

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting, September 13, 1993

Directors: C. Wowkanech, S. Connor, L. Moskowitz,
P. Carmody, J. LeDell, J. Beck
(Alternate to S. Lavelle), R. Rondum

Marketing Consultant
Pro Tem: R. Gada

Deputy Attorney General: K. O'Leary

Communications Consultant: P. Wolcott

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:40 am by C. Wowkanech. Roll call was taken by S. Connor. F. Chavana and L. Giannotta were not present. A statement of compliance with the Open Public Meetings Act was delivered by S. Connor, who noted a quorum was present.

On motion made by C. Wowkanech and seconded by L. Moskowitz, the minutes of the August 31 meeting were unanimously approved as amended.

2. Report of the Chairman - C. Wowkanech

C. Wowkanech distributed a copy of a letter from the New Jersey State Nurses Association regarding suggested definitional changes (copy filed with these minutes). A copy was also sent to the SEH Board.

M. Lopes presented Senator Bennett's letter regarding the Senate Regulatory Oversight Committee meeting scheduled for Wednesday, September 15, 1993 and C. Wowkanech's response (copy filed with these minutes). M. Lopes will attend. Other Directors indicated receipt of individual requests to attend the meeting. Various Directors, including the Chairman, noted their inability to attend the oversight committee hearing due to long-standing previous commitments. Some discussion occurred on the differences in timing and requirements of the Small Employee Health Coverage Board and the Individual Health Coverage Board. L. Moskowitz reiterated the position of the IHC Board that the Chairman serves as the spokesperson for the IHC Board.

The Board was concerned that the notice was so short that the IHC Board cannot attend. M. Lopes explained that the topic of the hearing is scheduled to be the health benefits plans, which are largely identical, and referred to the actuarial study commissioned by the SEH Board. The Board felt it is important to note that the IHC and SEH Boards were in close coordination. The Board requested that C. Wowkanech write another letter to Senator Bennett requesting that the oversight hearing be rescheduled to a later date, with adequate notice provided to the IHC Board.

C. Wowkanech also circulated the requirements of opening a bank account. The Chairman then raised the issue of standardization of rates, on a monthly schedule, guaranteed for one year, and when the Board will request such guarantees to become effective. The TAC Committee will prepare a recommendation regarding data reporting.

3. Report of Interim Administrator

D. Halligan reported on the 800 number and circulated a revised report on informational filings. Requests have been issued to carriers asking for a concrete schedule of marketing for all benefit plans. The Interim Administrator has responded to several clear-cut answers, and forwarded to the Regulation Drafting Subcommittee questions for further review. Also distributed was a projected cost of adding 800 numbers and Rapid Response and Buyers' Guide, to be available in two weeks (copy filed with these minutes). Discussion occurred on volume and costs. Copies of the current Rapid Response were circulated (copy filed with these minutes). D. Halligan also circulated Interim Administrator's estimate of current costs incurred to date.

4. Marketing Committee Report - D. Marco

D. Marco, Vice Chairman of the Marketing Committee, gave a report and circulated the proposed New Jersey Individual Health Coverage Communications Program (copy filed with these minutes). He reviewed purposes, target audits, media, and the copy of the ad, which must be submitted to the DAG for legal review. The tone of the ad was also discussed. Preference for one ad was expressed. P. Carmody was questioned whether non-issuing carriers would be concerned over the advertising expense. He stated that expenses are legitimate in order to eventually reduce assessments.

D. Marco then discussed the "rough" Buyers' Guide the Marketing Committee is preparing, outlining the subjects being covered, including: Questions and Answers, List of Carriers, Benefit Charts, types of Plans (HMO, POS, fee for service), and a rate chart (to be attached as an addendum).

L. Moskowitz moved and C. Wowkanech seconded that (1) the Marketing Committee's program as submitted be approved, with the communications consultant to review with DAG, final text of ad; (2) that the 800 number proposal be approved as submitted; (3) the Interim Administrator be

authorized to expend such monies; and (4) regular progress reports are to be submitted to the Board. This motion was unanimously approved.

5. Public Members

C. Wowkanech discussed his attempts to reach non-attending public members. The Secretary outlined a draft letter to each which C. Wowkanech will send.

The Board recessed at 11:00 am and reconvened at 11:25 am.

6. TAC Committee - D. Benbow

D. Benbow distributed a copy of the TAC Report, including a recommendation on rate filing completeness (copy filed with these minutes). Compliance with marketing requirements will be reviewed by TAC at its next meeting. The TAC Committee recommends the acceptance of the following filings as complete: National Casualty Co. (Plans A-E), BCBSNJ (Plan B), Met Life (Plans A-C), CIGNA (HMO), and U.S. Healthcare (HMO). The TAC Committee also recommended that a letter of incompleteness be sent to Oxford Health Plans for lack of actuarial certification.

On motion made by L. Moskowitz and seconded by J. LeDell, the TAC report was unanimously accepted.

The AFLAC request for approval of hospital confinement indemnity benefit was discussed. R. Rondum questioned the lack of AFLAC's commitment to the individual marketplace and Board interpretation of our own regulations. Extensive discussion occurred on the nature of the policy, and the second AFLAC suggestion regarding the intensive care differentiation. B. Tamminga made a presentation regarding the latter. L. Moskowitz summarized the DOI view that the first type is similar to disability income policies, but the second is an attempt to circumvent the plan designs. P. Carmody asked for further clarification on this discussion.

C. Wowkanech moved that the TAC Committee recommendation be accepted in principle subject to review by DAG, who is authorized to discuss the issue directly with AFLAC representatives.

Revisions were made to the proposed "same or similar" coverage requirements, as alternatives to earlier proposals. The distinction between non-contributory plans and contributory plans was highlighted, such that non-contributory plan employees cannot "buy down", to avoid excessive premiums for individuals, and cannot decline group coverage. If an individual participates in a contributory plan, the individual must decline group coverage to obtain individual coverage. L. Moskowitz indicated his concern about not allowing a buy down from a non-contributory HMO policy under any circumstances. L. Moskowitz suggested that closed panel HMO's may never be considered "same or similar" coverage to an open ended panel. Access standards must be determined by

the SEH Board. Regarding "buy ups", TAC recommends that "buy ups" should be allowed during an open enrollment period in the month of October, to be effective on January 1, 1994. Extensive discussion occurred on open enrollments for both "buy ups" and "buy downs". The Board will decide these policy questions September 28, 1993.

D. Benbow then reviewed TAC recommendations on the marketshare data content and timing (copy filed with these minutes). There were questions on income information and the retrieval system. The need for income information for New Jersey Essential Health Services Commission was recognized but the difficulty of obtaining credible information was discussed. S. Connor pointed out that BCBSNJ will supply available information but noted costs of computer runs for any carrier. Quarterly reports were recommended with the first report due February 15, 1994 for the period ending December 31, 1993 - standard formats will be designed. TAC recommends issuance of a regulation to allow for notice and type of information required. C. Wowkanech expressed concern about ability to look at group coverage. Data should be clearly identified as necessary to the IHC Board.

S. Connor raised the question of requesting informational reports of participating carriers on current marketing efforts, and the Interim Administrator is directed to call all participating carriers to report on their results.

7. Report of Forms Committee - P. Carmody

P. Carmody distributed the Forms Committee Report (copy filed with these minutes). Discussion occurred on the incomplete Oxford Health Plan rate filing. He distributed two certifications of standard forms for Oxford Health Plan and PFL.

P. Carmody raised several issues regarding forms.

The Board will permit alternate language in the standard application to permit an effective date for an HMO, to be the first of the month following receipt of a completed application between the 1st and 15th of the month. If the application is received between the 16th and 31st days, the coverage will be effective the first of the month following 30 days. The Board also noted that the 15 day lapse shall not be considered to break continuity of coverage for pre-existing conditions.

A transition period will be permitted for carriers to incorporate monthly billing into its administration. TAC is sending letters to all carriers requesting information as to when the monthly billings will be available. The Board discussed, but did not decide, whether monthly bank draft billings would qualify as "monthly billings" to comply with the regulations. There was concern that this prevented an individual from having monthly billings if they did not have a checking account.

There was discussion on the standard HMO policy with regard to "Covered

Services". The regulations will be amended to reflect that benefits for Mental Health and Substance Abuse/Alcoholism will be provided, as indicated, for "any Benefit Period", instead of for "any period of 365 consecutive days."

No carryover of benefits' limitations will be allowed from one policy to the other.

8. Temporary Plan of Operations- V. Mason

V. Mason reviewed the Temporary Plan of Operations and reported that no changes will be made as a result of comments. The plan will be issued under modified APA procedures, which provides for a 15 day comment period.

9. RFP for Permanent Administrator - L. Moskowitz

A draft RFP for a Permanent Administrator is still being reviewed.

10. New Business

C. Wowkanech discussed the need for a standardized rate format and guaranteed period with respect to individuals who are denied group coverage due to medical underwriting standards and want to obtain an individual policy. R. Gada discussed the medical underwriting question. The Legal Committee will review and report on this issue.

11. Adjournment

A motion to adjourn the meeting was made at 1:35 pm was made by C. Wowkanech, seconded by J. Beck and unanimously approved.

Respectfully submitted,

By: 
Susan Scholle Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health Coverage ("IHC") Program Board Meeting, September 28, 1993.

Directors: C. Wowkanech, S. Connor, L. Moskowitz, R. Smart (Alternate for P. Carmody), D. Benbow (Alternate for J. LeDell), J. Beck (Alternate for S. Lavelle), R. Rondum.

Marketing Consultant
Pro Tem: R. Gada

Deputy Attorney General: K. O'Leary

Communications Consultant: P. Wolcott

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:35 am. Roll call was taken by E. Gallagher. F. Chavana and L. Giannotta were not present. A statement of compliance with the Open Public Meetings Act was delivered by E. Gallagher, who noted a quorum was present.

On motion made by L. Moskowitz and seconded by D. Benbow, the minutes of the September 13, 1993 meeting were unanimously approved, as amended.

2. Report of the Chairman - C. Wowkanech

C. Wowkanech expressed concern regarding the numerous calls and questions from individuals with problems obtaining health coverage and the lack of a permanent administrator to handle the questions. As a result of a meeting held between L. Moskowitz and C. Wowkanech, three options for an interim solution (until a permanent Administrator is hired) were presented to the Board by L. Moskowitz: (1) to assemble qualified groups of persons from the NJDOI to take phone calls and handle correspondence regarding small group and individual consumers' questions, after appropriate training; (2) to permit designees from insurance carriers to perform this function; (3) to employ an Executive Assistant/Program Administrator who would serve as staff to C. Wowkanech and M. Lopes to prepare agendas, reports, etc. L. Moskowitz commented that this would be a "non-civil service" position that could be terminated without notice. The Executive Assistant/Executive

Director would be able to build a staff.

After extensive discussion, the Board accepted the Department's offer of two people to answer consumers' inquiries. The discussion then centered on the qualifications for the permanent Administrator, specifically, whether an insurance carrier should be allowed to bid for the position. Pro's were outlined as lower cost and great expertise, Con's were listed as an appearance of a potential conflict of interest.

A vote was taken and it was agreed that the RFP should disqualify an insurance company from submitting bids for the Permanent Administrator position. Results of the vote were as follows:

R. Smart	No
D. Benbow	Yes
S. Connor	No
J. Beck	Yes
L. Moskowitz	No
R. Rondum	Yes
C. Wowkanech	Yes

K. O'Leary reported that a bank account has been set up, but funds are needed to open the account to cover the bank service charges and fees for checks. Questions were raised regarding collecting interest on the funds. K. O'Leary will look into using the state's Cash Management Account, specifically the autonomy involved. R. Rondum expressed concern for the safety of deposits over \$100,000. K. O'Leary will review the options and report back to the Board. The Interim Administrator agreed to advance the necessary start-up funds for the bank account.

Letter from E. Scott Garrett regarding COBRA coverage was reviewed and discussion deferred to the same or similar coverage negotiations later on the agenda under the TAC Report. (Copy filed with these minutes).

Discussion also occurred regarding a report from brokers of violations by certain carriers selling insurance in New Jersey. The Chairman requested a status report from the Department of Insurance. B. Waugh indicated a status report would be made at the next meeting of the Board. L. Moskowitz discussed the formation of Physician Hospital Organizations (PHOs) and the need to obtain an HMO certificate of authority where the company assumes any risk in providing services/benefits. C. Wowkanech asked that B. Waugh (DOI) check on a group of physicians located in Cape May that have formed an Independent Practice Organization (IPO). L. Moskowitz stated that if it is determined that these entities are selling insurance in New Jersey to individuals, they will have to comply with the regulations and be subject to assessments.

3. Report of the Marketing Committee - P. Wolcott

P. Wolcott stated that the 800 telephone number is "up and running." A copy of the news release announcing same was circulated (copy filed with these minutes). He stated the advertising campaign is to begin next week and that the Buyer's Guide should be reviewed in final form at the next meeting. Medicaid eligibility restriction is still being reviewed by the DAG. (Clarification for this item is necessary for the Buyers' Guide).

The Board recessed at 11:15 am and reconvened at 11:40.

4. Report of the TAC - D. Benbow

C. Wowkanech raised the COBRA eligibility issue. The Board reiterated its previous assumption that the group policy premiums would always be less expensive. Since this is apparently not the case, the Board proceeded to reassess its position (see below).

D. Benbow and S. Kelly reviewed the TAC options for "same or similar" definitions, and the TAC recommendation against an actuarial equivalence rule, which would give the consumer a more limited opportunity to "buy down" and be extremely confusing to the public. The Board discussed the approach of using the deductible and coinsurance as the determining factors regardless of the expenses to which they are applied. It was recognized that this simplicity may lead to an occasional anomalous situation. A question was also raised about whether specific services (other than "hospital, surgical, medical") are covered and the impact on the ability to buy another policy. Using the cost of the premium as a basis for a rule would not serve a sensible purpose, and is probably not within the spirit of the law (especially since generally group premiums are less).

D. Benbow outlined the key determining factors for "same or similar": (1) deductibles, (2) coinsurance, (3) general covered services. In light of previous Board discussions, the TAC prepared four options represented in chart form (copy filed with these minutes) utilizing these three factors. The original TAC recommendation was Version 1.

The Board discussed the application of the "same or similar" language to the ability to "buy up" or "buy down". Buy ups for group coverage (including COBRA) would be allowed for a 31 day period in October with a January 1st effective date. Buy downs (Version 3) would apply to any group coverage, including COBRA. For coverage to be effective, group coverage must cease. Individuals covered under group coverage, could never go to same or similar coverage. For individual subscribers buying individual policies, buy ups would be permitted during October, "same or similar" coverage could be purchased at any time and buy downs permitted at anytime. The Board agreed to utilize the approach in Version 3 of the TAC recommendation R. Rondum reluctantly agreed

to Version 3, but expressed her concern with this restrictive approach.

D. Benbow made a motion, seconded by L. Moskowitz, that coverage is "same or similar" if it covers the same type of general services unless (a) the cash deductible difference, regardless of the covered charges to which it applies, is more than \$100, (b) the coinsurance percentage difference, regardless of the covered charges to which it applies, is equal to or greater than 10%. The board unanimously accepted the motion.

D. Benbow then stated the TAC's recommendation for acceptance of the following rate filings: Prudential (HMO), HIP/Rutgers (HMO), BC/BS of New Jersey (Plans C and D). The TAC also recommends that a letter of incompleteness be sent to PFL because their filing continues to lack both an actuarial memorandum and an actuarial certification.

On motion made by S. Connor and seconded by D. Benbow, the Board unanimously approved the TAC recommendation.

S. Connor raised the issue of assessments. The 1992 loss assessment bills will be prepared and issued by the Interim Administrator. The amount for administrative expenses was discussed by the Board. The Interim Administrator reported an outstanding bill of \$196,000 which includes the bill for P. Wolcott and the 800 #. In addition, operating funds would be required to pay the Attorney General, the Permanent Administrator (when hired) and to cover the expenses for the Buyer's Guide. The Board determined that \$500,000 for to administrative expenses should be assessed by the Interim Administrator, which expenses are expected to cover IHC Operations until December 31, 1993.

5. Forms Subcommittee Report - R. Smart

R. Smart noted that no carryover of benefits is permitted by carriers. A letter will be drafted to the carrier who proposed such carryover language to provide it with an opportunity to amend their policy. R. Smart also indicated that one carrier filed a certificate claiming it was using the standard form, when in fact, an alternate form was proposed. She also noted that the Forms Subcommittee has received a set of PPO products. R. Smart requested a contact from within the DOI to ensure compliance with PPO regulations.

R. Smart distributed a list of questions prepared by Time. The questions and answers from TAC, and the Forms Subcommittee will be sent to the Regulation Drafting Subcommittee.

The next meeting will be held on Thursday, October 7, 1993.

6. Adjournment

A motion to adjourn the meeting was made at 1:40 pm by C. Wowkanech, seconded by D. Benbow and unanimously approved.

Respectfully submitted,

By: *Susan Scholle Connor*
Susan Scholle Connor, Secretary

September 24, 1993

Mr. Charles Wowkaneck
Chair, IHC Board
New Jersey State AFL-CIO
106 W. State Street
Trenton, New Jersey 08608

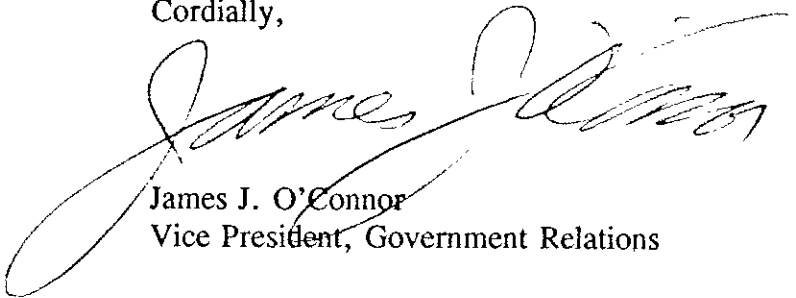
RE: IHC Board Meeting, September 28, 1993

Dear Charlie:

This is to confirm that in light of the inability of either John Ledell or myself to attend today's board meeting that Dana Benbow will represent the Prudential for board purposes and voting at today's meeting.

We trust this letter is sufficient notice based upon earlier board discussion.

Cordially,



James J. O'Connor
Vice President, Government Relations

JJO/jpo

cc: John Ledell
Dana Benbow
Kevin O'Leary
Susan Connor (Secy)

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health Coverage ("IHC") Program Board Meeting, October 7, 1993.

Directors:

C. Wowkanech, S. Connor, L. Moskowitz, R. Smart (Alternate for P. Carmody), J. O'Connor (Alternate for J. LeDell), J. Beck (Alternate for S. Lavelle), R. Rondum

Marketing Consultant
Pro Tem:

R. Gada

Deputy Attorney General:

K. O'Leary

Communications Consultant:

P. Wolcott

Other Attendees:

List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:35 am. Roll call was taken by S. Connor. F. Chavana and L. Giannotta were not present. A statement of compliance with the Open Public Meetings Act was delivered by S. Connor, who noted a quorum was present.

2. Approval of Minutes

Approval of Minutes of the Meeting of September 28, 1993 was deferred until review of Section 4 in the TAC Report by TAC.

Approval of Minutes of the Meetings of August 10 and August 12, 1993 was deferred until next week after review by the Board.

3. Senator Codey's Response

On motion made by J. O'Connor and seconded by J. Beck, the response to Senator Codey's letter was unanimously approved as amended.

4. Report from DOI on Carriers

The Board requested a report from the DOI on the status of the

investigation into out of state trusts and insurance companies in violation of New Jersey Law. B. Waugh stated the alleged violators fall into two categories: those who appear to be operating illegally (some of whom are already known to the DOI) and those who appear to be operating legally now but require further review. K. Suter (DAG) is conducting a legal analysis on a priority basis.

5. Report of Chair

C. Wowkanech reported on recent summaries of federal health care proposals, and suggested that IHC Board members also participate. S. Connor and J. Beck volunteered to join the SEH Committee of Prudential, HIP/Rutgers and DOH in summarizing the proposals.

C. Wowkanech also passed to the Interim Administrator a set of consumer inquiries. The Policy Forms Committee has been requested to prepare a draft reply to F. Scott Garrett. Jim O'Connor, on behalf of the Interim Administrator, requested clarification of the Board's role in issuing legal interpretations. The Board requested a list of outstanding issues, and indicated that any policy or interpretive general definitions shall be presented to the Board for decisions. An example of such a question, raised by L. Moskowitz, is a legislative inquiry regarding an individual carrier which is declining persons who, although employed, were declined by a group carrier for medical underwriting reasons, in circumstances that are still legal until the SEH guaranteed issue policies take effect January 1, 1994. The Board determined that actual, not theoretical, eligibility for group coverage is the determining factor, and requested Kevin O'Leary to draft a letter to all issuing individual carriers, to be reviewed by the Department and Chair of the Legal Committee. The letter is to be sent to all issuing carriers with a copy to Assemblyman Weinberg.

V. Mason reported that one comment was received by the Public Advocate on the temporary Plan of Operation, to which the DOI will respond. The temporary Plan of Operation is expected to be final October 12.

The Board Meeting recessed at 10:35 AM and reconvened at 10:50 AM.

6. Report from Marketing Committee - P. Wolcott

P. Wolcott reported on the current newspaper ad campaign. The Buyer's Guide is in its penultimate draft awaiting language on eligibility to be determined by the Board. The final draft will be distributed to the Board when prepared, hopefully for the next meeting.

C. Wowkanech requested K. Sorrentino to give more specific

information on Time Insurance Company's marketing results. Mr. Sorrentino reported that 100 applications per day are received and processed. As of September 1, 1,000 policies were issued, primarily for Benefit Plans C and D. Of these policies, 43% of applicants had previous coverage, 57% were uninsured immediately prior to application. A significant number of applications are received from ineligible people. K. Sorrentino will follow up with additional updated information. C. Wowkanech requested that Board member carriers compile similar information. The Board requested information as follows:

- How many new applications received?
- How many applications processed?
- How many applicants declined for eligibility?
- How many contracts issued and delivered?
- How many applicants previously insured?
- Which benefit plans issued? Distribution (Single, 2 Person, Family)?
- Estimate of covered lives.

The Interim Administrator was directed to request issuing carriers to provide this information through September 30, with any comments and to request carriers to designate an information contact. The Board indicated that additional information is unlikely to be requested. TAC was requested to devise a standard multiplier to determine the number of lives covered per contract. TAC is also directed to draft, for the Board's next meeting, a regulation to formalize the request for information on a quarterly basis until January 1, 1994, and then on a quarterly basis thereafter.

C. Wowkanech then requested a status report on the RFP for a long-term communications consultant. K. O'Leary indicated that the Chair and the Marketing Committee have directed the issuance of the RFP.

7. Interim Administrator

J. Donellan distributed a schedule of expenses for the Interim Administrator. He noted that the next report would contain information on the number of 800 telephone number calls.

The Interim Administrator also distributed the TAC report on the informational filing status.

Preliminary assessment billings are prepared and will be issued on or about October 12, the date of final approval of the temporary Plan of Operations. K. O'Leary asked several questions regarding the format of the bill, suggested that market share information may be included in the bill, with which the Board concurred.

J. Donellan also informed the Board that a review of the NAIC data base added a few carriers as program members. The Interim

Administrator will distribute the final list of program members to the Board. A final list of federally qualified HMO's was also requested by the Board. L. Moskowitz raised the issue of procedures for confirming non-member status. S. Kelly described the TAC process of questioning certifications of non-program member status, which includes a review of annual statements filed by carriers with the NJDOI. The list of non-program members has been sent to the DOI for its review and comments. This list will be presumed to be valid until review is completed. Any misrepresentation by these carriers of their program member status may be considered fraud.

K. O'Leary described his conversation with Ed Troy regarding the mechanics of the bank account. K. O'Leary was directed to prepare a letter for C. Wowkanech's signature to Ed Troy, memorializing the Board's understanding of the procedures for handling IHC Board funds, and, in particular, cash management and interest.

8. Report of TAC Committee - S. Kelly

Centennial Life (Plans A-E) and Oxford Health Plan (HMO) rate filings were recommended as complete by TAC. Principal has filed its rates, but the filing has not been reviewed. This filing brings the total to 16 offering carriers.

L. Moskowitz asked for information about any carriers withdrawing from the individual market. K. Sorrentino reported that certain companies are no longer offering individual policies through out-of-state trusts. L. Moskowitz observed that, despite these few withdrawals, on a net basis more carriers are in the individual market now than before.

The TAC recommended that letters be sent as follows: (1) to Aetna, for their plans to offer Plans A-D, (2) to MetLife to confirm their plan for offering Plan D.

S. Kelly then reviewed the list of outstanding items before TAC. Some discussion occurred about the rate periodicity. The Board confirmed that monthly billing is mandatory, quarterly and semi-annually billings are optional, and directed the Interim Administrator to request plans for compliance from issuing carriers.

On motion made by L. Moskowitz and seconded by J. Beck, the Board unanimously approved that monthly billings may not be confined to automatic checking account withdrawals or "check-o-matic".

On motion made by L. Moskowitz and seconded by R. Smart, the report of the TAC Committee was adopted unanimously by the Board.

The Board recessed at 12:15 PM and readjourned at 12:30 PM.

9. Policy Forms Subcommittee - R. Smart

R. Smart stated that Centennial Life Insurance has filed standard Plans A-E and the standard application. Draft responses, for questions from Time Insurance, were distributed at the September 28th Board Meeting. No comments having been received from the IHC Board, the Interim Administrator was directed to distribute copies to J. O'Connor for review of any outstanding issues to be included in bulletin or regulation. The Policy Forms Committee was also directed to prepare a status report on policy forms filings.

On motion made by S. Connor and seconded by C. Wowkanech, the Board unanimously accepted this report.

10. Report on SEH Board Activities - L. Moskowitz

A question was raised as to whether drugs prescribed for treatment of Mental and Nervous Disorders should be included in the Mental and Nervous Disorder benefit maxima. L. Moskowitz reported that the SEH Board interprets those expenses to be included in the annual maximum, which is consistent with IHC Board Policy Forms Committee and TAC Committee positions.

On motion made by C. Wowkanech and seconded by J. O'Connor the Board moved that charges for prescription drugs for treatment of Mental and Nervous Disorders and Substance Abuse be included in the yearly and lifetime maxima for Mental and Nervous Disorders and Substance Abuse. The motion was unanimously approved.

11. Administrative Staff

L. Moskowitz summarized the reasoning behind the recommendation of an Executive Director, two assistants and a secretary, who would be state employees in non-civil service positions, except for the secretary. Necessary administrative functions are being performed for the issuance of an advertisement for candidates.

L. Moskowitz then reported that the New Jersey DOI does not have available staff to assign to the IHC Board for customer service. The Board requested that issuing carriers provide trained customer service representatives on a loan basis to fulfill the function of responding to general questions from the public.

A motion was made by L. Moskowitz and seconded by R. Smart that the Interim Administrator should proceed with utilizing two loaned employees, as a temporary solution, to answer public inquiries, costs of such loaned employees to be reimbursed as compensation will be provided for by a credit toward the donating carrier's assessment; logistics of training and housing to be worked out between the Interim Administrator and the DOI. The motion was

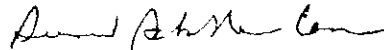
unanimously approved.

The Board discussed the RFP for a Permanent Administrator. S. Connor noted that the current RFP appears to preclude an organization/institution (i.e. a consulting firm) from bidding for the position. She stated her concern that the pool of eligible persons may be too narrowly defined as individuals, without first obtaining competitive bids from all types of organizations and individuals. R. Rondum commented that an organization with multiple accounts may have a conflict of interest or not be accountable for time actually spent on IHC work. J. O'Connor noted that the Permanent Administrator may need to contract with other companies for various services. The Board agreed that the RFP for an Executive Director did not preclude further bids for a Permanent Administrator.

L. Moskowitz moved and R. Smart seconded the following Resolution on administrative staff, jointly with the SEH Board. The motion was unanimously approved.

A motion to adjourn was made by J. O'Connor and seconded by J. Beck. The Board unanimously approved the motion.

Respectfully submitted,



Susan S. Connor, Secretary

RESOLUTION OF THE NEW JERSEY INDIVIDUAL HEALTH COVERAGE
PROGRAM BOARD
CONCERNING ADMINISTRATIVE STAFF

WHEREAS, the New Jersey Individual Health Coverage Program Board desires to (jointly with the New Jersey Small Employer Health Benefits Program Board) to employ a staff up to the level of: an Executive Director, two administrative assistants, and a secretary; and

WHEREAS, the Board is authorized to enter into contracts as are necessary and proper to carry out the purposes of the Act (N.J.S.A. 17B:27A-2 et seq.),

WHEREAS, the Board finds that hiring administrative staff is a necessary and proper means to carry out the purposes of the Act and to address the Administrative functions required to implement the Act.

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Individual Health Coverage Program Board as follows:

1. The Board authorizes the hiring of a staff up to the level of: an Executive Director, two administrative assistants, and a secretary (jointly with the Small Employer Program).

2. The Board authorizes and directs the Operations Committee to commence a search for the position of Executive Director and to make recommendations to the Board with respect to qualified candidates for the position.

3. This resolution shall take effect immediately.

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual
Health Coverage ("IHC) Program
Board Meeting, October 18, 1993

Directors:

C. Wowkanech, S. Connor, L.
Moskowitz, R. Smart (Alternate
for P. Carmody), J. LeDell, S.
Lavelle

Deputy Attorney General:

K. O'Leary

Communications Consultant:

P. Wolcott

Other Attendees:

List maintained in records of
NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:35 AM. Roll call was taken by E. Gallagher. F. Chavana, L. Giannotta and R. Rondum were not present. A statement of compliance with the Open Public Meetings Act was delivered by E. Gallagher, who noted a quorum was present.

2. Approval of Minutes

On motion made by C. Wowkanech, seconded by L. Moskowitz the minutes of October 7, 1993 and August 10, 1993 were approved as amended.

C. Wowkanech moved and J. LeDell seconded the motion for the Board's approval of the minutes of August 12, 1993 as amended. The motion was unanimously approved.

3. Report of the Chairman - C. Wowkanech

A. Bank Account K. O'Leary reported that the IHC Board now has a Treasury account, which money can be put into immediately. A checking account has been opened at Core States, and a Cash Management account will also be opened at Core States. E. Troy's recommendation is for a weekly sweep.

On motion made by J. LeDell, seconded by S. Connor, the Board resolved to open a cash management account at Core States, with C. Wowkanech (Chairman) and S. Connor (Secretary) as signatories, and directed K. O'Leary to make the appropriate

arrangements for a weekly transfer of funds from the IHC State Treasury account to the Core States cash management account.

B. R. Gada C. Wowkanech read Mr. Gada's resignation and a draft resolution of gratitude for his service. C. Wowkanech proposed that a letter and a copy of the resolution be sent to R. Gada on behalf of the Board.

S. Connor moved and J. Ledell seconded that a letter be sent to R. Gada, the Board unanimously approved.

Discussions occurred on the need for the Marketing Committee to recommend a search for this statutory position, particularly for market evaluation purposes. The Marketing Committee was directed to request additional recommendations for an Insurance Producer Consultant.

C. Public Members C. Wowkanech updated the Board on the situation regarding the public members. He reported that it appears unlikely that any resolution will occur before the election regarding the removal or appointment of public members.

D. Questions to Interim Administrator C. Wowkanech gave the Interim Administrator a series of written questions. All IHC member carriers were urged to submit volunteers to serve as customer service representatives and answer questions. The NJDOI will submit some names from MBL, and office space would be donated by the Interim Administrator, the NJDOI or BCBSNJ depending on location requirements. This offer was accepted by the Board.

E. Legal COBRA coverage question was reviewed. Kevin O'Leary distributed a copy of A-2923, sponsored by N. Felice. L. Moskowitz also referred to several other bills re-introduced into the legislature, including bills to "grandfather" existing SEH plans. The Board reaffirmed its earlier position treating COBRA as other group coverage and authorized C. Wowkanech to prepare a response to Assemblyman Felice and communicate immediately with the issuing carriers via written notice.

4. Marketing Committee - S. Lavelle

S. Lavelle introduced the draft Buyer's Guide, and requested comments. Some discussion occurred on the rules regarding group HMO's and the ability to buy other plans. Employees can choose not to accept an HMO, at any time, and may select any other type of coverage except another HMO.

C. Wowkanech proposed and the Board concurred, that the IHC Board adopt the Buyer's Guide at its next meeting. Current rates will be

included in the Buyer's Guide mailed by the Interim Administrator, but otherwise, due to concerns with maintaining rate charts on a current basis, the public will need to call the 800 telephone numbers to obtain current rates. P. Wolcott, in cooperation with the Marketing Committee, was directed to obtain printing information for next week's meeting and make a recommendation on the number of copies of the Buyer's Guide to be printed.

The Board recessed at 11:10 AM and reconvened at 11:35 AM.

C. Wowkanech reported that the advertisement for an Executive Director appeared in the October 17, 1993 New York Times.

5. Interim Administrator

D. Halligan distributed reports on IHC Informational Filing Status on the 17 issuing carriers, the market survey, and reported that 3,065 calls were received by the 800 number operators; the average daily volume is 305 calls received, with a range of 67 to 916 calls per day, with the number of calls decreasing. K. Sorrentino described his understanding of Time's marketing efforts; Time has been marketing through independent producers and their established general agencies. D. Benbow reported on Times' comments received with the marketing information; Time believes that age rating might enhance the number of younger people seeking insurance.

Assessments will be sent this week, following the adoption of the Temporary Plan of Operations on October 15, 1993.

D. Halligan requested status reports on questions referred to the TAC, Policy Forms and Legal Committees. The Legal Committee will meet after the next Board meeting.

On motion by R. Smart and seconded by J. LeDell, the Board unanimously accepted the report of the Interim Administrator.

6. Report of TAC - D. Benbow

D. Benbow stated that reporting regulation recommendations will be submitted at the next Board meeting. S. Kelly introduced the TAC recommendations for definitions on "covered services", noting that limits are ignored (21 days of hospital coverage vs. 365 days of hospital coverage are considered same or similar). Discussions occurred regarding the percentage of policies to which these would likely apply. The "same or similar" analysis is triggered by a difference in deductible and coinsurance, not differences in limitations or exclusions. Where the limitation is an exclusion, as a policy and practical matter, attempting to review actuarial equivalencies or review of specific services is, in effect, unadministerable and unnecessary, since "buy ups" to individual plans are allowed under proposed IHC regulations. The Board agreed that the same rules for group "buy ups" apply to individual plans

as well (i.e. a "buy up" from one individual plan to another individual plan would only be permitted during the month of October, with a January 1st effective date). Also, a question was raised about other state mandated benefits and whether they, legally, would establish dissimilar plans. The Board determined that the same rules apply to health benefit plans whether issued on a self-insured or insured basis. Kevin O'Leary will prepare a first draft of the "same or similar" regulations to be reviewed at next week's Board Meeting.

On motion made by J. O'Connor and seconded by R. Smart, the Board unanimously accepted TAC Report.

7. Forms Committee - R. Smart

R. Smart distributed the current status of Forms Committee filings. R. Smart reported, that the Forms Committee currently has 39 alternate policy forms, 12 of which have been reviewed, 6 are currently being reviewed. Resubmitted plans need to be reviewed for conformity to comments. Five carriers have completed all processes. Substantial implementation on MetLife's HMO Enrollment Form and Policy Form was recommended.

On motion made by J. O'Connor and seconded by S. Connor, the Board unanimously accepted the Forms Committee Report.

C. Wowkanech distributed the temporary Plan of Operation as approved by the Commissioner of Insurance on October 15, 1993.

The Board directed an additional regulation on the averaging of the deductible for a hospital confinement indemnity product to be included in the definition of a "health benefits plan", be prepared by Kevin O'Leary, as already approved by the SEH Board.

An agenda of further action items for the Board was requested from the Secretary for the next meeting.

8. SEH Board Activities

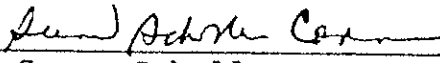
L. Moskowitz reported the SEH Board Plan of Operations repropoed regulations are close to being finalized. A public hearing will be held on November 3, 1993. Legislative amendments are expected to defer forced conversions, grandfather existing policies, and to determine association compliance with the new rules. IHC Board discussion centered on their concern over open enrollment and the need for standardized plans for rating bands and community rating to be effective. L. Moskowitz also reported on the NJ Essential Health Services Commission's activities regarding subsidized insurance.

C. Wowkanech raised concerns over the ability of public members to designate alternates and/or proxies. Kevin O'Leary reported the

office of the Attorney General had determined that proxies were not legally permitted. Proxy votes were considered to be in the public interest, given that the statute does not provide for alternates for Public Members. The Board directed the DAG to discuss the legal issues of proxies with the Legal Committee next week. C. Wowkanech also raised the issue of compensation for the public members. The discussion centered on the concern for public members and input from the public. The Medicaid eligibility issue also needs to be addressed.

On motion made by J. O'Connor and seconded by R. Smart, the meeting was adjourned at 1:25 PM with unanimous Board approval.

Respectfully submitted,



Susan Scholle Connor
Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting held October 25, 1993

Directors: C. Wowkanech, S. Connor, L.
Moskowitz, R. Smart (Alternate for
P. Carmody), R. Rondun, J. O'Connor
(alternate for J. LeDell)

Deputy Attorney General: K. O'Leary

Communications Consultant: P. Wolcott

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:40 AM. Roll call was taken by E. Gallagher. F. Chavana, L. Giannotta and S. Lavelle were not present. A statement of compliance with the Open Public Meetings Act was delivered by E. Gallagher, who noted a quorum was present.

2. Report of Chairman - C. Wowkanech

C. Wowkanech distributed copies of letter from Senator Bennett addressed to M. Lopes/C. Wowkanech, to which a coordinated response will be prepared.

C. Wowkanech questioned the status of IHC Customer Service representatives. C. McDevitt (NJDOI) reported that MBL can release one customer service representative without a health insurance background. This offer was accepted unless carriers or the NJDOI can supply a trained person on loan, until an Executive Director is hired. The Buyers' Guide is expected to reduce the number of calls.

3. Report of Marketing Committee - P. Wolcott

In the absence of S. Lavelle, P. Wolcott reported that some comments on the draft Buyer's Guide were received from Board Members; the Marketing Committee will meet to prepare a final

version. The Board established a tentative agenda of submission of final comments from Board members: Wednesday, October 27, 1993; final draft to be distributed to Board Members: Monday, November 1; final text to be adopted on November 4, 1993; a printing estimate to be prepared for the following meeting.

4. Report of the Administrator - J. Donellan

J. Donellan reported that 1992 loss assessment bills have been sent to all IHC program members for arrival October 25, 1993. The latest market survey as of October 1, 1993 was distributed with unofficial enrollment figures. Seventeen carriers have filed as issuers, although not all are yet active. L. Moskowitz requested the inclusion of market share exemption targets for 1993 as part of the market survey for the November 1 report.

5. Report of the TAC - S. Kelly

S. Kelly reported that TAC recommends Sanus and PFL rates be deemed complete.

S. Connor made the motion to approve the TAC's recommendation on Sanus' and PFL's rate filing. J. O'Connor seconded the motion. The Board unanimously approved the motion.

S. Kelly also included revised Exhibit K's from HIP/Rutgers and Mutual of Omaha. TAC recommends that these revisions be accepted, since both carriers had filed at the initial deadline. Final assessments will reflect the minor revisions. Each carrier has reduced initial net earned premium figures. Discussion occurred as to whether such revisions should be accepted in general, and in particular, when the basis for the revisions was the exclusion of policies issued out-of-state to cover New Jersey residents. L. Moskowitz asked for a review of premium reports for NJDOI for insurance carriers, HMO's and BCBSNJ. The Board requested the TAC to review the latter issue and report back to the IHC Board. The HIP/Rutgers revision request was therefore deferred.

L. Moskowitz made a motion to accept the revised Exhibit K figures submitted by Mutual of Omaha and the revised HIP/Rutgers figures only for their dental products. J. O'Connor seconded the motion. S. Connor, L. Moskowitz, J. O'Connor, R. Rondum and C. Wowkanech voted in favor. R. Smart abstained.

S. Kelly also distributed a TAC draft regulation on the enrollment requirement status report from issuing carriers.

S. Kelly noted the following factors suggested by TAC/NJDOI for determining covered lives per contract: S. Kelly indicated that final market share exemptions will be based on actual not estimates of lives covered. The Board adopted the following schedule of

approval of this regulation.

The schedule for the next set of regulations are as follows:

Review Drafts	November 4, 1993
Initial Adoption	November 9, 1993
Final Adoption	November 23 or November 30

S. Kelly then requested guidance from the IHC Board on Mutual Groups' submission of multiple delivery systems for several Plans. The Board's comments centered on the need to offer choice to consumers, and the Board's consistent interpretation that different delivery systems are not different "benefit plans". All comments of Board members expressed some concern over variations of deductibles/ coinsurance within delivery systems as affecting plan designs, as being unnecessary and excessively confining, and undermining the basic statutory formula. At L. Moskowitz's suggestion, the Board requested the DAG to determine the latitude the Board has in expanding options for the consumer versus standardizing choices, in particular whether a carrier may offer multiple choices in delivery systems (PPO, POS, Indemnity). M. Lopes, on behalf of the SEH Board indicated her agreement.

S. Kelly then turned to the Annual Activities Enrollment Status Report, which TAC recommends that the Covered Lives information be collected first for December 31, 1994 since partial data collected in 1993 might not be available, or credible. L. Moskowitz expressed his concern that 1993 demographics statistics imbalances should be eventually included in the reports, after extensive review, his concerns were allayed.

L. Moskowitz then requested clarification on the question of double coverage through individual policies due to retaining of prior policies. The Board restated its position that an individual is prohibited from purchasing a standard health benefits plan in addition to another standard health benefits plan. However, an individual may not maintain both group coverage and an individual policy.

6. Report of SEH Committee - M. Lopes

M. Lopes indicated that the SEH Board has virtually concluded its work on defining benefit plans. L. Moskowitz indicated that NJDOI is almost done reviewing the SEH plans. Discussion occurred on legislative initiatives to alter the dates of P.L. 1992, c.163, but the SEH Board is complying with the deadlines of the current law. The Operations Committees of both Boards will review responses to advertisements for the Executive Director position.

7. Regulations - "Same or Similar" - K. O'Leary

K. O'Leary reviewed proposed draft regulations and NJDOI comments on eligibility and "same or similar" coverage rules. C. McDevitt discussed the Department comments. S. Connor reminded the Board of the deadlines for actions established (see above).

M. Lopes was asked about the SEH Board position on COBRA coverage as an eligibility restriction for individual coverage. Some discussion ensued regarding the effect on the small group market due to the "same or similar" regulation. M. Lopes indicated that the SEH Board will comment on the IHC Board "same or similar" draft regulations. The IHC Board invited M. Lopes to appear at its next meeting (November 4, 1993) to express SEH Board's comments on the "same or similar" regulation. P. Wolcott noted that the Buyer's Guide cannot be finalized until these issues are resolved.

C. Wowkanech then reviewed a draft letter to the issuing carriers regarding the Board's positions on individuals eligible for COBRA as well as those denied group coverage. Extensive discussion occurred on the need to give guidance to carriers without finality of the Board's decisions, in particular, for COBRA coverage questions. The Board concluded that unnecessary denials of individual coverage should not be allowed, and directed K. O'Leary to revise the draft letter for the interim period, pending finalization of "same or similar" regulations that COBRA eligibility is not group coverage.

8. Approval of Minutes

L. Moskowitz made the motion, seconded by J. O'Connor to approve the minutes of October 18, 1993, as amended.

9. Forms Committee - R. Smart

R. Smart distributed the Committee report recommending acceptance of the Sanus standard HMO certificate and application form (Sanus is federally qualified). R. Smart noted activities since the last meeting including: MetLife withdrawing its special endorsement and that 17 carriers have now filed policy forms.

S. Connor made the motion to accept the Forms Committee report. C. Wowkanech seconded the motion. The board unanimously approved.

10. New Business

C. Wowkanech distributed a letter from Commissioner Fortunato regarding a legislative initiative to authorize municipalities to form purchasing groups on behalf of residents interested in joining a health benefits plan.

S. Connor discussed the attached outstanding regulation requirements and the Board established deadlines for action.

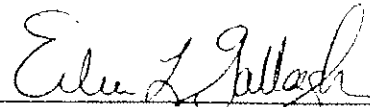
L. Moskowitz made the motion to approve the Resolution to open a cash management account at Core States with C. Wowkanech and S. Connor as signatories. R. Smart seconded the motion and the Board unanimously approved.

C. Wowkanech noted that a bill dated October 13, 1993 from McQueeney, Davis, Kohm & Partners for advertising costs in the amount of \$59,421.24 has been received. S. Lavelle is to review the bill for accuracy.

11. Adjournment

L. Moskowitz made the motion to adjourn the meeting at 1:15 pm, seconded by J. O'Connor. The Board unanimously approved the motion.

Respectfully submitted,



Eileen L. Gallagher
Eileen L. Gallagher for
Susan S. Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

DRAFT

Minutes of the Individual Health Coverage
("IHC") Program Board Meeting held
November 4, 1993

Directors: C. Wowkanech, D. Marco (Alternate for S. Connor), L. Moskowitz, R. Smart (Alternate for P. Carmody), R. Rondum, D. Benbow, B. Kramer (alternate for S. Lavelle)

Deputy Attorney General: K. O'Leary

Communications Consultant: P. Wolcott

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:40 AM. Roll call was taken by D. Cieslik. F. Chavana and L. Giannotta were not present; B. Kramer arrived late for US Healthcare. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted a quorum was present.

2. Approval of Minutes

L. Moskowitz made the motion to accept the minutes of October 25, 1993, as amended. C. Wowkanech seconded the motion and the Board unanimously accepted the motion.

3. Report of Chairman - C. Wowkanech

C. Wowkanech distributed copies of letters sent to Assemblymen Felice and Garrett regarding the COBRA issue. He also distributed a copy of a letter sent to Ed Troy regarding the establishment and operation of the IHC bank account. C. Wowkanech also distributed copies of letters from Prudential and BCBSNJ regarding their representation on the Board.

S. Lavelle had confirmed to C. Wowkanech that the McQueeney Davis invoice was

accurate. The Board discussed, but could not identify, the reason for an additional amount which made the total bill \$59,797.34. The Board directed the Interim Administrator to pay the amount of \$59,421.24.

C. Wowkanech also noted that the bill from P. Wolcott through October has been submitted in the amount of \$3500.

The RFP had been advertised in three newspapers. Two applications have been received. Three applications were received after the October 29, 1993 deadline. Interviews will be scheduled for November 9, 1993 in C. Wowkanech's office, or as is otherwise arranged by the Marketing Committee.

C. Wowkanech reported that the bank account has been opened at Core States, with a balance of \$100. The letter to Ed Troy regarding the bank account will be sent today.

C. Wowkanech reported on his meeting, attended by P. Wolcott, with the reporter from the Bergen Record. The interview was lengthy and he provided the reporter with a complete set of minutes. The article will likely appear in the paper this weekend.

C. Wowkanech reported that 48 applicants to date have applied for the Executive Director position. The applicants will be screened through interviews to reduce the number to 6-10 candidates. Interviews will be conducted on Thursday, November 11th in either Woodbridge or Newark. D. Cieslik advised the Board that the SEH Board planned to have the full SEH Board interview the finalists. The Board agreed with this approach, after the Operations Committee makes the first "cut." L. Moskowitz stated that a recommendation would be made after the interviews on Thursday November 11th. The intention is to hire the Executive Director, and then have that person participate in hiring for the other positions.

C. Wowkanech reported on a letter from the New Jersey Commissioner of Insurance. **D. Benbow made the motion, seconded by D. Marco and unanimously approved, to direct the letter to TAC.**

4. Marketing Committee - P. Wolcott

P. Wolcott was directed to withhold changing to the Buyer's Guide until the Board adopts the next set of regulations on November 16th.

5. Report of the Administrator - J. Donellan

J. Donellan distributed an updated expense report. To date, 4,430 calls have been placed to the 800 telephone number. The number of calls has steadily decreased since the number has been installed and published.

J. Donellan reported that Aetna has submitted revised monthly rates. The notice letter to all issuing carriers regarding COBRA and medical underwriting issues will be mailed on Friday, November 5, 1993.

P. Wolcott will revise the letter for consumer use to make it "consumer friendly," and then send to C. Wowkanech and R. Smart for approval.

J. Donellan reported that, in response to the assessment letters, several complaints have been received questioning the assessment. The Board requested the Interim Administrator to direct questions involving misunderstandings to K. O'Leary. J. O'Connor will give K. O'Leary the names of the fraternal (national) organizations that have raised questions. J. Donellan and K. O'Leary will make a recommendation to the Board on how these complaints should be handled.

The Board directed the Interim Administrator to work with TAC to create a budget. A formal proposal will be required regarding 1993 expenses and an estimate for 1994.

L. Moskowitz recommended that there be two customer service representatives, one from MBL and one from Prudential, to handle incoming phone calls. J. Donellan will work with B. Waugh (DOI) to provide training for these individuals.

C. Wowkanech made a the motion to accept the Interim Administrators report.

L. Moskowitz seconded the motion and the Board unanimously approved.

The Board recessed at 10:55 a.m. and reconvened at 11:13 a.m.

6. Report of the TAC - D. Benbow

L. Moskowitz made a motion to accept the TAC's recommendation that the rate filings of Aetna's HMO is complete. This motion was seconded by R. Smart and was unanimously approved.

D. Benbow reported on SEH enrollment status. TAC recommends that a carrier be permitted to offer both an indemnity product and multiple delivery systems. The Board deferred final action on these items until the November 16th Board meeting.

D. Benbow reported that Prudential had made an error in its enrollment materials for the \$20 HMO program which were distributed to 186 individuals. His memorandum

(copy filed with these minutes) suggested Prudential's solution. He stated that if there is a significant impact on the next year's experience, Prudential will adjust its experience and assume liability for the loss.

D. Benbow raised the question of how and what premiums are reported by carriers. The Board asked DOI to look into this issue specifically, what is the premium base. P. Thexton will report in two weeks to the Board.

D. Marco made the motion to accept the TAC report, seconded by B. Kramer. The Board unanimously approved.

7. Forms Committee - R. Smart

R. Smart distributed the Committee report recommending acceptance of U.S. Healthcare's HMO policy form and Aetna Health Plans of New Jersey, Inc.'s HMO policy form, based on a certification submitted by each.

L. Moskowitz made the motion to accept U.S. Healthcare's Policy form, but to reject Aetna's HMO policy form, based on the Board's discussion regarding the lack of clear purpose in Aetna's certification. D. Marco seconded the motion. The board unanimously approved.

R. Smart reported on two issues that have been brought to the attention of the Forms Committee involving carrier activity that appears not to be in compliance with the Individual Health Coverage Program. One complaint involved a carrier distributing marketing material misstating the alcohol benefit coinsurance and non-network penalty. The second involved whether a carrier's proposed UR procedures would be acceptable. R. Smart questioned the appropriate procedure for handling these issues by the Board. The Board concurred that enforcement mechanisms are within the purview of the DOI, not the Board. However, the Board directed R. Smart to make contact with the carriers to establish the facts first. D. Benbow suggested that a compliance regulation might address this issue.

D. Marco made the motion to accept the Forms Committee report, seconded by L. Moskowitz. The Board unanimously approved.

K. O'Leary is reviewing the report on the Mutual Group to determine whether a multiple delivery system can be used while using different coinsurance levels.

8. IHC Regulations

D. Benbow reported that the SEH Board did not agree with the proposed "same or similar" regulations drafted by the IHC Board. The main concern was that the provisions were too broad and would, in effect, undermine the entire SEH program.

D. Benbow recommended that the open enrollment period be limited to one month for both buying up and buying down. This suggestion would still provide choice for consumers, but would also maintain the integrity of the SEH program. This proposal would only effect the movement from group coverage to individual coverage. L. Moskowitz stated that an individual who has an individual policy, issued prior to August 1, 1993, can purchase any standardized health plan. R. Rondum raised the issue of a women who has a group HMO being limited to selecting her OB/GYN from that list. Her concern is that an 11-month limitation exchanging coverage is too restrictive. R. Rondum expressed her displeasure with the result of this decision, specifically that there will be an eleven month delay on changing coverage. **The Board postponed its vote on this issue, a motion having been made, then withdrawn.**


D. Benbow restated the Board's position that COBRA will not be considered group coverage for purposes of the IHC Program. C. McDevitt will revisit the following issues in the draft regulations: "general services", changing from an individual health benefits plan to a standard health benefits plan, the eligibility section, the "more than \$100" language. The Board agreed that a standard plan could only be replaced, therefore no duplicative coverage would be possible.

The regulations will be redrafted for the next Board meeting.

9. Adjournment

D. Marco made the motion to adjourn at 12:45 p.m., seconded by L. Moskowitz. The Board unanimously approved.

Respectfully submitted:

By: 
Deborah A. Cieslik for
Susan S. Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

DRAFT

Minutes of the Individual Health Coverage
("IHC") Program Board Meeting held
November 17, 1993

Directors: S. Connor, L. Moskowitz, P. Carmody, R.
Rondum, B. Kramer (alternate for S. Lavelle),
J. O'Connor.

Deputy Attorney General: K. O'Leary

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by M. Lopes at 9:35 a.m. M. Lopes noted that the meeting would be held jointly for both the IHC and SEH Boards in the morning. The Boards would then enter Executive Session for the purpose of deciding on an Executive Director. Roll call for the SEH Board was taken by M. Lopes. Roll call for the IHC Board was taken by E. Gallagher. C. Wowkanech, F. Chavana and L. Giannotta were not present; B. Kramer arrived late for US Healthcare. A statement of compliance with the Open Public Meetings Act was delivered by E. Gallagher, who noted a quorum was present.

2. Report of Chairman - M. Lopes

M. Lopes stated that the RFP for a public relations firm would be renoticed with the application period ending on November 19, 1993.

M. Lopes reported on the status of hiring an Executive Director. A total of 50 applications had been received, the Selection Committee narrowed the field to eight.

Interviews were conducted on Thursday, November 12 by the Committee. Three candidates were selected to meet with the full Board today. The Board will vote on an Executive Director in the closed Executive Session scheduled for 11:00. R. Rondum questioned the propriety of the procedures to hire the Executive Director. L. Moskowitz noted that the Executive Director will be considered a non-civil service employee of the State. M. Lopes noted her concern that the State currently in place a hiring freeze. However, she suggested that the joint Boards plan request from the Governor and transition team to approval for the position, specifically noting that this position involves no expenditure of state tax resources. L. Moskowitz noted that the Essential Health Services Commission plans to hire an Executive Director and faces the same obstacles.

3. Benefit Plan Comments - E. Crandall

M. Lopes stated that the benefit plans approved by the IHC Board, and initially by the SEH Board, have been slightly modified. The SEH Board will prepare a list of changes (ex: specific treatment for breast cancer if done at National Cancer sites) for IHC Board consideration. L. Moskowitz explained that the proposed NJ Essential Health Services Commission subsidy insurance plans differ in minor ways from the current IHC plans. The rationale was questioned as to why the NJ Essential Health Services Commission would change the only authorized individual health plans in the State. L. Moskowitz stated that only minor changes to Plans D and E were proposed. The preliminary report of the NJ Essential Health Services Commission will be distributed to the IHC Board for its review. R. Rondum questioned why the Commission would subsidize plans D, E and the HMO. L. Moskowitz stated that individuals with incomes 150% below the poverty line would be able to get Plan E and the HMO and other eligible individuals could purchase Plans A, B and C. He stated that the subsidy decreases as income arise. B. Manning of DOH noted that individuals who have incomes so far below the poverty line would not be able to afford even the coinsurance percentages for Plans A and B, therefore this exception was created to ensure affordability.

M. Lopes requested the Boards to address the establishment of a Medical Advisory Group, similar to the DOH Core Clinical Group. The purpose of this group would be to address questions of when a medical procedure or product is no longer experimental. L. Moskowitz suggested additional advisory boards should be considered.

E. Crandall summarized the comments received on the SEH plans. The "off-label" prescription drugs provision received several comments regarding the safety and efficacy guidelines of the FDA and DOH. S. Connor noted concerns over experimental use in human beings of unauthorized drugs at unauthorized levels. Preponderance of evidence was discussed, specifically, what would be considered. One consideration

was "peer review" literature and whether it was the quantity or quality of the literature. J. O'Connor also pointed out the need for caution and concern over conflicting medical evidence.

Specific issues addressed under benefit concerns included the use of ABMT for breast cancer. Comments were received requesting extension beyond approved clinical trial sites to include other cooperative oncology sites under current review by NJDOH. B. Manning of DOH indicated that DOH has some concern with extending beyond appointed trials until guidelines are developed. M. Lopes noted that the sites are in commuting distance for New Jersey residents. A second issue addressed in the comments included the formula for a hospital confinement indemnity plan and the \$250 cap. E. Crandall stated that the intention is to have the formula the same as the IHC Board's formula.

K. Robinson moved and J. O'Connor seconded the adoption of the proposed amended regulation on benefit plans. The SEH Board unanimously approved; the IHC Board did not participate in the vote.

E. Crandall then noted that a timely comment was received to the Plan of Operations. The comment recommended having a physician as a member of the Board. This suggestion is impossible since the composition of the Board is identified by statute. E. Crandall noted that the SEH Board is to approve the Plan of Operation at its next meeting, with final version to be approved by Commissioner and filed with OAL by December 4, 1993.

L. Moskowitz raised the issue of the timetable for carriers to ^{reinsuring} file rates and for the plans to become effective, in view of risk-assuming versus ~~risk-insuring~~ status and DOI approval or status. Rate filing regulation comment period closes December 4, 1993. M. Lopes stated that DOI will address the issue quickly to allow entry into the market.

4. IHC "Same or Similar" Regulation

S. Connor described the need for and status of proposed regulations, noting that the IHC's TAC and Legal Committee, as well as the IHC Board, had reviewed this extensively, following the receipt of comments from the SEH Board on the individual health benefits plans eligibility ("same or similar"). The IHC Board plans to adopt the regulations at today's meeting. L. Moskowitz added the view of DOI that coordination between markets is indispensable. K. O'Leary summarized the proposed regulations: categories of comparison between group and individual plans: "General services" includes hospital and medical-surgical services, "Same or Similar" - comparison will be based on coinsurance and deductibles. K. O'Leary then explained that there will be a one month open enrollment period each year. The rationale for this limitation is to avoid adverse selection and to provide for administrative

convenience. K. O'Leary then noted the guidelines for moving between individual plans: if individuals have a health benefits plan issued prior to August 1, 1993 - they may purchase a standard plan at any time; if they have a standard plan - they may buy a more comprehensive plan only during the open enrollment period in October, and they may buy the same plan from another carrier or a less comprehensive plan at any time.

The movement from group coverage to individual coverage was discussed extensively, especially the problem of allowing employers to "dump" their bad risks into the individual market. The definition of "eligible to participate" was scrutinized closely to weigh the competing interest of employer's dumping bad risk versus limiting individuals' choice of health benefits plan. R. Rondum expressed her ongoing concern about disallowing purchase of individual plans, but was assuaged by the open enrollment period. E. Crandall and members of the SEH Board expressed strong concern over the dumping issue. S. Connor pointed out employers are additionally bound by Federal law such as the American with Disabilities Act (ADA). The ADA and Pregnancy Discrimination Act will reduce the ability of a large employer from "writing out" employees based on health conditions. By closing the loop hole for obtaining individual coverage, large employers will have to maintain these persons in their groups to meet their Federal requirements (therefore the employer can't meet their Federal requirements through dumping into the individual market). S. Connor also noted that the DOI regulations concerning replacement group coverage provides for "no loss, no gain" therefore the succeeding carrier must take the whole group.

5. Election of Board Members

M. Lopes commented that V. Bollheimer (DAG) is looking into the procedure for sending out ballots and is identifying the terms of the Board members. The IHC Board will re-elect Board members at its annual meeting.

L. Moskowitz moved by resolution that the IHC and SEH Boards close the public session of the meeting to convene in closed Executive Session for the purpose of selecting an Executive Director and for discussing legal advice concerning the Boards' enforcement mechanisms. F. Title seconded the motion and the Board unanimously approved. During the Executive Session the Boards interviewed three candidates and authorized the respective chairpersons to extend an offer to one candidate, salary terms established, and to seek a waiver of the hiring freeze.

The IHC Board reconvened its open Board meeting at 2:50 p.m.

6. Approval of Minutes

The Board deferred review of the minutes from November 4, 1993 until the next Board meeting.

7. Report of the Chair

S. Connor distributed a draft letter to be sent to all member carriers notifying them that assessments bills are due by November 22nd, after which interest penalties will accrue. The letter also identifies that payment is due even if the carrier is disputing the liability for the assessment or amount. **S. Connor moved that the Board send the reminder of the assessment due date, as amended. B. Kramer seconded the motion and the Board unanimously approved.**

8. Report on Bank Account - E. Troy

E. Troy reported that the IHC bank account posts a receivable of \$2,546,448 with a total of \$569,448 collected as of October 16, 1993. L. Moskowitz stated that there have been numerous questions and complaints from carriers regarding the assessments. E. Troy also reported that the bank account will be swept every Friday afternoon, after the morning mail has been posted.

9. TAC Report

S. Connor moved to accept the enrollment status report as presented to the Board at the November 4, 1993 Board meeting, subject to TAC's confirmation of report's accuracy. B. Kramer seconded the motion and the Board unanimously approved.

10. "Same or Similar" Regulation

K. O'Leary presented the Legal Committee's recommendation regarding the same or similar regulation. S. Connor noted that the definition for "general services" should not include ancillary charges for the sake of simplicity and clarity. K. O'Leary stated that the comparison would remain for deductible and coinsurance amounts as the criteria for when an individual can move from group coverage to individual coverage. He explained that the open enrollment period allows for changes in buying up within the specified time frame. The consensus of the Board was that the Buyer's Guide should be simple and emphasize freedom of choice. The Buyer's Guide should refer individuals to the carriers for more specific information regarding the ability to purchase a standardized plan. K. O'Leary noted that the residency requirement was revised to remove the reference to "intent to become a resident", the Board agreed

that actual residency is the key element. He also noted that the regulation reflects that if an individual has a policy issued prior to August 1, 1993, they can purchase any standardized individual policy at any time.

The definition for "eligible to participate" was drafted as tightly as possible to minimize the problem of employers "dumping" bad risk into the individual market. The Board discussed the competing concerns of allowing persons to leave group coverage and purchase an individual policy and preventing these persons from purchasing an individual policy. S. Connor stated that small groups won't be able to medically underwrite after the January 1st effective date of the small group reform. She also stated the American with Disabilities Act would alleviate the problem of persons being left without coverage due to disabilities. B. Kramer suggested inserting a trigger date in the definition to indicate that for these purposes, persons excluded for group coverage for medical underwriting reasons on or after January 1, 1994 are deemed eligible to participate in the group health benefits plan. S. Connor noted that an employee will not lose coverage then because, the employer would not be able to meet its federal employment law obligations by pushing persons with medical conditions out of its coverage. A preambulatory explanation will be added that indicates that dumping is presumed not to occur as of January 1, 1994 and referencing employer's obligations under the American with Disabilities Act and the Pregnancy Discrimination Act.

L. Moskowitz stated that this position is contrary to the position taken in the notice sent to all issuing carriers regarding individuals who have been denied coverage due to medical underwriting. S. Connor noted that regulations are being drafted for prospective application. L. Moskowitz stated that no person should have their policy cancelled where they recently obtained coverage due to the notice sent by the Board. The Board agreed that a grandfather clause will be added to the purpose and scope section §12.4.

S. Connor made a motion to approve the regulations as amended, subject to reconsideration by the Board. R. Rondum seconded the motion. The vote of the Board members was:

**S. Connor - Yes
L. Moskowitz - Yes
B. Kramer - Yes
R. Rondum - Yes
J. O'Connor - Yes**

The Board requested the Marketing Committee to redraft the Buyer's Guide for the Board meeting on November 30th.

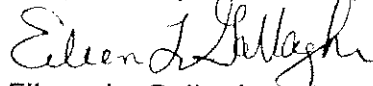
11. Report of the Forms Committee

J. O'Connor distributed the report of the Forms Committee (copy file with these minutes). R. Rondum made the motion to approve the Forms Committee report, S. Connor seconded the motion. The Board unanimously approved.

12. Adjournment

J. O'Connor made the motion to adjourn at 4:30 p.m., seconded by L. Moskowitz. The Board unanimously approved.

Respectfully submitted,



Eileen L. Gallagher, for
Susan Scholle Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health Coverage
("IHC") Program Board Teleconference
Meeting held November 23, 1993

Directors: S. Connor, L. Moskowitz, P. Carmody, R.
Rondum, B. Kramer (alternate for S. Lavelle),
D. Benbow, C. Wowkanech

Deputy Attorney General: K. O'Leary

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was held via teleconference. The meeting was called to order by C. Wowkanech at 9:45 a.m. Roll call was taken by S. Connor. F. Chavana and L. Giannotta were not present. A statement of compliance with the Open Public Meetings Act was delivered by S. Connor, who noted a quorum was present.

2. "Same or Similar" regulations

L. Moskowitz referred to the November 19th draft of the regulations regarding buying up and buying down to a standardized individual health benefits plan. K. O'Leary summarized the revised language. R. Rondum raised a concern regarding the welfare of people who are excluded from both group and individual coverage. Board discussion indicated that 1.) pressure from industry, IHC Board and the public will support an expansive reading of the ADA, and 2.) the person would be able to obtain coverage during the open enrollment period and therefore would never be completely precluded from obtaining individual coverage. The Board also discussed again the question of including ancillary services as part of the definition of "general services".

Because of the safety valve of the open enrollment period, such detailed comparisons were not deemed necessary, although R. Rondum expressed her continuing concerns, in particular over therapy availability. D. Benbow also questioned the use of "or" in the regulation as opposed to "and" for the section involving the ability to change coverage. He was informed that at the last IHC Board meeting the Board had decided to use "or" to allow for more mobility in changing coverage.

L. Moskowitz stated that the Essential Health Services Commission has approval to proceed with its subsidized insurance program. The plan will be presented as a rider to the IHC Program to the IHC Board because of three points, 1.) minor variations in health benefits plans, 2.) the lives enrolled in a subsidized plan would be counted for meeting marketing objectives, and 3.) the loss ratio sought would be higher than 75%. L. Moskowitz will relate to the NJ Essential Health Services Commission that the IHC Board will review this proposal to develop a reasonable arrangement. R. Rondum expressed concern over administrative burdens of monitoring multiple standard plans. Some discussion occurred about the need for the IHC Board to review independently the proposals of both forms from the NJ Essential Health Services Commission and the SEH Board.

L. Moskowitz also raised the issue of proposed bills that modify the IHC law, an example is the Bassano bill drafted towards BCBSNJ that would limit the number of lives to be converted to standardized plans and limiting the timetable for self-sufficient rates on pre August 1, 1993 products. He also reported that several bills are pending regarding the SEH program. The Garrett bill is scheduled for a hearing on November 29, 1993, but the SEH Board has requested that the hearing be postponed until after the SEH Board has had an opportunity to discuss the proposed changes. S. Connor noted that BCBSNJ will have a representative testify against the proposed bill. Other carriers noted that they too will have representatives in Trenton.

D. Benbow moved to adopt the regulations, as amended to reference the American with Disabilities Act and the Pregnancy Discrimination Act. S. Connor seconded the motion and the Board unanimously approved.

3. Other matters

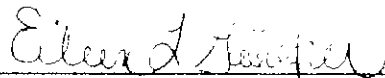
S. Connor questioned the status of hiring an Executive Director. The hiring freeze issue has not been resolved.

P. Carmody requested that Mutual of Omaha be included by telephone conference for the next meeting.

4. Adjournment

S. Connor made the motion to adjourn at 10:20 a.m., seconded by D. Benbow. The Board unanimously approved.

Respectfully submitted,



**Eileen L. Gallagher, for
Susan Scholle Connor, Secretary**

File IHC

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health Coverage
("IHC") Program Board Meeting held
November 30, 1993

Directors: C. Wowkanech, S. Connor, L. Moskowitz, R.
Rondum, J. Beck (alternate for S. Lavelle), D.
Benbow.

Deputy Attorney General: K. O'Leary

Communications Consultant: P. Wolcott

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:40 a.m. Roll call was taken by E. Gallagher. F. Chavana and L. Giannotta were not present. A statement of compliance with the Open Public Meetings Act was delivered by E. Gallagher, who noted a quorum was present.

2. Approval of Minutes

L. Moskowitz made a motion to approve the minutes of November 4th and November 23rd as amended. J. Beck seconded the motion and the Board unanimously approved.

L. Moskowitz made a motion to approve the minutes of November 17th as amended. D. Benbow seconded the motion and the Board unanimously approved.

3. Report of Chairman - C. Wowkanech

C. Wowkanech noted the receipt of a letter from S. Connor designating D. Marco as her alternate for this Board meeting.

A. Report on Assessments

E. Troy reported on the assessments; \$1,714,597 has been collected of total receivables of \$2,546,005. Letters disputing and/or questioning the assessments have been received by J. Donnellan and C. Wowkanech. R. Rondum questioned the timing for when disputes would be formally brought to the Board. C. Wowkanech directed the Legal Committee to meet and address the following issues: 1.) procedures for handling assessment disputes and 2.) how to handle letters already received by the Interim Administrator questioning and/or disputing the assessment. The Legal Committee will report its recommendation to the Board at its next meeting.

L. Moskowitz questioned whether the Board should authorize payment of funds to the appropriate recipients since there is a surplus in the IHC Board bank account. J. Donnellan noted that only funds not subject to dispute or necessary for administrative expenses, could be paid. The Board directed J. Donnellan to work with E. Troy in determining which funds are "clean" and to report to the Board at its next meeting, at which time the Board will move to transfer the funds to the appropriate parties.

B. Report on hiring of the Executive Director

E. Troy stated that he spoke with individuals from both the Governor's office and the Transition Team regarding the hiring of the Executive Director. He was informed that very few exceptions have been made with respect to the state hiring freeze. E. Troy recommended that the IHC Board formally adopt a resolution to hire the Executive Director which would be presented to the Governor's Office. C. Wowkanech stated that both he and M. Lopes have attempted to contact people to expedite the hiring of the Executive Director. **L. Moskowitz made a motion to have E. Troy draft the resolution for both Chairs signatures, subject to DAG review, for hiring the Executive Director. C. Wowkanech seconded the motion and the Board unanimously approved.**

C. Report on Pending Legislation

C. Wowkanech reported that the request for postponement of the hearing scheduled on A.B. 2923 and A.B. 2998 was denied. He summarized the legislation, noting particularly the significant changes in the SEH program, including: allowing associations to continue their policies and destroying community rating. He noted that several carriers testified in opposition to the bill. However, he stated one carrier supported the amendments to the bill. C. Wowkanech stated that he defended the

IHC Program as "working", with over 10,000 policies sold. D. Marco made a motion to have C. Wowkanech draft a letter stating the IHC Board's concerns with delaying or modifying the SEH Program, in particular, the "dumping" issue. The letter will be sent to members of the House Committees, the chairpersons of the committees and to all Board members. D. Benbow seconded the motion and the Board unanimously approved.

D. Report on Regulations

K. O'Leary summarized the final draft of the "same or similar" regulations: Changing from group to individual coverage, a comparison between deductible and coinsurance would be made (use of "and" - to link the two); Changing from individual to individual coverage, a comparison between deductible or coinsurance would be made. S. Kelly suggested that the comparison from individual to individual policies should be modified to prevent an individual from purchasing Plan A and then later selecting a more rich plan when medical conditions arise. The Board agreed to insert an exception to prevent an individual from moving from Plan A to any other standardized policy except during the open enrollment period. The Interim Administrator will mail copies of the regulations to all appropriate parties, with the comment period closing on December 17, 1993.

R. Rondum made the motion to accept the "same or similar" regulations as amended. D. Benbow seconded the motion and the Board unanimously approved.

4. Marketing Committee Report - P. Wolcott

P. Wolcott reported that the Buyer's Guide will be printed in both Spanish and English. He has been investigating the printing costs and distribution plan for the Buyer's Guide. P. Wolcott noted that various options exist for the distribution of the Buyer's Guide, including the type of mailing (i.e. envelope or sticker), placing copies in Legislators' offices, and conducting another ad campaign. L. Moskowitz raised the question of whether the Buyer's Guide will address the Essential Health Services Commission. The Board agreed that information on the subsidized insurance program could be placed on the rate sheet at a later date.

5. Report of the Interim Administrator - J. Donnellan

J. Donnellan distributed a preliminary budget for both 1993 and 1994. A question was raised concerning the legal fees, J. Donnellan will check on this figure and report back to the Board at its next meeting. A Market Share report was also distributed by J. Donnellan which reflected that only one carrier has met its market share goal as of October 31, 1993. C. Wowkanech directed P. Wolcott to draft a press release to report on the favorable results of the IHC Program to date. J. Donnellan reported that a "Monthly billing bulletin" will be sent to all carriers. C. Wowkanech made a

motion to direct the Interim Administrator to draft checks to pay for two invoices for McQueeney Davis and one for \$3500 for Wolcott Thomas for services rendered in the month of October. D. Benbow seconded the motion and the Board unanimously approved.

J. Donnellan distributed the revised rate chart to the Board. D. Benbow made a motion to accept the report of the Interim Administrator. J. Beck seconded the motion and the Board unanimously approved.

6. Report of TAC - D. Benbow

D. Benbow noted that TAC had received a letter from BCBSNJ stating that monthly rates would be complete by February 1, 1994 and offered by March 1, 1994. D. Benbow stated that Aetna has not responded to the letter sent by TAC requesting its plan to offer Plans A-D. The Board directed the Interim Administrator to contact Aetna directly to determine status.

L. Moskowitz made the motion to accept TAC's recommendation of CIGNA's filing for revision of 1993 rates as complete. R. Rondum seconded the motion and the Board unanimously approved.

D. Benbow stated that TAC has been revising the Performance Standards which should be final for next week's Board meeting.

D. Benbow noted that the TAC has received notice of BCBSNJ's rate filing for its policies in effect prior to August 1, 1993. He noted that there appears to be some question of jurisdiction over the rate filing between the IHC Board and DOI. D. Benbow stated that TAC will review the rate filing only for completeness as required by the regulations.

Three letters received by TAC will be referred to the DOI for review: a letter from the American Cancer Society, a letter identifying a multiple employer trust not in compliance with New Jersey law, and a letter identifying a company that advertises for supplemental coverage to any National Health Care Plan. B. Waugh informed the Board that a letter has been drafted to send to insurance carriers and producers who are in violation of the IHC and SEH program. The letter was sent to K. O'Leary for review. B. Waugh confirmed that as letters are sent out, copies will be sent to C. Wowkanech. R. Rondum noted her concern that people will be spending dollars and not getting anything for their money. Some discussion occurred regarding various entities and whether their status is as an insurance carrier or is more similar to that of a Third Party Administrator.

7. Report on Subsidized Insurance Program - L. Moskowitz

L. Moskowitz distributed and summarized the proposal for the NJ Essential Health Services Commission (EHSC). The Board discussed three points in detail: 1.) Policy form changes which would allow for coverage for routine foot care, and not including medication monitoring in the Mental/Nervous and Substance abuse maximum; 2.) allowing an 85% loss ratio; and 3.) permitting subsidized policies to count toward IHC market share requirements. The Board was most concerned with Policy changes (particularly providing coverage for routine foot care). Additionally, the Board discussed whether they had the authority to review and approve the NJ Essential Health Services Commission's policies and proposal. D. Benbow questioned whether the Board had any statutory basis for approving the EHSC plans. Kevin O'Leary will be meeting with others in his office to discuss the IHC Board's authority in this matter. L. Moskowitz also stated that no carrier can sell subsidized plans unless they are already selling the standardized IHC policies.

R. Rondum questioned the IHC Board's adoption of the Mental/Nervous and Substance Abuse benefits in the standardized policies. L. Moskowitz stated that sufficient input was provided during the public hearing on the subject and the Board was comfortable with its level of benefits.

L. Moskowitz made the motion to close the public meeting and to reconvene in closed Executive Session at 1:20 p.m. D. Marco seconded the motion and the Board unanimously approved.

Respectfully submitted,



Eileen L. Gallagher, for
Susan Scholle Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

DRAFT

Minutes of the Individual Health Coverage
("IHC") Program Board Meeting held
December 7, 1993

Directors: C. Wowkanech, D. Marco (alternate for S. Connor), L. Moskowitz, R. Rondum, J. Beck (alternate for S. Lavelle), ~~D. Benbow~~, R. Smart (alternate for P. Carmody). *J. O'Connor*

Deputy Attorney General: K. O'Leary

Communications Consultant: P. Wolcott

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech. Roll call was taken by E. Gallagher. F. Chavana and L. Giannotta were not present. E. Gallagher delivered a statement that the meeting was properly noticed in compliance with the Open Public Meetings Act and noted a quorum was present.

2. Approval of Minutes

L. Moskowitz made a motion to accept the minutes from November 30, 1993 as amended. D. Marco seconded the motion and the Board unanimously approved.

3. Report of the Chairman - C. Wowkanech

A. Pending Legislation

C. Wowkanech reported to the Board that Senator Bassano's bill, S. 2170, set forth a compromise to the Garrett bill for reforming the SEH program. C. Wowkanech stated that he testified on behalf of the IHC Board for this compromise bill which would allow associations to have a two year phase-in period, leaves community rating intact and redefines the 3 to 1 and 2 to 1 rating bands (age, gender and geography considered but health status has been eliminated). However, L. Moskowitz stated that the DOI will need to issue new regulations to support the new rate structure. He stated, that at best, this could be accomplished by February 1994. L. Moskowitz noted that the significance of the pending legislation is that carriers will have to restructure their rate filings.

H. Meisner reported on several bills which addressed hospital "caps". One bill provided hospitals with relief from revenue caps concerning patient mix and would exonerate them from paying penalties for 1993 revenue "caps". This bill was released by the Senate committee. Another bill would provide for an "any willing doctor or hospital" situation which would, in his opinion, undermine the development of managed care networks. He reported that this bill was not released by the Committee.

H. Meisner stated that S. 2197 will require IHC Board approval for a proposed plan for rate increases on pre August 1, 1993 policies by April 1994. L. Moskowitz noted that rates for these policies are not required to be self-supporting until January 1, 1996. L. Moskowitz stated that this should be a concern to the IHC Board since, to the extent this book of business is not self-supporting, IHC assessment money will support the losses.

matter of note

B. Assessments

C. Wowkanech read from E. Troy's financial report that a total of \$1,774,000 has been received of a total receivable of \$2.5 million. He also stated that there are at least seven or eight protests to the assessments.

C. Other matters

C. Wowkanech stated that an invoice had been received from E. Troy for the advertising bill for the Executive Director position for the IHC and SEH Boards. C. Wowkanech made a motion to pay the bill in full, after it has been checked for accuracy, with the SEH Board to be held accountable for its one-half share of the bill. J. Beck seconded the motion and the Board unanimously approved.

A second copy of the McQueeney Davis bill was received by C. Wowkanech. J. Donnellan confirmed that the payment had already been made for that bill.

C. Wowkanech distributed a resolution (copy filed with these minutes) signed by both Chairs of the IHC and SEH Boards to hire jointly an Executive Director.

C. Wowkanech stated that P. Wolcott's contract expired on October 31, 1993 and that P. Wolcott has continued to serve in his capacity as Marketing Consultant. He noted in particular, Mr. Wolcott's work on preparing testimony on three occasions, drafting letters and handling press releases for the Board. C. Wowkanech requested the Board to consider providing compensation for Mr. Wolcott's services for the month of November. The Board discussed the ability to extend P. Wolcott's contract for another "interim" period until the hiring freeze has been lifted. The Board requested P. Wolcott to submit an itemized bill for services rendered in November. C. Wowkanech directed the Legal Committee to work with K. O'Leary to determine 1.) the status of the position, and 2.) whether the contract can be extended.

A letter from S. Connor appointing D. Marco as her alternate for this meeting was read by C. Wowkanech (copy filed with these minutes).

4. Report of TAC - S. Kelly

S. Kelly distributed the TAC report. TAC recommends that the rate filing for AETNA Plans A and B be deemed complete. She also noted that AETNA had filed rates for Plans C and D and then withdrew those rates. S. Kelly then stated that TAC reviewed and has deemed as complete, CIGNA's filing for 1994 rates for the HMO (extends 1993 rates) and BCBSNJ's rates for pre-August 1, 1993 policies. L. Moskowitz raised a question about the erosion of the pre-August 1, 1993 inforce business and its eventual impact on the reimbursable losses. D. Marco responded that there has been significant interest in the standardized HMO.

S. Kelly then stated that HIP/Rutgers appeal to amend its 1992 assessment premium was addressed by TAC. P. Thexton of the DOI, distributed a report on this issue (copy filed with these minutes). He noted that HIP/Rutgers sought to deduct approximate \$38 million of premium received from HIP/New York for NJ residents who use HIP/Rutgers NJ network of providers but who are insured under HIP/New York contracts issued to NY employers. P. Thexton recommends denial of this request due to the fact that the original reporting of premiums was consistent with HMO law and other HMO's reporting methodology. P. Thexton noted that one other HMO reported differently and the DOI will continue to study the issue and report to the Board for the "true up" next spring.

S. Kelly then reported on letters received by TAC which have been forwarded to the DOI (Design Benefit Plan, Alliance for Affordable Health and American Cancer

Society). The Board discussed the procedure for handling letters that complain of carriers who appear to be not operating in compliance with NJ Insurance law. A strongly worded letter was drafted and approved by K. O'Leary that will be sent to carriers. R. Rondum stated she was concerned with what would happen to people who bought these "unauthorized" policies. **L. Moskowitz made a motion to 1.) Have the DOI send the letter drafted by B. Waugh and approved by K. O'Leary to alleged violators, and 2.) educate the public to prevent unscrupulous individuals from profiting from unwary consumers.**

D. Marco made a motion to accept the TAC report, seconded by J. O'Connor. The Board unanimously approved.

5. NJ Essential Health Services Commission Subsidized Policies - V. Wicks

V. Wicks, Chairperson of the ESHC, spoke to the IHC Board regarding the ESHC's plan for subsidized health benefits policies. She outlined several differences in the Subsidized Insurance Policies, including: coverage for routine foot care, coverage for breast cancer treatment, and not including maintenance visits for prescription drugs used in the treatment of Mental/Nervous or substance abuse conditions in the Mental/Nervous health maximum caps. The Board felt strongly that routine foot care should not be included in the standard benefit design.

K. O'Leary raised his concerns with the ESHC's plan as proposed. He stated that c. 160 does not give the ESHC any independent authority to create its own individual health benefit plans. K. O'Leary also noted that, the riders as originally proposed, would only be offered to certain groups of individuals and therefore not satisfy the open enrollment requirements of the IHC Program.

L. Moskowitz reported that he met with K. O'Leary and the Deputy Attorney General representing the ESHC to discuss the proposed plans. As a result of this meeting, L. Moskowitz stated that an alternate proposal has been suggested to fit the SIP plan within the IHC Program structure. This proposal would utilize the IHC Standardized plans (with certain modifications added to all standardized plans, for example, breast cancer treatment) thereby satisfying the open enrollment requirement. The ESHC alternative proposal involves a separate financing mechanism to provide subsidy dollars for the individual standardized plans. The Board discussed the financing mechanism. L. Moskowitz stated that the proposal would create a "seamless" interaction between the IHC Program and the ESHC program. A separate agreement would be reached between the carrier and the ESHC to arrange for subsidy dollars to pay for the individual policies. D. Marco questioned whether the losses attributable to the subsidized plans would be eligible for IHC Program reimbursement. Other Board members questioned the financing mechanism for the plan and how the stop loss mechanism fits into the reimbursement scheme.

J. O'Connor made a motion to have the ESHC work with TAC in reviewing and revising the proposed financing mechanism for the subsidized insurance program to create a seamless plan to bridge the two programs and to allow subsidized plans to count toward lives for market share purposes. L. Moskowitz seconded the motion and the Board unanimously approved.

The Board recessed at 11:30 a.m. and reconvened at 11:50 a.m.

6. Report of the Legal Committee - K. O'Leary

K. O'Leary reported that the bill for legal services from the Attorney General's office was only \$44,000. He also noted that S. Connor plans to request a waiver from the bill for advancement money for the AG's office in the amount of \$100,000.

K. O'Leary reported that the dispute letters will be divided into two categories: 1.) those which will be referred to the Attorney General's office to handle legal issues, such as the "member" status of fraternal benefit organizations, and 2.) others will be addressed by the Interim Administrator who plans to send letters to disputing carriers who failed to file Exhibit K's.

J. O'Connor reported that the Legal Committee is looking into the issue raised by R. Rondum concerning the "Refusal of Treatment" section of the HMO policy. J. O'Connor has requested this issue to be placed on the agenda of the NJ HMO Association agenda. He noted that this is a subtle area of case law that requires further investigation. J. O'Connor suggested that R. Rondum, B. Olick and P. Armstrong meet with the NJ HMO Association to express their concerns.

D. Marco made the motion to accept the report of the Legal Committee. J. O'Connor seconded the motion and the Board unanimously approved.

K. O'Leary stated that the Board had decided to permit a carrier to offer a plan in multiple delivery systems. The statute permits the plans to be offered in a managed care environment, and the Board determined that the delivery system doesn't change the plan. K. O'Leary then stated that a carrier cannot have multiple coinsurance levels within a delivery system.

7. Report of the Interim Administrator - J. Donnellan

J. Donnellan distributed revised preliminary budget figures for 1993 and 1994 (copy filed with these minutes). He then reported that he had called several carriers regarding their outstanding assessment bills; Guardian claims that they mailed their check, and CIGNA claims they intend to pay their assessment.

J. Donnellan reported that as of December 7, 1993, the IHC bank account contained

\$1,112,725.00 in funds that are neither subject to dispute nor required for operating expenses. Based on this report, C. Wowkanech made a motion to transfer \$1,100,000 to BCBSNJ for reimbursable losses for 1992. R. Rondum seconded the motion. The motion passed as indicated by the following vote:

C. Wowkanech - yes
L. Moskowitz - yes
R. Rondum - yes
J. Beck - yes
D. Benbow - yes
R. Smart - yes
D. Marco - abstained

J. Donnellan raised the issue of notifying carriers that the letter sent regarding medical underwriting is no longer valid, these issues have been addressed formally in the "same or similar" regulations. C. Wowkanech directed the Interim Administrator to work with P. Wolcott to draft a letter with language from the Buyer's Guide explaining the "same or similar" regulation. K. O'Leary will review this letter, which will then be sent to issuing carriers.

J. O'Connor made a motion to accept the report of the Interim Administrator. D. Marco seconded the motion and the Board unanimously approved.

8. Report of the Forms Committee - R. Smart

R. Smart distributed a copy of the Forms filing report (copy filed with these minutes). She noted that 1.) CIGNA has resubmitted its alternative HMO policy, 2.) Time has resubmitted five alternative plans, the Forms committee recommends that the Board withdraw its previous confirmation of standardized plans, 3.) AETNA has withdrawn its alternate form, has resubmitted its standard HMO policy, and issued a revised certification (copy filed with these minutes), 4.) Protective Life policies have been reviewed and letter was sent on November 23, 1993, 5.) HIP/Rutgers has submitted an alternate application.

R. Smart reported that Protective Life had originally filed their policies as PPO's with an out-of-network reduction of 30%, then subsequently reduced the "cutback" for out-of-network services to 15%, now they have informed the Forms Committee that there will be no out-of-network difference. The Board members expressed their confusion as to this situation. R. Smart was directed to contact Protective Life and to inquire about their plans for a PPO. L. Moskowitz stated his concern that this may be an attempt to reimburse out-of-network physicians at less than the required 80% reimbursement level.

R. Smart made the motion to withdraw the Board's previous confirmation of Time's standardized polices since Time recently refiled their policies as alternates. R. Rondum seconded the motion and the Board unanimously approved.

D. Marco made the motion to accept the Forms Committee report. J. O'Connor seconded the motion and the Board unanimously approved.

C. Wowkanech stated that the Board meetings schedule for December 14th, 21st and 28th have been cancelled. A joint meeting for the SEH and IHC Boards is being planned for Wednesday, December 22nd.

D. Marco made a motion to adjourn the meeting at 1:35 p.m. J. O'Connor seconded the motion and the Board unanimously approved.

Respectfully submitted,



Eileen L. Gallagher, for
Susan Scholle Connor,
Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting held December 28, 1993

Directors:

C. Wowkanech, S. Connor, L.
Moskowitz, R. Rondum, J. Beck
(Alternate for S. Lavelle), D. Benbow.

Deputy Attorney General:

K. O'Leary

Communications Consultant:

P. Wolcott

Other Attendees:

List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech. Roll call was taken by S. Kelly. F. Chavana, L. Giannotta, and R. Smart were not present. S. Kelly delivered a statement that the meeting was properly noticed in compliance with the Open Public Meetings Act and noted a quorum was present.

2. Approval of Minutes

Minor changes were conveyed on the draft of the minutes dated December 7, 1993. L. Moskowitz made a motion to accept the minutes from December 7, 1993 as amended. D. Benbow seconded the motion and the Board unanimously approved.

R. Rondum asked whether the letter to the SEH Program by the IHC Board stating their concerns about Legislative delays or modifications to the SEH program was

released. C. Wowkanech stated that in lieu of a letter, representations had been made to the respective Legislative committees.

3. Report of the Chairman - C. Wowkanech

A. Report on Assessments

J. Donnellan passed out an exhibit displaying 1992 Reimbursable Loss Payments. He indicated that 91% of the money billed was collected (\$2.3 out of \$2.5 million), and he recommended a transfer of \$613,000 to Blue Cross and Blue Shield of New Jersey with \$400,000 remaining to be paid. The Board discussed the \$100,000 disputed assessment contingency and determined that it could be reduced by \$50,000. S. Connor and L. Moskowitz suggested that the Assessment Exhibit and Analysis be prepared in separate classes: Class A for administrative expenses and Class B for reimbursable losses, in order to enable allocations between the accounts. This will enable the Board to analyze any shortfall and allocate dollars for reimbursement.

D. Benbow made motion that the Board direct the Interim Administrator to issue a check for reimbursable losses of \$663,000. L. Moskowitz seconded the motion, suggesting that the money be released before year end, and the Board unanimously approved.

Outstanding monies are being collected by the Interim Administrator. Any delays will be charged interest following the post mark rule for receipt.

L. Moskowitz then summarized several outstanding assessment issues. K. O'Leary reported that the fraternal benefit societies issue will be resolved soon. Concern was expressed by IHC Board members over the creation of a loophole that may cause substantial consumer confusion. If the law is defective, the IHC Board may need to seek a change in either the IHC Act or the Fraternal Benefit Society Law. The Department of Insurance may need to review policy forms and the Fraternal Benefit Societies Law more carefully.

B. Executive Director

C. Wowkanech indicated that he made several contacts with the new administration. Indications are that the selection will not be questioned, but the hiring freeze still applies until January 18, 1994. R. Rondum expressed her sense of frustration at the lack of progress, and indicated that M. Lopes stated that she will pursue all avenues to have the position approved.

C. Pending Legislation

C. Wowkanech reported that certain members of the SEH Board are still supporting legislation to delay and modify the SEH Program. He also indicated that very few of the possible hundreds of carriers have filed small group rates as of this date. As of January 1, 1994, only standard plans with filed rates will be marketable in the small group market. C. Wowkanech suggested that further publicity about the IHC Program is warranted.

4. Regulations - K. O'Leary

K. O'Leary indicated that no comments were received on either the Eligibility (Same or Similar) or the Enrollment Status Report Regulations. L. Moskowitz raised a question regarding Taft-Hartley members and eligibility for individual coverage; and was informed that normal eligibility rules apply.

D. Benbow made a motion for final adoption of the following Regulations: Eligibility For and Replacement of Standard Health Benefits Plans (N.J.A.C. 11:20-12), and Enrollment Status Reports (N.J.A.C. 11:20-7). S. Connor seconded the motion and the motion passed as indicated by the following vote:

**C. Wowkanech - yes
L. Moskowitz - yes
R. Rondum - yes
J. Beck - yes
S. Connor - yes
D. Benbow - yes**

K. O'Leary reported that he has looked into the issue of P. Wolcott's expired contract. The Board discussed payment for services in 1994, and in general terms, agreed to renew his monthly contract at the same rate, and have a separate contract for the Buyer's Guide.

R. Rondum updated the Board on the status of the refusal of coverage issue to be addressed initially by the HMO Association. A teleconference is scheduled for January 7, 1994.

5. Legal Committee Report - S. Connor/K. O'Leary

S. Connor reported on the Legal Committee's review of assessment disputes. The issue of Fraternal Benefit Societies being included as members of the IHC Program will

be further examined by K. O'Leary. State Farm's dispute will be discussed in executive session.

The Legal Committee (LC) then made a recommendation that the Board pay the Attorney General bills as submitted and request a waiver for payment of advance monies. **S. Connor made a motion that the Board pay the AG bills as submitted and request a waiver for payment in advance. D. Benbow seconded the motion, and the Board unanimously approved.**

The Assessment Regulations for 1993 losses were distributed to the LC and they will be presented to the Board in the near future. TAC will also review.

Multiple correspondence was discussed: 1) Travelers addressed a letter to both the IHC and the SEH Boards regarding a group of one and how it counts toward the 75% participation with respect to dual offerings (indemnity and HMO). The IHC Board expressed concern that there be choices available. Additionally, there was concern over the anti-selection problem. The SEH Board has decided to count all employees toward the 75% participation, even if a contract will be issued to one person under these circumstances. After some discussion on this by the Board, **R. Rondum made a motion to draft a response to be reviewed by K. O'Leary to the SEH Board, to express the view of the IHC Board on this topic: That all employees should be covered by group policies and not default to the individual market. J. Beck seconded the motion and the Board unanimously approved. K. O'Leary then added that the SEH Board has asked the AG's office for a legal opinion on this.** 2) The LC recommended that a policy referred to the Board by the Spano agency which was designed for older individuals (it was neither a medicare-supplement policy nor an IHC standard plan), be referred to the DOI to investigate, the Board concurred. 3) Another issue discussed was forwarded by the Wharton group, related to Time not giving credit on pre-existing conditions when a person was enrolled under a Swiss policy. S. Kelly pointed to the pre-ex section of the law and the definition of health benefits plans which indicates "issued for delivery in the state". The Board discussed that this would mean no one out of state could get credit for pre-existing conditions covered under a prior policy. They generally agreed that the person must be in the state to get credit, however, they requested an opinion of the DAG. 4) The next issue raised by R. Rondum was that of a subscriber who was unable to purchase a husband/wife (h/w) contract from a carrier. S. Connor provided the background on why BCBSNJ had not been enrolling people under h/w policies, and L. Moskowitz provided this history on why h/w contracts were needed (single contracts previously never included maternity benefits). S. Connor also indicated that BCBSNJ was re-examining their position. R. Rondum requested that she be on record that she did not mention the carrier name and that the question is in the interest of the consumer. The discussion on the h/w issue became two fold. The first issue was the structure of the rates, and the second issue was whether a h/w could purchase two single policies if they so desired. The rate structure and the impact of eliminating a h/w category was deferred to TAC for

analysis, and a further review of the law on whether a h/w could purchase two single policies as requested of the DAG. 5) Lastly, in response to the Optometric Association wanting to be listed as an eligible provider in the example of providers, **C. Wowkanech made a motion that the Board respond to the OAL that they are taking the issue under advisement. The motion was seconded by D. Benbow, and the Board unanimously approved.**

The Board recessed at 11:15 a.m. and reconvened at 11:30 a.m.

6. Marketing Committee Report - J. Beck

The Buyer's Guide is very close to being finalized now that the "same or similar" regulation is finalized. The Board will review it in its final form, prior to printing. C. Wowkanech reported that both Boards had done extensive interviews for public relations firms and that the joint Committee voted unanimously to retain P. Wolcott. S. Lavelle was asked to draft a letter to the other firms advising them of the decision. The Board directed S. Lavelle to prepare a formal recommendation for the next IHC Board meeting.

7. Interim Administrator Report - J. Donnellan

J. Donnellan distributed revised market survey results as of 12/1/93, showing total covered lives of 13,373. A discussion ensued about carriers filing for rate changes, and the impact on an existing customer's rate. L. Moskowitz reminded TAC to include as part of their rate filing review, whether existing rates will change when a carrier files new rates.

Various checks for expenses incurred and reimbursement for losses were presented to C. Wowkanech for his signature. L. Moskowitz asked whether checks required only one or multiple signatures. J. Donnellan indicated that both C. Wowkanech and S. Connor were authorized to sign for the Board, however, only one signature was required. **The Board agreed that two signatures should be required. L. Moskowitz made a motion to have two signatures on a check, and that R. Rondum be authorized as the third signatory. J. Beck seconded the motion and the motion passed as indicated by the following vote:**

**C. Wowkanech - yes
L. Moskowitz - yes
R. Rondum - yes
J. Beck - yes
S. Connor - yes
D. Benbow - yes**

D. Benbow reported that Prudential, in providing Interim Administrator services, received a credit of \$60,000 toward their assessment.

J. Donnellan raised the issue as to whether an individual enrolled in a pre-8/1/93 policy, who is not eligible for a group plan, must give up that pre-8/1/93 policy. After some discussion on this and the reference to section 2 b(i) of the law, the Board felt that the person can keep their non-standard policy. However, the Board agreed that if the person chooses to move to one of the standard health benefits plans, the reform rules apply (i.e., same or similar). J. Donnellan also indicated he is getting complaints from people on not having a bigger window for the open enrollment period. The Board stated its view that the October open enrollment period should be maintained.

C. Wowkanech made a motion to accept the Interim Administrator's report. The motion was seconded by L. Moskowitz and the Board unanimously approved.

8. TAC Report - D. Benbow

D. Benbow reported that two meetings have been set. On Tuesday, January 4, 1994 TAC will meet with the EHSC in the morning to discuss the SIP proposal and then will meet in the afternoon to discuss outstanding filings and regulations. A second meeting was set for January 24, 1994 with the Policy Forms Subcommittee. This joint informal meeting will be held so the Optometric Association can give us their views on why they feel the standard policies are inadequate and why they feel the need to include vision therapy. D. Benbow will draft a letter to the Optometric Association and the DAG will review it before release.

9. Forms Committee Report - R. Rondum

R. Rondum indicated that the Forms Committee had a conference call on December 9, 1993, but she was not able to participate; no report given.

10. Subsidized Insurance program Report - L. Moskowitz

L. Moskowitz reported that he, as well as K. O'Leary, prepared drafts of a proposal for a funding mechanism for the subsidized insurance program subcommittee. TAC and the SIP subcommittee will meet to discuss it on Tuesday, January 4, 1994, and look for agreement. The proposal will then be presented to the IHC Board. Carriers in the IHC market will also be invited to comment on the proposal. L. Moskowitz indicated that C. McDevitt will be drafting regulations for the EHSC. It was noted that the IHC Board will also need regulations to incorporate elements of the SIP into the IHC program.

L. Moskowitz mentioned that Dr. Coronato wants to discuss foot care with carriers in the IHC market. C. Wowkanech suggested that L. Moskowitz invite Dr. Coronato to the next IHC Board meeting on January 11, 1994.

11. New Business

A. Election of Carrier Members

S. Connor reported that the Board must hold another election for the elected carriers. BCBSNJ and Prudential are designated as Board members via the Statute. L. Moskowitz suggested that C. Wowkanech send a letter to Governor Whitman on needing a designation of two public members to determine time frames. D. Benbow made a motion to direct the Interim Administrator to solicit nominations of known member carriers (foreign carrier and an HMO) for purposes of a vote to be conducted as soon as possible in accordance with the Temporary Plan of Operation. L. Moskowitz seconded the motion and the Board unanimously agreed.

B. Benefit Plan Changes

S. Connor reported that the SEH Board has finalized their policy forms, and the IHC Policy Forms Committee is looking at the differences. These will be discussed at a forthcoming Board meeting; the Board will then determine which changes they want to incorporate. Prior to adopting any benefit changes, a public hearing must be held.

C. Work Schedule

The following items were discussed as outstanding, and will need to be completed by the respective committees before March 1, 1994: benefit changes (Policy Forms), assessment regulations (TAC), performance standard regulations (TAC), audit regulations (TAC), SIP regulations (TAC), final plan of operations (Legal), Compliance Regulations (Marketing Committee). The Executive Director will need to be appointed and staff/logistics set up. The need for the Executive Director to set up the Complaints Committee was discussed.

L. Moskowitz informed the Board that Carriers who filed for exemptions and failed to meet their market share may attempt to have their market share numbers reduced. The Board deferred further discussion on this issue.

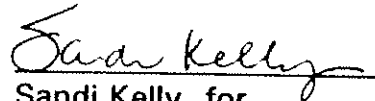
D. Benbow raised the need for an external audit of the IHC Program, and the production of an Annual Report.

IHC Board meetings were scheduled for every other Tuesday, beginning January 11, 1994.

C. Wowkanech made a motion to break into executive session at 12:50 p.m. for the purpose of hearing legal advise. L. Moskowitz seconded the motion and the Board unanimously approved.

C. Wowkanech made a motion to adjourn executive session and the public meeting at 1:10 p.m. and D. Benbow seconded the motion. The Board unanimously approved.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sandi Kelly". The signature is written in black ink and is positioned above the typed name.

Sandi Kelly, for
Susan Scholle Connor, Secretary