

To: Ellen DeRosa, Executive Director, Individual Health Coverage (IHC) Program  
 From: Seong-min Eom, Chief Actuary, Life and Health  
 Date: December 23<sup>rd</sup>, 2019  
 Re: IHC Loss Ratio and Refund Report for 2018

In 2018, the IHC Market had \$2,027,632,594 in premium and \$1,596,205,963 in claims for a loss ratio of 78.7%.

**Two NJ carrier entities are required to pay 2018 IHC state refunds totaling \$37,527,473.**

Carrier Entities	Premium	Claims	Loss Ratio	State Refund	Federal Refund
AmeriHealth	\$548,887,296	\$415,651,139	75.7%	\$23,458,698	\$0.00
CIGNA HealthCare of NJ	\$5,222,188	\$10,152,068	194.4%	\$0	\$0.00
Horizon Healthcare	\$1,403,272,715	\$1,108,549,397	79.0%	\$14,068,775	\$0.00
Oscar Garden State	\$35,579,945	\$29,545,292	83.0%	\$0	\$0.00
Oxford Health Ins	\$34,670,450	\$32,308,067	93.2%	\$0	\$0.00
<b>IHC TOTALS</b>	<b>\$2,027,632,594</b>	<b>\$1,596,205,963</b>	<b>78.7%</b>	<b>\$37,527,473</b>	<b>\$0.00</b>

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.

**No NJ carrier entities are required to pay 2018 IHC 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 IHC Market				
Year	Premium (mms)	Claims (mms)	Loss Ratio	4Q Enrollment
2018	\$2,027.6	\$1,596.2	78.7%	287,103
2017	\$ 1,867.3	\$ 1,669.1	89.4%	309,521
2016	\$ 1,794.1	\$ 1,709.6	95.3%	308,821
2015	\$ 1,559.8	\$ 1,264.3	81.1%	290,913
2014	\$1,170.7	\$924.3	78.9%	241,850