

**MINUTES OF THE MEETING OF
THE NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
AT THE OFFICES OF THE NEW JERSEY DEPARTMENT
OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
January 8, 2002**

Directors Participating: Darrel Farkus (Oxford Health Insurance); Frank Giannattasio; Sandy Herman (Guardian); Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance); Mary McClure (Aetna U.S. Healthcare); Eileen Shrem; Lisa Yourman.

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Ward Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 10:00 a.m. He announced that notice of the meeting had been sent to three New Jersey newspapers and posted at the Department of Banking and Insurance and on the Department's web site and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Hearing

Before beginning with the regular business of the Board meeting, W. Sanders said that the public hearing to receive comments on the Board's proposal to amend Plan A/50 to allow carriers to offer deductibles of \$5,000 and \$10,000 was scheduled to be held beginning at 10:00 a.m. He noted that written comments would be accepted until February 2, 2002. He asked if any person present would like to offer comments on the rule proposal. No comments were offered. W. Sanders said the hearing would remain open during the Board meeting in the event someone wishing to comment should arrive.

E. DeRosa explained that the \$5,000 and \$10,000 deductibles would be optional for carriers to offer with Plan A/50. She said a couple of people called her asking if the deductibles were optional or whether all carriers must offer these options. She said the adoption notice would emphasize the optional nature of the \$5,000 and \$10,000 deductibles.

III. Board Elections

Board Seats

W. Sanders reported that Horizon Blue Cross Blue Shield of New Jersey and Oxford Health Insurance Company won the elections for the two Board seats whose terms expired.

Since the January Meeting was designated as the Annual meeting, W. Sanders said the Board would be voting on Board officers and the composition of Committees.

Board Officers

S. Herman nominated M. McClure to serve as Chair of the IHC Program Board. E. Shrem seconded the motion. The Board voted in favor of the motion with M. McClure abstaining.

D. Farkus nominated L. Yourman to serve as Vice Chair of the IHC Program Board. M. McClure seconded the motion. The Board voted in favor of the motion with L. Yourman abstaining.

Committees

The Board reviewed a list of the current composition of the Committees.

S. Kelly offered a motion to reconstitute the committees as listed. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

Legal

DOBI, Oxford, Horizon, Aetna

Technical Advisory Committee

Horizon, Aetna, Guardian, DOBI, Celtic

Marketing

E. Shrem, Horizon, Aetna, Oxford

Operations

DOBI, Guardian, Aetna, F. Giannattasio

IV. Minutes

November 13, 2001

E. Shrem offered a motion to approve the draft Open Session minutes of the November 13, 2001 meeting, as amended. F. Giannattasio seconded the motion. The Board voted in favor of the motion with L. Yourman abstaining.

November 28, 2001

L. Yourman offered a motion to approve the draft Open Session minutes of the November 28, 2001 meeting. J. Majcher seconded the motion. The Board voted in favor of the motion with M. McClure, S. Herman and S. Kelly abstaining.

V. Report of Staff

Expense Report

S. Kelly offered a motion to approve the payment of the expenses shown on the January 8, 2002 expense report. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

Enrollment Report

W. Sanders said enrollment data for 3Q2001 was included in Board materials. He noted that IHC enrollment continued to decline and as of the end of 3Q2001 was 89,637 persons.

Letters Regarding Cost of IHC Coverage

W. Sanders said the Board packets include a copy of a press clipping addressing the high cost of IHC coverage. He said the DOBI has received well over 100 copies of a form letter complaining about the high cost of coverage and blaming the guaranteed issue and community rating features of the IHC Act for the high cost of coverage.

Legislative Update

W. Sanders said a number of bills were recently signed by Acting Governor DiFrancesco.

S.1769: W. Sanders said the law removes HMOs established under UMDNJ's Flex Act from the IHC assessment for the 1999/2000 assessment cycle only. The law also amends the definition of an IHC member by excluding carriers whose combined Medicare, Medicaid and FamilyCare enrollment or premium represents more than 75% of its business in any assessment cycle.

W. Sanders said the law will require the IHC Board to recalculate the 1999/2000 assessment to remove assessment liability for University Health Plans (UHP). Since the Board voted on an assessment spreadsheet for 1999/2000 that included liability for UHP he noted that the Board may wish to vote to void that prior vote.

S. Herman offered a motion to void the Board's prior vote on the 1999/2000 assessment spreadsheet. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

A.2313: W. Sanders said the law requires coverage for colorectal screening. He said it would be effective 180 days after signing.

S.1839: W. Sanders said the law requires coverage for specialized infant screening when the physician determines it is medically necessary.

S.2458: W. Sanders said this law addresses some regulation of self-funded MEWAs.

S.207: W. Sanders said this law amends the participation credit provisions of the SEH law and provides credit for coverage under another group plan and for coverage under Medicare.

CIGNA Hearing

W. Sanders said that the Office of Administrative Law Judge requested that the time limit for reaching an initial decision on the case regarding CIGNA's good faith marketing efforts be extended 45 days until February 7, 2002.

Center for Health Statistics Report

W. Sanders said the Board materials include a copy of a report on health insurance coverage in New Jersey in 1999 and 2000.

SEH Materials

W. Sanders said that a couple of SEH documents were included in Board materials for informational purposes. The 2002 premium comparison survey is available on the web site. A copy was included in the Board packets. W. Sanders said a copy of a summary document regarding the SEH Program forms proposal was also included in the Board packets. E. DeRosa reminded Board members that she requested that any suggestions regarding the IHC forms be sent to her. She said many of the SEH changes apply also to the IHC forms and that she has already prepared drafts including such changes. She noted that the entire SEH proposal would be posted on the web site.

VI. Report of the Operations Committee

M. McClure said the Operations Committee considered audit status reports from Deloitte & Touche. She noted that the audits were nearing completion.

M. McClure explained that several carriers failed to charge premiums consistent with rates shown in the rate filings. She said Fortis has contended that they were not required to charge the rates they filed. She explained that Board staff would meet with the DOBI on the issue.

M. McClure said that some carriers have included network access fees in the calculation of claims. Again, M. McClure said staff would meet with the DOBI for advice on this issue.

Regarding net investment income, M. McClure said Fortis has continued to assert that they need not use the date they first sold individual plans in 1993 as the inception date. As a result, D&T may not be able to issue an actual audit report if Fortis does not agree to the use of 1993 as the inception date in the audit statement. In that case, D&T would issue a different type of document instead.

VII. Executive Session A

W. Sanders said that the Board needed to move into Executive Session to receive advice from counsel on recusals, to discuss anticipated and pending litigation and to consider a personnel issue.

E. Shrem offered a motion to begin Executive Session. F. Giannattasio seconded the motion. The Board voted in favor of the motion.

[Break 11:05-11:15]

[Executive Session 11:15-11:50]

VIII. Report of the Technical Advisory Committee

S. Kelly reported that TAC considered a number of rate filings and two refund plans.

Rate Filings

S. Kelly said TAC recommended, by vote of 4-0, that the Board find the Aetna Life filing for Plans A/50-D complete.

E. Shrem offered a motion to accept the TAC recommendation and find the Aetna Life filing complete. S. Herman seconded the motion. The Board voted in favor of the motion with M. McClure abstaining.

S. Kelly said TAC recommended, by vote of 4-0, that the Board find the Oxford filing for Plans A/50-D complete.

E. Shrem offered a motion to accept the TAC recommendation and find the Oxford filing complete. M. McClure seconded the motion. The Board voted in favor of the motion with D. Farkus abstaining.

S. Kelly said TAC recommended, by vote of 4-0, that the Board find the Trustmark filing for Plans A/50-D incomplete. She noted the filing did not provide experience information, trend information or expenses information.

M. McClure offered a motion to accept the TAC recommendation and find the Trustmark filing incomplete. F. Giannattasio seconded the motion. The Board voted in favor of the motion with L. Yourman abstaining.

E. DeRosa said TAC recommended, by vote of 3-0, that the Board find three Horizon filings complete. The filings are for plans A/50-D, for the HMO and for plans issued prior to 8/1/93. She said S. Kelly did not participate in either the discussion or vote on the Horizon filings.

D. Farkus offered a motion to accept the TAC recommendation and find the Horizon filings complete. F. Giannattasio seconded the motion. The Board voted in favor of the motion with S. Kelly abstaining.

Refund Plans

S. Kelly said TAC considered revised loss ratio data and a refund plan from CIGNA for 1998. She explained that differences between data reported on separate carrier reports and on the combined report led to extensive correspondence and numerous phone calls. She said TAC believes the loss ratio information is now acceptable and recommends that the refund plan be approved. She said CIGNA would be refunding over \$1 million to contractholders within 45 days of the date of the Board's letter.

M. McClure offered a motion to accept the TAC recommendation and approve the CIGNA 1998 refund plan. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

S. Kelly said TAC considered loss ratio information and a refund plan from National Health Insurance Company for 2000. She said TAC believes the loss ratio information is acceptable and recommends that the refund plan be approved. She said National Health would be refunding about \$26,000 to policyholders within 45 days of the date of the Board's letter.

L. Yourman offered a motion to accept the TAC recommendation and approve the National Health 2000 refund plan. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

IX. Executive Session B

W. Sanders said the Board needed to enter another Executive Session to receive advice from counsel and to consider pending or anticipated litigation -- Health Net's request for a hearing with regard to the IHC Board's denial of its request for an exemption from the 1999/2000 loss assessment.

S. Herman offered a motion to begin Executive Session. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure, S. Kelly and S. Herman recused themselves from the Executive Session discussion.

[Executive Session: 12:00 noon. – 12:30 p.m.]

X. Final Business and Close of Meeting

W. Sanders asked if any person present would like to offer comments on the rule proposal to allow \$5,000 and \$10,000 deductible options with Plan A/50. No comments were offered. W. Sanders closed the hearing.

W. Sanders said the Board received advice from counsel on the Health Net appeal but that the Board was not in a position to take action during the meeting today. He said the Board would hold a special meeting to discuss the appeal and the 1999/2000 assessment. He advised members of the public that notice of the meeting would be posted.

E. Shrem offered a motion to adjourn the Board meeting. F. Giannattasio seconded the motion. The Board voted unanimously in favor of accepting the motion. The meeting adjourned at 12:32 p.m.

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AT THE OFFICES OF THE NEW JERSEY DEPARTMENT
OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
January 23, 2002**

Director Participating from 10th Floor Conference Room: Michael Malloy (DOBI).

Directors Participating via Teleconference: Darrel Farkus (Oxford Health Insurance); Frank Giannattasio; Eileen Shrem; Lisa Yourman.

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Joanne Petto, Assistant Director; Ward Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 3:00 p.m. He announced that notice of the meeting had been sent to three New Jersey newspapers and posted at the Department of Banking and Insurance and on the Department's web site and the Office of the Secretary of State in accordance with the Open Public Meetings Act. Roll call was taken. A quorum was present. W. Sanders noted that the meeting of January 23, 2002 was being held in addition to the previously scheduled 2002 Board meetings. In light of the telephone participation of some members, W. Sanders asked that everyone please identify himself or herself when speaking.

XI. Executive Session

W. Sanders said that counsel wanted the opportunity to give advice to the Board concerning the appeal filed by Health Net and to discuss pending or anticipated litigation. W. Sanders asked for a motion to begin Executive Session.

E. Shrem offered a motion to begin Executive Session. F. Giannattasio seconded the motion. By roll call vote the Board voted in favor of beginning Executive Session.

[Executive Session: 3:05 p.m. – 3:10 p.m.]

XII. Final Business and Close of Meeting

M. Malloy offered a motion that the Board issue a letter to Health Net stating that the Board considers the materials Health Net filed on January 22, 2002 to be an amendment to its appeal dated October 31, 2001 and December 13, 2001. The amendment starts a new 45-day period for the Board's response. L. Yourman seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

F. Giannattasio offered a motion to adjourn the Board meeting. E. Shrem seconded the motion. The Board voted unanimously in favor of accepting the motion. **The meeting adjourned at 3:14 p.m.**

**MINUTES OF THE MEETING OF
THE NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
AT THE OFFICES OF THE NEW JERSEY DEPARTMENT
OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
February 14, 2002**

Directors Participating: Darrel Farkus (Oxford Health Insurance); Frank Giannattasio; Ulysses Lee (Guardian); Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Gale Simon (Department of Banking and Insurance); Claudine Harper (Aetna U.S. Healthcare); Eileen Shrem; Lisa Yourman (arrived at 10:20 a.m.).

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Joanne Petto, Assistant Director; Ward Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 10:08 a.m. He announced that notice of the meeting had been sent to three New Jersey newspapers and posted at the Department of Banking and Insurance and on the Department's web site and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

XIII. Minutes

January 8, 2002

S. Kelly offered a motion to approve the draft Open Session minutes of the January 8, 2002 meeting. E. Shrem seconded the motion. The Board voted unanimously in favor of the motion.

January 23, 2002

E. Shrem offered a motion to approve the draft Open Session minutes of the January 23, 2002 meeting, as amended. F. Giannattasio seconded the motion. The Board voted in favor of the motion with C. Harper, U. Lee and S. Kelly abstaining.

XIV. Report of Staff

Expense Report

S. Kelly offered a motion to approve the payment of the expenses shown on the February 14, 2002 expense report. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

Letters Regarding Affordability of IHC and SEH Coverage

W. Sanders said the Board packets include a copy of a letter he wrote to Senator Bucco in response to the Senator's letter expressing concern with the affordability of coverage.

Rule Adoption

E. DeRosa said one carrier commented on the rule proposal that would add \$5,000 and \$10,000 deductible options to Plan A/50. She said the carrier's suggested changes were good since they made it clear that the \$5,000 and \$10,000 deductibles were not required to be offered with Plan A/50, but were available if a carrier chooses to offer them. She said she also received an e-mail from a producer whose comment expressed skepticism that consumers are really interested in such high deductibles with Plan A/50. E. DeRosa asked the Board to review the draft rule adoption and provide any comments to her by Friday, February 22, 2002. E. DeRosa explained that if the Board votes to adopt the proposed changes the adoption would be filed with the Office of Administrative Law on February 25, 2002 and would be published in the March 18, 2002 *New Jersey Register*. S. Kelly asked whether a carrier would be permitted to file rates in anticipation of the March 18, 2002 publication of the adoption. E. DeRosa explained that a carrier could file rates but that the rates could not be used until March 18, 2002.

Outreach

W. Sanders reported that he spoke to the Monmouth-Ocean underwriters on January 17, 2002 and at a different chapter of the New Jersey Association of Health Underwriters on January 22, 2002.

E. DeRosa reported that the filing requirements seminar that was held on January 24, 2002 was well attended.

XV. Executive Session

W. Sanders said that the Board needed to move into Executive Session to receive advice from counsel and to discuss anticipated and pending litigation.

U. Lee, C. Harper and S. Kelly said they would be recusing themselves for reasons previously stated from any Executive Session discussion regarding the Health Net appeal.

E. Shrem offered a motion to begin Executive Session. L. Yourman seconded the motion. The Board voted in favor of the motion.

[Executive Session 10:30 a.m. – 10:55 a.m.]

XVI. Final Business and Close of Meeting

L. Yourman offered a motion that the Board issue an order to: deny HealthNet's request for an exemption for the 1999/2000 calculation period; deny HealthNet's request for a hearing; and dismiss HealthNet's appeal of the Board's vote to issue a notice of preliminary assessment to all members of the IHC Program as moot. E. Shrem seconded the motion. The Board voted in favor of the motion. ***[S. Kelly, U. Lee and C. Harper did not participate in the motion or vote.]***

F. Giannattasio offered a motion that the Board issue the draft assessment for 1999/2000 losses to reflect the requirements of P.L. 2001, c. 349. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

F. Giannattasio offered a motion to adjourn the Board meeting. D. Farkus seconded the motion. The Board voted unanimously in favor of accepting the motion. **The meeting adjourned at 11:10 a.m.**

**MINUTES OF THE MEETING OF
THE NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
AT THE OFFICES OF THE NEW JERSEY DEPARTMENT
OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
March 12, 2002**

Directors Participating: Darrel Farkus (Oxford Health Insurance); Frank Giannattasio; Sandy Herman (Guardian); Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Vicki Mangiaracina (Department of Banking and Insurance); Mary McClure (Aetna U.S. Healthcare).

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Ward Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 10:07 a.m. He announced that notice of the meeting had been sent to three New Jersey newspapers and posted at the Department of Banking and Insurance and on the Department's web site and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

XVII. Presentation

Victor Paguia from Celtic Life Insurance Company requested the opportunity to address the Board. The Board agreed.

V. Paguia explained that he wished to discuss data provided on Exhibit K and whether network access fees should be considered in the claims value reported on Exhibit K. He noted that the IHC regulations require carriers to file Exhibit K data consistent with statutory accounting principles. He said those principles, however, are unclear and ambiguous as to cost containment measures in managed care plans.

V. Paguia noted that the IHC regulations require carriers to calculate benefits based on the reasonable and customary charge for the service or supply. He suggested that if a carrier is able to negotiate a discount from the provider, the insured person's financial exposure is reduced below the exposure the insured person would have had if reasonable and customary charges were used. Thus the New Jersey insured person enjoys the savings that are realized as a result of the negotiated discount.

V. Paguia observed that HMO carriers are able to consider access fees as claims. To preclude non-HMO carriers from doing likewise places non-HMO carriers at a disadvantage as compared to HMO carriers.

V. Paguia said he put his position in writing to W. Sanders and also wrote to the Commissioner.

V. Paguia explained that the access fees Celtic included in claims as reported on Exhibit K represent a percentage of savings on each claim.

Scott Sanders of Deloitte and Touche said the issue of access fees was new to the audits for the 97/98 and 99/00 two-year calculation periods. He explained that the audit process looks for consistency in how carriers reported claims in the annual statement. He said an NAIC workgroup proposed that access fees should be included as claims paid, but the proposal was never enacted. S. Sanders said some companies included access fees as claims paid on Exhibit K, consistent with annual statement reporting and that at least one company included the access fees as expenses.

W. Sanders asked S. Sanders if the access fees charged by other carriers were also based on a percentage of savings. S. Sanders said he had not looked at the fees closely. He said that based on preliminary advice from the Department, he had been backing them out. He said that with the percentage of savings arrangement, the savings were easy to identify. If the fee were to be based on a per member per month basis, he said there might be difficulty demonstrating savings.

V. Mangiaracina said that the Department has moved from its past position. If it can be shown that the access fee payment is made on a claim by claim basis that results in demonstrated savings and if the access fee was included as a claim on the NAIC statement blank, then such access fees could be included as claims on Exhibit K.

S. Kelly suggested that the Board should amend its regulation to state that access fees that are paid as a percentage of the savings can be included as claims. D. Farkus said he thought it was unfair that carriers who subcontract these functions to a third party would be able to submit as claims while indemnity carriers who handle this within their own infrastructure cannot.

S. Herman offered a motion that the Board offer the following guidance to carriers and to Deloitte & Touche. If a carrier is expending fees on a direct basis as a percentage of savings and if the access fees were included as claims on the annual statement, then such network access fees may be included as claims on Exhibit K. M. McClure seconded the motion. The Board voted in favor of the motion, with D. Farkus voting in opposition.

III. Minutes

February 14, 2002

F. Giannattasio offered a motion to approve the draft Open Session minutes of the February 14, 2002 meeting, as amended. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

February 11, 2002 Joint Board Meeting

S. Kelly offered a motion to approve the draft Open Session minutes of the February 11, 2002 joint Board meeting with the New Jersey Small Employer Health Benefits Program Board. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

IV. Report of Staff

Expense Report

S. Kelly offered a motion to approve the payment of the expenses shown on the March 12, 2002 expense report. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

Code of Ethics

W. Sanders said that Executive Order No. 10, issued February 25, 2002, provides that the Board must examine its code of ethics to ensure the strictest conformance with the Conflicts of Interest Law and the Executive Order. The Board must report the findings of its review to the Executive Commission on Ethical Standards within 120 days of the date of the Order. W. Sanders reported that J. Petto concluded an initial review of the Code of Ethics and that it would be sent to the Legal Committee for review.

HealthNet Order

W. Sanders said that a copy of the HealthNet order, as issued, was included in the Board packets. He said he requested that the Order be posted on the web site.

Outreach

W. Sanders reported that he spoke to a group at the Urban Institute in Washington, DC about New Jersey's individual market on March 5, 2002. He said there was a panel discussion addressing individual markets and federal proposals for tax credits for people who purchase coverage in the individual market.

W. Sanders said he spoke to a group of producers from the New Jersey Association of Health Underwriters on February 19, 2002.

Rule Adoption and New Proposal

E. DeRosa explained that she sent the rule adoption for the \$5,000 and \$10,000 deductibles for use with Plan A/50 to the Office of Administrative Law (OAL), with comments and responses as the Board discussed during the February meeting. She said she was advised that the Board could not correct the language in the proposal concerning a required offering of the new deductibles to make it an optional offering without reproposal. She explained that she discussed the situation with the Rules Analyst at the OAL and learned that the Board could adopt the proposal with a delayed operative date with language stating all carriers must offer the \$5,000 and \$10,000 deductibles and then file a proposal to change the mandatory offering to a permissive offering. She explained that such a procedure would allow the carriers who want to begin selling the \$5,000 and \$10,000 options with Plan A/50 to begin to do so as of March 18, 2002. By using a delayed operative date of August 1, 2002, the Board could hopefully propose and adopt a change to make the language permissive before carriers would be required to offer the deductibles. She asked the Board for a motion to propose a change to the regulation to make the offering of the \$5,000 and \$10,000 deductibles an option for carriers.

S. Kelly offered a motion to file a proposal to amend the regulation to make the offering of the \$5,000 and \$10,000 deductibles optional for carriers. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

V. Report of the Technical Advisory Committee

S. Kelly said TAC considered a rate filing from Aetna Life and recommended that it be found complete.

F. Giannattasio offered a motion to find the Aetna Life rate filing complete. D. Farkus seconded the motion. The Board voted in favor of the motion, with M. McClure abstaining.

E. DeRosa said TAC considered two rate filings from Horizon and recommended that they be found complete.

M. McClure offered a motion to find the Horizon rate filings complete. V. Mangiaracina seconded the motion. The Board voted in favor of the motion, with S. Kelly abstaining.

S. Kelly said TAC considered a rate filing from National Health and recommended that it be found incomplete since the filing failed to include essential data.

M. McClure offered a motion to find the national health rate filing incomplete. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

VI. Executive Session

W. Sanders said that the Board needed to move into Executive Session to receive advice from counsel and to discuss anticipated and pending litigation.

S. Herman, M. McClure and S. Kelly said they would be recusing themselves for reasons previously stated from any Executive Session discussion regarding the Health Net appeal.

V. Mangiaracina offered a motion to begin Executive Session. F. Giannattasio seconded the motion. The Board voted in favor of the motion.

[Executive Session 11:20 a.m. – 11:40 a.m.]

VII. Final Business and Close of Meeting

W. Sanders said that P.L. 2001, c. 349 amended the IHC Act to state that HMOs established under the UMDNJ Act were "exempt" from the assessment for the 1999/2000 period. The law also redefined "member" to exclude those carriers whose Medicare and Medicaid business represents more than 75% of its overall health business. W. Sanders said that if a carrier is not a member of the IHC Program the carrier does not appear on the assessment spreadsheet. If a carrier is exempt from the assessment for one reason or another, the carrier would appear on the spreadsheets but would be exempted from loss assessment.

Based on the language used in the law which uses the word "exempt", W. Sanders said University Health Plans (UHP) appeared on the spreadsheet as a fully exempt carrier, even though that exemption was not requested and earned by enrollment as

was the case for other exempt carriers. W. Sanders said the Legal Committee believed this was the best way to read the law, giving UHP a full exemption.

S. Kelly said that from a technical standpoint she believed that as a matter of fairness the distribution of the assessment liability for UHP should be shared among all carriers, not just those carriers in the second tier, as is the case when a carrier receives a full exemption. She said she thought that would be better public policy.

S. Herman offered a motion for the Board to accept the recommendation of the Legal Committee, noting that the Board's prior vote on the assessment was consistent with the Legal Committee's interpretation of how to treat UHP in light of the requirements of P.L. 2001, c. 349. F. Giannattasio seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure offered a motion to adjourn the Board meeting. F. Giannattasio seconded the motion. The Board voted unanimously in favor of accepting the motion. **The meeting adjourned at 11:50 a.m.**

**MINUTES OF THE MEETING OF
THE NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
AT THE OFFICES OF THE NEW JERSEY DEPARTMENT
OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
April 9, 2002**

Directors Participating: Darrel Farkus (Oxford Health Insurance); Frank Giannattasio; Sandy Herman (Guardian); Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Vicki Mangiaracina (Department of Banking and Insurance); Mary McClure (Aetna U.S. Healthcare); Eileen Shrem.

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL).

I. Call to Order

E. DeRosa called the Board meeting to order at 10:00 a.m. She announced that notice of the meeting had been sent to three New Jersey newspapers and posted at the Department of Banking and Insurance and on the Department's web site and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Minutes

March 12, 2002

S. Kelly offered a motion to approve the draft Open Session minutes of the March 12, 2002 meeting, as amended. D. Farkus seconded the motion. The Board voted in favor of the motion, with E. Shrem abstaining.

III. Report of Staff

Expense Report

E. Shrem offered a motion to approve the payment of the expenses shown

on the April 9, 2002 expense report. S. Herman seconded the motion. The

Board voted unanimously in favor of the motion.

The Board asked that staff take whatever action may be necessary in order to issue checks to pay for expenses the Board has incurred. Recognizing that the Program Accountant was laid off and that current staff lacks accounting expertise, several Board members offered to provide assistance to staff, if necessary. E. DeRosa noted that a number of people in the Department have been extremely helpful with efforts to re-hire the Program Accountant.

1999/2000 Assessment

E. DeRosa reported that the 1999/2000 assessment invoices were sent out on March 25, 2002.

Outreach

E. DeRosa reported that W. Sanders spoke to a group of producers in Budd Lake, NJ on March 13, 2002. E. DeRosa said she spoke to a Chamber of Commerce group in West Orange on April 14, 2002

Program Memorandum from the Centers for Medicare and Medicaid Services (CMS)

E. DeRosa reported that CMS issued a memorandum on how to apply the product withdrawal and market exit exceptions to the guaranteed renewability provisions of HIPAA. She said a copy of the memorandum was included in the Board materials. She said the memorandum clarified that HIPAA does not require a carrier to either maintain or terminate existing blocks of business when the carrier withdraws. The memorandum notes that State law determines what a carrier's options are in the event of withdrawal. She said that the memorandum does not seem to require any action by the Board but that if the Board were to want to again consider how to deal with inforce business upon carrier withdrawal, the memorandum would seem to give the Board some flexibility in terms of what must be done with inforce business.

Health Resources and Services Administration

E. DeRosa said that in fiscal year 2002, the federal Department of Health and Human Services (HHS) has proposed funding for up to 10 new State grants to study the uninsured and to develop plans for providing access to health coverage for all citizens of the State. The goal is to encourage States to provide access to affordable health coverage by providing the States with resources for planning and a supportive policy environment for implementation. E. DeRosa said that up to ten grants will be given for FY 2002 and that only States and territories that have not previously received a grant may be considered. New Jersey has not previously received a grant. The grants will vary in size with the typical grant not to exceed \$1.3 million. E. DeRosa said the official recipient of a grant must be a State entity, nominated by the Governor. The State would like to use the IHC and SEH Boards as sounding boards to provide quick feedback. E. DeRosa said the SEH Board formed an *ad hoc* committee for this purpose. Since some members of the *ad hoc* committee also serve on the IHC Board E. DeRosa said it would not be necessary to seek additional volunteers to serve on the *ad hoc* committee.

IV. Report of the Technical Advisory Committee

E. DeRosa reported that TAC considered a rate filing from Horizon that included rates for the \$5,000 and \$10,000 deductible options with Plan A/50. She said the two members of TAC present at the meeting recommended that the Board find the filing complete.

M. McClure offered a motion to find the Horizon rate filing complete. F. Giannattasio seconded the motion. The Board voted in favor of the motion, with S. Kelly abstaining.

V. Executive Session

E. DeRosa said that the Board needed to move into Executive Session to receive advice from counsel and review Executive Session minutes.

E. Shrem offered a motion to begin Executive Session. V. Mangiaracina seconded the motion. The Board voted in favor of the motion.

[Executive Session 10:31 a.m. – 11:50 a.m.]

VI. Final Discussion and Close of Meeting

S. Kelly asked how the Board was going to address the requirements of legislation that requires carriers to offer a bare bones plan. E. DeRosa said she had been developing a plan that would satisfy the requirements of the law. E. DeRosa said that in spite of the fact that the law requires carriers to develop and file the bare bones plan, she had received calls from most IHC carriers seeking guidance on the plan design. She said she would be sending a draft plan, through the legislative staff at the Department, to the sponsors of the law seeking guidance concerning certain interpretive issues. S. Kelly asked that Board members be given the chance to supplement that communication with any additional questions. E. DeRosa said the Board would need to propose amendments to the rate filing regulations to address the unique requirements applicable to the bare bones plan.

S. Herman offered a motion to adjourn the Board meeting. F. Giannattasio seconded the motion. The Board voted unanimously in favor of accepting the motion. **The meeting adjourned at 12:05 p.m.**

**MINUTES OF THE MEETING OF
THE NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
AT THE OFFICES OF THE NEW JERSEY DEPARTMENT
OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
April 30, 2002**

Directors Participating in Trenton: Frank Giannattasio; Vicki Mangiaracina (Department of Banking and Insurance).

Directors Participating via Teleconference: Darrel Farkus (Oxford Health Insurance); Sandy Herman (Guardian); Mary McClure (Aetna U.S. Healthcare); Eileen Shrem; Lisa Yourman.

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Ward Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 3:10 p.m. He announced that notice of the meeting had been sent to three New Jersey newspapers and posted at the Department of Banking and Insurance and on the Department's web site and the Office of the Secretary of State in accordance with the Open Public Meetings Act. Roll call was taken. A quorum was present. Since some Board members were participating via teleconference, W. Sanders asked members to identify themselves when speaking.

II. Executive Session

W. Sanders said that the Board needed to move into Executive Session to receive advice from counsel and to discuss litigation to which the IHC Board is a party.

F. Giannattasio offered a motion to begin Executive Session. E. Shrem seconded the motion. The Board voted in favor of the motion.

[Executive Session 3:12 p.m. – 3:58 p.m.]

III. Close of Meeting

F. Giannattasio offered a motion to adjourn the Board meeting. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of accepting the motion. **The meeting adjourned at 3:59 p.m.**