

**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  
January 22, 2003**

**Members participating:** Gary Cupo; Darrel Farkus (Oxford); John Kilgallin, Chair (CIGNA); Ulysses Lee (Guardian) (arrived at 10:12 a.m.); Vicki Mangiaracina (DOBI); Mary McClure (Aetna Health); Robert Shalongo (United); Jim Stenger; Tony Taliaferro (AmeriHealth) (arrived at 10:09 a.m.); Dutch Vanderhoof; Yolanda Wills (Horizon BCBSNJ); Bonnie Wiseman (DOHSS) (arrived at 10:07 a.m.).

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

**I. Call to Order**

J. Kilgallin called the meeting to order at 10:05 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”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. Roll call was taken. A quorum was present.

**II. Public Comments**

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

**III. Minutes**

*December 12, 2002 – Open Session*

**B. Wiseman offered a motion to approve the minutes of the Open Session of the December 12, 2002 Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.**

*December 12, 2002 – Executive Session*

**M. McClure offered a motion to approve the minutes of the Executive Session of the December 12, 2002 Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.**

**IV. Staff Report**

*Expense Report (see attached)*

**D. Vanderhoof offered a motion to approve the payment of the expenses specified on the January 22, 2003 expense report. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of approving the motion.**

*Regulatory Report*

W. Sanders explained that the Administrative Procedure Act (and formerly Executive Order No. 66) requires State agencies to review their regulations every five years to determine if they are still relevant and appropriate. The regulations must then be proposed and opened for public comment. The readoption deadline for the SEH regulations is September 25, 2003. He asked Board members to provide suggested changes that the Board would consider. Any changes that would require a legislative amendment cannot be included in the proposal. W. Sanders said he would forward a copy of the existing regulations to Board members. W. Sanders commented that some of the SEH Program regulations are promulgated by the DOBI. Ideally, the Board and DOBI will be in a position to repropose the regulations at the same time.

W. Sanders reminded the Board that the Board discussed participation issues wherein employers can purchase multiple plans, perhaps with as little variation among plans as the inclusion of a rider on one plan. The Board had expressed an interest in gathering additional information, and Board members were encouraged to provide information regarding participation requirements in other states. W. Sanders said he did not receive any information. W. Sanders noted that if the Board would like the participation issue to be addressed in the regulations that will be proposed, later this year it would be important for Board members to provide any information quickly.

W. Sanders reported that the DOBI issued a Bulletin that addresses rate guarantees in the SEH market. A copy of Bulletin No. 02-28 was included in Board materials. D. Vanderhoof questioned how the practice of each carrier would be disseminated. D. Vanderhoof also noted that it would be important that carriers notify brokers and employers as to the basis on which rates would be changes off-anniversary. He further noted that the changes could be increases or decreases.

*Legislative Report*

W. Sanders said S.2073 would expand the continuation requirement to extend continuation rights to spouses and dependent children. The bill would require notice of continuation rights to be provided to dependents. He said the bill would increase the maximum duration of continuation from 12 months to 18 months, and would provide up to 36 months of continuation for dependents. W. Sanders said he emailed staff comments on the bill to Board members but thus far had only received feedback from one Board member.

W. Sanders reported that the IHC Board recently voted to adopt rules to implement P.L. 2001, c. 368 which requires carriers in the individual market to offer a basic and essential health care services plan. He noted that the law requires the IHC Board, in consultation with the SEH Board, to evaluate the effectiveness of offering such a plan in terms of the availability of affordable health coverage, and recommend whether the same plan or a

similar plan should be made available to small employers. The report will be due in January 2004, one year after the effective date of the law. W. Sanders noted that the report is also supposed to address recommendations regarding expanding the number of standard plans or making modifications to the standard plans. He suggested that an ad hoc committee would need to be formed.

#### *2003 Premium Comparison Survey*

W. Sanders reported that the 2003 Premium Comparison Survey was completed and that a copy was included in Board materials. He said it would be posted on the web site and mailed to persons who request it.

#### *SEH Board Code of Ethics*

W. Sanders reported that the Code of Ethics the Board submitted had been reviewed by the Attorney General's office and that some minor changes were recommended. The Board considered the changes and agreed they were appropriate.

**D. Vanderhoof offered a motion to accept the recommended changes to the Code of Ethics. J. Kilgallin seconded the motion. The Board voted unanimously in favor of the motion.**

#### *Enrollment Reports*

E. DeRosa reported that staff had not yet been able to release enrollment data for 3Q02 because the data submitted by some large carriers was incorrect. She said staff was working with the carriers to secure accurate data.

#### *Election for Board Seats*

W. Sanders said that five Board seats are up for election. W. Sanders said that based on the nomination forms that were received he prepared an absentee ballot form. He noted that any carrier that issues small group coverage is eligible to vote. Further, those carriers with an HMO affiliate and an indemnity affiliate may vote once as the HMO affiliate and once as the indemnity affiliate. W. Sanders noted that the election would be held on a non-Board meeting date, February 18, 2003. Those carriers and persons that are elected would be seated at the March 2003 Board meeting.

#### *Staffing*

W. Sanders said he was continuing to seek a candidate for the accounting position. He said Commissioner Bakke indicated that she might know of a person who would be good for the position.

#### *Draft Assessment*

W. Sanders explained the draft administrative assessment for FY 2003.

**V. Mangiaracina offered a motion to approve the assessment, as presented. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.**

## **V. Report of the Policy Forms Committee**

E. DeRosa said the Committee met to consider optional benefit rider filings. She described the coverage provided by the Oxford rider as amending indemnity, PPO and POS plans to increase the therapy visit limits from 30 visits to 90 visits per year. She said the Committee recommendation is to find the filing for that rider complete.

**D. Vanderhoof offered a motion to accept the Committee recommendation to find the Oxford rider filing complete. M. McClure seconded the motion. The Board voted in favor of the motion, with D. Farkus abstaining.**

## **VI. Final Discussion and Close of Meeting**

W. Sanders said today would be the last meeting during which Bonnie Wiseman would represent the Commissioner of Health and Senior Services on the Board. B. Wiseman explained that she was working in a new position for the Department. The Board thanked B. Wiseman for her many years of service and wished her well in her new position.

**D. Vanderhoof offered a motion to adjourn the Board meeting. J. Stenger seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 10:45 a.m.]**

Attachments: Expense Report