

**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 21, 2004

Members participating: Thomas Collins; Gary Cupo; Darrel Farkus (Oxford); Jack Kalosy (HealthNet); Vicki Mangiaracina (DOBI); Edward McConnell (United); Michelle Mucci (Guardian); James Rhodes (AmeriHealth); James Stenger; (Chair); Michael Torrese (Horizon BCBSNJ) (arrived at 10:20 a.m.); Joseph Tricarico, Jr. (DOHSS); Dutch Vanderhoof.

Others participating: Ellen DeRosa, Deputy Executive Director; DAG Karyn Gordon, Division of Law; Rosaria Lenox, Program Accountant; Wardell Sanders, Executive Director.

I. Call to Order

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

May 19, 2004 Minutes

V. Mangiaracina offered a motion to approve the minutes of the Open Session of the May 19, 2004 SEH Board meeting. T. Collins seconded the motion. The Board voted in favor of the motion with J. Stenger, J. Rhodes and E. McConnell abstaining.

IV. Staff Report

Expense Report (see attached)

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

Board Membership

W. Sanders reported that the Governor nominated Beth Ward to fill the seat for organized labor on the SEH Board. He noted that the nomination would be subject to the advice and consent of the Senate.

State Legislative Report

W. Sanders reported that A.1776, being referred to as "Grace's Law," had passed in the Assembly and would require coverage for hearing aids for children ages 15 and younger.

W. Sanders reported that P.L. 2204, c. 86 requires carriers to cover mammograms for certain women under age 40, if the woman's physician determines the mammogram to be medically necessary.

W. Sanders reported that P.L. 2004, c. 49 imposes a 1% assessment on written premium for HMO carriers. He said the Department may issue a Bulletin providing advice to HMOs as to how the assessment may be reflected in the rate structure. W. Sanders said carriers could select from among the following methods: use of accumulated surplus for years 2003 and prior; payment out of expense and profit for 2004 with no change in rates; rate increase to cover the amount of the assessment.

W. Sanders noted that staff had received an inquiry as to whether carriers could apply a discount factor to rates if an employer were to pay in advance, on a quarterly or semi-annual basis. He noted that use of modal factors was permitted.

Federal Legislative Report

W. Sanders reported that Treasury issued a Bulletin on HSAs. The Bulletin provides transitional relief in instances where a State law would preclude a high deductible plan design. The transitional relief would remain in place until January 2006, by which time a State would have had ample time to amend the State law so plans issued in the State could conform to the requirements for a high deductible plan.

Outreach

W. Sanders reported that he participated on a panel at a conference sponsored by the Robert Wood Johnson Foundation State Coverage Initiatives in Chicago. The panel addressed limited benefit plans.

V. Optional Benefit Rider Filings

E. DeRosa said she had reviewed a number of optional benefit rider filings, as summarized on the Report included in the Board materials.

Aetna

E. DeRosa described the rider that would add coverage for domestic partners. She said the filing was unusual in that the carrier requested permission to use the rider as of July 10, 2004, the effective date of the law requiring that coverage be made available. She recommended that the Board find the filing complete and grant the request to use the rider as of July 10, 2004.

D. Farkus offered a motion to find the Aetna filing complete and permit issue as of July 10, 2004. J. Kalosy seconded the motion. The Board voted unanimously in favor of the motion.

AmeriHealth

E. DeRosa briefly described the 21 riders AmeriHealth submitted. She noted that some amend PPO plans, others amend HMO plans and others amend HMO-POS plans. The riders provide various levels of coverage for prescription drugs, provide for access to network providers without referral, amend the emergency room copayment, waive specified copayments, and provide limited vision coverage. She recommended that the Board find the filings complete.

J. Kalosy offered a motion to find the AmeriHealth filings complete. M. Torrese seconded the motion. The Board voted in favor of the motion, with J. Rhodes and E. McConnell abstaining.

Horizon

E. DeRosa briefly described the 6 riders Horizon submitted. She noted that the riders amend PPO or POS plans to waive the deductible or deductible and coinsurance for specified services, to increase the carrier coinsurance for certain services, and to allow access to network providers without a referral.

T. Collins offered a motion to find the Horizon filings complete. G. Cupo seconded the motion. The Board voted in favor of the motion, with J. Rhodes and E. McConnell abstaining.

E. DeRosa said the Board previously considered optional benefit rider filings from Oxford. She noted that several carriers had yet to re-file existing optional benefit riders such that they are consistent with the amended forms as operative October 1, 2004.

E. DeRosa said she would like to issue an Advisory Bulletin to summarize the forms changes which are operative October 1, 2004. The Board agreed that a Bulletin would be helpful.

VI. Other

The Board asked that a letter be issued to the Commissioner to encourage her to support action to amend the mandated benefit for lead treatment such that plans may both comply with New Jersey law and qualify as high deductible plans under the Federal law for use with health Savings Accounts.

VII. Public Comments

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

VIII. Close of Meeting

D. Vanderhoof 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 11:00 a.m.]

Attachments: Expense Report