

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 21, 2020

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

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Managing Financial Officer.

Additional representatives of Board members who participated in discussions: Vladimir Itkin (Horizon), Hugh Lakshman (AmeriHealth)

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.

E. DeRosa noted that, pursuant to P.L. 2020, c. 2, as a result of the state of emergency and public health emergency declared by Governor Murphy on March 9, 2020 through Executive Order 103 (subsequently extended by Executive Order 119 on April 7, 2020) due to the COVID-19 pandemic, this special meeting is being held entirely telephonically rather than at the Board’s offices in Trenton. She stated that, in accordance with P.L. 2020 c. 11, electronic notice of the change in the meeting and the means by which the public could attend the meeting telephonically was posted on the Board’s website, and in addition, issued electronically to all known interested parties.

E. DeRosa determined a quorum was present. She stated that voting would be by roll call.

Members of the public were asked to identify themselves.

II. Reinsurance Program – Payment Parameters for Plan Year 2021

E. DeRosa stated that the purpose of the meeting was to continue discussions regarding payment parameters for PY2021 for the New Jersey reinsurance program.

Horizon indicated a preference for the payment parameters set forth in the current Oliver Wyman (OW) analysis labeled as Option 3, which includes a \$35,000 attachment point, 50% coinsurance, and a \$245,000 reinsurance cap.

AmeriHealth and United expressed a preference for maintaining the current payment parameters, with an attachment point of \$40,000, 60% coinsurance, and a reinsurance cap of \$215,000.

Aetna stated it preferred the OW analysis' Option 1, which has an attachment point of \$30,000, coinsurance at 55%, and a reinsurance cap of \$150,000.

P. Gennace pointed out that maintaining the current payment parameters had not been presented in the OW analysis as an option for consideration because, while the current payment parameters would achieve the targeted rate reduction, the current payment parameters are expected to result in somewhat greater cost to the State of New Jersey.

AmeriHealth indicated it would not be opposed to Option 1, but United was not prepared to select among the three options in the current OW analysis without further internal discussions. T. Pownall confirmed the Aetna actuaries reviewed the analysis and preferred option 1.

C. Picklo noted that she had been leaning towards the OW analysis's Option 2, which has a \$35,000 attachment point, 55% coinsurance, and \$190,000 reinsurance cap. She stated that she had thought it struck a good balance.

E. DeRosa and P. Gennace indicated that all three options are expected to result in about the same cost to the State, but may result in differences in payments to carriers on a per member per month basis, while all three are expected to produce an average 15% reduction in premiums as compared to rates in the absence of a reinsurance program..

When asked why carriers might not prefer Option 1, Horizon noted it may be more a philosophical difference in terms of what a traditional reinsurance program should be, which is usually a program to mitigate against higher claim costs, as opposed to lower and more predictable claims costs; hence, it's preference for a higher attachment point.

AmeriHealth noted that lower attachment points will encompass a broader range of member claims, and reduce volatility.

The Board agreed to schedule another Board meeting for April 24, at 2:00 P.M.

VI. Close of Meeting

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

[The meeting ended at 10:35 A.M.]

Public:
Joan Fusco
Suzanne Fitzgerald, Savoy Associates
Nicki Sandelier, NJBIA