

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: January 12<sup>th</sup>, 2021

Re: IHC Loss Ratio and Refund Report for 2019

In 2019, the IHC Market had \$1,429,749,857 in claims and \$1,812,608,343 in premium for a loss ratio of 78.9%.

**One NJ carrier entity is required to pay a 2019 IHC state refund of \$48,287,356.**

Carriers	4Q Enrollment	Claims	Premium	Loss Ratio	Federal Refund	State Refund
AmeriHealth	111,993	\$427,391,069	\$510,049,941	83.8%	\$0	\$0
Horizon Healthcare	160,712	\$935,044,453	\$1,229,164,762	76.1%	\$0	\$48,287,356
Oscar Garden State	12,817	\$41,734,609	\$51,262,918	81.4%	\$0	\$0
Oxford Health Insurance	425	\$25,579,726	\$22,130,722	115.6%	\$0	\$0
<b>IHC Totals</b>	<b>285,947</b>	<b>\$1,429,749,857</b>	<b>\$1,812,608,343</b>	<b>78.9%</b>	<b>\$0</b>	<b>\$48,287,356</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 2019 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	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%