

MEETING MINUTES OF THE
UNDER 50 MED SUPP PROGRAM BOARD

MONDAY, OCTOBER 29, 2001

Board Members Present:

Pam Bishop	-	Mutual of Omaha
Carol Keating	-	Public Member
Keitha Lackey	-	Horizon Blue Cross Blue Shield of NJ
Chris Palme-Krizak	-	United HealthCare Insurance Company
Victor Shulman	-	Public Member
Rebecca L. Smart	-	Central States Health & Life Co.

Others Present:

Debbie Breslin	-	SHIP
Gerry Cote	-	Pool Administrators
Karl Ideman	-	Pool Administrators
Kyle Johnson	-	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
Dotti Outland	-	United HealthCare Insurance Company
Bob Vehec	-	Department of Banking and Insurance

The New Jersey Medigap Under 50 Plan Board meeting was held via telephone conference, at 10:00 a.m. on Monday, October 29, 2001.

1) Rebecca Smart introduced and welcomed Carol Keating to the Board as the newest Public Board member. The replacement Board member from Oxford has not yet been identified. Rebecca also introduced Dotti Outland from UnitedHealthcare's AARP Division, who will participate as an alternate.

2) Minutes of Last Meeting

The Board reviewed the minutes from the Board meeting held on June 26, 2001. The Minutes were approved by the Board with minor changes. Approved meeting minutes for June 26, 2001 are attached hereto.

3) Review of Assessment Status

- (a) 1999 Losses Assessed March 2001 – The total assessment amount for 1999 Losses was \$1,048,258.99. Of that amount, only \$7,583.95 is still outstanding:

Star Insurance	\$ 39.29
Jefferson Pilot Financial	528.13
Jefferson Pilot Lite America	6,865.64
Jefferson Pilot Life	<u>150.89</u>
	\$7,583.95

Pool Administrators has been in contact with a representative of Jefferson Pilot to discuss their outstanding balance. Horizon was paid in full for 1999 losses: \$950,273.

- (b) 2000 Losses Assessed August 2001 – The total assessment amount for 2000 was reduced to \$1,122,613 due to additional assessment collections of \$40,233. The Commissioner was notified of the final amount on October 22, 2001. The assessment was mailed August 26, 2001. \$1,060,770.80 of the total assessment has been collected. The following amounts are outstanding:

Americhoice	\$17,879.87
Cigna	36,792.62
Employers Ins. Of Wausau	60.70
PFL Life	212.02
Phoenix Home Life	128.51
Principal Life	215.32
Union Labor Life	2,502.08
United States Life Ins. of NY	<u>4,051.02</u>
	\$61,842.14

Rebecca Smart and Gerry Cote have had several discussions with Jasmina Desai from Americhoice. Americhoice continues to dispute their inclusion in the Pool assessments since they disagree that Medicaid premiums should be included. Rebecca referred them to the Department of Banking and Insurance for further clarification. Americhoice has filed a formal request for waiver from the Department. Cigna has agreed to make payment but will make a formal request for waiver of interest, claiming that the payment request was sent to the wrong department within their company, albeit the correct address. Victor Shulman suggested that we request specifics on who they would like future assessment notices sent to in our correspondence confirming that interest would not be waived.

- (c) The Board discussed payment to Horizon for 2000 losses and agreed upon the amount payable pending finalization of the 2000 audit. The amount payable is as follows:

\$1,060,770.80	Assessments collected
<u> x 80%</u>	Maximum amount payable
\$ 848,616.64	Under prior to audit
\$1,055,068.00	2000 losses incurred by Horizon
<u>- 411,203.88</u>	Horizon assessment
\$ 643,864.12	Due to Horizon for 2000 losses
\$ 848,616.64	Maximum amount payable to Horizon prior to audit
<u>- 411,203.88</u>	Already credited to Horizon
\$ 437,412.76	Additional amount that can be paid to Horizon prior to audit
\$ 643,864.12	Due to Horizon for 2000 losses
<u>- 437,412.76</u>	Additional amount that can be paid to Horizon prior to audit
\$ 206,451.36	Amount outstanding/due and payable to Horizon upon completion of the audit

Per the above computations, the Board agreed to pay Horizon \$437,412.76 from the recent assessment collections.

4) Audit Proposal

The Board discussed the bids from Arthur Anderson for the 2000 audit. Audit expenses for 2000 are estimated to be \$34,500. Arthur Anderson quoted an expense of \$52,000 for a two-year audit that would include 2000 and 2001 (\$26,000/year—an annual savings of \$8,000). In light of interest expenses and payment delays, the Board agreed to proceed with the 2000 audit now and reevaluate vendors and expenses prior to the 2001 audit. Keitha Lackey will contact Arthur Anderson to start the audit process. Karl Ideman agreed to supply some names/contact information for other accounting firms that may be available.

5) Financial Reports

Karl Ideman reviewed the financial reports with the Board showing total cash as of September 30, 2001 of \$354,256.

6) Program Review

- (a) Enrollment – The Pool currently has 641 members, which is an increase from 578 in January 2001. There are very few voluntary lapses.

- (b) **Claims** – Kyle Johnson reviewed the claims analysis documents presented to the Board. Thirty-three percent (33%) of all claims over \$5,000 are ESRD related; almost 60% of all claims incurred are for members with ESRD conditions. ESRD and related conditions continue to reflect the largest percentage of losses for the Pool.
- (c) **Administrative Guidelines** – Pam Bishop and Sandy Kelly worked together to prepare draft guidelines incorporating changes from BBA and BIPA. Pam discussed these changes with the Board. Debbie Breslin indicated that the guidelines would be given to consumers for reference. Therefore, the Board agreed to further revise the guidelines with more focus on consumer-oriented education. This will be the primary topic of the next Board meeting, which will include Sandy Kelly and the Department representative who is drafting the new NJ regulations incorporating BBA and BIPA changes.

7) Market Share Report

The market share reporting forms have been modified to simplify the information and include carrier address/contact information which had not previously been included.

- 8)** The next meeting will be held on Thursday, November 29, 2001, at 2:00 EDT/1:00 CDT via conference call. The call-in number is 1-800-937-6016; the access code is 9367107.