

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
April 9, 2019

Directors participating: Philip Gennace (DOBI); Colleen Picklo; Thomas Pownall (Aetna); Sandi Kelly (Horizon); Tony Taliaferro (AmeriHealth); Ulysses Lee (United).

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Christine Machnowsky, 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 10:02 A.M. She announced that notice of the meeting had been posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, at the Office of the Secretary of State, submitted to the State House Press Corps, and published in three newspapers of general circulation 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 – March 12, 2019

C. Picklo made a motion, seconded by T. Pownall, to approve the minutes of the meeting of March 12, 2019 without amendment. By roll call vote, the motion carried.

III. Report of Staff

Expense Report

R. Lenox presented the expense report for April 2019 with expenses totaling \$12,453.83, for salaries to be paid to the Small Employer Health Benefits Program, for Admiral Consulting Group for the Great Plains Software, and for legal fees from the Division of Law. E. DeRosa noted that the expense for the Great Plains Software is shared among the IHC Board, the SEH Board and the MSU50 Program. R. Lenox stated that a transfer of \$12,000.00 from the IHC Board’s Wells Fargo Money Market account to its checking account would be necessary to pay these expenses.

S. Kelly made a motion, seconded by T. Taliaferro, to approve payment of the expenses reported, and the transfer of \$12,000 from the Board’s Money Market account to its checking account to do so. By roll call vote, the motion carried.

Scope of Work for Audit Services – Evaluation Committee

E. DeRosa explained that an audit is needed for the administration of the IHC and SEH Boards for FY 2019 through FY 2021, the administration of the MSU50 Program for FY 2020 and 2021 and for the loss audit of the Contracting Carrier (Horizon) for the MSU50 Program for Calendar Year 2020. Board staff prepared a Scope of Work (SOW) which seeks to combine the audit services for all three programs in anticipation of attracting more interest from vendors. An Evaluation Committee needs to be formed to review responsive bids to this combined SOW. The

representatives who overlap on all three Boards are Aetna, Horizon, United and the Department. Horizon cannot serve on this Evaluation Committee because Horizon serves as the Contracting Carrier for the MSU50 Program and will be audited for how such claims are administered with respect to losses for this program. Therefore, E. DeRosa suggested that representatives from Aetna, United and the Department would provide appropriate representation of the three Boards on the Evaluation Committee.

She explained that this Evaluation Committee, once fully constituted, will then review any responsive bids to the SOW and make a recommendation to the Operation and Audit Committee (OAC) for the IHC Board, to the Finance and Audit Committee (FAC) for the SEH Board, and to the MSU50 Audit Committee, and that the OAC, FAC and MSU50 Audit Committee would each, in turn, review the Evaluation Committee's recommendation and make a recommendation to its respective Board. She noted that each Board ultimately would decide whether to accept the recommendation of its respective audit committee.

S. Kelly made a motion, seconded by C. Picklo, that an Evaluation Committee with representatives from Aetna, United and the Department be formed for the purpose of reviewing the bids responsive to the SOW for the audits of the administration of both the IHC and SEH Boards for FY 2019 through FY 2021, the administration of the MSU50 Program for FY 2020 and FY 2021 and the loss audit of the MSU50 for Calendar Year 2020. By roll call vote, the motion carried.

Financial Disclosure Statement Filing Reminder

E. DeRosa reminded Board members that Financial Disclosure Statements are due May 15, 2019. If the forms are not filled out by such time, a 50 dollar fine per day will be imposed.

IV. Reinsurance Program

Parameters for 2020

E. DeRosa noted that the New Jersey Health Insurance Premium Security Act¹ requires the IHC Board to determine the payment parameters for the Reinsurance Program for the applicable benefit year and to present such payment parameters to the Commissioner for approval by April 30th of the year immediately preceding each Plan Year. E. DeRosa noted that, for the previous year, the IHC Board had the benefit of the economic analysis prepared by Oliver Wyman on which to base a decision. She stated that, because the IHC Board does not have any additional experience off which to base new payment parameters, given that the Reinsurance Program only started in January 2019, the parameters for Plan Year 2019 be retained for Plan Year 2020 – that is, a \$40,000 attachment point, a \$215,000 reinsurance cap, and a 60% coinsurance with the expectation of an overall reduction in premium of 15% relative to what premiums would be if there were no reinsurance program. Several Board members agreed with this approach and one Board member suggested that the Board revisit the issue next year when it has more data and a better idea of how the Reinsurance Program works.

¹ Codified at N.J.S.A. 17B:27A-10.1 through 10.13.

C. Picklo made a motion, seconded by S. Kelly, to set the 2020 payment parameters as follows: a \$40,000 attachment point, a \$215,000 reinsurance cap, a 60% coinsurance. By roll call vote, the motion carried.

Quarterly Report and Annual Report

The Board then discussed the draft Quarterly Reinsurance Payment Request form prepared by Board staff. The New Jersey Health Insurance Premium Security Act requires carriers to submit a quarterly report of their estimates of the quarterly reinsurance reimbursements. As to the draft, one Board member noted inconsistencies with the due dates for each quarter, which staff agreed to fix before the form is finalized. One Board member questioned whether, with respect to the 4th Quarter submissions by the carriers, there would be some opportunity for reconciliation. E. DeRosa noted that the statute simply requires a quarterly report to be submitted by the carriers to the Department 30 days following close of the quarter and therefore the quarterly reports are not a “final ask” but only an estimate. She noted that this is not a report that will inform Treasury what will be paid or reimbursed to the Carrier.

E. DeRosa further noted that the draft Annual Report will include more detailed enrollee level data for the entire year. This report will need to be accurate and will need to contain claims incurred and paid between January 1 and December 31. Pursuant to statute, the request to Treasury for reinsurance payment must be made no later than June 30. Therefore, it is probable that the annual report will need to be submitted by April or May following the applicable plan year.

One Board member raised the issue of confidentiality of information submitted in both the Annual and Quarterly reports. It was noted that the Quarterly Report will only contain very basic information, i.e. the total amount requested by each carrier while the Annual report contains enrollee level information. It was also discussed that the New Jersey Health Insurance Premium Security Act discusses confidentiality of information but this issue needs to be further explored.

The Board also discussed how carriers could capture those claims incurred in 2018 but paid in 2019. For instance, it is unclear how claims would be handled for hospitalizations that begin in 2018 and continue in 2019. It was noted that such issues are complicated. The IHC Board agreed to further explore this issue.

V. Close of meeting

C. Picklo made a motion, seconded by T. Pownall to adjourn the meeting. By roll call vote, the motion carried.

[The meeting ended at 11:05 A.M.]