

MEETING OF THE NEW JERSEY SMALL EMPLOYER
HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS
DECEMBER 1, 1993
OFFICE OF THE DEPARTMENT OF INSURANCE
TRENTON, NEW JERSEY

"APPROVED AS AMENDED"

SEHP BOARD MEMBERS IN ATTENDANCE: J. Bellingham-NJ BC/BS,
A. Bossi-Prudential, M. Willoughby-NJRMA, E. Crandall-Guardian,
M. Lopes-NJBIA, F. Title-HIP/Rutgers, V. Bollheimer-NJDAG,
K. Robinson-Chubb, D. Swords-Aetna, L. Moskowitz-NJDOI,
B. Vivona-NJDOH

I. CALL TO ORDER

A quorum being present, Maureen Lopes, Chair, called the meeting to order at approximately 9:40 AM. SEHP Board Meetings will be held every two weeks through June of 1994. A schedule will be developed and distributed at the next meeting.

II. LEGISLATIVE ACTIVITIES

There was discussion of A2998 (Garrett/Colburn). The Department of Health submitted a statement from Dr. Siegel opposing the bill. Blue Cross, Prudential and HIP/Rutgers stated their opposition to the bill.

Mr. Moskowitz reported that the Individual Board is concerned that the individual marketplace will become the carrier of last resort if the bill passes. The balance of the existing three laws would change and the marketplace would be fractured if enacted.

The discussion centered on whether or not the SEHP Board wanted to take a position on the bill. The issues discussed were community rating, forced conversions, and the use of health status for rating purposes. There was no clear majority on the Board to vote on the bill as a whole.

There was agreement on the general principle of grandfathering existing business for a period of time. Any change to the plan or change of carrier would require a change to one of the five standardized plans. New employees could be added to existing plans but no new employers could be added to associations. All other reforms would be applicable to existing business.

There was no consensus on the issues of eliminating both community rating or health status as a factor to determine rates.

While there are varying viewpoints on the Board, Chair Lopes will draft language attempting to capture whatever consensus there is and distribute to the Board before the Monday legislative hearing.

III. FINAL REPORT OF THE ACTUARIAL FIRM

In order to codify the process of selection so that information can be shared, a motion was made to adopt the rating of the actuarial firms for release. The motion was unanimously approved.

IV. STATUS REPORT ON HIRING THE PR FIRM

The Marketing Committee received five proposals. Joint interviews with the Individual Board will be held today. The entire Board does not want to meet with the applicants. It will be left to the Marketing Committee to bring back a recommendation at the next meeting.

V. BUYER'S GUIDE

Ms. Willoughby reported that the Buyer's Guide cannot be finalized until the proposed bill is resolved in the legislature. It can be ready to go by December 16, 1993. The Board can make a decision as to whether or not it goes to print at that time.

VI. ELECTION OF BOARD MEMBERS

Ms. Bollheimer (NJDAG) distributed a memo to the Board about the three one-year terms that will be expiring on February 24, 1994. Requests to solicit nominations need to be sent out by December 27, 1993. It was affirmed that all member carriers can vote for all three open seats. Comments should be sent to Chair Lopes.

VII. RESPONSE TO SENATOR BENNETT'S LETTER

Chair Lopes distributed the response to Senator Bennett's letter to the Board. There was no discussion.

VIII. STRUCTURE OF PPO AND POS PLANS

The concept of the coinsurance charge limit was discussed and clarified. The coinsurance charge limit is the amount subject to coinsurance. Once \$10,000 of eligible expenses is incurred, coverage is 100% thereafter. This coinsurance charge limit is combined for in and out network charges.

The issues of an HMO writing a POS plan and its relationship to an indemnity plan were raised and discussed. Where an HMO is authorized to do this, they can. The regulations cannot give extra authority. The NJDOI will look into the issue of an HMO/POS wrap plan issuing two contracts if they have two separate licenses (HMO/Insurance).

Ms. Lopes will draft a Q&A Bulletin on PPO and POS structure and distribute to the Board.

XI. UPDATE ON REGULATIONS BY NJDOI

Ms. Mason of the NJDOI provided an update on DOI issues. (1) Risk-Assuming Declarations: There was a very low response. If carriers do not respond, by default they will be reinsuring carriers locked in for two years. (2) Rate Filing Regulations: The DOI intends to adopt by December 9, 1993. Once adopted, carriers may submit their informational filing. However, carriers that applied for risk-assuming status may not file until they are approved as risk assuming carriers by the DOI. (3) Plan of Operations: The DOI intends to take action by December 3, 1993. (4) Selective Contracting Arrangements: Over 2,000 comments were received. The DOI intends to take action by December 23, 1993. The DOI will be reviewing and approving filings based on proposed regulations. (5) Blue Cross Selective Contracting Arrangements and the Use of the Standardized Claim Form: Regulations will be forthcoming. (6) SEH Benefit Plans and Policy Forms: The DOI intends to take action by December 3, 1993.

X. REVIEW OF MINUTES

The October 6, 1993 minutes were reviewed and approved, as amended. The November 3, 1993 minutes were reviewed and approved, as submitted. The November 17, 1993 minutes were reviewed and approved, as amended.

XI. CLOSE OF MEETING

There was brief discussion of what to do with requests for the Commissioner of Insurance to speak on Small Employer Health Reform. Requests will be forwarded to the SEHP Board.

There was also discussion of scheduling meetings with new members of the legislature and their staffers.

The meeting was adjourned at approximately 1:12 PM.

Recorder of Minutes:
Linda Ilkowitz, Guardian
212-598-1940