

**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
January 10, 2006**

Directors participating: Sandi Kelly (Horizon BCBSNJ); Ulysses Lee (Guardian) (arrived at 9:45 a.m.); Steven Lenox; Darrel Farkus (Oxford); Eileen Shrem; Gale Simon (DOBI); Mary Taylor (Aetna Health Inc.); Lisa Yourman.

Others present: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Rosaria Lenox, Program Accountant.

I. Call to Order

E. DeRosa called the meeting to order at 9:35 a.m. She announced that notice of the meeting had been published in two newspapers and posted at the Department of Banking and Insurance (“DOBI”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

M. Taylor welcomed Steven Lenox. S. Lenox said he is the legislative affairs coordinator for the AFL-CIO working on health affairs.

M. Taylor announced that Christine Stearns was appointed to serve in the seat of a representative of employers and would replace E. Shrem who had served in that position for about 10 years. M. Taylor thanked E. Shrem for her years of service. The rest of the Board members, Board staff and Counsel joined in expressing gratitude to E. Shrem.

II. Minutes

November 7, 2005

S. Kelly offered a motion to accept the open session minutes of the November 7, 2005 Board meeting, as amended. G. Simon seconded the motion. The Board voted in favor of the motion with L. Yourman and S. Lenox abstaining.

December 13, 2005

E. Shrem offered a motion to accept the open session minutes of the December 13, 2005 Board meeting, as amended. S. Kelly seconded the motion. The Board voted in favor of the motion with S. Lenox abstaining.

III. Report of Staff

Expense Report

S. Kelly offered a motion to approve the payment of the expenses on the January 2006 expense report. D. Farkus seconded the motion. The Board voted in favor of the motion, with E. Shrem and L. Yourman each abstaining with respect to personal reimbursement.

Financial Statement as of September 30, 2005

R. Lenox explained each section on the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance document, and responded to questions from Board members.

R. Lenox said auditors from Deloitte & Touche were scheduled to begin field work at Board Staff offices on January 23, 2006. They would audit through 1999. Only upon signing of the contract for 2000 and following would they audit years 2000 and beyond.

Legislative Update

E. DeRosa said she would briefly report on the status of bills of interest to the Board. She suggested that discussion on any of the new laws should be delayed until the laws have been reviewed and considered by the Legal Committee.

A. 3359 which would have reformed the individual and small employer markets was not passed by both houses and therefore was not sent to the Governor to be signed.

A. 3759 which would require carriers to provide for dependent coverage until age 30 passed both houses and was awaiting signature by the Governor.

A. 4543 which addresses coverage for the treatment of lead poisoned children under high deductible health plans issued in conjunction with a health savings account was signed by the Governor on December 21, 2005 and was effective December 31, 2005.

S. 2824 concerning health claims authorization and payment passed both houses and was awaiting signature by the Governor.

S. 1314 requires managed care carriers to provide certain providers with fee schedules passed both houses and was awaiting signature by the Governor.

A. 292 which requires coverage for prescription female contraceptives was signed by the Governor on January 4, 2006.

Regulatory Update

E. DeRosa said Governor's Counsel authorized the filing of the proposal for N.J.A.C. 11:20-2.17. She said the next filing date with the Office of Administrative Law was

January 19, 2006. The 60-day comment period would run from the date of publication in the New Jersey Register which is generally 3 to 4 weeks following the filing date.

E. DeRosa said the Board's readoption with amendments of N.J.A.C. 11:20 was published in the January 3, 2006 New Jersey Register. She explained that those portions for which the Board designated a later Operative Date of July 1, 2006 would not appear in the Administrative Code until they are operative. M. Taylor expressed concern that the language of the standard plans to be operative July 1, 2006 would not yet be available in the Administrative Code. She asked that an Advisory Bulletin be prepared to notify carriers that the Board adopted significant changes to the rules and appendix exhibits, some having a delayed operative date. E. DeRosa explained that the website will include all of the appendix exhibits, as amended. She said she was delaying asking that the policy forms be posted given that the Board would be discussing a proposal to further amend the policy forms later in the January 10, 2006 meeting. E. DeRosa suggested that it might be less confusing to carriers if the only amended policy forms to be posted on the website would be the final versions that carriers must use as of July 1, 2006. That is, after the Board proposes and adopts the new proposal, the version of the forms incorporating those changes would be posted. The Board agreed.

1996 Reconciliation

E. DeRosa reminded the Board that during the December Board meeting the Board voted on the methodology to use for a reconciliation of the 1996 loss assessment, namely the methodology that was in place in 1996. With respect to when the reconciliation should be issued, the Board had not passed a motion.

M. Taylor asked if any Board member wished to have further discussion on the timing question. No members asked to discuss it further.

M Taylor offered a motion to issue the interim reconciliation for the 1996 loss assessment as soon as possible, with adjustments for the audits, approved appeals and considering CIGNA's status as an exempt carrier. E. Shrem seconded the motion. By roll call vote, the Board voted in favor of the motion with U. Lee opposed and S. Lenox abstaining.

U. Lee asked why the votes of a couple of Board members had changed since the December meeting. S. Kelly said that Horizon recognized that carriers were waiting to receive reimbursement of their losses and believed it appropriate to make the payment now.

Staff was directed to issue the interim reconciliation.

IV. Report of the Legal Committee

Draft proposal of Amendments to the Policy Forms and Corresponding Regulations

E. DeRosa reviewed the draft rule proposal that the Legal Committee considered. She noted that the proposal creates a Plan Update Rider that would provide credit for coinsurance upon the first amendment to an inforce standard plan on or after July 1, 2006. The proposal also amends the definition of “federally defined eligible individual” consistent with Federal law, deletes eligibility for coverage under a group plan as a basis for termination of the individual plan, expands the coordination of benefits provision to address coordination with a group plan because the individual plan will pay as secondary, and amends coverage for treatment of lead poisoned children for high deductible health plans to be issued with a health savings account.

E. DeRosa said that the Legal Committee discussed the proposal and recommended that it be filed with the Office of Administrative Law. She explained that by using the expedited rulemaking process there is a minimum 20-day comment period that runs from the date of filing with the Office of Administrative Law.

The Board discussed the already adopted prescription drug amendment that was included in the forms to be operative July 1, 2006 which removes prescription drugs from the accumulation of the maximum out of pocket in light of the fact that for high deductible health plans, deductible and coinsurance for prescription drugs must be included in the calculation of the maximum out of pocket. The Board asked that a Bulletin be prepared to address the change in coverage for prescription drugs.

S. Kelly offered a motion to file the proposal with the Office of Administrative Law. L. Yourman seconded the motion. The Board voted in favor of the motion with S. Lenox abstaining.

V. Report of the Technical Advisory Committee

Rate Filings

D. Farkus recused himself with respect to a rate filing from Oxford, citing a conflict of interest since the matter related to a filing submitted by his employer, Oxford.

S. Kelly said TAC considered a rate filing for Basic and Essential Plan and rider from Oxford and recommended that the filing be found complete.

L. Yourman offered a motion to find the Oxford rate filing complete. M. Taylor seconded the motion. The Board voted unanimously in favor of the motion.

S. Kelly recused herself with respect to a rate filing from Horizon, citing a conflict of interest since the matter related to a filing submitted by her employer, Horizon.

E. DeRosa said TAC considered a rate filing for Plans A/50 - D from Horizon and recommended that the filing be found complete.

L. Yourman offered a motion to find the Horizon rate filing complete. U. Lee seconded the motion. The Board voted unanimously in favor of the motion.

VI. Report of the Marketing Committee

E. DeRosa said the Marketing Committee met to consider whether there would be a way to meaningfully display rate information on the basic and essential health plans on the monthly rate sheet. She said the Committee was considering a sample type approach as is used in the small employer premium comparison survey.

S. Kelly suggested that the Marketing Committee should develop a marketing plan for the Board's review. In light of the regulation and policy forms amendments, it would be an appropriate time to create a new Buyer's Guide. L. Yourman suggested seeking the assistance of a marketing firm.

VII. Executive Session

E. DeRosa said the Board would need to go into Executive Session to receive advice from counsel and consider draft executive session minutes. She said the Board would conduct no additional business following Executive Session.

L. Yourman offered a motion to begin Executive Session for the purpose of receiving advice from counsel and reviewing minutes. U. Lee seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 11:00 a.m. – 11:15 a.m.]

VIII. Close of Meeting

E. Shrem offered a motion to adjourn the Board meeting. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

The meeting adjourned at 11:15 a.m.