

NEW JERSEY
SMALL EMPLOYER HEALTH BENEFITS PROGRAM

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ADVISORY BULLETIN

96-SEH-04

To: SEH Program Members
From: The Small Employer Health Benefits Program Board
Re: Optional Benefit Rider Filings
Date: May 24, 1996

I. Riders that Amend Plans with In-network and Out-of-network Benefits

The New Jersey Department of Insurance (“DOI”) has advised the New Jersey Small Employer Health Benefits (“SEH”) Program Board that carriers filing to use optional benefit riders with standard small employer health benefits plans, sold through or in conjunction with a selective contracting arrangement (“SCA”), must continue to comply with N.J.A.C. 11:4-37.3(b)6 which requires that plans sold through or in conjunction with an SCA must meet the requirement of a maximum 30 percent differential in benefits.¹ In addition, pursuant to N.J.A.C. 8:38-14.4(c) (28 N.J.R. 1985), HMOs are subject to a rule which states that the actuarial value of out-of-network services must not vary by more than 30 percent from the actuarial value of any in-network services. To ensure that carriers are meeting these obligations when they offer riders to the standard plans, the SEH Board requests that carriers filing optional benefit riders include in the certification required by N.J.A.C. 11:21-3.2(d)4vi that “the plan(s) as ridered continue(s) to comply with N.J.A.C. 11:4-37.3(b)6 and N.J.A.C. 8:38-14.4(c).” The SEH Board intends to amend its optional benefit rider filing regulation to alert carriers to their obligations to comply with these regulatory provisions and to modify the required certification.

II. Previously Filed Riders Affected by Modifications to the Standard Health Benefits Plans

As you know, the SEH Board recently amended the standard health benefits plans. These changes may have affected some of the optional benefit riders previously filed by carriers. If the amendments to the standard health benefits plans have affected previously filed riders, either with respect to the rider forms or with respect to the rating of the riders, carriers must refile the optional benefit rider with the SEH Board or Department as appropriate, and must refile rates with the DOI as appropriate. Please indicate in a cover letter that the submission is a refile and not a new filing.

¹ N.J.A.C. 11:4-37.3(b) 6 states: “The carrier utilizing a selective contracting arrangement for a health benefits plan shall include a mechanism which provides that the coinsurance differential, if any, applicable to covered services rendered by a preferred provider, as opposed to covered services rendered by other health care providers, shall be no greater than 30 percent of the allowable expense, provided deductibles and copayments are equivalent for both in-network and out-of-network benefits. If deductibles and copayments for in-network and out-of-network benefits are not equivalent, the 30 percent maximum coinsurance differential shall be adjusted to reflect the differences. The mechanisms for the delivery of a health benefits plan utilizing a selective contracting arrangement established by either the Individual Health Coverage Program Board of Directors or the Small Employer Health Benefits Program Board of Directors on or before January 1, 1994, will be deemed to meet this requirement.”