

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



**INSURANCE
ADMINISTRATION**

AL REDMER, JR.
Commissioner

NANCY GRODIN
Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2090 Fax: 410-468-2020
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

November 4, 2016

The Honorable Thomas M. Middleton
Chairman
Senate Finance Committee
Miller Senate Office Building, 3 East Wing
11 Bladen St.
Annapolis, MD 21401

The Honorable Peter A. Hammen
Chairman
Health & Government Operations
Committee
House Office Building, Room 241
6 Bladen St.
Annapolis, MD 21401

In Re: MSAR Report # 7797

MSAC *PER*
Dear Chairman Middleton and Chairman Hammen:

Enclosed is the Maryland Insurance Administration's 2016 Covered Lives Report (MSAR #7797) as required under § 15-133 of the Insurance Article. If you have any questions or concerns regarding the content of this report, please feel free to contact me.

Very truly yours,

Al Redmer, Jr.
Insurance Commissioner

cc: Patrick Carlson, 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)



2016 Maryland Covered Lives Report
MSAR # 7797

November 4, 2016

Background Information

Section 15-133 of the Insurance Article requires the Maryland Insurance Administration (MIA) to submit a report regarding the estimated number of insured and self-insured contracts for health benefit plans in the State and the number of insured and self-insured lives under the age of 65 enrolled in health benefit plans in the State. This information is summarized in the attached Tables 1 through 4.

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.¹ “Health benefit plans” include policies for hospital or medical benefits. They do not include such coverage as accident-only insurance, fixed indemnity insurance, credit health insurance, Medicare supplemental policies, CHAMPUS, long-term care insurance, disability insurance, coverage issued as a supplement to liability insurance, workers’ compensation, specified disease insurance, automobile medical payment insurance, dental insurance, or vision insurance.

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. 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.

In the health insurance industry, the covered life (member) is the fundamental unit of measurement. Trends regarding number of contracts generally track those regarding numbers of covered lives.

Observations

Table 1: Covered Lives by Type of Health Benefit Plan under Age 65

In 2016, approximately 2.94 million Maryland residents under the age of 65 had health insurance through a commercial health benefit plan, representing an increase of approximately +1.3% in total covered lives as compared with 2015. The number of covered lives is composed of 1.03 million lives in insured health benefit plans and 1.91 million in all other employment-based health benefit plans.

The number of covered lives in the group insured market decreased from 757,667 to 736,796, a decrease of 20,871 covered lives, or approximately -2.8%. The individual insured market increased from 288,411 to 291,567, an increase of 3,156 covered lives, or approximately

¹ The survey instrument used is available on the MIA’s website at www.mdinsurance.state.md.us under “Company Filing Requirements.” The data are self-reported and unaudited.

+1.1%. The overall number of covered lives in insured health benefit plans decreased from approximately 1.05 million covered lives in 2015 to approximately 1.03 million covered lives in 2016, or approximately -1.7%.

The number of covered lives in the group self-insured market increased from approximately 1.40 million to approximately 1.46 million covered lives, an increase of 55,226 covered lives, or approximately +3.9%. The number of covered lives in the FEHBP market remained approximately the same from 2015 to 2016 at approximately 451,000 covered lives. The overall number of covered lives in other employment-based health benefit plans increased from approximately 1.85 million lives in 2015 to approximately 1.91 million covered lives in 2016, or approximately +3.0%.

Table 2: Covered Lives by Type of Health Benefit Plan as a Percent of Population under Age 65

Overall, the percentage of the population under the age of 65 covered by an insured health benefit plan or other employment-based health benefit plan increased from 56.3% to 57.0% between 2015 and 2016. The percentage of the population under the age of 65 with insured health benefit plans decreased from 20.3% in 2015 to 19.9% in 2016.

Table 3: Covered Lives by Type of Health Benefit Plan as a Percent of Total Commercial Health Benefit Plans

The percentage of all those with health insurance through a commercial health benefit plan covered by an insured health benefit plan decreased from 36.0% in 2015 to 35.0% in 2016. The percentage of all those with health insurance through a commercial health benefit plan in other employment-based health benefit plans increased from 64.0% in 2015 to 65.0% in 2016.

Table 4: Contracts and Covered Lives by Type of Health Benefit Plan, 2016

Group insured health benefit plans, with an average of 2.1 covered lives per contract, had the same number of covered lives per contract as Group self-insured plans. The overall covered lives per contract for all insured health benefit plans was 1.9, compared to an average of 2.0 for all other employment-based health benefit plans.

Conclusion

As of 2016, the MIA regulates and Maryland state law applies to commercial health benefit plans for approximately 19.9% of the population under the age of 65, and for approximately 35.0% of all covered lives.

	2012	2013	2014	2015	2016	% Change 2012-2016	% Change 2015-2016
Group Insured	897,841	882,922	854,887	757,667	736,796	-17.9%	-2.8%
Individual	140,505	143,378	212,613	288,411	291,567	+107.5%	+1.1%
All insured health benefit plans	1,038,346	1,026,300	1,067,500	1,046,078	1,028,363	-1.0%	-1.7%
Group self-insured	1,472,532	1,417,382	1,417,987	1,402,024	1,457,250	-1.0%	+3.9%
FEHBP	368,859	425,411	449,807	451,326	451,796	+22.5%	+0.1%
All other employment-based health benefits	1,841,391	1,842,793	1,867,794	1,853,350	1,909,046	+3.7%	+3.0%
Total all commercial health benefit plans	2,879,737	2,869,093	2,935,294	2,899,428	2,937,409	+2.0%	+1.3%

	2012	2013	2014	2015	2016
Group Insured	17.6%	17.2%	16.7%	14.7%	14.3%
Individual	2.8%	2.8%	4.1%	5.6%	5.7%
All insured health benefit plans	20.4%	20.0%	20.8%	20.3%	19.9%
Group self-insured	28.9%	27.7%	27.6%	27.2%	28.3%
FEHBP	7.2%	8.3%	8.8%	8.8%	8.8%
All other employment-based health benefits	36.1%	36.0%	36.4%	36.0%	37.1%
Total all commercial health benefit plans	56.5%	56.0%	57.2%	56.3%	57.0%

	2012	2013	2014	2015	2016
Group Insured	31.2%	30.8%	29.1%	26.1%	25.1%
Individual	4.9%	5.0%	7.2%	9.9%	9.9%
All insured health benefit plans	36.1%	35.8%	36.4%	36.0%	35.0%
Group self-insured	51.1%	49.4%	48.3%	48.4%	49.6%
FEHBP	12.8%	14.8%	15.3%	15.6%	15.4%
All other employment-based health benefits	63.9%	64.2%	63.6%	64.0%	65.0%

Table 4: Contracts and Covered Lives by Type of Health Benefit Plan, 2016

	Contracts	Covered Lives	Covered Lives Per Contract
Group Insured	352,654	736,796	2.1
Individual	182,939	291,567	1.6
All insured health benefit plans	535,593	1,028,363	1.9
Group self-insured	695,270	1,457,250	2.1
FEHBP	267,358	451,796	1.7
All other employment-based health benefits	962,628	1,909,046	2.0