

Final

**MINUTES OF THE MEETING  
OF THE  
NEW JERSEY SMALL EMPLOYER HEALTH COVERAGE BOARD  
OFFICES OF THE NEW JERSEY DEPARTMENT OF INSURANCE  
TRENTON, NEW JERSEY  
MAY 4, 1994**

Directors present: Maureen Lopes (NJBIA); David LaSaracino (BCBSNJ); Emily Crandall (Guardian); Barbara Vivona (DOH); Barbara Pryor Waugh (DOI); Dana Benbow (Prudential); Edward Tobin (NYLIC); Fred Title (HIP Rutgers); Karl Ideman (Travelers); and David Swords (Aetna). Also present: Valerie Bollheimer (DAG); Paul Wolcott (Consultant); Kevin O'Leary (Executive Director).

**I. Call to Order**

M. Lopes called the meeting to order and announced that notice of the meeting had been published in three newspapers and posted at the Department of Insurance and the Office of the Secretary of State in accordance with the Open and Public Meetings Act. A quorum was present.

**II. Amendment to Plan of Operations**

M. Lopes announced the need to adopt the amendment to the Plan of Operations to provide that the election for members of the Board may be carried by a plurality rather than a majority, as presently provided. Nomination forms are due by 5-16-94, and the election will take place on 6-29-94, and votes may be cast by absentee ballot or in person. **Dana Benbow moved and M. Lopes seconded, that the Board express its view that the amendment to the Plan of Operations be adopted by the Commissioner, and the motion carried by voice vote.**

B. Pryor Waugh reported on the health of Leon Moskowitz.

**III. Individual Health Coverage Program**

M. Lopes discussed the IHC Board's introduction of a Buyer's Guide and urged the SEH Board to make an in-depth review to determine whether to produce a similar guide. M. Lopes asked K. O'Leary to report to the Board on the demographic distribution of policy holders in the IHC Program at the first meeting in June. The IHC Board reported that 44% of enrollees were not previously covered by health insurance.

M. Lopes announced that P. Wolcott would present a detailed marketing and promotion plan for the SEH Board at the next meeting.

#### IV. Finance Committee

With respect to the draft rating factors regulation, D. Benbow reported that he had received comments from seven carriers. Among the suggestions were adding additional age categories, including under 25, 25-29, 65-69, and 70 and over. Further, the age categories for persons eligible for Medicare needs to be split between those for whom Medicare is primary or secondary. F. Title asked why there were so many categories and D. Benbow responded that it was standard in the industry.

With respect to the geographical categories, comments generally did not take exception to the draft, except to say that South Jersey was not well divided. D. Benbow stated he would rework this area and recommend a change prior to proposal at the next meeting. He instructed K. O'Leary to insert the county names into the draft in addition to the zip codes used to define areas so that either counties or zip codes could be used. E. Crandall announced that the Board should be ready to adopt at the next meeting.

#### V. Legal Committee

M. Lopes distributed a work plan for regulation changes in the coming weeks, and a copy of the final bulletin to be distributed to carriers. R. Vehec of DOI suggested a change to clarify the reinstatement provision. M. Lopes stated that she was working on a second bulletin with P. Wolcott for small employers and trade groups and expected to complete it by next week.

D. Benbow asked for clarification of the rulemaking process. DOI will rewrite its rate filing regulation. E. Crandall pointed out that the SEH rating regulation, not the DOI regulation, is what determines when the various requirements of the SEH Act attach to non-standard plans.

D. Benbow commented on the draft rider regulation and suggested that it clarify that carriers specify whether the rider increases or decreases a specific plan's actuarial value. F. Title asked that the HMO plan be mentioned whenever the standard plans are mentioned. K. Ideman suggested that the term "substantial compliance" might give the impression that wide deviation from the standard might be allowed. D. Benbow explained that the term was used to provide some leeway when a carrier was making a good faith effort to comply so that the Board could work with the carrier to perfect the filing rather than be forced to reject it for minor deviations.

V. Bollheimer discussed late filings of Exhibit CCs and non-member status requests. The regulations were proposed on 2-16-94, adopted on 3-30-94, filed at the OALl on 4-8-94, and required

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filing by 4-15-94. The tight deadline may have caused late filings. J. Donnellan asked whether the Board wished to reopen the filing deadline for all carriers. E. Crandall recommended extension to 5-15-94, following notice to all carriers that the filing had been reopened. J. Donnellan suggested 5-20-94 instead. M. Lopes agreed.

D. Banbow moved that the filing opportunity be extended to 5-20-94 and that all carriers be notified by the Interim Administrator, seconded by K. Ideman, and approved by voice vote.

E. Crandall asked who would review the non-member certifications. J. Donnellan offered to distribute a list of those who had filed among Board members for verification purposes at the 5-18-94 meeting.

M. Lopes asked carriers to attend the 5-11-94 meeting to discuss a study of health insurance reform proposed by the Robert Wood Johnson Foundation.

#### **VI. Executive Director's Report**

The Executive Director reported on hiring staff, procuring space and equipment, and promised a report on enforcement efforts at the 5-18-94 meeting.

M. Lopes reviewed the proposed changes in the policy forms, application and certification forms for discussion at the 5-18-94 meeting. F. Title asked for clarification of how preexisting condition information could be collected if the employer certification were deleted. This will be addressed on 5-18-94.

M. Lopes suggested that a second bulletin would probably be needed to deal with issues not covered in the first, including the use of health statements, manipulation of anniversary dates, and the application of the "no loss, no gain" regulations to prevent "dumping" of bad risks.

#### **VII. Review of Minutes**

The Board reviewed and approved the minutes of the 4-20-94 meeting.

D. LaSaracino asked for clarification of the prospective application of the continuation of benefits provision of the SEH Act. It was agreed that the bulletin properly reflected the Board's view that the provision would apply prospectively at the end of the transition period.

#### **VIII. Close of Meeting**

The meeting was adjourned.