

Final

MINUTES OF THE MEETING OF THE
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS
MARCH 16, 1994
OFFICES OF THE DEPARTMENT OF INSURANCE
TRENTON, NEW JERSEY

The New Jersey Small Employer Health Benefits Program Board of Directors met on Wednesday, March 16, 1994 at the offices of the Department of Insurance in the Mary C. Roebling Building in Trenton, New Jersey. Members of the Board present at the meeting were Maureen Lopes, Melanie Willoughby, Leon Moskowitz, Beatrice Manning, Dana Benbow, Karl Ideman (alternate for Larry St. John), John Bellingham, Fred Title, David Swords, Emily Crandall. Also present were Vallerie Bollheimer (DAG) and Kevin O'Leary, Executive Director.

Maureen Lopes, Chairperson, called the meeting to order at 9:30 A.M. After calling the roll, Maureen opened the meeting by reviewing the Agenda. The Board decided that it was necessary to close the meeting to the public.

Resolved: The Board of Directors of the New Jersey Small Employer Health Benefits Program hereby resolves to close the meeting to the public:

- A. For the purpose of discussing legal advice subject to the attorney-client privilege concerning the Plan of Operations.
- B. The results of these discussions will be disclosed to the public when the Board is able to formally issue revisions to the Plan of Operations.

Now, therefore, be it resolved that for the purposes and reasons stated above, the board will now go into closed session for approximately 35 minutes which will be closed to the public.

Dated: _____
Maureen E. Lopes, Chairperson

Upon returning to the open session, Maureen asked for additional comments from Leon Moskowitz regarding riders and one life groups. Mr. Moskowitz stated that he had letters on these topics from both boards which he intended to review with the Commissioner.

The next agenda item was a count of the ballots for Board members in the three positions described in the Ballot form (attached) Categories A, B, and C. There was no simple majority in Category A (A carrier whose principal health insurance is in the small employer market). The votes were 19 for The Colonial Life Insurance Company; 16 for Home Life Financial Assurance Corporation; and 16 for The Travelers who was a write-in candidate. New York Life Insurance Company was voted as the Category B member (a reinsuring carrier); and Melanie Willoughby was voted as the representative of the small employer market, Category C.

Emily Crandall suggested an amendment to the Plan of Operations which would allow a plurality to replace the requirement of a simple majority in determining board positions. Maureen noted that this would require an approval by the Commissioner and a public hearing on the amendment. Maureen stated that for today's meeting, and until the March 30, 1994 meeting, Chubb (Colonial Life) will continue in the reinsuring carrier slot whereupon New York Life will assume that slot.

Maureen asked Emily Crandall to report on legal issues. Emily presented her concerns about the Law's scope regarding MEWAs and noted that a determination would be the responsibility of the Commissioner. The primary concern was that there could be an opportunity for a carrier who was not admitted to New Jersey to carve out certain blocks of business and the impact of this on a level playing field for fair competition. While there was lively discussion of the topic there was no board action proposed at this time.

Before departing for his meeting with the Commissioner, Mr. Moskowitz shared his views on rate level retroactivity which he felt, if passed by the legislature in the form of the current bill, could shut down the market with 12 month rate increases factored into a shorter period. Mr. Moskowitz stated his preference for a waiting period on retroactivity until after the new rating methodology had been approved and regulations issued. He also reported that the Individual Board has asked to participate in the first meeting which will commence during this Board meeting. A subsequent meeting on the same topics could include representation from this Board and comments would be welcomed. Maureen noted the Board's interest in participating at the subsequent meeting.

Fred Title noted that he found it difficult for HMOs to determine how to comply with the bill's requirements.

The Board as a whole identified the following issues to be of concern and worthy of presentation to the Commissioner:

Riders
Split Rating
Retroactivity
Informational Filings
Enforcement
The Gap in Rate Limit Timing
Definition of Geographic Factors
Benefit Riders as a Part of the Standard Plan

There was much discussion on the issues and marginal comments were made on the Board's marked up copy of Assembly Substitute Bill 635 in preparation for a meeting with the Governor's counsel.

A motion was made by Dana Benbow and seconded by Beatrice Manning. Moved: That the language in the bill concerning riders be changed from "shall" to "may" and that there would be a limited number of riders allowed for carriers with Board approval of all riders.

Dana Benbow expressed his support for delay of forced conversions and to postpone the effective date of the bill to allow establishment of a working group of agents, carriers, citizens and other public members to work on the issue.

A motion by Dana Benbow with a second by Fred Title; Moved: To implement the rate factors and guaranteed issue requirements within 60 days of the date that the Department of Insurance promulgates the rate regulations. In the interim the current rates will apply. The vote was unanimous.

There was some brief discussion of the dates related to forced conversion. Anniversary date vs. a single fixed date. It was noted that there will be a problem with different rules for the standard plan vs all other plans.

At this point the board noted the proximity of the start time for the next meeting with the Governor's counsel. Maureen asked for someone to accompany her to the meeting and Mr. Moskowitz and Ms. Crandall agreed. At this point Maureen called for a motion to adjourn with the notation that the next meeting would be in the same location on March 30, 1994. Motion to adjourn, and second.

Meeting adjourned.

Respectfully submitted,



Karl E. Ideman