

DRAFT

MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT PROGRAM BOARD

September 6, 2007

Board Members Present:

Dotti Outland (Chair) UnitedHealth Group
Ann Farnsworth- Public Member
Keitha Lackey-Horizon Blue Cross Blue Shield of NJ
Crystal Rupert-AEGON

Others Present:

Rebecca Smart (Past Chair)
Bonnie Bajor- NJ Department of Banking and Insurance
Neil Vance- NJ Department of Banking and Insurance
Avnee Parekh- NJ Department of Banking and Insurance
Deborah Breslin- SHIP
Suzy Kubinsky- UnitedHealth Group

The September 6, 2007 New Jersey Under 50 Medicare Supplement Board met in person at the NJ office of the Department of Banking and Insurance from 1-2:30 PM (EST). The meeting was co-Chaired by Rebecca Smart, the past Chair and Dotti Outland, the current Chair.

I. Introductions

This meeting marked the first meeting of the Board since April 12, 2006. Dotti Outland began the meeting by handing out the updated Board list and asked all members to review it for accuracy.

There is one opening on the Board for a Writer in the Med Supp Market. Aetna was identified as an ideal candidate because of their large market share. Neil Vance volunteered to reach out to Aetna, through their Regulatory Affairs representative.

Neil Vance also volunteered to reach out to Darren West, from AmeriHealth, to confirm that he is still a member, representing the HMO membership.

[NOTE: Patricia Hassett Ribaldo has agreed to represent Aetna, and we have corrected Darren West's contact information and confirmed he will continue to represent AmeriHealth.]

II. Approve 4/12/06 Meeting Minutes and Follow-Up Notes

The meeting minutes and follow-up notes were approved.

III. Program Financials

Rebecca Smart reviewed the program financials prepared by the Pool Administrators, current as of December 31, 2006. The program has \$733.943 in cash available, with outstanding assessments due to the program in the amount of \$742.00.

It was explained that a market share with an assessment of \$10.00 or less is forgiven. Amounts that are assessed between \$10.00 and \$50.00 are not assessed but carried over. The carried over assessments equals \$742.00.

It was suggested later in the meeting, by Dotti Outland, that the forgivable dollar amount be raised, from under \$10.00 to under \$50.00. The advantages include: reducing the amount of outstanding assessments for billing and processing, reducing the amount of time for the Department review, and eliminating the carry-over from year to year.

IV. Assessments

- **2004 Market Share True-Up**

There are some remaining discrepancies regarding the 2004 Market Share Reports and thus the amount of certain company assessments. The list of carriers whose market share reports are inconsistent with other reports filed with the DOBI is incomplete. It is estimated that ten companies may owe different amounts for the 2004 Program Year assessment. Once the list is completed, all companies identified will then be given a chance to re-file and a true-up of assessment amounts will be done with a future assessment.

The 2004 Losses have been audited by PriceWaterhouseCoopers (PWC), so Horizon is eligible to receive payment in full for 2004. It was approved that \$507,849.55 representing the 20% of payment withheld pending the audit, be paid to Horizon. Pool Administrators will be notified to issue payment.

[NOTE: The Pool Administrators were notified to issue payment. Payment was processed and issued on October 9, 2007.]

- **2005**
 - **Market Share Report**

The 2005 Market Share Report has been compiled, but needs review by the DOBI.

- **Horizon Losses**

Neil Vance has reviewed the Horizon Profit & Loss Report. Once an assessment amount has been determined, it will be sent to the Pool Administrators, who will then apply it to the 2005 Market Share Report. This final report will be submitted to the DOBI for final approval. Once that approval is received, Pool Administrators will proceed with the assessment mailing.

The 2005 losses have also been audited by PWC, and Horizon is eligible to receive payment in full for 2005 once the assessments are paid by the carriers.

- **2006**

The 2006 Market Share Report has been reviewed, and there are several carriers that have not yet reported. Additionally, the DOBI needs to review the report.

2008 Assessment for 2005 Program Year/Using 2005 Market Shares

In the interest of tying up loose ends and moving forward, a motion was proposed to move forward with the 2005 Program Year assessment by combining the 2006 and 2007 expenses and including both in this assessment. The 2007 expense numbers would be based on the 2006 expense numbers and as explained above the threshold for assessment would be increased to \$50.00. Additionally, any cash from interest and late fees in excess of \$50,000 would be included as a credit in the assessment. The motion was approved.

[NOTE: For future calculation, the Board analyzed enrollment increases for 2004-2006 and noted that Program losses reflect an approximate enrollment increase of 10 to 11% per year.]

V. Audit of Horizon

The 2004/5 audit has been completed. Audits are performed every two years, and it is time to negotiate a contract for the 2006/7 audit. Horizon will verify that PWC will continue to be their auditor and we will ask that they do the Program audit, when they are on-site to conduct the 2007 Horizon audit in 2008.

[NOTE: Horizon has advised that PWC will continue to be their auditors. The Program chair will contact PWC and proceed to negotiate a contract with them for the 2006/7 audit.]

VI. Pool Administrators

An audit of Pool Administrators is also conducted using the Carlin, Charron & Rosen firm (a local firm from Hartford). The amount they have quoted is \$5,000.00 to conduct the audit, plus \$1,000 for each year audited. They will be contacted and requested to conduct an audit in 2008 of calendar years 2005, 2006 and 2007 during 2008.

VII. Status of Revised Application

Currently, the application is based on and very similar to the Horizon application. Dotti Outland is reviewing the application and making mock-ups that will distinguish the Program application from a Horizon application, and hopefully clear up any confusion. Once the mock-ups are complete it will be sent to the Board for review.

VIII. Review of Enrollment Exceptions

The question was raised, when are exceptions requested? The answer being, that whenever someone is denied enrollment, they ask for an appeal, since there is no appeal policy, an exception is then requested. As discussed above, the application is being revised, and the exception language is being reviewed in an attempt to clear up the confusion.

It was suggested by Deborah Breslin that it would be a good idea to put a short education piece together explaining the program's enrollment criteria and displaying it in appropriate state offices, i.e., Social Security.