

**New Jersey Small Employer Health  
Excess Insurance Program ("SEH")  
August 11, 1993 Board Meeting  
Trenton, New Jersey  
Offices of The Department of Insurance**

**I. Call to Order/Introductory Remarks**

A quorum being present, Chair Maureen Lopes opened the meeting at 9:41 a.m. She noted the meeting was subject to the Open Public Meetings Act and that all required notices has been published and filed in the appropriate manner.

Board members present were Maureen Lopes, NJBIA, Leon Moskowitz, NJ Department of Insurance, John Bellingham, BCBS, Victoria Wicks, HIP Rutgers, David Swords, Aetna, Emily Crandall, Guardian, Brian Quigley, Travelers, Kenneth Robinson, Chubb, Anne Bossi, Prudential.

**II. Review of Minutes**

The minutes of the August 4, 1993 meeting were distributed after the meeting.

**III. Plan of Operations**

Report of the Communications and Marketing Policy Committee.

The Proposed Rules and Regulations concerning the Buyer's Guide, Marketing and Promotion Media and Certification were presented for Board review and approval. In item 4 under Marketing and Promotion Media, the 24 hour notice requirement was amended to a 72 hour notice.

It was clarified that carriers could print their own Buyer's Guide. The Board discussed the need for broad dissemination of the Buyer's Guide. Ms. Wicks moved adoption of the proposed rules and regulations, Ms. Bossi seconding, which motion passed without objection.

### Report of the Operations Committee

Mr. Quigley distributed a letter from Karl Ideman, Second Vice President, Travelers, concerning outstanding issues in the Plan of Operation and suggested standards for an administering carrier. A revised draft plan of operation was also distributed. Board members have asked to review for the August 18th meeting. The most significant outstanding issue that must be addressed in the Plan is the reinsurance mechanism and the sub-issues such as the statewide average payment, efficiency and risk management standards for reinsuring carriers and reimbursement methodology for excess average cost of insurance. The Board recognizes that this must be done before the Plan can be submitted for approval. The issue was referred back to the Finance Committee for action.

Mr. Moskowitz asked that an RFP be prepared as quickly as possible as to the permanent administering carrier. This will be done by the Operations Committee.

(At this point, the Board went into executive session to hear an opinion from Valerie Bollheimer, Deputy Attorney General, on whether the Board has the authority to prohibit the use of medical underwriting and health status in the 3:1 and 2:1 rate bands allowed during the phase in period prior to community rating.)

### Report on the Reinsurance Program Investigation

Ms. Bossi reported that several approaches had been considered and rejected. As indicated above, the Finance Committee will continue to work on this issue as some reinsurance mechanism appears necessary unless the law is changed in the fall. This issue will be discussed by the Board at 8:30AM on September 1, prior to the public hearing on the policy forms.

### Carriers' Assumption of High Risk Groups

This was referred to the Finance Committee for action.

### Complaint Process

There will be a meeting on Monday, August 16 at 2:00 p.m. to discuss the responsibilities of the Board and the Department of Insurance on complaint handling.

#### **IV. Summary of Benefit Plans**

Ms. Crandall presented the Summary for the Board's review and approval. The coinsurance on mental and nervous and substance abuse for Plan E was changed from 90/10 to 75/25, to conform to the general understanding of the Board on this point. A line will be added to indicate the comprehensive medical nature of plans B-E. The Board approved the summary as amended without objection.

#### **V. Program Compliance Regulation**

Ms. Crandall distributed and discussed handouts concerning program compliance. Mr. Robinson moved, with Ms. Bossi seconding, that a standard health questionnaire be developed for use in medical underwriting. The Board unanimously approved the motion. Blue Cross will draft a form for Board review.

In the filing requirements for carriers as to number of small employer plans in force, the reference to "each county" was deleted, since zip code is more widely used. The filing requirements, Fair Marketing Standards, Continuation and Conversion and Waiting Period Standards were accepted by the Board. Existing contracts which will continue after 1/1/94 until their next anniversary after 2/28/94 can be amended during that time. The application of other requirements of the Act to such contracts will be reviewed by the Attorney General's office.

### Employee Questions

The Board agreed that existing part-time employee and retiree coverage would be grandfathered and allowed to continue without obligating a carrier to cover other part-timers or retirees on a going forward basis.

### Employers Questions

The Board voted to permit coverage as a small employer for an employer who would qualify if mandatory contract union employees were not counted. Mr. Robinson opposed and Ms. Crandall abstained.

### Associations

The Board agreed that the association can choose one plan for its members, recognizing that the members can always purchase another plan outside the association.

### Churning

The Board agreed that for an employer whose prior coverage was canceled for non-payment of premium that a carrier can reject for one year that employer for new coverage or require the payment of six months advance premium.

There was a discussion of split funded products and the Department of Insurance will review the issue with Chubb prior to any further Board discussion.

The meeting adjourned at 1:51 a.m.

Minutes prepared by Brian M. Quigley, Travelers