

FINAL
MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT
PROGRAM BOARD
May 15, 2018

Board Members:

Present – Aetna (HMO) – Dudley Gerow
Present – UHC (Med Supp writer) – Steve Kane (Chair)
Present – Horizon (Contracting Carrier) – Jackie Duddy
Absent – Transamerica (Med Supp writer) – Moshe Nelkin
Present – Public Rep – Ron Ouellette
Present – Public Rep – Pat Walsh
Present – DOBI Rep – Philip Gennace
Vacant – AHIP Rep

Others Present:

Ellen DeRosa, Executive Director, IHC/SEH Programs
Christine Machnowsky, Deputy Ex. Dir., IHC/SEH Programs
Chanell McDevitt, Deputy Ex. Dir., IHC/SEH Programs
Rosaria Lenox, Managing Financial Officer, IHC/SEH Programs

This meeting was held at 1:30 p.m. in the 11th floor conference room at the Department of Banking and Insurance. Most members participated by phone.

I. Introduction of New Representatives

Steve Kane informed those in attendance that Thomas Kowalczyk and Crystal Wyland would no longer be representing Aetna and Transamerica (respectively), and stated his appreciation of the work each had done with the Board. He then welcomed Dudley Gerow as the new representative for Aetna, and Moshe Nelkin as the new representative for Transamerica.

II. Minutes of March 20, 2018

S. Kane made a motion, seconded by D. Gerow, to accept the minutes of March 20, 2018, without amendments. By roll call vote, the motion carried, with P. Gennace and M. Nelkin abstaining.

III. Financial Statements for the Fiscal Year Ending June 30, 2017

R. Lenox presented the financial statements for FY2017, running from the period staff took over the program in September 2016 through June 30, 2017. She noted the following:

- Audits of the contracting carrier's (Horizon) losses for the calendar years ended 2012, 2013, 2014 and 2015 were completed in FY2017
- Final assessments for losses were issued based on the calendar year audits (2012 through 2015), totaling \$26,763,585

- The contracting carrier was reimbursed \$6,553,026 for the audited losses (totaling \$13,753,955) for 2012 and 2013 in FY2017 (with reimbursement for calendar years 2014 and 2015 being paid in FY2018)
- The MSU50 Program's recorded losses for CY2016 is \$7,200,929
- Operating expenditures for FY2017 totaled \$80,826 (offset by \$521 for interest income and late penalty fees), nearly \$77,000 of which relate to audit costs for loss audits for CY2012 through 2015.

Banking Issue

E. DeRosa explained references on the financial statements regarding the SEH Program (Small Employer Health Benefits Program). She explained that, when staff took over administration of the MSU50 Program in September 2016, the prior administrator transferred funds held in an account for the program established in Connecticut with Bank of America, and that, because the MSU50 Program is not a state agency or quasi-state agency authorized to establish its own account, the MSU50 Program funds were transferred into the existing Money Market fund of the SEH Program (one of two additional programs that staff administers) at Wells Fargo. She stated that the money is earning interest, and incurring no fees as it did at Bank of America, and that staff maintains detailed financial records to distinguish MSU50 funds and SEH funds. E. DeRosa further explained that the money could not have been refunded to carriers because of lack of records regarding how and when the money had been collected over the years. She stated that a Treasury account was not used because the funds would earn very little interest, and would not be readily accessible for operational expenses. She noted that, as a consequence, checks for MSU50 Program expenses are written using the SEH account.

IV. Assessments and Distribution of Refund for 2016

E. DeRosa stated that since the meeting in March, staff completed collection of the assessments for the 2016 losses, along with a total of \$16,000 in late fees from two carriers, and reimbursed Horizon for the 2016 audited losses, totaling \$7,047,124, net of Horizon's assessed share of the audited losses.

V. Audit of losses for Calendar Year 2017; Program Audits

E. DeRosa stated that WithumSmith+Brown has begun the audit process for administration of the MSU50 Program and that she expects they will be reaching out to Horizon shortly to begin the audit of the 2017 reported losses.

VI. Other discussions – Legislation and Regulation

Mary McGeary (Department of Human Services) asked whether any regulatory changes had occurred yet, and E. DeRosa explained that legislative changes would be needed first. E. DeRosa stated that the bill has been drafted, but still has no sponsor.

VII. Close of Meeting

S. Kane made a motion, seconded by P. Walsh, to adjourn the meeting. The motion carried.

[The meeting ended at 1:55 P.M.]