

## 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  
March 20, 1996**

**Members present:** Maureen Lopes, Chair; James Donnellan, Vice Chair (Prudential); Pam Dickson (DOH); Justin Fiedler (BCBSNJ); Steven Fischl, M.D.; Charlotte Furman (Home Life); Larry Glover; Linda Ilkowitz (Guardian); Amy Mansue (HIP of New Jersey); Leon Moskowitz (DOI); Susan Peters (Aetna); Sherrie Price (NYLife); Dutch Vanderhoof; M. Willoughby.

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

### **I. Call to Order**

M. Lopes called the meeting to order at approximately 9:45 AM 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. Public Comments**

No public comments were offered.

### **III. Minutes**

*\* D. Vanderhoof made a motion to approve the draft minutes of the February 21, 1996 Board meeting, as amended. L. Ilkowitz seconded the motion, and the motion was approved by voice vote, with C. Furman and S. Price abstaining.*

*\* L. Moskowitz made a motion to approve the draft executive session minutes of the February 21, 1996 meeting. L. Glover seconded the motion, and the motion was approved by voice vote, with C. Furman, J. Fiedler, and S. Price abstaining.*

#### **IV. Board Member Election**

The Assistant Director announced that there would be an election for four Board seats. He indicated that ballots were available for any carrier wishing to vote in person, and that the results would be announced later in the meeting.

#### **V. Report of the Marketing Committee**

The Executive Director reported that the Assistant Director had developed a draft of a revised SEH Buyer's Guide. He noted that the draft included comments from the Marketing Committee, but that his comments were not reflected in the draft. He indicated that the Guide should be geared to use by small employers, and that the current draft did not provide a summary of key information for small employers in the beginning of the Guide. As a result, he recommended that the Guide be shortened, and that it include an executive summary in the beginning. The Board was instructed to provide additional comments to the Assistant Director by Monday, March 25, 1996.

[S. Fischl arrived.]

#### **VI. Report of the Policy Forms Committee**

The Assistant Director reported that the Policy Forms Committee had met to review optional benefit rider filings and other matters. The Assistant Director referred to the document attached hereto as Exhibit 1 regarding the recommendations of the Policy Forms Committee, and described the riders submitted.

*\* L. Moskowitz made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from AmeriHealth Insurance, listed on Exhibit 1, to find the filing complete and in substantial compliance. J. Donnellan seconded the motion, and the motion was approved unanimously by voice vote.*

*\* L. Moskowitz made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from Blue Cross and Blue Shield of New Jersey, listed on Exhibit 1, to find the filing complete and in substantial compliance. D. Vanderhoof seconded the motion, and the motion was approved by voice vote, with J. Fiedler abstaining.*

*\* L. Moskowitz made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from Medigroup, Inc., listed on Exhibit 1, to find the filing complete and in substantial compliance. D. Vanderhoof seconded the motion, and the motion was approved by voice vote, with J. Fiedler abstaining.*

M. Lopes noted that the Board had received many riders that had waived the hospital confinement copayment. She asked if the Department could provide information regarding the effect that this modification had on premium. B. Vehec indicated that the Department could provide the Board with some information regarding the premium impact resulting from this modification.

[P. Dickson arrived.]

*\* L. Moskowitz made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from Harmony Health Plan, listed on Exhibit 1, to find the filing complete and in substantial compliance. J. Fiedler seconded the motion, and the motion was approved unanimously by voice vote.*

D. Vanderhoof raised the issue of whether a small employer could purchase a rider prior to the first year anniversary of the policy. The Board agreed that it should address this issue, but indicated that it should be forwarded to a committee for consideration.

The Assistant Director reported that the Committee had reviewed an inquiry from a carrier regarding coverage for contraceptive drugs under the standard policy forms. Specifically, the carrier had asked about coverage for Norplant, IUDs, and diaphragms. The Assistant Director reported that the Committee's interpretation of the forms was that the plans covered prescription "drugs" not "devices" and therefore, IUDs and diaphragms, as devices, would not be covered, while Norplant, a prescription drug, would be covered under the plans.

*\* D. Vanderhoof made a motion to concur with the interpretation of the Policy Forms Committee with respect to coverage for contraceptive drugs. C. Furman seconded the motion, and the motion was approved unanimously by voice vote.*

The Assistant Director reported that a carrier had inquired as to whether the standard plans provided coverage for artificial insemination. The Committee's interpretation of the forms was that the plans did cover artificial insemination.

*\* C. Furman made a motion to concur with the interpretation of the Policy Forms Committee with respect to coverage for artificial insemination. L. Moskowitz seconded the motion, and the motion was approved unanimously by voice vote.*

The Assistant Director referred the Board to the HMO/POS contract draft rule adoption. He noted that the Board had already reviewed the draft responses to the comments, but that the Board had not reviewed the agency initiated changes. After reviewing the proposed agency initiated changes, the Board decided to make minor modifications.

*\* L. Moskowitz made a motion to approve the draft responses and agency initiated changes contained in the draft HMO/POS contract rule adoption, as amended. L. Ilkowitz seconded the motion, and the motion was approved unanimously by voice vote.*

*\* J. Donnellan made a motion to adopt the HMO/POS contract rule proposal. L. Ilkowitz seconded the motion, and the motion was approved unanimously by voice vote.*

The Assistant Director distributed a draft of responses to comments received to the rule proposal containing the HMO/POS evidence of coverage document. The Board reviewed the draft responses. As was reflected in one of the draft responses, the Board indicated that it would need to evaluate recent pieces of legislation regarding mandated benefits, to determine their applicability to the standard small employer plans. It was determined that if changes to the HMO/POS contract and evidence of coverage were necessary as a result of the new laws, then the Board would develop a compliance and variability rider for use with the plan. E. DeRosa added that she would develop an explanation of brackets for the HMO/POS plan and evidence of coverage.

*\* C. Furman made a motion to accept the draft responses to the comments received to the HMO/POS evidence of coverage, as amended. L. Ilkowitz seconded the motion, and the motion was approved unanimously by voice vote.*

*\* L. Ilkowitz made a motion made to adopt the HMO/POS evidence of coverage rule proposal. C. Furman seconded the motion, and the motion was approved unanimously by voice vote.*

*\* J. Donnellan made a motion to have the HMO/POS contract and evidence of coverage adoptions published concurrently with the Department of Health's ("DOH") rule adoption regarding the ability of HMOs to offer out-of-network benefits, and further to have staff issue a bulletin to carriers in the small employer market that (1) disks of the HMO/POS contract and evidence of coverage would be available from the Board, and (2) that carriers may not offer or issue any HMO/POS contracts until the publication of the HMO/POS contract and evidence of coverage and the DOH regulation in the New Jersey Register, and until the carrier had filed rates for the HMO/POS contract with the Department of Insurance. C. Furman seconded the motion, and the motion was approved unanimously by voice vote.*

M. Lopes indicated that the development of the HMO/POS contract highlighted some changes that may be appropriate to make to the HMO contract. A. Mansue noted that the Board may want to wait until the DOH had adopted its comprehensive HMO regulations as the DOH regulations may affect the standard HMO contract.

## **VII. Report of the Assistant Director**

The Assistant Director announced the results of the election. He indicated that Maureen Lopes (person representing small employers), Celtic Life (a carrier primarily in the small employer market), HIP Health Care of New Jersey (an HMO), and NYLCare (an HMO) had been elected to the Board.

## **VIII. Report of the Executive Director**

The Executive Director reported that the Program audit was proceeding. He presented the Board with an expense report attached hereto as Exhibit 2.

*\* L. Moskowitz made a motion to accept the expense report. D. Vanderhoof seconded the motion, and the motion was approved unanimously by voice vote. [Met 2/3rds supermajority requirement]*

The Executive Director reported that the ad hoc committee formed to study the effect of allowing individuals to purchase small group health insurance had met on March 8, 1996 with interested parties and Legislative staff. He referred the Board to a memorandum resulting from that meeting outlining the key questions that the committee would have to address. The Executive Director noted that his present duties would not enable him to research these issues and write the report by himself. As a result, he asked that he be permitted to hire a scholar to help him and the Committee with the study. The Board then discussed whether it would be more appropriate to contract with an independent actuarial firm to do the study. Some Board members expressed a concern about the potential cost of hiring an actuarial firm to conduct the study, and the Executive Director noted that the development of a Request for Proposal and a review of candidates would consume too much time, jeopardizing the ability of the Board to complete the study in a timely manner. A. Mansue indicated that the Board should respect the request of the Executive Director to provide him with the assistance that he had requested.

*\* A. Mansue made a motion to permit the Executive Director to hire an individual for five weeks at \$15 an hour, up to a maximum of \$3000, at which time the Board would have to authorize additional funds as it deemed appropriate. J. Fiedler seconded the motion, and the motion was approved unanimously by voice vote. [Met 2/3rds supermajority requirement]*

The Executive Director reported that he had been hearing reports from brokers that the enrollment figures collected and published by the Board included double-counting of covered persons. He indicated that he sent a letter to the NJAHU to clarify that this accusation was inaccurate. M. Lopes suggested that a similar letter be sent to the Legislature, so that it was aware that the Board had not manipulated its enrollment statistics. A. Mansue said that the letter should remind the Legislature that the Board is composed, in part, of carriers, and that there are fines for carriers that knowingly

misreport enrollment statistics. L. Ilkowitz asked if it was clear who was behind the accusations of double-counting. A. Mansue indicated that carrier Board members should make sure that its agents were not misstating facts.

The Executive Director indicated that the Board packets included the draft Ethics Manual. M. Lopes noted that in the absence of an approved manual members should adhere to the draft Manual.

The Executive Director also noted that he had been working with staff from Sens. Kassebaum and Kennedy's offices regarding their bill permitting health purchasing cooperatives. He indicated that he was trying to develop an opt out provision for States that already had community rating and mandatory minimum loss ratio provisions.

The Executive Director noted that Wenzel & Co. had sent a press release regarding the premium comparison survey to press around the State. With respect to outreach, the Executive Director reported that he was filmed for a segment for the "Perspectives" talk show on WPVI TV, Channel 6 (Philadelphia), appearing with a representative of the Delaware Valley Small Business Administration. He also noted that he was scheduled to speak at meetings of the HIAA and the ABA concerning New Jersey's experiences with small group reform.

*\* D. Vanderhoof made a motion to thank all of the Aetna Life representatives for their participation on the SEH Board. A. Mansue seconded the motion, and the motion was approved unanimously by voice vote.*

#### **IX. Executive Session**

*\* L. Moskowitz made a motion to move into executive session for the purpose of receiving information on enforcement issues. D. Vanderhoof seconded the motion, and the motion was approved unanimously by voice vote.*

#### **X. Close of Meeting**

*\* L. Ilkowitz made a motion to close the meeting. D. Vanderhoof seconded the motion, and the motion was approved unanimously by voice vote.*