

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of )  
Banking and Insurance, State of New Jersey, ) CONSENT  
with respect to AmeriHealth HMO, Inc. ) ORDER  
(NAIC No. 95044) )

TO: AmeriHealth HMO, Inc.  
1901 Market Street  
Philadelphia, PA  
19103-1480

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey, upon the filing of a Market Conduct Examination Report ("Report") containing the results of the January 1, 2016 to June 30, 2016 examination of the practices of AmeriHealth HMO, Inc., ("Company") with respect to preparation and use of Summaries of Benefits and Coverages, as performed by the New Jersey Department of Banking and Insurance ("Department") pursuant to the authority provided at N.J.S.A. 17:23-20 et seq.; and

WHEREAS, the market conduct examination did not reveal instances of noncompliance with various provisions of New Jersey insurance statutes or regulations.

NOW, THEREFORE, IT IS on this 31<sup>st</sup> day of JULY, 2017

ORDERED AND AGREED that the attached Report will be adopted and filed as an official record of the Department; and

IT IS FURTHER ORDERED AND AGREED that, pursuant to N.J.S.A. 17:23-24d(1), within 30 days of the adoption of the Report, the Company shall file an affidavit with the

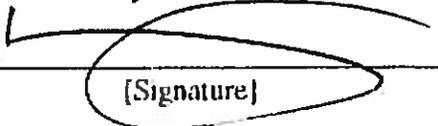
Department's Market Conduct Unit, stating under oath that its directors have received a copy of the adopted Report.



Peter L. Hartt  
Director of Insurance

Date: 7-31-17

Consented to by the Company as to form, content and entry

By:   
[Signature]

MICHAEL A. MUNOZ, MARKET PRESIDENT, ASVP  
Printed Name, Title

Date: 7-12-17



**State of New Jersey**

**DEPARTMENT OF BANKING AND INSURANCE  
CONSUMER PROTECTION SERVICES**

PO BOX 329  
TRENTON, NJ 08625-0329

TEL (609) 292-5316  
FAX (609) 292-5865

**CHRIS CHRISTIE**  
*Governor*

**RICHARD BADOLATO**  
*Commissioner*

**KIM GUADAGNO**  
*Lt. Governor*

**PETER L. HARTT**  
*Director*

August 9, 2017

Honorable Richard Badolato  
Commissioner of Insurance  
State of New Jersey  
Department of Banking and Insurance  
20 West State Street  
P.O. Box 329  
Trenton, N.J. 08625

Dear Commissioner Badolato,

Pursuant to the authority provided in N.J.S.A. 26:2J-18.1 and N.J.S.A. 17:23-22, and in accordance with your instructions, a market conduct examination of the business practices and affairs was conducted on:

AmeriHealth Insurance Company of New Jersey, NAIC code 60061

Domiciled in Cranbury, NJ

↓ AmeriHealth HMO, Inc., NAIC code 95044

Domiciled in Philadelphia, PA

The field work for this examination was conducted in our Trenton, N.J. office. The following report is respectfully submitted on behalf of the examination team. Through a deliberative process, I certify the accuracy of the findings presented herein.

Clifton J. Day, MPA, MCM, CPM, CSM  
Chief of Market Regulation and Consumer  
Protection Services

**MARKET CONDUCT EXAMINATION**

**of**

**AMERIHEALTH INSURANCE COMPANY OF NEW JERSEY**  
**(NAIC Company Number 60061; Group Number 936)**  
**Domiciled in Cranbury, New Jersey**

**and**

**AMERIHEALTH HMO, INC.**  
**(NAIC Company Number 95044; Group Number 936)**  
**Domiciled in Philadelphia, PA**

**as of**

**February 7, 2017**

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**BY EXAMINERS**

**of the**

**STATE OF NEW JERSEY**

**DEPARTMENT OF BANKING AND INSURANCE**

**DIVISION OF INSURANCE**

**OFFICE OF CONSUMER PROTECTION SERVICES**

**MARKET REGULATION SECTION**

**REPORT ADOPTED: August 9, 2017**

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## I. INTRODUCTION

This is a report of the Market Conduct activities of AmeriHealth Insurance Company of New Jersey and AmeriHealth HMO, Inc. (hereinafter collectively referred to as "AmeriHealth" or "the Companies"). Authority for this examination is found at N.J.S.A. 26:2J-18.1 and N.J.A.C. 11:24-2.12 for AmeriHealth HMO, Inc., a health maintenance organization ("HMO"), and N.J.S.A. 17:23-22 for AmeriHealth Insurance Company of New Jersey. Market Conduct Examiners from the New Jersey Department of Banking and Insurance (hereinafter referred to as the "Department" or "DOBI") conducted this examination. The examiners present their findings, conclusions and recommendations in this report as a result of their market conduct examination of the Company. The Market Conduct Examiners were Examiner-in-Charge Robert Greenfield and examiners Marleen Sheridan, William Sonntag, Richard Segin, Erin Porter and Michael Wise.

### A. Scope of Examination

Pursuant to 29 C.F.R. 2590.715-2715 (group plans) and 45 C.F.R. 147.200(a) (individual plans), a health insurance issuer offering a group or individual health benefit plan is required to provide a Summary of Benefits and Coverage (hereinafter referred to as "SBC") for each benefit plan without charge to entities and individuals upon application, renewal, reissuance and reinstatement. The SBC is to include among other things, a description of the coverage, including cost sharing, for each category of benefits and the exceptions, reductions and limitations of coverage. The scope of the examination included a census review of SBCs for health benefits plans issued in the individual and small employer markets to determine their accuracy. The examiners deemed an SBC to be accurate if it: 1) provided information consistent with the benefit summary that accompanied the rate filings for the pertinent health benefits plan as filed with the Department; and 2) complied with the limitations on cost sharing at N.J.A.C. 11:22-5.1 et seq.

The review period for this examination included SBCs issued as of January 1, 2016 and June 1, 2016. The examiners conducted this review at its Trenton, NJ office between June 27, 2016 and December 31, 2016.

Population sampling of AmeriHealth's product portfolios was unnecessary because the examiners conducted a census review of specimen copies of all 2016 individual and small employer health benefits plans and their corresponding SBCs. The examiners conducted this review in accordance with the National Association of Insurance Commissioners' (hereinafter referred to as "NAIC") Market Regulation Handbook, Chapters 14, 16, 20 and 20A.

## **B. Error Ratios**

Error ratios are the percentage of SBCs reviewed which contained an error. A SBC is counted as an error when the stated benefit, benefit level, cost sharing or limitation is inconsistent with the information that accompanied the rate filing for that health benefits plan. As an example, an SBC that listed a \$10 co-pay for a physical therapy visit would be in error if the information in the rate filing showed a \$20 co-pay for physical therapy.

If a single SBC contains multiple errors, the examiners will count that SBC only once in calculating error ratios. However, any SBC that contains more than one error will be cited more than once in the report.

The examiners submitted written inquiries to Company representatives on the findings outlined in this report. These inquiries provided AmeriHealth with an opportunity to respond to the examiners' findings and to provide exceptions to any statutory and/or regulatory errors or mishandling reported herein.

## **C. Company Profiles**

### AmeriHealth Insurance Company of New Jersey

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Independence Insurance Benefits Company ("IIBC") was incorporated in New Jersey on April 4, 1994, as a subsidiary of AmeriHealth, Inc. On March 10, 1995, the name of IIBC was changed to AmeriHealth Insurance Company of New Jersey. AmeriHealth Insurance Company of New Jersey was authorized to conduct insurance business on June 16, 1995 and writes solely in New Jersey.

On July 1, 2014, as a result of corporate restructuring, AmeriHealth Insurance Company of New Jersey became a subsidiary of AmeriHealth New Jersey, LLC. AmeriHealth New Jersey Holdings, LLC is the majority owner of AmeriHealth New Jersey, LLC, with Cooper Medical Services, Inc. holding a minority interest. AmeriHealth New Jersey Holdings, LLC is a wholly owned subsidiary of AmeriHealth, Inc. AmeriHealth, Inc. is a wholly owned subsidiary of Independence Health Group, Inc., the ultimate parent as a result of corporate restructuring.

AmeriHealth Insurance Company of New Jersey offers health benefits plans to individuals, small groups, and large groups throughout the twenty-one (21) counties of New Jersey. AmeriHealth Insurance Company of New Jersey offerings include Preferred Provider Organization ("PPO"), Point of Service ("POS"), Exclusive Provider Organization ("EPO"), and Medicare Supplement ("MS") plans.

AmeriHealth HMO, Inc.

Greater Delaware Valley Health Care, Inc. ("GDVHCI"), currently AmeriHealth HMO, Inc., was incorporated in Pennsylvania on February 18, 1976. On December 23, 1986, GDVHCI was acquired by AmeriHealth Integrated Benefits, Inc., which at the time was a wholly owned subsidiary of AmeriHealth, Inc. AmeriHealth, Inc. was a wholly owned subsidiary of then Independence Blue Cross ("IBC"). The name of GDVHCI was subsequently changed to Delaware Valley HMO, Inc. on July 11, 1988 and, on July 1, 1995, the name was changed again to AmeriHealth HMO, Inc. AmeriHealth HMO, Inc. was authorized to conduct business in New Jersey on May 9, 1991. AmeriHealth HMO, Inc. is also licensed as an HMO in Pennsylvania and Delaware.

On July 1, 2014, as part of a corporate restructuring of IBC, ownership of AmeriHealth HMO, Inc. was transferred to Independence Blue Cross, LLC, a new wholly owned subsidiary of AmeriHealth, Inc. AmeriHealth, Inc. is now a subsidiary of Independence Health Group, Inc., the ultimate parent as a result of corporate restructuring.

AmeriHealth HMO, Inc. offers health benefits plans to individuals, small groups, and large groups throughout the twenty-one (21) counties of New Jersey. AmeriHealth HMO, Inc. offerings include HMO and HMO-POS plans.

## II. SUMMARY OF BENEFITS AND COVERAGE REVIEW

### A. Introduction

As of January 1, 2016, the Companies maintained a total of 203 SBCs. Products available included Health Maintenance Organization plans, Exclusive Provider Organization plans, Point of Service plans and Preferred Provider Organization plans. The Companies offered these products at the Platinum, Gold, Silver and Bronze levels with various features and cost sharing options.

### B. Error Ratios

The examiners calculated the error ratios by applying the procedure outlined in the introduction of this report. As indicated in the chart below, the examiners reviewed a census population of 203 specimen SBCs and the benefit information in the rate filings for the pertinent plans. As outlined below, the examiners found no errors in this review.

Summary of Benefits and Coverages (SBC) Error Ratio Chart

<u>Company</u>	<u>SBC Documents Reviewed</u>	<u>SBC Documents in Error</u>	<u>Error Ratio</u>
AmeriHealth Insurance	163	0	0%
Company of New Jersey			
AmeriHealth HMO, Inc.	40	0	0%
Totals	203	0	0%

### C. Examiners' Findings

#### 1. Consistency between Summary of Benefits and Coverages and Benefit Summaries included in the associated Rate Filing. Zero Files in Error

The examiners reviewed 203 SBCs and found no errors when comparing SBCs to benefit information in the appropriate rate filings. The examiners also reviewed all SBCs to determine compliance with N.J.A.C. 11:22-5.1 et seq. The examiners found no errors in these reviews.

### III. VERIFICATION PAGE

I, Robert Greenfield, am the Examiner-in-Charge of the Market Conduct Examination of AmeriHealth Insurance Company of New Jersey and AmeriHealth HMO, Inc. conducted by examiners of the New Jersey Department of Banking and Insurance. This verification is based on my personal knowledge as acquired in my official capacity.

The findings, conclusions and recommendations contained in the foregoing report represent, to the best of my knowledge, a full and true statement of the Market Conduct Examination of AmeriHealth Insurance Company of New Jersey and AmeriHealth HMO, Inc. as of February 7, 2017.

I certify that the foregoing statements are true. I am aware that if any of the foregoing statements made by me is willfully false, I am subject to punishment.

2/23/17  
Date



Robert Greenfield  
Examiner in Charge  
New Jersey Department of Banking  
and Insurance