

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
January 10, 2017

Directors participating: Sandi Kelly (Horizon); Lisa Levine (United/Oxford); Brendan Peppard (DOBI); Tom Pownall (Aetna); Tony Taliaferro (AmeriHealth)

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Managing Financial Officer; Eleanor Heck, Deputy Attorney General

I. Call to Order

E. DeRosa called the meeting of the IHC Board to order at 10:00 A.M. E. DeRosa announced that notice of the meeting had been published in three newspapers of general circulation and posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, at 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. She stated that voting would be by roll call because some directors were participating by phone.

II. Review of Minutes – December 13, 2016

T. Pownall made a motion, seconded by B. Peppard, to approve the minutes of the meeting of December 13, 2016. By roll call vote, the motion carried.

III. Report of Staff

Expense Report

R. Lenox presented the expense report for January, totaling \$10,896.83, related to newspaper notices, continuing education for staff, and expenses for salaries and fringe. R. Lenox explained that the Board would need to transfer \$11,000 from its Money Market account to its checking account to pay the expenses, if approved.

S. Kelly made a motion, seconded by L. Levine, to approve payment of the expenses reported, and the transfer of \$11,000 from the Board’s Wells Fargo Money Market account to its Wells Fargo checking account to pay the operating expenses. By roll call vote, the motion carried.

IV. Report of the Operations and Audit Committee (OAC) and the Technical Advisory Committee (TAC) – 1997/1998 Final Reconciliation

R. Lenox presented the spreadsheet for the final reconciliation of the 1997/1998 loss calculation period. She explained that she had reviewed the records for the 1997/1998 loss calculation period to ensure the final reconciliation relies on appropriate net earned premium. She explained that the period involves multiple appeals by carriers that resulted in revised Exhibit K filings, and

determinations that several carriers were non-members of the IHC Program, resulting in adjustments to premium, as well as premium adjustments resulting due to changes in definitions. She confirmed that Column M¹ of the spreadsheet, labeled as FINAL 1997/1998 Loss Assessment, shows the actual assessment liability of each carrier using the adjusted net earned premium.

E. DeRosa then provided more detail, explaining that Column C shows the reported premium prior to any adjustments, while Columns D and E show the dollar amount and reason for each adjustment and the reason for each adjustment, resulting in the adjusted net earned premium and associated market shares shown in Columns F and G. E. DeRosa reviewed the assessment process that was in place during the 1997/1998 period wherein each carrier's liability was calculated by multiplying market share and the reimbursable loss amount, then adjusted based on carriers' full or partial exemptions, as shown in Columns H through L. She reiterated that Column M shows the actual 1997/1998 assessment liability of each carrier using the adjusted net earned premium, had nothing further occurred. She noted, however, that multiple events occurred. She explained that Columns N through V show amounts paid by, refunded, or credited to IHC Program members as a result of three separate assessments, with Column W showing the total amount for each carrier that was received or refunded. She explained that the amounts shown in Column X for each carrier is the difference between what the carrier owed (as shown in Column M) and what each carrier paid. She then stated that subsequent Columns Y through AC address the distribution of late fees and interest as well as the redistribution of the liability of liquidated carriers. E. DeRosa stated that Column AE identifies the eight carriers that owe additional money to fund the liability shown in Column M, while Column AF shows the excess amounts paid by carriers toward the liability in Column M.

E. DeRosa stated that the total amount owed to the IHC Board is \$181,837.03, while the amount owed by the IHC Board to various carriers is \$4,136,791.95.

R. Lenox stated that both the OAC and TAC recommended invoicing and collecting the amounts owed to the Board before writing any checks to carriers to which money is owed, just in case there are any additional late fees that accrue and subsequently need to be distributed. She noted that an interest penalty of 1.5%/month accrues from the date of the bill if payment does not occur within 30 days of that date.

It was acknowledged that the invoice will be sent with an explanatory memo providing an overview, but directing carriers to the website for the actual assessment spreadsheet.

S. Kelly made a motion, seconded by B. Peppard, to approve the final reconciliation of the 1997/1998 loss calculation period, to issue invoices for amounts owed to the IHC Program on the basis of the reconciliation, and to pay any amounts owed to carriers following collection of all amounts due to the IHC Board based on the reconciliation. By roll call vote, the motion carried.

E. DeRosa explained that the Board's action is to reconcile the liabilities among the carriers, but does not address the payment of claimed loss amounts still owed to carriers that filed for loss

¹ The spreadsheet presented to the Board had descriptive column labels, but for ease of discussion, columns primarily were referred to using the alphabetic labeling typical for spreadsheet columns.

reimbursement for the 1997/1998 calculation period. She stated that staff anticipates presenting the Board with a final statement regarding the total amounts still owed for losses for the period, including the payment of interest, at the February meeting.

V. Close of meeting

B. Peppard made a motion, seconded by S. Kelly, to adjourn the meeting. By roll call vote, the motion carried.

[The meeting ended at 10:45 A.M.]