

EDUCATIONAL/TRANSITIONAL MEETING REGARDING THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT PROGRAM

January 5, 2007

NJ Under 50 Program Board Members Present:
Dotti Outland – United HealthCare “UHC” (Chair)

Others Present:
Laurie May – Pool Administrators, Inc.
Rebecca Smart – Central States Health & Life Company
Taz Samji – UHC (Alternate)
David Cohen – UHC

An educational/transitional meeting regarding the New Jersey Under 50 Medicare Supplement Program (“NJ Under 50 Program”) took place via telephone conference on January 5, 2007 at 10:00 AM (EST).

I. Purpose/Introduction

The purpose of the meeting was to: (1) provide Laurie May of Pool Administrators with a background and overview of the NJ Under 50 Program and (2) transition leadership of the NJ Under Program Board from Rebecca Smart to Dotti Outland.

The educational/transitional meeting began by introducing Laurie May, who will be among those at Pool Administrators assigned to help administer the NJ Under 50 Program.

II. Overview of the NJ Under 50 Program & Supplementary Materials

Prior to the meeting, Rebecca Smart e-mailed materials. She also presented in-depth background and overview of the NJ Under 50 Program. Among the highlights raised in the Overview of the Program (as discussed during the meeting):

- * The NJ Under 50 Program is governed by a Plan of Operations, which also contains “Administrative Guidelines,” as approved by NJ Department of Banking and Insurance (“DOBI”)
- * The Administrative Guidelines specify that all health insurers (in the Medicare Supplement insurance market) guarantee Medicare Supplement coverage to persons who are under the age of 50, disabled, and eligible for Medicare.

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- * Horizon BlueCross/BlueShield is the carrier contracted for providing the Medicare Supplement coverage to NJ's eligible under 50 population (at an open market rate).
- * Horizon annually reports its losses to the DOBI (and it is formally reviewed and approved by DOBI)
- * Market Share reports of all carriers are reviewed (but not approved) by DOBI and market share assessments are capped at 35 percent of the reported gross Medicare Supplement premiums in the state.
- * Pool Administrators provides administrative services and is responsible for collecting market share reports, mailing and collecting assessments and handling the operating funds of the Program.
- * Horizon is reimbursed at a maximum of 80 percent of the assessments collected until an independent audit completed and approved by the Board.
- * The independent audits for both Horizon and Pool Administrators are traditionally performed every two years.

A copy of the Program Overview, both developed and presented by Rebecca Smart is included with this document.

III. Outstanding Issues

Throughout the overview of the Under 50 Program several issues were raised.

- a) **2004 Market Share Report (Discrepancies):** 5 carriers (AmeriChoice, Amerihealth, Celtic Life, Cigna, and Connecticut General Life Insurance) had premiums that differed from the 2004 Market Share Report. Gerri Cote, who recently retired from Pool Administrators, was handling this issue. It was agreed that Rick Larose (also of Pool Administrators) should look at the assessments and that a credit should be given for any overpayment. The Board will likely not follow up with Amerihealth, which has a liability of approximately \$50.
- b) **2005 Program Losses:** DOBI has not yet approved Horizon's (due 3/1/06) 2005 program losses. Rebecca Smart mentioned that she had previously been in correspondence with Neil Vance of DOBI (who is responsible for approving the NJ Under 50 Program's reported program losses). It was suggested that someone on the Under 50 Board follow-up with Neil Vance regarding the current status of the 2005 program loss approvals.
- c) **Application Approval:** Correspondence with Sandi Kelly of Horizon indicates that the DOBI has not yet approved the Under 50 Enrollment Application. Dotti Outland agreed to contact Michael Malloy of DOBI to determine the status, as well as determine if there were any recent changes to the Application.

IV. To-Do List

At the conclusion of the meeting, participants agreed to follow up with several items. Below are the items completed and pending (as of 1/10/07)

Items Completed:

- * 1-page document outlining background and description of the NJ Under 50 Program (assigned to Rebecca Smart). The document was e-mailed to meeting attendees and Rick Larose on 1/5/07.
- * Master List of Board Members and Advisors (assigned to Rebecca Smart). The document was e-mailed to meeting attendees and Rick Larose on 1/5/07).

Items Pending:

- * Address the discrepancies in the 2004 Market Share Report (assigned to Rick Larose)
- * Confirm the status of the 2005 Market Share Report (assigned to Laurie May)
- * Follow up with Neil Vance (of the NJ DOBI) on the status and expected approval of the 2005 report of program losses (assigned to Dotti Outland)
- * Discuss with Neil Vance the possibility of moving forward with a 2006 losses report (assigned to Dotti Outland)
- * Contact Mike Malloy (of the NJ DOBI) to determine status of Under 50 Enrollment Application (assigned to Dotti Outland)
- * Send Dotti Outland a copy of the year-end financial report (assigned to Rick Larose).
- * Fill the open consumer representative position on the Under 50 Board