

To: Ellen DeRosa, Executive Director, Small Employer Health (SEH) Benefits Program
 From: Seong-min Eom, Chief Actuary, Life and Health
 Fred Brinkman, Actuarial Analyst, Life and Health
 Date: January 20th, 2021
 Re: SEH Loss Ratio and Refund Report for 2019

In 2019, the SEH market had \$1,776,438,068 in claims and \$2,260,744,486 in premium for a loss ratio of 78.6%.

Four NJ carrier entities are required to pay 2019 SEH NJ State Refunds of \$34,308,208 in total.

Carriers	4Q Enrollment	Claims	Premium	Loss Ratio	Federal Refund	State Refund
AmeriHealth HMO	6,047	\$24,614,162	\$37,314,715	66.0%	\$0	\$5,237,611
AmeriHealth Insurance	24,923	\$147,351,050	\$186,856,437	78.9%	\$1,283,718	\$850,382
Horizon Healthcare of NJ	645	\$7,363,915	\$7,162,101	102.8%	\$0	\$0
Horizon Healthcare Services	207,270	\$1,125,539,554	\$1,441,511,540	78.1%	\$0	\$27,669,679
Oscar Garden State	1,816	\$6,845,778	\$6,632,286	103.2%	\$0	\$0
Oxford Health Insurance	67,880	\$462,169,651	\$577,386,789	80.0%	\$0	\$0
Oxford Health Plans	403	\$2,553,958	\$3,880,618	65.8%	\$0	\$550,536
SEH Totals	308,984	\$1,776,438,068	\$2,260,744,486	78.6%	\$1,283,718	\$34,308,208

Differences between the New Jersey and the Federal Medical Loss Ratio (MLR) calculations include:

- 1) NJ MLR calculation is based on a single current year applicable values; the Federal MLR calculation uses three-year moving averages.
- 2) NJ MLR calculation considers risk adjustment transfers a part of premiums; the Federal MLR calculation includes risk adjustment transfers in the claims.
- 3) NJ MLR approach excludes quality improvement expenses from the calculation (neither part of the premium nor claims); For the Federal MLR calculation, such costs are added to the claims.

The federal MLR calculation resulted in “AmeriHealth Insurance Company of NJ” paying a 2019 federal MLR refund of \$1,283,718.

It should be noted that if NJ MLR and the Federal MLR both have a refund due, then NJ will reduce the amount of the state refund by the amount of the Federal refund.

Historical Statistics for the SEH Market				
Year	4Q Enrollment	Claims (million)	Premium (million)	Loss Ratio
2019	308,984	\$1,776.4	\$2,260.7	78.6%
2018	326,851	\$1,858.6	\$2,307.6	80.5%
2017	370,330	\$2,099.8	\$2,583.7	81.3%
2016	431,544	\$2,180.1	\$2,614.5	83.4%
2015	463,768	\$2,162.6	\$2,632.1	82.2%
2014	503,018	\$2,396.2	\$2,832.1	84.6%