

**SCHOOLS HEALTH INSURANCE FUND
OPEN MINUTES
MAY 25, 2016
MOORESTOWN COMMUNITY HOUSE
12:00 PM**

Meeting of Board of Trustees called to order by Joe Collins
Open Public Meetings notice read into record.

PLEDGE OF ALLEGIANCE

ROLL CALL OF 2016 BOARD OF TRUSTEES:

Trustee	BOE		
Joseph Collins	Delsea Regional BOE	Chairman	Present
Frank Domin	Berlin Borough BOE	Secretary	Present
Lisa Giovanelli	Rancocas Valley BOE		Present 12:05
Michael Colling	Medford Lakes BOE		Present
Beth Ann Coleman	Collingswood BOE		Present
Jean Grubb	Black Horse Pike Regional BOE		Present
Christopher Lessard	Frankford Township BOE		Present 12:11
Christopher Destratis	Swedesboro-Woolwich BOE		Present
David Pawlowski	Alexandria BOE		Absent
Evon Digangi	Mount Holly BOE		Absent

PRESENT FUND PROFESSIONALS:

FUND ADMINISTRATOR:

PERMA Risk Management

Emily Koval
Karen Kamprath

PROGRAM MANAGER:

Conner Strong & Buckelew

Brandon Lodics

FUND ATTORNEY:

Ken Harris

FUND TREASURER:

Lorraine Verrill

PRESCRIPTION ADMIN:

Jeff Basile

MEDICAL TPA AMERIHEALTH:

Lisa Didio

MEDICAL TPA AETNA:

Kim Ward

ALSO PRESENT

Joe Madera, Hardenbergh Insurance

Rob Wachter, Mount Laurel
Chuck Grande, Integrity Consulting
Abbie Geletka, Allen Associates
Dina Murray, Allen Associates
Greg Grimaldi, Conner Strong & Buckelew
Lisa Frappolli, Conner Strong & Buckelew
Joseph Dibella, Conner Strong & Buckelew
Jim Sekelsky, Hardyston Twp BOE
Chris Rodia, Woodbury Heights
John Cobb, JCobb Insurance Group
Joseph Ciampa, Horizon

APPROVAL OF MINUTES:

March 23, 2016 Open

MOTION TO APPROVE OPEN MINUTES OF MARCH 23, 2016

Moved:	Trustee Coleman
Second:	Trustee Grubb
Vote:	Unanimous

CORRESPONDENCE - None

EXECUTIVE DIRECTORS REPORT

PRO FORMA REPORTS

- **Fast Track Financial Reports - as of March 31, 2016**
 - **Historical Income Statement**
- **Fast Track Financial Reports - SNJHIF as of March 31, 2016**
 - **Consolidated Balance Sheet**
 - **Indices and Ratios Report**

Ms. Koval said SHIF surplus is strong while the IBNR is high due to immature numbers but overall the results are positive. The SNJHIF is still paying out SHIF claims. After the transition audit more surplus will be going to Coastal and SHIF.

FINANCE AND CONTRACTS COMMITTEE

The following items have been reviewed by the Finance Committee. Minutes were included in Appendix II.

- Finance and Contracts Committee
 - Jean Grubb, Chair
 - Michael Colling
 - James Sekelsky

THREE TIER NETWORKS

We have been working with the carrier community in developing low cost options involving three tier networks. Three tier networks involve rich Tier 1 network benefits with a limited number of providers, lesser Tier 2 benefits using a carrier's normal network, and little or no Tier 3 or out of network coverage. These plans have the potential to reduce medical plan costs by 10% to 18%.

- We currently have a three tier benefit option available through AmeriHealth and Cooper Hospital.
- Aetna is developing a similar option involving Virtua hospital.
- Joseph DiBella of Conner Strong and Buckelew will be in attendance to discuss an opportunity to develop a similar relationship with Horizon BCBS using their Omnia platform.

<https://www.horizonblue.com/providers/products-programs/products/omnia-health-plans>

Mr. Ciampa reviewed the proposed Horizon Omnia offering. He said the plan is doing well in the public markets and is currently not available to schools within State Health Benefits. He said the tiered network encompasses the entire managed care network. Tier one has no deductible or low deductibles while tier two has higher copays but no referrals. He said a complete listing of tier 1 and 2 hospitals is included in the distributed packet. In response to Trustee Giovanelli, Mr. Ciampa said this is something the Fund is considering.

Mr. DiBella said the contracts committee has discussed this offering and a number of entities have asked about the availability. Historically Horizon has not been offered in the HIF. He said there have been discussions with Horizon, the Actuary and Underwriters to help understand the benefits which show there are significant discounts in the Tier 1 option. He said this will provide competition but is not going to replace Aenta or Amerihealth. The entity can decide if they want to offer this product. The rates would need to be developed, but he believes the plan will offer low cost solutions for districts that decide to make it available. If the Fund chooses to move forward an RFQ will need to be issued. In response to Trustee Giovanelli, Mr. DiBella said Aetna plans would not be duplicated, Omnia would be the only product offered. In response to Trustee Domin, Mr. DiBella said the Fund ideally can do a 10/1 rollout.

MOTION TO APPROVE RESOLUTION 19-16 RELEASING AN RFQ FOR AN ADDITIONAL MEDICAL TPA:

MOTION:	Trustee Grubb
SECOND:	Trustee Domin
VOTE:	Unanimous

AETNA V. EXPRESS SCRIPTS RX PLAN PRICING

A comparison of unit costs for Aetna and ESI indicate that ESI's arrangement with the Fund is significantly more cost effective. While we are still working with Aetna and ESI to confirm our analysis, our studies to date indicate that ESI unit costs are 16% less than those for Aetna. Thus, we may have the potential to reduce costs by up to \$825,000 per year.

Aetna plans are installed for the BOEs of Delsea, Moorestown, and Mount Laurel. There are some challenges associated with assuring equal to or better status. However, we are working with these entities and their risk managers to transition to ESI by 1/1/2017. We will keep the Trustees informed of our progress.

Ms. Koval said we are working with the Program Manager on data to get the best comparison, but we are seeing significant savings. We will have more information for the July meeting.

AETNA CONTRACT

We have been working with Aetna on a new contract that reflects all current services and includes a series of performance guaranties. We anticipate presenting the contract for approval at our next meeting.

AUDIT PROCESSES UNDERWAY

There are several audits underway involving the Fund or its prior status under the SNJ HIF:

- MRHIF is auditing AmeriHealth as part of a 3 year audit cycle.
- MRHIF is auditing ESI pricing guaranties. The audit now includes all 2015 transactions and draft findings are being reviewed for response by ESI.
- The annual independent audit of the SNJ HIF is underway and is expected to be finished by 6/30/2016. This audit will include a review of the allocation of surplus between the subgroups (municipal, school, Coastal).
- The Department of Banking and Insurance has given us notice of a pending examination of the SNJ HIF which is expected to take place this year.

We will keep the Finance Committee and the entire Trustee Board advised of these audits as they progress.

REINSURANCE HEALTH INSURANCE FUND AND MUNICH CONTRACT

The reinsurance endorsement for 2016 is attached. This is an important foundational document for the Fund and is normally included in agendas and minutes to assure full disclosure. This endorsement has also been filed with the Department of Banking and Insurance.

OPERATIONS & NOMINATIONS COMMITTEE

The following items have been reviewed by the Operations and Nominations Committee. Minutes are included in Appendix III.

- Operations and Nominations Committee
 - Frank Domin, Chair
 - Beth Ann Coleman
 - Lisa Giovanelli

MEMBERSHIP APPROVALS

The Fund has processed over 25 new member applications and several entities have either voted or intend to vote to join.

The Operations Committee met twice in May to review the specific applications and growth policy in general.

The Committee affirmed the current policy of limited growth to 20% of the Fund but is recommending an exception to the policy this year to allow growth to approximate 25%. The Committee had extensive discussions on the Fund's financial growth capacity and was also concerned that growth can negatively impact servicing of current members.

The Committee was willing to extend the growth limit for 2016/2017 to 25% because the new members will be spread out over July, August and September and because there is a balance of new AmeriHealth and Aetna entries.

The applications that are recommended by the Operations Committee for approval are:

	East Greenwich	Ogdensburg	Deptford	West Deptford	Delran	Kingsway	Total	Fund Currently	Relativity
Age Sex Factor	1.032	1.191	1.213	1.110	1.100	1.146	1.116	1.160	96.19%
Enrollment	134	36	565	262	309	247	1,553	6,266	24.78%
Claims Pick	\$ 1,129	\$ 1,580	\$ 1,217	\$ 1,347	\$ 1,538	\$ 1,127	\$ 1,323	\$ 1,199	110.34%
Trend Applied	9.25%	9.25%	8.00%	9.25%	9.25%	9.25%	9.25%	8%	115.63%

The underwriting summaries for each of the proposed member offers were attached.

West Deptford was a Fund member in 2012 when we experienced adverse claims experience. They terminated medical and Rx coverage at that time and took advantage of the 2 month premium deferral from the SEHBP. They have continued membership in the Fund for dental. They seek a 2 month assessment deferral from the Fund as well. Given the unusual conditions that caused their departure from the Fund, the Operations Committee is recommending approval of this request subject to 2 provisions:

- In the event of coverage or membership termination, the deferral would be paid back at rates in effect at that time.
- Future dividends would be applied to the deferral, at coincident rates, prior to being paid to the entity.

A resolution approving the new members and of the West Deptford exception is included on page 13.

MOTION TO APPROVE RESOLUTION 20-16 OFFERING MEMBERSHIP AS DISCUSSED:

MOTION:	Trustee Coleman
SECOND:	Trustee Domin
VOTE:	Unanimous

TRUSTEE MEETING CLAIMS AGENT REPORTS

During Operations Committee discussions on growth policy, the Committee asked for extended reporting from claims agents during semi monthly meetings. This month’s agenda has an extended report from ESI and future meetings will have extended reports from Aetna and AmeriHealth also. It is also likely that more comprehensive reports on particular issues will be presented at future meetings.

All of our claims agents have significant reporting capability. There may be some trial and error involved but we will work with them and with the Trustees on incorporating more extensive but relevant reports in future agendas.

REVIEW OF INTERNAL CONTROLS AND RISK MANAGEMENT STRATEGIES

The Committee and particularly Chairman Collins also requested a review of the 2012 claims surge to determine if there are additional steps that can be taken to minimize the chance such problems reoccurring. The growth potential of the Schools HIF makes this review essential. We are initiating this review and will engage the Operations and other relevant committees over the next several months.

WELLNESS & CLAIMS COMMITTEE

The following items have been reviewed by the Wellness & Claims Committee. Minutes were included in the agenda.

- Wellness and Claims Committee
 - Christopher Lessard, Chair
 - David Pawlowski
 - Michael Colling

WELLNESS COACHES USA CONTRACT

This matter will be discussed in executive session.

The on-site wellness coaching pilot program has been underway in 4 school districts since the fall of 2015. The Wellness Committee met to discuss program metrics and future. The vendor provided updated activity reports and explanations of its approaches. The Committee agreed to recommend continuation the contract (\$150,000) for another year to allow for a more complete evaluation of its effectiveness. The vendor will also attend semi monthly fund meetings to present activity metrics.

A Resolution to release an RFQ for Wellness Coaches is included on page 16.

Trustee Lessard said there was a long discussion with Wellness Coaches USA and the committee agreed that 1 year was not long enough to determine if the program is effective. The committee agreed to continue the program for at least another year and then reevaluate.

WELLNESS GRANTS FOR 2016/2017

The Wellness Committee also discussed the wellness grant program for the upcoming year. Entities will still have the flexibility to request funding for customized programs. However, entities are being encouraged to select one of three model programs to facilitate implementation. The application was included in the agenda.

Option 1	Comprehensive Biometric Screenings - on site finger prick test for blood glucose, cholesterol, in addition to blood pressure and body mass index. Includes aggregate reporting
Option 2	Comprehensive Biometric Screenings - on site finger prick test for blood glucose, cholesterol, in addition to blood pressure and body mass index. Includes aggregate reporting Tavi Health Wellness Challenges - Fun, engaging, and designed to impact a number of health behaviors. Each challenge includes full access from the desktop or through the FREE mobile app, which runs on Apple, Android, and Windows operating systems
Option 3	Comprehensive Biometric Screenings - on site finger prick test for blood glucose, cholesterol, in addition to blood pressure and body mass index. Includes aggregate reporting Wellness Days - 2-3 times a year, the district may offer educational seminars, healthy cooking instructions or light fitness classes to employees.

As per the Committee's request, the 2015-2016 grant money that has been spent to date is below. Members have until 12/31/2016 to request reimbursement. After that, unused funds will be transferred into surplus.

A Resolution to approve the 2016-2017 Wellness Grant Application was included

Wellness Spend 7/2015 through 5/2016

	Spent	Budget	Difference
Lance Groups	\$30,000.00	\$92,000.00	\$62,000.00
Frankford BOE	\$5,580.65	\$16,000.00	\$10,419.35
Alexandria BOE	\$4,080.00	\$9,000.00	\$4,920.00
Byram BOE	\$1,374.00	\$1,650.00	\$276.00
Swedesboro BOE		\$1,450.00	
Conner Strong Groups		\$43,222.00	\$43,222.00
Delsea	\$5,103.40	\$8,143.20	\$3,039.80
Black Horse Pike	\$3,761.25	\$7,000.00	\$3,238.75
Collingswood	\$3,701.99	\$7,792.80	\$4,090.81
Woodbury Heights			\$0.00
Bellmawr BOE	\$3,195.28	\$9,000.00	\$5,804.72
EIRC	\$1,200.00	\$3,520.00	\$2,320.00
Gateway		\$4,409.20	\$4,409.20
LEAP Academy		\$4,422.40	\$4,422.40
Logan BOE		\$2,642.00	\$2,642.00
Lower Alloways Creek BOE		\$1,136.00	\$1,136.00
Rancocas BOE		\$5,137.60	\$5,137.60
South Harrison BOE		\$1,208.00	\$1,208.00
Upper Pittsgrove BOE		\$1,505.60	\$1,505.60
Woodstown- Pilesgrove BOE		\$5,771.20	\$5,771.20

MOTION TO APPROVE RESOLUTION 21-16 AUTHORIZING THE RFQ RELEASE FOR WELLNESS COACHES:

MOTION: Trustee Lessard
MOTION: Trustee Domin
VOTE: Unanimous

MOTION TO APPROVE RESOLUTION 22-16 APPROVING THE 2016-2017 WELLNESS GRANT APPLICATION:

MOTION: Trustee Lessard
MOTION: Trustee Grubb

ADMINISTRATIVE UPDATES

FUND WEBSITE – www.schoolshif.com

A secure log in has been added to the Fund website for all Trustees to gain access to certain documents. We are currently updating the login and password for each Trustee. This section can be accessed by clicking on Commission Login in the top right hand corner of www.schoolshif.com. In the next few weeks, PERMA will provide the login and password information to each Trustee via email. If you have any questions please contact Karen Kamprath at kkamprath@permainc.com

FINANCIAL DISCLOSURE STATEMENTS

As done in prior years and required by State law, each Fund Commissioner is required to complete a Financial Disclosure Statement through the Department of Community Affairs. . The deadline to file was April 30, 2016. Fines will be issued for non compliance. A listing of compliance can be found below:

Not filed as of 5/17/16

Evon DiGangi
Lisa DiNovi
Shannon Dubois
Stephen Hoffman
David Pawlowski

Schools Health Insurance Fund Program Manager's Report May 25, 2016

Enrollments: cs.mb.SHIFenrollments@permainc.com

Brokers: brokerservice@permainc.com

Fax: 856-685-2249

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 BMED enrollment team. The Fund's policy is to limit retro corrections to 60 days.

BROKER EMAIL BOX – RELAUNCH!

We are excited to announce the relaunch of the broker service email box! We restructured the team and have hired a dedicated service representative to work on the broker box. The expected start date of this new team member is the week of June, 13.

The role of this individual will include acting as a liaison between insurance carriers and clients to resolve claim issues and billing inquiries and performing benefit provision research, as well as assisting our broker partners when they bring these inquiries into the Broker Email Box. We are certain that our dedicated efforts will continue to streamline broker inquires and provide increased

response time and data tracking.

brokerservice@permainc.com

OPEN ENROLLMENT

Open Enrollment is currently in process and will end on Friday May 27th.

Changes must be keyed into the online enrollment system no later than Friday June 3rd to ensure ID cards are received by the effective date.

- Open enrollment is **passive**, only members wishing to make a change will be required to fill out an enrollment form.
- Changes outside enrollment - Due to Federal regulations, members will not be allowed to change plans or add dependents outside of open enrollment unless they experience a qualified life event.

AETNA APPEALS PROCESS

In recent months AETNA and PERMA have been working on an updated agreement to better manage appeals in accordance with the SHIF bylaws. The bylaws permit members to file two levels of appeal, a level one and a level two. We have reached an agreement that AETNA will review and make determinations on Level I appeals and PERMA/SHIF will make final determination on Level II appeals. Through the remainder of 2016, AETNA has agreed to perform Level I appeals at no additional cost to the Fund. An additional fee will be built in to the 2017 budget for consideration.

Latest Trends and Best Practices in Pharmacy Management

On Tuesday, April 14th, Conner Strong and Buckelew hosted a webinar in partnership with Express Scripts regarding the drivers of high cost pharmacy trend.

Here are some highlights of the presentation:

- Overall cost of care for a family of 4 in 2015 was \$24,671; \$3,913 or 16% of which was in Pharmacy costs.
- Pharmacy spend is expected to increase by 10.6% PEPY in 2016; most of which will be due to rising costs of Specialty Pharmacy.
- Employers surveyed noted that Specialty Pharmacy is the 2nd highest driver of costs next to their high cost claimants.
- Employers surveyed noted the most commonly used utilization management strategies implemented have been Step Therapy, Prior Authorizations, Quantity Limitations, and Mandatory Mail Order for maintenance medications.

If you were unable to attend the webinar and would like a copy of the presentation, please reach out to Joe Pfeiffer jpfeiffer@permainc.com

AETNA SPEECH THERAPY CODING ISSUE

PERMA recently uncovered a coding issue on AETNA speech therapy claims. Certain covered diagnosis codes were not properly updated in 2016. AETNA has begun correcting the issue. The impacted members that have contacted us have been placed in special handling, and their providers contacted. Any others impacted will be picked up by a claims report requested of AETNA.

AETNA is in attendance to comment on next steps.

3D MAMMOGRAMS

We've recently identified a gap in coverage between the Fund and other group plans regarding the coverage of 3D mammograms. The State and private market updated plan coverage to follow the expansion of the NJ Mandate in 2015.

This expansion of coverage now includes an ultrasound evaluation, a magnetic resonance imaging (MRI) scan, a three-dimensional (3D) mammography and other additional testing of an entire breast or breasts, after a baseline mammogram examination, and if the following criteria are met:

- the mammogram demonstrates extremely dense breast tissue,
- the mammogram is abnormal within any degree of breast density including not dense, moderately dense, heterogeneously dense or extremely dense breast tissue, or if
- The patient has additional risk factors for breast cancer, including but not limited to, family history of breast cancer, prior personal history of breast cancer, positive genetic testing, extremely dense breast tissue based on the Breast Imaging Reporting and Data System established by the American College of Radiology or other indications as determined by the patient's doctor.

Note: The coverage required for an ultrasound evaluation, MRI scan, 3D mammography or other additional testing may be subject to utilization review, including periodic review of the medical necessity of the additional screening and diagnostic testing.

TREASURER - Fund Treasurer reviewed the April and May 2016 bills lists.

CONFIRMATION OF PAYMENT APRIL 2016

FUND YEAR	AMOUNT
CLOSED YEAR	\$1,038,603.00
2016	\$2,084,056.84
TOTAL	\$3,122,659.84

RESOLUTION 23-16 MAY 2016 BILLS LIST

FUND YEAR	AMOUNT
CLOSED YEAR	\$32,694.26
2016	\$1,083,764.05
TOTAL	\$1,116,458.31

MOTION TO APPROVE THE APRIL AND MAY 2016 BILLS LIST AND TREASURERS REPORT:

MOTION:	Trustee Lessard
SECOND:	Trustee Domin
VOTE:	Unanimous

FUND ATTORNEY- Fund Attorney reviewed a ruling regarding employee sponsored wellness programs. He said they need to be in compliance with the non discrimination act and can not be contingent on receiving a biometric screening.

AMERIHEALTH - Ms. Didio said AmeriHealth NJ and AHA have no high level claimants for this reporting period. She said the claims are becoming more mature due to the runout from the SNHIF.

AETNA - Ms. Ward said the claims are starting to level out. There were 4 high level claimants in March. She distributed a new dashboard report shows more robust reporting and a snapshot of the plan. She said it can be adjusted accordingly.

EXPRESS SCRIPTS - Mr. Basile said the pepm has a slight increase of 3%. He said the #1 medication is currently crestor but that recently went generic so there should start to be a reduction in costs. He said the fund took on quite a few specialty patients.

DELTA - None

OLD BUSINESS: None

NEW BUSINESS: Chair Collins thanked everyone for their participation over the last few months and would like to see new members get involved.

MOTION TO ADJOURN:

MOTION:	Trustee Domin
SECOND:	Trustee Grubb
VOTE:	Unanimous

MEETING ADJOURNED: 1:15pm

NEXT MEETING: July 27, 2016
Moorestown Community House
12:00pm

Emily Koval, Assisting Secretary
Date Prepared: June 21, 2016