

[January 13](#)

[February 10](#)

[March 9](#)

[April 15](#)

**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 13, 2004**

Members participating: Sandi Kelly (Horizon BCBSNJ); Darrel Farkus (Oxford); Sandy Herman (Guardian); Vicki Mangiaracina (DOBI); Mary McClure (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 10:00 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

December 9, 2003

V. Mangiaracina offered a motion to approve the Open Session minutes of the December 9, 2003 IHC Board meeting, as amended. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

January 5, 2004

M. McClure offered a motion to approve the Open Session minutes of the January 5, 2004 Joint Board meeting, as amended. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

III. Report of Staff

Expense Report (see attached)

M. McClure offered a motion to approve the payment of the expenses specified on the January 13, 2004 expense report. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of approving the motion.

Legislative Report

P.L. 2003, c. 172

W. Sanders said this law allows a part-time employee of the State and a part-time faculty member at an institution of higher learning to buy into the State Health Benefits Plan provided the part-time employee or part-time faculty member is a member of the State-administered pension system. W. Sanders noted that some of these part-time employees or faculty members may have purchased coverage in the individual market. He said staff provided information to the Treasury Department to release to persons becoming eligible to purchase coverage through the State Health Benefits Plan to inform those persons that they lose eligibility for individual coverage upon becoming eligible for coverage under a group plan.

P.L. 2003, c. 246

W. Sanders said this law, signed January 12, 2004, provides the employer or policyholder has the option to request that plans under which dependent coverage is available include coverage for covered person's domestic partner. He said the law sets forth the requirements necessary to establish a domestic partnership. He noted that the law applies to persons of the same gender, and to persons of opposite gender who are age 62 or older. W. Sanders said the law is effective 180 days after signing.

Report on the Basic and Essential Health Care Services Plan

W. Sanders said he was still inputting suggested changes and asked Board members who may have identified additional changes or typographical errors to please give him those changes by the following day.

IV. Report of the Legal Committee

W. Sanders said the Legal Committee reviewed a draft Advisory Bulletin that addresses the fact that persons who are federally defined eligible individuals may not be declined for coverage based on failure to meet the 6-month residency requirement. The Board asked that the Legal Committee consider whether a carrier may terminate the coverage of the federally defined eligible individual when the person moves out of New Jersey.

W. Sanders said the Legal Committee reviewed a draft of a loss assessment notice and non-group person targets for the next two-year calculation period. He said staff was still working with two carriers to secure accurate data on the Exhibit K filings. He said the Committee agreed that an administrative assessment could easily be billed, once the missing Exhibit K data has been provided. The Committee would like to provide as much reimbursable loss information as possible to carriers to enable carriers to make financial decisions.

S. Kelly suggested that the timing for the Exhibit K filing is a concern since the data on Exhibit K is dependent on data on the annual statement which is due March 1 of each year. She suggested that if the date for filing of the Exhibit K could be delayed until April 1, carriers would have the benefit of having finalized annual statement data to use in completing their Exhibits K.

W. Sanders reported that under the Federal Trade Act a total of \$40 million was available to fund the losses experienced by qualified high risk pools. He said New Jersey submitted a filing to seek a portion of the funds available. The filing was denied since the individual health coverage program mechanism is not really a high risk pool and funding would have to be provided directly

to HIPAA eligible persons. Carriers that receive an exemption do not receive any funding and thus HIPAA eligible persons covered by those carriers would not benefit from the funding. Additionally, the denial explained that New Jersey lacked an entity serving as a servicing carrier for a high risk pool.

V. Report of the Operations Committee

M. McClure said the Committee reviewed several draft agreed-upon procedure reports, and needed additional time to further consider the reports and findings.

M. McClure said the Operations Committee believed that regardless of the amount of reimbursement sought, it would be beneficial in the future to conduct a full audit. She said the Committee recommended that beginning with the 2001/2002 loss audits, the Board should contract for full audits of all reimbursement amounts requested.

M. McClure offered a motion that beginning with the loss audits for 2001/2002, the Board contract with the auditor to perform full audits, regardless of the amount of reimbursement sought. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

VI. Report of the Technical Advisory Committee

E. DeRosa reported that the Technical Advisory Committee considered two rate filings from Horizon, one for the indemnity plans and the Basic and Essential Health Care Services Plan and another for the HMO plans. The filings are to be effective February 1, 2004. E. DeRosa said the Committee recommended 1 in favor and 1 abstaining, to find the filings complete.

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

S. Kelly reported that the Technical Advisory Committee considered two rate filings for the Basic and Essential Health Care Services Plan, one from Oxford and one from Trustmark, and recommended that both be found complete.

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

VII. Executive Session

W. Sanders said the Board would need to enter Executive Session to discuss pending and anticipated litigation, and review executive session minutes. W. Sanders said the Board would resume Open Session following Executive Session.

S. Kelly offered a motion that the Board begin Executive Session for the reasons stated by W. Sanders. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 11:10 a.m. – 11:52 a.m.]

VIII. Final Business and Close of Meeting

M. McClure offered a motion that the Board release the draft Advisory Bulletin that addresses the inapplicability of the 6-month residency requirement for a person who is a federally defined eligible individual. D. Farkus seconded the motion. The board voted unanimously in favor of the motion.

V. Mangiaracina offered a motion to adjourn the Board meeting. S. Herman seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 11:53 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
February 10, 2004**

Members participating: Sandi Kelly (Horizon BCBSNJ); Darrel Farkus (Oxford); Sandy Herman (Guardian); Vicki Mangiaracina (DOBI); Mary McClure (Aetna Health); Eileen Shrem (arrived at 10:20 a.m.).

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

I. Call to Order

W. Sanders called the meeting to order at 10:10 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.

VI. Minutes

January 13, 2004

S. Kelly offered a motion to approve the Open Session minutes of the January 13, 2004 IHC Board meeting, as amended. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

VII. Report of Staff

Expense Report (see attached)

M. McClure offered a motion to approve the payment of the expenses specified on the February 10, 2004 expense report. S. Kelly seconded the motion. The Board voted unanimously in favor of approving the motion.

Legislative Report

W. Sanders reported that in the Governor's State of the State address, Governor McGreevey said he wanted to require insurance companies to cover mammograms for women under 40 who have a family history of breast cancer, subject to recommendation from the woman's doctor.

W. Sanders reported that CMS "found no basis for disapproval" of the State's alternative mechanism filing, a filing required under HIPAA every three years. He noted that the Advisory Bulletin addressing the residency requirement, which had been provided to CMS in response to an inquiry concerning the residence requirement, was included in the Board materials.

W. Sanders noted that in the President's State of the Union address, President Bush spoke of tax credits for individuals and families and full deductibility of plans issued with health savings accounts (HSAs). The Board briefly discussed HSA-compatible plans and questioned whether the standard plans, as adopted, could accommodate the features required for an HSA plan.

[E. Shrem arrived]

IV. Report of the Operations Committee

M. McClure reports that the Committee has continued to discuss and review the draft Agreed-Upon Procedures reports but that it was not yet ready to make a recommendation to the Board.

R. Lenox presented the draft budget to the Board for review. The Board recommended some changes resulting in the budget amount for FY 2004/2005 being reduced by \$20,000 to \$1,259,300.

M. McClure offered a motion to approve the budget, as amended. E. Shrem seconded the motion. The Board voted unanimously in favor of the motion.

W. Sanders discussed the draft administrative assessment, and explained the calculations. He discussed an Advisory Bulletin that would accompany the assessment and provide available information regarding the loss assessment for 2001/2002.

V. Report of the Technical Advisory Committee

S. Kelly said the Committee reviewed a rate filing from United Healthcare for the Basic and Essential Healthcare Services Plan and recommended that the filing be found complete.

D. Farkus offered a motion to accept the TAC recommendation to find the United Healthcare rate filing complete. E. Shrem seconded the motion. The Board voted unanimously in favor of the motion.

VI. Public Comments

Carolyn Samit asked whether she could address the Board. The Board agreed.

Ms. Samit explained that she has been covered under an individual plan since 1995 and has experienced severe rate increases. She said that her medical condition requires her to take medications that are extremely costly and that she fears another carrier would deny coverage. She expressed her concern with any proposal to reform the individual market that would move away from pure community rating or guaranteed issue.

VII. Executive Session

W. Sanders said the Board would need to enter Executive Session to discuss pending and anticipated litigation, and review Executive Session minutes. W. Sanders said the Board would resume Open Session following Executive Session.

V. Mangiaracina offered a motion that the Board begin Executive Session for the reasons stated by W. Sanders. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 11:30 a.m. – 12:50 p.m.]

VIII. Final Business and Close of Meeting

E. Shrem offered a motion that the Board release an Advisory Bulletin that includes the invoice for the administrative assessment for FY2004-2005, assigns non-group person targets for 2003-2004, and notifies carriers of the amount of reimbursement sought for losses in 2001-2002. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

M. McClure offered a motion to adjourn the Board meeting. E. Shrem seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 12:52 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 9, 2004**

Members participating in Trenton: Darrel Farkus (Oxford); Vicki Mangiaracina (DOBI); Mary McClure (Aetna Health); Eileen Shrem.

Members participating by Teleconference: Sandi Kelly (Horizon BCBSNJ); Lisa Yourman.

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

I. Call to Order

W. Sanders called the meeting to order at 10:03 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. By roll call vote he determined that a quorum was present.

Since some Board members were participating by teleconference, W. Sanders asked Board members to identify themselves when speaking.

VIII. Minutes

February 10, 2004

M. McClure offered a motion to approve the Open Session minutes of the February 10, 2004 IHC Board meeting, as amended. V. Mangiaracina seconded the motion. By roll call vote, the Board voted in favor of the motion, with L. Yourman abstaining.

IX. Report of Staff

Expense Report (see attached)

M. McClure offered a motion to approve the payment of the expenses specified on the March 9, 2004 expense report. S. Kelly seconded the motion. The Board voted unanimously in favor of approving the motion.

IV. Board Officer Elections and Constitution of Committees

W. Sanders reminded the Board that the March meeting had been designated as the Annual meeting. During each annual meeting, the Board must elect from among its members a Chair and a Vice Chair.

E. Shrem offered a motion to nominate M. McClure to serve as Chair of the IHC Board. L. Yourman seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

E. Shrem offered a motion to nominate L. Yourman to serve as Vice Chair of the IHC Board. M. McClure seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

W. Sanders listed each of the Board's Committees and identified current membership on each Committee. S. Kelly volunteered to serve on the Operations Committee.

Legal

N. Sullivan (Horizon)
C. Colica (Oxford)
W. Manning (Aetna)
V. Mangiaracina (DOBI)

Technical Advisory Committee

S. Kelly (Horizon)
J. Briody (Guardian)
A. Rudin (Aetna)
N. Vance (DOBI)

Marketing Committee

E. Shrem
J. Camargo (Horizon)
T. Talley (Aetna)
D. Farkus (Oxford)

Operations Committee

M. McClure (Aetna)
S. Herman (Guardian)
S. Kelly (Horizon) - new addition to the Committee
V. Mangiaracina (DOBI)

E. Shrem offered a motion to reconstitute the Legal Committee, the Technical Advisory Committee and the Marketing Committee as they exist, and add S. Kelly to the membership of the Operations Committee. V. Mangiaracina seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion. (L. Yourman was not present for the vote)

V. Close of Meeting

E. Shrem offered a motion to adjourn the Board meeting. M. McClure seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion. [The meeting adjourned at 10:20 a.m.].

Attachments: Expense Report

**MINUTES OF THE MEETING OF THE
NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
AT THE OFFICES OF THE
NEW JERSEY REAL ESTATE COMMISSION
(240 West State Street)
TRENTON, NEW JERSEY
April 15, 2004**

Members participating in Trenton: None

Members participating by Teleconference: Darrel Farkus (Oxford); Sandy Herman (Guardian); Sandi Kelly (Horizon BCBSNJ); Vicki Mangiaracina (DOBI); Mary McClure (Aetna Health); Eileen Shrem; Lisa Yourman.

Others participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Rosaria Lenox, Program Accountant; Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the meeting to order at 10:30 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. By roll call vote he determined that a quorum was present.

W. Sanders explained that since the meeting location had been changed, Board staff had telephoned and sent emails to all persons who typically attend IHC Board meetings. In addition, signs were posted at the Department of Banking and Insurance (DOBI) to advise persons of the new location. To accommodate any person who might have had to travel from the DOBI to the new location, the meeting time was delayed from 10:00 a.m. until 10:30 a.m.

Since all Board members were participating by teleconference, W. Sanders asked Board members to identify themselves when speaking.

X. Minutes

March 9, 2004

M. McClure offered a motion to approve the Open Session minutes of the March 9, 2004 IHC Board meeting, as amended. S. Kelly seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

XI. Report of Staff

Financial Issues

R. Lenox explained that four checks, one dating back to 3/11/97, and the most recent dated 5/22/02, had not been cashed as of the date of the last bank statement. She recommended that they be voided. She noted that two of them were actually checks to pay for SEH expenses, and

the SEH Board had made payment. She recommended that the other two be re-issued since they were valid expenses and the location of the payee is known.

S. Kelly offered a motion to accept the recommendation from the Program Accountant to void the four uncashed checks, and reissue two checks. E. Shrem seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

R. Lenox explained that salaries and benefits for Board staff are paid from SEH Program funds being held in Treasury, and periodically, the IHC Board had reimbursed the SEH Board for its share of salary and benefits. R. Lenox recommended that rather than reimbursing the SEH Board on an irregular basis, the IHC Board could reimburse the SEH Board on a monthly basis, with reimbursement being for each preceding month. She explained that the Expense Report before the Board includes a “catch-up” amount for salary and benefits, for January through March 2004, which should be considered if the Board agrees with the recommendation.

E. Shrem offered a motion to accept the recommendation of the Program Accountant and process payment to the SEH Board each month for the prior month’s salary and benefits expense. S. Herman seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

R. Lenox explained that there were no unusual expenses on the April Expense report, other than the salary and benefits expense.

M. McClure offered a motion to approve the payment of the expenses specified on the April 2004 Expense Report. L. Yourman seconded the motion. By roll call vote, the Board voted in favor of the motion, with E. Shrem abstaining.

Informational

W. Sanders explained that Assemblywoman Vandervalk wrote a letter to the Commissioner inquiring as to the high cost for coverage under a Basic and Essential Healthcare Services Plan as issued by Horizon and by Aetna. Her letter expressed concern with the high cost. W. Sanders said a copy of his response was provided to the Board on an informational basis.

Board Membership

W. Sanders reported that Frank Giannattasio submitted a letter of resignation after learning that his new employment no longer qualifies him to serve on the IHC Board as a representative of consumers.

W. Sanders reported that Sandy Herman who has served as the representative from Guardian for a number of years has advised the Board that he will no longer continue to serve as Guardian’s representative on the IHC Board. On behalf of the Board, M. McClure expressed appreciation to S. Herman for his outstanding service and contributions to the Board. W. Sanders explained that Ulysses Lee would serve as Guardian’s representative on the IHC Board.

XII. Report of the Technical Advisory Committee

E. DeRosa reported that the Committee considered ten filings from Horizon that amended the actuarial memoranda from previous filings. The amendments were necessitated by the affordability dividend that Horizon has announced. The amendments specifically state that the dividend will not be treated as a reduction in premium or an increase in benefits for purposes of meeting the loss ratio requirements or any rate filing calculations under the IHC law.

E. DeRosa said that the three TAC members who considered the filings recommended that they be found complete.

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

E. DeRosa said Horizon also submitted four rate filings for plans issued prior to August 1, 1993. She noted that the four filings were also submitted to the Commissioner of the Department of Banking and Insurance. In response to a question concerning who reviewed prior pre-reform filings, E. DeRosa explained that the Board did not take action on recent prior filings in deference to the Department, which reviewed the filings under N.J.S.A. 17:48E-27.1.

E. Shrem offered a motion that the Board not take action on the pre-reform rate filings Horizon submitted to the Board in recognition of the fact that the DOBI would review them pursuant to N.J.S.A. 17:48E-27.1. L. Yourman seconded the motion. By roll call vote the Board voted in favor of the motion, with S. Kelly abstaining.

V. Close of Meeting

E. Shrem 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 11:00 a.m.]

Attachments: Expense Report