

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
October 19, 1994**

Members present: Maureen Lopes, Chair; Dana Benbow (Prudential); Jim Brown (Aetna); William Caldwell (DOH); Debbie Cieslik (BCBSNJ); Emily Crandall (Guardian); Charlotte Furman (Home Life); Channell McDevitt (DOI); Amy Mansue (HIP of New Jersey); Mellanie Willoughby, Vice Chair (NJRMA).

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

I. Call to Order

M. Lopes called the meeting to order at approximately 9:40 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. Report of the Legal Committee

The Assistant Director reported on a draft rule proposal amending N.J.A.C. 11:21-3.2(d) which would extend the Board's review of informational optional benefit rider filings from 30 to 60 days and would clarify the filing requirements. A. Mansue said that the extension of the Board's review period to 60 days was too long and suggested changing the review period to 45 days.

**D. Benbow made a motion to propose the draft rule proposal, pursuant to regular APA procedures, extending the review period of optional benefit riders to 45 days and clarifying the filing requirements. E. Crandall seconded the motion, and the motion was approved unanimously by voice vote.*

III. Report of the Policy Forms Committee

M. Lopes reported that the Policy Forms Committee had received a number of optional benefit riders to date which, for example, riders changed copayments, added coverage for eye glasses and exams, increased the wellness allowance, and provided coverage for smoking cessation programs.

The Assistant Director reported on the recommendations of the Policy Forms Committee with respect to optional benefit rider filings, an alternative method of utilization review filing, and a certification of compliance filing. A copy of the Committee's recommendations are attached hereto as Exhibit 1.

**D. Benbow made a motion to find the optional benefit rider filing from The New England incomplete and not in substantial compliance. J. Brown seconded the motion, and the motion was approved unanimously by voice vote.*

**D. Benbow made a motion to find the optional benefit rider filing from U.S. Healthcare incomplete and not in substantial compliance. J. Brown seconded the motion, and the motion was approved unanimously by voice vote.*

**A. Mansue made a motion to find the optional benefit rider filing from Lincoln National incomplete and not in substantial compliance. J. Brown seconded the motion, and the motion was approved unanimously by voice vote.*

**J. Brown made a motion to find the optional benefit rider filing from Celtic Life to be incomplete and not in substantial compliance. D. Benbow seconded the motion, and the motion was approved unanimously by voice vote.*

**A. Mansue made a motion to disapprove the alternative method utilization review filing from Principal Mutual. J. Brown seconded the motion, and the motion was approved unanimously by voice vote.*

**D. Benbow made a motion to disapprove the certification of compliance (Exhibit BB, Parts 1 and 2) filing from First Option. J. Brown seconded the motion, and the motion was approved unanimously by voice vote.*

M. Lopes reported on a letter submitted by the Guardian requesting permission to use policy and certificate text to replace or amend the COBRA text in the standard plans. M. Lopes noted that the Board's current regulation do not permit variable language not approved by the Board for use by all carriers. She also noted that the letter could not be considered an optional benefit rider filing since the request from the Guardian would not change the benefits under the standard health benefits plans. After some discussion, the Board agreed that there should be some mechanism for permitting carriers to provide for alternative means of administering aspects of the standard health benefit plans. E. Crandall, on behalf of the Guardian, withdrew the Guardian's request from the Board's consideration.

**D. Benbow made a motion to add to the Board's optional benefit rider filing regulation a provision which would provide that carriers may provide administrative services, but in so doing may not alter the language of the standard policy forms. A. Mansue seconded the motion, and motion was approved unanimously approved by voice vote.*

M. Lopes noted that the Board's staff had received calls concerning the application of the coinsured charge limit in PPO arrangements. She said that some carriers were applying the \$10,000 limit as a per person limit, while other carriers were applying the limit per family. The Board agreed that the coinsured charge limit was to be applied as a per person limit and that this clarification should be put in a bulletin to carriers.

IV. Compliance Filing Regulation for Nonstandard Plans

C. McDevitt reported that the DOI had not yet adopted the rule proposal regarding nonstandard health benefit plans. She reported that the DOI intended to adopt the rule shortly.

V. Reinsurance Program

M. Lopes said that the bill which became the SEH Act originally provided for two standard plans, but was later changed in the conditional veto to a much larger program for the whole marketplace. She said that as a result of these changes the reinsurance program was no longer necessary. She recommended that the reinsurance program be eliminated. D. Benbow added that the reason for the reinsurance mechanism, risk adjustment, was not an issue in the small employer market under the current legislative scheme. E. Crandall said that there may come a time in the small group market where a reinsurance mechanism is necessary, and therefore, she recommended that the Board at least maintain the authority to create a reinsurance mechanism and the Board agreed. M. Lopes said that she would discuss the reinsurance mechanism with the Legislature. The Board's discussion of this issue took place in the context of suggested legislative changes.

VI. Communications Report

M. Willoughby reported that the Board had received 61 replies to the Association mailing from approximately 700 letters. She reported that the mailing resulted in requests for 21, 121 Buyers' Guides, 10,000 of which were requested by the NJBIA. She reported that 34 associations volunteered to publish SEH information, that two entities volunteered to be on the Board, that nine associations requested speakers, and that three requested periodic updates from the Board. She further reported that the responses represented 1194 employers and about 22,447 lives, but that these numbers were skewed by the association representing automobile dealers which represents approximately 21,000 lives.

Paul Wolcott reported that the Buyers' Guide was in its 3rd draft and that it would be reviewed by the Legal Committee. He said that he would be seeking bids on printing costs by the end of the week. The Executive Director asked who would be paying for bulk requests of the Buyers' Guide, and the Board agreed that that copies would be provided at no cost.

VII. Medical Savings Account

A. Mansue reported that she had met with representatives of Keystone and Blue Cross and Blue Shield about medical savings accounts. She said that further meetings would take place to determine the "pros" and "cons" of these accounts. She noted that the Board's report to the Legislature was due on January 1, 1995.

VIII. Report of the Executive Director

The Executive Director reported on speaking engagements, as well as on an interview on NJN radio and an interview which resulted in an article in Cranes Business Journal. He also reported that he had obtained a high volume copier at no cost to the Program. He reported that he would be meeting with people from the DOI regarding the DOI's role in handling calls about the SEH Program. The Executive Director also distributed a spreadsheet outlining the collections of SEH assessments. He noted that approximately 80% of the assessments had been collected.

(M. Willoughby left)

M. Lopes noted that, as a result of P.L.1994, c.97, the Board would have to administer an election for a Board seat for a person representing minority small business. She noted that nomination forms would be sent in approximately two weeks. She also noted that the terms of three Board members were scheduled to expire in February of 1995.

Executive Session

The Board then resolved to enter into executive session for the purpose of receiving and discussing legal advice.

Motions and Matters after Executive Session

**E. Crandall made a motion to bifurcate the rule proposal amending N.J.A.C. 11:21-1.2, 7.4, and 8.3, by adopting 7.4 and 8.3, but reproposing 1.2 to change the per person retention limits to \$20,000 per year and the aggregate retention limits to no less than 120% of expected claims per year. J. Brown seconded the motion. Voting in favor of the motion were J. Brown, E. Crandall, C. Furman and M. Lopes. Voting against the motion were D. Benbow, W. Caldwell, D. Cieslik, A. Mansue, and C. McDevitt. Thus, the motion did not pass.*

**A. Mansue made a motion to adopt the rule proposal amending N.J.A.C. 11:21-1.2, 7.4, and 8.3. D. Cieslik seconded the motion. Voting in favor of the motion were D. Benbow, W. Caldwell, D. Cieslik, A. Mansue and C. McDevitt. Voting against the motion*

were J. Brown, E. Crandall, C. Furman and M. Lopes. There were no abstentions. Thus, the motion passed.

**D. Benbow made a motion to approve the expense report submitted by the Executive Director attached hereto as Exhibit 2. A. Mansue seconded the motion, and the motion was approved unanimously by voice vote.*

**A. Mansue made a motion to authorize the Executive Director to establish an outside bank account as soon as possible which would be for the purpose of depositing moneys subject to assessment disputes. E. Crandall seconded the motion, and the motion was approved unanimously by voice vote.*

**A. Mansue made a motion to approve the September 20, 1994 minutes as amended. D. Benbow seconded the motion, and the motion was approved unanimously.*

**D. Benbow made a motion to approve the September 20, 1994 minutes of the executive session. E. Crandall seconded the motion, and the motion was approved unanimously by voice vote.*

X. Close of Meeting