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**MINUTES OF
THE ANNUAL 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 16, 2003**

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, Chair (Aetna); Lisa Yourman.

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

I. Call to Order

W. Sanders called the Board meeting to order at 10:03 a.m. W. Sanders announced that notice of the meeting had been sent to three New Jersey newspapers and posted at the Department of Banking and Insurance and the Office of the Secretary of State and on the Department web site in accordance with the Open Public Meetings Act. A quorum was present.

II. Minutes

November 12, 2002

S. Kelly offered a motion to approve the draft minutes of the Open Session of the November 12, 2002 Board meeting, as amended. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

November 25, 2002

L. Yourman offered a motion to approve the draft minutes of the Open Session of the November 25, 2002 Board meeting. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

December 6, 2002

V. Mangiaracina offered a motion to approve the draft minutes of the Open Session of the December 6, 2002 Board meeting. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

IV. Annual Meeting

W. Sanders noted that the January 16, 2003 meeting had been designated as the Annual Meeting and that pursuant to N.J.A.C. 11:20-2.5(c) the Board must take the following actions during the Annual Meeting:

- Elect Board Officers
- Reconstitute Committees of the Board
- Take action on other matters, as appropriate.

Board Officers

V. Mangiaracina offered a motion to nominate L. Yourman to serve as Vice Chair of the Board. F. Giannattasio seconded the motion. The Board voted in favor of the motion with L. Yourman abstaining.

V. Mangiaracina offered a motion to nominate M. McClure to serve as Chair of the Board. L. Yourman seconded the motion. The Board voted in favor of the motion.

Board Committees

The Board deferred the discussion of Committees until after Executive Session.

V. Report of Staff

Expense Report

M. McClure offered a motion to approve the payment of the expenses shown on the January 16, 2003 expense report. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

Audit Update

W. Sanders said the Operations Committee had not been able to meet to consider audit issues since the Committee's attention was focused on addressing comments received in response to the Board's rule proposal for the basic and essential health care services plan and Exhibit K.

New York Surcharge

W. Sanders said he spoke with Karen Mitchell, Assistant Commissioner for Financial Solvency, who advised of the Department of Banking and Insurance's position that New York surcharges can be considered as claims consistent with annual reporting.

IHC Regulations

W. Sanders advised the Board that N.J.A.C. 11:20, including all appendix exhibits, will expire August 7, 2003. He asked Board members to send him any suggested changes within the next four weeks.

VI. Report of the Technical Advisory Committee

S. Kelly said the TAC reviewed rate filings from six carriers with rates for the standard plans. She said the Committee recommendation was to find each of the filings complete.

V. Mangiaracina offered a motion to accept the TAC recommendation and find the Celtic, United HealthCare Insurance Company and Trustmark rate filings complete. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

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

L. Yourman offered a motion to accept the TAC recommendation and find the Oxford Health Insurance Company rate filing complete. S. Herman seconded the motion. The Board voted in favor of the motion with D. Farkus abstaining.

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

VII. Draft Adoption of Proposed Regulation

W. Sanders reminded the Board that the regulations to implement the basic and essential health care services plan and to address Exhibit K reporting were proposed using the Board's special rulemaking procedures. He said the comment period expired on January 13, 2003 and that the Board received comments from three entities.

E. DeRosa reviewed comments and responses numbered as 9 through 31 with the Board. The comments were submitted by Horizon Blue Cross Blue Shield of New Jersey. The Board generally agreed with the draft responses.

The Board discussed comment 28 regarding coverage for transplants. The Board agreed that many services and supplies associated with a transplant would not be covered under the basic and essential health care services plan. The Board agreed that those services and supplies associated with a transplant that are specifically covered under the plan should be covered even though other services and supplies associated with the transplant would not be covered.

The Board discussed comment 23 regarding use of the term "period of confinement" or "hospital stay." The Board agreed that using the term "period of confinement" is appropriate since it is commonly used in

insurance contracts and identifies the period during which a person would be charged room and board.

E. DeRosa reviewed the Agency Initiated Changes with the Board. The Board agreed with the changes.

W. Sanders reviewed comments and draft responses 5 – 8 with the Board. The comments were submitted by the law firm of Riker, Danzig, Scherer, Hyland & Perretti on behalf of CIGNA. The Board generally agreed with the draft responses.

W. Sanders reviewed comments and draft responses 1 – 4 with the Board. The comments were submitted by the law firm of Windels, Marx, Lane & Mittendorf on behalf of Fortis. The Board generally agreed with the draft responses.

VII. Executive Session

W. Sanders said the Board had to enter Executive Session to receive advice from counsel and to consider matters relating to pending or anticipated litigation and asked for a motion to begin Executive Session.

V. Mangiaracina offered a motion that the Board enter Executive Session. S. Herman seconded the motion. The Board voted unanimously in favor of entering Executive Session.

[Break: 12:15 p.m. – 12:25 p.m.]

[Executive Session: 10:55 a.m. – 12:12 p.m.]

VIII. *Draft Adoption of Proposed Regulation (Continued)*

The Board discussed comment and responses 3 and 4 and agreed to the draft responses with some minor changes.

M. McClure offered a motion to adopt the regulation, as amended, subject to review by the Attorney General's Office. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

IX. Report of the Technical Advisory Committee (Continued)

S. Kelly reported that in addition to the rates for standard plans that she discussed with the Board earlier in the meeting, TAC also reviewed filings of rates for the basic

and essential health care services plan. She reviewed the TAC recommendations for each of the rate filings with the Board.

V. Mangiaracina asked whether the rates appeared to be affordable and expressed concern upon learning that the rates for a plan that provides limited coverage were higher than she anticipated. She asked that the board consider contacting carriers to ascertain why the carriers filed the rates they filed. S. Kelly noted that information on the basis for rates is contained in the rate filings of each carrier.

M. McClure offered a motion to accept the TAC recommendation and find the AmeriHealth rate filing complete. F. Giannattasio seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure offered a motion to find the Celtic rate filing incomplete. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure offered a motion to accept the TAC recommendation and find the CIGNA rate filing complete. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure offered a motion to accept the TAC recommendation and find the Guardian rate filing complete. F. Giannattasio seconded the motion. The Board voted in favor of the motion with S. Herman abstaining.

M. McClure offered a motion to accept the TAC recommendation and find the HealthNet rate filing complete. L. Yourman seconded the motion. The Board voted in favor of the motion with S. Herman abstaining.

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

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

M. McClure offered a motion to accept the TAC recommendation and find the Trustmark rate filing complete. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

S. Kelly offered a motion to accept the TAC recommendation and find the Aetna rate filing incomplete. L. Yourman seconded the motion. The Board voted in favor of the motion with M. McClure abstaining.

X. Forms/Certification Filings

E. DeRosa said she reviewed forms and certifications carriers submitted for the basic and essential health care services plan. She identified the delivery system each carrier used, any comments about the plan and whether the carrier provided the certification required by N.J.A.C. 11:20-22.4(a)2.

D. Farkus made a motion to accept the staff recommendation to approve the filing from Aetna. L. Yourman seconded the motion. The Board voted in favor of the motion with M. McClure abstaining.

L. Yourman made a motion to accept the staff recommendation to disapprove the filing from AmeriHealth. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure made a motion to accept the staff recommendation to disapprove the filing from Celtic since no certification was provided, but when the certification required by N.J.A.C. 11:20-22.4(a)2 is received, to approve the filing. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

V. Mangiaracina made a motion to accept the staff recommendation to approve the filing from CIGNA. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure made a motion to accept the staff recommendation to approve the filing from Guardian. F. Giannattasio seconded the motion. The Board voted in favor of the motion with S. Herman abstaining.

S. Kelly made a motion to accept the staff recommendation to disapprove the filing from HealthNet since no certification was provided but when the certification required by N.J.A.C. 11:20-22.4(a)2 is received, to approve the filing. L. Yourman seconded the motion. The Board voted in favor of the motion with S. Herman abstaining.

M. McClure made a motion to accept the staff recommendation to approve the filing from Horizon. F. Giannattasio seconded the motion. The Board voted in favor of the motion with S. Kelly abstaining.

M. McClure made a motion to accept the staff recommendation to disapprove the filing from Oxford since no certification was provided but when the certification required by N.J.A.C. 11:20-22.4(a)2 is received, to approve the filing. S. Kelly seconded the motion. The Board voted in favor of the motion with D. Farkus abstaining.

V. Mangiaracina made a motion to accept the staff recommendation to approve the filing from Trustmark. L. Yourman seconded the motion. The Board voted in unanimously favor of the motion.

E. DeRosa advised that three carriers submitted neither rate filings nor forms/certification filings. She said she attempted to reach all three carriers. Fortis did not return either of her two phone calls. National Health advised that it was working on the filings. United HealthCare advised that rate filings were on its "to do"

list. The Board asked that all three carriers be reported to Enforcement for appropriate action.

L. Yourman offered a motion to refer Fortis, National Health and United HealthCare to enforcement for action since the carriers did not satisfy the filing requirements of P.L. 2001, c. 368.

XI. Annual Meeting (Continued)

Committees

L. Yourman offered a motion to reconstitute the Legal Committee with membership as currently standing. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

V. Mangiaracina offered a motion to reconstitute the Marketing Committee with membership as currently standing. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

F. Giannattasio offered a motion to reconstitute the Operations Committee with membership as currently standing. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure offered a motion to reconstitute the Technical Advisory Committee with membership amended to include only those members currently standing but excluding members who are not Board members. F. Giannattasio seconded the motion. The Board voted unanimously in favor of the motion.

XII. Close of Meeting

M. McClure offered a motion to adjourn the Board meeting. L. Yourman seconded the motion. The Board voted unanimously in favor of accepting the motion. The meeting adjourned at 2:22 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 11, 2003**

Members participating: Darrel Farkus (Oxford); Frank Giannattasio (arrived at 10:10 a.m.); Sandy Herman (Guardian); Sandi Kelly (Horizon BCBSNJ); Vicki Mangiaracina (DOBI); Mary McClure, Chair (Aetna Health).

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

I. Call to Order

W. Sanders called the meeting to order at 10:05 a.m. He announced that notice of the meeting had been published in three 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. A quorum was present.

II. Minutes

January 16, 2003

S. Kelly offered a motion to approve the minutes of the Open Session of the January 16, 2003 Board meeting, as amended. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

III. Staff Report

Expense Report (see attached)

M. McClure offered a motion to approve the payment of the expenses specified on the February 11, 2003 expense report. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of approving the motion.

Basic and Essential Health Care Service Plan

W. Sanders reported that adoption of the regulations for the Basic and Essential Health Care Services plan and Exhibit K reporting was filed with the Office of Administrative Law on January 28, 2003.

W. Sanders said he participated on a legislative panel in Marlton, New Jersey, and he noted that Senator Matheussen, who sponsored the legislation that required carriers to sell a basic and essential health care services plan, was present. He said Senator Matheussen asked about the availability of the plan. W. Sanders noted that the Board materials included a copy of a letter he wrote to Senator Matheussen on the status of the availability of the plan.

W. Sanders said he drafted a press release regarding the basic and essential health care services plan. A copy was included in Board materials. He asked Board

members to offer comments no later than February 20, 2003. Since carriers will begin to sell the plan on or about March 1, 2003, W. Sanders said he would like the release to occur around March 1, 2003.

Expiration of N.J.A.C. 11:20

W. Sanders reminded the Board that during the January 16, 2003 meeting he had advised the Board that N.J.A.C. 11:20, including all appendix exhibits, will expire August 7, 2003, and he had asked Board members to send any suggested changes. He said he had not received any suggestions. W. Sanders explained that the August 7, 2003 date is the date by which a proposal would need to be filed, not the date by which an adoption would have to be filed.

W. Sanders said the Legal Committee discussed the timing of the proposal, recognizing the fact that a significant issue that would need to be addressed in the proposal, namely the apportionment of the second tier assessment, is going to be heard by the New Jersey Supreme Court. He said the Committee considered a provision in the Administrative Procedures Act that allows the Governor, on the request of an agency head, to continue in effect an expiring rule for a period specified by the Governor. In light of the uncertainty regarding timing, the Legal Committee recommended that the Board seek an extension of the expiration date.

W. Sanders said that the Committee noted that in any event, the Board will not issue a loss assessment based on the existing regulations. W. Sanders said the Board can issue targets for the current two-year calculation period and may issue an administrative assessment since neither calculation is dependent on the manner in which the second tier assessment is calculated.

M. McClure offered a motion that the Board make a request to the Governor to continue N.J.A.C. 11:20 and appendix exhibits in effect beyond the August 7, 2003 expiration date. The request should seek that the deferred expiration date be 270 days following date of the Supreme Court decision, if it is possible to link the deferral to such an action. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

W. Sanders said that the Board would need to draft everything that can be prepared in connection with the readoption.

Plan Options

S. Kelly asked whether the Board would be interested in developing some plan design options to allow carriers to issue HMO coinsurance plans. E. DeRosa explained that a number of carriers in the small employer market have filed optional benefit riders to amend HMO and HMO-POS plans to change the cost sharing provisions from copayments to deductible and coinsurance. E. DeRosa noted that while optional benefit riders are permissible in the small group market, they are not permissible in the IHC market. While the Board could create a rider that carriers would have the option to use if they wished to offer an HMO coinsurance product, E. DeRosa noted that using a rider is not the best way to describe such significant changes in an HMO plan to a consumer. Ideally, variable text should be included in the standard HMO plan to accommodate deductible and coinsurance features, if that is what the Board wishes to accomplish. E. DeRosa explained that amending the HMO plan to include deductible and coinsurance features would not be as simple as just adding provisions necessary for deductible and coinsurance. She reminded the

Board that it has not significantly amended the standard plans since 1999 and that there are myriad changes that need to be made to comply with law. She also noted that if the Board were to propose amendments to the HMO plan it should likewise propose amendments to the indemnity plans. The Board expressed interest in proposing amendments to all the standard plans and suggested that such a proposal should not be delayed even if the Governor grants the request to continue the IHC Board's regulations in effect.

D. Farkus suggested that the Board may want to consider reducing the number of plan options.

Code of Ethics

W. Sanders said the Attorney General's Office reviewed the Board's changes to the Code of Ethics prior to the Code being submitted to the Executive Commission on Ethical Standards for approval. The Attorney General's Office recommended two amendments. The Board considered those amendments.

V. Mangiaracina offered a motion to accept the amendments to the Code of Ethics as recommended by the Attorney General's Office. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

Outreach

W. Sanders said he addressed a group of producers in Neptune, New Jersey and participated in a legislative panel in Marlton, New Jersey sponsored by the Southern chapter of the New Jersey Association of Health Underwriters.

Basic and Essential Health Care Services Plan Form Filing

E. DeRosa reminded the Board that during the January meeting it had disapproved a form filing submitted by AmeriHealth because the plan included coverage that was not consistent with P.L. 2001, c. 368. She said AmeriHealth resubmitted a revised plan along with a rider. She said the policy form was substantially the same as the specimen form the Board adopted and recommended that the Board approve the policy form. The rider specifies cost sharing and benefit levels that are richer than required by P.L. 2001, c. 368. For example, the rider replaces the deductible and coinsurance required for wellness services with a copayment, and eliminates the limit on wellness services. E. DeRosa recommended that the Board also approve the rider.

S. Kelly offered a motion to approve the AmeriHealth basic and essential health care services policy form and the optional benefit rider. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

IV. Report of the Technical Advisory Committee

E. DeRosa reported that the Technical Advisory Committee met on February 10, 2003. She said the Committee reviewed a number of rate filings and recommended that each be found complete.

S. Herman offered a motion to accept the TAC recommendation and find the Aetna Life rate filing for the basic and essential health care services plan complete. F. Giannattasio seconded the motion. The Board voted in favor of the motion, with M. McClure abstaining.

M. McClure offered a motion to accept the TAC recommendation and find the following rate filings complete: AmeriHealth basic and essential health care services plan and rider, United Insurance Company Plans A/50 – D, and United HMO basic and essential health care services plan. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

E. DeRosa reported that TAC considered the Exhibit J (loss ratio report) filings for 2001. She said that TAC recommended that the refund plans as submitted by two of the four carriers that are required to refund money for 2001 be approved.

S. Kelly offered a motion to approve the refund plans as submitted by National Health Insurance Company and PFL Life Insurance Company. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

E. DeRosa said TAC discussed an issue the Board raised several meetings ago regarding movement from an indemnity plan to an HMO plan when the HMO plan is less expensive and whether movement back to an indemnity plan should be restricted. E. DeRosa said TAC did not recommend restricting movement back to an indemnity plan since under current rules a consumer may switch from an HMO plan to an indemnity plan at any time.

V. Report of the Operations Committee

M. McClure reported that the Committee met and considered several issues.

M. McClure explained that the audits have identified instances in which a covered person received care and treatment while validly covered under an IHC plan but that payment for the claim was not made until after the covered person moved outside New Jersey, at which time the plan should have terminated. She said the Committee recommended that payment for claims incurred while a person is validly covered under an IHC plan should be reported on Exhibit K for the two year period in which the payment was made and included in the net paid claims calculation for that period. She said the Committee recognized that the payment of the claim might not be included on the New Jersey page of the NAIC annual statement since payment was made in another state.

S. Herman offered a motion to accept the recommendation of the Operations Committee to recognize as net paid claims those claims that were incurred while a person was validly covered under an IHC plan even if payment of the claim is made after the person relocates outside New Jersey and the claim is reported on the

annual statement on another state page. F. Giannattasio seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure explained that in the instance in which Deloitte & Touche (D&T) is auditing a carrier but the carrier has been unable to provide the information necessary to complete the audit and issue an audit report, the Committee recommended that D&T provide an Agreed Upon Procedures report in lieu of an audit report. The report would outline what procedures D&T performed and findings regarding those procedures.

V. Mangiaracina offered a motion to accept the recommendation of the Operations Committee to request that D&T provide an Agreed Upon Procedures Report in an instance in which a carrier being audited cannot provide the necessary information to support an audit report. F. Giannattasio seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure explained that there are several carriers regarding whom D&T has been attempting to perform Agreed Upon Procedures. Carriers have not been able to provide information to support the Agreed Upon Procedures. She said the Committee suggested offering the carriers the following options: 1) receive no reimbursement for losses as reported on Exhibit K, and thus refund, with interest, the partial reimbursement the Board already paid, plus pay 50% of the cost of the Agreed Upon Procedure; or 2) agree to a full audit, including detailed testing of information, and if the audit supports reimbursable losses the carrier would be entitled to reimbursement.

M. McClure offered a motion to accept the recommendation of the Operations Committee to give the carriers the stated options, and added that a carrier electing a full audit would be financially responsible for the full cost of the audit from the time the full audit begins. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

VI. Executive Session

M. McClure offered a motion that the Board begin Executive Session in order to receive advice from counsel. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

W. Sanders said the Board would not have further discussion in Open Session following Executive Session.

VII. Close of Meeting

F. Giannattasio offered a motion to adjourn the Board meeting. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.
[The meeting adjourned at 12:20 p.m.]

Attachments: Expense Report
Report of TAC

**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 11, 2003**

Members participating from 10th floor conference room: Darrel Farkus (Oxford); Frank Giannattasio (arrived at 10:15 a.m.) Vicki Mangiaracina (DOBI).

Members participating via teleconference: Sandy Herman (Guardian); Sandi Kelly (Horizon BCBSNJ); Mary McClure, Chair (Aetna Health); Eileen Shrem; Lisa Yourman.

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

I. Call to Order

W. Sanders called the meeting to order at 10:05 a.m. He announced that notice of the meeting had been published in three 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. Roll call was taken. A quorum was present.

Since some Board members were participating in the meeting via teleconference, W. Sanders asked that Board members identify themselves when speaking so other Board members and members of the audience would know who is speaking.

W. Sanders said that to allow for participation in the meeting via teleconference, the location of the meeting had to be changed from Room 218 to the 10th floor conference room. To ensure that interested members of the public were aware of the meeting location change, the following actions were taken:

- Signs were posted on the door to Room 218;
- A staff member was stationed at Room 218;
- Signs were posted around the office area of the IHC Board staff;
- Information of the meeting location change was included on the voice mail messages of staff members; and
- An email notification of the change was sent to persons who attended any IHC Board meetings since October 2001 and who provided email addresses on the sign-in sheets for such meetings.

II. Minutes

February 11, 2003

V. Mangiaracina offered a motion to approve the minutes of the Open Session of the February 11, 2003 Board meeting, as amended. S. Kelly seconded the motion. By roll call vote, the Board voted in favor of the motion, with E. Shrem and L. Yourman abstaining.

III. Staff Report

Expense Report (see attached)

W. Sanders asked the Board to consider an additional expense that was received after the expense Report was prepared and released. Under the category heading "OAL" an additional payee, "OAL," billed \$1494 for 2Q expenses for fiscal year 2003.

E. Shrem offered a motion to approve the payment of the expenses specified on the March 11, 2003 expense report, as amended to include the OAL charge. M. McClure seconded the motion. By roll call vote, the Board voted unanimously in favor of approving the motion.

Rulemaking Update

W. Sanders said he and V. Mangiaracina met with some Department of Banking and Insurance employees from Legislative and Regulatory Affairs who have some familiarity with extensions of rule expiration dates. Based on the guidance he was given, W. Sanders said he had begun to draft the readoption extension request.

In addition, W. Sanders reminded the Board members to send him any suggested changes to the IHC regulations so that the suggestions may be considered by the Board as it drafts the readoption.

E. Shrem said that during the meeting of the New Jersey Association of Health Underwriters that was held March 10, 2003, participants discussed modified community rating. She asked that the Board again recommend to the Commissioner that a legislative change be considered to allow modified community rating with the standard plans. V. Mangiaracina suggested that modified community rating should be added to the agenda for the April Board meeting.

Legislative Update

W. Sanders said that a sample of the letter on The Federal Trade Adjustment Assistance Act of 2002 that was sent to all Governors was included in Board materials. W. Sanders noted that seed money can be made available to states that work on setting up a high risk pool. S. Herman suggested that the risk pool that has been operating in Connecticut might be a good model to consider. Some Board members expressed an interest in understanding what the benefits under a high risk pool plan might look like.

W. Sanders said A. 2370 and A. 2487 were heard in Committee on February 27, 2003. The separate bills, which provide for coverage for mental illness and for drug addiction and alcoholism coverage, were combined into a single bill. Since the expanded coverage is intended to apply to the State Health Benefits Plan, the combined bill was referred to the Assembly Appropriations Committee for review.

Outreach

W. Sanders reported that he spoke to a group of producers at an Association of Health Underwriters meeting in Budd Lake, NJ. He said he also participated in a legislative event sponsored by the New Jersey Association of Health Underwriters.

Exhibit K Filings 2001/2002

W. Sanders reported that Celtic, Fortis and Trustmark reported reimbursable losses in their Exhibit K filings for the 2001/2002 calculation period. He said the total requested reimbursement amount was about \$3 million. He said the amount Fortis requested was calculated based on Fortis's interpretation of net investment income losses and that he requested that Fortis submit the loss number calculated based on the Board's interpretation of net investment income losses.

Committee Meetings

W. Sanders said the Legal Committee had not met since the February Board meeting since there were no issues for the Committee to consider. He said the Operations Committee had not met since the February Board meeting due to the serious illness of Scott Sanders of Deloitte & Touche (D&T) who has been overseeing the loss audits. W. Sanders said D&T would be designating a new person to assume that role.

Basic and Essential Health Care Service Plan

E. DeRosa said United Healthcare submitted a certification stating it would use the specimen plan as the basic and essential health care services plan. She recommended that the Board approve the filing.

D. Farkus offered a motion to approve the certification submitted by United Healthcare regarding use of the specimen basic and essential health care services plan. F. Giannattasio seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

Enrollment Reports

E. DeRosa said a couple of carriers had still not submitted correct enrollment reports. She noted that the carriers had not had a significant market share according to prior reports. The Board asked that the available data be compiled and released with a footnote regarding the missing data.

VII. Report of the Technical Advisory Committee

S. Kelly reported that the Technical Advisory Committee met on March 6, 2003. She said the Committee reviewed a rate filing from Aetna Life Insurance Company to continue existing rates and recommended that it be found complete.

E. Shrem offered a motion to accept the TAC recommendation and find the Aetna Life rate filing complete. L. Yourman seconded the motion. By roll call vote, the Board voted in favor of the motion, with M. McClure abstaining.

VIII. Executive Session

W. Sanders said the Board would need to enter Executive Session to consider Executive Session minutes from the February 2003 meeting.

S. Herman offered a motion that the Board begin Executive Session in order to consider Executive Session minutes. E. Shrem seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

W. Sanders said the Board would not have further discussion in Open Session following Executive Session.

VI. Close of Meeting

F. Giannattasio offered a motion to adjourn the Board meeting. D. Farkus seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion. [The meeting adjourned at 11:07 a.m.]

Attachments: Expense Report
Report of TAC

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NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
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TRENTON, NEW JERSEY
April 8, 2003**

Members participating from 10th floor conference room: Vicki Mangiaracina (DOBI).

Members participating via teleconference: Darrel Farkus (Oxford); Sandi Kelly (Horizon BCBSNJ); Ulysses Lee (Guardian); Lisa Yourman.

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

I. Call to Order

W. Sanders called the meeting to order at 10:15 a.m. He announced that notice of the meeting had been published in three 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. Roll call was taken. A quorum was present.

W. Sanders noted that the agenda for the April 8, 2003 meeting was brief, and thus Board members were given the option to participate via teleconference. Since some Board members elected to participate in the meeting via teleconference, W. Sanders asked that Board members identify themselves when speaking so other Board members and members of the audience would know who was speaking.

W. Sanders said that to allow for participation in the meeting via teleconference, the location of the meeting had to be changed from Room 218 to the 10th floor conference room. To ensure that interested members of the public were aware of the meeting location change, the following actions were taken:

- Signs were posted on the door to Room 218;
- A staff member was stationed at Room 218;
- Signs were posted around the office area of the IHC Board staff;
- Information of the meeting location change was included on the voice mail messages of staff members; and
- An email notification of the change was sent to persons who attended any IHC Board meetings since October 2001 and who provided email addresses on the sign-in sheets for such meetings.

II. Minutes

March 11, 2003 Open Session

S. Kelly offered a motion to approve the minutes of the Open Session of the March 11, 2003 Board meeting, as amended. V. Mangiaracina seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

March 11, 2003 Executive Session

There being no changes to be made to the executive Session minutes, V. Mangiaracina offered a motion to approve the minutes of the Executive Session of the March 11, 2003 Board meeting. D. Farkus seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

III. Staff Report

Expense Report (see attached)

V. Mangiaracina offered a motion to approve the payment of the expenses specified on the April 8, 2003 expense report. D. Farkus seconded the motion. By roll call vote, the Board voted unanimously in favor of approving the motion.

Enrollment Reporting

E. DeRosa said that enrollment data for 2Q02 was included in Board materials, and that the data did not include information from the carriers that had thus far been unable to provide accurate information. She said that those carriers had reported slight enrollment in prior quarters and thus the totals on the 2Q report were probably close to accurate. E. DeRosa said the carriers that had failed to provide accurate data for 3Q and 4Q included some carriers with more significant enrollment in prior quarters and thus the summary reports for 3Q02 and 4Q02 were not yet available. She assured the Board that staff was working with the carriers to secure the necessary data.

Rulemaking Update

W. Sanders said the readoption extension request would be submitted to the Governor's Office soon.

Legislative Update

W. Sanders said that P.L. 2003, c. 27 was approved on March 10, 2003, and is effective 60 days later. He explained that the law requires carriers to provide a 60-day notice of any rate increase.

Outreach

W. Sanders reported that he spoke at a New Jersey Business and Industry Association seminar on health coverage.

IX. Report of the Technical Advisory Committee

E. DeRosa reported that the Technical Advisory Committee met on April 3, 2003. She said the Committee reviewed three rate filings from Horizon, and recommended that the filings be found complete.

L. Yourman offered a motion to accept the TAC recommendation and find the Horizon rate filings complete. V. Mangiaracina seconded the motion. By roll call vote, the Board voted in favor of the motion, with S. Kelly abstaining.

V. Close of Meeting

V. Mangiaracina offered a motion to adjourn the Board meeting. L. Yourman seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion. [The meeting adjourned at 10:30 a.m.]

Attachments: Expense Report
Report of TAC