

NEW JERSEY  
**INDIVIDUAL HEALTH COVERAGE PROGRAM**

20 West State Street, 10th Floor

P.O. Box 325

Trenton, NJ 08625

Phone: (609) 633-1882 x50302

Fax: (609) 633-2030

E-mail: ederosa@dobi.state.nj.us

October 1, 1999

**ADVISORY BULLETIN 99-IHC-03**

**RE: Notice of 1999/2000 Minimum Enrollment Share and  
Preliminary Notice of 1997/1998 Loss Share**

**THIS BULLETIN MAY REQUIRE ACTION WITHIN 30 DAYS**

The New Jersey Individual Health Coverage Program ("IHC") Board is authorized by N.J.S.A. 17B:27A-2 et seq. And N.J.A.C. 11:20-1 et seq. to administer the IHC Program and to assess carriers which are members of the Program for their proportionate shares of reimbursable losses and operating expenses. A carrier is a member of the IHC Program if it is licensed to sell health benefits plans in New Jersey and reported net earned premium from individual, small group, or large group health benefits plans in either 1997 or 1998. As a result of a change in the law, the calculation period for assessments and reimbursements has been extended to two (2) years. 1997/1998 is the first two-year cycle for loss reimbursement. The IHC Board did not assess carriers for losses in 1997.

Please be advised that ten carriers<sup>1</sup> have sought reimbursement of their 1997/1998 losses. The dollar amount of the reimbursable loss assessment shown on the attached spreadsheet reflects losses of \$29,771,141.52. One of the carriers seeking reimbursement reported net paid losses that exceed the loss amount the IHC Board used to calculate the total amount of the reimbursable loss assessment. The IHC Board has advised that carrier that it has determined that some of the calculations that carrier used in the calculation of the amount of net paid losses appear to be in error and therefore the IHC Board would adjust the loss amount. Please be advised that if the audits of the losses for that carrier or any of the other carriers demonstrate that the loss amount should be increased or decreased, IHC Program member carriers will be subject to an additional assessment, or will be given credit, as appropriate. **The loss amounts have not been audited and are thus subject to change.**

---

<sup>1</sup> Celtic Life Insurance Company, Fortis Insurance Company, Manhattan National Insurance Company, Metropolitan Life Insurance Company, National Casualty Company, Principal Life Insurance Company, Protective Life Insurance Company, Trustmark Insurance Company, UICI Group of Companies (MEGA Life and Mid-West National), Washington National Insurance Company

This Bulletin contains a preliminary estimate of your share of 1997/1998 reimbursable losses. As stated, the estimated loss assessment is subject to change, and the Board will audit the reimbursement request of all carriers.

This Bulletin also shall serve as notice, required by N.J.A.C. 11:20-9.3(a), of the “minimum number of non-group persons” each carrier would have to enroll to be exempt from assessment for 1999/2000 reimbursable losses. Please note that NJ KidCare Part A lives are counted as Medicaid lives for purposes of determining non-group persons; NJ KidCare Parts B and C are not considered non-group persons. Attached is a spreadsheet showing the calculation of the loss share for each member and the non-group person targets.

Reimbursable Losses for 1997/1998 (Unaudited)	\$29,771,141.52
Estimated Loss Share:	
Minimum Enrollment Share for 1999/2000:	

**Exemptions from assessment are only available to carriers actively offering standard individual health benefits plans in New Jersey. If you wish to apply for a conditional exemption for the two-year calculation period 1999/2000, you must submit a request to the Board, in accordance with N.J.A.C. 11:20-9.2, no later than November 1, 1999. Please send the request for exemption to the attention of Ellen DeRosa, Deputy Executive Director. Late requests will be denied; there will be no exceptions.**

**This notice is not a bill.** You will receive a bill in approximately 60 days for the 1997/1998 Program losses and administrative assessment. If you are aware of a carrier that should be assessed, but is not listed, please notify Ellen DeRosa at the above number. If the net earned premium on the attached spreadsheet does not reflect your *total* net earned premium for *both* 1997 *and* 1998, please contact Ellen DeRosa immediately.