

ANNUAL STATEMENT

OF THE

Healthfirst Health Plan of New Jersey, Inc.

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, 2017

HEALTH

2017



February 28, 2018

Carol Grant
Chief, Office of Managed Health Care
Division of Medical Assistance and Health Services
NJ Department of Human Services
Quarkerbridge Plaza, Building 5
Trenton, NJ 08625-0712

RE: NAIC Co. Code 13035
Healthfirst Health Plan of New Jersey, Inc.
Health Statement
New Jersey DOBI Attachments
For the period ending December 31, 2017

Dear Ms. Grant:

As required, Linda Tiano, Board Secretary, and I have certified that all the information and statements in the above referenced report are true, complete and current to the best of our knowledge. We have provided this required certification subject to the limitations described herein.

Ms. Tiano and I did not personally prepare the report and we were not personally involved in compiling information used in preparing the report. The report was prepared by professional staff in the Healthfirst finance department, under the supervision of Michael Cadavillo, Director of Finance. He has represented to us that the report reflects the best information and data available and that all accounting follows Statutory Accounting Principles. We have at all times relied on this representation in making the required certification.

Yours truly,

A handwritten signature in black ink that reads "John Bermel".

John Bermel
Chief Financial Officer
Healthfirst Health Plan of New Jersey, Inc.



13035201720100100

ANNUAL STATEMENT

For the Year Ended December 31, 2017
OF THE CONDITION AND AFFAIRS OF THE

Healthfirst Health Plan of New Jersey, Inc.

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

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

Country of Domicile USA

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, New York, NY, US 10007
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 100 Church Street
(Street and Number)

New York, NY, US 10007 212-801-6000
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

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

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

Internet Web Site Address www.healthfirstnj.org

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

OFFICERS

	Name	Title
1.		
2.	Linda Tiano	Secretary
3.		

VICE-PRESIDENTS

Name	Title	Name	Title

DIRECTORS OR TRUSTEES

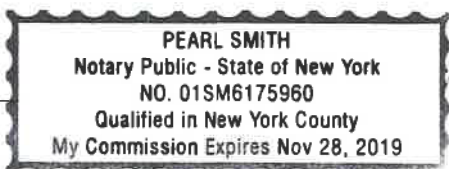
John Calendriello	Edward Condit	Michael D'Agnes	Thomas Daley
Chad Forbes	Deborah Hammond	Leslie Hirsh	Gary Horan
Peter Kelly	Michael Maron	Ronald Napiorski	Anthony Orlando
Robert Peterson	Ronald Rak	Axel Ramos	Richard Smith

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.

<u>(Signature)</u>	<u>(Signature)</u>	<u>(Signature)</u>
<u>(Printed Name)</u>	<u>(Printed Name)</u>	<u>(Printed Name)</u>
1.	2.	3.
<u>(Title)</u>	<u>(Title)</u>	<u>(Title)</u>

Subscribed and sworn to (or affirmed) before me this on this 28 day of February, 2018, by Pearl Smith



a. Is this an original filing? Yes No
b. 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 (\$ 7,699,401, Schedule E - Part 1), cash equivalents (\$ 22,611,945, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	30,311,346		30,311,346	27,819,618
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)	30,311,346		30,311,346	27,819,618
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	39,748
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 (\$ 0)				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
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 (\$ 185,220) and other amounts receivable	1,452,309	1,267,089	185,220	7,308
25. Aggregate write-ins for other-than-invested assets	166,258	12,439	153,819	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	31,969,661	1,279,528	30,690,133	33,918,534
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	31,969,661	1,279,528	30,690,133	33,918,534

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	166,258	12,439	153,819	
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)	166,258	12,439	153,819	

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	261		261	595,870
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses				405
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act				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	1,508,681		1,508,681	1,503,880
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	14,500,000
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)	458,867		458,867	2,136,382
24. Total liabilities (Lines 1 to 23)	16,467,809		16,467,809	18,850,660
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	1,138,713	874,561
31. Unassigned funds (surplus)	X X X	X X X	9,609,951	10,719,653
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	14,222,324	15,067,874
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	30,690,133	33,918,534

DETAILS OF WRITE-IN LINES				
2301. Unclaimed Vendor Payable	238,093		238,093	354,213
2302. Due to DOBI	197,343		197,343	197,343
2303. Due to HFHP (MHI)	23,431		23,431	9,400
2398. Summary of remaining write-ins for Line 23 from overflow page				1,575,426
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	458,867		458,867	2,136,382
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	1,138,713	874,561
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	1,138,713	874,561

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	955,126	(44)
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	955,126	(44)
Hospital and Medical:			
9. Hospital/medical benefits		346,247	(377,294)
10. Other professional services		(86)	(53,093)
11. Outside referrals			
12. Emergency room and out-of-area		(1,060)	(3,627)
13. Prescription drugs		(16,735)	54,292
14. Aggregate write-ins for other hospital and medical		483,607	323,559
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		811,973	(56,163)
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		811,973	(56,163)
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 0 cost containment expenses		(521)	27,478
21. General administrative expenses		155,221	181,588
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)		966,673	152,903
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(11,547)	(152,947)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		44,053	3,837
26. Net realized capital gains (losses) less capital gains tax of \$ 0			
27. Net investment gains (losses) (Lines 25 plus 26)		44,053	3,837
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
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	32,506	4,299,120
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	32,506	4,299,120

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. Global Capitation Surplus or (Loss)		486,248	512,453
1402. Other Medical and Hospital			(63,767)
1403. Hospital Claims Adjustment		(2,641)	(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)		483,607	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
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	15,067,874	10,359,037
34. Net income or (loss) from Line 32	32,506	4,299,120
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	(1,142,207)	72,067
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	264,151	337,650
48. Net change in capital and surplus (Lines 34 to 47)	(845,550)	4,708,837
49. Capital and surplus end of reporting year (Line 33 plus 48)	14,222,324	15,067,874

DETAILS OF WRITE-IN LINES		
4701. Change in Retained Payments	264,151	337,650
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)	264,151	337,650

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	1,499,131	(44)
2. Net investment income	44,053	3,837
3. Miscellaneous income		
4. Total (Lines 1 through 3)	1,543,184	3,793
5. Benefit and loss related payments	4,037,892	401,291
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(4,722,285)	240,468
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)	(684,393)	641,759
11. Net cash from operations (Line 4 minus Line 10)	2,227,577	(637,966)
Cash from Investments		
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
Cash from Financing and Miscellaneous Sources		
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)	264,151	337,651
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	264,151	337,651
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	2,491,728	4,147,915
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	27,819,618	23,671,703
19.2 End of year (Line 18 plus Line 19.1)	30,311,346	27,819,618

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	955,126						955,126			
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)	955,126						955,126			
8. Hospital/medical benefits	346,247						348,198	(1,951)		XXX
9. Other professional services	(86)						(64)	(22)		XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area	(1,060)						(945)	(115)		XXX
12. Prescription drugs	(16,735)						(16,663)	(72)		XXX
13. Aggregate write-ins for other hospital and medical	483,607						481,447	2,160		XXX
14. Incentive pool, withhold adjustments and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	811,973						811,973			XXX
16. Net reinsurance recoveries										XXX
17. Total hospital and medical (Lines 15 minus 16)	811,973						811,973			XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 0 cost containment expenses	(521)						(400)	(121)		
20. General administrative expenses	155,221						155,221			
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23. Total underwriting deductions (Lines 17 to 22)	966,673						966,794	(121)		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(11,547)						(11,668)	121		

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. Global Capitation Surplus or (Loss)	486,248						483,339	2,909		XXX
1302. Hospital Claims Adjustment	(2,641)						(1,892)	(749)		XXX
1303.										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)	483,607						481,447	2,160		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	955,126			955,126
7. Title XIX – Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	955,126			955,126
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	955,126			955,126

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	1,407,582						346,573	2,029	1,058,980	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,407,582						346,573	2,029	1,058,980	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	261								261	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	261								261	
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	595,870						15,400	6,530	573,940	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	595,870						15,400	6,530	573,940	
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	811,973						331,173	(4,501)	485,301	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	811,973						331,173	(4,501)	485,301	
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
1. Reported in Process of Adjustment:										
1.1 Direct										
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net										
2. Incurred but Unreported:										
2.1 Direct	261								261	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	261								261	
3. Amounts Withheld from Paid Claims and Capitulations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	261								261	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	261								261	

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	346,573				346,573	15,400
7. Title XIX – Medicaid	2,029				2,029	6,530
8. Other health	1,058,980		261		1,059,241	573,940
9. Health subtotal (Lines 1 to 8)	1,407,582		261		1,407,843	595,870
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	1,407,582		261		1,407,843	595,870

(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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

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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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

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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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

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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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

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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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

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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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	8,031	8,244	8,019	8,148	8,148
2. 2013	71,603	76,481	76,508	76,223	76,219
3. 2014	XXX	83,072	91,971	91,911	92,260
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	8,183	8,264	8,019	8,148	8,148
2. 2013	81,434	76,654	76,508	76,228	76,219
3. 2014	XXX	91,501	92,162	91,921	92,260
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013	85,335	76,219	1,299	1.704	77,518	90.840			77,518	90.840
2. 2014	104,473	92,260	2,475	2.683	94,735	90.679		62	94,797	90.738
3. 2015										
4. 2016										
5. 2017										

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior			14,730	14,729	14,730
2. 2013	13,922	14,626	161,809	161,825	161,825
3. 2014	XXX	88,733	93,044	93,254	93,254
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	14,029	14,671	14,730	14,729	14,730
2. 2013	162,864	162,158	161,809	161,827	161,825
3. 2014	XXX	94,825	93,328	93,259	93,254
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013	179,970	161,825	1,299	0.803	163,124	90.640			163,124	90.640
2. 2014	102,047	93,254	2,310	2.477	95,564	93.647		(62)	95,502	93.586
3. 2015										
4. 2016										
5. 2017										

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 2013	2 2014	3 2015	4 2016	5 2017	
1. Prior			12,224	12,224	12,095	12,095
2. 2013	12,224 (26,786)		(24,487)	(24,487)	(27,219)	(27,219)
3. 2014	X X X	(2,496)	7,014	10,347		11,406
4. 2015	X X X	X X X				
5. 2016	X X X	X X X	X X X			
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017	
1. Prior			12,224	12,224	12,095	12,095
2. 2013	12,224 (26,786)		(24,487)	(24,487)	(27,219)	(27,219)
3. 2014	X X X	(2,496)	7,674	10,921		11,406
4. 2015	X X X	X X X				
5. 2016	X X X	X X X	X X X			
6. 2017	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. 2013		(27,219)			(27,219)				(27,219)	
2. 2014		11,406			11,406				11,406	
3. 2015										
4. 2016										
5. 2017										

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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 2013	2 2014	3 2015	4 2016	5 2017	
1. Prior		34,177	35,094	34,973	34,972	34,973
2. 2013		183,422	213,378	213,830	210,829	210,825
3. 2014	X X X		169,309	192,029	195,512	196,920
4. 2015	X X X		X X X			
5. 2016	X X X		X X X			
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017	
1. Prior		34,436	35,159	34,973	34,972	34,973
2. 2013		217,512	214,325	213,830	210,836	210,825
3. 2014	X X X		183,830	193,164	196,101	196,920
4. 2015	X X X		X X X			
5. 2016	X X X		X X X			
6. 2017	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. 2013	265,305	210,825	2,598	1.232	213,423	80.444			213,423	80.444
2. 2014	206,520	196,920	4,785	2.430	201,705	97.669			201,705	97.669
3. 2015										
4. 2016										
5. 2017										

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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)									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)									
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)			NONE						
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)									

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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)			NONE						
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						

(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					
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		(521)			(521)
15. Boards, bureaus and association fees					
16. Insurance, except on real estate					
17. Collection and bank service charges			10,587		10,587
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			235		235
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				17,833	17,833
25. Aggregate write-ins for expenses			144,399		144,399
26. Total expenses incurred (Lines 1 to 25)		(521)	155,221	17,833	(a) 172,533
27. Less expenses unpaid December 31, current year			1,508,681		1,508,681
28. Add expenses unpaid December 31, prior year			1,503,880		1,503,880
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)		(521)	150,420	17,833	167,732

DETAILS OF WRITE-IN LINES					
2501. Interest Penalty			1,365		1,365
2502. Other Expenses			143,034		143,034
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			144,399		144,399

(a) Includes management fees of \$ 0 to affiliates and \$ 143,034 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) 61,886	61,886
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	61,886	61,886
11. Investment expenses		(g) 17,833
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)		17,833
17. Net investment income (Line 10 minus Line 16)		44,053

DETAILS OF WRITE-IN LINES		
0901.		
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.		
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.					
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	1,267,089	124,882	(1,142,207)
25. Aggregate write-ins for other-than-invested assets	12,439	12,439	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,279,528	137,321	(1,142,207)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,279,528	137,321	(1,142,207)

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	
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	

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		NONE				
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.		NONE				
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. Nature of Operations and Significant Accounting Policies

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 it will be able to submit a proposal for the dissolution of HFNJ to DOBI for approval at a future date.

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, 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS

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

NET INCOME	SSAP #	F/S Page	F/S Line	12/31/2017	12/31/2016
(1.) Healthfirst Health Plan of New Jersey, Inc. State basis		4	32	\$ 32,506	\$ 4,299,120
(2.) State Prescribed Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(3.) State Permitted Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(4.) NAIC SAP				\$ 32,506	\$ 4,299,120

SURPLUS

(5.) Healthfirst Health Plan of New Jersey, Inc. State basis		3	33	\$ 14,222,324	\$ 15,067,874
(6.) State Prescribed Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(7.) State Permitted Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(8.) NAIC SAP				\$ 14,222,324	\$ 15,067,874

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 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 Other Assets 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.

NOTES TO FINANCIAL STATEMENTS

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:

	<u>12/31/2017</u>	<u>12/31/16</u>
Net income (loss) - NAIC SAP Basis	\$ 32,506	\$ 4,299,120
Interest on surplus notes	<u>(142,086)</u>	<u>(122,269)</u>
Net income (loss) - GAAP Basis	<u>\$ (109,580)</u>	<u>\$ 4,176,851</u>
Capital and Surplus - NAIC SAP Basis	\$ 14,222,324	\$ 15,067,874
Healthcare Receivables - Over 90 days	1,267,089	124,882
Reclassification of surplus note	<u>(3,473,660)</u>	<u>(3,473,660)</u>
Interest on surplus notes	<u>(1,254,683)</u>	<u>(1,112,597)</u>
Other Receivables	<u>12,439</u>	<u>12,439</u>
Capital and Surplus - GAAP Basis	<u>\$ 10,773,509</u>	<u>\$ 10,618,938</u>

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. The amounts receivable relating to uninsured plans is zero and \$5.0 million, for December 31, 2017 and 2016, respectively.

NOTES TO FINANCIAL STATEMENTS

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 zero and \$0.1 million for December 31, 2017 and 2016, respectively, which is included in aggregate health policy reserves in the accompanying statutory-basis balance sheets. The liability owed to CMS for members that HFNJ received a premium after disenrollment is zero and \$0.4 million in December 31, 2017 and 2016, respectively which is included in the Due to CMS in the accompanying statutory-basis balance sheets.

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 2017 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 ended December 31, 2017, 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, 2017. 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, 2017 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. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations.

NOTES TO FINANCIAL STATEMENTS

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, 2017. 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. The December 31, 2017 deposit requirement was approximately \$2.1 million, as calculated by DOBI for which 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.

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). The December 31, 2017 deposit requirement was approximately \$5.6 million, for which HFNJ held approximately \$5.6 million of securities that are included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheet.

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.

During December 31, 2017 and 2016, as a result of wind-down activities, there were retroactive adjustments to retained payments of \$0.3 million.

Cash and Cash Equivalents

Cash, cash equivalents, and short-term investments include cash and investments with initial maturities of one year or less. The carrying amounts reported in assets for these financial instruments approximate fair value.

NOTES TO FINANCIAL STATEMENTS

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, 2017 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.
- (13) The amount reported as pharmaceutical rebate receivables include rebates invoiced or confirmed by the Pharmacy Benefit Manager ("PBM") within 2 months of the report date and prior periods.

D. Going Concern

Not applicable.

2. Accounting Changes or Corrections of Errors

Not applicable.

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations or 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. Repurchase Agreements Transactions Accounted for as Secured Borrowing – Not applicable.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – Not applicable.
- H. Repurchase Agreements Transactions Accounted for as a Sale – Not applicable.
- I. Reverse Repurchase Agreements Transactions Accounted for as Sale - Not Applicable
- J. Real Estate - Not applicable.
- K. Low Income Housing Tax Credits (LIHTC) - Not applicable.

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6
Restricted Asset Category	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
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	\$ 7,819,792	\$ 7,807,346	\$ 12,446	\$ 7,819,792	24.5%	25.5%
m. Total Restricted Assets	\$ 7,819,792	\$ 7,807,346	\$ 12,446	\$ 7,819,792	24.5%	25.5%

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

(3) Detail of Other Restricted Assets

Description of 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	\$ 2,172,069	\$ 2,169,334	\$ 2,735	\$ 2,172,069	6.8%	7.1%
Insolvency Claim Deposit	\$ 5,647,723	\$ 5,638,012	\$ 9,711	\$ 5,647,723	17.7%	18.4%
Total	\$ 7,819,792	\$ 7,807,346	\$ 12,446	\$ 7,819,792	24.5%	25.5%

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. The December 31, 2017 deposit requirement was approximately \$2.1 million as calculated by DOBI, for which 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.

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). The December 31, 2017 deposit requirement was approximately \$5.6 million as calculated by DOBI, for which HFNJ held approximately \$5.6 million of securities that are included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheet.

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

NOTES TO FINANCIAL STATEMENTS

- M. Working Capital Finance Investments – Not Applicable.
- N. Offsetting and Netting of Liabilities – Not Applicable.
- O. Structured Notes – Not applicable.
- P. 5* Securities – Not applicable.
- Q. Short Sales – Not applicable.
- R. Prepayment Penalty and Acceleration Fees – Not applicable.

6. Joint Ventures, Partnerships or Limited Liabilities

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceeds 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods

7. Investment Income

- A. The bases for excluding the investment income due and accrued surplus as a non-admitted asset
Not applicable.
- B. The total amount excluded was \$0.

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. Identification of whether the reporting entity has derivative contracts with financing premiums – Not
applicable.
- E. 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.
- F. 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.
- G. Disclose information for derivatives accounted for as cash flow hedges of a forecasted transaction –
Not applicable.
- H. Disclose aggregate, non-discounted total premium cost for these contracts and the premium cost due
in each of the four years, and thereafter – 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.

NOTES TO FINANCIAL STATEMENTS

- 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 \$0.2 million and zero for December 31, 2017 and 2016, respectively. Additionally, the claims adjustment expense related to the administrative services agreement with HFMS is zero and \$0.03 million at December 31, 2017 and 2016 respectively.
- D. Amounts due from or to related parties as of December 31, 2017 – 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 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, 2017, HFNJ's statutory capital and surplus of approximately \$14.2 million exceeded the 125% minimum requirement established by law, which is approximately \$2.6 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.

NOTES TO FINANCIAL STATEMENTS

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.
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	12/31/2018
08/06/07	3.25% -7.25%	\$ 473,660	\$ 473,660	N/A	N/A	N/A	12/31/2018

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 December 31, 2017. This note was amended to have a due date on or before December 31, 2018. The second note of \$3.0 million was issued on December 17, 2007, and was due on or before December 31, 2017. This note was also amended to have a due date on or before December 31, 2018. The notes bear interest at the JPMorgan Chase prime rate, which was 4.50% and 3.75% during 2017 and 2016, respectively. Accumulated interest unapproved for payment amounted to approximately \$1.3 million and \$1.1 million at December 31, 2017 and 2016, 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.

NOTES TO FINANCIAL STATEMENTS

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.

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. The amounts receivable relating to uninsured plans is zero and \$5.0 million, for December 31, 2017 and 2016, respectively.

NOTES TO FINANCIAL STATEMENTS

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 zero and \$0.1 million for December 31, 2017 and 2016, respectively, which is included in aggregate health policy reserves in the accompanying statutory-basis balance sheets. The liability owed to CMS for members that HFNJ received a premium after disenrollment is zero and \$0.4 million in December 31, 2017 and 2016, respectively which is included in the Due to CMS in the accompanying statutory-basis balance sheets.

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.
- 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, 2017 and 2016.

- 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.

NOTES TO FINANCIAL STATEMENTS

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

- (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.

NOTES TO FINANCIAL STATEMENTS

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, 2017 and 2016.
- C. There are no net premiums written by HFNJ at December 31, 2017 and 2016 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) - Not applicable.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2016 were \$0.6 million. For December 31, 2017, \$1.4 million has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now zero as a result of re-estimation of unpaid claims. Therefore, on December 31, 2017, there has been a (\$0.8) million un-favorable prior-year development since December 31, 2016.

26. Inter-company Pooling Agreement

- A. Identification of the lead entity and of all affiliated entities participating in the intercompany pool (include NAIC Company Codes) and indication of their respective percentage shares of the pooled business – Not applicable
- B. Description of the lines and types of business subject to the pooling agreement – Not applicable
- C. Description of cessions to non-affiliated reinsurers of business subject to the pooling agreement, and indication of whether such cessions were prior to or subsequent to the cession of pooled business from the affiliated pool members to the lead entity – Not applicable
- D. Identification of all pool members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements – Not applicable
- E. Explanation of any discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead entity and corresponding entries on the assumed and ceded reinsurance schedules of other pool participants – Not applicable
- F. Description of intercompany sharing, if other than in accordance with the pool participation percentage, and the write-off of uncollectible reinsurance – Not applicable
- G. Amounts due to/from the lead entity and all affiliated entities participating in the intercompany pool as of the balance sheet date – Not applicable

27. Structured Settlements

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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
12/31/2017					
9/30/2017					
6/30/2017					
3/31/2017					
12/31/2016					
9/30/2016					
6/30/2016					
3/31/2016					
12/31/2015					
9/30/2015					
6/30/2015					
3/31/2015					

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, 2017 and 2016, \$0.1 million, were confirmed by the PBM but not collected within 90 days of the confirmation date and therefore reported as non-admitted.

B. Risk Sharing Receivables – Not applicable.

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?
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE

- 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?

Ernest & 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, Employee

.....
.....

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>7,819,792</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?
If no, attach a description with this statement. Yes [] No [] N/A [X]

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			
30.2 Preferred stocks			
30.3 Totals			

30.4 Describe the sources or methods utilized in determining the fair values:

Not applicable.

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:
 Not applicable. No schedule D investments.

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:

33 By self-designating 5*GI securities, the reporting entity is certifying the following elements of each self-designated 5*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities? Yes [] No [X]

OTHER

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

34.2 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
.....	\$
.....	\$
.....	\$

35.1 Amount of payments for legal expenses, 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 payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

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

36.2 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	\$ 955,125		\$ (44)
2.2 Premium Denominator	\$ 955,125		\$ (44)
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000
2.4 Reserve Numerator	\$ 261		\$ 709,993
2.5 Reserve Denominator	\$ 261		\$ 709,993
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 [] No [X]
- 5.2 If no, explain:
Medicare and Medicaid business programs have been discontinued.
-
-
-
- 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 case of insolvency. IN addition, each provider agreement contains a statutory continuation of treatment provision 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. \$ 2,602,031

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	
.....
.....

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

15.3 Number of Covered Lives

\$ _____

\$ _____

*Ordinary Life Insurance Includes
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
	2017	2016	2015	2014	2013
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	30,690,133	33,918,534	29,802,041	55,058,342	55,199,388
2. Total liabilities (Page 3, Line 24)	16,467,809	18,850,660	19,443,005	44,354,902	50,599,581
3. Statutory minimum capital and surplus requirement	2,602,031	2,504,361	2,460,080	16,134,376	16,427,870
4. Total capital and surplus (Page 3, Line 33)	14,222,324	15,067,874	10,359,036	10,703,440	4,599,807
Income Statement (Page 4)					
5. Total revenues (Line 8)	955,126	(44)	(199,434)	206,720,186	265,304,881
6. Total medical and hospital expenses (Line 18)	811,973	(56,163)	(327,048)	187,108,147	221,205,556
7. Claims adjustment expenses (Line 20)	(521)	27,478	570,596	5,334,820	4,457,866
8. Total administrative expenses (Line 21)	155,221	181,588	(573,731)	40,601,404	31,588,509
9. Net underwriting gain (loss) (Line 24)	(11,547)	(152,947)	130,748	(17,724,185)	(547,050)
10. Net investment gain (loss) (Line 27)	44,053	3,837	16,003	41,752	44,045
11. Total other income (Lines 28 plus 29)		4,448,230	(2,696,540)	26,965,400	
12. Net income or (loss) (Line 32)	32,506	4,299,120	(2,549,788)	9,282,967	(503,005)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	2,227,577	(637,966)	(16,925,878)	(27,908,427)	5,542,256
Risk-Based Capital Analysis					
14. Total adjusted capital	14,222,324	15,067,874	10,359,037	10,703,440	4,599,807
15. Authorized control level risk-based capital	880,413	73,931	50,660	8,107,530	9,522,020
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)				4,517	47,626
17. Total members months (Column 6, Line 7)				325,416	538,486
Operating Percentage (Page 4)					
(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)	85.0	127643.2	164.0	90.5	83.4
20. Cost containment expenses			(341.5)	1.3	1.1
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	101.2	(347506.8)	165.6	108.6	100.2
23. Total underwriting gain (loss) (Line 24)	(1.2)	347606.8	(65.6)	(8.6)	(0.2)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	1,407,843	1,079,542	24,184,479	36,220,971	35,682,509
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	595,870	1,135,705	24,511,527	37,584,790	33,979,105
Investments in Parent, Subsidiaries and Affiliates					
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

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	L		955,126				955,126	
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	XXX							
59. Subtotal		XXX		955,126				955,126	
60. Reporting entity contributions for Employee Benefit Plans		XXX							
61. Totals (Direct Business)	(a) 1			955,126				955,126	

DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

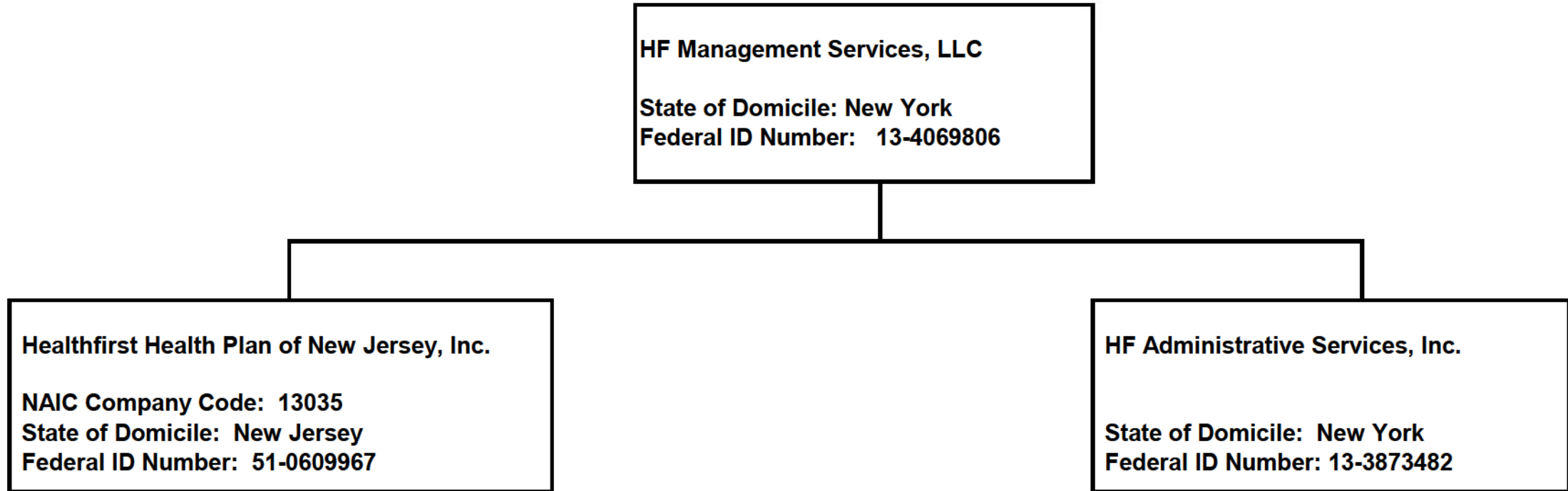
Explanation of basis of allocation by states, premiums by state, etc.

Not applicable.

(a) Insert the number of L responses except for Canada and Other Alien.

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
WRITE-INS AGGREGATED AT LINE 23 FOR OTHER LIABILITIES				
2304. PCP Bump Liability				1,194,071
2305. Due to CMS				381,355
2397. Totals (Lines 2304 through 2396) (Page 3, Line 23)				1,575,426

ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

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Cash Flow	6	Schedule D – Verification Between Years	SI03
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Part 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Section 2	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part C – Section 2	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB - Part D - Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB - Part D - Section 2	E23
Exhibit of Nonadmitted Assets	16	Schedule DB - Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL - Part 1	E24
Five-Year Historical Data	29	Schedule DL - Part 2	E25
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Liabilities, Capital and Surplus	3	Schedule E – Part 3 – Special Deposits	E28
Notes To Financial Statements	26	Schedule E – Verification Between Years	SI15
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Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	39
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Schedule BA – Part 2	E08	Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
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Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
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Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
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AMENDED FILING COVER SHEET

Amended File Title	Amended Explanation
Jurat	Consistent reporting of the escrow deposit as "On Deposit with State" in Notes 5(L) to match with the General Interrogatory 25.2; Marked "SD" in the CODE Column for state deposit in Schedule E Part 1 and "ST" in Part 3; Completed the Surplus Notes in the tabular note to financials 13(11).
Notes to Financial Statements	Consistent reporting of the escrow deposit as "On Deposit with State" in Notes 5(L) to match with the General Interrogatory 25.2; Completed the Surplus Notes in the tabular note to financials 13(11)
Schedule E - Part 1	Marked "SD" in the CODE Column for state deposit, as opposed to blank.
Schedule E - Part 3	Marked "ST" in the CODE Column for state deposit, as opposed to "C."



13035201720100105

ANNUAL STATEMENT

For the Year Ended December 31, 2017
OF THE CONDITION AND AFFAIRS OF THE

Healthfirst Health Plan of New Jersey, Inc.

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

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

Country of Domicile USA

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, New York, NY, US 10007
(Street and Number) (City or Town, State, Country and Zip Code)

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

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

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

Internet Web Site Address www.healthfirstnj.org

Statutory Statement Contact Angelica Fomolles 212-801-6091
(Name) (Area Code) (Telephone Number) (Extension)
AFomolles@healthfirst.org 212-785-6893
(E-Mail Address) (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>Ronald Napiorski</u>	<u>Anthony Orlando</u>
<u>Robert Peterson</u>	<u>Ronald Rak</u>	<u>Axel Ramos</u>	<u>Richard Smith</u>

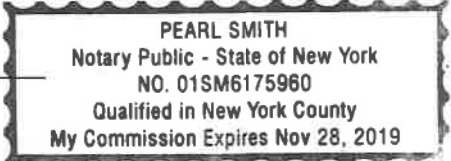
State of New York

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.

<u>Linda Tiano</u> (Signature)	<u>John Bermel</u> (Signature)
<u>Linda Tiano</u> (Printed Name)	<u>John Bermel</u> (Printed Name)
1.	3.
<u>Secretary</u> (Title)	<u>Chief Financial Officer</u> (Title)

Subscribed and sworn to (or affirmed) before me this on this 22 day of March, 2018, by Pearl Smith



a. Is this an original filing? Yes No
b. If no: 1. State the amendment number 1
2. Date filed 03/20/2018
3. Number of pages attached 4

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

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 it will be able to submit a proposal for the dissolution of HFNJ to DOBI for approval at a future date.

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, 2017 and 2016.

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

NET INCOME	SSAP #	F/S Page	F/S Line	12/31/2017	12/31/2016
(1.) Healthfirst Health Plan of New Jersey, Inc. State basis		4	32	\$ 32,506	\$ 4,299,120
(2.) State Prescribed Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(3.) State Permitted Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(4.) NAIC SAP				\$ 32,506	\$ 4,299,120

SURPLUS

(5.) Healthfirst Health Plan of New Jersey, Inc. State basis		3	33	\$ 14,222,324	\$ 15,067,874
(6.) State Prescribed Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(7.) State Permitted Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(8.) NAIC SAP				\$ 14,222,324	\$ 15,067,874

NOTES TO FINANCIAL STATEMENTS

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 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 Other Assets 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:

	<u>12/31/2017</u>	<u>12/31/16</u>
Net income (loss) - NAIC SAP Basis	\$ 32,506	\$ 4,299,120
Interest on surplus notes	(142,086)	(122,269)
Net income (loss) - GAAP Basis	<u>\$ (109,580)</u>	<u>\$ 4,176,851</u>
Capital and Surplus - NAIC SAP Basis	\$ 14,222,324	\$ 15,067,874
Healthcare Receivables - Over 90 days	1,267,089	124,882
Reclassification of surplus note	(3,473,660)	(3,473,660)
Interest on surplus notes	(1,254,683)	(1,112,597)
Other Receivables	12,439	12,439
Capital and Surplus - GAAP Basis	<u>\$ 10,773,509</u>	<u>\$ 10,618,938</u>

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

NOTES TO FINANCIAL STATEMENTS

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. The amounts receivable relating to uninsured plans is zero and \$5.0 million, for December 31, 2017 and 2016, respectively.

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 zero and \$0.1 million for December 31, 2017 and 2016, respectively, which is included in aggregate health policy reserves in the accompanying statutory-basis balance sheets. The liability owed to CMS for members that HFNJ received a premium after disenrollment is zero and \$0.4 million in December 31, 2017 and 2016, respectively which is included in the Due to CMS in the accompanying statutory-basis balance sheets.

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 2017 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 ended December 31, 2017, 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.

NOTES TO FINANCIAL STATEMENTS

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, 2017. 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, 2017 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. 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, 2017. 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. The December 31, 2017 deposit requirement was approximately \$2.1 million, as calculated by DOBI for which 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.

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). The December 31, 2017 deposit requirement was approximately \$5.6 million, for which HFNJ held approximately \$5.6 million of securities that are included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheet.

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

NOTES TO FINANCIAL STATEMENTS

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.

During December 31, 2017 and 2016, as a result of wind-down activities, there were retroactive adjustments to retained payments of \$0.3 million.

Cash and Cash Equivalents

Cash, cash equivalents, and short-term investments include cash and investments with initial maturities of one year 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, 2017 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

NOTES TO FINANCIAL STATEMENTS

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.

(13) The amount reported as pharmaceutical rebate receivables include rebates invoiced or confirmed by the Pharmacy Benefit Manager (“PBM”) within 2 months of the report date and prior periods.

D. Going Concern

Not applicable.

2. Accounting Changes or Corrections of Errors

Not applicable.

3. Business Combinations or 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. Repurchase Agreements Transactions Accounted for as Secured Borrowing – Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sale – Not applicable.

I. Real Estate – Not applicable.

J. Investment in low-income housing tax credits (LIHTC) – Not applicable.

NOTES TO FINANCIAL STATEMENTS

K. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category		1	2	3	4	5	6
		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
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	\$ 7,819,792	\$ 7,807,346	\$ 12,446	\$ 7,819,792	24.5%	25.5%
j.	On deposit with other regulatory bodies						
k.	Pledged as collateral not captured in other categories						
l.	Other restricted assets						
m.	Total Restricted Assets	\$ 7,819,792	\$ 7,807,346	\$ 12,446	\$ 7,819,792	24.5%	25.5%

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

(3) Detail of Other Restricted Assets - Not applicable.

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. The December 31, 2017 deposit requirement was approximately \$2.1 million as calculated by DOBI, for which 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.

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). The December 31, 2017 deposit requirement was approximately \$5.6 million as calculated by DOBI, for which HFNJ held approximately \$5.6 million of securities that are included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheet.

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

M. Working Capital Finance Investments – Not Applicable.

N. Offsetting and Netting of Liabilities – Not Applicable.

O. Structured Notes – Not applicable.

P. 5* Securities – Not applicable.

NOTES TO FINANCIAL STATEMENTS

Q. Short Sales – Not applicable.

R. Prepayment Penalty and Acceleration Fees – Not applicable.

6. Joint Ventures, Partnerships or Limited Liabilities

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceeds 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods

7. Investment Income

A. The bases for excluding the investment income due and accrued surplus as a non-admitted asset
Not applicable.

B. The total amount excluded was \$0.

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. Identification of whether the reporting entity has derivative contracts with financing premiums – Not
applicable.

E. 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.

F. 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.

G. Disclose information for derivatives accounted for as cash flow hedges of a forecasted transaction –
Not applicable.

H. Disclose aggregate, non-discounted total premium cost for these contracts and the premium cost due
in each of the four years, and thereafter – 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

NOTES TO FINANCIAL STATEMENTS

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 \$0.2 million and zero for December 31, 2017 and 2016, respectively. Additionally, the claims adjustment expense related to the administrative services agreement with HFMS is zero and \$0.03 million at December 31, 2017 and 2016, respectively.

D. Amounts due from or to related parties as of December 31, 2017 – 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 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, 2017, HFNJ’s statutory capital and surplus of approximately \$14.2 million exceeded the 125% minimum requirement established by law, which is approximately \$2.6 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.

NOTES TO FINANCIAL STATEMENTS

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.
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	12/31/2018
08/06/07	3.25% -7.25%	\$ 473,660	\$ 473,660	N/A	N/A	N/A	12/31/2018

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 December 31, 2017. This note was amended to have a due date on or before December 31, 2018. The second note of \$3.0 million was issued on December 17, 2007, and was due on or before December 31, 2017. This note was also amended to have a due date on or before December 31, 2018. The notes bear interest at the JPMorgan Chase prime rate, which was 4.50% and 3.75% during 2017 and 2016, respectively. Accumulated interest unapproved for payment amounted to approximately \$1.3 million and \$1.1 million at December 31, 2017 and 2016, 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

NOTES TO FINANCIAL STATEMENTS

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.

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. The amounts receivable relating to uninsured plans is zero and \$5.0 million, for December 31, 2017 and 2016, respectively.

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 zero and \$0.1 million for December 31, 2017 and 2016, respectively, which is included in aggregate health policy reserves in the accompanying statutory-basis balance sheets. The liability owed to CMS for members that HFNJ received a premium after disenrollment is zero and \$0.4 million in December 31, 2017 and 2016, respectively which is included in the Due to CMS in the accompanying statutory-basis balance sheets.

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.

NOTES TO FINANCIAL STATEMENTS

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

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, 2017 and 2016.

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

(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?

NOTES TO FINANCIAL STATEMENTS

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, 2017 and 2016.
- C. There are no net premiums written by HFNJ at December 31, 2017 and 2016 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) - Not applicable.

NOTES TO FINANCIAL STATEMENTS

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2016 were \$0.6 million. For December 31, 2017, \$1.4 million has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years

are now zero as a result of re-estimation of unpaid claims. Therefore, on December 31, 2017, there has been a (\$0.8) million un-favorable prior-year development since December 31, 2016.

Inter-company Pooling Agreement

- A. Identification of the lead entity and of all affiliated entities participating in the intercompany pool (include NAIC Company Codes) and indication of their respective percentage shares of the pooled business – Not applicable
- B. Description of the lines and types of business subject to the pooling agreement – Not applicable
- C. Description of cessions to non-affiliated reinsurers of business subject to the pooling agreement, and indication of whether such cessions were prior to or subsequent to the cession of pooled business from the affiliated pool members to the lead entity – Not applicable
- D. Identification of all pool members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements – Not applicable
- E. Explanation of any discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead entity and corresponding entries on the assumed and ceded reinsurance schedules of other pool participants – Not applicable
- F. Description of intercompany sharing, if other than in accordance with the pool participation percentage, and the write-off of uncollectible reinsurance – Not applicable
- G. Amounts due to/from the lead entity and all affiliated entities participating in the intercompany pool as of the balance sheet date – 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
12/31/2017					
9/30/2017					
6/30/2017					
3/31/2017					
12/31/2016					
9/30/2016					
6/30/2016					
3/31/2016					
12/31/2015					
9/30/2015					
6/30/2015					
3/31/2015					

NOTES TO FINANCIAL STATEMENTS

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, 2017 and 2016, \$0.1 million, were confirmed by the PBM but not collected within 90 days of the confirmation date and therefore reported as non-admitted.

B. Risk Sharing Receivables – Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

Not applicable.

31. Anticipated Salvage and Subrogation

Not applicable.



13035201720100100

ANNUAL STATEMENT

For the Year Ended December 31, 2017
OF THE CONDITION AND AFFAIRS OF THE

Healthfirst Health Plan of New Jersey, Inc.

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

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

Country of Domicile USA

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, New York, NY, US 10007
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 100 Church Street
(Street and Number)

New York, NY, US 10007 212-801-6000
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

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

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

Internet Web Site Address www.healthfirstnj.org

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

OFFICERS

	Name	Title
1.		
2.	Linda Tiano	Secretary
3.		

VICE-PRESIDENTS

Name	Title	Name	Title

DIRECTORS OR TRUSTEES

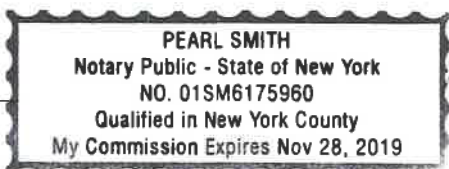
John Calendriello	Edward Condit	Michael D'Agnes	Thomas Daley
Chad Forbes	Deborah Hammond	Leslie Hirsh	Gary Horan
Peter Kelly	Michael Maron	Ronald Napiorski	Anthony Orlando
Robert Peterson	Ronald Rak	Axel Ramos	Richard Smith

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.

<u>(Signature)</u>	<u>(Signature)</u>	<u>(Signature)</u>
<u>(Printed Name)</u>	<u>(Printed Name)</u>	<u>(Printed Name)</u>
1.	2.	3.
<u>(Title)</u>	<u>(Title)</u>	<u>(Title)</u>

Subscribed and sworn to (or affirmed) before me this on this 28 day of February, 2018, by Pearl Smith



a. Is this an original filing? Yes No
b. 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 \$ 0 of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$ 0 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	30,311,346	100.00	30,311,346		30,311,346	100.00
11. Other invested assets						
12. Total invested assets	30,311,346	100.00	30,311,346		30,311,346	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. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
1. U.S. Governments												
1.1 NAIC 1						XXX			5,079,043	100.000		
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						XXX			5,079,043	100.000		
2. All Other Governments												
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						
3. U.S. States, Territories and Possessions, etc., Guaranteed												
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						
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed												
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						
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
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						

SUS

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. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
6. Industrial & Miscellaneous (unaffiliated)												
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						
7. Hybrid Securities												
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						
8. Parent, Subsidiaries and Affiliates												
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						
9. SVO Identified Funds												
9.1 NAIC 1	XXX	XXX	XXX	XXX	XXX							
9.2 NAIC 2	XXX	XXX	XXX	XXX	XXX							
9.3 NAIC 3	XXX	XXX	XXX	XXX	XXX							
9.4 NAIC 4	XXX	XXX	XXX	XXX	XXX							
9.5 NAIC 5	XXX	XXX	XXX	XXX	XXX							
9.6 NAIC 6	XXX	XXX	XXX	XXX	XXX							
9.7 Totals	XXX	XXX	XXX	XXX	XXX							

906

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. 8 Prior Year	10 % From Col. 7 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1 NAIC 1	(d)								XXX	XXX		
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							(b)		XXX	XXX		
10.8 Line 10.7 as a % of Col. 7								XXX	XXX	XXX		
11. Total Bonds Prior Year												
11.1 NAIC 1	5,079,043						XXX	XXX	5,079,043	100.000	5,079,043	
11.2 NAIC 2							XXX	XXX				
11.3 NAIC 3							XXX	XXX				
11.4 NAIC 4							XXX	XXX				
11.5 NAIC 5							XXX	XXX	(c)			
11.6 NAIC 6							XXX	XXX	(c)			
11.7 Totals	5,079,043						XXX	XXX	(b) 5,079,043	100.000	5,079,043	
11.8 Line 11.7 as a % of Col. 9	100.000						XXX	XXX	100.000	XXX	100.000	
12. Total Publicly Traded Bonds												
12.1 NAIC 1									5,079,043	100.000		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	100.000		XXX
12.8 Line 12.7 as a % of Col. 7								XXX	XXX	XXX		XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 7, Section 10								XXX	XXX	XXX		XXX
13. Total Privately Placed Bonds												
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

S07

(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 \$ 0; 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

	1	2	3	4	5	6	7	8	9	10	11	12
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	No Maturity Date	Total Current Year	Col. 7 as a % of Line 10.6	Total from Col. 7 Prior Year	% From Col. 8 Prior Year	Total Publicly Traded	Total Privately Placed
1. U.S. Governments												
1.1 Issuer Obligations						XXX			5,079,043	100.000		
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						XXX			5,079,043	100.000		
2. All Other Governments												
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						
3. U.S. States, Territories and Possessions, Guaranteed												
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						
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed												
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						
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed												
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						
6. Industrial and Miscellaneous												
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						
7. Hybrid Securities												
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						
8. Parent, Subsidiaries and Affiliates												
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. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed
9. SVO Identified Funds												
9.1 Exchange Traded Funds Identified by the SVO	XXX	XXX	XXX	XXX	XXX							
9.2 Bond Mutual Funds Identified by the SVO	XXX	XXX	XXX	XXX	XXX							
9.3 Totals	XXX	XXX	XXX	XXX	XXX							
10. Total Bonds Current Year												
10.1 Issuer Obligations						XXX			XXX	XXX		
10.2 Residential Mortgage-Backed Securities						XXX			XXX	XXX		
10.3 Commercial Mortgage-Backed Securities						XXX			XXX	XXX		
10.4 Other Loan-Backed and Structured Securities						XXX			XXX	XXX		
10.5 SVO - Identified Securities	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
10.6 Totals									XXX	XXX		
10.7 Line 10.6 as a % of Col. 7								XXX	XXX	XXX		
11. Total Bonds Prior Year												
11.1 Issuer Obligations	5,079,043					XXX	XXX	XXX	5,079,043	100.000	5,079,043	
11.2 Residential Mortgage-Backed Securities						XXX	XXX	XXX				
11.3 Commercial Mortgage-Backed Securities						XXX	XXX	XXX				
11.4 Other Loan-Backed and Structured Securities						XXX	XXX	XXX				
11.5 SVO - Identified Securities	XXX	XXX	XXX	XXX	XXX		XXX	XXX				
11.6 Totals	5,079,043						XXX	XXX	5,079,043	100.000	5,079,043	
11.7 Line 11.6 as a % of Col. 9	100.000						XXX	XXX	100.000%	XXX	100.000	
12. Total Publicly Traded Bonds												
12.1 Issuer Obligations						XXX			5,079,043	100.000		XXX
12.2 Residential Mortgage-Backed Securities						XXX						XXX
12.3 Commercial Mortgage-Backed Securities						XXX						XXX
12.4 Other Loan-Backed and Structured Securities						XXX						XXX
12.5 SVO - Identified Securities	XXX	XXX	XXX	XXX	XXX							XXX
12.6 Totals									5,079,043	100.000		XXX
12.7 Line 12.6 as a % of Col. 7								XXX	XXX	XXX		XXX
12.8 Line 12.6 as a % of Line 10.6, Col. 7, Section 10								XXX	XXX	XXX		XXX
13. Total Privately Placed Bonds												
13.1 Issuer Obligations						XXX					XXX	
13.2 Residential Mortgage-Backed Securities						XXX					XXX	
13.3 Commercial Mortgage-Backed Securities						XXX					XXX	
13.4 Other Loan-Backed and Structured Securities						XXX					XXX	
13.5 SVO - Identified Securities	XXX	XXX	XXX	XXX	XXX						XXX	
13.6 Totals											XXX	
13.7 Line 13.6 as a % of Col. 7								XXX	XXX	XXX	XXX	
13.8 Line 13.6 as a % of Line 10.6, Col. 7, Section 10								XXX	XXX	XXX	XXX	

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	5,079,043	5,079,043			
2. Cost of short-term investments acquired	21,359,111	21,359,111			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	26,438,154	26,438,154			
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)					
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)					

\$10

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: _____

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**

SCHEDULE E - PART 2 - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

	1	2	3	4
	Total	Bonds	Money Market Mutual Funds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year				
2. Cost of cash equivalents acquired	24,755,502		24,755,502	
3. Accrual of discount				
4. Unrealized valuation increase (decrease)				
5. Total gain (loss) on disposals				
6. Deduct consideration received on disposals	2,143,557		2,143,557	
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)	22,611,945		22,611,945	
11. Deduct total nonadmitted amounts				
12. Statement value at end of current period (Line 10 minus Line 11)	22,611,945		22,611,945	

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment:

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 Description	Codes		4 Date Acquired	5 Name of Vendor	6 Maturity Date	7 Book / Adjusted Carrying Value	Change in Book/Adjusted Carrying Value				12 Par Value	13 Actual Cost	Interest					20 Paid for Accrued Interest	
	2 Code	3 F o r e i g n					8 Unrealized Valuation Increase / (Decrease)	9 Current Year's (Amortization) / Accretion	10 Current Year's Other -Than- Temporary Impairment Recognized	11 Total Foreign Exchange Change in B./A.C.V.			14 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	15 Non-Admitted Due And Accrued	16 Rate of	17 Effective Rate of	18 When Paid		19 Amount Received During Year
NONE																			
9199999	TOTALS											XXX		XXX	XXX	XXX			

- 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**

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 CUSIP	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
87237U-72-5	TDAM INSTITIONAL US GOVERNMENT FUND		12/04/2017		12/31/2018	22,611,945		
8599999	Exempt Money Market Mutual Funds – as Identified by SVO					22,611,945		
8899999	Total Cash Equivalents					22,611,945		

SCHEDULE E – PART 3 – SPECIAL DEPOSITS

States, etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ	C	Escrow Deposits N.J.A.C. 11-24-11 4(a)(b)		7,819,792	7,819,792
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. US Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CAN					
58. Aggregate Other Alien and Other	OT	X X X	X X X			
59. Total		X X X	X X X		7,819,792	7,819,792

DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Sum of remaining write-ins for Line 58 from overflow page		X X X	X X X			
5899. Totals (Lines 5801 - 5803 + 5898) (Line 58 above)		X X X	X X X			

OVERFLOW PAGE FOR WRITE-INS

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AMENDED FILING COVER SHEET

Amended File Title	Amended Explanation
Jurat	Consistent reporting of the escrow deposit as "On Deposit with State" in Notes 5(L) to match with the General Interrogatory 25.2; Marked "SD" in the CODE Column for state deposit in Schedule E Part 1 and "ST" in Part 3; Completed the Surplus Notes in the tabular note to financials 13(11).
Notes to Financial Statements	Consistent reporting of the escrow deposit as "On Deposit with State" in Notes 5(L) to match with the General Interrogatory 25.2; Completed the Surplus Notes in the tabular note to financials 13(11)
Schedule E - Part 1	Marked "SD" in the CODE Column for state deposit, as opposed to blank.
Schedule E - Part 3	Marked "ST" in the CODE Column for state deposit, as opposed to "C."



13035201720100105

ANNUAL STATEMENT

For the Year Ended December 31, 2017
OF THE CONDITION AND AFFAIRS OF THE

Healthfirst Health Plan of New Jersey, Inc.

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

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

Country of Domicile USA

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

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

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

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

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

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

Internet Web Site Address www.healthfirstnj.org

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

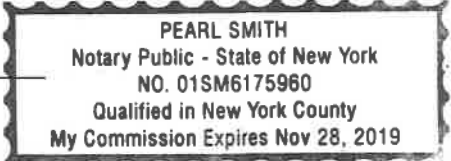
County of New York ss

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.

<u>Linda Tiano</u> (Signature)	<u>John Bermel</u> (Signature)
<u>Linda Tiano</u> (Printed Name)	<u>John Bermel</u> (Printed Name)
1.	3.
<u>Secretary</u> (Title)	<u>Chief Financial Officer</u> (Title)

Subscribed and sworn to (or affirmed) before me this on this 22 day of March, 2018, by

Pearl Smith



a. Is this an original filing? [] Yes [X] No

b. If no: 1. State the amendment number 1
2. Date filed 03/20/2018
3. Number of pages attached 4

SCHEDULE E - PART 1 - CASH

1	2	3	4	5	6	7
Depository	Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
OPEN DEPOSITORIES						
TD SWEEP NJ	SD		13,446		7,819,792	
TD Bank NJ		0.250	48,439			
TD Bank NY					(120,391)	
0199998 Deposits in () depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories	XXX	XXX				XXX
0199999 Totals - Open Depositories	XXX	XXX	61,885		7,699,401	XXX
SUSPENDED DEPOSITORIES						
0299998 Deposits in () depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories	XXX	XXX				XXX
0299999 Totals - Suspended Depositories	XXX	XXX				XXX
0399999 Total Cash on Deposit	XXX	XXX	61,885		7,699,401	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX		XXX
0599999 Total Cash	XXX	XXX	61,885		7,699,401	XXX

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	22,472,595	4. April	22,674,874	7. July	22,691,295	10. October	6,351,561
2. February	22,654,842	5. May	22,683,822	8. August	22,852,196	11. November	7,697,780
3. March		6. June	22,684,977	9. September	7,816,807	12. December	7,699,401

SCHEDULE E – PART 3 – SPECIAL DEPOSITS

States, etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ	ST	Escrow Deposits N.J.A.C. 11-24-11 4(a)(b)		7,819,792	7,819,792
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. US Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CAN					
58. Aggregate Other Alien and Other	OT	X X X	X X X			
59. Total		X X X	X X X		7,819,792	7,819,792

DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Sum of remaining write-ins for Line 58 from overflow page		X X X	X X X			
5899. Totals (Lines 5801 - 5803 + 5898) (Line 58 above)		X X X	X X X			



13035201744000100

Actuarial OpinionThis 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, 2017.

A. Claims unpaid (Page 3, Line 1);	\$261
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	\$0
C. Unpaid claims adjustment expenses (Page 3, Line 3);	\$0
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;	\$0
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.


Signature of Actuary

Angela Liang
Printed Name of Actuary

100 Church St., NY, NY 10007
Address of Actuary

(212) 453-5538
Telephone number of Actuary

February 27, 2018
Date Opinion was Rendered



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, 2017 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