MINUTES OF THE MEETING OF THE
NEW JERSEY SMALL EMPLOYER HEALTH BENEFITS PROGRAM BOARD
HELD VIA VIDEOCONFERENCE
May 20, 2026

Members Present:
Margaret Koller
Michael Fahncke
Adam Young
Gary Cupo
Kelly Fernandez
Katherine Hempstead
Staci Grant
Taylor Kopelan
Amirah Hussain

Others:
Jeffrey Posta (DAG)
Jessica Lugo (DAG)
John Rossakis (DOBI)
Ethan Zlotchew (DOBI)
Rayanna Haile (DOBI)

I. Call to Order

M. Koller called the meeting to order at 10:04 a.m. She announced that notice of the meeting had been posted at the Department of Banking and Insurance (the "Department"), on the Department's website, at the Office of the Secretary of State, submitted to the State House Press Corps, and published in two newspapers of general circulation in accordance with the Open Public Meetings Act.

M. Koller stated that the means by which the public could attend the meeting telephonically and via videoconference was posted on the Board's website and issued electronically to all known interested parties.

M. Koller determined a quorum was present. She stated that voting would be by roll call.

Members of the public in attendance were asked to identify themselves. Public attendees are identified at the end of these minutes.

II. Public Comments

No public comments were offered.

III. Administrative Items for Review & Approval

Meeting Minutes

G. Cupo made a motion to approve the Meeting Minutes from April 15, 2026. This motion was seconded by A. Young. All voting members present approved the motion, with A. Hussain abstaining, as she was not present at the April 15, 2026 meeting. The motion carried.

Invoices for Payment

A. Young made a motion to approve the invoice for legal services from the New Jersey Department of Law and Public Safety, Division of Law, in the amount of $2,265, for the third quarter of fiscal year 2026. The motion was seconded by S. Grant. All voting members present approved the motion. The motion carried.

IV. General Updates and Discussion

Impact of Discontinuance and Replacement Regulation

The Board engaged in discussion regarding the impact of the "Discontinuance and Replacement" regulation at N.J.A.C. 11:2-13.6, which governs the application of a deductible credit in the case of the termination of one small employer health insurance plan that is immediately replaced with another plan. Specifically, the Board discussed whether the application of a credit for amounts paid towards the deductible under the terminated plan should also apply to coinsurance or maximum out of pocket cost ("MOOP") paid under the terminated plan. The Board reviewed Advisory Bulletin 10-SEH-05 and discussed its applicability to the present question, as well as the extent of the Board's authority to revise or change the prior guidance. The Board members agreed to review the relevant authorities and the various legal and logistical considerations, and resume the discussion at a later meeting.

Policy Form Updates

M. Koller asked about the status of the policy form updates. M. Fahncke advised that the Department is working to update the forms to reflect more recent statutory enactments and would be monitoring for legislation advancing during the budget process. He noted that, notwithstanding the list of legislative enactments that was circulated to the Board, any other suggestions for edits or updates will be given due consideration. M. Fahncke indicated that the Department was in the process of drafting amendments to the documents with the goal of submitting draft documents for the Board's review before the end of the summer.

Annual Audit

M. Fahncke stated that, since the departure of several employees, the Board has incurred substantially lower expenses than in the past, and that the Board's expenses no longer appear to merit the cost of a full audit. M. Fahncke conveyed that the vendor utilized by the Board for accounting services, Mercadien, recommended the use of a financial compilation instead, as a compilation reflects a formal review of the Board's finances, without the assurances of a full audit, but the cost of a compilation is substantially less than the cost of an audit. The Board members expressed their general agreement with this recommendation. M. Fahncke advised that Mercadien's review of the Board's 2023 and 2024 financial records confirms that all expenses have tied out and all funds are accounted for following the transfer of Board funds to Department accounts. With this review complete, the compilations represent a clean slate for tracking Board financial records going forward. M. Fahncke noted the compilations will be circulated to the Board through the Chair ahead of the next meeting, when the invoice for the compilations will also be presented to the Board for approval.

Loss Ratio Report

A. Young inquired as to the Department issuing guidance on the calculation of medical loss ratio in light of a recent law revising the calculation methodology. M. Fahncke advised the Department is currently working to issue the guidance.

State of the Small Employer Group Market

The Board engaged in discussion regarding the state of the small employer group market locally and on the national level. S. Grant stated that she has observed a large change in rates in her personal book of business. She reported an average increase in the small employer market of approximately 20% in the first quarter of 2026, as compared to an increase of more than 50% for level-funded plans. S. Grant further indicated that the priority in the market is currently around affordability, as opposed to access to care.

S. Grant shared some data regarding the source of increased costs. She stated that pharmacy costs are driving cost increases and referenced the increasing widespread usage of GLP-1 pharmaceuticals. S. Grant further stated that some employees are opting to use Individual Coverage Health Reimbursement Arrangements (ICHRAs) instead of the small employer market to take advantage of available subsidies, but noted that pricing is an ongoing issue. Finally, S. Grant noted that the trend in MOOP and out-of-pocket costs increases may act as a barrier for consumers.

K. Hempstead provided an overview of the small employer market on a national scale. She stated that the small group market is declining nationwide, citing a substantial reduction in the number of in-force policies over a 10-year period, from 18.8 million in 2011 to 12 million in 2021. She noted loss ratios are going up, fewer carriers are participating in the regulated small group market, and premiums are increasing, all leading to adverse selection, reduced enrollment, and increased costs. S. Grant indicated that the New Jersey small employer group market had declined to an even greater extent than the national average, citing an approximate 65% decline from 2011 to 2021.

K. Hempstead discussed different responses to the declines taking place in the market, including the increased regulation of Multiple Employer Welfare Arrangements ("MEWAs"), allowing people to buy into Medicaid or the State Health Benefits Program, and offering tax credits to promote ICHRAs. S. Grant indicated that ICHRAs are still a small piece of the market, but that she anticipates continued growth depending on the evolving legal landscape.

The Board agreed to continue the discussion during subsequent meetings.

V. Close of Meeting

M. Koller made a motion to adjourn the meeting. K. Fernandez seconded the motion. All voting members present approved the motion. The motion carried.

[The meeting adjourned at 11:04 A.M.]

Members of the public known to be in attendance:

Dana Kelly (Horizon)

Kelly Ferreira (Horizon)

Theresa Sullivan (Horizon)

Vladimir Itkin (Horizon)

Kristin Jarosz (Horizon)

Veronica Diaz (AmeriHealth)

Joan Fusco