

**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 20, 1999**

Members present: Karen Dickinson (HIP of New Jersey); Charlotte Furman (Anthem Health & Life); Larry Glover, Chair; Linda Ilkowitz (Guardian); Jane Majcher (DOBI); Catherine St. John (The Prudential); Michael Torrese (Horizon BCBSNJ); Dutch Vanderhoof; Eric Wilmer (Celtic); Bonnie Wiseman (DOHSS).

Others present: DAG Josh Lichtblau (DOL); Pearl Lechner, Program Accountant; Joanne Petto, Assistant Director.

I. Call to Order

L. Glover called the meeting to order at 10:00 a.m. J. Petto 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

L. Glover asked if any person attending the meeting wished to offer any comments. No comments were offered.

III. Minutes

December 16, 1998

As there was an insufficient number of Directors present at the January 20, 1999 meeting who had been present for the December 16, 1998 meeting, the review of minutes was postponed until the February 17, 1999 meeting.

IV. Report of Staff

Expense Report (see attached)

L. Ilkowitz offered a motion to approve the payment of the expenses specified on the January 20, 1999 expense sheet. C. St. John seconded the motion. The Board voted unanimously in favor of approving the motion.

Employee Leasing and HIPAA Compliance

J. Petto reported that staff was still researching the issues surrounding employee leasing companies and technical compliance with HIPAA. She reported that W. Sanders sent a memo to Karen Suter at the DOBI seeking cooperation and assistance from the DOBI in addressing these issues. She stated that W. Sanders anticipated having a meeting with K. Suter, G. Simon and J. Majcher within the next two weeks.

1998 Assessment Collection

J. Petto reported that all of the 51 carriers had paid the 1998 assessment.

Outreach

J. Petto reported the following outreach activities:

- W. Sanders was asked to be a member of a panel for a seminar sponsored by the Alpha Center on January 20, 1999 in Washington, DC. She stated the Alpha Center agreed to pay for expenses associated with his participation in the seminar.
- W. Sanders spoke to the NW Chapter of the NJAHU in Mountain Lakes on January 14, 1999.
- E. DeRosa spoke to the Monmouth-Ocean Chapter of the NJAHU on December 16, 1998.

1999 Meeting Schedule

J. Petto reported that staff suggested the Board consider reducing the 1999 meeting schedule to 8 meetings per year by eliminating the April and October meetings. She stated that meetings were not scheduled for August or December. J. Petto noted that staff observed the meetings have been brief and that it may not be a wise use of Board member's time to travel to Trenton each month for a brief meeting. Following a discussion during which Board members expressed concerns about further reducing the schedule, the Board agreed to maintain the current schedule of 10 meetings. It was agreed that, if appropriate for an abbreviated agenda, staff could suggest a teleconference meeting to replace an in-person meeting.

NJ KidCare

J. Petto reported that staff and several Board members met with the NJ KidCare taskforce on January 7, 1999 to discuss marketing, policy issues, and pricing. L. Ilkowitz noted that the meeting was interesting and that the issues discussed were complex.

Board Elections

J. Petto stated that absentee ballots would be mailed to member carriers on January 21, 1999. She noted that the election would take place at the February Board meeting and that absentee responses were due back by February 16, 1999. D. Vanderhoof asked if HIP had been nominated for the HMO seat. J. Petto reported that nominations for the HMO seat had only been received for Oxford Health Plans and AmeriHealth.

L. Glover and J. Majcher confirmed that the DOBI and the Governor's office are actively seeking nominations to fill the vacant seats for the SEH and IHC Boards. D. Vanderhoof stated that he also spoke with the Governor's Office to inquire about the status of nominations for the Board vacancies.

Status of HIP in receivership

J. Majcher reported that there was nothing new to report.

V. Report of Legal Committee

J. Petto reported that the Committee met on January 15, 1999 and referred Board members to the minutes provided in the packets. L. Ilkowitz reviewed the minutes with the Board members on the following issues:

Employees Who Live or Work Outside the Service Area

L. Ilkowitz reported that the Committee reviewed the standard HMO contract that indicates that an eligible employee must reside in the Service area. She said the Committee agreed that this language may be too restrictive and expressed a need to further review the HMO regulations. Following a brief discussion, the Board agreed that further review of the HMO regulations was needed.

Net Earned Premium Adjustments for Loss Ratio Liability

L. Ilkowitz reported that at least two carriers have reduced the amount of Net Earned Premium ("NEP") reported on Exhibit CC to reflect anticipated refunds. She said the Committee requested that the carriers on the Board obtain input from their technical staff and make a recommendation regarding the appropriateness of this practice. Following a discussion, the Board agreed that staff and the DOBI would obtain additional information for discussion at the next meeting.

Board Membership

- ***May an HMO carrier that has withdrawn from the market maintain its Board seat?***

L. Ilkowitz reported that the Committee recommended that carriers who retain a certificate of authority remain qualified for a Board seat. Following some discussion about the regulations and the composition of the Board, the matter was referred back to the Committee for further review.

- ***May two affiliated carriers maintain concurrent seats on the Board?***

L. Ilkowitz said the Committee noted that the regulations N.J.A.C. 11:21-2.5(a)2iv provide that affiliated companies may not have more than one Board seat. The Board agreed with this; no Board action was required.

- ***If a carrier elected to a Board seat "primarily in the small employer market" subsequently becomes the wholly owned subsidiary of another carrier that is not "primarily in the small employer market," may the elected carrier maintain its Board seat?***

L. Ilkowitz said that the Committee recommended that the carrier be allowed to maintain the Board seat where the affiliate is still "primarily in the small employer market" considered without respect to its affiliation to other carriers. The Board agreed with this; no Board action was required.

- ***May a carrier discontinue issuing a standard plan with a certain plan option and begin to sell the same plan with a different option as permitted by variable text (the standard HMO carrier option of \$15 prescription copay or 50% coinsurance)?***

L. Ilkowitz reported that the Committee recommended that a carrier may cease issuing one plan with a \$15 prescription copay rider by replacing it with a plan with a 50% prescription coinsurance, provided the inforce plans with the \$15 prescription copay are renewed.

Board members raised a number of questions and issues regarding this recommendation:

1. Are the rates for the two plans actuarially equivalent?
2. Can the carrier maintain a closed block of business?
3. Should the carrier offer the \$15 prescription copay as an optional benefit rider?
4. How is this same situation handled in the IHC program with Prudential and Oxford?
5. What is the impact on AmeriHealth policy forms riders?

Following extensive discussion, the Board referred this issue back to staff and the DOBI to obtain further information for Committee and Board review.

VI. Report of the Policy Forms Committee

J. Petto reported that the Committee met to discuss rider filings from 2 carriers and referred Board members to the minutes provided in the packets. C. Furman reviewed the minutes with the Board members for the following riders:

AmeriHealth Insurance Company:

Rider 1: The rider would amend the HMO Plan to provide coverage for prescription drugs through a card/mail delivery system subject to specified generic-brand copayments or 50% coinsurance. J. Petto reported that E. DeRosa contacted AmeriHealth to request some revisions to the text of the rider and that the requested text revisions had been received. C. Furman reported that the Committee recommended that the Board find the rider complete and in substantial compliance, subject to the determination of the Legal Committee.

Rider 2: The rider would amend the HMO Plan to provide coverage for prescription drugs through a card delivery system subject to specified generic-brand copayments or 50% coinsurance. J. Petto reported that E. DeRosa contacted AmeriHealth to request some revisions to the text of the rider and that the requested text revisions had been received. C. Furman reported that the Committee recommended that the Board find the rider complete and in substantial compliance, subject to the determination of the Legal Committee.

No action was taken on the two AmeriHealth riders pending a resolution to the underlying Legal Committee issue concerning whether a carrier may discontinue the \$15 copayment option in favor of the 50% prescription coinsurance option.

One Health Plan of New Jersey, Inc.

Rider 1: Amends the standard HMO plan to waive the hospital confinement copayment.

Recommendation: J. Petto said the Committee recommended that the rider be found incomplete and not in substantial compliance for the following reasons: the filing failed to include the required certification; the filing failed to include copies of the standard pages being amended; the rider did not identify the standard plans being amended; and the cover letter indicated that rates had not yet been filed.

D. Vanderhoof offered a motion to accept the Committee's recommendation to find the rider incomplete and not in substantial compliance. K. Dickenson seconded the motion. The Board voted in favor of accepting the Committee's recommendation with one abstention (C. Furman).

VII. Executive Session

J. Petto said the Board needed to discuss a personnel issue and asked for a motion to enter Executive Session. L. Glover advised the audience that there would be no further business for Open Session.

D. Vanderhoof offered a motion to begin Executive Session. C. Furman seconded the motion. The Board voted unanimously in favor of beginning Executive Session.

[Executive session: 11:30 - 11:40 a.m.]

VIII. Close of Meeting

L. Ilkowitz offered a motion to adjourn the Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of adjourning the meeting. The meeting adjourned at 11:40 a.m.

Attachment: Expense Report