

MINUTES OF THE MEETING
OF THE NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD
OFFICES OF THE NEW JERSEY DEPARTMENT OF INSURANCE
TRENTON, NEW JERSEY
MAY 18, 1994

Directors present: Maureen Lopes (NJBIA); David Lasaracino (BCBSNJ); Emily Crandall (Guardian); Beatrice Manning (DOH); Barbara Pryor Waugh (DOI); Dana Benbow (Prudential); Melanie Willoughby (NJRMA); Larry St. John (Travelers); Edward Tobin (NYLIC); Amy Mansue (HIP Rutgers); Jim Brown (Aetna). Others present: Kevin O'Leary (Executive Director); Valerie Bollheimer (DAG); Paul Wolcott (Communications Consultant).

I. Call to Order

M. Lopes called the meeting to order at 9:43 am 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. Finance Committee Report

D. Benbow reported changes in the age categories and geographic categories of the rating regulation proposal since the initial proposal presented to the Board. M. Lopes asked whether Medicare eligible persons over 65 can be separated into those whose Medicare coverage is primary and those for whom Medicare is secondary. D. Benbow replied that they could be separated and that the impact on rates would be significant. E. Crandall explained that the rating factors are permissive and a carrier that did not want to use all categories could choose to use fewer or could even use pure community rating.

II. Legal Committee Report

J. Brown explained the draft regulations on rating factors and riders. M. Lopes discussed changes to the policy forms required by the passage of L. 1994, c. 11. With respect to the application form, M. Lopes asked for the Board's input on retaining the policyholder information section to gather demographic information for the Board. The Board agreed to keep the section, as long as the information was not used for rating purposes. The Board agreed to remove the questions about the type of organization or nature of business. M. Lopes suggested cross referencing the application form and employer certification form to ensure that the number of eligible employees on both forms match. After discussion, the Board agreed.

E. Tobin suggested that the type of organization information be retained to ensure that a carrier could determine whether an employer had affiliates and qualified as a "small employer." E. Crandall and J. Brown

agreed instead to develop an affirmative statement to be included in the application form to address this problem.

M. Lopes noted that a section would be added to the employer certification form to distinguish union employees covered by a union negotiated plan. D. Lasaracino suggested that a section be added for each employee's title, to use as verification of employment. A. Mansue asked that employers not be required to notify a carrier about a title change and that titles only be required to be changed annually on renewal. The Board agreed to add a section for employee titles.

M. Lopes read F. Title's recommended changes to the employee enrollment form. E. Crandall suggested that the language addressing preexisting conditions mirror the statutory language. J. Brown clarified that the definition of preexisting condition included pregnancy. E. Crandall noted that the regulation needed to reflect that the enrollment form information about health status could be used until the end of the transition period.

With respect to the regulation on non-standard health benefits plans, E. Crandall noted that the DOI was in the process of writing a withdrawal regulation and that the Board's definitions of standard and non-standard health benefits plans would have to conform with the DOI definitions. J. Brown clarified that the last date a non-standard plan could expire would be 2-28-97. The last date for renewal or new issuance of non-standard plans would be 2-28-96. J. Brown stated, in response to a question, that the old rules would apply to new sales and renewals of non-standard plans until after the transition period. D. Benbow noted that, with respect to multiple employer trusts, the anniversary date referred to in regulations is the anniversary of the employer's coverage, not the master contract, and recommended that the regulations clearly reflect that fact.

At 11:00 am, M. Lopes announced that the Board would take a brief recess, immediately followed by an executive session for purposes of hearing legal advice subject to the attorney client privilege.

* M. Lopes moved that the Board go into executive session, M. Willoughby seconded the motion, and the motion passed by voice vote

The Board reconvened in open session at 11:20 am. M. Lopes announced that off label drug use, pursuant to the Off Label Drug Use Act of 1993, should be covered by the standard plans if recommended by a clinical study or article and such study or article appeared in a major peer reviewed professional journal.

* E. Crandall made a motion to delete language requiring a preponderance of the evidence and replace with statutory language to conform with the act, as long as the language clearly states that a study or article must appear in a major peer reviewed journal. D. Benbow seconded, and the motion was approved by voice vote

With respect to the Wellness Promotion Act, M. Lopes informed the Board that the new law would require the Board to replace the current benefit with lists of procedures and no cap on coverage. Unlike the current benefit, which is not subject to a deductible, the uncapped benefit would be subject

to a deductible. M. Lopes suggested that the current benefit is actually better. All agreed that the first dollar, capped benefit was superior to that provided in the statute. E. Crandall suggested that K. O'Leary draft a letter to the sponsor of the Wellness Promotion Act explaining that the Board currently had a wellness benefit and believes it conforms with the act.

IV. Marketing/Education

M. Willoughby distributed the draft communications and outreach plan and explained the goals of the program and their use in measuring program's success. She recommended the development of a buyers' guide as the principal source of information for employers; the use of seminars for brokers and agents; and the use of an 800 telephone number in conjunction with the IHC Board. In response to a question by A. Mansue, P. Wolcott explained that staff time for speaking engagements would be limited, but that it was important to develop a standard format for such presentations, no matter who was giving them. M. Willoughby suggested that the Board carefully weigh what information it should request from carriers in reports so that the board will have statistical evidence to measure its success. There were objections raised to requiring reporting more often than annually.

V. Proposed Legislation

M. Lopes announced that two bills were up for consideration by the Senate Health committee that would address the makeup of the SEH Board: S. 569 and S. 641. After discussion, the Board agreed that M. Lopes would not testify on the Board's behalf, but that the Board would send a letter explaining the background of the SEH legislation and the original makeup of the Board. K. O'Leary was asked to testify on S. 866, a bill to change the criteria for renewal of a standard health benefits plan so that a carrier would have to renew a plan when only one person, who was part of a small employer group that met participation requirements, was covered by the plan.

VI. Requests for Non-member Status

M. Lopes distributed a list of carriers filing for non-member status and asked members of the Board to review the list and provide input at the next meeting. E. Crandall asked J. Donnellan to cross reference members and non-members to determine which carriers appeared on neither list.

VII. Enforcement

K. O'Leary reported on significant progress made in cooperation with DOI to bring carriers into compliance with IHC and SEH Acts.

VIII. Executive Director's Report

K. O'Leary reported that he had obtained permission from the Department of Personnel to hire staff, and that offers had been extended and accepted. He stated that a notice for a secretary would be placed in all agencies. Efforts to obtain computers and set up permanent office space within DOI are ongoing.

IX. Minutes

The minutes of the 5-4-94 meeting were reviewed and adopted as amended.

X. Close of Meeting

M. Lopes adjourned the meeting at 1:00 pm.