

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 9, 2014

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

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

I. Call to Order

E. DeRosa called the meeting of the IHC Board 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, 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 – November 12, 2014

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

III. Staff Report – Expense Report and Transfer of Funds

E. DeRosa stated that the Board has expenses totaling \$12,638.06 on the December 2014 expense report, primarily for the IHC Board’s portion of salaries and fringe, but also including Division of Law costs. E. DeRosa indicated that the Board will need to transfer \$13,000 from its Wells Fargo Money Market fund to its Wells Fargo Checking account, if the Board approved payment of its operating expenses on the December expense report.

S. Kelly made a motion, seconded by T. Pownall, to approve the December expense report, and to approve the transfer of \$13,000 from the Board’s Wells Fargo Money Market Account to the Board’s Wells Fargo Checking account, to pay the approved operating expenses. In voting by roll call, the motion carried.

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

E. DeRosa reported that the OAC met by telephone with the auditors of WithumSmith+Brown (WSB) to close-out the audit, as required by EO 122, and to review the draft opinion. She stated that WSB was issuing an unqualified opinion, meaning that it found no issues and was making no recommendations for changes with respect to the audit performed. She explained that WSB would finalize the report shortly, and issue bound copies to the Board, but that any directors with questions could still contact the auditors.

V. Loss Ratio Report for Calendar Year 2013

N. Vance presented the 2013 Loss Ratio Report, which is a summary of Exhibit J filings that were due on August 15, 2014, noting the following:

- All six carriers, taking into consideration the definition of carrier in the IHC statutes, submitted reports (Aetna, AmeriHealth, Celtic, Cigna, Horizon and UnitedHealthCare).
- Horizon files an additional report for pre-1993 business, which is not included in this loss ratio report.
- IHC market-wide premiums totaled \$734.6 million dollars and claims totaled \$677.0 million dollars, resulted in a 92.2% loss ratio.
- The market-wide loss ratio is decidedly higher in 2013 as compared to 2012 (at 86.2%), and 2011 (at 87.6%), as enrollment grew from 137,000 in 2011 to 146,000 in 2013.
- Only Celtic, which has only one policy, owed a refund for 2013, for failing to meet the minimum 80% loss ratio requirement under New Jersey law; all other carriers exceeded the loss ratio requirement.
- 2013 is the last year before implementation of ACA-compliant policies, rating rules, and transition tools (e.g., reinsurance); 2013 is not a predictor for 2014.

When asked if he had any informal impressions regarding 2014 thus far, N. Vance stated that he expected any large deviations in experience would be smoothed out going forward, due to reinsurance and risk adjustment mechanisms established under the ACA, as well as lower average loss ratios (more closely approximating 80%), and bigger numbers generally because of increased enrollment.

N. Vance noted that the report would be finalized, and posted to the DOBI website.

VI. Close of Meeting

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

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