

NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM  
BOARD OF DIRECTORS MEETING  
NOVEMBER 17, 1993  
OFFICES OF THE DEPARTMENT OF INSURANCE  
MARY G. ROEBLING BUILDING  
TRENTON, NEW JERSEY

A meeting of the New Jersey Small Employer Health (SEH) Benefits Program Board of Directors was held on November 17, 1993 jointly with the Individual Health Coverage (IHC) Program Board of Directors. The meeting was held at the Mary G. Roebling Building and was called to order at 9:30 a.m. by Chairperson of the SEH Board, Maureen Lopes. Chair 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. The following SEH Board Directors were present: Maureen Lopes, Frederick Title, Emily Crandall, Leon Moskowitz, James O'Connor, Larry St. John, David Swords, Valerie Bollheimer, Kenneth Robinson and John Bellingham. (Quorums of both Boards were present.)

Review of minutes was tabled until the next meeting of the Board.

Report was made on the status of the hiring of a Public Relations Firm. An advertisement for soliciting bids was again published and new applications are being accepted until Friday, November 19. Five responses have been received to date. The Marketing Committees of both Boards will meet jointly to review applications and make recommendation next week.

The search for an Executive Director for both Boards is in its final steps. The field has been narrowed to three candidates who are to be interviewed today in executive session by both Boards. Chair Lopes made note that the Boards are jointly applying to the Governor's office and Legislature to allow the Executive Director to be hired, notwithstanding the hiring freeze imposed on all State positions.

A report was made regarding comments received on the Benefit Plans. Chair Lopes first reviewed for the IHC Board members the actions of the SEH Board. Discussion ensued regarding the fact that the Essential Health Services Commission has proposed Benefit Plans for use in the subsidized market which slightly differ from Benefit plan designs of the IHC and SEH Boards. Comments on this issue concerned the possible impact this could have on consumers and coordination of the different markets. It was recommended that members of the IHC and SEH Boards reach out to the Essential Health Services Board to encourage closer coordination in the future.

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Emily Crandall reviewed comments received on changes to the proposed regulations. Ms. Crandall summarized that basically three groups of issues were raised.

First, comments on the Off-label drug provisions were received from the Community Cancer Centers, the NJ Pharmaceutical Manufacturing Association, the NJ Oncology Society and Senator Sinagra. The comments included objection to the "preponderance of evidence" clause, a request for inclusion of any and all drugs being used in clinical studies, and the recommendation to conform the regulations to the same language being used in the bill now pending in the Legislature on this issue. The Board decided not to change the current provisions in the regulations.

Second, comments were received from Hackensack Medical Center and the NJ Oncology Society requesting that the use of Bone Marrow Transplants for Breast Cancer treatment be extended to more than just National Cancer Institute Trials. It was requested that Co-operative efforts also be included. The Board declined to accept this change.

Last, comments from American Family Life (AFLAC) were again received regarding the formula included in the SEH Board regulations. AFLAC contends it is not consistent with IHC Board language regarding the \$250 per day cap. The SEH Board concluded that the intention was to have identical language for both Boards and motion was made, seconded and unanimously adopted to conform the language as such.

Only two comments have been received regarding the Plan of Operations. The first comment was from the Medical Society asking for inclusion on the Board. The membership of the Board is determined by statute, not the Board. The second comment will be distributed to members before the next meeting for consideration. It is anticipated that substantive changes will be filed with the OAL as final on or before December 4.

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The next discussion centered on the IHC's proposed eligibility regulation. Susan Connor reviewed this issue for the SEH and detailed the concerns of the "same or similar" definition. Emily Crandall met with the IHC Legal committee to express the concerns of the SEH Board. Proposed language for regulations will be critically reviewed by the IHC Board meeting to be held separately later this afternoon. After finalization and adoption of this language by the IHC, it will be forwarded to the SEH for its review as well. The IHC is generally recommending that the "same or similar" comparison be based upon review of: 1) do both policies cover the same general services - medical, hospital and ancillary?; 2) To what extent are services covered - including in consideration co-insurance and deductible levels; and 3) for "Buy-ups", changes by group to individual coverage would only be available during one month open-enrollment period each year, (October). Buy-downs would be available at any time.

The last part of this discussion concerned COBRA eligible individuals. COBRA coverage is generally very expensive. The issue concerned whether the individual market would be available to someone who is COBRA eligible but could not afford it. The SEH Board recommended treating COBRA coverage differently than other group coverage. In particular, it was suggested that only individuals eligible for COBRA coverage in the group market be allowed to buy coverage at any time in the individual market.

The last discussion concerned the ability of the individual market to protect itself against "dumping" by large group employers. The general concern is the ability of the large group market to still medically underwrite and therefore dump high risk individuals, (i.e. the sick, elderly, etc.) into the individual market to gain coverage. The IHC will discuss this issue including the impact of ERISA and possible solutions at its separate meeting later this afternoon.

Chair Lopes reported that 3 members of the Board terms expire on February 28, 1994. Election to these positions will be discussed at the next meeting.

After motion duly made, seconded and unanimously approved, the Boards adjourned the joint open meeting at this time and entered closed session to interview the 3 candidates for the Executive Director position. The SEH Board will meet again on December 1.

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