

**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 8, 2008**

**Directors participating:** Darrel Farkus (United); Sandi Kelly (Horizon); Ulysses Lee (Guardian – *arrived 9:40 A.M.*); Mary Taylor (Aetna Health Inc.); Neil Vance (DOBI).

**Others present:** Ellen DeRosa, Executive Director; DAG Vicki Mangiaracina (DLPS); 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 11, 2007**

**S. Kelly made a motion to accept the Open Session minutes of December 11, 2007, without amendments. D. Farkus seconded the motion, and the motion carried.**

**III. Report of Staff**

*Expense Report -- January*

R. Lenox provided a summary of the January 2008 Expense report, which included expenses totaling \$10,828.25.

**M. Taylor made a motion to approve the payment of the expenses on the January 2008 expense report. N. Vance seconded the motion, and the Board voted unanimously to approve it.**

*Contract for audit services of administrative expenses*

There was discussion of the need to form a committee to evaluate the proposal submitted in response to the Scope of Work the Board issued to the Treasury-contracted audit firms. The evaluation committee can include members from the Operations & Audit Committee (OAC), but must have at least one member who is not part of the OAC. After discussion, the Board determined the evaluation committee should include Horizon, United/Oxford and the Department of Banking and Insurance. It was agreed that, if the IHC Board membership increases, and the standing committees return to the complement established

at the November annual meeting (which would return Horizon to its seat on the OAC), the composition of the evaluation committee would need to be revised.

E. DeRosa reminded the Board that the Scope of Work and the attendant proposal are for audits of the FY2000 through FY2005 administrative expenses.

*Collections of Loss and Administrative Assessments (October 16, 2007 mailing)*

R. Lenox reported that both MegaLife and UICI have now paid their assessments, and only U.S.Life's payment (totaling approximately \$3,000) remains outstanding.

#### **IV. Report of the Technical Advisory Committee (TAC)**

*S. Kelly recused herself from the discussion and vote regarding rates filed by Horizon because of the interest her employer, Horizon, has in the outcome of the vote.*

E. DeRosa reported that TAC had reviewed a rate filing from Horizon for its HMO plan with an effective date of February 1, 2008 and recommended finding the Horizon rate filing complete. TAC also recommended finding complete Horizon's filing for Plans A/50 through D continuing current rates for February 2008.

**M. Taylor made a motion to find the Horizon filing complete. D. Farkus seconded the motion and the Board voted unanimously to approve the motion.**

*D. Farkus recused himself from the discussion and vote regarding rates filed by Oxford because of the interest his employer, United/Oxford has in the outcome of the vote.*

S. Kelly reported TAC reviewed a filing from Oxford revising its B&E plan rates effective March 1, and recommended finding the filing complete.

**M. Taylor made a motion to find the Oxford filing complete. U. Lee seconded the motion and the Board voted unanimously to approve the motion.**

#### **V. Executive Session**

E. DeRosa said the Board would need to go into Executive Session to consider draft Executive Session minutes, obtain advice from counsel, and discuss litigation. She said the Board may take further action upon its return to Open Session.

**S. Kelly made a motion to move the meeting into Executive Session. M. Taylor seconded the motion, and the Board voted unanimously to approve it.**

*[Executive Session: 9:45 A.M. to 10:05 A.M.]*

## **VI. Legal Committee Report**

E. DeRosa presented the issues considered by the Legal Committee. She reminded the Board that Humana challenged the inclusion of Medicare Advantage premium in the assessment base, and at the December meeting the Legal Committee recommended that it should not have been. The Board sought clarification of whether other Medicare-related premium should be exempted. The Board also requested that the Legal Committee consider whether Medicare enrollment should be excluded from target enrollment calculations.

E. DeRosa reported that the Legal Committee determined the definition of Medicare Advantage is broad and encompasses all non-group and group products offered by carriers under agreement with CMS as a substitute for Medicare Parts A and/or B. The Committee recommended issuing an advisory bulletin regarding the treatment of Medicare Advantage premium and giving carriers that included any Medicare Advantage premium in the 2005/2006 Exhibit K as previously filed the opportunity to re-file the 2005/2006 Exhibit K. The Committee suggested that the bulletin should also note that the change in the premium will result in some change in the target enrollment numbers.

In response to the Board's prior question regarding the enrollment targets and inclusion of Medicare Advantage lives, E. DeRosa said that the Committee did not believe there was an identifiable basis for excluding Medicare-enrolled lives from the target enrollment calculations.

The Board asked to review the Advisory Bulletin before it is issued.

## **VII. Staff Report (2)**

### *Time Insurance Co.*

E. DeRosa provided an update regarding Deloitte & Touche's (D&T) review of the documentation submitted by Time at the end of August for the 1997/1998 and 1999/2000 audits. D&T has stated in writing that the information submitted by Time was not new, and that D&T is unable to proceed with the audit. After discussion, the Board requested an order be prepared requiring Time to return monies advanced, as appropriate, for the Board's review and approval.

### *AEGON & UICI*

E. DeRosa reminded the Board that the agreed upon procedure performed for Aegon (for 1997/1998 and 1999/2000) did not support Aegon's request for loss reimbursement, and Aegon had decided to submit to a full audit. D&T and Aegon were in discussion, but Aegon subsequently stated D&T's requests were too expansive, and Aegon may not be able to produce the documentation requested.

### *Protective*

E. DeRosa reminded the Board that Protective has a 13-month lapse in its documentation supplied to support its reported losses for 1997/1998 and 1999/2000, and that D&T and Protective have continued to negotiate over how to address this issue in the management representation letter. She indicated it appears that the negotiations are coming to a conclusion, although the matter is still not fully settled.

*Audits for losses incurred in 2001/2002, 2003/2004 and 2005/2006*

In response to a question from the Board regarding an RFP for loss audits, E. DeRosa stated that staff would like to wait for the evaluation committee to review the proposal on the administrative expense audit to know if the RFP should simply address loss audits or should it also address program audits.

*Board Vacancies*

E. DeRosa updated the Board on recent activity to fill the vacant Board seats, indicating that the Department of Banking and Insurance has been in contact with the Governor's Appointments Office on the issue.

**VIII. Close of Meeting**

**M. Taylor offered a motion to close the meeting. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.**

*The meeting adjourned at 10:25 A.M.*