

New Jersey 1332 Waiver Application

July 2, 2018

*Marlene Caride, Commissioner
New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625
www.nj.gov/dobi*

in consultation with

*The Board of Directors of the Individual Health Coverage Program
20 West State Street
P.O. Box 325
Trenton, NJ 08625
www.dobi.nj.gov/ihc*

Table of Contents

- Table of Contents 1
- Executive Overview 2
- I. New Jersey 1332 Waiver Request..... 6
- II. Compliance with Section 1332 Guardrails 7
 - A. Scope of Coverage Requirement (1332(b)(1)(C)): 7
 - B. Affordability Requirement (1332(b)(1)(B)): 7
 - C. Comprehensiveness Requirement (1332(b)(1)(A)): 8
 - D. Deficit Neutrality Requirement (1332(b)(1)(D)):..... 8
- III. Description of the New Jersey 1332 Waiver Proposal 9
 - A. Authorizing Legislation..... 9
 - B. Federal Pass-Through Funding..... 10
- IV. Draft Waiver Implementation Timeline..... 11
- V. Additional Information and Reporting 12
 - A. Administrative Burden 12
 - B. Impact on Residents Who Need to Obtain Health Care Services Out-of-State 13
 - C. Ensuring Compliance, Waste, Fraud and Abuse 13
 - D. State Reporting Requirements and Targets 14
- VI. Supporting Information and Miscellaneous 15
 - A. 45 CFR 155.1308(f)(4)(i) – (iii) 15
- VII. Public Comment and Tribal Consultation..... 15
 - A. Public Comment 15
 - B. Tribal Consultation 16
- VIII. Appendix

Executive Overview

Request

The State of New Jersey, through its Department of Banking and Insurance (Department), submits this 1332 State Innovation Waiver request to the Centers for Medicare and Medicaid Services (CMS), a division of the United States Department of Health and Human Services (HHS), and the Department of the Treasury. This request seeks a waiver of Section 1312(c)(1) in accordance with Section 1332 of the Affordable Care Act (ACA) for a period of five years beginning with the 2019 calendar year to develop a state reinsurance program. This waiver will not affect any other provision of the ACA but will result in a lower market-wide index rate, thereby lowering premiums and reducing the federal cost of the premium tax credit (PTC) and advance payments of the PTC (APTC).

Basis for Request and Goal of Reinsurance Program

During recent years, New Jersey's individual health insurance market has seen substantial instability. Several health carriers have withdrawn from the state's individual health insurance market and remaining carriers have reduced the number of available plans and types of plan options.¹ Premiums and cost-sharing for consumers has increased significantly. Given the current environment, including the known and anticipated changes for calendar year 2019, and historical rate trends that demonstrate significant upward pressure on rates, the Department anticipates further increases in premiums and instability in enrollment to continue in our individual health insurance market. Note that the New Jersey individual health insurance market is comprised of coverage offered through the Marketplace as well as coverage offered outside the Marketplace.

The creation of a state reinsurance program through a 1332 waiver will increase certainty and stability in New Jersey's individual health insurance market. By reimbursing carriers for certain costs associated with high-cost claimants, the reinsurance program will reduce risk for carriers in the market. This will exert downward pressure on premiums by reducing the magnitude of any actuarially justified rate increases that are driven by other factors, such as the cost of care. The program is also expected to encourage current carriers to maintain participation and create favorable conditions for continued and possibly expanded participation in the individual health insurance market – both on and off the Federally Facilitated Marketplace (FFM), and may also incent new carriers to enter New Jersey's individual health insurance market due to the stabilization of premiums through reinsurance of claims associated with high-cost claimants.

¹ See Appendix Attachment 2 identifying the carriers and their participation as either marketplace and off marketplace or off marketplace only.

Operation, Funding, and Impact of the New Jersey Reinsurance Program

The New Jersey Health Insurance Premium Security Act (the Act), P.L.2018, c.24, which passed the New Jersey Legislature on April 12, 2018, and was signed into law on May 30, 2018, establishes a reinsurance program called the Health Insurance Premium Security Plan to be administered by the New Jersey Individual Health Coverage Program Board of Directors (IHC Board or Board). The IHC Board is a State agency that is “in but not of” the Department. The Commissioner of the Department sits ex officio as one of the Board’s members. The Act provides that the Board, subject to the disapproval of the Commissioner, shall design and adjust the payment parameters of the reinsurance program to stabilize or reduce premium rates in the individual health insurance market by achieving between a 10% and 20% reduction in what indicated premium rates would be for the applicable benefit year without the reinsurance plan. P.L.2018, c.24, §4g(1) and 5.

Based upon actuarial analysis, the Board and the Commissioner are proposing establishment of a reinsurance program under the Act that will achieve a 15% reduction in what indicated premium rates would otherwise be for 2019 absent a reinsurance program. To achieve this reduction, total funding for the reinsurance program for 2019 is estimated to be approximately \$323.7 million. As enacted, the reinsurance program is fully funded by three sources. The sources of this funding are as follows:

- (1) all funds collected by the State pursuant to P.L.2018, c.31 which establishes a State shared responsibility tax equal to a taxpayer’s federal penalty that would apply for the taxable year under section 5000A of the Internal Revenue Code of 1986;
- (2) federal pass-through funding granted in response to this waiver application; and
- (3) annual appropriation out of the General Fund of the State in an amount as the board, in consultation with the Commissioner, determines necessary to fully fund the plan.

P.L.2018, c.24, §10c and d.

Under the Act, the reinsurance program will reimburse qualifying carriers in the individual health insurance market for a percentage of an enrollee’s claims between an attachment point and a reinsurance cap to be determined by the Board and non-disapproved by the Commissioner. The IHC Board, in consultation with the Commissioner, will set the program payment parameters.² P.L.2018, c.24, §4g(1) and 5. Based upon actuarial analysis and to achieve the 15% reduction in upward pressure on rates, in 2019, the program will reimburse

² If necessary, P.L.2018, c.24 permits, pursuant to N.J.S.A.17B:27A-16.1, the Board to adopt rules on an expedited basis. The commissioner is also able to disapprove payment parameters proposed by the Board.

60% of claims between the \$40,000 attachment point and the \$215,000 reinsurance cap. As noted above and based upon actuarial analysis, the IHC Board estimates that the reinsurance program, as part of the waiver proposal, will result in a reduction of indicated premiums with respect to 2019 rates of 15% and similar downward pressure of 15% for 2020. The IHC Board expects that rates will continue to demonstrate the downward rate pressure exerted by the reinsurance program such that year-to-year rate increases thereafter will primarily reflect trend. Further, the Board can adjust the payment parameters of the reinsurance program to maintain such downward rate pressure as market experience evolves and the program will continue to be fully funded as provided for in the Act and as discussed above.

Compliance with Section 1332

New Jersey's waiver, if approved, will reduce premiums as compared to the premiums that would be required in the absence of reinsurance, and increase affordability of health insurance in New Jersey's individual health insurance market. Note that the New Jersey individual health insurance market has two components – Marketplace and outside the Marketplace. The IHC Board gathers quarterly enrollment data and thus has an effective baseline against which to evaluate changes in enrollment.³ Also note that a recent New Jersey law, P.L.2018, c.31, establishes a State shared responsibility tax if a New Jersey taxpayer does not maintain minimum essential coverage for each month beginning after December 31, 2018. With certain exceptions, the tax is equal to a taxpayer's federal penalty that would apply for the taxable year under section 5000A of the Internal Revenue Code of 1986 as in effect on December 15, 2017. Since the New Jersey shared responsibility tax essentially maintains the federal shared responsibility tax, little to no impact is expected on enrollment or premiums due to the recent change in federal law that reduces the federal shared responsibility tax to zero beginning in tax year 2019.

It is estimated that total enrollment in the individual health insurance market will increase by approximately 2.7% in 2019, 2.6% in 2020, and 2.6% in 2021. (See Table 1 below) The waiver will not impact the comprehensiveness of coverage in New Jersey in any way. As required by the Individual Health Coverage Program Act, N.J.S.A. 17B:27A-2 et seq., all individual health benefits plans issued in New Jersey must be the standard individual health benefits plans. The standard health benefits plans are comprehensive and developed by the IHC Board as set forth in regulation, N.J.A.C. 11:20 Appendices A and B. The waiver will have no material impact on premiums or enrollment in group coverage or public programs. Based on actuarial analysis, the downward pressure on individual health insurance premiums, including premiums for the second lowest cost silver plan, is projected to reduce net federal spending by about \$218 million, \$244.4 million, \$264.7 million, \$286.5 million, and \$310.2 million in each of the five years the waiver is in place. Therefore, New Jersey requests federal pass-through funding for each year equal to the amount of the federal savings. However, neither pass-through of the federal savings, nor other aspects of the waiver, will increase the federal deficit in any year of the waiver.

³ Data is posted on: http://www.state.nj.us/dobi/division_insurance/ihcseh/ihcsehenroll.html. The most recent enrollment data is also provided as Appendix Attachment 3.

Table 1 - Detailed Summary of Individual Market Projections- Baseline and Waiver

Baseline											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Individual Enrollment	321,000	322,000	321,000	322,000	322,000	323,000	324,000	324,000	325,000	326,000	327,000
ACA APTC Enrollment	189,000	188,000	189,000	190,000	191,000	191,000	192,000	193,000	194,000	195,000	196,000
ACA Non-APTC Enrollment	132,000	134,000	132,000	132,000	132,000	132,000	132,000	131,000	131,000	131,000	131,000
Aggregate Premium (millions)	\$2,240.0	\$2,351.6	\$2,621.6	\$2,832.5	\$3,060.4	\$3,306.7	\$3,572.9	\$3,860.4	\$4,171.2	\$4,507.0	\$4,869.8
Average Premium Rate PMPM	\$581	\$609	\$680	\$733	\$791	\$853	\$919	\$991	\$1,069	\$1,153	\$1,243
Aggregate APTCs (millions)	\$1,001.7	\$1,132.8	\$1,302.2	\$1,428.5	\$1,565.7	\$1,714.5	\$1,875.9	\$2,050.8	\$2,240.8	\$2,447.2	\$2,671.4
Average APTCs PMPM	\$442	\$502	\$574	\$627	\$684	\$746	\$813	\$885	\$963	\$1,047	\$1,138
Exchange User Fees (millions)	\$58.3	\$62.3	\$69.7	\$75.4	\$81.5	\$88.2	\$95.4	\$103.2	\$111.6	\$120.7	\$130.5
Waiver											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Individual Enrollment	321,000	331,000	330,000	330,000	331,000	332,000	332,000	333,000	334,000	334,000	335,000
ACA APTC Enrollment	189,000	188,000	189,000	190,000	191,000	191,000	192,000	193,000	194,000	195,000	196,000
ACA Non-APTC Enrollment	132,000	142,000	141,000	141,000	140,000	140,000	140,000	140,000	140,000	139,000	139,000
Aggregate Premium (millions)	\$2,240.0	\$2,049.7	\$2,284.3	\$2,467.9	\$2,666.2	\$2,880.5	\$3,112.0	\$3,362.2	\$3,632.4	\$3,924.5	\$4,240.0
Average Premium Rate PMPM	\$581	\$517	\$577	\$623	\$671	\$724	\$780	\$842	\$907	\$978	\$1,055
Aggregate APTCs (millions)	\$1,001.7	\$906.0	\$1,047.9	\$1,153.1	\$1,267.6	\$1,391.8	\$1,526.4	\$1,672.4	\$1,831.2	\$2,003.7	\$2,191.3
Average APTCs PMPM	\$442	\$401	\$462	\$506	\$554	\$606	\$662	\$722	\$787	\$857	\$933
Exchange User Fees (millions)	\$58.3	\$53.4	\$59.8	\$64.6	\$69.9	\$75.6	\$81.8	\$88.5	\$95.7	\$103.5	\$111.9
Change - Baseline Scenario to Waiver Scenario											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Individual Enrollment	0	9,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total Individual Enrollment (%)	0.0%	2.7%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Average Premium Rate PMPM (%)	0.0%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%
Average APTCs PMPM (%)	0.0%	-20.0%	-19.5%	-19.3%	-19.0%	-18.8%	-18.8%	-18.4%	-18.3%	-18.1%	-18.0%
Demonstration of Deficit Neutrality Requirement (amounts shown in millions)											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Change in Total APTCs	\$0.0	-\$226.8	-\$254.3	-\$275.4	-\$298.1	-\$322.8	-\$349.4	-\$378.3	-\$409.6	-\$443.5	-\$480.1
Change in Exchange User Fees	\$0.0	-\$8.8	-\$9.9	-\$10.7	-\$11.6	-\$12.5	-\$13.6	-\$14.7	-\$15.9	-\$17.2	-\$18.6
Net Savings to Federal Government	\$0.0	-\$218.0	-\$244.4	-\$284.7	-\$286.5	-\$310.2	-\$335.9	-\$363.6	-\$393.7	-\$426.3	-\$461.5
Projected Reinsurance Program Cost and Funding Levels											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Cost of Reinsurance Program	\$0.0	\$323.7	\$349.2	\$377.3	\$407.6	\$440.4	\$475.8	\$514.0	\$555.3	\$600.0	\$648.2
Federal Pass Through Funding	\$0.0	\$218.0	\$244.4	\$264.7	\$286.5	\$310.2	\$335.9	\$363.6	\$393.7	\$426.3	\$461.5
State Funding (millions)	\$0.0	\$105.8	\$104.8	\$112.6	\$121.1	\$130.2	\$139.9	\$150.4	\$161.6	\$173.7	\$186.7

Notes:

1. Enrollment volumes have been rounded to the nearest thousand and reflect average month enrollment levels
2. Aggregate values are in millions and have been rounded to the nearest hundred thousand
3. PMPM values have been rounded to the nearest whole dollar

I. New Jersey 1332 Waiver Request

New Jersey's individual health insurance market, like others across the country, has been through significant changes and challenges in the past few years. Despite the State's efforts to work collaboratively with our health carriers to ensure a stable and competitive, yet adequately priced, market with multiple plan options, the number of carriers participating in the individual health insurance market has decreased since the inception of the ACA. Further, New Jersey's individual health insurance market enrollment continues to be relatively unstable and premiums continue to increase.⁴

New Jersey seeks a waiver of Section 1312(c)(1) in accordance with Section 1332 of the ACA for a five-year period beginning in the 2019 plan year to implement a State reinsurance program. The waiver is intended to further stabilize the individual health insurance market, exert downward pressure on rates through reductions in what premiums would be without a reinsurance program, to encourage more carriers to participate in the market, and to incent existing and new carriers to offer a wider variety of plans.

Section 1312(c)(1) requires "all enrollees in all health plans . . . offered by [an] issuer in the individual health insurance market . . . to be members of a single risk pool." This application calls for waiving the single risk pool requirement to the extent it would otherwise require excluding expected state reinsurance payments when establishing the market-wide index rate. A lower index rate will result in lower premiums for New Jersey's second lowest cost silver plan, resulting in a reduction in the overall APTC that the federal government is obligated to pay for subsidy-eligible consumers in New Jersey. The waiver does not require changes to any other ACA provision.

Without a reinsurance program, individual health insurance premiums likely will continue to rise at an unsustainable rate. Consequently, New Jersey residents will be forced to confront the costs of ever-rising health premiums, resulting in stagnation of individual market growth despite data that shows New Jersey has an uninsured rate of 7.5% as of 2016 and 7.6% as of 2017.⁵ This continued failure to incent new participants into the market likely will result in increased morbidity that further drives up rates due to adverse selection and provider cost shifting. By implementing a reinsurance program, New Jersey will reduce the potential for further market disruption, lower the cost of individual premiums absent a reinsurance program, and decrease federal APTC and PTC obligations.

By mitigating claims associated with high-cost individual health insurance claimants, the reinsurance program will help to stabilize New Jersey's individual health insurance market and

⁴ See Appendix Attachment 3.

⁵ National Center for Health Statistics, National Health Interview Survey Early Release Program Estimates, 2017, Robin A. Cohen, Ph D., Emily P. Zammitti, M.P.H., and Michael E. Martinez, M.P.H., M.H.S.A., Division of Interview Statistics (May 2018).

make premiums more affordable. Table 1 above shows that, with the waiver and reinsurance program in place, individual health insurance market premiums, including premiums for the second lowest cost silver plan, are expected to be 15% lower in 2019 than they would be absent the waiver and reinsurance program.

This premium reduction will reduce federal APTC and PTC cost. Table 1 shows that absent the waiver, 2019 federal APTC and PTC spending in New Jersey will be an estimated \$906 million. After factoring in the waiver, total 2019 federal APTC and PTC spending is estimated to be \$679.2 million— a savings of \$226.8 million. Similar savings are estimated for each year of the 10-year budget window.

To establish the state’s reinsurance program, New Jersey seeks federal pass-through funds in the amount of the federal savings for APTC and PTC, subject to the cap imposed by the statutory deficit neutrality requirement. Table 1 shows that, taking into account the waiver’s impact on federal revenues from the federal Exchange user fee, New Jersey requests pass-through funding of \$218 million in 2019.

II. Compliance with Section 1332 Guardrails

In support of the following sections A through D, the Department’s application includes the analysis required by 31 CFR part 33 and 35 and 45 CFR Part 155, subpart N.⁶

A. Scope of Coverage Requirement (1332(b)(1)(C)):

As previously noted, the waiver will reduce the cost of coverage in the individual health insurance market. The lower cost of coverage will allow more New Jersey residents to purchase or maintain coverage in the individual health insurance market than without the waiver. As indicated in Table 1, enrollment in the individual health insurance market is expected to increase by approximately 2.7% in 2019, with similar increases in later years. The waiver will have no material impact on the availability of other types of coverage, such as Medicaid, CHIP, and employer-based insurance, so no impact is expected on the number of individuals with those types of coverage. The waiver will not negatively impact vulnerable populations who buy coverage in the individual health insurance market since premiums will be lower than they would be without the waiver. There is no expectation that the waiver will result in any reduction of coverage across different groups of state residents.

B. Affordability Requirement (1332(b)(1)(B)):

As noted above, the reinsurance program will, in each year it is in effect, make the cost of individual coverage lower than it would be absent the waiver, and thus more affordable. Overall, premium rates in the individual health insurance market are expected to decrease while other out-of-pocket expenses are not expected to change due to the waiver. The waiver will not affect the

⁶ See Appendix Attachment 1.

premiums or cost-sharing for coverage obtained through other means, such as Medicaid, CHIP, and employer-based coverage. The waiver will not negatively impact consumers, including vulnerable populations who buy coverage in the individual health insurance market since premiums will be lower than they would be without the waiver. For example, premium rates for the second lowest cost silver plan in the single statewide rating area in New Jersey's individual ACA market are expected to be approximately 15.3% below the baseline in all years under the proposed Section 1332 Waiver.

C. Comprehensiveness Requirement (1332(b)(1)(A)):

The waiver will have no effect on the comprehensiveness of coverage for New Jersey's residents. Regardless of whether the waiver is granted, all New Jersey plans in the individual health insurance market are ACA-compliant and provide coverage of essential health benefits in addition to other comprehensive benefits as defined in the New Jersey standard individual health benefits plans under the New Jersey benchmark plan. See Individual Health Coverage Program Act, N.J.S.A. 17B:27A-2 et seq.; and N.J.A.C. 11:20 Appendix Exhibits A and B. Similarly, the scope of benefits provided by other types of coverage such as Medicaid, CHIP, and grandfathered plans will not be impacted. The waiver is expected to increase the number of individuals with health coverage in the individual health insurance market in New Jersey. Those individuals that gain health coverage as a result of the reduced premiums available due to the waiver will enjoy comprehensive coverage enabling them access to comprehensive services and supplies.

D. Deficit Neutrality Requirement (1332(b)(1)(D)):

As stated above, New Jersey anticipates that individual premiums, including premiums for the second lowest cost silver plan, will be lower under the waiver by 15% in 2019, 15% in 2020, and similar amounts in 2021 through 2027, than premiums absent a waiver and reinsurance program. Because federal APTC and PTC costs are tied to the second lowest cost silver plan, these lower premiums will result in lower federal spending net of revenues in each year of the waiver. Lower premiums in the individual health insurance market will also result in a small reduction in revenues from the federal Exchange user fee in each year of the waiver. Combining these factors, the waiver will produce net federal savings of about \$218 million in 2019 and increasing amounts in later years. New Jersey requests pass-through funds in each year equal to the expected APTC and PTC savings, and not to exceed net expected savings under the waiver. As shown in Table 2 for selected time periods and in Appendix Attachment 1 for each year, granting pass-through funding in these amounts will not result in the waiver increasing the federal deficit in any year, over the 5 years of the waiver, or over a 10-year budget window.

Table 2

Impact to Federal Deficit Savings/Costs, Selected Time Periods			
Category of impact	2019	2019-2023	2019-2028
Savings in APTC and PTC	\$226.8 Million	\$1.377 Billion	\$3.438 Billion
Impact on Exchange User Fee Revenues	-\$8.8 million	-\$53.5 Million	-\$133.5 Million
Requested Pass-through funds	\$218 Million	\$1.323 Billion	\$3.304 Billion
Total Impact on Federal Deficit	\$0	\$0	\$0

III. Description of the New Jersey 1332 Waiver Proposal

A. Authorizing Legislation

The New Jersey Health Insurance Premium Security Act (the Act), P.L.2018, c.24, was signed into law by New Jersey's Gov. Phil Murphy on May 30, 2018.⁷ The goal of the Act is to stabilize premiums for health insurance in the individual health insurance market and provide greater financial certainty to health carriers and health insurance consumers.

The Act gives the Commissioner, in consultation with the IHC Program Board, the authority to apply for a federal 1332 waiver to establish the reinsurance program. P.L.2018, c.24, §2 and 9. If the waiver is granted and the Commissioner accepts the waiver, the Act requires the IHC Program Board to annually propose reinsurance program requirements, including the reinsurance program attachment point, coinsurance rate, reinsurance cap, and payment processes, in consultation with the Department, and ultimately provide interested parties notice of the payment parameters through administrative action. P.L.2018, c.24, §4. The Board is to propose to the Commissioner the payment parameters for the next benefit year by April 30 of the year before the applicable benefit year. P.L.2018, c.24, §5.⁸ The Commissioner then has 15 days to review the payment parameters. Ibid. If the Commissioner takes no affirmative action to disapprove the payment parameters within that time, then the proposed payment parameters are final and effective. Ibid.

The reinsurance program will reimburse individual health carriers for a proportion (coinsurance amount) of the cost of certain high-cost claimants between a minimum lower bound (attachment point) and a maximum upper bound (cap). P.L.2018, c.24, §6. Based on actuarial analysis, for 2019, the Board and the Commissioner have decided to set the reinsurance cap at \$215,000, the coinsurance rate at 60%, and the attachment point at \$40,000 to achieve the desired premium reduction of 15%. P.L.2018, c.24, §4. Carriers will submit a request for reinsurance to the Board

⁷ P.L.2018, c.24 is attached as Appendix Attachment 4.

⁸ In the first year, parameters were set after this date due to the date of enactment of P.L.2018, c.24.

once the total amount paid for an enrollee meets the attachment point. P.L.2018, c.24, §7a. The Board will advise the Commissioner and carriers quarterly during the applicable benefit year of the total reinsurance payment requests. P.L.2018, c.24, §4e. By June 30 of the year following the applicable benefit year, the Board will notify the Commissioner, carriers, and the State Treasurer – who has responsibility for holding and maintaining the reinsurance fund. P.L.2018, c.24, §10a – of the total reinsurance payments to be made. P.L.2018, c.24, §4e. By November 1 of the year following the applicable benefit year, the State Treasurer will disburse the payments from the reinsurance fund due to eligible carriers. P.L.2018, c.24, §4f.

The Act creates the New Jersey Health Insurance Premium Security Fund (the Fund) to support the reinsurance program that is to be fully funded to achieve the premium reduction levels targeted by the Board through the selected reinsurance payment parameters. P.L.2018, c.24, §10c. The Fund shall be funded to levels based upon actuarial analysis to stabilize or reduce premium rates in the individual health insurance market achieving between a 10% and 20% reduction in what indicated rates would be for the applicable benefit year without the reinsurance plan and to cover all necessary administrative costs of the reinsurance provided by the plan, and as discussed above the State has selected 15%. The sources of this funding are as follows:

- (1) all funds collected by the State pursuant to P.L.2018, c.31 which establishes a State shared responsibility tax equal to a taxpayer's federal penalty that would apply for the taxable year under section 5000A of the Internal Revenue Code of 1986;
- (2) federal pass-through funding granted in response to this waiver application; and
- (3) annual appropriation out of the General Fund of the State in an amount as the board, in consultation with the Commissioner, determines necessary to fully fund the plan.

P.L.2018, c.24, §10d.

Under the Act, the operation of the reinsurance program is contingent on waiver approval and acceptance by the Commissioner. P.L.2018, c.24, §9. The funding mechanism described above and the underlying structure of the reinsurance program are also contingent on waiver approval and acceptance by the Commissioner; however, the Commissioner and the Board are authorized to take necessary anticipatory measures to prepare for implementation. P.L.2018, c.24, §14.

B. Federal Pass-Through Funding

The waiver is designed to improve access for New Jersey residents to affordable and comprehensive health coverage in the individual health insurance market. The goal of the reinsurance program is to inject new capital into the individual health insurance market through the federal pass-through funding and to transfer a portion of the risk of high-cost claimants to the

State, thereby spreading the burden of these high-cost claimants and lowering premiums for the individual health insurance market in the absence of a reinsurance program. In doing so, the reinsurance program will likely incentivize individuals to join or remain in the market, improve morbidity to exert additional downward pressure on premium rates, encourage carrier participation, and increase market stability.

Because the amount of APTC available for eligible consumers is tied to the second lowest cost silver plan available through the New Jersey's Marketplace (note: New Jersey has a federally facilitated Marketplace), the waiver will reduce net federal expenditures due to lower APTC and PTC. Through this waiver request, New Jersey seeks the amount of these federal savings, net of other costs that result from the waiver. New Jersey will use these funds to finance a large portion of the reinsurance program.

IV. Draft Waiver Implementation Timeline

The Board, in consultation with the Commissioner, will be responsible for implementing the reinsurance program. The Board will promulgate the program's operating processes, requirements, and procedures through administrative action. The Commissioner may review, and may disapprove, the payment parameters annually. The Board will collect and analyze the submitted reinsurance claims, perform a post-benefit year calculation of the total amount necessary to fund the reinsurance program and advise the Commissioner, carriers and State Treasurer of same. P.L.2018, c.24, §4. Thereafter, the State Treasurer will ensure that there are sufficient funds appropriated in the State budget to fully fund the program after taking into account the federal pass-through funding and any proceeds from the State's continuation of the individual mandate penalty, and distribute the reinsurance payments to eligible carriers. P.L.2018, c.24, §10 and 4f. New Jersey has initiatives designed to incentivize providers, payers, and enrollees to contain and manage health care costs and utilization for all enrolled individuals. The reinsurance program is not anticipated to include additional incentives.

The timeline for the 2019 into 2020 implementation plan is as follows:

03/09/18:	SOW for actuarial services for New Jersey's application for waiver issued
04/12/18:	Legislation authorizing the waiver application passes both houses
04/13/18:	DOBI Order No. A18-102 issued to direct carriers to provide data
04/27/18:	Deadline for carriers to submit data pursuant to Order No. A18-102
05/15/18:	Engagement letter with Oliver Wyman executed
05/30/18:	Legislation signed into law
05/31/18:	New Jersey's 30-day public comment period begins
06/12/18:	First public hearing
06/25/18:	IHC Board selected payment parameters
06/27/18:	Commissioner approved payment parameters selected by IHC Board
06/28/18:	Second public hearing

07/01/18: The New Jersey public comment period ends
07/02/18: The 1332 waiver application is submitted to the federal government
Xx/xx/xx: The federal government determines that the waiver application is complete and 45-day preliminary review period begins
Xx/xx/xx: Ends 45-day federal preliminary review period
Xx/xx/xx: Federal comment period begins
Xx/xx/xx: Ends the 180-day federal review period
Xx/xx/xx: Approval date through December 31: implement operational requirements
02/01/19: Department and IHC Board operationalize electronic data collection system for carriers to submit data in support of reinsurance payment requests
04/30/19: The IHC Board proposes 2020 payment parameters to Commissioner
05/01/19: Board provides each eligible carrier and Commissioner with first quarter reinsurance payment requests
05/15/19: 15-day period during which Commissioner may disapprove payment parameters ends
06/22/19: DOBI holds six-month public forum required by 45 CFR 155.1320(c)
08/01/19: Board provides each eligible carrier and Commissioner with second quarter reinsurance payment requests
11/01/19: Board provides each eligible carrier and Commissioner with third quarter reinsurance payment requests
02/15/20: Board provides each eligible carrier and Commissioner with fourth quarter 2019 reinsurance payment requests
04/15/20: IHC Board notifies carriers, Commissioner, and State Treasurer of reinsurance payments to be made for plan year 2019
04/30/20: The IHC Board proposes 2021 payment parameters to Commissioner
04/30/20: Federal government funds the program for 2020
07/15/20: State Treasurer disburses 2019 reinsurance payments to eligible carriers

V. Additional Information and Reporting

A. Administrative Burden

Waiver of Section 1312(c) will cause minimal administrative burden and expense for New Jersey or the federal government. The waiver will cause no additional administrative burden to employers and individual consumers because Section 1312(c) does not relate to the administrative functions or requirements typically undertaken by employers or individuals. Individual health carriers will experience some administrative burden and associated expense as a result of the reinsurance program; however, the monetary benefit to carriers from the program will far exceed any resulting administrative expense.

New Jersey has the resources and staff necessary to absorb the following administrative tasks that the waiver will require the State to:

- Administer the reinsurance program;
- Contract with auditors to audit services;
- Distribute federal pass-through funds;
- Monitor compliance with federal law;
- Collect and analyze data related to the waiver;
- Perform reviews of the implementation of the waiver;
- Hold annual public forums to solicit comments on the progress of the waiver; and
- Submit annual reports (and quarterly reports if ultimately required) to the federal government.

The waiver will require the federal government to perform the following administrative tasks:

- Review documented complaints, if any, related to the waiver;
- Review State reports;
- Periodically evaluate the State's 1332 waiver program; and
- Calculate and facilitate the transfer of pass-through funds to the State.

New Jersey believes that the above administrative tasks are similar to other administrative functions currently performed by the federal government, so that their impact is minimal. Waiver of Section 1312(c)(1) does not necessitate any changes to the Federally Facilitated Marketplace or to IRS operations and will not impact how APTC and PTC payments are calculated or paid.

B. Impact on Residents Who Need to Obtain Health Care Services Out-of-State

Although New Jersey shares borders with New York, Pennsylvania, and Delaware, and many New Jersey residents work in those states, carrier service areas are limited to New Jersey and networks do not contain providers in those states. Access to specialized facilities and practitioners located in New York City, Philadelphia and northern Delaware is made available, as appropriate, through the in-plan exception process when it is demonstrated as medically necessary or to ensure a continuing course of treatment with a particular provider under certain circumstances. Granting this waiver request will not have an impact upon carrier networks or service areas when coverage is provided for services performed by out-of-state providers.

C. Ensuring Compliance, Waste, Fraud and Abuse

The Department is responsible for monitoring and requiring carrier compliance with all applicable market conduct standards and for ensuring the solvency of all carriers through continual monitoring and risk-focused financial analysis of carrier reporting. This includes performing market conduct and financial analyses, examinations, and investigations; and providing consumer outreach and protection through response to consumer inquiries and complaints. The Department investigates all complaints that fall within the Department's regulatory authority.

The State of New Jersey, as well as the IHC Program Board, prepare comprehensive financial accounting statements annually. The Board's financial statements are audited annually, with the

most recent audit completed for the fiscal year ending in 2017. The IHC Program Board will administer the reinsurance program in accordance with its existing accounting, auditing, and reporting procedures and those established in the Act. See P.L.2018, c.24, §11b. Auditing and reporting obligations of participating carriers are established in P.L.2018, c.24, §7e, and will be further established by rule.

The IHC Program is audited annually by an independent auditor under contract with the IHC Board. The reinsurance program will also be subject to audit by an independent auditor under contract with the State of New Jersey. The federal government is responsible for calculating the savings resulting from this waiver and for ensuring that this waiver does not increase federal spending.

D. State Reporting Requirements and Targets

The IHC Program Board will assume responsibility for the reporting requirements of 45 CFR 155.1324, including the following:

- Quarterly reports (45 CFR 155.1324(a)): To the extent required, the IHC Program Board will submit quarterly reports, including reports of ongoing operational challenges, if any, and plans for, and results of, associated corrective actions.
- Annual reports (45 CFR 155.1324(b)): the IHC Program Board will submit annual reports documenting the following:
 - (1) The progress of the waiver.
 - (2) Data, similar to that contained in Attachment 1, on compliance with Section 1332(b)(1)(B) through (D) of the ACA.
 - (3) Modifications, if any, to the essential health benefits for compliance with Section 1332(b)(1)(A) of the ACA.
 - (4) The premium for the second lowest cost silver plan under the waiver and an estimate of the premium as it would have been without the waiver for a representative consumer in each rating area.
 - (5) A summary of the annual post-award public forum required by 45 CFR 155.1320(c) together with a summary of action taken in response to public input.
 - (6) Any additional information required by the terms of the waiver.

To the extent that quarterly reporting is required under 45 CFR 155.1324(a), the IHC Program Board recommends that such reporting commence no sooner than April 30, 2020, in order to provide some experience with the program about which to report. The IHC Program Board will submit and publish annual reports by the deadlines established in 45 CFR 155.1324(c) or the deadlines established by the terms of the waiver.

VI. Supporting Information and Miscellaneous

A. 45 CFR 155.1308(f)(4)(i) – (iii)

The supporting information required by 45 CFR 155.1208(4)(i) – (iii), including the actuarial analyses and certifications, the economic analyses, the detailed deficit neutral 10-year budget plan, and the data and assumptions demonstrating that the proposed waiver is in compliance with 1332(b)(1)(A) – (B) are found in Appendix Attachment 1.

VII. Public Comment and Tribal Consultation

A. Public Comment

On May 31, 2018, the Department of Banking and Insurance opened public comment on this waiver request and posted notice of the opportunity to comment on the Department's website at www.state.nj.us/dobi/division_insurance/section1332/. The Department notified interested parties and stakeholders by email, notified the Secretary of State for posting of notice at the Office of the Secretary of State and to provide notice to the press, and posted notice in three newspapers throughout the state.⁹ Similar notices were provided for each public hearing.

On June 12, 2018, the Department held a public hearing in room 220 in the Department of Banking and Insurance Building at 20 West State Street, Trenton, New Jersey. At the public hearing, an Assistant Commissioner from the Department and the Executive Director of the IHC Board made a brief presentation and one member of the public testified.¹⁰ The member of the public was a representative of the New Jersey Association of Health Plans who expressed support for the application.

On June 28, 2018 the Department held an additional public hearing at the Rutgers Center for State Health Policy, 112 Paterson Street, New Brunswick, New Jersey. At the public hearing, the Assistant Commissioner and Executive Director again made a brief presentation and 6 members of the public testified.¹¹ Testimony was also submitted in writing by one member of the public. The testimony from the public was consistently supportive of the application. One representative of an insurance carrier expressed support for the application generally, but also cautioned that details of implementation, including data collection, would be important. In addition, a representative of the New Jersey Hospital Association expressed support for the application generally, but also concern for the State funding sources and proposed the State seek a waiver for 3 years instead of 5 years.¹²

⁹ See Appendix Attachment 5.

¹⁰ The Department's presentation, sign-in sheet, and public notices for the 6/12/18 public hearing are attached as Appendix Attachment 6.

¹¹ Notice of this hearing, the Department's presentation, a transcript of the hearing, a sign-in sheet, and written testimony submitted at the 6/28/28 public hearing are attached as Appendix Attachment 7.

¹² See Appendix Attachment 6.

During the public comment period the Department also received 11 written public comments on this waiver request by email, in addition to one written comment received at the public hearings.¹³ The public comment period closed at the end of the day on July 1, 2018. In preparing the final application, the Department and the IHC Board considered the verbal comments made at the public hearings and the written comments submitted.

B. Tribal Consultation

The State of New Jersey does not have any Federally recognized Indian tribes within its borders, and thus, has not established a separate process for meaningful consultation with any tribes with respect to this 1332 waiver application.

¹³ See Appendix Attachment 8.

Attachment 1



NEW JERSEY SECTION 1332 STATE INNOVATION WAIVER – INDIVIDUAL REINSURANCE PROGRAM

ACTUARIAL ANALYSIS

JULY 2, 2018

Tammy Tomczyk, FSA, FCA, MAAA
Ryan Schultz, FSA, MAAA
Ryan Mueller FSA, MAAA
Taylor Gehrke ASA, MAAA
Sarah Langford

Contents

1. Introduction	1
2. Overview of State-Based Reinsurance Program	2
Cost and Funding of the State-Based Reinsurance Program in 2019	2
Estimated Reinsurance Parameters and Payment Calculation	3
Estimated Premium Impact of State-Based Reinsurance Program	4
3. Actuarial and Economic Analysis	5
Scope of Coverage	6
Individual ACA Market Enrollment by Household Income	6
Individual ACA Market Enrollment by Metal Level Plan	7
Individual ACA Market Enrollment by Age	8
Affordability of Coverage	9
Comprehensiveness of Coverage Requirement	10
Economic Analysis and Deficit Neutrality	11
Advance Premium Tax Credits	12
Exchange User Fees	12
Other Considerations Related to the Federal Deficit	13
Sensitivity of Results	13
4. Data Sources and Modeling Methodology	15
5. Distribution and Use	18
6. Disclosures and Limitations	19
7. Actuarial Certification	21
Appendix A. Overview of Oliver Wyman’s Healthcare Reform Microsimulation Model	22
Appendix B. Ten Year Budget Period Projections	24

1. Introduction

The State of New Jersey is filing a State Innovation Waiver application under Section 1332 of the Affordable Care Act (Section 1332 Waiver) that seeks to waive §1312(c)(1)¹ of the Affordable Care Act for the purpose of establishing a state-based and state-administered reinsurance program. If approved, the Section 1332 Waiver, as proposed, is targeted to be effective January 1, 2019, for an initial period of five years.

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) was retained by the State of New Jersey to perform the actuarial and economic analysis related to the State's proposal to waive §1312(c)(1) of the Affordable Care Act. As directed under 45 CFR 155.1308(f)(4)(i)-(iii), the Centers for Medicare and Medicaid Services (CMS) regulations require that states include as part of a Section 1332 Waiver application actuarial and economic analyses, along with actuarial certifications and the data and assumptions used, to support the State's estimates that the proposed Section 1332 Waiver will satisfy the following requirements:

- **Scope of Coverage:** Coverage under the Section 1332 Waiver will be provided to at least a comparable number of residents as would be provided absent the waiver
- **Affordability of Coverage:** The Section 1332 Waiver will provide coverage and cost sharing protections against excessive out-of-pocket spending that are at least as affordable as would be provided absent the waiver
- **Comprehensiveness of Coverage:** Coverage under the Section 1332 Waiver will be at least as comprehensive as would be provided absent the waiver
- **Deficit Neutrality:** The Section 1332 Waiver will not increase the Federal deficit

This report provides the required actuarial and economic analyses, as well as the actuarial certifications, necessary to support that the proposed Section 1332 Waiver is expected to satisfy these requirements. Additionally, this report outlines the assumptions and methodology used to generate the actuarial and economic projections that result from our analysis. Any other use of this report may be inappropriate and is prohibited by Oliver Wyman.

¹ §1312(c)(1) states that "A health insurance issuer shall consider all enrollees in all health plans (other than grandfathered health plans) offered by such issuer in the individual market, including those enrollees who do not enroll in such plans through the Exchange, to be members of a single risk pool."

2. Overview of State-Based Reinsurance Program

The State of New Jersey is submitting a Section 1332 Waiver application that seeks to implement a state-based and state-administered reinsurance program in an effort to stabilize the individual ACA market in New Jersey. Under the proposed Section 1332 Waiver, a reinsurance program would be established for 2019 and beyond with the objective of reducing premium rates² in the individual ACA market by an average of 15.0%.

In this section, focusing on calendar year 2019, we provide the estimated cost of the reinsurance program, describe how the reinsurance program is expected to be funded, provide the parameters which would be utilized to determine payments from the New Jersey Health Insurance Premium Security Fund to issuers, and provide the estimated impact the reinsurance program is expected to have on premium rates in the individual ACA market. As enrollment volumes and corresponding claim costs change over the time period in which the proposed Section 1332 Waiver will be in effect, it is expected that items such as the reinsurance parameters described below will be adjusted as needed by the New Jersey Individual Health Benefits Program Board (the Board) in order to ensure the reinsurance program remains fully funded (net of Federal pass-through funding) and continues to target the same overall objective for each calendar year (i.e., reducing premium rates in the individual ACA market by an average of 15.0%).

Cost and Funding of the State-Based Reinsurance Program in 2019

Overall, it is estimated that the total funding needed to develop a reinsurance program that will accomplish New Jersey's stated objective (i.e., lowering premium rates in individual ACA market by an average of 15.0%) in calendar year 2019 is \$323.7 million.

This estimate was developed based on projected enrollment, premium, claims, and administrative expense volumes in the individual ACA market in 2019. In developing the estimate, it was assumed that issuer claim expenses as a percentage of premium in 2019 will be equal to the average filed target loss ratio in New Jersey's individual ACA market in 2018, plus 2.9% (to account for the one year moratorium of the ACA Insurer Fee), and that issuers' fixed administrative expenses as a percentage of premium in 2019 will be equal to half of the average administrative expense ratio³ which was filed by New Jersey issuers in 2018. With respect to the assumption that half of the market average administrative expense ratio is represented by fixed expenses, we note that we discussed the assumption with issuers in New Jersey's individual health insurance market and, based on those discussions, found it to be a reasonable one. Then, taking into account the morbidity improvement which is expected to occur in 2019 under the proposed Section 1332 Waiver (i.e., as a result of issuers filing lower rates in 2019 due to the state-based reinsurance program), the total projected cost of the program was calculated as follows:

² The reinsurance program is expected to reduce issuer expenses, including medical and pharmacy claim expenses as well as fixed administrative expenses, by an average of 15.0%; this correspondingly is expected to allow issuers to reduce premium rates by an average 15.0%, plus any anticipated improvement in morbidity

³ Calculated as total projected administrative expenses, excluding taxes & fees and profit & risk margin, divided by projected premium

Projected 2019 Cost of Reinsurance Program =

$$\text{Projected 2019 Premium Volume} \times [\text{Issuer Target Loss Ratio} + 2.9\% + (50.0\% \times \text{Issuer Admin Expense \%})] \times 15.0\%$$

Funding for the reinsurance program is expected to come from the following three sources⁴:

- **Federal pass-through funds** received as a result of the Section 1332 Waiver
- **State-based individual mandate penalty revenue**, or money collected by the State pursuant to P.L. 2018, c.31 which established a State shared responsibility tax equal to a taxpayer's federal penalty that would apply the taxable year under section 5000A of the Internal Revenue Code of 1986, as in effect on December 15, 2017 (26 U.S.C s.5000A)
- **Annual appropriations** out of the General Fund of the State in an amount as the Board, in consultation with the Commissioner, calculates necessary to fully fund the program

Estimated Reinsurance Parameters and Payment Calculation

Consistent with the Federal Transitional Reinsurance Program which was in place from 2014 through 2016, New Jersey's state-based reinsurance program will reimburse issuers for a portion of high dollar claim expenses which occur between a specified attachment point and reinsurance cap, while maintaining an incentive for issuers to continue applying their care management practices for their high cost claimants.

Table 1 below provides the reinsurance parameters which would be applicable in calendar year 2019:

Table 1 - 2019 Reinsurance Parameters

Parameter	Value
Attachment Point	\$40,000
Reinsurance Cap	\$215,000
Coinsurance %	60.0%

These parameters have been chosen by the Board and were estimated through the use of issuer provided claims data from calendar year 2017, which were adjusted to reflect projected 2019 cost levels and enrollment volumes, and to reflect a projected distribution of claim expenses consistent with assumed market-wide morbidity levels. In assessing the reasonability of the resulting parameters, issuer provided member level claims data from calendar year 2016 was also reviewed and considered.

Utilizing the parameters outlined in Table 1, reinsurance payments will be calculated based on an issuer's annual paid claim expenses⁵ for a given member as follows:

$$\text{2019 Reinsurance Payment For ACA Member} = \text{Maximum}[\text{Minimum}[\text{Member Annual Paid Claims Expense}, \$215,000] - \$40,000, \$0] \times 60.0\%$$

⁴ http://www.state.nj.us/dobi/division_insurance/section1332/180531draftapplication.pdf

⁵ Paid by the insurer; includes medical and pharmacy claims

In utilizing the parameters described, as with the Federal Transitional Reinsurance Program, it is expected that issuers will continue to have incentives to apply their care management practices even after a given member reaches the specified annual attachment point. This is because issuers will be reimbursed for only a portion of a given member's claim costs between the attachment point and reinsurance cap.

Estimated Premium Impact of State-Based Reinsurance Program

As noted earlier, the intent of the state-based reinsurance program will be to reduce premium rates in the individual ACA market by an average of 15.0%. To the extent premium rates are reduced by an average of 15.0%, enrollment levels in the individual ACA market would be expected to increase by approximately 2.7% in 2019, leading to an improvement in the overall morbidity of New Jersey's individual ACA market equal to approximately 0.4%. Assuming that issuers will take a similar level of projected morbidity improvement into account in their 2019 rate development processes, it is expected that the proposed state-based reinsurance program will lead to an overall reduction in premium rates (relative to the baseline scenario) equal to approximately -15.3% and a reduction in 2019 premium rates relative to 2018 levels equal to approximately -10.0%.

3. Actuarial and Economic Analysis

Actuarial analysis meeting the requirements under 45 CFR 155.1308(f)(4)(i) and other applicable information as requested in the Checklist for Section 1332 Innovation Waiver Applications⁶ are provided in this section. Oliver Wyman’s Healthcare Reform Microsimulation Model (HRM Model) was utilized to examine the impact that the proposed Section 1332 Waiver is expected to have on the insurance markets in the State of New Jersey, and in meeting each of the guardrails associated with Section 1332 Waivers as outlined in Federal statute.

The HRM Model is an economic utility model that captures the flow of individuals across various markets based on their economic purchasing decisions. It is integrated with actuarial modeling designed to assess the impact that various reforms are expected to have on the health insurance markets. For more information regarding the specifications and functionality underlying the HRM Model, please refer to the overview in Appendix A.

The projections produced by the HRM Model were analyzed to assess whether the following Federal requirements are expected to be met under the proposed Section 1332 Waiver:

- **Scope of Coverage:** Coverage under the Section 1332 Waiver will be provided to at least a comparable number of residents as would be provided absent the waiver
- **Affordability of Coverage:** The Section 1332 Waiver will provide coverage and cost sharing protections against excessive out-of-pocket spending that are at least as affordable as would be provided absent the waiver
- **Comprehensiveness of Coverage:** Coverage under the Section 1332 Waiver will be at least as comprehensive as would be provided absent the waiver
- **Deficit Neutrality:** The Section 1332 Waiver will not increase the Federal deficit

Table 2 below summarizes at a high level the expected impact of the proposed Section 1332 Waiver on the requirements outlined above. A more detailed discussion of the results as they relate to each of the Federal requirements follows. Overall, our analysis shows that the proposed Section 1332 Waiver is expected to meet all four of the listed requirements in 2019, and would be expected to meet the listed requirements in each year thereafter for the ten-year period ending in 2028.

Table 2: Summarized Expected Impact of the Proposed Section 1332 Waiver

Requirement	Impact of Proposed Section 1332 Waiver
Scope of Coverage	The number of individuals covered in the New Jersey health insurance markets is expected to increase
Affordability of Coverage	Premium rates in the individual market are expected to decrease while other out-of-pocket expenses are not expected to change; Affordability in the other markets is not expected to be impacted by the proposed Section 1332 Waiver
Comprehensiveness of Coverage	Not impacted by the proposed Section 1332 Waiver
Deficit Neutrality	The Federal deficit is not expected to increase

⁶ <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/Checklist-for-Section-1332-State-Innovation-Waiver-Applications-5517-c.pdf>

Scope of Coverage

Under the scope of coverage requirement,⁷ a comparable number of residents must be expected to have coverage under the proposed Section 1332 Waiver as would have coverage absent the waiver. For these purposes, "coverage" refers to minimum essential coverage. In assessing this requirement, we note that we are estimating that the proposed Section 1332 Waiver will not have a material impact on the number of New Jerseyans covered under employer-sponsored plans, Medicaid, Medicare, or other public programs. As a result, the focus of our analysis is on the impact of the proposed Section 1332 Waiver to New Jersey's individual market.

Table 3 below summarizes the projected average volume of enrollees in New Jersey's individual market⁸ and the projected average volume of uninsured individuals in New Jersey by year under the baseline and waiver scenarios:

Table 3: Summary of Average Individual Market Enrollment

Year	Individual Market			Uninsured		
	Baseline	Waiver	Change vs. Baseline	Baseline	Waiver	Change vs. Baseline
2018	321,000	321,000	0.0%	738,000	738,000	0.0%
2019	322,000	331,000	2.7%	742,000	733,000	-1.2%
2020	321,000	330,000	2.6%	747,000	738,000	-1.1%
2021	322,000	330,000	2.6%	750,000	742,000	-1.1%
2022	322,000	331,000	2.6%	754,000	745,000	-1.1%
2023	323,000	332,000	2.6%	757,000	749,000	-1.1%
2024	324,000	332,000	2.6%	761,000	752,000	-1.1%
2025	324,000	333,000	2.6%	765,000	756,000	-1.1%
2026	325,000	334,000	2.6%	768,000	760,000	-1.1%
2027	326,000	334,000	2.6%	772,000	763,000	-1.1%
2028	327,000	335,000	2.6%	775,000	767,000	-1.1%

Note: Enrollment values shown have been rounded to the nearest thousand

Absent the proposed Section 1332 Waiver and corresponding reinsurance program, total enrollment volumes in the baseline scenario in New Jersey's individual market would be expected to stay relatively flat between 2018 and 2019. Under the proposed Section 1332 Waiver, enrollment in the individual market would be expected to be approximately 2.6% to 2.7% higher relative to baseline enrollment levels over the time period of 2019 through 2028. The increase in enrollment under the proposed Section 1332 Waiver is driven primarily⁹ by uninsured individuals expected to enter the Individual ACA market as a result of lower rates.

Individual ACA Market Enrollment by Household Income

Table 3a below presents projected enrollment levels in the individual ACA market by household income over the time period of 2018 through 2028. For the purpose of this comparison, household income is being measured as a percentage of the Federal poverty level (FPL).

⁷ 45 CFR 155.1308(f)(3)(iv)(C)

⁸ Through a data request issued to individual market carriers in the State of New Jersey, it was determined that there are no longer any grandfathered or transitional plans remaining in the individual market as of 2018.

⁹ While there may be some migration of enrollees from the employer market to the Individual market, based on our modeling, we expect any migration from the employer market to be minimal

Table 3a: Summary of Average Individual ACA Market Enrollment by FPL

Baseline											
Income Range	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0
100% - 150%	35,000	35,000	35,000	35,000	35,000	36,000	36,000	36,000	36,000	36,000	36,000
151% - 200%	59,000	59,000	59,000	59,000	60,000	60,000	60,000	60,000	61,000	61,000	61,000
201% - 250%	39,000	39,000	39,000	39,000	40,000	40,000	40,000	40,000	40,000	40,000	41,000
251% - 300%	24,000	24,000	24,000	24,000	24,000	24,000	25,000	25,000	25,000	25,000	25,000
301% - 400%	32,000	32,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	34,000	34,000
401%+	132,000	133,000	131,000	131,000	131,000	131,000	131,000	130,000	130,000	130,000	130,000
Total	321,000	322,000	321,000	322,000	322,000	323,000	324,000	324,000	325,000	326,000	327,000

Waiver											
Income Range	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0
100% - 150%	35,000	35,000	35,000	35,000	35,000	36,000	36,000	36,000	36,000	36,000	36,000
151% - 200%	59,000	59,000	59,000	59,000	60,000	60,000	60,000	60,000	61,000	61,000	61,000
201% - 250%	39,000	39,000	39,000	39,000	40,000	40,000	40,000	40,000	40,000	40,000	41,000
251% - 300%	24,000	24,000	24,000	24,000	24,000	24,000	25,000	25,000	25,000	25,000	25,000
301% - 400%	32,000	32,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	34,000	34,000
401%+	132,000	141,000	140,000	140,000	139,000	139,000	139,000	139,000	139,000	139,000	138,000
Total	321,000	331,000	330,000	330,000	331,000	332,000	332,000	333,000	334,000	334,000	335,000

Change in Number of Enrollees - Baseline to Waiver											
Income Range	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0
100% - 150%	0	0	0	0	0	0	0	0	0	0	0
151% - 200%	0	0	0	0	0	0	0	0	0	0	0
201% - 250%	0	0	0	0	0	0	0	0	0	0	0
251% - 300%	0	0	0	0	0	0	0	0	0	0	0
301% - 400%	0	0	0	0	0	0	0	0	0	0	0
401%+	0	9,000	9,000	9,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total	0	9,000	9,000	9,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Note: Values shown have been rounded to the nearest thousand; the sum of values within each column may not be equal to the total value shown due to rounding.

Overall, we are estimating that there will be no change in enrollment between the baseline and waiver scenarios for individuals with incomes below 400% FPL. This is because, due to the way in which premium rates are calculated under the ACA for these individuals (i.e., maximum premium rates as a percentage of income, net of APTCs), their net out-of-pocket costs are assumed to be insulated, on average, from changes in gross premium rates.

On the other hand, ACA enrollees who have household incomes greater than 400% FPL do not receive APTCs and, therefore, their total out-of-pocket costs are expected to be favorably impacted. For these individuals, the full impact of the reinsurance program would be expected to be realized through reductions to their premium rates, resulting in an expected increase in enrollment for that segment of the population in 2019 and beyond.

We note that, through a data request issued to individual market carriers in the State of New Jersey, it was determined that there are no grandfathered or transitional plans in the individual market.

Individual ACA Market Enrollment by Metal Level Plan

Table 3b below presents projected enrollment levels in the individual ACA market by metal level over the time period of 2018 through 2028.

Table 3b: Summary of Average Individual ACA Market Enrollment by Metal Level¹⁰

Baseline											
Metal Level	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Catastrophic	4,000	0	0	0	0	0	0	0	0	0	0
Bronze	74,000	85,000	84,000	85,000	85,000	85,000	85,000	85,000	85,000	86,000	86,000
Silver	233,000	223,000	223,000	223,000	224,000	224,000	225,000	225,000	226,000	226,000	227,000
Gold	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Platinum	0	0	0	0	0	0	0	0	0	0	0
Total	321,000	322,000	321,000	322,000	322,000	323,000	324,000	324,000	325,000	326,000	327,000

Waiver											
Metal Level	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Catastrophic	0	0	0	0	0	0	0	0	0	0	0
Bronze	74,000	68,000	68,000	69,000	69,000	69,000	69,000	69,000	70,000	70,000	70,000
Silver	233,000	247,000	247,000	247,000	248,000	248,000	248,000	249,000	249,000	250,000	250,000
Gold	11,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Platinum	0	0	0	0	0	0	0	0	0	0	0
Total	321,000	331,000	330,000	330,000	331,000	332,000	332,000	333,000	334,000	334,000	335,000

Change in Number of Enrollees - Baseline to Waiver											
Metal Level	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Catastrophic	0	0	0	0	0	0	0	0	0	0	0
Bronze	0	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000
Silver	0	24,000	24,000	24,000	24,000	24,000	24,000	23,000	23,000	23,000	23,000
Gold	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Platinum	0	0	0	0	0	0	0	0	0	0	0
Total	0	9,000	9,000	9,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Note: Values shown have been rounded to the nearest thousand; the sum of values within each column may not be equal to the total value shown due to rounding.

As shown in Table 3b, it is expected that there will be some shift in the distribution of ACA enrollment away from bronze plans and into silver plans, specifically for those enrollees who do not receive APTCs. This is being driven by the fact that as premium rates are decreased by a significant percentage (relative to the baseline), the difference in rates between plans across the metal tiers (e.g., silver and bronze plans) shrinks. However, the difference in expected member cost sharing (i.e. related to incurred claims and corresponding plan benefits) between the metal tiers does not shrink. As a result, the value of enrolling in richer benefit plans increases as rates are reduced, which is expected to lead to increased enrollment in the silver and gold plans under the proposed Section 1332 Waiver (relative to baseline levels).

Individual ACA Market Enrollment by Age

Table 3c below presents projected enrollment levels in the individual ACA market by age over the time period of 2018 to 2028. Overall, enrollment in the Individual ACA market is expected to increase across every age group under the proposed Section 1332 Waiver. As shown, the distribution of Individual ACA enrollment by age is not expected to shift significantly under the proposed Section 1332 Waiver in 2019 or beyond.

¹⁰ As of calendar year 2018, carriers in New Jersey's Individual market no longer offer Platinum coverage

Table 3c: Summary of Average Individual ACA Market Enrollment by Age

Baseline											
Age	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
0-20	48,000	48,000	48,000	48,000	48,000	48,000	49,000	49,000	49,000	49,000	49,000
21-30	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
31-40	45,000	45,000	45,000	45,000	45,000	45,000	45,000	46,000	46,000	46,000	46,000
41-50	56,000	56,000	56,000	56,000	56,000	57,000	57,000	57,000	57,000	57,000	57,000
51-60	83,000	83,000	83,000	83,000	83,000	83,000	84,000	84,000	84,000	84,000	84,000
61+	41,000	41,000	41,000	41,000	41,000	41,000	41,000	42,000	42,000	42,000	42,000
Total	321,000	322,000	321,000	322,000	322,000	323,000	324,000	324,000	325,000	326,000	327,000

Waiver											
Age	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
0-20	48,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	52,000
21-30	48,000	48,000	48,000	48,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
31-40	45,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
41-50	56,000	57,000	57,000	57,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
51-60	83,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	86,000	86,000	86,000
61+	41,000	42,000	42,000	42,000	42,000	42,000	43,000	43,000	43,000	43,000	43,000
Total	321,000	331,000	330,000	330,000	331,000	332,000	332,000	333,000	334,000	334,000	335,000

Change in Number of Enrollees - Baseline to Waiver											
Age	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
0-20	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
21-30	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
31-40	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
41-50	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
51-60	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
61+	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total	0	9,000	9,000	9,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Note: Values shown have been rounded to the nearest thousand; the sum of values within each column may not be equal to the total value shown due to rounding.

Affordability of Coverage

Under the affordability requirement,¹¹ health care coverage must be at least as affordable for state residents as coverage would be absent the waiver. For this purpose, affordability refers to the ability of state residents to pay for health care, and is measured by comparing their net out-of-pocket spending for health coverage and services to their incomes. Out-of-pocket expenses are assumed to include premium contributions and any plan level cost-sharing that is the responsibility of the individual.

As with the scope of coverage requirement, in assessing this requirement, we are estimating that the proposed Section 1332 Waiver will not have a material impact on the affordability of coverage for those individuals enrolled in employer-sponsored plans, Medicaid, Medicare, or any other public programs. As a result, the focus of our analysis is again on the impact of the proposed Section 1332 Waiver on out-of-pocket expenses in New Jersey's individual ACA market. Additionally, since the proposed Section 1332 Waiver does not directly impact member plan level cost-sharing (i.e., members will be able to purchase plans with comparable benefit cost sharing as those plans which they are currently enrolled in), the focus of the affordability requirement is further centered on changes in premium rates.

Under the proposed Section 1332 Waiver it is expected that gross premium rates (i.e., prior to any application of APTCs) in the individual ACA market will decrease. For enrollees who receive APTCs under both the baseline and the Section 1332 Waiver, their total out-of-pocket costs will not change for the subsidy benchmark plan (i.e., the second lowest cost silver plan) as their

¹¹ 45 CFR 155.1308(f)(3)(iv)(B)

premium rate for that plan will be capped at the applicable maximum percentage of household income they are required to pay under the ACA.¹² For enrollees who do not receive APTCs or for enrollees who currently receive APTCs but who would no longer receive APTCs under the proposed Section 1332 Waiver (due to their gross premium rates decreasing below what their premium rate net of APTCs would otherwise be), the proposed reinsurance program will result in an improvement in the overall affordability of health coverage relative to the baseline scenario.

Table 4 presents estimates of the second lowest cost Silver plan premium PMPM for a single, 21 year old, non-tobacco user¹³ in New Jersey’s single statewide rating area, under both the baseline and waiver scenarios.

**Table 4: Estimated Second Lowest Cost Silver Premium Rate by Rating Area
21 - 24 Year Old, Non-Tobacco User**

Baseline											
Rating Area	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	\$321	\$341	\$381	\$411	\$443	\$478	\$515	\$555	\$598	\$645	\$695
Waiver											
Rating Area	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	\$321	\$289	\$323	\$348	\$375	\$404	\$436	\$470	\$507	\$546	\$589
% Difference in Second Lowest Cost Silver Plan Premium PMPM - Baseline to Waiver											
Rating Area	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	0.0%	-15.3%	-15.3%	-15.3%	-15.3%	-15.3%	-15.3%	-15.3%	-15.3%	-15.3%	-15.3%

Note: Values shown have been rounded to the nearest dollar

As shown, the corresponding premium rates for the second lowest cost silver plan in the single statewide rating area in New Jersey’s individual ACA market are expected to decrease by approximately 15.3% in all years under the proposed Section 1332 Waiver (relative to the baseline). Due to the application of the specified Age Curve¹⁴ for ACA rating purposes, a similar percentage change would be expected to occur for all other ages, although all else equal, the premium difference would generally be expected to be greater than that shown above for enrollees who are older than 24 and less than that shown above for enrollees who are younger than 21.

Comprehensiveness of Coverage Requirement

Under the comprehensiveness of coverage requirement,¹⁵ health care coverage under the proposed Section 1332 Waiver must be forecast to be at least as comprehensive overall for New Jersey residents as coverage absent the waiver. Comprehensiveness refers to coverage

¹² For individuals who receive APTCs and purchase either the lowest-cost cost silver plan or another plan which is cheaper than the second lowest cost silver plan (e.g., a bronze plan), we estimate that their premium rates, net of APTCs, may increase somewhat as a result of the proposed Section 1332 Waiver (relative to the baseline). This is because the proposed reinsurance program is expected to reduce the APTCs which can be applied to those lower cost plans by a greater magnitude than the premium rates for those plans are expected to decrease by. However, as noted earlier, their out-of-pocket premium for the subsidy benchmark plan will not increase. Additionally, their premium rates net of APTCs for plans whose premium rates are greater than that of the second lowest cost silver plan (e.g., a gold plan) would be expected to decrease (relative to the baseline), improving the affordability of coverage for individuals enrolled in those plans.

¹³ Tobacco rating factors cannot be used in the Individual ACA market in New Jersey

¹⁴ <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Downloads/StateSpecAgeCrv053117.pdf>

¹⁵ 45 CFR 155.1308(f)(3)(iv)(A)

requirements for ACA essential health benefits (EHBs) and, as appropriate, Medicaid and CHIP standards. The proposed Section 1332 Waiver does not impact the scope of services covered by issuers in the commercial markets or the scope of services covered by Medicaid or CHIP programs. Therefore, the proposed Section 1332 Waiver is expected to have no impact on the comprehensiveness of coverage available to New Jersey residents.

Economic Analysis and Deficit Neutrality

Under the deficit neutrality requirement,¹⁶ the projected Federal spending, net of Federal revenues, under the proposed Section 1332 Waiver must be equal to or lower than projected Federal spending net of Federal revenues in the absence of the waiver.

The proposed Section 1332 Waiver was analyzed to determine the impact it is expected to have on costs associated with advance premium tax credits (APTCs). Additionally, the proposed Section 1332 Waiver was analyzed to determine the expected impact it will have on Exchange User Fees, which are currently a source of Federal revenue. Table 5 that follows summarizes the expected impact of the proposed Section 1332 Waiver on these two items for each year from 2018 through 2028. A detailed discussion of these items, as well as a discussion of other items which were considered in determining the impact to the Federal deficit, follows.

Table 5: Impact of the Proposed Section 1332 Waiver on the Federal Deficit
(Amounts shown in millions)

	A	B	C	D	A - B - C - D
Year	Change in APTCs	Change in Exchange User Fees	Change in Shared Responsibility Payments	Change in Health Insurer Fees	Change in Federal Deficit
2018	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2019	-\$226.8	-\$8.8	\$0.0	\$0.0	-\$218.0
2020	-\$254.3	-\$9.9	\$0.0	\$0.0	-\$244.4
2021	-\$275.4	-\$10.7	\$0.0	\$0.0	-\$264.7
2022	-\$298.1	-\$11.6	\$0.0	\$0.0	-\$286.5
2023	-\$322.8	-\$12.6	\$0.0	\$0.0	-\$310.2
2024	-\$349.4	-\$13.6	\$0.0	\$0.0	-\$335.9
2025	-\$378.3	-\$14.7	\$0.0	\$0.0	-\$363.6
2026	-\$409.6	-\$15.9	\$0.0	\$0.0	-\$393.7
2027	-\$443.5	-\$17.2	\$0.0	\$0.0	-\$426.2
2028	-\$480.1	-\$18.7	\$0.0	\$0.0	-\$461.5

Note: APTCs are considered expenditures for the Federal government whereas Exchange User Fees, Shared Responsibility Payments, and Health Insurer Fees are considered revenue sources for the Federal government. Therefore, in the table above, a reduction in APTCs will decrease the Federal deficit whereas a reduction in Exchange User Fees will increase the Federal deficit.

A more detailed summary providing projected results over the ten-year budget period under both the baseline and Section 1332 Waiver scenarios, including all additional information requested in the "Checklist for Section 1332 State Innovation Waiver Applications" that hasn't already been provided (i.e., the projected volume of individual ACA market enrollees by APTC eligibility, the overall average individual market premium rate PMPM, aggregate premium and

¹⁶ 45 CFR 155.1308(f)(3)(iv)(D)

APTC amounts, aggregate exchange user fees, and projected cost as well as funding levels of the proposed reinsurance arrangement) can be found in Appendix B.

Advance Premium Tax Credits

Changes in premium for the second lowest cost silver plan and changes in subsidized enrollment have a direct impact on APTCs paid by the Federal government. As shown in Table 6, the proposed Section 1332 Waiver is expected to significantly decrease the volume of APTCs paid by the Federal government each year beginning in 2019.

**Table 6 - Summary of APTC Enrollment and APTC Payments
Baseline and Waiver Scenarios**

Year	Baseline			Waiver			Change Total APTCs (millions)
	APTC Enrollment	Avg APTC PMPM	Total APTCs (millions)	APTC Enrollment	Avg APTC PMPM	Total APTCs (millions)	
2018	189,000	\$442	\$1,001.7	189,000	\$442	\$1,001.7	\$0.0
2019	188,000	\$502	\$1,132.8	188,000	\$401	\$906.0	-\$226.8
2020	189,000	\$574	\$1,302.2	189,000	\$462	\$1,047.9	-\$254.3
2021	190,000	\$627	\$1,428.5	190,000	\$506	\$1,153.1	-\$275.4
2022	191,000	\$684	\$1,565.7	191,000	\$554	\$1,267.6	-\$298.1
2023	191,000	\$746	\$1,714.5	191,000	\$606	\$1,391.8	-\$322.8
2024	192,000	\$813	\$1,875.9	192,000	\$662	\$1,526.4	-\$349.4
2025	193,000	\$885	\$2,050.8	193,000	\$722	\$1,672.4	-\$378.3
2026	194,000	\$963	\$2,240.8	194,000	\$787	\$1,831.2	-\$409.6
2027	195,000	\$1,047	\$2,447.2	195,000	\$857	\$2,003.7	-\$443.5
2028	196,000	\$1,138	\$2,671.4	196,000	\$933	\$2,191.3	-\$480.1

Notes:

1. Enrollment volumes have been rounded to the nearest thousand and reflect average monthly enrollment levels
2. PMPM values have been rounded to the nearest whole dollar
3. Total APTCs are in millions and have been rounded to the nearest hundred thousand

The overall impact of the proposed Section 1332 Waiver on the volume of enrollees receiving APTCs is expected to be de minimis. Therefore, the decrease in APTC payments shown is driven entirely by the expected decrease in premium rates as a result of the implementation of a state-based reinsurance program in 2019 which reduces premium rates by approximately 15.0% and improves the morbidity of the individual ACA market (relative to the baseline) by approximately 0.4%.

Exchange User Fees

New Jersey utilizes the Federal Facilitated Marketplace (FFM) through which issuers sell ACA insurance plans to individuals and families. To fund the administration of the FFM, the Federal government collects 3.5% of premium revenue associated with health plan premiums sold through the FFM (i.e., the Exchange User Fee). We have assumed that the 3.5% rate will continue into the future and are projecting that Exchange User Fee collections will decrease under the proposed Section 1332 Waiver, due primarily to the reduced premium rates but slightly offset by a small expected increase in the volume of individuals enrolling through the FFM in 2019 and beyond (i.e., due to the increased enrollment volumes being projected for individuals who do not receive APTCs).

Other Considerations Related to the Federal Deficit

Under the ACA, most individuals are required to maintain a minimum level of health insurance coverage. However, under the Tax Cut and Jobs Act of 2017, the Federal individual mandate penalty will be reduced to \$0 starting in 2019. As a result, the proposed Section 1332 Waiver will have no impact on shared responsibility payments.

Given that Federal cost-sharing reduction (CSR) payments are not currently being funded and have been assumed to remain unfunded in the future, there is no expected change being assumed in the volume of CSR payments between the baseline and waiver scenarios.

With respect to the Health Insurer Fee, while the proposed reinsurance program is expected to reduce premium rates in New Jersey's individual ACA market (which could result in less Federal revenue being received from New Jersey issuers), given the way in which the Health Insurer Fee is assessed at the national level, it would not be expected that lower premium rates in the State of New Jersey would impact the overall level of revenue collected nationally (i.e., if lower revenue is expected to be collected from New Jersey issuers, that reduction in Federal revenue would be expected to be offset by slightly higher revenue collected from issuers in other states). Additionally, we note that there is a moratorium on the Health Insurer Fee in place for 2019.

There is the potential for the proposed Section 1332 Waiver to impact the amount of Federal income taxes paid by issuers. However, we examined the potential impact of this item and, in our opinion, believe it to be de minimis.

Sensitivity of Results

Significant uncertainty exists with respect to future enrollment and premiums in the individual ACA health insurance market. As a result, actual experience will likely differ from that which is being assumed in this analysis. We note that some of the key assumptions related to health insurance markets that we have made in the development of our projections include the following: CSR subsidies will continue to be unfunded by the Federal Government and issuers will continue to load premiums for their on-Exchange silver plans by an amount equal to the lost CSR payments, issuer plan and network offerings will be similar to those available to consumers in 2018, issuer pricing assumptions will be similar to those used in 2018 (except where explicitly stated), issuers will offer at least one off-Exchange only Silver plan in 2019 on which no CSR load will be applied, there will be no significant issuer entries or exits, and there will be no additional significant legislative changes at either the state or Federal level. To the extent these assumptions do not hold true in future years, we would expect that actual results would vary, potentially significantly, from those assumed in this analysis. Further, given that Federal pass-through funding will ultimately be based on actual premium rates filed by issuers offering coverage in New Jersey's individual ACA market and actual enrollment volumes, final funding amounts are likely to differ from the estimates provided in this report.

Given the level of uncertainty which exists, we performed sensitivity testing of key assumptions being made and shared those results with the State of New Jersey. Some of the key assumptions which were sensitivity tested include the following:

- Overall membership volumes

- APTC membership volumes
- Average premium PMPM levels
- The percentage of issuer administrative costs which are assumed to be fixed vs. variable
- The level of morbidity improvement under the proposed Section 1332 Waiver assumed by carriers
- The projected level of growth in non-APTC membership under the proposed Section 1332 Waiver

We note that in each of the scenarios tested, while the changes made to the specified assumptions impacted the cost estimates of the reinsurance program and projected Federal pass-through funding amounts, there were no cases where any of the four Federal requirements associated with Section 1332 Waivers would not be expected to be met.

4. Data Sources and Modeling Methodology

The projections underlying our analysis are based on results from Oliver Wyman's HRM Model, which was utilized to examine the impact that the proposed Section 1332 Waiver is expected to have on the insurance markets in the State of New Jersey, and in meeting the requirements associated with Section 1332 Waivers as outlined in Federal statute. As noted earlier, the HRM Model is an economic utility model that captures the flow of individuals across various markets based on their economic purchasing decisions. It is integrated with actuarial modeling designed to assess the impact that various reforms are expected to have on the health insurance markets.

As previously noted, we are estimating that the proposed Section 1332 Waiver will not have a material impact on the number of New Jerseyans covered under employer-sponsored plans, Medicaid, Medicare, or other public programs. As a result, we did not present detailed modeling results for those markets.

The primary basis for the population underlying the HRM Model is data from the 2016 American Community Survey (ACS).¹⁷ The ACS data provides detailed information for each individual in a surveyed household unit, including demographic, socioeconomic, geographic, and employment information. The data also provides information regarding health insurance coverage type. The ACS data was supplemented and synthesized with several other data sources, including information from an issuer data call.

In May 2018, the New Jersey Department of Banking and Insurance issued a data call to health insurance issuers offering coverage in New Jersey's individual ACA market in 2018 in order to collect detailed information for that market such that the information could aid in calibrating the HRM Model. The data which was correspondingly provided by issuers included premium, claims, and enrollment information from January 2015 through March 2018. The issuer provided data was further augmented with information from a number of other sources, including but not limited to:

- 2016 and 2017 statutory financial statements submitted by issuers in New Jersey's health insurance markets
- 2016 medical loss ratio (MLR) data
- 2016 and 2017 Marketplace enrollment public use files and effectuated enrollment reports
- 2018 Open Enrollment snapshot reports
- U.S. Census Bureau data
- 2015 and 2016 summary reports on transitional reinsurance payment and risk adjustment transfers
- 2015 and 2016 health insurance coverage estimates from the Kaiser Family Foundation
- New Jersey population projections from nj.gov
- National CPI and CMS Personal Health Care Price Index projections

¹⁷ 2016 ACS data was not available at the time the microsimulation modeling was completed.

- Publicly available 2016, 2017, and 2018 rate filing information (e.g., Unified Rate Review Template data)
- 2016, 2017, and 2018 Marketplace premium rates

These additional data sources were utilized to determine the overall average annual enrollment volumes in the individual market for each of 2016, 2017, and 2018 (accounting for those issuers that exited the market prior to 2018), to validate the issuer data which was provided (e.g., average premiums PMPM), and to gather additional information utilized in our modeling but not captured through the issuer data call (e.g., the distribution of individuals enrolling through the FFM, including by income range).

Health status was assigned to various sub-populations within the HRM Model based on a statistical analysis of self-reported health status data obtained from the Current Population Survey (CPS). The CPS data provides the starting assumptions for the population morbidity, because the data includes a self-reported health status indicator as well as fields classifying income, age, gender, geography, coverage type, and other categories. Respondents to the survey classify their health into one of five categories: excellent, very good, good, fair and poor. The model reflects these classifications numerically by assigning a morbidity load to each category.

Information from the Agency for Health Care Research and Quality's MEPS data was used to simulate the New Jersey employer-based market. MEPS identifies key statistics for the employer-based market for every state by group size, including employer offer rates, employee take-up rates, and self-funding rates among employers. Individuals in the ACS data identified as working for private employers were categorized into employer group size segments (e.g., small employer groups) based on the distribution of employees by group size according to MEPS. Additionally the MEPS data was used to determine the number of individuals enrolled in self-funded plans to estimate the total size of the employer-based market. MEPS data was further used to inform our estimates of employer offer rates and self-funding rates.

The utility functions underlying the HRM Model were calibrated to replicate the number of individuals in each of the individual, employer-based, and uninsured markets in New Jersey for 2016, 2017, and 2018. The various parameters of HRM Model's utility functions were then further adjusted until the model also projected individual market enrollment in each of 2016, 2017, and 2018 that was consistent with key characteristics of the actual individual market enrollment for each year (e.g., by age range, income range, etc.).

The HRM Model assumes a "steady" state population beyond 2018. This means the overall distribution by income, health status, employer size, and family composition of the population being modeled is not expected to change significantly. Additional adjustments were applied to the model results to reflect anticipated population growth within the State of New Jersey. The population growth adjustments were developed based on population projections which are publicly available on the nj.gov website.

Average claim costs were calibrated and adjusted on an overall basis using information provided in the issuer data call, statutory financial statements, and from other public data sources. Beyond 2018, claim costs within the HRM Model were trended forward assuming an average annual claims trend rate equal to 7.8%. As a reasonability check of this assumption, we note that Oliver Wyman (OW) develops a semi-annual Carrier Trend Survey which reports the

nationwide pricing trends utilized by numerous issuers within the industry. The most recent survey available is for January 2018 effective dates and reflects pricing trends being used for approximately 100 million commercial members nationwide. Based on the January 2018 survey, the median trend rates being used are 7.2% for group medical PPO plans, 8.0% for group medical HMO plans, 6.1% for individual medical PPO plans, 7.7% for individual medical HMO plans, and 10.0% for prescription drug coverage. Relative to these results, and based on a review of 2018 issuer rate filings in New Jersey's individual health insurance market, the assumed trend rate equal to 7.8% was considered to be reasonable. Member cost-sharing and incurred claims were calculated by the HRM Model, with the assumed annual limitation on cost-sharing indexed for inflation each year according to Federal regulations using the most recent projections published by NHED.

Actual lowest-cost premium rates for New Jersey's individual ACA market in 2016, 2017, and 2018 were utilized within the HRM Model. Premium rates for 2019 (the baseline scenario) were developed from 2018 rate levels, assuming issuers will incorporate the following three additional items: one year of premium/claims trend, any necessary rate corrections to ensure they achieve their target loss ratios in calendar year 2019, and the moratorium on the ACA Insurer Fee. Additionally, in developing the 2019 premium rates, it is being assumed that issuers will offer at least one off-Exchange only Silver plan in 2019 on which no CSR load will be applied. Premium rates for 2020 and beyond are assumed to increase by the assumed annual premium/claims trend rate equal to 7.8% and, for 2020 specifically, the reintroduction of the ACA Insurer Fee.

Federal premium tax credits for eligible individual market enrollees were assumed to change each year based on premium changes associated with the second lowest cost silver plan available in each rating area and changes in the Applicable Percentage Tables. The Applicable Percentage Tables, while known for 2015 through 2018, were adjusted each year beyond 2018 according to the methodology outlined by the Internal Revenue Service (IRS).¹⁸ Premium and income growth rates utilized in developing the Adjustment Ratio that was applied to the projected Applicable Percentage Tables were based on the most recent projections published by NHED.

As noted earlier, additional key assumptions which were incorporated into the HRM Model include the following: CSR subsidies will continue to be unfunded by the Federal Government and issuers will continue to load premiums for their silver plans by an amount equal to the lost CSR payments, issuer plan and network offerings will be similar to those available to consumers in 2018, issuer pricing assumptions will be similar to those used in 2019, there will be no significant issuer entries or exits, and there will be no additional significant legislative changes at either the state or Federal level.

¹⁸ <https://www.irs.gov/pub/irs-drop/rp-14-37.pdf>

5. Distribution and Use

This report was prepared for the sole use of the State of New Jersey. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State of New Jersey. This report is not intended for general circulation or publication, nor is it to be used or distributed to others for any purpose other than those that may be set forth herein or in the definitive documentation pursuant to which this report was issued. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State of New Jersey.

Oliver Wyman's consent to any distribution of this report to parties other than the State of New Jersey does not constitute advice by Oliver Wyman to any such third parties and shall be solely for informational purposes and not for purposes of reliance by any such third parties. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.

6. Disclosures and Limitations

The State of New Jersey engaged Oliver Wyman Actuarial Consulting, Inc. to assist in performing actuarial and economic analyses as part of their State Innovation Waiver application under Section 1332 of the Patient Protection and Affordable Care Act. The actuarial services provided consisted of analyses and forecasting to determine whether the proposed Section 1332 Waiver will satisfy the Section 1332 Waiver guardrail requirements.

Tammy Tomczyk and Ryan Schultz, Fellows of the Society of Actuaries are responsible for this actuarial communication. They are both Members of the American Academy of Actuaries, and meet the requirements to issue this report.

For our analysis, we relied on a wide range of data and information as described throughout this report. This includes information received from issuers currently offering coverage in the individual market in New Jersey. Though we have reviewed the data for reasonableness and consistency, we have not independently audited or otherwise verified this data. Our review of the data may not reveal errors or imperfections. We have assumed the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information are inaccurate or incomplete, our findings and conclusions may need to be revised. All projections are based on data and information available as of June 15, 2018, and the projections are not a guarantee of results which might be achieved.

The estimates included within are based on Federal law, regulations issued by the United States Department of Health and Human Services and the Internal Revenue Service, and applicable laws and regulations of the State of New Jersey. Further, our estimates assume that current law as it relates to the Affordable Care Act, and other statutes and regulations that impact the health insurance markets, will continue in the future years without material change that would impact the results included in this report.

In addition, the projections we show in this report are dependent upon a number of assumptions regarding the future economic environment, medical trend rates, issuer behavior, the behavior of individuals and employers in light of incentives and penalties, and a number of other factors. These assumptions are disclosed within the report and have been discussed with representatives from the State of New Jersey.

While this analysis complies with the applicable Actuarial Standards of Practice, in particular ASOP No. 23, Data Quality and ASOP No 41, Actuarial Communication, users of this analysis should recognize that our projections involve estimates of future events, and are subject to economic, statistical and other unforeseen variations from projected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect our projections. For these reasons, no assurance can be given that the emerging experience will correspond to the projections in this analysis. To the extent future conditions are at variance with the assumptions we have made in developing these projections, actual results will vary from our projections, and the variance may be substantial.

Oliver Wyman is not engaged in the practice of law and this report, which may include commentary on legal issues and regulations, does not constitute, nor is it a substitute for, legal

advice. Accordingly, Oliver Wyman recommends that the State of New Jersey secure the advice of competent legal counsel with respect to any legal matters related to this report or otherwise.

This report is intended to be read and used as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.

7. Actuarial Certification

I, Tammy Tomczyk, am a Partner with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow in the Society of Actuaries, a Member of the American Academy of Actuaries, and am qualified to provide the following certification.

This actuarial certification applies to the State of New Jersey's application for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act. The State is seeking to waive §1312(c)(1) of the Affordable Care Act, which requires that all enrollees in all health plans offered by an issuer in the individual market be members of a single risk pool.

Reliance

In performing the analyses outlined in this report and arriving at my opinion, I used and relied on information provided by the State of New Jersey, information obtained from issuers currently offering coverage in the individual market in New Jersey, financial statement information, and additional information published by various agencies of the Federal government.

I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or audit, I have reviewed the data for consistency and reasonableness. Where I found the data inconsistent or unreasonable, I requested clarification.

Actuarial Certification

In my opinion, the State of New Jersey's proposed Section 1332 Waiver application complies with the following requirements:

- **Scope of Coverage Requirement** – The Section 1332 Waiver will provide coverage to at least a comparable number of the State's residents as would be covered absent the waiver.
- **Affordability Requirement** - The Section 1332 Waiver will provide coverage and cost-sharing protections against excessive out-of-pocket spending that results in coverage which is at least as affordable for the State's residents as would be provided absent the waiver.
- **Comprehensiveness of Coverage Requirement** – The Section 1332 Waiver will provide coverage that is at least as comprehensive for the State's residents as would be provided absent the waiver.
- **Deficit Neutrality Requirement** – The Section 1332 Waiver will not increase the Federal deficit.

This certification conforms to the applicable Actuarial Standards of Practice promulgated by the Actuarial Standards Board.



Tammy Tomczyk, FSA, FCA, MAAA

July 2, 2018

Date

Appendix A. Overview of Oliver Wyman's Healthcare Reform Microsimulation Model

We utilized Oliver Wyman's HRM Model to assess the impact that the proposed Section 1332 Waiver is expected to have on the individual health insurance market and correspondingly the uninsured population in the State of New Jersey. The HRM Model is an economic utility model that captures the flow of individuals across various markets based on their economic purchasing decisions and is integrated with actuarial modeling designed to assess the impact various reforms are expected to have on the health insurance markets. This model is a leading edge tool for analyzing the impact of various healthcare reforms or proposed legislation.

The HRM Model projects the number of individuals expected to seek coverage under each health insurance coverage type through the use of economic utility functions. The decision-making process for determining which health insurance coverage type is selected is made at the health insurance unit (HIU) level, where an HIU is defined as any grouping of family members where each person within the HIU might be eligible for coverage under the same policy. One exception to this is that individuals who are identified as being eligible for Medicare, Medicaid, CHIP, and other government sponsored coverage (e.g., government workers) are assumed to retain their government sponsored coverage, and the economic utility associated with employer-based coverage, individual market coverage or being uninsured is only evaluated by the HRM Model for the remaining individuals within an HIU.

HIUs are generally assumed to make economically rational decisions in selecting the health insurance option that maximizes the economic utility for the HIU. The HRM Model does allow for some irrational behavior, including the principle of "inertia" in HIU decision making (i.e., people are unlikely to make significant changes in their situation for relatively small changes in utility) and the assumption that not all uninsured individuals will actually shop for health insurance coverage each year.

An HIU's decision to enroll in ACA coverage is based on the lowest cost bronze, silver, or gold plan available in each rating area (RA) which provides the greatest economic value. Both on-Exchange and off-Exchange plans are made available to each HIU, with APTCs applied for those HIUs who are eligible. The economic utilities for all members of the HIU are aggregated to develop the corresponding utility for the HIU under each health insurance option.

Individuals identified as working for private employers are randomly categorized into synthetic employer groups of varying group sizes based on the distribution of group size from the Medical Expenditure Panel Survey (MEPS). An employer-based economic utility function, which takes into account items such as the expected costs which would be incurred as a result of not offering coverage (e.g., the penalty for not offering coverage) and the benefits that would be available to an employer's employees if they were to purchase coverage in the individual market (e.g., APTCs), determines whether or not a given employer will offer health insurance coverage to its employees and their dependents. If an employer offers coverage, all eligible employees and their dependents within each HIU (i.e., individuals who are not eligible for health insurance

coverage through a government sponsored program) are assumed to evaluate the health insurance coverage options offered by the employer.

The decision as to whether an HIU will take up coverage in either the employer-based market, the individual market, or choose to be uninsured is based on the result from comparing two economic utility functions. The first economic utility function calculates the utility associated with taking up coverage in either the employer-based market or the individual market (depending on whether the employer of the primary or spouse within an HIU is modeled to offer coverage) and is a function of the premium the HIU would be expected to pay (net of employer subsidies or Federal premium subsidies, respectively), any cost-sharing the HIU would be expected to pay out-of-pocket (net of any CSRs for applicable individual market coverage), and the risk aversion of the HIU. If multiple coverage options are available within a given market (e.g., bronze-level coverage, silver-level coverage), the utility of each coverage option is evaluated. The second economic utility function calculates the utility associated with not taking coverage and remaining uninsured, and is a function of any tax penalty the HIU would be assessed, total allowed claim costs for the HIU (assuming a reduced level of utilization due to the lack of insurance coverage), and the risk aversion of the HIU. If the utility of being uninsured is greater than the utility associated with taking up health insurance coverage, the HIU is assumed to be uninsured. Otherwise, the HIU is assumed to take up coverage in either the employer-based market or the individual market for the coverage option that provides the maximum utility for the HIU.

Appendix B. Ten Year Budget Period Projections

Detailed Summary of Individual Market Projections- Baseline and Waiver Scenarios

Baseline	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Individual Enrollment	321,000	322,000	321,000	322,000	322,000	323,000	324,000	324,000	325,000	326,000	327,000
ACA APTC Enrollment	189,000	188,000	189,000	190,000	191,000	191,000	192,000	193,000	194,000	195,000	196,000
ACA Non-APTC Enrollment	132,000	134,000	132,000	132,000	132,000	132,000	132,000	131,000	131,000	131,000	131,000
Aggregate Premium (millions)	\$2,240.0	\$2,351.6	\$2,621.6	\$2,832.5	\$3,060.4	\$3,306.7	\$3,572.9	\$3,860.4	\$4,171.2	\$4,507.0	\$4,869.8
Average Premium Rate PMPM	\$581	\$609	\$680	\$733	\$791	\$863	\$919	\$991	\$1,069	\$1,153	\$1,243
Aggregate APTCs (millions)	\$1,001.7	\$1,132.8	\$1,302.2	\$1,428.5	\$1,565.7	\$1,714.5	\$1,875.9	\$2,050.8	\$2,240.8	\$2,447.2	\$2,671.4
Average APTCs PMPM	\$442	\$502	\$574	\$627	\$684	\$746	\$813	\$885	\$963	\$1,047	\$1,138
Exchange User Fees (millions)	\$58.3	\$62.3	\$69.7	\$75.4	\$81.5	\$88.2	\$95.4	\$103.2	\$111.6	\$120.7	\$130.5
Waiver											
Total Individual Enrollment	321,000	331,000	330,000	330,000	331,000	332,000	332,000	333,000	334,000	334,000	335,000
ACA APTC Enrollment	189,000	188,000	189,000	190,000	191,000	191,000	192,000	193,000	194,000	195,000	196,000
ACA Non-APTC Enrollment	132,000	142,000	141,000	141,000	140,000	140,000	140,000	140,000	140,000	139,000	139,000
Aggregate Premium (millions)	\$2,240.0	\$2,049.7	\$2,284.3	\$2,467.9	\$2,666.2	\$2,880.5	\$3,112.0	\$3,362.2	\$3,632.4	\$3,924.5	\$4,240.0
Average Premium Rate PMPM	\$581	\$517	\$577	\$623	\$671	\$724	\$780	\$842	\$907	\$978	\$1,055
Aggregate APTCs (millions)	\$1,001.7	\$906.0	\$1,047.9	\$1,153.1	\$1,267.6	\$1,391.8	\$1,526.4	\$1,672.4	\$1,831.2	\$2,003.7	\$2,191.3
Average APTCs PMPM	\$442	\$401	\$462	\$506	\$554	\$606	\$662	\$722	\$787	\$857	\$933
Exchange User Fees (millions)	\$58.3	\$53.4	\$59.8	\$64.6	\$69.9	\$75.6	\$81.8	\$88.5	\$95.7	\$103.5	\$111.9
Change - Baseline Scenario to Waiver Scenario											
Total Individual Enrollment	0	9,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total Individual Enrollment (%)	0.0%	2.7%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Average Premium Rate PMPM (%)	0.0%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%	-15.1%
Average APTCs PMPM (%)	0.0%	-20.0%	-19.5%	-19.3%	-19.0%	-18.8%	-18.6%	-18.4%	-18.3%	-18.1%	-18.0%
Demonstration of Deficit Neutrality Requirement (amounts shown in millions)											
Change in Total APTCs	\$0.0	-\$226.8	-\$254.3	-\$275.4	-\$298.1	-\$322.8	-\$349.4	-\$378.3	-\$409.6	-\$443.5	-\$480.1
Change in Exchange User Fees	\$0.0	-\$8.8	-\$9.9	-\$10.7	-\$11.6	-\$12.5	-\$13.6	-\$14.7	-\$15.9	-\$17.2	-\$18.6
Net Savings to Federal Government	\$0.0	-\$218.0	-\$244.4	-\$264.7	-\$286.5	-\$310.2	-\$335.9	-\$363.6	-\$393.7	-\$426.3	-\$461.5
Projected Reinsurance Program Cost and Funding Levels											
Cost of Reinsurance Program (millions)	\$0.0	\$323.7	\$349.2	\$377.3	\$407.6	\$440.4	\$475.8	\$514.0	\$556.3	\$600.0	\$648.2
Federal Pass Through Funding (millions)	\$0.0	\$218.0	\$244.4	\$264.7	\$286.5	\$310.2	\$335.9	\$363.6	\$393.7	\$426.3	\$461.5
State Funding (millions)	\$0.0	\$105.8	\$104.8	\$112.6	\$121.1	\$130.2	\$139.9	\$150.4	\$161.6	\$173.7	\$186.7

Notes:
 1. Enrollment volumes have been rounded to the nearest thousand and reflect average month enrollment levels
 2. Aggregate values are in millions and have been rounded to the nearest hundred thousand
 3. PMPM values have been rounded to the nearest whole dollar



Oliver Wyman
411 East Wisconsin Avenue, Suite 1300
Milwaukee, WI 53202-4419
414-223-7988
tammy.tomczyk@oliverwyman.com

Attachment 2

Attachment 3

Contracts by Metal Levels

Carrier	Contracts Issued Through the Marketplace					Contracts Issued Off The Marketplace					Contracts - 1Q2018 By Metal Levels				
	Bronze	Silver	Gold	Platinum	Total	Bronze	Silver	Gold	Platinum	Total	Bronze	Silver	Gold	Platinum	Total Plans
1 Aetna Inc. (Insurance)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 AmeriHealth Inc. (Insurance and HMO)	18,923	53,895	247	-	73,065	3,152	3,883	604	-	7,639	22,075	57,778	851	-	80,704
3 CIGNA HealthCare of NJ Inc.	-	-	-	-	-	-	48	-	-	48	-	48	-	-	48
4 Horizon BCBSNJ (Service Corp and HMO)	15,132	68,060	2,578	-	85,770	9,672	28,530	3,337	-	41,539	24,804	96,590	5,915	-	127,309
5 Oscar Garden State Ins Corp	2,756	1,280	111	-	4,147	705	146	80	-	931	3,461	1,426	191	-	5,078
6 Oxford Health Plans	-	-	-	-	-	50	453	-	-	503	50	453	-	-	503
Totals	36,811	123,235	2,936	-	162,982	13,579	33,060	4,021	-	50,660	50,390	156,295	6,957	-	213,642
	22.59%	75.61%	1.80%	0.00%	100.00%	26.80%	65.26%	7.94%	0.00%	100.00%	23.59%	73.16%	3.26%	0.00%	100.00%

Carrier	Contracts Issued Through the Marketplace					Contracts Issued Off The Marketplace					Contracts - 4Q2017 By Metal Levels				
	Bronze	Silver	Gold	Platinum	Total	Bronze	Silver	Gold	Platinum	Total	Bronze	Silver	Gold	Platinum	Total Plans
1 Aetna Inc. (Insurance)	-	-	-	-	-	32	56	129	-	217	32	56	129	-	217
2 AmeriHealth Inc. (Insurance and HMO)	7,150	40,510	502	-	48,162	1,361	4,554	942	-	6,857	8,511	45,064	1,444	-	55,019
3 CIGNA HealthCare of NJ Inc.	-	-	-	-	-	43	-	41	-	84	43	-	41	-	84
4 Horizon BCBSNJ (Service Corp and HMO)	13,956	77,076	3,604	-	94,636	8,247	32,344	4,095	-	44,686	22,203	109,420	7,699	-	139,322
5 Oxford Health Plans	-	-	-	-	-	119	810	-	-	929	119	810	-	-	929
Totals	21,106	117,586	4,106	-	142,798	9,802	37,764	5,207	-	52,773	30,908	155,350	9,313	-	195,571
	14.78%	82.34%	2.88%	0.00%	100.00%	18.57%	71.56%	9.87%	0.00%	100.00%	15.80%	79.43%	4.76%	0.00%	100.00%

Total Covered Lives by Carrier

Covered Lives - 1Q2018							
Carrier	Issued Through the Marketplace		Issued Off The Marketplace		Total		
	Covered Lives	Market Share	Covered Lives	Market Share	Covered Lives	Market Share	
	1 Aetna Inc. (Insurance)	-	0.00%	-	0.00%	-	0.00%
2 AmeriHealth Inc. (Insurance and HMO)	102,795	42.88%	13,249	14.88%	116,044	35.30%	
3 CIGNA HealthCare of NJ Inc.	-	-	52	0.06%	52	0.02%	
4 Horizon BCBSNJ (Service Corp and HMO)	129,219	53.90%	72,671	81.63%	201,890	61.41%	
5 Oscar Garden State Ins Corp	7,724	3.22%	2,456	2.76%	10,180	3.10%	
6 Oxford Health Insurance	-	0.00%	595	0.67%	595	0.18%	
Totals	239,738	100.00%	89,023	100.00%	328,761	100.00%	

Covered Lives - 4Q2017							
Carrier	Issued Through the Marketplace		Issued Off The Marketplace		Total		
	Covered Lives	Market Share	Covered Lives	Market Share	Covered Lives	Market Share	
	1 Aetna Inc. (Insurance)	-	-	281	0.30%	281	0.09%
2 AmeriHealth Inc. (Insurance and HMO)	68,945	32.08%	12,247	12.94%	81,192	26.23%	
3 CIGNA HealthCare of NJ Inc.	-	-	131	0.14%	131	0.04%	
4 Horizon BCBSNJ (Service Corp and HMO)	145,955	67.92%	80,675	85.26%	226,630	73.22%	
5 Oscar Garden State Ins Corp	-	-	-	-	-	-	
6 Oxford Health Insurance	-	0.00%	1,287	1.36%	1,287	0.42%	
Totals	214,900	100.00%	94,621	100.00%	309,521	100.00%	

Quarter Increase (Decrease)
Covered Lives
(281)
34,852
(79)
(24,740)
10,180
(692)
19,240

Total Covered Lives Comparison

	First Quarter 2018	First Quarter 2017	# Change	% Change
Marketplace	239,738	265,124	(25,386)	-9.58%
Off The Marketplace	89,023	103,495	(14,472)	-13.98%
Total	328,761	368,619	(39,858)	-10.81%

Covered Lives Under Contracts Issued Through the Marketplace

Carrier	1Q18 Total	4Q17 Total	1Q18						1Q18 - 4Q17						# (+/-)	Market Share
			A/50-D			Catastrophic			A/50-D			Catastrophic				
			HMO	PPO/POS	EPO	PPO/POS	HMO	EPO	HMO	PPO/POS	EPO	PPO/POS	HMO	EPO		
1 Aetna Inc. (Insurance)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 AmeriHealth Inc. (Insurance and HMO)	102,706	69,945	10,448	-	92,319	-	-	30	1,165	-	32,689	-	-	(4)	33,850	42.88%
3 CIGNA HealthCare of NJ Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Horizon BCBSNJ (Service Corp and HMO)	128,219	146,965	-	-	128,636	-	-	684	-	-	(16,401)	-	-	(336)	(16,738)	53.90%
5 Oscar Garden State Ins Corp	7,724	-	-	-	6,418	-	-	1,306	-	-	6,418	-	-	1,306	7,724	3.22%
6 Oxford Health Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	239,738	214,900	10,448	-	227,372	-	-	1,920	1,165	-	22,706	-	-	967	24,638	100.00%
Change in covered lives	24,638	11.56%														

Covered Lives Under Contracts Issued Off The Marketplace

Carrier	1Q18 Total	4Q17 Total	1Q18						1Q18 - 4Q17						# (+/-)	Market Share
			A/50-D			Catastrophic			A/50-D			Catastrophic				
			HMO	PPO/POS	EPO	PPO/POS	HMO	EPO	HMO	PPO/POS	EPO	PPO/POS	HMO	EPO		
1 Aetna Inc. (Insurance)	-	281	-	-	-	-	-	-	-	-	(281)	-	-	-	(281)	-
2 AmeriHealth Inc. (Insurance and HMO)	13,249	12,247	2,300	-	10,833	-	-	30	(324)	-	1,323	-	-	7	1,002	14.88%
3 CIGNA HealthCare of NJ Inc.	52	131	52	-	-	-	-	-	(79)	-	-	-	-	-	(79)	0.08%
4 Horizon BCBSNJ (Service Corp and HMO)	72,671	60,675	-	-	71,555	-	-	1,116	(9)	-	(7,807)	-	-	(106)	(8,004)	81.63%
5 Oscar Garden State Ins Corp	2,458	-	-	1	1,821	-	-	835	-	1	1,821	-	-	835	2,458	2.76%
6 Oxford Health Insurance	595	1,267	-	-	695	-	-	-	-	-	(602)	-	-	-	(602)	0.67%
Totals	89,023	94,021	2,442	1	84,004	-	-	1,981	(404)	1	(5,838)	-	-	646	(5,598)	100.00%
Change in covered lives	(5,598)	-5.92%														

Contracts Issued Through the Marketplace

	% of Covered Lives
Standard Plans	4.36%
A/50-D EPO	94.84%
Catastrophic - HMO	0.00%
Catastrophic - EPO	0.80%
Total	100.00%

Contracts Issued Off The Marketplace

	% of Covered Lives
Standard Plans	2.74%
A/50-D EPO	95.04%
Catastrophic - HMO	0.00%
Catastrophic - EPO	2.23%
Total	100.00%

Total Covered Lives

	First Quarter 2018	Fourth Quarter 2017	# Change	% Change	First Quarter 2017	# Change	% Change
Marketplace	239,738	214,900	24,838	11.56%	265,124	(25,386)	-9.58%
Off the Marketplace	89,023	94,621	(5,598)	-5.92%	103,495	(14,472)	-13.98%
Total	328,761	309,521	19,240	6.22%	368,619	(39,858)	-10.81%

Attachment 4

P.L. 2018, CHAPTER 24, *approved May 30, 2018*
Senate Committee Substitute for
Senate, No. 1878

AN ACT concerning health insurance premiums and supplementing P.L.1992, c.161 (C.17B:27A-2 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. This act shall be known and may be cited as the “New Jersey Health Insurance Premium Security Act.”

2. It is the intent of the Legislature to stabilize or reduce premiums in the individual health insurance market by providing reinsurance payments to health insurance carriers with respect to claims for eligible individuals. The Commissioner of Banking and Insurance, and the board of directors of the New Jersey Individual Health Coverage Program, are authorized to apply for, accept and receive federal funds to implement and sustain market stabilization programs. Preliminary planning, analysis, and implementation to effectuate the purposes of this act shall continue under the direction of the commissioner and the board.

3. For the purposes of this act:

“Affiliated carrier” means the same as defined in N.J.A.C.11:20-1.2.

“Affordable Care Act” or “PPACA” means the federal Patient Protection and Affordable Care Act, Pub.L.111-148, as amended by the federal “Health Care and Education Reconciliation Act of 2010,” Pub.L.111-152, and any federal rules and regulations adopted pursuant thereto.

“Attachment point” means an amount as provided in subsection h. of section 4 of this act.

“Benefit year” means the calendar year for which an eligible carrier provides coverage through an individual health benefits plan.

“Board” means the board of directors of the New Jersey Individual Health Coverage Program established pursuant to P.L.1992, c.161 (C.17B:27A-2 et seq.).

“Carrier” means any entity subject to the insurance laws and regulations of this State, or subject to the jurisdiction of the commissioner, that contracts or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services under a health benefits plan, including a sickness and accident insurance company, a health maintenance organization, a hospital, medical or health service corporation, or any other entity providing a health benefits plan. For purposes of this act, carriers that are affiliated carriers shall be treated as one carrier.

“Paid claim” means a claim by a covered person for payment of benefits under a health benefits plan for which the financial obligation for the payment of the claim under the contract rests upon and has been paid by the carrier, excluding claims adjustment expenses.

“Coinsurance rate” means the rate as provided in subsection i. of section 4 of this act.

“Commissioner” means the Commissioner of Banking and Insurance.

“Department” means the Department of Banking and Insurance.

“Eligible carrier” means a carrier that offers individual health benefits plans in the State.

“Fund” means the New Jersey Health Insurance Premium Security Fund created pursuant to section 10 of this act.

"Health benefits plan" means the same as that term is defined in section 1 of P.L.1992, c.161 (C.17B:27A-2).

"Payment parameters" means the attachment point, reinsurance cap, and coinsurance rate for the plan.

"Plan" means the Health Insurance Premium Security Plan established pursuant to section 4 of this act.

"Reinsurance cap" means the threshold amount as provided in subsection j. of section 4 of this act.

"Reinsurance payment" means an amount paid by the board to an eligible carrier under the plan.

4. a. There is hereby established, and the board in consultation with the commissioner shall administer, the Health Insurance Premium Security Plan.

b. The board or commissioner may apply for any available federal funding for the plan. All funds received pursuant to an application for federal funding, assessed by the board pursuant this act, or otherwise dedicated to the fund shall be remitted to the State Treasurer and deposited in the fund.

c. The commissioner, in consultation with the board, shall collect data from carriers necessary to determine the reinsurance payment parameters and shall share this data with the board.

d. For each applicable benefit year, the board shall notify carriers, the commissioner, and the State Treasurer of the reinsurance payments to be made for the applicable benefit year no later than June 30 of the year following the applicable benefit year.

e. On a quarterly basis during the applicable benefit year, the board shall provide each eligible carrier and the commissioner with the calculation of total reinsurance payment requests.

f. By November 1 of the year following the applicable benefit year, the State Treasurer shall disburse all applicable reinsurance payments to an eligible carrier.

g. The board, subject to the disapproval of the commissioner pursuant to section 5 of this act, shall design and adjust the payment parameters to ensure the payment parameters:

(1) will stabilize or reduce premium rates in the individual market by achieving between a 10% and 20% reduction in what indicated premium rates would be for the applicable benefit year without the plan;

(2) will encourage increased participation in the individual market;

(3) mitigate the impact high-risk individuals have on premium rates in the individual market;

(4) take into account any federal funding available for the plan;

(5) take into account the total amount available to fund the plan; and

(6) encourage cost savings mechanisms related to the management of health care services.

h. The attachment point for the plan is the threshold amount for paid claims by an eligible carrier for an enrolled individual's covered benefits in a benefit year, beyond which the paid claims are eligible for reinsurance payments. The attachment point shall be set by the board, but shall not exceed the reinsurance cap.

i. The coinsurance rate for the plan is the rate at which the board will reimburse an eligible carrier for paid claims for an enrolled individual's covered benefits in a benefit year above the attachment point and below the reinsurance cap. The coinsurance rate shall be set by the board.

j. The reinsurance cap is the amount for paid claims of an eligible carrier for an enrolled individual's covered benefits, above which the paid claims for benefits are no longer eligible for reinsurance payments. The reinsurance cap shall be set by the board.

5. The board shall propose to the commissioner the payment parameters for the next benefit year by April 30 of the year before the applicable benefit year. The commissioner shall have 15 days to review the payment parameters. If the commissioner takes no affirmative action to disapprove the payment parameters within that time the proposed payment parameters are final and effective.

6. a. Each reinsurance payment shall be calculated with respect to an eligible carrier's paid claims for an individual enrollee's covered benefits in the applicable benefit year. If the paid claims do not exceed the attachment point, a reinsurance payment shall not be made. If the paid claims exceed the attachment point, the reinsurance payment shall be calculated as the product of the coinsurance rate and the lesser of:

(1) the paid claims minus the attachment point; or

(2) the reinsurance cap minus the attachment point.

b. The board shall ensure that reinsurance payments made to eligible carriers do not exceed the total amount paid by the eligible carrier for any eligible claim. "Total amount paid" means the amount paid by the eligible carrier based upon the allowed amount less any deductible, coinsurance, or co-payment, as of the time the data are submitted or made accessible under section 7 of this act.

7. a. An eligible carrier shall submit a request to the board for reinsurance payments when the eligible carrier's total amount paid for an enrollee meet the criteria for reinsurance payments.

b. An eligible carrier shall make requests for reinsurance payments in accordance with any requirements established by the board.

c. An eligible carrier shall calculate the premium amount the carrier would have charged for the applicable benefit year if the plan was not in effect and submit this information as part of its rate filing.

d. An eligible carrier shall maintain documents and records, whether paper, electronic, or in other media, sufficient to substantiate the requests for reinsurance payments made pursuant to this section for a period of at least six years. An eligible carrier shall also make those documents and records available upon request from the commissioner for purposes of verification, investigation, audit, or other review of reinsurance payment requests.

e. (1) At least once every five years the board shall engage an independent audit firm to audit eligible carriers that receive reinsurance payments to assess compliance with the requirements of this act. The eligible carrier shall cooperate with an audit. If an audit results in a proposed finding of material weakness or significant deficiency with respect to compliance with any requirement of this act or overpayment of reinsurance payments in the audited benefit years, the eligible carrier may respond to the draft audit report within 30 days of the draft audit report's issuance.

(2) Within 30 days of the issuance of the final audit report, if the final audit results in a finding of material weakness or significant deficiency with respect to compliance with any requirement of this act or overpayment of reinsurance payments in the audited benefit years, the eligible carrier shall:

(a) provide a written corrective action plan to the board for approval, that includes recoupment of any reinsurance overpayments;

(b) upon board approval, implement the corrective action plan described; and

(c) provide the board with documentation of the corrective actions taken.

8. The board shall keep an accounting for each benefit year, including but not limited to, the following:

a. funds appropriated for reinsurance payments and administrative and operational expenses;

b. requests for reinsurance payments received from eligible carriers;

c. reinsurance payments made to eligible carriers; and

d. administrative and operational expenses incurred for the plan.

9. The commissioner shall apply to the United States Secretary of Health and Human Services under 42 U.S.C. 18052 for a waiver of applicable provisions of the Affordable Care Act with respect to health insurance coverage in the State for a plan year beginning on or after January 1, 2019, to effectuate the provisions of this act. If the waiver is approved, the commissioner may accept the waiver so long as the commissioner determines that implementation of the plan:

a. will be beneficial to policyholders; and

b. is expected to stabilize or reduce premiums in the individual health insurance market through a reduction in what indicated premium rates would be without the plan.

If the commissioner accepts the waiver, the commissioner and the board shall implement the plan to meet the waiver requirements in a manner consistent with federal and State law, as approved by the United States Secretary of Health and Human Services, and consistent with the provisions of this act. The commissioner may contract for actuarial services as necessary to implement the waiver application required pursuant to this section.

10. a. The New Jersey Health Insurance Premium Security Fund is hereby created in the State Treasury for the purposes of this act. This fund shall be the repository for monies collected pursuant to this act and other

P.L. 2018, c.024 (S1878 SCS)

monies received as grants in support of this act, or monies otherwise appropriated or directed to be remitted to the fund. The establishment of this fund, the funding sources contained herein, and the plan shall be contingent upon approval from the United States Secretary of Health and Human Services and the United States Secretary of the Treasury of a State Innovation Waiver application pursuant to section 1332 of the Affordable Care Act (C.42 U.S.C. 18052) and the commissioner's acceptance of any approval as provided in section 9 of this act.

b. All interest earned on the moneys that have been deposited into the fund shall be retained in the fund and used for purposes consistent with the fund.

c. The fund shall be funded to levels based upon actuarial analysis to stabilize or reduce premiums rates in the individual market achieving between a 10% and 20% reduction in what indicated rates would be for the applicable benefit year without the plan and to cover all necessary administrative costs of the reinsurance provided by the plan.

d. The fund shall be fully funded in accordance with this section by:

(1) All funds collected by the State pursuant to P.L. , c. (C.)(pending before the Legislature as Assembly Bill No. 3380 of 2018);

(2) Federal payments received as a result of any waiver of requirements granted or other arrangements agreed to by the United States Secretary of Health and Human Services or other appropriate federal officials; and

(3) For the purpose of providing the funds necessary to carry out the provisions of this act, and in amounts sufficient to ensure funding levels as required by this act after the monies received pursuant to paragraphs (1) and (2) of this subsection, there shall be appropriated annually out of the General Fund of the State an amount as the board, in consultation with the commissioner, determines necessary to fully fund the plan to accomplish the objectives of this act. The board, in consultation with the commissioner, shall calculate the amount necessary to cover the submitted reinsurance requests taking into account all federal waiver payments and other monies in the fund. The board shall issue an order memorializing those amounts and requesting the Legislature to appropriate that amount to the fund.

e. Moneys in the fund shall only be used for the purposes established in this act.

11. a. The board shall present an annual report to the Governor, and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), which contains a summary of the operations of the Health Insurance Premium Security Plan and the impact of the plan on health insurance premiums. The report shall be made available to the public upon request and by posting on the department's website.

b. (1) The board shall engage and cooperate with an independent certified public accountant to perform an audit for each benefit year of the plan, in accordance with generally accepted auditing standards. The audit shall at a minimum:

(a) assess compliance with the requirements of this act; and

(b) identify any material weaknesses or significant deficiencies and address manners in which to correct any such material weaknesses or deficiencies.

(2) The board, after receiving the completed audit, shall:

(a) provide the commissioner the results of the audit excluding any proprietary information;

(b) identify to the commissioner any material weakness or significant deficiency identified in the audit and address in writing to the commissioner how the board recommends to correct any such material weakness or significant deficiency in compliance with this subsection; and

(c) make available to the public a summary of the results of the audit by posting the summary on the department website and making the summary otherwise available, including any material weakness or significant deficiency and how the board intends to correct the material weakness or significant deficiency.

c. Documents, materials or other information that are in the possession or control of the commissioner or the board and that are obtained by or disclosed to the commissioner, the board, or any other person in the course of an examination or investigation made pursuant to this act shall be confidential by law and privileged and shall not be subject to disclosure or dissemination under P.L.1963, c.71 (C.47:1A-1 et seq.), or any other act. However, the commissioner is authorized to use the documents, materials or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties. The

P.L. 2018, c.024 (S1878 SCS)

commissioner shall not otherwise make the documents, materials or other information public without the prior written consent of the carrier.

12. If a carrier violates any provision of this act, the commissioner may, upon notice and hearing, assess a civil administrative penalty in an amount not less than \$1,000 nor more than \$10,000 for each day the carrier is in violation of this act. The penalty may be recovered in a summary proceeding pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

13. The board, pursuant to section 8 of P.L.1993, c.164 (C.17B:27A-16.1), and the commissioner, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) and in consultation with each other, shall each adopt such rules and regulations as may be necessary to effectuate the purposes of this act.

14. This act shall take effect immediately, except that sections 1 through 8, 10 and 11 shall remain inoperative until the Commissioner of Banking and Insurance is granted and accepts a waiver pursuant to section 9 of this act, and the commissioner and the board may take any anticipatory administrative action in advance as necessary for the implementation of this act.

"New Jersey Health Insurance Premium Security Act;" establishes health insurance reinsurance plan.

Attachment 5



[Home](#) > [Division of Insurance](#) > New Jersey Proposal for ACA Section 1332 State Innovation Waiver

New Jersey Proposal for ACA Section 1332 State Innovation Waiver

Background/Introduction

Senate Bill No. 1878, the "New Jersey Health Insurance Premium Security Act," was signed into law on May 30, 2018 and is codified at N.J.S.A.17B:27A-10.1 et seq . This law contemplates the creation of a reinsurance plan to reimburse carriers for certain high-cost claims in the individual health insurance market. The reinsurance plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan.

Senate Bill No. 1878, which also authorizes the Commissioner of the Department of Banking and Insurance to apply for a 1332 Innovation Waiver to implement the bill, may be found here: www.njleg.state.nj.us/2018/Bills/AL18/24_PDF

New Jersey Proposal for Section 1332 State Innovation Waiver

New Jersey's Section 1332 Draft Waiver Application, which will be updated during the public comment period, can be found here:

- [Initial Draft Waiver Application](#)
- [Updated Draft Waiver Application](#)

When final, the full application will be available from the Department of Banking and Insurance by email request to:

1332WaiverApplication@dobi.nj.gov

Public Comments

The Department of Banking and Insurance will be accepting public comments on New Jersey's 1332 Innovation Waiver beginning on May 31, 2018, through Sunday, July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

Public Hearings

In compliance with Federal regulations, the Department of Banking and Insurance will hold two public hearings on New Jersey's 1332 Innovation Waiver.

- The first public hearing was held June 12, 2018 at 11:00 AM at the following location:

Department of Banking and Insurance
Mary Roebling Building, 2nd floor, Room 220
20 West State Street

Trenton NJ 08625

- The second public hearing will be held June 28, 2018 at 10:00 AM at the following location:

Rutgers Center for State Health Policy
IFH Building, 1st Floor Conference Room 120
112 Paterson Street
New Brunswick NJ 08901

For directions to the Rutgers Center for State Health Policy and information on parking and public transportation, please visit the following website: www.cshp.rutgers.edu/about-cshp/contact



**OPRA | Open
Public Records Act**

OPRA is a state law that was enacted to give the public greater access to government records maintained by public agencies in New Jersey.



You will need to download the latest version of Adobe Acrobat Reader in order to correctly view and print PDF (Portable Document Format) files from this web site.

[NJHome](#) | [Services A to Z](#) | [Departments/Agencies](#) | [FAQs](#)

[Contact Us](#) | [Privacy Notice](#) | [Legal Statement](#) | [Accessibility Statement](#) 

Copyright © 2011, State of New Jersey
New Jersey Department of Banking and Insurance



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

VIA EMAIL

Kerry.Sgro@nj.gov

May 31, 2018

To: Kerry Sgro
Office of the Secretary of State

From: Philip Gennace
Assistant Commissioner

Re: Notice of Public Comment Period and Hearing – Section 1332 Innovation Waiver Application

Attached please find a Notice of a Public Comment Period and Public Hearings regarding a Section 1332 Innovation Waiver Application. Could you please date stamp one copy and email it back to me?

Please keep one copy for posting at the Office of the Secretary of State.

Please also provide one copy to the State House Press Corps.

If you have any questions you may reach me at 609-633-1882 ext. 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you for your assistance!

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

May 31, 2018

TO: Star Ledger - Legal Advertising Department (Phone: 732-902-4318)
VIA E-MAIL: legalads@njadvancemedia.com

FROM: Philip Gennace, Assistant Commissioner

RE: **Public Comment and Hearing Notice**
IHC Program Account # [REDACTED]

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC_Program Account # [REDACTED]

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1page

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

May 31, 2018

TO: Trenton Times - Legal Advertising Department (Phone: 609-989-7870)
VIA E-MAIL TRANSMISSION: legalads@nitime.com

FROM: Philip Gennace, Assistant Commissioner

RE: **Legal Public Comment Notice**
IHC Program Account "_____"

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC Program Account "_____".

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext. 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1page

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE

PO Box 325
TRENTON, NJ 08625-0325

TEL (609) 633-1882
FAX (609) 633-2030

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

MARLENE CARIDE
Acting Commissioner

PETER L. HARTT
Director

May 31, 2018

TO: Courier Post - Legal Advertising Department (Phone: 856-663-6000)
Via E-Mail: cplegals@gannett.com
ATTN: Patty Rose (p:732-643-3765)

FROM: Philip Gennace, Assistant Commissioner

RE: Legal Notice
IHC Program Account ; _____

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC_Program Account # 1

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext 50658 or by email at philip.gennace@dobi.nj.gov .

Thank you.

Att. 1page

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.

Gennace, Philip

From: Graber, Trish
Sent: Friday, June 29, 2018 11:54 AM
To: Gennace, Philip
Subject: FW: Innovation Waiver Public Hearing Notice

From: NJ Dept of Banking and Insurance [mailto:NJ_Dept_of_Banking_and_Insurance@xmr3.com]
Sent: Wednesday, June 06, 2018 11:50 AM
To: Graber, Trish <Trish.Graber@dobi.nj.gov>
Subject: Innovation Waiver Public Hearing Notice

Department of Banking and Insurance Trenton, NJ

This is to advise that on May 31, 2018, the Department of Banking and Insurance ("Department") began accepting public comments on New Jersey's 1332 Innovation Waiver. Public comments will be accepted through Sunday, July 1, 2018. During the next month, the Department will also hold two public hearings on the 1332 Innovation Waiver. Information concerning the submission of comments and the hearings may be found here: http://www.state.nj.us/dobi/division_insurance/section1332/index.html.

- The first public hearing will be held June 12, 2018 at 11:00 AM at the following location:

Department of Banking and Insurance
Mary Roebling Building, 2nd floor, Room 220
20 West State Street
Trenton NJ 08625

By way of background, Senate Bill No. 1878, the "New Jersey Health Insurance Premium Security Act," was signed into law on May 30, 2018. This law contemplates the creation of a reinsurance plan to reimburse carriers for certain high-cost claims in the individual health insurance market. The reinsurance plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan. Senate Bill No. 1878, which also authorizes the Commissioner of the Department of Banking and Insurance to apply for a 1332 Innovation Waiver to implement the bill, may be found here: <http://www.njleg.state.nj.us/bills/BillView.asp?BillNumber=S1878>.

Innovation Waiver Public Hearing/Forms

If you are having difficulty opening this document you should call for help

If you would prefer not to receive further messages from this sender, please click on the following link and confirm your request [Click here for www link](#) You will receive one additional e-mail message confirming your removal.

Attachment 6

New Jersey Section 1332 Waiver Application

Public Hearing Presentation
June 12, 2018

Mary Roebling Building, Second floor, Room 220, 20 West State Street, Trenton NJ 08625



NJ Department of Banking and Insurance

Marlene Caride, Commissioner

Philip Gennace
Assistant Commissioner, Department of Banking and Insurance

Ellen DeRosa
Executive Director, Individual Health Coverage Board

“New Jersey Health Insurance Premium Security Act”

- Senate Bill No. 1878 was signed into law on May 30, 2018 as P.L.2018, c.24
- This law contemplates the creation of a reinsurance plan to reimburse health insurance carriers for certain high-cost claims in the individual health insurance market.
- The law provides that the plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan.
- Directs the Commissioner to apply for a waiver from the United States Secretary of Health and Human Services with respect to health insurance coverage in the State for a plan year beginning on or after January 1, 2019. If the waiver is approved, the Commissioner may accept the waiver so long as the Commissioner determines that implementation of the plan:
 - a. will be beneficial to policyholders; and
 - b. is expected to stabilize or reduce premiums in the individual health insurance market through a reduction in what indicated premium rates would be without the plan.

What is a Section 1332 Waiver?

- Section 1332 of the Affordable Care Act (ACA) permits a state to apply for a State Innovation Waiver (Section 1332 waiver) to pursue innovative strategies for providing their residents with access to high quality, affordable health coverage.
- To receive approval for a Section 1332 waiver, the state must demonstrate that the waiver will: (1) provide access to quality health care that is at least as comprehensive and affordable as would be provided without the waiver; (2) provide coverage to at least a comparable number of residents of the state as would be provided coverage without a waiver; and (3) will not increase the federal deficit.
- Waivers can be funded by “pass through dollars.” If the federal government will save money it would have otherwise spent in subsidies absent the waiver, the state can use those “pass through dollars” to help fund the program.

30-Day Public Comment Period and Hearings

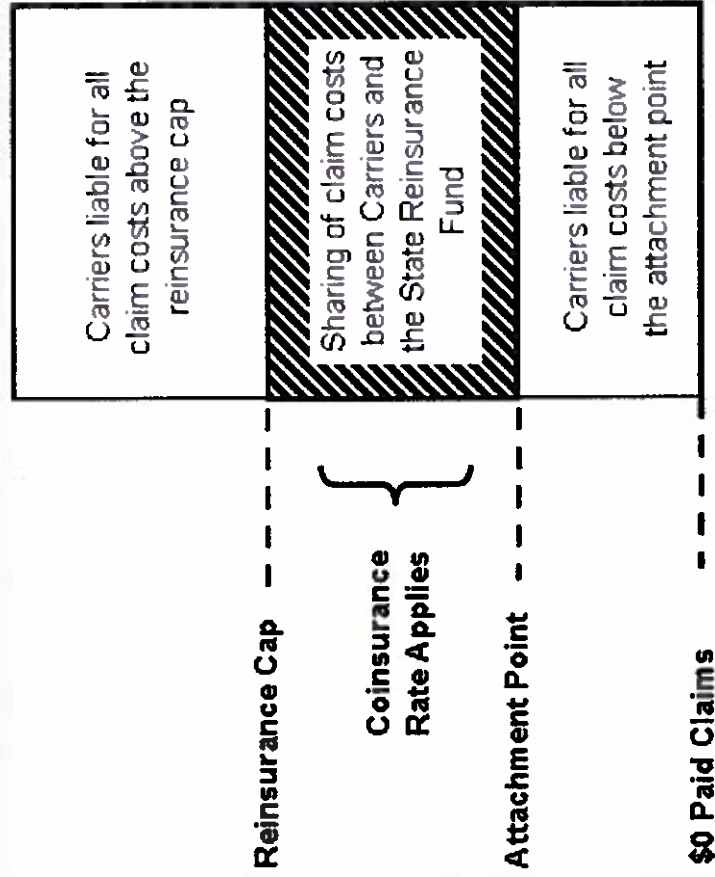
- Written evidence of the State's compliance with the public notice and comment requirements, set forth in 45 CFR 155.1312.
- Public Hearings- Evidence that a minimum of 2 public hearings were convened on separate dates and locations.
- Report on the issues raised during public hearings.

How Would the Reinsurance Program Work?

PROGRAM DESCRIPTION

- Program will reimburse qualifying carriers in the individual health insurance market for a percentage of an enrollee's claims (coinsurance rate) between an attachment point and a reinsurance cap to be determined by the Board and non-disapproved by the Commissioner.
- The Individual Health Coverage Board, in consultation with the Commissioner of DOBI, will set the program payment parameters through administrative action.
- The Goal is to achieve a desired reduction in rates of between 10 and 20 percent

HOW PARAMETERS WORK



Payment Parameters

THE BOARD, SUBJECT TO THE DISAPPROVAL OF THE COMMISSIONER, IS TO DESIGN AND ADJUST THE PAYMENT PARAMETERS TO ENSURE THE PAYMENT PARAMETERS:

- (1) will stabilize or reduce premium rates in the individual market by achieving between a 10% and 20% reduction in what indicated premium rates would be for the applicable benefit year without the plan;
- (2) will encourage increased participation in the individual market;
- (3) mitigate the impact high-risk individuals have on premium rates in the individual market;
- (4) take into account any federal funding available for the plan;
- (5) take into account the total amount available to fund the plan;
- (6) encourage cost savings mechanisms related to the management of health care services.

How Will the Reinsurance Program be Funded?

The program will be funded from the following sources:

1. Monies collected by the State pursuant to P.L.2018, c.31, which was also signed into law on May 30, 2018, and establishes a State health insurance coverage mandate largely mirroring the repealed federal mandate;
2. Federal pass-through funds received as a result of this waiver application; and
3. Annual appropriations out of the General Fund of the State in an amount as the IHC Board, in consultation with the Commissioner, determines necessary to fully fund the program.

Waiver Application Timeline

- 03/09/18: SOW for actuarial services for New Jersey's application for waiver issued
- 04/13/18: DOBI Order No.A18-102 issued to direct carriers to provide data
- 05/15/18: Engagement letter with Oliver Wyman executed
- 05/30/18: Legislation signed into law
- 05/31/18: New Jersey's 30-day public comment period begins
- 06/12/18: First public hearing
- 06/xx/18: Second public hearing
- 07/01/18: The New Jersey public comment period ends
- 07/02/18: The 1332 waiver application is submitted to the federal government
- Xx/xx/xx: The federal government determines that the waiver application is complete and 45 day preliminary review period begins
- Xx/xx/xx: Ends 45-day federal preliminary review period
- Xx/xx/xx: Federal comment period begins
- Xx/xx/xx: Ends the 180-day federal review period
- Xx/xx/xx: Approval date through December 31: implement operational requirements

Written Comments May be Submitted Through July 1, 2018

- **By Mail:**
State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325
- **By Email:**
1332WaiverApplication@dobi.nj.gov
- **For Additional Information and Updates go to the following Website:**
www.state.nj.us/dobi/division_insurance/section1332/

Gennace, Philip

From: Graber, Trish
Sent: Friday, June 29, 2018 11:54 AM
To: Gennace, Philip
Subject: FW: Innovation Waiver Public Hearing Notice

From: NJ Dept of Banking and Insurance [mailto:NJ_Dept_of_Banking_and_Insurance@xmr3.com]
Sent: Wednesday, June 06, 2018 11:50 AM
To: Graber, Trish <Trish.Graber@dobi.nj.gov>
Subject: Innovation Waiver Public Hearing Notice

Department of Banking and Insurance Trenton, NJ

This is to advise that on May 31, 2018, the Department of Banking and Insurance ("Department") began accepting public comments on New Jersey's 1332 Innovation Waiver. Public comments will be accepted through Sunday, July 1, 2018. During the next month, the Department will also hold two public hearings on the 1332 Innovation Waiver. Information concerning the submission of comments and the hearings may be found here: http://www.state.nj.us/dobi/division_insurance/section1332/index.html.

- The first public hearing will be held June 12, 2018 at 11:00 AM at the following location:

Department of Banking and Insurance
Mary Roebling Building, 2nd floor, Room 220
20 West State Street
Trenton NJ 08625

By way of background, Senate Bill No. 1878, the "New Jersey Health Insurance Premium Security Act," was signed into law on May 30, 2018. This law contemplates the creation of a reinsurance plan to reimburse carriers for certain high-cost claims in the individual health insurance market. The reinsurance plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan. Senate Bill No. 1878, which also authorizes the Commissioner of the Department of Banking and Insurance to apply for a 1332 Innovation Waiver to implement the bill, may be found here: <http://www.njleg.state.nj.us/bills/BillView.asp?BillNumber=S1878>.

Innovation Waiver Public Hearing/Forms

If you are having difficulty opening this document you should call for help

If you would prefer not to receive further messages from this sender, please click on the following link and confirm your request [Click here for www link](#) You will receive one additional e-mail message confirming your removal.



[Home](#) > [Division of Insurance](#) > [New Jersey Proposal for ACA Section 1332 State Innovation Waiver](#)

New Jersey Proposal for ACA Section 1332 State Innovation Waiver

Background/Introduction

Senate Bill No. 1878, the "New Jersey Health Insurance Premium Security Act," was signed into law on May 30, 2018 and is codified at N.J.S.A.17B:27A-10.1 et seq. This law contemplates the creation of a reinsurance plan to reimburse carriers for certain high-cost claims in the individual health insurance market. The reinsurance plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan.

Senate Bill No. 1878, which also authorizes the Commissioner of the Department of Banking and Insurance to apply for a 1332 Innovation Waiver to implement the bill, may be found here: www.njleg.state.nj.us/2018/Bills/AL18/24_.PDF

New Jersey Proposal for Section 1332 State Innovation Waiver

New Jersey's Section 1332 Draft Waiver Application, which will be updated during the public comment period, can be found here:

- [Initial Draft Waiver Application](#)
- [Updated Draft Waiver Application](#)

When final, the full application will be available from the Department of Banking and Insurance by email request to:

1332WaiverApplication@dobi.nj.gov

Public Comments

The Department of Banking and Insurance will be accepting public comments on New Jersey's 1332 Innovation Waiver beginning on May 31, 2018, through Sunday, July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

Public Hearings

In compliance with Federal regulations, the Department of Banking and Insurance will hold two public hearings on New Jersey's 1332 Innovation Waiver.

- The first public hearing was held June 12, 2018 at 11:00 AM at the following location:

Department of Banking and Insurance
Mary Roebling Building, 2nd floor, Room 220
20 West State Street

Trenton NJ 08625

- The second public hearing will be held June 28, 2018 at 10:00 AM at the following location:

Rutgers Center for State Health Policy
IFH Building, 1st Floor Conference Room 120
112 Paterson Street
New Brunswick NJ 08901

For directions to the Rutgers Center for State Health Policy and information on parking and public transportation, please visit the following website: www.cshp.rutgers.edu/about-cshp/contact



**OPRA | Open
Public Records Act**

OPRA is a state law that was enacted to give the public greater access to government records maintained by public agencies in New Jersey.



You will need to download the latest version of Adobe Acrobat Reader in order to correctly view and print PDF (Portable Document Format) files from this web site.

[NJHome](#) | [Services A to Z](#) | [Departments/Agencies](#) | [FAQs](#)

[Contact Us](#) | [Privacy Notice](#) | [Legal Statement](#) | [Accessibility Statement](#) 

Copyright © 2011, State of New Jersey
New Jersey Department of Banking and Insurance



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

VIA EMAIL

Kerry.Sgro@nj.gov

May 31, 2018

To: Kerry Sgro
Office of the Secretary of State

From: Philip Gennace
Assistant Commissioner

Re: Notice of Public Comment Period and Hearing – Section 1332 Innovation Waiver Application

Attached please find a Notice of a Public Comment Period and Public Hearings regarding a Section 1332 Innovation Waiver Application. Could you please date stamp one copy and email it back to me?

Please keep one copy for posting at the Office of the Secretary of State.

Please also provide one copy to the State House Press Corps.

If you have any questions you may reach me at 609-633-1882 ext. 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you for your assistance!

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

May 31, 2018

TO: Star Ledger - Legal Advertising Department (Phone: 732-902-4318)
VIA E-MAIL: legalads@njadvancemedia.com

FROM: Philip Gennace, Assistant Commissioner

RE: Public Comment and Hearing Notice
IHC Program Account # [REDACTED]

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC_Program Account # [REDACTED]

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1page

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

May 31, 2018

TO: Trenton Times - Legal Advertising Department (Phone: 609-989-7870)
VIA E-MAIL TRANSMISSION: legalads@njtimes.com

FROM: Philip Gennace, Assistant Commissioner

RE: **Legal Public Comment Notice**
IHC Program Account # [REDACTED]

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC Program Account # [REDACTED]

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext. 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1page

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

May 31, 2018

TO: Courier Post - Legal Advertising Department (Phone: 856-663-6000)
Via E-Mail: cplegals@gannett.com
ATTN: Patty Rose (p:732-643-3765)

FROM: Philip Gennace, Assistant Commissioner

RE: Legal Notice
IHC Program Account # [REDACTED]

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC_Program Account # [REDACTED].

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1page

NOTICE OF PUBLIC COMMENT PERIOD AND PUBLIC HEARINGS

Pursuant to Senate Bill No. 1878 of 2018, and corresponding federal regulations for a Section 1332 Innovation Waiver, the Department of Banking and Insurance is initiating a 30-day public comment period on New Jersey's Section 1332 Innovation Waiver application. The Department will be accepting public comments beginning on May 31, 2018 through July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

A Public hearing will be held on June 12, 2018 at 11:00 a.m. at the NJ Department of Banking and Insurance, 2nd floor, Room 220, 20 West State Street, Trenton, NJ. An additional public hearing will be held on a date in June to be determined.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332/.

Attachment 7

New Jersey Section 1332 Waiver Application

Second Public Hearing Presentation
June 28, 2018

Rutgers Center for State Health Policy, 112 Paterson Street, New Brunswick, New Jersey



NJ Department of Banking and Insurance

Marlene Caride, Commissioner

Philip Gennace

Assistant Commissioner, Department of Banking and Insurance

Ellen DeRosa

Executive Director, Individual Health Coverage Board

“New Jersey Health Insurance Premium Security Act”

- Senate Bill No. 1878 was signed into law on May 30, 2018 as P.L.2018, c.24
- This law contemplates the creation of a reinsurance plan to reimburse health insurance carriers for certain high-cost claims in the individual health insurance market.
- The law provides that the plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan. The State has decided to target a 15% premium reduction.
- Directs the Commissioner to apply for a waiver from the United States Secretary of Health and Human Services with respect to health insurance coverage in the State for a plan year beginning on or after January 1, 2019. If the waiver is approved, the Commissioner may accept the waiver so long as the Commissioner determines that implementation of the plan:
 - a. will be beneficial to policyholders; and
 - b. is expected to stabilize or reduce premiums in the individual health insurance market through a reduction in what indicated premium rates would be without the plan.

What is a Section 1332 Waiver?

- Section 1332 of the Affordable Care Act (ACA) permits a state to apply for a State Innovation Waiver (Section 1332 waiver) to pursue innovative strategies for providing their residents with access to high quality, affordable health coverage.
- To receive approval for a Section 1332 waiver, the state must demonstrate that the waiver will: (1) provide access to quality health care that is at least as comprehensive and affordable as would be provided without the waiver; (2) provide coverage to at least a comparable number of residents of the state as would be provided coverage without a waiver; and (3) will not increase the federal deficit.
- Waivers can be funded by “pass through dollars.” If the federal government will save money it would have otherwise spent in subsidies absent the waiver, the state can use those “pass through dollars” to help fund the program.

30-Day Public Comment Period and Hearings

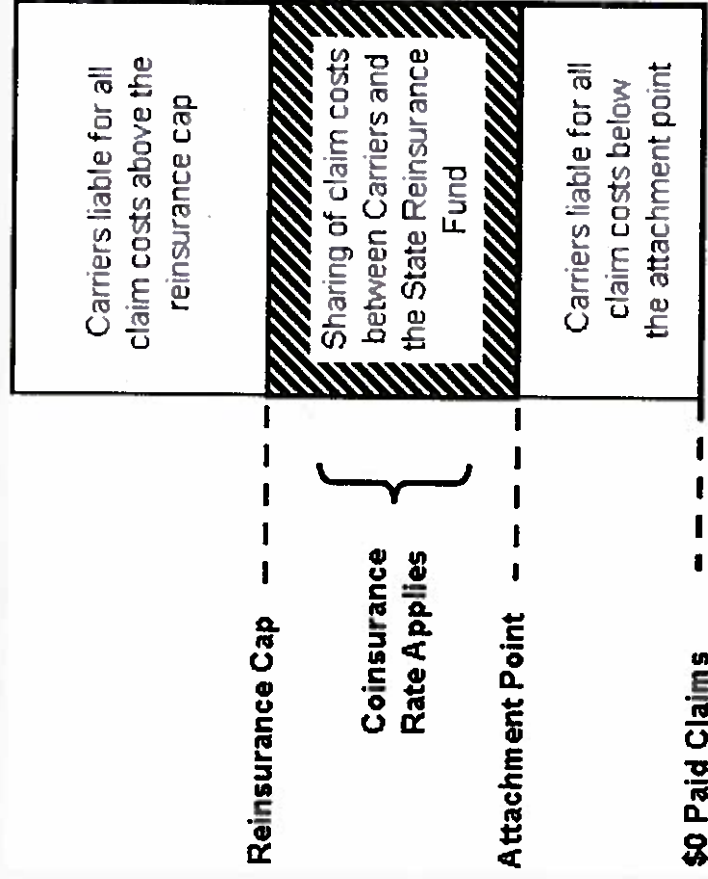
- Written evidence of the State's compliance with the public notice and comment requirements, set forth in 45 CFR 155.1312.
- Public Hearings- Evidence that a minimum of 2 public hearings were convened on separate dates and locations.
- Report on the issues raised during public hearings.

How Would the Reinsurance Program Work?

PROGRAM DESCRIPTION

- Program will reimburse qualifying carriers in the individual health insurance market for a percentage of an enrollee's claims (coinsurance rate) between an attachment point and a reinsurance cap to be determined by the Individual Health Coverage Board and non-disapproved by the Commissioner.
- The Board, in consultation with the Commissioner of DOBI, has set the program payment parameters for 2019.
- The Goal is to target a 15 percent reduction in rates.

HOW PARAMETERS WORK



Payment Parameters

THE BOARD HAS DESIGNED, AND THE COMMISSIONER HAS ACCEPTED, PAYMENT PARAMETERS FOR 2019 TO ENSURE THE PAYMENT PARAMETERS:

- (1) reduce premium rates to target a 15% reduction from rates without a reinsurance plan;
- (2) will encourage increased participation in the individual market;
- (3) mitigate the impact high-risk individuals have on premium rates in the individual market;
- (4) take into account any federal funding available for the plan;
- (5) take into account the total amount available to fund the plan;
- (6) encourage cost savings mechanisms related to the management of health care services.

2019 Reinsurance Parameters

Attachment Point	\$40,000
Reinsurance Cap	\$215,000
Coinsurance	60.0%

How Will the Reinsurance Program be Funded?

For 2019, the program is estimated to cost a total of \$323 million (updated application has projections for 10 years), which will be funded from the following sources:

1. Monies collected by the State pursuant to P.L.2018, c.31, which was also signed into law on May 30, 2018, and establishes a State health insurance coverage mandate largely mirroring the repealed federal mandate;
2. Federal pass-through funds received as a result of this waiver application, which are estimated to be \$218 million for 2019; and
3. If needed, annual appropriations out of the General Fund of the State in an amount as the IHC Board, in consultation with the Commissioner, determines necessary to fully fund the program.

Waiver Application Timeline

- 03/09/18: SOW for actuarial services for New Jersey's application for waiver issued
- 04/13/18: DOB Order No.A18-102 issued to direct carriers to provide data
- 05/15/18: Engagement letter with Oliver Wyman executed
- 05/30/18: Legislation signed into law
- 05/31/18: New Jersey's 30-day public comment period begins
- 06/12/18: First public hearing
- 06/28/18: Second public hearing
- 07/01/18: The New Jersey public comment period ends
- 07/02/18: The 1332 waiver application is submitted to the federal government
- Xx/xx/xx: The federal government determines that the waiver application is complete and 45 day preliminary review period begins
- Xx/xx/xx: Ends 45-day federal preliminary review period
- Xx/xx/xx: Federal comment period begins
- Xx/xx/xx: Ends the 180-day federal review period
- Xx/xx/xx: Approval date through December 31: implement operational requirements

Written Comments May be Submitted Through July 1, 2018

- By Mail:

State of New Jersey I 332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

- By Email:

I332WaiverApplication@dobi.nj.gov

- For Additional Information and Updates go to the following Website:
www.state.nj.us/dobi/division_insurance/sectionI332/

Gennace, Philip

From: Graber, Trish
Sent: Friday, June 29, 2018 11:53 AM
To: Gennace, Philip
Subject: FW: Innovation Waiver Public Hearing Notice

From: NJ Dept of Banking and Insurance [mailto:NJ_Dept_of_Banking_and_Insurance@xmr3.com]
Sent: Friday, June 22, 2018 12:04 PM
To: Graber, Trish <Trish.Graber@dobi.nj.gov>
Subject: Innovation Waiver Public Hearing Notice

Department of Banking and Insurance Trenton, NJ

Subject: Innovation Waiver Public Hearing Notice

Department of Banking and Insurance, Trenton, NJ

This is to advise that on June 28, 2018, the Department of Banking and Insurance (will hold its second public hearing on New Jersey's 1332 Innovation Waiver. Public comments will be accepted through Sunday, July 1, 2018. Information concerning the submission of comments and the hearing may be found here:

http://www.state.nj.us/dobi/division_insurance/section1332/index.html.

- The public hearing will be held June 28, 2018 at 10:00 AM at the following location:

Rutgers Center for State Health Policy
IFH Building, 1st Floor Conference Room 120
112 Paterson Street
New Brunswick NJ 08901

For directions to the Rutgers Center for State Health Policy and information on parking and public transportation, please visit the following website:

<http://www.cshp.rutgers.edu/about-cshp/contact>

By way of background, Senate Bill No. 1878, the "New Jersey Health Insurance Premium Security Act," was signed into law on May 30, 2018. This law contemplates the creation of a reinsurance plan to reimburse carriers for certain high-cost claims in the individual health insurance market. The reinsurance plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan. Senate Bill No. 1878, which also authorizes the Commissioner of the Department of Banking and Insurance to apply for a 1332 Innovation Waiver to implement the bill, may be found here: <http://www.njleg.state.nj.us/bills/BillView.asp?BillNumber=S1878>.

If you are having difficulty opening this document you should call for help

If you would prefer not to receive further messages from this sender, please click on the following link and confirm your request [Click here for www link](#) You will receive one additional e-mail message confirming your removal.



[Home](#) > [Division of Insurance](#) > New Jersey Proposal for ACA Section 1332 State Innovation Waiver

New Jersey Proposal for ACA Section 1332 State Innovation Waiver

Background/Introduction

Senate Bill No. 1878, the "New Jersey Health Insurance Premium Security Act," was signed into law on May 30, 2018 and is codified at N.J.S.A.17B:27A-10.1 et seq . This law contemplates the creation of a reinsurance plan to reimburse carriers for certain high-cost claims in the individual health insurance market. The reinsurance plan would use a mix of federal and state funds to produce individual health insurance premiums that are 10% to 20% lower than they would be without the plan.

Senate Bill No. 1878, which also authorizes the Commissioner of the Department of Banking and Insurance to apply for a 1332 Innovation Waiver to implement the bill, may be found here: www.njleg.state.nj.us/2018/Bills/AL18/24_.PDF

New Jersey Proposal for Section 1332 State Innovation Waiver

New Jersey's Section 1332 Draft Waiver Application, which will be updated during the public comment period, can be found here:

- [Initial Draft Waiver Application](#)
- [Updated Draft Waiver Application](#)

When final, the full application will be available from the Department of Banking and Insurance by email request to:

1332WaiverApplication@dobi.nj.gov

Public Comments

The Department of Banking and Insurance will be accepting public comments on New Jersey's 1332 Innovation Waiver beginning on May 31, 2018, through Sunday, July 1, 2018. Comments may be sent via electronic mail to: 1332WaiverApplication@dobi.nj.gov or by regular mail to:

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

Public Hearings

In compliance with Federal regulations, the Department of Banking and Insurance will hold two public hearings on New Jersey's 1332 Innovation Waiver.

- The first public hearing was held June 12, 2018 at 11:00 AM at the following location:

Department of Banking and Insurance
Mary Roebling Building, 2nd floor, Room 220
20 West State Street

Trenton NJ 08625

- The second public hearing will be held June 28, 2018 at 10:00 AM at the following location:

Rutgers Center for State Health Policy
IFH Building, 1st Floor Conference Room 120
112 Paterson Street
New Brunswick NJ 08901

For directions to the Rutgers Center for State Health Policy and information on parking and public transportation, please visit the following website: www.cshp.rutgers.edu/about-cshp/contact



**OPRA | Open
Public Records Act**

OPRA is a state law that was enacted to give the public greater access to government records maintained by public agencies in New Jersey.



You will need to download the latest version of Adobe Acrobat Reader in order to correctly view and print PDF (Portable Document Format) files from this web site.

[NJHome](#) | [Services A to Z](#) | [Departments/Agencies](#) | [FAQs](#)

[Contact Us](#) | [Privacy Notice](#) | [Legal Statement](#) | [Accessibility Statement](#) 

Copyright © 2011, State of New Jersey
New Jersey Department of Banking and Insurance



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

VIA EMAIL

Kerry.Sgro@nj.gov

June 21, 2018

To: Kerry Sgro
Office of the Secretary of State

From: Philip Gennace
Assistant Commissioner

Re: Notice of Public Hearing – Section 1332 Innovation Waiver Application

Attached please find a Notice of a Public Hearings regarding a Section 1332 Innovation Waiver Application. Could you please date stamp one copy and email it back to me?

Please keep one copy for posting at the Office of the Secretary of State.

Please also provide one copy to the State House Press Corps.

If you have any questions you may reach me at 609-633-1882 ext. 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you for your assistance!

NOTICE OF PUBLIC HEARING

Pursuant to P.L.2018, c.24 (N.J.S.A.17B:27A-10.1 et seq.), and corresponding federal regulations for a Section 1332 Innovation Waiver under the Affordable Care Act, the Department of Banking and Insurance will hold a second public hearing to discuss the Department's application and proposed reinsurance program on June 28, 2018 at 10:00 a.m. at the Rutgers Center for State Health Policy at 112 Paterson Street, 1st Floor Conference Room 120, New Brunswick, New Jersey. Directions and parking information can be found at the following website: <http://www.cshp.rutgers.edu/about-cshp/contact>.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332.



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

June 21, 2018

TO: Trenton Times - Legal Advertising Department (Phone: 609-989-7870)
VIA E-MAIL TRANSMISSION: legalads@njtimes.com

FROM: Philip Gennace, Assistant Commissioner

RE: **Legal Public Hearing Notice**
IHC Program Account # _

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC Program Account # _____.

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext. 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1 page

NOTICE OF PUBLIC HEARING

Pursuant to P.L.2018, c.24 (N.J.S.A.17B:27A-10.1 et seq.), and corresponding federal regulations for a Section 1332 Innovation Waiver under the Affordable Care Act, the Department of Banking and Insurance will hold a second public hearing to discuss the Department's application and proposed reinsurance program on June 28, 2018 at 10:00 a.m. at the Rutgers Center for State Health Policy at 112 Paterson Street, 1st Floor Conference Room 120, New Brunswick, New Jersey. Directions and parking information can be found at the following website: <http://www.cshp.rutgers.edu/about-cshp/contact>.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332.



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO Box 325
TRENTON, NJ 08625-0325

PHIL MURPHY
Governor

MARLENE CARIDE
Acting Commissioner

SHEILA OLIVER
Lt. Governor

TEL (609) 633-1882
FAX (609) 633-2030

PETER L. HARTT
Director

June 21, 2018

TO: Star Ledger - Legal Advertising Department (Phone: 732-902-4318)
VIA E-MAIL: legalads@njadvancemedia.com

FROM: Philip Gennace, Assistant Commissioner

RE: **Public Hearing Notice**
IHC Program Account # _____

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC_Program Account # _____

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1page

NOTICE OF PUBLIC HEARING

Pursuant to P.L.2018, c.24 (N.J.S.A.17B:27A-10.1 et seq.), and corresponding federal regulations for a Section 1332 Innovation Waiver under the Affordable Care Act, the Department of Banking and Insurance will hold a second public hearing to discuss the Department's application and proposed reinsurance program on June 28, 2018 at 10:00 a.m. at the Rutgers Center for State Health Policy at 112 Paterson Street, 1st Floor Conference Room 120, New Brunswick, New Jersey. Directions and parking information can be found at the following website: <http://www.cshp.rutgers.edu/about-cshp/contact>.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332.



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

PO BOX 325

TRENTON, NJ 08625-0325

TEL (609) 633-1882

FAX (609) 633-2030

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

MARLENE CARIDE
Acting Commissioner

PETER L. HARTT
Director

June 21, 2018

TO: Courier Post - Legal Advertising Department (Phone: 856-663-6000)
Via E-Mail: clegals@gannett.com
ATTN: Patty Rose (p:732-643-3765)

FROM: Philip Gennace, Assistant Commissioner

RE: Legal Notice
IHC Program Account # [REDACTED]

Please publish the attached Public Notice, one time, as soon as possible. Please bill the IHC_Program Account # [REDACTED]

Please do not send an affidavit or a copy of the published notice.

If you have any questions please contact me at 609-633-1882 ext 50658 or by email at philip.gennace@dobi.nj.gov.

Thank you.

Att. 1 page

NOTICE OF PUBLIC HEARING

Pursuant to P.L.2018, c.24 (N.J.S.A.17B:27A-10.1 et seq.), and corresponding federal regulations for a Section 1332 Innovation Waiver under the Affordable Care Act, the Department of Banking and Insurance will hold a second public hearing to discuss the Department's application and proposed reinsurance program on June 28, 2018 at 10:00 a.m. at the Rutgers Center for State Health Policy at 112 Paterson Street, 1st Floor Conference Room 120, New Brunswick, New Jersey. Directions and parking information can be found at the following website: <http://www.cshp.rutgers.edu/about-cshp/contact>.

More information and a complete copy of the draft application may be obtained on the Department of Banking and Insurance website at www.state.nj.us/dobi/division_insurance/section1332.



**Individual Health Coverage Board Public Hearing
Section 1332 Waiver Statement
June 28, 2018**

Good Morning Ms. DeRosa and members of the Board. I am Darryl Rhone, In-House Counsel at the New Jersey Hospital Association. Thank you for the opportunity to comment today.

NJHA and its members are strongly supportive of the state's efforts to ensure that coverage gains made in the health insurance market are not adversely impacted by changes being made at the federal level. To that end, NJHA wishes to express its overall support of the Section 1332 Waiver Application. However, we also want to share a few concerns about the funding mechanisms related to the reinsurance program, specifically the General Fund reimbursement stream and alert the Board to potential unintended consequences.

On May 30, Governor Murphy signed two laws (S-1877) and (S-1878) establishing the reinsurance program and a reinsurance fund. The reinsurance program is intended to offset the insurance companies' costs for high cost patients. Currently, it would be funded through three sources:

- The collection of penalties from New Jerseyans who do not purchase health insurance;
- The procurement of passthrough funds from savings that the federal government will realize from the lowering of premiums that will lead to lower advance premium tax credits. This would be achieved through the Section 1332 Waiver we are discussing here today; and
- In the event that penalties and passthrough dollars are insufficient to make the payments to the carriers, monies will flow from the General Fund.

This format gives way to the following concerns:

- In ordering a freeze on discretionary spending in early June, the State Treasurer has already stated that the General Fund is facing "extraordinary challenges most notably related to its fiscal health." Accordingly, we do not believe that the General Fund should or can be viewed as a reliable funding source.
- Moreover, we believe it is paramount that insurance carriers have a financial stake in this effort so that they remain incentivized to provide appropriate medical management of these patients. Therefore, the state could implement a reasonable increase to the current premium tax assessment on carriers and earmark those dollars to meet any shortage in payments after the first two funding streams are expended.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

-----x
IN RE: :
New Jersey Section 1332 Waiver :
Application :
-----x

Location: Rutgers Center for State Health Policy
112 Paterson Street
New Brunswick, New Jersey 08901
Date: Thursday, June 28, 2018
Commencing At: 10:08 a.m.

GUY J. RENZI & ASSOCIATES, INC.
CERTIFIED COURT REPORTERS & VIDEOGRAPHERS
GOLDEN CREST CORPORATE CENTER
2277 ROUTE #33, SUITE 410
TRENTON, NEW JERSEY 08690
TEL: (609)989-9199 TOLL FREE: (800)368-7652
www.renziassociates.com

1 HELD BEFORE:

2

3 PHILIP R. GENNACE, Assistant Commissioner

4 ELLEN DEROSA

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

ITEM		PAGE
1		
2		
3	Comments by Mr. Gennace	4
4	Comments by Ms. DeRosa	12
5	Public Comment	15
6	Adjournment	26
7		
8		
9		
10		
11	ID	DESCRIPTION PAGE
12		
13		(NO EXHIBITS WERE MARKED.)
14		
15		
16		
17		
18		(NO FORMAL REQUESTS WERE MADE.)
19		
20		
21		
22		
23		
24		
25		

1 MR. GENNACE: Welcome to the second
2 public hearing in support of the State's 1332
3 Waiver Application. I'm Philip Gennace with the
4 Department of Banking and Insurance. We also
5 have Ellen DeRosa who is the Executive Director
6 of the Individual Health Coverage Board. The
7 Department and the Board are going to be working
8 together and each play a part in the 1332 Waiver
9 process, so both Ellen and I will try to go
10 through the presentation.

11 And after we speak, we'll open it up
12 to comments from the public. We're not going to
13 take questions, but if you have questions, we can
14 put them on the record. Part of the process is
15 that the Department has to respond to any
16 comments that are received in the public hearing
17 process or through written submission by email
18 which is all available on the website and we'll
19 give all that information at the end.

20 So this is sort of a basic overview
21 of the law and the application, where we stand
22 right now. The first thing we'll go over is the
23 law, which is the New Jersey Health Insurance
24 Premium Security Act. Senate Bill Number 1878
25 was signed into law on May 30th 2018 as PL2018

1 Chapter 24. As we said, the law contemplates the
2 creation of the reinsurance plan which will
3 reimburse health insurance carriers for certain
4 high cost claims in the individual health
5 insurance market.

6 The law will allow us to file an
7 application to request a waiver under the
8 Affordable Care Act to get certain federal funds
9 which will be combined with state funds to fund
10 the program. The law called for a program that
11 would result in premium reductions of between 10
12 and 20 percent. The state has decided to target
13 15 percent.

14 Our actuarial report supports that
15 target and projects that the program will reduce
16 premiums in the individual market by 15 percent
17 as compared to having no reinsurance plan. The
18 law directs the Commissioner, the Department of
19 Banking and Insurance to apply for the waiver for
20 plan year 2019, so the Department is in the midst
21 of preparing that application, and part of that
22 process is this public hearing.

23 We're coming to the end of the 30
24 day comment period which ends on July 1st, so the
25 first public hearing was June 12th. That was in

1 Trenton, and the second is today. This is all
2 required under federal rules. So the bill also
3 allows the Commissioner, once the application is
4 submitted and approved by the federal government,
5 to accept the plan if it will be beneficial to
6 policy holders and is expected to stabilize and
7 reduce premiums in the individual health
8 insurance market.

9 That's kind of a summary of the law.
10 Just to give you an idea. This is kind of a
11 basic overview of what the 1332 Waiver is.
12 Essentially, it permits the state to apply for an
13 innovation waiver to pursue strategies for
14 providing residents with access to high quality
15 affordable health coverage.

16 To receive approval, the state has
17 to demonstrate certain things in its application
18 that provides access to quality healthcare, as at
19 least comprehensive and affordable as would be
20 provided without the waiver; provides coverage to
21 at least a comparable number of residents, as the
22 state would be provided without the waiver, and
23 will not increase the federal deficit. And all
24 of our actuarial analysis and projections
25 indicate that we will meet those requirements.

1 The waiver will be requesting pass
2 through funding, which is the funding that will
3 come from the federal government, to support the
4 plan. So essentially, the money that the federal
5 government will save through subsidies as a
6 result of the decrease in premiums will be passed
7 through to the state as funds for the reinsurance
8 plan, so that's what we refer to as pass through
9 dollars there.

10 We're in the middle, or towards the
11 end, of the 30 day public comment period. Part
12 of that is that we have written evidence of the
13 state's compliance with public notice and comment
14 requirements, so we have noticed this hearing and
15 the previous hearing on June 12th. We got the
16 second hearing in a different location today in
17 New Brunswick and we'll be reporting on any
18 issues raised during this hearing or comments
19 that are submitted from the public.

20 So the way that the reinsurance
21 program works is its a parameter based program,
22 so essentially, there's three important numbers
23 that we targeted. There's an attachment point, a
24 reinsurance cap and coinsurance rates. If you
25 can see on this chart here, essentially, the

1 reinsurance program is going to fund individuals
2 claims that meet an attachment point and up to
3 the reinsurance cap at a particular coinsurance
4 rate. So everything between the attachment point
5 and the reinsurance cap is going to be part of
6 the reinsurance plan and will be funded at the
7 coinsurance rate by the plan.

8 Everything above the reinsurance
9 cap, the carrier will be responsible for. And
10 everything below the attachment point, the
11 carrier will be responsible for. These
12 parameters will be set in such a way that it will
13 meet our target, or our projected target, which
14 is a 15 percent reduction in rates.

15 The parameters were determined by
16 Ellen's Individual Health Coverage Board and with
17 the Commissioner's approval, so the parameters
18 will be set to target the 15 percent reduction.
19 There's a couple other requirements in the law
20 which the parameters will encourage increased
21 participation in the individual market; that they
22 mitigate the impact on high risk individuals have
23 on premium rates in the individual market; take
24 into account any federal funding available for
25 the plan and the total amount available to fund

1 the plan and encourage cost savings mechanisms
2 related to the management of healthcare services.

3 So we believe that the parameters
4 that have been decided on meet those
5 requirements. The Individual Health Coverage
6 Board proposed these parameters on June 25th.
7 The attachment point would be set at \$40,000.
8 The reinsurance cap will be set at \$215,000, and
9 the coinsurance rate would be 60 percent.

10 So everything -- an individual's
11 annual claims that add up to the attachment point
12 would trigger reinsurance at 60 percent up to
13 \$215,000 after which the carrier is responsible
14 for the full amount. Funding for the program.
15 We, the department, had an outside actuarial firm
16 do an analysis. They estimate that the program
17 will cost a total of 323 million dollars.

18 The actuarial report attached to the
19 end of the application includes projections for
20 10 years on the costs of the program and the
21 expected pass through funds. So this 323 million
22 will be funded with first federal pass through
23 funds which our actuarial report estimates to be
24 218 million dollars for 2019. A companion bill
25 that was passed created an individual mandate in

1 New Jersey, PL2018 Chapter 31.

2 Whatever funds are collected as a
3 result of that law will also fund the program.
4 And if anything is needed above that, it would be
5 funded through an annual appropriation out of the
6 general fund adequate to fully fund the program.
7 So in short, the state would be expected to
8 receive about 218 million federal dollars for
9 2019. Part of the application includes a
10 timeline of our waiver process.

11 The department has been working in
12 anticipation of the law being signed and prepared
13 work with the actuarial firm. Once the law was
14 signed, the department initiated the public
15 comment period on May 31st and that's going to
16 run until July 1st. We had the first public
17 hearing on June 12th and the 2nd one today,
18 June 28th. The expectation is that we will
19 submit the application on July 2nd.

20 The federal government then will
21 have a process that's laid out in federal rules
22 which will require them to first deem the
23 application complete. After which, a 45 day
24 public comment period begins. And there's a 180
25 day federal review period. The department has

1 been keeping CMS informed on our status and
2 trying to make sure that we stick to this
3 timeline. Once the application is approved and
4 accepted by the Commissioner, the implementation
5 phase will begin.

6 The Individual Health Coverage Board
7 is the primary administrator of the program, so
8 they will implement the first year. And through
9 2019 there will be quarterly submissions for
10 claim reimbursement under the reinsurance
11 program. After the first year, the total amount
12 of required funds will be calculated and it will
13 be funded, as we said, through the federal pass
14 through money funds from the individual mandate.

15 And then, if necessary, anything
16 above that would be funded through the general
17 fund. So as the end of the comment period is
18 approaching, this is the information that is
19 where you can submit written comments by email.
20 We can accept any written comments today, or if
21 anyone would like to make any verbal comments,
22 there's a court reporter keeping notes of the
23 comments that are submitted.

24 We have a sign-in sheet there, if
25 anyone would like to sign in who hasn't. And

1 there's more information on the website there,
2 the department's website, which once the
3 application is finalized on July 2nd, the final
4 application will be available there and available
5 by request through email, so that concludes our
6 brief summary. Ellen, did you want to say
7 anything?

8 MS. DEROSA: Yeah. I guess I would
9 like to think about our reinsurance program in
10 terms that consumers will appreciate. Because a
11 consumer doesn't often think about terminology
12 like attachment points or reinsurance caps, but a
13 consumer does know things like, well, what's a
14 deductible, right, and how does that work.

15 So I like to think of the attachment
16 point as analogous to a deductible. When a
17 consumer has a deductible under a health plan,
18 they're responsible for everything out of their
19 pocket until that deductible is reached, and
20 that's the same way the carrier is responsible
21 for everything up until that attachment point is
22 reached.

23 Like, say I have a plan with a
24 thousand dollar deductible and then maybe it pays
25 80 percent of my claims, so I'm responsible

1 for -- that 80 percent is paid by the insurance
2 company. I'm responsible for 20 percent. I'm
3 also responsible for that thousand dollars out of
4 pocket. Same way the carriers are going to be
5 responsible for that initial \$40,000 because
6 that's our attachment point.

7 And then after that, there's going
8 to be a sharing, that coinsurance, the
9 reinsurance program and the carrier share and the
10 coinsurance is presented in terms of what the
11 reinsurance program pays, contrary to the way we
12 typically present it when we we're talking about
13 consumers. When we talk about a consumers
14 liability, we talk about what they have to pay.

15 In this instance, we're talking
16 about what the program is going to pay, so the
17 60 percent means that reinsurance program is
18 going to give our carriers 60 percent, but that
19 also means that the carrier is still responsible
20 for that 40 percent. And then you have that
21 \$215,000 reinsurance cap, and that's similar to
22 what used to exist prior to the Affordable Care
23 Act when we had maximum benefits on plans.

24 I don't know if any of you remember,
25 we used to have a plan that had a million dollar

1 annual limit on it. That was eliminated because
2 of the Affordable Care Act, but that million
3 dollar limit said, once you hit that million,
4 sorry, we're not going to pay anymore, but you
5 still get paid up to that million, right.

6 It's not like they said, sorry, you
7 had a million and-a-half claim, therefore, sorry,
8 you don't get anything because your claim
9 exceeded the million. No, you get the payment up
10 to the million. Similarly, under the reinsurance
11 program, once that \$215,000 threshold is reached,
12 there would be nothing above that, but you would
13 still have the reinsurance at the 60 percent for
14 anything up until that 215 is reached, which
15 means that the carrier is on the hook for
16 anything below the 40,000, above the 215,000 and
17 for 40 percent of everything that's in the
18 middle.

19 So we're not taking everything away
20 from the carrier, but the goal of having these
21 parameters is that it will put enough downward
22 pressure on rates that we will be able to achieve
23 the 15 percent reduction that is desired under
24 this program, right, and that will be a good
25 thing for the consumers. What we're concerned

1 about is making sure that premiums are affordable
2 for consumers.

3 And this program, if it can achieve
4 the 15 percent reduction in premiums, could make
5 coverage a lot more affordable for consumers in
6 New Jersey and then hopefully we can increase the
7 number of people who purchase individual
8 coverage.

9 MR. GENNACE: So we'll open it up to
10 any comments that anyone would like to make.

11 MS. DEROSA: We do have people who
12 signed up that said they want to comment. First
13 we're going to Vlad. So please say your name and
14 where you're from because it will get recorded
15 into the record. You can stand up, you can sit
16 down, whatever is best for you.

17 MR. ITKIN: My name is Vladimir
18 Itkin. I'm an actuary from Horizon Blue Cross
19 Blue Shield of New Jersey. So first, I would
20 like to express support for this program. I
21 think it is a very good idea which will help all
22 players. It will help insurance companies. It
23 will help the members, and eventually, it will
24 help the state of New Jersey, so thank you for
25 doing this.

1 And another comment, I want to
2 encourage the department to think carefully
3 through the implementation of the program. As
4 they say, the devil is in the details. How will
5 payers need to submit the data, what data will
6 need to be submitted and so on. It will need to
7 be very carefully thought through.

8 MS. DEROSA: Thanks, Vlad. The next
9 one who indicated an interest is Larisa Treyster.

10 MS. TREYSTER: Hi. I'm Larisa
11 Treyster from Horizon, and I also support the
12 program, and also thank you for bringing this up
13 to the public.

14 MS. DEROSA: We have Linda
15 Schwimmer.

16 MS. SCHWIMMER: Hi. I'm Linda
17 Schwimmer. I want to, again, echo the last
18 comments in my support for the program. I also
19 love the graphic chart that you have up there. I
20 think that that really shows it well, so for
21 people, a picture is worth a thousand words. I
22 think maybe when you put it out there to the
23 public, some graphics and things like that would
24 be super helpful to consumers and regulators.

25 I know that this bill has been

1 moving quickly and the implementation has been a
2 challenge to do so much so quickly, so I really
3 want to thank the department for its commitment
4 to trying to do whatever it can for the consumers
5 of New Jersey to help people that are in the
6 individual market.

7 And we know that also most of the
8 businesses in New Jersey are small businesses.
9 And many small businesses, because of the changes
10 under the Affordable Care Act also purchase their
11 insurance, those individuals purchase their
12 insurance in the individual market. And so this
13 is very important for New Jersey's consumers, for
14 our economy, for our small businesses.

15 I think it makes a lot of sense to
16 shoot for the 15 percent target given what we're
17 seeing in the early filings. I think that
18 hopefully all of Oliver Wyman's projections
19 working with the department will stay on point
20 and the 67 percent federal match is what we were
21 discussing as the bill was being debated amongst
22 policy makers and that's wonderful to see, so
23 hopefully that will remain as is or even get
24 better. Who knows.

25 And if there's anything that the New

1 Jersey Healthcare Quality Institute can do to
2 help you to get information out to businesses,
3 consumers, stakeholders, please don't hesitate to
4 call on us. We're very supportive of what we
5 think are crucial steps to maintain the level of
6 coverage and the level of people having insurance
7 that we have achieved.

8 I think we're at about eight percent
9 uninsured right now which is the lowest in New
10 Jersey's history, at least since it's been kept
11 track of, so it's a good place to be. We could
12 even go lower potentially if this really makes
13 insurance more affordable and I think it's a
14 worthy experiment and we're very supportive, so
15 thank you.

16 MS. DEROSA: Thank you. The next
17 one who indicated an interest in commenting is
18 Ward Sanders.

19 MR. SANDERS: Hi. My name is Ward
20 Sanders. I'm the president of Association of
21 Health Plans. We represent the major payers in
22 the state including all the carrier participants
23 in the individual and small group markets. We
24 are here to fully support the 1332 Waiver. As
25 mentioned, we do want to thank the folks at the

1 state, Ellen, Phil and others. Tight time
2 frames, but a lot of work in a short amount of
3 time, but it's been great to see and we really
4 appreciate all of your hard work in trying to
5 move this forward.

6 I do think the department's recent
7 press release related to enrollment in 2018
8 compared to 2017 provides a strong demonstration
9 hopefully we'll see, and takes into account as a
10 need for this. Affordability remains a
11 significant challenge in the hallmark, especially
12 in the individual market, especially for those
13 above 400 percent who don't receive a subsidy.

14 I think there's a strong argument
15 that the Affordable Care Act has not served that
16 operation well. This is a clearly needed step.
17 We would note that this is good for consumers,
18 hopefully more consumers will be covered. Those
19 who move from a self paid position to a covered
20 position, obviously, is a significant benefit to
21 our partners in the hospital community and
22 physicians and other providers.

23 So we think this is not only good
24 for consumers, it's good for all stakeholders in
25 the healthcare arena. I would just note that one

1 word of caution and concern we have is that while
2 affordability remains a significant challenge and
3 hopefully this does lower premiums by 15 percent,
4 we already have a very rich essential health
5 benefits coverage in New Jersey. The department
6 has very strong regulations around cost sharing,
7 how many tiered drugs you can have and so forth.

8 We are currently tracking over
9 100 pieces of legislation which would mandate
10 additional coverage which argue that they're all
11 good, but we would be concerned that a passage of
12 a lot of these would gobble up that savings of
13 15 percent in a way that you're going to end up
14 still with a lot of folks being not able to
15 afford coverage.

16 So again, mandates are great and
17 it's hard to argue against them, but we also have
18 to consider affordability in the back end, and
19 some people are already priced out of the market
20 place. Again, full support for the 1332 Waiver
21 and thank everyone who has worked so hard on
22 this. And like Linda's group, we are an
23 association ready to lend our support in however
24 way we can. Just let us know what we can do to
25 help.

1 MS. DEROSA: Thank you. The next
2 person who indicated an interest in commenting is
3 Darryl Rhone?

4 MR. RHONE: Yes. Good morning.
5 Thank you. My name is Darryl Rhone. I'm an
6 attorney from the New Jersey Hospital
7 Association. I would be remiss to not introduce
8 myself to my email buddy, Mr. Sanders. I emailed
9 with you and whatnot, so I don't want to be rude
10 in that regard. So I have more formal comments
11 that we prepared I would like to submit in
12 writing after reading this off here, but thank
13 you for giving a summary of what the statutes are
14 providing and the funding sources therein
15 regarding what our commentary today is about.

16 Overall, I want to say that NJHA is
17 very supportive of Section 1332 Waiver
18 application, but we do want to share a few
19 concerns about the funding mechanisms of the
20 reinsurance. Specifically, we're focused on the
21 general funds of the refunding sources. We have
22 the following concerns. In ordering a freeze on
23 discretionary spending in early June, the state
24 treasurer already stated that the general fund is
25 facing extraordinary challenges related to fiscal

1 health.

2 Accordingly, we don't believe the
3 general funds should or can be viewed as a
4 reliable funding source. Moreover, we believe
5 it's paramount that insurance carriers have a
6 financial stake in this effort as well to remain
7 incentivized to provide appropriate medical
8 management of these patients.

9 Therefore, the state could implement
10 a reasonable increase to the current premium
11 taxes on the carriers and would earmark those
12 dollars to meet any shortage in payments after
13 the first two funding streams are expended. In
14 addition to the proposal, the state considered
15 earmarking funds from already existing health
16 related tax revenue such as the syntax on certain
17 items such as to cigarettes or alcohol.

18 These taxes are meant to encourage
19 healthy behaviors in lining the spirit of
20 ensuring health care coverage in the spirit of
21 some of the comments I've heard today. We also
22 have a couple concerns about some of the process
23 carriers engaged in, in 2018, on its silver
24 loading. It was recently announced at the
25 federal level that this practice would, again, be

1 permitted in 2019.

2 While it's true that it's focused to
3 the areas that the premium will increase only by
4 nine dollars in 2019, according to HHS data,
5 individuals not eligible for subsidy will get an
6 increase to their premiums. Given that New
7 Jersey has enacted legislation establishing an
8 individual mandate, we would strongly caution
9 that the state consider all implications in
10 deciding whether it will allow carriers to engage
11 silver loading in 2019.

12 Finally, the waiver request, it is
13 now five years. We're proposing, recommending,
14 respectfully, that the state consider perhaps a
15 three year time frame to allow for a quicker
16 response to any unintended consequences. And
17 finally, as an association, we recognize the
18 challenges that the board faces in trying to
19 establish the reinsurance program in such a
20 limited time. We respect that.

21 However, we have to ensure that the
22 program states its goals and it doesn't
23 ultimately fail to keep premiums low. It will
24 impact, not just the carriers, but most
25 importantly, the residents of the state to who we

1 owe a responsibility to guard their ability to
2 afford health care coverage. Thank you all.

3 MS. DEROSA: Thank you. And you
4 said you're going to give us a copy of that?

5 MR. RHONE: Sure. I'll give it to
6 you right now.

7 MS. DEROSA: No one else indicated a
8 desire to speak, but just because you didn't
9 check the box, if you have a desire now, you can
10 certainly speak. Yes, sir.

11 MR. SPRUNG: Hi. I'm Andrew Sprung.
12 I'm with the healthcare committee of Blue Wave
13 New Jersey. I also write freelance about
14 healthcare. Just a quick addendum on silver
15 loading. One way that New Jersey -- one possible
16 benefit that New Jersey plan holders did not get
17 this past year was silver plans offered off
18 exchange that don't have the CSR load, so if that
19 could happen in coming years, that would take the
20 pressure off of the unsubsidized from silver
21 loading. That's it.

22 MS. DEROSA: Thank you.

23 MS. SCHWIMMER: Can I have make two
24 follow up comments?

25 MS. DEROSA: Yes, you may.

1 MS. SCHWIMMER: I know the proposal
2 is a five year waiver, which is typical for CMS
3 waivers. And one of the sections of the law
4 talks about the fact that it has a corridor, so
5 you have to achieve enough of a decrease in what
6 the increase would have been without this
7 program, so I do think that if the program isn't
8 working, there are important safeguards in the
9 law and so that's a positive thing. I wanted to
10 comment on that.

11 I also, you know, as someone, like
12 probably all of us in the room, either does rely
13 upon, or knows, or is related to somebody who
14 relies upon the full faith and credit of the New
15 Jersey Treasury, I think that if the state is
16 required to come up with the funding, they'll
17 come up with the funding.

18 They never seem to lose their
19 ability and their creativity to come up with
20 funding when it's required, so I have full faith
21 that the state will be able to live up to the
22 requirements of its commitment to the federal
23 government and the waiver.

24 MS. DEROSA: Thank you.

25 MR. GENNACE: If there's no one

1 else, we'll bring the public hearing to a
2 conclusion. Thanks, everybody.

3 MS. DEROSA: Thank you all for
4 coming.

5 (Hearing Concluded at 10:38 a.m.)

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

1
2
3 I, LAUREN ETIER, a Certified Court
4 Reporter, License No. XI 02211, and Notary Public
5 of the State of New Jersey, that the foregoing is
6 a true and accurate transcript of the testimony
7 as taken stenographically by and before me at the
8 time, place and on the date hereinbefore set
9 forth.

10 I DO FURTHER CERTIFY that I am neither a
11 relative nor employee nor attorney nor counsel of
12 any of the parties to this action, and that I am
13 neither a relative nor employee of such attorney
14 or counsel, and that I am not financially
15 interested in the action.

16
17
18
19
20
21 *Lauren M. Etier*



22
23 Notary Public of the State of New Jersey

24 My Commission Expires June 30, 2020

25 Dated: June 29, 2018

A	alcohol 22:17	Assistant 2:3	box 24:9
a.m. 1:15 26:5	allow 5:6	ASSOCIATES	brief 12:6
ability 24:1	23:10,15	1:19	bring 26:1
25:19	allows 6:3	association	bringing 16:12
able 14:22	amount 8:25	18:20 20:23	Brunswick 1:13
20:14 25:21	9:14 11:11	21:7 23:17	7:17
accept 6:5	19:2	attached 9:18	buddy 21:8
11:20	analogous	attachment	businesses
accepted 11:4	12:16	7:23 8:2,4	17:8,8,9,14
access 6:14,18	analysis 6:24	8:10 9:7,11	18:2
account 8:24	9:16	12:12,15,21	
19:9	and-a-half	13:6	C
accurate 27:6	14:7	attorney 21:6	C 27:1,1
achieve 14:22	Andrew 24:11	27:11,13	calculated
15:3 25:5	announced	available 4:18	11:12
achieved 18:7	22:24	8:24,25 12:4	call 18:4
Act 4:24 5:8	annual 9:11	12:4	called 5:10
13:23 14:2	10:5 14:1		cap 7:24 8:3,5
17:10 19:15	anticipation	B	8:9 9:8
action 27:12	10:12	B 3:9	13:21
27:15	anymore 14:4	back 20:18	caps 12:12
actuarial 5:14	application	Banking 1:2	care 5:8 13:22
6:24 9:15,18	1:6 4:3,21	4:4 5:19	14:2 17:10
9:23 10:13	5:7,21 6:3	based 7:21	19:15 22:20
actuary 15:18	6:17 9:19	basic 4:20	24:2
add 9:11	10:9,19,23	6:11	carefully 16:2
addendum 24:14	11:3 12:3,4	begins 10:24	16:7
addition 22:14	21:18	behaviors	carrier 8:9,11
additional	apply 5:19	22:19	9:13 12:20
20:10	6:12	believe 9:3	13:9,19
adequate 10:6	appreciate	22:2,4	14:15,20
Adjournment	12:10 19:4	beneficial 6:5	18:22
3:6	approaching	benefit 19:20	carriers 5:3
administrator	11:18	24:16	13:4,18 22:5
11:7	appropriate	benefits 13:23	22:11,23
afford 20:15	22:7	20:5	23:10,24
24:2	appropriation	best 15:16	caution 20:1
affordability	10:5	better 17:24	23:8
19:10 20:2	approval 6:16	bill 4:24 6:2	Center 1:11,21
20:18	8:17	9:24 16:25	certain 5:3,8
affordable 5:8	approved 6:4	17:21	6:17 22:16
6:15,19	11:3	Blue 15:18,19	certainly
13:22 14:2	areas 23:3	24:12	24:10
15:1,5 17:10	arena 19:25	board 4:6,7	Certified 1:20
18:13 19:15	argue 20:10,17	8:16 9:6	27:3
	argument 19:14	11:6 23:18	CERTIFY 27:10

challenge 17:2 19:11 20:2	Commissioner 2:3 5:18 6:3 11:4	19:17, 18, 24	decided 5:12 9:4
challenges 21:25 23:18	Commission... 8:17	contemplates 5:1	deciding 23:10
changes 17:9	commitment 17:3 25:22	contrary 13:11	decrease 7:6 25:5
Chapter 5:1 10:1	committee 24:12	copy 24:4	deductible 12:14, 16, 17 12:19, 24
chart 7:25 16:19	community 19:21	CORPORATE 1:21	deem 10:22
check 24:9	companies 15:22	corridor 25:4	deficit 6:23
cigarettes 22:17	companion 9:24	cost 5:4 9:1 9:17 20:6	demonstrate 6:17
claim 11:10 14:7, 8	company 13:2	costs 9:20	demonstration 19:8
claims 5:4 8:2 9:11 12:25	comparable 6:21	counsel 27:11 27:14	department 1:2 4:4, 7, 15 5:18, 20 9:15 10:11, 14, 25 16:2 17:3, 19 20:5
clearly 19:16	compared 5:17 19:8	couple 8:19 22:22	department's 12:2 19:6
CMS 11:1 25:2	complete 10:23	court 1:20 11:22 27:3	DeRosa 2:4 3:4 4:5 12:8 15:11 16:8 16:14 18:16 21:1 24:3, 7 24:22, 25 25:24 26:3
coinsurance 7:24 8:3, 7 9:9 13:8, 10	compliance 7:13	coverage 4:6 6:15, 20 8:16 9:5 11:6 15:5, 8 18:6 20:5, 10, 15 22:20 24:2	DESCRIPTION 3:11
collected 10:2	comprehensive 6:19	covered 19:18 19:19	desire 24:8, 9
combined 5:9	concern 20:1	created 9:25	desired 14:23
come 7:3 25:16 25:17, 19	concerned 14:25 20:11	creation 5:2	details 16:4
coming 5:23 24:19 26:4	concerns 21:19 21:22 22:22	creativity 25:19	determined 8:15
Commencing 1:15	Concluded 26:5	credit 25:14	devil 16:4
comment 3:5 5:24 7:11, 13 10:15, 24 11:17 15:12 16:1 25:10	concludes 12:5	CREST 1:21	different 7:16
commentary 21:15	conclusion 26:2	Cross 15:18	Director 4:5
commenting 18:17 21:2	consequences 23:16	crucial 18:5	directs 5:18
comments 3:3, 4 4:12, 16 7:18 11:19, 20, 21 11:23 15:10 16:18 21:10 22:21 24:24	consider 20:18 23:9, 14	CSR 24:18	discretionary 21:23
Commission 27:24	considered 22:14	current 22:10	discussing 17:21
	consumer 12:11 12:13, 17	currently 20:8	doing 15:25
	consumers 12:10 13:13 13:13 14:25 15:2, 5 16:24 17:4, 13 18:3	<hr/> D <hr/>	dollar 12:24
		D 3:1	
		Darryl 21:3, 5	
		data 16:5, 5 23:4	
		date 1:14 27:8	
		Dated 27:25	
		day 5:24 7:11 10:23, 25	
		debated 17:21	

13:25 14:3 dollars 7:9 9:17,24 10:8 13:3 22:12 23:4 downward 14:21 drugs 20:7	19:11,12 essential 20:4 essentially 6:12 7:4,22 7:25 establish 23:19 establishing 23:7 estimate 9:16 estimates 9:23 ETIER 27:3 eventually 15:23 everybody 26:2 evidence 7:12 exceeded 14:9 exchange 24:18 Executive 4:5 EXHIBITS 3:13 exist 13:22 existing 22:15 expectation 10:18 expected 6:6 9:21 10:7 expended 22:13 experiment 18:14 Expires 27:24 express 15:20 extraordinary 21:25	11:13 17:20 22:25 25:22 file 5:6 filings 17:17 final 12:3 finalized 12:3 finally 23:12 23:17 financial 22:6 financially 27:14 firm 9:15 10:13 first 4:22 5:25 9:22 10:16,22 11:8,11 15:12,19 22:13 fiscal 21:25 five 23:13 25:2 focused 21:20 23:2 folks 18:25 20:14 follow 24:24 following 21:22 foregoing 27:5 formal 3:18 21:10 forth 20:7 27:9 forward 19:5 frame 23:15 frames 19:2 FREE 1:24 freelance 24:13 freeze 21:22 full 9:14 20:20 25:14 25:20 fully 10:6 18:24	fund 5:9 8:1 8:25 10:3,6 10:6 11:17 21:24 funded 8:6 9:22 10:5 11:13,16 funding 7:2,2 8:24 9:14 21:14,19 22:4,13 25:16,17,20 funds 5:8,9 7:7 9:21,23 10:2 11:12 11:14 21:21 22:3,15 FURTHER 27:10
E	F	G	
E 3:1,9,16,16 27:1,1 early 17:17 21:23 earmark 22:11 earmarking 22:15 echo 16:17 economy 17:14 effort 22:6 eight 18:8 either 25:12 eligible 23:5 eliminated 14:1 Ellen 2:4 4:5 4:9 12:6 19:1 Ellen's 8:16 email 4:17 11:19 12:5 21:8 emailed 21:8 employee 27:11 27:13 enacted 23:7 encourage 8:20 9:1 16:2 22:18 ends 5:24 engage 23:10 engaged 22:23 enrollment 19:7 ensure 23:21 ensuring 22:20 especially	F 27:1 faces 23:18 facing 21:25 fact 25:4 fail 23:23 faith 25:14,20 federal 5:8 6:2,4,23 7:3 7:4 8:24 9:22 10:8,20 10:21,25	general 10:6 11:16 21:21 21:24 22:3 Gennace 2:3 3:3 4:1,3 15:9 25:25 give 4:19 6:10 13:18 24:4,5 given 17:16 23:6 giving 21:13 go 4:9,22 18:12 goal 14:20 goals 23:22 gobble 20:12 going 4:7,12 8:1,5 10:15 13:4,7,16,18 14:4 15:13 20:13 24:4 GOLDEN 1:21 good 14:24 15:21 18:11 19:17,23,24 20:11 21:4	

government 6:4 7:3,5 10:20 25:23	Hi 16:10,16 18:19 24:11	18:17 21:2 24:7	10:1 15:6,19 15:24 17:5,8
graphic 16:19	high 5:4 6:14 8:22	individual 4:6 5:4,16 6:7	18:1 20:5 21:6 23:7
graphics 16:23	history 18:10	8:16,21,23 9:5,25 11:6	24:13,15,16 25:15 27:5
great 19:3 20:16	hit 14:3	11:14 15:7 17:6,12	27:23
group 18:23 20:22	holders 6:6 24:16	18:23 19:12 23:8	Jersey's 17:13 18:10
guard 24:1	hopefully 15:6 17:18,23	individual's 9:10	July 5:24 10:16,19
guess 12:8	19:9,18 20:3	individuals 8:1,22 17:11	12:3
GUY 1:19	Horizon 15:18 16:11	23:5	June 1:14 5:25 7:15 9:6
H	hospital 19:21 21:6	information 4:19 11:18	10:17,18 21:23 27:24
H 3:9	I	12:1 18:2	27:25
hallmark 19:11	ID 3:11	informed 11:1	K
happen 24:19	idea 6:10 15:21	initial 13:5	keep 23:23
hard 19:4 20:17,21	impact 8:22 23:24	initiated 10:14	keeping 11:1 11:22
health 1:11 4:6,23 5:3,4 6:7,15 8:16 9:5 11:6 12:17 18:21 20:4 22:1,15 22:20 24:2	implement 11:8 22:9	innovation 6:13	kept 18:10
healthcare 6:18 9:2 18:1 19:25 24:12,14	implementa... 11:4 16:3 17:1	instance 13:15	kind 6:9,10
healthy 22:19	implications 23:9	Institute 18:1	know 12:13 13:24 16:25 17:7 20:24 25:1,11
heard 22:21	important 7:22 17:13 25:8	insurance 1:2 4:4,23 5:3,5 5:19 6:8 13:1 15:22 17:11,12 18:6,13 22:5	knows 17:24 25:13
hearing 4:2,16 5:22,25 7:14 7:15,16,18 10:17 26:1,5	importantly 23:25	interest 16:9 18:17 21:2	L
HELD 2:1	incentivized 22:7	interested 27:15	laid 10:21
help 15:21,22 15:23,24 17:5 18:2 20:25	includes 9:19 10:9	introduce 21:7	Larisa 16:9,10
helpful 16:24	including 18:22	issues 7:18	LAUREN 27:3
hereinbefore 27:8	increase 6:23 15:6 22:10 23:3,6 25:6	ITEM 3:2	law 4:21,23,25 5:1,6,10,18 6:9 8:19 10:3,12,13 25:3,9
hesitate 18:3	increased 8:20	items 22:17	legislation 20:9 23:7
HHS 23:4	indicate 6:25	Itkin 15:17,18	lend 20:23
	indicated 16:9	J	level 18:5,6 22:25
		J 1:19	liability
		Jersey 1:1,5 1:13,23 4:23	

13:14	mechanisms 9:1	nine 23:4	particular 8:3
License 27:4	21:19	NJHA 21:16	parties 27:12
limit 14:1, 3	medical 22:7	Notary 27:4, 23	partners 19:21
limited 23:20	meet 6:25 8:2	note 19:17, 25	pass 7:1, 8
Linda 16:14, 16	8:13 9:4	notes 11:22	9:21, 22
Linda's 20:22	22:12	notice 7:13	11:13
lining 22:19	members 15:23	noticed 7:14	passage 20:11
live 25:21	mentioned	number 4:24	passed 7:6
load 24:18	18:25	6:21 15:7	9:25
loading 22:24	middle 7:10	numbers 7:22	Paterson 1:12
23:11 24:15	14:18		patients 22:8
24:21	midst 5:20	O	pay 13:14, 16
location 1:11	million 9:17	obviously	14:4
7:16	9:21, 24 10:8	19:20	payers 16:5
lose 25:18	13:25 14:2, 3	offered 24:17	18:21
lot 15:5 17:15	14:5, 7, 9, 10	Oliver 17:18	payment 14:9
19:2 20:12	mitigate 8:22	once 6:3 10:13	payments 22:12
20:14	money 7:4	11:3 12:2	pays 12:24
love 16:19	11:14	14:3, 11	13:11
low 23:23	morning 21:4	open 4:11 15:9	people 15:7, 11
lower 18:12	move 19:5, 19	operation	16:21 17:5
20:3	moving 17:1	19:16	18:6 20:19
lowest 18:9		ordering 21:22	percent 5:12
	N	outside 9:15	5:13, 16 8:14
M	N 3:1	Overall 21:16	8:18 9:9, 12
maintain 18:5	name 15:13, 17	overview 4:20	12:25 13:1, 2
major 18:21	18:19 21:5	6:11	13:17, 18, 20
makers 17:22	necessary	owe 24:1	14:13, 17, 23
making 15:1	11:15		15:4 17:16
management 9:2	need 16:5, 6, 6	P	17:20 18:8
22:8	19:10	PAGE 3:2, 11	19:13 20:3
mandate 9:25	needed 10:4	paid 13:1 14:5	20:13
11:14 20:9	19:16	19:19	period 5:24
23:8	neither 27:10	parameter 7:21	7:11 10:15
mandates 20:16	27:13	parameters	10:24, 25
MARKED 3:13	never 25:18	8:12, 15, 17	11:17
market 5:5, 16	New 1:1, 5, 13	8:20 9:3, 6	permits 6:12
6:8 8:21, 23	1:13, 23 4:23	14:21	permitted 23:1
17:6, 12	7:17 10:1	paramount 22:5	person 21:2
19:12 20:19	15:6, 19, 24	part 4:8, 14	phase 11:5
markets 18:23	17:5, 8, 13, 25	5:21 7:11	Phil 19:1
match 17:20	18:9 20:5	8:5 10:9	Philip 2:3 4:3
maximum 13:23	21:6 23:6	participants	physicians
means 13:17, 19	24:13, 15, 16	18:22	19:22
14:15	25:14 27:5	participation	picture 16:21
meant 22:18	27:23	8:21	pieces 20:9

PL2018 4:25	13:10	21:14	23:17
10:1	president	public 3:5 4:2	recommending
place 18:11	18:20	4:12,16 5:22	23:13
20:20 27:8	press 19:7	5:25 7:11,13	record 4:14
plan 5:2,17,20	pressure 14:22	7:19 10:14	15:15
6:5 7:4,8	24:20	10:16,24	recorded 15:14
8:6,7,25 9:1	previous 7:15	16:13,23	reduce 5:15
12:17,23	priced 20:19	26:1 27:4,23	6:7
13:25 24:16	primary 11:7	purchase 15:7	reduction 8:14
plans 13:23	prior 13:22	17:10,11	8:18 14:23
18:21 24:17	probably 25:12	pursue 6:13	15:4
play 4:8	process 4:9,14	put 4:14 14:21	reductions
players 15:22	4:17 5:22	16:22	5:11
please 15:13	10:10,21		refer 7:8
18:3	22:22	Q	refunding
pocket 12:19	program 5:10	quality 6:14	21:21
13:4	5:10,15 7:21	6:18 18:1	regard 21:10
point 7:23 8:2	7:21 8:1	quarterly 11:9	regarding
8:4,10 9:7	9:14,16,20	questions 4:13	21:15
9:11 12:16	10:3,6 11:7	4:13	regulations
12:21 13:6	11:11 12:9	quick 24:14	20:6
17:19	13:9,11,16	quicker 23:15	regulators
points 12:12	13:17 14:11	quickly 17:1,2	16:24
policy 1:11	14:24 15:3		reimburse 5:3
6:6 17:22	15:20 16:3	R	reimbursement
position 19:19	16:12,18	R 2:3 3:16	11:10
19:20	23:19,22	27:1	reinsurance
positive 25:9	25:7,7	raised 7:18	5:2,17 7:7
possible 24:15	projected 8:13	rate 8:4,7 9:9	7:20,24 8:1
potentially	projections	rates 7:24	8:3,5,6,8
18:12	6:24 9:19	8:14,23	9:8,12 11:10
practice 22:25	17:18	14:22	12:9,12 13:9
premium 4:24	projects 5:15	reached 12:19	13:11,17,21
5:11 8:23	proposal 22:14	12:22 14:11	14:10,13
22:10 23:3	25:1	14:14	21:20 23:19
premiums 5:16	proposed 9:6	reading 21:12	related 9:2
6:7 7:6 15:1	proposing	ready 20:23	19:7 21:25
15:4 20:3	23:13	really 16:20	22:16 25:13
23:6,23	provide 22:7	17:2 18:12	relative 27:11
prepared 10:12	provided 6:20	19:3	27:13
21:11	6:22	reasonable	release 19:7
preparing 5:21	providers	22:10	reliable 22:4
present 13:12	19:22	receive 6:16	relies 25:14
presentation	provides 6:18	10:8 19:13	rely 25:12
4:10	6:20 19:8	received 4:16	remain 17:23
presented	providing 6:14	recognize	22:6

remains 19:10 20:2	12:14 14:5 14:24 18:9 24:6	Shield 15:19	5:9,12 6:12 6:16,22 7:7 10:7 15:24 18:22 19:1 21:23 22:9 22:14 23:9 23:14,25 25:15,21 27:5,23
remember 13:24	risk 8:22	shoot 17:16	state's 4:2 7:13
remiss 21:7	room 25:12	short 10:7 19:2	stated 21:24
RENZI 1:19	ROUTE 1:22	shortage 22:12	states 23:22
report 5:14 9:18,23	rude 21:9	shows 16:20	status 11:1
reporter 11:22 27:4	rules 6:2 10:21	sign 11:25	statutes 21:13
REPORTERS 1:20	run 10:16	sign-in 11:24	stay 17:19
reporting 7:17	Rutgers 1:11	signed 4:25 10:12,14 15:12	stenograph... 27:7
represent 18:21	S	significant 19:11,20 20:2	step 19:16
request 5:7 12:5 23:12	S 3:9,16,16	silver 22:23 23:11 24:14 24:17,20	steps 18:5
requesting 7:1	safeguards 25:8	similar 13:21	stick 11:2
REQUESTS 3:18	Sanders 18:18 18:19,20 21:8	Similarly 14:10	strategies 6:13
require 10:22	save 7:5	sir 24:10	streams 22:13
required 6:2 11:12 25:16 25:20	savings 9:1 20:12	sit 15:15	Street 1:12
requirements 6:25 7:14 8:19 9:5 25:22	Schwimmer 16:15,16,17 24:23 25:1	small 17:8,9 17:14 18:23	strong 19:8,14 20:6
residents 6:14 6:21 23:25	second 4:1 6:1 7:16	somebody 25:13	strongly 23:8
respect 23:20	Section 1:5 21:17	sorry 14:4,6,7	submission 4:17
respectfully 23:14	sections 25:3	sort 4:20	submissions 11:9
respond 4:15	Security 4:24	source 22:4	submit 10:19 11:19 16:5 21:11
response 23:16	see 7:25 17:22 19:3,9	sources 21:14 21:21	submitted 6:4 7:19 11:23 16:6
responsibi... 24:1	seeing 17:17	speak 4:11 24:8,10	subsidies 7:5
responsible 8:9,11 9:13 12:18,20,25 13:2,3,5,19	self 19:19	Specifically 21:20	subsidy 19:13 23:5
result 5:11 7:6 10:3	Senate 4:24	spending 21:23	SUITE 1:22
revenue 22:16	sense 17:15	spirit 22:19 22:20	summary 6:9 12:6 21:13
review 10:25	served 19:15	Sprung 24:11 24:11	super 16:24
Rhone 21:3,4,5 24:5	services 9:2	stabilize 6:6	support 4:2
rich 20:4	set 8:12,18 9:7,8 27:8	stake 22:6	
right 4:22	share 13:9 21:18	stakeholders 18:3 19:24	
	sharing 13:8 20:6	stand 4:21 15:15	
	sheet 11:24	state 1:1,11	

7:3 15:20	things 6:17	23:18	13:11 20:13
16:11, 18	12:13 16:23	two 22:13	20:24 24:15
18:24 20:20	think 12:9, 11	24:23	we'll 4:11, 18
20:23	12:15 15:21	typical 25:2	4:22 7:17
supportive	16:2, 20, 22	typically	15:9 19:9
18:4, 14	17:15, 17	13:12	26:1
21:17	18:5, 8, 13		we're 4:12
supports 5:14	19:6, 14, 23	U	5:23 7:10
sure 11:2 15:1	25:7, 15	U 3:16	13:12, 15
24:5	thought 16:7	ultimately	14:4, 19, 25
syntax 22:16	thousand 12:24	23:23	15:13 17:16
	13:3 16:21	uninsured 18:9	18:4, 8, 14
T	three 7:22	unintended	21:20 23:13
T 3:9, 16 27:1	23:15	23:16	website 4:18
27:1	threshold	unsubsidized	12:1, 2
take 4:13 8:23	14:11	24:20	Welcome 4:1
24:19	Thursday 1:14		whatnot 21:9
taken 27:7	tiered 20:7	V	wonderful
takes 19:9	Tight 19:1	verbal 11:21	17:22
talk 13:13, 14	time 19:1, 3	VIDEOGRAPHERS	word 20:1
talking 13:12	23:15, 20	1:20	words 16:21
13:15	27:8	viewed 22:3	work 10:13
talks 25:4	timeline 10:10	Vlad 15:13	12:14 19:2, 4
target 5:12, 15	11:3	16:8	worked 20:21
8:13, 13, 18	today 6:1 7:16	Vladimir 15:17	working 4:7
17:16	10:17 11:20		10:11 17:19
targeted 7:23	21:15 22:21	W	25:8
tax 22:16	TOLL 1:24	waiver 1:5 4:3	works 7:21
taxes 22:11, 18	total 8:25	4:8 5:7, 19	worth 16:21
TEL 1:24	9:17 11:11	6:11, 13, 20	worthy 18:14
terminology	track 18:11	6:22 7:1	write 24:13
12:11	tracking 20:8	10:10 18:24	writing 21:12
terms 12:10	transcript	20:20 21:17	written 4:17
13:10	27:6	23:12 25:2	7:12 11:19
testimony 27:6	treasurer	25:23	11:20
thank 15:24	21:24	waivers 25:3	www.renzia...
16:12 17:3	Treasury 25:15	want 12:6	1:25
18:15, 16, 25	Trenton 1:23	15:12 16:1	Wyman's 17:18
20:21 21:1, 5	6:1	16:17 17:3	
21:12 24:2, 3	Treyster 16:9	18:25 21:9	X
24:22 25:24	16:10, 11	21:16, 18	x 1:3, 7 3:1, 9
26:3	trigger 9:12	wanted 25:9	XI 27:4
Thanks 16:8	true 23:2 27:6	Ward 18:18, 19	
26:2	try 4:9	Wave 24:12	Y
thing 4:22	trying 11:2	way 7:20 8:12	Yeah 12:8
14:25 25:9	17:4 19:4	12:20 13:4	year 5:20 11:8

11:11 23:15 24:17 25:2 years 9:20 23:13 24:19	14:16 218 9:24 10:8 2277 1:22 24 5:1 25th 9:6 26 3:6 28 1:14 28th 10:18 29 27:25 2nd 10:17, 19 12:3	9	
Z			
0			
02211 27:4 08690 1:23 08901 1:13	30 5:23 7:11 27:24 30th 4:25 31 10:1 31st 10:15 323 9:17, 21 33 1:22		
1	3		
10 5:11 9:20 10:08 1:15 10:38 26:5 100 20:9 112 1:12 12 3:4 12th 5:25 7:15 10:17 1332 1:5 4:2, 8 6:11 18:24 20:20 21:17 15 3:5 5:13, 16 8:14, 18 14:23 15:4 17:16 20:3 20:13 180 10:24 1878 4:24 1st 5:24 10:16	4		
	4 3:3 40 13:20 14:17 40,000 9:7 13:5 14:16 400 19:13 410 1:22 45 10:23		
	5		
	6		
2	60 9:9, 12 13:17, 18 14:13 609) 989-9199 1:24 67 17:20		
20 5:12 13:2 2017 19:8 2018 1:14 4:25 19:7 22:23 27:25 2019 5:20 9:24 10:9 11:9 23:1, 4, 11 2020 27:24 215 14:14 215,000 9:8, 13 13:21 14:11	7		
	8		
	80 12:25 13:1 800) 368-7652 1:24		

Attachment 8



June 27, 2018

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

The New Jersey Health Care Quality Institute appreciates the opportunity to comment in support of New Jersey's application for a State Innovation Waiver to receive federal funds to support a state reinsurance program.

The New Jersey Health Care Quality Institute (Quality Institute) is the only independent, nonpartisan, multi-stakeholder advocate for health care quality in New Jersey. The Quality Institute's mission is to undertake projects and promote system changes that ensure that quality, safety, accountability and cost-containment are closely linked to the delivery of health care services in New Jersey.

By applying for this federal waiver to create a reinsurance program, New Jersey is positioning itself as a leader in state-based approaches to protecting its individual health insurance market, which covers some 328,000 lives as of Q1, 2018.¹

Health insurance markets have been greatly strained in recent years. In NJ, from plan year 2017 to 2018, average marketplace premiums have increased considerably (AmeriHealth-17.1%; Horizon BCBS-24%) and marketplace enrollment fell by 7%.² When 2019 premiums are announced this fall, even higher premiums are expected. Fortunately, NJ has the opportunity to control its own fate with common-sense measures to help protect its health insurance market and maximize federal funds, namely through this State Innovation Waiver to support the establishment of a state reinsurance program.

There is broad agreement among insurance experts and policymakers that a reinsurance program is among the most effective ways to reduce premiums and increase competition in a health insurance market.³ By bearing some of the risk for the highest-cost claims, a reinsurance program permits issuers to charge lower premiums and increases competition by easing entry for smaller players that may be deterred by the risk that a small number of extremely costly patients could jeopardize their solvency. Reducing premiums in turn increases affordability which will likely lead to increased enrollment. Reducing premiums also reduces the federal premium tax credits, freeing those funds to be redistributed to support the reinsurance program. This will ensure budget neutrality for the federal government, while providing more affordable coverage to hundreds of thousands of New Jersey residents.

The transitional reinsurance program included with the ACA reduced premiums by 10 to 14 percent in its first year, according to the American Academy of Actuaries.⁴ In New Jersey, per the New Jersey Health Insurance Premium Security Act, N.J.S.A. 17B:27A-10.1 et seq., the reinsurance program is designed to reduce premium rates in the individual health insurance market by between 10% and 20% compared to what indicated premium rates would be for the applicable benefit year without the reinsurance plan. In 2019, specifically, the New Jersey Individual Health Coverage Program Board of Directors and the Commissioner of the Department of Banking and Insurance are proposing a reinsurance program that will achieve

Suzanne M. Miller, PhD
Chair of the Board
Senior Professor/Director, Psychosocial &
Behavioral Medicine; Fox Chase Cancer
Center/ Temple University Health System

Judith M. Persichilli, RN
Vice Chair of the Board
President Emeritus, CHE-Trinity Health

Donald Bryan, JD
Secretary
Director, Division of Insurance,
NJ Dept. of Banking & Insurance (Retired)

Ian M. Ruegg
Treasurer
Benefits Coordinator
Northeast Carpenters Funds

Kemi Alli, MD
Chief Executive and Medical Officer;
Henry J. Austin Health Center

Robert "Rob" Andrews, JD
Former Congressman, NJ
1st Congressional District;
CEO, Health Transformation Alliance

Andrea W. Aughenbaugh, RN
CEO, NJ State Nurses Association (Retired)

James J. Florio, JD
Former Governor of New Jersey;
Senior Partner, Florio, Perrucci, Steinhardt &
Fader, LLC

Charlene Holzbaur
Financial Management Specialist at CMS
Former Director of New Jersey Department
Of Treasury's Office of Management and
Budget

Heather Howard, JD
Former NJ Health Commissioner;
Director of State Health Reform
Assistance Network; Woodrow
Wilson School of Public & Intern'l
International Affairs, Princeton, NJ

Fred M. Jacobs, MD, JD
Former NJ Health Commissioner
Executive Vice President & Chair
of Department of Medicine,
St. George's University School of Medicine

Christine A. Stearns, JD
Director, Government Affairs,
Gibbons P.C.

Linda J. Schwimmer, JD
President & CEO
New Jersey Health Care Quality Institute

a 15% reduction in what indicated premium rates would otherwise be for 2019 absent a reinsurance program. To achieve the reduction, total funding for the reinsurance program for 2019 is estimated to equal approximately \$323.7 million. Through a State Innovation Waiver, New Jersey could receive substantial federal pass-through funds to support the reinsurance program; for program year 2019, these funds are estimated to equal \$218 million, or roughly 67% of the total reinsurance program costs, with the remaining costs to be covered by funds collected through the New Jersey Health Insurance Market Preservation Act, N.J.S.A. 54A:11-1 et seq., and general appropriations. The federal government has been a constructive partner in this process, encouraging states to take advantage of this important opportunity. Three states (Alaska, Minnesota, and Oregon) have already received waivers to get federal funding for reinsurance programs, resulting in substantially lower premiums in 2018. New Jersey is now part of the second wave, with four states seeking waivers to set up reinsurance programs that will take effect in 2019. (The other states in this group are Maine, Maryland, and Wisconsin.) This puts New Jersey at the forefront of state actions to protect and improve health insurance markets.

The New Jersey Health Care Quality Institute urges the State to move forward with the application process and the federal government to approve it.

Thank you for the opportunity to comment.

ⁱ NJ Department of Banking and Insurance, "Individual Health Coverage Program Historical Comparison of Enrollment," 2018, http://www.state.nj.us/dobi/division_insurance/ihcseh/enroll/2018_1q_ihcseh_historical.pdf

ⁱⁱ Norris, L., Healthinsurance.org, "New Jersey health insurance marketplace: history and news of the state's exchange," May 2018, <https://www.healthinsurance.org/new-jersey-state-health-insurance-exchange/>

ⁱⁱⁱ Jacobs, P. D., Cohen, M. L., Keenan, P., Health Affairs, "Risk Adjustment, Reinsurance Improved Financial Outcomes For Individual Market Insurers With The Highest Claims," April 2017, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2016.1456>

^{iv} American Academy of Actuaries, "Steps Toward a More Sustainable Individual Health Insurance Market," April 2017, http://www.actuary.org/files/publications/Sustainable_Health_Insurance_Marketplace_042417.pdf

June 25, 2018

Marlene Caride, Insurance Commissioner
State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325
Trenton NJ 08625-0325

Re: New Jersey Section 1332 State Innovation Waiver

Dear Commissioner Caride:

The Arthritis Foundation appreciates the opportunity to submit comments on New Jersey's Section 1332 State Innovation Waiver. The Arthritis Foundation is the Champion of Yes. Leading the fight for the arthritis community, the Foundation helps conquer everyday battles through life-changing information and resources, access to optimal care, advancements in science, and community connections. We work on behalf of the over 1,590,000 people in New Jersey who live with the chronic pain of arthritis every day.

The Arthritis Foundation believes everyone should have high-quality, affordable healthcare coverage. A strong, robust marketplace is essential for people with arthritis to access the coverage that they need. The Arthritis Foundation supports New Jersey's efforts to strengthen its marketplace by submitting a 1332 State Innovation Waiver to implement a reinsurance program.

Reinsurance is an important tool to stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.¹

New Jersey's proposal would create a reinsurance program starting for the 2019 plan year and continue for period of five years. Without a state reinsurance program to stabilize individual markets, Marketplace enrollment could decline in 2019 and cause an unbalanced risk pool. The reinsurance proposal would help patients with pre-existing conditions, including patients with arthritis, obtain affordable, comprehensive coverage.

The Arthritis Foundation believes the 1332 State Innovation Waiver will help stabilize the individual market in New Jersey and protect patients and consumers. Thank you for the opportunity to provide comments.

Sincerely,

Benjamin Chandhok

Ben Chandhok
State Policy Director
Arthritis Foundation

¹American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf.

My support

John Falzone <jmf800@hotmail.com>

Mon 6/25/2018 8:10 AM

To:1332 WaiverApplication <1332WaiverApplication@dobi.nj.gov>;

I wholeheartedly support the proposed Section 1332 Waiver Application because as a citizen of the State of New Jersey I am personally experiencing financial difficulties paying the exorbitant premiums for health care insurance for my wife and myself. It would be accurate to say we visit our physicians no more than three times a year. Before the ACA our Blue Cross Blue Shield insurance premiums was approximately \$1,200 per month. It is currently \$2,150 per month! That is equivalent to a mortgage payment.

I think that the attempt to stabilize the marketplace by reimbursing carriers for certain high cost care and consequently creating an environment which reduces premiums is a step in the right direction. Ultimately I'd like to see the health care sector do a self assessment of how to reduce cost and implement policies to reduce cost. I'd like to see more competition in the market place. I'd like to see seniors who abuse the system limit the amount of times they are permitted to see their health care providers in a given year. I'd like to see podiatrist perform foot procedures and stop clipping toe nails; we have less skilled and cheaper alternatives. I'd like to see the stringent paper work requirements inundating health care providers be reduced so that they can spend more time diagnosing and treating and less time writing.

As I said, we have much work to do. This waiver is a step in the right direction,

Best regards,

John Falzone

Confidentiality: This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is strictly prohibited. If you are not the intended recipient, contact the sender via reply email and destroy all copies of the original message.

IRS Circular 230 Disclosure: Any tax advice contained in this message (including any attachments and enclosures) was not intended or written to be used, and cannot be used (i) by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer, or (ii) to promote, market or recommend to another party any transaction or matter addressed herein.

Best regards,

John Falzone

Sent from my iPhone

John M Falzone Jr

Attorney At Law

800 Inman Ave

Colonia NJ 07067

Tel: [732-827-0670](tel:732-827-0670)

Fax: [732-827-0130](tel:732-827-0130)

Email: jmfjr800@comcast.net

Email: johnfalzonalaw@gmail.com

Web address: jfalzonalaw.com

Admitted to practice in NJ and NY

Practice Areas:

Divorce Law, Real Estate Law, Bankruptcy Law, Business Law, Estates, Trusts, and Probate Law and Litigation

Confidentiality: This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is strictly prohibited. If you are not the intended recipient, contact the sender via reply email and destroy all copies of the original message.

IRS Circular 230 Disclosure: Any tax advice contained in this message (including any attachments and enclosures) was not intended or written to be used, and cannot be used (i) by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer, or (ii) to promote, market or recommend to another party any transaction or matter addressed herein.

Warning – please read!

WIRE FRAUD IS ON THE RISE.

Accepting wire instructions by email is dangerous, especially changes to those instructions.

Please note, I will NEVER send wiring instructions unsecured in the body of an email or as an attachment.

When you receive wiring instructions from me please call to confirm the information is correct.



**National Multiple Sclerosis Society
Comments Regarding New Jersey's Application for a Section 1332 State Innovation Waiver**

**Mara Brough
Senior Manager of Advocacy, New Jersey and Pennsylvania**

June 28, 2018

The National Multiple Sclerosis Society (the Society) is grateful for the opportunity to submit comments regarding New Jersey's Section 1332 State Innovation Waiver application.

Multiple sclerosis (MS) is an unpredictable, often disabling disease of the central nervous system that disrupts the flow of information within the brain, and between the brain and body. Symptoms range from numbness and tingling to blindness and paralysis. The progress, severity and specific symptoms of MS in any one person cannot yet be predicted, but advances in research and treatment are leading to better understanding and moving us closer to a world free of MS. Preliminary results of a recent update on the prevalence of MS in the US suggests as many as one million individuals in the United States diagnosed with the disease, including at least 14,000 people in New Jersey.

The National MS Society believes that everyone should have access to quality and affordable healthcare. Since 2014, the Affordable Care Act (ACA) health insurance marketplace has been an extremely important avenue to affordable, quality coverage for people living with MS. A strong, robust marketplace is essential for people with MS to access the coverage and care that they need.

However, insurance premiums are rising and will soon price people out of the healthcare system. The Society is committed to ensuring that people living with MS have reliable access to comprehensive health insurance plans with affordable premiums, deductibles, and out-of-pocket costs. Without market stabilization measures like reinsurance, New Jerseyans who are currently relying on the marketplace for their health insurance could lose their only affordable coverage option. The Society supports New Jersey's efforts to strengthen its marketplace by submitting this 1332 State Innovation Waiver to implement a reinsurance program.

Reinsurance is an important tool to help stabilize the health insurance market by covering a percentage of the claims of very high cost enrollees. This will help make premiums more affordable for all individuals who buy insurance on the individual market. New Jersey's proposed reinsurance program is projected to reduce premiums by 15% in 2019 and increase the number of individuals obtaining health insurance through the individual market by 2.7%.

The program will undoubtedly help people who live with MS, an expensive pre-existing condition, to obtain and retain affordable, comprehensive coverage.

The Society applauds New Jersey for moving forward with this application and believes the 1332 State Innovation Waiver will help stabilize the individual market in New Jersey while protecting consumers. If we can be of any assistance in the future to help increase access to health care in New Jersey, please contact me at mara.brough@nmss.org.



June 29 2018

Marlene Caride
Acting Commissioner
New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625

The Leukemia & Lymphoma Society (LLS) appreciates the opportunity to submit comments on New Jersey's Section 1332 State Innovation Waiver, and respectfully submits the following.

At LLS, our mission is to cure leukemia, lymphoma, Hodgkin's disease and myeloma, and improve the quality of life of patients and their families. LLS exists to find cures and ensure access to treatments for blood cancer patients. LLS believes firmly that all patients and consumers should have access to high quality, stable coverage to ensure that they are able to receive appropriate and timely care. It is in service to these principles that we offer these comments in support of a reinsurance program in New Jersey that prioritizes improved access to stable, affordable coverage for patients and consumers, as is proposed to be established by this waiver.

Cancer patients need access to meaningful health insurance coverage in order to access necessary care and treatment. LLS has adopted a set of Coverage Principles that outline what, exactly, from the organization's perspective, constitutes "meaningful" health insurance coverage.¹ Among these, LLS knows that meaningful coverage for cancer patients must be both affordable and stable. We feel that instituting a reinsurance program will help New Jersey meet these standards.

Reinsurance programs in other states have shown promising initial results in controlling overall premium growth, and even, in some cases, resulting in premium reductions. Alaska, Oregon, and Minnesota all currently operate reinsurance programs on models similar to that proposed by this waiver², and all have received significant federal pass-through funding returned as a result of reductions in premium growth and, consequently, advanced premium tax credit (APTC) payments in their states.

¹ *Principles for Meaningful Coverage*. The Leukemia & Lymphoma Society. Retrieved from <http://www.lls.org/cancercost/Principles>

² *State 1332 Waiver Reinsurance Proposals: Wisconsin Releases Draft 1332 Waiver Seeking \$170 Million in Pass-Through Funding*. State Health Access Data Assistance Center. March 30 2018. Retrieved from <http://www.shadac.org/news/state-1332-waiver-reinsurance-proposals-wisconsin-releases-draft-1332-waiver-seeking-170>



In addition, Maine, prior to the implementation of the Affordable Care Act (ACA), operated a state-based reinsurance program that was estimated to reduce premiums by 12% to 15%.³ Maine is now also seeking a 1332 waiver to reactivate their reinsurance association: as a result, not only have insurers indicated that premiums will be lower next year if the reinsurance program is activated prior to the 2019 plan year, but one major insurer who departed Maine's health insurance exchange last year has indicated that it will resume offering exchange products if the reinsurance program is available.⁴

At the federal level, reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the ACA and reduced premiums by an estimated 10% to 14% in its first year.⁵

While reinsurance can help to stabilize both premium growth and, as indicated by initial filings in Maine, even insurer participation in a market, it is not a panacea that by itself can fully reverse or overcome the deleterious impact of other challenges to insurance markets, such as the loss of an individual mandate. That is why LLS applauds New Jersey for implementing a state-level individual mandate in combination with its reinsurance program. Because LLS believes New Jersey's 1332 State Innovation Waiver will help stabilize the individual market in New Jersey and protect patients and consumers, particularly when combined with an individual mandate, we are pleased to support the establishment of a reinsurance program as proposed by this waiver.

Thank you for the opportunity to provide comments. Questions or requests for further information on LLS and our position can be addressed to Steve Butterfield, Regional Director of Government Affairs, at either 207-213-7254 or steve.butterfield@lls.org.

³ *The Impact of PL90 On Maine's Health Insurance Markets*. Gorman Actuarial LLC. December 2011. Retrieved from

http://www.maine.gov/pfr/insurance/publications_reports/archived_reports/pdf/gorman_actuarial_report.pdf

⁴ "Rate hikes sought by Maine's ACA insurers come in lower than expected for 2019." Anderson, J. Craig. Portland Press Herald. June 5 2016. Retrieved from <https://www.pressherald.com/2018/06/05/maines-aca-insurers-seek-single-digit-rate-increases-for-2019/>.

⁵ *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. American Academy of Actuaries, Individual and Small Group Markets Committee. January 2017. Retrieved from https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf.



June 28, 2018

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton, NJ 08625-0325

[Via e-mail: 1332WaiverApplication@dobi.nj.gov](mailto:1332WaiverApplication@dobi.nj.gov)

On behalf of our 400-member organizations, which include acute care hospitals, inpatient rehabilitation facilities, long term care hospitals, skilled nursing facilities, home health and hospice agencies, the New Jersey Hospital Association (NJHA) thanks you for the opportunity to comment on Individual Health Coverage Board's Section 1332 Waiver Application.

NJHA and its members are strongly supportive of the state's efforts to ensure that coverage gains made in the health insurance market are not adversely impacted by changes being made at the federal level. To that end, NJHA wishes to express its overall support of the Section 1332 Waiver Application. However, we also want to share a few concerns about the funding mechanisms related to the reinsurance program, specifically the General Fund reimbursement stream and alert you to potential unintended consequences.

Governor Murphy signed two laws (S-1877) and (S-1878) establishing the reinsurance program and a reinsurance fund May 30. The reinsurance program is intended to offset the insurance companies' costs for high-cost patients. Currently, it would be funded through three sources:

- The collection of penalties from New Jerseyans who do not purchase health insurance;
- The procurement of pass-through funds from savings that the federal government will realize from the lowering of premiums, which will lead to lower advance premium tax credits. This would be achieved through the Section 1332 Waiver; and
- In the event that penalties and pass-through dollars are insufficient to make the payments to the carriers, monies will flow from the General Fund.

NJHA has concerns regarding the use of the General Fund without identifying the specific monies that will be earmarked. While we realize that the state will make the necessary payments to the carriers, **NJHA strongly recommends that an effort be made to clearly identify the source of General Fund dollars to be used for this purpose.**

NJHA would respectfully suggest that the Department of Banking and Insurance consider specifying that revenues in the general fund should come from already existing health-related tax revenue like the "sin" taxes on items such as cigarettes or alcohol. These taxes are meant to encourage healthy behaviors, aligning with the spirit of ensuring healthcare coverage.

Another possible source would be the carriers themselves. We believe it is paramount that insurance carriers have a financial stake in this effort so they remain incentivized to provide appropriate medical management of these patients. This approach would align more with the federal reinsurance program rules which were totally funded by carrier payments into the fund. The state could implement a reasonable increase to the current premium tax assessment on carriers and earmark those dollars to meet any shortage in payments after the first two funding streams are expended.

NJHA also wishes to express our concerns with a practice carriers engaged in during 2018 known as “silver-loading.” It was recently announced at the federal level that this practice would again be permitted in 2019. **NJHA believes there could be unintended consequences if the carriers are allowed to silver-load in 2019 and recommends that DOBI carefully consider the possible impact of this practice.**

Recently released enrollment data from DOBI for the first quarter of 2018 shows a change that could have serious implications for the fund if it continues. In 2018 the number of contracts by metal level data indicates that overall there was a significant increase in the number of bronze contracts issued from 15.80 percent at the end of fourth quarter 2017 to 23.59 percent at the end of first quarter 2018. The contracts issued for silver plans decreased in that same timeframe, not by the same amount, but a decrease nonetheless. While we do not know the exact number of lives the contracts represent, it is still evident that there is increased interest in bronze plans. One very possible reason for this could be the impact that silver-loading had on premiums. While it is true that post-subsidy silver plan premiums only increased by \$9.00 in 2018, according to HHS data, this may have impacted the decision of individuals closer to the premium subsidy threshold of 400 percent of the federal poverty level – and therefore not eligible for as much of a subsidy – finding that bronze plans that are more affordable.

Another possibility that could come from silver-loading would be the impact on premiums of carriers on and off the marketplace. Plans off the marketplace do not factor cost-sharing reductions (CSRs) into their premiums because they are not eligible to receive them. However, it is NJHA’s understanding that all carriers will be eligible for reinsurance payments. This could lead to potential premium manipulation that may result in such behavior as bronze plan premiums that are under-valued – which would steer more individuals to the bronze plans.

Additionally, the individuals who have not already purchased insurance since the implementation of the Patient Protection and Affordable Care Act will potentially be compliant with the state’s newly enacted legislation establishing an individual mandate. However, since these individuals are not already covered, we could assume that health insurance is for some reason difficult to purchase and maintain, and if that is the case, they will gravitate to the least expensive plan possible, i.e., the bronze plans.

Either of these options will negatively impact the anticipated pass-through funds which will impact the financial viability of the fund.

Finally, the Waiver request is for five years. NJHA recommends that the state instead consider a three-year timeframe to allow for a quicker response to any unintended consequences.

We recognize the challenges that the Board faces in trying to establish the reinsurance program in such a limited period of time. However, if we are to ensure that the program meets its stated goals and does not ultimately fail to keep premiums low, it will impact not just carriers, but more importantly the residents of New Jersey to whom we owe a responsibility to guard against their inability to afford health coverage.

We appreciate the Department’s consideration of our comments. If you have any questions regarding this matter please contact Theresa Edelstein at 609-275-4102 or tedelstein@njha.com.

Sincerely,



Cathleen Bennett
President & CEO

New Jersey Business & Industry Association



Michele N. Sleskerka, Esq. June 29, 2018
President and CEO

Christine Buteas
Chief Government
Affairs Officer

Frank Robinson
Vice President

Andrew Musick
Vice President

Michael Wallace
Vice President

Nicole Sandelier
Policy Analyst

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325
Trenton NJ 08625-0325

RE: New Jersey Proposal for ACA Section 1332 State Innovation Waiver

On behalf of our member companies that provide more than 1 million jobs in the state and make the New Jersey Business & Industry Association (NJBIA) the largest statewide business association in the country, we thank the Department of Banking and Insurance for allowing us to submit comments regarding ACA Section 1332 State Innovation Waiver.

NJBIA agrees with the objectives of the Individual Health Coverage Board of Directors, which is to lower individual healthcare coverage premiums by 15 percent and to do so by establishing a reinsurance program to reimburse health insurance carriers for claims payments that exceed a certain threshold. This program will help to stabilize New Jersey's individual health insurance market without adversely impacting the small employer health insurance market.

NJBIA supported the enabling legislation, before it was signed into law by Gov. Murphy, after it was amended to remove a tax on all individual and group health plans in New Jersey. NJBIA continues to support measures which help to insure New Jersey residents at reasonable costs without causing an undue burden to employers and job creators.

Thank you for consideration of our comments.

A handwritten signature in black ink that reads "Chrissy Buteas". The signature is written in a cursive, flowing style.

Chrissy Buteas
Chief Government Affairs Officer



P.O. Box 22766, Trenton, NJ 08607-0766, 609-393-1145

June 30, 2018

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325
Trenton, NJ 08625

New Jersey Policy and Perspective strongly supports the intent and concept of New Jersey's application for a 1332 waiver to establish a reinsurance program because it begins to address one of the biggest health problems in the state, the lack of affordable coverage. Thousands of New Jerseyans have already dropped their insurance and will continue to do so unless this problem is addressed. This is particularly true for families with children and older New Jerseyans who exceed the income limit for federal subsidies and therefore must pay the full cost for their plans. This year these plans increased by about 20 percent on average, the highest level since the Marketplace was established in 2014.

The state's proposed waiver has the following benefits:

- Reduces premiums by an average 15 percent annually
- Increases enrollment both on and off the Marketplace by 9,000
- Results in more New Jerseyans switching from Bronze (-16,000) to Silver plans (+24,000) which require much less cost sharing and are likely to have more positive health outcomes
- Provides a 67 percent match in federal funds for the total reinsurance program
- Increases enrollment for the youngest New Jerseyans (under age 20) by 3,000 and older (age 51+) by 3,000, the largest increases among all age groups
- Strengthens the individual market which could result in more carriers participating with additional plan choices that could further reduce costs

We look forward to working with the Department to assure an equitable and effective implementation of the waiver.

Sincerely,

**Gordon MacInnis
President**

**Raymond Castro
Director, Health Policy**



June 29, 2018

Honorable Marlene Caride
New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625

Re: New Jersey Section 1332 State Innovation Waiver

Dear Commissioner Caride:

On behalf of people with cystic fibrosis, the Cystic Fibrosis Foundation appreciates the opportunity to support New Jersey's 1332 State Innovation Waiver application to operate a reinsurance program.

Cystic fibrosis (CF) is a life-threatening genetic disease that affects 697 people in New Jersey and 35,000 children and adults in the United States. CF causes the body to produce thick, sticky mucus that clogs the lungs and digestive system, which can lead to life-threatening infections. As a complex, multi-system condition, CF requires targeted, specialized treatment and medications.

People with CF benefit from insurance marketplaces that offer affordable health plans that cover their complex health needs. The Cystic Fibrosis Foundation supports New Jersey's creation of a reinsurance program that will make coverage more affordable and expand plan choice by encouraging insurer participation in the marketplace.

Reinsurance has been an effective measure to slow premium growth and protect against adverse selection at the federal level, as well as in states like Maine. The American Academy of Actuaries estimated that the federal reinsurance program reduced premiums by 10 to 14 percent in the individual market in 2014.¹ An analysis of Maine's "invisible" high risk pool found the program significantly reduced premiums in the state's individual market.²

The Cystic Fibrosis Foundation appreciates the opportunity to provide input on these important policy changes. As the health care landscape continues to evolve, we look forward to working with the state of New Jersey to ensure high-quality, specialized CF care and improve the lives of all with cystic fibrosis. Please consider us a resource moving forward.

Sincerely,

Mary B. Dwight
Senior Vice President of Policy & Advocacy
Cystic Fibrosis Foundation

Lisa Feng, DrPH
Senior Director of Policy & Advocacy
Cystic Fibrosis Foundation

¹ American Academy of Actuaries. *Drivers of 2015 Health Insurance Premium Changes*. (Online). June 2014. Available: https://www.actuary.org/files/2015_Premiums_Drivers_Updated_060414.pdf

² Bagley, Nicholas et. Al. *Making Sense of "Invisible Risk Sharing"*. Brookings. (Online). April 2017. Available: <https://www.brookings.edu/blog/up-front/2017/04/12/making-sense-of-invisible-risk-sharing/>



June 28, 2018

State of New Jersey 1332 Innovation Waiver
Department of Banking and Insurance
PO Box 325, Trenton NJ 08625-0325

Submitted via email to 1332WaiverApplication@dobi.nj.gov

Re: New Jersey Section 1332 State Innovation Waiver

To whom it may concern:

As New Jersey State Ambassador for the Rare Action Network, powered by the National Organization for Rare Disorders (NORD), I appreciate the opportunity to submit comments on New Jersey's Section 1332 State Innovation Waiver.

NORD is a unique federation of voluntary health organizations dedicated to helping people with rare "orphan" diseases and assisting the organizations that serve them. Since 1983, we have been committed to the identification, treatment, and cure of rare disorders through programs of education, advocacy, research, and patient services.

As New Jersey State Ambassador, I believe everyone should have quality and affordable healthcare coverage. A strong, robust marketplace is essential for people with rare diseases to access the coverage that they need. NORD supports New Jersey's efforts to strengthen its marketplace by submitting this 1332 State Innovation Waiver to implement a reinsurance program.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.¹

New Jersey's proposal will create a reinsurance program starting for the 2019 plan year and continuing for 5 years. This program is projected to reduce premiums by 15 percent and increase the number of individuals obtaining health insurance through the individual market by 2.7 percent in 2019. This would help patients with pre-existing conditions, including patients with rare diseases, obtain affordable, comprehensive coverage.

¹ American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf.



As New Jersey State Ambassador, I believe the 1332 State Innovation Waiver will help stabilize the individual market in New Jersey and protect patients and consumers. Thank you for the opportunity to provide comments.

Sincerely,

A handwritten signature in blue ink that reads "Julie Raskin".

Julie Raskin
NORD Volunteer State Ambassador for New Jersey
julie.raskin@rareaction.org
www.RareNJ.org

June 29, 2018

Marlene Caride, Commissioner
New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625

Re: New Jersey 1332 Waiver Application

Dear Commissioner Caride:

The American Lung Association in New Jersey appreciates the opportunity to submit comments on New Jersey's 1332 Waiver Application.

The American Lung Association is the oldest voluntary public health association in the United States, currently representing the 33 million Americans living with lung diseases including asthma, lung cancer and COPD, including over one million New Jersey residents. The Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease through research, education and advocacy.

The Lung Association believes everyone should have quality and affordable healthcare coverage. A strong, robust marketplace is essential for people with lung disease to access the coverage that they need. The Lung Association supports New Jersey's efforts to strengthen its marketplace by submitting this 1332 waiver to implement a reinsurance program.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help health insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.¹ In Minnesota, a state already implementing a reinsurance program through a 1332 waiver approved last year, insurers recently filed proposed rates for 2019 that were between 3 and 12.4 percent below 2018 premiums.²

New Jersey's proposal will create a reinsurance program starting for the 2019 plan year and continuing for five years. The state estimates that the program will reduce premiums by approximately 15 percent and increase the number of individuals obtaining health insurance through the individual market by an estimated 2.7 percent in 2019. This would help patients with pre-existing conditions, including patients with asthma, COPD, lung cancer, and other lung diseases, obtain affordable, comprehensive coverage.

The American Lung Association in New Jersey believes the proposed 1332 waiver will help stabilize the individual market in New Jersey and protect patients and consumers, and we urge its adoption. Thank you for the opportunity to provide comments.

Sincerely,



Lance Boucher
East Division Senior Director, State Advocacy
American Lung Association

¹ American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf.

² Minnesota Department of Commerce. *Insurers' 2019 Proposed Health Insurance Rates*. Retrieved from <https://mn.gov/commerce/consumers/your-insurance/health-insurance/rates/rate-filings/2019/>.