill will need to go to the US Senate where it will face further debate and likely alterations. The bill eliminates the "mandates" for individuals and employers and makes sweeping changes to programs like Medicaid and subsidies for low earners to buy individual coverage. The new bill leaves intact the Cadillac tax but it is further delayed until 2025. The employer tax exclusion for benefits is also maintained under the bill. Finally, it leaves intact the popular provision of requiring employers to cover dependent children until they reach the age of 26. Ultimately, the House and Senate will have to agree to a final bill that can then be sent to the President. The timing of the next steps is unclear although it is expected that the Senate will begin to debate the bill in the near term. We will continue to

keep you apprised on this issue.

- **Expanded Fertility Mandate** - On Monday, May 1, 2017, Governor Christie signed a new bill into law that expands the mandates of insurance coverage of infertility procedures for the State Health Benefit Plan (SHBP) and the School Employees Health Benefit Plan (SEHPB). The expanded law mandates insurance coverage for any woman is who trying to conceive outside of a heterosexual relationship. The SHIF is a self-funded plan and not subject to the mandate. However, we will be exploring the ramifications of adopting the mandate and provide a recommendation to the trustees.

COMPLIANCE UPDATES - NJ Opioid Law - As reported at the March SHIF meeting, New Jersey Governor Chris Christie signed legislation aimed at curbing the state's opioid addiction epidemic. The new law also mandates state-regulated health insurers, namely fully insured plans and plans run by the state (including the State Health Benefits Program and the School Employees Health Benefits Program) to cover inpatient and outpatient treatment for opioid addiction.

Mr. Pfeiffer said this will be implemented for any group joining on July 1, 2017 and they are recommending implementing Fund wide July 1, 2018. He said this would impact rates so any new group joining is underwritten including this mandate.

SHBP FINANCIAL ANALYSIS - State Employees Health Benefit Plan recently released their annual plan audit. PERMA's Executive Director performed an in-depth analysis of the financial report. The following is summary of our observations regarding the SHBP's overall financial health:

- State subgroup deficit doubled
- Local subgroup continues to maintain a sizable surplus but its operations lost \$27.2M or 8.46%.
- This suggests that this year's rate action, +2.4%, may be insufficient.
- Local subgroup surplus provides working capital for the entire program
- Schools subgroup operated at a deficit of 2.5% but continues to maintain a slight surplus
- Subgroup surplus compared to 2 months of claims (given by State as retention objective):
 - a. State group in deficit = to over 1 month of claims
 - b. Local group surplus exceeds 2 months of claims
 - c. Education subgroup surplus is de minimis at 9 days of claims

CARRIER WELLNESS PROGRAMS

- **Aetna Simple Steps Program**

Aetna is offering an online health coaching program to SHIF members. The *Simple Steps To A Healthier Life* program provides online health coaching and offers tools and resources to members to implement "small steps" strategies for healthier living. Coaching is available for a variety of common health issues. For further information please see the flyer included in your agenda.

- **Amerihealth ChooseHealthy Affinity Program**

SHIF members may receive discounts on services from a national network of acupuncturists, message therapists and registered dieticians. Access to an online tool for personal health improvement programs, gym membership and product discounts are also available through the *ChooseHealthy* program. For further information please see the flyer included in your agenda.

ADMINISTRATIVE AUTHORIZATIONS

There were two appeals received since last meeting.

Type	Reason	Outcome
Prescription	Medical Necessity	Denial Upheld
Medical	Non Emergent use of ER	Denial Upheld

RX PROGRAM UPDATE: SAVEON

Mr. Pfeiffer said the MRHIF agreed to participate in the SAVEON Specialty program. This was approved at the MRHIF level because there is a minimum of 15,000 lives to participate so not one Fund could do alone. He said this is an ESI sponsored program with a third party vendor targeting specialty medications. He explained that Saveon artificially raises the copay to the level of the maximum manufacturer discount, allowing the Fund to receive money from the manufacturer while the member has a zero dollar copay. He said about 51 members in the SHIF are eligible and this would result in about \$1.4 million in savings on the MRHIF level and \$240,000 to the SHIF.

Mr. Pfeiffer said the potential negative impact is that membership is automatically enrolled and if they choose not to participate with the manufacturer discount, the member would be responsible for the high copay, in which case, the Fund could provide an exception on the copay. He said there is no cost for the Fund to implement, yet Saveon and ESI receive a portion of the shared savings. In response to Trustee Lessard, Mr. Pfeiffer said everything will be handled through Saveon. In response to Trustee Giovanelli, Mr. Pfeiffer said this is only for specialty drugs filled through Accredo. In response the Trustee Sekelsky, Mr. Basile said the member has to agree in order to take advantage of the manufacturer discount. Mr. Basile said a custom communication piece will be mailed 45 days out followed by an additional letter and a phone call and lastly when the member calls to refill a prescription through Accredo there would be a warm transfer to Saveon who will explain the program. In response to Trustee Giovanelli, Executive Director said this would improve the overall financials of the Fund, which indirectly would result in better rates in future budgets. Mr. Basile said Saveon receives a percent of the savings which is around 25%. Executive Director said this program's process is not ideal but the savings is too significant to ignore. Secretary Domin agreed that the savings to the Fund is worth it.

TREASURER – Fund Treasurer reviewed the April and May 2017 Bills List and the treasurer's report. She said Republic Bank, Parke Bank and OceanFirst Bank agreed to a rate increase to .90%.

CONFIRMATION OF PAYMENT APRIL 2017

FUND YEAR	AMOUNT
APRIL 2016/2017	\$1,419,674.72
TOTAL ALL FUND YEARS	\$1,419,674.72

RESOLUTION 21-17 MAY 2017 BILLS LIST

FUND YEAR	AMOUNT
MAY 2016/2017	\$1,328,267.54
TOTAL ALL FUND YEARS	\$1,328,267.54

**MOTION TO APPROVE THE APRIL AND MAY 2017 BILLS LIST AND
TREASURERS REPORT AS PRESENTED:**

MOTION:	Trustee Giovanelli
SECOND:	Trustee Bice
VOTE:	Unanimous

FUND ATTORNEY - Fund Attorney said the ACA is basically a moving target at this point. He said the Senate will most likely introduce their own bill. He said dependents up to age 26 will remain, and people with pre existing conditions must have no lapse in coverage for 12 months.

AETNA - Ms. Ward reviewed the February and March 2017 claims and said they remain stable. She said there were 10 high level claimants in February and 8 high level claimants in March. She reviewed the Dashboard report and said network discounts and in network usage remains strong. In addition, Ms. Ward said that the missed claims accuracy performance guarantee last year were from a call center with more than 500 members and not a HIF-specific error.

AMERIHEALTH - Ms. Didio reviewed the February and March 2017 claims. She said the April claims are trending down from March. She said there were 4 high level claimants paid over \$50,000 in March. She reviewed the supplemental report which includes aggregate data from January 2017 - March 2017.

HORIZON- Mr. Ciampa said 12 entities are currently offering the Omnia product. He said there is a new Omnia offering which is richer in benefits including less out of pocket cost and better tier 2 benefits.

**MOTION TO APPROVE THE CONSENT AGENDA INCLUDING RESOLUTUIONS
10-17 THROUGH 19-17 AS DISCUSSED:**

MOTION:	Trustee Bice
SECOND:	Trustee Lessard
VOTE:	Unanimous

EXPRESS SCRIPTS - Mr. Basile the Fund continues to run flat.

DELTA - None

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION:	Trustee Domin
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**SECOND:
VOTE:**

Trustee Digangi
Unanimous

MEETING ADJOURNED: 12:30 pm

NEXT MEETING: July 26, 2017
Moorestown Community House
12:00pm

Karen Kamprath, Assisting Secretary,
Date Prepared: May 26, 2017