

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
July 17, 1996**

Members present: Larry Glover, *Chair*; Gale Simon, *Vice Chair* (DOBI); James Donnellan (Prudential); Pam Dickson (DOHSS); Justin Fiedler (BCBSNJ); Charlotte Furman (Anthem Health and Life); Eileen Gallagher (NYLCare); Linda Ilkowitz (Guardian); Amy Mansue (HIP of New Jersey); Eric Wilmer (Celtic Life); Dutch Vanderhoof.

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

I. Call to Order

L. Glover 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. Election of Representative of Small Employers

The Assistant Director distributed ballot forms for the vacant board seat for the position of a person representing small employers. Ballots were collected. The Assistant Director announced that Bryan Markowitz from the New Jersey Business and Industry Association had been elected to the vacant position.

III. Public Comments

No public comments were offered.

IV. Minutes

** P. Dickson made a motion to approve the draft minutes of the June 19, 1996 Board meeting, as amended. C. Furman seconded the motion, and the motion was approved by voice vote, with A. Mansue abstaining.*

** D. Vanderhoof made a motion to approve the draft executive session minutes of the June 19, 1996 meeting, as amended. C. Furman seconded the motion, and the motion was approved by voice vote, with A. Mansue abstaining.*

V. Report of the Marketing Committee

The Assistant Director reported that the revised Buyer's Guide dated July 10, 1996 was included in the Board materials. He indicated that this latest draft included a page providing an example of how Plans A through E were structured when sold through a selective contracting arrangement. He asked Board members to provide comments by July 23, 1996. He further reported that a memorandum had been sent to all SEH Program carriers asking them to report the number of Guides that they wanted.

The Executive Director reported on printing costs. He asked for permission to print up to 50,000 copies.

** A. Mansue made a motion to approve the printing of up to 50,000 copies of the Buyer's Guide. D. Vanderhoof seconded the motion, and the motion was approved unanimously by voice vote. [Met 2/3rd supermajority requirement.]*

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.

** A. Mansue made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from **Aetna Life**, listed on Exhibit 1, to find the filing incomplete and not in substantial compliance. C. Furman seconded the motion, and the motion was approved unanimously by voice vote.*

** L. Ilkowitz made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from **First Option**, listed on Exhibit 1, to find the filing complete and in substantial compliance. A. Mansue seconded the motion, and the motion was approved unanimously by voice vote.*

** A. Mansue made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from the **New England**, listed*

on Exhibit 1 as Rider 1, to find the filing incomplete and not in substantial compliance. J. Fiedler seconded the motion, and the motion was approved unanimously by voice vote.

** J. Donnellan made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from the **New England**, listed on Exhibit 1 as Rider 1, to find the filing incomplete and not in substantial compliance. J. Fiedler seconded the motion, and the motion was approved unanimously by voice vote.*

** D. Vanderhoof made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from the **New England**, listed on Exhibit 1 as Rider 2, to find the filing incomplete and not in substantial compliance. J. Fiedler seconded the motion, and the motion was approved unanimously by voice vote.*

** D. Vanderhoof made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from the **New England**, listed on Exhibit 1 as Rider 3, to find the filing incomplete and not in substantial compliance. P. Dickson seconded the motion, and the motion was approved unanimously by voice vote.*

** D. Vanderhoof made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from the **New England**, listed on Exhibit 1 as Rider 4, to find the filing incomplete and not in substantial compliance. J. Fiedler seconded the motion, and the motion was approved unanimously by voice vote.*

** D. Vanderhoof made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from the **New England**, listed on Exhibit 1 as Rider 5, to find the filing incomplete and not in substantial compliance. C. Furman seconded the motion, and the motion was approved unanimously by voice vote.*

** A. Mansue made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from **Physicians Health Services**, listed on Exhibit 1 as Rider 1, to find the filing complete and in substantial compliance. D. Vanderhoof seconded the motion, and the motion was approved by voice vote, with L. Ilkowitz abstaining.*

** J. Donnellan made a motion to accept the recommendation of the Policy Forms Committee with respect to the optional benefit rider filing from **Physicians Health Services**, listed on Exhibit 1 as Rider 2, to find the filing complete and in substantial compliance. D. Vanderhoof seconded the motion, and the motion was approved by voice vote, with L. Ilkowitz abstaining.*

** D. Vanderhoof made a motion to accept the recommendation of the Policy Forms Committee with respect to the utilization review filing from MetraHealth, listed on Exhibit 1, to approve the filing. J. Donnellan seconded the motion, and the motion was approved unanimously by voice vote.*

** A. Mansue made a motion to accept the recommendation of the Policy Forms Committee with respect to the utilization review filing from Physicians Health Services, listed on Exhibit 1, to approve the filing. J. Fiedler seconded the motion, and the motion was approved by voice vote, with L. Ilkowitz abstaining.*

VII. Report of the Legal Committee

The Executive Director reported that the Legal Committee met via telephone conference on July 15, 1996 to discuss various issues. He recommended that the issues be discussed in executive session

VIII. Report of the Assistant Director

The Assistant Director advised the SEH Board of the publication of Advisory Bulletin 96-SEH-05. He reported that the Bulletin advised carriers that New Jersey law did not permit any carrier to non-renew a non-standard health benefits plan, unless the carrier first receives approval to non-renew the plan from the Commissioner, or for one of the reasons set forth in N.J.A.C. 11:21-7.12. He reported that the bulletin arose out of an urgent need to advise carriers of this issue and that it had been drafted in consultation with the Department and the Attorney General's Office.

The Assistant Director reported on the results of the second quarter SEH enrollment report. He noted that the market totals showed a decrease in enrollment from the previous quarter. The Board discussed the possible reasons for the decrease in reported enrollment and indicated that it would wait until the results of the third quarter reports to determine if the decrease was an aberration or a trend.

IX. Report of the Executive Director

The Executive Director presented an expense report attached hereto as Exhibit 2.

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

The Executive Director reported that Deloitte and Touche had begun an audit of the SEH Program. He indicated that he expected the audit to be completed by August 1, 1996.

The Executive Director reported that Commissioner Randall held a summit on July 1, 1996 to elicit input from interested parties on modifications to the individual health benefits market for the purpose of stabilizing rates. He indicated that well over 100 people attended. He reported that the Commissioner would be developing a report for the Governor's Office and the Legislature. He noted that the median cost of individual insurance had been relatively stable and consistent with the rate of inflation, but that large increases by some carriers had required insureds to switch plans in order to keep their premiums stable. He further noted that HMO rates in the individual market had remained flat over a two-year period. L. Ilkowitz indicated that nationwide, HMOs had experienced flat rates. A. Mansue noted that she hoped that the Commissioner's report would be produced in a context of open dialogue with the affected community. G. Simon indicated that she expected that the Commissioner would be open to continued input from both the IHC and SEH Boards and other interested parties.

The Executive Director reported that a first draft of the one life group study was near completion. He noted that seven carriers had been asked to make projections on rates. He noted that the information submitted by the participating carriers had required some follow-up, and that he expected to finish a draft in about ten days. The Executive Director reported that he expected the Harvard/Brandeis study, which would examine reform in the individual market, would be completed some time this fall.

The Executive Director advised the Board that Assemblyman Bateman and Garrett had submitted a bill to convert the individual market into a high risk pool. A. Mansue asked that a discussion of the bill be put on the agenda for the Board's September meeting. G. Simon noted that the Commissioner's report to the Governor and Legislature on modifications to the individual market would likely address the contents of the bill.

The Executive Director reported that the Commission on Ethical Standards had approved the Board's draft Code of Ethics. He asked for a final vote on the Code.

** A. Mansue made a motion to approve the draft Code of Ethics. L. Ilkowitz seconded the motion, and the motion was approved unanimously by voice vote.*

With respect to outreach, the Executive Director reported that a press conference was held to announce the publication of the *Progress Report* on health care reform in the State. He noted that the press conference was well attended, but that the announcement of the New Jersey Chief Justice's resignation during the press conference resulted in some reporters leaving. He reported that NJN did a story on small employer health coverage. He further reported that Wenzel & Co set up a 30-second public service ad which was being run by WOR TV. L. Ilkowitz referred to an article in a New Jersey paper which cited a study by Lab 6 that asserted that a large portion of small employers did not know about the SEH Program. The Executive Director advised J. Gorman of Wenzel & Co. to contact all of the Labs. J. Gorman reported that he had already contacted Lab 6. The Executive Director also referred to a press release from the Council

on Affordable Healthcare which attacked the Board's *Progress Report*. He noted that the press release was conclusory in nature and did not present a factual basis for refuting the conclusions in the *Progress Report*. A. Mansue suggested that the Executive Director respond to the Council's press release.

The Executive Director read a letter from S. Fischl advising the Board of his resignation from the Board citing other obligations.

X. EXECUTIVE SESSION

** L. Ilkowitz made a motion to move into executive session for the purpose of receiving legal advice. D. Vanderhoof seconded the motion, and the motion was approved unanimously by voice vote.*

XI. Open Session

** Noting that there was no meeting scheduled for August, J. Donnellan made a motion to permit the Executive Director to pay bills during the month of August, and to require the Executive Director to submit an expense report for those bills at the September meeting. D. Vanderhoof seconded the motion, and the motion was approved unanimously by voice vote. [Met 2/3rds supermajority requirement.]*

XII. Close of Meeting

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