

# Horizon executives rake in millions in bonuses as revenues, enrollment swells



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The Blue Cross Blue Shield logos. | Carlos Osorio/AP Photo

Overall compensation for executives at Horizon Blue Cross Blue Shield of New Jersey climbed by roughly 20 percent in 2020, with outgoing Chair Kevin Conlin bringing in more than \$5.1 million last year.

Conlin, who began to transition out of the company last April, reported almost \$660,000 more in compensation in 2020 compared with 2019, with the bulk of the difference coming in the form of his annual bonus, according to filings submitted to the state Department of

Banking and Insurance. Conlin's bonus climbed from nearly \$3.4 million in 2019 to almost \$3.9 million in 2020.

CFO Douglas Simpson, commercial business Vice President Christopher Lepre, government programs and operations Vice President Mark Barnard and Allen Karp, the executive vice president of health care transformation and management, also saw their annual bonuses swell by six figures last year compared with 2019.

Comparing total executive compensation from 2019 and 2020 isn't exactly apples-to-apples.

Horizon's 2020 filings detail salaries, bonuses and benefits for 15 officers and executives. Only 14 were provided in 2019 because Conlin stepped down as president and CEO in early 2020 and remained on [the company's payroll as chair through early 2021](#). Incoming President and CEO Gary St. Hilaire collected \$2.7 million last year, including a \$1 million signing bonus when he joined the nonprofit health services corporation in April 2020.

The bonuses paid to the company's executives reflect performance in 2019, spokesperson Tom Vincz wrote in an email. The payments are determined by the insurer's personnel and compensation committee, which is composed of outside, independent board members.

"Objective, measurable performance-based goals are established at both the individual and company level and incorporated into the [committee's] evaluation and compensation recommendations," Vincz wrote.

If the health insurance company's top-line performance provides any indication, incentive payments could grow significantly when Horizon reports its compensation data next year.

Annual revenues jumped by around 7 percent, to \$12.3 billion, in 2020 and net cash from the health insurance company's operations climbed by \$475 million, to \$855 million, according

to the filings. After dipping to a little less than 3.5 million in 2019, enrollment in Horizon's government and commercial health plans increased by more 200,000 to roughly 3.7 million.

The latter was largely driven by spiking enrollment in Medicaid plans. Both the [Families First Coronavirus Response Act](#) and the [CARES Act](#) required Medicaid agencies to maintain enrollment for their beneficiaries through the federal public health emergency. When unemployment rates exploded at the start of the pandemic, enrollment in NJ FamilyCare and other Medicaid programs jumped from 1.7 million to close to 2 million.

More than half of those beneficiaries — slightly more than 1 million people — were enrolled in plans offered through Horizon's HMO at year-end, according to the company's filings.

“While we did experience some growth in our other lines of business, Medicaid enrollment did contribute meaningfully to that increase as a result of federal and state policy responding to the COVID pandemic,” Vincz wrote.

While Covid-19 pushed health systems to the brink, the suspension of elective procedures and postponement of nonemergency care led to a steep reduction in high-cost surgeries and treatments that typically gobble up health insurance premiums.

For individual health plans offered on New Jersey's Obamacare exchange, Horizon spent just 80 percent of the premiums it collected on claims, barely edging the minimum medical-loss ratio mandated through the Affordable Care Act.

Horizon booked an 82 percent medical-loss ratio for small employer plans and 87 percent on large group plans.

Earlier this year, [POLITICO reported that Horizon broke through a cap](#) on its reserves imposed through a 2017 law that was [the linchpin to resolving the state government's 3-day shutdown](#).

That cap was eliminated through fast-tracked legislation, [NJ A5119 \(20R\)/ NJ S218 \(20R\)](#), signed by Gov. Phil Murphy late last year. That law allows Horizon to reorganize as a nonprofit mutual holding company, a move both Horizon and its proponents say will allow the company to invest billions of its reserve dollars in health care businesses across the state. That law also reduces the health insurance company's annual tax burden by around \$50 million.

Horizon submitted its application to reorganize as a nonprofit mutual holding company on Feb. 4, according to the state Department of Banking and Insurance. To complete that process, the department will have to hold three public hearings and hire a consultant to

conduct a health impact study to assess the possible effects of the reorganization.

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