

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
August 13, 2019

Directors participating: Philip Gennace (DOBI); Colleen Picklo; Thomas Pownall (Aetna); Sandi Kelly (Horizon); Tony Taliaferro (AmeriHealth); Robert D. Morrow (United); Joseph Camargo.

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Christine Machnowsky, 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 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.

E. DeRosa welcomed Bob Morrow of United as the newest IHC Board member, noting that U. Lee would now be acting as his alternate.

II. Review of Minutes – July 9, 2019

C. Picklo made a motion, seconded by T. Pownall, to approve the minutes of the meeting of July 9, 2019. By roll call vote, the motion carried.

III. Report of Staff

Expense Report

E. DeRosa presented the expense report for August 2019 with expenses totaling \$82,151.09 which includes an expense of \$1,154.00 for the Division of law, \$72,602.16 for staff salaries for June 2019 and FY2019 Fringe, and \$8,394.93 for staff salaries for July 2019 to be paid to the Small Employer Health Benefits Program. E. DeRosa stated that a transfer of \$82,000.00 from the IHC Board’s Wells Fargo Money Market account to its checking account would be necessary to pay these expenses.

T. Pownall made a motion, seconded by J. Camargo, to approve payment of the expenses reported, and the transfer of \$82,000 from the Board’s Money Market account to its checking account to do so. By roll call vote, the motion carried.

2Q Total Reinsurance Request

E. DeRosa noted that the total requested reimbursement request for the second quarter which ended on June 30, 2019, was \$62,821,231.11. She further noted that the first quarter reimbursement

request had increased slightly from what was previously noted to \$24,147,916.46 because one carrier amended its first quarter request. The total requested reimbursement amounts for first and second quarters was \$86,969,147.57.

IV. Draft Amendments to Standard Plans

E. DeRosa discussed each of the draft amendments to the standard plans. She explained that most of the amendments are required by P.L. 2019, c.58, which makes certain changes to the coverage of mental health conditions and substance abuse disorder, expanding the scope of services to which the mental health parity requirements apply. Draft amendments are included on the schedule pages, definitions, covered services and exclusions. She noted that while substance use disorder is included as a Mental Health Condition in the DSM-5, New Jersey statutes treat substance use disorder differently and, therefore, separate references to substance use disorder have been retained to avoid consumer confusion.

E. DeRosa explained that she included additional draft amendments to address recent inquiries and complaints. One inquiry concerned the treatment of “authorized generics,” which, according to the FDA, are not considered generic drugs. Since the IHC forms define and use the term “generic drug,” which a reader might incorrectly expect would include an authorized generic drug, she explained that the draft amendments include text that carriers may include which factually states that an authorized generic drug is not the same thing as a generic drug.

Several changes were made to the list of Triggering Events to address a revision made to Federal law effective August 19, 2019, and the proposed changes include a few of the triggering events that were not captured in the existing definition.

The provision regarding donated breast milk was updated in light of the fact all policies must now include the text.

E. DeRosa explained the proposal to remove the 96-hour prescription drug supply requirement noting that: in the 1990s, the Department did not permit prior authorization of prescription drugs until carriers eventually agreed to a 96-hour prescription supply pending approval of an authorization; the IHC forms included the 96-hour supply requirement presuming the Department would promulgate rules making it applicable to all policies issued in New Jersey; The Department never formalized the requirement, and today, most prescriptions are sent electronically, resulting in a much more efficient authorization process and generally negating the need for the 96-hour supply requirement. She stated that, because it has little utility now, there is no reason to maintain it.

E. DeRosa mentioned potential revisions to the Transplant Benefits provision to update it to be consistent with current practice.

E. DeRosa said the exclusion for charges for vitamins except for Legend Drug vitamins needs to be reconciled with the broad exclusion for all vitamins. As drafted, the exclusion for vitamins, except Legend drug vitamins, is deleted.

E. DeRosa explained the draft revisions to the Premiums text are intended to clarify the requirement that premiums must be paid while avoiding any text that might be incorrectly interpreted to mean that only the Covered Person can pay the premium.

All Board members agreed to review all of the draft amendments and be prepared for further discussion at the September Board meeting.

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

Distribution of Interest

E. DeRosa explained that funds in Treasury are only posted at the end of a Fiscal Year; therefore, \$68,772.86 in interest that was earned from July 2017 through January 2018 on the loss and administrative assessment funds for the January 2018 reconciliation was not available at the time the Board withdrew the funds to make payments.

She stated the OAC considered how to address such interest and recommended that the \$68,772.86 should be distributed relative to the refund that each carrier received based on the final reconciliations, but that carriers billed per the final reconciliations would not be entitled to any of the interest. She noted that the OAC also recommended that the Board hold interest amounts of less than \$50.00 due to any carrier – a total of \$225.34.

Several Board members suggested that Carriers should not have to forfeit interest and should rather be given a credit. E. DeRosa said staff would further explore options and consult with the OAC, as necessary, before the September Board meeting.

VI. Close of meeting

S. Kelly made a motion, seconded by P. Gennace to adjourn the meeting. By roll call vote, the motion carried.

[The meeting ended at 11:35 A.M.]