

To: Ellen DeRosa, Executive Director, Individual Health Coverage (IHC) Program
 From: Seong-min Eom, Chief Actuary, Life and Health
 Fred Brinkman, Actuarial Analyst, Life and Health
 Date: March 8th, 2022
 Re: IHC Loss Ratio and Refund Report for 2020

In 2020, the IHC Market had \$1,504,017,778 in claims and \$1,948,715,723 in premium for a loss ratio of 77.2%.

Three NJ carrier entities are required to pay 2020 IHC state refunds of \$41,746,069.

Carriers	4Q Enrollment	Claims	Premium	Loss Ratio	Federal Refund	State Refund	State Refund Due
AmeriHealth	117,323	\$437,956,279	\$592,362,587	73.9%	\$0	\$35,933,791	\$35,933,791
Horizon	168,383	\$999,660,354	\$1,273,632,730	78.5%	\$14,874,304	\$19,245,830	\$4,371,526
Oscar	10,888	\$44,220,071	\$57,076,028	77.5%	\$0	\$1,440,752	\$1,440,752
Oxford	341	\$22,181,074	\$25,644,378	86.5%	\$809,278	\$0	\$0
IHC Totals	296,935	\$1,504,017,778	\$1,948,715,723	77.2%	\$15,683,582	\$56,620,373	\$41,746,069

N.J.A.C. 11:20-7.3 Requires IHC affiliated carriers to file a separate report for each entity plus a combined report reflecting the combined data for all affiliated carriers. The federal regulation requires affiliated carriers to file a separate report for each entity.

Other MLR differences between the New Jersey and the Federal Medical Loss Ratio (MLR) calculations include:

- 1) NJ MLR calculation is based on a single current year applicable values; the Federal MLR calculation uses three-year moving averages.
- 2) NJ MLR calculation considers risk adjustment transfers a part of premiums; the Federal MLR calculation includes risk adjustment transfers in the claims.
- 3) NJ MLR approach excludes quality improvement expenses from the calculation (neither part of the premium nor claims); For the Federal MLR calculation, such costs are added to the claims.

The federal MLR calculation resulted in Horizon and Oxford paying a combined 2020 federal MLR refund of \$15,683,582.

It should be noted that if NJ MLR and the Federal MLR both have a refund due, then NJ will reduce the amount of the state refund by the amount of the federal refund.

Historical Statistics for the IHC Market				
Year	4Q Enrollment	Claims (million)	Premium (million)	Loss Ratio
2019	285,947	\$1,429.7	\$1,812.6	78.9%
2018	287,103	\$1,596.2	\$2,027.6	78.7%
2017	309,521	\$1,669.1	\$1,867.3	89.4%
2016	308,821	\$1,709.6	\$1,794.1	95.3%
2015	290,913	\$1,264.3	\$1,559.8	81.1%
2014	241,850	\$924.3	\$1,170.7	78.9%