

NEW JERSEY  
**SMALL EMPLOYER HEALTH BENEFITS PROGRAM**

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**ADVISORY BULLETIN**  
**04-SEH-03**

**November 1, 2004**

**To:** SEH Program Member Carriers and Interested Parties

**From:** Ellen DeRosa,  
Deputy Executive Director

**Re: Plans Available to Small Employers**

It has come to the Board's attention that some carriers may not be making the five standard health benefit plans and the required HMO plans readily available to small employers. The Board issues this Bulletin to remind all carriers of their obligations to make standard health benefit plans and all riders which it has filed to use available. Further, the Board advises carriers that failure to comply with the requirements of the Small Employer Health Benefits Act, N.J.S.A. 17B:27A-17 et seq. or the regulations for the program set forth at N.J.A.C. 11:21-1.1 et seq., will be handled as a violation, and will be forwarded to the Department of Banking and Insurance for action.

N.J.S.A. 17B:27A-19a provides that, "Except as provided in subsection f of this section, every small employer carrier shall, as a condition of transacting business in this state, offer to every small employer the five health benefit plans as provided in this section." Section f addresses the requirements applicable to health maintenance organizations, and stipulates that health maintenance organizations must "offer health benefits plans formulated by the board and approved by the commissioner..."

N.J.S.A. 17B:27A-19d gives the Board the ability to create standard rider packages by regulation which may be offered *in addition to* the standard plans. The Board exercised this authority and created standard riders. In addition to the Board-created riders, N.J.S.A. 17B:27A-19i permits a carrier to create optional benefit riders of increasing or of decreasing value which *may be offered* in connection with the standard plans.

No employer may be required to purchase either a Board-promulgated rider or a carrier-filed optional benefit rider when purchasing one of the standard plans. The standard plans must be made available as standard plans. If a carrier wishes to make a Board-created rider available, it must offer the standard plans both with and without that rider. Similarly, if a carrier has optional benefit riders, all standard plans with which the rider can be used must be made available both with and without the optional benefit riders. Additionally, since an employer may offer more than one plan to employees, it is possible that an employer may wish to offer one plan that does not include a rider and also offer that same plan or another plan with a rider.

An example may be useful. A commonly issued rider provides coverage for prescription drugs. The prescription drug rider may be the Board-created rider, or may be a rider created and filed by the carrier. Employers must have the opportunity to purchase a standard plan without a prescription drug rider or with a prescription drug rider. Please note that all the standard plans, with the exception of Plan A, cover prescription drugs as part of the medical coverage. If the plan is an HMO plan, prescription drugs are covered at 50%. If the plan is a PPO or POS plan, prescription drugs are covered subject to the non-network deductible and coinsurance. If the plan is an indemnity plan, prescription drugs are covered subject to the plan's deductible and coinsurance. Thus, if an employer chooses not to purchase the prescription drug rider, the medical plan nevertheless covers prescription drugs.

If you have any questions, please feel free to call our office.