

**SOUTHERN COASTAL REGIONAL EMPLOYEE BENEFITS FUND
OPEN MINUTES
SEPTEMBER 25, 2017
GREENVIEW INN AT EASTLYN GOLF COURSE
12:30 PM**

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

PLEDGE OF ALLEGIANCE

ROLL CALL OF 2017 EXECUTIVE COMMITTEE:

Gene Mercoli - Chairman	Cumberland County Technical Education Center	Absent
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
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: Rich Allen
Bob Allen
Gerald Cowen
Dina Murray
Rick Alessandrini
Abbie Carr

DEPUTY TREASURER: Lorraine Verrill

AETNA: Kim Ward

AMERIHEALTH: Lisa Didio
Mike Murphy

FUND AUDITOR:

ALSO PRESENT

Gina Marie Scorsone, MMA
Peter Barnes, MMA
Mark Mallett, Dennis Township

Bertha Hyman
Joe Madera, Hardenbergh Insurance
Christina Murphy, Cumberland County Charter Network
Anthony Fanucci, AR Fanucci
Chuck Grande, Integrity

**APPROVAL OF MINUTES: July 24, 2017 - Open
September 19, 2017 - Finance Committee**

**MOTION TO APPROVE OPEN MINUTES OF JULY 24, 2017 AND THE FINANCE COMMITTEE
MINUTES OF SEPTEMBER 19, 2017:**

Moved:	Commissioner Albanese
Second:	Commissioner Yacovelli
Vote:	6 Ayes, 0 Nays

EXECUTIVE DIRECTORS REPORT

Fast Track Financial Reports - Coastal as of July 31, 2017

Executive Director said the Financial Fast Track shows a surplus of \$12.5 million for all years combined. He said the statutory profit is \$2.8 million, while an additional \$3.7 million was received from the SNJHIF. He said the Financials continue to perform well.

INTRODUCTION OF 2018 BUDGET

Executive Director reviewed the included budget materials. He said the proposed budget reflects an overall increase of 2.35%.

CLAIMS FUND

Executive Director reviewed the claims fund and said its is down by .44% overall. 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. One option we are considering is a targeted audit of Coastal claims from high cost areas (Atlantic and Cape May Counties). He said RX and Dental remain flat.

LOSS FUND CONTINGENCY

Executive Director said 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.

REINSURANCE AND INSURED PROGRAMS

Executive Director said the reinsurance line is decreasing by 4.04% and the MRHIF is down 10% overall. He said the loss experience for the Fund is what’s driving the larger than average increase. 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%).

CONTRACTS AND EXPENSES

Executive Director said overall contracts and expenses are increasing by 2.91%. He said the Fund is going into its third year of the RFP process. 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.

Executive Director said 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. Executive Director explained the illustration of the assessments in net of the 2017 dividend.

OCTOBER MEETING DATE

Fund Coordinator said in order to allow for 30 days between budget introduction and adoption the October 16th meeting will need to be rescheduled. The group agreed to reschedule to October 30th at 12:30 pm at the same location.

MRHIF MEETING

Executive Director said the MRHIF Executive Committee met on September 13th. At the meeting, the Committee introduced the 2018 budget which had an overall decrease of almost 10%. Because of good loss experience for the MRHIF overall, the Coastal HIF is receiving a decrease of almost 5%. In addition, the Committee approved a new 3 year renegotiated contract with Express Scripts which will produce an 8% savings for the local Funds. The Committee also approved Aetna for a voluntary vision provider.

**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)		
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	15,352,312	46,860	15,399,172	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	6,364	16,785,592	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	20,336	4,726,772	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%	1.30%	1.44%
LAWRENCE TOWNSHIP BOE	761,484	-	761,484	761,484	-	761,484	-	-	-	0.00%	0.00%	0.00%
CUMBERLAND COUNTY IMPROVEMENT AUTHORITY	673,348	26,712	700,060	673,348	26,976	700,324	-	264	264	0.00%	0.99%	0.04%
CUMBERLAND 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	57,954,366	198,192	58,152,558	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%
PITTS GROVE TOWNSHIP	0.00%	0.00%
Totals:	2.35%	0.40%

FUND COORDINATOR REPORT

PROSPECTS

Fund Coordinator said his team is pleased with the results of 2017. He said he encourages the Commissioners to prospect on behalf of the HIF. He said a mailer is included that was distributed to every BOE in their 4 counties. He said they have several prospects including Downe Township BOE, Estell Manor BOE, Buena Vista Township, Margate City and Cape May County Tech.

AMERIHEALTH NETWORK LAB INFORMATION

Fund Coordinator said the AmeriHealth network will no longer be using Quest Diagnostics effective October 1, 2017. He said notifications were distributed to all members. He said Labcorp will now be the preferred lab.

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.

ESI 2018 FORMULARY

Ms. Murray said for members with rx plans in the Fund ESI has announced changes to the National Preferred Formulary (NPF) guide which will take effect on January 1, 2018. ESI has informed us that members impacted by the changes will receive a mailing from Express Scripts notifying them of their impacted medication and the preferred alternatives at least 45 days in advance of January 1st. Though some medications will be excluded, the National Preferred Formulary allows for members who prove a clinical reason for not being able to take a covered alternative to continue to fill the non-formulary medication through an authorization process. In previous years, formulary updates have caused little member disruption, however we will work with groups who have affected members to assist with the transition.

The updated guide excludes 46 multi-source brands including Benicar/Benicar HCT, Strattera and Vytorin. A summary list of changes was distributed prior to the meeting.

TELE-MEDICINE

Ms. Murray said both Aetna and AmeriHealth will be offering Tele-Medicine to members 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. She said additional information will be provided in the future.

ONLINE ENROLLMENT SYSTEM TRAINING

The Executive Committee voted and approved mandatory use of the online enrollment system by each member group. 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. Training is currently being organized for our new members.

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 enrollment team. The Fund's policy is to limit retro corrections, *including terminations*, to 60 days.

VISION RFP UPDATE

The MRHIF recently released an RFP for a stand-alone vision product which resulted in 3 proposals from vendors. The MRHIF is expected to select a vendor for implementation on 1/1/2018 at their September meeting. The vision plan will be voluntary and there is no cost to the Fund, or to members, who do not implement the product. Once the vendor is selected, we will have additional information regarding costs, benefits, and implementation options.

SAVEON UPDATE - FOR GROUPS WITH RX PLANS IN THE HIF

As discussed at the July meeting, we continue to work on the January 1, implementation of the SaveOn program with Express Scripts and SaveOn. Included in this agenda is a draft of the initial member communication (page) we will be mailing on or about November 1, 2017 to some Coastal HIF members who have been identified as eligible for the SaveOn program. SaveOn will send a second letter(page) to those members who do not respond to the initial communication followed by 3 phone call attempts to reach non-responsive members.

Due to compliance issues, members enrolled in high deductible health plans are not eligible for the SaveOn program.

SEHBP RENEWAL

On August 8, 2017 AON released its recommendation to the SEHBP for the 2018 plan year. The SEHBP will increase premiums 13% for active employees. This increase will include a 2% margin to build up the target claim reserve level to 2 months. Current reserve is somewhere near nine days. With the renewal, all active and retired members will be transitioned to a prescription drug program administered by *Optum Rx*.

Aon also pointed out that trend will continue to be poor as the SEHBP has not enacted cost containment options on both medical and prescription drug programs and noted that groups with good loss ratios continue to defect from the program.

ADMINISTRATIVE AUTHORIZATIONS

None

TREASURER- Deputy Treasurer reviewed the Bills Lists for August and September 2017 and the Treasurer's report. Deputy Treasurer said, as per the direction of the Commissioners last month, she reached out to Ocean First Bank's Investment Management Division and they are not able to provide fees in line with Wilmington Trust. She said the fees at Ocean First are 12.5% and 5% at Wilmington Trust. She said Ocean First is offering CDs at 1.5% for 18 months and Republic Bank is offering 1.5% for 24 months.

Confirmation of Payment August 2017

FUND YEAR	AMOUNT
FY CLOSED	\$36,200.54
FY 2017	\$540,594.09
ALL FUND YEARS	\$576,794.63

Resolution 22-17 September 2017 Bills List

FUND YEAR	AMOUNT
FY 2016	\$7,500
FY 2017	\$545,185.33
ALL FUND YEARS	\$552,685.33

FUND ATTORNEY- Fund Attorney said the Graham-Cassidy bill most likely does not have enough votes to go through. If passed, the bill would give the State authority to waive out of certain ACA provisions. He said the amount each State receives for Medicaid would be on a per capita basis. In response to Commissioner Velazquez, Fund Attorney said there would be less money awarded and the State would distribute how it sees fit.

AETNA – Ms. Ward said the June and July 2017 claims remain steady. She said there were 5 high level claimants for both June and July. She reviewed the dashboard report which shows the Fund is receiving a 60% discount and also members are staying in network. She said the only missed metric was call answer speed with an average of 39 seconds. She said they have hired additional staff to help bring this down. In response to Fund Coordinator, Ms. Ward said the decrease in enrollment could be related to retirees.

AMERIHEALTH ADMINISTRATORS – Ms. Didio reviewed the June and July 2017 claims and said the average is trending down overall compared to 2016. She said there was 1 high claimant for July. She said they are looking into why the paid amount is slightly higher than the billed amount. She said the summary report is for year to date paid claims.

Ms. Didio said AmeriHealth is going to a preferred lab arrangement with Labcorp effective October 1, 2017. She said there has been a large amount of communication internally and with customers and members.

Ms. Didio introduced Mike Murphy from AmeriHealth who will be replacing her in her current role and will be attending future meetings. She thanked the Fund for their partnership. In response to Fund Coordinator, Ms. Didio said the ER visits do not account for Urgent Care. Fund Coordinator requested Urgent Care visits be included as well.

**MOTION TO APPROVE CONSENT AGENDA AND CHANGE THE OCTOBER 16TH
MEETING TO OCTOBER 30TH FOR BUDGET ADOPTION :**

MOTION:	Commissioner Yacovelli
SECOND:	Commissioner Albanese
VOTE:	6 Ayes, 0 Nays

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION:	Commissioner Harbinson
SECOND:	Commissioner Yacovelli
VOTE:	Unanimous

MEETING ADJOURNED: 1:15 PM

NEXT MEETING: October 30, 2017
The Greenville Inn – Eastlyn Golf Course
12:30pm