

**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
June 21, 2000**

Members participating by teleconference: Gary Cupo; Larry Glover; Mary McClure (NYLCare); Tom Daniels and John Kilgallin (CIGNA); Jane Majcher (DOBI); Bryan Markowitz; Kevin Monaco; Vaughn Reale; Robert Shalango (United Healthcare); Joseph Torella (AmeriHealth); Mike Torrese (Horizon BCBSNJ); Bonnie Wiseman (DOHSS).

Members participating in Trenton: Darrel Farkus (Oxford); Linda Ilkowitz (Guardian); Dutch Vanderhoof (arrived at 9:50 a.m.).

Others present: Ellen DeRosa, Deputy Executive Director; DAG Prince Kessie (DOL); Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the meeting to order at 9:40 a.m. W. Sanders 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. Due to the participation of some Board members via teleconference, W. Sanders asked that members identify themselves when speaking.

II. Public Comments

W. Sanders asked if any member of the audience wished to offer comments concerning the items stated on the agenda. One member of the audience asked whether the Board would be discussing the adoption of the proposed changes to the standard plans. E. DeRosa said the Board would be discussing the rule adoption to allow a \$30 copay and \$2500 deductible.

III. Minutes

May 17, 2000

B. Wiseman offered a motion to approve the minutes of the Open Session of the May 17, 2000 Board meeting. L. Glover seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

IV. Staff Report

Expense Report (see attached)

L. Ilkowitz offered a motion to approve the payment of the expenses specified on the June 21, 2000 expense report. M. Torrese seconded the motion. By roll call vote, the Board voted unanimously in favor of approving the motion.

Legislative Update

▪ *A-1606*

W. Sanders said the sponsors of A. 1606 have been working with persons at the Department of Banking and Insurance to address areas of disagreement. W. Sanders noted that there was an article in the Star Ledger regarding the bill and what was termed as “skeleton plans.” Several Board members commented that “skeleton plans” did not accurately describe the EPO plan option that was included in A. 1606.

▪ *NJ Family Care*

W. Sanders reported that the Assembly passed a bill to create NJ Family Care and a companion bill had been introduced in the Senate. He said it was his understanding that Governor Whitman indicated a desire that NJ Family Care begin in July 2000.

▪ *Senate Legislative Oversight Committee*

W. Sanders said the Senate Legislative Oversight Committee held a hearing on May 25, 2000 to review whether the Board’s development of the standard health benefits plans in 1993 was consistent with legislative intent. W. Sanders said he did not receive notice of the hearing until a couple of days prior to the hearing and he already had a commitment for May 25, 2000 that he was unable to break.

D. Vanderhoof said he testified as a private citizen who had been monitoring the activities of the SEH Board since the second meeting of the SEH Board. D. Vanderhoof said it appeared the Committee did not allocate sufficient time for testimony and that if other Board members had been able to attend the hearing there would not have been ample time for them to present testimony. He said the Committee had asked him to keep his testimony brief because there were many other people present to testify on another issue and the hearing would have to adjourn by noon to allow the Senators to be present at a voting session beginning at 1:00 p.m.

W. Sanders said he would like to contact Senator Matheussen to advise him that the Board would be more than happy to address any questions he or the Committee might have. W. Sanders said he contacted Maureen Lopes who was Chair of the SEH Board and Chair of the Policy Forms Committee at the time the standard plans were developed. W. Sanders said M. Lopes recalled a Senate staff member having raised a question concerning the plan designs back in 1993 but that the SEH Board believed the approach the staff member suggested was not appropriate for the design of plans to be offered in a guaranteed issue environment. W. Sanders said he also contacted Mellanie Willoughby who was Vice Chair of the SEH Board at the time the plans were developed. He said M. Willoughby would be willing to testify as to why the Board did what it did with the development of the standard health benefits plans.

D. Vanderhoof commented that the original SEH Act allowed for medical rating and that medical rating was subsequently eliminated from the permissible rating structure. He suggested that given the elimination of medical rating, the creation of plans that offered unique benefit packages per plan would have been detrimental to the market.

L. Ilkowitz commented that the Legislature has amended the SEH Act on numerous occasions since the original law that was signed in 1992. Given the fact that the Legislature did not modify the Act to address the manner in which the standard plans were created, it would seem that the members of the legislature were satisfied with the benefit structure.

B. Markowitz said he has spoke with Senator Matheussen on several occasions. He said that when he offered testimony on another issue Senator Matheussen indicated that he was angered by the lack of courtesy shown by the Board because Board members did not appear for the hearing on May 25, 2000. B. Markowitz said Senator Matheussen indicated he felt the Board was "arrogant." B. Markowitz said he believed Senator Matheussen would like to be called. W. Sanders noted that the Board may not reach out to a Senator without first getting approval from the Department of Banking and Insurance and from Governor's Counsel. He reminded the Board that the Board has an agreement with the Department of Banking and Insurance under which the Department serves as the executive branch voice on matters of public policy. B. Markowitz suggested that there would be problems if the Senator does not hear from the Board. W. Sanders said he would provide Board members with a copy of the agreement, noting that many of the current Board members are new and may not be aware of the agreement.

D. Farkus suggested that it might be helpful to review P.L. 1992, c.162 (Senate 371 from 1992) as it existed before it was conditionally vetoed. Both D. Farkus and B. Markowitz said they would be willing to meet with Senator Bassano and/or Senator Mathussen.

L. Glover agreed that the Board should proceed with a sense of urgency. L. Glover asked if the Open Public Meetings Act would apply if a majority of Board members were to arrange to meet with Senator Matheussen. DAG P. Kessie agreed to review whether the Open Public Meetings Act would require that such a gathering of Board members be noticed and subject to the other requirements of the Act. L. Ilkowitz suggested that if the Department were to oppose W. Sanders placing a call to Senator Matheussen that Board members could individually contact the Senator.

HCFA Bulletins

W. Sanders said HCFA released Bulletin 00-01 regarding the imposition of non-confinement clauses and Bulletin 00-03 regarding that addresses a number of small group issues. He noted that copies of these Bulletins were included in the Board materials.

Outreach

W. Sanders said he spoke at the Annual Conference of the New Jersey Association of Health Underwriters in Atlantic City in late May.

W. Sanders said that a copy of an article that he wrote that appeared in the Middlesex County Business Journal was included in the Board materials.

WEB Address

W. Sanders reported that there is a shortened name that can be used to access the web page that includes information on the SEH and IHC Programs. The long case-sensitive address will continue to open the web page. The alternate address is: www.njdobi.org.

Annual Report

W. Sanders asked that Board members provide him with any comments on the draft text for Annual Report that is to be included in the Department's Annual Report.

Rule Adoption

E. DeRosa reported that a hearing was held June 13, 2000 to give the opportunity for people to comment on the rule proposal that adds a \$30 copay and a \$2500 deductible option to the standard SEH plans. She said no person came to offer comments. E. DeRosa said the period for written comments expired June 15, 2000. No written comments were received. She said that if the Board wanted to vote to adopt the proposal it could do so at any time since the minimum 20-day comment period had expired.

D. Vanderhoof offered a motion to adopt the changes to the standard plans that allow a \$30 copay and a \$2500 deductible. D. Farkus seconded the motion. By roll call vote, the Board voted unanimously in favor of the motion.

E. DeRosa said she would release a Bulletin to carriers to advise them of the adoption. D. Vanderhoof suggested that it might be good to send Senator Matheussen a copy of the adoption and Bulletin to let him see what the Board has been doing to try to address concerns with the cost of coverage.

Desired Changes to the SEH Program

W. Sanders said he was still working on the compilation of the suggestions that the Board considered. He said his goal would be to present the list to the Board for a vote at the July Board meeting.

Rating Issue

W. Sanders said the Department's actuary that reviews SEH rate filings asked for some input from the Board regarding industry practices. Is there a carrier practice of guaranteeing a quoted rate for a specific period of time? If yes, is there language that would address what would happen to the quoted rates if there should be a rate change before the date the plan is effective?

D. Farkus said it is common to provide a rate quote for a specific effective date. A number of other Board members agreed that carriers generally link a rate quote to a particular effective date and do not guarantee rates without a specific effective date.

L. Ilkowitz said that Guardian has historically guaranteed a rate for a particular group, for a set period of time, assuming no significant change in demographics. She recognized that structuring a rate guarantee in that manner could result in two groups, quoted on different dates, electing the same effective date, and having different rates due to the different quote dates.

D. Farkus asked if the Board requires that new business rates and renewal rates be the same. W. Sanders said he understands differences may arise due to rates based on entire census v. actual enrollment. He added that the Department's actuaries review rate filings and would be the authority on rate issues.

The Board agreed that carriers should only guarantee a rate for a specific effective date in order to avoid the possibility that two identical groups with the same effective date may have different rates.

Optional Benefit Rider Filing

E. DeRosa reminded the Board that during the May Board meeting the Board found an optional benefit rider filing from PHS incomplete since the carrier did not respond to the Policy Form Committee's request for corrections prior to the May Board meeting. E. DeRosa said the carrier provided a corrected filing just prior to the June Board meeting. She said she reviewed the filing and that the carrier made all the necessary changes to the filing. She asked the Board to find the filing complete, based on a staff recommendation.

G. Cupo offered a motion to find the PHS optional benefit rider filing complete. D. Vanderhoof seconded the motion. By roll call vote, the Board voted in favor of finding the filing complete, with L. Ilkowitz abstaining.

Worker's Compensation

G. Cupo said he had received inquiries concerning a new law that allows sole proprietors and some other classes of persons to now elect to purchase worker's compensation insurance. E. DeRosa explained that for these new classes of persons for whom worker's compensation is optional, the SEH plans cannot enforce the plan exclusion that excludes coverage for an illness or injury if the person *could* have been covered for worker's compensation. She said that until the forms can be amended, the Conformity with Law provision would address compliance with the new law.

V. Executive Session

W. Sanders said the Board needed to hold a brief Executive Session to discuss a couple of staff issues. He said the Board would not conduct any additional business following the Executive Session.

D. Vanderhoof offered a motion to begin Executive Session. L. Glover seconded the motion. By roll call vote, the Board voted unanimously in favor of beginning Executive Session.

[Executive Session: 11:05 a.m.– 11:10 a.m.]

VI. Close of Meeting

D. Vanderhoof offered a motion to adjourn the Board meeting. D. Farkus seconded the motion. The Board voted unanimously in favor of the motion.

[The meeting adjourned at 11:10 a.m.]

Attachment: Expense Report