

**MINUTES OF THE MEETING OF THE  
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD  
AT THE OFFICES OF THE  
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE  
TRENTON, NEW JERSEY  
December 16, 2009**

**Members present in Trenton:** Darrel Farkus (United/Oxford); Neil Vance (DOBI); Dutch Vanderhoof.

**Members participating by phone:** Thomas Collins; Gary Cupo (*joined at 10:25*); Alan Maesaka (Aetna); Margaret Koller; Christine Stearns; James Stenger; Neil Sullivan (Horizon); Tony Taliaferro (AmeriHealth); Joseph Tricarico (DHSS).

**Others participating:** Ellen DeRosa, Executive Director; Rosaria Lenox, Program Accountant; DAG Vicki Mangiaracina (DLPS); Chanell McDevitt, Deputy Executive Director.

**I. Call to Order**

E. DeRosa called the meeting to order at 10:05 A.M. E. DeRosa announced that notice of the meeting had been published in two newspapers and posted at the Department of Banking and Insurance (“DOBI”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. She noted that votes would be by roll call, because so many members of the Board were participating by telephone off-site. Following a roll call, she determined a quorum was present.

**II. Public Comments**

Sanford Herman presented comments to the Board, noting the completion of the acquisition of HealthNet of the Northeast (which includes HealthNet of New Jersey) by UnitedHealthCare, which consequently, eliminated HealthNet’s eligibility to participate on the SEH Board separate and apart from UnitedHealthCare under the terms of the law.<sup>1</sup> S. Herman expressed his gratitude for the opportunity to serve the citizens of New Jersey both as a representative of HealthNet, and earlier in his career and the collective history of the SEH and Individual Health Coverage Boards, as a representative of The Guardian Life Insurance Company. Board members expressed their appreciation of S. Herman’s work on the Board.

**III. Minutes – October 21, 2009**

**J. Stenger made a motion to approve the open session minutes for October 21, 2009 with amendments. D. Vanderhoof seconded the motion, and the Board voted in favor of the motion, with J. Tricarico and N. Vance abstaining.**

**IV. Report of Staff**

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<sup>1</sup> Affiliated companies are not permitted to occupy more than one seat on the SEH Board.

*Expense Report*

R. Lenox discussed the Board's expenses for December of 2009, totaling \$6,604.51, which included charges from the Division of Law and charges for services provided by Great Plains necessitated by the DOBI decision to transfer the agency's operating system from Microsoft Vista back to Microsoft XP.

**J. Stenger made a motion, seconded by T. Collins, to approve payment of the expenses set forth on the December 2009 expense report. The motion passed by unanimous vote.**

*Premium Rate Comparison Survey*

N. Vance provided a summary of the DOBI's Annual Premium Rate Comparison Survey for small employers, along with the information to be posted on the Internet. N. Vance noted that the rate increases for the survey's fictitious group were higher than what has been seen in several years. He reported that previously reported information from the 2008 Exhibit GG Loss Ratio reports indicates that the average loss ratio increased to 85% -- higher than the traditional 80%. N. Vance explained that, for prospective rates, both claims experience and carrier expectations -- meaning, trend and target loss ratio -- are considered. He further stated that, if history shows that the average loss ratio increased by 5%, carriers would typically increase rates by that much and an additional 10% to 15% for trend, in order to reach the current 80% statutory loss ratio.

**VI. Report of the Finance and Audit Committee (FAC)**

R. Lenox reported that the FAC had reviewed the SEH Board's financial statements for the period ending September 30, 2009, and had recommended acceptance of the reports. She provided a brief summary of the reports to the SEH Board, including the Statement of Net Assets, Statement of Changes in Net Assets and Statement of Cash Flows. She also presented the comparison of the budget for fiscal year 2010 with actual expenditures, noting that \$198,470 remained from expenditures from the current budget of \$262,900.

**VII. Public Comments**

There were no public comments

**VIII. Close of Meeting**

**J. Stenger offered a motion to adjourn the Board meeting, which was seconded by T. Collins. The Board voted unanimously in favor of the motion.**

*[The meeting adjourned at 10:27 A.M.]*