

FINAL
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
March 18, 2020

Members participating: Herb Ames; Natalie Bernardi (Cigna); Chrissy Buteas; Gary Cupo; Philip Gennace (DOBI); Laura Gunn; Margaret Koller; Taylor Kopelan (Horizon); Robert Morrow (Oxford); Thomas Pownall (Aetna); Tony Taliaferro (AmeriHealth).

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Financial Manager; Jeff Posta, 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 was provided to three newspapers of general circulation and the State House Press Corps, and posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, and at 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 some of the Board members were participating by phone.

II. Public Comments

There was no public present.

E. DeRosa noted that State offices are still open, but that if State offices close, staff will comply with the New Jersey Open Public Meetings Act¹ by providing notice of the availability of a telephone number for the public to call to listen in on regularly scheduled meetings, and additional meetings as they arise.

III. Review of Minutes of February 19, 2020

L. Gunn made a motion, seconded by M. Kohler, to approve the minutes of the meeting of February 19, 2020, without amendment. By roll call vote, the motion carried, with R. Morrow abstaining.

IV. Staff Report – Expenses; Enrollment Data

Expenses

R. Lenox briefly discussed the expenses for February, totaling \$3,742.50, which include her subscription for continuing education requirements, charges from WithumSmith+Brown with respect to fiscal year 2019 program audit costs, and charges from the Division of Law. She stated

¹ N.J.S.A. 10:4-6 to -21

that the Board would need to transfer \$3,800 from its Money Market account to its checking account to pay the expenses, if approved.

H. Ames made a motion, seconded by N. Bernardi, to approve payment of the expenses presented, and the transfer of \$3,800 from the Board's Wells Fargo Money Market account to the Board's checking account with Wells Fargo to pay the expenses. By roll call vote, the motion carried.

Enrollment Data

E. DeRosa stated that she thought Board members would be interested in seeing the 4Q20 enrollment data, which has not yet been posted to the website. She noted the following:

- 4Q20 enrollment, at just under 309,000, continues what has been a steady decline since the SEH market's peak enrollment in 2005 at about 921,000 lives²
- Enrollment in the SEH and the IHC markets are now roughly equal, and may remain similar during the 2020 plan year, because the IHC enrollment pattern since implementation of the ACA has included a "spike" in the first quarter of a plan year followed by declines in the remaining three quarters of the plan year
- Drop in enrollment since the peak in 2005 has been about 65%; quarter-over-quarter declines have been variable, with some of the largest occurring during recessions (particularly that precipitated by the 2008 financial crisis), and then with the change in the definition of small employer to conform with HIPAA's definition upon implementation of the ACA
- There are still some transitional policies, and the lives covered under those contracts are included in the enrollment count

Several Board members observed that small employers are still obtaining coverage, but increasingly through alternate sources, such as multiple employer welfare arrangements (MEWAs), Professional Employer Organizations (PEOs), and "level-funding" self-funded plans.

The Board agreed that it should seek to:

1. Confirm the different options available to small employers to provide health benefits for their employees and themselves, and the stability of these alternative programs;
2. Gather any potentially available data regarding enrollment in the various alternative programs;
3. Study the potential impact on the insured market as insurance has transitioned from being the dominant mechanism for small employers to finance/obtain coverage for health care services for themselves and their employees to a much less dominant mechanism;
4. Determine, if possible, what needs the alternative models are filling for small employers and/or their employees; and
5. Determine what the impact on access to health care services may be.

² The SEH Board began tracking enrollment in 4Q94.

Carrier Board members that offer alternative models (including but not limited to, coverage offered to MEWAs, coverage to PEOs, and level-funded products) were asked to send small employer enrollment data for their alternative models to E. DeRosa prior to the May meeting. It was also suggested that any Board members with ideas about options to make the SEH Program offerings more viable submit such ideas as well to E. DeRosa.

V. Issues arising from the COVID-19 situation

P. Gennace stated that the State is trying to provide guidance to various constituencies with DOBI coordinating the effort on messaging regarding insurance issues. E. DeRosa noted she has received multiple inquiries, and assumes that carriers have been receiving similar questions; she stated that the technically correct responses may result in less than optimal consequences under the current circumstances, and that permitted suspension or relaxation of certain requirements by all carriers may be more appropriate for a period of time.

Discussion ensued regarding the possibility of an extended grace period, and acceptance of partial payment of premiums. There was also a question of whether participation requirements could be waived or relaxed. Carrier Board members acknowledged that some form of these discussions is being had internally, and because they are already following State guidelines on other issues, carriers understand that some latitude may be necessary; for example, one Board member stated that the company was considering waiving/postponing census audits of employers upon renewal for a period of time.

However, carrier Board members noted that carriers also need to have some viable options to collect premiums to the greatest extent possible. It was noted that even if the Federal government enacts stimulus packages that provide small employers with access to funding, cash-strapped small employers may use funds for expenses other than health insurance premiums. A carrier stated that their models are suggesting that as many as 65% of small employers will be unable to pay required health insurance premiums at some point within the coming months.

Small employer Board members all agreed that they are hearing from their constituencies and colleagues about an inability to continue to pay health insurance premiums, and many are laying off employees – or will soon – so that employees can apply for unemployment insurance and continuation coverage.

Board members were directed to submit suggestions and questions to E. DeRosa, and she stated that she would contact Board members about having an additional meeting before the regularly scheduled April 15 meeting, if necessary.

VI. Public Comments

There was no public present.

VII. Close of Meeting

T. Taliaferro made a motion, seconded by M. Koller, to close the meeting. By roll call vote, the motion carried.

[The meeting adjourned at 11:00 A.M.]