

**New Jersey
Individual Health Coverage Program Board
Trenton, New Jersey**

Minutes of the Individual Health
Coverage Program Board Meeting held
September 13, 1994.

Directors: C. Wowkanech (AFL-CIO), C. McDevitt
(DOI), J. O'Connor (Prudential), G.
Oliver (Blue Cross/Blue Shield), R. Rondum,
R. Smart (Mutual of Omaha), E. Shrem.

I. Public Meeting

C. Wowkanech called the meeting to order at 9:40 am. Roll call was taken by S. Church who reported that the IHC Meeting was properly noticed in three newspapers in accordance with the Open Public Meetings Act.

C. Wowkanech announced that Ms. Eileen M. Shrem, was appointed to the Individual Health Coverage Board. Her Senate confirmation was approved September 12 as well as approval from the former Senate President.

C. Wowkanech reported that Leon Moskowitz had surgery and he was recovering nicely.

II. Approval of the Board Minutes

C. Wowkanech asked the Board to review the August 23, 1994 minutes.

C. Wowkanech made a motion to accept the minutes of August 23, 1994 as amended. C. McDevitt seconded the motion and the Board unanimously approved.

III. Report of the Chairman-C. Wowkanech

C. Wowkanech stated that on August 29, 1994, the IHC Program held a press conference. As a result, there was good press coverage and 10 legislators have called for additional information.

R. Rondum referenced a negative editorial on community rating in the **Newark Star Ledger** that she would provide to the Board staff. C. Wowkanech requested that a response be drafted.

IV. Report of the Executive Director-K. O'Leary

K. O'Leary reviewed the comments that were received for the Good Faith Marketing Report Standards. K. O'Leary requested that the Board adopt The Good Faith Marketing Report recommended standards.

R. Rondum made a motion to accept the recommended Good Faith Marketing Standards and J. Donellan seconded the motion. The Board voted unanimously to approve.

K. O'Leary distributed a proposed subsidized conversion policy language change that was reviewed by the Board. He recommended approval of the revised subsidized conversion policy language change.

C. Wowkanech made a motion to pass the subsidized conversion policy language and R. Smart seconded the motion. The Board voted unanimously to approve this.

K. O'Leary reported that Oxford Health Plans had filed a Petition-For-Rulemaking proposing the adoption of a rider to Exhibit F, The Health Maintenance Organization Benefits Plan of the IHC Program. K. O'Leary suggested that we refer this matter to the appropriate committee.

C. Wowkanech requested that M. Smyth from the DAG's Office, the legal committee and DOI review this matter. He requested that K. O'Leary draft a letter to S. Schwartz of Oxford Health Plans stating that this matter is under consideration by the Board and DOI.

K. O'Leary said that he met with Judy Hale, Administrator of the Health Access New Jersey Program, to discuss joint marketing activities for the IHC and ACCESS Programs. Representatives from the Department of Labor, Human Services (Medicaid), L. Moskowitz and C. McDevitt attended the meeting. K. O'Leary reported that it was an exciting meeting because there are already established channels to publicize both programs. K. O'Leary asked if the Board wanted to pursue the joint marketing opportunities with the ACCESS Program. C. Wowkanech said that the Board definitely wanted to pursue these activities and that he had met with V. Wicks several months ago to discuss this. K. O'Leary said that there is another meeting to discuss a joint marketing strategy with the ACCESS Program.

K. O'Leary reported that the IHC regulations require a Complaint Committee and that there was a definite need to handle the tremendous number of inquiries that the Board staff was receiving on a daily basis. K. O'Leary recommended several suggestions including hiring temporary help, hiring permanent staff, or asking that DOI staff provide assistance.

The Board discussed these options. J. O'Connor stated that from his experience with Prudential that the volume of inquiries would

always be there and continue to grow as the program grew. T. Smith stated that his staff handled a large number of large group employer inquiries and referred the IHC and SEH inquiries to the Board's staff because they are not trained to answer these questions. M. Smyth said that the Board may need to make the next positions civil service. T. Smith suggested checking with E. Troy about the civil service requirement. K. O'Leary would speak to E. Troy.

K. O'Leary asked the Board to approve the attached expense report with one addition. J. Donellan submitted a bill from VIP copying for IHC Policy Forms that were sent to all carriers and interested parties for \$11,962.63.

C. Wowkanech made a motion and J. O'Connor seconded the motion to pay the attached expense report with the one addition. The Board voted unanimously to approve.

K. O'Leary reported that \$52,431,353.02 had been collected to date in the assessment process. This represents 96% of the amount assessed that was collected and that voluntary compliance by the carriers was very good. Approximately \$11 million was being disputed. US Healthcare and HIP/Rutgers have paid. K. O'Leary recommended transferring \$793,650.20 to Blue Cross/Blue Shield. He reported that he received a certification from Blue Cross/Blue Shield stating that after the audit was done if any money was incorrectly paid, then a correction would be made prior to the last payment transfer to Blue Cross/Blue Shield.

C. Wowkanech made a motion to transfer \$793,650.20 to Blue Cross/Blue Shield that was seconded by R. Smart. The Board voted to approve this motion with C. Oliver abstaining from the vote.

K. O'Leary asked if the RFP for the auditor had been prepared. S. Kelly reported that D. Benbow was working on the RFP and this would be the topic for the next TAC meeting.

K. O'Leary reported that he was interviewed on Live at Noon on WTTN with the Commissioner on September 2. He also spoke to the health underwriters in Edison, NJ last week and reported that most questions were about the SEH Board.

K. O'Leary reported that demand for the Buyer's Guides remained heavy. Approximately 1,000 Buyer's Guide are sent from the IHC Office every month. J. Donellan reported that approximately 5,000 Buyer's Guides are distributed every month through the 800 number.

K. O'Leary stated that Paul DeAngelo, Tom Smith, and Michael Goldman would be meeting September 13 to discuss enforcement issues since three carriers continue to write nonstandard policies. K. O'Leary stated that if a recommendation was developed from this meeting, it would be sent to the legal committee for joint action.

C. Wowkanech requested a short recess at 11 am and the Board reconvened at 11:15 am.

B. Pryor Waugh arrived at the IHC Meeting.

Report of the Marketing Committee

C. Nicholas gave a report on the August 29 press conference. The press conference was covered on 101.5 evening and morning newscasts and Bloomberg Financial News Wire picked up the report. There was a New Jersey Network TV news segment and Ch. 9 covered the press conference. The recent press clips were included in the packet.

C. Nicholas reported that all New Jersey Assembly and Senate members were surveyed about their interest in the IHC program. She stated that one in three members surveyed requested additional copies of the IHC Buyer's Guide.

C. Nicholas reported that within the next two weeks, stories would appear in Crain's New York Business and the Philadelphia Business Journal. The next project would be to write a pitch letter to area reporters profiling who the uninsured are in New Jersey. The bone marrow transplant patient and several other relatively healthy people insured through the IHC program would be featured in this story.

C. Nicholas requested another marketing committee meeting to work on upcoming projects. C. Wowkanech asked R.Rondum to work with C. Nicholas to arrange the next meeting.

C. Wowkanech also requested that the LABS area organizations receive a one year IHC Program update. C. Nicholas reported that she already had a letter drafted to send to the LABS. C. Wowkanech requested that E. Shrem accompany him to one of the LABS Meetings to obtain a fresh perspective on the Program.

R. Rondum asked about the Spanish translation of the Buyer's Guide. K. O'Leary said that he would submit the existing Buyer's Guide to the Spanish translation service this week.

C. Wowkanech reported that Assemblyman Kelly wrote a thank you note to him thanking him for the update on the IHC Program.

J. Donellan reported that the TAC Committee did not meet.

Forms Committee-R. Smart

R. Smart reported that National Health Insurance Company submitted the five indemnity policies to enter the IHC market. National did not submit an HMO policy. R. Smart stated that the IHC Program now has 23 carriers.

R. Smart said that there was a complaint received from a consumer about a carrier. The Policy Forms Committee reviewed the complaint and believed that the carrier has accurately responded to the consumer. This situation involved a consumer who needed 24 hours of health care but the IHC Policy Forms provide 4 hours.

R. Smart stated that the new policy forms would include an alternate care plan that would be communicated to Time Insurance as an alternative treatment.

R. Smart reported that the Forms Committee is continuing to finalize the policy forms changes which are a monumental task.

R. Smart requested that a memo be sent to the carriers changing the policy forms implementation to 1/1/95.

R. Smart stated that the Forms Committee needs additional clarification on the Board's intent for the Coordination of Benefits section of the policy forms.

C. Wowkanech requested that M. Smyth provide a legal review of the Coordination of Benefits section. M. Smyth reported that she had completed an initial legal review and would require additional clarification on the Board's intent for the Coordination of Benefits section. K. O'Leary requested that the Board frame a specific legal question for M. Smyth to review.

C. Wowkanech requested a roll call vote for two different approaches for Coordination of Benefits language. The first approach: If a consumer has a pre-August 1993 plan and wants to obtain an IHC plan, then the consumer would have to drop the pre-August 1993 plan. C. Wowkanech voted yes, E. Shrem voted yes, C. Oliver abstained, R. Rondum voted no, C. McDevitt voted yes, R. Smart voted yes, and J. O'Connor voted yes. The second approach: If a consumer had a pre-August 1993 plan and wants to purchase an IHC plan, then the consumer would be allowed to keep both plans and the pre-August 1993 plan would act as the primary policy. C. Wowkanech voted no, E. Shrem voted no, C. Oliver voted yes, R. Rondum voted yes, C. McDevitt voted no, and J. Connor voted no. The Board's vote would stand pending M. Smyth's legal review.

C. Wowkanech asked when the preliminary Loss Ratio Report would be received from TAC. J. Donellan reported that the preliminary report would be available at the next IHC meeting.

E. Shrem made a motion to adjourn to Executive Session and R. Smart seconded the motion. The Board voted unanimously to adjourn to Executive Session to receive legal advice from legal counsel at 12:15 pm.

The Board reconvened public session at 1:05 pm.

J. O'Connor made the motion to accept the attached assessment report recommendations from legal committee and B. Pryor-Waugh seconded the motion. The Board voted unanimously to approve the assessment recommendations.

R. Rondum made the motion to accept the formal State Farm settlement and B. Pryor Waugh seconded the motion. The Board voted unanimously to approve the motion.

C. Wowkanech made a motion to adjourn and E. Shrem seconded the motion. The Board voted unanimously to adjourn.

**New Jersey
Individual Health Coverage Program
Trenton, New Jersey**

Minutes of the Individual Health
Coverage Program Board Meeting held
October 11, 1994.

Directors: C. Wowkanech (AFL-CIO), D. Benbow
(Prudential), M.L.B. Kaplan (BC/BS), B.
Pryor-Waugh (DOI), R. Rondum, R. Smart
(Mutual of Omaha), E. Shrem, G. Young.

Dep. Atty. Gen.: M. Smyth

I. Public Meeting

C. Wowkanech called the meeting to order at 9:40 am. Roll call was taken by S. Church who reported that the IHC Meeting was properly noticed in three newspapers in accordance with the Open Public Meetings Act.

II. Approval of the Board Minutes

C. Wowkanech asked the Board to review the September 13, 1994 minutes. C. Wowkanech made a motion and G. Young seconded the motion that the minutes of September 13, 1994 be approved as amended. The Board voted to approve this motion with D. Benbow abstaining from the vote.

III. Report of the Chairman-C. Wowkanech

C. Wowkanech reported that he received a number of letters from Legislators thanking the Board for informing them of the IHC Program's progress: Senators James McGreevey, Maine, Assemblymen Richard Bagger, John Kelly, Rodney Frelinghuysen, and Justin Lustbader. C. Wowkanech also reported that he received an extensive letter from Congressmen Chris Smith, Jim Saxton, Dean Gallo and Marge Roukema citing the Board for the job well done and requesting that the House of Representatives be fully informed of the Board's reform.

C. Wowkanech reported that the Department of Labor received IHC Buyer's Guides that will be distributed with the rate sheet to area businesses who are laying off employees.

C. Wowkanech also reported that he attended a meeting with the Executive Director of the Essential Health Services along with K.

K. O'Leary requested clarification from the Board whether the carriers who sent in assessment checks pending the acceptance of the late non-member certifications should have their checks returned. The Board stated that since the late non-member certifications had been accepted, that the assessments checks should be returned to these carriers.

K. O'Leary requested that the Board approve the expense report.

R. Rondum made a motion to accept the expense report and E. Shrem seconded the motion. The Board voted to approve the expense report with R. Rondum abstaining from approving item #3.

E. Shrem requested that the explanation in the expense report for the advertising campaign be expanded to include placement of the ads.

D. Benbow made a motion to expand the advertising campaign explanation on the expense report to include ad placement with C. Wowkanech seconded the motion. The Board voted unanimously to modify the expense report.

K. O'Leary reported that at the SEH Board Meeting, the Board recommended that additional staff not be hired but that the additional workload of consumer inquiries be handled by the Department of Insurance. M. Lopes and P. DeAngelo would be meeting to discuss this recommendation. Therefore, K. O'Leary would table the hiring of additional staff until after this meeting.

K. O'Leary reported that he wrote a letter from Charles Wowkanech to Anne Bossi at Prudential thanking Jim Donnellan for his outstanding contribution to the IHC Board.

K. O'Leary stated that a staff person from the House Energy and Commerce Committee asked that K. O'Leary travel to Washington for an extended briefing to discuss the IHC Program. K. O'Leary asked whether this was a trip that the Board thought was worthwhile and that they would fund since Energy and Commerce would not fund the trip. E. Shrem stated that she would like K. O'Leary to represent the Board at this meeting. D. Benbow agreed but cautioned that this health reform briefing needed to be confined to the facts, not recommendations. B. Pryor Waugh and R. Rondum agreed that K. O'Leary should attend.

K. O'Leary reported that the permanent Board Offices would hopefully be completed in six weeks.

The Board took a 15 minute break at 10:50 am.

C. Wowkanech reconvened the Board Meeting at 11:05 am.

V. Marketing Committee Report - E. Butler

O'Leary to discuss mutual public relations goals for the IHC and Access Programs.

IV. Report of the Executive Director-K. O'Leary

K. O'Leary reported that the Spanish translation of the Buyer's Guide was completed and was ready to take to the printer. The translation would be proofread by several experts and there would be an informal bidding process by GSA.

D. Benbow made a motion and E. Shrem seconded the motion to get printing estimates for the Spanish translation of the Buyer's Guide. The Board voted unanimously to approve this motion.

B. Pryor Waugh suggested that the Commissioner's Hispanic liaison group be used to proofread the Buyer's Guide. There was general agreement with this suggestion.

K. O'Leary reported that he was interviewed extensively for an article appearing in **Crain's Business Journal** comparing New York and New Jersey Health Reform on October 10th.

K. O'Leary stated that he met with E. Troy to expedite the RFP process for an auditor and fulfillment house. K. O'Leary reported that E. Troy would provide samples of the RFPs and that every RFP would be reviewed by Treasury. K. O'Leary stated that he submitted a request for waiver for the Public Relations Agency for an additional six months. He recommended a future joint RFP for the IHC and Access Programs. E. Shrem stated that she had collected RFPs for fulfillment houses and would like any other samples that K. O'Leary had.

K. O'Leary said that he met with the Department of Labor Response Team on Sept. 23 and that they requested 3,000 Buyer's Guides to distributed.

K. O'Leary spoke to the New Jersey Association of Health Underwriters September 16. Although most of the questions were about the SEH Program, he stressed that there is no such thing as a one life group. The 200 agents who attended were very supportive of the Programs and the enforcement efforts against the one life groups.

Assessments & Collections

K. O'Leary referenced a master spreadsheet of the assessments in the information packet. The Board reviewed the spreadsheet. K.O'Leary recommended transferring \$636,499 to Blue Cross/Blue Shield of New Jersey.

C. Wowkanech made a motion to transfer \$636,499 to Blue Cross/Blue Shield of New Jersey and R. Smart seconded the motion. The Board voted to transfer \$636,499 to Blue Cross/Blue Shield with M. Kaplan, E. Shrem and G. Young abstaining from the vote.

E. Butler distributed the Marcus Group Marketing Report. The Board reviewed the report and discussed new projects. E. Shrem recommended getting into INTERNET through the public library system. E. Butler agreed that this was a good idea and would follow up.

VI. Report of TAC - D. Benbow

D. Benbow reported that he received several draft RFPs for an auditor and he hoped to move forward on a final RFP.

D. Benbow distributed the TAC rate filings approval list.

D. Benbow made a motion to approve the rate filings as complete and G. Young seconded the motion. The Board voted unanimously to approve the rate filings.

D. Benbow reported that TAC was currently reviewing the Loss Ratio Reports. He distributed a Straw Model Refund Plan for the Board to approve. This plan established the criteria for review. Each carrier's Loss/Ratio Report would be handled in a consistent manner. D. Benbow stated that in November he would have a complete spreadsheet report. C. Wowkanech requested that the Board have time to review the Straw Model Refund Plan. D. Benbow said that he would meet to discuss the plan with any Board member.

R. Rondum said that she thought that even a small refund check would be a good public relations move for the Program. There was general discussion and no consensus on this point. D. Benbow decided to delete from the Straw Model Refund Plan the carrier's having the option to carry forward unpaid refunds of \$5.00 to the following year.

B. Pryor Waugh suggested a short teleconference meeting and the Board agreed. On Monday, October 17th at 10 am, an IHC Board teleconference would occur.

VII. Forms Committee-R. Smart

R. Smart reported that the forms were in final draft and Ward Sanders will be putting them into final form for the OAL.

R. Smart said that there was one new issue with the forms. One carrier had already started using the new plans. There was some confusion as to whether or not this carrier needed to wait until January 1, 1995 to begin to use the forms.

There was a general Board discussion and the Board decided to allow the carrier to continue to use the new standardized forms.

R. Smart asked whether the Board wanted to know if a carrier was using a PPO and POS arrangement. D. Benbow said that DOI looked at 50 and more employees in a group and that we do need to know.

E. Shrem recommended that we get this information. R. Smart would attempt to create a form between now and the October 17th conference call Board Meeting.

R. Smart passed out the revised application form and said that R. Rondum had a single issue on page 3 #9 (The following was the written transcript that R. Rondum asked to be part of the official minutes). R. Rondum expressed her continuing concern that a better balance be achieved in the obligation of carriers and consumer-patients. She proposed that the standard application form not require the applicant, by signature to agree that a carrier's participating providers and network primary care physicians are independent contracts and not agents or employees of the carrier. She maintained that this assertion was already in the contract and that it was unconscionable to foist it upon every applicant, especially when the line between payor and provider is blurred.

She also asked for better balance in the Utilization Review language which as it exists places time constraints on the patient but not upon the carrier. Timeliness of action should be a specified requirement upon the carrier as it is upon the patient who may be using the Utilization Review process when most vulnerable. She also recommended that the Utilization Review process be subject to Grievance Procedure where appropriate. The Board chose not to second this motion.

R. Smart distributed proposed Utilization Review section policy form information. She reported that R. Rondum spent a great deal of time reordering and cleaning up the material. The Board discussed this and a final decision was tabled until the October 17th conference call.

R. Smart said that it would be necessary to go into Executive Session to discuss the Coordination of Benefits section. Prior to moving into Executive Session, C. Wowkanech requested that the Board review the Marketing and Legal Committee Lists under New Business.

IX. New Business

The Board reviewed the Marketing and Legal Committee Lists and determined that both Boards required new chairmen to fill vacant positions. R. Rondum made the motion to nominate Eileen Shrem as chairman of the Marketing Committee and C. Wowkanech seconded the motion.

R Smart made a motion to nominate Michael L. B. Kaplan as chairman of the Legal Committee and D. Benbow seconded the motion. The Board voted unanimously to approve the motion.

Ritamarie Rondum would continue to serve as vice chairman of the Marketing Committee.

C. Wowkanech requested that an official letter from Blue Cross/Blue Shield be sent to his attention officially appointing Michael L.B. Kaplan as the IHC Board alternate.

C. Wowkanech made a motion to move into Executive Session for in order to receive legal advice subject to the attorney client privilege and E. Shrem seconded the motion. The Board voted unanimously to move into Executive Session.

The Board adjourned at 2:30 pm.

New Jersey
Individual Health Coverage Program
Trenton, New Jersey

GENERAL MINUTES OF THE IHCPROGRAM BOARD
OCTOBER 17, 1994

Directors Present: C. Wowkanech, Chair, B. Pryor-Waugh

Directors via
telephone: D. Benbow, M. L. B. Kaplan, R.
Rondum, R. Smart, E. Shrem, G. Young
(beginning at 10:30 am)

Others present: K. O'Leary, Executive Director and W.
Sanders, Assistant Director to the
SEHBoard

Others via telephone: M. Smyth

(Please note, the meeting was adjourned at noon and commenced again at approximately 12:20 p.m. so that more time could be obtained for those members participating by telephone. Also, the minutes do not represent an exact chronological treatment of the Board's discussions. However, for ease of reading the minutes I have organized the Board's discussions by topic.

I. Public Meeting

C. Wowkanech called the meeting to order at 10 am. The IHC meeting was properly noticed in three newspapers in accordance with the Open Public Meetings Act. A quorum was present.

II. Report of the Policy Forms Committee-R. Smart

R. Smart reported that the Board had two outstanding issues with respect to changes to the standard policy forms: (1) Coordination of Benefits, and (2) Utilization Review. R. Smart outlined two distinct options that the Board could take with respect to the Coordination of Benefits provision of the policy forms: (1) treat IHC policies as secondary as proposed in the amendments to the IHC policy forms, or (2) make eligibility dependent on not having other individual coverage. She indicated that the Attorney General's Office and the Legal Committee had reviewed both options.

C. Wowkanech moved to go into Executive Session for the purpose of receiving and discussing legal advice. E. Shrem seconded the motion and the Board voted unanimously to go into Executive Session.

The Board ended its executive session and resumed discussion of Coordination of Benefits in public session.

The Board then discussed the changes that would have to be made if it decided to delete the Coordination of Benefits provision and make eligibility for a standard health benefits plan conditioned upon not having other individual coverage. The Board agreed that in order to reduce fraud by policyholders, to reduce administrative costs, and, consistent with the intent and wording of the IHC Act, persons should not have multiple coverages.

E. Shrem made a motion to propose the changes to the standard policy forms which reflect that a person shall not be covered by a standard health benefits plan if the person is covered under another individual health benefits plan. M. Kaplan seconded the motion and the Board approved the motion unanimously by voice vote.

Application Form

The Board then turned to draft changes to the application form found in Exhibit G of the Appendix to N.J.A.C. 11:20. The Board discussed the specific provision in the policy form which requires applicants to acknowledge, as a condition of acceptance, that a carrier's participating providers are independent contractors and are not agents or employees of carriers and which form asks the prospective insured to sign the document acknowledging the statement. R. Rondum stated she believed that the provision was unfair and that it should be removed. In response, G. Young stated that the provision gives prospective notice of non-agency to the applicant. M. Kaplan noted that the provision acts to protect against unnecessary lawsuits. B. Pryor-Waugh suggested that the notice could be moved so that it was not a condition of acceptance, but included elsewhere so that the statement still provides notice.

B. Pryor Waugh moved that the Board 1) move the language in question from the Conditions of Acceptance Section and 2) that the language in question be amended to read: "Before completing this application be sure to familiarize yourself with the benefit options available. Please note: participating providers, including all primary care physicians, are independent contractors and are not agents or employees of carrier." G. Young seconded the motion, and the motion was approved by the Board with R. Rondum opposed.

E. Shrem suggested that there should be a line for the signature of a spouse for whom coverage is being obtained. The Board agreed.

R. Smart made a motion to propose the draft changes to the application form, as amended. G. Young seconded the motion, and the motion was approved with R. Rondum opposed and M. Kaplan not present for the vote.

The Board then discussed whether it would permit carriers to use the policy forms as proposed. After some discussion and noting

that carriers would probably file the proposed forms as "alternative forms", the Board decided that it would not act at this time to prohibit the use of the policy forms as proposed. The Board also indicated that it would propose the new changes to the policy forms as soon as possible and, once comments are received, it would adopt the policy forms in their entirety.

Utilization Review

R. Smart reported on changes to the "Utilization Review" section of the policy forms. She noted that much of the redrafting was done by R. Rondum and thanked R. Rondum for her work in this regard. Paul DeAngelo of the Department of Insurance made a recommendation for suggested language which provided that the decision made by the carrier representative in this Utilization Review Program is intended only to determine the extent of reimbursement for services. The Board agreed that carriers should inform policyholders in the same time frame that policyholders are required to provide notice to carriers, whether 24 or 48 hours.

E. Shrem made a motion to propose the "Utilization Review" section with the language that carriers inform policyholders in the same timeframe that policyholders are required to provide notice to carriers, whether 24 or 48 hours. R. Rondum seconded the motion and the motion was approved unanimously.

M. Kaplan made a motion to the "Utilization Review" section to add the following language to the previous motion "...establish liability for services performed or not performed." This revised motion was not seconded.

R. Smart discussed the proposed changes to N.J.A.C. 11:20-3.2 (Policy forms), -4.1 (Application form), -12.3 (Eligibility), and -12.5 (Selection of a standard individual health benefits plan by a person already covered by an individual plan). R. Smart indicated that the changes were necessary primarily to reflect changes in the policy forms and to note the address of the Executive Director. Additionally, she noted that the need for the use of alternative policy forms had ceased, and thus that the rule governing the filing of such forms should be deleted. The Board suggested changing the certification required under -3.2(d) need only be signed by an officer rather than requiring the signature of the CEO.

R. Smart made a motion to propose the draft changes to N.J.A.C. 11:20-3.2, -4.1, -12.3 and -12.5, as amended by the Board's discussion. D. Benbow seconded the motion, and the motion was approved unanimously by voice vote.

II. Report of TAC

C. Wowkanech stated that he was uncomfortable with the loss ratio refund model as proposed by the TAC Committee at the Board's

meeting on October 11, 1994. Specifically, he indicated that he was uncomfortable with carriers' reporting drastically different levels of residual reserves. As a result, C. Wowkanech indicated that he would be in favor of hiring an independent auditor to review the loss ratio filings. E. Shrem added that she would support such an audit. DAG Smyth indicated that the Board's statute and regulations give the Board the authority to hire an auditor. D. Benbow asked for clarification on the scope of work in such an audit and added that an RFP may be necessary to hire for such services. The Board agreed that the scope would be limited to review of the Board's procedures and the reasonableness of information submitted by carriers. The Executive Director said that a notice would have to go out to carriers directing them to maintain their records and instructing them not to send refunds until the audit and Board review had been completed.

C. Wowkanech made a motion to have the DOI send to the Board's staff a list of recommended auditors for the purpose of having the Board hire an independent auditor for less than \$10,000 to review the process and calculation of loss ratios by the carriers. G. Young seconded the motion, and the motion was approved unanimously by the Board.

**New Jersey
Individual Health Coverage
Program Board
Trenton, New Jersey
General Session Minutes
November 15, 1994**

Directors Present: C. Wowkanech, D. Benbow, M. L. B. Kaplan, L. Moskowitz, R. Rondum, E. Shrem, G. Young

I. Public Meeting-C. Wowkanech

C. Wowkanech called the meeting to order at 10 am. Roll call was taken. The IHC Meeting was properly noticed in three newspapers in accordance with the Open Public Meetings Act. A quorum was present.

II. Approval of Minutes-C. Wowkanech

C. Wowkanech made a motion to approve the October 11 minutes seconded by D. Benbow. The Board voted unanimously to approve. D. Benbow made a motion to approve the October 17 minutes as amended and Michael L.B. Kaplan seconded the motion. The Board voted unanimously to approve.

III. Chairman's Report-C. Wowkanech

C. Wowkanech welcomed L. Moskowitz back to the IHC Board.

C. Wowkanech requested that U.S. Rep. Marge Roukema's office receive a letter updating her on the Board's progress.

C. Wowkanech discussed an editorial and Assemblyman William Pascrell's comments regarding the Time Insurance rate increase. C. Wowkanech reported that he worked with K. O'Leary and C. Nicholas over the weekend to draft a press release outlining all rate decreases and increases since the beginning of IHC Program.

D. Benbow said that the Board needed to let Time Insurance characterize its rate increase. He stated that Time Insurance is supportive of the community rating environment. D. Benbow recommended that Time answer rate increase questions.

L. Moskowitz and D. Benbow recommended that the draft press release lead be changed before it is released to the general public.

E. Shrem requested that she be included in the drafting of future press releases.

C. Wowkanech praised C. Nicholas and the Marcus Group for their hard work in promoting the IHC Program.

C. Wowkanech discussed the proposal received from the Alpha Center for a comprehensive review of the IHC program. He asked that K. O'Leary and D. Benbow review the proposal. L. Moskowitz said that C. McDevitt had already reviewed the proposal and made suggestions.

IV. Executive Director's Report-K. O'Leary

K. O'Leary reported that the Department of Commerce distributes their tourism guide through an 800 service staffed by model prisoners at the New Jersey Department of Corrections (DeptCor). He asked that the Board review the DeptCor Proposal for 800 fulfillment in the Board packets and authorize acceptance of the proposal. The Board discussed the proposal and asked whether DeptCor took work from nonprofit organizations exclusively. S. Church stated that DeptCor was only allowed to take nonprofit agency work.

C. Wowkanech made a motion to approve the DeptCor proposal for toll free fulfillment of Buyer's Guides requests and E. Shrem seconded the motion. The Board voted unanimously to approve the DeptCor proposal.

K. O'Leary updated the Board on the assessment collection and reconciliation process. He referenced the updated assessment spreadsheet in the Board information packet.

K. O'Leary reported that he was working with the Department of Insurance to include a section on the DOI's annual statement to all insurance carriers requesting IHC assessment information. This process would significantly reduce the work for the IHC Board staff and the carriers. He said that assessment compliance would increase and the number of assessment appeals would decrease dramatically. He stated that the implication was that there would no longer need to be a non-member certification process.

D. Benbow stated that the annual statement notice needed to be addressed to the correct people who would be reporting IHC information. K. O'Leary said that a bulletin would be issued.

K. O'Leary reported that the Insurance Reporter, the DOI newsletter sent to every insurance agent in New Jersey, would feature an article on the IHC Program and third quarter enrollment figures.

K. O'Leary also stated that he wrote an article on the crackdown on the sale of one-life groups for the New Jersey State Life Insurance Underwriter's Magazine.

E. Shrem recommended that C. Nicholas refocus K. O'Leary's article on one-life group enforcement to small business owner's for the New Jersey Business and Industry Association and the Chamber of Commerce.

K. O'Leary asked that the Board review the draft proposed rule amending the definitions of "conversion health benefits plan" and "individual health benefits plan" that was in their information packets. L. Moskowitz requested that the conversion language be sent to the carriers. He said that this is particularly important for enforcement efforts with respect to trusts and associations.

M. Smyth said that the Attorney General's Office reviewed the proposed language and provided comments to K. O'Leary.

K. O'Leary stated that TAC reviewed the language and suggested language changes were incorporated into the final language. He requested that the Board approve the proposed conversion policy language.

D. Benbow moved that the draft amendment be approved for proposal and C. Wowkanech seconded the motion. The Board voted unanimously to approve.

(The Executive Director's Report was interrupted for the Marketing Committee Report and is continued on the next page).

V. Marketing Committee Report-C. Nicholas

C. Nicholas presented her marketing report that was included in the IHC Board Information packet. She reported that she anticipated another spot in the near future on the New Jersey Reporter. C. Nicholas was working on a PSA for radio and tv stations. C. Nicholas stated that she prepared a response to the Congressman in Texas.

VII. Forms Committee Report-K. O'Leary

K. O'Leary distributed the repropoed IHC policy forms and reported that this packet was sent to the carriers and the Office of Administrative Law. He reported that there was a tremendous amount of work that was required for reproposal of the policy form regulations. K. O'Leary stated that on October 18th, R. Smart sent the repropoed policy forms to the entire IHC Board and Policy Forms Committee. There were subsequent changes made.

L. Moskowitz made a motion for the Board to approve the repropoed policy form changes and R Rondum seconded. Michael L. B. Kaplan stated that he thought there were substantive changes that had not been reviewed by the Board. The Board decided that changes had been made to the policy forms and decided to make final changes to the policy forms at the December 13th Board Meeting upon adoption.

VI. Report of TAC -D. Benbow

D. Benbow distributed TAC's written report with four rate filings from the following carriers: Blue Cross/Blue Shield plans A, B, C & D, Traveler's, Principal, and Time Insurance. He also distributed Time Insurance's rate filing and there was general discussion about the rate increase.

D. Benbow reported that TAC was currently performing a search to find an auditor to review the Loss/Ratio Reports.

He also reported that HIP Health Plan was invited to present to TAC after Thanksgiving.

IV. Executive Director's Report continued-K. O'Leary

K. O'Leary reported that the Spanish Buyer's Guide was in production and would be delivered to the IHC Office within three weeks. He asked that the Board approve the Trenton Printing bid for printing 15,000 Buyer's Guides.

L. Moskowitz made a motion to approve the Spanish Buyer's Guide printing bid and C. Wowkanech seconded the motion. The Board voted unanimously to approve.

C. Wowkanech requested that the Board review the current committee lists and update them for the next meeting since there had been some changes.

There was general discussion of consumer questions that are being received by the IHC Board staff and a recommendation that the Board move into Executive Session.

G. Young made a motion to move into Executive Session for the purpose of discussing Board personnel issues and D. Benbow seconded the motion. The Board voted unanimously to move into Executive Session.

The Board returned to general session.

R. Rondum made a motion to authorize an increase to the IHC Budget of \$50,000 for the purpose of hiring two additional staff people the cost to be shared equally with the SEH Board and C. Wowkanech seconded the motion. The Board voted unanimously to approve.

D. Benbow made a motion to hire Apex Management of Princeton as the auditing firm to perform an independent review of the carriers' loss ratio reports. The cost of this audit shall not exceed \$10,000. and C. Wowkanech seconded the motion. The Board voted to approve with R. Rondum abstaining from the vote.

D. Benbow made a motion to return to Executive Session and C. Wowkanech seconded the motion. The Board voted unanimously to go back into Executive Session.

The Board reconvened in open session at 1:55 pm.

G. Young made a motion and C. Wowkanech seconded the motion to conclude the Board Meeting at 1:55 pm. The Board voted unanimously to adjourn.

**New Jersey
Individual Health Coverage
Program Board
Trenton, New Jersey
Approved General Session Minutes
December 13, 1994**

Directors Present: C. Wowkanech, D. Benbow. (Prudential), M. L. B. Kaplan, (Blue Cross/Blue Shield), L. Moskowitz, R. Rondum. E. Shrem, R. Smart, (Mutual of Omaha), G. Young (US Healthcare)

I. Public Meeting-C. Wowkanech

C. Wowkanech called the meeting to order at 10 am. Roll call was taken. The IHC meeting was properly noticed in three newspapers in accordance with the Open Public Meetings Act. A quorum was present.

II. Approval of Minutes-C. Wowkanech

C. Wowkanech made a motion to approve the amended minutes of November 15th and D. Benbow seconded the motion. The Board voted unanimously to approve the minutes.

III. Chairman's Report-C. Wowkanech

C. Wowkanech received correspondence from carriers requesting a delay in the implementation of the revisions to the policy forms. The carriers asked for a 60-day postponement which would require carriers to implement the new policy forms as of March 1, 1995. There was a discussion regarding the pros and cons of granting the postponement.

G. Young made a motion that the Board allow carriers to issue the revised forms as of January 1st and to require all carriers to issue the revised forms as of March 1, 1995. D. Benbow seconded the motion. (The roll call vote that passed this motion is listed at the top of page 2).

L. Moskowitz clarified that the ACCESS Program would market the new policy form. The Board agreed.

L. Moskowitz asked when the policy forms issued in Jan. and Feb. of 1995 would be updated to the revised policy forms.

D. Benbow suggested carriers be required to amend the policies issued in Jan. and Feb. of 1995 by March 1, 1995.

L. Moskowitz recommended, instead, that the revised policy forms be issued on the anniversary date.

The Board agreed that policy changes will be done upon renewal anniversary.

A roll call vote was taken on G. Young's proposed motion. Voting in favor: C. Wowkanech, R. Smart, M.L. B. Kaplan, D. Benbow, G. Young, and L. Moskowitz. E. Shrem abstained and R. Rondum voted no.

E. Shrem requested that the Board mandate that the carriers must notify consumers that their child would no longer be covered as a dependent but must acquire coverage on their own.

D. Benbow made a motion that the Board develop a regulation to mandate that carriers provide consumers with a 60 day notice of a loss of eligibility. E. Shrem seconded. The Board voted that the regulation be developed to mandate that carriers provide consumers with a 60 day notice of a loss of eligibility with M.L. B. Kaplan opposed. (Blue Cross/Blue Shield does not carry this information).

L. Moskowitz requested that K. O'Leary draft a bulletin addressing this issue with the carriers.

C. Wowkanech stated that he and K. O'Leary would meet with Congressman Pascrell Dec. 28th and they also have scheduled a meeting with Neil Weissfeld, with the N J Medical Society, to inform them about the IHC Program.

C. Wowkanech said that the N.J. State Chamber of Commerce in Washington, DC. is sponsoring a train trip to Washington for area Legislators and business leaders. C. Wowkanech recommended that K. O'Leary attend.

C. Wowkanech made a motion to have K. O'Leary represent the IHC Program during the N J State Chamber of Commerce train meeting to Washington, DC and R. Rondum seconded the motion. The Board voted unanimously to approve this motion.

C. Wowkanech stated that he had a meeting with Time Insurance representative David Reddick Government Relations, SVP and Chief Actuary regarding the Time rate increase.

C. Wowkanech said that he and Assemblyman Felice will speak about the IHC Program before a joint Senate and Assembly Committee Meeting.

C. Nicholas sent a letter regarding the IHC Program to Assemblywoman Marie Ogden and received a positive response.

II. Executive Director Report-K. O'Leary

K. O'Leary introduced a proposed 1995 meeting schedule including snow dates for the next year. There were changes recommended and the schedule will be finalized and distributed to the Board. In the event of inclement weather, K. O'Leary recommended that Board meeting attendees call his phone number (609) 984-2425 to listen for a cancellation notice.

K. O'Leary stated that the Spanish version of the IHC Buyer's Guide had been printed and a copy was provided in the information packet for every Board member.

K. O'Leary stated that the new DEPTCOR 800 number fulfillment service would be operational as of Monday, December 12th. K. O'Leary trained the supervisors last week and he expressed confidence that this system will work well for the Program. (The same 800 number was transferred from the previous service).

K. O'Leary noted that, since the last Board meeting, there had been two major rate increases in pre-reform Blue Cross/Blue Shield policies and Time Insurance standard plans. The office has experienced a tremendous volume of calls regarding both rate increases from consumers. K. O'Leary recommended that the Governor's Office, the Insurance Commissioner's Office, and other key offices should have advance notice of future rate increases.

K. O'Leary referred to an assessment collections spreadsheet in the Board packet. He stated that all carriers are accounted for and only one carrier, National Health Insurance, has not paid the assessment and has requested non-member status.

K. O'Leary requested that the Board approve an updated non-member status list. He then asked that the Board defer the vote until after the Executive Session Meeting.

K. O'Leary reported that the staff would be moving into new offices today.

K. O'Leary asked that the Board review and approve the expense report.

D. Benbow recommended that the Board accept the expense report. The motion was seconded by C. Wowkanech. The Board voted unanimously to approve the expense report.

K. O'Leary stated that he would attempt to have the 1995 Board Budget available in early 1995.

K. O'Leary stated that he had drafted a memo regarding the division of responsibilities between the DOI and the Board staff for consumer calls. K. O'Leary and DOI had a preliminary meeting and would attempt to reach final agreement in division of responsibilities.

D. Benbow commended DOI and K. O'Leary for his efforts to resolve this issue.

K. O'Leary reported that every accident and health insurance carrier would receive notification of the required filing of either a market share report or non-member status certification.

C. Wowkanech recommended a 15-minute break at 11 am. The Board reconvened at 11:15 am.

Executive Director's report continued.

K. O'Leary presented comments and proposed responses to the proposed changes to the definitions of the individual health benefits plan and conversion health benefits plans at N.J.A.C. 11:20-1.2. He summarized comments to the proposed changes and received input from the Board.

L. Moskowitz made a motion to adopt as final the amended definitions. M. L.B. Kaplan seconded the motion. The Board voted unanimously to approve the definitions.

III. Forms Committee Report-R. Smart

C. Wowkanech stated that a public hearing was required by law with regard to the proposed amendments to the policy forms and that a hearing had been noticed appropriately for the Utilization Review and the Coordination of Benefits sections.

D. Benbow made a motion that the Board open the public hearing for the purposes of hearing testimony from the public on changes to the policy forms. G. Young seconded the motion. The Board voted unanimously to open the public hearing.

L. Moskowitz noted that no witnesses appeared to speak on the proposed changes to the Utilization Review and Coordination of Benefits Sections of the Policy Forms, and made a motion that the Board close the public hearing and resume its meeting. The motion was seconded by R. Rondum. The Board voted unanimously to close the public hearing and resume the public meeting.

III. Report of the Policy Forms Committee-R. Smart

R. Smart summarized the comments to the Utilization Review and Coordination of Benefits sections of the policy forms.

R. Smart recommended that the Board adopt the certain language changes and recommendations to the regulatory changes. This motion was seconded by E. Shrem. The Board voted to approve the changes.

R Smart made a motion that the Board provide within the Utilization Review language a general statement that there would be no penalty reduction in payment of any eligible benefits if the carrier does not respond to the insured within the timeframe specified, until the carrier has notified the insured. L. Moskowitz seconded the motion. The Board voted unanimously to approve.

M. L. B. Kaplan made a motion to amend the notice requirements such that if the carrier requires further information from the subscriber that the carrier send the acknowledgment before the midpoint of the notice period or the next business day, whichever is later. R. Rondum seconded the motion. The Board voted unanimously to approve.

D. Benbow made a motion to delete the portion of the Utilization Review Section that lists maternity care as a service subject to Utilization Review. The motion was seconded by R. Rondum. A roll call vote was taken. Voting in favor: E. Shrem yes, R. Rondum, yes, D. Benbow, yes; Opposed: R. Smart, M.L. B. Kaplan, G. Young, C. Wowkanech, Abstained: L. Moskowitz.

R. Smart made a motion that the application language re: dependents eligible for coverage be amended to be consistent with the policy forms language and this motion was seconded by G. Young. The Board voted unanimously to approve.

R. Smart made a motion that any typographical errors be changed and D. Benbow seconded the motion. The Board voted unanimously to approve.

R. Smart reported that there was a conflict with the Buyer's Guide and the definition of lapse in coverage as less than 30 days between policies. The policy language does not define the intervening lapse in coverage. R. Smart made a motion that a bulletin be sent to carriers clarifying that a lapse in coverage occurs with a gap of more than 30 days between policies and seeking their voluntary compliance while the Board seeks legislative or regulatory change to that effect. R. Rondum seconded the motion. The Board voted unanimously to approve this bulletin.

D. Benbow suggested that the bulletin go out today and that it be followed up with a Regulation to define lapse in coverage as less than 30 days.

D. Benbow asked that the Policy Forms Committee take another look at the Policy Forms to see if duplication of coverage is an issue.

R. Smart pointed out to the Board the problems that Medicaid and Medicare coverage do not fulfill prior qualifications for preexisting conditions. She gave examples of issues the situation was raising.

D. Benbow suggested that the Board not pursue the discussion of the issue. He recommended that the Board look at the statute and table the discussion for Executive Session.

VI. Report of the TAC Committee-D. Benbow

D. Benbow distributed the TAC Report. He stated that there were four rate filings from the following carriers to review: Aetna, Met Life, NJ Blue Cross/Blue Shield and Travelers. National Health Insurance provided inadequate answers to questions from TAC and therefore their filing would be deemed incomplete.

D. Benbow made a motion to accept the TAC report and L. Moskowitz seconded the motion. The Board voted unanimously to approve the TAC Report.

D. Benbow distributed the RFP for a professional auditing services. The Board discussed and accepted this RFP.

D. Benbow made a motion to recommend that the Operations Committee publicize the RFP for the hiring of the auditing firm(s). This motion was seconded by C. Wowkanech. The Board voted unanimously to approve the RFP.

E. Shrem asked whether there would be one or more auditing firms. She requested that woman and minority firms be included in the process. D. Benbow stated that these firms had been included in the RFP bidding process.

D. Benbow reported that the Board was working with the other auditing firm on the loss ratio report audit.

The Board agreed that a conference call should be scheduled to continue the Board meeting on Friday, December 16 at 9:30 am.

G. Young made a motion to adjourn the Board Meeting at 1 pm and C. Wowkanech seconded the motion. The Board voted unanimously to adjourn.

**New Jersey
Individual Health Coverage
Program Board**

**Trenton, New Jersey
Approved General Session Minutes
December 16, 1994.**

Directors Present via telephone: C. Wowkanech, D. Benbow, (Prudential), M. L. B. Kaplan, (Blue Cross/Blue Shield), L. Moskowitz, R. Rondum, R. Smart, (Mutual of Omaha), E. Shrem, G. Young (US Healthcare).

I. Public Meeting-C. Wowkanech

C. Wowkanech called the meeting to order at 9:30 am. Roll call was taken. The IHC Meeting was properly noticed in three newspapers in accordance with the Open Public Meetings Act. A quorum was present.

II. Report of the Forms Committee-R. Smart

R. Smart reviewed the HMO application comments. She stated that it made sense to have some alternate language on the application with respect to the effective date of coverage.

L. Moskowitz stated that the ACCESS Program needed this type of change also. D. Benbow clarified that what the Board was trying to say: the Effective date of the policy must be the first of the month no later than 30 days after the application had been received.

The Board also noted that the pre-existing condition waiver does not allow for a gap of more than 30 days. M. Smyth said that she would not take a legal position and that she could review this, if the Board so desired.

D. Benbow stated that the Board needed to draft a bulletin so that the carrier would know to implement this change.

R. Smart stated that the application language would be modified to state that the effective date of the coverage would relate to when a completed application and payment are received by the carrier or its duly appointed representative.

R. Smart reviewed the policy form changes that were mailed to the Board.

R. Smart made a motion and L. Moskowitz seconded the motion to accept the changes in the application. The Board unanimously approved the changes to the application.

R. Smart brought up the discrepancy with regard to the 30 day permissible gap in coverage for waiver of a preexisting condition limitation.

R. Smart moved that the Board resolve that no intervening lapse in coverage would occur unless a policyholder had more than a 30 day gap between determination of old coverage and effective date of new coverage. The Board voted unanimously to amend the motion.

L. Moskowitz made a motion and D. Benbow seconded the motion to move into Executive Session to discuss legal and personnel issues. The Board voted unanimously to adjourn to Executive Session.

The Board returned to Public Session from Executive Session.

D. Benbow made a motion that K. O'Leary draft a bulletin asking voluntary cooperation in recognizing Medicaid and Medicare coverage as a prior health benefits plan for the purpose of waiving preexisting condition limitations. R. Rondum seconded this motion and the Board voted unanimously to approve.

G. Young and R. Smart volunteered to review the bulletin for K. O'Leary. L. Moskowitz recommended that D. Bryan or M. Smyth would also review.

M. Smyth offered to provide a citation to OBRA, which affects the issue of Medicaid eligibility and eligibility for IHC coverage.

D. Benbow recommended that the Board adjourn the meeting. The Board voted unanimously to adjourn the meeting.