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DEPARTMENT OF BANKING AND INSURANCE
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ADVISORY BULLETIN
09-SEH-03

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To: SEH Program Member Carriers and Interested Parties

From: Ellen DeRosa,
Executive Director

Re: Policy Form Changes Operative April 1, 2010

The New Jersey Small Employer Health Benefits Program Board ("SEH Board") recently adopted a number of changes to the standard health benefits plans, Plans A, B, C, D, E, HMO and HMO/POS. A copy of the adoption text was published in the *New Jersey Register* on September 21, 2009 at 41 N.J.R. 3444 and is posted on the Department of Banking and Insurance ("DOBI") web site at:

http://www.state.nj.us/dobi/division_insurance/ihcseh/sehrulesadoptions.htm .

The changes are operative for new issues and renewals occurring on or after April 1, 2010. Any carrier wishing to implement the changes for new issues and renewals prior to April 1, 2010 may do so.

Brief Summary of Standard Plan Changes

Please refer to N.J.A.C. 11:21 and the Appendix Exhibits for the regulatory language associated with each change.

The standard health benefits plans adopted by the SEH Board are subject to the requirements of State and Federal law. The following changes were made to comply with law:

P.L. 2007, c. 345 – Coverage for prosthetics and orthotics has been included in all standard plans with the exception of Plan A.

Section 33 of P.L. 2008, c. 33 – The provisions for continued coverage for over-age dependents were amended to increase the age to 31, provide for a continuous opportunity for enrollment, and require that the over-age dependent have evidence of prior coverage or receipt of benefits.

P.L. 2008, c. 126 – Coverage for hearing aids (commonly referred to as Grace’s law) has been added to all standard plans with the exception of Plan A.

N.J.S.A. 17B:27-46.1y – Coverage for colorectal cancer screening in all standard plans with the exception of Plan A has been updated consistent with the most recent published guidelines of the American Cancer Society.

N.J.S.A. 17B:27A-24 – The participation credit provision in N.J.A.C. 11:21-7.5 was amended to more closely mirror the statute. In addition, Exhibit O, the Employer Certification has been amended consistent with the Statute.

In addition to changes required by law, the SEH Board made the following changes to the standard plans:

Maximum Out of Pocket – The maximum permissible out of pocket for network benefits was increased from \$5,000 to \$7,500.

Allowed Charge – The standard plans previously defined and used the term “reasonable and customary.” The term amended standard plans define and use the term “allowed charge”

Domestic Partners and Civil Union Partners – Since domestic partners and civil union partners are recognized under New Jersey law but not Federal law, the COBRA and Medicare and Secondary Payor provisions in the standard plans were amended to clarify that such provisions which address Federal requirements do not apply to either domestic partners or to civil union partners.

Carrier Obligations

The changes are operative for new issues and renewals occurring on or after April 1, 2010. As carriers have had the opportunity to use the Compliance and Variability rider to implement necessary amendments to the standard plans since the standard plans were required to be reissued in 2004, the SEH Board is requiring that carriers reissue all group policies and contracts and certificates and evidences of coverage to inforce cases no later than the first renewal on or after April 1, 2010.

The SEH Board reminds carriers of the obligation to issue the standard plans within the parameters set forth in N.J.A.C. 11:21-3.

The SEH Board reminds carriers of the standard employer application set forth in Appendix Exhibit N and the Employer Certification set forth in Appendix Exhibit O. Carriers offering coverage the group market, whether small group or large group, are required to use the HINT enrollment form. See N.J.A.C. 11-22.3.3.

Carriers must review all optional benefit riders of either increasing or decreasing value to determine whether the changes made to the standard health benefits plans will necessitate re-filing of the riders.

As required by N.J.A.C. 11:21-4.2 carriers must file the Certification of Compliance addressing the amended standard plans within 45 days after April 1, 2010. This filing will be in addition to the annual filing due March 1, 2010 which would address the use of the forms issued or renewed during 2009.

Conclusion

As stated above, the full text of the forms adoption, which includes the text of the standard plans, is available on the Department's web site, http://www.state.nj.us/dobi/division_insurance/ihcseh/sehrulesadoptions.htm .

If you are interested in further information regarding any of the changes described in the Advisory Bulletin, please consult the regulations and the standard plans.