

To: Ellen DeRosa, Executive Director, Small Employer Health (SEH) Benefits Program
 From: Seong-min Eom, Chief Actuary, Life and Health
 Date: December 23rd, 2019
 Re: SEH Loss Ratio and Refund Reports for 2018

In 2018, the SEH market had \$2,307,652,050 in premium and \$1,858,644,051 in claims for a loss ratio of 80.5%.

Eight NJ carrier entities are required to pay 2018 SEH NJ State Refunds of \$44,508,021 in total.

Carriers	Premium	Claims	Loss Ratio	State Refund	Federal Refund
Aetna Health	\$2,041,611	\$1,124,592	55.1%	\$508,697	\$0.00
Aetna Life	\$80,558,193	\$114,509,020	142.1%	\$0	\$0.00
AmeriHealth HMO	\$44,482,698	\$31,637,303	71.1%	\$3,948,855	\$0.00
AmeriHealth Insurance	\$191,305,443	\$142,049,391	74.3%	\$10,994,963	\$0.00
Cigna Health & Life	\$453,179	\$179,352	39.6%	\$183,191	\$0.00
Cigna Healthcare of NJ	\$59,136	\$24,026	40.6%	\$23,283	\$0.00
Horizon Healthcare of NJ	\$9,203,821	\$8,739,989	95.0%	\$0	\$0.00
Horizon Healthcare Services	\$1,429,759,945	\$1,117,395,595	78.2%	\$26,412,361	\$0.00
Oscar Garden State	\$2,444,175	\$1,901,334	77.8%	\$54,005	\$0.00
Oxford Health Insurance	\$520,031,545	\$413,642,569	79.5%	\$2,382,666	\$0.00
Oxford Health Plans	\$27,312,304	\$27,440,880	100.5%	\$0	\$0.00
SEH Totals	\$2,307,652,050	\$1,858,644,051	80.5%	\$44,508,021	\$0

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.

No NJ carrier entities are required to pay 2018 SEH Federal refunds.

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 SEH Market				
Year	Premium (million)	Claims (million)	Loss Ratio	4Q Enrollment
2018	\$2,307.6	\$1,858.6	80.5%	326,851
2017	\$2,583.7	\$2,099.8	81.3%	370,330
2016	\$2,614.5	\$2,180.1	83.4%	431,544
2015	\$2,632.1	\$2,162.6	82.2%	463,768
2014	\$2,832.1	\$2,396.2	84.6%	503,018