

**MINUTES OF THE MEETING OF THE
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD
AT THE OFFICES OF THE
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
December 19, 2007**

Members participating: Tom Collins (*by phone*); Gary Cupo (*by phone*); Darrel Farkus (United – *by phone*); John Foley (CIGNA – *by phone*); Jack Kalosy (HealthNet – *by phone*); Ulysses Lee (Guardian – *by phone*); Bill Manning (Aetna – *by phone*); Gale Simon (DOBI); C. Stearns (*by phone*); Jim Stenger (*by phone*); Tony Taliaferro (AmeriHealth – *by phone*); Mike Torrese (Horizon – *by phone*); Dutch Vanderhoof (*by phone*).

Others participating: Ellen DeRosa, Executive Director; DAG Vicki Mangiaracina (DLPS – *by phone*); Chanell McDevitt, Deputy Executive Director.

I. Call to Order

E. DeRosa called the meeting to order at 10:03 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. E. DeRosa took roll call. A quorum was present. She asked Directors to identify themselves when speaking because most Board members were participating by telephone.

II. Public Comments

E. DeRosa invited public comments. None were offered.

III. Minutes – November 7, 2007

T. Taliaferro offered a motion to approve the minutes of the Open Session of the November 7, 2007 Board meeting, without amendments. M. Torrese seconded the motion. The Board voted by roll call in favor of the motion, with J. Stenger and D. Vanderhoof abstaining.

IV. Staff Report

Expense Report – December

D. DeRosa presented the expense report for December 2007; expenses totaled \$8.00.

G. Simon offered a motion to approve the payment of the expense specified on the December 2007 expense report. T. Collins seconded the motion. The Board voted unanimously by roll call in favor of the motion.

2008 Meeting Schedule

E. DeRosa reported the meeting schedule has been signed by the Secretary of State and appropriately posted, and will be submitted to two newspapers shortly.

V. Report of the Finance and Audit Committee (FAC)

FY2008 Budget and Assessments

E. DeRosa reported the FAC considered a proposed FY2008 budget for the SEH Board, totaling \$254,600, and reviewed the administrative assessment worksheet and invoice form. The FAC recommended approving the budget and the assessments, and recommended billing for the assessment at the earliest date possible.

J. Kalosy made a motion to approve the FY2008 SEH budget. D. Vanderhoof seconded the motion and the Board voted unanimously by roll call to approve the motion.

In response to questions from Board members, E. DeRosa explained the administrative assessment worksheet accompanying invoices would not include all of the data presented to the Board, only what is essential for a carrier to follow how the assessments were allocated. E. DeRosa explained carriers will have 30 days following receipt of the invoice to pay the requested amount, or interest would accrue.

G. Cupo made a motion to approve billing carriers for the administrative assessment consistent with the amounts allocated in the administrative assessment worksheets at the earliest possible date. J. Stenger seconded the motion, and the Board voted unanimously by roll call to approve the motion.

E. DeRosa stated she expected the invoices would be sent to the post office on December 20th.

Loss Ratio Report for 2006 and Premium Refunds

E. DeRosa reported Neil Vance prepared a preliminary SEH loss ratio report for 2006, which showed an average loss ratio of 81.8%, slightly up from the prior year. E. DeRosa said N. Vance indicated all refund plans had been approved, but he had not received confirmation that all refunds have been paid, but the timeframe (45 days from approval) has not elapsed yet. E. DeRosa said N. Vance requested Board members forward questions about the preliminary report to him or E. DeRosa, as these will help him to finalize the report.

In response to questions from Board members, E. DeRosa reminded them that carriers must meet the 75% loss ratio by line of business (standard and nonstandard), aggregated within a company. However, HMO and indemnity business must meet the 75% loss ratio separately, even for affiliated carriers. Carriers actually issuing refunds be doing so for one line of business. In response to a question from a Board member, E. DeRosa clarified that the refunds referred to in N. Vance's preliminary report are owed for 2006 and not paid until 2007 or maybe 2008. The refunds referred to in the FY2008 administrative assessment worksheet were actually paid in 2006.

VI. Executive Session

E. DeRosa announced that the Board would need to move into Executive Session to discuss executive session minutes, and certain vendor contracting issues. She stated she did not anticipate the Board would engage in any additional action upon its return to open public session.

C. Stearns made a motion to move the Board meeting into Executive Session. B. Manning seconded the motion, and the Board voted by roll call in favor of moving into Executive Session. [Note: D. Vanderhoof was unavailable during this vote.]

[Executive session from 10:25 A.M. through 10:33 A.M.]

VII. Report of the FAC (2)

E. DeRosa reported the FAC met with McEnerney Brady & Company, LLC (MBC) as required by Executive Order 122 (McGreevey), which requires a governing body's audit committee to oversee the conduct of an audit of the program. Following the meeting with MBC, the FAC concluded MBC had performed an acceptable audit. E. DeRosa noted MBC will make some modifications to the reports based on more current information, but the final bound copies of the audit reports should be available soon.

VIII. Public Comments

Another opportunity was presented for public comments. None were offered.

IX. Close of Meeting

J. Kalosy offered a motion to adjourn the Board meeting. T. Collins seconded the motion, and the Board voted unanimously by roll call in favor of the motion.

[The meeting adjourned at 10:35 A.M.]