

MINUTES OF THE MEETING  
OF THE  
NEW JERSEY SMALL EMPLOYER HEALTH COVERAGE BOARD  
OFFICES OF THE DEPARTMENT OF INSURANCE  
TRENTON, NEW JERSEY  
MARCH 30, 1994

APPROVED AS AMENDED

Directors Present included Ed Tobin of New York Life, D. LaSaracino of Blue Cross, Dana Benbow of Prudential, Emily Crandall of Guardian, Leon Moskowitz of D.O.I., Maureen Lopes, Frederick Title of HIP/Rutgers Health Plan, Beatrice Manning of D.O.H. and Karl Ideman of Travelers.

Formal notice was given by publishing a notice in three newspapers and posting it at the Department of Insurance, in accordance with the Open Public Meetings Act. A quorum was present. The meeting began at approximately 9:45 a.m.

1. Maureen Lopes indicated that revised language regarding the Plan of Operations had been sent for publication to the Office of Administrative Law. The comment period runs through April 28th, and a public hearing will coincide with the Board's May 4th meeting. Thereafter, new elections for the carrier with primary business in the small employer market will occur.
2. Maureen Lopes indicated that new selections for committees would be made. The committees include Operations, Finance (Chairman-Dana Benbow), Legal - which will replace the Drafting Committee (Chairman-Emily Crandall), Marketing/Communication and Dispute Resolution. Descriptions from the Plan of Operations of the committees were distributed and it was noted that from now on the Executive Director, Kevin O'Leary, would take notes and provide support including regulation drafting.
3. A legislative update was presented. Maureen Lopes indicated that the conditional veto of A-635 was passed by the Assembly and that the Senate would entertain the conditional veto on March 31st. She noted that some of the recommendations of the Boards were included regarding some technical issues. Kevin O'Leary will integrate the law into one document for easy reference. Maureen Lopes then went over some of the highlights of the conditional veto.
4. The issue of One Life Groups was discussed. Emily Crandall indicated that a joint meeting was held with the Individual Board to sort out the situations where One Life Groups might occur. She outlined four situations that need to be addressed.
  - a. Situations with two related individuals who are the only employees, including spouses or a parent and child. As a practical matter, they could determine whether to buy an individual or small group policy by determining whether to offer a group plan to themselves.

- b. This involves an employer who offers an HMO and indemnity option. All but one employee elects one or the other option. Only one individual would be left uninsured.
- c. Only an HMO is offered and one individual resides outside the service area and is therefore ineligible for coverage with that HMO.
- d. All employees but one exercised waivers (i.e. they have coverage through the spouse). Only one employee would be left to be covered.

The consensus was that those situations where an employment-related situation exists, belong in the small employer group market. Regulations will be developed to address these situations.

5. MEWAs were also discussed. There will be no change under the conditional veto of the registration requirement.
6. No comments were received on the proposed regulations regarding assessments and the comment period ended March 25th. Comments on the stop-loss requirements were received. The stop-loss regulation needs the Department of Insurances' input.

On motion duly made, seconded and unanimously carried, it was resolved to adopt and publish regulations concerning non-member certification for carriers claiming not to be members of the Small Employers Health Coverage Program, as well as for the regulations concerning assessments as modified (N.J.A.C. 11:21-8 and 21-10).

7. Leon Moskowitz reported on the subsidized market.
8. United States Life indicated that its Utilization Review provision was rejected as part of its rate filing because it had provided the employer the option as to whether it desired a U.R. provision. D.O.I. indicated that it was not clear whether the program compliance regulations permitted the choice to be the employer's. The issue was presented as to whether employers have a choice and whether rate differential is permissible depending on whether a policy includes a U.R. provision.

On motion duly made and carried on a vote of 7 for 1 abstain and 1 opposed, it was resolved that carriers may:

1. Offer U.R. to everyone without exception.
2. Not offer U.R. at all.
3. Offer U.R. as an option to the employer with a permissible rate differential depending on whether U.R. is accepted as a component of the policy.

9. A petition for rulemaking from the Optometric Association was received. A similar petition was also received by the IHC and was taken under consideration by the IHC Board. The two issues discussed were whether an optometrist should be listed as a specialist and whether vision therapy should be covered. An IHC Committee has recommended that vision therapy be covered the next time the policy forms are amended, since it was covered prior to the policy form being standardized. Maureen Lopes formed a subcommittee chaired by Fred Title which would discuss the matter with the HMO Association and report back.
10. On motion duly made, seconded and unanimously carried a Policy Forms Committee was formed.
11. On motion duly made, seconded and unanimously carried the minutes for February 16, 1994 and March 2, 1994 were approved.
12. Kevin O'Leary thanked the Board for its confidence in him and indicated he was now officially the Executive Director for the Individual Health Coverage Program Board and the Small Employer Health Coverage Program Board, was looking for space, and would begin the process of seeking support staff.

RECORDER OF THE MINUTES:  
Frederick S. Title  
HIP/Rutgers Health Plan

FST/jk