

**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  
May 20, 1998**

**Members present:** Justin Fiedler (BCBSNJ); Charlotte Furman (Anthem Health & Life); Eileen Gallagher (NYLCare); Linda Ilkowitz (Guardian); Jim Leonard; Gale Simon (DOBI); Anne Weiss (DOHSS); Catherine S. John (The Prudential); Fred Title (HIP of New Jersey); Eric Wilmer (Celtic).

**Others present:** Ellen DeRosa, Deputy Executive Director; DAG Josh Lichtblau (DOL); Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

**I. Call to Order**

W. Sanders called the meeting to order at approximately 9:50 a.m. He announced that notice of the meeting had been published in three newspapers and posted at the Department of Banking and Insurance (“DOBI”) and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

**II. Public Comments**

W. Sanders asked if any person attending the meeting wished to offer any comments. No comments were offered.

**III. Minutes**

April 22, 1998

**J. Fiedler offered a motion to approve the minutes of the April 22, 1998 Board meeting, as amended. C. Furman seconded the motion and the Board voted in favor of approving the minutes as amended, with two abstentions (E. Gallagher, A. Weiss).**

**IV. Report of Staff**

**Expense Report (see attached)**

**J. Fiedler offered a motion to approve the May expense report. L. Ilkowitz seconded the motion and the Board voted unanimously in favor of approving the motion.**

**Reconciliation of the IHC/SEH/DOBI Accounts**

W. Sanders stated that P. Lechner would give this report during the June Board meeting.

### **Policy Forms Resolution**

E. DeRosa reported that at the April Board meeting, staff was asked to draft a resolution that would authorize staff to review and approve any optional benefit riders that are submitted solely as a result of modifications the Board has made to the standard plans which affected previously approved optional benefit rider text. Those riders which staff find acceptable would not require full attention by either the Policy Forms Committee or the Board. F. Title asked if the riders should not be reviewed by staff and the Policy Forms Committee. After some discussion, the Board agreed that there was no need for the Policy Forms Committee to review these riders. E. DeRosa stated that she would provide the Board and the Committee with a summary of the riders that had been submitted and found acceptable.

C. Furman offered a motion to approve the resolution. E. Gallagher seconded the motion and the Board voted in favor of approving the motion with one abstention (F. Title).

### **Mental Illness Rule Adoption**

E. DeRosa reported that no one appeared to offer comments at the May 15, 1998 hearing. She suggested that Bulletin 98-SEH-04 (included in the Board packets) be sent to the carriers. The Bulletin suggested a July 1, 1998 effective date for implementation of the text changes with respect to new business. In-force business would be required to comply with the text changes as of the anniversary date on or after July 1, 1998. C. Furman stated that July 1, 1998 would not allow adequate time for carriers to make necessary rate filings. The Board questioned whether a full rate filing would be necessary since carriers may require less lead time if an abbreviated filing would be possible. G. Simon volunteered to check with R. Vehec. J. Fiedler noted that July 1, 1998 business was already being booked by the carriers. E. DeRosa reminded the Board that the Federal Mental Health Parity Act was effective January 1, 1998. Thus, carriers have been required to administer standard plans which are issued to employer groups which are subject to the Act without the imposition of the \$5,000/\$25,000 internal limits with respect to coverage for the treatment of a mental or nervous condition. She noted that for groups subject to the Act it would be advantageous for carriers to be in a position to apply the 30 day inpatient and 20 visit outpatient limits as soon as possible. The Board agreed to delay further discussion of the effective date of the rule adoption until after G. Simon consulted with R. Vehec concerning the scope of the rate filings.

### **Rule-Making**

W. Sanders reported that staff has reviewed the SEH regulations and made the necessary revisions to bring them into compliance with changes in the law. He stated that the revised regulations should be discussed by the Legal Committee on June 1, 1998 and presented to the Board for possible proposal at the June Board meeting.

### **Market Share Report (Exhibit CC)**

W. Sanders reported that there were 80 carriers that filed Accident & Health premium with DOBI but had filed neither an Exhibit CC (Market Share Report) nor an Exhibit KK

(Non-Member Certification) with the Board. D. Rustay was in the process of contacting the carriers to require a filing of either Exhibit CC or KK.

### **Budget and Fiscal Assessment**

W. Sanders reported that the fiscal budget and assessment for 1998/1999 would be presented at the July Board meeting.

### **New Jersey Health Decisions Report**

W. Sanders reported that a copy of the New Jersey Health Care Values Survey was included in the Board packets.

### **Outreach**

W. Sanders reported on the following activities:

He did a five-credit, three-hour producer Continuing Education seminar on New Jersey's individual health coverage market in Mount Laurel, NJ on April 29, 1998, attended by approximately 45 producers. He also reported that he spoke to the Monmouth Ocean Development Council, in Wall New Jersey, on both the individual and small employer markets. He noted that the Council produces a glossy magazine for businesses in the region, and that they were interested in publishing the Boards' toll-free numbers as a public service. W. Sanders also reported that he was seeking to place a story about health reform in New Jersey with the publishers of the magazine.

E. DeRosa reported on the following activities:

She did two five-credit, three-hour Continuing Education seminars on New Jersey's individual health market that were attended by approximately 60 producers each. She also spoke to a joint meeting of the North and Northwest Chapters of the National Association of Health Underwriters (NAHU), attended by approximately 100 producers. In addition, she reported she spoke to the Hacketstown Chapter of NAHU, a relatively small Chapter of NAHU.

### **Legislative Update**

W. Sanders reported briefly on pending legislation for the bills listed in the Legislative Activity report included in the Board packets.

S. 364 (Bassano) Small employer health benefits exchanges

L. Ilkowitz asked what impact this proposed bill would have on the IHC and SEH markets. J. Fiedler stated that a Blue Cross Blue Shield representative was at the hearing along with a representative from the Association of Health Plans (AHP). He stated that the passage of S. 364 was very troubling to the carriers.

A. 660 (Vandervalk) Mental health parity

C. St. John reported that a proposed hearing was scheduled for June 1, 1998. She stated that AHP was opposed to the bill and that if it posted, it would probably be released.

## **V. Report of Marketing Committee**

J. Petto reported that the Committee was scheduled to meet following the Board meeting to discuss the contract with Wenzel that expires on June 30, 1998. She stated that the most recent Wenzel activity report was included in the Board packets.

*[Break 10:25 a.m. – 10:40 a.m.]*

## **VI. Executive Session**

**J. Fiedler offered a motion to move into Executive Session to discuss legal issues. F. Title seconded the motion and the Board voted unanimously in favor of moving into Executive Session. W. Sanders advised that the Board would return briefly to Open Session.**

*[Executive Session: 10:40 a.m. -11:05 a.m.]*

## **VII. Mental Illness Rule Adoption**

**C. Furman offered a motion that the Board adopt the forms changes to Plans B, C, D, E and HMO-POS which modify the coverage for the treatment of mental or nervous conditions and substance abuse with a September 1, 1998 effective date, and approve the release of Bulletin 98-SEH-04. E. Gallagher seconded the motion and the Board voted unanimously in favor of approving the motion.**

## **VIII. Miscellaneous**

F. Title stated that there were several announcements from HIP: Victoria Wicks had been promoted to the corporate level of HIP Health Plans in NY and Amy Mansue had been promoted to President and CEO of HIP Health Plans of NJ. He also introduced Sonia Delgado, who would be working on Board activities.

## **IX. Close of Meeting**

**J. Fiedler offered a motion to close the meeting. F. Title seconded the motion and the Board voted unanimously in favor of closing the meeting. The meeting adjourned at 11:07 a.m.**

## **Attachments:**

**Exhibit 1**      May 20, 1998 Expense Report