

NEW JERSEY SMALL EMPLOYER HEALTH  
EXCESS INSURANCE PROGRAM ("SEH")  
MARCH 31, 1993 BOARD MEETING  
TRENTON, NEW JERSEY  
OFFICE OF THE DEPARTMENT OF INSURANCE  
(AS AMENDED)

I. Call to Order/Introductory Remarks

A Quorum being present, Chair Lopes called the meeting to order at approximately 9:45 A.M. A copy of the Agenda and a roster of Attendees is on record and maintained by the Department of Insurance (DOI). Minutes of the March 24, 1993 meeting were distributed. An amendment to the draft relating to deductible levels was offered and, as amended, the minutes were approved.

II. Report of Plan of Operations Subcommittee

Chair Bossi reported that the subcommittee met on March 24th after the Board meeting to review the suggestions of the Department of Insurance (DOI). It was decided to finalize the "working" draft of the Plan of Operations and distribute to the Board within the next 2 weeks. The "working" draft would be a charter to allow the Board to operate while the standing committees worked on developing the details of the Plan pertinent to their committees. The final details of the Plan would be fleshed out by the standing committees and be included in the final Plan submitted to the DOI at a later date.

III. Review of Public Record and Public Meeting Rules

A Booklet describing the Act was distributed by the Ms. Bollheimer. It outlines the requirements and it was requested that the Board review. Proposed amendments were also distributed for review. The Attorney General will notify the Board when the pending amendments are enacted. There are two items that are public record and must be held at a central location; (1) the minutes and (2) the Plan of Operations. Currently, these are held by Ms. Bossi with copies sent to the DOI.

IV. Report of the Claim Form Subcommittee

Mr. Hutchings reported on the first meeting held on March 24th after the Board Meeting. The HCFA 1500 Form was identified. This federal form is not completely suitable for insurance or state use because of missing information.

There was a lengthy discussion initiated by Mr. Moskowitz on data collection and whether the subcommittee is looking at the gathering of data to evaluate the program. Mr. Hutchings said this was not the case. They were looking at paying claims and consumer and administrative ease. This is not uniform data collection. The law does not mandate or dictate how a provider bills. Mr. Moskowitz was not entirely sure that the Board cannot go this far and wants the burden of completing the form to be on providers. Chair Lopes suggested this can be looked into further and said this may be a challenge to provider groups to work with us. Both Mr. Moskowitz and Mr. Hutchings agreed that the objective is a form as user friendly as possible to both consumers and providers. The second meeting of the subcommittee will be held after today's Board meeting.

V. Review of Proposed Legislation

Chair Lopes stated that, hopefully, there must be a Board position on the technical corrections legislation. The problems with the amendments must be determined and a consensus must be arrived at by the Board. Ms. Purola outlined the major corrections proposed. They include conforming amendments in the same language as the Individual Bill where it makes sense, clarification as to late enrollees, qualified HMO's offering only one form, hospital service corporation wraparounds, associations, effective date for renewal policies would be tied to renewal date - not January 1, 1994, out-of-state trusts and MEWAs, participation requirements, no groups of one person (considered individual) and the elimination of a time limit (prior to January 1, 1994) for submission of the five standard plans plus five riders to the Commissioner.

There was lengthy discussion of whether a plan includes deductibles. Ms. Purola stated that the legislature was not concerned with deductibles. They were concerned with richer benefits and were thinking in "cosmic terms". Ms. Purola further stated that deductibles were not considered a plan.

Riders were discussed. Mr. Moskowitz inquired whether dental coverage was intended to be a plan and that there is a problem with Dental only carriers. Ms. Purola stated that Dental, Vision and Drug would not be considered separate plans. She asked the Board to let her know what they want and it will be clarified.

Ms. Wicks asked whether a Rider is a combination of benefits. Ms. Purola stated again that the intent was to permit varying deductibles and co-insurance within a plan. The intent was to provide flexibility so that some of the plans would not be so expensive.

Ms. Lopes focused on areas of controversy in the amendments. There was discussion of the problem of federally qualified HMOs issuing indemnity plans and again on too many varying deductibles.

Ms. Wicks raised the concern that if too many varying deductibles were offered, the HMO market would be put at high risk. She stated there should be meaningful competition based on price and quality, not on differing deductibles and co-pays. Ms. Bossi stated that her concern that if there were too many deductibles, it would not be a level playing field.

There was discussion about granting an exemption to one association. This could be dangerous because it is broad and can be construed to cover those associations not intended for the specific exemption (eg. ABA, AMA). Mr. Hutchings raised the concern of occupational rating being back doored by exempting these associations from open enrollment. There was discussion of narrowing the provision but concern that this would hold up the Bill.

Mr. Moskowitz raised the issue of who has to offer what. Ms. Purolla stated that the Board must clarify the benefit plans and the delivery systems and get back her. The Board will clarify and let Ms. Purolla know.

Mr. Billingham raised the issue of 75% participation. He would like the actuaries to look at this. Mr. Moskowitz and Ms. Purolla stated that this was intended to bring as many people into the system as possible. Mr. Billingham wants to revisit this issue and Ms. Lopes stated that this issue is on the table.

There was discussion of out-of-state trusts. Mr. Quigley stated they should be in all the way. Ms. Purolla will find out the rationale of why the original law was changed. While more inclusions than exclusions are wanted, Mr. Hutchings suggested that we get the amendments through quickly and not slow up the process now.

## VI. Discussion of Old Business

### A. Staggered Board Terms

Chair Lopes distributed a memorandum and schedule to the Board from Mr. Meisner regarding the staggered terms for Board Members. Ms. Bossi proposed that these terms be accepted. Ms. Bollheimer stated that this should be an election by the "full" membership. Chair Lopes proposed that ballots be distributed prior to the May 12th open meeting and counted at that open meeting. There was unanimous approval.

## B. Benefit Plan Discussion

Revised copies of the decision-making framework prepared by Chair Lopes were distributed. Mr. Moskowitz discussed the process of plan design at the Individual Board Meeting. He stated that there was a parallel process and that they are looking at the HMO option very closely. They want to rationalize the HMO plan design and believe that the indemnity side is in good hands with the "SEH".

Chair Lopes distributed a "limitations" chart for medically necessary treatment. Mr. Moskowitz stated there were problems with its structure evidenced by the omission of a "Bare Bones" plan. Chair Lopes will add Bare Bones as a reference point.

There was extensive discussion on Mental Health and Drug Abuse benefits. Ms. Wicks stated that in and out-patient benefits should be separated, there should be an overall lifetime maximum with in-patient expressed in days with co-pays and out-patient expressed in dollars with copays to prevent overutilization. Mr. Hutchings suggested that the lifetime maximum move from carrier to carrier. Mr. Moskowitz concurred and stated that this information could be captured on the application so that carriers will know.

There was discussion on the amount of copays for in and out patient. The Committee noted that practitioners should be allowed to use the most effective treatment possible and favored the dollar approach.

Chair Lopes directed the discussion to arrive at a consensus as to days v. dollars for inpatient. The best way to curtail fraud and abuse in this area was discussed. Mr. Hutchings noted that in order to prevent abuse, there must either be managed mental health or a limited benefit. Mr. Goodrich noted that whatever we decide will be the floor.

A proposal was made to make the inpatient benefit \$5,000 annual, outpatient \$1,000 annual with a combined \$25,000 lifetime maximum. The discussion regarding copayments resulted in a proposal for a 25% copayment for both in and outpatient benefits. There was agreement as to these proposed benefits

Chair Lopes then directed the discussion to the question of the point on the continuum where this would be placed. Would it be the midpoint or for all the plans from the lowest to the richest option? Mr. Moskowitz suggested that the richest plan have a \$2,000 outpatient benefit. While there was agreement on the proposed benefits, there was no agreement as to where on the spectrum it would fall. This will be taken up at next week's meeting.

#### C. Letter to Legislative Leaders

The draft letter to legislative leaders regarding health insurance mandated benefit legislation was discussed. It was decided to make the letter stronger to encompass bills that have not yet been introduced, to request that everything related to mandated benefits be postponed and to request that the Board meet with the legislature to discuss the issue. Mr. Robinson moved that the letter, as amended, be approved by the Board and sent to the legislature. The motion was approved. Chair Lopes will redraft and formalize the letter.

#### VII. Close of Meeting

Chair Lopes stated that at the next meeting the Board's position on the clean-up will be resolved and the Plan of Operations will be discussed. Due to the amount of work needed to be done, the Board meetings will run longer. At approximately 1:30 PM, Chair Lopes adjourned the meeting.

Recorder of Minutes:  
Linda Ilkowitz, The Guardian  
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