

MEETING MINUTES OF THE
NEW JERSEY UNDER 50 MED SUPP PROGRAM BOARD

WEDNESDAY APRIL 12, 2000

Board Members Present:

Bob Hoffman	-	Public Member
Keitha Lackey	-	Horizon Blue Cross Blue Shield of NJ
Christina Palme-Krizak	-	United HealthCare
Rebecca L. Smart	-	Mutual of Omaha

Others Present:

Debi Breslin	-	CHIME
Debbie Higgs	-	CHIME
Bob King	-	Department of Banking and Insurance
Karl Ideman	-	Pool Administrators
Joan Fusco	-	Horizon Blue Cross Blue Shield of NJ
Mike Malloy	-	Department of Banking and Insurance
Bob Vehec	-	Department of Banking and Insurance

The New Jersey Medigap Under 50 Plan Board met in Trenton, NJ, at 10:00 a.m. (EDT) on Wednesday, April 12, 2000.

1) Minutes

The Board reviewed the Meeting minutes from the Board meetings held on March 8, 2000. The Minutes were approved by the Board, with minor typographical corrections. Approved meeting minutes for March 8, 2000 are attached hereto.

2) Administrative Guidelines and Regulatory/ Statutory Change

The Board discussed the changes to the Plan of Operation. It was not submitted to the Commissioner due to additional changes needed to reflect enrollment options after notification of Medicare Plus Choice terminations. The Addendum to the Plan of operation will be updated to reflect the additional enrollment period and then be forwarded to the Commissioner for approval. (Note: the new Addendum was sent to Commissioner Suter on May 3, 2000. A copy of this submission is attached hereto.)

The Board also reviewed and discussed various proposed changes to the statutory, regulatory and Plan of Operation guidelines. The Department of Banking and Insurance is in the process of circulating internally its regulatory changes to accommodate the BBA changes. A copy of the revisions will be shared with the Board prior to finalization.

3) Program Financial Review

Karl Ideman, gave an update on the status of the 1999 assessment and reviewed the assessment report dated April 12, 2000 with the Board, which identifies those carriers and HMOs who have not paid their assessment amount. The Administrator's Report is attached.

Aetna requested a waiver of \$494.94 in interest charges on the 1997 assessment indicating that payment was delayed due to confusion with an affiliated carrier and address changes for the company. Although the Board recognized the merit of the request, it did not agree to waive the interest due to the fact that the imposition of interest is required under the statute. The Board also noted that the administrator has been in contact with the carriers regarding the assessments since last fall and the interest helps offset the additional collection costs for carriers who pay late.

Several of the carriers with outstanding balances continue to be Medicaid carriers, including Americaid, Community and University Health. These carriers have been exempted from the individual reinsurance pool in NJ. The DOI has confirmed that the current regulation (NJAC 11:4-23A.2) for this Program specifically includes Medicaid premium in the definition of net earned premium and therefore, these carriers are not exempt without a regulatory change exempting Medicaid premium.

Delinquency letters were sent to the chief executive officer/ president of all carriers and HMOs with outstanding balances, identifying the interest now due under NJAC 11:4-23A.10(d). The 1998 market share reports are being developed for the next assessment. The current report is attached. If carriers do not respond as needed, we will use the annual statement premium figures for "98" true-up and 1999 assessment purposes.

The DOI gave an update on their review of the imposition of assessments on Medicare Plus Choice carriers. The Department has determined that Medicare +Choice premiums paid by the government are exempt. An order is being drafted which will confirm that funds paid by the Federal Government are not taxable or subject to assessments; depending on the timing. We will review the order regarding the effective date of the exemption from assessment. Any overpayments made by Medicare +Choice carriers or HMOs will be handled as a credit on the 2000 assessment.

4) Horizon Program Administrator Report

The Board reviewed and discussed the Horizon 1999 financial statements submitted to the Commissioner, including the component for lost investment income. In order to consider Horizon's request for reimbursement of these expenses, Horizon will need to submit an analysis supporting statutory basis for this reimbursement to the Commissioner. No other program issues were raised.

5) 2000 Assessment

The Board agreed that before the next assessment amount could be determined, we would need to confirm audit costs, get an estimate of Pool Administrator costs and obtain the approved net loss amount that could be assessed. Karl Ideman agreed to prepare a summary of administrator costs; Chris Palme-Krizak agreed to contact Arthur Andersen for audit expense estimates. Rebecca Smart and Karl Ideman will work together to wrap up assessment/market shares. We will need to finalize the assessment amount, including the DOI's determination of interest and investment income issues, and obtain approval by the

commissioner before assessment can be finalized. Will try to complete the next assessment mailing in May/June.

6) Program Audits

The Board discussed the need for an audit of the Pool Administrator. Karl Ideman indicated that audits are typically done on an on-going basis by a national accounting firm. He also indicated that some of the states also do an insurance department audit of their services for pools (i.e., New Hampshire). He will contact current auditor (PWC) to get a cost estimate for audits on this program.

7) Annual Report to the Commissioner

The Annual report to the Commissioner is due by May 1, 2000. Rebecca Smart will prepare an outline for the Board's review.

8) Miscellaneous

The next meeting will be held on June 20, 2000 by conference call. The call in number for the conference call will be (303)824-0275; password is 4435765.

There being no additional business, the meeting was adjourned at 12:30 p.m. eastern time.