

**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
JUNE 9, 2009**

Directors participating: Darrel Farkus (United); Sandi Kelly (Horizon); Gale Simon (DOBI); Christine Stearns; Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna Health Inc.)

Others participating: Ellen DeRosa, Executive Director; Rosaria Lenox, Accountant; Chanell McDevitt, Deputy Executive Director; 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 welcomed Tony Taliaferro as the representative of AmeriHealth Insurance Company, which was elected to fill the seat on the IHC Board of an insurer authorized to write health insurance in New Jersey, recently vacated by Guardian Life Insurance Company of America.

II. Minutes – Open Session May 12, 2009

S. Kelly made a motion to approve the open session minutes of the May 12, 2009 meeting, with amendments. G. Simon seconded the motion, which was approved, with C. Stearns and T. Taliaferro abstaining.

III. Staff Report

Expense Report

R. Lenox presented the May Expense Report, with expenses totaling \$32,696.96, primarily for Microsoft Dynamics (software support), salaries, and Withum, Smith+Brown audit costs for the loss audits, 50% of which will be subsequently collected from the carriers being audited, either through billing or credits taken by the IHC Board.

S. Kelly made a motion to approve the expenses for June 2009, which was seconded by M. Taylor, and approved by a unanimous vote.

Good Faith Marketing Reports

E. DeRosa reminded Board members that action on the good faith marketing reports had been postponed from the May meeting. She explained that all IHC carriers must submit

at least one thing each carrier had done that year to promote the company's Basic and Essential plan (B&E), and noted that all seven carriers submitted their reports timely this year. She explained that all carriers included the B&E plan(s) on application forms, engaged in at least one other activity, and submitted a certification, as required by the rules, so staff recommended the Board find all of the carriers to have marketed the B&E Plan in good faith in 2008. E. DeRosa provided Board members with handouts of examples of the carrier's promotional activity.

M. Taylor recused herself from any discussion or action taken by the Board with respect to the Aetna Life Insurance Company because of the interest of her employer in the outcome of any such discussion or action.

C. Stearns made a motion to find that the marketing efforts of Aetna Life Insurance Company for its B&E plan met the requirements of N.J.A.C. 11:20-22.6 in 2008. The motion was seconded by T. Taliaferro, and approved by unanimous vote.

T. Taliaferro recused himself from any discussion or action taken by the Board with respect to AmeriHealth HMO because of the interest of his employer in the outcome of any such discussion or action.

M. Taylor made a motion to find that the marketing efforts of AmeriHealth HMO for its B&E plan met the requirements of N.J.A.C. 11:20-22.6 in 2008. The motion was seconded by S. Kelly, and approved by unanimous vote.

M. Taylor made a motion to find that the marketing efforts of Celtic Insurance Company, CIGNA and Health Net, Inc. met the requirements of N.J.A.C. 11:20-22.6 in 2008. The motion was seconded by T. Taliaferro, and approved by unanimous vote.

S. Kelly recused herself from any discussion or action taken by the Board with respect to Horizon Blue Cross Blue Shield of New Jersey because of the interest of her employer in the outcome of such discussion or action.

D. Farkus made a motion to find that the marketing efforts of Horizon Blue Cross Blue Shield of New Jersey for its B&E plan met the requirements of N.J.A.C. 11:20-22.6 in 2008. The motion was seconded by C. Stearns, and approved by unanimous vote.

D. Farkus recused himself from any discussion or action taken by the Board with respect to Oxford Health Insurance, because of the interest of his employer in the outcome of such discussion or action.

M. Taylor made a motion to find that the marketing efforts of Oxford Health Insurance Company for its B&E plan met the requirements of N.J.A.C. 11:20-22.6 in 2008. The motion was seconded by S. Kelly, and approved by unanimous vote.

Rates

The question arose as to whether all carriers are using currently-filed rates in accordance with regulation (i.e., rate filings are not valid for more than a 12-month period). E. DeRosa stated that monitoring now rests with the DOBI, but she would check on it.

IV. Reconstitution of the Technical Advisory Committee (TAC)

E. DeRosa explained that TAC had a vacancy now that Guardian Life Insurance, which had participated on TAC, no longer has a seat on the Board. She suggested the IHC Board reconstitute TAC. She reminded Board members that TAC's primary functions include (1) review of annual and quarterly B&E reports, (2) assessment-related activities, including certifications of nongroup persons, and (3) some plan design issues. She also reminded Board members that the other standing committees are composed as follows:

Operations & Audit – Aetna, Oxford, DOBI
Legal – Aetna, Horizon, DOBI
Marketing – Oxford, Horizon, Christine Stearns

T. Taliaferro expressed interest in AmeriHealth's participation on TAC.

M. Taylor made a motion to reconstitute TAC to include participation by Horizon, DOBI and AmeriHealth. S. Kelly seconded the motion, and it was approved by unanimous vote.

V. Celtic Petition for Certification

E. DeRosa reported that, in the matter of Celtic's petition for certification with the New Jersey Supreme Court regarding their challenge to the retroactivity of the change in the assessment formula beginning with the 1997/1998 calculation period, DAG Eleanor Heck had requested an extension for filing her brief until mid-June.

VI. Marketing

C. Stearns suggested the Marketing Committee meet to discuss what could be done to further inform people about their options in the individual market given the recent large declines in group insurance, and changes in the individual market.

There was brief discussion that, with marketing to individuals, a major difficulty is in identifying locations for placing information so that it is accessible to large numbers of individuals. This would be an issue for the Marketing Committee to explore.

VII. Report of the Operations & Audit Committee (OAC)

E. DeRosa reminded the Board that it had agreed to issue a joint Request for Proposal (RFP) for auditing services with the Small Employer Health (SEH) Board. She reported

that the OAC had reviewed the draft joint RFP, and recommended the IHC Board approve it subject to the elimination of the option for a bidder to use subcontractors. E. DeRosa noted the SEH Board's Finance and Audit Committee (FAC) would review the revised draft shortly, and make a recommendation to the SEH Board with respect to the RFP. She stated that, if the two Boards did not agree on the joint RFP, it could again be divided, and the Boards could proceed to issue separate RFPs for audits. She reported that the draft the Board received included the changes suggested by the OAC, as well as some technical changes suggested by V. Mangiaracina.

G. Simon made a motion to approve issuance of the RFP as amended, contingent upon the approval of the SEH Board. D. Farkus seconded the motion, which was approved by unanimous vote.

VIII. Executive Session

M. Taylor made a motion to move the meeting into Executive Session for the report of the Legal Committee and to receive legal advice from counsel regarding issues with Protective Life Insurance Company. D. Farkus seconded the motion, which was approved by unanimous vote.

[The Board went into Executive Session from 10:50 until 11:15 A.M.]

IX. Protective Life Insurance Company (Protective)

M. Taylor stated the Board had previously asked staff to draft another order (supplementing Administrative Order 04-01) demanding Protective return monies advanced or credited to Protective against losses the company had reported for the 1997/1998 calculation period, and demanding payment of amounts owed by Protective for the 1996 losses based on the 2006 reconciliation for that calculation period. She reported the Board recently received a letter from Protective: (1) outlining its position that it had already signed a management representation letter, and its objections to the request by Deloitte & Touche (D&T) to sign a revised management representation letter, and (2) requesting that the Board reconsider the position expressed in Administrative Order 04-01. M. Taylor reported that the Board considered Protective's recent letter and determined there was nothing in the letter that the Board believed should lead the Board to pursue a course of action other than proceeding with an Order: Protective had not signed the management representation letter as requested by D&T, and still could not produce the 11-months of missing records.

S. Kelly made a motion, seconded by C. Stearns to approve issue of an order supplementing Administrative Order 04-01, and denying Protective's request for reconsideration. The motion was approved by unanimous vote.

X. Close of Meeting

D. Farkus made a motion, seconded by G. Simon, to adjourn the meeting. The motion was approved by unanimous vote.

[The meeting adjourned at 11:20 A.M.]