

**FINAL**  
**MEETING OF THE NEW JERSEY UNDER 50 MEDICARE SUPPLEMENT**  
**PROGRAM BOARD**  
July 16, 2019

**Board Members:**

Absent – Aetna (HMO)  
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 February 26, 2019**

**S. Kane made a motion, seconded by P. Walsh, to accept the minutes of February 26, 2019 without amendment. By roll call vote, the motion carried.**

**III. Audit of the Contracting Carrier for CY2018**

E. DeRosa stated that the audit of Horizon for the CY2018 losses has begun, with the auditor performing field work currently. She noted there is no projected date of completion yet.

**IV. New Audit Contract for CY2019 and Fiscal Year Audits**

E. DeRosa stated that the contract with the current auditor ends with the conclusion of the CY2019 Contracting Carrier audit (to be performed in 2020) and the FY2019 administrative audit (to be performed in 2019), and staff believed combining the search for another auditor for the MSU50 Program with the more immediate audit needs of the Individual Health Coverage (IHC) Program and the Small Employer Health Benefits (SEH) Program –which need administrative audits – might encourage more interest among potential vendors. She explained the following:

- A joint Scope of Work (SOW) was distributed to the vendors contracted with Treasury under T-2458 (a blanket contract for audit services), and one bid was received, so, in

accordance with EO-122<sup>1</sup> an Evaluation Committee was formed to review the proposal and make a recommendation to the respective audit committees of the IHC, SEH and MSU50 Boards.

- Because of the requirements of EO-122, the configuration of the Boards, and the exclusion of Horizon from the selection process due to its status as the Contracting Carrier for the MSU50 Program, staff suggested that the Evaluation Committee be composed of Aetna, United, and the DOBI.
- The Evaluation Committee met, and recommended awarding the engagement to the applying vendor.
- The IHC Board's Operation & Audit Committee met and agreed with the Evaluation Committee's recommendation; the IHC Board agreed with the recommendations of both committees, and approved the award.
- The MSU50 Program's Audit Committee met and agreed with the Evaluation Committee's recommendation, and recommends awarding the engagement to the applying vendor, finding the vendor's proposal reasonable and the vendor well-qualified.
- The SEH Board's Finance & Audit Committee also met and agreed with the Evaluation Committee's recommendation; the SEH Board is scheduled to meet on July 17.
- Because the SOW was issued jointly, all Boards must be in agreement or the award will not be made.

E. DeRosa further explained that the hourly rates are the same for each Board, but that the hours and/or level of professional services needed for the projects vary, and have been broken-out by the vendor accordingly. She noted the Boards will be billed separately for the work done for their respective projects. She also noted that the sole applying vendor is already familiar with the MSU50 Program and the Contracting Carrier.

**S. Kane made a motion, seconded by P. Walsh, to engage WithumSmith+Brown consistent with the terms of the SOW to perform audits of the MSU50 losses of the Contracting Carrier for calendar year 2020, and to perform audits of the administration of the MSU50 Program for fiscal years 2020 and 2021.**

#### **V. Assessments for CY2018 Losses**

E. DeRosa stated that all market share reports for the MSU50 Program for calendar year 2018 have been received, and carriers have answered any questions staff had regarding information in the reports, so as soon as the CY2018 loss audit is completed, assessments can be determined and presented to the Board for review.

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

*The meeting adjourned at 1:45 P.M.*

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<sup>1</sup> Issued by Governor McGreevey.