

**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
July 19, 2000**

Members participating: Gary Cupo; Darrel Farkus (Oxford); Larry Glover (arrived at 10:05 a.m.); Sandy Herman (Guardian); Mary McClure (NYLCare); John Kilgallin (CIGNA); Mike Malloy (DOBI); Bryan Markowitz (arrived at 10:05 a.m.); Vaughn Reale; Robert Shalango (United Healthcare); Joseph Torella (AmeriHealth); Mike Torrese (Horizon BCBSNJ); Dutch Vanderhoof; Bonnie Wiseman (DOHSS).

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

I. Call to Order

W. Sanders called the meeting to order at 9:50 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

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. Minutes

Open Session June 21, 2000

M. McClure offered a motion to approve the minutes of the Open Session of the June 21, 2000 Board meeting, as amended. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

Executive Session June 21, 2000

D. Vanderhoof offered a motion to approve the minutes of the Executive Session of the June 21, 2000 Board meeting. V. Reale seconded the motion. The Board voted unanimously in favor of the motion.

IV. Staff Report

Expense Report (see attached)

D. Vanderhoof offered a motion to approve the payment of the expenses specified on the July 19, 2000 expense report, as amended to include an additional \$75 for

parking for the month of August. M. Torrese seconded the motion. The Board voted unanimously in favor of approving the motion.

Optional Benefit Rider Filing

E. DeRosa noted that the Board materials included a report regarding an optional benefit rider filing from Horizon that was amending a filing the Board previously considered. As authorized by a prior Board resolution, she said she had reviewed the filing and notified Horizon that the filing was acceptable.

1Q2000 Enrollment Reports

J. Petto said that two carriers had not yet submitted 1Q2000 enrollment reports but that she did not want to delay providing data to the Board any longer. She said the cover memo explained that the totals reflected in the reports did not include information from two carriers.

D. Vanderhoof questioned the statistic on the cover memo regarding 26% of the employers who obtained coverage being previously uninsured. He suggested that it appeared that since there was not a large increase in the total number of employers that there must have been nearly 26% of existing employers leaving the market. The 26% figure could be misleading. S. Herman explained that 26% represented 26% of those employers who bought coverage during the quarter, not 26% of the total number of employers covered. The Board asked that the statement regarding percentage of previously uninsured as included in the cover memo be clarified to ensure that there is no confusion as to the fact that it is a percentage of only the employers buying coverage during the prior quarter.

Legislative Report

New Jersey Family Care

- **W. Sanders reported that Governor Whitman signed the bill creating New Jersey Family Care. He said the news reports indicated a target implementation date of November 2000. E. DeRosa noted that Dennis Doderer was in the audience and that his office was working on the implementation of a mechanism that would allow a “buy-in” with respect to existing group coverage in those instances where it would be most cost efficient to utilize existing employer group coverage. D. Doderer said they hoped for 125,000 enrollees in the first year of operation.**

- **A.1606**

W. Sanders said that A. 1606 passed the Assembly and that a Senate version had been introduced on June 29, 2000 and referred to the Health Committee. The Department opposed the loss ratio provisions of the bill and had sent a letter to the Assembly sponsors. A copy of the letter was included in the Board materials. W. Sanders said that the Board materials also include a copy of a news clipping on the bill.

Meeting with Senator Matheussen

W. Sanders said he reported to the Department that in spite of the letter of explanation the Board provided to Senator Matheussen that the Senator continues to indicate that he would like the opportunity to speak with Board representatives. W. Sanders said he told the Department that the Board believed a meeting with the Senator would be helpful in resolving outstanding questions and concerns. W. Sanders said the Commissioner told him that she was concerned about the matter and was looking into facilitating a meeting.

B. Markowitz said that he would like the Board to be able to meet with the Senator. He noted that when he was offering testimony on issues related to his position at NJBIA that the Senator used the opportunity to note that the Board had not been responsive. B. Markowitz was concerned that the lack of a meeting would hurt not only the Board but also his own credibility in his capacity at NJBIA.

D. Vanderhoof asked that the Department at least advise the Senator that the reason the Board has not been more responsive is that the Board cannot speak without approval from the Department.

B. Markowitz said the Senator believes there needs to be more choice of plan options in the SEH market.

D. Farkus said that he would reach out to the Senator, not as a member of the Board, but as a carrier selling SEH coverage.

B. Markowitz asked if the Board could send a letter to the Commissioner explaining the situation and urging the Commissioner to allow the Board to meet with the Senator. D. Vanderhoof noted that anything short of an expeditious response from the Board to the Senator's concerns could compromise the position of the Board. W. Sanders agreed to draft a letter, send it to the Board for review and allow a 48-hour review period so as not to significantly delay the letter.

D. Vanderhoof offered a motion that the Board send a letter to the Commissioner outlining the Board's concerns. B. Markowitz seconded the motion. The Board voted unanimously in favor of the motion.

W. Sanders said the Board's Bulletin on the adoption of the \$30 copay and \$2500 deductible had been sent to Senator Matheussen, as the Board had suggested. He said the Senator responded with a letter inquiring about the adoption. He said E. DeRosa had drafted a response and was awaiting approval from the Department to send the response.

Legislative Changes Recommendation

W. Sanders said he was still working on the compilation of the suggestions that the Board considered. He said his goal would be to present the list to the Board for a vote at the September Board meeting.

E-Mail

W. Sanders asked if Board members were comfortable with receiving meeting materials via e-mail. He noted that some documents would not lend themselves to e-mail and that those materials could be faxed or mailed. The Board indicated that use of e-mail would be welcomed.

Pre-Bidders Conference

W. Sanders said there had been nine requests for the request for proposal for an auditing firm. Seven parties attended the conference. Bids are due August 4, 2000.

Group Transfer Issue

W. Sanders said he has received a number of calls regarding groups that are caught between two plans. A group may not receive notice that a new carrier has accepted a case until a couple of weeks after the requested effective date. The new carrier often offers to backdate the policy to use the requested effective date. Meanwhile, the group does not notify the current carrier to terminate the coverage until receiving notice from the new carrier that the case has been accepted.

[D. Vanderhoof left the meeting at 10:45 a.m.]

D. Farkus said that if carriers are required to pro-rate premiums when a group terminates mid-month, carriers should be required to pro-rate premiums for a mid-month effective date. He suggested that the succeeding carrier should give a current effective date rather than backdating the policy.

W. Sanders noted that carriers are allowed 15 business days in which to review the completed group application. If that time were decreased it might alleviate some of the delayed acceptances of group cases.

J. Torella suggested that it might be helpful to both decrease the period for review of an application and also increase the notice required for a rate change to 60 days.

M. McClure said she would not support requiring a carrier to pro-rate the premium for a partial first month because of the administrative difficulties it would create. J. Torella agreed that pro-rating should not be a norm. S. Herman suggested it might be helpful to consider requiring a first of the month or 15th of the month effective date. If the application were received before a date certain in a month, the plan would be effective on the 1st or 15th, as applicable.

The Board agreed it would be helpful to survey carrier Board members concerning increasing the notice period to 60 days and decreasing the period for review to fewer than 15 business days. The survey should also inquire about use of a 1st of the month or 15th of the month effective date.

V. Close of Meeting

M. McClure offered a motion to adjourn the Board meeting. M. Torrese seconded the motion. The Board voted unanimously in favor of the motion.

[The meeting adjourned at 11:25 a.m.]

Attachment: Expense Report