

**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
May 19, 2004**

Members participating: Thomas Collins; Gary Cupo; Darrel Farkus (Oxford); Ulysses Lee (Guardian); Jack Kalosy (HealthNet); Vicki Mangiaracina (DOBI); Mary McClure (Aetna); Tony Taliaferro (AmeriHealth) arrived at 10:20 a.m.; Michael Torrese (Horizon BCBSNJ); Joseph Tricarico, Jr. (DOHSS); Dutch Vanderhoof.

Others participating: Rosaria Lenox, Program Accountant; Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the meeting to order at 10:05 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.

II. Public Comments

W. Sanders asked if any member of the public wished to address the Board. No members of the public addressed the Board.

III. Review of Minutes

April 21, 2004 Open Session Minutes

D. Vanderhoof offered a motion to approve the minutes of the Open Session of the April 21, 2004 SEH Board meeting, as amended. J. Kalosy seconded the motion. The Board voted unanimously in favor of the motion.

IV. Staff Report

Expense Report (see attached)

M. Torrese offered a motion to approve the payment of the expenses specified on the May 2004 expense report. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of approving the motion.

Transfer of Assessment Funds

R. Lenox reported that collection of \$295,400 for the FY2004 assessment was complete. She noted that DOBI needed to retain a portion of these funds for staff salaries and benefits. She

recommended that the Board vote to transfer the remaining funds (\$170,000) from Treasury to an interest bearing account at Wachovia.

G. Cupo moved to accept the recommendation from staff to transfer \$170,000 from Treasury to an interest bearing account at Wachovia. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of approving the motion.

Void and Reissue Payment

R. Lenox reported that on March 11, 1998, a check was issued to American Heritage Life Insurance for \$542 for a refund of the 1993-1994 assessment as a result of an audit of the SEH Program expenses. The check did not clear and the carrier had no record of receiving it. R. Lenox recommended that the check be voided, and a new check issued.

V. Mangiaracina moved to accept the recommendation from staff to void the check to American Heritage Life and to reissue a check in the amount of \$542. M. McClure seconded the motion. The Board voted unanimously in favor of approving the motion.

Federal Legislative Report

W. Sanders reported on federal bill HR. 4281. He noted that the House voted on May 13, 2004 to pass enabling legislation for Association Health Plans (AHPs). He noted that the companion Senate bill was S.545.

W. Sanders discussed S. 2163, a federal bill which 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. He noted the bill was being positioned as an alternative to the AHP legislation.

State Legislative Report

W. Sanders reported that S.963, a bill which would expand state continuation to more closely resemble COBRA, had passed the Senate and that its companion, A.2117, was reported out of the Assembly Financial Institutions and Insurance Committee on May 13, 2004.

Lastly, W. Sanders reported on the composition of the State Health Benefits Mandate Advisory Commission.

Outreach

W. Sanders reported that E. DeRosa taught two CE courses to producers at the annual New Jersey Association of Health Underwriters convention in Atlantic City.

Supreme Court Decision

W. Sanders reported that the Supreme Court issued a decision in a challenge to the IHC Board's 1998 rule readoption. He noted that the Court affirmed the judgement of the Appellate Division invalidating the second-tier loss assessment regulation as presently written and reversed the

Appellate Division's judgement upholding the good-faith marketing regulation. The IHC Board is considering the impact of that decision on its regulations and its current litigation.

V. Report of the Legal Committee

W. Sanders reported on a draft bulletin regarding the impact of the policy form amendments to the existing plans, options and riders. After some discussion, the Board agreed that the bulletin was ready for release.

VI. Additional Matters

Comparison of 2003 and 2004 Premium Comparison Survey

Neil Vance, the DOBI's Managing Actuary for Life/Health, discussed recent trends in small employer health insurance costs. He noted that despite some predictions of continued escalating costs, a number of carriers had shows some moderation in premium increases. He also discussed a spreadsheet comparing the 2003 and 2004 premium comparison survey numbers.

DOBI Bulletin No. 04-08 on Domestic Partners

N. Vance discussed a recently published DOBI bulletin on domestic partners. He noted that the law requires carriers to offer same-gender domestic partner coverage, and that it gives employers the discretion to offer such coverage. He noted that the bulletin provides that in the small employer market carriers must calculate rates for coverage of domestic partners as if the domestic partner were the spouse of the covered employee by using the existing rates for coverage of dependents. The Board members asked N. Vance some questions about the application of the law.

Optional Benefit Rider Filings

W. Sanders reported that Oxford submitted seven riders for use with the plans as operative October 1, 2004. He 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.

4Q03 Enrollment Reporting

W. Sanders reported on the draft 4Q03 enrollment report.

VII. Close of Meeting

G. Cupo offered a motion to adjourn the Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

Attachments: Expense Report