

### Second Lowest Cost Silver Information

The following table specifies the second lowest silver plan base rates for 2020.

Year	Group 1* (SLCSP1)	Group 2* (SLCSP2)	Group 3* (SLCSP3)	Reinsurance
2020	\$304.40	\$311.05	\$328.87	Yes
	\$359.52	\$370.30	\$407.02	No

Group 1: Atlantic, Burlington, Camden, Cape May, Essex, Gloucester, Hudson, Mercer, Middlesex, Monmouth, Ocean, Somerset, Union Counties

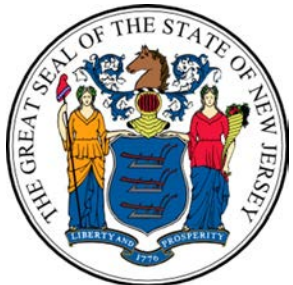
Group 2: Bergen, Cumberland, Morris, Passaic, Salem, Sussex, Warren Counties

Group 3: Hunterdon County

# New Jersey Section 1332 Waiver Public Forum

Public Forum Presentation  
November 10, 2020

Virtual Forum



## **NJ Department of Banking and Insurance**

**Marlene Caride, Commissioner**

Philip Gennace  
Assistant Commissioner, Department of Banking and Insurance

Ellen DeRosa  
Executive Director, Individual Health Coverage Board

# “New Jersey Health Insurance Premium Security Act”

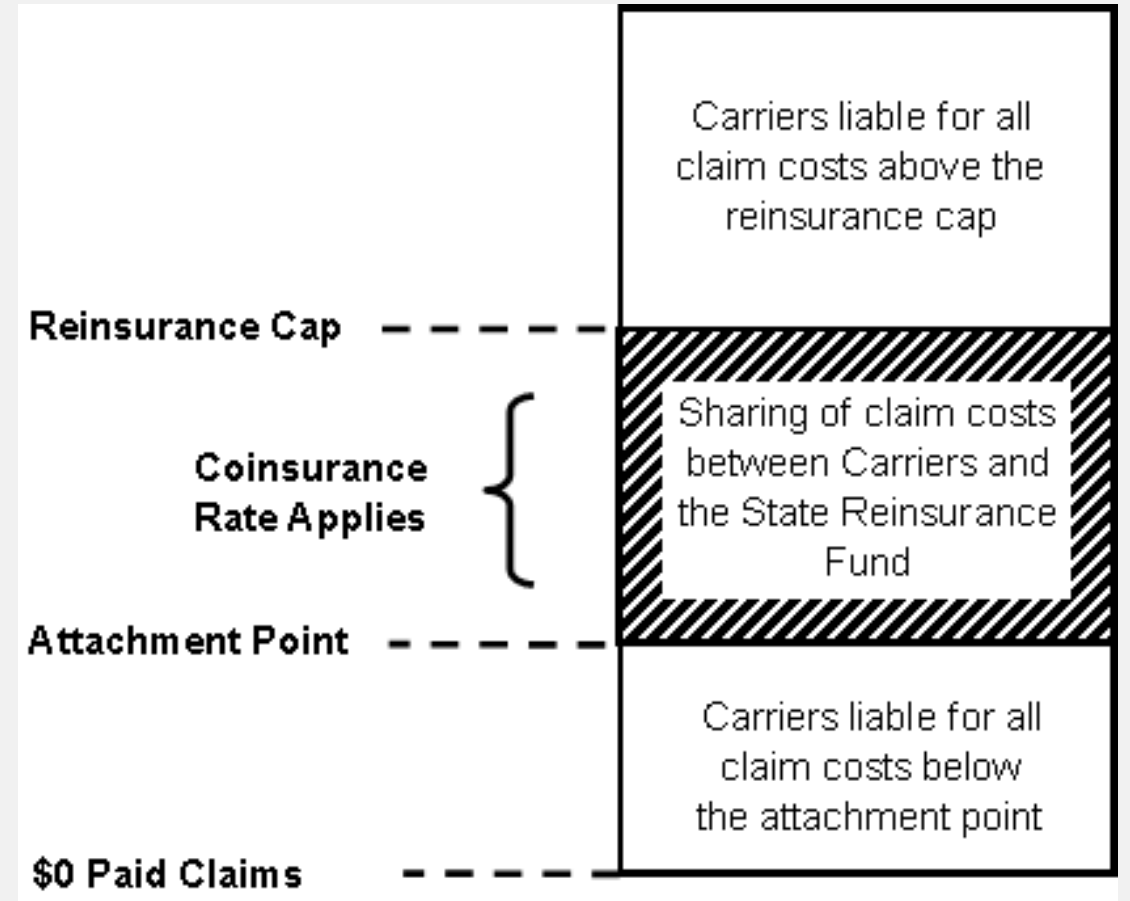
- P.L.2018, c.24 directed the commissioner to apply for a waiver from the United States Secretary of Health and Human Services with respect to health insurance coverage in the State for a plan year beginning on or after January 1, 2019. **DONE!**
- This law contemplated the creation of a reinsurance plan to reimburse health insurance carriers for certain high-cost claims in the individual health insurance market. **DONE!**
- The law provides that the plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan. **ACHIEVED 15% IN 2019, 2020 and 2021!!!**
- The law requires quarterly reporting of reinsurance requests. **DONE in 2019, continuing in 2020!**
- The law requires funding of reinsurance payments through pass-through funding, the individual mandate penalty and the general fund, if necessary. **DONE for 2019!**
- The law requires that reinsurance payments be made to carriers no later than November 1. **DONE for 2019!**

# How Does the Reinsurance Program Work?

## PROGRAM DESCRIPTION

- Program will reimburse qualifying carriers in the individual health insurance market for a percentage of an enrollee's claims (coinsurance rate) between an attachment point and a reinsurance cap - known as payment parameters.
- The Individual Health Coverage Board, in consultation with the Commissioner of DOBI, set the payment parameters.
- To achieve a reduction in rates of 15% the Board set the Plan Year 2019 payment parameters at: attachment point **\$40,000**/ coinsurance **60%**/ reinsurance cap **\$215,000**

## HOW PARAMETERS WORK



# Reinsurance Program Data Collection

P.L. 2018, c. 24 requires reporting.

On a quarterly basis the IHC Board must notify the Commissioner and Carriers of the total reinsurance payment requests.

THEREFORE, the IHC Board required carriers to calculate the total of all New Jersey individual health benefits plan claims for unique enrollees that were paid during the applicable quarter that meet the reinsurance parameters and report the total to the IHC Board

For plan year 2019, the total reinsurance payment requests, by quarter were:

1Q	\$24,147,916.46
2Q	\$62,821,231.11
3Q	\$75,109,732.79
4Q	\$80,799,869.55

Recognizing that claims for all services received in 2019 could be paid after the 4Q reporting, carriers were initially asked to estimate reinsurance-eligible run-out claims with those estimates later replaced with actual reinsurance eligible run-out claims. The total run out-claims for 2019 was \$25,890,680.47.

# Reinsurance Program Data Validation

P.L. 2018, c. 24 allows auditing

To ensure that the requested reinsurance payments are appropriate, following a competitive bidding process, the Department engaged Withum Smith + Brown (“Withum”) to perform agreed-upon procedures. The costs incurred under the engagement have been paid using pass-through funds.

Based on the reports some minor adjustments to the reinsurance payments as requested by some carriers were necessary.

# Reinsurance Program Payments

P.L. 2018, c. 24 requires payments to be made no later than November 1

Payments to the following carriers were made on October 30, 2020:

AmeriHealth Insurance Company

AmeriHealth HMO, Inc

Horizon Healthcare Services, Inc.

Oscar Garden State Insurance Corporation

Oxford Health Insurance Inc.

The total amount paid was \$267,724,523.38

# Reinsurance Program for Plan Year 2020 and 2021

## Plan Year 2020

The payment parameters set for plan year 2019 were continued for plan year 2020.  
attachment point **\$40,000**/ coinsurance **60%**/ reinsurance cap **\$215,000**

For Plan Year 2020, the quarterly reinsurance payment requests received to date are:

1Q      \$20,496,959.54

2Q      \$60,949,018.96

3Q      \$84,905,703.50

The pass through funding for 2020 is \$190,015,727

## Plan Year 2021

The payment parameters for Plan Year 2021 will be  
attachment point \$35,000/ coinsurance 50%/ reinsurance cap \$245,000

Processes established for Plan Year 2019 are being continued for subsequent plan years.



# Comments

## Oral Comments

- Please state your name and organization
  - If you have a written copy of your comments please by email to [ellen.derosa@dobi.nj.gov](mailto:ellen.derosa@dobi.nj.gov)
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- For Additional Information and Updates go to the following Website:  
[www.state.nj.us/dobi/division\\_insurance/section1332/](http://www.state.nj.us/dobi/division_insurance/section1332/)

**Thank you for your participation!**