



Division of Insurance

Colorado Health Insurance Cost Information Summary- Aggregated Company Data

2010

In accordance with § 10-16-111(4)(a)(b)&(c), C.R.S.





Division of Insurance

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John J. Postolowski

Interim Commissioner of Insurance

The Division of Insurance is pleased to present the results of the 2010 Colorado Health Insurance Cost Report pursuant to § 10-16-111(4)(a), C.R.S. This report presents an aggregated summary of the costs of providing healthcare in the state of Colorado, as reported by insurance carriers that provide healthcare services in Colorado. This information will be useful to consumers, the industry and the public in determining the factors that drive insurance premiums in our state.

In 2008, the Colorado General Assembly passed and the Governor signed into law House Bill 08-1389 regarding the insurance rates paid by citizens of the state of Colorado. The bill's intent is to ensure that insurance coverage be accessible to all Coloradans, and that in order to provide accessible, affordable coverage, insurance rates should not be excessive, inadequate or unfairly discriminatory. In accordance with Section 9 of the bill, § 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. The Commissioner of Insurance is required to aggregate this data and publish the information on the Division's website.

To aid in the submission of this data, the Division prepared a Health Insurance Cost Report to be completed by each insurer. A total of 353 insurers submitted this report on their costs for 2009. As required, the report below is an aggregated summary of the data collected.

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2010 Health Cost Report Aggregated Summary as required by C.R.S. § 10-16-111(4)¹

Statute Requirement	Average Per Company	Total Sum of All Companies	Percent of Colorado Earned Health Insurance Premium
Direct Written Premium for Colorado Health Insurance Business	\$5,172,144	\$5,808,317,892	
Direct Earned Premium for Colorado Health Insurance Business	\$5,163,140	\$5,798,206,466	
Net Colorado Reinsurance Recoveries in 2009	\$213,595	\$239,653,518	4.13%
Net Ceded Colorado Reinsurance Premiums in 2009	\$326,536	\$366,373,453	6.32%
Dividends Returned to Colorado Policyholders	\$17,001	\$19,041,653	0.33%
Dividends to Stockholders ²	\$405,029	\$95,181,791	1.14%
Executive Compensation ³	\$70,234	\$24,511,571	0.27%
Executive Salaries	\$37,578	\$13,152,179	0.14%
Executive Stock Options	\$12,954	\$4,533,800	0.05%
Executive Bonuses	\$19,502	\$6,825,593	0.07%
Insurance Producer Commissions	\$201,216	\$225,965,884	3.90%
Payments to Legal Counsel ⁴	\$7,751	\$1,821,535	0.02%
Administrative Expenditures ⁵	\$515,208	\$578,062,902	9.97%
Advertising or Marketing Expenditures ⁶	\$56,388	\$13,251,163	0.16%
Paid Lobbying Expenditures ⁷	\$1,273	\$299,121	0.004%
Non-executive Staff Salaries ⁸	\$518,891	\$121,939,499	1.46%
Expenditures for Disease or Case Management Programs or Patient Education and Other Cost Containment Expenses	\$52,141	\$58,241,537	1.00%
Charitable Contributions ⁹	\$183,348	\$43,086,842	0.51%
Reserves On Hand	\$5,187,889	\$5,825,999,533	100.48%
Change in Contract Reserves	\$154,283	\$173,260,259	2.99%
Investment Income ¹⁰	\$273,689	\$64,316,972	0.77%
Net Income ¹¹	\$527,360	\$123,929,510	1.49%
Surplus ¹²	\$519,378	\$122,053,932	1.52%
Capital ¹³	\$2,857,768	\$671,575,364	8.07%
Total Adjusted Capital ¹⁴	\$3,389,500	\$796,532,466	9.57%
Authorized Control-level RBC ¹⁵	\$433,949	\$101,978,061	1.22%
Federal Income Taxes ¹⁶	\$108,947	\$25,602,447	0.31%
State and Local Taxes, Licenses and Fees ¹⁷	\$53,226	\$12,508,077	0.15%
The Cost of Providing or Arranging Healthcare Services	\$3,977,814	\$4,455,152,122	76.84%
Administrative Ratio¹⁸			14.52%
Actual Benefits Ratio			76.84%
Provision for Profit and Contingencies			8.64%

¹ The statistics reported are based on the data reported by the companies that responded to a request for information from the Colorado Division of Insurance as required by C.R.S. § 10-16-111(4). Companies were asked to report information on all types of health insurance written in the state of Colorado, including but not limited to major medical, dental, vision, accidental death and dismemberment, disability income, long-term care, and credit accident and health insurance. The data has been aggregated only for those companies that reported Colorado earned health insurance premium. There were 380 companies required to file the Colorado Health Cost Report, 352 did so. For the companies that did not submit a report and medicare supplement premiums, the direct earned premium total approximately 735 million.

^{2,4,6,7,8,9,10,11,12,13,14,15,16,17} The Dividends To Stockholders, Payments To Legal Counsel, Advertising or Marketing Expenditures, Paid Lobbying Expenditures, Non-Executive Staff Salaries, Charitable Contributions, Investment Income, Net Income, Surplus, Capital, Total Adjusted Capital, Authorized Control-Level RBC, Federal Income Taxes, State and Local Taxes, Licenses and Fees were reported by companies on the portion attributable to Colorado health insurance business only. (Includes; Medicare Supplement, Federal Employees Health, Title XVIII Medicare, Title XIX Medicaid, and other business which was not required to be reported for this report.)

³ The Executive Salaries were reported by companies on a nationwide basis and were allocated to Colorado health only business by the Division of Insurance on a direct earned premium basis. The executives included are those reported on the Supplemental Compensation exhibit that accompanies the Annual Financial Statement. Non-executive staff salaries include the salaries of those not reported under executive salaries.

⁵ Administrative expenses include all general administrative expenses, including but not limited to producer commissions, staff salaries and taxes, licenses and fees.

⁹ Kaiser Foundation Health Plan of Colorado contributed over \$42 million to charities in Colorado during 2009, which accounts for over 90.5% of the total charitable contributions made during 2009.

¹⁸ The administrative ratio was calculated by adding insurance producer commissions, administrative expenditures, and state and local taxes divided by the direct earned premiums. Executive compensation, payments to legal counsel, advertising or marketing expenditures, paid lobbying expenditures, and non-executive staff salaries are included in the administrative expenditures line.

INDIVIDUAL MARKET

Statute Requirement - Individual	Average Per Company	Total Sum of All Companies	Percent of Colorado Earned Health Insurance Premium
Premiums			
Colorado Direct Written Premium	\$1,890,213	\$1,103,884,606	
Colorado Direct Earned Premium	\$1,893,907	\$1,106,041,652	
Reinsurance & Dividends			
Net Ceded Colorado Reinsurance Premiums	\$361,874	\$210,972,449	19.07%
Net Colorado Reinsurance Recoveries	\$169,701	\$99,105,207	8.96%
Dividends Paid to Colorado Policyholders	\$11,754	\$6,852,499	0.62%
Reserves			
Total Reserves on hand as of 12/31/2009	\$7,572,437	\$4,422,303,466	399.83%
Change in Contract Reserves	\$212,539	\$124,122,659	11.22%
Expenses			
Expenditures for disease or case management programs or patient	\$15,647	\$9,090,849	0.82%
Producer Commissions	\$155,895	\$91,042,841	8.23%
Administrative Expenses	\$236,607	\$137,942,054	12.47%
The Cost of providing or arranging healthcare services	\$1,211,672	\$705,192,818	63.76%
Administrative Ratio¹		21.16%	
Actual Benefits Ratio		63.76%	
Average Provision for Profit and Contingencies		15.08%	

Covered Lives¹	
Number of Colorado covered lives as of 12/31/2009	1,194,296
Number of Colorado covered lives as of 1/1/2009	1,209,842
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	787,957
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	798,055
Number of Member Months in 2009	13,418,423

¹ Administrative ratio was calculated by the division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums.

LARGE GROUP

Statute Requirement - Large Group	Average Per Company	Total Sum of All Companies	Percent of Colorado Earned Health Insurance Premium
Premiums			
Colorado Direct Written Premium	\$10,133,541	\$3,364,335,752	
Colorado Direct Earned Premium	\$10,103,796	\$3,354,460,298	
Reinsurance & Dividends			
Net Ceded Colorado Reinsurance Premiums	\$356,200	\$118,258,527	3.53%
Net Colorado Reinsurance Recoveries	\$357,326	\$118,274,978	3.53%
Dividends Paid to Colorado Policyholders	\$32,060	\$10,579,926	0.32%
Reserves			
Total Reserves on hand as of 12/31/2009	\$3,542,442	\$1,176,090,731	35.06%
Change in Contract Reserves	\$130,100	\$43,193,224	1.29%
Expenses			
Expenditures for disease or case management programs or patient	\$108,983	\$35,855,441	1.07%
Producer Commissions	\$296,890	\$98,567,543	2.94%
Administrative Expenses	\$956,470	\$317,548,200	9.47%
The Cost of providing or arranging healthcare services	\$8,037,931	\$2,660,555,271	79.31%
Administrative Ratio²		12.86%	
Actual Benefits Ratio		79.31%	
Average Provision for Profit and Contingencies		7.82%	

Covered Lives¹	
Number of Colorado covered lives as of 12/31/2009	10,883,631
Number of Colorado covered lives as of 1/1/2009	10,606,717
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	7,311,252
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	7,186,954
Number of Colorado group/policies as of 12/31/2009	679,546
Number of Colorado group/policies as of 1/1/2009	300,909
Number of Member Months in 2009	121,963,546

² Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums.

SMALL GROUP

Statute Requirement - Small Group	Average Per Company	Total Sum of All Companies	Percent of Colorado Earned Health Insurance Premium
Premiums			
Colorado Direct Written Premium	\$6,473,901	\$1,340,097,534	
Colorado Direct Earned Premium	\$6,462,341	\$1,337,704,516	
Reinsurance & Dividends			
Net Ceded Colorado Reinsurance Premiums	\$179,432	\$37,142,478	2.78%
Net Colorado Reinsurance Recoveries	\$107,601	\$22,273,334	1.67%
Dividends Paid to Colorado Policyholders	\$7,774	\$1,609,228	0.12%
Reserves			
Total Reserves on hand as of 12/31/2009	\$1,099,543	\$227,605,336	17.01%
Change in Contract Reserves	\$28,717	\$5,944,375	0.44%
Expenses			
Expenditures for disease or case management programs or patient	\$64,228	\$13,295,247	0.99%
Producer Commissions	\$175,630	\$36,355,500	2.72%
Administrative Expenses	\$592,138	\$122,572,648	9.16%
The Cost of providing or arranging healthcare services	\$5,262,821	\$1,089,404,032	81.44%
Administrative Ratio³		12.34%	
Actual Benefits Ratio		81.44%	
Average Provision for Profit and Contingencies		6.22%	

Covered Lives	
Number of Colorado covered lives as of 12/31/2009	1,332,249
Number of Colorado covered lives as of 1/1/2009	1,529,578
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	985,580
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	1,131,045
Number of Colorado group/policies as of 12/31/2009	93,232
Number of Colorado group/policies as of 1/1/2009	87,374
Number of Member Months in 2009	14,466,896

³ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums.

SMALL GROUP

	Basic Plans	Standard Plans	HSA-Qualified	All Other Small Group Plans	Totals
Indemnity	15	5	-	429	449
PPO	1,616	1,218	16,685	87358	106,877
HMO	1,367	956	12,430	88084	102,837
Multi-Option	2	14	43,064	33996	77,076
Totals	3,000	2,193	72,179	209,867	287,239

A small employer is defined as one having 50 employees or less. There were 21 such companies used to determine these statistics, which were collected using the Small Group Activity Report published by the Division for 2008. These companies only reported health benefit plans.

"Health benefit plan" does not include: Accident only; credit; dental; vision; medicare supplement; benefits for long-term care, home health care, community-based care, or any combination thereof; disability income insurance; liability insurance including general liability insurance and automobile liability insurance; coverage for on-site medical clinics; coverage issued as a supplement to liability insurance, workers' compensation or similar insurance; or automobile medical payment insurance. The term also excludes specified disease, hospital confinement indemnity, or limited benefit health insurance if such types of coverage do not provide coordination of benefits and are provided under separate policies or certificates. Solely with respect to the provisions of section 10-16-118 (1) (b) concerning creditable coverage for individual policies, the term excludes individual short-term limited duration health insurance policies issued after January 1, 1999. This means such policies do not have to recognize creditable coverage.

Comprehensive Major Medical

Comprehensive Major Medical	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$551,173,315	\$1,023,457,281	\$851,319,864	\$2,425,950,460	\$19,253,575	
Colorado Direct Earned Premium	\$549,685,235	\$1,018,937,743	\$848,735,156	\$2,417,358,133	\$19,185,382	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$13,444,225	\$14,217,805	\$577,484	\$28,239,514	\$224,123	1.17%
Net Colorado Reinsurance Recoveries	\$11,010,479	\$4,796,515	\$914,079	\$16,721,074	\$132,707	0.69%
Dividends Paid to Colorado Policyholders	\$13,358	\$190,173	\$0	\$203,531	\$1,615	0.01%
Reserves						
Total Reserves on hand as of 12/31/2009	\$125,021,673	\$202,085,161	\$79,873,385	\$406,980,219	\$3,230,002	16.84%
Change in Contract Reserves	\$4,322,253	-\$1,185,602	\$591,344	\$3,727,995	\$29,587	0.15%
Expenses						
Expenditures for disease or case management programs or patient	\$7,382,656	\$14,708,840	\$7,259,291	\$29,350,787	\$232,943	1.21%
Producer Commissions	\$37,338,313	\$32,538,914	\$21,583,265	\$91,460,492	\$725,877	3.78%
Administrative Expenses	\$75,439,996	\$53,513,342	\$68,929,513	\$197,882,850	\$1,570,499	8.19%
The Cost of providing or arranging healthcare services	\$426,091,872	\$724,829,020	\$682,310,683	\$1,833,231,575	\$14,549,457	75.84%
Administrative Ratio⁴				12.13%		
Actual Benefits Ratio				75.84%		
Average Provision for Profit and Contingencies				12.03%		

Covered Lives – Comprehensive Major Medical	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	262,149	576,098	203,759	1,042,006
Number of Colorado covered lives as of 1/1/2009	254,221	599,627	244,015	1,097,863
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	160,908	282,466	115,612	558,986
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	156,082	288,461	136,646	581,189
Number of Member Months in 2009	3,092,752	4,986,789	2,172,574	10,252,116

⁴ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums.

HMO

HMO	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$76,083,428	\$1,724,864,891	\$388,374,712	\$2,189,323,031	\$91,221,793	
Colorado Direct Earned Premium	\$76,090,640	\$1,725,238,342	\$388,566,320	\$2,189,895,302	\$91,245,638	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$30,069	\$31,164,417	\$24,994,480	\$56,188,966	\$2,341,207	2.57%
Net Colorado Reinsurance Recoveries	-\$15,773	\$16,515,726	\$12,992,140	\$29,492,093	\$1,228,837	1.35%
Dividends Paid to Colorado Policyholders	\$28,307	\$8,870,237	\$319,543	\$9,218,087	\$384,087	0.42%
Reserves						
Total Reserves on hand as of 12/31/2009	\$2,384,602	\$80,348,266	\$19,910,503	\$102,643,371	\$4,276,807	4.69%
Change in Contract Reserves	\$569,479	\$4,747,068	\$1,207,174	\$6,523,721	\$271,822	0.30%
Expenses						
Expenditures for disease or case management programs or patient	\$596,079	\$17,538,571	\$5,540,321	\$23,674,971	\$986,457	1.08%
Producer Commissions	\$520,518	\$24,465,888	\$7,295,206	\$32,281,611	\$1,345,067	1.47%
Administrative Expenses	\$6,265,959	\$167,351,895	\$39,202,526	\$212,820,380	\$8,867,516	9.72%
The Cost of providing or arranging healthcare services	\$68,489,511	\$1,553,688,215	\$342,373,193	\$1,964,550,919	\$81,856,288	89.71%
Administrative Ratio⁵				11.65%		
Actual Benefits Ratio				89.71%		
Average Provision for Profit and Contingencies				-1.36%		

Covered Lives - HMO	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	34,408	472,592	113,543	620,543
Number of Colorado covered lives as of 1/1/2009	31,415	506,565	117,013	654,993
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	18,887	209,006	64,212	292,105
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	17,870	224,623	65,683	308,176
Number of Member Months in 2009	386,655	6,760,950	422,384	7,569,989

⁵ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums.

Accident Only and Accidental Death & Dismemberment

AD&D	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$35,295,615	\$61,296,891	\$3,780,308	\$100,372,815	\$456,240	
Colorado Direct Earned Premium	\$35,485,000	\$60,142,746	\$4,012,332	\$99,640,078	\$452,909	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$2,523,473	\$451,423	\$730,865	\$3,705,762	\$16,844	3.72%
Net Colorado Reinsurance Recoveries	\$703,319	\$156,508	\$310,219	\$1,170,046	\$5,343	1.17%
Dividends Paid to Colorado Policyholders	\$0	\$10,967	\$234	\$11,201	\$51	0.01%
Reserves						
Total Reserves on hand as of 12/31/2009	\$20,123,888	\$94,788,146	\$5,733,004	\$120,645,039	\$548,387	121.08%
Change in Contract Reserves	\$1,259,912	\$1,099,044	\$22,700	\$2,381,655	\$10,826	2.39%
Expenses						
Expenditures for disease or case management programs or patient	\$9,322	\$513,632	\$12,677	\$535,631	\$2,468	0.54%
Producer Commissions	\$5,191,519	\$12,478,966	\$479,101	\$18,149,586	\$82,498	18.22%
Administrative Expenses	\$5,202,554	\$18,582,600	\$1,127,353	\$24,912,507	\$113,239	25.00%
The Cost of providing or arranging healthcare services	\$10,668,836	\$24,752,843	\$1,187,975	\$36,609,654	\$167,934	36.74%
Administrative Ratio⁶				43.24%		
Actual Benefits Ratio				36.74%		
Average Provision for Profit and Contingencies				20.02%		

Covered Lives - AD&D	Individual	Large group	Small group	Total ¹
Number of Colorado covered lives as of 12/31/2009	243,919	6,934,504	639,364	7,817,787
Number of Colorado covered lives as of 1/1/2009	246,391	6,519,076	770,048	7,535,515
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	144,135	5,414,723	599,666	6,158,523
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	150,139	5,247,780	723,708	6,121,627
Number of Member Months in 2009	2,699,200	78,236,201	7,778,123	88,713,525

⁶ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums.

Credit

Credit	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$27,103,772	\$7,588,062	\$464,437	\$35,156,271	\$1,004,465	
Colorado Direct Earned Premium	\$27,743,141	\$9,027,830	\$1,093,053	\$37,864,024	\$1,081,829	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$700,475	\$471,311	\$265,109	\$1,436,895	\$41,054	3.79%
Net Colorado Reinsurance Recoveries	\$384,510	\$655,368	\$91,694	\$1,131,572	\$32,331	2.99%
Dividends Paid to Colorado Policyholders	\$0	\$0	\$0	\$0	\$0	0.00%
Reserves						
Total Reserves on hand as of 12/31/2009	\$51,180,390	\$6,649,048	\$731,908	\$58,561,346	\$1,673,181	154.66%
Change in Contract Reserves	\$2,517,218	-\$325,821	\$0	\$2,191,397	\$62,611	5.79%
Expenses						
Expenditures for disease or case management programs or patient	\$1,458	\$1,196	\$0	\$2,654	\$76	0.01%
Producer Commissions	\$4,389,222	\$954,416	\$126,671	\$5,470,309	\$156,295	14.45%
Administrative Expenses	\$3,678,912	\$1,899,845	\$177,440	\$5,756,197	\$164,463	15.20%
The Cost of providing or arranging healthcare services	\$11,966,978	\$3,308,637	\$62,320	\$15,337,935	\$438,227	40.51%
Administrative Ratio⁷				30.11%		
Actual Benefits Ratio				40.51%		
Average Provision for Profit and Contingencies				29.38%		

Covered Lives - Credit	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	126,259	92,662	8,856	227,777
Number of Colorado covered lives as of 1/1/2009	132,576	125,024	13,052	270,652
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	64,257	91,407	1,379	157,043
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	68,386	122,529	1,649	192,564
Number of Member Months in 2009	1,439,211	1,215,753	35,042	2,690,005

⁷ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums

Dental

Dental	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$11,784,278	\$227,470,379	\$70,462,378	\$309,717,035	\$2,580,975	
Colorado Direct Earned Premium	\$11,712,698	\$223,643,155	\$70,056,146	\$305,411,999	\$2,545,100	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$182,664	\$30,265,160	\$8,862,912	\$39,310,736	\$327,589	12.87%
Net Colorado Reinsurance Recoveries	\$95,706	\$31,462,424	\$7,215,741	\$38,773,871	\$323,116	12.70%
Dividends Paid to Colorado Policyholders	\$247,769	\$1,022,572	\$472,877	\$1,743,218	\$14,649	0.57%
Reserves						
Total Reserves on hand as of 12/31/2009	\$1,391,731	\$107,970,259	\$38,099,967	\$147,461,957	\$1,228,850	48.28%
Change in Contract Reserves	\$86,427	\$8,336,957	\$1,624,202	\$10,047,587	\$83,730	3.29%
Expenses						
Expenditures for disease or case management programs or patient	\$56,912	\$1,502,017	\$334,635	\$1,893,564	\$15,912	0.62%
Producer Commissions	\$665,653	\$6,342,345	\$4,306,091	\$11,314,089	\$94,284	3.70%
Administrative Expenses	\$1,724,658	\$21,553,473	\$8,892,145	\$32,170,275	\$268,086	10.53%
The Cost of providing or arranging healthcare services	\$6,094,334	\$176,904,362	\$50,387,951	\$233,386,648	\$1,944,889	76.42%
Administrative Ratio⁸				14.70%		
Actual Benefits Ratio				76.42%		
Average Provision for Profit and Contingencies				8.89%		

Covered Lives - Dental	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	43,324	772,100	188,356	1,003,780
Number of Colorado covered lives as of 1/1/2009	41,826	670,297	193,957	906,080
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	37,618	565,935	114,540	718,093
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	35,542	516,397	110,364	662,303
Number of Member Months in 2009	434,370	6,410,572	1,872,855	8,717,797

⁸ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums

Disability Income

Disability Income	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$104,233,822	\$216,359,008	\$17,037,663	\$337,630,494	\$1,378,084	
Colorado Direct Earned Premium	\$105,572,679	\$214,256,789	\$16,730,435	\$336,559,904	\$1,373,714	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$25,689,349	\$17,728,193	\$1,305,963	\$44,723,505	\$183,293	13.29%
Net Colorado Reinsurance Recoveries	\$30,614,332	\$18,391,052	\$535,048	\$49,540,433	\$202,206	14.72%
Dividends Paid to Colorado Policyholders	\$6,348,852	\$381,082	\$763,887	\$7,493,821	\$30,712	2.23%
Reserves						
Total Reserves on hand as of 12/31/2009	\$2,586,283,717	\$499,474,312	\$72,613,308	\$3,158,371,337	\$12,891,312	938.43%
Change in Contract Reserves	\$1,274,653	\$7,519,693	\$2,493,174	\$11,287,520	\$46,072	3.35%
Expenses						
Expenditures for disease or case management programs or patient	\$155,477	\$1,396,418	\$74,272	\$1,626,167	\$6,665	0.48%
Producer Commissions	\$11,901,108	\$16,373,421	\$1,991,275	\$30,265,804	\$123,534	8.99%
Administrative Expenses	\$14,313,422	\$42,114,518	\$3,100,772	\$59,528,711	\$242,974	17.69%
The Cost of providing or arranging healthcare services	\$65,674,313	\$123,874,974	\$8,719,417	\$198,268,704	\$812,577	58.91%
Administrative Ratio⁹				27.14%		
Actual Benefits Ratio				58.91%		
Average Provision for Profit and Contingencies				13.95%		

Covered Lives – Disability Income	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	99,835	1,034,233	68,508	1,202,576
Number of Colorado covered lives as of 1/1/2009	99,806	1,080,243	71,330	1,251,379
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	96,735	456,591	51,392	604,718
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	97,248	418,957	51,476	567,681
Number of Member Months in 2009	1,134,552	11,474,614	866,769	13,475,936

⁹ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums

Limited Benefit Plans

Limited Benefit Plans	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$118,016,768	\$23,740,605	\$1,916,337	\$143,673,711	\$733,029	
Colorado Direct Earned Premium	\$118,456,794	\$23,675,000	\$1,882,452	\$144,014,246	\$734,767	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$106,218,736	\$4,892,749	\$169,383	\$111,280,868	\$567,760	77.27%
Net Colorado Reinsurance Recoveries	\$5,645,457	\$3,223,087	\$101,440	\$8,969,984	\$45,765	6.23%
Dividends Paid to Colorado Policyholders	\$19,993	\$1,388	\$11,202	\$32,583	\$166	0.02%
Reserves						
Total Reserves on hand as of 12/31/2009	\$712,232,460	\$16,133,800	\$2,760,037	\$731,126,296	\$3,730,236	507.68%
Change in Contract Reserves	\$7,507,529	\$123,530	\$17,557	\$7,648,616	\$39,024	5.31%
Expenses						
Expenditures for disease or case management programs or patient	\$93,812	\$54,187	\$89	\$148,088	\$756	0.10%
Producer Commissions	\$10,530,717	\$3,028,129	\$276,384	\$13,835,230	\$70,588	9.61%
Administrative Expenses	\$9,606,069	\$3,965,425	\$414,615	\$13,986,110	\$71,358	9.71%
The Cost of providing or arranging healthcare services	\$39,256,624	\$11,386,060	\$803,256	\$51,445,940	\$262,479	35.72%
Administrative Ratio¹⁰				19.78%		
Actual Benefits Ratio				35.72%		
Average Provision for Profit and Contingencies				44.50%		

Covered Lives – Limited Benefit Plans	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	231,251	108,744	3,566	343,561
Number of Colorado covered lives as of 1/1/2009	236,154	274,034	4,409	514,597
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	137,255	83,173	2,956	223,384
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	140,163	245,899	3,333	389,395
Number of Member Months in 2009	2,511,330	2,246,667	41,285	4,799,282

¹⁰ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums

Long Term Care

Long Term Care	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$178,467,943	\$27,707,177	\$374,366	\$206,549,487	\$1,780,599	
Colorado Direct Earned Premium	\$179,579,074	\$27,729,483	\$301,298	\$207,609,855	\$1,789,740	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$62,183,457	\$15,045,922	\$44,730	\$77,274,109	\$666,156	37.22%
Net Colorado Reinsurance Recoveries	\$50,667,177	\$41,603,970	\$43,173	\$92,314,319	\$795,813	44.47%
Dividends Paid to Colorado Policyholders	\$104,170	\$500	\$0	\$104,670	\$902	0.05%
Reserves						
Total Reserves on hand as of 12/31/2009	\$923,468,918	\$163,568,801	\$6,498,927	\$1,093,536,646	\$9,427,040	526.73%
Change in Contract Reserves	\$106,551,170	\$22,886,687	-\$23,206	\$129,414,652	\$1,115,644	62.34%
Expenses						
Expenditures for disease or case management programs or patient	\$784,332	\$91,440	\$1,113	\$876,884	\$7,559	0.42%
Producer Commissions	\$20,355,748	\$1,018,937	\$17,800	\$21,392,485	\$184,418	10.30%
Administrative Expenses	\$21,485,961	\$3,513,667	\$102,438	\$25,102,066	\$218,279	12.09%
The Cost of providing or arranging healthcare services	\$76,375,992	\$5,908,166	\$111,649	\$82,395,806	\$710,309	39.69%
Administrative Ratio¹¹				22.86%		
Actual Benefits Ratio				39.69%		
Average Provision for Profit and Contingencies				37.46%		

Covered Lives – Long Term Care	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	99,279	37,409	418	137,106
Number of Colorado covered lives as of 1/1/2009	101,141	37,526	434	139,101
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	91,257	24,089	348	115,694
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	88,914	24,172	363	113,449
Number of Member Months in 2009	1,016,221	342,791	4,452	1,363,464

¹¹ Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums

Vision

Vision	Individual	Large Group	Small Group	Total Sum of All Companies	Average Per Company	Percent of Colorado Earned Health Insurance Premium
Premiums						
Colorado Direct Written Premium	\$1,725,664	\$51,851,458	\$6,367,467	\$59,944,590	\$1,462,063	
Colorado Direct Earned Premium	\$1,716,391	\$51,809,210	\$6,327,324	\$59,852,925	\$1,459,827	
Reinsurance & Dividends						
Net Ceded Colorado Reinsurance Premiums	\$0	\$4,021,546	\$191,552	\$4,213,098	\$102,758	7.04%
Net Colorado Reinsurance Recoveries	\$0	\$1,470,328	\$69,799	\$1,540,127	\$37,564	2.57%
Dividends Paid to Colorado Policyholders	\$90,049	\$103,008	\$41,484	\$234,541	\$5,864	0.39%
Reserves						
Total Reserves on hand as of 12/31/2009	\$216,087	\$5,072,938	\$1,384,296	\$6,673,322	\$162,764	11.15%
Change in Contract Reserves	\$34,017	-\$8,332	\$11,430	\$37,115	\$905	0.06%
Expenses						
Expenditures for disease or case management programs or patient	\$10,801	\$49,141	\$72,848	\$132,790	\$3,320	0.22%
Producer Commissions	\$150,043	\$1,366,527	\$279,708	\$1,796,278	\$43,812	3.00%
Administrative Expenses	\$224,524	\$5,053,436	\$625,846	\$5,903,806	\$143,995	9.86%
The Cost of providing or arranging healthcare services	\$574,358	\$35,902,995	\$3,447,588	\$39,924,940	\$973,779	66.71%
Administrative Ratio¹²				13.33%		
Actual Benefits Ratio				66.71%		
Average Provision for Profit and Contingencies				19.97%		

Covered Lives – Vision	Individual	Large group	Small group	Total
Number of Colorado covered lives as of 12/31/2009	53,872	855,289	105,880	1,015,041
Number of Colorado covered lives as of 1/1/2009	66,312	794,325	115,320	975,957
Number of Colorado individual subscribers/certificateholders/policyholders as of 12/31/2009	36,905	183,862	35,476	256,243
Number of Colorado individual subscribers/certificateholders/policyholders as of 1/1/2009	43,711	98,136	37,823	179,670
Number of Member Months in 2009	704,132	10,289,210	1,273,410	12,266,752

¹² Administrative ratio was calculated by the Division by adding the administrative expenses, producer commissions, state and federal taxes divided by the total sum of all companies colorado direct earned premiums

Trend – Colorado Health Insurance

“Trend” or “trending” means any procedure for projecting losses to the average date of loss, or of projecting premium or exposures to the average date of writing.

The tables below demonstrate the number of companies that submitted Medical & Pharmaceutical trend in the Health Cost Survey out of 353 companies.²

	Total Number of Companies Reported Medical & Rx Trend
Individual	101
Large Group	95
Small Group	74

Medical Trend

	Medical Provider Price Increases	Medical Utilization Changes	Medical Cost Shifting	Medical Procedures and Technology	Total Medical
Individual	1.60%	0.50%	0.30%	0.30%	1.10%
Large Group	2.20%	1.30%	0.20%	0.40%	2.20%
Small Group	0.60%	-0.10%	-0.40%	-0.60%	1.90%

Pharmaceutical Trend

	Rx Price Trend	Rx Utilization Trend	Rx Cost Shifting Trend	Rx New Drug Trend	Total Rx Trend
Individual	1.36%	0.58%	0.12%	1.11%	3.78%
Large Group	1.78%	11.10%	0.31%	0.22%	4.77%
Small Group	1.49%	1.20%	0.42%	0.38%	4.05%

Endnotes

¹ The number of covered lives may appear inflated for a variety of reasons. Individuals typically have multiple types of policies such as single individual having both an AD & D and major medical policy. In addition for some types of policy it is not uncommon for an individual to be covered by both a group and individual policy or multiple individual policies. Finally since the data is self-reported by carriers and several of these policy types have long lives there may be inconsistencies between how carriers are accounting for movement in and out of Colorado. Some carriers may be including all policies originally written in Colorado while others are included only the current membership active in Colorado. Similarly it is possible that some companies may be including group lives purchased by a Colorado company but living in another state in this report.

² The medical and pharmaceutical trend was company reported in the Health Cost Survey. It does not necessarily reflect the markets by group size, due to ALL lines of business are included in this aggregation. For the different lines of business the trend may vary.

Pure Direct Loss Ratio Summary Report – Colorado 2009

	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
A&H Health	\$6,315,226,678	\$6,296,585,953	\$5,435,824,211	86.33%
A&H Life	\$3,129,906,030	\$3,115,091,730	\$2,451,863,135	78.71%
A&H Property	\$69,727,967	\$59,469,348	\$45,493,939	76.50%
A&H Fraternal	\$11,514	\$11,535	\$8,570	74.30%
Colorado totals	\$9,514,860,675	\$9,471,147,031	\$7,933,181,285	83.76%

2009 Colorado Health Premiums and Loss Ratios by Line of Business (000's)

Colorado 2009	Direct Premiums Written	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio
A&H Health Companies				
Individual Comprehensive	\$384,817,049	\$386,983,918	\$312,653,198	80.79%
Group Comprehensive	\$2,783,648,412	\$2,783,577,890	\$2,437,164,662	87.56%
Vision Only	\$42,986,537	\$42,974,802	\$32,167,787	74.85%
Dental Only	\$748,610,111	\$744,855,300	\$615,310,934	82.61%
Federal Employees Health	\$590,625,546	\$579,322,868	\$544,735,564	94.03%
Medicare Supplement	\$29,822,714	\$29,824,090	\$19,920,226	66.79%
Title XVIII Medicare	\$1,596,277,257	\$1,591,583,486	\$1,339,994,068	84.09%
Title XIX Medicaid	\$58,993,064	\$58,993,064	\$55,464,124	94.02%
Other	\$79,445,989	\$78,470,537	\$78,413,649	99.93%
Total for Lines of Business A&H Health	\$6,315,226,679	\$6,296,585,954	\$5,435,824,212	84.97%
A&H Life Companies				
Total for Lines of Business A&H Life	\$3,129,906,030	\$3,115,091,730	\$2,451,863,135	78.71%
A&H Property & Casualty Companies				
Group accident and health	\$38,561,280	\$38,453,874	\$23,570,343	61.30%
Collectively renewable A&H	\$713	\$927	\$5,051	544.88%
Non-cancelable A&H	\$476	\$19,417	\$25	0.13%
Guaranteed renewable A&H	\$24,710,346	\$14,190,092	\$16,630,520	117.20%
Non-renewable for stated reasons only	\$2,682,344	\$2,870,695	\$2,890,798	100.70%
Other accident only	\$417,959	\$529,774	\$751,668	141.88%
All other A&H	\$1,307,850	\$1,338,804	\$1,030,547	76.98%
Total for Lines of Business A&H Property	\$69,727,967	\$59,469,348	\$45,493,939	76.50%
Credit A&H Life Companies	\$3,129,906,030	\$3,115,091,730	\$2,451,868,135	78.71%
Credit A&H Property Companies	\$69,727,967	\$59,469,348	\$56,493,939	76.50%
A&H Fraternal Companies	\$11,514	\$11,535	\$8,570	74.30%
Colorado Totals	\$9,514,860,675	\$9,471,147,031	\$7,933,181,285	83.76%