

**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  
DECEMBER 11, 2007**

**Directors participating:** Darrel Farkus (United); Sandi Kelly (Horizon); Ulysses Lee (Guardian – *arrived 9:50 A.M.*); Gale Simon (DOBI); Mary Taylor (Aetna Health Inc.).

**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 9:30 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 – November 13, 2007**

**G. Simon made a motion to accept the Open Session minutes of November 13, 2007, without amendments. D. Farkus seconded the motion. The motion was approved by the Board, with S. Kelly abstaining.**

**III. Report of Staff**

*Expense Report -- December*

R. Lenox provided a summary of the December 2007 Expense report, which included expenses totaling \$17,275.55.

**M. Taylor made a motion to approve the payment of the expenses on the December 2007 expense report. S. Kelly seconded the motion, and the Board voted unanimously to approve the motion.**

*Collections of Loss and Administrative Assessments (October 16, 2007 mailing)*

R. Lenox reported carriers had paid 98.19% of the 2003/2004 loss assessment, and that only two carriers – MegaLife and USLife – had balances outstanding. With the exception of the two carriers that have not paid at all, no carriers had submitted their payments late.

R. Lenox reported carriers had paid 99.87% of the combined 2005/2006 loss and FY2008-2009 administrative assessments, with four carriers having outstanding balances: MegaLife, USLife, AEGON and MidWest Life. In addition, three carriers paid late and their balances are each subject to interest payments.

S. Kelly asked about the exemption requests for 2007/2008, which were also part of the October 16th mailing. E. DeRosa said carriers requesting exemptions had done so in a timely manner, but deferred further discussion until the Legal Committee report.

### *Reconstitution of Committees*

E. DeRosa reminded the Board that with two seats now vacant, a quorum occurs when four members of the Board are present for a meeting. Because the current constitution of the Board's standing committees includes four Board members, the committee meetings may be subject to the Open Public Meetings Act unless the committees are reconstituted to reduce membership. (She noted both the Technical Advisory and Legal Committees had met in December with only three members able to be present, so no Open Public Meeting obligations had arisen.) The Board discussed the issue, and the Board's intent that any Board member removed from a committee be reinstated following the filling of one of the Board's vacant seats. E. DeRosa and G. Simon outlined the steps that have been taken by staff and DOBI to try to fill the vacancies, and noted Charlie Wowkanec of the AFL-CIO has stated he will work aggressively to have the labor seat on the Board filled as quickly as possible, which requires appointment by the Governor with the advice and consent of the Senate.

**M. Taylor made a motion to reconstitute the four standing Committees as follows until such time as the eighth Board of Directors seat is filled, at which time the Board would move to reconstitute the Committees consistent with the Board's action at its September 11, 2007 annual meeting:**

**Legal: DOBI, Horizon, Aetna**  
**Technical Advisory: DOBI, Horizon, Guardian**  
**Marketing: C. Stearns, Horizon, United**  
**Operations & Audit: DOBI, Aetna, United**

**S. Kelly seconded the motion, and the Board voted unanimously in favor of it.**

### *Meeting Schedule for 2008*

E. DeRosa distributed the meeting schedule for 2008.

## **IV. Report of the Technical Advisory Committee (TAC)**

S. Kelly reported CIGNA filed revised rates for its B&E plan, which TAC recommended finding complete, although TAC had requested some clarifications.

**D. Farkus made a motion to find the CIGNA rate filing complete. U. Lee seconded the motion and the Board voted unanimously to approve the motion.**

S. Kelly reported TAC reviewed the quarterly B&E reports filed by carriers offering riders to their B&E plans (Horizon, Oxford and AmeriHealth ). The TAC did not find any information of specific concern, and will continue to monitor the filings to evaluate whether the carriers are avoiding adverse selection to the extent possible.

E. DeRosa stated that N. Vance prepared some reports on the B&E premium and claims, and has indicated the B&E business appears to be running very well.

## **V. Executive Session**

E. DeRosa said the Board would need to go into Executive Session to consider draft Executive Session minutes, discuss litigation, and obtain advice from counsel. She said the Board would take further action upon its return to Open 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: 10:05 A.M. to 10:30 A.M.]*

## **VI. Legal Committee Report**

E. DeRosa reported that Humana had protested its assessment, stating that the assessment should not be based on Medicare premium, whether the premium is paid by the federal government or the Medicare beneficiary. The Legal Committee reviewed the federal regulations regarding Medicare Advantage and Medicare Part D, and agreed with Humana. The Legal Committee recommended: granting Humana's appeal; issuing a bulletin advising that Medicare premium should be excluded; and, requesting carriers that previously reported Medicare premium on their Exhibit K's revise their Exhibit K's for 2005/2006.

After discussion, the Board determined that before the Board authorized a bulletin to be issued and requested carriers to file revised Exhibit K's, the Legal Committee and Board Counsel should review the Medicare regulations to determine whether other Medicare premiums should be excluded from net earned premiums, and also whether basing enrollment targets in part on Medicare lives similarly may be precluded by federal regulations because of the impact on assessment distribution among carriers.

**S. Kelly made a motion to grant Humana's appeal, but not refund any monies until all carriers with Medicare premium have had an opportunity to revise their Exhibit K's and a reconciliation is performed. M. Taylor seconded the motion, and the Board voted unanimously to approve it.**

## **VII. Other Business**

There was brief discussion of having staff explore ways in which an intranet or similar such concept might be established to permit the Board to access documents online directly as an alternative to email attachments or distribution of paper copies at meetings.

## **VIII. Close of Meeting**

**G. Simon offered a motion to close the meeting. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.**

*The meeting adjourned at 10:40 A.M.*