

**New Hampshire Insurance Department (NHID)  
Public Hearing Concerning Premium Rates in  
the Health Insurance Market**

**Friday, November 6th, 2015  
9:00 am-3:00 pm**

**University of New Hampshire School of Law  
2 White Street, Concord, NH**

## Questions to Consider

- 1) Can the patient be an informed consumer?**
- 2) Are carriers and providers responding appropriately to consumer driven health care?**
- 3) How do you expect things to change for the consumer in the future?**

Additional public comments in writing are welcomed. Please email written comments to Danielle Barrick at [Danielle.Barrick@ins.nh.gov](mailto:Danielle.Barrick@ins.nh.gov) by Friday, November 20, 2015.



# New Hampshire Insurance Department- Preliminary Report of the 2014 Health Care Cost Drivers

November 6, 2015

Gorman Actuarial, Inc.



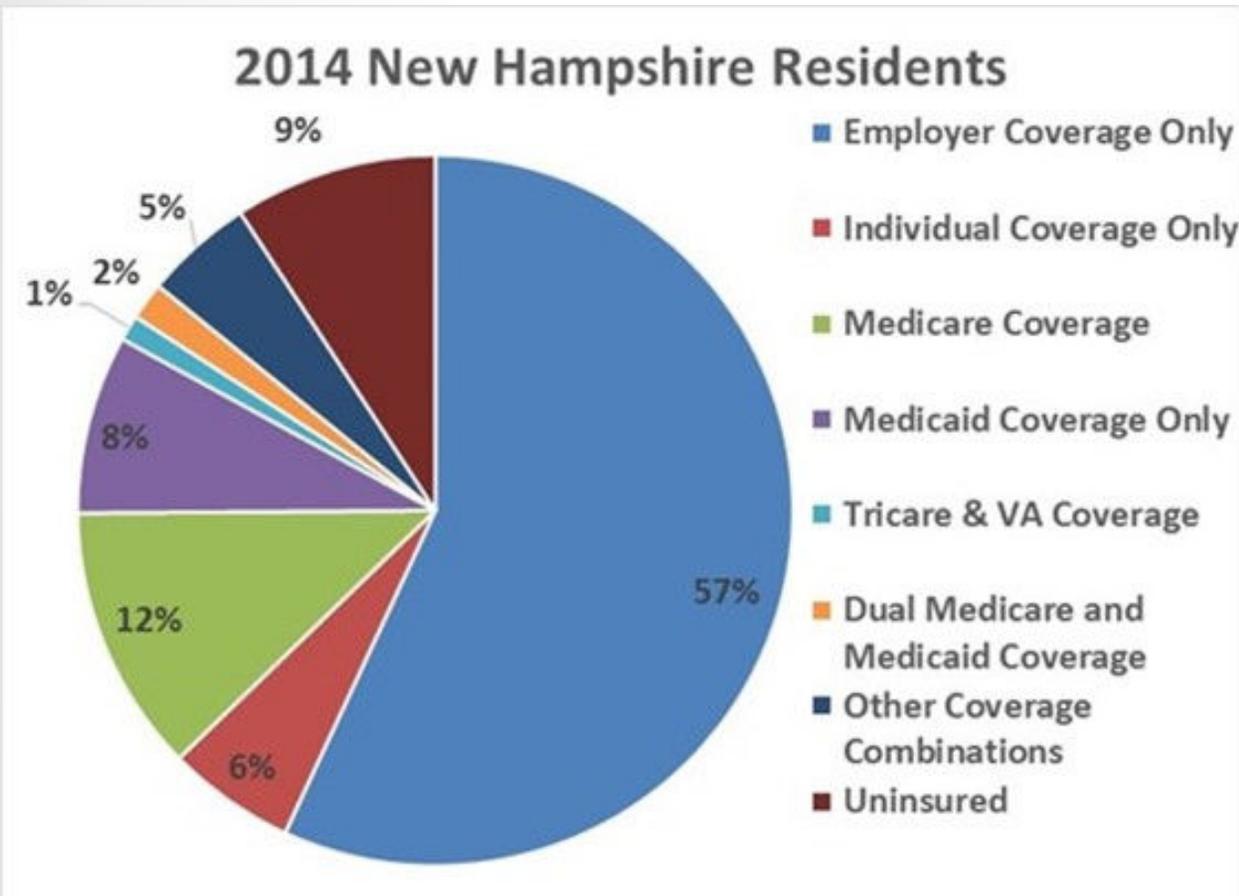
# Goal of Annual Hearing & Report

In May 2010, New Hampshire passed RSA 420-G:14-a, V-VII (Chapter 240 of the laws of 2010, an act requiring public hearings concerning health insurance cost increases). In 2014, SB 345 amended Section VI: “The commissioner shall prepare an annual report concerning premium rates in the health insurance market and the factors that have contributed to rate increases during prior years.”

The report shall be based on the analysis of information and data, including items such as medical loss ratios, cost of medical care by payment type and insurance premiums by network, among other things.

Bulletin INS No. 15-010-AB provides the requirements for the Supplemental Report data request.

# Overview of New Hampshire Health Insurance Markets in 2014

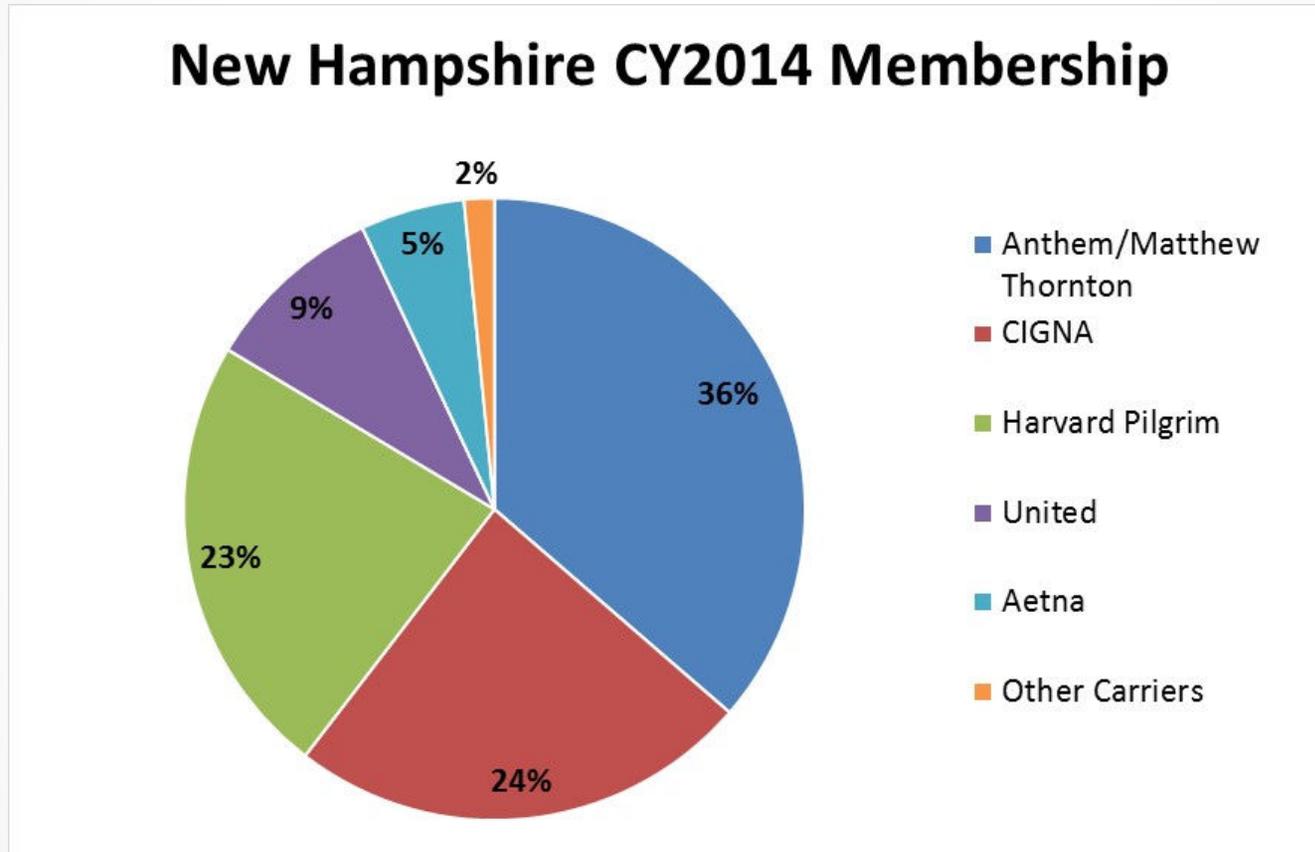


- Uninsured rate has decreased from 11% in 2013 to 9% in 2014 overall
- This does not reflect Medicaid expanded health coverage program which started August 2014
- Most recent estimates show an additional **55,000** Medicaid enrollees as of mid-2015

Data Source: U.S. Census Bureau, 2014 American Community Survey 1-Year Estimate

# Distribution by Carrier in 2014

## Commercial Fully-Insured and Self-Insured



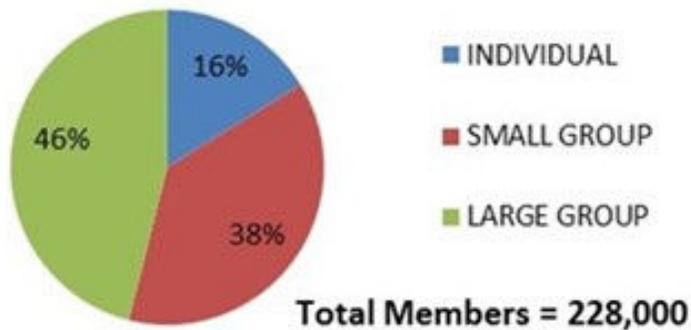
Data Source: NHID Supplemental Report data 2015; Commercial population including New Hampshire situs and Non-New Hampshire Situs membership. Excludes FEHBP population.

# ACA Impacts on the Individual Market in 2014

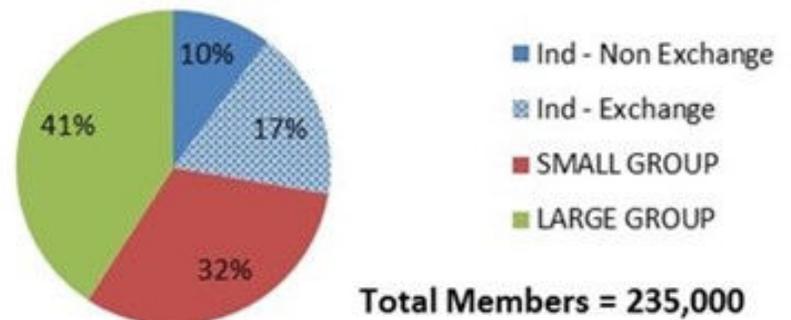
- Introduction of Health Insurance Marketplace (Exchange)
- Premium Subsidies and Cost Sharing Reduction Subsidies for qualifying low-income individuals
- Limited Network HMO offering only on the exchange
- Influx of new members to the Individual Market
  - Formerly enrolled in state high risk pool
  - Sole proprietors from Small Group Market
  - Other formerly uninsured
- Rating rule changes
- Introduction of 3R's (Reinsurance, Risk Adjustment and Risk Corridors) *\*not just an Individual Market impact\**

# Distribution of New Hampshire Fully-Insured Membership

**Fully-Insured Membership by Market Segment December 2013**

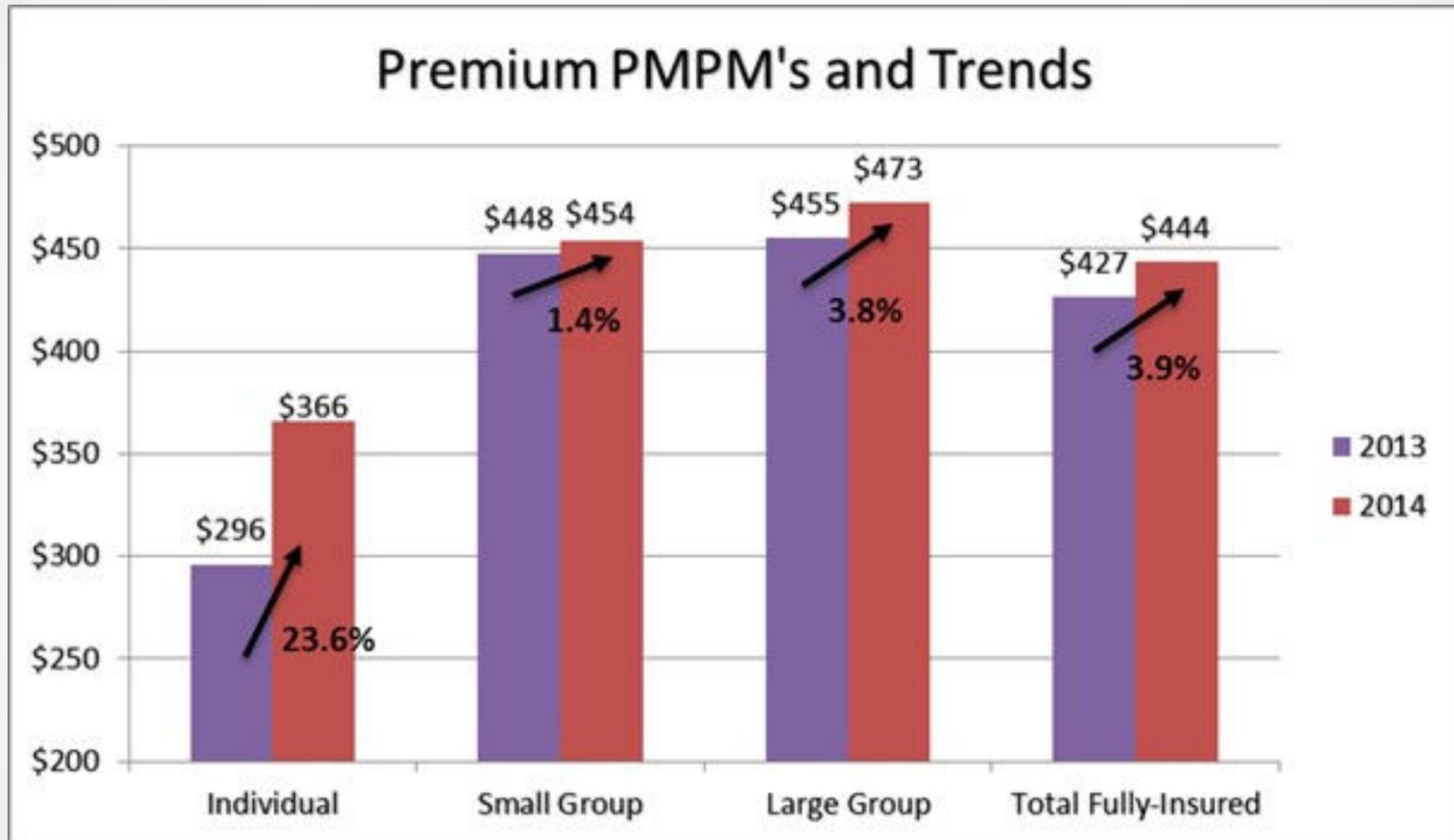


**Fully-Insured Membership by Market Segment April 2015**



Data Source: NHID Annual Hearing data 2014 and 2015; Excludes FEHBP population; Includes Community Health Options and Minuteman Health.

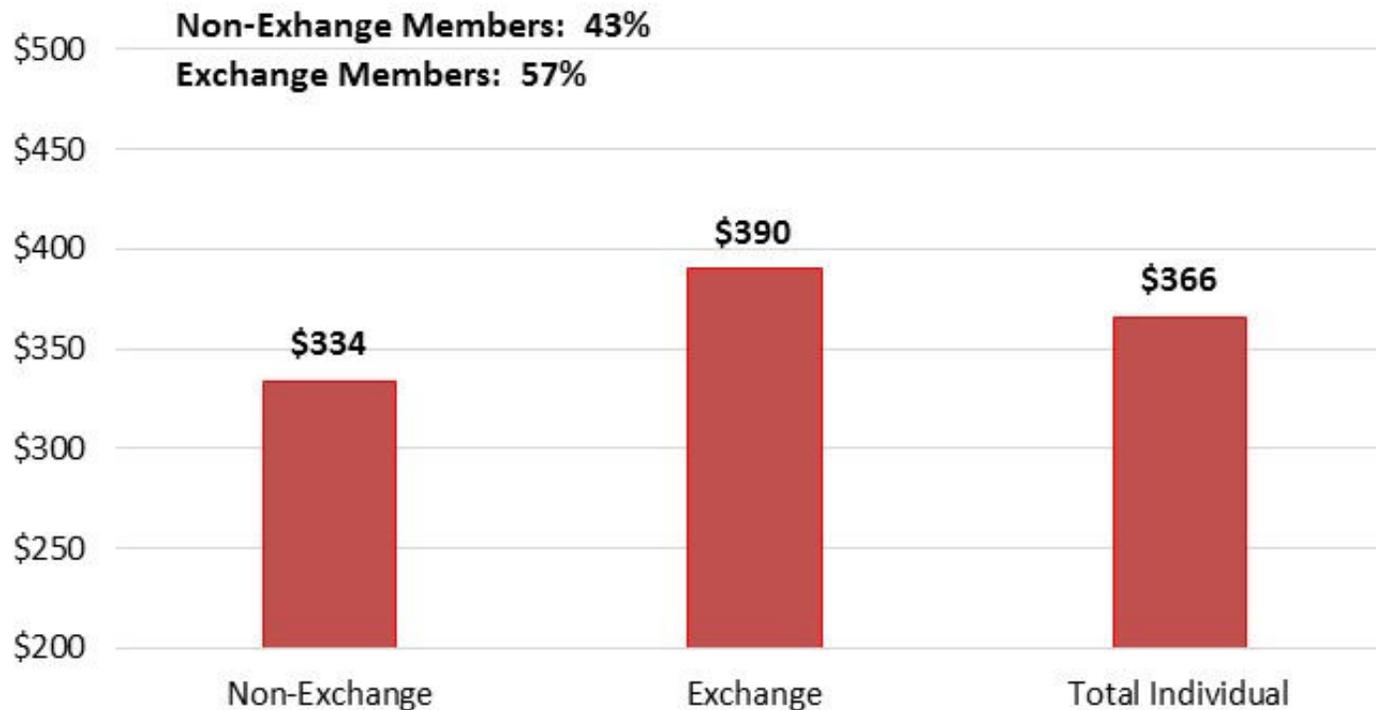
# 2014 Premium Trends



Data Source: NHID Supplemental Report data 2014 and 2015; Excludes FEHBP population.

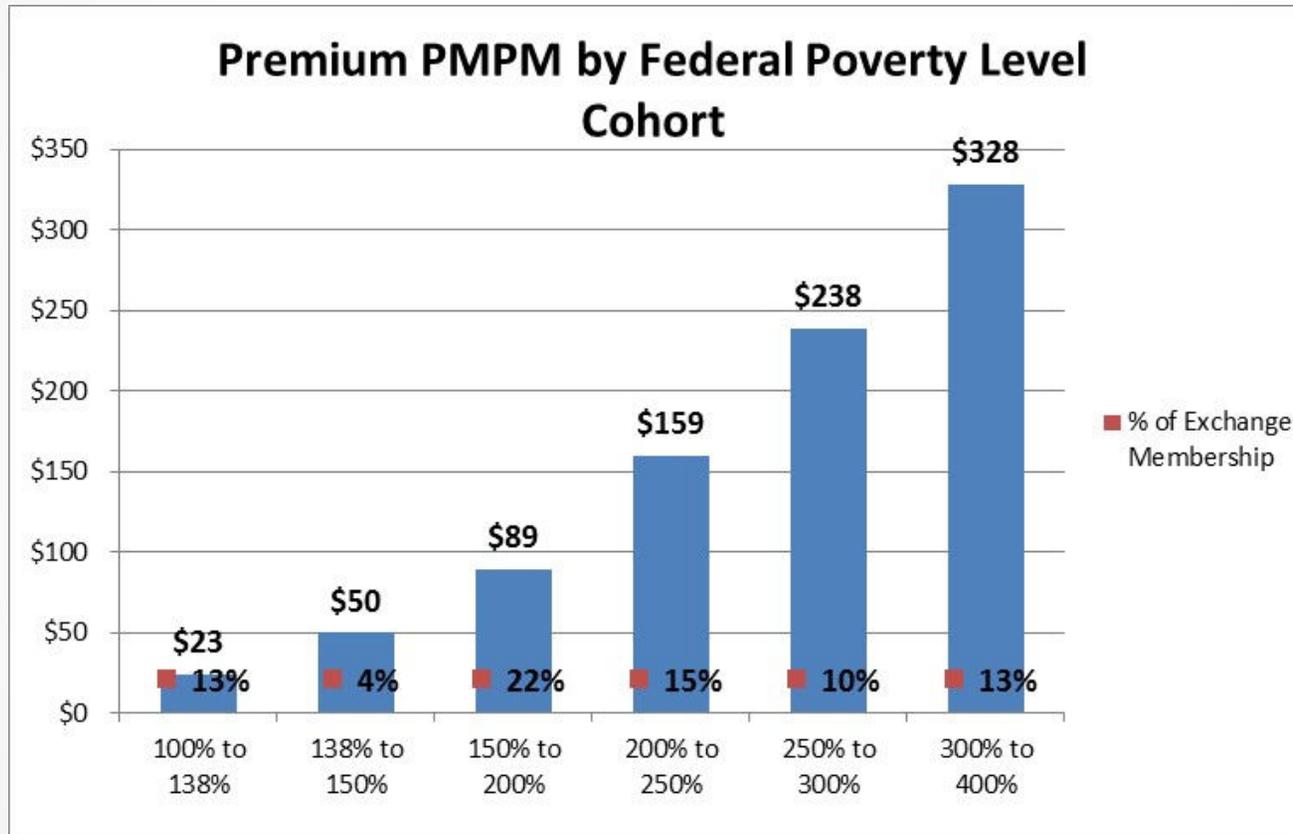
# 2014 Premium- Individual Market Only

## Premium PMPM's - Individual Market 2014



Data Source: NHID Supplemental Report data 2015. Prior to impact of premium subsidies.

# 2015 Illustrative Premiums-Subsidized Individual Market Only



Data Source: Health Insurance Marketplace 2015 Open Enrollment Period: March Enrollment Report, Office of the Assistant Secretary for Planning and Evaluation.

**Illustrative example of median premium for the 2<sup>nd</sup> lowest costing Silver plan, for a Single policy**

# Distribution by Deductible Level

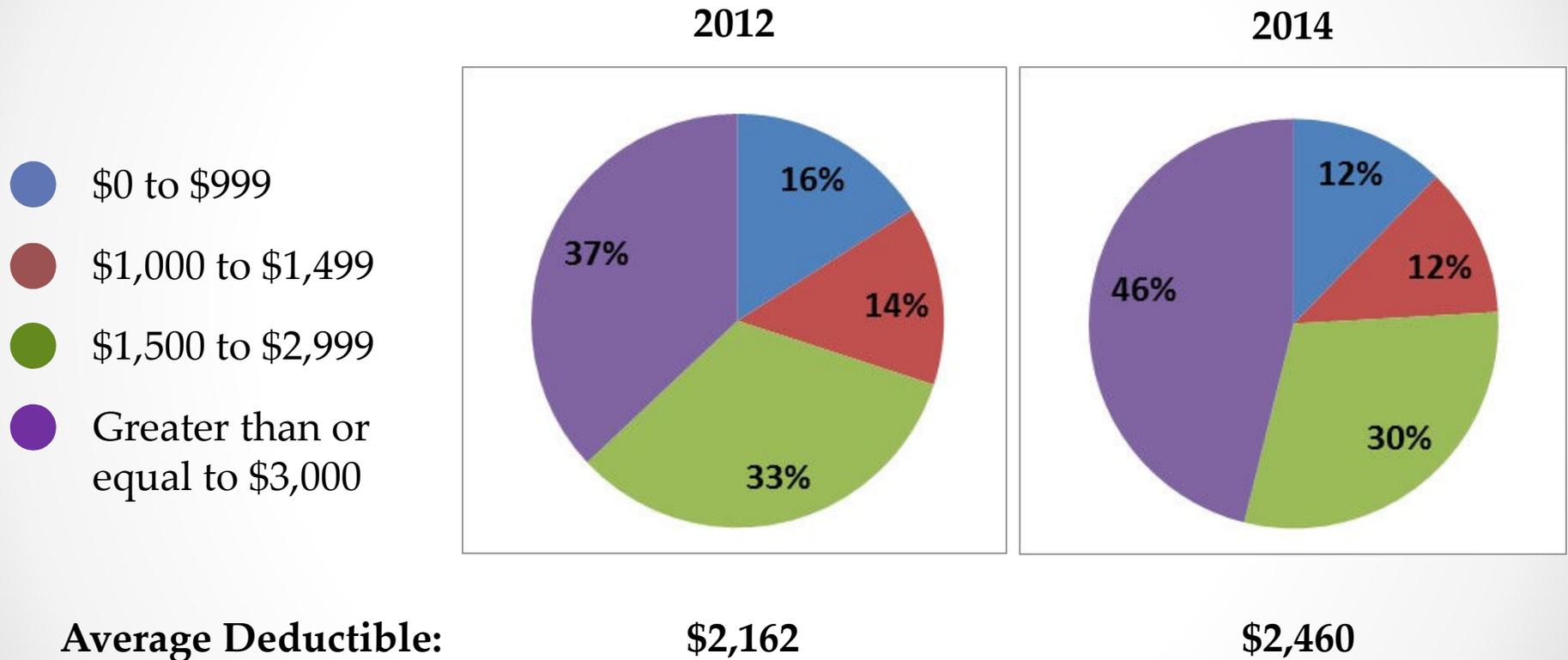
## Small Group CY 2012 and 2014



Data Source: NHID Supplemental Report data 2013 and 2015. Single policy in-network deductibles.

# Distribution by Deductible Level

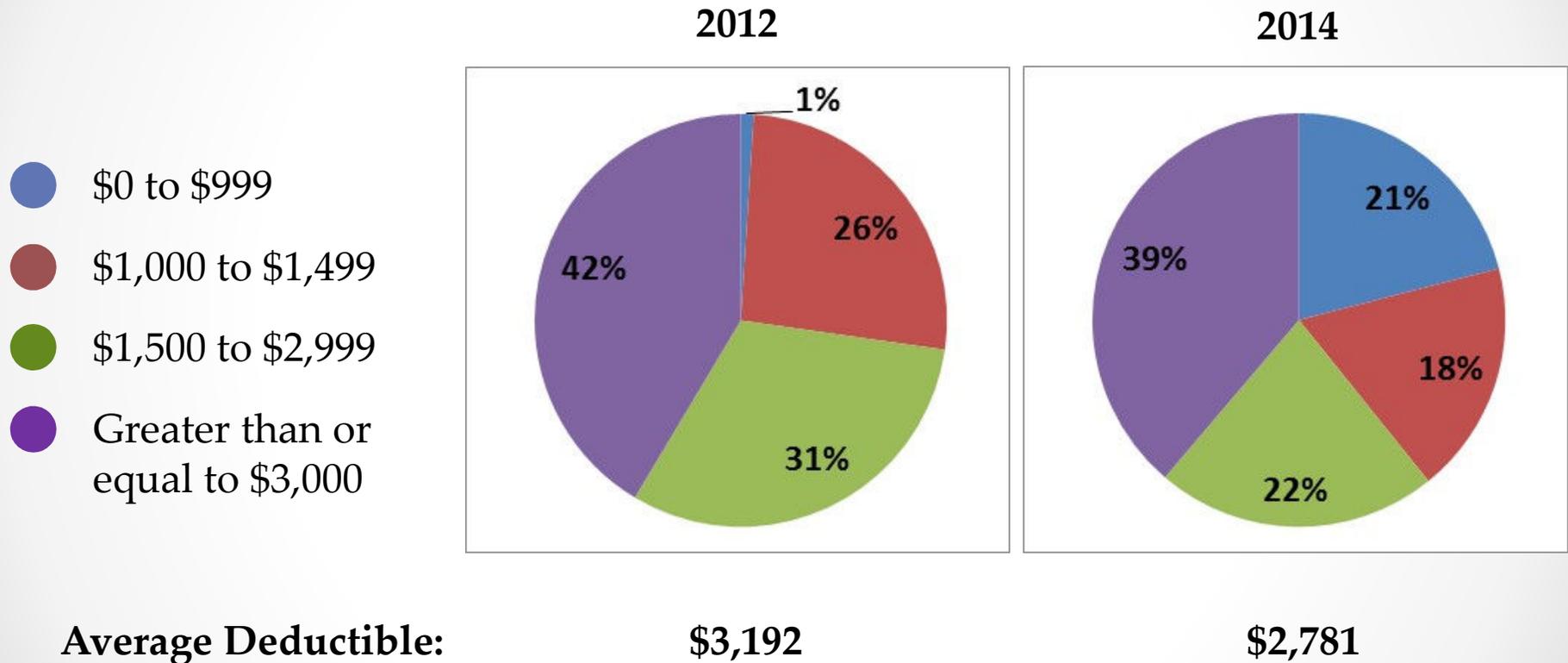
## Large Group CY 2012 and 2014



Data Source: NHID Supplemental Report data 2013 and 2015. Fully-Insured Only. Excludes FEHBP. Single policy, in-network deductibles.

# Distribution by Deductible Level

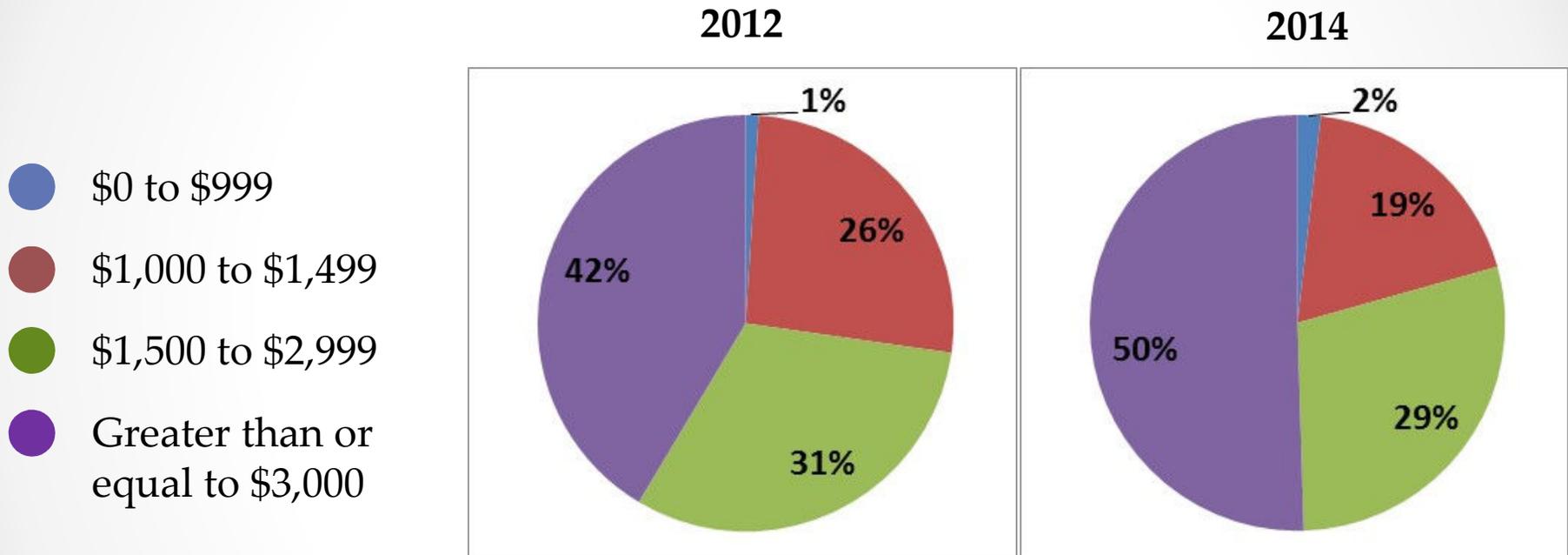
## Individual CY 2012 and 2014



Data Source: NHID Supplemental Report data 2013 and 2015. Single policy, in-network deductibles.

# Distribution by Deductible Level

## Individual CY 2012 and 2014 Non Exchange ONLY



**Average Deductible:**

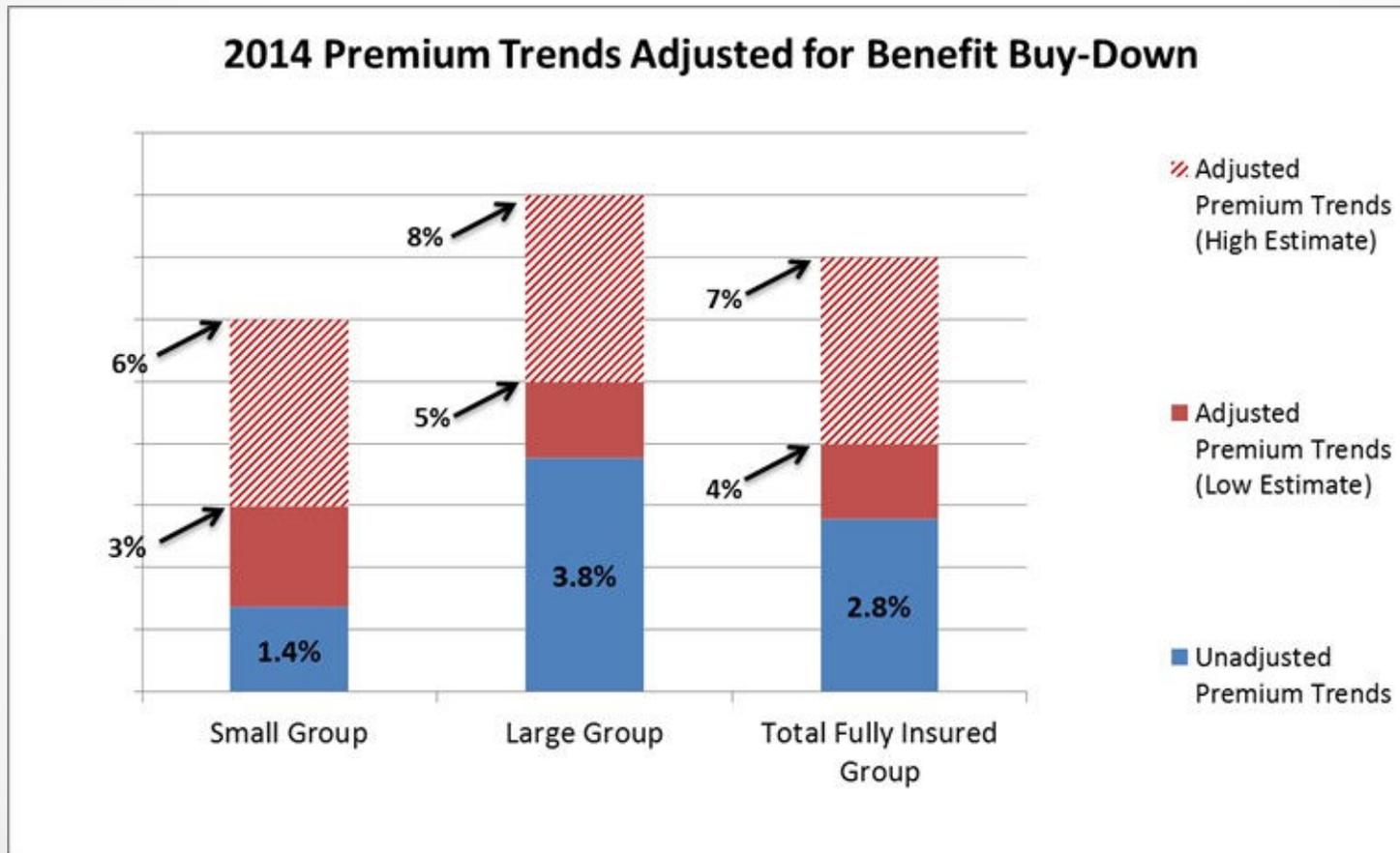
**\$3,192**

**\$3,650**

Data Source: NHID Supplemental Report data 2013 and 2015. Single policy, in-network deductibles.

# 2014 Premium Trends

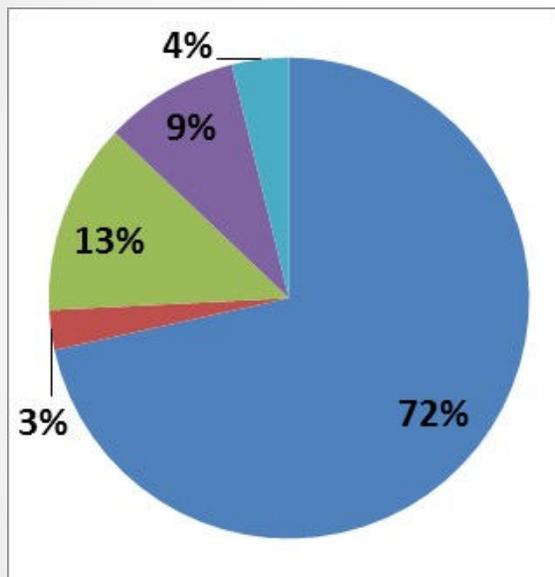
## Adjusted for Benefit Buy Down



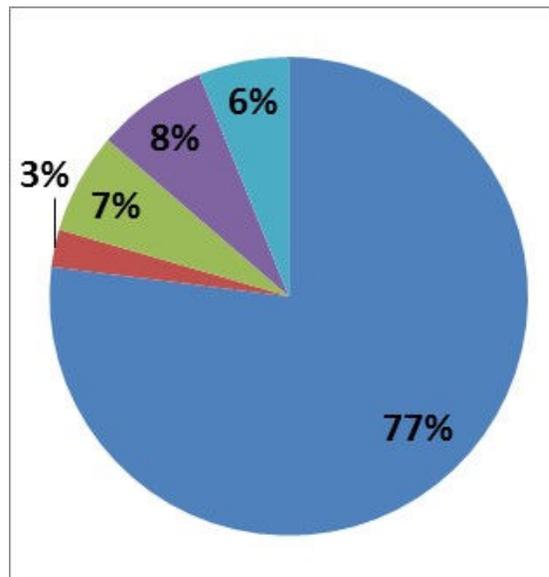
Data Source: Derived based on actuarial values and cost sharing attributes from the NHID Supplemental Report data 2014 and 2015; Fully-Insured Only, Excludes FEHBP

# Components of Premium CY 2014

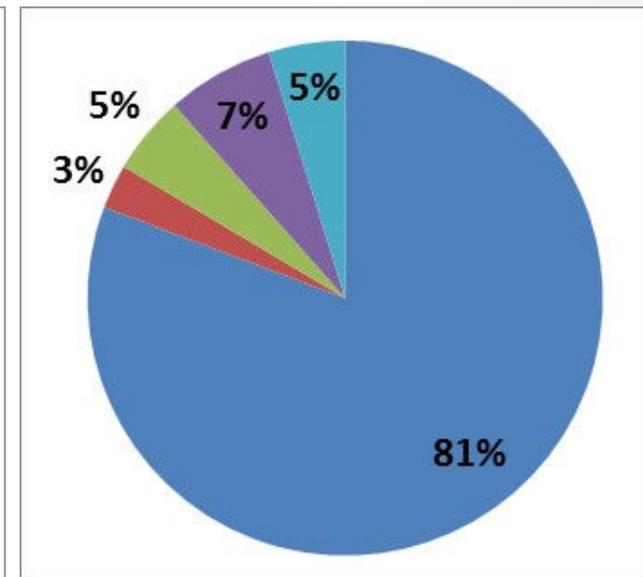
## Individual



## Small Group



## Large Group



- Medical & Pharmacy Claims
- ACA Charges
- Other State & Federal Taxes
- Admin Expenses & Fees
- Profit

*\*Information shown prior to any federal MLR rebate payments*

Data Source: 2014 federal MLR reports provided by carriers. Anthem provided additional information for FEHBP to make necessary adjustments to exclude from Large Group.

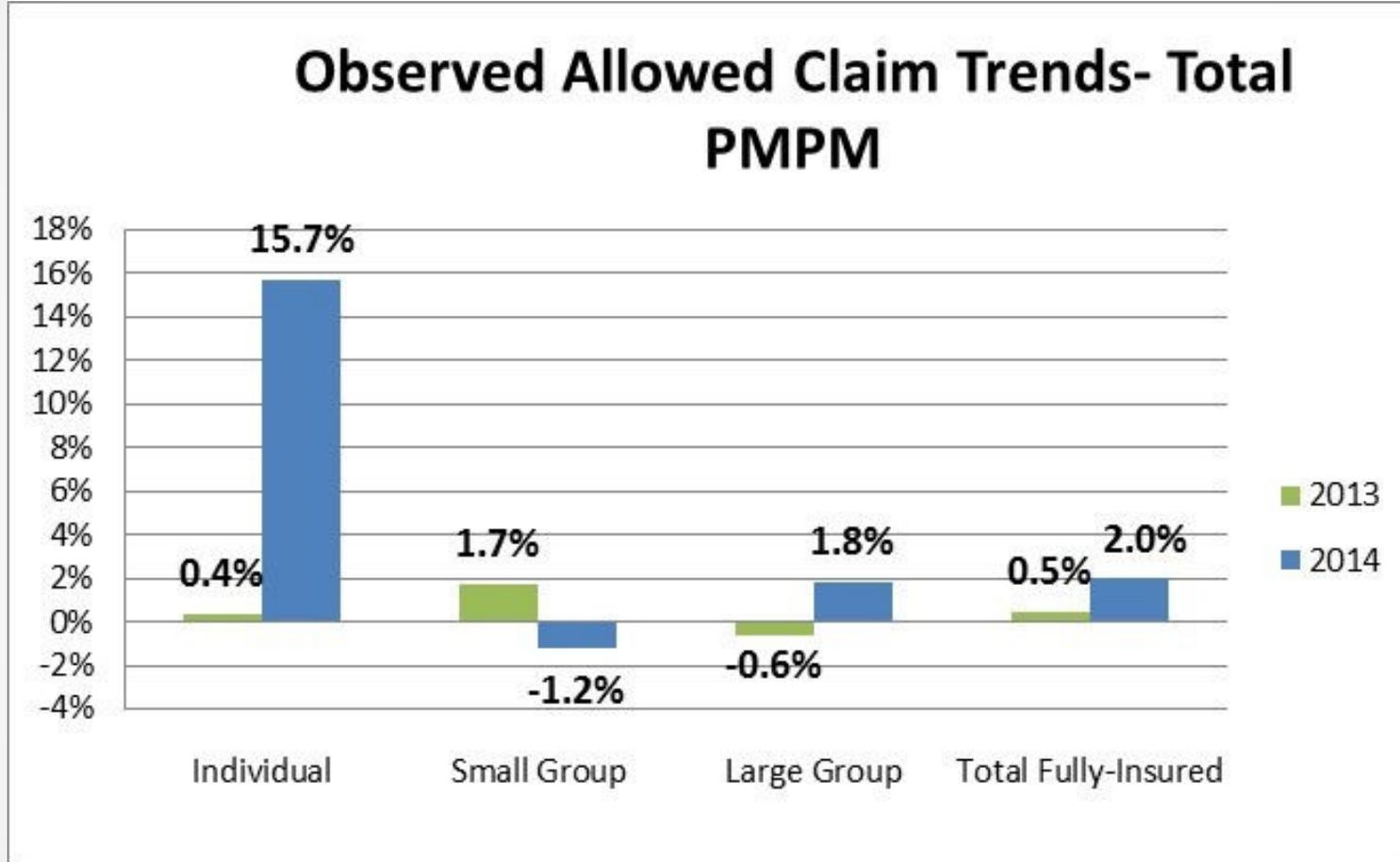
Gorman Actuarial, Inc.

# Federal Reinsurance and Risk Adjustment Programs

- \$21.7 million in **reinsurance** payments made to carriers in the Individual Market
  - Largest to Matthew Thornton Health Plan and represents 11% of premium
- **Risk Adjustment** program is revenue neutral within Market Segments

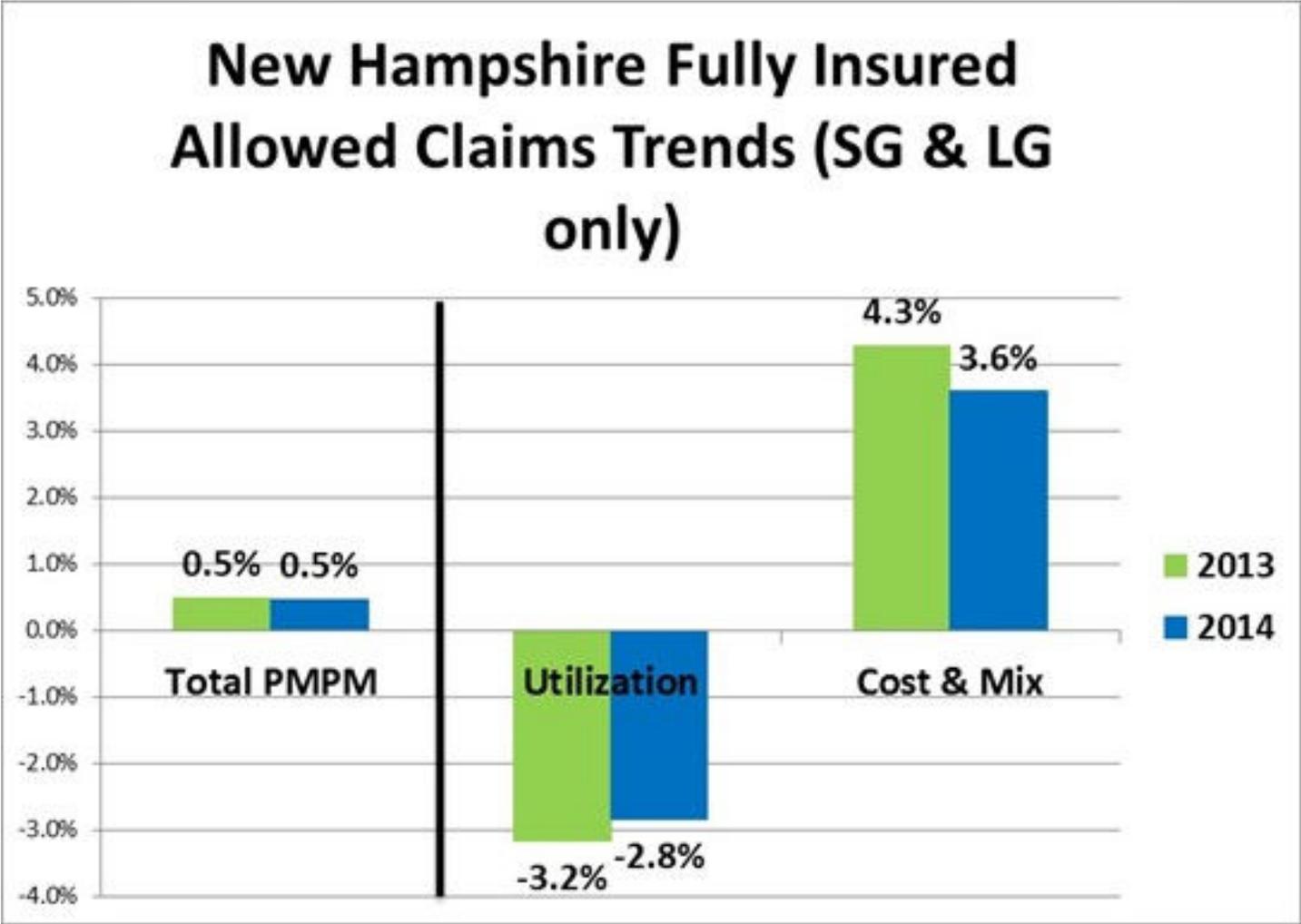
Data Sources: CMS, SUMMARY REPORT ON TRANSITIONAL REINSURANCE PAYMENTS AND PERMANENT RISK ADJUSTMENT TRANSFERS. FOR THE 2014 BENEFIT YEAR, Revised: September 17, 2015  
<https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RI-RA-Report-REVISED-9-17-15.pdf>

# Claims Trends by Market Segment



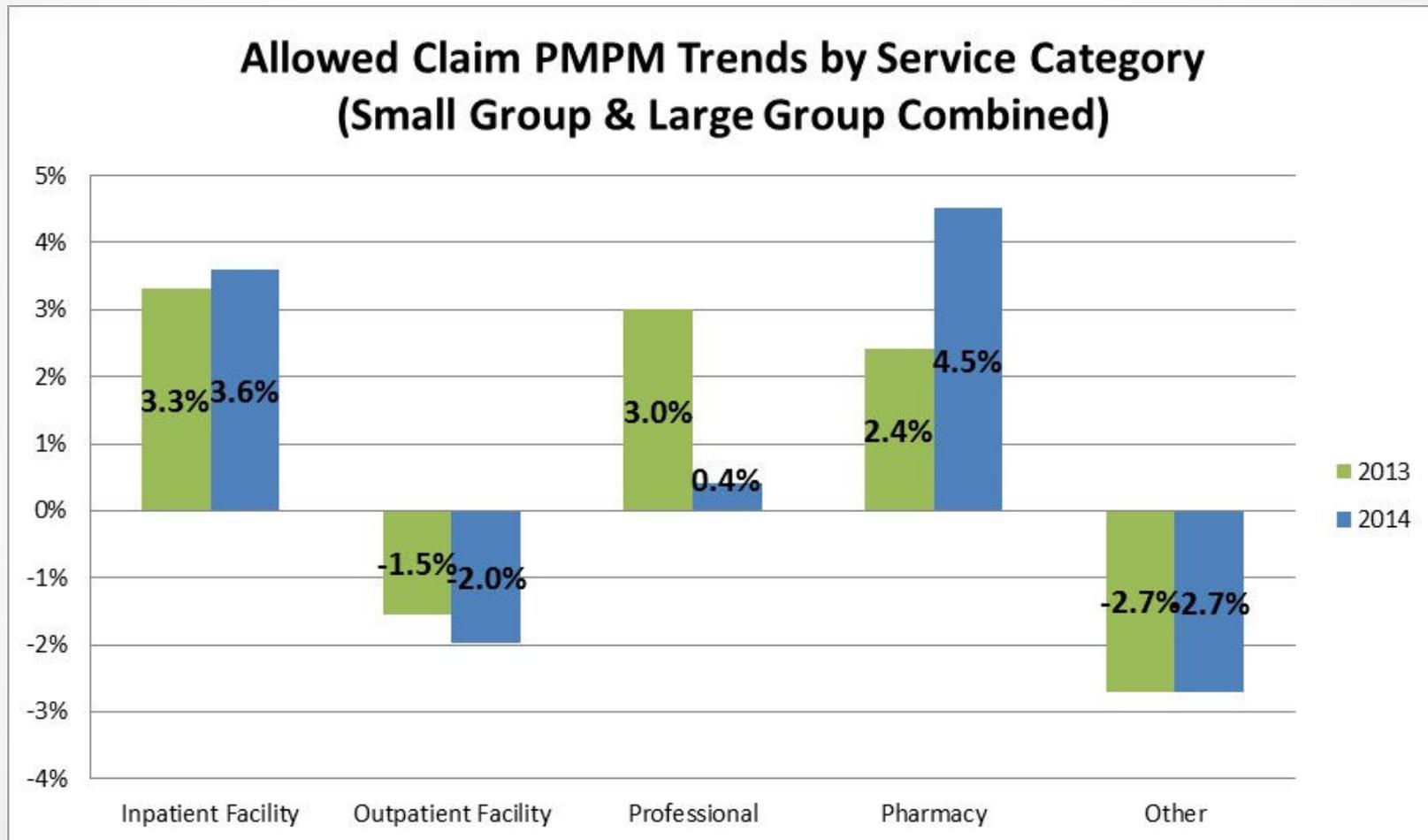
Data Source: NHID Annual Hearing data 2015.

# Claims Trends by Component



Data Source: NHID Annual Hearing data 2015.

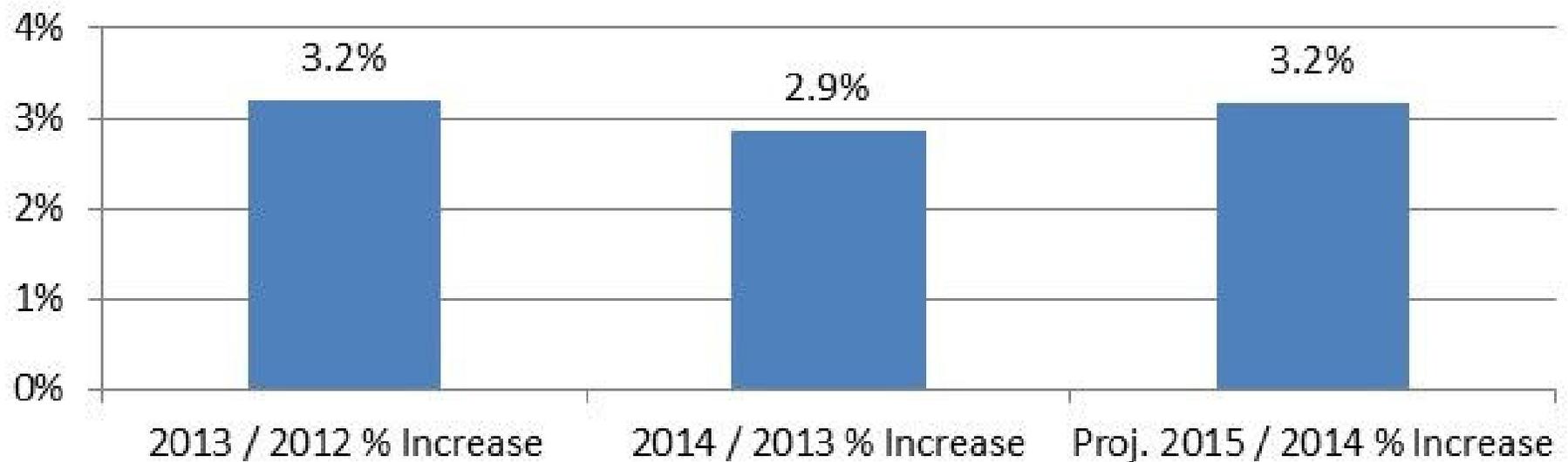
# Claims Trends by Service Category



Data Source: NHID Annual Hearing data 2015.

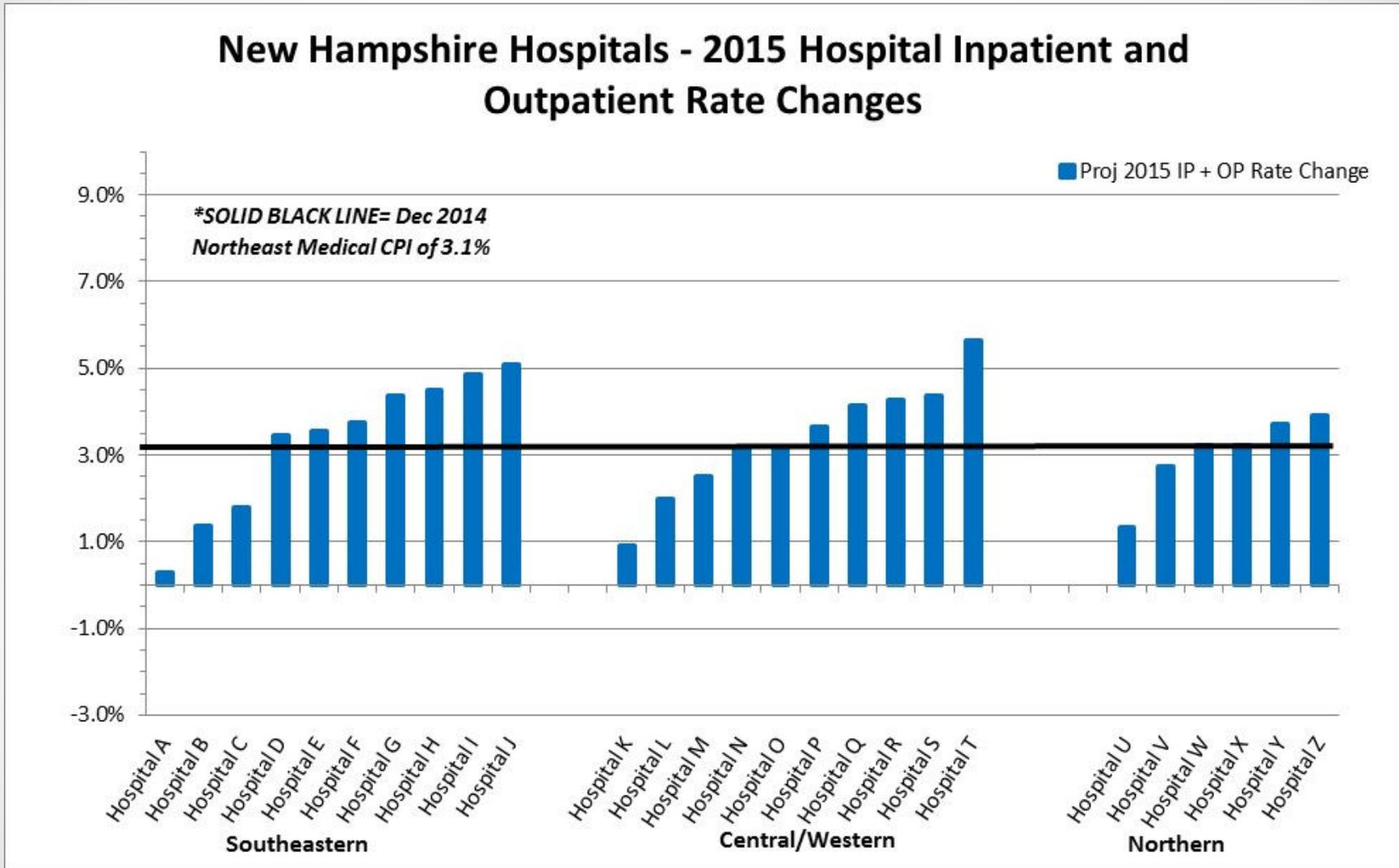
# Hospital Unit Cost Trends

## Blended IP Facility & OP Facility Provider Payment Rate Changes



Data Source: NHID Annual Hearing data 2014 and 2015.

# Unit Cost Trends by Hospitals



Data Source: NHID Annual Hearing data 2015.

# Product Innovation

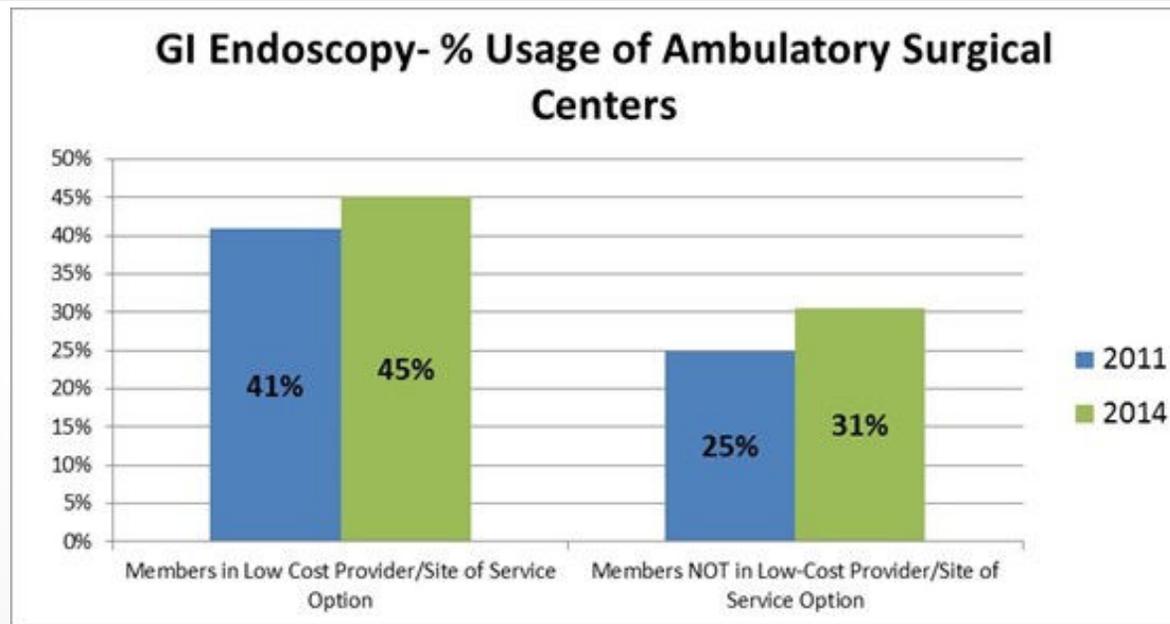
- Tiered Networks membership has not grown
  - As of April 2015, 2% from Fully-Insured Market and 8% from Self-Insured Market
- Low cost provider options/site of service benefit options continue to be a popular option for employers
  - As of April 2015, 79% of Small Group and 43% of Large Group Fully Insured in these options and 11% from Self-Insured Market
  - Not offered in Individual Market

Data Source: NHID Annual Hearing data 2013, 2014 and 2015.

# Product Innovation

## Site of Service Analysis

<b>CY 2014 GI Endoscopy Costs- Members in Low-Cost Provider/Site of Service Option</b>			
	<b>Outpatient Hospital</b>	<b>Ambulatory Surgical Centers</b>	<b>\$ Difference</b>
<b>Allowed Cost per Surgery</b>	\$2,680	\$1,364	-\$1,316
<b>Member Cost Sharing per Surgery</b>	\$927	\$81	-\$846



Data Source: NHID Annual Hearing data 2013, 2014 and 2015.

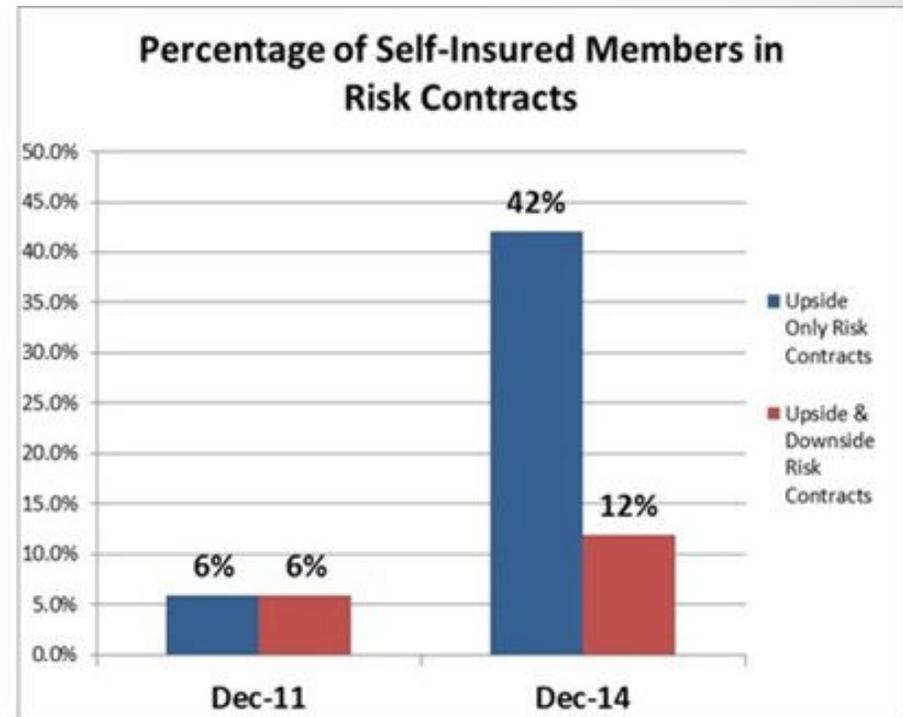
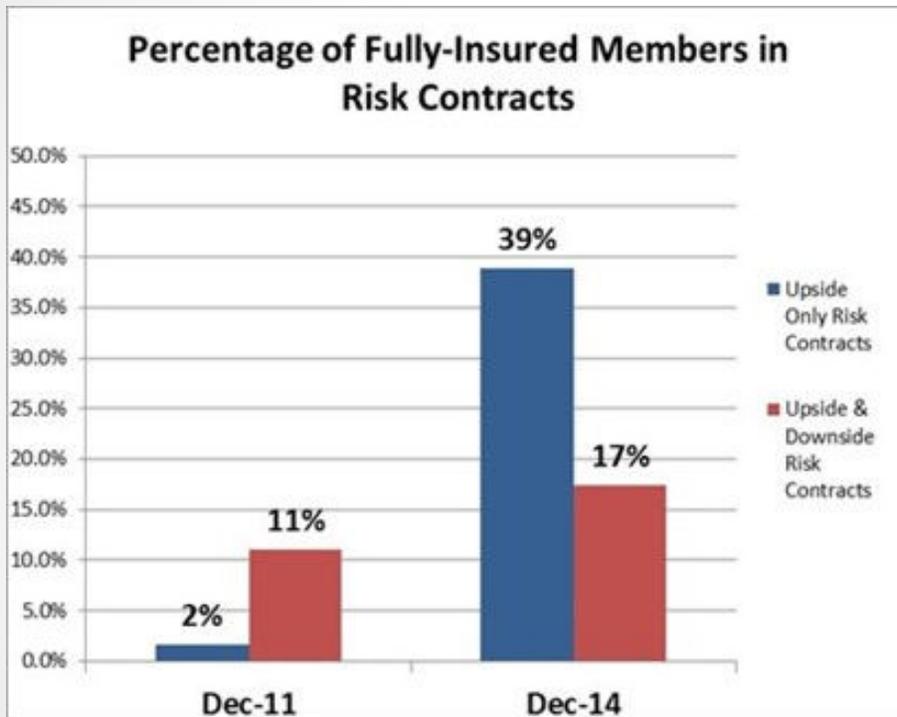
# Product Innovation

## Limited Networks

- Two carriers offering Limited Network Products in 2014
- As of December 2014, 17% of the fully-insured market is enrolled in limited network products.
  - 74% of the Individual Market is enrolled in limited network products.
- Small growth in Self-Insured - currently at 4%
- Carriers report premium savings between 10% and 30% compared to similar products with broad networks
- Both carriers reported expansions to their networks in 2015

Data Source: NHID Annual Hearing data 2013, 2014 and 2015.

# Provider Payment Reform



Data Source: NHID Annual Hearing data 2013, 2014 and 2015.

# Key Takeaways

- Overall premium trends remain low in the Small Group and Large Group Markets
- Consumers continue to shift towards products with higher cost sharing in both the Small Group and Large Group Markets
- Individual Market experienced dramatic changes in 2014, many of which will continue into 2015
- Medical claim trends continue to be driven by increases in provider reimbursement
- Pharmacy trends increased in 2014 and are expected to continue to increase
- Membership in risk contracts continues to increase driven by upside-only risk arrangements

# Future Considerations

- New entrants on the exchange in 2015 and 2016
- Medicaid Enrollment Growth in 2015 and Beyond
- Movement of Medicaid Expansion population (New Hampshire Health Protection Program) to Individual Exchange Market in 2016
- Cadillac Tax in 2018

# Preliminary Strategic Data Collection Plan

- Align Supplemental Report (SR) and Annual Hearing Report (AH) data requests
- Continue to integrate reports like SR and AH and make them more accessible to a broader audience
- Modify data reconciliation process
- Build a more formalized data request enforcement process
- Leverage other available data sources