

**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
September 14, 1999**

Directors Participating: Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance); Ritamarie Rondum; Eileen Shrem; Rebecca Smart (Mutual of Omaha); Lisa Yourman.

Others Participating: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Pearl Lechner, Program Accountant; Joanne Petto, Assistant Director.

I. Call to Order

R. Smart called the Board meeting to order at 9:38 a.m. E. DeRosa 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

August 10, 1999

J. Majcher offered a motion to approve the minutes of the Open Session of the August 10, 1999 Board meeting, as amended. S. Kelly seconded the motion. The Board voted unanimously in favor of accepting the motion.

III. Report of Staff

September 14, 1999 Expense Report (See Attachment)

J. Petto noted that the only unusual expenses were the two bills from DeptCor for two months of services as opposed to the usual one month.

J. Majcher offered a motion to approve the payment of the expenses shown on the September 14, 1999 expense report. E. Shrem seconded the motion. The Board voted in favor of accepting the motion with L. Yourman abstaining with respect to personal reimbursement.

Outreach

R. Smart said W. Sanders spoke at a HCFA conference in San Francisco in August. R. Smart said W. Sanders briefly shared some comments on the conference with her and that he would provide a full report to the Board during the October Board meeting.

1997/1998 Preliminary Notice of Assessment and 1999/2000 Non-Group Enrollment Targets

R. Smart said the preliminary notice had not yet been released. She said the Board would discuss some matters related to the assessment during Executive Session and would likely have additional discussion in the Open Session following the Executive Session discussion.

2Q99 Enrollment Report

J. Petto said that the 2Q enrollment reflected any enrollment under replacement plans of former HIP members whose HIP coverage would have terminated as of March 31, 1999. She said that R. Smart had suggested it might be worthwhile to explore whether there might be a correlation between enrollment data and unemployment. J. Petto said she would explore the possibility of securing unemployment data from the Department of Labor.

L. Yourman commented that Health Access enrollment had been included in IHC enrollment data, and asked if enrollment in Kidcare was similarly included. J. Petto explained that KidCare was not included since Kidcare plans are not individual health benefits plans.

IV. Report of the Technical Advisory Committee (TAC)

Rate Filings

S. Kelly reviewed the TAC Report (copy attached) that was included in Board materials.

L. Yourman offered a motion to find the rate filings identified on the September 14, 1999 TAC Report as complete. J. Majcher seconded the motion. The Board voted in favor of the motion.

S. Kelly reported that TAC had not yet discussed the possible costs of the various Health Wellness Promotion Act options but hoped to discuss the option prior to the October Board meeting.

V. Report of the Legal Committee

Withdrawal Filing

R. Smart said the Committee considered a market withdrawal filing from Continental Casualty Company. She said the company initially filed for withdrawal in December and had filed several resubmissions but that the filings have not included the necessary information. She said the latest version of the filing contained sample consumer and producer notices that provided incorrect information. She said the Legal Committee

believed the Board's letter to the company should provide the exact language the letters should include. In addition, the letter should advise the company of the cost to purchase Buyer's Guides for the 22 policyholders whose plans that will be non-renewed. The Board agreed with the recommendation of the Legal Committee.

VI. Report of the Marketing Committee

E. Shrem said the State Report article that was included in Board materials spoke very favorably about the IHC Program. She suggested that the Board should distribute the article since it includes good background information about the reform and would be a good marketing tool. J. Majcher noted that the article offered historical information but did not address the current state of the IHC program. After some discussion, the Board agreed that the Board members should read the article before the next Board meeting so as to better discuss whether the article, or parts of it, would be worth distributing. E. DeRosa agreed to contact Deb Garnick, one of the authors, to find out if use of all or part of the article would be permissible. Some Board members asked for information concerning what other states have experienced in the individual market. R. Smart agreed to gather information she may have. E. DeRosa said staff has accumulated some data that could be shared.

E. Shrem said she would like to explore adding a “catastrophic” plan to the IHC product offerings. The plan would feature a high deductible of \$5,000 or \$10,000, and would provide 100% coverage following the satisfaction of the deductible. She said she believes such a product would be appealing, and that she hoped the price would be reasonable. The Board agreed that TAC should examine the possible cost for such a plan design.

VII. Policy Forms Adoption

E. DeRosa said the comment period for the expedited rule proposal to amend the standard plans to comply with the biologically-based mental illness mandate, the dental mandate and other corrections had expired on Friday, September 10, 1999. She said no persons offered comments during the September 2, 1999 hearing. She said written comments were received from two commenters. E. DeRosa said that due to the very brief time between the close of the comment period and the Board meeting, the summary of comments and responses was sent only to the IHC Legal Committee that was already scheduled to meet on Monday, September 13, 1999.

E. DeRosa summarized each comment and suggested response.

E. DeRosa said Comment 1 suggested that in order to avoid confusion, the forms should employ two mutually exclusive terms to define a “biologically-based mental illness” and a mental illness that is not a biologically-based mental illness. E. DeRosa said the draft response stated that the Board agreed with the commenter and changed the forms to define “biologically-based mental illness” and “non- biologically-based mental illness.”

E. DeRosa said Comment 2 suggested imposing a pre-approval requirement for outpatient coverage for the treatment of a “biologically-based mental illness.” She said the draft response was based on the vote the Board took during the August Board meeting

during which the Board voted against including a pre-approval requirement in the outpatient coverage for a biologically-based mental illness in Plans A/50 through D.

L. Yourman said she had a copy of a 1997 HEDIS report for POS plans and that the report suggested that a small percentage of persons use mental illness services.

E. DeRosa said Comment 3 requested clarification of two of the items included in the new provision to comply with the dental mandate in P.L. 1999, c. 49 and suggested that the two items could be combined into one. E. DeRosa said the draft response explained that the first item addressed coverage for general anesthesia and hospitalization and the second item addressed dental services covered by the plan that required hospitalization or general anesthesia. She said that to clarify that the second item addresses dental services, she believed that reversing the order of the clauses would be helpful.

E. DeRosa said Comment 4 suggested that if the HMO plan was going to cover injectable drugs that the plan should specify dispensing limits. E. DeRosa said the draft response explained that the necessary quantity might be best determined by the provider. In addition, she noted that the dispensing limit section of the plan would be included only in plans in which the carrier covers prescription drugs subject to a \$15 copayment. She explained that only one HMO elected to cover drugs subject to a \$15 copayment.

E. DeRosa said Comment 5 noted that using brackets to denote deleted text in addition to using brackets to denote variable text was confusing. E. DeRosa said the draft response explained that the use of brackets for deleted text was a convention used by the Office of Administrative Law.

E. DeRosa said Comment 6 requested that the new dental coverage in the HMO plan be amended to state that coverage requires approval of the Primary Care Physician (PCP). She said that although the HMO plan requires PCP approval for all services, the HMO form would be revised to note the requirement for PCP approval.

E. DeRosa said Comment 7 asked for clarification of the dental mandate, P.L. 1999, c. 49. She said the draft response noted that the Board included language consistent with the law and that the Board believed it improper to adjust the text.

E. DeRosa reminded the Board that it would be considering modifications to the standard plan text in 2000. Given the time and cost associated with reissuing inforce plans and updating issue systems for new business, she said that carriers should be permitted to use the Compliance and Variability rider as a means to comply with the forms changes the Board would adopt at this time. The Board agreed. E. DeRosa said she would develop a Bulletin containing the text from the adoption that Carriers should use on the Compliance and Variability rider.

L. Yourman offered a motion that the Board adopt the plan changes to standard Plans A/50, B, C and D and HMO. J. Majcher seconded the motion. The Board voted in favor of the motion with S. Kelly in opposition.

VIII. Executive Session

R. Smart said the Board needed to discuss advice from counsel and Executive Session minutes and asked for a motion to enter Executive Session. She said the Board would continue with Open Session following the Executive Session.

J. Majcher offered a motion for the Board to begin Executive Session. E. Shrem seconded the motion. The Board voted unanimously in favor of the motion.

[Break: 11:05 – 11:17]

[Executive Session: 11:17 a.m. – 12:30 p.m.]

IX. Final Business and Close of Meeting

Preliminary Notice of 1997/1998 Assessment and Market Targets for 1999/2000

R. Rondum offered a motion that the Board release the Preliminary Notice of 1997/1998 Assessment and Market Targets for 1999/2000 based on adjusted numbers. S. Kelly seconded the motion. The Board voted unanimously in favor for the motion.

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 12:33 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
October 12, 1999**

Directors Participating: Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance); Eileen Shrem; Rebecca Smart (Mutual of Omaha); 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

R. Smart called the Board meeting to order at 9:45 a.m. W. Sanders 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 Prudential resigned from the Board.

II. Minutes

September 14, 1999

J. Majcher offered a motion to approve the minutes of the Open Session of the September 14, 1999 Board meeting, as amended. L. Yourman seconded the motion. The Board voted unanimously in favor of accepting the motion.

III. Report of Staff

October 12, 1999 Expense Report (See Attachment)

W. Sanders noted that there were no unusual expenses.

R. Smart offered a motion to approve the payment of the expenses shown on the October 12, 1999 expense report. J. Majcher seconded the motion. The Board voted unanimously in favor of accepting the motion.

Outreach

W. Sanders reported that he spoke at a HCFA conference for State regulators in San Francisco in August. He said he spoke about the data that has been collected in New Jersey with respect to the reform markets. In addition, he said he spoke about the individual market assessment mechanism. He noted that Deb Garnick who was one of the researchers for the Harvard-Brandeis study of the IHC market spoke about New Jersey reforms. W. Sanders reported that the conference included updates on Federal Regulations and Bulletins. He noted that a copy of one of the Bulletins was included in

Board materials. He said the Federal Government would be promulgating regulations in segments, addressing topics such as associations, extension of benefits, active work requirements, eligibility and rates. He noted that many of the issues pertain more to the SEH market than the IHC market. He said the conference also addressed implementation and enforcement issues that have been faced by the States, and data collection efforts in the States. He said they spoke about creating Technical Advisory Groups that would enable state regulators to meet and provide informal input to HCFA. W. Sanders offered to make the meeting materials available to any Board member that would like to review them.

W. Sanders said the Legal Committee would meet to discuss the issues that were raised in the Bulletins.

S. Kelly asked if the HCFA Bulletins would be released to carriers. W. Sanders said he would check with Gale Simon to find out if the DOBI intended to distribute copies.

L. Yourman noted that an article in the *Bergen Record* stated that many people who are working cannot afford to purchase health coverage.

1997/1998 Preliminary Notice of Assessment and 1999/2000 Non-Group Enrollment Targets

W. Sanders reported that the preliminary notice was released. Carriers wishing to request an exemption for the 1999/2000 two-year calculation period must make such request by November 1, 1999. S. Kelly commented about the increase in the size of the non-group person targets for 1999/2000. She said it appears to be the result of dramatic increases in Medicare and Medicaid enrollment. She noted that the individual market is shrinking and it will be increasingly more difficult for carriers to meet their assigned targets.

Legislative Update

W. Sanders said that a legislative update memo was included in Board materials. He commented about two of the bills.

A.2950: This bill (approved by the Governor on 7/26/99) provides that coverage under an individual health benefits plan during the 6-month period prior to application for NJ KidCare would not be the basis for denying NJ KidCare to an otherwise eligible child.

S.222: This bill would amend the Health Wellness Promotion Act such that coverage identified in the Act would become a mandated benefit that would be included in plans rather than a mandated offer that purchasers may choose to decline. In addition, the bill specifically states that IHC and SEH plans would be exempt from the requirements of the law.

E. Shrem asked about the Federal Patient Bill of Rights. She said she heard one report that indicated that the Bill would give employees the right to sue their employers with respect to health coverage. W. Sanders said he had not seen any information on the Bill other than what has been reported by the media. E. Shrem suggested that the Board should release information on legislative changes to the public to help them understand

increases in the cost of coverage. Several Board members noted that other factors contribute to the cost of coverage.

Withdrawal Filing

E. DeRosa reported that Continental Casualty Company resubmitted the text of the notices to be sent to covered persons and to producers, as required. However, she said the new text continues to include dates that are inconsistent with non-renewal of plans. She asked that the Board vote to approve the filing if the carrier makes the appropriate corrections to the dates in the text of the notices.

S. Kelly **offered a motion to** authorize staff to review revised notice text, and if appropriate, **approve the withdrawal filing submitted by Continental Casualty Company.** R. Smart **seconded the motion. The Board voted unanimously in favor of the motion.**

Forms Adoption

E. DeRosa reported that the forms adoption was submitted to the Office of Administrative Law. Notice of the adoption was sent to the interested parties mailing list. Carriers selling IHC coverage were sent a Bulletin that provided text that could be included on the Compliance and Variability Rider. Copies of the Bulletin were available for the audience. The adoption should be published in the November 1, 1999 *New Jersey Register*.

Garden State Hospitalization Plan

W. Sanders said that Garden State Hospitalization Plan was placed in liquidation and that the Guaranty Fund had been activated.

Meeting Notice for 2000

J. Petto said that the proposed meeting dates for 2000 were revised to deal with conflicts Board members had noted. The final meeting schedule for 2000 was provided to Board members and would be published in the newspapers and posted, as required by the Open Public Meetings Act.

VIII. Report of the Technical Advisory Committee (TAC)

Rate Filings

S. Kelly reviewed the TAC Report (copy attached) that was included in Board materials.

J. Majcher offered a motion to find the rate filings identified on the October 12, 1999 TAC Report as complete. R. Smart seconded the motion. The Board voted in favor of the motion with S. Kelly abstaining with respect to the filings for Horizon.

IX. Other

R. Smart reported that there was some discussion about the Christian Brotherhood program during the NAIC meeting. W. Sanders reported that he met with representatives from the Christian Brotherhood and the DOBI. The DOBI, based on the information presented to it, indicated that it did not believe that the program was an insurance product since there appeared to be no transference of risk.

VI. Executive Session

W. Sanders said the Board needed to discuss advice from counsel concerning litigation issues and Executive Session minutes and asked for a motion to enter Executive Session. He said there would not be further discussion or action in Open Session following the Executive Session.

E. Shrem offered a motion for the Board to begin Executive Session. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 10:30 a.m. – 11:00 a.m.]

VI. 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 11:00 a.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
November 9, 1999**

Directors Participating: Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance); Mary McClure (Aetna U.S. Healthcare); Eileen Shrem; Rebecca Smart (Mutual of Omaha).

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

I. Call to Order

R. Smart called the Board meeting to order at 9:50 a.m. W. Sanders 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

October 12, 1999

S. Kelly offered a motion to approve the minutes of the Open Session of the October 12, 1999 Board meeting, as amended. J. Majcher seconded the motion. The Board voted in favor of accepting the motion, with M. McClure abstaining.

III. Report of Staff

November 9, 1999 Expense Report (See Attachment)

J. Petto noted that since the Board was not scheduled to meet in December 1999, the November 9, 1999 Expense Report anticipated certain expenses for December 1999.

R. Smart offered a motion to approve the payment of the expenses shown on the November 9, 1999 expense report. M. McClure seconded the motion. The Board voted unanimously in favor of accepting the motion.

Legislative Update

W. Sanders reported that two bills had been introduced that would amend the IHC and SEH Programs. He said both S2208 and S2216 were introduced by Senators Bassano and Codey.

He said S. 2208 would continue beyond 12/31/99 the Board seats for a Health Service Corporation in New Jersey, and thus preserve the seats on both Boards currently held by Horizon Blue Cross Blue Shield. The bill would also replace the seat currently

designated for a mutual health insurer with a company that is either a mutual or a stock company.

He noted that his memo of November 3, 1999 to both Boards identified the key provisions of S2216. In addition to amending Board membership as is done in S 2208, this bill would modify the loss ratio requirements, allow carriers to offer coverage as an Exclusive Provider Organization plan, allow for the electronic sale and delivery of health coverage, introduce modified community rating using a 1.5:1 band, phased in to a 2:1 band, and amend the definition of a small employer to state that it does not include any agency or instrumentality of the State.

W. Sanders commented that while he reported in October that he would be compiling HIPAA compliance issues for the Legal Committee to consider, he had not done so. After that Board meeting, he received a communication from HCFA that requested very specific information concerning HIPAA compliance. In light of that communication, W. Sanders said he felt it best to thoroughly review the communication from HCFA so as to include any issues identified as a result of the communication along with issues he had already identified. He suggested that it would be advantageous for the Legal Committee to consider the issues in totality rather than piecemeal.

FY 2000/2001 Budget

P. Lechner noted that the Board bills for loss assessments on a two-year basis. She said that the draft budget was prepared to consider two years so administrative assessment billing could coincide with loss assessment billing. Several Board members asked for clarification of items on the budget. P. Lechner responded to their questions. No changes were made to the draft budget as a result of the questions that were raised. W. Sanders assured the Board that any excess administrative assessment the Board collects would be credited to the carriers in a reconciliation.

E. Shrem offered a motion to approve the FY 2000/2001 Budget. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

Other

W. Sanders said that R. Rondum wrote an article that was published in *New Jersey Medicine*. He said a copy of the article, "Physician Ethics at Risk" was included in Board materials that were distributed at the meeting.

W. Sanders said Board materials also included Current Population Reports from the US Census Bureau.

X. Report of the Technical Advisory Committee (TAC)

Rate Filings

S. Kelly reviewed the TAC Report (copy attached) that was included in Board materials.

S. Kelly explained that the Board found a filing from Guardian complete during the October Board meeting, with rates to be effective October 1, 1999. Subsequent to the meeting, Guardian identified an inforce plan that had been offered renewal using the prior rates. Therefore, Guardian filed to delay the effective date for the rates the Board considered in October until December 1, 1999. Guardian therefore filed to extend prior rates for the months of October and November 1999.

J. Majcher offered a motion to find the Guardian rate filing extensions complete. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

1998 Loss Ratio Reports

S. Kelly reported that TAC considered 1998 loss ratio filing data but that some further work needed to be done with respect to many of the filings. In situations where carriers filed data that was inconsistent with other data the carrier filed, TAC believed staff should calculate loss ratios based on the alternate data. Similarly, if a calculation is incorrect, the correct calculation result should be used to determine if the loss ratio falls below 75%. If the use of alternate data or correct calculations would produce a loss ratio below 75%, she said TAC believed the carrier should be required to explain the discrepancies.

S. Kelly said TAC believed one of the refund plans could be approved. S. Kelly said National Health owed a refund of \$128,100.67.

M. McClure offered a motion to approve the National Health refund plan. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

XI. Report of the Legal Committee

W. Sanders reported that the Legal Committee met on November 5, 1999, but only two members were able to participate in the teleconference.

Preliminary Notice of Assessment and Assignment of Enrollment Targets

W. Sanders explained that subsequent to the release of the preliminary notice of assessment for 1997/1998 losses, a number of problems and corrections were discovered with respect to the Exhibit K filings carriers initially submitted. In addition, two carriers were identified that had failed to submit Exhibit K filings. Those participating on the Legal Committee teleconference recommended that carriers that certified to incorrect information on the previously filed Exhibit Ks should be referred to Consumer Protection and Enforcement for potential action.

W. Sanders reported that the market targets were significantly affected by the corrected and additional reports. The Committee members on the call recommended that targets be re-assigned based on the most accurate information now available, both in terms of net earned premium and non-group person enrollment data. Carriers should be given 30 days from the date of the revised notice of non-group person targets in which to make an election to request an exemption. Previously filed exemption requests for the 1999/2000 period should be voided.

S. Kelly commented that the targets are disproportionate. In 1993, Medicare/Medicaid lives accounted for about 10% of the total non-group person enrollment. She said current data indicates that the percentage has dramatically increased to about 75% of the non-group person enrollment. She commented that the increase makes attaining the assigned targets virtually impossible.

The Board agreed that the revised assessment spreadsheet should be reviewed by S. Kelly before being sent to carriers.

[Break: 10:50 a.m. – 11:10 a.m.]

R. Smart offered a motion to establish another 30-day period in which carriers could make an election to seek an exemption, based on the revised non-group person targets. Any previously filed exemption requests for the 1999/2000 period would be voided. E. Shrem seconded the motion the Board voted unanimously in favor of the motion.

W. Sanders reported that Prudential Healthcare Plan submitted a market withdrawal application where plans would be non-renewed beginning with July 1, 2000 anniversary dates. He said the Committee members recommended that the filing be accepted.

J. Majcher offered a motion to approve the Prudential Healthcare Plan withdrawal filing. R. Smart seconded the motion. The Board voted in favor of the motion with M. McClure abstaining.

W. Sanders reported that University Health Plan (UHP) requested a partial exemption from the 1997/1998 loss assessment. He noted that exemption requests for the 1997/1998 period were due over a year ago.

S. Kelly offered a motion to decline the UHP request for a partial exemption since the request was not timely. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

VI. Executive Session

W. Sanders said the Board needed to discuss advice from counsel concerning litigation issues and Executive Session minutes and asked for a motion to enter Executive Session. He said there would be further discussion in Open Session following the Executive Session.

E. Shrem offered a motion for the Board to begin Executive Session. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 11:15 a.m. – 12:30 p.m.]

VII. Final Business and Close of Meeting

W. Sanders reported that Trustmark filed a Complaint against the IHC Board in Federal Court regarding the 1997/1998 assessment.

W. Sanders said that there are outstanding Exhibit K filing issues with several carriers. The Board hopes to resolve those issues and mail the assessment bills the week of November 15, 1999 along with the revised non-group person targets. He noted that carriers would be given another 30-day period in which to file for an exemption.

W. Sanders reported that the Board considered whether a Medicaid-only carrier should be subject to the assessment. He noted that based on the law, both Medicare and Medicaid premium is subject to the assessment. Since Medicaid premium is subject to the assessment, the Medicaid premium of a Medicaid-only HMO must also be subject to the assessment.

W. Sanders said that if the Board has collected sufficient funds with which to make partial loss reimbursement payments to carriers by early December, the Board would

hold a meeting in December to authorize partial payments to carriers that sought reimbursement. He said the meeting would be noticed as required by the Open Public Meetings Act.

E. Shrem reported that the Marketing Committee would be meeting after the Board meeting to discuss a change in New Jersey tax law regarding deductions for health insurance premiums.

E. Shrem offered a motion to adjourn the Board meeting. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion. The meeting adjourned 12:35 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
December 15, 1999**

Directors Participating by Teleconference: Hank Meisner (Horizon Blue Cross Blue Shield of New Jersey); Mary McClure (Aetna U.S. Healthcare); Rita Rondum (joined at 5:00 p.m.); Rebecca Smart (Mutual of Omaha), Lisa Yourman.

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

Others Participating in Trenton: Don Bryan, Director of Division of Insurance, DOBI; Karen Suter, Chief of Banking and Insurance Operations, DOBI (arrived at 4:50 p.m.); Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Wardell Sanders, Executive Director.

I. Call to Order

R. Smart called the Board meeting to order at 4:35 p.m. W. Sanders announced that notice of the meeting had been sent to 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. He took roll call and determined that a quorum was present.

II Executive Session

W. Sanders said the Board needed to discuss advice from counsel concerning litigation issues and asked for a motion to enter Executive Session. He said there would be no discussion in Open Session following the Executive Session.

J. Majcher offered a motion for the Board to begin Executive Session. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 4:37 p.m. – 5:30 p.m.]

III. Close of Meeting

H. Meisner offered a motion to adjourn the Board meeting. R. Rondum seconded the motion. The Board voted unanimously in favor of the motion. The meeting adjourned at 5:30 p.m.

**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
December 21, 1999**

Directors Participating by Teleconference: Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Mary McClure (Aetna U.S. Healthcare); Rita Rondum; Rebecca Smart (Mutual of Omaha).

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

Others Participating in Trenton: DAG Eleanor Heck (DOL); Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the Board meeting to order at 3:00 p.m. W. Sanders announced that notice of the meeting had been sent to 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. He took roll call and determined that a quorum was present.

II. Minutes

November 9, 1999

S. Kelly offered a motion to approve the minutes of the Open Session of the November 9, 1999 Board meeting, as amended. J. Majcher seconded the motion. The Board voted in favor of accepting the motion with R. Rondum abstaining.

December 15, 1999

R. Smart offered a motion to approve the minutes of the Open Session of the December 15, 1999 Board meeting, as amended. J. Majcher seconded the motion.

The Board voted in favor of accepting the motion.

III. Report of Staff

December 1999 Expense Report

J. Majcher offered a motion to approve the payment of the expenses shown on the December 1999 expense report. M. McClure seconded the motion. The Board voted unanimously in favor of accepting the motion.

Withdrawal Filings

W. Sanders reported that the staff had received two withdrawal filings. He noted that the staff's review of the filings had been included in the Board packets.

M. McClure offered a motion to approve PFL Life's market withdrawal filing. R. Smart seconded the motion. The Board voted unanimously in favor of accepting the motion.

S. Kelly offered a motion to approve Monumental Life's market withdrawal filing, subject to concurrence from DOBI that market withdrawal filings addressing only pre-reform plans may be acted upon by the IHC Board. J. Majcher seconded the motion. The Board voted unanimously in favor of accepting the motion.

Loss Reimbursement Distribution

W. Sanders reported that the Board had collected approximately \$15 million in assessment funds. He referred to the attached loss reimbursement chart that was prepared by P. Lechner which showed a recommended loss reimbursement distribution of 50 percent to all carriers. He noted that payment would be contingent upon receipt of a signed certification from all carriers setting forth wire transfer information and the carrier's agreement that should an audit reveal that some portion of the payment was not warranted, the carrier would return funds to the Board with interest. W. Sanders noted that the Operations Committee had approved a reimbursement of up to 80 percent, consistent with prior practice of the Board, or a distribution of all funds collected to date if less than 80 percent. W. Sanders noted that a 50 percent distribution was the maximum distribution that could be made based on the funds collected.

R. Smart offered a motion to accept the recommended distribution to all carriers of 50 percent of the requested loss reimbursement amount. M. McClure seconded the motion. The Board voted unanimously in favor of accepting the motion.

IV. Report of the Technical Advisory Committee (TAC)

Rate Filings

S. Kelly reviewed the TAC Report (copy attached) that was included in the Board materials.

J. Majcher offered a motion to accept the recommendation of the TAC with respect to the rate filings from National Health and Oxford as set forth on the attached report. R. Smart seconded the motion. The Board voted unanimously in favor of accepting the motion.

V. Executive Session

W. Sanders said that the Board needed to discuss advice from counsel concerning potential litigation matters and Executive Session minutes and asked for a motion to enter Executive Session.

R. Rondum offered a motion to move into Executive Session. J. Majcher seconded the motion. The Board voted unanimously in favor of accepting the motion.

VI. Close of Meeting

M. McClure offered a motion to adjourn the Board meeting. J. Majcher seconded the motion. The Board voted unanimously in favor of accepting the motion.