

**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 8, 2009**

Directors present by telephone: Darrel Farkus (United); Sandi Kelly (Horizon); Christine Stearns (*joined at 10:08*); Tony Taliaferro (AmeriHealth – *joined at 10:35*); Mary Taylor (Aetna Health Inc.).

Directors present in Trenton: Gale Simon (DOBI)

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; DAG Vicki Mangiaracina.

I. Call to Order

E. DeRosa called the meeting to order at 10:05 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 noted that, because most of the directors were participating by phone, votes would be taken by roll call. Following a roll call, she determined a quorum was present.

II. Minutes – November 10, 2009 Open Session

M. Taylor made a motion to approve the open session minutes of the November 10, 2009 meeting. D. Farkus seconded the motion. Through a roll call vote, the motion was approved.

III. Staff Report

Expense Report

R. Lenox presented the December Expense Report, with expenses totaling \$28,673.14. She noted that the expenses being paid included a bill from the Division of Law, professional services of Withum, Smith+Brown (WSB) related to audits of carriers seeking reimbursements for losses, as well as support services from Great Plains necessitated by the DOBI’s switch from Windows Vista to Windows XP.

G. Simon made a motion to approve payment of the expenses for November 2009, which was seconded by S. Kelly. The motion was approved by a unanimous roll call vote.

Actuarial Request for Proposal (RFP)

The Board discussed the draft actuarial RFP, which both the Legal Committee and the Technical Advisory Committee (TAC) had recommended be issued. Board members

suggested that the language regarding rulemaking be more flexibly-worded, indicating that the Board may pursue rulemaking, and would want the bidder to provide technical assistance in responding to comments and questions as necessary.

M. Taylor made a motion to issue the RFP with the modifications discussed by the IHC Board. D. Farkus seconded the motion. The motion was approved through a unanimous roll call vote.

III. Report of the Technical Advisory Committee (TAC)

E. DeRosa reported that TAC had met to consider the changes to the RFP suggested by the Legal Committee, and had considered the suggested changes to be appropriate. She reported that TAC had also reviewed the quarterly reports for the Basic & Essential (B&E) plans for AmeriHealth, Horizon and Oxford, and would continue to monitor them.

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

Celtic Audit

E. DeRosa reported that the OAC had considered the draft audit reports from WSB on Celtic for the 2001/2002, 2003/2004 and 2005/2006 two-year calculation periods. She reminded Board members that the OAC had previously reviewed the reports, and asked WSB some questions, which had resulted in WSB determining that Celtic's losses had been overstated by \$16,000. She said the OAC had recommended the Board accept the draft reports as revised.

S. Kelly made a motion to accept WSB's draft Celtic audit reports for calculation periods 2001/2002, 2003/2004 and 2005/2006 and request that WSB finalize the reports as soon as possible. M. Taylor seconded the motion. The motion was approved by a unanimous roll call vote.

E. DeRosa stated that the money due to Celtic has been assessed and collected, and further, is currently available because the time periods in question have not been subject to any requests for the Board to establish any segregated interest-bearing accounts (SIBAs). She noted that Celtic is very eager to receive the reimbursements, and suggested that the IHC Board authorize staff to submit a request to issue the money to Celtic as soon as WSB submits the final audit reports. Board members debated whether to issue the money to Celtic now, or to hold the money until all audits for the calculation periods are complete. Some Board members were concerned about the loss reimbursement amounts being greater in subsequently-completed audit reports, and payments to those carriers being delayed because of the need for an additional assessment. Other Board members saw no reason to delay payment to Celtic which had fully cooperated with the audit, unlike some other carriers.

M. Taylor made a motion authorizing transfer of money from the IHC Board's funds held in New Jersey Treasury accounts to the IHC Board's Wachovia checking account in order to make payment of Celtic's reimbursable losses for the 2001/2002,

2003/2004 and 2005/2006 calculation periods as set forth in the final audit reports of Withum, Smith + Brown, totaling \$2,127,999.00, less 50% of the related total audit costs billed by Withum, Smith+Brown. The motion was seconded by G. Simon. The motion was approved by a unanimous roll call vote.

Financial Statements for the First Quarter of Fiscal Year 2010 (1QFY10)

R. Lenox reported on the 1QFY10 financial statements, including the Statement of Net Assets, Statement of Changes in Net Assets, Statement of Cash Flows, and the Comparison of Budget and Actual Expenditures. She noted that there was an increase in restricted cash because monies remitted by Protective Life Insurance pursuant to IHC Order 09-02 had been transferred into a SIBA upon Protective's request.

V. Executive Session

G. Simon made a motion to move the meeting into Executive Session for the purpose of discussing the Executive Session minutes of November 10, 2009, and discussing litigation and receiving advice from counsel. D. Farkus seconded the motion, which was approved by unanimous roll call vote.

E. DeRosa noted that she did not expect the IHC Board to have any further business to discuss when it returned to Open Session.

[Executive Session from 10:25 until 10:38 A.M.]

VI. Close of Meeting

G. Simon made a motion to adjourn the meeting. M. Taylor seconded the motion, which was approved by a unanimous roll call vote.

[The meeting adjourned at 10:39 A.M.]