

NEW JERSEY SMALL EMPLOYER HEALTH
EXCESS INSURANCE PROGRAM ("SEH")
MAY 12, 1993 BOARD MEETING
TRENTON, NEW JERSEY
OFFICE OF THE DEPARTMENT OF INSURANCE

AS AMENDED

I. Call to Order/Introductory Remarks

Adequate notice was given to the public in accordance with statute. The directors in attendance were: Maureen Lopes, Anne Bossi, Linda Ilkowitz, Kenneth Robbinson, James Eich, John Bellingham, Melanie Wiloughby, Victoria Wicks, David Swords, Gerry Goodrich, Nancy Featherstone, Leon Moskowitz and Kevin O'Leary. A quorum being present, Chair Lopes called the meeting to order at approximately 9:30 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 May 5, 1993 meeting were distributed, and as amended those minutes were approved.

II. Report on Press Conference

Chair Lopes reported that the Press Conference was long and many questions were asked. The Press Conference highlighted that there is some confusion among the interested public concerning the different formats of the various health benefit plans. The Individual Health Coverage Board is attempting to come up with a more standardized format.

In anticipation of the hearing to be held on May 19, Chair Lopes indicated that any material received by 5:00 P.M. on May 13 would be reviewed, identified and then sent by Federal Express to the Board for its review. Anything that is not received by that deadline will be brought to the Board meeting on May 19. She also noted that a list of the questions asked at the Press Conference has been prepared for the Board's information.

III. Individual Health Coverage Board

A report of the meeting of the Individual Health Coverage Board (IHCB) of the previous day was given. The IHCB reviewed the proposed legislative packages which relate to the Individual Health Coverage Act, and which were designed to close some loop holes and facilitate some administrative procedures. One issue of concern to the IHCB was subrogation. Apparently, there is some thought that the subrogation issue should be clarified, but whether it should be accomplished by legislation or regulation has not been determined. In any case, it is not likely to be addressed in the current "clean-up" bill.

Other concerns of the IHCB's Chairman included that consumers are looking for cost information which is not yet available regarding the Plans. Also, he felt that the Plans as designed will not provide for a sufficient range of pricing on the low end of the scale. There is also some sentiment on the part of the legislative staff that Plans as proposed by both Boards do not vary the benefits enough. That is, there is concern that the benefit packages should have a progression of the level of benefits. For example, mental health benefits might only be included in Plan D and durable medical expenses might be excluded from Plan B. That is, so called "fringes" would be left out of the low end Plans. The IHCB's proposed solution to this problem would be to add Riders to Plan A (bare bones) which would have \$500 and \$1,000 deductibles respectively, a \$300 maximum benefit for a family for routine care and would exclude inpatient coverage for mental illness and drug abuse. The theory is that there may be a market for these lower priced products which could be created and would provide a wider range of cost for the products to be offered.

IV. Discussion of Old Business; Benefit Plan Discussion

Discussion centered around whether it would be advisable to provide a greater range of choices to the consumers by cutting benefits as the IHCB apparently proposes to do. There was discussion about how close the two Boards' Plans need to be. Some members felt that small groups as few as two, three or four members should be treated similarly to individuals. On the other hand, there was some concern that the Small Business Board has been driven by the IHCB's schedule, but the Small Business Board needs more time to complete its work. Discussion on this issue highlighted that the purpose of the public hearing would be to get some feedback to see whether what has been proposed by the Boards meets the expectations of health care consumers.

V. Review of Proposed Legislation

A discussion of the clean-up bills pending for the Individual Health Coverage Program and the Small Employer Business Program was held. It was noted that the legislature's representatives seem interested in more information about the costs of the proposed Plans. However, it was noted that this Board has no power to regulate prices. In any case, no carriers are in a position to finally price any products because the benefit plans have not been determined finally.

It was also felt that the Legislature should note that this legislation and the other reform legislation has altered the way the market works. Therefore, it is not productive to compare the cost of new products to the cost of products before the legislation. The consequence of open enrollment, guaranteed issue, and progression toward community rating may mean that the products will be more expensive because underwriting is severely restricted. Other aspects of the

proposed clean-up bill, including the section regarding PPOs were discussed. It was expected that the Assembly bill would be amended on the floor and it was noted that representatives of the SEH Board met with legislative staffers to discuss the proposed clean-up bill.

VI. Administrative Issues

Discussion of payment for court reporter costs for the Public Hearing was held. On motion duly made, seconded, and unanimously carried a resolution, a copy of which is attached hereto and incorporated herein by reference was passed authorizing that the SEH hire a court reporter to record the public hearing on May 19, 1993, and that the carrier members of the Board be assessed the cost of the reporter.

VII. Close of the Meeting

Chair Lopes indicated that the next meeting would be public hearing. Further, if necessary, meetings would be held on May 26, 27 and 28 to complete the benefit packages in a timely fashion. At approximately 1:15 P.M. the meeting was adjourned.

Recorder of Minutes:
Frederick S. Title, HIP/Rutgers Health Plan
(908) 560-9898

Resolution of the New Jersey Small Employer Health Excess
Insurance Program Board Concerning Assessment Credits for
Court Reporting Services

Whereas, the New Jersey Small Employer Health Excess Insurance Program ("Board") desires to retain the services of a court stenographer to appear and transcribe the proceedings of the Board's May 19, 1993 meeting; and

Whereas, the Board is authorized to assess members for organizational and interim operating expenses pursuant to N.J.S.A. 17B:27A-33, and to credit interim assessments as offsets against any regular assessments which will be due following the close of the fiscal year; and

Whereas, the Board desires to make an interim assessment for the cost of the court stenographer which will be carried as a credit against any regular assessments imposed by the Board; and

Whereas, the Board finds that an interim assessment as set forth herein is necessary and reasonable in this instance in order to compensate the court reporter for services and because the Board's regular assessment process to be established in the Plan of Operation has not yet been set in place at this time.

Now, therefore, be it resolved by the New Jersey Small Employer Health Excess Insurance Program as follows:

1. The Board authorizes the retention of a court stenographer to attend and transcribe the proceedings of the Board's meeting on May 19, 1993.

*Based on
posting of
file*

2. The Board hereby authorizes and directs that the fee for court reporting services for attendance and transcription as well as copying fees shall be prorated and paid as an interim assessment by the Prudential, Chubb Life Insurance Company of America, Guardian Life Insurance Company, the Travelers Company, Blue Cross and Blue Shield of New Jersey, HIP Rutgers Health Plan, and AETNA. Each of the aforementioned program members shall be credited against any regular assessment for monies so paid.

3. The Board shall maintain a record of monies paid by the program members in accordance with this resolution.

4. This resolution shall take effect immediately.

May 12, 1993
Date

Maureen Lopes
Maureen Lopes, Chairperson