

**NEW JERSEY UNDER 50 MED SUPP PROGRAM BOARD
MEETING MINUTES - NOVEMBER 13, 1997**

Present:

Victor Shulman	- Public Representative
Bob Hoffman	- Public Representative
David Kreiss	- Oxford Health Plans
Christina Palme-Krizak	- United HealthCare
Rebecca Smart	- Mutual of Omaha
Bob Vehec	- Department of Banking & Insurance
Bob King	- Department of Banking & Insurance
Mike Malloy	- Department of Banking & Insurance
Tom Rinaldi	- Blue Cross/Blue Shield/Administering Carrier
Tiziana Capenegro	- Blue Cross/Blue Shield/Administering Carrier

The meeting of the New Jersey Medigap Under 50 Plan Board convened at 9:30 a.m., in the 12th Floor Conference Room of the New Jersey Department of Banking and Insurance. A quorum of members was present.

1. Minutes

Minutes of the June 11, 1997 and October 15, 1997 Board Meetings were approved.

2. Board Positions

New Board members David Kreiss and Christina Palme-Krizak were introduced. R. Smart indicated she is still trying to contact Bankers regarding a replacement representative. There was discussion that this position is for an HIAA company and, therefore, if Bankers is not interested, R. Smart would contact HIAA.

3. Administrator Report

Tiziana Capenegro presented the program results to date along with projections through year-end. Through September, enrollment totalled 294 members, premium revenue totalled \$185,731, claims expense totalled \$127,964, administrative expenses totalled \$13,538 resulting in a program net profit of \$44,229. However, extrapolating the numbers through year-end, a net loss of approximately \$30,000 is projected. Tom Rinaldi reported that Blue Cross had incurred start up costs of approximately \$175,000. Details of these costs will be prepared and presented to the Board.

The Board discussed the reimbursement formula and the need for an assessment. A review of the Administering Carrier contract appears to require that reimbursement for program net losses and start up costs are limited to a maximum of 25% of premium revenue. In as much as this appears to create an inequity by delaying reimbursement for start-up costs, a review of the law and regulation will be done to see if this is mandated or if it is a part of the contract that could be amended.

4. **Coverage Issues**

Discussion was deferred to next meeting.

5. **Assessment**

The need for a 1998 Assessment was discussed. Based on the projected program losses, administrative carrier start up and claim administration costs and anticipated auditor costs, it was decided to move forward and obtain market share information from carriers. Final decisions regarding whether to assess will be made at a later date.

R. Smart offered to work with the DOBI to develop a market share report and program overview for inclusion in carrier annual statement materials.

C. Palme-Krizak offered to work on RFPs for an assessment administrator and an auditor.

6. **Adjournment**

The meeting adjourned at 12:00 p.m. with the Board agreeing to meet in January and February (if necessary) to finalize issues relating to an assessment.

Approved at 1/16/98 Board Meeting.