

FINAL
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
January 15, 2020

Members participating: Herb Ames; Robert Benkert (Oxford); Natalie Bernardi (Cigna); Chrissy Buteas; Gary Cupo; Philip Gennace (DOBI); Margaret Koller; Kristen Jarosz (Horizon); Thomas Pownall (Aetna); Tony Taliaferro (AmeriHealth).

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Financial Manager; Jeff Posta, Deputy Attorney General.

I. Call to Order

E. DeRosa called the meeting to order at 10:00 A.M. She announced that notice of the meeting was provided to three newspapers of general circulation and the State House Press Corps, and posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, and at the Office of the Secretary of State in accordance with the Open Public Meetings Act. Following a roll call, she determined there was a quorum present, and stated that all votes would be by roll call because some of the Board members were participating by phone.

II. Public Comments

There was no public present.

III. Review of Minutes of December 18, 2019

M. Koller made a motion, seconded by T. Pownall, to approve the minutes of the meeting of December 18, 2019, without amendment. By roll call vote, the motion carried, with C. Buteas and P. Gennace abstaining.

IV. Report of the Finance & Audit Committee (FAC)

E. DeRosa reported the FAC met with WithumSmith+Brown (WSB) to discuss WSB’s draft audit report with respect to the SEH Program for the fiscal year ended June 30, 2019. She noted that WSB issued its draft report without qualification, and there were no findings of significant or material deficiencies. She explained she expected WSB to issue a final report shortly, and it would be posted to the Board’s website.

V. Loss Ratio Report

Seong-Min Eom, Chief Actuary for the DOBI, presented the loss ratio and refund report for the SEH Program for calendar year 2018. She highlighted the following:

- The loss ratio for the market came in at 80.5%, lower than the loss ratio had been in the CY2017 and CY2016.

- Loss ratios ranged among market participants from a low of 39.6% for Cigna Health and Life – which had almost no enrollment during that calendar year and was withdrawing from the market – to 142.1% for Aetna Life – which also was withdrawing from the market.
- None of the carriers owed a refund for CY2018 based on the Federal MLR calculation.
- Eight of the 11 carriers owed a refund for CY2018 based on New Jersey’s loss ratio calculation.
- The total market refund for CY2018 was \$44,508,021, and was required to have been distributed by December 31, 2019.

She also noted differences between the Federal MLR and New Jersey loss ratio calculation:

- New Jersey’s calculation is based on a single year of business, while the federal calculation uses three-year rolling averages.
- New Jersey requires risk adjustment transfers to be allocated to premium, while the federal calculation allocates the risk adjustment transfers to claims.
- New Jersey and the Federal MLR treat quality improvement expenses differently as well.

VI. Staff Report

E. DeRosa reported there were no expenses, and she had no update on the publication of the policy form amendments approved for proposal by the SEH Board.

VII. Public Comments

There was no public present.

VIII. Close of Meeting

G. Cupo made a motion, seconded by M. Koller, to close the meeting. By roll call vote, the motion carried.

[The meeting adjourned at 10:15 A.M.]