

NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM
MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
APRIL 20, 1994
OFFICES OF THE NEW JERSEY DEPARTMENT OF INSURANCE
TRENTON, NEW JERSEY

Board Members in attendance: Maureen Lopes (Chair); ; Dana Benbow (Prudential); Linda Ilkowitz (Guardian); Barbara Pryor Waugh (DOI); Fred Title (HIP Rutgers); Karl Ideman (Travelers); Beatrice Manning (DOH); David Lasaracino (BCBSNJ); Edward Tobin (NY Life); David Swords (Aetna). Also attending: Valerie Bollheimer (DAG); Paul Wolcott (Communications Consultant); Jim Donnellan (Interim Administrator); and Kevin O'Leary (Executive Director).

I. Call to Order

The Board of Directors of the New Jersey Small Employer Health Benefits Program ("the Board") convened in room 218 of the Roebing Building. M. Lopes announced that notice of the meeting had been published in three newspapers and posted at the Department of Insurance and Secretary of State, in accordance with the Open and Public Meetings Act.

II. Executive Session

M. Lopes moved to go into executive session for the purposes of receiving privileged advice from counsel. The motion was seconded by D. Swords and approved by voice vote.

III. Revision of Regulations

The Board reconvened in open session and discussed dividing up review of existing regulations to determine what changes need to be made to conform with the passage of L. 1994, c. 11 ("chapter 11"), which amends the Small Employer Health Benefits Act.

IV. Advisory Bulletin on L. 1994, c. 11

M. Lopes asked for the input of the audience with respect to the issues the Board should address in an advisory bulletin discussing chapter 11 changes to the SEH Program. The issues to be addressed in the bulletin included chapter 11's effect on: minimum participation requirements; rating bands and factors; 75% loss ratio; guaranteed issue; preexisting conditions; continuation of coverage; coverage of new small employer groups; one-life groups; riders; coverage per collective bargaining agreements. There was no comment from the audience.

M. Lopes announced that there would be one bulletin for carriers and brokers and another for small employers, written with the help of Paul Wolcott.

E. Tobin asked under what circumstances health statements could be used and suggested that the bulletin address the issue.

It was also suggested that carriers be informed that the election to be a risk assuming versus reinsuring carrier would be reopened following promulgation of regulations.

V. Committees

M. Lopes distributed revised lists of committee members and the Board discussed issues of committee vacancies and who would fill them. B. Manning indicated that the DOH wanted to be represented on the forms committee. M. Lopes suggested that M. Willoughby serve on the marketing committee. D. Benbow offered to serve on the finance committee, E. Crandall on the legal committee, and B. Pryor Waugh stated that the DOI would propose a representative for the dispute resolution committee.

VI. Marketing and Promotion Plan

M. Lopes asked P. Wolcott to review his proposal for a public relations/promotion campaign for the SEH Program. P. Wolcott stated that the goal of the campaign was to inform employers, brokers, and carriers about what is available in the market. He suggested means of communication the Board might use: advertising; public service announcements less effective; speakers; 800 number; seminars for industry, brokers; guest columns for newspapers; mass mailing.

VII. Committee Reports

Dana Benbow gave the report of the finance committee and discussed developing rating regulations using zip codes to define geographic categories, within the goals of covering as many carriers' areas as possible and keep areas as contiguous as possible. D. Benbow responded to questions about the age categories.

The Chair asked for the Board's input with regard to policy forms filed by Cigna which combine services from Cigna's HMO and Connecticut General Life, both licensed CIGNA affiliates, in which out-of-network services would be delivered by CGL. Since the arrangement involves the use of two contracts, DOI had sought Board discussion of the arrangement. After a discussion that such an arrangement was common in other states and broadened choice in the market, D. Benbow moved and L. Ilkowitz

seconded, that the Board convey to DOI a statement of support the Cigna arrangement in principle, as long as legally supportable. The motion was approved unanimously by voice vote.

VIII. Executive Director

K. O'Leary provided a status report on finding office space, hiring staff, and buying a computer system. He stated that he would discuss enforcement issues with DOI personnel and report to the Board as soon as possible.

IX. Approval of Minutes

The Board reviewed the minutes of March 30, 1994 and approved them with amendments.

V. Bollheimer distributed copies of regulations.

There was no new business, and the meeting was adjourned.