

FINAL
MINUTES OF THE OPEN SESSION 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
September 17, 2014

Members participating: Herbert Ames; Charles Cerniglia (Oxford); Gary Cupo; Margaret Koller; Mary Ellen Peppard; Nicholas Peterson (Horizon); Thomas Pownall (Aetna Health Inc.); Gale Simon (DOBI); Tony Taliaferro (AmeriHealth); Dutch Vanderhoof.

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Program Accountant; Eleanor Heck, Deputy Attorney General.

I. Call to Order

E. DeRosa called the meeting to order at 10:03 A.M. E. DeRosa announced that notice of the meeting was provided to three newspapers and the State House Press Corps, 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. Following a roll call, she determined there was a quorum present, and stated that all votes would be by roll call because many of the Board members were participating by phone.

II. Public Comment

There were no public comments.

III. Minutes – August 20, 2014

D. Vanderhoof made a motion, seconded by M. Koller, to approve the minutes of August 20, 2014. By roll call vote, the motion carried.

IV. Staff Report

E. DeRosa noted that there were no expenses to report, and that other issues would be dealt with under the report of the Finance and Operations Committee.

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

Management’s Discussion and Analysis (MDA) report and 4th Quarter Financials

R. Lenox presented the MDA report regarding the financial performance of the SEH Program for the fiscal year ended June 30, 2014. She noted the following:

- The Board assessed carriers \$306,270 based on budgeted expenses for FY 2015, while approving final reconciliations for the FY12 and FY13 administrative expenses, which resulted in additional invoices of about \$40,000 and refunds of about \$47,000.
- The Board’s assets and liabilities decreased nearly \$90,000 mainly due to a decrease in cash because of payment of both FY13 and FY14 fringe benefits in fiscal year 2014.

- The Board's total expenses decreased by nearly \$33,000 from 2013 to 2014 primarily due to a decrease in salaries and fringe because of a temporary loss of staff.
- Salaries and fringe accounted for 89.7% of total expenditures in FY2014, as compared to being 89.8% for FY13.

R. Lenox went on to discuss the year-end financial statements FY14, including the: Statement of Net Assets, Statement of Changes in Net Assets, Statement of Cash Flows, and Comparison of Budget to Actual Expenses. She noted that an unexpected expense had been the cost of hiring temporary help, due to loss of a staff person, but that the budget to actual expenses was favorable for the Board by \$22,500. She stated that she is projecting fringe at 51%. There was brief discussion about how the expenses shared by the Board with the Individual Health Coverage Program Board of Directors (IHC Board) are allocated (typically, 50-50), and whether the allocation should be reconsidered at some point in the future.

Audit Contract

C. McDevitt explained that, following a review of the bid submitted in response to the Board's RFP for audit services, the Joint Evaluation Committee, established in accordance with Executive Order 122 (McGreevey, 2004), found the bid to be complete and reasonable, and recommended that the FAC accept the bid. She explained that the FAC found no reason to reject or amend the Joint Evaluation Committee's recommendation, and thus, recommended that the Board seek to engage WithumSmith+Brown for the terms set forth in the RFP. She noted that the IHC Board, following the recommendation of its Operations and Audit Committee, had already agreed to engage WithumSmith+Brown upon concurrence by the SEH Board.

G. Simon made a motion, seconded by M. Koller, to engage WithumSmith+Brown jointly with the Individual Health Coverage Program Board, for three years with an option to extend the contract for an additional two years, as set forth in the RFP. In voting by roll call, the motion carried.

VI. Annual Meeting – Elections and Committee Constitution

E. DeRosa reminded Board members that this meeting was designated as the annual meeting, and that the Board usually elects officers and reconstitutes its committees during the annual meeting. She stated that, with respect to the Committees, although the Board has four standing committees, only two are particularly active, and suggested that the Board take action to fill the seats on the two active committees, and leave the other two vacant until such time as the Board determines it necessary to refer an issue to one of those committees.

G. Cupo made a motion, seconded by T. Pownall, to continue the Chair and Vice Chair, that being Tony Taliaferro and Margaret Koller, respectively, until the next annual meeting. By roll call vote, the motion carried.

T. Taliaferro made a motion, seconded by D. Vanderhoof, to continue the composition of the Legal Committee, and the composition of the Finance and Audit Committee, as they are currently composed. By roll call vote, the motion carried.

Accordingly, the committees are composed thus:

Legal: Aetna, AmeriHealth, DOBI, Horizon, C. Stearns, D. Vanderhoof

Finance & Audit Committee: AmeriHealth, DOBI, Horizon, H. Ames, M. Koller, Oxford

VII. Public Comment

There were no public comments.

VIII. Close of Meeting

G. Simon made a motion, seconded by T. Pownall, to adjourn the meeting. By roll call vote, the motion carried.

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