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
April 21, 1999

Members present in 12th floor conference room: Darrel Farkus (Oxford); Linda Ilkowitz (Guardian); James Leonard; Bryan Markowitz (arrived at 9:45 a.m.).

Members participating via teleconference: Jeff Beck (NYLCare) (joined the call at 9:45 a.m.); Charlotte Furman (Anthem Health & Life); Jane Majcher (DOBI); Mary McClure (The Prudential); Michael Torrese (Horizon BCBSNJ); Dutch Vanderhoof; Eric Wilmer (Celtic); Bonnie Wiseman (DOHSS).

Others present: Ellen DeRosa, Deputy Executive Director; DAG Eleanor Heck (DOL); Pearl Lechner, Program Accountant; Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the meeting to order at 9:38 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. He noted that some members were participating in the meeting via teleconference and asked that members identify themselves when speaking. He called roll. 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

March 17, 1999
C. Furman offered a motion to approve the minutes of the Open Session of the March 17, 1999 Board meeting, as amended. D. Vanderhoof seconded the motion. The Board voted in favor of the motion with M. Torrese and J. Leonard abstaining.

IV. Staff Report

Expense Report (see attached)
L. Ilkowitz offered a motion to approve the payment of the expenses specified on the April 21, 1999 expense report. C. Furman seconded the motion. The Board voted unanimously in favor of approving the motion.

4Q98 Enrollment Data

W. Sanders said that J. Petto compiled the 4Q98 enrollment data and that SEH enrollment had decreased by 5430 lives as compared to 3Q98. He speculated that some of the decrease might be attributable to enrollment in Professional Employee Organization (PEO) plans.

W. Sanders commented that he understood that PEOs were encouraging agents to place groups with leasing companies. He noted that he would be attending a meeting in southern New Jersey the following week at which representatives from leasing companies would be speaking to agents. D. Vanderhoof said that a similar meeting had recently been held for agents in northern New Jersey. D. Vanderhoof briefly discussed some of the issues he asked someone to raise on his behalf during that meeting. He said he had not yet received feedback concerning the issues.

HIP

W. Sanders reported that Board materials include a press release and a newspaper ad encouraging HIP members to seek replacement coverage. He noted that the Commissioner of Banking and Insurance issued a second Order concerning coverage for HIP members. He said the second Order addressed certain transition issues such as the effective date of coverage and the liability of the replacement carrier with respect to persons who were validly covered under a HIP group contract. E. DeRosa explained that under discontinuance and replacement regulations, the prior carrier retains liability for a 12-month extension of benefits for persons who are totally disabled on the date the prior plan terminates. The financial condition of HIP makes it impossible for HIP to retain liability for the 12-month extension of benefits. The Order requires the succeeding carrier to cover totally disabled persons for all conditions, including the disabling condition, for at least the duration of the extension of benefits that HIP would have provided. D. Vanderhoof asked if the Order would require carriers to accept a group that was covered by HIP but currently does not satisfy the participation requirement. E. DeRosa responded that the Order does not require carriers to waive such an underwriting requirement with respect to the acceptance of a case.

NJ KidCare

W. Sanders reported that the Division of Medical Assistance and Health Services and the Association for Children of New Jersey sponsored a forum on NJ KidCare. The forum presented an update from the Healthcare Financing Administration (HCFA) on Children Health Insurance Programs (CHIP) on a national basis, a report from Mathematica on the demographics of uninsured children in New Jersey and a recommendation from the working group that has been considering ways to encourage coverage of children in the small group market. He said the working group outlined two programs, with one referred to as the "Partnership Assistance Program" and the other referred to as the "Equity Program."

W. Sanders said that two reports were made available at the forum, one from Mathematica and the other from the working group. He offered to get copies of the reports for any Board members who might be interested in receiving them.

Legislative Update
W. Sanders reported that the Governor signed Executive Order No. 92 that creates a task force on mandated health insurance benefits. L. Ilkowitz suggested that the Board write a letter to the Governor to advise her of the Board's support for the Task Force and notify her of the Board's willingness to offer assistance to the task force. J. Beck commented that the Board is an agency charged with implementation of law, not policy making. The Board agreed that staff should draft a letter for the Board's review.

W. Sanders reported that S. 1719 would modify the participation requirements in the small group market by providing credit for persons covered under other plans such as a retirement plan, a parent's plan where the employee is still eligible to be covered as a dependent under such plan, or a plan from another employer. He asked if the Board believed extending participation credit to plans other than another plan sponsored by the employer and spousal coverage would present any selection or other issues. The Board did not note any concerns with the potential modification to the participation requirements.

1998 NJBIA Survey
B. Markowitz briefly discussed some of the findings in the recently released NJBIA Survey of small employers regarding providing health coverage to employees.

L. Ilkowitz suggested that the Board consider increasing the cash deductible under the standard plans as a way to possibly reduce cost. D. Farkus suggested that increasing the copayment would similarly be a good cost-reducing measure to explore. He further suggested that the Board should look at the cost of prescription drug coverage under the standard plans and consider ways to reduce that cost.

The Board agreed that the Marketing Committee should meet to discuss possible cost-reduction strategies. Any benefit designs the Committee recommends would be shared with the Board and then forwarded to an *ad hoc* committee of actuaries for cost analysis.

Nomination for Board Member Appointments
W. Sanders reported that he received the names of persons who have been nominated for appointment to the SEH Board. He said he spoke with each and provided them with information on the SEH Program and Board member participation.

Outreach
W. Sanders reported that he spoke to the Commissioner's Council of brokers on April 6, 1999. He said he went to Washington DC where he participated in a panel discussion on the impact of HIPAA on the States on April 5, 1999.

E. DeRosa said she participated in three seminars designed to assist HIP members, sponsored by the Medical Society of New Jersey. She noted that the news media covered the seminars in Paramus and Cherry Hill and that she had been on the evening news.

V. Report of the Policy Forms Committee

Optional Benefit Rider Filing

United HealthCare of New Jersey and
United HealthCare Insurance Company

E. DeRosa reminded the Board that these companies offer point of service coverage both using a dual contract structure and using the single contract HMO structure. The riders amend the single contract HMO-POS plan and the dual contract POS to expand the non-network deductible options, replace the Coinsured Charge Limit with an Out-of-Pocket Maximum and waive the network hospital confinement copayment. She said that the riders, as reviewed by the Committee, included dollar amounts for the Out-of-Pocket Maximum that would represent a benefit decrease as compared to the $10,000 Coinsured Charge Limit. She reported that the carrier modified the riders to reduce the dollar amount of the Out-of-Pocket Maximum such that the amounts would always represent a benefit increase. She said that the Committee would have recommended that the Board find the riders complete and in substantial compliance except for the dollar amounts of the Out-of-Pocket Maximum. Since the carrier had appropriately modified the dollar amounts, she asked that the Board find the riders complete and in substantial compliance.

L. Ilkowitz offered a motion that the Board find the United rider filing, as amended, complete and in substantial compliance. C. Furman seconded the motion. The Board voted unanimously in favor of the motion.

Policy Forms Interpretation Issue

E. DeRosa explained that a carrier contacted her concerning coverage for "intensive outpatient services" in connection for the treatment of a mental illness under the standard plans. The carrier believed that since the "intensive outpatient services" involved multiple treatment modalities and lasted for 3 hours, that each "intensive outpatient services" session should be considered as 3 outpatient visits. She said that the Committee reviewed the standard plans and found no basis for the carrier to reach such a conclusion. The Committee believed the carrier must consider each "intensive outpatient services" session as one outpatient visit. She reported that the Committee believed that the Board should issue a Bulletin to assure that no other carrier incorrectly administers the standard plans to exhaust more than one outpatient visit for an "intensive outpatient services" session. In addition, she said the Committee recommends that the carrier be required to adjust prior administration to reflect the use of one visit for each "intensive outpatient services" session. The Board agreed with the recommendation of the Committee.

VI. Executive Session

W. Sanders said that the Board would need to go into Executive Session to discuss Executive Session minutes, a staffing issue, and a contract matter and asked for a motion. He said the Board would not discuss any further business following Executive Session.

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

[Executive session: 11:22 a.m. – 11:35 a.m.]

VII. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. C. Furman seconded the motion. The Board voted unanimously in favor of adjourning the meeting. The meeting adjourned at 11:35 a.m.

Attachment: Expense Report