

FINAL
MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT
PROGRAM BOARD

March 21, 2017

Board Members Present:

Steve Kane – Vice Chair, UHC
Jackie Duddy – Horizon (Contracting Carrier)
Crystal Wyland – Transamerica
Ron Ouellette – Public Representative
Pat Walsh – Public Representative
Brendan Peppard – DOBI

Others Present:

Ellen DeRosa, Executive Director, IHC/SEH Programs
Rosaria Lenox, Managing Financial Officer, IHC/SEH Programs
Chanell McDevitt, Deputy Executive Director, IHC/SEH Programs

This meeting was by teleconference, held at 1:30 P.M. (Eastern). Voting was by roll call.

I. Minutes of January 17, 2017

S. Kane made a motion, seconded by B. Peppard, to accept the minutes of January 17, 2017. By roll call vote, the motion carried.

II. Final Assessments for CY2012 Losses -- Update

R. Lenox reported that 99% of the monies assessed have been collected. She noted that only about \$12,000 has not been collected, and that one of the carriers that has not yet paid is represented on the MSU50 Board. C. Wyland stated she would follow-up with Transamerica to determine where the payment is. It was acknowledged that all parties understood a late fee would apply.

R. Lenox reported that the program has sufficient funds to make payment of the contracting carrier's losses without waiting for the final carriers to make payment for 2012.

When asked how long it may take for Horizon to receive payment after authorization, E. DeRosa explained that, because the funds are being placed into an account with Treasury, it can take 1 to 2 weeks to have the money transferred from Treasury. She further explained that it was staff's intent to request the funds be transferred to the SEH Board's checking account at Wells Fargo, and have the check written to Horizon from that account (because the MSU50 does not have its own checking account). E. DeRosa noted that another option is to make payment similar to the process used with the temporary ACA program, NJProtect (for which Horizon was also a contracting carrier), and explained that, in that instance, staff went to the bank to have the money deposited directly into Horizon's account, but the process would require an account number from Horizon. J. Duddy said she would check with her company to determine their preference.

S. Kane made a motion, seconded by B. Peppard, to authorize transfer of funds totaling \$2,962,486.02 from Treasury to the SEH Board's Wells Fargo checking account for the purpose of paying to Horizon, the contracting carrier of the Medicare Supplement Under 50 Program, the audited losses incurred by the contracting carrier for CY2012, reduced by the contracting carrier's own liability for such losses. By roll call vote, the motion carried.

III. CY2013 Assessments

R. Lenox reported that staff is ready to invoice for CY2013 audited losses, which total \$7,546,750.94, and presented the spreadsheet setting forth the allocation of the assessments. She explained that the allocation is based on carriers' 2013 net earned premium and market shares, that she had reallocated *de minimis* amounts (of \$10 and less), and that there had been no requirement to reallocate other amounts because no carrier had a liability of 35% or greater for the losses.

S. Kane made a motion, seconded by C. Wyland, to recommend to the Commissioner of the Department of Banking and Insurance to issue invoices for the CY2013 audited losses of the Medicare Supplement Under 50 Program for the purpose of subsequently reimbursing the contracting carrier for its portion of the losses that exceed its allocated liability. By roll call vote, the motion carried.

VI. CY2014 and CY2015 Losses

E. DeRosa stated that staff may not be prepared to move forward with invoices for CY2014 at the next scheduled meeting, but that she still expects to recommend invoicing for CY2014 and CY2015 prior to the end of 2017. She said the final audit report for CY2015 was received on Monday.

V. Other Business – regulatory changes

E. DeRosa suggested the Board should think about how it might want to recommend that the program operate starting in 2020, when Plans C is no longer available. She said one option is to keep the program in its current form and move to Plan D, but that it is worthwhile to consider if that is the best option. E. DeRosa noted that coverage for the under age 50 disabled population works differently in other states, and not all states require coverage under Plan C, or under only a single plan, or use only a single carrier. It was pointed out that the Board should consider what plan to use, because those who enroll due to disability cannot change to another supplement plan until age 65, and because some carriers may have limitations on how they can participate in Medicare Supplement markets. She explained that, depending on what the Board recommends to the Commissioner, change may require significant statutory and regulatory actions, so early planning is necessary.

VI. Close of Meeting/Next Meeting

S. Kane made a motion, seconded by B. Peppard, to adjourn the meeting.

The meeting closed at 1:51 P.M. The next meeting is scheduled for May 16, 2017, at 1:30 P.M.