

**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**  
**July 9, 2019**

**Directors participating:** Philip Gennace (DOBI); Colleen Picklo; Thomas Pownall (Aetna); Sandi Kelly (Horizon); Tony Taliaferro (AmeriHealth); Ulysses Lee (United); Joseph Camargo.

**Others participating:** Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Christine Machnowsky, 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. She announced that notice of the meeting had been posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, at the Office of the Secretary of State, submitted to the State House Press Corps, and published in three newspapers of general circulation 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 – June 11, 2019**

**T. Pownall made a motion, seconded by T. Taliaferro, to approve the minutes of the meeting of June 11, 2019 with amendments. By roll call vote, the motion carried.**

**III. Report of Staff**

*Expense Report*

R. Lenox presented the expense report for July 2019 with expenses totaling \$2,150.87 for salaries and shared expenses for Fiscal Year 2019 to be paid to the Small Employer Health Benefits Program. R. Lenox stated that a transfer of \$2,100.00 from the IHC Board’s Wells Fargo Money Market account to its checking account would be necessary to pay these expenses.

**S. Kelly made a motion, seconded by J. Camargo, to approve payment of the expenses reported, and the transfer of \$2,100 from the Board’s Money Market account to its checking account to do so. By roll call vote, the motion carried.**

**IV. Report of Legal Committee**

Discussed as part of the reports below

**V. Reports of the Operations and Audit Committee (OAC) and the Technical Advisory Committee (TAC)**

*Budget and Administrative Assessment*

E. DeRosa stated that both the OAC and the TAC are responsible for reviewing the IHC Program's budget and associated assessment, and separately reviewed the proposed budget for Fiscal Year 2020. She noted that the budget is now prepared on an annual basis as opposed to biannually as was required by prior regulations.

E. DeRosa explained that the FY2020 proposed budget included a new line item for a statutorily required audit of the carriers eligible for reinsurance through the New Jersey Health Insurance Premium Security Program (Reinsurance Program). She noted the OAC, which met and reviewed the proposed budget before TAC met, suggested increasing the budgeted amount.

TAC questioned whether the IHC Program had any legal responsibility to pay for administrative costs of the Reinsurance Program. The Legal Committee was then asked to consider the issue. The Legal Committee unanimously concluded that the responsibility for payment of the carrier audits lies with the New Jersey Health Insurance Premium Security Fund and not the IHC Board. Therefore, the FY2020 draft budget presented to the Board does not include the reinsurance audit expense item.

#### *Budget Fiscal Year 2020*

R. Lenox discussed the draft budget for the IHC Program for FY 2020 as presented to the Board. She noted that the proposed total budgeted amount for FY2020 is \$306,950.00 which includes budgeted amounts of \$20,000 for fees for an independent audit of the program, \$160,000 for salaries for full time employees (shared equally with the SEH Program), \$96,000 for fringe benefits (60% of salary expense), \$10,000 for legal fees (Division of Law), \$16,000 for overhead allocation (estimated at 1% of salaries) and \$4,000 for expenses such as office expenses.

#### *Assessment*

R. Lenox discussed the proposed Administrative Assessment for the Fiscal Year ending June 30, 2020. She noted that the Administrative Assessment is determined by the 2017-2018 Exhibits K and is based on a carrier's market share. She noted that a de minimus amount of \$5 will not be billed to that specific carrier but rather apportioned among all other paying carriers.

**S. Kelly made a motion, seconded by T. Taliaferro, to approve the budget for FY2020 and the corresponding administrative assessment. By roll call vote, the motion carried.**

#### **VI. Report of the OAC and the TAC – Recommendation to engage audit firm**

E. DeRosa noted that three programs – the IHC, SEH and MSU50 Programs – need an independent audit of their respective financial statements and that the MSU50 Program needs an additional independent audit of the losses of that program's Contracting Carrier. She stated that a Scope of Work (SOW) combining this work for all three programs was sent out to all participants in the applicable Treasury contract seeking potential bidders for this work, and was re-issued when no responses were received. She noted that one bid was received from WithumSmith+Brown (WSB) in response to the re-issued SOW.

She explained that a Joint Evaluation Committee was formed with representatives from Aetna, United and the DOBI to review WSB's bid, and the Joint Evaluation Committee determined the bid was responsive to the SOW and that the pricing was reasonable. She stated the Joint Evaluation

Committee recommended that the audit committees of the three programs recommend that the Boards engage WSB for their respective audit needs.

E. DeRosa further explained that the recommendation from the Joint Evaluation Committee has been reviewed by the audit committees for each separate program and that each committee recommended its respective program engage WSB for audit services. Specifically, the IHC OAC reviewed the WSB proposal and concurred with the Joint Evaluation Committee's recommendation to engage WSB for administrative audits of the IHC Program, and repeats that recommendation to the IHC Board. She noted that if each Board votes to engage WSB the engagement can proceed. If even one Board disagrees, the process will have to begin again.

**T. Pownall made a motion, seconded by P. Gennace, to accept the recommendation from the the OAC for the IHC Board to engage WithumSmith+Brown for the administrative audit of the IHC Program. By roll call vote, the motion carried.**

#### **VII. Executive Session Minutes – June 11, 2019**

There was no need to go into Executive Session to consider the Executive Session Minutes from the June 11, 2019 as no comments were made.

**T. Taliaferro made a motion, seconded by C. Picklo, to approve the executive session minutes of the meeting of June 11, 2019 without amendment. By roll call vote, the motion carried.**

#### **VIII. Close of meeting**

**C. Picklo made a motion, seconded by P. Gennace to adjourn the meeting. By roll call vote, the motion carried.**

*[The meeting ended at 10:18 A.M.]*