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BULLETIN NO. 26-06

TO: **ALL HEALTH INSURANCE COMPANIES, HEALTH SERVICE CORPORATIONS, HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE CORPORATIONS, AND HEALTH MAINTENANCE ORGANIZATIONS AUTHORIZED TO ISSUE HEALTH BENEFITS PLANS IN THIS STATE**

FROM: **SUSAN OCHS, ACTING COMMISSIONER**

RE: **MEDICAL LOSS RATIO REPORTING UNDER NEW JERSEY'S INDIVIDUAL HEALTH COVERAGE PROGRAM AND SMALL EMPLOYER HEALTH BENEFITS PROGRAM**

The purpose of this bulletin is to provide guidance regarding P.L.2024, c.62, which requires the medical loss ratio to be calculated using a rolling three-year average, plus a three-month runout for the most recent year's claims. All health insurance companies, health service corporations, hospital service corporations, medical service corporations, and health maintenance organizations authorized to issue health benefits plans in New Jersey ("carriers") are advised that, commencing in reporting year 2026 and until such time as the regulations are updated, carriers should report medical loss ratios using the template provided with this bulletin in lieu of the reporting templates provided in Exhibit J of the Appendix to N.J.A.C.11:20-7 and in Exhibit GG of the Appendix to N.J.A.C.11:21-7A. Such reporting must be completed by August 1st of each year, in accordance with N.J.S.A. 17B-27A-9e.(2).

Except as otherwise set forth in this bulletin, individual market medical loss ratio reports are to be submitted in accordance with the requirements established under N.J.A.C.11:20-7, including the requirement to file both individual and combined reports for affiliated carriers, and small group market medical loss ratio reports are to be submitted in accordance with the requirements established under N.J.A.C.11:21-7A, including the requirement to file an individual report for each carrier.

Pursuant to P.L. 2024, c. 62, medical loss ratio reporting for individual market and small group market programs will deviate from the current regulatory requirements in several respects. Specifically, loss ratios shall be reported using incurred claims, calculated based on a three-year rolling average, which includes the data for the previous calendar year and the data for the two years immediately preceding. Further, for the year immediately prior to the reporting year, the data shall include a three-month runout through March 31st of the reporting year. A prescribed

Incurred But Not Reported ("IBNR") factor of 3.3% shall be applied to claims for the year immediately prior to the reporting year (Prior Year 1), including the three-month runout (*i.e.*, for reporting year 2026, the factor of 3.3% reflects claims incurred in 2025 as of March 31, 2026, multiplied by .033). The IBNR factor shall not be applied to Prior Years 2 or 3. Pharmacy rebates and concessions shall be subtracted from the incurred claims.

Premiums shall be calculated using total premiums for each of the prior three years, with ACA taxes and fees subtracted, risk adjustment payments made by carriers subtracted, and risk adjustment payments received by carriers added. The template includes features to automatically perform the claims and premium calculations, as well as calculating total loss ratio and refund liability.

When calculating the three-year average, carriers shall not make adjustments to prior years' loss ratio amounts to account for rebates or refunds, except that, for the reporting year 2026 loss ratio calculation, carriers may include refund amounts required under the New Jersey loss ratio calculation for 2024 and 2023 claims only, and for the reporting year 2027 loss ratio calculation, carriers may include refund amounts required under the New Jersey loss ratio calculation for 2024 claims only.

If you have any questions, please contact lifehealthreporting@dobi.nj.gov.

7/22/2026

Date

Susan Ochs
Acting Commissioner

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