

**MINUTES OF THE MEETING OF THE
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD
AT THE OFFICES OF THE
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
October 19, 2005**

Members participating: Bob Benkert (United); Tom Collins; Gary Cupo (arrived at 10:17 a.m.); John Foley (CIGNA); Jack Kalosy (HealthNet) (arrived at 10:10 a.m.); Margaret Koller; Ulysses Lee (Guardian); Vicki Mangiaracina (DOBI); Christine Stearns; Jim Stenger; Tony Taliaferro (AmeriHealth); Mike Torrese (Horizon); Dutch Vanderhoof; and Elizabeth Ward.

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

I. Call to Order

J. Stenger called the meeting to order at 10:05 a.m. He announced that notice of the meeting had been published in two newspapers and posted at the Department of Banking and Insurance (“DOBI”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Public Comments

No persons attending the meeting offered comments.

III. Minutes

September 21, 2005

V. Mangiaracina offered a motion to approve the minutes of the September 21, 2005 Board meeting. J. Foley seconded the motion. The Board voted unanimously in favor of the motion.

IV. Staff Report

Expense Report

V. Mangiaracina offered a motion to approve the payment of the expenses specified on the October 2005 expense report. E. Ward seconded the motion. The Board voted unanimously in favor of the motion.

Legislative Update

W. Sanders briefly commented on P.L. 2005, c. 156 that provides for a full-cost buy-in to NJ FamilyCare.

Outreach

W. Sanders and E. DeRosa identified their speaking engagements since the September Board meeting.

Fee Profile

W. Sanders reported that a representative from Ingenix agreed to come to present information on the PHCS fee profile to both the IHC and SEH Boards and had proposed several dates for the presentation. W. Sanders said he would schedule the meeting based on the availability of Board members.

V. Report of the Legal Committee

Participation Requirements

W. Sanders said the Committee considered a letter from Bill Megna that expressed concern with N.J.A.C. 11:21-7.5(a), stating that it was contrary to the intent of the Legislature and should be modified to provide participation credit for employees covered under self-funded MEWAs.

W. Sanders said the Committee considered the regulatory history of N.J.A.C. 11:21-7.5(a) and the statutory provision, N.J.S.A. 17B:27A-24. He said the Committee recommended that a letter be sent to Bill Megna advising him of the following: (1) the SEH Act on its face limits participation credit to employees covered under *insured* plans. Refer to N.J.S.A. 17B:27A-24 where credit is provided only for “group health benefits plans,” and “health benefits plans” which are limited to insured arrangements. And refer to the last line of that same provision which requires carriers to provide credit for all “insured employees.” (2) The context of the statute is that credit is to be provided for coverage which is in some measure comprehensive. There is no guarantee that self-funded coverage is comprehensive.

V. Mangiaracina offered a motion to accept the recommendation of the Legal Committee, and send a letter, as discussed above. M. Torrese seconded the motion. The Board voted unanimously in favor of the motion.

Inquiry from Wayne Surgical Center

M. Torrese recused himself with respect to the discussion of the inquiry from Wayne Surgical Center since it concerns a dispute Wayne Surgical Center has with his employer, Horizon Blue Cross Blue Shield of New Jersey.

W. Sanders reported that the DOBI has standard language to respond to inquiries that ask guidance on the application of a rule to a specific set of facts. He explained that the DOBI normally does not offer declaratory rulings, especially in the face of pending litigation. Given that Wayne Surgical Center has initiated litigation against Horizon Blue Cross Blue Shield of New Jersey regarding payments made to the non-network surgical center and how N.J.A.C. 11:21-7.13 applies to such payments, W. Sanders said the Legal Committee favored using the DOBI's approach. The Committee recommended that a letter be sent to Wayne Surgical Center declining to offer an interpretive letter or declaratory ruling.

T. Taliaferro offered a motion to accept the Legal Committee recommendation and send a letter, as suggested. M. Koller seconded the motion. The Board voted unanimously in favor of the motion.

VI. Report of the Policy Forms Committee

E. DeRosa said the Committee considered a draft rule proposal that would amend the standard small employer plans to comply with the requirements of P.L. 2005, c. 166 regarding participation credit for Medicaid and NJ FamilyCare, and to comply with various HIPAA requirements.

J. Kalosy offered a motion to propose the amendments, as drafted. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

VII. Report of the Finance and Operations Committee

Draft Budget

R. Lenox discussed the draft budget for FY2006. The Board suggested that the budgeted amount for Consultants under Professional Services can be reduced.

FY2006 Assessment

W. Sanders presented the draft assessment spreadsheet for FY2006. R. Lenox explained that since the Board has over \$500,000 on hand, there would be no need to bill for the assessment.

Annual Financial Statements

R. Lenox presented financial statements for 1996 through 2005. She explained they have not yet been audited.

V. Mangiaracina offered a motion to approve the FY2006 budget, as amended. J. Stenger seconded the motion. The Board voted unanimously in favor of the motion.

D. Vanderhoof offered a motion to approve the draft assessment, but not bill at this time. J. Stenger seconded the motion. The Board voted unanimously in favor of the motion.

Executive Order 122 Requirements

W. Sanders said the name of the Committee would be changed to the Operations and Audit Committee and the Committee would be responsible for audit recommendations. He said the Executive Order requires that an Evaluation Committee be established that would be responsible for drafting requests for proposals, accepting and evaluating proposals and making recommendations to the Operations and Audit Committee. W. Sanders explained that the emphasis of the requirements of Executive Order 122 is to ensure the integrity of the audit process.

V. Mangiaracina reported that she drafted a request for proposal for auditors and has circulated it to the Committee.

VII. Public Comments

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

VIII. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. E. Ward seconded the motion. The Board voted unanimously in favor of the motion.

[The meeting adjourned at 11:15 a.m.]