

**NEW JERSEY UNDER 50 MED SUPP PROGRAM BOARD
MEETING MINUTES - OCTOBER 15, 1997**

Present: Bob Vehec - Department of Banking & Insurance
Bob King - Department of Banking & Insurance
Mike Malloy - Department of Banking & Insurance
Tom Rinaldi - Blue Cross/Blue Shield
Tiziana Capenegro - Blue Cross/Blue Shield
Bob Hoffman - Public Representative
Rebecca Smart - Mutual of Omaha

The meeting was commenced at 10:00 a.m., in the 12th Floor Conference Room of the Department of Banking and Insurance. Items reviewed and discussed were as follows:

1. Plan of Operation

- (a) Rebecca inquired as to whether or not the Plan of Operation had ever been approved by the Commissioner. Bob King reported it had been and gave Rebecca a copy of the Commissioner's approval letter dated November 26, 1996.
- (b) Rebecca reported that the Plan of Operation calls for reports of Board meetings to be submitted to the Commissioner within 30 days of a Board meeting. A procedure will be put in place for that to occur in the future.
- (c) The Board positions were reviewed. The Board is to be made up of 8 members as follows:
 - 2 Carriers that are Med Supp writers in the State
 - 1 HMO in the State
 - 1 Carrier Nominated by HIAA
 - 2 Public Members
 - 1 Representative of the Department of Banking & Insurance
 - 1 Representative of the Contracting Administrative Carrier

Rebecca will continue to follow up with United HealthCare, Oxford Health and Banker's for carrier representation.

- (d) The assessment mechanism and formula were discussed. It was noted that the formula is not identical to the assessment formula for the Individual Health Coverage Program. The carriers to be assessed are the same (every insurer and HMO providing health benefit plans or contracts), however, the calculation of net earned premium includes Medicare Supplement, Medicaid, Health Start and Medicare cost and risk premiums which are excluded in the IHC calculation. Bob Vehec will review the formulas.

There was discussion that although the IHC administrative staff may be able to provide guidance, actual assessment calculation and collection would create too much of a burden on their time. Alternatives discussed were to hire a third party or possibly contract with BC/BS. Bob King and Rebecca agreed to work with Ward Sanders of the IHC program to detail the work involved.

It was noted the Program does not currently have any capital with which to enter a contract.

Tom Rinaldi will review the experience of the Program to date and obtain an actuarial determination of proposed losses to help evaluate the necessity of an assessment.

The Administrative Contract was reviewed and it was determined that the start up costs incurred by BC/BS could be carried forward (if acceptable to the Blues) if there was no assessment.

We reviewed the premium structure under the Program. The premium for Plan C is identical to that charged by the Blues for their Plan C. That rate is currently \$105/month. To the extent losses exceed 75%, they are assessable. This rate reflects the Blues last approved rate implemented in April of 1996. 1997 rates are currently pending.

Tom reported that through September, 1997, there were 295 policies issued, 3,717 claims paid totaling \$144,381.00.

2. Administrative Issues

- (a) Tom raised an issue with billings from providers which show an excess over what Medicare allows. He will talk to Debi Breslin from CHIME to get more input.
- (b) There was a discussion regarding the need for a grievance procedure and notification of the procedure to be sent with coverage cancellations and claim denials. The group felt that Blue Cross should keep track of complaints, work with the DOBI as appropriate and report to the Board on a regular basis. Any issues needing to be addressed beyond the BC and DOBI handling would be deferred to the Board.
- (c) There was a question regarding what happens to an insured at age 65 under this program. Bob Vehec stated there was a rider which attaches to the special Plan C which allows the insured to move to a carrier in the market and which also addresses what these Plan choices are.
- (d) Finally, there was a discussion of the new Federal law affording Medicare coverage choices and the need for the Board to review applicability to the disabled.

Approved at 11/13/97 Board Meeting.