

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting, June 1, 1993, NJDOI,
Trenton, New Jersey

Directors: Stewart Lavelle, Dana Benbow (alternate
for John LeDell), Patrick Carmody, Steve
Dawson (alternate for Susan Connor),
Laura Giannotta, Leon Moskowitz

Director-Nominees: Charles Wowkanech, Ritamarie Rondum.

Marketing Consultant Pro Tem: Robert R. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order

The meeting was called to order at 9:45. Roll call was taken by D. Cieslik; all but F. Chavana were present at roll call. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

Minutes were reviewed by the Board; a motion to adopt the minutes was made by C. Wowkanech, seconded by L. Giannotta, and unanimously approved.

2. Report of Joint Board Meetings

L. Moskowitz provided a review for the Board of the outstanding issues from the joint board meetings -- 1) whether the HMO would contain a prescription drug benefit, 2) the blending of the timetables, and 3) the relationship between the in- and out-of-network benefit levels.

At this time, two resolutions were distributed for Board action -- one regarding the appointment of an interim administrator, the other relating to the imminent peril which necessitates the Board's action by emergency regulation. The Board discussed certain amendments; however, L. Moskowitz moved, and D. Benbow seconded his motion, to adopt the resolutions, as amended. The motions were unanimously carried.

A copy of the draft emergency regulations relating to the benefit designs and policy forms was also distributed. The Board discussed amendments to these regulations; and a meeting was scheduled, to be held after the full Board meeting, to further discuss the preparation of these regulations.

The Board recessed at 11:00 a.m., until 11:20 a.m.

3. Review/Discussion of Benefit Grids

R. Gada distributed to the Board updated materials outlining plan re-design suggestions prepared by him. The Board reviewed and discussed these materials at length (copies of materials distributed are filed with these minutes), focusing primarily on the design of Plan B.

The Board recessed for lunch from 1:10 until 2:10.

When the Board returned, and for the remainder of the meeting, the Board discussed Plans B through E. The Board decided to remove the Codey plan design from the grids.


4. Report on Plan of Operations

A final draft Plan of Operations was distributed by P. Carmody to the Board, for its review. In addition, he reported that the Plan, as distributed, had been submitted to the Commissioner of Insurance for his review.

5. Adjournment

A motion to adjourn the meeting at 4:48 p.m. was made by S. Dawson, seconded by D. Benbow and unanimously approved.

Respectfully submitted:


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

DAC

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting, June 2, 1993, NJDOI,
Trenton, New Jersey

Directors: Dana Benbow (alternate for John LeDell),
Patrick Carmody, Leon Moskowitz

Director-Nominees: Charles Wowkanech, Ritamarie Rondum.

Marketing Consultant Pro Tem: Robert R. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order

The meeting was called to order at 9:50. Roll call was taken by D. Cieslik. F. Chavana, S. Lavelle, L. Giannotta and S. Dawson were not present at roll call; however, B. Kramer (alternate for S. Lavelle) arrived at 10:10, S. Dawson (alternate for S. Connor) at 10:30, and L. Giannotta at 11:00. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

2. Report on Plan of Operations

A further discussion of the final draft Plan of Operations ensued. Certain specific modifications were suggested. A motion by D. Benbow to exclude vision plans from the definition of "health benefits plan" was made, seconded by L. Moskowitz, and was carried unanimously. A motion was made by L. Moskowitz, seconded by D. Benbow, to remove definition "m" from the draft -- likewise, this motion was carried unanimously. Finally, a motion to adopt the Plan of Operations, final draft as amended, was made by L. Moskowitz, seconded by D. Benbow, and carried unanimously.

3. Presentation of Technical/Actuarial Report

D. Benbow presented a suggested timeline for completion of the informational rate filing project. He reiterated the importance of the June 14 deadline. The Board discussed at length the Board's authority to disapprove rates; DAJ J. Franzini indicated that the Act might be read to give the Board that power.

D. Benbow distributed a draft Special Notice, for Board review and action. A number of changes to the notice were suggested and recorded by D. Benbow.

The Board recessed at 12:30 p.m., and returned at 2:00 p.m. The Board then proceeded to discuss delaying the effective date for new products which had previously been agreed to by the Board. No motion was heard on this matter; however, a motion was made by D. Benbow, seconded by L. Giannotta, to approve the Special Notice, as amended. That motion was unanimously approved.

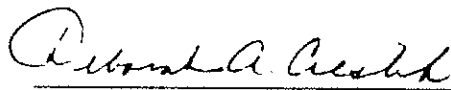
D. Benbow suggested that a \$15 copayment be utilized for the standard HMO substitute for a 50% copayment limitation on prescription drugs. No motion was made on this matter; however, the Board then proceeded, systematically, to adopt the benefit designs contained in the grids reviewed and modified during the Board meeting on June 1, by the following motions, each of which was unanimously adopted by the Board:

Plan A - made by P. Carmody, seconded by L. Giannotta
Plan B - made by L. Moskowitz, seconded by L. Giannotta
Plan C - made by P. Carmody, seconded by L. Moskowitz
Plan D - made by D. Benbow, seconded by B. Kramer
Plan E - made by S. Dawson, seconded by D. Benbow
Plan HMO - made by S. Dawson, seconded by L. Giannotta.

4. Adjournment

A motion to adjourn the meeting at 3:30 p.m. was made by S. Dawson, seconded by D. Benbow and unanimously approved.

Respectfully submitted:


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

DAC

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting, June 8, 1993, NJDOI,
Trenton, New Jersey

Directors: C. Wowkanech, S. Connor, L.
Moskowitz, P. Carmody, J. LeDell, B.
Kramer (alternate for S. Lavelle)

Director/Nominee: R. Rondum

Marketing Consultant
Pro Tem: R. Gada

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:45. Roll call was taken by D. Cieslik. All were present except L. Giannotta and F. Chavana. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

Minutes for the June 1 and June 2 meetings were distributed and reviewed by the Board. C. Wowkanech moved to adopt the minutes, S. Connor seconded; and the Board unanimously approved them.

2. Review and Adoption of Emergency Regulations

The regulations were distributed and reviewed by the Board. Beginning with the "Definitions" section, after some discussion, J. LeDell moved, which motion P. Carmody seconded, to retain the definition of "member" in the regs. This motion was carried.

J. LeDell then moved, which motion P. Carmody seconded, to define "primary residence" in the policies and regulations according to the statutory definition. That motion was carried.

An extensive discussion ensued on the definition of "same or similar coverage." The Board then, upon the suggestion of its counsel, J. Franzini, and for the purpose of hearing counsel's confidential advice, proceeded with its business in executive session at 11:05 a.m., by motion of J. LeDell, seconded by C. Wowkanech, and adopted unanimously. It emerged at 11:45 a.m. At that time, J. LeDell moved, which motion was seconded by S. Connor, to adopt the definition of "same or similar coverage" as amended in executive session.

After further discussion on that issue, the Board proceeded at 12:15 p.m., again on advice of counsel and for the aforesaid limited purpose, to conduct business in executive session. The Board came out of executive session at 12:35 p.m.

The Board recessed at 12:35 p.m., and resumed the meeting at 1:20 p.m.

After further discussion, including regarding the Board's responsiveness to the mental health industry in designing the standard benefit levels, L. Moskowitz moved, which motion was seconded by J. LeDell, to adopt the emergency regulations. The motion was unanimously approved, subject to a motion by J. LeDell, which motion was seconded by J. Beck (alternate for B. Kramer/S. Lavelle) and unanimously carried, to delete gender references in the model policy forms.

Next, a motion was made by L. Moskowitz, seconded by J. LeDell, to adopt the letter from C. Wowkanech in support of the emergency regulations. The motion was unanimously carried.

S. Connor then moved, which motion was seconded by R. Rondum, to appoint J. LeDell as acting chairperson for the remainder of this meeting, as C. Wowkanech could not be present.

After Board discussion, P. Carmody moved, which motion was seconded by R. Rondum, to delete the subrogation exclusion from all model policy forms. S. Connor abstained from the vote; the motion was carried.

The Board then discussed the meaning of the phrase "continuous coverage" for the purpose of crediting satisfaction of a pre-existing condition limitation. S. Connor moved, which motion was seconded by P. Carmody, that 30 days be adopted as the definition; this motion was unanimously carried.

The Board next discussed a restriction on policy shifting. J. Beck moved, which motion was seconded by P. Carmody, to restrict an individual to a "lock-in" of one year (anniversary date) on a policy, before which he/she cannot switch benefit levels. The motion was unanimously approved.

Mutual of Omaha appointed a proxy to vote on its behalf and in its absence, as its representatives were unable to remain at the meeting.

The Board recessed briefly at approximately 3:15 p.m.

The Board resumed its discussion of the model policy forms at 3:34 p.m. Again, on advice of counsel, J. Franzini, the Board moved to proceed with its business in executive session at 3:46 p.m.

When the Board resumed open session, at 4:05, a motion was made by L. Moskowitz, seconded by B. Kramer (substitute for J. Beck/S.

Lavelle), to adopt the model policy forms, subject to a ratification vote at the Board's next meeting. That motion was unanimously approved.

The Board recessed at 4:13; and resumed at 4:18. When it resumed, a discussion ensued regarding the application form. B. Kramer moved, which motion was seconded by L. Moskowitz, to adopt the application form. The motion was unanimously carried.

A motion was made by S. Connor, seconded by L. Moskowitz, to adopt the cover memo prepared by the Board's counsel in support of the emergency regulations. The motion was unanimously approved.

3. Adjournment

A motion to adjourn the meeting was made at 4:32 p.m. by L. Moskowitz, seconded by J. Beck (substitute for B. Kramer/S. Lavelle), and unanimously approved.

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, June 15, 1993, NJDOI, Trenton, New Jersey

Directors: L. Moskowitz, R. Smart (alternate for P. Carmody), J. LeDell, R. Rondum, J. Beck (alternate for S. Lavelle), D. Marco (alternate for S. Connor)

Marketing Consultant
Pro Tem: R. Gada

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:50. Roll call was taken by D. Cieslik. L. Giannotta, C. Wowkanech and F. Chavana were not present at roll call, although C. Wowkanech was expected to attend by telephone at 10:15 a.m. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

Minutes for the June 8 meeting were not yet available.

2. Meeting Schedule

The Board determined its upcoming meeting schedule as follows:

June 22 - Room 218
July 6 - 12th Floor
July 20 - 12th Floor
August 3 - 12th Floor
August 12 - 12th Floor
August 17 - 12th Floor

R. Rondum moved, which motion was seconded by L. Moskowitz, to remove all gender references from the model policy forms before their publication by OAL. The motion was unanimously adopted.

The Board then recessed at 10:05 a.m., to reconvene in the office of B.P. Waugh, of the DOI, for the purpose of receiving C. Wowkanech's telephone contact.

3. Ratification

The Board resumed at 10:15 a.m., as stated above, in order to ratify its vote from the previous meeting with respect to adoption of the emergency regulations package. C. Wowkanech did not telephone by 10:50; however, each Director present ratified his/her vote from the previous week.

4. Adjournment

A motion to adjourn this meeting was made at 11:00 a.m. by L. Moskowitz, seconded by D. Marco, and unanimously approved. (Both the Marketing Committee and Technical/Actuarial Subcommittee were scheduled to meet at the close of this meeting.)

Respectfully submitted:



Deborah A. Cieslik, 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, June 22, 1993, NJDOI,
Trenton, New Jersey

Directors: C. Wowkanech, S. Connor, L.
Moskowitz, R. Smart (alternate for
P. Carmody), J. LeDell, S. Lavelle,
L. Giannotta, R. Rondum

Marketing Consultant
Pro Tem: R. Gada

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:55 am. Roll call was taken by D. Cieslik. All were present except F. Chavana. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

Minutes for the June 8 and June 15 meetings were distributed and reviewed by the Board. L. Moskowitz moved to adopt the minutes, as amended, J. LeDell seconded; and the Board unanimously approved them.

2. Report on Legislative Activities

Hank Meisner reported that two bills had been released by the Assembly. The Senate anticipated a vote on Monday, 6/28. The Individual Bill was through the Assembly, but a Senate vote was anticipated on 6/28. The Board discussed other health-related bills.

3. Report of Interim Administrator

J. Porter reported on activities and costs (salaries are unloaded) from 6/7 through 6/21/93. No concerns or responses to cost estimate were raised by Directors. He also reported that approx. 100 calls had been received. He requested guidance on procedures for answering questions considered inappropriate for Interim Administrator to answer. Some concerns were expressed over the balance between offering legal advice, which the Board cannot do, and providing assistance.

D. Benbow then reported that the Technical Advisory Committee recommends that four subcommittees be created: Rate Filings, Policy Forms, Claims Administration and Regulation Drafting. With respect to J. Porter's request, the Board discussed the need for a screening committee to review Qs and to provide suggested As. Perhaps regulations or amendments to standardized policy forms would be necessary, as might some less formal promulgation of information. R. Rondum suggested that a policy manual should be considered; the Board concurred.

4. Report of Technical Advisory Committee

The Board further discussed this committee's recommendation with respect to subcommittees. The Board then reviewed the representation on each proposed subcommittee, on the assumption that at least two Directors should be appointed to each. In addition, a number of carrier "technicians" would serve on the subcommittees, as follows:

Policy Forms - R. Rondum, R. Smart (Chair); D. Cieslik, J. Donnellan, B. Kramer, M. Malloy

Rate Filing - L. Giannotta, J. LeDell; R. Kelly, D. Benbow (Chair), Aetna (no name mentioned), HIP (no name mentioned), USHealthcare (no name mentioned), R. Vehec or P. Thexton

Claims Administration - J. LeDell (Chair), L. Moskowitz

Regulation Drafting - S. Connor, F. Chavana; Pru (no name mentioned), C. McDevitt, J. Franzini

At this time, J. Franzini advised that a written designation should be presented by a Director's alternate at the time of any meeting which the Director is unable to attend naming that individual as alternate for the purpose of that meeting. This was suggested as consistent with his opinion that only the Director and his/her designated alternate will "count" for purposes of application of the notice requirement of the Open Public Meetings Act.

A motion for recess at 11:30 am was made by J. LeDell, seconded by L. Moskowitz, and unanimously carried.

The Board returned from recess at 12:02 pm.

D. Benbow would distribute for Board review a draft procedure regarding the collection of assessments in two weeks. The Board agreed that it would meet next Tuesday, contrary to its previous decision, in light of the extensive work which was needed in the interim.

The Board then discussed the role of its Administrator in communications with carriers and whether either the Administrator or subcommittees could/should communicate with carriers on matters

other than completeness of filings. Rate usage is automatic if Board indicates that filing is incomplete or unacceptable. The Board's role is one of non-disapproval, accepting the report of the subcommittee. No communication to carriers of an "approval" with "determination of completeness" is necessary. The role of the Administrator is to channel questions, etc. to Board.

As to "same or similar coverage," the recommendation of the Technical/Actuarial Subcommittee is to prohibit "buy-ups," but to allow "buy-downs" and "buy-outs" from an HMO, based on the intent of the law and concerns over adverse selection. L. Giannotta/R. Rondum expressed their continuing concern over whether this is fair to the consumer. L. Moskowitz indicated that the DOI might agree to this recommendation, although he expressed the hope that the restriction might be removed in the future. S. Lavelle requested information on employee and employer contributions.

With respect to "buy-ups," the concern was expressed of the potential manipulation of the market by small employers during a period when the small group market is community rated. Recognizing the concern that this appears to be restrictive of choice, DOI believes that placing the "buy-up" adverse selection possibility on the individual market may raise costs unduly. Employee "dumping" is extremely difficult to prove; eligibility must be controlled to deal with this issue. M. Dickler, of BCBSNJ, suggested that a time internal is needed to restrict "free riders;" and expressed some concern over how serious this problem is. He indicated that it could be as much as 25-30%.

Upon motion of R. Rondum, seconded by L. Giannotta, to permit "buy-ups or -downs," the following roll call vote was taken:

C. Wowkanech	-	no
S. Connor	-	no
J. O'Connor	-	no
L. Giannotta	-	yes
L. Moskowitz	-	no
R. Smart	-	no
R. Rondum	-	yes
S. Lavelle	-	no
F. Chavana	-	absent

The motion was, therefore, not carried. After additional discussion, however, the above motion was modified to permit "buy-downs" and "buy-outs" (of HMO), but not "buy-ups," with the stipulation that the Technical/Actuarial Subcommittee would study and make a recommendation to the Board whether, at some future point, the Board might permit an open enrollment for "buy-ups." A roll call vote was taken, as follows:

C. Wowkanech	-	yes
S. Connor	-	yes
J. O'Connor	-	yes
L. Giannotta	-	yes

L. Moskowitz - yes
R. Smart - yes
R. Rondum - yes
S. Lavelle - yes
F. Chavana - absent

This motion was unanimously carried.

The next issue presented by D. Benbow on behalf of the Technical/Actuarial Subcommittee related to multiple subsidiaries. A recommendation will be made by the subcommittee at a later time.

Next followed a discussion about the number of deductible options which must be offered by carriers. Although no formal recommendation was made, a proposal was made to require carriers to offer the lowest deductible and permit other deductibles. M. Dickler expressed concerns over adverse selection for in-force business based on perceptions of health status, which would eventually drive up the price of the lowest deductible plan. He cited experience under FEP and group plans with flexible choice; the only way to control this is to reduce choice in individual plans. The problem of "steering" is considerable. He cited an example of one carrier which had to charge 3 times the actuarial value within FEP, and eventually withdrew from the market because of excessive options and resultant adverse selection. L. Moskowitz raised consideration of relationships to small group, where multiple options are required, even for "baby" groups (2 people). The alternative of underwriting the increased actuarial value was discussed.

The Board reiterated, in discussion, that state-qualified HMO's need not offer Plans A through E, but may offer only the standard HMO plan in lieu thereof.

The Board then discussed, whether "primary care" should be changed to "preventive care;" and concluded that such a change would not be made at this time. The Board determined that, as to the physician benefit, it could be used at any time, anywhere for any purpose. Furthermore, it determined that the benefit for newborns should, for administrative reasons, be modified to provide the \$500 benefit until the newborn reaches age 1.

Next, the Board discussed the use of the 80th percentile of HIAA for "reasonable and customary." BCBSNJ advised that such a standard may not be usable at any time. The concern was raised that, with a network-based (as opposed to indemnity) product, such a standard might be inappropriate and unworkable. In addition, it was suggested that a better design for a network-based product might include a higher coinsurance cap for the non-network benefit. It was generally agreed that, in such a product, an actuarial equivalent to the 80th percentile might be used for the non-network benefit.

5. Report of Marketing Committee

S. Lavelle advised that there had been no press release prepared at this time. A committee meeting was scheduled to occur after this Board's meeting. (A meeting of the Regulation Drafting Subcommittee is scheduled after this meeting. In addition, a meeting of the Technical/Actuarial Subcommittee is scheduled after this meeting, as well as after next week's Board meeting, which is scheduled for 9:00 am; however, that meeting will be at Prudential in Woodbridge.)

Minutes of the Joint Board Meetings were distributed.

6. Adjournment

A motion to adjourn the meeting was made at 2:20 pm by C. Wowkanech, seconded by S. Connor, and unanimously approved.

Respectfully submitted:

By: Deborah A. Cieslik
Deborah A. Cieslik, 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, June 29,
1993

Directors: C. Wowkanech, S. Connor, L.
Moskowitz, R. Smart (alternate for
P. Carmody), J. LeDell, S. Lavelle,
R. Rondum, L. Giannotta

Marketing Consultant
Pro Tem: R. Gada

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:35 am. Roll call was taken by D. Cieslik. All Directors were present except F. Chavana. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

2. Review of New Marketing Grid

The Board discussed the fact that there are now design differences between IHC and SEH plans. J. LeDell expressed concern over this Board adopting a marketing grid at this time, in light of that fact. R. Rondum remarked that she did not like making Board policy by telephone. Several expressed concurrence. L. Moskowitz suggested that, although this Board might reconsider certain design decisions, in order to make the plans consistent where it is logical to do so, this Board has promulgated its designs in regs and cannot make changes at this time. All agreed.

After some discussion, along with certain modifications to the grid, it was agreed that it would be released by C. Wowkanech to the press, along with a press release, a draft of which had been prepared by Prudential. C. Wowkanech would continue to act as spokesperson for the Board to the press; and the Board delegated to him the responsibility and authority to approve the draft press release.

3. Other Business

The Board briefly discussed various pieces of outstanding legislation, noting that the clean-up bill was passed. Also noted was the fact that a proposed budget would soon be released from the

AG's office for its legal services to the Board.

The Board also discussed the proper procedures for handling questions and filings received by the Interim Administrator. It was agreed that questions could be assigned to the appropriate subcommittees for drafting of a proposed response, which would then be submitted to the Board for its approval and action.

4. Adjournment

A motion to adjourn the meeting was made at 10:50 am by L. Moskowitz, seconded by L. Giannotta, and unanimously approved.

Respectfully submitted:

By: Deborah A. Cieslik
Deborah A. Cieslik, 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, July 6, 1993, NJDOI,
Trenton, New Jersey

Directors: C. Wowkanech, S. Connor, L.
Moskowitz, J. O'Connor (alternate
for J. LeDell), J. Beck (alternate
for S. Lavelle), R. Rondum

Marketing Consultant
Pro Tem: R. Gada

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:50 am. Roll call was taken by D. Cieslik. All were present except F. Chavana, L. Giannotta and P. Carmody. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

There were no minutes distributed.

2. Discussion Regarding Director Alternate Procedure

J. Franzini reiterated his recommendation that a Director designate, in writing, meeting by meeting, his/her alternate if he/she is unable to attend a meeting. S. Connor suggested, per the DAG's original recommendation to the Board, that each Director designate in writing one alternate who would serve as that carrier's representative if the Director cannot attend. R. Rondum agreed with that method; and expressed an "ethical dilemma" over the imbalance of expertise between carrier and public members on committees. After some additional discussion, J. O'Connor moved, L. Moskowitz seconded, and all voted to require a single, written designation of one carrier alternate Board representative. At this time, USHealthcare requested that the Secretary delete the reference in its letter to the Board naming W. Kramer as the second alternate for S. Lavelle.

3. Report of Technical/Actuarial Subcommittee

D. Benbow reported on this subcommittee's meeting last week, and advised that there is a meeting scheduled after this meeting as well. The subcommittee is working on preparing market share

information. It is working on a number of issues, including conversions, "same or similar," actuarial equivalent of reasonable and customary, etc. As to the last issue, L. Moskowitz suggested that it should go to the bottom of the list, inasmuch as the BCBSNJ decision to offer only HMO coverage at this time obviates the need for immediate analysis of this issue.

The Board, by its resolution, went into executive session at 10:20 am. [Minutes kept during this session will be made public when the need for confidentiality with respect to issues discussed no longer exists.]

When the Board returned to open session at 11:45 am, C. Wowkanech reported that Steve Fromm, from the Trenton Times, would address the Board. (He did not, however.) R. Gada had left the meeting, and was not expected to return.

The Board then discussed several issues relating to the market share information obtained, such as the number of carriers that had responded, the types of responses received, whether the Board should/could act by "bulletin" with respect to outlining procedures for carriers to follow, etc. C. Wowkanech moved, which motion was seconded by S. Connor and unanimously adopted, that the Technical/Actuarial Subcommittee draft and distribute such a bulletin as soon as possible. In the interest of keeping carriers as informed as possible, J. O'Connor moved, which motion was seconded by L. Moskowitz and unanimously adopted, that the Technical/Actuarial Subcommittee draft a letter for use by the Interim Administrator, advising carriers of pertinent market share information.

The Board reviewed who is on various committees and subcommittees. The following was reiterated (these are not complete lists, but only represent what was discussed at this time):

<u>Regulation Drafting</u>	-	J. O'Connor (chair), R. Smart, S. Connor
<u>T/A</u>	-	D. Benbow (chair), R. Kelly, D. Joseph, J. McClellan, M. Welsh
<u>Finance Committee</u>	-	J. LeDell (chair)
<u>Operations Comm.</u>	-	B. P. Waugh (on interim basis)
<u>Marketing</u>	-	S. Lavelle (chair), D. Marco, R. Gada, R. Rondum
<u>Legal Committee</u>	-	S. Connor (chair), C. McDevitt, J. O'Connor, J. Franzini
<u>Policy Forms</u>	-	R. Smart (chair)

At this time, the Board discussed whether performance standards would be defined with respect to 1992 losses. On motion by L.

Moskowitz, seconded by C. Wowkanech, that the Board accept the recommendation of the T/A Subcommittee that such standards not be defined for 1992, and that the Board would reserve the right to audit, after the assessment, with a retroactive correction, for accounting purposes (a post-reimbursement audit only), the Board voted by roll call as follows:

C. Wowkanech	-	yes
S. Connor	-	yes
J. O'Connor	-	yes
L. Moskowitz	-	yes
R. Rondum	-	yes
J. Beck	-	yes
F. Chavana	-	absent
L. Giannotta	-	absent
P. Carmody	-	absent

Finally, the Board discussed the fact that the comment period on the emergency regulations closes on August 4; and that the Board should soon decide whether to take advantage of the modified APA procedure. The Board determined that its next meeting would be held on July 20, 1993; and that a meeting of the Legal Committee would be held by teleconference on Thursday, July 8, at a time to be announced.

4. Adjournment

A motion to adjourn the meeting was made at 2:20 pm by C. Wowkanech, seconded by S. Connor, and unanimously approved.

Respectfully submitted:

By: Deborah A. Cieslik
Deborah A. Cieslik, 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, July 19, 1993

Directors: C. Wowkanech, S. Connor, L.
Moskowitz, P. Carmody, J. LeDell, S.
Lavelle, L. Giannotta

Marketing Consultant
Pro Tem: R. Gada

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:50 am. Roll call was taken by D. Cieslik. All Directors were present except F. Chavana and R. Rondum. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present. Draft minutes for 6/22, 6/29, 7/6, and 7/8 had been faxed to Board members on Friday, July 16 and were distributed, along with final, amended minutes from 6/8 and 6/15. The Board will telephone D. Cieslik any comments on these minutes, and will otherwise adopt them, as so amended, at its next meeting.

2. Report on Legal Representation

C. Wowkanech indicated that Karen Suter and Rober Stoloff, of the Attorney General's office, wished to make a presentation to the Board relating to its legal representation.

At 9:53 am, the Board passed a resolution, by motion of L. Moskowitz, seconded by J. LeDell, to proceed with its business in Executive Session.

The Board emerged from Executive Session @ 11:18 am. The Board determined to continue, for the time being, with representation by the Attorney General, reserving its right to request the Legal Committee to review the proposed budget and supervise the relationship, on an advisory basis, to the Board. DAG Kevin O'Leary will be assigned as counsel to the Board.

4. Report on Market Offerings

C. Wowkanech indicated that Assemblyman Felice had expressed his dissatisfaction that only one product was thus far being offered, and had requested an appearance before the Board. The Board agreed that it would be an honor to hear from Mr. Felice, the sponsor of the Act creating the Board. P. Carmody reiterated, on behalf of

his and other insurance companies, that offering of the products is inherently complicated, requiring months from an operational and administrative standpoint. These requirements explain the delay of offerings for products other than HMOs, which do not have the same system complications.

The ~~Attorney General~~^{Chairman} raised an issue regarding the Board's determination that state-qualified HMOs were exempted from the requirement to offer all 5 plans. The Board deferred this discussion to its next meeting, when it will be discussed in Executive Session to review advice of counsel.

5. Report of Interim Administrator

Donna Hallagan distributed two reports to the Board (copies filed with these minutes). She reported that bulletins have been sent out, but that she has received no response. She advised that the Interim Administrator requests that a permanent administrator be appointed by Oct. 1.

6. Report of Technical Advisory Committee

D. Benbow distributed a report regarding the committee's recommendation to accept as complete the three filings received thus far (copy filed with these minutes).

By motion of L. Giannotta, seconded by S. Connor, the Board unanimously adopted the committee report.

D. Benbow also distributed the proposed Article XIV regarding assessments for the Plan of Operations. He indicated that regulations will be distributed at the next Board meeting.

L. Moskowitz asked whether the "interest penalty" of 1 1/2% was fixed, or whether something less, determined by the Commissioner, could be imposed, particularly in the 1st year. The committee will review this matter.

The Board, at the suggestion of B. P. Waugh, made certain changes to clarify the proposed language; and **L. Moskowitz moved, L. Giannotta seconded, to adopt the amendments to the Plan of Operations, and to formally submit same to the Commissioner. The Board unanimously approved the motion.**

P. Carmody asked to address to the Board certain questions posed by another carrier which may wish to enter the market with all 5 plans: 1) can a carrier market PPO plans under this law?, and 2) credit toward prior service on pre-existing conditions -- intervening lapse -- does this mean 30 days?

In response to question requiring authorization for the establishment of PPOs, L. Moskowitz responded that the DOI is drafting regulations to be proposed in August.

In response to the question on "intervening lapse," S. Connor pointed out that 30 days is the lapse period in the policy forms and, therefore, in the regulations.

The Chairman authorized The Principal Financial Group (Bob Crosby) to address the Board. He inquired whether the Board would accept a late 1993 exemption market share filing -- in light of the difficulty his company is suffering due to recent flooding in Des Moines, Iowa. The Board agreed that such a catastrophic act of God would create an appropriate circumstance to make an exception and requested K. O'Leary to prepare the appropriate authorization.

P. Carmody raised an issue to the Board that the NJ DOI continues to take the position that in-force policies are subject to community rating under the Individual Health Insurance Reform Act. The Board had determined that this was not the case, and Mr. Carmody requested that this decision be memorialized in writing.

L. Moskowitz pointed out that this decision was essentially a clarification of subsections 2b. (1), (2) and (3) and 2e. (1), (2) and (3) of the Act.

S. Connor commented that there are 2 issues: 1) whether in-force policies must be community rated, the answer to which the Board had clearly decided was "no," and 2) how will in-force policy forms which are amended be treated, distinguishing those which are amended so substantially as to be substitutes for the existing policy v. other types of amendment. The Board, in a previous discussion, had indicated on a preliminary basis, without formal resolution, that the DOI would continue to have jurisdiction to authorize amendments to in-force policies. ¶

The Board requested the Legal Committee to review the issue of amendments to in-force policy forms, and to make a recommendation to the Board. The Board reaffirmed its previous decision that the community rating requirement does not extend to in-force policies not issued on an open enrollment basis.

C. Wowkanech then called a recess of the Board @ 12:05 pm.

The Board returned @ 12:30 pm.

7. Minutes of Meetings of 6/22, 6/29, 7/6, and 7/8

The Chairman requested that the Board review the minutes, phone comments to D. Cieslik, and deferred final adoption to the meeting scheduled for July 27, 1993.

8. Report of Legal Committee

S. Connor distributed and reviewed the minutes of the July 8 meeting of this committee (copy filed with these minutes). L. Moskowitz suggested in October this Board will decide whether its plan designs and regulations will be conformed to those of the SEH

Board. The Board concurred and requested the Legal Committee to monitor changes that may be necessary.

9. Report on Policy Form Subcommittee

D. Cieslik reported that the subcommittee has met regularly, each week at 2:00 pm on Thursdays by teleconference; that it is making progress on its examination of the three submissions received to date. A report will be forthcoming within two weeks.

10. Other Business

The Board determined that it will hold a meeting on the 27th of July. P. Carmody requested that the certification by an actuary regarding anticipation of losses be reviewed by the Board.

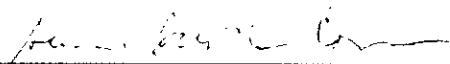
By motion of L. Giannotta, seconded by J. LeDell, the Board passed a resolution to proceed with its business in Executive Session at 1:05 pm.

The Board emerged from Executive Session at 1:39 pm.

11. Adjournment

A motion to adjourn was made by S. Lavelle, seconded by L. Moskowitz, and carried unanimously at 1:40 pm.

Respectfully submitted:



Susan S. Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting, July 26, 1993

Directors: C. Wowkanech, S. Connor, L.
Moskowitz, P. Carmody, J. LeDell, S.
Lavelle

Marketing Consultant
Pro Tem: R. Gada

Deputy Attorney General K. O'Leary

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:45 am. Roll call was taken by D. Cieslik. All Directors were present except F. Chavana and R. Rondum. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present. Draft minutes for Board meetings on 6/22, 6/29, 7/6, and Legal Committee minutes from 7/8 had previously been distributed to the Board, along with final, amended minutes from 6/8 and 6/15. No Board members telephoned comments on these minutes. The Secretary distributed minutes from the 7/19 Board meeting.

After some discussion, during which the Board made certain amendments to the minutes from 6/22, L. Moskowitz moved, seconded by J. LeDell, to adopt said minutes as amended. The motion was unanimously approved.

Hearing no comment on minutes from 6/29 L. Moskowitz moved, seconded by J. LeDell, to adopt said minutes as amended. The motion was unanimously approved.

With respect to its executive session minutes from 7/6, S. Connor noted that the Board should review them in executive session.

As to the minutes of 7/6 from open session, J. LeDell moved, seconded by P. Carmody, to adopt said minutes. The motion was unanimously approved.

After some discussion, during which the Board made certain amendments to the minutes from 7/19, J. LeDell moved, seconded by

P. Carmody, to adopt said minutes. The motion was unanimously approved.

2. Report of the Chairman

C. Wowkanech advised the Board that he will make arrangements for Assemblyman Felice to address the Board.

At 10:02 am, the Board passed a resolution, on motion by S. Connor, seconded by J. LeDell, to move into executive session for the purposes of hearing its counsel's advice on regulatory matters regarding N.J.A.C. 11:20 and on the terms and conditions of employment for a Communications Consultant. The motion carried unanimously.

R. Gada asked that the minutes reflect that he specifically objected that he was not permitted to attend the Board's executive session, as he has occasionally in the past. He requested that the Board vote on this issue. K. O'Leary advised that the attorney-client privilege would be lost if non-Board members were allowed in Executive Session; and that the Marketing Consultant was not a Board member. Based on these concerns, J. LeDell suggested that the Board go into executive session. Mr. Gada and all attendees not affiliated with Directors exited at 10:10 am.

[Minutes from the Board's meeting in Executive Session will be available to the general public when the need for confidentiality no longer exists.]

The Board adjourned its Executive Session at 11:00 am, reconvened in Executive Session at 1:40 pm, and returned to open session at 2:48 pm. The Chair advised the public that 1) the Board heard advice of counsel on N.J.A.C. 11:20, the matter of the HMO exception to the five-plan filing requirement, and voted to accept counsel's recommendation; 2) the Board would be hiring a Communications Consultant; and 3) the Board voted to accept the recommendation of the Technical Advisory Committee that no market share exemption is available for 1992, under N.J.A.C. 11:20, after considering counsel's advice. The regulations addressing these issues will be revised and adopted in a future open session.

J. O'Connor reported the method by which the Board would respond to the inquiries/comments received on the proposed regulations.

6. Report of Interim Administrator

The Interim Administrator reported that Bulletin 93-01 was released, but did not distribute the bulletin to the Board. (A copy will be filed with these minutes.)

C. Wowkanech asked whether other carriers had filed forms and certifications. D. Benbow replied that, so far, only Prudential, BCBSNJ and USHealthcare had filed completed filings, all for the HMO plan. He also advised that three other filings had been received but not yet reviewed by the Technical Advisory Committee; these will be reported at the next Board meeting.

P. Carmody moved, seconded by L. Moskowitz, to accept the report of the Interim Administrator. The motion was unanimously approved.

7. Report of Legal Committee

S. Connor distributed the agenda of the Legal Committee meeting to be held between 11:00 am and 1:00 pm today, and indicated that the Committee will report to the Board at its next meeting regarding the Attorney General's proposed budget for legal representation. In addition, the Board is to receive a copy of the latest draft of the temporary Plan of Operations. It is expected that the Legal Committee shall keep track of decisions made by the SEH Board, especially those which are inconsistent with those already made by this Board; for this purpose, this Board shall obtain the SEH Board minutes.

The Policy Form Subcommittee of the Legal Committee reported that it hopes to have a recommendation to the Board on two initial alternative policies filed to date by the Board's next meeting.

J. LeDell moved, seconded by L. Moskowitz, to accept the report of the Legal Committee. The motion was unanimously approved.

8. New Business

D. Benbow reported on the activities of the Technical Advisory Committee. First, as to the assessment regulations to be adopted by the Board -- the DAG will review them and draft language, as needed, to incorporate two modifications suggested by the Board (referring to final and interim assessments, and providing that no exemption is available in 1992). The Board shall adopt the regulations, as amended, at its next open session.

P. Carmody questioned the Board's position on rates, for new and inforce policies, set by carriers at an inadequate level. After extensive discussion about whether to include such a restriction in regulations, D. Benbow stated for the record, that the absence of language in regulations requiring a certification that rates are set adequately is not intended to suggest that inadequate rates may be set by a carrier for the benefit plans approved by the Board. That is, such a practice is not condoned even though there is no certification required to this effect. The Board concurred with this statement of policy.

S. Connor moved, which motion was seconded by L. Moskowitz, to accept the report of the Technical Advisory Committee. The motion was unanimously approved.

The Chair requested whether that specific agenda items be submitted to the Secretary for future Board meetings.

9. Adjournment

A motion to adjourn the meeting was made at 3:05 pm by J. LeDell, seconded by S. Connor, and unanimously approved.

Respectfully submitted:

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

Minutes of the Individual Health Coverage ("IHC") Program Board Meeting, August 3, 1993

Directors: C. Wowkanech, S. Connor, L. Moskowitz, P. Carmody, J. LeDell, 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 9:45 am. Roll call was taken by D. Cieslik. All Directors were present except F. Chavana and L. Giannotta. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present. Draft minutes for Board meetings on 7/26 were distributed to the Board, along with finalized minutes from 6/22 and 7/19, which had been amended as adopted.

After some discussion, during which the Board made certain amendments to the minutes from 7/26, L. Moskowitz moved, seconded by P. Carmody, to adopt said minutes as amended. The motion was unanimously approved.

The Chair postponed his report to defer to S. Lavelle for his report.

2. Report of the Marketing Committee

S. Lavelle reported that an agreement had been reached with Mr. Paul Wolcott, who was to be retained by the Board for three months to address issues currently facing the Board. The Marketing Committee and counsel, K. O'Leary, are working on an RFP for a permanent position. Mr. Wolcott was presented to the Board.

3. Report of the Technical Advisory Committee

S. Kelly, Vice Chairman of the TAC, in D. Benbow's absence, reported the recommendations of the TAC on three filings, as follows:

Cigna - HMO Standard - complete - 5/9 vote
BCBSNJ - Plan A - complete - 4/0; one abstention

Time - Plans A through E - deemed incomplete, some clarification necessary - submitted revised rate filing - 4/1; one abstention

The TAC asked for a clarification from the Board with respect to a Time request for a rate for a child only.

After extensive discussion on the Time filing focusing on the feasibility and desirability of a child-only rate option, L. Moskowitz moved, and R. Rondum seconded, 1) to approve the filing if the carrier withdraws the child-only rate, 2) that the TAC attempt to resolve other outstanding issues on that filing, and 3) accepting the recommendation of the Committee with respect to the other two complete filings. R. Rondum also added that the Board consider the position of a recognized child advocate on this issue. The motion was unanimously approved.

S. Kelly reported on two additional rate filings received by the TAC, and on its receipt of one informational filing. Of the rate filings, one pertained to an HMO only, and another to Plans A through E. P. Carmody stated that Mutual of Omaha is not filing at this time. P. Carmody reminded the Board that it must respond to requests for exemption filed by carriers within 30 days. L. Moskowitz clarified his view that carriers may phase in the introduction of the specific individual health benefits plans but only under a reasonable definite schedule. The Board concurred and directed the interim administrator and TAC to make the necessary communications.

Some discussion occurred on the CIGNA filing which, on information and belief, only represented a portion of the State. As the issue was not before the Board, no vote was taken.

4. Report of Interim Administrator

D. Hallagan, reporting in J. Porter's absence, recommended that, regarding Bulletin 93-01, the Board deem the post mark date as acceptable evidence of filing compliance. The Board concurred.

She also advised the Board that the Interim Administrator is receiving approximately 10 questions/day. The Board indicated that the Communications Consultant had been engaged to assist in preparing responses to questions from the public. J. LeDell requested permission for the Interim Administrator to establish an escrow account for the Board in a New Jersey bank. The Board requested that K. O'Leary determine the Board's options and quickly render a legal opinion. The Board also asked that he prepare a resolution for the Board by which it can act to establish an account or otherwise resolve this issue.

L. Moskowitz had nothing yet to report on the request for proposal for a permanent administrator, which the Board expects to

accomplish by October 1, 1993. A discussion ensued regarding the bidding process, which will be necessary to employ a Permanent Administrator. The DAG will advise the Board of the bidding requirements. In addition, the Board reviewed the advisability of cooperating with the SEH Board to hire the same Administrator, and requested the Operations Committee to make a recommendation on this subject.

The Interim Administrator reported to the Board on the list of requests for exemption it had received by August 2 (since August 1 fell on a Sunday). Carriers filing for market share exemptions were enumerated as HIP, MetLife, New York Life, Aetna, Mutual of Omaha, Prudential, Travelers, Nippon Life, Oxford Health, Time Insurance.

D. Hallagan then asked the Board for guidance on the issue of whether it has the statutory authority to review a conversion policy form. D. Hallagan reported that E. Crandall of Guardian had recently raised this issue to the SEH Board. After some discussion, S. Connor suggested that the question be referred to the Legal Committee, the Policy Forms Subcommittee and the TAC. The Board concurred.

D. Hallagan distributed an Estimate of Current Incurred Costs of the Interim Administrator (copy filed with these minutes). She also asked that responses to written questions be received by August 5.

C. Wowkanech moved, seconded by S. Connor, to accept the Report of the Interim Administrator. The motion carrier unanimously.

The Chair recessed at 10:55 am.

The Board returned at 11:15 am.

5. Report of Regulation Drafting Subcommittee

J. O'Connor distributed a draft of amendments to the emergency regulations, N.J.A.C. 11:20. The Board will meet on August 10 to act on the draft. Subcommittees and committees are responding with comments. The DAG advised that the amendments fall within the permissible scope of the Administrative Procedures Act. Additional regulations will be reviewed by the Board at subsequent meetings.

J. LeDell raised to the board a question of the availability of a market share exemption for 1992, based on 1993 market share results, citing the "same manner and timing" language of section 12 of the Act. A discussion ensued on the appropriateness of his raising this when the Board had voted against this view at its previous Executive Session meeting as well as on the adoption of the Assessment section for the Plan of Operations. Discussion on legislative intent and policy considerations took place. An

extensive discussion ensued, whereby J. LeDell requested that the Board reexamine its position on this issue.

The Board agreed to postpone its public vote on the issue until its next meeting.

C. Wowkanech moved, and J. LeDell seconded, the following resolution by counsel regarding the exemption for federally qualified health maintenance organizations.

WHEREAS, the Board has determined that L. 1992 c. 162 permits only federally-qualified HMOs to offer the HMO plan formulated by the Board in lieu of the five health benefits plans formulated by the Board;

RESOLVED, that the regulations be amended to reflect the language of the statute.

ROLL CALL:

J. LeDell	YES
P. Carmody	YES
L. Moskowitz	YES
R. Rondum	YES
S. Lavelle	YES
S. Connor	YES
C. Wowkanech	YES
F. Chavana	Absent
L. Giannotta	Absent

6. Report of Marketing Committee

The Board asked the Marketing Committee to draft a job description for the position of producer adviser to the Board. S. Connor reiterated that concerns had been expressed that the producer adviser must be familiar with the Market, but also avoid any appearance of conflict of interest. S. Lavelle noted that a draft RFP must be prepared, and expects to bring a recommendation to the Board in three weeks.

7. Report of the Legal Committee

S. Connor reported the Committee's recommendation regarding legal representation; specifically, the conditions of acceptance of the legal services budget.

- 1) The budget is authorized, but the second full time employee position should not be created without Board review.
- 2) Bills will be submitted monthly and reviewed by the Legal Committee.

- 3) The Legal Committee will be informed weekly on an informal basis by the DAG of work in progress.
- 4) The Legal Committee will continue to use volunteer attorneys in order to reduce billed expenses.

J. LeDell moved, seconded by P. Carmody, to accept the Legal Committee Report and recommendations. The motion carried unanimously.

8. Report of Policy Form Subcommittee

L. Moskowitz noted that any approval of rate filings by the Board would be conditional, pending policy form review. R. Smart reported that the Committee had a recommendation on only one of the alternative policy filing. She stated that the Committee could not recommend that the Board approve one policy form, as it was not deemed to be in substantial compliance with the standard form. She requested guidance as to how to proceed. The Board reviewed the written comments and directed her to discuss same with the carrier. R. Smart then advised that one carrier had filed its FQHMO policy form in only northern New Jersey; and the Board discussed whether this was permissible. The Board requested advice from counsel as to how it was to interpret the definition of affiliated company for the purpose of determining whether an FQHMO that has a subsidiary which can do business through the state is excepted from the 5-plan offering rule. The DOI also agreed to provide additional information on the qualified HMOs.

The Board recognized that criteria for review needed clarification. J. O'Connor (alternate to J. LeDell) moved, seconded by L. Moskowitz, that the Policy Forms Subcommittee develop a written process for reviewing alternative policy form filings and resolving discrepancies directly with carriers.

P. Carmody reported that he had reviewed the proposed, but still incomplete, Temporary Plan of Operations and had found no areas of great concern. He again questioned the wisdom and necessity of such a substantive Plan of Operations when the IHC Board had regulatory authority. S. Connor expressed two concerns - 1) That the SEH and IHC Board Plans of Operations should be similar in nature, and 2) That the proposed Temporary Plan of Operations contained many substantive provisions that are also contained in N.J.A.C. 11-20, which could result in conflicting regulations in the future. She suggested that the final Plan of Operations might therefore be more procedural in nature, with substantive matters being addressed in N.J.A.C. 11-20 or similar regulations. V. Mason, on behalf of the Commissioner, indicated preliminary agreement with this viewpoint, as did other members of the Board. V. Mason suggested that the DOI would appreciate any input from Directors in advance of finalizing the Temporary POO in regulation form.

10. New Business

S. Lavelle presented the Board with a copy of the Contract with P. Wolcott. After changing its effective date to August 3, L. Moskowitz moved, seconded by P. Carmody, to offer the Contract. The motion carried unanimously.

Then, the Board unanimously passed a resolution at 1:00 pm, on motion of P. Carmody, seconded by C. Wowkanech, to proceed in Executive Session, for the purpose of hearing advice of counsel on the definition of a health benefits plan. Minutes from Executive Session will be made available to the public when the need for confidentiality no longer exists.


MINUTES FROM EXECUTIVE SESSION - 1:00 PM, AUGUST 3

P. Carmody raised and the Board reviewed advice of counsel on the definitions of hospital requirement indemnity coverage in N.J.A.C. 11-20. The Board will determine the question in open session on August 10 or August 12.

11. Adjournment

The Board adjourned its meeting at 1:20 pm.

Respectfully submitted,



Susan S. Connor
Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual
Health Coverage ("IHC") Program
Board Meeting, August 10, 1993

Directors

C. Wowkanech, D. Marco
(alternate for S. Connor), L.
Moskowitz, R. Smart (alternate
for P. Carmody), J. LeDell, S.
Lavelle, L. Giannotta

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 9:45 am. Roll call was taken by D. Cieslik. All Directors were present except F. Chavana and R. Rondum. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present. Draft minutes for the Board's meeting on 8/3 were distributed; but the Board postponed adoption for the purpose of hearing a presentation by Assemblyman Felice.

2. Presentation by Assemblyman Felice

Assemblyman Felice stated the intent of the legislation regarding health care reform was to get more insurers into the market, to reduce the number of uninsured individuals in the state. He noted that neither minutes nor other recordation of the proceedings had occurred; so his presentation is based on his own recollections.

The legislation also provided for the sharing of losses through assessments. \$10 million is to be paid by the industry through assessments to cover BCBSNJ 1992 losses. BCBSNJ will absorb the remaining losses. Beginning in 1993, a carrier would not have to pay its proportional assessment if its specified market share is met.

Assemblyman Felice stated that the obligation to pay the assessment for 1992 losses is for all carriers and that no carriers would be exempt. The carriers that decide to leave the market shouldn't be "let off the hook," because they also participated in the creation of the loss situation. Specifically, he stated that he feels all

carriers should sell all five plans to provide for accessibility and affordability. As of August 11th, there were 11 carriers in the market.

G. Strumpf raised the issue of whether the 1993 assessment formula could be used for 1992. Assemblyman Felice responded that how the payment of 1992 losses was to occur was not set in stone. That issue was passed over quickly without a clear answer. He stated that the Board should resolve this issue. At L. Moskowitz's suggestion, Assemblyman Felice will work on a recommendation of how the 1992 assessment should be paid.

3. Report of the Chairman - C. Wowkanech

C. Wowkanech submitted a letter from the NJ Optometric Association to the TAC for review and comment. He also noted there were 11 carriers in the market including Met Life as of July 30, 1993.

4. Report of the Communications Consultant - P. Wolcott

P. Wolcott recommended that the Board communicate with the press on a more timely basis. He also commented on the creation of a Buyer's Guide, including a question and answer section and the names of the carriers participating in the market. He suggested that the Buyer's Guide be available in both English and Spanish and be made available in state offices. The use of public radio and posters to advertise the individual market was also advised. **The Board agreed that the Buyer's Guide would need to be produced quickly and asked the Marketing Committee to review the proposal.**

P. Wolcott also indicated that he believes an 800 # is not advisable because of the expense involved. S. Lavelle noted that an RFP is being prepared for a permanent communications consultant.

5. Presentations by AFLAC and Oxford Health Plan

W. Megna of LeBoeuf, Lamb, Leiby & MacRae, counsel to AFLAC, noted that they were involved in the health reform legislative process and that many different concerns were addressed, including: definition of health benefit plans (which was to exclude hospital supplemental indemnity plans). Now the Board has placed a \$250 cap on individual hospital confinement plans.

J. Peru, President of AFLAC, then spoke regarding his company's position. AFLAC considers itself a "niche" company. The policy it sells is totally portable and issued on a guaranteed basis for about \$500 - \$650 per year. Its policy is in compliance with NAIC regulations. The NAIC has set minimum standards for these plans. The Individual Health Coverage regulations attempts to impose a maximum on the coverage which such plans may provide, which is an unusual regulatory approach.

He believes the employee has little control over what his employer offers him. AFLAC wants the consumer to be able to decide and requests that the Board remove the \$250 cap. He feels the cap will stifle the carriers' development of appropriate plans in the marketplace. He also stated his concern regarding the availability of coverage in New Jersey. The \$250 cap only applies in a catastrophic case, not in the normal situation of illness/hospitalization.

C. Wowkanech asked what the premium buys. He will present the issue to the Board. He would want to offer a rider as an alternative to exceed \$250/day. That benefit would cost \$300/year (not \$500-\$650 as stated previously.) The basic plan provides \$100 per day.

L. Moskowitz raised the question that AFLAC also offers a Medicare supplement and a long term care plan. AFLAC markets through the worksite. There is no agreement with the employer, but the employer collects the premium. He characterized this situation as a group type plan that is sold to individuals. He posited that this might be "franchise coverage" and, therefore, would not be a problem for this Board.

J. LeDell stated that AFLAC would still be required to meet the 75% loss ratio test, which he assumed it could not meet, and does not think the Board would be able to change that test.

L. Moskowitz noted that the intent of the legislation was to make the consumer's choices easier, by providing for standardization, loss ratios, etc. The Board should be flexible but must act consistent with the legislative intent.

No decision was reached by the Board regarding this issue, but it agreed to look into the issue further.

S. Schwartz from Oxford Health Plans spoke about the omission in the individual "clean up" bill regarding the issue that state and federally qualified HMOs can offer only the HMO. Oxford is in a unique position, since it is the only carrier without an indemnity affiliation. Oxford has been pursuing an indemnity license for the past year. According to L. Moskowitz, Oxford is close to receiving the indemnity license. Oxford will be ready with its Exhibit F in three weeks with a 9/1 or 10/1 effective date. Oxford plans to have Plans A-D out within 30-60 days from DOI approval of its indemnity license.

L. Moskowitz raised an issue of concern. First, he did not know whether they would obtain a certificate of authority. If not granted, then an exemption would not be granted. He then stated that, while the indemnity plans could be out in 60 days from date of issuance, everything else must be out as soon as possible.

L. Moskowitz also noted that Oxford would not be the only plan

delayed, BCBSNJ also would not have its plans out immediately.

The Board recessed at 11:10 am and reconvened at 11:18 am.

6. Report of the Technical Advisory Committee -

S. Kelly explained the assessment rules. She reviewed the Exhibit K, which the carriers were required to submit by June 28, including the assessment shares for exemption. The net paid losses are indicated in the preliminary results and the market share calculation. For 1992 losses, all carriers must pay unless they suffered a loss.

S. Kelly and R. Kelly delivered the TAC report. Four filings are complete, including Met Life, Travelers, Aetna, and Time.

R. Kelly commented on the filing of a child-only rate and questioned its appropriateness. This is a social policy issue and potentially a legal one. He noted there are three options: to not permit, permit without restrictions (which creates anti-selection problems), or to allow with restrictions (ex: only with parent as guardian). This situation would open the door to an infinite number of tiers, therefore this alternative should not be adopted. The TAC's recommendation is to not permit a child-only rate.

L. Moskowitz noted that the number regarding divorce decrees was not presented. The rate filing said 5% of business includes divorce and all situations. R. Kelly noted that children would be without health coverage. The single rate is available. J. LeDell suggested to send back to TAC to formulate as an optional rider, or to refer back to the Policy Forms Subcommittee.

L. Moskowitz stated that if permitted, this would have to be a standard. Each carrier would be given the opportunity to resubmit the rates in a five tier method.

R. Kelly reported on the status of exemptions. So far, there have been 12 requests for conditional exemptions. The Board has 30 days to respond. Two criteria for an exemption are: (1) to agree to enroll a minimum number, and (2) to have no claim for reimbursable loss. The TAC is receiving requests for 1992 and 1993 exemptions. Two carriers said that 1992 is "subject to interpretation".

The TAC committee has no recommendation regarding the issue of when a carrier, who doesn't have a federally qualified HMO, must enter the market with all five policies. L. Moskowitz felt that a "reasonable time" should be afforded to come into the market and that a staggered basis would be acceptable. He also noted that two carriers can't offer indemnity products as of yet, but have applied for a certificate of authority. The only option available for a state qualified HMO is to enter into a marketing arrangement to

market across the board.

R. Kelly commented on the \$250 cap regarding hospital supplemental plans. He felt it was a judgment call regarding the \$250 benchmark. He postponed comment on the "same or similar" issue, noting that New York state doesn't have a definition to offer because they use the term "comparable".

C. Wowkanech called for a motion on the assessment issue. He noted that several votes have occurred and Assemblyman Felice had given his presentation. He asked for an opinion from counsel.

K. O'Leary noted that nothing in the legislative history shed any light on whether the legislature intended that exemptions from the 1992 assessment for losses be granted, and that the Board must look at the language of the statute. He explained that section 12 of the Act provides that the 1992 assessment be a separate assessment made "at the same time and in the same manner" as the first assessment under section 11 of the Act. Section 11 details the procedure for applying for an exemption. The carrier applying for an exemption is assigned a minimum number of non-group persons, or market share goal, based on the previous year's net earned premium. There is a compliance schedule in section 11 which allows a carrier to earn its exemption by partially reaching its market share goal: 40% in 1993; 75% in 1994; and 100% in 1995. The first year for partial compliance under the phase-in schedule is 1993, not 1992, and there is no provision for applying for a 1992 exemption or collecting 1991 market share information, on which a separate 1992 exemption would have to be based. Further, the notion that the exemption provides an incentive to carriers to aggressively market individual health benefits plans makes no sense if applied retroactively. K. O'Leary opined that, for these reasons, the language of section 12, "in the same manner and at the same time," cannot mean that the procedure in section 11 for applying for a 1993 exemption should be followed exactly in applying for a separate 1992 exemption.

It would also be a significant leap of logic to interpret "in the same manner" to mean that a 1993 exemption covers the 1993 and 1992 assessments. Further, section 12 provides a special kind of exemption for the carrier that suffered losses in 1992. That carrier will be reimbursed, but not assessed, for 1992 losses, while in 1993 and afterward, a carrier which is exempt from assessment cannot be reimbursed. Mr. O'Leary noted that section 12 provides that the 1992 and 1993 assessments are to be calculated separately, and not combined. If the 1993 exemption were to apply to 1992, the assessments could have been calculated together. Mr. O'Leary commented that permitting the 1993 exemption to cover two years would, however, provide an incentive for carriers to aggressively market in 1993 to reach their market goal.

He concluded by saying that he and his superiors at the Office of

the Attorney General had reviewed the statute thoroughly and determined that there was more support for the position that no exemptions from the assessment for 1992 losses should be granted by the Board.

J. LeDell stated that the Board must make a determination on this issue. BCBSNJ should get the money to partially cover its losses as soon as possible. The Board should encourage carriers to stay in the market. The carriers that have the most at stake are staying in the marketplace. He proposed a compromise, he moved that BCBSNJ should be paid based on calculations already made, but if the carrier meets its 1993 goals, they would receive a credit for the 1992 assessment already paid and those that have left the market will be forced to contribute. R. Smart stated she did not feel this is a compromise: it's simply moving the payment date for six months. L. Moskowitz suggested a modification that included a deferment.

D. Marco reiterated that this issue needs to be finalized in the regulations, it has been discussed voted twice already. S. Lavelle stated he wants to defer the decision until October. Right now, (his company) is looking at a \$1.25 million assessment.

G. Strumpf commented that he knows why "in the same manner" was put in the statute, to protect those who were in the market. He stated that regarding the compromise suggested by J. LeDell, it was the least worst option.

L. Moskowitz expressed concern on how to adopt the compromise if that is what the Board decides to do. K. O'Leary would need to draft an explanation for the final regulations. L. Moskowitz also queried whether this would matter to BCBSNJ. B. Kelly noted that it may be a concern, since BCBSNJ could not be sure it would collect the monies to offset its losses. It was noted that the Board could pursue (nearly 300) carriers if they don't pay. L. Moskowitz also raised the issue of petitioning the Legislature for clarification.

J. LeDell stated that he cannot accept the language as set forth in the proposed regulations.

C. Wowkanech said that he would take the advice of counsel. He would like to hear a motion that there be no exemption in 1992.

L. Purola said that the Board could get a Legislative clarification of the issue. L. Giannotta did not understand what the problem would be if the legislature clarified the assessment issue. G. Strumpf stated his concern that carriers won't adhere to the deal.

L. Moskowitz motioned, seconded by C. Wowkanech (1) to petition the legislature for clarification as to whether an exemption is available for 1992 based on achieving 1993 market goals, and (2)

Until further clarification, no exemptions will be available for 1992, and that the proposed regulation language would be adopted. J. LeDell withdrew his previous motion relating to the compromise. R. Rondum's proxy vote was read to the Board. The motion was unanimously approved.

The Board recessed at 12:45 pm and readjourned at 2:10 pm.

7. Approval of the Minutes

L. Moskowitz motioned, seconded by J. LeDell to approve the minutes from July 10, 1993 as amended. The motion was unanimously approved.

8. Report of the Interim Administrator - Jim Porter

C. Wowkanech commented, regarding the release of information as to the completion of filings, that the Board was being put in a "tough" situation, especially since additional carriers were in the market every Friday. He wants information faxed to him and to D. Cieslik weekly for agenda items, and an update of which carriers are in the market and what their prices are.

Exhibit K information and non-member certifications were distributed (copy filed with these minutes). The Board wants to proceed with the assessments, however the procedure for billing assessments is not yet in place, a question was raised whether an escrow account will be used.

J. LeDell asked whether the Board expenses would be built on top of these. He also noted that these are sensitive public issues.

J. Porter stated that the Board should extend actual figures out, and "true up" later. S. Kelly noted the assessment language is in the draft regulations. S. Lavelle commented that originally the figure was \$5.2 billion, now only \$4.5 billion. He questioned why the 16% drop. It was noted that Fortis; number had dropped significantly from 751 million. It is unclear whether they are not doing any NJ business, or only not individual health benefit plans.

J. LeDell noted that the entire regulations package would be mailed out regular mail.

L. Moskowitz identified two categories of filings. First, those which have submitted their Exhibit Ks. The second, carry health insurance on their books, but haven't filed an Exhibit K. The Board requested a list of all carriers who claim they are out of the market and on what basis.

The Board unanimously approved the motion made by C. Wowkanech's

and seconded by J. LeDell to accept the report of the Interim Administrator.

9. Report of the Regulation Drafting Subcommittee

K. O'Leary proposed two options - the first being that the Board glance through the regulations and adopt, or second, examine them closely and adopt on Thursday. The changes in bold letters should be reviewed most closely. He recommended the second option.

The Board considered a list of questions prepared by Mr. O'Leary and distributed to members of the Board pertaining to changes to the final regulations scheduled for adoption by the Board on August 12, 1993. The list is attached hereto and incorporated into the minutes by reference. The Board discussed and indicated that the following changes should be made to the regulations:

1. that no exemptions from the assessment for 1992 losses would be granted;
2. that the exclusion in the policy forms pertaining to "illness or accidental injury which occurred on the job" was not intended to exclude from coverage every illness or accidental injury which occurred on the job regardless of whether it was covered or could have been covered by "workers' compensation, employer's liability, occupational disease or similar law" and that the words "which occurred on the job" should be deleted in each policy form to avoid misinterpretation;
3. that covered dependents are not required to be New Jersey residents and to amend the cover sheet to the application form accordingly;
4. that the policy forms reflect that coverage of dependent children should terminate on their 20th and 23rd birthdays (if full-time student);
5. that a disclaimer be added to the application form to the effect that social security numbers are not collected or used by the Board, rather for the carrier;
6. that a carrier filing an alternative policy form be required to detail all deviations from standard form;
7. that the definition of "health benefits plan" not be changed in response to public comment with regard to hospital confinement indemnity coverage;
8. that block conversion, as opposed to staggered conversion, is not required by the statute and should be the carrier's option;
9. that a carrier which issued a policy out of state to a non-New Jersey resident may renew that person's coverage after he or she becomes a New Jersey resident and that, once a New Jersey resident leaves the State without the intention to return, he or she is no longer eligible to hold an individual health benefits plan;
10. that policyholders must be given the choice of monthly billing, with quarterly and semi-annual payment modes offered at the carrier's option. The Board recognized that some carriers would need a period of time in which to gear up for monthly

billing;

11. that alternative data bases for determination of "usual and customary" charges could be used, subject to disapproval by the Board. The alternative data base would require a demonstration of actuarial equivalency to the HIAA PHCS 80th percentile. The Board could disapprove the alternative data base if it found it was not actuarially equivalent, after an opportunity for a hearing;

12. that this issue be deferred until 8-12-93 meeting;

13. that there was no compelling reason to create an exemption from disclosure under the Right-to-Know Act for Loss Ratio Reports and that the provision in the rules would be deleted;

14. that the definition of "family unit" not be changed in response to public comment;

15. that a per diem compensation of \$150 per meeting for appointed members of the Board, modeled after the Essential Health Services Commission, be recommended to the Commissioner for placement in the Temporary Plan of Operation.

C. Wowkanech moved, seconded by D. Marco that the compensation for public members be \$150 per day with reasonable expenses for all Board and committee meetings. The motion was unanimously approved.

Optometric services were discussed. Anyone who is licensed to perform the services would be considered a covered provider.

K. O'Leary orally presented a series of questions, raised by public commenters, for consideration so that final changes could be made to the regulations prior to their adoption by the Board. The Board discussed and indicated that the following changes should be made to the regulations:

1. that the word "mainly" be deleted from the definition of "home health agency" in the policy forms so that the definition would be less restrictive;

2. that the definition of "hospice" in the policy forms be changed from a "facility" to a "provider" since hospice care is often delivered in the home rather than a hospital or other facility;

3. That all the policy forms, except plan A, be amended to clarify that rehabilitative care is covered;

4. that the policy forms reflect that the 365 day limit applies to a rehabilitation center;

5. that the rehabilitative care benefit be clarified to reflect that rehabilitation services are covered;

6. that conforming changes be made to make the policy forms fit the HMO format;

7. that coinsurance for mental and nervous conditions be corrected to reflect a 30% copayment;

8. that the exclusion in the policy forms for eye exams be changed to provide coverage for medically necessary eye exams;

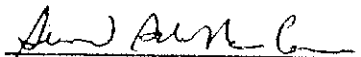
9. that, in response to the Public Advocate's recommendation, the amount of subsidy for 1992 reported by Blue Cross and Blue Shield should be the amount "receivable" rather than "approved" by the Hospital Rate Setting Commission.

The meeting was scheduled for Thursday, August 12 at 9:00 am.

10. Adjournment

A motion to adjourn the meeting was made at 4:10 by J. LeDell, seconded by L. Moskowitz and unanimously approved.

Respectfully submitted;

By: 
Susan Scholle Conner,
Secretary

Carrier Name: _____

Year Ending: _____

Name of Person Completing Report: _____

Telephone Number: _____

Fax Number: _____

Enrollment Status Report

Annual Statistics

	Health Benefits Plan	Issued Prior to August 1, 1993	Plan A	Plan B	Plan C	Plan D	Plan E	HMO Plan	Total
A. Report of Contracts by Zip Code Categories									
Number of Subscriber Contracts in Zip Code Areas 070 - 073									
Number of Subscriber Contracts in Zip Code Areas 074 - 075									
Number of Subscriber Contracts in Zip Code Areas 076									
Number of Subscriber Contracts in Zip Code Areas 077									
Number of Subscriber Contracts in Zip Code Areas 078									
Number of Subscriber Contracts in Zip Code Areas 079									
Number of Subscriber Contracts in Zip Code Areas 080 - 084									
Number of Subscriber Contracts in Zip Code Areas 085									
Number of Subscriber Contracts in Zip Code Areas 086									
Number of Subscriber Contracts in Zip Code Areas 087									
Number of Subscriber Contracts in Zip Code Areas 088 - 089									
Total Subscribers									
B. Report of Covered Persons by Age and Sex									
Number of Male Covered Persons Insured End of Period									
Age	0 to 20								
	20 to 30								
	30 to 40								
	40 to 50								
	50 to 60								
	60 to 65								
	65 to 70								
	70 & Over								
Number of Female Covered Persons Insured End of Period									
Age	0 to 20								
	20 to 30								
	30 to 40								
	40 to 50								
	50 to 60								
	60 to 65								
	65 to 70								
	70 & Over								
Total Covered Persons End of Period									

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting, August 12, 1993

Directors: S. Connor, L. Moskowitz, R. Smart
(alternate for P. Carmody), J.
LeDell, J. Beck

Deputy Attorney General K. O'Leary

Other Attendees: List maintained in records of NJDOI

1. Call to Order

The meeting was called to order at 9:25 am. Roll call was taken by D. Cieslik. C. Wowkanech, F. Chavana, L. Giannotta and R. Rondum were not present. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present.

2. Review of the Draft Regulations

J. LeDell invited anyone who wished to attend a Regulations Drafting Subcommittee meeting after this Board meeting to do so, at the Prudential, for the purpose of completing the drafting process in accordance with the Board's decisions at this meeting. BCBSNJ, Prudential, the DOI and the DAG indicated that they would be willing to complete this process on behalf of the subcommittee.

The Board made the following interpretations/clarifications in the regulations:

- 1) that the 75% loss ratio includes assessments;
- 2) that a deferred offering of monthly billing rates is acceptable but no change in the regulations would be made;
- 3) with regard to the movement into NJ of an out-of-state policy, that an existing (frozen) book of business may be renewed;
- 4) that an "actuarial equivalence" test for an alternative fee schedule is appropriate;
- 5) that the standardized policies shall be made to cover insurance for a child pursuant to a court order;
- 6) that stop-loss insurance is included in the premium base;
- 7) that what constitutes an administrative expense and a plan eligible for reimbursement should be clarified the administrative expense falls into the 75% ratio;
- 8) that the first loss-ratio calculation will cover the period

- from August 1 to December 31, 1993;
- 9) that "home care" will be changed to "home health care;"
 - 10) that loss ratio reports must be filed for each policy form;
 - 11) that a benefit for rehabilitation centers would be developed in the policies, on the basis of a 2-for-1 exchange with inpatient days, where applicable;
 - 12) that the DOI has regulatory authority with respect to pre-August 1, 1993 policy forms;
 - 13) that a carrier may exit the individual market entirely if it chooses to exit the state (once having entered it);
 - 14) that a carrier may submit an alternative fee profile for use in place of the PHCS profile (HIAA) to the Board for its approval;

After a detailed discussion on the draft regulations, including comments and responses, S. Connor moved, and R. Smart seconded, to adopt the regulations, comments and responses, as amended during this meeting; and to submit same to the OAL tomorrow. J. Beck stated that, on advice of U.S. Healthcare's counsel, and based on the Board's decision with respect to the unavailability of a marketshare exemption for 1992, he must oppose the regulations as amended.

A roll call vote was taken, as follows:

J. LeDell	-	yes
L. Moskowitz	-	yes
J. Beck	-	no
S. Connor	-	yes
R. Smart	-	yes

The motion was carried, by majority vote of those present.

3. Adjournment

A motion to adjourn the meeting was made at 11:15 am by H. Meisner, seconded by L. Moskowitz, and unanimously approved.

Respectfully submitted:

By: 
Susan S. Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

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

Directors: C. Wowkanech, S. Connor, B. P. Waugh
(alternate for L. Moskowitz), R.
Smart (alternate for P. Carmody), J.
LeDell, J. Beck

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 9:45 am. Roll call was taken by D. Cieslik. S. Connor, F. Chavana, L. Giannotta and R. Rondum were not present; S. Connor arrived shortly thereafter. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present. Draft minutes for the Board's meetings on 8/10 and 8/12 were distributed. The Board discussed whether the minutes should reflect the substance of the Board's detailed discussion on the draft regulations, or whether the final regulations, as published, would sufficiently document the Board's decisions. The Legal Committee shall discuss the matter further at its meeting, after the full Board meeting.

2. Report of the Chairman

C. Wowkanech reported on several pieces of correspondence - one from Oxford Health Plans, one from Bill Megna, requesting another meeting for AFLAC, and one from Dr. Siegel, critiquing the BASIC health benefits plan (copies filed with these minutes).

3. Report of the Communications Consultant

P. Wolcott reported that he has been working with the Interim Administrator in preparing a pamphlet for distribution to the general public which would contain information on carriers currently offering individual coverage and their telephone numbers. The Board discussed whether rate information should be included on the form, and generally agreed that such information would be helpful, especially if reported on more than one type of coverage. C. Wowkanech asked P. Wolcott to prepare this pamphlet for distribution to and review by the Board at its next meeting. This would serve as an interim communication to the public, until the Buyers' Guide is completed. P. Wolcott advised that he would place this on the agenda for the Marketing Committee meeting on Thursday, 8/17.

4. Report of the Regulations Drafting Subcommittee

J. LeDell reported that the filing was completed, in accordance with the Board's deadline. K. O'Leary advised that a number of modifications were made to the draft before filing.

5. Report of the Technical Advisory Committee

S. Kelly and D. Benbow reported on the rate filings received to date, as well as the status of the Committee's review rate of same. The Board discussed whether additional rate filings are anticipated. The Board accepted recommendation on rate filings.

6. Report of the Policy Forms Subcommittee

R. Smart reported that the committee had not met the previous week, as all members were involved in the finalization of the Board's regulations. She advised that she would have a report at next week's meeting.

7. Report of the Interim Administrator

D. Halligan distributed several written reports to the Board for its review (copies filed with these minutes). The Board discussed the report on program membership status, and requested that the Technical Advisory Committee respond to certain of the carriers for the purpose of identifying their justification for non-membership treatment.

The Interim Administrator requested guidance as to how to handle late filings.

The Board reviewed the letter prepared by the Legal Committee to

the legislature, requesting clarification on the availability of a market share exemption for 1992 (copy filed with these minutes). C. Wowkanech moved, and J. LeDell seconded, to send the letter, as amended. The motion was unanimously approved.

The Chair recessed the meeting at 11:00 am.

The Board returned to business at 11:15 am.

8. Report of the Operations Committee

R. Smart requested a current draft of the temporary plan of operations, and proposed that the Board adopt, as its final Plan of Operations, the draft temporary plan being prepared by the DOI. The Board deferred its decision on this matter until the directors had an opportunity to review the most recent draft of the temporary plan, which was distributed at this meeting.

9. New Business

K. O'Leary reported that his office has researched an issue regarding the appropriation of funds for this Board as part of the DOI's fiscal budget. He recommended that a presentation be given by Michael Goldman to the Board on this issue. The Board will ask M. Goldman to speak at its next meeting.

The Board discussed the complaints and appeals procedures suggested by the DOI in its draft temporary plan of operations, but deferred any action until its next meeting.

The Board also discussed the following as potential agenda items for its next meeting: communications pamphlet, Plan of Operations, dispute resolution, Technical Advisory Committee report, presentation by M. Goldman.

The Board requested a statement from G. Strumpf, on behalf of HIP/Rutgers, regarding its position on whether it had met its 1993 market share in 1992. G. Strumpf responded that he was constrained from answering at this time.

The Board reviewed the major issues requiring attention/resolution:

1. assessment regulations
2. "same or similar coverage" regulations
3. dispute resolution
4. program compliance regulations
5. state-qualified HMOs - schedule to offer of other plans
6. retention of permanent administrator
7. performance standards regulations
8. means test regulations
9. guidelines for high-risk share

10. conformity with SEH Board plan designs (SEH public hearing scheduled for September 1, 1993).

10. Adjournment

A motion to adjourn the meeting was made at 12:35 pm by C. Wowkanech, seconded by J. Beck, and unanimously approved.

Respectfully submitted:

By: Deborah A. Cieslik
Deborah A. Cieslik 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, August 24, 1993

Directors: C. Wowkanech, D. Marco (alternate
for S. Connor), L. Moskowitz, R.
Smart (alternate for P. Carmody), J.
LeDell, 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 9:45 am. Roll call was taken by D. Cieslik. All Directors were present except F. Chavana, R. Rondum and L. Giannotta. A statement of compliance with the Open Public Meetings Act was delivered by D. Cieslik, who noted that a quorum was present. Draft minutes for Board meetings on 8/17 were distributed to the Board, which decided to defer its adoption until its next meeting.

2. Report of the Chairman

The Chair distributed several pieces of correspondence to the Board (a copy of each of which is filed with these minutes), including: 1) a letter from S. Connor designating D. Marco as her alternate; 2) a letter from Senator Codey dated 8/13; 3) a letter on numerous issues, including the use of alternative databases; 4) correspondence from brokers regarding the impact of COBRA; and 5) a letter regarding the disguised issuance of individual policies.

The Board discussed whether an individual is eligible for group coverage (for the purpose of determining eligibility for individual coverage) if he is precluded from coverage for health reasons.

L. Moskowitz moved, and C. Wowkaneck seconded, that the Legal Committee draft a bulletin clarifying that an individual so precluded is eligible for individual coverage. The motion was

unanimously approved.

The Chair recognized Maureen Lopes, Chairperson of the SEH Board. The Board discussed the Senate Regulatory Committee hearing, tentatively scheduled for Monday, Aug. 30. The Board decided to prepare a summary of its accomplishments and action, for use by the committee. M. Lopes would inquire of L. Purola as to the agenda for the hearing; and C. Wowkanech will request several IHC Board members to attend.

The Chair advised that letters were sent to Sen. Bassano and Assemblyman Felice requesting guidance on the availability of a 1992 assessment exemption.

The Chair asked for a report on the Board's appropriation from K. O'Leary, who introduced Michael Goldman, of the office of the Attorney General. He distributed the language which effected the appropriation (a copy is filed with these minutes); and indicated that the matter is being negotiated between the Treasury and the DOI. He expect a satisfactory resolution within days; and this would be on the agenda for next week.

3. Report of the Technical Advisory Committee

D. Benbow distributed a number of materials to the Board (a copy of each is filed with these minutes). First, the TAC made a recommendation to the Board with respect to its issuance of a conditional exemption. Specifically, the TAC did not recommend granting an exemption for two carriers -- one which did not submit an Exhibit K, and one which expressly refused to make the affirmative statements required in the filing. After much discussing, the Board requested that the TAC, as it had done with other carriers, contact those two carriers and offer them an opportunity to cure their deficient filings.

L. Moskowitz moved, seconded by D. Marco, to accept the condition exemption requests of 13 carriers and of 2 carriers subject to their compliance with the TAC's instructions on their filings, as above.

D. Benbow noted an issue which had been raised by correspondence from Aetna (a copy is filed with these minutes), regarding whether a carrier that writes a state qualified HMO must write Plans A-D as well. The Board referred this matter to the appropriate committees for review.

D. Benbow also advised: 1) that an assessment regulation should be prepared within a week, and will be the same as is in the Temporary Plan of Operations; 2) that regulations on "same or similar coverage" will be discussed at the TAC meeting on Thursday, and should be prepared in a week or two; and 3) that TAC is reviewing other rate filing which had been submitted, but which are not eligible for an exemption, due to the timing of their filing.

4. Report of the Interim Administrator

The Interim Administrator made a brief report on the material distributed by D. Halligan (a copy is filed with these minutes).

5. Report of the Policy Form Subcommittee

R. Smart advised that she has nothing to report at this time, but hopes to make a detailed report on several form filings at next week's meeting.

The Board recessed at 11:25 am.

The Board returned from recess at 11:45 am.

The Chair asked that the Legal Committee respond to the letter from Senator Codey by the Board's next meeting; and also requested from the TAC a response to the letter from the Public Advocate's office.

6. Report of the Communications Consultant

S. Lavelle distributed three drafts to the Board for review (a copy of each is filed with these minutes) - two press releases and one public release. Several corrections and changes were suggested, including the addition of rate information. An extensive discussion ensued relating to the advantages and disadvantages of including rate information and the responsibility of this Board to design affordable products. The Chair recognized Sonya Delgato, a Senate minority aide, who indicated that "affordability" was never intended as a goal for this Board but, rather, for the SEH Board. The Board decided not to include rate information in the Buyer's Guide to be developed by the Marketing Committee. A list of carriers in the market was approved for distribution.

The Board also discussed the method by which it would advertise its message to the public. The Board asked P. Wolcott and the Marketing Committee to investigate/negotiate for the availability of a better deal on advertising costs than those proposed in the materials distributed to the Board. A report will be made at the next Board meeting.

As to the search for a permanent Producer/Marketing Consultant, S. Lavelle reported that the Committee had received only three responses and, therefore, he would consider responses received for another week.

7. Report on Temporary Plan of Operations

R. Smart reported that a meeting was held by conference call last Friday, during which a line-by-line review of the Temporary Plan of Operations occurred. It continues to be finalized; and the Board should have another draft for review at its next meeting.

8. Adjournment

By motion of D. Marco, seconded by C. Wowkanech, the Board voted unanimously to adjourn at 1:20 pm.

Respectfully submitted:

By: Deborah A. Cieslik
Deborah A. Cieslik 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, August 31, 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 at 9:50 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 that a quorum was present.

On motion made by Mr. Moskowitz and seconded by Mr. Wowkanech, the minutes of the August 17 and August 24 meetings were approved as amended.

An extensive discussion ensued regarding the need to prepare, for public information, a rate table which is complicated by some carriers' filings of a rate manual instead, which does not state a rate in the same manner as the rate table. C. Wowkanech indicated that a Buyer's Guide may be available soon, based on the draft available from the SEH Board.

L. Moskowitz raised the concern over the lack of attendance by some appointed members. C. Wowkanech reviewed his activities with the Governor's representatives. Reference was made to Section 2(a)(5) of the proposed temporary Plan of Operations which requires the Board to notify the Governor of change in circumstance of appointed members. C. Wowkanech will contact F. Chavana regarding his intentions; the Secretary will draft a letter from the Board for C. Wowkanech.

On motion made by Mr. Moskowitz and seconded by Mr. O'Connor the

Board approved the finalization, in two weeks, of the minutes of August 10 and August 12.

2. Report of the Chairman - C. Wowkanech

Mr. Wowkanech made reference to a letter dated 8/30/93 from Mutual of Omaha (copy filed with these minutes) indicating they will not participate in the individual market.

He reviewed reports to small businesses and other publicity indicating that affordability remains a public concern, even though the IHC Board was not directly charged with affordability, but with accessibility. L. Moskowitz observed that affordability is the duty of the New Jersey Essential Health Services Commission, and also expressed the hope that competition may assist in keeping prices as low as possible. C. Wowkanech also distributed a chart of HMO prices for New York which was referred to the Marketing Committee as an example of public disclosure of rates. The Board decided to meet next on September 13, 1993, and instructed the Secretary to issue the requisite public notice.

3. Financial Operations Report - L. Moskowitz

The Board was advised that monies received from industry assessments will be received by the Treasurer and placed in a separate dedicated account; interest will be credited to the Treasury until funds are cleared by asset transfer to the IHC Accounts; which the Board requests be performed daily by wire transfer. Disbursements may be made by voucher for the IHC Board to its own account. The Board directed Kevin O'Leary to prepare a draft statutory amendment which would provide for the IHC Board financial autonomy via assessments.

Ed Broz (N.J. Department of Insurance) indicated that the Treasurer will provide recordkeeping and clearinghouse functions; at the moment, such services will be provided as part of the general duties, although reimbursements for such services may be requested. L. Moskowitz and C. Wowkanech, with the advice of the DAG, were requested to make the required inquiries and present a recommendation to the Board at its next meeting for opening an IHC bank account as well as the arrangement with Treasury, to assure a smooth transition of funds with maximum interest to accrue to the IHC Program, with satisfactory control and accounting for such funds.

The Board recessed at 11:25 AM and reconvened at 11:40 AM.

4. Report on Permanent Administrator Request for Proposal (RFP)
- L. Moskowitz

A draft RFP for a permanent administrator was referred to the SEH

Operations Committee for coordination. The IHC Board needs representation on a joint committee; our representatives will be DOI, Prudential and C. Wowkanech. L. Moskowitz will coordinate the activities.

5. Report of TAC - D. Benbow

Messrs. O'Connor and Wowkanech moved to accept reports on Protective Life, which had modified its original filing to comply with the IHC regulations. This was unanimously approved.

L. Moskowitz requested a press release regarding filings especially those which have fairly aggressive rates.

D. Benbow advised that the TAC approved indemnity filings A-E for Time, Travelers, and Protective. National Casualty and PFL are under review. D. Benbow distributed a chart showing filing information (copy filed with these minutes). P. Wolcott discussed that press releases have been issued upon acceptance of filings. No rating period was established in the IHC Board regulations, and rates may be raised. Concern was expressed regarding full disclosures by carriers of fluctuating rates as opposed to guaranteed rates. D. Benbow described the process for changes in rates which would require refilings. Rates can be changed on any premium due date. The IHC Board directed the Marketing Committee to prepare a full disclosure and standards for description of rating methodologies. K. Sorrento described certain carriers' intentions to review claims experience to determine necessary adjustments to rates.

D. Benbow distributed a copy of an Exemption Request letter from Benefit Trust Life dated 8/23/93 (copy filed with these minutes). TAC recommends denial of conditional exemption.

On motion made by Mr. O'Connor and seconded by Mr. Moskowitz, the conditional exemption for Benefit Trust Life was denied, unanimously.

TAC will advise Mutual of Omaha that its conditional exemption is denied, based on its declaration that it will not be offering individual health plans.

Guarantee Trust Life failed to file Exhibit K on a timely basis. D. Benbow reviewed the requirements for timely filings for granting a conditional exemption. Heretofore no exceptions to timely filing requirements for Exhibit K have been granted.

On motion made by L. Moskowitz and seconded by J. O'Connor the Board moved to accept, unanimously, the TAC recommendation (1) not to accept the late Exhibit K filing, and (2) not to grant a 1993 conditional exemption with respect to Guarantee Trust Life.

D. Benbow distributed a letter regarding the refiling for 1992 losses by BCBSNJ (copy filed with these minutes). TAC recommends acceptance of refiling of losses of \$2,113,000, due to IHC revised regulation on accounting for losses, which will be reflected in 1992 assessments to be issued upon adoption of the temporary Plan of Operations. There was extensive discussion on the need to communicate the revised figures to the program members, but the Board's conclusion was that the assessment rules will be issued in a few days. The assessment will follow shortly thereafter which will reflect the revised lower assessments, and that this will be sufficient notice.

TAC's "Same or Similar" buy-down proposal was distributed and described (copy filed with these minutes). Questions were raised regarding the treatment of an HMO or POS plan with respect to the ability to buy out. To date, TAC has only addressed buy downs; TAC will review buy ups and lock-ins. Underwriting standards were applied by TAC: TAC applied criteria that coverage is "same or similar" unless the deductible difference is more than \$100 and the coinsurance difference is more than 10%. Discussion ensued that this criteria did not generate enough opportunity for a "buy down". TAC will continue to work on this.

On motion made by C. Wowkanech and seconded by L. Moskowitz, the Board unanimously accepted the TAC report.

6. Interim Administrator - J. Porter

A rapid response document is being mailed to all consumers. An 800 number is being researched. Some written correspondence is still being received and forwarded to P. Wolcott. The Interim Administrator is to prepare summaries of questions. Prepared answers will be distributed to IHC Board members as requested. The Interim Administrator was given the responsibility to respond, where appropriate, and to bring to the Board's attention any questions not readily answerable. A Questions and Answers booklet will be prepared by the Marketing Committee in conjunction with the Interim Administrator.

7. Policy Forms Subcommittee - R. Smart

The Interim Administrator will advise the N.J. Optometric Association that its question had been covered in responses to the final regulations, (due to be published in N. J. R. on September 6th).

R. Smart reported that Prudential, Time, Travelers had completed their filings. Certificate for Standard Forms were distributed.

On motion made by Mrs. Connor and seconded by Mr. Moskowitz, the board accepted the report, unanimously.

Alternate forms are still under review (4 carriers). Others are being assigned and reviewed.

R. Smart reported that some differences seem to exist from the SEH Board policy forms. S. Connor indicated SEH Board forms in SEH regulation do not follow IHC policy forms as models, leaving comparability difficult. L. Moskowitz described SEH Board's activities in reviewing policy forms and benefit designs. Forms Committee will prepare a review of the differences and make a recommendation on conformity. Carriers may raise questions regarding discrepancies as well.

On motion made by Mr. Moskowitz and seconded by Mr. O'Connor this assignment to the Forms Committee was unanimously approved.

R. Rondum raised the issue of advance directives in HMO policy form's "Refusal of Treatment" section. Specifically mentioning that the language confuses the issue of competent versus incompetent individuals and the potential conflict with NJ statutory treatment of advance directives.

8. Marketing Committee-Communication Consultant - P. Wolcott

A newspaper advertising proposal is under review. P. Wolcott discussed responses to press releases issued weekly to describe actions taken by Board, including new filings received or accepted. Special releases are prepared at the request of the IHC Board. A rapid response document regarding carriers in the market has been approved. A Buyers' Guide is under review. Interim Administrator is establishing an "800" number for such information.

L. Moskowitz asked the Marketing Committee to build a "library" of marketing pieces; P. Wolcott indicated that the Committee is compiling such materials. The Board requested P. Wolcott to send copies of the press releases and public documents to IHC Board members. C. Wowkanech suggested that the Marketing Committee needs to meet weekly until the communication plan is fulfilled.

C. Wowkanech, L. Moskowitz, R. Smart, J. O'Connor, R. Rondum will attend SEH Board meeting on Wednesday, September 1, 1993.

9. Ad Hoc Plan of Operations Subcommittee - R. Smart

R. Smart referred to the 8/27/93 Draft Temporary Plan of Operations. Comments should be given to V. Mason. Changes to financial administration may be made. S. Connor raised the problem of closing the contested assessment period for carriers filing losses to 90 days to conform to accounting principles. Discussion occurred regarding the number of committees which need to be included and quorum requirements given the lack of a full Board.

10. Other Business

On AFLAC concerns, L. Moskowitz will inform the IHC Board of the Department's resolution of AFLAC concerns; certain questions may need to be further reviewed by IHC. Letter distributed outlining concerns (copy attached to these minutes).


L. Moskowitz also reported that Oxford Health Plans should offer Plans A-D, upon approval of Certificate of Authority as indemnity carrier.

Complaints regarding foreign carriers were referred to compliance unit of DOI and will be reported back to IHC Board.

K. Sorrentino, at the request of Time Insurance, asked for and received clarification that applications signed out-of-state cannot be considered a contract issued in New Jersey. Two year restrictions cannot be applied; extra questions on application form must be submitted and reviewed. The Board clarified that under the law, an individual is ineligible for an Individual policy if they are receiving Medicaid. Additionally the Board clarified that a "one life" group is not recognized as a group, but is an individual.

There being no further business, on motion made by Mr. Wowkanech and seconded by Mr. Beck, the meeting was adjourned at 2:30 PM.

Respectfully submitted,


By: Eileen Gallagher for
Susan S. Connor, Secretary