

**New Jersey Department of Banking and Insurance
Division of Insurance
Office of Solvency Regulation**

**Health Service Corporation Information Statement
Pursuant to N.J.S.A. 17:48E-3h (P.L. 2017, c. 100)**

INSTRUCTIONS: Pursuant to N.J.S.A. 17:48E-3h, this Health Service Corporation (HSC) Information Statement is required to be filed annually with, and in a form and manner prescribed by, the Department of Banking and Insurance. For the reports for year-end 2016 and year-end 2017, a health service corporation shall on or before April 30, 2018, file an original and two copies of this HSC Information Statement, providing fully completed information for all sections and requests below as of year-end 2016. For all subsequent years, a health service corporation shall annually on or before April 30th file an original and 2 copies of its fully completed HSC Information Statement with the Department providing fully completed information for all sections and requests below as of the end of the preceding calendar year. Please be advised that the Department anticipates that portions of the information requested herein will also be reported in the HSC's Annual Financial Statement. However, to be fully complete, this Information Statement requires submission of the actual information and data requested, and cross-references to the Annual Financial Statement will not be sufficient.

The HSC Information Statements shall be sent to the New Jersey Department of Banking and Insurance, 20 W. State Street, Trenton, NJ 08625, Attn: Assistant Commissioner - Office of Solvency Regulation.

The HSC Information Statement and the information provided herein shall be certified as true and correct by a senior officer of the filing health service corporation. This Information Statement will be evaluated by the Department for its annual report to the Governor and the Legislature on compliance with P.L. 2017, c. 100 beginning on or before June 30, 2019, as required by N.J.S.A. 17:48E-3i.

I) General Information

Report as of Year-End:	2018
Name of Health Service Corporation (HSC):	Horizon Healthcare Services, Inc. dba Horizon Blue Cross Blue Shield of New Jersey
Principle Address:	3 Penn Plz E Ste PP-15D, Newark, NJ US 07105-2248
Primary Location of Books and Records:	3 Penn Plz E Ste PP-15D, Newark, NJ US 07105-2248
Contact Person for Filing:	Catherine Merlino, Controller Tel: 973-466-5954, Fax: 973-466-4632 catherine_merlino@horizonblue.com
Location/Date of Formation:	New Jersey/December 7, 1932

A) Subsidiaries & Affiliates - List all Subsidiaries and Affiliates of the HSC and a brief description of their activities and identifying services that are provided to the HSC (insert rows as needed):

Name of Subsidiary/Affiliate	Description of Activities & HSC Services Provided
Horizon Casualty Services, Inc. (HCS)	A managed care workers' compensation company which offers integrated care and administrative services to insurers employers, and third-party administrators.
Horizon Healthcare Dental, Inc. (HHD)	A New Jersey dental plan organization offering dental products.
Horizon Healthcare of New Jersey, Inc. (HHNJ)	A health maintenance organization ("HMO") operating in New Jersey offering commercial HMO, Dual Special Needs Plans ("DSNP"), and contracted with the NJ Division of Medical Assistance and Human Services to provide managed Medicaid services.
Horizon Healthcare Plan Holding Company, Inc.	A holding company for several managed health care subsidiaries, which include HHNJ, HHD, HCS, and HIC.
Horizon Insurance Company, Inc. (HIC)	A health insurer operating in New Jersey offering senior and ancillary products, including Medicare Advantage plans, Medicare supplemental plans and managed vision plans.

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B) Management & Governance:

1) Briefly describe the management and governance structure of the HSC below:

Horizon BCBSNJ is a health service corporation organized and operating under the Health Service Corporation Act. N.J.S.A. 17:48E-1 et seq. As of December 31, 2018, the Board of Directors was a 17 member board (6 appointed and 11 elected) and are noted in Exhibit I-B-2. The Board of Directors acts as the ultimate decision-making body of Horizon BCBSNJ and advises and oversees management, who are responsible for the day-to-day operations and management of Horizon BCBSNJ. In fulfilling these roles, each director must act in what he or she reasonably believes to be in the best interests of Horizon BCBSNJ and must exercise his or her business judgment. In 2018, Kevin P. Conlin was the Chief Executive Officer & President of Horizon BCBSNJ. He also acted as Chairman of the Board of Directors.

2) Attach as Exhibit IB2 a chart of all officers, directors, senior management and trustees, their titles, and a brief description of their responsibilities.

II) Mission:

A) Describe the HSC's mission and how it fulfills the statutory mission pursuant to N.J.S.A. 17:48E-3a.

Under N.J.S.A. 17:48E-3a, a health service corporation shall not be established as a corporation organized for pecuniary profit. It should operate for the benefit of its subscribers. Specifically, a health service corporation's mission shall be to: (1) provide affordable and accessible health insurance to its subscribers; and (2) promote the integration of the health care system to meet the needs of its subscribers.

Horizon BCBSNJ's mission statement is as follows:

"We empower our members to achieve their best health by leading with strength, integrity, and innovation to generate substantial improvements in health care quality, affordability, and member experience."

B) Provide a chart with the group's New Jersey Medical Loss Ratio Results for the Individual and Small Employer markets pursuant to N.J.A.C. 11:20-6.3, -7.4 and -7.5 and N.J.A.C. 11:21-7A.4, -7A.5, and -9.3, respectively, for most recent policy year as follows: Premiums; Claims; Loss Ratio; and NJ Refund Liability (net any Federal Liability):

Market	Premiums	Claims	Loss Ratio	NJ Refund Liability (net any Federal Liability)
Individual	\$ 1,394,619,968	\$1,107,842,980	79%	\$TBD
Small Employer	\$1,430,734,115	\$1,120,000,894	78%	\$TBD

Note:

The above information is preliminary and is subject to change upon the filing of the actual reports in August 2019.

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Per N.J.A.C. 11:20-7.4 and N.J.A.C. 11:21-7A, the Individual and Small Group loss ratio filing requires a 6 month run-out of claims data which is not reflected. Additionally, this submission does not account for any final risk adjustment impact for the 2018 year or other regulator adjustment. A complete submission will be available on the New Jersey Department of Banking and Insurance's ("DOBI") website at <http://www.nj.us/dobi/> on or after August 1 of each year.

III) Activities:

A) Describe in detail the most significant business activities of the HSC and all material subsidiaries and affiliates.

2018 Business Activities and Key Accomplishments

In 2018, Horizon BCBSNJ continued to provide its members with access to affordable, high quality health coverage in all market segments. Horizon BCBSNJ provided health insurance coverage to roughly 3.69 million members through commercial and governmental health plans. See below chart for details on our enrollment by customer type and funding method. Additionally, Horizon BCBSNJ successfully launched a variety of value-based and community programs to positively impact the lives of the members and communities it serves.

Customer Type:	Number of Members
Large Group	1,544,711
State Health Benefits Program	602,709
Federal Employee Program	124,558
Small Group	213,336
Individual	176,905
Medicaid	856,421
Medicare	174,256
Total members	3,692,896
Funding Method:	
Fully-insured	1,896,808
Self-insured	1,796,088
Total members	3,692,896

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Commercial Markets¹

Horizon BCBSNJ provided a wide array of commercial health insurance products to its enrollees in 2018 with leading market shares in both the individual and group markets. Horizon BCBSNJ was one of three carriers on the Health Insurance Marketplace and played a significant role in the individual market. It also provided quality health insurance solutions to many employers, ranging from small to large private employers, local municipalities, the State of New Jersey, federal employees, and many others.

At the end of 2018, Horizon BCBSNJ had in excess of 2.66 million insured and self-funded commercial health plan members.

Individual Market

The Individual market consists of New Jersey residents who do not have health insurance benefits through their employer or otherwise not enrolled in Medicare, Medicaid, or other governmental health plans. Individual health plans in New Jersey are available through the federally-facilitated Health Insurance Marketplace (healthcare.gov), or directly from the carriers.

Plans in the individual market are offered pursuant to the requirements applicable to all carriers under the New Jersey Individual Health Coverage Program (“IHC”). Horizon BCBSNJ offered two EPO plan design options on and off the marketplace, the Horizon EPO Advantage broad network plans and the Horizon OMNIA_{SM} tiered network plans. Additionally, an HMO option was sold off the marketplace through an affiliate, Horizon Healthcare of New Jersey, Inc.

At the end of 2018, 287,103 consumers in New Jersey had health insurance through the Individual market. Horizon BCBSNJ’s total Individual membership at the end of 2018 stood at 177,434, representing a 61.8% market share per the DOBI website made available at https://www.state.nj.us/dobi/division_insurance/ihcseh/enroll/2018_4q_ihc_carrier.pdf.

Of Horizon BCBSNJ’s members, approximately 90% of the covered lives in the individual market purchased an OMNIA_{SM} Health Plan in 2018. For Horizon’s individual market, on a statutory accounting basis (“STAT”), it incurred \$1,102,629,451 in claims and earned \$1,428,004,532 in premiums.

Small Employer Market

The Small Employer market consists of companies with up to 50 employees who provide an employer-sponsored health plan. Plans in this market segment comply with the NJ Small Employer Health Coverage Program (“SEH”) rules.

In 2018, Horizon BCBSNJ offered a range of ACA compliant plans on and off the federally-facilitated Small Employer Health Options Program (“FF-SHOP”). Plan designs included closed panel HMO and EPO plans such as the Horizon HMO, Horizon Advantage EPO and Horizon OMNIA_{SM} plans as well as plans with out-of-network coverage such as the Horizon Direct Access. Horizon BCBSNJ also allowed for the renewal of “grandmothered” transitional policy plans issued prior to the ACA market reform rules pursuant to the federal transitional policy rules and the NJ DOBI Bulletin No. 18-10.

As of the end of 2018, roughly 47,613 small employers offered insurance to their employees, covering a total of 326,851 employees and their eligible dependents in New Jersey’s small employer market. Horizon BCBSNJ’s total small employer membership at the end of 2018 stood at 213,247. Of Horizon BCBSNJ’s members, roughly 48% had purchased an OMNIA_{SM}

¹ The commercial premium earned dollars have been adjusted to exclude the distribution made in December 2018

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Health Plan. Horizon BCBSNJ's estimated market share was 68.14% pursuant to the carrier enrollment data made available on the DOBI website at https://www.state.nj.us/dobi/division_insurance/ihcseh/enroll/2018_4q_seh_plansbycarrier.pdf.

For Horizon's small employer market, on a STAT basis, Horizon incurred \$1,126,012,228 in claims and earned \$1,428,448,447 in premiums.

Large Employer Market

A majority of the commercial health plans are through employers with 51+ employees. Large employer customers can range from local employers to multistate national accounts, and includes labor unions, municipals, and the federal employee health plans.

These markets can be insured or self-insured. Horizon issued insured large employer plans covering 475,890 lives, and administered self-funded large employer plans covering 1,193,379 lives. There is greater variability in the plan designs, benefit structures and actuarial values as compared to the IHC and SEH plans. Further, pricing in the large employer market is more variable due to experience rating. As of the end of 2018, Horizon BCBSNJ offered HMO, EPO, including OMNIA, PPO, and Direct Access health plans in these market segments. For insured large employer plans, Horizon incurred \$3,073,470,915 in claims and earned \$3,500,795,733 in premiums. For self-funded large employer plans, on a STAT basis, Horizon incurred \$5,513,781,479 in employer-funded claims and earned \$273,234,441 in administration fees/charges.

State Health Benefits Program and the School Employees' Health Benefits Program

The State Health Benefits Program ("SHBP") and School Employees' Health Benefits Program ("SEHBP") together represent one of the largest public sector group health plans in the country. All New Jersey State active employees, employees of state colleges and universities, and retirees, are covered by the SHBP. Additionally, local government groups, such as municipalities and counties, may elect to participate in the SHBP to provide coverage for their active employees, retirees, and eligible dependents. Employees of local boards of education and community colleges may elect to participate in the SEHBP for their active employees, retirees, and eligible dependents.

The SHBP/SEHBP contract was awarded to Horizon BCBSNJ in 2012 for an effective date of January 1, 2013. Horizon BCBSNJ and Aetna are the two carriers awarded the contract and provides the eligible employees and retirees with PPO, HMO and High Deductible Health Plan ("HDHP") options. Plan designs and pricing for health coverage under the SHBP/SEHBP is determined by a Plan Design Committee. In 2015, the SHBP Plan Design Committee approved the addition of a value-based network health plan for the 2016 plan year. Horizon BCBSNJ introduced an OMNIA-based health plan to meet this requirement.

As of the end of 2018, we estimate the total size of the SHBP/SEHBP market to be over 800,000 employees and their dependents. Horizon BCBSNJ's total membership in the market at year-end 2018 was 602,709. On a STAT basis, Horizon incurred \$3,871,492,505 in self-funded claims for the SHBP/SEHBP and earned \$97,675,481 in administration fees/charges.

Federal and State Governmental Health Programs (Medicare, Medicaid, etc.)

The Government Programs division of Horizon BCBSNJ manages all lines of government business; serving members across both Medicare and Medicaid lines of business, with special attention to Aged, Blind & Disabled (ABD), Managed Long-Term Services & Supports ("MLTSS"), Dual-Eligible, and other specialized populations.

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Government Programs supports the Horizon BCBSNJ enterprise by bringing all government lines of business under one universal platform that provides an integrated marketing and sales focus that not only serves the best needs of its Medicaid and Medicare members, but also allows for the establishment of one single united brand presence in the marketplace.

Medicaid Markets

The Medicaid business, operated by Horizon Healthcare of New Jersey, Inc., a New Jersey HMO doing business as Horizon NJ Health, is New Jersey's largest managed Medicaid health care organization serving 856,421 beneficiaries (as of 12/31/18) through the State's NJ FamilyCare program. Additionally, Horizon NJ Health also manages the company's MLTSS program. On a STAT basis, Horizon NJ Health incurred \$4,557,476,220 in claims for the Medicaid Managed Care and MLTSS population and earned \$5,192,618,054 in premium/fees for service.

Horizon NJ Health has developed targeted member-centered services, innovative programs and community outreach to serve the diverse needs of its members. Horizon NJ Health holds an accreditation status from the National Committee for Quality Assurance (NCQA).

One of the primary missions of Horizon NJ Health is to reduce the persistent gaps in health care access and quality that disproportionately affects Americans from diverse racial and ethnic backgrounds. Many who experience disparate care live in neighborhoods lacking high-quality health services and providers. To address these persistent gaps, members of Horizon NJ Health's staff interact extensively with community members on a daily basis, offering health education to adults and children, providing health screenings, and taking steps to assure that community members receive all health benefits that are available to them.

Medicare Markets

The Government Programs division markets and sells a competitive and wide-ranging line of senior market products that serves New Jersey beneficiaries that are Medicare eligible for reasons of age or disability. Horizon BCBSNJ's Medicare plans include Medicare Advantage, Medicare Part D, Medicare Supplemental and Dual Special Needs (DSNP) plans. For total Medicare market, Horizon together with its affiliates insured 174,256 lives, earned premiums totaling \$1,523,805,868, and incurred claims totaling \$1,354,506,683.

As of January 1, 2017, Horizon BCBSNJ started offering its DSNP Medicare Advantage plan to eligible beneficiaries. This program was previously unavailable in 2016. The reentry into the Dual Special Needs market permits Horizon BCBSNJ to offer a full complement of Medicare and Medicaid benefits for its senior membership such as a hybrid of benefits and services from the Medicare Part D, Medicare Supplemental, and MLTSS product lines. We continued this success in 2018.

Also as of January 1, 2017, Horizon BCBSNJ began offering Medicare-eligible retired State Health Benefits Program (SHBP) members Medicare Advantage PPO ("MA PPO") plans. With the Horizon Medicare Advantage NJ DIRECT (PPO) plans, eligible SHBP retirees will have access to doctors and other health care professionals who participate in Horizon's Medicare Managed Care Network, as well as all doctors and other health care professionals who are eligible to receive Medicare payments. The SHBP MA PPO program serves nearly 58,829 members as of year-end 2018 throughout the nation. In 2018, the SHBP MA PPO program earned \$769,379,660 in premiums and incurred claims totaling \$756,163,263. The MA PPO plan is no longer administered by Horizon BCBSNJ as of January 1, 2019.

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Federal Tax Refund Initiatives

In February 2018, Horizon announced that it would use part of a one-time federal tax refund to distribute a one-time payment of \$150 million to eligible customers in 2018 and \$125 million multi-year investments in initiatives to drive improvements in health. In December 2018, Horizon distributed \$131,957,000 to its policyholders. In Consent Order No. E19-41, the New Jersey Department of Banking and Insurance took enforcement action finding Horizon's distribution to its policyholders was contrary to N.J.S.A. 17B:30-13 and N.J.S.A. 17:27A-4c(1), and Horizon paid a fine of \$250,000 for this violation.

Key Accomplishments in 2018

Horizon BCBSNJ's commitment to its members, and its goal to achieve the *Triple Aim* in health care comprised the core aspects of our 2018 accomplishment.

WE EMPOWER

Building Healthier Communities

The first step in helping our members become healthy is recognizing the conditions that affect their health. At Horizon BCBSNJ, we are addressing barriers in communities—social determinants of health—that impact access to health care resources and affect health outcomes. Housing, affordable healthy food and access to reliable transportation are just some of the factors that make it challenging for people to get the care they need.

Our Community Health model brings together the payer, health care professional and community resources to significantly reduce cost, increase access to care and improve the patient's health. This model also features a non-clinical support team to intervene on critical elements which currently fall outside of traditional health care. A specialized team works with members through high-touch and face-to-face encounters that:

- Link members to community resources to address barriers to care.
- Help members navigate the health care system by promoting preventive care and care for chronic conditions.
- Educate members on their health plan's benefits, with a focus on appropriate care.
- Help members set goals that empower them to take charge of their health.

Care for the Mind and Body

Horizon BCBSNJ is working to ensure that our members get the care and support they need to improve their physical and emotional well-being. The Horizon Behavioral HealthSM care team works with physicians to identify members who are likely to have an underlying behavioral health condition. Our team helps them find the right care through an extensive network of health care professionals and facilities, community organizations, technology and educational materials. They also help with care coordination, and ensure that members understand their behavioral health benefits and maximize their coverage.

In 2018, we enhanced our behavioral health integration with a new collaboration with Quartet, a technology company that uses tools to more easily identify patients with behavioral health needs associated with their medical conditions and connect them to the specialists best suited to address those needs. Quartet provides access to a vetted network of local mental health specialists,

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live psychiatry consults for providers and support for patients and providers.

Substance Use Disorder is another focus as Horizon BCBSNJ integrates physical and behavioral health care for our members. With more than 3,100 drug-related deaths in New Jersey in 2018, Horizon BCBSNJ is expanding our partnership with community leaders and becoming a leader in our state's efforts to address the opioid crisis.

We partnered with DEA 360, a U.S. Drug Enforcement Administration (DEA) initiative to combat the current heroin/prescription opioid epidemic and to increase the impact and scope of ongoing community outreach activities in New Jersey.

We hosted and helped facilitate the kick-off of The Collaborative Community Action group — focused on prevention work, the opioid crisis and the DEA 360 Strategy efforts in Newark. The meeting brought together stakeholders from throughout the community to share best practices and expertise.

Horizon BCBSNJ is also encouraging the safe and effective disposal of unused medicines by distributing DisposeRx®, a medication disposal product that takes a potent drug and renders it unusable.

With an understanding that many of our members, particularly our younger members, are more likely to use technology to seek the care or support they need, we launched a pilot program with MAP Health Management (MAP) that offers 24/7 tech-enabled Peer Recovery Support services for our members who are in treatment for Substance Use Disorders. The program, which is the first of its kind in New Jersey, matches eligible members and their support groups with a MAP Peer Recovery Support Specialist in a structured outreach program that uses phone/video sessions as the primary form of contact.

Horizon BCBSNJ is also addressing the opioid epidemic through The Horizon Foundation for New Jersey.

Supportive Care

There are times when the sickest individuals don't receive, or even seek, the care or support they need due to the complexities of our health care system. Our Supportive Care Program uses predictive modeling to identify members with progressive functional diseases, physical decline or a terminal illness. A Supportive Care case manager who is trained in palliative and hospice care contacts the member and his or her family, and collaborates with the member's physicians. The Supportive Care case manager can also help get referrals to community-based resources to address the full spectrum of palliative needs.

Our Digital Transformation

2018 was a pivotal year in our digital transformation journey with the launch of new mobile and digital experiences, including:

Launch of the Get Care App: This app was piloted for select market segments and allows our members to chat with a nurse to get fast answers and find the right care. Other capabilities include:

- Free appointment scheduling
- Video chat with doctors

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- Health reminders

Launch of the Horizon Blue App: This app allows members to view claims, understand their health plan coverage and benefits and access 24/7 health services like:

- Chat for Care (Get Care) with live nurses providing health guidance, including connecting members to a video call with a doctor as needed
- Online Doctor & Hospital Finder
- Assisted Appointment Scheduling

New Authenticated Member Website: A new authenticated member website at HorizonBlue.com was launched with improvements to the user experience, including:

- Auto bill pay for Individual and Medicare Advantage markets
- Improved usability and onboarding experiences
- Simpler support options

We also launched the **Horizon MyWay app**, which allows our members who have an FSA, HSA or HRA with us to easily manage their health finances by:

- Taking a picture of receipts, prescriptions and other documents for their claims and submit those claims
- Seeing real-time transactions and getting their updated balance
- Using a barcode scanner to check expense eligibility
- Checking the status of a payment
- Making payments, transferring money, getting reimbursed and managing deposits
- Viewing contributions to their accounts
- Getting or canceling a debit card (for themselves or an eligible dependent)

WE LEAD

Changing Health Care, Changing Lives

One of the most important ways Horizon BCBSNJ empowers our members to achieve their best health is by collaborating with doctors, hospitals and other health care professionals across the state to help them deliver value-based, patient-centered care. Together we are committed to improving patient results.

We now have more than 1.6 million members and more than 4,500 in-network PCPs participating in one of our value-based programs. Thousands of specialists also participate in these programs.

Members receiving care from doctors and other health care professionals who participate in one of our patient-centered, value-based care programs are less likely to be admitted to the hospital, and more likely to have essential health screenings and a lower overall cost of care. This is especially true for members who have chronic conditions that require ongoing medical attention and

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intervention.

Our Episode of Care programs also focus on improving the specialized care of members for services beyond primary care.

The positive results from our existing EOC programs prompted a significant expansion to other complex conditions. We launched an EOC program for Substance Use Disorder (SUD) with a Certified Community Behavioral Health Clinic, as well as EOC programs for Inflammatory Bowel Disease (IBD) with other concurrent disease states such as depression and anxiety issues, Lumbar Spinal Fusion and Cardiovascular Disease, and an Oncology Medical Home.

In total, nearly 40,000 members are benefitting from our EOC programs, supported by more than 85 specialty practices throughout New Jersey. The annual gross savings achieved by the EOC programs is nearly \$44 million.

Collaboration Leads to Success

In 2015, we launched the OMNIA Health Alliance, a first-of-its kind alliance of health care leaders across New Jersey who share our vision to accelerate the move from a fee-for-service health care system to one that rewards doctors and hospitals for the quality of care they provide our members. Since then, the OMNIA Health Alliance has been focused on implementing clinical transformation activities and leveraging ongoing performance analysis and improvement to achieve population health goals.

Horizon BCBSNJ has seen success through our collaborations that are supported by secure data exchanges and advanced analytics. We can offer a complete view of patients' health to ensure our members get more effective and higher-quality care. That is why we developed HealthSphere, a data services platform designed specifically to provide a 360-degree view of a patient's health record, also known as a Longitudinal Patient Record (LPR). Doctors and other health care professionals are using HealthSphere to improve patient outcomes by identifying care coordination and transition-of-care improvement opportunities.

WE INNOVATE

Choices That Deliver

Horizon BCBSNJ continues to be the state's leader in offering affordable care that addresses the needs of New Jersey's residents. As part of the 2018 open enrollment period, Horizon BCBSNJ reduced its premiums by an average of 7 percent for its individual market products, where we have an estimated 62 percent market share despite the challenges of this highly competitive and regulated environment. The Company offered seven competitively priced plans for 2019 on the federal Marketplace, led by four OMNIA Health Plans (Bronze HSA, Silver, Silver HSA and Gold) and three broad-network Horizon Advantage plans.

Our OMNIA Health Plans, launched in 2016, were created in response to consumer demand for coverage that would provide access to quality care at a lower cost. These tiered-network plans feature premiums with an average discount of more than 10 percent, when compared to equivalent broad-network products, and give our members the opportunity to save even more on their out-of-pocket costs (copayments, coinsurance and deductibles) when they receive care from OMNIA Tier 1-designated doctors,

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hospitals and other health care professionals.

In 2018, the OMNIA Health Plans continued to be our premier product line, with more than 439,000 members enrolled in one of these innovative products, which collectively score higher in member satisfaction than the equivalent broad-network plans. New features and benefits will be included with our OMNIA Health Plans for our local group and national customers later this year.

In 2018, we also improved our portfolio of non-medical ancillary product solutions. Now offered under the branded name Horizon EXPAND, our supplemental products and services go beyond medical coverage to give our customers the products, tools and resources they need to provide a broad and attractive range of benefit offerings.

Horizon EXPAND includes:

- Horizon MyWay® Consumer—Directed Health Plan (CDHP) products
 - Flexible Spending Account (FSA)
 - Health Reimbursement Arrangement (HRA)
 - Health Savings Account (HSA)
- Horizon Dental
- Horizon Stop Loss
- Horizon Vision
- Horizon Wellness
- International Medical Coverage, for individuals and companies
- Life & Disability
- Pet Insurance
- Telehealth through Horizon CareOnline and Horizon Get Care
- Worksite and voluntary products

Options for Those Who Need Them

Through our Government Programs division, we are focused on our Medicaid and Medicare members. In 2018, we continued to offer innovative plan options to better serve residents in all 21 New Jersey counties who are most in need of health care, including our senior population.

In addition to serving the Medicare population, our Government Programs division also serves the state's Medicaid community through our Horizon NJ Health subsidiary. In 2018, Horizon NJ Health celebrated its 25th anniversary. What started in one county 25 years ago has grown into the largest Medicaid managed care organization in the state, serving more than 850,000 members and providing coverage to those most in need, including low-income families, individuals with disabilities and people in need of long-term care services.

Horizon NJ Health also serves the State's most vulnerable residents through our Managed Long Term Services & Supports (MLTSS) program. MLTSS members have Care Managers who strive to enable them to live in their homes and communities as long as possible by providing services such as home-delivered meals, assisted-living, patient care assistance, medical daycare

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services, home modifications, vehicle modifications and non-medical transport.

Bridging Culture and Care

Providing care and information that is culturally relevant can help improve outcomes and access. Through a growing collaboration with Sanitas Medical Centers, Horizon BCBSNJ is now offering face-to-face assistance, in Spanish and English, to help people get, understand and use their health insurance as well as access the health care they need.

Sanitas Medical Centers are located in primarily Hispanic and ethnically diverse neighborhoods, and are easily accessible via public transportation, giving members a new option for buying health insurance and accessing high-quality, affordable health care. The centers offer our members same-week appointments, same-day lab tests and diagnostic imaging, and walk-in appointments for urgent care.

WE CARE

The Horizon Foundation for New Jersey

Established in 2004, the mission of The Horizon Foundation for New Jersey is to support organizations that make New Jersey healthier. Over the past 14 years, The Horizon Foundation has invested more than \$56 million in grants that support the health and well-being of New Jersey residents.

Much of The Horizon Foundation's focus in 2018 was on funding organizations and initiatives combatting the state's opioid epidemic. Horizon BCBSNJ was proud to sponsor an award-winning Knock Out Opioid Abuse Town Hall series through The Horizon Foundation, facilitated in collaboration with Partnership for a Drug-Free New Jersey (PDFNJ). The two-year series concluded in 2018 and helped bring vital information on the opioid crisis to all 21 counties in the state, and provided a forum to highlight initiatives that have been making a positive impact.

As a result of the series' success, The Horizon Foundation is funding and co-hosting 24 town halls in 2019 and 2020, offering a Continuing Medical Education course for providers and facilitating a statewide public awareness campaign.

The Horizon Foundation also partnered with RWJBarnabas Health's Institute for Prevention to commission the George Street Playhouse's touring musical, Anytown, which explores the impact the opioid epidemic has on students and families. Presented as a cautionary tale, Anytown empowers students with the knowledge to make positive decisions to avoid opioid use and help them understand the dangerous consequences of addiction in a way that is relatable to its intended audience of students in grades seven through 12.

The Horizon Foundation furthered its efforts to help combat the opioid epidemic through a series of grants in 2018, including:

- A grant to Community in Crisis (CiC) that supports community-level opioid prevention education programs, and the dissemination of the Opioid Abuse Toolkit: Resources for New Jersey Communities (prepared by Rutgers Ernest Mario School of Pharmacy in collaboration with CiC and Horizon BCBSNJ)
- A grant to the Center for Family Services to help address opioid abuse in southern New Jersey communities
- A grant to Children's Aid and Family Services to educate teens and young adults ages 14 to 26 years who are

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transitioning from foster homes about the dangers of opioid abuse

The Horizon Foundation also develops its own signature initiatives to place a greater focus on specific health issues impacting people throughout our state.

Kids' Oral Health Program (KOHP) — The Foundation's Kids' Oral Health Program (KOHP) aims to improve oral health-related awareness, education, prevention and treatment for young people up to age 18 years, and to advance professional development for the field in high-need counties of New Jersey. The Foundation invested an additional \$500,000 in 2018, including grants of \$62,500 each over two years to eight New Jersey-based nonprofits. Since 2016, The Foundation has invested \$1 million in KOHP, impacting more than 17,000 children and families.

Healthy U — In partnership with the New Jersey YMCA State Alliance, Healthy U is aimed at preventing childhood obesity in children ages 3 to 13 by combining physical activity, nutrition education and parental involvement in an environment that is fun, cost-effective and easy to sustain.

The Foundation has invested \$4.7 million in the Healthy U program to date. In total, Healthy U will impact more than 90,000 children and their families at 480 YMCA sites, and engage 90 elementary school partners. Celebrating its 10-year anniversary in 2018, Healthy U's evaluation results have consistently demonstrated evidence of healthy behaviors and behavior change among Healthy U participants.

Horizon Cares

Horizon BCBSNJ sponsors and offers unique health-focused experiences to engage New Jersey residents. Throughout 2018, we engaged with more than 39,000 consumers at 108 various community events, including health fairs, minor league baseball games, walks and road races. We also have a strong volunteer program called *Horizon Cares*, which saw well over 500 employees volunteer nearly 7,000 hours of their time in 2018.

Among the highlights in 2018 was the announcement of our multi-year agreement with Rutgers Athletics—an exciting new partnership that positions Horizon BCBSNJ as the “Official Health Insurance Partner of the Scarlet Knights,” and gives us a powerful brand presence at all Rutgers athletic venues and campuses across the state. It also further strengthens our relationship with Rutgers, and provides many opportunities to collaborate on health and wellness initiatives to improve the quality of life throughout the communities we serve.

IV) Assets, Liabilities, Revenue, Expenses:

A) Provide a separate and distinct summary of the financial information from the HSC's most recent Annual Statement filing on the following:

1) Assets; see below

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ASSETS

	Current Year		Net Admitted Assets (Cols. 1 - 2)	Prior Year
	1 Assets	2 Nonadmitted Assets		
1. Bonds (Schedule D).....	2,110,999,483	0	2,110,999,483	2,133,622,064
2. Stocks (Schedule D)				
2.1 Preferred stocks.....	3,206,103	0	3,206,103	956,250
2.2 Common stocks.....	1,532,444,918	0	1,532,444,918	1,432,172,207
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$..... encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$..... encumbrances).....	0	0	0	0
5. Cash (\$.....(262,069,639) , Schedule E-Part 1), cash equivalents (\$.....22,587,220 , Schedule E-Part 2) and short-term investments (\$.....3,969,458 , Schedule DA).....	235,512,961	0	(235,512,961)	290,856,659
6. Contract loans (including \$..... premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	75,104,031	0	75,104,031	233,810,147
9. Receivables for securities.....	2,200,285	0	2,200,285	4,183,735
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,488,441,858	0	3,488,441,858	3,513,887,745
13. Title plants less \$..... charged off (for Title Insurers only).....	0	0	0	0
14. Investment income due and accrued.....	18,042,706	0	18,042,706	17,499,402
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	288,489,241	6,931,045	281,558,197	258,906,368
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbilled premiums).....	0	0	0	0
15.3 Accrued retrospective premiums (\$.....) and contracts subject to redetermination (\$.....).....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	241,753	0	241,753	8,464,445
16.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
16.3 Other amounts recoverable under reinsurance contracts.....	7,430,925	0	7,430,925	110,195,372
17. Amounts receivable relating to uninsured plans.....	454,680,014	23,472,263	431,207,751	438,771,972
18.1 Current federal and foreign income tax recoverable and interest thereon.....	300,498,613	0	300,498,613	0
18.2 Net deferred tax asset.....	273,845,186	0	273,845,186	364,331,630
19. Guaranty funds receivable or on deposit.....	30,330,048	0	30,330,048	28,514,836
20. Electronic data processing equipment and software.....	314,522,989	268,986,326	45,536,664	47,717,304
21. Furniture and equipment, including health care delivery assets (\$.....).....	134,539,457	134,539,457	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	262,777,698	0	262,777,698	293,275,559
24. Health care (\$.....135,080,433) and other amounts receivable.....	314,990,606	8,145,930	306,844,675	315,247,709
25. Aggregate write-ins for other-than-invested assets.....	283,733,682	202,694,634	81,039,048	41,122,517
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	6,172,564,776	644,769,655	5,527,795,121	5,437,934,860
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. Total (Lines 26 and 27).....	6,172,564,776	644,769,655	5,527,795,121	5,437,934,860
DETAILS OF WRITE-INS				
1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	0
1198 Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199 Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501 Prepaid Expenses.....	199,035,166	199,035,166	0	0
2502 Non-Bankable checks.....	3,659,468	3,659,468	0	0
2503 State Income Tax Recoverable.....	8,471	0	8,471	4,112
2598 Summary of remaining write-ins for Line 25 from overflow page.....	81,039,577	0	81,039,577	41,118,405
2599 Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	283,733,682	202,694,634	81,039,048	41,122,517

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2) Liabilities; see below

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	933,496,444		933,496,444	1,011,719,596
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	7,713,525		7,713,525	11,074,715
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	173,172,314		173,172,314	180,372,687
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	85,190,182		85,190,182	95,740,685
9. General expenses due or accrued	771,946,996		771,946,996	789,563,205
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	0		0	322,190
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	121,649		121,649	383,997
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)	249,702,755		249,702,755	240,956,429
15. Amounts due to parent, subsidiaries and affiliates	57,776,467		57,776,467	50,542,332
16. Derivatives		0	0	0
17. Payable for securities	1,032,250		1,032,250	19,589,861
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	7,232,000		7,232,000	8,419,000
23. Aggregate write-ins for other liabilities (including \$ current)	255,149,177	0	255,149,177	257,010,731
24. Total liabilities (Lines 1 to 23)	2,542,533,759	0	2,542,533,759	2,665,725,428
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	206,701,885
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX		0
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	2,985,261,367	2,565,507,548
31. Unassigned funds (surplus)	XXX	XXX		0
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	2,985,261,367	2,772,209,433
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	5,527,795,126	5,437,934,861

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3) Revenues;

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	15,570,280	16,547,934
2. Net premium income (including \$ 0 non-health premium income)	XXX	12,597,770,766	12,236,502,318
3. Change in unearned premium reserves and reserve for rate credits	XXX	(141,293,660)	(13,716,622)
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	12,456,477,106	12,222,785,696
Hospital and Medical:			
9. Hospital/medical benefits	0	4,006,532,186	4,117,193,207
10. Other professional services	0	179,806,472	167,540,617
11. Outside referrals	0	233,056,473	250,200,203
12. Emergency room and out-of-area	0	45,474,223	50,859,822
13. Prescription drugs	0	951,059,402	985,301,043
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts	0	0	0
16. Subtotal (Lines 9 to 15)	0	5,416,028,756	5,571,094,892
Less:			
17. Net reinsurance recoveries	0	(5,347,182,043)	(5,120,008,856)
18. Total hospital and medical (Lines 16 minus 17)	0	10,763,210,799	10,691,103,748
19. Non-health claims (net)	0	0	0
20. Claims adjustment expenses, including \$ 211,721,959 cost containment expenses	0	286,400,721	294,133,728
21. General administrative expenses	0	1,499,377,079	1,269,261,202
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)	0	0	0
23. Total underwriting deductions (Lines 18 through 22)	0	12,548,982,599	12,254,498,678
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(92,511,493)	(31,712,982)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	83,749,614	78,868,029
26. Net realized capital gains (losses) less capital gains tax of \$	0	35,481,288	25,207,140
27. Net investment gains (losses) (Lines 25 plus 26)	0	119,230,902	104,075,169
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]	0	0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	26,719,409	72,362,187
31. Federal and foreign income taxes incurred	XXX	(309,390,297)	15,695,000
32. Net income (loss) (Lines 30 minus 31)	XXX	336,109,706	56,667,187
DETAILS OF WRITE-INS			
0601.	XXX	0	0
0602.	XXX	0	0
0603.	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0

4) Expenses; See above.

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V) Compensation Data²:

A) Provide the total compensation paid during the reporting year to each of the HSC's current and former officers, directors, trustees, and the five other highest compensated employees who are not an officer, director or trustee by completing the following table (add rows as needed):

Name & Title	TOTAL COMPENSATION
Officers	
Kevin P. Conlin, Chairman, President and Chief Executive Officer	\$3,421,021
Christopher M. Lepre, Executive Vice President, Commercial Business	\$2,171,957
Mark L. Barnard, Executive Vice President, Government Programs and Operations	\$1,861,101
Allen J. Karp, Executive Vice President, Health Care Transformation and Management	\$1,791,734
Linda A. Willett, Senior Vice President, General Counsel and Secretary	\$1,731,959
David R. Huber, Senior Vice President and Chief Financial Officer	\$1,654,528
Erhardt H.L. Preitauer, Senior Vice President, Government Programs	\$1,478,244
Margaret M. Coons, Senior Vice President, Human Resources	\$1,352,800
Douglas E. Blackwell, Senior Vice President and Chief Information Officer	\$1,214,885
William J. Castner, Jr., Senior Vice President, Corporate & Regulatory Affairs	\$1,116,461
William D. Georges, Senior Vice President and Chief Strategy Officer	\$919,777
Douglas R. Simpson, Senior Vice President and Chief Financial Officer	\$46,154
Five Next Highly Compensated Employees	
Gary Lin, Vice President and Chief Actuary	\$1,020,081
Thomas Graf, Chief Medical Officer and Vice President, Health Care Transformation	\$982,966
Robert Franzoi, Vice President, Health Care Delivery	\$942,708
David J. Rosenberg, Vice President, Finance	\$881,097

² David Huber served as the Chief Financial Officer until November 19, 2018. Douglas R. Simpson became the Chief Financial Officer thereafter. David Huber, Erhardt Preitauer, William Caster were terminated in 2018. Horizon BCBSNJ submits the compensation paid to Officers and Directors, and the five other highest compensated employees who were employed, appointed, or elected in 2018.

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David Gambino, Vice President and Chief Pharmacy Officer	\$872,153
Directors	
John C. Ballantyne	\$77,000
Michele A. Brown	\$77,000
Todd C. Brown	\$150,000
Lawrence R. Codey	\$130,000
Leonard S. Coleman, Jr.	\$111,000
Leonard M. Downes	\$96,800
Leonard G. Feld	\$103,000
Aristides W. Georgantas	\$124,000
Vincent J. Giblin	\$124,000
Michelle Gourdine	\$54,000
Brian M. Kinkead	\$89,000
Carlos A. Medina	\$104,800
Joseph M. Muniz	\$77,000
Joanne Pace	\$130,000
Joseph J. Roberts	\$77,000
Joseph M. Kyrillos	\$77,000

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CERTIFICATION

I hereby certify on behalf of Horizon Healthcare Services, Inc. dba Horizon Blue Cross Blue Shield of New Jersey that the information submitted in this report pursuant to N.J.S.A. 17:48E-3h is true and correct, and can be relied upon by the Department for the purposes of making its report required by N.J.S.A. 17:48E-3i.

5/6/19

Dated



Name: Douglas R. Simpson

Title: Senior Vice President and Chief Financial Officer

Horizon BCBNJ Officers (As of Year-End 2018)

Name	Title	Brief Description of their Responsibilities
Kevin P. Conlin	Chairman, President & Chief Executive Officer	Responsible for the overall performance of the corporation.
Mark L. Barnard	Executive Vice President, Government Programs and Operations	Responsible for developing, implementing, and supporting Enterprise-wide Service initiatives; Responsible for governmental health plans operated by the Company or its affiliates, including Medicare Advantage, Managed Medicaid, Dual Special Needs Plans, Managed Long Term Services and Support Programs, and Medicare Supplemental Plans.
Allen J. Karp	Executive Vice President, Healthcare and Transformation Management	Responsible for value-based programs, health affairs, clinical operations, network contracting, pharmacy, behavioral health, provider relations, and analytics.
Christopher M. Lepre	Executive Vice President, Commercial Business	Responsible for medical, pharmacy, dental, vision, life and disability, and stop loss sales and account management across many markets, including consumer, commercial and national accounts, Taft-Hartley Labor, the Federal Employee Program (FEP) and the State Health Benefits Program (SHBP).
Douglas E. Blackwell	Senior Vice President & Chief Information Officer	Responsible for all aspects of Information Technology which includes the planning, development, and delivery of all applications and infrastructure, as well as system and technology operations.
Margaret M. Coons	Senior Vice President, Human Resources	Responsible for human resources strategy and planning, talent acquisition, organizational development, compensation and benefits, employee relations, leadership development, and training.
William D. Georges	Senior Vice President and Chief Strategy Officer	Responsible for developing and overseeing the Company's corporate strategy, expanding its business development and leading the Strategic Initiatives Group.
Douglas R. Simpson	Senior Vice President & Chief Financial Officer	Responsible for managing the financial risks of the corporation and financial reporting.
Linda A. Willett	Senior Vice President, General Counsel & Secretary	Responsible for the legal affairs of the corporation, provides legal advice on company matters, serves as the Secretary of the Board of Directors, and oversees government affairs, public affairs, and enterprise communication.

EXHIBIT I.B.2 (continued)**Horizon BCBSNJ Board of Directors (As of Year-End 2018)**

Name	Affiliation
John C. Ballantyne	Executive Secretary-Treasurer, Northeast Regional Council of Carpenters
Michele A. Brown	Former Chief Executive Officer, Choose New Jersey
Todd C. Brown	Retired Vice Chairman of ShoreBank Corporation
Leonard S. Coleman, Jr.	Former President of the National League of Professional Baseball Clubs
Kevin P. Conlin	Chairman, President & Chief Executive Officer, Horizon BCBSNJ
Laurence M. Downs	Chairman and Chief Executive Officer, NJ Resources
Leonard G. Feld	President, Physician Enterprise at Pediatric Specialists of America
Aristides W. Georgantas	Retired Executive Vice President of the Chase Manhattan Bank
Michelle Gourdine	Senior Vice President of Population Health and Primary Care at University of Maryland Medical System
Brian M. Kinkead	Retired Vice Chairman, Health Care Bank of America Merrill Lynch
Joseph M. Kyrillos	Former State Assemblyman
Carlos A. Medina	Chairman, Statewide Hispanic Chamber of Commerce; President, Robinson Aerial Surveys, Inc.
Joseph M. Muniz	Board Secretary, Hudson County Schools of Technology
Joanne Pace	Retired Chief Operating Officer and Managing Director of Morgan Stanley Investment Management
Joseph J. Roberts	Former State Assemblyman