

# Affordable Care Act losses land N.J. health insurer in rehab

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September 12, 2016 — 7:08 PM EDT

Health Republic Insurance of New Jersey, one of 23 nonprofit consumer-operated and -oriented health plans established under the Affordable Care Act, has agreed to be taken over by regulators because of its "hazardous financial condition," the New Jersey Department of Banking and Insurance said Monday.

The Newark, N.J., insurer lost \$58.96 million in the six months ended June 30 and is expected to have a negative cash position of \$17.3 million in January, according to the department's petition for a takeover filed Monday in the Chancery Division of the Superior Court of New Jersey.

This year Health Republic tapped the last \$10 million of a \$94.3 million loan from the federal Centers for Medicare and Medicaid Services, the petition said. That loan was supposed to provide a capital cushion for the start-up.

Health Republic, which insures 35,950 people under individual and small-group plans, will continue paying claims this year while under rehabilitation by regulators, but will not offer plans for 2017.

Before the Health Republic announcement, 16 of the 23 co-op plans had failed nationwide, as losses mounted.

As long as individual and small-group policyholders continue to make their premium payments, their coverage will remain in effect until Dec. 31, but they must choose new coverage to take effect after that, the banking and insurance department said.

In the first quarter of this year, Health Republic had 7.3 percent of New Jersey's individual market and 2.1 percent of the small-employer market, regulators said.

**Published: The Philadelphia Inquirer**