

**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  
July 17, 2002**

**Members participating:** Raymond Bascio (Horizon BCBSNJ); Gary Cupo; Darrel Farkus (Oxford); Jack Kalosy (CIGNA); Ulysses Lee (Guardian); Vicki Mangiaracina (DOBI); Mary McClure (Aetna Health); Channel McDevitt (DOHSS); Bob Shalongo (United); Jim Stenger; Joe Torella (AmeriHealth).

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

**I. Call to Order**

W. Sanders called the meeting to order at 10:03 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. No comments were offered.

**III. Minutes**

*June 19, 2002*

**G. Cupo offered a motion to approve the minutes of the Open Session of the June 19, 2002 Board meeting. M. McClure seconded the motion. The Board voted in favor of the motion, with V. Mangiaracina and J. Kalosy abstaining.**

**IV. Staff Report**

*Expense Report (see attached)*

**V. Mangiaracina offered a motion to approve the payment of the expenses specified on the July 17, 2002 expense report. M. McClure seconded the motion. The Board voted unanimously in favor of approving the motion.**

*Ethics Code*

W. Sanders reminded the Board that Executive Order No. 10 required all State agencies to undertake an immediate and comprehensive review of their codes of ethics to ensure

strictest conformance with the Conflict of Interest Law and Executive Order No. 10. J. Petto said that the revised code of ethics the Board voted to approve during the June meeting had been submitted to the Commission on Ethical Standards. J. Petto reported that she received an informal call from the Commission regarding the Code of Ethics. She said the Commission identified the SEH and IHC Codes as among the most comprehensive the Commission has received and that the Commission holds those Codes up as examples to other agencies. J. Petto reminded Board members that all persons serving as Board members, alternates and that all persons serving on Committees must complete the Conflict of Interest Questionnaire.

#### *Legislative Update*

W. Sanders reported that some bills had been introduced that would have an impact on the SEH market.

A.2579 would specifically require SEH plans to provide unlimited coverage for home health care and private duty nursing. He noted that this bill does not require such coverage in any other market.

A.2578 would require all plans to provide coverage for physical therapy, speech therapy and occupational therapy and behavior interventions to the same extent as other medical conditions when such therapies and interventions are use to treat Autism, PDD, Childhood Disintegrative Disorder, Asperger's Disorder or Rhett's Syndrome.

#### *Comment letter to Legislative offices*

W. Sanders said that a copy of a letter he sent to the offices of the various Legislators who provided comments on the SEH forms proposal was included in the Board packets. He reported that John Covello, the Legislative Liaison at the DOBI informed him that Assemblyman Imprevuto has expressed an interest in meeting with Board staff on the issues of coverage for home health care and treatments of PDD and autism.

#### *Regulatory Activity*

W. Sanders said a copy of the proposal addressing the requirements of the Open Public Records Act was included in the Board packets. He noted that the comment period is due to close August 30, 2002.

W. Sanders said that in response to the request made during the last Board meeting, copies of the comments received by the DOBI in response to the rate filing regulation proposal were included in the Board packets.

W. Sanders said the DOBI was working on responses to the comments received relative to the proposed regulation on purchasing alliances.

#### *Miscellaneous*

W. Sanders said that a copy of data prepared by the DOBI relative to 1999 loss ratio filings was included in the Board materials.

W. Sanders reported that New Jersey was among the states to be awarded a grant from the federal government to develop plans to provide affordable health coverage for the

uninsured. He noted that the Department of Human Services was the lead agency working on the project. He reminded the Board that it had named an ad hoc committee that would provide feedback to the people working directly on the project.

W. Sanders said that although he has received approval to fill the Program Accountant position, he has been awaiting resumes of additional persons to interview. W. Sanders said he hoped to be allowed to fill the position left open with the resignation of J. Petto.

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

W. Sanders reported that the Legal Committee met via teleconference to consider several issues.

### *Employer Waiting Periods*

W. Sanders said the Committee considered whether a carrier would have the right to refuse to honor a request from an employer to change the waiting period until the plan anniversary. He said the Committee believed the law and the Board's regulations do not address this issue. However, the Committee believed that State and federal law would permit a regulation that would limit the timing of waiting period changes, if the Board so desired.

G. Cupo said he would like to see the waiting period for rehired employees to be distinct from the waiting period for new hires.

### *Out-of State Paper*

The Committee considered the effects to an employee if the employee works for a New Jersey small employer, but either resides in another state, or selects a PCP in another state. Would that employee be entitled to New Jersey state continuation? The Committee was divided as to whether the employee should be entitled to continuation. The Committee requested that staff secure a copy of the group contract to review various provisions.

### *Pre-existing Conditions Statement*

W. Sanders said the Committee agreed staff should develop draft language, based on federal regulations, to identify what evidence a carrier should be required to accept as proof of prior coverage, in the absence of a certificate of creditable coverage. If such evidence were provided, a carrier may not require an applicant to complete the pre-existing conditions statement as part of the enrollment process.

### *Premium Charges for Periods when Coverage is not provided*

W. Sanders said the Committee agreed that as a matter of fairness, no premium should be charged for any period for which coverage is not provided.

M. McClure said she would need to consult with others at her company before being able to discuss and vote on this recommendation.

## **VI. Close of Meeting**

**G. Cupo offered a motion to adjourn the Board meeting. R. Bascio seconded the motion. The Board voted unanimously in favor of the motion.** [The meeting adjourned at 11:00 a.m.]

Attachments: Expense Report