

**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
ANNUAL MEETING
June 20, 2006**

Directors participating: Darrel Farkus (Oxford); Sandi Kelly (Horizon BCBSNJ); Ulysses Lee (Guardian); Steve Lenox; Gale Simon/Neil Vance (DOBI); Christine Stearns; Mary Taylor (Aetna Health Inc.).

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

I. Call to Order

E. DeRosa called the meeting to order at 9:36 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. She took roll call. A quorum was present.

II. Presentation

E. DeRosa said Bob Fabricant from Willkie, Farr & Gallagher, outside counsel for Celtic Life Insurance Company, requested the opportunity to address the Board.

Mr. Fabricant said Celtic has a strong desire to resolve the pending litigation and receive full reimbursement. He referred to a recent letter to the Board which he said outlines the basic claims and he briefly summarized those claims. He said he intends to request a meeting with the Department of Banking and Insurance and would request that the Board participate in such meeting.

Mr. Fabricant noted that Celtic supports the Board’s proposed assessment methodology.

III. Election of Board Officers and Committee Membership

E. DeRosa distributed a ballot that identified those Board members who were nominated for the offices of Chairperson and Vice Chairperson. R. Lenox tallied the ballots. M. Taylor was elected to serve as Chairperson and S. Kelly was elected to serve as Vice Chairperson.

C. Stearns stated her interest in becoming a member of the Legal and Marketing Committees.

[Break: 9:55 a.m. – 10:00 a.m.]

As both the Marketing and Legal Committees already had four members, which is the maximum number of Board members that may participate on a Committee, the Board used ballots to designate the four members for each Committee. D. Farkus said he would identify a person from Oxford to serve on the Operations and Audit Committee.

G. Simon offered a motion to designate Committee membership as follows. M. Taylor seconded the motion. The Board voted unanimously in favor of the motion.

Legal:	G. Simon (DOBI); C. Stearns; N. Sullivan (Horizon); W. Manning (Aetna)
TAC:	S. Kelly (Horizon); A. Rudin (Aetna); N. Vance (DOBI); J. Briody (Guardian)
Marketing:	K. Lackey (Horizon); J. Selvaggio (Aetna); D. Farkus (Oxford); C. Stearns
Operations & Audit:	M. Taylor (Aetna); N. Vance (DOBI); S. Kelly (Horizon); person to be named (Oxford)

IV. Minutes

May 9, 2006

D. Farkus offered a motion to accept the Open Session minutes of the May 9, 2006 Board meeting, as amended. C. Stearns seconded the motion. The Board voted unanimously in favor of the motion.

May 25, 2006

S. Kelly offered a motion to accept the Open Session minutes of the May 25, 2006 Board meeting. G. Simon seconded the motion. The Board voted in favor of the motion with M. Taylor abstaining.

V. Report of Staff

Expense Report

S. Kelly offered a motion to approve the payment of the expenses on the June 2006 expense report. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

1Q06 Enrollment Reports

R. Lenox reported that 1Q06 IHC enrollment increased by 2607 lives as compared to 4Q05 enrollment. She noted that the increase was due to enrollment in the B&E plan.

VI. Report of the Technical Advisory Committee

S. Kelly said TAC met on June 15, 2006 to consider one rate filing and B&E quarterly reports.

U. Lee recused himself from consideration of the rate filing submitted by HealthNet since the filing was made by a company with which his employer, Guardian, has a joint venture.

S. Kelly said TAC recommended that the filing for HMO and B&E plans as submitted by HealthNet be found complete.

M. Taylor offered a motion to accept the recommendation from TAC and find the HealthNet filing for HMO and B&E Plans complete. C. Stearns seconded the motion. The Board voted unanimously in favor of the motion.

S. Kelly said AmeriHealth and Horizon submitted the report required by Advisory Bulletin 05-IHC-03 for 1Q06. She said TAC would continue to monitor the data submitted in the reports and at the present time believed there was no evidence of adverse selection. S. Kelly said Oxford failed to submit the report.

VII. Report of the Operations & Audit Committee

M. Taylor said the Operations & Audit Committee met on June 13, 2006, and Keith DeCroix of Deloitte & Touche (D&T) participated in the discussion of the status of outstanding audits.

Loss Audits

Metropolitan Life: M. Taylor said D&T received the required management representation letter, but that since the audit work was completed some time ago, D&T was reviewing events subsequent to the reporting periods. M. Taylor said K. DeCroix estimated that the final report would be issued within a couple of weeks.

UICI & Aegon: M. Taylor said there had been no communication from these companies concerning the scheduling of audits which these carriers had requested since they could not provide information to allow completion of the agreed upon procedures. She said the Committee discussed the possibility of writing a letter to the carriers that includes a deadline for scheduling the audits.

Fortis: M. Taylor said a letter had been sent to counsel for Fortis regarding the outstanding audit issues.

Interim Reconciliation – 1996 Assessment

R. Lenox said 96.12% of the assessment billings were collected. The assessments billed to two carriers, Centennial and Physicians Health Care Services, amounting to \$22,829, are not collectible. The amount due from seven carriers that have not yet paid is \$283,674, and is believed to be collectible. Carriers will be charged interest on late payments.

Financial Statements

R. Lenox briefly discussed the 3Q06 financial statements.

VIII. Report of the Marketing Committee

D. Farkus explained that the Committee recommends that the Buyer's Guide be updated with current information. He noted that the Buyer's Guide does not serve as a sales piece. Rather, it is an educational piece. If the Board desires a sales piece, another vehicle can be created. Committee members will provide E. DeRosa with suggested changes to the existing Buyer's Guide.

[N. Vance replaced G. Simon.]

IX. Executive Session

E. DeRosa said the Board would need to go into Executive Session to consider draft Executive Session minutes, receive legal advice from counsel and discuss current or pending litigation. She said the Board expects to conduct additional business following Executive Session.

S. Kelly offered a motion to begin Executive Session for the stated reasons. S. Lenox seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 11:00 a.m. – 11:45 a.m.]

X. Final Business and Close of Meeting

Eligibility for IHC if eligible under P.L. 2005, c. 375

M. Taylor said the Legal Committee considered whether a person who is eligible for coverage under P.L. 2005, c. 375, which provides eligibility for group coverage for overage dependents, would be eligible to purchase an individual plan. She said the Committee believes eligibility for overage dependent coverage should be treated in the same manner as eligibility for COBRA, and thus an overage dependent who is otherwise eligible for individual coverage could purchase on IHC plan. The Board discussed changing the regulations to specifically address IHC eligibility for an overage dependent.

S. Kelly offered a motion that a person who is eligible for coverage under P.L. 2005, c. 375 is eligible to purchase an IHC plan. N. Vance seconded the motion. The Board voted unanimously in favor of the motion.

HealthNet Request

U. Lee recused himself from consideration of a letter from HealthNet since the letter is from a carrier with which his employer, Guardian, has a joint venture.

M. Taylor said appeals must be filed within 20 days after receipt of the assessment. She said HealthNet sent a letter more than 20 days after it received its assessment, and the letter was not an appeal. Since HealthNet did not file an appeal, no funds are in dispute and the amount HealthNet paid can be deposited with the general assessment fund.

S. Lenox offered a motion to deposit the assessment HealthNet paid with the general 1996 interim reconciliation assessment fund. M. Taylor seconded the motion. The Board voted unanimously in favor of the motion.

Challenges to 1996 Assessment – Interim Reconciliation

U. Lee recused himself from consideration of the challenges filed to the 1996 assessment interim reconciliation since one of the companies that filed a challenge is his employer, Guardian Life Insurance Company.

M. Taylor said seven carriers filed challenges to the 1996 assessment – interim reconciliation. She noted that since the seven challenges were identical, the Board would be consolidating the challenges and issuing one order.

M. Taylor offered a motion to issue an order to deny the challengers' challenge to the March 9, 2006 interim reconciliation of the 1996 loss assessment and to deny the challenger's request for a hearing. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

Close of Meeting

S. Kelly offered a motion to close the meeting. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

The meeting adjourned at 12:00 noon.

Attachment: sign-in sheet