

PRESS RELEASE

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New Hampshire Insurance Commissioner Releases Annual Report On Health Insurance Rates

Concord, New Hampshire—March 7, 2013—The second annual health insurance rate report being issued today is one step toward better identifying the cost drivers leading to health insurance premium increases and toward improving the transparency of the health insurance premium review process. The focus of this report is to break down the premium cost growth measured between 2010 and 2011 to determine which components of cost contributed most to that growth. The analysis considered claims costs for covered health care, health carrier administrative costs, and health carrier profits. However, there are more fundamental, underlying factors, such as new medical technologies and other systemic developments, that are also part of the health insurance and health care cost equation.

“The public hearing and report findings underline the increasing urgency of identifying effective ways to control health care costs and the associated increases in health insurance premiums,” said Commissioner Seigny. “The growth in member cost sharing in the last few years has been breath-taking. Sick or injured people are less and less able to rely on their insurance company to fully cover the cost of receiving necessary health care services.”

The key findings from this year’s report are:

- 1. In 2011, premiums increased 3.8 percent and people lost almost 5 percent of their health insurance benefits through increased cost sharing or the elimination of covered services.** Without any reduction in benefits, the average premium would have increased nine percent between 2010 and 2011.
- 2. Total medical expenditures increased three percent, driven by lower utilization trends.**
- 3. In 2011, 17.8 percent of premiums went to administrative expenses and profits**
- 4. Administrative expenses increased almost six percent in 2011.**

5. **Average carrier profits** increased by almost three percent in 2011 compared to a breakeven level in 2010.

The analysis contained in this report continues the Department's effort to better understand and explain health insurance premium growth and to provide information that will help New Hampshire's policymakers develop strategies for increasing the efficiency of New Hampshire's health care financing and delivery system.

The New Hampshire Insurance Department is required under RSA 420-G:14-a to hold an annual public hearing concerning premium rates in the health insurance market and to identify the factors, including health care costs and cost trends, that have contributed to rate increases during the prior year. On September 24, 2012 the Department held its public hearing.

Representatives of New Hampshire's major health insurance carriers, including Anthem Health Plans of New Hampshire, Harvard Pilgrim Health Care, Cigna, New Hampshire Health Plan, and MVP Health Plan of New Hampshire testified at the hearing. The Department also heard testimony from the Dartmouth Hitchcock Medical Center. The Department contracted with Gorman Actuarial to assist in evaluating the testimony and other information received as part of the hearing process.

The full report is available to the public on the Insurance Department's website.