



COLORADO

Department of Regulatory Agencies

Division of Insurance

Colorado Health Insurance Cost Report Appendix 1: Aggregated Company Data

2015

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





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Marguerite Salazar
Commissioner of Insurance

The Division of Insurance is pleased to present the results of the 2015 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 major medical 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 28 insurers representing more than 98% of total written premium submitted this report on their costs for 2015. As required, the report below is an aggregated summary of the data collected.

2015 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	\$226,868,416	\$5,444,841,985	101.25%
Direct Earned Premium for Colorado Health Insurance Business	\$224,061,655	\$5,377,479,714	100.00%
Authorized Control-level RBC	\$10,306,835	\$247,364,028	4.60%
Reserves On Hand	\$25,160,990	\$603,863,752	11.23%
Investment Income	\$6,694,675	\$160,672,195	2.99%
Net Income	\$5,108,729	\$122,609,500	2.28%
Surplus	\$25,738,151	\$617,715,632	11.49%
Capital	\$20,896,208	\$501,508,985	9.33%
Dividends to Stockholders	\$8,983,249	\$215,597,978	4.01%
Executive Compensation allocated to Colorado Premiums	\$1,884,438	\$45,226,506	0.84%
Executive Salaries	\$692,051	\$16,609,236	0.31%
Executive Stock Options	\$680,316	\$16,327,582	0.30%
Executive Bonuses	\$512,070	\$12,289,689	0.23%
Administrative Expenditures	\$43,999,907	\$1,055,997,774	19.64%
Advertising or Marketing Expenditures	\$1,333,046	\$31,993,097	0.59%
Charitable Contributions	\$5,281,738	\$126,761,707	2.36%
Dividends Returned to Colorado Policyholders	\$33,857	\$812,567	0.02%
Expenditures for Disease or Case Management Programs or Patient Education and Other Cost Containment Expenses	\$5,107,139	\$122,571,337	2.28%
Insurance Producer Commissions	\$4,624,318	\$110,983,627	2.06%
Legal Expenses	\$161,913	\$3,885,910	0.07%
Staff Salaries/Benefits	\$8,606,686	\$206,560,472	3.84%
Paid Lobbying Expenditures	\$56,882	\$1,365,175	0.03%
Federal Income Taxes	\$7,596,616	\$182,318,772	3.39%
State and Local Taxes, Licenses and Fees	\$3,982,927	\$95,590,251	1.78%
All Other Administrative Expenses	\$7,214,786	\$173,154,859	3.22%
The Cost of Providing or Arranging Healthcare Services	\$196,009,693	\$4,704,232,629	87.48%
Administrative Expenses ²	\$43,999,907	\$1,055,997,774	19.64%
Medical Expenses ³	\$196,009,693	\$4,704,232,629	87.48%
Provision for Profit and Contingencies	(\$15,947,945)	(\$382,750,689)	-7.12%

¹The statistics presented 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 only major medical types of health insurance written in the state of Colorado. The Executive Salaries were reported by companies on a nationwide basis and were allocated to Colorado major medical health 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.

²The total of Advertising or Marketing Expenditures, Charitable Contributions, Dividends Returned to Colorado Policyholders, Expenditures for Disease or Case Management Programs or Patient Education and Other Cost Containment Expenses, Insurance Producer Commissions, Legal Expenses, Staff Salaries, Paid Lobbying Expenditures, Federal Income Taxes, State and Local Taxes, Licenses and Fees and All Other Administrative Expenses is used to calculate the Administrative Ratio.

³Medical Expenses, or the Cost of Providing or Arranging Healthcare Services is equal to a companies Direct Losses Incurred and used to determine the Actual Benefits Ratio.

Major Medical Health Benefit Plans

Health Benefit Plans (Table shows numbers in thousands)	Individual On Exchange ¹	Individual Off Exchange ¹	Small Group On Exchange ¹	Small Group Off Exchange ¹	Large Group ¹	Total ¹
Premiums						
Colorado Direct Written Premium	\$436,400	\$746,453	\$9,599	\$1,003,462	\$3,174,261	\$5,370,175
Colorado Direct Earned Premium	\$440,965	\$748,156	\$9,610	\$1,003,435	\$3,175,313	\$5,377,480
Administrative Expenses²						
Administrative Expenses	\$60,187	\$111,849	\$3,219	\$123,013	\$246,266	\$544,534
The Cost of Healthcare Services						
Incurred Losses	\$576,114	\$752,262	\$8,066	\$756,397	\$2,614,496	\$4,707,335
Administrative Expenses Ratio	13.65%	14.95%	33.49%	12.26%	7.76%	10.13%
Medical Expenses Ratio	130.65%	100.55%	83.94%	75.38%	82.34%	87.54%
Average Provision for Profit and Contingencies	-44.30%	-15.50%	-17.43%	12.36%	9.91%	2.34%

Health Benefit Plans Covered Lives (Table shows actual numbers)	Individual On Exchange	Individual Off Exchange	Small Group On Exchange	Small Group Off Exchange	Large Group	Total
Number of Colorado covered lives as of 12/31/2014	109,197	241,893	2,414	211,168	687,356	1,252,028
Number of Colorado covered lives as of 12/31/2015	107,070	240,904	2,549	212,103	776,979	1,339,605
Number of Colorado individual subscribers/certificateholders/policy holders as of 12/31/2014	74,664	136,900	1,688	123,546	358,790	695,588
Number of Colorado individual subscribers/certificateholders/policy holders as of 12/31/2015	69,871	140,453	1,781	125,182	406,896	744,183
Number of Member Months in 2015	1,331,574	3,024,394	28,764	2,640,033	9,261,863	16,286,628
Companies with Earned Premiums	8	20	6	14	15	24

¹values in thousands

²The total of Advertising or Marketing Expenditures, Charitable Contributions, Dividends Returned to Colorado Policyholders, Expenditures for Disease or Case Management Programs or Patient Education and Other Cost Containment Expenses, Insurance Producer Commissions, Legal Expenses, Staff Salaries, Paid Lobbying Expenditures, Federal Income Taxes, State and Local Taxes, Licenses and Fees and All Other Administrative Expenses is used to calculate Administrative Expenses.

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. 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. Information in this section represents an estimate of what portion of total trend each cost category that follows is responsible for. The tables below demonstrate the number of companies that submitted Medical trend in the Health Cost Survey out of 28 companies.

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%

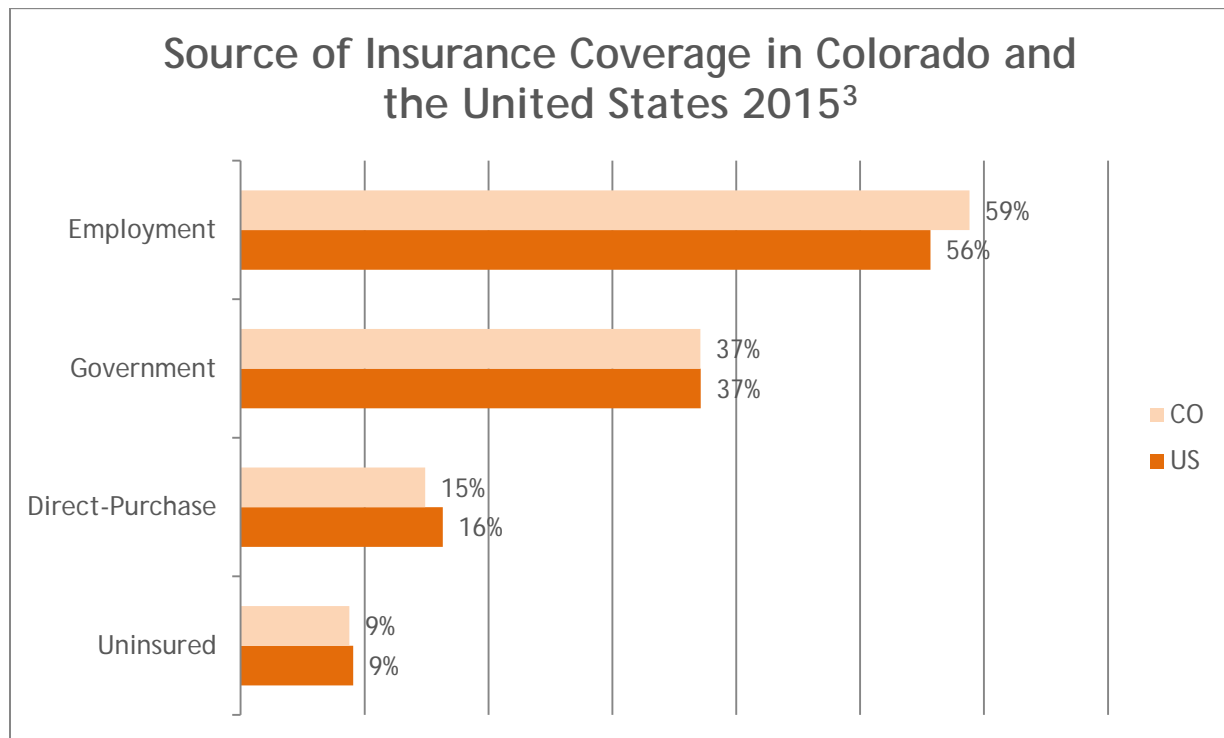
Pharmaceutical Trend	Average Rx Trend due solely to Pharmaceutical Price Changes	Average Rx Trend due solely to Utilization Changes	Average Rx Trend due solely to Cost-shifting	Average Rx Trend due solely to New Drugs	Average Total Rx Trend
Individual on Exchange	18.49%	2.13%	-0.97%	5.55%	23.84%
Individual 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	10.7%	.67%	2.16%	4.49%	11.61%

2015 Colorado Health Benefit Plan Coverage Summary

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%

2015 Colorado other Health Coverage Plan 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%



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

²Data taken from state filing pages submitted to the NAIC.

³Data taken from the US Census Current Population Survey. Insurance coverage is not mutually exclusive; people can be covered by more than one type of health insurance or have more than one health plan during a year.