

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, March 16, 1993, NJDOI,  
Trenton, New Jersey

Directors: Raymond Allen, Jeffrey Beck,  
Patrick Carmody, Susan Connor,  
Leon Moskowitz.

Alternate Director: William Kramer

Director-Nominee: Laura Giannotta, Charles Wowkanech,

Other Attendees: List maintained in records of N.J.  
Department of Insurance.

1. Call to Order.

Special Deputy Commissioner L. Moskowitz called the first public IHC Board meeting to order at 11:10 am and reviewed compliance with the Open Public Meetings Act. He welcomed C. Wowkanech as a fully qualified Director, noting that L. Giannotta, F. Chavana and R. Rondum had been nominated but not yet confirmed, but had been invited to this meeting.

2. Status of Board.

L. Moskowitz then opened a discussion relating to the conduct of public meetings and proceeding officially in the absence of confirmation of all appointed public members. V. Bollheimer, representative of the State Attorney General, responded that she is evaluating this issue and would have a response within two weeks. The Board determined that it could proceed to conduct its business unofficially, even absent confirmation of three of the public appointees. In the interim, until confirmation, the remaining three public appointees could sit on the Board as non-voting members. All meetings will be noticed to the public.

3. Revision to Agenda.

L. Moskowitz summarized the noticed agenda for this meeting: 1) review of the Individual Health Coverage Act, P.L. 1992, c.162, 2) review of the draft Plan of Operation (Plan), and 3) the assignment of Board members to committees. The Board decided, without formal vote, that the first agenda item should be postponed until all public members were present.

4. Plan of Operation.

L. Moskowitz summarized the importance of the Plan of Operation as the bylaws for the Board. He explained the progress made thus far by the Small Group Board, in particular, that a draft Plan of Operation has been circulated to that Board, and is now being revised by an Ad Hoc Committee on the Plan of Operations.

P. Carmody indicated that a draft Plan of Operation had likewise been prepared for the IHC Board, and distributed same to the Board. (Copy filed with these minutes.) He stated that the draft represented several drafting sessions with carrier Members and corresponded closely to the Small Group Board draft Plan of Operations, as well as Plans of Operation for similar Boards in other states. The Board agreed to review the draft Plan.

5. Committees.

S. Connor then commented on the need to establish committees. A discussion ensued as to the ability of the Board to take such preliminary actions until more fully constituted. The Board agreed, without formal vote, to review at its next meeting the Committees called for in the draft Plan of Operation.

6. Benefit Designs.

L. Moskowitz introduced the issue of the need for correspondence between the five individual plans and the five small employer plans. The Board decided that this issue could not now be resolved. A discussion ensued as to the difficulty in designing the five plans, and the concomitant need to coordinate with the work of the Small Group Board.

The Board noted that two of the benefit plans were defined in law: the federally qualified HMO coverage and the BASIC coverage. W. Kramer emphasized a desire to introduce the federally qualified product. L. Moskowitz distributed an outline of such coverage circulated to the Small Group Board (copy filed with these minutes). Discussion occurred on the ability to proceed with these statutorily defined products even prior to Small Group Board review, in view of the need for individual health coverages. The Board discussed the possibility that the two Boards might meet and work jointly on certain aspects of the business of each, especially product design. L. Moskowitz stated that he would report the substance of the discussion to the Small Group Board scheduled to meet the next day.

7. Board Legal Representation.

L. Moskowitz raised the issue of legal representation of this Board. V. Bollheimer, representative of the State Attorney General, expressed her view that, since the Board is a state entity, it would be legally represented by the Attorney General's office. Some discussion then occurred about the need for a formal written legal opinion on this issue. V. Bollheimer promised the opinion would be forthcoming within two weeks. P. Carmody suggested that the Board has an obligation to make its own decision on this point, and that it should evaluate this issue further upon receipt of the promised written opinion.

8. Future Meetings.

The Board then discussed its proposed meeting schedule, deciding that it would meet on Thursday, March 25. Thereafter, all meetings will be held on Tuesdays at 10:00 am, beginning March 30th. The proposed agenda for the next meeting includes 1) a review of the statute, 2) reactions/comments on the Plan of Operation, 3) coordination with the Small Group Board benefit designs, and 4) determination of committees.

There being no further business, the meeting was adjourned at 12:35 pm.

Respectfully submitted,

*Carla Ruth Carr*

Secretary Pro-tem

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, March 25, 1993, NJDOI,  
Trenton, New Jersey

Directors: Raymond Allen, Jeffrey Beck,  
Patrick Carmody, Susan Connor,  
Laura Giannotta, Leon Moskowitz

Director-Nominee: Ritamarie Rondum, Charles  
Wowkanech

Absent: Felipe Chavana

Other Attendees: List maintained in records of  
N.J. Department of Insurance.

1. Call to Order.

Special Deputy Commissioner L. Moskowitz called the meeting to order at 10:10 a.m., and reviewed the compliance with the Open Public Meetings Act. He introduced John Franzini, a representative of the Attorney General's Office, accompanied by Ward Sanders, who indicated that they will be representing the Board. J. Franzini circulated a legal opinion from the Attorney General indicating that officer's jurisdiction over legal representation of the Board (privileged document, copy filed with these minutes). The Board responded that each Director would review the opinion.

2. Status of IHC Board.

L. Moskowitz reported that no final legal resolution had been reached as to whether the IHC Board could begin official activities with members sufficient for a quorum but without all members having been qualified. S. Connor referred to N.J.S.A. 52:14-14.1, relating to Commissions established by Act with fixed time for completion of duties. Extensive discussion occurred about the urgency of the statutory mandates and desire to assure that individuals in New Jersey have choices for health insurance. Concern was also expressed that the Director-Nominees should be urged to attend all meetings and participate in discussions.

The Board requested that the Attorney General provide a legal opinion at the next meeting. The Board concurred with C. Wowkanech's suggestion that unofficial activities should proceed.

3. Pending Legislation.

Mr. Wowkanech referred to pending legislation introduced into the New Jersey legislature, (S. 1344 and A. 2271) ("the Wellness Protection Act") as well as others providing for mandated benefits, which the Board had previously agreed should be deferred, if possible. C. Wowkanech reported that Sen. Sinagra and Sen. Bassano had so agreed, but had requested the opportunity to appear before this Board and the Small Group Board. The Board concurred, without formal vote.

4. Election of Officers.

L. Moskowitz called for nominations for unofficial officers: Chairman, Vice President and Secretary.

- For Chairman; R. Allen nominated, L. Giannotta seconded, the nomination of C. Wowkanech, who was elected unanimously.
- For Vice Chairman; S. Connor nominated, J. Beck seconded the nomination of L. Giannotta, who was elected unanimously.
- For Secretary; P. Carmody nominated, R. Allen seconded the nomination of S. Connor, who was elected unanimously.

C. Wowkanech commenced presiding over the meeting.

5. Activities of Small Group Board.

M. Lopes, Chairperson, Small Group Board, joined the Board meeting at 10:45 a.m. and, at the invitation of the Chairman, summarized the following activities of the Small Group Board:

- a. Four Small Group Board meetings have occurred, open to the public, without public testimony.
- b. Three Standing Committees have been established: Operations, Finance, Legal. (The Benefit Design and Marketing Committees is the full Board.) In addition, three Ad Hoc Committees have been formed: Plan of Operations, Claims Form, and Policy Form Committees. All Standing and Ad Hoc Committees are Advisory Committees which report to the Board.

- c. Small Group Board Meetings are scheduled for every Wednesday, with the Plan of Operations Committee Meetings generally following thereafter.
- d. M. Lopes extended an invitation to all IHC Directors to attend the Small Group Board meetings, with the caveat that the Open Public Meetings Act covers any assembly of a majority of the Board.
- e. Benefit Designs. The Small Group Board has reviewed common coverages and established BASIC as the floor and the federal HMO benefit package as the top actuarial value benefit design. The three middle plans are now the focus, to determine limits on benefits not excluded, lifetime maximums, etc. A preliminary list of standard exclusions has been established; other benefits may be limited to various degrees in the middle policies. Mental health, alcoholism, substance abuse limits are controversial. The draft benefits designs for the middle policies should be ready by April 28th; an all day public hearing is planned for May 12th (a.m. for providers, p.m. for small employers and brokers). The IHC Board may wish to join that hearing.
- f. Mandated Benefits. M. Lopes noted that the Small Group Board is requesting the legislative leadership to defer any mandated benefits bills and asked the IHC Board to join the petition. The IHC concurred, without formal vote.
- g. Policy Forms. At the request of M. Lopes, J. O'Connor (Prudential) explained the activities of the Small Group Policy Form Subcommittee which he chairs; definitions for eligibility, general provisions and exclusions are being standardized. Target completion date is April 12 for drafts of standard provisions plus options, including variations for legal corporate structure, which will not affect benefit design packages. Procedural requirements for adoption of policy forms, in order to give them the force of law, were discussed by L. Moskowitz. The actual procedure is still in question.

Some discussion followed regarding the need to balance choice against simplicity and affordability. All Directors expressed their concern over the continuing number of uninsured persons in the State, noting that subsidized health insurance will be available in 1994 under the Health Care Reform Act, P.L. 1992, C. 160.

M. Lopes noted the inter-relationship of markets and the reform acts, and consequent need for coordination between Boards. Some discussion occurred about whether the individual and small group markets differ due to the lack of an employer contribution, and the traditional differences in plan design, marketing, underwriting criteria. The consensus, without formal vote, of the Board was that, to the extent possible, the benefit designs should be uniform, but the issue must be addressed when the five benefit designs are established by the Small Group Board. Formal linkages between the Small Group and Individual Board members were established, with cross-notice of meetings to occur.

6. Designation of Committees.

C. Wowkanech noted that the draft Plan of Operations, distributed at the previous meeting, called for four committees. He requested volunteers for chairpersons of each committee, which should include at least one carrier and one public Board member. Other Board or Program members will be included. Chairpersons and public members were designated as follows:

Finance: R. Allen, Chairperson; L. Giannotta, public member.  
Operations: J. Beck, Chairperson; C. Wowkanech, public member.  
Legal: S. Connor, Chairperson; F. Chavana, public member.  
Benefit Design/Marketing Committee: Board, as a whole, with Ad Hoc Subcommittees as necessary.  
Ad Hoc Plan of Operations Subcommittee: P. Carmody, Chairperson.

All Committees at which a majority of the Board is in attendance are subject to the Open Public Meetings Act. The respective Chairpersons will be responsible for notifying Committees of the meeting schedule.

7. Benefit Design.

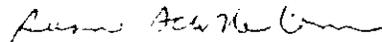
The need for urgency was highlighted because of 1) statutory deadlines, 2) the lack of current offerings, and 3) the assessment period which began January 1, 1993. The timetable for introduction of the federally qualified HMO product was raised. L. Moskowitz indicated that the Department of Insurance supported moving this product into the individual marketplace as soon as possible. A discussion ensued about potential options for achieving this end, in case the Board cannot be officially constituted. C. Wowkanech expressed his desire that the BASIC policy be introduced quickly as well. R. Rondum expressed her concerns about the need for full public hearings prior to approving any product, even if specified in law.

8. Marketing Consultant.

Mr. Gato, a public attendee, indicated his interest in being designated as the Marketing Consultant, (an unpaid advisory position established in the Individual Health Coverage Reform Act). The Chairman agreed to allow him to comment unofficially on an interim basis, but noted that the Board will establish a process for designation of such a representative, once the Board is officially constituted.

There being no further business, the meeting was adjourned at 12:55 p.m.

Respectfully submitted,



Secretary Pro-Tem

SSC/smc

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, March 30, 1993, NJDOI,  
Trenton, New Jersey

Directors: Raymond Allen, Jeff Beck, Patrick  
Carmody, Susan Connor, Laura Giannotta,  
Leon Moskowitz.

Director-Nominees: Felipe Chavana, Ritamarie Rondum,  
Charles Wowkanech.

Other Attendees: List maintained in records of NJDOI.

1. Call to Order.

Chair C. Wowkanech called the meeting to order at 10:20 am and called the roll of Directors and Director-Nominees. S. Connor reported on compliance with the Open Public Meetings Act.

2. Status of Board.

The Chair asked for a report from John Franzini, representing the Attorney General's Office as the Board's counsel, on the ability of the Board to conduct official business. J. Franzini requested the Board to determine if it wished to proceed in executive session. The Board voted, to conduct its discussions with counsel at this meeting in open session. R. Rondum voted in favor of an executive session.

L. Moskowitz advised the Board that L. Giannotta is the only public member to have been confirmed by the State senate. Mr. Franzini indicated that this fact did not alter the opinion of the Attorney General on the status of the Board, which was that the Board does have the ability to act officially due to the presence of a quorum, but the Attorney General recommends 1) that all nominated public members fully participate in Board activities, 2) that the Board only act officially where a critical need exists, and 3) that if the Board does act officially, that it do so with 5 affirmative votes (from among the confirmed Directors). The Board accepted this opinion, which Mr. Franzini promised would be provided in writing within a few weeks. The Board decided that, for future compliance with the Open Public Meetings Act, the Board would, as the Small Employer Board is doing, publish notice in three newspapers -- The Star Ledger, The Courier Post and the Trenton Times.

3. Minutes of Previous Meetings.

S. Connor distributed draft minutes of the March 16 and March 25, 1993 meetings for adoption at the next meeting. C. Wowkanech circulated a draft letter to Senator Sinaga for comments.

4. Review of the IHC Act.

Chanell McDevitt, (DOI), reviewed an outline, distributed to all Directors, of the provisions of the Individual Health Coverage Reform Act of 1992, P.L. 1992,C.161. ("the Act"); (copy of the outline is filed with these minutes). Among the first topics was a discussion of eligibility for coverage under a group policy. L. Giannotta commented that a few of her members had received a letter, regarding preclusion from individual coverage due to eligibility for coverage under a group health plan. S. Connor distributed the letter to the Board. L. Moskowitz indicated that the DOI may have comments on the letter.

Other topics discussed and listed as open issues to be resolved were: 1) definition of "similar" group coverage, 2) the number of riders allowed by the Act, 3) whether a carrier may obtain a waiver on open enrollment provisions, 4) how a carrier may obtain a deferment on assessments, 5) whether policies issued prior to the Act's effective date must comply with the Act's community rating requirement, 6) applicability of the Act to conversion policies of terminated employees issued under a master group trust, 7) the procedures for the Board to promulgate its decisions, and 8) whether the Board must adopt standard policy forms, or only standard benefit designs.

5. Plan of Operations.

P. Carmody reviewed for Board the draft Plan of Operations distributed at the meeting of March 25, 1993. He advised that much of the language, including the definition provisions, had been taken from the statute.

At approx. 11:25 am, the Chair called for a break, which lasted until 11:40.

R. Rondum asked whether the Act defined the term "family," and remarked that the Board should consider which individuals would be eligible for coverage under the Act. L. Moskowitz responded that the term "dependent" is usually defined, and that those individuals would be eligible. The Board then discussed how it might raise funds with which to accomplish its duties. One suggestion was that the Board might borrow funds, which would be repaid with future assessments.

The Board decided that its members would review the Plan of Operations and be prepared with comments for the next meeting.

In addition, Chanell McDevitt was asked to prepare on behalf of DOI, a review of the draft Plan of Operation, not unlike that which was prepared with respect to the Small Group Board Plan of Operations. S. Connor expressed her view that the Plan of Operations is similar to a corporation's by-laws, and need only contain the framework within which the Board will act. Certain Board members expressed that they believed the Plan of Operations could be adopted fairly quickly -- perhaps within two weeks.

The Subcommittee of the Plan of Operations was expanded to include P. Carmody, L. Moskowitz, L. Giannotta, R. Allen, and non-Board member Jim O'Connor (Prudential).

6. Federally qualified HMO.

George Strumpf (HIP/RCHP) reviewed materials distributed to all Directors on the requirements of a federally qualified HMO ("FQHMO"), (copy of materials filed with minutes). Discussion ensued regarding the authority of the Board to prescribe, as the managed care product, a product without, or with limited, copayments. It was agreed that this was an important issue for resolution by the Board. R. Allen volunteered to compile comparative HMO product information from a number of carriers, recommend copayment schedules, and present same to the Board at its next meeting.

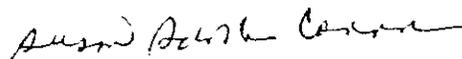
7. Notice of Meeting Schedule.

The Board discussed notice of its proposed meeting schedule, and requested the Secretary to ensure compliance with the Open Public Meetings Act for meetings scheduled for the next three months.

8. Adjournment.

There being no further business, the meeting was adjourned at 1:07 pm. A meeting of the Finance Committee was to convene at 2:15 pm.

Respectfully submitted,



Secretary

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, April 6, 1993, NJDOI,  
Trenton, New Jersey

Directors: Raymond Allen, Jeffrey Beck, Patrick  
Carmody, Steve Dawson ( for Susan  
Connor), Leon Moskowitz.

Director-Nominees: Felipe Chavana, Charles Wowkanech.

Marketing Consultant: Robert A. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order.

The meeting was called to order by the Chair at 10:09 a.m. Roll call was taken; Laura Giannotta, Ritamarie Rondum, and Felipe Chavana were not present at that time. F. Chavana, however, arrived approximately one hour into the meeting. The Chair noted that Steve Dawson was representing BC/BS of NJ for the purpose of this meeting.

The Chair turned to Deborah Cieslik, on behalf of S. Connor, who delivered a statement of compliance with the 48-hour notice requirement for the Open Public Meetings Act. D. Cieslik noted that the notices for this meeting and meetings through June 30, 1993 had been mailed to all parties on the mailing lists supplied by NJDOI, overnighted to all Board members, and that the meeting notice was published in three newspapers, as had been determined appropriate by the Board at the March 30 meeting (The Star Ledger, The Courier Post and the Trenton Times) and, as well, filed and posted with the Office of the Secretary of State. D. Cieslik then referred to minutes of previous meetings distributed to all Directors and asked that they be adopted as part of the record. At that time, L. Moskowitz indicated that he had not received the minutes. A copy was produced and distributed for his review. In addition, two corrections were made by the Chair to the minutes at this time.

2. Small Employer Board Report

The Chair asked L. Moskowitz for a report of the Small Employer Board progress. L. Moskowitz noted that three issues had been raised and discussed at the last meeting. They are (1) furtherance of its Plan of Operations, which he believes may be completed for submission to the Commissioner for approval, in a non-finalized form, perhaps by next week; (2) discussion between

the Chair of the claim form subcommittee and the DOI representative, regarding the user friendliness of the form claim for Providers, and (3) discussion regarding the progress of this Board with respect to the potential design of a federally qualified HMO (FQHMO).

3. Time for Meetings

The Chair then noted that the time for meetings of this Board will be changed from 10:00 to 9:30 a.m. going forward. There was a motion by R. Allen which was seconded by J. Beck supporting said time change; and the Chair asked that a notice be prepared and published of this time change.

4. Report of Finance Committee

R. Allen reported that three issues were raised: (1) that the DOI will assist this Board in preparing a mailing list by which carriers will be identified and notified, and for collecting data; (2) that the Committee would consider outside carrier consultants to assist in the process of completing the responsibilities charged to this Board by the Act; (3) that the Finance Committee will create a technical/actuarial subcommittee, which will assist this committee with determination of assessments and other matters. R. Allen noted that he was awaiting designees in order to proceed with a meeting.

5. Plan of Operations

P. Carmody noted that, although a great deal of work had been performed toward the goal of preparation and completion of the Plan, the Committee had not met last week; but would meet after the conclusion of this Board's meeting.

6. FQHMO Report

The Chair noted that, unfortunately, George Strumpf (HIP/RCHP) was not in attendance at this meeting. It was the Chair's hope that this Board would proceed with its review of the federally mandated requirements for a FQHMO. However, it was noted that a subgroup had met and prepared a chart outlining a range of copayments which are either currently being utilized or are proposed for use by four member carriers -- US Healthcare, BC/BS of NJ, Prudential and HIP/RCHP. The Board then reviewed the material on that chart (copy filed with these minutes). L. Moskowitz proceeded with a detailed review of certain of the information contained thereon. It was determined that, while quite useful, the chart was not fully completed, in that the information contained therein presented numerous questions on why the Board asked for clarification. The Board asked that additional information be detailed on the chart and the chart redistributed at next week's meeting.

The Chair raised the concern that certain of the HMO designs might not be affordable, and that the range of copayments which were suggested by the HMO carrier members, rather than a single, standard plan design, might be confusing to the public consumers.

At this time, B.P. Waugh (NJDOJ) distributed a handout regarding a new development in Wisconsin law (copy filed with these minutes). L. Moskowitz summarized the issue which exists for this Board to decide -- whether a single, standard plan would be developed, with specific (stated) copayments or, rather, a plan providing a range of copayments such as was suggested by the chart.

The Chair asked for a recess at 11:55 until 12:20 p.m. The Chair reconvened this meeting at 12:24, at which time he asked for additional comments or correction on the previous minutes. Hearing none, a motion to adopt the minutes was made by S. Dawson and seconded by J. Beck; and they were therefore adopted into the record.

J. Beck made a motion, which R. Allen seconded, with respect to release of the draft letters to the State Senators.

At this time, the Chair asked F. Chavana to comment on his response to the HMO chart which had been previously reviewed and distributed. F. Chavana reiterated the concern that the Board would have to decide the issue whether to permit a range of copayments as the "standard" FQHMO plan. He concluded that he hoped that the Board could help move toward uniformity of health care reform; observing that we are only at the beginning of an continuing process.

The Chair commented that the chart is a "good first step". He also noted that it might be helpful to develop one core package as the standard FQHMO Plan, with a rider which would will permit variable copayments.

7. Adjournment

Noting that the Plan of Operations Committee would meet at Prudential at 1:00 p.m., the Chair adjourned this meeting at 12:43 p.m.

  
D. Cieslik  
(for S. Connor, Secretary)

**NEW JERSEY**  
***Individual Health Coverage Program Board***  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, April 13, 1993, NJDOI,  
Trenton, New Jersey

Directors: Jim O'Connor (for Raymond Allen),  
Jeffrey Beck, Patrick Carmody,  
Susan Connor, Leon Moskowitz.

Director-Nominees: Felipe Chavana, Charles Wowkanech,  
Ritamarie Rondum.

Marketing Consultant Pro Tem: Robert A. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order.

The meeting was called to order at 10:00 a.m. Roll call was taken; Laura Giannotta and Felipe Chavana were not present at that time; however F. Chavana arrived approximately 15 minutes into the meeting. S. Connor entered on the record a compliance statement with the Open Public Meetings Act, wherein notice of this meeting and future meetings through June 30 had been given to all individuals on the list provided by the Department of Insurance, was published in three newspapers and was published with the Office of the Secretary of State; however, notification of the meeting time change will be deemed to have been given to Directors and the public by means of the minutes, which have been adopted by the Board.

L. Moskowitz requested that name cards be made for all Directors.

The AG requested that, in order to assure authorization of action by individuals on behalf of carrier members, he requested that carrier alternates notify the Board, in writing, of their appointment. R. Rondum expressed her concerns of fairness and consistency among carrier members. The Board collectively agreed that, as much as possible, carrier members should maintain continuity of participation in these proceedings with respect to the alternates who are chosen to attend on their behalf. Carrier members will notify the Chair in writing of their alternates; however, public members, serving in their personal capacity, do not have the ability to send alternates (in their stead) to act on their behalf.

## 2. Small Employer Board Report

L. Moskowitz advised of three areas of discussion from the last Small Employer Board meeting. One discussion item concerned amendments to the Small Employer Act. He advised that a staff member of Senator Bisano had attended, and given a report with respect to those proposed amendments. There were several thrusts of this discussion--notably, (1) the timing of Board action under that Act; (2) what was intended by statutes with respect to stand-alone dental and vision plans; and (3) problems of closing loopholes in the Act.

With respect to item 1, he noted that the January 1, 1994 date may be pushed back to February 28, and that the conversion dates for existing business might likely also be made to be consistent with that postponement.

With respect to item 2, he mentioned that carrier members would be at a disadvantage if they would be required to sell only those dental and vision plans approved by the Board when stand-alone dental and vision carriers would not be subjected to or covered by the law.

On item 3, he specifically noted that subjecting out-of-area carriers and MEWAs to that Act was among the loopholes needing closure. He suggested that one problem which this Board might consider attempting to correct statutorily involves out-of-state plans covering NJ residents, which are not subject to either the Small Employer Act or the Individual Act. The Chair noted that, on behalf of the Board, he would be interested in resolving the issues for this Individual Act -- perhaps with the Technical Amendment Bill on Chapter 161 that currently exists.

As the second discussion item of the last Small Employer Board meeting, a draft Plan of Operations has been submitted to the full Board. L. Moskowitz advised that the Commissioner may use the May 12th Public Meeting/Hearing to discuss plan design. He suggested that the Commissioner would then adopt as temporary that Board's Plan of Operations, with a sunshine provision by which a final plan would have to be subsequently approved.

L. Moskowitz advised that a discussion by the Small Employer Board of benefits was deferred, as the Board spent most of its meeting on plan of operations and technical amendments to the Small Employer (corrections) bill. He mentioned that, inasmuch as this Board was close to determining a design for a Federally Qualified HMO, that the Small Employer Board would wait for this Board's design.

A discussion ensued regarding the necessity, under the IHC Act, for this Board to design claim forms for all individual policies. Section 6 of that Act requires that "contract forms" be designed and approved by this Board. It was undecided as to whether this Board must design and approve application forms and claim forms under that charge. Perhaps a subcommittee of the Legal Committee would be formed for this purpose. It was suggested that, since

the Small Employer Board already has a subcommittee working on this, that those same individuals should be involved in the process--to avoid duplication of effort.

3. FQHMO Design

The Chair asked for a report of progress on the chart that was presented at the last Board meeting. J. Beck indicated that, hopefully by the next meeting, a fifth column would be added to the chart which would indicate a standard product design. S. Connor volunteered to assemble additional information, with respect to low, medium and high ranges for copayments and prices, for the Board to review to assist in the determination of a standard plan design. L. Moskowitz asked that additional information on pre-existing conditions, variable benefits, ranges of copayments, exclusions and prices be provided.

The Chair recessed for 15 minutes.

4. Minutes

On return from break at 11:35 a.m., the Chair asked to hear a motion for adoption of the April 6, 1993 minutes. J. O'Connor moved, and J. Beck seconded, a motion for adoption for those minutes. R. Rondum then moved and P. Carmody seconded a motion to allow at least one week time for Board members to review the minutes of each meeting before adoption, per S. Connor's request.

5. Plan of Operations

P. Carmody indicated that a Plan of Operations committee meeting would occur this afternoon after this full Board's meeting.

6. Finance Committee

J. O'Connor indicated that a meeting of the subcommittee of the Technical/Actuarial of the Finance committee would meet at 1:30 p.m. after this full Board's meeting. This subcommittee will begin to work toward defining losses, assessment formulas, and other pertinent information by which this Board must perform its assessment functions under the Act. L. Moskowitz distributed a master list of potential carrier members subject to the Act. Of the 720 proxy notices that were sent from the Department, 450 carriers failed to respond to those notices. Next week, a report will be given with respect to progress of the Small Employer claims form development. All agreed that uniformity is a desirable objective with respect to this Board's development of claim forms, policy forms etc., but some raised the concern that there may not be sufficient time or need to develop uniform forms to accomplish the Act's charge.

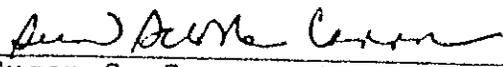
L. Moskowitz raised a question with respect to the "insurance producer" language in section 9(g) of the Act. S. Connor

reminded the Board that a proposal should be before the Board for discussion for review of this and all items for Board action, in order to proceed in an orderly fashion.

7. Adjournment

Hearing no further business, P. Carmody moved, and S. Connor seconded, a motion to adjourn at 12:10 p.m.

Respectfully submitted,

  
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Susan S. Connor, Secretary

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, April 20, 1993, NJDOI,  
Trenton, New Jersey

Directors: Raymond Allen, Jeffrey Beck, Patrick  
Carmody, Susan Connor, Leon Moskowitz

Director-Nominees: Charles Wowkanech, Ritamarie Rondum

Marketing Consultant Pro Tem: Robert A. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order.

The meeting was called to order at 9:45 a.m. Roll call was taken; Laura Giannotta and Felipe Chavana were not present. S. Connor entered on the record a compliance statement with the Open Public Meetings Act, wherein notice of this meeting and future meetings through June 30 had been given to all individuals on the list provided by the Department of Insurance, was published in three newspapers and was published with the Office of the Secretary of State. AG John Franzini advised that notification of the meeting time change should be published. Copies of the April 13 minutes were distributed; discussion and adoption was deferred.

2. Small Employer Board Report

L. Moskowitz advised of three areas of discussion from the last Small Employer Board meeting. One discussion item concerned further amendments to the Small Employer Act. He advised that the staff member of Sen. Bisano had again attended, and given a report with respect to those proposed amendments. He suggested again that this Board also consider proposing amendments to the IHC Act. C. Wowkanech concurred that this Board should examine that option. P. Carmody moved, and J. Beck seconded, that the Legal Committee review and pursue amending the Act.

The second discussion item from that meeting involved plan design. He indicated that the SE Board made significant progress in designing the three (middle) products. A matrix had been developed by BCBSNJ which served as the basis for the design discussion. He noted that the differences among those three plans involve deductibles and coinsurance, and felt that the process might be completed at that Board's next meeting on April

21. He also noted that great progress had been made regarding development of a standard claim form.

As to the third discussion item -- a draft Plan of Operations is "drawing to a close." This Board agreed that, to the extent possible, the two boards should coordinate adoption of their plans.

S. Connor reminded the Board that the SE Board would be looking to this Board for the FQHMO and Bare Bones plan designs. To assist in meeting the Board's timetable, she distributed an outline on Bare Bones and a grid for an FQHMO product. L. Moskowitz agreed that this Board could accomplish its timetable. He noted that it would not be necessary to give the public actual contract language (for the public meeting on May 19); but that at least some detail, perhaps in grid format, on all five plans must be provided. S. Connor suggested that, although it would be preferable, it might not be feasible to produce standardized contract language for the five products if the Board wants to meet a June 15 market introduction deadline. The Legal Committee will evaluate and make a recommendation to the Board regarding the possibility that carriers may use their current contracts (as long as they conform to each product's approved benefit design) until the contracts can be standardized.

3. Finance Committee

R. Allen deferred his presentation to L. Moskowitz, who noted that the meeting of the Technical/Actuarial subcommittee of the Finance Committee had been very productive. Specific assignments had been given; and a report would be presented to this Board in two weeks.

4. Plan of Operations

P. Carmody had, at the full Board meeting last week, distributed a draft Plan of Operations. No comments on that draft had been received by P. Carmody at this time. R. Rondum asked a question about the three types of community rating, which was explained by George Strumpf, of HIP/Ruetgers. Several HMO carriers stated that it is their position that, according to their interpretation of section 3 of the Act, a federally qualified HMO carrier need only offer a product which meets federal qualifications. P. Carmody asked L. Moskowitz how quickly the Commissioner of Insurance would rule on the Plan of Operations if it were submitted next week; the answer -- by May 29.

5. Small Employer Board Claim Form

The Chair asked for a report of progress on the Small Employer Board subcommittee for claim form drafting. Susan Frey reported that the subcommittee decided the standard claim document should be the HCFA Form 1500. She also advised that a report on

Electronic Data Interchange (EDI), which that Board had discussed, would be given at next week's meeting. S. Connor advised that BCBS would adapt the Form 1500 for use by the IHC Board.

The Chair then recessed for 20 minutes.

6. Minutes

On return from break at 11:15 am, the Chair asked to hear a motion for adoption of the April 13, 1993 minutes. Two changes were made; then L. Moskowitz moved, and P. Carmody seconded, a motion for adoption of those minutes. S. Connor distributed a design grid for BCBSNJ's Basic Blue II plan, for review and use by the Board to assist in the design of the Bare Bones plan and its policy form.

7. FQHMO

L. Moskowitz suggested that a low-cost HMO might be a desirable form of plan design. All agreed that affordability is a primary concern in designing the five products. Perhaps the Board would develop a low-cost HMO with a rider that raises the price, or a high-cost HMO with a rider that lowers the price. Steve Manobianco, of BCBSNJ, reminded the Board to evaluate total cost and benefit levels, rather than just premium price. He also advised that a meeting of HMO carriers was to take place at 2:00 pm after this Board meeting to discuss standard plan design. Comments were made that the materials could be improved upon by showing coverages as well as coverage exclusions. Further, US Healthcare agreed to price the grid products.

8. Implementation Schedule

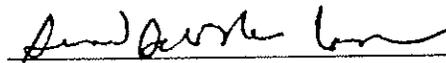
The Chair asked the Board to evaluate his outline of an implementation schedule for Board action, as follows:

- |    |  |           |
|----|--|-----------|
| a. | establish HMO and Bare Bones plans   | -- May 4  |
| b. | Plan of Operations submission  | -- May 4  |
| c. | adoption of informational rate filings                                     | -- May 11 |
| d. | review carrier certifications of HMO<br>and BB plans' contract conformance | -- May 11 |
| e. | public hearing on HMO and BB plans   | -- May 19 |
| f. | adoption of 5 benefit plan designs   | -- June 1 |
| g. | new policies' effective date   | -- July 1 |

9. Adjournment

Hearing no further business, L. Moskowitz moved, and P. Carmody seconded, a motion to adjourn at 12:55 pm.

Respectfully submitted,



Susan S. Connor  
Secretary

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, April 27, 1993, NJDOI,  
Trenton, New Jersey

Directors: John LeDell (replacing Ray Allen),  
Patrick Carmody, Jeffrey Beck,  
Susan Connor, Leon Moskowitz,  
Laura Giannotta.

Director-Nominees: Felipe Chavana, Charles Wowkanech,  
Ritamarie Rondum.

Marketing Consultant Pro Tem: Robert A. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order.

Jeffrey Beck and Felipe Chavana were not present at roll call (J. Beck arrived approximately 20 minutes into the meeting.) A statement of compliance with the Open Public Meetings Act was presented by D. Cieslik, noting that, pursuant to A.G. Franzini's request, an amended notice of the 9:30 a.m. start time for the meeting will be published as part of the Public Comment Notice to be adopted next week.

2. Small Employer Board Report

L. Moskowitz reported three discussion items from the last Small Employer Board meeting. The first was amending the Small Employer Act, including Senator Bassano's involvement in those amendments. He noted the second item as a report of the claim form subcommittee, stating that the subcommittee had decided on the HCFA form 1500, with a supplementary form for the authorization of release of medical information which would accompany said form as the standard claim form for small employer business. He suggested that this board should identify and evaluate the issue of coordination of benefits of [the standard] individual policies with other coverage. S. Connor noted the strong preference in the IHC Act for group coverage and reminded the Board that no one is eligible for individual coverage if group coverage of a similar nature is available to them. L. Moskowitz also noted as an important issue for discussion by this Board and the Small Employer Board the transfer of data by electronic means.

The third item of discussion by the SE Board related to plan design, on which the Board spent most of its meeting. The Board

focused on building inside limits to the three middle plan designs. He noted that the Board had not yet decided whether the method of delivery system would serve as a basis for plan differentiation, but that he believed the Board would decide this at its next meeting on Wednesday, April 28. R. Rondum responded that she believed a health, rather than a carrier, delivery system would serve as the proper basis for a differentiation in plan design. L. Moskowitz noted that he hopes the Board will develop at least one plan design that is "subsidizeable" by the P.L. New Jersey Essential Health Services Commissioner under P.L. 1992, C.160.

3. Report from the Finance Committee

J. LeDell offered a report of this committee, stating briefly that it had met two weeks ago and would meet today, and that he hopes to have a preliminary report for the Board by next week's meeting.

4. Plan of Operations

P. Carmody indicated that he received comments from the DOI and J. Franzini, and hopes to receive any additional comments this week. A conference call of the Legal Committee, at which time comments on the Plan of Operations will be reviewed, was tentatively scheduled for later in the week.

5. HMO Federally Qualified Plan Design

J. Beck presented a grid showing three standard HMO products which had been agreed upon by several HMO carriers represented at a meeting held the previous afternoon. He noted that the SE Board, which was represented at that meeting, would also be presented with this grid at its next meeting. He noted that plan "B" was agreed to be the standard plan design. S. Connor indicated that the Bare Bones plan design would also be put in a similar format for presentation to the Board next week. L. Moskowitz noted again for the record that he believed that the approximately 11% spread between the high and low range of options for HMOs was too narrow. He then asked the carrier members whether they intended to offer the standard HMO only (B), or also an A and C. Various carriers responded, indicating that some would offer indemnity, others only HMO, while yet others were not sure.

An issue was raised by L. Moskowitz for discussion regarding dental and vision stand-alone plans/riders; however, the Board decided that it would discuss this at a later point in time. As to the issue of pre-existing conditions, HIP/Rutgers indicated that it might waive the pre-existing condition clause; in which instance it would be necessary to draft a variable provision in the HMO contract allowing for such waiver.

J. Beck then distributed an exclusion list which had been prepared for the SE Board. This Board is currently undecided as to how it will deal with prescription drugs, although several Board members indicated that such a benefit should perhaps be handled through a rider. A discussion ensued as to the potentially prohibitive cost of such a rider, as well as possible adverse selection issues.

L. Moskowitz asked J. Beck if U.S. Healthcare would attempt to price the three HMO products, (A, B and C). J. Beck agreed to prepare this for the next Board meeting. L. Moskowitz raised the issue that the cost for such products for small employers might differ as a function of the size of the group covered. S. Connor observed, for the public members' benefit, that the group standard HMO plan would likely cost less than the individual standard HMO plan B.

The Chair recessed this meeting at 11:15 a.m.

6. Report of Legal Committee

The meeting resumed at approximately 11:40 a.m.; with F. Chavana present.

At this time, the Chair distributed the April 27 draft letter to Sen. DiFrancesco. A motion by S. Connor, seconded by J. LeDell, was passed to send the letter, as amended by the Board (attached hereto). S. Connor then distributed the Public Comment Notice draft for this Board regarding the May 19 public hearing/meeting. After some discussion regarding additional information which might be included in the draft, the Board decided to amend the draft notice for Board approval at its next meeting. L. Giannotta noted that perhaps a press alert might be in order. Additional comments regarding the notice will be reviewed at the conference-call meeting of the Legal Committee on Friday at 9:30 a.m.

S. Connor then outlined briefly nine items of discussion at the last Legal Committee meeting (at which all appointed members except F. Chavana were present). Those items were: 1) comments regarding the technical amendment bill, 2) uniform claim forms, 3) administrative law requirements regarding Board action, 4) Plan of Operation items, 5) application of the Act to existing policies (about which a legal opinion will be presented to the Board next week), 6) application of the Act to an FQHMO, 7) uniform application forms, 8) policy form standardization (S. Connor noted that it appears as though the Board will have standard policy forms by its target date), 9) a Board resolution requesting amendments to the bill (at this time, J. O'Connor distributed a draft resolution). That resolution was moved to be adopted by J. LeDell, seconded by L. Giannotta, and duly adopted by the Board (attached hereto).

7. Marketing Committee

A subcommittee of the Marketing Committee was formed including S. LeVell, as chairman (representing U.S. Healthcare), D. Marco (representing BCBSNJ), J. LaDell (representing Prudential), R. Gada as consultant, and L. Giannotta. The subcommittee will hold its first meeting after this Board's next meeting.

8. Adjournment

Motion to adjourn was made by L. Giannotta, seconded by J. LaDell, and carried by unanimous vote at approximately 12:25 p.m.

Respectfully submitted:

  
Secretary

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, May 4, 1993, NJDOI,  
Trenton, New Jersey

Directors: John LeDell, Patrick Carmody,  
Jeffrey Beck, Susan Connor,  
Leon Moskowitz, Laura Giannotta.

Director-Nominees: Felipe Chavana, Ritamarie Rondum,  
Charles Wowkanech.

Marketing Consultant Pro-tem: Robert R. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order

The meeting was called to order at 10:00 a.m. Rollcall was taken by S. Connor; all were present but F. Chavana, who arrived within minutes of the rollcall. A statement of compliance with the Open Public Meetings Act was delivered by S. Connor, who noted that a quorum was present at this meeting.

Minutes were distributed then reviewed by the Board. By motion of L. Moskowitz, seconded by J. LeDell, the minutes were unanimously approved by the Board.

2. Small Employer Board Report

L. Moskowitz noted four items of discussion from the last SEB meeting: 1. report of the last IHC Board meeting; 2. discussion and resolution of MEWA language; 3. report of the claim form subcommittee; and 4. benefit design, on which topic the Board spent most of that meeting. Among the remaining issues for resolution by the SEB are: 1. whether all five plans should have a common set of medical expenses; 2. how to differentiate between delivery systems, if at all; and 3. how to resolve the "network v. non-network" distinction. As to the issue of differentiating plans among delivery systems, L. Moskowitz noted that he believes the SEB will not distinguish on that basis, with two exceptions: 1. there may be some minor differences between the FQHMO inside limits and those of the other plans, and 2. how deductibles, out-of-pocket maximums and copays would be applied.

C. Wowkanech then noted for the Board the details of a joint planning meeting, held the previous day, regarding a joint Board public meeting. As a result of that meeting, the following plans were made:

1. An agenda for the meeting was prepared.
2. A press advisory will be prepared for release Thursday, May 6, advising of a press conference to be held on Monday, May 10, at 11:00 a.m. on the second floor of the Mary G. Roebling Building. At that press conference, a press release, detailing the May 19 public meeting and attaching the five plan design charts, will be distributed.
3. The Boards will accept, through Maureen Lopes, written statements regarding testimony/discussion topics that individuals may wish to present. The Board will also ask for a one-page summary, which will be used to determine who may be permitted to comment orally before the Boards. Board members may opt to receive all written materials, or only the one-page summaries which are submitted. The period for written comment will remain open for five days after the May 19th meeting; until May 24.
4. The order as to who may testify is: morning - government, consumers, small business (LUNCH BREAK) afternoon - providers, insurers, agents and brokers.

A draft press release has been prepared by DOI, for review by the Marketing Committee, which is to meet after this full Board meeting. All Board members are encouraged to attend the press conference on May 10.

### 3. Report from the Finance Committee

J. LeDell turned the report over to Dana Benbow, who chairs the Technical/Actuarial sub-committee of the Finance Committee. He reported that the Finance Committee had presented a number of issues to the Legal Committee for its review; notably: definitions for "member," "health benefit plan," "paid loss report" and "net earned premium." He also indicated that the subcommittee is preparing several forms to be used for the purpose of collecting data, making assessments, etc.

Finally, he noted to the Board the subcommittee's recommendation that the Board retain an administrator for the purposes for collecting data and performing other administrative task.-- and will present, by next Tuesday, a memo outlining what the subcommittee believes the duties of an administrator to be. He did indicate that it should be an impartial third party.

### 4. Plan of Operations

P. Carmody indicated that he would present the Plan of Operations in draft form at next week's meeting.

Rick Lloyd from BCBSNJ, gave a brief report regarding draft legislation which he believed would be heard Thursday, May 6. He suggested that perhaps the Board might use this as a vehicle for its own statutory modification. The Board discussed this matter and agreed that, if possible, it might delay hearing on that legislation for the purpose of recommending its additional amendments to the bill.

At this time, C. Wowkanech called for a recess of the meeting.

When the Board returned at 11:35, F. Chavana was absent, and remained so for the remainder of the meeting.

5. HMO Federally Qualified Plan Design

J. Beck distributed the design grid for the FQHMO, which the Board then discussed. J. LeDell suggested that he believed the \$25 option to be too high with respect to the federally mandated limitation on copays; therefore, that such copay option be reduced to \$20 throughout that plan design.

Further discussion was had regarding the ability a carrier to waive the pre-existing condition limitation. The Board also discussed the issue of COB. J. LeDell noted that he believed carriers and the public need these provisions, as a matter of good public policy, to avoid the windfall which results from an individual's being sick or injured. After some discussion, J. LeDell moved and S. Connor seconded a motion for approval of the \$15.00 (standard FQHMO), with two options at \$10 and \$20. The Board unanimously adopted this motion. Board members also agreed that the chart be presented to the public for discussion at the May 19 meeting.

6. Report of Basic Health Plan (BareBones)

Upon a distribution of a chart prepared by BCBSNJ, detailing a design of a basic plan drafted strictly in accordance with the statute, the Board concluded that it was not austere enough and did not comply with the spirit of the statute, in that the cost of such a plan would exceed the cost of several plan designs which had been proposed by the SE Board. After some discussion of a grid of another plan, (which had originally been distributed several weeks ago to the Board and prepared by BCBSNJ in conformity with a plan design which had been approved by the DOI as in accordance with its regulations on the bare bones statute), the Board determined that the original grid was better suited to meet its charge to design a basic, affordable health plan. S. Connor noted that the statute's intent was to provide in-hospital catastrophic and maternity care, and some preventative care. P. Carmody moved and L. Giannotta seconded a motion to adopt the "long version" of the basic health chart (the original grid) for distribution and plan design; which motion was unanimously adopted.

7. Report of Legal Committee

S. Connor presented a report of the Legal Committee, which had met prior to the full Board meeting. She presented a report of the following items: 1. technical amendments to the IHC Act. The Board was presented with a draft which was reviewed and discussed; after which L. Moskowitz moved and J. O'Connor (who had replaced J. LeDell in the meeting) seconded, a motion for adoption of the proposed technical amendments, subject to Legal

Committee modification. (The Legal Committee is scheduled to meet by conference-call at 3:00 EST on Thursday, May 6); 2. Plan of Operations; 3. the public notice, which was adopted with changes by motion of J. O'Connor, seconded by L. Giannotta; 4. administrative law requirements -- preliminary advice had been received from AG J. Franzini which will be discussed at the Friday conference-call meeting; 5. opinion by P. Carmody as to community rating pertaining only to open enrollment policies -- there was total consensus among the Legal Committee that only open enrollment policies are subject to the Act. L. Moskowitz noted that no new lives would be added to those plans without compliance with the Act once the Board adopts its plans; 6. pricing issues -- for antitrust reasons, carriers cannot proceed to price the five plans; however, DOI can and agreed to accept this responsibility for the Board's clarification and discussion.

The Board then discussed the need for a procedure permitting the Board to make a decision without the necessity of compliance with formal rulemaking procedures in accordance with the Administrative Procedures Act. It was suggested that perhaps this matter should be resolved in the Plan of Operations.

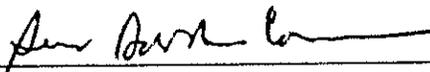
A draft of the IHC claim form was distributed for review and comment.

AG J. Franzini recommended that the Board Act only by vote of five of its six current voting members. S. Connor moved, and L. Giannotta seconded, a motion which was unanimously approved, to adopt J. Franzini's recommendation. S. Connor also noted that a "straw vote" of non-voting members should be taken and recorded in the minutes.

8. Adjournment

J. O'Connor moved and J. Beck seconded a motion, which was unanimously approved, to adjourn the meeting at 1:40 p.m.

Respectfully submitted,

  
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Susan S. Connor  
Secretary

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, May 11, 1993, NJDOI,  
Trenton, New Jersey

Directors: Stewart Lavelle (replacing Jeffrey  
Beck), John LeDell, Patrick Carmody,  
Susan Connor, Leon Moskowitz,

Director-Nominees: Charles Wowkanech, Ritamarie Rondum.

Marketing Consultant Pro Tem: Robert R. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order

The meeting was called to order at 9:48. Roll call was taken by S. Connor; all were present but Felipe Chavana and Laura Giannotta. A statement of compliance with the Open Public Meetings Act was delivered by S. Connor, who noted that a quorum was present.

Minutes were reviewed by the Board and moved for adoption by J. LeDell, and seconded by P. Carmody; which motion was unanimously approved.

2. Report of Press Conference

C. Wowkanech presented a report on the press conference, including reaction by certain members of the legislature. Senator Bassano in particular was concerned at the lack of a clearly affordable package and the apparent similarities in the plans designed by the Small Employer Board. The Board authorized C. Wowkanech to hold meetings with Senator Bassano and other leaders to receive further guidance. A lengthy discussion then occurred about the desire of the public and legislative leaders to have pre-marketing prices available prior to final promulgation of the standard health benefit plans. S. Connor, on behalf of BCBSNJ, reviewed the anti-trust concerns re pre-market pricing, and indicated that, on advice of counsel, BCBSNJ could not participate without a clear directive from the Attorney General. Other carriers joined that opinion. L. Moskowitz indicated that the DOI would give further review to this issue.

3. Report of Legal Committee

S. Connor distributed for Board discussion the Legal Committee's draft of revisions to the proposed amendment to the IHC Act (original filed with these minutes). As to:

Section 1 -

P. Carmody noted that its purpose was to bring out-of-state trusts under this law.

Section 6 -

The Board discussed the need for and desirability of the subrogation clause. L. Moskowitz noted that while he believes it is a good idea, he does not know whether this is the right approach to achieving subrogation in health insurance for the State. S. Connor responded to a question of R. Rondum that this provision should not be confused with coordination of benefits, (which allows that an individual would be fully reimbursed for his sickness or injury), but rather, prevents an individual from profiting from getting sick or injured. S. Connor moved, however, after further discussion, to remove Section 6(c) from the proposed amendment; the motion was seconded by P. Carmody and carried unanimously.

Section 10(m) -

In response to L. Moskowitz' question as to the purpose of this Section, S. Connor responded that its purpose is to permit the Board to hire outside counsel in the event of a direct conflict of interest on the part of the AG. The voting members of the Board were polled as to their response to this Section; all but L. Moskowitz indicated they had no problem with the revision. The Board agreed to return to a discussion of this issue.

4. Report by Maureen Lopes -- SEB

M. Lopes, chairperson of the Small Employer Board, gave a report on the reasoning for and description of the three "middle plans" designed by that Board. The benefits do not vary among plans. She noted that the SEB used two of its five riders to create a \$500 and \$1000 deductible for the three plans. A rider would be created for a prescription card plan, which she indicated would be a better benefit and would cost more than that in the standard plan designs. (All three plans contain prescription drug benefit.)

M. Lopes noted that the SEB has asked the policy drafting subcommittee to complete drafts for all five plans for presentation to that Board by its next meeting.

M. Lopes also noted that the SEB's fourth and fifth riders will be utilized by providing a \$5 and \$20 copay variation on the FQHMO. She noted that, for the individual market, the \$5 rider would likely be in the amount of \$10.

The Board recessed at 12:00 noon. When the Board returned at 12:20 p.m., R. Rondum was not present.

5. Report of Legal Committee (continued)

C. Wowkanech indicated that he had attempted to open an account for this Board but needed certain additional information. He noted that

the three individuals that would be given authority to conduct transactions with respect to that account, by signatures of 2 out of the 3, are C. Wowkanech, L. Giannotta, and S. Connor. He turned over the materials for the establishment of such account to the Legal Committee.

The Board returned to a discussion of Section 10(m) of the IHC Act amendment to determine what action, if any, the Board would take on this draft provision. At this time, a letter to the Board from Dr. John Petillo, of BCBSNJ, stating preliminary BCBSNJ 1992 and 1993 losses, was distributed to and reviewed by the Board (copy filed with these minutes). S. Connor noted the need to get plans in the marketplace to assure choice, and that it is in the interest of public policy that the Board take action to resolve this issue. L. Moskowitz suggested that this matter be referred to J. LaDell, chairperson of the Technical/Actuarial Subcommittee, in order that it would proceed to resolve this problem through recommendations for Board action (by assessment).

The Board recessed briefly, and returned at 1:20 p.m. to vote on the proposed amendments to the IHC Act. As to:

Section 2 -

C. Wowkanech moved, and L. Moskowitz seconded, a motion to approve; which was unanimously adopted by the Board.

Section 3 -

L. Moskowitz moved, and J. LaDell seconded, a motion to approve this Section as amended; which motion was unanimously adopted.

Section 10(m) -

J. LaDell moved and P. Carmody seconded a motion to approve. However, L. Moskowitz asked the Board to postpone its vote on this Section. The Board concurred.

The Board then discussed the need for a procedure permitting the Board to make decisions without the necessity of formal rulemaking procedures required by the Administrative Procedures Act. It was suggested that perhaps this issue might be resolved in the Plan of Operations or in amendments to the IHC Act.

P. Carmody was not present for the remainder of the meeting.

6. Discussion of BASIC Health Plan

The Board returned briefly to a discussion on the redesign of the BASIC Health Plan. In an effort to fulfill the legislative intent articulated by Sen. Bassano (in response to the press conference, noted above), J. LeDell led a discussion regarding additional design changes to the chart prepared by BCBSNJ. Specifically, he suggested that 1) preventative medicine be held to a \$300 per year/individual maximum; 2) two riders be designed which would permit a \$500 and \$1000 deductible; and 3) that mental health and alcohol/substance abuse benefits be eliminated. He would prepare and distribute his proposed modifications to the current plan design at the next Board meeting.

7. Adjournment

J. LeDell moved, and S. Connor seconded a motion, which was unanimously approved, to adjourn the meeting at 2:40 p.m.

Respectfully submitted:

*Susan S. Connor*  
Susan S. Connor, Secretary

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, May 18, 1993, NJDOI,  
Trenton, New Jersey

Directors: Bill Kramer (Alternate for  
Stewart Lavelle), John LeDell,  
Patrick Carmody, Susan Connor,  
Leon Moskowitz

Director-Nominees: Charles Wowkanech, Ritamarie Rondum.

Marketing Consultant Pro Tem: Robert R. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order

The meeting was called to order at 9:45. Roll call was taken by S. Connor; all but F. Chavana and L. Giannotta were present at roll call; however, L. Giannotta arrived at 10:10 and F. Chavana at 10:50 a.m. A statement of compliance with the Open Public Meetings Act was delivered by S. Connor, who noted that a quorum was present.

Minutes were reviewed by the Board; adoption occurred later in the meeting.

2. Report of Legislative Activities

C. Wowkanech stated that he had met with Senator Bassano and Brenda Bacon (Governor's staff) on behalf of the IHC Board. There were shared three items of discussion at that meeting: 1) affordability as a design goal for the five benefit plans, 2) timeliness of the plan design with respect to the July 1 target date for implementation, and 3) the re-design of the BASIC Plan. The Board discussed at some length certain specifics for plan re-design; specifically, hospice, home health, prescription drug, infusion therapy, and treatment for alcoholism/substance abuse. The Board also discussed the costliness of maternity benefits vis-a-vis the affordability goal.

3. Review/Discussion of BASIC Plan

R. Gada distributed to the Board materials outlining plan re-design suggestions prepared by him. J. LaDell also distributed materials pertaining to suggestions for a BASIC plan re-design. The Board reviewed and discussed these materials at length (copies of materials distributed are filed with these minutes).

The Board recessed from 11:30 until 11:45.

Among the items discussed by the Board were: a 50% or (60%) across-the-board coinsurance structure for the BASIC plan, various deductible options, and the Board's planned joint meeting with the SEH Board, scheduled for 5/26, 27 and 28.

#### 4. Report of Legal Committee

R. Lloyd, from BCBSNJ, reported on the status of certain legal activities involving amendment of the IHC Act circulated to the Board. The amendment he reported on is expected to be on the Governor's desk by June 10. S. Connor also reported that the Third Circuit's reversal of Judge Wolin's decision in United Wire would allow self-funded health benefit plans to be included in the assessment and other market share calculations; no recommendation to do so was made by the Board at this time.

S. Connor also noted that all members of the Legal Committee agreed that certain administrative procedures were necessary to assist the Board in meeting its target deadline. She reported that DAG J. Franzini had agreed to review the preparation of a petition for emergency rulemaking, and that S. Connor would work on a first draft of the emergency regulations. A Legal Committee meeting was scheduled for next Tuesday after the full Board meeting, to discuss the Technical/Actuarial report.

The Board then discussed the amendment provision permitting the Board to hire independent counsel. L. Giannotta moved, which motion J. O'Connor seconded, for the Board to adopt the proposed language permitting the Board to hire outside counsel. A roll call vote was requested: C. Wowkanech -- yes; S. Connor -- yes; P. Carmody -- yes; J. O'Connor -- yes; L. Giannotta -- yes; B. Kramer -- yes; F. Chavana -- yes; R. Rondum -- no; L. Moskowitz -- abstained. The motion was carried. The Board stated for the record that the vote was in no way a reflection of any dissatisfaction with the representation provided to the Board thus far by DAG J. Franzini.

F. Chavana was not present for the remainder of the meeting.

L. Giannotta then moved, which motion P. Carmody seconded, to approve the minutes from the last Board meeting. The motion was unanimously carried.

The Board briefly recessed at 12:35; and returned at 12:53 p.m.

#### 5. Report on Plan of Operations

A final draft Plan of Operations was distributed by P. Carmody to the Board, for its review. He asked that comments be faxed to him as soon as possible before the Board's next meeting.

In the context of a question posed by DAG J. Franzini regarding the eminent peril giving rise to the need for emergency regulations, L.

Moskowitz moved to amend the schedule of implementation of the IHC Act. S. Connor stated that BCBSNJ would oppose such a motion. An extensive discussion ensued regarding the Board's ability to complete the design and implementation of the five plans in accordance with its target date of July 1. R. Lloyd, of BCBSNJ, reminded the Board that the Senate would not act until, at the earliest, June 10. The Board agreed that, notwithstanding the resolution of certain details particularly with respect to plan design, (e.g. FQHMO), The Board has an obligation to make its best attempt to accomplish its target deadline. R. Gada volunteered to amend the benefit plan grid materials which he had prepared and distributed, to incorporate certain changes discussed by the Board at this meeting.

6. Report of NJ Subsidized Insurance Program (P.L. 1992, c.160)

B. P. Waugh, of the DOI, presented an overview of the initial meeting of the New Jersey Essential Health Services Commission. She was not able to report whether the subsidized insurance program might subsidize an IHC product. She did note that the next meeting for that program would be held on Tuesday, June 1, in Lawrenceville.

7. Adjournment

A motion to adjourn the meeting at 1:50 p.m. was made by L. Moskowitz, seconded by S. Connor and unanimously approved.

Respectfully submitted:

  
\_\_\_\_\_  
Susan S. Connor  
Secretary

DAC:eg

**NEW JERSEY**  
**Individual Health Coverage Program Board**  
**Trenton, New Jersey**

Minutes of the Individual Health  
Coverage ("IHC") Program Board  
Meeting, May 25, 1993, NJDOI,  
Trenton, New Jersey

Directors: Stewart Lavelle, Dana Benbow (Alternate  
for John LeDell), Patrick Carmody,  
Susan Connor, Leon Moskowitz, Charles  
Wowkanech

Director-Nominees: Felipe Chavana, Ritamarie Rondum.

Marketing Consultant Pro Tem: Robert R. Gada

Other Attendees: List maintained in records of NJDOI.

1. Call to Order

The meeting was called to order at 9:50. All but L. Giannotta were present at roll call; however L. Giannotta arrived at 10:15 a.m. A statement of compliance with the Open Public Meetings Act was delivered by S. Connor, who noted that a quorum was present.

Minutes were reviewed by the Board, and amended; C. Wowkanech moved to adopt as amended, L. Moskowitz seconded, and the Board unanimously approved.

2. Report of Legislative Activities

C. Wowkanech offered for the record certain correspondence from Principal Financial Group, Metropolitan Life, and others, including the Department of Human Services. He reported on his conversation with Assemblyman Kelly with respect to bill number 1792. R. Lloyd, of BCBSNJ, reported that the Senate "clean-up bill" to the IHC Act is identical to that of the House. He indicated that it is in a position to be voted on. The Small Employer "clean-up bill" might be voted on June 16.

3. Report on Plan of Operations

The Board discussed at length the level of detail which must appear in the final draft Plan of Operations, which is to be submitted to the Commissioner of Insurance by May 29. After much discussion, the Board recessed at 11:25 a.m.

The Board returned at 11:40 a.m. and discussed specific proposed language for amending the Plan of Operations. S. Lavelle then moved

to adopt the Plan of Operations for submission on Friday to the Commissioner. D. Benbow seconded the motion; which motion was unanimously approved.

D. Benbow served as the Chair for the remainder of the meeting, which C. Wowkanech was unable to be attend, beginning at 12:20 p.m.

#### 4. Individual Market Estimates

With preliminary information presented by P. Carmody, the Board approximated that 300,000 lives comprise the individual market; with premiums of approximately \$366 million.

#### 5. Adoption of BASIC Plan Design

The Board discussed the use of the HIAA profile as the standard measure for "reasonable and customary" for the purpose of the standard policies and plan designs. The Board adopted the 80th percentile of the HIAA standard fee schedule as the standard measure of reasonable and customary.

The Board discussed the design of the BASIC plan per J. LaDell's suggestions, and in light of the Board's goal to develop a plan the cost of which would be comparable to automobile insurance in this State. The Board decided that the affordability concern might be met by a policy that could be sold for the same price as an automobile policy. All agreed that the Codey plan should also be available, perhaps in a rider form which would amend the standard BASIC plan. S. Connor moved, and P. Carmody seconded a motion to adopt the BASIC plan design, as amended. The Board unanimously adopted this motion. The Board decided to postpone its discussion of additional riders that would be available in the individual market until after the five plans are completed.

The Board recessed at 1:30 p.m.

#### 6. Report of Technical/Actuarial Subcommittee

After returning from recess at 2:00 p.m., the Board discussed the timeline and report distributed by D. Benbow. The Board decided after some discussion that, for purposes of the informational rate filing, an actuarial certification would be desirable to assure compliance and accuracy (as recommended in the Subcommittee report).

R. Rondum expressed the concern, which was shared by all Board members, that the marketing materials and information by which the plan designs are communicated to the public must be clear and understandable.

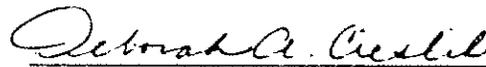
A discussion ensued regarding the need for an interim Administrator for the IHC Program. Despite the recommendation from the Technical/Actuarial Subcommittee that such an administrator should be an independent third party, it was suggested that perhaps a carrier member (such as The Prudential) might agree to serve on an interim basis in this capacity, with Board approval. All agreed that the immediacy of the timeline for completion of the Board's charge made the appointment of an interim administrator who is familiar with all

aspects of the Program a necessity. D. Benbow indicated that he would notify the Board next week of Prudential's acceptance of the Board's interim appointment as IHC Program Administrator.

7. Adjournment

A motion to adjourn the meeting at 4:00 was made by S. Connor, seconded by D. Benbow and unanimously approved.

Respectfully submitted:



Deborah A. Cieslik

(For Susan S. Connor, Secretary)

DAC:eg

Plan A

Plan B

Plan C

Plan D

Plan E

HMO Plan

Additional Footnotes:

1. Plans A through E may be delivered through or in conjunction with a managed care network provided that each of the 5 plans must be offered by each carrier in a unique plan design. Standard HMO Plan copayments may be substituted for deductibles. Coinsurance maximum will be that for the indemnity plan option that the design is counted for for both in and out of network expenses.
2. The HMO plan may include provision for a referral-based out-of-network feature.

**Joint Meeting  
New Jersey Individual Health Coverage  
Program Board (IHC)  
New Jersey Small employer Health Coverage  
Program Board (SEH)  
Trenton, New Jersey  
May 28, 1993**

**Directors:** IHC - C. Wowkaneck (Ch.), L. Moskowitz, S. Connor, R. Rondum, J. O'Connor, J. Beck, C. Wolf, P. Carmody, L. Giannotta, F. Chavana SEH - M. Lopes (Ch), M. Willoughby, A. Bossi, J. Bellingham, E. Crandall, L. Moskowitz, F. Title, K. Robinson, J. Eick

**I. Call to Order**

The meeting was called to order at approximately 9:45 a.m. A quorum of both boards was present and all were present except for Mr. Chavana. Melanie Willoughby joined the meeting in progress. A Statement of Compliance with the Open Public Meeting Act was made.

**II. Order of Business**

The Board spent considerable time reviewing the list of items identified by the Drafting Subgroup, chaired by Emily Crandall. The Drafting Group, in the course of drafting the policy forms for the five required plans, identified a number of issues on benefit plan coverage requiring specific Board direction. Most items involved only matters of clarification for the Drafting Group based on Board discussion. Other items were discussed in more detail and votes were taken. Subject to specific contract drafting provisions, the boards agreed to include coverage for contraceptives by prescription, but agreed to exclude smoking cessation programs from coverage.

The Boards also discussed how best to handle the exclusion of experimental and investigational procedures and treatments. The Board voted unanimously that the plans should not only contain an "experimental and investigational" exclusion provision but should also list certain specific procedures and treatments in the contract and set forth the conditions under which coverage would or would not be provided. The use of high dose chemotherapy in conjunction with certain transplants was an example of a treatment for which greater specification about what would be excluded should be set forth in the benefit plans being developed by the boards. After discussion, the boards voted to include a coordination of benefit provision providing for reimbursement up to amount of charges incurred, including COB with individual policies, but no recovery of penalties.

The Boards discussed whether hmo's should be required to provide pharmacy coverage by means of the 50% coinsurance provision applicable to the indemnity coverages or whether a copay equivalency could be established. The Technical Advisory group, chaired by Dana Benbow of the Prudential, was asked to examine whether such a copay equivalency to the 50% coinsurance could be developed, and was also asked to examine having a \$100,000 lifetime maximum on the benefit.

A number of minor directions were provided, after discussion, to the Drafting Group regarding items on the exclusion list as well.

Upon motion made and secured, the boards adopted a joint letter to the Commissioner reflecting the desire of both Boards to see that any rules promulgated by the Department of Insurance to authorize managed care networks pursuant to the technical corrections legislation pending in the legislature provide a level regulatory playing field for all carriers. The letter recognized that compromise legislative wording was agreed to by the carriers based on this understanding. A copy of the joint letter is on file with the Commissioner.

Ms. Bossi noted it was important for the boards to make sure that the plans developed by the boards all allowed for their delivery by means of managed care systems. After discussion, the boards voted to authorize any carrier to use in and out of network plan combinations provided that the coverage provided, whether in or out network is provided these are of the approved plans. The Department of Health and Insurance abstained.

The two chairs presented a draft letter to authorize the retention of an independent actuarial firm to assess the relative effect of the benefit plan designs on premiums. The directors did not see the need or time for the individual plans, but directed the Finance Committee of the SEH Board to review the proposal. The Attorney General's representative noted some State law provisions on bidding that might pertain.

The Directors discussed the steps that will be needed for the IHC Board to issue emergency rules to meet their timeline. The IHC Board had meetings scheduled for the following week to address these matters; the SEH Board noted its next meeting was scheduled for June 16, at which time they intend to review the Plan of Operations, the work of the Marketing Committee and to discuss the work of the Drafting Group.

Ms. Bossi noted the SEH Finance Committee would meet on June 9 at The Prudential's Woodbridge offices.

At approximately 3:45 p.m. the joint meeting was adjourned.

Prepared by  
Jim O'Connor  
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