

**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
September 8, 2009**

Directors participating (in person): Gale Simon (DOBI).

Directors participating (by phone): Darrel Farkus (United); Sandi Kelly (Horizon); Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna Health Inc.); Lisa Yourman.

Others participating: Ellen DeRosa, Executive Director; Rosaria Lenox, Accountant; DAG Vicki Mangiaracina, DOLPS-DOL.

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 of general circulation 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

August 11, 2009 Open Session

M. Taylor made a motion to approve the open session minutes of the August 11, 2009 meeting, with an amendment. S. Kelly seconded the motion. By roll call vote the Board voted to approve the motion, with L. Yourman abstaining.

III. Staff Report

Expense Report

R. Lenox presented the August Expense Report, with expenses totaling \$18,014.67.

T. Taliaferro made a motion to approve payment of the expenses for August 2009, which was seconded by D. Farkus. By roll call vote the Board unanimously voted to approve the motion.

2010 Meeting Dates

The Board considered a proposed calendar of meeting dates for 2010 and with one modification to the September meeting date, agreed to the schedule as proposed.

IV. Report of the Operations and Audit Committee

R. Lenox reported that the Committee reviewed and discussed the financial statements for the fiscal year that ended on June 30, 2009. She said the Committee accepted the statements, as presented. For the benefit of the Board, R. Lenox reviewed the Management's Discussion and Analysis document, highlighting the conclusion of litigation that resulted in the release of \$1,882,102 from restricted funds, and the Board's action to transfer mutual funds from Wachovia to funds held by Treasury. R. Lenox reviewed the Statement of Net Assets, the Statement of Changes in Net Assets, the Statement of Cash Flows and Comparison of Budget and Actual Expenditures documents and highlighted significant information found in each document.

E. DeRosa reported that she provided the Committee with an update on outstanding loss audits. She discussed the status of the outstanding audits with the Board.

E. DeRosa reported that Deloitte & Touche (D&T) has not yet been able to conclude three audits: Time, Aegon, Protective.

Time provided materials for D&T's review regarding the 1997/1998 and 1999/2000 loss audits, and upon review D&T presented a list of questions for Time. Those questions were transmitted to Time via Board staff and Time's outside counsel. E. DeRosa reported that she attempted to open a more direct line of communication between D&T and Time. She said neither Time nor Time's counsel had responded to that request. She further reported that no responses have been provided to the questions D&T posed.

E. DeRosa reported that the Aegon audits for 1997/1998 and 1999/2000 were progressing.

Regarding Protective, E. DeRosa reported that D&T has been asked to state the nature of the document it might be able to provide to detail the work performed on the 1997/1998 AUP given that Protective has been unwilling to sign the required management representation letter.

E. DeRosa reported that the loss audits being performed by Withum Smith + Brown (WS+B) have been progressing.

The completion of the audits D&T is performing of Time is essential to WS+B's work auditing 2001/2002. WS+B uncovered enrollment in Plan E, a plan the Board eliminated in 1997. E. DeRosa stated that WS+B reported that Time staff questioned WS+B on inception to date and how it should be measured.

The audits of Celtic 2001/2002, 2003/2004 and 2005/2006 were completed and draft reports were expected shortly.

WS+B presented questions to Guardian regarding the audits for 2003/2004 and 2005/2006 and awaited responses.

WS+B's work on the Principal audit for 2001/2002 is about three-fourths completed.

WS+B's work on the Metropolitan audit for 2001/2002 was continuing.

V. Executive Session

M. Taylor offered a motion to enter Executive Session to discuss pending litigation and receive advice from counsel. G. Simon seconded the motion. By roll call vote the Board unanimously voted to approve the motion. E. DeRosa said the Board would resume Open Session following Executive Session.

[Executive Session: 10:30 A.M. – 10:45 A.M.]

VI. Discussion Following Executive Session

G. Simon stated that the Board reviewed and considered a request for a thirty day extension from Protective Life Insurance Company (Protective). Such request was made in response to the Board's Order, 09-IHC-02 and the seven-day time period for making payment as set forth in the Order. She said that the Board believed it reasonable to grant the request given the change in counsel and the Board's recognition that the new counsel would need time to review the file.

G. Simon offered a motion to grant Protective's request for a thirty-day extension in which to comply with the payment provisions set forth in 09-IHC-02. L. Yourman seconded the motion. By roll call vote the Board unanimously voted to approve the motion.

VII. Close of Meeting

G. Simon made a motion to adjourn the meeting. D. Farkus seconded the motion. By roll call vote the Board unanimously voted to approve the motion.

[The meeting adjourned at 10:38 A.M.]