

FINAL
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, 2007

Directors participating: Sandi Kelly (Horizon BCBSNJ); Salvatore Lena (United); Steve Lenox (*arrived 9:35*); Ulysses Lee (Guardian; *arrived at 9:40*); Gale Simon (DOBI); Christine Stearns (*arrived at 9:40*); Mary Taylor (Aetna Health Inc.); Lisa Yourman (*arrived at 9:45*).

Others present: Ellen DeRosa, Executive Director; DAG Vicki Mangiaracina (DLPS); Rosaria Lenox, Program Accountant; Chanell McDevitt, Deputy Executive Director.

I. Call to Order

E. DeRosa called the meeting to order at 9:35 A.M. She announced that notice of the meeting had been published in two newspapers and posted at the Department of Banking and Insurance (“DOBI”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Minutes -- September 11, 2007

L. Yourman made a motion to accept the Open Session minutes of September 11, 2007, with amendments. S. Kelly seconded the motion, and the motion was approved by the Board, with S. Lenox abstaining.

III. Report of Staff

Expense Report

R. Lenox provided a summary of the October 2007 Expense report, which included expenses totaling \$12,765.50.

M. Taylor made a motion to approve the payment of the expenses on the October 2007 expense report. C. Stearns seconded the motion and the Board voted unanimously in favor of it.

IV. Report of the Technical Advisory Committee (TAC)

Rate Filings

S. Kelly reported TAC reviewed rate filings from Celtic and Horizon. With respect to Celtic, the company filed rate revisions for its B&E and A/50-D plans, both with

effective dates for 11/1/07. She noted TAC recommended finding both rate filings complete.

G. Simon made a motion to find the Celtic rate filings complete. L. Yourman seconded the motion and the Board voted unanimously to approve the motion.

S. Kelly recused herself from the discussion and vote on the Horizon rate filings because of her employer's interest in the outcome of the vote.

E. DeRosa reported that Horizon submitted revised rate filings for its B&E and HMO plans, both to be effective 11/1/07. She noted TAC recommended finding both rate filings to be complete.

S. Lena made a motion to find the Horizon filings to be complete. U. Lee seconded the motion and the Board voted unanimously to approve the motion.

Loss Ratio Reports; Refund Plans

S. Kelly reported that TAC reviewed Exhibit J loss ratio reports for 2006. One carrier, Time Ins., owes a refund totaling \$73 to be split between two policyholders. She noted that Time will have 45 days after approval of the refund plan in which to distribute the money.

M. Taylor made a motion to approve Time's refund plan, distributing \$73 between two policyholders. L. Yourman seconded the motion and the Board unanimously approved it.

Certification of Non-Group Persons and Pro rata Exemptions

S. Kelly reported that TAC reviewed the Certifications of Non-Group Persons submitted by carriers that had sought exemptions for the two-year calculation periods of 2003/2004 and 2005/2006. She reminded Board members that there had been discrepancies between the information contained in the certifications and other information on file with the Department of Banking and Insurance, but that all discrepancies have now been explained satisfactorily. She stated TAC recommended the Board grant pro rata exemptions to Aetna, AmeriHealth, CIGNA, HealthNet, Horizon and United for both the 2003/2004 and 2005/2006 calculation periods based on the Certification of Non-Group Persons submitted by each carrier.

S. Kelly abstained from the vote regarding approval of pro rata exemptions with respect to the interests of her employer, Horizon.

S. Lena abstained from the vote regarding approval of pro rata exemptions with respect to the interests of his employer, United.

M. Taylor abstained from the vote regarding approval of pro rata exemptions with respect to the interests of her employer, Aetna.

G. Simon made a motion to approve the pro rata exemptions for 2003/2004 and 2005/2006 for Aetna, AmeriHealth, Connecticut General, HealthNet of NJ, Horizon and UnitedHealthGroup. M. Taylor seconded the motion, and the Board voted in favor of it, with U. Lee abstaining.

V. Report of the Operations and Audit Committee (OAC)

Scope of Work for Program Audits

M. Taylor reminded the Board it had requested additional revisions to the Scope of Work for the administrative audits (for FY00 through FY07), which the OAC reviewed. Among other things, the revisions clarified that the audit would include all billings and collections that *occurred* during the periods in question. She reported the OAC recommended release of the revised Scope of Work to the accounting firms under contract with the State pursuant to T-2458.

G. Simon made a motion to approve release of the Scope of Work as recommended by the OAC. U. Lee seconded the motion and the Board voted unanimously to approve it.

Budget for FY08 and FY09

M. Taylor reported the OAC had reviewed a two-year budget prepared by R. Lenox for FY08 and FY09, and recommended approving it. R. Lenox then discussed the proposed two-year budget, which includes \$351,800 for FY08 and \$508,600 for FY09, for a total of \$860,400.

L. Yourman expressed concern the budget did not include any funds dedicated to marketing costs. There ensued discussion of the need for marketing and/or education of the public through the program. There was general consensus the Marketing Committee should evaluate the marketing materials available, both hard copy and electronic. R. Lenox indicated there is sufficient room within the proposed two-year budget to absorb the costs of new marketing efforts, should any be undertaken, negating the need to add a specific budget item for marketing at this time.

L. Yourman made a motion to approve the two-year budget for FY08 through FY09 as presented. S. Lena seconded the motion, and the Board voted unanimously to approve it.

Notices and Invoices for Loss Assessments, Enrollment Targets, Administrative Assessments

M. Taylor reported the OAC reviewed the following:

- 2003/2004 net reimbursable loss assessments, which considered adjusted net earned premiums (ANEP) assuming Board approval of the TAC-recommended pro rata exemptions, and redistribution of *de minimis* amounts owed;
- 2005/2006 net reimbursable loss assessments, which considered ANEP assuming Board approval of the TAC-recommended pro rata exemptions, combined with

the 2008/2009 administrative expense assessment based on the two-year proposed budget prepared by staff, as well as redistribution of *de minimis* amounts; and

- 2007/2008 non-group person enrollment targets

M. Taylor reported the OAC recommended issuing invoices for the loss and administrative assessments, and also recommended issuing the enrollment targets after staff verified certain of the enrollment data. E. DeRosa explained that the verifications had occurred.

M. Taylor made a motion to approve the issuance of invoices for the 2003/2004 net reimbursable loss assessments, totaling \$1,250,944.97, consistent with the 2003/2004 loss assessment spreadsheet presented to the Board. S. Lena seconded the motion, and the Board voted to approve it, with U. Lee abstaining.

There was brief discussion about whether to issue a combined invoice for the 2005/2006 loss assessments and the FY08 and FY09 administrative assessments. E. DeRosa explained one of the reasons for doing so is because of the use of the same core data for deriving the market share obligations, and also, doing so reduced the need to redistribute *de minimis* amounts.

M. Taylor made a motion to approve the issuance of invoices for the 2005/2006 net reimbursable loss assessment, totaling \$1,061,281, in addition to the 2008/2009 administrative assessment, totaling \$860,400.04, for a grand total of \$1,921,681.01, consistent with the 2005/2006 loss assessment spreadsheet presented to the Board, along with the non-group person enrollment targets for the 2007/2008 calculation period. L. Yourman seconded the motion, and the Board voted to approve it, with U. Lee abstaining.

S. Kelly asked whether the Board may continue to still express dissatisfaction with the target enrollment calculation methodology that makes it virtually impossible to reach the enrollment goal for full exemption from the loss assessments. The consensus was that issuing enrollment targets using the existing formula does not prevent the Board from continuing to register dissatisfaction. G. Simon stated the Commissioner understands the Board's concern, but in the meantime, the Board needs to move forward using the current methodology.

S. Kelly requested staff send drafts of the invoices and accompanying cover memos to Board members before mailing them to members.

VIII. Executive Session

E. DeRosa said the Board would need to go into Executive Session to consider draft Executive Session minutes, and discuss current or pending litigation. She said the Board did not anticipate further action to be taken following Executive Session.

S. Kelly made a motion to move the meeting into Executive Session. M. Taylor seconded the motion, and the Board voted unanimously to approve it.

[Executive Session: 10:25 A.M. to 10:40 A.M.]

IX. Close of Meeting

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

The meeting adjourned at 10:42 A.M.