

**MINUTES OF THE PATERSON BOARD OF EDUCATION
SPECIAL MEETING**

April 15, 2019 – 5:09 p.m.
Administrative Offices

Presiding: Comm. Oshin Castillo, President

Present:

Ms. Eileen F. Shafer, Superintendent of Schools
Robert Murray, Esq., General Counsel

Comm. Emanuel Capers
Comm. Jonathan Hodges
Comm. Manuel Martinez
*Comm. Eddy Olivares

Comm. Joel Ramirez
Comm. Nakima Redmon, Vice President
Comm. Robinson Rondon
Comm. Kenneth Simmons

The Salute to the Flag was led by Comm. Castillo.

Comm. Redmon 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.

In accordance with the provisions of this law, the Paterson Public School District has caused notice of this meeting:

**Special Meeting
April 15, 2019 at 5:00 p.m.
Administrative Offices
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.

EXECUTIVE SESSION

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

The Board went into executive session at 5:10 p.m.

*Comm. Olivares enters the meeting at 5:16 p.m.

The Board reconvened the meeting at 5:45 p.m.

Comm. Castillo: Mr. Murray, I'm going to hand it right over to you so we can start the presentations. I know we are a little bit behind.

PRESENTATION OF PROPOSALS FROM BROKERS FOR HEALTH BENEFITS:

Connor Strong & Buckelew Companies, LLC

Mr. Murray: The first presentation is Conner Strong & Buckelew, if they can come forward.

Mr. Joe DiBella: Good evening. I'm Joe DiBella with Conner Strong & Buckelew. I'm one of the managing directors and partners at the firm. This is one of my colleagues, John Ligeski, who is Vice President and a lead consultant. One of my other colleagues, Raymond Burke, hails from our data analytics group. We appreciate the opportunity to present in front of you. What John is handing out is a very brief outline that we think speaks to some of the attributes and differentiating qualities of our firm. We'll certainly run through that and cover that with you. Before we do that, is there any particular way you'd like for us to make our presentation or spend the first couple of minutes, and then maybe you have questions for us? Is that appropriate?

Comm. Castillo: Go through the presentation, about 20 minutes or so, and then we're going to open it up for questions.

Mr. DiBella: Terrific. Thank you. We did not want to hit you with yet another voluminous set of materials and PowerPoint stuff. We thought we would give you the executive summary, if you will. Between John, Ray, and I we will run through this. I may walk us through this material and then my two colleagues will assist in some of the more specific questions, if that's okay. First, a little bit about Conner Strong & Buckelew. We are a privately held firm. We're not one of the publicly traded companies. We've been in business since 1959. Our founder, Joseph Buckelew, is our Executive Chairman to this day. We've been in business for quite a number of years. We're headquartered in New Jersey and we are a national firm that specializes in employee benefits and property and casualty. In the spirit of full disclosure, we had the real good fortune of working with the district for about 10 years a few years back. About a year or so ago, the Board made a change, which we completely understand and respect, and went with a different professional. We did have a very nice opportunity to work with the district for the better part of about 10 years. I think when we look back, we were very pleased with the things that we accomplished with the district as it relates to advancing your employee benefit programs. Whether it was moving you to a more expeditious and economically appropriate pharmacy program, helping with collective bargaining, helping with budgeting, or looking at the State health benefits plan, we felt we were a good partner and we really believe that if afforded the opportunity we can become a really strong partner of yours again. We know that after salaries the district spends the next most amount of its budget on benefits. That likely is not going to change any time soon with the cost of health care and some of the challenges that we all collectively have. We do have a very significant specialty area in working with public school districts. We've probably worked with about 100 public school districts. It's an area that we are deeply involved in from collective bargaining to working with districts in grievances. I've personally testified at PERC. We understand the complexities that are involved for a New Jersey public school district. We happen to represent the Philadelphia School District. I mention that, not because they're out-of-state, but because it's the tenth largest school district in the country. We can handle very

complicated kinds of school districts, whether they are in New Jersey or outside of the state. From a day-to-day point of view, John Ligeski worked on the Paterson Public School District, and I worked with him, for all the years that we had the good fortune of having your business. If we're fortunate enough to get involved again, John would be the lead person. This is not a sales team. The team that's here in front of you tonight is the people that actually do the work. One of the things that we think is a differentiator is that Mr. Ligeski knows the district well. He has worked on many issues for Paterson Public Schools, knows some of the challenges that you contend with, knows the population, knows your benefit design in and out of the State plan, and the fact that you moved to a self-funded plan more recently. If we are afforded the opportunity to get involved, there's really no learning curve. We can get back involved and we think make an impact very quickly without having to learn what's different and unique about Paterson. We do think that certainly is a differentiator and John has an entire team that works with him in doing all of the things that are involved. We think the strategic consultancy part is the single most important thing we do. We collaborate with the Board and your professionals on collective bargaining, contracting, marketing, testing the State plan, and looking at the self-funded program that you put in place. Those are really the key things that we do on a day-to-day basis. Raymond in particular comes from our data analytics team. You've got two big self-funded programs, the medical plan and the pharmacy plan. It's a massive spend. We have people who do what Raymond does, specifically focus on the data performance of your plan. How is the plan running objectively? We're giving you data, providing you with reports, and things that the Board should see and things that your day-to-day professionals should see. Are you running in accordance with what you planned? What are large claims looking like? What are pharmacy projections? Collaborating with you around what future costs may look like when you're preparing your budget. The data piece is really important, particularly when you think about the size of the spend that you do have. From a product point of view, we are very familiar with self-funded programs. Most school districts of your size, if they're not in the State plan, are likely self-insured. Certainly, private companies that are your size are self-insured. We have the ability to help the district advance some of the things that you've done around your self-funded benefit program. That may be one of the most important things that need to be focused on, whether it's the medical plan, pharmacy plan, dental, and so forth. We also believe that on an ongoing basis the district has an obligation to look at every option. Maybe the State educator's plan becomes an option for you again. Maybe dealing with a different carrier, such as Blue Cross, CIGNA, Aetna, or United. We in our role have to constantly be looking for who the best player is to administer your program to get you benefits that are equal to or better than, which is important from the union's point of view, but at the best price. That's our only focus, to get you the best deal at the best possible price all the time. In addition, we're very experienced with regard to collective bargaining, helping you put together a multi-year strategy. We've made presentations to virtually every NJEA unit across the state. We know that space very well and we know what our role is when we represent a board of education in trying to do what is fair and reasonable for all sides. On the bottom we have some other services that we think are pretty unique. Your employees and their family members have to deal with benefits every day and it's really confusing. Is this covered? Was this paid? I'm in collections. I'm getting balanced billed. I don't understand my benefits. How do I enroll? You have a lot of people and when you add up all your employees and all their family members, it's a lot of lives. We have an in-house customer service team that takes all the phone calls from your employees and their family members when they have issues. They may call the insurance carrier and be confused. They don't know where to go and they don't understand. The insurance carrier is motivated to get people on and off the phone pretty quick. Our job is to take all of that information from your participants and help them get navigated through the health care system, which is pretty confusing. We also

would build a benefits website for all of your employees. It comes with a mobile app. People want to see benefits online. They want to be able to look up what their coverages are. They want to be able to see what their cost share is. We will also build a benefit website for the Board of Education. Now that your plan, at least on the health care side, is not in the State plan, it's really important to focus on wellness and things to help your employees improve their health condition. We've got people who focus specifically on health and wellness in an effort to try and get employees and their family members focused on preventive care, chronic conditions, and so forth. At a very high level that's sort of the overall set of services that we believe we would be able to deliver and execute very effectively on behalf of the school district. You obviously have a copy of our proposal and RFP, which is very comprehensive. We hope that we answered all that information to your satisfaction. With that, we'd be pleased to answer any questions that you may have of John, Raymond, or myself.

Comm. Castillo: Thank you. We're actually just going to go around if the Commissioners have any questions for the first round.

Comm. Capers: Thank you for your presentation. I guess you took a look at what we have in place now. What could you do that's equal to or better than what we already have offered to our employees?

Mr. DiBella: Now that you're self-insured, you're paying your own claims. It's a self-funded program. You're funding it. You have insurance for really large claims, but everything else is on you. One of the things that we would add to the equation is a focus on looking at the claims and figuring out who are the people in your population that have a chronic condition such as diabetes, asthma, or COPD that would need a nurse advocate or otherwise to help them, maybe we can help better manage your claim cost. In addition, the piece that we would look at is what can be done for the people that have real large claims. Oftentimes, people who have chronic or catastrophic conditions need help. If not properly navigated through the health care maze, a large claim can become a really large claim. The program you have now, now that you're self-insured almost at the first year, we think you need all the complementary things that have to get bolted in. You probably know this from a worker's comp perspective. You want to have a safe work environment. You want bus drivers and people in your facilities to focus on how to lift properly and how to have safety, loss control, and prevention. We will bring to the solution a focus on those same kinds of things for your health care plan to better manage what your claim spend is.

Comm. Capers: Thank you for that.

Comm. Castillo: I'm sure you know what's going on in Paterson. You've been around long enough. If we thought of the idea of staying self-insured or maybe going back into the State plan, how would that look?

Mr. DiBella: John, why don't you speak to that? You've been directly involved.

Mr. John Ligeski: Part of what we do, and I work directly with Ray, is the evaluation of the financial piece of it. Everything we do is evidence-based. We look at historical information and we do the same exact thing that the insurance companies do, but we do it for your actual claims experience. We look at your historical information and we project future costs. Then we benchmark that against the State health benefit plan. The challenge with the State health benefit plan is that they do things a little unorthodox in that they provide a published rate regardless of what your claims experience looks like. In some instances, it puts them at a disadvantage and in some instances it puts

them at an advantage. Essentially, you could be going in as what's called a loser, meaning that your total projected costs are much more than you would pay in premiums. Or your costs could potentially be lower than what they need in order to administer the plan. That's the first step we take in evaluating if the State health benefit plan is the right fit for the district. We have clients that go in and out of the State on a regular basis depending on what that specific time their claims experience and cost structure looks like. From that perspective, I know that coming out of the State you've duplicated those benefits from the State health benefit plan, so moving forward it wouldn't be an issue from an equal-to or better-than basis. We would just have to evaluate if the self-insured financial arrangement more advantageous than the State would be. If we determine that it wasn't, we would look at the costs to the district to exit a self-insured financial arrangement. You have runout claims and different situations which would either account for financial responsibility for the district or even administrative responsibility by the district to handle questions from the previous self-insured account. As Joe mentioned before, we have clients who come in and out of the State health benefit plan on a regular basis. We manage and do all the heavy lifting from a transitional perspective for those situations.

Mr. Raymond Burke: Some key components that we need to consider is how much you're paying for stop loss. If you have high claimers and no new laser provisions, you're going to have the stop loss or reinsurer charging you some significant premiums. Even though only about 25% of high claims do reoccur, we're seeing claims now in the multi-million-dollar range that reoccur from year to year. If you have that liability, it means that the reinsurer is going to increase the cost of your insurance premium.

Mr. DiBella: Not too far from here East Orange Public Schools is a client of ours. They were in the State plan. They've been in and out on our watch because I think the most important summary to the question is we have to get you the best deal possible. It might be your self-funded plan. It could be the State plan. It could be a different private plan. Our job is to get the best deal and to give you the facts without any bias towards what the right solution is. The right solution is satisfying your union contract at the next price. That's really what our focus is. We've got a lot of experience in groups coming in and out and that happens pretty regularly.

Comm. Redmon: What are the insurance networks you are affiliated with?

Mr. DiBella: We have access to all of the carriers. There are no prohibitions on the employee benefits side in terms of the carriers and the networks. We have business with Horizon Blue Cross/Blue Shield, United Health Care, CIGNA, Aetna, AmeriHealth, Oxford, and all the PBMs, whether it's Benecard, Express Scripts, CVS Care, or Prime Therapeutic. There are no limitations with respect to the carriers that we had access to that can perform the services for the district.

Mr. Burke: The key thing that we look at where networks are concerned is the pricing advantage. Not all networks are based on where your members are. It could cost you more. We look at the networks and the reimbursement levels, and also the pharmacy bills to make sure we place you in a position that's best suited.

Comm. Simmons: I'm looking at your unique services and it sounds similar to a service we have with the third-party administrator, WebTPA. You already said you have a relationship with Express Scripts. Can you work with the third-party administrator?

Mr. DiBella: Yes. There are two kinds of administrators in the benefits business. There's a TPA, or a third-party administrator, who basically manages an employer's

self-funded plan. They pay the claims and provide the customer service and user network. Then there's a carrier where they sort of do it all bundled together. We work with carriers on both sides of them. I saw some of the stuff because it's in the newspaper. You might be with a TPA now that's out of Texas. Am I close? We work with many third-party administrators and we have no issue in working with them or a different TPA. It's a very common approach that an employer would use either a third-party administrator or a health plan. We work with both.

Mr. Ligeski: From a member advocacy perspective, each of the employees would get a separate card which lists our member advocacy number. In advance of setting up any contacts with these clients we set up a global access fee for our folks who handle customer service questions that are able to access information through their TPA records. It's transparent between our member advocacy team and the TPA, whether it's the current TPA you have right now or whoever it may be.

Comm. Capers: Whichever way you advise the district to go, what types of savings are you looking to save the district?

Mr. DiBella: It's very difficult for us to give you a percentage or a number, primarily because we don't have your data. If I was to try to say we could save you something, I'd be full of baloney and you should throw us out. The best thing that we can do is commit to you that we will look at all of the claims experience – your enrollment data and claims – and give you our honest objective assessment of how your plan is running relative to how much you put in your budget and relative to what other options you have. If we were fortunate enough to be involved, the first thing we would do is come in and collect all of the information from the TPA and from the PBM. Someone way smarter than me, like Ray, would look at all that data and would come back and say, "We think the self-funded plan is going to cost this much on a forecasted basis over the next 'x' period." We would compare it with the premium in the State plan. Are you paying more? Are you paying less? We would probably give you some observations about whether you're using the right TPA for Paterson. Is the network the right one of doctors and hospitals for your employees? One of the real important things is to look at the doctors and hospitals that your workforce and their family members are using. Do you have the right in-network utilization? Are people being forced to go out of network, which costs them and you more money? That's not good. Rather than try and buffalo you in by saying we can come in and save you money, we'll tell you we're going to come in and give you the facts. We're going to look at your data and then we will stand here in front of you and give you the factual presentation of what we've come up with. One of the upsides of being self-insured is the numbers are the numbers. Here are your claims. Here's what the stop loss premium is. Here's the admin fee. There is no hiding that. Being able to then forecast what that looks like and what it will be a year from now versus the other solutions. It's black and white thankfully. I hope that answers your question, Comm. Capers. Do you want to add something, Ray?

Mr. Burke: Especially when you're self-funded, you need to find out how long it takes for your claims to be paid. There generally is a lag. A claim that is incurred today may take as much as 15-30 days to get presented. If you just look at your claims that are being paid now and not account for the lag, then you are understating your actual liability. That's something that we need to keep in mind.

Comm. Redmon: How long would the lag be? In our current situation it took up to 90 days before we started to see the real actual payments for the new insurance. Would that be considered 90 days if you guys came in?

Mr. Burke: We look at how long it takes for the TPA to actually process your claims. Of course, different TPAs take longer. Some are electronically adjudicated. It's quicker. If it's going to take 90 days, it means that the claims that you're seeing now, you have 90 days of liability behind you that you need to account for. If you take a look at it and say I'm saving a ton of money, without accounting for that it's just a factor.

Mr. Ligeski: That's a critical piece of what we do in the analysis on a self-funded. Each carrier may have a different lag on their claims. If you have an inappropriate analysis or assessment of what the claims lag is, that just has trickle down effects on what your costs are going to be down in the future. Back to Joe's point before, we're here to give you that answers not that you want to hear but what you need to hear. That's how it always has been since I was engaged with the district for the last 10 years back. That's how we handled all our clients.

Comm. Capers: What type of costs would that look like for the district? What will we be paying out?

Mr. DiBella: Our compensation? We put in our proposal a fixed compensation, not a commission, so you know exactly what we make. It's very transparent. We put in an annual fee of \$125,000 and that would be paid on a monthly basis. We just take that number and divide it by 12.

Comm. Capers: Repeat that again.

Mr. DiBella: Sure. \$125,000 fee, so once a month the district would get a bill for 1/12 of that amount. That would cover all of the services that we would provide to the district. Does that answer your question?

Comm. Capers: Yes and no.

Mr. Ligeski: It's transparent and separate from any other program.

Mr. Charles Yuen: I just want to clarify that last point because my question was going to be about your compensation. I just want to follow up on the point of transparency. If you get a commission, you're going to remit that to the district? Is that what you're going to do?

Mr. DiBella: If there were commissions in any of your programs today, we would do one of two things. We would say take them out and eliminate them. If for some reason the carrier couldn't take them out or eliminate them, we would credit that against the \$125,000. We will never make more than that amount. Does that answer what you're looking for?

Mr. Yuen: I think so. I just want to be very clear about the transparency aspect.

Mr. DiBella: Completely transparent. We will not earn more than the \$125,000 annual fee.

Comm. Castillo: If we were to switch networks, how would that look in this district? Right now, we have CIGNA. We had Horizon before. What would that look like if we were to switch from CIGNA to Horizon and the turnaround?

Mr. DiBella: If you needed to make a switch, the first thing that we would do or anyone whom you select should do is get a report from the TPA of all the people using all the

different doctors. You'd see how many people go to Barnabas, Dr. Simmons, or here and there. You want to see where people are going right now and you want to see it two ways. You want to see it by the number of times people go and you want to see it by the amount you pay the doctor. You could see one doctor got paid \$500,000 and say that's a lot of money with that one doctor, but it was for one really sick person. You could see another doctor where the payments are a lot less, but a lot of people go there because it's a pediatrician. It's a low compensation physician. You take that information and no matter where you go, Aetna, United Health Care, Horizon, and it typically is available by the tax identification number of the provider. We then take that information and we go to the market and give it to all the other carriers. We say run that information and tell us are these people also in your network or not. We do a disruption analysis to figure out how many people would be negatively or favorably impacted by that change. That's basically what would happen. As long as that match looks reasonable, then we go through and we do communication with the district. You do employee meetings. That's basically the process of how you'd go through that exercise.

Mr. Ligeski: Just so you know, if the network is deficient and you're thinking about changing the network that may also trigger changing your TPA. They may not have access to every one of the commercial carrier's networks. That's something to be aware of.

Mr. DiBella: Our sense is that the TPA that you may be using today may only have a deal with CIGNA. They may not be able to get someone else's network. If you're concerned about the CIGNA network and whether it's adequate, we may need to look at both the TPA in addition to who the network is. You may not be able to change just one.

Mr. Ligeski: If Horizon is the end goal, then I can tell you that they don't lend out their network to anyone. Horizon would have to be the TPA in that case.

Mr. Burke: To figure out what's the best suited TPA, just as Joe mentioned, when you take those CPT codes, you can give it to a provider, be it Aetna, CIGNA, or Horizon, and ask them what their reimbursement would be for those procedure codes. You could tell where you would get the next reimbursement.

Comm. Redmon: We know the networks and the hospitals go back on negotiations from time to time. It was presented to us through our current person that we have to switch the whole network. What would be your recommendation to this Board if that happens to any one of the carriers we have at the moment?

Mr. DiBella: If they had a big hospital that dropped out?

Comm. Redmon: Exactly, if they threaten to leave. We know that happens from time to time.

Mr. DiBella: I wish I could give you the golden egg for that answer. It's a challenge. The reality is that the hospitals and insurance companies do that to hold you hostage. The union is going to get unhappy. The employees are going to be unhappy. People come to the Board meeting saying you can't let this happen. John, Ray, and I all worked together for an insurance company many years back when we were a lot younger. We know firsthand they do that on purpose because they want people to come here and yell and holler at you so that you'll then call the insurance company and say just please settle with the hospital because we can't afford to lose so-and-so hospital. It's a vicious cycle. One of the things that we have to do in our role is to keep

you abreast of these developments, what's happening, and ask the carriers when your contract with Barnabas expires. Is it a year for now? Is it two years from now? We can keep everyone informed. The reality is in the past five years there has yet to be a major blowup that didn't end where they settled. More recently your carrier CIGNA went through a big to-do with Atlantic Health. They were out. Then miraculously at the last minute they struck a deal and everything was good. You can never guarantee that's always the case. The challenge you have is that the insurance companies and the hospitals need each other. One of these big hospitals not in the insurance company's plan is a big problem for everybody. The problem is the hospitals want to make more and the insurance companies want to try and hold them to a reasonable amount so they can manage your costs. It's a vicious cycle, but the best that we would be able to do, and I think it really does matter, is keep you informed before you read about it in the newspaper. That means you have to be asking the carriers, asking the TPAs, and know what's going on. We can tell you within 90 days this thing can break and here's what the impact is to your group and here's our backup plan if we need to move. The worst nightmare for us is when a Board member reads about it in the Star Ledger and we didn't tell you ahead of time. That's not going to happen with us.

Mr. Ligeski: Those types of negotiations have been going on for at least since I've been in the industry for the last 25 years. When we've seen in more recent times is that they're much more public. Both the hospitals and the insurance companies the first place they go is not to each other when they can't agree on something. They go right to the newspaper and they pick out and make a list of their top largest clients and start making phone calls on both sides. It doesn't make it any easier, but they have been going on for quite some time. Unfortunately, that's the way it's developed where it's becoming more public in the public arena.

Mr. DiBella: On behalf of Ray, John, and our firm, we appreciate the opportunity to present. We appreciate the opportunity to compete for your business. We'd love to be able to work with you again. We think if we're given the opportunity, we'll be able to make a real meaningful difference in partnering with you all. Thank you for the consideration.

Comm. Castillo: What would the turnaround be for our clients if we would have to change cards and that whole nine yards?

Mr. DiBella: If you were to leave CIGNA and go somewhere else?

Comm. Castillo: We already know you can start tomorrow, so if that were the case...

Mr. DiBella: For a population this size you want to look at least 90 days in advance to start that process. In order to get those ID cards in hand prior to the effective date just to play it out, it's coming close here if you wanted to do a change for 7/1. Some unique dynamics of an education population is that teachers end school the third week in June and the first thing they do is jump on a plane, car, or bus and they're out of town. They're going to be banging on the door asking for their new ID card because when they're on vacation in Arizona and they fall down the Grand Canyon what are they going to do? We have contingency plans that we put in place with regards to that. Certainly, the more time the better. You can certainly do it in 60 days, but for a population this size 90 days would be ideal. We would need to get done what we need to get done. Thanks again everyone. Have a good night.

Balken Risk Management Services

Mr. Murray: We have now the second firm and I would ask that the gentlemen introduce themselves to the Board. The Commissioners would appreciate an opening presentation for an appropriate period of time focusing on your background, experience, the experience with educational districts, and experience with self-funded programs. After you complete your presentation, Commissioners will have a series of questions as well. We thank you.

Mr. Dave Balken: I'm Dave Balken from Balken Risk Management.

Mr. Wayne Dougal: Wayne Dougal from Balken Risk Management.

Mr. Balken: I'll give you a quick overview on Balken Risk Management. Both Wayne and I have been in the public sector selling insurance to public entities for over 25 years. I worked with Gallagher in the past. I worked with a company called GR Murray. Seven years ago, I started my own company. We just emphasize schools, towns, and any public entity. That is all my experience. I've always said I can't sell insurance to 7-Eleven or Quick Check because I don't know how to. I don't want to know how to because I spend enough time doing it with schools. My experience is 100% public entity, as is Wayne's. Wayne actually does a little more with commercial as well on the health side. He's the health specialist out of the two of us. Our familiarity with school districts is probably one of the top in the state. My wife works with us and she worked with the New Jersey School Insurance Group for 25 years as the member services manager. We do hang around schools a lot. We like schools and kids. We like making it safe and saving schools money if we can. Seven years ago, I didn't write health insurance for school districts. I wasn't interested in doing that. Everybody I talked to said it was a number one problem. It's your second largest line item besides payroll. It's a problem. It's going up too high all the time. We got involved with it years ago. I brought Wayne in and we've done well. I'm the consultant for the Jersey City Board of Education and we got them out of the state as you guys did as well. Knock on wood, they're running very well. They're probably going to save \$17 to \$20 million this year, which will be great. Hopefully we can do the same for you guys. I know you're already out of the State, but we'd like to do the same for you guys on a service basis.

Mr. Dougal: Let me pop in and talk a little bit about my background. It's not going to be long. I was with Blue Cross/Blue Shield for 12 ½ years. My full background is in benefits. I live, breath, eat, and sleep medical insurance. Recently we've taken on Jersey City, South Orange, Maplewood, and Oradell. We have a whole list of schools that we are currently doing the benefits for. Every school is a little different than the next. Some of them are fully insured. The majority of them are self-insured. What most people don't realize is that self-insured comes in a lot of different flavors with a lot of different variables. It's really important to be able to wrap your arms around a set program where all the different facets of it speak, communicate, and work together to make it seamless. It's got to look like a fully insured State program at the end of the day. That's what we strive to meet with our clients, as well as save them money. We have a really good track record of saving money. We have a huge toolbox of things that we can do. What we pull out and what we use completely depends on what your goals are and what you need to achieve. Everybody wants to save money, but at the end of the day sometimes you can't save money and sacrifice benefits to the detriment of your membership. We're here to help you manage that and balance that. So far, we've had a very good successful track record of doing that and the most recent one was Jersey City, like David mentioned.

Comm. Capers: What obstacles did you have over in Jersey City and how did you overcome them to get to that savings margin?

Mr. Balken: The biggest thing over at Jersey City when we came in and they hired us was a huge budget constraint. They were ready to lay off 200 teachers. They had huge union issues. We were able to come in and ultimately we ended up with a hybrid program over there where you have two different options. We pulled the population out of the State plan. I don't want to go into too much detail, but we moved them over to Horizon on a self-insured basis. We kept the plans and carrier solid. We also introduced a new program with referenced-based reimbursement which saves a tremendous amount of money. At the end of the day, we allowed them to choose. So the entire membership got to choose which program they wanted. Did they want to go into the new lower price program with full access that they have today plus some? Or did they want to stay with the program that they always felt safe with? At the end of the day, we were able to conglomerate the stop loss and we saved them a tremendous amount of money. Like Dave said before, they're running very well and it worked. The biggest obstacle was the union, next to money. We overcame that by simply offering options. We were able to offer two options and keep them very similar, almost identical to what they had through the State, and then offer something that also saved money. We were able to bridge both goals.

Mr. Dougal: Another obstacle was education to the employees. We actually are in May starting our third open enrollment. We've had some special open enrollments. It's an educational process. A lot of the employees are losing the State health benefit employee card and they think they're getting the raw end of the stick and it's going to be different. We have a lot of educational things that we're doing with them just to tell them that it's really not different and if they need help, we're here to help them. That's taking time.

Mr. Balken: It's also a timeframe issue. When we took over – and I think you guys had a similar situation last year – we implemented these changes very late for the July 1 implementation time. In order to make it a little bit more smooth we did a file feed in the beginning so everybody had ID cards in their hands on time and were able to access benefits immediately. Our concierge team was there to help them through that although I have to say, there weren't that many issues at the end of the day. What we planned to do was in October open enrollment for a January 1 effective date where people could get properly educated. We spent a tremendous amount of time in October meeting with all the people, pounding the pavement, getting to all the membership, and answering questions. Then we did a new open enrollment for January. We set everybody again and now we're going to start doing the July 1 open enrollments every day. That was another challenge. Things have been running very smoothly. Even the union is happy, for now. That's always a challenge.

Comm. Capers: Thank you.

Comm. Martinez: Just to follow up on the question Comm. Capers asked, what parallels and similarities do you see between the situation that you guys embarked on in Jersey City and us here?

Mr. Balken: I'm going to allude to last year as well. We had quoted here at the same time we were quoting Jersey City last year. There are a lot of similarities between the two of you. You're talking about a large district trying to move a large population in a very tight timeframe. At the end of the day, we put a very attractive proposal on the table for you guys. We were actually able to get a three-year guarantee for you guys

last year, which we weren't able to get for Jersey City because of the makeup of the population and the claims detail that we were able to get. So there are a lot of similarities between the two of you at the end of the day. You guys are getting tied again on that timeline. I would approach it very similarly to how we approached that. We're also small enough to move and shake and make changes along the way. You can guess at what's going to come down the pike when you meet with the membership. Somebody always throws a curveball and we're able to handle just about anything that's thrown at us.

Comm. Castillo: What would it look like if we were to go from self-insurance back into the State plan?

Mr. Balken: Going back into the State plan is certainly an option. The membership is familiar still with that program. I don't know all the obstacles and challenges and problems that occurred here through the last year so it's hard for me to really hone in on details, but that would work. It's certainly an option. I think it would be more expensive though. There are certainly other options that I would think would be a better direction, not only in the short run, but also in the long run. Popping in and out of the State is not always the best thing to do. You don't want to move over 3,000 employees every July 1. Nobody wants to do that. You want to get a home and stay there. You want a framework that can move and expand and contract with you. The State doesn't give you that flexibility. Could we Band-aid and go to the State? Yes, we could. I don't necessarily think I would recommend that. But until I really peel it all apart, I couldn't say for sure.

Comm. Olivares: How long ago did you take over the account for Jersey City?

Mr. Balken: Last July.

Comm. Olivares: I guess the \$20 million is a projection. Over what period of time are we talking about savings of \$20 million?

Mr. Balken: From July to July. It's a real first-year savings.

Comm. Olivares: Thank you.

Mr. Dougal: Most of that was medical. There are some savings that we had within the prescription plan that's self-insured. It's a combination of both and it is a year.

Comm. Ramirez: We currently use Express Scripts as our pharmacy benefit plan. We currently have a contract that's through July 1, 2020. Would you be able to continue that relationship with Express Scripts?

Mr. Dougal: Absolutely.

Mr. Balken: We would actually add to that.

Mr. Dougal: Jersey City has the same thing. We found a cooperative audit group that came into Jersey City. They actually work very closely with Express Scripts. They dig into the contract and change some of the formularies and things like that. We don't want to get too complicated here at this meeting, but Jersey City was able to save potentially \$6 million on that deal just by doing that.

Mr. Balken: Just by tweaking the contract.

Mr. Dougal: We'd love to do that for you guys here. It's not a change that any employee will see a difference in anything. It's just the change of the contract.

Mr. Balken: The group number stays the same. The cards stay the same. There's no membership disruption. That's just a renegotiation of the contract.

Mr. Dougal: That's an instant savings that we can do tomorrow.

Comm. Capers: What does your rollout look like in this district if we choose to go with you?

Mr. Balken: I think that would depend on exactly what we decided to do, regardless of the programs...

Comm. Capers: Let me be more clear. In terms of involvement with the unions, the Board, and the community, how would the rollout look in terms of all the partners?

Mr. Balken: Depending on the relationship with the unions we like to get out to them as soon as possible. A key piece of this puzzle is to make them feel comfortable with any changes that you're doing or staying the same. We want them to back us because at the end of the day they can make an open enrollment season really difficult or really easy. To me, that's a very important component that we get in as early as possible and speak with them and find out what the concerns are and try to make a smoother path there. At the end of the day, regardless of any changes we make or things that we keep, once we get our arms wrapped around everything, run as many meetings as we can and get out to see as many members as we can. We have a full team to do that. Obviously, the more time we have the better those roll. Sometimes we don't have that time. Like we did in Jersey City, we ran a separate open enrollment period just to get the word out and answer people's questions because people don't know until they get involved.

Comm. Redmon: We know the relationship between hospitals and insurance companies. What would be your recommendation if a major hospital is fighting with the networks? What would you advise us as brokers to do?

Mr. Balken: Do you mean a hospital is in negotiations with CIGNA or Blue Cross? My general experience is they always work out at the end of the day. That doesn't mean that they don't lapse the contract and then two months later come to an agreement. At the end of the day, typically sitting still and letting that play out is the best thing to do. Creating panic and moving people creates more aggravation and more work for everybody. But you have to educate the membership. You have to get the word out early, answer the questions, and make somebody available to take telephone calls. The membership gets nervous if you go to a hospital and they all of a sudden are threatening to cancel. Understand that hospitals need the insurance carriers and the carriers need the hospitals. Every piece of inertia says that they're going to resolve, but they have to play the game. That inertia makes people nervous and the best thing you can do is educate, educate, and educate. We do that for you.

Comm. Redmon: Would you be able to bring an in-house person in case those negotiations didn't happen and we needed to start switching things?

Mr. Balken: Absolutely. It's critical. We would insist that we bring somebody in to speak to your membership.

Comm. Capers: What's your total compensation that you're asking from the district?

Mr. Dougal: I believe it was \$200,000 as a cap. You wanted it not to be a fee. You wanted it to be paid by the carrier.

Mr. Balken: We would take standard commission on the medical up to \$200,000.

Comm. Capers: Repeat that again.

Mr. Balken: We would take standard commission for the carriers, whatever it happens to be, up to a maximum of \$200,000. If it was a little less than that, it's a little less than that.

Mr. Dougal: I think the RFP read that you didn't want a separate fee charged. You want it within the commission from the carriers. As Wayne was saying, we would take the standard commission that the carriers give us, up to a cap of \$200,000.

Mr. Balken: In other words, if there was \$180,000 in the commission, we wouldn't bill you for the other \$20,000. Does that make sense?

Mr. Yuen: On the specifications, I don't recall them having express preference as to the compensation source. If you're thinking of a full commission as a preference in our RFP, I don't think you're thinking of our request for proposal.

Mr. Balken: We could do it either way really.

Mr. Dougal: You might be right. Maybe I'm wrong. That's fine. However you want to do it, we're very flexible. It doesn't matter to us.

Mr. Balken: We could do it either way. Some of our groups do a flat fee for the year and some do commissions. We can do it either way.

Comm. Castillo: If we were to switch network carriers, what would that look like and how fast? Would you be able to do it within the 90 days or a shorter period of time by July 1?

Mr. Balken: If we move quickly, the answer is yes. We can do it at any time. However, there gets to be a point where you don't want to make that change. You don't want to create that disruption. You're with CIGNA now. They have a huge network, but no matter how big a network you move from and to there's always some disruption. Inevitably, the person or group that screams the loudest is going to be the people with the biggest disruption. It's going to make it look like it is much larger than it is. Again, the key component there is communication. Let's get out to those people right away, reach out, and solve the issue. A lot of times there's not the issue that people think there is. Communication is so critical at the end of the day. Could we do it? Yes, the sooner the better. I think I answered that question.

Comm. Capers: You talked about a cost savings to the district which you saved Jersey City. Are you guaranteeing a savings here in this district?

Mr. Balken: Last year when we came in here and we quoted, we guaranteed a savings of at least \$17 million. That was backed by stop loss.

Comm. Capers: How did you come to that?

Mr. Balken: It was based on the products that we had quoted last year and the stop loss that we had secured. It guaranteed at least a savings of \$17 million in the first year and it was also a three-year deal. There was a guarantee of what costs were going to increase to. I can't quote to you right now what we would save you this year unless I know the data.

Comm. Capers: I got you. I'm not looking for that.

Mr. Balken: I can only answer for what we would have done last year.

Comm. Capers: That's what I was trying to figure out. How did you come to the \$17 million? Based upon that data you had last year, you were trying to save this district about \$17 million a year?

Mr. Balken: Yes, but I'm cringing because we were estimating second and third year based on what we thought the State would have increased by. The target was about \$17 million a year.

Mr. Murray: Just one point of clarification, the Board has become very familiar with self-insurance and the fact that in the first year there's a significant delay in payment. When the Board is going to be considering the savings that you mentioned in Jersey City of \$20 million, is that a pure savings or is that also part of what would then become the runoff for the following year?

Mr. Balken: Part of it is a lag in your claims.

Mr. Murray: Could you give us an estimate of what that might be, just a ballpark?

Mr. Balken: Do you mean for Jersey City? Probably \$5 million.

Mr. Murray: About \$15 million?

Mr. Balken: Correct.

Mr. Murray: In the stop loss insurance, who is your stop loss carrier?

Mr. Balken: We use several stop loss carriers and the one that we choose depends completely upon the program that we implement. If we're implementing a reference-based program with you guys, there are different stop loss carriers that make sense with the reference-based arrangement compared to a CIGNA, AETNA, or Blue Cross. Last year we used US Fire for a combined stop loss for Jersey City. They wrapped one stop loss quote program over both the Blue Cross and the RBR that we implemented. It was one stop loss system. It was very unique what we were able to do over there. Again, we shop out to 50 different stop loss carriers on any given case, but it depends totally on who the players are.

Mr. Yuen: If I could just follow up on that question, the stop loss insurance that you're getting, is that a one-year program or three-year program?

Mr. Balken: What we purchased for Jersey City was a one-year. We couldn't get them to go any further than that. Last year we proposed here a three-year stop loss.

Mr. Yuen: I'm sorry. You were able to get for the district here a three-year quote for stop loss?

Mr. Balken: Correct.

Comm. Castillo: From what I understand, you're a smaller firm compared to a few. Would you be able to handle Jersey City and Paterson?

Mr. Dougal: Good question. I was acquired by Accusure, which is a bigger company and one of the top largest brokers in the country. That would give us our back-office support if need be. We have a group of 13-15 people that are in our sector that do the public stuff for New Jersey. That would be the people that would focus on Paterson and could also handle Jersey City. If we did need to bring other people in, I had that now.

Mr. Balken: I'm going to add to that. For as large as Jersey City is, and they're 4,100 employees enrolled in the program, there are very few complaints and issues. Always in the beginning when you're implementing there are questions. But those questions are limited to what's my benefit, how do I access it, and where's my doctor. They're not claims issues and things like that. I have to tell you that through these first 10 months we're at now there are very few issues. We anticipated a lot more activity than we ultimately got there. A lot of that is education upfront. Talk to the people. Explain to them how to access their benefits and when there's a problem, because any program is going to have some claim issues. You're running \$90 million worth of claims so there's going to be a handful of problems. What do you do when you have a problem? A lot of that is education. You keep the screamers from screaming. It makes a big difference. The psychology of the whole thing is such a big impactful thing.

Mr. Murray: Did you have any litigation in Jersey City?

Mr. Balken: None.

Mr. Murray: Also, how did you do the enrollment? Did you hire a firm to do it? If so, who?

Mr. Balken: Yes, we did.

Mr. Murray: Who did you use? I'm sorry. I'm going to rephrase the question because it's unfair it you. Was it Colonial Life?

Mr. Balken: It was an outfit that uses Colonial, but they use several different ones.

Mr. Murray: Because that became an issue here of major consequence for reasons I'm sure you're aware of because of the NJEA and the relationship they have with another carrier.

Mr. Balken: Our enrollment firm can either use Colonial, AFLAC, or Guardian. They will use different firms depending on what makes the most sense. Just a quick commercial on them, they did a phenomenal job in Jersey City.

Mr. Murray: Colonial?

Mr. Balken: It's not really Colonial, but they did such a phenomenal job of rolling out the program, boots on the ground, and getting to see everybody. There was a tremendous amount of union pressure, but they really did a nice job. It was a different Colonial

operation. Like I said, they don't just use Colonial. It's a different group than what you use.

Mr. Murray: Were they selling Colonial Life Insurance?

Mr. Balken: They definitely did.

Mr. Murray: Therein lies the conflict and we got off on the proverbial left foot and for a number of other reasons it has been difficult.

Mr. Balken: If you didn't want to use Colonial we don't have to. I put my enrollment people up against any operation in the whole entire country.

Mr. Dougal: We can use anybody you want.

Mr. Yuen: In terms of compensation, I know you had put a limit of \$200,000 on commission compensation. We have a possible continuation of elements of the program which may not be commission oriented. If you were to ask for a flat fee, what would that be?

Mr. Balken: That's tough to do.

Mr. Dougal: For the other components that weren't part of the RFQ?

Mr. Yuen: You said you were flexible. If you were to be paid at a flat fee, could you determine now what your flat fee would be?

Mr. Balken: I'm going to answer that and say that depending on how big the hornet's nest we're about to pick up is going to. I'm being as honest as I can. If this is going to be a very big hornet's nest and we're not going to have a lot of say in how these programs are run, I'm going to say we're going to charge you \$200,000. I don't mind working harder in the beginning because usually working harder in the beginning pays off in the end. I'm looking at this on a long-term basis. We are flexible in our fee and I think that's a fair answer.

Comm. Redmon: I'm just trying to clarify just to make sure. You were saying if you have a say-so. What do you mean by that? I need to know what we're talking about.

Mr. Balken: I don't know just where all the problems are here and some of these problems may be easily fixed. If Colonial is an issue, then let's take Colonial out and fit in a different program that's going to create less problems for you guys and us and so we can charge a little less.

Comm. Redmon: Based on the prospects that we sent out, that's everything we were looking for. We're now looking to you as the professionals. We would look to you to be giving us the right way to go. We're not the professionals in this business.

Mr. Balken: Absolutely.

Comm. Redmon: That's the reason I'm asking you if you have say-so. You would have a say-so because we hired you. You're the professional.

Mr. Balken: To better answer that question from my end, if we're able to implement. It's a collective decision. We're going to guide you and give you our expertise on where we

think you should go. At the end of the day, it really is your decision. I can't make the decision who you pick. If we're able to implement programs that will make all our lives easier in the long-run, we can absolutely drop that fee. I don't have a problem with that at all, but I do need to understand exactly what I'm stepping into. I think it's fair to say we're ceiling at \$200,000. If we're able to implement programs and swap out the Colonial or maybe a TPA change. I don't know where the problems lie. Is it a network issue? Is it a TPA issue? Is it something else? Are we not getting medical management? Do I need to implement something where we're using our artificial intelligence to keep claims down? That would lower our fee because it's things that we don't have to do. Does that make sense?

Comm. Castillo: Thank you so much. We appreciate all of your time. I know we're a little behind schedule.

Mr. Balken: We promised them we'd go as fast as we could.

Brown & Brown Benefit Advisors

Comm. Redmon: Good evening. The format is you have 20 minutes to do a presentation and then 10 minutes to answer questions. If you want to start, go ahead.

Mr. Lou Della Penna Jr.: Thank you very much. Good evening. We really appreciate the opportunity to come out and to talk to all of you. I'll start it off by quickly introducing ourselves and then I will do my best in the shortest period of time of giving you a little historical perspective on where we came from, who we are today, where we're going tomorrow, and how that might be important to the Paterson Public Schools as it seems to be resonating with almost 300 school districts that we represent today. My name is Lou Della Penna Jr. I'm the President of Brown & Brown Benefit Advisors. I will tell you the Brown & Brown story in a minute. I have been working with New Jersey school districts and almost all of my 30-year career has been spent working with school districts.

Ms. Laura Fanuele: My name is Laura Fanuele. I've been with Brown & Brown Benefit Advisors for 22 years. I have been in the employee benefits business for 45 years and all 45 of those years have been representing educators and working with public school districts in the State of New Jersey.

Ms. Pat ? : My name is Pat ? and I have been with Brown & Brown Benefit Advisors for seven years. I have 20 years' experience in the employee benefits field.

Mr. Della Penna Jr.: Let me tell you who we were and who we are. We were originally a company that started out really small, like one person, called Della Penna Financial Consultants. That happened to be my dad. In 1989, I was 23 years old and my father came to me and said, "It's time for you to get a job and start doing something with your life." I kind of liked what I was doing, but he wanted me to come into this employee benefits game. I asked what we were going to be doing and he said we work with school districts. What does that mean? His background was as an annuity guy working with educators in New Jersey. Over a period of years school districts started coming to him and saying, "We're negotiating for a dental or vision plan. We need somebody to help us with that. Can you do that?" He said sure and he was one of the forefathers of insurance brokerage, if you will, to public schools. But because his background was dealing with educators, he had a different way of doing it. He had a way of being able to communicate with people that they could understand and not one these old-time insurance guys and gals that talk in all these technical terms. I joined him in March of

1989. I was employee number two. We probably represented at the time 30 school districts, but we represented some pretty profile school districts. Trenton Public Schools was one of those. One of my earliest days was sitting in a room watching a meeting unfold and then somehow I ended up being the last person in the meeting as people seemed to just leave randomly. I said what's going on here and then I came to figure out school districts have a different way of operating as businesses. As we built our business up, we focused on who you are. My training was going to New Jersey ASBO meetings, the New Jersey Association of School Business Officials, to learn the business behind school districts. Whatever it was that we were doing, people seemed to like. I think it was the communication thing. I also think it was early on we recognized that in order to start to find ways to move the needle on the cost of health care we had to embrace something that's really uncomfortable, which is collective bargaining. We developed these core principles, the pillars of what it is we do, and they exist today. There's one new one because it's 2019, but we always started out with this thing called insurance brokerage. I can tell you there are a lot of people who do what we do that can handle the insurance brokerage side of the Paterson Public Schools. We can go into detail on that. We can keep it global. Insurance is insurance. Rates are going to be rates. The data is what the data is. They price it a certain way. Firms act like there's all this flexibility in pricing. Your claims are your claims. They are what they are. How someone is going to price it is whatever the data shows them. The insurance brokerage thing is not too hard at the end of the day. It can be technical, but it's not too hard. The hardest part was customer service. How do we help people navigate their health insurance programs? What does health insurance pay for? This is something a lot of people forget, so at speaking engagements I always try to harp on this. Health insurance covers the cost of people's health care. Every day Pat helps people deal with the fact that it's health insurance, but it's also the navigation of their own health care needs and explaining to people how all of that works. Customer service was something we put a lot of time into. Then the thing that I think took our business to new heights was in the area of collective bargaining. I think we were one of the first back in the early 1990s to be out on the speaking circuit talking about different ways to be creative in the area of collective bargaining. The economics were different. The times were different. The one thing we and none of us could seem to do, which is help a way for our clients to see we're all partners in this. While we may work for you, the Board and the public school district, we also work for every single employee and family member associated with the health plan. How do we get you guys on the same page to come up with a plan design that maybe has some cost containment drivers or maybe can do some other things? Not a lot of people talk about areas to improve the benefit package. Last settlement I worked on was at Galloway Township Public Schools, which is way down in Atlantic County next to Atlantic City. They improved their dental plan and gave people a higher orthodontic match and higher calendar year maximum. It was part of a package. It was how we got the whole settlement. We put a lot of energy and still do into what we bring to the table because in many cases we may be the only professional in the room. We may not be in the room. We may be sitting in a conference room waiting. We're the only professional that I am aware of that will work with a board of education that may be called upon to then present at a ratification meeting. I don't know if anyone on this Board has ever sat in a union ratification meeting. It is an amazing experience. The leadership of any bargaining group, not only are they representing their team and all their members when they're bargaining, then they have to go sell it to everybody. Sometimes on your behalf we're actually called into those settings. It's very important. The fourth piece is technology. We have a different view on technology because in the insurance employee benefit space there are a lot of hotshots out there that talk about these. They call them BenAdmin systems. I don't know if anybody ever heard that phrase. Benefit administration systems. Then you have these online enrollment systems and HRIS, which are human resource systems.

It all sounds really cool and they can do amazing things. But what happens when they don't talk to your payroll system? I don't know who you use for payroll here. Do you do it in-house? Do you have System 3000? Systems is a big company and we work with them to try to figure out how we get some of these technologies that are out there that we have access to all of them to communicate with payroll and State budget software? We take a different view on technology. As our company and client base grew, we felt like we were headed into a new area or generation, however you want to look at it, especially with health care reform. At the time, my father was 64 and we made a strategic decision to join a larger company called Brown & Brown. I'll take a second to talk about Brown & Brown. I'm only going to focus on the part that we want you to care about. There's a whole bunch of stuff there you don't need to care about. Brown & Brown is, depending on which list you look at, the fifth or sixth largest insurance intermediary in the world. Anything that goes on with insurance intermediary work or brokerage and all kinds of other things we're involved in it - 39 states, London, Toronto. The only part that we want you to care about is that it enables us to access resources when something requires them. As an example, if we need to break down some data in your health benefit programs and we want to look at how, as an example, monthly rates are set, why do monthly rates matter? Because that's what your employee's contributions are based off of. I mentioned the one thing we can never help our clients come to an agreement on with their bargaining units is employee contributions. The government had to do that for us. As we went into this new world of health care reform, or Obama Care, we wanted to be a part of a bigger organization. We did that in 2008. In 2011, I was asked to merge another organization into us that, by the way, only did public schools and municipalities. Ultimately, we have 50 employees right now. Of those 50 employees, 47 and a half are devoted to public entity business. As I mentioned, we're almost 300 school districts. We have about 40 municipalities. They tend to be on the smaller side. We're the only brokerage firm in New Jersey that I'm aware of that has clients that are involved in every risk bearer vehicle that you can access for a public school. That includes self-funded, fully insured, pooled programs, and health insurance funds. We represent you. If you're in a health insurance fund we don't represent the fund. We represent you. We have a proprietary program we call our public employer trust. That is really a vehicle that's set up for the small to medium sized school districts that go up to about 300 to 400 employees. That's our proprietary vehicle. Then we are one of two school districts that we represent that are in the integrity health model. Has anybody heard of the integrity health model? That's the idea of building your own health center that your employee can access. The two school districts that have it today are Toms River and Long Branch. We represent Long Branch. I gave you a little bit of the history. What we think makes us different? I talked about technology. What happens in this game that we're all playing, it's a very serious game because we're talking about big dollars and people's health care. We as a group tend to focus on one piece of the pie. If you think in terms of a dollar bill, let's talk about Paterson. In Paterson, I'm going to guess that of that dollar bill that you have to earmark, 90 cents is going to go to cover the cost of people's health care claims. 10 cents of that dollar goes to everything else, people like us, the insurance company or the third party administrator. That's the insurance brokerage piece when you're in a self-funded program, the 10 cent piece. A lot of people stay focused on that. They're not talking about the other piece. In the context of making a change in your health insurer or provider network the 90% piece can be impacted based on discounts that those insurance companies negotiate with the hospital system down the street, the primary care physician, the orthopedic surgeon and that type of thing. We're not focusing on how we really effectuate change. We're only thinking about today. We have today covered. It's about tomorrow. If we are to focus on tomorrow then we need to focus on your people. While we tend to be one of the more expensive brokers to work with is because we're the ones who provide the most resources to your employees

and family members. We have 10 staff members in our Roseland location. We've got two here today. Laura would be the leadership of the Paterson Public Schools team. Every one of those 10 people is in a position to support the employees and the family members of a Paterson Public School employee. We have three other locations in New Jersey. At any one time, if the need calls for it, we may have two people in our Shrewsbury office be available to help people. They are real people that do this every single day and understand the mindset of an educator, custodian, cafeteria worker, and bus driver. They do it all the time. That part we're not changing, having a live body to talk to. I mentioned technology. Where are we going with technology? Technology can only be about one thing. It has to be about communication. These fancy insurance brokers out there, Brown & Brown has got a bunch of them. Amazon is a client of ours. Walmart is a client of ours. You guys should see the technology that we give these big companies. I wouldn't even know where to start in a school district for something like that. All we want to do is have technology where we can talk to each other. We can help people understand what the challenges are when you go outside of the network. Out-of-network claims are a big issue. We talk about looking at data. What do we do with the data when we see it? Freehold Regional is a client of ours. Out-of-network participation levels vary from 25% to 35%. How do we change that? You can collectively bargain programs to impact that, or we can educate people over a time. That's where we're headed with technology. The technology platform that all our clients will be getting, if the technology is built, we're shooting for a fall rollout in 2020. Complete integration. It's free and it will have an employee portal system where employees can access, learn about their programs, and they can be educated on the differences between plan designs you may have offered. Over a period of time if we can help people better understand what they have and how to use it, they may start thinking about how they're going to use the health care system.

Ms. Fanuele: As I said, I've had a very long career in this employee benefit business and it will be going on for quite a bit longer. My background is very much in self-insurance. I represented an insurance company working with school districts back in the late 1970s and early 1980s. We were on the forefront of providing self-insured programs to school districts. I have had a very long history of working with school districts on self-funded plans and how they've evolved dramatically over the course of the last 30 or 40 years. I just wanted to add a little bit more to what I think is our largest success in terms of working with your employees. Certainly, we provide tons of support for the business office and we like to say we're the additional staff member in the business office because we can be there involved as often as possible with training, going through legislative changes, making sure you avoid penalties, and all the kinds of things that legislation could potentially get you involved in. From a customer service standpoint, we do have a live receptionist whose name is Ellen and she greets people when they call. She's there during business hours from 8:00 to 5:00 every day. She gets to know people quite well. Then she would pass the call along to one of our very experienced dedicated customer service team which Pat runs in our office. As I said, all the folks do report up to us and they probably have on average about 20 years of claims experience, 20 years of experience in employee benefits, and working exclusively with educators. As one teacher told me one day at an open enrollment meeting, "Please don't talk in big words because if you don't talk third grade, I don't understand what you're saying." She happened to be a high school teacher. Typically people's eyes roll into the back of their heads when you start talking about insurance. We do take a very active role in making sure people understand their benefits. During open enrollment Pat and I for many years have sat in teachers' rooms and gone through the difference from one plan to another, especially in light of the Chapter 78 contributions and how much people are now paying for health care. We've actually helped them analyze how they consume health care for their families and point out to them how much money they can

save and keep in their pockets by going into lower cost plans. Lou also mentioned being part of presentations at a ratification meeting. I have done that multiple times and it truly is a lot of fun. We've actually been invited in by the unions to come and speak, not necessarily by the administration. We have such a good relationship with our local unions over the course of the years we've been able to work with our clients. One of my oldest clients I've had for 35 years. We go into every collective bargaining and sit at the table with the unions. Typically the Board leaves us alone to talk to them, not necessarily to negotiate but to certainly explain the board's position. Then the union, once they have an MOA, they ask us to come in at the ratification meeting and present the information to the membership because the union leaders sometimes need that little extra technical expertise. We have done a lot of that. I think one of the strongest things we do, other than negotiate the cost of health insurance contracts, is to provide the education that educators need to make them feel comfortable with what they have. Most of the time, they don't know what else is out there because they don't know what they have. Pat and I take that very seriously when we deal on a daily basis sometimes 20 or 30 times a day with calls that come into the office.

Comm. Capers: Thank you for your presentation and thank you for coming. Can you explain the compensation that you propose to the district? I'm a little confused by it?

Mr. Della Penna Jr.: I'll deal with that. When you get into these RFPs and you don't have intimate knowledge about how your current arrangement works, we have to come up with something to start the ball rolling. We came up with a flat fee number. When you come up with a fee number, it can be paid any way you want. It can be a contractual relationship between the Board and our firm. You could have an insurance company build it in.

Comm. Capers: Is that \$200,000?

Mr. Della Penna Jr.: That's \$200,000. We propose compensation on stop loss. We have no idea what's currently there. It's all negotiable at the end of the day. There's no confirmation that you're going to stay self-funded. We don't even know if that piece will ultimately be in there, but we did the best we could with the information we had to try to price it.

Comm. Capers: When you say compensation on stop loss, what do you mean by that? What's the compensation?

Ms. Fanuele: Typically, the stop loss carriers normally have a standard commission built in and depending on who your stop loss carrier is sometimes that's negotiable and sometimes it's not. Sometimes insurance contracts have no commission built in at all. We really are not privy to knowing that information. We just said that we would start with a number and work around that.

Comm. Capers: That's at 10%?

Ms. Fanuele: Typically stop loss premium is 10%, but that's not the same in every single insurance company. It would really depend on the carrier and if you chose to stay with your current stop loss carrier or there was a reason to make a change.

Mr. Della Penna Jr.: Here's what important to know. It's Brown & Brown protocol, even before the State passed regulation for it, that we are completely transparent on any compensation we receive in any capacity. We have to report on it to you every single year.

Comm. Castillo: We are self-insured at this moment. What would it look like if we were to consider going back into the State plan? Of course, I know you don't have all the information. What would it look like with the turnaround?

Mr. Della Penna Jr.: That's a great question. That's something that's automatic in our review. We're going to compare you to see where you are towards the State plan. There are a couple of things going on that we have just notified our clients about last week. The School Employees Health Benefits Commission is embarking on a study to look at something called rate stratification. That's really interesting for us. We had one of our teammates at the meeting. They're talking about proposed 1/1/2021 if they can actually do this. In my professional opinion, while that may make sense from an insurance perspective, I think there are people on the commission that are forgetting about the impact to people, their own members quite frankly, and also the impact to taxes. If all of a sudden all the costs according to the data are being generated up north and they want to get more competitive down south, which is what they want to do, somebody has got to pay for that. We would factor that into the analysis. The cost component of it should be relatively easy because we look at what your data shows today, what's called your maximum liability, meaning the most you could pay out under your current self-funded plan, compared to the State rates, and go from there.

Ms. Fanuele: One of the other things we really take a look at when we analyze the data is look at your large catastrophic claims and what your individual pooling level is at which time the insurance company would pick up on the large claims. In looking at that, the insurance companies who offer stop loss insurance tend to like to do something called lasering. Let's say you might have a \$300,000 individual stop loss. Any claim that you're responsible for up to the \$300,000 and then all eligible expenses over that would be reimbursed by the stop loss company. If you have a particular situation where that member has that condition that is ongoing, the stop loss carrier may come back to you and say for that particular individual we will only offer you a \$500,000 pooling point. Everybody else will still be \$300,000, but we're going to laser out that person. We would look very closely at your large claims to see if they're ongoing and if they're continuing. That would certainly have a big impact on your stop loss increases and would have a major influence in whether you were a candidate to continue self-funding or is that something you might want to go and have not necessarily the State plan, but perhaps another insurance company take the risk on a fully insured prospectively rated plan. Those are the kinds of things we look at, but the large claims are very critical in our analysis to see the health. We have one school district employee that just had a premature baby and right now it's a \$1.4 million claim and we're not anywhere near the end of it yet. We don't know if there's going to be ongoing expenses. Fortunately, they are fully insured and the insurance company is taking the risk. They have a much smaller pooling point that the district doesn't have to be worried about. That's really critical in making a decision as to where you go moving forward and where your claims actually merge after the first year of being self-funded. Typically, you're going to see lower costs in the first year because of the way the plan is structured. A lot of it depends on where your renewal is coming in with the stop loss carrier. Typically, you're not going to get a final renewal from your carrier until about 30 to 45 days before the anniversary date because they like to hold off as late as possible to look at the risk on the large claims. It's also difficult to market because the carriers you market to want to make sure they get up to date data and it's not unusual for us to bind the stop loss contract the day before its effective date, so it's not at all unusual to have us do that.

Comm. Simmons: Assuming we chose to move forward with Brown & Brown, can you start tomorrow? What would the rollout look like? Can you get the rollout done by July 1?

Mr. Della Penna Jr.: I'll take that first one. Can we start tomorrow? I've got a son who's a football player. All I know I have to do tomorrow is pick him up from weightlifting at 3:45. I'm clear to get going. The answer is yes. We're positioned to start right away. Once again, it's all we do. To us, the scope of Paterson Public Schools is just bigger. You're still a school district. It's still the same cultural dynamic with people and how we look at health care. We would want to move very quickly with accessing data and crunching that data as fast as we possibly can, doing the analysis to the State plan and see if that makes any sense, get information from the third party administrator, or any other data we can get to make sure you have the right partners in place, and get it out on the street to figure out who can do what to improve on pricing. Remember, it's the 10-cent area that we can quantify. It's what happens to the 90-cent area. If I understand right, CIGNA is your provider network. The question becomes do other networks think that they get better deals with networks providers in this part of the world. What will they charge? They're going to charge you a fee to access their network, whether it's Horizon, Aetna, or somebody like that. What do we think is going to happen to the claims costs from there? We have to do that analysis very quickly. I think it might be hard to move fully insured right away, but we don't know until we see it. July 1 is your effective date. Your employees leave on June 20. We've done all kinds of crazy enrollments. We're not saying it can or can't be done for July 1. We're saying that if there's a reason why we need to do something for July, we're going to have a long talk with everybody about it and what that means because of the enrollment process. We're not changing the plan design. It's all the same stuff. You can do it pretty quickly. It's a question of how much is new with the new plan. They've been out of the State plan for a year. You go back to the State plan and you meet their timeframes. They already know what it is. It's just the State plan's enrollment process. If you were to leave CIGNA and go to Horizon Blue Cross because we think that's a better deal all around, they probably know Horizon Blue Cross from the State plan. You go to Aetna and right now on paper they seem to be the largest network. How does that impact people? There's going to be a lot of people who are going to ask if their doctors are in the mix. All that sort of stuff goes into it, but we would move very quickly to help you determine that.

Mr. Richard Matthews: My question is regarding this stop loss. You have your expected claims and your maximum liability. How do you assess that? How do you recommend that? In the business office we're going to try to squeeze you to go with expected claims plus 1% rate. Then you're going to look at our history. How do you assess that?

Ms. Fanuele: Up until just two years ago the State of New Jersey required a 25% corridor on stop loss premiums. You were not able to purchase something less than that, which meant the employer had to take the risk of 25% above expected claims. About a year or so ago, maybe 18 months, the State law changed to say that you could go down now as low as 110% of expected claims, but not below that. Most of the stop loss carriers licensed to do business in New Jersey have not yet filed their contracts to go to 10%. They'll go to 120% or 115%, but very few have gone down to 110% of expected claims. You cannot buy insurance that would protect you to expected or just a point or two above. The best you can do is 10%. Depending on how your claims are running and what your existing corridor is would determine looking at the rate increase with the stop loss is it worth paying the additional monies because the more insurance you buy the more expensive it is. Or do you continue to take a little bit more of the risk

if the plan is running well. You really don't want to buy more insurance than you need. I'm a firm believer of not over-insuring for any reason. We would have to take a look at that real closely to see what the situation would be. The other challenge is that stop loss carriers typically work with a third-party administrator. They have preferred stop loss carriers. That is where you get your preferred pricing. The third-party administrator you're working with right now has a list of probably six or eight preferred stop loss carriers that they work with. If you go outside of that preferred category you tend to pay more for it. You have to pay more in administrative fees because they have a different dynamic with the integration of data from the third-party administrator to the stop loss carriers. All of that has to be taken into consideration. Is your existing TPA the right place for you? That would have to be determined. Does your existing stop loss carrier have the correct relationship with the TPA that you would need to get the most effective cost? As Lou mentioned, is CIGNA the right network in terms of the discounts that are available. There are all those things that come into play and that would certainly determine the pricing. Then we can aggressively work with the existing TPA and stop loss carrier to do a value analysis and see if it would be worthwhile for you purchasing additional insurance and is there a risk reward that makes sense.

Comm. Capers: Has your firm been involved in any litigation?

Mr. Della Penna Jr.: Not that I'm aware of. Not our benefit advisors. Let's put it that way.

Comm. Castillo: Thank you so much.

Mr. Della Penna Jr.: Thank you very much and we wish you the best of luck in your journey through this. We tried not to confuse anybody. Have a great night.

*Comm. Olivares leaves the meeting at 7:45 p.m.

CBIZ Employee Benefits Consulting Services

Comm. Castillo: Thank you for your patience. I appreciate it.

Mr. Murray: On behalf of the Commissioners, we ask if you could introduce yourselves to the Board and then if you'd like to make your presentation, after which there would be questions from Commissioners in turn.

Mr. Jeff Booker: I appreciate that. Ladies and gentlemen, thank you for your time. I know it's been a long meeting thus far and we will hopefully not keep you too long. My name is Jeff Booker, Vice President at CBIZ Benefits and Insurance Services. I'm going to introduce my colleagues and then we will talk about CBIZ as a whole. This is my colleague Nick Bobek. He's our Director of Underwriting. To his right is Susanne Wood, who is our Senior Account Manager. On the far end there is Nichelle Santos, our Vice President, along with me at CBIZ. Just so you have a little background on CBIZ and then we can get into some of the details of the proposal. We're a national organization with about 5,000 employees across the country. We're in 140 offices in 34 states. We're a billion-dollar company publicly traded on the stock exchange in New York. I say that because given the size and complexity of the Paterson Public Schools, I think it's worth noting that we're an organization of our size to be able to offer you the best resources as you look to move forward with your benefit plan. Part of what makes CBIZ different is we're a national organization with national resources delivered at the local level. It's important as well to note part of the suite of services that will be brought to bear for the school district, in addition to our traditional benefits consulting services

you would have access to our national pharmacy benefit consulting practice, our national well-being practice, and our national actuarial practice as well. Give the size and complexity of your organization we understand the position that you're in. I sat in this very room about six weeks ago at your budget presentation meeting because I wanted to learn and understand more about the current environment that you're in. I saw the level of frustration and disappointment and the struggle that you have to be able to handle your finances in such a way to be able to save jobs and be good stewards of taxpayer's money. We are sensitive to the burden you have to carry. Like I said before, we believe we are positioned to be a quality partner for you in that regard to help you move forward and improve your situation. With that in mind, I'm going to introduce my colleague here, Nick Bobek, to talk about the financial analytics and the data analytics piece that we have available to help provide actionable intelligence to the Board. Data can tell you a lot of things, but what kind of information and data points can be used is very important. Nick, why don't you take a minute and lay out how your practice impacts our clients?

Mr. Nick Bobek: Hi, everyone. Thanks for your time tonight. I really appreciate being here. My role, and Jeff pointed out, is Director of Financial Reporting and Underwriting across the mid-Atlantic. I have folks that sit and work with me in Tennessee and also Columbia of Maryland. One of the advantages of what I do is I support in some way, shape, or form across the mid-Atlantic about 50% of my capacity over 100 different logos. I see a lot of what people are doing across a regional area of all different shapes and sizes. Probably the largest type of work that I deal with is in Baltimore City supporting rate negotiations for the union. Another very relevant example is in Western Maryland, Garrett County Board of Education and Allegheny County Board of Education. We're working with them right now. The breadth of what I do goes all the way down into the lower space. The advantage is that I'm seeing a lot of what people are doing both small, large, and with different types of vendors. My role here among that job of managing work flow is to support you guys as senior financial analyst. Aside from just directing traffic, I also support a block of business where I'm the day-to-day contact for claims reporting, monitoring, data analytics, forecasting, and underwriting. My job is to provide to you quarterly and semi-annually an update of how your claims are running, what are the key drivers, what are the trends, what are the patterns, what can you do proactively to engage with your population to improve their health short-term and long-term. We're using data tools, both retrospective and prospective. We're working with customers to sit doing and say we have resources and national data sets that will help us understand what this copay will drive in terms of financial outcomes or gains. It then gives you the opportunity to assess whether or not that's a tolerable maneuver. We have other types of models where we can sit and look back at your experience information and tell you if you had done this, you would have saved that and is that a price tag that's worthy of member disruption. Or giving you a tool to go to your union and discuss and justify different types of changes. There's a lot of what we're doing at a very granular level both regionally and locally. The other piece of my role is to send to you claim reports and to tell you who's driving it and why they are driving it. What's going to happen next? How close are we to what we thought was going to happen before? Statistically, what's the probability of what we're saying will actually happen? Trying to help you understand your risk tolerance and then set a budget pricing. Help you understand what's happening inside your groups so you can engage them to make good long-term and short-term decisions to help you manage your resources is really what my role is. I have the opportunity to direct traffic for a large footprint, but here on this specific account, because of your size, who you are, and the relationship to where I sit, I would be your direct contact as a financial analyst and resource. Is there anything I left out?

Mr. Booker: No. I certainly appreciate that, Nick. The financial analysis and what we can do is important because that obviously drives your bottom line. The financial impact is significant. What the numbers are telling you to do is important. Nick plays a very key role in that regard. I'm happy to have him on the team. To Nick's right is Suzanne Wood. She would serve as your primary day-to-day contact account management. She would regularly interface with the administration, HR, and benefits. She's the point of contact day in and day out as things go forward. Suzanne, why don't you take a moment and talk about your role and give some background perhaps on yourself and how you help our clients and their employees.

Ms. Suzanne Wood: Sure. Thanks, Jeff. I'm new to the microphone too, so please bear with me. As Jeff said, my name is Suzanne Wood. I've been a Senior Account Executive for CBIZ for the last 22 years. I started very young, just to let everyone know. I do work a lot in the public sector, although I have a diverse book of business that I work on. I do have a lot of public sector experience. I'm used to dealing with many of the challenges that you face every day. Public sector is a little bit different than the private sector and we understand the dynamics associated with that. As Jeff said, my role really is to make sure that we're giving you everything we possibly can to meet your and your employee's needs. Some of the things I work in conjunction with Nick on, but many of the other things that we work on are tangible things that you and your employees can touch - developing a communication strategy to help your employees understand the benefits that they're offered a little more effectively, creating pieces or videos in order to make sure that they value and understand the benefits. Developing pieces maybe to encourage proper use of the emergency room, urgent care, or other benefits to improve that claim experience that you're working with. I also touch on compliance. Sometimes that's an ugly word, but we all have to comply sometimes. So I'm making sure that you're in compliance with the federal and state regulations, helping develop contribution strategies, coming up with innovative solutions to difficult problems so your employee benefits needs are a little less of a burden on you. We're taking that responsibility and helping you through it so that you can concentrate your efforts on all the other things that you have to do.

Mr. Booker: I appreciate that, Suzanne. Again, your background is significant. Given the challenges that the district faces, having a steady hand and the experience is important. We look forward to bringing those resources to bear. The district is currently self-insured, and that is a significant step that you took last year. I've been able to see through some reports that that was a move that you made. While that certainly seemed like a good thing to do, absent the right programming controls in place that can be a challenging move. Now that you are self-insured, one of the most effective ways to drive down claims and actually affect the cost of your plan is through a well-designed, well thought out, and well communicated well-being wellness strategy. If your employees are very sick or continually are not doing well, it's going to drive your claims up. That's very simple to understand that. Now that you are self-insured absent a strong well-being program it's difficult to drive those claims down. I'm going to ask my colleague Nichelle to talk about our wellness program, how it works, and then we will cover some other items.

Ms. Nichelle Santos: Thank you. It's so nice to be here with all of you today. We all know that a wellness program is very important to any workforce. Healthy employees equal more productive employees. When your employees are more productive there is consistent education for the children so it really impacts the community. CBIZ has a dedicated wellness division whereby we will designate a well-being account representative and designate them to a team of employees here in Paterson and custom-design a wellness program by looking at the data analytics, doing a risk

stratification to see where the pain points are. We want to identify what the risks are, customize the program, and impact change for better outcomes for the teachers as well as their families.

Mr. Booker: I appreciate your input, Nichelle. We can certainly spend the next couple of hours going through all sorts of things, but what we really want to hear are the questions and concerns that the Board may have. You sit in an important position and you have to make these decisions. I imagine you have questions. We certainly submitted a pretty robust RFP response. I imagine that there may be questions that you have and we certainly want to leave plenty of time for that. With that, we will turn it back over to the President and entertain any questions you have.

Comm. Castillo: Thank you. We're actually going to follow the same process. We'll just go around.

Comm. Capers: Thank you guys for coming out and sharing with us this evening. Piscataway is self-funded and they had CIGNA and Express Scripts. How is that relationship and how are the employee benefits with CIGNA?

Mr. Booker: You're asking in general? Express Scripts and CIGNA are major carriers. We have a long-standing relationship with both firms. I have written a lot of business with them when it made sense to do so. To answer your question, we haven't had any issues or scenarios of concern with either the vendors or the district.

Comm. Capers: How did you come up with the \$90,000 flat fee rate?

Mr. Booker: It's basically having some understanding and based on what was available, which wasn't a lot. Our compensation model is transparent. If you happen to have our actual proposal in front of you, what we say is that we are proposing an annual flat fee of \$90,000. Once we have a complete listing of who your carriers are and how much you're spending with each carrier, then we can quantify what the compensation would be with each carrier and we would disclose that on an ongoing basis. You will always know what we're making, with who, and then you can make the determination whether or not that's something you feel is fair or sufficient. For too long in the public sector in New Jersey the issue of compensation when it comes to employee benefits consultants has been a very opaque, cloudy scenario. That's not how we operate. You will know what we make, with who, in a transparent fashion. This is the taxpayer's money and the Board should know what is what in each line of coverage.

Comm. Capers: It says annual flat fee plus standard commissions. What are those standard commissions?

Mr. Booker: I don't know if the purchasing folks are in the room. I had asked during the question and answer period of this RFP for a listing of each individual carrier and how much you're spending with each carrier so we can give you a very specific and accurate answer on that. It's difficult to know until we know who your carriers are and what you're spending. It's difficult to quantify that information, but you would certainly know what that information was.

Comm. Castillo: Right now, we're self-insured. What would it look like if we were to decide to switch back over to the State plan?

Ms. Wood: We look at everything when we do every renewal. Part of my job is to do a lot of the planning. We set up a strategic plan for you based on what your objectives

are and we try to identify those objectives early enough in the process. We usually start as soon as we wrap up the last year. We identify those objectives and we look at what options are best for you during that plan year. It's difficult to say whether or not going back to the State plan is a good option for you at this point in time because we have no data to evaluate how your current claims are going and whether or not it's going to be financial competitive for you to move back into that environment. Part of what we would do is deep dive into your information. If we were lucky enough to be chosen as your new consultant, we would first start by doing a deep dive into everything that we could get. We would solicit information from you, but also from your current carriers. We would dig into that information, do an analysis, and evaluate whether or not it made the most economical sense to move back to a fully insured arrangement, or if you were better off staying in a self-insured arrangement. Without having that data, it's almost impossible to know which option is best for you. With either decision we would absolutely help you work through that. There are transitional plans that have to be done in the event that you moved from one carrier to another or you changed funding arrangements. We would make sure that we were on top of all those transitional issues and that we understood your current stop loss contracts, whether or not you had runout claim provisions, whether there's protection on the back end, whether your current carrier is going to pay those runout claims, and how much it would cost you. We would look at all those transitional issues very carefully and that would all go into our decision or recommendation as to whether or not you should stay in your current funding arrangement or move back to the State plan or another fully insured plan.

Mr. Bobek: I'd go out on a limb here and just say that financially the price tag is probably lower to be self-funded rather than fully insured. You're going to avoid additional carrier retention profitability, the fully insured taxation, and the risk tolerance or risk margin that's going to be embedded inside any sort of fully insured rate. You're large enough that you should be a stable fully creditable population. A good set of data for 12 months, even looking back at before you were self-funded, is enough information that we would need to help you set a stable budget arrangement and talk to you about your stop loss options to cap your maximum liability situation and talk to you about the probability and the claim fluctuation margin so you have a sense of the number that we say is probably not going to end up on the penny, but how close do you think we will be. At your size, it's credible enough of a data set to place you within plus or minus 5%. I'd even say 2% to 3% not even seeing your data. I'm saying you're going to avoid a sliver of additional costs by staying self-funded. We will help walk you through that process. We will help look at your data and help you identify what financial gain there is. Can I go back to this other question about the commission? It's really difficult to carve out commission in voluntary products. It really is. It's different. We can talk about it, but that's why we talk about standard commission. Full transparency – that's where that language comes from.

Comm. Simmons: Assuming we moved forward with CBIZ, what would it look like with the rollout? Assuming we switched carriers, what would that rollout look like? Could you get that rollout done by July 1?

Mr. Booker: There are two rollouts we're talking about. One you choose your partner and then your partner works with you. We have a transition calendar that we have prepared to help you see visually what a transition might look like in the event that we moved forward. We thought that might be helpful. There are two documents there. The first document is a one-page document. That's the transition calendar itself. It's a truncated or condensed version of the calendar. There's a spreadsheet behind that that gets near the granular level about how the actual transition would work in consultation with the district's administration. Again, I think you'll find that helpful. To the

Commissioner's question, if we wanted to look at the initial sheet here, which is the one sheet with the blue, it provides a transition calendar on who's responsible for each row as you go down the calendar. You can see what it would look like to move things forward if that was indeed the decision of the Board. To talk about transition, Sue, I'm going to give you the floor to sort of talk through the calendar and give an idea to the members of how that would work. For those who want more detail, we can get more granular on the spreadsheet.

Ms. Wood: For planning purposes we would generally start a 7/1 renewal probably back in December or at the latest January. We would be getting a very late start in the planning of doing all of this. Rest assured we are confident that we can manage the process effectively and do everything that we need to do. We just have to work together and meet the deadlines. Like I said, we typically would start much earlier so we're compacting a lot of it. If we were awarded the business, we would want you to issue broker of record letters and consulting agreements so that we can begin to gather all of the information from the carriers as soon as possible. That way Nick can look at the data, analyze everything, and we can develop your strategic plan to move forward. Shortly after securing that information, we will obviously dig through it and then meet with you to go over our findings, what we expect our renewal outcomes to be, where we're headed, whether we would suggest or recommend that you stay self-insured and what that will look like going forward. Nick would do some projections so that you had a true budget. Based on your experience and on the data, he would give you a very viable budget and we'd work with the carriers, whether it's your current or new carrier, to make sure that we align the plans as closely as possible. We understand that you have unions. We understand. I've been through more contracts than I care to tell you about checking to make sure there's equal-to or better-than language. I'm very familiar with that and making sure that we're meeting all of your union contract requirements. Honestly, also educating your employees and making sure that we're meeting their needs. We have to get out and do open enrollment meetings. We have to educate them on the plans. In this detailed timeline we squished our timeline a little bit so that we could still accomplish everything that we needed to accomplish and keeping you abreast of everything that's going on so that you can send the budget to the Board and get the approval that you need. Is there anything in particular that you wanted me to elaborate on regarding the timeline or the process?

Mr. Yuen: For the Board and special counsel, we have an Express Scripts contract that has not been finalized effective July 1, 2018. We have intermediaries involved. We'd like to know what your approach would be to dealing with the intermediaries that may still remain on that piece of business. The Board is authorized to go into a two-year plus one option on that. Can you envision how you would deal with the intermediaries that are on that piece of business?

Mr. Booker: Just to make sure I'm clear, when to say intermediaries, are you talking about a consultant or broker that's involved there? Or are you talking about the carrier?

Mr. Yuen: We have a broker of record that obviously if this Board decides to move to a new broker of record that would no longer be an intermediary on that piece of business. In that program there's a company called Crumdale and another called Confidio. I don't know whether you're familiar with them, but I would like to know how you would envision working with that group of people.

Mr. Booker: I will answer that briefly and then I'll ask Nick to chime in. We're agnostic when it comes to the partners involved. Obviously, the Board saw fit to engage these folks and talking about our national pharmacy practice we would bring to bear our own

resources to be of assistance and to help with an ESI scenario to the extent that the Board wanted us to be involved. We think we can help there and we certainly would offer that assistance. What that might look like we play very nice in the sandbox. I don't foresee an issue there. Perhaps Nick can address your knowledge of those firms.

Mr. Bobek: We have established relationships with those organizations. One of the first things we don't want to do is disrupt. From the members' perspective we want to make sure that the continuity of benefits is consistent. We would eventually engage our pharmacy practice as our national resource to work with them specifically to collect the data, assess the contract you have set up now, what are the stipulations, how long is the contract term, and at what point do we think that we can engage you in better deal, what are the terms of those agreements, and what kinds of disruptions, if any, would an alternative agreement furnish. You can make a decision as to whether you want to remain in force with the current program or look at and explore other opportunities for better discounts, rebates and then better service provider. I don't know how closely tied you are to those organizations or how your employees feel about those organizations, but that qualitative factor is also just as important.

Mr. Booker: I would just add that the pharmacy area is one of the areas that I would say is the last bastion of smoke and mirrors when it comes to employee benefits. Unless you know the tricks of the trade, how the contracts are constructed and what the definitions in the contract actually are, it's difficult to get to the bottom of it. I'm passionate about a pharmacy because I know that's an area where there's often a lot of fat. If you know where to look for it, you can find it. We do. Along with Nick and my colleagues, we enjoy tearing apart these contracts and finding every dollar and every dime for our clients. We are agnostic when it comes to those relationships. There are times when the carriers like us and there are times when they don't. We don't work for them. We work for our clients. That's an important distinction I wanted to raise.

Mr. Bobek: Our national practice leader sits in Arizona. He's a pharmacist by trade. He came to us from Mercer. He worked for Mercer and their coalition from many years. He's with CBIZ. His father was a business union president in Arizona and he's been with us now for five years. He has an extensive team that sits all over the country and he's a very knowledgeable guy. The one thing I forgot to mention earlier is that my role for you in a conduit to our pharmacy practice, our actuarial services, and playing quarterback amongst those other financially coordinated types of competencies.

Comm. Castillo: Thank you so much. I don't think anyone has any more questions. We appreciate your time. I know we ran a little bit late.

PUBLIC COMMENTS

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

Mr. Monther Harb: I got a phone call. This is something you guys want to hear. My niece goes to this school right here on East Railway. Her mother said Monther, this school you have to help me. She was going to come to our Board meeting in May to complain but I told her not to come because we don't have anything to do with the charter school.

It was moved by Comm. Simmons, 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.

MOTION TO GO INTO EXECUTIVE SESSION TO DELIBERATE ON PROPOSALS FOR BROKER OF RECORD FOR HEALTH BENEFITS

It was moved by Comm. Simmons, seconded by Comm. Redmon that the Board goes into executive session to deliberate on proposals for broker of record for health benefits. On roll call all members voted in the affirmative. The motion carried.

The Board went into executive session at 8:25 p.m.

The Board reconvened the meeting at 9:45 p.m.

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

The meeting was adjourned at 9:46 p.m.