

**MINUTES OF THE MEETING OF THE
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD
AT THE OFFICES OF THE
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
May 16, 2001**

Members participating: Loretta Curry (Horizon BCBSNJ); Gary Cupo; Sandy Herman (Guardian); John Kilgallin (CIGNA); Jane Majcher (DOBI); Patricia Mastrangelo (Oxford) (Arrived at 10:25 a.m.); Claudine Harper (Aetna USHealthcare); Robert Shalongo (United); Tony Taliaferro (AmeriHealth); Vaughn Reale; Dutch Vanderhoof; Bonnie Wiseman (DOHSS).

Others present: Ellen DeRosa, Deputy Executive Director; DAG Prince Kessie (DOL); Pearl Lechner, Program Accountant; Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the meeting to order at 10:10 a.m. W. Sanders announced that notice of the meeting had been published in three newspapers and posted at the Department of Banking and Insurance (“DOBI”) and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Public Comments

W. Sanders asked if any member of the public wished to address the Board. No comments were offered.

III. Minutes

Open Session April 18, 2001

J. Majcher offered a motion to approve the minutes of the Open Session of the April 18, 2001 Board meeting, as amended. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

IV. Staff Report

Expense Report (see attached)

J. Majcher offered a motion to approve the payment of the expenses specified on the May 16, 2001 expense report. S. Herman seconded the motion. The Board voted unanimously in favor of approving the motion.

Exhibit CC and Non-member Certification Filings

W. Sanders said he had been following up with carriers to verify data. He noted that one carrier, New York Life, reported negative net earned premium and he was seeking an explanation.

Legislative Update

W. Sanders called the Board's attention to a few of the bills listed on the legislative update memo.

A1315

This bill would allow employers to band together for the purposes of securing coverage. W. Sanders said the bill had been revised to provide for a discount program for those employers that have banded together. He said the bill was scheduled to be discussed on May 17, 2001 in the Assembly Banking and Insurance Committee.

A2328

This bill would require an employer to provide notice to employees if coverage under the group plan under which they are covered *is going to* terminate. C. Harper said the employees know about a plan termination when they receive the HIPAA Certificate of Creditable Coverage. S. Herman said some states require carriers to notify employees when insurance *has* terminated.

S13

W. Sanders said the Board has previously discussed this bill. He reminded the Board that it includes a provision for a bare bones plan in the individual market and allows carriers to offer exclusive provider organization plans.

Discount Plans

W. Sanders noted that there seems to have been a proliferation of discount type plans which provide a discount from various providers to persons who belong to a "group." He noted that discount plans were not insurance. He said those marketing such plans must take care not to give the appearance that the plans are providing insurance.

Outreach

E. DeRosa said she spoke to a fairly large group of Russian émigrés in East Orange. She said they had numerous questions and noted that fortunately there was an interpreter.

W. Sanders said he and E. DeRosa attended an excellent seminar sponsored by the Center for State Health Policy.

V. Committee Assignments

Policy Forms Committee

T. Taliaferro offered a motion to retain existing membership on the Policy Forms Committee. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

Legal Committee

B. Wiseman offered a motion to retain existing membership on the Legal Committee. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

Finance and Operations Committee

J. Kilgallin said CIGNA would like to participate on this Committee.

V. Reale offered a motion to modify existing membership on the Finance and Operations Committee to add a representative from CIGNA. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

Marketing Committee

J. Kilgallin said CIGNA would drop participation on this Committee since the number of Board members had to be limited to no more than seven.

S. Herman offered a motion to modify existing membership on the Marketing Committee to remove the representative from CIGNA. L. Curry seconded the motion. The Board voted unanimously in favor of the motion.

VI. Report of the Ad Hoc Committee

W. Sanders reported that the ad hoc committee that was formed to consider whether the compensation schedule Horizon implemented is acting to impede access to coverage. The committee is taking the following steps:

- a) Write to HCFA to seek guidance as to whether the compensation schedule would be prohibited under HIPAA.
- b) Contact the NJAHU to find out if they corresponded with HCFA and if yes, find out what, if anything, they have learned thus far.
- c) Invite brokers to provide analysis on access to coverage as a result of the change in compensation.
- d) Request that Horizon provide certain information.
- e) Gale Simon sent a request through the NAIC to find out what other Departments have done in similar circumstances.

D. Vanderhoof suggested that the information request to Horizon should request models Horizon created to determine the anticipated impact of the compensation change. He also suggested that the request should ask for the numbers of dependents and ages of dependents in the groups issued or renewed. D. Vanderhoof asked if the Board could compel Horizon to provide the data. T. Taliaferro said that Gale Simon indicated to the ad hoc committee that the Department has subpoena authority.

VII. Executive Session

W. Sanders said the Board needed to move into Executive Session to review the Executive Session minutes from the last meeting and to receive advice from counsel. He said there would not be further discussion in Open Session following the Executive Session.

J. Majcher offered a motion to begin Executive Session. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

Executive Session 10:55 a.m. – 11:10 a.m.]

VIII. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. R. Shalango seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 11:10 a.m.]

Attachments: Expense Report