

**SOUTHERN COASTAL REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
OCTOBER 30, 2017
GREENVIEW INN AT EASTLYN GOLF COURSE
12:30 PM**

Meeting of Executive Committee called to order by Gene Mercoli Open Public Meetings notice read into record.

PLEDGE OF ALLEGIANCE

ROLL CALL OF 2017 EXECUTIVE COMMITTEE:

Gene Mercoli - Chairman	Cumberland County Technical Education Center	Present
Cherie Bratty - Secretary	Upper Deerfield Board of Education	Present
Pasquale Yacovelli	Buena Regional Board of Education	Present
Bruce Harbinson	Cumberland Regional Board of Education	Present
Nicole Albanese	Bridgeton Board of Education	Present
Bryce Kell	Millville Board of Education	Present
Jerry Velazquez	Cumberland County Improvement Authority	Present
Alternate #1		
Kim Krauss	Middle Township	Present

PRESENT FUND PROFESSIONALS:

FUND ADMINISTRATOR: PERMA Risk Management
Paul Laracy
Karen Kamprath
Emily Koval

FUND ATTORNEY: Ken Harris

FUND COORDINATOR: Lew Thompson
Dina Murray
Rick Alessandrini
Abbie Carr
Susan Dortu

DEPUTY TREASURER: Lorraine Verrill

AETNA: Kim Ward

AMERIHEALTH: Mike Murphy

FUND AUDITOR:

ALSO PRESENT

Chuck Grande, Integrity Consulting Group
Anthony Fanucci, AR Fanucci
Dr. Alfred Savio, West Cape May
Christina Murphy, Cumberland County Charter Schools

Gina Marie Scorsone, Marsh & McLennan Agency
Joe Madera, Hardenbergh Insurance Group
Mark Mallett, Lower Cape May
Joe Meola, J. Byrne
Tom Byrne, J. Byrne

APPROVAL OF MINUTES: September 25, 2017 - Open

MOTION TO APPROVE OPEN MINUTES OF SEPTEMBER 25, 2017:

Moved: Commissioner Bratty
Second: Commissioner Yacovelli
Vote: 7 Ayes, 0 Nays, 1 Abstain(Chair Mercoli)

EXECUTIVE DIRECTORS REPORT

FAST TRACK FINANCIAL REPORTS - as of August 31, 2017

Executive Director said for all years combined the surplus is just below \$13 million. He said the Fund made \$384,000 in August and continues to perform well.

2018 BUDGET ADOPTION

Executive Director said the overall budget is up 2.35%. The assessments vary depending on participation and line of coverage. He said there is also a slightly higher increase for AmeriHealth. Chair Mercoli said the Commissioners would like to adopt the budget separate from the Consent Agenda.

MOTION TO OPEN THE PUBLIC HEARING ON THE 2018 BUDGET:

Moved: Commissioner Yacovelli
Second: Commissioner Velazquez
Vote: All in Favor

Commissioner Bratty thanked Executive Director for meeting with the Finance Committee. Commissioner Albanese thanked everyone that worked on the budget, although she said she and her board continue to have a concern with the increase for certain professional fees that they are not equal across the board and the differences in the 4% allotted in the budget.

MOTION TO CLOSE THE PUBLIC HEARING

Moved: Commissioner Bratty
Second: Commissioner Velazquez
Vote: All in Favor

CLAIMS FUND

Medical claims are decreasing by 2.8% for Aetna while Amerihealth claims are rising by 3%. The differential between actuarially estimated claims for Amerihealth and Aetna is now at 23%. While this is

an improvement from last year, PERMA and Allen Associates continue to work with Amerihealth on the causes of the disparity.

The budget estimates are reduced by .14% to reflect migration of all plans to 150% of Medicare for out of network expenses. The current out of network schedule is 150% of Medicare for providers and 175% of Medicare for facilities.

Rx costs are dropping slightly because of increased rebates and stable year over year outcomes.

Dentals costs are also stable.

REINSURANCE AND INSURED PROGRAMS

The reinsurance line is decreasing by 4.04%. This pricing is predicated on the Fund's specific retention rising from \$325,000 to \$350,000.

The Medicare Advantage renewal is being raised by 7.13% which is impacted by normal trend and an ACA tax that is scheduled to go into effect (3%).

LOSS FUND CONTINGENCY

The 2017 budget reflected the application of a dividend offset of \$1,162,004. This dividend is derived from Fund Years 2014 and earlier. Members that were not in the Fund during those years do not receive an offset against their assessments.

The Fund has the ability to declare a dividend again this year but may not need to use it to offset assessments. The Finance Committee reviewed this analysis and is recommending that no dividend be declared this year.

Claims Budget 2018	\$ 49,976,112.59
Target Surplus (2.5 months of claims)	\$ 10,411,690.12
Current Surplus	\$ 12,015,727.46
Less Surplus of Former Members	\$ (168,519.73)
Dividend Availability	\$ 1,435,517.61

An appropriation into the loss fund contingency of \$206,135 is included to create margin that can help moderate a 2019 rate increase.

CONTRACTS AND EXPENSES

Fees for professionals and contractors are proposed to rise in accordance with RFQ responses.

Amerihealth fees were increased in 2017 in exchange for the implementation of transparency network pricing. We are still in negotiations with AHA on the appropriate fee for this change.

An increase in the wellness line item has been included to reflect growth in interest in such programs.

The Finance Committee asked that the wellness grants be available on a consistent per employee per year basis. The proposed line item of \$100,000 allows for a \$2.93 per employee grant to each entity. The Wellness Committee will be developing guidelines to implement this approach.

ASSESSMENTS

Proposed rate increases by line of coverage are:

- Aetna - no change
- AHA - +1.5%
- Medicare Advantage +4%
- Rx - no change
- Dental - no change

Assessments changes are higher for members (those in the HIF in 2014 and earlier) that used dividends to reduce their 2017 rates. That is, 2017 assessments were reduced temporarily by the dividend.

CONTRACTUAL AND RFP PROCESSES

Executive Director said the Finance and Contracts Committee met last week to review the RFP and contractual processes. He said the committee wants to carefully review the RFP's before they are issued. He said they would also like to see a closer correspondence between the RFP, contracts, resolutions and budget and have them be more consistent with the general budget. He said some of the contracts have a clause that state the professionals would receive and increase consistent with the general budget. He said the committee would like to see the fees more clearly stated upfront. In response the Chair Mercoli, Executive Director said RFP's would be issued next summer. He said the Committee also requested to look at the loss ratio of various members, which is good information for them to have.

WELLNESS AND MARKETING FUNDS

Executive Director said Joseph DiBella approached major HIF partners seeking support for wellness and marketing dollars for HIFs. Aetna and AHA has agreed to offer \$1.25 pepm of its fee and Munich has offered \$.15 of its fee. These offers have conditions and details that are being worked on. He said updates will be provided as they become available.

NOVEMBER MEETING DATE

Executive Director said because the October meeting was moved to a later date, it is being recommended to move the November meeting to November 27th. The Commissioners agreed to change the date to November 27th and advertise accordingly.

ALLOWAY TOWNSHIP BOARD OF EDUCATION

Executive Director said a resolution to approve membership for Allow Township BOE was distributed. He said their claims are slightly higher than average but the rates are still competitive. He said a 2% risk manager fee is built in. Executive Director said this can be voted on today or at the November meeting as this is just being distributed. In response to Commissioner Velazquez, Executive Director said their claims are projected at \$1,798 while the Fund average is \$1,715. Chair Mercoli said he is ok voting on this

today. In response to Commissioner Kell, Executive Director said we received experience from the last 2 years from the SHBP. The Committee included the resolution on consent agenda.

Chair Mercoli thanked Executive Director for his work throughout the budget process.

**Southern Coastal HIF
2018 Proposed Budget**

Print Date:

9/5/2017

Census:	Monthly	Annualized
Medical - Aetna	2,039	24,468
Medical - AmeriHealth	805	9,660
Rx	293	3,516
Rx - Passive (Medical HMO's)	53	636
Dental	162	1,944
Medicare Advantage - Medical	72	864
Rx No Medical (Incl in Rx above)	4	48
Dental Only (Incl in Dental above)	16	192
Medicare Advantage Only (Incl in Med Adv above)	68	816

	LINE ITEMS	Annualized Budget FY2017	Proposed Budget FY2018	\$ Change	% Change
1	Claim Funds				
2	Medical Aetna 1/1 Renewal	\$ 33,043,146	\$ 32,117,938	\$ (925,208)	-2.80%
3	Medical Aetna 7/1 Renewals	\$ 2,871,928	\$ 2,791,514	\$ (80,414)	-2.80%
4	Medical AmeriHealth 1/1 Renewal*	\$ 13,413,701	\$ 13,816,112	\$ 402,411	3.00%
5	Credit for Use of AHA Transparency Model	\$ (409,907)	\$ -	\$ 409,907	-100.00%
6	Subtotal Medical	\$ 48,918,867	\$ 48,725,563	\$ (193,304)	-0.40%
7	Prescription Claims 1/1 Renewals	\$ 1,101,366	\$ 1,101,366	\$ -	0.00%
8	Prescription Claims 7/1 Renewals	\$ 248,929	\$ 248,929	\$ -	0.00%
9	Less Formulary Rebates	\$ (208,376)	\$ (237,000)	\$ (28,624)	13.74%
10	Subtotal Prescription	\$ 1,141,919	\$ 1,113,295	\$ (28,624)	-2.51%
9	Dental Claims 1/1 Renewals	\$ 381	\$ 381	\$ -	0.00%
11	Dental Claims 7/1 Renewals	\$ 136,873	\$ 136,873	\$ -	0.00%
12	Subtotal Dental	\$ 137,254	\$ 137,254	\$ -	0.00%
13	Subtotal	\$ 50,198,040	\$ 49,976,113	\$ (221,928)	-0.44%
14					
15	Loss Fund Contingency	\$ (1,166,519)	\$ 206,315	\$ 1,372,834	-117.69%
16					
17	Medicare Advantage	\$ 223,517	\$ 239,449	\$ 15,932	7.13%
18					
19	Reinsurance				
20	Specific	\$ 1,864,071	\$ 1,782,847	\$ (81,225)	-4.36%
21	Aggregate*	\$ 145,248	\$ 145,248	\$ -	0.00%
22	Subtotal	\$ 2,009,319	\$ 1,928,095	\$ (81,225)	-4.04%
23					
24	Total Loss Fund	51,264,357	52,349,971	1,085,614	2.12%
25					
26	Professional and Contractual				
27	Legal	\$ 27,604	\$ 28,156	\$ 552	2.00%
28	Treasurer	\$ 18,510	\$ 18,880	\$ 370	2.00%
29	Executive Director	\$ 633,776	\$ 646,452	\$ 12,676	2.00%
30	Fund Coordinator	\$ 1,006,905	\$ 1,046,985	\$ 40,081	3.98%
31	Brokerage	\$ 1,015,390	\$ 1,056,194	\$ 40,804	4.02%
32	TPA - Med Aetna	\$ 1,255,698	\$ 1,280,900	\$ 25,202	2.01%
33	TPA - Med AmeriHealth	\$ 444,360	\$ 453,247	\$ 8,887	2.00%
34	TPA - Dental	\$ 6,026	\$ 6,026	\$ -	0.00%
35	Actuary	\$ 33,813	\$ 34,500	\$ 687	2.03%
36	Auditor	\$ 12,250	\$ 12,500	\$ 250	2.04%
37	Subtotal	4,454,332	4,583,841	\$ 129,509	2.91%
38					
39	Miscellaneous and Contingency				
40	Contingency	\$ 38,569	\$ 38,569	\$ (0)	0.00%
41	Wellness Program	\$ 60,240	\$ 100,000	\$ 39,760	66.00%
42	Plan Documents	\$ 25,000	\$ 25,000	\$ (0)	0.00%
43	Subtotal	123,809	163,569	\$ 39,760	32.11%
44					
45	Total Expenses	\$ 4,578,141	\$ 4,747,410	\$ 169,269	3.70%
46					
47	Total Budget Before Taxes	\$ 55,842,498	\$ 57,097,381	\$ 1,254,883	2.25%
48	Affordable Care Act Taxes	\$ 16,893	\$ 16,893	\$ -	0.00%
49	Retiree Surcharge	\$ 1,007,120	\$ 1,038,284	\$ 31,164	3.09%
50	Budget Including Taxes	\$ 56,866,512	\$ 58,152,558	\$ 1,286,047	2.26%
51	Total Billing	\$ 56,817,756	\$ 58,152,558	\$ 1,334,802	2.35%
52	Budget - Billing Reconciliation	\$ (48,756)	\$ (0)	\$ (0)	
53	*AHA renewal % change net of change for transparency pricing and large claims write offs				

Southern Coastal HIF												
PRO-FORMA ASSESSMENTS BY MEMBER												
Group Name	Fund Year 2017 Annualized			Fund Year 2018 Proposed			Difference \$			Difference %		
	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total	Member Billed	Direct Billed	Total
CUMBERLAND REGIONAL BOE	1,808,256	-	1,808,256	1,836,156	-	1,836,156	27,900	-	27,900	1.54%	0.00%	1.54%
COMMERCIAL TOWNSHIP BOE	1,056,396	-	1,056,396	1,083,408	-	1,083,408	27,012	-	27,012	2.56%	0.00%	2.56%
CUMBERLAND COUNTY TECHNICAL EDUCATION CENTER	1,141,188	3,984	1,145,172	1,174,344	4,152	1,178,496	33,156	168	33,324	2.91%	4.22%	2.91%
HOPEWELL BOE	844,968	-	844,968	868,248	-	868,248	23,280	-	23,280	2.76%	0.00%	2.76%
MILLVILLE BOE	15,140,604	45,612	15,186,216	15,552,312	46,860	15,599,172	411,708	1,248	412,956	2.72%	2.74%	2.72%
UPPER DEERFIELD BOE	2,360,820	10,428	2,371,248	2,423,076	10,704	2,433,780	62,256	276	62,532	2.64%	2.65%	2.64%
WOODSTOWN BOROUGH	504,612	-	504,612	517,332	-	517,332	12,720	-	12,720	2.52%	0.00%	2.52%
BRIDGETON BOE	16,279,044	6,396	16,285,440	16,779,228	6,564	16,785,792	500,184	168	500,352	3.07%	2.63%	3.07%
MIDDLE TOWNSHIP	2,608,368	-	2,608,368	2,729,196	-	2,729,196	120,828	-	120,828	4.63%	0.00%	4.63%
LOWER CAPE MAY RSD	3,736,884	27,996	3,764,880	3,780,804	28,332	3,809,136	43,920	336	44,256	1.18%	1.20%	1.18%
BUENA REGIONAL BOE	4,679,616	20,244	4,699,860	4,706,436	20,556	4,726,992	26,820	312	27,132	0.57%	1.54%	0.58%
DENNIS TOWNSHIP BOE	1,614,768	-	1,614,768	1,625,382	-	1,625,382	10,614	-	10,614	0.66%	0.00%	0.66%
WEST CAPE MAY BOE	121,488	-	121,488	122,844	-	122,844	1,356	-	1,356	1.12%	0.00%	1.12%
CITY OF BRIGANTINE	2,061,120	41,736	2,102,856	2,090,772	42,360	2,133,132	29,652	624	30,276	1.44%	1.50%	1.44%
LAWRENCE TOWNSHIP BOE	761,484	-	761,484	761,484	-	761,484	-	-	-	0.00%	0.00%	0.00%
CUMBERLAND COUNTY IMPROVEMENT AUTHORITY	675,348	26,712	702,060	675,348	26,976	702,324	-	264	264	0.00%	0.99%	0.04%
CUMERLAND COUNTY CHARTER SCHOOLS	853,800	11,688	865,488	853,800	11,688	865,488	-	-	-	0.00%	0.00%	0.00%
PITTSBORO TOWNSHIP	374,196	-	374,196	374,196	-	374,196	-	-	-	0.00%	0.00%	0.00%
Totals:	56,622,960	194,796	56,817,756	57,934,366	198,192	58,132,558	1,331,406	3,396	1,334,802	2.35%	1.74%	2.35%

Group Name	Increase After Removal of 2017 Dividend	Increase Excluding Impact of 2017 Dividend
CUMBERLAND REGIONAL BOE	1.54%	0.00%
COMMERCIAL TOWNSHIP BOE	2.56%	0.11%
CUMBERLAND COUNTY TECHNICAL EDUCATION CENTER	2.91%	0.10%
HOPEWELL BOE	2.76%	0.00%
MILLVILLE BOE	2.72%	0.00%
UPPER DEERFIELD BOE	2.64%	0.00%
WOODSTOWN BOROUGH	2.52%	0.00%
BRIDGETON BOE	3.07%	0.40%
MIDDLE TOWNSHIP	4.63%	1.70%
LOWER CAPE MAY RSD	1.18%	1.18%
BUENA REGIONAL BOE	0.57%	0.57%
DENNIS TOWNSHIP BOE	0.66%	0.66%
WEST CAPE MAY BOE	1.12%	1.12%
CITY OF BRIGANTINE	1.44%	1.44%
LAWRENCE TOWNSHIP BOE	0.00%	0.00%
CUMBERLAND COUNTY IMPROVEMENT AUTHORITY	0.00%	0.00%
CUMERLAND COUNTY CHARTER SCHOOLS	0.00%	0.00%
PITTSGROVE TOWNSHIP	0.00%	0.00%
Totals:	2.35%	0.40%

FUND COORDINATOR REPORT

PROSPECTS

Mr. Alessandrini reviewed the pending prospects including Downe Township BOE, Estell Manor BOE, Cape May County Technical School, Alloway Township BOE, Elsinboro BOE, Waterford Township BOE, Maurice River Township BOE, Buena Vista Township and Margate City BOE. In response to Chair Mercoli, Mr. Alessandrini said Waterford Township is located in Camden County but has requested a quote specifically from the Coastal Fund. Executive Director said he will advise the SHIF that a quote was requested from Waterford, but due to their growth cap they will most likely not have a problem with the Board joining Coastal instead. Mr. Alessandrini said Buena Vista Township was denied due to their claims experience and Margate City accepted a direct quote from AmeriHealth. In response to Chair Mercoli, Mr. Alessandrini said the Fund can accept new members off cycle, but they would renew for January 1 or July 1.

AMERIHEALTH NETWORK LAB INFORMATION

Ms. Murray said members are no longer able to utilize Quest Diagnostics effective October 1, 2017. Labcorp is now the preferred lab.

ONLINE ENROLLMENT SYSTEM TRAINING

Ms. Murray said if any member needs training or would like a refresher course on the online enrollment system, please reach out to Karen Kidd at kkidd@permainc.com of PERMA. Training is currently being organized for our new members.

MONTHLY BILLING

Ms. Murray said as a reminder, please be sure to check your monthly invoice for accuracy. If you find a discrepancy, please report it to the Coastal enrollment team. The Fund's policy is to limit retro corrections, including terminations, to 60 days.

NEW PLAN IMPLEMENTATION

Ms. Murray said PERMA will need at least 60 days notification for implementation of plan changes to existing plans. This is required by our carrier partners to ensure plan implementation is done correctly and new ID cards will be received by the effective date. Due to volume, we are requesting any plan changes for January 1, 2018 be submitted no later than Monday October 16th.

TELE-MEDICINE

Ms. Murray said both Aetna and AmeriHealth are now offering Tele-Medicine at no additional administrative costs to the Coastal HIF. Aetna members will have access to *Teledoc* and Amerihealth members will have access to *MD Live*. Members and their dependents can utilize the service for a \$0 copay.

2017 SUB COMMITTEES

Chair Mercoli said he asked Commissioner Bratty to hold a Wellness Committee meeting prior to the January meeting to come up with a process for approval of the wellness grants so there is a consistent level of review and reimbursement.

TREASURER- Deputy Treasurer reviewed the October Bills list and Treasurer's Report. In response to Chair Mercoli, Deputy Treasurer said there are no penalties on CDs at Ocean First.

Resolution 23-17 October 2017 Bills List

FUND YEAR	AMOUNT
FY 2017	\$569,457.12
ALL FUND YEARS	\$569,457.12

FUND ATTORNEY- Fund Attorney said he has nothing to report at this time.

AETNA - Ms. Ward reviewed the August claims. She said there was 1 claims over \$50,000. She said she reviewed the drop in membership discussed at the last meeting and it is mostly due to the BOE's.

AMERIHEALTH ADMINISTRATORS - Mr. Murphy said the average is down about 19% from 2016. He said there is 1 large claimant for this reporting period. In response to Chair Mercoli, Mr. Murphy said they have been tracking the large claims to determine why they make up a 1/3 of the total claims, which is higher than average.

CONSENT AGENDA

In response to Chair Mercoli, Ms. Koval said the resolution for Alloway will be changed to 24-17. Chair Mercoli said the budget will be voted on separately, the consent agenda will include resolution 23-17 and 24-17. In response to Mr. Kell, Executive Director said claims average discussed for Alloway includes prescription which is why the average is higher than the pepm reviewed by Aetna and AmeriHealth which only include medical. Executive Director said he can provide the breakout to the Commissioners after the meeting. Chair Mercoli asked that these items be distributed prior to the meeting in the future.

MOTION TO APPROVE CONSENT AGENDA INCLUDING RESOLUION 23-17 AND 24-17 AS DISCUSSED:

MOTION: Commissioner Albanese
SECOND: Commissioner Yacovelli
VOTE: 8 Ayes, 2 Nays (Commissioner Kell on 24-17 only, Commissioner Bratty on 24-17 only)

MOTION TO APPROVE RESOLUTION 22-17 ADOPTION OF THE 2018 BUDGET AS PRESENTED:

MOTION: Commissioner Yacovelli
SECOND: Commissioner Bratty
VOTE: 7 Ayes, 1 Nay (Commissioner Albanese)

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: In response to Chair Mercoli, Fund Attorney said there was a consent approval to change the meeting date to November 27, 2017.

MOTION TO ADJOURN:

MOTION:	Commissioner Bratty
SECOND:	Commissioner Yacovelli
VOTE:	Unanimous

MEETING ADJOURNED: 1:00 PM

NEXT MEETING: November 27, 2017
The Greenview Inn - Eastlyn Golf Course
12:30pm