

**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  
February 18, 1998**

**Members present:** Justin Fiedler (BCBSNJ); Addie Gallagher (Anthem Health and Life); Eileen Gallagher (NYLCare); Linda Ilkowitz (Guardian); James Leonard; Leon Moskowitz (DOHSS); Catherine St. John (Prudential); Fred Title (HIP of New Jersey) (*arrived 9:50 a.m.*); Gale Simon (DOBI); Dutch Vanderhoof (*arrived 9:45 a.m.*); Eric Wilmer (Celtic).

**Others present:** Ellen DeRosa, Deputy Executive Director; Lead DAG Michael Goldman (DOL); Wardell Sanders, Executive Director.

**I. Call to Order**

W. Sanders called the meeting to order at approximately 9:40 a.m. He announced that notice of the meeting had been published in three newspapers and posted at the Department of Banking and Insurance (“DOBI”) and the Office of the Secretary of State in accordance with the Open Public Meetings Act. W. Sanders reported that L. Glover advised him that he would not be able to attend the meeting. A quorum was present.

**II. Public Comments**

W. Sanders asked if any person attending the meeting wished to offer any comments. No comments were offered.

**III. Election of Board Members**

W. Sanders reviewed the Board member seats and nominees that were included on the Ballot sent to all member carriers. He invited any carrier representatives present who chose to cast ballots in person rather than via absentee ballot to submit ballots.

- A person representative of minority small employers:  
Larry Glover
- A carrier whose principal health insurance business is in the small employer market:  
Guardian Life Insurance Company
- A carrier whose principal health insurance business is in the large employer market  
Prudential Insurance Company  
Oxford Health Plans
- An HMO  
AmeriHealth HMO  
NYLCare

#### University Health Plans

- A health, hospital or medical service corporation or domestic mutual insurer which converted from a health service corporation

Blue Cross Blue Shield of New Jersey

Garden State Hospitalization Plans

*[As W. Sanders counted the votes, the Board reviewed the minutes from the January 21, Board meeting.]* After counting all votes, W. Sanders reported the election results. *[The person or carrier receiving the majority of votes is shown in italics.]*

- A person representative of minority small employers:  
24 votes      *Larry Glover*
- A carrier whose principal health insurance business is in the small employer market:  
24 votes      *Guardian Life Insurance Company*
- A carrier whose principal health insurance business is in the large employer market  
16 votes      *Prudential Insurance Company*  
7 votes      Oxford Health Plans
- An HMO  
4 votes      AmeriHealth HMO  
17 votes      *NYLCare*  
3 votes      University Health Plans
- A health, hospital or medical service corporation or domestic mutual insurer which converted from a health service corporation  
17 votes      *Blue Cross Blue Shield of New Jersey*  
7 votes      Garden State Hospitalization Plans

W. Sanders reminded the Board that the elections for the Board officer positions of Chair and Vice Chair would occur during the March Board meeting. Committee assignments would also be reviewed during the March meeting.

#### IV. Minutes

*January 21, 1998 Open Session*

**J. Fiedler offered a motion to approve the minutes of the Open Session of the January 21, 1998 Board meeting. C. St. John seconded the motion and the Board voted in favor of approving the minutes, with three abstentions (G. Simon, A. Gallagher, J. Leonard)**

*[D. Vanderhoof arrived: 9:45 a.m.]*

*January 21, 1998 Executive Session*

**L. Moskowitz offered a motion to approve the minutes of the Executive Session of the January 21, 1998 Board meeting. J. Fiedler seconded the motion and the Board voted in favor of approving the minutes, with four abstentions (G. Simon, A. Gallagher, J. Leonard and E. Wilmer)**

*[F. Title arrived: 9:50 a.m.]*

## V. Report of the Policy Forms Committee

E. DeRosa reported the Committee met at the offices of the Department of Banking and Insurance at 10:00 a.m. on February 9, 1998. She reported that while the minutes of the meeting of the Policy Forms Committee as included in Board packets described a series of optional benefit riders submitted by AmeriHealth, discussion of those riders would occur during Executive Session, and voting concerning the riders would occur during Open Session following the Executive Session.

### *Blue Cross Blue Shield of New Jersey*

Rider 1: Amends POS Plan D to provide open access to network providers other than for treatment of mental or nervous conditions and substance abuse, and to allow a reduced coinsured charge limit of \$5000. The rider contains a Blue Card feature which allows a member to use the services of Blue Cross providers in other states.

Rider 2: Amends POS Plan C to provide open access to network providers other than for treatment of mental or nervous conditions and substance abuse, and to allow a reduced coinsured charge limit of \$5000. The rider contains a Blue Card feature which allows a member to use the services of Blue Cross providers in other states. The rider contains variable text which addresses instances in which the employer may have purchased a previously approved rider.

E. DeRosa reported that the Committee had noted the Blue Card feature in both riders and believed it to be to the benefit of customers. The Committee representative from DOHSS, C. McDevitt, indicated that the Blue Card concept did not seem to present any concerns from the perspective of the DOHSS. L. Moskowitz stated that the DOHSS was familiar with the Blue Card feature and had been in communication with BCBSNJ regarding the feature. E. DeRosa reported that the Committee recommended that the Board find the riders to be complete and in substantial compliance.

**L. Moskowitz offered a motion that the Board find the two riders submitted by BCBSNJ to be complete and in substantial compliance. J. Leonard seconded the motion and the Board voted in favor of the motion with one abstention (J. Fiedler).**

W. Sanders advised the Board that the Board packets contained an updated listing of optional riders of decreasing value which have been approved by the DOBI.

## VI. Report of the Marketing Committee

### *Comments from Marketing Consultant*

K. Mattson (Wenzel & Company) reported that they had completed the final changes to the Buyer's Guide and were securing printing cost estimates. She added that the new front line piece was ready to be printed. She estimated that the cost to print both pieces would be approximately \$18,000.

K. Mattson said that they have reviewed the Board's portion of the WEB site and the art department of Wenzel was preparing art format for the site.

K. Mattson reported that a news release regarding the naming of W. Sanders as Executive Director was prepared.

**J. Leonard offered a motion to authorize the printing of the Buyer's Guide and front line piece up to a cost of \$18,000. C. St. John seconded the motion. The Board voted unanimously in favor of the motion.**

*1998 Premium Comparison Survey*

W. Sanders reported that data from the 1998 Premium Comparison Survey was ready to be included on the WEB page. He asked Board members to contact him with any suggestions concerning the document within one week.

L. Moskowitz asked that the text include a brief description of the standard plans. The text should note that within the standard plans there are a number a variables so it would be necessary to consult the carriers or an agent. He also suggested that the premium data pages should refer to the census for the sample group.

W. Sanders said he would re-draft the text to address these suggestions.

D. Vanderhoof suggested that since the survey has limited value it may be wise to seek a change to the law to eliminate the requirement that such a survey be published. W. Sanders noted that the DOBI publishes premium surveys for other lines of business.

*WEB Site*

W. Sanders called the Board's attention to the memo from R. Kitchen which reports on "hits" to the WEB site.

*IHC and SEH Enrollment Over Time (4Q93 - 3Q97)*

J. Fiedler said he recalled that the Board had learned that some carriers had misreported enrollment data in a quarter and had corrected the enrollment prospectively. For example, the enrollment reflected an unusual spike in the first quarter of 1997. W. Sanders explained that the enrollment data the Board releases is based on the data the carriers reported. The summary document of enrollment over time was based on the numbers published by the Board.

L. Moskowitz asked if the report could be expanded to show the break-out in covered lives: employees and dependents.

D. Vanderhoof inquired as to the status of the 4th quarter enrollment. W. Sanders said reports were received but he was unsure as to whether all carriers had provided the data. D. Vanderhoof suggested that a pattern of failure on the part of specific carriers to report enrollment on a timely basis should be referred to enforcement.

## **VII. Report of the Executive Director**

- **Expense Report**

W. Sanders asked that two of the expenses shown on the report, parking and Division of Law, be voted on after the Board discusses these during Executive Session.

**J. Leonard offered a motion to approve the payment of the expenses shown on the expense report attached hereto as Exhibit 1, with the exception of parking and Division of Law expenses. C. St. John seconded the motion, and the Board unanimously voted in favor of the motion.**

- **Rule Making**

W. Sanders reported that he had begun re-writing the SEH regulations. He said planned to share them with E. DeRosa before forwarding the regulations to the Legal Committee.

W. Sanders reported that the DOBI proposed changes to the Selective Contracting Arrangement (SCA) regulations. A copy of the proposal was included in the Board packets. The comment deadline was February 19, 1998. F. Title noted that HMO carriers should review the proposal if they are providing the network component for an SCA plan.

- **Legislative Update**

W. Sanders referred the Board to his February 11, 1998 memo which summarized recent legislative activity.

W. Sanders noted that A.150 (Bateman, Garret) was the most significant bill introduction to the Board since it would extensively modify both the SEH and IHC Programs. He said he would provide a copy of this bill to all Board members. After reviewing the bill, the Board could determine whether it wanted to provide comments to the Commissioner.

W. Sanders reported that another bill, A. 1641, was introduced and that he was advised of it after he prepared the summary memo. This bill affects the IHC market and revised the effective date of the 2-year calculation cycle such that the start of the first 2-year period would be January 1, 1998, and not January 1, 1997, as stated in existing law.

E. Wilmer suggested that it would be helpful to consider the impact each of the introduced bills would have on rates. He would like to have the Finance and Operations Committee of the SEH Board and the TAC of the IHC Board look at rate impact on rates.

J. Leonard said he had just received some information on draft legislation called the Healthcare Provider Accountability Act of 1998.

L. Ilkowitz commented that the bill that allows the development of a limited health benefits plan could create selection issues.

- Market Share Report (Exhibit CC)

W. Sanders reported that completed Market Share Reports would be due March 15, 1998.

- **Loss Ratio**

W. Sanders advised the Board that the DOBI reports on loss ratios that were requested during the last Board meeting relative to loss ratios were included in the Board packets.

- **Volunteer Time**

W. Sanders asked that Board members complete the survey he distributed concerning the amount of time spent on Board and committee work.

- **Outreach**

W. Sanders reported he met with the Commissioners Life and Health Advisory Council. The members were primarily concerned with the sale of unauthorized plans. He reported that he would be speaking in Edison on February 19, 1998 to the Central Jersey Association of Underwriters.

## **VIII. Executive Session**

**D. Vanderhoof offered a motion to move into Executive Session to discuss enforcement issues. J. Fiedler seconded the motion and the Board voted in favor of moving into Executive Session. W. Sanders advised that the Board would return to Open Session.**

*[Executive Session: 10:40 a.m. - 1:10 p.m.]*

*[Break 10:40 a.m. to 10:55 a.m.]*

*[J. Leonard left the meeting during the break]*

## **IX. Final Business and Close of Meeting**

*AmeriHealth*

**G. Simon offered a motion to find the AmeriHealth riders which waive the hospital confinement copay complete and in substantial compliance subject to staff review of the AmeriHealth standard SEH forms. If the standard forms are not found to be consistent with the Board's standard forms, the riders would be complete, but not in substantial compliance. D. Vanderhoof seconded the motion and the Board voted unanimously in favor of the motion.**

*United States Life/Garden State Hospitalization*

**D. Vanderhoof offered a motion to approve the filing of the hospital and wraparound plans, subject to receipt of the required certification. G. Simon seconded the motion. The Board voted unanimously in favor of the motion.**

*COBRA Expenses for J. Petto*

**E. Gallagher offered a motion that the SEH Board share the cost of COBRA (\$74.85 per Board per month) for J. Petto. L. Ilkowitz seconded the motion. The Board voted unanimously in favor of the motion.**

*Attorney General Office Expenses*

**E. Gallagher offered a motion to approve payment of the bills from the Attorney General's office for 4Q97, 1Q98 and 2Q98 for NAPP, subject to the Board's annual cap. D. Vanderhoof seconded the motion. The Board voted in favor of the motion with one opposed (E. Wilmer).**

*Close of Meeting*

**D. Vanderhoof offered a motion to close the meeting. E. Gallagher seconded the motion and the Board voted in favor of closing the meeting. The meeting adjourned at 1:18 p.m.**

**Attachments: Exhibit 1      February 18, 1998 Expense Report**