

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD

Trenton, NJ 08625

IN THE MATTER OF EDUCATORS MUTUAL LIFE
INSURANCE COMPANY'S APPEAL OF THE INDIVIDUAL
HEALTH COVERAGE PROGRAM BOARD'S ASSESSMENT
FOR REIMBURSABLE LOSSES AND ADMINISTRATIVE
EXPENSES FOR CALENDAR YEAR 1994

ADMINISTRATIVE ORDER NUMBER 96-04

WHEREAS, the New Jersey Individual Health Coverage Program ("IHC") Board is authorized by the Individual Health Insurance Reform Act of 1992 ("IHC Act"), N.J.S.A. 17B:27A-2 et seq., and regulations promulgated thereunder, to administer the IHC Program, to assess members of the IHC Program on the basis of their proportionate share of program losses and administrative expenses and to take any legal actions necessary to recover assessments owed to the IHC Program;

WHEREAS, Educators Mutual Life Insurance Company ("Educators") is a "carrier" with "health benefits plans" in force in New Jersey and is, therefore, a member of the IHC Program subject to assessment pursuant to N.J.S.A. 17B:27A-2 et seq.

WHEREAS, Educators did not file a timely Market Share and Net Paid Loss Report ("Exhibit K") with the IHC Board the IHC Board, on November 21, 1995, assessed Educators for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1994 in the amount of \$1,936, based on the accident and health premium reported on the annual statement filed with the New Jersey Department of Insurance.

WHEREAS, Educators appealed the assessment by letter dated December 10, 1995, on the grounds that:

- 1) Educators is not a member of the IHC Program subject to assessment;
- 2) the assessment should have been based on a net earned premium of \$51,974 instead of \$131,340.

WHEREAS, the Board sought clarification of the grounds for appeal, which were contradictory, and on February 9, 1996, received from Educators an Exhibit K reporting \$51,974 in net earned premium;

WHEREAS, the New Jersey Individual Health Coverage Program Board ("the Board") has considered Educators' appeal of the 1994 assessment. Based on the undisputed facts, the Board concludes that:

- 1) Educators' appeal does not constitute a contested case requiring a hearing, pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq.;

2) Educators is a carrier reporting net earned premium from health benefits plans. Therefore, Educators is member of the IHC Program, subject to assessment. Educators' claim that it is not a member of the IHC Program is hereby denied.;

3) Educators' appeal is granted, to the extent that Educators seeks an adjustment of the assessment based on Educators' actual net earned premium of \$51,974, instead of the annual statement accident and health premium figure used by the Board to calculate the assessment.

NOW THEREFORE, pursuant to the authority granted to the Board by N.J.S.A. 17B:27A-2 et seq., and all powers expressed or implied therein, and the decision of the Board as expressed by approval of this Administrative Order;

IT IS on this 13th day of February, 1996,

ORDERED that Educators appeal of the 1994 assessment by the IHC Board is hereby granted in part and denied in part, as specified above. The Board accepts Educators late filing of Exhibit K and will recalculate the assessment using the Exhibit K figure as the basis and refund any difference between the amount paid and the amount owed when the Board has reconciled the remaining assessment disputes.

Kevin O'Leary, Executive Director

Date