

**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 11, 2006**

Directors participating: Sandi Kelly (Horizon BCBSNJ); Ulysses Lee (Guardian); Steve Lenox; Amy Sawyer (Oxford); Gale Simon (DOBI); Christine Stearns; Mary Taylor (Aetna Health Inc.); Lisa Yourman.

Others present: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Rosaria Lenox, Program Accountant.

I. Call to Order

E. DeRosa called the meeting to order at 9:30 a.m. She announced that notice of the meeting had been published in two newspapers 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

March 14, 2006

S. Kelly offered a motion to accept the Open Session minutes of the March 14, 2006 Board meeting. A. Sawyer seconded the motion. The Board voted in favor of the motion, with U. Lee abstaining.

March 30, 2006 Joint Board Meeting

A. Sawyer offered a motion to accept the Open Session minutes of the March 30, 2006 Joint Board meeting. S. Lenox seconded the motion. The Board voted unanimously in favor of the motion.

III. Report of the Technical Advisory Committee

B&E 2005 Annual Reports

S. Kelly reported that TAC considered the premium and claims data as required by Advisory Bulletin 05-IHC-03 included on the 2005 annual reports as submitted by AmeriHealth and Horizon for Basic and Essential policies. No recommendation was made.

IV. Report of the Operations Committee

Status of Audits

M. Taylor reported that Met Life would be sending a new Management Representation letter for the 97/98 audit and 99/00 AUP. She said the audits of UICI, Aegon and Mega

Life had not yet been scheduled, and D&T has been awaiting a start date from the carriers.

Order of Creditors

M. Taylor said the Operations Committee referred the question of whether any particular class of creditors should be given priority payments to the Legal Committee.

Late Fees

M. Taylor reported that the Committee discussed whether the Board should attempt to collect late fees applicable to late payments of assessments that were not charged for some prior periods. She explained that in the course of the Program Audits, D&T noted that late fees had not been charged. M. Taylor said the Committee recommended that the fees not be collected now, but that the Board should prospectively collect late fees on assessments that are paid more than 30 days following the date of the invoice.

V. Report of Staff

Expense Report

A. Sawyer offered a motion to approve the payment of the expenses on the April 2006 expense report. G. Simon seconded the motion. The Board voted unanimously in favor of the motion.

Interim Reconciliation – 1996 Assessment

R. Lenox reported that the interim reconciliation for \$7.9 million was billed on March 9, 2006. To date, \$5.1 million has been collected. She said this is about 65% of the amount due. Due to challenges that have been filed, \$3.6 million will not be available for disbursement.

R. Lenox said interest would be charged on payments made more than 30 days after the invoice date.

Budget

R. Lenox reviewed the draft budget for FY 06/07.

S. Kelly noted that while the Board has money on hand, it will refund the variance through a reconciliation, and will not apply it to current expenses. The Board discussed the \$50,000 budgeted for a Buyer's Guide. The Board agreed the Marketing Committee should make a recommendation regarding how to proceed, and depending on the recommendation and the Board's decision, the \$50,000 amount may need to be amended.

M. Taylor asked about the salary information in the budget and asked that the budget assume a full complement of 5 employees.

4Q05 Financial Statement

R. Lenox reviewed the financial statements which reflect data as of December 31, 2005. In response to a question she explained that "unbilled receivables" are assessments not

yet billed. She further explained that the billing period for loss assessment years is not the same as the billing period for administrative assessments.

Withdrawal Filing

E. DeRosa said United filed to withdraw from the individual market.

A. Sawyer recused herself with respect to the withdrawal filing from United, citing a conflict of interest since the matter related to a filing submitted by her employer, United.

E. DeRosa said both United Healthcare of New Jersey, Inc. which sells HMO coverage, and United Healthcare Insurance, Inc. which sells indemnity coverage, filed to withdraw from the individual market. E. DeRosa noted that there were 344 HMO plans covering 488 lives, and 3 indemnity plans, covering 3 lives. She said the draft notices to brokers and to consumers contained the information specified in the regulation. If the filing is approved, E. DeRosa said the carrier stated it would cease to issue new coverage as of May 1, 2006.

M. Taylor offered a motion to approve the withdrawal filing of United Healthcare of New Jersey, Inc. and United Healthcare Insurance, Inc. S. Kelly seconded the motion. The Board voted unanimously in favor of the motion.

VI. Report of the Legal Committee

E. DeRosa said the Legal Committee discussed how money collected in the interim reconciliation should be paid out to the various classes of creditors. All amounts subject to dispute will be deposited in separate interest bearing accounts, and will not be disbursed until the challenges have been concluded.

E. DeRosa said the Legal Committee believed there was no basis to pay in any manner other than in proportion to the amount available. Since CIGNA is a creditor both with respect to principal as well as with respect to interest, refer the question to the Operations Committee as to whether CIGNA should be considered as one creditor or as two.

The Board concurred with this recommendation.

VII. Executive Session

E. DeRosa said the Board would need to go into Executive Session to receive advice from counsel and consider draft executive session minutes. She said the Board did not expect to conduct additional business following Executive Session.

S. Kelly offered a motion to begin Executive Session for the purpose of receiving advice from counsel and reviewing minutes. A. Sawyer seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session: 10:25 a.m. – 11:05 a.m.]

VIII. Final Business and Close of Meeting

E. DeRosa noted that National Health Insurance Company had been placed under regulatory supervision by the Texas Department of Insurance. DAG E. Heck will research the ramifications of such status as it pertains to National Health's ability to pay its portion of the interim reconciliation.

M. Taylor offered a motion to close the meeting. G. Simon seconded the motion. The Board voted unanimously in favor of the motion.

The meeting closed at 11:07 a.m.