

# Section 4: Small Group and Individual Health Insurance Markets

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## ★ Small group market trends

- Enrollment
- Premiums
- Benefits
- Health plan market shares

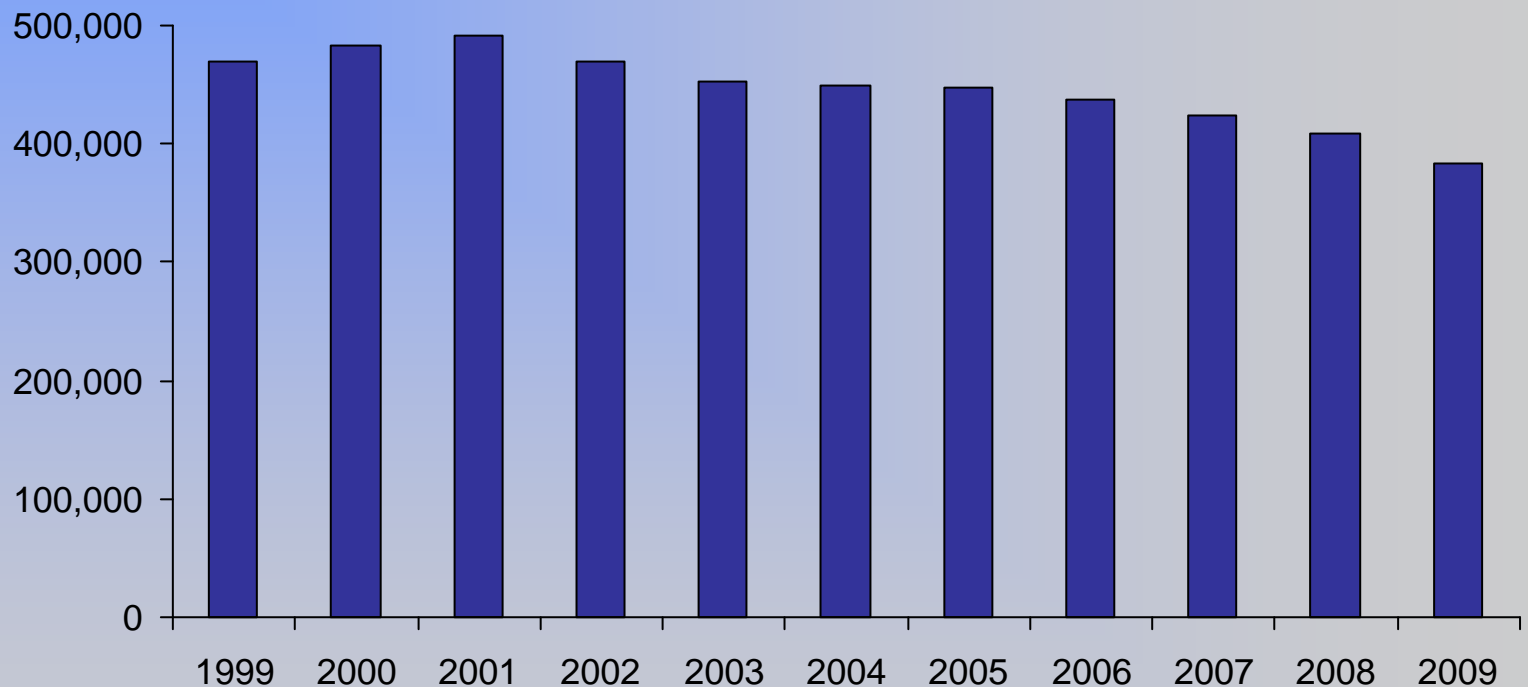
## ★ Individual market trends

- Enrollment
- Premiums
- Benefits
- Health plan market shares

# Small Group Market Trends

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# Trends in Minnesota Small Group Health Insurance Enrollment, 1999 to 2009

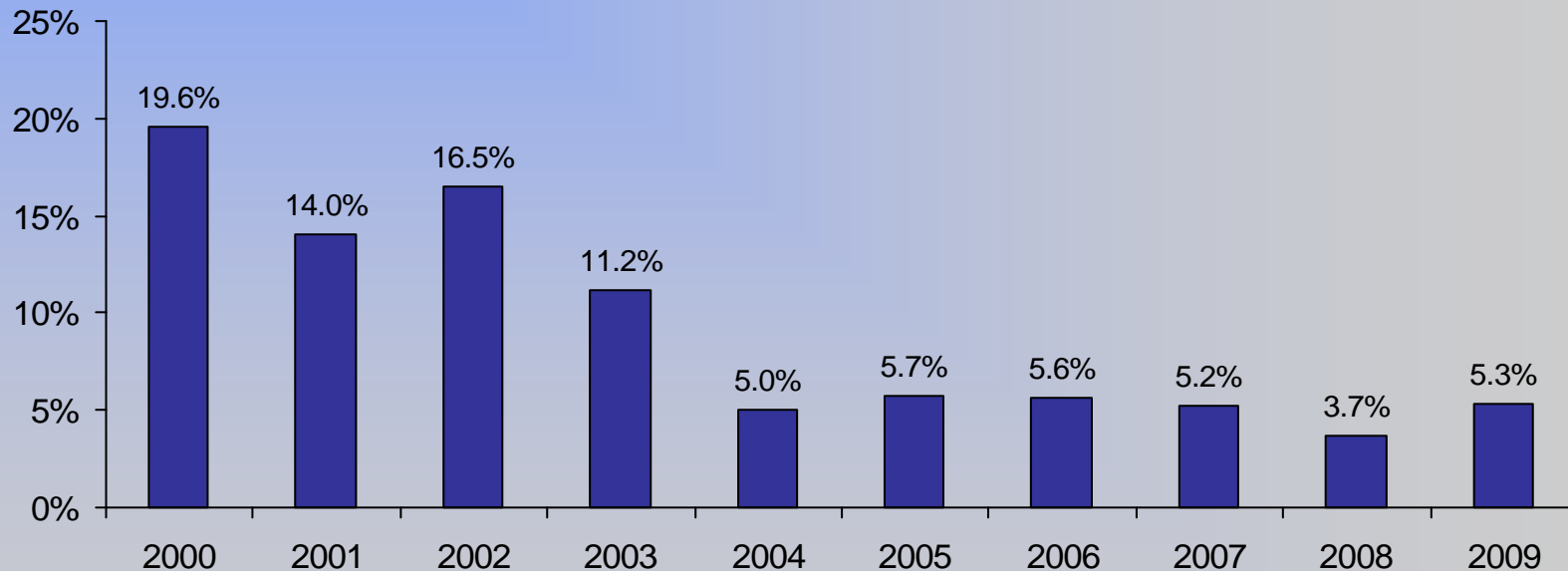


Note: Fully Insured market only.

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

# Premium Increases in Minnesota's Small Group Market, 2000 to 2009

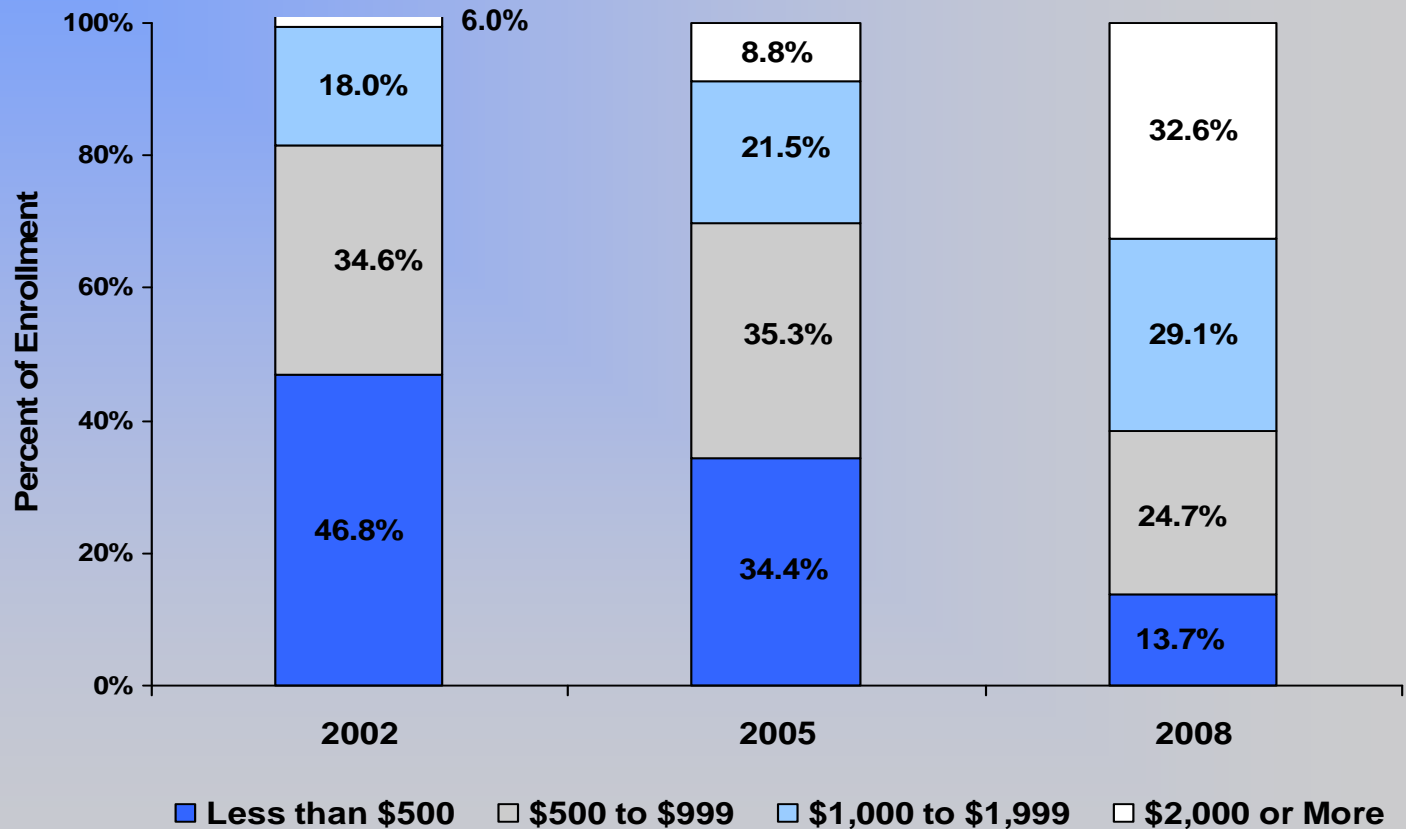
Percent Change in Premium Per Member



# Per Person Annual Deductibles in the Small Group Market, 2002 to 2008 (by share of total enrollment)

	<b>2002</b>	<b>2005</b>	<b>2008</b>
	Median: \$500 Range: \$100 to \$2,500	Median: \$500 Range: \$100 to \$5,000	Median: \$1,000 Range: \$250 to \$10,000
No Deductible	65.6%	52.1%	31.9%
Less than \$500	16.1%	16.5%	9.3%
\$500 to \$999	11.9%	16.9%	16.8%
\$1,000 to \$1,999	6.2%	10.3%	19.8%
\$2,000 or More	<u>0.2%</u>	<u>4.2%</u>	<u>22.2%</u>
	100.0%	100.0%	100.0%

# Distribution of Deductibles in the Small Group Market, 2002 to 2008



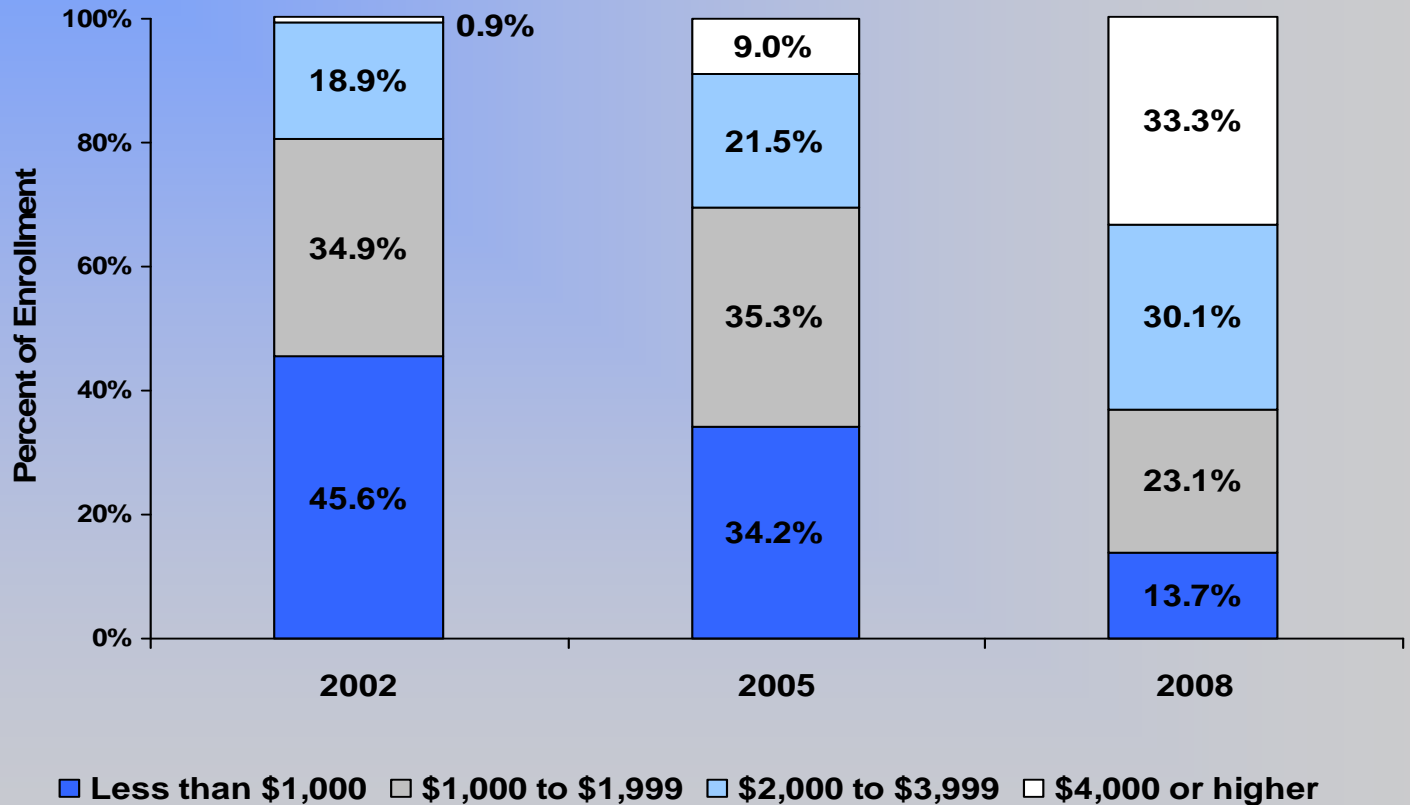
Source: MDH, Health Economics Program

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

# Family Level Annual Deductibles in the Small Group Market, 2002 to 2008 (by share of total enrollment)

	<b>2002</b>	<b>2005</b>	<b>2008</b>
	Median: \$1,000 Range: \$200 to \$5,000	Median: \$1,000 Range: \$200 to \$10,000	Median: \$2,000 Range: \$500 to \$20,000
No Deductible	65.6%	52.1%	31.9%
Less than \$1,000	15.7%	16.4%	9.3%
\$1,000 to \$1,999	12.0%	16.9%	15.7%
\$2,000 to \$3,999	6.5%	10.3%	20.5%
\$4,000 or More	<u>0.3%</u>	<u>4.3%</u>	<u>22.7%</u>
	100.0%	100.0%	100.0%

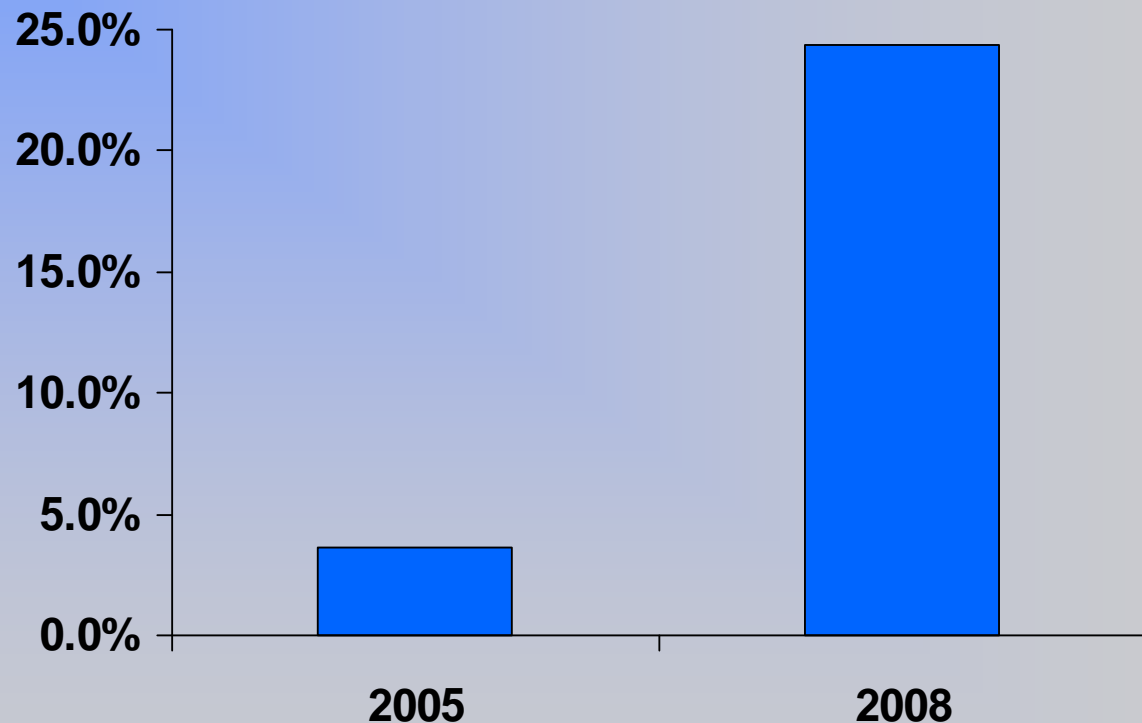
# Distribution of Family Level Deductibles in the Small Group Market, 2002 to 2008



Source: MDH, Health Economics Program

Deductible levels are per family. Distribution of deductibles only includes enrollment in plans with a deductible

# Small Group Market Enrollment in High Deductible Health Plans with Savings Option, 2005 and 2008 (by share of total enrollment)



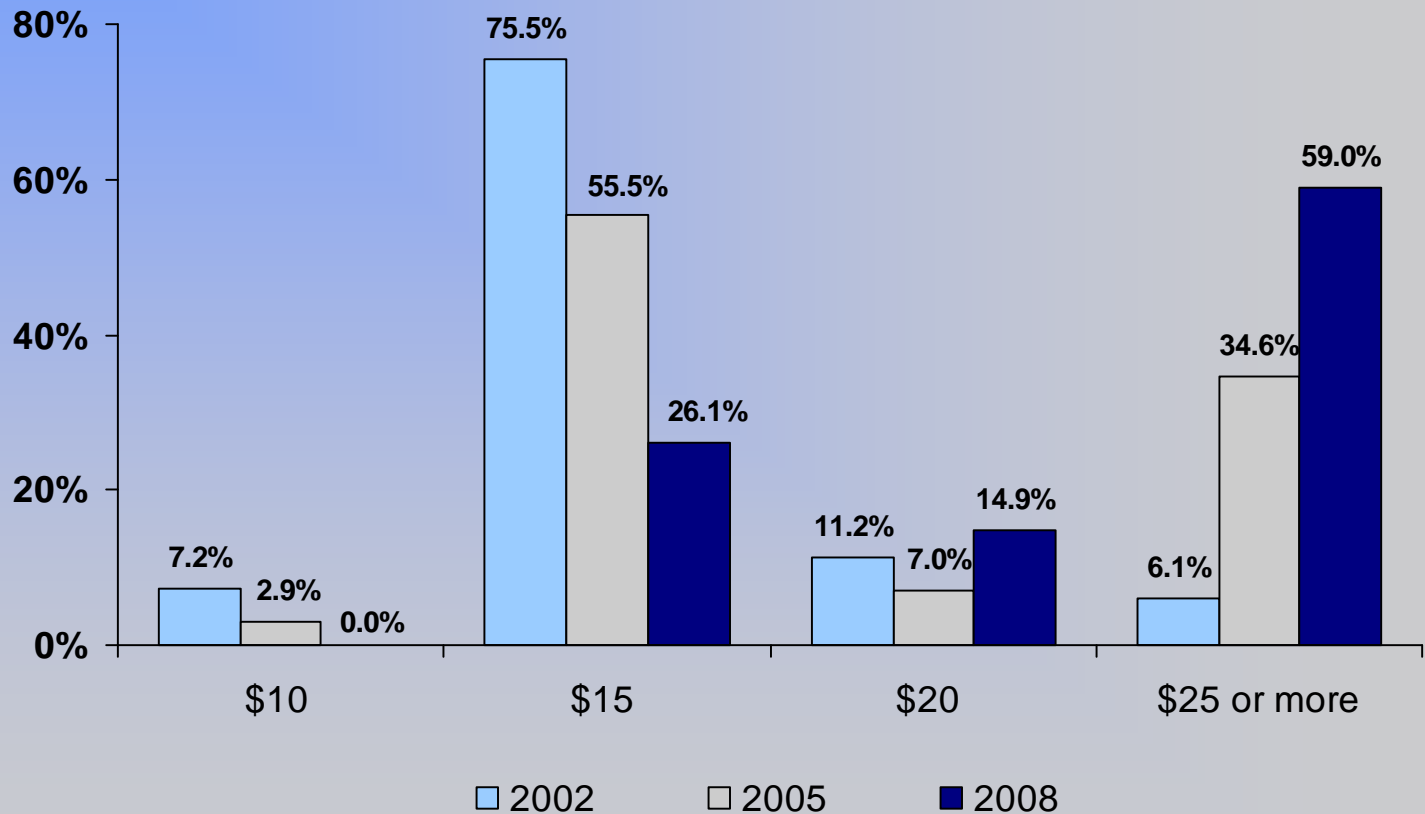
Qualified High Deductible Health Plan enrollment must meet the minimum deductible guidelines for the calendar year, as determined by the Internal Revenue Service (for 2008 the minimum deductible is \$1,100), and be paired with (or have the option to pair with) a Health Savings Account.

Source: MDH, Health Economics Program

# Office Visit Cost Sharing Requirements in the Small Group Market, 2002 and 2008 (by share of total enrollment)

	2002	2005	2008
No Cost Sharing	2.0%	4.2%	20.7%
Copayment	68.9%	89.3%	69.0%
Coinsurance	27.4%	6.1%	9.0%
Copayment and Coinsurance	<u>1.7%</u>	<u>0.4%</u>	<u>1.4%</u>
	100.0%	100.0%	100.0%

# Distribution of Office Visit Copayments in the Small Group Market, 2002 to 2008 (by share of enrollment)



# Cost Sharing Requirements for Hospitalizations in the Small Group Market, 2002 to 2008 (by share of total enrollment)

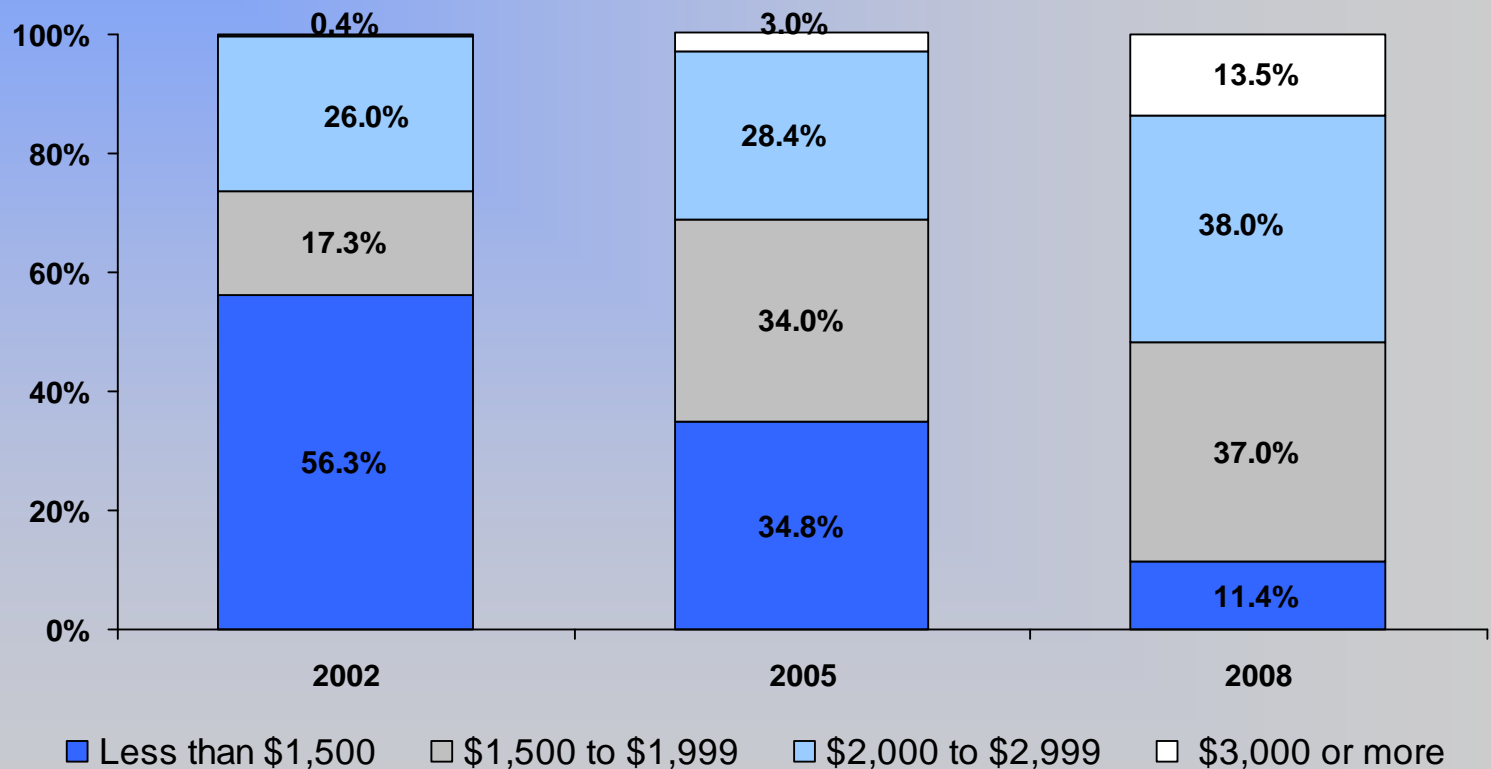
	2002	2005	2008
No Cost Sharing	41.0%	30.2%	38.0%
10% Coinsurance	2.2%	3.5%	1.1%
20% Coinsurance	49.4%	63.2%	59.5%
Coinsurance Greater than 20%	1.3%	2.0%	1.1%
Copayment and Coinsurance	5.2%	1.1%	0.1%
Other*	<u>0.9%</u>	<u>0.1%</u>	<u>0.1%</u>
	100.0%	100.0%	100.0%

Source: MDH, Health Economics Program

\*Includes deductible only and copayment only

# Per Person Out-of-Pocket Limits in the Small Group Market, 2002 to 2008

(by share of total enrollment)

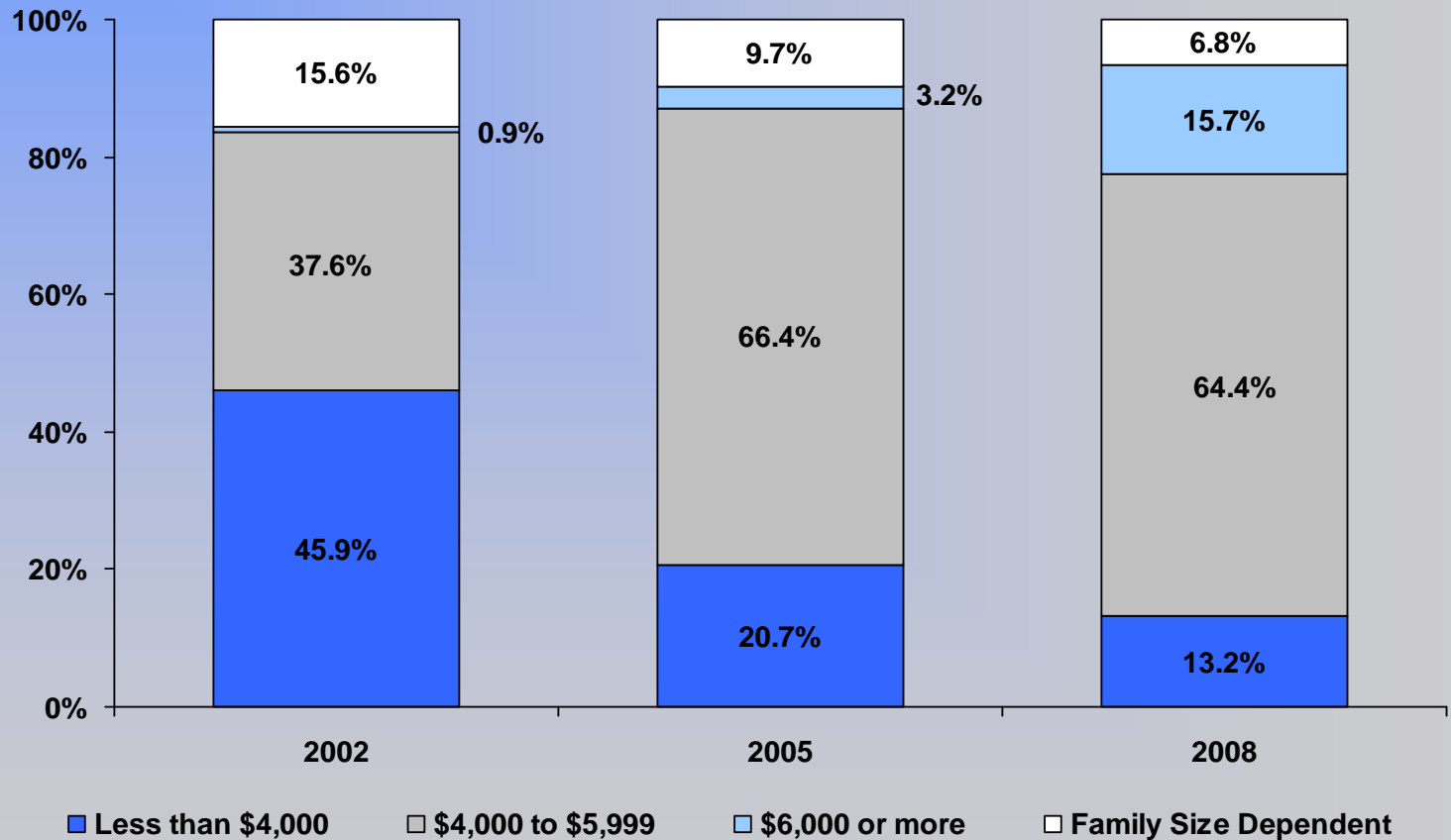


Source: MDH, Health Economics Program

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 Small Group Market, 2002 to 2008

(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.

# Prescription Drug Benefits in the Small Group Market, 2002 to 2008

- ★ 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
- ★ There was a shift in benefit design away from a fixed copayment towards tiered copayments

## Enrollees with Prescription Drug Copayments:

	<b>2002</b>	<b>2005</b>	<b>2008</b>
Fixed Copayment	56.5%	0.4%	0.1%
Tiered Copayment	<u>43.5%</u>	<u>99.6%</u>	<u>99.9%</u>
	100.0%	100.0%	100.0%

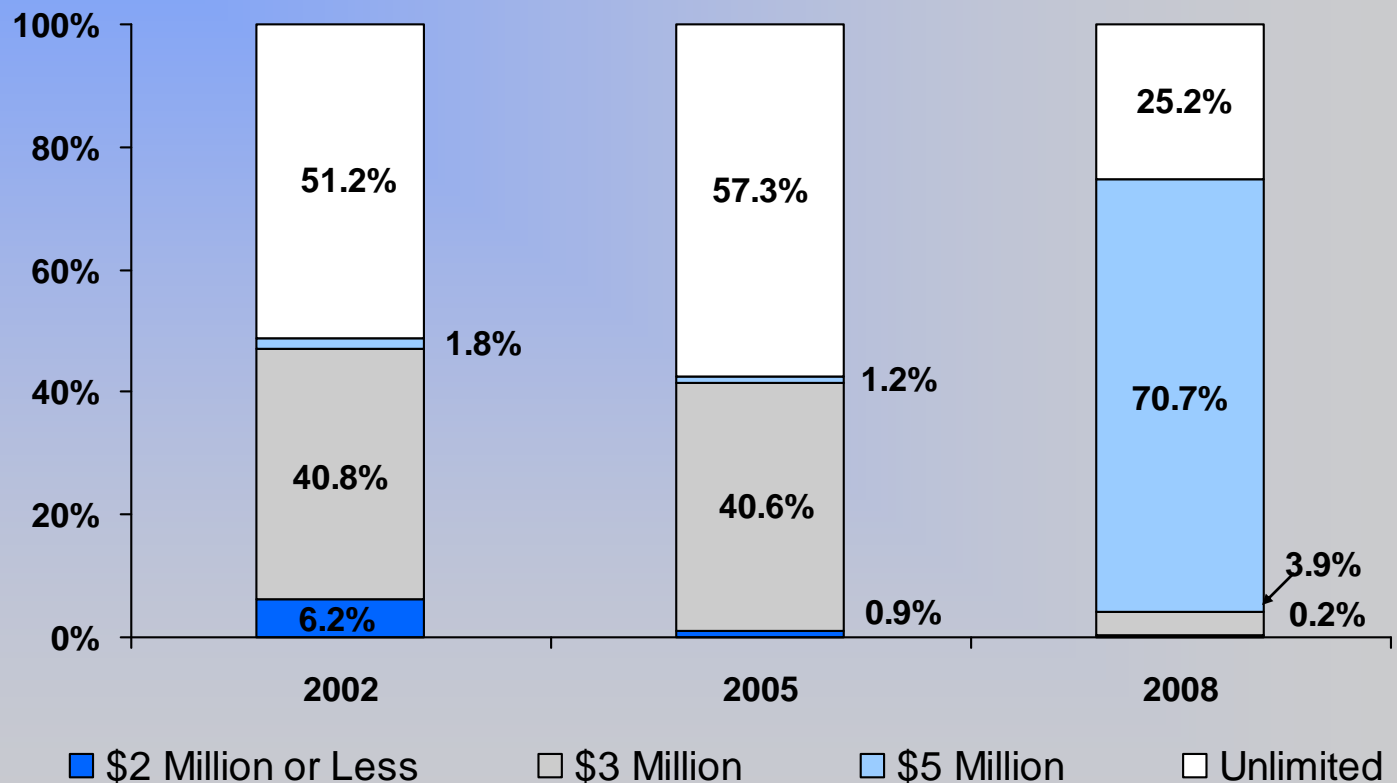
# Prescription Drug Out-of-Pocket Limits in the Small Group Market, 2002 to 2008

(by share of total enrollment)

	<b>2002</b>	<b>2005</b>	<b>2008</b>
Separate Rx Limit	59.3%	39.8%	30.0%
No Separate Rx Limit*	<u>40.7%</u>	<u>60.2%</u>	<u>70.0%</u>
	100.0%	100.0%	100.0%

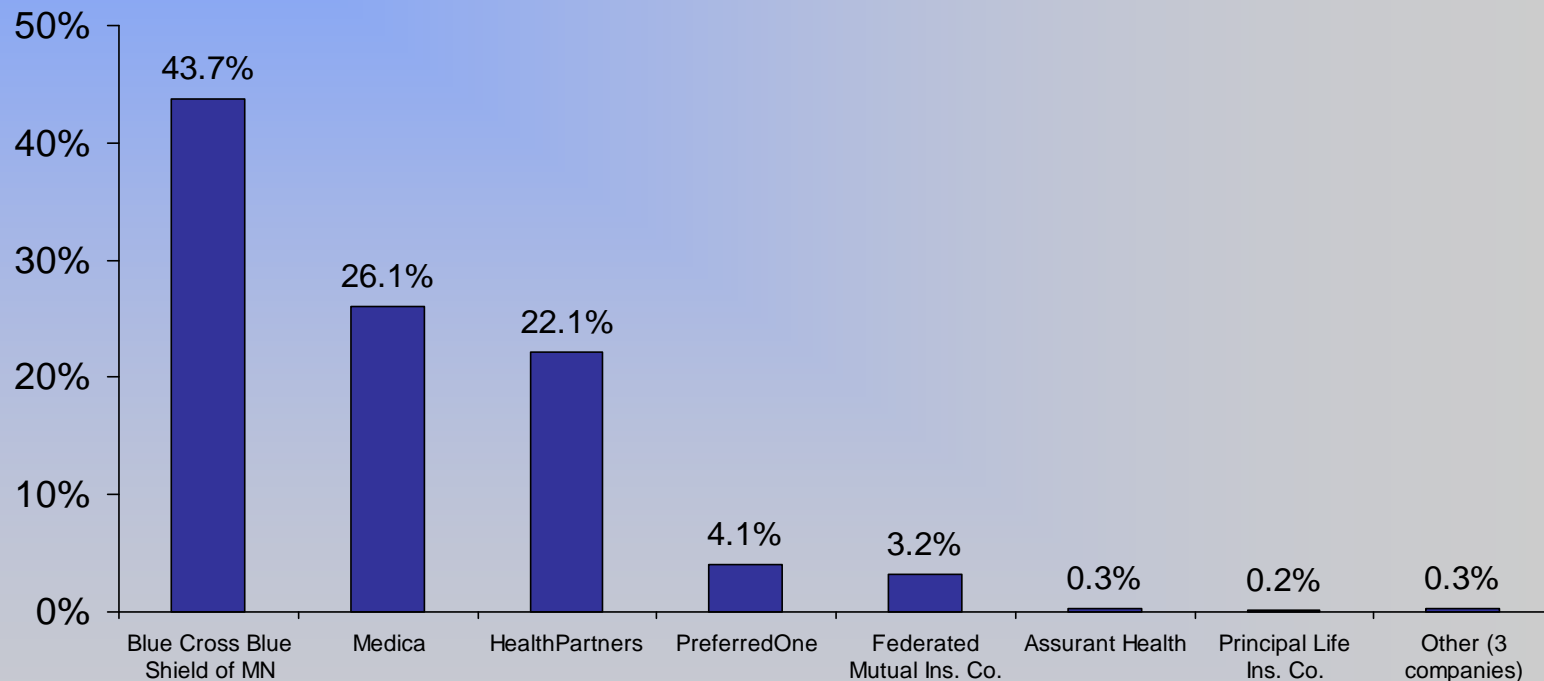
# Lifetime Limit on Benefits in the Small Group Market, 2002-2008

(by share of total enrollment)

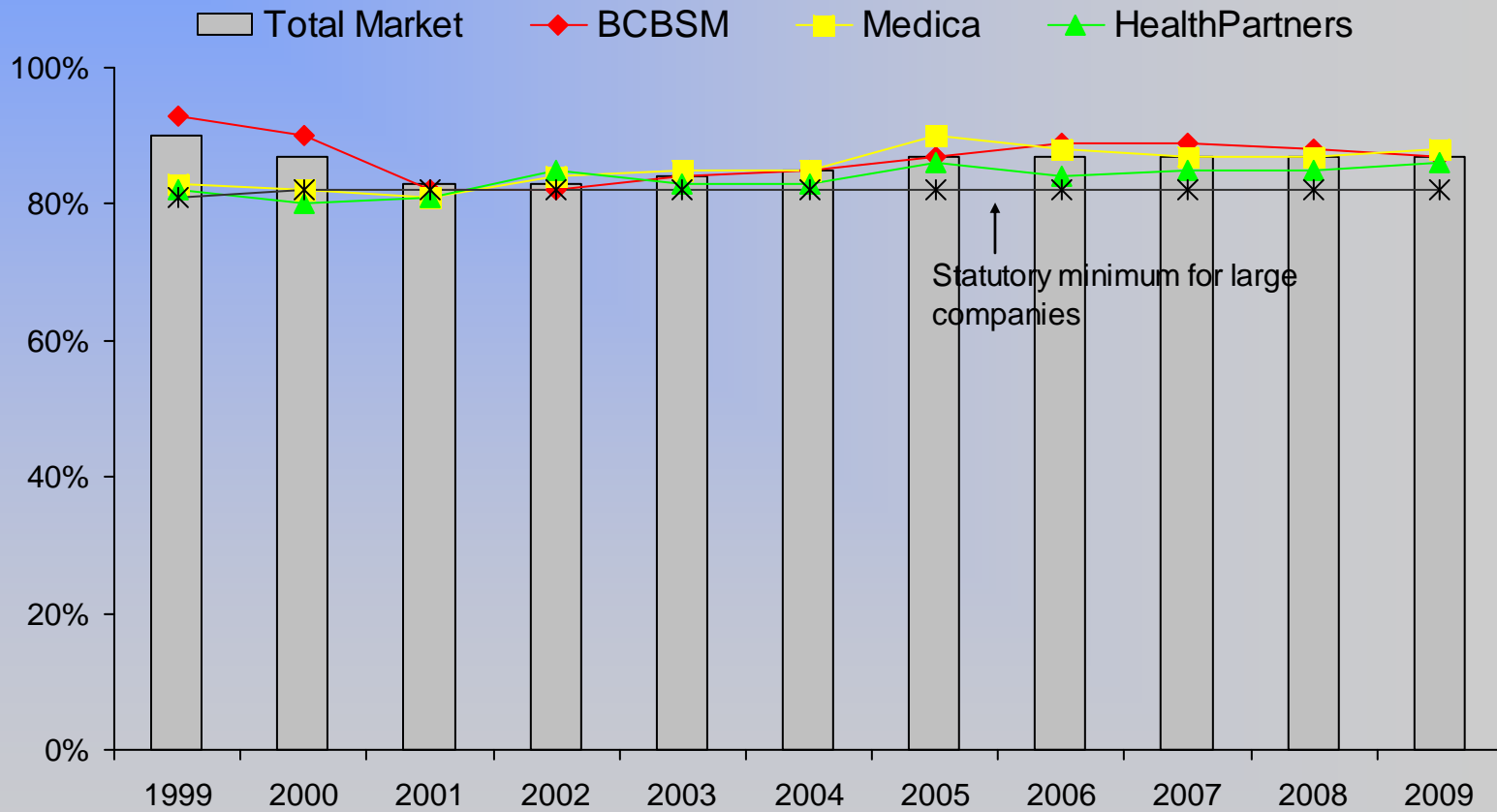


# Health Plan Market Shares: Small Group Market, 2009

Total Premium Volume in 2009: \$1.51 Billion



# Loss Ratio Experience in the Small Group Market, 1999 to 2009

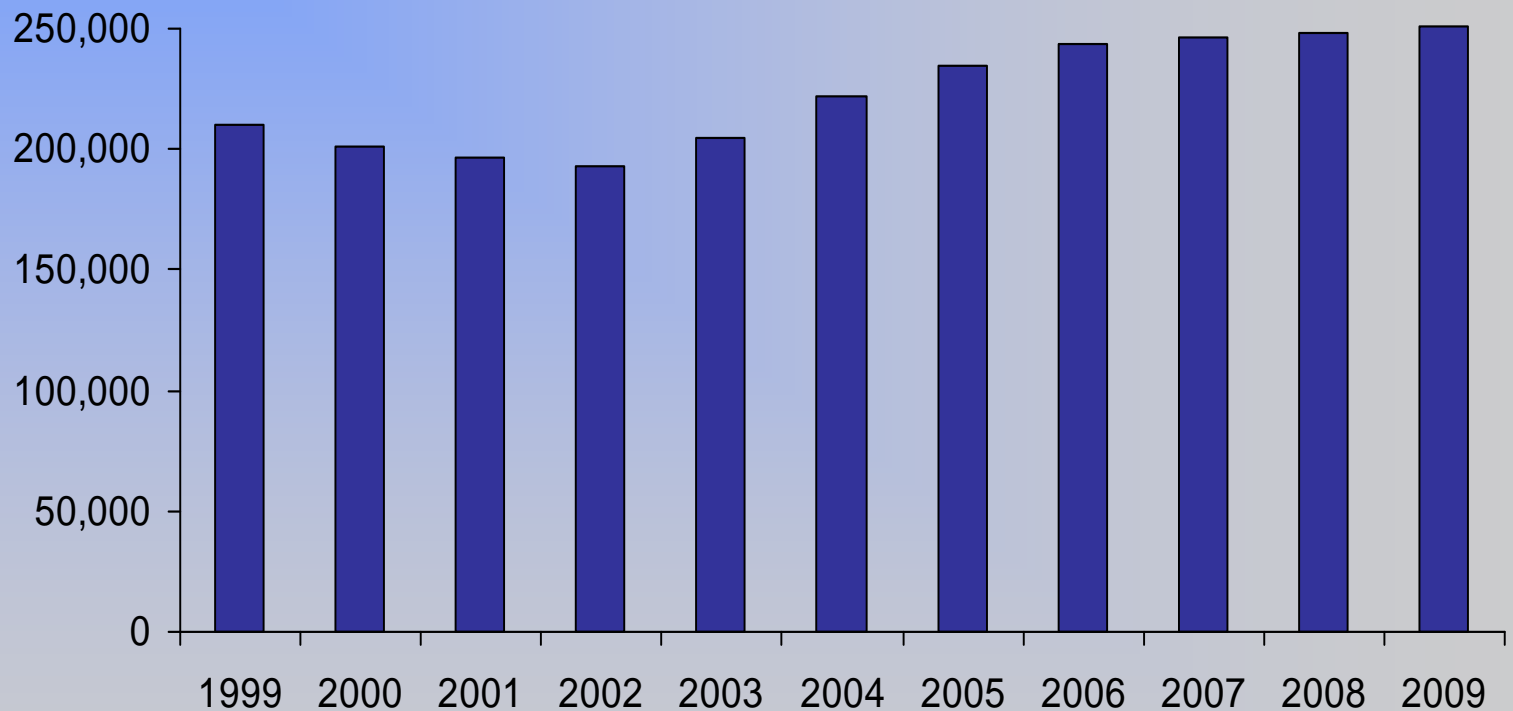


Note: Companies with common ownership have been combined for purposes of this analysis.  
 Source: Minnesota Department of Commerce, "Report of 2008 Loss Ratio Experience in the Individual and Small Employer Health Plan Markets for: Insurance Companies, Nonprofit Health Service Plan Corporations, and Health Maintenance Organizations," June 2010.

# Individual Market

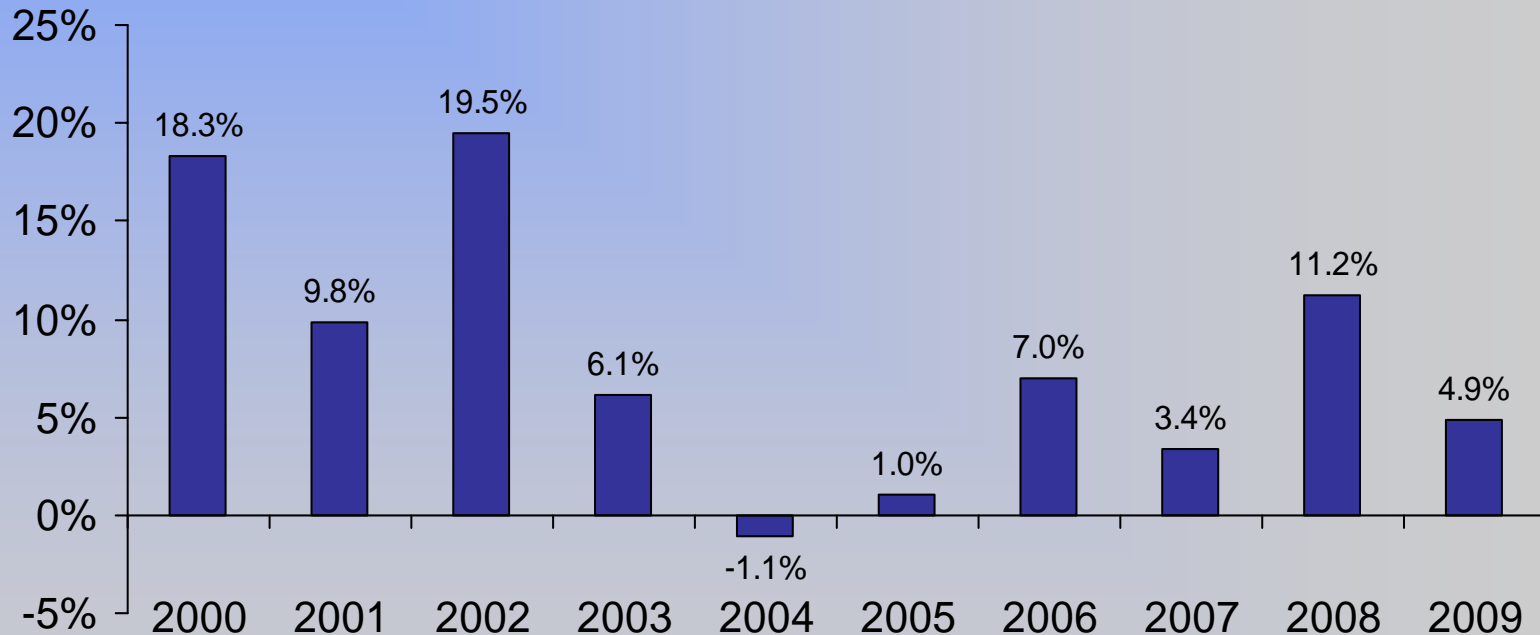
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# Trends in Minnesota Individual Market Enrollment, 1999 to 2009



# Premium Increases in Minnesota's Individual Market, 2000 to 2009

## Percent Change in Premium Per Member



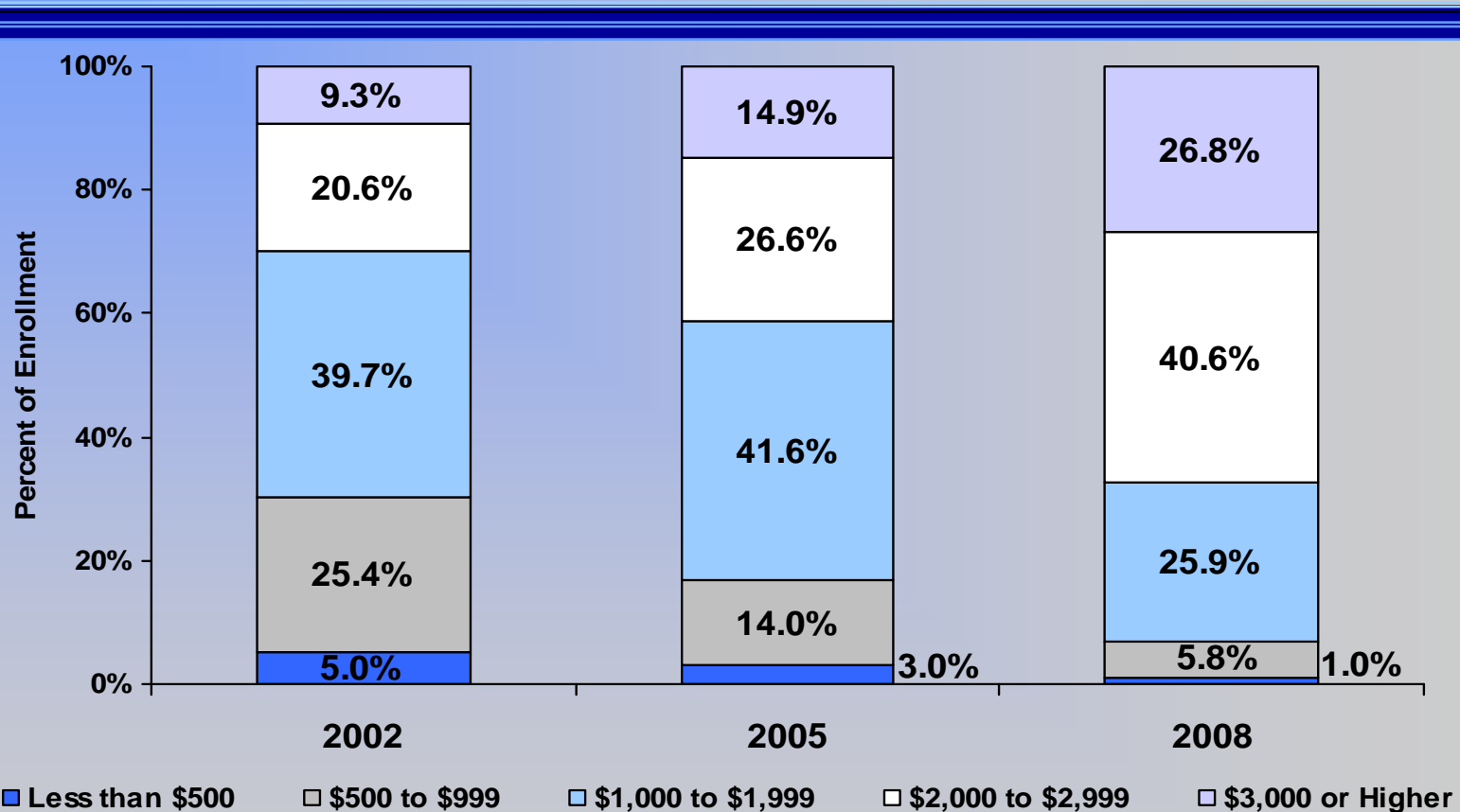
# Per Person Annual Deductibles in the Individual Market, 2002 to 2008 (by share of total enrollment)

	<b>2002</b>	<b>2005</b>	<b>2008</b>
	Median: \$1,000 Range: \$50 to \$10,000	Median \$1,500 Range: \$50 to \$10,000	Median: \$2,050 Range: \$150 to \$10,000
No Deductible	2.5%	2.4%	0.3%
Less than \$500	4.9%	2.9%	1.0%
\$500 to \$999	24.8%	13.6%	5.8%
\$1,000 to \$1,999	38.7%	40.6%	25.8%
\$2,000 to \$2,999	20.1%	26.0%	40.5%
\$3,000 or more	<u>9.1%</u>	<u>14.6%</u>	<u>26.7%</u>
	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, 2002 to 2008



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.

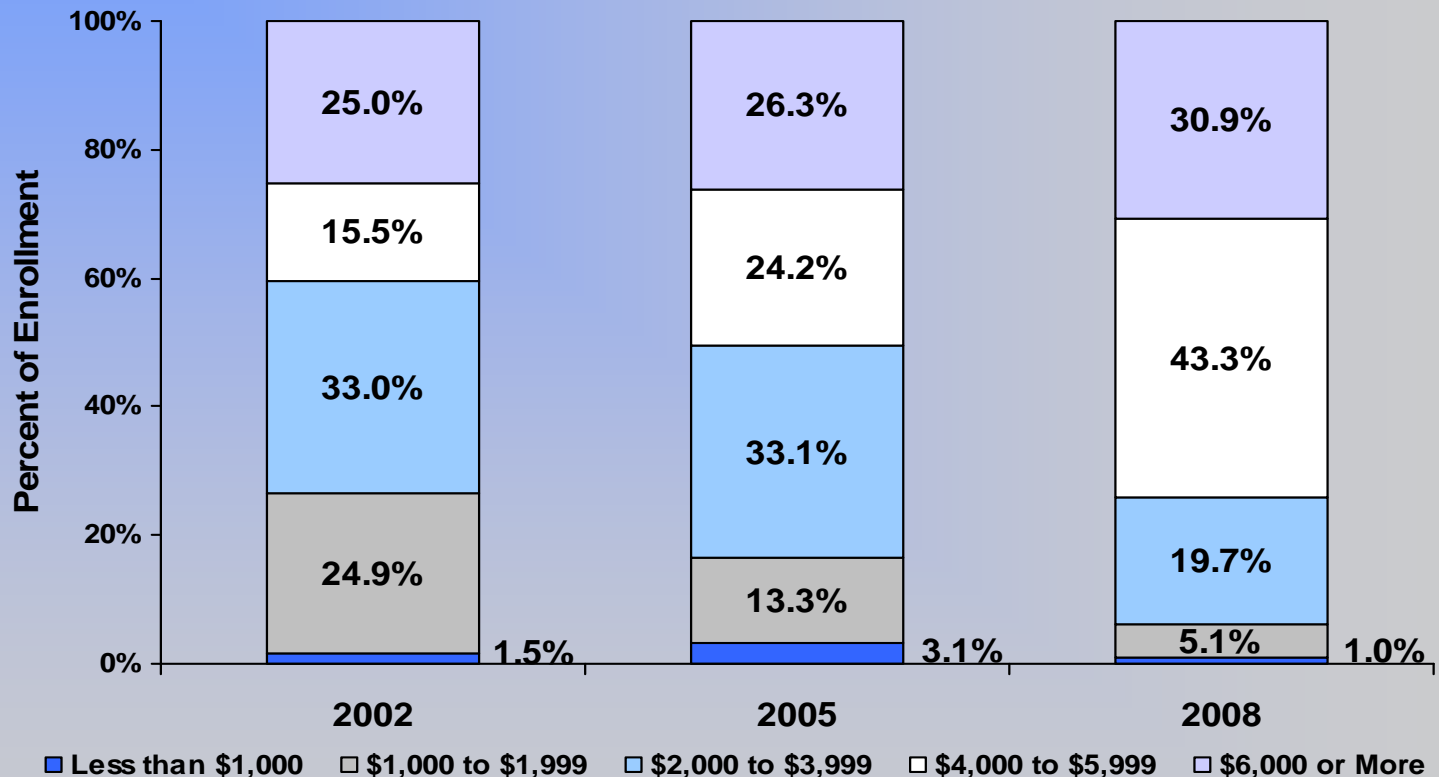
# Family Level Annual Deductibles in the Individual Market, 2002 to 2008 (by share of total enrollment)

	<b>2002</b>	<b>2005</b>	<b>2008</b>
	Median: \$2,000 Range: \$100 to \$20,000	Median: \$4,000 Range: \$100 to \$30,000	Median: \$5,400 Range: \$250 to \$30,000
No Deductible	2.5%	2.4%	0.3%
Less than \$1,000	1.4%	3.0%	1.0%
\$1,000 to \$1,999	23.4%	13.0%	5.1%
\$2,000 to \$3,999	31.0%	32.2%	19.7%
\$4,000 to \$5,999	14.6%	23.6%	43.1%
\$6,000 or more	<u>23.5%</u>	<u>25.7%</u>	<u>30.8%</u>
	100%	100%	100.0%

Source: MDH, Health Economics Program

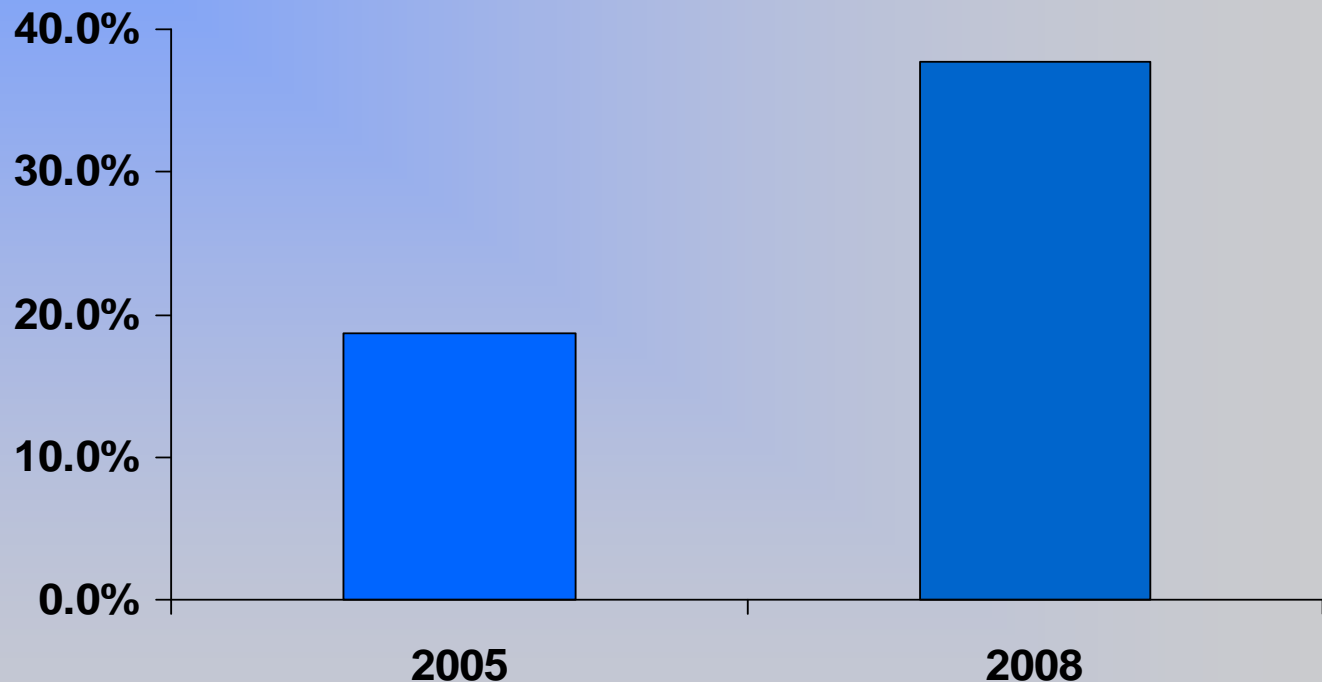
Median calculation excludes enrollees with no deductible. Category distribution excludes those in plans only available as self-only coverage and those with a “per sickness” deductible.

# Distribution of Family Level Deductibles in the Individual Market, 2002 to 2008



Source: MDH, Health Economics Program  
 Deductible levels are per family. Distribution of deductibles only includes enrollment in plans with a deductible.

# Individual Market Enrollment in High Deductible Health Plans with Savings Option, 2005 and 2008 (by share of total enrollment)



# Office Visit Cost Sharing Requirements in the Individual Market, 2002 to 2008 (by share of total enrollment)

	2002	2005	2008
No Cost Sharing	25.8%	37.6%	47.7%
Copayment	5.5%	0.9%	2.4%
10% Coinsurance	3.4%	3.5%	1.7%
20% Coinsurance	64.1%	57.2%	44.6%
Coinsurance Greater than 20%	0.8%	0.8%	3.8%
Copayment & Coinsurance	<u>0.5%</u>	<u>0.0%</u>	<u>0.0%</u>
	100.0%	100.0%	100.0%

# Cost Sharing Requirements for Hospitalizations in the Individual Market, 2002 to 2008 (by share of total enrollment)

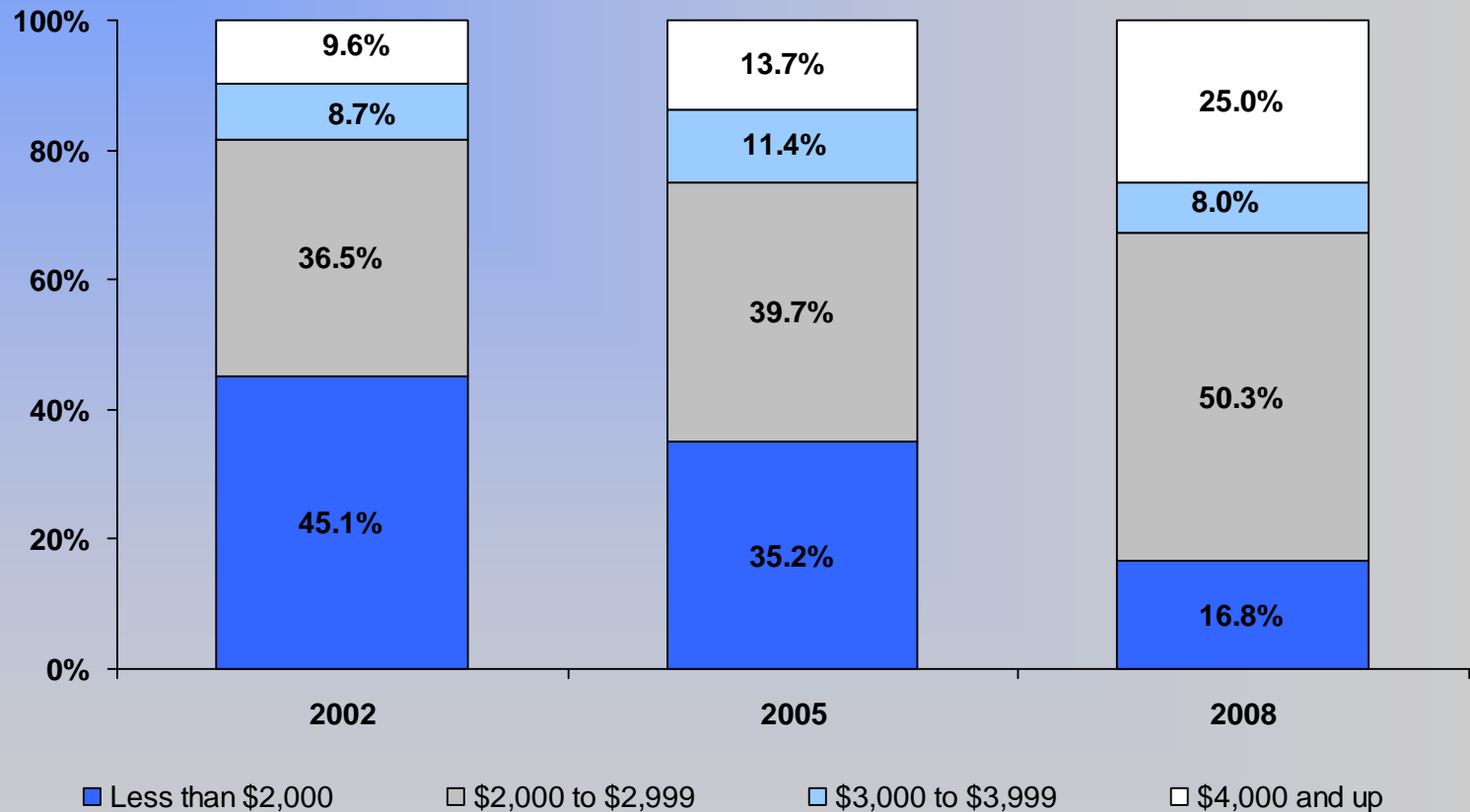
	2002	2005	2008
No Cost Sharing	8.0%	26.1%	47.0%
Copayment	0.8%	0.4%	0.1%
10% Coinsurance	0.0%	1.4%	1.7%
20% Coinsurance	86.2%	61.6%	45.5%
Coinsurance Greater than 20%	1.0%	10.1%	4.0%
Copayment & Coinsurance	0.0%	0.0%	1.4%
Other*	<u>4.0%</u>	<u>0.4%</u>	<u>0.1%</u>
	100.0%	100.0%	100.0%

Source: MDH, Health Economics Program

\*Includes deductible only and coinsurance with limits per stay

# Per Person Out-of-Pocket Limits in the Individual Market, 2002 to 2008

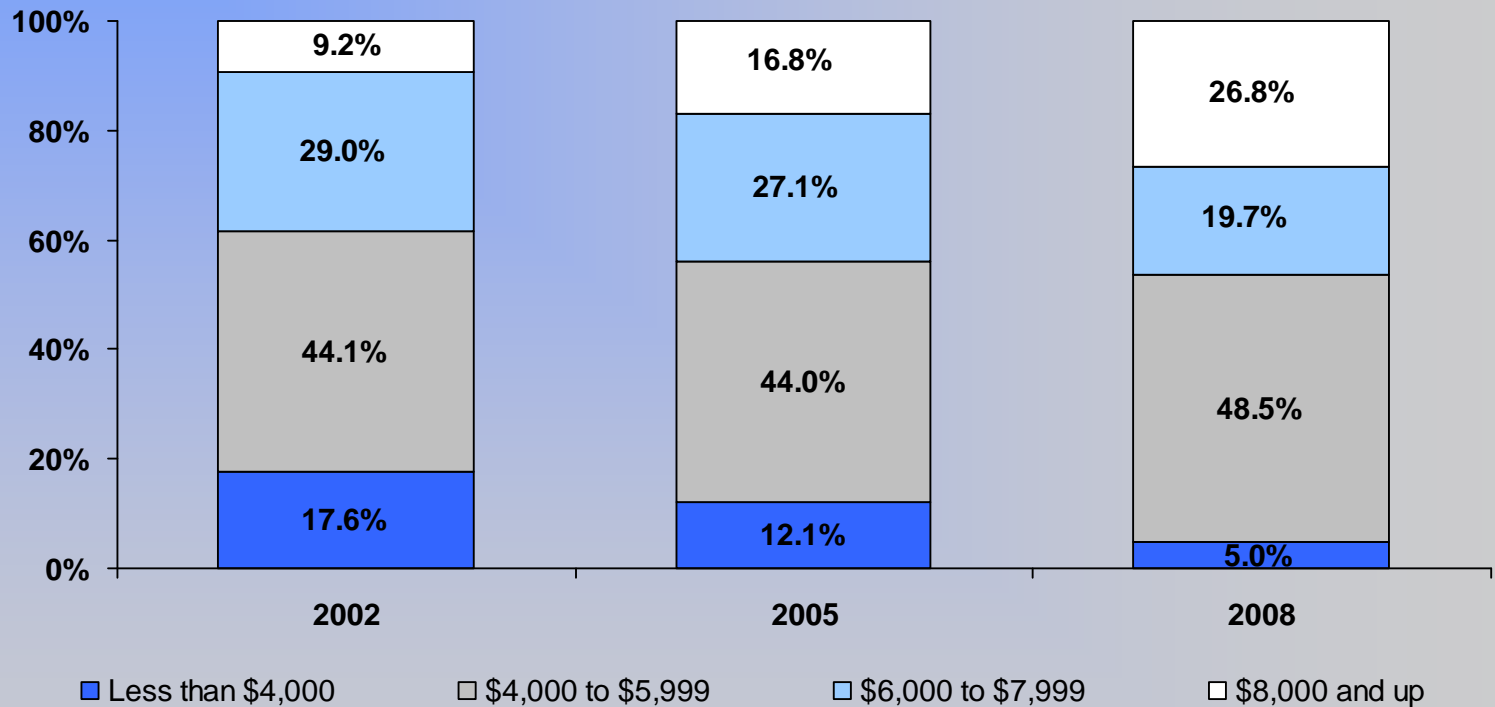
(by share of total enrollment)



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 2008 (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.

# Prescription Drug Benefits in the Individual Market, 2002 to 2008

(by share of total enrollment)

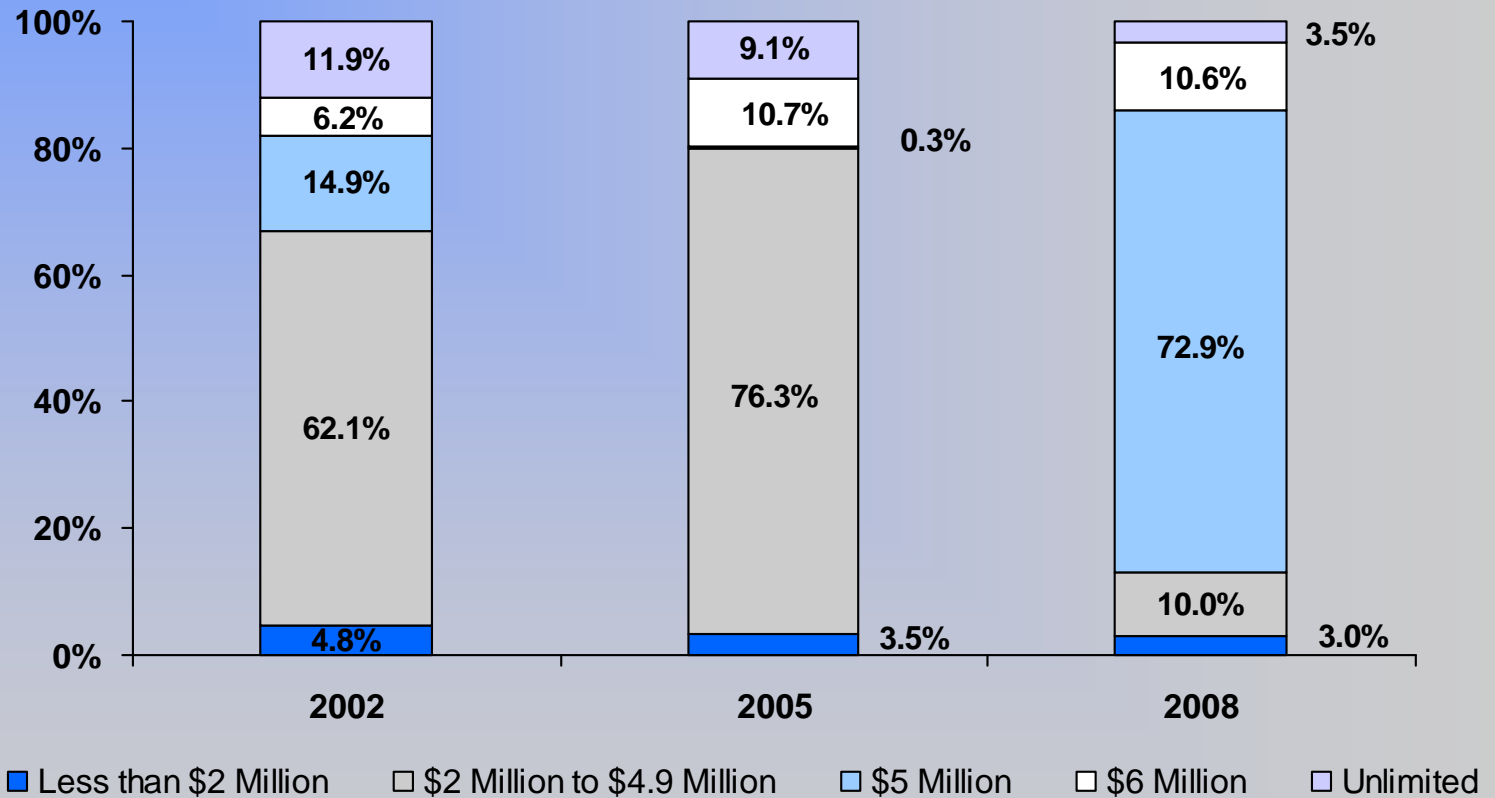
	2002	2005	2008
<b>Prescription Drug Benefits Included</b>	<b>96.6%</b>	<b>97.4%</b>	<b>98.9%</b>
Coinsurance	55.3%	50.3%	36.0%
Copayment	14.6%	11.5%	9.9%
Rx Deductible with Copayment	19.9%	10.9%	1.9%
100% Coverage After Policy Deductible	3.9%	23.2%	39.4%
Fixed Amount of Coverage	2.3%	1.2%	0.8%
<b>No Prescription Drug Benefits</b>	<b><u>3.4%</u></b>	<b><u>2.6%</u></b>	<b><u>1.1%</u></b>
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Prescription Drug Out-of-Pocket Limits in the Individual Market, 2002 to 2008 (by share of total enrollment)

	2002	2005	2008
Separate Rx Limit	1.6%	2.2%	3.9%
No Separate Rx Limit*	<u>98.4%</u>	<u>97.8%</u>	<u>96.1%</u>
	100.0%	100.0%	100.0%

# Lifetime Limit on Benefits in the Individual Market, 2002 to 2008

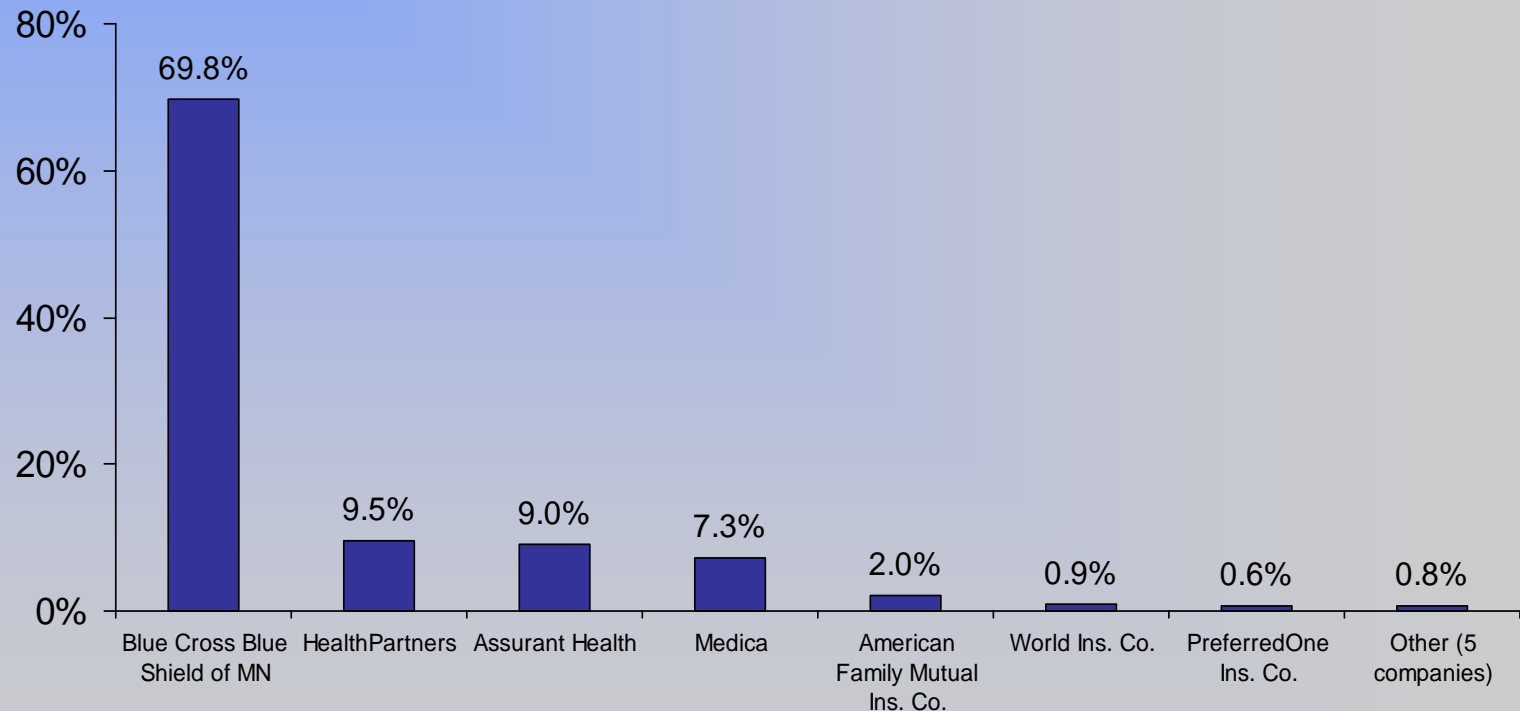
(by share of total enrollment)



Limits on lifetime benefits define the maximum amount an insurance policy will pay over the life of a policy holder.  
 Source: MDH, Health Economics Program

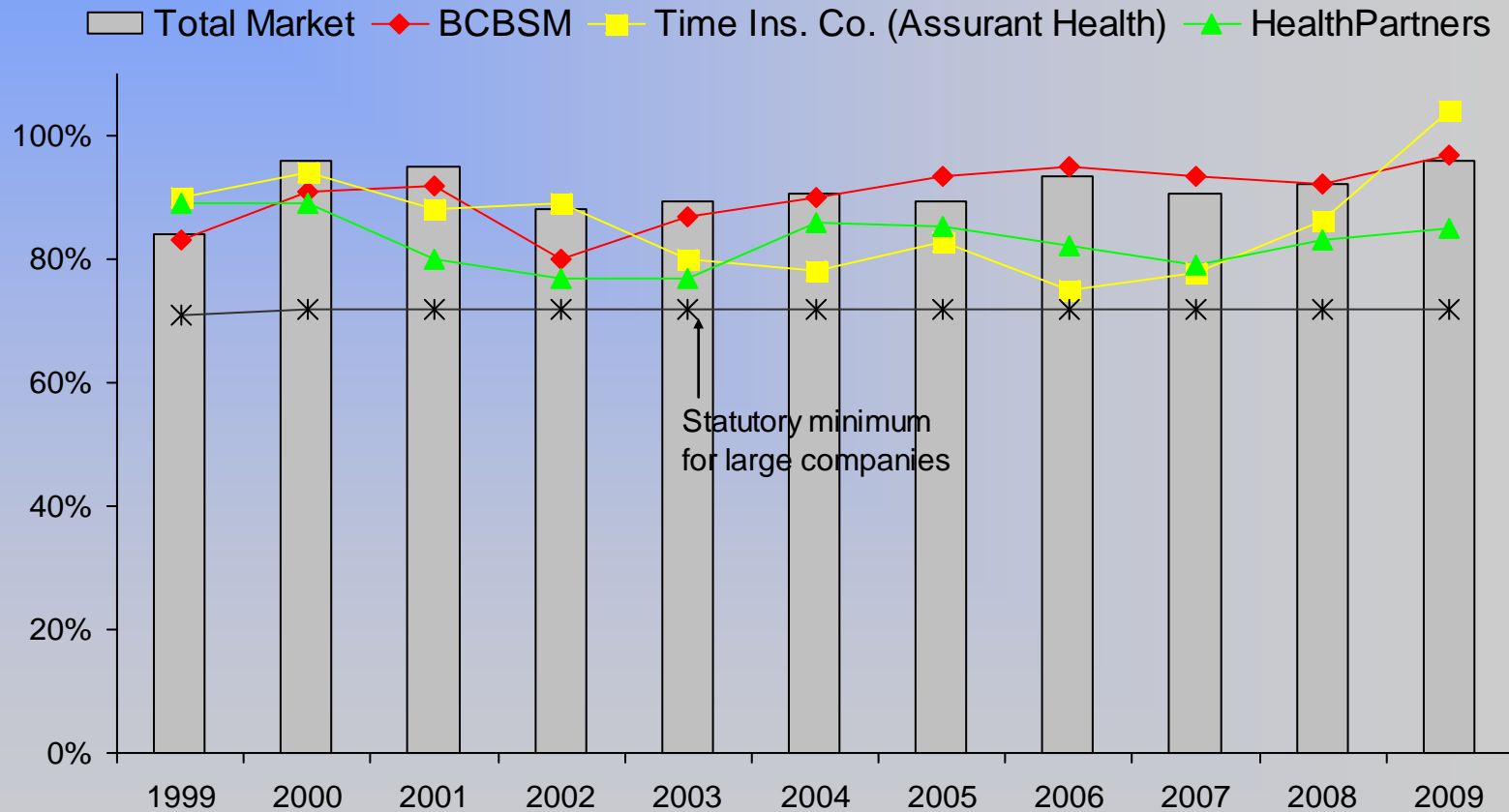
# Health Plan Market Shares: Individual Market, 2009

Total Premium Volume in 2009: \$626 Million



Note: 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 2008 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 2010.

# Loss Ratio Experience in the Individual Market, 1999 to 2009



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

Source: Minnesota Department of Commerce, "Report of 2008 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 2010.