

**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
February 14, 2006**

Directors participating: Sandi Kelly (Horizon BCBSNJ); Ulysses Lee (Guardian) (arrived at 9:50 a.m.); Amy Sawyer (Oxford); Gale Simon (DOBI); Christine Stearns; Mary Taylor (Aetna Health Inc.).

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

HEARING ON IHC PROPOSED AMENDMENTS TO APPENDIX EXHIBITS A, B AND F.

E. DeRosa opened the hearing on the Board's amendments to the standard plans and the specimen Basic and Essential Health Care Services Plan. She briefly described the proposed amendments. She asked if any person present wished to offer oral comments on the proposed amendments. No person expressed an interest in offering comments. E. DeRosa said the hearing would remain open until at least 10:00 a.m. in case someone might arrive to offer comments.

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 Christine Stearns who is serving in the Board seat to represent employers.

M. Taylor commented on the resignation of Ward Sanders, Executive Director of the IHC and SEH Boards. She said she and Jim Stenger, who is chairperson of the SEH Board, will be meeting with persons at the DOBI to seek information on the process for hiring additional staff.

II. Minutes

January 10, 2006

S. Kelly offered a motion to accept the open session minutes of the January 10, 2006 Board meeting, as amended. A. Sawyer seconded the motion. The Board voted in favor of the motion, with C. Stearns abstaining.

III. Report of Staff

Expense Report

M. Taylor offered a motion to approve the payment of the expenses on the February 2006 expense report. C. Stearns seconded the motion. The Board voted unanimously in favor of the motion.

Schedule Teleconference

E. DeRosa said the comment period for comments on the Board's proposed changes to the standard plans and the Basic and Essential Health Care Services plan specimen form would continue through the end of the day of February 14, 2006. She said she received one set of written comments thus far, but noted that written comments need only be postmarked before the end of the comment period, and thus it was possible comments might be received later in the week. She suggested that the Board schedule a teleconference to take action on the rule proposal before the scheduled March Board meeting. The Board agreed to a teleconference meeting to be held at 10:00 a.m. on February 24, 2006.

IV. Report of the Operations and Audit Committee

M. Taylor reviewed the status of several outstanding loss audits.

Protective Life: Protective has not yet signed the management representation letter. She said DAG E. Heck had offered to contact counsel for Protective to inquire about the status of signing the letter. DAG E. Heck reported that she spoke with counsel who indicated he would check into it.

Metropolitan Life: M. Taylor explained that the management representation letter was signed but was not timely received by the proper area at Deloitte & Touche (D&T) and thus the letter became "stale." She said D&T contacted Metropolitan to request another letter.

UICI: M. Taylor explained that the full audit has not yet commenced, but that D&T hoped to begin field work this spring.

Aegon: M. Taylor explained that the independence analysis was not yet completed. She said D&T indicated that since D&T had been able to perform the agreed-upon procedures that it was likely it would be able to perform the full audit.

M. Taylor said the contract with D&T to perform net paid loss audits for the 2001/2002 and 2003/2004 calculation periods and program audits for 2000 through 2004 has not yet been finalized.

M. Taylor said while D&T performed a program audit for 1994 and 1995 and issued a draft audit report, it appears the final audit report was never issued. She said the Operations and Audit Committee was considering the next steps.

M. Taylor said the Committee reviewed a draft letter to Fortis that identified the fundamental areas of disagreement. She said the Committee awaited DAG E. Heck's review of the letter and her advice regarding the consequences to Fortis if the audit cannot be completed.

M. Taylor said the Committee reviewed the spreadsheet for the Interim Reconciliation for 1996 losses. R. Lenox discussed the steps she took to verify the information used in the reconciliation.

E. DeRosa distributed a draft memo and explanation of the Interim Reconciliation that would accompany the invoice and spreadsheet.

CLOSE OF HEARING

E. DeRosa asked if any person present wished to offer oral comments on the Board's proposed amendments to Appendix Exhibits A, B and F. As no person asked to offer comments, E. DeRosa closed the hearing at 10:15 a.m.

V. Report of the Technical Advisory Committee

Rate Filings

M. Taylor recused herself with respect to a rate filing from Aetna, citing a conflict of interest since the matter related to a filing submitted by her employer, Aetna.

S. Kelly said TAC considered a rate filing from Aetna for HMO coverage and recommended that the filing be found complete, subject to Aetna providing a sample of the notice of rate increase, and providing a break-down of certain expenses.

A. Sawyer offered a motion to find the Aetna rate filing complete subject to receipt of the specified information. C. Stearns seconded the motion. The Board voted unanimously in favor of the motion.

A. Sawyer recused herself with respect to rate filings from United, citing a conflict of interest since the matter related to filings submitted by her employer, United.

S. Kelly said United submitted filings for Plans A/50 – D, HMO and the B&E plan. She said TAC recommended that the filings be found complete, subject to United providing a sample of the notice of rate increase.

M. Taylor offered a motion to find the United rate filings complete, subject to receipt of the specified information. U. Lee seconded the motion. The Board voted unanimously in favor of the motion.

VI. Executive Session

M. Taylor 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.

S. Kelly offered a motion to begin Executive Session for the purpose of receiving advice from counsel and reviewing minutes. M. Taylor seconded the motion. The Board voted unanimously in favor of the motion.

[Break: 10:25 a.m. – 10:30 a.m.]

[Executive Session: 10:30 a.m. – 11:15 a.m.]

VII. Close of Meeting

S. Kelly offered a motion to adjourn the Board meeting. A. Sawyer seconded the motion. The Board voted unanimously in favor of the motion.

The meeting adjourned at 11:15 a.m.