

**New Jersey
Association of
Health Underwriters**

203 Towne Centre Dr.
Hillsborough, NJ 08844



NJAHU News

www.njahu.org

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Welcome 2008-09 Board Members

President:

Richard Wheeler

President-Elect:

David Oscar

Vice President:

TBD

Treasurer:

Dutch Vanderhoff

Secretary:

Kathy Burton

Immediate Past President:

Nicole Gunia

Chapter Presidents

North Chapter:

Kate Skilton

Northwest Chapter:

Jim Stenger

Central:

Steve Honig

Monmouth-Ocean Chapter:

Desmond Slattery

South Chapter:

Kathy Burton

Upcoming Events

Tiki Bar Night

July 31, Point Pleasant

Golf Outing

Sept. 8, Sparta

Continuing Education

Sept. 23, Cherry Hill

Golf Outing

Sept. 24, Lafayette

NJAHU Celebrates "Sweet Little Victory"

NJAHU has faced a monumental battle in Trenton over the last two months that directly threatened the livelihoods of our members. Legislation was introduced that would make our commissions variable, and, ultimately force many of us out of the business.

In response to these proposed laws, NJAHU launched an intensive and strategic campaign to educate key lawmakers about the pitfalls of such legislation. The tireless efforts of David Mordo, Doug Lubenow and other dedicated NJAHU members paid off in June.

Both houses of the State Legislature adopted health insurance reform bills that DID NOT include language pertaining to variable commission. The bills are S1557 and A2624.

"And, thus, for the time being, we can claim a sweet little victory for NJAHU," Mordo said.

The legislation passed with an increase in the

MLR to 80 percent, as well as a 15 percent cap in premium increases for three years in the individual market.

The NJAHU lobbying efforts underscored the importance of our organization to the entire industry. While our members include only a relatively small number of brokers in New Jersey, our response was immediate and our efforts safeguarded all health insurance brokers who work in this state.

"Just imagine what an impact NJAHU would have in the industry if more brokers were members," said Nicole Gunia, Immediate Past President of NJAHU. "We urge you to tell your colleagues about our important win and urge them to get involved. With more members, our voice in New Jersey affairs can not be ignored and we can ensure that the issue of variable commissions will not rise again."

Much appreciation is extended to the NJAHU legislative team, whose strategic thinking, experience and diligence made all the difference.

New Jersey Expands Health Insurance

Gov. Jon Corzine has signed a bill that will move the state one step closer to universal health care.

The bill has two major components: It allows an additional 20,000 middle-class parents to buy low-cost health insurance through the state's FamilyCare program; and it requires all parents to buy health insurance for their children.

About 1.5 million New Jerseyans lack health insurance, or about one in seven. Of that 1.5 million, about 275,000 are children. This bill is the first stage of a larger goal of requiring all New Jerseyans to have insurance by 2011.

The mandate will begin in one year. Parents who can't afford the insurance premiums can apply for state help. It doesn't specify the penalty if parents don't sign their children up.

When uninsured children show up in emergency

rooms, hospitals will be required to see if they qualify for FamilyCare or Medicaid and will be prohibited from submitting charity care claims for the group.

FamilyCare provides free or low-cost health care to 122,525 children and 89,050 adults. It currently costs \$535 million per year. In 2002, when the state opened the program to parents making up to \$27,645 for a family of four, charity care expenses fell by \$100 million. The new plan increases the income cap to \$42,400, and is expected to cost an additional \$8 million.

The bill doesn't affect a huge amount of people, because only 5 to 8 percent of hospital patients are children, said Assemblywoman Joan Quigley, vice president for external affairs at Hoboken University Medical Center and a member of the Assembly's health and budget committees.

HIAPAC Works for You

Our Political Action Committee (Health Insurance Agents Political Action Committee) makes contributions to legislators influential in the healthcare arena. This is your very own PAC, working for you. Log on to www.njahu.org to learn how to contribute.

HIAPAC Needs You to Keep Up the Fight

In the last two months, the enormous value of HIAPAC was evident.

The New Jersey Department of Banking and Insurance had proposed language that would make our commissions variable. With the assistance of HIAPAC, the NJAHU played a key role in ensuring this proposed legislation did not see the light of day.

HIAPAC has been a key toward getting NJAHU to the table, but we need more funds to keep on fighting and ensure we keep a seat at the table. Please consider a donation to HIAPAC – which, please remember, is your Political Action Committee.

Please log on to www.njahu.org to learn how to donate. And, please log onto the association website for legislative updates, as we continue to fight for our industry in Trenton.

To learn more about how you can get involved in NJAHU legislative affairs – or to attend your legislators' fundraising events – please contact David Mordo at davemordo@aol.com.

President's Message

It is that time of year when we pass the gavel to the next president of the New Jersey Association of Health Underwriters. This year, it is Richard Wheeler of Monmouth County.

I wish Rick much luck and success in the 2008 - 2009 year. Working with a dedicated Board of Directors, I am sure Rick will conquer the challenges that will be faced as we all work together to take the Association to the next level.

My experience as NJAHU president for 2007 - 2008 came with a slew of challenges that the Board of Directors addressed proactively. I am proud to say the stature of the NJAHU has been elevated over the past year. We have earned a seat at the table at a time when our elected officials discuss and debate significant health care reform.

During my tenure as president, there have been meetings with the state Department of Banking and Insurance, state and federal legislators and their staff, and potential new members. We have had a large contingent at Capitol Conference to lobby our Congress members, we have negotiated new contracts for our vendors and we have moved the annual conference to a new (and better) venue in Atlantic City.

During my presidency, it seemed that everything converged at one time. We fought a state proposal to make our commissions variable, we moved to a new professional management firm. We hired a new lobbyist and public relations firm. We re-introduced the NJAHU newsletter – and introduced an online e-newsletter. We launched an intensive member recruitment plan. We fought hard for this industry in Trenton, and, in the end, we really turned a corner.

I have gained more knowledge and experience this past year than in any year since I attended graduate school. I also admit that I had plenty of fun in the process.

The job of NJAHU president is much more than a title. It is about building trust in others, making sure the association is saying the right thing at the right time, and ensuring the results are advantageous to our members.

If you have not yet become active in NJAHU, think about the enormous value you can provide the industry by lending your voice to one of our committees or task forces. Your thoughts and opinions will be valued, and I promise that you will find your experience in NJAHU very fulfilling.

It has been that way for me.

Nicole E. Gania

A Note About the 2008 State Conference

Thank you to the many who attended the NJAHU conference in the spring, as your ongoing participation provides enormous support for the association. These are very challenging times in our industry, but working together we can make a substantial difference.

Life and health insurance agents and brokers from across New Jersey and New York attended the Atlantic Regional Life and Health Underwriters (ARLHU) Annual Conference & Exhibition, held at the Trump Taj Mahal in Atlantic City.

The event was hosted by the New Jersey Association of Health Underwriters (NJAHU), New Jersey Association of Insurance & Financial Advisors (NJAIIFA) and the New York State Association of Health Underwriters (NYSAHU).

More than 500 attendees heard and learned from a variety of speakers and experts, including

David Woods, president of LIFE (Life Insurance Foundation for Education) and past CEO of NAIFA. Continuing education topics ranged from single-payer and medical reimbursement to long-term care partnerships. Nearly 100 exhibitors showcased their products and services, and a grand banquet provided an opportunity to recognize award winners from all three associations. Photos of attendees, sponsors, exhibitors, speakers and players at the event's annual golf outing are uploaded to www.njahu.org. Check them out.

We look forward to seeing you at next year's conference, scheduled for May 13 and 14, 2009.

As we begin to plan next year's event, please contact David Oscar with any comments or suggestions for how we can make it even bigger and better. He can be reached at 973-439-0200 or david.oscar@altigro.com.

Chapter News

Central

The Central Chapter recently hosted Karen Pribush, of AETNA, as a guest speaker for its June meeting. More than 20 members met at the Omega Diner in North Brunswick to hear Ms. Pribush discuss recent changes in the law that affect HSAs and HRAs. It was an educational experience for all members.

The Central Chapter will take a break during July and August and reconvene in September. Chapter President Steve Honig encourages all members to enjoy their summer and to be ready to meet in the fall.

Monmouth-Ocean

The Monmouth-Ocean Chapter is happy to announce its new president, Desmond Slattery of John J. Slattery Associates, Inc., has taken office. He took over for Theresa Semple, of Customized Benefit Solutions, Inc., effective July 1.

Summer is an exciting time for the Monmouth-Ocean Chapter. It recently held its golf outing at the Eagle Ridge Golf Club in Lakewood. A full compliment of members participated in the shotgun-start, best-ball event. Prizes were awarded and a complete dinner was served after the event.

"The golf outing is the main fundraiser for the Monmouth-Ocean Chapter this year," Monmouth/Ocean President Desmond Slattery said. "We'd like to thank everyone who participated for their support."

The chapter also re-introduced its Tiki Bar Night this year, an annual event which took a one year hiatus. The event will take place on July 31 from 4 p.m. to 8 p.m. at Martell's Tiki Bar in Point Pleasant. The cost is \$25 per person. Guests are welcome, but the event is limited to the first 100 people who sign up. For more information, contact Roy Pokorny at 609-708-2342.

North

The Northern NJ Chapter is proud to announce that Katie Skilton, of Aetna, is the Chapter President. The chapter looks forward to an excit-

ing year under her guidance.

The chapter held a Continuing Education class at the Palazzo in Montclair on July 17. Members in attendance sipped cocktails after learning about recent federal changes in Medicare.

The Annual Golf Outing is scheduled for Sept. 24 at Farmstead Golf & Country Club in Lafayette. Members have shown a lot of interest in the golf outing this year, so those who haven't reserved a spot should contact Jim Lardiere at jimlardiere@savoyassociates.com. He can answer questions about pricing, registration and sponsorships. Even at this early stage, the outing is shaping up to be a success.

Northwest

The Northwest Chapter held a Continuing Education class at Perkin's Restaurant in Budd Lake on May 13. An Aetna specialist discussed senior care with the assembled group members. The chapter also held inductions for new officers on July 15. If anyone is interested in serving on the board, please contact Jim Stenger at Jims@nas-info.com.

The chapter will hold its golf outing on Sept. 8 at the Lake Mohawk Golf Club, in Sparta. Please contact Marilyn Stenger at 973-879-8353 or mvs1256@yahoo.com for details.

South

The South Chapter is proud to announce it has a new president, Kathy Burton of Aetna, who recently took over for Mark Wilderotter of Savoy Associates.

The chapter held a Continuing Education course on May 20 at the Mansion in Voorhees. Joan Fusco, of Savoy Associates, presented the two-credit course on health continuation rights to chapter members.

There are no chapter events scheduled for July or August. The next event will be a Continuing Education course at Ponzio's Diner in Cherry Hill on Sept. 23. Until then, President Burton wishes all chapter members an enjoyable summer.

Go Online for CE Training

The NJAHU, in partnership with RegEd, now offers Insurance Continuing Education online. Members can purchase advanced courses and receive a free certificate of completion.

This is a great professional resource for education, information and advocacy.

There is a comprehensive course library of more than 150 continuing education courses that covers the industry's hot topics and important regulatory issues. Go to www.njahu.org for more information.

The Lighter Side of Health Insurance

Q. What does HMO stand for?

A. This is actually a variation of the phrase, "HEY MOE." Its roots go back to a concept pioneered by Moe of the Three Stooges, who discovered that a patient could be made to forget the pain in his foot if he was poked hard enough in the eye.

Q. I just joined an HMO. How difficult will it be to choose the doctor I want?

A. Just slightly more difficult than choosing your parents. Your insurer will provide you with a book listing all the doctors in the Plan. The doctors basically fall into two categories: those who are no longer accepting new patients, and those who will see you but are no longer participating in the Plan. But don't worry, the remaining doctor who is still in the Plan and accepting new patients has an office just a half-day's drive away and a diploma from a third world country.

Q. Do all diagnostic procedures require pre-certification?

A. No. Only those you need.

Q. Can I get coverage for my pre-existing conditions?

A. Certainly, as long as they don't require any treatment.

Q. What happens if I want to try alternative forms of medicine?

A. You'll need to find alternative forms of payment.

Q. My pharmacy plan only covers generic drugs, but I need the name brand. I tried the generic medication, but it gave me a stomach ache. What should I do?

A. Poke yourself in the eye.

Larger opportunity in a Horizon switch

Horizon Blue Cross Blue Shield of New Jersey is once again talking about shedding the cloak of nonprofit benevolence to become a for-profit, stock-selling corporation.

The prospect makes policyholders understandably fearful that shareholder-driven concerns will change the mindset of a trusty old, charitable friend. They probably have less to fear than they think in that regard.

Conversion should mean a \$1 billion or bigger windfall for the state. Given the Legislature's past profligacy, there's a lot to fear about how New Jersey handles such a big, tempting pot. It cannot be frittered away. If conversion comes, it would offer a good opportunity to endow long-term change — such as a start toward universal health coverage in New Jersey.

We worry more about what happens if and when Horizon converts than whether Horizon should convert.

Last week Horizon, which provides or administers the health insurance policies of 3.6 million New Jerseyans, said it was investigating the possibility of conversion. Like a coquettish suitor, Horizon has broached the subject before, only to stop whispering sweet nothings without ever getting around to a formal engagement. This time, however, Horizon officials say they are serious.

In truth, except for selling stock, there is not much difference now between Horizon and its for-profit brethren health insurance companies. A for-profit Horizon would lose a small federal tax break. One third of Horizon's business is already in a for-profit HMO spinoff corporation.

Horizon's managed care is not much dif-

ferent from other companies' when it comes to restricting doctor and hospital networks or how patients use the system. There's no reason to think a for-profit Horizon wouldn't operate the same way.

Horizon's reputation as "the insurer of last resort" is based on coverage for two state programs for individual and small group policyholders that a nonprofit Horizon cannot drop, no matter what. If conversion happens, the state must make sure those other special populations, such as one for poor children and the elderly, are covered.

Besides, that coverage is profitable, according to the state Department of Banking and Insurance. What may look like charity is in fact good business.

Horizon evolved under a state-issued nonprofit charter that required the company to act as a charitable and benevolent entity — without spelling out what that meant.

Most important, state law was written to assert that Horizon's assets belong to the people of New Jersey. These assets cannot be handed over to private shareholders and must be put into a foundation dedicated to charitable health care if the company's status changes from nonprofit to for-profit.

If Horizon puts in an application to convert to a for-profit organization, it will have to include a plan for setting up that foundation. Most likely, an independent evaluator would determine the company's worth, which in turn would determine how much the foundation gets. Estimates are between \$1 billion and \$3 billion for the company, which has a surplus of assets over liabilities of more than \$1.5 billion.

The Governor and the Legislature would name the trustees who control that money. They would have to resist short-term, flashy fixes.

The first temptation would be to solve the crisis in charity care payments — funds sought by New Jersey hospitals for treating uninsured patients. Handing out big gifts to hospitals to cover that charity care bill would fall within the definition of a proper use of the foundation's funds. But much more could be accomplished.

Endowing a fund that expands insurance in New Jersey — so that fewer people need charity care and hospitals would not need big subsidies — is the kind of long-term change intended by the law.

It so happens that there is movement in the Legislature to enact some sort of universal health care, starting with children. Finding a way to use the Horizon funds to seed such a program must be considered.

We are not counting the billions before they are handed over. If Horizon applies to convert, there will be months of hearings, a Superior Court review and, undoubtedly, additional court challenges.

We are saying since Horizon has broached the subject of conversion — again — it is not too soon to start giving careful thought to the task of shaping events so that New Jersey gets maximum benefit from such a change.

It may be that most people will not see much difference between the old Horizon and the new one in terms of health insurance. On a larger scale, however, this opportunity to create a difference in health care for everyone must be taken.

Lots is Happening at NJAHU. Be a Part of it!

Log on to <http://www.njahu.org/MembershipApplication.pdf> to join the association or to renew your membership.