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Lt. Governor



AL REDMER, JR.  
Commissioner

NANCY GRODIN  
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December 1, 2017

The Honorable Larry Hogan  
Governor  
State House  
100 State Circle  
Annapolis, MD 21401

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

The Honorable Thomas V. Miller, Jr.  
Senate President  
State House, H-107  
100 State Circle  
Annapolis, MD 21401

Re: 2017 Report on The Number of Insured and Self-Insured Lives (MSAR # 7797)

Dear Sirs:

On behalf of the Maryland Insurance Administration (MIA), I am pleased to submit the 2017 Report on The Number of Insured and Self-Insured Lives. § 15-133 of the Insurance Article requires the MIA to report to the General Assembly on 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 benefit plans in the state.

Five printed copies of this report have been mailed to the DLS Library for their records.

Should you have any questions regarding this report, please do not hesitate to contact us.

Sincerely,

Alfred W. Redmer, Jr.  
Insurance Commissioner

cc: Sarah T. Albert, Department of Legislative Services (5 copies)



**2017 Report on The Number of Insured  
and Self-Insured Lives  
MSAR # 7797**

**Al Redmer, Jr.  
Commissioner**

**December 1, 2017**

## **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.<sup>1</sup> “Health benefit plans” include policies for hospital or medical benefits. They do not include such coverage as accident-only insurance, credit health insurance, disability income insurance, coverage issued as a supplement to liability insurance, workers’ compensation, automobile medical payment insurance, dental insurance, vision insurance, long-term care insurance, disease-specific insurance, hospital indemnity or other fixed indemnity insurance, or a Medicare supplement policy as defined in §15-901 of the Annotated Code of Maryland.

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**

### *Revisions on the 2016 Maryland Covered Lives Report:*

Three companies revised their 2016 Maryland Covered Lives Report during the 2017 survey period. This resulted in the covered lives under the age of 65 for group insured health benefit plans to increase from 736,796 covered lives on the original 2016 Covered Lives Report to 742,810 covered lives on the current 2017 Covered Lives Report. Also, the covered lives for group self-insured health benefit plans increased from 1,457,250 covered lives on the original 2016 Covered Lives Report to 1,492,860 on the current 2017 Covered Lives Report.

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

In 2017, approximately 2.95 million Maryland residents under the age of 65 had health insurance through a commercial health benefit plan, representing a decrease of approximately -1.1% in total covered lives as compared with 2016. The number of covered

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<sup>1</sup> The survey instrument used is available on the MIA’s website at [www.insurance.maryland.gov](http://www.insurance.maryland.gov) under “Company Filing Requirements.” The data are self-reported and unaudited.

lives is composed of 1.01 million lives in insured health benefit plans and 1.93 million lives in all other employment-based health benefit plans.

The number of covered lives in the group insured market increased from 742,810 to 757,346. This is an increase of 14,536 covered lives, or approximately +2.0%. The individual insured market decreased from 291,567 to 256,399. This is a decrease of 35,168 covered lives, or approximately -12.1%. The overall number of covered lives in insured health benefit plans decreased from approximately 1.03 million covered lives in 2016 to approximately 1.01 million covered lives in 2017, or approximately -2.0%.

The number of covered lives in the group self-insured market remained relatively the same at approximately 1.49 million covered lives, decreasing by 3,843 covered lives, or approximately -0.3%. The number of covered lives in the FEHBP market decreased slightly from 451,796 covered lives in 2016 to 444,926 covered lives in 2017, or approximately -1.5%. The overall number of covered lives in other employment-based health benefit plans decreased from approximately 1.94 million lives in 2016 to approximately 1.93 million covered lives in 2017, or approximately -0.6%.

*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 decreased from 57.8% to 57.3% between 2016 and 2017. The percentage of the population under the age of 65 with insured health benefit plans decreased from 20.1% in 2016 to 19.7% in 2017.

*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 34.7% in 2016 to 34.4% in 2017. The percentage of all those with health insurance through a commercial health benefit plan in other employment-based health benefit plans increased from 65.3% in 2016 to 65.6% in 2017.

*Table 4: Contracts and Covered Lives by Type of Health Benefit Plan, 2017*

Group insured health benefit plans, with an average of 2.4 covered lives per contract, had slightly more covered lives per contract as Group self-insured plans. The overall covered lives per contract for all insured health benefit plans was 2.1, compared to an average of 1.8 for all other employment-based health benefit plans.

**Conclusion**

As of 2017, the MIA regulates and Maryland state law applies to commercial health benefit plans for approximately 19.7% of the population under the age of 65, and for approximately 34.4% of all covered lives.

<b>Table 1: Covered Lives by Type of Health Benefit Plan under Age 65</b>							
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Revised 2016</b>	<b>2017</b>	<b>% Change 2013-2017</b>	<b>% Change 2016-2017</b>
<b>Group Insured</b>	882,922	854,887	757,667	742,810	757,346	-14.2%	+2.0%
<b>Individual</b>	143,378	212,613	288,411	291,567	256,399	+78.8%	-12.1%
<b>All insured health benefit plans</b>	1,026,300	1,067,500	1,046,078	1,034,377	1,013,745	-1.2%	-2.0%
<b>Group self-insured</b>	1,417,382	1,417,987	1,402,024	1,492,860	1,489,017	+5.1%	-0.3%
<b>FEHBP</b>	425,411	449,807	451,326	451,796	444,926	+4.6%	-1.5%
<b>All other employment-based health benefits</b>	1,842,793	1,867,794	1,853,350	1,944,656	1,933,943	+4.9%	-0.6%
<b>Total all commercial health benefit plans</b>	2,869,093	2,935,294	2,899,428	2,979,033	2,947,688	+2.7%	-1.1%

<b>Table 2: Covered Lives by Type of Health Benefit Plan as a Percent of Population under Age 65</b>						
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Revised 2016</b>	<b>2017</b>	
<b>Group Insured</b>	17.2%	16.7%	14.7%	14.4%	14.7%	
<b>Individual</b>	2.8%	4.1%	5.6%	5.7%	5.0%	
<b>All insured health benefit plans</b>	20.0%	20.8%	20.3%	20.1%	19.7%	
<b>Group self-insured</b>	27.7%	27.6%	27.2%	28.9%	29.0%	
<b>FEHBP</b>	8.3%	8.8%	8.8%	8.8%	8.7%	
<b>All other employment-based health benefits</b>	36.0%	36.4%	36.0%	37.7%	37.6%	
<b>Total all commercial health benefit plans</b>	56.0%	57.2%	56.3%	57.8%	57.3%	

<b>Table 3: Covered Lives by Type of Health Benefit Plan as a Percent of Total Commercial Health Benefit Plans</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Revised 2016</b>	<b>2017</b>
<b>Group Insured</b>	30.8%	29.1%	26.1%	24.9%	25.7%
<b>Individual</b>	5.0%	7.2%	9.9%	9.8%	8.7%
<b>All insured health benefit plans</b>	35.8%	36.4%	36.0%	34.7%	34.4%
<b>Group self-insured</b>	49.4%	48.3%	48.4%	50.1%	50.5%
<b>FEHBP</b>	14.8%	15.3%	15.6%	15.2%	15.1%
<b>All other employment-based health benefits</b>	64.2%	63.6%	64.0%	65.3%	65.6%

**Table 4: Contracts and Covered Lives by Type of Health Benefit Plan, 2017**

	<b>Contracts</b>	<b>Covered Lives</b>	<b>Covered Lives Per Contract</b>
<b>Group Insured</b>	314,025	757,346	2.4
<b>Individual</b>	170,941	256,399	1.5
<b>All insured health benefit plans</b>	484,966	1,013,745	2.1
<b>Group self-insured</b>	787,062	1,489,017	1.9
<b>FEHBP</b>	265,805	444,926	1.7
<b>All other employment-based health benefits</b>	1,052,867	1,933,943	1.8