

PRESS RELEASE

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For Immediate Release

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New Hampshire Insurance Commissioner Releases Annual Report On Health Insurance Rates

Concord, New Hampshire– December 18, 2013— Today’s release of the Insurance Department’s annual report on health insurance and cost drivers provides important new information on health insurance premiums and trends. “Use of health care services went down 3.5 percent in 2012. This is in addition to a reduction of two percent in both 2010 and 2011” said Commissioner Sevigny. “This represents a substantial downward trend in the number of health care services received over time.”

The purpose of this report is to break down the premium cost growth that took place between 2011 and 2012 to determine which components of cost contributed the most to overall growth.

The analysis considered claims costs for covered health care services, health carrier administrative costs, and health carrier profits. However, there are more fundamental, underlying factors, such as requirements of the Affordable Care Act, 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 reflect major changes in the way people are accessing health care services and obtaining health insurance benefits” said Commissioner Sevigny. “Health care prices continue to climb at rates above inflation and the consumer is faced with weaker health insurance coverage. These developments force the consumer to make difficult decisions about what sacrifices are acceptable.”

The key findings from this year’s report are:

- **In 2012, utilization of services dropped by 3.5 percent. This is an increase over the two percent reductions in utilization, per year, in 2010 and 2011.**
- **Health care costs increased 6.4 percent.**
- **In 2012, average premiums increased only 1.1 percent, but benefits declined about five percent.**

- **The share of claims paid by members in the form of cost sharing increased from 18.2% in 2011 to 20.1% in 2012.**
- **Carriers priced their 2012 plans such that 82.2 percent of premiums would go towards coverage of medical claims. Actual claims consumed only 79.5 percent of premiums, resulting in rebates to members.**
- **Carrier administrative expenses increased 4.3 percent in 2012. The average administrative cost was 15.4 percent in 2012.**
- **Profit margins in the fully insured markets increased from 2.9 percent to 5.2 percent.**

The report findings will help New Hampshire to better understand the forces impacting our health insurance and health care delivery systems, and adopt strategies for increasing the efficiency of those systems in New Hampshire.

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 26, 2013 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, and MVP Health Plan of New Hampshire testified at the hearing. The Department also heard testimony from legislators, industry, and consumers. 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.