

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting held January 11, 1994

Directors:	C. Wowkanech, S. Connor, L. Moskowitz, R. Smart, D. Benbow.
Deputy Attorney General:	W. Sanders
Communications Consultant:	P. Wolcott
Other Attendees:	List maintained in records of NJDOI

1. Call to Order

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

2. Approval of Minutes

C. Wowkanech made the motion to approve the minutes from the December 28, 1993 Board meeting as amended. D. Benbow seconded the motion and the Board unanimously approved.

3. Report of the Chairman - C. Wowkanech

A. Pending Legislation

C. Wowkanech reported that 13 bills were pre-filed. He summarized the pending legislation that could potentially have an impact on the Individual and Small Group Health Insurance market:

- 1.) VanderValk introduced A-272 which expands coverage offered by the individual and small group plans. Sponsor believes choice is too restrictive but has no concerns about open enrollment, community rating, etc.; she will become a member of the Assembly Insurance Committee.
- 2.) Felice and Garrett introduced A-371 which addresses the eligibility for individual health benefits coverage.
- 3.) A-422 attempts to create a 13 member state health benefits advisory committee. L. Moskowitz stated that there are concerns from local government and agencies that they are subject to P.L.162.
- 4.) A-635. Scott-Garrett to reintroduce A-2899 to delay and modify implementation of the SEH Act (P.L. 1992, C.162). C. Wowkanech suggested that the three Boards request the legislature:
 - (a) to consult with the respective Boards prior to making changes in one of the programs, in view of the strong link between and among the programs:
 - (b) to endorse a concept of a joint Board legislative advisory committee. C. Wowkanech and P. Wolcott were authorized to draft such a letter to express the time and effort that has gone into the programs and the favorable results already obtained by the Programs. At hearings, the Board can express its opposition to dramatic changes.

L. Moskowitz indicated that certain public entities with less than 50 employees have been, by SEH Board ruling, subject to the requirements of the SEH Act (P.L. 1992, C.162); legislation to overturn this ruling may be introduced. He further described suggestions for the formation of a Health Benefits Legislative Advisory Group, to consist of members of the SEH and IHC Boards.

- 5.) A-635 was introduced by Garret and Colburn. C. Wowkanech stated that although the IHC Board would oppose the bill, he suggested an amendment might be considered to include language to provide for a 75% loss ratio.

- 6.) S-886 introduced by Cardinale. Passed January 10, 1994; allows participants of HMO's to go to any local pharmacy, conditional veto by both houses of the Legislature, and thus this measure has become law.
- 7.) S-330 introduced by Kelly-Colburn. "Wellness" bill setting forth mandated benefits of preventive care according to a schedule, TAC and Policy Forms Committees will review the requirements, which have not yet been endorsed by the Governor.

B. Report on Bank account

IHC Checking account shows net balance is \$45,612.41 on 1/10/94.

C. Legal Issues

C. Wowkanech introduced W. Sanders, substitute from the Attorney General's office for K. O'Leary. The State Farm Order was deferred for review in Executive Session for legal advice. For the record, Mr. Sanders distributed the notice to the New Jersey Optometric Association, memorializing the Board's Order taking their Petition for Rule Making under consideration.

C. Wowkanech also distributed, for the record, the letter sent to E. Troy, of NJDOI, from the IHC and SEH Board Chairs, to speed the process of hiring of the Executive Director.

4. Marketing Committee

In S. Lavelle's absence, P. Wolcott reported that the Buyer's Guide would be ready for final approval at the Board's next meeting; the contract freeze will have been lifted by then, to allow printing of the Buyer's Guide.

The interim annual report is also under preparation, awaiting enrollment figure reports, requested from the Interim Administrator. The report is clearly understood to be an interim report, based on unaudited figures to be reissued as necessary when the official annual report is printed. Approvals of each document, scheduled for the next meeting, will require distribution prior to the meeting.

S. Connor reminded Mr. Wolcott that the Marketing Committee is also charged with the development of good faith marketing guidelines. The guidelines must be completed prior to the commencement of audits.

D. Benbow moved, R. Smart seconded a motion to accept the Report of the Interim Administrator. The Board unanimously approved.

The Board recessed at 11:35 AM and reconvened at 12:00 PM.

6. Report of the TAC

D. Benbow distributed a written report, indicating that two carriers have filed rates for the first time; Greater Atlantic Health Service, (federally qualified HMO) and the Principal Group; and two carriers, US Health Care and HIP/Rutgers, filed lower rates. **On motion by D. Benbow, seconded by S. Connor, the Board unanimously deemed the rate filings as complete based on the TAC's recommendation.** D. Benbow then turned to the December 27, 1993 letters from Aetna, indicating that Aetna will offer all five plans in the near future. R. Smart noted that policy forms had not been received, to date, from Aetna.

D. Benbow then distributed the TAC's drafts of the 1993 and future years assessments regulation and proposed performance standard language. The Legal Committee will review the drafts.

C. Wowkanech made the motion to accept the TAC report. S. Connor seconded the motion and the Board unanimously approved.

7. Forms Committee

R. Smart indicated that the Committee has continued to meet via telephone conference call once a week. She distributed a chart showing Forms Committee filings and status. R. Smart recommended that the Travelers HMO Standard Policy Form certification and HIP/Rutgers alternate policy forms be accepted as in substantial compliance. **D. Benbow moved and S. Connor seconded the acceptance of the Policy Forms Committee recommendations. The Board unanimously approved.**

R. Smart requested guidance from the Board regarding Managed Care Form Issues, interpreting N.J.A.C. 11:20-31(d). Extensive discussion occurred on the question of Inclusion of "HMO like" copayments for in-network benefits against the coinsurance maximums for out-of-network benefits for alternate Plans C and D. The Current regulations seem to indicate that HMO copayments will not be considered against coinsurance maximum.

D. Benbow and L. Moskowitz suggested that the Board review SEH Board regulations on the subject. S. Connor requested the Policy Forms Committee prepare a summary of variations in managed care deliveries to allow for more informal review of any proposed amendments. The Board indicated that such a plan design is acceptable, however the Policy Forms Committee should notify the carrier that the IHC Board is conducting further review of the managed care product issue. R. Smart then raised

The public session was reconvened at 1:30 p.m.

W. Sanders reported that the Attorney General's office reviewed State Farm's request for a hearing and determined that no issues of material fact exist. The Attorney General's office relied on statutory provisions, the Order of Withdrawal for State Farm Mutual Automobile Insurance Company which provided the company would be liable for "discharging financial obligations to New Jersey ... Boards..." and the fact that the Auto Company had 1992 inforce health insurance premiums. L. Moskowitz made the motion to approve the State Farm Final Decision and Order drafted by K. O'Leary that denied a hearing to State Farm due to lack of issues of material fact. C. Wowkanech seconded the motion. The motion was carried by the following vote:

C. Wowkanech
S. Connor
R. Smart
D. Benbow
L. Moskowitz

Yes
Yes
Yes
Yes
Yes

The Board directed the Interim Administrator to advise CIGNA that only open-enrolled or community rated and modified community rated policies could be counted toward market share requirements. Both the Legal Committee and TAC had reviewed CIGNA's request. D. Benbow made the motion to deny CIGNA's request to include 1.) persons covered by pre August 1, 1993 policies, and 2.) persons covered under a conversion trust policy where part of the premium is subsidized by the group. C. Wowkanech seconded the motion and the Board unanimously approved.

The Board briefly discussed the issue of whether a husband and wife could purchase individual policies. The Board concurred that due to the present rating structure, a carrier could require individuals to apply for coverage based on family/marital status. The board decided to review this issue in light of information obtained by the Interim Administrator in the future. D. Benbow made the motion to have the Interim Administrator request information from issuing carriers regarding the enrollment of married couples. S. Connor seconded the motion and the Board unanimously approved.

C. McDevitt reported on the need to change the definition of routine foot care to clarify the coverage, based on her conversation with BCBSNJ and Prudential's Medical Directors and the physician who has been involved with the Essential Health Services Commission. The Board directed the Interim Administrator to draft for the Policy Forms Committee, letters indicating that the Board will clarify policy forms as necessary, in due course, to be sent to the interested podiatrists.

D. Benbow made the motion to adjourn the meeting at 1:50 p.m.. S. Connor seconded the motion and the Board unanimously approved.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Eileen L. Gallagher".

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

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting held January 25, 1994

Directors:

C. Wowkanech, D. Marco (alternate for
S. Connor), R. Rondum, L. Moskowitz,
R. Smart, D. Benbow and G. Young.

Deputy Attorney General:

K. O'Leary

Communications Consultant:

P. Wolcott

Other Attendees:

List maintained in records of NJDOI

1. Call to Order

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

2. Approval of Minutes

C. Wowkanech made the motion to approve the minutes from the January 11, 1994 Board meeting as amended. D. Benbow seconded the motion and the Board unanimously approved.

3. Report of the Chairman - C. Wowkanech

A. Report on Executive Director Position

E. Troy stated that he sent the paperwork for the Executive Director to Personnel and the Governor's office for approval on 1/18/94. K. O'Leary was advised that he could start at anytime. The Board recommended that K. O'Leary move to 20 West State Street with the proper guarantees in writing, however it will be left up to him when such move will take place.

B. Other Matters

E. Troy reported that to date \$2,412,745 in assessments have been collected. \$100,000 remains uncollected to date. He also reported that there is \$83,000 available to the IHC account for transfer.

C. Wowkanech stated that he had received correspondence from S. Lavelle of US Healthcare indicating his resignation effective January 25, 1994. S. Lavelle will still participate as a member of the Marketing Committee. US Healthcare has appointed G. Young, Esq. as its designated Board member.

C. Pending Legislation

C. Wowkanech summarized the pending legislation that could potentially have an impact on the Individual and Small Group Health Insurance markets:

- 1.) A-635 Garrett bill amended. This version delays the conversion, ends community rating, allows for plans other than the standard plans, and provides for a reinstatement clause which would permit a group to reinstate prior coverage if they had converted. C. Wowkanech urged the Board members to continue to indicate their opposition to this bill.

L. Moskowitz readdressed the proposed joint Legislative Committee which would be comprised of both IHC and SEH Board members. The Board discussed the joint statement letter that was proposed at the IHC Board meeting on January 11, 1994. C. Wowkanech will work with M. Lopes to establish a viable working arrangement for this matter.

- 2.) S-447 This bill would delay the buy in period to December 31, 1994 and leaves the Small Group Reform intact.

P. Wolcott stated that Governor Whitman is willing to let the reforms continue. The Board discussed the need for a letter to be sent to the Governor by the IHC Board, expressing the need to allow the insurance reform to continue and commenting on the success of the IHC Program thus far.

4. Marketing Committee

Due to S. Lavelle's increased duties for US Healthcare and his resignation from the Board, C. Wowkanech made the motion to have D. Marco become the Chairman of the Marketing Committee. D. Benbow seconded the motion and the Board unanimously approved.

C. Wowkanech then made the motion to have R. Rondum appointed as Vice-Chairperson of the Marketing Committee. R. Smart seconded the motion and the Board unanimously approved. D. Benbow requested that J. Selby from Prudential be added to the Marketing Committee.

P. Wolcott reported that the interpretation on eligibility has been completed for the Buyer's Guide. A draft of the eligibility section has been circulated for comments as well as a memo with R. Rondum's recommended changes. The Buyer's Guide still needs Legal and Technical Review. The Board directed D. Marco to coordinate and incorporate all changes by next week to distribute it prior to the next Board meeting, for final Board acceptance on February 8, 1994.

P. Wolcott distributed a draft of the year-end report and reported that at close of calendar year 1993, 20,730 individuals were covered by standardized individual health benefits plans. L. Moskowitz raised the question of the status of BCBSNJ's exit survey. D. Marco responded that based on preliminary results of the exit survey, 44% percent of BCBSNJ's prior inforce have gone to group coverage. D. Marco will provide a report on the exit survey at the next Board meeting. D. Marco requested that comments be forwarded to either him or P. Wolcott concerning the Year End Report by Thursday, January 27, 1994 at noon. This report will ultimately be distributed to Governor Whitman, the Legislators and, at a later date, to the press. An outstanding component of the year-end report is the financial section, which the Interim Administrator is preparing. S. Kelly suggested that if the net paid loss amount is used in the financial section, it should be clear that the amount only represents 50% of the total losses (i.e. carrier picked up 50%).

C. Wowkanech made the motion to accept the Marketing Committee's Report. D. Marco seconded the motion and the Board unanimously approved.

5. Forms Committee - R. Smart

R. Smart stated that the Forms Committee has been working on the comparison of IHC and SEH benefits, the review should be completed by the Board's next meeting. R. Smart reported that Massachusetts Mutual has submitted a group conversion policy.

C. Wowkanech made the motion to accept the report of the Forms Committee. D. Benbow seconded the motion and the Board unanimously approved.

The Board recessed at 11:00 am and reconvened at 11:20 am.

C. Wowkanech stated that there still is concern in the marketplace about the five health benefits plans. He suggested a joint Board meeting to include brokers and underwriters (from both northern and southern New Jersey) to discuss and provide clarification of the plans. Additionally legislators, staff and the press could be included in this informational session. After discussion about the different audiences, who should be included and how many sessions would be needed, D. Benbow made the motion to charge the Marketing Committee with the task of formulating a strategy on how the Board will pursue the idea of developing information sessions for target audiences. D. Marco seconded the motion and the Board unanimously approved. D. Marco stated that this seminar should not be forum for debate, but merely informational. B. Gada stated that agents and brokers are not well informed on the plans and legal consequences. He concurred that this informational session would be helpful.

K. O'Leary reported that there was a letter from Richard Keavy sent to all state agencies to stop all contracting, including hiring. K. O'Leary will be checking to see if the contracting freeze has been lifted. He also stated that all state entities, regardless of their funding source, are covered by this freeze.

L. Moskowitz reported that the Essential Health Services Commission has obtained approval to hire its Director.

6. Report of Interim Administrator - J. Donnellan

J. Donnellan reported that the Alliance for Affordable Health Care appears to be out of compliance. The matter should be referred to the DOI for a cease and desist order to be issued.

R. Rondum will have fax machine installed in her home for Board use.

J. Donnellan distributed exhibits on Board expenses and the analysis of reimbursable losses. J. Donnellan suggested that the Board release \$80,000 to the carrier with 1992 reimbursable losses. D. Benbow made the motion to release \$80,000 for 1992

reimbursable losses. C. Wowkanech seconded the motion and the Board unanimously approved. The outstanding reimbursement amount is \$170,000 (\$120,000 in uncollected assessments and \$50,000 is held contingently based on disputes). J. Donnellan distributed a listing of all carriers that haven't paid the assessment yet. C. Wowkanech made the motion to accept the report of the Interim Administrator. D. Marco seconded the motion and the Board unanimously approved.

C. Wowkanech turned the meeting over to D. Benbow to assume the Chair position for the remaining portion of the meeting.

7. Report of the TAC - D. Benbow

D. Benbow distributed the TAC recommendation for Rate Filing Completeness (copy filed with these minutes). TAC recommends as complete 1.) Time's revised rate filing for indemnity Plans A-E and new rates for Plans B through E as PPO, however they should be advised that they cannot sell PPO products until the DOI approves their Selective Contracting Network, 2.) Aetna's new rates for plans A and B, 3.) Oxford Health Plan's revised HMO rates, and 4.) The Principal Group's Plans A through E revised rates. D. Benbow made the motion to accept the recommendations of TAC on rate filings. D. Marco seconded the motion and the Board unanimously approved.

D. Benbow then discussed outstanding correspondence. A letter from Genzyme, a third party inquiring on behalf of a subscriber under a pre August 1, 1993 policy was referred to the Department of Insurance. Questions regarding Garden State Health Plan and Liberty Mutual have been forwarded to the Legal Committee for review. TAC will be reviewing Time's underwriting guidelines that have been brought to the Board's attention, as some issues are out of compliance.

D. Benbow reported that the Policy Forms Committee and TAC met with the Optometric Association on Monday, January 24, 1994 to hear testimony regarding the inclusion of vision therapy. The Association claims that vision therapy was covered under pre August 1, 1993 policies and should be the basis to have the benefit included in the standardized policies. Members of the TAC and Policy Forms Committee will research vision therapy with respect to pre- 8/1/93 policies and will provide more information on the vision therapy issue at the next Board meeting.

D. Benbow stated that the meeting between SIP and TAC resulted in a modified proposal. He highlighted three things which impact the IHC Program: 1.) Benefit plans, 2.) Minimum loss ratio, and 3.) reimbursable losses or returns to consumers. D. Benbow noted that the loss ratio issue has been turned back over to SIP. L. Moskowitz noted concerns of the Subsidized Insurance Program with respect to the

Medical Society's proposal regarding the fee schedules. The proposal has not been submitted in writing.

The Board deferred discussion on the issue of groups of one, a question originally raised in a letter from The Travelers, for the Executive Session.

8. Regulations

K. O'Leary stated that the Assessment regulations are part of the Temporary Plan of Operations (TPO), therefore they should be proposed amendments to the TPO. The Assessment regulations will require 20 days for rule making. L. Moskowitz made the motion to accept the Assessment regulations and to forward the regulations to the Commissioner as a proposed amendment to the Temporary Plan of Operation. D. Marco seconded the motion and the motion was carried by a majority vote. G. Young abstained.

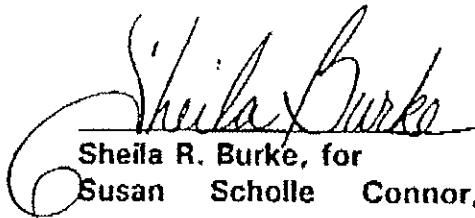
The Board discussed the proposed Performance Standard Regulations. D. Benbow proposed that the Board rely on a certification of standards by the CEO along with the Board's right to audit for the performance standard at the Board's expense. This same principle would be used for the Market Share Exemption and Reimbursable Paid Loss Report. L. Moskowitz stated his concern about the cost of the audit being borne by the Board and ultimately on the industry. The Performance Standards have been drafted to require the carrier to certify that it has conducted its business in a prudent fashion. The Board agreed to modify the language to provide for equitable sharing of the cost of the audit between the Board and the Carrier being audited. Additional changes to the proposed regulations included the removal of language providing for a cap on non-compliance penalties. D. Benbow made the motion to approve the Performance Standard Regulation subject to the indicated changes being made. L. Moskowitz seconded the motion and the Board unanimously approved. The Board directed E. Gallagher to make the necessary changes and to forward the revised regulation to all Board members for final approval by Thursday, January 27, 1994 assuming no objections.

The two outstanding regulations, Audits for Market Share Exemption and Reimbursable Paid Losses are outstanding and will be drafted before the next Board meeting.

D. Marco made the motion to go into executive session at 1:00 p.m. for the purpose of obtaining confidential legal advice. R. Rondum seconded the motion and the Board unanimously approved.

R. Rondum made the motion to adjourn the public meeting at 2:07 pm. D. Benbow seconded the motion and the Board unanimously approved.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheila R. Burke". The signature is written in black ink and is positioned above the printed name.

Sheila R. Burke, for
Susan Scholle Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting held February 8, 1994

Directors:

C. Wowkanech, S. Connor, L.
Moskowitz, R. Smart, D. Benbow and
G. Young.

Deputy Attorney General:

K. O'Leary

Communications Consultant:

P. Wolcott

Other Attendees:

List maintained in records of NJDOI

1. Call to Order

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

2. Approval of Minutes

The Board deferred approval of the minutes from the Board meeting on January 25, 1994 for approval at the next Board meeting.

3. Regulations

D. Benbow distributed copies of the regulations for 1.) Certification of non-member status and, 2.) Certification for market share and net paid losses. He stated that both of these regulations formalize the procedures carriers will use when filing required information. D. Benbow also stated that due to time constraints for 1994 in drafting the regulations, the Board will need to request the Commissioner to change the preliminary assessment time frame from 90 days to 60 days in the Temporary Plan of Operation. D. Benbow noted that the Certification for market share and net paid losses allow for pre August 1, 1993 policies to use estimated numbers (not actual). S. Connor stated that this is consistent with the Board's previous decision to adopt a factor to estimate covered lives, therefore the estimation is not arbitrary.

S. Connor stated that the regulations are merely procedural not substantive in nature. The regulations provide a reporting mechanism for carriers to use to certify required information. The substance of the regulations had previously been approved by the Board. S. Connor also noted that these regulations provide a tight time frame within which the Board must review the information being certified. L. Moskowitz raised the question of whether any change needs to be made to the Temporary Plan of Operation. The Board directed the Legal Committee to make the request to the Commissioner to change the time frame in the proposed regulations. The Board then discussed the need to provide an alternate time frame to allow the Board to request additional information under proposed regulation 11:20-4.

L. Moskowitz moved to adopt the regulations as amended, subject to final review by K. O'Leary. D. Benbow seconded the motion and the Board unanimously approved.

D. Benbow stated that due to conflicting schedules, he was appointing J. Donnellan as his alternate for the remainder of this Board meeting.

3. Report of the Chairman - C. Wowkanech

C. Wowkanech introduced Maria Smyth from the Attorney General's office who will be assisting the Board in the future with legal issues.

C. Wowkanech reported that he met with M. Ferraro, Director of Appointments, and P. Wolcott to discuss the Executive Director position, the "absence" of public members and the Public Relations Director. She reviewed the situation and hoped to have a response from the Governor's Office by the end of the week.

A. Pending Legislation

C. Wowkanech reported on A-635 (Garrett Bill). B. Megna representing Mass. Casualty recommended an amendment which would allow small employers to

reinstate their prior coverage (before the forced conversion) if the bill is passed. C. Wowkanech urged the Board members to maintain their support of the IHC Program.

C. Wowkanech distributed a letter with accompanying year end report which had been sent to Gov. Whitman (copy filed with these minutes). Thus far, New Jersey has implemented a successful reform program based on IHC Program statistics to date.

C. Wowkanech reported on S-447 (Sinagra Bill). This bill delays the implementation of the Small Group Reform until December 31, 1994.

Due to inclement weather, C. Wowkanech suggested the Board confine its discussion to essential items and postpone further matters to the next meeting.

4. Marketing Committee - D. Marco

D. Marco stated that the Marketing Committee met last week to review and incorporate final comments in the Buyer's Guide. L. Moskowitz questioned the distribution channels for the Buyer's Guide. **C. Wowkanech made the motion to accept the Buyer's Guide as amended, and to charge the Marketing Committee with implementing the printing and distribution of the Buyer's Guide. J. Donnellan seconded the motion and the Board unanimously approved.**

D. Marco stated that the Marketing Committee is drafting regulations on good faith marketing requirements. The Board directed him to distribute the drafts to both the TAC and Legal Committees.

C. Wowkanech reported that invoices had been received from P. Wolcott for his services in November, December, and January in the total amount of \$12,000. **C. Wowkanech made the motion to treat these expenses as part of the expense of preparing the Buyer's Guide. S. Connor seconded the motion and the Board unanimously approved.**

C. Wowkanech stated that the IHC Board needs to coordinate a public forum to provide information on the IHC Program Benefit plans. The Marketing Committee was directed to prepare for the next Board meeting a public relations plan for the Board including plans for editorial boards, cable programs and consumer awareness programs.

C. Wowkanech made a motion to approve the Marketing Committee Report. L. Moskowitz seconded the motion and the Board unanimously approved.

5. Report of Interim Administrator - J. Donnellan

J. Donnellan reported that \$2,448,055.63 has been received in assessments. J. Donnellan made the motion to release \$45,000 for 1992 reimbursable losses. L. Moskowitz seconded the motion and the Board unanimously approved. J. Donnellan stated that \$125,000 is still owed to the carrier for 1992 reimbursable losses.

J. Donnellan made the motion to pay the following bills on behalf of the IHC Board: 1.) Wolcott-Thomas bill for Buyer's Guide preparation, 2.) invoice for fax machine, and 3.) bill for notice published in Courier Post for same or similar announcement. C. Wowkanech seconded the motion and the Board unanimously approved.

6. Policy Forms Report - R. Smart


R. Smart made the motion to approve BCBSNJ's alternate policy forms for Plan A and B and an alternate application as substantially in compliance. J. Donnellan seconded the motion and the Board unanimously approved. Copies of the alternate forms were given to the Secretary and Interim Administrator for the official records.

R. Smart distributed a comparison of the SEH and IHC benefit designs prepared by the Forms Committee. The Board deferred discussion on the comparison until the next Board meeting.

7. Adjournment

G. Young made the motion to adjourn the public meeting at 11:40 and to convene immediately in Executive Session for the purpose of obtaining confidential legal advice. C. Wowkanech seconded the motion and the Board unanimously approved.

Respectfully submitted,


Eileen L. Gallagher, for
Susan Scholle Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting held February 22, 1994

Directors:	L. Moskowitz, R. Smart, D. Benbow R. Rondum and G. Young.
Deputy Attorney General:	K. O'Leary
Communications Consultant:	P. Wolcott
Other Attendees:	List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by D. Benbow at 9:40 a.m. Roll call was taken by E. Gallagher. C. Wowkanech, S. Connor, F. Chavana, and L. Giannotta were not present. E. Gallagher delivered a statement that the meeting was properly noticed in compliance with the Open Public Meetings Act and noted a quorum was present.

2. Approval of Minutes

L. Moskowitz made the motion to approve the minutes for the January 25, 1994 as amended. R. Smart seconded the motion and the Board unanimously approved.

L. Moskowitz made the motion to approve the minutes for the February 8, 1994 as amended. R. Smart seconded the motion and the Board unanimously approved.

3. Report of the Chairman - D. Benbow

A. Pending Legislation

D. Benbow reported on Small Group legislation (Garrett bill), noting significant changes including: the requirement of carriers to maintain pre January 1, 1994 policies, delay of mandatory conversion for two years, allowing carriers to offer other plans, and providing that MEWAs are liable for assessments. D. Benbow stated that carriers will be unable to file rates until regulations can be promulgated.

B. Joint Legislative Committee

D. Benbow reported that the IHC and SEH Joint Legislative Committee met last week. He reported that discussion occurred regarding National Health Care and the implication on the programs. D. Benbow suggested that New Jersey Representatives need to be "educated" regarding the IHC Program. G. Young suggested that the Board send the "Year-end Report" to NJ Congressmen and Senators. The Board agreed to send the report also to the New Jersey Governor's office in Washington D.C. to provide more information on the program, as well as to the NJ Congressmen and Senators.

The Committee also discussed the pending small group legislation and its potential effects on both programs. D. Benbow suggested that the Board members review the current legislation for potential impact on the IHC program.

The need for technical amendments to the current legislation was also discussed. D. Benbow reported that the IHC TAC Committee and the SEH Regulation Drafting Committee will be meeting on March 10th to discuss the issue of one - life groups. D. Benbow also stated that there is a need to have language that will carve out past and future mandates. The group is also drafting language to allow carriers to take credits for assessment dollars paid for administrative expenses, since premium tax is already applied.

C. Pre-existing Conditions

E. Gallagher raised the issue regarding the application of credit for pre-existing conditions. Two issues involved included, whether policies issued only in the United States should receive credit and whether the type of policy would effect whether credit is given. After much discussion, the Board directed K. O'Leary to review this position: Pre-existing credit will be given to policies issued in the United States which are consistent with the types of policies permitted to be issued in New Jersey (meaning no credit for specific disease policies since these policies are not recognized by the NJ Department of Insurance.)

4. Marketing Committee - D. Marco

P. Wolcott reported that the Buyer's Guide has been completed. Currently, price quotes are being obtained. The Marketing Committee is working on the Good Faith Marketing Requirement regulations. D. Benbow stated that he will speak with C. Wowkanech regarding the Annual Report.

R. Smart questioned the listing of carriers included in the Buyer's guide and the insertion of rate pages. P. Wolcott stated that the rate sheets would be a separate insert for the Buyer's Guide and continually updated. L. Moskowitz stated that he believed that a carrier should not be listed until final approval of rates and policies. D. Benbow commented that the Board does not approve but merely recommends as "complete" or "substantially in compliance". R. Rondum expressed her concern that additional language be added to the listing of carriers in the Buyer's guide and the rate pages to indicate for Consumers that a carrier may or may not have completed all of the prescribed procedures. The Board discussed adding a comment column to indicate status of review by the Board. R. Smart stated that an additional notation should be added to indicate those carriers that have not filed with the DOI regarding their selective contracting networks. D. Benbow stated that a carrier has the right to file and use until the filing is deemed incomplete and then the carriers must cease using the rates immediately. **The Board directed the DAG to draft language to be included in the rate insert that will adequately inform the consumer regarding the status of the carriers filings.**

5. Report of Interim Administrator - J. Donnellan

J. Donnellan recommended that \$16,000 be paid for 1992 reimbursable net paid losses. He also stated that three bills for public notices have been received: 1.) Star Ledger, \$52.50, 2.) Trenton Times, \$40.67, and 3.) The Courier Post, \$48.14. L. Moskowitz made the motion to issue a check to BCBSNJ for \$16,000. R. Smart seconded the motion and the Board unanimously approved.

R. Smart made the motion to approve payment of all three public notice bills. L. Moskowitz seconded the motion and the Board unanimously approved.

R. Rondum made the motion to accept the report of the Interim Administrator. R. Smart seconded the motion and the Board unanimously approved.

6. TAC Report - D. Benbow

D. Benbow distributed a copy of the TAC report that recommended for acceptance 1.) BCBSNJ's revised rates for Husband/Wife and monthly rates for all plans, and 2.) The Mutual Group (Plans A - E, Indemnity and PPO) (copy filed with these minutes). D. Benbow requested the Board to consider the issue of whether a minimum benefit

in a managed care plan would be necessary. He stated that the SEH Board is considering adopting a limit of 60%.

D. Benbow raised the issue of what charges should be applied where the PHCS profile doesn't have all reasonable and customary charges listed. L. Moskowitz suggested that the PIP program has already addressed this issue and should be reviewed to provide guidance. L. Moskowitz stated that he would compile information from DOI and forward to the TAC. D. Benbow stated that the TAC and Legal Committee will work together with claims personnel from various carriers to resolve this issue.

R. Smart made the motion to accept the TAC report, including the recommendations of completeness for the BCBSNJ rate filing and the Mutual Group rate filing. R. Rondum seconded the motion and the Board unanimously approved.

The Board recessed at 11:30 am and reconvened at 11:42 am.

7. Policy Forms Report - R. Smart

R. Smart distributed the Filing Report (copy filed with these minutes). D. Benbow requested the DOI to provide a list of carriers who have filed for selective contracting networks. R. Smart stated that she contacts M. Malloy of the DOI to confirm whether a carrier has complied with the selective contracting networks filing requirements. R. Smart noted that Bankers Life has not filed a certification of substantial compliance. D. Benbow stated that there is a question regarding Bankers Life's rate filing as well. R. Smart stated that Mass Mutual has filed conversion plans. L. Moskowitz stated that if a plan is not subsidized, it must be open enrolled. D. Benbow expressed the need for regulation language to define "subsidy". According to D. Benbow, TAC will work with B. Vehec to draft language to define "subsidy". L. Moskowitz questioned the policy form filing for Principal Financial since three forms were filed for each plan, one for individuals, one for associations and one for conversions. L. Moskowitz reconfirmed that the only associations that can buy individual policies are those which have been given discretionary authority by the DOI. He suggested that the Forms Committee draft a letter to the company to advise the carrier of the requirement that they only submit one plan.

R. Smart reported that an inquiry was received regarding the offering of a prescription drug rider. The Forms Committee recommends that the request be denied since this type of rider is not permitted at this time.

The Board deferred review of the Forms Committee summary of IHC and SEH benefit designs until the TAC has had an opportunity to review for possible rating implications. L. Moskowitz also suggested that a copy of the summary be sent to

M. Lopes and E. Crandall to determine whether the SEH Board is reconsidering any benefit designs.

R. Smart reported that the Forms Committee recommends that vision therapy be deleted as an exclusion from the standard policy forms upon redraft (copy of recommendation filed with these minutes). She recognized that this benefit change would require a public hearing, but felt that the issue would be appropriately be addressed upon review and revision of the policy forms by the IHC Board. This benefit would still be constrained by the requirement of medical necessity.

L. Moskowitz made the motion to accept the report of the Forms Committee. G. Young seconded the motion and the Board unanimously approved.

8. New Business

R. Rondum reported on the status of the "Refusal of Treatment" provision of the standard HMO policy. She explained that she had attempted to meet with the HMO Association along with several colleagues to discuss this issue. R. Rondum explained that she had intended to provide information to the HMO Association regarding this issue. Unfortunately due to weather and scheduling delays this meeting has not occurred. The HMO Association recommended that she (and the colleagues) draft specific language to be reviewed. R. Rondum informed that Board that the specific language will be prepared and forwarded to the IHC Board. She also expressed the urgency of the change in language to coincide with the redraft of the standard policy forms by the Board.

R. Smart questioned the status of the Executive Director position. K. O'Leary stated that no change has occurred. D. Benbow stated that The Prudential will be drafting a letter to be addressed to the Governor to note that at least one comment has been received questioning the apparent conflict of interest of having Prudential serve as the Interim Administrator.

9. Legal Committee Report

K. O'Leary reported that no comments have been received regarding the regulation for Performance Standards. **L. Moskowitz made the motion to adopt the Performance Standards Regulation. G. Young seconded the motion and the Board unanimously approved.**

K. O'Leary distributed copies of the HIP/Rutgers Order 94-2 which denies a hearing since no issues of fact exist. K. O'Leary stated that HIP/Rutger's position is that the application for exemption should be done after the Board is aware of losses for the year. Therefore, according to HIP/Rutger's position, in 1994, the Board should wait and see if the carrier met its 1993 market share to get exemption for 1992 losses.

K. O'Leary further explained that this position is contrary to the Board's view of the exemption issue. L. Moskowitz questioned whether this order would address other assessment years (meaning 1993 and beyond). K. O'Leary responded that the order is a statement of the Board's interpretation of the statute and would apply for all assessment years, 1993 and beyond. The Board deferred final approval of the order until the next meeting, to provide the Legal Committee an opportunity to review the language as well as all Board members.

K. O'Leary distributed the Order for Massachussets Casualty. He stated that this request for hearing was based on a lack of filing a timely Exhibit K. The Order denied the request for hearing. He noted that the Board cannot waive its own regulations. L. Moskowitz made the motion to approve for release the Massachussets Casualty Order. R. Smart seconded the motion and the Board unanimously approved.

9. Adjournment

G. Young made the motion to adjourn the public meeting at 12:50 and to convene immediately in Executive Session for the purpose of obtaining confidential legal advice. R. Smarty seconded the motion and the Board unanimously approved.

Respectfully submitted,



Eileen L. Gallagher, for
Susan Scholle Connor, Secretary

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health
Coverage ("IHC") Program Board
Meeting held March 8, 1994

Directors:

C. Wowkanech, D. Marco, L.
Moskowitz, R. Smart, D. Benbow
R. Rondum and G. Young.

Deputy Attorney General:

K. O'Leary

Communications Consultant:

P. Wolcott

Other Attendees:

List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:34 a.m. Roll call was taken by E. Gallagher. F. Chavana, and L. Giannotta were not present. D. Marco arrived shortly after roll call was taken. E. Gallagher delivered a statement that the meeting was properly noticed in compliance with the Open Public Meetings Act and noted a quorum was present.

2. Approval of Minutes

L. Moskowitz made the motion to approve the minutes for the February 22, 1994 as amended. C. Wowkanech seconded the motion and the Board unanimously approved.

3. Report of the Chairman - C. Wowkanech

C. Wowkanech read a letter (copy filed with these minutes) which appointed D. Marco as the official representative from BCBSNJ with S. Connor to serve as the alternate. L. Moskowitz raised the question of whether a non-director can hold the Chairperson position of a Board Committee. K. O'Leary was directed to review the legality of this and report to the Board at its next meeting.

C. Wowkanech requested the Board members to direct suggestions for nominees for the public director positions on the Board to him within the next two weeks.

C. Wowkanech stated that a letter of gratitude was received from Representative J. Suliga from the 20th District in response to receiving the IHC Year-End Report.

A. Pending Legislation

H. Meisner reported on Small Group legislation (Sinagra bill). He reported on the legislative history of this bill thus far. He stated that the Sinagra version contains language that will disturb the small group market and will potentially impact the IHC Program. Specifically, he referred to language in the bill that permitted the filing of five riders by the carriers which are "file and use" and that the riders are community rated while the underlying plan would not be. C. Wowkanech and D. Benbow expressed the need to send a formal message to the members of the Assembly and Senate, as well as to the Governor, to identify the negative impact on the IHC Program. D. Benbow made the motion to authorize C. Wowkanech to work with H. Meisner and D. Florio of the HMO Association to draft a letter to the Governor and Senator Sinagra identifying the IHC Board's position with respect to the Small Employer legislation. C. Wowkanech seconded the motion. The motion was carried by a majority vote. G. Young abstained. L. Moskowitz stated that he will attempt to get the support of both Commissioners to reinforce the IHC Board's position.

H. Meisner reported on the bill that would permit hospitals to have prior year reconciliation for years 1990, 1991 and 1992 which total approximately \$1 billion. He provided the background for this bill and identified that the hospitals seek to collect these funds from insurers and self-funded groups ("everyone except Medicare"). The bill also prevents insurers from collecting funds through increased rates or to pass on the expense to customers.

H. Meisner reported on the Any Willing Provider legislation (A-703). The Board discussed this bill in light of the national move toward managed health care. L. Moskowitz noted that the publicity for this bill focused on permitting more doctors to participate with the carriers to provide health care. H. Meisner stated that the consumer's choice is actually enhanced by incorporating managed health care. The Board suggested that a meeting be set up with

the sponsoring parties to identify concerns with undoing managed health care via legislation. C. Wowkanech, D. Marco and H. Meisner will arrange a meeting.

4. Marketing Committee - D. Marco

D. Marco reported that minor corrections have been received regarding the Buyer's Guide text from P. Wolcott and K. O'Leary. K. O'Leary submitted language to be added to the rate insert pages that would indicate that the carrier listing includes those carriers who have completed the requirements of the law to be selling standardized individual health policies. Additionally, language will be added to the Eligibility section that indicates that Medicaid eligible persons should be aware that the eligibility requirements will be changing in the future.

D. Marco reported that he has been working with sources to obtain price quotes for printing. Additional quotes will be sought to reduce the cost of printing. R. Rondum requested that she be included in any meetings of the Marketing Committee. D. Marco stated that the Marketing Committee will meet on Monday or Tuesday of the following week to draft an RFP for the printing of the Buyer's Guide. D. Benbow suggested that bids be requested for Friday, March 18, 1994. C. Wowkanech stated that a letter should be drafted to the Department of Insurance regarding the need for the Buyer's Guide and a request for assistance in expediting the process.

P. Wolcott stated that the current distribution plan for the Buyer's Guide includes an ad campaign which will re-publish the 1-800 number.

D. Marco stated that the Marketing Committee is working on "Good faith marketing" regulations. TAC will assist in reviewing the regulations. D. Benbow noted the importance of these regulations since they will be used to determine whether a carrier will pay an assessment.

D. Marco noted that the IHC Board needs to establish a communications plan to coordinate health fairs to educate both consumer and the broker communities.

C. Wowkanech made the motion to accept the report of the Marketing Committee. D. Benbow seconded the motion and the Board unanimously approved.

5. Report of Interim Administrator - J. Donnellan

J. Donnellan distributed an estimate of current costs (copy filed with these minutes). He also distributed a list of outstanding assessment balances due to the IHC Program. After a brief discussion regarding the outstanding assessments, L. Moskowitz made the motion to have the Attorney General's office review the IHC Board's collection procedures to determine what formal action can be taken against the delinquent carriers. D. Benbow seconded the motion and the Board unanimously approved.

R. Smart questioned the status of the Executive Director position. K. O'Leary stated that the hiring notice has been signed by the Commissioner and is to be reviewed by the Governor on Thursday, March 10, 1994.

Based on J. Donnellan's report, D. Benbow made the motion to have the IHC Board approve the following payments: 1.) \$4,000 to P. Wolcott for February services, 2.) \$17,000 to be paid to BCBSNJ for 1992 reimbursable losses, 3.) \$4.23 to purchase a two line phone adaptor for the fax machine for the public member, and 4.) \$92.00 for the notice in the Courier Post for the Loss Certification requirement regulations. C. Wowkanech seconded the motion and the Board unanimously approved.

After some discussion, D. Benbow made the motion to permit reimbursement of expenses incurred by Board members in relation the IHC Board Committee work prior to the installation of the Executive Director. D. Marco seconded the motion and the Board unanimously approved. The Board determined that Committee expenses for conferene calls will be charged to the Executive Director's line once his offices are established.

D. Benbow made the motion to have direct payment of these expenses made to the remitting carriers. D. Marco seconded the motion and the Board unanimously approved.

J. Donnellan reported that the bill for legal services from the AG's office for the second fiscal quarter totaled \$27,833. The Board directed S. Connor, Chairperson of the Legal Committee to review the bill and report to the Board at the next meeting.

D. Benbow made the motion to accept the report of the Interim Administrator. C. Wowkanech seconded the motion and the Board unanimously approved.

6. TAC Report - D. Benbow

D. Benbow distributed a copy of the TAC report that recommended for acceptance 1.) AETNA's filing for Plans C and D, 2.) Greater Atlantic's revision of previously filed rates, and 3.) Principal's filing of new monthly adjustment factors. (copy filed with these minutes). L. Moskowitz questioned whether the revision of rates and use of new adjustment factors were in compliance with the requirement of community rating. L. Moskowitz requested that TAC meet with the DOI to further discuss this issue.

D. Benbow made the motion to accept the TAC report, including the recommendations of completeness for the AETNA, Greater Atlantic, and Principal rate filings. G. Young seconded the motion and the Board unanimously approved.

The Board recessed at 11:30 am and reconvened at 11:40 am.

7. Forms Committee Report - R. Smart

R. Smart reported that she advised Time that no riders for prescription benefits are available at this time in accordance with the Board's direction from the last Board meeting.

R. Smart distributed the Filing Report (copy filed with these minutes). R. Smart made the motion to accept AETNA's certification of use of the standard Plans A - D, as well as acceptance of Banker's Life certification of use of the standard plans and standard application. L. Moskowitz seconded the motion and the Board unanimously approved.

R. Smart reported that forms have been received from the Mutual Group, but have not been reviewed. L. Moskowitz noted that based on the Forms Filing Report, there are currently 21 carriers in the individual market.

D. Benbow made the motion to accept the report of the Forms Committee. G. Young seconded the motion and the Board unanimously approved.

C. Wowkanech made the motion to enter Executive Session for the purpose of obtaining confidential legal advice. D. Benbow seconded the motion and the Board unanimously approved.

8. New Business

H. Meisner distributed a draft of a letter to be sent on behalf of the IHC Board to the Governor identifying the Board's position with respect to the small group legislation currently being proposed. The letter requested 1.) deletion of the language "variant of benefits offered in the five plans or a combination thereof" and to add language that would allow riders to be permitted only if it increased the standard benefits or reduced deductibles or copays, 2.) requirement that the riders be filed for approval and not be community rated, and 3.) permitting riders where needed but not requiring a specified number. The letter will be signed by C. Wowkanech and delivered to the Governor's office on Tuesday, March 8, 1994.

9. Legal Committee Report

D. Benbow made the motion based on legal advice that Fraternal Benefit Societies that were assessed in error be so notified and any assessments paid to the IHC Program be refunded to them. R. Smart seconded the motion and the Board unanimously approved.

The Board briefly discussed the HIP/Rutgers Order that denies their appeal for a hearing regarding their assessment dispute. **D. Benbow made the motion to approve the HIP/Rutgers Order to be sent immediately. R. Smart seconded the motion and the Board unanimously approved.**

K. O'Leary reported on comments received regarding the Certification and Audit Requirements for Carrier Reports of Reimbursable Losses and Covered Non-group Persons including 1.) rejection of a request to permit the Commissioner to review denial of appeal, 2.) inclusion of modified rating factors to account for pre-August 1, 1993 policies sold by BCBSNJ which did not have a husband/wife category. The Board discussed the modified rating factors. D. Benbow stated that TAC reviewed the factors and found them to be acceptable. L. Moskowitz clarified that these modified factors would only apply to the pre-August 1, 1993 policies. The Board directed K. O'Leary to submit this change as a non-substantive change to the OAL. C. Wowkanech made the motion to approve the regulation as amended. D. Benbow seconded the motion. The motion was carried by a majority vote. G. Young abstained.

K. O'Leary reported that Garden State is not subject to the IHC Program as long as it is operating within the scope of its license (meaning offering hospital only contracts). D. Benbow stated that to the extent that this entity joins with another carrier to offer a wraparound product, this full product will be subject to the IHC Program. In response to a question raised by L. Moskowitz, K. O'Leary stated that Garden State would not be subject to the assessments.

E. Gallagher stated that J. Donnellan is reviewing the Colonial Penn assessment issue. It appears this group was assessed twice.

K. O'Leary reported that the Legal Committee discussed a question whether foreign travel plans are approved by the IHC Board. He recommends that this issue be forwarded to the DOI since the IHC Board does not have the authority to approve anything other than the standard health benefits plans.

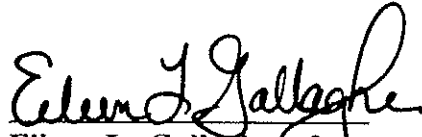
D. Marco made the motion to accept the report of the Legal Committee. R. Smart seconded the motion and the Board unanimously approved.

D. Benbow made the motion to have D. Marco serve as the third signatory for the IHC Bank account, to replace S. Connor. G. Young seconded the motion and the Board unanimously approved.

9. Adjournment

D. Benbow made the motion to adjourn the public meeting at 1:00pm. D. Marco seconded the motion and the Board unanimously approved.

Respectfully submitted,



Eileen L. Gallagher, for
Susan Scholle Connor, Secretary

File IHC
Minutes

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health Coverage ("IHC") Program Board Annual Meeting held March 22, 1994

Directors:

C. Wowkanech, L. Moskowitz,
R. Smart, D. Benbow, R. Rondum,
D. Cieslik and G. Young.

Deputy Attorney General:

K. O'Leary

Communications Consultant:

P. Wolcott

Other Attendees:

List maintained in records of NJDOI

1. Call to Order

The meeting was called to order by C. Wowkanech at 9:45 a.m. Roll call was taken by E. Gallagher. F. Chavana, and L. Giannotta were not present. E. Gallagher delivered a statement that the meeting was properly noticed in compliance with the Open Public Meetings Act and noted a quorum was present.

2. Approval of Minutes

D. Benbow made the motion to approve the minutes for the March 8, 1994 meeting as amended. L. Moskowitz seconded the motion and the Board unanimously approved.

3. Report of the Chairman - C. Wowkanech

C. Wowkanech read a letter (copy filed with these minutes) which appointed D. Cieslik as the representative from BCBSNJ for the March 22, 1994 Board meeting.

A. Pending Legislation

C. Wowkanech reported on the meeting with L. Purola to discuss the concerns with the Sinagra bill. C. Wowkanech stated that she appeared to be in agreement with the IHC Board's position. H. Meisner confirmed that the SEH Board met last week and identified areas of concern with the current draft of pending legislation.

B. Executive Director

C. Wowkanech stated that K. O'Leary's position as Executive Director will be effective March 28, 1994. He will be temporarily located in the Department of Insurance Building until he can obtain suitable office space. R. Rondum commended K. O'Leary for his dedication and hard work with the IHC Board.

4. Marketing Committee - R. Rondum

R. Rondum reported that the Buyer's Guide is ready to be printed, all of the minor changes have been approved by the Marketing Committee. D. Marco will finalize the details of obtaining a suitable printer. M. Smyth advised that if an approved government printer is selected the process will be much easier, otherwise an RFP will be necessary. The Board directed the Marketing Committee to finalize the printing details of the Buyer's Guide including the selection of a cover.

D. Benbow reported on the Good Faith Marketing Regulations. He stated that the Marketing Committee had drafted regulations that established quantifiable measures of a carrier's marketing activities if they did not achieve at least 50% of their required enrollment share. The proposed standard would be that a carrier's minimum marketing expenses equal the average annual individual premium charged for the carrier's standard health benefits plans, multiplied by x% (to be determined by the Board), multiplied by the minimum number of non-group persons. This draft was then reviewed by the TAC. D. Benbow stated that TAC's review resulted in an alternative proposal for the good faith marketing requirements. TAC's recommendation is a two part proposal. First, for 1993 the IHC Board would require that carriers who request exemption must submit a statement of expenses and procedures used in their marketing efforts. These materials would be reviewed in May by both the TAC and Marketing Committee. Based on the information received, 1994 marketing standards will be drafted using the preliminary 1993 information as a basis. G. Young questioned the need for

quantifiable numbers to measure marketing efforts. K. O'Leary stated that the more objective the standard the stronger the Board's legal position in defending the regulation. The Board directed K. O'Leary to draft a regulation requesting carriers to submit a statement of expenses and procedures for marketing efforts from those carriers seeking an exemption. R. Rondum raised the concern over carriers who are asking seemingly impermissible questions to prospective customers. D. Benbow noted R. Rondum's concern was an issue of marketing compliance and not related to the "good faith marketing" requirements.

C. Wowkanech made the motion to accept the report of the Marketing Committee. P. Carmody seconded the motion and the Board unanimously approved.

5. Report of Interim Administrator - J. Donnellan

C. Wowkanech stated that a letter was received from the Wharton Group identifying carriers in non-compliance with the law. J. Donnellan stated that these carriers have already been referred to B. Waugh of the DOI for action. R. Rondum questioned whether the DOI ever issued a notice to consumers regarding policies which may not be in compliance with the reform law. P. Wolcott stated that a general statement was sent for use in the DOI newsletter.

J. Donnellan distributed a letter identifying entities which should have assessment monies refunded. The entities were assessed in error. **C. Wowkanech made the motion to issue checks for the refund of assessments billed in error. D. Benbow seconded the motion and the Board unanimously approved.**

J. Donnellan distributed the unpaid assessment report noting that \$78,259 remains unpaid for 1992 reimbursable losses. J. Donnellan stated that he expects at least \$37,609 to be collected in the near future. He recommends that for those carriers that do not pay their delinquent assessments by the next Board meeting, that the DAG draft a letter to be sent to the carriers, and to turn the matter over to the DOI for enforcement.

J. Donnellan identified a carrier who overpaid its assessment. **D. Benbow made the motion to authorize the refund of \$36,070.43 to AETNA for erroneous excess payment. C. Wowkanech seconded the motion and the Board unanimously approved.**

C. Wowkanech made the motion to authorize the payment of bills for 1.) Legal expense of \$32,569 for the second fiscal quarter; 2.) Courier Post notice for \$96.50; and 3.) Star Ledger notice for \$58.50. P. Carmody seconded the motion and the Board unanimously approved.

L. Moskowitz questioned how the set-up expenses for the Executive Director will be handled. J. Donnellan stated that the Board will reimburse the Treasury or Ed Troy for K. O'Leary's salary. D. Benbow made the motion to add K. O'Leary as signatory to the IHC bank account effective March 28, 1994. L. Moskowitz seconded the motion and the Board unanimously approved.

6. TAC Report - D. Benbow

D. Benbow made the motion for the Board to 1.) deem as complete HIP/Rutgers revised rate filing; and 2.) deem as incomplete the filing by Manhattan National Life since the products are not community rated. L. Moskowitz seconded the motion and the Board unanimously approved.

D. Benbow reported that the TAC is still reviewing the comparison of IHC and SEH benefit designs for financial implications.

7. Forms Committee Report - R. Smart

R. Rondum expressed the need for input from the consumer perspective in developing policies. R. Rondum made the motion that the Board in accordance with the Temporary Plan of Operation determine that it is in the public's interest to authorize the use of the counsel and advice of a medical ethicist, and recommends that the Legal Committee meet with Robert Olick for further discussion of such professional services; and that the Legal Committee report to the Board its recommendations on issues in a timely manner. D. Benbow seconded the motion and the Board unanimously approved.

P. Carmody distributed a copy of the Forms Committee Report (copy filed with these minutes). He also distributed a letter which named R. Smart the official representative from Mutual of Omaha. P. Carmody will serve as the alternate.

L. Moskowitz questioned the filing for Massachusetts Mutual. D. Benbow stated that the IHC Board needs to define "subsidy" to identify conversion plans.

P. Carmody made the motion to recommend for approval 1.) BCBSNJ's alternate HMO as substantially in compliance; and 2.) Manhattan National Life Insurance Company's certification for use of the five standard plans. C. Wowkanech seconded the motion and the Board unanimously approved.

P. Carmody stated that the Forms Committee in its review of marketing materials has noted that some carrier marketing materials do not list all exclusions but contain references to the policy forms. The Board discussed the need for marketing compliance regulations. The Board deferred further discussion until the

Marketing Committee has had the opportunity to review the NAIC guidelines and the DOI guidelines with respect to health insurance marketing materials.

- D. Benbow made the motion to accept the report of the Forms Committee.
- C. Wowkanech seconded the motion and the Board unanimously approved.

8. New Business

A. Election of Officers

C. Wowkanech renewed his request for suggested names for appointment to the two vacant public member seats on the Board, noting one is required to be of New Jersey Business and the other a consumer. P. Carmody made the motion to nominate C. Wowkanech as the IHC Board Program Chairman, D. Benbow as Vice-Chairman and D. Marco as Secretary. G. Young seconded the motion and the Board unanimously approved.

B. Schedule of Regular Board Meetings

D. Benbow made the motion to maintain the current schedule of Board meetings on every other Tuesday through June 14, 1994. C. Wowkanech seconded the motion and the Board unanimously approved.

C. Committee Members

K. O'Leary reported that there is no legal impediment for a non-director holding a chairperson position for a Board Committee. L. Moskowitz stated that it would be desirable to have the chairperson be either a director or an alternate. M. Smyth stated that she would make herself available for all Committee meetings to which she is invited.

The Board maintained the Committee rosters with slight modifications, most notably the disbandment of the Regulation Drafting Committee since the functions had been assumed by other committees. Additionally the Operations Committee was reconstituted with C. Wowkanech as Chairman with D. Benbow and L. Moskowitz as members. A list of Committees is filed with these minutes.

D. Ratify 1994 Budget

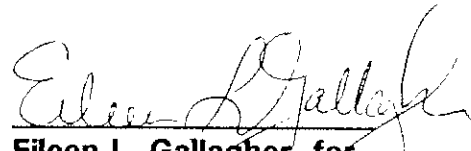
J. Donnellan distributed a copy of the 1994 budget (copy filed with these minutes). D. Benbow made the motion to accept the 1994 budget as proposed. G. Young seconded the motion and the Board unanimously approved.

D. Benbow made the motion to have the Board convene in Executive Session for the purpose of obtaining confidential legal advice at 12:25 pm. C. Wowkanech seconded the motion and the Board unanimously approved.

9. Adjournment

**D. Benbow made the motion to adjourn the public meeting at 1:00 pm.
P. Carmody seconded the motion and the Board unanimously approved.**

Respectfully submitted,



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

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health Coverage ("IHC")
Program Board Annual Meeting held April 5, 1994

Directors: C. Wowkanech, L. Moskowitz, R. Smart, D. Benbow, R. Rondum, D. Marco and G. Young.

Deputy Attorney General: M. Smyth

Communications Consultant: P. Wolcott

Executive Director: K. O'Leary

Other Attendees: List maintained in records of NJDOI

1. Call to Order

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

2. Approval of Minutes

L. Moskowitz made the motion to approve the minutes for the March 22, 1994 meeting as amended. D. Benbow seconded the motion and the Board unanimously approved.

3. Report of the Chairman - C. Wowkanech

A. Pending Legislation

H. Meisner reported on A-635. He stated that a letter was sent on behalf of the IHC Board to the Governor's office. Additionally, he reported that the SEH Board met to discuss the proposed legislation. He stated that at this time, it is unclear as to whether the Governor needs to sign the Conditional Veto since it has passed both Houses. C. Wowkanech thanked all of those who contributed their efforts in commenting on the legislation.

C. Wowkanech distributed an article that questioned the effectiveness of the "1-800" number (copy filed with these minutes). J. Donnellan will check on the "1-800" operation and efficiency.

B. Executive Director

K. O'Leary stated that he is temporarily located on the 10th floor of the DOI. He currently is looking for permanent office space, collecting resumes and interviewing candidates for the two assistant positions and investigating computer equipment needs for the office. K. O'Leary requested the Board's assistance in the hiring of his two assistants. L. Moskowitz suggested a panel of two members from each of the IHC and SEH Boards as well as K. O'Leary to conduct second interviews with the prospective candidates. C. Wowkanech agreed and commented that a central location should be selected. K. O'Leary will provide a transition schedule to phase out the Interim Administrator position once he has finalized his office space and the hiring of assistants.

4. Marketing Committee - D. Marco

E. Troy reported on the printing of the Buyer's Guide. He stated that two bids from government contractors have been received. His recommendation is to use Trenton Printing which agreed to print 300,000 copies for \$24,000. R. Rondum questioned the time frame for completion of the printing. E. Troy will obtain that information and fax the schedule to D. Marco. P. Wolcott questioned whether the initial run would be limited to handle the transition from the Interim Administrator to the Executive Director. The Board discussed this transition policy. P. Wolcott suggested that the initial version should have only the Board's name and then when permanent offices are obtained, to include that information as well.

L. Moskowitz made the motion to authorize the payment of up to \$31,000 at the discretion of the Marketing Committee to print the Buyer's Guide. R. Rondum seconded the motion and the Board unanimously approved.

D. Benbow stated that the Good Faith Marketing regulations were to be drafted by K. O'Leary. K. O'Leary requested guidance from the Marketing Committee in drafting the regulations to require carriers to report what marketing activities they engaged in during 1993. D. Marco suggested that a joint meeting of the

Marketing Committee and TAC would be useful in finalizing a draft of the 1993 regulations for good faith marketing requirements.

5. Report of Interim Administrator - J. Donnellan

Based on the report of J. Donnellan, L. Moskowitz made the motion to pay the following bills: 1.) Wolcott-Thomas for month of March, \$4,000; 2.) Courier Post, \$31.11 (notice for non-member certification regulation); 3.) NY Times, \$490.56 (ad for the Exec. Dir. assistant positions); 4.) Star Ledger, \$660.32 (ad for the Exec. Dir. assistant positions); and 5.) travel expense for R. Rondum, \$22.50. The two ads for the assistant to the Executive Director will be paid by the IHC Board with reimbursement due from the SEH Board for one-half the cost. R. Smart seconded the motion and the Board unanimously approved.

D. Benbow made the motion to enter into Executive Session for the purpose of obtaining confidential legal advice at 10:20 am. C. Wowkanech seconded the motion and the Board unanimously approved.

The Board reconvened the public session at 11:45 am.

D. Benbow made the motion to send the Administrative Order to the following four companies, Acacia, Balboa Ins. Co, Balboa Life Ins. Co., and Life Ins. Co. of North America with respect to non-payment of the 1992 assessments. G. Young seconded the motion and the Board unanimously approved.

6. TAC Report - D. Benbow

D. Benbow made the motion for the Board to deem as complete, Travelers' rate filing with respect to their rate guarantee. C. Wowkanech seconded the motion and the Board unanimously approved.

D. Benbow reported that a filing has been received to allow for monthly bank drafts. He noted that the filing is for a rate differential of 6% for those who select the monthly bank draft method of payment. He reported that the TAC review resulted in a conclusion that this would allow the carrier to "select" its customers. He explained that those individuals who are not as economically advantaged as others would not necessarily be able to take advantage of the reduced rate. D. Benbow suggested that an acceptable difference would be one that reflected the time value of money. He stated that the 6% differential seems to include administrative savings as well. L. Moskowitz agreed that an interest discount would be permissible. L. Moskowitz made the motion to accept the TAC report regarding the permissible differences in rates for monthly bank drafts to reflect the time value of money and a reasonable rate of interest. G. Young seconded the motion and the Board unanimously approved.

D. Benbow reported that TAC is still reviewing the differences between the IHC and SEH benefit designs.

7. Forms Committee Report - R. Smart

R. Smart reported that the Forms Committee will not send the confirmation of Manhattan National Life's standard plans until their TAC rate filing is complete. She reported that there have been no new filings. R. Smart stated that S. Burke will not be working on the Forms Committee after April, and she commended S. Burke for her dedication and hard work to the Committee. She added that the Forms Committee will need another member.

8. New Business

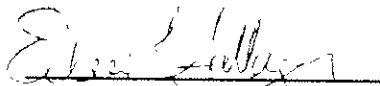
D. Benbow stated that the SEH legislation contains some challenging provisions. In particular, on initial reading of the legislation, it appears that if someone is denied coverage under the SEH program that they can get individual coverage. D. Benbow stated that the SEH Board has interpreted the language in a way that is consistent with the IHC Board's approach.

E. Gallagher reported that the Legal Committee met on Monday, April 4, 1994 with R. Olick a medical ethicist on the recommendation of R. Rondum. He discussed the language of the "Refusal of Treatment" section of the HMO Policy. Discussion occurred regarding the legality of the section in light of New Jersey law regarding advanced directives and the patient's bill of rights. The Legal Committee requested R. Olick to submit a draft of proposed or altered language for its review.

9. Adjournment

C. Wowkanech made the motion to adjourn the public meeting at 11:30 am. D. Marco seconded the motion and the Board unanimously approved.

Respectfully submitted,



**Eileen L. Gallagher, for
Dennis Marco, Secretary**

NEW JERSEY
Individual Health Coverage Program Board
Trenton, New Jersey

Minutes of the Individual Health Coverage ("IHC")
Program Board Meeting held April 18, 1994

Directors: C. Wowkanech, B. Pryor-Waugh, R. Smart, J. O'Connor, R. Rondum, S. Connor and G. Young.

Deputy Attorney General: M. Smyth

Communications Consultant: P. Wolcott

Executive Director: K. O'Leary

Other Attendees: List maintained in records of NJDOI

1. Call to Order

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

2. Approval of Minutes

C. Wowkanech made the motion to approve the minutes for the April 5, 1994 meeting. G. Young seconded the motion and the Board unanimously approved.

3. Report of the Chairman - C. Wowkanech

A. Pending Legislation

C. Wowkanech reported on A-1144 which would permit Chiropractors to participate in HMOs. He also reported on the "Any Willing Providers" bills, A-703 (physician) and A-269 (hospital). He noted that these bills would result in increases in the premiums for the managed care standard plans. He urged the carriers and their customers to campaign against these bills, which have strong support in the legislature.

B. Executive Director

1. Office Space

K. O'Leary stated that there does not appear to be any available government space right now, but has been advised that space will be available in the near future at the following addresses: 33 W. State Street and 50 W. State Street. He reported that another option is dedication by DOI of 1200 sq. feet in the Mary J. Roebling Building, which is available immediately, at little or no rent. The final option he stated, is to look in the private market, which he stated would be a very cumbersome process.

R. Rondum suggested locations other than the central state office space. Various Directors discussed the need for a central location and concerns over parking for the IHC Directors as special state officers. K. O'Leary will follow-up on obtaining stickers for parking for Directors. Discussion then occurred regarding the location in the Mary J. Roebling building. The exact details will be determined. The Board consensus was to pursue the DOI office space and authorize K. O'Leary to follow up on the space as well as necessary equipment (fax machine, copier, etc).

2. Staffing/computer concerns

K. O'Leary reported on the staffing of the Executive Director's office. He stated that over 100 resumes have been received for the two assistant positions. Seven are scheduled for second interviews on May 2, 1994. The interviews will be conducted by the Chairpersons of each Board, K. O'Leary, L. Moskowitz and D. Benbow. K. O'Leary stated that he needs state position numbers for staffing purposes.

K. O'Leary reported that he has been working with J. Donnellan and the Department of Insurance for advice regarding computer needs. Four personal computers will be necessary (including one portable) as well as printers. Prices will be determined at a later date.

E. Troy will submit a quarterly bill for salaries for the Executive Director and his staff to the Board for approval.

3. Buyers Guide Rate Chart

K. O'Leary reported that four requests for bids to design software for a rate chart were sent out. The contract was awarded to the lowest bidder for \$3,000 for the computer software design, which will be ready next week.

4. Enforcement of non-compliant carriers

K. O'Leary reported that he plans to meet with the DOI and M. Goldman from the Attorney General's office to discuss DOI enforcement of complaints of non-compliant carriers. A report will be prepared prior to the next Board meeting.

4. Marketing Committee - P. Wolcott

P. Wolcott distributed a final "blue line copy" of the Buyer's Guide for review. He reported that the Buyer's Guide is ready to be printed. P. Wolcott reported that he has received bids for printing the Buyer's Guide in Spanish. Two estimates have been received in the range of \$1,000 - \$1,500 for translation and typesetting. He stated that it will take 10 to 14 days for completion.

P. Wolcott questioned how the Buyer's Guide would be marketed. B. Waugh noted the positive responses to press releases and conferences. P. Wolcott advised a press conference would be useful particularly if the Commissioner of Insurance participates. The Board discussed holding a press conference to announce the release of the Buyer's Guide. K. O'Leary suggested that the Board also take the opportunity to comment on the efforts against non-compliant carriers. The Board concurred and requested C. Wowkanech to arrange a press conference next week for the release of the Buyer's Guide and extend invitations to the Governor and the Commissioner of Insurance.

J. O'Connor questioned the advertising program of the Board. The IHC Board budget includes the advertising of the Buyer's Guide. P. Wolcott recommends consolidating the "1-800" number under K. O'Leary's control. Once this is accomplished, the advertisements will be placed referencing the toll free number. R. Smart questioned whether the Buyer's Guide would be available to the carriers. K. O'Leary confirmed that it would be available. P. Wolcott stated that either hard copy or electronic media versions could be made available to carriers. C. Wowkanech questioned whether the 1994 ad campaign has been prepared. P. Wolcott confirmed that he will prepare the advertisement plan at the next Board meeting.

5. Report of Interim Administrator - J. Donnellan

J. Donnellan reported that two orders were sent to delinquent carriers, one to Acacia and the other to Life Insurance Company of North America. He distributed the delinquent assessment report which showed two companies in serious financial difficulty, and stated collection from these carriers would be nearly impossible.

J. Donnellan distributed the report of the 1992 Reimbursable Losses (copy filed with these minutes). Based on J. Donnellan's report, R. Smart made the motion to reimburse BCBSNJ \$29,000 for 1992 reimbursable losses. J. O'Connor seconded the motion and the Board unanimously approved.

C. Wowkanech made the motion to pay the bill of \$619.18 to the Courier Post for the ad for the Exec. Dir. assistant positions. G. Young seconded the motion and the Board unanimously approved.

J. Donnellan reported that he investigated the operation of the "1-800" due to several complaints. The database information showed that packages were sent to the

individuals raising complaints, however he noted that the mailing time can take up to a week. J. Donnellan confirmed that the Buyer's Guide will be sent to the list of carriers and interested parties. Discussion occurred on telephone inquiries, distribution of the Buyer's Guide and a callback system for the expected influx of phone calls as a result of the Buyer's Guide. A notice to direct the consumers to the carriers will be included in the Buyer's Guide. Advance copies will be sent to the carriers. K. O'Leary and P. Wolcott were directed to make the necessary arrangements.

At C. Wowkanech's request, J. Donnellan will indicate which carriers have increased or decreased their rates in future reports. J. Donnellan reported that the new rate filings were updated only and did not represent increases, except for Time which has increased rates for non-managed care products. Two carriers have decreased rates (US Healthcare and Prudential). Such information will be included in future reports.

The Board recessed at 11:00 am and reconvened at 11:15 am.

6. TAC Report - J. Donnellan for D. Benbow

J. Donnellan distributed the TAC report (copy filed with these minutes). **J. O'Connor made the motion based on the TAC recommendation that the following filings be deemed complete: 1.) Bankers Life filing for Plans A - E, subject to revision of the rate differential for bank draft rates to reflect only the time value of money. 2.) Medigroup, Inc. (BCBSNJ's subsidiary) rate filing for Plans C and D as point of service products. G. Young seconded the motion and the Board unanimously approved.**

7. Forms Committee Report - R. Smart

R. Smart distributed the Forms Report (copy filed with these minutes). She reported that the Forms Committee continues to work with carriers submitting alternate forms to bring the forms into substantial compliance with the regulations.

R. Smart raised the question of when the Board plans to have only standardized policies. She recognized the need for a public hearing and comment period where substantive changes are made. R. Smart stated that the Forms Committee has already reviewed the differences between the IHC and SEH standardized plans. This comparison has been forwarded to the TAC for its review. Based on the timing of having standardized plans in place for August 1, 1994, July 1 is the target date for the draft of revisions to the policy forms. The Board agreed to hold the public hearing during the comment period.

The Board also discussed the potential need for technical amendments. C. Wowkanech requested that R. Smart and TAC develop a time line and target dates for reviewing the IHC policy forms for the IHC Board meeting on May 17, 1994. R. Smart stated that the Forms Committee will also review having standardized managed care option for POS and PPO products.

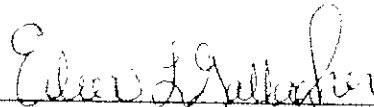
8. New Business

C. Wowkanech reported that Assemblyman P. Roma has recommended a nomination for the vacant consumer position on the IHC Board. He also stated that a business representative will be nominated by the New Jersey Business Owner's Association.

9. Adjournment

G. Young made the motion to adjourn the public meeting at 11:25 am and to convene immediately in Executive Session for the purpose of obtaining confidential legal advice from counsel. J. O'Connor seconded the motion and the Board unanimously approved.

Respectfully submitted,



Eileen L. Gallagher, for
Dennis Marco, Secretary