

**FINAL**  
**MINUTES OF THE OPEN SESSION 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**  
**March 18, 2015**

**Members participating:** Herbert Ames; Charles Cerniglia (Oxford); Gary Cupo; Patrick Gillespie (Cigna); Margaret Koller; Mary Ellen Peppard; Nicholas Peterson (Horizon); Thomas Pownall (Aetna Health Inc.); Gale Simon (DOBI); Tony Taliaferro (AmeriHealth); Dutch Vanderhoof.

**Others participating:** Ellen DeRosa, Executive Director; Chanell McDevitt, Deputy Executive Director; Rosaria Lenox, Program Accountant; Eleanor Heck, Deputy Attorney General.

**I. Call to Order**

E. DeRosa called the meeting to order at 10:00 A.M. She announced that notice of the meeting was provided to two newspapers of general circulation and the State House Press Corps, 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. Following a roll call, she determined there was a quorum present, and stated that all votes would be by roll call because many of the Board members were participating by phone.

**II. Public Comment**

There were no public comments.

**III. Minutes – February 18, 2015**

**T. Pownall made a motion, seconded by D. Vanderhoof, to approve the minutes of February 18, 2015. By roll call vote, the motion carried.**

**IV. Staff Report**

*Expense Report*

R. Lenox presented the March expenses, totaling \$1,467.50, the majority of which was actual expenses billed by the Division of Law for FY2015Q2 for legal representation. The remainder was a reimbursement to Rosaria Lenox for her annual CPA license fee. R. Lenox noted that the Board would need to authorize a transfer of \$1,500 from its Money Market fund to pay for the expenses if approved.

**D. Vanderhoof made a motion, seconded by M. Koller, to approve the March expense report, and the transfer of \$1,500 from the Board’s Wells Fargo Money Market Account to its Wells Fargo checking account in order to make payment on the expenses. By roll call vote, the motion carried.**

## **V. Finance and Audit Committee (FAC) Report**

### *Final Assessment for FY2014*

R. Lenox reported that the FAC reviewed the reconciliation of the initial assessment for FY2014 (that is, the final assessment), and recommended the Board accept it and approve the issuance of invoices and refunds based upon it. R. Lenox explained that the initial assessment that funded the Board's FY2014 budget was based upon SEH member market shares derived from 2012 net earned premiums reported on the Exhibit CC's submitted in 2013, while the reconciliation is based on 2013 net earned premiums reported on the Exhibit CC's submitted in 2014, and FY14 audited expenses. She noted that the reconciliation resulted in refunds to carriers of \$39,624.40, which includes \$100.23 in interest earned on the Board's accounts, and billings to carriers of \$14,163.69. She explained that the difference in the budgeted expenses and actual expenses largely related to the accrual for legal and audit costs.

**G. Simon made a motion, seconded by H. Ames, to approve the final administrative assessment for the fiscal year ended June 30, 2014, and distribution of refunds and invoices consistent with the final administrative assessment. By roll call vote, the motion carried.**

### *Fiscal Year 2016 Budget and Initial Assessment*

R. Lenox reported that the FAC had considered and recommended that the Board accept the draft FY2016 budget, with expenses totaling \$289,350. She noted that the proposed FY2016 budget is about \$15,000 less than the FY2015 budget, due to proposed reductions in accrual for audit fees, salaries, fringe, and DOBI overhead allocation, while maintaining other budget items as set forth for the FY2015 budget. She explained that she estimated fringe at 53% of full-time staff salaries for FY2016, up a little from the prior budget, but that she would not know for some months yet what the Office of Management and Budget projects to charge.

R. Lenox reminded Board members that the initial assessment will be based on 2014 net earned premium reported in the Exhibit CC's submitted in 2015. She reported that the FAC reviewed the assessment and recommended that the Board approve the assessment and issue invoices.

**G. Simon made a motion, seconded by H. Ames, to approve the budget as presented for the fiscal year ending June 30, 2016 and the initial administrative assessment and related invoices for the fiscal year ending June 30, 2016. By roll call vote, the motion carried.**

## **VI. Rule Proposal**

E. DeRosa explained the purpose of two amendments proposed to be made to the standard policy forms. She stated that one proposed amendment would allow carriers to use either a plan year or calendar year basis (both being bracketed language), primarily to accommodate those employers that prefer the use of plan years (typically running from the anniversary date of the policy), but she noted that carriers would also have an option to mix and match the accumulation of expenses and benefit limits. E. DeRosa explained that the second amendment would add bracketed language that would permit carriers to exclude coverage of certain health care services for which federal funding is prohibited, as specified by Section 1303 of the Affordable Care Act.

E. DeRosa noted that, while the proposed exclusionary language would be available to all carriers, the primary reason for proposing to insert it is because New Jersey can expect to have a Multi-State Plan in 2016, and that such plans must have the language. She suggested using the expedited rulemaking process because carriers will have the opportunity to begin filing their 2016 policy information on April 15, 2015, and must have the basic information filed no later than May 15, 2015 in accordance with federal law.

**N. Peterson made a motion, seconded by P. Gillespie, to approve the proposal as drafted, including use of the Board's expedited rulemaking process. By roll call vote, the motion carried.**

E. DeRosa confirmed that the new policy form language would, for all intents and purposes, be effective for newly-issued and renewing plans in 2016, given the federal process, although the rule changes will be effective upon adoption.

## **VII. Discussion topics**

T. Taliaferro requested that the Board plan to discuss in the near future how to address the shift to the Affordable Care Act definition of small employer (1 to 100 employees) from the definition of small employer currently applicable in New Jersey (1 to 50 employees).

## **VIII. Public Comment**

Joan Fusco indicated concern about the ability of carriers to mix and match the calendar year and plan year accumulations and benefit limits, stating that she believes it may be very confusing for consumers. She asked whether a carrier could have, for example, a calendar year deductible but a plan year benefit limit. E. DeRosa confirmed that such a design is possible. E. DeRosa explained, however, that all cost sharing would have to be on the same basis (either plan year or calendar year) and all benefit limits would have to be on the same basis (either plan year or calendar year).

## **IX. Close of Meeting**

**D. Vanderhoof made a motion, seconded by G. Simon, to adjourn the meeting. By roll call vote, the motion carried.**

*[The meeting adjourned at 10:30 A.M.]*