

**FINAL  
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  
January 18, 2012**

**Members participating in person:** Darrel Farkus (Oxford); Patrick Gillespie (CIGNA); Thomas Pownall (Aetna Health Inc.); Christine Stearns, Neil Sullivan (DOBI)

**Members participating by phone:** Gary Cupo; Thomas Collins; Joyce Gralha (Horizon); Margaret Koller; James Stenger; Tony Taliaferro (AmeriHealth); Dutch Vanderhoof.

**Others participating:** Ellen DeRosa, Executive Director; Rosaria Lenox, Accountant; Chanell McDevitt, Deputy Executive Director; DAG Eleanor Heck (DLPS).

**I. Call to Order**

E. DeRosa called the meeting to order at 10:05 A.M. E. DeRosa 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. E. DeRosa stated that any votes will be by roll call, because most members were participating by telephone.

**II. Public Comments**

There were no public comments.

**III. Minutes – November 16, 2011**

**T. Pownall made a motion, seconded by T. Collins, to approve the minutes of the November 16, 2011 meeting, with amendments. By roll call, the motion carried, with P. Gillespie and M. Koller abstaining.**

**IV. Staff Report**

*Expense Report and Transfer of Funds*

R. Lenox presented the January expense report, with expenses totaling \$10,792.58, primarily for auditing services for FY11 and expenses from the Division of Law.

**P. Gillespie made a motion, seconded by C. Stearns, to approve the January expense report. By roll call, the motion carried.**

R. Lenox advised the Board they need to transfer \$11,000 from the Board’s Wells Fargo Money Market Fund to the Board’s checking account in order to pay the operating expenses approved in the January expense report.

**P. Gillespie made a motion, seconded by C. Stearns, to approve the transfer of \$11,000 from the Board's Wells Fargo Money Market account to the Board's Wells Fargo checking account. By roll call, the motion carried.**

*Financial Statements*

R. Lenox presented the Board's first quarter financial statements for fiscal year 2012. She discussed the Statement of Net Assets, the Statement of Changes in Net Assets, the Statement of Cash Flows, and the Comparison of Budget to Actual Expenditures. She noted that operating expenses are running under budget by about \$2758, and that the Board has about \$197,308 remaining.

*Adoption of Rule Amendments*

E. DeRosa stated that the comment period had ended on the proposal to amend the Board's forms to bring the wording into compliance with the federal standards regarding rescission, and there were no comments received either in writing or at the public hearing. She said that the amendments can be adopted without any changes. She raised the question of whether the Board wanted to apply a delayed operative date. She noted that carriers should already be in compliance with the requirements in their administration of their contracts, and carriers could use the Compliance and Variability Rider to amend the language of the contracts, so the operative date may not need to be far in the future. After some discussion, the Board suggested that staff issue a bulletin explaining the change in language and the opportunity to use the Compliance and Variability rider if carriers prefer not to reissue forms, so long as the forms or riders were issued no later than July 1, 2012.

**P. Gillespie made a motion, seconded by T. Pownall, to approve the adoption of the proposed form amendments, with an operative date of July 1, 2012, and authorized the issuance of a bulletin to advise carriers of the option to use the Board's Compliance and Variability Rider in lieu of issuing new forms at this time. By roll call, the motion carried.**

*Ad Hoc Committee Update*

E. DeRosa explained that the Board's Ad Hoc Committee (regarding retroactive termination provisions, and provisions excluding coverage for gender affirmation treatments) had met three times, but had not yet reached any recommendations. She stated the committee has another meeting scheduled, and she expects a recommendation on at least the retroactive termination issue by the Board's March meeting.

*Federal Essential Health Benefits (EHB) Bulletin*

E. DeRosa explained that the DOBI and Board staff have been reviewing the federal EHB bulletin issued December 16, 2011, and the options presented to the States for developing an essential health benefits plan. She noted one option is to use small employer plans with the largest enrollment, so carriers might receive requests for additional information from the DOBI in this regard.

*Federal Patient Protection and Affordable Care Act (ACA) Level I Health Insurance Exchange (HIX) Implementation Grant*

N. Sullivan stated that the DOBI is completing the activities funded under the federal ACA HIX planning grant, and has applied for the ACA Level I HIX Implementation Grant (Level I grant) on December 30, 2011, but no commitment to establishing a New Jersey HIX has yet been made. He noted that the Level I grant allows for the planning process to continue, and keeps New Jersey's options open. He stated that Rutgers Center for State Health Policy (RCSHP) has produced some very good work through the stakeholder forums that RCSHP facilitated, and other academic research, and all of the RSCHP reports will be finalized soon and posted online. N. Sullivan said KPMG is still working on the information technology and business operations gap analyses, and developing recommendations for potential outreach. He noted that one purpose of the Level 1 grant would be to further research the feasibility of implementing recommendations made by KPMG when the gap analyses are complete, and, in addition, the Level 1 grant would fund: (1) actuarial analyses with respect to the reinsurance program that is required and the risk adjustment program that is an option for a state-run HIX, (2) analysis of certain Medicaid network issues, and (3) additional stakeholder engagement on certain issues. N. Sullivan explained that, in order to obtain a Level 2 HIX implementation grant, the state must establish the legal authority to operate a HIX.

#### *IHC Navigant Project*

E. DeRosa reminded the Board that the IHC Board had contracted with a consultant, Navigant, to provide information about various insurance reimbursement methods as an alternative to the PHCS profiles which are no longer available. She stated that Navigant is scheduled to make a presentation to the IHC Board at its regular March 13, 2012 meeting. She suggested SEH Board members may wish to attend the meeting to hear the presentation, but noted they would attend as members of the public.

#### **V. Public Comments**

There were no public comments.

#### **VI. Close of Meeting**

E. DeRosa told Board members to expect the March meeting to be in person.

**P. Gillespie made a motion, seconded by C. Stearns, to adjourn the meeting. The motion carried.**

*[The meeting adjourned at 10:40 A.M.]*