

**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  
October 18, 2000**

**Members participating:** Gary Cupo; Timothy English (Guardian); Darrel Farkus (Oxford); Larry Glover; Mary McClure (NYLCare); John Kilgallin (CIGNA); Jane Majcher (DOBI) and Gale Simon (DOBI); Kevin Monaco; Vaughn Reale; Robert Shalongo (United Healthcare); Tony Taliaferro (AmeriHealth); Mike Torrese (Horizon BCBSNJ); Dutch Vanderhoof; Bonnie Wiseman (DOHSS).

**Others present:** Ellen DeRosa, Deputy Executive Director; DAG Prince Kessie (DOL); Pearl Lechner, Program Accountant; 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.

**II. Executive Session**

W. Sanders said the Board needed to discuss some staff issues and asked for a motion to enter Executive Session. He said the Open Session of the Board meeting would commence following the Executive Session.

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

Executive Session: 9:40 a.m. – 9:55 a.m.

**III. Public Comments**

L. Glover asked if any member of the audience wished to offer comments concerning the items stated on the agenda. No comments were offered.

**IV. Minutes**

*Open Session September 20, 2000*

**M. McClure offered a motion to approve the minutes of the Open Session of the September 20, 2000 Board meeting, as amended. D. Vanderhoof seconded the motion. The Board voted in favor of the motion with T. English abstaining.**

## **V. Staff Report**

*Expense Report (see attached)*

**D. Vanderhoof offered a motion to approve the payment of the expenses specified on the October 18, 2000 expense report. V. Reale seconded the motion. The Board voted unanimously in favor of approving the motion.**

*HMO Performance Report*

B. Wiseman said the HMO Performance Report was recently released and that copies of the Report were provided in the Board materials. She noted that new features to the 2000 report included: a summary performance page; an interactive Website; and information on cardiovascular care.

B. Wiseman said that Frances Prestianni from her office would be happy to speak with groups that might be interested in hearing about the 2000 Performance Report. For additional copies of the Report, people may either download the document from the Website, or may call the toll free number.

*Legislative Report*

Conversation with Senator Matheussen

**W. Sanders reported that he had a conversation with Senator Matheussen regarding the Senator's concerns with there not having been adequate representation of the SEH Program Board or staff during hearings that considered the SEH Program.**

**W. Sanders said Senator Matheussen was concerned with the affordability of health coverage. W. Sanders said the Senator stated that he had been approached by brokers who indicated there was demand for a "bare bones" plan.**

### **▪ S. 13**

W. Sanders said that among other things, this bill would create a "bare bones" plan that would be rated using a 3.5:1 rate band using the factors of age, gender and geographic location. He asked Board members to provide comments as quickly as possible. He said he would compile comments and forward them to the Commissioner. The bill was scheduled to be discussed during a hearing on November 9, 2000.

D. Vanderhoof expressed concern with agents selling a bare bones plan and suggested that it might be an issue to discuss with an Errors and Omissions coverage carrier.

### **▪ SCR 62**

W. Sanders said this resolution addresses the manner in which the SEH Board crafted the standard plans.

▪ **S. 197**

W. Sanders said that this bill would permit certain small groups to combine for the purpose of self-funding health benefits or to combine for the purpose of purchasing fully insured coverage. He said this bill was also scheduled to be discussed at a hearing on November 9, 2000.

*Recommendations to Commissioner*

**W. Sanders said that the issue of multiple plans and the satisfaction of the 75% participation requirement still required some analysis. He said he received responses to a survey that was sent to all states. D. Farkus said he volunteered to work with W. Sanders on compiling and reviewing data.**

*1999 Census Data*

W. Sanders said that both national and New Jersey levels of uninsured had decreased. The percentage of uninsured in New Jersey dropped from 16.4% to 13.4%.

*EBRI Issue Brief*

**W. Sanders said a copy of the Executive Summary of an Issue Brief was included in Board materials. He said that one of the key findings was that employers were unaware of the tax advantages associated with offering health coverage to employees. The Board discussed the possibility of including a brief statement in the Buyer's Guide to suggest that employers should consult with their tax advisors concerning possible tax advantages. The Board also discussed outreach to the business community, possibly with the New Jersey Business and Industry Association.**

*RU-486*

W. Sanders asked carrier members of the Board to investigate whether their companies believe this recently FDA-approved drug would be covered under the SEH plans.

*Draft Meeting Schedule 2001*

W. Sanders asked Board members to review the proposed meeting dates and advise him of any conflicts.

*Policy Forms Committee*

E. DeRosa reported that the Committee met for a day-long work session on October 4, 2000 and would be meeting at least once more to further discuss possible forms changes.

*[Break: 11:10 – 11:22]*

**VI. Report of Legal Committee**

*Effective Date*

W. Sanders said the Committee discussed a rule proposal that addressed effective date issues. However, since the policy forms address issues such as the timing for a renewal

notice he said the Committee believed it best to delay the rule proposal so that it would accompany the policy forms proposal.

W. Sanders said that the Committee discussed whether requiring a carrier to use a prospective effective date at all times might be too restrictive. He said the Committee agreed that carriers should be prohibited from forcing an employer to accept a retroactive effective date. However, for new business where there is no prior carrier, if both the group and the carrier agree to a retroactive effective date, the Committee believed it should be permitted.

*Professional Employer Organization (PEO) Bulletin*

M. Torrese said that it would be helpful if the Board could build a screening process to assist carriers with determining eligibility for group coverage. The Board agreed that the determination of eligibility should be left to the carrier. T. English suggested that the employer application could be revised to include a question regarding PEOs. The application could solicit information concerning co-employment or contracting with a PEO. D. Vanderhoof said that a bill had been introduced that would legitimize PEOs. W. Sanders said the bill was specific to worker's compensation coverage and did not address PEOs in terms of offering health coverage.

**VII. Report of the Finance and Operations Committee**

P. Lechner reviewed the budget for fiscal year 2001. W. Sanders said the Committee recommended that the Board approve the budget. W. Sanders said the Committee reviewed the assessment and recommended some modifications. With those modifications, he said the Committee recommended that the Board vote to bill for the assessment.

The Board discussed the fact that the Board had not spent the funds for which it had assessed in 1999. W. Sanders explained that a reconciliation would return excess payments to carriers.

**D. Farkus offered a motion to accept the budget for fiscal year 2001 and to bill for the assessment. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.**

**VIII. Final Discussion and Close of Meeting**

L. Glover advised the Board that he was working with the Department of Health and senior Services on an anti-smoking communications effort. He said that sponsorship from among carriers would be welcomed.

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

[The meeting adjourned at 12:00 p.m.]

Attachment: Expense Report