

**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
June 13, 2007**

Members participating: Wilson Beebe (*by phone*); Robert Benkert (Oxford – *by phone*); Gary Cupo (*by phone*); John Foley (CIGNA – *by phone*); Jack Kalosy (HealthNet – *by phone*); Ulysses Lee (*by phone*); Gale Simon (DOBI); Christine Stearns (*by phone, joined at 10:40*); James Stenger (*by phone*); Tony Taliaferro (AmeriHealth – *by phone*); Mary Taylor (Aetna – *by phone*); Mike Torrese (Horizon – *by phone*); Joseph Tricarico (DHSS – *by phone*); Dutch Vanderhoof (*by phone*).

Others participating: Ellen DeRosa, Executive Director; Rosaria Lenox, CPA, Program Accountant; DAG Vicki Mangiaracina (DLPS); Chanell McDevitt, Deputy Executive Director; William Manning (Aetna – *by phone*).

I. Call to Order

E. DeRosa called the meeting to order at 10:00 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. E. DeRosa took roll call. A quorum was present.

II. Public Comments

E. DeRosa invited public comments. None were offered.

III. Minutes

April 25, 2007

M. Torrese offered a motion to approve the minutes of the Open Session of the April 25, 2007 Board meeting, without amendment. J. Stenger seconded the motion. The Board voted by roll call in favor of the motion, with J. Kalosy and W. Beebe abstaining.

IV. Staff Report

Expense Report

R. Lenox presented the expense report for June 2007, totaling \$24,744.22, the vast majority of which is payable to Deloitte & Touche for the program audit. R. Lenox also explained that the services of Withum, Smith & Brown (computer services support), is an expense shared with the IHC Program.

D. Vanderhoof offered a motion to approve the payment of the expenses specified on the June 2007 expense report. J. Stenger seconded the motion. By roll call, the Board voted unanimously in favor of the motion.

Discussion of the Prevailing Healthcare Charges System (PHCS) and the Medicare Resource-Based Relative Value Scale (RBRVS)

E. DeRosa reported that, at the June IHC Board meeting, following a lengthy discussion, the IHC Board requested that she ask the SEH Board whether it would be interested in jointly hiring a consultant to develop a presentation on the Medicare RBRVS. E. DeRosa provided the background for the issues. She noted that: the SEH Board had originally raised the question of whether the PHCS is still the best reimbursement methodology for the market; staff had been able to arrange a presentation on the PHCS by Ingenix, but had not been able to procure a presentation on the Medicare RBRVS from the Centers for Medicare and Medicaid; staff put together packets of information for Board members on the Medicare RBRVS, as well as the PHCS, but believes a presentation by someone with expertise in the subject would be helpful; in late 2006, Horizon hired a consultant with expertise with the RBRVS reimbursement mechanism; Horizon had its consultant provide a presentation to DOBI, and offered to have the consultant make a presentation for the Boards as well, and Board staff had thought a joint meeting of the boards would be an option for the presentation.

E. DeRosa reported that the IHC Board discussion had centered on the likelihood the joint meeting would create controversy, given reaction to DOBI's proposal requiring out-of-network reimbursement at no less than 150% of the Medicare RBRVS, which generated 4,200 pieces of correspondence, and prompted Assemblyman Cohen to introduce a bill preventing use of the Medicare RBRVS. E. DeRosa reported the IHC Board discussion also centered on whether a presentation by a consultant hired by a carrier might make the information appear biased. M. Taylor and G. Simon provided additional detail regarding the IHC Board discussions. E. DeRosa stated that, in addition to considering whether to hire a consultant, the IHC Board requested a summary of the comments from DOBI, and some indication of the Commissioner's viewpoint regarding a joint meeting on the subject matter.

W. Beebe requested that the SEH Board also receive a synopsis of the comments, if possible. G. Simon responded that the comments are public records, so anyone may review them, but it might take quite some time before DOBI completed a summary of the comments.

D. Vanderhoof questioned why the Board would pursue the issue at all. J. Kalosy and M. Torrese stated that reviewing the standards is something the Board had started considering some years ago, but had never had the opportunity to complete. J. Kalosy stated that failing to do anything about the current reimbursement methodology will significantly undermine managed care. G. Simon stated that health care providers say they decide not to participate in networks because of onerous policies and procedures.

M. Torrese questioned whether, if the SEH Board chose not to do something at this time, the door would essentially be closed on the matter, or whether carriers would be allowed to use a rider to make reimbursement using the Medicare RBRVS. E. DeRosa explained that riders may be filed to either increase or decrease benefits (i.e. covered services). She noted that the reimbursement methodology has an impact on benefits, but is not a benefit or covered service.

J. Tricarico asked whether DOBI could share with the Boards the information that DOBI had received from the consultant, without any formal presentation and outside of a public meeting. He stated that he believed the presentation would be viewed as advocacy if done by a consultant, and accordingly, would be controversial. E. DeRosa stated she would contact Horizon to ascertain whether the information could be disseminated to Board members.

T. Taliaferro asked whether there is an issue with network viability that should be of concern to the Board – are networks actually smaller than they were some years ago? G. Simon said she believes that there are some specialties that participate in networks in lower frequency today as compared to prior years, but because carriers are paying for their members to access the specialty services out-of-network, there is no major complaint that the services are inaccessible. T. Taliaferro stated that the primary question is whether reimbursement levels (and changes in reimbursement levels) result in lack of access to insurance coverage or health care services.

With a little more discussion, the SEH Board decided it was not interested in joining the IHC Board in hiring a consultant for purposes of educating the boards about the Medicare RBRVS at this time. The Board agreed it would like an opportunity to review a summary of the comments DOBI received to its proposed amendments to N.J.A.C. 11:22-5, and review the written materials from the presentation Horizon's consultant prepared for DOBI, if possible.

V. Public Comments

Another opportunity was presented for public comments. None were offered.

VI. Other Discussion

E. DeRosa announced that this would be M. Taylor's last SEH meeting, and welcomed William Manning who would be replacing M. Taylor as Aetna's representative; hence, W. Manning's participation on the phone call. It was noted that M. Taylor would continue to represent Aetna on the IHC Board.

VII. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. M. Torrese seconded the motion, and the Board voted unanimously by roll call in favor of the motion.

[The meeting adjourned at 10:45 A.M.]