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**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 15, 1998**

Directors Participating: Rebecca Smart, Chair (Mutual of Omaha); Sandi Kelly (Blue Cross and Blue Shield of New Jersey); William Kramer (Aetna U.S. HealthCare); Jane Majcher (Department of Banking and Insurance); Eileen Shrem; Catherine St. John (The Prudential); Lisa Yourman.

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Joanne Petto, Assistant Director; Wardell Sanders, Executive Director

I. Call to Order

W. Sanders called the Board meeting to order at 9:40 a.m. He announced that notice of the meeting had been published in three New Jersey newspapers and posted at the Department of Banking and Insurance and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Election

Board Positions:

W. Sanders reported that there were quite a number of nominees for chair and vice chair for this election. Additionally, he said staff received a nomination for S. Kelly for vice chair after the ballots were prepared and enclosed in the Board packets. One Board member was nominated for two separate positions. The regulations do not provide detailed rules for how Board elections should be held, however no member may serve as both chair and vice chair. W. Sanders suggested that the Board vote for the Chair position, announce the results, and then vote for the vice chair position to avoid the possibility of the same person being voted for two positions. The Board members agreed.

The election results, by majority vote, were for: R. Smart, Chair; L. Yourman, Vice Chair; and R. Rondum, Secretary. (See Attachment)

Committee Designations:

The composition of each committee was reviewed for number of participating Board members and vacant positions. The following actions were taken: Joseph Camargo (BCBSNJ) was nominated and approved for Vice Chair of the Marketing Committee. R. Smart was named Chair of the Operations Committee since this position is traditionally held by the Chair of the Board. (See Attachment)

III. Minutes

R. Smart offered a motion to approve the minutes of the Open Session of the December 11, 1997 Board meeting. W. Kramer seconded the motion and the Board voted in favor of approving the minutes, with three abstentions

(C. St. John, J. Majcher, and L. Yourman). [The motion carried based on the affirmative votes of a majority of those present.]

IV. Report of Executive Director

Expense Report: (See Attachment)

S. Kelly offered a motion to approve the payment of the expenses shown on the January 15, 1998 expense report. E. Shrem seconded the motion. The Board voted to approve the motion.

Rule-making Update:

Proposals:

W. Sanders advised the Board that all regulations are subject to sunset provisions. The IHC regulations were originally published in 1993. Five years after adoption, the regulations must be repropose and the rules reopened for comment. Also, the rules need to be changed to conform with P.L.1997 c.146. As part of this process, the Board will also adopt a permanent Plan of Operation. W. Sanders asked the Board members to contact him with any suggested changes.

Adoptions:

W. Sanders reported that the Governor's Counsel is still reviewing the withdrawal regulation adoption.

DOBI Regulations on (1) Outline of Coverage and (2) Notice regarding a change in plans that you may be issued the replacement plan:

E. DeRosa and W. Sanders have alerted the DOBI that the existing DOBI regulations, promulgated prior to reform, may require review and revision since the individual market is now a standardized, guaranteed issue market with limits on preexisting conditions limitations. W. Sanders reported that he would advise the Board of the outcome of the discussions with the DOBI.

Legislative update:

A-3250 (Felice): W. Sanders reported that this bill amends the Health Wellness Promotion Act from a guarantee offer of health wellness examinations and counseling to a mandated benefit. He noted that staff is looking at the issue of whether the bill applies to the individual market and small employer markets.

A-3253: L. Yourman asked about the status of this bill. W. Sanders and E. Heck advised the Board that, since there was a new legislative session, all outstanding bills would need to be re-introduced. W. Sanders reported that he would check the status of the bill.

800 numbers:

The Board previously noted that some of the 800 numbers listed with the rate sheets did not put consumers in touch with the carrier to obtain individual coverage. Diane Rustay called all the IHC carrier 800 numbers as a test. As a result, three carriers have given us new numbers, and staff is seeking additional information from two other carriers.

3rd Quarter 1997 Enrollment Data:

The third quarter enrollment numbers were done in-house by J. Petto. They show a decrease in enrollment of 4,271 lives from second quarter. W. Sanders noted that the individual market has a much greater number of indemnity plans than the small employer market. S. Kelly stated that she would be interesting in seeing a quarter by quarter comparison of the enrollment numbers. J. Petto agreed to incorporate this comparison into the fourth quarter analysis.

1996 Assessment Collection:

W. Sanders reported that to date, \$26.5 million of the \$45 million assessment has been collected.

Outreach:

W. Sanders reported that on January 14, 1998, he spoke to a group of approximately 80 members of the New Jersey Business and Industry Association about recent changes to New Jersey law and the impact of HIPAA on New Jersey small employers and self-employed individuals.

V. Report of the Technical Advisory Committee

Rate Filings:

The TAC recommended that the rate filings of the 10 listed carriers on the Report of TAC be found complete. (See Attachment)

L. Yourman offered a motion to find the rate filings shown on the Report of TAC as complete. R. Smart seconded the motion. The Board voted unanimously in favor of the motion, with W. Kramer and S. Kelly abstaining from the vote for Aetna Life Ins. and BCBSNJ, respectively.

VI. Report of the Marketing Committee

Buyer's Guide:

E. Shrem reported that Cox Communications Partners was drafting the final revision of the Buyer's Guide. She reported that a final draft should be ready for the Board's review at, or before, the February meeting.

E. Shrem mentioned an article that had been published in the New Jersey News, a broker publication. This article cited a multi-state task force as having identified four problems and solutions relating to individual insurance. J. Majcher stated that she believed one of the issues was modified community rating. E. Shrem would like to revisit the issue of modified community rating. There followed some discussion of modified and pure community rating. W. Sanders stated that a change to community rating would require statutory amendments. The Board could make a recommendation to the DOBI on this issue.

The Cox Communications Partners activity report is in the Board packets.

E. DeRosa reported that she is scheduled to tape two Comcast News inserts which are scheduled to be aired on multiple occasions throughout February and March.

VII. Report of the Operations Committee

Deloitte & Touche (D&T) 1996 Loss Audits:

W. Sanders advised the Board that he requested monthly status reports from D&T on the loss audits. He stated that D&T provided a report that the Committee reviewed with Scott Sanders from D&T. Scott Sanders reported that the 1996 loss audits of Protective, Manhattan National, and Washington National were nearly complete. Scott Sanders reported that the 1996 loss audits of Travelers and Metropolitan Life were nearly complete except for investment income. He also reported that the 1996 loss audit of TMG was moving slowly due to the fact that TMG had a new TPA administering its business. Lastly, Scott Sanders reported that the 1995 BCBSNJ audit was focused on allocations of Medicaid claim payments.

Deloitte & Touche Bills

Originally, when BCBSNJ was the only carrier being audited, there was a 10% cap on out-of-pocket expenses. D&T noted that, with the addition of other carrier audits, the 10% cap is no longer appropriate. Some of the audits require extensive travel. W. Sanders reported that D&T wrote to the Board on November 15, 1996 concerning this change in expenses. In light of this correspondence, the Committee recommended paying the additional out-of-pocket expenses on the D&T audit bills.

L. Yourman offered a motion to approve payment to D&T for out-of-pocket expenses. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion to pay the out-of-pocket expenses billed by D&T.

VIII. Executive Session

S. Kelly offered a motion that the Board move into Executive Session to discuss litigation issues. R. Smart seconded the motion and the Board voted unanimously in favor of moving into Executive Session.

[Break: 10:55 a.m. - 11:10 a.m.]

[Executive Session: 11:10 a.m. - 11:58 a.m.]

IX. Close of Meeting

L. Yourman offered a motion to adjourn the Board meeting. E. Shrem seconded the motion. The Board. voted unanimously in favor of adjourning the Board meeting. [The meeting adjourned at 11:59 a.m.]

Attachments: Board Positions
Committee Designations
Expense Report
TAC Report

**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 5, 1998**

Directors Participating: Rebecca Smart, Chair (Mutual of Omaha); Sandi Kelly (Blue Cross Blue Shield of New Jersey); William Kramer (Aetna U.S. HealthCare); Gale Simon (Department of Banking and Insurance); Catherine St. John (The Prudential).

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

[Pre-meeting discussion began at 9:55 a.m.]

I. Report of the Executive Director

Rule-making Update

Proposals:

- *IHC Board regulations:* W. Sanders advised the Board that all regulations are subject to sunset provisions. He stated that the IHC regulations, originally published in 1993, must be repropose and the rules reopened for comment. He also stated the rules need to be changed to conform with changes in the law. W. Sanders is developing a list of changes and asked Board members to contact him with any suggested changes.
- *DOBI: Selective Contracting Arrangement (SCA) Regulation amendments.* W. Sanders reminded the Board that SCA regulations are applicable to insurance companies that issue plans as PPO or POS plans, but that they do not apply to health service corporations or HMOs. W. Sanders reported that the DOBI's proposal of regulatory amendments includes changes intended as clarifications, changes to conform the regulations, or make them more consistent with the provisions contained in the recently adopted HMO regulations, and changes to introduce new requirements, including guidelines on the use of formularies. He stated that the proposed amendments, if adopted, may have an impact on the IHC Board regulations that discuss the requirements for plans issued as SCAs.

Adoptions:

W. Sanders reported that the Governor's Counsel is still reviewing the withdrawal regulation that was proposed June 16, 1997 and which the Board voted to adopt in August

1997. He stated that all proposals must be adopted within one year of proposal or they must be repropoed.

Legislative update:

W. Sanders reported on the following laws and bills:

- **P.L. 1997, c.338 (S.1887):** This law was approved on January 12, 1998 and is effective immediately for both individual and small employer plans. This is a mandated benefits law that requires coverage for food and food products, including the purchase of "medical foods" and "low protein modified food products" for inherited metabolic diseases.
- **P.L. 1997, c.419 (A.1418):** This law was approved on January 19, 1998 and is effective immediately for both individual and small employer plans. The law requires carriers to reimburse licensed audiologists and speech-language pathologists for services performed for covered persons, if those services are eligible services under the contract. These types of providers who practice in a hospital or other institution, by virtue of their practice setting, are eligible for direct reimbursement from carriers. These types of providers however who are in private practice, cannot receive direct reimbursement from carriers because they may not be qualified providers. The bill also requires the SEH Board to consider including benefits for speech-language pathology and audiology services in at least one of the five standard plans, or one of the five standard riders.
- **S.229 (Cardinale):** This bill requires carriers in both the individual and small employer markets to provide benefits for aesthetic rehabilitation services. These benefits, however, are limited to such services for a condition that has been certified by a licensed psychiatrist or psychologist to cause mental distress in the insured. The bill addresses the physical appearance of a patient's condition, to meet the mental health needs of a patient suffering from mental distress.
- **S.394 (Bryant):** This bill requires that if a non-custodial parent is required to provide coverage for a child pursuant to a child support order, but the non-custodial parent's plan may not provide coverage to the child due to service area restrictions, then the non-custodial parent shall pay the additional cost of coverage under the custodial parent's plan, or shall purchase another plan to cover the child.

- **S.396 (Bassano):** This bill permits individual and small employer carriers to offer, in addition to the five standard plans, a limited health benefits plan providing basic inpatient and outpatient hospital care for a period of 30 days in a benefit year for each covered person. Such plans would be otherwise subject to the IHC Act or the SEH Act, including guaranteed issuance and renewal, and the same rating and pre-existing condition requirements. The plans permitted by this bill would be created by the carriers and subject to the approval of the IHC or SEH Board, as appropriate.

Assessment Collection:

W. Sanders reported that as of February 3, 1998, over \$30 million of the \$45 million 1996 loss assessment has been collected. He stated that P. Lechner called the carriers who have not yet paid to inform them that interest would be added to any payments not received by February 6, 1998. W. Sanders reported that CIGNA did not pay the disputed amount of its assessment.

Staff evaluations:

W. Sanders stated that the Board packets contain staff evaluations. He said that comments and feedback on the staff's performance from Board members would be appreciated since they help staff determine what is being done well and what needs improvement.

II. Call to Order

[C. St. John arrived at 10:10 a.m.]

W. Sanders called the Board meeting to order at 10:10 a.m. He announced that notice of the meeting had been published in three New Jersey newspapers and posted at the Department of Banking and Insurance and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

III. Minutes

R. Smart offered a motion to approve the minutes of the Open Session of the January 15, 1998 Board meeting. W. Kramer seconded the motion and the Board voted in favor of approving the minutes.

IV. Report of Executive Director

Expense Report (See Attachment):

R. Smart offered a motion to approve the payment of the expenses shown on the February 5, 1998 expense report. S. Kelly seconded the motion. The Board voted to approve the motion.

Interest Calculation:

W. Sanders stated P. Lechner reviewed the Board's accounts and allocated interest earned to the Board's loss assessment funds and interest earned for Program funds. W. Sanders stated BCBSNJ had been requesting that this calculation be made. The calculation was provided to BCBSNJ on December 2, 1997. W. Sanders stated that he will provide a copy of this calculation to the Operations Committee prior to its next meeting.

Resolution:

W. Sanders reported the DOBI needs a resolution from the Board authorizing him, as Executive Director, to sweep the Treasury account. Although the collections are not complete, W. Sanders stated he would like to start the process so staff can partially reimburse carriers for 1996 losses. A copy of the draft resolution is in the Board packets. G. Simon asked that the resolution be changed to reflect Tom Gallagher's correct title of Assistant Commissioner.

S. Kelly offered a motion to approve the resolution with the title change. W. Kramer seconded the motion. The Board voted to approve the resolution.

National Center for Policy Analysis:

W. Sanders reported that this Washington, DC based group issued a report stating that State and Federal reforms in the individual and small employer markets have had a disastrous impact on those markets. He stated that the report included information on a number of States including New Jersey and alleged that the average New Jersey family of four pays \$18,000 a year for coverage. W. Sanders noted that the report included a number of errors and misstatements. W. Sanders stated that he wrote a letter asking that a corrective statement be issued. A copy of the letter is included in the Board packets.

Outreach:

- W. Sanders reported he spoke at the Commissioner's Life/Health Advisory Council meeting on Tuesday, February 3rd. The attendees were very concerned about unauthorized plans issued by carriers, and brokers not following the rules of reform.
- W. Sanders reported he will be speaking on February 19, 1998 to the Central New Jersey Association of Health Underwrites in Edison on recent activities in the individual and small employer markets.

- W. Sanders reported that he and Winnie Comfort (DOBI) spoke with Herb Denenberg of Philadelphia Channel 10. H. Denenberg produces consumer reports and was Commissioner of Insurance in Pennsylvania in the early 1970s. He is doing a piece on health coverage options in Delaware, Pennsylvania, and New Jersey.

V. Report of the Technical Advisory Committee

Rate Filings (See Attachment):

S. Kelly reported that TAC recommended that the rate filings of the three listed carriers on the Report of TAC be found complete. S. Kelly stated that Oxford Health Insurance requested permission to honor sales of its PPO plans that were accomplished in the fall of 1997 but had effective dates on or after January 1, 1998. The plans that were marketed and sold were the plans as in effect prior to the January 1, 1998 forms changes. Since all IHC plans issued or renewed on or after January 1, 1998 must conform with the January 1, 1998 forms, S. Kelly reported that TAC believed it inappropriate to allow Oxford's request. Oxford should be required to re-issue any plans that were issued using pre-January 1, 1998 forms and must rate the plans using the rates in effect as of the effective date. S. Kelly noted that the rate filing, dated January 9, 1998, was approved by TAC effective January 1, 1998.

C St. John offered a motion to find the rate filings shown on the Report of TAC as complete. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

S. Kelly stated that TAC discussed issues related to the two-year assessment calculation. Specifically, TAC discussed what data the Board could use to set the 1997/1998 non-group enrollment targets. S. Kelly reported that TAC recommended using one of the following two datasets: 1) year-end enrollment numbers for 1995/1996; or 2) Member-months-exposed (MME) for 1995/1996. TAC acknowledged the year-end enrollment numbers are readily available. Carriers would have to recreate reports to produce MME for 1995/1996. S. Kelly reported that, in the interest of time, TAC recommended that the Board use the year-end 1995/1996 data to calculate the 1997/1998 target. In the future, TAC would recommend using MME, or quarterly enrollment, as a more accurate measurement of average non-group enrollment.

VI. Report of the Marketing Committee

Buyer's Guide:

T. Cox of Cox Communications Partners (CCP) reported that the Buyer's Guide was in the final review stages. E. DeRosa requested comments from the Board members by February 6, 1998. T. Cox stated that the design layout would begin once the final copy changes had been made. E. DeRosa stated the CCP activity report is in the Board packets. E. DeRosa reported that she taped two Comcast News inserts which are scheduled to be aired on multiple occasions throughout February and March.

VII. Legal Committee

W. Sanders reported that the Committee considered the impact of P.L.1997, c.146 on the IHC loss assessment mechanism, and specifically the law's impact on the exemption process, and determination and satisfaction of target non-group enrollment. He reported that the Committee recommended that the 1997 exemption requests, conditional exemptions granted, and one-year non-group enrollment targets previously assigned should be nullified as a result of the passage of P.L.1997, c.146. Further, W. Sanders reported that the Committee agreed with the TAC recommendation that the 1997/1998 non-group enrollment target be based on year-end 1995/1996 enrollment data provided to the Board on Exhibit Ks.

The Committee indicated that the satisfaction of non-group enrollment for the 1997/1998 loss assessment should, therefore, also be based on year-end enrollment figures. The Committee considered the issue of how future target non-group enrollment, and satisfaction of non-group enrollment targets should be measured. He reported that, at the Committee meeting, G. Simon recommended setting non-group enrollment targets using MME, while the other Committee members, W. Kramer, D. Cieslik and R. Smart, recommended that target enrollment be based on quarterly enrollment of covered lives.

S. Kelly offered a motion to accept the Legal Committee's recommendation to nullify the 1997 non-group enrollment requests, the one-year enrollment targets previously assigned by the Board, and the conditional exemptions for 1997 previously granted by the Board as required by P.L. 1997, c.146. W. Kramer seconded the motion. The Board voted unanimously in favor of the motion.

S. Kelly offered a motion to accept the Legal Committee's recommendation to use the 1995/1996 year-end enrollment data reported on Exhibit K to develop target non-group enrollment targets for the first two-year assessment cycle, 1997/1998, and to measure satisfaction of the enrollment targets by using year-end enrollment data from 1997 and 1998. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

R. Smart offered a motion to accept the Legal Committee's recommendation to base future target non-group enrollment targets and satisfaction of those targets on quarterly enrollment of covered lives. W. Kramer seconded the motion. The Board voted in favor of the motion, with G. Simon voting against the motion.

S. Kelly asked why the draft notice to carriers concerning the impact of P.L.1997, c.146 permits carriers more than 30 days to respond. W. Sanders replied that date was extended to accommodate receipt of comments and mailing time. S. Kelly requested that carriers be notified that the IHC Program would not honor late requests. W. Sanders stated that he would include that language in the notification and put the due date in bold type. W. Sanders requested comments from the Board on the assessment notice by the close of business on February 6, 1998.

VIII. Executive Session

S. Kelly offered a motion that the Board move into Executive Session to discuss litigation issues. R. Smart seconded the motion and the Board voted unanimously in favor of moving into Executive Session. W. Sanders advised the audience that there would be no further business for Open Session.

[Break: 10:55 a.m. - 11:10 a.m.]

[Executive Session: 11:10 a.m. - 11:58 a.m.]

IX. Close of Meeting

B. Kramer offered a motion to adjourn the Board meeting. G. Simon seconded the motion. The Board voted unanimously in favor of adjourning the Board meeting. [The meeting adjourned at 11:59 a.m.]

Attachments: Expense Report
TAC Report

**INDIVIDUAL HEALTH COVERAGE PROGRAM
Expenses -February 5, 1998**

Person	Legal Services	Advertising	Mallings	Fax Services	Marketing	Copy Services	Misc.	Description
Div. of Law	\$16,785.00							2nd Quarter FY 1998 actual charges
Federal Express			\$357.75					Materials sent to various IHC Board/committee members
Cox Communications					\$4,105.56			Professional services, mileage, parking, postage, Federal Express & telephone
Depicor					\$2,028.96			Telephone, mailers (899), referred calls (176) & copies for January, 1998
Pink Squirrel Vending							\$55.00	Coffee etc provided for Dec. 97 & Jan. 98 IHC Board meeting
Backes							\$325.00	Layout & design for IHC logo
Xerox Corp							\$111.13	Usage charges for January, 1998 (shared expense w/SEH Board)
Ward Sanders							\$90.35	Mileage, toll, lunch re speech. Computer checks. (shared expense w/SEH Board)
Ritamarie Rondum							\$19.16	Telephone reimbursement for Nov. & Dec., 1997
Joanne Petto							\$17.50	Daily parking charge from 1/13/98 thru 2/4/98 (shared expense w/SEH Board)
Ellen DeRosa							\$22.75	Daily parking charge from 1/14/98 thru 2/4/98 (shared expenses w/SEH Board)
Diane Rustay							\$15.82	Bagels provided for January, 1998 IHC Board meeting
FEB. TOTAL	\$16,785.00	\$0.00	\$357.75	\$0.00	\$6,134.52	\$0.00	\$656.71	
YTD TOTALS	\$77,933.00	\$235.53	\$2,706.24	\$733.49	\$53,486.94	\$3,977.93	\$6,986.28	

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM

*Report of the Technical Advisory Committee
February 5, 1998 Board Meeting*

I. RATE FILINGS

Recommendation to the IHC Program Board to find the following rate filings complete:

<u>Carrier</u>	<u>Plan(s)</u>	<u>Effective Date</u>	<u>Vote</u>
Celtic	A - E	3/1/98	5-0-1
Manhattan National	low deductible *	1/1/98	6-0-0
Oxford Health Ins.	C,D PPO	1/1/98	6-0-0

* Plan B \$250, Plan C \$250, \$500, Plan D \$250 and Plan E \$150

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February 23, 1998**

Directors Participating by Phone: Rebecca Smart, Chair (Mutual of Omaha); Jeff Beck (Aetna U.S. HealthCare); Sandi Kelly (Blue Cross Blue Shield of New Jersey); Ritamarie Rondum; Eileen Shrem; Catherine St. John (The Prudential); Lisa Yourman.

Directors Participating in Person: Jane Majcher (Department of Banking and Insurance).

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Joanne Petto, Assistant Director; Wardell Sanders, Executive Director; Gale Simon (Department of Banking and Insurance).

I. Call to Order

W. Sanders called the Board meeting to order at 10:03 a.m. He announced that notice of the meeting had been published in three New Jersey newspapers and posted at the Department of Banking and Insurance and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present. W. Sanders noted that some Board members were participating by telephone conference; he asked Board members to announce their names before speaking.

II. Executive Session

E. Shrem offered a motion that the Board move into Executive Session to discuss litigation issues. L. Yourman seconded the motion and the Board voted unanimously in favor of moving into Executive Session.

[Executive Session: 10:05 a.m. - 10:50 a.m.]

III. CIGNA Litigation

Mary Kay Roberts, counsel for CIGNA, was present during the Open Session of the Board meeting. W. Sanders asked Ms. Roberts if she knew if CIGNA was planning to remit the balance due on the 1996 loss assessment. M. Roberts replied that she and David Mannis (CIGNA) would discuss the outstanding balance with CIGNA management. She stated that CIGNA had not paid the disputed amount of the 1996 assessment because CIGNA contended there was no clear explanation of the calculation.

Administrative Order 98-01 [CIGNA's Appeal from Denial of Exemption]

W. Sanders reviewed the draft order with the Board members. There was no further discussion.

R. Smart offered a motion that the Board issue Administrative Order 98-01 [Appeal from Denial of Exemption]. R. Rondum seconded the motion and the Board voted unanimously, by roll call vote, in favor of issuing Administrative Order 98-01.

Administrative Order 98-02 [CIGNA's Appeal from Assessment]

W. Sanders reviewed the draft order with the Board members. There was no further discussion.

R. Smart offered a motion that the Board issue Administrative Order 98-02 [Appeal from Assessment]. L. Yourman seconded the motion and the Board voted unanimously, by roll call, vote in favor of issuing Administrative Order 98-02.

Administrative Order 98-03 [Mandate CIGNA's Payment of Disputed Assessment Amount]

W. Sanders reviewed the draft order with the Board members. There was no further discussion.

S. Kelly offered a motion that the Board issue Administrative Order 98-03 [Mandate Payment of Disputed Assessment Amount]. E. Shrem seconded the motion and the Board voted unanimously, by roll call vote, in favor of issuing Administrative Order 98-03 [Mandate Payment of Disputed Assessment Amount].

IV. Employment Status

W. Sanders advised the Board that J. Petto's employment status was still pending an appointment signature from the Governor's office. He stated that until the appointment was approved, J. Petto was not receiving health benefits. W. Sanders asked the Board to approve payment of J. Petto's COBRA premium until her employment status is resolved. The monthly COBRA payment, totaling \$199.52, will be shared equally with the Small Employer Board.

E. Shrem offered a motion that the Board pay one-half of J. Petto's COBRA premium. R. Rondum seconded the motion and the Board voted in favor of paying the premium with one abstention (C. St. John).

V. Notice on Changes to Loss Assessment Mechanism

W. Sanders described the revised notice on changes to the loss assessment mechanism and indicated that the revised notice would be mailed immediately.

VI. Close of Meeting

E. Shrem offered a motion to adjourn the Board meeting. R. Rondum seconded the motion. The Board voted unanimously in favor of adjourning the Board meeting.

[The meeting adjourned at 11:03 a.m.]

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March 12, 1998**

Directors Participating: Rebecca Smart, Chair (Mutual of Omaha); Sandi Kelly (Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance); Eileen Shrem; Catherine St. John (The Prudential); Lisa Yourman.

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 9:37 a.m. He announced that notice of the meeting had been published in three New Jersey newspapers and posted at the Department of Banking and Insurance and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Minutes

February 5, 1998

The Board was unable to vote on the minutes of the Open Session of the February 5, 1998 meeting. A majority of those present at that meeting were not present at the March 12, 1998 meeting.

February 23, 1998

S. Kelly offered a motion to approve the minutes of the Open Session of the February 23, 1998 Board meeting. E. Shrem seconded the motion and the Board voted unanimously to approve the minutes.

III. Report of Staff

Expense Report (See Attachment):

W. Sanders asked the Board to delay consideration and action on the expenses for two parking payments shown on the expense report.

S. Kelly offered a motion to approve the payment of the expenses shown on the March 12, 1998 expense report, except for the two parking payments. C. St. John seconded the motion. The Board voted unanimously to approve the motion.

Rule-making Update

Proposals:

W. Sanders reiterated the Board's regulations needed to be repropose for comment and readopted before August 1998. He stated that he reviewed the Board's regulations and made revisions he thought necessary to comply with changes in the law, and that E. DeRosa reviewed the draft and made additional comments. W. Sanders reported that the entire draft would be sent to the Legal Committee for review, and that other sections would be sent to other Committees, as appropriate. He stated that the Board would need to schedule a public hearing for the changes to the Plan of Operation. S. Kelly asked about the time frame for the adoption of the regulations. W. Sanders stated that would depend on whether the Board elected to use the expedited adoption process or regular rule making procedures, as well as the number and nature of comments received.

Adoptions:

W. Sanders reported that the Governor's Counsel is still reviewing the withdrawal regulation that was proposed June 16, 1997. He stated that all proposals must be adopted within one year of proposal or they must be repropose.

Legislative update:

W. Sanders reported on the following:

Approved Bills:

P.L. 1997, c.414 -- Approved on January 19, 1998. This law requires the IHC Board to adopt modifications to the standard plans to make available a high deductible health benefits plan. Since the Board has already acted to make such plans available, no action by the Board is required. The law also modifies State tax law to provide for certain state tax advantages for Medical Savings Accounts.

Introduced Bills:

S.86 (Bassano) -- This bill requires all carriers in the IHC and SEH markets to provide health benefits coverage for the treatment of mental illness under the same terms and conditions as provided for any other sickness. The bill also requires employers that provide health coverage to notify the employees annually whether the coverage for treatment of mental illness is subject to requirements of the bill. This bill is scheduled for a Committee hearing on March 12, 1998. W. Sanders reported that this bill could have a significant impact on the cost of individual coverage. [Related: A.660]

S.222 (Cardinale) -- The bill would amend the Health Wellness Promotion Act (P.L.1993, c.327) to change its provisions from requiring that each health insurance carrier or HMO offer for sale benefits for health wellness examinations and counseling to a mandate that it actually provide these benefits in its contract, policy, or enrollee agreement. [Related: A.1653]

S.468; A.1641 (Felice) -- This bill changes the dates for the beginning of the initial "two-year calculation period" for assessments in the individual market, shifting the start of that change to January 1, 1998, rather than January 1, 1997 as the law currently states. This bill was reported out of the Senate Health Committee on March 2, 1998. It is not scheduled for an Assembly hearing. [Related: A.1641]

A.150 (Bateman/Garrett) -- This bill, in part, modifies the IHC and SEH markets by consolidating the two Boards and shifting the IHC market to modified community rating. Previously, both Boards adopted a resolution that urged the DOBI Commissioner to oppose the merger of the Boards.

Bulletin 98-01 (Inclusion of network related costs in loss ratio calculations)

E. DeRosa reported that TAC would review this DOBI small employer bulletin for IHC implications.

Loss Assessment Collection: (Report Attached)

P. Lechner reported that as of March 12, 1998, \$34.5 million of the \$46 million 1996 loss assessment has been collected. She stated that the carriers who have not yet paid were informed that interest would be charged to any payments received after February 6, 1998. P. Lechner stated that two carriers requested to have their assessment payment amounts be credited against their loss amounts. She reported that \$3.8 million was credited as shown on the attached report.

1997 Enrollment:

J. Petto reported that all but one carrier had submitted fourth quarter enrollment reports. She stated that the enrollment reports could be finalized upon receipt of that report. S. Kelly reported that the BCBSNJ enrollment report would be submitted when its accuracy could be verified.

Evaluations:

W. Sanders requested that any Board member comments on staff performance be received by March 19, 1998.

Elected and Appointed Board Member Contribution Survey:

W. Sanders advised the Board that there was a survey in their packets concerning the amount of volunteer time contributed by Board members. He stated that this information would be used to give new and prospective Board members an estimation of the time commitments necessary for them to properly perform their duties.

CIGNA Orders:

W. Sanders reported that copies of the final CIGNA orders were in the Board packets:

Administrative Order 98-01 [Appeal from Denial of Exemption]

Administrative Order 98-02 [Appeal from Assessment]

Administrative Order 98-03 [Mandate Payment of Disputed Assessment Amount]

Web Page Activity:

W. Sanders reported on the number of contacts to the Health Reform page. He stated that some of the information on the web site needed to be updated and this would be done shortly.

Outreach:

W. Sanders advised the Board that there he submitted two articles on the IHC and SEH Programs to the DOBI *Insurance Reporter*; copies were enclosed in the packets.

Harvard Brandeis Report:

E. DeRosa reported that a copy of the final Harvard Brandeis report was included in the Board packets. She stated that copies of a published article should be available before the next Board meeting. This article is the first of several to be submitted for publication.

IHC Board Meeting Schedule:

E. DeRosa advised the Board that, due to a conflict with the National Association of Insurance Commissioners (NAIC) conference, the Board needed to change the September 1998 meeting date. After some discussion, the Board agreed to change the meeting date from September 8, 1998 to September 14, 1998.

IV. Report of the Technical Advisory Committee

Rate Filings (See Attachment):

S. Kelly reported that TAC recommended that the rate filings of the carriers listed on the Report of TAC be found complete. She stated that the Committee needed the Board's recommendation for action with respect to Centennial Life to address late rate filings for inforce business. Following some discussion, the Board members advised Program staff to send an admonishing letter to Centennial, citing the requirement for timely rate filings for inforce business, even if the carrier is not selling new business. S. Kelly reported Connecticut General filed rates on February 12, 1998 with a January 1, 1998 effective date. She stated that, upon the Committee's recommendation, the Board had previously referred other carriers that had failed to file rates on a timely basis to the DOBI. Upon further discussion, the Board members agreed with the Committee's recommendation that CIGNA be required to honor the rates in effect December 31, 1997 for new business and renewals dated January 1 through February 12, 1998. The Board also agreed that Connecticut General's failure to file in a timely manner should be referred to DOBI.

L. Yourman offered a motion to find the rate filings shown on the Report of TAC as complete. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

V. Report of the Policy Forms Committee

L. Curry reported that the Committee met on March 9, 1998 to discuss the following issue:

Certification of Compliance (Exhibit Q): The Committee reviewed the text of the certification as previously adopted in 1995 and the recommended additions and deletions to the text. The Committee recommended some additional changes and discussed sending the text of the Certification to carriers along with a Bulletin, asking carriers to complete the Certification. (See Attachment). E. DeRosa reported that these exhibits were due on March 1 and that she had received some old forms.

The Committee recommended that E. DeRosa send participating carriers an advisory bulletin and the revised Exhibit Q. The Committee suggested that the bulletin advise carriers that revised regulations would follow to support this change. E. DeRosa reminded the Board that this is what was done in the past. She stated that a carrier is required to file an Exhibit Q upon entering the market and annually thereafter by March 1.

E. DeRosa noted that while the Exhibit Q to be released with the Bulletin inquired as to the use of an alternative application, the text to be proposed would not allow for an alternative application. Following the Committee meeting, she and Mike Malloy (DOBI) discussed the regulation that states that a carrier may file an alternative application that differs in format but not in content. M. Malloy indicated that the DOBI was the only entity empowered to approve an application that differed in content. Thus, the IHC regulations had been crafted to allow only format changes. In order to address the needs of carriers to have some flexibility with respect to application text, E. DeRosa suggested that the IHC Board approach the application in a manner similar to the SEH Board. That is, the application would include additional variable areas which carriers could manipulate in a manner consistent with the Explanation of Brackets.

The question on the Exhibit Q concerning the alternative application would assist E. DeRosa in identifying areas that carriers may find useful to be variable.

VI. Report of the Marketing Committee

Buyer's Guide:

J. Petto reported that Program staff had received comments from the Board members and Marketing Committee members on the final text draft. She stated that the comments and suggestions were incorporated into a final text draft for Cox Communications Partners (CCP). J. Petto reported that Committee members had also reviewed a first draft layout from Backes Graphic Design. She stated that Committee members reviewed the sample pages and made some additional comments that were faxed to Cox and Backes. J. Petto said that Backes would incorporate the suggested design changes and produce a complete draft before March 20, 1998. She stated that when that draft is received, the Committee would meet to review and revise, or approve, the design layout.

E. Shrem reported that the February activity report for Cox Communications Partners is in the Board packets.

VII. Report of the Operations Committee

W. Sanders reported that the Committee met and discussed the following issues:

Deloitte & Touche (D&T) Status Report on the 1996 loss audits:

The Committee discussed the status report submitted by D&T.

What effect should be given to the Performance Reports filed by carriers seeking reimbursement of losses for 1996?

N.J.A.C. 11:20-10.3 requires carriers to file a Performance Report in order to receive reimbursement for losses. The purpose is to give the Board a level of assurance that:

- (1) The member's performance for the preceding calendar year reflected good faith efforts to apply sound risk management principles in an efficient manner;
- (2) And, if applicable, that the member applied the same individual case management and claims handling techniques and other methods of operation to its group and non-group business, for the same delivery system, as provided in its health benefits plan policies and contracts.

The Committee noted that two carriers, MetLife and Travelers, did not provide a complete performance report since they did not submit an outside auditor's statement. The other carriers provided reports that at least included a statement from an outside auditor. The Committee noted that while the regulation requests a statement from an outside auditor, the nature of such statement left room for interpretation. The Committee recommended that the Board require each carrier to provide a performance report with a statement from an outside auditor prior to releasing any loss reimbursement funds to such carrier, consistent with its regulations.

What distributions of 1996 loss assessment funds should be reimbursed to carriers filing for losses?

W. Sanders noted that the IHC regulations provide that "disbursement shall be in proportion to the member's share of the total reimbursable net paid losses for that calendar year, until such available funds have been paid out, or a member's reimbursable net paid losses for the preceding calendar year have been reimbursed, whichever comes first." [N.J.A.C. 11:20-21.7(g)]. The Committee recommended that the Board provide an 80% disbursement to those carriers that have filed a performance report with a statement from an outside auditor, and 0% to those that have not filed the required report and statement. The Committee also recommended that carriers be required to sign a statement, prior to payment, that payment is subject to adjustment as a result of the audit process, and that carriers would be responsible to provide a repayment to the Board should the initial reimbursement be in excess of the final audited amount.

R. Smart made a motion to approve the 80% disbursement as recommended by the Committee to those carriers that had filed a Performance Report with an outside auditor's statement. L. Yourman seconded the motion and the Board voted in favor of approving the disbursement as described.

Status of the calculation of the principal and interest due to BCBSNJ for 1992, 1993 and 1994 reimbursable losses:

W. Sanders reported that P. Lechner had calculated the amount of principal and interest attributable to BCBSNJ for loss reimbursements for 1992, 1993 and 1994 losses. W. Sanders reported that this explanation was provided to BCBSNJ on December 2, 1997 for comment, and BCBSNJ agreed to accept the amount of interest as calculated with some comments. W. Sanders indicated that payment to BCBSNJ was linked to the issue of reported net investment income by BCBSNJ on its Exhibit Ks, and until that issue was resolved, payment to BCBSNJ could not be made. He stated that the Committee agreed to address the payment to BCBSNJ at the next Operations Committee meeting.

VIII. Executive Session

L. Yourman offered a motion that the Board move into Executive Session to discuss litigation issues. J. Majcher seconded the motion and the Board voted unanimously in favor of moving into Executive Session.

[Break: 10:50 a.m. - 11:00 a.m.]

[Executive Session: 11:00 a.m. - 12:30 p.m.]

IX. Expense Report and other issues

Following a discussion in Executive Session, W. Sanders asked for a motion on the two parking payments shown on the expense report.

L. Yourman made a motion to approve the two parking expenses on the attached expense report. E. Shrem seconded the motion and the Board voted in favor of approving the motion with one abstention (S. Kelly).

E. Shrem made a motion to reject CIGNA's request to post a bond in lieu of making full payment on its assessment, pending a final resolution of its appeals. R. Smart seconded the motion and the Board voted in favor of rejecting CIGNA's request to post a bond.

E. Shrem made a motion to ask the Attorney General's Office to seek enforcement of the Board's Order 98-03 requiring CIGNA to pay the outstanding balance on its loss assessment, should CIGNA fail to comply with the terms of the Order by April 1, 1998. L. Yourman seconded motion and the Board voted unanimously in favor of the motion.

S. Kelly made a motion to issue an Order providing that (1) the Net Earned Premium (NEP) used by the Board for CNA in the 1996 assessment had been misstated by the Board as it had accidentally included FEHBA premiums, (2) agreeing to accept the payment provided to the Board by CNA, and (3) noting that the final assessment amount for 1996 losses and administrative costs is subject to a final reconciliation. R. Smart seconded the motion and the Board voted unanimously in favor of issuing the order.

E. Shrem made a motion to issue an order to Phoenix Home Life and Phoenix American Life noting that (1) the Board mistakenly had used the carriers' first revised Exhibit K rather than its second revised Exhibit K in calculating the 1996 loss assessment, and that the error had resulted in the carrier being underassessed, and (2) that the amount due to the Board based on the correct NEP for Phoenix Home Life and Phoenix American Life would be made up as part of the reconciliation. C. St. John seconded the motion and the Board voted unanimously in favor of issuing the order.

X. 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 adjourning the Board meeting.

[The meeting adjourned at 12:37 p.m.]

Attachments: Expense Report
TAC Report

**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 14, 1998**

Directors Participating: Rebecca Smart, Chair (Mutual of Omaha); Sandi Kelly (Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance); Ritamarie Rondum (Public Member); Eileen Shrem (Public Member); Catherine St. John (The Prudential).

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 9:37 a.m. He announced that notice of the meeting had been published in three New Jersey newspapers and posted at the Department of Banking and Insurance and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Minutes

February 5, 1998

S. Kelly offered a motion to approve the minutes of the Open Session of the February 5, 1998 Board meeting as amended. J. Majcher seconded the motion and the Board voted to approve the motion with one abstention (R. Rondum).

March 12, 1998

E. Shrem offered a motion to approve the minutes of the Open Session of the March 12, 1998 Board meeting as amended. R. Smart seconded the motion and the Board voted to approve the motion with one abstention (R. Rondum).

III. Election

1998 Board of Directors Election

J. Petto reported that two Board seats, a health service corporation and a foreign carrier, would expire in May 1998. She stated that nomination forms were mailed to the member carriers on April 2, 1998 and that an election would be held at the May Board meeting.

IV. Report of Staff

Expense Report (See Attachment):

E. Shrem offered a motion to approve the payment of the expenses shown on the March 12, 1998 expense report. J. Majcher seconded the motion and the Board voted unanimously to approve the motion.

Outreach:

W. Sanders reported that he spoke to the Commissioner's Life/Health Broker Advisory Committee on Tuesday, April 7, 1998. The broker members noted that the broker organizations are lobbying for modified community rating in the individual market. W. Sanders also reported that on April 9, 1998, he appeared on the Morning Show of TV12, the Star Ledger station, on a five-minute segment about health care reform. He reported that the station showed the 800 numbers for the Buyer's Guides on the screen, and that the show was aired four times that morning. W. Sanders reported that on Tuesday, March 24, 1998 he was filmed for a half-hour television show called "Financial Matters". This show will be aired on CTN cable stations throughout the State in the next months, and the DOBI web site address and the cable station's 800 number were provided on the screen to viewers.

Legislative update:

W. Sanders reported:

S.86 (Bassano)

This bill requires all carriers in the IHC and SEH markets to provide health benefits coverage for the treatment of mental illness under the same terms and conditions as provided for any other sickness. The Board discussed this legislation as a public policy issue with a broader social impact. The Board agreed to provide the proposed bill to the Operations Committee for a review of the impact on the IHC market and development of a position on the bill, and to TAC for an estimate of the cost implications.

GAO Report and HCFA Bulletin:

W. Sanders reported on a recent GAO report and on HCFA Bulletin 98-01 that allege that some companies are thwarting the goals of HIPAA by overcharging individual or groups, by not handling applications expeditiously, and by setting agent commissions for sales in a manner to discourage issuance to certain groups. He stated that HCFA has asked the Commissioner if DOBI intends to resend the HCFA bulletin to carriers in New Jersey. W. Sanders stated that since these three practices are already prohibited in New Jersey, there have been no problems.

Georgetown University/Institute for Health Care Research and Policy:

This Washington, DC-based organization has created state guides to help consumers understand their protections with respect to health coverage under federal and state laws. W. Sanders reported that he spent a great deal of time with the project managers assisting them in understanding the individual and small employer markets, as did G. Simon (DOBI) with respect to the large group market. They spoke with high praise about New Jersey's public information efforts about health benefits coverage, and indicated that they found New Jersey's efforts the best in the country.

Web Page Activity:

W. Sanders reported on the number of visitors to the Health Reform page. He stated that some of the information on the web site needed to be updated and this would be done shortly.

Loss Assessment Collection:

P. Lechner reported that 100% of the \$40 million undisputed 1996 loss assessment had been collected (the disputed amount of CIGNA's 1996 loss assessment has not been collected). She stated that the wire transfers for the 80% loss reimbursements were submitted on April 9, 1998. W. Sanders reported that he had sent letters, via certified mail, to the carriers seeking reimbursement that had not yet provided the Board with any audit statements and performance certificates.

1997 Fourth Quarter Enrollment:

J. Petto reported that the fourth quarter enrollment reports were included in the Board packets. She noted that enrollment had decreased by 6,712 lives from the third quarter total. In response to a request from E. Shrem, J. Petto stated that she would add a column to the report that would reflect each participating carrier's percentage share of the market total.

Rule-making Update

Proposals:

W. Sanders reported that a first draft of the reproposal of the IHC Board regulations has been completed and reviewed by Committees. He stated that the goal is to approve the rules for reproposal at the May 1998 meeting.

Adoptions:

Withdrawal regulation: W. Sanders reported that the Governor's Counsel is still reviewing the regulation that was proposed on June 16, 1997. All proposals must be adopted within one year or they must be repropose. The Commissioner has asked for the prompt review of the regulation. In response to a request from S. Kelly, E. DeRosa stated that she would update the list of carriers that have requested to file for withdrawal for the next Board meeting.

IV. Report of the Policy Forms Committee

L. Curry reported that the Committee met on March 30, 1998 to discuss the following issues:

Draft Revisions to N.J.A.C. 11:20-3 and 4

The Committee recommended that carriers be prohibited from filing alternative methods for managed care delivery systems. S. Kelly expressed a concern that this would restrict carrier's creativity in developing plan options. She said that such creativity was important in a market that has become very price sensitive. E. DeRosa noted that if alternative filing methods for managed care delivery systems were approved, the Board would need to establish criteria by which to approve or disapprove the filings.

The Committee also recommended that carriers be prohibited from filing alternative applications that differ in content from the standard application. E. DeRosa reported that Mike Malloy (DOBI) had raised the issue of whether DOBI or the Board has the authority to approve or disapprove content changes to the application. The Board agreed to refer the issue to the Legal Committee for further review.

V. Report of the Technical Advisory Committee

Rate Filings (See Attachment)

R. Smart offered a motion to find the rate filings shown on the Report of TAC as complete. E. Shrem seconded the motion and the Board voted in favor of the motion with one abstention (S. Kelly for BCBSNJ filing).

R. Smart offered a motion to find the rate filings shown on the Report of TAC for MEGA Life and Mid-West as incomplete. E. Shrem seconded the motion and the Board voted unanimously in favor of the motion.

[Break: 11:30 a.m. - 11:45 a.m.]

VI. Report of the Marketing Committee

Buyer's Guide:

E. Shrem reported that copies of the 1998 Buyer's Guide were in the Board packets. She stated that the Marketing Committee was very pleased with the finished product.

J. Petto asked the Board to consider whether the annual enrollment reporting requirements should be continued. She stated that the information collected from participating carriers was often incomplete or unavailable. The Board suggested that the Marketing Committee research the need for the information while TAC researches the cost of compliance to the carriers. S. Kelly noted that BCBSNJ has spent considerable resources to comply with the requirements of the annual report and she was surprised that other carriers were not in compliance.

VII. Report of the Operations Committee

W. Sanders reported that the Committee met on April 9, 1998 to discuss the following issues:

- W. Sanders noted that he had received D&T's status reports on the 1995 and 1996 loss audits on the morning of the Committee meeting. He asked the Board members to contact him with any questions or concerns.
- W. Sanders also reported that he was working with DOBI and D&T to develop a recommendation with respect to the relationship between net investment income reported on Exhibit K and the Board's payment of interest on loss assessment funds, as well as regulations to address this issue. He indicated that a staff recommendation had not been finalized prior to the Committee meeting, and thus the Committee was not yet in a position to make a recommendation to the Board.

- W. Sanders reported that among other things, proposed legislation A.150 consolidates the IHC and SEH Program Boards into a single Board that would regulate both the individual and small employer markets. The Board submitted a resolution to the Commissioner in response to the same bill during the last legislative session. The Committee did not formally vote on the issue and agreed that the Board should consider the resolution at the Board meeting. The Committee noted that if the Board decided to send a resolution similar to that sent last year, the new resolution should be modified to indicate that the Board's silence on the other provisions of A.150 did not mean that the Board agreed or disagreed with those provisions. R. Rondum reiterated a concern that this would result in a 17 member Board with only one consumer member.

E. Shrem offered a motion to present the Board's resolution on A.150 to the DOBI Commissioner. R. Rondum seconded the motion and the Board voted in favor of approving the motion with one abstention (J. Majcher).

VIII. Executive Session

E. Shrem offered a motion that the Board move into Executive Session to discuss litigation issues. R. Smart seconded the motion and the Board voted unanimously in favor of moving into Executive Session.

[Executive Session: 12:03 p.m. - 1:45 p.m.]

IX. Final Business and Close of Meeting

R. Smart offered a motion to authorize Program staff and DAG E. Heck to enter into discussion with CIGNA regarding the investment vehicle for the escrow account for the payment of the disputed assessment amount and to require completion of such discussion by May 1, 1998. C. St. John seconded the motion and the Board voted unanimously in favor of approving the motion.

E. Shrem offered a motion to adjourn the Board meeting. R. Rondum seconded the motion and the Board voted unanimously in favor of adjourning the Board meeting.

[The meeting adjourned at 1:45 p.m.]

Attachments: Expense Report
TAC Report