

**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
September 22, 2004**

Members participating by teleconference from remote locations: Thomas Collins (joined the call at 10:10 a.m.); Gary Cupo; Darrel Farkus (United); Jack Kalosy (HealthNet); Mary McClure (Aetna) (joined the call at 10:10 a.m.); Ulysses Lee (Guardian); Jim Rhodes (AmeriHealth); Jim Stenger; Mike Torrese (Horizon); Joseph Tricarico, Jr. (DOHSS); Dutch Vanderhoof.

Members participating by teleconference from Trenton: Vicki Mangiaracina (DOBI).

Others participating by teleconference: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck, Division of Law; Rosaria Lenox, Program Accountant, DAG Kristine Maurer, Division of Law; Wardell Sanders, Executive Director.

I. Call to Order

J. Stenger called the meeting to order at 10:02 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. By roll call, W. Sanders determined that a quorum was participating on the call.

Since Board members were participating by teleconference, W. Sanders asked everyone to identify himself or herself when speaking.

II. Public Comments

None

III. Review of Minutes

July 21, 2004 Minutes

D. Vanderhoof offered a motion to approve the minutes of the Open Session of the July 21, 2004 SEH Board meeting, as amended. M. Torrese seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

August 25, 2004 Minutes

V. Mangiaracina offered a motion to approve the minutes of the Open Session of the August 25, 2004 SEH Board meeting. J. Stenger seconded the motion. By roll call vote, the Board voted in favor of the motion, with J. Rhodes abstaining.

IV. Staff Report

Expense Report (see attached)

J. Stenger offered a motion to approve the payment of the expenses specified on the September 2004 expense report. V. Mangiaracina seconded the motion. By roll call vote, the Board voted unanimously in favor of approving the motion.

Accounting Report

R. Lenox explained that staff salaries and benefits are paid from SEH funds held at the DOBI. She recommended that the Board authorize a transfer of \$50,000 from the SEH account at Wachovia to the DOBI. She explained that the \$50,000, combined with IHC payments, would cover salaries and benefits until January 2005.

M. Torrese offered a motion to accept the staff recommendation to transfer \$50,000 from the SEH Wachovia account to the DOBI. J. Stenger seconded the motion. By roll call vote the Board voted unanimously in favor of the motion.

Optional Benefit Riders and Standard Plans

E. DeRosa noted that during her presentations to brokers regarding the changes to the standard plans, she has heard from a number of brokers that carriers do not make plans available without riders. She explained that at one presentation a carrier representative stood up and said the carrier she works for will not make a plan available without a prescription drug rider. E. DeRosa said the brokers seem to rely on HealthSearch for rate quotes, and that the materials she has seen from HealthSearch do not accurately describe essential features of the standard plans.

Outreach

E. DeRosa reported that she had presented Continuing Education classes at a variety of locations to broker groups. She said the classes covered the October 2004 changes to the SEH plans.

Other

J. Kalosy said he had spoken with Senator Singer who expressed a willingness to sponsor a bill to address the mandate for first dollar coverage for treatment of lead poisoning such that the lead treatment mandate would cease to be in conflict with the requirements for a high deductible health plan. J. Kalosy said the Senator requested information regarding how many persons are treated for lead poisoning.

Optional Benefit Rider Filings

Nippon Life Insurance Company

E. DeRosa described the two riders Nippon submitted, one adding a \$150 deductible for Plan E and the other providing prescription drug coverage. She recommended that the Board find both filings complete.

V. Mangiaracina offered a motion to find the Nippon Life Insurance Company filings complete. D. Vanderhoof seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

United Healthcare

E. DeRosa explained that United Healthcare submitted riders for the October 1 changes on August 30, 2004. She said she reviewed the filing, identified serious deficiencies and contacted the carrier. E. DeRosa explained that as of the time she left her office to come to the Board meeting she had not received a corrected filing.

E. DeRosa explained that unless the Board takes action with respect to the filing that United Healthcare certified contained riders of increasing value, that the carrier may begin to market the riders. E. DeRosa said the filing included seven riders. She said the riders could be considered in three different categories.

One of the riders, although certified to be a rider of increasing value, contained decreases. The rider added emergency room copayment amounts that exceed the \$100 maximum amount contained in the standard plans. E. DeRosa said decreasing value riders must be submitted to the DOBI for approval. The rider was inappropriately submitted to the Board as an increasing value rider. She said the carrier had already made a filing of the emergency room copay rider with the DOBI as a rider of decreasing value.

The care coordination rider, although certified to be a rider of increasing value, by the carrier's own admission in the submission letter, did not change any benefit, but rather addressed administration. Since the rider did not provide for any increasing benefits, E. DeRosa explained that filing it as a rider of increasing value was inappropriate. She also noted that it would not be appropriate to file such a rider as a rider of decreasing value since the rider did not contain any provision that decreased benefits.

E. DeRosa said the remaining five riders may be riders of increasing value. Two of the riders provided for an urgent care copayment, one rider amending the indemnity based plans and the other amending HMO-based plans. One rider provided for open access for HMO-based plans. One rider waived the hospital copay for HMO-based plans, and the final rider added \$25 and \$35 copay amounts for HMO-based plans. E. DeRosa explained that the filing failed to include all of the materials required for an increasing value rider filing.

D. Farkus was recused from any discussion of the United Healthcare filings and from the subsequent motions and votes.

M. McClure offered a motion to accept the staff recommendation to find the filing for the five riders that may be riders of increasing value as incomplete. T. Collins seconded the motion. By roll call vote, the Board voted in favor of the motion with J. Stenger and J. Rhodes abstaining.

V. Mangiaracina offered a motion to find the care coordination rider filing incomplete and refer the care coordination rider to the DOBI since the rider, which did not amend a benefit, was not properly before the Board as a rider of increasing value. D. Vanderhoof seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

V. Close of Meeting

J. Stenger offered a motion to adjourn the Board meeting. V. Mangiaracina seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

[The meeting adjourned at 11:10 a.m.]

Attachments: Expense Report