

Regulating the Medical Loss Ratio: Implications for the Individual Market

Jean M. Abraham, PhD; and Pinar Karaca-Mandic, PhD

A central focus of the Patient Protection and Affordable Care Act (PPACA) of 2010 is to improve the functioning of the individual and small employer group markets for health insurance through increased regulation. One provision includes establishing minimum medical loss ratios (MLRs), which represent the percentage of a health insurer's premium revenues that are paid out for clinical services. The PPACA establishes minimum MLRs of 80% for the small group (1-100 workers) and individual markets for health insurance, and 85% for the fully insured large group market beginning January 1, 2011.¹ Insurers that have MLRs below the minimum threshold are required to provide a rebate to enrollees equal to an amount that reflects the premium revenue corresponding to the difference between its actual MLR and the minimum requirement.

A primary motivation behind this regulation is to ensure that premiums overwhelmingly reflect costs associated with enrollees' receipt of clinical services, rather than excess profitability or administrative costs that provide little direct value to consumers.^{2,3} However, multiple stakeholders are concerned about how insurers will respond to this new regulation and what, if any, consequences it may have for individuals' access to coverage. Of concern is whether the individual market, which currently serves approximately 7% of individuals younger than 65 years, will become less stable (eg, insurer exit, closed blocks of business, increased barriers to access).⁴

Using annual filing data from the National Association of Insurance Commissioners (NAIC), we provide estimates of the size and structure of the individual market for health insurance, as well as MLRs across states over the 2002-2009 time period. With the 2009 data, we generated state-level estimates of the number of individual market insurers expected to fall below the minimum threshold and their corresponding enrollment. Finally, we estimated the amount of individual market enrollment associated with insurers falling below the minimum MLR threshold that may be vulnerable to major coverage disruption due to poor health status. We conclude with a discussion of how these findings can inform policy-making activities relating to implementation and individual market functioning.

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Objective: To provide state-level estimates of the size and structure of the US individual market for health insurance and to investigate the potential impact of new medical loss ratio (MLR) regulation in 2011, as indicated by the Patient Protection and Affordable Care Act (PPACA).

Study Design: Using data from the National Association of Insurance Commissioners, we provided state-level estimates of the size and structure of the US individual market from 2002 to 2009. We estimated the number of insurers expected to have MLRs below the legislated minimum and their corresponding enrollment. In the case of noncompliant insurers exiting the market, we estimated the number of enrollees that may be vulnerable to major coverage disruption given poor health status.

Results: In 2009, using a PPACA-adjusted MLR definition, we estimated that 29% of insurer-state observations in the individual market would have MLRs below the 80% minimum, corresponding to 32% of total enrollment. Nine states would have at least one-half of their health insurers below the threshold. If insurers below the MLR threshold exit the market, major coverage disruption could occur for those in poor health; we estimated the range to be between 104,624 and 158,736 member-years.

Conclusion: The introduction of MLR regulation as part of the PPACA has the potential to significantly affect the functioning of the individual market for health insurance.

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For author information and disclosures, see end of text.

Take-Away Points

Estimation of the number of insurers expected to have medical loss ratios (MLRs) below the legislated minimum and their corresponding enrollment indicated the following:

- In 9 states, at least 50% of health insurers would likely fail to meet the 80% minimum MLR.
- In 12 states, at least one-half of total member-years of enrollment were affiliated with health insurers under the minimum threshold.
- If market exit is pursued by insurers not in compliance, coverage disruption could occur for those in poor health.

be incurred under a contract after the valuation.⁵

Earned premiums. Direct written premiums plus the change in unearned premium reserves and reserve for rate credits.

Medical loss ratio. The ratio of incurred claims plus the change in contract reserves to earned premiums for the company-state observation, multi-

plied by 100 to convert it to a percentage.

APPROACH AND METHODOLOGY

Data

Our primary data source was the NAIC Statistical Compilation of Annual Statement Information for Health Insurance Companies for 2002-2009. (The NAIC annual statements are subject to both an annual audit from a certified public accountancy firm and an examination from the state at least every 5 years. Additionally, there is a dynamic of restating balance sheet items in various levels of detail and categorizations, which allows for cross-checking of data for reporting consistency. Finally, not only are the NAIC data reviewed by the domiciliary regulator, but also other states in which the insurer writes business may review a company's reports.) Although these data are regularly used by state regulators and industry leaders, they are limited in 2 aspects. First, the vast majority of insurers operating within California are regulated by the California Department of Managed Health Care and do not file with the NAIC. Second, approximately 20% of premiums for comprehensive major medical policies in the individual market are written by life insurers, which do not file state-level information on enrollment, premiums, and claims specific to comprehensive major medical policies in the individual market. (For more details, please refer to [eAppendices A, B, C, D, and E](#), available at www.ajmc.com.)

Measures

The unit of analysis is a company-state observation. (For example, United Healthcare of Tennessee would be distinct from United Healthcare of Colorado.) From the NAIC data, we observed or constructed the following:

State. Identifier for state in which a company operates.

Individual market member-years. Total member-months of coverage provided by an insurer within a state at the end of the calendar year divided by 12.

Incurred claims. Paid claims plus the change in claim reserves.

Change in contract reserves. Change in financial reserves held by an insurer to pay claims that are expected to

Analyses

The first set of analyses characterized the individual market across states and over time. We estimated the number of health insurers operating in each state for years 2002, 2005, and 2009, as well as estimated enrollment expressed in member-years. We also examined average MLRs within states and over time and estimated coefficients of variation to investigate whether certain states experienced relatively more or less variation over the 2002 to 2009 time period. In constructing these measures, we weighted each insurer's contribution based on its share of enrollment in the state.

Second, we estimated the number of insurers that would have MLRs under the 80% minimum and their corresponding enrollment using the historical MLR definition as well as an "adjusted" measure to reflect changes specified within the interim final rule published by the US Department of Health and Human Services. Specifically, one modification calls for re-characterizing an insurer's expenses for certain quality-improvement activities (eg, investments to promote evidence-based medicine and patient safety, disease management, wellness programs) to be counted as clinical benefits. The other proposed change is to remove federal and state taxes and licensing or regulatory fees from premiums.⁶ Since insurer filings currently lack detailed information on quality-improvement expenses, some uncertainty exists with respect to the overall effect of these modifications. However, anecdotal evidence suggests a possible upward shift on MLRs on the order of 5 percentage points.⁷ Therefore, our adjustment increased each insurer's historical MLR upward by 5 percentage points.

Finally, we provided an estimate of the amount of individual market enrollment associated with insurers falling below the minimum MLR threshold that may be vulnerable to major coverage disruption due to poor health status. If regulation induces insurers to exit the market, a small percentage of enrollees with high claims experience or preexisting conditions could face disruption in the short run, particularly in states that permit medical underwriting. We began by identifying spending information for the population of individuals enrolled in

state high-risk pools across the United States. These consumers are likely similar to those who might be vulnerable to coverage disruption within the individual market. Data from a recent study by the General Accounting Office⁸ report average paid claims of \$9437 for this population in 2008. Next, we used information on annual insurer-paid spending for the nonelderly population with individual market coverage from the 2005-2007 Medical Expenditure Panel Survey (MEPS) Household Component to estimate the proportion of individuals with spending in excess of \$9437. (Insurer-paid spending was inflated to 2008 dollars to align with the Government Accountability Office study findings.) We estimated this proportion to be .048. (There is well-documented evidence that spending is underreported in the MEPS. We used the adjustment to inflate expenditures by 21%.⁹) Lastly, we multiplied aggregate enrollment among insurers that have MLRs below the 80% minimum requirement for each state based on the NAIC data analysis by this proportion to estimate the potential enrollment vulnerable to major coverage disruption due to being medically uninsurable.

RESULTS

Table 1 summarizes the size and structure of the individual market by state for years 2002, 2005, and 2009. In 2009, we observed enrollment of 6.7 million member-years within 371 health insurance company-state observations. These estimates did not include any insurers operating in California or organizations that file as life insurers. (Please refer to

Table 1. Individual Market Structure and Enrollment, 2002-2009^a

State	No. of Active Health Insurers			Estimated Enrollment (Member-Years)		
	2002	2005	2009	2002	2005	2009
AK	1	2	3	9800	9585	10,169
AL	4	2	1	3789	23,194	98,244
AR	1	2	6	79,644	93,783	97,743
AZ	6	8	9	125,054	165,450	139,269
CA	—	—	—	—	—	—
CO	7	7	11	85,574	127,716	173,930
CT	1	4	6	18,315	52,257	67,273
DC	5	4	5	9730	11,509	18,672
DE	3	2	3	11,241	2040	10,384
FL	9	13	19	159,801	546,357	703,673
GA	4	6	7	237,362	282,860	250,405
HI	1	2	2	12,600	26,281	30,252
IA	—	2	5	—	89,348	102,516
ID	—	1	4	—	41,876	100,337
IL	3	6	9	1655	252,250	325,571
IN	3	3	6	1117	2037	111,864
KS	6	6	7	15,667	21,426	46,058
KY	5	5	6	104,848	135,919	149,178
LA	4	5	6	169,862	183,856	173,669
MA	5	6	11	39,667	49,343	193,618
MD	10	8	9	173,605	157,966	150,779
ME	3	3	6	27,839	35,893	27,172
MI	9	15	15	76,061	129,714	221,141
MN	3	6	8	188,304	228,126	253,210
MO	8	9	12	59,110	53,914	70,713
MS	—	—	2	—	—	44,578
MT	1	3	4	31,936	38,503	32,397
NC	2	3	5	223,550	310,950	355,759
ND	2	2	3	35,256	36,712	37,252
NE	3	3	4	33,280	37,283	44,600
NH	1	3	3	3890	23,798	23,671
NJ	7	8	10	62,674	76,509	105,857
NM	—	2	4	—	42,879	55,982
NV	3	6	8	24,907	44,653	45,208
NY	22	23	20	240,994	235,214	222,951
OH	9	11	15	186,064	24,832	24,242
OK	2	2	5	51,640	58,716	89,561
OR	7	7	11	145,481	148,688	173,961
PA	11	9	16	798,790	293,387	450,786
RI	2	2	2	11,410	15,610	14,451
SC	2	5	6	4583	82,276	84,769
SD	—	1	5	—	41,567	51,636
TN	1	3	5	—	102,592	90,328
TX	5	11	14	4214	276,950	424,830
UT	4	5	6	101,616	119,864	106,945
VA	13	11	14	40,544	249,316	270,211
VT	2	3	2	9584	9581	13,178
WA	10	10	11	270,901	217,471	283,583
WI	12	10	13	44,109	73,197	90,594
WV	2	2	4	7904	10,232	9015
WY	1	1	3	13,152	22,129	16,873
Total	226	273	371	3,957,145	5,315,609	6,689,059

^aSource: National Association of Insurance Commissioners Statistical Compilation of Annual Statement Information for Health Insurance Companies, 2002, 2005, and 2009. Missing values represent incomplete information or lack of reporting.

eAppendix D for state-level estimates of life insurers selling comprehensive major medical policies.)

Not surprisingly, the number of health insurers with active operations varied widely across states, with more populated states having a larger number of insurers. In 2009, 5 states (Florida, New York, Michigan, Pennsylvania, and Ohio) each reported at least 15 insurers. In contrast, 10 states had 3 or fewer health insurers (Alabama, Mississippi, Vermont, Alaska, Delaware, Hawaii, North Dakota, New Hampshire, Rhode Island, and Wyoming). Over the 2002 and 2009 time period, most states experienced an increase in the number of health insurers and modest enrollment growth.

It is important to recognize that within states, insurers vary extensively in size, with some having a very small enrollment. As indicated in the interim final rule, insurers with fewer than 1000 member-years in a given state for 2011 would be considered to have a “non-credible MLR,” a classification that would exempt them from paying the rebate if the MLR is below the minimum. In 2009, 179 of the 371 company-state observations reported fewer than 1000 member-years. For 21 states, this additional condition reduced the number of health insurers with “credible MLRs” by more than 50%.

Within our data, some states were missing information, particularly for calendar year 2002. In other states (eg, Alabama, Illinois, Indiana), we observed implausibly large changes in enrollment between 2002 and 2009. These estimated changes in enrollment likely reflected changes in reporting behavior or state regulatory requirements, rather than actual market growth.

Table 2 provides state-level estimates of average MLRs, as well as the coefficient of variation for the 2002 to 2009 period. (For the analyses in Table 2, we performed an outlier analysis given implausibly low and high values for premiums and claims. We excluded observations that were in the bottom 1% of both claims incurred and premiums earned, and those in the top 1% of both claims incurred and premiums earned, as well as those in the bottom and top 1% of the MLR.) These estimates are an aggregate representation of insurers’ performance for each state. We observed extensive variation. Health insurers within New Hampshire had the lowest enrollment-weighted average MLR (.629). In contrast, 4 states (Alabama, Massachusetts, Michigan, and North Dakota) had enrollment-weighted average MLR values in excess of 1.0. This can happen if 1 or more large insurers within a state incur claims experience that exceeds the amount of premiums earned for that year.

Table 3 summarizes the 2009 data on the number of insurers and corresponding enrollment population potentially affected by the new minimum MLR requirement. Column 1 shows the number of health insurers with active operations by state. Columns 2 and 3 identify those insurers with MLRs

under the 80% minimum (based on the historical MLR definition) and their corresponding enrollment. Columns 4 and 5 provide analogous estimates, but use the PPACA-adjusted MLR definition described above. Columns 6 and 7 provide upper-bound and lower-bound estimates of market enrollment potentially vulnerable to coverage disruption for medical reasons in the worst case that insurers who fail to meet the new MLR regulation choose to exit the market.

In Table 3, column 2, we note that 146 of the 371 company-state observations were below the 80% minimum MLR requirement. In 21 states, at least 50% of health insurers would not meet the minimum threshold. Allowing for the 5 percentage point upward adjustment to the MLR, the number of insurers who would not meet the minimum threshold declined to 106; only 9 of the 21 states (Arkansas, Illinois, Louisiana, Nebraska, New Hampshire, Oklahoma, Rhode Island, Wyoming, and West Virginia) would continue to have at least one-half of their health insurers below the threshold.

In 2009, health insurers filing with the NAIC reported almost 6.7 million member-years of enrollment (see Table 1, column 6). Approximately 3.3 million member-years were associated with insurers that had MLRs that fell under the 80% threshold, based on the historical MLR definition. Using the PPACA-adjusted MLR definition reduced the aggregate enrollment impact to 2.18 million member-years. Twelve states had at least 50% of their enrollment affiliated with health insurers under the 80% threshold (Arkansas, Arizona, Florida, Illinois, Indiana, New Hampshire, Nevada, South Carolina, Tennessee, Texas, Virginia, and West Virginia). Together, insurers within these states had 1.87 million member-years (28% of total reported US enrollment) concentrated among health insurers with MLRs below the minimum threshold, even after allowing for the 5 percentage point upward adjustment to the historical MLR definition.

Insurers with MLRs that fall below the minimum requirement may respond in a variety of ways, including cutting administrative expenses related to marketing or distribution, lowering premiums, using less aggressive medical management, dropping product lines that may contribute to lower MLRs, or exiting the market. (High-deductible health plans generally have much lower MLRs than traditional health maintenance organizations [HMOs] or preferred provider organizations [PPOs]. The interim final rule includes an additional adjustment in the calculation of the MLR for insurers that sell plans with high deductibles.) Should insurers pursue either product line elimination or market exit, consumers could experience coverage disruptions. For enrollees with recently diagnosed, serious medical conditions or high claims experience, these types of responses could make them particularly vulnerable. This is particularly true for states that

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■ **Table 2.** Medical Loss Ratios, 2002-2009^a

State	Enrollment-Weighted Average MLR 2002	Enrollment-Weighted Average MLR 2009	Coefficient of Variation of MLR 2002-2009 ^b
AK	0.782	0.844	0.105
AL	0.986	1.050	0.186
AR	0.669	0.770	0.094
AZ	0.655	0.729	0.032
CA	—	—	—
CO	0.633	0.809	0.099
CT	0.653	0.889	0.126
DC	0.772	0.960	0.130
DE	0.840	0.837	0.154
FL	0.827	0.763	0.048
GA	0.890	0.758	0.061
HI	0.951	0.984	0.025
IA	0.865	0.930	0.080
ID	—	0.815	—
IL	0.512	0.749	0.137
IN	0.877	0.747	0.410
KS	0.557	0.777	0.254
KY	0.708	0.782	0.035
LA	0.758	0.776	0.038
MA	0.782	1.037	0.081
MD	0.880	0.841	0.030
ME	0.723	0.945	0.102
MI	1.224	1.017	0.066
MN	0.815	0.883	0.020
MO	0.659	0.783	0.059
MS	—	0.817	—
MT	0.697	0.867	0.086
NC	0.719	0.865	0.119
ND	0.876	1.045	0.079
NE	0.794	0.894	0.282
NH	0.670	0.629	0.164
NJ	0.770	0.841	0.038
NM	—	0.847	—
NV	0.750	0.710	0.083
NY	0.889	0.876	0.097
OH	0.861	0.950	0.312
OK	0.817	0.773	0.087
OR	0.808	0.887	0.753
PA	0.906	0.953	0.032
RI	1.108	0.947	0.085
SC	0.675	0.701	0.102
SD	—	0.906	—
TN	0.522	0.739	0.072
TX	1.011	0.727	0.196
UT	0.720	0.798	0.044
VA	0.912	0.744	0.095
VT	0.933	0.864	0.157
WA	0.874	0.824	0.032
WI	0.750	0.784	0.049
WV	0.682	0.718	0.087
WY	0.818	0.766	0.093

MLR indicates medical loss ratio.

^aSource: National Association of Insurance Commissioners Statistical Compilation of Annual Statement Information for Health Insurance Companies, 2002-2009. Health InfoPro database. All dollars are in 2009 constant dollars. States with missing values did not have data reported for 2002; therefore, the coefficient of variation could not be computed in a consistent way.

^bCoefficient of variation computed from annual, enrollment-weighted outcomes.

■ **Table 3.** Estimated Impact of Medical Loss Ratio Regulation on Active Health Insurers and Enrollment^a

State	(1) No. of Insurers in 2009	(2) No. of Insurers With MLRs <80% in 2009 (Historical Definition)	(3) Member-Years of Enrollment Among Insurers With MLRs <80% in 2009 (Historical Definition)	(4) No. of Insurers With Adjusted MLRs <80% in 2009 (PPACA-Adjusted Definition)	(5) Member-Years of Enrollment Among Insurers With Adjusted MLRs <80% in 2009 (PPACA-Adjusted Definition)	(6) Upper-Bound Estimate of Enrollment Vulnerable to Coverage Disruption for Medical Reasons	(7) Lower-Bound Estimate of Enrollment Vulnerable to Coverage Disruption for Medical Reasons
AK	3	2	432	1	19	21	1
AL	1	0	0	0	0	0	0
AR	6	3	91,798	3	91,798	4406	4406
AZ	9	4	130,798	4	130,798	6278	6278
CA	—	—	—	—	—	—	—
CO	11	2	96,889	1	8	4651	0
CT	6	1	59	1	59	3	3
DC	5	0	0	0	0	0	0
DE	3	1	4	1	4	0	0
FL	19	10	554,319	7	478,157	26,607	22,952
GA	7	4	216,373	3	34,863	10,386	1673
HI	2	0	0	0	0	0	0
IA	5	2	2913	2	2913	140	140
ID	4	1	41,749	1	41,749	2004	2004
IL	9	7	325,125	6	287,168	15,606	13,784
IN	6	2	110,859	1	110,437	5321	5301
KS	7	3	38,472	2	14,759	1847	708
KY	6	3	149,105	2	19,269	7157	925
LA	6	4	141,487	3	13,477	6791	647
MA	11	3	853	3	853	41	41
MD	9	5	23,030	3	880	1105	42
ME	6	2	43	2	43	2	2
MI	15	2	1955	2	1955	94	94
MN	8	4	36,485	3	36,283	1751	1742
MO	12	5	11,959	3	9476	574	455
MS	2	0	0	0	0	0	0
MT	4	0	0	0	0	0	0
NC	5	1	20,452	1	20,452	982	982
ND	3	1	9	1	9	0	0
NE	4	2	2323	2	2323	111	111
NH	3	3	23,671	3	23,671	1136	1136
NJ	10	2	50,283	1	177	2414	8
NM	4	1	413	1	413	20	20
NV	8	4	43,531	3	33,885	2089	1626
NY	20	4	12,172	2	45	584	2
OH	15	5	471	3	291	23	14
OK	5	4	74,374	3	4423	3570	212
OR	11	6	59,950	4	13,121	2878	630
PA	16	6	66,961	6	66,961	3214	3214
RI	2	1	187	1	187	9	9
SC	6	3	66,685	2	62,148	3201	2983
SD	5	3	5362	2	379	257	18
TN	5	2	90,095	2	90,095	4325	4325
TX	14	7	332,166	5	314,257	15,944	15,084
UT	6	3	75,932	1	735	3645	35
VA	14	4	236,350	3	235,890	11,345	11,323
VT	2	0	0	0	0	0	0
WA	11	2	83,618	0	0	4014	0
WI	13	6	61,422	2	26,415	2948	1268
WV	4	3	8991	2	8699	432	418
WY	3	3	16,873	2	117	810	6
Total	371	146	3,306,998	106	2,179,661	158,736	104,624

MLR indicates medical loss ratio; PPACA, Patient Protection and Affordable Care Act.

^aSource: National Association of Insurance Commissioners Statistical Compilation of Annual Statement Information for Health Insurance Companies, 2009.

permit medical underwriting. Of course, in 2014, guaranteed issue provisions will go into effect for plans offered within Exchanges, thereby mitigating some of these potentially adverse consequences.

Columns 6 and 7 in Table 3 provide an estimated range of enrollees vulnerable to coverage disruption because of health status, calculated using our results for enrollment among insurers that have MLRs below 80% and our estimated proportion of the individual market population considered “medically uninsurable” (.048). We estimated the range to be 104,624 to 158,736 member-years. Removing from consideration enrollment associated with states already having guaranteed issue reduced the upper bound by only 3041 member-years (fewer than 2%). (These estimates assumed a constant proportion of total enrollment with high claims across states. In the MEPS, we found little difference in the fraction of enrollees in excess of \$9437 by census region [Northeast, Midwest, South, and West].) In absolute terms, states with the largest levels of vulnerable enrollment include Arizona, Florida, South Carolina, Texas, and Virginia—states that tend to have more limited consumer protections with respect to purchasing coverage within the individual market.¹⁰

DISCUSSION

The introduction of a minimum MLR regulation as part of the PPACA has the potential to significantly affect the functioning of the individual market. Our results suggest that in 9 states, at least 50% of actively operating health insurers would likely fail to meet the 80% minimum MLR even after allowing for a 5 percentage point upward adjustment to account for changes in the way the measure will be calculated relative to the historical definition. Furthermore, we observed that in 12 states, at least one-half of total member-years of enrollment were affiliated with health insurers failing to meet the minimum MLR using the PPACA-adjusted definition.

The implications of MLR regulation remain uncertain, since one cannot accurately predict insurers’ strategic responses. To the extent that insurers with low MLRs opt for terminating product lines or exiting the market completely, consumers could experience some coverage disruption. Individual market enrollees who are medically uninsurable due to a recent diagnosis and/or high claims experience may be particularly vulnerable, with the largest numbers in Arizona, Florida, South Carolina, Texas, and Virginia. Of course, the effects of the MLR regulation on enrollees’ experiences in the short run could vary extensively given differences across states in individual market regulations pertaining to guaranteed issue, designated insurers of last resort, and premium rating, as well as individuals’ access to state-based high-risk pools. In the longer run, it will be important to investigate how MLR regulation in-

teracts with the creation of state-based Exchanges, the latter of which are hypothesized to lower insurers’ administrative costs.

Two study limitations are worth noting. First, while the NAIC data are the most comprehensive available, insurers in California are not represented. In addition, coverage sold by other types of insurers, notably life insurers, are not included since they do not file the information necessary for estimating comparable MLRs at the state level. In eAppendix C, we present an indirect method for identifying the presence of these insurers using alternative NAIC filing data sources. Results from these supplemental analyses suggest that in certain states, these insurers may have a large market presence. As a result, Tables 1 and 2 underestimate the number of competing insurers and enrollment in each state. Moreover, the absence of data for these firms could lead to underestimation or overestimation of the impact of MLR regulation, depending on whether these firms have ratios that are above or below the 80% threshold.

Second, the NAIC data did not permit a precise accounting of the number of unique individuals in each state that are enrolled by health insurers operating with MLRs below the 80% threshold. Rather, we observed only total member-years of coverage.

Policy Implications

For state regulators, it will be important to monitor insurers’ activities as they respond to the MLR regulation, particularly since compliance can be achieved in a number of ways, including reductions in administrative costs, profits, or net income; increases to claims costs; or premium reductions. Each has different implications for consumers.

As our analysis reveals, the individual market for health insurance in some states is already highly concentrated, with only a few active health insurers. For these states in particular, exit or threat of exit could be very disruptive to individuals in the short run. In such cases, state insurance commissioners could consider seeking transitional relief from the US Department of Health and Human Services, given the likelihood of market stabilization.

For federal policy makers, our analysis suggests that the potential impact of this new regulation on the individual market for health insurance could be quite large and that it will vary dramatically across states. Moreover, our analysis illustrates the significant challenges facing policy analysts and researchers in evaluating how insurance markets will be affected, given the introduction of this and other new PPACA regulations. The most notable challenge is not having a consistent, comprehensive source of data across all types of insurers writing health insurance across all US states.

Going forward, it will be important for additional investments to be made in the collection of information that can

enable monitoring of both the individual and group markets with validated outcome measures. Finally, additional research is needed to better understand variation in insurers' MLRs; the determinants of MLRs, including the role of population characteristics and provider market competition; and the impact that this new federal regulation will have on insurance market stability and long-run functioning.

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Author Affiliations: From Division of Health Policy and Management (JMA, PK-M), School of Public Health, University of Minnesota, Minneapolis, MN.

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Address correspondence to: Jean M. Abraham, PhD, Division of Health Policy and Management, School of Public Health, University of Minnesota, 420 Delaware St SE, MMC 729, Minneapolis, MN 55455. E-mail: abrah042@umn.edu.

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■ eAppendix A. Assessing Comprehensiveness of the National Association of Insurance Commissioners Data

Our primary source of National Association of Insurance Commissioners (NAIC) data is the Health InfoPro product. These data represent a compilation of health insurer filings of Annual Statements to the Insurance Department of the state where they sell their products. The insurers file the “Exhibit of Premiums, Enrollment and Utilization” for their business, by the line of business separately in each state, every year. The data include only fully purchased plans for comprehensive (hospital and medical) coverage. Although these data are the most comprehensive source of data on health insurers, they are not nationally comprehensive of all insurers that sell comprehensive, major medical policies in the individual market.

To better understand the completeness of the data, we compared aggregate estimates of the total number of member-years of coverage from the 2006 NAIC data with an estimate of that same outcome from the nationally representative, Medical Expenditure Panel Survey (MEPS) Household Component for the same year. (We were not able to compare current year estimates due to a lag in the MEPS data.) Member-years were calculated by taking reported member-months, aggregating to the population, and dividing by 12. With the MEPS, we further restrict attention to individuals under 65 years of age to ensure that our measure did not reflect the purchase of supplemental Medicare insurance policies. From the MEPS, we estimated 9.2 million member-years of individual coverage for the population under 65 years of age, while for the NAIC we estimated approximately 6.0 million member-years, roughly 65% of the US market in 2006.

Two factors can explain this gap. First, the vast majority of insurers operating within California are regulated by the California Department of Managed Health Care and do not file with the NAIC.¹ Data from the

2007 California Health Insurance Survey indicate that there are approximately 1.79 million nonelderly individuals who have full-year, individual market coverage.² (Given the incompleteness of the data, we removed from consideration any observations on insurer operations in California for our benchmarking exercise and analysis.) Second, approximately 20% of premiums for comprehensive major medical policies in the individual market are written by life insurers rather than health insurers. (Fraternal insurers and property and casualty insurers account for fewer than 1% of premium revenues for individual market comprehensive major medical policies.) Life insurers do not file state-level information on enrollment, premiums, and claims specific to comprehensive major medical policies in the individual market. Thus, we are unable to fully incorporate them into the analyses. (eAppendix D provides a summary of life insurers in the individual market for comprehensive major medical policies across states. Since there are no explicit measures to indicate which life insurers sell comprehensive policies by state, we generated estimates using information from the NAIC Accident and Health Policy Exhibit and the Life Insurance State Page. Information was obtained through direct correspondence with NAIC.)

We are producing a primer on using NAIC data for research and policy analysis. This will be made available as a Robert Wood Johnson Foundation Issue Brief.

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■ **eAppendix B. Detailed Technical Insurance Definitions of the Measures**

- **Incurred Claims.** Paid claims plus the change in claim reserves reported by the company. Claim reserves included only those unpaid liabilities for claims that have already been incurred.
- **Change in Contract Reserves.** Change in financial reserves held by a company to pay claims that are expected to be incurred under a contract after the valuation.¹ This amount was reported at the company level. Since our unit of analysis was a company-state for the individual market, we constructed a scaled value of contract reserves by multiplying the company-level amount by the proportion of individual market member-months in that state to the company's total member-months of coverage (group and individual market segments) across all states in which it operates during a given year.
- **Earned Premiums.** Direct written premiums plus the change in unearned premium reserves and reserve for rate credits. Written premiums were defined as the contractually determined amount charged by the reporting entity to the policy holder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For contracts without fixed contract periods, premiums written equaled the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.
- The National Association of Insurance Commissioners company-state data do not contain information on the unique number of covered lives. National estimates from the Medical Expenditure Panel Survey (MEPS) indicate that slightly more than 30% of enrollees have part-year individual coverage. Calculations using the MEPS suggest that at a national level, each member-year of individual market coverage corresponded to approximately 1.22 unique covered lives.

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■ eAppendix C. Characterization of the Life Insurers Selling Health Insurance

Background. Approximately 20% of premiums for comprehensive major medical policies sold in the individual market are written by life insurers rather than health insurers. Life insurers do not file state-level information on enrollment, premiums, and claims specific to comprehensive major medical policies in the individual market. In this appendix, we provide a method to estimate the presence of life insurers within states that are selling individual, comprehensive major medical policies.

Data. We used 2 supplemental sources of data. The first was the National Association of Insurance Commissioners (NAIC) Accident and Health Policy Exhibit for 2009 and the second was the Life Insurance State Page. Both were part of the annual filings submitted by life insurers to the NAIC.

Approach.

(1) Using the NAIC Accident and Health Policy Exhibit for 2009 for life insurers, we started by restricting attention to only those life insurers who reported more than 1200 member-months (slightly less than 100 people based on duration in the market) of comprehensive major medical insurance policies. This reduced the sample from 4615 company-state observations to 2250. Note that almost every life insurer we observed in the data was licensed to operate in every state.

(2) Next, we calculated the share of each insurer's total individual market business that was comprehensive major medical insurance. Note that the heading of "individual business" included a wide variety of insurance products such as short-term medical, other medical, disease specific, limited benefit, student, accident only, disability income (short term and long term), long-term care, Medigap, dental, State Children's Health Insurance Program, Medicare Part D, and Medicaid. We restricted attention to only those companies for which comprehensive major medical member-months were at least 10% of total member-months of individual business written during the year.

(3) At the state level, we did not observe anything specific to comprehensive major medical coverage. On the Life Insurer State Page exhibit itself, we observed only a few categories of individual business, but they did not align with the company-level Accident and Health Policy Exhibit blank categories.

(4) We made a decision rule about which company-state observations to focus on by looking at their reported premium revenues for all individual business (less accident only) in a state. Specifically, we flagged those insurers that reported at least \$400,800 per year ($\320 average per member per month in 2009 \times 1200 member-months) in individual business. This reduced our sample from 2250 company-state observations to 251.

We produced 2 tables based on the analysis above. The first table (eAppendix D) is a state-level summary table corresponding to the estimated number of life insurers with comprehensive major medical business. The second table (eAppendix E) is a full list of the 251 company-state observations, including information on the state, the life insurance company name, the group name, comprehensive major medical member-months for the individual market (reported at the company level), the share of individual business written that is comprehensive major medical (company level), and the individual business premiums (nonaccident only) reported at the company-state level. It is important to recognize that these represent estimates based on the best available data and may be subject to some measurement error. ■

■ POLICY ■

■ **eAppendix D.** Estimated Number of Life Insurers Operating in the Individual Market for Comprehensive Major Medical Coverage, State-Level Summary^a

State	No.
AK	2
AL	5
AR	6
AZ	7
CA	—
CO	10
CT	6
DC	1
DE	1
FL	11
GA	13
HI	0
IA	3
ID	2
IL	7
IN	7
KS	7
KY	2
LA	8
MA	4
MD	5
ME	1
MI	8
MN	5
MO	5
MS	5
MT	4
NC	8
ND	2
NE	5
NH	4
NJ	4
NM	4
NV	3
NY	4
OH	8
OK	6
OR	3
PA	9
RI	0
SC	9
SD	4
TN	7
TX	12
UT	1
VA	6
VT	0
WA	3
WI	7
WV	3
WY	3

^aSource: National Association of Insurance Commissioners Accident and Health Policy Exhibit and Life Insurer State Page (Accident and Health Experience Exhibit), 2009.

eAppendix E. Life Insurer Company-State Observations (n = 251)

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
AK	Aetna Life Ins Co	AETNA GRP	4047278	1	2199359
AK	Celtic Ins Co	CENTEN E CORP GRP	160443	1	1070886
AL	Humana Ins Co	HUMANA GRP	2745342	0.9047238	4873275
AL	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	2162074
AL	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	520323
AL	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	1198656
AL	Aetna Life Ins Co	AETNA GRP	4047278	1	1602362
AR	Celtic Ins Co	CENTEN E CORP GRP	160443	1	484519
AR	Aetna Life Ins Co	AETNA GRP	4047278	1	1439995
AR	Humana Ins Co	HUMANA GRP	2745342	0.9047238	3013398
AR	American Natl Ins Co	AMERICAN NATL FIN GRP	11429	0.3152304	468724

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
AR	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	833679
AR	Mid West Natl Life Ins Co Of TN	HealthMarkets Grp	147973	0.9909215	854250
AZ	Humana Ins Co	HUMANA GRP	2745342	0.9047238	1.99E+07
AZ	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	2303040
AZ	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	962195
AZ	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	9304778
AZ	Aetna Life Ins Co	AETNA GRP	4047278	1	3.82E+07
AZ	Health Net Life Ins Co	Health Net Inc Grp	1158965	1	3.17E+07
AZ	World Ins Co	American Republic Mut Grp	6653	0.3011752	903986
CO	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	735203
CO	World Ins	American	6653	0.3011752	2.06E+07

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
	Co	Republic Mut Grp			
CO	Humana Ins Co	HUMANA GRP	2745342	0.9047238	4.75E+07
CO	Celtic Ins Co	CENTEN E CORP GRP	160443	1	1493258
CO	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	2274959
CO	American Medical Security Life Ins C	UNITEDHEALTH GRP	374286	1	5624773
CO	Mid West Natl Life Ins Co Of TN	HealthMarkets Grp	147973	0.9909215	5039405
CO	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1.18E+07
CO	Aetna Life Ins Co	AETNA GRP	4047278	1	4.68E+07
CO	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	1.61E+07
CT	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1395673

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
CT	Aetna Life Ins Co	AETNA GRP	4047278	1	2.63E+07
CT	Celtic Ins Co	CENTEN E CORP GRP	160443	1	2546103
CT	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	1856375
CT	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	519047
CT	World Ins Co	American Republic Mut Grp	6653	0.3011752	432821
DC	Aetna Life Ins Co	AETNA GRP	4047278	1	3454156
DE	Aetna Life Ins Co	AETNA GRP	4047278	1	4763630
FL	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	7619111
FL	Aetna Life Ins Co	AETNA GRP	4047278	1	1.77E+07
FL	World Ins Co	American Republic Mut Grp	6653	0.3011752	1835228
FL	Humana Ins Co	HUMANA GRP	2745342	0.9047238	803825
FL	American	American	23130	0.2474063	1521299

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
	Republic Ins Co	Republic Mut Grp			
FL	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	883038
FL	Union Labor Life Ins Co	UNION LABOR GRP	7035	0.2239154	408919
FL	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	3402463
FL	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	2.00E+07
FL	Pacificare Life & Hlth Ins Co	UNITEDHEALTH GRP	229875	1	1378949
FL	Celtic Ins Co	CENTENE CORP GRP	160443	1	8417056
GA	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	1.51E+07
GA	Humana Ins Co	HUMANA GRP	2745342	0.9047238	8982138
GA	World Ins Co	American Republic Mut Grp	6653	0.3011752	6978798
GA	Mid West Natl Life	HealthMarkets Grp	147973	0.9909215	4209851

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
	Ins Co Of TN				
GA	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	1370723
GA	American Natl Ins Co	AMERICAN NATL FIN GRP	11429	0.3152304	424830
GA	Aetna Life Ins Co	AETNA GRP	4047278	1	5.60E+07
GA	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	6397804
GA	Pacificare Life & Hlth Ins Co	UNITEDHEALTH GRP	229875	1	946546
GA	American Medical Security Life Ins C	UNITEDHEALTH GRP	374286	1	2032291
GA	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	2956062
GA	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	3634405
GA	Celtic Ins Co	CENTENE CORP GRP	160443	1	2603726
IA	World Ins	American	6653	0.3011752	463826

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
	Co	Republic Mut Grp			
IA	Humana Ins Co	HUMANA GRP	2745342	0.9047238	925548
IA	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1.64E+07
ID	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	5205196
ID	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	767350
IL	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1.05E+07
IL	World Ins Co	American Republic Mut Grp	6653	0.3011752	752362
IL	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	4167843
IL	Pacificare Life & Hlth Ins Co	UNITEDHEALTH GRP	229875	1	663386
IL	Aetna Life Ins Co	AETNA GRP	4047278	1	2.54E+07
IL	Connecticut Gen Life	CIGNA HLTH	269916	1	698089

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
	Ins Co	GRP			
IL	Humana Ins Co	HUMANA GRP	2745342	0.9047238	5.20E+07
IN	Humana Ins Co	HUMANA GRP	2745342	0.9047238	6578030
IN	Unicare Life & Hlth Ins Co	Wellpoint Inc Grp	1757033	0.9999372	3.01E+07
IN	Celtic Ins Co	CENTEN E CORP GRP	160443	1	2285700
IN	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	6590595
IN	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	4802535
IN	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	650131
IN	Aetna Life Ins Co	AETNA GRP	4047278	1	1075115
KS	American Medical Security Life Ins C	UNITEDHEALTH GRP	374286	1	1.28E+07
KS	World Ins Co	American Republic Mut Grp	6653	0.3011752	1087216

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
KS	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	3359464
KS	Humana Ins Co	HUMANA GRP	2745342	0.9047238	9817651
KS	Aetna Life Ins Co	AETNA GRP	4047278	1	2937716
KS	Celtic Ins Co	CENTEN E CORP GRP	160443	1	896948
KS	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	8540168
KY	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	688349
KY	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1390325
LA	American Medical Security Life Ins C	UNITEDHEALTH GRP	374286	1	657784
LA	Celtic Ins Co	CENTEN E CORP GRP	160443	1	530939
LA	World Ins Co	American Republic Mut Grp	6653	0.3011752	1881875

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
LA	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	1145868
LA	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	7537157
LA	Mid West Natl Life Ins Co Of TN	HealthMarkets Grp	147973	0.9909215	4286243
LA	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	872279
LA	Aetna Life Ins Co	AETNA GRP	4047278	1	6016610
MA	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1229202
MA	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	1195602
MA	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	1132383
MA	Humana Ins Co	HUMANA GRP	2745342	0.9047238	530882
MD	Aetna Life Ins Co	AETNA GRP	4047278	1	9564074
MD	AXA Equitable	AXA INS GRP	127098	0.2831242	1598198

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
	Life Ins Co				
MD	Humana Ins Co	HUMANA GRP	2745342	0.9047238	401946
MD	Pacificare Life & Hlth Ins Co	UNITEDH EALTH GRP	229875	1	865340
MD	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1498111
ME	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	2.78E+07
MI	Pacificare Life & Hlth Ins Co	UNITEDH EALTH GRP	229875	1	1592603
MI	Aetna Life Ins Co	AETNA GRP	4047278	1	1.55E+07
MI	Celtic Ins Co	CENTEN E CORP GRP	160443	1	3115771
MI	World Ins Co	American Republic Mut Grp	6653	0.3011752	893728
MI	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	516306
MI	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	2677486

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
MI	Humana Ins Co	HUMANA GRP	2745342	0.9047238	1.33E+07
MI	Unicare Life & Hlth Ins Co	Wellpoint Inc Grp	1757033	0.9999372	4324645
MN	Humana Ins Co	HUMANA GRP	2745342	0.9047238	416145
MN	Celtic Ins Co	CENTEN E CORP GRP	160443	1	756725
MN	World Ins Co	American Republic Mut Grp	6653	0.3011752	6897584
MN	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1320805
MN	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	532178
MO	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	8693217
MO	Humana Ins Co	HUMANA GRP	2745342	0.9047238	8816863
MO	Celtic Ins Co	CENTEN E CORP GRP	160443	1	1237558
MO	Aetna Life Ins Co	AETNA GRP	4047278	1	8004712

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
MO	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	666347
MS	World Ins Co	American Republic Mut Grp	6653	0.3011752	2161249
MS	Aetna Life Ins Co	AETNA GRP	4047278	1	1802772
MS	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	802554
MS	Humana Ins Co	HUMANA GRP	2745342	0.9047238	1.69E+07
MS	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	2048424
MT	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	5509253
MT	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1479170
MT	Humana Ins Co	HUMANA GRP	2745342	0.9047238	535472
MT	World Ins Co	American Republic Mut Grp	6653	0.3011752	9581285
NC	World Ins Co	American Republic Mut Grp	6653	0.3011752	2578201

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
NC	Aetna Life Ins Co	AETNA GRP	4047278	1	8999206
NC	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1.14E+07
NC	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	680881
NC	Humana Ins Co	HUMANA GRP	2745342	0.9047238	1.01E+07
NC	Pacificare Life & Hlth Ins Co	UNITEDHEALTH GRP	229875	1	468435
NC	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	1301103
NC	Celtic Ins Co	CENTENE CORP GRP	160443	1	9200802
ND	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	5000606
ND	World Ins Co	American Republic Mut Grp	6653	0.3011752	522087
NE	Humana Ins Co	HUMANA GRP	2745342	0.9047238	2077633
NE	Aetna Life Ins Co	AETNA GRP	4047278	1	1914155

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
NE	World Ins Co	American Republic Mut Grp	6653	0.3011752	1269723
NE	Celtic Ins Co	CENTEN E CORP GRP	160443	1	474101
NE	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	5191926
NH	Celtic Ins Co	CENTEN E CORP GRP	160443	1	2991341
NH	Chesapeake Life Ins Co	HealthMarkets Grp	48385	0.9706393	1.07E+07
NH	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	1849883
NH	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	3733467
NJ	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	9365096
NJ	Aetna Life Ins Co	AETNA GRP	4047278	1	1733607
NJ	Celtic Ins Co	CENTEN E CORP GRP	160443	1	1522272

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
NJ	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	980072
NM	World Ins Co	American Republic Mut Grp	6653	0.3011752	448891
NM	Humana Ins Co	HUMANA GRP	2745342	0.9047238	459707
NM	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	2312517
NM	American Natl Ins Co	AMERICAN NATL FIN GRP	11429	0.3152304	471525
NV	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	898235
NV	Humana Ins Co	HUMANA GRP	2745342	0.9047238	5989332
NV	Aetna Life Ins Co	AETNA GRP	4047278	1	1.15E+07
NY	Union Labor Life Ins Co	UNION LABOR GRP	7035	0.2239154	1075452
NY	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	2.59E+07
NY	Connecticut Gen Life	CIGNA HLTH	269916	1	1970057

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	Ins Co	GRP			
NY	Aetna Life Ins Co	AETNA GRP	4047278	1	2563186
OH	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	936129
OH	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	1011755
OH	World Ins Co	American Republic Mut Grp	6653	0.3011752	401268
OH	Humana Ins Co	HUMANA GRP	2745342	0.9047238	1.04E+07
OH	Pacificare Life & Hlth Ins Co	UNITEDHEALTH GRP	229875	1	463407
OH	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	2883357
OH	Aetna Life Ins Co	AETNA GRP	4047278	1	2.92E+07
OH	Celtic Ins Co	CENTENE CORP GRP	160443	1	445683
OK	Humana Ins Co	HUMANA GRP	2745342	0.9047238	2882178
OK	Aetna Life Ins Co	AETNA GRP	4047278	1	4370398

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OK	World Ins Co	American Republic Mut Grp	6653	0.3011752	814693
OK	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	563267
OK	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	995154
OK	Celtic Ins Co	CENTEN E CORP GRP	160443	1	1147849
OR	Humana Ins Co	HUMANA GRP	2745342	0.9047238	881419
OR	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	3974428
OR	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	7429777
PA	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	583347
PA	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	8959465
PA	Pacificare Life & Hlth Ins Co	UNITEDHEALTH GRP	229875	1	1556225
PA	Aetna Life	AETNA	4047278	1	6.62E+07

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	Ins Co	GRP			
PA	World Ins Co	American Republic Mut Grp	6653	0.3011752	672661
PA	Humana Ins Co	HUMANA GRP	2745342	0.9047238	4664168
PA	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	649560
PA	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	551495
PA	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	9149581
SC	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	2722227
SC	Celtic Ins Co	CENTENE CORP GRP	160443	1	2956051
SC	Humana Ins Co	HUMANA GRP	2745342	0.9047238	8086948
SC	Aetna Life Ins Co	AETNA GRP	4047278	1	5318497
SC	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	1589834
SC	Connecticut Gen Life	CIGNA HLTH	269916	1	715040

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	Ins Co	GRP			
SC	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	988860
SC	World Ins Co	American Republic Mut Grp	6653	0.3011752	1900904
SC	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	509416
SD	Celtic Ins Co	CENTENE CORP GRP	160443	1	817499
SD	World Ins Co	American Republic Mut Grp	6653	0.3011752	555749
SD	Humana Ins Co	HUMANA GRP	2745342	0.9047238	1998571
SD	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1615090
TN	American Natl Ins Co	AMERICAN NATL FIN GRP	11429	0.3152304	534812
TN	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	3520074
TN	Aetna Life Ins Co	AETNA GRP	4047278	1	1.22E+07

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TN	Celtic Ins Co	CENTENE CORP GRP	160443	1	451836
TN	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	1527942
TN	Humana Ins Co	HUMANA GRP	2745342	0.9047238	2.67E+07
TN	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	1753919
TX	Humana Ins Co	HUMANA GRP	2745342	0.9047238	9.29E+07
TX	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	2270533
TX	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	4128902
TX	New Era Life Ins Co	NEW ERA LIFE GRP	1630	0.1579533	3.27E+07
TX	Celtic Ins Co	CENTENE CORP GRP	160443	1	4672910
TX	Unicare Life & Hlth Ins Co	Wellpoint Inc Grp	1757033	0.9999372	2.91E+08
TX	American Natl Ins Co	AMERICAN NATL	11429	0.3152304	7361216

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		FIN GRP			
TX	Mega Life & Hlth Ins Co The	HealthMarkets Grp	559594	0.9841229	706889
TX	Connecticut Gen Life Ins Co	CIGNA HLTH GRP	269916	1	1.05E+07
TX	Aetna Life Ins Co	AETNA GRP	4047278	1	1.38E+08
TX	Mid West Natl Life Ins Co Of TN	HealthMarkets Grp	147973	0.9909215	9649572
TX	World Ins Co	American Republic Mut Grp	6653	0.3011752	2850220
UT	Humana Ins Co	HUMANA GRP	2745342	0.9047238	1.95E+07
VA	World Ins Co	American Republic Mut Grp	6653	0.3011752	492362
VA	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	2014661
VA	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1325262
VA	Humana Ins Co	HUMANA GRP	2745342	0.9047238	4178493

State	Short Name	Group Name	Individual Comprehensive Major Medical Member-Months (Company Level)	Share of Individual Business Corresponding to Comprehensive Major Medical	Individual Business Premiums Within a State (Nonaccident Only)
VA	Unicare Life & Hlth Ins Co	Wellpoint Inc Grp	1757033	0.9999372	1.06E+07
VA	Aetna Life Ins Co	AETNA GRP	4047278	1	2.51E+07
WA	Humana Ins Co	HUMANA GRP	2745342	0.9047238	836807
WA	World Ins Co	American Republic Mut Grp	6653	0.3011752	623449
WA	Pacificare Life & Hlth Ins Co	UNITEDH EALTH GRP	229875	1	1825801
WI	Celtic Ins Co	CENTEN E CORP GRP	160443	1	1774415
WI	World Ins Co	American Republic Mut Grp	6653	0.3011752	1176547
WI	Pacificare Life & Hlth Ins Co	UNITEDH EALTH GRP	229875	1	733054
WI	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	1.66E+07
WI	Unicare Life & Hlth Ins Co	Wellpoint Inc Grp	1757033	0.9999372	1414044
WI	AXA	AXA INS	127098	0.2831242	1046488

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	Equitable Life Ins Co	GRP			
WI	Humana Ins Co	HUMANA GRP	2745342	0.9047238	3.20E+07
WV	AXA Equitable Life Ins Co	AXA INS GRP	127098	0.2831242	485486
WV	Humana Ins Co	HUMANA GRP	2745342	0.9047238	869589
WV	Aetna Life Ins Co	AETNA GRP	4047278	1	1274395
WY	World Ins Co	American Republic Mut Grp	6653	0.3011752	783065
WY	American Republic Ins Co	American Republic Mut Grp	23130	0.2474063	862499
WY	Aetna Life Ins Co	AETNA GRP	4047278	1	1079099