

**FINAL**  
**MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT**  
**PROGRAM BOARD**  
January 17, 2017

**Board Members Present:**

Tom Kowalczyk – Chair, Aetna  
Steve Kane – Vice Chair, UHC  
Jackie Duddy – Horizon (Contracting Carrier)  
Crystal Wyland – Transamerica  
Ron Ouellette – Public Representative  
Pat Walsh – Public Representative  
Brendan Peppard – DOBI

**Others Present:**

Ellen DeRosa, Executive Director, IHC/SEH Programs  
Rosaria Lenox, Managing Financial Officer, IHC/SEH Programs  
Chanell McDevitt, Deputy Executive Director, IHC/SEH Programs

This meeting was by teleconference. The meeting was moved to 2:00, and began at 2:10 P.M. (Eastern). Voting was by roll call.

**I. Minutes of September 20, 2016**

**B. Peppard made a motion, seconded by R. Oulette, to accept the minutes of September 20, 2016, with amendments. By roll call vote, the motion carried.**

**II. Final Assessments for CY2012 Losses**

R. Lenox presented the final assessment report for the 2012 losses, as set forth in the spreadsheet prepared for the Board. She explained that the audited loss for 2012 is \$6,207,204, and that, because no carrier was liable for 35% (or more) for the losses based on market share, there was no need to perform a statutorily-established redistribution of any losses based on that condition. She noted that carriers are treated separately for purposes of the assessment, rather than combining affiliates' information.

R. Lenox further explained that staff redistributed amounts allocated to carriers that staff considered to be *de minimis* – at \$10 or less. She noted that this is not currently in the MSU50 regulations, but that staff knows from practical experience with the IHC and SEH Boards that there is little reason to try to collect amounts less than \$10. She stated that, although there were a nearly 40 carriers liable for *de minimis* amounts, only \$119 would be redistributed.

J. Duddy pointed out that Horizon Healthcare of NJ, Inc. does not write Medicare Supplement coverage, and questioned whether it should be assessed. E. DeRosa explained that assessments are made against all health premium, not just Medicare Supplement premium, so it is appropriate

to assess carriers that do not write Medicare Supplement business, based on the law. She noted that the MSU50 Program is similar to the Individual Health Coverage Program in this regard.

**T. Kowalczyk made a motion, seconded by S. Kane, to recommend to the Commissioner that carriers be invoiced for the CY2012 audited losses of the Medicare Supplement Under 50 Program consistent with the 2012 final assessment report as presented, including redistribution of *de minimis* amounts. The motion carried.**

E. DeRosa explained that carriers are required to pay the invoiced amount within 30 days from the date of the invoice to avoid incurring an interest penalty of 1.5% monthly

### **III. MSU50 Finances and Assets**

R. Lenox stated that she had reviewed the bank statements and other information from PAI, and had prepared a spreadsheet summarizing activities, noting assessment revenue, refunds and late fees; interest earned; administrative fees; audit fees; and bank charges. She stated that the MSU50 Program has paid \$67,000 thus far to WithumSmith+Brown (WSB) for audits of the calendar year audits for 2012, 2013, and 2014, and has a current cash balance of \$224,727.41. She acknowledged that she could not fully explain the reason for the cash balance, although at least some of it appeared to be due to prospective assessments for audits. E. DeRosa said that the cash is currently being held in the Small Employer Health Benefits (SEH) Program's Wells Fargo Money Market account, and staff is allocating interest earned in the fund between the two programs. She stated that staff has elected to hold the MSU50 cash in the SEH fund specifically so that the MSU50 Program will earn interest. She explained that staff would like to use the cash balance for audit fees going forward until the excess funds are depleted, and not assess carriers for audit costs until after the excess funds have been used.

E. DeRosa explained that the invoices for the assessment – which she expected would be distributed by the end of January – will instruct carriers to pay funds to the State Treasurer. The funds will be paid from the Treasury to Horizon directly (less Horizon's liability). She stated that staff will next work on the CY2013 assessment. She said she hopes to be in a position to issue invoices for CY 2014 before the close of 2017, and that invoices for CY2015 losses may be accomplished in 2017 as well, depending on when WSB completes the CY2015 loss audit.

### **VI. Close of Meeting/Next Meeting**

**B. Peppard made a motion, seconded by S. Kane, to adjourn the meeting.**

The meeting closed at 3:00 P.M. The next meeting is scheduled for March 21, 2017, at 1:30 P.M.