

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
September 12, 1995

Members present: Maureen Lopes, Chair; Dana Benbow, Vice Chair (Prudential); Debbie Cieslik (Blue Cross); Linda Ilkowitz (Guardian); Nancy Fiorentino/Pam Dickson (DOH); Sasha Fry (Aetna); Charlotte Furman (Home Life); Amy Mansue (HIP of New Jersey); Leon Moskowitz (DOI); Dutch Vanderhoof.

Others present: Kevin O'Leary, Executive Director; Wardell Sanders, SEH Program Assistant Director; Ellen DeRosa, IHC Program Assistant Director; DAG Josh Lichtblau (DOL); DAG Maria Smyth (DOL).

I. Call to Order

M. Lopes called the meeting to order at approximately 1:45 PM 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

M. Lopes referred to a draft copy of an ethics manual developed by the Legal Committee. She asked that Board members review the draft and be prepared to discuss the draft at the next meeting. She commented that the draft referred to "things of value" and noted that the phrase may need to be defined. She instructed Board members to closely review the sections regarding the receipt of gifts and appearances before the Board. She further noted that the section regarding casino matters was standard in agency ethics manuals. Lastly, she noted that there is a state body, the Executive Committee on Ethical Standards, which provides guidance on ethical matters faced by state employees and special state officers. The Executive Director noted that the draft ethics manual would be shared with the IHC Board. He noted that in drafting the ethics manual, the Legal Committee attempted to assure that carrier Board members not benefit from their status as Board members, but also that such Board members not be disadvantaged by virtue of their status as Board members. Board members were instructed to provide any editing comments to the staff prior to the next meeting.

III. July 12, 1995 Meeting Minutes

M. Lopes reported that the staff had some concerns about the changes to the draft minutes of the July 12, 1995 meeting with respect to the following paragraph appearing on page 5:

“C. Furman made a motion to amend the standard policy forms to permit carriers to offer one of the following options: a family deductible and coinsurance provision with the family deductible and coinsurance cap computed on an aggregate basis with the cap set at *two* times the individual amount, or alternatively, a family deductible and coinsurance provision with the cap computed on an individual basis, with the cap at two times the individual cap (which option is in the current form); and the carrier must offer only one of these options to all small employers. L. Moskowitz seconded the motion, and the motion was approved unanimously by voice vote.” (emphasis added)

C. Furman, D. Vanderhoof, and L. Moskowitz agreed that, under the first option above, that the Board intended that both the family deductible and coinsurance cap were to be computed on an aggregate basis with the cap set at three times the individual amount, not two times.

** L. Moskowitz made a motion to amend the minutes to reflect this correction. D. Vanderhoof seconded the motion, and the motion was approved with D. Cieslik abstaining.*

The Executive Director indicated that the staff would look at the rule proposal and determine how the correction may be made.

IV. Policy Forms Issues Raised by IHC

D. Benbow noted that an IHC Board member had inquired whether the Board would consider allowing carriers to convert in force standard plan policies to the revised policies beginning on January 1, 1996, the intended effective date of changes to the policy forms. He noted that the IHC Board had not reached a conclusion on this issue. M. Lopes asked Board members to consider this for the next meeting. It was noted that permitting carriers to convert in force policies might present difficulties for those carriers with rate guarantees.

M. Lopes noted that with respect to the mandatory offering of coverage for autologous bone marrow transplants (“ABMT”), that the IHC Board had decided to permit carriers to choose whether to offer ABMT coverage via rider or by incorporating the coverage in the in the standard plans, but permitted carriers to make a separate selection with respect to Plan A. She noted that the SEH Board had previously decided to require carriers to make a choice with respect to all plans. A. Mansue noted that since very few carriers had sold Plan A, and since the Board had many pressing issues, that this was not an issue on which the Board should spend its resources.

** D. Benbow made a motion to ask the Attorney General's Office whether it was legally supportable to not provide ABMT coverage in Plan A. D. Cieslik seconded the motion, and the motion was approved with A. Mansue voting against the motion.*

[P. Dickson replaced N. Fiorentino as the DOH representative.]

V. Discussion of Assembly Bill 3123

L. Moskowitz indicated that the Department had not reached a conclusion on the issues raised by the bill. He asked that the issue be held over for the next meeting.

VI. Other Matters

A. Mansue asked Board members to review the draft report on Medical Savings Accounts and to provide her with comments prior to the next Board meeting.

The Executive Director reported that he had reviewed a United States Senate Bill sponsored by Sens. Kassenbaum and Kennedy to evaluate its effect on the SEH Program. He noted that the bill allows the formation of purchasing cooperatives, and provides that the cooperatives may be certified by appropriate State agencies, or by the United States Department of Labor. He further noted that the bill would seem to preempt state law. L. Moskowitz reported that the Department has informed the NAIC that it believes that the bill does not permit states sufficient flexibility. After some discussion, the Board asked the Executive Director to draft a letter to the Governor's Office which letter was to note that the bill would seem to run contrary to the SEH Act's rating provisions and that the SEH Board would recommend a revision to provide New Jersey with an exemption from the bill. The Board asked the Executive Director to send the draft letter to the Board.

VII. Executive Session

** D. Benbow made a motion to enter into executive session for the purpose of receiving legal advice regarding minimum contribution requirements and to discuss enforcement matters, and to permit members of the IHC Board to remain if they so chose. L. Moskowitz seconded the motion, and the motion was approved unanimously.*

VIII. Close of Meeting

The Board entered open session.

** D. Benbow made a motion to close the meeting. C. Furman seconded the motion, and the motion was approved unanimously by voice vote.*