

LEGAL NOTICE

TOWNSHIP OF PARSIPPANY-TROY HILLS MUNICIPAL ORDINANCES

NOTICE OF INTRODUCTION

NOTICE IS HEREBY GIVEN, that the following Ordinance was submitted in writing at a Meeting of the Township Council of the Township of Parsippany-Troy Hills, in the County of Morris and State of New Jersey, held on **June 9, 2016** introduced and passed on first reading and the governing body will further consider the same for second reading and final passage thereof at a Meeting to be held on **July 5, 2016** at 7:30 p.m., prevailing time, or as soon thereafter as the matter may be reached, at the Municipal Building in said Township at which time and place a Public Hearing will be held thereon by the governing body, and all persons and citizens in interest shall have an opportunity to be heard concerning same. A copy of this ordinance has been posted on the Bulletin Board in the Municipal Building. During the week prior to and up to and including the date of such meeting, copies of said Ordinance will be made available at the Clerk's Office in said Municipal Building to the members of the general public who shall request the same.

KHALED MADIN
Township Clerk

TOWNSHIP OF PARSIPPANY-TROY HILLS MORRIS COUNTY, NEW JERSEY

ORDINANCE NO. 2016:14

AN ORDINANCE OF THE TOWNSHIP OF PARSIPPANY-TROY HILLS, IN THE COUNTY OF MORRIS, NEW JERSEY, ESTABLISHING A SELF INSURANCE PLAN AND FUND FOR EMPLOYEE HEALTH BENEFITS AND CREATING A BOARD OF FUND COMMISSIONERS AS REQUIRED BY LAW

WHEREAS, the Township Council of the Township of Parsippany-Troy Hills (the "Township") has determined that providing for a partially self-funded health insurance program for its employees will be an efficient and cost effective method of providing such benefits to its employees; and

WHEREAS, such a program is authorized by N.J.S.A. 40A:10-6e; and

WHEREAS, as part of the establishment of such a program it is required by N.J.S.A. 40A:10-8 that a board of fund commissioners be created to oversee the safe and proper

administration of such a fund;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED, by the Township Council of the Township of Parsippany-Troy Hills, County of Morris, State of New Jersey, as follows:

SECTION 1: Establishment of Plan and Fund.

There is hereby established a self-funded health insurance plan for Township employees to be known as the “Township of Parsippany-Troy Hills Self-Funded Insurance Plan” (the “Plan”). There is further established in accordance with the provisions of N.J.S.A. 40A:10-6, *et seq.* an insurance fund to be known as the “Township of Parsippany-Troy Hills Self-Insurance Fund” (the “Fund”). The Plan and the Fund shall be operated and maintained in accordance with the terms of: (i) N.J.S.A. 40A:10-6, *et seq.*; (ii) this Ordinance, the agreement between the Township and its Third-Party Administrator (“TPA”), any final non-appealable directives issued by a governmental agency with respect to the Plan (collectively, the “Plan Documents”); and (iii) the rules and regulations promulgated by the Department of Community Affairs.

SECTION 2: Establishment of Fund Commission.

There is hereby established in accordance with the requirements of N.J.S.A. 40A:10-8, a Fund Commission (the “Commission”) consisting of the Township Business Administrator, the Township Chief Financial Officer, and one official of the Township and a secretary of the Commission to be appointed by the Mayor, with the advice and consent of the Township Council. The Commissioners shall hold office for two (2) years or for the remainder of their term as officials, whichever is less, and until their successors shall have been duly appointed and qualified. The Secretary shall serve at the pleasure of the Commission. The Commissioners shall serve without compensation. The compensation of the secretary, if any, shall be established and authorized by the Township Council. Vacancies occurring on the Commission shall be filled for the unexpired term through appointment by the Mayor. The Commissioners shall forthwith after appointment organize for the ensuing year by electing a Chairman from among their membership.

SECTION 3: Powers and Authority of Commission.

In order to maintain the efficient, professional and actuarially sound operation of the fund, the Township will contract with a qualified TPA to assist the Township and the Commission in the proper design and administration of the Plan. Subject to consultation and review by the Mayor, the Commissioners shall have the power and duty to oversee the TPA, adopt rules and regulations for the control and investment of the Fund, assure that the Fund has sufficient funds for payment of losses and claims, invest assets of the Fund in accordance with the Township’s established investment policy and as provided by law and approved by the Township CFO, and assure the proper operation of the Plan and the Fund consistent with their purpose. The Commission shall have the authority to authorize and effectuate the payment of Fund-related claims and take such other action as is necessary to effectuate the Fund and the contract with the TPA regarding the Fund.

SECTION 4: Purpose of the Fund.

The purpose of the Fund is to hold, manage and distribute funds in accordance with the Plan Documents. The Fund exists to pay healthcare claims and related expenses covered by the Plan and the Fund shall not be used for any other purpose.

SECTION 5: Reserve for Claims.

The Commissioners and the TPA shall cause the Fund to achieve a reasonable reserve of up to one (1) year of claims payments to assure that sufficient assets are available to continue to pay all claims and expenses in a high claims year.

SECTION 6: Plan Requirements – Administration of Claims.

Claims shall be administered and paid, after review, by the TPA in accordance with the TPA administration contract. The TPA shall assure that all Township employees covered by the Plan are fully informed as to the proper procedure for submitting claims and that all notices required by law with respect to the Plan are promptly provided to the plan participants.

SECTION 7: Plan Requirements – Additional and Excess Coverage.

The Township, directly or through the TPA, shall arrange for the purchase of “Stop Loss” or “Excess” coverage in order to provide ascertainable limits to the liability of the Fund. Such coverage shall include, but need not be limited to, coverage for catastrophic illness for plan participants, aggregate coverage (below catastrophic coverage) to assure that the Plan’s risk level is capped at a maximum amount as established by the Township in consultation with the Commissioners and the TPA, and run-out coverage to allow claims incurred during the plan year to be paid out for a period of three months after the end of the plan year. The Plan shall also include a requirement that the Township shall, directly or through the TPA, contract for Liability Insurance pursuant to the Employee Retirement Income Security Act of 1974 (“ERISA”), which shall include responsibility for handling all second level appeals.

SECTION 8: Appeals.

Appeals from denial of claims shall, in the first instance, be reviewed by the TPA. In considering appeals, any relevant supplemental information provided by the plan participant or the service provider shall be considered. Second level appeals shall be handled by a third party retained to review appeals on an independent basis according to the Plan Documents. In order to assure that the Plan is consistently, fairly and equitably administered, the approval or denial of individual claims shall in all cases shall be determined by the terms of the Plan.

SECTION 9: Annual Review; Open Enrollment Period.

The Commission shall annually, in consultation with the Township Council and coordination with its TPA and other professional consultants, review and evaluate the Plan, and evaluate the

Plan in comparison to plan designs offered by the New Jersey State Health Benefit Plan. The base plan option of the Township's Plan shall be modified to mirror the design of the base plan option offered by the State Health Benefit Plan. This review shall occur at the same time as the annual open enrollment period. At no time will the Township be required to offer base plan benefits greater than those offered by the State Health Benefit Plan.

SECTION 10: Continuation of Fund; Termination.

The Fund shall continue from year to year without lapse until the self-fund insurance plan is terminated by action of the Township Council. In the event of such a termination, after payment of all claims and expenses of the Plan, any fund balance remaining shall revert to the Township's general fund.

SECTION 11. If any part(s) of this ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereby shall not affect the remaining parts of this ordinance.

SECTION 12. This Ordinance shall take effect upon passage and publication in accordance with applicable law.