

**MEETING MINUTES OF THE
UNDER 50 MEDICARE SUPPLEMENT PROGRAM BOARD
October 23, 2002**

Board Members Present:

Victor Shulman – Public Member
Pam Bishop – Mutual of Omaha
Lisa Beck – Horizon Blue Cross Blue Shield
Sam Sandella – United HealthCare Insurance Co.
Rebecca Smart – Central States Health & Life Co.

Others Present:

Gerry Cote – Pool Administrators
Bob King – Department of Banking & Insurance
Mike Malloy – Department of Banking & Insurance
Neil Vance – Department of Banking & Insurance
Bill Waits – Department of Banking & Insurance
Rich Larose – Pool Administrators

The New Jersey Medicare Supplement Under 50 Board meeting was held via telephone conference at 10:00 A.M. EST on Wednesday, October 23, 2002.

(1) Rebecca Smart, Board Chair, called the meeting to order promptly at 10:00. Carol Keating, Public Board member was not in attendance. Additionally, a new member Alexander Schetdar, Oxford Insurance Company, was not in attendance.

(2) Board Minutes

The minutes from the August 23, 2002 meeting in Trenton were approved as circulated.

(3) Market Share Report

Pool Administrators followed-up with all non-reporting companies and have now produced a complete 2001 Market Share Report. Neil Vance, DOBI had performed a comparison of carrier reports for this Program with other New Jersey reports filed by the same carriers for year 2001. He had found a number of discrepancies. The issue was determined to be the premium allowed to be excluded for certain products under this Program versus what is to be included in the comparison reports. (These include Stop loss, AD&D, Dental, Vision, Disability Income, Self-funded plans, LTC, and Hospital Indemnity premium.). Mr. Vance confirmed that the report is now reconciled and in order. The 2001 Market Share Report was accepted by the Board.

(4) Proposal Assessment

Year 2002 Assessment calculation of \$1,211,207 was approved by DOBI. From this was

subtracted \$11,875 Pool Administrator credit and \$7,545 Jefferson Pilot collection. Added to the total was \$35,000 projected 2003 audit expense and \$10,500 Pool Administrators expense for a total of \$1,237,287. A motion was made and approved by the Board to assess that amount for 2002.

The Board also re-affirmed that the assessment would be capped at 35% market share. Therefore, Horizon's balance over 35% share (\$19,571.68) would be re-distributed among other companies. Also, any company below a \$10.00 assessment (50 companies) would also be re-distributed.

(5) Member Accountability

Rich Larose, Pool Administrators, reported \$24,571 in excess cash to the Program. The Board determined this excess should not be returned to the Carriers.

(6) Other Business

- Horizon questioned how the audit was progressing. Rebecca Smart reported that we are close to closure and when completed, payments will be made to Horizon.
- A question was raised if excess funds should be held in an interest bearing account. This item was tabled for discussion at the next Board meeting.
- Gerry Cote, Pool Administrator, asked DOBI about the process to get the Market Share Report approved. Neil Vance indicated that he must now explain the report to the Commission and once he gets her approval, we will proceed with Carrier assessments. Once received, payment will be made to Horizon.

(7) Next Meeting

Rebecca Smart, Board Chair, will set up the next Board Meeting via conference call in early 2003.

The meeting was adjourned.