

**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 9, 2014**

Directors participating: Sandi Kelly (Horizon); Lisa Levine (United); Thomas Pownall (Aetna); Gale Simon (DOBI); Christine Stearns; Tony Taliaferro (AmeriHealth).

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

I. Call to Order

E. DeRosa called the Annual Meeting of the IHC Board 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, the Office of the Secretary of State and submitted to the State House Press Corps, in accordance with the Open Public Meetings Act. A quorum was present. She stated that voting would be by roll call because many of the directors were participating by phone.

II. Minutes – August 12, 2014

G. Simon made a motion, seconded by T. Pownall, to approve the minutes of August 12, 2014, with amendments. In voting by roll call, the motion carried, with T. Taliaferro abstaining.

III. Staff Report

Re-enrollment

E. DeRosa reported that she contacted the assigned New Jersey State Officer at the Center for Consumer Information and Insurance Oversight (CCIIO) to seek guidance regarding the redetermination process for individuals who purchased catastrophic plans based on a one-year exemption. She stated that CCIIO has indicated it will be releasing guidance.

Expense Report and Transfer of Funds

R. Lenox stated that the Board has expenses totaling \$10,141.61 on the September 2014 expense report, for the IHC Board’s portion of salaries and fringe. She suggested that the Board should approve a transfer of \$100,000 from its Administrative Funds held in Treasury to the Board’s Wells Fargo Money Market account, in order to earn interest, and assure that the Board avoids paying fees on its Wells Fargo account, and has funds available to pay operating expenses. In addition, she stated the Board will need to transfer \$10,000 from its Wells Fargo Money Market fund to its Wells Fargo Checking account, if the Board approved payment of its operating expenses on the September expense report.

S. Kelly made a motion, seconded by G. Simon, to approve the September expense report, and to approve the transfer of \$100,000 from the Administrative Fund in Treasury to the Board's Wells Fargo Money Market Account, and the subsequent transfer of \$10,000 from the Wells Fargo Money Market Account to the Board's Wells Fargo Checking account, to pay September operating expenses. In voting by roll call, the motion carried.

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

Management's Discussion and Analysis (MDA) and Financial Statements

R. Lenox reported that the OAC met and reviewed the MDA document for FY14, as well as the Board's financial statements for the year ended June 30, 2014. She presented the FY14 MDA, which provides general information and financial highlights in narrative format for FY14. She noted the following occurred during FY14:

- The Board issued final administrative assessments for FY12 and FY13
- The Board assessed carriers for budgeted administrative expenses for FY14 and FY15
- The audit for FY13 resulted in an unqualified opinion issued on 11/14/13
- The contract for NJ Protect was renewed for the period of 6/1/13 through 4/30/14, as were the subcontracts with the carriers currently serving the NJ Protect program
- The Board's assets (cash) increased due to the FY14-15 administrative assessment, and interest earned (offset by refunds for the final administrative assessments for FY12/13, and FY14 operating expenses; total liabilities increased based on deferred income
- The Board has restricted cash and net assets based on 1997/1998 and 1999/2000 reimbursable losses, held in separate interest-bearing accounts in Treasury
- Total expenditures decreased by \$35,516 between FY14 and FY13, primarily due to a decrease in salaries and fringe because of a temporary loss of staff
- The largest expenditure was for salaries and fringe (85.2% of total expenditures)

R. Lenox then discussed the FY14 year-end financial statements, including the Statement of Net Assets (including a breakdown of the Accounts Payable), the Statement of Changes in Net Assets, the Statement of Changes in Assets and Liabilities related to the Loss Assessment Fund (which stood at \$8,506,548 as of June 30, 2014), the Statement of Cash Flows, and the Comparison of Budget and Actual Expenditures. She noted that \$62,005.29 of the amount assessed for FY2014 remained available.

Audit Contract

C. McDevitt explained that, following a review of the bid submitted in response to the Board's RFP for audit services, the Joint Evaluation Committee found the bid to be complete and reasonable, and recommended that the accept the bid. She explained that the OAC found no reason to reject or amend the Joint Evaluation Committee's recommendation, and thus, recommended that the Board seek to engage WithumSmith+Brown for the terms set forth in the RFP. E. DeRosa further explained that the two-step committee review process is required by Executive Order 122 (McGreevey).

T. Pownall made a motion, seconded by T. Taliaferro, to engage WithumSmith+Brown, contingent upon a concurring action by the Small Employer Health Benefits Program, for three years with an option to extend the contract for an additional two years, as set forth in the RFP. In voting by roll call, the motion carried.

V. Enrollment Issues

Avoiding Gaps in Coverage outside of the Marketplace (COBRA and other “off-cycle” terminations)

S. Kelly asked if carriers had determined which of the two options presented at the prior meeting would work best to address the gaps between termination dates and effective dates that result when someone prospectively seeks to replace terminating coverage that ends on a date other than the end of a month. E. DeRosa reminded Board members that the two possible solutions available outside of the Marketplace were: (a) to allow policies to have effective dates on other than the 1st and 15th of a month; or, (b) to allow for early termination or a brief period of double coverage, so that the new policy can be effective on the 1st or 15th of the month.

Two carriers indicated they could make coverage effective prospectively on any day of the month. One carrier stated that its system really couldn't accommodate that process, but that it is willing to issue coverage on the 1st or 15th, pending a subsequent proof of termination of the group coverage (whether resulting from exhaustion of COBRA or due to another reason for unintentional loss of coverage) within no more than 30 days following the date of the application for the individual policy. Another carrier indicated it believed its systems would only accommodate the latter policy, but needed to confirm that. E. DeRosa noted that she would check with additional carriers not sitting on the Board.

After further discussion, it was agreed that carriers would use one of the two processes for anyone who may come off of prior coverage involuntarily on a date other than the 31st or 14th of the month, if the application for the new coverage is submitted prior to the actual termination of the existing coverage. E. DeRosa stated that she would post the process selected for each carrier on the Board's website.

It was noted that carriers could back-date an effective date, for instance, in a situation in which an employer drops coverage without telling the employees beforehand, but that back-dating is not required in that scenario or any other.

Re-enrollment

There was discussion regarding when notices regarding re-enrollment must be distributed, and it was acknowledged that such notices must be distributed no later than November 14th, unless there is a uniform modification, for which alternate rules apply.

VI. Elections

E. DeRosa explained that the Board typically elects its Chair and Vice Chair, and reconstitutes its committees during the Annual Meeting. She noted that the current Chair is Sandi Kelly, and

the current Vice Chair is Tom Pownall. She reminded the Board of the current representation on the various committees.

G. Simon made a motion, seconded by C. Stearns, to nominate Sandi Kelly as Chair, and Tom Pownall as Vice Chair, and to reconstitute the standing committees¹ with representation as each currently exists. In voting by roll call, the motion carried.

VII. Close of Meeting

G. Simon made a motion, seconded by L. Levine, to adjourn the meeting. In voting by roll call, the motion carried.

[The meeting adjourned at 10:45 A.M.]

¹ **Legal Committee:** DOBI, Horizon, Aetna; **Technical Advisory Committee:** DOBI, Horizon, AmeriHealth; **Operations & Audit Committee:** DOBI, Aetna, United; **Marketing Committee:** Christine Stearns, United, Horizon