

To: Ellen DeRosa, Executive Director, Small Employer Health (SEH) Benefits Program
 From: Seong-min Eom, Chief Actuary, Life and Health
 Fred Brinkman, Actuarial Analyst, Life and Health
 Date: January 19th, 2022
 Re: SEH Loss Ratio and Refund Report for 2020

In 2020, the SEH market had \$1,712,433,645 in claims and \$2,140,924,155 in premium for a loss ratio of 80.0%.

Three NJ carrier entities are required to pay 2020 SEH NJ State Refunds of \$43,086,648 in total.

Carriers	4Q Enrollment	Claims	Premium	Loss Ratio	Federal Refund	State Refund	State Refund Due
AmeriHealth HMO	4,687	\$20,824,202	\$30,114,702	69.1%	\$0	\$3,267,559	\$3,267,559
AmeriHealth	26,043	\$131,104,592	\$176,637,965	74.2%	\$5,472,131	\$10,205,780	\$4,733,649
Horizon HMO	553	\$6,142,035	\$7,265,969	84.5%	\$0	\$0	\$0
Horizon	204,567	\$1,188,180,767	\$1,427,716,572	83.2%	\$0	\$0	\$0
Oscar	1,887	\$8,114,375	\$7,935,559	102.3%	\$0	\$0	\$0
Oxford	57,738	\$356,293,254	\$489,223,368	72.8%	\$0	\$35,085,440	\$35,085,440
Oxford HMO	345	\$1,774,420	\$2,030,020	87.4%	\$0	\$0	\$0
SEH Totals	295,820	\$1,712,433,645	\$2,140,924,155	80.0%	\$5,472,131	\$48,558,779	\$43,086,648

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 “AmeriHealth Insurance Company of NJ” paying a 2020 federal MLR refund of \$5,472,131.

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	4Q Enrollment	Claims (million)	Premium (million)	Loss Ratio
2019	308,984	\$1,776.4	\$2,260.7	78.6%
2018	326,851	\$1,858.6	\$2,307.6	80.5%
2017	370,330	\$2,099.8	\$2,583.7	81.3%
2016	431,544	\$2,180.1	\$2,614.5	83.4%
2015	463,768	\$2,162.6	\$2,632.1	82.2%
2014	503,018	\$2,396.2	\$2,832.1	84.6%