

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
AUGUST 17, 1994

Directors present: Melanie Willoughby, Vice Chair (NJRMA); Dana Benbow (Prudential); Bill Caldwell (DOH); Emily Crandall (Guardian); Charlotte Furman (HLFA); Amy Mansue (HIP Rutgers); Leon Moskowitz (DOI); Charles Oliver (BCBSNJ); 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); DAG Michael Goldman (DOL); Paul Wolcott, Wolcott/Thomas.

I. Call to Order

M. Willoughby called the meeting to order at approximately 9:35 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. Executive Session

The Board moved into executive session for the purpose of receiving and discussing legal advice from counsel concerning proposed regulations which advice was subject to the attorney-client privilege. The Board remained in executive session until approximately 10:55 a.m.

III. Report of the Legal Committee

A. Rule Adoptions

The Executive Director distributed copies of a draft of a rule adoption regarding non-standard plans, program compliance, the application form, etc. The Board, noting that the comment period had ended on August 12, 1994 and that the draft adoption had not been completed before the meeting, decided that the draft adoption would require a more thorough review. Noting the need to adopt this package of rules as soon as possible, the Board scheduled a meeting for Wednesday, August 24, 1994, at 1:00 p.m. on the 12th floor of the Department of Insurance.

B. Rule Proposal

J. Brown (Aetna), the Chair of the Legal Committee, reported that the Legal Committee had convened and discusses amendments to

the non-member status regulation which amendments were to clarify determinations with respect to entities claiming exemption under section 9d of the SEH Act. L. Moskowitz and D. Benbow expressed a concern that entities beyond the intention of the Legislature would obtain non-member status under the proposed regulation. The Board decided to refer the matter back to the Legal Committee for further consideration and to include this issue on the agenda for the August 24, 1994 meeting.

C. Final Agency Determinations

J. Donellan, Interim Administrator Emeritus, distributed a listing of the 1993 Requests for Non-Member Certification. The listing noted the carriers that were referred to the Legal Committee for further consideration. J. Donellan recommended that all carriers, except for those carriers referred to the Legal Committee for further consideration, be granted non-member status for 1993. He further recommended, based on the Legal Committee's recommendation, that RLI Insurance Company and Union Labor Life Insurance Company be denied non-member status since both had health benefits plans in force in 1993. Lastly, J. Donellan recommended that determination with respect to carriers claiming non-member status pursuant to N.J.S.A. 17B:27A-25(d) be deferred for further consideration and Attorney General review.

*D. Benbow made a motion to accept the recommendation of J. Donellan as set forth above. A. Mansue seconded the motion and the motion was approved unanimously by voice vote.

The Board then noted that decisions regarding non-member status would have ramifications beyond the assessment process and noted that such carriers would be required to file rates with the Department of Insurance.

The Assistant Director reported that the Board had started to receive informational rider filings pursuant to newly adopted N.J.A.C. 11:21-3.2(d). He noted that the new rule was proving difficult to administer because it contained a 30-day deemer provision which will not provide the Board with sufficient time to review the filings. The Assistant Director recommended that the review period be extended and that the rule be clarified so that the review period commences upon receipt of the filing by the Board.

*D. Benbow made a motion to amend N.J.A.C. 11:21-3.2(d) by extending the review period to 60 days by including traditional deemer provision, and to create a committee to review informational rider filings. A. Mansue seconded the motion, and the motion was approved unanimously.

The Assistant Director then reported on the four optional benefit rider filings received to date. He noted that his review was limited to a review of whether the carriers had submitted the materials required by the rule. The Board then voted on each of

the filings except for the filing submitted by HIP Rutgers which was held for consideration until the August 24, 1994 meeting.

*D. Benbow made a motion to find the filing of Chubb Life America incomplete and not in substantial compliance for failure to file the necessary certification. L. Moskowitz seconded the motion, and the motion was approved unanimously by voice vote.

*D. Benbow made a motion to find the filing of Blue Cross and Blue Shield of New Jersey as complete and in substantial compliance. L. Moskowitz seconded the motion, and the motion was approved with C. Oliver abstaining.

D. Attorney General Office Invoices

The Assistant Director reported that the Commissioner had approved the revisions to the standard health benefits plans proposed by the Board. The Executive Director noted that the only outstanding issue for adoption was whether under the definition of "dependent" a married couple working for the same small employer would be required to obtain coverage separately. D. Benbow noted that the historical reasons for this argument were not applicable to standard health benefits plans.

*E. Crandall made a motion to adopt the policy forms as amended with respect to allowing spouses working for the same employer to choose whether to be covered as employees or as employee and spouse or employee and family. M. Willoughby seconded the motion and the motion was approved unanimously.

V. Communications Report

P. Wolcott reported that work was continuing on the letter to business groups. He also reported that he had submitted SEH A&As to various broker organizations.

VI. Legislative Amendment Package

The Executive Director distributed a draft memorandum on suggested amendments, via floor amendments to S-866, to the SEH Act. The memorandum suggests amendments regarding credit for prior coverage toward pre-existing limitations, removal of the exemption in N.J.S.A. 17B:27A-25(d), to remove the reference to union members from the participation provision, and language to address entities providing stop loss or TPA services.

*E. Crandall made a motion to approve the memorandum for submission to the Legislature. A. Mansue seconded the motion, and the motion was approved unanimously.

The Executive Director distributed a draft RFP for auditing services to audit the SEH finances and obtain advice on establishing recordkeeping for the Board.

*E. Crandall made a motion to adopt the Request for Proposal for an auditing firm. D. Benbow seconded the motion, and the motion was approved unanimously by voice vote.

The Executive Director reported that since the non-member status decisions had been made by the Board, it was in a position to assess members.

*D. Benbow made a motion to assess members. C. Furman seconded the motion, and the motion was approved unanimously.

The Assistant Director noted that S641, a bill increasing the size of the Board, had been signed into law on May 19, 1994 as P.L. 1994, c. 97. He also noted that the Board meeting materials included a letter noting that M. Lopes would be speaking a Medical Benefit Services on September 13, 1994 and that a request for speakers had been made by the Center for Non-Profit Corporations for speakers on November 9, 1994 and December 7, 1994.

VIII. Review of Minutes

*L. Moskowitz made a motion to approve the draft minutes from the July 27, 1994 meeting. D. Benbow seconded the motion and the motion was approved with C. Furman abstaining.

*D. Benbow made a motion to approve the draft executive minutes for the July 27, 1994 meeting. A. Mansue seconded the motion, and the motion was approved with C. Furman abstaining.

IX. Close of Meeting

The meeting was adjourned at 1:10 p.m.