

OCTOBER 2008

Legislative Management Team (LMT) Report:

This Report includes 2 Sections:

1. Recently Introduced Bills – State & Federal
2. The LMT at Work

1. Recently Introduced Bills: State

A-2767 (Webber) "The New Jersey Healthcare Choice Act"; permits health insurers licensed in other states to provide coverage in New Jersey under certain circumstances.

A-1939 (Conaway) "The New Jersey Health Insurance Connector Act" calls for the creation of an independent public entity that would offer insurance plans to employees in the 2 to 50 marketplace.

S-1376 (Vitale) Provides premium assistance to certain small employers who purchase health benefits plans; appropriates \$10 million.

A-3211 (Conaway) Health Care Quality Act requires audits of provider networks.

DOBI Bulletin 08-16 was recently published. It deals with the new rules and regulations concerning the disclosure of producer compensation. (A copy of the bulletin is attached)

Recently Introduced Bills: Federal

S-334 (Wyden) "Healthy Americans Act" A bill to provide affordable, guaranteed private health coverage that will make Americans healthier and can never be taken away.

Both the House and the Senate approved Mental Health Parity legislation. The House by a vote of 376 to 47 and the Senate by a vote of 93 to 2.

Unfortunately, due to the Democratic and Republican Conventions, we were not very successful in securing appointments with our Senators and Congressmen during the August hiatus. Congress will be adjourning soon and our legislators will be on their way back to New Jersey for the final election push. I would like to encourage our members to set up appointments with your legislators in their district offices.

Blue Cross reports 2009 increases in premiums for federal employees.

The Washington Business Journal (9/26, Eckert) reported that Blue Cross Blue Shield will increase premiums for "both standard and basic options" for federal employees in 2009. The "employee out-of-pocket contribution" for the basic option "will increase by nine percent, or \$3.53, for single coverage for a new biweekly total of \$42.66." For family coverage, employees can expect a nine percent increase as well, "or \$8.25, for a new biweekly total of \$99.91." Meanwhile, the "single out-of-pocket premiums will increase by approximately 12.9 percent for

singles, an increase of \$8.03, to \$70.17 biweekly" for standard option employees, and "family coverage will increase by 13.4 percent, with out-of-pocket premiums increasing \$19.44, to \$164.58 biweekly." In addition, Blue Cross will waive the "first four mail order generic drug copays" for standard option members.

Insurer, states partner to increase health coverage. At a Capitol Hill briefing this week, Blue Cross Blue Shield Association (BCBSA) unveiled a study showing that premium subsidy programs it has developed in Oklahoma and Arizona have increased the number of insured workers." The Oklahoma initiative -- Insure Oklahoma -- "allows self-employed individuals and employers with 50 or fewer employees to sign up for the subsidized premiums. Nearly 10,000 people have signed up since the program was enacted in 2004, particularly in the last year when enrollment increased by 234 percent. Most of those who have signed up previously lacked health insurance."

2. THE LMT AT WORK

UPCOMING EVENTS AND FUNDRAISERS

- As we get closer to the elections, there will be more and fundraisers that NJAHU members will be asked to attend. If your schedule permits and you are a constituent whose state senator or assemblyperson is having a fundraiser, we certainly would encourage you to go representing NJAHU. Our HIAPAC will of course make the necessary contribution.
- “Night at the Races” with Senate President Richard Codey
Meadowlands Pegasus Restaurant – 6:30 Buffet - \$500 donation
- LMT meeting – Tuesday, October 21st at 10:00 AM
Aetna Building in Princeton

ONGOING WORK

1) Matthew Basile continues to volunteer his time to help solicit HIAPAC funds from our membership. Please give what you can.

2) The next meeting of the LMT will be Tuesday, October 21st, 2008 at 10:00 AM
The meeting will be held at the new Aetna offices in Princeton.

BULLETIN NO. 08-16

TO: ALL NEW JERSEY LICENSED INSURERS TRANSACTING HEALTH INSURANCE BUSINESS; HOSPITAL, MEDICAL HEALTH AND DENTAL SERVICE CORPORATIONS; DENTAL PLAN ORGANIZATIONS, PREPAID PRESCRIPTION PLANS AND HEALTH MAINTENANCE ORGANIZATIONS; ALL NEW JERSEY LICENSED HEALTH INSURANCE PRODUCERS

FROM: STEVEN M. GOLDMAN, COMMISSIONER

RE: PRODUCER COMPENSATION DISCLOSURES

P.L. 2008, c. 38 (the Act), was approved on July 8, 2008 and becomes effective on January 5, 2009. Among other things, section 25 of the Act amends the New Jersey Producer Licensing Act of 2001 (codified at N.J.S.A. 17:22A-26 et seq.) by requiring licensed insurance producers to disclose to health insurance purchasers any compensation received from the sale of such policies or contracts. Section 25 of the Act states:

a. An insurance producer licensed pursuant to P.L. 2001, c. 210 (C. 17:22A-26 et seq.) who sells, solicits, or negotiates health insurance policies or contracts to residents of this State shall notify the purchaser of the insurance, in writing, of the amount of any commission, service fee, brokerage, or other valuable consideration that the producer will receive as a result of the sale, solicitation or negotiation of the health insurance policy or contract. If the commission, fee, brokerage, or other valuable consideration is based on a percentage of premium, the insurance producer shall include that information in the notification to the purchaser.

b. The commissioner may specify, by regulation, the information that shall be provided by an insurance producer in the notification to a purchaser of health insurance and the procedure for providing the notification.

N.J.S.A. 17:22A-28 defines an "insurance producer" as a person required to be licensed under the laws of this State to sell, solicit or negotiate insurance. The term includes insurance brokers, agents and consultants, and general agents.

The purpose of this Bulletin is to notify producers, and carriers who compensate producers, of the requirements of Section 25 of the Act and to clarify the Department's position concerning implementation of this section pending the Department's proposal of regulations.

- **Scope of Disclosure:** Disclosure is required for any insurance contract that meets the definition of "health insurance" at N.J.S.A. 17B:17-4 and for any contract sold by non-insurance health carriers, such as hospital, medical, health and dental service corporations; dental plan organizations, prepaid prescription plans and health maintenance organizations. Disclosure is not required for health coverage that is an incidental part of a life or annuity contract.

- **What must be Disclosed:** Any valuable consideration, including but not limited to commissions or service fees, must be disclosed. Consideration must be disclosed even if its amount cannot be calculated or estimated. However, the precise nature of the compensation (e.g., commission vs. service fee) does not need to be disclosed. In the case of standard

commission rates, the commission percentage or the per employee amount of commission in connection with a rate proposal, binder or bill may be disclosed.

- **Who Provides Disclosure:** The Act requires that the producer provide the disclosure to the insurance purchaser, however in many cases it may be more efficient for the carrier to provide the disclosure.

- **Timing of Disclosure:** The Act does not imply that disclosure must be made at the time of proposal or prior to a contract becoming effective. Disclosure should be made no later than the effective date of the contract.

- **Form of Disclosure:** Attached is a suggested form that may be used for compliance with the Act's compensation disclosure requirements. Use of an alternate form is acceptable so long as the Act's written compensation disclosure requirements are met.

10/01/08
Date

/s/ Steven M. Goldman, Commissioner
Steven M. Goldman, Commissioner

Inoord/bbProducerComp

**DISCLOSURE OF A FINANCIAL INTEREST
IN THE SALE OF HEALTH INSURANCE POLICIES**

New Jersey law (N.J.S.A. 17:22A-41.1) requires disclosure of the compensation a licensed agent or broker (producer) receives from your purchase or renewal of health coverage. Compensation may be in the form of a commission, fee(s), or possibly other valuable consideration, or a combination of all three.

The per employee dollar amount(s) or percentage(s) of premium are in the table below. All amounts and/or percentages are additive. If something does not apply, it is marked "None" or "NA". If there is compensation, whether or not in addition to the compensation shown, whose amount cannot be determined, enter "CBD" (cannot be determined) on the appropriate line. Use the "Other" line for all other compensation, whether or not the amount is determinable.

| | Agent/Producer | |
|-----------------------------|----------------|---|
| | Percentage (%) | Amount in Dollars (\$) (per employee basis) |
| Commission of Issuing Agent | | |
| Commission of General Agent | | |
| Consultant Fee | | |
| Brokerage Fee | | |
| Other: | | |

PRODUCER INFORMATION

Agent Name: _____

General Agent Name: _____

CARRIER INFORMATION

Company Name: _____

Date

Agent/Producer Signature]¹

¹Carriers: omit this signature block if sending the disclosure form directly to the purchaser.