

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM

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March 25, 2002

To: Carrier Members of the Individual Health Coverage Program

From: Wardell Sanders, Executive Director

Re: **Explanation of 1999/2000 Loss Assessment; FY2002/2003 Administrative Assessment**

The purpose of this memorandum is to provide a step-by-step explanation of the enclosed assessment spreadsheet. Next to the names of each of the columns on the enclosed spreadsheet are numeric designations. This memorandum will refer to those numeric designations as well as to information that appears on the last sheet of the spreadsheet in a box entitled "Data Used in Calculations."

If you have questions concerning the assessment after you have reviewed the spreadsheet and this memorandum, please do not hesitate to contact me. A description of the loss assessment process may be found at N.J.A.C. 11:20-2.17.

Column 1: "Carrier Names"

N.J.A.C. 11:20-1.2 provides that "Affiliated carriers means two or more carriers that are treated as one carrier for purposes of complying with the Act because the carriers are subsidiaries of a common parent or one another." To the extent that carriers submitting Exhibit K filings that indicated affiliated carrier status, the attached spreadsheet specifies the name of a single carrier, but the information for all carriers affiliated with that named carrier is included in the data shown for the named carrier. If the Exhibit K filings failed to specify affiliated carrier status, the spreadsheet shows each carrier separately. Full or partial exemption for those carriers that requested and were granted full or partial exemptions, were applied to the carrier and all affiliated carriers to the extent that the Exhibit K filings were clear as to affiliated carrier status.

Column 2: "1999/2000 NEP"

Carriers are required to file a Carrier Market Share and Net Paid Gain (Loss) Report (Exhibit K) by March 1 of the year following the close of the two-year calculation period. The Exhibit K filing for the 1999/2000 two-year calculation period was due March 1, 2001. The Net Earned Premium shown in Column 2 reflects New Jersey net earned premium for BOTH 1999 and 2000 as reported by carriers on Exhibit K.

Column 3: "%NEP"

"% NEP" refers to the carrier market share. As specified in N.J.A.C. 11:20-2.17(c)1, the carrier market share is the ratio of the carrier's reported NEP to the total reported NEP of all member carriers for the two-year calculation period.

carrier's reported NEP ÷ total reported NEP

(column 2) ÷ ("Total Carrier NEP" in the data box)

Column 4: "reimbursable loss share (unadjusted)*"

As specified in N.J.A.C. 11:20-2.17(c), the reimbursable loss share is the product of the market share and the amount of reimbursable net paid losses.

$$\text{market share} \times \text{reimbursable losses} \\ (\text{column 3}) \times (\text{"1999/2000 reimbursable losses" in the data box})$$

Column 5: "pro-rata exemptions from loss assessment"

Data appears in column 5 for two types of carriers: (1) those carriers that requested and were granted a enrollment-based exemption pursuant to N.J.S.A. 17B:27A-12(d); and (2) a carrier (University Health Plan ("UHP")) for which P.L.2001, c.349 "exempted" it from loss assessment liability for 1999/2000. Column 5 shows the percentage of the 1999/2000 non-group person target enrolled by carriers that requested and were granted an exemption, and in the case of UHP, shows a 100% elimination of its loss assessment liability.

$$\text{number of Non-Group Persons enrolled for 1999/2000} \div \text{1999/2000 Non-Group Person Target}$$

Column 6: "exempt carrier loss share"

This calculation takes the exempt carrier's pro-rata exemption from the loss assessment into consideration and makes an adjustment to the unadjusted loss share amount to give exempt carriers credit for full or partial satisfaction of the Non-Group Person target.

$$\text{loss share (unadjusted)} - (\text{pro-rata exemption} \times \text{loss share (unadjusted)}) \\ (\text{column 4}) - (\text{column 5} \times \text{column 4})$$

Column 7: "non-exempt carrier loss share"

In this column, the loss amounts not paid by exempt carriers due to full or partial exemptions are adjusted by distributing the amounts among non-exempt carriers.

$$(\text{carrier's reported NEP} \div \text{total NEP for non-exempt carriers}) \times \text{total losses} \\ \text{allocated to} \\ \text{non-exempt} \\ \text{carriers} \\ (\text{column 2} \div \text{"losses allocated to non-exempt carriers" in data box})$$

Column 8: "1999/2000 loss assessment"

Data from columns 6 and 7 is consolidated in this column.

Column 9: "FY 2002/2003 administrative expense share"

This column shows a carrier's liability for administrative costs of the IHC Program.

$$(\text{carrier's reported NEP} \times \text{administrative expenses}) \\ (\text{column 2}) \times (\text{"administrative expense" in the data box})$$

Column 10: "total assessment"

This column shows a carrier's combined liability for reimbursable losses and the administrative costs of the IHC Program.

$$(\text{column 8}) + (\text{column 9})$$

* "Unadjusted" means that the calculation does not take the full or partial exempt status of carriers into account. The data in columns 5, 6, and 7 address the adjustment.

New Jersey Individual Health Coverage Program
1999/2000 Loss Assessment Billing

(1) Carrier Names	(2) 1999/2000 NEP	(3) %NEP	(4) reimbursable loss share (unadjusted)	(5) pro-rata exemptions from loss assessment	(6) exempt carrier loss share	(7) non-exempt carrier loss share	(8) 1999/2000 loss assessment	(9) FY 2002/2003 administrative expense share	(10) total assessment
AEGON USA (PEL/Monumental)	\$42,113,034.00	0.29%	\$22,024.07			\$123,362.77	\$123,362.77	\$3,728.12	\$127,090.89
AetnaUS HealthCare Combined	\$4,542,006,480.00	31.44%	\$2,375,356.30	63.77%	\$960,591.59	\$0.00	\$960,591.59	\$402,087.56	\$1,262,679.15
Allianz Life Ins Co of No. America	\$3,149,529.00	0.02%	\$1,647.13		\$9,225.99	\$9,225.99	\$9,225.99	\$278.82	\$9,504.81
Alta (Anthem Health & Life Ins Co)	\$9,868,966.00	0.07%	\$5,161.22		\$28,909.41	\$28,909.41	\$28,909.41	\$873.66	\$29,783.07
American National Ins Co	\$1,369,824.00	0.01%	\$716.38		\$4,012.66	\$4,012.66	\$4,012.66	\$121.27	\$4,133.93
American Progressive Life & Health Ins Co of NY	\$557,740.00	0.00%	\$291.68		\$1,633.80	\$1,633.80	\$1,633.80	\$49.37	\$1,683.18
American Republic Ins Co	\$353,267.00	0.00%	\$184.75		\$1,034.83	\$1,034.83	\$1,034.83	\$31.27	\$1,066.11
AmeriHealth HMO and Ins Co	\$900,554,584.00	6.23%	\$470,967.63	64.04%	\$169,359.96	\$0.00	\$169,359.96	\$79,722.87	\$249,082.83
Anthem Health & Life Ins Co of NY	\$6,498,211.00	0.04%	\$3,398.40		\$19,035.37	\$19,035.37	\$19,035.37	\$575.26	\$19,610.64
AtlantiCare Health Plans	\$34,615,131.00	0.24%	\$16,102.85		\$101,398.97	\$101,398.97	\$101,398.97	\$3,064.35	\$104,463.33
Bankers Life & Cas Co	\$736,321.00	0.01%	\$385.08		\$2,156.92	\$2,156.92	\$2,156.92	\$65.18	\$2,222.11
Banner Life Ins Co	\$4,440.00	0.00%	\$2.32		\$13.01	\$13.01	\$13.01	\$0.39	\$13.40
BCS Life Ins Co	\$1,336.00	0.00%	\$0.70		\$3.91	\$3.91	\$3.91	\$0.12	\$4.03
Boston Mutual Life Ins Co	\$2,717,281.00	0.02%	\$1,421.07		\$7,959.80	\$7,959.80	\$7,959.80	\$240.55	\$8,200.35
Celtic Life Ins Co	\$3,857,318.00	0.03%	\$2,017.28		\$11,299.34	\$11,299.34	\$11,299.34	\$341.47	\$11,640.81
Centre Life Ins Co (Mass. Cas.)	\$28,970.00	0.00%	\$14.10		\$79.00	\$79.00	\$79.00	\$2.39	\$81.39
Clarica Life Ins Co (TMG Life Ins)	\$5,744.00	0.00%	\$3.00		\$16.83	\$16.83	\$16.83	\$0.51	\$17.33
CNA Ins Companies	\$4,404,102.00	0.03%	\$2,303.24		\$12,901.05	\$12,901.05	\$12,901.05	\$389.88	\$13,290.93
Commercial Travelers	\$1,514,566.00	0.01%	\$792.08		\$4,436.66	\$4,436.66	\$4,436.66	\$134.08	\$4,570.74
Connecticut General Life Ins Co/ CIGNA	\$726,789,145.00	5.03%	\$380,092.63	30.29%	\$264,962.57	\$0.00	\$264,962.57	\$64,340.04	\$329,302.61
Conseco Life Ins Co	\$1,970,263.00	0.01%	\$1,030.40		\$5,771.54	\$5,771.54	\$5,771.54	\$174.42	\$5,945.96
Conseco Medical Ins (National Group Life)	\$3,773,910.00	0.03%	\$1,973.66		\$11,055.01	\$11,055.01	\$11,055.01	\$334.09	\$11,389.10
Conseco Senior Health Ins Co	\$159,407.00	0.00%	\$83.37		\$466.95	\$466.95	\$466.95	\$14.11	\$481.07
Conseco Variable Ins Co	\$294.00	0.00%	\$0.15		\$0.86	\$0.86	\$0.86	\$0.03	\$0.89
CUNA Mutual Ins Society	\$16,068,583.00	0.11%	\$8,403.47		\$47,070.10	\$47,070.10	\$47,070.10	\$1,422.49	\$48,492.60
Educators Mutual Life Ins Co	\$40,769.00	0.00%	\$21.32		\$119.43	\$119.43	\$119.43	\$3.61	\$123.03
Empire Health Plans Asr	\$46,585,518.00	0.32%	\$24,363.07		\$136,464.13	\$136,464.13	\$136,464.13	\$4,124.05	\$140,588.18
Employers Health Ins Co	\$860,420.00	0.01%	\$449.98		\$2,520.45	\$2,520.45	\$2,520.45	\$76.17	\$2,596.62
Equitable Life Asr Soc of the US	\$11,636,185.00	0.08%	\$6,085.44		\$34,086.17	\$34,086.17	\$34,086.17	\$1,030.11	\$35,116.28
Farm Family Life Ins Co	\$77,299.00	0.00%	\$40.43		\$226.43	\$226.43	\$226.43	\$6.84	\$233.28
Fidelity Security Life Ins Co	\$4,207,691.00	0.03%	\$2,200.52		\$12,325.69	\$12,325.69	\$12,325.69	\$372.49	\$12,698.19
First Allmerica Financial Life Ins Co	\$5,436,934.00	0.04%	\$2,843.38		\$15,926.55	\$15,926.55	\$15,926.55	\$481.31	\$16,407.86

New Jersey Individual Health Coverage Program
1999/2000 Loss Assessment Billing

(1) Carrier Names	(2) 1999/2000 NEP	(3) %NEP	(4) reimbursable loss share (unadjusted)	(5) pro-rata exemptions from loss assessment	(6) exempt carrier loss share	(7) non-exempt carrier loss share	(8) 1999/2000 loss assessment	(9) FY 2002/2003 administrative expense share	(10) total assessment
First Rehabilitation Life Ins Co	\$19,600.00	0.00%	\$10.25			\$57.41	\$57.41	\$1.74	\$59.15
Fortis Benefits Ins Co	\$2,321,361.00	0.02%	\$1,214.01			\$6,800.02	\$6,800.02	\$205.50	\$7,005.52
Fortis Ins Co (Time)	\$5,469,079.00	0.04%	\$2,860.19			\$16,020.71	\$16,020.71	\$484.16	\$16,504.87
General American Life Ins Co	\$2,863,044.00	0.02%	\$1,497.30			\$8,386.79	\$8,386.79	\$253.46	\$8,640.24
GreatWest Life Assurance	\$2,219,689.00	0.02%	\$1,160.84			\$6,502.19	\$6,502.19	\$196.50	\$6,698.69
GreatWest Life & Annuity Ins Co	\$5,839,170.00	0.04%	\$3,053.74			\$17,104.83	\$17,104.83	\$516.92	\$17,621.75
Guarantee Trust Life Ins Co	\$113,830.00	0.00%	\$59.53			\$333.45	\$333.45	\$10.08	\$343.52
Guardian Life Ins Co of America	\$244,593,746.00	1.69%	\$127,916.44	0.27%	\$127,571.06	\$0.00	\$127,571.06	\$21,653.01	\$149,224.07
Hanover Ins Co	\$83,010.00	0.00%	\$43.41			\$243.16	\$243.16	\$7.35	\$250.51
HealthNet Inc. (Foundation)	\$926,882,561.00	6.42%	\$484,736.50			\$2,715,140.36	\$2,715,140.36	\$82,053.59	\$2,797,193.95
Horizon Healthcare Services, Inc.	\$4,430,598,403.00	30.67%	\$2,317,092.65	100.00%	\$0.00	\$0.00	\$0.00	\$392,225.00	\$392,225.00
Illinois Mutual Life Ins Co	\$12,615.00	0.00%	\$6.60			\$36.95	\$36.95	\$1.12	\$38.07
Jefferson Pilot (Chubb Colonial)	\$959,305.00	0.01%	\$501.69			\$2,810.12	\$2,810.12	\$84.92	\$2,895.04
John Hancock Mutual Life Ins Co	\$5,333,538.00	0.04%	\$2,799.31			\$15,623.67	\$15,623.67	\$472.16	\$16,095.83
Kanawha Ins Co	\$3,187.00	0.00%	\$1.67			\$9.34	\$9.34	\$0.28	\$9.62
Liberty Life Ass. Boston & Liberty Mutual Ins Co	\$8,429.00	0.00%	\$4.41			\$24.69	\$24.69	\$0.75	\$25.44
Lincoln National Life Ins Co	\$876,180.00	0.01%	\$458.22			\$2,566.62	\$2,566.62	\$77.57	\$2,644.18
Lutheran Brotherhood	\$99,099.00	0.00%	\$51.83			\$290.29	\$290.29	\$8.77	\$299.07
Manhattan National Life Ins Co	\$2,362,830.00	0.02%	\$1,235.70			\$6,921.50	\$6,921.50	\$209.17	\$7,130.67
Massachusetts Mutual Life Ins Co	\$7,088.00	0.00%	\$3.70			\$20.70	\$20.70	\$0.63	\$21.33
Metropolitan Life Ins Co	\$14,323,707.00	0.10%	\$7,490.94			\$41,958.79	\$41,958.79	\$1,288.03	\$43,246.82
Minnesota (Mutual) Life Ins Co	\$8,813.00	0.00%	\$4.61			\$25.82	\$25.82	\$0.78	\$26.60
MONTY Life Ins Co (Mutual Life Ins Co of NY)	\$52,059.00	0.00%	\$27.23			\$152.50	\$152.50	\$4.61	\$157.11
Mutual of Omaha Companies	\$9,394,116.00	0.07%	\$4,912.89			\$27,518.42	\$27,518.42	\$831.63	\$28,350.05
National Benefit Life Ins Co	\$100,022.00	0.00%	\$52.31			\$293.00	\$293.00	\$8.85	\$301.85
National Casualty Co	\$1,555,848.00	0.01%	\$913.67			\$4,557.58	\$4,557.58	\$137.73	\$4,695.32
National Health Ins Co	\$3,643,917.00	0.03%	\$1,905.68			\$10,674.22	\$10,674.22	\$322.58	\$10,996.80
Nationwide Life Ins Co	\$1,891,565.00	0.01%	\$989.24			\$5,541.01	\$5,541.01	\$167.45	\$5,708.46
New England Life Ins Co	\$9,568,781.00	0.07%	\$5,004.23			\$28,030.07	\$28,030.07	\$847.09	\$28,877.16
New York Life	\$20,653,082.00	0.14%	\$10,801.05			\$60,499.62	\$60,499.62	\$1,828.34	\$62,327.97
Nippon Life Ins Co of America	\$3,348,181.00	0.02%	\$1,751.02			\$9,807.91	\$9,807.91	\$296.40	\$10,104.31
North American Co for Life and Health	\$383,659.00	0.00%	\$200.64			\$1,123.86	\$1,123.86	\$33.96	\$1,157.83

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New Jersey Individual Health Coverage Program
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Northwestern Natl Ins Co Milwaukee	\$172,098.00	0.00%	\$90.00			\$504.13	\$504.13	\$15.24	\$519.37
One Health Plan of New Jersey	\$16,711,245.00	0.12%	\$8,739.57			\$48,952.67	\$48,952.67	\$1,479.39	\$50,432.06
Oxford Health Plans (Natl), Inc.	\$1,126,057,254.00	7.79%	\$388,899.91	38.21%	\$363,881.25	\$0.00	\$363,881.25	\$9,885.81	\$463,567.07
Pacific Life & Annuity	\$406.00	0.00%	\$0.21			\$1.19	\$1.19	\$0.04	\$1.23
Pacific Life Ins Co (Pacific Mutual)	\$7,922,248.00	0.05%	\$4,143.14			\$23,206.84	\$23,206.84	\$701.33	\$23,908.17
Phoenix American Life Ins Co	\$2,175,160.00	0.02%	\$1,137.55			\$6,371.75	\$6,371.75	\$192.56	\$6,564.31
Phoenix Home Life Mutual	\$2,109,732.00	0.01%	\$1,103.34			\$6,180.09	\$6,180.09	\$186.77	\$6,366.86
Primerica Life Ins Co	\$52,984.00	0.00%	\$27.71			\$155.21	\$155.21	\$4.69	\$159.90
Principal Life Ins Co	\$5,720,337.00	0.04%	\$2,991.59			\$16,756.73	\$16,756.73	\$506.40	\$17,263.13
Protective Life Ins Co	\$200,846.00	0.00%	\$105.04			\$588.34	\$588.34	\$17.78	\$606.12
Prudential Ins Co of America	\$455,156,098.00	3.15%	\$238,035.31			\$1,333,300.19	\$1,333,300.19	\$40,293.34	\$1,373,593.53
Reliable Life Ins Co	\$1,890,813.00	0.01%	\$988.85			\$5,538.81	\$5,538.81	\$167.39	\$5,706.19
Reliastar Life Ins Co	\$5,660,000.00	0.04%	\$2,950.04			\$16,579.98	\$16,579.98	\$501.06	\$17,081.04
Reliastar Life Ins Co of NY	\$161,025.00	0.00%	\$84.21			\$471.69	\$471.69	\$14.25	\$485.95
RLI Ins Co	\$406,700.00	0.00%	\$212.69			\$1,191.36	\$1,191.36	\$36.00	\$1,227.36
Security Mutual Life Ins Co of NY	\$912,886.00	0.01%	\$477.31			\$2,673.55	\$2,673.55	\$80.80	\$2,754.35
Sentry Life Ins Co	\$930,419.00	0.01%	\$486.59			\$2,725.50	\$2,725.50	\$82.37	\$2,807.87
State Farm Mutual Automobile Ins Co	\$19,298,880.00	0.13%	\$10,092.73			\$66,532.11	\$66,532.11	\$1,708.44	\$68,240.55
Teachers Protective Mutual Life Ins Co	\$2,778.00	0.00%	\$1.45			\$8.14	\$8.14	\$0.25	\$8.38
TIAA	\$7,018.00	0.00%	\$3.67			\$20.56	\$20.56	\$0.62	\$21.18
Travelers Ins Co & Affiliates	\$2,906,550.00	0.02%	\$1,520.05			\$8,514.23	\$8,514.23	\$257.31	\$8,771.54
Trustmark Ins Co	\$7,829,920.00	0.05%	\$4,094.85			\$22,936.38	\$22,936.38	\$693.15	\$23,629.54
UICI Group (Midwest/Mega)	\$7,725,508.00	0.05%	\$4,040.25			\$22,630.52	\$22,630.52	\$683.91	\$23,314.44
Unicare Life & Health Ins Co	\$19,203,519.00	0.13%	\$10,042.96			\$56,253.35	\$56,253.35	\$1,700.02	\$57,953.37
Union Labor Life Ins Co	\$30,374,302.00	0.21%	\$15,885.00			\$88,976.21	\$88,976.21	\$2,688.93	\$91,665.13
United HealthCare	\$467,470,388.00	3.24%	\$244,475.37	14.43%	\$209,197.58	\$0.00	\$209,197.58	\$41,383.48	\$250,581.06
United Ins Co of America	\$405,805.00	0.00%	\$212.23			\$1,188.73	\$1,188.73	\$35.92	\$1,224.65
United of Omaha	\$5,163,018.00	0.04%	\$2,700.13			\$15,124.16	\$15,124.16	\$457.06	\$15,581.22
United States Life Ins Co	\$80,575,929.00	0.56%	\$42,139.20			\$236,033.09	\$236,033.09	\$7,133.10	\$243,166.19
United Teacher Associates Ins Co	\$88,437.00	0.00%	\$46.25			\$259.06	\$259.06	\$7.83	\$266.89
Unity Mutual Life Ins Co	\$217,315.00	0.00%	\$113.65			\$636.59	\$636.59	\$19.24	\$655.82
University Health Plans	\$111,476,752.00	0.77%	\$58,299.57	100.00%	\$0.00	\$0.00	\$0.00	\$9,868.64	\$9,868.64

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Washington National Ins Co	\$1,079,674.00	0.01%	\$564.64			\$3,162.72	\$3,162.72	\$95.58	\$3,258.30
William Penn Life Ins Co	\$17,771.00	0.00%	\$9.29			\$52.06	\$52.06	\$1.57	\$53.63
World Ins Co	\$30,661.00	0.00%	\$16.03			\$89.82	\$89.82	\$2.71	\$92.53
TOTAL	\$14,447,664,842.00	100.00%	\$7,555,769.00		\$1,995,564.01	\$5,560,204.99	\$7,555,769.00	\$1,279,000.00	\$8,834,769.00

Data Used in Calculations	
1999/2000 reimbursable losses =	\$7,555,769.00
total losses allocated to non-exempt carriers=	\$5,560,204.99
total NEP of exempt carriers=	\$12,549,546,752.00
total NEP for non-exempt carriers=	\$1,898,118,090.00
total carrier NEP=	\$14,447,664,842.00
administrative expenses =	\$1,279,000.00