

Final

MINUTES OF THE MEETING
OF THE NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD
AT THE OFFICES OF THE NEW JERSEY DEPARTMENT OF INSURANCE
TRENTON, NEW JERSEY
June 1, 1994

Directors present: Maureen Lopes, Chair (NJBIA); Melanie Willoughby, Vice Chair (NJRMA); Emily Crandall (Guardian); Karl Ideman (Travelers); David Lasaracino (BCBSNJ); Amy Mansue (HIP Rutgers); Beatrice Manning (DOH); Leon Moskowitz (DOI); Jim O'Connor/Jim Donellan (Prudential); David Swords (Aetna); Edward Tobin (New York Life).

Others present: Kevin O'Leary, Executive Director; Wardell Sanders, SEH Program Assistant Director; Susan Church, IHC Program Assistant Director; DAG Michael Goldman (DOL); Paul Wolcott, Communications Consultant.

I. Call to Order

M. Lopes called the meeting to order at approximately 9:30 a.m. 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 Public Meetings Act. A quorum was present.

II. Revised Schedule of SEH Board Meetings

M. Lopes announced that SEH Board meetings will be held on June 15, June 29, July 13, July 27, and August 17, 1994. M. Lopes indicated that she would provide notice to those meetings which previously had not been noticed.

III. Introduction of New Staff

The Executive Director introduced Wardell Sanders, the new Assistant Director of the SEH Program Board, and Susan Church, the new Assistant Director of the IHC Program Board. The Executive Director explained that although the Assistant Directors would be responsible primarily for working with their assigned boards, their work would overlap. K.O'Leary urged the Board to contact the new Assistant Directors at any time.

IV. Report of the Legal Committee

J. Brown explained the draft regulations concerning the cessation of issuance and renewal of non-standard health benefit plans which draft regulations will follow Subchapter 3 in N.J.A.C. J. Brown noted that the existing regulations governing the continuation and conversion of existing contracts, N.J.A.C. 11:21-7A.1 to -7A.3, should be repealed, except for the language in N.J.A.C. 11:21-7A.2 which requires a carrier to notify each small employer at least 60 days prior to the policy or contract anniversary date that the existing policy or contract will be cancelled on its anniversary date. E. Crandall noted that it was inaccurate that non-standard plans may not be "continued"

after February 28, 1996 and suggested that the draft rule be amended accordingly. L. Moskowitz expressed a concern that the term "anniversary date" be interpreted consistently. The Board agreed that a definition of "anniversary date" should be included in the rules and it should be defined as an employer's anniversary date with the insurer. J. Brown indicated that a few other changes to Subchapter 7 regarding Program Compliance may be needed. M. Lopes indicated that the revised draft regulations would be faxed to the Board and would be voted on at the June 15, 1994 meeting.

J. Brown also explained the draft regulations regarding permissible rate classification factors and riders. D. Swords expressed a concern that the proposed revisions to N.J.A.C. 11:21-6.3(c) would not permit an insurer to use an enrollment form for the purpose of medical management. The Board, however, decided to retain the existing draft language. DAG Goldman noted that, the amendments to the SEH Act did not provide for rate differentiation based on whether Medicare was an insured's primary insurance. The Board noted that those with Medicare as their primary insurance would have to be treated differently since their benefits would be different. The Board decided to create a rider for those whose Medicare coverage is primary and to remove the references to Medicare in N.J.A.C. 11:21-7.15(a)1 (this decision was revised later, see section VIII infra).

With respect the regulations regarding optional benefit riders, the Board agreed to some minor word changes including adding that no rider may be sold until it is approved by the Commissioner of Insurance.

* E. Crandall made a motion to submit the draft regulations regarding rate classifications and riders, with the corrections noted, to the Office of Administrative Law as a rule proposal, M. Willoughby seconded, and the motion was approved unanimously.

J. Donellan said that he would mail the adopted regulations upon receipt.

With respect to the HMO Plan policy form changes, L. Moskowitz mentioned that the IHC Board had undertaken a comprehensive review of all its policy forms and had made substantial changes thereto. L. Moskowitz also noted that the IHC Program Board made changes at this time in order to have its policy forms ready before October 1, 1994, the date when subsidized plans may be purchased. After discussing whether the SEH Program policy forms should be examined to determine whether these forms should conform with the IHC Program policy forms, the Board determined that it would revisit this issue at a later time in order to provide itself with the opportunity for a more thorough review of the IHC Program's changes. J. Donellan then described the changes to the HMO Plan policy forms.

* E. Crandall made a motion to submit the draft regulations regarding the HMO policy forms (but not the application form, certification form, or enrollment forms) to the Office of

Administrative Law as a rule proposal, Jim Donellan seconded, and the motion was approved unanimously.

The Board went on break from 11:00 a.m. until 11:15 a.m.

V. Report of the Marketing Committee

M. Willoughby distributed the final draft of the Communications and Outreach Plan and discussed the minor changes made to this Plan.

* A. Mansue made a motion to adopt the Communications and Outreach Plan, E. Crandall seconded the motion, and the motion was adopted unanimously by the Board.

L. Moskowitz inquired about the goals of the Buyers' Guide and whether the document would be addressing the transition period or the period after the transition. He further noted that an employer should know that, if it is buying a non-standard plan, that such a plan eventually would have to change.

VI. Report of the Interim Administrator

J. Donellan distributed and explained a report which included preliminary administrative assessment figures. Many of the Board members expressed a concern that some of the figures appeared to be inaccurate. After some discussion of whether to contact all insurers or merely some of the insurers, the Board determined that it would be inappropriate to penalize all carriers by requiring further information. As a result, the Board decided that each of the Board members would submit to the SEH Assistant Director a list of those carriers which appeared to have grossly inaccurate net earned premium figures. These lists were to be provided to the Assistant Director before the next meeting so that the Executive Director could send a letter to those insurers before the next meeting.

J. Donellan also indicated that the Legal Committee needed to address what to do with those insurers which have failed to file non-member certification forms. At issue is whether these carriers may be assessed through use of the accident and health line of their annual statement blanks.

VII. Report of the Executive Director

The Executive Director reported that the ballots for Board members had been sent to the Office of Administrative Law. He indicated that the voting would take place at the Board Meeting on July 13, 1994.

The Executive Director also reported that he testified at a Senate committee hearing on two bills, once on behalf of the IHC Program Board and once on behalf of the SEH Program Board. With respect to the first bill which concerns mandating benefits for lead screening and immunization, he testified that while the goals of the bill should be mandated, the method for mandating them should not as this would disrupt the work already completed by the Board. The Senate committee

reported this bill out of committee without change. With respect to the second bill which concerns the SEH Act and the discrepancy between the terms of issuance and renewal of small employer health benefits plans, the Executive Director recommended that the section of the SEH Act which states that renewals are not necessary when fewer than two lives are covered by the plan should be eliminated. This bill was voted out of committee with the changes recommended.

The Executive Director reported that Mega Life, which had previously disagreed on the issue of one life groups, had agreed to come into compliance with the Act. He also reported that a meeting was scheduled with USA For Healthcare regarding the same issue.

The Executive Director also indicated that a letter would be going out later in the week to the sponsor of the Wellness Act.

Lastly, the Executive Director provided the Board with an update of the activities of the IHC Program Board and provided the Board with a copy of a news release issued by the IHC Program Board regarding the current enrollment in the IHC Program's standardized health plans.

VIII. Medicare as Primary Insurance Issue

J. Donellan asked the Board for guidance on the wording of the riders for those instances where an individual has Medicare as their primary insurance. E. Tobin indicated that this issue was really a rating matter and should be addressed in a regulation regarding rating. This issue will be addressed in Department of Insurance Regulations. The Board concurred and decided not to create separate riders for instances where Medicare is primary.

IX. Department of Insurance Regulations

C. McDevitt distributed draft copies of new Department of Insurance regulations regarding (1) Nonstandard health benefits plan filings with the Commissioner, (2) Informational rate filing requirements, (3) Declaration and approval of reinsuring or risk-assuming carrier status, and (4) Withdrawals of Small Employer carriers, associations, multiple employer arrangements and out-of-state trusts from the small employer health benefits plan market. She noted that this draft was for discussion purposes only at the next meeting and that this draft had not been fully reviewed by either the Department of Insurance or the Attorney General's Office.

X. Review of Minutes

The Board reviewed and approved the minutes of the May 18, 1994 meeting.

XI. Close of Meeting

The meeting was adjourned at approximately 12:30 p.m.