

**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
January 21, 2004**

Members participating: Thomas Collins; Gary Cupo; Darrel Farkus (Oxford); Sanford Herman (Guardian); Jack Kalosy (HealthNet); Vicki Mangiaracina (DOBI); Mary McClure (Aetna); Robert Shalongo (United) (arrived at 10:20 a.m.); James Stenger; Tony Taliaferro (AmeriHealth); Michael Torrese (Horizon BCBSNJ); Joseph Tricarico, Jr. (DOHSS).

Others present: Ellen DeRosa, Deputy Executive Director; DAG Karyn Gordon (DOL); Rosaria Lenox, Program Accountant; Wardell Sanders, Executive Director.

I. Call to Order

J. Stenger 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”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Public Comments

No public comments were offered.

III. Review of Minutes

December 3, 2003

J. Kalosy offered a motion to approve the minutes of the Open Session of the December 3, 2003 SEH Board meeting, as amended. M. Torrese seconded the motion. The Board voted unanimously in favor of the motion.

January 5, 2004

V. Mangiaracina offered a motion to approve the minutes of the Open Session of the January 5, 2004 Joint IHC/SEH Board meeting. M. McClure seconded the motion. The Board voted in favor of the motion, with M. Torrese abstaining.

IV. Staff Report

Expense Report (see attached)

M. Torrese offered a motion to approve the payment of the expenses specified on the January 2004 expense report. S. Herman seconded the motion. The Board voted unanimously in favor of approving the motion.

W. Sanders said the SEH Board needs to transfer \$30,000 from its investment account to the Department of Banking and Insurance to cover staff salaries and benefits.

M. Torrese offered a motion to transfer \$30,000 from the investment account to the Department of Banking and Insurance for staff salaries and benefits. T. Taliaferro seconded the motion. The Board voted unanimously in favor of the motion.

Legislative Report

W. Sanders said there would be a hearing on Thursday, January 22, 2004 to consider a bill that would require carriers to offer coverage for infertility to employers in the small employer market. The Board discussed the pricing challenges to a mandated offer, particularly when the coverage to be offered is very expensive, and the decision to seek the coverage subjective.

P.L. 2003, c. 246

W. Sanders said this law, signed January 12, 2004, provides that plans under which dependent coverage is available must include dependent coverage to a covered person for the covered person's domestic partner if the employer requests such coverage. He said the law sets forth the requirements necessary to establish a domestic partnership. He noted that the law applies to persons of the same gender, and to persons of opposite gender who are age 62 or older. W. Sanders said the law is effective 180 days after signing. The Board discussed amending the standard plans to allow coverage for domestic partners. The Board discussed how the coverage would be rated and noted that in markets where the coverage is already available, the domestic partner is rated as a spouse.

Rulemaking

W. Sanders reported that the Department of Banking and Insurance is required to hold a hearing on the Plan of Operations and that the Plan of Operations was submitted to the Commissioner for approval. He said the hearing was scheduled for January 22, 2004.

E. DeRosa reviewed the comments that were provided in response to the Board's proposed readoption and draft responses to those comments.

Regarding the comment concerning the use of electronic signatures, the Board agreed that it would not be appropriate to address the legal significance of an electronic signature on the standard application, but noted that carriers could address that issue in their electronic process.

The Board discussed the timing of the operative date that must be specified in the adoption. E. DeRosa explained that the regulations would be effective upon publication in the New Jersey Register which would be the earliest date carriers may implement the forms changes and must comply with the regulations, as adopted. The operative date would be the latest date by which carriers must comply with the adopted regulations; a carrier may comply earlier.

T. Taliaferro noted that carriers have numerous optional benefit riders, many of which may need to be re-filed such that they may be used with the forms, as amended. He suggested that the operative date must give carriers ample time to prepare the filings and sufficient time for the Board and the Department to review the riders.

Election

W. Sanders reminded the Board that there would be an election during the February 18, 2004 meeting. Only carriers are eligible to vote. Some carrier seats as well as a seat for a person representing small employers would be elected on February 18, 2004.

Outreach

W. Sanders reported that he spoke at a Business and Industry Association meeting on January 14, 2004.

Report on the Basic and Essential Health Care Services Plan

W. Sanders said he was still inputting suggested changes and asked Board members who may have identified additional changes or typographical errors to please give him those changes by the following day.

Financial Information

Noting that the Board now has an accountant on staff, M. McClure asked whether the Board could be given information on the Board's investment account. R. Lenox said she would provide such a report.

V. Public Comments

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

[Break: 11:50 a.m. – 12:00 p.m.]

VI. Executive Session

W. Sanders said the Board needed to hold Executive Session to receive advice from counsel. He said the Board would resume Open Session following executive Session.

M. McClure offered a motion to begin executive Session. S. Herman seconded the motion. The Board voted unanimously in favor of the motion.

[Executive Session 12:00 p.m. – 12:05 p.m.]

VII. Final Business and Close of Meeting

W. Sanders reported that United HealthCare provided a corrected Exhibit CC that specified significantly less net earned premium than previously reported. As a result of the change in net earned premium, the assessment spreadsheet was revised.

In response to an inquiry, R. Lenox stated that the SEH Board's investment account has \$490,000. She explained that such amount has been accumulated from assessments in prior years, and that once the financial statements have been prepared and audited, a reconciliation would be done for each year.

D. Farkus offered a motion to assess member carriers for \$295,400, subject to the understanding that assessment liabilities for prior years would be reconciled in 2005. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

The Board considered the operative date for the readoption with amendments and agreed upon October 1, 2004.

The Board asked E. DeRosa to prepare a Bulletin outlining the changes and consider offering a presentation for carriers to discuss the changes as well as continuing education classes for brokers.

D. Farkus offered a motion that the Board adopt the readoption with amendments to N.J.A.C. 11:21. J. Kalosy seconded the motion. The Board voted unanimously in favor of the motion.

T. Taliaferro offered a motion to adjourn the Board meeting. G. Cupo seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 12:55 p.m.]

Attachments: Expense Report