

**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
JULY 14, 2009**

Directors participating (in person): Darrel Farkus (United); Gale Simon (DOBI);

Directors participating (by phone): Sandi Kelly (Horizon); Tom Pownall (Aetna Health Inc.); Christine Stearns; Tony Taliaferro (AmeriHealth –*joined at 10:30 A.M.*)

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 10:20 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. She stated that, because some members of the Board were participating by phone, votes would be by roll call. She took roll call. A quorum was present.

II. Minutes – June 9, 2009

Open Session

G. Simon made a motion to approve the open session minutes of the June 9, 2009 meeting, with amendments. D. Farkus seconded the motion, which was approved by a unanimous roll call vote.

Executive Session

It was determined that comments on the Executive Session minutes were technical, and did not require the Board to move into Executive Session for consideration.

S. Kelly made a motion to approve the executive session minutes of the June 9, 2009 meeting, with amendments. G. Simon seconded the motion, which was approved by a unanimous roll call vote.

III. Staff Report

Expense Report

R. Lenox presented the June Expense Report, with expenses totaling \$60,861.45, primarily for salaries, legal fees and Withum, Smith+Brown audit costs for the loss audits.

T. Taliaferro made a motion to approve the expenses for July 2009, which was seconded by S. Kelly, and approved by a unanimous roll call vote.

Transfer of Funds

R. Lenox explained that the Board would need to transfer funds from the account in DOBI to the Board's checking account in order to pay the approved expenses and those that will be coming due shortly. She recommended a transfer of \$150,000.

G. Simon made a motion, seconded by D. Farkus, to transfer \$150,000 from the IHC Board's administrative funds held in DOBI to the IHC Board's checking account at Wachovia for payment of operating expenses. The motion was approved by a unanimous roll call vote.

IV. Joint Evaluation Committee

E. DeRosa informed the Board that the joint RFP for auditing services had been issued, that questions have been received (and answers will be posted soon), and that bids are due by July 29, 2009. She noted that the Board still needed to decide on membership on the Joint Evaluation Committee. By virtue of the plan staff had drafted previously for both the IHC and the Small Employer Health (SEH) Benefits Program Board, it had already been determined that DOBI and Oxford/United would be represented on the committee. However, an additional IHC member could be selected while still avoiding quorum issues for the IHC Board. She pointed out that the third IHC member should not be an Operations and Audit Committee member or an SEH Finance and Audit Committee member. After some discussion, it was determined that either C. Stearns or L. Yourman would qualify, but C. Stearns indicated she would not be available to participate. E. DeRosa stated she would ask L. Yourman whether she was able to participate; otherwise, it was agreed the IHC Board would have only two representatives on the joint evaluation committee.

V. Technical Advisory Committee (TAC) Report

Basic & Essential Plans Quarterly and Annual Reports

E. DeRosa reported that TAC had met to review the quarterly and annual Basic & Essential (B&E) plan reports, and had determined no specific action was needed, but that the Board should continue to monitor enrollment. S. Kelly indicated TAC had discussed the possibility of discontinuing the requirement that carriers attempt to report whether and how their B&E enrollees were previously insured. S. Kelly noted that during the five years of monitoring the B&E enrollment, the TAC had not seen any evidence of adverse selection in the section of the report seeking information about enrollees' prior coverage. She stated that the requirement that carriers attempt to collect information regarding how B&E enrollees were previously insured is very labor intensive and its reliability is debatable, raising questions about the continuing utility of this section of the B&E reports. S. Kelly stated N. Vance had indicated indifference with respect to this specific reporting requirement.

E. DeRosa agreed that the reliability of the data had proven uncertain, but pointed out that the reporting requirements are set forth in regulation, and thus, the regulations would have to be proposed and adopted before the requirement could be eliminated. She noted that the IHC Board should be proposing amendments soon to address a couple of new laws, such as Grace's law, and the Board could consider then whether to amend the B&E reporting rules.

Certification of Non-group Persons/Satisfaction of Target Enrollment Requirements

S. Kelly reminded Board members that carriers seeking exemptions from loss assessments are assigned enrollment targets early during the two-year calculation, and then subsequently report enrollment to determine the degree to which targets have been met. She stated that no carrier had met its enrollment targets, but that all of the carriers had met a percentage of the target, and that the TAC recommended approval of these percentages:

Aetna →	50.30%
AmeriHealth →	20.98%
CIGNA →	00.78%
HealthNet →	50.90%
Horizon →	73.94%
United →	70.09%

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

G. Simon made a motion to find that Aetna had met 50.30% of its required enrollment target for the 2007/2008 calculation period. The motion was seconded by T. Taliaferro, and approved by unanimous roll call vote.

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

S. Kelly made a motion to find that AmeriHealth had met 20.98% of its required enrollment target for the 2007/2008 calculation period. The motion was seconded by C. Stearns, and approved by unanimous roll call vote.

S. Kelly made a motion to find that CIGNA had met .78% of its required enrollment target for the 2007/2008 calculation period, and that HealthNet had met 50.90% of its required enrollment target for the 2007/2008 calculation period. The motion was seconded by D. Farkus, and approved by unanimous roll call vote.

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

T. Taliaferro made a motion to find that Horizon had met 73.94% of its required enrollment target for the 2007/2008 calculation period. The motion was seconded by G. Simon, and approved by unanimous roll call vote.

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

G. Simon made a motion to find that Oxford/United had met 70.09% of its required enrollment target for the 2007/2008 calculation period. The motion was seconded by T. Pownall, and approved by unanimous roll call vote.

Assessments for 2007/2008 Losses and 2010/2011 Administrative Expenses

S. Kelly stated that, with approval of the target enrollment percentages, the Board could take action to bill for the 2007/2008 loss assessment and the 2010/2011 administrative assessment. She stated the TAC reviewed the assessment spreadsheets and recommended approval of billing the loss assessment and administrative assessment in a single invoice. S. Kelly noted that the pro rata exemptions based on the target enrollment only has an impact on a carrier's assessment for losses, not the administrative assessments, as indicated on the spreadsheet. E. DeRosa pointed out that the losses being assessed this final calculation period stand at \$438,389.

S. Kelly made a motion to approve an assessment of carriers for \$438,389 in losses for the 2007/2008 calculation period plus a total of \$661,000 for budgeted administrative expenses for fiscal years 2010 through 2011. G. Simon seconded the motion, which was approved by unanimous roll call vote.

E. DeRosa explained that staff would tailor previously-used assessment communications, and expected to issue invoices with the written notices on or before July 17th.

VI. Operations and Audit Committee (OAC) Report

E. DeRosa stated that the OAC had also reviewed the target enrollment data and the assessment spreadsheets for the 2007/2008 losses and the 2010/2011 administrative expense budget. She stated that the OAC had recommended finding that each of the carriers seeking exemptions had met the same pro rata target percentages as TAC had recommended, and that the OAC also recommended approving the assessment allocations that TAC had recommended approving.

VII. Protective Order

E. DeRosa explained that Administrative Order 09-01 against Protective had been issued, and although Protective had not yet filed an appeal, it still had time to do so. She stated Protective had filed a request for records through New Jersey's Open Public Records Act shortly after the order was issued, and staff had already responded to the request.

VIII. RFP regarding reimbursement issues

S. Kelly asked for an update on the RFP seeking actuarial services regarding out-of-network reimbursement issues. C. McDevitt reported that a draft RFP was in progress. She noted she had asked if the Board could make use of the special projects provisions of an existing actuarial services contract that DOBI has in place, but that the contract manager had suggested the existing contract did not encompass the types of services the IHC Board was seeking. She stated she anticipated a first draft of the RFP would be circulated soon.

IX. Close of Meeting

T. Taliaferro made a motion, seconded by G. Simon, to adjourn the meeting. The motion was approved by unanimous roll call vote.

[The meeting adjourned at 11:05 A.M.]