

**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  
August 31, 2005**

**Members participating via telephone:** Tom Collins; Gary Cupo; Darrel Farkus (United); John Foley (CIGNA); Margaret Koller; Ulysses Lee (Guardian); Mary McClure (Aetna); Jim Stenger; Christine Stearns; Mike Torrese (Horizon); Joseph Tricarico, Jr. (DOHSS); and Dutch Vanderhoof.

**Members participating in-person:** Vicki Mangiaracina (DOBI).

**Others participating:** DAG Karyn Gordon (DOL); Wardell Sanders, Executive Director.

**I. Call to Order**

W. Sanders called the meeting to order at 10:03 a.m. He 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. W. Sanders took roll call. A quorum was present.

W. Sanders asked that Board members identify themselves when speaking.

**II. Staff Report**

*Expense Report*

**G. Cupo offered a motion to approve the payment of the expenses specified on the August 2005 expense report. V. Mangiaracina seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.**

*Fund Transfer*

W. Sanders presented a memo from Rosaria Lenox, the Program Accountant, recommending a transfer of \$100,000 from the Board’s Wachovia account to the DOBI to cover staff salaries.

**D. Vanderhoof made a motion to accept the recommendation to transfer \$100,000 from the Board’s Wachovia account to the DOBI for staff salaries. M. Torrese seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.**

*Executive Order No. 41 and No. 122*

W. Sanders reported that Executive Order NO. 41 required him to complete certifications of compliance with various executive orders. One certification required compliance with E.O. 122, an order relating to the auditing of state boards. He noted that the key features of E.O.122 are to ensure independence regarding the selection of an auditor, to ensure Board oversight of the auditor (i.e., not staff oversight), and to ensure independence with respect to the relationship between the audit committee and a board's staff. He referred to his certification regarding E.O. 122, and noted that he could not certify to all elements of the order at this time. He noted that he had requested collection of additional information from Finance and Operations Committee members to determine whether independence standards have been met, as that Committee was charged with overseeing audit functions in the Board's Plan of Operations.

W. Sanders reported that in the process of doing this a number of questions arose from Committee members. He reminded the Board that the Board's regulations require the Board to develop financial statements on an annual basis, which then must be audited. He reported that Rosaria Lenox, who had filled the accounting position which had remained vacant for a nearly two-year period after a layoff, was nearly up-to-date with respect to the completion of the financial statements. W. Sanders reported that he would call the Finance and Operations Committee together to address compliance issues on E.O.122, and to develop an RFP for auditing services.

*Draft Rule Adoption on State Continuation*

W. Sanders presented a draft rule adoption on State continuation. It included draft responses to comments received from Horizon and HealthNet. He noted that if the Board voted to adopt the draft, staff would develop a bulletin to address implementation issues.

**J. Stenger made a motion to approve the draft rule adoption. V. Mangiaracina seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.**

**III. Close of Meeting**

**V. Mangiaracina offered a motion to adjourn the Board meeting. T. Collins seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.**

*[The meeting adjourned at 10:20 a.m.]*