

October 27, 2015

RESOLUTION

WHEREAS, on or about September 17, 2013, the Township of West Orange Council authorized the Township of West Orange (the "Township") to enter into a Contract for Employee Prescription Drug Insurance (the "Agreement") with Benecard Services, Inc. ("Benecard"); and

WHEREAS, the Agreement was thereafter renewed for a term from November 1, 2014 through October 31, 2015; and

WHEREAS, the Township seeks to renew the Agreement for a term from November 1, 2015 through December 31, 2016 (the "Renewal"); and

WHEREAS, the terms and conditions of the Renewal are set forth in the renewal letter dated October 20, 2015, annexed hereto as Attachment "A," including the monthly rates;

NOW, BE IT HEREBY RESOLVED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF WEST ORANGE, that the Township shall and hereby does authorize the Renewal, on the terms and conditions set forth in the renewal letter annexed hereto as Attachment "A"; and be it further

RESOLVED, that the Mayor be and is hereby authorized to execute all documents necessary to effectuate the Renewal; and be it further

RESOLVED that the a copy of this resolution shall be published and made available in the Clerk's Office for reasonable inspection in accordance with applicable law.

I hereby certify funds are available from:

Account No.

John Gross,
Township Chief Financial Officer

Karen Carnevale
Township Clerk

Honorable Jerry Guarino
Council President

Dated:

Adopted:
4825-3841-9497, v. 1

ATTACHMENT “A”

October 27, 2015

BENECARD®

Benecard Services, LLC

October 20, 2015

Mr. Ryan Graham
Fairview Insurance Agency
25 Fairview Avenue
Verona, NJ 07044

Re: **Benecard®** Prescription Benefit Program, Township of West Orange 14-Month Renewal

Dear Ryan,

Benecard is pleased to have an opportunity to offer its prescription benefit administration services to the Township of West Orange for another year. Benecard has built our reputation on providing risk free, quality & sound prescription benefit administration services to our clients and their members over the past 20+ years by providing:

- a combination of aggressive network management & effective clinical cost management programs resulting in lower than average national and regional trends
- accurate forecasts & stable annual renewal quotations
- a comprehensive reporting package and expert advice on the next steps to take

Benecard has reviewed the prescription benefit program activities to date for the current plan year and the new rates effective November 1, 2015 expiring December 31, 2016 will reflect an overall increase of approximately 14%. This increase is directly attributable to a few members who have serious illnesses that require expensive drug treatment (e.g. Leukemia, Multiple Sclerosis, Osteoporosis and Infertility). This quote will remain valid for (60) days.

The quoted renewal rates provided below do not account for any Federal and/or State government programs, fees, taxes or regulations including, but not limited to, the Patient Protection and Affordable Care Act with the exception of certain preventive health services and coverage for dependents to the age 26. The quoted renewal rates also assume that the present benefit design, co-pay structure, and participation level will remain unchanged. Should any of these factors change during the contract period, Benecard reserves the right to re-rate this program. The proposed rates include insurance carrier charges by Heartland Fidelity Insurance Company pursuant to coverage for your Benecard contract. These charges guarantee program costs by the carrier for the contract period.

Benecard Client ID# **1625** – Group #'s **1000/1098/1099/2000/2098/2099**

Retail Co-pay: \$12 Brand / \$5 Generic

Retail Day Supply Limitations: 1-30 days = 1 co-pay; 31-60 days = 2 co-pays; 61-90 days = 3 co-pays

Mail Order Co-pay: \$0 Brand / \$0 Generic

Mail Order Day Supply Limitation: up to 90 days

2015 Out of Pocket Limit (separate): \$6,200 for individual and \$12,400 for family

2016 Out of Pocket Limit (separate): \$6,450 for individual and \$12,900 for family

Coverage	<u>Single</u>	<u>Parent/Child</u>	<u>Parent/Children</u>	<u>Member/Spouse</u>	<u>Family</u>	<u>Totals</u>
Current Census	59	3	3	31	37	133
Monthly Rates	223.61	547.38	547.38	447.21	849.71	
14-Month Program Cost Based on Current Census						864,921

Over Age Dependent Rate for 11/1/2015 - 12/31/2016 **\$178.36**

Should the proposed rates change at any point during the 2015/2016 contract period the overage dependent rate will be changed accordingly.

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Page 2, **Benecard®** Prescription Benefit Program, Township of West Orange 14-Month RenewalBenecard Client ID# **1625** – Group #'s **3000/3098/3099/4000/4098/4099/5000/5098/5099**

Retail Co-pay: \$20 Brand / \$10 Generic

Retail Day Supply Limitations: 1-30 days = 1 co-pay; 31-60 days = 2 co-pays; 61-90 days = 3 co-pays

Mail Order Co-pay: \$2 Brand / \$2 Generic

Mail Order Day Supply Limitation: up to 90 days

¹ 2015 Out of Pocket Limit (separate): \$6,200 for individual and \$12,400 for family¹ 2016 Out of Pocket Limit (separate): \$6,450 for individual and \$12,900 for family

Coverage	<u>Single</u>	<u>Parent/Child</u>	<u>Parent/Children</u>	<u>Member/Spouse</u>	<u>Family</u>	<u>Totals</u>
Current Census	24	2	5	14	92	137
Monthly Rates	204.84	501.48	501.48	409.71	778.45	
14-Month Program Cost Based on Current Census						1,200,918

Over Age Dependent Rate for 11/1/2015 - 12/31/2016 **\$163.39**

Should the proposed rates change at any point during the 2015/2016 contract period the overage dependent rate will be changed accordingly.

Benecard Client ID# **1625** – Group #'s **7100/8100/9100**

Retail Co-pay: \$21 Preferred Brand / \$9 Generic / \$41 Non-Preferred Brand

Retail Day Supply Limitations: 1-30 days = 1 co-pay; 31-60 days = 2 co-pays; 61-90 days = 3 co-pays

Mail Order Co-pay: \$31 Preferred Brand / \$10 Generic / \$52 Non-Preferred Brand

Mail Order Day Supply Limitation: up to 90 days

¹ 2015 Out of Pocket Limit (separate): \$1,222 for individual¹ 2016 Out of Pocket Limit (separate): \$1,222 for individual and \$12,900 for family

Coverage	<u>Single</u>	<u>Parent/Child</u>	<u>Parent/Children</u>	<u>Member/Spouse</u>	<u>Family</u>	<u>Totals</u>
Current Census	135	2	2	127	66	332
Monthly Rates	263.84	645.85	645.85	527.65	1,002.55	
14-Month Program Cost Based on Current Census						2,399,343

Over Age Dependent Rate for 11/1/2015 - 12/31/2016 **\$210.45**

Should the proposed rates change at any point during the 2015/2016 contract period the overage dependent rate will be changed accordingly.

¹ The Affordable Care Act requires the Township of West Orange health benefits program implement an out-of-pocket (OOP) limit to protect individuals from excessive OOP expenses on all essential health benefits on or after January 1, 2015. The OOP limits represented above are based on the Township of West Orange's request to have a separate prescription OOP and at these required dollar limits. It is our understanding that the Township of West Orange's acceptance of this proposal is based on their request to have a separate OOP limit combined with all other essential health benefit OOP limits that does not exceed the annual limitation on the OOP's for that year as outlined by the Department of Labor. For Group #'s 1000 through 5099, the prorated Rx OOP limits will be \$1,033 individual / \$2,066 family beginning November 1, 2015 and expiring December 31, 2015. Beginning January 1, 2016 and expiring December 31, 2016 the full Rx OOP limits for Group #'s 1000 through 5099 will be \$6,450 individual / \$12,900 family. For Group #'s 7100, 8100, and 9100 the full Rx OOP limits will be \$1,222 individual / \$12,900 family. The Rx OOP limits are subject to change if the ACA OOP limits are modified. Benecard reserves the right to re-rate the Township of West Orange's prescription benefit program if the client modifies or implements a different copayment level, coinsurance, deductible or any other benefit design change, including a change to the OOP amount that differs from what was used for underwriting purposes to develop for the quotation provided herein or enacts a change after inception of the new policy start date.

We aggressively manage program costs for our clients while working within the confines of their benefit design. However, as you know, a key to successfully managing prescription benefit costs is implementing plan design and co-payment changes that control over-utilization and expenditures on higher priced medications. If Township of West Orange is preparing for collective bargaining or budgeting costs, please do not hesitate to call on us to develop a customized benefit analysis. Benecard offers benefit modeling services to its clients in which we provide recommendations for a variety of plan modifications.

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Along with the recommendations, Benecard will identify both the potential program cost impact and the possible impact benefit changes could have on plan participants if implemented.

Depending on existing benefit features and utilization patterns carefully planned benefit modifications can result in savings ranging from 5% to 25% of program costs. We work closely with our clients and their professional benefit consultants to deliver a benefit plan that is consistent with their human resource and budgetary objectives.

We look forward to continuing to provide the highest quality of client and participant services during the coming plan year, and to continue our longstanding relationship based on quality of service and careful program cost management. Do feel free to contact me should any questions arise regarding this renewal proposal.

Very truly yours,

Barbara Seifert
Client Relations Manager

cc: Raj Kapoor, Client Services Director
Kelly Monahan, Client Services Director
Julie Graham, Fairview Insurance Agency