

**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
April 16, 2003**

Members participating: Thomas Collins; Gary Cupo; Darrel Farkus (Oxford); Jack Kalosy (HealthNet); Sandy Herman (Guardian); Kelly Stewart Maer; Vicki Mangiaracina (DOBI); Mary McClure (Aetna Health); Robert Shalongo (United); Jim Stenger; Tony Taliaferro (AmeriHealth); Dutch Vanderhoof; Michael Torrese (Horizon BCBSNJ); Joseph Tricarico, Jr. (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 10:08 a.m. He 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.

W. Sanders introduced Joseph Tricarico, Jr. who is representing the Commissioner of the Department of Health and Senior Services.

II. Public Comments

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

III. Minutes

March 19, 2003

V. Mangiaracina offered a motion to approve the minutes of the Open Session of the March 19, 2003 Board meeting, as amended. K. Stewart Maer seconded the motion. The Board voted in favor of the motion, with J. Tricarico abstaining.

IV. Election of Chairperson and Vice Chairperson and Designation of Committee Membership

W. Sanders noted that during the March 29, 2003 Board meeting two persons were nominated to serve as Chairperson of the Board, Tony Taliaferro and Jim Stenger. He asked if any other person wished to be considered. No other persons expressed an interest in running for the position of chairperson.

By majority vote, J. Stenger will serve as Chairperson of the SEH Board until the next Annual meeting.

S. Herman nominated T. Taliaferro to serve as Vice Chairperson of the SEH Board. M. McClure seconded the nomination. The Board voted unanimously in favor of the nomination.

Policy Forms Committee:

J. Moriarity	(Aetna)
C. McDevitt	(DOHSS)
A. Wallace	(Oxford)
M. Malloy	(DOBI)
T. Taliaferro	(AmeriHealth)
S. Bellomo	(Horizon)
J. Kalosy	(HealthNet)

Legal Committee:

W. Manning	(Aetna)
V. Mangiaracina	(DOBI)
C. Colica	(Oxford)
P. Forbes	(United)
N. Sullivan	(Horizon)
U. Lee	(Guardian)
T. Taliaferro	(AmeriHealth)

Finance and Operations Committee:

V. Mangiaracina	(DOBI)
S. Herman	(Guardian)
M. Brill	(AmeriHealth)
S. Kelly	(Horizon)
M. Toman	(Oxford)

Marketing Committee:

M. Torrese	(Horizon)
D. Vanderhoof	(Broker Representative)
G. Cupo	(Broker Representative)
K. Snoke	(Aetna)
D. Farkus	(Oxford)

R. Shalongo (United)
T. Collins (Minority small employer)

V. Mangiaracina offered a motion to constitute the Policy Forms, Legal, Finance and Operations, and Marketing Committees with membership as set forth above. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

V. Staff Report

Expense Report (see attached)

T Taliaferro offered a motion to approve the payment of the expenses specified on the April 16, 2003 expense report. J. Kalosy seconded the motion. The Board voted unanimously in favor of approving the motion.

Legislative Report

W. Sanders said that **A.3318** amends the purchasing alliance law with respect to premium and loss ratio filings. He said there has been significant discussion regarding how loss ratio reports are to be prepared. In its present state, he said the bill allows carriers to either calculate loss ratios for all alliance business as an aggregate loss ratio or to permit carriers to calculate the loss ratio on an alliance by alliance basis.

W. Sanders said the SEH Board continues to receive correspondence requesting that the SEH Board consider adding coverage for treatment of infertility, and in particular, coverage for in-vitro fertilization, to the SEH plans. He said a copy of his response to Assemblywoman Weinberg regarding this coverage was included in the Board packets.

W. Sanders said that New Jersey has selected state continuation as the vehicle for tax credit under the Trade Adjustment Assistance Act of 2002. Persons who are eligible for a 65% advance health tax credit under the Act are certain workers who lose their job as a result of international trade and certain beneficiaries of the Pension Benefit Guarantee Corporation.

Federal Association Health Plan legislation would allow small employers to band together under a MEWA, leaving the states with no jurisdiction. H.R. 660 was scheduled to be heard in the House Education and the Workforce subcommittee on April 8, 2003.

Regulatory Report

W. Sanders reminded the Board that the readoption deadline for N.J.A.C. 11:21 is September 25, 2003. He said he sent Board members a complete set of the regulations. Suggested changes must be consistent with the law.

Accountant Position

W. Sanders said he and E. DeRosa interviewed a number of applicants for the Program Accountant position and noted that several of the applicants would have the necessary

skills for the position. He said any eventual hiring would be subject to approval from the Governor's Office.

SEH Administrative Assessment

W. Sanders said the administrative assessment was billed and that payments of over \$68,000 had been received thus far. He suggested that the Board might want to consider including a de-minimus payment amount in the revised regulations to avoid future invoices for amounts less than \$1.00.

NJBIA Survey

K. Stewart Maer briefly spoke about the results of the health survey NJBIA conducted of members. She said there are about 19,600 members in the NJBIA, with about 16,600 of the members being companies with two or more employees. She said the survey indicated that the average rate increase for health coverage in 2002 was about 15%, with an aggregate increase over the past three years of about 35%. She noted that the trend in health coverage was to increase copayments and deductibles, and that employers did not seem to be dropping health coverage entirely. The full survey is scheduled to be released on May 1, 2003, and K. Stewart Maer offered to provide copies for distribution to the SEH Board.

Outreach

W. Sanders reported that he spoke to a chapter of the Association of Health Underwriters in Totowa on April 15, 2003 and that he was a speaker at the NJBIA conference on March 26, 2003.

Conference

The federal Health Resources and Services Administration (HRSA) awarded New Jersey a planning grant to study the problem of the uninsured. A conference was held on April 10, 2003 during which nationally known experts who have studied insurance market reforms spoke. On April 11, 2003, a small workgroup of some State officials and some of the invited speakers met to specifically consider the New Jersey individual market.

Optional Benefit Riders

E. DeRosa referred the Board to a report of Staff regarding the optional benefit rider filings. She reminded the Board that it had previously determined that it was not necessary for the Policy Forms Committee to review rider filings that simply update a previously filed rider. E. DeRosa said she reviewed riders from AmeriHealth that provide coverage for prescription drugs, with different methods of cost sharing.

The Board briefly discussed the ways prescription drug coverage is offered in the SEH market. Some Board members questioned whether all carriers make coverage available under the base medical plan in addition to making coverage available via optional benefit rider and questioned how coverage for prescription drugs is rated. E. DeRosa offered to invite N. Vance to the next meeting to discuss rating issues.

VI. Report of the Legal Committee

W. Sanders said the DOBI is considering issuing a Bulletin to address the requirements of P.L. 2003, c. 27 which requires a 60-day notice of a rate increase. He reported that the Legal Committee reasoned that the May 9, 2003 effective date of the law refers to the date after which notices of rate increases must be sent allowing at least a 60-day notification period. He said the Committee recommended that the Board modify the current regulation that restricts a carrier from seeking information for the annual certification more than 120 days in advance of the renewal to allow up to a 150 day period.

[T. Collins left the meeting at 11:16 a.m.]

W. Sanders said the Committee also considered a question that was raised as a result of one carrier having asserted that it was not obligated to allow an employer to amend an inforce plan to a plan with a greater actuarial value after the first anniversary. W. Sanders said the carrier argued that the plans have a one-year term and therefore all coverage ends as of the anniversary. Therefore, no coverage is in force beyond the anniversary other than the newly issued coverage. The Legal Committee did not find that argument compelling and pointed to policy provisions that support the fact that coverage continues beyond the first anniversary. W. Sanders said the Committee unanimously agreed carriers must allow employers to amend plans that have been in force for one year. The Board concurred with the Legal Committee's opinion.

VII. Close of Meeting

K. Stewart Maer offered a motion to adjourn the Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 11:25 a.m.]

Attachments: Expense Report