



Genova Burns LLC
110 Allen Rd., Ste. 304
Basking Ridge, NJ 07920
Tel: 973.467.2700 Fax: 973.467.8126
Web: www.genovaburns.com

Daniel M. Stolz, Esq.
Partner
Member of the NJ Bar
dstolz@genovaburns.com
Direct: 973-230-2095

July 20, 2021

To the Employers/Members of the Affiliated Physicians & Employers Master Trust

**Re: Affiliated Physicians & Employers Master Trust ("APEMT")
and Members Health Plan New Jersey ("MHPNJ"),
Plan Financial Deficiency and Assessment**

Dear Employer/Member:

This firm serves as counsel to APEMT/MHPNJ (the "Trust") with regard to insurance issues, general matters and the ongoing Chapter 11 Bankruptcy proceedings pending before the United States Bankruptcy Court for the District of New Jersey. We write to you in your capacity as a Member of the Trust.

As you are likely aware, in the second half of 2020 and into 2021, APEMT/MHPNJ was overwhelmed with Covid related claims, totaling in excess of \$18 million. Pursuant to its obligation under the regulatory statutes, APEMT/MHPNJ provided the Department of Banking and Insurance ("DOBI") with notification of these Covid related claims and the fact that the Plan had fallen below the required levels of reserves in November 2020.

We proposed to address this deficiency through funds to be provided by Aetna and a small increase in rates on the Members. Unfortunately, on or about May 6, 2021, DOBI rejected our proposal and requested that the Trust surrender its registration and commence a wind down.

Because our analysis was that the assessment to Members would be substantially higher if APEMT ceased operating, than it would be if we were able to obtain outside financing and attempt to remain in business, the Trustees authorized a Chapter 11 Reorganization filing. The Chapter 11 Petition was filed on May 24, 2021.

As you may have heard, legislation was introduced in the New Jersey Senate in June of this year, which would have provided funding to assist the Trust in remaining in business. Unfortunately, the Senate adjourned without acting on this legislation.

Throughout this process, DOBI has been consistent in its position that the Trust should cease operating. To that end, by letter dated June 24, 2021, DOBI advised us that they were refusing to issue a registration to the Trust for 2021. Without a registration, there is no way the Trust can remain in business. Therefore, reluctantly, the Trustees concluded that there was no choice but to work with DOBI on a wind down plan.

Both New Jersey Law (N.J.S.A. 17B:27C-7) and the terms of the Trust Agreement signed by all Members, require the Trust to assess all Members if the balance and reserves of the Trust at the end of any accounting period is less than the amount required by law. In as much as this is a wind down of the Trust, such amount must be sufficient to pay all liabilities and will not include excess reserves generally required by the statute.



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Based upon the requirements of the Trust Agreement and applicable law, APEMT/MHPNJ will be issuing an assessment and you will be receiving an invoice for your share of the assessment in early August. This assessment will represent your proportionate share of the estimated cumulative amount required to pay all liabilities which will be asserted against APEMT/MHPNJ. This estimated assessment will be subject to subsequent adjustment. This Health Plan Assessment will cover the period from January 1, 2020 to July 31, 2021 and is specific to your group, meaning you will only be charged for the proportional share of Health Care Fees you were charged for the months in which you were enrolled.

Unfortunately, in the coming weeks, the revenue of APEMT/MHPNJ will not be sufficient to reimburse Aetna for the claims that it is paying on behalf of the Employees of the Members. Therefore, we regretfully must advise that there likely will be interruptions in the payment of employee medical claims. Through this Assessment and other efforts, we hope to be in a position where ultimately all employee medical claims are paid.

There are funds available, at the Governor's discretion, under the American Rescue Plan, but at present, none of those funds have been committed to assist the Trust with its financial difficulties. We encourage you to contact your Representative to ask the Governor's Office to allocate some of the available funds to address the financial difficulties of the Trust.

DOBI and the Department of Labor have been very insistent that we proceed immediately to collect the Assessment from the Members. Therefore, if Employer Members do not voluntarily pay the Assessment, we will be required to take appropriate legal action against Employer/Members who fail to voluntarily pay.

Payment of the Health Plan Assessment will be due no later than September 15, 2021. Our representatives will work with you to provide payment plan options, including our credit card payment option and written extensions for payment, if needed. If you are unable to pay this Health Plan Assessment by the due date, please contact us at (833) MEWA NOW (1-833-639-2669, Option 5) to discuss payment options.

As we are receiving a large volume of calls related to this issue and others in this situation, we direct you to the Plan's website for additional information. You can also email us at MHPNJinfo@concordmgt.com. For regulatory questions, or should you need any support in finding other coverage, please contact the New Jersey Department of Banking and Insurance at 1-800-446-7467 or 1-609-292-7272.

We sincerely regret that we have been compelled to proceed in this manner. We thank you in advance for your prompt voluntary payment of the Assessment.

Very truly yours,

GENOVA BURNS, LLC.

A handwritten signature in blue ink, appearing to read "DMS", is written over the printed name "DANIEL M. STOLZ".

DANIEL M. STOLZ

DMS:ms