

**OYER HEALTH BENEFITS PROGRAM BOARD
AT THE OFFICES OF THE
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
TRENTON, NEW JERSEY
June 20, 2001**

Members participating from the 12th Floor Conference Room: Darrel Farkus (Oxford); Tony Taliaferro (AmeriHealth); Mary McClure (Aetna USHealthcare); Dutch Vanderhoof (arrived at 10:20 a.m.), Bonnie Wiseman (DOHSS).

Members participating from another location via teleconference Raymond Bascio (Horizon BCBSNJ); Gary Cupo; Larry Glover; Sandy Herman (Guardian); John Kilgallin (CIGNA)(joined at 10:30 a.m.); Jane Majcher (DOBI); Bryan Markowitz; Robert Shalongo (United); Vaughn Reale.

Others present: Ellen DeRosa, Deputy Executive Director; DAG Prince Kessie (DOL); Pearl Lechner, Program Accountant; Joanne Petto, Assistant Director; Wardell Sanders, Executive Director.

I. Call to Order

W. Sanders called the meeting to order at 10:05 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. Roll call was taken. A quorum was present.

Since some members were participating via teleconference, W. Sanders asked that members identify themselves when speaking.

II. Public Comments

W. Sanders asked if any member of the public wished to address the Board. No comments were offered.

III. Minutes

Open Session May 16, 2001

B. Markowitz offered a motion to approve the minutes of the Open Session of the May 16, 2001 Board meeting, as amended. M. McClure seconded the motion. By roll call vote, the Board voted in favor of the motion, with L. Glover and D. Farkus abstaining.

IV. Staff Report

Expense Report (see attached)

M. McClure offered a motion to approve the payment of the expenses specified on the June 20, 2001 expense report. B. Wiseman seconded the motion. By roll call vote, the Board voted unanimously in favor of approving the motion.

Legislative Update

W. Sanders said that S.3554 would establish a subsidy for small charitable organizations in New Jersey to assist them in the purchase of health coverage. The subsidy would be funded by Treasury, and administered by the SEH Board. Several Board members expressed an interest in commenting on the bill. W. Sanders said he would provide board members with a copy of the bill so they could comment if they wish.

Producer Compensation Issue

W. Sanders reported that Board materials included a copy of a letter he wrote to the Commission on Ethical Standards seeking guidance on whether producer members of the Board and Horizon may participate in and/or vote on the issue of the Horizon producer compensation issue. He said he had not yet received a reply. W. Sanders said Board materials also include a copy of a letter he sent to Horizon requesting specific information on the compensation issue. Upon receipt of a reply W. Sanders said he would schedule a meeting of the ad hoc committee. G. Cupo noted that commissions can be either direct or general agent commissions.

W. Sanders reminded the Board that the ad hoc committee was charged with evaluating whether the compensation structure introduced by Horizon was acting to limit access to coverage.

R. Bascio said that Horizon would be responding to the request for information, but that it appeared some of the information was proprietary and that Horizon was concerned with sharing it with competitors.

Other

R. Bascio asked for clarification concerning whether a carrier could require that all enrolled members have a prescription rider if the rider is offered. E. DeRosa asked R. Bascio to send her details of the circumstance so that she would be in a better position to respond to the inquiry.

R. Bascio said that he and others at Horizon were concerned with the direction the market was heading in terms of decreasing enrollment. He suggested that the Board must creatively and aggressively address enrollment declines. M. McClure noted that there has been no analysis to determine the cause for declining enrollment. W. Sanders reminded the Board there had been reporting errors where the corrections resulted in enrollment declines. D. Vanderhoof said that US DOL statistics on insured lives released at the end of September may prove useful.

V. Executive Session

W. Sanders said the Board needed to move into Executive Session to review the Executive Session minutes from the last meeting and consider a personnel issue. He said there would not be further discussion in Open Session following the Executive Session.

M. McClure offered a motion to begin Executive Session. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

Executive Session 10:31 a.m. – 11:00 a.m.]

VI. Close of Meeting

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 11:01 a.m.]

Attachments: Expense Report