MINUTES OF THE PATERSON BOARD OF EDUCATION
SPECIAL MEETING

February 1, 2022 – 5:34 p.m.
Remote - Zoom

Presiding: Comm. Kenneth Simmons, President

Present:
Ms. Eileen F. Shafer, Superintendent of Schools
Ms. Susana Peron, Deputy Superintendent
Khalifah Shabazz-Charles, Esq., General Counsel
Boris Zaydel, Esq., Board Counsel

Comm. Vincent Arrington
Comm. Emanuel Capers
Comm. Oshin Castillo-Cruz
Comm. Jonathan Hodges
Comm. Dania Martinez
Comm. Manuel Martinez
Comm. Nakima Redmon, Vice President
Comm. Corey Teague

Comm. Simmons read the Open Public Meetings Act:

> The New Jersey Open Public Meetings Act was enacted to insure the right of the public to have advance notice of, and to attend the meetings of the Paterson Public School District, as well as other public bodies at which any business affecting the interest of the public is discussed or acted upon.
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> In accordance with the provisions of this law, the Paterson Public School District has caused adequate and electronic notice of this meeting:
>
> **Special Meeting**
> **February 1, 2022 at 5:30 p.m.**
> **Remote**
> **90 Delaware Avenue**
> **Paterson, New Jersey**
>
> to be published by having the date, time and place posted in the office of the City Clerk of the City of Paterson, at the entrance of the Paterson Public School offices, on the district's website, and by sending notice of the meeting to the Arab Voice, El Diario, the Italian Voice, the North Jersey Herald & News, and The Record.

Ms. Shafer: I'm going to turn this over to Mr. Richard Matthews, our Business Administrator.

Mr. Richard Matthews: Good evening, Paterson community. Tonight, we have Horizon and Aetna who have been presented the opportunity to tell us about how they're going to provide health benefits for the 2022-2023 school year. Horizon will present in 30 minutes, as well as Aetna. Horizon, do you want to take it away?

HEALTH BENEFITS OPTIONS PRESENTATION

A. Horizon

Mr. Cian Gray: Thank you, Mr. Matthews. Good evening Paterson Board, administration, and CBIZ team. I hope everyone is well and surviving the cold. My name is Cian Gray, Horizon Account Manager. I'm just part of the team here to speak with you today. Thank you for the opportunity. I understand we have about 20 minutes to review quite a few items so we'll get right into the agenda. We'll start with introductions of course, followed by a quick overview of Horizon as a company. Then we'll work our way into value-based care, network strength and utilization, out-of-network offerings, administrative fee offerings, and care management, should time allow, all followed by time for questions, of course. That said, we'll work right through the agenda here. If my team could just wave upon introduction, I would appreciate that. Here with us today is Joseph Ciampa, Director, Public Sector; Richard Burton, Sales Manager; myself; Lisa White, Director, Value-Based Partner Transformation, who is so excited to talk about value-based care; and Alexica Del Rossi, Clinical Liaison, ASO Accounts, to speak on Paterson's performance and the importance of care management. Just a quick overview of our national stage, although we're really focused on New Jersey, we would be remiss if we didn't mention that Blue Cross Blue Shield has serviced 348 of Fortune 500 companies. Customers have 4x average longer tenure vs. the next best competitor. One in three Americans is covered by Blue Cross Blue Shield. We service 110 million members worldwide. Again, we're not here to discuss the national stage. We're here to talk about New Jersey. We've been servicing New Jersey for close to 90 years. We're the home town team. New Jersey is our focus, and New Jersey based employers, the public sector specifically. We're the state's largest health insurer, trusted by 3.9 million members, and we're Ranked #1 in Member Satisfaction among Commercial Health Plans in New Jersey, as deemed so by the JD Power Award. 2021 marks the fourth time in the last five years Horizon received that high ranking. Not every carrier can say that. Horizon also holds the #1 market share throughout all market segments. Getting a little more granular to Paterson specifically, Horizon has an 85% market share in the public sector market. We serve 850,000 Public Sector members, and 240,000 direct Public Sector members similar to Paterson Public Schools. More on the social responsibility topic, Horizon's Community Health Team has been partnering with the Health Coalition of Passaic County and St. Joe's Hospital since 2020 as part of the Neighbors in Health program. Horizon's presence in Paterson has also extended to many other organizations, such as Catholic Charities, Eva's Village on Main Street, NJ Community Development Corporation on Spruce Street by the falls. I've worked with them for a number of years and they're a fantastic nonprofit. Also, we work with Friends of Passaic County Parks and Paterson Habitat for Humanity. We service a number of very large boards of education, and you're welcome to reference this, if you'd like, Jersey City Board of Education, Westfield Board of Education, etc. I don't want to belabor this, but we're known. I won't belabor the account management slide either. This really is just to show that there are a number of people, direct contacts, on the Paterson team to handle everything from renewals to the day-to-day electronic enrollment and service, whether they're corresponding directly with Paterson or supporting the CBIZ team. With that said and introductions out of the way, I'm going to invite Lisa White to speak on value-based care and why it's so important for Paterson.

Ms. Lisa White: Good evening. Thank you very much for the introduction and the invitation. If you want to move to the next slide, I am going to talk to you about what's special about what we do at Horizon. Everybody knows Horizon has been around in the market for many years. What many people don't know is that for more than a decade we have been focusing on this volume-to-value transformation. Right now, we have focus, not just on the triple lane, but on the quadruple lane. If you've never heard that

before, that includes provider experience. That's a big job for us because we have 1.9 million New Jersey lives and more than 6,000 primary care providers in our value-based programs. We also have long standing relationships with most of those groups. While it says here the average length of time in our current program is four years, many of these providers have been on the value journey with us for nearly 12 years. That means to you we not only have deep understanding of their challenges in patient populations, but also deep relationships. Because of that history, we can also use our providers as trusted collaborators in helping to evolve our programs. This is just a high-level overview of our programs. I'm certainly not going to double-click into all of those, but I wanted to demonstrate that we have multiple options for providers no matter where they are on the value journey. Our core program is the total medical expense model, which really holds them accountable for successfully managing their patients holistically, meaning all of the care that happens outside their own practice almost like their air traffic control for each of their patients. Multiple providers are also taking on risk-sharing agreements, which means they put in more skin in the game if they don't succeed and they get better rewards if they do succeed. This is a demonstration of the many interventions and tools that we provide and leverage to assist our value-based partners in their patient management. I've highlighted three specifically for tonight. Our providers are held accountable for the total medical expense of their patients, which we know is correlated to clinical utilization and efficiency. We hold them accountable no matter where that care happens. As we're continually evolving our program and raising expectations and associated performance year over year, we try to provide additional support for them to be successful. To support this, we continually invest more in our value-based care enablement. Most recently, these three things that I have highlighted, we've invested in some custom-built technology tools that are self-service for our provider partners. It means that they can get deep clinical outcomes and progress information on the patient level and lets the provider see what's happening outside their practice, where they're going for specialty care, how those specialists are performing, where they go for the ED interventions. Anything that they would not normally have a line of sight into, now they do. It gives them lots of opportunity for care coordination and patient education. That tool also gives us the ability to see how specialists perform in our network against normalized benchmarks and assess our own network for referral management. How are these cardiologists doing when we compare them against each other? That's our medical neighborhood that's highlighted on here. We have support best practices around ED utilization. That's always a tough thing for providers. We give them the ability to see which emergency departments their patients are going to and for what so they have the opportunity to intervene and redirect that care. This demonstrates the proof in the pudding. This is a comparison of medical spend trend with value-based versus non-value-based. You'll see on the left there's a difference of about 9.6% between the medical spend trend of those in value-based arrangements versus non-value-based arrangements. Even in 2020, which we all know was quite the year, there was still an improvement of a couple of percentage points, which is actually a pretty tough way to go. During that 2020 pandemic, what's incredibly important to focus on is 96% of our value-based provider practice partners made their quality benchmarks. That means they are so evolved in our programs that they even figured out how to manage them in a remote environment when they were not seeing their patients directly. I know we're time-limited this evening, but value-based care is a huge thing. I'm happy to answer any follow-up questions by email and help you with any further information. Thank you.

Comm. Capers: Are we going to get these presentations? I know we're going through it kind of fast and they're on a time limit. Can we see it and review it?

Comm. Simmons: I believe Cheryl sent it.

Comm. Hodges: I have a question about your approach. Physicians who handle sicker patients, those who don't go to doctors until they're far sicker than the normal population, how is that reflected in your modeling?

Ms. White: Great question. The clinical informatics tool that we have put out in the market for our providers is casement adjusted and it is specific to their patients versus similarly situated patients. They're not comparing radically different things. For managing challenging populations like you're suggesting, we actually have very specific population health management interventions. We provide infrastructure payments to our partners who are in these programs. In exchange for that, they have to give us very robust information and an annual plan about how they're going to approach population health management. Then we work that plan alongside them.

Comm. Hodges: Thank you.

Mr. Gray: I want to take you through three slides that compare in-network utilization to out-of-network utilization for 2019, 2020, and for 2021. In each slide the top bar graph represents the direct access plan and the bottom in the point of service plan. As you all know, most Paterson members are on the direct access plan. That's really what drives the financials, utilization, and claim payments. The blue bar represents in-network utilization, and the green bar represents out-of-network utilization. In the interest of time, I will review just the plans combined. When we look at 2019, which was six months because Paterson joined on July 1, 2019, we see 71% of the total paid claims were in-network for $21.5 million, 29% were paid out-of-network for $8.7 million, for a total was $30.2 million. When you look at this representation, your eye may be drawn to those out-of-network green bars related to professional doctors. In 2019, there was $5.7 million spent, which accounted for about 19% of the total spend. In 2020, 66% of the total spend was in-network for $46 million. 34% was paid out-of-network for $23.6 million. Again, the eye is being drawn to the professional side of that, out-of-network utilization being high. The total professional doctor's office paid $14.6 million for roughly 21% of the total spend for that year. Lastly, 2021 network utilization 67%. You're probably seeing a trend here. 67% paid in-network at $53.2 million, 33% of claims paid out-of-network at $26.3 million, for a total of $79.6 million. The professional out-of-network bars are exceeding the in-network. The professional doctor's office accounted for $15.1 million in out-of-network spend, which is 19% of the total spend. You can see by looking at the in-network blue bars compared to the out-of-network green bars that professional doctor's office has a large paid amount comparatively to in-network. This is above Public Sector Book of Business norm. If we look at 2020 against 2021, we're seeing an increase in paid claims year-over-year by approximately $9 million. However, the total out-of-network paid as a percentage of total claims decreased year-over-year, which means in-network utilization increased by approximately 1%, which is good. It's important to note that the educator's plan went into effect January 1, 2021, and required the out-of-network reimbursement to be 200% of CMS, which differs from the rest of Paterson's plan, which are at 90th percentile of Fair Health geographical reimbursement rate. Out-of-network providers are paid much more highly than under the educator's plan at 200% of CMS. The more in-network utilization that can be provided or driven in-network, the more claim spend can be managed by discounts and value-based programs, like Lisa discussed. One of the ways this can be driven is by lowering high-reimbursement for out-of-network providers. It's no secret in New Jersey that public sector members typically have a very high reimbursement rate, which incentivizes providers to remain out-of-network, unfortunately. We were in a provider recruitment campaign for Paterson Public Schools in the summer where we targeted Paterson providers specifically. We called them three times each. Not only did we bring

Fresenius Kidney Care, which was in the top 10 highest paid out-of-network outpatient providers, we also just received word a few days ago that the deal with Kayal Orthopedic Center was finalized. Between December 2020 and November 2021, it accounted for just under $1 million in out-of-network spend. They're still going through the credentialing process that as to be done as part of formality. Assuming there are no snags there, they should be in the network in March so any claims from there on out will process in-network and you should start to see savings there. While there is wonderful news here, unfortunately during these efforts it wasn't uncommon for our recruiters to be told that it doesn't benefit them financially to join the network. This is really based off high out-of-network reimbursements they receive from their patients. This measure is more common with acupuncturists, chiropractors, behavioral health therapists, and physical therapists that are out-of-network. We see this in Paterson's utilization. As we continue on, we review ways the spend can be addressed via two different methods. Moving on to out-of-network reimbursement, as a potential solution we wanted to provide you with potential savings should Paterson Public Schools like to consider changing their current 90th percentile of Fair Health geographical reimbursement to the 90th percentile of national reimbursement. It's a lower reimbursement, but still in the Fair Health table, as opposed to the CMS, which the educator's plan was mandated to run on. In this slide we have illustrated estimated projected savings based on the 2021 claims total of $72.1 million. We backed out the paid claims for the educator's plan since it already runs on CMS. What we're seeing here is if Paterson converted to the 90th percentile of Fair Health national from geographical, there would be a rough $2.5 million in savings. You can see down the line there's a conversion to 250% of CMS, there would be a $1.6 million savings, $4.5 million savings for 180% of CMS, and then $5 million for 150% of CMS conversion and $5.8 million for 100% CMS conversion.

Mr. Joseph Ciampa: If I can just interject a quick thought here. Looking at this table and this graph I'm noticing that there are some really good opportunities. You're probably about to negotiate with your larger teachers' union coming up. The 250% CMS, 180% CMS, and 150% CMS are large steps. The transition from 90th Fair Health geographic to 90th Fair Health national is still 90th Fair Health. That's kind of a small step and we have had boards and municipalities in the last year or so move into that Fair Health national space. As recently as January 1, Essex County Board of Education made that move and that saved them significant dollars as well. They're not quite as big as you. I think they have about 3,500 members. They're smaller than you are, but they will receive this year a large savings on that.

Mr. Gray: Our market-based pricing program is another means to address out-of-network spend. I'd like to invite Rich Burton to speak.

Ms. Suzanne Wood: My apologies for interrupting. I just want to do a time check. It is 5:57 and I know the other presenter is supposed to come on at 6:00 and there's concern about making sure information is not shared. Mr. President, how would you like to handle that? I can certainly delay the other presenters if you choose to allow.

Comm. Simmons: How much more time do we anticipate for this presentation?

Mr. Gray: We don't need to touch every slide. The next one is important. If you'd like us to, we can touch on the admin fee offering and the network discount guarantee for 7/1. Five minutes?

Mr. Richard Burton: Five minutes tops for everything.

Comm. Simmons: Can we delay? And then we will extend the other presenter that same courtesy.

Mr. Gray: Will anybody be able to join now?

Ms. Wood: I believe someone will have to admit them. Is that correct?

Mr. Zaydel: I would need to admit them as soon as they appear as attendees.

Comm. Simmons: Boris, do not admit them until they're done here.

Mr. Zaydel: Got it.

Mr. Burton: I just want to spend a couple of minutes to talk about our strategy to approach the out-of-network spend. We do have a high out-of-network level of reimbursement, as do many public sector accounts in the State of New Jersey. Yours is at the 90th percentile, which is extremely rich. We have partnered with a company called Zelis. Zelis is not unfamiliar to the Paterson Board of Education. They currently leverage several subnetworks. If your members go to the Zelis networks and it's unknown to them, they will get those discounts there. We also have another arrangement with two municipalities in New Jersey where we're implementing Zelis' ERS solution. It's a market-based pricing system. The member goes to the doctor out-of-network and Zelis reprices the claim at a market-based rate. Market-based is very different than reference-based pricing. Reference-based pricing is based on CMS data. Market-based pricing is based on an aggregate of all payer data. Every insurance company out there reports it. Zelis has access to this information and they're able to negotiate with the out-of-network providers at a considerably reduced rate. We feel that Paterson can save millions of dollars by implementing this market-based reimbursement solution.

Mr. Gray: I'm going to touch on the medical claims in-network discount guarantee for the upcoming contract year July 1, 2022. We're pleased to announce that we're keeping the threshold the same at 63.2%, which we've seen an improvement on from the first to the second year by 1%. The operational guarantees will all still stay in place as well. The targets of financial accuracy, procedural accuracy, average speed of answer for customer service, and claim processing timeliness were all hit for the last two years so those will remain in place as well. We've adjusted the eligibility. We've noticed a slight decrease in Paterson's enrollment over the years. We've adjusted it should Paterson stay over 2,900 contracts, which they're over today. Lastly is the administrative fee offering for the upcoming contract year. We're pleased to offer a rate hold option, which not only would hold the rate but also offer the new Horizon advocate program at no cost should Paterson remain with Horizon through 2024. Please note the advocate fee and administrative fee will increase in years 2023 and 2024. Advocate is customer service on steroids. They not only help with claims, but they help coordinate care. They may even be able to help steer utilization in-network. They would be an asset to Paterson and we can certainly elaborate on this if welcomed back. We can do a presentation on a number of things, advocate included or even just advocate alone. It's a pretty robust customer service concierge program. Suzanne, I'd love to go on and on, but I think we're coming close.

Comm. Redmon: Do we have any questions from any Board members? Thank you for your time. If we have any questions we can reach out to you.

Comm. Capers: What's the next process after this? How long do we take to consider?

Comm. Redmon: Each Commissioner did receive both presentations. If you had any questions, this was the time to present them.

Comm. Capers: I don't think you're understanding my question. I know I have the presentation. We're hearing them. How long do we have to make a decision?

Comm. Redmon: We're moving kind of fast with it. We'll have both presentations and then we will bring it back to the full committee. Then we will make a recommendation.

Comm. Capers: Are we looking at a month?

Comm. Redmon: No. If you recall, for the last presentation we received we had a timeline. If we're looking to move forward by July 1, we would have less than a month of turnaround time.

Comm. Capers: This month's Board meeting.

Comm. Redmon: Exactly.

Comm. Capers: That's all I was looking for.

B. Aetna/Meritain

Mr. Richard Rispoli: This is Richard Rispoli. I'd like to thank the Board, President Simmons, Vice President Redmon, and the rest of the Board members. We appreciate the opportunity to be here and to give the presentation regarding the Aetna/Meritain program. I would also like to present my team here tonight, James Malvey and Lynn Malloy. James had the pleasure of worked with me in putting together this very specific proposal. Lynn would be the account executive if we are working with the Paterson School District in the future. I also would like to give a genuine thanks to Suzanne, Nichelle, and Jeff for their participation in providing us the information that we got so that we could put together this proposal. Because of having that information, we were able to get very specific in what we can do for the Paterson School District. Suzanne, this was the agenda that you gave us. It talks about claim projection savings, network disruption, out-of-network savings, member services, performance guarantees, and a plan document. These are the items that are very important in this discussion and we will hit them. The words from our customers are the best presentation we have. This is a letter from Mr. Anthony DeNova, who was the County Administrator at Passaic. Three years ago, they went through the same process that you're going through, which was to look for a better solution. They were with Horizon Blue/Cross Blue/Shield as well. They came to us and asked us what we can do differently and if we could provide them with a quote that would save us money, give great service, and match benefits. We said we could. Here is a letter from Mr. DeNova on our performance for the last two years. I'm just going to hit a couple of the key topics here. He said several things stand out with Aetna/Meritain and one of them is the increased network utilization. A lot of people think that you can't have in-network utilization on public sector business. I'm not sure why they think that way, but we see a lot of participation within the network at Aetna. There's less out-of-network claim. Number one, he saw an increase in in-network utilization, which we told him that he would have. Number two, the discounts that he's receiving in-network from Aetna have been around 72%. These are facts. These are things that have actually happened. We have delivered. 72% discounts in-network for his folks at the county. It was a very seamless transition when they moved. It wasn't hard on anybody, and the employees had very little disruption during the process. One

sentence I want to read before we move on to say what we can do for the school district, “Success is often measured in dollars or the return on investment. Aetna/Meritain has met or exceeded every metric that had been promised. We have saved a substantial amount in medical spend through Aetna network discounts and proactive strategies.” To us, it's about delivering on our promise and here’s a perfect example of a very satisfied customer right with you guys here in Passaic County that has seen the fruits of our work. With that, I'm going to turn it over to James to talk about what we can do specifically for the Paterson School District.

Mr. James Malvey: Thank you, Rick. I wanted to run through the savings projections we had. We took a look at the Paterson Board of Education account for the last three years and I'm going to start with what our projections would be for next year. One of the most attractive features of an Aetna/Meritain plan is the cost-savings. Our projection for your account for 2022 is a $21 million savings. We get there mainly by increasing three different components in your plan. The in-network use is going to go from 80% with your current plan to 87% with Aetna. That means there are more providers available to your members in the State of New Jersey. That will generate a $6.8 million savings by the doctors your members currently use being in the Aetna network. The Aetna network happens to have a 5% advantage over the current discounts that you're getting. We looked at your account specifically. Rick just mentioned Passaic County is getting a higher discount. On your account we went through the numbers and you're going to get a 65% discount. This is a 5% increase from your current plan, which is another $6.4 million savings. On the out-of-network claims, we have a proprietary system where we contract with 100 different PPO networks so that your members can't be balance-billed. We achieved a 55% discount on your out-of-network claims, a $7 million savings. Most of the savings come from those three topics. It's greater utilization, improved discounts, and a significant savings out-of-network with no member balance-billing, which is key. Since we're a CVS company, the fact that our medical managers and our case managers would have real time pharmacy information, we generate about a 1% savings for accounts. It's another $181,000. You guys are currently a CVS customer and we're a CVS-owned company. We did this for the last three years in a row and savings were approximately the same for each of the three years. If you guys were with Aetna/Meritain, there would have been a $60 million savings. That doesn’t include 2022. Our projection going forward is $21 million. One of the things we wanted to show you and thought was important is our Public Sector Book of Business in New Jersey, not only in Passaic, we average 88% in-network for our whole book on public sector in New Jersey. Our estimate for you is 87 so you're right in with our average. The next one is the network discounts. We're averaging 71% in New Jersey right now. The physicians that your members are using now just happen to come out at 65%. What we typically see is that once you give members access to a larger network, they will tend to use it more. We didn’t factor this into any savings, but we would expect that your discount would likely go up. The last thing is we showed you a 55% savings for out-of-network and that is right on with our entire Book of Business. The key to that is we do not have balance bills going to members. Our contracts with our outside vendors are contracted rates to get that discount. That's real important for the members. Not only will the member pay less towards their deductibles and coinsurance, but they will be protected against balance billing. That's probably one of the more important parts of that savings.

Ms. Lynn Malloy: I just briefly wanted to talk about some items from our member services perspective. With Aetna/Meritain you would have a dedicated implementation manager who will follow through the entire implementation. It's one person, one single point of contact. You would also have access to a dedicated client management team for the HR team as well as the CBIZ team. You would have access to Aetna Choice

POS II Network, which is Aetna's largest national network. All members have access to our web portal and our mobile app. The same services that you can utilize from the web portal are available to you through our mobile app. We also have the integrated medical management team which pertains to our utilization case management and disease management. We also have various employee communications that we can provide to you, as well as attend any open enrollment meetings that would be needed. The proposal that we provided in response to the RFP did include some performance guarantees and Aetna/Meritain has put 40% of our claims administration fee at risk for service the Paterson Board of Education and their members. Meritain does meet our financial guarantees 98.5% of the time. Also noted in our proposal was a three-year rate guarantee. That rate would not change over those three years, and we also waived four months of our administration fees, which totals a little over $319,000.

Mr. Malvey: Having real time access to your prescription plan as a CVS company generates a 1% savings. It's worth about $1 million in cost-savings to the plan. We wanted to mention that again. The direction to the company is to provide more medical services locally. We have about 30 HealthHUBs in your area which give immediate access. Most of our clients are adding access to the HealthHUBs with zero copay, just giving members greater and easier access to healthcare. We continue to add HealthHUBs as a company and we continue to add services at the HealthHUBs. Some of the HealthHUBs are rolling out mental and behavioral health services. We're going to start to offer primary care services at the HealthHUBs and immediate services on day one. Services just continue to improve at the HealthHUBs for CVS. This shows you the current locations of the HealthHUBs. These are the ones that we have open right now. As a company, we're opening 1,500 more in the next year nationally. We're adding more and more services. One of the other services that we're going to add next year along with the HealthHUBs is virtual telemedicine. Your employees would have access, if you wanted to, to add a virtual option. They could talk to physicians by phone or computer. I don't think anybody else in the market has them yet, but there are going to be primary care services and primary care physicians available with the virtual benefit that we'll be rolling out this year. This shows you the current locations so you can go onsite. There are a lot of services available currently. We continue to add services and build out. The whole idea is to give greater and easier access to members.

Mr. Rispoli: Lastly, we wanted to go over a couple other advantages from an administration standpoint. We talked about claims savings, increased in-network utilization, 72% in-network discounts, and the administrative fees. There are some other things that are important to the school district that we want to mention. Number one, I don't want to be omissive here. We are certainly clear that we have to include equal to or greater than letters. We are saying that these are benefits that are equal to or greater than the current benefits. We can match them with no problem. That's clear. To round out the administrative stuff, improved and integrated claim reporting is very important to the folks at CBIZ. If Nick is online, he would agree that you need to have the reporting capabilities so you can see where you're spending your dollars and you need the integration to see how all the programs are working well together. Again, we have improved integrated reporting with the claims on the medical and the Rx side. Another one is the ability to work with outside vendors. Every once in a while, you may find that there is some other vendor you want to work with, like a stop-loss vendor, for example. That goes right into the next advantage. With your current stop-loss vendor, which I believe is Sun Life, at the end of the day we're also able to do advanced funding with the stop-loss carrier. When you hit a high-level claim, you don't have to fund for any of the claims over that cost. It keeps the cash flow in Paterson's hands, not in somebody else's hand. It also makes it a lot easier for claim filing. If you ever try to file a claim, they ask for a lot of information and sometimes it holds up you getting

reimbursed. It's very critical. Lastly, with us there is no banking requirement. You don't need to leave a certain amount of money in the bank amount to pay claims. Under your current arrangement you might have to leave a certain amount of money in there to pay for claims. We don't do that. You get to keep your money and you pay it when the claims get funded. Those are the administrative advantages I wanted to hit. Promises are promises. Results are results. Mr. Anthony DeNova is a very tough man and has a big job just like you folks have, and he was looking for a solution. They had Horizon and they moved to us two years ago. They're moving into their third year, and you can see the results we have delivered. We just had 20 minutes and we want to try to give you $20 million back. That's what we think we showed you. With that, I'm going to leave it open to any questions that someone might have or anything you need from us further.

Comm. Simmons: Any questions from any Board members?

Mr. Matthews: You mentioned about the advance money for claims. You said we don't have to put the money aside. We set aside about two months of claims in our account and it does impact our cash flow. You guys are saying that we don't have to do that with Aetna?

Mr. Rispoli: Let me break it down into two separate items. There are two things there. When it comes to a high-level claim… I believe your stop-loss is $300,000. Is that correct, Suzanne?

Ms. Wood: $350,000.

Mr. Rispoli: If you get a claim for $500,000 to $1 million, you don't have to worry about funding up to the $1 million. We're able to work with the stop-loss carrier and you only have to pay to the ISL limit. You don't have to wait for reimbursement, and you don't have to do all the fancy claim filing that has to happen. That's a key advantage on your cash flow for your individual stop-loss claims. There's also another advantage, which is not having to put any money into the bank amount. With us, you don't need to put one month or one week's worth of funding. If you spend about $65 million in claims a year, you don't have to put money in the bank account so that we can pay the claims. We would send you a register and then whenever we're about to send out the claims, we would ask to have the money funded in there. You don't have to prefund the actual bank account. Two different advantages - one is the prefunding of the bank account for the actual claims for every day or week that you want claims paid, and the other is the advance funding for the high-level claims.

Mr. Matthews: That prefunding straps our cash flow. I fought that, but they just would not bend. That's a big thing for us, to be able to have that money freed up and not just sit in the account to prefund claims.

Mr. Rispoli: Not only that. The whole process of trying to get that money from the stop-loss carrier is a very tough process. You have to get a certain amount of claims data, files, and all kinds of stuff. It can really be time-consuming, even if you do it right. You guys have had high-level claims.

Ms. Wood: Just for clarification purposes, I want to make sure that the no prefunding that is required assumes that they're going to fund on the 10th and the 25th of each month. That's how they're currently funding. I believe that was a confirmation that I received in the response in the follow-up questions. I just want to make sure that we're

all clear that that assumes funding will occur on the 10th and the 25th of each month with no prefunding or impressed balance.

Mr. Matthews: You probably asked me that question. We get state aid on the 8th and 22nd. That's not an issue.

Ms. Wood: I wanted Mr. Rispoli to answer that question because I want to make sure that the prefunding with the impressed balance still applies with you funding twice on the 10th and the 25th.

Mr. Malvey: That is correct. Funding twice a month is fine and there will be no prefunding requirement. There's no reserve that we keep on hand. The big difference is there is no reserve. Paterson Board of Education keeps all the dollars and funding twice a month is fine.

Ms. Wood: Thank you. I just wanted to make sure everyone was clear.

Mr. Matthews: If the 10th comes on a weekend, do we get until Monday? If the 10th is a Sunday, we get state aid on the Friday, the 8th and we should be able to pay on the 11th.

Mr. Malvey: Correct. We're very flexible.

Comm. Simmons: Any other questions? Thank you all for the presentation. I believe Board members have this presentation as well. I would ask that Board members review this information and prepare for a discussion at the regular meeting in February so that we can make a timely decision.

Comm. Hodges: Are there any other companies that were looked at?

Mr. Jeff Booker: Yes. There were a number of companies that were looked at as part of the RFP process. With the discussions that we had with them and an analysis of what they provided; the other organizations were not competitive with the two that we had here. In the interest of trying to put in front of you the most feasible options, that was the path that was taken.

Comm. Hodges: What other companies were compared?

Mr. Booker: Suzanne, you may have the list.

Ms. Wood: Should we excuse Aetna from this part of the meeting? Are there additional questions for Aetna?

Comm. Hodges: I have no additional questions for Aetna.

Mr. Booker: It's probably a good idea that we consolidate the meeting to just CBIZ and Paterson in that case, with the permission of the President.

Comm. Simmons: Absolutely.

Mr. Rispoli: Thank you for the opportunity.

Ms. Wood: I just wanted to make sure that we weren’t sharing any confidential information with anybody that we should not be. A comprehensive market analysis was done. We received proposals from Horizon, Aetna, United Health Care, and Integrity

Health. That was actually in a prior presentation that we forwarded that I can resend to you. We did not receive any other proposals from any other vendors, although proposals were solicited. Those are the companies that we received responses from. Does that answer your question, Dr. Hodges?

Comm. Hodges: Well Care did not respond?

Ms. Wood: No.

Comm. Hodges: Okay. Thank you.

Comm. Simmons: Are there any questions for CBIZ?

Ms. Wood: I wanted to talk for one second about timing. It would absolutely be our goal to make a decision no later than the end of February. We were hoping that maybe by the February 16 meeting a decision would follow shortly thereafter to give us enough time to make sure that we have enough time to do the rollout properly and educate the unions and all the members.

Comm. Simmons: I think that is the plan so we can get things rolled out in a timely fashion. This is why I'm asking all the Board members to review the information and be prepared for a discussion so we can make a decision.

Comm. Hodges: Was the union notified of this meeting and what was being considered?

Ms. Shafer: Yes, they were.

Comm. Hodges: Thank you.

Mr. Booker: We appreciate the time this evening. We are grateful for your partnership. This is obviously an important, laborious, and tedious process. It's critical and we appreciate your time and attention. To Suzanne's earlier point, the timeline is important. There's a way to do this and we are right in the sweet spot to have a smooth rollout for any changes that are made and do it the right way. We will await your decision and move forward accordingly.

Comm. Simmons: Thank you for all the work you've put into this. Great job as always!

Mr. Booker: Thank you, Mr. President.

Ms. Wood: Thank you very much. Any follow-up questions can be directed to the CBIZ team through the administration or whichever way you would prefer.

Comm. Simmons: If Board members have any follow-up questions, please submit them to Cheryl. Through Mr. Matthews, she will get those questions to CBIZ.

Ms. Wood: Thank you so much. Have a great night.

PUBLIC COMMENTS

It was moved by Comm. Capers, seconded by Comm. Redmon that the Public Comments portion of the meeting be opened. On roll call all members voted in the affirmative. The motion carried.

No speakers.

It was moved by Comm. Hodges, seconded by Comm. Redmon that the Public Comments portion of the meeting be closed. On roll call all members voted in the affirmative. The motion carried.

RESOLUTIONS FOR A VOTE:

Resolution No. 1

WHEREAS, at the Board of Education meeting of June 21, 2017, Resolution #F-87 was approved to award a contract for Custodial Services, RFP-401-18, to Pritchard Industries of Florham Park, NJ; and

WHEREAS, at the Board of Education meeting of July 7, 2020, Resolution #38 was approved to modify and extend the contract for an additional one-year term expiring on June 30, 2021, as memorialized in the Memorandum of Agreement, dated June 26, 2020; and

WHEREAS, at the Board of Education meeting of June 16, 2021, Resolution #F-92 was approved to modify and extend the contract pursuant to N.J.S.A. 18A:18A-42 and to continue these services during the 2021-2022 school year on a month-to-month basis; and

WHEREAS, at the Board of Education now wishes to change the month-to-month term of the contract to a fixed term expiring June 30, 2022; and

WHEREAS, the vendor has agreed to modify the contract accordingly, with no other change in contract provisions, pursuant to the Third Memorandum of Agreement, dated February 1, 2022; and

WHEREAS, the awarding of this contract is in line with the "A Promising Tomorrow Strategic Plan 2019 2024". Goal Area #2: Facilities, Objective 4, Develop a comprehensive preventative maintenance program that is geared towards the long-term upkeep of all Paterson Public School facilities;

NOW, THEREFORE, BE IT RESOLVED THAT, the Board approves changing the custodial services contract with Pritchard Industries from a month-to-month term to a fixed term expiring June 30, 2022, for a total annual cost not to exceed $7,281,531.24 for "base bid" services, and $600,000 for additional services" during the 2021 2022 school year.

Resolution No. 2

WHEREAS, this initiative supports the district strategic plan, “Paterson- A Promising Tomorrow", Goal # 1: Teaching and Learning- To create a student-centered learning environment to prepare students for career, college readiness and lifelong learning and Goal Area #3: Communications & Connections- To establish viable partnerships with parents, educational institutions and community organizations to support Paterson Public Schools educational programs, advance student achievement and enhance communication, and

WHEREAS, participants will receive a 2-year certification for CPR, AED, and First Aid that meets Janet Law requirements and NISIAA requirements for coaches. They will provide the CPR dummies and all materials; Paterson Public Schools will provide a location to hold the class and audio-visual components, and

WHEREAS, upon the completion of the certification, the PPS Physical Education department will support the school community by providing CPR and First Aid in the event of an emergency and have the capability of operating an AED machine which is in each school through the Janet Law requirements, and

NOW THEREFORE, BE IT RESOLVED, that the School Board approves with services from Giancarlo Riotto and Talent Stock LLC at a cost not to exceed $3,825.00.

Resolution No. 3

Whereas, the Paterson Public School District approves the payment of bills and claims dated February 1, 2022, beginning with check number 229368 and ending with check number 229396, in the amount of $1,470,722.56, and wire in the amount of $5,000,000.00, for a total of $6,470,722.56;

Be It Resolved, that each claim or demand has been fully itemized, verified and has been duly audited as required by law in accordance with N.J.S.A. 18A:19-2.

It was moved by Comm. Redmon, seconded by Comm. Capers that Resolution Nos. 1 through 3 be adopted. On roll call all members voted in the affirmative, except Comm. Hodges who abstained. The motion carried.

Paterson Board of Education
Standing Abstentions

Comm. Arrington
- Self
- Family

Comm. Capers
- Self
- 4th and Inches
- Westside Park Group
- Insight
- Jersey Kids
- NFL Foundation

Comm. Castillo-Cruz
- Self
- City of Paterson
- Transportation
- Downtown Special Improvement District
- Celebrate Paterson

Comm. Hodges
- Self
- City of Paterson

Comm. Dania Martinez
- Self
- City of Paterson
- Ilearn Schools
- Paterson Arts & Science Charter School

Comm. Manuel Martinez
- Self

Comm. Redmon
- Self
- Historic Preservation of the City of Paterson
- County of Passaic

Comm. Simmons
- Self
- Family

Comm. Teague
- Self
- YMCA

MOTION TO GO INTO EXECUTIVE SESSION TO DISCUSS PERSONNEL

It was moved by Comm. Redmon, seconded by Comm. Capers that the Board goes into executive session to discuss personnel. On roll call all members voted in the affirmative. The motion carried.

The Board went into executive session at 6:42 p.m.

It was moved by Comm. Capers, seconded by Comm. D. Martinez that the Board reconvenes the meeting. On roll call all members voted in the affirmative. The motion carried.

The Board reconvened the meeting at 8:17 p.m.

ADJOURNMENT

It was moved by Comm. Teague, seconded by Comm. D. Martinez that the meeting be adjourned. On roll call all members voted in the affirmative. The motion carried.

The meeting was adjourned at 8:22 p.m.

Eileen F. Shafer

Ms. Eileen F. Shafer, M.Ed.
Superintendent of Schools