

**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  
March 18, 1998**

**Members present:** Karen Dickinson (HIP of New Jersey); Justin Fiedler (BCBSNJ); Charlotte Furman (Anthem Health & Life); Eileen Gallagher (NYLCare); Larry Glover, Chair; Linda Ilkowitz (Guardian); Jane Majcher, Vice Chair (DOBI); Bryan Markowitz (*arrived 9:50 a.m.*); Leon Moskowitz (DOHSS); Dutch Vanderhoof (*arrived 10:00 a.m.*).

**Others present:** Ellen DeRosa, Deputy Executive Director; DAG Josh Lichtblau (DOL); Joanne Petto, Assistant Director; 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. A quorum was present.

**II. Public Comments**

L. Glover asked if any person attending the meeting wished to offer any comments. No comments were offered.

**III. Minutes**

February 18, 1998

**J. Fiedler offered a motion to approve the minutes of the Open Session of the February 18, 1998 Board meeting. L. Ilkowitz seconded the motion and the Board voted in favor of approving the minutes, with two abstentions (C. Furman and L. Glover).**

*[B. Markowitz arrived: 9:50 a.m.]*

*[D. Vanderhoof arrived: 10:00 a.m.]*

**IV. 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 March 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.

- **Certification of Compliance (Exhibit BB, Part 1)**

E. DeRosa reported that the Committee considered draft modifications to the Certification that capture current options in the standard policy forms available to carriers. She reported that the Committee also considered a draft of a new part to Exhibit BB which would capture information concerning the use of optional benefits riders. She reported that only a few carriers had submitted the existing Certification that was due March 1, 1998. The Committee recommended that the Board issue a bulletin requesting all carriers to complete this revised Exhibit BB, Part 1 and new Exhibit BB, Part 5, and the Board agreed. E. DeRosa indicated that the revised Exhibits would be included in the Board's reproposal of its existing regulations.

- **Mental Health Parity**

E. DeRosa reported that the Committee had previously recommended that the Board consider replacing the internal dollar limits on coverage for mental health benefits in Plans B through E with the internal limits found in the standard HMO plan (30 days inpatient per calendar year; 20 visits outpatient per calendar year). She stated that it was the Board's understanding that such changes would be permitted under federal law. She stated that the Policy Forms Committee members were asked to supply information on the cost implications of this suggested modification. E. DeRosa reported that only one carrier responded to the written request indicating that there would likely be less than a one percent increase in premiums. There was some discussion among the carrier Board members indicating that the impact would probably be closer to 3-5%, and that carriers may not have the data needed to project the financial impact. E. DeRosa stated that carriers were now requesting guidance on compliance with the federal law in the context of standardized small employer plans. She advised that carriers could make the changes administratively while the revised text is being developed. She stated that the revised text could be proposed at the April Board meeting and adopted at the May Board meeting if the Board were to use its expedited rule making procedures. The Board instructed her to proceed with drafting the rule proposal.

The Board asked about the status of S.86, a State bill regarding coverage for mental health benefits. W. Sanders noted that the State bill substantially differed from the federal law as it mandated mental health benefits and prohibited any kind of limitation on coverage. He noted that he had developed a draft letter to Sen. Bassano, the sponsor of S.86, regarding the SEH Board's intended steps in complying with the federal Mental Health Parity Law. He noted that the letter was being reviewed by DOBI.

## **V. Report of Marketing Committee**

- **WEB Site**

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

- **Premium Comparison Survey**

J. Petto reported that the 1998 Premium Comparison Survey was in the Board packets. She stated that the survey would be added to the web site and distributed to individuals as requested.

## **VI. Report of Staff**

- **Expense Report**

W. Sanders presented the Board with an expense report and described the report. He asked that the parking expenses be voted on after the Board discusses them during Executive Session.

**J. Fiedler offered a motion to approve the payment of the expenses shown on the expense report attached hereto as Exhibit 1, except for parking expenses. C. Furman 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.

- **Legislative Activity**

W. Sanders referred the Board to his March 12, 1998 memo that summarized recent legislative activity.

W. Sanders noted that A.150 (Bateman, Garret) was one of the more significant bills affecting the SEH Board. He noted that the bill would extensively modify both the SEH and IHC Programs, and would merge the IHC and SEH Boards. C. Furman recommended that the Board consider submitting a resolution to the Commissioner urging her to oppose the merger of the Boards, and asked if staff would resurrect the 1997 Board resolution on the same issue. W. Sanders said that he would do so for the April Board meeting.

- **Market Share Report (Exhibit CC)**

P. Lechner reported that approximately 50% of the completed Market Share Reports had been received by the March 15, 1998 due date. She stated that a reminder would be sent to all carriers who did not respond by the deadline.

- **Outreach**

W. Sanders reported on the following activities: (1) He met with the Central New Jersey Association of Health Underwriters in Edison on February 19, 1998 to review recent activity in the individual and small employer markets; (2) On March 2, 1998 he addressed a group from the Cape May Chamber of Commerce on how to purchase insurance in the individual and small group markets.

W. Sanders reported that there were two articles in the Board packets for publication in the DOBI "Insurance Reporter."

## **VII. Executive Session**

**L. Ilkowitz offered a motion to move into Executive Session to discuss enforcement and personnel issues. C. Furman 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.**

*[Break 11:07 a.m. to 11:25 a.m.]*

*[B. Markowitz left the meeting during the break]*

*[Executive Session: 11:25 a.m. - 12:42 p.m.]*

## **VIII. Final Business**

- **Expense Report**

**D. Vanderhoof offered a motion to approve payment of the two parking expenses shown on the report attached hereto as Exhibit 1. L. Ilkowitz seconded the motion, and the Board unanimously voted in favor of the motion.**

- **AmeriHealth**

**D. Vanderhoof offered a motion to find the AmeriHealth riders that amend the HMO and HMO/POS hospital confinement copays incomplete and not in substantial compliance. L. Ilkowitz seconded the motion and the Board voted unanimously in favor of the motion.**

**D. Vanderhoof offered a motion to find the AmeriHealth vision rider incomplete and not in substantial compliance. J. Fiedler seconded the motion and the Board voted unanimously in favor of the motion.**

## **IX. Close of Meeting**

**C. Furman offered a motion to close the meeting. J. Fiedler seconded the motion and the Board voted in favor of closing the meeting. The meeting adjourned at 12:42 p.m.**

### **Attachments:**

**Exhibit 1      March 18, 1998 Expense Report**