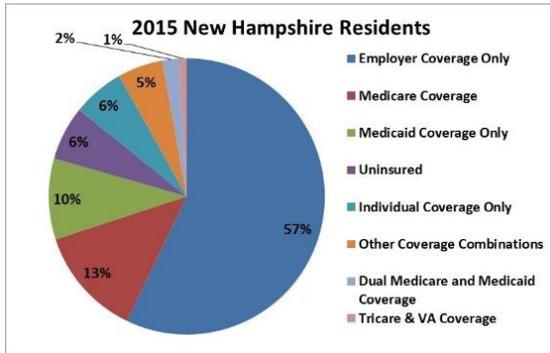


# New Hampshire Insurance Department 2016 Annual Hearing

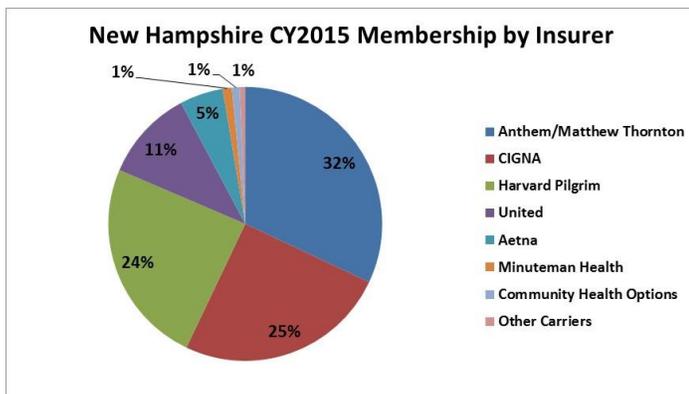
## Medical Cost Drivers Fact Sheet

There were 1.3 million New Hampshire residents in 2015, of which 831,000 had private commercial insurance (either through their employer group or as an individual).

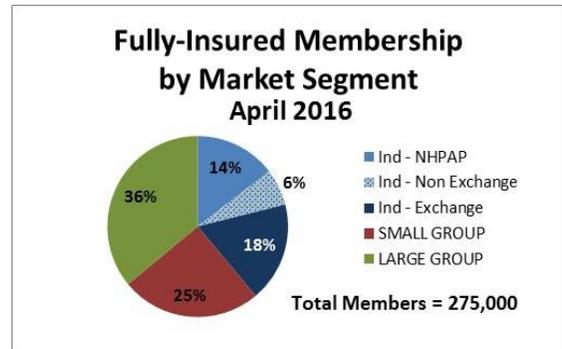


In 2014, 120,000 New Hampshire residents were without health insurance. In 2015, that number decreased to 83,000. This translates to an uninsured rate of 6% in 2015 compared to 9% in 2014. In 2015, approximately half the uninsured residents were eligible for federal premium subsidies or Medicaid.

In 2015, three insurers dominated the health insurance market in New Hampshire: Anthem/Matthew Thornton, Harvard Pilgrim and CIGNA. There were also two new market entrants in 2015: Minuteman Health and Community Health Options.

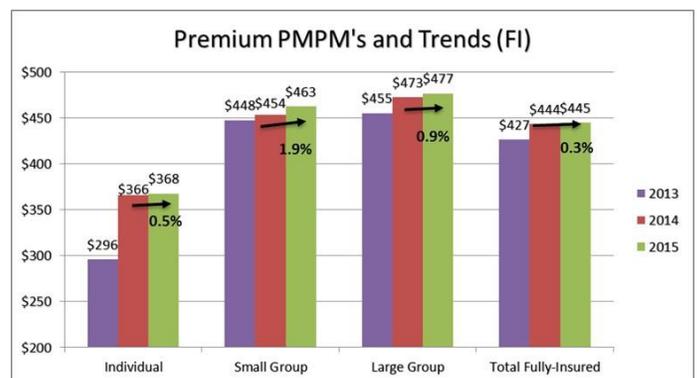


The individual market grew from 52,000 members as of December 2014 to 107,000 members as of April 2016 due to growth from the NH Premium Assistance Program (NH PAP) and New Hampshire's federally facilitated Health Insurance Marketplace. The individual market represents 38% of the total fully-insured market as of April 2016.



In April 2016, 46% of the individual market members received their coverage through New Hampshire's federally facilitated Health Insurance Marketplace, 37% were part of the NH PAP and the remaining 17% had obtained coverage outside of the Marketplace.

In 2015, small group and large group market premium increases continued to be fairly small, while individual market premium increases were flat.



In 2015, the small group market purchased plan offerings with similar deductible levels to those from the prior year. This contrasts with the changes observed in the large group market, where groups purchased higher deductible levels in CY 2015 compared to 2014.

When examining group markets trends only, the overall per member per month trend in 2015 was 2.5%. Unit cost & mix were the primary drivers of trend. Utilization trends continued to be negative but were increasing compared to prior years.

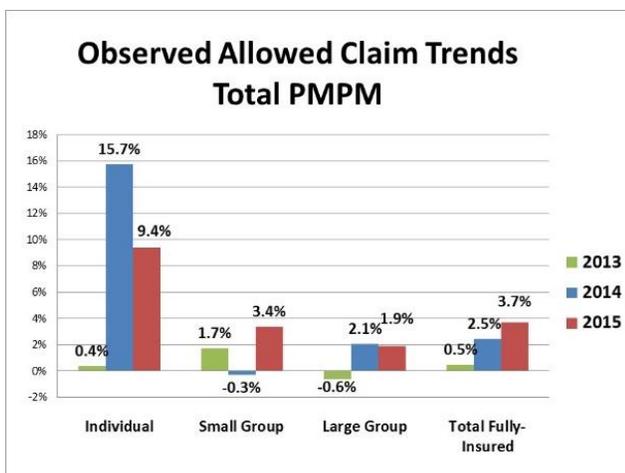
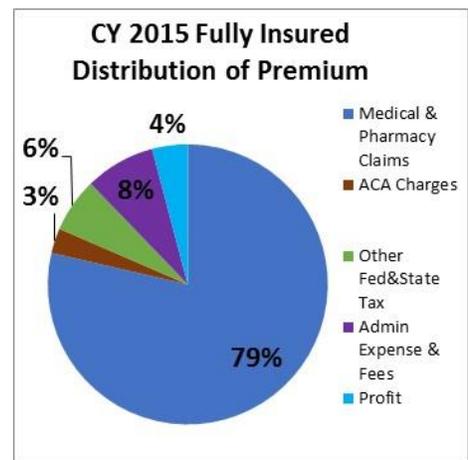
In 2015, the average commercial fully-insured member spent \$88 per month or \$1,050 per year in the form of deductibles, copays and coinsurance (collectively referred to as cost sharing). This translates to 20% of total allowed costs.

In 2015, pharmacy total costs increased significantly compared to prior years, with an 8.7% trend in the group markets. Increases in unit cost & mix were the primary drivers. Pharmacy costs comprised 19% of all medical costs in the New Hampshire fully-insured market.

In 2015, observed allowed claims per member per month trends remained low in the total fully-insured market at 3.7% overall, but increased compared to prior year trends of 0.5% in 2013 and 2.5% in 2014.

Overall, in the New Hampshire fully-insured market in 2015, 79% of premium was used to pay for medical and pharmacy claims, 8% was used for administrative expenses and fees, 6% was used for federal and state taxes, 3% was used for ACA related fees and taxes, and 4% was used for insurer profits.

In 2015, the individual market observed allowed claims per member per month trend of 9.4% was lower than the previous year but higher than the trend in the group markets. Significant fluctuation has continued in the allowed claims trend for the individual market compared to the group markets since the introduction of the Affordable Care Act (ACA).



Limited network products continued to gain market share, primarily in New Hampshire's federally facilitated Health Insurance Marketplace. Of the insurers with both a standard and limited network, the data showed that the hospital unit prices in the limited network were 20% - 40% lower, on average.