

New Jersey Small Employer Health
Insurance Program ("SEH")
May 27, 1993 Meeting
Offices of the Department of Insurance
Trenton, New Jersey

AS AMENDED

SEH Board members in attendance: M. Lopes-NJBIA (Ch), J. Bellingham-NJ BC, M. Willoughby-NJRMA, K. Robinson-Chubb, V. Wicks-HIP, A. Bossi-Prudential, J. Eick-Travelers, D. Swords-Aetna, L. Moskowitz-DOI, E. Crandall - Guardian, B. Manning - DOH.

Individual Board members in attendance: C. Wowkanech-NJ AFL-CIO (Acting Ch), J. Beck-USHealthCare, S. Connor-NJ BC, R. Rondum, J. O'Connor-Prudential, L. Moskowitz-DOI.

I. Call to Order/Roll Call

A quorum being present, Acting Chair Wowkanech called the joint meeting of the SEH and Individual Boards to order at approximately 9:45 AM. A copy of the agenda and roster of attendees is on record and maintained by the Department of Insurance (DOI). The meeting was noticed in two newspapers and filed with the Secretary of State in accordance with statute.

II. Discussion of Coverage for Mental Health Services

The Boards heard testimony from several experts from the Mental Health Care and Substance Abuse (MHC/SA) fields. Following testimony, the Boards discussed the appropriateness of the existing benefit designs for MHC/SA. Consensus was that the current benefit design provides appropriate flexibility in treatment (I/P or O/P). Additionally, the Boards agreed to introduce pre-approval for in-patient services. On indemnity plans, carriers will also be permitted to carve-out MHC/SA to provide negotiated network arrangements following the benefit design in the HMO. Carriers must file using either pre-auth or carve-out for all indemnity plans offered.

For the HMO, the Boards agreed to include in-patient copays for MHC/SA consistent with standard in-patient copays (except on \$20 copay plan).

III. Review of HMO Provisions and Plan E

The Boards considered a recommendation to increase the Preventive benefit for Plans B, C, D and E. Following discussion, it was agreed that the Preventive benefit will be increased to \$500 for children less than one year of age to encourage proper immunization.

Discussions on Transplants were tabled pending a teleconference to be organized by DOH. Intent is obtain input from carrier Medical Directors in developing appropriate list of covered transplants.

J. Beck raised the issue of copays for maternity coverage under the HMO, making the benefit more consistent with that as allowed by the technical amendments. The Boards agreed to include the per admission copay and a \$25 initial office visit copay with all other visits provided without copay. The AG reminded the Boards that if the technical amendments are not passed the benefits will have to be changed to reflect the initial legislation.

The Boards agreed that the \$15 copay plan was the standard and all HMOs must offer that plan. The optional copay plans are \$10 and \$20 for individuals and \$5, \$10 and \$20 for groups. An HMO can offer any or all of the plans based on their filing with DOI.

The Boards then reviewed the covered expenses of the "Super" Bones plan. Following review, AG again reminded the Board that if the technical amendments do not pass, then the plan must be redesigned to match the Cody benefits.

IV. Prescription Drugs

The Boards agreed that Prescription Drugs will be excluded from the individual version of the "Super" Bones, but included in the other plans, including the HMOs. Prescription Drugs will be covered in all plans for small employers. Carriers and HMOs will be permitted to offer a Prescription Drug rider with a \$10 copay for Generic and \$5 copay for Brand.

Discussion then followed regarding use of a Prescription Drug card as part of the basic plan. It was agreed that a carrier in the small employer market can elect to pay drugs in two ways: 1) subject to deductible and coinsurance or 2) drug card as a supplemental benefit.

Prescription coverage in the HMO plans focused on providing coverage through a drug card or subject to a coinsurance and plan maximum. The decision was pended until the next meeting to allow the HMOs to determine how best to offer this benefit, especially in the individual market.

V. Delivery Systems

The Boards debated how the network plans (PPO and POS) should be structured. General consensus that the differential should be at least 20% between in and out of network. Further discussions were tabled pending discussion of the PPO section of the clean up legislation.

VI. Discussion of "Clean Up" Bill (PPO Section)

Discussion focused on the inclusion of hospital service corporations and health service corporations in the wording. S. Connor and J. Bellingham argued that Blue Cross should not be subject to this provision since they are already subject to review under regulations for these specific organizations. They further commented that they would support the abolishment of the Health Services Corporation Act.

J. O'Connor and E. Crandall argued that this provision levels the playing field and brings all players providing a PPO under the same regulations.

Motion for unanimous approval was made by E. Crandall that the SEH Board supports the PPO section of the clean up legislation as drafted, providing that all players can offer a PPO and be subject to the same rules. The motion was not passed, with Blue Cross dissenting. A second motion was then made by E. Crandall that the SEH Board supports the PPO section as drafted, excluding hospital service corporations and health service corporations. The motion passed with dissension by DOI. M. Lopes then requested that DOI, in promulgating rules under 162, promulgates similar regulations for hospital service corporations, health service corporations and medical service corporations.

VII. Close of Meeting

Meeting was adjourned by Chair Lopes at approximately 5:00 PM.

Recorder of minutes:
James F. Eick, The Travelers
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