

**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 18, 2003**

Members participating: Thomas Collins; Gary Cupo; Darrel Farkus (Oxford); Jack Kalosy (HealthNet); Sandy Herman (Guardian); Kelly Stewart Maer; Mary McClure (Aetna Health); Robert Shalongo (United); Gale Simon (DOBI); Jim Stenger; Tony Taliaferro (AmeriHealth); Michael Torrese (Horizon BCBSNJ); Joseph Tricarico, Jr. (DOHSS); Dutch Vanderhoof.

Others present: Ellen DeRosa, Deputy Executive Director; DAG Prince Kessie (DOL); Wardell Sanders, Executive Director; Neil Vance, Chief Actuary, Life and Health (DOBI).

I. Call to Order

W. Sanders called the meeting to order at 10:03 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. NJBIA 2003 Health Benefits Survey

Christopher Biddle, NJBIA Vice President, discussed the NJBIA 2003 Health Benefits Survey with the Board and responded to comments and questions from the Board.

III. June 10, 2003 Health Care Conference

Neil Vance discussed a number of issues that were raised during the Governor’s health care conference on June 10, 2003. The issues related to funding and the provision of healthcare in general. He said there were discussions during break-out sessions related specifically to small employer issues. Participants perceived that the premium level for small employer coverage is higher than for large group coverage in NJ and that it is also higher than for small employer coverage in other states. There has been a gradual decline in enrollment. Loss ratios in the SEH market have been relatively stable.

N. Vance said discussion in one breakout session addressed whether the small employer market in NJ is working well enough. N. Vance said the following ideas were suggested:

- Return to a medically-underwritten market; guaranteed issue is not a good idea.

- Antiselection is a problem; there are things that can be done to incrementally make changes.
- Some participants discussed MEWAs; there was little consideration of purchasing alliances.

D. Vanderhoof suggested using participation in a plan as a permissible rating factor.

IV. Loss Ratio Reports for 2001

N. Vance reported that the overall loss ratio during 2001 was 80.6%, which is slightly lower than for 2000 when the average loss ratio was 81.2%. Carriers were required to provide \$3.7 million in refunds, with \$2.5 million attributable to non-standard plans.

V. Public Comments

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

VI. Minutes

April 16, 2003

D. Vanderhoof offered a motion to approve the minutes of the Open Session of the April 16, 2003 Board meeting, as amended. K. Stewart Maer seconded the motion. The Board voted unanimously in favor of the motion.

VII. Staff Report

Expense Report (see attached)

M. McClure offered a motion to approve the payment of the expenses specified on the June 18, 2003 expense report. J. Kalosy seconded the motion. The Board voted unanimously in favor of approving the motion.

Legislative Report

Federal

Federal Association Health Plan legislation would allow small employers to band together under a MEWA, leaving the states with no jurisdiction. W. Sanders said it appeared that the House would vote on HR 660 either June 18 or 19, and the expectation is that it would pass on a party-line vote. W. Sanders said the Senate has not done anything with the bill and that Senator Lott removed his name from the bill as a co-sponsor. Since the Senate calendar is full, W. Sanders said there was doubt as to whether the Senate would take up the bill this year.

W. Sanders said that under the Federal Trade Act, qualified persons may qualify for an advanceable 65% tax credit. Both COBRA and State continuation are valid coverage vehicles. The NJ individual market does not qualify as a valid vehicle. W. Sanders said

that two states, Florida and Minnesota, have worked with carriers to set up discretionary group plans to cover persons eligible for the tax credit under the Federal Trade Act. He said New Jersey was exploring a similar approach. The discretionary group plan would be subject to large group market rules. He noted that persons who are qualified for the tax credit have already contacted staff seeking information on coverage options. W. Sanders invited any carrier that might be willing to consider offering coverage through a discretionary group plan to contact him.

State

S. 2275 would establish a new advisory commission to study the impact of mandated health benefits on employers. The bill passed the Senate on May 29, 2003. It was sent to the Assembly without reference to a committee and was scheduled for a vote on June 23, 2003.

S. 2073 would expand state continuation to include dependent qualifying events and to lengthen the continuation period to 18 months for employees and 36 months for dependents. The bill was reported out of Committee on June 12, 2003.

A. 3318 which addresses purchasing alliances passed in the Assembly on March 13, 2003 and was reported out of the Senate Commerce Committee on May 15, 2003. The next step would be posting in the Senate.

Regulatory Report

W. Sanders reminded the Board that the readoption deadline for N.J.A.C. 11:21 is September 25, 2003. He said he has not received any comments from Board members.

W. Sanders said the Department is working on a withdrawal provision that would allow carriers to withdraw a plan option. He noted that as long as a carrier continues to meet its obligation to offer every standard plan, it would be possible for a carrier to cease to offer a particular design option.

E. DeRosa said the Department proposed a regulation to address coverage for biologically-based mental illness. She noted that the proposal specifically prohibits plan provisions that exclude coverage for chronic conditions or for non-restorative treatment where the condition being treated is a biologically-based mental illness. E. DeRosa said that the approach the Board used in the forms proposal in 2002 to address therapy services for persons with a biologically-based metal illness would comply with the proposed regulation.

Price Quotes

W. Sanders said staff had received inquiries regarding quotes for plans and circumstances under which a carrier may modify the rate, as quoted. He referred to N.J.A.C. 11:21-7.9(b) which requires that carriers make reasonable disclosure in price quotes of the carrier's right to change premiums and the criteria for such change.

Health Resources and Services Administration (HRSA) Conference

W. Sanders said HRSA awarded the State of New Jersey a State Planning Grant to study the problem of the uninsured. W. Sanders said this could be an opportunity to gather information the Board might find useful. He asked the Board to give some thought to possible information requests and advise him of any suggestions. The Board identified an exit survey as one possibility.

Assessment Update

W. Sanders said the Board billed an assessment for \$250,000. The Board has collected all but \$1.88 of the amount billed. He asked for a vote to authorize a sweep from the Treasury account.

M. McClure offered a motion to sweep \$249,998.12 from the Treasury account. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of the motion.

Accountant Position

W. Sanders said that the paperwork to hire a program accountant had been forwarded to the Governor's Office.

Outreach

W. Sanders said he spoke at AmeriPAC on June 16, 2003 and at HealthSense on May 7, 2003.

Self-Funded Plan Marketed by Fortis/John Alden

W. Sanders said Fortis/John Alden was marketing a single-employer self-funded plan to New Jersey small employers. Some of the marketing materials described a method by which the annual stop loss attachment points could be pro-rated. In addition, it had been reported that the plan was being marketed as one that could be sold with a fully-insured plan, where some employees would be covered under the self-funded plan and others be covered under an SEH plan. W. Sanders reported that Fortis/John Alden agreed not to pro-rate the stop loss attachment points, and would not encourage groups to split coverage between the self-funded plan and an SEH plan.

Follow-Up on Recommendations from the Marketing Committee

W. Sanders said the Department advised that there is a way to establish links from the Department's web site to laws posted on the Legislature's site that directly affect the SEH market. Those links were being established. W. Sanders said that the Buyer's Guide cannot be added to the "on-line" services section of the State web page since that section of the site is reserved for programs that perform a function and are interactive. The Department's web site can include links to outside entities but there would be a disclaimer included with the link. W. Sanders reported that including links to carriers from the Department's web site was currently being implemented.

Optional Benefit Rider Filing

E. DeRosa reported that AmeriHealth filed a vision rider. T. Taliaferro said that the Carrier was withdrawing the filing.

DAG Prince Kessie

DAG Prince Kessie notified the Board that he accepted a position with a law firm and would be leaving the Attorney General's Office. Board members and Board staff thanked DAG P. Kessie for his service and wished him well in his new position.

Public Comments

J. Stenger suggested that it would be helpful to allow members of the public to comment at the conclusion of the Board meeting as well as at the beginning of each meeting.

T. Taliaferro offered a motion that a period for public comments be added at the end of Open Session in addition to at the beginning of each Board meeting. J. Kalosy seconded the motion. The Board voted unanimously in favor of the motion.

VIII. Close of Meeting

T. Taliaferro offered a motion to adjourn the Board meeting. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

[The meeting adjourned at 11:59 a.m.]

Attachments: Expense Report