

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

April 12, 2019 – 3:41 p.m.
Administrative Offices

Presiding: Comm. Oshin Castillo, President

Present:

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

Comm. Emanuel Capers
Comm. Eddy Olivares
Comm. Joel Ramirez

Comm. Nakima Redmon, Vice President
Comm. Robinson Rondon
*Comm. Kenneth Simmons

Absent:

Comm. Jonathan Hodges
Comm. Manuel Martinez

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 12, 2019 at 3:30 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.

Comm. Castillo: First of all, I want to thank all the Board members for making it in. I know it's a Friday afternoon, so we're going to try to get you out as quickly as possible.

*Comm. Simmons enters the meeting at 3:44 p.m.

HEALTH BENEFITS UPDATE

Mr. Murray: Thank you, Madam President. First, as I indicated to the Commissioners when the call was made to set the meeting, Charles Yuen received on Tuesday at about 4:35 an email from Liberty which indicated if the plan document, that is the underlying description of your health benefits plan, was not signed by the close of business Friday, Gerber would be called upon to recalculate the stop loss insurance. It also came to our attention and we have gotten some bits and pieces earlier that Gerber had not been paying. Closer to the next day, Charles learned that there might have been about \$1.5 million that we're owed. There was a need to move forward and take action on the plan document. Charles, maybe you want to come up here. It might be easier. You'll see that Mr. Yuen is carrying what looks like about five copies of a document. That's not five copies. That's one copy of the plan document and that's been something that he has been working on now for some time. We've been demanding the full document for a long time. We had a lot of problems getting it. It should have been available as early as July 1 when we started the program. We're here today. What's important is to take action today as far as the plan document is concerned. The second part, and at one point it appeared that there might be a requirement for action also with finality by today, has to do with Express Scripts. Charles has been able to further clarify and that need not be finished today. That's significant because Charles has been able to make significant breakthrough on the duration. There are still a number of clauses that have to be resolved, non-financial, but key as to whom your representatives would be and I don't mean legal representatives. I mean those who would have contracts providing various and sundry services. That still can be negotiated and so there's a second resolution – Charles will address that as well – which does not finalize the contract. The first one does. The second one establishes a framework so that Charles can move forward and complete it, and the Business Administrator is then authorized to sign it. Charles, let me turn it over to you for the more specifics. If there are any questions, I would ask Madam President in the interest of time they be directed as they arise to Charles.

Mr. Charles Yuen: Thank you, Mr. Murray. I think the procedure here would be to explain what is in the proposed resolution. I believe I would be reading the resolution in and then you would vote on it. Is that right?

Mr. Murray: Yes.

Mr. Yuen: The first resolution, as Mr. Murray said, we found out from a representative of Gerber through a letter that there was a need for a signed plan document. We tracked down the original plan documents that were provided to United Management Experts back in June and July of 2018. There's no change in these documents. As a matter of due diligence, I went and asked the people who put those documents together to verify that they had put those documents together to reflect exactly what had been in place for the members prior. I have here to show you what they had put together. Since then, they have been using these documents as the plan documents. Now the only difference would be the signature. The resolution will authorize the Board President to sign these documents so they can be presented as formal documents to Gerber. We have the Paterson Public Schools Health Benefits HMO, HDHP, PPO, and prescription only plans. These will be the ones signed. As you can see, they're very thick documents, but they are different plans, but that's what Gerber requires. At my seat back in the audience I have another of the plan documents from which these were derived. The original plan documents were with Horizon and Aetna. WebTPA, using consultants, took those documents and put them onto this other paper. They took those

and where there was some kind of divergence between CIGNA and Aetna, they chose the CIGNA language for the most part because most members were in Horizon. We now have the derived four plans. Without further ado, unless there are any questions, I can proceed to read this resolution.

Comm. Castillo Are there any questions?

RESOLUTIONS FOR A VOTE:

Resolution No. 1

WHEREAS, the Gerber Life Insurance Company excess “stop loss” insurance policy requires furnishing signed copies to Gerber of the Paterson Public Schools Health Benefit Program Plans which became effective July 1, 2018, and

WHEREAS, the district’s third party administrator WebTPA has confirmed that the following Paterson Public Schools Health Benefit Program Plan documents were drafted and finalized by WebTPA, with the assistance of a consultant to WebTPA, and with the express directed intent that they provide benefits equal to the benefits provided by the relevant and identified Horizon and Aetna administered plans in effect during 2018: (1) PPO (v06292018) (110 pages); (2) HMO (v06292018) (111 pages); (3) HDHP (v07022018) (111 pages); and (4) Prescription Only (v07022018) (85 pages), and

WHEREAS, WebTPA has confirmed that the four documents evidencing the Paterson Public Schools Health Benefit Program Plans have been used by WebTPA to date to administer benefits during the fiscal year effective July 1, 2018; and

WHEREAS, the district’s broker of record Liberty Benefit Advisors, LLC has advised the Board that the four documents evidencing the Paterson Public Schools Health Benefit Program Plans were already provided to Gerber through an intermediary; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Education President is authorized to sign the four documents evidencing the Paterson Public Schools Health Benefit Program Plans so they can be provided to Gerber to comply with Gerber’s requirements.

Comm. Redmon: The versions he read into the record are the ones from the prior year, not the current year.

Mr. Yuen: These were based on the year prior. Horizon had provided me with documents from Aetna and Horizon. If that was a mistake, then that's a mistake.

Mr. Murray: As Charles was explaining, if we go back to the old system you had multiple options that an employee could select. This is the time for the questions and the time for precision.

Mr. Yuen: Are there any other questions?

Comm. Capers: Isn't the district receiving money back for this?

Mr. Yuen: The plan documents are a requirement of the underwriting for the stop loss insurance policy. They are technically not documents for which anyone would be

getting money back on signature. However, the life insurance stop loss policy insures the plan documents. If within that policy the payments go over a certain amount within the policy, then the policy will pay instead of the district. The Express Scripts is the subject of the other resolution. These are different documents. Is there anything else?

Comm. Castillo: Do you want to go into the next one? Or do you want to take them both separately?

Mr. Murray: Let's do them separately.

It was moved by Comm. Redmon, seconded by Comm. Ramirez that Resolution No. 1 be adopted. On roll call all members voted in the affirmative. The motion carried.

Paterson Board of Education Standing Abstentions

Comm. Capers

- Self
- 4th and Inches
- Westside Park Group
- Florio Management Company (ACES Program receives donations)

Comm. Castillo

- Self
- Passaic County
- Scholastic/Jordan (Transportation)

Comm. Hodges

- Self
- Jumpstart
- City of Paterson

Comm. Martinez

- Self
- New Jersey Community Development Corporation (NJCDC)

Comm. Olivares

- Self

Comm. Ramirez

- Self
- Berkeley College

Comm. Redmon

- Self
- Historic Preservation of the City of Paterson
- County of Passaic

Comm. Rondon

- Self

Comm. Simmons

- Self
- Family

Mr. Yuen: With that, we will now turn to the second resolution, which is a resolution to finalize the Express Scripts contract. The basis for this was by resolution on June 20, 2018. The Board of Education authorized the district to enter into one-year contracts for the health benefits program. Three of the contracts were executed and there was one remaining contract which was the Express Scripts contract. Express Scripts gave us a three-year program and basically said take it or leave it. The district was not able by resolution. There was a question as to whether what Express Scripts was doing constituted insurance. There was a debate about that. Over time, we have resolved that issue with Express Scripts having a two-year contract with a one-year option for the district becoming acceptable to Express Scripts. The cost remains the same. The rebates and so forth that are in that contract remain the same. If the district votes in favor of that the savings that were proposed to the Board upon entering into the original Express Scripts contract should be there. I would have to say that while the Express Scripts program has been in place for the members, there was what we call letter of intent. It wasn't done without any contract at all. We will be putting into effect an official version signed. That is a requirement in order to get these rebates and the other benefits of the program that are financial. There won't be any change to the members. They will see the same services. The one thing that's going to be very different is that you'll now be agreeing to the two-year with option, as opposed to the one-year that was authorized by resolution on June 20, 2018. In order to get those rebates, there's not an option of going with the one-year. If there are any questions, I can take them. Otherwise, I'll proceed to read the resolution.

Resolution No. 2

WHEREAS, by resolution on June 20, 2018 the Board of Education authorized the District to enter into a one-year initial term with Express Scripts Holding Company for a pharmacy network with home delivery of pharmaceutical products, effective July 1, 2018 and renewable to the extent permitted by law; and

WHEREAS, the awarding of such a contract would fulfill the requirements for an Extraordinary Unspecifiable Service (N.J.S.A. 40A:11-5(1)(a)(ii)), for the reasons stated by the Board in the resolution of June 20, 2018; and

WHEREAS, Express Scripts instead proposed a three-year initial term; and

WHEREAS, prior to July 1, 2018 the issue of initial term was not resolved; and

WHEREAS, Express Scripts, without a formal contract, began to provide pharmacy-related services to the District effective July 1, 2018; and

WHEREAS, Express Scripts has recently agreed to an initial twenty-four (24) month term, with an option for the District to extend the contract for one year, within a proposed contract for the period effective July 1, 2018; and

WHEREAS, the District's broker of record Liberty Benefit Advisors, LLC has reviewed the remaining proposed terms of Express Scripts' proposed contract and has advised that such terms are commercially reasonable and are capable of providing the savings

which were expected to be obtained for the District by moving the program to Express Scripts; and

NOW, THEREFORE BE IT RESOLVED, that the School Business Administrator is authorized to work with special counsel to complete the agreement with Express Scripts Holding Company or an Express Scripts affiliate for a 24-month term which may be renewable for one year or the extent permitted by law, and upon approval by special counsel, execute same on behalf of the Board.

It was moved by Comm. Redmon, seconded by Comm. Simmons that Resolution No. 2 be adopted. On roll call all members voted in the affirmative. The motion carried.

Paterson Board of Education Standing Abstentions

Comm. Capers

- Self
- 4th and Inches
- Westside Park Group
- Florio Management Company (ACES Program receives donations)

Comm. Castillo

- Self
- Passaic County
- Scholastic/Jordan (Transportation)

Comm. Hodges

- Self
- Jumpstart
- City of Paterson

Comm. Martinez

- Self
- New Jersey Community Development Corporation (NJCDC)

Comm. Olivares

- Self

Comm. Ramirez

- Self
- Berkeley College

Comm. Redmon

- Self
- Historic Preservation of the City of Paterson
- County of Passaic

Comm. Rondon

- Self

Comm. Simmons

- Self

- Family

Comm. Castillo: I have here for number three to approve any related matters.

Mr. Murray: There are no other matters. That was in case the last-minute discussions with Liberty produced another letter or something else. That was a holding place on our agenda. Nothing further is required.

PUBLIC COMMENTS

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

No speakers.

It was moved by Comm. 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.

ADJOURNMENT

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

The meeting was adjourned at 4:02 p.m.