

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF A STUDY OF THE)	
IMPACT OF THE IMPLEMENTATION OF)	
THE AFFORDABLE CARE ACT ON THE)	
INDIVIDUAL HEALTH COVERAGE)	ORDER
PROGRAM AND POTENTIAL ACTIONS)	
TO STABILIZE THE INDIVIDUAL)	
HEALTH COVERAGE MARKET IN 2019)	
AND LATER YEARS)	

This matter having been opened by the Acting Commissioner of the Department of Banking and Insurance (“the Department”), pursuant to N.J.S.A. 17:1-8.1, N.J.S.A. 17:1-15, N.J.S.A. 17:23-20 et seq., and N.J.S.A. 17:27A-5.2, and all powers expressed or implied therein; and

WHEREAS, implementation of the Patient Protection and Affordable Care Act (ACA)¹ has required regulatory amendments and significant changes in administration of the New Jersey Individual Health Coverage (IHC) Program;² and

WHEREAS, since calendar year 2014, the IHC Program has experienced growth in enrollment effective in the first quarter of each year, but also has experienced lapses in enrollment in the second, third, and fourth quarters of each calendar year at an increasing rate in each subsequent year; and

WHEREAS, the financial stability of the IHC Program and its active carriers has been challenged following various changes in administration of the ACA, including reduced funding and payments for the temporary risk corridor program for plan years 2015 and 2016; sequestration of risk adjustment payments to carriers for plan years starting in 2015; multiple delayed Cost-

¹ The Patient Protection and Affordable Care Act, Pub. L. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. 111-152, and subject to subsequent amendments.

² Established in accordance with N.J.S.A. 17B:27A-2 et seq., as subsequently supplemented and amended.

Share Reduction (CSR) payments in plan year 2017; discontinuance of CSR payments for plan year 2018 and 2019; and expiration of the federal reinsurance program as of plan year 2017; and

WHEREAS, Pub. L. 115-97³ reduces the ACA's individual responsibility payment to \$0 effective after December 31, 2018, and thereby eliminates the requirement for individuals to maintain health coverage; and

WHEREAS, the effect of Pub. L. 115-97 is expected to result in increased adverse selection against the IHC Program, about which carriers are expressing increasing concern; and

WHEREAS, instability in markets may result in less accurate pricing and/or more conservative pricing to address concerns about uncertainty and adverse selection; and

WHEREAS, pricing to factor in such market instability will likely result in premium increases that exacerbate the likelihood of increased adverse selection by consumers, that, in turn, tends to negatively affect the risk pool and drive premiums even higher; and

WHEREAS, the Department may be in a position to provide guidance with respect to stabilizing the IHC Program if the Department has a more thorough understanding of the impact of the implementation of the ACA upon the IHC Program; and

WHEREAS, the IHC Program Board of Directors collects some of the information needed, but most of the data is only available through the insurers, health service corporations, and health maintenance organizations (carriers) offering standard individual health benefits plans in New Jersey;

NOW, THEREFORE, IT IS on this 13th day of April 2018,

ORDERED that every carrier offering standard individual health benefits plans that had enrollment effective as of December 31, 2017 shall, in accordance with the instructions set forth

³ Sometimes referred to as the federal Tax Cuts and Jobs Act of 2017 (131 Stat. 2054), signed December 22, 2017.

in the enclosed templates, submit no later than April 27, 2018, the following, in aggregate with affiliates offering standard individual health benefits plans, subject to clear identification that the information has been aggregated:

1. The completed enclosure, entitled NJ Claims Data Collection Template;
2. The completed enclosure entitled NJ PremiumMembership Data Collection Template;
3. The EDGE Server Output RIDE (Reinsurance Detail Enrollee Report) for 2015 and 2016; and
4. The EDGE Server Output RISR (Reinsurance Summary Report) for 2015 and 2016.

IT IS FURTHER ORDERED that every carrier that itself or through an affiliate had enrollment during 2015, 2016 or 2017, but no covered lives as of 2018 because of a withdrawal from the IHC Program market prior to 2018 shall nevertheless submit the information specified in 1 through 4 above by April 27, 2018 for itself and/or its affiliate(s), completed with respect to the year(s) in which the carrier and/or affiliate(s) had enrollment in force, except that such information is not required to be submitted for any carrier currently in liquidation.



Marlene Caride
Acting Commissioner

Enclosure: NJ Claims.xlsx
NJ PremiumMembership.xlsx