

# MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT PROGRAM BOARD

June 22, 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  
Bob Farrell – SHIP

## 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.  
Bonnie Bajor – New Jersey Dept. of Insurance Dept.  
Michael Malloy – New Jersey Dept. of Insurance Dept.  
Kevin Clarkson – New Jersey Dept. of Insurance Dept.  
Gerry Cote – Pool Administrators  
Rick Larose – Pool Administrators

The June 22, 2005 New Jersey Under 65 Medicare Supplement Board met via telephone conference from 3:00 PM - 4:00 PM 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”, formerly HIAA) representative .

## I. Board Minutes

For the January 20, 2005 Board Minutes, Sandi Kelly (Horizon), suggested certain changes by striking the first line (and first sentence) of page 3 with the statement beginning with the phrase “Horizon reported there are several...”

The Board agreed to Sandi Kelly’s suggested changes and to approve all other provisions.

## II. Board Changes

Rebecca Smart announced that she will be stepping down as Chair of the Board and as AHIP representative. Due to upcoming changes at her company, they will be dissociating themselves with AHIP. Possible replacements including Aetna were discussed. It was mentioned that there may not be many Writers left in New Jersey’s Medicare Supplement Market. A suggestion was made for the Board to

obtain a list of companies still writing Med Supp in New Jersey and possible candidates.

This meeting also marked the formal induction of Bob Farrell (SHIP) and Darren West (AmeriHealth) as members of the Board.

### **III. Review of Accounts and Payments Due to Horizon**

Rick Larose, Pool Administrators, presented the figures for the administration account as of 3/31/05 a copy of which are attached to these minutes.

PriceWaterhouseCoopers has concluded their audit of the Program managed by Horizon for Program Years 2002 and 2003. A copy of the audit report was presented to the Board and accepted. There are no changes to the reported Program Losses for these years resulting from the audit. Therefore final payments may be made to Horizon. The Board then reviewed the Program payment amounts paid and due to Horizon for Program Years 2003 and 2002.

For the Calculation of 2003 Loss Payments (Program Year 2003 Assessment), the total due to Horizon after taking into account the Horizon assessment credit was \$1,434,999.20. The Board previously authorized and Horizon was paid \$985,755.30 (the amount payable prior to the audit completion) in January 2005. At this meeting the Board authorized payment of the outstanding amount of \$449,243.90.

For the Calculation of 2002 Loss Payments (Program Year 2002 Assessment), the total due to Horizon after taking into account the Horizon assessment credit was \$906,406.20. The Board previously authorized and Horizon was paid \$628,182.20 (the amount payable prior to the audit completion) in January 2005. At this meeting the Board authorized payment of the outstanding amount of \$278,224.00.

### **IV. 2004 Audits**

A modified audit of Pool Administrators records consisting of administrative recording of market share, billings and collecting of assessments has been completed. The Audit report was just received and a copy of the report as well as discussion will take place at the next meeting.

The 2004 & 2005 flat amount of \$60,000 will be re-examined. In addition it was noted Horizon projected \$65,000, but the actual amount was \$63,000. It was suggested that the "projected expenses" pieces need to be cleaned up.

### **V. 2004 Assessments**

The 2004 Market Share Report is still being reviewed by the Department of Banking and Insurance ("Department"). In addition, the 2004 Program Losses are still being reviewed by the Department. The Program Losses are reported to be \$2,673,070. This will be the basis for a 2004 Program Year Assessment. Other expenses in the assessment will be projected costs for 2006 audits and Pool Administrator expenses (2005 expenses were collected in 2004). A review of these expenses will be made. Additionally there will be a credit realized as Horizon audit costs for 2002 and 2003 totalled \$64,600 versus the \$70,000 projected.

There was also discussion that the Program account has excess funds due to the collection of interest as a penalty for late payment of assessment fees. Rick Larose will review those amounts and recommend a credit to the 2004 Assessment to recognize these excess funds.

#### **VI. Cigna Payment**

Cigna has been delinquent in its share of the payment for the 2003 assessment. Cigna did not respond to the initial or follow up billing of the assessment and now owes over \$4,000 in interest penalty. Cigna has requested a waiver of this penalty citing the fact that the person who was responsible for handling assessment fees had left the company. The Board reviewed the letter from Cigna and agreed to not waive the penalty fee.

#### **VII. Medicare Modernization Act**

Dotti pointed out that with the changes required due to the MMA, the NJ Dept. of Insurance will be requiring specified MMA changes in the Program applications.

#### **VIII. New Application**

Horizon indicated that they are in the process of designing a new application in an attempt to eliminate the issue of ineligible individuals being accepted into the Program. A copy of the proposed changes were distributed. They will also incorporate all required MMA changes into the new application and have it available for discussion at the next meeting.

#### **IX. Next Meeting**

For the next meeting, the Board will have a list of Med Supp writers in New Jersey and will discuss possible replacements for Rebecca Smart in further detail, as well as the status of the 2004 Program Assessment.