

New Hampshire Insurance Department Analysis of Population Health Status by Carrier and Market Segments



April 3, 2013

Background

The Affordable Care Act (ACA) includes provisions for the use of risk adjustment of carrier populations in the small group and non-group markets beginning in 2014. The risk adjustment system is intended to allow carriers insuring populations with greater health needs to receive a redistribution of funds in order to compensate for the greater needs of those populations. Use of a risk adjustment system is intended to protect carriers attracting sicker populations since medical underwriting or the application of pre-existing condition provisions are prohibited for these insurance markets. Population based risk adjustment typically works by considering the age, gender, and specific diagnoses of an analyzed population, for the purpose of comparing populations to each other. The risk adjustment system will be administered in New Hampshire by the federal government.

Analysis

The New Hampshire Insurance Department (NHID) performed this analysis of the insured populations for the purpose of providing comparative information to carriers as they develop rates and expectations about how risk adjustment will impact their organizations beginning in 2014. The NHID analyzed the New Hampshire Comprehensive Health Information System (NHCHIS), and used the Chronic Illness and Disability Payment System (CDPS) developed by researchers at the University of California San Diego, to compare insured populations.

Also included in the results is information on the age and gender of the insured populations. Average age, the age distribution, and proportion male and female are provided in addition to a risk score. Gender bias is based on the percent that are male, so a gender bias of .53 means that 53 percent of the population is male. The risk score is the output from the risk adjustment system, and is a relative measure used to explain the differences in the expected resources necessary to treat the corresponding population. A risk score equal to 1.00 means that the population is average when compared to other populations included in the analysis. A risk score of 1.10 would mean that the population is expected to consume ten percent more resources than the average population.

Risk scores are assigned at the member level and averaged at the population level. Data used are from calendar year 2011. The entire population analyzed was used to calculate the risk scores, so risk scores can be compared among populations shown in different tables. Caution should be used in interpreting the findings, since although medical underwriting is prohibited in the small group and non-group insurance markets, age can be used within a 3:1 band. Therefore, the risk score in this analysis includes consideration for age, gender, and diagnosis, but carriers are permitted to adjust premiums based on age.

This analysis provides information on the carriers and market dynamics that existed in 2011, but does not draw any conclusions about how the markets may shift or make any assumptions about the outcomes of the risk adjustment system in 2014. Risk adjustment impacts the small group and non-group markets, but due to changes in the definitions of these markets and other ACA related changes, populations are likely to shift among the markets shown in this analysis.

Findings

Analysis comparisons were made based on whether the group account is self-funded or fully insured and by product line. Products are based on HMO, POS, PPO and Indemnity designations. EPO products are combined in the PPO category. The data are also separated by market segment.

Self-Funded HMO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna		0.4%	1.21	38.2	0.49	11.3%	13.2%	20.6%	18.0%	36.9%
Anthem – NH	Employers with >=100 Employees	72.3%	1.23	35.4	0.47	10.7%	15.7%	26.8%	18.1%	28.6%
CIGNA		2.1%	0.61	35.0	0.50	11.4%	16.0%	27.0%	18.0%	27.7%
Harvard Pilgrim HC		18.9%	1.21	34.1	0.48	13.8%	14.1%	29.1%	17.5%	25.5%
Harvard Pilgrim HC	Employers with 51- 99 Employees	0.4%	1.22	35.8	0.48	8.7%	19.9%	21.5%	21.0%	28.9%
Anthem – NH	Small Group 2-50	0.1%	1.21	30.2	0.47	12.5%	24.1%	30.4%	22.3%	10.7%
Harvard Pilgrim HC		0.5%	1.16	37.4	0.51	9.3%	12.2%	27.2%	17.4%	34.0%

The self-funded HMO populations among the major carriers carry a relative risk that is similar, and the risk score is about twenty percent higher than average.

Self-Funded Indemnity

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna	Employers with >=100 Employees	2.3%	1.08	54.8	0.37	3.4%	3.4%	8.9%	6.9%	77.3%
All Other Insurance		36.0%	1.20	43.3	0.47	5.6%	11.7%	20.9%	13.1%	48.7%
Anthem - NH		61.7%	1.38	46.9	0.44	4.4%	10.0%	17.6%	11.7%	56.3%

The self-funded Indemnity Anthem population has a risk score that is almost forty percent greater than average. The Anthem population is also older within this category. Even the smaller insurers (all other insurance) carry a relative risk that is twenty percent greater than average for the entire population analyzed.

Self-Funded PPO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
All Other Insurance		21.5%	0.50	35.5	0.57	10.4%	12.2%	31.6%	18.9%	26.9%
Anthem - NH	Employers with 51-99 Employees	0.2%	0.39	29.1	0.27	27.3%	18.2%	18.2%	27.3%	9.1%
CIGNA		17.8%	0.77	32.2	0.56	13.0%	11.3%	43.6%	16.8%	15.3%
Harvard Pilgrim HC		60.4%	0.96	35.4	0.50	9.3%	12.5%	34.2%	18.4%	25.6%
Aetna		1.5%	0.79	33.3	0.51	9.3%	12.9%	40.3%	12.8%	24.8%
All Other Insurance	Employers with >=100 Employees	3.8%	0.58	36.6	0.50	8.9%	12.4%	30.7%	20.3%	27.7%
Anthem - NH		46.4%	0.90	36.2	0.49	11.1%	14.1%	27.5%	17.1%	30.2%
CIGNA		12.7%	1.22	36.1	0.47	11.3%	14.2%	28.4%	16.4%	29.7%
Harvard Pilgrim HC		35.7%	1.04	34.3	0.46	10.1%	14.5%	33.6%	16.9%	24.9%

The self-funded PPO category for the 51-99 employees is generally healthy, except for those covered by Harvard Pilgrim HC (dba HealthPlans Inc.). Anthem has the lowest risk population among the major TPAs in the self-funded PPO category for employers covering more than 100 employees, and Cigna the highest risk. Age is very similar in the >=100 market segment.

Self-Funded POS

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna	Employers with >=100 Employees	49.4%	1.05	35.0	0.49	11.1%	15.0%	28.4%	19.2%	26.3%
Anthem - NH		47.6%	1.32	39.0	0.47	9.5%	12.6%	23.7%	15.7%	38.4%
CIGNA		0.8%	1.43	41.5	0.44	6.0%	10.8%	23.8%	12.5%	46.8%
Harvard Pilgrim HC		2.2%	1.40	37.0	0.47	10.6%	15.1%	24.4%	16.7%	33.2%

Substantial differences in risk and age exist between the major carriers in the self-funded POS category, with notable age differences as well. This is probably explained by Anthem administering claims for the State of New Hampshire account.

Underwritten HMO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Harvard Pilgrim HC	Individual (as group conversion)	0.1%	1.91	40.7	0.48	3.2%	19.4%	19.4%	9.7%	48.4%
All Other Insurance	Individual policy	0.0%	0.67	29.4	0.60	20.0%	0.0%	60.0%	20.0%	0.0%
Harvard Pilgrim HC		0.1%	1.62	43.7	0.48	4.9%	12.3%	20.5%	12.3%	50.0%
Aetna	Employers with 1 Employee	0.0%	0.74	32.6	0.64	9.1%	18.2%	36.4%	18.2%	18.2%
Anthem - NH		1.1%	1.67	44.1	0.50	6.6%	8.5%	15.7%	21.0%	48.3%
Harvard Pilgrim HC		0.3%	1.79	42.1	0.47	9.4%	14.3%	13.0%	14.0%	49.4%

MVP		0.0%	1.79	60.7	0.00	0.0%	0.0%	0.0%	0.0%	100.0%
Aetna		0.1%	1.29	36.1	0.51	11.6%	5.8%	36.2%	23.2%	23.2%
Anthem - NH	Small Group 2-50	66.8%	1.02	37.0	0.51	8.3%	11.6%	31.0%	20.4%	28.7%
Harvard Pilgrim HC		31.4%	1.05	34.8	0.51	10.7%	15.3%	28.7%	19.6%	25.7%
MVP		0.0%	0.50	40.1	0.30	7.4%	3.7%	37.0%	22.2%	29.6%

Within the underwritten HMO category for individual and small group, substantially higher risk populations are identified with the Harvard Pilgrim HC individual policies (closed block of business), and small group coverage for employers with one employee. Age is also higher than average for these groups.

Underwritten HMO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	Age Distribution				
						<10	10-19	20-39	40-49	>=50
Aetna	Employers with 51-99 Employees	0.1%	0.88	33.4	0.46	11.3%	22.5%	23.8%	15.0%	27.5%
Anthem - NH		18.0%	1.02	36.9	0.49	8.3%	11.7%	31.4%	20.5%	28.1%
Harvard Pilgrim HC		11.9%	1.06	35.4	0.50	10.0%	13.8%	30.1%	20.9%	25.2%
Aetna	Employers with >=100 Employees	0.1%	0.87	37.9	0.48	5.7%	17.9%	26.4%	11.3%	38.7%
Anthem - NH		35.0%	1.06	36.5	0.48	8.5%	12.2%	32.3%	18.8%	28.1%
CIGNA		0.0%	0.25	45.8	0.39	0.0%	17.4%	17.4%	13.0%	52.2%
Harvard Pilgrim HC		33.3%	1.15	36.2	0.46	10.0%	13.4%	29.0%	18.6%	29.0%
All Other Insurance	Employers thru	0.7%	1.07	34.8	0.50	12.2%	14.2%	26.9%	20.6%	26.1%
Harvard Pilgrim HC	Qualified Trust	0.8%	1.16	33.3	0.50	13.8%	19.2%	23.3%	22.5%	21.2%

Among the two major carriers providing underwritten HMO insurance to large employers, Harvard Pilgrim HC covers somewhat sicker populations, despite a younger average age.

Underwritten Indemnity

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	Age Distribution				
						<10	10-19	20-39	40-49	>=50
Aetna	Individual (as group conversion)	6.1%	0.76	55.8	0.37	0.6%	4.9%	16.0%	8.6%	69.9%
All Other Insurance		0.1%	2.50	59.5	0.50	0.0%	0.0%	0.0%	0.0%	100.0%
All Other Insurance	Individual policy	68.5%	0.67	46.8	0.49	2.0%	10.0%	15.2%	14.3%	58.5%
Anthem - NH		15.7%	0.74	41.7	0.43	4.8%	11.5%	26.3%	13.9%	43.5%
Aetna	Small Group 2-50	1.4%	0.68	35.4	0.73	16.2%	2.7%	37.8%	10.8%	32.4%
All Other Insurance		0.5%	0.69	38.2	0.67	16.7%	8.3%	8.3%	41.7%	25.0%
Anthem - NH		0.1%	2.75	64.8	0.67	0.0%	0.0%	0.0%	0.0%	100.0%
Anthem - NH	Employers with	1.2%	1.12	43.8	0.45	0.0%	12.9%	25.8%	3.2%	58.1%
UnitedHealthcare	>=100 Employees	6.4%	0.70	66.5	0.56	0.0%	0.6%	1.2%	0.6%	97.7%

The underwritten indemnity products show a greater relative risk for the Anthem populations when compared to competitors.

Underwritten PPO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Harvard Pilgrim HC	Individual (as group conversion)	0.0%	1.35	36.3	0.33	13.3%	6.7%	33.3%	26.7%	20.0%
All Other Insurance	Individual policy	10.5%	0.41	41.2	0.49	6.6%	12.8%	20.5%	16.4%	43.7%
Anthem - NH		89.5%	0.73	36.6	0.48	9.2%	12.7%	30.0%	19.4%	28.8%

With the exception of the Harvard Pilgrim HC group conversion policies, the underwritten PPO individual policies show a very low risk population, particularly those covered by insurance carriers with a smaller market share. This is true despite relatively high average age (or closer to average in the case of Anthem).

Underwritten PPO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna	Employers with 1 Employee	2.6%	0.96	33.7	0.44	5.6%	30.6%	13.9%	33.3%	16.7%
Anthem - NH		21.9%	1.41	44.3	0.49	7.6%	10.2%	14.5%	16.2%	51.5%
CIGNA		4.5%	2.18	50.2	0.63	0.0%	11.1%	7.9%	14.3%	66.7%
Harvard Pilgrim HC		12.6%	1.64	42.6	0.49	8.0%	15.4%	12.6%	14.3%	49.7%
MVP		58.4%	0.92	46.3	0.46	9.3%	7.7%	9.9%	15.6%	57.6%

Underwritten PPO for group insurance covering one employee has risk scores and average age values that vary extensively, but are substantially higher than average for Anthem, Cigna, and Harvard Pilgrim HC. Lower than average for MVP.

Underwritten PPO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna	Small Group 2-50	2.4%	0.89	34.6	0.54	10.2%	15.5%	29.1%	20.0%	25.3%
All Other Insurance		0.2%	0.70	39.1	0.49	4.2%	12.5%	33.3%	12.5%	37.5%
Anthem - NH		28.1%	1.04	36.3	0.50	10.5%	13.8%	27.3%	19.2%	29.2%
CIGNA		0.8%	1.16	40.4	0.49	7.7%	10.1%	21.9%	24.0%	36.4%
Harvard Pilgrim HC		26.6%	1.02	35.0	0.50	11.0%	16.1%	26.3%	19.3%	27.3%
MVP		41.7%	0.80	35.6	0.47	10.8%	12.9%	29.8%	20.9%	25.5%

UnitedHealthcare	0.2%	0.76	37.1	0.49	1.2%	11.9%	45.2%	17.9%	23.8%
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Underwritten PPO for small group shows risk scores close to average for the major carriers, except for MVP, which is covering a substantially healthier population. This is one of the few instances that Harvard Pilgrim appears to have a slightly healthier population than Anthem.

Underwritten PPO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna	Employers with 51-99 Employees	1.3%	0.75	35.7	0.53	8.2%	16.4%	28.1%	23.4%	24.0%
Anthem - NH		39.0%	0.98	35.1	0.50	11.2%	14.8%	28.6%	20.0%	25.4%
CIGNA		0.8%	1.13	38.6	0.39	8.8%	10.8%	22.5%	29.4%	28.4%
Harvard Pilgrim HC		33.9%	1.02	34.1	0.51	12.7%	15.1%	28.5%	20.4%	23.3%
MVP		24.2%	0.81	34.4	0.48	10.3%	13.3%	34.1%	18.7%	23.6%
UnitedHealthcare		0.7%	0.79	33.9	0.43	12.2%	10.2%	36.7%	21.4%	19.4%

Risk Scores for the underwritten PPO smaller large group (51-99 employees) category show similar results among carriers to that of the small group.

Underwritten PPO

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna	Employers with >=100 Employees	8.3%	0.62	28.4	0.52	7.3%	16.3%	55.3%	9.9%	11.2%
All Other Insurance		0.0%	0.41	46.2	0.44	0.0%	0.0%	33.3%	11.1%	55.6%
Anthem - NH		48.6%	0.94	36.0	0.50	9.3%	13.5%	30.7%	19.3%	27.1%
CIGNA		5.6%	1.14	37.0	0.48	11.4%	14.2%	24.7%	19.6%	30.1%
Harvard Pilgrim HC		22.3%	1.05	35.7	0.46	9.9%	13.7%	30.6%	18.6%	27.2%
MVP		13.2%	0.78	35.4	0.48	10.1%	12.6%	32.4%	18.3%	26.6%
UnitedHealthcare	Employers thru Qualified Trust	1.9%	0.54	38.3	0.46	8.5%	14.0%	27.1%	16.5%	34.0%
All Other Insurance		0.0%	0.24	40.2	0.43	14.3%	0.0%	28.6%	28.6%	28.6%
Harvard Pilgrim HC		0.2%	1.04	33.5	0.45	11.7%	22.1%	22.1%	22.1%	22.1%

Underwritten PPO risk score differences have some similarity between the largest groups and smaller group markets, with MVP covering a healthier population and Anthem and Harvard Pilgrim HC closer to

average. The difference between Anthem and Harvard Pilgrim HC is greater though, with the Anthem population about ten percent lower risk, despite a slightly younger average age.

**Underwritten
POS**

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna	Employers	1.4%	1.37	36.2	0.53	0.0%	34.2%	7.9%	36.8%	21.1%
Anthem - NH	with 1	1.6%	2.08	39.9	0.48	4.5%	25.0%	4.5%	22.7%	43.2%
UnitedHealthcare	Employee	2.5%	1.01	39.8	0.49	12.7%	11.3%	18.3%	14.1%	43.7%
Aetna		11.6%	1.03	35.3	0.53	5.6%	21.9%	21.6%	23.8%	27.2%
Anthem - NH	Small	24.9%	1.08	36.7	0.51	8.8%	14.5%	27.3%	20.2%	29.3%
Harvard Pilgrim HC	Group 2-50	0.5%	1.04	42.4	0.77	0.0%	0.0%	30.8%	30.8%	38.5%
UnitedHealthcare		57.5%	0.83	34.9	0.48	10.6%	14.9%	30.6%	19.9%	24.0%

The carriers providing coverage for the underwritten POS category for small employers are covering an average or higher than average risk, with the exception of UnitedHealthcare, which is covering a population with a substantially lower risk.

**Underwritten
POS**

Age Distribution

Company	Market	Member Distribution	Risk Score	Average Age	Gender Bias	<10	10-19	20-39	40-49	>=50
Aetna		14.9%	0.84	34.6	0.58	10.0%	16.2%	27.4%	21.2%	25.1%
Anthem - NH	Employers	3.5%	0.87	34.9	0.55	11.7%	13.3%	31.7%	11.7%	31.7%
Harvard Pilgrim HC	with 51-99 Employees	3.8%	0.70	29.4	0.50	21.2%	19.7%	24.2%	16.7%	18.2%
UnitedHealthcare		77.8%	0.83	33.9	0.54	11.7%	13.6%	32.7%	21.0%	21.1%
Aetna		18.1%	1.02	35.6	0.52	11.8%	13.7%	26.4%	21.4%	26.6%
Anthem - NH	Employers	10.8%	1.24	38.9	0.46	6.7%	12.1%	28.5%	15.6%	37.0%
CIGNA	with	0.1%	1.05	27.5	0.44	0.0%	55.6%	11.1%	22.2%	11.1%
Harvard Pilgrim HC	>=100 Employees	13.8%	1.48	41.2	0.44	8.9%	10.8%	20.0%	17.1%	43.3%
UnitedHealthcare		57.1%	0.62	33.3	0.49	13.0%	14.6%	31.2%	19.9%	21.4%
UnitedHealthcare	Employers thru Qualified Trust	0.1%	2.01	28.6	0.70	20.0%	10.0%	40.0%	20.0%	10.0%

The underwritten POS large employer category shows more favorable risk for populations covered by employers in the 51-99 market, but greater risk in the 100 plus size. The exception is once again UnitedHealthcare, with a population that is close to forty percent lower risk than average.

Analysis Notes

Data analyzed are from the NHCHIS, which is created from data submissions by carriers and TPAs operating in New Hampshire. Insurance market and status are fields in the NHCHIS.

Data are from calendar year 2011. Data from the NH Healthy Kids population covered by Harvard Pilgrim HC and the high risk pool administered by the NH Health Plan are excluded from the analysis.

In some cases, insufficient data were available for particular carriers or categories, and those data are not reported.

The federal government will use a different risk adjustment tool, and include additional analysis tools not considered in this analysis. Therefore, the results are likely to differ.

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