NEW JERSEY UNDER 50 MED SUPP PROGRAM BOARD

MEETING MINUTES – MARCH 5, 1998

PRESENT:	Victor Shulman	-	Public Member
	Bob Hoffman	-	Public Member
	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 of NJ
	Deborah Breslin	-	CHIME

The New Jersey Medigap Under 50 Plan Board meeting convened at 9:30 a.m., in the 5th Floor Conference Room of the Department of Banking and Insurance in Trenton, NJ.

1) **Minutes**

Minutes of the January 16, 1998 meeting were reviewed and approved with suggested changes in Item 5, Administrative Carrier Audit. This will be amended to include an Assessment Administrator and that Christina will prepare RFP's for both administrative functions.

2) **Board Positions**

There has been no response from HIAA in response to the request for a representative carrier. Rebecca will continue to follow up.

3) **Review of Calendar**

The Board reviewed the activity calendar. It was noted that the regulations call for a Financial and Operational Report be submitted to the Commissioner from the Board by March 31. This will be added to the calendar. It was agreed for this year a report will be submitted once the final numbers are received from Blue Cross and an assessment is ready to be made.

4) **Coverage Issues/HIPAA Impact**

The Board reviewed again the eligibility and coverage issues for circumstances not contemplated by the law or regulation. The regulation (at NJAC 11:4-23A.6) states that individuals are eligible for open enrollment into this plan within 6 months of their enrollment for benefits under Part B of Medicare. Based on the

discussion at the last meeting (January 16, 1998) and after further study by Board members, it was determined that the Board would expand open enrollment as follows, starting July 1, 1998.

- An individual covered by group insurance at the time of Medicare eligibility and enrollment in Part B, whose 6 month open enrollment period has expired, would have an additional open enrollment opportunity at the time the group coverage terminates if application is made within 63 days of the termination of the group coverage. If the individual had not enrolled in Part B at the time group coverage terminates, there would be a standard 6 month open enrollment period, running from the date of enrollment in Part B.

- An individual who has a retroactive determination of Medicare eligibility would have an open enrollment period at the time of the determination if application is made within 6 months of the determination date.

- For any applicant, pre-existing condition limitation credit will be given consistent with HIPAA legislation. This needs to be outlined in further detail.

- For an applicant who has been enrolled in Medicare Choice, enrollment would be allowed in a manner consistent with HIPAA legislation. This needs to be outlined in further detail.

- There was discussion regarding individuals from other states who move into New Jersey. If the individual has Medicare Supplement coverage through a Blues organization, New Jersey Blue Cross/Blue Shield will accept them on a "transfer" basis. Individuals who move out of New Jersey who are covered under the Program can continue their coverage. The policy does not automatically terminate. If the insured requests, Blue Cross will facilitate a "transfer" to the Blues organization serving the new location.

5) **RFP Report**

Christina reported she sent an RFP for audit services to Arthur Anderson, DeLoitte & Touche and Coopers & Lybrand. Only Arthur Anderson and DeLoitte & Touche responded. The responses were reviewed. DeLoitte & Touche suggested that the first audit be a modified or reduced audit in as much as the numbers in the program are so small. The Board agreed we should explore

this option further. Christina will contact them to see if they would outline the scope of a reduced audit and a projected cost. She would also contact Arthur Anderson and request a projected cost for such a reduced audit.

An RFP for administrator services was sent to Arthur Anderson, DeLoitte & Touche, Coopers & Lybrand and United HealthCare Pool Administration. Arthur Anderson and United HealthCare responded. In as much as Arthur Anderson responded on both RFP's, the Board asked Christina to discuss with them whether they would discount their proposal should they be awarded both contracts.

6) **Administering Carrier Financial Report**

Tom Rinaldi distributed copies of the year-end financial report (see Exhibit 1). The Board reviewed the report and determined which items were appropriately Administrative costs and which were Program expenses. Total losses (claims and expenses) are $160,487.82. Program expenses total $100,540; administrative expenses total $73,682 ($53,250 start up and $20,432 in 1997). Some additional clarification on the Booklet printing and design costs was requested.

7) **Assessment Determination**

Based on the responses to the RFP's, auditor and administrative expenses will approximately run $50,000 to $60,000. Total losses and expenses as reported by Blue Cross are $160,487.82. This would equate to an assessment of approximately $220,000. The final amount will be determined at the next Board meeting.

8) **Market Share Report**

Rebecca reported that the Carrier Market Share reports were being returned by carriers. A number of questions had arisen regarding what types of coverage are included under the definition of Health Benefits Plan and Net Earned Premium as used in NJSA 17B:26a-12 and NJAC 11:4-23a. She presented a memorandum of guidelines (See Exhibit 2) which outlined types of coverage which appear to be included and those which appear to be excluded. These guidelines were approved by the Board. Rebecca will continue to work with carriers to finalize their reports using these guidelines.

Rebecca also presented a Letter of Agreement to the Board for Mutual of Omaha's services in administering the market share/assessment reporting. The Letter was signed by Victor Shulman and Christina Palme-Krizak on behalf of the Board. (A copy is attached as Exhibit 3.)

9) **Rates**

Tom reported that Blue Cross/Blue Shield had received approval of a rate increase on their Medicare Supplement Plans which is also applicable to this Program's Plan. Effective April, 1998, the Program's Plan C rate will be $121.65/month, $364.95/quarter which represents a 15.6% increase.