



COLORADO

Department of Regulatory Agencies

Division of Insurance

Health Insurance Cost Report
to
The Colorado General Assembly
for
Calendar year 2015



in accordance with §10-16-111(4)(c) & (d), C.R.S.

Published January 3, 2016

Marguerite Salazar

Commissioner

January 3, 2016

To the Members of the House and Senate,

I am pleased to submit the Annual Health Insurance Report of the Commissioner of Insurance covering calendar year 2015, pursuant to §10-16-111(4)(c) and (d), C.R.S.

This report analyzes the health insurance marketplace in Colorado - availability, premiums, the factors that drive premiums, and the trends impacting the marketplace - both in the individual and group markets. It also reports on the financial status of health insurance carriers, as well as the regulatory oversight of these carriers.

The report this year covers year two of the full implementation of the Affordable Care Act (ACA), including the benefits and consumer protections provided in that law. It is challenging to draw conclusions in such a limited time for a law that changed the health insurance landscape, and to that end, the Division of Insurance is committed to monitoring the reforms brought about by the ACA.

In FY 2015-16, the Division upgraded its mission to fully-encompass its roles: To promote compliance and enforce laws to help protect consumers. Concerns about health insurance are a priority for our leaders and our citizens, so we value the opportunity to provide detailed analysis of health insurance in Colorado and the myriad factors driving its cost and availability.

If you have any questions, please contact me at the Division of Insurance.

Sincerely,



Marguerite Salazar

Commissioner of Insurance

2015 COLORADO HEALTH COST REPORT

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Introduction

This report provides an overview of health insurance in Colorado, the sources of coverage and the types of coverage available. It also contains an overview of health insurance regulation in Colorado and the role which the Division of Insurance plays, including the steps taken to ensure consumer protection. This report examines the increases in premiums in Colorado, compares them to nationwide data and provides a breakdown of how premiums collected in Colorado during 2015 were used. Many factors drive the increase in health premiums: inflation, cost shifting, utilization, introduction of new technology, and many others. Finally, this report examines the ten largest health insurers in Colorado and provides financial information for each. Additional data, definitions and an explanation of insurance terms are located in Appendices 1 & 2.

2015 Highlights

- The Colorado Division of Insurance (“Division”) has responsibility for overseeing health insurance coverage for over 1.3 million major medical health coverage plans for Coloradans.
- 37% of Coloradans have health insurance coverage through government programs, including but not limited to Medicare, Medicaid, the Federal Employees’ Health Benefit Plan, and the Veteran’s Administration. Note that these programs are not regulated by the Division.
- During 2015, 59% of Coloradans were covered by employment-based insurance, compared to 56% of citizens nationwide.
- An estimated 9% of Coloradans had no health insurance in 2015, versus an estimated 11% in 2014.
- During 2015, approximately 88% of premiums collected in Colorado went directly to the cost of providing healthcare services. This exceeds the 80% required for individual and small group plans, as well as the 85% required for large group plans. Approximately 20% of premiums were used for administrative expenses and producer commissions. Combined this means that insurance companies operated at a loss as they spent 108% of the premium they took in during 2015.
- For employer-based coverage in our state, Colorado employees paid 21% of the total premium for single coverage and 28% for family coverage, compared to 21% for single coverage and 27% for family coverage, nationally. With employer-based coverage, the employers paid the remaining portion of premiums.
- The percentage of Colorado’s private employers offering health insurance that self-insure at least one of their plans has risen to 43% in 2015 from 32% in 2005. This increase is significant compared to the percentage nationwide, which while it has seen lower volatility, has only increased from 33% in 2005 to 39% in 2015. Employer-funded or self-insured plans are often called “ERISA” plans as they are regulated by the federal government under the Employees’ Retirement Income Security Act (ERISA).
- The top 10 largest health insurers make up 74% of the Health Coverage market in Colorado which includes Major Medical as well as additional types of health insurance such as dental, vision, accident only and others. There are approximately 425 health insurers doing business in Colorado.

SECTION 1: THE HEALTH INSURANCE MARKETPLACE IN COLORADO

This section examines the types and sources of health coverage available to the people of Colorado. The majority of Coloradans get their health coverage through group plans offered by their employers, including self-insured plans. Some of the population purchased their own private individual insurance (non-employment-based insurance).

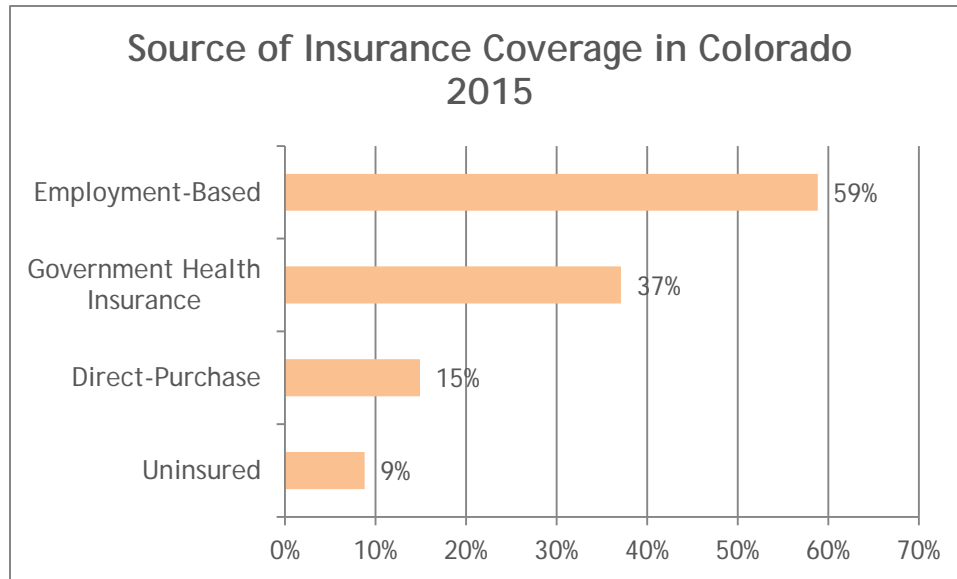


Figure 1 - Source of Insurance Coverage CO

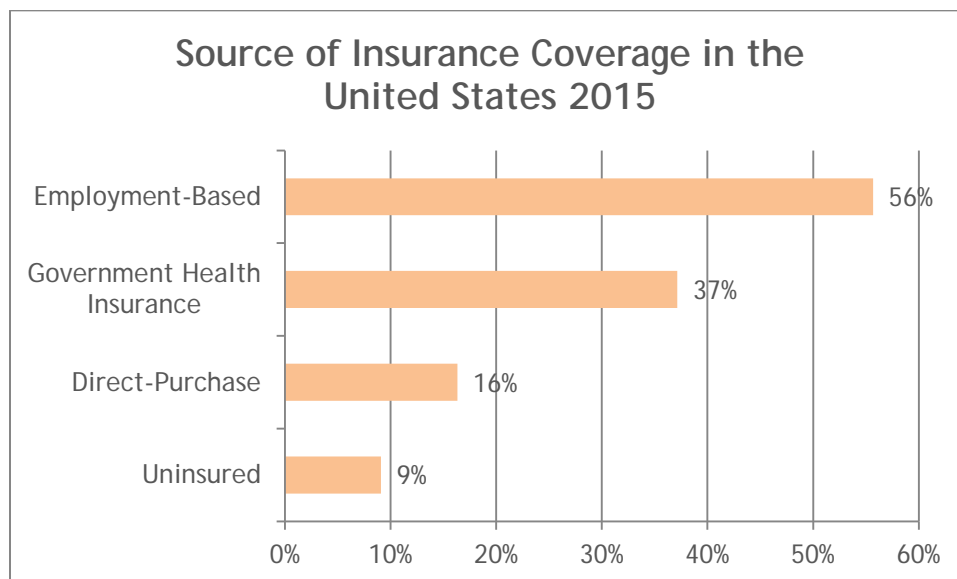


Figure 2 - Source of Insurance Coverage US

As shown in Figures 1 and 2, 59% of Coloradans secured health coverage through their employer, compared with 56% nationwide. The Colorado direct purchase market is slightly smaller than the national figure at 15%. Only 9% of Coloradans remained uninsured in 2015, equal to the national

uninsured figure. This represents a drop of 2% since 2014 continuing a steady decrease in the number of uninsured Coloradans over the last two years. Many people have more than one source of insurance or move from one type of insurance to another throughout the year and may therefore be counted in multiple categories above.

STATE REGULATED HEALTH INSURANCE

The Division of Insurance has primary regulatory authority over commercial health carriers in Colorado. As shown in Table 1, this does not include self-insured employer health plans, Medicare or Medicaid, which are regulated by the federal government. There are four primary markets for health insurance that are subject to state regulation: the individual, the small group, and the large group markets, as well as Connect 4 Health Colorado which is also referred to as the exchange. The average costs for coverage are shown in Table 2 in Section 2 of this report.

GOVERNMENT HEALTH INSURANCE

According to the US Census Bureau, 37% of Coloradans got their health care coverage through government programs such as Medicare, Medicaid, the Federal Employees' Health Benefit Plan, the Veteran's Administration, and other government programs in 2015. These programs are administered by the state and federal governments, and are paid for by a combination of participant premiums and tax dollars. The percentage of Coloradans who got their health care coverage through government programs went up less than 1% in 2015.

Colorado Health Insurance Covered Lives in 2015 ¹	
Colorado population	5,421,000
Insured	4,946,000
Uninsured	476,000
Jurisdiction of the Division of Insurance	
Individual	347,974
Small Group	214,652
Large Group	776,979
Total Under State Regulation	1,339,605
Not Regulated by the Division of Insurance	
Medicare	825,000
Medicaid	1,037,000
Military	341,000
Self-Insured (Employer-based)	3,279,705
Total Not Regulated by the Division of Insurance	5,482,705

Table 1 - Colorado Health Insurance Covered Lives

¹ Enrollment numbers in Table 1 include multiple policies per person. Individuals may be covered by both Medicare and Medicaid, or start the year with coverage from one plan and end the year with a different plan.

SELF-INSURED MARKET

Even though the Division does not regulate employer self-insured health plans (also called ERISA plans), it is interesting to note the changes in the number of such plans in Colorado over the last 10 years. Figure 3 below shows that the number of private employers in Colorado offering health plans and that self-insure at least one of their plans has both increased and decreased over the last 10 years. The percentage in Colorado spikes at 41% in 2008 and again at 41% in 2012 with lows of 32% in 2005 and 35% in 2013. These spikes are significant compared to the percentage nationwide, which has seen a mostly steady increase from 34% in 2008 to 39% in 2015.

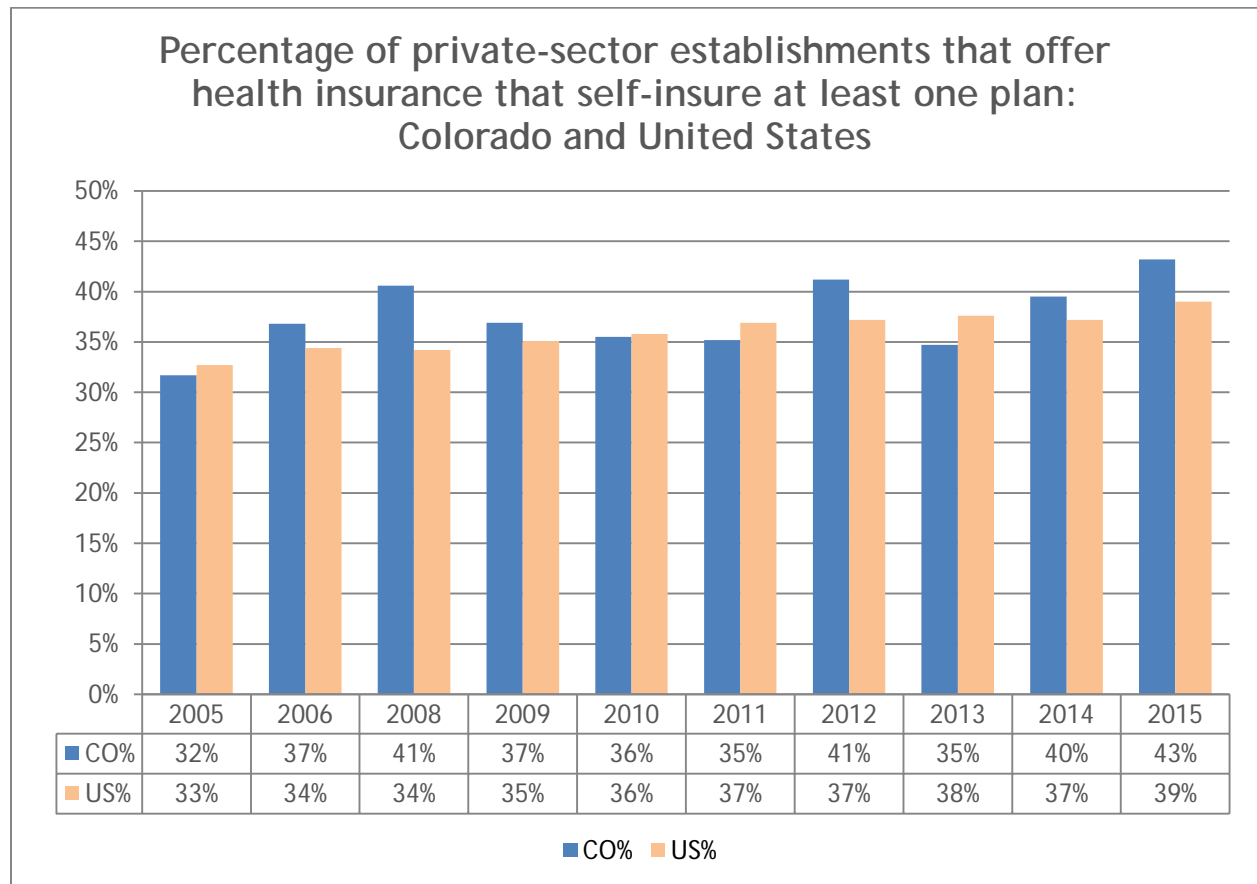


Figure 3 - Percentage of Private-Sector Establishments that Offer Health Insurance that Self-insure at Least One Plan: Colorado and United States

EXCESS LOSS COVERAGE

Excess Loss or Stop Loss coverage protects the Self-Insured Market from catastrophic losses by insuring them against severe losses. Typically it insures the companies against a very costly single (per person), or aggregate (per company) event. This allows even smaller companies to self-insure.

- 64,215 lives were insured by companies with 100 or fewer employees covered by Excess Loss in 2015.
- This represents a decrease of 25% from 2014.
- There were an average of 43 covered lives per employer.
- 53% of covered lives fell under employers in the 51-100 employee range with an average of 71 employees and 84 covered lives.
- The smallest category (10 or fewer employees), covered only 5% of covered lives, with on average, 5 employees per group and 9 covered lives.

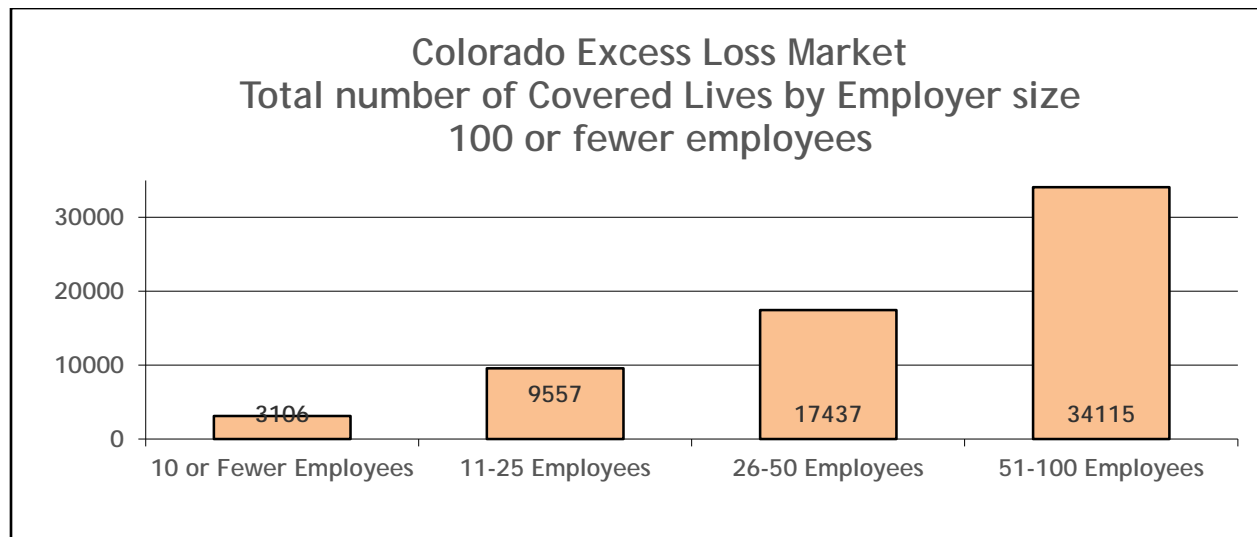


Figure 4 - Colorado Excess Loss Market

SECTION 2: HEALTH INSURANCE PREMIUMS

This section examines health premiums and presents factual data on how premiums collected in Colorado are used.

Increases in health premiums are driven by a wide range of factors. Some of these include general inflation, medical inflation in excess of general inflation, increased utilization of health care services, higher priced technologies and new drugs, increases in wages and cost of materials, consumer demand, demographics, benefit mandates and regulations, aging, and cost shifting.

When looking at the table below, keep in mind that carriers who offer on-exchange plans must also offer those plan's off the exchange. However Large Group plans are not available on the exchange. These numbers do not reflect the impact tax credits under the ACA has on the cost to consumers for exchange based plans

OVERVIEW OF COLORADO HEALTH PLAN PREMIUMS

Major Medical Coverage	Individual On Exchange	Individual Off Exchange	Small Group On Exchange	Small Group Off Exchange	Large Group
Average Premium per life per month	\$331	\$247	\$334	\$380	\$343
Average Premium per life per year	\$3,974	\$2,968	\$4,009	\$4,561	\$4,114
Number of companies providing coverage	8	20	6	14	15

Table 2 - Average Earned Premiums 2015

OVERVIEW OF COLORADO EMPLOYER-PROVIDED HEALTH PLAN PREMIUMS

Health insurance provided by employers is a key source of coverage for both employees and their families under age 65. Job-related health insurance premiums can vary for many reasons, such as the type of health insurance plan offered, the generosity (benefits) of the plan, the size of the company offering the plan, the number of persons covered by the plan, where one lives, various workforce characteristics, state health insurance regulations, and the local cost of health care. All of these factors can contribute to differences in the average health insurance premiums.

Figure 5 demonstrates how the size of an employer affects the accessibility of health insurance. Approximately 26% of small companies with less than fifty employees offer insurance compared to the 98% of larger firms that offer insurance. The number of small companies offering health insurance has dropped slowly since 2011 but had a spike in 2014 before falling again. The percentage of large companies offering health insurance has risen and fallen within a range of 90%-98% for the last 5 years.

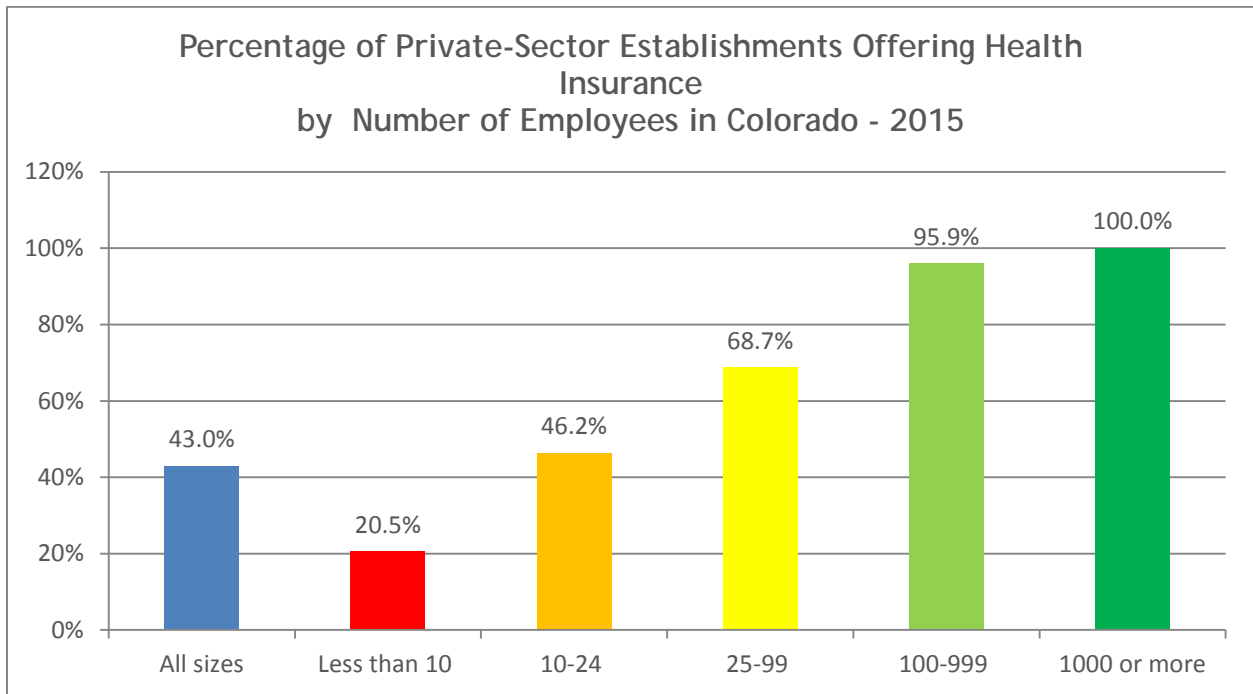


Figure 5 - Percentage of Private-Sector Establishments Offering Health Insurance by Number of Employees in Colorado. Less than 100 Employees is considered Small Group for coverage purposes.

In 2014, 54% of private sector employees enrolled in employer-sponsored health insurance plans in Colorado chose single coverage. The remaining 46% are split between single+1 coverage (18%), and family coverage (28%). Colorado remains within 1% of U.S. averages in all three groupings. According to the Insurance Component of the Medical Expenditure Panel Survey, conducted by the U.S. Department of Health & Human Services, those employees with family coverage contributed both a larger dollar amount and a larger percentage of the total premium for their coverage than did employees with single coverage.

Single Coverage	Average Total Premium	Average Copayment	Average Deductible	Average Employee Contribution	Average Employer Contribution
Exclusive-Provider Plans	\$5,328	\$28	\$1,680	\$1,117	\$4,211
Mixed-Provider Plans	\$5,920			\$1,275	\$4,645
Any-Provider Plans	\$6,268			\$1,256	\$5,012
Family Coverage	Average Total Premium	Average Copayment	Average Deductible	Average Employee Contribution	Average Employer Contribution
Exclusive-Provider Plans	\$15,868	\$28	\$3,062	\$5,336	\$10,532
Mixed-Provider Plans	\$17,056			\$4,702	\$12,354
Any-Provider Plans	Unavailable			Unavailable	Unavailable

Table 6 - Average Premiums, Copayments, Deductibles and Contributions of Premium by available provider options. Some values are unavailable due to small sample sizes

The following exhibits indicate the total premiums and percentages of total premium that Colorado employees are contributing towards health insurance. Premium costs for employer-based coverage may be paid completely by the employee, paid in part by the employer and in part by the employee, or paid completely by the employer. The percentage of health premiums that employees in Colorado are being asked to pay by their employers has fluctuated up and down and around the national average.

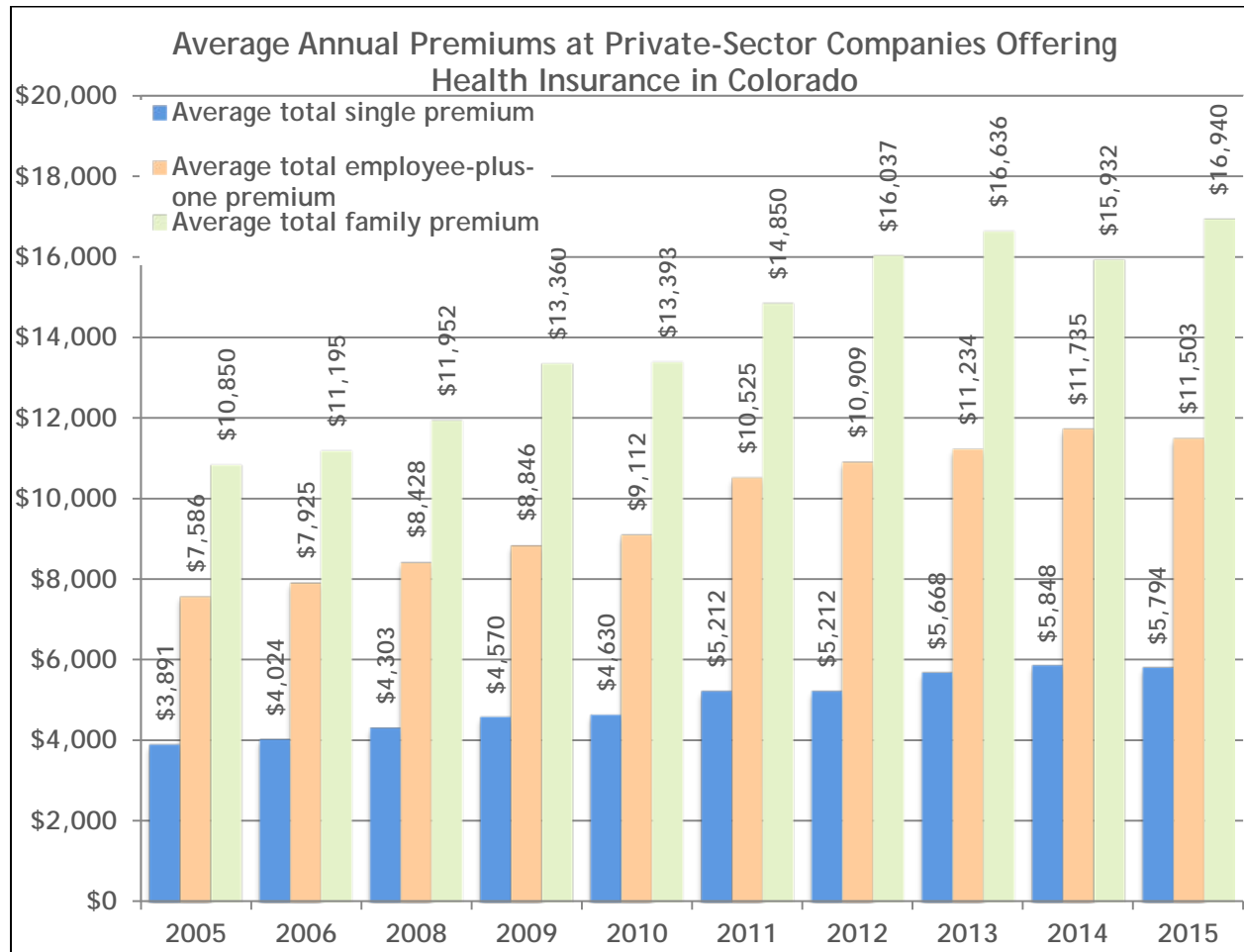


Figure 6 - Average Annual Premiums at Private-Sector Companies Offering Health Insurance in Colorado

Colorado employees paid 21% of the total premium for single coverage and 28% for family coverage. While the single coverage number is similar to the national average, the family coverage number is greater. Figure 7 shows that since 2012 the premium contribution rate for single coverage has remained relatively steady and Colorado has been consistently close to the national average. Looking at Figure 8 shows that, except for 2012 and 2013, Colorado employees enrolled in family coverage typically have carried much more of the burden of premium when compared to national numbers.

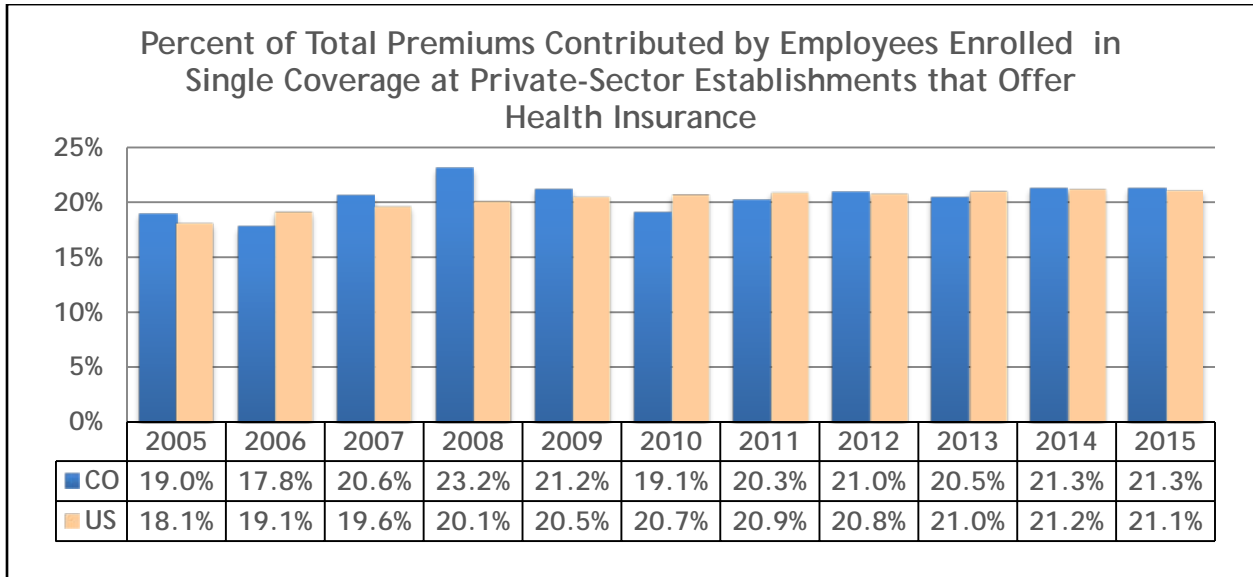


Figure 7 - Percent of Total Premium Contributed by Employees Enrolled in Single Coverage at Private-Sector Establishments that Offer Health Insurance

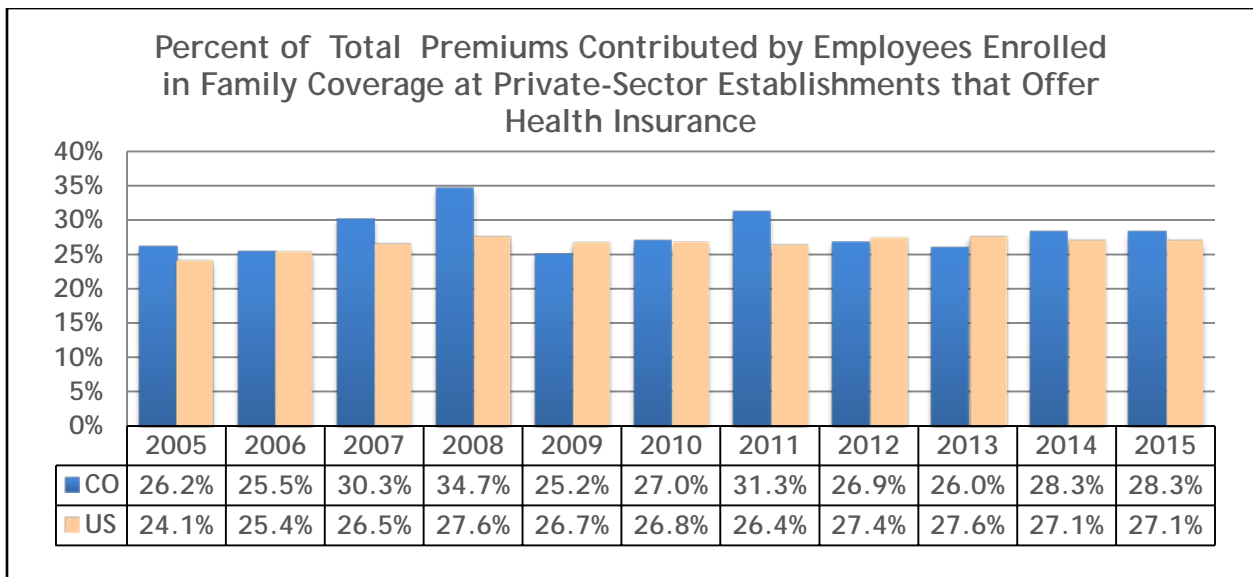


Figure 8 - Percent of Total Premiums Contributed by Employees Enrolled in Family Coverage at Private-Sector Establishments that Offer Health Insurance

ADDITIONAL INFORMATION ON COLORADO HEALTH PREMIUMS

In general, health care premium rates are determined by the sum of:

- projected medical expenses from claims;
- administrative expenses;
- commissions;
- taxes; and,
- profit/contingencies factors.

When submitting a rate filing with the Division, carriers are required to provide a projection of each of the components above as a percent of premium. The sum of these components as a percent of premium should equal 100% of the projected premium. The Division evaluates whether each of these components is reasonable to determine whether the rate increase or decrease is appropriate.

In accordance with § 10-16-111(4)(a), C. R. S. , health insurance carriers doing business in the state of Colorado are required to report a variety of health insurance cost information to the Division of Insurance. Based on the data collected from the Colorado Health Insurance Cost Report, the Division has been able to break down the above components for the year and illustrate how the health care premiums paid by Coloradans were spent by insurers.

Components of Colorado Health Care Premiums in 2015		
	Insurer Expense	Percent of Premium
Medical Expenses	\$4,704,232,629	87.5%
Administrative Expenses	\$1,055,997,772	19.6%
Profit and Contingencies	-\$382,750,687	-7.1%
Total Premium	\$5,377,479,714	100.00%

Table 4 - Components of Colorado Health Care Premiums in 2015

It is important to note that the information above is from an aggregation of the data received from companies that reported representing the top 95% of premium. The information in the Colorado Health Insurance Cost Report may not match specific company data based on allocating national data, rounding procedures and non-premium revenue.

LOSS RATIOS

Medical expenses are the cost of providing health care services to the insured, and include payments to hospitals, doctors and other providers. The medical loss ratio (MLR), which is the ratio of medical expenses incurred divided by premiums earned, is a reflection of the cost of health care delivery and a key measure of whether premium rates are reasonable.

Some examples of the minimum loss ratio guidelines provided in Colorado Insurance Regulations 4-2-11 and 4-3-1 include:

Minimum Loss Ratio Guidelines in Colorado in 2015	
Comprehensive Major Medical (Individual)	80%
Comprehensive Major Medical (Small Group)	80%
Comprehensive Major Medical (Large Group)	85%

Table 5 - Minimum Loss Ratio Guidelines in Colorado in 2015

The average medical expense (AKA minimum loss ratio) reported of 87.5% is higher than all of the minimum loss ratio guidelines provided in regulation. This indicates that any focus on controlling premium increases would need to include trying to control the costs of providing health care services.

NOTE: The federal medical loss ratio is not the same as Colorado's benefit ratio, in that the federal MLR makes modifications to its calculation, i.e. subtracting out federal and state taxes and licensing and regulatory fees, as well expenses to improve the quality of care.

COLORADO MEDICAL TREND IN DETAIL¹

Medical cost trend is the projected increase in the costs of medical services assumed in setting premiums for health insurance plans. Insurance companies use medical cost trends to estimate what the same plan would cost in the next year.

The Division has summarized the health cost survey responses over the last several years and has provided a more detailed summary of medical and pharmaceutical trends below.

Medical Trend	Average Medical Trend due solely to Provider Price Changes	Average Medical Trend due solely to Utilization Changes	Average Medical Trend due solely to Cost-shifting	Average Medical Trend due solely to New Medical Procedures and Technology	Average Total Medical Trend
Individual on Exchange	10.51%	0.51%	0.79%	0.16%	11.59%
Individual off Exchange	5.86%	4.60%	1.53%	0.39%	12.39%
Small Group on Exchange	20.99%	8.29%	3.41%	0.00%	32.61%
Small Group off Exchange	5.81%	-2.53%	-0.51%	0.21%	3.00%
Large Group	5.21%	-3.13%	-1.67%	0.39%	3.85%

Table 6 - Total Medical Trend by Year by Type of Health Insurance

Pharmaceutical Trend	Average Rx Trend due solely to Pharmaceutical Price Changes	Average Rx Trend due solely to Utilization Changes	Average Rx Trend due solely to Cost-shifting	Average Rx Trend due solely to New Drugs	Average Total Rx Trend
Individual on Exchange	18.49%	2.13%	-0.97%	5.55%	23.84%
Individual off Exchange	14.42%	0.45%	1.31%	5.45%	18.63%
Small Group on Exchange	57.76%	-4.81%	1.07%	2.10%	46.47%
Small Group off Exchange	8.73%	-5.00%	1.87%	3.86%	6.88%
Large Group	10.70%	0.67%	2.16%	4.49%	11.61%

Table 7 - Total Pharmaceutical Trend by Year by Type of Health Insurance

¹ The Division of Insurance relies solely upon the Health Cost Survey results to populate tables 6 & 7. Insurance Trend information is not universally reported. Those companies reporting trend information must use the best assessment and allocation methods they can to assign portions of total medical trend to those categories of interest to the Division and the public. Therefore information in this section represents estimates for what portion of total trend each cost category is responsible for.

EXPENSES

The administrative expenses of an insurer represent the cost of operating the business. This includes staff salaries, producer commissions, dividends to policyholders, legal expenses, lobbying expenses, advertising or marketing expenses, charitable contributions, and taxes, licenses and fees.

The Colorado Health Insurance Cost Report asked insurers to provide the amount they paid for each of these types of expenses in Colorado each year. If an insurer was unable to isolate a particular expense so that it represented the portion attributable to their Colorado health insurance business, the insurers were asked to allocate it using earned premium. A summary of the expenses reported by the insurers submitting a Colorado Health Insurance Cost Report is in Table 8.

Administrative Expenses 2015		
Administrative Expenses	Insurer Expense	Percent of Premium
Expenditures for disease or case management programs or patient education and other cost containment or quality improvement expenses	\$122,571,337	2.3%
Commissions	\$110,983,627	2.1%
Staff Salaries/Benefits	\$206,560,472	3.8%
Dividends to Policyholders	\$812,567	0.0%
Legal Expenses	\$3,885,910	0.1%
Advertising or Marketing	\$31,993,097	0.6%
Lobbying Expenses	\$1,365,175	0.0%
Charitable Contributions	\$126,761,707	2.4%
Federal Income Taxes	\$182,318,772	3.4%
State Taxes, Licenses and Fees	\$95,590,251	1.8%
All Other	\$173,154,859	3.2%
Total	\$1,055,997,772	19.6%

Table 8 - Administrative Expenses reported by carriers covering the top 95% of written premium in the Colorado Health Cost Report

COLORADO HEALTH PREMIUMS, INCURRED LOSSES AND MEDICAL LOSS RATIOS

Major Medical Health Coverage ¹	Earned Premium	Incurred Losses	Loss Ratio
Individual Coverage	\$1,161,048,536	\$1,329,664,949	114.52%
Small Group Coverage	\$1,013,141,181	\$767,688,370	75.77%
Large Group Coverage	\$3,740,793,554	\$3,141,910,275	83.99%
Colorado Totals	\$5,914,983,271	\$5,239,263,593	88.58%

Table 9 - Colorado Major Medical Health Benefit Plan Coverage Summary

Other Health Coverages ²	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
Medicare Supplement	\$67,073,740	\$67,477,279	\$47,456,694	70.33%
Title XVIII Medicare Advantage	\$2,848,905,550	\$2,820,605,122	\$2,493,608,602	88.41%
Title XIX Medicaid	\$374,089,347	\$374,089,347	\$340,407,126	91.00%
Other	\$459,270,335	\$290,224,909	\$536,204,935	184.75%
Health Companies Total	\$3,749,338,972	\$3,552,396,657	\$3,417,677,357	96.21%

Table 10 - Colorado other Health Plan Coverage Summary

¹Data taken from all supplemental health exhibits submitted to the NAIC.

²Data taken from state page filings submitted to the NAIC.

RATE REGULATION

The Division of Insurance, within the Colorado Department of Regulatory Agencies (DORA), is the state's primary regulator of all types of insurance companies, including health insurance carriers operating in the state. This section provides an overview of the Division's regulatory authority as well as information about the Division's progress towards DORA's primary mission, consumer protection.

Rates are reviewed by the Division of Insurance to determine if rates are "excessive, inadequate or unfairly discriminatory". "Excessive Rates" occur when unreasonably high profits result or expenses are high in relation to the benefits provided. "Inadequate Rates" are where rates are not sufficient to pay losses and expenses, or where the use of the rates will result in a monopoly. "Unfairly Discriminatory" rates occur when the product prices do not equitably reflect differences in risks.

The Division reviews several thousand filings a year to determine if the rates are justified and comply with Colorado laws and regulations. Those filings determined to be too high are either rejected or allowed at a lower increase than requested. The following table shows the resulting consumer savings due to the Division's review of health insurance filings and intervention for the past five years.

Colorado Division of Insurance - Rates and Forms Consumer Savings From Review and Intervention 2011-2015	
2011	\$23,722,120
2012	\$38,647,924
2013	\$62,674,703
2014	\$50,936,176
2015	\$74,924,033

Table 11 Rates and Forms Consumer Savings from Review & Interventions

SUBMISSIONS OF RATE FILINGS IN COLORADO

All companies must submit rate filings whenever the rates charged to new or renewing policyholders or certificate-holders differ from the rates on file with the Division of Insurance. Included in this requirement are changes due to periodic recalculation of experience, change in rate calculation methodology or change(s) in the trend or other rating assumptions.

All companies must submit a rate filing when the rates are changed on an existing product, even if the rate change only pertains to new business. In addition when rating factors are used which automatically change rates on a predetermined basis, such as trend, durational factors, or the Index Rate for small group business, they must submit a rate filing on at least an annual basis for continued appropriateness. These rate filings must contain detailed support as to why the assumptions continue to be appropriate.

Summary of Rating Factors for Private Health Plans in Colorado			
Rating Factor	Individual Plans	Small Group Plans	Large Group Plans
Attained Age: Age Bands (5-year):	Applies	Applies	May Apply: Carriers use age in developing rates but supply an ageless rate to employers
Age (no bands):	Single age band from 0 - 20, One year age band from 21 - 63, Single age band from 64+	Single age band from 0 - 20, One year age band from 21 - 63, Single age band from 64+	Does Not Apply
Family Composition:	Per member rating methodology for each family member, no more than 3 oldest children under age 21 can apply	Per member rating methodology for each family member, no more than 3 oldest children under age 21 can apply	As specified by the group
4 Tiers:			
Gender:	Unisex Rating	Unisex Rating	Applies
Area Factors:	Based on county where policy holder lives and as required by Colorado Insurance Regulation 4-2-39	Based on county where policy holder lives and as required by Colorado Insurance Regulation 4-2-39	Limited to the area factors filed for use by the carrier
Smoking Status or Tobacco Use:	Rate-up to 15% for tobacco use	Rate-up to 15% for tobacco use	No prohibition or requirement specified in CO law
Health Status:	Not allowed after 1/1/14	Not allowed after 12/31/2008	Aggregated for group and limited to the range or formula filed for use by the carrier
Claims Experience:	Not allowed after 1/1/14	Not allowed after 12/31/2008	Aggregated for group and limited to the range or formula filed for use by the carrier
Standard Industrial Classification:	Does Not Apply	Not allowed after 1/1/14	Aggregated for group and limited to the range filed for use by the carrier
Plan Design Factors: Deductibles, etc. Managed Care Networks	Applies	Applies	Applies

Table 12 - Summary of Rating Factors for Private Health Plans in Colorado

SECTION 3: Financial Status of the Top 10 Largest Health Insurers in Colorado

All domestic insurance companies doing business in Colorado must submit quarterly and annual financial statements with the Colorado Division of Insurance. These statements are reviewed by financial analysts to monitor and ensure the insurers' financial solvency. Each domestic insurer is audited by the Division at least once every five years, and representatives from other states in which the insurer does business may join the audit.

Statutory accounting records are designed for financial reporting to state insurance regulators, whose primary interest is in evaluating insurance companies' solvency and long-term financial stability. The Division of Insurance closely monitors domestic insurers for signs of financial problems. The state has an interest in maintaining insurer solvency because consumers can be harmed if an insurer becomes insolvent and is unable to pay claims.

This section presents an overview of the operating results and financial status of the top ten companies with the highest written premiums from health insurance in Colorado. All figures in this section are from each company's annual financial statement and represent their *total* health business, including dental, vision and other health insurance products, not just major medical coverage. Figure 9 shows that the top 10 largest health insurers make up 74% of the total health market in Colorado. There are approximately 425 health insurers in Colorado, many of which provide products other than major medical insurance.

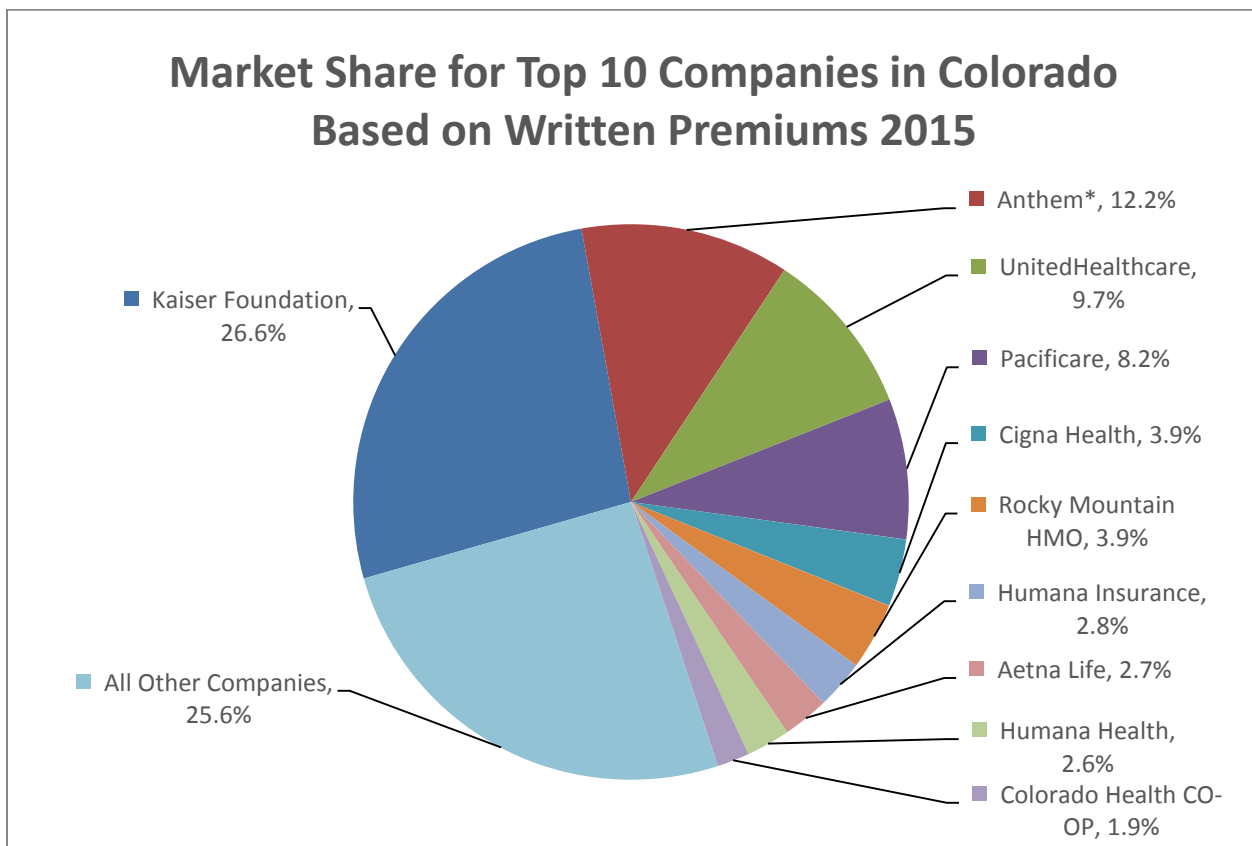


Figure 9 - Market share of Top 10 Companies in Colorado Based on Written Premium in 2015

Market Share of the Top 10 Health Carriers in Colorado		
Company	2015 Written Premiums (\$1,000s)	2015 Market Share
Kaiser Foundation Health Plan Co	3,193,293	26.6%
Anthem* Rocky Mountain Hospital & Medical	1,460,930	12.2%
United Healthcare Insurance Co	1,167,314	9.7%
Pacificare of Colorado Inc	979,594	8.2%
Cigna Heath & Life Ins Co	471,371	3.9%
Rocky Mountain HMO Inc	469,523	3.9%
Humana Ins Co	342,070	2.8%
Aetna Life Insurance Co	320,509	2.7%
Humana Health Plan Inc	307,700	2.6%
Colorado Health Ins CO-OP Inc	226,159	1.9%
All Other Companies	3,076,366	25.6%
Total	12,014,829	100.0%

Table 13 - Market share of the Top 10 Health Carriers in Colorado

CAPITAL AND SURPLUS

Risk-based Capital Percentage (RBC %)						
Company	2011	2012	2013	2014	2015	5-Year Average
Kaiser Foundation Health Plan Co	592%	614%	528%	267%	490%	499%
Anthem* Rocky Mountain Hospital & Medical	433%	503%	589%	610%	640%	555%
United Healthcare Insurance Co	528%	532%	555%	560%	557%	546%
Pacificare of Colorado Inc	405%	396%	625%	542%	471%	488%
Cigna Heath & Life Ins Co	1257%	605%	508%	604%	558%	706%
Rocky Mountain HMO Inc	1655%	1831%	1553%	478%	225%	1148%
Humana Ins Co	565%	388%	445%	412%	414%	445%
Aetna Life Insurance Co	694%	701%	670%	606%	565%	647%
Humana Health Plan Inc	411%	365%	385%	433%	366%	392%
Colorado Health Ins CO-OP Inc				478%	225%	351%

Table 14 - Risk-based Capital Percentage (RBC %)

MEDICAL AND HOSPITAL EXPENSES

Colorado Medical Loss Ratios						
Company	2011	2012	2013	2014	2015	5 year Average
Kaiser Foundation Health Plan Co	93.9%	94.4%	94.5%	91.9%	95.9%	94.1%
Anthem* Rocky Mountain Hospital & Medical	83.1%	84.5%	85.2%	85.7%	83.0%	84.3%
United Healthcare Insurance Co	78.0%	79.5%	83.3%	77.7%	77.7%	79.2%
Pacificare of Colorado Inc	77.9%	78.0%	81.2%	79.0%	77.8%	78.8%
Cigna Heath & Life Ins Co	78.8%	80.9%	80.3%	79.3%	79.3%	79.7%
Rocky Mountain HMO Inc	79.5%	77.4%	78.8%	100.3%	104.2%	88.1%
Humana Ins Co	98.6%	77.8%	77.4%	81.1%	84.7%	83.9%
Aetna Life Insurance Co	79.8%	82.0%	81.6%	81.6%	80.1%	81.0%
Humana Health Plan Inc	86.6%	81.1%	83.7%	87.0%	91.7%	86.0%
Colorado Health Ins CO-OP Inc				157.9%	139.6%	148.8%
Grand Total	84.0%	81.7%	82.9%	92.2%	91.4%	90.4%

Table 15 - Colorado Medical Loss Ratios

ADMINISTRATIVE EXPENSES

Administrative Expenses as a Percent of Colorado Earned Health Premiums						
Company	2011	2012	2013	2014	2015	5 year Average
Kaiser Foundation Health Plan Co	5.5%	5.0%	5.2%	7.9%	8.0%	6.3%
Anthem* Rocky Mountain Hospital & Medical	7.0%	7.2%	8.0%	9.9%	9.8%	8.4%
United Healthcare Insurance Co	13.8%	13.7%	13.4%	15.3%	15.9%	14.4%
Pacificare of Colorado Inc	7.9%	7.8%	6.9%	9.0%	9.3%	8.2%
Cigna Heath & Life Ins Co	-7.0%	-0.5%	9.4%	4.2%	4.5%	2.1%
Rocky Mountain HMO Inc	8.9%	10.0%	7.3%	6.7%	9.3%	8.4%
Humana Ins Co	14.0%	13.5%	14.1%	9.9%	9.5%	12.2%
Aetna Life Insurance Co	16.1%	15.0%	17.1%	14.4%	15.0%	15.5%
Humana Health Plan Inc	11.9%	10.1%	11.4%	10.2%	9.1%	10.5%
Colorado Health Ins CO-OP Inc				35.2%	16.2%	25.7%
Grand Total	8.7%	9.1%	10.3%	12.3%	10.7%	11.2%

Table 16 - Administrative Expenses as a Percent of Colorado Earned Health Premiums

CLAIMS ADJUSTMENT EXPENSES

Claims Adjustment Expenses as a Percent of Colorado Earned Health Premiums						
Company	2011	2012	2013	2014	2015	5 year Average
Kaiser Foundation Health Plan Co	2.0%	2.9%	2.8%	3.6%	2.6%	2.8%
Anthem* Rocky Mountain Hospital & Medical	2.8%	2.6%	2.6%	2.5%	1.8%	2.5%
United Healthcare Insurance Co	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Pacificare of Colorado Inc	2.8%	2.7%	3.6%	4.2%	5.0%	3.7%
Cigna Heath & Life Ins Co	0.1%	0.3%	0.0%	0.0%	0.0%	0.1%
Rocky Mountain HMO Inc	7.9%	8.4%	9.6%	6.7%	5.0%	7.5%
Humana Ins Co	0.0%	0.0%	0.0%	4.4%	4.2%	1.7%
Aetna Life Insurance Co	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Humana Health Plan Inc	4.8%	5.6%	4.7%	4.9%	4.8%	5.0%
Colorado Health Ins CO-OP Inc				12.0%	13.4%	12.7%
Grand Total	2.3%	2.5%	2.6%	3.8%	3.7%	3.6%

Table 17 - Claims Adjustment Expenses as a Percent of Colorado Earned Health Premium

NET UNDERWRITING GAIN (OR LOSS)

Underwriting Gain or Loss as a Percent of Colorado Earned Health Premiums						
Company	2011	2012	2013	2014	2015	5 year Average
Kaiser Foundation Health Plan Co	0.5%	0.2%	0.1%	-1.5%	-4.3%	-1.0%
Anthem* Rocky Mountain Hospital & Medical	16.2%	13.6%	3.7%	5.0%	3.6%	8.4%
United Healthcare Insurance Co	12.5%	9.2%	3.3%	7.0%	6.3%	7.7%
Pacificare of Colorado Inc	11.2%	11.3%	8.8%	7.8%	7.3%	9.3%
Cigna Heath & Life Ins Co	-50.9%	-47.8%	12.1%	18.0%	17.5%	-10.2%
Rocky Mountain HMO Inc	0.7%	4.3%	-0.2%	-30.8%	-19.1%	-9.0%
Humana Ins Co	-12.7%	8.6%	8.6%	4.1%	1.3%	2.0%
Aetna Life Insurance Co	7.8%	7.2%	6.5%	7.7%	8.9%	7.6%
Humana Health Plan Inc	-3.5%	2.5%	-1.7%	-11.1%	-16.7%	-6.1%
Colorado Health Ins CO-OP Inc				-274.8%	-67.8%	-171.3%
Grand Total	-2.0%	1.0%	4.6%	-26.9%	-6.3%	-16.3%

Table 18 - Underwriting Gain (or Loss) as a Percent of Colorado Earned Health Premiums

NET INVESTMENT INCOME GAIN (OR LOSS)

Net Investment Gain (or loss) as a Percent of Colorado Earned Health Premiums						
Company	2011	2012	2013	2014	2015	5 year Average
Kaiser Foundation Health Plan Co	0.9%	1.2%	1.9%	1.4%	1.2%	1.3%
Anthem* Rocky Mountain Hospital & Medical	1.3%	1.7%	2.8%	4.6%	2.7%	2.6%
United Healthcare Insurance Co	0.8%	1.1%	0.8%	1.4%	1.5%	1.1%
Pacificare of Colorado Inc	0.7%	0.4%	0.4%	0.4%	0.4%	0.5%
Cigna Heath & Life Ins Co	1.1%	0.8%	2.9%	3.1%	3.0%	2.2%
Rocky Mountain HMO Inc	2.4%	3.4%	1.9%	0.6%	0.4%	1.8%
Humana Ins Co	1.4%	1.4%	1.2%	1.0%	1.0%	1.2%
Aetna Life Insurance Co	1.4%	1.3%	1.2%	1.0%	0.9%	1.2%
Humana Health Plan Inc	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%
Colorado Health Ins CO-OP Inc				0.4%	0.0%	0.2%
Grand Total	1.2%	1.3%	1.5%	1.4%	1.2%	1.3%

Table 19 - Net Investment Gain (or Loss) as a Percent of Colorado Earned Premium

NET INCOME (OR LOSS)

Net Income as a Percent of Colorado Earned Health Premiums						
Company	2011	2012	2013	2014	2015	5 year Average
Kaiser Foundation Health Plan Co	2.2%	2.3%	2.9%	0.7%	-2.1%	1.2%
Anthem* Rocky Mountain Hospital & Medical	15.5%	13.4%	4.4%	6.0%	3.8%	8.6%
United Healthcare Insurance Co	10.3%	7.3%	1.6%	6.2%	5.2%	6.1%
Pacificare of Colorado Inc	7.7%	7.8%	6.2%	5.0%	4.5%	6.2%
Cigna Heath & Life Ins Co	-54.3%	-49.7%	11.1%	14.9%	15.2%	-12.6%
Rocky Mountain HMO Inc	3.7%	8.3%	2.4%	-29.5%	-22.0%	-7.4%
Humana Ins Co	-13.5%	8.5%	8.2%	3.6%	0.7%	1.5%
Aetna Life Insurance Co	4.7%	4.4%	4.0%	4.9%	4.1%	4.4%
Humana Health Plan Inc	-3.1%	3.2%	-0.7%	-11.4%	-16.4%	-5.7%
Colorado Health Ins CO-OP Inc				-274.2%	-67.7%	-171.0%
Grand Total	-3.0%	0.6%	4.4%	-27.4%	-7.5%	-16.8%

Table 20 - Net Income (or Loss) as a Percent of Colorado Earned Health Premiums

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