

FINAL
MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT
PROGRAM BOARD
May 16, 2017

Board Members Present:

Tom Kowalczyk – Chair, Aetna
Steve Kane – Vice Chair, UHC
Jackie Duddy – Horizon (Contracting Carrier)
Crystal Wyland – Transamerica
Ron Ouellette – Public Representative
Pat Walsh – Public Representative
Brendan Peppard – DOBI

Others Present:

Ellen DeRosa, Executive Director, IHC/SEH Programs
Rosaria Lenox, Managing Financial Officer, IHC/SEH Programs

This meeting was held at 1:30 p.m. in the 11th floor conference room at the Department of Banking and Insurance. Some members participated by phone. Voting was by roll call.

I. Minutes of March 21, 2017

T. Kowalczyk made a motion, seconded by B. Peppard to accept the minutes of March 21, 2017, as amended. By roll call vote, the motion carried.

II. Final Assessments for CY2013 Losses -- Update

R. Lenox reported that 100% of the monies assessed have been collected. Thus there will be no charges for late fees for the 2013 assessment.

T. Kowalczyk made a motion, seconded by S. Kane to authorize transfer of funds totaling \$3,610,529 from Treasury to the SEH Board's Wells Fargo checking account for the purpose of paying to Horizon, the contracting carrier of the Medicare Supplement Under 50 Program, the audited losses incurred by the contracting carrier for CY2013 (\$7,546,751), reduced by the contracting carrier's own liability for such losses (\$3,936,222). By roll call vote, the motion carried.

III. CY2012 Late Fees

R. Lenox reported that eight carriers paid the 2012 assessment more than 45 days after it was due. Late interest accrues from the date of the invoice. Three of the eight would owe a late fee of \$10 or more and R. Lenox recommended that those carriers be billed. Several carriers anticipated a late fee in the payments that were made and those anticipated payments have been taken into consideration.

T. Kowalczyk made a motion, seconded by S. Kane to recommend to the Commissioner of the Department of Banking and Insurance to issue invoices for the late fees for the 2012 assessment. By roll call vote, the motion carried.

IV. Thinking Ahead to CY2020

E. DeRosa reminded the Board that Plan C will no longer be available starting in 2020. Board members shared a number of comments and suggestions regarding how the Board might recommend proceeding.

- Plan C is a guaranteed issue plan. Any replacement should be a guaranteed issue plan.
- Plan D is essentially the same as Plan C, with the difference being the Part B deductible.
- The disabled population should have access to a comprehensive plan.
- Some applicants find the premium for the most comprehensive plan unaffordable. The opportunity to select a less expensive alternative such as Plan N should be offered.
- Since all applicants are disabled the Board thinks offering two plans, one rich and one less rich, would not pose an adverse selection risk.
- One Board member offered to gather information regarding the offering of two plans in other states.
- The Board agreed that the existing structure that spreads the risk of the under 50 disabled population across all carriers is effective and appropriate. The Board noted that requiring all carriers to sell plans to the population could produce significant losses for any carrier that markets the plans and has competitive rates whereas other carriers could effectively price themselves out of the market to avoid the losses.

The current contract with the contracting carrier, Horizon, addresses the offering of Plan C. If the existing structure using a contracting carrier is to be used in 2020 it would be necessary to have discussions with Horizon to determine whether it is willing to continue as contracting carrier. A new or amended contract would be necessary. Additionally, Horizon does not currently have a Plan D. J. Duddy agreed to raise the necessary questions with her company.

V. Close of Meeting/Next Meeting

T. Kowalczyk made a motion, seconded by S. Kane to adjourn the meeting.

The meeting closed at 2:07 P.M. The next meeting is scheduled for July 18, 2017 at 1:30 P.M.