

FINAL
MINUTES OF THE MEETING OF THE
NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
AT THE OFFICES OF THE
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
July 11, 2017

Directors participating: Sandi Kelly (Horizon); Cheryle Lawson (Aetna); Ulysses Lee (United/Oxford); Brendan Peppard (DOBI); Colleen Picklo; Tony Taliaferro (AmeriHealth).

Others participating: Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Managing Financial Officer; Eleanor Heck, Deputy Attorney General.

I. Call to Order

E. DeRosa called the meeting of the IHC Board to order at 10:00 A.M. She announced that notice of the meeting had been posted at the Department of Banking and Insurance (“DOBI”), on the DOBI website, at the Office of the Secretary of State, submitted to the State House Press Corps, and published in three newspapers of general circulation in accordance with the Open Public Meetings Act. A quorum was present. She stated that voting would be by roll call because some directors were participating by phone.

II. Review of Minutes – June 13, 2017

C. Picklo made a motion, seconded by B. Peppard, to approve the minutes of the meeting of June 13, 2017, as amended. By roll call vote, the motion carried, with T. Taliaferro abstaining.

III. Report of Staff – Expense Report; Rules

Expense Report

R. Lenox presented the expense report for July, totaling \$10,780.68, for salaries and fringe. R. Lenox explained that the Board would need to transfer \$10,800 from its Money Market account to pay the operating expenses if approved.

B. Peppard made a motion, seconded by C. Picklo, to approve payment of the expenses reported, and the transfer of \$10,800 from the Board’s Wells Fargo Money Market account to its Wells Fargo checking account to pay the operating expenses. By roll call vote, the motion carried.

Regulatory Action

E. DeRosa informed the Board that Chapter 20 (N.J.A.C. 11:20) will expire in May of 2018, so the Board will need to prepare a readoption prior to that date. She encouraged members to start thinking about the readoption and any suggested amendments.

IV. Presentation by UNUM regarding Hospital Indemnity Coverage

Brandon Boey and Chantelle Robeson from UNUM presented information regarding hospital indemnity coverage and UNUM's desire to expand the types of coverage it offers in New Jersey to more closely align with its offerings in other states. They noted that costs for medical care have risen substantially over time, and that much medical care has shifted from inpatient care to care given on an outpatient basis, and/or in non-hospital settings. They stated that its typical hospital indemnity policies in other states include one or more of the following benefits: ambulance, emergency room, admission, daily confinement, inpatient diagnostic procedure, outpatient surgery, and/or ICU, with a wide range of dollar amounts offered for each service. They explained that, although the employee coverage is purchased and paid for by the employees, the coverage is usually marketed to employers, who decide what plan and benefit amounts to make available to the employees. They confirmed that benefits are paid regardless of financial responsibility of the covered person, and without coordination with any other insurance.

E. DeRosa stated that the IHC Board's rules include at N.J.A.C. 11:20-1.2 the HIPAA definition of health benefits plan, which specifies hospital confinement indemnity coverage as an excepted benefit, and the Board's rules further define hospital confinement indemnity coverage for New Jersey. She said UNUM seeks to offer plans that are more expansive than hospital indemnity coverage and questioned whether such expanded benefits similarly qualify as excepted benefits. She noted such a question would have to be reviewed by the Department of Banking and Insurance. E. DeRosa referred to the Department's prior guidance in Bulletin 06-02 on Hospital Confinement Indemnity and Other Fixed Indemnity Insurance. The IHC Board is the appropriate regulatory agency to consider a request to amend the definition of hospital confinement indemnity coverage with respect to the benefit formula.

The Board requested more information from UNUM, in particular:

- Since UNUM believes the formula at N.J.A.C. 11:20-1.2 limits the offering of meaningful plans in New Jersey, how UNUM recommends the formula be amended.
- The average cost per day for an inpatient stay in New Jersey including a breakdown of facility-only charges and total per day charges inclusive of professional costs.
- Samples of its policies sold in other states.
- Samples of its marketing materials used with employers as well as materials used with employees.
- The number of inforce group hospital indemnity policies and the number of covered lives.
- An analysis of the definition of health benefits plan supporting, as an excepted benefit, a hospital confinement indemnity plan having other than inpatient benefits.

VII. Close of meeting

S. Kelly made a motion, seconded by C. Picklo, to adjourn the meeting. By roll call vote, the motion carried.

[The meeting ended at 11:35 A.M.]