

**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 11, 2000**

Directors Participating in Trenton: Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance) Eric Settle (Aetna U.S. Healthcare); Rebecca Smart (Mutual of Omaha).

Directors Participating by Teleconference: Lisa Yourman.

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

I. Call to Order

W. Sanders called the Board meeting to order at 9:45 a.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 noted that L. Yourman had the flu and would be participating by teleconference.

II. 1999 New Jersey HMO Performance Report

Frances Prestianni of the Department of Health and Senior Services gave a brief presentation concerning the third annual HMO Performance Report. In addition to providing Board members with a copy of the Performance Report, she distributed an outline of her presentation. A copy of that outline is attached.

III. Report of Staff

3Q 1999 Enrollment

J. Petto said that a copy of her memo summarizing enrollment data was included in the Board materials. She noted that IHC enrollment decreased by 4,849 as compared to 2Q 1999, a decrease of 3.87%.

1997/1998 Assessment Collection Status

W. Sanders reported that the Board had collected approximately \$21.5 million in assessment funds. He said the Board had not yet received payment from four or five carriers that were not insolvent.

Nomination to Supreme Court

W. Sanders said that Commissioner Jaynee LaVecchia had been nominated to serve on the State Supreme Court. J. Majcher reported that Karen Suter was serving as Acting Commissioner.

Annual Report

W. Sanders noted that copies of the Annual Report published by the DOBI were included in Board materials. He reminded the Board that he had shared a copy of the text describing the IHC and SEH Programs with the Boards several months earlier.

Legislative Update

W. Sanders said he did not have an update concerning the status of the Bill that would amend the carrier positions for the IHC and SEH Boards, and specifically address the seat held by Horizon. DAG E. Heck said she had been trying to learn the status of the bill, but had been unsuccessful.

Oxford Commission Change

W. Sanders said Board materials included a copy of a notice sent out by Oxford that indicated it would discontinue offering commissions on individual health sales. He said he contacted Oxford to remind the carrier that it had sought an exemption and depending on the number of lives enrolled may be required to provide a Good Faith Marketing Report.

News Article

W. Sanders said he included a copy of an article from the news clips in Board materials that discusses the possibility that Xerox will discontinue offering group coverage and will give employees money toward the cost of securing their own coverage.

Web Site Activity

W. Sanders noted that a report on web site activity was included in Board materials.

Toll Free Number Utilization

J. Petto reported that the number of calls to the toll free number increased significantly during 1999 as compared to 1998. She explained that the reason 25% of the callers are reported with an "unknown" insured status is that callers who ask questions that need to be referred to staff do not get to that point on the script.

IV. Executive Session Part A

W. Sanders reported that the Board needed to receive advice from counsel concerning a Board membership issue and asked for a motion to begin Executive Session. He noted the presence in the audience of a couple of persons who were interested in another issue that would also require Executive Session discussion and said the Board would discuss that issue as well before returning to Open Session. He said the Board would reconvene in Open Session to discuss these and additional issues.

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

[Executive Session Part A: 10:35 a.m. – 11:15 a.m.]

V. Report Following Executive Session

W. Sanders said the Board discussed two issues: Board membership; and a draft rule proposal.

R. Smart offered a motion that the Board determine that the IHC Act permits Horizon to serve the balance of its three-year term for the health service corporation position since it was elected prior to 12/31/99. J. Majcher seconded the motion. The Board voted in favor of the motion, with S. Kelly abstaining.

W. Sanders explained that the Board had developed a draft rule proposal that would clarify that carriers that do not have a significant presence in the commercial market are not members of the IHC Program. He said that a "significant presence" would be measured using 25% or more enrollment or 25% or more net earned premium in the commercial market as the test for presence in the commercial market. He noted that for the 1997/1998 two-year calculation period, three carriers appear to have an insignificant presence in the commercial market. He commented that the rule proposal was simply a clarification of what the Board believes the Legislature intended when it created the IHC Program.

J. Majcher offered a motion to propose amendments to N.J.A.C. 11:20-1.2 and 13.2 to clarify that membership in the IHC Program includes only those carriers with a significant presence in the commercial market. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

W. Sanders said the proposal would be filed using the expedited rule making process available to the Board. He also noted that the proposal could not be filed until Governor's Counsel completed a review of the proposal. Depending on when the Board receives notice that the proposal may be filed, the deadline for comments and hearing date may require adjustment. He said February 1, 2000 was used in the draft, but that he would make any necessary adjustments to that date to allow at least a 20-day period, as required.

W. Sanders explained that after the amendments have been adopted the Board would establish new non-group person targets for 1999/2000 and give carriers another opportunity to elect to request an exemption. He said the assessment funds that are not collected as a result of the three carriers being considered as non-members would be collected during reconciliation of the 1997/1998 assessment.

VI. Minutes

December 21, 1999

S. Kelly offered a motion to approve the minutes of the Open Session of the December 21, 1999 Board meeting. J. Majcher seconded the motion. The Board voted in favor of accepting the motion with L. Yourman abstaining.

VII. Expense Report

January 11, 2000 Expense Report

S. Kelly offered a motion to approve the payment of the expenses shown on the January 2000 expense report. J. Majcher seconded the motion. The Board voted unanimously in favor of accepting the motion.

VIII. Report of the Technical Advisory Committee (TAC)

Rate Filings

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

R. Smart offered a motion to accept the recommendation of the TAC with respect to the rate filings as set forth on the attached report. J. Majcher seconded the motion. The Board voted in favor of accepting the motion, with S. Kelly abstaining with respect to the Horizon filings and E. Settle abstaining with respect to the Aetna Life and Prudential filings.

Cost Impact Analysis

S. Kelly reviewed the cost impact data included on the TAC report. Since a bill was introduced to exclude both the IHC and SEH Programs from the requirements of the Wellness Law, the Board agreed to delay any action to amend the wellness coverage until after it is learned whether the bill was signed. With respect to the new plan options, the Board agreed it would be best to delay discussion until E. Shrem, chair of the Marketing Committee, was present.

IX. Other

P. Lechner reported that the firm Withum, Smith and Brown had been retained to serve as bookkeeper. She said the engagement letter had been forwarded to the Attorney General's Office for review.

X. Executive Session Part B

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. W. Sanders said no additional business would be discussed following the Executive Session.

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

[Executive Session Part B: 11:40 a.m. - 12:30 p.m.]

XI. Close of Meeting

J. Majcher offered a motion to adjourn the Board meeting. E. Settle seconded the motion. The Board voted unanimously in favor of accepting the motion. The meeting adjourned at 12:30 p.m.

Attachments:

TAC Report

1999 New Jersey HMO Performance Report Presentation Summary

**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 8, 2000**

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); 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 9:50 a.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.

II. Minutes

January 11, 2000

J. Majcher offered a motion to approve the draft minutes of the Open Session of the January 11, 2000 Board meeting, as amended. R. Smart seconded the motion. The Board voted unanimously in favor of accepting the motion.

III. Report of Staff

February 8, 2000 Expense Report

S. Kelly offered a motion to approve the payment of the expenses shown on the February 8, 2000 expense report. L. Yourman seconded the motion. The Board voted unanimously in favor of accepting the motion.

Regulatory Update

W. Sanders noted that the Department of Health and Senior Services filed a proposal that specifies standards for the use of prescription drug

formularies. He said that a copy of the proposal was included in Board materials.

W. Sanders said that the Department of Banking and Insurance scheduled a public policy forum for February 23, 2000. The purpose of the forum would be to seek input concerning the possible offering of dread disease or specified disease policies in New Jersey. S. Kelly commented that such policies would not be considered health benefit plans as defined in the IHC Act and that they would not be considered as creditable coverage. J. Majcher said that the specified disease policy would only be permitted to be sold if the purchaser had underlying coverage. She repeated that the purpose of the forum was to gather input concerning whether the sale of such policies should be permitted in New Jersey.

Legislative Update

W. Sanders briefly described the following laws:

P.L. 1999, c. 367: Continues the IHC Board member seat for a carrier that is a health service corporation and defines a Board member seat that may be filled by any IHC member carrier.

A.1647: Permits self-employed persons and business partners to be eligible for workers' compensation coverage, and states that failure to obtain such coverage may not affect benefits under any other accident or health policy.

P.L. 1999, c. 341: Requires coverage for annual mammograms for females age 40 and older.

P.L. 1999, c.339: Amends the Health Wellness Promotion Act and specifically exempts IHC and SEH plans from the requirements of the Act.

Outreach

W. Sanders reported that he spoke at a meeting of the New Jersey Association of Health Underwriters in Whippany on January 18, 2000. He said there were about 50 producers in attendance.

W. Sanders said he participated in a "study group" organized by a brokerage firm in Florham Park on February 2, 2000. He reported that there were approximately 30 participants.

Principal Life Insurance Company Market Withdrawal Filing

E. DeRosa summarized the activity of the past 14 months regarding the market withdrawal filing from Principal Life. She said that the Principal market withdrawal

was somewhat different from the market withdrawals the Board had previously considered in that Principal's block of inforce IHC plans includes plans issued to persons who exercised a group conversion privilege. She said Principal believed policies issued pursuant to a conversion right could not be non-renewed. E. DeRosa explained that since Principal had used the standard IHC policies for conversion Principal could not continue to service the conversion block without also marketing the standard IHC plans. She explained that a strategy to address the conversion block emerged during the course of a teleconference that involved counsel and actuaries from Principal, Gale Simon of the Department of Banking and Insurance, Board staff, and DAG E. Heck. Principal would establish a Trust product that would duplicate the benefits of the IHC plans and offer the conversion policyholders the option to secure coverage under the conversion trust vehicle.

E. DeRosa reported that Principal provided an informational draft of the trust plan to demonstrate benefit consistency with the IHC plans. She said that in addition to the information required by the withdrawal regulation to be included in the notices to policyholders, the notice to the conversion policyholders describes the opportunity to secure coverage under the conversion trust policy. E. DeRosa said the withdrawal filing included all of the necessary information, and that based on staff review of the filing, staff recommends that the filing be approved.

E. Shrem offered a motion to approve the Principal Life Insurance Company market withdrawal filing. L. Yourman seconded the motion. The Board voted unanimously in favor of approving the filing.

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.

M. McClure offered a motion to accept the recommendation of the TAC with respect to the rate filings as set forth on the attached report. J. Majcher seconded the motion. The Board voted unanimously in favor of accepting the motion.

Cost Impact Analysis

E. Shrem noted that she was pleased with the cost projections as presented during the January 11, 2000 meeting. She said the Marketing Committee would discuss the plan designs and corresponding savings and make a recommendation to the Board concerning which plan or plans to make available.

V. Report of the Operations Committee

W. Sanders reported that the Committee reviewed the IHC/SEH Account Reconciliation prepared by P. Lechner and recommended that the Board approve the reconciliation payments.

S. Kelly offered a motion to approve the reconciliation payments as specified on the IHC/SEH Account Reconciliation worksheet. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

VI. Executive Session

W. Sanders reported that the Board needed to receive advice from counsel concerning additional matters considered by the Operations Committee asked for a motion to begin Executive Session.

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

[Executive Session: 10:20 a.m. – 12:25 p.m.]

VII. Report Following Executive Session

W. Sanders said the Board received some comments to its rule proposal that clarified IHC program membership. W. Sanders said the comments would be addressed in the rule adoption.

S. Kelly offered a motion to approve the rule proposal that clarified IHC Program membership. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

W. Sanders reported that five carriers filed "appeals" challenging the 1997/1998 assessment. All involved misreported net earned premium. He said he had written to the CEOs of each company seeking an explanation as to how the company previously certified to an incorrect net earned premium number. He said he had received prompt responses and that he was reviewing the explanations.

W. Sanders reported that in light of the appeals and the clarification of IHC Program membership the Board discussed proceeding with an interim reconciliation for 1997/1998.

E. Shrem offered a motion to release an interim reconciliation for 1997/1998 taking into consideration all known modifications to the original 1997/1998 assessment. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

VIII. Close of Meeting

E. Shrem offered a motion to adjourn the Board meeting. L. Yourman seconded the motion. The Board voted unanimously in favor of accepting the motion. The meeting adjourned at 12:30 p.m.

**MINUTES OF THE ANNUAL 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
March 16, 2000**

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); Rita Rondum (arrived at 9:50 a.m.); Eileen Shrem (arrived at 10:07 a.m.); 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; Wardell Sanders, Executive Director.

I. Call to Order

R. Smart called the Board meeting to order at 9:40 a.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.

II. Minutes

February 8, 2000

S. Kelly offered a motion to approve the draft minutes of the Open Session of the February 8, 2000 Board meeting, as amended. M. McClure seconded the motion. The Board voted unanimously in favor of accepting the motion.

VI. Report of Staff

Elections

J. Petto asked if any carrier present at the meeting wished to cast a ballot. J. Petto reminded the Board that three carriers were nominated for the newly created Board seat for a health carrier. The carriers were: CIGNA, Guardian and Oxford.

J. Petto counted the absentee ballots and the ballot cast during the meeting. She announced that Guardian won the election, with 12 votes, CIGNA had 3 votes and Oxford had 2 votes. W. Sanders said that the Guardian representative would be seated during the April Board meeting. He noted that Committees would be re-established during the April Board meeting since Guardian would be seated during that meeting.

4Q99 Enrollment

J. Petto reported that there was an overall increase in enrollment of 2.36%. She noted that while IHC enrollment decreased by 3.42%, SEH enrollment increased by 3.15%

Noting the decrease in IHC enrollment, R. Rondum asked why a business would not be tracking why it is losing business. S. Kelly explained that it would be expensive for carriers to conduct an exit survey, but that if the Board were to provide funding for such a survey, carriers might be willing to participate. She said that Horizon had conducted exit surveys in the past and learned that consumers leave because of the cost of coverage or because they secure coverage through an employer.

The Board asked the Marketing Committee to consider whether it might be possible to conduct a survey of persons who request the Buyer's Guide to learn why they do or do not purchase coverage.

Regulatory Update

W. Sanders reported that the Board's regulation clarification adoption concerning carriers that primarily serve the Medicaid market had been filed with the Office of Administrative Law.

M. McClure asked about the status of the task force that was to be created as a result of an Executive Order that was to review mandated benefits. W. Sanders explained that a subsequent Executive Order created the Affordability Task Force and that one of the charges for the task force was to consider the cost of mandated benefits.

W. Sanders noted that Senator DiFrancesco had begun to hold hearings on health insurance. W. Sanders said he provided testimony during the February 23, 2000 hearing and that a copy of his testimony was included in Board materials. He noted that Senators Bassano and Matheussen had both stated that they opposed a movement to modified community rating in the individual market. W. Sanders reported that Senator DiFrancesco noted three areas of concern:

- Promotion of self-funded purchasing alliances;
- Greater flexibility in plan options; and
- Encouraging medical savings accounts.

E. Shrem noted that the cost of establishing and maintaining a trust account for the medical savings account had made the use of such accounts unattractive to many consumers.

March 16, 2000 Expense Report

E. Shrem offered a motion to approve the payment of the expenses shown on the March 16, 2000 expense report. J. Majcher seconded the motion. The Board voted unanimously in favor of accepting the motion with L. Yourman abstaining with respect to personal reimbursement.

Operations Committee

W. Sanders reported that the bookkeeper, Withum, Smith and Brown had begun working on the computer aspects of the 1996 – 1999 financial statements.

W. Sanders reported that the Operations Committee tentatively scheduled a pre-bidders conference for Monday, April 10, 2000. He said he understood the expected turn-around time from start to completion of the selection process would be 60 to 90 days.

IV. Executive Session

W. Sanders reported that the Board needed to receive advice from counsel concerning litigation matters and asked for a motion to begin Executive Session. He said there would not be additional discussion following the close of the Executive Session.

M. McClure offered a motion to begin Executive Session. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

[Break: 10:35 a.m. – 10:50 a.m.]

[Executive Session: 10:50 a.m. – 1:00 p.m.]

V. Close of Meeting

R. Rondum offered a motion to adjourn the Board meeting. M. McClure seconded the motion. The Board voted unanimously in favor of accepting the motion. The meeting adjourned at 1:00 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
April 11, 2000**

Directors Participating: Sandy Herman (Guardian); Sandi Kelly (Horizon Blue Cross Blue Shield of New Jersey); Jane Majcher (Department of Banking and Insurance) Mary McClure (Aetna U.S. Healthcare); Rita Rondum; Eileen Shrem; Rebecca Smart (Mutual of Omaha); Lisa Yourman (arrived at 10:25 a.m.).

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

W. Sanders introduced and welcomed S. Herman who represents the newly elected Board member, Guardian Life Insurance Company.

II. Minutes

March 16, 2000

S. Kelly offered a motion to approve the draft minutes of the Open Session of the February 8, 2000 Board meeting. R. Rondum seconded the motion. The Board voted in favor of accepting the motion, with S. Herman abstaining.

VII. Report of Staff

April 11, 2000 Expense Report

R. Rondum offered a motion to approve the payment of the expenses shown on the April 11, 2000 expense report. M. McClure seconded the motion. The Board voted unanimously in favor of accepting the motion with R. Rondum and E. Shrem abstaining with respect to personal reimbursement.

Market Withdrawal Filing – Manhattan National Life Insurance Company

E. DeRosa said that the Board materials included a single page summary of the market withdrawal filing from Manhattan National Life Insurance Company. She said she reviewed the filing and the carrier complied with the requirements of the Withdrawal Regulation, providing the necessary information and draft notices. She noted that the carrier had only 8 inforce standard plans. She said the staff recommendation would be for the Board to approve the filing.

J. Majcher offered a motion to approve the market withdrawal filing from Manhattan National Life Insurance Company. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

Loss Reimbursement Summary – 1997/1998 Reimbursable Losses

W. Sanders explained that the Board had released partial loss reimbursement payments to carriers that provided the necessary certification and wiring instructions in December 1999. Since that time, the Board collected additional assessment payments, and could now pay an additional \$6,238,893.98 to carriers that are seeking reimbursement for 1997/1998 reimbursable losses. P. Lechner explained that the release of that additional amount would mean that carriers would have received approximately 71% of the reimbursable loss amount. She noted that the reimbursable loss audits have not been conducted and therefore the actual amount of reimbursement due is not yet final.

R. Smart offered a motion to authorize the release of an additional \$6,238,893.98 to carriers that sought reimbursement for 1997/1998 losses [Celtic: \$2,701,692.19; Fortis: \$497,954.22; Manhattan National: \$1,407,379.97; Metropolitan: \$415,307.83; National Casualty: \$59,652.62; Principal: \$346,613.09; Protective: \$108,230.30; Trustmark: \$285,571.93; UICI Group: \$132,183.58; Washington National: \$284,308.24]. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

Press Release

W. Sanders noted that the Board materials included a copy of a Press Release from the Governor's Office that addresses a recently enacted bill providing for reimbursement to doctors and hospitals for losses resulting from the failure of two HMOs.

Outreach

W. Sanders reported that he spoke at the Commissioner's Life and Health Advisory quarterly meeting on April 4, 2000. He said the producers were primarily concerned with Internet sales of health insurance.

Suggested Changes to the IHC Program

W. Sanders said he received suggested changes to be made to the IHC Program from some Board members, but awaited suggestions from other members. He asked that members please provide him with any suggested changes no later than April 20, 2000. He said that the SEH Board would be forwarding the SEH suggestion list to the Marketing and the Finance and Operations Committees. He suggested that the IHC Board might want to do likewise once the compiled list is available.

VIII. Report of the Marketing Committee

E. Shrem reported that the Marketing Committee met to discuss plan designs that might encourage persons to purchase coverage. She said the Committee believes there are a number of persons who would be interested in a catastrophic plan where the deductible is \$5000 or \$10,000. She explained that the Committee initially asked the Board to consider such deductible options with a 100% coinsurance feature and that the Committee was pleased with the projected cost for such plan designs. Upon further review, however, the Committee realized a concern that the only way to offer the new plan with 100% coinsurance would be to eliminate an existing plan. The Legal Committee was asked to review the statute regarding the offering of five standard health benefits plans. At this time, E. Shrem said the Committee did not favor the elimination of an existing plan. She said the Committee considered adding the desired \$5,000 and \$10,000 deductible options to Plan A/50 since Plan A/50 is already a catastrophic plan. She said the Committee would be interested in receiving some cost data on such a plan.

S. Kelly noted that TAC had a brief discussion concerning adding the \$5000 and \$10,000 deductibles to Plan A/50 and would hopefully have some data for the May meeting. She noted that TAC was also going to consider the impact of adding such deductibles to Plan A/50 would have on other plans. S. Herman explained that the healthiest people might buy the very high deductibles leaving the less healthy people in the existing plans. As a consequence, the cost of existing plans could increase. He explained that the more options the Program makes available the more fragmented the market would become.

R. Rondum stated that one of her suggested changes to the Program was to simplify plan choices. She said that the number of choices currently available was too broad and confusing.

[L. Yourman arrived at 10:25 a.m.]

S. Kelly suggested that it might be possible to create the 100% plan the Marketing Committee originally wanted by means of a rider. E. DeRosa noted that trying to rider coinsurance to create a 100% plan could be extremely confusing.

L. Yourman suggested that the Board conduct exit interviews to find out why people are dropping coverage. S. Herman suggested that another way to look at the issue is to note that there are not enough new people purchasing coverage to make up for those who leave.

The Board agreed that it would be worth contacting persons who request the Buyer's Guide through the toll-free number to find out if they bought a plan, and if not, why they did not. The Marketing Committee will work on developing the text for a post card.

P. Lechner commented that the Board has not spent money for a marketing consultant for some time. She said the Board should consider a large marketing campaign to advertise the launch of the new high deductible plan options.

IX. Report of the Technical Advisory Committee

Rate Filings

S. Kelly said TAC considered six rate filings and recommended that the Board find all of them complete.

R. Smart offered a motion to find the rate filings identified on the attached TAC report complete. L. Yourman seconded the motion. The Board voted in favor of the motion with S. Kelly abstaining with respect to the Horizon filings and M. McClure abstaining with respect to the Aetna and Aetna U.S. Healthcare filings.

1998 Refund Plans

S. Kelly explained that E. DeRosa contacted carriers regarding inconsistent data reported on the 1998 Exhibit J filings. S. Kelly said TAC considered the revised filings and was prepared to make a recommendation on refund plans for two of the carriers. She said TAC recommended that the Board approve the refund plans for National Health Insurance Company and Prudential. (See attached TAC report)

E. Shrem offered a motion that the Board approve the refund plans for National Health and Prudential. S. Herman seconded the motion. The Board voted in favor of the motion with M. McClure abstaining with respect to Prudential.

[Break: 10:50 – 11:10 a.m.]

VI. Executive Session

W. Sanders reported that the Board needed to receive advice from counsel concerning litigation matters and asked for a motion to begin Executive Session. He said there would be additional discussion following the close of the Executive Session but that the discussion would be limited to the election of Board officers and the designation of Committees.

S. Herman offered a motion to begin Executive Session. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 11:10 – 1:15 p.m.]

VII. Board Officers and Committee Membership

TAC

R. Smart offered a motion to constitute TAC with membership as shown on the attached Committee listing. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

Marketing

M. McClure offered a motion to constitute the Marketing Committee with membership as shown on the attached Committee listing. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

Legal

M. McClure offered a motion to constitute the Legal Committee with membership as shown on the attached Committee listing. R. Smart seconded the motion. The Board voted unanimously in favor of the motion.

Policy Forms

R. Smart questioned whether the Board still needed a Policy Forms Committee. She noted that the Committee does not receive filings to review and that changes to the standard plans have recently been driven by legislation or suggestions from the Marketing Committee or TAC. She suggested that any other changes would require consideration by the Board as policy decisions. She further noted that staff had been doing the actual drafting of text for the forms. She said that Board members who wanted to see changes to the benefits to the standard plans could put the requests in writing and forward them to staff. Periodically, staff would summarize the requested changes and report the requests to the Board. R. Smart asked that a summary be provided within the next several months. Action to amend the plans would be taken with respect to those changes with which the Board concurs.

R. Smart offered a motion that the Board not constitute the Policy Forms Committee, and that the Board amend its regulation to state that the policy forms committee need not be formed. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

Operations Committee

R. Smart offered a motion to constitute the Operations Committee with membership as shown on the attached Committee listing. J. Majcher seconded the motion. The Board voted in favor of the motion with R. Rondum and L. Yourman abstaining.

L. Yourman noted that only one public member was elected to a committee. R. Smart noted that both L. Yourman and R. Rondum have frequently commented about marketing efforts the Board should undertake and suggested that one of them could offer their services to the Marketing Committee. She noted that the Committee currently has only three members. Neither L. Yourman nor R. Rondum volunteered to serve on that committee. L. Yourman also observed that one carrier serves on every committee. R. Smart explained that the Committees make recommendations to the Board, but are not authorized to take action.

Board Officers

J. Majcher offered a motion that R. Smart continues as Chair and L. Yourman continues as Vice Chair of the Board. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

VIII. 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. The meeting adjourned at 1:50 p.m.