

**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
DECEMBER 9, 2008**

Directors participating: Darrel Farkus (United); Sandi Kelly (Horizon); Ulysses Lee (Guardian); Gale Simon (DOBI); Christine Stearns; Mary Taylor (Aetna Health Inc.)

Others present: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Accountant; Vicki Mangiaracina, DAG.

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.

E. DeRosa stated that a public hearing had commenced at 9:30 A.M. regarding the proposed amendments to the standard plans and the specimen Basic & Essential Plan set forth in the appendix to N.J.A.C. 11:20. She noted that no one had yet offered any testimony or comment on the proposal, and stated the hearing would remain open while the Board meeting was in session.

II. Minutes – November 10, 2008

S. Kelly offered a motion to approve the November 10, 2008 open session minutes with amendments as discussed. D. Farkus seconded the motion. The Board voted unanimously to approve the motion.

III. Report of Staff

Expense Report

R. Lenox presented the December expense report, showing expenses totaling \$108,728.88. She noted the total includes \$67,929 for audit expenses thus far presented by Withum, Smith+Brown for October 2008.

M. Taylor offered a motion to approve the payment of the expenses on the December 2008 expense report, totaling \$108,728.88. G. Simon seconded the motion. The Board voted unanimously in favor of the motion.

Supplemental Code of Ethics

E. DeRosa explained that the Supplemental Code of Ethics submitted to the State Ethics Commission had been approved by that agency, with some modest modifications, which

had been incorporated in the revised copy of the Supplemental Code in the Board's meeting materials. She stated that the Board needed to vote to adopt the Uniform Code of Ethics and this Supplemental Code of Ethics, after which the State Ethics Commission would be notified of the action, and would post the supplement on their website.

M. Taylor made a motion to adopt the Uniform Code of Ethics as supplemented by the New Jersey Individual Health Coverage Program Supplemental Code of Ethics for purposes of setting forth the ethical standards of practice for IHC Board members. D. Farkus seconded the motion. The Board voted in favor of the motion, with U. Lee abstaining.

December 19th Board meeting (Rule proposal implementing S-1557 (P.L. 2008, c. 38))

E. DeRosa reminded the Board that notice of the Board meeting on December 19, 2008 has been published in accordance with the requirements of the Open Public Meetings Act, and it will be held in the 11th floor conference room in the Roebing Bldg, but that Board members may participate by phone if they prefer. She confirmed that the purpose of the meeting is to discuss any comments received on the rule proposal, and possibly to take action to adopt the proposed amendments and repeals. She noted the comment period for the proposal closes on December 15, and she would attempt to summarize the comments, if any, prior to the December 19th meeting, so that Board members would have an opportunity to consider the issues prior to the meeting. She stated that if there were no comments, then the sole purpose of the meeting would be to consider action to adopt the proposal.

She elaborated on the process for adopting the rules, noting that if there are no comments, she will be able to file the adoption notice with Governor's Counsel and then file it with the Office of Administrative Law a week later. She stated that Governor's Counsel does not make changes to the forms, so carriers can use the forms immediately following a vote to adopt the rules.

She stated that there may be a delayed operative date upon adoption with respect to those rules proposed to be repealed, so that the IHC rules are not repealed until the Department of Banking and Insurance's proposed substitute rules can be adopted. This process will avoid any possible gaps in regulatory guidance.

She explained that carriers are permitted to use the Compliance & Variability Rider to comply with the new rules, and that, upon adoption, she will issue a bulletin providing text for the rider.

Rates

There was discussion on how rates will be displayed starting in 2009. Staff stated that various designs are being considered, but that it is not entirely clear yet how the rates will be displayed and what disclaimers may be necessary, and that it is a work in progress. It was noted that several carriers have filed pure community rates for 2009, and that it may be some months before most carriers decide whether to transition to new age-based rates.

IV. Operations & Audit Committee Report (OAC)

Administrative Audits

E. DeRosa reported that the auditors had completed their fieldwork, and submitted preliminary draft audit reports for staff review. She stated she anticipates draft reports for all years will be available for the OAC's review in January.

Financial Reports – 1Q09

R. Lenox discussed the first quarter 2009 financial statements, including the Statement of Net Assets, Statement of Changes in Net Assets, Statement of Cash Flows, and the Budget to Actual Expenditures Comparison. She noted that, per the Board's directions, all but \$240,000 had been transferred into a segregated interest-bearing account in Treasury.

Loss Audits

E. DeRosa reported that Withum, Smith+Brown has contacted all of the carriers, but has not started any audits as yet. She reminded the Board that these audits are for losses reported for 2001/02, 2003/04 and 2005/06.

V. Technical Advisory Committee Report (TAC)

Aetna

M. Taylor recused herself from the discussion and any action on the rate filing because of the interests of her employer, Aetna, in the outcome of the action.

S. Kelly reported that Aetna had filed rates for 2009 for its HMO, A/50 through D plans as well as for its Basic & Essential (B&E) plans, all of which TAC recommended finding complete.

G. Simon made a motion to find the Aetna filings for its HMO, Plan A/50 – D plans and B&E plan effective 1/1/2009 to be complete. U. Lee seconded the motion, and the Board voted unanimously in favor of the motion.

CIGNA

S. Kelly reported that CIGNA submitted a filing extending its existing rates for its HMO and B&E plans for three months, without a rate guarantee, which TAC recommended finding complete.

M. Taylor made a motion to find the CIGNA rate filing for its HMO Plan and B&E Plan complete. D. Farkus seconded the motion, and the Board voted unanimously in favor of the motion.

B&E Quarterly Reports

E. DeRosa reported that TAC had considered the quarterly B&E reports of Horizon and Oxford, and had determined it would continue monitoring the plans. TAC also

recommended that it monitor the information in the coming year for purposes of determining whether continued monitoring is necessary given the rating changes permitted by P.L. 2008, c. 38.

VI. Other business

E. DeRosa officially closed the hearing on the forms portion of rule proposal. There were no comments.

E. DeRosa reminded Board members that the comment period for the Small Employer Health Benefits Program proposed readoption with amendments implementing P.L. 2008, c. 38 (and other more recent statutes) would close mid-January, with a public hearing scheduled for December 17, 2008, prior to the Board meeting.

VII. Close of Meeting

G. Simon offered a motion to close the meeting, seconded by D. Farkus. The Board voted unanimously in favor of the motion.

The meeting adjourned at 10:40 A.M.