

## **INSURANCE**

### **DEPARTMENT OF BANKING AND INSURANCE**

#### **SMALL EMPLOYER HEALTH BENEFITS PROGRAM**

##### **Small Employer Health Benefit Plans**

##### **Adopted Amendments: N.J.A.C. 11:21 Appendix Exhibits F, G, K, W, Y, HH, and II**

Authorized By: New Jersey Small Employer Health Benefits Program Board of Directors (Ellen DeRosa, Executive Director).

Authority: N.J.S.A. 17B:27A-17 et seq.

Proposed: March 25, 2015

Adopted: April 23, 2015 by the New Jersey Small Employer Health Benefits Program Board, Ellen DeRosa, Executive Director

Filed: April 23, 2015 as R. 2015 d. \_\_\_\_ **without change**

Effective Date: April 23, 2015

Operative Date: Upon Promulgation

Expiration Date:

##### Summary of Hearing Officer Recommendations and Agency Responses:

The New Jersey Small Employer Health Benefits Program Board (SEH Board) held a hearing on Wednesday April 8, 2015 at 9:00 A.M. at the Department of Banking and Insurance, 11<sup>th</sup> floor Conference Room, 20 West State Street, Trenton, New Jersey to receive testimony with respect to the standard health benefits plans, set forth in Exhibits F, G, W, Y, HH and II of the Appendix to N.J.A.C. 11:21. Ellen DeRosa, Executive Director of the SEH Board, served as hearing officer.

No testimony was provided during the hearing. The hearing officer made no recommendations regarding the proposed amendments. The hearing record may be reviewed by

contacting Ellen DeRosa, Executive Director, New Jersey Small Employer Health Benefits Program Board, P.O. Box 325, Trenton, NJ 08625-0325.

### **Summary of Public Comments and Agency Responses**

The SEH Board received comments from the New Jersey Hospital Association.

COMMENT 1: One Commenter expressed support for the Department's efforts to ensure consistency between the federal requirements and state requirements.

RESPONSE: The SEH Board appreciates the Commenter's support.

COMMENT 2: One Commenter expressed support for the new variable text that allows calendar year or plan year accumulation of cost sharing and accumulation of benefits. The Commenter noted that consumers buying high deductible health plans could find the option beneficial.

RESPONSE: The SEH Board appreciates the Commenter's support.

COMMENT 3: One Commenter expressed concern with the potential that a carrier making both plan year and calendar year options available could "split the accumulation of benefits and cost sharing between a calendar year and a plan year." The Commenter believes consumers would be confused and that claims could be mishandled.

RESPONSE: The SEH Board notes that while the opportunity to use plan year would be new to the standard plan text it is not a new option in the small employer market. Over the years carriers have filed a number of optional benefit riders. A feature that has been included in riders is the option to use plan year. Employers have thus enjoyed this option when purchasing plans sold by carriers that created riders to provide the option. The SEH Board believes it is easier for employers to read and understand plan text when the text is contained in a single document as opposed to a policy and an attached rider that amends various provisions of the policy. Since

employers have bought plans that offered the plan year option the SEH Board recognized it was a feature employers desired and thus proposed including the plan year option in the standard plan text.

The SEH Board notes that those riders typically addressed plan year and calendar year options only with respect to cost sharing features. In fact, the following provision appears in one of the riders: “Please note that while the Deductible and maximum Out of Pocket calculations are based on a Plan Year basis, there are various benefit limitations that continue to be measured on a Calendar Year basis.” Thus, plans already exist that use plan year for cost sharing and calendar year for benefit limitations. The SEH Board has not received any questions or complaints from employers or employees who were confused by the use of both plan year and calendar year for different purposes within the same plan nor has the Board received complaints that claims were not correctly paid. When proposing the inclusion of the plan year option in the standard plans the SEH Board chose not to limit the opportunity to substitute plan year for calendar year to the accumulation of cost sharing. The SEH Board also provided the option to use plan year for benefit limitations in the event a carrier wishes to extend the use of plan year to benefit limitations.

The SEH Board is not amending the proposal in response to the comment.

### **Federal Standards Statement**

State agencies that propose to adopt or amend State rules that exceed Federal standards regarding the same subject matter are required to include in the rulemaking document a Federal standards analysis. These adopted amendments are subject to Federal requirements addressing certain standards for health insurance contracts in PPACA and specifically the special rules

relating to coverage of certain services at Section 1303. As stated in the proposal summary, the adopted amendments comply with Section 1334 of PPACA which governs Multi-State Plans.

SEH Board does not believe the proposed amendments exceed the Federal standards.

Consequently, the SEH Board does not believe a Federal standards analysis is required.