

Amended

Small Employer Health Excess
Insurance Coverage Program ("SEH")
Election Meeting, February 24, 1993,
Trenton, New Jersey, New Jersey
Department of Insurance

1. Call to Order and Introduction

Commissioner Fortunato called the meeting to order at 10:10 AM. The meeting was attended by approximately sixty persons; the list of attendees is maintained in the records of the Department of Insurance. The Commissioner indicated compliance with statutory deadlines and with the Open Public Meetings Act, including publication of meeting notices in 17 newspapers and with media. He then announced that the objective of the meeting was the election of seven public members of the SEH Board, in accordance with the notice distributed to all Program members. He indicated that all members are eligible to cast one vote, in person or by proxy.

Commissioner Fortunato further stated that, following election of public members, the SEH Board will hold an initial meeting to establish initial Rules of Order (pending adoption of Plan of Operation), meeting schedules and committees for the completion of statutory duties, particularly the development of five standard products for which the statutory deadline is 90 days (May 27, 1993).

The Commissioner designated L. Moskowitz, Special Deputy Commissioner, as the representative of the New Jersey Department of Insurance on the SEH Board. Dr. Bruce Siegel, Commissioner of Health, designated Deputy Commissioner, G. Goodrich as the DOH designee, to be assisted by N. Featherstone.

Commissioner Fortunato then introduced state government representatives attending the meeting as follows: L. Moskowitz, B. Pryor-Waugh, V. Mason, B. Vehec, P. Thaxton (NJDOI), C. MacDevit, V. Bheinner, K. O'Leary (NJLPS), B. Siegel, N. Featherstone, G. Goodrich (NJDOH); L. Purola, representative of State Senate.

Commissioner Fortunato introduced Commissioner of Health, Dr. Bruce Siegel, who remarked that the five standard packages will have an impact on the work of the newly created N.J. Essential Health Services Commission, which must develop a program for affordable health care coverage. He mentioned the excessive cost of health care and lack of coverage as critical public policy concerns, and emphasized that well child care and other preventive activities are indispensable public health measures. Commissioner Fortunato concurred with Commissioner Siegel's assessment and described the

potential for achievement by the SEH Program of nationally notable goals.

2. Election of Public Members

Commissioner Fortunato then proceeded to the election of seven public members, in accordance with statutory requirements. NJDOI staff distributed ballots while the Commissioner summarized the rules for votes, which were annexed to the ballots distributed at the meeting. (Annex A)

No questions having occurred, representatives of the NJDOI collected the ballots, and left the room to count the ballots and proxies.

During the counting of ballots, Commissioner Fortunato read the charge to the SEH Board, prepared by NJDOI. (Annex B) The charge was distributed to attendees. Commissioner Fortunato highlighted the following categories for the plan of operation:

1. standards for small employer group health products and market operations.
2. assessment criteria and amounts.
3. efficiency standards and reporting requirements.
4. daily functioning, including powers and duties of administering carrier.

Contemporaneously, the SEH Board must design products, benefit levels, deductibles, copayments, exclusions for the following products:

1. BASIC coverage.
2. Health maintenance organization coverage (Federally qualified).
3. Three major medical coverages with varying lifetime aggregates.

3. Election Results Announced

Commissioner Fortunato announced the election results, in accordance with the categories of the ballot:

- A. Guardian and Travelers
- B. Prudential
- C. BCBSNJ
- D. HIP/RCHP
- E. Aetna
- F. Chubb
- G. Maureen Lopes, Melanie Willoughby

Commissioner Fortunato then invited representatives of the public members of the Board to sit at the head table.

4. Adjournment

At 10:45 AM the election meeting was adjourned. Commissioner Fortunato and Dr. Siegel left the room, and were replaced by their designated representatives.

The initial organizational meeting of the SEH Board commenced forthwith.

Minutes of the Organization Meeting
of the SEH Board, Trenton, New
Jersey, February 24, 1993

1. Call to Order

Special Deputy Commissioner Moskowitz temporarily assumed the chair, and called the meeting to order at 10:45 AM. He requested the representatives of each public member to identify themselves as follows: B. Quigley (Travelers), J. Flowers (Chubb), J. Bellingham (BCBSNJ), V. Wicks (HIP/RCHP), A. Bossi (Prudential), P. Hutchings (Guardian), K. Brown (Aetna) - (J. Gillbrough - temporary), L. Moskowitz (DOI), G. Goodrich (DOH), M. Lopes (NJBIA), M. Willoughby (NJRMA)

2. Election of Chairperson

Mr. Moskowitz then requested nominations for a permanent chairperson. J. Bellingham nominated M. Lopes; J. Flowers seconded the nomination. No other nominations being presented, the Board resolved by unanimous vote to elect M. Lopes as Chairperson. M. Lopes assumed the Chair.

An initial question was raised whether the company public members could send alternate representatives. Since the election was by company, rather than by person, alternates are deemed acceptable, for public members and Department representatives. M. Lopes and M. Willoughby, having been elected in their personal capacity, may not delegate alternates.

3. Designation of Committees

Discussion occurred about the need to designate Committees to comply with the statutory deadlines for preparation of the

Plan of Operation and standard product designs.

Plan of Operation Committee

A. Bossi, P. Hutchings, B. Quigley, and L. Moskowitz volunteered to serve on the Plan of Operation Committee which was so constituted. A. Bossi was designated as Chairperson of the Committee. A. Bossi offered to prepare a draft Plan of Operation for review by the Committee at its first meeting.

Benefit Plan Design Committee

M. Willoughby was designated as Chairperson of this Committee. Benefit designs will be subject to extensive public debate and review by the Board. The Board expressed its desire to solicit the views of many groups in the benefit plan design process.

V. Bhuncies, on behalf of the Attorney General, indicated that all meetings of the SEH Board must be open public meetings. Committees may not meet in closed sessions if a majority of the Board is in attendance.

The Board commented that meetings will comply with these requirements, but some may be open deliberative meetings without comments from public attendees. M. Lopes indicated that certain Board sessions would be open for public comments.

M. Lopes requested information about the plan designs from the individual market reform act, and was informed that the Individual Health Coverage Board was not yet confirmed, so no official work had proceeded.

Discussion also occurred about whether non-Board members could serve on Committees, which was considered not to be possible. A Broker spoke in favor of the need for additional representation to assure public input.

4. Meetings

The need for an aggressive meeting schedule was noted, due to the statutory deadlines for development of the five standard products. The following schedules of meetings was adopted:

9:30 AM - Room 218, DOI - Initial meeting will be Friday, March 5, 1993 at 9:30 AM, Room 218. The agenda will be the statutorily defined Benefit Plan (BASIC and HMO); the Plan of Operation will be introduced at the first meeting and discussed at the second meeting. Thereafter, the Board will meet every Wednesday from now to May 19th. Any cancellations will be attempted to be notified in advance. Committee meetings will be held

following the Board meetings, unless otherwise agreed.

M. Lopes requested NJDOI to facilitate public notices of meetings according to planned schedule.

Newspapers for public notice were designated as the Newark Star Ledger, Trenton Times and Camden Courier-Post.

5. Staff for Board

The question of a need for staff for Committee and Board meetings was then addressed. B. Quigley indicated that other similar Boards had to hire an Administrator. Technical expertise from Departments will be available as well as from carrier Board members. L. Moskowitz volunteered that NJDOI will compile a mailing list and asked for submissions.

6. Benefit Design

M. Lopes indicated that the Benefit Plan Design Committee, and subsequently the Board, would first address the statutory defined product, i.e. BASIC and the federally qualified HMO coverage. V. Wicks volunteered to present a summary of the federally qualified HMO package at the next meeting; J. Bellingham made a similar offer for the BASIC coverage.

P. Hutchings indicated the availability of lists of mandated benefits in other states and suggested that provider definition questions will need to be addressed. He requested that Board carriers, as well as those not on the Board, should provide copies to him of their most popular policy in the small group market in New Jersey. He volunteered to analyze and coordinate the review. The Board accepted these voluntary offers and agreed to proceed in that manner.

Some discussion occurred about the federal HMO qualifications and variability of HMO offerings. This issue will be addressed by the Benefit Plan Design Committee.

Questions from the audience related to ability to offer Preferred Provider Organization ("PPO") arrangements, assumptions of variability of provisions within products, the statutory bias against traditional indemnity offerings, and definition of product to allow variations in copayments and deductible, on a determined benefit design. The need to review Federal health care reform and any future mandate benefit design must also be kept in mind.

7. Other Business

The issue of legal interpretation was raised. The Attorney General's representative will inform Board next week, whether

he can represent the Board. The need for independent counsel will then be reviewed by the Board; the need for independent counsel may exist, particularly for matters of anti-trust law regarding hearing pricing and market share information, and the extent of state action exception. Carrier Board Members will provide volunteer attorneys to draft policy forms.

P. Hutchings raised the question of the other three standard products and how many of those products will be indemnity packages. Some discussion occurred: the decision was to defer judgment until after further review.

8. Adjournment

There being no further business, the meeting was adjourned at 11:55 AM.

Respectfully submitted,



Susan Scholle Connor, Esq.
Secretary pro tem

SSC/smc
Atts.