

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

TUESDAY JUNE 20, 2000

Board Members Present:

Bob Hoffman	-	Public Member
David Kreiss	-	Oxford Health Plans
Keitha Lackey	-	Horizon Blue Cross Blue Shield of NJ
Christina Palme-Krizak	-	United HealthCare
Victor Shulman	-	Public Member
Rebecca L. Smart	-	Mutual of Omaha

Others Present:

Fran Cancro	-	SHIP
Gerry Cote	-	Pool Administrators
Angela Edger	-	United HealthCare
Tricia Kaciuba	-	SHIP
Sandi Kelly	-	Horizon Blue Cross Blue Shield of NJ
Bob King	-	Department of Banking and Insurance
Rick Larose	-	Pool Administrators
Mike Malloy	-	Department of Banking and Insurance
Bob Vehec	-	Department of Banking and Insurance

The New Jersey Medigap Under 50 Plan Board met via conference call at 1:30 p.m. (EDT) on ~~Friday, August 18, 2000.~~ *Tuesday, June 20, 2000.*

1) **Minutes**

Several Board members did not receive the Meeting minutes from the Board meeting held on April 12, 2000. The Minutes will be sent out again for review and approval at the next Board meeting. A list of Board members and contact information was included with the April 12th minutes. Any additions or corrections to the list should be sent to Chris Palme-Krizak.

2) **Commissioner Approvals**

The Addendum to the Plan of Operation was sent to Commissioner Suter for approval on May 3, 2000. Approval is pending. The Department of Banking and Insurance is also 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. Horizon indicated that they

submitted the financial report as required on March 1st and that they followed up and submitted an analysis supporting the statutory basis for reimbursement of lost investment income and interest per the Department's request to the Commissioner on April 19th. The approval of the 1999 financials is still pending. The Board discussed the need to finalize these issues, especially the financial analysis, prior to mailing the next assessment.

3) Program Financial Review

1997 Assessment: Rick Larose gave an update on the status of the 1997 assessment. The plan had collected \$691,562 of the \$713,512 assessment for the 1997 plan losses and expenses. Of the 122 carriers assessed, 115 have paid their assessments in full with 7 carriers remaining delinquent in the amount of \$14,984. Several of the carriers with outstanding balances, including Community and Liberty, have been inactive since 1997 and therefore, their balances will be written off.

It is possible that the Medicaid carriers, such as Americaid, and University Health think that they are exempt from assessments. These carriers have been exempted from the individual reinsurance pool in NJ. However, 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. The Board also discussed the exemption for Plus Choice premiums pursuant to 42 C.F.R. Section 422.404. However, only the government portion of the premium is exempt from assessment, not any portion that is consumer/member paid premium. A letter will be sent to all carriers requesting confirmation of premium splits within the next week or so.

1998 Assessment: 101 responses have been received to the market share request for the year ended December 31, 1998 reporting a total assessment base of \$6,817,499,408. Of all the carriers, 46 have not responded at all to the request for information. Rick Larose and Rebecca Smart have been working with carriers who have not responded with market share data.

1999 Assessment: The program has received 789 responses to the market share report for the year ended December 31, 1999. Of these requests, 96 carriers reported a total assessment base of \$4,761,354,737 and 695 carriers have reported no premium. Two carriers have not responded to the request for market share data, generally the same carriers are outstanding for both 1998 and 1999. These carriers are also being contacted by mail or phone as a follow-up to the request for information.

The Board discussed the discrepancies in total carrier responses reported by the Pool Administrator for 1998 and 1999. The 101 carrier responses for 1998 include only assessable amounts. Rebecca Smart commended the pool Administrator for their work on the carrier lists and trying to confirm market share numbers. The Board discussed the list of top carriers who have discrepancies in what they reported for premium versus what they show in their IHC and NAIC reports. The program will use NAIC data if the discrepancies cannot be explained or if we cannot confirm numbers, especially for the smaller companies.

As of June 16, 2000, the Plan had cash of \$18,692.86 and an outstanding liability to United HealthCare for administrative services provided in the amount of \$15,537.90. Blue Cross was

paid in full for 1997 and all other outstanding expenses have been paid other than as noted. Therefore, United will be paid from the cash balance.

4) Horizon Administrator Report

Horizon reported no unusual trends or occurrences for claims; ESRD continues to be the largest claim area. The Medical Loss Ratio is coming in close to projections but they will bring additional information and detail to the next meeting. The monthly premium for the plan is \$136.

There were no consumer issues reported.

5) 1999 Audit and 2000 Assessment

The Board gave authority for Rebecca Smart and Chris Palme-Krizak to negotiate an arrangement with Arthur Andersen for the 1999 audit. The contact from Horizon will be Joan Fusco. Rebecca Smart will obtain assessment amount for the Pool Administrator. Blue Cross is requesting \$975,000. The Board agreed that before a 2000 assessment amount could be finalized, we need to confirm all the audit costs, get an estimate of Pool Administrator costs and obtain the approved net loss amount that could be assessed.

6) Annual Report to the Commissioner

Rebecca Smart will prepare an outline and first draft for the Board's review.

7) Miscellaneous

Bob Hoffman raised an issue of access to the program for Medicare disabled individuals who were not aware of the program and missed their opportunity to enroll. The Board discussed the extensive communication efforts regarding the program when it first opened. Press releases were included in all major publications, special mailings were sent to over 600 people; all county offices were contacted to let them know about the program and the National Kidney Foundations was notified for ESRD enrollees. The Board felt that information was readily available regarding the program and that no exceptions would be made.

David Kreiss also mentioned the impact on the plan from PlusChoice disenrollments. Coverage is available under the BBA, although no specific mention of the program is made in termination letters. The termination letters do include the SHIP number, however, Debbie Breslin also indicated that they would attempt a special outreach to HCFA to obtain the names of disabled enrollees under 50 so that we could send them information regarding the program. The information on the website will also be updated to include information regarding access.

There being no additional business, the meeting was adjourned at 3:00 p.m. Eastern Time.