

NEW JERSEY UNDER 50 PLAN BOARD MEETING JUNE 11, 1997

Present:

Kara Navarro	-	Bankers Life & Casualty Company
Tom Rinaldi	-	Blue Cross/Blue Shield of New Jersey
Art Herman	-	Prudential
Rebecca Smart	-	Mutual of Omaha Companies
Bob Vehec	-	New Jersey Department of Banking & Insurance
Bob King	-	New Jersey Department of Banking & Insurance
Fran Smith	-	New Jersey Department of Banking & Insurance
Victor Shulman	-	Public Member
Trish Kaciuba	-	CHIME

The meeting of the New Jersey Medigap Under 50 Plan Board convened at 10:00 a.m., in the 12th Floor Conference Room of the New Jersey Department of Banking and Insurance. Kara Navarro and Tim Rinaldi participated via conference call. A quorum of members were present.

Kara Navarro announced she will be leaving Banker's Life & Casualty at the end of June. There was discussion that the position held by Kara was a Banker's position that would remain and hopefully filled by another representative of the company. Kara stated that at this time Eileen McNamara would be assuming Kara's duties relating to this Board and that she (Kara) would be recommending Eileen be the named representative from the company. However, Eileen has not had significant exposure to this type of Board and Kara recommended we consider naming a new Chair.

Tom Rinaldi began a discussion of the reports of the Program to be prepared for review by the Board. He stated that because of the initial 3-month pre-existing condition limitation, claims activity for the first quarter has been limited. (A total of \$6,000 in claims have been paid.) Tom also asked the Board to consider how often the reporting should be done.

There are currently 241 subscribers under the program and no pending applications. There was a discussion by Board Members as to whether there should be an extension of the July 1, 1997 deadline for those currently eligible for Medicare to enroll and/or whether further notice of the deadline be given. There was a general consensus among members that in light of the fact between the 350-400 kits that had been mailed and the inquiries fielded, no further action was needed. By motion made by Kara Navarro and seconded by Victor Shulman, the Board voted unanimously to take no further action.

The minutes of the February 18, 1997 Board meeting were reviewed and approved by motion made by Kara Navarro, seconded by Victor Shulman.

The next agenda item was to review legislative activity. Bob King reported there was not any current state legislation that would affect the program. There was a discussion lead by Rebecca Smart and Kara Navarro regarding the guaranteed renewability provisions of the Federal Health Insurance Portability & Access Act of 1996 which HICFA is interpreting to

require carriers to continue coverage under major medical plans for individuals eligible for Medicare. Thus, continued coverage under a major medical plan is another option for Medicare eligible individuals under age 50. This would include continued coverage under the standard plans of the New Jersey Individual Health Coverage Program.

The Board then discussed the situation of an individual seeking Medigap coverage through the Program who also has coverage as a dependent under the spouse's group medical coverage. The question is whether the individual can have both coverages. It was recognized that in the case of a retiree, OBRA allows continuation of the employer plan and coverage through a Medigap plan. Board members were uncertain of the answer in a non-retiree situation. Tom Rinaldi will seek legal advice on the issue and the Department of Banking & Insurance will also review. The individual had been asked by the Department of Banking & Insurance to submit her request in writing so it will be handled as a Department inquiry.

Tom Rinaldi raised a question regarding the handling of requests for reinstatement if coverage lapses after the grace period for non-payment of premium. This situation had not occurred, however, Tom wondered if the Board had addressed any practice to be put into place. This issue of how to handle reinstatements had not been addressed by the Board. Tom was asked to describe Blue Cross's procedures used to notify individuals of past due premium amounts. He reported that subscribers are notified over 30 days in advance of a premium due date. Once the due date is reached and no payment has been received, a notice is sent within 10 days, followed by a second notice and if there is still no payment by the end of the grace period, a final notice is sent. In actuality, an individual is given about 45 days of "grace." It was felt that the incidence of this happening was low as most insureds under the Program were very aware of the value of keeping this coverage in force. It was the consensus of the Board members that Blue Cross' procedure be used in administering the Program plans as they provide adequate notice and opportunity. Reinstatement would not be allowed unless there were special extenuating circumstances.

Tom then reviewed a proposed claim report that is being generated. This report is by individual subscriber and shows claim processing time, diagnosis and payments. This report will provide the Board an overview of processing time, volume, claim activity and severity. He also reviewed a financial report showing premium data. He will send copies of these proposed reports to Bob Vehec for his review along with an explanation of how it is perceived they will be used.

Tom then discussed how Blue Cross is considering developing their administrative costs for the Program. At this time, they feel it would be best to develop and use a unit cost per enrollee. One reason for using a unit cost is that they are unable at this time to isolate statistics for telephone calls relating to this Program, although they are able to do so for other workloads. They do not have specific staff dedicated to handling only this Program -- it is blended into the workload of all of their Medigap processing. A unit cost per subscriber has been developed for their own Medigap business. Tom's proposal was to use that as a starting point and add the additional cost of higher utilization (more claims, processing and calls) for these subscribers. It was clarified that the unit cost to be used as the base (Blue Cross/Blue Shield's cost) did not include marketing costs of their program. Tom stated the unit cost included only servicing of the business. It was agreed that Tom would prepare a proposal including detail regarding the unit cost approach and submit it to Bob Vehec. Bob and the carrier members will review for further discussion and finalization of a method at the next Board meeting.

The Board then discussed its membership and reviewed the make-up as prescribed by the law. It was determined that in as much as Prudential would no longer be in the business by year-end, United HealthCare should be approached and asked to serve. Bob Vehec will follow up with a contact there. The other open seat is for an HMO in the market. The HMO Association had been approached and it is anticipated an HMO willing to serve will be recommended.

Finally, the Board discussed timing of the 1997 assessment for Program administrative costs and losses. The time for reporting and assessing are set forth in Appendix 2 of the Program contract with Blue Cross/Blue Shield. Premium, loss and expense numbers from Blue Cross/Blue Shield are due by March 1 of 1998 with billing to carriers to be in May. The carriers to be assessed are the same as those who are assessed by the Individual Health Coverage Program Board. There had been earlier discussions regarding asking that Board if their administrative office could handle the billing and collecting for us. There have been no discussions with that Board and/or its administrator because the Executive Director of the administrative office is leaving. Rebecca and Bob Vehec will talk to the administrative staff and take the request to the IHC Board prior to this Board's next meeting.

Before adjournment, Rebecca Smart was asked at the unanimous request of the Board to serve as Chair. She agreed to serve the Board in that capacity.

The Board agreed the next meeting would be held in early October with an exact date and time to be determined later.

The Board meeting adjourned at 11:40 a.m.

Approved at 11/13/97 Board Meeting.