

**NEW JERSEY**  
**INDIVIDUAL HEALTH COVERAGE PROGRAM**

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20 West State Street, 10th Floor  
CN-325  
Trenton, NJ 08625

**BULLETIN 95-01**

**To:** Insurance Companies, Health Service Corporations and Health Maintenance Organizations in the New Jersey Individual Health Coverage Market

**FROM:** The New Jersey Individual Health Coverage Program

**SUBJECT:** Refund Plan Design for Calendar Year 1993

**DATE:** February 9, 1995

Companies that had standard individual health benefits plans in force in calendar year 1993 and had a calendar year loss ratio of less than 75% on those plans are required to make a premium refund to meet a 75% minimum loss ratio. Before making the required refund, these companies must submit a refund plan to the Individual Health Coverage Program Board for approval. See N.J.S.A. 17B:27A-9 and N.J.A.C. 11:20-7.4.

The Individual Health Coverage Program Board is suggesting that companies consider including the recommended refund plan features listed below in any refund plan submitted to the Board. Inclusion of the recommended plan design features will help expedite the approval process. Despite this suggestion, refund plans which do not include these features can be submitted.

All refund plans are subject to approval by the Board.

**Recommended Refund Plan Design Features:**

1. Refunds should be made to all contract holders who were covered at any time during 1993.
2. The refund amount should be determined as an amount per contract month or as a percent of earned premium.
3. Refund payments should be made within 45 days of the approval of a company's refund plan.