

**FINAL**  
**MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT**  
**PROGRAM BOARD**  
January 15, 2019

**Board Members:**

Absent – Aetna (HMO) – Dudley Gerow  
Present – UHC (Med Supp writer) – Steve Kane (Chair)  
Present – Horizon (Contracting Carrier) – Jackie Duddy  
Present – Transamerica (Med Supp writer) – Moshe Nelkin  
Present – Public Rep – Ron Ouellette  
Absent – Public Rep – Pat Walsh  
Present – DOBI Rep – Philip Gennace  
Vacant – AHIP Rep

**Staff Present:**

Ellen DeRosa, Executive Director, IHC/SEH Programs  
Christine Machnowsky, Deputy Ex. Dir., IHC/SEH Programs  
Chanell McDevitt, Deputy Ex. Dir., IHC/SEH Programs  
Rosaria Lenox, Managing Financial Officer, IHC/SEH Programs

**I. Call to order**

The meeting was called to order at 1:30 P.M. in the 11<sup>th</sup> floor conference room at the Department of Banking and Insurance. Most members participated by phone.

**II. Minutes of December 4, 2018**

**S. Kane made a motion, seconded by J. Duddy, to accept the minutes of December 4, 2018, without amendments. By roll call, the motion carried.**

**III. Rules of the Medicare Supplement Under 50 (MSU50) Program**

S. Kane noted that the Board had completed its review of the draft MSU50 rule amendments presented by staff at the December meeting, but that several questions had been raised and were not yet resolved, and he suggested that the Board deal with each separately.

**Could a person determined in 2020 to have been entitled to Medicare prior to 1/1/2020 be eligible for Plan C, Plan D, or either?** It was agreed that individuals who fall into this scenario should have the option to buy either Plan C or Plan D. The Board noted:

- The situation is of limited duration, applying only during the transition year, and further, would arise for a very limited number of people, resulting in a very small population for whom an exception to the typical rule would apply.

- MACRA does not prohibit the sale of Plan C to anyone entitled to Medicare prior to 1/1/2020 (due to disability or End Stage Renal Disease), regardless of when the determination of entitlement is made.

**Could those who currently have Plan C buy Plan D instead, and if so, when?** It was agreed not to permit current Plan C enrollees to switch, with the following being noted:

- In 2010, when Medicare Supplement plans changed primarily due to changes in Medicare benefits, in-force blocks of business were segregated from the newer blocks of business for the same-named plans for rating purposes, resulting in differences in premium. The State did not permit people already covered under an MSU50 plan to buy the less expensive version of Plan C even though many wanted to do so, because the introduction of new plans was not a guaranteed issue event. There were some unhappy customers.
- Plan D likely will have lower premiums than Plan C because Plan D has less benefits than Plan C (as Plan D has no coverage of the Medicare Part B deductible), so individuals who would switch to Plan D would be buying down (not buying up), and agreeing to lesser coverage.
- Allowing individuals already covered under Plan C to buy into Plan D would likely erode existing Plan D experience more quickly than if switching is not permitted.
- Allowing Plan C enrollees to switch to Plan D is likely to result in more rapid deterioration of the existing experience for Plan C, not just Plan D.
- Upon attainment of age 65, the enrollees will have a guaranteed issue opportunity and those who prefer Plan D may select it at that time.

**Should Medicare Select references be removed from the rules?** It was agreed that the references should be retained, with the following being noted:

- Although Medicare Select products (which require the use of certain networks of hospitals in exchange for a waiver of the hospital deductible) are not available in New Jersey, and have not proven popular elsewhere, it is still considered a form of creditable coverage, and should probably be retained on that basis for the occasional individual who may relocate to New Jersey.

The question arose as to whether the Board may want to consider some flexibility in the interest charge on late payments, but staff pointed out that the rate being used is long-standing, is used in other programs, and has proven to be a good incentive in obtaining payments.

J. Duddy and S. Kane indicated they had additional comments on the written draft which they would forward to staff. Other Board members were invited to submit written comments/questions. Staff stated they would incorporate most changes and recirculate a revised draft for further review prior to submitting anything to the Department of Banking and Insurance for consideration. E. DeRosa stated that any comments or questions that seem to warrant further discussion will be presented to the Board.

The question arose as to whether the rules for the MS50+ program will also be revised, and whether the rules will substantially mirror those of the MSU50, to which it was noted that ultimately, the decision of whether and how to amend the rules for both programs rests with the Department, but

that the Board – which is advisory only with respect to the MSU50 Program – could certainly recommend that the rules be substantially similar.

#### **IV. Loss reimbursements**

R. Lenox confirmed that money to reimburse Horizon for its MSU50 losses had been deposited directly into the Horizon account, and that the Board is as caught up on its financial obligations as it can be. She reminded the Board members that Horizon is required to report its losses and other costs no later than April 1 annually.

#### **V. Other issues**

M. McGeary stated that there have been an increasing number of complaints with the SHIP and Offices on Aging now that Horizon is no longer offering a Medicare Supplement plan without underwriting for the 65+ population, and questions as to whether the State requires at least one carrier to guarantee issue Medicare Supplement plans. One Board member noted that there seem to be only a few states – not including New Jersey – that require there be a carrier of last resort, but that the rates for such products tend to be higher.

#### **VI. Close of Meeting**

S. Kane made a motion, seconded by R. Oulette, to close the meeting, and by roll call vote, the motion carried.

*[The meeting adjourned at 2:10 P.M.]*