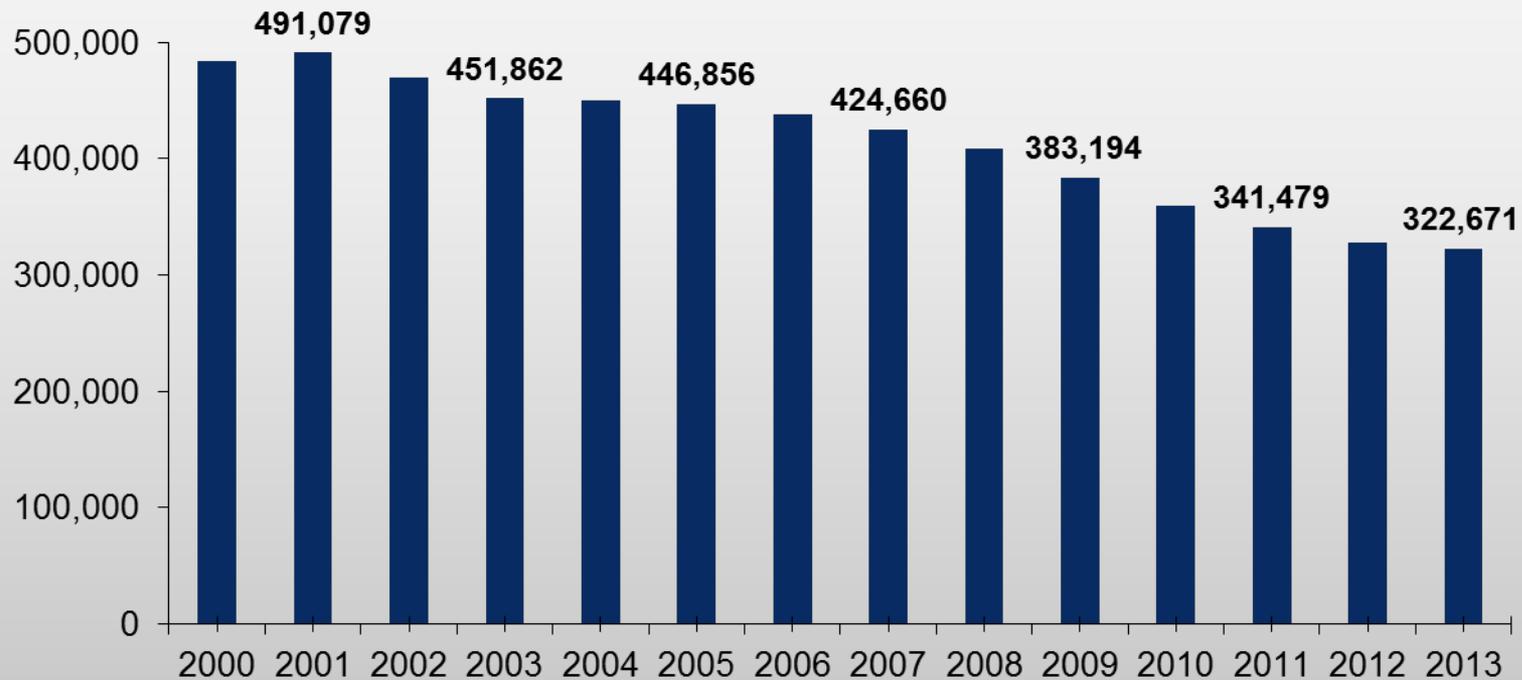


Section 4: Small Group and Individual Health Insurance Markets

- Small group market trends
 - Enrollment
 - Premiums
 - Health plan market shares
 - Benefits
- Individual market trends
 - Enrollment
 - Premiums
 - Health plan market shares
 - Benefits

SMALL GROUP MARKET

Enrollment Trends in Minnesota's Small Group Health Insurance, 2000 to 2013



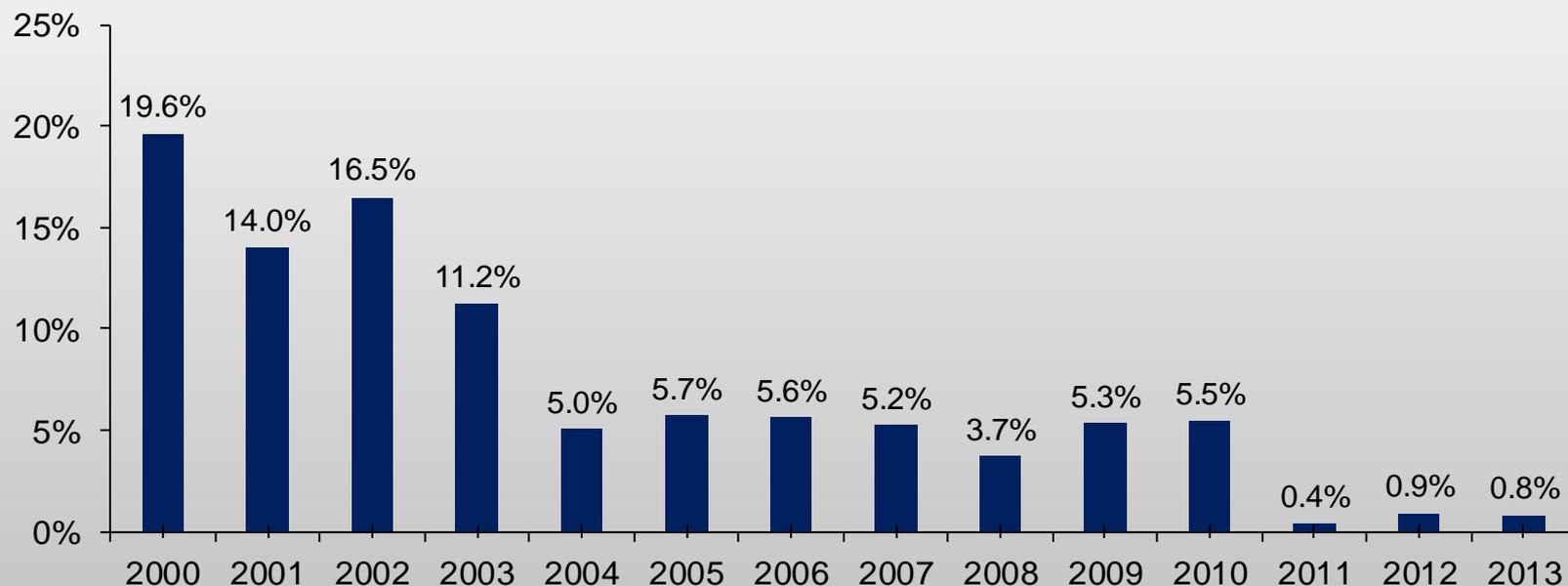
*Data for some firms remains preliminary.

Fully Insured market only.

Source: MDH, Health Economics Program; estimates based on data from various sources.

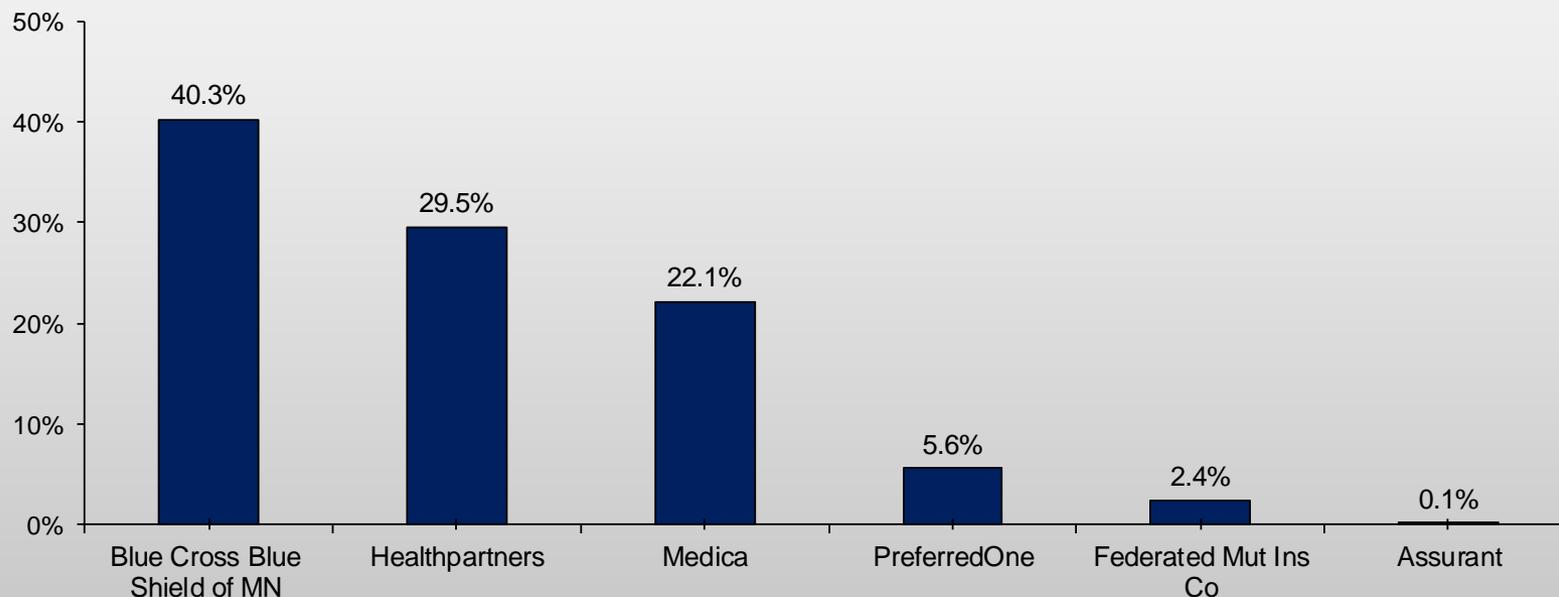
Premium Increases in Minnesota's Small Group Market, 2000 to 2013

Percent Change in Premium Per Member



Health Plan Market Shares: Small Group Market, 2013

Total Premium Volume in 2013: \$1.35 Billion



Companies with common ownership were treated as one entity. Market shares based on premium volume; fully insured market only.

Source: Minnesota Department of Commerce, "Report of 2013 Loss Ratio Experience in the Individual and Small Employer Health Plan Markets for: Insurance Companies Nonprofit Health Service Plan Corporations and Health Maintenance Organizations," June 2014.

Per Person Annual Deductibles in the Small Group Market, 2002 to 2011

(by share of total enrollment)

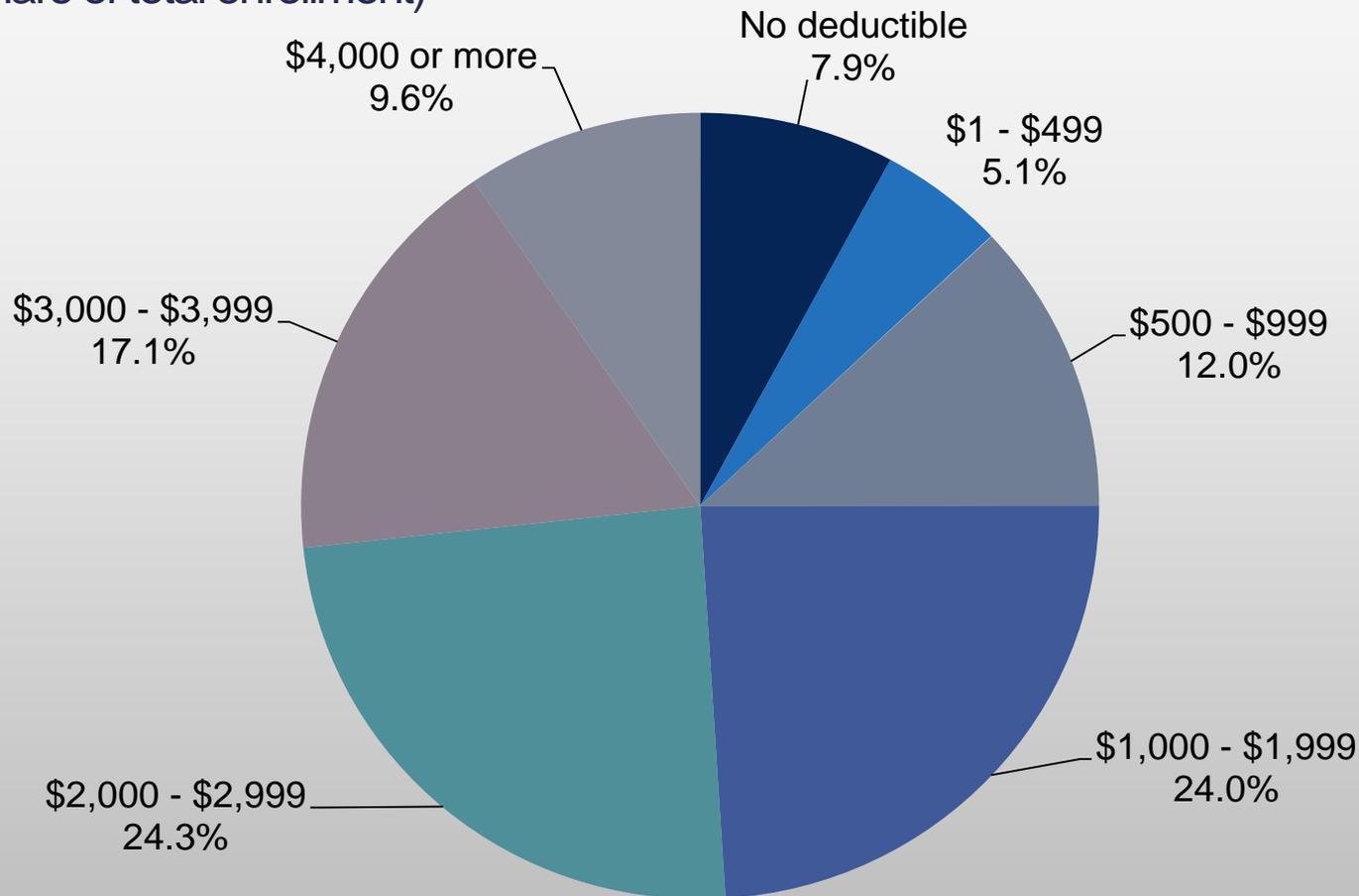
	2002	2005	2008	2009	2011
	Median: \$500	Median: \$500	Median: \$1,000	Median: \$1,500	Median: \$2,000
	Range: \$100 to \$2,500	Range: \$100 to \$5,000	Range: \$250 to \$10,000	Range: \$250 to \$10,000	Range: \$300 to \$10,000
No Deductible	65.6%	52.1%	31.9%	18.6%	7.9%
Less than \$500	16.1%	16.5%	9.3%	6.1%	5.1%
\$500 to \$999	11.9%	16.9%	16.8%	14.3%	12.0%
\$1,000 to \$1,999	6.2%	10.3%	19.8%	25.1%	24.0%
\$2,000 or More	<u>0.2%</u>	<u>4.2%</u>	<u>22.2%</u>	<u>36.0%</u>	<u>51.0%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Median calculation excludes enrollees with no deductible.

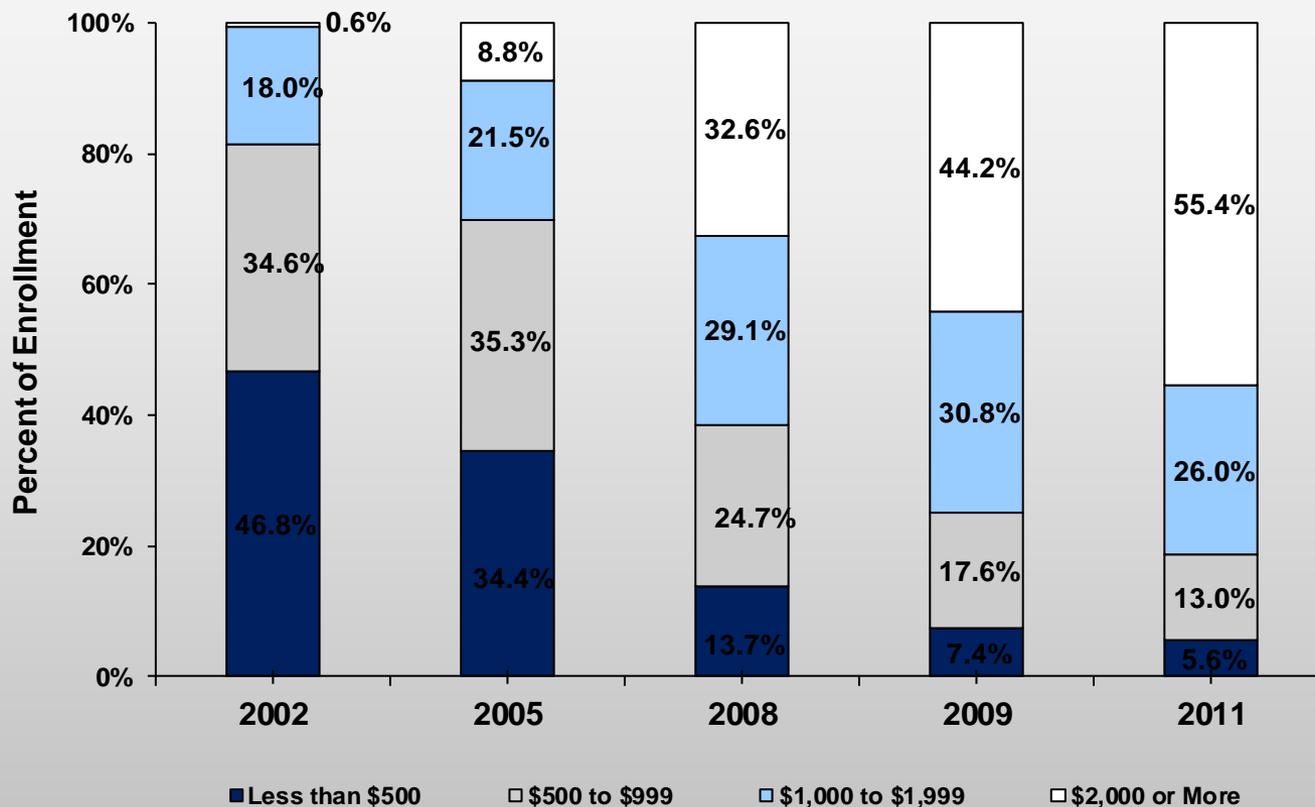
Source: MDH, Health Economics Program.

Distribution of Per Person Deductibles in the Small Group Market, 2011

(by share of total enrollment)



Distribution of Per Person Deductibles in the Small Group Market, 2002 to 2011



Family Level Annual Deductibles in the Small Group Market, 2002 to 2011

(by share of total enrollment)

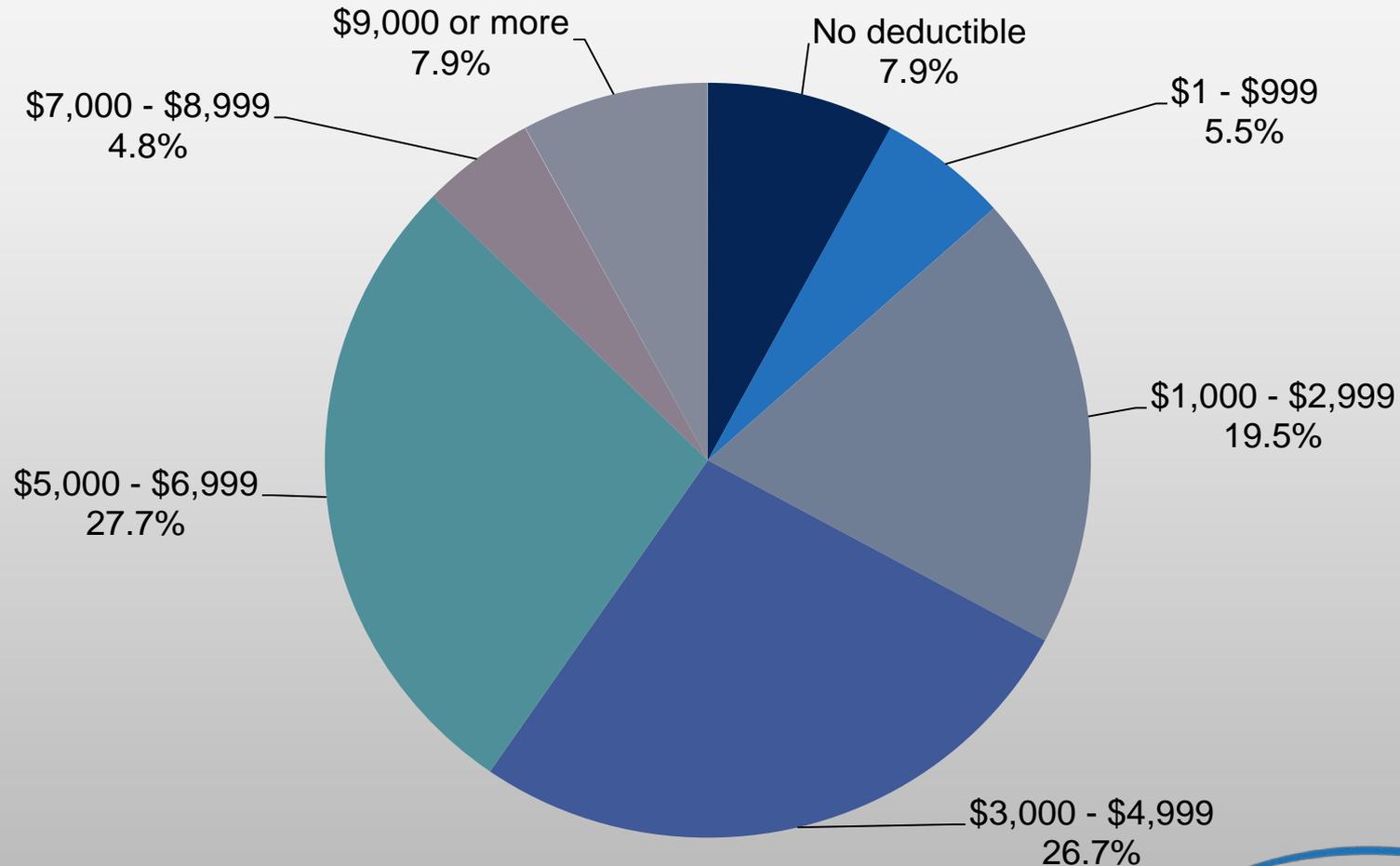
	2002	2005	2008	2009	2011
	Median: \$1,000 Range: \$200 to \$5,000	Median: \$1,000 Range: \$200 to \$10,000	Median: \$2,000 Range: \$500 to \$20,000	Median: \$3,000 Range: \$500 to \$20,000	Median: \$4,200 Range: \$500 to \$20,000
No Deductible	65.6%	52.1%	31.9%	18.6%	7.9%
Less than \$1,000	15.7%	16.4%	9.3%	6.1%	5.5%
\$1,000 to \$1,999	12.0%	16.9%	15.7%	13.3%	9.6%
\$2,000 to \$3,999	6.5%	10.3%	20.5%	25.1%	22.6%
\$4,000 or More	<u>0.3%</u>	<u>4.3%</u>	<u>22.7%</u>	<u>37.0%</u>	<u>54.5%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Median calculation excludes enrollees with no deductible.

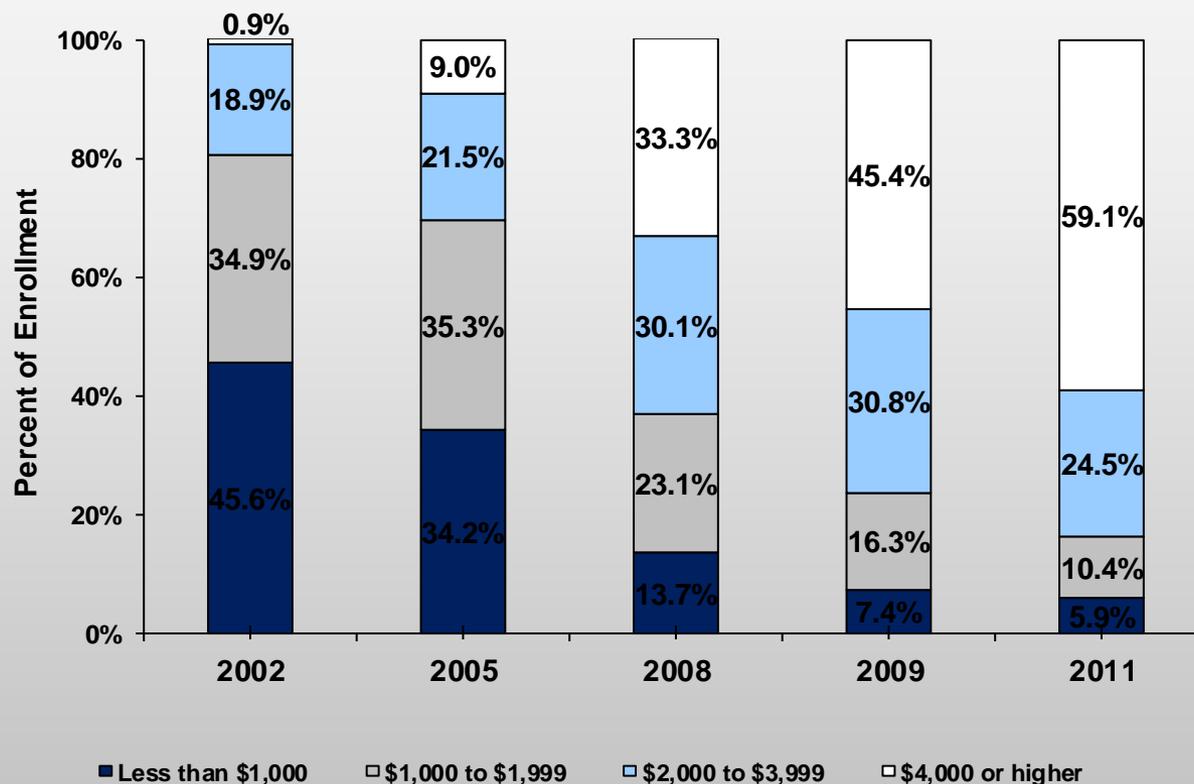
Source: MDH, Health Economics Program.

Distribution of Family Level Deductibles in the Small Group Market, 2011

(by share of total enrollment)

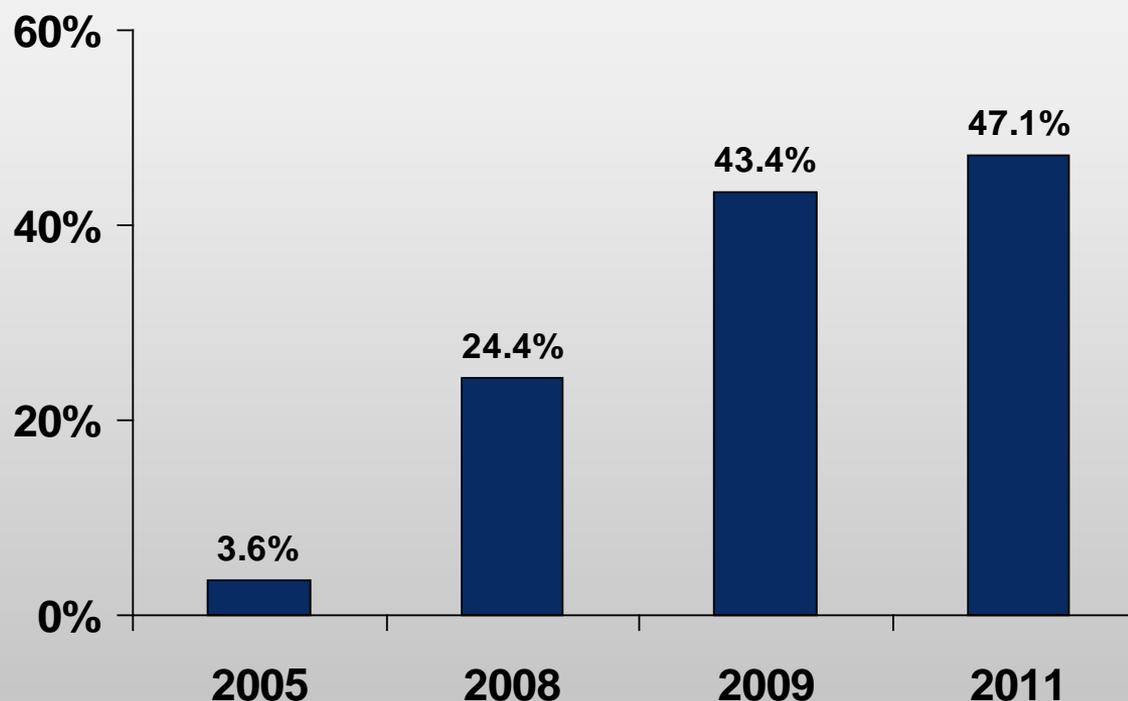


Distribution of Family Level Deductibles in the Small Group Market, 2002 to 2011



Small Group Market Enrollment in High Deductible Health Plans with Savings Option, 2005 to 2011

(by share of total enrollment)



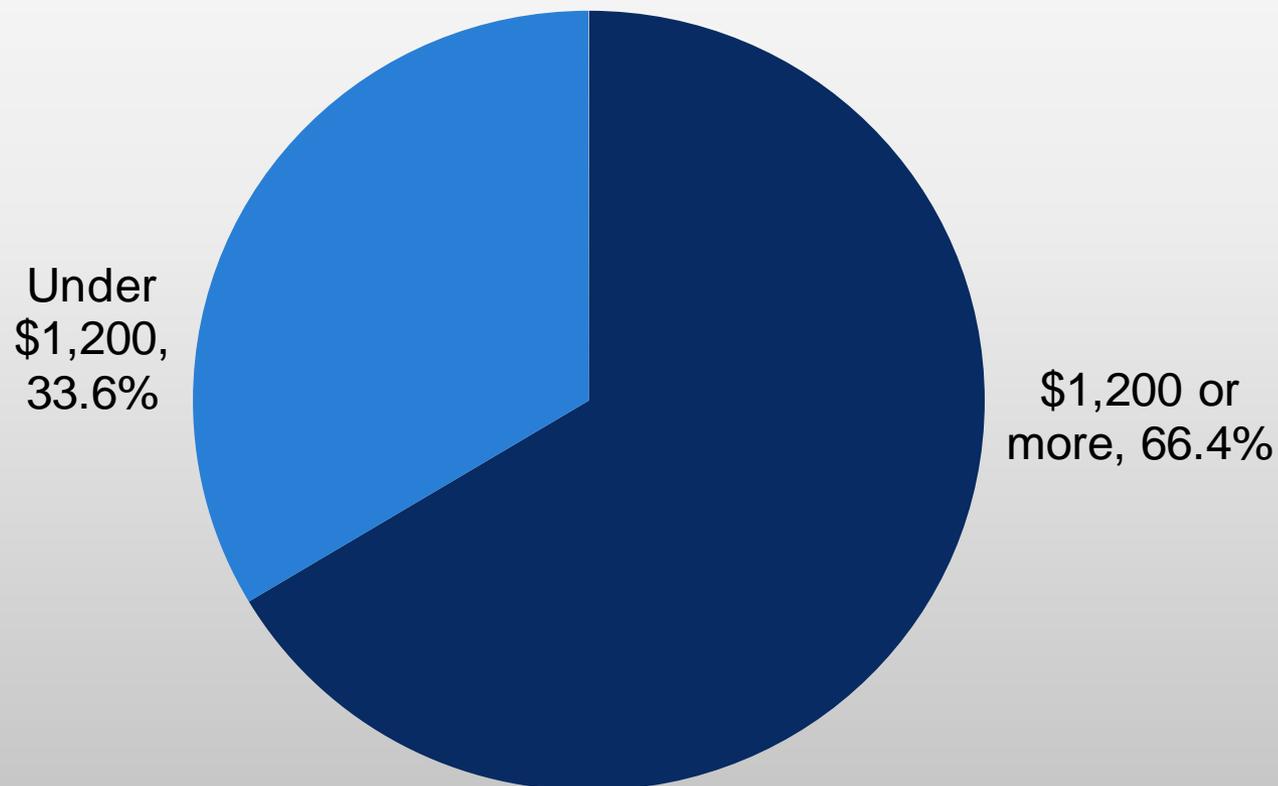
Qualified High Deductible Health Plan enrollment must meet the minimum deductible guidelines for the calendar year, as determined by the Internal Revenue Service (for 2011 the minimum deductible is \$1,200), and be paired with (or have the option to pair with) a Health Savings Account.
Source: MDH, Health Economics Program.

Comparison of Benefits between Those in High Deductible Health Plans and Those in non-HDHP in the Small Group Market, 2009-2011

	2009		2011	
	Non-HDHP	HDHP	Non-HDHP	HDHP
Median per person deductible	\$500	\$2,300	\$1,000	\$2,500
Annual Out of Pocket Maximum:				
Less than \$2,000	44.3%	23.5%	7.3%	9.2%
\$2,000-\$3,999	48.5%	67.3%	66.7%	42.3%
\$4,000 or more	7.2%	9.2%	26.0%	48.6%

Median deductible for those in non-HDHP includes those with no deductible.
 Cost Sharing data as displayed in the 2009 chart-book was not collected in 2011.
 Source: MDH, Health Economics Program.

Portion of Small Group Enrollees with Deductibles of \$1,200 or More in 2011



Note: The minimum deductible in the IRS definition of High Deductible Health Plan was \$1,200 in 2011 for an individual plan. Not all plans with deductibles over this amount are classified HDHP by the IRS because they do not meet other requirements for the HDHP designation. This slide shows all enrollees with a deductible burden that meets the IRS minimum requirement regardless of whether or not they meet other HDHP criteria.

Source: MDH, Health Economics Program.

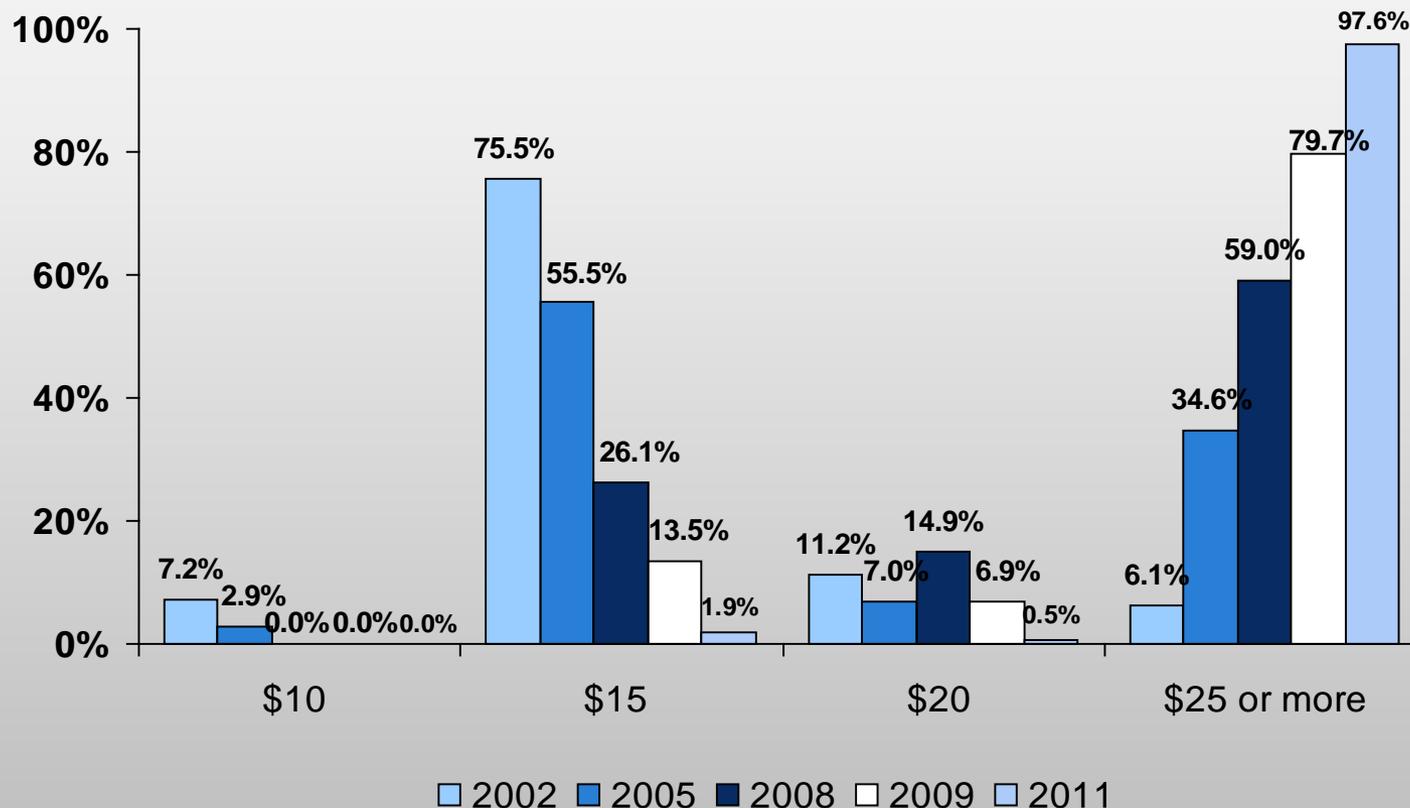
Office Visit Cost Sharing Requirements in the Small Group Market, 2002 to 2011

(by share of total enrollment)

	2002	2005	2008	2009	2011
No Cost Sharing	2.0%	4.2%	20.7%	36.4%	35.9%
Copayment	68.9%	89.3%	69.0%	42.1%	8.5%
Coinsurance	27.4%	6.1%	9.0%	9.5%	13.8%
Copayment and Coinsurance	<u>1.7%</u>	<u>0.4%</u>	<u>1.4%</u>	<u>12.0%</u>	<u>41.8%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Distribution of Office Visit Copayments in the Small Group Market, 2002 to 2011

(by share of enrollment)



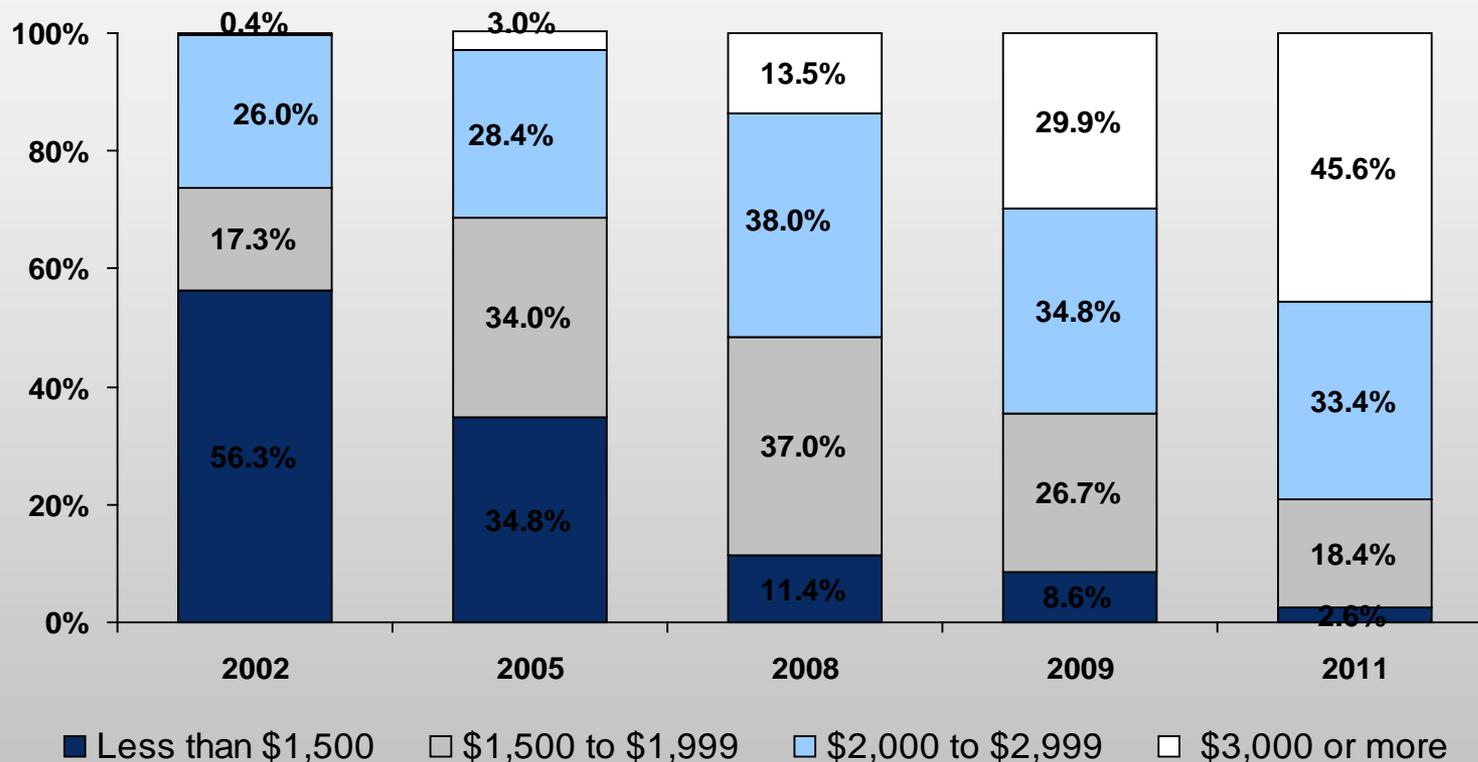
Cost Sharing Requirements for Hospitalizations in the Small Group Market, 2002 to 2011

(by share of total enrollment)

	2002	2005	2008	2009	2011
No Cost Sharing	41.0%	30.2%	38.0%	47.2%	44.4%
10% Coinsurance	2.2%	3.5%	1.1%	0.4%	0.6%
20% Coinsurance	49.4%	63.2%	59.5%	47.8%	34.9%
Coinsurance Greater than 20%	1.3%	2.0%	1.1%	4.6%	20.0%
Copayment and Coinsurance	5.2%	1.1%	0.1%	0.0%	0.0%
Other*	<u>0.9%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.0%</u>	<u>0.0%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Per Person Out-of-Pocket Limits in the Small Group Market, 2002 to 2011

(by share of total enrollment)

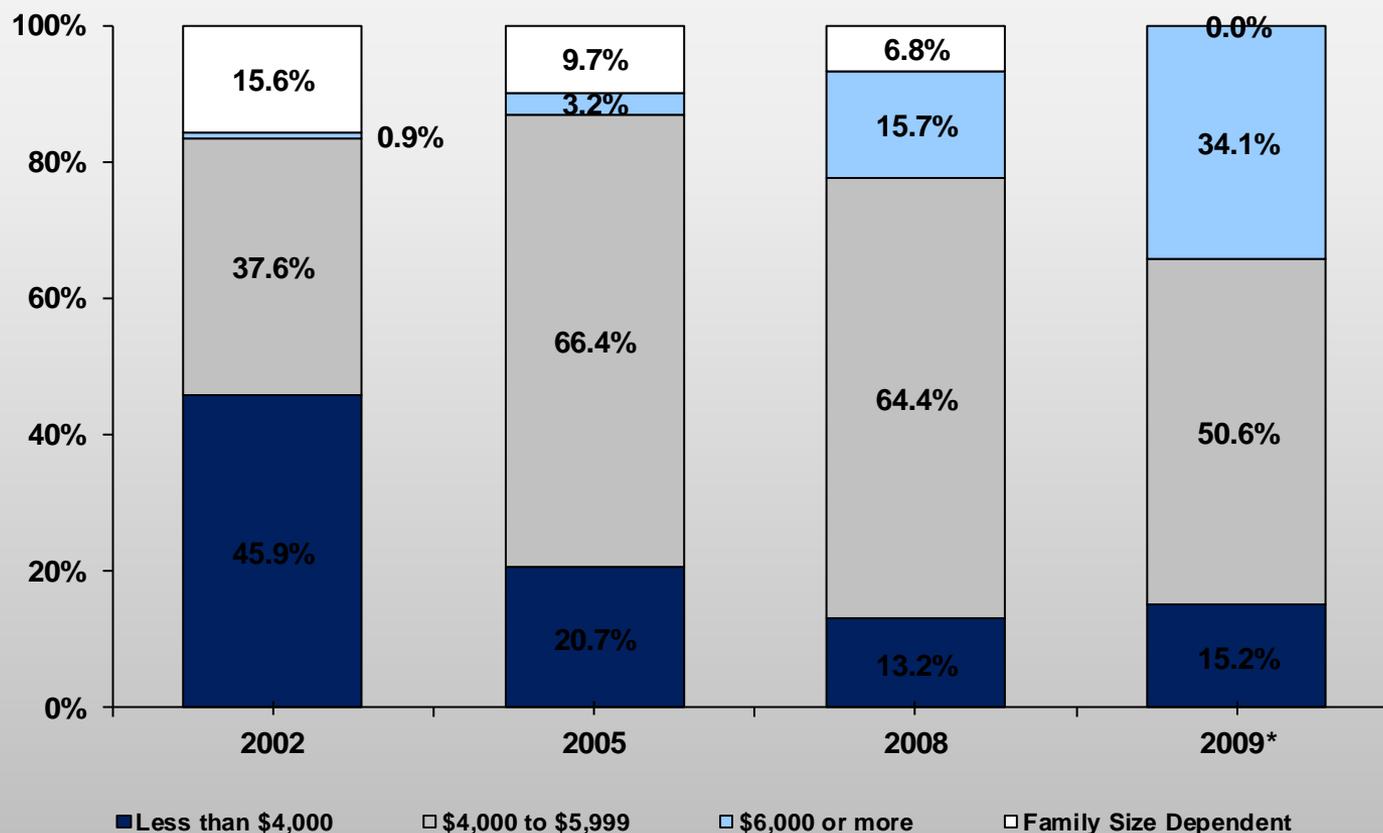


Median calculation and distribution excludes enrollees with no out-of-pocket limit. Out-of-pocket limit applies to covered services only.

Source: MDH, Health Economics Program.

Family Level Out-of-Pocket Limits in the Small Group Market, 2002 to 2009

(by share of total enrollment)



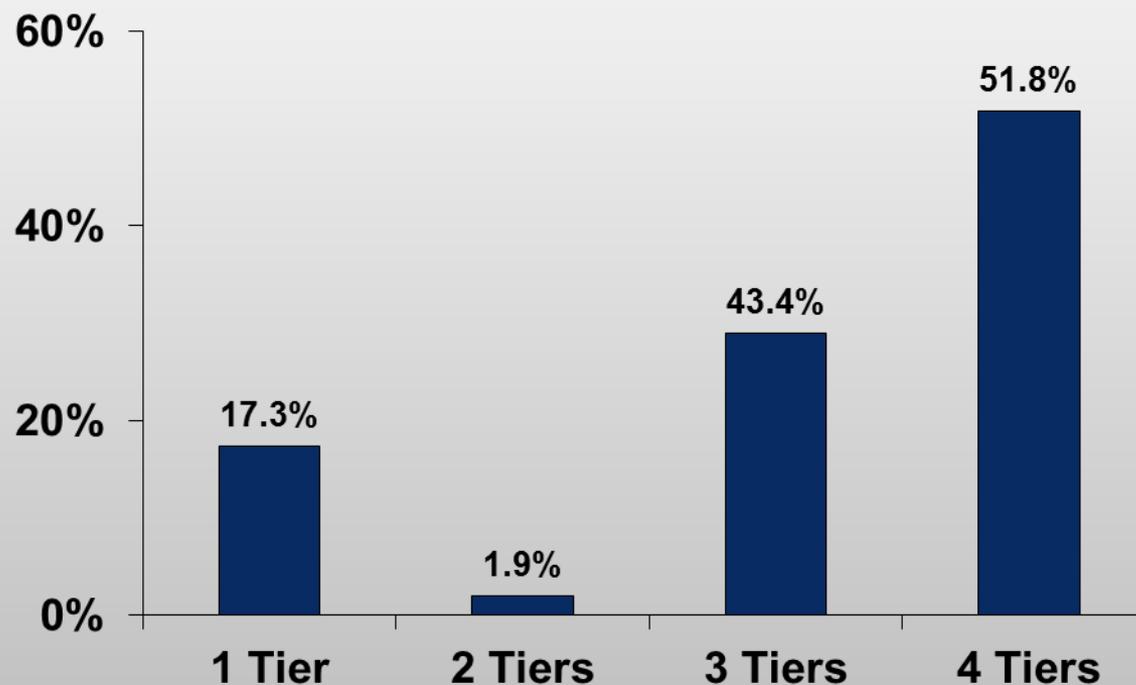
Median calculation and distribution excludes enrollees with no out-of-pocket limit. Out-of-pocket limit applies to covered services only.

*This data was not collected with the most recent survey and this slide will be dropped after this year.

Source: MDH, Health Economics Program.

Number of Tiers for Prescription Drug Copayments or Coinsurance in the Small Group Market, 2011

(by share of total enrollment)



Prescription Drug Out-of-Pocket Limits in the Small Group Market, 2002 to 2011

(by share of total enrollment)

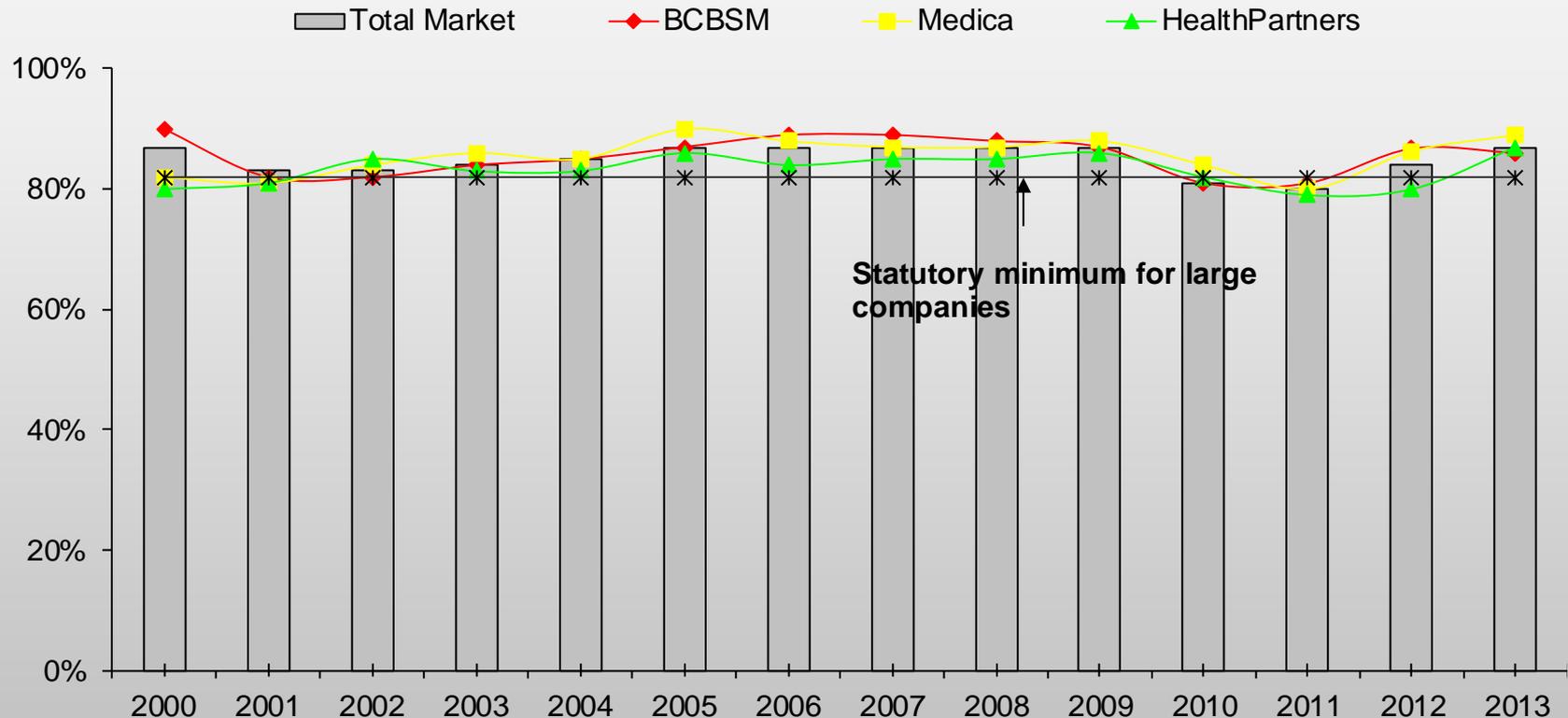
	2002	2005	2008	2009	2011
Separate Rx Limit	59.3%	39.8%	30.0%	22.4%	20.4%
No Separate Rx Limit*	<u>40.7%</u>	<u>60.2%</u>	<u>70.0%</u>	<u>77.6%</u>	<u>79.6%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

*General health plan out-of-pocket limits apply.
Source: MDH, Health Economics Program.

Prescription Drug Benefits in the Small Group Market, 2002 to 2011

- Virtually all enrollees in the small group market have some form of prescription drug coverage
- Most enrollees were in plans that required copayments for prescription drugs
- Some old plans provided fixed Rx copayments, however the market has shifted over to tiered copayments; all 2009 plans and after provide tiered copayment benefits structures

Loss Ratio Experience in the Small Group Market, 2000 to 2013

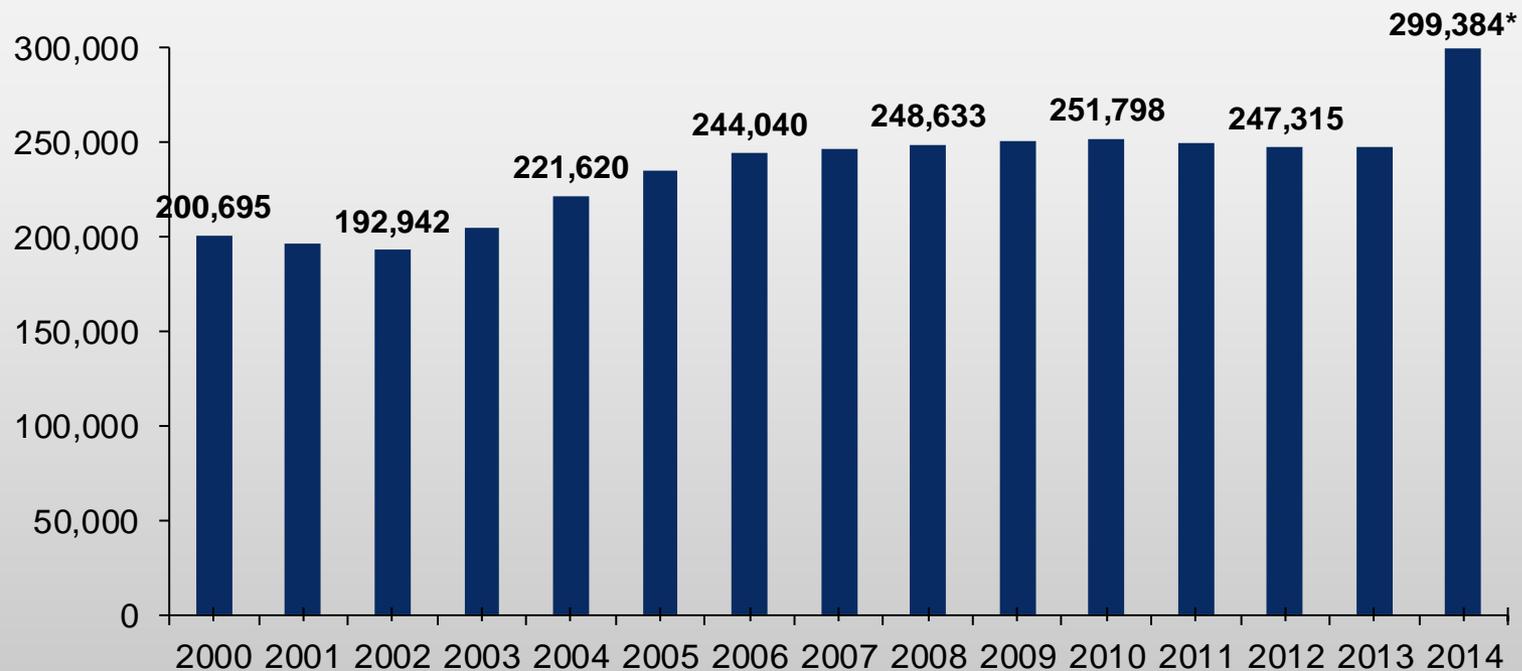


Companies with common ownership have been combined for purposes of this analysis.

Source: Minnesota Department of Commerce, "Report of 2013 Loss Ratio Experience in the Individual and Small Employer Health Plan Markets for: Insurance Companies, Nonprofit Health Service Plan Corporations, and Health Maintenance Organizations," June 2014.

INDIVIDUAL MARKET

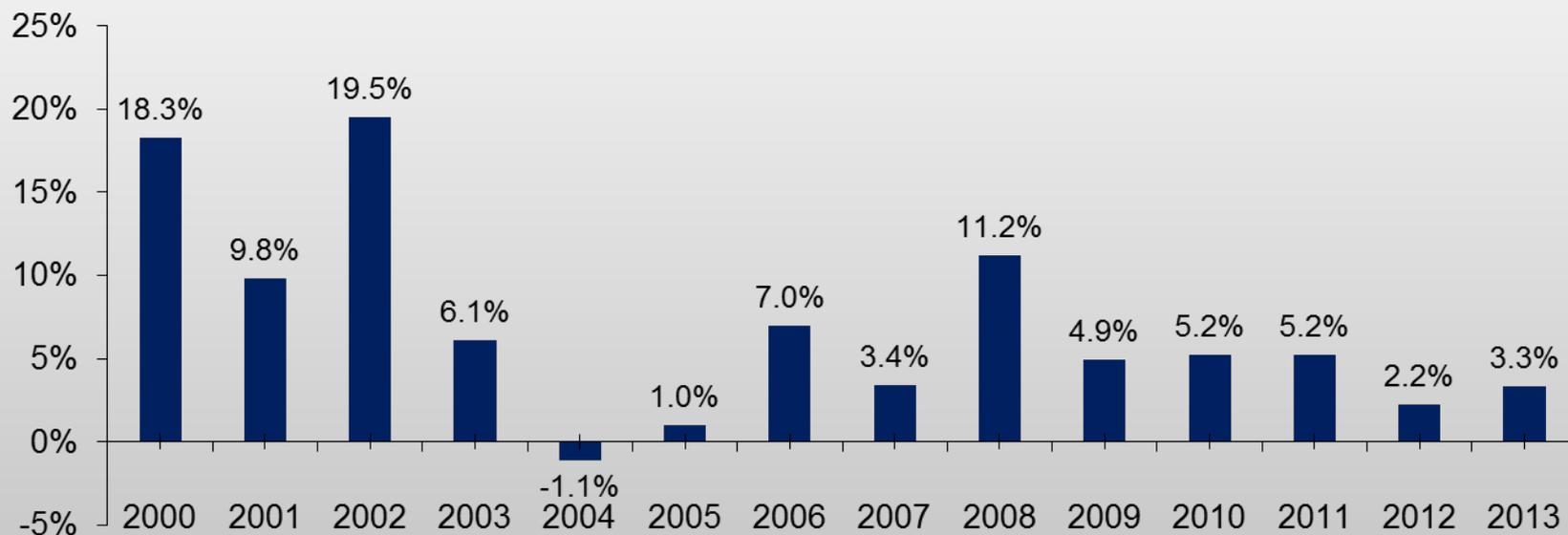
Enrollment Trends in Minnesota's Individual Market, 2000 to 2014



*Data based upon NAIC Q3 Financial Reports and Health Plan Self-Reported Numbers; Data remains preliminary.
Source: NAIC Quarterly Financial Reports; Health Plan Self-reported Q3 Enrollment; MDH, Health Economics Program; estimates based on data from various sources.

Premium Increases in Minnesota's Individual Market, 2000 to 2013

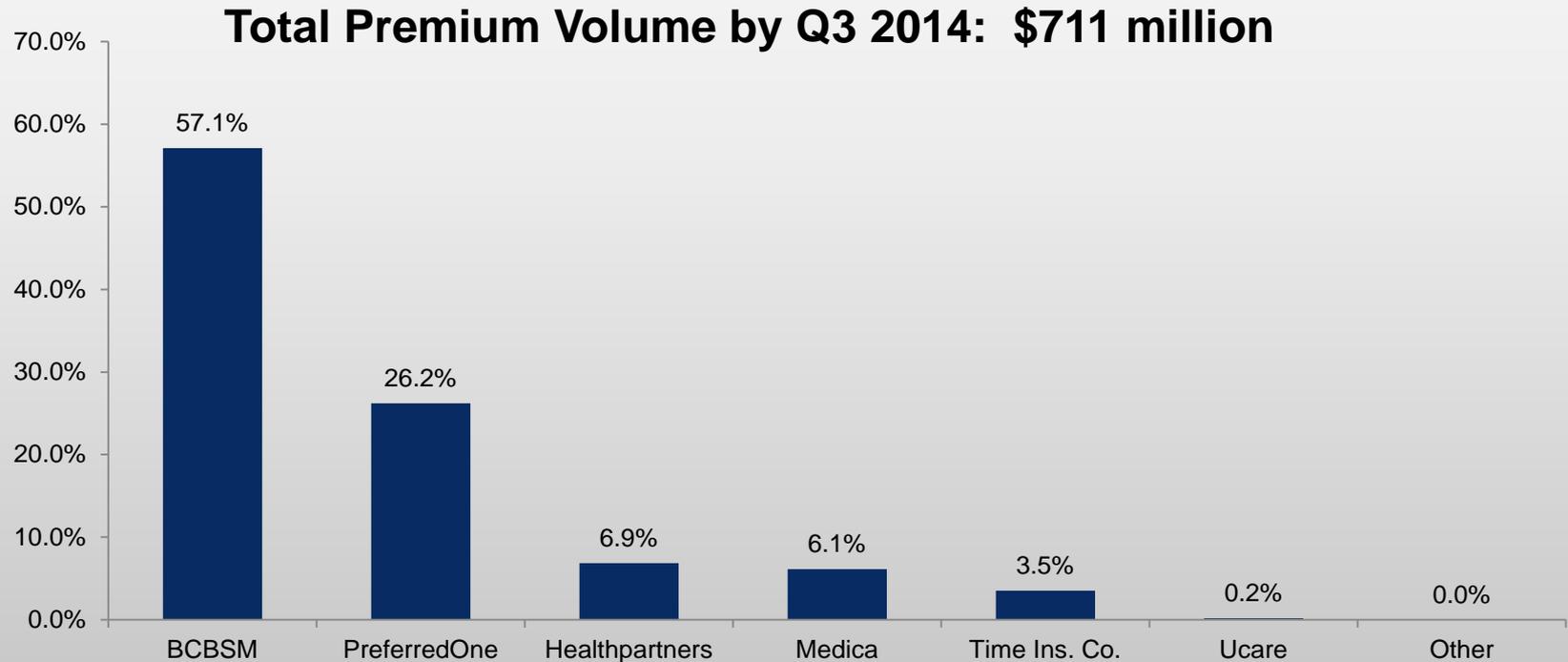
Percent Change in Premium Per Member



*Data for some firms remains preliminary.

Source: MDH, Health Economics Program; estimates based on data from various sources.

Health Plan Market Shares: Individual Market, 2014 (Third Quarter)



Note: Companies with common ownership were treated as one entity. Market shares based on premium volume; fully insured market only. Data were not available from several national companies, who in past years have made up less than 1% of the market. All data should be considered preliminary.

Source: MDH, Health Economics Program analysis of data from NAIC Quarterly Financial Reports for 2nd and 3rd quarter and Small Group and Individual Market Survey.

Per Person Annual Deductibles in the Individual Market, 2005 to 2011

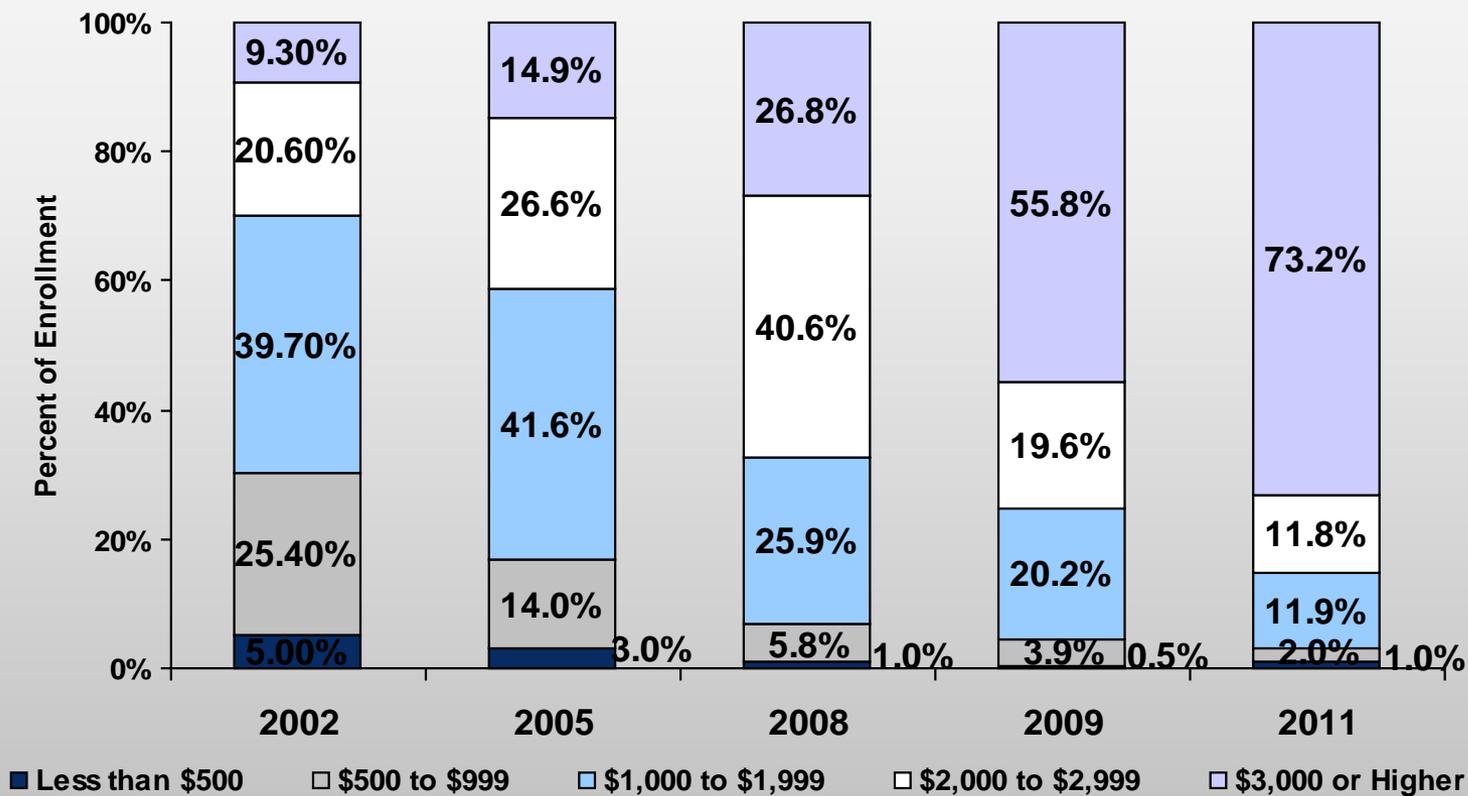
(by share of total enrollment)

	2002	2005	2008	2009	2011
	Median: \$1,000 Range: \$50 to \$10,000	Median \$1,500 Range: \$50 to \$10,000	Median: \$2,050 Range: \$150 to \$10,000	Median: \$3,000 Range: \$100- \$25,000	Median: \$3,000 Range: \$100- \$25,000
No Deductible	2.5%	2.4%	0.3%	0.0%	0%
Less than \$500	4.9%	2.9%	1.0%	0.5%	1.0%
\$500 to \$999	24.8%	13.6%	5.8%	3.9%	2.0%
\$1,000 to \$1,999	38.7%	40.6%	25.8%	20.2%	11.9%
\$2,000 to \$2,999	20.1%	26.0%	40.5%	19.6%	11.8%
\$3,000 or more	<u>9.1%</u>	<u>14.6%</u>	<u>26.7%</u>	<u>55.8%</u>	<u>73.2%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: MDH, Health Economics Program.

Median calculation excludes enrollees with no deductible. Category distribution excludes those in plans that are only available as family-only coverage and those in plans with a "per sickness" deductible.

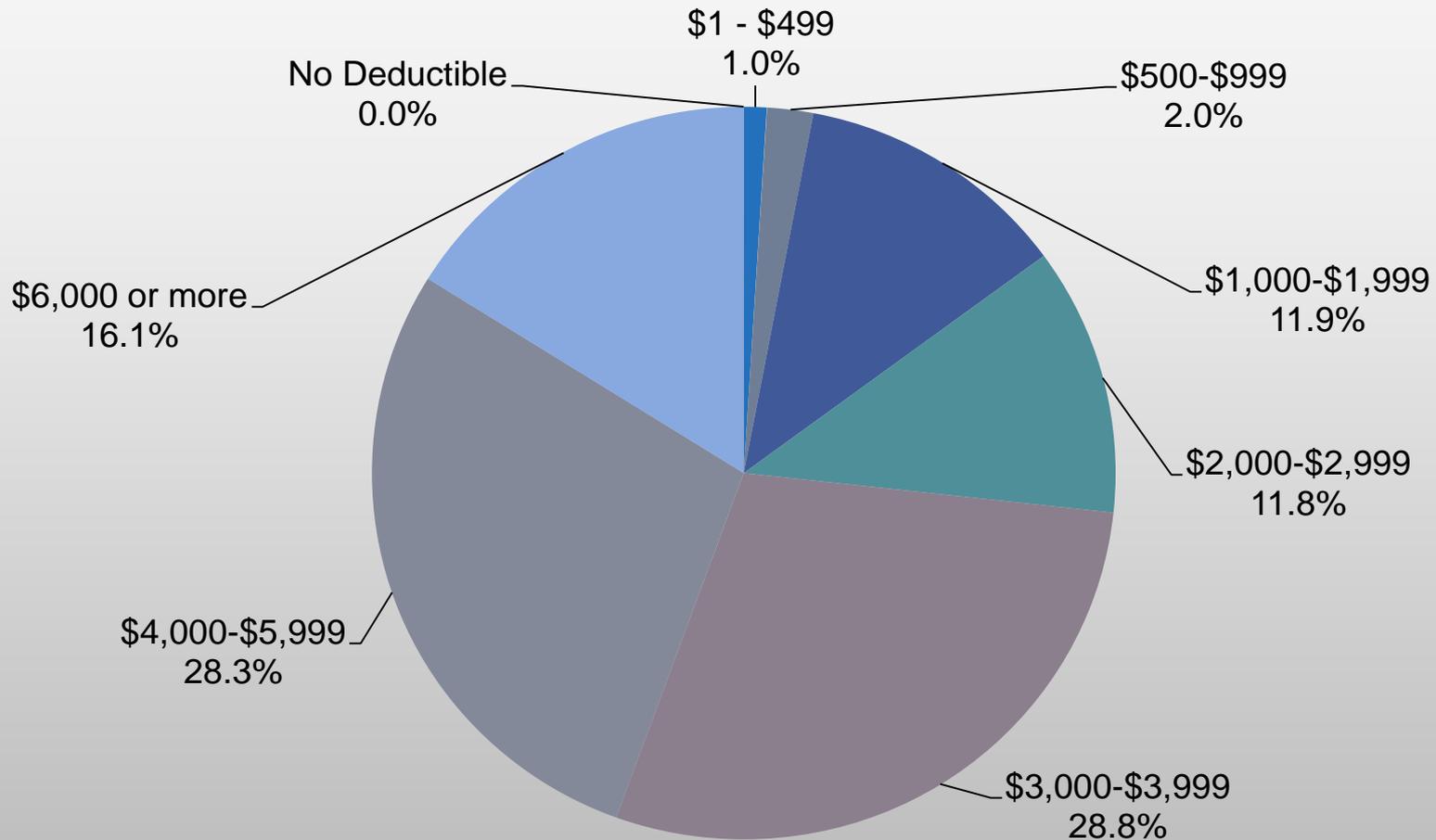
Distribution of Deductibles in the Individual Market, 2005 to 2011



Source: MDH, Health Economics Program.

Deductible levels are per person. Distribution of deductibles only includes enrollment in plans with a deductible and excludes enrollment in plans with "per sickness" deductibles.

Distribution of per person deductibles in the individual market, 2011



Source: MDH, Health Economics Program.

Note: Includes all individual market enrollees whose plans reported a per person deductible.

Family Level Annual Deductibles in the Individual Market, 2002 to 2011

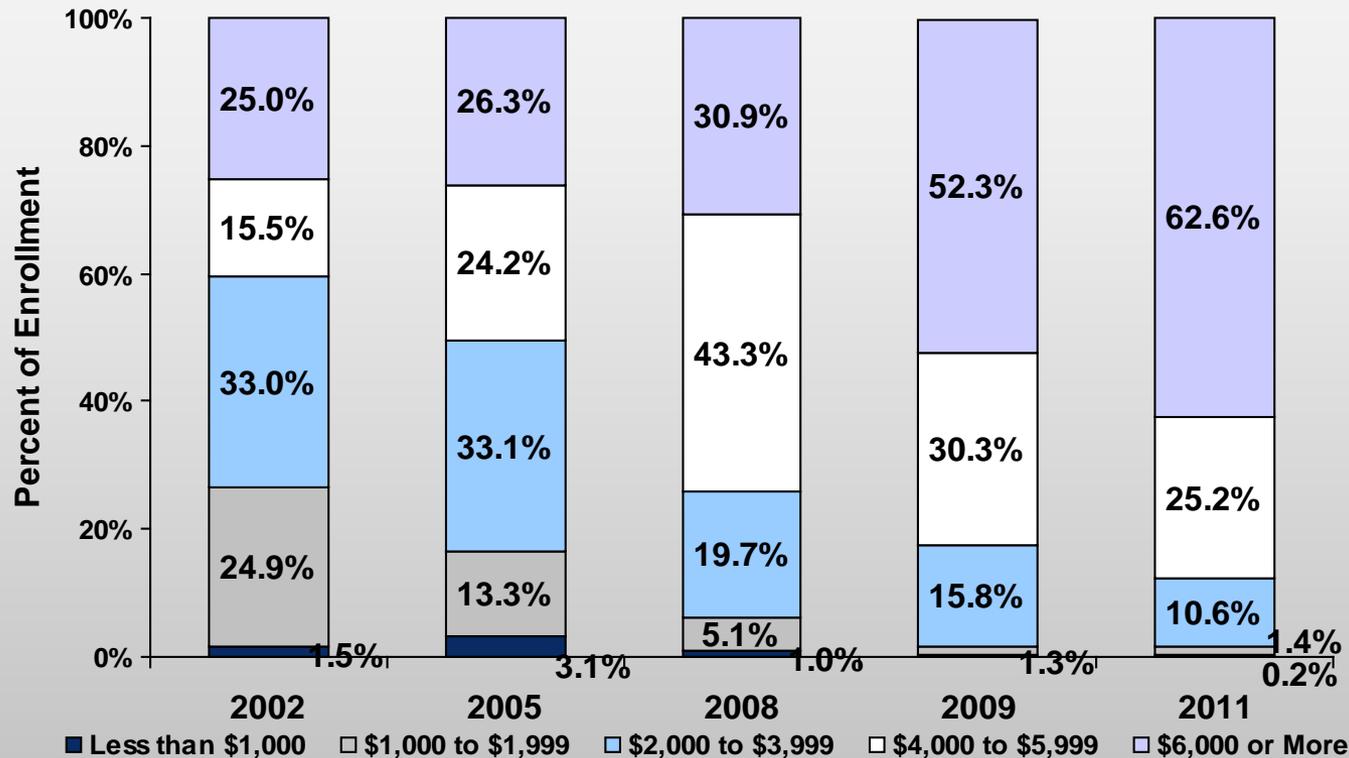
(by share of total enrollment)

	2002	2005	2008	2009	2011
	Median: \$2,000	Median: \$4,000	Median: \$5,400	Median: \$5,100	Median: \$5,700
	Range: \$100 to \$20,000	Range: \$100 to \$30,000	Range: \$250 to \$30,000	Range: \$100 to \$45,000	Range: \$250 to \$150,000
No Deductible	2.5%	2.4%	0.3%	0.0%	0.1%
Less than \$1,000	1.4%	3.0%	1.0%	0.3%	0.2%
\$1,000 to \$1,999	23.4%	13.0%	5.1%	1.3%	1.4%
\$2,000 to \$3,999	31.0%	32.2%	19.7%	15.8%	10.6%
\$4,000 to \$5,999	14.6%	23.6%	43.1%	30.3%	25.1%
\$6,000 or more	<u>23.5%</u>	<u>25.7%</u>	<u>30.8%</u>	<u>52.3%</u>	<u>62.6%</u>
	100%	100%	100.0%	100.0%	100.0%

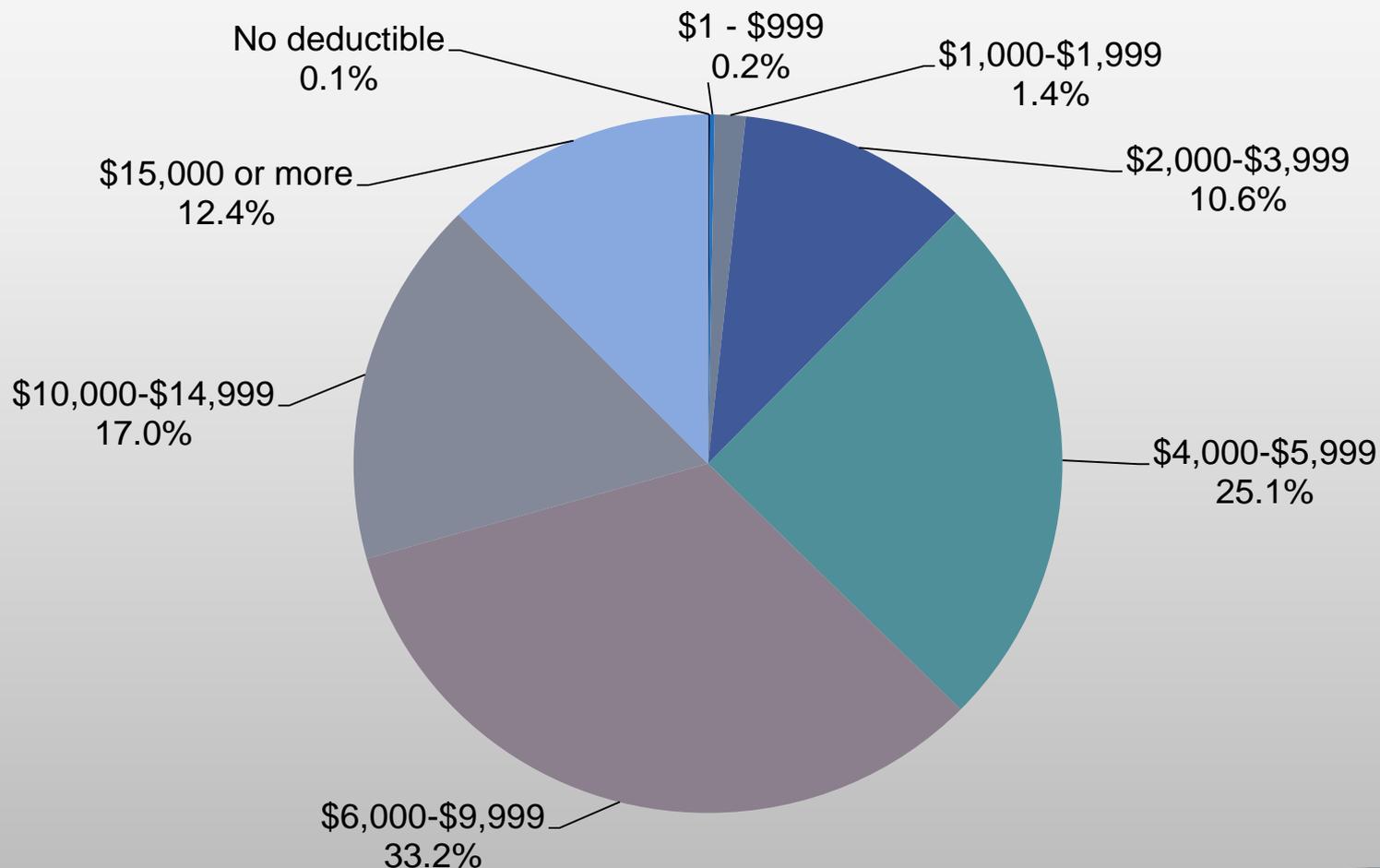
Source: MDH, Health Economics Program.

Median calculation excludes enrollees with no deductible. Category distribution excludes those in plans only available as self-only coverage and those with a "per sickness" deductible.

Distribution of Family Level Deductibles in the Individual Market, 2002 to 2011



Distribution of family deductibles in the individual market, 2011

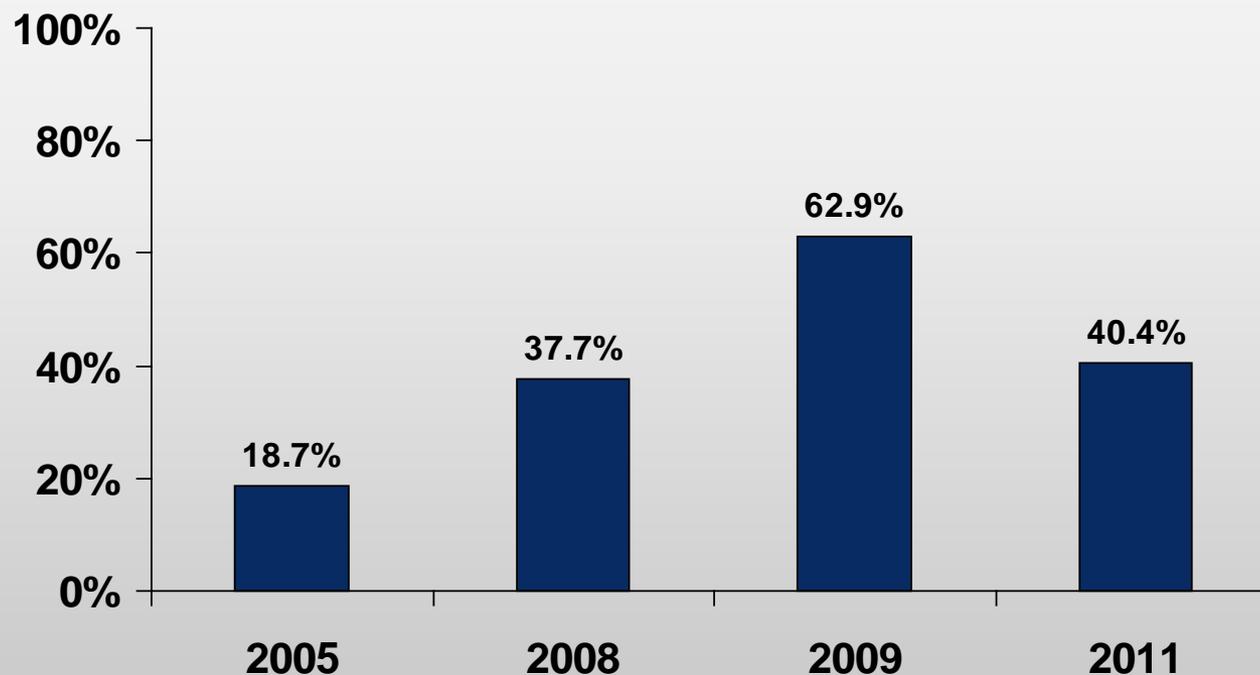


Source: MDH, Health Economics Program.

Note: Includes all individual market enrollees whose plans reported a family deductible.

Individual Market Enrollment in High Deductible Health Plans with Savings Option, 2005 to 2011

(by share of total enrollment)



*Qualified High Deductible Health Plan enrollment must meet the minimum deductible guidelines for the calendar year, as determined by the Internal Revenue Service (for 2011 the minimum deductible is \$1,200), and be paired with (or have the option to pair with) a Health Savings Account. In the 2009 survey firms did not reliably report on HSA pairing, therefore the portion of HDHP plans was determined using only the IRS minimum deductible guideline. In 2011, the plans identified whether it was a HDHP plan. This difference in reporting methodology may be reflected in the 2011 total.

Source: MDH, Health Economics Program.

Office Visit Cost Sharing Requirements in the Individual Market, 2002 to 2011

(by share of total enrollment)

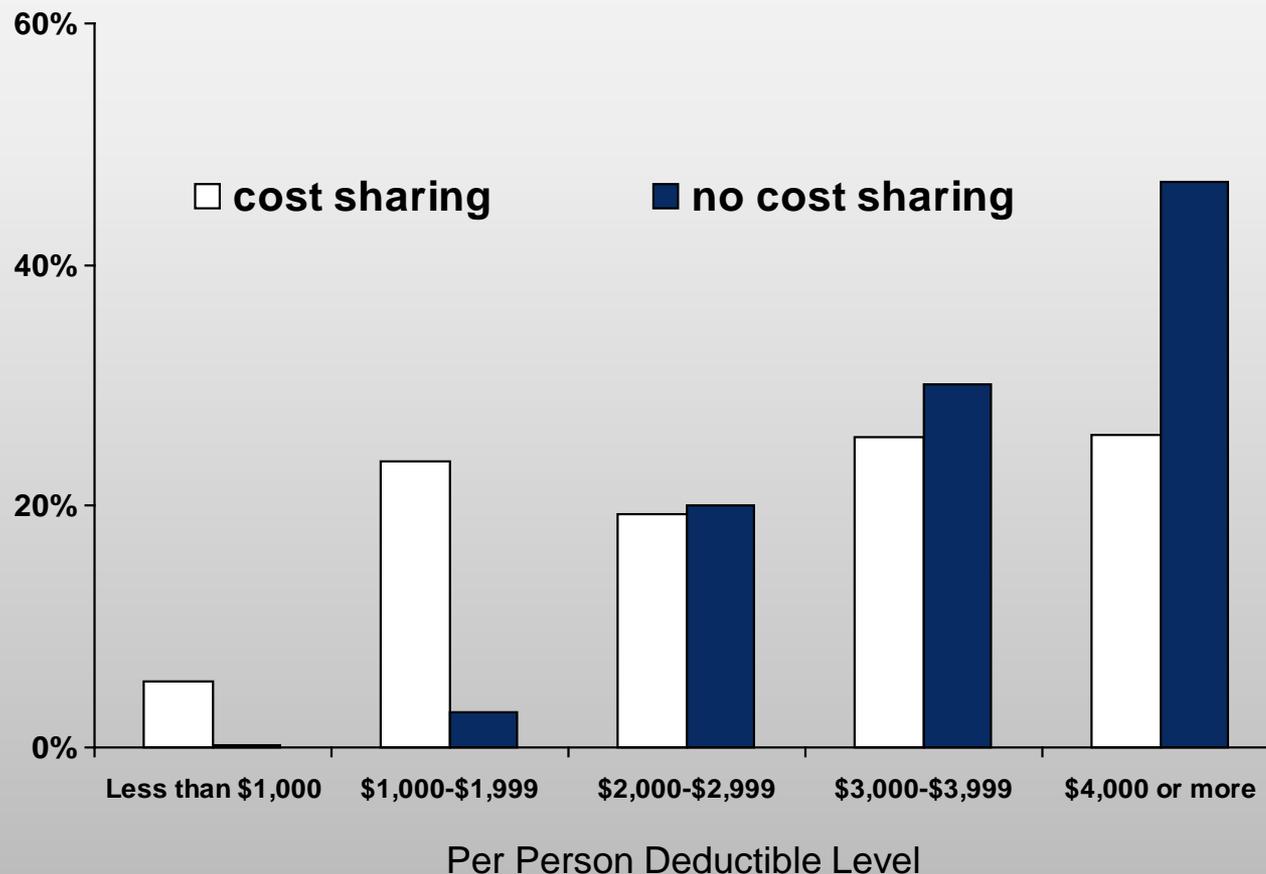
	2002	2005	2008	2009	2011
No Cost Sharing	25.8%	37.6%	47.7%	60.1%	56.8%
Copayment	5.5%	0.9%	2.4%	0.0%	7.0%
10% Coinsurance	3.4%	3.5%	1.7%	0.1%	0.4%
20% Coinsurance	64.1%	57.2%	44.6%	36.6%	27.0%
Coinsurance Greater than 20%	0.8%	0.8%	3.8%	3.1%	3.3%
Copayment & Coinsurance	<u>0.5%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.2%</u>	<u>5.5%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Cost Sharing Requirements for Hospitalizations in the Individual Market, 2002 to 2011

(by share of total enrollment)

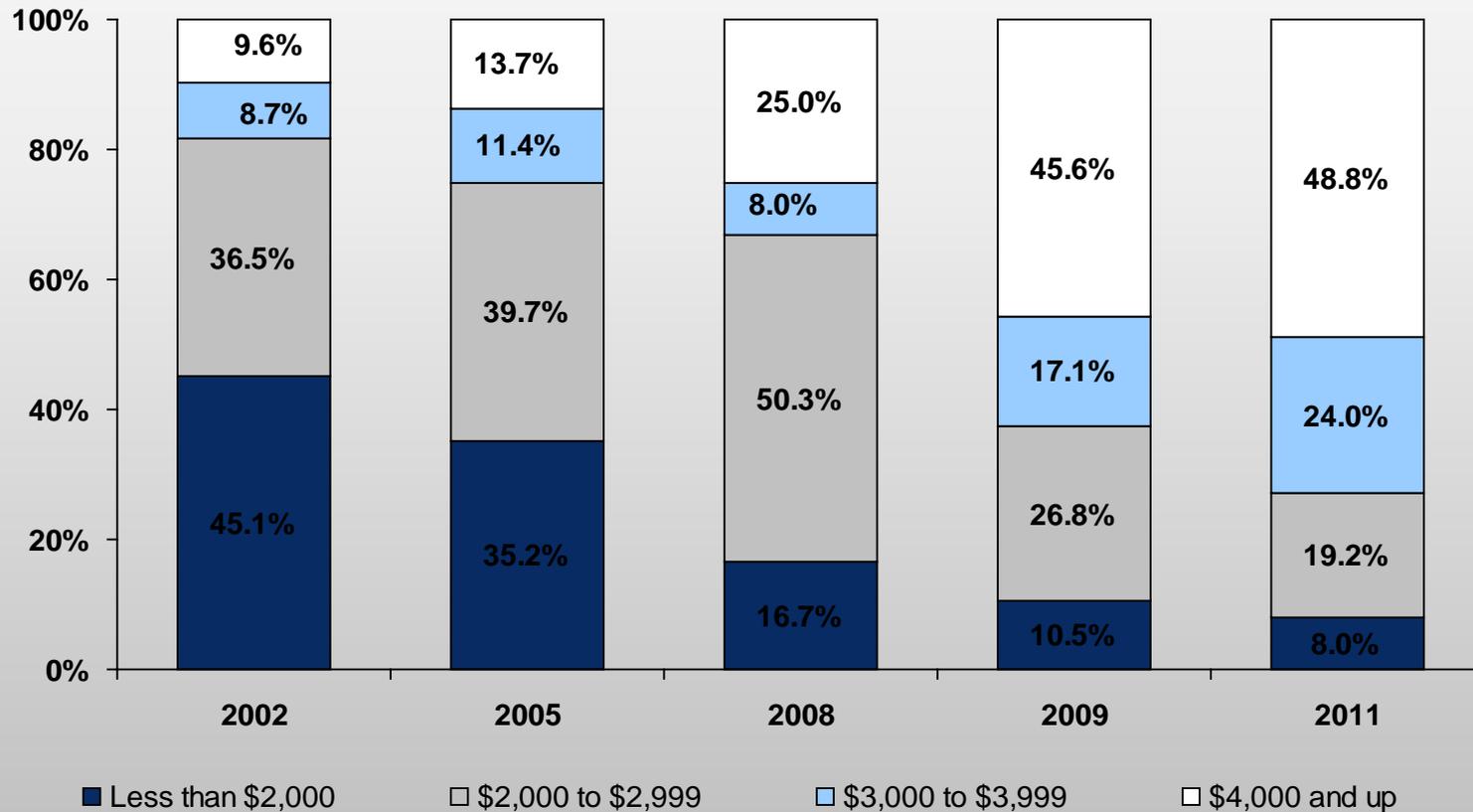
	2002	2005	2008	2009	2011
No Cost Sharing	8.0%	26.1%	47.0%	56.1%	62.7%
Copayment	0.8%	0.4%	0.1%	4.0%	1.1%
10% Coinsurance	0.0%	1.4%	1.7%	0.1%	0.4%
20% Coinsurance	86.2%	61.6%	45.5%	35.1%	31.6%
Coinsurance Greater than 20%	1.0%	10.1%	4.0%	2.8%	2.3%
Copayment & Coinsurance	0.0%	0.0%	1.4%	2.0%	1.9%
Other*	<u>4.0%</u>	<u>0.4%</u>	<u>0.1%</u>	<u>0.0%</u>	<u>0.0%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Comparison of Per Person Deductible Levels in Plans with & without Cost Sharing for Office Visits & Inpatient Hospitalizations, 2011



Per Person Out-of-Pocket Limits in the Individual Market, 2002 to 2011

(by share of total enrollment)

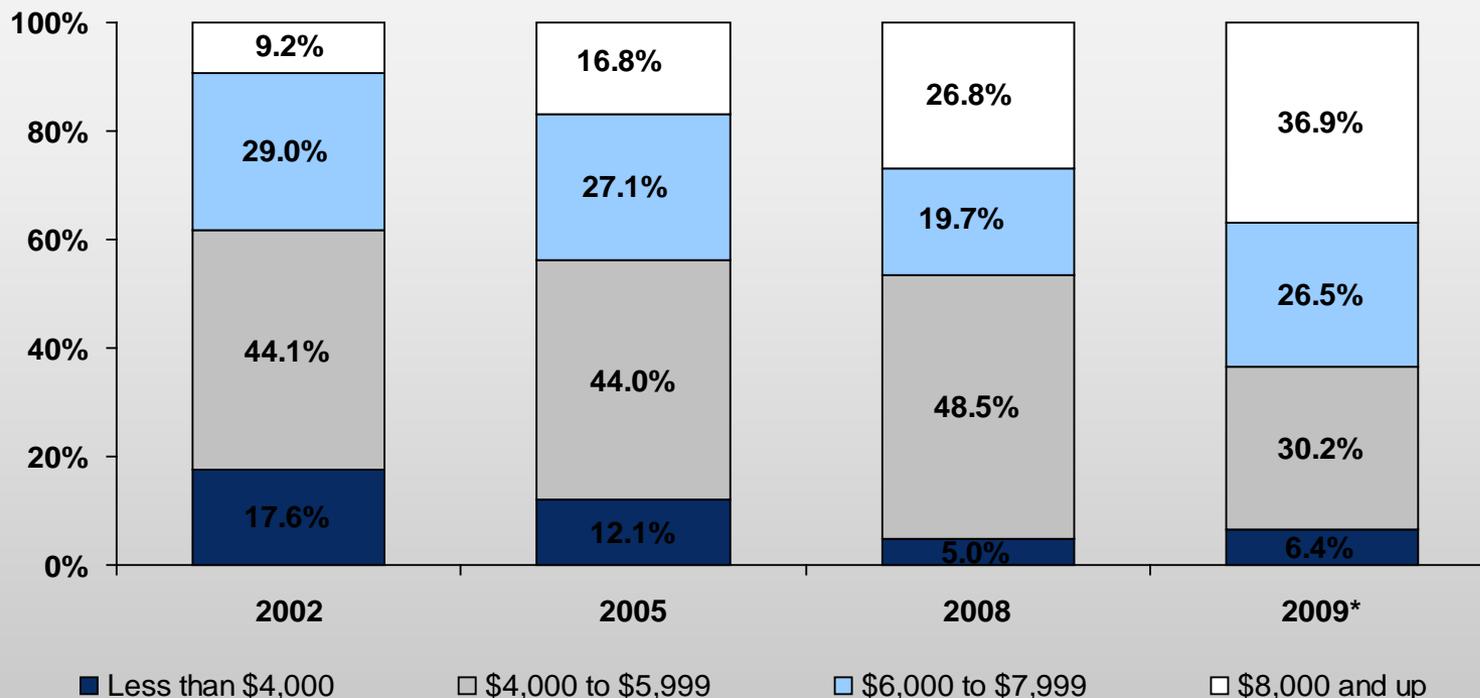


Source: MDH, Health Economics Program.

Median calculation and distribution excludes enrollees with no out-of-pocket limit. Out-of-pocket limit applies to covered services only.

Family Level Out-of-Pocket Limits in the Individual Market, 2002 to 2009

(by share of total enrollment)



Source: MDH, Health Economics Program.

*This data was not collected with the most recent survey and this slide will be dropped after this year

Median calculation and distribution excludes enrollees with no out-of-pocket limit. Out-of-pocket limit applies to covered services only.

Prescription Drug Benefits in the Individual Market, 2002 to 2011

(by share of total enrollment)

	2002	2005	2008	2009	2011
Prescription Drug Benefits Included	96.6%	97.4%	98.9%	94.8%	99.8%
No Prescription Drug Benefits	<u>3.4%</u>	<u>2.6%</u>	<u>1.1%</u>	<u>5.2%</u>	<u>0.2%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%
Coinsurance	55.3%	50.3%	36.0%	25.2%	4.3%
Copayment	14.6%	11.5%	9.9%	13.7%	32.3%
Rx Deductible with Copayment	19.9%	10.9%	1.9%	0.0%	0.0%
100% Coverage After Policy Deductible	3.9%	23.2%	39.4%	42.0%	64.5%
Fixed Amount of Coverage	2.3%	1.2%	0.8%	0.0%	0.0%

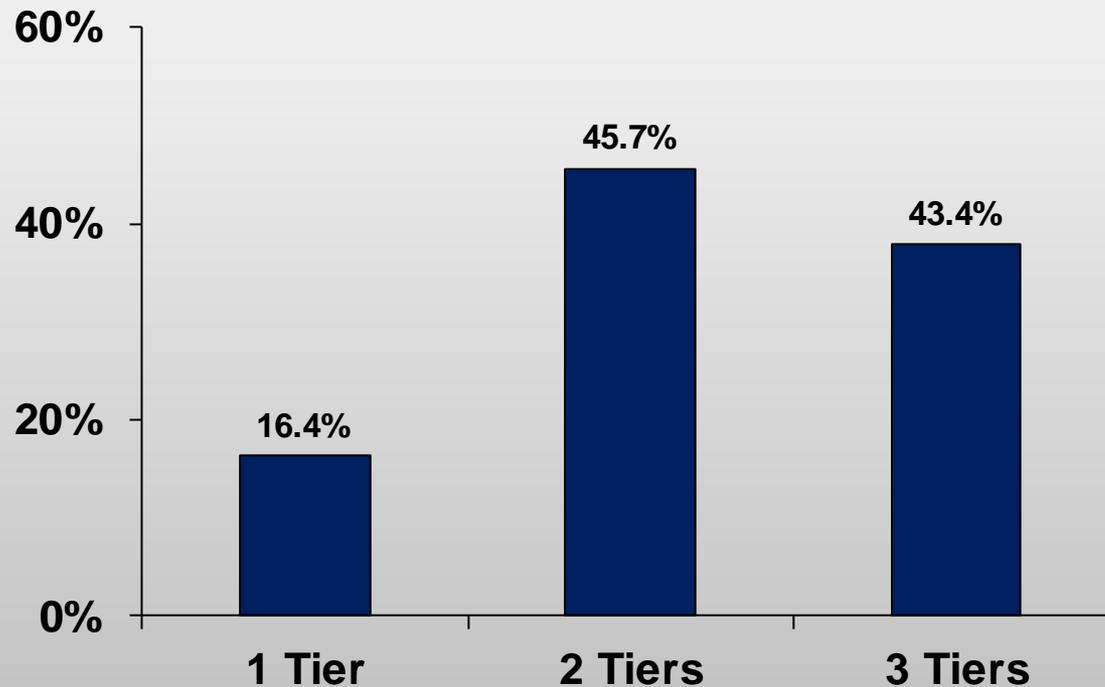
Prescription Drug Out-of-Pocket Limits in the Individual Market, 2002 to 2011

(by share of total enrollment)

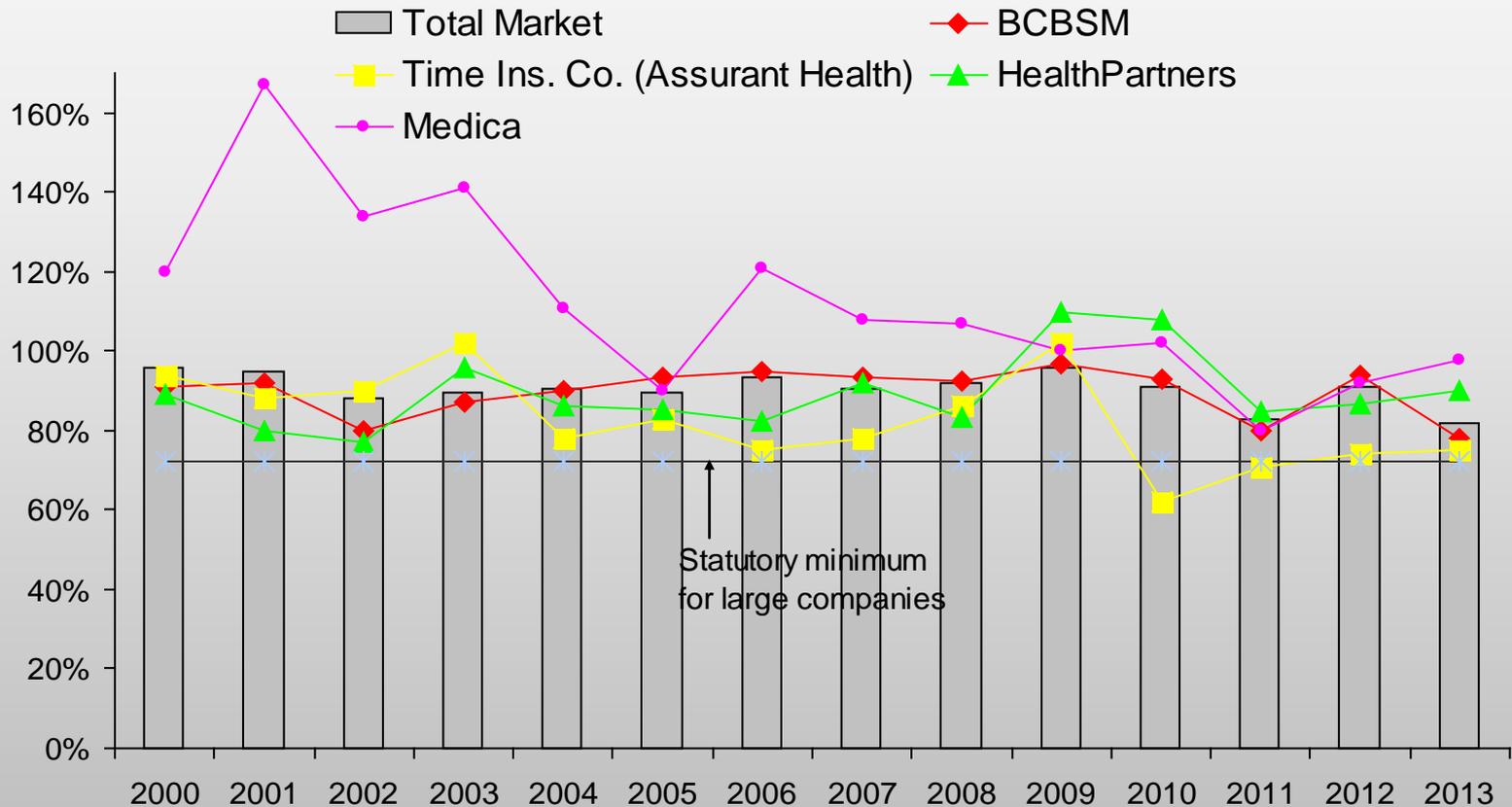
	2002	2005	2008	2009	2011
Separate Rx Limit	1.6%	2.2%	3.9%	7.0%	2.4%
No Separate Rx Limit*	<u>98.4%</u>	<u>97.8%</u>	<u>96.1%</u>	<u>93.0%</u>	<u>97.6%</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Number of Tiers for Prescription Drug Copayments or Coinsurance in the Individual Market, 2011

(by share of total enrollment)



Loss Ratio Experience in the Individual Market, 2000 to 2013



Note: Companies with common ownership have been combined for purposes of this analysis.

Source: Minnesota Department of Commerce, "Report of 2013 Loss Ratio Experience in the Individual and Small Employer Health Plan Markets for: Insurance Companies, Nonprofit Health Service Plan Corporations, and Health Maintenance Organizations," June 2014.

Additional Information from the Health Economics Program Available Online

- Health Economics Program Home Page
 - <http://www.health.state.mn.us/healthconomics>
- Health Economics Program Publications
 - <http://www.health.state.mn.us/divs/hpsc/hep/publications/index.html>
- Health Care Market Statistics (Chartbook Updates)
 - <http://www.health.state.mn.us/divs/hpsc/hep/chartbook/index.html>