

**FINAL
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 22, 2008**

Members participating: Thomas Collins; Gary Cupo (*arrived at 10:10 A.M.*); Darrel Farkus (United/Oxford); John Foley (CIGNA); Sandy Herman (Health Net); Margaret Koller (*arrived at 10:10 A.M.*); William Manning (Aetna); Christine Stearns; Jim Stenger; Tony Taliaferro (AmeriHealth); Michael Torrese (Horizon); Joseph Tricarico (DHSS); Dutch Vanderhoof.

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.

II. Public Comments

There were no public comments.

III. Election of Officers and Review of Committees – Annual Meeting

E. DeRosa reminded the Board members that this constituted the Board’s required annual meeting, and thus, before any further action is taken, the Board needed to elect a Chair and Vice Chair for the coming year, and determine the appropriateness of the existing committees and their respective compositions. Upon nomination, J. Stenger agreed he would serve another year as Chair of the Board, if elected. Upon nomination, T. Taliaferro agreed he would serve another year as Vice Chair of the Board, if elected.

M. Torrese made a motion, seconded by T. Collins, to re-elect J. Stenger as Chair of the SEH Board of Directors for twelve months. By unanimous vote, J. Stenger was re-elected as Chair.

T. Collins made a motion, seconded by M. Torrese, to re-elect T. Taliaferro as Vice Chair of the SEH Board of Directors for twelve months. By unanimous vote, T. Taliaferro was re-elected as Vice Chair.

The Board considered its existing committees. E. DeRosa noted that the Board could not currently have more than 7 members on a committee, otherwise a quorum of the Board would be present, requiring compliance with the Open Public Meetings Act. E. DeRosa stated that the

Legal Committee has 8 members, and would need to reduce that number, but that the remaining standing committees had 7 or fewer participants.

Upon further discussion, it was noted that Guardian is withdrawing from the SEH market, and at some point will no longer qualify to fill its seat on the Board as a carrier whose primary business is in the small employer market. Board members discussed whether it would be appropriate to remove Guardian from the Legal Committee. There was no consensus as to when Guardian might no longer be eligible to serve in its position, and sensitivity to ending a Director's participation when its representative was not present.

G. Simon made a motion to maintain the current composition of the standing committees, and M. Torrese seconded the motion.

J. Tricarico made a motion to amend the motion on the floor, seconded by D. Farkus, to maintain the existing membership on all of the standing committees other than Legal, with further discussion on the Legal Committee's composition tabled until the December meeting. G. Simon accepted the amendment to her motion. The Board voted unanimously to reconstitute all but its Legal Committee.

Accordingly, the approved compositions of Board's standing committees are as follows:

Policy Forms Committee

DOBI
CIGNA Healthcare
UnitedHealthcare
Health Net of the Northeast, Inc.
AmeriHealth Ins. Co. of NJ
Horizon BCBSNJ
Margaret Koller

Finance & Audit Committee

DOBI
Health Net of the Northeast, Inc.
AmeriHealth Ins. Co. of NJ
Horizon BCBSNJ
UnitedHealthcare
Thomas Collins

Marketing Committee

Horizon BCBSNJ
Health Net of the Northeast, Inc.
UnitedHealthcare
Dutch Vanderhoof
Gary Cupo
Thomas Collins
Margaret Koller

Participation on the Board's Legal Committee in 2008 is as follows:

Aetna Health, Inc.
DOBI
UnitedHealthcare
Horizon BCBSNJ
The Guardian
AmeriHealth Ins. Co. of NJ
Dutch Vanderhoof
Christine Stearns

IV. Minutes

The Board considered the minutes of August 20 and September 5, 2008, upon which it had previously deferred action.

W. Manning made a motion, seconded by G. Simon, to approve the minutes of the August 20, 2008 meeting with amendments. The Board voted in favor of the motion, with J. Foley and M. Torrese abstaining.

S. Herman made a motion, seconded by M. Koller, to approve the minutes of the September 5, 2008 meeting, without amendments. The Board voted unanimously in favor of the motion.

The Board considered the minutes of October 2, 2008.

M. Torrese made a motion, seconded by T. Collins, to approve the minutes of the October 2, 2008 meeting with amendments. The Board voted in favor of the motion, with J. Tricarico and J. Stenger abstaining.

V. Report of Staff

Expense Report

R. Lenox presented the expense report, with expenses totaling \$250.87.

M. Torrese made a motion to approve the expense report, and T. Collins seconded the motion. The Board voted unanimously in favor of the motion.

2009 Meeting Schedule

E. DeRosa presented the proposed meeting schedule for 2009, with meetings scheduled for January 21, February 18, April 22, June 17, August 19, October 21 and December 16.

Rule Proposal

E. DeRosa reported that the rule proposal has been sent to Governor's Counsel, but that beforehand, she had received information on revised standards from the American Cancer Society regarding colorectal cancer screenings, and had revised the policy forms to reflect the newer standards (because carriers in New Jersey are required to provide benefits for colorectal cancer screenings consistent with American Cancer Society recommendations). She distributed the revised language to the Board. She noted that, although the policy forms will not actually change until adoption of the amendments, carriers should be complying administratively with the changes in the American Cancer Society standards as of the date they went into "effect." There was an indication that the Department of Banking and Insurance may issue a bulletin to address the change in screening recommendations, because carriers in all markets are subject to the change.

E. DeRosa asked whether the Board would like a bulletin to be issued regarding changes to the SEH Program and P.L. 2008, c. 38 generally, given that it is not certain when the rule changes implementing P.L. 2008, c. 38 will actually be proposed. Board members generally agreed a bulletin would be useful if the proposal cannot be issued shortly.

E. DeRosa stated the rule proposal will be published on the web with a 60-day comment period, which will begin when the proposal is sent to the Office of Administrative Law, pursuant to the Board's expedited rulemaking authority. She also stated the existing SEH rules will not expire in February as scheduled (but will receive a six-month extension), so long as the proposal for re-adoption is issued by the Board prior to then.

There was brief discussion that the Marketing Committee may need to meet to address more changes to the Buyer's Guide and other consumer education materials.

VI. Finance & Audit Committee (FAC)

Audit RFP

C. McDevitt reported a new RFP had been drafted, and that the FAC had recommended issuing it as soon as possible. She reminded Board members that staff had already tried using Treasury's contracted auditing firms, but had received only one response, which the Bid Evaluation Committee and FAC had rejected.

T. Taliaferro made a motion, seconded by C. Stearns, to issue the RFP for services to audit the SEH Program's financial activity. The Board voted unanimously in favor of the motion.

Annual Financial Statements

R. Lenox reported on the Board's annual financial statements as of the end of Fiscal Year 2008, ending June 30, 2008, including the Statement of Net Assets, Statement of Changes in Net Assets, Statement of Cash Flows, and Comparison of Budgeted and Actual Expenditures. She reported that, although the SEH Program was over budget on professional services (due to computer upgrades), the SEH Program actually had \$16,434.06 left over from its FY08 budget.

Funds at Wachovia

R. Lenox reported the FAC had discussed whether it is appropriate to leave funds in the current SEH account at Wachovia, and requested that staff obtain more information from the State Treasury about options for maintaining the money.

R. Lenox reported the SEH Board had collected \$282,900 for administrative expenses for FY09, but that she has kept the money in the New Jersey Treasury thus far. She noted the Board will be required to keep enough in Treasury to cover salaries, so even if the Board decides it wants money transferred to the Wachovia account, the amount at Wachovia generally should be less than the \$250,000 limit insured through the FDIC.

VII. Other Discussion – Health Connect, Producer Disclosure

There was brief discussion regarding the progress carriers are making in providing rate information to Health Connect.

There was also brief discussion as to how carriers intend to comply with the producer disclosure requirement. It appeared there is little consensus on the process, and that many carriers may still be evaluating how to proceed.

IX. Public Comments

There were no public comments.

X. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. J. Stenger seconded the motion, and the Board voted unanimously in favor of the motion.

[The meeting adjourned at 10:55 A.M.]