

**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**  
**December 10, 2013**

**Directors present in person:** Neil Sullivan (DOBI)

**Directors participating by phone:** Sandi Kelly (Horizon); Lisa Levine (United); Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna)

**Others participating:** Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Eleanor Heck, Deputy Attorney General.

**I. Call to Order**

E. DeRosa called the meeting to order at 10:05 A.M. She announced that notice of the meeting had been published in two newspapers of general circulation and posted at the Department of Banking and Insurance (“DOBI”), the DOBI website, the Office of the Secretary of State and submitted to the State House Press Corps, in accordance with the Open Public Meetings Act. A quorum was present. She stated that votes would be by roll call because most Board members were participating by phone.

**II. Minutes – November 12, 2013**

**T. Taliaferro made a motion, seconded by M. Taylor, to approve the minutes of November 12th without amendment. By roll call vote, the motion carried.**

**III. Staff Report**

*Expense Report and Transfer of Funds*

E. DeRosa stated that the Board has expenses totaling \$27,499.02 on the December expense report, with about \$11,300 being owed to Withum Smith+Brown for program audit costs, about \$10,700 being owed to the Small Employer Health Benefits (SEH) Program as contribution towards salaries and fringe, and about \$5,500 owed to the Division of Law for actual charges for the 1<sup>st</sup> quarter of fiscal year 2014. She stated that the Board would need to approve transfer of \$27,500 from its Money Market account to its Checking account, if the Board approved payment of all of the expenses on the December expense report.

**M. Taylor made a motion, seconded by S. Kelly, to approve payment of the expenses, and to approve the transfer of \$27,500 from the Board’s Wells Fargo Money Market account to its Wells Fargo Checking account in order to make the payments. By roll call vote, the motion carried.**

#### **IV. DOBI Summary of the 2012 Loss Ratio Reports (a.k.a. Exhibit J Reports)**

Neil Vance (of the DOBI) provided a written and oral summary of the Exhibit J's filed by carriers in August 2013 for calendar year 2012 business. He noted the following:

- The IHC market had premiums of \$686.7 million – an increase of \$60 million over 2011
- The IHC market had claims of \$592 million – an increase of about \$44 million over 2011
- The IHC market loss ratio was 87.6%, which is somewhat lower than in 2011
- Horizon and Celtic reported loss ratios of less than 80%, and thus, owed refunds to meet the 80% loss ratio requirement

Upon questioning, N. Vance confirmed that Celtic continued to have one policy in force, which is being non-renewed as of the end of 2013, but would be included in the report for calendar year 2013. He pointed out that the loss ratio reports for calendar year 2013 will be the last reports prior to full implementation of the federal ACA; whereas, the reports for calendar year 2014 (which will not be submitted until August of 2015) will capture information about all new plans and will include information about a new carrier, and certain changes to the rating requirements.

#### **V. Report of the Legal Committee**

E. DeRosa reported that she had forwarded the question raised by the Board regarding reporting of premium on Exhibit K to the Legal Committee. She noted that, based on the conversation at the November meeting, staff assumed the underlying question was whether carriers should continue to report all premiums on the Exhibit K for assessment purposes, or exclude premiums that are subsidized through advanced premium tax credits. She stated that the Legal Committee considered those circumstances in which premium has been excluded (for example, Medicare Advantage and Federal Employee Health Benefits Plan premium), and found that federal law provided for the exclusion in those instances, preempting application of the state law. The Legal Committee found nothing in the language of the ACA that preempts premiums paid for plans offered on an Exchange from being included within a fee or tax assessment calculation, regardless of source of payment of the premium.

S. Kelly asked whether other reporting requirements still stand, such as the Certification of Compliance form. E. DeRosa stated that the Certification of Compliance is a DOBI form that has not as yet been changed, and which probably will continue to be required although some modifications might be warranted. She noted that Exhibit H, which required carriers to report to the Board when the carrier begins offering a plan in the IHC market has been eliminated, because the information is otherwise available.

#### **VI. Close of Meeting**

**M. Taylor made a motion, seconded by L. Levine, to adjourn the meeting. By roll call vote, the motion carried.**

*[The meeting adjourned at 10:25 A.M.]*