

MEETING MINUTES OF THE
UNDER 50 MED SUPP PROGRAM BOARD

FRIDAY, MAY 3, 2002

Board Members Present:

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

Others Present:

Lisa Beck	-	Horizon Blue Cross Blue Shield of NJ
Debbie Breslin	-	SHIP
Sheila Burke	-	Horizon Blue Cross Blue Shield of NJ
Gerry Cote	-	Pool Administrators
Karl Ideman	-	Pool Administrators
Sandy 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
Dotti Outland	-	United HealthCare Insurance Company
Neil Vance	-	Department of Banking and Insurance

The New Jersey Medigap Under 50 Plan Board meeting was held via telephone conference, at 10:00 a.m. EDT on Friday, May 3, 2002.

1) **Rebecca Smart, Board Chair, called the meeting to order at 10:05 a.m. Victor Schulman was the only Board member not in attendance due to prior scheduling conflict. Oxford has not yet appointed a replacement.**

2) **Board Minutes**

The minutes from the November 29, 2001, meeting were approved as circulated.

3) **Financial Statements**

Rick Larose discussed the Balance Sheet as of December 31, 2001. The Program has \$370,122 in cash on hand and amounts payable as follows:

\$206,450	Horizon BCBS payable pending final audit report
\$ 38,000	Accrued audit fees
\$ 21,204	Admin fees payable

The program also has assessment receivables of \$60,781. Rick Larose also reviewed the December 31, 2001, Statement of Loss and Member Account Statement in addition to the Program's cash flows, which shows collections of \$2,178,344 and interest income of \$1,719.

4) Administrative Costs

The Program pays Pool Administrators \$7,000 per assessment plus administrative expenses (mailing, postage, copy and phone charges). The Board authorized payment of the current outstanding bill of \$21,125 for services provided in 2000 and 2001. The Board chair will approve the bill for payment processing.

5) Audit

The Board has received several quotes from Anderson for one- and two-year audit reviews. The Board decided not to delay the audit and originally selected Anderson to complete a one-year audit for \$38,000. In light of recent events, the audit was delayed. Kyle Johnson also reported that Horizon is reviewing its own audit procedures and transitioning to a new audit team for its commercial business. After much discussion, the Board agreed to re-review its decision on the audit team and timing. Horizon will discuss the proposed audit with its local contacts and report back to the Board on possibilities for using PWC or E&Y and conducting a multi-year audit.

6) Program Administrator Reports

Kyle Johnson reviewed several reports submitted to the Board. The total membership at year-end was 665. Revenue included \$1,159,708 from premiums but a loss of \$90,206 in investment income for total revenue of \$1,069,502. Medical and administrative expenses were \$2,280,709 for a net program loss of \$1,211,207 for the year. The program continues to run a medical loss ratio of approximately 186%. A large number of members have ESRD, which accounts for a third of all claims over \$5,000 and 60% of all claims when related conditions are included.

The Board questioned where Horizon was in setting 2003 rates since the Program rates are the same as Horizon's commercial plan C rates. Horizon reported that they are not yet working through 2003 rates, which are set on a calendar year cycle.

The financial report was submitted to the Commissioner. Neil Vance confirmed they have the report and will give it top priority.

7) 2001 Market Share Report

Pool Administrators discussed the status of the market share responses. Only four carriers have not responded, including Prudential, General American Life, New England Life and Reliance Standard. Prudential referred them to Aetna since Aetna is contractually obligated to assume these costs.

8) Administrative Guidelines

A team consisting of members from Mutual, Horizon, United and Central States reviewed and made several recommendations for changes on the administrative guidelines. These changes are reflected in the drafts submitted to the Board and include input from CMS. The Board discussed application of federal laws to commercial Medigap plans and the Program plans, specifically the ability to go back to the "original" plan when losing Medicare + Choice coverage. The Board raised concerns about members coming in from other states and whether they would have coverage. After much discussion, the Board adopted Version 2 of the modified language drafts

with minor changes to the first paragraph going back to the original language: "...is enrolled under a Medicare Supplement policy including the Under 50 plan and terminates enrollment..." This change will be incorporated into Version 2 and a clean draft will be submitted to the Commissioner for approval. The Chair thanked the working group for their efforts in finalizing the Guidelines. Horizon will continue to use the current Guidelines until the new version is approved by the Commissioner, using the new version to fill in gaps as needed.

9) Medicare/New Developments

Debbie Breslin mentioned that the Medicare lock-in requirement starts this year and may have a minor impact on the Program. There was some discussion as to whether Medicare would pick up on multiple enrollments on a timely basis and whether that could then be used by Medigap carriers to determine whether an applicant was eligible for coverage. Follow-up discussions will be held with CMS to determine how they intend to implement the new requirements.

The meeting was officially adjourned when all phones were disconnected. Another meeting will be scheduled in the near future to discuss the Horizon audit and recommendations for assessments.