

**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  
April 21, 2004**

**Members participating:** Thomas Collins; Gary Cupo; Darrel Farkus (Oxford); Sanford Herman (Guardian); Jack Kalosy (HealthNet); Vicki Mangiaracina (DOBI); Mary McClure (Aetna); Robert Shalongo (United); James Stenger; Tony Taliaferro (AmeriHealth); Michael Torrese (Horizon BCBSNJ); Joseph Tricarico, Jr. (DOHSS); Dutch Vanderhoof; Mellanie Willoughby (arrived at 10:20 a.m.).

**Others participating:** Ellen DeRosa, Deputy Executive Director; DAG Karyn Gordon (DOL); Rosaria Lenox, Program Accountant; Wardell Sanders, Executive Director.

## **I. Call to Order**

J. Stenger called the meeting to order at 10:02 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. A quorum was present.

W. Sanders said Melanie Willoughby who had been elected to represent small businesses on the SEH Board would begin her term at the April 21, 2004 meeting. He noted that she had served on the SEH Board during the early years of the Program.

W. Sanders reported that Sandy Herman would no longer represent Guardian on the SEH Board after the April 21, 2004 meeting. Ulysses Lee would succeed him. Both Board staff and Board members commented on the tremendous service S. Herman gave the Board, thanked him for sharing his time and expertise, and noted he would be missed.

## **II. Public Comments**

J. Stenger asked if any member of the public wished to address the Board.

Bruce Peskoe said he wished to raise two issues. First, he noted he had one client that experienced a 60% rate increase in one year and a 57% increase the following year. He asked that caps be imposed on rate increases such as with adjustable rate mortgages. Second, Mr. Peskoe said he believed the compliance departments at various carriers have been holding up cases by asking for unnecessary information. He questioned the relevance of some of the information carriers require.

The Board thanked Mr. Peskoe for his comments.

### **III. Review of Minutes**

*February 18, 2004 Open Session Minutes*

**V. Mangiaracina offered a motion to approve the minutes of the Open Session of the February 18, 2004 SEH Board meeting, as amended. J. Stenger seconded the motion. The Board voted in favor of the motion, with M. Willoughby abstaining.**

### **IV. Staff Report**

*Expense Report (see attached)*

**D. Vanderhoof offered a motion to approve the payment of the expenses specified on the April 2004 expense report. S. Herman seconded the motion. The Board voted unanimously in favor of approving the motion.**

*Legislative Report*

W. Sanders said S. 2163, a Federal bill, would allow employers with 100 or fewer employees to participate in the Small Employers Health Benefits Program of 2004. Employers would contribute 60% of the premium costs for low-income workers who would participate in a purchasing pool run by the Office of Personnel Management. In certain instances, a refundable tax credit would be available.

E. DeRosa briefly discussed the impediment to HSAs that exists for all insured plans in New Jersey. She explained that Treasury released guidance regarding first dollar coverage that may be included in a high deductible plan. She said that guidance identified the preventive services that may be exempt for the high deductible. E. DeRosa said New Jersey law requires first dollar coverage for lead screening and treatment. The first dollar coverage for treatment is outside the scope of the permissible preventive services that may be covered as first dollar benefits. Thus, no insured plans in New Jersey could comply with the requirements for an HSA plan. W. Sanders said he advised DOBI of this issue. J. Kalosy said the Health Underwriters Association has been working toward some resolution.

E. DeRosa said the Board packets contained a copy of a letter she wrote to Assemblyman Cohen in response to his letter requesting that the SEH plans cover treatment of infertility.

W. Sanders said A. 1914 would require the SEH plans to offer coverage for IVF.

W. Sanders said S. 963 and A. 2117 would expand State continuation. S. 963 passed in the Senate and has been assigned to Committee in the Assembly. He said this bill would amend State continuation to more closely resemble COBRA.

W. Sanders said A. 2580 would provide for unlimited continuation rights under all group plans.

*Rulemaking*

W. Sanders reported that the SEH Board and DOBI readoptions of the SEH regulations have been completed and published. He noted that the readoption and the standard plans have been posted on the website, in WORD format.

E. DeRosa discussed some of the implementation issues the SEH Legal Committee considered. She noted that while the Legal Committee was not yet ready to present a recommendation to the SEH Board, the Board should be aware of the issues being considered.

E. DeRosa reminded the Board of the various options the standard plans provided to carriers. For those options a carrier offered, the Legal Committee considered what should happen if there was enrollment in an option and what should happen if there was no enrollment. E. DeRosa said carriers have filed myriad optional benefit riders. Some riders would be consistent with the standard plans as operative October 1, 2004. Other riders might be inconsistent with the standard plans as operative October 1, 2004. Other riders might be substantively consistent but would have to be revised to be entirely consistent with the standard plans as operative October 1, 2004. The Committee would consider what options would have to continue to be offered unless a carrier files to withdraw a rider. E. DeRosa said the Committee requested that staff contact CMS to request any guidance they might offer regarding the guaranteed renewability provisions of HIPAA. She said staff would also discuss the issues with DOBI since the DOBI reviews withdrawal filings.

#### *Optional Benefit Rider Filings*

E. DeRosa reported that Oxford submitted seven riders for use with the amended plans, which are operative on October 1, 2004. She described each rider and recommended that the Board find the filings complete.

**J. Kalosy offered a motion to find the Oxford rider filings complete. G. Cupo seconded the motion. The Board voted in favor of the motion, with D. Farkus abstaining.**

#### **V. NJBIA 2004 Health Benefits Survey**

Christine Sterns of NJBIA briefly discussed the findings reported in NJBIA's 2004 Health Benefits Survey.

*[D. Farkus left the meeting at 11:20 a.m.]*

#### **VI. Designation of Committees and Election of Board Officers**

W. Sanders asked if any Board member wished to be added to a Committee or removed from a Committee. M. Willoughby asked to be added to the Marketing Committee.

**With the addition of M. Willoughby to the Marketing Committee, D. Vanderhoof offered a motion to reconstitute the Policy Forms, Legal, Finance & Operations and Marketing Committees with the same membership. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.**

**D. Vanderhoof offered a motion that J. Stenger be named Chair of the SEH Board. G. Cupo seconded the motion. The Board voted in favor of the motion, with J. Stenger abstaining.**

**J. Kalosy offered a motion that T. Taliaferro be named Vice Chair of the SEH Board. J. Stenger seconded the motion. The Board voted in favor of the motion, with T. Taliaferro abstaining.**

## **VII. Public Comments**

Dennis Doderer noted that the NJBIA Health Survey indicated an average 13% rate increase. He asked where the 13% was going. W. Sanders suggested that the loss ratio reports carriers file would give an indication as to why carriers increase rates.

## **VIII. Close of Meeting**

**M. McClure offered a motion to adjourn the Board meeting. S. Herman seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 11:37 a.m.]**

Attachments: Expense Report

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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