

APPROVED  
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 29, 1994

**Directors present:** Melanie Willoughby, Vice Chair (NJRMA); Bill Caldwell (DOH); Jim Donellan (Prudential); K. Ideman (Travelers); Linda Ilkowitz (Guardian); David Lasaracino (BCBSNJ); Amy Mansue (HIP Rutgers); Leon Moskowitz (DOI); Edward Tobin (NY Life); David Turner (Aetna).

**Others present:** Kevin O'Leary, Executive Director; Wardell Sanders, SEH Program Assistant Director; Susan Church, IHC Program Assistant Director; DAG Valerie Bollheimer (DOL); Paul Wolcott, Wolcott/Thomas.

#### I. Public Hearing

The Board held a public hearing on proposed amendments to the standard health benefits plans and standard policy forms. Speakers were permitted to testify until 11:00 a.m. at which time the public hearing formally closed. A transcript of the public hearing is on file with the SEH Program.

#### II. Call to Order

M. Willoughby called the meeting to order at approximately 9:45 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.

#### III. Discussion on Rule Proposal

The Board discussed a draft of a rule proposal of amendments to N.J.A.C. 11:21-1.2, 2.2, 7.1 - 7.9, 7.12, 7.13, Exhibits N, O, Q, R and S of the Appendix. During this discussion, the Board determined that the draft amendments to N.J.A.C. 11:21-7.3 concerning retired employees and employees working less than 25 hours a week needed revision before proposal in order to clarify coverage of these retirees/employees under certain circumstances. In addition, the Board discussed the draft of amendments to N.J.A.C. 11:21-7.6 and determined that it would need advice from the Attorney General's Office on the number of indemnity plans or HMO plans which may be offered by a small employer. The Board also determined that it would need advice from the Attorney General's Office on whether the Board may require carriers to waive any time period applicable to a preexisting condition limitation period for any previous policy

issued in the United States. In order to address the changes necessary and to receive advice from the Attorney General's Office, the Board decided to delay proposal of the draft regulations until July 13, 1994.

#### IV. Report on the Communication Workplan

P. Wolcott reported on the status of the SEH Program Buyers' Guide and indicated that a first draft would be ready in approximately two weeks. The Board then discussed the development of a speaker's program.

The Board recessed from 11:00 a.m. until 11:15 a.m. and then entered executive session for the purpose of receiving legal advice from counsel.

#### V. Executive Session

The Board was in executive session until approximately 12:15 p.m. and then announced in public session that it had received legal advice on the following: (1) the inclusion of part-time employees and retirees under the standard and non-standard health benefits plans; (2) the number of indemnity plans and HMO plans that may be offered by a small employer; and (3) credit for coverage under a previous non-small employer health benefits plan.

#### VI. Rule Proposal

The Board discussed the need to adopt immediately the proposed amendment to N.J.A.C. 11:21-7.4 which amendment would prohibit a carrier, its affiliates or subsidiaries, or other persons or entities with whom the carrier has a contractual relationship with respect to that small employer's self-funded plan, from providing administrative services and stop loss or excess risk insurance to a small employer's self-funded plan.

\* J. Donellan made a motion to adopt the draft amendment to N.J.A.C. 11:21-7.4 separately as a proposed rule, L. Ilkowitz seconded, and the motion was approved unanimously by voice vote.

#### VII. Legislative Update

M. Willoughby updated the Board on the status of S866 which bill would delete the condition for renewal of a small employer health benefits plan which provides that a plan is not renewable when the number of employees covered under the plan is less than two. M. Willoughby also reported that Maureen Lopes had spoken with legislators about deleting the exemption for certain associations in section 9 of the SEH Act and about providing credit for pre-existing conditions for time on other health plans.

### VIII. Report of the Executive Director

The Executive Director distributed a letter which he sent to Senator Cardinale, and other sponsors, concerning the Health Wellness Protection Act. The Executive Director reported that approximately four carriers had sent follow-up information concerning non-member certification which he would forward to the Legal Committee. He also reported that the SEH Program bank account had been opened and that money should be transferred from Treasury to the SEH Program account shortly. Lastly, the Executive Director reported that he spoke to the North Jersey Underwriters Association on June 28, 1994.

### IX. Review of Minutes

\* A. Mansue made a motion to approve the draft minutes of its June 15, 1994 meeting as amended, J. Donellan seconded, and the motion was approved unanimously.

### X. Close of Meeting

The meeting was adjourned.