

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
April 8, 2014

Directors participating: Sandi Kelly (Horizon); Lisa Levine (United); Gale Simon (DOBI); Christine Stearns; Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna)

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

I. Call to Order

E. DeRosa called the meeting to order at 10:05 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, the Office of the Secretary of State and submitted to the State House Press Corps, in accordance with the Open Public Meetings Act. A quorum was present.

II. Change in Aetna Health Inc. Representation

M. Taylor announced that, after 16 years serving as Aetna’s representative on the IHC Board, she is turning over her duties as Aetna’s representative to Thomas Pownall after this meeting. She noted that T. Pownall has been attending most of the IHC meetings for many years, currently represents Aetna on the SEH Board, and is well-versed in New Jersey’s health insurance environment. It was generally acknowledged that M. Taylor, who is currently serving as the Chair of the IHC Board, has been a great asset to the Board, and will be missed.

III. Minutes – March 11, 2014

M. Taylor made a motion, seconded by T. Taliaferro, to approve the minutes of March 11, 2014, without amendment. The motion carried.

IV. Staff Report

Expense Report and Transfer of Funds

R. Lenox stated that the Board has expenses totaling \$11,916.60 on the April 2014 expense report, primarily for the IHC Board’s portion of salaries and fringe, but also for expenses submitted by the Division of Law. She stated that the Board would need to approve a transfer of \$12,000 from its Wells Fargo Money Market account to its Wells Fargo Checking account, if the Board approved payment of its operating expenses on the April expense report.

S. Kelly made a motion, seconded by L. Levine, to approve payment of the expenses, and to approve the transfer of \$12,000 from the Board’s Wells Fargo Money Market account to its

Wells Fargo Checking account in order to pay April operating expenses. The motion carried.

Quarterly Enrollment Reports

E. DeRosa recommended that the IHC Board make some changes to the form used to capture quarterly enrollment data from carriers. She said the Technical Advisory Committee (TAC) discussed the reporting requirements and TAC made suggestions for redesigning the reporting forms for 2014, while retaining the existing form to follow the run-out of the 2013 plans. She suggested that the Board consider amending the regulations setting forth the reporting of enrollment data (N.J.A.C. 11:20-17) to remove the reporting forms from the Appendix to allow the Board greater flexibility in revising its forms periodically (the rules would include the information required to be reported, but the actual form would be posted on the IHC webpages). She noted that this is the approach the SEH Board pursued from the outset. She provided Board members with drafts of revised forms for quarterly reporting.

E. DeRosa reported that TAC had suggested changing the reporting timeframes to 60-days following the close of the reporting period. Board members generally agreed with the change, but suggested that an even longer period may be appropriate for the first 2014 report, given all of the other reporting required of carriers in 2014, and the newness of the reforms. It was agreed that carriers would get back to E. DeRosa with further suggestions regarding how long they may need for the initial report.

E. DeRosa stated that TAC has not considered the annual enrollment report. She indicated this will be one of TAC's assignments in the future.

Reporting of Plan Design

E. DeRosa noted that she sent out a request for carriers to submit information about the plan offerings in 2014 and 2015 that cannot otherwise be gleaned from the Certificate of Compliance that carriers file (for example, information about networks, whether the product has tiers, and what cost-sharing is involved). She stated that this request is for information to be filed whenever a carrier introduces a new plan, rather than annually only. She indicated that the request also included guidance from the Department of Banking and Insurance with respect to rate filings.

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

Financial Statements; Budget; Loss Audits

R. Lenox reported that the OAC met and reviewed the IHC Program's financial statements for 2QFY14. She then presented and discussed the Statement of Net Assets, Statement of Changes in Net Assets, Statement of Cash Flows and the Comparison of Budget and Actual Expenditures. She stated that the OAC agreed with a suggestion to begin estimating legal fees on a quarterly basis, and reverse the estimate when an actual amount is known, in order to speed up the timeframe for completing quarterly financial statements. Board members agreed with the suggested change. R. Lenox noted that, although actual expenses are under budget, she expects that fringe will be over budget for FY2014, because of the significant increase being charged by Treasury for fringe (at 51% of salaries).

R. Lenox reminded Board members that all of the loss audits, other than the 1997/1998, 1999/2000, and 2001/2002 audits of Time Insurance Co., are complete, and that the reconciliations for the loss assessments for these periods cannot be done until the audits are complete.

Reconciliation of the 2012/2013 Administrative Assessment

R. Lenox reported that the audits of the Board's administrative expenses for fiscal years ending June 30, 2012 and 2013 have been completed, and thus, the final administrative assessment for the two-year period can be issued (reconciling amounts due to and from the IHC Program). She explained that the assessment for the 2012/2013 calculation period was based on budget and the net earned premium reported for the 2009/2010 calendar years, while the final assessment is based on actual audited expenses and the carriers' 2011/2012 Exhibit K's. She further explained that the budget for FY2012/2013 had been \$649,280 in total, but expenditures were \$524,461 (the difference being largely due to lower-than-projected legal fees), resulting in a net difference of about \$124,819, but that, taking into consideration interest paid on the funds held (about \$11,489), the total amount to be refunded to carriers is just under \$141,102, while the amount due from carriers is about \$4795. R. Lenox stated that the Board does not need to wait to collect from some carriers in order to provide refunds to others in this instance, and suggested transferring \$141,000 from the Board's funds held in the Treasury account.

S. Kelly noted that the TAC had considered this final administrative assessment as well, and also recommended issuing refunds and invoices.

M. Taylor made a motion, seconded by L. Levine, to approve the reconciliation as presented, and to transfer \$141,000 from the Board's funds held in Treasury to the Board's Wells Fargo Checking account for the purpose of refunding carriers amounts due to them based on the reconciliation of the 2012/2013 Administrative Assessment, totaling \$141,101.95 including interest, and further, to authorize staff to invoice carriers for amounts due to the IHC Program for a total of \$4795.04. The motion carried.

VI. Out-of-Network Reimbursement

There was general agreement that the previously drafted whitepaper contains a lot of information that is now stale, and that the TAC needs to review the paper again to determine if there are subjects that should be removed (e.g., discussion about B&E plans), or re-worked (e.g., separate sections discussing individual and small group coverage, given the extremely limited number of plans with out-of-network options in the individual market). It was agreed that the Board wants updated information that identifies the providers and/or services most likely to be utilized out-of-network, and that carriers that are active on the Board would give Board staff an estimation of what type of information may be expeditiously available. It was agreed that the IHC Board is not yet prepared to engage stakeholders, but also acknowledged that there is an ever-growing need to resolve the problem of relying on the PHCS data, which are increasingly out-of-date, and unavailable to new carriers.

VII. Anniversary Date Clarification

Upon inquiry, E. DeRosa explained that all standard plans newly-issued in 2014 have an “anniversary” date of January 1 of the immediately following year, meaning that is when the plan renews and that is when rate changes occur, regardless of when a plan was actually purchased during a calendar year. She noted that this result is driven by the administration of the subsidies available through the Marketplace (advanced premium tax credits and cost share reductions), and does not occur in the small employer market. She acknowledged that there are some revisions required for the standard plan forms to take into account this singular anniversary date for everyone. It was agreed that the changes should be made, and possibly considered at the May Board meeting.

VIII. Chair of Board

E. DeRosa stated that with M. Taylor’s departure, a new Chair would need to be elected, at least until the Board’s annual meeting in September, unless the Board wanted a special election earlier.

T. Taliaferro made a motion, seconded by C. Stearns, to have S. Kelly serve as Chair of the Board until the Board’s annual meeting. S. Kelly agreed to serve, and the motion carried.

The Board decided not to vote on the now-vacant Vice Chair position until later.

IX. Close of Meeting

L. Levine made a motion, seconded by M. Taylor, to adjourn the meeting. The motion carried.

[The meeting adjourned at 11:36 A.M.]