

Maryland's Small Group Health Insurance Market

Summary of Carrier Experience
for the year ending
December 31, 2013

June 19, 2014

Take Aways

- Small group participation continues to decline slowly
- Premiums overall showed modest increases
- Premiums as percent of average wages are rising, owing to slow wage growth and continuing premium growth
- Carrier participation is stable (5) to increasing slightly in 2014

Data from Carrier Surveys

- Number of Lives Covered (employees + dependents)
- Enrollment by Age & Geography
- Number of Employer Groups
- Number of Policies
- Premiums Earned
- Claims Incurred
- Traditional Loss Ratios
(claims incurred/premiums earned)

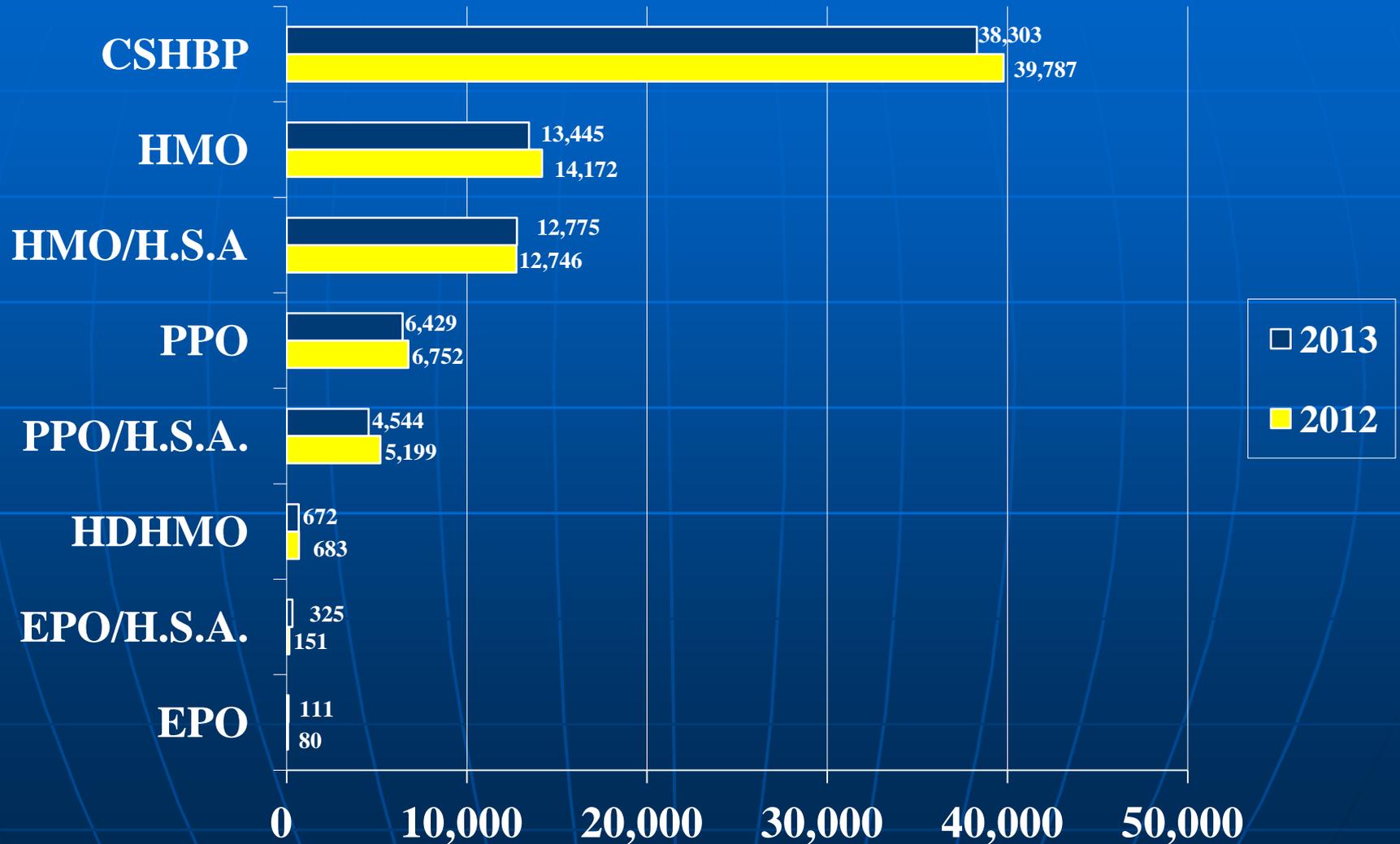
Comprehensive Standard Health Benefit Plan: Basic Provisions (pre-ACA)

- Guaranteed issue and guaranteed renewal
- No pre-existing condition exclusions or limitations on individuals under age 19
- Community rating, adjusted for age and geography only, with rating bands at +/- 50% of the community rate
- Benefits may be *improved* BUT NOT reduced (positive riders)
- Affordability cap (Insurance Article § 15-1207): Average premium without riders cannot exceed 10% percent of Maryland's average annual wage (current estimate: \$54,035)

CSHBP – Benefits and Cost Sharing

- Benefits and cost sharing developed/modified by MHCC with the MIA ensuring carriers provide the benefits required in regulation (COMAR 31.11.06)
- CSHBP includes most of the broad categories of services that are required as essential health benefits under the ACA, including inpatient, outpatient, ER, maternity/newborn care; lab, rehab, habilitative, prevention, wellness services; prescription drug coverage; (mental health parity and pediatric dental care are not the same)
- CSHBP also requires coverage for several legislatively or Commission mandated benefits that apply in the individual & fully-insured large group markets (example: bariatric surgery)
- CSHBP excludes IVF coverage (high cost benefit serving few subscribers)
- CareFirst OpenAccess HMO was selected as the benchmark plan

CSHBP Employer Groups By Plan Type 2012 – 2013



CSHBP Covered Lives by Plan Type 2012 – 2013



Enrollment by Policy

2012 - 2013

<i>Policy Type</i>	<i>#Change '11-'12</i>	<i>%Change '11-'12</i>	<i>#Change '12-'13</i>	<i>%Change '12-'13</i>
Employee Only	(7,297)	- 6.0%	+ 20	+ 0.02%
Employee Plus One	(1,364)	- 3.4%	(1,537)	- 3.9%
Family	+ 1,328	+ 0.7%	(8,182)	- 4.2%

Enrollment by Age of Subscriber

2012 – 2013

Age Bands	Year	Employees Enrolled	% Change
16 - 25	2013	11,713	+ 26%
	2012	9,265	
26 - 35	2013	47,694	+ 1%
	2012	47,206	
36 - 45	2013	39,873	- 3%
	2012	41,213	
46 - 55	2013	47,232	- 3%
	2012	48,784	
56 - 65	2013	33,702	- 6%
	2012	35,850	

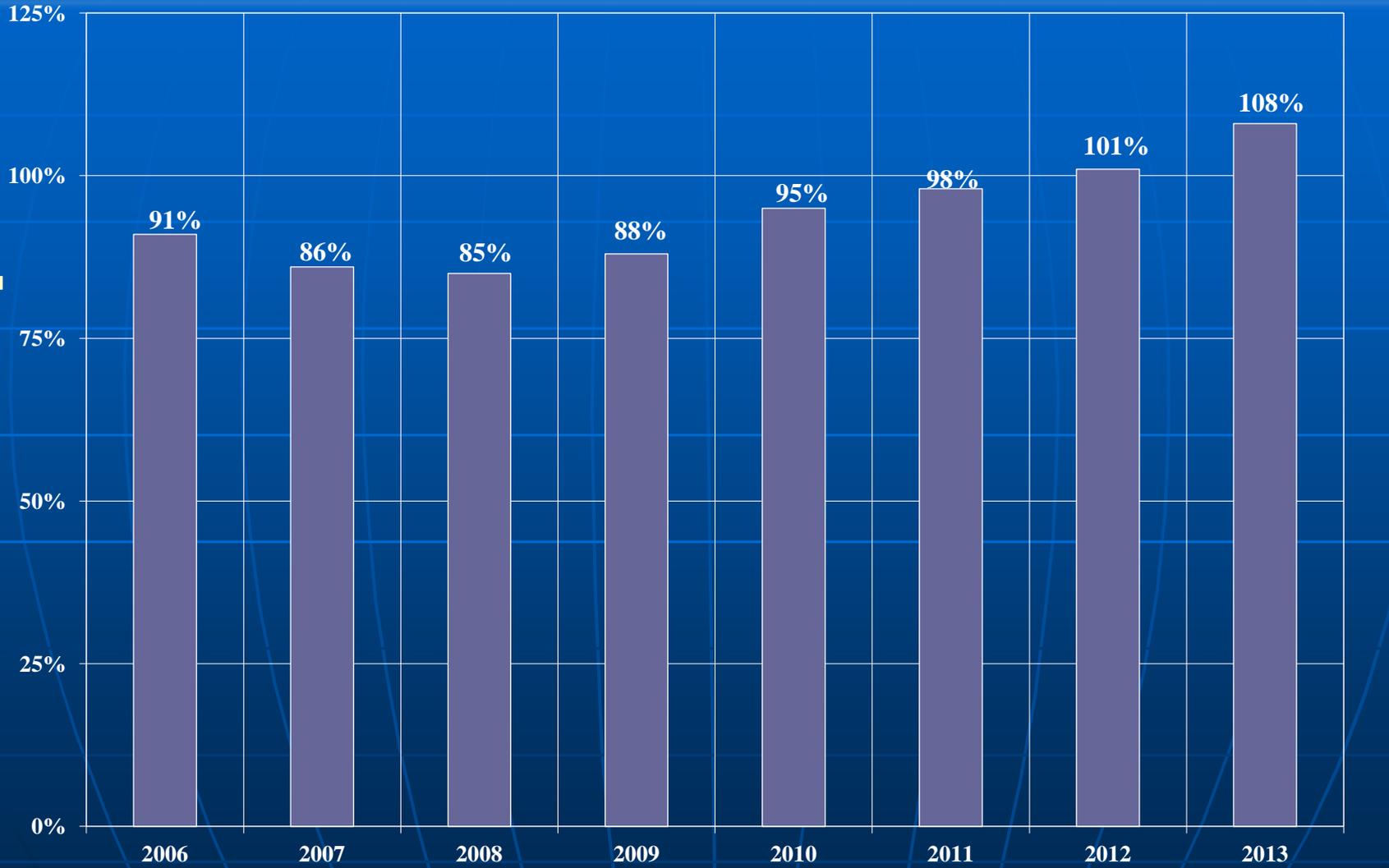
2013 Average Premium with Riders (ranked by enrollment)

	Employee only	% Change from 2012	Family	% Change from 2012
HMO/H.S.A.	\$4,279	+ 2%	\$11,406	+ 4%
HMO	\$5,817	+ 4%	\$14,812	+ 7%
PPO	\$6,661	+ 0.74%	\$17,227	+ 7%
PPO/H.S.A.	\$6,103	+ 12%	\$12,244	+ 20%

2013 Average Premium w/o Riders (ranked by enrollment)

	Employee only	% Change from 2012	Family	% Change from 2012
HMO/H.S.A.	\$3,388	+ 7%	\$9,031	+ 10%
HMO	\$4,324	+ 5%	\$11,009	+ 8%
PPO	\$3,179	+ 5%	\$8,221	+ 12%
PPO/H.S.A.	\$4,602	+ 15%	\$9,232	+ 23%

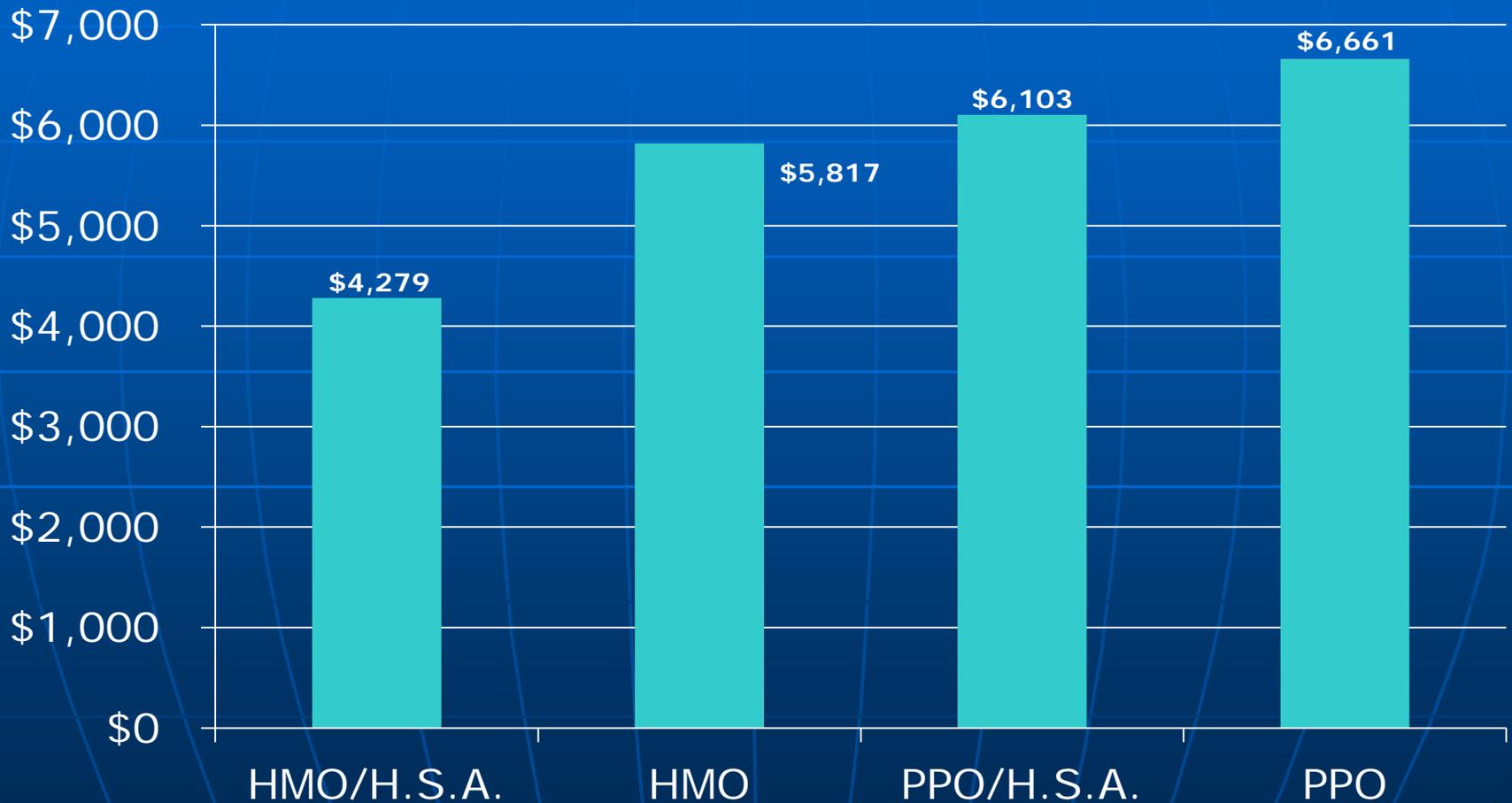
Cost of CSHBP (w/o riders) Relative to Affordability Cap, 2006 – 2013



Avg Cost/EE: \$4208
10% Avg Wage: \$4616

Avg Cost/EE: \$5870
10% Avg wage: \$5404

Average Individual Premium (w/riders) by Plan Type, 2013



Traditional Loss Ratio*

by Plan Type, with riders, 2012 - 2013

	2012	2013
CSHBP	80%	78%
HMO	80%	77%
HMO/HSA	80%	76%
PPO/HSA	80%	81%
PPO	80%	81%

* The Traditional Loss Ratio is the ratio of claims incurred to premiums earned. It is important to note that this calculation differs from the medical loss ratio (MLR) as defined under the Affordable Care Act (ACA).

Outstanding Questions

- Role of self-insurance
- Will micro-employers jump to individual market
- What will be the take-up in SHOP
- What role will MHCC play in monitoring this market