

MINUTES
OF
MIDDLESEX COUNTY JOINT HEALTH INSURANCE FUND COMMISSIONERS
REGULAR MEETING
February 23, 2016

Chairman Pulomena called the meeting to order at 1:17 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	Absent
Commissioner, Susan Perkins	College	Present
Alternate, Patrick Madama	College	Absent
Commissioner, Lory Cattano	Improvement Authority	Present
Alternate,	Improvement Authority	P/A
Commissioner, Deepak Matadha	Mosquito Commission	Present
Alternate, John Kranz	Mosquito Commission	Absent
Commissioner, Alan Fialka	Roosevelt Hospital	Present
Alternate,	Roosevelt Hospital	P/A

APPOINTED FUND PROFESSIONALS AND SERVICE ORGANIZATIONS PRESENT:

Administrator North American Insurance Management Corporation
Jay McManus
Lynn Collins

Attorney Patrick J. Diegnan, Jr., Esq.

Auditor Wiss & Company
Scott Clelland

Program/Risk Manager Business & Governmental Insurance Agency
Stuart Migdon

Treasurer Joe Pruiti

OTHERS PRESENT:

Kelly Boyd
Lori Ferrazzoli
Giaet DeLaCruz

ABSENT:

Dave Hissey
Brian Rosenson
Mike Mauro

APPROVAL OF AGENDA

Moved by Commissioner Fitamant and seconded by Commissioner Perkins to approve the agenda as submitted.

Roll Call:	Aye:	Chairman Pulomena, Commissioners Fitamant, Perkins, Cattano, Matadha and Fialka
	Nay:	None
	Abstain:	None

PUBLIC PARTICIPATION

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

Roll Call:	Aye:	Chairman Pulomena, Commissioners Fitamant, Perkins, Cattano, Matadha and Fialka
	Nay:	None
	Abstain:	None

APPROVAL OF MINUTES – January 26, 2016

Moved by Commissioner Fitamant and seconded by Commissioner Perkins to approve the minutes of January 26, 2016 Commissioners' Meeting (Public Meeting).

Roll Call:	Aye:	Chairman Pulomena, Commissioners Fitamant, Perkins, Cattano, Matadha and Fialka
	Nay:	None
	Abstain:	None

ADMINISTRATOR'S REPORT

Mr. McManus said his report is included in Section II of the Commissioners agenda packet. Mr. McManus ask the Commissioners to turn to Section II of the Commissioners agenda packet, on page two you will find a report of our activities and correspondence for the month of February 2016. In addition to the items listed, Mr. McManus had a couple items he wanted to bring to the attention of the Commissioners. Item number six, the posting for Professional Services was closed on February 16, 2016. We have received responses for each of the professional positions we were advertising; Fund Director, Risk Manager, Auditor, Actuary, Rx Consultant and Litigation Attorney. Each of those contracts expire March 31, 2016 with the exception of the Auditor which expires April 30, 2016. Our intention is to score all documents except for the Fund Administrator which will be scored by the Fund Attorney. We will convene a Contracts Committee meeting on March 10, 2016. We will excuse ourselves from the discussion about the Fund Administrator. The Contracts Committee will have a recommendation for the Commissioners at the March 22, 2016 meeting.

Moving down to number eight, website redesign, the MCJHIF website has been updated. It is our intention later in the year to do a redesign of the website and bring it up to date. Some of the changes that were made, were required by DOBI and required of all insurance funds throughout the State. In addition to what did exist on the MCJHIF website, we have added the last three years of the Fund Budget and Audited Financial statements, Commissioners meeting minutes, current Risk Management and Cash Management Plans, a complete listing of the Fund Commissioners and Professionals and finally Commissioner meeting dates for 2016. All mentioned items now reside on the MCJHIF website. The website redesign will be this summer.

Lastly, item number nine "meetings" under Monthly Activities, regarding 2017 product development. We have been working with Stuart Migdon and the insurance carriers and Stuart is really spearheading the project to develop a whole series of plan design changes and options that each of us can avail ourselves of as we move into 2017 bargaining meetings with the unions since contracts are expiring. We are modeling those changes to come up with more savings. We are moving along in an environment that has an 8-10% increase and a trend that is a 12% increase in prescription drugs. Until we begin to develop better ways to manage costs through plan design changes, we will not see changes in those

trends. We expect those products or at least the modeling to be completed within the next couple of weeks. We will have the designs available for discussion by the next Commissioners meeting.

FINANCE REPORT

Mr. Pruiti said the February Bills List and the revised December financials are included in Section III of the Commissioners agenda packet. Mr. Pruiti handed out the January financials.

Subsequent to the end of the year, we received notice from our prescription drug vendor that the estimated rebates for the third and fourth quarter of 2015 were going to be approximately \$350,000 higher than they were in the first two quarters. At the advice of Scott Clelland the Fund's Auditor, we amended our financials. We show a surplus of \$674,000 for December and a YTD deficit for the 2015 plan year as of December 31st of \$540,000. We closed the year with a total Fund balance of \$3,458,000 (inclusive of the 2014 and 2015 plan years).

In January 2016, we show a small loss of \$72,822 for the 2016 plan year. Jay McManus commented that there was a slight blip in the CVS funding during the first week in January which occurs as a result of the notices that are sent out when making a change in PBM's. Individuals received new prescriptions for specialty and pain management meds which causes a bump in fill rates during that first week in January which we experienced. We would have expected normally in the range of \$350,000 to \$400,000 in funding for that seven day period for fills that were incurred from January 1 through January 7, 2016 and paid for that period. What we saw was close to \$600,000. We looked into that, assuming that was the case and it was verified. Again, that is not an additional expenditure, it is just an advancement in prescriptions filled. With that included, we then looked at subsequent weeks and the prescription drug expenses were running slightly below where they were running on average for the most recent quarter with Express Scripts. This loss doesn't include that unusual blip for the first week in January. We don't expect to see this as we go forward.

Rich Fitamant asked whether the surplus in December for the 2015 plan year went right into our reserve and if these funds are earmarked. Mr. Pruiti said no, there is nothing earmarked for the funds. Mr. Pruiti said these funds helped out our surplus in 2015. We allocated \$2,700,000 of the reserve to 2016 which will eat up much of the reserve. The \$2,700,000 is applied equally in twelve installments to subsidize the entity assessments for 2016. Mr. Pruiti asked everyone to look at the lead sheet of the report which shows \$2,700,000 as of January 1, 2016. As of January 31, 2016 it is \$2,475,000 and we will continue to deplete the reserve monthly down to \$0 as of December 31, 2016.

Mr. Pulomena asked if the Fund balance included the \$2,700,000 contingency reserve. Mr. Pruiti said it did. Mr. Pulomena asked what the balance was in 2014. Mr. Pruiti said it was \$2,000,000. Mr. Pulomena said that the reality is that if you look at the trend of 2015, at the end of 2016 we may not have a reserve to apply. Mr. Pruiti agreed. Mr. Pulomena said that as a result there will be nothing to subsidize any increase for 2017. Scott Clelland said they were looking at the offset and they sat down with Dave Hissey, Joe Pruiti and Lynn Collins to review. Basically, the contingency reserve will be gone. There will be nothing left in the contingency reserve account other than the money set aside for subsidizing 2016. A lot of that was used for 2016 budget and some of it was used to absorb losses in the last two fiscal years. When you see this year's audit report, you will see there is no reserve other than what is designated for the 2016 budget. Mr. McManus said he thought it was worthwhile to mention that prior to 2013 we didn't have a contingency reserve. A surplus never existed. We established the surplus as a result of having a very good year in 2013. That went to offset losses for 2014 and 2015. We made some changes to the prescription drug program. Mr. McManus' hope is that we will be able to rebuild some contingency reserve funds going forward. Mr. Pruiti said the JHIF experienced several large medical claims that exceeded the stop loss level in 2014. Mr. McManus said yes, there are a lot of components that go into this. As we move forward, we will keep an eye on it. Also, there was an

increase in the rebates that provided an offset in December IBNR as well for the 2015 plan year. Our Fund Actuary is being very conservative relative to IBNR. Mr. Pulomena said that the challenge that we've had and he thought they talked about it was in regards to the reserve, we hoped that over a period of time we would have that as a rainy day fund not expecting the last couple of years to have the kind of hits we've experienced. From a positive standpoint, it has helped us level the playing field as far as the dips and spikes that we've seen. Hopefully in 2016, we will not have another negative year. If it is a negative year, we have to look at the role the Fund Actuary plays in the future.

Resolution 2016-02-01 to approve the February 2016 Bill List.

Moved by Commissioner Perkins and seconded by Commissioner Fitamant to approve payment of the February 2016 Bill List.

Roll Call:	Aye:	Chairman Pulomena, Commissioners Fitamant, Perkins, Cattano, Matadha and Fialka
	Nay:	None
	Abstain:	None

PROFESSIONAL REPORTS

- a) Auditor: Wiss' professional report is included in Section IV of the Commissioners agenda packet. Mr. Clelland said there are two letters in his report. The first one gives an update of the audit process. The majority of the work has been completed at this time. As mentioned there were adjustments for the rebate receivable which was a little over \$600,000 in total and was an offset of about \$500,000 with IBNR. The other issue we are still waiting on in the pension detail from GASB 68. The college and the school district went through this on June 30th and finally received the information some time in November. Unfortunately, because we are a 12/31, the numbers from June 30th cannot be used because they are 18 months from the period of time that they provided information. KP&G is apparently out with the Division of Pensions and hopes to have numbers to us by the end of March. The good news is the Fund's number is not that significant. It was \$300,000+ at the end of 2013 and at the end of 2014 it is down to about \$78,000. Mr. Clelland thinks it is just the previous Fund Treasurer's pension drawing it down. We can't utilize those number in the audit report and we are waiting for the update. It's a one-time liability which will sit there until it is liquidated over a period of time.

Secondly, we checked with DOBI, if we don't get the audit numbers until the middle part of March, we normally present a draft of the audit at the March Commissioners meeting and finalize in April, we do have the flexibility of pushing it back a month if we need to; draft presentation in April and the final report in May and have the report in by June 1, 2016. We would not need to ask for any extension at that point, unless the numbers do not become available when they are supposed to be ready.

The second letter is just the summary of the second of the two Semi-Annual Eligibility testing reports. Wiss looked at 200 transactions across the entities and for the first time in a number of years, there were no exceptions. We had three initial exceptions which were all researched and nothing remained as a finding.

- b) Program/Risk Manager: BGIA's professional report is included in Section IV of the Commissioners agenda packet. Mr. Migdon summarized a few points about the Wellness Coach program. One of the things that is positive about the Wellness Coach this last quarter or very recently, one of the Wellness Coaches just resigned and resigned very quickly to go back to the state where she was raised. Someone was quickly found to take her place. Nina has been working with the new coach for years, so it worked out well. She started on February 11, so they didn't skip a beat. She works at the County and a couple other location and now she is on her own. She has been involved with wellness for a number of years.

Mr. Migdon also summarized the metrics that really speak to the story about Wellness Coach. There are 348 people at the MCJHIF that reduced three or more of their health risks. They measure six health risks. 352 people lost weight, some of them lost 35 pounds or more. Over 100 people self-reported their stress level being reduced to normal from very high. 162 people are working out regularly three or four times a week. Many of these people didn't work out at all. 133 people have gone from dangerously high blood pressure to normal blood pressure. That is the future claim that is waiting to happen, it's the stroke waiting to happen. Some managed the reduction through their diet, by taking their blood pressure medicine and some didn't know they had high blood pressure. Obviously, they never checked it and as you know the Wellness Coach walks about with a blood pressure machine. Mr. Pulomena asked if they had the breakout of the numbers. Mr. Migdon said he would get the detail.

- c) Attorney: Mr. Diegnan's professional report is included in Section IV of the Commissioners agenda packet.

OLD BUSINESS

None

NEW BUSINESS

None

EXECUTIVE SESSION

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

OPEN SESSION

Resolution 2016-02-02 to approve payment of Large Claims

Moved by Commissioner Fitamant and seconded by Commissioner Perkins to approve payment of Large Claims.

Roll Call:	Aye:	Chairman Pulomena, Commissioners Fitamant, Perkins, Cattano, Matadha and Fialka
	Nay:	None
	Abstain:	None

OTHER BUSINESS

None

ADJOURN

Moved by Commissioner Fialka and seconded by Commissioner Matadha and approved unanimously to adjourn the meeting at 1:51 p.m.