



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

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BULLETIN NO. 21-11

**TO: ALL CARRIERS AUTHORIZED TO ISSUE HEALTH BENEFITS PLANS
IN THE LARGE GROUP AND INDIVIDUAL MARKETS IN NEW JERSEY
AND OTHER INTERESTED PARTIES**

FROM: MARLENE CARIDE, COMMISSIONER

RE: MEDICAL LOSS RATIO

P.L. 2019, c. 358 - Large Group Health Benefits Plans:

P.L. 2019, c. 358, enacted January 16, 2020, provides that for each calendar year beginning on January 1, 2020 and continuing for each year thereafter, all carriers authorized to issue large group health benefits plans¹ in this State must return, in the form of aggregate benefits for all large group health benefits plans offered by the carrier, at least 85 percent of the aggregate premiums collected for all of those plans. The Department of Banking and Insurance ("Department") is issuing this Bulletin to advise all carriers that issue, renew, or have in force large group health benefits plans in this State that they must file the medical loss ratio ("MLR") calculated for all of the health benefits plans for the 2020 calendar year with the Department not later than November 22, 2021. The MLR filing required by P.L. 2019, c. 358 and this Bulletin is partially satisfied by the submission of the Federal Medical Loss Ratio Annual Reporting Forms² to the Department. Additionally, the submission must include the carrier's calculation of the refunds and credits applicable to all large group health benefits plans, as well as an explanation of the carrier's plan to issue refunds or credits pursuant to P.L. 2019, c. 358. The required documentation must be

¹ Large group health benefits plan means a health benefits plan issued to a large employer, which means an employer with more than 50 employees, who is not a small employer as defined in section 1 of P.L. 1992, c. 162 (C.17B:27A-17).

² Section 2718 of the Public Health Service Act, Pub. Law 78-410, ("PHS Act"), as added by the Patient Protection and Affordable Care Act, Pub. Law 111-148, as amended and supplemented by the Health Care and Reconciliation Act, Pub. Law 111-152 (collectively, "the Affordable Care Act"), requires carriers offering group or individual health insurance coverage to submit a report to the Secretary of the Department of Health and Human Services concerning their MLR and requires them to issue an annual rebate to enrollees if the carrier's MLR is less than the applicable MLR standard established in sections 2718(b)(1)(A)(i) and (ii) of the PHS Act. The Federal Medical Loss Ratio Annual Reporting Forms and instructions can be found at: https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources#Medical_Loss_Ratio.

submitted to the Department via the System for Electronic Rates and Forms Filing (“SERFF”) by November 22, 2021 for the 2020 calendar year, and August 1st of each year thereafter.

Carriers should additionally be aware that, pursuant to P.L. 2019, c. 358, all dividends and credits must be distributed by December 31st of the year following the calendar year in which the loss ratio requirements were not satisfied.

P.L. 2019, c. 141 and P.L. 2020, c. 61 - Individual Health Benefits Plans:

P.L. 2019, c. 141, effective January 1, 2020, permits the Commissioner of the Department to apply a monthly assessment to each individual health benefits plan sold in the individual market. Moreover, on July 31, 2020, Governor Phil Murphy signed legislation, P.L. 2020, c. 61, which establishes the New Jersey Health Insurer Assessment (“HIA”). The HIA is a continuation of a federal assessment on health insurance companies that expired at the end of 2019. The law sets the state HIA rate at 2.5 percent of net written premiums and applies to, among other plans, individual health benefits plans.

The Department is issuing this Bulletin to advise carriers authorized to issue individual health benefits plans in this State that these State assessments should be excluded from premium for purposes of their MLR calculation. As the fees assessed pursuant to P.L. 2019, c. 141 and P.L. 2020, c. 61 are both former federal assessments that have been assumed by the State, and the federal assessments were excluded from premium for purposes of the MLR calculation, the exclusion of these State assessments is intended to maintain the status quo in the MLR calculation.

Should you have any questions regarding the content of this Bulletin, please contact the Department’s Office Life and Health at lifehealth@dobi.nj.gov.

11/08/2021

Date



Marlene Caride
Commissioner

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