

MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT PROGRAM BOARD

November 3, 2005

Board Members Present:

Rebecca Smart – Central States Health & Life Company
Sam Sandella – UnitedHealthcare
Lisa Beck – Horizon Blue Cross/Blue Shield of N.J.
Darren West – AmeriHealth

Others Present:

Dotti Outland – UnitedHealthcare (UHC Alternate)
Cathy Melino – Horizon Blue Cross/Blue Shield of N.J.
Sheila Burke – Horizon Blue Cross/Blue Shield of N.J.
Kyle Johnson – Horizon Blue Cross/Blue Shield of N.J.
Sandi Kelly – Horizon Blue Cross/Blue Shield of N.J.
Bonnie Bajor – New Jersey Dept. of Insurance Dept.
Michael Malloy – New Jersey Dept. of Insurance Dept.
Neil Vance – New Jersey Dept. of Insurance Dept.
Karl Ideman – Pool Administrators
Gerry Cote – Pool Administrators
Rick Larose – Pool Administrators

The November 3, 2005 New Jersey Under 50 Medicare Supplement Board met via telephone conference at 2:00 PM (EST) and was moderated by Rebecca Smart (Central States Health & Life Company), Chair of the Under 50 Board (“Board”) and America’s Health Insurance Plans (“AHIP”) representative.

I. Meeting Minutes

The Board approved the modified January 20, 2005 minutes.

The Board also approved the draft of the June 22, 2005 minutes.

II. Pool Administrators Audit (Carlin, Charron, & Rosen)

The firm of Carlin, Charron, & Rosen has completed an audit of Pool Administrators. The audit was for the period of time from inception of the program through December 31, 2004. The audit was on an “Agreed Upon Procedures” basis. A copy of the report was presented to and reviewed by the Board. The auditors tested and recalculated the assessment and billing data as reported by Pool Administrators as well as their accounting for funds and current funds in the Board account. The audit concluded that all information provided was accurate and all funds accurately accounted for. There were no exceptions.

III. 2004 Assessment

A) Market Share Reports

The 2004 Premium Market Share Report was reviewed by the Board. Neil Vance, representing the Department of Banking and Insurance (DOBI) reported that based on the initial review, the DOBI is comfortable that the reported premiums are consistent with other reporting by the affected carriers. The report takes the premium market shares and distributes the proposed assessment amount of \$ 2,707,045 based on market share to arrive at an assessment for each carrier. Under the law governing the program, there is a 35 percent cap on the amount to be assessed any one carrier. Horizon Blue Cross qualifies for this cap and their assessment amount over that cap is redistributed to the other carriers. Additionally, it was discussed that there is a deferred amount which is also redistributed to assessed carriers. For this year, that amount is \$742.14. It arises out of deferrals of assessment amounts that are less than \$50 and assessment amounts that are less than \$10. When the companies' assessment amount is below the \$50 mark it is deferred, but not forgiven. However if the assessment amount is less than \$10, the amount is forgiven.

B) Horizon Losses

Horizon reported Program losses of \$2,673,070 for calendar year 2004. This figure was formally approved in a letter from the Acting Commissioner of Insurance and sent to the Board to calculate assessments for 2004.

C) Proposed Assessment

The Board reviewed and agreed upon a proposed assessment figure which takes into account the 2004 Program losses of \$2,673,070, the actual versus projected expenses for completed audits which resulted in a credit of \$6,025*, projected audit and administrative expenses for 2006 which are estimated to be \$50,500 and a credit of \$10,500 from a "surplus" which is made up of late fee payments and interest on the Program funds . The total as agreed upon is \$2,707,045. It was agreed the remainder of surplus funds would be held. A copy of the agreed upon assessment calculation is attached to these minutes.

*The 2004 assessment calculation found that the Horizon 2002/2003 Audit had projected expenses of \$70,000 and actual expenses of \$64,000, resulting in a \$5,400 savings. In addition, the projected expenditures for the Pool Administrators audit was \$15,000 and \$14,375 was spent, resulting in a \$625 savings.

IV. 2004 Audit of Horizon

It was suggested that since it was late in the year, to combine the 2004 and 2005 audits of the Program as administered by Horizon be combined. The Chair will contact the auditors.

V. Revised Application

Sandi Kelly and Sheila Burke presented the proposed changes to the application. The changes were enacted to comply with MMA requirements. In addition, the application was slightly reformatted to make it easier to read and certain items were added.

The specific changes discussed included the following:

- A copy of a Medicare Insurance Card was added, so applicants can fill out their information from an existing Medicare card.
- It was agreed to strike out the reference to prescription drugs in section 3(D).
- A new section 3(E), relating to Medigap reinstatement for persons with disabilities was added, but it was also agreed to delete the sentence referencing prescription drug plans.
- A new provision was added relating to notice of prior insurer.
- It was suggested to move the age of eligibility provision from section 5 to section 6 (the 50 to 64 section). However, an alternative was suggested by having an effective date of coverage and this was agreed to.

Horizon indicated that it will submit a formal filing with the changes on behalf of the Board. The Board agreed to the changes and the filing.

VI. Board Membership

The Board discussed possible candidates for the new chair and the new AHIP representative positions. The Department of Insurance provided a list of marketplace carriers that could be considered for the Board.

Some companies suggested include Bankers Life, where Board members have contacts. It was also indicated that GE Life is a member of AHIP. Another suggestion was Aetna because of their large assessment. Another possible suggestion was Monumental Life.

Rebecca Smart and Dotti Outland said that they will be contacting potential candidates from their lists in the upcoming days.

V. Next Meeting

The chair will call the next meeting on an as needed basis.