

MINUTES
OF
MIDDLESEX COUNTY JOINT HEALTH INSURANCE FUND COMMISSIONERS
REGULAR MEETING

March 26, 2013

Chairman Pulomena called the meeting to order at 1:06 p.m. Open Public Meeting Act read into Minutes by Chairman Pulomena.

ROLL CALL OF COMMISSIONERS

Chairman, John Pulomena	County	Present
Alternate, Dennis Cerami	County	Present
Commissioner, Richard Fitamant	Utilities Authority	Present
Alternate, Jayne Gelder	Utilities Authority	Absent
Commissioner, Patricia Byrd	Board of Social Services	Absent
Alternate, Norman Skolnick	Board of Social Services	Present
Commissioner, Susan Perkins	College	Present
Alternate, Patrick Madama	College	Absent
Commissioner, Richard Pucci	Improvement Authority	Absent
Alternate, Jane Leal	Improvement Authority	Present
Commissioner, John Kranz	Mosquito Commission	Present
Alternate, Deepak Matadha	Mosquito Commission	Present
Commissioner, Paul Abbey	Roosevelt Hospital	Present
Alternate, Job Gash	Roosevelt Hospital	Absent

APPOINTED FUND PROFESSIONALS AND SERVICE ORGANIZATIONS PRESENT:

Administrator	North American Insurance Management Corporation Jay McManus Lynn Collins Dave Hissey
Attorney	Patrick J. Diegnan, Jr., Esq.
Auditor	Wiss & Company Scott Clelland Diane Miller
Drug	MEDCO/Express Scripts Gail Bazyl
Network Provider	Horizon BCBS of New Jersey Kevin Duffy
Program/Risk Manager	Business & Governmental Insurance Agency Stuart Migdon
Treasurer	Albert Kuchinskas

OTHERS PRESENT:

ABSENT:

APPROVAL OF AGENDA

Chairman Pulomena asked if there were any changes to the Agenda. There were no changes to the Agenda.

Chairman Pulomena asked for a motion to approve the Agenda. Moved by Commissioner Perkins and seconded by Commissioner Leal.

PUBLIC PARTICIPATION

Chairman Pulomena opened the floor to the public. Moved by Commissioner Fitamant and seconded by Commissioner Perkins to open the floor to the public.

No one from the public was present to speak. Chairman Pulomena closed the floor to the public.

Chairman Pulomena asked for a motion to close the floor to the public. Moved by Commissioner Fitamant and seconded by Commissioner Perkins to close the floor to the public.

APPROVAL OF MINUTES – February 26, 2013

Moved by Commissioner Fitamant and seconded by Commissioner Leal to approve the minutes of February 26, 2013 Commissioners' Meeting (Public Meeting).

Roll Call: Aye: Chairman Pulomena, Commissioners Fitamant, Skolnick, Perkins and Leal

Nay:

Abstain: Commissioners Kranz and Abbey

ADMINISTRATOR'S REPORT

Mr. McManus said his report was included in Section II of the agenda packet. He asked everyone to turn to page two of Section II, Report of Monthly Activities and Correspondence for the month of March 2013. In addition to the normal regulatory and compliance items, the first item Mr. McManus wanted to bring to everyone's attention was number four. The Contracts Committee met on March 6, 2013 to consider the RFP responses to the Professionals RFP. Later on in the meeting we will discuss the outcome of the meeting when we review the resolution.

The next item discussed was number eight, coordination of the Wellness Agreement. We will be posting a RFP this week for a Wellness Coach provider. The funding for this service has been provided by the CIGNA and Aetna. The Fund Attorney has suggested this be handled through the RFP process. However, our expectation is we will be able to get through the scoring and Contracts Committee meeting in time to make a recommendation to the Commissioners for appointment of the position at the April 2013 meeting.

An age-in mailing will be executed this week to each of the entities' retirees turning 65 between July 1 and December 31, 2013, to remind them of their responsibility to apply for Medicare Part B. A copy of the correspondence is included on page 48 in the Correspondence section of Section II of the agenda packet. If you receive questions coming in from the retirees who receive the mailing, you can refer them to our office.

Also, but not included, we plan to hold a Health Care Reform Seminar. We plan to hold the meeting on May 14, 2013 at 12:00 noon. Each of the entities is encouraged to send at least one representative from the HR Department. We will be sending out invitations in the near future. The seminar will discuss the impact of health care reform to the entities as employers and what it means financially.

Lastly, we discussed at the last meeting the Toprol Class Action Suit Settlement. At that time, this body elected to be included in the Class Action. We have completed our filing of data as one of the participant requirements of the suit. We do not have a response yet, as soon as we hear something we will convey the information.

FINANCE REPORT

Mr. Kuchinskaskas stated that overall; the numbers for February 2013 were excellent. For the 2013 fund year, net income for the month of February was \$511,910. The year to date fund balance is \$822,946.

Regarding 2012: It is still too early to determine if the medical IBNR will be sufficient to cover the 2012 claim run out. In Mr. Kuchinskaskas' opinion the remaining medical IBNR will be sufficient, but also commented that there is a remaining balance of Rx IBNR totaling \$272,000. This balance may be used to offset medical claims if necessary. Mr. Kuchinskaskas asked Dave Hissey to run an Rx lag report in order to determine if there are any Rx claims credited to the 2013 plan year which should be applied to 2012. Medco/Express Scripts has estimated the 2012 Q3 Rx rebate to be \$479,518. MCJHIF has established a receivable of \$894,880 for Q3 and Q4 rebates paid in 2013. Assuming the Q4 rebate is equal to Q3; MCJHIF will receive \$64,000 more in Rx rebates than projected and set up as a receivable. Total 2012 claims paid in February 2013 were \$851,416. \$139,556 of reinsurance reimbursements was received.

2011: For the month of February 2013, there was a net credit in IBNR of \$11,511. The projected net income for the 2011 plan year as of the closing date of June 30, 2013 is \$4,800,000. Mr. Kuchinskaskas commented that the MCJHIF is considering the establishment of a reserve (Premium Stabilization Reserve) with some of the projected \$4,800,000 balance in the 2011 fund year as of the June 30, 2013 closing date. Mr. McManus confirmed that MCJHIF is considering establishment of a premium stabilization reserve which will set aside a portion of the 2011 surplus for use in offsetting future deficits or rate increases. The balance of the fund surplus not placed into the Premium Stabilization Reserve will be distributed to the entities in December as in prior years.

Resolution 2013-03-01 – To approve the March 26, 2013 Bill List.

Moved by Commissioner Leal and seconded by Commissioner Perkins to approve payment of the Bill List.

Roll Call: Aye: Chairman Pulomena, Commissioners Fitamant, Skolnick.,
Perkins, Leal, Kranz and Abbey

Nay:
Abstain:

PROFESSIONAL REPORTS

- a) **Auditor:** Diana Miller expressed her thanks to Al Kuchinskaskas, Jay McManus, Lynn Collins and Dave Hissey; their time and efforts were appreciated. Wiss received complete cooperation from them for the audit.

The draft audit is included in Section IV of the agenda packet. There are two reports included, the audited financial statements first and the Required Communications Report. The Required Communications Report is small. There are a few items Wiss is required to report, such as their opinion which is unqualified, no significant changes in accounting policies, the actuary was used for the IBNR, no material adjustments or fraud noted, no disagreements with management and we are independent.

Pages 1-3 of the Financial Audit is the financial statements and the Auditor's Report which includes their opinion. The financials are unqualified which is the cleanest opinion to receive.

Pages 4 and 5 are the report of internal controls. Again, there were no significant deficiencies or material weaknesses noted.

Pages 6 -11 is the management discussion and analysis which is provided by the Fund and the JHIF. This is not audited, but provides a high level summary of the information and an over of the finances for the year.

Page 12 is the Statement of Assets also known as the Balance Sheet. All receivables have been collected by year end. New this year is the Rx Rebate. A receivable from Medco. The second and third quarter's rebate receivable are noted. The second quarter rebate was received on January 2013 and the third quarter is in the process of being received. The fourth quarter is still open. Receivables went down a little which is because last year the JHIF had the one time Early Retirement Reinsurance Program revenue. Liabilities and IBNR reserves increased from 1.8 million due to the pharmacy IBNR reserve. Assets went up from 4.7 to 5.6 million.

Page 13 is the Income Statement. The JHIF had a good year

The next few pages are the Cash Flow Statement and the Footnotes. The Footnotes are very consistent from prior years. Footnote seven pertains to the GASP 45 OPED. On page 23, Footnote 12 is the Aetna Claims Audit; this note has been updated after the Professionals meeting this week.

Following pages have supplemental information. If there are no questions or comments, the report will be finalized the end of the week. Recommendation to approve the final report will take place at next month's Commissioner's meeting. Report will be sent to DOBI in May 2013.

Commissioner Perkins thanked Al Kuchinskas for the quality of accounting practices as verified by the external audit.

- b) **Program/Risk Manager**: BGIA's report is included in Section IV of the agenda packet. It was decided to do an RFP for the Wellness Coach Program. The Horizon Virgin Miles program is on hold until the Wellness Coach Program begins. Working on a cost proposal with Partners in Care which should be completed shortly.
- c) **Network Provider**: Horizon's report is included in Section IV of the agenda packet. There are nine claims over \$25,000, four for 2013 and five for 2012. Horizon's attorney will speak at the Health Care Reform Seminar. If there are specific questions that anyone wants covered at the seminar, they should be sent to Kevin Duffy or Stuart Migdon.
- d) **Attorney**: Mr. Diegnon's report is included in Section IV of the agenda packet.
- e) **PBM**: Express Scripts' report is included in Section IV of the agenda packet. The attachment consists of several different reports. The first report is the Top Line Performance Metrics Report which shows the Fund's first year with Express Scripts and compares their experience with similar public sector agencies and employer groups. The Fund's generic sales are a little lower than Express Scripts would like. The Top Indications Report top illnesses by cost. Even though Express Scripts does not get IDC-9 codes, the report will probably compare closely with the same

type medical report. The Patient Stratification Report breaks patient's care needs into four categories – Well, Acute, Chronic and Complex. The Chronic and Complex categories represents 66% of the total with 97% of the drug spend. The Condition-Specific Specialized Pharmacy Model Report focuses on those who need the most care. The Upcoming Patent Expirations Report shows the patent expiration of key, highly used drug over the next four years.

OLD BUSINESS

None

NEW BUSINESS

Resolution 2013-03-02 – To approve Legal Counsel to review and amend the Express Scripts Plan Document.

Discussion: The purpose of this resolution is for the Commissioners to consider an expense of \$2,500 to have outside counsel review and amend the Express Scripts Plan Documents. We think it makes sense to do this since the prescriptions drug program has exceeded \$22,000,000 in annual expenditures. A significant portion of the drugs are highly complex compounds and specialty medications. We also want to make sure that the document is in compliance with all Health Care Reform requirements.

Moved by Commissioner Fitamant and seconded by Commissioner Skolnick to approve Legal Counsel to review and amend the Express Scripts Plan Document.

Roll Call: Aye: Chairman Pulomena, Commissioners Fitamant, Skolnick,
Perkins, Leal, Kranz and Abbey

Nay:

Abstain:

Resolution 2013-03-03 – to approve amendment of the Bylaws.

Discussion: This is an amendment of last month's amendment. We did not remove group life insurance coverage under 4.06. We also did not remove group life insurance and inadvertently omitted prescription drug coverage in Appendix A, Section 1.B.

Moved by Commissioner Fitamant and seconded by Commissioner Perkins to approve amendment of the Bylaws.

Roll Call: Aye: Chairman Pulomena, Commissioners Fitamant, Skolnick,
Perkins, Leal, Kranz and Abbey

Nay:

Abstain:

Resolution 2013-04-04 – To approve award of Professional Services Agreements.

Discussion: The resolution appears on page seven of Section VI of the agenda packet. As was stated earlier in the meeting, we held a Contracts Committee meeting on March 6. The purpose of the meeting was to review the responses to the RFP posting for the various professional positions. On page nine there is a memorandum outlining the results of the Contracts Committee recommendations to the full Board of Commissioners. Also attached on pages 12 through 19 are various scoring sheets for each professional position. The sum in total of those recommendations is included in the resolution on page seven.

Moved by Commissioner Fitamant and seconded by Commissioner Perkins to approve amendment of the Bylaws.

Roll Call: Aye: Chairman Pulomena, Commissioners Fitamant, Skolnick,
Perkins, Leal, Kranz and Abbey

Nay:

Abstain:

Resolution 2013-04-05 – To accept 2011 Aetna Claims Audit

Discussion: The resolution appears on page 19. Additionally, for your review, is a copy of the final audit which was performed by Healthcare Analytics. Healthcare Analytics has performed a number of audits for the JHIF. They attended the Professionals meeting last week to present their findings. The audit has taken place over the last several months. Mr. McManus was happy to report that in each of the statistical areas, Aetna performed well above their internal standards as well as various industry standards. In addition to that, there were no operational deficiencies. It was a very good audit. The purpose of this resolution is to accept the 2011 Aetna Claims Audit.

Moved by Commissioner Fitamant and seconded by Commissioner Leal to accept 2011 Aetna Claims Audit.

Roll Call: Aye: Chairman Pulomena, Commissioners Fitamant, Skolnick,
Perkins, Leal, Kranz and Abbey

Nay:

Abstain:

EXECUTIVE SESSION

Commissioner Pulomena said there was no need to go into Executive Session.

OPEN SESSION

Resolution 2013-03-05 - to Approve Payment of Large Claims

Moved by Commissioner Perkins and seconded by Commissioner Leal to approve payment of large claims.

Roll Call: Aye: Chairman Pulomena, Commissioners Fitamant, Skolnick,
Perkins, Leal, Kranz and Abbey

Nay:
Abstain:

OTHER BUSINESS

ADJOURN

Moved by Commissioner Fitamant and seconded by Commissioner Perkins and approved unanimously to adjourn the meeting at 1:33 p.m.