

MEETING OF THE NEW JERSEY SMALL EMPLOYER HEALTH EXCESS  
INSURANCE PROGRAM (SEHP)  
OFFICE OF THE DEPARTMENT OF INSURANCE  
TRENTON, NJ  
JUNE 16, 1993

SEHP BOARD MEMBERS IN ATTENDANCE:

John Bellingham - BC/BS of NJ  
Valerie Bollheimer - NJDAG  
Anne Bossi - Prudential  
Emily Crandall - Guardian  
James Eick - Travelers  
Nancy Featherstone - NJDOH  
Maureen Lopes - Public Member (NJBIA)  
Leon Moskowitz - NJDOI  
Kenneth Robinson - Chubb  
David Swords - Aetna Health Plans  
Frederick Title - HIP/Rutgers  
Melanie Willoughby - Public Member (NJRMA)

*Corrected  
as amended*  

---

*This is the  
corrected  
version*

I. CALL TO ORDER

A quorum being present, Melanie Willoughby called the meeting to order at 9:45 a. m. This meeting was publicly noticed in two newspapers with notice also sent to the Secretary of the State. A copy of the agenda and a roster of Attendees is on record and maintained by the Department of Insurance.

Minutes from the May 26 and May 27, 1993 meetings were distributed, and approved, with amendments from the Board. The amended minutes from the May 12, 1993 and May 19, 1993 meetings were distributed.

II. UPDATE ON "CLEAN UP" BILL

The Bill was amended on June 10, 1993 for the Board's recommendations on changes to the PPO language. The Bill is not an agenda item in the legislature for June 17, but it looks likely that the Bill will be up for a vote on June 21. The legislature is also considering a technical amendment which affect the effective date of the Bill.

With the legislature's general session adjourning on June 30, Mr. Moskowitz recommended that any further Clean Up Bills should wait until the legislature reconvenes in the Fall.

### III. REPORT ON THE ESSENTIAL HEALTH SERVICES COMMITTEE

Mr. Moskowitz reported that the EHS committee will establish a subcommittee to do a final analysis and design which they will bring back to the Board for review and action. If there is consensus, he expects a plan of operation.

Mr. Moskowitz identified what he felt were the three most important issues for the committee to deal with:

- 1) Definition of Charity Care
- 2) Design of the Shield Program

This is the subsidy program, effective January 1, 1994. Since this plan is expected to be based on a needs test, there seem to be some issues around coordination with Medicaid or with the SEH plans. Mr. Moskowitz felt that the EHS Committee was far behind other committees.

Some discussion occurred around the benefits package. The benefits subcommittee of the EHS Committee has not met and has not scheduled its first meeting yet. EHS is not required to adopt the same benefits package as the Individual or the SEH Board, although it is hoped that EHS will build on the work already done by other committees.

- 3) Allocation of Resources

Decisions still need to be made about how to best spend available money for the uninsured program, which is one of the largest in the country.

### IV. REPORT FROM FINANCE COMMITTEE

Ms. Bossi Distributed copies of the resolution, approved at the May 28 meeting, to prepare an RFP to select an actuarial firm which will analyze the plan designs. Ms. Bossi noted that the committee has set some aggressive time lines, but hoped to have results from the actuarial firm to the Board by August 4. The committee expects to make a recommendation to the Board by July 7 and expects the firm selected to complete the study by July 28.

The Board made several recommendations about items which should be included in the study. The study should include the relative expected claims costs for the various plans, assumptions for expenses, quantification of the PPO and POS plans, and an evaluation of the transition from the 3:1 rating band to pure community rating. The study should be based on New Jersey demographics, assume a 75% loss ratio, use the 80% of HIAA R&C scale, and break out the analysis by area (North, Central, South, and entire state).

The Board felt that adverse selection from reducing benefits may shift risk onto other plans. Board will ask actuarial firm to analyze the effects of out-of-pocket costs.

## V. PLAN OF OPERATION

A draft of the Plan from the April 7 meeting was distributed. Under law the Plan should have filed with the commissioner by May 29, but the Plan was not filed.

There was some discussion around the reinsurance mechanism and the need to develop an assessment calculation mechanism. Also, there were outstanding questions on whether costs should be absorbed by assessment or by advances from carriers.

The Plan needs to be reviewed by all committees and proceeding would be difficult without input from committees. There will be a master list of committees and their members by next meeting in order for the Operations Committee to contact the appropriate people and proceed.

## VI. REVIEW OF BENEFITS AS COMPLETED BY INDIVIDUAL BOARD

The plans will become effective as of June 4 as a result of emergency legislation. The plans were also sent to all carriers authorized to do business in New Jersey. The new law allows comments on plans to be made after the effective date of the plans. Comments on the plans are due back by August 4.

Due to the possible confusion which may be caused by the number of drafts, grids, and text descriptions of the plans, the Board agreed not to publicly distribute the plans until initial comments from Board members can be incorporated into a cleaner version.

The Board noted several changes to the Individual Plans. Plan A added a \$1,000 hospital inpatient deductible. Primary care has no deductible or coinsurance. Transplants were eliminated on Plan A. Prescription drugs are now part of all of the plans. Plan B changes included a \$200 per day hospital inpatient deductible and a \$50 copayment on emergency room. Alcohol treatment is covered as any other illness. Plans B, C, D, and E have added a \$500 or \$1,000 deductible option.

Policy language on PPO's and POS plans is still not clear. Selection of the combination of plans to be used as in-network/out-of-network will be left up to individual carriers. However, plan combinations will be limited to a 30% coinsurance differential. The Finance Committee will come up with proposals for PPO and POS rules with the intent of being consistent with the reimbursement rules on the Individual side.

Ms. Bossi reported on the results on transplant issues from a joint group of Group and Individual Committee members. The two groups agreed on a list of transplants to be covered. This list includes: cornea, lung, liver, pancreas, kidney, heart, and bone marrow with limitations.

The Board recommend that transplants must be subject to strong pre-approval. There was some discussion over whether to use the above list or to use the Medicare approved list. The Board voted unanimously to use the recommended list instead of the Medicare list. In addition, the Board voted not to cover bone marrow transplants for experimental treatments in the NCI trials. Only the Department of Health opposed the latter vote.

Ms. Crandall distributed revised copies of the contract language for the plans. She noted that there were major revisions to the indemnity plans. She asked for comments within two weeks, by the end of June, in order to finalize the policy forms. She also recommended the development of a small employer certification form. The Board agreed and she will work on a form to present to the Board in July.

The Board agreed to limit distribution of the contract language until their review. Subsequently, contracts will be made available to the public through the New Jersey Register.

## VII. REPORT FROM COMMUNICATION AND MARKETING COMMITTEE

Ms. Willoughby distributed a report of time lines and methods of communication to various constituencies. The first part of the discussion focused on how the Board should communicate with various groups, which included employers, agents, brokers, providers, carriers, the media, and the public.

There were many suggestions on how to communicate to these groups and what types of information to distribute. Among the suggestions were use of professional associations, for brokers and agents; the ACLI and GHAA for carriers; use of public forums; and publication of a buyer's guide.

No final decisions were made leaving the details of these issues to be fleshed out by the Marketing committee.

## VIII. DISCUSSION OF BENEFIT GRIDS

Plan A: Board felt that Plan A was difficult to administer due to varying reimbursement levels.

Preventative care benefit has changed to \$100.

Plan B: Added hospital inpatient deductible of \$200 per day up to \$1,000 per admission. Maximum deductible would be \$2,000 per year per individual.

Pre-certification: All inpatient hospital stays must be pre-certified, except in emergency. Otherwise, there would be a 50% penalty. If home health care or durable medical equipment is not pre-certified, then there is no coverage. The small group plans cannot override State mandates on home health care. There was general agreement on this since it was felt that home health care was less expensive than hospital confinement. The Attorney General's office will investigate the statutory requirements for using pre-approval with home health care.

Alcohol and Drug treatment on Plans D and E should have the same coinsurance as the Plans' coinsurance.

Physical and Occupational coverage - the 30 day limit is a combined limit.

Speech and Cognitive Rehabilitation - the separate limits will be changed to a combined limit of 30 days.

Board members will review Second Surgical Opinion benefit and transportation language for the next meeting.

IX. Vote for Terms of Board Members

Terms for all Board members was approved as listed in the proxies.

X. Schedule of Future Meetings

Next meeting will be at 11:00 a. m. on June 23, 1993. Other meetings and tentative agenda items are as follows:

July 7 - Final vote on policy forms, final questions on claim forms, review of application, vote on RFP actuarial firm.

July 21 - Discussion on Booklet Certificate, final vote on application form, Actuarial firm presentation

August 4 - Vote on Booklet Certificate

XI. CLOSE OF MEETING

The meeting was adjourned at approximately 3:40 p. m.

Recorder of Minutes:  
Joseph Zimmerman, Aetna Life & Casualty  
(203) 636-0031