

**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
June 19, 2002**

Members participating: Raymond Bascio (Horizon BCBSNJ); Gary Cupo; Darrel Farkus (Oxford); John Kilgallin (CIGNA) (arrived at 10:20 a.m.); Sandy Herman (Guardian); Mary McClure (Aetna USHealthcare); Bob Shalongo (United); Jim Stenger; Tony Taliaferro (AmeriHealth) (arrived at 11:25 a.m.); 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 10:04 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”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. Roll call was taken. A quorum was present.

W. Sanders said he received a letter from Bryan Markowitz advising the Board that B. Markowitz was resigning from the SEH Board effective immediately. W. Sanders said B. Markowitz accepted a position as Executive Director of the New Jersey Optometric Association.

II. Public Comments

W. Sanders asked if any member of the public wished to address the Board. No comments were offered.

III. Minutes

April 17, 2002

M. McClure offered a motion to approve the minutes of the Open Session of the April 17, 2002 Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor.

IV. Staff Report

Expense Report (see attached)

D. Vanderhoof offered a motion to approve the payment of the expenses specified on the June 19, 2002 expense report. B. Wiseman seconded the motion. The Board voted unanimously in favor of approving the motion.

Enrollment Report 1Q02

J. Petto said the first quarter enrollment data was included in the Board packets. She noted the decrease in SEH enrollment by 8,715 lives.

Legislative Report

W. Sanders said three bills discussed on the legislative report were scheduled to be discussed the following day. The bills are A. 680, A. 1616 and A. 1693.

Regulatory Report

W. Sanders said the DOBI received a number of comments on the proposed regulation on purchasing alliances. He said copies of the comments were included in the Board packets. The Board briefly discussed the proposed regulation.

NJBIA 2002 Health Benefits Survey Report

W. Sanders said the copy of the 2002 Survey Report was included in the Board packets.

SEH Forms Proposal

W. Sanders said staff had been working with the legislative liaison staff at DOBI regarding rule comments from legislators the Board received relative to coverage for biologically-based mental illness in response to the forms proposal. D. Vanderhoof suggested that responses to the comments should include an invitation to Legislators or their aides to come to Board meetings.

Miscellaneous

W. Sanders said the Board packets included copies of some articles on “sham” plans.

R. Bascio asked if the Board could get copies of the comments provided in response to the DOBI proposed changes to the SEH rate filing regulation. W. Sanders said he would request them.

V. Report of the Legal Committee

W. Sanders said the Committee met to discuss several issues.

Ethics Code

W. Sanders said that Executive Order No. 10 required all State agencies to undertake an immediate and comprehensive review of their codes of ethics to ensure strictest conformance with the Conflict of Interest Law and Executive Order No. 10. W. Sanders said the Legal Committee and DAG Prince Kessie reviewed the changes that J. Petto suggested. He noted that DAG Eleanor Heck, counsel for the IHC Board reviewed essentially the same changes for the IHC Program Board. W. Sanders said the

Committee recommendation was for the Board to approve the draft changes, subject to any further review by the Attorney General's Office.

M. McClure offered a motion to approve the proposed changes to the ethics code, subject to any additional modification recommended by the Attorney General's Office. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

Billing Issue

W. Sanders briefly described the billing issue the Legal Committee considered and noted that the Committee needed to undertake further review before coming to the Board with a recommendation.

Employer Waiting Periods

E. DeRosa briefly described the waiting period issue the Legal Committee considered. W. Sanders noted that the Committee needed to undertake further review before coming to the Board with a recommendation.

[D. Vanderhoof left the meeting at 11:12 a.m.]

Full-Time Student

W. Sanders explained that staff received a consumer complaint regarding the practice of one carrier with respect to coverage of full-time students. The carrier acted to terminate coverage retroactively to June 1 when the student did not return to school as a full-time student in September. After discussion, the Board agreed that a retroactive termination of coverage placed the student in jeopardy since the student had no ability to purchase replacement coverage without a pre-existing condition, and would be liable for claims incurred.

T. Taliaferro offered a motion that unless there is a self-initiated notice stating that the student is no longer a full-time student as of a date certain, failure to matriculate as a full-time student for the following semester, or failure to respond to a claim inquiry can only result in a prospective termination. M. McClure seconded the motion. The Board voted in favor of the motion, with J. Kilgallin abstaining.

G. Cupo suggested that since the goal of health insurance reform is to cover as many people as possible, the standard plans should cover students until the end of the year in which eligibility ends.

Out-of-state coverage

W. Sanders briefly described the out-of-state coverage issue the Legal Committee considered and noted that the Committee needed to undertake further review before coming to the Board with a recommendation.

Pre-existing Conditions Statement

E. DeRosa said she had received a number of calls from agents who questioned whether a carrier could require an employee to complete the pre-existing conditions statement on the enrollment form if it were clear that the pre-existing conditions exclusion could not be applied. She said she was advised that enrollments were being held up pending receipt of a completed statement. Since use of the pre-existing conditions statement is limited to determining whether a condition was pre-existing, it follows that it should only be required when the pre-existing conditions exclusion could apply. Thus, for timely enrollments to groups of 6 – 50 and for persons who have proof of creditable coverage, the statement should not be required. W. Sanders said the Legal Committee would consider the issue further to establish what a carrier may reasonably require to demonstrate prior creditable coverage. He said HIPAA listed some proofs that might be worth considering. E. DeRosa noted that it would not be likely the employee would have a certificate of creditable coverage if prior coverage was very recently terminated and it would be important to know what would serve as sufficient proof.

The Committee will be asked to make a recommendation during the next Board meeting.

VI. Report of the Policy Forms Committee

E. DeRosa said the Committee reviewed “open access” riders that would amend an HMO plan and an HMO-POS plan, as submitted by CIGNA. She said the Committee recommended that the filing be found complete, subject to receipt of some minor modifications and clarification regarding the contract forms. She said she received the necessary information via email and that hard copy was to follow.

B. Wiseman offered a motion to accept the recommendation of the Policy Forms Committee and find the CIGNA filing complete. R. Shalongo seconded the motion. The Board voted in favor of the motion with J. Kilgallin abstaining.

VII. Close of Meeting

G. Cupo offered a motion to adjourn the Board meeting. M. McClure seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 12:03 p.m.]

Attachments: Expense Report