

9/22/93 Minutes
rec'd 10/6/93 approved

NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS MEETING
SEPTEMBER 22, 1993
OFFICES OF THE DEPARTMENT OF INSURANCE
MARY G. ROEBLING BUILDING
TRENTON, NEW JERSEY

A meeting of the New Jersey Small Employer Health Benefits Program Board of Directors was held on September 22, 1993 at the offices of the Department of Insurance in Trenton, New Jersey. The meeting was called to order at approximately 9:40 a.m. by the Chairperson, Maureen Lopes. Ms. Lopes noted that the meeting was subject to the Open Public Meetings Act and that all required notices of the meeting had been published and filed in the appropriate manner. Present were the following: Maureen Lopes, Chairperson, Anne Bossi, Nancy Featherstone, Kenneth L. Robinson, Jr., John Bellingham, Frederick Title, Emily Crandall, Leon Moskowitz and Perry Spinelli (from Aetna), representing a quorum of the Board.

Ms. Lopes summarized discussions of meetings held with the Senate Oversight Committee and indicated there will be a public meeting with the Oversight Committee. There was also a general discussion of the impact of proposed federal health care reforms on New Jersey's legislative reforms. After discussion, it was the consensus of the Board to form a committee to analyze the potential impact of the federal health care reform proposal. To be included on the committee are Jim O'Connor, Nancy Featherstone and George Strumpf.

A resolution, a copy of which is attached to these minutes, was moved, seconded and approved for the Board to go into executive session to discuss certain legal advice concerning the Plan of Operations. Following the conclusion of the executive session, the Chairperson informed those in attendance at the meeting that the Board had received advice from counsel regarding the New Jersey Administrative Procedures Act procedures and how those procedures relate to regulations being adopted.

Valerie Bollheimer of the Attorney General's office informed the Board that, because of modifications made last week, an amendment to the program regulations will be mailed to carriers and carriers will be given an extension of the 30 day period in which they must elect to be risk assuming. The election period will begin again when the amendments are mailed to the carriers.

The Board then resumed comments received on the benefit

plans. Distributed were revised drafts of Plans A through E and the riders, including changes from last week's discussions. Emily Crandall reviewed proposed responses from last week's discussion. Other comments were reviewed and responses were discussed. The subject of Utilization Review, including Large Case Management and Centers of Excellence, was raised. It was restated that the consensus of the Board is that carriers are allowed to elect to do or not to perform Utilization Review but if a carrier elects to do so, it must work within the framework established by the Plan. Leon Moskowitz noted that Utilization Review may be addressed legislatively and it was the consensus of the Board that if legislation is passed, the Board will review its language at that time to see if changes are necessary. After discussion of Utilization Review penalties, it was moved that the entire Utilization Review section will be made variable at the option of the carrier and that the Utilization Review penalty will be made variable by carrier also. The motion was seconded and, after discussion, the motion was passed 5 to 4. Those voting in the affirmative were Blue Cross, Aetna, Chubb, Prudential and Ms. Lopes.

Further discussion then continued regarding comments and proposed responses. A discussion of prescription drugs then ensued and James Carey of Ciba-Geigy and Christine Grant of Merck and Co., as representatives of the drug industry, were invited to address the Board. Mr. Carey and Ms. Grant addressed concerns of the drug industry with the present language of the plan concerning prescription drugs and, in particular language concerning the designation of a drug as "experimental and investigative". As a result of the discussion, it was decided that Mr. Carey and Ms. Grant will provide to the temporary administrator their suggested language.

Bill Megna of American Family Life was next invited to explain to the Board the written comments concerning coordination of benefits he had submitted to the Board. In particular, Mr. Megna questioned the applicability of COB to the type of insurance products sold by American Family Life. He also stated that he thought clarification of the term "medical expense plans" was necessary.

The Department of Insurance noted that the provision regarding extended care in the group policy (page 43) requires the care to begin within two (2) days of a hospital stay but that the individual policies require the care to begin within fourteen (14) days of a stay. The group policies will be changed to fourteen (14) days to make them consistent with the individual policies.

The American Family Life issue was identified as being that the Department of Insurance regulations on coordination of benefits do not permit COB with "employee pay all" plans but

that the Board's regulations do. It was the consensus of the meeting that the Board wishes to stay with its regulations but would amend its definition to \$250 per day. It was moved and seconded that the definition be amended to \$250 per day on average according to the Individual Health Board language provided by the Individual Board's Technical Advisory Committee and the motion was unanimously approved.

Ms. Lopes extended the sincere thanks of the Board of Directors to Emily Crandall and those others who have been responsible for working on the comments and responses.

Upon motion duly made and seconded, it was unanimously voted that the plans, as adjusted, modified and clarified by the Board during its review of comments be adopted and that a copy of the modified plans be sent to the Department of Insurance as soon as possible.

It was also discussed that once final changes to the plans are made, plan booklets will be started.

The Board was further informed that the Department of Insurance will be conducting a public hearing on the Plan of Operations regulations at 9:30 a.m. on October 21, 1993 on the second floor of the Department of Insurance building. After discussion, it was decided that the Board will have a representative at the hearing to record comments and answer factual questions during the hearing.

Emily Crandall next addressed the Board concerning issues remaining with use of the HIAA claims database as the basis for the Usual & Customary payments required in the plan benefit designs. She discussed a Blue Cross concern regarding certain provisions of the license agreement and indicated that the HIAA representative had stated that there would be no problem with use of the database by a carrier in connection with the New Jersey required plans. Blue Cross stated that it will prepare a letter to the Board with its comments and the Board will publish its response along with its responses to other comments raised concerning the benefit plan designs.

Ms. Lopes next stated to the meeting that the Individual Board has drafted a Request for Proposal (RFP) for the hiring of a public relations firm and the draft is currently being reviewed. This Board will work with the Individual Board on a joint RFP for the public relations firm.

Next discussed was the RFP for a permanent administrator. A joint proposal, including comments made by the Attorney General's office, is being drafted and will be circulated for comments. This Board will work with the Individual Board on the joint RFP for distribution at the October 6, 1993 meeting. The Chairperson and the Operations Committee will

meet with the Individual Board representatives to discuss questions regarding the type of administrator to be sought and the RFP if necessary and they will report back to the Board at the October 6 meeting.

The next meeting of the Board will be at 9:30 a.m. on October 6, 1993 at the Department of Insurance Building in Trenton.

There being no further business to come before the Board, the meeting was adjourned.

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KLR/djb