

# Small Group Health Insurance Renewals by Geographic Area

## Executive Summary

June 2016

The following charts reflect the range of increases in health insurance premiums received by small employers from data provided by the carriers. The information from these charts was originally intended to illustrate the impact of PL 90 on small group health premiums. PL 90 allows geographic rate adjustments to be made without the previous limit on the combined adjustments for age and area beginning with the October 2011 renewals. Starting with January 2014, the information from these charts also reflects the impact of the Affordable Care Act (ACA). Some renewals beginning January 2014 reflect benefit changes required by the ACA as well as the rating factor changes. Other renewals represent grandfathered or transitional plans that were allowed to continue for existing policyholders only.

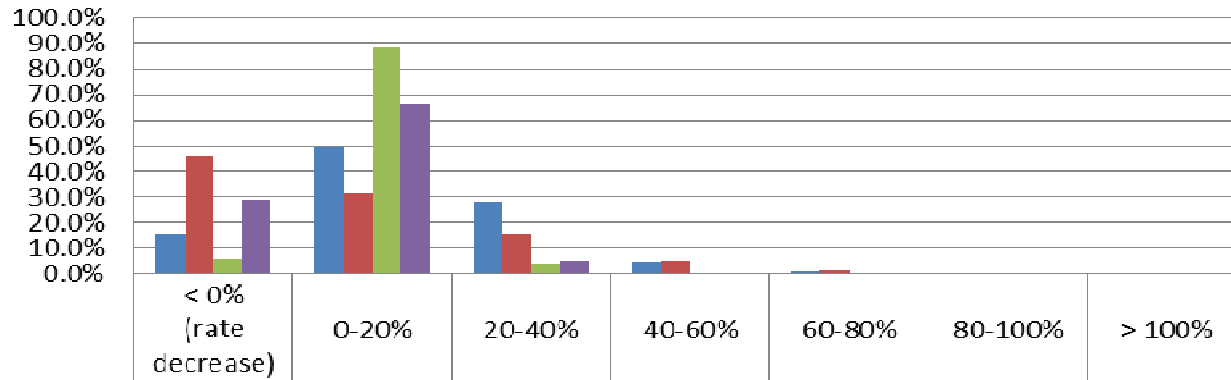
Rate increases can also vary significantly among different groups for reasons unrelated to the ACA. Employers whose circumstances change may see larger increases due to factors other than those associated with ACA implementation. Average base rate increases each quarter vary for each carrier depending on the experience of the business and expected trends. We have attempted to gauge the impact of PL 90 in past reports by tracking and comparing the increases from quarter to quarter. Data going forward will attempt to show the impact of the ACA on small group renewals in much the same way.

The first chart compares 1<sup>st</sup> quarter data from year to year for 2013, 2014, 2015, and 2016. The percentage of rate decreases increased from 15.4% in 2013 to 45.8% in 2014, then decreased to 6.4% in 2015, and then increased to 28.6% in 2016. Another item of note is that the aggregate number of small group renewals has increased slightly after decreasing over the previous three years. The second chart gives a geographic comparison for 1<sup>st</sup> quarter 2016 renewals. Area 1 received the most decreases at 33.6% while Area 3 received the least decreases at 20.3%. There were no increases over 40% in any of the areas for 1<sup>st</sup> quarter 2016 except for one increase over 100% in Area 4 and one increase over 80% in Area 2. The third chart shows similar data as the second chart but includes the prior quarter data grouped with the 1<sup>st</sup> quarter data for better credibility. Both the second and third charts reflect similar trends, but the grouped data in the last chart indicates slightly less variance among the areas. The majority of groups (74.6% – 81% by area) received a rate increase from 0 – 20%.

## Percentage of Groups By Quarter in Each Rate Change Band

### Aetna, HPHC, and Anthem Combined (2015-16 includes MCHO too)

Percentage of Groups



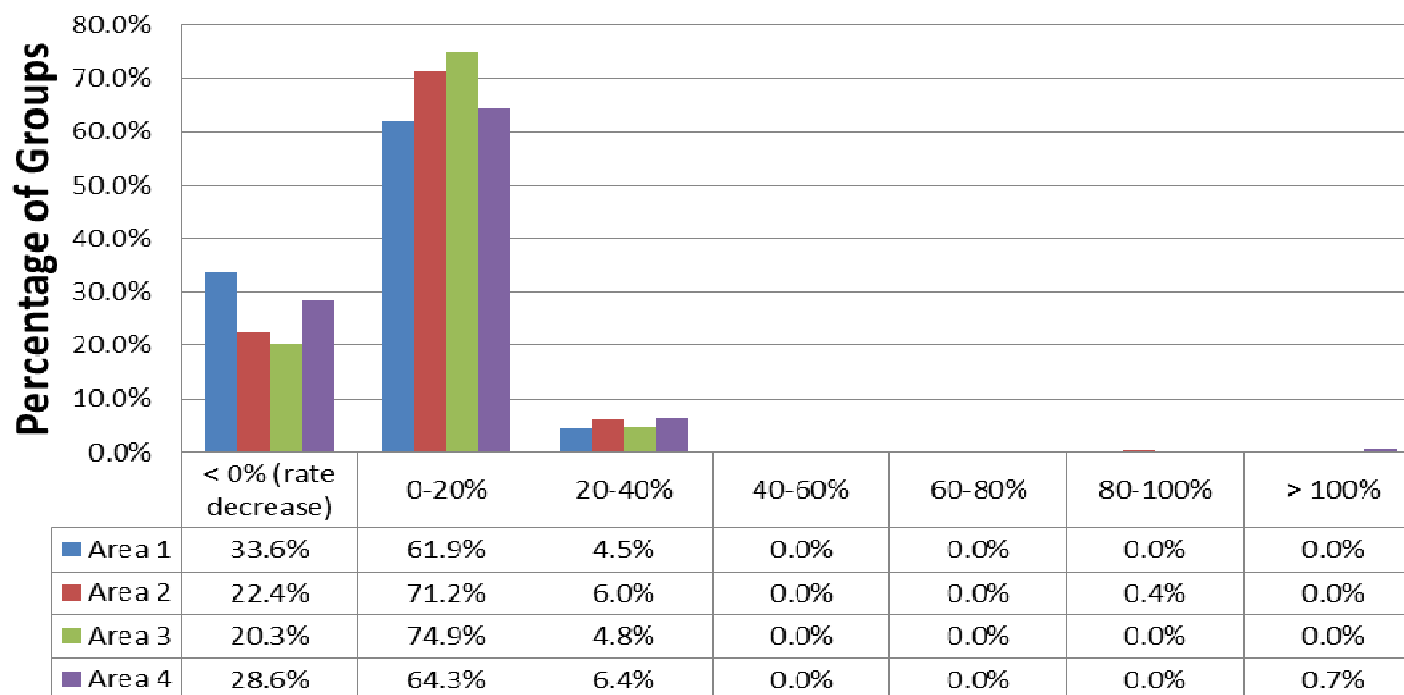
■ 1st Quarter 2013	15.4%	49.6%	28.4%	4.6%	1.3%	0.6%	0.1%
■ 1st Quarter 2014	45.8%	31.5%	15.7%	5.2%	1.4%	0.1%	0.3%
■ 1st Quarter 2015	6.4%	88.4%	4.2%	0.5%	0.1%	0.0%	0.3%
■ 1st Quarter 2016	28.6%	66.3%	5.0%	0.0%	0.0%	0.1%	0.1%

#### Aggregate Number of Groups By Quarter in Each Rate Change Band

Size of rate increase:	< 0% (rate decrease)	0-20%	20-40%	40-60%	60-80%	80-100%	> 100%	Total
<b>1st Quarter 2013</b>	479	1543	884	142	39	18	3	3108
<b>1st Quarter 2014</b>	873	600	300	99	26	2	6	1906
<b>1st Quarter 2015</b>	97	1340	63	8	2	0	5	1515
<b>1st Quarter 2016</b>	461	1068	80	0	0	1	1	1611

- The percentage of rate decreases went up from 2013 to 2014 (15.4% and 45.8%, respectively), declined to 6.4% in 2015, and increased to 28.6% in 2016.
- The total number of renewals decreased from 2013 to 2015 during the 1<sup>st</sup> quarter comparison periods, from 3,108 to 1,515, respectively, and then increased to 1,611 in 2016.
- The percentage of rate increases in the 0 – 20% rate change band dropped from 49.6% in 2013 to 31.5% in 2014, but increased to 88.4% in 2015 before decreasing to 66.3% in 2016.

## Percentage of Groups by Area in Each Rate Change Band 1st Quarter 2016 Aetna, HPHC, Anthem, and MCHO Combined

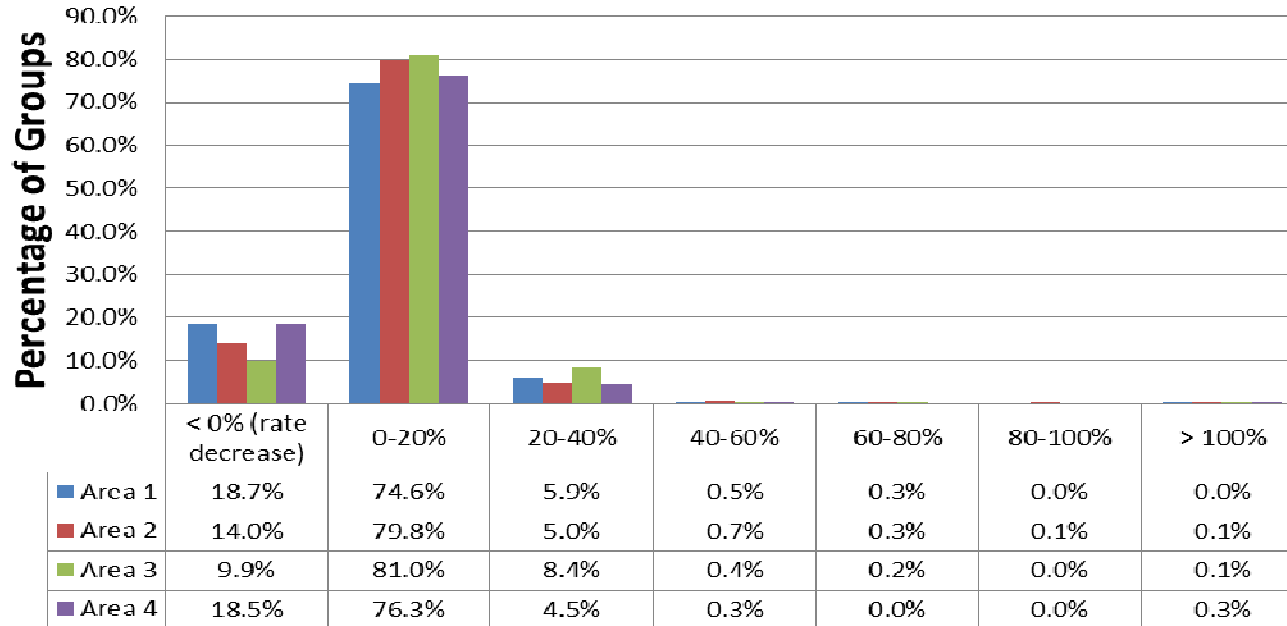


### Counts by geographic area:

Size of rate increase:	< 0% (rate decrease)	0-20%	20-40%	40-60%	60-80%	80-100%	> 100%	Total
Area 1	294	542	39	0	0	0	0	875
Area 2	63	200	17	0	0	1	0	281
Area 3	64	236	15	0	0	0	0	315
Area 4	40	90	9	0	0	0	1	140

Area 1	Area 2	Area 3	Area 4
Cumberland, Sagadahoc, York	Kennebec, Knox, Lincoln, Oxford	Androscoggin, Franklin, Penobscot, Piscataquis, Somerset, Waldo	Aroostook, Hancock, Washington

**Percentage of Groups by Area in Each Rate  
Change Band  
4th Quarter 2015 & 1st Quarter 2016  
Aetna, HPHC, Anthem, and MCHO Combined**

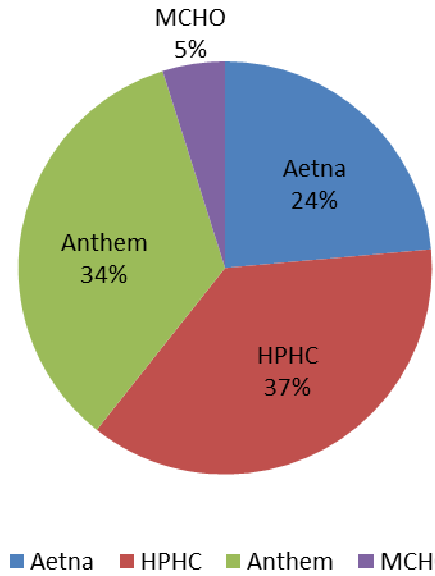


**Counts by geographic area:**

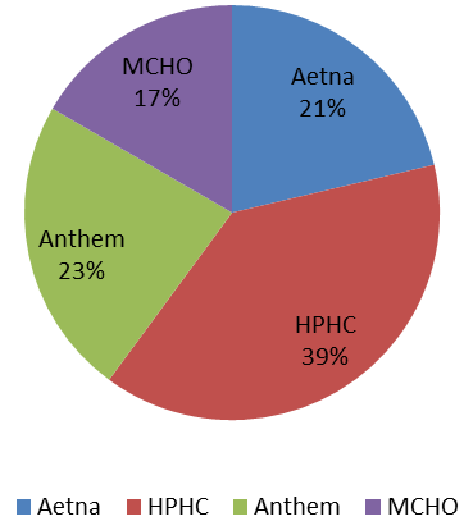
Size of rate increase:	< 0% (rate decrease)	0-20%	20-40%	40-60%	60-80%	80-100%	> 100%	Total
Area 1	502	2008	159	14	7	0	1	2691
Area 2	101	576	36	5	2	1	1	722
Area 3	91	744	77	4	2	0	1	919
Area 4	53	219	13	1	0	0	1	287

Area 1	Area 2	Area 3	Area 4
Cumberland, Sagadahoc, York	Kennebec, Knox, Lincoln, Oxford	Androscoggin, Franklin, Penobscot, Piscataquis, Somerset, Waldo	Aroostook, Hancock, Washington

### Renewing Groups in 1st Quarter 2015



### Renewing Groups in 1st Quarter 2016



Numbers of Groups	Aetna	HPHC	Anthem	MCHO	Total
<b>1Q2015</b>	357	562	522	74	1515
<b>1Q2016</b>	343	625	375	268	1611
<b>Percent difference</b>	-3.9%	11.2%	-28.2%	262.2%	6.3%