



13035201620100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE

## Healthfirst Health Plan of New Jersey, Inc.

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 13035 Employer's ID Number 51-0609967

Organized under the Laws of New Jersey, State of Domicile or Port of Entry New Jersey  
 Country of Domicile United States of America

Licensed as business type: **Life, Accident & Health**  **Property/Casualty**  **Hospital, Medical & Dental Service or Indemnity**   
**Dental Service Corporation**  **Vision Service Corporation**  **Health Maintenance Organization**   
**Other**  **Is HMO Federally Qualified?** Yes  No

Incorporated/Organized September 21, 2006 Commenced Business January 1, 2008

Statutory Home Office 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code)

Main Administrative Office 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code)  
212-801-6000 (Area Code) (Telephone Number)

Mail Address 100 Church Street (Street and Number or P.O. Box) New York, NY, US 10007 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code) 212-801-6000 (Area Code) (Telephone Number)

Internet Web Site Address www.healthfirstnj.org

Statutory Statement Contact Angelica Fomolles (Name) 212-801-6091 (Area Code) (Telephone Number) (Extension)  
AFomolles@healthfirst.org (E-Mail Address) 212-785-6893 (Fax Number)

### OFFICERS

Name	Title
1. <u>Linda Tiano #</u>	<u>Secretary</u>
2. _____	_____
3. _____	_____

### VICE-PRESIDENTS

Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

### DIRECTORS OR TRUSTEES

<u>John Calendriello</u>	<u>Edward Condit</u>	<u>Michael D'Agnes</u>	<u>Thomas Daley</u>
<u>Chad Forbes</u>	<u>Deborah Hammond</u>	<u>Leslie Hirsh</u>	<u>Gary Horan</u>
<u>Peter Kelly</u>	<u>Michael Maron</u>	<u>Daniel McCarthy</u>	<u>Ronald Napiorski</u>
<u>Anthony Orlando</u>	<u>Robert Peterson</u>	<u>Ronald Rak</u>	<u>Axel Ramos</u>
<u>Richard Smith</u>	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State of New York  
County of New York ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature)	<u>Linda V Tiano</u> (Signature)	<u>John Bernel</u> (Signature)
_____ (Printed Name)	<u>Linda Tiano #</u> (Printed Name)	<u>John Bernel #</u> (Printed Name)
1.	2. Secretary	3. Chief Financial Officer
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to (or affirmed) before me this on this 26 day of February, 2017, by Pearl Smith



Is this an original filing?  Yes  No  
If no: 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 U.S. treasury securities						
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies						
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations						
1.43 Revenue and assessment obligations						
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA						
1.512 Issued or guaranteed by FNMA and FHLMC						
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other						
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)						
2.2 Unaffiliated non-U.S. securities (including Canada)						
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$ _____ of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$ _____ property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	27,819,618	100.00	27,819,618		27,819,618	100.00
11. Other invested assets						
12. Total invested assets	27,819,618	100.00	27,819,618		27,819,618	100.00

**NONE**    **Schedule A and B Verification**

**NONE**    **Schedule BA and D Verification**

**NONE**    **Schedule D - Summary**

### SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.7	9 Total from Col. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
<b>1. U.S. Governments</b>												
1.1 NAIC 1	5,079,043					XXX	5,079,043	100.000	15,905,137	100.000	5,079,043	
1.2 NAIC 2						XXX						
1.3 NAIC 3						XXX						
1.4 NAIC 4						XXX						
1.5 NAIC 5						XXX						
1.6 NAIC 6						XXX						
1.7 Totals	5,079,043					XXX	5,079,043	100.000	15,905,137	100.000	5,079,043	
<b>2. All Other Governments</b>												
2.1 NAIC 1						XXX						
2.2 NAIC 2						XXX						
2.3 NAIC 3						XXX						
2.4 NAIC 4						XXX						
2.5 NAIC 5						XXX						
2.6 NAIC 6						XXX						
2.7 Totals						XXX						
<b>3. U.S. States, Territories and Possessions, etc., Guaranteed</b>												
3.1 NAIC 1						XXX						
3.2 NAIC 2						XXX						
3.3 NAIC 3						XXX						
3.4 NAIC 4						XXX						
3.5 NAIC 5						XXX						
3.6 NAIC 6						XXX						
3.7 Totals						XXX						
<b>4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed</b>												
4.1 NAIC 1						XXX						
4.2 NAIC 2						XXX						
4.3 NAIC 3						XXX						
4.4 NAIC 4						XXX						
4.5 NAIC 5						XXX						
4.6 NAIC 6						XXX						
4.7 Totals						XXX						
<b>5. U.S. Special Revenue &amp; Special Assessment Obligations, etc., Non-Guaranteed</b>												
5.1 NAIC 1						XXX						
5.2 NAIC 2						XXX						
5.3 NAIC 3						XXX						
5.4 NAIC 4						XXX						
5.5 NAIC 5						XXX						
5.6 NAIC 6						XXX						
5.7 Totals						XXX						

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### SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.7	9 Total from Col. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
<b>6. Industrial &amp; Miscellaneous (unaffiliated)</b>												
6.1 NAIC 1						XXX						
6.2 NAIC 2						XXX						
6.3 NAIC 3						XXX						
6.4 NAIC 4						XXX						
6.5 NAIC 5						XXX						
6.6 NAIC 6						XXX						
6.7 Totals						XXX						
<b>7. Hybrid Securities</b>												
7.1 NAIC 1						XXX						
7.2 NAIC 2						XXX						
7.3 NAIC 3						XXX						
7.4 NAIC 4						XXX						
7.5 NAIC 5						XXX						
7.6 NAIC 6						XXX						
7.7 Totals						XXX						
<b>8. Parent, Subsidiaries and Affiliates</b>												
8.1 NAIC 1						XXX						
8.2 NAIC 2						XXX						
8.3 NAIC 3						XXX						
8.4 NAIC 4						XXX						
8.5 NAIC 5						XXX						
8.6 NAIC 6						XXX						
8.7 Totals						XXX						
<b>9. SVO Identified Funds</b>												
9.1 NAIC 1	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.2 NAIC 2	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.3 NAIC 3	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.4 NAIC 4	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.5 NAIC 5	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.6 NAIC 6	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
9.7 Totals	XXX	XXX	XXX	XXX	XXX				XXX	XXX		

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### SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.7	9 Total from Col. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
<b>10. Total Bonds Current Year</b>												
10.1 NAIC 1	(d) 5,079,043						5,079,043	100.000	XXX	XXX	5,079,043	
10.2 NAIC 2	(d)								XXX	XXX		
10.3 NAIC 3	(d)								XXX	XXX		
10.4 NAIC 4	(d)								XXX	XXX		
10.5 NAIC 5	(d)						(c)		XXX	XXX		
10.6 NAIC 6	(d)						(c)		XXX	XXX		
10.7 Totals	5,079,043						(b) 5,079,043	100.000	XXX	XXX	5,079,043	
10.8 Line 10.7 as a % of Col. 7	100.000						100.000	XXX	XXX	XXX	100.000	
<b>11. Total Bonds Prior Year</b>												
11.1 NAIC 1	15,905,137					XXX	XXX	XXX	15,905,137	100.000	15,905,137	
11.2 NAIC 2						XXX	XXX	XXX				
11.3 NAIC 3						XXX	XXX	XXX				
11.4 NAIC 4						XXX	XXX	XXX				
11.5 NAIC 5						XXX	XXX	XXX	(c)			
11.6 NAIC 6						XXX	XXX	XXX	(c)			
11.7 Totals	15,905,137					XXX	XXX	XXX	(b) 15,905,137	100.000	15,905,137	
11.8 Line 11.7 as a % of Col. 9	100.000					XXX	XXX	XXX	100.000	XXX	100.000	
<b>12. Total Publicly Traded Bonds</b>												
12.1 NAIC 1	5,079,043						5,079,043	100.000	15,905,137	100.000	5,079,043	XXX
12.2 NAIC 2												XXX
12.3 NAIC 3												XXX
12.4 NAIC 4												XXX
12.5 NAIC 5												XXX
12.6 NAIC 6												XXX
12.7 Totals	5,079,043						5,079,043	100.000	15,905,137	100.000	5,079,043	XXX
12.8 Line 12.7 as a % of Col. 7	100.000						100.000	XXX	XXX	XXX	100.000	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 7, Section 10	100.000						100.000	XXX	XXX	XXX	100.000	XXX
<b>13. Total Privately Placed Bonds</b>												
13.1 NAIC 1											XXX	
13.2 NAIC 2											XXX	
13.3 NAIC 3											XXX	
13.4 NAIC 4											XXX	
13.5 NAIC 5											XXX	
13.6 NAIC 6											XXX	
13.7 Totals											XXX	
13.8 Line 13.7 as a % of Col. 7								XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 7, Section 10								XXX	XXX	XXX	XXX	

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(a) Includes \$ 0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ 0 current year, \$ 0 prior year of bonds with Z designations and \$ 0 current year, \$ 0 prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$ 0 current year, \$ 0 prior year of bonds with 5\* designations and \$ 0 current year, \$ 0 prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 5,079,043; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0.

**SCHEDULE D - PART 1A - SECTION 2**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.6	9 Total from Col. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed
<b>1. U.S. Governments</b>												
1.1 Issuer Obligations	5,079,043					XXX	5,079,043	100.000	15,905,137	100.000	5,079,043	
1.2 Residential Mortgage-Backed Securities						XXX						
1.3 Commercial Mortgage-Backed Securities						XXX						
1.4 Other Loan-Backed and Structured Securities						XXX						
1.5 Totals	5,079,043					XXX	5,079,043	100.000	15,905,137	100.000	5,079,043	
<b>2. All Other Governments</b>												
2.1 Issuer Obligations						XXX						
2.2 Residential Mortgage-Backed Securities						XXX						
2.3 Commercial Mortgage-Backed Securities						XXX						
2.4 Other Loan-Backed and Structured Securities						XXX						
2.5 Totals						XXX						
<b>3. U.S. States, Territories and Possessions, Guaranteed</b>												
3.1 Issuer Obligations						XXX						
3.2 Residential Mortgage-Backed Securities						XXX						
3.3 Commercial Mortgage-Backed Securities						XXX						
3.4 Other Loan-Backed and Structured Securities						XXX						
3.5 Totals						XXX						
<b>4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed</b>												
4.1 Issuer Obligations						XXX						
4.2 Residential Mortgage-Backed Securities						XXX						
4.3 Commercial Mortgage-Backed Securities						XXX						
4.4 Other Loan-Backed and Structured Securities						XXX						
4.5 Totals						XXX						
<b>5. U.S. Special Revenue &amp; Special Assessment Obligations, etc., Non-Guaranteed</b>												
5.1 Issuer Obligations						XXX						
5.2 Residential Mortgage-Backed Securities						XXX						
5.3 Commercial Mortgage-Backed Securities						XXX						
5.4 Other Loan-Backed and Structured Securities						XXX						
5.5 Totals						XXX						
<b>6. Industrial and Miscellaneous</b>												
6.1 Issuer Obligations						XXX						
6.2 Residential Mortgage-Backed Securities						XXX						
6.3 Commercial Mortgage-Backed Securities						XXX						
6.4 Other Loan-Backed and Structured Securities						XXX						
6.5 Totals						XXX						
<b>7. Hybrid Securities</b>												
7.1 Issuer Obligations						XXX						
7.2 Residential Mortgage-Backed Securities						XXX						
7.3 Commercial Mortgage-Backed Securities						XXX						
7.4 Other Loan-Backed and Structured Securities						XXX						
7.5 Totals						XXX						
<b>8. Parent, Subsidiaries and Affiliates</b>												
8.1 Issuer Obligations						XXX						
8.2 Residential Mortgage-Backed Securities						XXX						
8.3 Commercial Mortgage-Backed Securities						XXX						
8.4 Other Loan-Backed and Structured Securities						XXX						
8.5 Totals						XXX						

### SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 10.6	9 Total from Col. 6 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed
<b>9. SVO Identified Funds</b>												
9.1 Exchange Traded Funds Identified by the SVO	X X X	X X X	X X X	X X X	X X X				X X X	X X X		
9.2 Bond Mutual Funds Identified by the SVO	X X X	X X X	X X X	X X X	X X X				X X X	X X X		
9.3 Totals	X X X	X X X	X X X	X X X	X X X				X X X	X X X		
<b>10. Total Bonds Current Year</b>												
10.1 Issuer Obligations	5,079,043					X X X	5,079,043	100.000	X X X	X X X	5,079,043	
10.2 Residential Mortgage-Backed Securities						X X X			X X X	X X X		
10.3 Commercial Mortgage-Backed Securities						X X X			X X X	X X X		
10.4 Other Loan-Backed and Structured Securities						X X X			X X X	X X X		
10.5 SVO - Identified Securities	X X X	X X X	X X X	X X X	X X X				X X X	X X X		
10.6 Totals	5,079,043						5,079,043	100.000	X X X	X X X	5,079,043	
10.7 Line 10.6 as a % of Col. 7	100.000						100.000	X X X	X X X	X X X	100.000	
<b>11. Total Bonds Prior Year</b>												
11.1 Issuer Obligations	15,905,137					X X X	X X X	X X X	15,905,137	100.000	15,905,137	
11.2 Residential Mortgage-Backed Securities						X X X	X X X	X X X				
11.3 Commercial Mortgage-Backed Securities						X X X	X X X	X X X				
11.4 Other Loan-Backed and Structured Securities						X X X	X X X	X X X				
11.5 SVO - Identified Securities	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
11.6 Totals	15,905,137					X X X	X X X	X X X	15,905,137	100.000	15,905,137	
11.7 Line 11.6 as a % of Col. 9	100.000					X X X	X X X	X X X	100.000%	X X X	100.000	
<b>12. Total Publicly Traded Bonds</b>												
12.1 Issuer Obligations	5,079,043					X X X	5,079,043	100.000	15,905,137	100.000	5,079,043	X X X
12.2 Residential Mortgage-Backed Securities						X X X						X X X
12.3 Commercial Mortgage-Backed Securities						X X X						X X X
12.4 Other Loan-Backed and Structured Securities						X X X						X X X
12.5 SVO - Identified Securities	X X X	X X X	X X X	X X X	X X X				X X X	X X X		X X X
12.6 Totals	5,079,043						5,079,043	100.000	15,905,137	100.000	5,079,043	X X X
12.7 Line 12.6 as a % of Col. 7	100.000						100.000	X X X	X X X	X X X	100.000	X X X
12.8 Line 12.6 as a % of Line 10.6, Col. 7, Section 10	100.000						100.000	X X X	X X X	X X X	100.000	X X X
<b>13. Total Privately Placed Bonds</b>												
13.1 Issuer Obligations						X X X					X X X	
13.2 Residential Mortgage-Backed Securities						X X X					X X X	
13.3 Commercial Mortgage-Backed Securities						X X X					X X X	
13.4 Other Loan-Backed and Structured Securities						X X X					X X X	
13.5 SVO - Identified Securities	X X X	X X X	X X X	X X X	X X X				X X X	X X X	X X X	
13.6 Totals											X X X	
13.7 Line 13.6 as a % of Col. 7									X X X	X X X	X X X	
13.8 Line 13.6 as a % of Line 10.6, Col. 7, Section 10									X X X	X X X	X X X	



## SCHEDULE DA - VERIFICATION BETWEEN YEARS

### Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-Term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	15,905,137	15,905,137			
2. Cost of short-term investments acquired	4,735,008	4,735,008			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	15,561,102	15,561,102			
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other-than-temporary impairment recognized					
10. Book adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	5,079,043	5,079,043			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	5,079,043	5,079,043			

\$10

(a) Indicate the category of such assets, for exam

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**NONE Schedule DB - Part A and B Verification**

**NONE Schedule DB - Part C - Section 1**

**NONE Schedule DB - Part C - Section 2**

**NONE Schedule DB - Verification**

**NONE Schedule E Verification**

**NONE Schedule A - Part 1**

**NONE Schedule A - Part 2**

**NONE Schedule A - Part 3**

**NONE Schedule B - Part 1**

**NONE Schedule B - Part 2**

**NONE Schedule B - Part 3**

**NONE Schedule BA - Part 1**

**NONE Schedule BA - Part 2**

**NONE Schedule BA - Part 3**

**NONE Schedule D - Part 1**

**NONE Schedule D - Part 2 - Section 1**

**NONE Schedule D - Part 2 - Section 2**

**NONE Schedule D - Part 3**

**NONE Schedule D - Part 4**

**NONE Schedule D - Part 5**

**NONE Schedule D - Part 6 - Section 1 and 2**

### SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book / Adjusted Carrying Value	Change in Book/Adjusted Carrying Value				13 Par Value	14 Actual Cost	Interest					21 Paid for Accrued Interest		
		3 Code	4 F o r e i g n					9 Unrealized Valuation Increase / (Decrease)	10 Current Year's (Amortization) / Accretion	11 Current Year's Other -Than- Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A.C.V.			15 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	16 Non-Admitted Due And Accrued	17 Rate of	18 Effective Rate of	19 When Paid		20 Amount Received During Year	
87237U-72-5	TDAM Institutional US Government Fund			11/01/2016	Non-Broker Trade BO		5,079,043					5,079,043						MON			
8899999	Exempt Money Market Mutual Funds – as Identified by SVO						5,079,043					X X X	5,079,043			X X X	X X X	X X X			
9199999	TOTALS						5,079,043					X X X	5,079,043			X X X	X X X	X X X			

- NONE**    **Schedule DB - Part A - Section 1**
- NONE**    **Schedule DB - Part A - Section 2**
- NONE**    **Schedule DB - Part B - Section 1**
- NONE**    **Schedule DB - Part B - Section 2**
- NONE**    **Schedule DB - Part D - Section 1**
- NONE**    **Schedule DB - Part D - Section 2**
- NONE**    **Schedule DL - Part 1**
- NONE**    **Schedule DL - Part 2**



**NONE**    **Schedule E - Part 2**

**NONE**    **Schedule E - Part 3**

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**OVERFLOW PAGE FOR WRITE-INS**

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**ANNUAL STATEMENT**

**OF THE**

**Healthfirst Health Plan of New Jersey, Inc.**

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of **New Jersey**

in the state of **New Jersey**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF NEW JERSEY**

**FOR THE YEAR ENDED**

**December 31, 2016**

**HEALTH**

**2016**



13035201620100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE

## Healthfirst Health Plan of New Jersey, Inc.

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 13035 Employer's ID Number 51-0609967

Organized under the Laws of New Jersey, State of Domicile or Port of Entry New Jersey  
Country of Domicile United States of America

Licensed as business type: **Life, Accident & Health**  **Property/Casualty**  **Hospital, Medical & Dental Service or Indemnity**   
**Dental Service Corporation**  **Vision Service Corporation**  **Health Maintenance Organization**   
**Other**  **Is HMO Federally Qualified?** Yes  No

Incorporated/Organized September 21, 2006 Commenced Business January 1, 2008

Statutory Home Office 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code)

Main Administrative Office 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code)  
212-801-6000 (Area Code) (Telephone Number)

Mail Address 100 Church Street (Street and Number or P.O. Box) New York, NY, US 10007 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code) 212-801-6000 (Area Code) (Telephone Number)

Internet Web Site Address www.healthfirstnj.org

Statutory Statement Contact Angelica Fomolles (Name) 212-801-6091 (Area Code) (Telephone Number) (Extension)  
AFomolles@healthfirst.org (E-Mail Address) 212-785-6893 (Fax Number)

### OFFICERS

Name	Title
1. <u>Linda Tiano #</u>	<u>Secretary</u>
2. _____	_____
3. _____	_____

### VICE-PRESIDENTS

Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

### DIRECTORS OR TRUSTEES

<u>John Calendriello</u>	<u>Edward Condit</u>	<u>Michael D'Agnes</u>	<u>Thomas Daley</u>
<u>Chad Forbes</u>	<u>Deborah Hammond</u>	<u>Leslie Hirsh</u>	<u>Gary Horan</u>
<u>Peter Kelly</u>	<u>Michael Maron</u>	<u>Daniel McCarthy</u>	<u>Ronald Napiorski</u>
<u>Anthony Orlando</u>	<u>Robert Peterson</u>	<u>Ronald Rak</u>	<u>Axel Ramos</u>
<u>Richard Smith</u>	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State of New York  
County of New York ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature)	<u>Linda V Tiano</u> (Signature)	<u>John Bernel</u> (Signature)
_____ (Printed Name)	<u>Linda Tiano #</u> (Printed Name)	<u>John Bernel #</u> (Printed Name)
1.	2. Secretary	3. Chief Financial Officer
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to (or affirmed) before me this on this 26 day of February, 2017, by Pearl Smith



Is this an original filing?  Yes  No  
If no: 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 22,740,575, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 5,079,043, Schedule DA)	27,819,618		27,819,618	23,671,703
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	27,819,618		27,819,618	23,671,703
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	39,748		39,748	1,079,231
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 1,039,483)	1,039,483		1,039,483	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	5,012,377		5,012,377	5,012,377
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 7,308) and other amounts receivable	132,190	124,882	7,308	
25. Aggregate write-ins for other-than-invested assets	12,439	12,439		38,730
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	34,055,855	137,321	33,918,534	29,802,041
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	34,055,855	137,321	33,918,534	29,802,041

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Other Assets	12,439	12,439		38,730
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	12,439	12,439		38,730

NONE

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	595,870		595,870	1,135,705
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	405		405	29,046
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act	114,123		114,123	
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	1,503,880		1,503,880	1,508,440
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	14,500,000		14,500,000	14,503,844
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ ( 0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$ 0 current)	2,136,382		2,136,382	2,265,969
24. Total liabilities (Lines 1 to 23)	18,850,660		18,850,660	19,443,004
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X	3,473,660	3,473,660
30. Aggregate write-ins for other than special surplus funds	X X X	X X X	874,561	536,911
31. Unassigned funds (surplus)	X X X	X X X	10,719,653	6,348,466
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0)	X X X	X X X		
32.2 0 shares preferred (value included in Line 27 \$ 0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	15,067,874	10,359,037
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	33,918,534	29,802,041

DETAILS OF WRITE-IN LINES				
2301. PCP Bump Liability	1,194,071		1,194,071	1,010,394
2302. Due to CMS	381,355		381,355	495,477
2303. Unclaimed Vendor Payable	354,213		354,213	558,998
2398. Summary of remaining write-ins for Line 23 from overflow page	206,743		206,743	201,100
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,136,382		2,136,382	2,265,969
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001. Retained Payments	X X X	X X X	874,561	536,911
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X	874,561	536,911

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X		
2. Net premium income (including \$ 0 non-health premium income)	X X X	(44)	(199,434)
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	(44)	(199,434)
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits		(377,294)	(1,091,091)
10. Other professional services		(53,093)	(157,304)
11. Outside referrals			
12. Emergency room and out-of-area		(3,627)	(141,093)
13. Prescription drugs		54,292	(25,420)
14. Aggregate write-ins for other hospital and medical		323,559	612,605
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		(56,163)	(802,303)
<b>Less:</b>			
17. Net reinsurance recoveries			(475,256)
18. Total hospital and medical (Lines 16 minus 17)		(56,163)	(327,047)
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 0 cost containment expenses		27,478	570,596
21. General administrative expenses		181,588	(573,731)
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		152,903	(330,182)
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(152,947)	130,748
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		3,837	16,003
26. Net realized capital gains (losses) less capital gains tax of \$ 0			
27. Net investment gains (losses) (Lines 25 plus 26)		3,837	16,003
28. Net gain or (loss) from agents' or premium balances charged off [ (amount recovered \$ 0) (amount charged off \$ 0) ]			
29. Aggregate write-ins for other income or expenses		4,448,230	(2,696,540)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	4,299,120	(2,549,789)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	4,299,120	(2,549,789)

DETAILS OF WRITE-IN LINES			
0601.		X X X	
0602.		X X X	
0603.		X X X	
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		X X X	
0701.		X X X	
0702.		X X X	
0703.		X X X	
0798. Summary of remaining write-ins for Line 07 from overflow page		X X X	
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)		X X X	
1401. Risk Pool Balance			512,453
1402. Other Medical and Hospital			(63,767)
1403. True Up Adjustment			(125,127)
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			323,559
2901. Other income			4,448,230
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			4,448,230

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year	10,359,037	10,703,440
34. Net income or (loss) from Line 32	4,299,120	(2,549,789)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	0	
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	72,067	1,668,475
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	337,650	536,911
48. Net change in capital and surplus (Lines 34 to 47)	4,708,837	(344,403)
49. Capital and surplus end of reporting year (Line 33 plus 48)	15,067,874	10,359,037

<b>DETAILS OF WRITE-IN LINES</b>		
4701. Change in Retained Payments	337,650	536,911
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	337,650	536,911

## CASH FLOW

	1	2
<b>Cash from Operations</b>	Current Year	Prior Year
1. Premiums collected net of reinsurance	(44)	(1,076,571)
2. Net investment income	3,837	16,003
3. Miscellaneous income		
4. Total (Lines 1 through 3)	3,793	(1,060,568)
5. Benefit and loss related payments	401,291	15,550,198
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	240,468	315,115
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	641,759	15,865,313
11. Net cash from operations (Line 4 minus Line 10)	(637,966)	(16,925,881)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	4,448,230	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,448,230	
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)		
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	4,448,230	
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	337,651	536,911
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	337,651	536,911
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	4,147,915	(16,388,970)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	23,671,703	40,060,673
19.2 End of year (Line 18 plus Line 19.1)	27,819,618	23,671,703

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		

### ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	(44)						(44)			
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ 0 medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)	(44)						(44)			
8. Hospital/medical benefits	(377,294)						(338,847)	(38,447)		XXX
9. Other professional services	(53,093)						(52,805)	(288)		XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area	(3,627)						(1,728)	(1,899)		XXX
12. Prescription drugs	54,292						54,908	(616)		XXX
13. Aggregate write-ins for other hospital and medical	323,559						282,309	41,250		XXX
14. Incentive pool, withhold adjustments and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	(56,163)						(56,163)			XXX
16. Net reinsurance recoveries										XXX
17. Total hospital and medical (Lines 15 minus 16)	(56,163)						(56,163)			XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 0 cost containment expenses	27,478						44,629	(17,151)		
20. General administrative expenses	181,588						102,131	79,457		
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	152,903						90,597	62,306		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(152,947)						(90,641)	(62,306)		

DETAILS OF WRITE-IN LINES										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 05 from overflow page										XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 06 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301. Risk Pool Balance	512,452						480,546	31,906		XXX
1302. Other Medical Expense	(63,767)						(52,694)	(11,073)		XXX
1303. True Up	(125,126)						(145,543)	20,417		XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	323,559						282,309	41,250		XXX



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 – PREMIUMS

Line of Business	1  Direct Business	2  Reinsurance Assumed	3  Reinsurance Ceded	4  Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....				
2. Medicare Supplement .....				
3. Dental only .....				
4. Vision only .....				
5. Federal Employees Health Benefits Plan .....				
6. Title XVIII – Medicare .....			44	(44)
7. Title XIX – Medicaid .....				
8. Other health .....				
9. Health subtotal (Lines 1 through 8) .....			44	(44)
10. Life .....				
11. Property/casualty .....				
12. Totals (Lines 9 to 11) .....			44	(44)

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	483,672						(215,411)	225,261	473,822	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	483,672						(215,411)	225,261	473,822	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	595,870						15,400	6,530	573,940	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	595,870						15,400	6,530	573,940	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	1,135,705						191,155	284,114	660,436	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	1,135,705						191,155	284,114	660,436	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	(56,163)						(391,166)	(52,323)	387,326	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	(56,163)						(391,166)	(52,323)	387,326	
13. Incurred medical incentive pools and bonuses										

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
<b>1. Reported in Process of Adjustment:</b>										
1.1 Direct										
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net										
<b>2. Incurred but Unreported:</b>										
2.1 Direct	595,870						15,400	6,530	573,940	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	595,870						15,400	6,530	573,940	
<b>3. Amounts Withheld from Paid Claims and Capitulations:</b>										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
<b>4. TOTALS:</b>										
4.1 Direct	595,870						15,400	6,530	573,940	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	595,870						15,400	6,530	573,940	

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR-NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare	(215,411)		15,400		(200,011)	191,155
7. Title XIX – Medicaid	225,261		6,530		231,791	284,114
8. Other health	473,822		573,940		1,047,762	660,436
9. Health subtotal (Lines 1 to 8)	483,672		595,870		1,079,542	1,135,705
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	483,672		595,870		1,079,542	1,135,705

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
 Hospital & Medical

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
**Medicare Supplement**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
 Dental Only

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
 Vision Only

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
**Fed Emp Health Benefits Plan**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Title XVIII - Medicare**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid					
	1 2012	2 2013	3 2014	4 2015	5 2016	
1. Prior		6,299	6,389	6,381	6,100	6,101
2. 2012	66,112		74,053	74,275	74,329	74,459
3. 2013	XXX		71,603	76,481	76,508	76,223
4. 2014	XXX	XXX		83,072	91,971	91,911
5. 2015	XXX	XXX	XXX			
6. 2016	XXX	XXX	XXX	XXX		

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	6,515	6,413	6,381	6,100	6,101
2. 2012	75,484	74,181	74,295	74,329	74,459
3. 2013	XXX	81,434	76,654	76,508	76,228
4. 2014	XXX	XXX	91,501	92,162	91,921
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012	81,107	74,459	331	0.445	74,790	92.212			74,790	92.212
2. 2013	85,335	76,223	1,292	1.695	77,515	90.836	6	21	77,542	90.868
3. 2014	104,473	91,911	2,483	2.702	94,394	90.353	10	41	94,445	90.401
4. 2015										
5. 2016										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Title XIX - Medicaid**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	13,797	12,331	12,428	12,407	12,407
2. 2012	136,262	151,650	152,256	152,382	152,381
3. 2013	X X X	138,605	161,384	161,809	161,825
4. 2014	X X X	X X X	88,733	93,044	93,254
5. 2015	X X X	X X X	X X X		
6. 2016	X X X	X X X	X X X	X X X	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	13,898	12,335	12,428	12,407	12,407
2. 2012	155,564	151,753	152,301	152,382	152,381
3. 2013	X X X	162,864	162,158	161,809	161,827
4. 2014	X X X	X X X	94,825	93,328	93,259
5. 2015	X X X	X X X	X X X		
6. 2016	X X X	X X X	X X X	X X X	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012	198,438	152,381	331	0.217	152,712	76.957			152,712	76.957
2. 2013	179,970	161,825	1,305	0.806	163,130	90.643	1	(14)	163,117	90.636
3. 2014	102,047	93,254	2,304	2.471	95,558	93.641	5	(48)	95,515	93.599
4. 2015										
5. 2016										

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Other**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	11,637	11,637	11,637	11,637	11,637
2. 2012	7,644	19,868	19,868	19,868	19,739
3. 2013	XXX	(26,786)	(24,487)	(24,487)	(27,219)
4. 2014	XXX	XXX	(2,496)	7,014	10,347
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	11,637	11,637	11,637	11,637	11,637
2. 2012	7,644	19,868	19,868	19,868	19,739
3. 2013	XXX	(26,786)	(24,487)	(24,487)	(27,219)
4. 2014	XXX	XXX	(2,496)	7,674	10,921
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012		19,739			19,739				19,739	
2. 2013		(27,219)			(27,219)				(27,219)	
3. 2014		10,347			10,347		574		10,921	
4. 2015										
5. 2016										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
**Grand Total**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	31,733	30,357	30,446	30,144	30,145
2. 2012	210,018	245,571	246,399	246,579	246,579
3. 2013	X X X	183,422	213,378	213,830	210,829
4. 2014	X X X	X X X	169,309	192,029	195,512
5. 2015	X X X	X X X	X X X		
6. 2016	X X X	X X X	X X X	X X X	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	32,050	30,385	30,446	30,144	30,145
2. 2012	238,692	245,802	246,464	246,579	246,579
3. 2013	X X X	217,512	214,325	213,830	210,836
4. 2014	X X X	X X X	183,830	193,164	196,101
5. 2015	X X X	X X X	X X X		
6. 2016	X X X	X X X	X X X	X X X	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012	279,545	246,579	662	0.268	247,241	88.444			247,241	88.444
2. 2013	265,305	210,829	2,597	1.232	213,426	80.446	7	7	213,440	80.451
3. 2014	206,520	195,512	4,787	2.448	200,299	96.988	589	(7)	200,881	97.270
4. 2015										
5. 2016										

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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2D – AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ 0 for investment income)	114,123						114,123		
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	114,123						114,123		
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	114,123						114,123		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									

13

DETAILS OF WRITE-IN LINES									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

NONE

NONE

(a) Includes \$ 0 premium deficiency reserve.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 0 for occupancy of own building)					
2. Salaries, wages and other benefits					
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)					
4. Legal fees and expenses			168,694		168,694
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services					
7. Traveling expenses					
8. Marketing and advertising					
9. Postage, express and telephone					
10. Printing and office supplies					
11. Occupancy, depreciation and amortization					
12. Equipment					
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services		27,478			27,478
15. Boards, bureaus and association fees					
16. Insurance, except on real estate					
17. Collection and bank service charges			12,895		12,895
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				11,541	11,541
25. Aggregate write-ins for expenses					
26. Total expenses incurred (Lines 1 to 25)		27,478	181,589	11,541	(a) 220,608
27. Less expenses unpaid December 31, current year			1,503,881		1,503,881
28. Add expenses unpaid December 31, prior year			1,508,440		1,508,440
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		27,478	186,148	11,541	225,167

DETAILS OF WRITE-IN LINES					
2501.	<b>NONE</b>				
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

### EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 15,378	15,378
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	15,378	15,378
11. Investment expenses		(g) 11,541
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		11,541
17. Net investment income (Line 10 minus Line 16)		3,837

DETAILS OF WRITE-IN LINES			
0901.	<b>NONE</b>		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
1501.	<b>NONE</b>		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

- (a) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

### EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					

DETAILS OF WRITE-IN LINES					
0901.	<b>NONE</b>				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					



## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	124,882	131,024	6,142
25. Aggregate write-ins for other-than-invested assets	12,439	78,364	65,925
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	137,321	209,388	72,067
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	137,321	209,388	72,067

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other Assets	12,439	26,564	14,125
2502. Security Deposit		51,800	51,800
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	12,439	78,364	65,925

**NONE**

### EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations		<b>NONE</b>				
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total						

DETAILS OF WRITE-IN LINES					
0601.		<b>NONE</b>			
0602.					
0603.					
0698. Summary of remaining write-ins for Line 06 from overflow page					
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)					

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies and Going concern

Healthfirst Health Plan of New Jersey, Inc. (HFNJ) was formed in July 2006 and is incorporated as a not-for-profit New Jersey health maintenance organization. HF Management Services, LLC (HFMS) is the sole corporate member of HFNJ. HFNJ received its license to operate a health maintenance organization effective December 2007 by the New Jersey Department of Banking and Insurance (DOBI) and contracted with the Centers for Medicare and Medicaid Services (CMS) effective January 2008 for Medicare Advance products. On September 1, 2009, HFNJ entered into a comprehensive risk contract agreement with the New Jersey Department of Human Services, Division of Medical Assistance and Health Services (DMAHS) for the provision of services under the New Jersey Medicaid and Family Care programs.

In September 2013, HFNJ entered into an asset purchase agreement with WellCare Health Plans of New Jersey, Inc. (“WellCare”) to sell certain non-financial assets owned by HFNJ which were used in operation of HFNJ’s Medicare and Medicaid business. In June 2014, HFNJ sold these non-financial assets relating to the Medicaid business to WellCare for approximately \$27.0 million, of which approximately \$2.7 million was placed in escrow as required by the asset purchase agreement. The sale of the Medicare non-financial assets was unable to be completed as planned in 2014, and HFNJ did not renew its Medicare contract with CMS, terminating its contract effective December 31, 2014. During 2015, a full reserve was placed against the escrow amount of approximately \$2.7 million, as a result of a related claim asserted by WellCare prior to the escrow release date. In 2016 final settlement was reached with Wellcare and HFNJ received a \$4.4 million cash settlement for all remaining amounts due related to the asset purchase agreement.

HFNJ no longer actively markets itself as an insurer and began liquidation activities to wind-down its operations in 2015. HFNJ anticipates that within the next year it will be able to submit a proposal for the dissolution of HFNJ to DOBI for approval.

#### A. Accounting Practices

The accompanying financial statements of HFNJ has been completed on a Statutory Accounting Practices (“NAIC SAP”) basis in conformity of the NAIC Health Statement Instructions manual and the Accounting Policies and Procedures Manual. These practices are designed primarily to demonstrate the ability to meet claims of policyholders. The State of New Jersey adopted the use of National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures Manual*. The State of New Jersey has the right to prescribe or permit other specific accounting practices that deviate from NAIC SAP. HFNJ had no prescribed or permitted practices that deviate from NAIC SAP as of December 31, 2016 and 2015.

A reconciliation of the Company’s net (loss) income and capital and surplus between NAIC SAP and prescribed and permitted practices by the State of New Jersey is shown below:

<b>Net Income (Loss)</b>	State of Domicile	<b>12/31/2016</b>	12/31/2015
HFNJ state basis (Page 4, Line 32, Columns 2 & 4)	NJ	<b>\$ 4,299,120</b>	\$ (2,549,789)
State Prescribed Practices that increase/(decrease) NAIC SAP:	NJ	-	-
State Permitted Practices that increase/(decrease) NAIC SAP:	NJ	-	-
NAIC SAP	NJ	<b>\$ 4,299,120</b>	<b>\$ (2,549,789)</b>
<b>Surplus</b>			
HFNJ state basis (Page 3, Line 33, Columns 1 & 3)	NJ	<b>\$ 15,067,874</b>	\$ 10,359,037
State Prescribed Practices that increase/(decrease) NAIC SAP:	NJ	-	-
State Permitted Practices that increase/(decrease) NAIC SAP:	NJ	-	-
NAIC SAP	NJ	<b>\$ 15,067,874</b>	<b>\$ 10,359,037</b>

Statutory accounting practices differ in some respects from those accounting principles generally accepted in the United States of America (“GAAP”). The effect of these differences is presumed to be material to the statutory-basis financial statements and

## NOTES TO FINANCIAL STATEMENTS

supplemental schedules. The significant differences between statutory accounting practices and GAAP are as follows:

*Surplus Notes:* Surplus notes are reported as capital and surplus rather than as liabilities. Interest on surplus notes is excluded from net income and is added to unassigned surplus.

*Cash Flows from Operating Activities:* Cash flows from operating activities are presented in the statements of cash flows using the direct method only. Under GAAP, an additional reconciliation of net (loss) income to cash flows from operations is required when the direct method is presented.

*Non-admitted Assets:* Certain assets, designated as “non-admitted,” are comprised of Prepaids, Special Deposits and Pharmaceutical Rebate Receivables that were confirmed by the Pharmacy Benefit Management Company but not collected within 90 days of the confirmation date, are excluded from other assets and health care receivables in the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus (deficiency). Under GAAP, such assets are included in the other assets and health care receivables, net of allowance for doubtful accounts.

*Liquidation Basis of Accounting:* As noted previously, HFNJ began liquidation activities and expects that run-out operations will last approximately two years. Statutory accounting practices require entities, regardless if liquidation is imminent, to prepare financial statements that contemplate the realization of admitted assets and satisfaction of liabilities in the normal course of business. Under GAAP, a liquidation basis of accounting should be used beginning when liquidation is imminent, even though liquidation may take years to execute. A liquidation basis of accounting differs from the going concern basis of accounting, as all assets and liabilities are reported based on the estimated liquidation value. Accordingly, a liquidation basis of accounting requires many estimates and assumptions as there are substantial uncertainties in carrying out the orderly wind-down of operations. Additionally, under a liquidation basis of accounting, an entity is required to estimate the remaining costs to be incurred during the liquidation period and report such amount as of the liquidation commencement date as a reduction to net assets in liquidation.

A reconciliation of net income and capital and surplus of HFNJ as determined in accordance with the statutory accounting practices to amounts determined in accordance with GAAP is as follows:

	12/31/16	12/31/15
Net income (loss) - NAIC SAP Basis	\$ 4,299,120	\$ (2,549,789)
Interest on surplus notes	(122,269)	(113,254)
Net income (loss) income - GAAP Basis	<u>\$ 4,176,851</u>	<u>\$ (2,663,043)</u>
Capital and Surplus - NAIC SAP Basis	\$ 15,067,874	\$ 10,359,037
Healthcare Receivables - Over 90 days	124,882	131,024
Reclassification of surplus note	(3,473,659)	(3,473,660)
Interest on surplus notes	(1,112,597)	(990,329)
Special deposit	-	51,800
Other Receivables	12,439	26,565
Capital and Surplus - GAAP Basis	<u>\$ 10,618,939</u>	<u>\$ 6,104,437</u>

The reconciling items above reflect differences from GAAP applied on a going-concern basis; the going-concern basis contemplates the realization of assets and satisfaction of liabilities in the normal course of business with the assumption that an organization will continue as a viable entity. Other differences would arise if HFNJ reported under GAAP and adopted a liquidation basis of accounting in 2016 and 2015, for example, the accrual of the estimated remaining costs to be incurred during the liquidation period.

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## NOTES TO FINANCIAL STATEMENTS

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### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements of insurance companies requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. The most significant estimates included in the financial statements relate to reserves for contingent liabilities, accrued medical services, premium deficiency reserves, stop loss receivables and premium receivables. Actual results could differ from those estimates. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

### C. Accounting Policy

#### **Premium Revenue**

Premium revenue represents amounts earned under capitation arrangements with the Medicare and Medicaid programs. The Medicare and Medicaid programs established rates were based upon the age, health status and county of residence of the enrollee. Premium revenue was recorded in the month for which plan members are entitled to health care services. Premiums billed and collected in advance were recorded as advance premiums. Any billed premiums that had not been received by the end of a respective year were classified as premium receivables and were presented net of allowances for estimated retroactive enrollment adjustments.

*Medicare Advantage:* HFNJ began offering Medicare Advantage Prescription Drug Plan effective January 1, 2008. HFNJ contracted with CMS annually. CMS established monthly rates per member. Additional amounts can be due to a health plan based on items such as age, working status or specific health issues of the member. CMS has implemented a risk adjustment formula, which apportions premiums paid to all Medicare Advantage health plans according to the health status of each beneficiary enrolled. The CMS risk adjustment formula pays more for members with predictably higher costs. Diagnosis data from inpatient and ambulatory treatment settings are used to calculate the risk-adjusted premium payment received by HFNJ. Management estimated risk adjustment revenues for services provided through December 31, 2014 based upon this diagnosis data submitted to and ultimately accepted by CMS.

Certain elements of the payments HFNJ received during the year represented payments for HFNJ's insurance risk coverage under Part D, and were recognized as premium revenues.

Other elements of the payments HFNJ received, including the catastrophic reinsurance subsidy, low-income member cost-sharing subsidy and coverage gap discount program (collectively, subsidies) represented cost reimbursements for which HFNJ was fully reimbursed. As such, amounts received for the subsidies were not reflected in premium revenue, but rather were accounted for as deposits.

Receivables or liabilities for these subsidies represent amounts due from or due to CMS, respectively. As of December 31, 2016 and 2015, HFNJ has recorded a receivable of approximately \$5.0 million, which is reported as amounts receivable relating to uninsured plans in the accompanying statutory-basis balance sheets.

Payments received from CMS were subject to risk corridor adjustments, whereby variances that exceeded certain thresholds from a target amount resulted in CMS making additional payments to HFNJ or required HFNJ to refund to CMS a portion of the premium received. The risk corridor liability is approximately \$0.1 million, which is included in aggregate health policy reserves as of December 31, 2016 and in amounts to due to CMS as of December 31, 2015 in the accompanying statutory-basis balance sheets. The liability owed to CMS for members that HFNJ received a premium after disenrollment is approximately \$0.4 million in December 31, 2016 and 2015, which is included in the Due to CMS in the accompanying statutory-basis balance sheets.

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## NOTES TO FINANCIAL STATEMENTS

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HFNJ expects to settle all receivables due from and all payables due to CMS in fiscal year 2017.

*Medicaid Program:* HFNJ entered into a comprehensive risk contract agreement with DMAHS on September 1, 2009. Compensation to HFNJ consisted of monthly capitation payments based on geographic district, which were risk adjusted based on individual health status. HFNJ also received supplemental payments for maternity and newborn outcomes, certain blood products for hemophilia factor disorders, early and periodic screening, diagnostic and treatment services incentives, and certain HIV/AIDS drugs, high cost drugs and blood factor disorders drugs. HFNJ ceased to have any Medicaid members subsequent to July 1, 2014. All activity in 2015 and 2016 is related to the run-out and wind down of the entity.

### **Healthcare Service Costs, Accrued Medical Services and Claims Adjustment Expenses**

HFNJ contracted with various health care providers for the provision of medical services to its enrollees. These health care providers principally consisted of licensed hospitals under applicable New Jersey laws who had entered into risk-sharing arrangements with HFNJ (Sponsors) and physicians who were associated with the Sponsors. For the year ended December 31, 2016 and 2015, medical expenses included retroactive adjustments to amounts recorded in prior periods.

HFNJ compensated its Sponsors through a risk-sharing pool in accordance with the terms of a health care services agreement entered into with each Sponsor. The agreement provided for an allocation to the Sponsor's pool based on a percentage of the premium revenue that HFNJ receives from Medicare and Medicaid members who were associated with the Sponsor based on their chosen primary care physician when enrolling in one of HFNJ's health insurance plans.

Sponsors received a guaranteed minimum reimbursement of 70% of the Medicare and Medicaid fee-for-service rates for most services which is deducted from the Sponsors' pools. Reserves for unpaid claims and costs for other member benefits were also deducted from Sponsors' pools. After all deductions, any balance remaining in a Sponsor's pool was to be paid to the Sponsor according to the healthcare services agreement.

Sponsors assumed a limited financial risk through their participation in the risk-sharing pools. Sponsors were not guaranteed to receive all or a portion of the difference between the full Medicare and Medicaid fee-for-service rates and the 70% minimum reimbursement, which they would otherwise have received from the applicable government program. However, the agreements did not transfer insurance risk to the Sponsors. HFNJ retained the underwriting risk for all of its members. If payments for the guaranteed minimum reimbursement and reserves for future claims exceed accumulated revenues earned, HFNJ assumed the loss as additional healthcare services cost.

The risk-sharing pools payable within accrued medical services represent the excess medical liabilities over the sum of claims and ancillary benefits paid and reserves for unpaid claims liability as of December 31, 2016 and 2015. Changes to estimated reserves are allocated to Sponsor pools in the period in which the change is determined. The actual amounts payable to Sponsors is determined when the risk-sharing pools are settled in accordance with the health care services agreements between HFNJ and the Sponsors.

The unpaid claim liabilities within accrued medical services and unpaid claim adjustment expense liabilities in the accompanying statutory-basis balance sheets represent management's best estimates of all reported and unreported claims incurred but not paid through December 31, 2016 and 2015 and an estimate of claim adjustment expenses on these claims to be paid in future periods. Reserves for unpaid claims and claims adjustment expenses are estimated based on analysis of lag triangles, inpatient and outpatient statistics and historical costs incurred for claims processing. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims and claims

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## NOTES TO FINANCIAL STATEMENTS

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adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations.

### **Stop-Loss Insurance**

HFNJ had a stop-loss insurance agreement with a private carrier to limit its losses on claims for its Medicare and Medicaid enrollees for its activities through December 31, 2014. Under the terms of the stop-loss agreements, HFNJ was reimbursed for certain medical expenses incurred for an individual enrollee in excess of the threshold amount within a contract year. There were no premiums paid or recoveries for the year ended December 31, 2016 and 2015. The stop-loss insurance agreements did not relieve HFNJ of its obligations to its enrollees. All stop-loss recoveries were paid to Sponsors and affiliated providers. Stop-loss premiums and recoveries were accounted for as a part of the Sponsors' risk-sharing pools.

There is no active policy for Medicaid after January 1, 2015 and for Medicare after July 1, 2014.

### **Assets as Restricted Cash and Other Assets**

HFNJ maintains a minimum insolvency deposit for administrative expenses to cover costs that DOBI would incur in any rehabilitation, liquidation or conservation of HFNJ. This deposit generally is equal to 20% of the minimum net worth requirement under N.J.A.C. 11:24-11.1.4(a,b), with a statutory minimum and maximum deposit adjusted for inflation. At December 31, 2016, HFNJ held approximately \$2.2 million of securities that are included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheet. Since HFNJ began liquidation activities to wind-down its operations, there is no deposit requirement for HFNJ calculated by DOBI.

HFNJ also maintains a deposit to cover the claim reserves included in accrued medical services in the accompanying statutory-basis balance sheets. This deposit generally is equal to 50% of the highest calendar quarter of premiums of the most recent four quarters under N.J.A.C. 11:24-11.4(d). During 2014, HFNJ received approval from DOBI to begin to draw down on this deposit as a result of the sale of its Medicaid business and planned exit from Medicare. No reductions were made to the escrow deposit during 2016; while in 2015 approximately \$17.5 million of reductions were made. At December 31, 2016 and 2015, HFNJ had approximately \$5.5 million remaining in escrow, which is included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheets.

The deposits remain an admitted asset of HFNJ for purposes of determining net worth of HFNJ.

### **Advertising Costs - Not Applicable**

### **Income Taxes**

HFNJ is organized as a not-for-profit corporation under the laws of the State of New Jersey. HFNJ is a Section 501(c) (4) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code. HFNJ is also exempt from New Jersey corporation business tax pursuant to the Corporation Business Tax Act, N.J.S.A. 54:10A-3(e).

### **Retained Hospital Payments**

The health care service agreements with HFNJ's Sponsors provide that a portion of the premium revenue allocated to each Sponsor, as a health care provider to HFNJ plan members, is retained by HFNJ as additional capital contributions for the purpose of providing applicable statutory financial reserves. The portion may be subject to periodic adjustment by HFNJ's Board of Directors.

## NOTES TO FINANCIAL STATEMENTS

During 2016 and 2015, as a result of wind-down activities, there were retroactive adjustments to retained payments of approximately \$0.3 million and \$0.5 million, respectively.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash and investments with initial maturities of three months or less. The carrying amounts reported in assets for these financial instruments approximate fair value.

In addition, the organization uses the following accounting policies:

- (1) Short-term investments are recorded at amortized cost in the accompanying balance sheets.
- (2) Basis at which the bonds are stated and the amortization method. – Not Applicable
- (3) Basis at which the common stocks are stated – Not Applicable
- (4) Basis at which the preferred stocks are stated – Not Applicable
- (5) Description of the valuation basis of the mortgage loans – Not Applicable
- (6) Basis at which the loan-backed securities are stated and the adjustment methodology used for each type of security (prospective or retrospective) – Not Applicable
- (7) The accounting policies of the insurer with respect to investments in subsidiaries controlled and affiliated companies – Not Applicable
- (8) The accounting policies of the insurer with respect to investments in joint ventures, partnerships and limited liability companies – Not Applicable
- (9) A description of the accounting policy for derivatives – Not Applicable
- (10) Anticipated investment income was not utilized in the premium deficiency calculation.
- (11) The unpaid claim liabilities within accrued medical services and unpaid claim adjustment expense liabilities in the accompanying statutory-basis balance sheets represent management's best estimates of all reported and unreported claims incurred but not paid through December 31, 2016 and 2015, and an estimate of claim adjustment expenses on these claims to be paid in future periods. Reserves for unpaid claims and claims adjustment expenses are estimated based on analysis of lag triangles, inpatient and outpatient statistics and historical costs incurred for claims processing. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims and claims adjustment expenses are adequate. However, it is reasonably possible that record estimates will change by a material amount in the near term. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are recognized in unpaid claims liabilities within accrued medical services in the current period.
- (12) If the capitalization policy and the resultant predefined thresholds changed from the prior period, the reason for the change – Not Applicable

#### **D. Going Concern**

Not Applicable

#### **2. Accounting Changes or Corrections of Errors**

Not Applicable



## NOTES TO FINANCIAL STATEMENTS

### 3. Business Combinations and Goodwill

- A. Statutory Purchase Method – Not applicable
- B. Statutory Merger – Not applicable
- C. Assumption Reinsurance – Not Applicable
- D. Impairment Loss – Not Applicable

### 4. Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale – Not Applicable
- B. Change in Plan of Sales of Discontinued Operation – Not Applicable
- C. Nature if Any Significant Continuing Involvement with Discontinued Operations After Disposal – Not Applicable
- D. Equity Interest Retained in the Discontinued Operation after Disposal – Not Applicable

### 5. Investments

- A. Mortgage Loans – Not Applicable
- B. Debt Restructuring – Not Applicable
- C. Reverse Mortgages – Not Applicable
- D. Loan-Backed Securities – Not Applicable
- E. Repurchase Agreements and/or Securities Lending Transactions – Not Applicable
- F. Real Estate – Not Applicable
- G. Investment in low-income housing tax credits (LIHTC) – Not Applicable
- H. Restricted Assets

#### (1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown						
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale						
i. On deposit with states						
j. On deposit with other regulatory bodies						
k. Pledged as collateral not captured in other categories						
l. Other restricted assets	\$ 7,807,346	\$ 7,793,990	\$ 13,356	\$ 7,807,346	22.9%	23.0%
m. Total Restricted Assets	\$ 7,807,346	\$ 7,793,990	\$ 13,356	\$ 7,807,346	22.9%	23.0%

## NOTES TO FINANCIAL STATEMENTS

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – Not applicable.

(3) Detail of Other Restricted Assets

	1	2	3	4	5	6
Description of Assets	Total Gross Restricted from Current Year	Total Gross Restricted from Prior year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
Administrative Expense Deposit	\$ 2,169,334	\$ 2,165,623	\$ 3,711	\$ 2,169,334	6.4%	6.4%
Insolvency Claim Deposit	\$ 5,638,012	\$ 5,628,367	\$ 9,645	\$ 5,638,012	16.6%	16.6%
<b>Total</b>	<b>\$ 7,807,346</b>	<b>\$ 7,793,990</b>	<b>\$ 13,356</b>	<b>\$ 7,807,346</b>	<b>23.0%</b>	<b>23.0%</b>

HFNJ maintains a minimum insolvency deposit for administrative expenses to cover costs that DOBI would incur in any rehabilitation, liquidation or conservation of HFNJ. This deposit generally is equal to 20% of the minimum net worth requirement under N.J.A.C. 11:24-11.1.4(a,b), with a statutory minimum and maximum deposit adjusted for inflation. At December 31, 2016, HFNJ held approximately \$2.2 million of securities that are included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheet. Since HFNJ began liquidation activities to wind-down its operations, there is no deposit requirement for HFNJ calculated by DOBI.

HFNJ also maintains a deposit to cover the claim reserves included in accrued medical services in the accompanying statutory-basis balance sheets. This deposit generally is equal to 50% of the highest calendar quarter of premiums of the most recent four quarters under N.J.A.C. 11:24-11.4(d). During 2014, HFNJ received approval from DOBI to begin to draw down on this deposit as a result of the sale of its Medicaid business and planned exit from Medicare. No reductions were made to the escrow deposit during 2016; while in 2015 approximately \$17.5 million of reductions were made. At December 31, 2016 and 2015, HFNJ had approximately \$5.5 million remaining in escrow, which is included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheets.

(4) Collateral Received and Reflected as Assets within the Reporting Entity's Financial Statement – Not applicable.

I. Working Capital Finance Investments – Not applicable.

J. Offsetting and Netting of Liabilities – Not applicable.

K. Structured Notes – Not applicable.

L. 5\* Securities – Not applicable

### 6. Joint Ventures, Partnerships or Limited Liabilities

Not Applicable

### 7. Investment Income

A. The bases for excluding the investment income due and accrued surplus as a non-admitted asset.

B. The total amount excluded was \$0.

## NOTES TO FINANCIAL STATEMENTS

### 8. Derivative Instruments

- A. Discussion of material risk, credit risk and cash requirements of the derivative – Not applicable
- B. Description of reporting entity’s objectives of using derivatives – Not applicable
- C. Description of accounting policies of recognizing/not recognizing and measuring derivatives use – Not applicable
- D. Net gain or loss recognized in unrealized gains or losses during reporting period representing component of derivative instruments’ gain or loss, if any, excluded from assessment of hedge effectiveness – Not applicable
- E. Net gain or loss recognized in unrealized gains or losses during reporting period resulting from derivatives that no longer qualify for hedge accounting – Not applicable
- F. Disclose information for derivatives accounted for as cash flow hedges of a forecasted transaction – Not applicable

### 9. Income Taxes

- A. The components of the net deferred tax asset/(liability) – Not applicable
- B. Deferred tax liabilities Not Recognize – Not applicable
- C. Current income taxes incurred – Not applicable
- D. Significant Book to Tax Adjustments – Not applicable
- E. Amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes – Not applicable
- F. Consolidated federal income tax return – Not applicable
- G. The total of all net adjusted gross deferred tax assets (net deferred tax liabilities) – Not applicable

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. & B. HFNJ is incorporated as a not-for-profit health maintenance organization. HF Management Services, LLC (“HFMS”) is the sole corporate member of HFNJ. HFNJ has a ten year management contract with HFMS that began June 7, 2007 to provide all administrative services and management services.
- C. Management fees charged by HFMS were approximately \$0 million and (\$0.02) million for the period ended December 31, 2016 and 2015, respectively. Additionally, approximately \$0.03 million and \$0.6 million of claims adjustment expense are related to the administrative services agreement with HFMS, at December 31, 2016 and 2015, respectively.
- D. Amounts due from or to related parties as of the date of each balance sheet – Not applicable.
- E. HFMS guarantees that HFNJ shall have and maintain capital and surplus at least in the minimum amount as required by law. This guaranty continues until the Commissioner of Banking and Insurance of the State of New Jersey (the Commissioner) releases HFMS in writing. If the net worth of HFNJ drops below 125% of the minimum requirement established by law or if the Commissioner determines that the surplus of HFNJ is insufficient in respect to its outstanding liabilities and financial needs, HFMS would be

## NOTES TO FINANCIAL STATEMENTS

required to deliver sufficient funds satisfactory to the Commissioner to meet its obligations under the guaranty within 15 days following receipt of a written demand of the Commissioner.

As of December 31, 2016, HFNJ's statutory capital and surplus of approximately \$15.1 million exceeded the 125% minimum requirement established by law, which is approximately \$2.5 million. However, as a result of HFNJ's sale of its Medicaid business and termination of its Medicare contract with CMS as of December 31, 2014, HFNJ no longer has obligations to New Jersey enrollees or on-going operations in New Jersey, aside from run-out services, subsequent to December 31, 2014.

- F. A description of material management or service contracts and cost-sharing arrangements involving the reporting entity and any related party – Not applicable.
- G. The nature of the control relationship whereby HFNJ is under common ownership and HFMS is the sole corporate member of HFNJ.
- H. Amount Deducted from the value of an upstream intermediate entity - Not applicable.
- I. Investment in an SCA Entity - Not applicable.
- J. Investments in impaired SCA Entity - Not applicable.
- K. Foreign Insurance Subsidiary - Not applicable.
- L. Investment in downstream noninsurance holding company - Not applicable.
- M. All SCA investments – Not applicable.
- N. Investment in an insurance SCA Entity – Not applicable.

### 11. Debt

- A. Terms of Debt – Not applicable
- B. FHLB agreements - Not applicable

### 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans.

Not Applicable

### 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.

- 1. Number of shares - Not applicable
- 2. Dividend rate - Not applicable
- 3. Dividend restriction - Not applicable
- 4. Dividends paid - Not applicable
- 5. Ordinary dividends from profits - Not applicable
- 6. Restrictions on unassigned funds - Not applicable
- 7. For mutual, and similar organized companies - Not applicable
- 8. Stock held by the Company for special purposes- Not applicable

## NOTES TO FINANCIAL STATEMENTS

9. Special surplus funds - Not applicable
10. Unassigned funds represented (reduced) by cumulative unrealized gains and losses - Not applicable
11. Healthfirst Health Plan of NJ issued the following surplus notes:

Date Issued	Interest Rate	Par Value (face value of note)	Carrying Value of Note	Principal And/Or Interest Pd in CY	Total Principal And/Or Interest Paid	Unapproved Principal And/Or Interest	Date of Maturity
12/17/07	3.25% -7.25%	\$ 3,000,000	\$ 3,000,000	N/A	N/A	N/A	12/31/2017
08/06/07	3.25% -7.25%	\$ 473,660	\$ 473,660	N/A	N/A	N/A	12/31/2017

In 2007, HFNJ issued two surplus notes to HFMS in exchange for cash. The first note of approximately \$0.5 million was issued on August 6, 2007, and was due on or before January 1, 2014. This note was amended to have a due date on or before December 31, 2017. The second note of \$3.0 million was issued on December 17, 2007, and was due on or before December 31, 2014. This note was also amended to have a due date on or before December 31, 2017. The notes bear interest at the JPMorgan Chase prime rate, which was 3.75% and 3.50% during 2016 and 2015, respectively. Accumulated interest unapproved for payment amounted to approximately \$1.1 million and \$1.0 million at December 31, 2016 and 2015, respectively. Any payment of interest or repayment of principal is subject to approval by DOBI and may be paid only out of HFNJ's earnings, and only if HFNJ's surplus exceeds specified levels. The surplus notes are subordinate to all liabilities of HFNJ.

12. Impact quasi-reorganization - Not applicable
13. Effective date of quasi-reorganization - Not applicable

### 14. Liabilities, Contingencies and Assessments

- A. Contingent Commitments – Not applicable.
- B. Assessments – Not applicable.
- C. Gain Contingencies – Not applicable.
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – Not applicable.
- E. Joint and Several Liabilities – Not applicable.
- F. All Other Contingencies – HFNJ is a defendant in various lawsuits and other pending litigation, which has occurred through the ordinary course of business. While the outcome with respect to such proceedings cannot be predicted with certainty, management believes the lawsuits are without merit and intends to vigorously defend its position, and in any event believes the ultimate outcome of such matters will not have a material adverse effect on HFNJ's financial statements.

### 15. Leases

- A. Lessee's leasing arrangements - Not applicable
- B. Lessor's business activities Not applicable

## NOTES TO FINANCIAL STATEMENTS

### 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfers of Receivables Reported as Sales – Not applicable.

B. Transfer and Servicing of Financial Assets – Not applicable.

C. Wash Sales – Not applicable.

### 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.

A. ASO Plans – Not applicable.

B. ASC Plans – Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

HFNJ offered Medicare Advantage Prescription Drug Plans under a contract with CMS. Certain elements of the payments HFNJ receives during the year represent payments for HFNJ's insurance risk coverage under Part D, and are recognized as premium revenues. Other elements of the payments HFNJ received, including the catastrophic reinsurance subsidy, low-income member cost-sharing subsidy and coverage gap discount program (collectively, subsidies) represented cost reimbursements for which HFNJ was fully reimbursed. As such, amounts received for the subsidies were not reflected in premium revenue, but rather were accounted for as deposits.

Receivables or liabilities for these subsidies represent amounts due from or due to CMS, respectively. As of December 31, 2016 and 2015, HFNJ has recorded a receivable of approximately \$5.0 million, which is reported as amounts receivable relating to uninsured plans in the accompanying statutory-basis balance sheets.

Payments received from CMS were subject to risk corridor adjustments, whereby variances that exceeded certain thresholds from a target amount resulted in CMS making additional payments to HFNJ or required HFNJ to refund to CMS a portion of the premium received. The risk corridor liability is approximately \$0.1 million, which is included in aggregate health policy reserves as of December 31, 2016 and in amounts to due to CMS as of December 31, 2015 in the accompanying statutory-basis balance sheets. The liability owed to CMS for members that HFNJ received a premium after disenrollment is approximately \$0.4 million in December 31, 2016 and 2015, which is included in the Due to CMS in the accompanying statutory-basis balance sheets.

HFNJ expects to settle all receivables due from and all payables due to CMS in fiscal year 2017.

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

### 20. Fair Value Measurements

A. Fair Value Measurements at Reporting Date – Not applicable

B. Fair Value information disclosed under other accounting Pronouncements - Not applicable.

## NOTES TO FINANCIAL STATEMENTS

C. Aggregate Fair Value for all financial instruments - Not applicable.

D. Not practicable to Estimate Fair Value - Not applicable.

### 21. Other Items

A. Unusual or Infrequent items - Not applicable

B. Trouble Debt Restructuring: Debtors - Not applicable

C. Other Disclosures

In September 2013, HFNJ entered into an asset purchase agreement with WellCare Health Plans of New Jersey, Inc. (“WellCare”) to sell certain non-financial assets owned by HFNJ which were used in operation of HFNJ’s Medicare and Medicaid business. In June 2014, HFNJ sold these non-financial assets relating to the Medicaid business to WellCare for approximately \$27.0 million, of which approximately \$2.7 million was placed in escrow as required by the asset purchase agreement. The sale of the Medicare non-financial assets was unable to be completed as planned in 2014, and HFNJ did not renew its Medicare contract with CMS, terminating its contract effective December 31, 2014. During 2015, a full reserve was placed against the escrow amount of approximately \$2.7 million, as a result of a related claim asserted by WellCare prior to the escrow release date. In 2016 final settlement was reached with Wellcare and HFNJ received a \$4.4 million cash settlement for all remaining amounts due related to the asset purchase agreement.

In 2014, subsequent to the closing of the sale transaction to Wellcare, HFNJ recorded a liability due to HFMS in the amount of \$14.5 million for the system configuration and programming, marketing and vendor costs that HFMS previously provided to HFNJ, as a component of its administrative services agreement with HFMS. The payment of these costs was contingent upon the closing of a sale transaction between HFNJ and Wellcare, which took place in June 2014. This amount is reflected in the amounts due to parent, subsidiary and affiliates of the accompanying balance sheets as of December 31, 2016 and 2015.

D. Business Interruption Insurance Recoveries - Not applicable

E. State Transferable and Non-transferable Tax Credits - Not applicable

F. Subprime Mortgage Related Risk Expense - Not applicable

G. Retained Assets – Not applicable

H. Insurance-Linked Securities (ILS) Contracts – Not applicable

### 22. Events Subsequent

A. Type I - Recognized Subsequent Events – Not applicable

B. Type II - Nonrecognized Subsequent Events – Not applicable

### 23. Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

## NOTES TO FINANCIAL STATEMENTS

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?  
Yes ( ) No (x)
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primary engaged in the insurance business?  
Yes ( ) No (x)

### Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?  
Yes ( ) No (x)
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?  
Yes ( ) No (x)

### Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.  
Not applicable.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?  
Yes ( ) No (x)

#### B. Uncollectible Reinsurance

The uncollectable reinsurance amount that was written off – Not applicable.

#### C. Commutation of Ceded Reinsurance – Not applicable.

#### D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – Not applicable.

## 24. Retrospectively Rated Contracts & Contracts Subject to Re-determination

### *Risk Corridor*

- A. Payments received from CMS were subject to risk corridor adjustments, whereby variances that exceeded certain thresholds from a target amount resulted in CMS making additional payments to HFNJ or required HFNJ to refund to CMS a portion of the premium received.
- B. HFNJ records \$0 premium for the period ending December 31, 2016 and 2015



## NOTES TO FINANCIAL STATEMENTS

C. There are no net premiums written by HFNJ at December 31, 2016 and 2015 that are subject to retrospective rating features.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act

Not Applicable

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

NotApplicable

### 25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2015 were \$1.1 million. As of December 31, 2016, \$0.5 million has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now \$0.6 million as a result of re-estimation of unpaid claims. Therefore, on December 31, 2016, there has been a \$0.06 million favorable prior-year development since December 31, 2015.

### 26. Inter-company Pooling Agreement

Not applicable.

### 27. Structured Settlements

Not applicable.

### 28. Health Care Receivables

#### A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days after Billing
12/31/2016					
9/30/2016					
6/30/2016					
3/31/2016					
12/31/2015					
9/30/2015					
6/30/2015					
3/31/2015					
12/31/2014	2,269,598	2,266,332		1,054,259	1,159,519
9/30/2014	2,422,172	2,574,982		1,159,834	1,408,747
6/30/2014	2,580,399	2,818,164		1,036,393	1,763,962
3/31/2014	1,589,930	2,552,677		862,284	1,690,393

HFNJ records healthcare receivables resulting from pharmaceutical rebates receivables and Part D Plan to Plan receivables. SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*, requires that Pharmaceutical Rebate Receivables be non-admitted, unless the amounts are confirmed by the Pharmacy Benefit Manager (“PBM”) within 2 months of the report date and collected within 90 days of the confirmation date. As of December 31, 2016 and 2015, \$0.1 million, were confirmed by the PBM but not collected within 90 days of the confirmation date and therefore reported as non-admitted.

Risk Sharing Receivables – Not applicable.

## NOTES TO FINANCIAL STATEMENTS

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### **29. Participating Policies**

Not applicable.

### **30. Premium Deficiency Reserves**

Not applicable.

### **31. Anticipated Salvage and Subrogation**

Not applicable.

# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No  ]
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A  ]
- 1.3 State Regulating? New Jersey
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No  ]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/10/2010
- 3.4 By what department or departments?  
 .....  
 .....  
 .....  
 .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes  No  N/A  ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A  ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No  ]
- 4.12 renewals? Yes  No  ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes  No  ]
- 4.22 renewals? Yes  No  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No  ]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....

## GENERAL INTERROGATORIES

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

.....  
 .....  
 .....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. \_\_\_\_\_ %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....  
 .....  
 .....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP 5 Times Square, NY NY 10036

.....  
 .....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If response to 10.1 is yes, provide information related to this exemption:

.....  
 .....  
 .....  
 .....

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:

.....  
 .....

### GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes  No  N/A

10.6 If the response to 10.5 is no or n/a, please explain.

.....  
.....  
.....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Angela Liang, FSA, MAAA, 100 Church Street, New York, NY 10007

.....  
.....  
.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes  No

12.11 Name of real estate holding company

\_\_\_\_\_

12.12 Number of parcels involved

\_\_\_\_\_

12.13 Total book/adjusted carrying value

\$ \_\_\_\_\_

12.2 If yes, provide explanation:

.....  
.....  
.....

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

.....  
.....  
.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes  No

13.3 Have there been any changes made to any of the trust indentures during the year? Yes  No

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes  No  N/A

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules, and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

Yes  No

14.11 If the response to 14.1 is no, please explain:

.....  
.....  
.....

14.2 Has the code of ethics for senior managers been amended? Yes  No

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

.....  
.....  
.....

## GENERAL INTERROGATORIES

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

.....  
 .....  
 .....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the Issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....	.....	.....	.....
.....	.....	.....	.....

## BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

## FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

## GENERAL INTERROGATORIES

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$ _____
22.22 Amount paid as expenses	\$ _____
22.23 Other amounts paid	\$ _____

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_

### INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ ] No [X]

24.02 If no, give full and complete information, relating thereto:  
 .....  
 .....  
 .....

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 .....  
 .....  
 .....

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ \_\_\_\_\_

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ \_\_\_\_\_

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_

24.103 Total payable for securities lending reported on the liability page \$ \_\_\_\_\_

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

## GENERAL INTERROGATORIES

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21	Subject to repurchase agreements	\$ _____
25.22	Subject to reverse repurchase agreements	\$ _____
25.23	Subject to dollar repurchase agreements	\$ _____
25.24	Subject to reverse dollar repurchase agreements	\$ _____
25.25	Placed under option agreements	\$ _____
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
25.27	FHLB Capital Stock	\$ _____
25.28	On deposit with states	\$ <u>7,807,346</u>
25.29	On deposit with other regulatory bodies	\$ _____
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
25.32	Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$ \_\_\_\_\_

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
TD Bank Wealth Management Trust Services .....	101 Haddonfield 2nd Floor, Cherry Hill, NJ 08002-4401 .....
.....	.....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]



## GENERAL INTERROGATORIES

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....
.....	.....	.....	.....

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["... that have access to the investment accounts"; "...handle securities"]

1 Name Firm or Individual	2 Affiliation
Arlene M. Murphy, AVP	U
.....	.....
.....	.....

28.059 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [X]

28.059 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [X]

28.06 For those firms or individuals listed in the table 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
Arlene M. Murphy, AVP	6116289	51-0609967	TD Bank, National Association	NO
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
.....	.....	.....
29.2999 TOTAL		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	.....	.....	.....
.....	.....	.....	.....

## GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	5,079,043	5,079,043	
30.2 Preferred stocks .....			
30.3 Totals .....	5,079,043	5,079,043	

30.4 Describe the sources or methods utilized in determining the fair values:  
NAIC Securities Valuation Office

.....  
 .....  
 .....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

.....  
 .....  
 .....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

.....  
 .....  
 .....

### OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ \_\_\_\_\_

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....

34.1 Amount of payments for legal expenses, if any? \$ \_\_\_\_\_ 168,694

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Levine Lee LLP .....	\$ 165,637
.....	\$ .....
.....	\$ .....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ \_\_\_\_\_

## GENERAL INTERROGATORIES

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....

## GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ \_\_\_\_\_
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ \_\_\_\_\_
- 1.31 Reason for excluding
- .....
- .....
- .....
- .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ \_\_\_\_\_
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ \_\_\_\_\_
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ \_\_\_\_\_
- 1.62 Total incurred claims \$ \_\_\_\_\_
- 1.63 Number of covered lives \_\_\_\_\_
- All years prior to most current three years:
- 1.64 Total premium earned \$ \_\_\_\_\_
- 1.65 Total incurred claims \$ \_\_\_\_\_
- 1.66 Number of covered lives \_\_\_\_\_
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ \_\_\_\_\_
- 1.72 Total incurred claims \$ \_\_\_\_\_
- 1.73 Number of covered lives \_\_\_\_\_
- All years prior to most current three years:
- 1.74 Total premium earned \$ \_\_\_\_\_
- 1.75 Total incurred claims \$ \_\_\_\_\_
- 1.76 Number of covered lives \_\_\_\_\_

2. Health Test:

	1 Current Year		2 Prior Year
2.1 Premium Numerator	\$ (44)		\$ (199,434)
2.2 Premium Denominator	\$ (44)		\$ (199,434)
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000
2.4 Reserve Numerator	\$ 709,993		\$ 1,135,705
2.5 Reserve Denominator	\$ 709,993		\$ 1,135,705
2.6 Reserve Ratio (2.4 / 2.5)	1.000		1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]
- 3.2 If yes, give particulars:
- .....
- .....
- .....
- .....
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]
- 5.2 If no, explain:
- .....
- .....
- .....
- .....
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ \_\_\_\_\_
- 5.32 Medical Only \$ \_\_\_\_\_
- 5.33 Medicare Supplement \$ \_\_\_\_\_
- 5.34 Dental and vision \$ \_\_\_\_\_
- 5.35 Other Limited Benefit Plan \$ \_\_\_\_\_
- 5.36 Other \$ \_\_\_\_\_

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

As required by State regulation each provider agreement contains a hold harmless provision protecting members in the case of insolvency. In addition, each provider agreement contains statutory continuation of treatment provisions in the event of termination.

.....

.....

.....

## GENERAL INTERROGATORIES

### PART 2 - HEALTH INTERROGATORIES

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No

7.2 If no, give details:

.....  
 .....  
 .....

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

8.2 Number of providers at end of reporting year

\_\_\_\_\_  
 \_\_\_\_\_

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes  No

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

\_\_\_\_\_  
 \_\_\_\_\_

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes  No

10.2 If yes:

10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

\$ \_\_\_\_\_  
 \$ \_\_\_\_\_  
 \$ \_\_\_\_\_  
 \$ \_\_\_\_\_

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

Yes  No   
 Yes  No   
 Yes  No

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No

11.3 If yes, show the name of the state requiring such minimum capital and surplus:

.....  
 .....  
 .....

11.4 If yes, show the amount required.

\$ 2,504,361

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No

11.6 If the amount is calculated, show the calculation:

See DOBI Attachment E

.....  
 .....  
 .....

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area		
Atlantic		
Bergen		
Essex		
Hudson		
Mercer		
Middlesex		
Morris		
Passaic		
Somerset		
Sussec		
Union		
Warren		

13.1 Do you act as a custodian for health savings accounts? Yes  No

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$ \_\_\_\_\_

13.3 Do you act as an administrator for health savings accounts?

Yes  No

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$ \_\_\_\_\_

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes  No  N/A

14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....						
.....						

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

15.1 Direct Premium Written

15.2 Total Incurred Claims

\$ \_\_\_\_\_  
 \$ \_\_\_\_\_

## GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

15.3 Number of Covered Lives

<b>*Ordinary Life Insurance Includes</b>
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

## FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2016	2015	2014	2013	2012
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28)	33,918,534	29,802,041	55,058,342	55,199,388	65,422,466
2. Total liabilities (Page 3, Line 24)	18,850,660	19,443,005	44,354,902	50,599,581	39,747,262
3. Statutory minimum capital and surplus requirement	2,504,361	2,460,080	16,134,376	16,427,870	11,903,454
4. Total capital and surplus (Page 3, Line 33)	15,067,874	10,359,036	10,703,440	4,599,807	25,675,204
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8)	(44)	(199,434)	206,720,186	265,304,881	279,446,404
6. Total medical and hospital expenses (Line 18)	(56,163)	(327,048)	187,108,147	221,205,556	243,037,908
7. Claims adjustment expenses (Line 20)	27,478	570,596	5,334,820	4,457,866	2,726,187
8. Total administrative expenses (Line 21)	181,588	(573,731)	40,601,404	31,588,509	33,660,948
9. Net underwriting gain (loss) (Line 24)	(152,947)	130,748	(17,724,185)	(547,050)	21,361
10. Net investment gain (loss) (Line 27)	3,837	16,003	41,752	44,045	28,677
11. Total other income (Lines 28 plus 29)	4,448,230	(2,696,540)	26,965,400		
12. Net income or (loss) (Line 32)	4,299,120	(2,549,788)	9,282,967	(503,005)	50,038
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11)	(637,966)	(16,925,878)	(27,908,427)	5,542,256	5,596,333
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital	15,067,874	10,359,037	10,703,440	4,599,807	25,675,205
15. Authorized control level risk-based capital	73,931	50,660	8,107,530	9,522,020	10,304,451
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)			4,517	47,626	50,594
17. Total members months (Column 6, Line 7)			325,416	538,486	615,456
<b>Operating Percentage (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	127643.2	164.0	90.5	83.4	87.0
20. Cost containment expenses		(341.5)	1.3	1.1	0.6
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	(347506.8)	165.6	108.6	100.2	99.9
23. Total underwriting gain (loss) (Line 24)	347606.8	(65.6)	(8.6)	(0.2)	0.1
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	1,079,542	24,184,479	36,220,971	35,682,509	32,065,652
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	1,135,705	24,511,527	37,584,790	33,979,105	32,707,269
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31					
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [X]

If no, please explain:

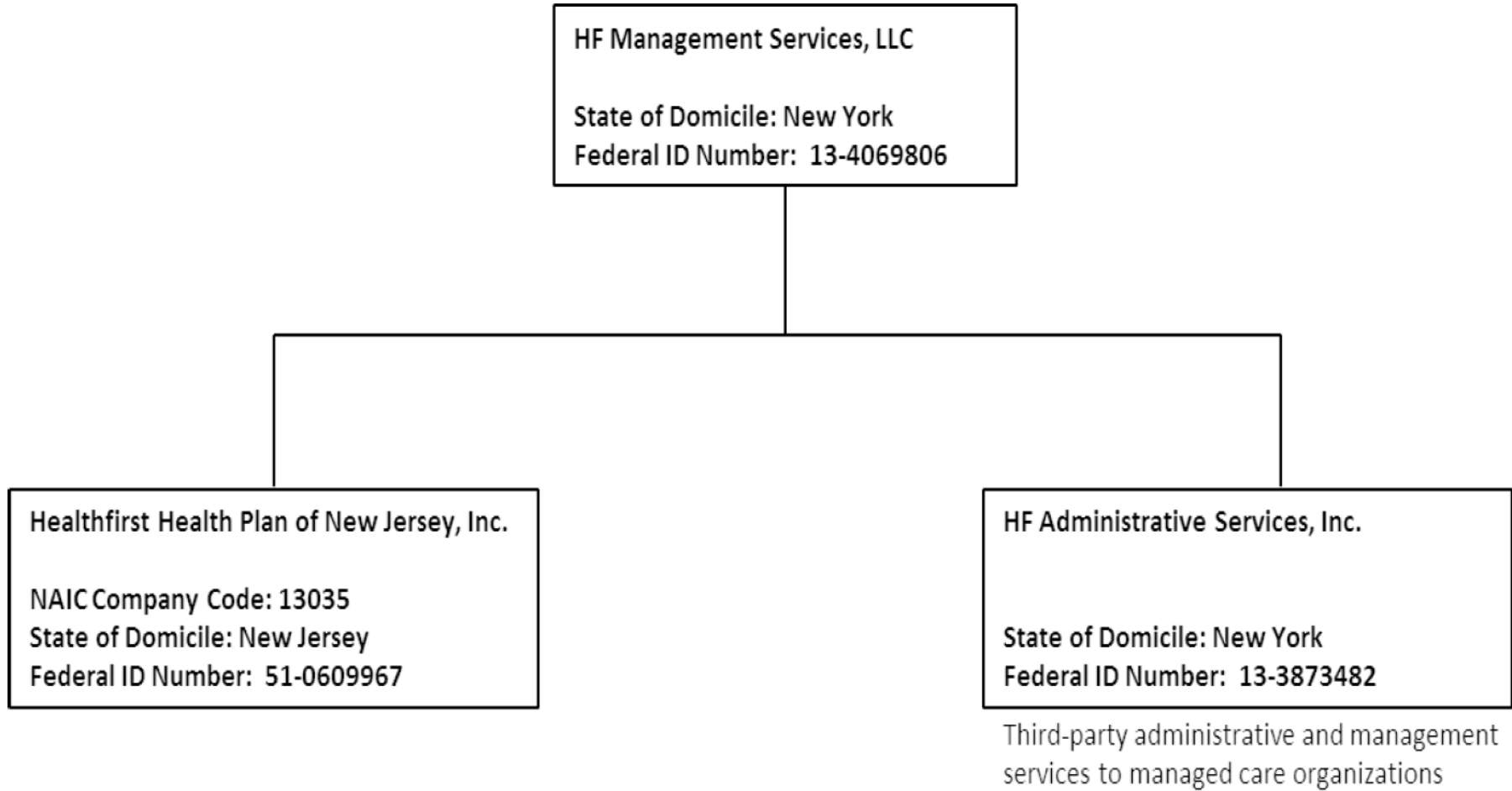
Not applicable

**NONE**    **Schedule T**



## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART



**OVERFLOW PAGE FOR WRITE-INS**

**Page 3 - Continuation**

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
<b>WRITE-INS AGGREGATED AT LINE 23 FOR OTHER LIABILITIES</b>				
2304. Due to DOBI .....	197,343		197,343	184,263
2305. Due to HFHP (MHI) .....	9,400		9,400	16,837
2397. Totals (Lines 2304 through 2396) (Page 3, Line 23)	206,743		206,743	201,100

## ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

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13035201620100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE

## Healthfirst Health Plan of New Jersey, Inc.

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 13035 Employer's ID Number 51-0609967

Organized under the Laws of New Jersey, State of Domicile or Port of Entry New Jersey

Country of Domicile United States of America

Licensed as business type: **Life, Accident & Health**  **Property/Casualty**  **Hospital, Medical & Dental Service or Indemnity**   
**Dental Service Corporation**  **Vision Service Corporation**  **Health Maintenance Organization**   
**Other**  **Is HMO Federally Qualified?** Yes  No

Incorporated/Organized September 21, 2006 Commenced Business January 1, 2008

Statutory Home Office 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code)

Main Administrative Office 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code) 212-801-6000 (Area Code) (Telephone Number)

Mail Address 100 Church Street (Street and Number or P.O. Box) New York, NY, US 10007 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 100 Church Street (Street and Number) New York, NY, US 10007 (City or Town, State, Country and Zip Code) 212-801-6000 (Area Code) (Telephone Number)

Internet Web Site Address www.healthfirstnj.org

Statutory Statement Contact Angelica Fomolles (Name) 212-801-6091 (Area Code) (Telephone Number) (Extension) 212-785-6893 (Fax Number)  
AFomolles@healthfirst.org (E-Mail Address)

### OFFICERS

Name	Title
1. <u>Linda Tiano #</u>	<u>Secretary</u>
2. _____	_____
3. _____	_____

### VICE-PRESIDENTS

Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

### DIRECTORS OR TRUSTEES

<u>John Calendriello</u>	<u>Edward Condit</u>	<u>Michael D'Agnes</u>	<u>Thomas Daley</u>
<u>Chad Forbes</u>	<u>Deborah Hammond</u>	<u>Leslie Hirsh</u>	<u>Gary Horan</u>
<u>Peter Kelly</u>	<u>Michael Maron</u>	<u>Daniel McCarthy</u>	<u>Ronald Napiorski</u>
<u>Anthony Orlando</u>	<u>Robert Peterson</u>	<u>Ronald Rak</u>	<u>Axel Ramos</u>
<u>Richard Smith</u>	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State of New York  
County of New York ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature)	<u>Linda V Tiano</u> (Signature)	<u>John Bernal</u> (Signature)
_____ (Printed Name)	<u>Linda Tiano #</u> (Printed Name)	<u>John Bernal #</u> (Printed Name)
1.	2. Secretary	3. Chief Financial Officer
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to (or affirmed) before me this on this 26 day of February, 2017, by Pearl Smith



Is this an original filing?  Yes  No  
If no: 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

### EXHIBIT 2 – ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals						
Group subscribers:						
0299997 Group subscriber subtotal						
0299998 Premiums due and unpaid not individually listed						
0299999 Total group						
0399999 Premiums due and unpaid from Medicare entities				1,079,231		1,079,231
0499999 Premiums due and unpaid from Medicaid entities						
.....						
0599999 Accident and health premiums due and unpaid (Page 2, Line 15)				1,079,231		1,079,231

### EXHIBIT 3 – HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables Not Individually Listed				76,763	76,763	
0199999 Pharmaceutical Rebate Receivables				76,763	76,763	
0299998 Claim Overpayment Receivables Not Individually Listed	7,308			48,119	48,119	7,308
0299999 Claim Overpayment Receivables	7,308			48,119	48,119	7,308
0799999 Gross Health Care Receivables	7,308			124,882	124,882	7,308

### EXHIBIT 3A – ANALYSIS OF HEALTH CARE RECEIVABLES COLLECTED AND ACCRUED

Type of Health Care Receivable	Health Care Receivables Collected During the Year		Health Care Receivables Accrued as of December 31 of Current Year		5	6
	1 On Amounts Accrued Prior to January 1 of Current Year	2 On Amounts Accrued During the Year	3 On Amounts Accrued December 31 of Prior Year	4 On Amounts Accrued During the Year	Health Care Receivables in Prior Years (Cols. 1 + 3)	Estimated Health Care Receivables Accrued as of December 31 of Prior Year
1. Pharmaceutical rebate receivables .....	54,261		76,763		131,024	131,024
2. Claim overpayment receivables .....			55,427		55,427	
3. Loans and advances to providers .....						
4. Capitation arrangement receivables .....						
5. Risk sharing receivables .....						
6. Other health care receivables .....						
7. Total (Lines 1 through 6)	54,261		132,190		186,451	131,024

Note that the accrued amounts in Columns 3, 4 and 6 are the total health care receivables, not just the admitted portion.

**EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**  
 Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0599999 Unreported claims and other claim reserves						595,870
0799999 Total claims unpaid						595,870



**NONE Exhibit 5 - Amounts Due from Parent, Subsidiaries and Affiliates**

### EXHIBIT 6 – AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
HF Management Services, LLC	Due to HFMS	14,500,000		14,500,000
0199999 Individually listed payable		14,500,000		14,500,000
0299999 Payables not individually listed				
0399999 Total gross payables		14,500,000		14,500,000

**EXHIBIT 7 – PART 1 – SUMMARY OF TRANSACTIONS WITH PROVIDERS**

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
<b>Capitation Payments:</b>						
1. Medical groups						
2. Intermediaries						
3. All other providers						
4. Total capitation payments						
<b>Other Payments:</b>						
5. Fee-for-service			XXX	XXX		
6. Contractual fee payments	483,672	100.000	XXX	XXX	483,672	
7. Bonus/withhold arrangements – fee-for-service			XXX	XXX		
8. Bonus/withhold arrangements – contractual fee payments			XXX	XXX		
9. Non-contingent salaries			XXX	XXX		
10. Aggregate cost arrangements			XXX	XXX		
11. All other payments			XXX	XXX		
12. Total other payments	483,672	100.000	XXX	XXX	483,672	
13. Total (Line 4 plus Line 12)	483,672	100.000	XXX	XXX	483,672	

**EXHIBIT 7 – PART 2 – SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES**

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
		<b>NONE</b>			
999999	Totals		XXX	XXX	XXX

**NONE Exhibit 8 - Furniture, Equipment, and Supplies Owned**



13035201643031100

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)**

Report for: 1. Corporation Healthfirst Health Plan of New Jersey Inc.

2. NJ

(LOCATION)

NAIC Group Code 0000

**BUSINESS IN THE STATE OF NEW JERSEY DURING THE YEAR 2016**

NAIC Company Code 13035

30 NJ

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefits Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters For Year:										
7. Physician	57							57		
8. Non-Physician	119							30	89	
9. Total	176							87	89	
10. Hospital Patient Days Incurred	569							505	64	
11. Number of Inpatient Admissions	1							1		
12. Health Premiums Written (b)										
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	(44)							(44)		
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	483,672							194,403	289,269	
18. Amount Incurred for Provision of Health Care Services	(56,139)							(56,139)		

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0.



13035201643059100

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)**

Report for: 1. Corporation Healthfirst Health Plan of New Jersey Inc.

2. NJ

(LOCATION)

NAIC Group Code 0000

**BUSINESS IN THE STATE OF TOTAL DURING THE YEAR 2016**

NAIC Company Code 13035

30 GT

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefits Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters For Year:										
7. Physician	57							57		
8. Non-Physician	119							30	89	
9. Total	176							87	89	
10. Hospital Patient Days Incurred	569							505	64	
11. Number of Inpatient Admissions	1							1		
12. Health Premiums Written (b)										
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	(44)							(44)		
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	483,672							194,403	289,269	
18. Amount Incurred for Provision of Health Care Services	(56,139)							(56,139)		

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0.

**NONE**    **Schedule S - Part 1 - Section 2**

**NONE**    **Schedule S - Part 2**

**SCHEDULE S - PART 3 - SECTION 2**

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Company	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Business Ceded	8 Premiums	9 Unearned Premiums (Estimated)	10 Reserve Credit Taken Other than for Unearned Premiums	Outstanding Surplus Relief		13 Modified Coinsurance Reserve	14 Funds Withheld Under Coinsurance
										11 Current Year	12 Prior Year		
22667	95-2371728	01/01/2013	ACE AMERICAN INSURANCE COMPANY	NJ	SSL/A/I	SLEL	44						
0899999	General Account - Authorized - Non-Affiliates - U.S. Non-Affiliates												
						XXX	44						
1099999	General Account - Authorized - Non-Affiliates - Total Authorized Non-Affiliates												
						XXX	44						
1199999	General Account - Authorized - Total General Account Authorized												
						XXX	44						
3499999	General Account - Total General Account Authorized, Unauthorized and Certified												
						XXX	44						
6999999	Total U.S.												
						XXX	44						
9999999	Totals												
						XXX	44						



**NONE**    **Schedule S - Part 4**

**NONE**    **Schedule S - Part 5**

**SCHEDULE S – PART 6**Five-Year Exhibit of Reinsurance Ceded Business  
(000 OMITTED)

	1	2	3	4	5
	2016	2015	2014	2013	2012
<b>A. OPERATIONS ITEMS</b>					
1. Premiums					
2. Title XVIII-Medicare			285	238	619
3. Title XIX-Medicaid			601	1,186	1,180
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses		(475)	453	2,792	2,304
<b>B. BALANCE SHEET ITEMS</b>					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses			670	2,024	1,902
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances due					
11. Unauthorized reinsurance offset					
12. Offset for reinsurance with Certified Reinsurers					
<b>C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
13. Funds deposited by and withheld from (F)					
14. Letters of credit (L)					
15. Trust agreements (T)					
16. Other (O)					
<b>D. REINSURANCE WITH CERTIFIED REINSURERS (DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
17. Multiple Beneficiary Trust					
18. Funds deposited by and withheld from (F)					
19. Letters of credit (L)					
20. Trust agreements (T)					
21. Other (O)					

**SCHEDULE S – PART 7**

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 12)	27,819,618		27,819,618
2. Accident and health premiums due and unpaid (Line 15)	1,079,231		1,079,231
3. Amounts recoverable from reinsurers (Line 16.1)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	5,019,685		5,019,685
6. Total assets (Line 28)	33,918,534		33,918,534
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1)	595,870		595,870
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 8)			
10. Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19, first inset amount plus second inset amount)			
11. Reinsurance in unauthorized companies (Line 20 minus inset amount)			
12. Reinsurance with Certified Reinsurers (Line 20 inset amount)			
13. Funds held under reinsurance treaties with Certified Reinsurers (Line 19 third inset amount)			
14. All other liabilities (Balance)	18,254,790		18,254,790
15. Total liabilities (Line 24)	18,850,660		18,850,660
16. Total capital and surplus (Line 33)	15,067,874	X X X	15,067,874
17. Total liabilities, capital and surplus (Line 34)	33,918,534		33,918,534
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
18. Claims unpaid			
19. Accrued medical incentive pool			
20. Premiums received in advance			
21. Reinsurance recoverable on paid losses			
22. Other ceded reinsurance recoverables			
23. Total ceded reinsurance recoverables			
24. Premiums receivable			
25. Funds held under reinsurance treaties with authorized and unauthorized reinsurers			
26. Unauthorized reinsurance			
27. Reinsurance with Certified Reinsurers			
28. Funds held under reinsurance treaties with Certified Reinsurers			
29. Other ceded reinsurance payables/offsets			
30. Total ceded reinsurance payables/offsets			
31. Total net credit for ceded reinsurance			

**NONE Schedule T - Part 2**



**NONE Schedule Y - Part 2**

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Responses
<b>MARCH FILING</b>	
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	See Explanation
2. Will an actuarial opinion be filed by March 1?	YES
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	YES
<b>APRIL FILING</b>	
5. Will Management's Discussion and Analysis be filed by April 1?	YES
6. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
7. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	YES
<b>JUNE FILING</b>	
8. Will an audited financial report be filed by June 1?	YES
9. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?	YES
<b>AUGUST FILING</b>	
10. Will the regulator-only (non-public) Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile and electronically with the NAIC (as a regulator-only non-public document) by August 1?	YES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

<b>MARCH FILING</b>	
11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
12. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	NO
13. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?	NO
14. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	NO
15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1?	NO
16. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1?	NO
17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
18. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1?	NO
19. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed with the NAIC by March 1?	NO
20. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?	NO
<b>APRIL FILING</b>	
21. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
22. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	NO
23. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC?	NO
24. Will the Supplemental Health Care Exhibit be filed with the state of domicile and the NAIC by April 1?	NO
25. Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be filed with the state of domicile and the NAIC by April 1?	NO
<b>AUGUST FILING</b>	
26. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?	NO

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

Explanation 1: Healthfirst Health Plan of New Jersey, Inc. ("HFNJ") has ceased its Medicaid and Medicare operations effective as of June 30, 2014 and December 31, 2014, respectively.

Explanation 11:

Explanation 12:

Explanation 13:

Explanation 14:

Explanation 15:

**Bar Code:**



1303520164600000



1303520163600000



13035201620500000



13035201620700000



13035201642000000



13035201637100000



13035201637000000



13035201636500000



13035201622400000



13035201622500000



13035201622600000



13035201630600000



13035201621100000



13035201621300000



13035201621600000



13035201621700000



13035201622300000



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**OVERFLOW PAGE FOR WRITE-INS**

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13035201644000100

**Statement of Reliance for substantial accuracy of records and information**

I, *Michael Cadavillo, Director of Finance, of HFMS, LLC (HFMS)*, hereby affirm the listings, summaries, and analysis relating to data prepared for and submitted to Angela Liang, the Appointed Actuary, in support of the claims liability-oriented aspects of the opinion as of December 31, 2016 were prepared under my direction and, to the best of my knowledge and belief, are substantially accurate and complete and the same as, or derived from, the records and other data which form the basis for the quarterly statement(s).

The members of the Finance and Analysis Department responsible for the preparation of the Health Blank are as follows:

*Michael Cadavillo*

Michael Cadavillo, Director of Finance

*Angelica Fornolles*

Angelica Fornolles, Assistant Director, Finance

*Christopher Catlett*

Christopher Catlett, Director, Actuarial Services





**Actuarial Opinion**

This Opinion is  Unqualified  Qualified  Adverse  Inconclusive

IDENTIFICATION SECTION

Prescribed Wording Only  Prescribed wording with Additional Wording  Revised Wording

SCOPE SECTION

Prescribed Wording Only  Prescribed wording with Additional Wording  Revised Wording

RELIANCE SECTION

Prescribed Wording Only  Prescribed wording with Additional Wording  Revised Wording

OPINION SECTION

Prescribed Wording Only  Prescribed wording with Additional Wording  Revised Wording

RELEVANT COMMENTS

Revised Wording

The Actuarial Memorandum includes "Deviation from Standard" wording regarding conformity with an Actuarial Standard of Practice

**Identification**

I, Angela Liang, am an employee of HFMS, LLC (HFMS) and a member of the American Academy of Actuaries. I was appointed on December 14, 2009 in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.

**Scope**

I have examined the assumptions and methods used in determining the loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials, as of December 31, 2016.

A. Claims unpaid (Page 3, Line 1);	\$595,870
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	\$0
C. Unpaid claims adjustment expenses (Page 3, Line 3);	\$405
D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves and additional policy reserves from the Underwriting and Investment Exhibit – Part 2D;	\$114,123
E. Aggregate life policy reserves (Page 3, Line 5);	\$0
F. Property/casualty unearned premium reserves (Page 3, Line 6);	\$0
G. Aggregate health claim reserves (Page 3, Line 7); and	\$0
H. Any actuarial reserves or liabilities not included in the items above.	\$0

**Reliance**

In forming my opinion on all the items specified in the section above, I relied upon data prepared by the following HFMS employees as certified in the attached statement:

- Michael Cadavillo, Director, Finance Corporate
- Angelica Fornolles, Assistant Director, Statutory Reporting
- Christopher Catlett, Director, Actuarial Services

I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit – Part 2B of the company’s current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.





**Opinion**

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;
- C. Meet the requirements of the laws of state of New Jersey and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;
- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements;
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end;
- F. Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

**Relevant Comments**

There has been no change in assumptions made during the past year.

**Methodology**

Lag methodology was used to determine unpaid claims liability based on historical payment patterns. An average per-member-per-month cost was estimated for the most recent month of incurrals. Inpatient authorizations were also used to validate the inpatient estimates.

A handwritten signature in black ink that reads "Angela Liang".

\_\_\_\_\_  
Signature of Actuary

Angela Liang

\_\_\_\_\_  
Printed Name of Actuary

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\_\_\_\_\_  
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February 16, 2017

\_\_\_\_\_  
Date Opinion was Rendered

