

**SCHOOLS HEALTH INSURANCE FUND  
OPEN MINUTES  
JULY 26, 2017  
MOORESTOWN COMMUNITY HOUSE  
12:00 PM**

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

**PLEDGE OF ALLEGIANCE**

Ms. Koval read the election results from May that went into effect on July 1, 2017. She noted that Kelly Brazelton is no longer with her district, who was voted to the Board. She said the bylaws allow the nominating committee to choose replacement trustees mid year. An election was sent and Marie Goodwin was chosen as her replacement on the Board. Fund Attorney swore in the Board of Trustees.

**ROLL CALL OF 2017-2018 BOARD OF TRUSTEES:**

<b>Trustee</b>	<b>BOE</b>		
Joseph Collins	Delsea Regional BOE	Chairman	Present
Beth Ann Coleman	Collingswood BOE	Secretary	Present
Lisa Giovanelli	Rancocas Valley BOE		Present
Michael Colling	Medford Lakes BOE		Present
Marie Goodwin	Medford Township BOE		Present
Christopher Lessard	Frankford Township BOE		Absent
Christopher Destratis	Swedesboro-Woolwich BOE		Present
David Pawlowski	Alexandria BOE		Absent
Evon Digangi	Mount Holly BOE		Present
Jim Sekelsky	Hardyston Township BOE		Present
Nicholas Bice	Burlington Township BOE		Present
Marie Goodwin	Medford 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:**

Ken Verrill

**FUND AUDITOR:**

Absent

**PRESCRIPTION ADMIN:** Jeff Basile  
Ken Rostkowski

**MEDICAL TPA AMERIHEALTH:** Lisa Didio

**MEDICAL TPA AETNA:** Absent

**MEDICAL TPA HORIZON:** Michelle Witherspoon

**ALSO PRESENT**

Greg Grimaldi, Conner Strong & Buckelew  
Mary Muscarella, Brown & Brown  
Chuck Grande, Integrity Consulting  
Anthony Tonzini, Integrity Consulting  
John DiMartino, Liberty  
Rob Wachter, Mount Laurel BOE  
Susan Morris, The Lance Group  
Kim Porter, CHB Group  
John J Cobb, JCobb Insurance Group

**APPROVAL OF MINUTES: May 24, 2017 Open**

**MOTION TO APPROVE OPEN MINUTES OF MAY 24, 2017**

Moved:	Trustee Sekelsky
Second:	Trustee Coleman
Vote:	Unanimous

**CORRESPONDENCE** - None

**EXECUTIVE DIRECTORS REPORT**

**FAST TRACK FINANCIAL REPORTS - SHIF - as of May 31, 2017**

Executive Director said the combined surplus for all years is \$34 million and the Fund made \$2.4 million for the month of May. He said in addition the Fund will be receiving about \$7.65 million from the SNJHIF. He said there are a few owned closed year surplus checks being released this month, however will not have a huge impact on the surplus.

**FIXED INCOME INVESTMENTS**

Executive Director said HIFS and JIFS jointly issued an RFP for fixed income investment services. A contract is in place through 2018 for Wilmington Trust that can be accessed by Schools HIF. As the Schools HIF has accumulated significant balances, this option can be used by the Treasurer to further enhance investment income. Investments are limited to those authorized for school districts and local governmental entities. The cost of the service is modest; \$500 for every \$1M invested. Marginal improvement in investment income is expected. He said this is authorized in the cash management plan but would like authorization for Chair Collins to sign the contract.

## MOTION TO AUTHORIZE CHAIR COLLINS TO SIGN THE WILMINGTON TRUST CONTRACT:

Moved:	Trustee Coleman
Second:	Trustee Digangi
Vote:	Unanimous

In response to Trustee Sekelsky, Executive Director said the contract can be terminated at any time, with possibly 60 days notice required. In response to Trustee Colling, Executive Director said Funds will gradually be invested.

### FINANCE COMMITTEE

Executive Director said the Finance Committee will meet prior to the September meeting to review the financials through June 2017.

### AUDIT PROCESSES AND OUTCOMES

Executive Director said the following Audits were completed or will begin shortly:

**State examinations:** Exams of all HIFs in existence as of 2015 have been completed. Many Schools HIF members were members of the SNJ HIF at that time. Those exams, which included the MRHIF, have been completed. Each exam confirmed the accuracy of HIF financial reports and no corrective actions were noted. Copies of the reports are available upon request.

**ESI performance guaranty audit:** MRHIF annually audits ESI to confirm that discount and other economic guaranties are met. Adler Associates recently completed the 2016 audit and confirmed that ESI's performance fell within their guaranties. The full audit is available upon request and will be presented to the MRHIF executive committee at their September meeting.

**Aetna Audit:** All claims agents are audited on a 3 year cycle. Aetna will be audited this year and the process will get underway in the near future.

### RISK MANAGEMENT CONSULTANT NON-SOLICITATION PROVISION

Local entity risk managers contract with the Program Manager as "sub-producers". The contract includes a non-solicitation clause that caused concerns about being in conflict with the public contracts law and limiting vendor selection options for member entities. This matter was investigated by Mr. Harris who recommended that the clause be removed from the contract as it could frustrate public contract law intentions. Conner Strong and Buckelew is in agreement and is in the process of amending its sub-producer agreement to exclude this clause.

Executive Director said the non-solicitation clause will be removed from the sub-producer contracts after being investigated by Mr. Harris and the Conner Strong & Buckelew Attorney. He said the agreement is in the process of being redrafted.

## **2017-2018 WELLNESS GRANTS**

Ms. Koval said the grant applications were distributed about a month ago and the deadline was extended through the end of August. The Wellness Committee will meet prior to the September meeting to approve the grants.

## **INVESTIGATION OF “PARTNERSHIP HEALTH CENTER” CONCEPT**

As discussed during the budget adoption process and at the May meeting, we have investigated the applicability of a “Partnership Health Center” concept for the Schools HIF. We evaluated such centers that are now in use for the Toms River and Long Branch BOEs. Under this concept, the Fund would contract with a service provider to operate a health center dedicated to employees, retirees, and dependents of Schools HIF members.

While this model has many attractive features, it is not a fit for the Schools HIF at this time due the geographic distribution of our membership. However, we will continue to study this and similar models as they develop and will report accordingly to the Trustees.

Ms. Koval said this concept was researched in-depth and at this time there is no recommendation.

## **MRHIF STOP LOSS POLICY**

A copy of the MRHIF policy and 2017 renewal endorsement for the SHIF was distributed prior to the meeting for review.

## **PROGRAM MANAGER’S REPORT**

### **JULY OPERATIONS UPDATE**

Mr. Pfeiffer said the Fund saw a lot of activity during the 7/1 renewal including several large districts transitioning prescription carriers and new plan changes. He said all projects were completed by the 7/1 effective date without issue.

### **3D MAMMOGRAMS**

Mr. Pfeiffer said a trend has been noticed among some diagnostic imaging facilities to require patients to pay some amount up front for 3D mammograms. While Federal mandates require that all insurance plans pay 100% for an annual, routine mammogram for women over 40, 3D mammograms are not specifically addressed in the mandate. To date, the members who have had issues with this were enrolled in AmeriHealth Administrators and Aetna plans and the affected members were reimbursed for their upfront payment because their plans allowed the 3D mammogram when ordered by the provider and were not an initial baseline test.

### **RX PROGRAM UPDATE: SAVEON**

Mr. Pfeiffer said PERMA, Express Scripts and SaveOn participated in a conference call on 6/22/17 to discuss the initial communication strategy and timeline. Below is the agreed upon timeline. We will provide an update of the next steps as well as samples of all communication pieces at the September meeting.

- Mid-October - Accredo will provide a ‘look back” file to PERMA and SaveOn to be used for

the initial PERMA mailing and for SaveOn set up.

- 11/1/2017 - PERMA will send an initial letter to members who are currently on a SaveOn medication. Member letters will be sent on SHIF letterhead.
- 12/1/2017 - SaveOn will send a 2nd letter to targeted members that have not enrolled by that date.

### ESI FORMULARY ENHANCEMENTS

ESI has announced two upcoming enhancements to the National Preferred Formulary strategy, which the SHIF participates with:

- Exclude at launch - effective 7/1/2017 - select new medications may be excluded until final formulary status is determined after clinical and financial reviews are conducted. This initiative is an enhancement to the current process which automatically covers drugs while the review process is underway. The new strategy is being implemented as a cost-saving initiative as medications are coming to market faster than ever and the cost of many new to market drugs exceeds \$100,000 per patient per year.
- Brand-for-Generic Substitution - effective 8/1/2017 - select branded medications will be preferred and higher-net cost clinically equivalent generic alternatives will be excluded. Members will have the same generic copay and the dispensed brand medication will be included in the appropriate brand/generic guarantee in accordance with contracted pricing.

### ADMINISTRATIVE AUTHORIZATIONS

There were three appeals received since last meeting.

Type	Reason	Outcome
Medical	Non Emergent use of ER	Denial Upheld
Prescription	Medical Necessity	Denial Overturned
Medical	Non Emergent use of ER	Denial Upheld

**TREASURER** - Fund Treasurer reviewed the June and July 2017 bills lists and Treasurer's report. He said the interest rates were adjusted at the end of June to 1 - 1.05%.

### CONFIRMATION OF PAYMENT JUNE 2017

FUND YEAR	AMOUNT
FUND YEAR 2016/2017	\$1,332,656.81
<b>TOTAL ALL FUND YEARS</b>	<b>\$1,332,656.81</b>

### RESOLUTION 21-17 JULY 2017 BILLS LIST

FUND YEAR	AMOUNT
FUND YEAR CLOSED	\$1,073,399.81
FUND YEAR 2016/2017	\$91,716.56
FUND YEAR 2017/2018	\$1,327,817.22
<b>TOTAL ALL FUND YEARS</b>	<b>\$2,492,933.59</b>

**MOTION TO APPROVE THE JUNE AND JULY 2017 BILLS LIST AND  
TREASURERS REPORT AS PRESENTED:**

<b>MOTION:</b>	Trustee Sekelsky
<b>SECOND:</b>	Trustee Giovanelli
<b>VOTE:</b>	Unanimous

**FUND ATTORNEY** - Fund Attorney said the medical trend is going up 5% and the CPI adjustment factor for the Cadillac Tax premium is going up 2.4%. He said the tax is still set to go into effect in 2020.

**AETNA** - Report included in the Agenda.

**AMERIHEALTH** - Ms. Didio reviewed the April and May 2017 claims. She said there were 4 high level claims for the month of May. She said the supplemental report will be provided in September with data for the fiscal year. Ms. Didio said LabCorp will be the exclusive lab in the AmeriHealth network and Quest will not be out of network. She said AmeriHealth will be doing a claim system migration on January 1, 2018 and new id cards will be sent to all members.

**HORIZON**- Ms. Witherspoon said Horizon is now offering a richer Omnia 10 plan which offers lower copays can may be more attractive to the employees.

**EXPRESS SCRIPTS** - Mr. Rostkowski said overall the Fund is trending negative 1.6%. He said there are 2 new Hep C patients but they should drop off in the next 2 months. He said the overall generic fill rate is up 82.2%.

**DELTA** - None

**OLD BUSINESS:** None

**NEW BUSINESS:** None

**PUBLIC COMMENT:** In response to Ms. Porter, Mr. Basile said the pharmacist will handle the brand for generic and bill through generic. The pharmacist will then receive a message to use the brand in place of generic. The patient is charge the generic copay.

**MOTION TO ADJOURN:**

<b>MOTION:</b>	Trustee Giovanelli
<b>SECOND:</b>	Trustee Digangi
<b>VOTE:</b>	Unanimous

**MEETING ADJOURNED:** 12:30 pm

**NEXT MEETING:** September 27, 2017

Moorestown Community House  
12:00pm

Karen Kamprath, Assisting Secretary,  
Date Prepared: August 3, 2017