

**MINUTES OF THE MEETING OF THE  
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD  
AT THE OFFICES OF THE  
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE  
TRENTON, NEW JERSEY  
October 2, 2008**

**Members participating by teleconference:** Thomas Collins; Gary Cupo; Darrel Farkus (United/Oxford); John Foley (CIGNA); Sandy Herman (Health Net); Margaret Koller; Ulysses Lee (Guardian) William Manning (Aetna); Christine Stearns; Jim Stenger (*who left the meeting before its conclusion*); Tony Taliaferro (AmeriHealth); Michael Torrese (Horizon); Dutch Vanderhoof.

**Members participating in person:** Gale Simon (DOBI)

**Others participating:** Ellen DeRosa, Executive Director; Rosaria Lenox, Program Accountant; DAG Vicki Mangiaracina (DLPS); Chanell McDevitt, Deputy Executive Director.

**I. Call to Order**

E. DeRosa called the meeting to order at 10:05 A.M. E. DeRosa announced that notice of the meeting had been published in two newspapers and posted at the Department of Banking and Insurance (“DOBI”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present. She explained voting would be by roll call because the meeting was being held by teleconference.

**II. Public Comments**

There were no public comments.

**II. Minutes**

The Board decided to defer action on the minutes of August 20 and September 5, 2008 until the regularly-scheduled October 22, 2008 Board meeting.

**III. Review of Draft Rule and Policy Form Amendments**

E. DeRosa reviewed the second revision to the draft rule proposal with the Board. The Board discussed and/or agreed to the following with respect to the rules and policy forms:

1. The term “allowed charges” will be added to the chapter definitions using the same definition currently applied to the phrase “reasonable and customary” in the policy forms, and allowed charge will substitute throughout the rules and forms for reasonable and customary.
2. The terms and relevant definitions of “coinsurance cap” and “coinsurance charge limit” will be deleted, because they are no longer relevant to the plan designs.
3. The definition of MOOP will include a reference to DOBI rules at N.J.A.C. 11:22-5 to assure that any amendments DOBI may adopt to N.J.A.C. 11:22-5 will apply in the SEH market.

4. The SEH address will be updated.
5. The provision regarding the Code of Ethics will be revised to include reference to the State's Uniform Code of Ethics and any supplemental code of ethics the Board may adopt to govern the Board's activities.
6. The requirement for the Executive Director to make a monthly report to the Board will be deleted because the report to the Board at the Board's meetings is considered adequate, even when the meetings occur less frequently than monthly.
7. The timeframe for performing the assessments following receipt of information will be deleted as unnecessary.
8. The rules will include a provision requiring that interest earned on deposits held by the Board be applied against the SEH Program's administrative expenses.
9. The rules will have language clarifying that carriers must offer at least three of the SEH standard plans, one of which must be Plan A with a specific deductible and MOOP. The Board recommended revising the language to simplify it, and to clarify that an indemnity carrier with an HMO affiliate is not permitted to use the HMO affiliate's HMO Plan as one of the indemnity carrier's offerings.
10. The rules will increase the MOOP ceiling to \$7,500 to be consistent with DOBI rules at N.J.A.C. 11:22-5.
11. The rules will provide guidance regarding the disclosure of premiums and plan riders separately, allowing a showing of either dollar or percentage changes in premium from the nonridered to ridered plan.
12. The filing review period will be extended from 45 to 60 days in recognition of the Board's current bi-monthly meeting schedule.
13. Language specific to filings by hospital service corporations will be removed from the rules because there are no hospital service corporations currently in New Jersey.
14. The description of an eligible independent contractor will be revised to eliminate the requirement that the person work exclusively for the small employer, and to add language requiring that the person not be considered employed by the small employer under New Jersey Department of Labor standards.
15. Language will be added to require coverage of prosthetics and orthotics with reimbursement subject to the Medicare fee schedule for the appliances.
16. The rules will specify the requirement to either offer IHC plans (in accordance with the IHC rules), or withdraw from the SEH market, and the process for showing compliance. After discussion, the Board suggested language be added to clarify that affiliates will be treated consistent with the IHC statutes on affiliates for purposes of determining that the carrier satisfies good faith marketing standards (and thus, an affiliate not offering IHC plans need not withdraw from the SEH market, so long as its affiliate is complying with the IHC market offer and making a good faith marketing effort consistent with the IHC rules).

There was discussion regarding the addition of language addressing the requirement that carriers renew SEH plans when an employer exceeds 50 eligible employees, restrictions on altering the SEH plan and being eligible for SEH rates. Board members determined there are a number of legal and practical issues related to the guaranteed renewability requirement for employers that exceed the small employer size, and decided not to propose new regulatory language in this regard at this time.

The Board discussed whether carriers might be permitted to phase in the disclosure of premium for standard plans and riders separately, because there was uncertainty whether all of the data could be uploaded by vendors to meet the law's effective date. It was agreed that neither the Board nor DOBI could delay the implementation date, but that enforcement might not be aggressive in the first months following the effective date of the law.

**D. Vanderhoof moved to approve the draft proposed readoption with amendments, further amended to include the revisions discussed at this Board meeting, for publication. C. Stearns seconded the motion. The Board voted unanimously by roll call in favor of the motion.**

**IX. Public Comments**

There were no public comments.

**X. Close of Meeting**

**D. Vanderhoof offered a motion to adjourn the Board meeting. C. Stearns seconded the motion, and the Board voted unanimously by roll call in favor of the motion.**

*[The meeting adjourned at 11:00 A.M.]*