**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**
**January 10, 2012**

**Directors present:** Darrel Farkus (Oxford); Neil Sullivan

**Directors participating by phone:** Sandi Kelly (Horizon); Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna Health Inc).

**Others participating:** Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Program Accountant; Deputy Attorney General (DAG) Eleanor Heck.

## I. Call to Order

E. DeRosa called the meeting to order at 10:03 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. A quorum was present. Because a majority of the Directors were participating by phone, E. DeRosa stated that votes would be by roll call.

## II. Minutes – *November 1, 2011 (Open Session)*

**S. Kelly made a motion, seconded by M. Taylor, to approve the open session minutes of November 1, 2011, with amendments. By roll call, the motion carried, with N. Sullivan abstaining.**

## III. Staff Report

*Expense Report and Transfer of Funds*

R. Lenox presented the Expense Report for January, with expenses totaling $54,662.17, which primarily was composed of invoices for audit services from Withum Smith+Brown for program audits (for calculation period 2010/2011) and loss audits of Celtic (for calculation period 2007/08), and for staff salaries and fringe.

**M. Taylor made a motion, seconded by T. Taliaferro, to approve the January Expense Report. By roll call, the motion carried.**

R. Lenox then requested approval for a transfer of funds from the Board's Money Market account to its checking account for the purpose of paying the approved expenses.

**S. Kelly made a motion, seconded by D. Farkus, to approve the transfer of $55,000 from the Board's Money Market account to the Board's checking account for the purpose of paying January's expenses. By roll call, the motion carried.**

R. Lenox then asked the Board for approval to transfer $2575.41 from the Money Market account to the Board's checking account for the purpose of reissuing checks to five carriers to which checks had been issued in 2007 and 2008, but which the carriers had not cashed. She noted that, when the checks were voided, the amounts had been recorded to the Accounts Payable – Members Accounts in the Board's financial statements, because the intent had been to refund the money through future payments; however, in reviewing assessments (not yet finalized), R. Lenox realized that three of the five carriers have no market share, and thus, will not receive future refunds. That being so, staff recommends reissuing checks to the five carriers.

**S. Kelly made a motion, seconded by D. Farkus, to approve the transfer of $2574.41 from the Board's Well Fargo account to its checking account in order to reissue checks to carriers due refunds. By roll call, the motion carried.**

*Basic & Essential Riders*
E. DeRosa reported that AmeriHealth had submitted two riders.

*[T. Taliaferro recused himself from discussion and action on the riders because of the interest his employer has in the outcome of action that might be taken by the Board.]*

E. DeRosa explained that AmeriHealth submitted amendments to its Basic and Preferred riders for its HMO B&E plan, which advised members of the pre-approval requirements network providers must satisfy, without altering the already-approved rider benefits. She noted that the riders were submitted some months earlier, but had been revised to address some grammar issues. She stated that the filing included appropriate certifications and recommended approval of the riders as amended.

**D. Farkus made a motion, seconded by N. Sullivan, to approve the riders as amended. By roll call, the motion carried.**

E. DeRosa stated that she has received a request from a carrier for a standard plan design to be used with an exclusive provider organization (EPO) offering. She noted that most carriers sell B&E on an EPO basis, and that many carriers also actively market EPO-based standard plans in the SEH market. She said that the inquiry had been specific to Plan A/50. IHC Board members indicated that the idea sounded reasonable, given evolutions in other markets.

## IV. Report of the Operations and Audit Committee (OAC)

*Late Fees*
R. Lenox presented the Board with a worksheet showing the late fees associated with the 2004/05 and 2006/07 final administrative assessments. She stated that the total would be $20.30, explaining that amounts shown due which were less than $2.00 would not be billed, because the Board did not bill for such lesser amounts during the time in question.

**S. Kelly made a motion, seconded by M. Taylor, to approve the billing of late fees as presented to the appropriate carriers. By roll call, the motion carried.**

*Financial Statements*
R. Lenox presented the financial statements for the quarter ended September 30, 2011, including the Statement of Net Assets, the Statement of Changes in Net Assets, the Statement of Cash Flows, Comparison of Budget to Actual, and two new statements: the Statement of Changes in Assets & Liabilities (Loss Assessment Fund), and a breakdown of Accounts Payable to Member Companies. She explained that the OAC had specifically requested addition of these two financial statements because the dollars involved are large, and somewhat complex. With respect to the Accounts Payable, she stated that the final assessment reconciliations for the 2003/04 and 2005/06 calculation periods had been completed. She also noted that operations were currently under budget.

*NJProtect Scope of Work for Auditing Services*
E. DeRosa reminded the Board that its contract for the audit of NJ Protect had a term of only one year because of the terms of the then-existing contract between the New Jersey Department of Treasury (Treasury) and the pre-approved firms through which services had been obtained, so it would be necessary to issue a Request for Proposal or another Scope of Work in order to secure additional auditing services. She explained that Treasury had entered into a new three-year contract with multiple auditing firms (17 total), and staff considered the list of firms promising, so had recommended using the Scope of Work process again, and the OAC had agreed. The Board discussed the Scope of Work, and staff noted that the Scope is slightly broader than the original scope, with a requirement that additional data be audited, including enrollment data, appeals data, etc.

**M. Taylor made a motion, seconded by T. Taliaferro, to authorize the issuance of the NJ Protect Scope of Work for Auditing Services to the Treasury list. By roll call, the motion carried.**

The Board then discussed the formation of an Evaluation Committee to evaluate the quotes expected to be received in response to the NJ Protect Scope of Work, and the timing of the contract award. It was agreed that the evaluation committee would include: C. Stearns, Oxford and the DOBI. It was agreed that the Board intended to award the contract at its scheduled March board meeting, with the engagement letter completed shortly thereafter. The Board noted its expectation that the draft audit report would be available by May 15, and acknowledged that the final report is due to the U.S. Department of Health and Human Services by the end of June.

## VI. Report of the Technical Advisory Committee (TAC)
S. Kelly reported that TAC met with Navigant on January 5 to discuss the initial draft report on reimbursement methodologies, which was received December 20, 2011. She explained that TAC had asked for some modifications to the report, and that these were in process. E. DeRosa explained that the draft report provides detail and comparison of reimbursement methods most typically used, and that she had copied a page from the report to give the Board a flavor of the work. She explained that the specific page compares Fair Health data at various percentiles relative to Medicare's Resource-Based Relative Value Scale (RBRVS) by certain provider categories. She noted that the report acknowledges that Fair Health's data and percentiles are very similar to those derived by the old Ingenix PHCS profile, and that Fair Health is generally

higher than the Medicare RBRVS. She reported that one of the things TAC had requested was presentation of data looking just at nonparticipating provider reimbursement. E. DeRosa stated that the revised report is due by January 20th, and that the TAC would review that report in February.

There was discussion as to whether the Board should schedule an additional meeting in February for a presentation by Navigant, and whether the meeting should officially be in conjunction with the SEH Board. The Board debated the merits of a joint meeting, and having a presentation in February so that the Board might be able to take some action in March.

**M. Taylor made a motion, seconded by N. Sullivan, to go into Executive Session for the purpose of hearing advice from counsel. By roll call, the motion carried.**

*[The Board was in executive session from 11:58 A.M. until 12:17 P.M.]*

Following the return to Open Session, the Board decided to have Navigant present at the IHC Board's regularly-scheduled March meeting, to which the SEH Board members could come as members of the public.

## VIII. Close of Meeting

**M. Taylor made a motion, seconded by N. Sullivan, to close the meeting of the Board. The motion carried.**

*[The meeting adjourned at 12:20 P.M.]*