

New Hampshire Insurance Department 2017 Annual Hearing

Medical Cost Drivers Fact Sheet

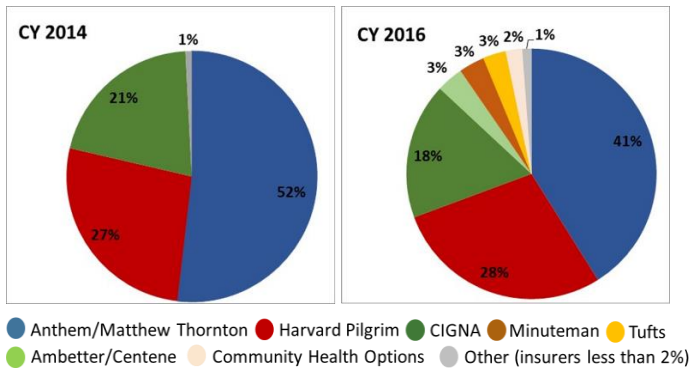
The uninsured rate in New Hampshire has decreased from 10.7% in 2013 (pre-ACA) to 5.9% in 2016. The national uninsured rate in 2016 is 8.6%.

In 2017, 43% of the Individual Market members receive their coverage through New Hampshire's federally facilitated Health Insurance Marketplace (Exchange), 41% were part of the NH PAP and the remaining 15% had coverage outside of the Marketplace.

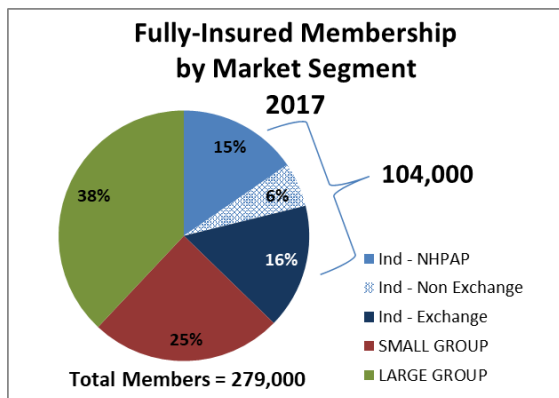
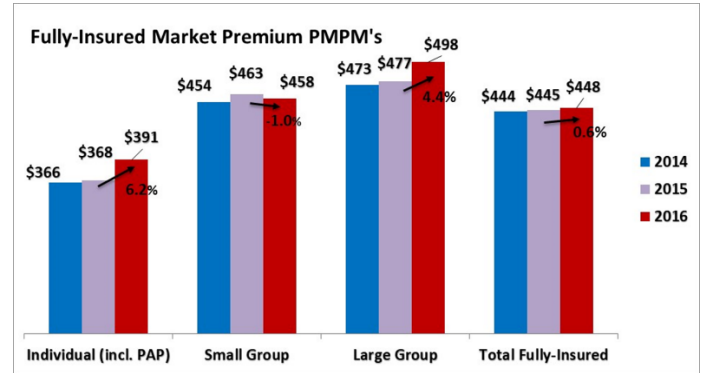
The New Hampshire Commercial Fully-Insured and Self-Insured Markets continue to be dominated by three insurers, but there have been shifts over time for the Individual Market and Small Group Market.

In 2017, 74% of the Individual Market Single Risk Pool members, including NH PAP, receive a subsidy for all or some portion of their premium, while 26% receive no subsidy.

In 2016, the Individual Market and Large Group Market experienced average premium increases of 4-6%, while premiums in the Small Group Market were slightly lower in 2016 compared to 2015.

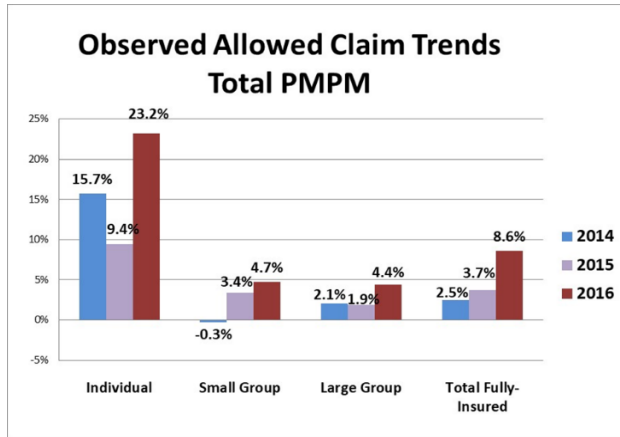


The Individual Market grew from 58,000 members in 2015 to 104,000 members in 2017 due to growth from the New Hampshire Premium Assistance Program (NH PAP) and, to a smaller extent, the Individual Exchange Market. The Individual Market represents 37% of the Fully-Insured Market in 2017.

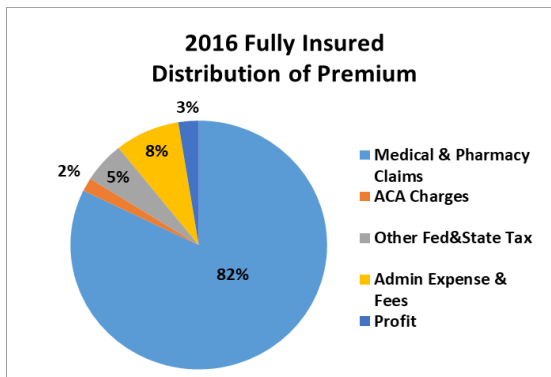


The Small Group Market average deductible decreased slightly in 2016 compared to 2015, leading to minimal benefit buy down. Alternatively, the Large Group Market and Individual Market (excluding NH PAP) experienced increases in average deductibles, and benefit buy down in the ranges of 1% to 3% and 2% to 4%, respectively.

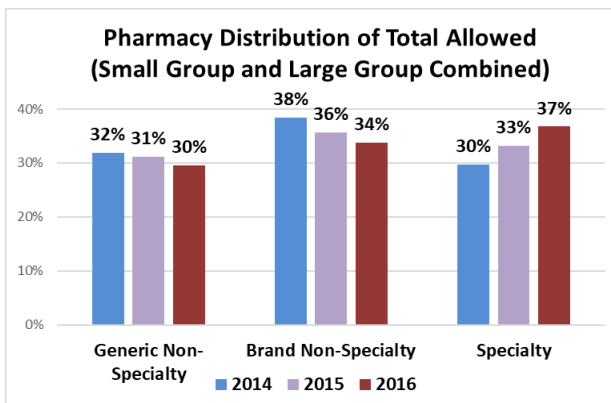
Claims trends in all market segments experienced an uptick in 2016. In the Individual Market, one of the main drivers of the increase in allowed claims PMPM is the inclusion of the NH PAP population.



Overall, in the New Hampshire Fully-Insured Market in 2016, 82% of premium was used to pay for medical and pharmacy claims.

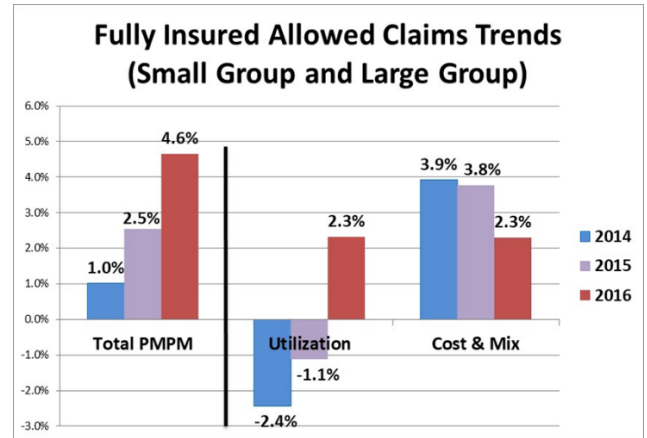


From 2014 to 2016, pharmacy has contributed 37% to the overall trend increases. Within pharmacy, specialty drugs are a key driver of trend and represent 37% of pharmacy spend in 2016 for the Group Markets.

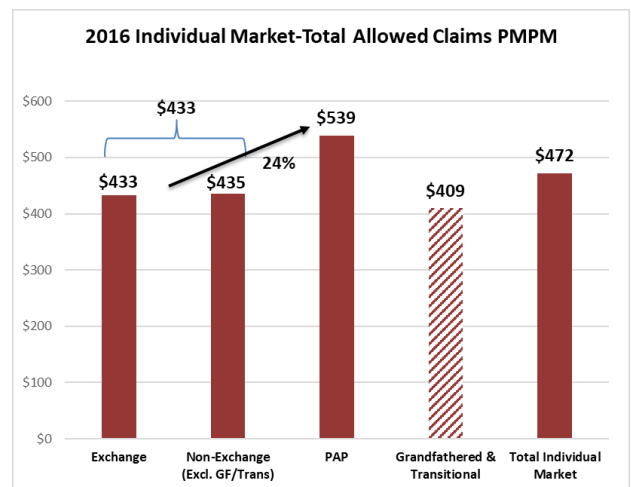


See full NHID Preliminary Report of the 2016 Health Care Premium and Claim Cost Drivers for more details and definitions.

When examining Group Markets trends, half of the allowed claims PMPM trend is due to utilization increases. This is a significant change from past years where utilization trends were negative and claims increases were all due to provider unit cost increases and mix.



Within the Individual Market, the average NH PAP population's medical costs are 24% higher than the average Non-PAP population's medical costs.



In 2016, the commercial Fully-Insured member spent, on average, \$88 per month or \$1,054 per year in the form of deductibles, copays and coinsurance (collectively referred to as cost sharing). This translates to 19% of total allowed costs.