

**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**  
**October 11, 2016**

**Directors participating:** Sandi Kelly (Horizon); Lisa Levine (United/Oxford); Tom Pownall (Aetna); Brendan Peppard (DOBI); Tony Taliaferro (AmeriHealth)

**Others participating:** Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Managing Financial Officer; Eleanor Heck, Deputy Attorney General

**I. Call to Order**

E. DeRosa called the meeting of the IHC Board to order at 10:03 A.M. E. DeRosa announced that notice of the meeting had been published in three newspapers of general circulation and posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, at 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 some directors were participating by phone.

**II. Review of Minutes – September 13, 2016**

**T. Pownall made a motion, seconded by B. Peppard, to approve the minutes of the open session of the meeting of September 13, 2016, with amendments. By roll call vote, the motion carried.**

**III. Report of Staff**

*Expense Report*

R. Lenox presented the expense report for October, totaling \$10,780.68, primarily for salaries and fringe. R. Lenox explained that a transfer of \$10,800 from the Board’s Money Market account to its checking account would be necessary to pay the expenses, if approved.

**S. Kelly made a motion, seconded by T. Pownall, to approve payment of the expenses reported, and the transfer of \$10,800 from the Board’s Wells Fargo Money Market account to its Wells Fargo checking account to pay the operating expenses. By roll call vote, the motion carried.**

**IV. Loss Ratio Report – Gary Weiss of DOBI**

G. Weiss presented the DOBI’s 2015 loss ratio report for the IHC market. The report showed that enrollment as of the end of 2015 stood at nearly 291,000 for the individual market, about 50,000 enrollees more than at the end of 2014. The report also showed that the loss ratio for the market was at 81.1% for 2015, but that loss ratios for the carrier groups ranged from a low of 72.2% to a high of 149.8%. G. Weiss reported that only one carrier, Horizon (on a combined group basis), owed a New Jersey refund (net of any Federal liability) of about \$65,574,000.

When asked if there were any unexpected issues, G. Weiss stated that he was surprised that the refund was as large as it was, because he had not thought it was running that high. He also expressed some surprise at the rather high loss ratios for two carriers, but noted that, although the loss ratios are evidence of continuing volatility of the market, both carriers had significantly less enrollment share in 2015 relative to other carriers in the IHC market, so even small changes had a more significant impact on the two carriers. G. Weiss said that the 2015 New Jersey loss ratio report would be posted on the DOBI website.

**V. Report of the Ad Hoc Committee – Time 1997/1998 and 1999/2000 Audit Reports**

E. DeRosa presented the report of the Ad Hoc Committee, which met twice in September to discuss a recommendation of whether to accept the presentation of the audited net paid losses by Deloitte & Touche (D&T), or adjust the net paid losses to reflect the acknowledged failure by Time Insurance Company (Time) to implement rate increases during the two two-year calculation periods on the effective dates specified in the rate filings. She explained that D&T's audit reports specify that the net paid claims were not adjusted by D&T in any way to address the rating issue. She stated that the Ad Hoc Committee discussed various methods to value an adjustment to the premiums, and the impact on claims, and net investment income, but ultimately concluded that there was not any unequivocal method for doing so, and thus, the Ad Hoc Committee recommended the Board accept the net paid losses as presented in the audit report.

**S. Kelly made a motion, seconded by L. Levine, to move into Executive Session for the purpose of obtaining legal counsel, with possible Board action to follow a return to Open Session. By roll call vote, the motion carried.**

*[The Board was in Executive Session from 10:15 A.M. until 10:25 A.M.]*

**S. Kelly made a motion, seconded by T. Pownall, for the Board to draft an order consistent with the recommendation of the Ad Hoc Committee regarding Time Insurance Company's net paid losses for the two year periods ending December 31, 1998 and December 31, 2000, and the Independent Auditors' Reports for both periods for the Board's review, with the understanding that no additional action will be taken until the Board approves and issues the order. By roll call vote, the motion carried.**

**VI. Compliance & Variability Rider -- Use in CY2017**

E. DeRosa noted that text of the Compliance & Variability Rider (CVR) had been drafted and distributed for review. She explained that the CVR does not include every change that needs to be made for a carrier's 2017 policy documents, only those that have an actual impact on the terms of coverage from the consumer's standpoint. She stated that the policy forms are redlined so that carriers can follow all of the changes that they will need to make to comply with the 2017 policies. After discussion, it was agreed that carriers could use 2016 policies with CVRs for renewals as well as new issues if necessary, but must begin issuing 2017-compliant policies (without CVRs) for new business no later than March 1, 2017.

E. DeRosa stated she would provide carriers with a notification of availability of the CVR, and post it on the IHC website as soon as possible.

**VII. Close of meeting**

**S. Kelly made a motion, seconded by L. Levine, to adjourn the meeting. By roll call vote, the motion carried.**

*[The meeting ended at 10:45 A.M.]*