

**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  
MARCH 11, 2008**

**Directors participating:** Darrel Farkus (United); Sandi Kelly (Horizon – *by phone*); Gale Simon (DOBI); Christine Stearns; Mary Taylor (Aetna Health Inc.)

**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 10:00 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 – February 11, 2008**

**S. Kelly made a motion to accept the Open Session minutes of February 11, 2008, with amendments. D. Farkus seconded the motion, and the motion carried, with C. Stearns abstaining.**

**III. Report of Staff**

*Expense Report -- March*

R. Lenox provided a summary of the March 2008 Expense report, which included expenses totaling \$11,158.32.

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

*Rule Proposal – Civil Union*

E. DeRosa reported that the Board received approval from Governor’s Counsel to send the civil union proposal to the Office of Administrative Law. E. DeRosa stated she filed the proposal using the expedited rulemaking process available to the Board, and had already set a hearing (for both the IHC and SEH proposals on the subject matter) for the same date, at 9:00 and 9:30 A.M. on March 17, 2008 (in the 11th floor conference room). Notices of the rule proposal were distributed to the Board members.

*Nominations for Board Seat*

E. DeRosa reminded Board members that the HMO-designated seat on the Board, currently held by Aetna Health Inc., is up for a vote this year. She stated staff had recently sent out forms to carrier members requesting nominations for the seat, and notifying members of the Board's intent to hold an election during the regularly-scheduled May 13, 2008 Board meeting.

#### *Enrollment*

E. DeRosa distributed the 2007 Annual Enrollment Report to Board members, which provides both historical annual and quarterly data, as well as a breakdown of enrollment by several categories. E. DeRosa stated enrollment continues to climb, and has for eight consecutive quarters. She noted most of the increase in enrollment is attributable to the Basic & Essential (B&E) Plans, and that there continues to be a general decline in both the IHC standard plans as well as the block of pre-reform policies. Board discussion included a note that the average age in the IHC standard plan market is more than 45 years old now, while younger enrollees are a growing population through purchase of the B&E Plans.

The Board discussed whether greater detail could be provided for the 0 to 24 year-old range (broken out as ages 0-19 years old, then 20-24 years old), so that it would be easier to discern at what point, if any, individuals in those age ranges were primarily purchasing coverage themselves as opposed to being covered as dependents. In general, Board members believe individuals up to age 24 covered under standard IHC policies are dependents, while those covered under B&E Plans are single adults, especially because 92% of B&E Plans are sold as single contracts, not multi-person contracts; however, the accuracy of the assumption is unclear. The Board agreed to consider further whether currently collected data could be used to derive the information before taking any action to amend enrollment reporting requirements.

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

S. Kelly reported HealthNet submitted rate filings for its HMO and B&E plans for an effective date of April 1, 2008, which TAC recommended finding complete subject to clarification.

**D. Farkus made a motion to find the HealthNet HMO and B&E rate filings complete subject to clarification. M. Taylor seconded the motion, and the Board voted unanimously in favor of it.**

*D. Farkus recused himself from discussion of and any official action taken on an Oxford rate filing because of the interest his employer has in the outcome of a vote on the matter.*

S. Kelly reported Oxford submitted a rate filing for its B&E plan for rates that had become effective on March 1, 2008, which TAC recommended finding complete subject to clarification. It was noted Oxford had previously filed March 1 rates for the B&E plan, but due to a system error, the quoted and billed rates varied slightly (plus or minus

\$.02) from the originally-filed rates, prompting Oxford to submit the new rate filing reflecting the actual rates charged.

**M. Taylor made a motion to find the Oxford rate filing complete, subject to clarification. G. Simon seconded the motion, and the Board voted unanimously in favor of it.**

S. Kelly reported TAC reviewed the quarterly B&E reports, and will continue to monitor the data.

S. Kelly reported TAC began discussion of the cross-subsidization issue raised at the Board's February meeting, but TAC has nothing substantive to report as yet.

#### **V. Operations & Audit Committee (OAC)**

R. Lenox gave an overview of the IHC financials (balance sheet, revenue, cash flow and budget) for the second quarter of FY 2008, which the OAC recommended accepting as presented.

R. Lenox discussed the collection of late fees arising with respect to the payment of the 2003/2004 loss assessment and the 2005/2006 loss and administrative assessment. The accumulated late fees related to the 2003/2004 loss assessment totaled \$734.57, and the accumulated late fees related to the 2005/2006 loss and administrative assessment totaled \$4,421.55. However, in keeping with IHC history, the OAC recommended not billing for any late fees of less than \$2.00, so the accumulated late fees for which the OAC recommended billing would be \$5151.71.

**G. Simon made a motion authorizing staff to issue bills for late fees arising from late payment of loss assessments for the 2003/2004 calculation period, and arising from late payment of loss and administrative assessments for the 2005/2006 calculation period, as recommended by the Operations & Audit Committee. D. Farkus seconded the motion, and the Board voted unanimously in favor of it.**

#### *Loss audits in progress*

M. Taylor reported that some of the currently-contracted loss audits remain outstanding. She stated staff is asking Deloitte & Touche for status reports on the outstanding audits.

#### *RFPs for audits*

E. DeRosa reported she expected separate RFPs for the loss and IHC Program administrative audits to be ready for the Board's consideration at the Board's April meeting.

#### **VI. Executive Session**

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

**D. Farkus made a motion to go into executive session. M. Taylor seconded the motion and the Board voted unanimously to approve it.**

*[Executive Session: 10:40 until 11:05]*

## **VI. Close of Meeting**

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

*The meeting adjourned at 11:07 A.M.*