

**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  
November 1, 2011**

**Directors present:** Darrel Farkus (Oxford); Sandi Kelly (Horizon); Christine Stearns; Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna Health, Inc); Neil Vance (DOBI); Lisa Yourman.

**Others participating:** Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Program Accountant; Deputy Attorney General (DAG) Eleanor Heck.

*[The IHC Board met at 10:00 A.M. to participate in required ethics training by staff of the State Ethics Commission. The Board engaged in no other discussion or official activity during that time.]*

**I. Call to Order**

E. DeRosa called the meeting to order at 11:25 A.M. She announced that notice of the meeting had been published in two newspapers of general circulation 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 13, 2011 (Open Session)**

**T. Taliaferro made a motion, seconded by D. Farkus, to approve the open session minutes of September 13, 2011, with amendments. The motion carried, with N. Vance and L. Yourman abstaining.**

**IV. Staff Report**

*Expense Report and Transfer of Funds*

R. Lenox presented the Expense Report for November, with expenses totaling \$106,344.22, which primarily was composed of invoices for work by Navigant and for staff salaries and fringe.

**S. Kelly made a motion, seconded by C. Stearns, to approve the November Expense Report. The motion carried.**

E. DeRosa then requested approval for a transfer of funds for the purpose of paying the approved expenses.

**L. Yourman made a motion, seconded by D. Farkus, to approve the transfer of \$106,000 from the Board’s Money Market account to the Board’s checking account for the purpose of paying November’s expenses. The motion carried.**

## **V. Technical Advisory Committee (TAC)**

### *Navigant Project*

S. Kelly reported that TAC had a teleconference with Navigant, during which Navigant provided an update on key activities and upcoming tasks. S. Kelly noted that Navigant had experienced additional delays because some of the claims files that a carrier had submitted turned out to be test files only, and new files had to be sent and reloaded. S. Kelly noted that Navigant has still been unable to obtain the HCPCS module from FAIR Health, and so proceeded with the work-around the Board previously considered. S. Kelly reported that Navigant committed to delivery of its analysis on or about December 12, 2011. S. Kelly noted that TAC will get the report first, but that she anticipates the Board will see the same report in January, and that no action by the Board is expected during the January meeting. There was a request from a Board member that the Navigant report clearly indicate the reasons why FAIR Health HCPCS data was not considered. In addition, the Board asked that Navigant be available at the January meeting to respond to Board questions.

In response to questions from other Board members, S. Kelly stated she thought loading the data had proven more difficult than expected. There was brief discussion among Board members about the ramifications of continuing to require carriers to use the PHCS system for a while longer. E. DeRosa stated that Navigant had indicated that changes in the data overall tend to be slight year-to-year, so continuing to use the old PHCS data should not result in significant differences in benefits from a consumer's perspective.

## **VI. Report by DOBI on IHC Rate Increases and Federal Rate Review**

N. Vance provided an informal report regarding loss ratios, rate increases, and the impact of the rate review process of the Patient Protection and Affordable Care Act (ACA) for the IHC Program. He indicated that he would write a more formal report for the Board in the future. As part of the discussion, he explained that New Jersey had been found by CMS to have an effective rate review process, so the review of rates will remain at the state level. He explained, however, that when carriers seek an increase in rates of 10% or more, carriers are required to separately submit a preliminary justification (explanation) for the rate increase to the federal government, a part of which the federal government will post on the federal web pages, and to which the DOBI will link. He noted that no carrier had yet filed a request for a 10% or greater rate increase since September 1, 2011, when the federal submission requirements went into effect.

## **VII. Health Insurance Exchange (HIX) Update**

E. DeRosa provided an update on activities in the HIX planning process. She stated that the Rutgers Center for State Health policy is facilitating a "wrap-up" forum with stakeholders on November 15<sup>th</sup> in New Brunswick, at which Professor John Jacobi of Seton Hall Law School will discuss his white paper regarding possible HIX structure and governance models for New Jersey. She said that DOBI had received planning grant money from HHS, and had procured a contract with KPMG to perform an IT gap and business plan analysis on the State's available information technology structure and systems and business operations, as well as provide

recommendations on outreach activities. She noted that the expectation is to leverage and build from the consolidated automated support system (CASS) used by the Department of Human Services for Medicaid and certain other public assistance programs, since the State has already invested in upgrades in the system in part to streamline processes.

E. DeRosa stated that there has been some discussion as to whether the IHC Board might be in a better position to apply for a second grant for continued planning and implementation purposes in the event New Jersey pursues establishment of a HIX at the State level. In response to the Board's request for additional information, E. DeRosa explained the ideas in Professor Jacobi's report, which included a continuing role for the IHC Board as an advisory body to an overarching board that would have responsibility for oversight of the entire individual and small employer markets.

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

**S. Kelly made a motion, seconded by C. Stearns, to close the meeting of the Board. The motion carried.**

*[The meeting adjourned at 12:30 P.M.]*