



COLORADO

**Department of
Regulatory Agencies**

Division of Insurance

**Colorado Health Insurance Cost Report
Appendix 1:
Aggregated Company Data**

2018

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





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Mike Conway
Commissioner of Insurance

The Division of Insurance is pleased to present the results of the 2018 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 17 insurers representing more than 95% of total written premium submitted this report on their costs for 2018. Below is an aggregated summary of the data collected by the Division of Insurance.

2018 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 CO Health Insurance Business	\$355,699,133.20	\$6,046,885,264	100.1%
Direct Earned Premium for CO Health Insurance Business	\$355,197,998.07	\$6,038,365,967	100.0%
Authorized Control-level RBC	\$12,715,964.53	\$216,171,397	3.6%
Reserves On Hand	\$26,683,982.28	\$453,627,699	7.5%
Investment Income	\$7,622,032.97	\$129,574,561	2.1%
Net Income	(\$323,622.33)	(\$5,501,580)	-0.1%
Surplus	\$27,461,985.72	\$466,853,757	7.7%
Capital	\$35,752,138.43	\$607,786,353	10.1%
Dividends to Stockholders	\$6,117,767.40	\$104,002,046	1.7%
Executive Compensation allocated to Colorado Premiums	\$15,800,377.79	\$268,606,422	4.4%
Executive Salaries	\$2,544,170.57	\$43,250,900	0.7%
Executive Stock Options	\$9,885,440.28	\$168,052,485	2.8%
Executive Bonuses	\$3,370,766.94	\$57,303,038	0.9%
Administrative Expenditures	\$72,483,493.04	\$1,232,219,382	20.4%
Advertising or Marketing Expenditures	\$1,934,063.37	\$32,879,077	0.5%
Charitable Contributions	\$1,963,029.09	\$33,371,494	0.6%
Dividends Returned to Colorado Policyholders	\$0.00	\$0	0.0%
Expenditures for Disease or Case Management Programs or Patient Education and Other Cost Containment Expenses	\$8,242,428.46	\$140,121,284	2.3%
Insurance Producer Commissions	\$7,426,889.54	\$126,257,122	2.1%
Legal Expenses	\$239,386.23	\$4,069,566	0.1%
Paid Lobbying Expenditures	\$60,091.62	\$1,021,558	0.0%
Staff Salaries	\$13,500,734.34	\$229,512,484	3.8%
Federal Income Taxes	\$10,181,797.65	\$173,090,560	2.9%
State and Local Taxes, Licenses and Fees	\$7,765,696.63	\$132,016,843	2.2%
All Other Administrative Expenses	\$21,169,376.13	\$359,879,394	6.0%
The Cost of Providing or Arranging Healthcare Services	\$302,072,160.88	\$5,135,226,735	85.0%
Administrative Expenses ²	\$72,483,493.04	\$1,232,219,382	20.4%
Medical Expenses ³	\$302,072,160.88	\$5,135,226,735	85.0%
Provision for Profit and Contingencies	(\$19,357,655.85)	(\$329,080,150)	-5.4%

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 Expenses.

³The Cost of Providing or Arranging Healthcare Services is equal to a company's Direct Losses Incurred and used to determine the Medical Expenses.

Major Medical Health Benefit Plans

Health Benefit Plans (values shown are in 1,000s)	Individual On Exchange	Individual Off Exchange	Small Group On Exchange	Small Group Off Exchange	Large Group	Total
Premiums						
Colorado Direct Written Premium	\$956,173	\$535,000	\$7,320	\$1,378,720	\$6,046,885	\$8,924,098
Colorado Direct Earned Premium	\$955,034	\$534,887	\$7,270	\$1,377,357	\$6,038,366	\$8,912,914
Administrative Expenses¹						
Administrative Expenses	\$248,958	\$189,968	\$4,087	\$373,841	\$986,851	\$1,803,705
The Cost of providing or arranging healthcare services						
Incurred Losses	\$751,803	\$384,526	\$5,103	\$1,138,014	\$5,135,227	\$7,414,673
Administrative Ratio	26.07%	35.52%	56.22%	27.14%	16.34%	20.24%
Actual Benefits Ratio	78.72%	71.89%	70.19%	82.62%	85.04%	83.19%
Average Provision for Profit and Contingencies	-4.79%	-7.40%	-26.41%	-9.77%	-1.39%	-3.43%

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 12/31/2017	144,211	107,874	3,165	257,970	567,344	1,080,564
Number of Colorado covered lives as of 12/31/2018	133,150	71,084	1,334	272,626	579,962	1,058,157
Number of Colorado individual subscribers /certificateholders /policyholders as of 12/31/2017	95,518	62,624	2,163	153,371	298,604	612,280
Number of Colorado individual subscribers /certificateholders /policyholders as of 12/31/2018	90,851	43,686	877	161,253	304,394	601,061
Number of Member Months in 2018	1,707,697	954,129	21,230	3,255,357	6,981,784	12,920,196
Companies with Earned Premiums in 2018	10	14	4	11	15	17

¹The 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 17 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	3.63%	6.89%	3.14%	1.02%	13.69%
Individual off Exchange	4.25%	10.15%	0.37%	1.14%	15.30%
Small Group on Exchange	2.18%	6.87%	-2.54%	0.00%	6.44%
Small Group off Exchange	4.02%	3.39%	-0.02%	0.26%	7.89%
Large Group	6.99%	0.86%	0.06%	0.38%	8.02%

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	3.89%	8.82%	6.41%	5.54%	21.66%
Individual off Exchange	10.03%	12.57%	3.54%	4.56%	30.01%
Small Group on Exchange	7.44%	5.67%	6.76%	2.72%	24.41%
Small Group off Exchange	8.62%	0.00%	1.87%	2.10%	11.69%
Large Group	2.61%	1.38%	2.67%	3.94%	10.17%

Total Pharmaceutical Trend by Year by Type of Health Insurance

Major Medical Health Coverage ¹	Earned Premium	Incurred Losses	Loss Ratio
Individual Coverage	\$1,489,258,191	\$1,137,994,664	76.41%
Small Group Coverage	\$1,384,626,384	\$1,143,117,704	82.56%
Large Group Coverage	\$3,789,968,886	\$3,434,674,873	90.63%
Colorado Major Medical Totals	\$6,663,853,461	\$5,715,787,241	85.77%

Colorado Major Medical Health Benefit Plan Coverage Summary

Other Health Coverages ²	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
Medicare Supplement	\$75,054,095	\$75,008,112	\$54,203,524	72.26%
Title XVIII Medicare Advantage	\$3,438,441,797	\$3,430,050,044	\$3,056,510,272	89.11%
Title XIX Medicaid	\$596,205,778	\$601,591,922	\$505,316,480	84.00%
All Other Coverages	\$1,150,193,376	\$1,151,703,165	\$1,122,652,738	97.48%
Other Health Coverages Total	\$5,259,895,046	\$5,258,353,243	\$4,738,683,014	90.12%

Colorado other Health Plan Coverage Summary

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

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