

**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
February 18, 2004**

Members participating by phone: Bob Benkert (Oxford); Gary Cupo; Sanford Herman (Guardian); Jack Kalosy (HealthNet); Mary McClure (Aetna); Robert Shalongo (United); James Stenger; Tony Taliaferro (AmeriHealth); Michael Torrese (Horizon BCBSNJ); Joseph Tricarico, Jr. (DOHSS); Dutch Vanderhoof.

Members participating from Trenton: Vicki Mangiaracina (DOBI).

Others present: Ellen DeRosa, Deputy Executive Director; DAG Karyn Gordon (DOL); Rosaria Lenox, Program Accountant; Wardell Sanders, Executive Director; Neil Vance (DOBI).

I. Call to Order

J. Stenger called the meeting to order at 10:00 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. By roll call, W. Sanders determined that a quorum was present.

Since some Board members were participating via teleconference, W. Sanders asked everyone who spoke to identify themselves.

II. 2004 SEH Premium Comparison Survey and 2002 Loss Ratio Reports

2002 Loss Ratio Reports

N. Vance briefly discussed the loss ratio data for 2002 and noted some highlights from the reports. He reported that the overall loss ratio for SEH business in 2002 was 78.6%. He said that two carriers, Aetna Health and Horizon, reported loss ratios below 75% for standard HMO blocks of business. N. Vance said that University Health Plans had not filed the 2002 loss ratio report as yet. N. Vance observed that the SEH market remains healthy.

N. Vance reported that Horizon recently announced the release of an “affordability dividend.” He noted that this affordability dividend was separate from the statutory requirement for loss ratio refunds. He explained that the affordability dividend was for 2003. That payment of an affordability dividend will not offset any loss ratio refund Horizon may be required to pay for 2003.

2004 Premium Comparison Survey

N. Vance offered some comments on the general level of rate actions for plans effective January 2004. In the HMO market, he noted that three major HMO carriers implemented less than a 5% change for rates for the \$20 copay plan. In the indemnity market, he said that rates for most carriers with a plan C \$1000 deductible increased between 10% and 15%, but noted that a few carriers filed rates reflecting less than a 5% increase. N. Vance further explained that the data reported for the premium comparison survey does not include rates for a single person. He said single rates for a \$20 copay HMO range from \$264 to \$384. He said single rates for Plan C \$1000 deductible range from \$248 to \$731. He explained that the ranges considered only rates for major carriers, not the outliers.

D. Vanderhoof requested that the survey data capture information on PPO plans. J. Kalosy said he would like the deductible illustrated for the HMO-POS plan to be \$1000 rather than \$250. S. Herman asked that HSA plans be included for next year. N. Vance asked Board members to provide any additional suggestions regarding plans or options to add or drop for the 2005 report.

III. Review of Minutes

January 21, 2004 Open Session Minutes

M. Torrese offered a motion to approve the minutes of the Open Session of the January 21, 2004 SEH Board meeting, as amended. G. Cupo seconded the motion. By roll call vote, the Board voted in favor of the motion, with D. Vanderhoof abstaining.

January 21, 2004 Executive Session Minutes

M. Torrese offered a motion to approve the minutes of the Executive Session of the January 21, 2004 SEH Board meeting. G. Cupo seconded the motion. By roll call vote, the Board voted in favor of the motion, with D. Vanderhoof abstaining.

IV. Staff Report

Expense Report (see attached)

M. McClure offered a motion to approve the payment of the expenses specified on the February 2004 expense report. M. Torrese seconded the motion. By roll call vote, the Board voted unanimously in favor of approving the motion.

Legislative Report

W. Sanders said A. 2261 would expand the coverage required for mammography. If a woman's physician recommends a mammogram for a woman considered to be at high risk for breast cancer, the mammogram must be covered.

W. Sanders said that A. 447 would require SEH plans to provide an unlimited benefit for home health care.

Rulemaking

W. Sanders reported that the last of the governmental approvals required for the Board to file its notice of adoption was received on February 17, 2004. The notice of adoption for the Board's readoption with amendments would be filed with the Office of Administrative Law by the February 20, 2004 deadline. He said it is anticipated that the adoption would appear in the March 15, 2004 *New Jersey Register*.

Assessment Collections

W. Sanders said the SEH Board billed an administrative assessment of \$ 295,400. He reported that \$118,126 had been collected.

Election

One person representing a small business

Mellanie Willoughby was elected to fill the remaining two years of the unexpired term of Kelly Stuart-Maer.

One carrier primarily in the small employer market

Guardian was re-elected.

One HMO

Aetna Health was re-elected.

One health, hospital, or medical service corporation

Horizon Blue Cross Blue Shield of New Jersey was re-elected.

V. Close of Meeting

V. Mangiaracina offered a motion to adjourn the Board meeting. D. Vanderhoof seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion. [The meeting adjourned at 10:42 a.m.]

Attachments: Expense Report