

**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
September 15, 2010**

Members present by phone: Thomas Collins; Darrel Farkus (United/Oxford); Joyce Gralha (Horizon); Margaret Koller; Alan Maesaka (Aetna); Christine Stearns; James Stenger; Tony Taliaferro (AmeriHealth); Dutch Vanderhoof (*arrived at 10:10 A.M.*).

Members present in person: Neil Vance (DOBI)

Others participating: Ellen DeRosa, Executive Director; Rosaria Lenox, Accountant; Chanell McDevitt, Deputy Executive Director; DAG Eleanor Heck (DLPS).

I. Call to Order

E. DeRosa called the meeting to order at 10:05 A.M. She 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. She determined a quorum was present. She stated that votes would be by roll call because many members of the Board were participating by phone.

II. Public Comments

There were no public comments.

III. Annual Meeting

E. DeRosa announced that the Board needed to vote on a new Chair and Vice Chair.

T. Collins nominated J. Stenger to serve as Chair, and J. Gralha seconded the nomination. After J. Stenger confirmed that he would serve if elected, by roll call vote, the Board unanimously re-elected J. Stenger as Chair.

D. Vanderhoof nominated T. Taliaferro to serve as Vice Chair, and T. Collins seconded the nomination. After confirming that he would serve if elected, by roll call vote, the Board unanimously re-elected T. Taliaferro as Vice Chair.

The Board then went on to reconstitute its standing committees. E. DeRosa reminded the Board that, because there are currently only 14 seated members, committees would need to be limited to 6 members to avoid having to comply with the Open Public Meetings Act for all of the committee meetings.

The Policy Forms Committee currently includes:

- Margaret Koller
- AmeriHealth

- United
- CIGNA
- Horizon

Because the Policy Forms Committee only had 5 members, the DOBI requested to be added to the membership.

The Legal Committee currently includes:

- Aetna
- DOBI
- Oxford
- Horizon
- AmeriHealth
- Dutch Vanderhoof
- Christine Stearns

Because there are seven members, one person needed to step down from the committee; however no one was willing to do so. N. Vance suggested that one carrier step off until the next Board meeting so that the Legal Committee could meet in the interim, if necessary, and D. Farkus (Oxford) agreed to do so.

The Finance and Audit Committee (FAC) currently consists of:

- DOBI
- Oxford
- AmeriHealth
- Horizon
- Tom Collins

E. DeRosa noted that the FAC could add a member, but no one volunteered to join.

The Marketing Committee currently consists of:

- Horizon
- Dutch Vanderhoof
- Gary Cupo
- Tom Collins
- Oxford
- Margaret Koller

No one expressed a desire to join or remove themselves from this committee.

Board members agreed that both the FAC and Marketing Committees should continue with their current memberships, and that the DOBI should be added to the Policy Form Committee. The Board also agreed that Legal temporarily would not include Oxford.

IV. Minutes – August 11, 2010

M. Koller made a motion, seconded by D. Vanderhoof, to approve the open session minutes for August 11, 2010 with amendments. By a roll call vote, the motion carried, with T. Taliaferro abstaining.

V. Staff Report

Expense Report

R. Lenox reported that the September expenses totaled \$35.96 for the public notices required for the August meeting, which had not previously been scheduled.

D. Vanderhoof made a motion, seconded by J. Gralha, to accept the expense report for September. By roll call vote, the motion carried.

Transfer of funds

R. Lenox requested that the Board approve transfer of \$50,000 from its money market fund at Wachovia to the DOBI to pay for staff salaries and fringe.

D. Vanderhoof made a motion, seconded by T. Taliaferro, to approve the transfer of \$50,000 from the IHC Board's Wachovia Money Market Fund to the DOBI for cover IHC Board staff salaries and fringe benefits costs. By roll call vote, the motion carried unanimously.

Rule Proposal Update (Compliance with PPACA, etc.)

E. DeRosa provided a brief update on the status of the rule proposal to amend the SEH forms for purposes of complying with the federal Patient Protection and Affordable Care Act, the federal Mental Health Parity and Addiction Equity Act, and several state laws. Essentially, she explained that the proposal had been sent to Governor's Counsel for review, and if Governor's Counsel approves, the proposal will then be sent to the OAL for publication. She reminded the Board that the rule would be proposed pursuant to the Board's expedited rulemaking process.

Agent Compensation Differentiation by Group Size

E. DeRosa reminded the Board that it had determined at its prior meeting that the practice of paying a different commission to a general agent based upon the size of the group violates N.J.A.C. 11:21-17.5(b), and that based on that, she had sent a letter to Aetna notifying the company of the Board's determination and requesting that Aetna submit a response indicating its intent to cease from the practice. She stated that Aetna responded stating that it would send notices to its general agents by October 1 specifying that Aetna would discontinue the practice of differentiating compensation based on group size beginning with group plans issued on and after January 1, 2011. E. DeRosa explained that the contracts between Aetna and its general agents specify a notice period prior to effectuating a change in practices; hence, the delay until January 1, 2011. D. Vanderhoof noted there is an inequity for small employers prior to January 1, 2011.

Assurant Plan

D. Vanderhoof noted that he had been solicited by Assurant about offering a so-called self-funded underwritten plan. T. Collins said that he had also been contacted by Assurant. E. DeRosa stated she is aware of the product, and explained that Assurant alleges it is selling a stop loss product to employers that claim to self-fund their medical benefits. She noted the DOBI has not approved any product, and cannot regulate whether agents choose to market the product to employers that allegedly will self-fund the medical coverage. D. Vanderhoof noted that StarMark (TrustMark) is offering a similar product, and that he has heard Guardian intends to offer a similar product as well, which E. DeRosa confirmed she had heard also.

VI. Executive Session

D. Vanderhoof made a motion, seconded by T. Collins, to go into Executive Session for the purpose of considering Executive Session minutes. By roll call vote, the motion carried unanimously.

E. DeRosa noted that it was unlikely that there were be discussion of other issues following the Executive Session.

[The Board was in Executive Session from 10:40 until 10:45 A.M.]

VII. Public Comments

There were no public comments.

VIII. Close of Meeting

Upon a motion made by C. Stearns in Executive Session, seconded by M. Koller, to return to the Open Session meeting and immediately adjourn, which motion carried unanimously by roll call, the Board meeting ended.

[The meeting adjourned at 10:45 A.M.]