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December 22, 2009

The Honorable Thomas V. Mike Miller, Jr.
President of Senate
State House, H-107
Annapolis, MD 21401-1991

The Honorable Michael E. Busch
Speaker of House of Delegates
State House, H-101
Annapolis, MD 21401-1991

Dear President Miller and Speaker Busch:

As required under §15-133 of the Insurance Article, the Maryland Insurance Administration ("MIA") submits the information below regarding the distribution of lives in the commercial market for health benefit plans.¹ The findings are summarized in Tables 1, 2, 3, and 4.

There are two types of health benefit plans comprising the commercial market: insured health benefit plans and other employment-based health benefit plans. Insured health benefit plans include group insured health benefit plans and individual insured health benefit plans. With the exception of group insured health benefit plans issued to out-of-state associations, insured health benefit plans are regulated by the MIA and subject to Maryland law.

Other employment-based health benefit plans include group self-insured health benefit plans and the Federal Employees Health Benefit Plan (FEHBP). These health benefit plans are not regulated by the MIA and, for the most part, are not subject to Maryland law.

¹ The MIA requires insurers, nonprofit health service plans, health maintenance organizations, managed care organizations, and third-party administrators to report the number of lives and contracts for health benefit plans for those under the age of 65 as of a specified date. The data is self-reported and unaudited.

Health benefit plans includes policies for hospital or medical benefits. It does not include such coverage as accident-only insurance, fixed indemnity insurance, credit health insurance, Medicare supplemental policies, CHAMPUS, long-term care insurance, disability insurance, disease specific insurance, automobile medical payment insurance, dental insurance, or vision insurance. The correspondence and the survey instrument used are available on the MIA's website at www.mdinsurance.state.md.us under "Company Reporting Requirements".

In 2009, over 3.6 million Maryland residents under the age of 65 had health insurance through a commercial health benefit plan. The commercial market for health benefit plans grew by 2 percent between 2005 and 2009.

Covered lives in the commercial market for health benefit plans continue to shift from insured health benefit plans to other employment-based health benefit plans. The number of covered lives in insured health benefits decreased 13.5 percent from 2005 to 2009 while the number of covered lives in other employment-based health benefit plans increased 12.7 percent.

The percentage of the population under the age of 65 with insured health benefit plans declined from 29 percent in 2005 to 25 percent in 2009. Conversely, the percentage with other employment-based health benefit plans increased from 43 percent in 2005 to 48 percent in 2009.

Whereas 40 percent of all those with health insurance through a commercial health benefit plan were in an insured health benefit plan in 2005, this declined to 34 percent by 2009. Nearly 60 percent of those with health insurance through a commercial health benefit plan were in other employment-based health benefit plans in 2005, increasing to about 66 percent in 2008.

Group health benefit plans, insured and other employment-based, have an average of 2.5 lives per contract. Individual health benefit plans have an average of one life per contract.

In conclusion, as of 2009, the MIA regulates and Maryland state law applies to about one-quarter of the population under the age of 65 and a little over one-third of all covered lives with commercial health benefit plans.

If you have any questions or concerns, please feel free to contact me at 410-468-2002 or by e-mail at bsammis@mdinsurance.state.md.us.

Sincerely,



Beth Sammis
Deputy Commissioner

cc: Marie L. Grant, Committee Staff,
Senate Finance Committee
Linda Stahr, Committee Staff,
House Health and Government Operations Committee
Sarah T. Albert, Library Associate,
Department of Legislative Services (5 copies)
Brenda A. Wilson, Associate Commissioner,
Life and Health, Maryland Insurance Administration

**Table 1: Covered Lives by Type of Health Benefits
(Under age of 65 only)**

	2005	2006	2007	2008	2009	% Change 2005-2009
Group Insured	1271774	1201923	1159367	1080907	1074293	-15.5%
Individual	166375	170047	176320	171860	169629	2%
All insured health benefit plans	1438149	1371970	1335687	1252767	1243922	-13.5%
Group self-insured	1584834	1695167	1697098	1744373	1796430	13.4%
FEHBP	535714	551143	550807	593469	593325	10.8%
All other employment-based health benefits	2120548	2246310	2247905	2337842	2389755	12.7%
Total all commercial health benefit plans	3558697	3618280	3583592	3590609	3633677	2.1%

**Table 2: Covered Lives by Type of Health Benefit Plans
As a percent of population under age 65**

	2005	2006	2007	2008	2009
Group Insured	25.8%	24.3%	23.4%	21.8%	21.7%
Individual	3.4%	3.4%	3.6%	3.5%	3.4%
All insured health benefit plans	29.1%	27.7%	26.9%	25.3%	25.1%
Group self-insured	32.1%	34.2%	34.2%	35.2%	36.3%
FEHBP	10.9%	11.1%	11.1%	12.0%	12.0%
All other employment-based health benefits	43.0%	45.4%	45.4%	47.2%	48.3%
Total all commercial health benefit plans	72.1%	73.1%	72.3%	72.5%	73.4%

**Table 3: Covered Lives by Type of Health Benefit Plans
As a percent of total commercial health benefit plans**

	2005	2006	2007	2008	2009
Group Insured	35.7%	33.2%	32.4%	30.1%	29.6%
Individual	4.7%	4.7%	4.9%	4.8%	4.7%
All insured health benefit plans	40.4%	37.9%	37.3%	34.9%	34.2%
Group self-insured	44.5%	46.9%	47.4%	48.6%	49.4%
FEHBP	15.1%	15.2%	15.4%	16.5%	16.3%
All other employment-based health benefits	59.6%	62.1%	62.7%	65.1%	65.8%

Table 4: Covered Lives and Contracts by Type of Health Benefit Plans, 2009

	Contracts	Covered Lives	Covered Lives Per Contract
Group Insured	422721	1074293	2.5
Individual	169629	169629	1.0
All insured health benefit plans	592350	1243922	2.1
Group self-insured	706873	1796430	2.5
FEHBP	233466	593325	2.5
All other employment-based health benefits	940339	2389755	2.5