

**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
October 25, 2006**

Members participating by phone: Wilson Beebe (arrived at 10:07 a.m.); Thomas Collins (arrived at 10:20 a.m.); Gary Cupo; John Foley (CIGNA); Dr. Raj Gupta; Kristen Jarosz (Horizon); Jack Kalosy (HealthNet); Margaret Koller; Ulysses Lee (Guardian); Christine Stearns; James Stenger; Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna Health Inc.); Dr. Joseph Tricarico (DOHSS); Dutch Vanderhoof (arrived at 10:07 a.m.).

Members participating from Trenton: Robert Benkert (United) (arrived at 10:10 a.m.); Gale Simon (DOBI).

Others participating: Ellen DeRosa, Executive Director; Rosaria Lenox, CPA, Program Accountant; DAG Vicki Mangiaracina (DOL).

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. E. DeRosa took roll call. A quorum was present. Since some members were participating by phone, she asked Board members to identify themselves when speaking.

II. Public Comments

No members of the public addressed the Board.

III. Minutes

September 20, 2006

G. Simon offered a motion to approve the minutes of the Open Session of the September 20, 2006 Board meeting. M. Koller seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

IV. Staff Report

Expense Report

M. Taylor offered a motion to approve the payment of the expenses specified on the October 2006 expense report. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

2007 Meeting Schedule

E. DeRosa said the 2007 meeting schedule was finalized and notice would be provided as required under the Open Public Meetings Act. The only change as compared to the draft schedule the Board considered during the September meeting was to designate the September 2007 meeting as the annual meeting.

V. Report of the Finance and Audit Committee

Administrative Assessment for FY 2007

E. DeRosa reminded the Board that they voted to approve the FY07 budget during the September Board meeting. Based on that budget, R. Lenox prepared the administrative assessment. E. DeRosa noted that the net earned premium used for Trustmark is the amount reported on Exhibit CC which is significantly lower than the amount reported on the loss ratio report. The difference is due to a minimum premium arrangement and how premiums for minimum premium plans are reported.

G. Simon offered a motion to issue invoices to bill for the 2007 administrative assessment. J. Stenger seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion. [W. Beebe and U. Lee were not on the call for this vote.]

Rating Territories

E. DeRosa said the Finance and Audit Committee considered a carrier's suggestion to revise the placement of several counties in the rating territories and recommended that no change be made, noting that what might be advantageous to one carrier may not be to another and that reaching carrier consensus as to which counties to move would be difficult.

M. Taylor explained that Aetna suggested the revisions based on where members go for care. After some discussion, the Board agreed that the Finance and Audit Committee should identify the principles that were used in the establishment of the existing rating territories and if those principles require revision, should state what principles should be used to determine how the counties should be placed within the six rating territories.

VI. Public Comments

Michael Minghenelli of Orion Benefits Group commented on the discussion of rating territories and suggested that the Board consider the locations of centers of excellence as locations for significant claims experience.

Neil Shapiro of Core Benefit Solutions asked the Board to comment on the recent action by Transamerica to stop selling the TransConnect product in New Jersey. He said he had been selling the product in New Jersey for about three years. E. DeRosa noted that the TransConnect product was not approved for sale to New Jersey employers and in fact had been specifically disapproved.

M. Minghenelli echoed N. Shapiro's concerns that the product was no longer being marketed.

N. Shapiro provided a copy of materials describing an AARP plan that he claimed was similar to the TransConnect plan.

VII. Executive Session Minutes

M. Taylor offered a motion to approve the Executive Session minutes from the September 20, 2006 Board meeting. M. Koller seconded the motion. By roll call vote the Board voted unanimously in favor the motion. [W. Beebe and U. Lee were not on the call for this vote.]

VIII. Plan Design

J. Stenger asked whether small employer carriers may sell an EPO product. He noted the success with the B&E plan in the individual market. E. DeRosa explained that the law that requires individual carriers to market the B&E plan contains a provision addressing small employer carriers and permits the sale of EPO plans in the small employer market. G. Simon noted that EPO plans cannot be sold in the large employer market.

J. Foley expressed interest in exploring EPO plans in the SEH market. E. DeRosa explained that carriers cannot develop a plan type by rider, which means that if the Board were to agree it wants an EPO option, an EPO design would have to be proposed and adopted as part of the standard B-E plans.

IX. Close of Meeting

J. Stenger 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. [Dr. Gupta, W. Beebe and U. Lee were not on the call for the vote.]

[The meeting adjourned at 11:00 a.m.]