

1. All of the required application materials described in (a) above have been filed;

2. The persons responsible for conducting the MEWA's affairs are competent, trustworthy, possess good reputations and have appropriate experience, training and education;

3. The applicant has demonstrated that all the requirements of N.J.S.A. 17B:27C-1 et seq. and this subchapter have been met, including compliance with all applicable small employer health benefits laws and financial requirements. In the case of (e) below, the applicant has demonstrated that it will comply with these requirements; and

4. The Commissioner is satisfied that the plan of operation of the separate trust account is sound, supports the continuing operations of the MEWA, and complies with N.J.S.A. 17B:17C-1 et seq. and this subchapter on an ongoing basis.

(e) Within 15 days of notification to the applicant by the Commissioner that the application has been approved, and prior to the issuance of the registration, the applicant shall:

1. Deposit with the Commissioner securities, as defined at and pursuant to the provisions of N.J.S.A. 17B:18-37 and N.J.A.C. 11:2-32, having a market value of \$200,000 as required by N.J.S.A. 17B:27C-5;

2. Provide a signed copy of the stop-loss or reinsurance agreement; and

3. Provide evidence that the separate trust account for the health benefit plans has been established.

(f) Upon receipt of the materials listed in (e) above, the Commissioner shall issue an initial registration to the applicant.

11:4-56.4 Subsequent annual registration of self-funded MEWAs

(a) An application for subsequent annual registration following the initial registration shall be filed annually. The application shall be due on the same date as the annual financial statements filed pursuant to N.J.A.C. 11:4-56.9(a). The application for the subsequent annual registration shall consist of the certification of an officer, director or trustee of the self-funded MEWA a form prescribed by the Commissioner, and shall include the certification of an officer, director or trustee of the self-funded MEWA that the MEWA continues to comply with the requirements of N.J.S.A. 17B:27C-1 et seq. and this subchapter.

(b) Filings described in (a) above shall be accompanied by a fee in the amount of \$1,000 made payable to "State of New Jersey-General Treasury," and submitted to the following address:

Att: Self-funded MEWA Registration
 NJ Department of Banking and Insurance
 20 West State Street
 PO Box 325
 Trenton, NJ 08625-0325

(c) Within 90 days of receipt of the registration, the Commissioner shall issue a registration unless the Commissioner finds that the registrant is not in compliance with the requirements of N.J.S.A. 17B:27C-1 et seq. and this subchapter, or that the continued operations of the self-funded MEWA with respect to the provision of health benefits are hazardous to enrollees, members, providers or residents of this State.

11:4-56.5 Eligibility requirements for self-funded MEWA coverage

(a) No self-funded MEWA, and no association that obtains health coverage from a self-funded MEWA, shall refuse to provide coverage or deny membership in the MEWA or association to any employer, employee or dependent based on any of the following characteristics of the employer, employee or dependent:

1. Health status;
2. Medical condition, including physical and mental illness;
3. Claims experience of the employer or any employee or dependent;
4. Receipt of health care;
5. Medical history;
6. Genetic information;
7. Evidence of insurability, including conditions arising out of acts of domestic violence;
8. Partial or total disability;
9. Group size;
10. Age;
11. Gender; or
12. Any other health status-related factor.

11:4-56.6 Rating requirements of self-funded MEWAs

(a) Prior to issuing benefit plans to small employers, a self-funded MEWA shall prepare, maintain and make available to the Department upon request, an exhibit showing the methodology for calculating assessments for small employer members. The exhibit shall contain:

1. A plan schedule describing each plan of benefits offered, which shall specify:
 - i. The benefit options available for each plan;
 - ii. The delivery system for each plan; and

- iii. The in-network and out-of-network deductibles, coinsurance, and/or copays;
2. A rate manual containing:
- i. The basic rates or rating factors applicable to each plan and option, including the difference when Medicare is primary or secondary, based on actual employee or spouse Medicare coverage status. Reduced rates or rating factors shall be provided when Medicare is primary coverage for an employee eligible for Medicare by reason of age;
 - ii. The numerical value of the classification factors used in the calculation of a small employer's assessment, limited to age, gender, geographic location, effective date, and rating tier of the covered persons in accordance with N.J.A.C. 11:21-7.14;
 - iii. A description of the assessment methodology in sufficient detail to allow the determination of the assessment by any particular small employer from the basic rates in (a)2i above; and
 - iv. A detailed example calculation for a representative plan showing all of the steps to develop the assessment for a small employer;
3. An actuarial memorandum setting forth the assumptions and methods used in the development of the assessment methodology;
4. The effective dates (beginning and ending) of rates in the exhibit. The beginning date cannot predate the date of the exhibit, and the ending date cannot be more than a year from the beginning date; and
5. The signature of the actuary who prepared the exhibit, and the date the exhibit was prepared.
- (b) Whenever an exhibit is prepared or modified, a certification signed by a qualified actuary shall be filed with the Department, which shall state the following:
1. That an exhibit, which is accurate and complete and complies with all of the requirements of (a) above, has been prepared and will be maintained;
 2. The beginning and ending effective dates, which dates shall not be more than 12 months apart, and with the beginning date not preceding the date of the certification;
 3. That the certification is being filed with respect to an initial or revised exhibit, or that no changes have been made to the methodology since the previous exhibit and certification, specifying the effective dates of such prior exhibit and certification;
 4. That a new exhibit and certification will be prepared if there is any change to the assessment methodology, but in any event with an effective date no later than one year from the effective date of the within exhibit and certification;
5. The anticipated incurred loss ratio, which shall not be less than 75 percent;
6. That for self-funded MEWAs that provided benefits in New Jersey prior to April 6, 2002:
- i. For benefits provided between April 6, 2002 and April 5, 2003, the assessment methodology shall not result in assessments (for an individual and each family status) for the highest rated small employer which are greater than 300 percent of the assessments produced for the lowest rated small employer for each plan and option;
 - ii. For benefits provided between April 6, 2003 and April 5, 2004, the assessment methodology shall not result in assessments (for an individual and each family status) for the highest rated small employer which are greater than 250 percent of the assessments produced for the lowest rated small employer for each plan and option; and
 - iii. For benefits provided after April 6, 2004, the assessment methodology shall not result in assessments (for an individual and each family status) for the highest rated small employer which are greater than 200 percent of the assessments produced for the lowest rated small employer for each plan and option;
7. That for self-funded MEWAs that did not provide benefits in New Jersey prior to April 6, 2002, the assessment methodology shall not result in assessments (for an individual and each family status) for the highest rated small employer which are greater than 200 percent of the assessments produced for the lowest rated small employer for each plan and option; and
8. That the assessments to be charged for any group do not vary based on any classification factor other than those permitted in (a)2ii above.
- (c) Certifications described in (b) above shall be submitted to the Department at the following address:
- MEWA Small Group Assessment Certifications
Office of Life and Health
New Jersey Department of Banking and Insurance
20 West State Street
PO Box 325
Trenton, NJ 08625-0325
- (d) A self-funded MEWA that provided benefits to small employers in New Jersey at any time during the preceding calendar year shall file with the Department an annual loss ratio report of its small employer business on the form set forth in this subchapter as Appendix B, incorporated herein by reference.
1. The loss ratio report shall be completed and filed with the Department on or before August 1 of the reporting year for the preceding calendar year.