

FINAL
MINUTES OF THE MEETING OF THE
NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
HELD TELEPHONICALLY PURSUANT TO EXECUTIVE ORDER 103 (MURPHY)
June 8, 2021

Directors participating: Joseph Camargo; Philip Gennace (DOBI); Sandi Kelly (Horizon); Robert Morrow (United); Colleen Picklo; Thomas 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. 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.

E. DeRosa noted that, pursuant to P.L. 2020, c. 2, as a result of the public health emergency and state of emergency declared by Governor Murphy on March 9, 2020 through Executive Order 103, subsequently extended,¹ due to the COVID-19 pandemic, the IHC Board’s regularly scheduled meeting was being held telephonically, and not at the Board’s offices in Trenton. She stated that, in accordance with P.L. 2020 c. 11, electronic notice of the change in the meeting and the means by which the public could attend the meeting telephonically was posted on the Board’s website, and issued electronically to all known interested parties.

E. DeRosa determined a quorum was present. She stated that voting would be by roll call.

Members of the public were asked to identify themselves; public attendees, if any, are identified at the end of these minutes.

II. Minutes – May 11, 2021

E. DeRosa confirmed, upon request from J. Camargo (who had not been present at the May meeting), that the wording of the minutes were correct regarding Oxford’s marketing materials, which included a suggestion that agents direct clients lacking interest in Oxford’s products to Oscar Garden State Insurance Corporation. She also confirmed that the specific issue had been forwarded to DOBI’s Consumer Protection Division.

T. Taliaferro made a motion, seconded by S. Kelly, to approve the minutes of the meeting of May 11, 2021. By roll call vote, the motion carried.

¹ Executive Order 103 (Murphy) has been continuously extended multiple times since originally issued, the most recent extension occurring on May 14, 2021, pursuant to Executive Order 240 (Murphy), as modified by E.O. 244, issued June 4, 2021, regarding the declared Public Health Emergency.

III. Report of Staff – Expense Report

R. Lenox presented the expense report for June 2021, totaling \$13,387.48, which amount is for staff salaries and shared DOBI expenses with the Small Employer Health Benefits (SEH) Program, as well as half of her subscription for continuing education, and Division of Law expenses attributable to Board activities. She stated that the Board can approve an internal transfer by the DOBI fiscal office of the amount due from the IHC Board's DOBI account to the SEH Board's DOBI account for the salaries and shared expenses, but would need to transfer \$1,000 from the Board's Wells Fargo Money Market account to its Checking account for the purposes of issuing checks for the remainder.

T. Pownall made a motion, seconded by J. Camargo, to approve the payment of the shared expenses, including salaries, via a transfer by the DOBI of \$12,283.17 from the IHC Board's account to the SEH Board's account within the DOBI, and to approve the payment of the remaining \$1,104.81 in expenses from the Board's Wells Fargo Checking account following a transfer of \$1,000 from the Board's Wells Fargo Money Market account to its Checking account . By roll call vote, the motion carried.

IV. Reports of the Operation & Audit Committee (OAC) and the Technical Advisory Committee (TAC)

R. Lenox stated that the Operations & Audit Committee (OAC), as well as the Technical Advisory Committee (TAC), met separately to discuss and make recommendations regarding the Final FY2020 Administrative Assessment and the Interim FY2022 Administrative Assessment, and the OAC also discussed and made recommendations regarding the FY2022 Budget.

Final FY2020 Administrative Assessment

R. Lenox presented the reconciliation of the FY2020 assessment for administrative expenses, explaining that, following the audit of FY2020 expenses, it was determined that expenses came in under the FY2020 budget by \$36,232.00, and, in addition, the Board had earned interest of \$3,301.90. She further explained that, when the assessment of audited expenses and distribution of interest is applied against the more recently reported net earned premium of IHC Program members for CY2019, as opposed to CY2017/2018 – which had been the most recently reported net earned premium amount when the Interim FY2020 Administrative Assessment was performed – and, when taking into consideration the redistribution of *de minimus* assessment amounts, certain carriers owe a total of \$2,341.19 to the IHC Program, while the total owed by the IHC Program to other certain carriers is \$41, 875.20 (including the interest earned for that period).

FY 2022 Budget and Interim FY2022 Assessment

R. Lenox presented the draft budget for FY2022, totaling \$306,350.00. She noted that the budget is almost the same as that for FY2021, which totaled \$305,030, with a small increase in depreciation and professional expenses related to the computers and Microsoft subscription (for which there is a State-required three-year depreciation policy) and the Great Plains accounting software. She explained that she held the total estimate for fringe steady at 55% of salary (with no increases in salary), because it is very close to the actual expenditure, albeit usually slightly above the actual percentage. She explained that the OAC reviewed the FY2022 Budget, and recommended the Board approve it.

R. Lenox then presented the draft Interim FY2022 Administrative Assessment, as recommended by the OAC and the TAC. She explained that the assessment for the draft FY2022 budget amount of \$306,350.00 would be made using the net earned premium reported by the IHC Program members for CY2020, which is the most recently reported net earned premium available. R. Lenox further stated that the OAC and TAC recommended the Board offset the amounts owed to and from carriers for the Final FY2020 Administrative Assessment against the Interim FY2022 Administrative Assessment to simplify the administrative process for both the Board and the carriers. She concluded that, using the process as explained, the total amount to be invoiced to carriers is \$267,202.26, with a total potential refund to carriers for FY2020 totaling \$387.14 – these being carriers for which no offset can be made for FY2022, or to which the amount owed by the carrier for FY2022 is less than the refund owed to the carrier for FY2020.

R. Lenox reminded Board members that, in the recent past, she has contacted carriers to whom very small amounts are owed to determine whether they want a check issued to them, or prefer to forfeit the amount, in which event, it will be carried forward to reduce future assessments.

T. Taliaferro made a motion, seconded by R. Morrow, to approve the draft FY2022 Budget as presented, the Final FY2020 Administrative Assessment as presented, and the Interim FY2022 Administrative Assessment as presented. By roll call vote, the motion carried.

S. Kelly made a motion, seconded by R. Morrow, to authorize invoicing in accordance with the Interim FY2022 Assessment, as offset by the Final FY2020 Administrative Assessment, including the issuance of remaining refunds for FY2020 prior to collection of funds owed to the IHC Program. By roll call vote, the motion carried.

[R. Morrow left the meeting at 10:30 A.M.]

V. Reinsurance Program Payment Parameters

E. DeRosa stated that in April, the Board chose to defer discussions regarding the establishment of the payment parameters for the Reinsurance Program for CY2022, pending further information regarding the potential impact of the American Rescue Plan Act, enacted on March 11, 2021, on the individual and small group health insurance markets.² She noted that the Board still needs to take action on the issue, and reminded Board members that the payment parameters for the Reinsurance Program for CY2021 are as follows:

Attachment point = \$35,000
Coinsurance = 50%
Reinsurance cap = \$245,000

² NB: Pub. L. 117-2, in terms of having a potential impact on the New Jersey Premium Security Program (Reinsurance Program), temporarily enhances access to individual health insurance coverage through the State-based Exchanges (and Federally Facilitated Exchange) by: increasing the eligibility criteria for access to subsidies; increasing the amount of subsidies for which eligible individuals are entitled, and relaxing reconciliation requirements; and extending the length of the open enrollment period and special enrollment opportunities. Pub. L. 117-2 also temporarily subsidizes the full premium for continuation coverage under COBRA and some aspects of “mini-COBRA;” temporarily extends payment of enhanced unemployment benefits; and, encourages states to enhance aspects of Medicaid and CHIP.

P. Gennace stated that the DOBI requested time to determine the direction of other states that are offering a reinsurance program pursuant to a 1332 Waiver, and noted he is aware that some states are reducing the size of their reinsurance programs for CY 2022 for multiple reasons. He explained that, after discussions with its actuarial consultants, the DOBI is not inclined to follow that path, and suggested that the DOBI considers it prudent to retain the CY2021 payment parameters for CY2022, with the expectation that these payment parameters would result in at least a similar 15.3% premium reduction for CY2022 plan offerings.

Several Board members noted that there is not any other solid information for anyone to consider, and thus, were amenable to maintaining the existing payment parameters for an additional benefit year.

C. Picklo made a motion, seconded by J. Camargo, to establish payment parameters for the Reinsurance Program for CY2022 as follows:

- **The Attachment Point shall be \$35,000**
- **The Coinsurance shall be 50%**
- **The Reinsurance Cap shall be \$245,000**

By roll call vote, the motion carried.

VI. Close of Meeting

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

[The meeting ended at 10:40 A.M.]

Identified Public Attendees:

Robert Axelrod, Oscar Garden State Health Ins. Corp.³

³ Robert Axelrod is a member of the Small Employer Health Benefits Program Board of Directors, as are several of the Directors on the IHC Board; however, there was not a quorum of the SEH Board present, and all actions taken were for the benefit of the IHC Board.