

**New Jersey
Association of
Health Underwriters**

203 Towne Centre Dr.
Hillsborough, NJ 08844



NJAHU News

www.njahu.org

Holiday 2008

Save the Date for the 2009 Conference

The 2009 Atlantic Regional Life and Health Underwriters Conference is scheduled for **May 13-14, 2009** at the Trump Taj Mahal in Atlantic City.

The conference, titled "Making the Connection," is geared toward Health Insurance and Finance Services individuals. The event will focus on how to make the sales and service connection in these troubled times.

The program offers you many exciting features: concentrated CE classes, an expanded exhibitor show and educational seminars plus two cocktail hours, golf, karaoke, a banquet and plenty of opportunities to network.

You will also be there for the debut of the One-on-One "Heathly Living" television program, featuring **State Sen. Joe Vitale**.

Our keynote speaker this year is (drumroll, please).....**Steve Adubato**.

Many of you are familiar with Steve's work as a broadcaster, author and motivational speaker. He now anchors two programs;

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Wharton Study Underscores Value of the Broker

New research by two renowned Wharton School of Business scholars clearly and comprehensively describes why brokers and agents are critical to making certain areas of the insurance marketplace both workable and efficient.

The research was conducted in light of recent, well-publicized investigations into brokering practices and compensation arrangements known as "contingent commissions."

In "The Economics of Insurance Intermediaries," Professors **J. David Cummins** and **Neal A. Doherty** focus on the commercial property-casualty insurance market, examining the functions performed by brokers, market competitiveness, compensation arrangements for intermediaries and the process by which policies are placed with insurance companies.

In general, the authors say insurance intermediaries "assist the flow of information in the insurance market and enhance the efficiency of the market to the benefit of all players."

They note that intermediaries match buyers with insurers "who have the skill, capacity, risk appetite, and financial strength to underwrite the risk, and then help their clients select from com-

peting offers." According to the study, this occurs through a complex, multidimensional process.

In a market as competitive as Cummins and Doherty found the insurance market to be, the bulk of compensation is ultimately awarded to those intermediaries who earn the confidence and trust of their clients by making good placements. As a result, according to the authors, any short-term gain resulting from a contingent commission for an inferior placement would not make economic sense, particularly because it could come at the cost of long-term market reputation and resulting loss of their primary compensation source (premium-based commission).

"The question being asked by media and some public policymakers in various investigations over the past several months has been 'Does the mere existence of contingent commissions interfere with brokers' or agents' ability to put the best interests of the insurance buyer first?'" said Debra Ballen, AIA executive vice president, public policy management. "This is an important question, and it lies at the very heart of this critical, objective research."

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.

Action in Trenton

By David Mordo

Four members of the LMT attended a fundraiser for Senator Joseph Vitale on Monday, October 27. We were able to get a good amount of "one on one" time with the Senator. He updated us on his Phase II timetable which he is hoping to introduce in 2009. He is also going to actively pursue S-1376, the Premium Assistance legislation.

Although he is going to sponsor a companion bill to Assemblyman Conaway's Connector Bill, (A-1939), the Senator is keenly aware of our opposition to this legislation.

Other news:

- Our next LMT meeting is scheduled for Wednesday, January 7 at 10 a.m. at the offices of Slattery and Associates in Spring Lake.
- Capitol Conference 2009 has been scheduled for **March 30 – April 1** in Washington. We urge members from all state chapters to attend.
- The LMT and the Public Relations Committee are working to develop a town hall meeting with various industry leaders and elected officials. We are hopeful that this event will take place in February in Trenton. We will keep you updated as things progress.
- **Matthew Basile**, our North Jersey Chapter Legislative Chairman, testified on behalf of NJAHU before the Assembly Health and Human Services committee on October 23.

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President's Message

As we enter winter, we've watched the leaves turn for a few months and they've fallen from the trees. This happens every year, of course, but right now the new season makes me think of change and the word change reminds me about the recent elections.

Along with the change in seasons coming to New Jersey, there will be changes coming to the health care system as well. The writing is on the wall: it will be an uphill battle to preserve the employer based free market health care system. As they have made clear, both Barack Obama and Jon Corzine favor single payer health care. The difference between the change in the seasons and the change in health insurance in New Jersey is that we can influence the latter.

As we enter 2009, we are at a critical juncture. The NJAHU needs to make our voice heard. And we are in a good position to do so.

We have a strong program to educate our members so they can educate the public. We have a strong legislative management team working to influence lawmakers in Trenton. And we have a strong presence in the media. There is an accurate perception that we are the go-to organization for

advice and information on health insurance issues in New Jersey.

Those of us who are NJAHU members are fighting for our careers and for the free-market system we believe in. We are fighting to keep our seat at the table and to find new ways to make our voices heard. We need each and every health insurance broker in New Jersey to join us so we can reach our full potential and make a difference.

If you are a health insurance broker in New Jersey, you have an obligation to join the NJAHU and help us fight for your job.

Change is coming. Together we can work to shape it and help to keep what we have that works while making sensible improvements that will benefit all New Jerseyans.

I wish you all a happy holiday and a wonderful New Year. It is certain to be an eventful one.

Rick Wheeler,
President, NJAHU



Spotlight on Michael McGuire



Michael McGuire

Excerpted from The Star-Ledger – 10/5/2008

Michael McGuire, chief executive of UnitedHealthcare's New Jersey business operations, recently discussed efforts to make health care more accessible to the poor and, generally, more affordable to consumers.

To get a sense of why costs matter to McGuire, consider this: UnitedHealthcare, which may be better known to consumers as Oxford, United or AmeriChoice, covers roughly 1.4 million people around the state.

Q. What is the biggest health care problem facing New Jersey?

A. Two things — the uninsured is first. That number is 1.3 million today, and it's going to increase as the economy turns.

The increase really puts a lot of stress on the infrastructure, because now these folks aren't get-

ting wellness visits. They're not getting your standard care until the brink, when they show up in the emergency room, and that's charity care. That just drives up cost for the hospitals and the state.

The second is overall quality of care. Are we using evidence-based guidelines with doctors and hospitals? Are we using information that can have the best outcome? There's a lot of variation in care in New Jersey and across the country. That's pretty well-documented.

Q. What will it take to bring about health care reform?

A. Clearly, something has to be done. Inflation over the last six years is 18 percent, and health-care premiums are up more than 70 percent over that same period.

We've got to get people to start feeling responsible for their own health care and their own wellness. Without that, it's going to be hard to change anything else. We've also got to engage the employer. Instead of just cost-shifting, constantly

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Chapter News

Central Chapter

Central Chapter President **Stephen Honig** reports the Central Chapter Holiday Party, on Monday, December 8 at Houlihan's on Route 1 in New Brunswick was a blast. Following that event a chapter meeting was held on December 11 at the Omega Diner, 1337 US Highway 1 in North Brunswick. There was plenty of good coffee and great conversation.

Coming next year, the January 8 meeting at the Omega Diner will feature "Don't Forget: Memory Expert" and at the February 12 meeting a two-credit dental continuing education course will be offered.

Monmouth-Ocean Chapter

All three speakers at the November 20 State Legislation Meeting were very informative, reports Monmouth-Ocean Chapter President **Desmond Slattery**.

At the meeting, **David Armstrong**, CEO of AIG Benefits, updated attendees on the financial situation of AIG. **State Sen. Jennifer Beck** (R-Monmouth/Mercer) spoke about the overall state of the healthcare system in New Jersey. Finally, **Ellen Derosa**, Deputy Executive Director of the New Jersey Department of Banking and Insurance, gave an update on legislative changes that will be taking effect next year.

Northern Chapter

Northern Chapter President **Katie**

Skilton reports they had a nice turnout for the November 18 meeting which featured **Deborah M. Breslin**, Executive Director of the Division of Health and Senior Services. Her update on the 2009 Medicare program "was very informative about all of the changes that will be happening on January 1," Skilton says.

The Northern Chapter Holiday Party was held at the Famished Frog in Morristown on Tuesday December 2. Attendees brought toys to be donated to Toys for Tots along with a \$500 donation from the chapter.

The Northern Chapter also donated \$2,500 to the Newark Renaissance house which was the beneficiary of the chapter's 14th-annual charity golf outing.

"We are busy putting together a nice line up of meetings in 2009," Skilton says. "We are also working to do a co-meeting with other chapters about legislative updates."

Northwest Chapter

Jim Stenger, President of the Northwest Chapter, wants to remind everyone about the Annual Holiday Luncheon, featuring an update on the NJAHU by President **Rick Wheeler**. Please bring an unwrapped toy to be donated to the Warren Women's Shelter.

The holiday luncheon will be held at noon on Friday, December 19 at Mattar's Restaurant, Route 517 and Ridge Road in Allamuchy. There will be a cost of \$30 to

members and \$45 to non-members. (That's one more good reason to become a member.) RSVP by December 15 to Marilyn Stenger at mvs1256@yahoo.com

South Chapter

Kathy Burton, President of the South Chapter, would like to welcome new member **Dana Pirrella** to the NJAHU. She also reports that Northwest Chapter President **Jim Stenger** gave a great presentation on the current political scenes in Trenton and Washington DC at the December 2 meeting at Ponzio's in Cherry Hill.

Stenger discussed New Compensation Disclosure requirements and the New Group Proposal requirements for plan riders for New Jersey. He also talked about the first two phases of the Vitale Plan, why it's not politics as usual in Washington and highlights of the Obama healthcare plan and other Democratic reform plans.

The South Chapter held their 13th-annual Holiday Party on December 11 at Swanky Bubbles in Cherry Hill. A charity raffle of American Express Gift Cards was held to benefit the South Jersey Food Bank.

On January 27, the South Chapter will hold a Legislative Meeting at The Mansion in Voorhees.

Michael McGuire *Continued from page 2*

saying premiums are going up and co-insurance is going down, we need to design plans that reward healthy lifestyles. Insurers have a big hand in that as well.

If you can engage the consumer into the mix, inform them about what their options are and where they can get services done, then you can drive affordability.

Q. From the perspective of an insurer, is the declining number of primary-care physicians a problem?

A. In terms of network adequacy, we have no shortage of primary care, but you do see more and more physicians leaving

the state. Malpractice insurance is high.

Q. Can you talk about some of New Jersey's latest health care reforms?

A. The Vitale bill was passed (health care reform Phase I, effective Jan. 1, 2009). The bill addressed a couple of different things, but the biggest thing was the child-mandate coverage.

That helps everybody, because now a family is showing up and the children are covered either by a government program or an employer-based program or an individual program and the hospital's not providing services for free or getting reim-

bursed at a much lower rate than what it cost them.

The other thing the reform bill is doing is actually changing the way we rate individual plans here in New Jersey.

It's going to give the carriers more flexibility and age rate them so that, hopefully, we can attract more younger, healthier people because the rates will be less, therefore spreading the risk over more people and, ultimately, keeping the cost down. Again, a great step in the right direction, addressing the uninsured and making health care more affordable. This is a start for New Jersey.

Save the Date

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“Caucus: New Jersey,” an Emmy Award-winning public affairs program and “Inside Trenton,” which covers New Jersey political issues. Steve is also executive producer and host of “One-on-One with Steve Aduato.”

Other speakers include Van Mueller, who will also teach a CE class. A NAHU member, who has spoken to groups worldwide, he will be focusing on the benefits of annuities and how to use them to their full potential.

For more information, please email info@njahu.org or call (908) 359-1184. See you there!

NJAHU News is now accepting advertising for its Spring 2009 issue.

For details call (908) 789-0700.

News Briefs

Report says 267,000 Jersey children uninsured

More than a quarter-million New Jersey children lack health insurance and that number is likely to grow as the economy deteriorates, a report predicts.

Titled “Left Behind,” the report by Families USA, a national consumer health care group, says New Jersey’s rate of uninsured children, 12.1 percent, is above the national average of 11.1 percent. It found an average of 267,000 children were without health insurance during the three-year study period (2005-07), ranking New Jersey ninth-highest in the country.

“We’re at the brink of a crisis and things are going to get worse,” **Cecilia Zalkind** of the Association for Children of New Jersey said in response to the report. “Those numbers are probably higher now.”

Nationally, about 8.6 million children — one in every nine — were uninsured last year, with the number of youngsters covered by private health insurance declining, said **Ron Pollack**, executive director of Families USA.

His group is urging Congress and the incoming Obama administration to address the problem before the State Children’s Health Insurance Program expires March 31.

SCHIP would allow states to cover about 4 million additional children, in addition to the 6

million already enrolled. But the legislation was vetoed by **President Bush** on the grounds that it would extend government-sponsored health care to children from higher-income households already covered by private insurance.

Insurer will cover claims for anorexia

The state’s largest health-insurance provider has agreed to cover claims stemming from eating disorders, settling a class action lawsuit brought by parents of children suffering from anorexia.

Terms of the settlement still need to be accepted by the federal judge in Newark overseeing the case, but the lawyer for those who brought the suit against Horizon Blue Cross/Blue Shield of New Jersey predicted it will gain approval.

The decision will lead to 500 patients receiving \$1.2 million when their previously denied claims are reprocessed. Eating disorders will now be classified as a biologically based mental illness, just as depression is.

The value of Horizon waiving coverage limitations on disorders such as bulimia and anorexia will amount to more than \$20 million over the next 15 years.

In a statement, Horizon spokesman **Tom Rubino** said the company “believes the settlement is in the best interest of all the parties involved and in line with the direction of federal parity for mental health.”

Action in Trenton *Continued from page 2*

Matthew testified in opposition to A-1939, the New Jersey Health Insurance Connector Act.

• **Joan Fusco** and the rest of the LMT posted a few more position papers on www.njahu.org.

Legislative Updates: Recently Introduced Bills: State

S2236 Weinberg (D-37): Permits person covered by certain managed care plans to receive covered services from network provider without obtaining written referral from primary care provider.

S2237 Weinberg (D-37): Requires health insurers and SHBP to provide coverage screenings for cervical cancer, including testing for HPV.

S2238 Weinberg (D-37): Requires health insurers to provide coverage for certain infant formulas.

A3319 Greenwald (D-6): Allows health maintenance organizations to include charity care assessments for purposes of meeting certain loss ratio requirements.

A-3211 (Conaway): Health Care Quality Act requires audits of provider networks.

Recently Introduced Bills: Federal

S-334 (Wyden): “Healthy Americans Act” A bill to provide affordable, guaranteed private health coverage that will make Americans healthier and can never be taken away.

Both the House and the Senate approved Mental Health Parity legislation. The House by a vote of 376 to 47 and the Senate by a vote of 93 to 2.

The LMT encourages members to set up appointments with your legislators in their district offices over the holiday season.