New Hampshire Insurance Department

2017 Final Report of Health Care Premium and Claim Cost Drivers
Gorman Actuarial, Inc.

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GOAL OF THE ANNUAL HEARING AND 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.

OVERVIEW OF MARKETS AND NATIONAL COMPARISONS

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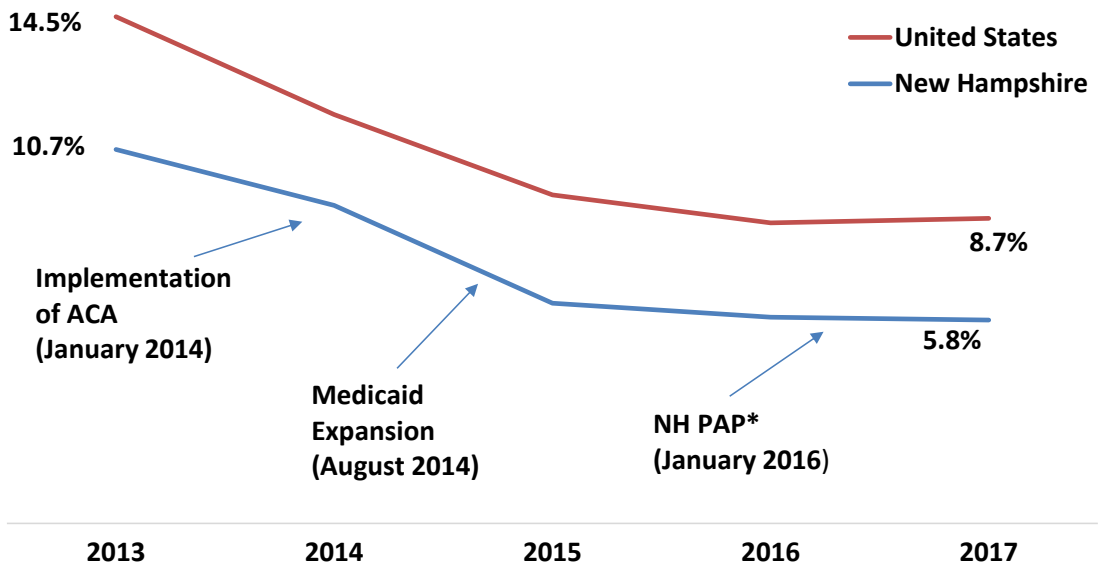
The uninsured rate decreased almost 5 percentage points for NH residents, from a high of 10.7% in 2013 to 5.8% in 2017. During that same time, the United States uninsured rate experienced a similar decrease, dropping from 14.5% to 8.7%. The NH uninsured rate remains lower than the national uninsured rate. Significant impacts to the uninsured rate in NH were the implementation of many major provisions of the Affordable Care Act in 2014, Medicaid Expansion in August 2014, and the conversion of its Medicaid Expansion program to a Premium Assistance Program (NH PAP) on January 1, 2016.

The uninsured rate in New Hampshire decreased from 10.7% (pre 2014) to 5.8% in 2017. However, there was little change in the uninsured rate from 2016 to 2017.

New Hampshire and United States Uninsured Rate 2013 - 2017



Source: U.S. Census Bureau. American Community Survey 1-Year Estimates.

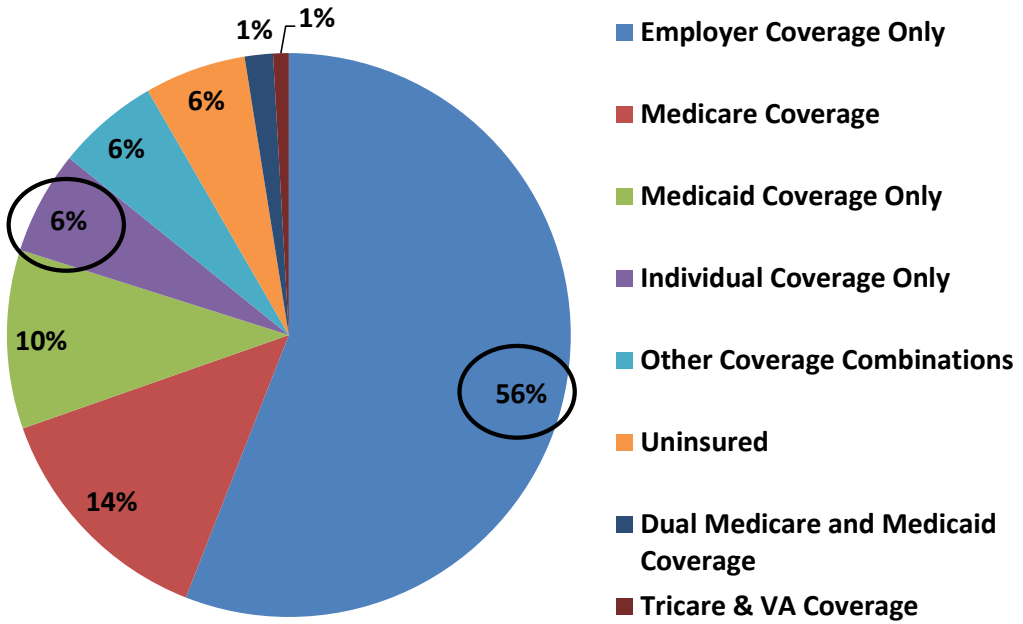
*Note: NH's Medicaid Expansion was converted to the a Premium Assistance Program (PAP) on January 1, 2016. As of this date, these members are part of the Commercial Individual Market and are rated under the single risk pool requirements of the ACA. Individuals eligible for the NH Premium Assistance Program generally include adults aged 19-64 with incomes up to 138% of the Federal Poverty Level (FPL) who do not fall into other Medicaid eligibility categories and who do not qualify for Medicare.

OVERVIEW OF MARKETS AND NATIONAL COMPARISONS

Of the 1,325,000 NH residents in 2017, approximately 77,000 did not have health insurance. This number has remained steady over the past two years. However, the number of residents receiving coverage through Medicaid (including Medicare and Medicaid Dual Eligibles) increased over the past several years from 130,000 residents to 157,000 residents or 12% of total NH residents. The number of residents with health insurance through the private insurance market has hovered around 820,000 residents.

Approximately 62%, or 820,000, residents in New Hampshire received health insurance through the private insurance market, either through their employer or by purchasing their own coverage.

New Hampshire Residents by Health Insurance Status in 2017



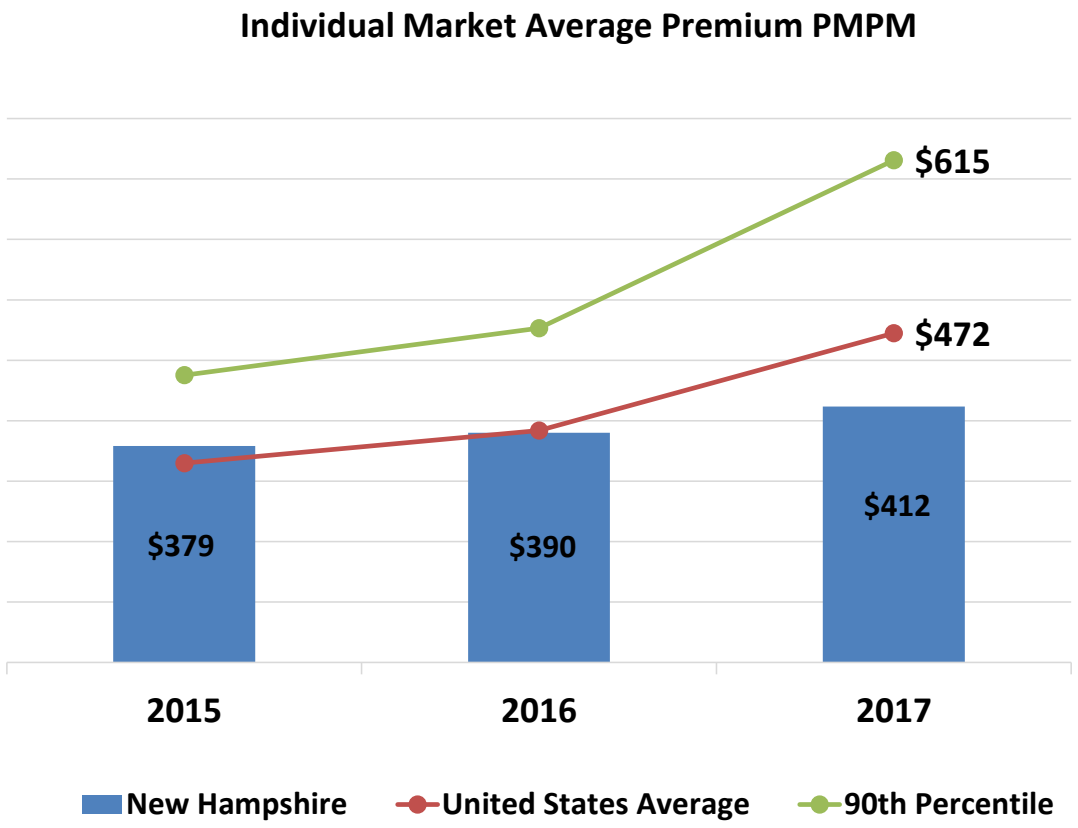
Source: U.S. Census Bureau. 2017 American Community Survey 1-Year Estimate. The "Other Coverage Combinations" category includes those persons with two or more types of health insurance coverage that are not in the following six multi-coverage categories: With employer-based and direct-purchase coverage; With employer-based and Medicare coverage; With direct-purchase and Medicare coverage; With Medicare and Medicaid/means-tested public coverage; Other private only combinations; Other public only combinations. The ACS does not explicitly state that the NH PAP population is designated as Medicaid, but based on the size of the Medicaid and Individual membership, it is assumed that NH PAP is designated as Medicaid.

OVERVIEW OF MARKETS AND NATIONAL COMPARISONS

In 2015, NH Individual Market average premiums were 4% higher than the US average and ranked 18th highest in the US. However, in 2017, NH Individual Market average premiums were 19% lower than the US average and ranked 10th lowest in the US.

In 2017, the average premium in the US experienced a 21% increase compared to 6% in NH. Consequently, enrollment in the total US Individual Market decreased 10% in 2017 compared to 2016. This was driven by a 20% decrease in members not receiving Advanced Premium Tax Credits (APTC) or premium subsidies. 2017 enrollment in NH did not change significantly.

While New Hampshire's average premiums in the Individual Market were slightly higher than the United States average in 2015, New Hampshire's average premiums were 13% lower than the United States Average in 2017.



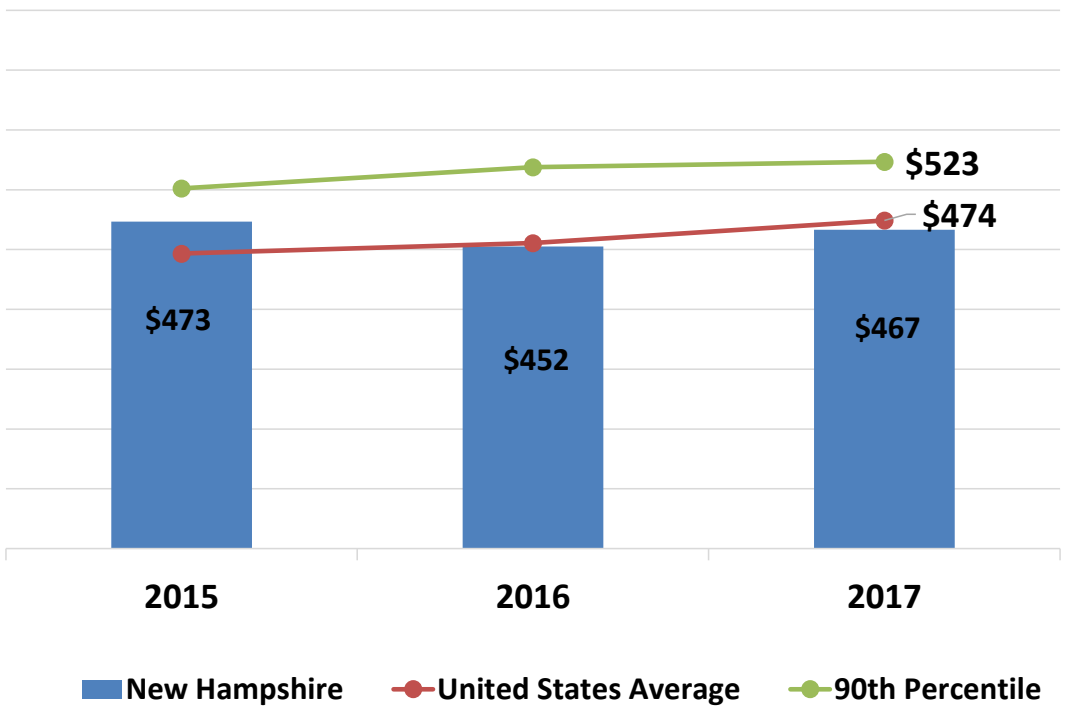
Source: Centers for Medicare and Medicaid Services. Risk Adjustment Report Appendix A for 2015, 2016, 2017 benefit years. https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/index.html.

OVERVIEW OF MARKETS AND NATIONAL COMPARISONS

In 2015, NH Small Group Market average premiums were 6% higher than the US average and ranked 10th highest across states. In 2017, NH Small Group Market average premiums were 2% lower than the US average and ranked 20th highest. Average premiums in the US Small Group Market increased 4% from 2017 and 2016 which is slightly higher than the NH Small Group increase of 3%.

There was less variation in Small Group Market premiums compared to the Individual Market across states. In New Hampshire, Small Group Market premiums were close the average across the United States.

Small Group Market Average Premium PMPM

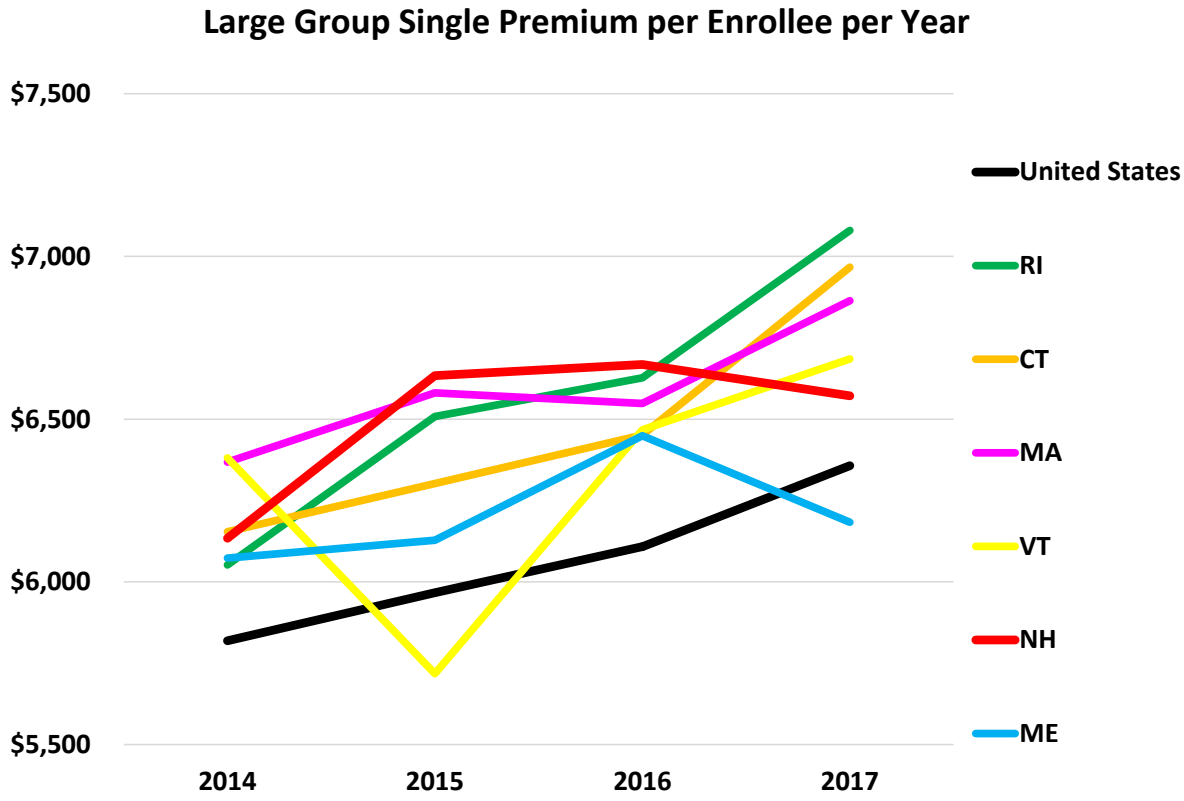


Source: Centers for Medicare and Medicaid Services. Risk Adjustment Report Appendix A for 2015, 2016, 2017 benefit years. https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/index.html.

OVERVIEW OF MARKETS AND NATIONAL COMPARISONS

This information is coming from survey data from the Medical Expenditure Panel (MEPS.) It shows that in the Large Group Market, NH is consistently higher than the US average premium but on the lower end compared to other New England states in 2017. Maine has the lowest premium in 2017 at $6,183 for single coverage compared to $6,572 in NH. Rhode Island and Connecticut had the highest average premiums in 2017 at around $7,000. It is important to note there is variability in the data and the ranks of the New England states have changed over time. In 2015, NH had the highest average Large Group premiums of the New England states.

In the Large Group 2017 Market, New Hampshire premiums were about 3% more than the United States average and slightly lower compared to other New England states.

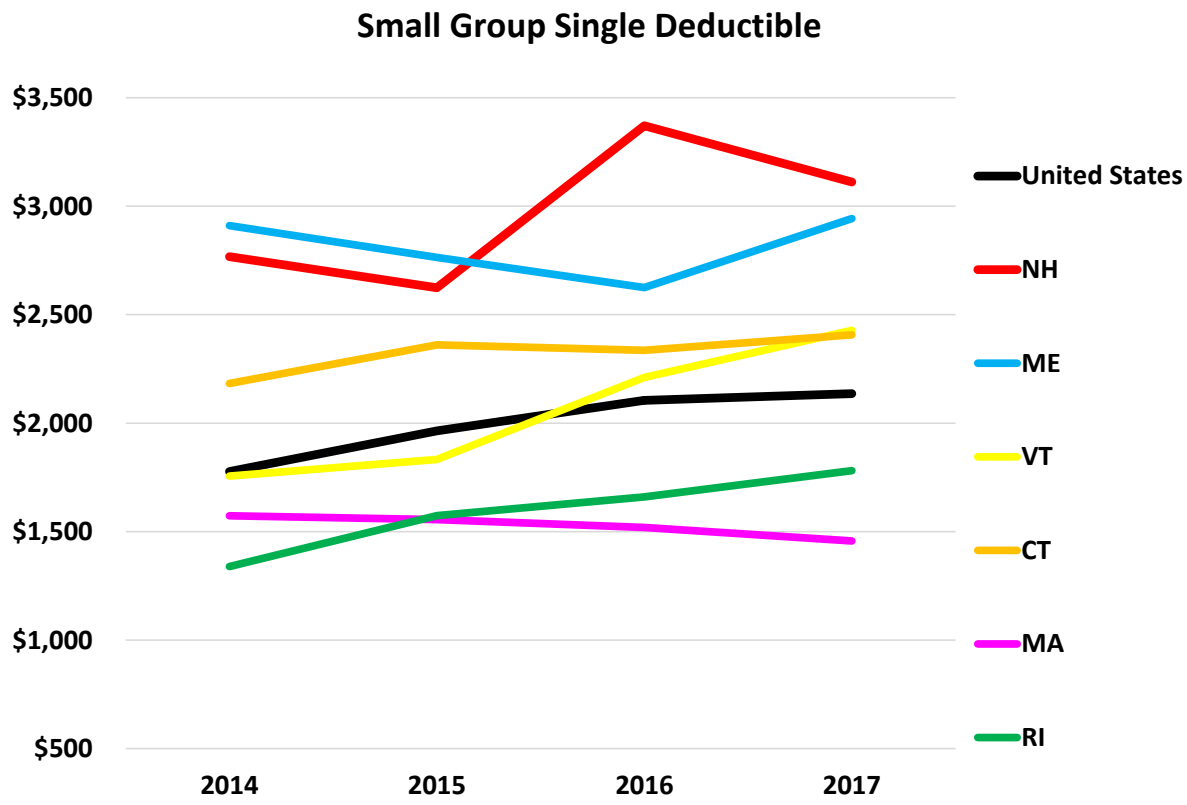


Source: Medical Expenditure Panel Survey (MEPS); https://meps.ahrq.gov/mepsweb/index.jsp.
Table II.C.1 Average total single premium (in dollars) per enrolled employee at private-sector establishments that offer health

OVERVIEW OF MARKETS AND NATIONAL COMPARISONS

This information comes from Medical Expenditure Panel (MEPS) survey data. It shows that in the Small Group Market, NH single deductibles were significantly higher than the US average and consistently higher than most New England states. Maine's average Small Group deductibles were in line with New Hampshire. Massachusetts and Rhode Island had consistently lower average deductibles compared to other New England states.

In the Small Group 2017 Market, New Hampshire's deductibles were about 45% more than the United States average and the highest among New England states, followed closely behind by Maine.

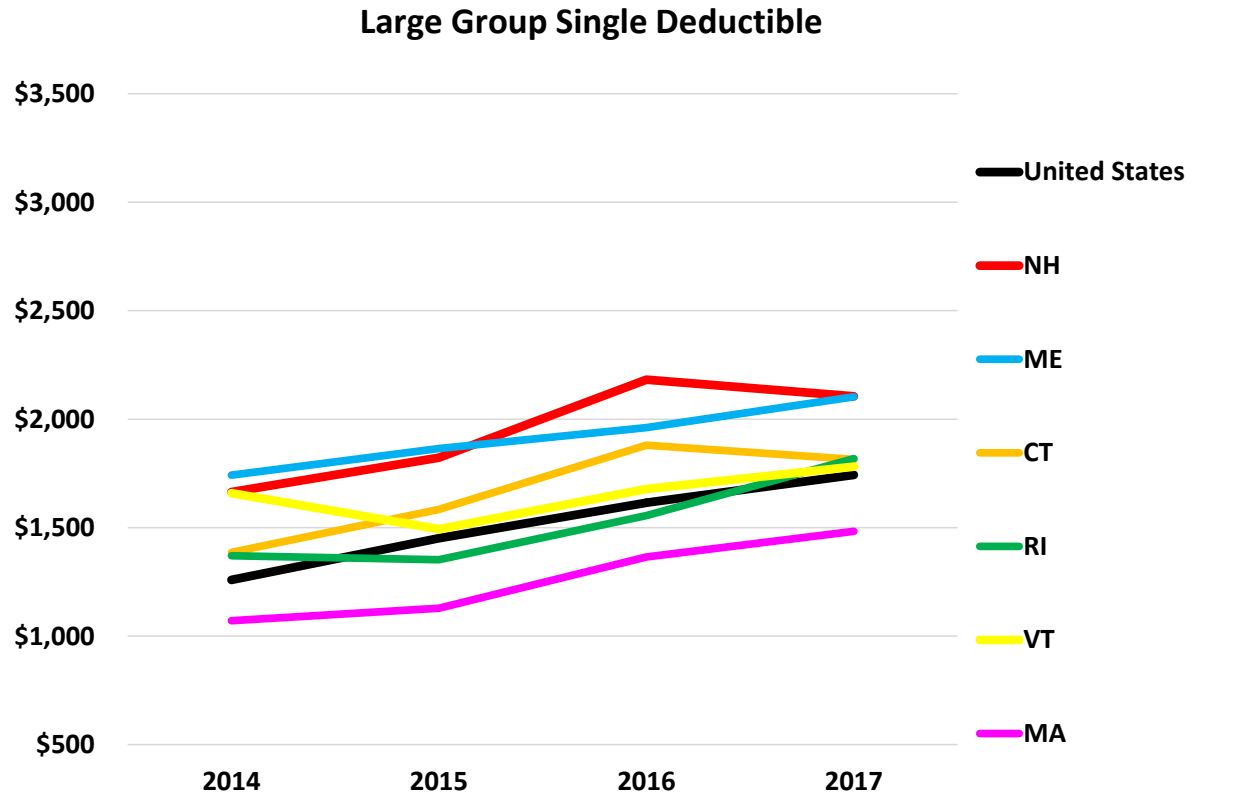


Source: Medical Expenditure Panel Survey (MEPS); https://meps.ahrq.gov/mepsweb/index.jsp.
Table II.F.2 Average individual deductible (in dollars) per employee enrolled with single coverage in a health insurance plan that had a deductible at private-sector establishments by firm size and State: United States, 2014- 2017.

OVERVIEW OF MARKETS AND NATIONAL COMPARISONS

This information came from the Medical Expenditure Panel (MEPS) survey data. NH and Maine consistently had higher average deductibles in the Large Group Market compared to other New England States. There is less variability in average deductibles by state in the Large Group Market compared to the Small Group Market. In the Large Group Market, there was a 42% difference when comparing the highest to lowest New England states compared to 75% in the Small Group Market.

New Hampshire Large Group Market average deductibles were higher than the United States average by approximately 20% in 2017, although there was much less variability in the average deductibles by state in the Large Group Market compared to the Small Group Market.



Source: Medical Expenditure Panel Survey (MEPS); https://meps.ahrq.gov/mepsweb/index.jsp.
Table II.F.2 Average individual deductible (in dollars) per employee enrolled with single coverage in a health insurance plan that had a deductible at private-sector establishments by firm size and State: United States, 2014- 2017.

COVERAGE SHIFTS

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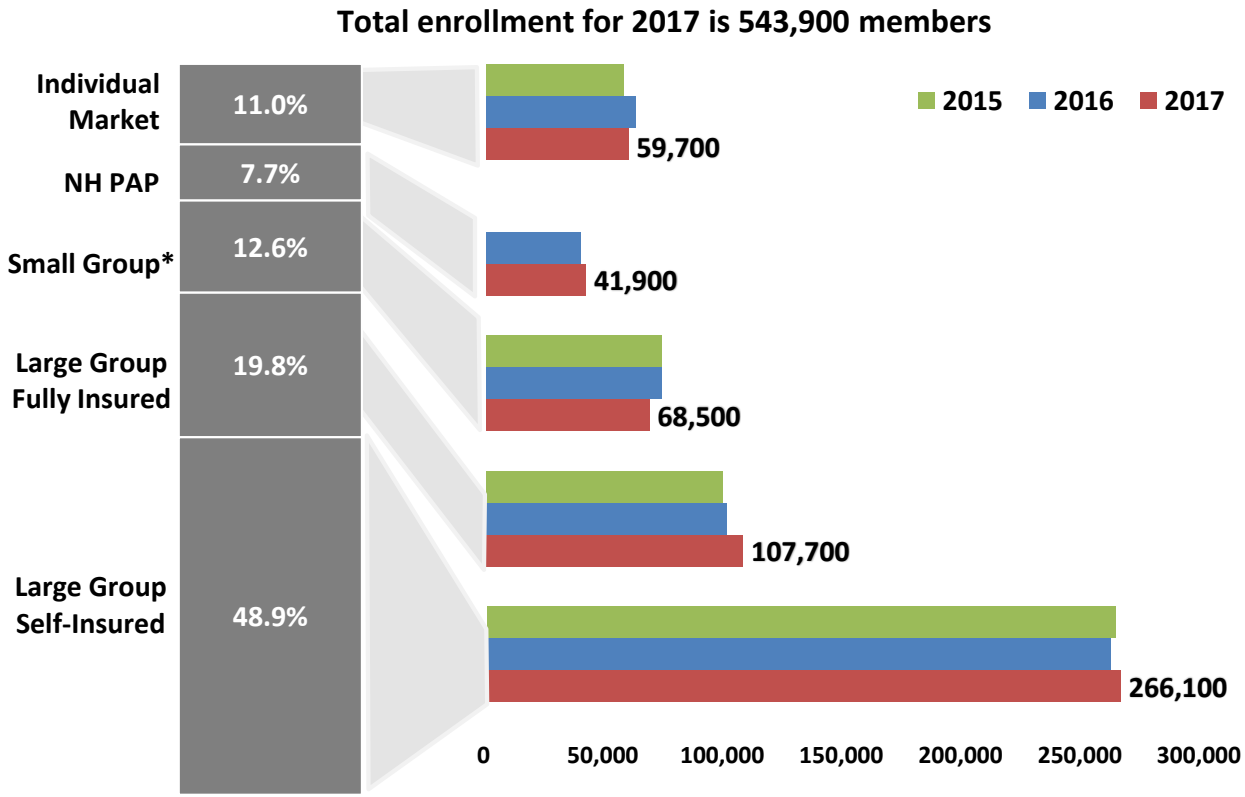
Similar to prior years, in 2017, the majority (81%) of private commercial coverage was purchased through employer-sponsored insurance (ESI). This consists of the Small Group Market (employers with 50 or less employees), the Large Group Fully Insured, and Large Group Self Insured. The Large Group Self Insured segment represented close to 49% of the Commercial Market. Enrollment in small group health plans decreased by 7% in 2017. The number of individual purchasers increased from 2015 to 2016, but decreased slightly in 2017. The NH PAP population was new to the Commercial Market in 2016 and is at approximately 42,000 members or 8% of the total market. As of January 1, 2019 the NH PAP will no longer be part of the Commercial segment and will migrate to Medicaid MCO's.

Employer-sponsored insurance plans continued to cover the vast majority (81%) of New Hampshire members with private commercial insurance led by coverage in the Large Group self-insured market.

Commercial Market Enrollment by Segment, 2015 - 2017



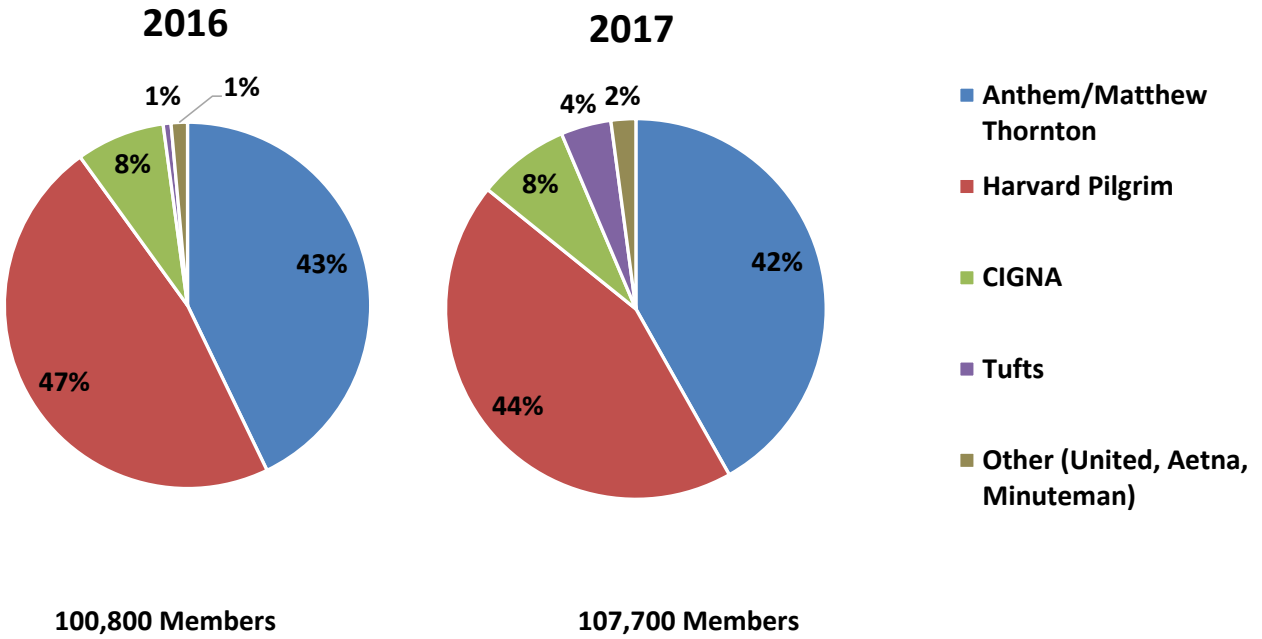
Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population. Membership is estimated based on calendar year member months divided by 12.
*The Small Group Market has less than 350 self-insured members (< 0.5% of the Small Group Market), and are included in this chart.

COVERAGE SHIFTS

The Large Group fully insured market is smaller than the self-insured market, representing 29% of the total Large Group Market. The two largest carriers, Anthem/Matthew Thornton and Harvard Pilgrim, represented 86% of Large Group fully-insured members in 2017. This is consistent with prior years. Tufts was a new entrant in 2016 and its market grew from 1% in 2016 to 4% in 2017 -- approximately 4,600 members.

The fully-insured Large Group Market membership increased 6% from 2016 and 2017. Market share for Tufts increased while Anthem/Matthew Thornton and Harvard Pilgrim market share decreased.

Distribution by Insurer of Large Group Situs and Fully-Insured



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population.

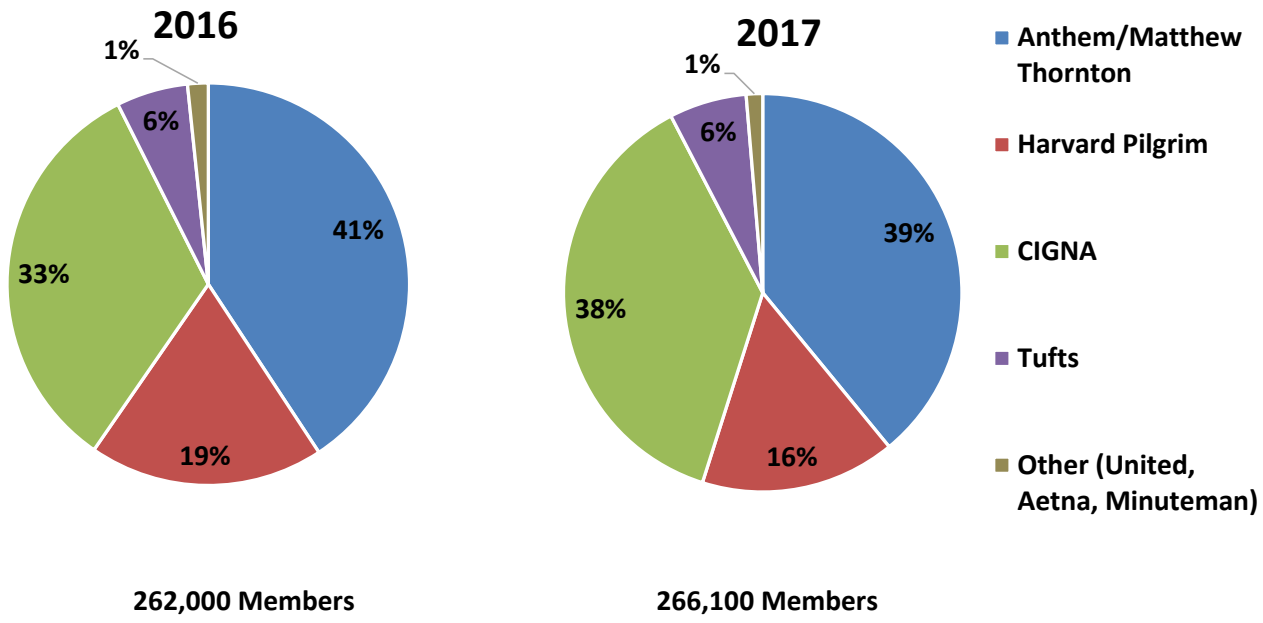
Membership is estimated based on calendar year member months divided by 12.

COVERAGE SHIFTS

Membership within the self-insured Large Group Market increased by approximately 1.6% from 2016 to 2017. The distribution within the self-insured Large Group Market remained relatively consistent among the top four insurers, with Cigna increasing their market share from 33% in 2016 to 38% in 2017.

The self-insured Large Group Market membership increased only slightly from 2016 and 2017. Market share for Cigna increased while Anthem/Matthew Thornton and Harvard Pilgrim decreased.

Distribution by Insurer of Large Group Situs and Self-Insured



262,000 Members **266,100 Members**

Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population.

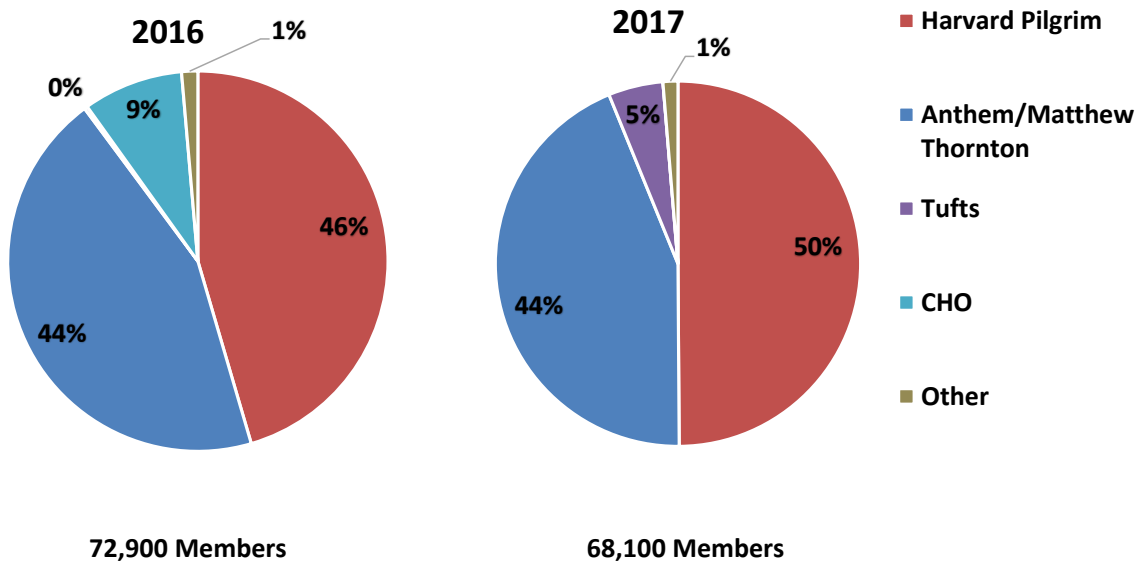
Membership is estimated based on calendar year member months divided by 12.

COVERAGE SHIFTS

The decreases in the Small Group Market were driven by employers with between 2 and 25 employees, the smaller of the small groups. The distribution within the Small Group Market remained consistent for Anthem/Matthew Thornton while HPHC experienced an increase in market share from 46% to 50%. Community Health Options (CHO) exited the market in 2017 and Tufts, the new entrant in 2016, increased their market share. CHO was the lower cost option in 2016, so small group employers may have dropped coverage when CHO was no longer available in 2017. This market segment also included approximately 18,000 members in 2017 (26%) that were in Transitional policies, a decrease from 31% in 2016.

The Small Group Market membership decreased by 7% or by approximately 5,000 members, driven by employers with fewer than 25 employees.

Distribution by Insurer of Small Group Situs and Fully-Insured



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population.

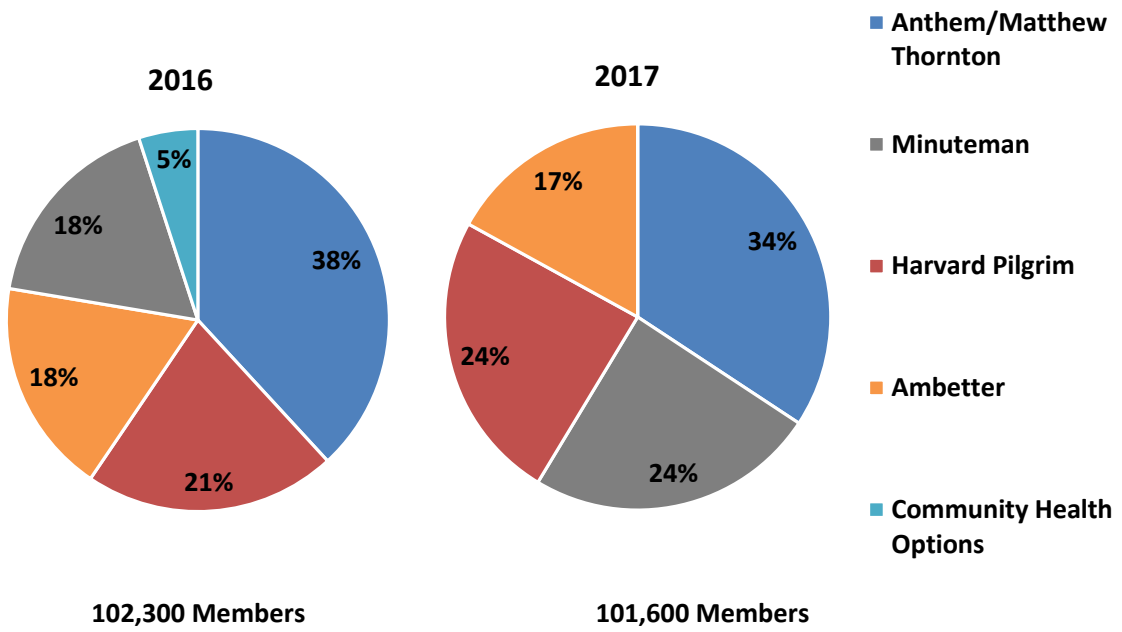
Membership is estimated based on calendar year member months divided by 12.

COVERAGE SHIFTS

Membership within the Individual Market (including the NH Premium Assistance Program or NH PAP) remained steady from 2016 to 2017. The NH PAP population represented 42,000 members in 2017. The distribution within the market remained relatively consistent among the top four insurers, with Community Health Options (CHO) exiting the market in 2017. In 2018, the approximately 25,000 Minuteman members enrolled with another health plan or dropped coverage. These charts include approximately 8,400 and 7,000 Grandfathered and Transitional members in 2016 and 2017 respectively.

After a couple years of large changes, the 2017 Individual Market was fairly stable compared to 2016. This has changed in 2018 due to the closure of Minuteman and will change again in 2019 with the migration of the NH PAP population to Medicaid MCO's.

Distribution by Insurer of Individual and NH PAP Market Membership



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population.

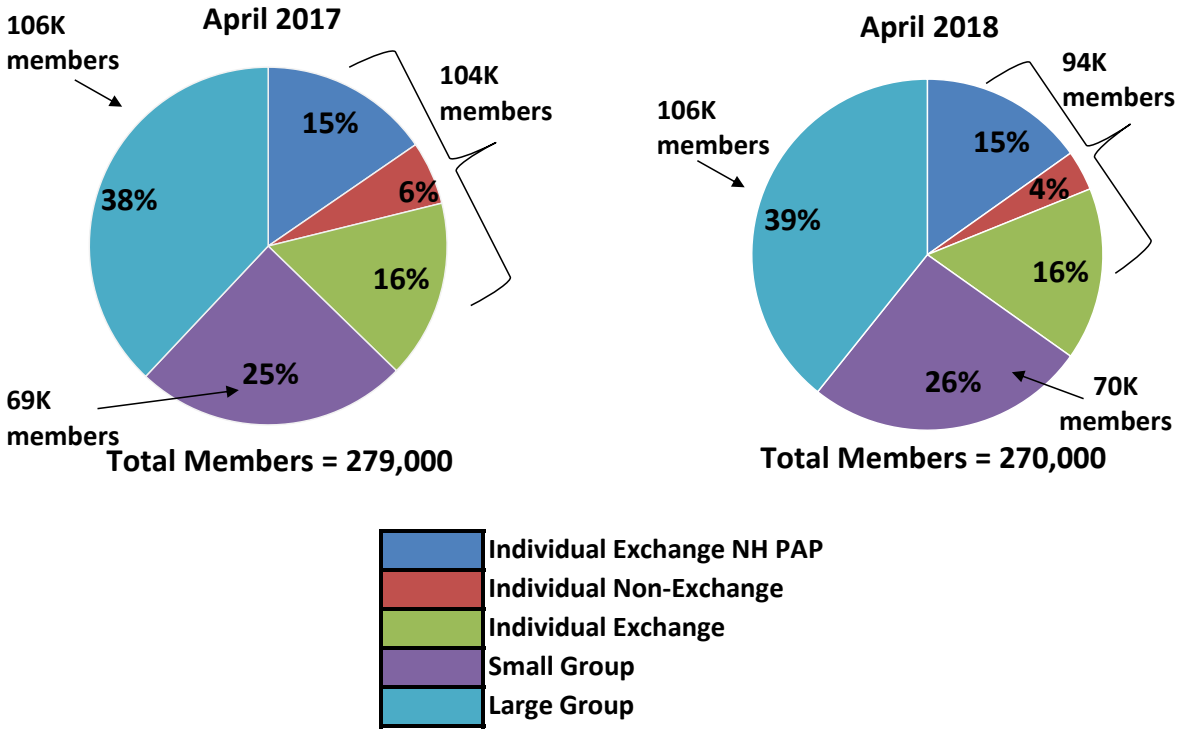
Membership is estimated based on calendar year member months divided by 12.

COVERAGE SHIFTS

With the exception of the Non-Exchange Individual Market, membership within the fully insured market segments remained fairly stable from 2017 to 2018. Due to the high premium rate increases in the Individual Market in 2018 and the closure of Minuteman which was the low cost option in 2017, many enrollees in the Individual Market either dropped health insurance coverage or found it elsewhere via Medicaid or employer sponsored insurance (ESI).

A preview of 2018 indicates that the Individual Market membership dropped by 10%, or 10,000 members, driven by a loss in the Non-Exchange segment.

Fully-Insured Membership by Market Segment



Note: 2017 data includes Minuteman whereas 2018 does not as they exited the market end of 2017.
Source: NHID Annual Hearing data 2017 and 2018; Excludes FEHBP.

COVERAGE SHIFTS

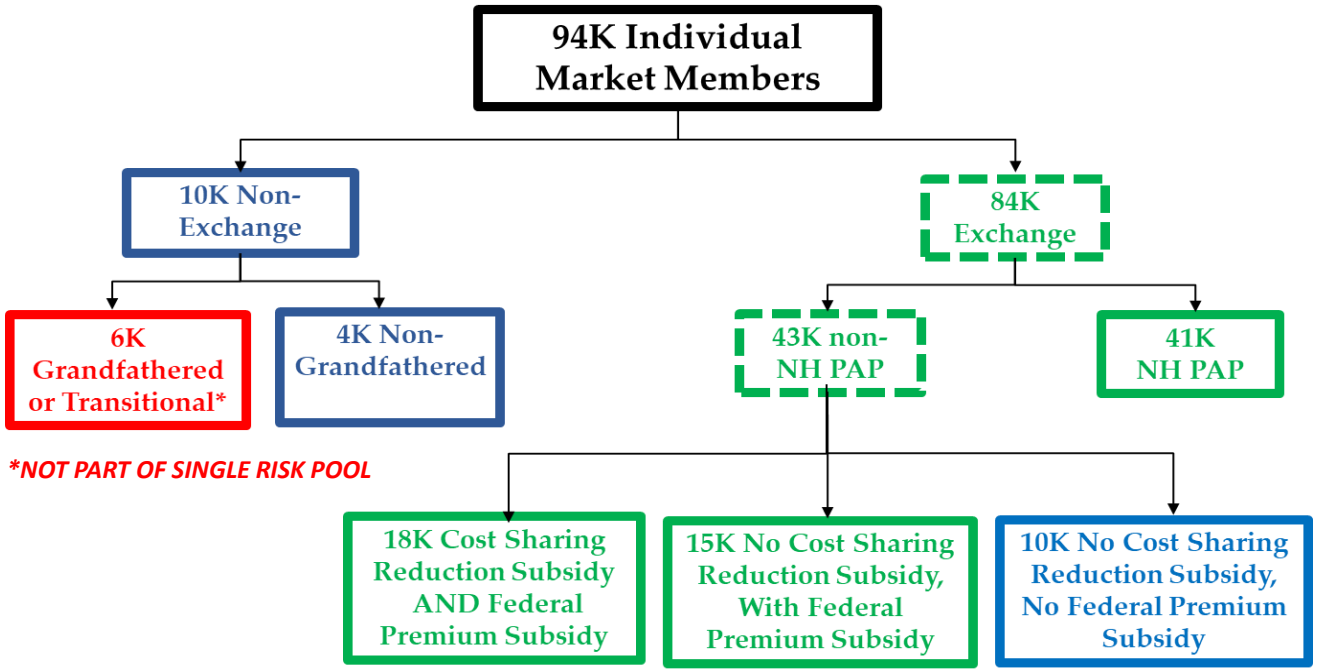
The Individual Market population who are receiving some kind of subsidy are outlined in green, while segments who are not receiving some kind of subsidy are outlined in blue.

Each of these sub-populations of the Individual Market may have different plan offerings, distribution channels, and risk characteristics.

The box highlighted in red are the grandfathered and transitional members who are not part of the single risk pool.

While enrollment in the Individual Market declined in 2018, the Individual Market continues to be diverse and includes several sub-populations. Due to the migration of the NH PAP in 2019, the Individual Market will almost be cut in half.

2018 Individual Market Membership



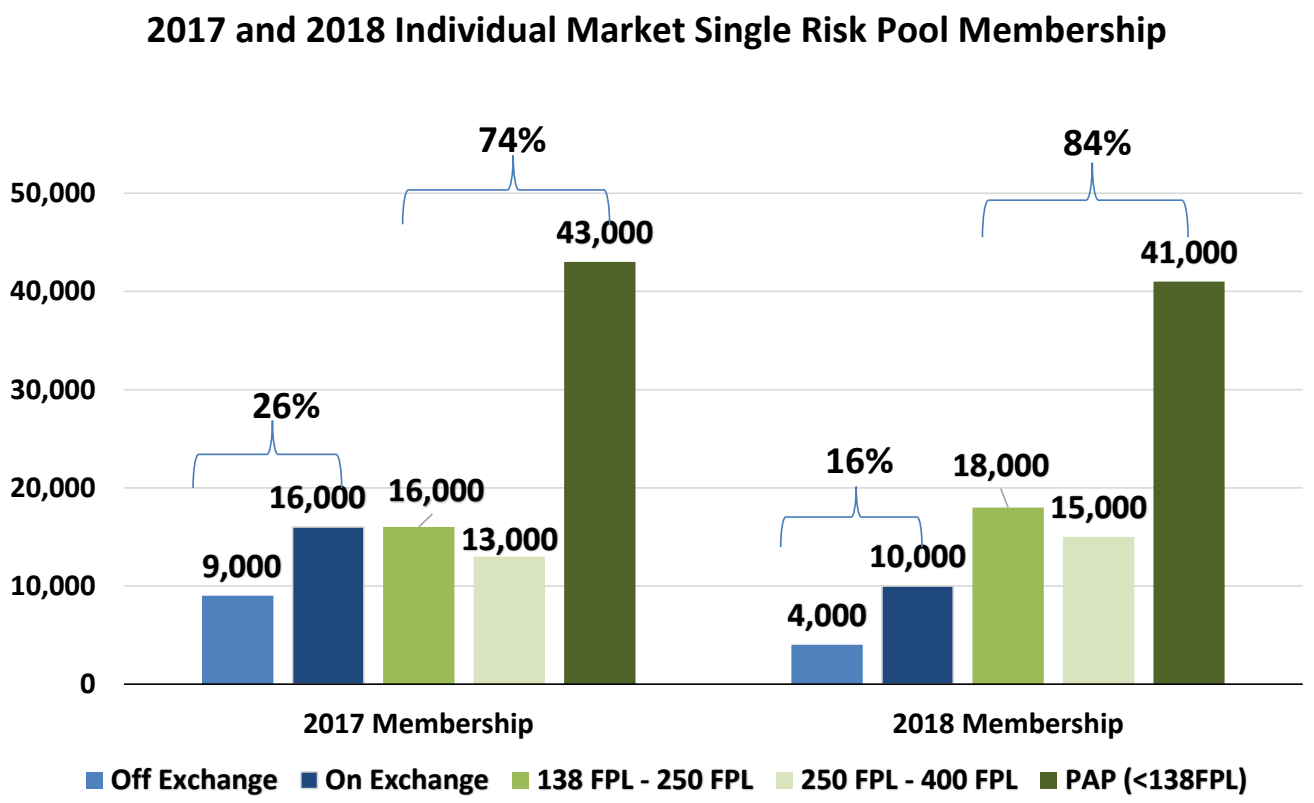
Source: NHID Annual Hearing data 2018; Excludes FEHBP.

Note: Single Risk Pool is a concept under the ACA where the claims experience from all enrollees have to be considered when an insurer calculates premiums for that market segment. Al of the segments shown above are included as part of the Individual Market Single Risk pool except for the grandfathered/transitional population outlined in red . The grandfathered/transitional members are exempt from the Single Risk Pool provision per the ACA and therefore continue to be rated separately from the rest of the Individual Market.

COVERAGE SHIFTS

Consistent with the previous slide, the Individual Market members who are receiving some kind of subsidy are colored in green, while segments who are not receiving some kind of subsidy are colored in blue. In 2018, the Individual Market experienced significant shifts within its subpopulations. A portion of those individuals who did not receive any subsidies in 2017 either dropped coverage all together, found coverage elsewhere (Medicaid or ESI) or stayed enrolled in the Individual Market but are now accepting subsidies for health insurance. Due to these shifts, the proportion of individuals receiving subsidies increased.

In 2018, 84% of the Individual Market received some form of subsidies towards health insurance, an increase from 74% in 2017.



Source: NHID Annual Hearing data 2017 and 2018.

Note this chart only represents the Single Risk Pool.

COVERAGE SHIFTS

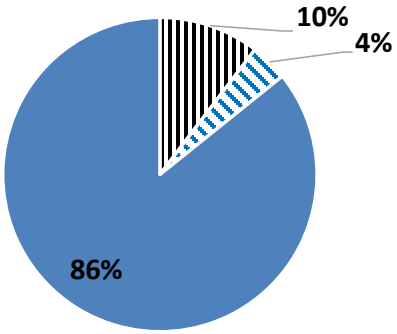
35% of Minuteman's non-NH PAP members dropped their health insurance in 2018. The remaining 65% of Minuteman members shifted coverage to other insurance carriers, primarily Anthem/Matthew Thornton. A large portion of HPHC members in 2017 also dropped coverage, about 24%, and 38% of HPHC members shifted their coverage to other insurers.

Anthem/Matthew Thornton experienced the smallest number of members leaving in early 2018 at 10%. Given the number of members that dropped coverage in early 2018, it is expected that the uninsured rate will increase.

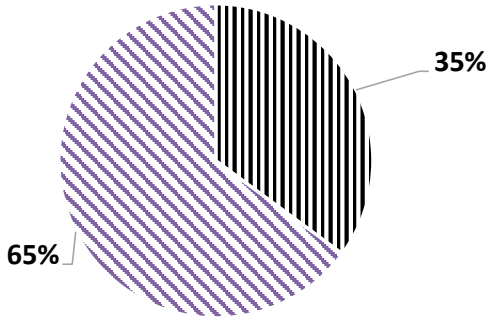
Within the Individual Market in 2018, Anthem/Matthew Thornton retained 86% of its membership while HPHC retained 38%. 35% of Minuteman members have exited market.

Individual Market Non-PAP Membership Changes December 2017 to 1Q 2018

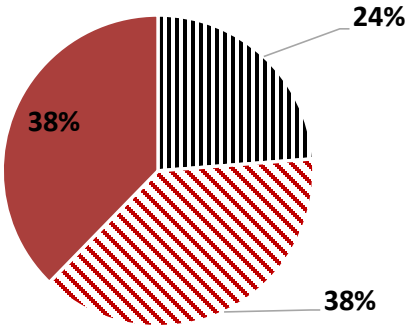
Dec 2017 Anthem/Matthew Thornton: 23,200

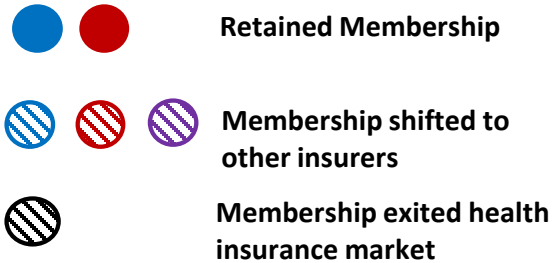


Dec 2017 Minuteman: 20,800



Dec 2017 HPHC: 12,200





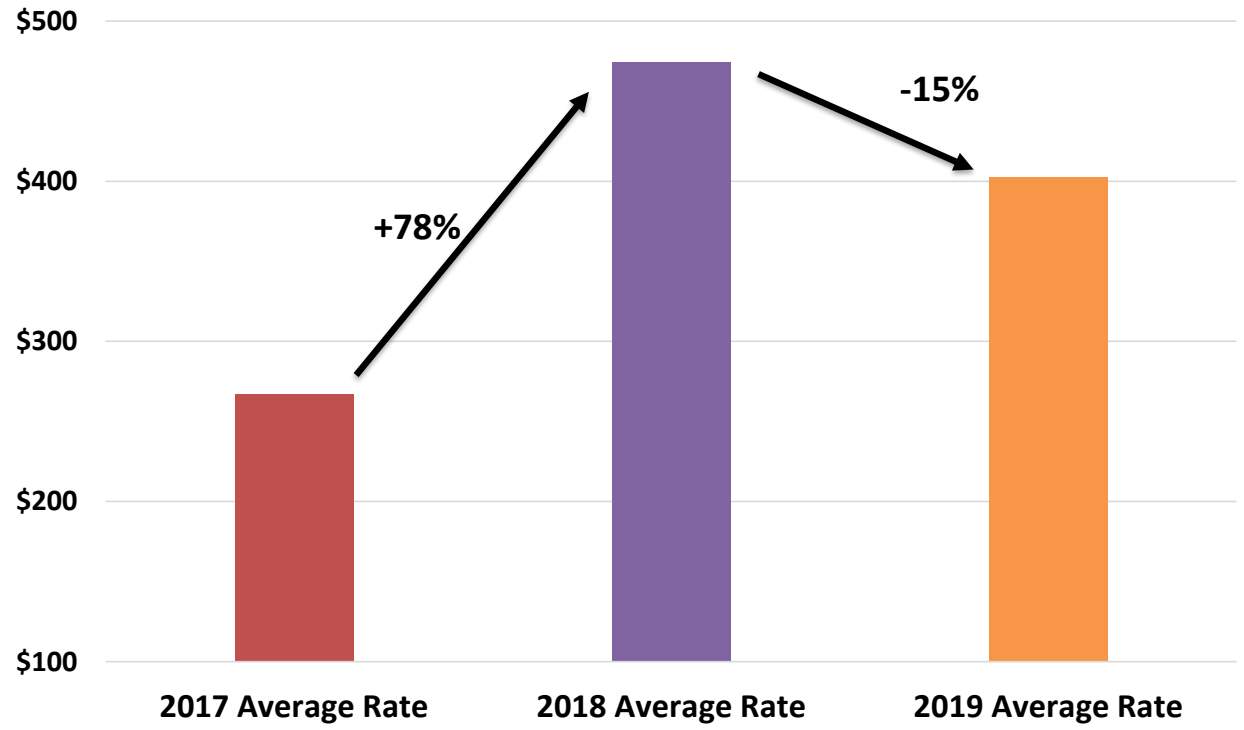
Source: Based on information from NH CHIS received from the NHID and NHID Annual Hearing data 2018. Includes Grandfathered/Transitional members.

COVERAGE SHIFTS

The increase in the second lowest costing silver plan from 2017 to 2018 was +78%. The increase in the second lowest costing silver plan from 2018 to 2019 is -15%. The rate decrease is due to the migration of NH PAP out of the Individual Market Single Risk Pool in 2019. This translates into a 51% rate change from 2017 to 2019. Since this is still a large rate increase, it is not anticipated that members who left in 2018 will re-enter the market in 2019.

While the 2019 rate change in the Individual Market's second lowest costing silver plan was favorable at -15%, it does not negate the significant rate increase in 2018 of 78% and premium levels in 2019 are expected to be much higher than 2017 levels.

Individual Market Monthly Second Lowest Costing Silver for 40 Year Old Non-Tobacco User



Source: Average Monthly Premiums for Second-Lowest Costing Silver Plan released by CMS 10/11/2018. Translated to represent 40 year old rather than 27 year old.
https://www.cms.gov/sites/drupal/files/2018-10/10-11-18%20Average%20Monthly%20Premiums%20for%20SLCSP%20and%20LCP%202016-2019_0.pdf.

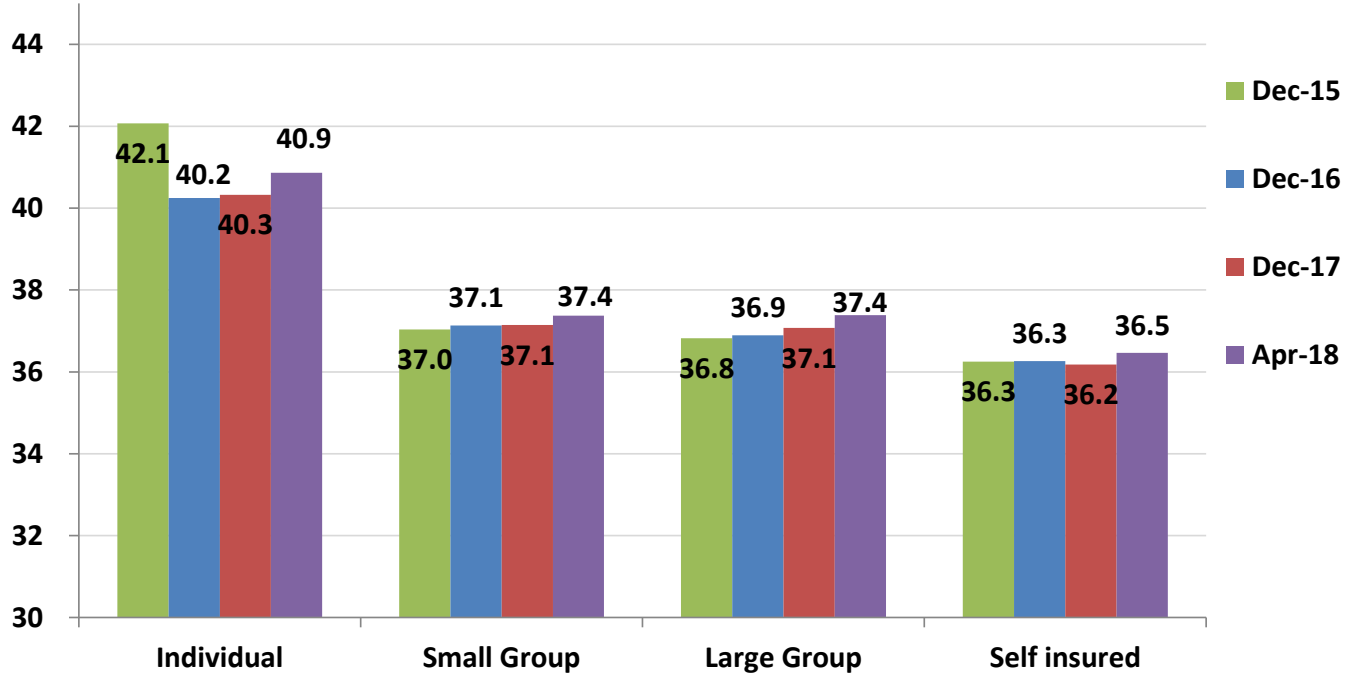
COVERAGE SHIFTS

The Individual Market's average age is higher than the other segments, suggesting that it's health care needs may be higher. The average age has declined in 2016 from 2015 due to the incorporation of the NH PAP segment. However, there was an increase in 2018.

The self-insured market continues to have slightly younger average ages than the Large Group fully-insured market.

The Individual Market continued to be older than other segments and the average age increased from 2017 to 2018.

Average Member Age by Market Segment



Source: NHID Annual Hearing data 2015, 2016, 2017 and 2018; Excludes FEHBP.

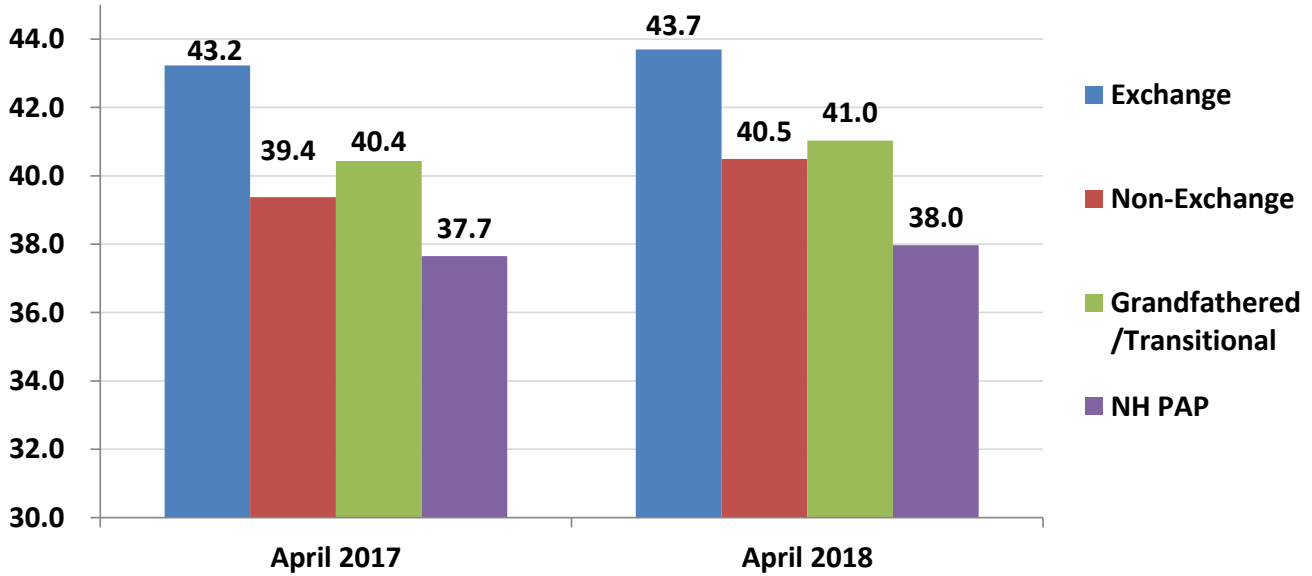
COVERAGE SHIFTS

Younger members are leaving the Non-Exchange (unsubsidized) portion of the Individual Market, contributing to its decrease in size. Within this segment, the portion of members less than 50 years old decreased from 60% in April 2017 to 57% April 2018. The Grandfathered/ Transitional segment also increased in age from 40.4 to 41.0 This segment is also decreasing in size.

The NH PAP population continues to be younger than the other segments within the Individual Market.

The Non-Exchange population within the Individual Market experienced the largest increase in average age from 2017 to 2018, increasing from 39.4 to 40.5. This is also the segment that experienced that largest membership decreases in 2018 as younger members left this segment.

Average Member Age by Individual Market Segment



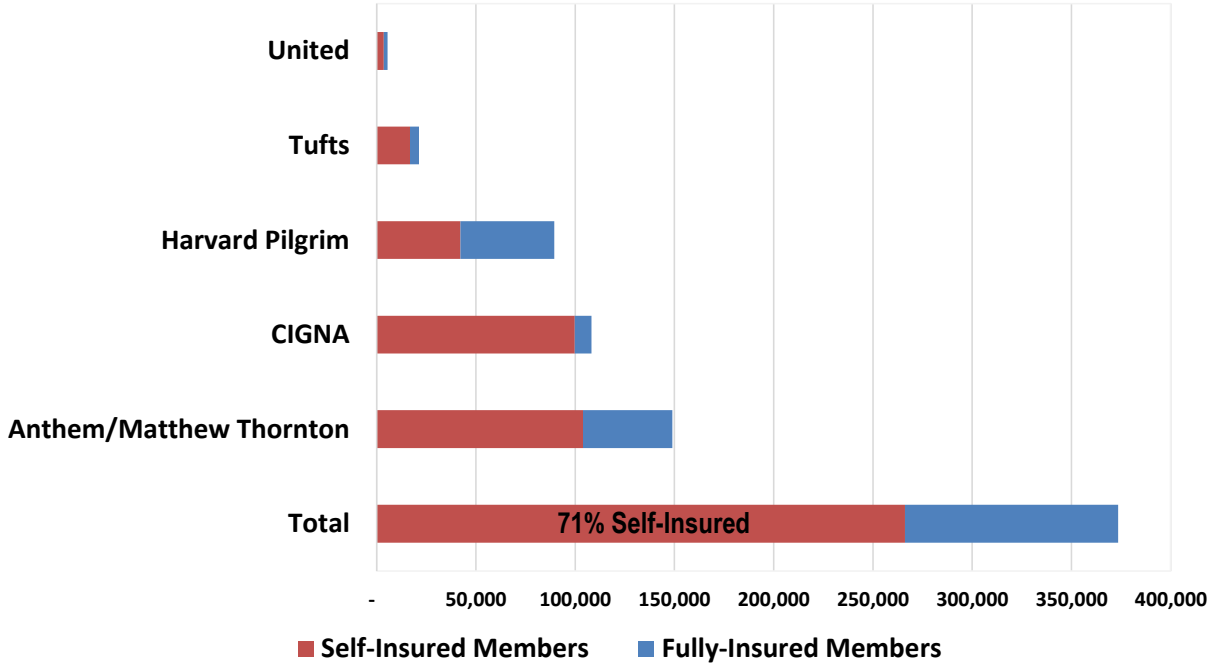
Note: 2017 data includes Minuteman whereas 2018 does not as they exited the market end of 2017.
Source: NHID Annual Hearing data 2017 and 2018; Excludes FEHBP.

COVERAGE SHIFTS

The primary difference between a self-insured and a fully-insured arrangement is that under the first, the employer assumes the risk of the health care claims of its members. Under the second, the insurer assumes the risk for health care claims and will charge a risk premium for this benefit. An employer will weigh the pros and cons of the self-insurance arrangement considering questions such as:
Is the employer large enough to smooth out the volatility in health care claims expenditures?
Is the employer able to absorb an unexpected high cost claim?
Will the savings the employer expects under a self-insured arrangement be enough to take on the added risks?

The self-insured market continued to dominate the Large Group Market. In 2017, 71% of the Large Group Market was self insured, driven by enrollment in Anthem & CIGNA. These two insurers account for more than two thirds of self-insured enrollment.

Large Group Membership Distribution by Self-Insured vs. Fully-Insured for 2017



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population. Anthem Health Plans of NH, Inc Matthew Thornton Health Plans Inc. are shown combined, as are the 3 HPHC entities (Harvard Pilgrim Health Care of New England, HPHC Insurance Company and Health Plans, Inc).United includes United Healthcare Services Inc. and UnitedHealthcare Insurance Company.

Membership is estimated based on calendar year member months divided by 12.

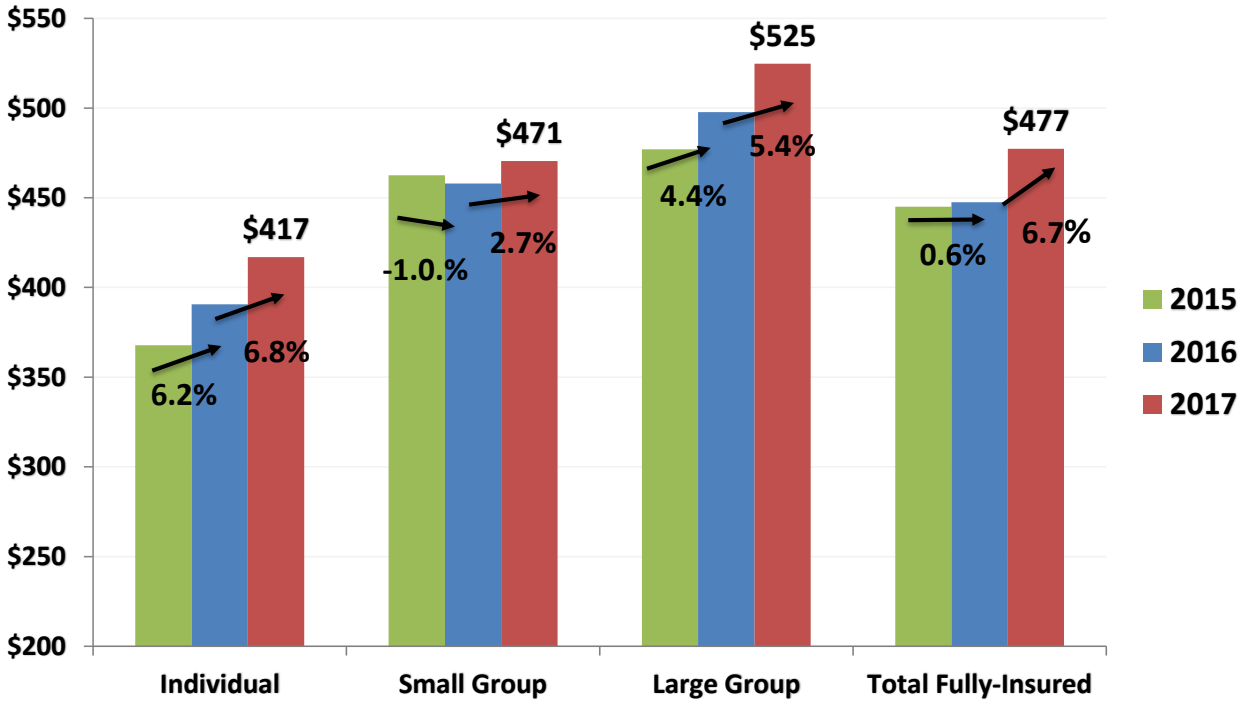
PREMIUM LEVEL AND TRENDS

PREMIUM LEVEL AND TRENDS

Premiums in the fully insured market increased 6.7% from 2016 to 2017. The Individual Market experienced an increase close to the previous year. The Small Group Market experienced a slight increase compared to the previous year, and would have experienced larger premium increases, but members switched to less rich plans in 2017. The Large Group Market experienced an increase of 5.4%, with a minimal decrease in benefit richness. Based on the 2017 Employer Benefits Survey from the Kaiser Family Foundation and the Health Research & Education Trust, in 2017, average premiums in the Employer Market increased 4% for single coverage and 3% for family coverage.

Average premiums in the fully-insured market increased 6.7% from 2016 to 2017, led by increases in the Individual Market.

Fully-Insured Commercial Unadjusted Earned Premium PMPM by Market Segment



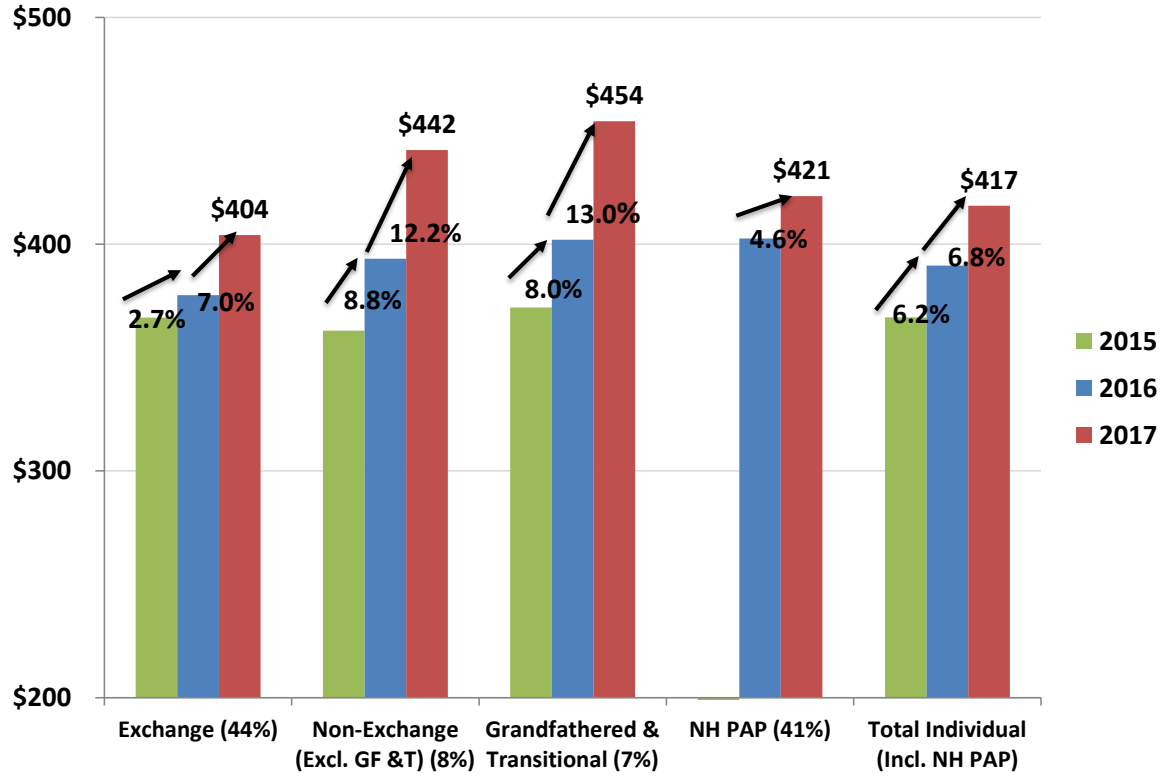
Source: NHID Supplemental Data Request; Commercial fully-insured population including New Hampshire situs membership only. Excludes FEHBP population. Individual market includes the PAP population and Minuteman data, which was estimated using premium data from federal risk adjustment reports for the non-PAP population and estimates for the PAP premium, with adjustments to account for actual 2017 NH PAP premium.

PREMIUM LEVEL AND TRENDS

Premiums in the Individual Market increased 6.8% from 2016 to 2017. The largest increases were experienced in the Non-Exchange and Grandfathered/Transitional populations. The Exchange population experienced an average increase of 7.0%, and comprised approximately 44% of the market. There was a shift in the Exchange population to Minuteman, the lower cost option in 2017, thus keeping premium trends lower than compared to the Non-Exchange. Minuteman closed in 2018, so these options will no longer be available.

Average premiums in the Individual Market increased 6.8% from 2016 to 2017, led by increases in the Non-Exchange and Grandfathered / Transitional Markets.

Individual Market Premiums PMPM Prior to Subsidies



Note: The distribution % shown under each market is based on 2017 Member months.
Source: NHID Supplemental Data Request; Commercial fully-insured population including New Hampshire situs membership only. Excludes FEHBP population. Individual market includes the NH PAP population and Minuteman data, which was estimated using premium data from federal risk adjustment reports for the non-PAP population and estimates for the NH PAP premium, with adjustments to account for actual 2017 NH PAP premium.

MEMBER COST SHARING

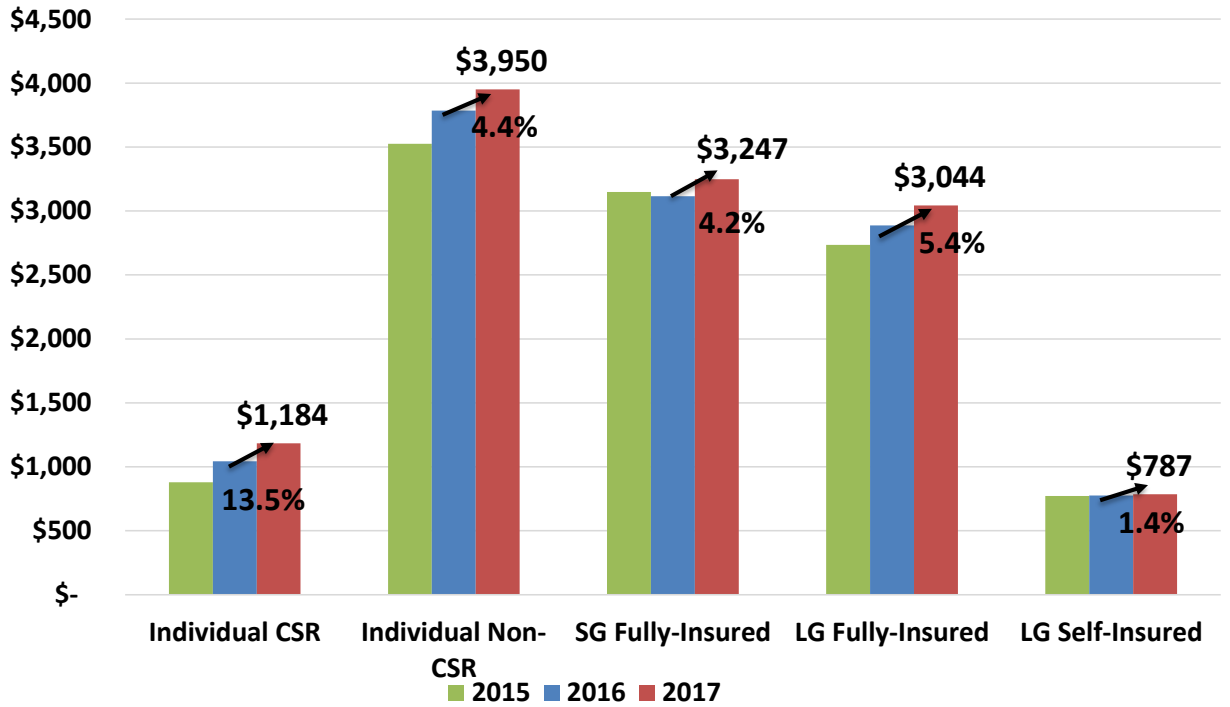
COST SHARING

The average deductibles for the Individual Market with Cost Sharing Reduction (CSR) subsidies increased 13.5% from 2016 to 2017, but this segment continued to have much lower deductibles than the Individual Market with no CSR subsidies. The Small Group Market experienced an increase of 4.2% while the Large Group Fully-Insured Market experienced an increase in average deductible of 5.4%

The self-insured segment experienced a slight increase of 1.4%. Note that the self-insured market had a much lower average deductible, nearly $2,000 lower than the fully-insured market. Half of all self-insured Large Group members are in State and Municipal plans.

Average deductibles increased in all segments from 2016 to 2017. The Individual Market with no CSR subsidies had the highest average deductibles. The self-insured market continued to have significantly lower average deductibles than the fully-insured market.

Comparison of Average Single Deductible by Market Segment



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes NH PAP and FEHBP population. Data shown is for single, in-network coverage and includes zero dollar deductibles.

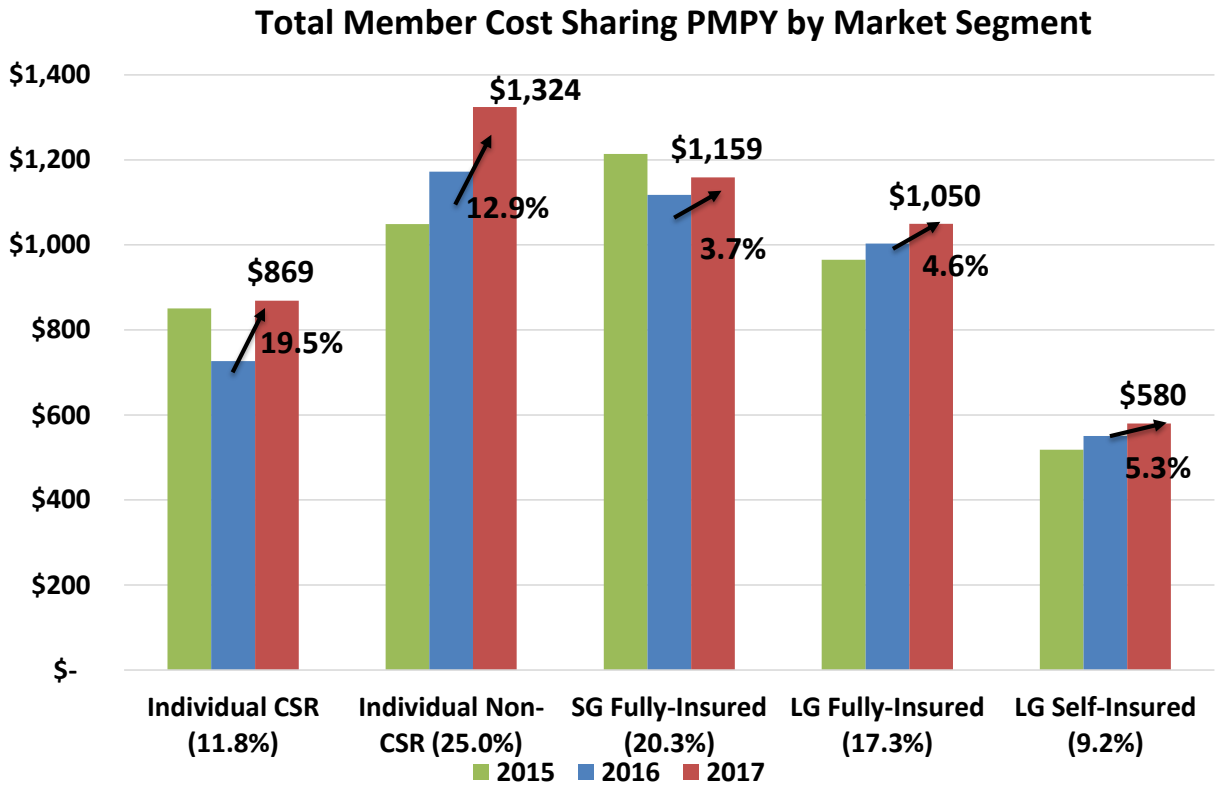
Minuteman data is excluded, however an analysis of 2015 and 2016 data shows that average Minuteman deductibles are similar to the rest of the market. Individual Market data accounts for the lower cost sharing for members that receive cost sharing reduction (CSR) discounts.

COST SHARING

The average member cost sharing increased nearly 12.9% in the Individual Market Non-CSR from 2016 to 2017 and 25% of total allowed costs in this segment are the member's responsibility. This is compared to the Individual Market CSR where 11.8% of total allowed costs are the member's responsibility.

The self-insured market has much lower cost sharing as compared to the fully insured market, at nearly half the amount ($580 versus $1,050.)

Total member cost sharing increased in all segments from 2016 to 2017. The Individual Market with no CSR subsidies had the highest average member cost sharing. The self-insured market continues to have significantly lower member cost sharing than the fully-insured market segments.



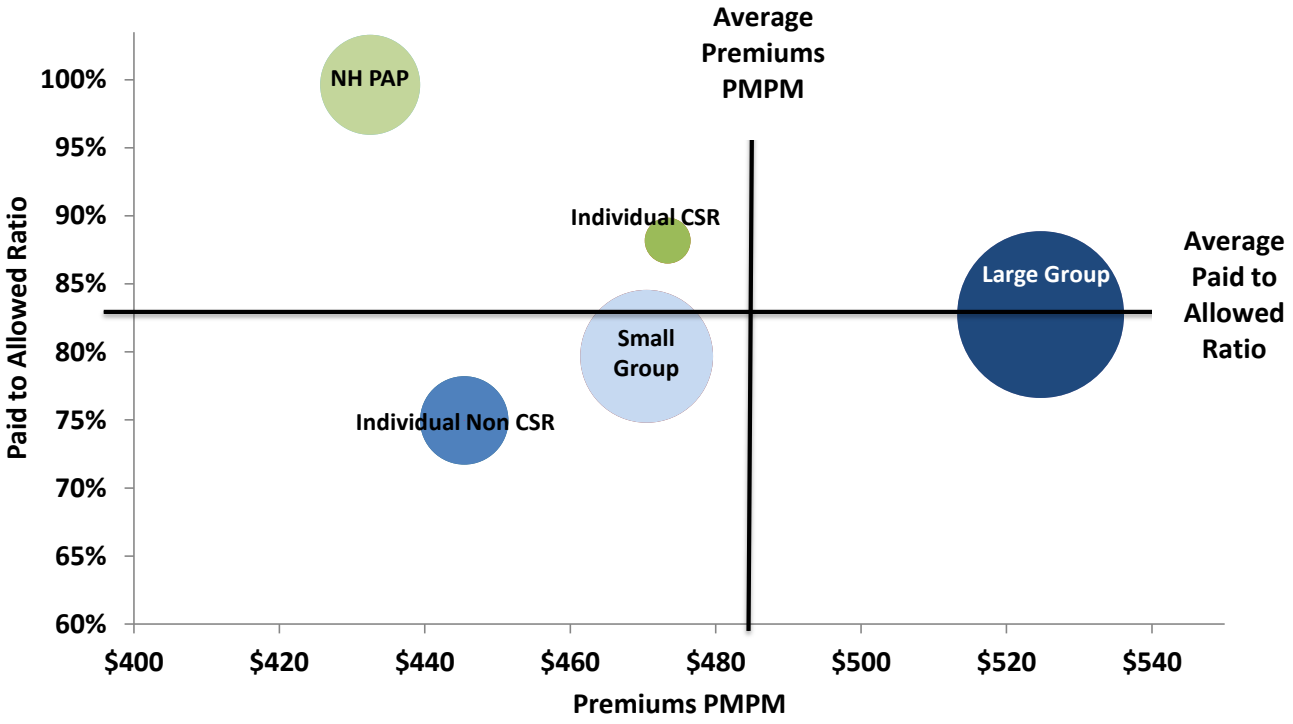
Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes NH PAP and FEHBP population.
Amounts in parentheses represent member cost sharing a percentage of total allowed costs. Minuteman data is excluded, however an analysis of 2015 and 2016 data shows that average Minuteman cost sharing is similar to the rest of the market. Individual Market data accounts for the lower cost sharing for members that receive cost sharing reduction (CSR) discounts.

COST SHARING

The paid to allowed claims ratio is an indicator of the richness of a health insurance plan's benefits. The higher the ratio, the more rich the benefits. The NH PAP population and the enrollees within the Individual Market who received cost sharing reduction subsidies (indicated by the green bubbles) have the richest benefits in the market. By contrast, the enrollees within the Individual Market that do not receive cost sharing reduction subsidies (Individual Non-CSR) have the least rich benefits in the market. However, they also have the lowest premiums in the market. The Large Group benefits appear richer than the benefits in the Small Group Market and their premiums are also higher.

Enrollees with subsidized insurance had the most comprehensive health insurance benefits. Premiums for enrollees without subsidized insurance increased as benefit richness increases.

2017 Fully-Insured Premium Levels vs. Paid to Allowed Claims Ratio



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population and Minuteman.

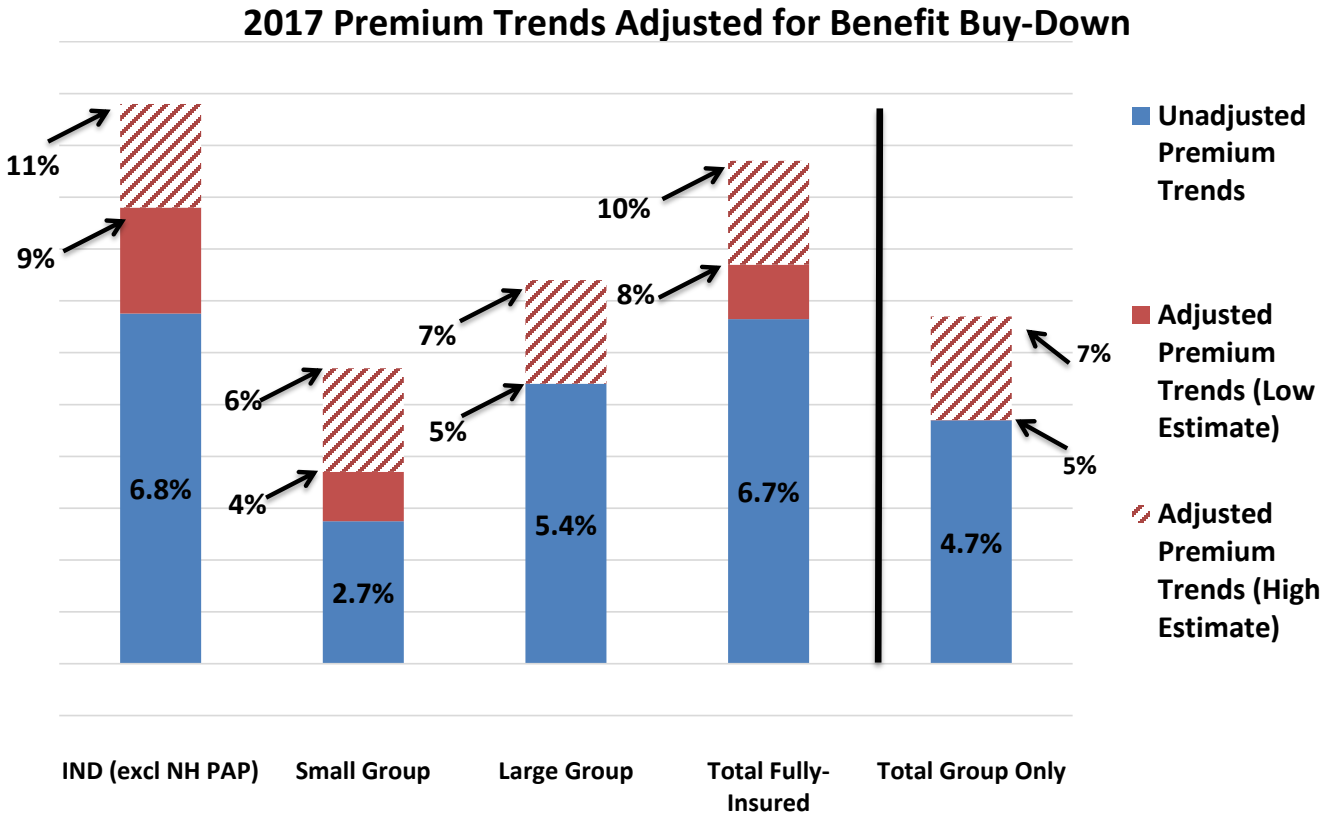
Segments that receive some kind of subsidy are colored in green and segments that receive no subsidy are colored in blue.

BENEFIT BUY-DOWN AND BENEFIT ADJUSTED PREMIUM TRENDS

BENEFIT BUY-DOWN AND PREMIUM ADJUSTED TRENDS

This chart shows the "unadjusted premium trends" from slide 3.1 along with the estimated impact of benefit buy-down, to estimate the premium trends in absence of plan design changes. For example, if the small group employers had not changed their 2016 plan designs, in 2017, the Small Group Market would have experienced average premium increases in the range of 4% to 6%. However, since they did "buy-down," the resulting unadjusted premium trend is 2.7%. In the Large Group Market, there was minimal benefit buy-down in 2017. The Individual Market experienced the largest benefit buy-down at 2 to 4%.

The Individual Market experienced the largest amount of benefit buy-down in 2017 at 2 to 4% followed by the Small Group Market at 1 to 3%. Without benefit buy-down in these segments, premiums trends would have been higher.



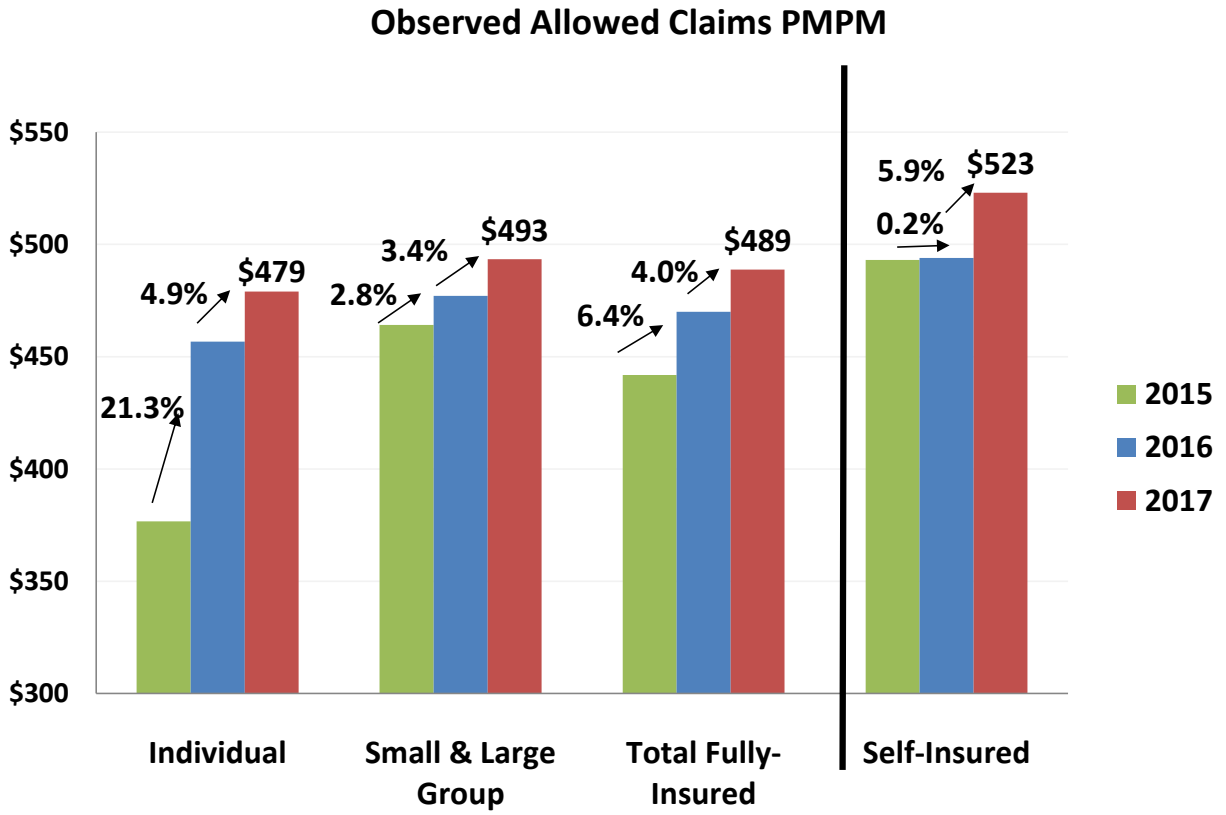
Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population. Minuteman data is excluded, however an analysis of 2015 and 2016 data shows that average Minuteman cost sharing and benefit buy-down is similar to the rest of the market. Individual Market premiums are shown prior to subsidies.

CLAIM TRENDS

CLAIM TRENDS

Observed allowed claims per member per month (PMPM) trends in the overall fully-insured market in 2017 were at 4.0%, representing a decrease compared to 2016 trends of 6.4%. The Small Group and Large Group Markets collectively experienced a slightly higher trend in 2017 compared to the prior year. The Individual Market trend decreased considerably in 2017 compared to 2016. The high trend in 2016 for the Individual Market was driven by the inclusion of NH PAP for the first time.

Trends in the fully-insured market were lower in 2017 compared to the trends in 2016. This was due in large part to a moderation of trends in the Individual Market. Self-insured trends were higher than the fully-insured market in 2017 and the allowed claim PMPM's are higher.



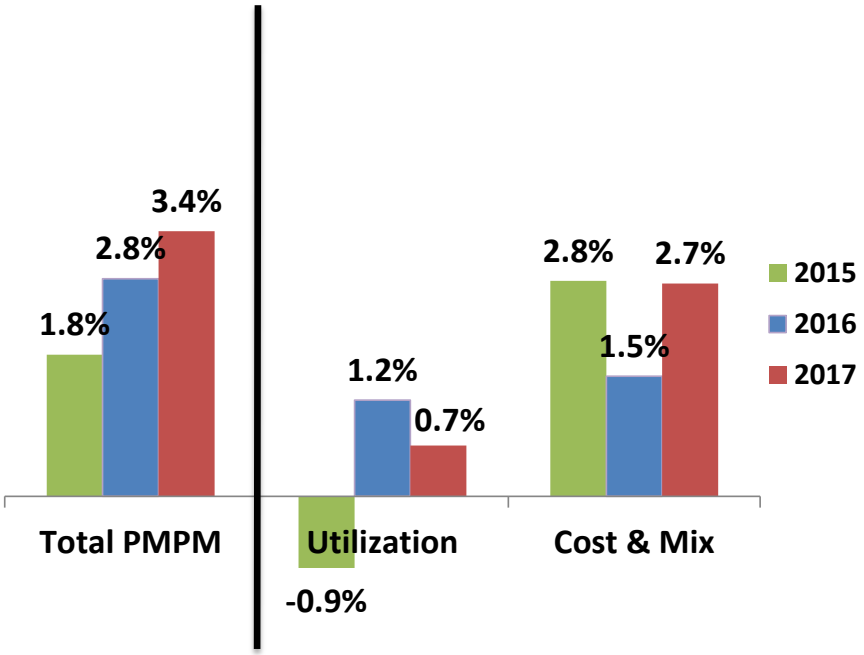
Source: NHID Annual Hearing data 2017 and 2018, including NH PAP. The 2017 values for Minuteman were based on limited data with adjustments from additional external sources
NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only.

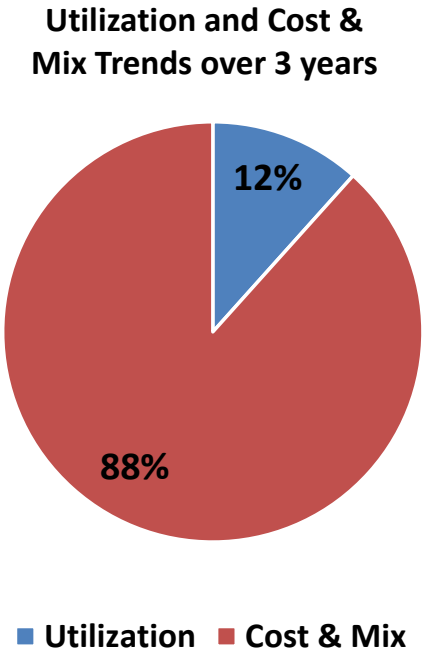
CLAIM TRENDS

This chart takes the combined 3.4% Small Group & Large Group allowed per member per month trend and breaks it into two components: Utilization and Unit Cost & Mix. Utilization is the number of services provided. Unit cost & mix trends are a combination of the change in unit price of specific services and changes in the mix of services or changes in the mix of providers being used by patients. When examining trends from the past three years, utilization trends accounted for 12% of the and cost & mix accounted for 88%.

2017 trends in the Group Markets were slightly higher than 2016 trends driven by increases in cost & mix and partially offset by a lower utilization trend.

Fully-Insured Allowed Claims Trend - Small and Large Group Markets





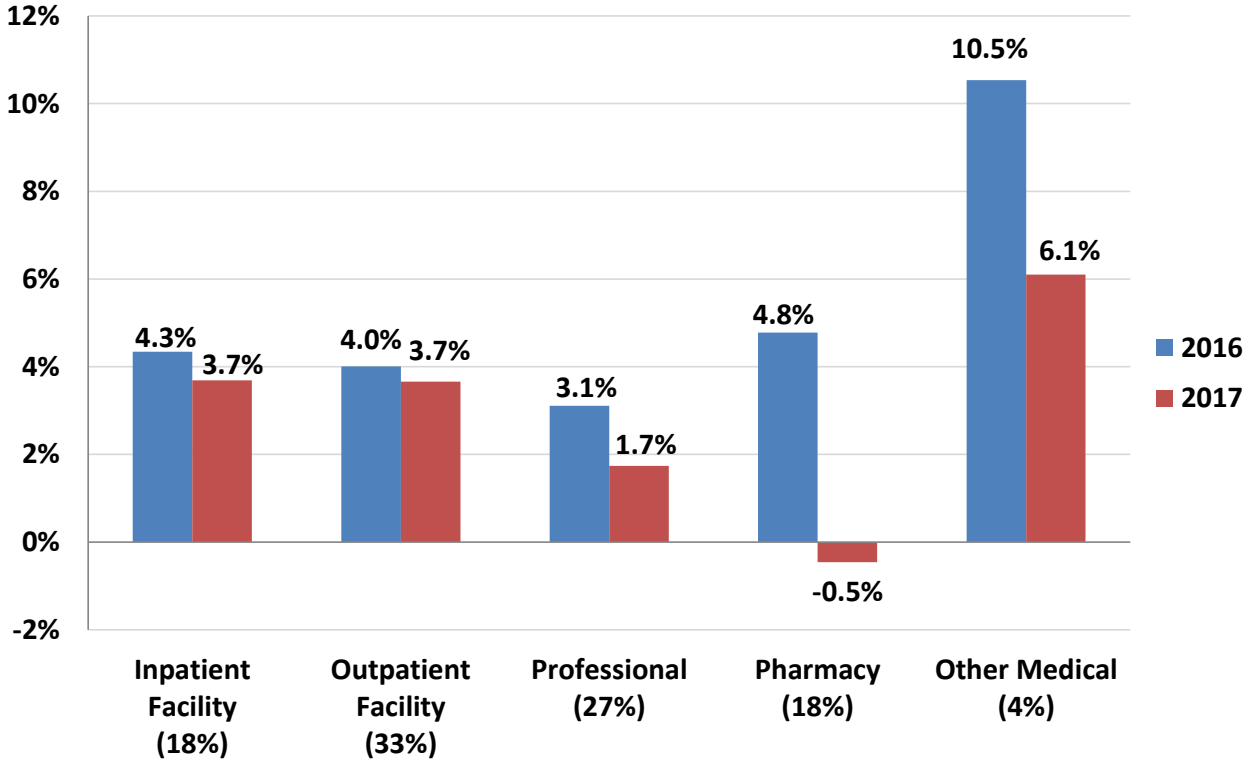
Source: NHID Annual Hearing data 2016, 2017 and 2018.

CLAIM TRENDS

Professional trends decreased from 3.1% in 2016 to 1.7% in 2017 primarily driven by lower utilization trends. Inpatient trends decreased from 4.3% in 2016 to 3.7% in 2017 also primarily driven by lower utilization trends.
There are additional non fee-for-service (FFS) costs that are not included in this chart but are included in the total allowed PMPM's in the previous slides. These non-FFS include costs for capitated services (such as for behavioral health) and risk sharing payments with providers. Non-FFS costs were $10 PMPM in 2015, $5 PMPM in 2016 and $10 PMPM in 2017. The large changes are primarily driven by changes in provider risk sharing payments.

Trends in every fee-for-service category were lower in 2017 than 2016. Pharmacy trends were flat in 2017 after several years of positive trends.

Allowed Claims PMPM Trends by Service Category - Small & Large Group



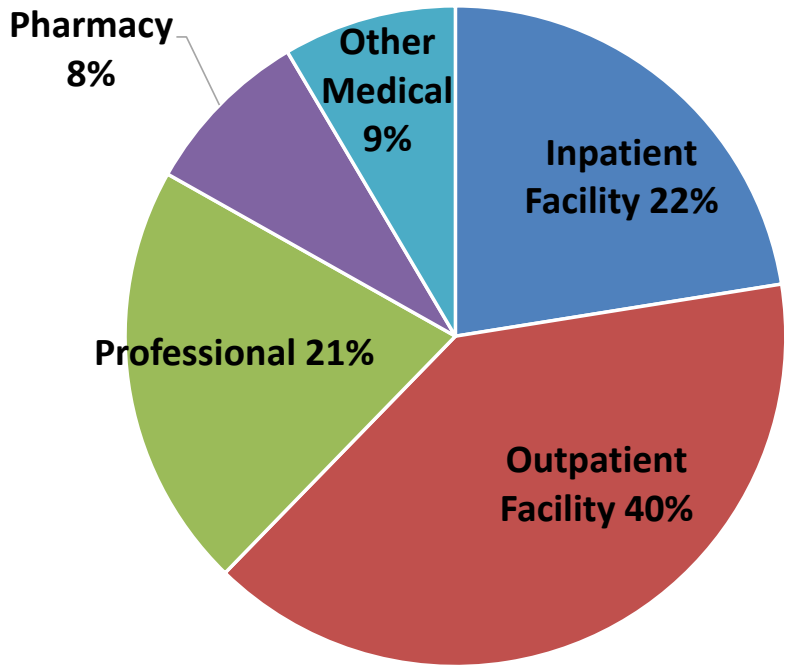
Note: The distribution % shown under each service category is based on 2017 claims.
Source: NHID Annual Hearing data 2018. Fee-for-service (FFS) only. Three major insurers in NH changed the methodology for allocated services by category in the 2018 data submission compared to the 2017 data submission. These insurers submitted re vised data for 2015, 2016 and 2017, therefore results in this report may vary from prior year reports.

CLAIM TRENDS

When examining trends from 2014 to 2016 in last year's report, the largest contributor to trend was pharmacy services, contributing over one-third to the overall trend increases. As pharmacy trends have decreased in 2016 and 2017, pharmacy is now a much lower contributor to overall trend at 8%. Insurers pointed to lower utilization, improved pricing, increased rebates, and lower specialty drug trends as key drivers. Pharmacy comprised 18% of total fee-for-service costs in 2018.

The largest contributors to trends from 2016 and 2017 in the Group Markets were Inpatient Facility, Outpatient Facility and Professional services. This is a change from prior years where Pharmacy was the largest contributor.

Contributors to Group Market Trends 2016 - 2017



Source: NHID Annual Hearing data 2018. FFS only.

CLAIM TRENDS

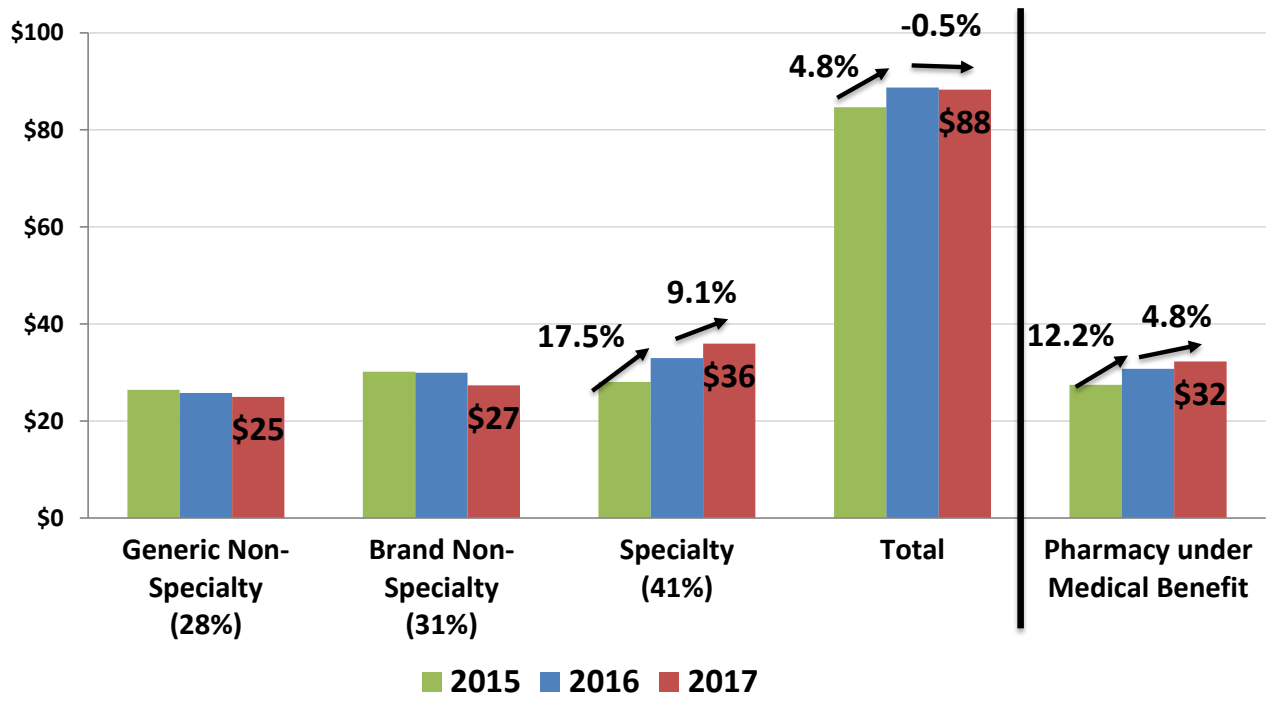
Specialty pharmacy trends outpace the other pharmacy categories with trends at 9.1% in 2017 and 17.5% in 2016, while other trends for generic and brand non-specialty are flat or negative.

In addition, specialty drugs continued to have a larger portion of pharmacy spending at 41% of total pharmacy spending.

The right side of the chart shows pharmacy drug costs covered under the medical benefit which include prescriptions drugs that are administered at a physician's office or in a hospital setting. In many cases these are high costing injectables. The trends for these drugs has also decreased from 12.2% in 2016 to 4.8% in 2017.

Pharmacy trends in 2017 were -0.5%, lower than the previous year, driven by lower specialty pharmacy trends in 2017 compared to 2016. Specialty pharmacy trends were 9.1% in 2017 compared to 17.5% in 2016. However, specialty pharmacy trends still outpace trends for non-specialty drugs.

Pharmacy Allowed Claims PMPM - Small Group and Large Group



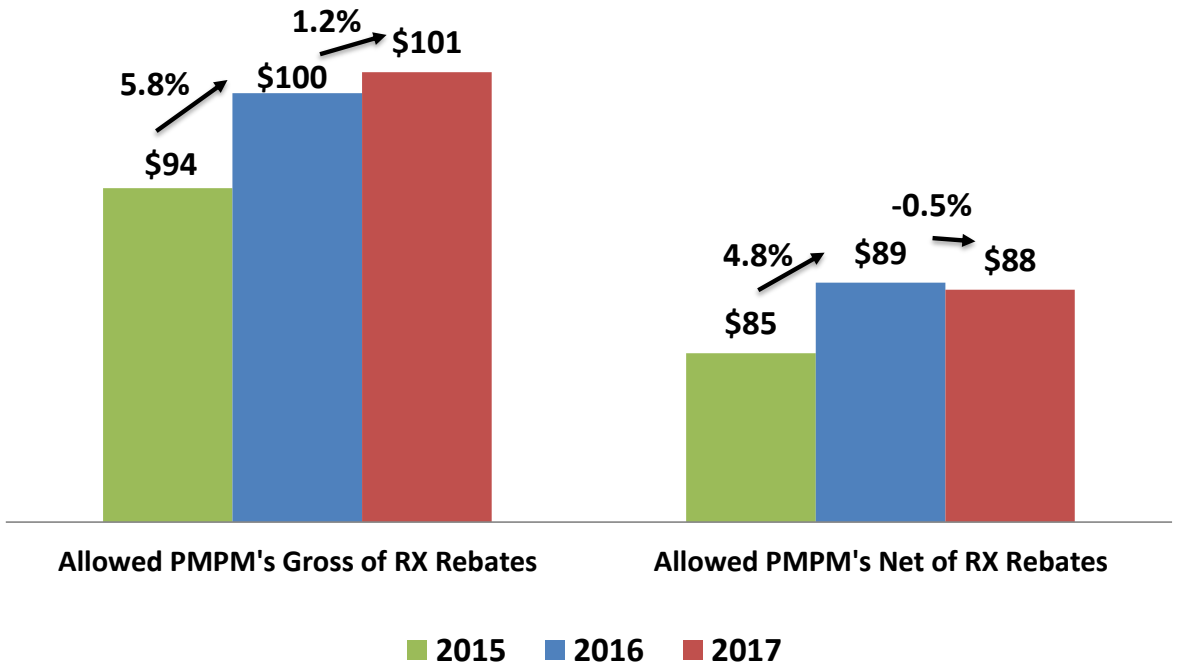
Note: The distribution % shown under each category is based on 2017 claims.
Source: NHID Annual Hearing data 2017 and 2018.

CLAIM TRENDS

Throughout this report, the pharmacy information is presented net of prescription drug rebates. These rebates, which are paid to insurers from drug manufacturers, reduce total pharmacy costs. Prescription drug rebates have grown at a faster rate than pharmacy costs, helping to keep pharmacy trends lower than they otherwise would have been. In 2016, pharmacy trends gross of rebates was 5.8% compared to 4.8% net of rebates. In 2017, pharmacy trends gross of rebates was 1.2% compared to -0.5% net of rebates.

Prescription drug rebates increased at a faster rate than pharmacy costs, lowering overall pharmacy spend. Pharmacy trends net of rebates were lower than pharmacy trends gross of rebates by approximately one percentage point in 2016 and by more than one percentage point in 2017.

Pharmacy Allowed Claims PMPM Gross and Net of Rebates - Small Group and Large Group



Source: NHID Annual Hearing data 2017 and 2018.

CLAIM TRENDS

Generic non-specialty PMPM trends remained negative in 2017 driven by decreasing cost trends and slightly offset by positive utilization trends.

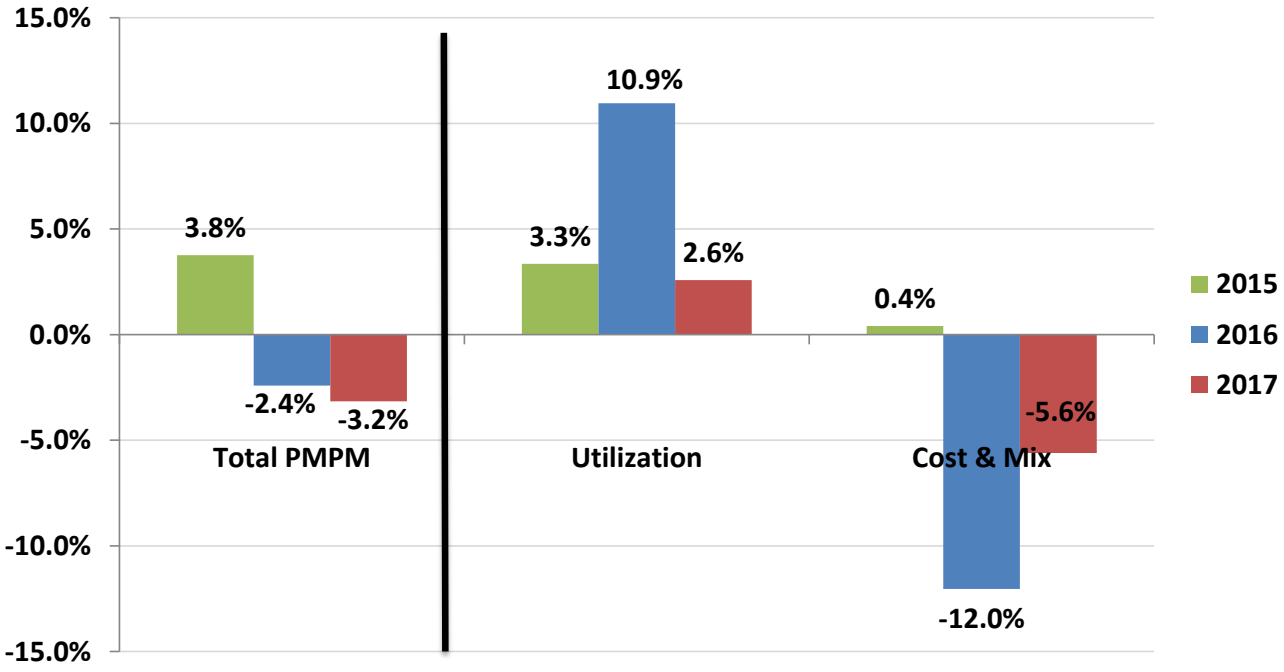
Insurers pointed to increased generic launches in 2017 helping to keep overall pharmacy trends low.

Generic utilization continued to increase during this timeframe. In 2015, generics comprised 84.5% of prescriptions in the group market increasing to 87.9% in 2017.

The average prescriptions per 1,000 members per year was 11,585 in 2017. The average allowed amount per script was $26.

Generic non-specialty PMPM trends were negative in 2017 driven by low utilization trends and negative cost and mix trends.

Generic Non Specialty Allowed Claims Trends - Small Group & Large Group



Source: NHID Annual Hearing data 2017 and 2018.

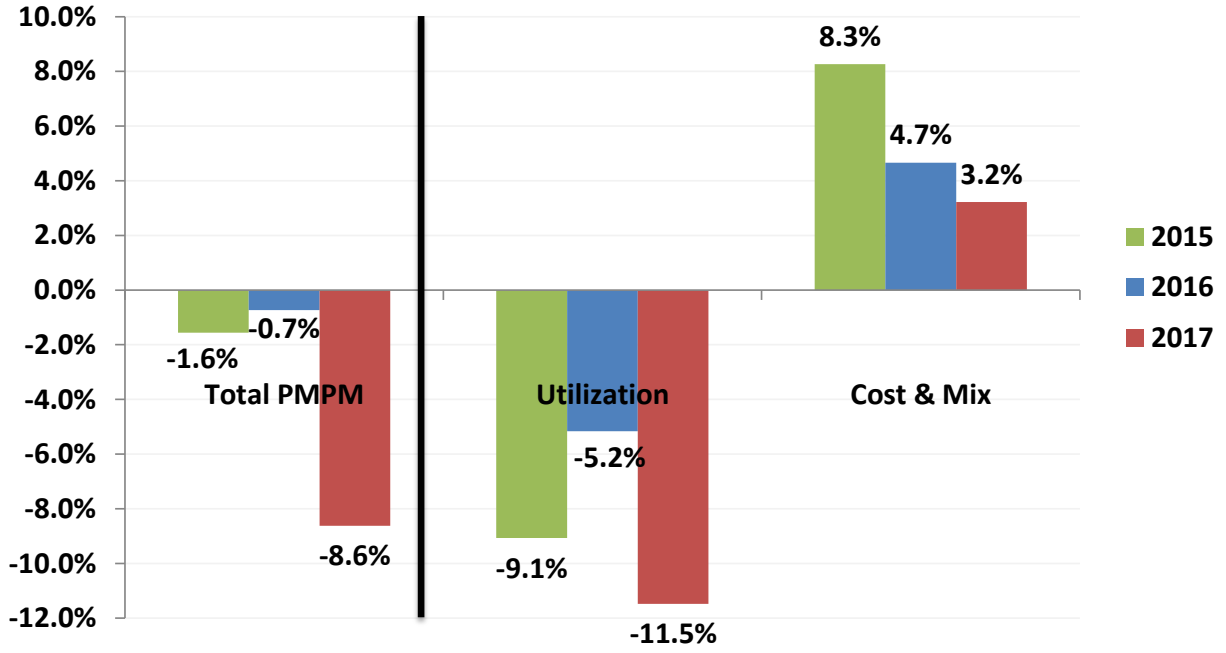
CLAIM TRENDS

Brand non-specialty PMPM trends experienced a decrease in 2017 driven by negative utilization trends that were only slightly offset by positive cost & mix trends.

The average prescriptions per 1,000 members per year was 1,478 in 2017. The average allowed amount per script was $222.

Brand non-specialty PMPM trends decreased in 2017 driven by negative utilization trends and low cost & mix trends.

Brand Non Specialty Allowed Claims Trends - Small Group & Large Group



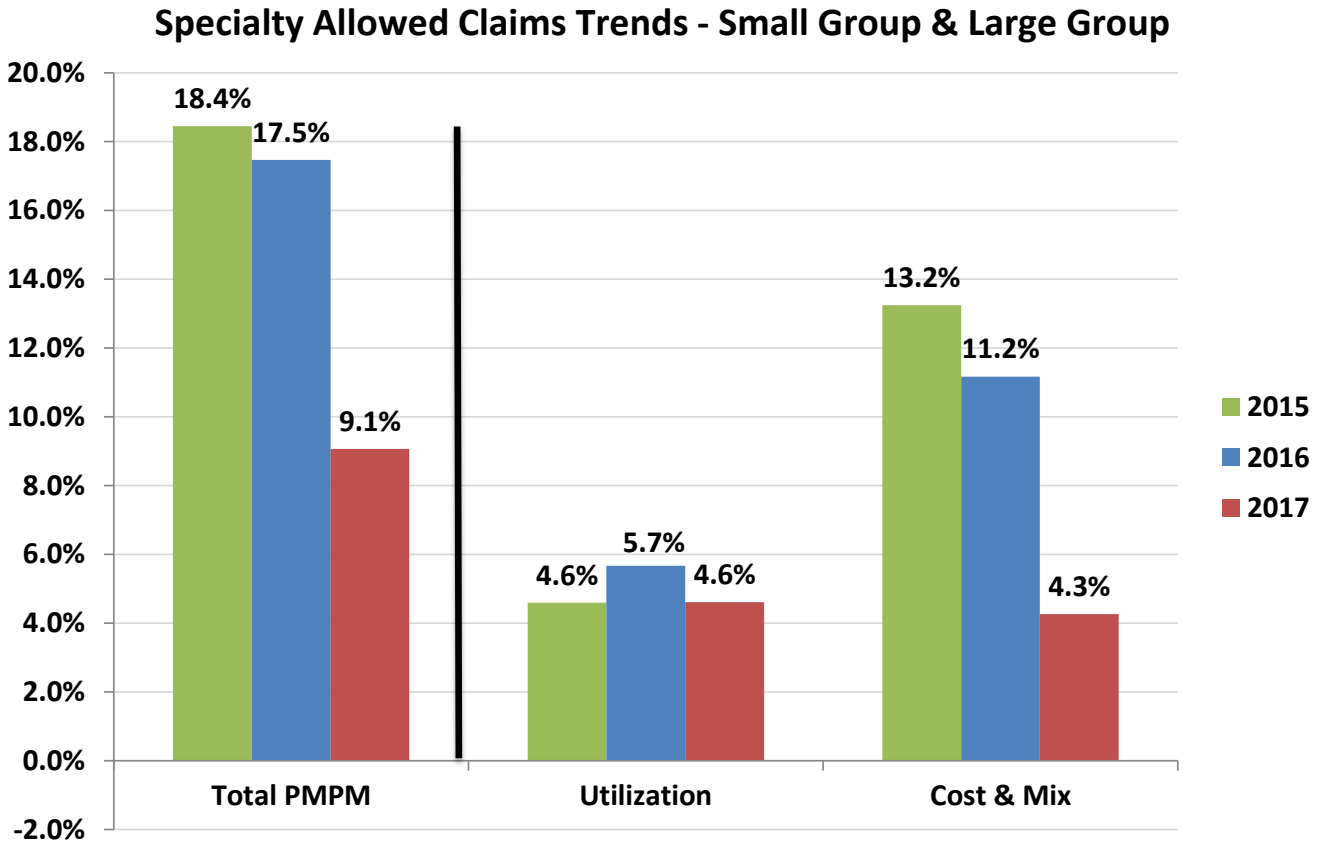
Source: NHID Annual Hearing data 2017 and 2018.

CLAIM TRENDS

Specialty PMPM trends decreased from the high levels of the last two years, but remained positive. This was driven by both positive utilization and cost & mix trends. Cost & mix trends were much lower in 2017 compared to 2016 and 2015. Insurers pointed to a significant decrease in the utilization and price of several high cost drug, including those used to treat hepatitis C, rheumatoid arthritis, breast cancer and cystic fibrosis. Increasing rebates for these drugs has also had a positive impact on trends.

The average prescriptions per 1,000 members per year was 117 in 2017. The average allowed amount per script was $3,698.

Specialty PMPM trends remained positive, but were lower than prior years.



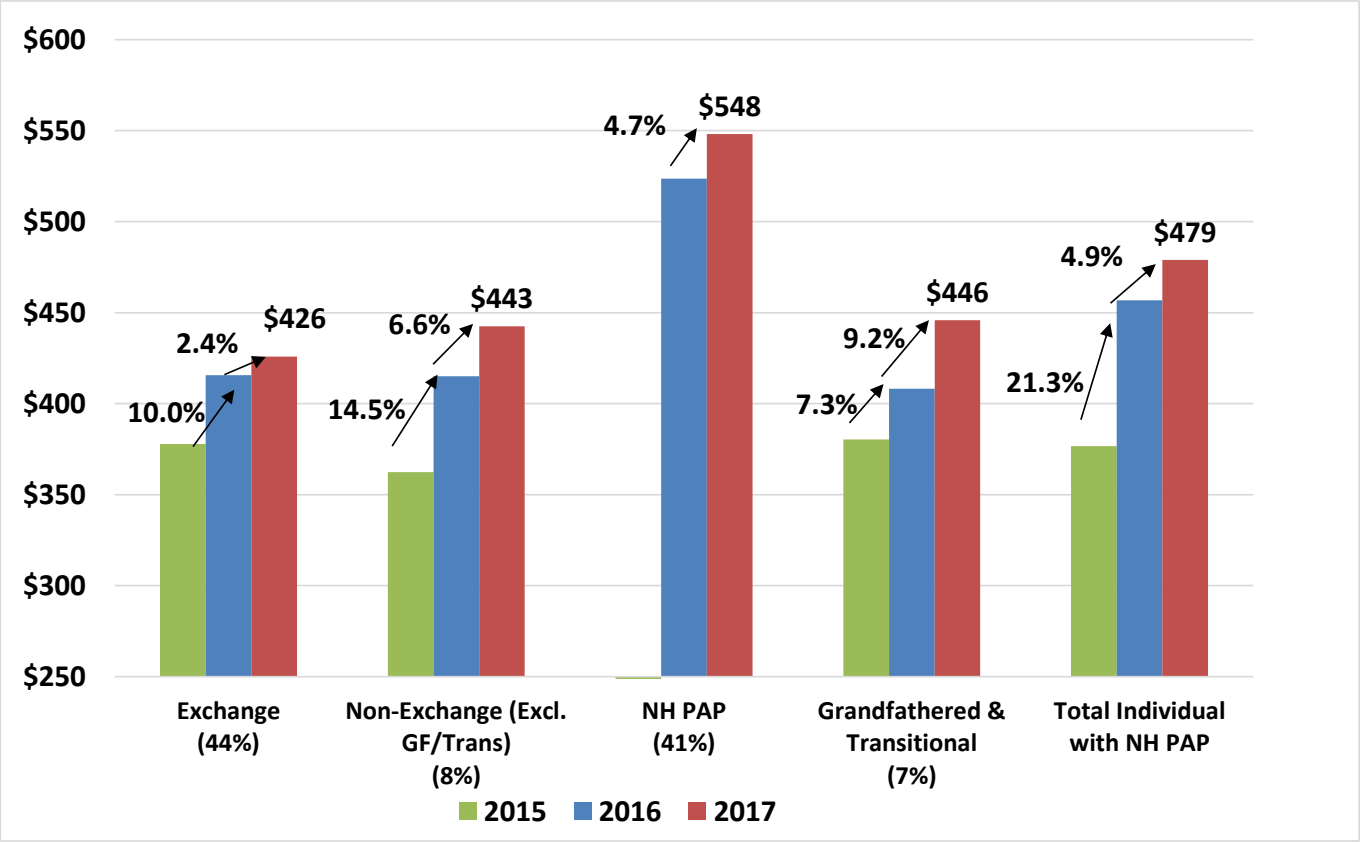
Source: NHID Annual Hearing data 2017 and 2018.

CLAIM TRENDS

Overall allowed claims trends came down in the Individual Market in 2017 compared to 2016. Trends in the Non-Exchange and Grandfathered/ Transitional segments had the highest trends in 2017 at 6.6% and 9.2%, respectively. Their higher trends were driven by Inpatient Facility and Outpatient Facility services. Pharmacy costs were also a key driver in all segments. The NH PAP population had significantly higher allowed claims PMPMs than the other segments and the inclusion of this population in 2016 was a key driver of trends that year. In 2017, the NH PAP population had claims that were 28% higher than the combined Exchange and Non-Exchange segments.

Overall claims trend in the Individual Market were lower in 2017 compared to 2016. Within the Individual Market, the Non-Exchange and Grandfathered/Transitional segments had the highest trends.

Individual Market - Total Allowed Claims PMPM



Note: The distribution % shown under each market is based on 2017 member months.
Source: NHID Annual Hearing data 2017 and 2018.

CLAIM TRENDS

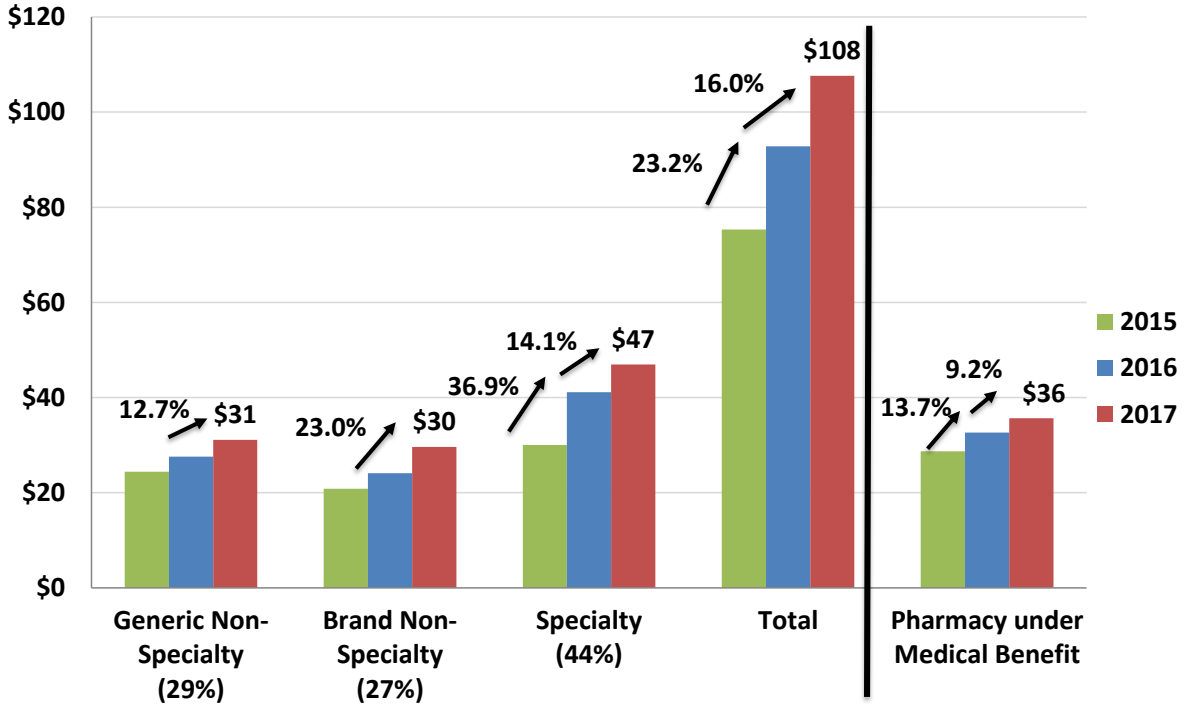
As was the case in the Group Markets, specialty drugs continued to represent a larger portion of pharmacy spending in the Individual Market, representing 44% of total pharmacy spending in 2017.

The Individual Market specialty trend was 14.1% in 2017, compared to 9.1% in the Group Markets. This was driven by both higher utilization and cost trends. The Individual Market's PMPMs have increased over the last two years to be nearly 23% higher then the Group Market PMPMs.

The NH PAP had similar total pharmacy costs to the Individual Market, excluding NH PAP. However, NH PAP has higher PMPMs for Brand Non-Specialty and much lower PMPMs for Specialty.

Within the Individual Market excluding NH PAP, the pharmacy allowed claims PMPM trend was 16%, while the Group Market pharmacy trend was flat in 2017. The Individual Market experienced higher trends in all categories compared to the Group Markets.

Pharmacy Allowed Claims PMPM - Individual Market excluding NH PAP



Note: The distribution % shown under each category is based on 2017 claims. Minuteman excluded as detailed pharmacy data not available all years.
Source: NHID Annual Hearing data 2017 and 2018.

UTILIZATION LEVELS AND TRENDS

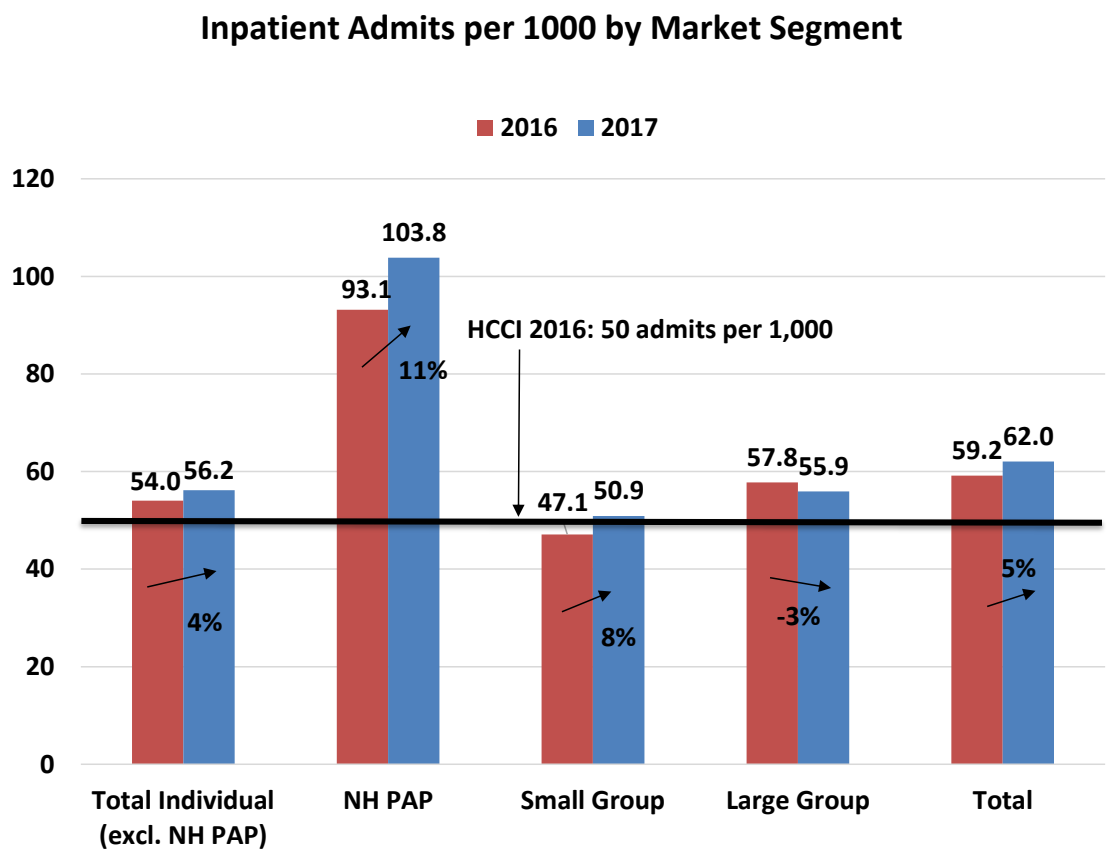
UTILIZATION LEVELS AND TRENDS

The NH PAP population's utilization is nearly double the rest of the Individual Market's utilization.

The total Individual Market excluding NH PAP has utilization similar to the Group Markets.

The Small Group utilization is at or below national benchmarks while the Large Group utilization is higher.

Inpatient admissions continue to be significantly higher in the Individual NH PAP population compared to all other segments.



Source: NHID Annual Hearing data 2017 and 2018. Data was not available for Minuteman for 2017. Minuteman was excluded from the analysis for 2016. Exclusion of Minuteman was shown to have minimal impact on the totals shown here by segment.

Comparisons were made to the Health Care Cost Institute 2016 data. Note that this data only reflects employer sponsored insurance.

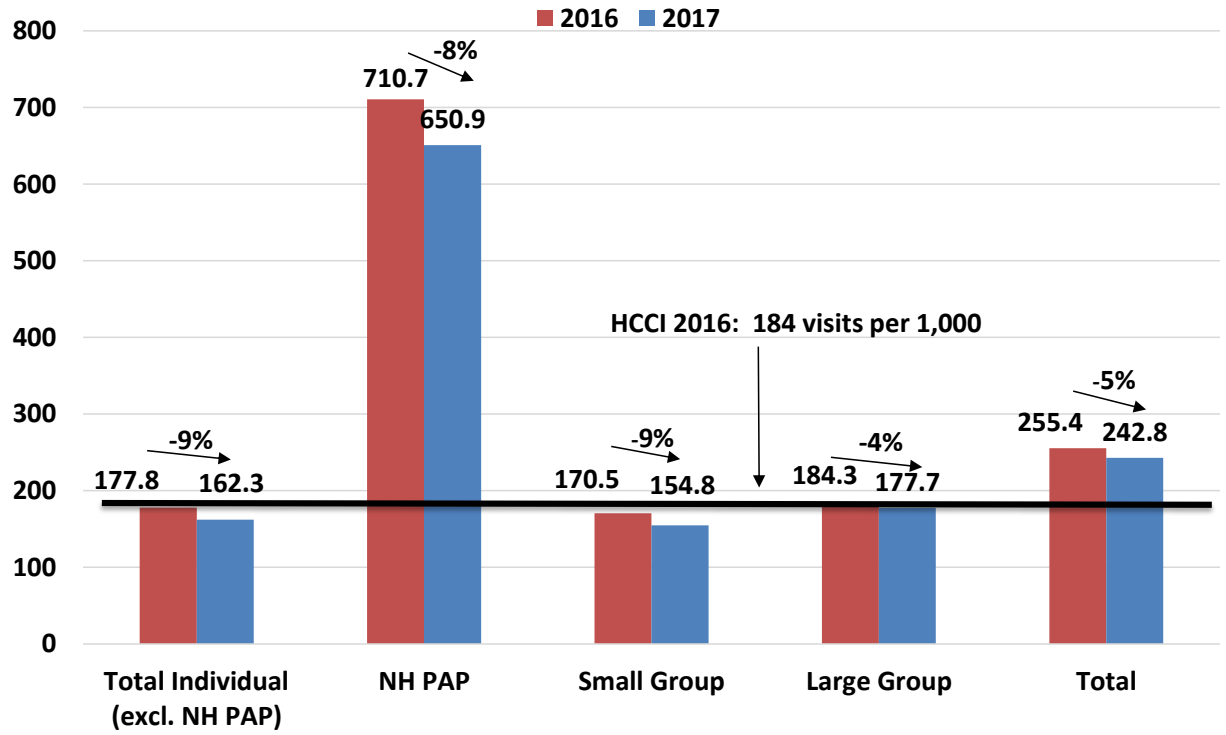
UTILIZATION LEVELS AND TRENDS

The total Individual Market excluding the NH PAP population had utilization similar to the Group Markets.
The Group Markets utilization was at or below national benchmarks.

Emergency department use decreased in all market segments from 2016 to 2017 with a -5% trend overall.

Emergency Department utilization decreased in all segments in 2017. The NH PAP Market continued to have emergency department utilization approximately four times greater than the Individual Market, excluding NH PAP and the Group Markets.

Emergency Department Visits per 1000 by Market Segment



Source: NHID Annual Hearing data 2017 and 2018. Data was not available for Minuteman for 2017. Minuteman was excluded from the analysis for 2016. Exclusion of Minuteman was shown to have minimal impact on the totals shown here by segment.

Comparisons were made to the Health Care Cost Institute 2016 data. Note that this data only reflects employer sponsored insurance.

MEDICAL LOSS RATIOS, EXPENSES AND PROFITS

MEDICAL LOSS RATIOS, EXPENSES AND PROFITS

The risk adjustment program generally redistributes funds from insurers with lower risk/healthier enrollees to insurers with higher risk/sicker enrollees. Health plans who have healthier members will pay money (shown in red) and health plans who have sicker members will receive money (shown in black.) This program is a permanent program started in 2014 and is revenue neutral within the NH Individual Market and separately within the NH Small Group Market. As a result of Minuteman's closure, it is not known how much of the risk adjustment payment, if any, from Minuteman to other insurers will be made for the 2017 benefit year.

In the Individual Market, Minuteman was assessed a $39M payment for 2017 Risk Adjustment.

Individual Market - Federal Risk Adjustment Program				
	2014 Risk Adjustment ($ millions)	2015 Risk Adjustment ($ millions)	2016 Risk Adjustment ($ millions)	2017 Risk Adjustment ($ millions)
Celtic Insurance Company	$0.1	$0.1	$17.3	$14.4
Harvard Pilgrim Health Care of NE	n/a	($1.2)	$0.4	$15.8
Maine Community Health Options	n/a	$5.3	$8.2	
Matthew Thornton Hlth Plan(Anthem BCBS)	($5.3)	$0.2	($0.5)	$8.9
Minuteman Health, Inc.	n/a	($10.5)	($25.4)	($39.1)
Time Insurance Company	$5.2	$6.2	n/a	n/a
Total	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Total Amount Distributed	***$5.3***	***$11.7***	***$25.9***	***$39.1***

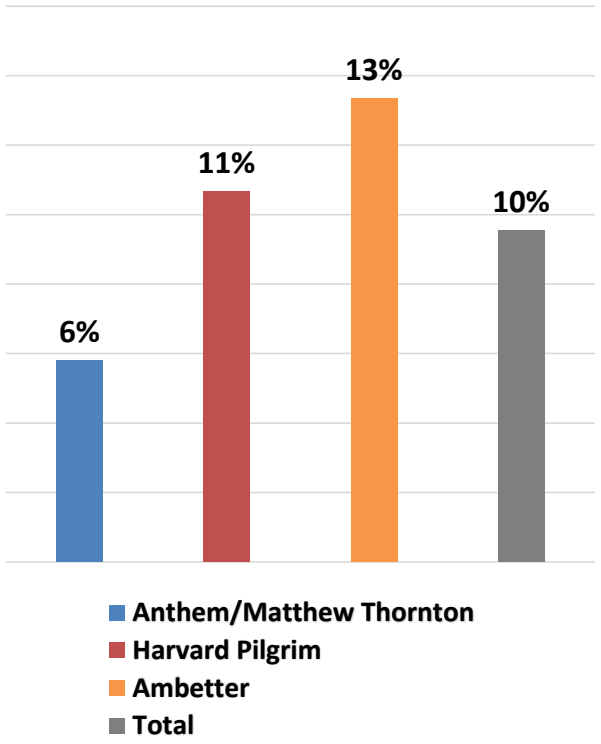
Source: CMS SUMMARY REPORT ON PERMANENT RISK ADJUSTMENT TRANSFERS FOR THE 2017 BENEFIT YEAR Released: July 9, 2018, https://downloads.cms.gov/cciio/Summary-Report-Risk-Adjustment-2017.pdf.

MEDICAL LOSS RATIOS, EXPENSES AND PROFITS

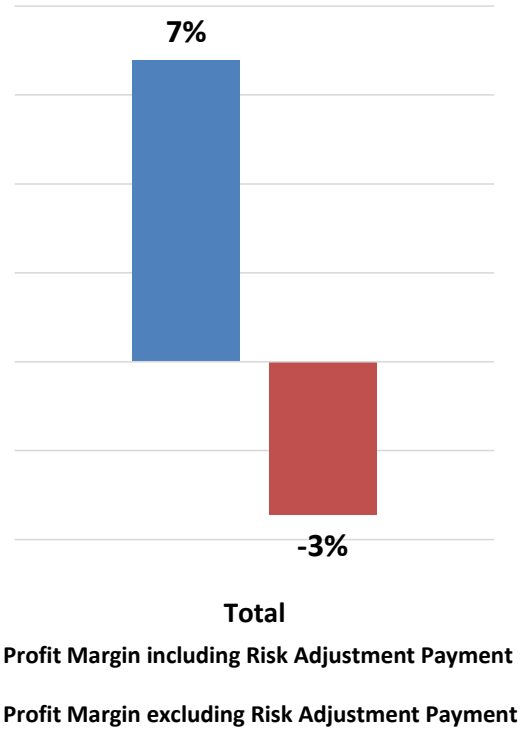
The risk adjustment payments in 2017 for the Individual Market were expected to represent 6% of premium for Matthew Thornton, 11% for HPHC NE and 13% for Ambetter. Therefore, without the risk adjustment payment, profit margins for these companies would decrease by these same amounts. In total across these insurers, risk adjustment payment represented 10% of the premium. If Minuteman were to not pay any of the risk adjustment, the profit margin in the Individual Market decreases from +7% to -3%.

Due to Minuteman's closure at the end of 2017, it is not known how much of the risk adjustment payment, if any, from Minuteman to other insurers will be made for the 2017 benefit year.

2017 Risk Adjustment as Percentage of Premium- Individual Market



2017 Profit Margins with and without Risk Adjustment



Source: 2017 federal MLR reports provided by carriers. MLR rebate payments deducted from premium to determine the profit margins shown here.

MEDICAL LOSS RATIOS, EXPENSES AND PROFITS

In the Small Group Markets, the total amount distributed has been fairly consistent over the past two years. In 2017, HPHC Insurance Company was the largest receiver while Tufts was the largest payer. This suggests that Tufts enrolled the healthiest risk in its market while HPHC has enrolled the least healthiest risk.

In the Small Group Market, Tufts (the new market entrant) will pay more than 50% of the risk adjustment payments. HPHC is expected to receive 81% of all risk adjustment payments.

Small Group Market - Federal Risk Adjustment Program				
	2014 Risk Adjustment ($ millions)	2015 Risk Adjustment ($ millions)	2016 Risk Adjustment ($ millions)	2017 Risk Adjustment ($ millions)
Anthem Health Plans of NH(Anthem BCBS)	$1.2	$1.3	$1.9	$0.8
Harvard Pilgrim Health Care of NE	($3.0)	($0.8)	($2.6)	$0.1
HPHC Insurance Company, Inc	$1.5	$1.9	$1.9	$5.1
Maine Community Health Options	n/a	($3.6)	($2.8)	($1.3)
Matthew Thornton Hlth Plan(Anthem BCBS)	$0.2	$1.5	$2.4	($1.4)
Minuteman Health, Inc.	n/a	($0.0)	($0.0)	($0.3)
Tufts Health Freedom Insurance Company	n/a	n/a	($0.5)	($3.3)
UnitedHealthcare Insurance Company	$0.0	($0.2)	($0.2)	$0.4
Total	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Total Amount Distributed	***$3.0***	***$4.7***	***$6.2***	***$6.3***

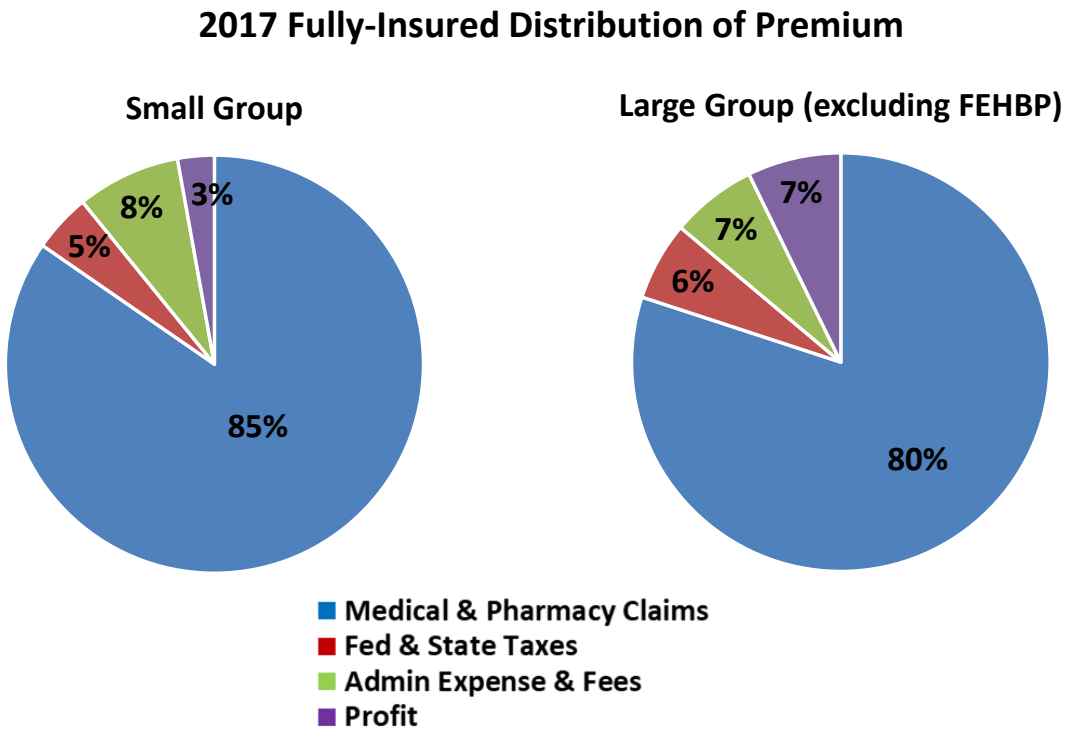
Source: CMS SUMMARY REPORT ON PERMANENT RISK ADJUSTMENT TRANSFERS FOR THE 2017 BENEFIT YEAR Released: July 9, 2018, https://downloads.cms.gov/cciio/Summary-Report-Risk-Adjustment-2017.pdf.

MEDICAL LOSS RATIOS, EXPENSES AND PROFITS

The profit margin in the Small Group Market was 3% in 2017, the same as in 2016. The percentage that goes toward medical and pharmacy claims increased compared to the prior year, offset by a lower percentage of federal and state taxes in 2017 compared to 2016.

The profit margin in the Large Group Market increased slightly from 2016 to 2017, from 6% to 7%. The percentage that goes toward medical and pharmacy claims decreased slightly, from 81% in 2016 to 80% in 2017.

85% of premium in the Small Group Market and 80% of premium in the Large Group Market was spent on medical and pharmacy claims.



Source: 2017 federal MLR reports provided by carriers. Anthem provided additional information for FEHBP to make necessary adjustments to exclude from Large Group.

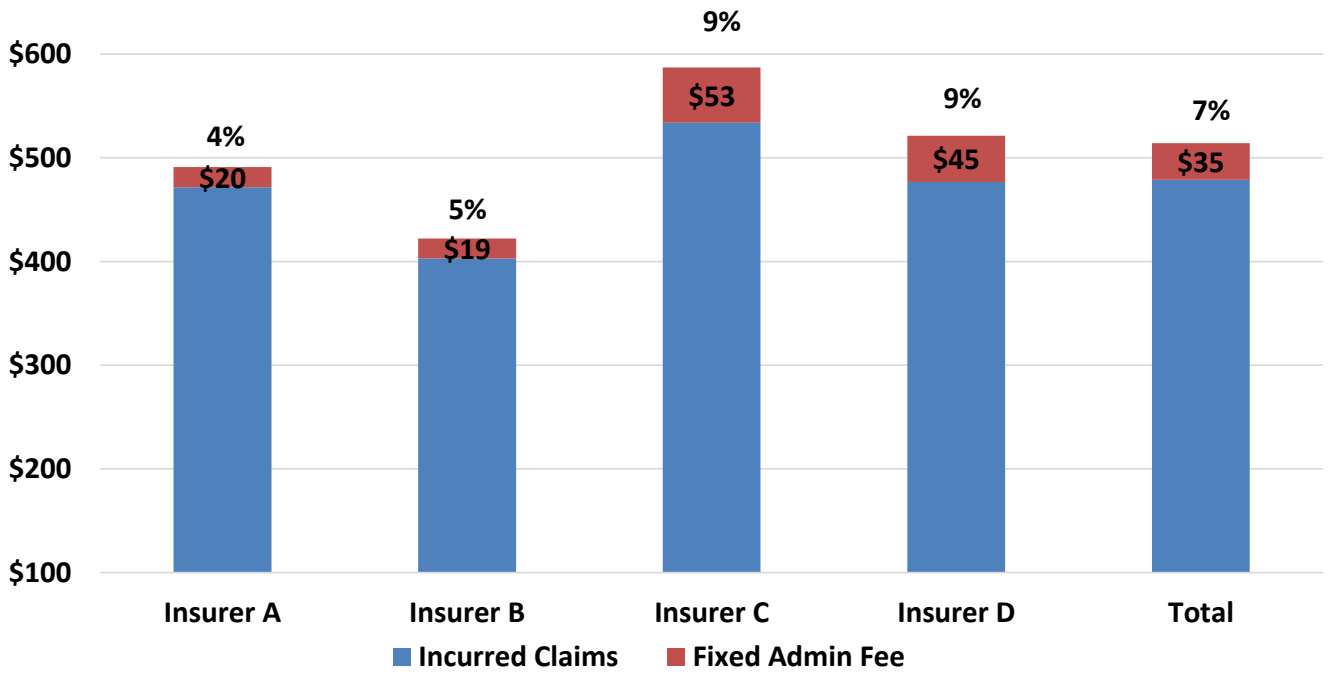
Notes: This information is based on each insurer's federal MLR report but these loss ratios are not the same as the MLR's used in the rebate calculation as there are several additional adjustments used in that calculation. In addition, MLR rebates are based on three year's worth of data. Risk adjustment payments/receivables are included in the Earned Premium as reported in Part I of the federal MLR reports. MLR rebates as reported in Part 3 of the federal MLR reports are subtracted from the Earned Premium. CSR payments are subtracted from the Incurred Claims report in Part I of the federal MLR reports.

MEDICAL LOSS RATIOS, EXPENSES AND PROFITS

The administrative fee ranges from 4% to 9% of total health insurance costs. While this is less variability than was experienced in 2016, the range of fees continues to suggests that insurers actual administrative expenses can be highly variable from one insurer to the next.

The administrative fee charged by insurers to self-insured employers varies considerably by insurer, ranging from $19 PMPM to $53 PMPM.

2017 Large Group Self-Insured Administrative Fees by Insurer



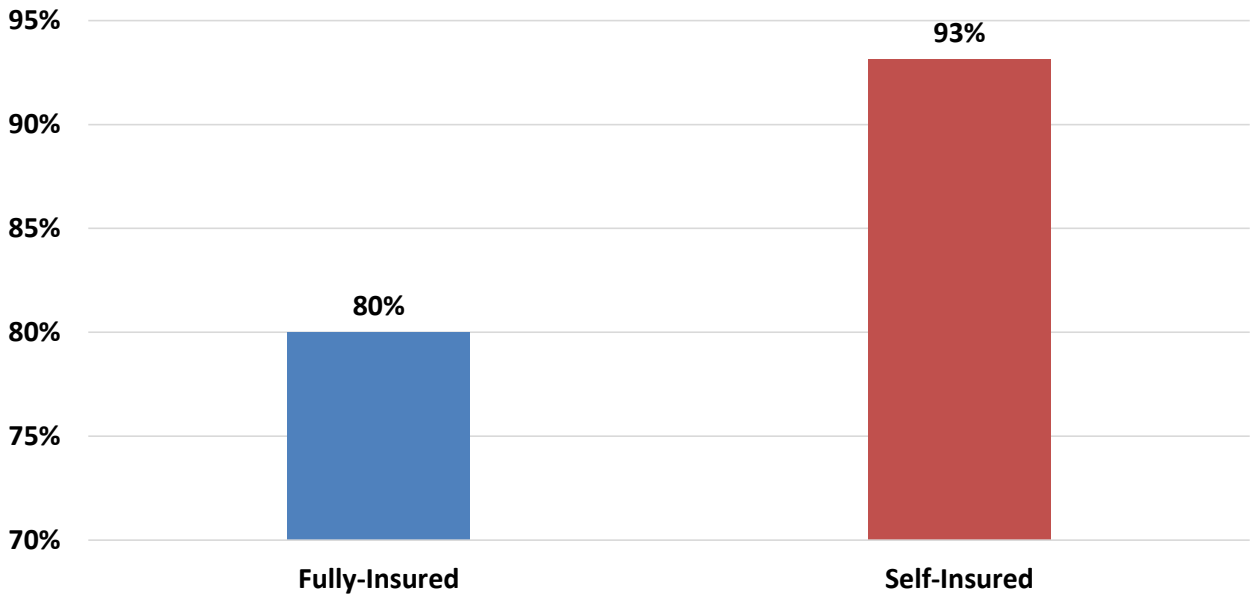
Source: NHID Supplemental Data Request; Commercial self-insured population including New Hampshire situs membership only. Excludes FEHBP population. Smallest insurer is this segment excluded because data did not appear credible.

MEDICAL LOSS RATIOS, EXPENSES AND PROFITS

Generally, insurers need to retain more of the health insurance premium in the fully-insured market because, in addition to administering the benefit, they are also assuming the risk by paying all medical claims expenses. In addition, self-insured accounts are generally larger than fully-insured accounts, and an economy of scale is recognized which allows insurers to charge a lower administrative fee to the self-insured market.

80% of premium in the Large Group Fully-Insured Market was spent on health care claims, compared to 93% in the Self-Insured Market in 2017. This is similar to 2016.

2017 Large Group Medical Loss Ratios



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population..

LIMITATIONS AND DATA RELIANCE

Gorman Actuarial prepared this report for use by the New Hampshire Insurance Department. While we understand that this report may be distributed to third parties, Gorman Actuarial assumes no duty or liability to any third parties who receive the information herein. This report should only be distributed in its entirety.

Users of this report must possess a reasonable level of expertise and understanding of health care, health insurance markets and financial modeling so as not to misinterpret the information presented. The report addresses certain provisions of the Affordable Care Act, but is not intended to act as an official or comprehensive interpretation of the legislation itself.

Analysis in this report was based on data provided by the New Hampshire Insurance Department, insurers in the New Hampshire health insurance markets, and other public sources. Gorman Actuarial has not audited this information for accuracy. We have performed a limited review of the data for reasonableness and consistency. If the underlying data are inaccurate or incomplete, the results of this analysis may likewise be inaccurate or incomplete.

The report contains statements that attempt to provide some prospective context to current or past trends. These statements are based on the understanding of the existing and proposed regulatory environment as of November 2018. If subsequent changes are made, these statements may not appropriately represent the expected future state.

QUALIFICATIONS

This study includes results based on actuarial analyses conducted by Jennifer Smagula and peer reviewed by Bela Gorman, both of whom are members of the American Academy of Actuaries and Fellows of the Society of Actuaries. They both meet the qualification standards for performing the actuarial analyses presented in this report.

APPENDIX

GLOSSARY

ACA: Affordable Care Act of 2010

Actuarial Value: For purposes of this report, "actuarial value" is defined as the share of medical costs covered by the health plan for a standard population, and is the federal Minimum Value measure as outlined in Section 1302 (d)(2)(C) of the Affordable Care Act.

APTC: An Advanced Premium Tax Credit is a federal tax credit for individuals that reduces the amount they pay for monthly health insurance premiums when they buy health insurance on the exchange.

Allowed Costs: These costs include both the amount paid by the insurer and the amount paid by the member through cost sharing such as deductibles, copayments and coinsurance.

Benefit-Adjusted Premium Trend: The premium trend recalculated to assume no changes in benefits from year to year.

Benefit Buy-Down: The process of selecting a plan with reduced benefits or higher member cost sharing as a way to mitigate premium increases.

Cost Trend: For purposes of this report, "cost trend" represents the combination of the change in the unit price of specific services, the change in the claim severity of the total basket of services provided, and the change in mix of providers being used.

CSR Subsidies: Cost sharing reduction subsidies are one of the subsidies prescribed by the ACA which lowers out-of-pocket costs based on income for Silver plans bought on the exchange.

EPO: Exclusive Provider Organization; a type of health plan with a defined network of providers. Unlike an HMO, the member may not be required to select a Primary Care Physician or receive referrals to Specialists within the network.

FEHBP: Federal Employees Health Benefits Program.

Fully-Insured Plan: A health plan in which an insurer receives a premium payment in return for covering all claims risk associated with the enrollees.

HMO: Health Maintenance Organization; a type of health plan that employs medical management techniques such as a defined provider network, Primary Care Physician selection and Specialist referral requirements.

NHID: New Hampshire Insurance Department

Per Member Per Month (PMPM): A common method of expressing healthcare financial data that normalizes for the size of the membership pool. Dollars are divided by member months to calculate the PMPM value.

POS: Point-of-Service plan; a type of health plan similar to an HMO, but with the option to self-refer to providers outside of the HMO network, typically with increased levels of member cost sharing.

PPO: Preferred Provider Organization; a type of health plan that employs a network of preferred providers, but does not limit a member from seeking care at any provider. Typically, the member cost sharing will be lower when care is provided within the preferred network.

Situs: "Situs" of a policy is defined as the jurisdiction in which the policy is issued or delivered as stated in the policy.

Self-Insured Plan: A health plan in which an employer does not actually pay insurance premiums to an insurer to accept the claims risk. The employer pays only a service fee to an insurer to administer the plan, but then the employer covers the cost of claims for their enrollees directly.

Stop-Loss Coverage: Self-insured groups with stop-loss insurance are liable for claims up to a specific or aggregate prescribed threshold. The stop loss insurer only becomes liable for claims after the prescribed threshold has been exceeded.

Unadjusted Premium Trend: The actual percentage increase in premium PMPMs as reported by insurers.

Utilization Trend: The change in the number of services provided. Examples of the types of metrics used to calculate utilization includes the number of admissions to a hospital, the number of visits to a specialist physician, or the number of pharmacy prescriptions filled.

DATA SOURCES

Data are collected from two data requests: The Supplemental Data Request (SDR) and Annual Hearing Carrier Questionnaire (AH). Each serves a different purpose and captures a slightly different population.

For the SDR, we collect data from all insurers in the market, except those that request an exemption due to meeting the *de minimis* requirements. For the New Hampshire situs population in CY 2017, we estimate that the data collected represent virtually all of the covered lives in the Individual Market. Data are also collected for the Federal Employees Health Benefits Program (FEHBP) and non-New Hampshire situs membership.

The focus of the SDR is detailed benefit information along with membership, cost sharing, claims and premium.

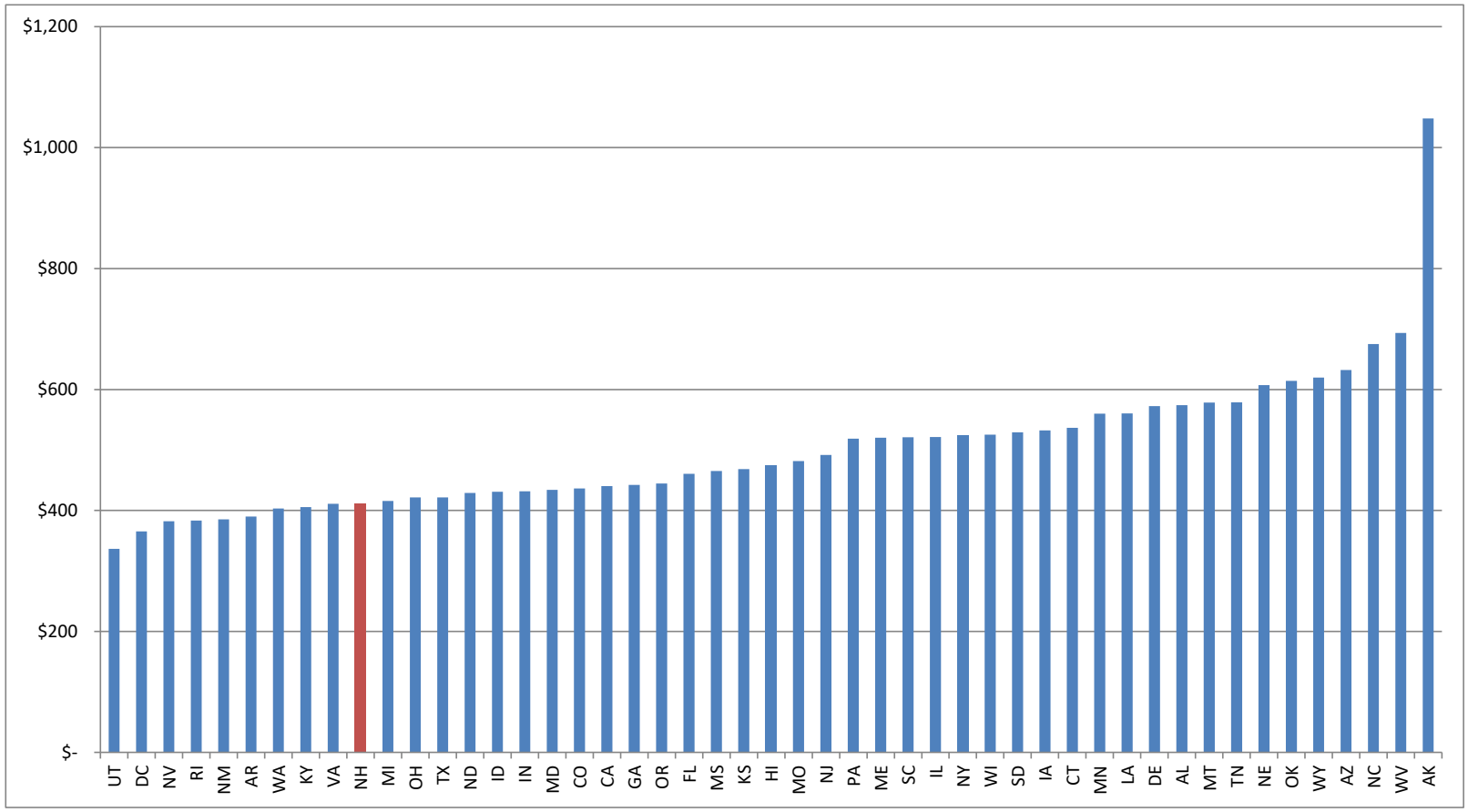
For the AH, we collect data from the five largest insurers: Anthem/Matthew Thornton Health Plan, Havard Pilgrim Health Care, CIGNA, Ambetter (Centene) and Tufts Health Freedom Plan. In addition, we collected limited data from Minuteman Health. The focus of the AH is more detailed claims trend, rating assumptions and demographic information.

The information from these two data requests are integrated into one set of findings in this report.

The NHID reviews premium rates and ensures compliance with all New Hampshire insurance laws for fully-insured products sitused in New Hampshire. Fully-insured members covered under policies outside of New Hampshire receive the benefit of New Hampshire insurance mandates and other coverage requirements when they work at a New Hampshire branch location, but the NHID does not review premium rates for non-New Hampshire sitused policies.

APPENDIX

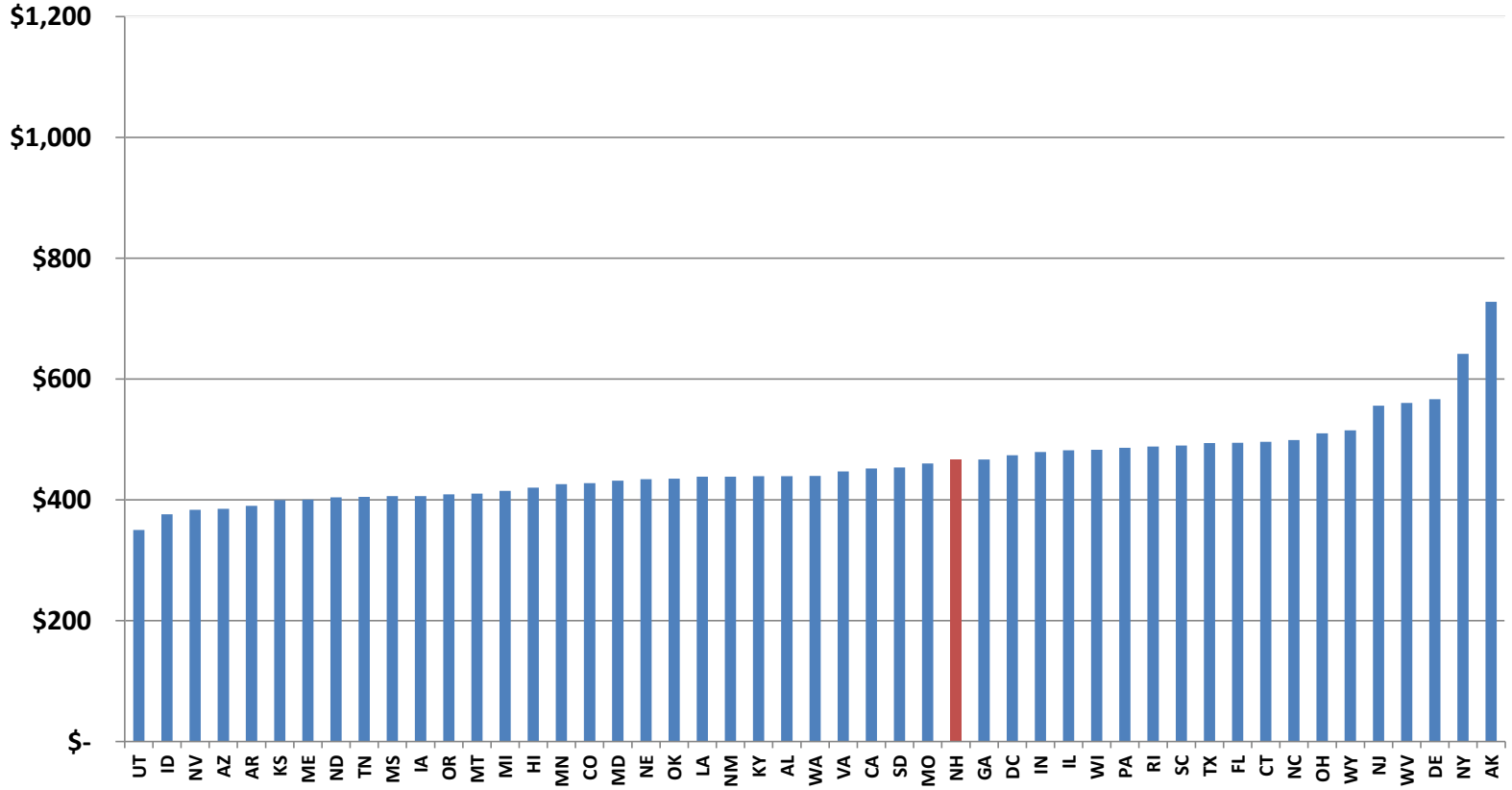
2017 Benefit Year State Average Premium (Individual Market)



Source: Centers for Medicare and Medicaid Services. Appendix A to the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2017 Benefit Year. Available at: https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Appendix-A-State-Averages.xlsx.

APPENDIX

2017 Benefit Year State Average Premium (Small Group Market)



Source: Centers for Medicare and Medicaid Services. Appendix A to the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2017 Benefit Year. Available at: https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Appendix-A-State-Averages.xlsx.

APPENDIX

New Hampshire Residents by Health Insurance Status (2014 - 2017)

	2014		2015		2016		2017	
	NH Number	NH %	NH Number	NH %	NH Number	NH %	NH Number	NH %
Employer Coverage Only	747,000	57%	751,000	57%	738,000	56%	741,000	56%
Medicare Coverage	160,000	12%	168,000	13%	172,000	13%	181,000	14%
Medicaid Coverage Only	107,000	8%	125,000	9%	132,000	10%	136,000	10%
Individual Coverage Only	76,000	6%	80,000	6%	82,000	6%	78,000	6%
Other Coverage Combinations	65,000	5%	70,000	5%	76,000	6%	78,000	6%
Uninsured	120,000	9%	83,000	6%	78,000	6%	77,000	6%
Dual Medicare and Medicaid Coverage	23,000	2%	26,000	2%	26,000	2%	21,000	2%
Tricare & VA Coverage	15,000	1%	12,000	1%	12,000	1%	12,000	1%
Total	**1,313,000**	**100%**	**1,315,000**	**100%**	**1,316,000**	**100%**	**1,324,000**	**100%**

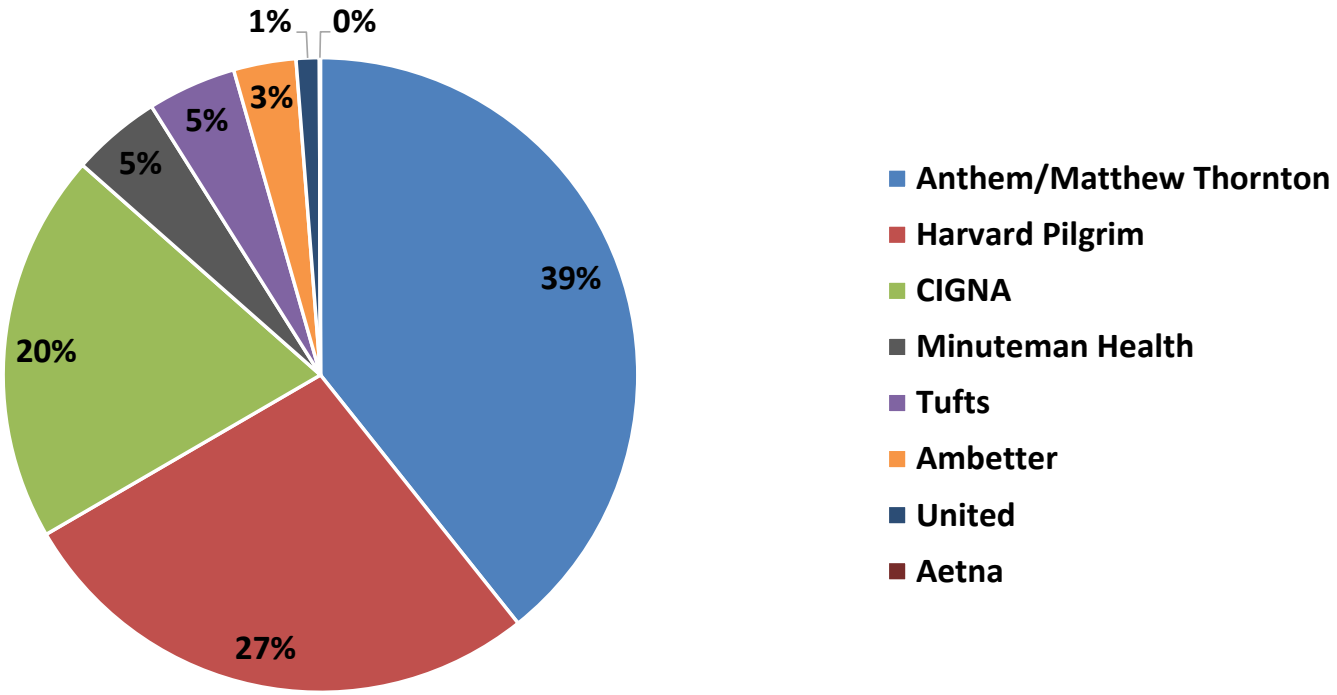
Source: U.S. Census Bureau, American Community Survey (ACS) 1-Year estimates for 2014, 2015, 2016 and 2017. Available at: http://factfinder.census.gov.

The "Other Coverage Combinations" category includes those persons with two or more types of health insurance coverage that ar e not in the following six multi-coverage categories: With employer-based and direct-purchase coverage; With employer-based and Medicare coverage; With direct-purchase and Medicare coverage; With Medicare and Medicaid/means-tested public coverage; Other private only combinations; Other public only combinations.

The ACS does not explicitly state that the NH PAP population is designated as Medicaid, but based on the size of the Medicaid and Individual membership, it is assumed that NH PAP is designated as Medicaid.

APPENDIX

Membership Distribution by Insurer of New Hampshire Situs Only, Fully-Insured and Self-Insured 2017



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population.

APPENDIX

Insurers Participating in Individual Market 2014 to 2019

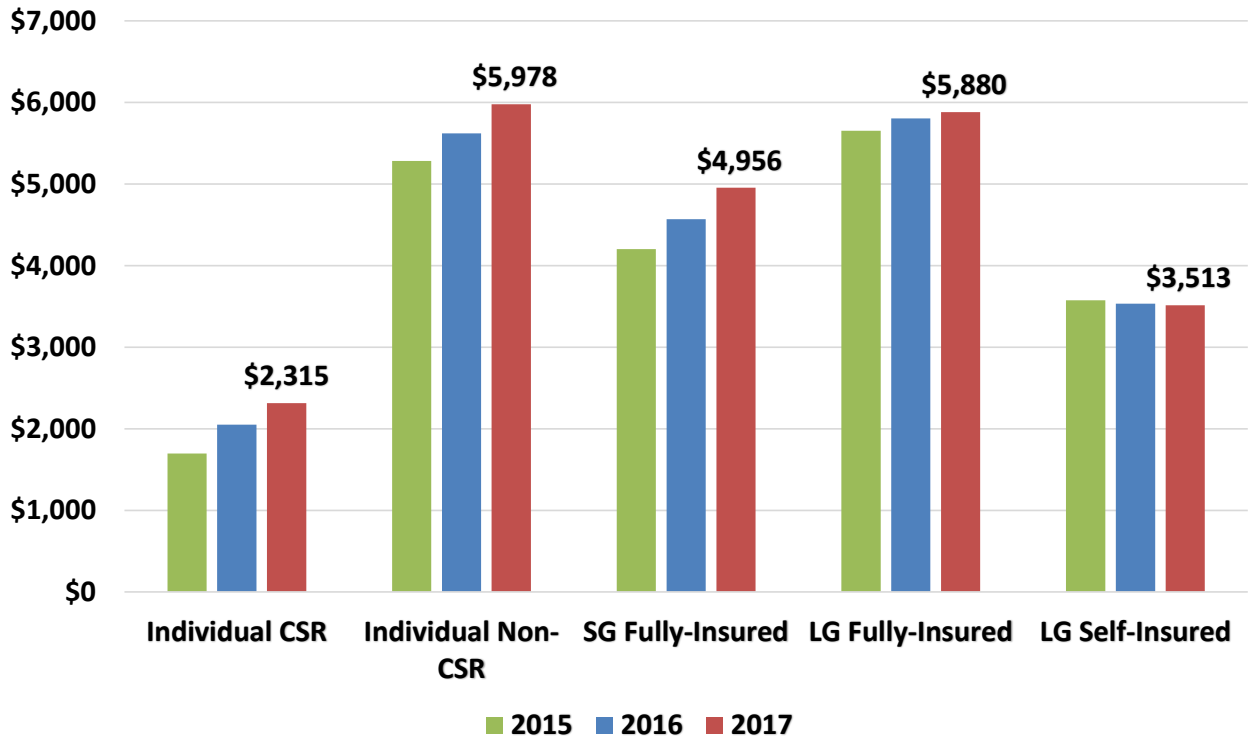
	New Hampshire Individual Market					
	2014	2015	2016	2017	2018	2019
Anthem/Matthew Thornton	On and Off Exchange	On and Off Exchange	On and Off Exchange	On and Off Exchange	On and Off Exchange	On and Off Exchange
Ambetter (Centene)	Off Exchange Only	Off Exchange Only	On and Off Exchange	On and Off Exchange	On and Off Exchange	On and Off Exchange
Assurant/Time	Off Exchange Only	On and Off Exchange				
Harvard Pilgrim		On and Off Exchange	On and Off Exchange	On and Off Exchange	On and Off Exchange	On and Off Exchange
Minuteman		On and Off Exchange	On and Off Exchange	On and Off Exchange		
Community Health Options		On and Off Exchange	On and Off Exchange			

Off Exchange Only

On and Off Exchange

APPENDIX

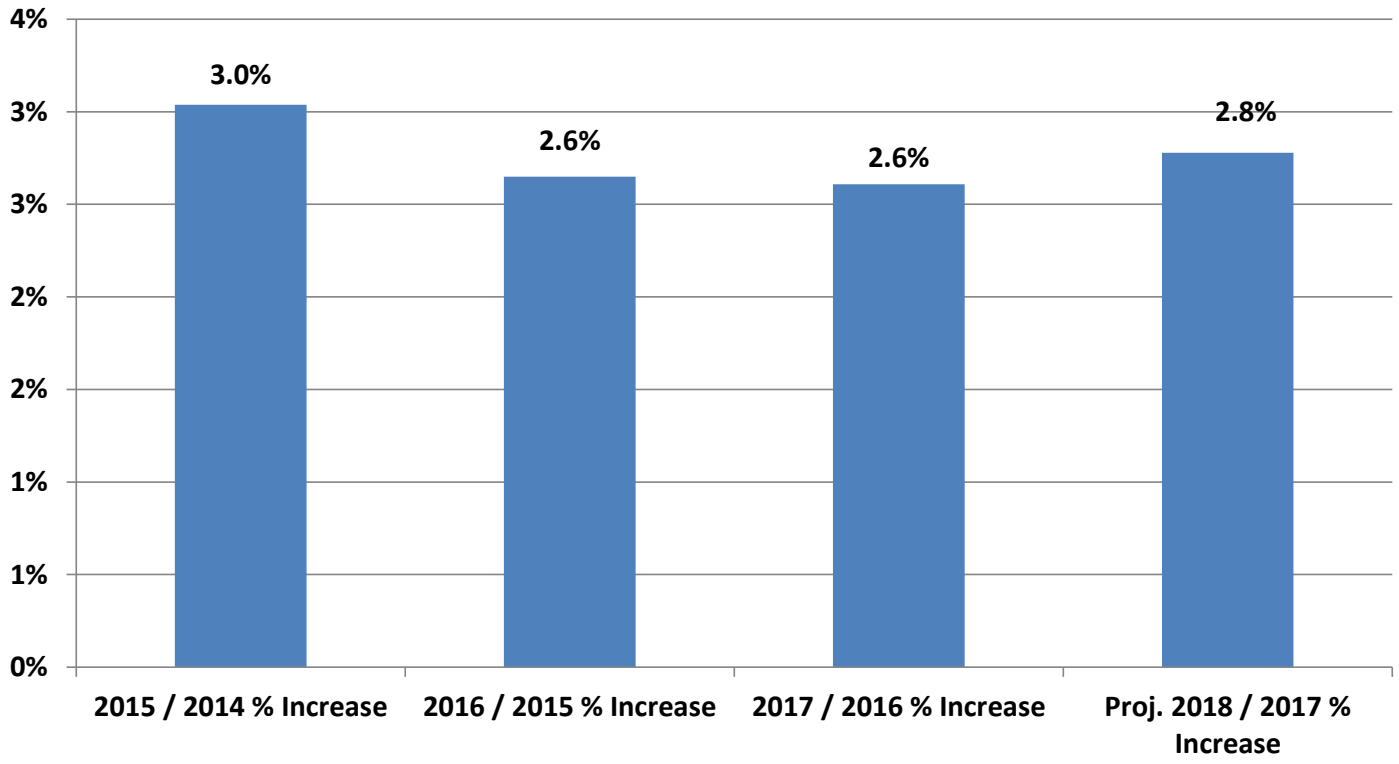
Comparison of Average Out-of-Pocket Maximum by Market Segment



Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes NH PAP and FEHBP population. Data shown is for single, in-network coverage and excludes members with either no OOPMAX or an unlimited OOPMAX. Minuteman data is excluded, however an analysis of 2015 and 2016 data shows that average Minuteman OOPMAX similar to the rest of the market.

APPENDIX

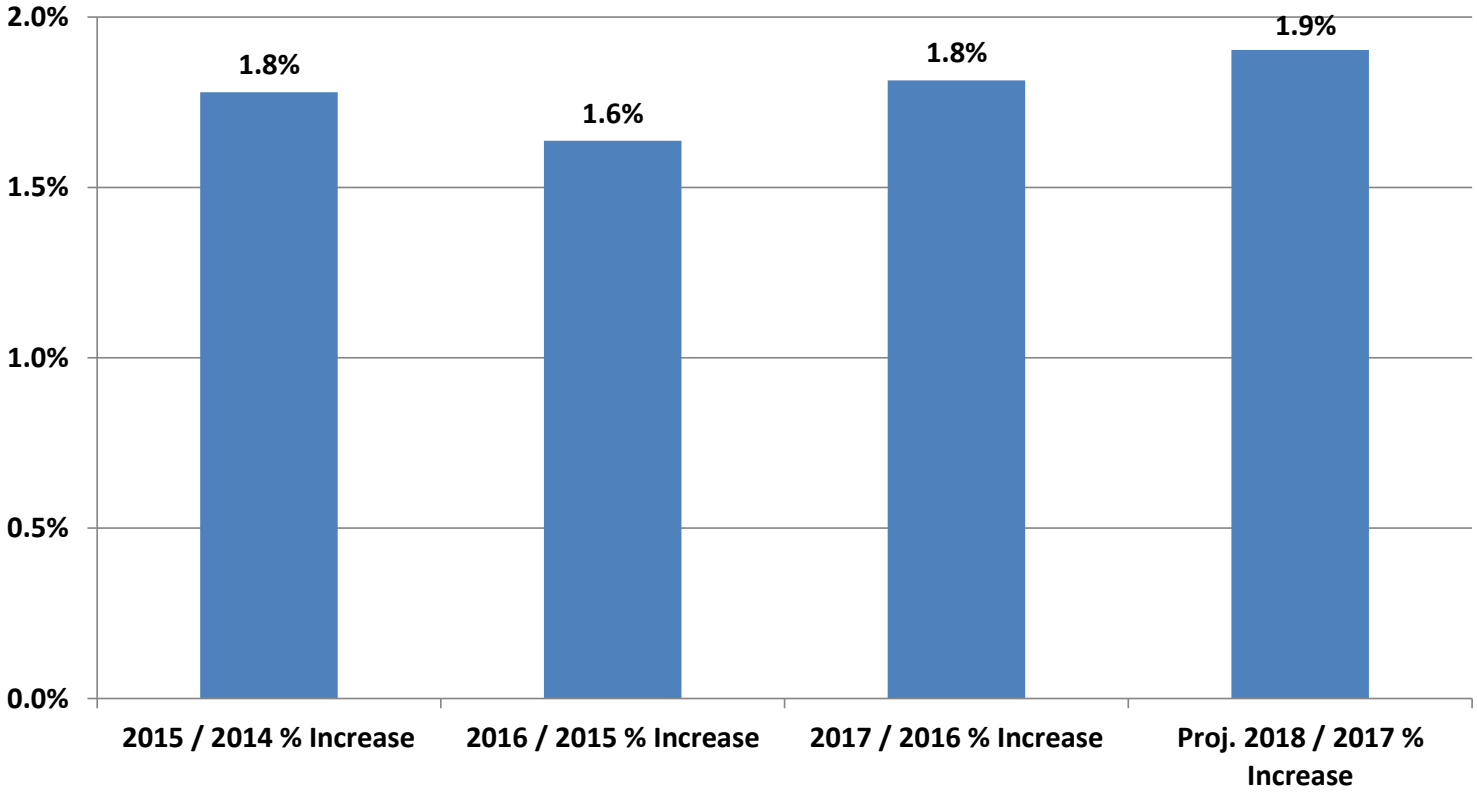
Blended IP Facility & OP Facility Provider Payment Rate Changes



Source: NHID Annual Hearing data 2016, 2017 and 2018. Standard Network rate changes only.

APPENDIX

Professional Provider Payment Rate Changes



Source: NHID Annual Hearing data 2016, 2017 and 2018. Standard Network rate changes only.

APPENDIX

2018 Illustrative Annual Premium for 50 Year Old Single Policyholder

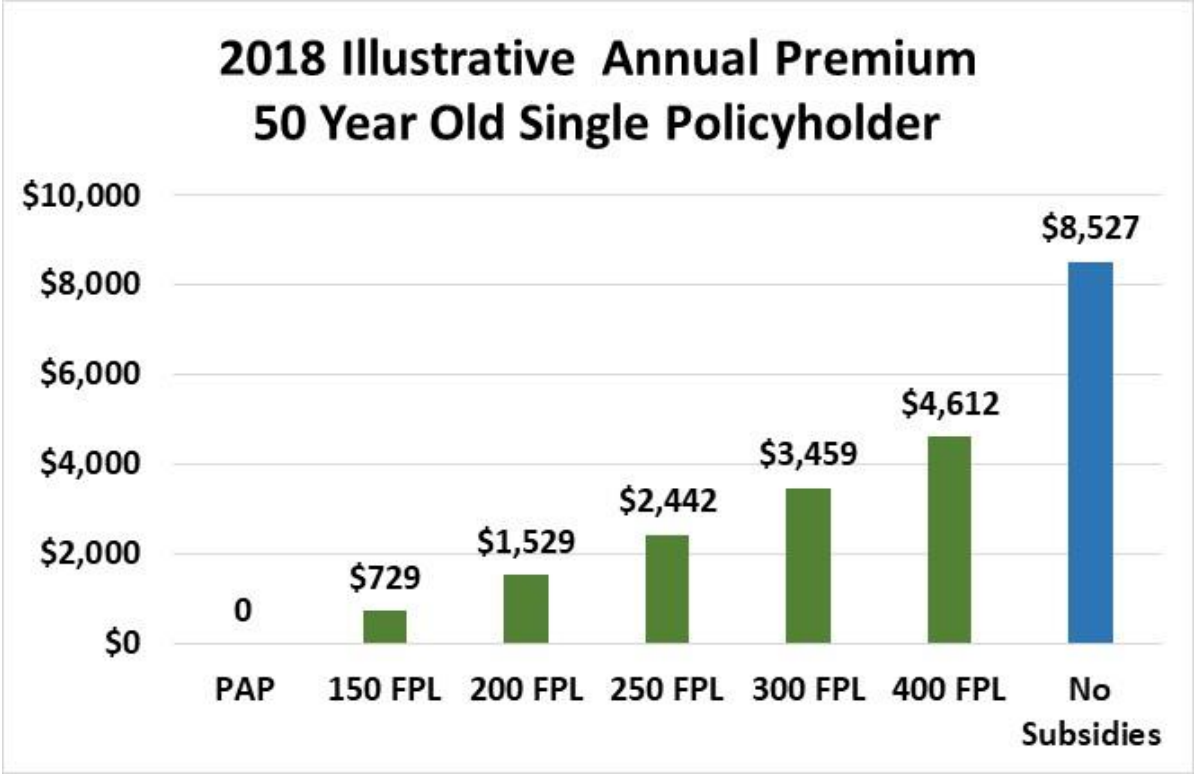
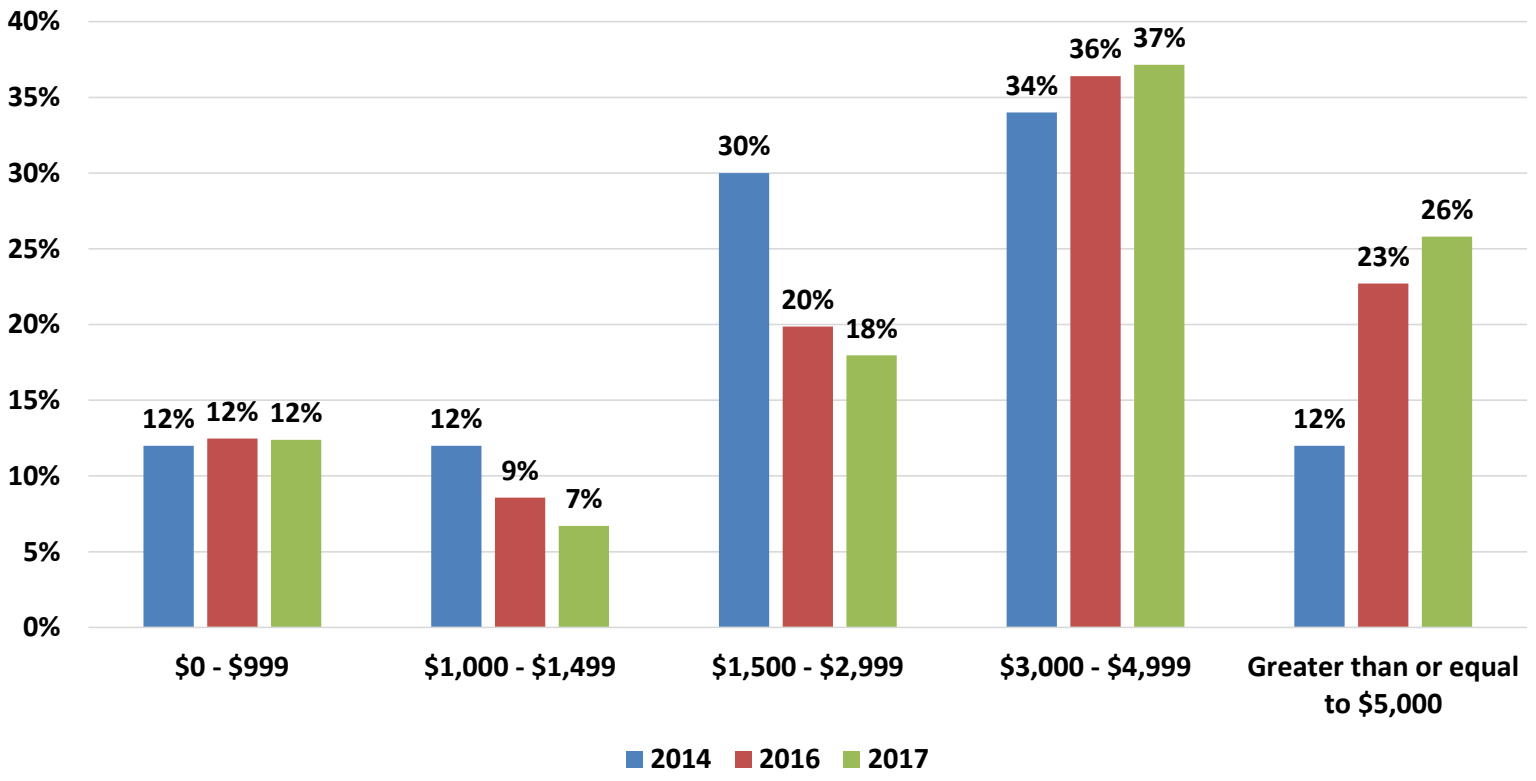


Chart assumes the age of the adult enrollee is 50 and that the APTC enrollees are enrolled in the 2nd lowest cost silver plan. It also assumes the enrollees in the non-subsidized market are enrolled in the plan with the median rate among silver plan offerings.

APPENDIX

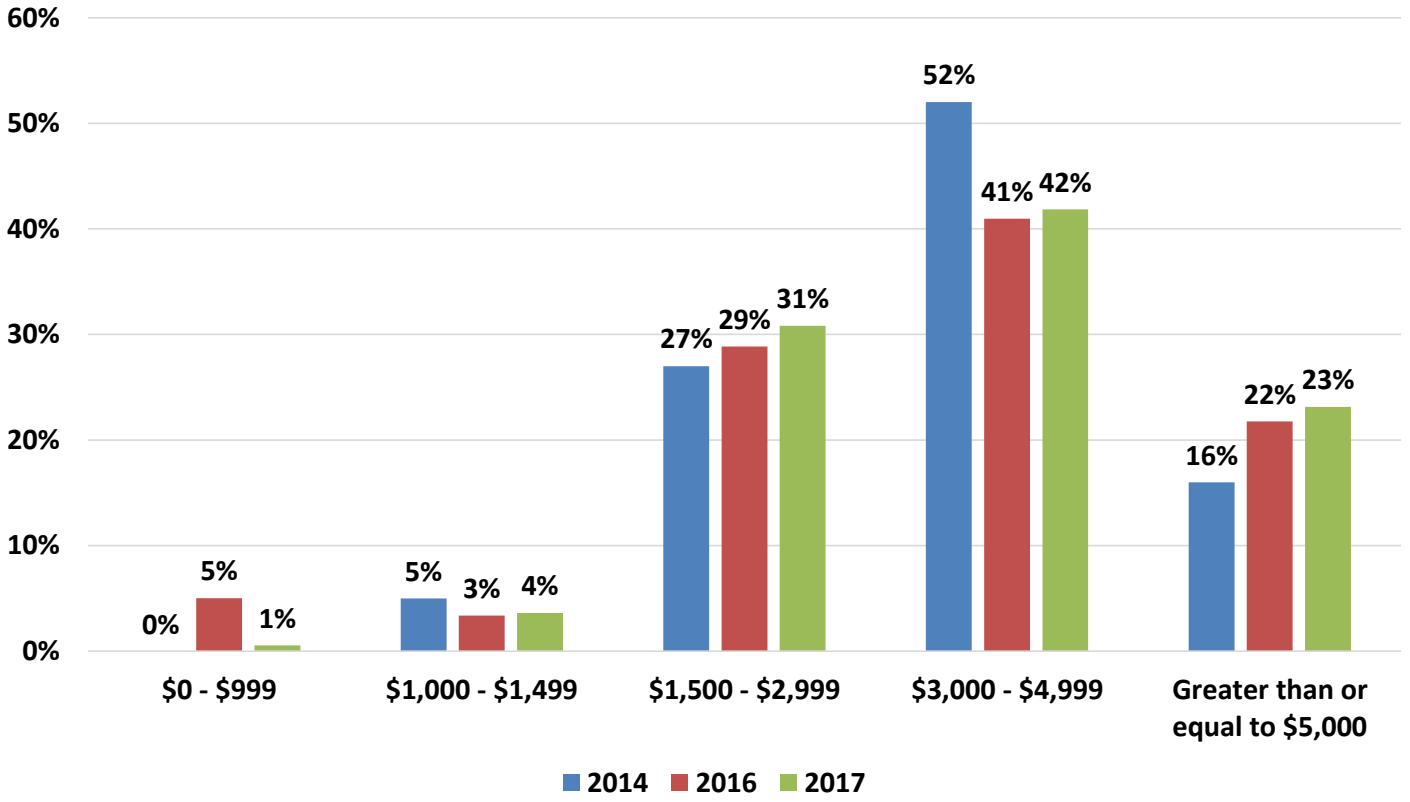
Distribution by Deductible Level Large Group Market



Source: NHID Supplemental Report data 2013, 2015, 2016, 2017, 2018. Fully-Insured Only. Excludes FEHBP.

APPENDIX

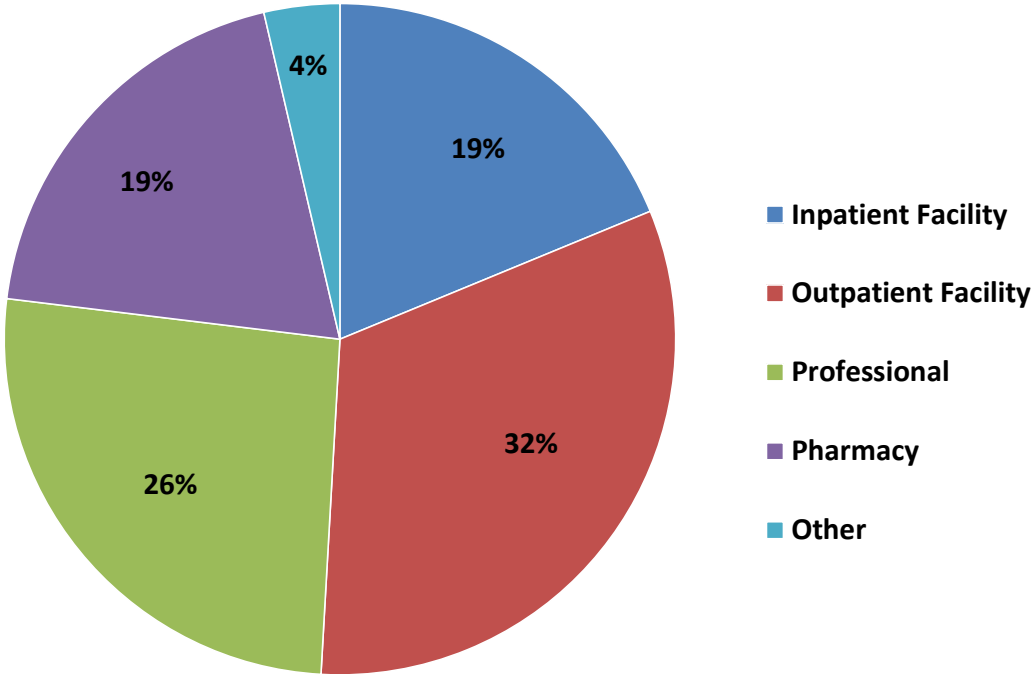
Distribution by Deductible Level Small Group Market



Source: NHID Supplemental Report data 2013, 2015, 2016, 2017, 2018. Fully-Insured Only.

APPENDIX

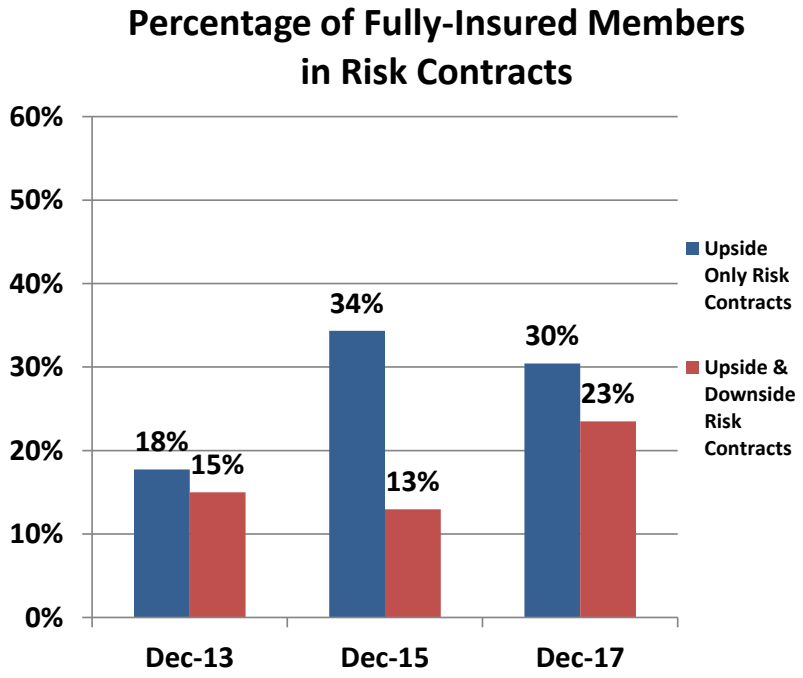
2017 Allowed Claims by Type of Service - Fully Insured Markets

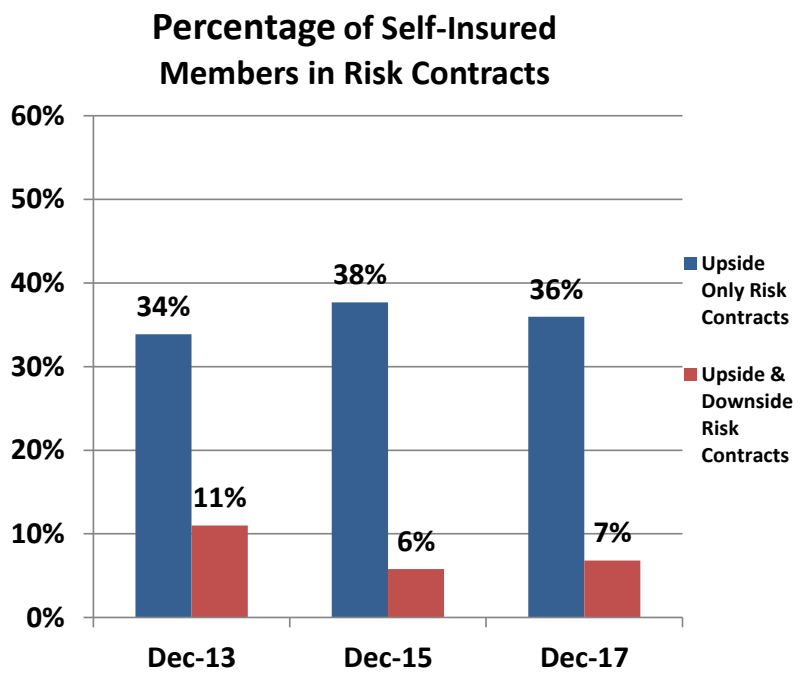


Source: NHID Annual Hearing data 2018. Includes Individual (including NH PAP) , Small Group and Large Group Markets. FFS claims only.

APPENDIX

Percentage of Fully-Insured and Self-Insured Members in Risk Contracts

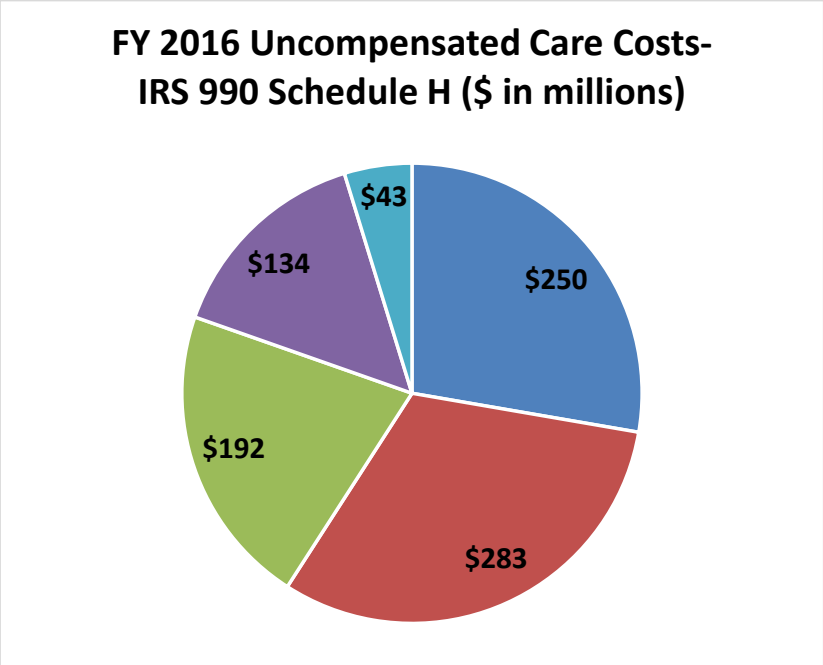


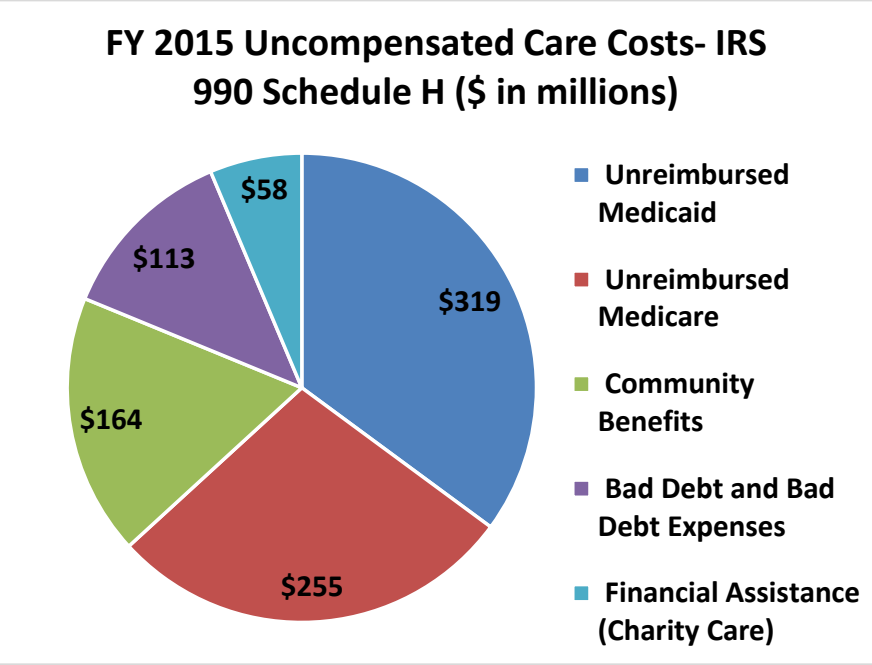


Source: NHID Annual Hearing data 2014-2018. Includes all markets.

APPENDIX

FY 2015 and FY 2016 Uncompensated Care Costs





Source: Information shared by the New Hampshire Hospital Association & Foundation for Healthy Communities. Source: FY 2015 and FY 2016 990 Report, Schedule H.

APPENDIX

Membership Distribution by Single Policy In-Network Deductible of New Hampshire Situs and Fully-Insured and Self-Insured 2017

CY 2017

Single Policy In-Network Deductible	Fully-Insured - Individual Market	Fully-Insured - Small Group Market	Fully-Insured - Large Group Market	Fully-Insured - Total	Self-Insured - Total	Fully-Insured and Self-Insured Total
$0	0.1%	0.5%	3.9%	2.1%	35.6%	20.7%
$1 - $249	2.6%	0.0%	4.5%	2.7%	4.0%	3.5%
$250 - $499	2.3%	0.0%	0.4%	0.6%	2.3%	1.6%
$500 - $749	1.0%	0.0%	3.6%	2.0%	22.6%	13.4%
$750 - $999	7.3%	0.0%	0.0%	1.3%	2.0%	1.7%
$1,000 - $1,499	15.0%	3.6%	6.7%	7.2%	13.8%	10.8%
$1,500 - $2,999	16.9%	30.8%	18.0%	21.9%	14.6%	17.9%
$3,000 - $4,999	17.0%	41.9%	37.2%	35.1%	3.5%	17.5%
$5,000 - $7,499	37.3%	23.1%	25.6%	26.9%	1.4%	12.7%
$7,500 - $9,999	0.1%	0.0%	0.2%	0.1%	0.1%	0.1%
$10,000 +	0.4%	0.0%	0.0%	0.1%	0.0%	0.1%
Grand Total	100%	100%	100%	100%	100%	100%
Average Deductible	$ 3,364	$ 3,247	$ 3,044	$ 3,166	$ 787	$ 1,846

Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population and Minuteman membership.

APPENDIX

Membership Distribution by Single Policy In-Network Coinsurance of New Hampshire Situs and Fully-Insured and Self-Insured 2017

CY 2017

Member Coinsurance	Fully-Insured - Individual Market	Fully-Insured - Small Group Market	Fully-Insured - Large Group Market	Fully-Insured - Total	Self-Insured - Total	Fully-Insured and Self-Insured Total
0%	38.2%	57.0%	82.4%	66.4%	69.1%	67.9%
5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10%	16.2%	29.0%	1.5%	12.9%	12.2%	12.5%
15%	3.2%	1.5%	0.1%	1.1%	1.2%	1.1%
20%	6.1%	6.3%	14.4%	10.3%	13.6%	12.1%
25%	7.5%	2.6%	0.0%	2.2%	0.0%	1.0%
30%	15.7%	0.5%	1.3%	3.6%	2.5%	3.0%
35%	0.0%	2.8%	0.0%	0.9%	0.0%	0.4%
40%	13.1%	0.1%	0.2%	2.5%	1.4%	1.9%
50%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grand Total	100%	100%	100%	100%	100%	100%
Average Coinsurance	15%	6%	4%	6%	5%	6%

Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population and Minuteman membership.

APPENDIX

Membership Distribution by Single Policy In-Network PCP Office Visit Copay of New Hampshire Situs and Fully-Insured and Self-Insured 2017

CY 2017

PCP Office Visit Copay	Fully-Insured - Individual Market	Fully-Insured - Small Group Market	Fully-Insured - Large Group Market	Fully-Insured - Total	Self-Insured - Total	Fully-Insured and Self-Insured Total
$ -	11.3%	0.4%	7.2%	5.7%	4.6%	5.1%
$ 3	1.3%	0.0%	0.0%	0.2%	0.0%	0.1%
$ 5	0.7%	0.0%	0.0%	0.1%	3.9%	2.2%
$ 10	1.8%	0.0%	0.7%	0.7%	9.0%	5.3%
$ 15	3.2%	1.5%	1.0%	1.5%	17.9%	10.6%
$ 20	7.3%	17.7%	8.0%	11.0%	25.4%	19.0%
$ 25	6.0%	35.5%	52.6%	38.8%	10.9%	23.3%
$ 30	16.2%	3.5%	14.1%	11.1%	2.6%	6.4%
$ 35	11.0%	0.5%	2.3%	3.3%	0.8%	1.9%
$ 40	20.7%	27.3%	0.4%	12.6%	0.6%	5.9%
$ 45	0.0%	0.0%	0.0%	0.0%	1.4%	0.8%
$ 50	0.3%	0.1%	0.2%	0.2%	0.0%	0.1%
$ 55	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D/C	20.2%	13.6%	13.5%	14.7%	22.9%	19.3%
Grand Total	100%	100%	100%	100%	100%	100%

Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population and Minuteman membership.

D/C means that the member cost sharing is subject to the deductible and/or coinsurance.

APPENDIX

Membership Distribution, Average Premium PMPM and Actuarial Value of New Hampshire Situs, Fully-Insured and Self-Insured 2017

CY 2017

Market Category	Plan Type	Fully-Insured Membership Percentage	Fully-Insured Average Premium PMPM	Fully-Insured Actuarial value	Self-Insured Membership Percentage	Self-Insured Average Premium PMPM	Self-Insured Actuarial Value
Large Group	HMO	33.7%	$ 518	0.77	29.6%	$ 487	0.89
	POS	1.0%	$ 548	0.82	7.2%	$ 604	0.92
	EPO	2.0%	$ 518	0.81	7.4%	$ 538	0.80
	PPO	13.4%	$ 539	0.80	55.1%	$ 517	0.84
	FFS	0.2%	$ 717	0.99	0.7%	$ 276	1.00
Small Group	HMO	25.6%	$ 460	0.75		N/A	
	POS	0.4%	$ 559	0.81		N/A	
	EPO	1.4%	$ 447	0.73		N/A	
	PPO	4.4%	$ 529	0.74		N/A	
	FFS		N/A			N/A	
Individual	HMO	14.6%	$ 451	0.78			
	POS		N/A				
	EPO		N/A			N/A	
	PPO	3.2%	$ 453	0.75			
	FFS		N/A				

Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes NH PAP and FEHBP population and Minuteman membership. If Minuteman membership were included, the average premium PMPM for the Individual Market HMO plan type is approximately $414.

APPENDIX

Membership Distribution of New Hampshire Situs, Self-Insured 2017

CY 2017

Stop-Loss Specific Attachment Point	Self-Insured Membership Percentage with Stop-Loss Coverage
< $100,000	10%
$100,000 - $499,999	49%
$500,000 - $999,999	33%
$1,000,000	3%
$2,000,000	5%

CY 2017

Stop-Loss Aggregate Attachment Point	Self-Insured Membership Percentage with Stop-Loss Coverage
1.00	56%
1.10	5%
1.20	6%
1.25	33%

Source: NHID Supplemental Data Request; Commercial population including New Hampshire situs membership only. Excludes FEHBP population and Minuteman membership. The total doesn't add to 100% since there are a few members with "other" Attachment Points, such as 1.15 or 2.0.

ANNUAL HEARING MATERIALS

On October 30, 2018 the New Hampshire Insurance Department held a public hearing concerning premium rates in the health insurance market and the factors, including health care costs and cost trends, that have contributed to rate increases during the prior year.

Here is a link to the New Hampshire Insurance Department website: https://www.nh.gov/insurance/media/events/annual-hearing.htm

2018 Hearing Information:
Watch the Insurance Department's Annual Hearing (via YouTube):

Part 1: Opening remarks, presentation on data analysis of premiums and cost drivers
Part 2: Panel discussion on provider and insurer industry consolidation
Part 3: Provider discount analysis and public comments

Annual Report on Health Care Premium and Claim Cost Drivers (citing 2017 data)
Hearing Notice
Agenda
Presentation (slide deck): Preliminary Report of the 2017 Health Care Premium and Claim Cost Drivers
Fact Sheet