

NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM  
BOARD OF DIRECTOR'S MEETING  
OCTOBER 20, 1993  
OFFICES OF THE DEPARTMENT OF INSURANCE  
MARY G. ROEBLING BUILDING  
TRENTON, NEW JERSEY

1. Call to Order

A meeting of the New Jersey Small Employer Health Benefits Program Board of Directors was held on October 20, 1993 at the offices of the Department of Insurance in Trenton, New Jersey. The meeting was called to order at approximately 10:00 a.m. by acting Chairperson Emily Crandall. Ms. Crandall 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 James O'Conner, Kenneth Robinson, John Bellingham, David Swords, Larry St. John, Emily Crandall, Valerie Bollheimer, Leon Moskowitz, and George (Stumph), and Beatrice Manning, representing a quorum of the Board. sp

2. Distribution of Minutes

Ms. Crandall distributed the Final, Revised minutes from the September 22, 1993 Board meeting. The minutes from the October 6, 1993 meeting will be distributed and reviewed at the next Board meeting.

3. Benefits Plans - status report

Ms. Crandall summarized the filing status of the benefit plans as follows: adopted regulations and benefit plans were filed with the Office of Administrative Law (OAL) on October 15, 1993. These filings did not include the substantive and technical changes that are still subject to public comment, which were also filed with the OAL on October 15. The Chair recognized Valerie Bollheimer for her efforts in completing the filings. L and Charrell McDevitt

4. Program Compliance comments

Program compliance comments were summarized by Ms. Crandall. The public comment period ended on October 15, 1993. On October 19, 1993, the Regulatory Work Group met and reviewed each and every comment that was submitted. The work group divided the comments into two categories, 1) Application and Enrollment, and 2) Program Compliance.

The Board first reviewed those comments categorized as Application and Enrollment. Each comment and recommendation made by the sub-group was reviewed and discussed. After discussion, a resolution was made and seconded that the recommendations as outlined by the work-group be submitted with the changes as approved by the Board. This resolution was unanimously approved.

The Board next reviewed comments categorized as Program Compliance. Each comment and recommendation made by the work-group was reviewed and discussed. The subject of one life groups was discussed at length. The central issue is whether, because of legitimate participation subtractions, an individual can be offered a group policy. Being part of an eligible group, it doesn't appear that the individual is eligible for coverage under the individual plan; however, as an individual they appear to be ineligible for coverage under a group policy. Ms. Crandall acknowledged that this issue needed further clarification and that the sub-group would provide this as part of an Question and Answer package to be included with the distribution of responses to program questions.

At this point, Ms. Lopes joined the meeting and assumed the Chair.

The Board next discussed whether or not to allow updates more than annually for R&C. PHCS updates each R&C code twice annually. Many carriers commonly update their R&C information as PHCS updates are received. The regulations indicate that R&C information can only be updated annually. The Board's main concern was that R&C updates be applied consistently by all carriers, whether annually or semi-annually. A motion was made and seconded that the regulations be amended to indicate that carrier's be required to update R&C rates as data is made available from PHCS. The motion was passed with eight votes in favor, two opposed. *low*

Another topic that received considerable discussion was whether or not classes of employees could be considered separately when satisfying participation requirements. The opinion of the Attorney General's office was that employees could not be separated by class. Therefore, the whole group has to be considered in total. Leon Moskowitz was not satisfied with this response and asked for a written opinion from Valerie Bollheimer, Deputy Attorney General.

A motion was made and seconded to accept the program compliance changes as discussed, excluding the clarification surrounding one-life groups. This resolution was unanimously approved.

#### 5. Split funding proposal

Vince Mace from The Chubb was invited by the Board to discuss The Chubb's request to allow split funding products to be offered in the New Jersey small employer market. Vince first described these type of plans to the Board. These plans simply allow the employer to retain more risk by self funding a portion of their claims in exchange for lower total costs. Subsequent discussion identified that research was required to determine whether, if approved, the regulations would need to be amended to describe how premium equivalents would be treated under this legislation. Additionally, it appears that policy forms and certificates would also need

modification. The Board suggested to The Chubb that they fill out the appropriate forms to request a change to the regulations, at which point the Board would debate this issue further.

#### 6. Plan of Operation changes

*Leon Moskowitz*  
Valerie Bollheimer moved that the Plan of Operations be amended to be consistent with the hiring process approved by the Board for the position of permanent administrator. The motion was seconded and the Board unanimously approved this motion.

#### 7. Educational Programs

Ms. Lopes asked the Board to consider to what extent it believed it should be responsible for sponsoring educational programs to aide carriers in their understanding of this legislation. Certain carriers believed that it is incumbent upon each carrier to be prepared to act in compliance with this legislation. Other carriers supported the sponsoring of educational programs arguing that it is in the best interest of the State to ensure that all carriers are administering the program consistently. Generally, the Board favored providing educational programs. Ms. Lopes will research available locations for these sessions.

#### 8. Legislative Activities

*Is work*

Ms. Lopes indicated that several bills have been introduced to the Senate and/or Assembly to modify the NJ SEH legislation. In addition, Ms. Lopes has received a letter from Senator Bennett, the Chairman of the Senate Legislative Oversight Committee, that asks the Board to respond to several inquires, including one question which asks the Board whether it favors a delay of the implementation of the NJ SEH legislation, and if so, for how long?

The Board debated how best to respond to Senator Bennett. It was agreed that Ms. Lopes would draft responses to the various inquiries and then distribute those responses to Board members for their review and comment.

#### 9. Close of Meeting

At approximately 1:30 p.m. a motion was made and seconded to adjourn the meeting. The motion was unanimously approved.

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