

# Maryland's Small Group Health Insurance Market

*Summary of Carrier Experience*

for the year ending

December 31, 2012

June 20, 2013

# 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)

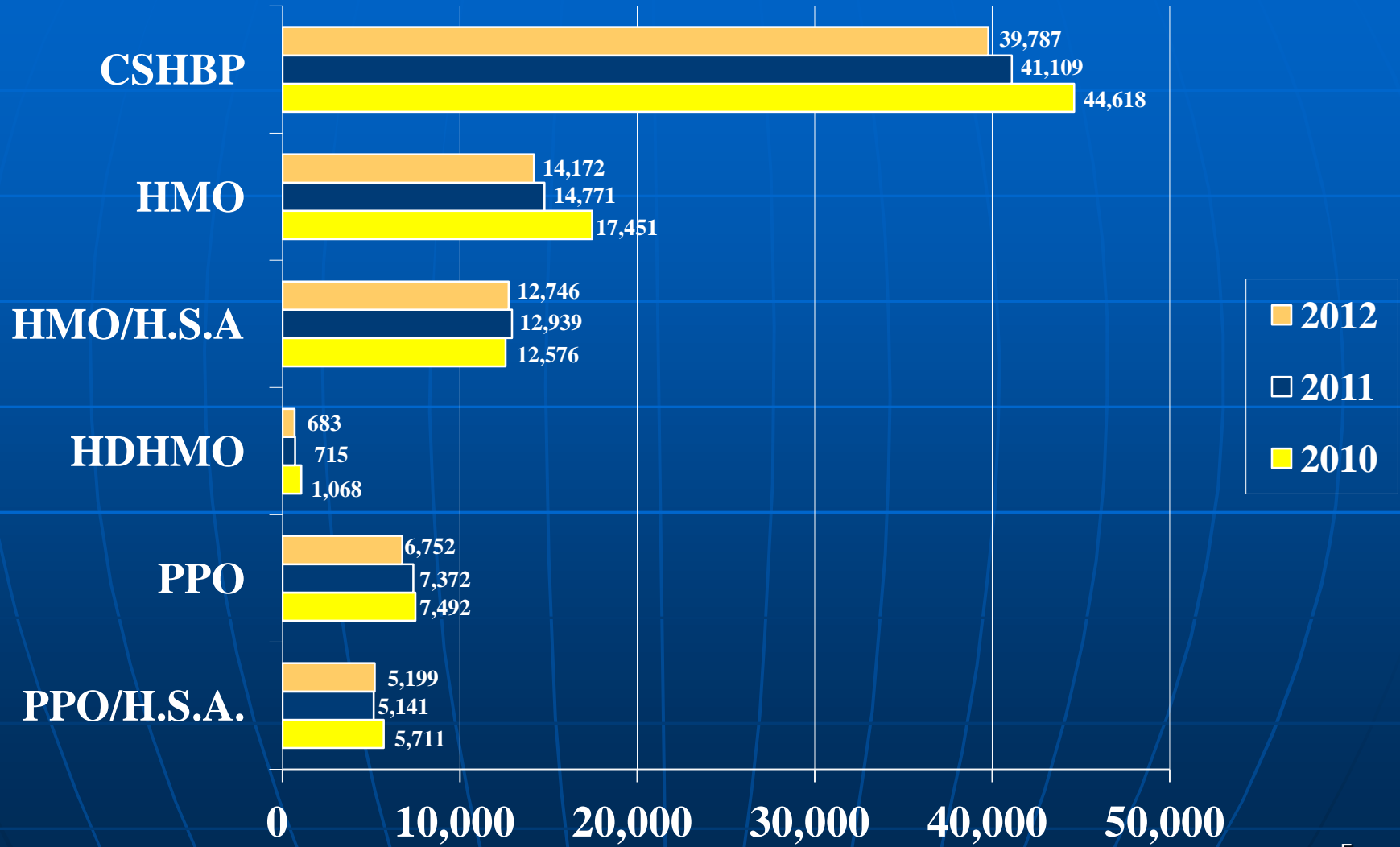
# Comprehensive Standard Health Benefit Plan: Basic Provisions

- 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)

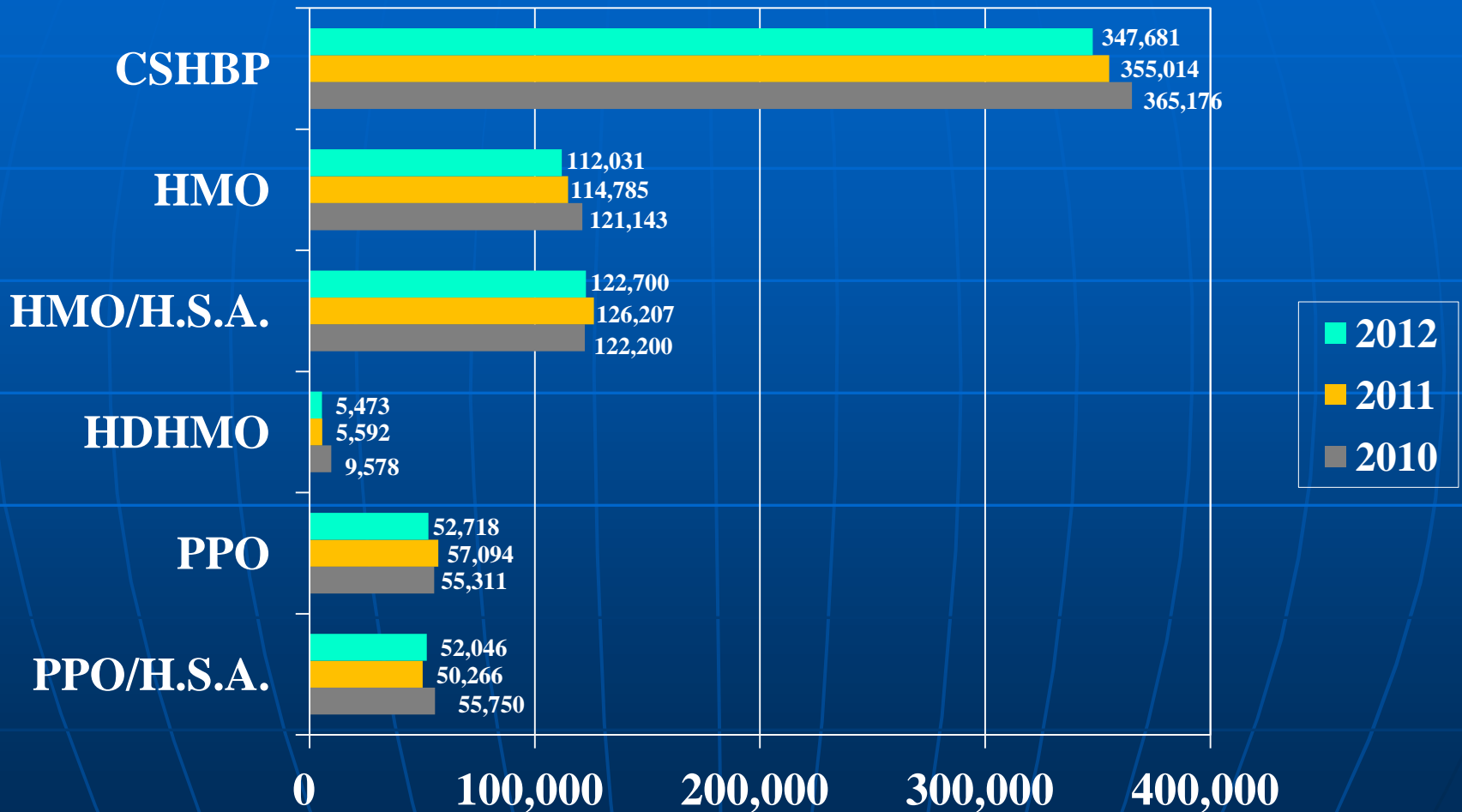
# CSHBP – Benefits and Cost Sharing

- 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 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)

# CSHBP Employer Groups By Plan Type 2010 – 2012



# CSHBP Covered Lives by Plan Type 2010 - 2012



# Enrollment by Policy

## 2010 - 2012

<i>Policy Type</i>	<i>#Change '10-'11</i>	<i>%Change '10-'11</i>	<i>#Change '11-'12</i>	<i>%Change '11-'12</i>
Employee Only	(5,836)	- 4.6%	(7,297)	- 6.0%
Employee Plus One	(14,826)	- 26.7%	(1,364)	- 3.4%
Family	+10,500	+ 5.8%	+ 1,328	+0.7%

# Enrollment by Age of Subscriber

## 2010 – 2012

Age Bands	Year	Employees Enrolled	% Change
16-25	2012	9,265	- 15%
	2011	10,881	- 50%
	2010	21,707	
26-35	2012	47,206	- 2%
	2011	48,099	+ 1%
	2010	47,479	
36-45	2012	41,213	- 2%
	2011	42,180	- 8%
	2010	45,886	
46-55	2012	48,784	- 2.5%
	2011	50,031	- 0.2%
	2010	50,119	
56-65	2012	35,850	+ 1%
	2011	35,288	+ 15%
	2010	30,546	

# Average Premium: 2010 - 2012

## PPO

		Employee only	% Change	Family	% Change
<b>PPO – Core</b> (\$2,500/\$5,000 separate med/surg & R/x deductible; 75% member coins/25% plan coins for Rx)	2012	\$3,022	+ 7%	\$7,338	- 3%
	2011	\$2,819	+ 5%	\$7,594	+ 5%
	2010	\$2,670		\$7,245	
<b>PPO - w/riders</b>	2012	\$6,612	+ 6%	\$16,052	- 4%
	2011	\$6,216	- 0.4%	\$16,745	-1%
	2010	\$6,239		\$16,931	

# Average Premium: 2010 - 2012

## PPO/H.S.A.

		Employee only	% Chg	Family	% Chg
<b>PPO/H.S.A. – Core</b> (\$2,700/\$5,450 combined med/surg & Rx deductible; 75% member coins/25% plan coins for Rx)	2012	\$4,010	+13%	\$ 7,518	- 28%
	2011	\$3,548	+30%	\$10,399	+29%
	2010	\$2,731		\$ 8,063	
<b>PPO/H.S.A. -            w/riders</b>	2012	\$5,461	+ 12%	\$10,239	- 28%
	2011	\$4,889	+ 26%	\$14,330	+25%
	2010	\$3,874		\$11,439	

# Average Premium: 2010 - 2012

## HMO

		Employee only	% Change	Family	% Change
HMO – Core (No deductible)	2012	\$4,114	+ 4%	\$10,180	+ 5%
	2011	\$3,959	- 0.6%	\$ 9,639	- 7%
	2010	\$3,984		\$10,394	
HMO - w/riders	2012	\$5,603	+ 1%	\$13,865	+ 3%
	2011	\$5,545	- 2%	\$13,502	- 9%
	2010	\$5,675		\$14,805	

# Average Premium: 2010 - 2012

## HMO/H.S.A.

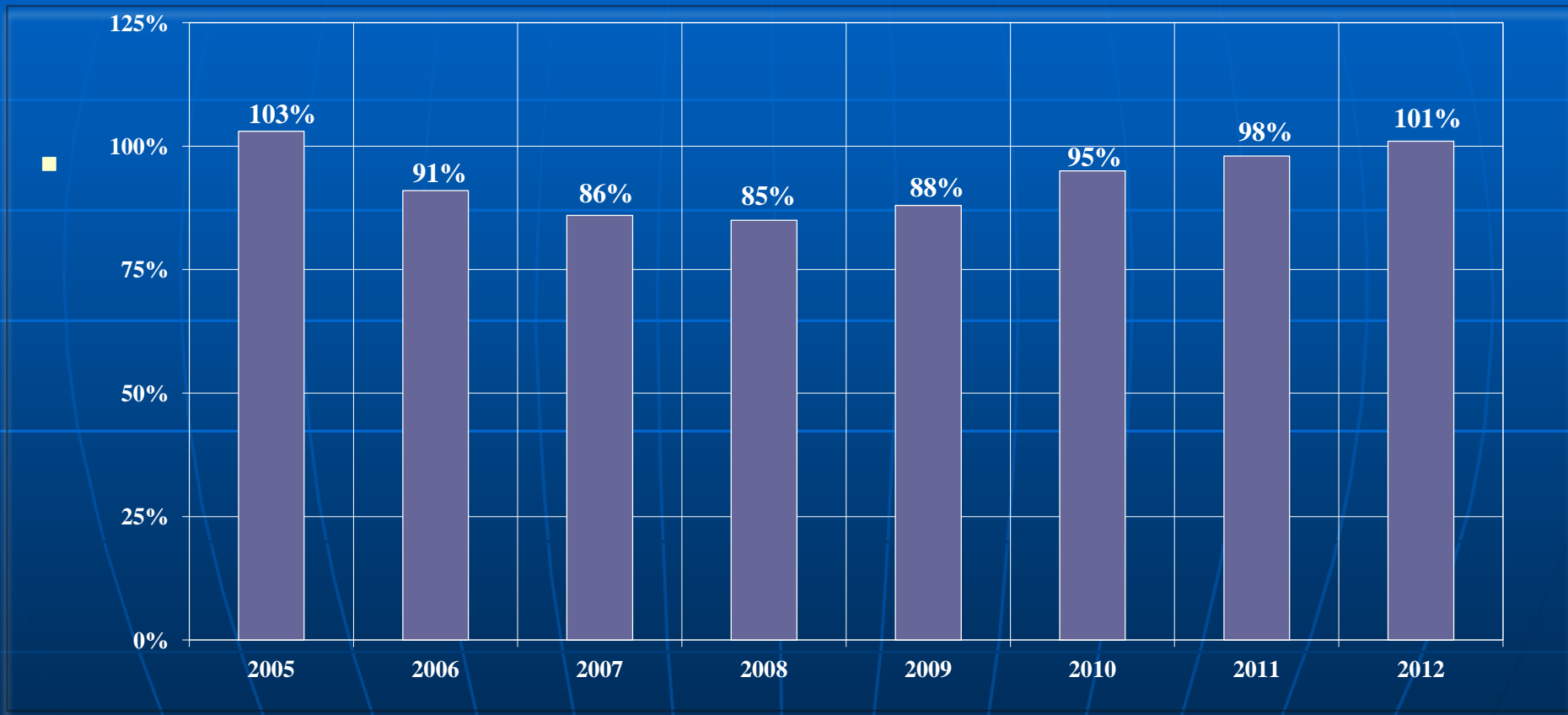
		Employee only	% Chg	Family	% Chg
<b>HMO/H.S.A. – Core</b> (\$2,700/\$5,450 combined med/surg & Rx deductible; 75% member coins/25% plan coins for Rx)	2012	\$3,156	+ 9%	\$8,217	+10%
	2011	\$2,902	- 3%	\$7,440	- 9%
	2010	\$2,998		\$8,173	
<b>HMO/H.S.A. - w/riders</b>	2012	\$4,211	+ 8%	\$10,965	+ 9%
	2011	\$3,910	- 3%	\$10,025	- 9%
	2010	\$4,024		\$10,969	

# Average Premium: 2010 - 2012

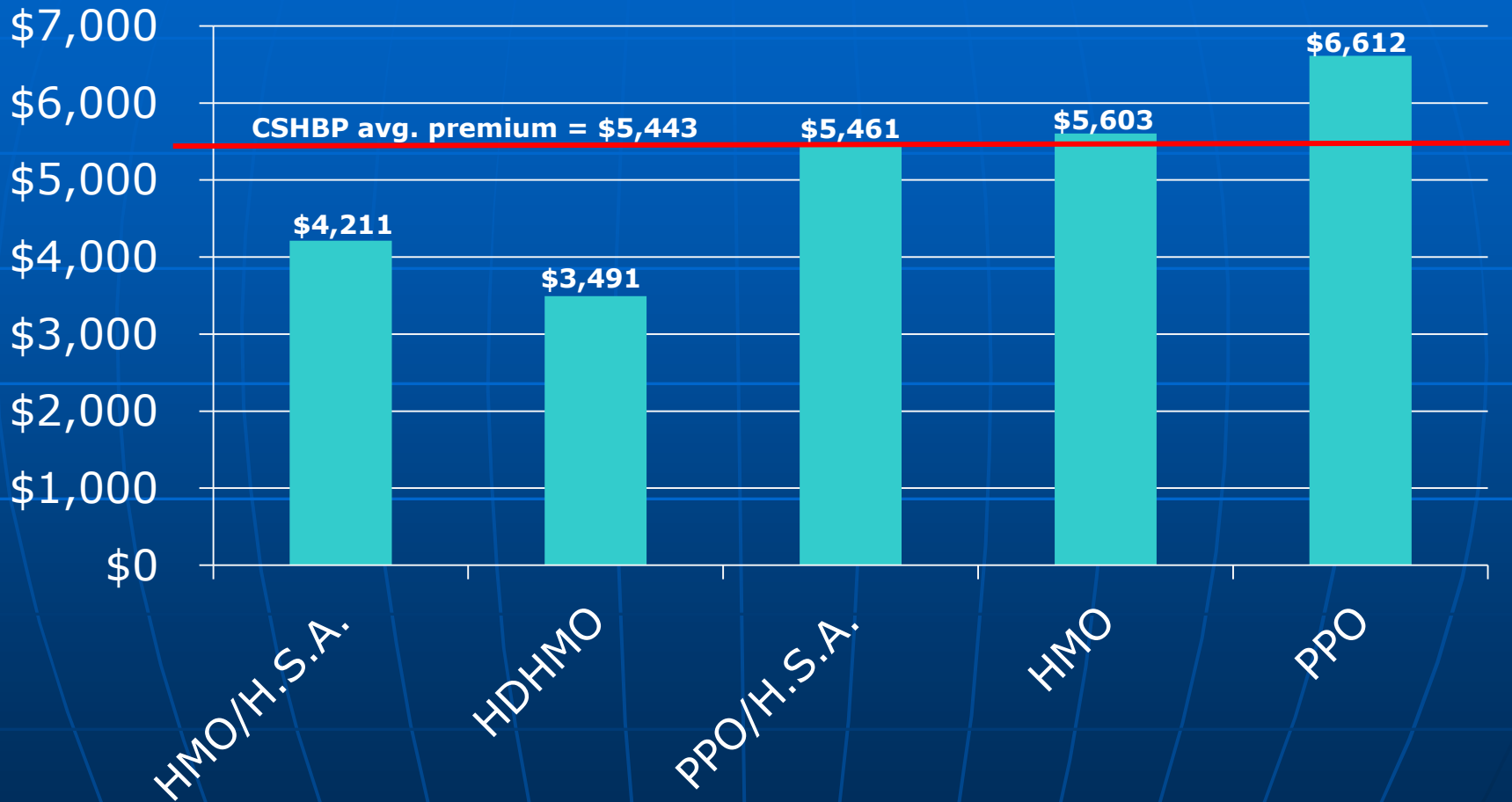
## HDHMO

		Employee only	% Chg	Family	% Chg
<b>HDHMO – Core</b> (\$2,500/ \$5,000 separate med/surg & Rx deductible; 75% member coins/25% plan coins for Rx)	2012	\$2,265	- 27%	\$6,823	- 18%
	2011	\$3,127	+ 19%	\$8,344	+23%
	2010	\$2,621		\$6,752	
<b>HDHMO - w/riders</b>	2012	\$3,491	- 24%	\$10,513	- 14%
	2011	\$4,597	+ 9%	\$12,266	+ 13%
	2010	\$4,210		\$10,848	

# Cost of the CSHBP (without riders) in Relation to Cap 2005 – 2012



# Average Individual Premium (w/riders) by Plan Type - 2012



# Traditional Loss Ratio\*

## by Plan Type, with riders, 2010 - 2012

	2010	2011	2012
<b>CSHBP</b>	<b>74%</b>	<b>77%</b>	<b>80%</b>
HMO/HSA	70%	76%	80%
HMO	74%	79%	80%
PPO/HSA	80%	77%	80%
PPO	76%	76%	80%
HDHMO	71%	82%	85%

\* 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).

# Number of “Combined Carriers” by Plan Type, with Covered Lives

Plan Type	2011	2012
HMO	5	5
HMO/H.S.A.	5	5
HDHMO	2	2
PPO	6	4
PPO/H.S.A.	4	4
EPO	1	1
EPO/H.S.A.	1	1
Indemnity	4	3
POS	1	0
<b>Total # of Carriers*</b>	<b>8</b>	<b>6</b>

\*Total number of carriers is less than the sum across all delivery systems because some carriers offer products in multiple delivery systems.

# As we approach 2014

- Growing pressure on employers who offer group coverage
  - Offer rate continues to drop
  - Smallest firms especially question if they can continue offering a group plan
  - Significant price sensitivity among businesses with lower wage employees
  - No requirement under Maryland law for employers to contribute toward employee premium
  - No requirement under the ACA for employer contributions in the < 50 market

# Beginning in 2014

- Benefit structure and incentives will change in 2014 under the ACA
  - Essential health benefits (EHB) will provide a framework for what is offered – the CareFirst BlueChoice HMO/H.S.A. Open Access selected as the benchmark plan
  - Subsidies will be available for individuals who purchase through the individual exchange (< 400% FPL)
  - 2 year tax credits available for new qualifying employers that offer coverage through the SHOP exchange
  - CSHBP (under COMAR 31.11.06) will only apply to grandfathered plans, where EHBs do not apply

# SHOP Exchange/Current SGM

- SHOP enrollment begins January 2014, with effective date of March 2014
- TPAs will be permitted to operate within the SHOP exchange
- Employee Choice Model will be implemented
- Employer take-up rate is uncertain
- Non- grandfathered CSHBPs renewed before March 1, 2014 will be phased out upon renewal
- Partnership premium subsidy program will be phased out with the CSHBP

# Post 2014 Considerations

- Possible growth in self insurance among larger smaller employers using stop gap products. Several of the carriers have developed these products
- MIA still reviewing rates/contracts for QHPs; preliminary information indicates:
  - SGM premium increases appear to be manageable on average
  - Premiums in the individual market will increase because of expanded benefits and requirement to cover everyone
- Group coverage will be impacted positively or negatively depending on cost in the individual market in 2014, especially for groups that deviate significantly up or down from the average age of 39
- MHCC's role – 2014 and beyond:
  - continue to monitor the SGM
  - Align our data system to support MIA rate review process