

**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  
December 16, 1998**

**Members present:** Karen Dickinson (HIP of New Jersey); Tim English (Guardian); Charlotte Furman (Anthem Health & Life); Justin Fiedler (Horizon BCBSNJ); Larry Glover, Chair; Jim Leonard; Mike Malloy (DOBI); Brian Markowitz (arrived at 10:38 a.m.); Mary McClure (The Prudential); Dutch Vanderhoof; Eric Wilmer (Celtic); Ann Weiss (DOHSS).

**Others present:** Ellen DeRosa, Deputy Executive Director; DAG Josh Lichtblau (DOL); Pearl Lechner, Program Accountant; Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

**I. Call to Order**

L. Glover called the meeting to order at approximately 9:50 a.m. W. Sanders 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**

*November 18, 1998*

**K. Dickinson offered a motion to approve the open session minutes of the November 18, 1998 Board meeting, as amended. C. Furman seconded the motion. The Board voted in favor of the motion, with three abstentions (J. Leonard, M. Malloy, A. Weiss).**

**IV. Report of Staff**

***Expense Report (see attached)***

W. Sanders said he did not include the 1Q 1999 charge for the services of the Attorney General's Office on the Expense Report since he was seeking a correction to the billed amount. He reported that he had not yet received a corrected bill, but that the amount due for 1Q 1999 would be \$3,910.72. He asked that the Board consider this expense in addition to those specified on the Expense Report.

**J. Fiedler offered a motion to approve the payment of the expenses specified on the December 16, 1998 expense report plus the \$3,910.72 expense to the Attorney General's Office. J. Leonard seconded the motion. The Board voted unanimously in favor of approving the motion.**

### ***Key Issues***

W. Sanders noted that the key issues facing the Board involved employee leasing companies and technical compliance with HIPAA. He reported that he sent a memo to Karen Suter at the DOBI seeking cooperation and assistance from the DOBI in addressing these issues. He said he hoped to have a meeting with K. Suter, G. Simon and J. Majcher in the coming weeks.

C. Furman asked W. Sanders if he had any success in speaking with regulators in Maryland and Colorado concerning employee leasing companies. He said he had a lengthy conversation with a regulator in Maryland who advised him that Maryland acted because it was believed that employee leasing companies posed a grave threat to the small group market. W. Sanders said he was informed that in Maryland there was significant support from carriers and the Department of Insurance to regulate employee leasing companies. D. Vanderhoof suggested that it would be helpful to contact the Department of Labor to find out what definition the Department of Labor uses to define an "employer." W. Sanders reported that Jim Brown, Chair of the SEH Legal Committee, provided a state-by-state analysis of the statutes and regulations governing employee leasing companies. W. Sanders said he shared the analysis with DAG J. Lichtblau.

### ***3Q 1998 Enrollment***

J. Petto reported that third quarter 1998 enrollment in the small employer market dropped by about 12,198 lives as compared to second quarter 1998 enrollment. This decrease represented about a 1.37% decrease in enrollment. She reported that enrollment in the individual market continued to decline, and that enrollment was down by 4,684 lives. She noted however, that total enrollment in the IHC and SEH markets still exceeded 1 million lives.

### ***1999 Premium Comparison Survey***

J. Petto reported that she provided draft copies of the 1999 premium comparison surveys to the carriers and requested comments no later than December 23, 1998. She asked that any Board members who wished to comment on the text provide comments no later than December 23, 1998. She reminded the Board that the survey will not be formally printed. She said it will be photocopied for distribution and included on the web site.

### ***1998 Assessment Collection***

P. Lechner reported that 38 out of 51 carriers had paid the 1998 assessment. Carriers are allowed 45 days in which to pay the assessment. She said the 45-day period would expire December 21, 1998 and that she would call carriers that had not yet paid the assessment.

### ***Outreach***

W. Sanders said he was invited to be a member of a panel for a seminar sponsored by the Alpha Center to be held in January 1999 in Washington, DC. He said the Alpha Center agreed to pay for expenses associated with his participation in the seminar. He noted that researchers from Harvard-Brandeis that had worked on the IHC Program study would be among the participants.

D. Vanderhoof suggested that W. Sanders should ask them for the final report. E. DeRosa explained that the report the researchers presented to the IHC Board about a year ago provided the study results that were of interest to the IHC Program. The remaining work products of the study were articles written for economic journals, many of which have not yet been published.

W. Sanders reported that he participated in the Commissioner's Advisory Council of Brokers on December 1, 1998. He noted that the brokers were primarily interested in employee leasing company issues and the impact on the SEH market.

W. Sanders said he spoke at a seminar sponsored by the New Jersey Business and Industry Association on November 20, 1998. He said his topic was individual and small employer reform and shopping for coverage.

E. DeRosa report that she taught another 5-credit continuing education course on the IHC Program on November 30, 1998.

### ***1999 Meeting Schedule***

W. Sanders suggested that the Board consider reducing the 1999 meeting schedule to 6 meetings per year. He noted that the meetings have been brief and that it may not be a wise use of Board member's time to travel to Trenton each month for a brief meeting. He said the only issue that would present some concern would be the optional benefit rider filings that must be acted upon within a 45-day period. Several Board members suggested that it might be more appropriate to reduce the meeting schedule to 8 meetings per year. W. Sanders said he would review the activities of the Board for 1999 and make a recommendation concerning which meetings could be canceled without interfering with necessary activities.

### ***NJ KidCare***

W. Sanders explained that both he and E. DeRosa had been contacted by persons working on NJ KidCare to provide information concerning the SEH Program. Jim Verdier from Mathematica requested the opportunity to meet with some volunteers for the SEH Board to discuss marketing, policy issues, and pricing. W. Sanders asked for volunteers to participate in a meeting on January 7, 1999. The following persons volunteered: D. Vanderhoof; J. Leonard; and L. Glover. In addition, there will be a representative from Horizon BCBSNJ, Guardian and the DOBI.

## **V. Report of the Policy Forms Committee**

E. DeRosa reported that the Committee met to discuss rider filings from 2 carriers.

### ***AmeriHealth Insurance Company:***

E. DeRosa said that the rider would amend PPO Plans C and D to provide coverage for prescription drugs subject to a copayment that would be either a dollar amount or a 50% benefit. She said the Committee believed the 50% benefit would represent a decrease in benefits. She said AmeriHealth revised the rider to delete the 50% option. She noted that AmeriHealth filed a separate decreasing rider with the DOBI using the 50% coinsurance option. With the revised rider using only dollar copayments, she recommended that the Board find the rider complete and in substantial compliance.

**D. Vanderhoof offered a motion to find the AmeriHealth prescription drug rider complete and in substantial compliance. J. Fiedler seconded the motion. The Board voted unanimously in favor of the motion.**

*Empire Health Choice*

E. DeRosa explained that this company chose to file separate riders to address each copayment option. The riders waive the hospital confinement copayment in the HMO plan. She said the Committee recommended that the riders be found complete and in substantial compliance.

**D. Vanderhoof offered a motion to find the Empire Health Choice riders complete and in substantial compliance. C. Furman seconded the motion. The Board voted unanimously in favor of the motion.**

**VI. Report of the Marketing Committee**

W. Sanders said the Committee met on December 14, 1998 to discuss several issues.

*NJ Managed Health Care Plans Compare Your Choices*

W. Sanders reminded the Board that a couple of Board members expressed concern with staff distributing the Managed Health Care Plans report card since it only provides information on HMO-based plans. He said the Committee reviewed caveat language to be included with the report card when distributed by staff. The language would alert readers to the fact that there are plans available other than those included in the report card and that the SEH Board was not endorsing any of the plans included in the report card. He said the Committee suggested that the Board should ask the DOHSS to add a similar caveat to the web site.

D. Vanderhoof expressed concern that the report includes information on a carrier that cannot sell new business. A. Weiss responded that the report provides information as of a specific point in time. She noted that while the DOHSS attempted to anticipate developments in the market, it would not be possible to produce a printed report that would contain data that would not become out of date in some manner. A. Weiss commented that D. Vanderhoof was addressing the situation with HIP. She noted that HIP is still enrolling new lives to existing plans and that the report information would be useful to those newly added lives.

A. Weiss explained that the report was intended to provide information on quality of care. She said the DOHSS consciously changed the name of the report from the HMO Report Card to a Managed Health Care Plans report since the 1998 report included data on HMO POS plans and was not limited solely to pure HMO plans. She explained that under the Health Care Quality Act, consumer protections were extended to all managed care plans. She said the report includes information on the appeal process, referrals, PCP roles and other topics that are of general applicability to all managed care plans. C. Furman commented that the report harms the non-HMO community since it does not speak about any managed care plans issued by non-HMO carriers.

D. Vanderhoof asked what the target audience is for the report. A. Weiss responded that the audience has three components: consumers who are seeking a health plan; purchasers such as businesses and employers; and the public health constituency. She noted that when

Commissioner Fishman speaks about the report he notes that it is a mechanism that encourages improvement in the quality of care. If one carrier can excel in an area such as preventive care, so can the other carriers.

A. Weiss noted that the DOHSS does not regulate non-HMO entities and could not easily gather necessary data from indemnity based managed care plans. She explained that HMO carriers have developed systems that enable them to provide the data requested for the report.

C. Furman suggested that the report might be separated into two reports: an HMO Report card and a separate document that provides general information on managed care plans.

D. Vanderhoof suggested that the report should address the financial viability of carriers. Further, he said he believed the use of darkened circles to show average and below average and above average was confusing. M. McClure added that many readers of the report probably do not get to the text that offers explanations and merely look at the first page with darkened circles to make a decision.

L. Glover asked the Board to focus on the issue before it -- to decide whether the staff should distribute the report. D. Vanderhoof suggested the caveat statement the Marketing Committee agreed upon should be supplemented with a list of carriers that sell indemnity managed care plans. B. Markowitz said the NJBIA distributes many copies of the report and usually adds a list of Q&As to help employers know what types of questions to ask when purchasing a plan.

**B. Markowitz offered a motion that staff distribute the report at presentations, along with a caveat statement as suggested by the Marketing Committee and a list of all carriers in the market, including non-HMO carriers. J. Fiedler seconded the motion.**

D. Vanderhoof said he also would like to add a financial statement caveat. J. Fiedler said that employers generally use agents and brokers who would advise the employer of financial considerations.

**The Board voted in favor of the motion, with one abstention, D. Vanderhoof.**

#### *MSA Insert*

W. Sanders explained that there were only 2 carriers offering plans that could qualify as MSA plans in the SEH market. He said the Committee recommended that the MSA insert page continue to be included in the Buyer's Guide.

**J. Leonard offered a motion that the Buyer's Guide continue to be supplemented with the MSA insert. C. Furman seconded the motion. The Board voted unanimously in favor of the motion.**

#### *5-Year Report*

W. Sanders said K. O'Leary wrote a 3-year progress report that was very useful, but was now outdated. He said he would like to develop a 5-year report, since the 5-year anniversary would be in January 1999. The Board agreed this would be a fine idea.

#### *Other*

L. Glover acknowledged that this would be the final meeting for J. Fiedler of Horizon BCBSNJ. He thanked him for his fine work and efforts on behalf of the Board. He said Michael Torrese would be the replacement representative from Horizon BCBSNJ.

## **VII. Executive Session**

W. Sanders said the Board needed to discuss the minutes of the Executive Session from the November meeting and a staff issue. He asked for a motion to enter Executive Session.

**J. Fiedler offered a motion to begin Executive Session. J. Leonard seconded the motion. The Board voted unanimously in favor of beginning Executive Session.**

*[Executive session: 11:10 - 11:55 a.m.]*

## **VIII. Close of Meeting**

**D. Vanderhoof offered a motion to adjourn the Board meeting. E. Wilmer seconded the motion. The Board voted unanimously in favor of adjourning the meeting. The meeting adjourned at 12:00 p.m.**

Attachment: Expense Report