

**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  
March 20, 2002**

**Members participating:** Raymond Bascio (Horizon BCBSNJ); Gary Cupo; Darrel Farkus (Oxford); John Kilgallin (CIGNA) (arrived at 10:15 a.m.); Sandy Herman (Guardian); Mary McClure (Aetna USHealthcare); Bob Shalongo (United); Gale Simon (DOBI); Tony Taliaferro (AmeriHealth); Dutch Vanderhoof; Bonnie Wiseman (DOHSS).

**Others present:** Ellen DeRosa, Deputy Executive Director; DAG Prince Kessie (DOL); Wardell Sanders, Executive Director.

**I. Call to Order**

W. Sanders called the meeting to order at 10:05 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”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. Roll call was taken. A quorum was present.

**II. Public Comments**

W. Sanders asked if any member of the public wished to address the Board.

Lynne Crowe, a licensed broker, said she would like to comment on continuation. She expressed concern that one of her clients was advised by HealthNet that under New Jersey law, there is no opportunity for a widow to continue coverage for even a brief period following the death of the employee.

E. DeRosa advised that contrary to the information HealthNet provided, the standard plans include a survivor benefit and that the widow must be given the opportunity to continue coverage under the group plan for six months.

### III. Minutes

*Open Session January 16, 2002*

**D. Vanderhoof offered a motion to approve the minutes of the Open Session of the January 16, 2002 Board meeting. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.**

*Open Session Joint Meeting February 11, 2002*

**D. Vanderhoof offered a motion to approve the minutes of the Open Session of the February 11, 2002 joint Board meeting with the IHC Program Board. B. Wiseman seconded the motion. The Board voted unanimously in favor of the motion.**

*Executive Session Joint Meeting February 11, 2002*

**D. Vanderhoof offered a motion to approve the minutes of the Executive Session of the February 11, 2002 joint Board meeting with the IHC Program Board. B. Wiseman seconded the motion. The Board voted unanimously in favor of the motion.**

### IV. Staff Report

*Expense Report (see attached)*

**D. Vanderhoof offered a motion to approve the payment of the expenses specified on the March 20, 2002 expense report. S. Herman seconded the motion. The Board voted unanimously in favor of approving the motion.**

*Code of Ethics*

W. Sanders said that Executive Order No. 10, issued February 25, 2002, provides that the Board must examine its code of ethics to ensure the strictest conformance with the Conflicts of Interest Law and the Executive Order. The Board must report the findings of its review to the Executive Commission on Ethical Standards within 120 days of the date of the Order. W. Sanders reported that J. Petto concluded an initial review of the Code of Ethics and that it would be sent to the Legal Committee for review.

*Outreach*

W. Sanders reported that he spoke to a group at the Urban Institute in Washington, DC about New Jersey's individual market on March 5, 2002. He noted that the sponsor paid for the trip. He said there was a panel discussion addressing individual markets and federal proposals for tax credits for people who purchase coverage in the individual market.

W. Sanders said he spoke to a group of producers from the New Jersey Association of Health Underwriters on February 19, 2002.

E. DeRosa reported that the filing requirements seminar held in January 2002 was well attended.

### *Health Resources and Services Administration*

W. Sanders said that the federal Department of Health and Human Services has proposed funding for up to ten new State grants to study the uninsured and to develop plans for providing access to health coverage for all citizens of the State. The program goal is to encourage States to provide access to affordable health coverage by providing the States with resources for planning and a supportive policy environment for implementation. The Office of Special Programs in the Health Resources and Services Administration of the Department of Health and Human Services will be managing the program. Grants to States will vary in size, with the typical grant not to exceed \$1.3 million. Up to ten new awards are anticipated to be awarded in 2002. Only states and territories that have not previously received a grant will be eligible for a grant. New Jersey has not previously received an award. A State entity, nominated by the Governor, must be the official recipient of a grant. New Jersey would like to use the SEH and IHC Boards as “sounding boards” for their work. So that feedback can be provided quickly, W. Sanders suggested that the Board form an *ad hoc* committee.

The following volunteered to serve on the *ad hoc* committee:

S. Herman; G. Cupo; D. Farkus; M. McClure; R. Bascio; DOBI; J. Kilgallin

### *1998 SEH Loss Ratio Data*

W. Sanders said that information on SEH loss ratios for 1998, as reported on Exhibit GG, was included in Board materials. He said he understood the 1999 data would be available shortly. Several Board members questioned why 1998 data was only now available in 2002. E. DeRosa explained that carriers may not have filed on a timely basis, or carriers may have provided initial data that had to be revised.

### *New York Regulation Concerning Individual and Small Group Insurance*

W. Sanders reported that a copy of a recent amendment to New York’s regulations provided that commissions may be based on a flat percentage of premium, a percentage that decreases as premium increases, a flat dollar amount per person or a flat dollar amount to case.

### *Miscellaneous*

W. Sanders said the packets included a copy of an article on purchasing alliances that indicated this structure may help drive down insurance costs.

W. Sanders said the DOBI proposed changes to the informational rate filing regulations. A copy of the proposal was included in the Board packets.

The Carrier Market Share Report, Exhibit CC, was due March 1, 2002. Thus far, 28 of 40 had been filed.

### *Rulemaking*

E. DeRosa reported that the forms proposal was filed with the Office of Administrative Law and the summary piece of the proposal appeared in the February 4, 2002 *New Jersey Register*. The full proposal with the appendix exhibits was posted on the Department’s

web site. E. DeRosa said she had already received written comments and that the comment period would continue until April 5, 2002. She said a public hearing was scheduled for later that day, beginning at 1:00 p.m. E. DeRosa briefly summarized the concerns raised in the written comments regarding coverage for autism and PDD which are biologically-based mental illnesses and the comments on coverage levels for home health care and private duty nursing. She invited any Board members who might be interested to stay for the hearing.

## **V. Board Seat Election**

E. DeRosa asked if there were any representatives present who would like to cast for the election of an HMO and the election of a representative of a small employer. She reminded carriers that if a carrier has both an indemnity company and an HMO, then the representative could vote once for the indemnity company and once for the HMO.

E. DeRosa tallied the ballots that were previously submitted along with the ballots being cast at the meeting. The election results are as follows:

### *HMO Seat*

Oxford Health Plans: 11 votes

WellChoice: 3 votes

### *Representative of Small Employer*

Nancy Ostin: 2 votes

James Stenger: 12 votes

E. DeRosa said that the term of the new seat would begin with the April Board meeting.

Committee assignments would be considered during the April Board meeting when newly elected members are seated.

## **VI. Close of Meeting**

**G. Cupo offered a motion to adjourn the Board meeting. R. Shalongo seconded the motion. The Board voted unanimously in favor of the motion.** [The meeting adjourned at 11:03 a.m.]

Attachments: Expense Report