

# National Trends in Individual and Small Group Premiums

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# Outline

- **Rate Increase Comparison**
  - **Rate Increase Drivers**
  - **Number of Carriers Per Rating Area on Exchange**
  - **Risk Adjustment**
  - **Final Premium Rate Comparison**
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# States Included in Analysis

- California (CA)
- Colorado (CO)
- Florida (FL)
- Maryland (MD)
- Massachusetts (MA)
- New York (NY)
- Oregon (OR)
- Texas (TX)
- Washington (WA)



# 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: 2019 Individual Market

State	Average	Minimum	Maximum
CA	8.6%	6.3%	10.9%
CO	5.0%	-2.4%	9.4%
FL	4.2%	-0.4%	6.8%
MA	1.7%	0.5%	3.7%
MD	-12.2%	-13.0%	-10.6%
NY	10.2%	9.4%	17.7%
OR	5.1%	2.8%	6.8%
TX	2.2%	-3.4%	6.2%
WA	12.2%	11.3%	13.3%
All	5.2%	2.4%	8.5%

# Average Carrier Rate Increase by State: 2019 Small Group Market

State	Average	Minimum	Maximum
CA	3.0%	-5.7%	7.2%
CO	7.2%	1.0%	10.5%
FL	3.3%	-2.0%	6.1%
MA	1.6%	0.3%	3.7%
MD	4.5%	0.5%	7.3%
NY	3.6%	-2.3%	5.8%
OR	1.1%	-1.9%	3.5%
TX	1.3%	-7.5%	4.6%
WA	-0.7%	-2.7%	1.8%
All	3.9%	-3.8%	6.0%

# Average Rate Increases by State and by Metal Level



# Individual Market – Bronze Tier

State	Average	Minimum	Maximum
CA	11.8%	9.8%	12.7%
CO	0.1%	-5.9%	4.3%
FL	11.3%	6.3%	14.3%
MA	2.9%	1.9%	3.8%
MD	-13.4%	-13.8%	-12.4%
NY	0.2%	-1.8%	8.1%
OR	3.6%	0.9%	6.5%
TX	1.5%	-1.7%	5.1%
WA	14.4%	13.7%	15.0%
All	6.4%	4.6%	10.3%

# Individual Market – Silver Tier

State	Average	Minimum	Maximum
CA	7.2%	4.4%	10.5%
CO	11.8%	0.9%	16.3%
FL	1.4%	-3.6%	3.3%
MA	-0.2%	-0.8%	2.8%
MD	-10.6%	-12.7%	-8.6%
NY	11.6%	9.7%	17.6%
OR	5.5%	3.2%	6.7%
TX	3.3%	-3.8%	7.3%
WA	10.3%	9.1%	12.3%
All	5.1%	0.7%	7.7%

# Individual Market – Gold Tier

State	Average	Minimum	Maximum
CA	9.4%	8.0%	10.0%
CO	4.2%	1.7%	4.4%
FL	1.7%	-1.3%	3.9%
MA	3.4%	1.2%	4.4%
MD	-13.2%	-13.2%	-13.1%
NY	13.9%	13.2%	20.0%
OR	6.7%	4.8%	7.5%
TX	-1.0%	-5.7%	2.8%
WA	12.9%	12.8%	13.0%
All	3.2%	3.4%	7.0%

# Individual Market – Platinum Tier

State	Average	Minimum	Maximum
CA	9.8%	8.9%	10.2%
CO	N/A	N/A	N/A
FL	-2.6%	-5.0%	-1.9%
MA	4.6%	3.1%	5.8%
MD	-9.2%	-9.2%	-9.2%
NY	16.1%	15.4%	24.3%
OR	N/A	N/A	N/A
TX	19.8%	19.8%	19.8%
WA	N/A	N/A	N/A
All	9.1%	8.5%	11.9%

# Small Group Market – Bronze Tier

State	Average	Minimum	Maximum
CA	3.5%	-0.1%	8.4%
CO	7.6%	1.1%	10.7%
FL	2.8%	-1.7%	5.0%
MA	2.9%	2.0%	3.8%
MD	5.7%	1.0%	8.1%
NY	3.7%	-1.8%	5.2%
OR	1.7%	-1.9%	4.3%
TX	1.0%	-5.0%	2.6%
WA	-0.6%	-3.4%	0.9%
All	4.9%	-1.3%	6.3%

# Small Group Market – Silver Tier

State	Average	Minimum	Maximum
CA	3.8%	-6.5%	8.6%
CO	7.5%	-0.2%	11.9%
FL	4.2%	-4.1%	8.0%
MA	-0.2%	-0.8%	2.8%
MD	5.2%	-0.4%	7.3%
NY	2.7%	-4.4%	5.0%
OR	0.6%	-2.7%	4.4%
TX	0.8%	-5.4%	5.3%
WA	0.2%	-2.8%	3.0%
All	5.2%	-4.2%	6.5%

# Small Group Market – Gold Tier

State	Average	Minimum	Maximum
CA	3.1%	-8.5%	7.8%
CO	7.1%	1.8%	9.4%
FL	3.0%	-2.5%	6.8%
MA	3.2%	0.8%	4.3%
MD	3.0%	1.0%	7.6%
NY	3.3%	-1.2%	6.4%
OR	1.5%	-2.1%	3.3%
TX	2.1%	-10.6%	4.9%
WA	-0.8%	-2.1%	1.8%
All	3.7%	-5.1%	6.4%

# Small Group Market – Platinum Tier

State	Average	Minimum	Maximum
CA	2.0%	-2.5%	4.5%
CO	5.8%	4.3%	6.3%
FL	2.9%	0.9%	3.5%
MA	3.9%	2.3%	5.2%
MD	4.5%	2.2%	6.8%
NY	4.8%	-2.0%	5.8%
OR	0.9%	-0.2%	2.2%
TX	0.3%	-4.2%	2.9%
WA	-1.9%	-4.1%	0.0%
All	2.7%	-1.8%	4.7%

# 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 2019**

- Short Term Medical & Association Health Plans
- ACA Insurer Fee
- Patient Centered Outcomes Research Institute (PCORI) Fee eliminated
- Cost Sharing Reduction Non-funding

# Trend Comparison



# Trend Comparison Individual Market

State	Medical Trend	Rx Trend	Total Trend
CA	6.8%	12.0%	7.6%
CO	6.6%	7.2%	6.7%
FL	7.6%	14.1%	8.8%
MA	7.8%	9.3%	8.1%
MD	5.0%	16.9%	7.8%
NY	5.7%	9.6%	6.8%
OR	5.5%	13.6%	6.7%
TX	6.2%	8.9%	6.8%
WA	8.4%	11.8%	9.0%

# Trend Comparison Small Group Market

State	Medical Trend	Rx Trend	Total Trend
CA	5.6%	10.3%	6.3%
CO	6.4%	7.5%	6.5%
FL	7.2%	8.5%	7.4%
MA	7.8%	9.3%	8.1%
MD	7.7%	6.2%	7.4%
NY	7.8%	9.3%	8.2%
OR	6.0%	8.7%	6.4%
TX	6.2%	7.9%	6.6%
WA	6.1%	6.9%	6.3%

# Non-Benefit Expense Comparison



# Projected Administrative Expenses: Individual Market

State	Admin % of Premium	Admin PMPM
CA	8.3%	\$46.64
CO	10.2%	\$60.40
FL	10.1%	\$62.20
MA	8.7%	\$40.65
MD	14.0%	\$73.76
NY	10.7%	\$62.04
OR	9.5%	\$50.66
TX	10.5%	\$58.79
WA	9.3%	\$52.27

# Projected Administrative Expenses: Small Group Market

State	Admin % of Premium	Admin PMPM
CA	14.2%	\$69.06
CO	13.4%	\$63.28
FL	12.6%	\$65.13
MA	8.7%	\$40.63
MD	17.8%	\$82.21
NY	10.7%	\$67.22
OR	12.2%	\$54.12
TX	11.6%	\$60.60
WA	13.7%	\$62.79

# Projected Profit: Individual Market

State	Profit % of Premium	Profit PMPM
CA	1.4%	\$7.71
CO	3.7%	\$22.01
FL	5.7%	\$35.25
MA	1.4%	\$6.43
MD	1.0%	\$5.16
NY	-2.7%	-\$15.46
OR	3.1%	\$16.59
TX	3.8%	\$21.28
WA	3.4%	\$19.35

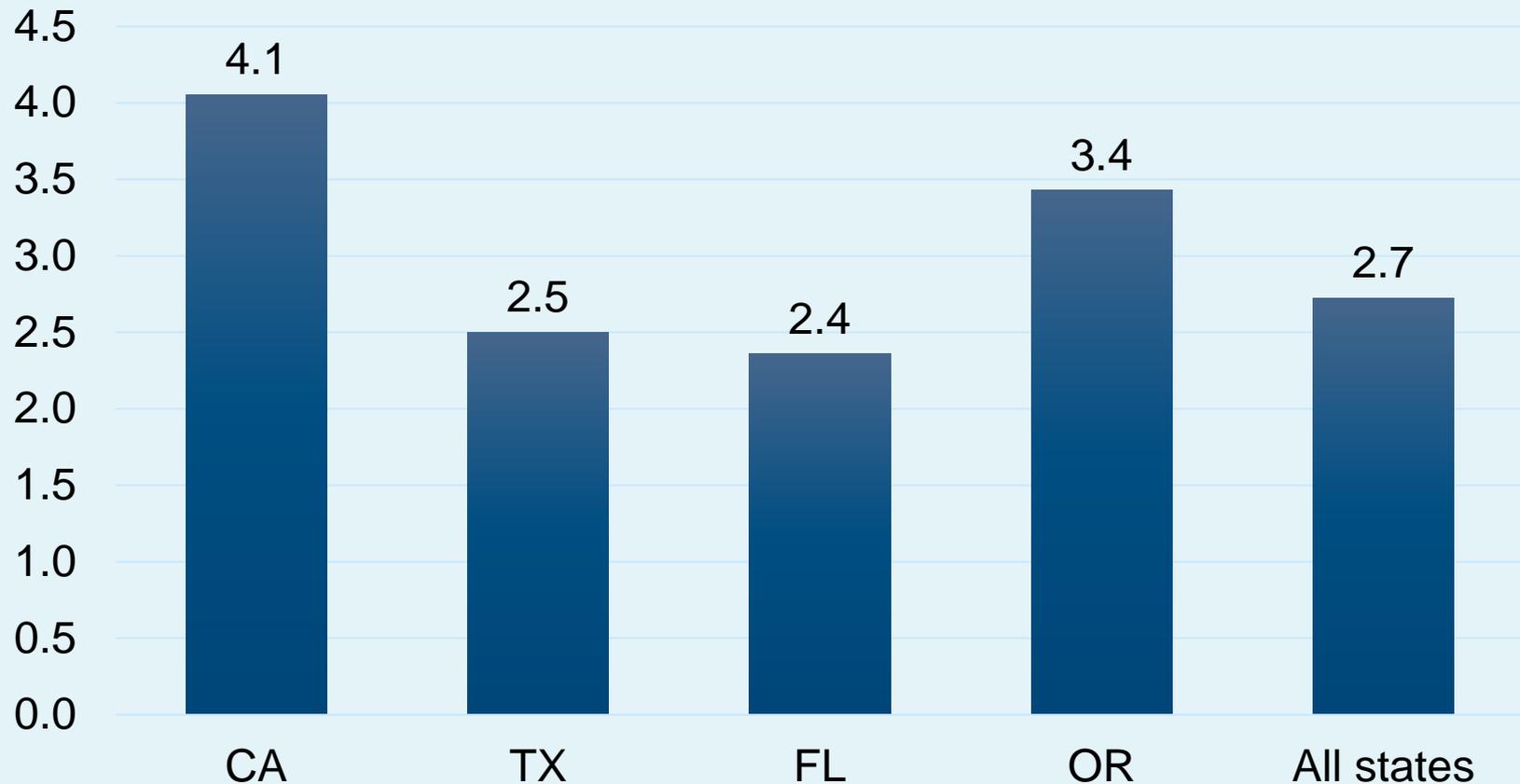
# Projected Profit: Small Group Market

State	Profit % of Premium	Profit PMPM
CA	0.5%	\$2.38
CO	3.0%	\$13.97
FL	6.6%	\$34.08
MA	1.4%	\$6.47
MD	0.8%	\$3.60
NY	1.0%	\$6.44
OR	2.6%	\$11.60
TX	4.1%	\$21.51
WA	3.3%	\$15.39

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



# Average Number of Companies Offering Per Area Individual On-Exchange



# Risk Adjustment



# Risk Adjustment (RA) Transfers

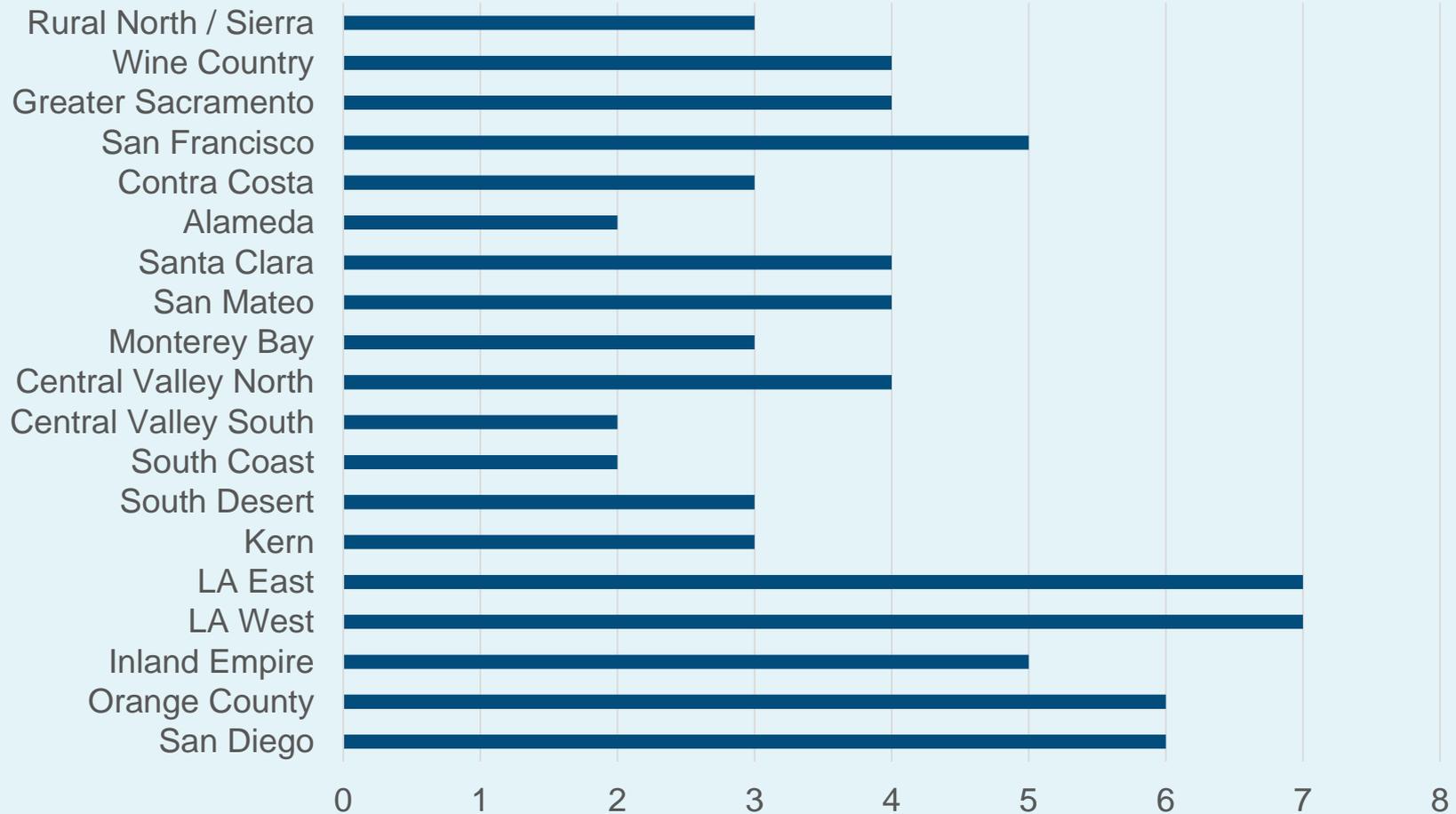
- In the California Individual market, RA calculated \$1.25 billion in total transfers.
  - 2<sup>nd</sup> highest again among all states
  - As a % of premium, CA is slightly above the Nationwide average (CA 11.4% vs NW 10.4%)
- In the California Small Group market, RA calculated \$791.0 million in total transfers.
  - The highest among all states
  - As a % of premium, CA is slightly above the Nationwide average (CA 7.3% vs NW 4.6%)

# 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

