

**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
JULY 8, 2008**

Directors participating: Darrel Farkus (United); Sandi Kelly (Horizon – *by phone*); Ulysses Lee (Guardian – *by phone*); Gale Simon (DOBI); Christine Stearns (*by phone, arrived at 10:05*); Mary Taylor (Aetna Health Inc. – *by phone*); Lisa Yourman (*by phone*).

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

I. Call to Order

E. DeRosa called the meeting to order at 10:00 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. E. DeRosa noted all votes would be by roll call.

II. Minutes – June 10, 2008

M. Taylor offered a motion to accept the Open Session minutes of the June 10, 2008 Board meeting, as amended. S. Kelly seconded the motion. The Board voted by roll call in favor of the motion, with L. Yourman abstaining.

III. Report of Staff

Expense Report

E. DeRosa discussed two versions of the July 2008 expense report, one including reimbursement to L. Yourman for mileage expenses related to the Ethics training in April, and one not including such reimbursement because the training was not an official meeting of the IHC Board. Upon discussion, Board members agreed that L. Yourman should be reimbursed for her travel required by attendance at the Ethics training, because in-person Ethics training was required for completion of the annual financial disclosure form, which is now a requirement for participation as a Board member.

G. Simon offered a motion to approve the payment of the expenses on the July 2008 expense report, totaling \$12,531.44. S. Kelly seconded the motion. The Board voted by roll call in favor of the motion, with L. Yourman abstaining.

Oxford Withdrawal of Its Basic & Essential Rider Filing and Filing of a New Basic & Essential Rider

(D. Farkus recused himself from the discussion and vote regarding this filing because of the interests of his employer in the Board’s action on the matter.)

E. DeRosa reported Oxford Health Insurance filed a modified plan withdrawal filing checklist (from N.J.A.C. 11:20-18.5) requesting withdrawal of Oxford's existing Basic & Essential (B&E) rider, which Oxford proposed to replace, at the option of the contractholder, with another B&E rider costing the same as the old rider. E. DeRosa reported Oxford proposed – consistent with the plan withdrawal rules – to stop selling the current rider as of November 1, 2008, and to nonrenew inforce riders with 90-days prior notice. She stated the notices were appropriate and would include information explaining that those contractholders who want to continue with their B&E policy after their current rider terminates without purchasing the new rider may do so, but will advise them that they will have no prescription drug coverage or other enhanced benefits on the old or new rider. Notices would be mailed to the 333 contractholders with old riders at 90, 60 and 30 days pre-termination, and brokers will also receive notices. E. DeRosa reported Oxford said it will call contractholders as well.

M. Taylor made a motion to approve the request for withdrawal of Oxford's existing B&E rider. The motion was seconded by G. Simon, and approved unanimously by the Board by a roll call vote.

E. DeRosa also reported Oxford had filed the new rider, which staff recommended be approved. She stated it was similar in many respects to the existing rider, including price, but offered even more benefits (such as increased numbers of covered office visits, a \$15 copay for generic drugs, and limited coverage for durable medical equipment, home health and hospice). She noted the Board needed to take action on the form filing within 30 days in accordance with N.J.A.C. 11:20-22.5.

S. Kelly made a motion to approve the new Oxford B&E rider filing, which was seconded by M. Taylor. The Board voted by roll call to approve the motion.

IV. Report of the Technical Advisory Committee (TAC)

(M. Taylor recused herself from the discussion and vote regarding a rate filings submitted by Aetna because of the interest her employer has in the Board action on the matter.)

S. Kelly reported the TAC reviewed rate filings by Aetna extending its current rates for its B&E plan and A/50 through D plans through 9/30/08, and had recommended finding the filings complete.

G. Simon made a motion to find the Aetna rate filings extending existing rates for Aetna's B&E and A/50 through D plans to be complete. D. Farkus seconded the motion, and by roll call vote, the Board approved the motion.

(D. Farkus recused himself from the discussion and vote regarding a rate filing submitted by Oxford because of the interest his employer has in the Board action on the matter.)

S. Kelly reported the TAC reviewed a rate filing by Oxford for its B&E rider, to be effective November 1, 2008. The TAC recommended finding the filing complete.

M. Taylor made a motion to find the Oxford B&E filing, effective 11/1/08, to be complete. L. Yourman seconded the motion. By roll call vote, the Board approved the motion.

(S. Kelly recused herself from the discussion and vote regarding a rate filings submitted by Horizon because of the interest her employer has in the Board action on the matter.)

E. DeRosa reported Horizon filed new rates for its HMO plan, to be effective August 1, 2008, which TAC recommended finding complete.

G. Simon made a motion to find the Horizon HMO rate filing, effective 8/1/08, to be complete. L. Yourman seconded the motion. By roll call vote, the Board approved the motion.

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

Auditing Contract

E. DeRosa reported the Audit Evaluation Committee had met to consider the sole proposal from Withum Smith + Brown (WS+B) received in response to the Request for Proposals regarding auditing services for the administrative aspects of the IHC Program, and had recommended awarding the contract to WS+B assuming WS+B's references did not reveal anything unexpected. Staff collected the references, and presented them along with the Evaluation Committee's recommendation to the Operations & Audit Committee (OAC), which determined WS+B is an appropriate candidate for the engagement.

C. Stearns queried whether she might have a conflict of interest should she vote regarding WS+B because one of WS+B's principals chairs one of the committees of the NJ Business & Industry Association (NJBIA), C. Stearn's employer. S. Kelly and L. Yourman also raised potential conflict of interest questions because S. Kelly's employer has used WS+B services, and the Fairlawn Board of Education, of which L. Yourman is a member, may be using WS+B's services. V. Mangiaracina stated she did not believe there would be any conflict of interest for S. Kelly or L. Yourman, who had or would have no contact with or oversight of WS+B or any involvement in the activities under scrutiny or being performed. However, V. Mangiaracina suggested C. Stearns recuse herself from the IHC Board action in the matter so as to avoid any appearance of conflict because she has interactions with the WS+B principal in his capacity as an NJBIA committee chair.

(C. Stearns recused herself from the vote determining whether to hire WS+B as auditor of the IHC Board's administrative accounts because of a possible conflict of interest in her role as a Board member and her employment with NJ BIA in which WS+B is an active participant and Association committee chair.)

G. Simon made a motion to contract with Withum Smith + Brown for the performance of audits of the IHC Board administrative program for fiscal years 2000 through 2008. D. Farkus seconded the motion. By roll call, the Board voted to approve the motion.

Progress on existing loss audits

E. DeRosa reported she has not heard back from DeLoitte & Touche, and has no update regarding the sampling for an extended Agreed Upon Procedure with AEGON/UICI, nor the audit reports for Protective and Metropolitan.

Budget Projection

R. Lenox reported the OAC considered the original budget projection she produced, and recommended changes, reducing the costs related to the audit for losses, while increasing costs for fringe benefits, legal fees and certain administrative expenses. She stated that with the changes made, the IHC Board's projected expenses for FY 2009 would be \$501,100.

The question arose as to when the actual FY2008 expenses could be determined, to which R. Lenox replied she still needed information on quarterly interest earned from the bank, which she expected to receive soon.

V. Other Business

Legislation – S-1557(3R)

E. DeRosa reported that S-1557(3R) is being signed at 11:00 today. She noted the legislation alters both the IHC and Small Employer Health Benefits (SEH) Programs and the duties of both Board of Directors, and so, both Boards will have a lot of work to do in the coming months. E. DeRosa stated she is putting together a summary outline and will email it to the IHC Board members.

Code of Ethics

E. DeRosa reported she is also working on a Supplemental Code of Ethics, noting that all boards and commissions are required now to use the Uniform Code of Ethics (Uniform Code), but can supplement it, so she is putting all current IHC Code of Ethics provisions unique to the Board into a supplemental code. She stated the Attorney General's office will have to approve the supplement, and the Board eventually will have to adopt both the Uniform Code and the supplement. She stated she would have the Legal Committee review it first.

V. Executive Session

E. DeRosa said the Board would need to go into Executive Session to consider draft Executive Session minutes. She said the Board may discuss additional issues following Executive Session.

G. Simon offered a motion to begin Executive Session for the stated reasons. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

Executive Session: 10:55 A.M. – 10:58 A.M.

VI. Final Business and Close of Meeting

E. DeRosa reported that, after receiving the IHC Board's order (08-IHC-03), PerfectHealth Insurance Company (PerfectHealth) sent the full amount of the money PerfectHealth received from the IHC Program in error to the IHC Program, and when the check cleared, the money was wired to ALTA Health & Life Insurance (ALTA), which occurred on or about July 3, 2008. She noted that ALTA was continuing to pursue legal action against PerfectHealth at this time, but that she assumed no further action by the Board was warranted. There was general agreement among the Board members.

C. Stearns offered a motion to close the meeting, seconded by D. Farkus. The Board voted unanimously by roll call in favor of the motion.

The meeting adjourned at 11:00 A.M.