

**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  
JANUARY 13, 2009**

**Directors participating:** Darrel Farkus (United – *by phone*); Sandi Kelly (Horizon – *by phone*); Ulysses Lee (Guardian – *by phone*); Christine Stearns (*by phone*); Gale Simon (DOBI); Mary Taylor (Aetna Health Inc. – *by phone*); Lisa Yourman (*by phone*)

**Others present:** Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Accountant; Vicki Mangiaracina, DAG (*by phone*).

**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 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. Upon roll call, it was determined a quorum was present. She indicated all votes would be by roll call.

**II. Minutes – December 9 and December 19, 2008**

**M. Taylor made a motion, seconded by C. Stearns, to adopt the minutes of the December 9, 2008 meeting, with amendments. The Board voted in favor of the motion, with S. Kelly and L. Yourman abstaining.**

**U. Lee made a motion, seconded by D. Farkus, to adopt the minutes of the December 19, 2008 meeting, with amendments. The Board voted in favor of the motion, with C. Stearns and L. Yourman abstaining.**

**III. Staff Report**

*Rule Adoption*

E. DeRosa reminded the Board that it had agreed upon adoption to try to add a definition of “specialist” to the Plan A/50 – D forms and amend the HMO plan to copy the definition of “specialist” proposed by the Department in amendments to N.J.A.C. 11:22-5, published in the *New Jersey Register* on December 15, 2008. She reported that the Office of Administrative Law (OAL) had not allowed the amendment upon adoption. She explained OAL had determined that, because the DOBI definition was merely proposed, the Board’s attempt to anticipate a subsequent adoption would result in a substantive amendment necessitating reproposal. E. DeRosa said she removed the amendment from the notice of adoption. E. DeRosa stated that OAL permitted addition of the definition of “specialist” in the A/50 through D form consistent with the definition already in the HMO form because the regulated community had previously had an

opportunity to comment on that definition. She noted the Compliance and Variability Rider is unaffected by the “specialist” issue.

*Expense Report*

R. Lenox presented the January Expense report, totaling \$78,130.14, which includes costs for the administrative audits, and costs related to the planning stage for loss audits.

**L. Yourman made a motion, seconded by M. Taylor, to approve the payment of the expenses on the January expense report. The Board voted unanimously in favor of the motion.**

*Transfer of funds*

R. Lenox stated that, with the payment of the January expenses, the funds in the Wachovia checking account will be approximately \$150,000 below the \$240,000 amount the Board previously agreed to keep in the Wachovia account. She suggested the Board approve transfer of \$150,000 from the DOBI accounts to the Wachovia checking account for the payment of future various expenses.

**D. Farkus made a motion, seconded by M. Taylor, to transfer \$150,000 from the IHC Board’s funds held by the Department to the Board’s checking account at Wachovia. The Board voted unanimously in favor of the motion.**

*Administrative Audits*

R. Lenox commented that Withum, Smith + Brown had billed the Board approximately \$128,000 thus far for performance of the administrative audits, which is significantly below what the Board had budgeted for such audits.

**IV. New Business**

*New Regulatory Activity*

E. DeRosa reported that “Grace’s Law” (Senate bill 467, P.L. 2008, c. 126) was signed at the end of the December. She briefly noted the bill requires carriers to cover costs for hearing aids for children, and stated it would be necessary to amend the plans to specify coverage for the mandate. She stated that the proposal could also include the DOBI specialist definition, if DOBI has adopted the regulation by the time the Board is ready to propose the amendments to comply with Grace’s Law.

She reported she had received questions on the applicability of Grace’s Law to the B&E Plan as well as to Plan A/50, and that she believed Grace’s law applied to neither, based on statutory language regarding the basic IHC plan and the basic & essential plan.

*NY—UnitedHealthCare Settlement regarding Ingenix*

E. DeRosa reported that a settlement had been reached between the New York Attorney General and UnitedHealthCare regarding Ingenix and the Prevailing Health Charges System (PHCS) (and Medical Data Research database). D. Farkus confirmed that the settlement requires UnitedHealthCare to provide \$50 million to an independent

organization to create a database. He noted there was no admission of any specific problem with the databases. G. Simon stated DOBI is taking no position on the settlement or whether there is an impact on the use of the PHCS by carriers in New Jersey at this time, noting that the settlement does not prohibit the continued use of the PHCS prior to development of the new database. There was agreement that the Board should consider again whether to move away from the PHCS, but that doing so remains a public policy issue, and is not required by virtue of the New York settlement.

**V. Report of the Operations and Audit Committee (OAC)**

M. Taylor provided information about the auditor's report and findings provided to the OAC. She stated the auditors had noted one significant deficiency in the Board's control system – that being a failure to have a stated investment policy. She noted the auditors indicated the policy need not be elaborate or detailed, but should set forth the Board's philosophy and general process. She stated there were less significant deficiencies in controls arising almost exclusively as a result of having such a small staff, which hampers certain oversight activity, and some suggestions for revising the financial statements, but otherwise, the auditors were quite complimentary, particularly to R. Lenox. It was noted the audit reports are not yet final, but will be sent to the Board when they are finalized.

Upon discussion, the Board requested that staff develop a draft investment policy for the OAC's consideration and further recommendation.

**IV. Close of Meeting**

**L. Yourman offered a motion to close the meeting, seconded by M. Taylor. The Board voted unanimously in favor of the motion.**

*The meeting adjourned at 10:45 A.M.*