

S.E.H. PROGRAM

January 26, 1994, 12:30 pm

JAN 26 1994

NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS BOARD

TO: John Bellingham, Blue Cross & Blue Shield
Anne Bossi, The Prudential
James O'Connor, The Prudential
Larry St. John, The Travelers
Victoria Wicks, HIP/Rutgers
Frederick Title, HIP/Rutgers
Emily Crandall, Guardian
Peter Hutchings, Guardian
David Swords, Aetna
Barbara Levy, Aetna
Kenneth Robinson, Chubb
Joseph Flowers, Chubb
Charles Wowkanech, Individual Board
Leon Moskowitz, DOI
Barbara Pryor Waugh, DOI
Verice Mason, DOI
Beatrice Manning, DOH
Melanie Willoughby, NJ Retail Merchants
Valerie Bollheimer, DAG

FR: Maureen Lopes, Chair
Telephone #609-393-7707 x207/609-989-7371 (fax)

We did not have a quorum for today's Board meeting, so we conducted a public "workgroup" session. Jim Donnellan took minutes so everyone will have a record of the discussions. Most agenda items will return for action at the Feb. 16 meeting.

Regarding proposed regulations, please send any comments you may have as soon as possible to Jim Donnellan (fax #908-632-7409). We plan to finalize the language and officially propose the regs. at the next Board meeting (Feb. 16).

Regarding legislation, the IHC Board yesterday agreed to work jointly with us to review legislation. Charlie Wowkanech is reworking the proposed letter which was sent to you this week. Final language will be sent for your approval.

I will be out of town at a conference on Thursday and Friday but will check my voice mail if there is anything urgent.

**NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM
WORK GROUP MEETING NOTES
JANUARY 26, 1994
OFFICES OF THE DEPARTMENT OF INSURANCE
TRENTON, NEW JERSEY**

Attendees: Valerie Bollheimer (NJ Deputy Attorney General), Dana Benbow (Prudential), Emily Crandall (Guardian), Linda Ilkowitz (Guardian), Maureen Lopes (NJBIA), Verice Mason (NJ Dept. of Insurance), Chanell McDevitt (NJ Dept. of Insurance), Leon Moskowitz (NJ Dept. of Insurance) via telephone, Fred Title (HIP Rutgers) and Barbara Pyror-Waugh (NJ Dept. of Insurance)

The meeting was called to order at 10:00 A.M.

I. NJ Optometric Association:

Dana Benbow reported that the Technical Advisory Committee and Policy Forms Committee of the Individual Health Coverage ("IHC") Program Board had met with the NJ Optometric Association on January 24 to listen to what the Association had to say relative to coverage of vision therapy under the standard health benefits plans design by the IHC Board.

The Association had requested the IHC Board remove the vision therapy exclusion contained in the standard individual health benefits plans. The meeting provided an opportunity for the representatives from the Association to discuss why the Association believes vision therapy should be covered under the standard plans. The Committees listened to the presentation by the Association and agreed to examine the issue of whether pre-reform individual plans covered vision therapy. The Technical Advisory Committee was asked to examine the financial ramifications of covering vision therapy. The various members of the Policy Forms Committee agreed to research what degree of vision therapy coverage was prevalent in the individual insurance market prior to the implementation of reform of the market.

The Committees will work to complete their research and develop a recommendation as to the issue of coverage of vision therapy. The recommendation will be presented to the Individual Health Coverage Board at a future Board meeting. This recommendation and the thoughts of the IHC Board will be sent to the Small Employer Health ("SEH") Benefits Program Board for consideration.

II. IHC/SEH Benefit Plan Comparison:

Maureen Lopes noted that a comparison of the individual and small employer standard benefit plans has been completed. The Small Employer Health Benefits Program Board

will review the benefit comparison chart and discuss any possible modifications of the standard SEH plans at a later Board meeting. The comparison chart will be distributed to the Board and Committee Members. Maureen noted that with the passage of the "off-label drug" bill, the off-label drug language in the standard health benefits plans designed by the SEH Board will have to be examined to see if it needs to be modified to conform to the requirements of this new law.

III. One Life Groups - IHC Position:

Dana Benbow presented a letter from the IHC Board which defines the IHC Board's understanding and desired resolution of how to treat "one life groups." A copy of this letter is attached to these minutes.

Agreement was reached by the Work Group attendees on the first two bulleted items of the IHC Board's letter. The third bulleted item was the focus of much discussion. Clear consensus was not achieved in support of the IHC position among Work Group attendees. Further thought and discussion of the issue should be expected at the next SEH Board meeting.

IV. Carrier Certification Regulation and Utilization Review Standards Regulation:

Maureen Lopes noted that N.J.A.C. 11:21-4.2 and 4.3 (carrier certification and utilization review standards regulations) would be presented at the next Board meeting (Feb. 16) for adoption. No public comments were received on these regulations.

V. Future Regulations:

The work group was given drafts of the following regulations; Carrier Market Share, Non-member Status and Multiple Employer Arrangements ("MEA") regulations. The Work Group attendees were asked to review these draft regulations and forward any comments to the Regulation Drafting Group of the SEH Board as soon as possible. These regulations are slated to be proposed at the next Board meeting.

VI. SEH Board Election:

Valerie Bollheimer reviewed the nominations^{ed} received for those SEH Board positions which are up for election. Valerie noted that for the Small Employer Carrier position three nominations had been received. The three nominees were Oxford, Colonial Life and Home Life. Only NY Life had been nomination for the Reinsuring Carrier position and Melanie Willoughby was the sole nominee for the Small Business Board position. Valerie informed the Work Group that the Department of Insurance was reviewing the nominees to verify that they indeed met the criteria applicable to the open Board positions. Valerie discussed the fact that the subject of nominees and Board elections would be on the next SEH Board meeting agenda.

VII. Determination of Usual and Prevailing Charges:

The subject of usual and prevailing charge determination had been raised by Aetna. Discussion of the topic was tabled because Aetna was not present to communicate their concerns.

VIII. CIGNA's POS request:

CIGNA asked for the Board to consider whether or not their suggested approach to Point of Service ("POS") Plan design was permissible. CIGNA wants to be able to use their HMO product as the in-system benefit in offering a POS plan design. The Work Group members suggested that CIGNA present a specific request outlining how such a plan design would operate and what changes they thought they needed to make in the standard health benefits plans designed by the SEH Board in order to implement their product. The Work Group felt this issue was deserving of discussion at a later Board meeting. The Board would presumably discuss the issue upon receipt of CIGNA's letter outlining their proposed product in detail.

IX. Legislative Activity:

The Work Group briefly discussed some of the current legislative activity which might have an impact upon the SEH Program. Maureen Lopes noted that the SEH Legislative Review Group should schedule a meeting to analyze active legislation in detail for any impact upon the SEH Program and present a report to the Board at the next Board meeting.

Being no more business before the Board, the meeting was adjourned at 12:30 P.M.

RECORDER OF THE MINUTES:

James F. Donnellan
Interim Administrator
(908) 632-4888

File TAC

To: Small Employer Health Benefits Program Board

Re: One Life Policies

Date: January 26, 1994

From: Individual Health Coverage Program Board

The Individual Health Care Program Board is in receipt of the December 15, 1993 letter from Mr. St. John of The Travelers and we offer this draft of our understanding and interpretation of the Small Employer Act, as follows:

- The IHC Board confirms that "on or after 8/1/93, a small employer carrier may not issue medical coverage under a group health benefits plan issued to a trust or association, to a sole proprietor, independent contractor or other individual members who reside in New Jersey."
- The IHC Board does not agree that coverage issued prior to 8/1/93 is "exempt from the Individual Health Coverage Act." It is our belief that these groups must be covered by IHC promulgated coverage on the first anniversary of the group contract following March 1, 1994 at which time a "group of one" no longer exists under the SEH program.
- The IHC Board reads the SEH Program Act as requiring small employer carriers to issue coverage to any number of enrolling employees provided there is a participation among all of the employers plans of at least 75% of the eligible employees. This could mean that only 1 employee might be enrolled with a carrier as long as the employer has 75% of the eligible employees enrolled with small employer carriers. The minimum size requirement should be read as fewer than 2 "eligible" employees not "covered" employees. In this regard we believe Section 7. c. and g. of the Act should be read as the aggregation of health benefits plans for an employer.

The IHC Board views these issues as critical to the effective operation of the individual program in two regards:

- Restrictive interpretation of the eligible employees provision will generate dumping of sub-standard and undesired risks onto the IHC program contrary to the intent of the 1992 legislation.

- Inappropriate interpretation of the "group of one" concept will continue non-compliance with the IHC program.

We stand ready to assist in any way in developing appropriate responses and regulatory language, if needed. Thank you for your consideration of these issues so important to the IHC Program.