

**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
March 17, 1999**

Members present: Darrel Farkus (Oxford); Adeline Gallagher (Anthem Health & Life); Larry Glover, Chair; Jane Majcher (DOBI); Linda Ilkowitz (Guardian); Mary McClure (The Prudential); Debbie Cieslik (Horizon BCBSNJ); Dutch Vanderhoof (arrived at 9:47 a.m.); Eric Wilmer (Celtic); Bonnie Wiseman (DOHSS).

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

I. Call to Order

L. Glover called the meeting to order at 9:43 a.m. E. DeRosa 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

February 17, 1999

D. Cieslik offered a motion to approve the minutes of the Open Session of the February 17, 1999 Board meeting. J. Majcher seconded the motion. The Board voted in favor of the motion with D. Farcus and A. Gallagher abstaining.

IV. Elections

HMO Board Seat

L. Glover noted the participation of a new Board member, Darrel Farkus, representing Oxford. D. Farcus said that the primary representative from Oxford would be Kevin Hill, and that he was named as the alternate. J. Petto reported that Oxford received the greatest number of votes for the Board seat designated to be held by an HMO. Oxford received 9 votes and AmeriHealth received 4 votes.

Board Officers
Chair

L. Ilkowitz nominated L. Glover to serve as *Chair* of the SEH Board. D. Cieslik seconded the motion. The Board voted unanimously in favor of the motion.

Vice Chair

M. McClure nominated the representative from the Department of Banking and Insurance to serve as *Vice Chair* of the SEH Board. L. Ilkowitz seconded the motion. The Board voted unanimously in favor of the motion.

Committees

Legal

Following a discussion concerning the membership of the Committee as previously constituted, the Board agreed that HIP should be removed from the Committee. The Board also agreed that since no attorney from NYLCare has been participating in Committee discussions for a number of months, that NYLCare representation should also be discontinued. With two fewer board members participating on the Committee, D. Vanderhoof requested that the Board consider adding him to the Committee. D. Cieslik commented that the role of the Legal Committee is to interpret legislation and regulations and that participation on the Committee demands the skills of an attorney. She noted that the Committee is a body that makes recommendations to the Board. Thus, all Board members have an opportunity to discuss issues that have been considered by the Legal Committee. L. Ilkowitz added that the Legal Committee does not make policy decisions. M. McClure commented that non-attorney Board members look to the Legal Committee for legal guidance. L. Glover asked if a reduced membership on the Committee would hinder the ability of the Committee to fulfill its role. E. DeRosa noted that while they do not serve as voting members, DAG J. Lichtblau and W. Sanders, both attorneys, participate in Committee discussions. Board members who participate on the Committee said they believed the Committee could properly function with reduced membership. D. Vanderhoof said that he has much experience working with legislation and he felt he could bring a valuable alternate view to Committee discussions. He noted that since additional members could be added to the Committee, and no attorney was being suggested for an opening, that he could fill the vacancy.

M. McClure offered a motion to constitute the Legal Committee, as set forth below. D. Cieslik seconded the motion. The Board voted in favor of the motion with D. Vanderhoof opposing and D. Farcus abstaining.

Aetna U.S. Healthcare	Jim Brown (Chair)
Guardian	Linda Ilkowitz
Horizon BCBSNJ	Debbie Cieslik
Prudential	Dennis Christianson
DOBI	Gale Simon

Policy Forms Committee

J. Majcher offered a motion to constitute the Policy Forms Committee, as set forth below. L. Ilkowitz seconded the motion. The Board voted unanimously in favor of the motion.

Guardian	Linda Ilkowitz, Chair
Horizon BCBSNJ	Loretta Curry
Prudential	Mark Kowaleske
Anthem	Charlotte Furman
DOHSS	Chanell McDevitt
DOBI	Gale Simon

Marketing Committee

D. Cieslik offered a motion to constitute the Marketing Committee, as set forth below. L. Ilkowitz seconded the motion. The Board voted unanimously in favor of the motion.

Public member	Larry Glover
Public Member	Jim Leonard
Broker Rep.	Dutch Vanderhoof
Anthem	Charlotte Furman
Horizon BCBSNJ	Michael Torrese
Oxford	Darrel Farkus

Finance and Operations Committee

L. Ilkowitz offered a motion to constitute the Finance and Operations Committee, as set forth below. J. Majcher seconded the motion. The Board voted unanimously in favor of the motion.

DOBI	Gale Simon
Celtic	Eric Wilmer
Horizon BCBSNJ	Michael Torrese
Guardian	Sandy Herman
Prudential	Ken Jeffries
Oxford	to be named

V. Staff Report

Expense Report (see attached)

D. Cieslik offered a motion to approve the payment of the expenses specified on the March 17, 1999 expense report. J. Majcher seconded the motion. The Board voted unanimously in favor of approving the motion.

L. Ilkowitz asked whether staff discussed the bill for bookkeeping services submitted by Hughes McLaughlin prior to the February Board meeting with respect to the expenses that exceeded the cap set forth in the contract. P. Lechner said neither she nor W. Sanders had had the opportunity to pursue the discussion. She noted that the firm had not

called staff after receiving the payment of an amount less than the billed amount. M. McClure asked that W. Sanders follow-up with the firm and be prepared to discuss the matter with the Board during the next Board meeting.

4Q98 Enrollment Data

J. Petto reported that she awaited enrollment reports from a few SEH carriers. She said that the enrollment data for the IHC program was compiled and that enrollment decreased by approximately 6,000 lives. D. Vanderhoof asked if J. Petto was referring delinquent carriers to the Department of Banking and Insurance as the Board had previously discussed. She said appropriate referrals were made.

Outreach

E. DeRosa reported that she spoke at a meeting of the Central Jersey Life Underwriters on March 10, 1999.

J. Petto reported that she spoke at US. Diagnostic Center on HIP issues on March 10, 1999. She said she went to two Steinbach stores on March 15, 1999 to discuss opportunities for coverage in the IHC market.

HIP

E. DeRosa noted that a copy of an open letter concerning HIP that was published in a host of New Jersey newspapers was included in Board materials. She reported that 6 of the HIP health centers had closed as of February 28, 1999 and that the remaining centers were due to close as of March 1, 1999. She said that staff had been very involved with meetings and communications concerning the liquidation of HIP. She noted that both her number and J. Petto's number had been included in materials released to HIP members and that staff had been experiencing an increased volume of calls.

D. Vanderhoof asked if the open enrollment order would require a carrier to accept a group that had been issued a small group plan by HIP but no longer met the requirements for a small group plan. E. DeRosa explained that if a group grew in size to no longer qualify for coverage in the SEH market, the open enrollment order would guarantee the right to purchase coverage in the large group market, provided the group moved by March 31, 1999. If the group size fell below 2, then coverage would be available in the individual market.

Creditable Coverage

E. DeRosa reminded the Board that during the February 17, 1999 Board meeting, carrier Board members were asked to go back to their companies to determine the impact of considering insurance plans that are issued outside the United States as creditable coverage. M. McClure reported that she learned that Prudential has not had any difficulty with allowing credit for coverage that was issued outside the United States. A. Gallagher reported that it was administratively difficult for Anthem. D. Cieslik reported that Horizon has given credit for coverage issued outside the United States.

E. DeRosa explained that as a result of discussions with DOBI, she learned that the Department believes it good public policy to provide credit for coverage issued outside the United States. She noted that the definition of “creditable coverage” in the law gives the Commissioner the authority to designate, by regulation, coverage that the Commissioner believes should be considered as creditable coverage.

The Board agreed that credit should be given for coverage issued outside the United States provided the coverage is either a fully insured or self-funded plan. No credit need be given for coverage under a governmental plan from outside the United States.

VI. Executive Session

E. DeRosa said that the Board would need to go into Executive Session to discuss Executive Session minutes and asked for a motion. She said the Board would not discuss any further business following Executive Session.

D. Cieslik offered a motion to begin Executive Session. L. Ilkowitz seconded the motion. The Board voted unanimously in favor of beginning Executive Session.

[Executive session: 10:42 a.m. – 10:50 a.m.]

VII. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. J. Majcher seconded the motion. The Board voted unanimously in favor of adjourning the meeting. The meeting adjourned at 10:50 a.m.

Attachment: Expense Report