

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 13, 2016

Directors participating: Sandi Kelly (Horizon); Lisa Levine (United/Oxford); Tom Pownall (Aetna); Brendan Peppard (DOBI); Tony Taliaferro (AmeriHealth – *joined at 10:15*)

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. E. DeRosa announced that notice of the meeting had been published in three newspapers of general circulation and posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, at 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 voting would be by roll call because some directors were participating by phone.

II. Review of Minutes – *November 9, 2016 Open and Executive Session*

T. Pownall made a motion, seconded by B. Peppard, to approve the minutes of the open session of the meeting of November 9, 2016, with amendments. By roll call vote, the motion carried.

There being no comments regarding the Executive Session minutes:

S. Kelly made a motion, seconded by B. Peppard, to approve the minutes of the executive session of the meeting of November 9, 2016. By roll call vote, the motion carried.

III. Report of Staff

Expense Report

R. Lenox presented the expense report for December, totaling \$26,387.98. She explained the Board received invoices from the Courier Post for notice of 2017 meetings, from the Division of Law for legal services, and from WithumSmith+Brown for 2016 audit costs, and in addition, incurred expenses for salaries and fringe. R. Lenox explained that the Board would need to transfer \$26,400 from its Money Market account to its checking account to pay the expenses, if approved.

B. Peppard made a motion, seconded by S. Kelly, to approve payment of the expenses reported, and the transfer of \$26,400 from the Board’s Wells Fargo Money Market account to its Wells Fargo checking account to pay the operating expenses. By roll call vote, the motion carried.

IV. Report of the Operations and Audit Committee (OAC) – 1997/1998 Final Reconciliation, Release of Funds to Time Ins. Co.

Final Reconciliation

R. Lenox reported that the OAC met to go over data related to the final reconciliation of the losses for 1997/1998. She explained that she still has work to do on the data before presenting the final reconciliation to the Board, including the allocation of interest earned, and determination of the status of some of the companies that were members in 1997/1998 relative to 2016, but wanted the OAC to begin considering the information and approach. She noted the Technical Advisory Committee (TAC) would also review the final reconciliation with the expectation that TAC will have a recommendation for the Board's January meeting. She clarified that invoices for the 1997/1998 and 1999/2000 reconciliations would be distributed independently of one another. E. DeRosa explained that the 1999/2000 reconciliation is less complex and can be performed more quickly because the methodology was set, and the interim reconciliations were less complicated, plus the investigation of the status of carriers will have already been done.

R. Lenox confirmed that the Board needs to collect assessments prior to making any reimbursements on the remaining balances on net paid losses for the 1997/1998 period.

Release of SIBA-held funds

E. DeRosa explained that, while audits were ongoing, the Board advanced funds or applied credits against assessments to those carriers that reported reimbursable losses, to an amount not exceeding 80% of the reported loss. She further explained that when Time Insurance Company (Time) became uncooperative, the Board issued an order requiring Time to return the monies that had been advanced to it, which Time did, with the parties agreeing the Board would place the funds in a segregated interest-bearing account (SIBA) pending conclusion of the audit. She clarified that Time remitted about \$2.6M in 2008 with respect to the 1997/1998 and 1999/2000 calculation periods in total, and that with \$90,000 in interest, the SIBA holds nearly \$2.7M now. She stated the OAC met to discuss the release of the total amount held in the SIBA, and took note that otherwise similarly situated carriers had access to their partial reimbursements and any interest that may have accrued on those funds. She reported that the OAC recommended the Board release the total amount in the SIBA to Time.

The Board requested clarification that the period for appeal of the Board's order issued in November had elapsed, and E. DeRosa confirmed that it had, and that Time's counsel had been in contact with staff acknowledging receipt of the order, and requesting release of the funds held in the SIBA.

S. Kelly made a motion, seconded by B. Peppard, to release any and all monies held in the separate interest-bearing account established by orders of the Board (AO08-IHC-01 and AO08-IHC-04) on behalf of Time Insurance Company for the purpose of returning payments previously made towards partial reimbursement of Time's net paid losses, which monies – not including the interest thereon – shall be credited against the total amount of reimbursable losses owed to Time as set forth in AO16-IHC-01 with respect to determining

the balance of reimbursable losses due to Time in the final reconciliation of the 1997/1998 and 1999/2000 loss assessments. By roll call vote, the motion carried.

V. Close of meeting

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

[The meeting ended at 10:20 A.M.]