

**MINUTES OF THE MEETING OF THE
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD
AT THE OFFICES OF THE
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
September 20, 2006**

Members participating: Wilson Beebe; Thomas Collins (arrived at 10:25 a.m.); Gary Cupo; Darrel Farkus (United); John Foley (CIGNA); Dr. Raj Gupta (arrived at 10:35 a.m.); Jack Kalosy (HealthNet); Margaret Koller (arrived at 10:20 a.m.); Gale Simon (DOBI); Christine Stearns; James Stenger; Tony Taliaferro (AmeriHealth); Mary Taylor (Aetna Health Inc.); Dr. Joseph Tricarico (DOHSS); Michael Torrese (Horizon) (arrived at 10:10 a.m.); Dutch Vanderhoof.

Others participating: Ellen DeRosa, Executive Director; Rosaria Lenox, CPA, Program Accountant; DAG Vicki Mangiaracina (DOL)

I. Call to Order

E. DeRosa called the meeting to order at 10:05 a.m. She announced that notice of the meeting had been published in two newspapers and posted at the Department of Banking and Insurance ("DOBI"), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Public Comments

No members of the public addressed the Board.

III. Minutes

August 9, 2006

M. Torrese offered a motion to approve the minutes of the Open Session of the August 9, 2006 Board meeting. J. Kalosy seconded the motion. The Board voted in favor of the motion with T. Taliaferro and J. Stenger abstaining.

IV. Staff Report

Expense Report

C. Stearns offered a motion to approve the payment of the expenses specified on the September 2006 expense report. J. Foley seconded the motion. The Board voted unanimously in favor of the motion.

Enrollment Reports 2Q06

The Board briefly discussed the 2Q06 enrollment reports. E. DeRosa announced that enrollment reports are now posted on the website.

2007 Meeting Schedule

E. DeRosa asked the Board to consider the draft 2007 meeting schedule and provide comments no later than September 30, 2006. She explained that since the Board must take action on the filing of optional benefit riders within 45 days, the draft schedule spaces the meetings no more than 45 days apart.

V. Report of the Marketing Committee

Buyer's Guide

M. Torrese reported that the Marketing Committee recommended that the Buyer's Guide information be expanded to include some basic benefit information and that the online version should include links to carrier websites to assist employers with exploring the various options carriers offer.

Enrollment Data

M. Torrese said the Committee discussed possible reasons enrollment has slightly declined over the past several quarters. He said the Committee believed possible explanations might be the hiring of additional employees such that some employers have become large employers or that employees are being enrolled in Professional Employer Organizations. He said the Committee recognized that it would be useful to secure data on the potential pool of small businesses.

Attracting Employers

M. Torrese said the Committee recommended exploring the possibility of websites from the Departments of Treasury and Labor linking to the SEH website. The Committee also suggested creating a flyer to be made available to new employers who come to the Department of Labor Offices in Trenton.

VI. Report of the Finance and Audit Committee

Financial Statements

R. Lenox reviewed the year end FY 2006 financial statements with the Board.

Administrative Assessment for FY 2006

E. DeRosa explained that the Board did not bill for an administrative assessment for FY2006 based on the budget. The financial statement provides actual, unaudited expenses for FY2006. R. Lenox presented an administrative assessment for FY06 to collect \$211,417.10 to cover the actual unaudited expenses.

G. Simon offered a motion to issue invoices to bill for the 2006 administrative assessment. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

Budget FY2007

R. Lenox presented a budget for FY 2007. The Board discussed the budget. The Board will consider an assessment to fund the 2007 budget during the next Board meeting.

M. Taylor offered a motion to approve the 2007 budget. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

Overnight Mail Expenses

E. DeRosa explained the payment requirements of Federal Express, the overnight mail vendor the Board currently uses. Payment must be made within 15 days of the date of the invoice. The timing of Board meetings makes such payment impossible for most invoices, and the result is Federal Express has suspended service. E. DeRosa asked that the Board authorize staff to pay overnight mail invoices promptly, and include the payment information on the Expense Report for the next following meeting. She said a review of prior invoices indicates that a \$500 threshold would be adequate to cover expenses that might accumulate between Board meetings.

J. Kalosy offered a motion to authorize staff to pay invoices from overnight mail vendors, up to a \$500 charge, subject to the charge being included on the Expense Report for the next following meeting. T. Taliaferro seconded the motion. The Board voted unanimously in favor of the motion.

VII. Report of the Legal Committee

E. DeRosa said the Legal Committee met to consider the draft notice of adoption for the amendments necessary to address coverage for dependents under age 30 as required by P.L. 2005, c.375 and said the Legal Committee recommended that the Board vote to adopt.

The Board discussed the comments and responses.

W. Beebe offered a motion to adopt the amendments providing coverage pursuant to P.L. 2005, c. 375. M. Taylor seconded the motion. The Board voted unanimously in favor of the motion.

VIII. Public Comments

D. Vanderhoof described a situation in which an employer has established two classes of employees, management and non-management. Employees who are management employees are eligible only for Plan 1. Employees who are non-management employees are eligible only for Plan 2. A carrier has required employees who are management employees to sign waiver forms from Plan 2 and employees who are non-management employees to sign waiver forms from Plan 1. D. Vanderhoof asked for comments on this requirement.

The Board discussed the ability to offer multiple plans and to establish classes of employees.

E. DeRosa explained that an employee who is not a member of a class eligible for a specific plan cannot sign a waiver form relative to that plan. The waiver form says that the employee has been given the opportunity to enroll and is refusing it. An employee who is not eligible for the plan has not been given the opportunity to enroll, and thus cannot sign the form to refuse coverage the employee is not eligible to elect. Evidence of enrollment under the plan for which the employee is eligible will enable both carriers to determine whether the 75% participation requirement has been satisfied.

IX. Executive Session

M. Taylor offered a motion to begin Executive Session for the purpose of discussing personnel matters. M. Koller seconded the motion. The Board voted unanimously in favor of the motion.

E. DeRosa said the Board would not conduct further business following Executive Session.

[Executive Session: 11:58 a.m. – 12:20 p.m.]

X. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. T. Collins seconded the motion. The Board voted unanimously in favor of the motion.

[The meeting adjourned at 12:20 p.m.]