

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of)	
Banking and Insurance, State of New Jersey,)	CONSENT
with respect to Horizon Healthcare of)	ORDER
New Jersey, Inc. (NAIC No. 95529))	

TO: Horizon Healthcare of New Jersey, Inc.
Three Penn Plaza East
Newark, NJ 07105-2200

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon the filing of a Market Conduct Examination Report ("Report") containing the results of the January 1, 2016 to June 31, 2016 examination of the practices of Horizon Healthcare of New Jersey, Inc. ("Horizon") with respect to preparation and use of Summaries of Benefits and Coverages, as performed by the New Jersey Department of Banking and Insurance ("Department") pursuant to the authority provided at N.J.S.A. 17:23-20 et seq.; and

WHEREAS, the market conduct examination did not reveal instances of noncompliance with various provisions of New Jersey insurance statutes or regulations.

NOW, THEREFORE, IT IS on this 19th day of May, 2017

ORDERED AND AGREED that the attached Report will be adopted and filed as an official record of the Department: and

IT IS FURTHER ORDERED AND AGREED that, pursuant to N.J.S.A. 17:23-24d(1), within 30 days of the adoption of the Report, the Company shall file an affidavit with the

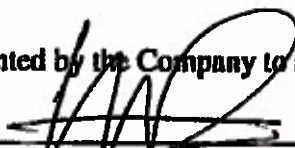
Department's Market Conduct Unit, stating under oath that its directors have received a copy of the adopted Report.



Peter L. Hart
Director of Insurance

Date: May 19 2017

Consented by the Company to as to form, content and entry



Name Emard H.L. Preitauer
SVP, Government Programs

Date: 5/3/17

MARKET CONDUCT EXAMINATION

of

HORIZON HEALTHCARE SERVICES, INC
(NAIC Company Number 55069; Group Number 1202)
Domiciled in Newark, New Jersey

and

HORIZON HEALTHCARE OF NEW JERSEY, INC
(NAIC Company Number 95529; Group Number 1202)
Domiciled in Newark, NJ

as of

February 8, 2017

BY EXAMINERS

of the

STATE OF NEW JERSEY

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

OFFICE OF CONSUMER PROTECTION SERVICES

MARKET REGULATION SECTION

REPORT ADOPTED: MAY 23, 2017

TABLE OF CONTENTS

I. INTRODUCTION.....	1
A. SCOPE OF EXAMINATION	1
B. ERROR RATIOS.....	2
C. COMPANY PROFILES	2
II. SUMMARY OF BENEFITS AND COVERAGE REVIEW.....	4
A. INTRODUCTION	4
B. ERROR RATIOS.....	4
C. EXAMINERS' FINDINGS.....	4
III. VERIFICATION PAGE.....	LAST PAGE

I. INTRODUCTION

This is a report of the Market Conduct activities of Horizon Healthcare Services, Inc., and Horizon Healthcare of New Jersey, Inc., (hereinafter collectively referred to as "Horizon" or "the Companies"). Authority for this examination is found at N.J.S.A. 26:2J-18.1 and N.J.A.C. 11:24-2.12 for Horizon Healthcare of New Jersey, Inc., a health maintenance organization ("HMO"), and N.J.S.A. 17:23-22 for Horizon Healthcare Services, Inc. Market Conduct Examiners from the New Jersey Department of Banking and Insurance (hereinafter referred to as the "Department" or "DOBI") conducted this examination. The examiners present their findings, conclusions and recommendations in this report as a result of their market conduct examination of the Company. The Market Conduct Examiners were Examiner-in-Charge Robert Greenfield and examiners Marleen Sheridan, William Sonntag, Richard Segin, Erin Porter and Michael Wise.

A. Scope of Examination

Pursuant to 29 C.F.R. 2590.715-2715 (group plans) and 45 C.F.R. 147.200(a) (individual plans), a health insurance issuer offering a group or individual health benefit plan is required to provide a Summary of Benefits and Coverage (hereinafter referred to as "SBC") for each benefit plan without charge to entities and individuals upon application, renewal, reissuance and reinstatement. The SBC is to include among other things, a description of the coverage, including cost sharing, for each category of benefits and the exceptions, reductions and limitations of coverage. The scope of the examination included a census review of SBCs for health benefits plans issued in the individual and small employer markets to determine their accuracy. The examiners deemed an SBC to be accurate if it: 1) provided information consistent with the benefit summary that accompanied the rate filings for the pertinent health benefits plan as filed with the Department; and 2) complied with the limitations on cost sharing at N.J.A.C. 11:22-5.1 et seq.

The review period for this examination included SBCs issued as of January 1, 2016 and June 1, 2016. The examiners conducted this review at its Trenton, NJ office between June 27, 2016 and December 31, 2016.

Population sampling of Horizon's product portfolios was unnecessary because the examiners conducted a census review of specimen copies of all 2016 individual and small employer health benefits plans and their corresponding SBCs. The examiners conducted this review in accordance with the National Association of Insurance Commissioners' (hereinafter referred to as "NAIC") Market Regulation Handbook, Chapters 14, 16, 20 and 20A.

B. Error Ratios

Error ratios are the percentage of SBCs reviewed which contained an error. A SBC is counted as an error when the stated benefit, benefit level, cost sharing or limitation is inconsistent with the information that accompanied the rate filing for that health benefits plan. As an example, an SBC that listed a \$10 co-pay for a physical therapy visit would be in error if the information in the rate filing showed a \$20 co-pay for physical therapy.

If a single SBC contains multiple errors, the examiners will count that SBC only once in calculating error ratios. However, any SBC that contains more than one error will be cited more than once in the report.

The examiners submitted written inquiries to Company representatives on the findings outlined in this report. These inquiries provided Horizon with an opportunity to respond to the examiners' findings and to provide exceptions to any statutory and/or regulatory errors or mishandling reported herein.

C. Company Profiles

Horizon Healthcare Services, Inc.

Horizon Healthcare Services, Inc., ("HHSI" or "the Company"), conducting business as Horizon Blue Cross Blue Shield of New Jersey, was incorporated on December 7, 1932 and operates as a not-for-profit health service corporation domiciled in the State of New Jersey pursuant to N.J.S.A. 17:48E-1 et seq. The Company is an independent licensee of the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, which licenses the right to use the Blue Cross and Blue Shield names and marks. The Company is a member of an insurance holding company system as defined by N.J.A.C. 11:1-35.2. Through common ownership, management or control, the Company is affiliated with numerous entities within the holding company system.

HHSI operates as a not-for-profit health service corporation in New Jersey, pursuant to N.J.S.A. 17:48E -1 et seq. Health benefits are provided under contracts with subscribers for services provided by hospitals and other providers of health care. The Company also processes claims for subscribers of other Blue Cross Blue Shield Plans and for programs such as Medicare, Medicaid, and the Federal Employees Health Benefits Program.

Horizon Healthcare of New Jersey, Inc.

Horizon Healthcare of New Jersey, Inc. ("HHNJ") is a wholly-owned subsidiary of Horizon Healthcare Plan Holding Company, Inc. ("HHPHC"),

which in turn is a wholly-owned subsidiary of Horizon Healthcare Services, Inc., doing business as Horizon Blue Cross Blue Shield of New Jersey (“HHSI”), the ultimate parent of the holding company system.

HHNJ is a health maintenance organization (“HMO”) that operates in all of New Jersey's counties and is certified in accordance with the provisions of the New Jersey State Health Maintenance Organization Act of 1973. HHNJ offers commercial HMO, managed Medicare risk, and managed Medicaid products. The Company provides agreed upon health services in exchange for a fixed premium and operates primarily as an Independent Provider Network (“IPN”) model, to deliver health care to its members.

HHNJ, along with its ultimate parent (“HHSI”) and other affiliates, including Horizon Healthcare Dental, Inc. and Horizon Insurance Company, are independent licensees of the Blue Cross and Blue Shield Association, an association of independent Blue Cross Blue Shield Plans, which licenses the right to use the Blue Cross and Blue Shield names and marks.

II. SUMMARY OF BENEFITS AND COVERAGE REVIEW

A. Introduction

As of January 1, 2016, the Companies maintained a total of 23 SBCs. Products available included Health Maintenance Organization plans, Exclusive Provider Organization plans and the Direct Access managed care plans. The Companies offered these products at the Platinum, Gold, Silver and Bronze levels with various features and cost sharing options.

B. Error Ratios

The examiners calculated the error ratios by applying the procedure outlined in the introduction of this report. As indicated in the chart below, the examiners reviewed a census population of 23 specimen SBCs and the benefit information in the rate filings for the pertinent plans. As outlined below, the examiners found no errors in this review.

Summary of Benefits and Coverages (SBC) Error Ratio Chart

<u>Company</u>	<u>SBC Documents Reviewed</u>	<u>SBC Documents in Error</u>	<u>Error Ratio</u>
Horizon Healthcare Services, Inc.	21	0	0%
Horizon Healthcare of New Jersey, Inc.	<u>2</u>	<u>0</u>	0%
Totals	23	0	0%

C. Examiners' Findings

1. **Consistency between Summary of Benefits and Coverages and Benefit Summaries included in the associated Rate Filing. Zero Files in Error**

The examiners reviewed 23 SBCs and found no errors when comparing SBCs to benefit information in the appropriate rate filings. The examiners also reviewed all SBCs to determine compliance with N.J.A.C. 11:22-5.1 et seq. The examiners found no errors in these reviews.

III. VERIFICATION PAGE

I, Robert Greenfield, am the Examiner-in-Charge of the Market Conduct Examination of Horizon Healthcare Services, Inc., and Horizon Healthcare of New Jersey, Inc., conducted by examiners of the New Jersey Department of Banking and Insurance. This verification is based on my personal knowledge as acquired in my official capacity.

The findings, conclusions and recommendations contained in the foregoing report represent, to the best of my knowledge, a full and true statement of the Market Conduct Examination of Horizon Healthcare Services, Inc., and Horizon Healthcare of New Jersey, Inc., as of February 8, 2017.

I certify that the foregoing statements are true. I am aware that if any of the foregoing statements made by me is willfully false, I am subject to punishment.

March 6, 2017
Date

Robert P. Greenfield
Robert Greenfield
Examiner in Charge
New Jersey Department of Banking
and Insurance