

National Trends in Individual and Small Group Premiums

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Outline

Rate Increase Comparison

Rate Increase Drivers

Final Premium Rate Comparison

Number of Carriers Per Rating Area on
Exchange

Risk Adjustment



States Included in Analysis

California

Georgia

Illinois

Iowa

Maine

Pennsylvania

Virginia



Average Rate Increases By State

Rate increases, medical/Rx trends, administrative expenses & profit margins were all developed using data taken from URRTs downloaded from CMS.



Average Carrier Rate Increase by State: 2018 Individual Market

State	Average	Minimum	Maximum
VA	58.3%	46.5%	62.5%
IA	56.8%	44.5%	61.1%
GA	52.5%	42.5%	57.4%
IL	36.3%	24.6%	40.3%
PA	33.3%	28.7%	36.7%
CA	20.8%	15.1%	24.0%
ME	17.4%	15.5%	22.7%
All	30.8%	24.7%	35.2%

Average Carrier Rate Increase by State: 2018 Small Group Market

State	Average	Minimum	Maximum
ME	15.6%	11.4%	21.2%
GA	11.0%	2.3%	15.6%
IA	9.1%	7.3%	14.0%
PA	9.0%	6.8%	11.4%
VA	8.0%	5.2%	11.1%
IL	6.8%	0.2%	33.0%
CA	4.0%	-1.5%	9.8%
All	5.8%	0.8%	13.8%

Average Rate Increases by State and by Metal Level



Individual Market – Bronze Tier

State	Average	Minimum	Maximum
IA	49.2%	37.0%	53.6%
GA	44.3%	37.0%	49.0%
VA	42.0%	35.0%	49.7%
IL	23.5%	20.3%	25.3%
PA	19.0%	18.2%	20.2%
ME	17.0%	13.3%	23.6%
CA	15.5%	13.4%	18.5%
All	22.9%	19.8%	27.2%

Individual Market – Silver Tier

State	Average	Minimum	Maximum
VA	65.6%	49.2%	67.7%
IA	59.3%	47.1%	63.3%
GA	55.6%	44.2%	60.3%
IL	41.0%	25.0%	45.4%
PA	39.1%	32.1%	42.1%
CA	25.7%	16.5%	29.4%
ME	17.9%	15.8%	23.8%
All	37.3%	28.3%	41.9%

Individual Market – Gold Tier

State	Average	Minimum	Maximum
VA	70.1%	69.8%	70.8%
IA	32.9%	0.0%	37.2%
IL	30.8%	30.8%	30.8%
GA	29.7%	29.5%	30.7%
ME	18.9%	18.9%	18.9%
PA	16.4%	15.8%	17.4%
CA	14.8%	11.7%	15.5%
All	19.1%	17.9%	20.9%

Individual Market – Platinum Tier

State	Average	Minimum	Maximum
PA	22.2%	22.2%	22.3%
GA	17.8%	17.8%	17.8%
CA	17.6%	15.9%	18.1%
VA	5.3%	0.0%	12.1%
IA	N/A	N/A	N/A
IL	N/A	N/A	N/A
ME	N/A	N/A	N/A
All	17.1%	16.3%	18.5%

Small Group Market – Bronze Tier

State	Average	Minimum	Maximum
ME	25.3%	23.5%	27.6%
VA	15.4%	14.0%	17.1%
GA	15.0%	5.2%	19.5%
IL	13.5%	10.3%	25.6%
IA	11.5%	10.6%	12.0%
PA	11.2%	11.1%	11.3%
CA	6.5%	2.0%	11.2%
All	8.5%	4.5%	13.9%

Small Group Market – Silver Tier

State	Average	Minimum	Maximum
ME	16.0%	10.1%	23.0%
GA	9.4%	0.3%	15.1%
IA	9.3%	7.5%	14.4%
PA	9.0%	4.7%	11.8%
VA	8.7%	5.6%	10.8%
IL	4.9%	-9.0%	45.7%
CA	3.8%	-3.4%	10.7%
All	5.5%	-1.5%	15.3%

Small Group Market – Gold Tier

State	Average	Minimum	Maximum
GA	11.3%	2.7%	15.2%
ME	10.2%	7.2%	15.0%
PA	9.1%	6.7%	12.1%
VA	8.8%	5.1%	13.5%
IA	8.6%	6.7%	14.1%
IL	6.2%	0.1%	36.2%
CA	4.0%	-2.1%	10.5%
All	5.9%	0.6%	15.5%

Small Group Market – Platinum Tier

State	Average	Minimum	Maximum
GA	13.9%	6.5%	17.0%
ME	10.4%	7.9%	14.6%
PA	8.9%	7.7%	10.0%
IL	7.7%	4.9%	17.9%
IA	5.9%	3.5%	7.5%
VA	5.9%	4.6%	7.3%
CA	3.3%	0.0%	7.0%
All	5.0%	2.5%	9.1%

Rate Increase Drivers



Carrier Explanations for Rate Increases

- Typical Rate Increase Drivers:
 - Updated Experience
 - Medical & Rx Trends
 - Anticipated Population Changes
 - Administrative Expenses
 - Profit/Risk Margin
 - Benefit Design Changes
- Unique for 2018
 - CSR Funding (Major Impact on Silver On Exchange Plans)
 - Individual Mandate
 - ACA Insurer Fee
 - Risk Adjustment Formula Changes
 - Child Age Factors

Individual Market – Silver Tier On Exchange vs Off Exchange

State	Average	OnExch	OffExch
VA	65.6%	67.1%	38.1%
IA	59.3%	59.3%	N/A
GA	55.6%	56.0%	35.6%
IL	41.0%	46.2%	9.6%
PA	39.1%	40.5%	22.8%
CA	25.7%	28.2%	12.6%
ME	17.9%	17.8%	18.1%
All	37.3%	40.0%	15.2%

Trend Comparison



Trend Comparison Individual Market

State	Medical Trend	Rx Trend	Total Trend
GA	10.8%	16.9%	12.0%
PA	7.8%	13.0%	8.8%
VA	7.2%	11.1%	8.0%
IA	6.6%	8.4%	7.0%
ME	6.6%	10.7%	7.3%
CA	6.1%	13.6%	7.3%
IL	4.5%	5.4%	4.7%

Trend Comparison Small Group Market

State	Medical Trend	Rx Trend	Total Trend
VA	8.3%	10.4%	8.8%
IA	8.2%	8.2%	8.2%
ME	7.8%	12.2%	8.6%
GA	7.5%	8.7%	7.7%
PA	5.8%	9.0%	6.5%
CA	5.0%	8.3%	5.5%
IL	4.7%	5.3%	4.8%

Non-Benefit Expense Comparison



Projected Administrative Expenses: Individual Market

State	Admin % of Premium	Admin PMPM
CA	9.2%	\$47.37
ME	9.1%	\$60.52
PA	8.6%	\$53.59
GA	8.4%	\$56.43
VA	8.3%	\$51.81
IL	7.9%	\$49.04
IA	5.9%	\$60.12

Projected Administrative Expenses: Small Group Market

State	Admin % of Premium	Admin PMPM
CA	14.5%	\$69.60
PA	12.7%	\$69.43
ME	12.6%	\$62.16
GA	12.2%	\$64.95
IA	11.8%	\$53.86
VA	11.0%	\$55.68
IL	9.2%	\$48.67

Projected Profit: Individual Market

State	Profit % of Premium	Profit PMPM
IA	11.9%	\$121.24
VA	4.7%	\$29.19
IL	4.5%	\$27.58
GA	3.6%	\$24.07
ME	2.6%	\$17.01
PA	1.4%	\$8.54
CA	0.7%	\$3.47

Projected Profit: Small Group Market

State	Profit % of Premium	Profit PMPM
VA	4.5%	\$22.74
IL	3.9%	\$20.33
IA	3.7%	\$16.92
GA	3.5%	\$18.86
ME	2.7%	\$13.44
PA	1.6%	\$8.66
CA	1.4%	\$6.66

Age-21 Rate Comparison by Market and by Metal Level

Adjusted by Cost of Living



Individual Market – Bronze Tier

State	Average	Minimum	Maximum
IA	\$485	\$430	\$536
PA	\$353	\$208	\$488
GA	\$347	\$269	\$541
VA	\$341	\$256	\$644
IL	\$318	\$237	\$422
ME	\$303	\$246	\$400
CA	\$236	\$177	\$355

Individual Market – Silver Tier

State	Average	Minimum	Maximum
IA	\$578	\$530	\$633
PA	\$467	\$298	\$728
ME	\$448	\$357	\$645
VA	\$445	\$343	\$821
GA	\$406	\$302	\$696
IL	\$388	\$313	\$621
CA	\$337	\$224	\$486

Individual Market – Gold Tier

State	Average	Minimum	Maximum
IA	\$643	\$589	\$704
VA	\$554	\$378	\$1,183
PA	\$500	\$287	\$664
ME	\$485	\$416	\$634
GA	\$482	\$337	\$1,066
IL	\$433	\$379	\$631
CA	\$361	\$233	\$558

Individual Market – Platinum Tier

State	Average	Minimum	Maximum
PA	\$733	\$502	\$836
GA	\$599	\$533	\$636
CA	\$461	\$272	\$746
VA	\$453	\$453	\$453
IA	N/A	N/A	N/A
IL	N/A	N/A	N/A
ME	N/A	N/A	N/A

Small Group Market – Bronze Tier

State	Average	Minimum	Maximum
IL	\$287	\$245	\$348
IA	\$252	\$249	\$255
GA	\$236	\$238	\$240
ME	\$232	\$206	\$304
PA	\$226	\$207	\$289
VA	\$221	\$206	\$250
CA	\$206	\$170	\$361

Small Group Market – Silver Tier

State	Average	Minimum	Maximum
IL	\$342	\$279	\$434
IA	\$305	\$293	\$324
GA	\$291	\$283	\$298
ME	\$290	\$256	\$384
CA	\$262	\$205	\$476
VA	\$248	\$233	\$278
PA	\$243	\$220	\$320

Small Group Market – Gold Tier

State	Average	Minimum	Maximum
IL	\$417	\$335	\$538
IA	\$368	\$368	\$368
ME	\$363	\$323	\$477
GA	\$344	\$323	\$351
CA	\$313	\$245	\$509
VA	\$304	\$271	\$356
PA	\$295	\$268	\$381

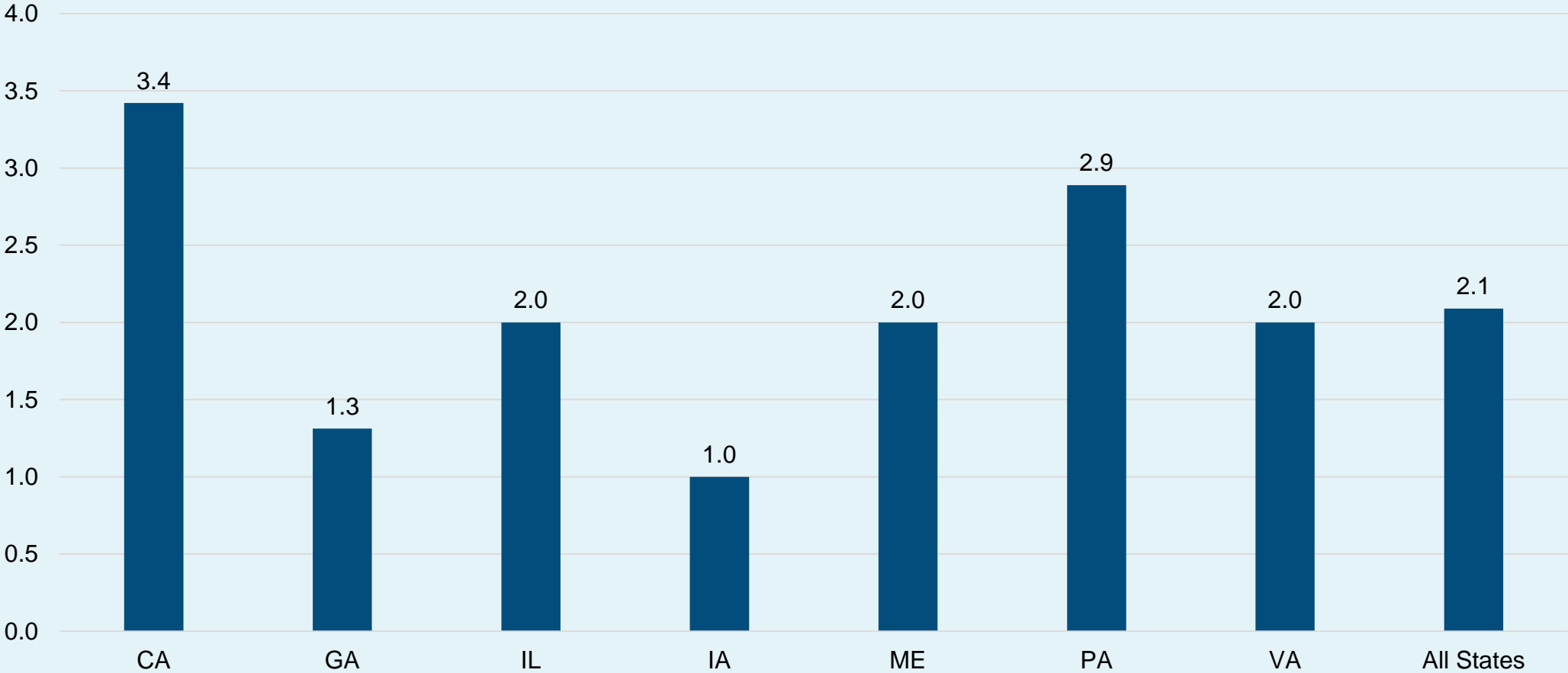
Small Group Market – Platinum Tier

State	Average	Minimum	Maximum
IL	\$487	\$425	\$578
IA	\$441	\$441	\$441
PA	\$395	\$357	\$513
VA	\$379	\$325	\$455
CA	\$354	\$268	\$567
GA	N/A	N/A	N/A
ME	N/A	N/A	N/A

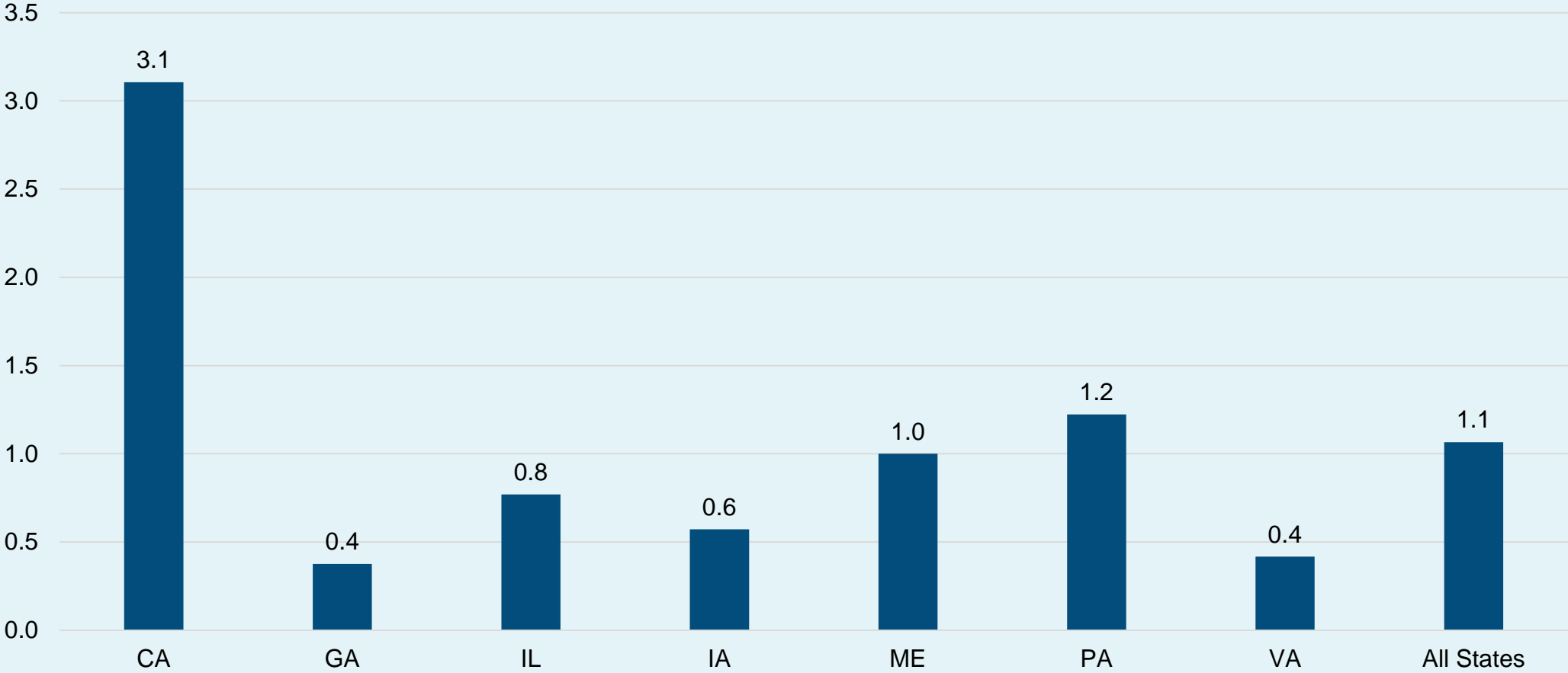
Average Number of On-Exchange Carriers Per Rating Area By State



Average Number of Companies Offering Per Area Individual On-Exchange



Average Number of Companies Offering Per Area Small Group On-Exchange



Risk Adjustment



Risk Adjustment Transfers

- In the California Individual market, RA calculated \$785.4 million in total transfers.
 - 2nd highest again among all states
 - As a % of premium, CA is under the Nationwide average (CA 7.8% vs NW 10.7%)
- In the California Small Group market, RA calculated \$749.5 million in total transfers.
 - The highest among all states
 - As a % of premium, CA is only slightly above the Nationwide average (CA 7.9% vs NW 5.5%)



Questions



Appendix A: California Number of On- Exchange Carriers By Rating Area



California Carriers per Rating Area Individual Market



California Carriers per Rating Area Small Group Market

