

**DRAFT\***  
**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 9, 2003**

**Members participating from 10<sup>th</sup> floor conference room:** Vicki Mangiaracina (DOBI).

**Members participating by phone from other locations:** Sandi Kelly (Horizon BCBSNJ); Sandy Herman (Guardian); Mary McClure, Chair (Aetna Health); Eileen Shrem; Lisa Yourman.

**Others present:** Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Wardell Sanders, Executive Director.

**I. Call to Order**

W. Sanders called the meeting to order at 10:10 a.m. He announced that notice of the meeting had been published in three newspapers and posted at the Department of Banking and Insurance (“DOBI”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. Roll call was taken. A quorum was present.

Due to participation by telephone, W. Sanders asked that all persons identify themselves when speaking.

**Report of Staff**

*Expense Report*

W. Sanders said that two additional bills were received after the Expense Report was prepared. He asked the Board to also consider paying the bill from DeptCor (\$4376.73) for telephone response services and mailing of Buyer’s Guides, and reimbursement to R. Lenox for half the cost of a desk lamp (\$5.30).

L. Yourman offered a motion to approve the payment of the expenses on the September 9, 2003 Expense Report plus the two additional expenses, as noted above. E. Shrem seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

---

\* These draft notes and minutes of the New Jersey Individual Health Coverage (IHC) Program Board have not been reviewed or approved by the IHC Program Board. As result, the contents may not accurately reflect the actions of the Board, and this draft may be subject to change and modification. Please refer to the approved minutes, when available, for the official actions of the Board.

## **Report of the Technical Advisory Committee**

E. DeRosa said the Technical Advisory Committee considered rate filing responses from Celtic and Guardian.

The Celtic response concerned the Basic and Essential Plan. The response included all information that the Board previously requested. In reviewing the response it was determined that one additional piece of information would be necessary. Therefore, the recommendation to the Board was to find the filing complete, subject to Celtic providing a corrected Certification in which Celtic states the loss ratio the rates are expected to produce.

M. McClure offered a motion to find the Celtic filing for the Basic and Essential plan complete, subject to Celtic providing a corrected certification within ten days. L. Yourman seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

The Guardian response provided one set of PPO rates for both north and south New Jersey. The recommendation to the Board was to find the filing for Plans A/50-D complete.

V. Mangiaracina offered a motion to find the Guardian filing for Plans A/50-D complete. E. Shrem seconded the motion. By roll call vote, the Board voted in favor of the motion, with S. Herman abstaining.

### **Other**

**DAG E. Heck reported that she received notice that the date for oral argument before the New Jersey Supreme Court regarding the second tier assessment would be either September 22 or 23, 2003.**

### **Close of Meeting**

S. Herman offered a motion to adjourn the meeting. V. Mangiaracina seconded the motion. By roll call vote the Board voted unanimously in favor of the motion. The meeting adjourned at 10:25 a.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  
October 9, 2003**

**Members participating:** Sandi Kelly (Horizon BCBSNJ); Darrel Farkus (Oxford); Ulysses Lee (Guardian); Vicki Mangiaracina (DOBI); Mary McClure, Chair (Aetna Health); Lisa Yourman (arrived at 10:20 a.m.).

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

**I. Call to Order**

W. Sanders called the meeting to order at 10:05 a.m. He announced that notice of the meeting had been published in three newspapers and posted at the Department of Banking and Insurance ("DOBI"), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

**Minutes**

June 23, 2003

S. Kelly offered a motion to approve the Open Session minutes of the June 23, 2003 Board meeting, as amended. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

July 28, 2003

S. Kelly offered a motion to approve the Open Session minutes of the July 28, 2003 Board meeting, as amended. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

***[L. Yourman arrived.]***

August 8, 2003

V. Mangiaracina offered a motion to approve the Open Session minutes of the August 8, 2003 Board meeting, as amended. D. Farkus seconded the motion. The Board voted in favor of the motion with S. Kelly and L. Yourman abstaining.

September 9, 2003

V. Mangiaracina offered a motion to approve the Open Session minutes of the September 9, 2003 Board meeting, as amended. L. Yourman seconded the motion. The Board voted in favor of the motion with D. Farkus abstaining.

**Report of Staff**

*Expense Report (see attached)*

**L. Yourman offered a motion to approve the payment of the expenses specified on the October 9, 2003 expense report. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of approving the motion.**

W. Sanders noted that the Board packets also included a revised expense report for September. During the September 9, 2003 Board meeting, the Board voted to approve payment of two expenses that were not listed on the September expense report as presented to the Board. The revised expense report specifies all expenses that were approved for payment during the September meeting.

*Regulatory Update*

W. Sanders reported that on September 25, 2003 the SEH Board filed a proposal readoption with amendments of the Board's regulations found at N.J.A.C. 11:21. He noted the significant amount of staff time that was required to draft the rule summary and changes plus the appendix exhibits. The IHC Board must file its proposed readoption of N.J.A.C. 11:20 no later than 270 days following the date of the Supreme Court decision in the case In Re: IHC Board's Readoption. W. Sanders asked that Board members provide any suggested changes to the regulations as soon as possible.

*Legislative Update*

W. Sanders said that on September 30, 2003, he and V. Mangiaracina submitted, on behalf of the IHC Board and the DOBI, a grant proposal to the Federal government for a grant under Section 2745(b) of the Public Health Service Act, as added by section 201(b) of the Trade Adjustment Assistance Reform Act of 2002. The grant funds would be to fund losses incurred by qualified high risk pools. The specific grant is for fiscal year 2002, and about \$40 million is available to states. W. Sanders said about 35 states were applying for a grant. He noted that while New Jersey does not have a traditional high risk pool New Jersey does have a subsidy/ risk distribution mechanism and that a contact at the Centers for Medicare and Medicaid Services (CMS) indicated that there may be some flexibility in interpreting the law and what is meant by a high risk pool. W. Sanders said that if New Jersey were to be awarded some money it would be used to offset carrier losses.

*IHC Code of Ethics*

W. Sanders reported that the Commission on Ethical Standards has reviewed and approved the IHC Board's revisions to its Code of Ethics. He asked Board members to review the Code.

#### *Election for Board Seat*

W. Sanders said Guardian was running unopposed for the Board seat designated for an insurer authorized to write health insurance in the State subject to Title 17B of the New Jersey Statutes. W. Sanders counted the votes and reported the results: 9 votes for Guardian, 0 write-in votes.

#### *Outreach*

W. Sanders reported that on October 8, 2003 he spoke at a meeting of the Eastern Monmouth Chamber of Commerce. He said he spoke on October 1, 2003 to the Employee Benefits Advisors Group in Florham Park. He said he and Neil Vance of the DOBI spoke at the Forums Institute in Trenton on September 24, 2003.

#### *Withdrawal Filing*

E. DeRosa reported that Fortis responded to the Board's June letter regarding the Board's disapproval of a withdrawal filing from Fortis. E. DeRosa reported that Fortis failed to provide two of the reports that the withdrawal regulation stipulates must be included with a withdrawal filing. She said W. Sanders had advised counsel for Fortis that since the Board had a copy of one of the reports, the loss ratio report form Exhibit J, that it was not necessary for the filing to include such report. E. DeRosa said the other missing report was a quarterly enrollment report which Fortis has not submitted since 2Q02. E. DeRosa said that as of 2Q02 Fortis reported no lives covered under IHC plans. E. DeRosa said all other elements of a withdrawal filing were addressed in the September 29, 2003 filing.

M. McClure offered a motion to accept the Fortis withdrawal filing. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

#### *Outstanding Issues with Fortis*

W. Sanders said that two affiliates of Fortis, Fortis Benefits Insurance Company and John Alden Insurance Company, failed to file an Exhibit K for 2001/2002 and that the Exhibit K submitted by Fortis was incorrect. He said he wrote to Fortis again to request that the missing Exhibits be filed and the filing from Fortis be corrected. If the missing reports are not provided the Board would use the net earned premium as reported on the annual statements for 2001 and 2002 for purposes of calculating the assessment. W. Sanders said he asked that Fortis respond by October 10, 2003.

W. Sanders said he gave Fortis a list of outstanding audit issues and requested a response by October 17, 2003.

#### *Status of Outstanding Agreed-Upon Procedures*

W. Sanders said he and E. DeRosa spoke with Deloitte & Touche (D&T) regarding three carriers (UICI, Aegon, Protective) that have failed to provide the necessary

information to enable D&T to complete the agree-upon procedures (AUPs). D&T advised that the draft AUP reports identifying the missing data would be released within a few weeks.

*Other*

W. Sanders said Board packets also include:

- CPS data on health insurance statistics
- CIGNA brief in its appeal of its 1996 assessment.

W. Sanders said the first date for the Horizon hearing at the Office of Administrative Law would be October 20, 2003.

#### **IV. Report of the Technical Advisory Committee**

S. Kelly reported that the Technical Advisory Committee considered rate filings from Aetna Life, Aetna, and Celtic, and recommended that the filings be found complete.

L. Yourman offered a motion to accept the TAC recommendation to find the Aetna Life and Aetna rate filings complete. V. Mangiaracina seconded the motion. The Board voted in favor of the motion with M. McClure abstaining.

M. McClure offered a motion to accept the TAC recommendation to find the Celtic rate filing complete. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

**E. DeRosa said TAC considered two rate filings from Horizon. She noted that the Horizon HMO rate filing specified a 6% rate decrease effective November 1, 2003. She said TAC recommended that the HMO filing be found complete.**

***[S. Kelly recused herself from discussion regarding the following Horizon filing.]***

**E. DeRosa explained that with respect to the filing for Plans A/50 – D and the Basic and Essential plan, one TAC member recommended that the filing be found complete and the other member abstained. E. DeRosa noted that the abstaining member did not believe the filing should be found incomplete.**

V. Mangiaracina offered a motion to find the two Horizon filings complete. M. McClure seconded the motion. The Board voted in favor of the motion with S Kelly and L. Yourman abstaining.

#### **V. Executive Session**

W. Sanders said the Board would need to enter Executive Session to discuss pending and anticipated litigation, and review executive session minutes.

D. Farkus offered a motion that the Board begin Executive Session for the reasons stated by W. Sanders. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.

W. Sanders said the Board would not have further discussion in Open Session following Executive Session.

*[Executive Session: 11:10 a.m. – 11:57 a.m.]*

VI. Close of Meeting

**D. Farkus 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 11:57 a.m.]

Attachments: Expense Report  
Report of TAC

**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 9, 2003**

**Members participating:** Sandi Kelly (Horizon BCBSNJ); Darrel Farkus (Oxford); Sandy Herman (Guardian); Vicki Mangiaracina (DOBI); Thomas Talley, (Aetna Health); Eileen Shrem; Lisa Yourman (arrived at 10:15 a.m.).

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

**I. Call to Order**

W. Sanders called the meeting to order at 10:05 a.m. He announced that notice of the meeting had been published in three newspapers and posted at the Department of Banking and Insurance ("DOBI"), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

**II. Findings – Study of the NJ Individual Health Coverage Program**

Joel Cantor, Alan Monheit and Margaret Koller of the Rutgers Center for State Health Policy shared their findings from a study of the IHC Program.

**III. Minutes**

*October 9, 2003*

**S. Kelly offered a motion to approve the Open Session minutes of the October 9, 2003 Board meeting, as amended. S. Herman seconded the motion. The Board voted in favor of the motion, with E. Shrem abstaining.**

**IV. Report of Staff**

*Expense Report (see attached)*

**S. Kelly offered a motion to approve the payment of the expenses specified on the December 9, 2003 expense report. D. Farkus seconded the motion. The Board voted unanimously in favor of approving the motion.**

*Legislative Report*

W. Sanders reported that the Governor signed P.L. 2003, c. 193 a law that establishes a Mandated Health Benefits Advisory Commission. The law was effective immediately. The Commission will be charged with providing the Legislature "with adequate and independent documentation defining the social and financial impact and medical efficacy of the proposed mandate." Since the law requires the Commission to review and



comment to state agencies regarding regulations that affect mandated benefits, W. Sanders noted that he is uncertain as to whether the Commission will be reviewing and commenting with respect to proposed changes to the standard plans.

W. Sanders said A.3743 would allow health coverage to be provided for domestic partners.

W. Sanders said health savings accounts, as designated under Federal law, which use pre-tax dollars to fund and to pay out, will be effective January 1, 2004.

#### *Outreach*

W. Sanders reported that he spoke to a group of brokers in Parsippany on October 21, 2003.

#### *2004 Meeting Schedule*

W. Sanders said the 2004 IHC Board meeting schedule was included in the Board materials.

#### *Report on the Basic and Essential Health Care Services Plan*

W. Sanders reminded the Board that N.J.S.A. 17B:27A-4.6 requires the IHC Board, in consultation with the SEH Board, to evaluate the effectiveness of P.L. 2001, c. 368 in providing affordable health care coverage and recommend whether the health plan established by the law, or a similar plan, should be made available to small employers. The evaluation and recommendation are to be included in a report to the Legislature that is due January 8, 2004. W. Sanders said that the Boards have data regarding enrollment in the Basic and Essential Health Care Services Plan as well as cost data. The Board questioned whether the enrollment success experienced by two IHC carriers is due to the plan design or to the ability to use modified community rating. Board members questioned whether there have been complaints about the plan design from persons who purchased the Basic and Essential Health Care Services Plan. The Board recognized that since the plan was only first sold in March 2003, it may be too early to have meaningful complaint statistics. The Board suggested that the report might best be identified as a preliminary report given the fact that sufficient data is not yet available.

The Board will meet, jointly with the SEH Board, via teleconference, to discuss the findings and recommendation to be included in the report to the Legislature.

#### **IV. Report of the Technical Advisory Committee**

S. Kelly reported that the Technical Advisory Committee considered standard plan rate filings from AmeriHealth, Oxford, Trustmark and United, and recommended that the filings be found complete.

**L. Yourman offered a motion to accept the TAC recommendation to find the two AmeriHealth rate filings complete. E. Shrem seconded the motion. The Board voted unanimously in favor of the motion.**

**V. Mangiaracina offered a motion to accept the TAC recommendation to find the Oxford rate filing complete. S. Kelly seconded the motion. The Board voted in favor of the motion, with D. Farkus abstaining.**

**S. Kelly offered a motion to accept the TAC recommendation to find the Trustmark standard plan rate filing complete. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.**

**V. Mangiaracina offered a motion to accept the TAC recommendation to find the United standard plan rate filing complete. T. Talley seconded the motion. The Board voted unanimously in favor of the motion.**

S. Kelly said the TAC considered two rate filings for the Basic and Essential Health Care Services Plan and recommended that both be found incomplete since they failed to include the specific information and certification language required by the Board's regulation.

**V. Mangiaracina offered a motion to find the Trustmark Basic and Essential Health Care Services Plan rate filing incomplete. L. Yourman seconded the motion. The Board voted unanimously in favor of the motion.**

**T. Talley offered a motion to find the United Basic and Essential Health Care Services Plan rate filing incomplete. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.**

#### **V. Report of the Legal Committee**

E. DeRosa said the Legal Committee met to consider two issues.

E. DeRosa said the Committee discussed whether the IHC Board should issue non-group person enrollment targets for 2003-2004, and if so, what message should accompany the targets. She said the Committee believed the Board should issue the non-group person targets for 2003-2004, allow carriers to request an exemption based on the loss assessment regulations, as currently published, advise carriers of the pending Supreme Court decision and clearly state that if the decision results in the Board amending the loss assessment regulations, the initial exemption request will be voided and all carriers will

be required to make a new exemption request, and issue the administrative assessment and include information on the total amount of losses for 2001-2002 for which carriers are seeking reimbursement.

E. DeRosa said the Committee also discussed advice given by CMS staff that stated that a length of residency requirement is not permitted for HIPAA eligible persons. The Committee recommended that the Board issue a bulletin to advise carriers that HIPAA eligible persons may not be subject to the 6-month residency requirement and state in the Bulletin that the regulations will be amended consistent with the advice given in the Bulletin.

## **VI. Report of the Operations Committee**

W. Sanders said the Committee discussed what standards should be used to require a full audit as opposed to agreed-upon procedures. The Committee recommended that reported losses of \$1 million or greater should require a full audit. If premium and claim volume were low, the cost of a full audit would be commensurate with low volume to review. The Committee expressed interest in determining whether language could be included in the RFP that would give the Board discretion to extend the contract issued as a result of the RFP.

W. Sanders said he and R. Lenox met with the accounting firm of Withum, Smith & Brown to discuss completion of the work the firm began, the time period, training staff, and the purchase of an updated accounting package.

**E. Shrem offered a motion to approve a contract with Withum, Smith & Brown for accounting services, subject to review of the contract by the Attorney General's Office. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.**

## **VII. Executive Session**

W. Sanders said the Board would need to enter Executive Session to discuss pending and anticipated litigation, and review executive session minutes. W. Sanders said the Board would not have further discussion in Open Session following Executive Session.

**V. Mangiaracina offered a motion that the Board begin Executive Session for the reasons stated by W. Sanders. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.**

*[Executive Session: 12:10 p.m. – 1:00 p.m.]*

### **VIII. Close of Meeting**

**T. Talley offered a motion to adjourn the Board meeting. S. Herman seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 1:00 p.m.**

Attachments: Expense Report  
Report of TAC