

**SOUTHERN COASTAL REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
MAY 22, 2017
THE GREENVIEW INN AT EASTLYN GOLF COURSE
12:00 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	Absent
Pasquale Yacovelli	Buena Regional Board of Education	Present
Bruce Harbinson	Cumberland Regional Board of Education	Present (12:15)
Nicole Albanese	Bridgeton Board of Education	Present
Bryce Kell	Millville Board of Education	Absent
Jerry Velazquez	Cumberland County Improvement Authority	Absent
Alternate #1		
Kim Krauss	Middle Township	Present

PRESENT FUND PROFESSIONALS:

FUND ADMINISTRATOR: PERMA Risk Management
Paul Laracy
Emily Koval

FUND ATTORNEY: Ken Harris

FUND COORDINATOR: Rich Allen
Bob Allen
Gerald Cowen
Dina Murray
Rick Alessandrini

DEPUTY TREASURER: Lorraine Verrill

AETNA: Peggy Dennison

AMERIHEALTH: Lisa Didio

FUND AUDITOR: Jim Miles
Dennis Skalkowski

ALSO PRESENT

Paige Rumaker, Dennis Township
Chuck Grande, Integrity Consulting Group
Anthony Fanucci, AR Fanucci Insurance
Stephanie Kuntz, Hopewell
Dr. Alfred Savio, West Cape May
Bertha Hyman, Woodstown Borough

Christina Murphy, CCCSN
Mark Mallett, LCMR
Joe Madera, Hardenbergh Insurance Group
Joe Meola, J. Byrne
Claudine Ayscue, Marsh & McLennan
Lindsey Thompson, Allen Associates
Lew Thompson, Allen Associates
Casey Byrne, J. Byrne
Anne Garrison, Twp of Middle
Constance Garton, Twp of Pittsgrove
Greg Grimaldi, Conner Strong & Buckelew
Josh Verrill, Verrill & Verrill
Peter Barves,
Janet Heck, Cumberland County Improvement Authority

APPROVAL OF MINUTES: March 27, 2017 - Open

MOTION TO APPROVE OPEN MINUTES OF March 27, 2017:

Moved:	Commissioner Albanese
Second:	Commissioner Krauss
Vote:	4 Ayes, 0 Nays

Chair Mercoli said the meeting will recess for lunch and resume at 12:30.

MOTION TO TEMPORARILY SUSPEND THE MEETING

Moved:	Commissioner Albanese
Second:	Commissioner Krauss
Vote:	Unanimous

MOTION TO REOPEN THE MEETING

Moved:	Commissioner Albanese
Second:	Commissioner Krauss
Vote:	Unanimous

PRO FORMA REPORTS

- **Fast Track Financial Reports** – Coastal as of March 31, 2017 (*page 4*)
 - **Historical Income Statement**
 - **Consolidated Balance Sheet**
 - **Indices and Ratios Report**
- **Fast Track Financial Reports** – SNJHIF as of March 31, 2017 (*page 8*)

Executive Director reviewed the financials which showed a loss in March of the Amerihealth Administrator claims, although 3 months of the first 4 months show that AHA is trending on budget.

In response to Chair Mercoli, Executive Director said the bylaws do not contain a policy for claim retention, but rather the Risk Management plan which states retention of 2-2.5 months of claims funding. He said when all cash comes in from the transfer; the Fund will be well above that mark.

PENDING CLOSURE OF SNJREBF 2015 FUND YEAR - Executive Director said he is preparing to close the Southern New Jersey Regional Employee Benefits Fund 2015 fund year. When this is completed, approximately \$3.4 million will be transferred to the Coastal HIF. We expect this process to be completed by July.

AUDITOR AND ACTUARY YEAR-END REPORTS - A draft of the Annual Financial Audit for the period ending December 31, 2016 was distributed at the meeting. Mr. Miles and Mr. Skalkowski from Bowman & Company LLC were in attendance to present the report. Executive Director said after additional testing, the final report will be available by mid June. He said the Committee may provide the Finance Committee with approval to accept the Audit for filing purposes. At the July meeting, the Executive Committee will formalize this adoption.

Mr. Miles reviewed the draft audit in detail. He reviewed the joint venture equity, which is Coastal's portion of the MRHIF surplus. Prior to 2016, the Coastal Fund was included in the SNJHIF equity and PERMA divided the share for those years for the Coastal and SHIF memberships. He said there were no findings or recommendations at this time.

Chair Mercoli thanked PERMA for a positive audit. Executive Director further thanked Verrill and Verrill as Treasurer and emphasized that segregation of duties is key to success. In addition, he said this was the first time a Fund separated into three parts in one year and Bowman & Company has been very helpful in allocating the funds properly.

STATEMENT OF ACTUARIAL OPINION - Included in the agenda is the review of actuarial assumptions and actuarial methods used in determining the reserves, by the Fund Actuary to be filed with the December 31, 2016 year-end financial reports to New Jersey Department of Banking and Insurance.

JULY MEETING - LOCATION CHANGE - It has been suggested to hold a meeting in the lower end of the State. We are suggesting to hold the next meeting on July 24 at the Great Bay Country Club in Somers Point. Ms. Koval said that Chair Mercoli suggested changing the Coastal meeting to 12 for lunch and 12:30 for the meeting to begin.

MOTION TO CHANGE AND ADVERTISE THE JULY 24 MEETING LOCATION TO GREAT BAY COUNTY CLUB IN SOMERS POINT, NJ AND CHANGE ALL FUTURE MEETINGS TO START AT 12:30PM.

Moved:	Commissioner Yacovelli
Second:	Commissioner Krauss
Vote:	Unanimous

NEW MEMBER – HAMMONTON TOWNSHIP BOE - Ms. Koval said the Hammonton Board of Education has submitted an application to join the Fund which has been reviewed by the Fund Actuary. Details of the underwriting are listed below. Resolution 16-17 is included in the consent agenda approving membership, contingent upon a signed Indemnity and Trust agreement for 3 years.

Underwriting Factor	Hammonton BOE	Fund Average or Standard	Relativity
Current Carrier or Arrangement	Aetna	Aetna	
Age Sex Factor	1.19	1.17	101.60%
Enrollment	333	2,846	11.70%
Claims Pick (Per Employee Per Month)	\$ 1,104.00	\$ 1,452.00	76.03%
Trend Applied	8%	8%	100.00%
Risk Manager Fee Applied	2%		
Rate Effective Date			
From	8/1/2017		
To	6/30/2018		
Prior Fund Member?	N		
Lines of Coverage to Fund			
Medical	Yes		
Dental	No		
Rx	No		
Anticipated Commissioner Involvement	To be determined		
Explanatory Notes or Contingencies	None		

FINANCIAL DISCLOSURE STATEMENTS - As done in prior years and required by State law, each Fund Commissioner for **Municipalities** and **School Boards** is required to complete a Financial Disclosure Statement through the Department of Community Affairs. The 2017 notice with instructions has been released. The deadline to file has been extended to May 30, 2017. Fines will be issued for non-compliance. A listing of compliance is included on page 13. In response to Commissioner Harbinson, Ms. Koval said that the MRHIF representative would have to file for both Funds.

AETNA PERFORMANCE STANDARDS - Aetna has informed us that they did not meet the standards for financial accuracy of claims processing for 2016. As such, the HIFs will be eligible for a partial refund of up to 2% of fees paid in 2016 (\$23,222 for Coastal HIF). We are working with Aetna on the details of this adjustment and will report further at the next meeting.

MRHIF MEETING SUMMARY - The MRHIF held an Executive Committee meeting on May 11. 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 \$303,939 will be paid directly to the Coastal HIF for 2016 and \$295,234 will come indirectly through the SNJHIF for 2015. A report from this meeting was included in Appendix II.

FUND COORDINATOR’S REPORT

AMERIHEALTH ADMINISTRATORS MEETING WITH SENIOR EXECUTIVES - Fund Coordinator said that there was a 3rd meeting with Amerihealth and the professionals on Tues, March

23. He said he is still unsure where the spike in claims came from, but can confirm that there were higher than usual high claimants. He said the professionals continue to monitor very closely.

PROSPECTS - Fund Coordinator reviewed the following prospects.

Downe Township Board of Education

- Pending State Health Benefits claims

Estell Manor Board of Education

- Pending State Health Benefits claims

Wildwood Crest BOE

- Requested HIF quote

WELLNESS - There will be a recommendation for Wellness Committee to consider *iFit* from Bruce Harbinson with a remaining budget for 2017 (\$15,000).

COASTAL HIF MEETING DATES

- July 24, 2017
- September 25, 2017
- October 16, 2017 - Budget Meeting
- November 20, 2017

JULY RENEWALS

Cumberland Regional BOE

Cumberland County Improvement Authority

Cumberland County Charter School Network

Fund Coordinator said members may still opt for a July 1 renewal.

OPEN ENROLLMENT FOR 7/1/17 - Enrollment Guides for April Open Enrollment with 7/1 Implementation Date. Ms. Murray said plan changes require at least 60 days to implement.

2017 SUB COMMITTEES

Finance & Contracts

- Bryce Kell - Chair
- Cherie Bratty
- Pat Yacovelli

Operations & Nominations

- Nicole Albanese - Chair
- Pat Yacovelli
- Jerry Velazquez

Wellness & Claims

- Cherie Bratty - Chair
- Bruce Harbinson
- Kim Krauss

ONLINE ENROLLMENT SYSTEM TRAINING - If you need training or would like a refresher course on the online enrollment system, please reach out to Karen Kidd at kkidd@permainc.com of PERMA.

CONTACT INFORMATION - Please direct any eligibility, enrollment, billing or system related questions to our dedicated Coastal HIF Team. The team can be reached by email at coastalenrollments@permainc.com or by fax at 856-685-2258.

MONTHLY BILLING - As a reminder, please be sure to check your monthly invoice for accuracy. If you find a discrepancy, please report it to the Coastal HIF enrollment team.

OPEN ENROLLMENT - The annual open enrollment period for most groups 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 - As a remainder, PERMA kindly requests a minimum of 60 days notice for any plan design changes: adds, edits, or deletions.

AETNA NETWORK UPDATE - 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.

VISION RFP UPDATE - MRHIF has authorized the PM 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 - Express Scripts informed us 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 12/17/2011 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.*

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 who is 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 - 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. As there is an impact on the budget, it is our recommendation that the Coastal HIF members adopt the mandate upon renewal on July 1, 2018. Member groups joining July 1, 2017 and later will be compliant as the mandate was factored in during underwriting.

WELLNESS COACHES USA - Fund Coordinator said that the Coastal HIF and Wellness Coaches USA have entered into a preferred pricing arrangement that is available to the Coastal HIF entities. For the last 2 years, Wellness Coaches participated in a pilot program for 4 SHIF entities, overall the experience and response was positive. We have worked with Wellness Coaches to negotiate discounted pricing that is available to the Coastal HIF entities and their employees. There will be a brief presentation during the next Coastal HIF meeting on July 24 from Lisa Frappolli, HIF Wellness Manager. Please keep in mind that wellness grants could be used to offset some of the cost, should anyone be interested.

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):
- State group in deficit=to over 1 month of claims
- Local group surplus exceeds 2 months of claims
- Education subgroup surplus is de minimis at 9 days of claims

Executive Director further reviewed the details of this report. He said the State is allowed to use money from other payables, but the Fund can only use assessments from the membership. Commissioner Harbinson said that the Funds are also supporting the SHEBP through the A4 surcharge.

CARRIER WELLNESS PROGRAMS - Aetna Simple Steps Program

Aetna is offering an online health coaching program to Coastal HIF 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

Coastal HIF 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 was one appeal received since last meeting.

Type	Reason	Outcome
Medical	Medical Necessity	Denial Upheld

TREASURER- Deputy Treasurer reviewed the treasurer’s report and bills list. In addition, she distributed a handout showing an increase in the interest rate to .9% which will be about \$800 more a month.

Confirmation of Payment April 2017

FUND YEAR	AMOUNT
2016	\$10,000
2017	\$568,392.05
TOTAL ALL FUND YEARS	\$578,392.05

Resolution 17-17 May 2017 Bills List

FUND YEAR	AMOUNT
2017	\$557,905.54
TOTAL	\$557,905.54

FUND ATTORNEY- Fund Attorney said the replacement of Affordable Care Act includes pre-existing conditions if there has been continuous coverage. If there has been a lapse in coverage over 6 months, the insurance companies have the right to charge up to 20% more. Fund Coordinator said there will be a seminar held at the Eastlyn Country Club on the Affordable Care Act. Notices will be sent.

AMERIHEALTH ADMINISTRATORS - Ms. Didio reviewed the monthly claim reports and high claimant report. She said of the 5 high claimants, 4 are in case management and all are new, non reoccurring.

AETNA – Ms. Dennison reviewed the monthly claims report and the large claim report for February and March. She said there were missed performance guarantees in 2016 that the reimbursements will be reported at the next meeting.

MOTION TO APPROVE CONSENT AGENDA AS PRESENTED, WITH A CONDITIONAL APPROVAL OF RESOLUTION 15-17

MOTION:	Commissioner Albanese
SECOND:	Commissioner Yacovelli
VOTE:	Unanimous

OLD BUSINESS: None

NEW BUSINESS: Fund Coordinator said the operations committee met prior to the meeting to discuss changing the bylaws that stipulate the executive committee. Currently, it states a minimum of 4 alternates and no more than 7, which is very high for this size Fund. Fund Coordinator said with the help of PERMA, the recommendation will be to change the bylaws to minimum of 2, max of 4 alternates and the Executive Committee must contain a proportionate representation of Municipal and School board members. PERMA and Fund Attorney will draft a resolution which will be sent to the entire membership that must approve locally.

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION:	Commissioner Harbinson
SECOND:	Commissioner Albanese
VOTE:	7 Ayes, 0 Nays

MEETING ADJOURNED: 1:25 pm

NEXT MEETING: July 24, 2017
Great Bay Country Club
12:00pm