

**FINAL
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 11, 2007**

Directors participating: Darrel Farkus (Oxford); Sandi Kelly (Horizon BCBSNJ); Ulysses Lee (Guardian); Mary Taylor (Aetna Health Inc.); Mike Malloy (DOBI) arrived at 9:40 A.M.; Christine Stearns arrived at 10:00 A.M.; Lisa Yourman arrived at 9:35 A.M.; Steven Lenox.

Others present: Ellen DeRosa, Executive Director; DAG Eleanor Heck (DOL); Rosaria Lenox, Program Accountant; Chanell McDevitt, Deputy Executive Director.

I. Call to Order

E. DeRosa called the meeting to order at 9:30 A.M. She announced that notice of the meeting had been published in two newspapers and posted at the Department of Banking and Insurance ("DOBI"), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Minutes

December 5, 2006

The Board reviewed the minutes of the open session of the December 5, 2006 Board meeting, noting several corrections.

S. Kelly offered a motion to accept the Open Session minutes of the December 5, 2006 Board meeting, with amendments; D. Farkus seconded the motion. The Board voted in favor of the motion, with S. Lenox abstaining.

III. Report of Staff

Expense Report

R. Lenox provided a summary of the Expense report.

M. Taylor offered a motion to approve the payment of the expenses on the January 2007 expense report, and S. Lenox seconded the motion. The Board voted unanimously in favor of the motion.

Interim Reconciliation Collections Update

E. DeRosa reported that carriers are paying the assessments, but many have asked if they can net-out the amounts they owe for one loss assessment period against amounts they

are owed in another loss assessment period. E. DeRosa explained that this is not advisable for accounting reasons.

R. Lenox reported that collections on the loss assessments are as follows: for the 1997/1998 interim reconciliation loss assessment, 48.6% of the amounts due have been received; for the 1999/2000 interim reconciliation loss assessment, 39.7% of the amounts due have been received; and, for the 2001/2002 interim reconciliation loss assessment, 21.3% of the assessed amounts have been received.

IV. Report of the Technical Advisory Committee

Rate Filings

(M. Taylor recused herself from consideration of the rate filings submitted by her employer, Aetna Health Inc.)

S. Kelly reported that the TAC recommended finding Aetna's HMO rate filing complete subject to some clarifications, for an effective date of 4/1/07. However, TAC recommended that Aetna's rate filing for its B&E Plan be found incomplete, because it failed to include appropriate historical experience and illustrations of the high/low rates as required by regulation. S. Kelly noted that TAC was seeking other clarifications from Aetna on the B&E filing, but these, in and of themselves, would not have been a reason for TAC's recommendation to find the filing incomplete.

D. Farkus offered a motion to find the Aetna's HMO rate filing complete, subject to a request for clarifications, while finding Aetna's B&E rate filing incomplete. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

S. Kelly reported that TAC recommended finding the AmeriHealth HMO Plan rate filing to be complete. The rate filing continues AmeriHealth's current rates in effect.

L. Yourman offered a motion to find AmeriHealth's HMO Plan rate filing complete; D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

(S. Kelly recused herself from consideration of rate filings submitted by her employer, Horizon Blue Cross Blue Shield NJ as well as Horizon HMO.)

E. DeRosa reported that TAC was requesting some clarifications from Horizon regarding its rate filing for the HMO Plan as well as the rate filing for A/50-D, but recommended finding both rate filings to be complete for a 2/1/07 effective date.

M. Taylor offered a motion to find Horizon's rate filing for its HMO Plan and its A/50-D Plan complete, subject to a request for clarifications. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

(D. Farkus recused himself from consideration of rate filings submitted by his employer, Oxford Health Plans.)

S. Kelly reported that TAC was requesting some clarification from Oxford regarding its rate filing for its B&E Plan, but recommended finding the rate filing to be complete, with a 3/1/07 effective date.

M. Taylor offered a motion to find Oxford's rate filing for its B&E Plan to be complete, subject to a request for clarifications. S. Lenox seconded the motion. The Board voted unanimously in favor of the motion.

B&E Quarterly Reports

S. Kelly reported that the TAC reviewed 3Q06 enrollment information submitted by AmeriHealth, Horizon and Oxford for their B&E plans, and saw no issues. The TAC will continue to monitor the filings to evaluate whether adverse selection is avoided to the extent possible.

V. Report of the Operations and Audit Committee

Minimum Enrollment Shares for 2003/2004 and 2005/2006

E. DeRosa provided the Board with the draft bulletins and spreadsheets related to the two separate target enrollment share reports.

E. DeRosa noted that when the Board sent out the information for the 2003/2004 market share targets, the Board had specifically told carriers that the information was not final, and elections for exemptions should not be made based on the information. Elections were held in abeyance pending adoption of a new N.J.A.C. 11:20-2.17. The Board adopted the new N.J.A.C. 11:20-2.17 in December of 2006, and carriers are now on notice of the most current loss assessment methodology. Accordingly, the Operations and Audit Committee is recommending it is now appropriate for carriers to make exemption requests and provide certifications of covered lives for both the 2003/2004 and 2005/2006 loss assessment cycles. E. DeRosa noted that carriers typically decide whether to seek an exemption based on the target market share data, and later certify the number of lives they actually enrolled. Given that the enrollment data for 2003/2004 and 2005/2006 is now available, the Operations and Audit Committee recommends making the exemption request and certification of lives enrolled for each of the periods in a single-step process for these two assessment cycles.

However, in the process of reviewing the updated information, it became apparent that there were some discrepancies in numbers of enrolled lives reported for several carriers, and the Operations and Audit Committee requested that staff cross reference some of the enrollment data against other enrollment data the Department may have. In addition, staff contacted carriers with noted discrepancies for clarifications. E. DeRosa noted that the spreadsheet in the Board packet did not reflect all of the revised data and clarifications because some information had not yet come in from the carriers contacted.

E. DeRosa asked the Board to consider whether the Board preferred to: (a) authorize staff to send out the bulletins with revised spreadsheets that staff would prepare, but which are not currently available to the Board; or, (b) table the matter until the February 13, 2007 meeting. The Board elected to table the action until the February 13, 2007 meeting.

The Board continued with brief discussion about the impact of treatment of Medicaid and Medicare lives on establishing market share and satisfying target enrollments, and the inherent flaws in the formula. The Board requested that staff draft a letter to the Department of Banking and Insurance highlighting the problems and requesting that the DOBI bring the issue to the attention of the Legislature.

VI. Report of the Legal Committee

Recommendation regarding National Health Insurance Company

E. DeRosa reported that the Legal Committee discussed National Health Insurance Company's (NHIC) arguments regarding whether NHIC has an obligation to pay an administrative assessment for 2006/2007, which seemed to be based solely on NHIC's interpretation of the definition of "member." The Legal Committee drew no conclusions about NHIC's member status, or the merits of NHIC's arguments. The Legal Committee recommended having staff prepare and send a written response to NHIC stating that the Board will take NHIC's arguments under advisement, and will not pursue collection of the interim administrative assessment against NHIC at this time, but in doing so, is not waiving any rules or the Board's authority to interpret the law under its jurisdiction.

M. Taylor offered a motion to accept the Legal Committee's recommendation in this instance, and also to have staff explore whether the rules regarding administrative assessments should be amended or otherwise clarified. U. Lee seconded the motion. The Board unanimously approved the motion.

Recommendation regarding the State Ethics Commission letter

E. DeRosa reported that the Legal Committee believed the State Ethics Commission's interpretation of the ethics disclosure laws is limited in scope to the application of the specific issue, and need not be construed to have any broader application. The Legal Committee recommended taking no further action on the matter.

VII. Executive Session

E. DeRosa said the Board would need to go into Executive Session to consider draft Executive Session minutes, receive legal advice from counsel, and discuss current or pending litigation. She said the Board may conduct additional business following Executive Session.

L. Yourman offered a motion to begin Executive Session for the stated reasons. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 10:45 A.M. – 10:50 A.M.]

VIII. Final Business and Close of Meeting

In open session, D. Farkus offered a motion to close the meeting. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

The meeting adjourned at 10:55 A.M.