

**SCHOOLS HEALTH INSURANCE FUND
OPEN MINUTES
FEBRUARY 22, 2017
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 2016-2017 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
Michael Colling	Medford Lakes BOE		Present
Beth Ann Coleman	Collingswood BOE		Absent
Christopher Lessard	Frankford Township BOE		Present
Christopher Destratis	Swedesboro-Woolwich BOE		Absent
David Pawlowski	Alexandria BOE		Present
Evon Digangi	Mount Holly BOE		Absent
Jim Sekelsky	Hardyston Township BOE		Present
Nicholas Bice	Burlington Township BOE		Present

PRESENT FUND PROFESSIONALS:

FUND ADMINISTRATOR:

PERMA Risk Management

Paul Laracy
Emily Koval
Karen Kamprath

PROGRAM MANAGER:

Conner Strong & Buckelew

Brandon Lodics
Jozsef Pfeiffer

FUND ATTORNEY:

Ken Harris

FUND TREASURER:

Lorraine Verrill

FUND AUDITOR:

PRESCRIPTION ADMIN:

MEDICAL TPA AMERIHEALTH:

Lisa Didio

MEDICAL TPA AETNA:

Kim Ward

MEDICAL TPA HORIZON:

Michelle Witherspoon
Joe Ciampa

ALSO PRESENT

Abbie Geletka, Allen Associates
Dina Murray, Allen Associates
Ed Snyder, Brown & Brown
Michael Griggel, Deptford BOE
Kim Porter, CHB Group
K. Jackson-Hill, Kingsway
Joe Madera, Hardenbergh Insurance Group
Christina Moskal, Ewing Township BOE
Mary Muscarella, Brown & Brown
Danielle Sullivan, Brown & Brown
Suzanne Hansen, Brown & Brown
Chuck Grande, Integrity
Susan Morris, The Lance Group
Scott Lance, The Lance Group
Travis Lance, The Lance Group
Rob Wachter, Mt. Laurel BOE
Chris Russo, Delran
Kat McEntee, KRSD
Kevin Kitchenman, Conner Strong & Buckelew
John J. Cobb, J Cobb Insurance

APPROVAL OF MINUTES: January 25, 2017 Open

MOTION TO APPROVE OPEN MINUTES OF JANUARY 25, 2017

Moved:	Trustee Domin
Second:	Trustee Sekelsky
Vote:	Unanimous

CORRESPONDENCE - None

EXECUTIVE DIRECTORS REPORT

PRO FORMA REPORTS

- **Fast Track Financial Reports** - SHIF - as of December 31, 2016
 - **Indices and Ratios Report**
 - **Consolidated Balance Sheet**
 - **Budgetary Comparison**
 - **Fast Track Financial Reports** - SNJHIF - as of December 31, 2016

Executive Director said the Financial Fast Track shows a combined surplus of \$35.7 million. He said the Fund continues to be profitable. He said the Fund will be receiving an additional \$6-7 million from the SNJHIF.

MRHIF MEETING - The Municipal Reinsurance Health Insurance Fund met on February 8 to reorganize for 2017. The Committee reviewed the new reinsurance policies which are available for all Trustees' review. The minutes from this meeting were included in the Agenda

STATE EXAMINATION - The examination by the Department of Banking and Insurance of the SNJ HIF is completed and they are working with the Controllers to finalize the audit. No adverse findings or recommendations are expected and the exam verified Fund financial statements as of 12/31/2015. We expect to have the final report and an affidavit for the Trustees to sign at the next meeting. Executive Director said this Fund is not being directly examined, but the membership within the Southern NJ Regional Employee Benefits Fund is under examination.

INTRODUCTION OF THE 2017/2018 BUDGET - The Schools Health Insurance Fund 2017/2018 budget materials were included. The Finance Committee met on February 15th via conference call to discuss the budget and are not recommending any changes. Minutes from this meeting were included in the agenda. Executive Director reviewed the proposed budget items included in the agenda:

The below budget includes projections for medical, Rx, and dental claims; and for reinsurance, contingency, administrative expenses, and State and federal taxes. Assessments are proposed to rise by an average of 2.38% with increases ranging from .52% to 5.63%.

CLAIM FUNDS

Working with John Vataha of Actuarial Advantage, the following changes in the claims budget for 2017/2018 are projected:

- +3% for medical
- +2.5% for prescription
- +2.28% for dental

In total, these changes result in a claims fund increase of 2.92% and an average assessment increase (rate increase) of 2.38%. The lower rate and assessment increase is due to stable and in some cases lower costs for reinsurance, taxes, and expenses.

The medical increase is below industry trend (~7%) and follows below trend increases in 4 of the last 5 years.

The increase in Rx is also below industry trend (~10%) and follows a double digit increases for each of the past 2 years. The budget is partially predicated on the transition of the Aetna Rx program to the ESI program by 7/1/2017.

The dental increase is also below industry trend (~5%).

RATE STABILIZATION RESERVE

Up to 2.5% of assessments can be budgeted for this purpose.

Funding this line item can be considered in tandem with the review of surplus retention and dividend policy. The Finance Committee reviewed this item carefully and the budget includes \$500,000 or .31% of total appropriations for this purpose. Executive Director said this line is not required and solely at the discretion of the Committee.

REINSURANCE

The Fund obtains reinsurance through the Reinsurance Health Insurance Fund. That HIF takes responsibility for specific claims between \$300,000 and \$750,000 and purchases reinsurance for claims over \$750,000.

The budget is prepared with an increase in retention to \$325,000 and a reduction in cost of 4.03%. Generally, increases in retention will correspond to claims experience, trend, and the ability or appetite of the HIF to take risk. Other HIFs this year also increased retention to \$325,000 and experienced either stable or slightly reduced costs of coverage.

Aggregate coverage would “attach” at 124% of the combined medical and Rx claims fund, including the A4 surcharge:

Medical and Rx Claims Fund	\$ 139,132,747
A4 Retiree Surcharge	\$ 3,105,308
Total Claims Fund and A4 Surcharge	\$ 142,238,055
Aggregate Reinsurance Attachment Point	\$ 176,375,189
Claims Corridor Unfunded in Budget	\$ 34,137,133

Although aggregate claims are extremely rare, the existence of the “claims corridor unfunded in budget” is the key driver of surplus retention policy.

EXPENSES

1. **Operating Expenses:** The cost of operating the Fund, excluding claims adjustment expense, represents 1.96% of the budget. Administrative costs are based primarily on RFP responses from vendors received in 2015.
2. **Local Risk Manager Fees:** The Fund implements broker fees that are determined by local units.
3. **Wellness:** A wellness line item in the amount of \$250,000 is included again to fund grants to BOEs. The 2015/2016 and 2016/2017 budgets included on site wellness coaches for 4 districts at an annual cost of \$150,000. This program has been successful but may not be scalable on a Fund wide basis. Therefore, it is proposed that the program be funded by any BOE that wishes to use the services rather than through socialized HIF rates. The cost can be either paid directly by the BOE or incorporated into monthly rates. It is also proposed that the budget line item remain at \$400,000 (.25% of budget) with \$150,000 being reserved pending evaluation of alternative programs:

- a. Escalated disease and case management programs from Aetna.
- b. Use of a mobile wellness clinic service to visit BOE locations and provide on-site screenings.
- c. Establishment of a HIF sponsored health center to provide wellness and primary care services.

Each of the programs requires significant additional evaluation and development before being proposed for implementation.

4. **Taxes:** The “Affordable Care Act” tax impacting the HIF this year is the Patient-Centered Outcomes Research Fee (the “Comparative Effectiveness Fee”). The much larger Transitional Reinsurance Program tax ended in 2016.

The New Jersey A4 Retiree Surcharge is budgeted at 2.6% as required by the State of NJ, albeit illogically.

ASSESSMENTS

Following past policy, rate changes are distributed evenly by member, with loss ratio adjustments of up to +/- 2.5% per year for members with at least 3 years of claims experience. Assessments also vary depending upon participation in lines of coverage. Rate increases by line of coverage are:

- Medical +3.73%
- Rx +3.73%
- Dental +2.50%

In addition to the loss ratio adjustments, three members are impacted by the Aetna Rx to ESI change (Delsea, Moorestown, and Mount Laurel) and will receive a 5% decrement to their Rx rates.

SURPLUS RETENTION AND DIVIDENDS

Surplus has developed faster than anticipated. The Finance Committee discussed dividend options based upon the following:

Surplus	\$ 35,702,810
Share of 2015 SNJ Fund Year	\$ 6,103,911
Total	\$ 41,806,721
Less 2.5 Months of Claims	\$ (28,940,439)
Less Retention for Growth (20%)	\$ (5,788,088)
Less Shares of Former Members	\$ (2,798,508)
Available for Dividends	\$ 4,279,686

The Committee decided to defer action on this item until clarity develops on the possible repeal and replacement of the ACA.

The Committee also discussed treatment of surplus for former member. Currently, surplus is released 6 years after membership termination. The Committee proposes to amend this policy to allow release of 25% of surplus each in years 3, 4, 5, and 6.

WELLNESS COACHES USA - In preparation of the 2017-2018 budget, the Wellness Committee met to discuss options. The minutes were included in the Agenda. They are recommending that the wellness expense remain flat at \$400,000. Because of its popularity and success, the \$250,000 Wellness Grant program will continue.

The Committee is recommending to no longer budget \$150,000 for the Wellness Coaches USA contract, but rather to transition the cost from the Fund to the individual members, if they choose to do so. The members may pay through their rates and/or subsidize with their grant money. The Program Manager's team will reach out to the pilot members and discuss their options.

At the March meeting, the Wellness Committee and the Program Manager will present other options for this \$150,000 that is being recommended for the budget.

MOTION TO ADOPT RESOLUTION #3-17 THE SCHOOLS HEALTH INSURANCE FUND BUDGET FOR 2017-2018 IN THE AMOUNT OF \$162,058,563 AND ADVERTISE A PUBLIC HEARING FOR MARCH 22, 2017 AT 12:00 NOON AT THE MOORESTOWN COMMUNITY HOUSE TO ADOPT THE BUDGET.

Moved:	Trustee Colling
Second:	Trustee Bice
Vote:	All in Favor

DIVIDENDS - The Finance Committee also discussed the option of a dividend and is recommending deferring action until there is greater visibility on the potential impact of the Affordable Care Act review.

For former members of the HIF, the Finance Committee is recommending a change to the policy of delaying the release of surplus for 6 years. Instead, former members will receive their surplus balances in increments of 25% for years 3, 4, 5 and 6 (subject to adoption of the attached amendment to the Risk Management Plan). Resolution 4-17 was included. .

MOTION TO AMEND THE RISK MANAGEMENT PLAN TO ALLOW THE NEW POLICY FOR SURPLUS RELEASE, AS DISCUSSED.

Moved:	Trustee Colling
Second:	Trustee Sekelsky
Vote:	All in Favor

SUBGROUP COORDINATOR GRANT - In July, the Committee approved the Subgroup Coordinator's wellness grant program assigned to those members under the Coordinator with Shape Up, a comprehensive challenge program. Since then, Shape Up was taken over by Virgin Pulse. The program is very similar, but the pricing for Year 1 will be about \$15,000 more than the allotted grant of \$96,000 for 2016-2017. Their 2015-2016 had approximately \$45,000 unused grant dollars. The Wellness Committee recommends allowing the transfer of \$15,000 from their 2015-2016 grant to the 2016-2017 grant to support this program.

MOTION TO AMEND THE SUBGROUP COORDINATOR'S WELLNESS GRANT PROGRAM WITH VIRGIN PULSE AND TRANSITION \$15,000 OF UNUSED GRANT DOLLARS FROM THE GROUP'S 2015-2016 GRANT FOR THIS PURPOSE.

Motion:	Trustee Colling
Second:	Chair Collins
Vote:	All in Favor

2017 MEL & MR HIF EDUCATIONAL SEMINAR - The 7th annual seminar is scheduled for Friday, April 21st beginning at 9:00 AM at the National Conference Center in East Windsor, NJ. The seminar qualifies for an extensive list of Continuing Educational Credits including CFO/CMFO, Public Works, Clerks, Insurance Producers and Purchasing Agents. There is no fee for employees and insurance producers associated with MEL and MR HIF members as well as personnel who work for service companies that are engaged by MEL member JIFs and MR HIF member HIFs. The registration form was included in the agenda.

**PROGRAM MANAGER'S REPORT
FEBRUARY 22, 2017**

WELLNESS PLANS -COMPLIANCE OVERVIEW - While HIPAA nondiscrimination rules have historically been the major compliance focus for many wellness plan sponsors, final rules published by the Equal Employment Opportunity Commission (EEOC) addressing how wellness programs must comply with American Disabilities Act (ADA) and Genetic Information Nondiscrimination Act (GINA), has focused even more attention on these laws and further added compliance complexities. To assist with understanding the implications of the EEOC's final rules related to the ADA, GINA, and wellness programs, Conner, Strong & Buckelew has published updates to help guide you through the intricate compliance rules. If you or your risk manager have questions or would like to discuss, please reach out to Joe Pfeiffer.

CONNER STRONG & BUCKELEW'S NEW MOBILE WELLNESS APP - Conner Strong & Buckelew is pleased to announce the launch of its new mobile wellness app, *HealthyLife*, our mobile application that is compatible with our award winning member wellness portal, HealthyLearn.com/connerstrong

Our new mobile wellness app is a powerful addition to our portfolio of wellness tools and services to help clients further promote contemporary wellness approaches. Powered by the American Institute for Preventive Medicine, the web site and mobile app are unique solutions for Conner Strong & Buckelew clients and their benefit plan participants. The mobile app provides access to a host of

wellness tools including a wellness tip of the day, information on health conditions, healthy living, financial wellness, healthcare consumerism, safety, first aid and a host of other source based tools and features.

Our wellness mobile app can be easily downloaded from the iTunes or Android app stores. The name of the app is *HealthyLife Mobile*. For apples users, here is a link to the app:

<https://appsto.re/us/R1Ey8.i> Once you download the app, the code to use it is CSB (all caps).

We hope you will enjoy our new mobile wellness app. We'd like to work with you on more targeted educational campaigns.

NETWORK UPDATE -LOURDES HEALTH SYSTEM

The Lourdes Health System contract with Aetna has a hard term date of April 1, 2017. The Aetna contract renewal negotiations are ongoing but a settlement has yet to be reached.

- For Self-Insured HMO/PPO, Fully Insured PPO, and all Medicare members, beginning on April 1, 2017, Lourdes will be out-of-network.
- Letters to impacted members of Medicare and self-insured plans will be mailed on 02/25/2017.
- We will send letters to subscribers based on the following criteria:
 - Members/covered dependents who have utilized the hospital at least twice in the past 12 months.

Hospital Locations

Our Lady of Lourdes Medical Center

1600 Haddon Avenue
Camden, NJ 08103

Lourdes Medical Center of Burlington County

218A Sunset Road
Willingboro, NJ 08046

St. Francis Medical Center

601 Hamilton Avenue
Trenton, NJ 08629

Alternate Hospitals

A listing of alternate participating hospitals is included below.

Deborah Heart and Lung Medical Center	Virtua Health System- Marlton
Cooper Hospital University Medical Center	Virtua Health System- Voorhees

Kennedy Health System- Stratford	Virtua Health System- Mt. Holly
Kennedy Health System- Washington Twp.	Capital Health System
Kennedy Health System- Cherry Hill	Capital Health System

Program manager said Aetna will be meeting with Lourdes Hospital after the SHIF meeting to discuss the contract.

ANNUAL OPEN ENROLLMENT - We are in the process of drafting open enrollment guides in preparation for the annual OE. Generally we hold open enrollment from the beginning of May to the end of the month. To better accommodate some group plan changes and a large re-card which will affect a few member groups, we would prefer to hold open enrollment from the latter half of April ending no later than Friday May 12th.

Trustee Domin said he agrees with moving up the open enrollment date so the towns can have as much notice as possible. Program Manager said as a reminder for open enrollment there are several tiered network plans available though Aetna, AmeriHealth and Horizon.

JULY 1ST PLAN ADDITIONS AND CHANGES - Though we normally can accept plan modifications up to 60 days before the effective date, due to the volume of changes and additions already in our pipeline, we are requesting that any and all plan additions or changes be submitted no later than April 1st. Any plan additions or changes submitted after April 1st may not be accommodated.

ADMINISTRATIVE AUTHORIZATION - None

OPIOD LAW - Program manager said that New Jersey just passed a new Opiod law. He said they are working with the Fund Attorney to see how this could affect the Fund and will provide and update at the next meeting.

TREASURER - Fund Treasurer reviewed the February 2017 Bills List and the treasurers report.

RESOLUTION 5-17 FEBRUARY 2017 BILLS LIST

FUND YEAR	AMOUNT
FEBRUARY 2016/2017	1,320,380.55

MOTION TO APPROVE THE FEBRUARY 2017 BILLS LIST AND TREASURERS REPORT AS PRESENTED:

MOTION:	Trustee Pawlowski
SECOND:	Trustee Sekelsky
VOTE:	All in Favor

FUND ATTORNEY- Fund Attorney said the Opioid Law will take effect May 16. He said the biggest impact is that the initial inpatient treatment is not subject to utilization review. After the initial 28 day period subsequent treatment would be based on medical necessity.

AMERIHEALTH – Ms. Didio reviewed the December claims. She said the overall pepm for 2016 for AHNJ members was \$1,033. She said there were 2 high level claimants totaling over \$306,000. The average pepm for AHA members was \$966. She said there were 3 high level claimants with \$300,000 in paid claims. In response to Trustee Sekelsky, Ms. Ward said the first few months of 2016 were low due to the run out of SNJHIF claims. Ms. Didio said the Fund would not see that variance next year.

AETNA – Ms. Ward reviewed the December claims. She said there were 10 claims over \$50,000 and 3 over \$100,000. She said the Fund saw more activity but continues to run well. She said Aetna will continue to monitor any claim over \$50,000 with flex management. She said the dashboard report has very little change from January.

HORIZON- Ms. Witherspoon said the Omnia product is available as a low cost option. She said there are currently members enrolled in this plan.

EXPRESS SCRIPTS - Report included in the Agenda

DELTA - None

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

MOTION TO ADJOURN:

MOTION:	Trustee Giovanelli
SECOND:	Trustee Colling
VOTE:	All in Favor

MEETING ADJOURNED: 1:00 pm

NEXT MEETING: March 22, 2017
Moorestown Community House
12:00pm

Karen Kamprath, Assisting Secretary,
Date Prepared: February 24, 2017