

**MEETING MINUTES OF THE NEW JERSEY
UNDER 50 MEDICARE SUPPLEMENT PROGRAM BOARD**

January 20, 2005

Board Members Present:

Rebecca Smart – Central States Health & Life Company
Sam Sandella – United HealthCare Insurance Co.
Lisa Beck – Horizon Blue Cross/Blue Shield of N.J.
Victor Shulman – Public Member
Sandy Kelly – Horizon Blue Cross/Blue Shield of N.J.
Carol Keating – Public Member

Others Present:

Lachaun Willis – Horizon Blue Cross/Blue Shield of N.J.
Trish Kariuba – SHIP
Bob Farrell – SHIP
Darren West – AmeriHealth
Gerry Cote – Pool Administrators
Rick Larose – Pool Administrators
Karl Ideman – Pool Administrators
Neil Vance – Department of Banking and Insurance
Bonnie Bajor – Department of Banking and Insurance

The New Jersey Under 50 Medicare Supplement Program Board meeting was held via telephone conference at 10:00 AM, EST on January 20, 2005.

I. Board Minutes

The minutes from the February 20, 2004 Board meeting and the July 1, 2004 interim Board meeting were approved by the Board.

II. New Board Members

- Bob Farrell – SHIP – was introduced by Victor Shulman as his replacement on the Board. Welcome Bob and good luck to Victor. You will be missed.
- Darren West – AmeriHealth – was introduced as a new member industry representative of the Board. Darren serves as Director of Accounting at AmeriHealth. Welcome Darren.

The Chair will review procedures and work with Bonnie Bajor, DOBI on adding the two new members to the Board.

III. Review Collection Status of 10/04 Assessment

Five insurance companies still have outstanding balances due for the 2004 Assessment mailing. The outstanding balance for these five companies is \$151,111.20. Gerry Cote, Pool Administrators, has contacted each company and all assessments are in various steps of collection.

IV. Approve Payments to Horizon

The Board authorized Pool Administrators to make the following payments to Horizon for each Program year noted, based upon 2004 Assessment collections to date:

2003	\$ 985,755.30
2002	628,182.20
2001	<u>70,630.40</u>
Total	\$1,684,567.90

Horizon asked for 3 separate checks for ease of accounting.

Payments to/from Horizon for Program years 2000 and 1999 are pending additional account reconciliation.

V. Status of Audits

The Chair received a proposal from Carlin, Charron and Rosen (CCR) that outlines a validation process of Pool Administrators. The cost estimate provided was based on a request for an inception through 12/31/03 period and was \$7,000 plus out of pocket expenses not to exceed 15%. It is anticipated the \$7,000 amount will be more as the review will be from the inception of the Program to a more current date.

Rick Larose indicated that CCR conducts annual audits of other programs administered by Pool Administrators as well as Pool Administrators itself as a corporation. He will submit copies of the last corporate report to the Board.

The Board approved moving ahead with the audit by CCR.

VI. Follow up on Enrollment Issues

Since the last Board meeting, Rebecca Smart, Debbie Breslin and several representatives from Horizon met to discuss issues surrounding how individuals might have become enrolled in the Program when they were over age 50 at the time of enrollment. They concluded there are only two exceptions under which this can occur:

- Retroactive determination of Medicare eligibility.
- An individual elects COBRA coverage and then chooses to terminate COBRA coverage before the maximum coverage period is reached.

However, there are 19 members that Horizon cannot substantiate how they were accepted or whether they belong in the Program. They indicated that the appropriate questions were not included on the original enrollment applications to allow for these determinations.

The Board voted to remove the 19 insureds in question from the Program and move them into the Horizon over age 50 program effective January 1, 2005. Premiums paid and losses incurred by these insureds will remain in the Program through December 31, 2004. The Program will not seek reimbursement from Horizon for any benefits the Program has or will pay for these insureds for losses incurred prior to January 1, 2005. The move will be transparent to the insureds.

Horizon indicated they will begin a re-write of the current application, adding the appropriate questions, that will help eliminate inappropriate enrollments. In the interim, Horizon will tighten up initial enrollment/underwriting requirements.

Now that this issue has been resolved, PWC can proceed with finalizing the Horizon ongoing audit for years 2002 and 2003. The 19 inappropriate enrollees will not be included in any 2005 audit activity.

VII. Other Business

The New Jersey Department of Insurance indicated there was no Medicare Advantage withdrawal activity for 2005.

VIII. Next Meeting

Rebecca Smart will alert all parties when the next meeting of the Board will be scheduled.

Approved 6/22/05