

**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 20, 2004**

Members participating: Thomas Collins; Gary Cupo; Darrel Farkus (United); Jack Kalosy (HealthNet); Vicki Mangiaracina (DOBI); Mary McClure (Aetna); Ulysses Lee (Guardian); Jim Stenger; Mike Torrese (Horizon); Tony Taliaferro (AmeriHealth); Joseph Tricarico, Jr. (DOHSS); Dutch Vanderhoof.

Others participating: 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 10:00 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.

II. Public Comments

None

III. Review of Minutes

Minutes of September 22, 2004

M. McClure offered a motion to approve the minutes of the Open Session of the September 22, 2004 SEH Board meeting. D. Vanderhoof seconded the motion. The Board voted unanimously in favor of approving the motion.

Minutes of October 8, 2004

V. Mangiaracina offered a motion to approve the minutes of the Open Session of the October 8, 2004 SEH Board meeting. T. Collins seconded the motion. The Board voted in favor of approving the motion with J. Kalosy, U. Lee, M. McClure, and M. Torrese abstaining.

IV. Staff Report

Expense Report (see attached)

V. Mangiaracina offered a motion to approve the payment of the expenses specified on the October 2004 expense report. M. Torrese seconded the motion. The Board voted unanimously in favor of approving the motion.

Legislative Update

W. Sanders reported on three New Jersey bills. S.963/A.2117, which expands State Continuation coverage to more closely align with Federal COBRA, was received in the Senate for a second reading. S.1912/A.3379, which allows credit toward an employer's minimum participation rate for Medicaid and NJ FamilyCare, was recently introduced. A.3359, Assemblyman Cohen recently introduced a bill, which significantly modifies the individual and small employer markets. The Board discussed the provisions of this last bill.

Neil Vance, Senior Actuary, DOBI

N. Vance reported to the Board some general findings and observations about the SEH loss ratio reports and rate filings recently submitted to DOBI. He also provided a summary of the complaints and inquiries that his office has been receiving. He said that three common complaints he received are: (1) complaints about the size of a rate increase; (2) errors in quotation; and (3) timely notice of rate changes. He noted that two old issues seem to be diminishing (1) providing discounts where Medicare is primary; and (2) revising rates where there is a rate guarantee. He reminded carriers that the 2005 premium comparison survey was due November 1, 2004, and that DOBI had sent material regarding this filing to carriers.

Outreach

W. Sanders reported that on October 12, 2004 he spoke to the South Jersey Chamber of

Commerce mostly about HSAs. He reported that on October 7, 2004 he participated on a panel discussion at the Trenton Small Business exposition on health care coverage options.

Optional Benefit Riders

E. DeRosa reported that she had reviewed an optional benefit rider filing from Oxford and recommended that it be found complete.

J. Kalosy offered a motion to approve the Optional Benefit Riders filed by Oxford. M. McClure seconded the motion. The Board voted in favor of approving the motion, with D. Farkus abstaining.

Election

W. Sanders reported that there was an election for two Board seats: a representative of small business and for an HMO. He asked any carriers that had not voted to submit votes if they wished to. He announced that Christine Sterns was elected as a person representing small employers and CIGNA was elected to the HMO seat.

V. Legal Committee

Draft Bulletin 04-SEH-03

W. Sanders reported that the SEH Legal Committee reviewed a draft bulletin which addressed a number of issues related to a carrier's obligation to offer the standard health benefits plans and riders. Included in the bulletin and the Committee's discussions were the following issues: (1)

what it means to “offer” coverage; (2) what is a carrier’s obligation to offer the standard plans with and without riders; (3) whether use of a third party to provide a list of plan and rider options that is incomplete meets a carrier’s obligation to offer coverage; (4) what a carrier’s obligation to offer coverage is to employers that have out-of-State employees; (5) what a carrier’s obligation is to issue coverage where an employer already has coverage. He noted that the Committee had some concerns about the original draft’s treatment of some of these issues.

After a lengthy discussion, the Board decided to issue a bulletin addressing only the issues of agreement, namely that carriers must offer all the standard plans with and without riders. The Board agreed to take additional time to consider a follow-up bulletin on the more complex issues.

U. Lee made a motion to publish a bulletin on the issues relating to guaranteed issuance and consider publication of a second bulletin on related issues. M. McClure seconded the motion, and the Board voted unanimously in favor of the motion. [D. Vanderhoof and T. Collins were not present for the vote.]

Staff reported that it had received information that some carriers were simply refusing to issue or quote certain plans or riders. A number of Board members noted that in such cases, the existing regulations were clear and that such conduct should be forwarded to DOBI for handling. A number of Board members also noted that it could be impossible for carriers to list every plan and rider option available on the application, and noted that there may need to be a rule change if the current rules require carriers to list all options. A number of Board members suggested that the Board ask DOBI to post on the web a list of every carrier’s filed riders.

VI. Close of Meeting

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

[The meeting adjourned at 12:45 p.m.]

Attachments: Expense Report