

**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 22, 2000**

**Members present:** Gary Cupo; Thomas Daniels (CIGNA); Linda Ilkowitz (Guardian); Darrel Farkus (Oxford); Joan Fusco (Horizon BCBSNJ); Jane Majcher (DOBI); Mary McClure (NYLCare); Vaughn Reale; Robert Shalongo (United); Tony Taliaferro (AmeriHealth); Dutch Vanderhoof (arrived at 9:45 a.m.); Bonnie Wiseman (DOHSS).

**Others present:** Ellen DeRosa, Deputy Executive Director; DAG Jennifer Fradel (DOL); DAG Prince Kessie (DOL); Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

**I. Call to Order**

W. Sanders called the meeting to order at 9:40 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.

W. Sanders welcomed DAG Prince Kessie as new counsel to the SEH Board.

**II. Public Comments**

W. Sanders asked if any member of the audience wished to offer comments concerning the items stated on the agenda. No comments were offered.

**III. HMO Performance Report Presentation**

W. Sanders introduced Frances Prestianni of the Department of Health and Senior Services who came to speak to the Board about the 1999 HMO Performance Report. A copy of a handout she provided regarding the Report is attached to the minutes.

**IV. Minutes**

*February 16, 2000*

**L. Ilkowitz offered a motion to approve the minutes of the Open Session of the February 16, 2000 Board meeting, as amended. J. Majcher seconded the motion. The Board voted in favor of the motion, with R. Shalongo, T. Taliaferro and T. Daniels abstaining.**

## V. Staff Report

### *Expense Report (see attached)*

**J. Majcher offered a motion to approve the payment of the expenses specified on the March 22, 2000 expense report. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of approving the motion.**

### *4Q99 Enrollment Report*

J. Petto discussed the enrollment data that was included in Board meeting materials. She noted that as compared to 3Q99 enrollment, 4Q99 SEH enrollment increased by 28,286 lives, or 3.15%. J. Petto mentioned that IHC enrollment for the same period decreased by 4,004 lives.

### *Rider Filing*

E. DeRosa reported that Nippon Life Insurance Company submitted corrections to the optional benefit prescription drug rider filing the Board found incomplete during the January 2000 Board meeting. She said the corrections were consistent with those the Board requested and that the staff recommendation would be for the Board to find the optional benefit rider filing complete.

**M. McClure offered a motion to find the Nippon optional benefit rider filing complete. G. Cupo seconded the motion. The Board voted unanimously in favor of the motion.**

### *Legislative Update*

W. Sanders noted that Senator Bennett introduced a bill, S.1124, that provides for a continuation right for a dependent spouse in the event of death or divorce. The continuation coverage would extend for up to 36 months.

The Board noted that the bill does not address a continuation right for a dependent child who ceases to be eligible.

W. Sanders reported that Senator DiFrancesco had begun to hold hearings on health insurance. W. Sanders said he provided testimony during the February 23, 2000 hearing and that a copy of his testimony was included in Board materials. He noted that Senator DiFrancesco expressed three areas of specific concern:

- Promotion of self-funded purchasing alliances;
- Greater flexibility in plan options; and
- Encouraging medical savings accounts.

**W. Sanders said he did not believe there were any regulatory or statutory barriers to medical savings accounts, but that there are likely marketplace barriers.**

### *SEH Program Modifications*

W. Sanders reminded the Board of his prior request for Board members to submit lists of suggested modifications to the SEH Program. The Board suggested that the compiled list

of suggested modifications should be forwarded to the Marketing and Finance and Operations Committees for consideration.

#### *Internet Quoting*

W. Sanders reported that staff received an inquiry from a Carrier regarding the use of the Internet as a vehicle for marketing and quoting health benefit plans. He said staff believed that carriers would be free to use the Internet just as they may use billboards or radio spots. He noted that the carrier indicated that at the present time it would not permit applicants to secure coverage electronically. The Board expressed interest in learning whether there would be a licensing requirement associated with sales over the Internet.

#### *Producer Commissions*

W. Sanders said the Board received a letter from AmeriHealth concerning producer commissions that he would forward to the Legal Committee for review.

### **VI. Report of Legal Committee**

W. Sanders reported that the Committee met to consider HIPAA-related issues. These issues include the definition of a small employer, guaranteed renewability of groups shifting size, guaranteed issue for currently covered groups with respect to plan changes and the definition of creditable coverage.

D. Vanderhoof recalled that he wrote to Julie Walton at HCFA in 1997 and received a response that addressed many of the issues the Legal Committee discussed. W. Sanders noted that the analysis that needs to be done is to determine whether State law prevents the application of federal law.

L. Ilkowitz reported that HCFA published a request for comments on the interim rules in October 1999. She noted that it appears they were very interested in receiving input.

[Break: 11:30 a.m. – 11:45 a.m.]

*[V. Reale left the meeting during the break]*

### **VII. Board Officers and Committee Membership**

**D. Vanderhoof offered a motion to re-elect L. Glover as Chair of the SEH Board, and the representative from the Department of Banking and Insurance as the Vice Chair of the SEH Board. L. Ilkowitz seconded the motion. The Board voted unanimously in favor of the motion, with J. Majcher abstaining.**

**L. Ilkowitz offered a motion to constitute the Legal, Policy Forms, Marketing, and Finance and Operations Committees as shown on the attached Committee listings. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.**

## **VIII. Executive Session**

**D. Vanderhoof offered a motion to move into Executive Session for the purpose of discussing enforcement matters. J. Majcher seconded the motion, and the motion was approved unanimously.**

*[Executive Session: 12:05 p.m. – 1:00 p.m.]*

## **IX. Close of Meeting**

**J. Majcher offered a motion to adjourn the Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of adjourning the meeting. [The meeting adjourned at 1:02 p.m.]**

Attachments: HMO Performance report Discussion Points; Expense Report; Committee Lists