

**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
December 3, 2003**

Members participating: Thomas Collins; Gary Cupo; Darrel Farkus (Oxford); Sanford Herman (Guardian); Jack Kalosy (HealthNet); Vicki Mangiaracina (DOBI); Mary McClure (Aetna); Robert Shalongo (United) (arrived at 10:20 a.m.); James Stenger; Tony Taliaferro (AmeriHealth); Michael Torrese (Horizon BCBSNJ) (arrived at 10:15 a.m.); Joseph Tricarico, Jr. (DOHSS).

Others present: Ellen DeRosa, Deputy Executive Director; DAG Karyn Gordon (DOL); Rosaria Lenox, Program Accountant; Wardell Sanders, Executive Director.

I. Call to Order

J. Stenger called the meeting to order at 10:07 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”), the DOBI website, and the Office of the Secretary of State in accordance with the Open Public Meetings Act. A quorum was present.

II. Public Comments

No public comments were offered.

III. Review of Minutes

October 15, 2003

G. Cupo offered a motion to approve the minutes of the Open Session of the October 15, 2003 Board meeting. V. Mangiaracina seconded the motion. The Board voted unanimously in favor of the motion.

IV. Staff Report

Expense Report (see attached)

J. Kalosy offered a motion to approve the payment of the expenses specified on the December 2003 expense report. T. Collins seconded the motion. The Board voted unanimously in favor of approving the motion.

Legislative Report

W. Sanders reported that the Governor signed P.L. 2003, c. 193, a law that establishes a Mandated Health Benefits Advisory Commission. The law was effective immediately. The

Commission will be charged with providing the Legislature “with adequate and independent documentation defining the social and financial impact and medical efficacy of the proposed mandate.” Since the law requires the Commission to review and comment to state agencies regarding regulations that affect mandated benefits, W. Sanders noted that he is uncertain as to whether the Commission will be reviewing and commenting with respect to proposed changes to the standard plans.

Rulemaking

W. Sanders said the hearing on the Board’s proposed changes to the standard plans would begin at 1:00 on December 3, 2003. He encouraged members of the Policy Forms Committee to attend. He noted that the period for written comments expires January 2, 2004.

Optional Benefit Rider Filing

E. DeRosa reported that WellChoice submitted an optional benefit rider that amends HMO plans to waive the hospital inpatient copayment. She noted that WellChoice previously filed a similar rider that only amended plans with specific copayment options. The new rider expands the copayment options with which the rider could be used. She said the staff recommendation was to find the filing complete and in substantial compliance.

J. Kalosy offered a motion to accept the staff recommendation and find the WellChoice rider filing complete and in substantial compliance. M. Torrese seconded the motion. The Board voted unanimously in favor of the motion.

FY04 Budget and Assessment

R. Lenox discussed the draft budget for fiscal year 2004. The Board noted that the budget did not contemplate the hiring of an additional full-time staff employee. The increased allowance for legal fees contemplates the fees associated with the review of the Board’s readoption and other rulemaking.

R. Lenox presented a draft assessment to collect the amount required to cover the expenses in the draft budget for FY 04. Several board members questioned whether a *de minimus* assessment amount could be applied, noting that sending a bill of \$.09 would cost more in postage than the amount to be collected. The proposed regulation includes a *de minimus* amount, but the proposal would apply prospectively. The Board asked DAG K. Gordon to advise whether the *de minimus* rule, as proposed, could be applied.

S. Herman offered a motion to approve the FY04 Budget as presented, and the FY04 Assessment, subject to the application of a *de minimus* amount, if legally permissible. M. McClure seconded the motion. The Board voted unanimously in favor of the motion.

Enrollment Reports

W. Sanders noted that enrollment reports for 2Q03 and 3Q03 were included in the Board materials.

Board Seat Election

W. Sanders reported that three expiring seats and one vacant seat would be addressed in the election in early 2004. The vacant seat would be for the remaining 2 years for a person representing small business. The vacant seat was held by Kelly Stuart-Maer. The expiring seats are currently held by Guardian, Aetna Health, and Horizon, as a carrier primarily in the small employer market, an HMO, and a health, hospital of medical service corporation, respectively.

Outreach

W. Sanders reported that he spoke to a group of brokers in Parsippany on October 21, 2003.

Report on the Basic and Essential Health Care Services Plan

W. Sanders reminded the Board that N.J.S.A. 17B:27A-4.6 requires the IHC Board, in consultation with the SEH Board, to evaluate the effectiveness of P.L. 2001, c. 368 in providing affordable health care coverage and recommend whether the health plan established by the law, or a similar plan, should be made available to small employers. The evaluation and recommendation are to be included in a report to the Legislature that is due January 8, 2004. W. Sanders said that the Boards have data regarding enrollment in the Basic and Essential Health Care Services Plan as well as cost data. W. Sanders asked the Board for input regarding whether a similar plan design should be offered in the SEH market. The Board questioned whether the enrollment success experienced by two IHC carriers is due to the plan design or to the ability to use modified community rating.

The Board will meet, jointly with the IHC Board, via teleconference, to discuss the findings and recommendation to be included in the report to the legislature.

2004 Meeting Schedule

W. Sanders said the 2004 SEH Board meeting schedule was included in the Board materials.

III. Public Comments

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

VI. Close of Meeting

T. Collins offered a motion to adjourn the Board meeting. G. Cupo seconded the motion. The Board voted unanimously in favor of the motion. [The meeting adjourned at 11:30 a.m.]

Attachments: Expense Report