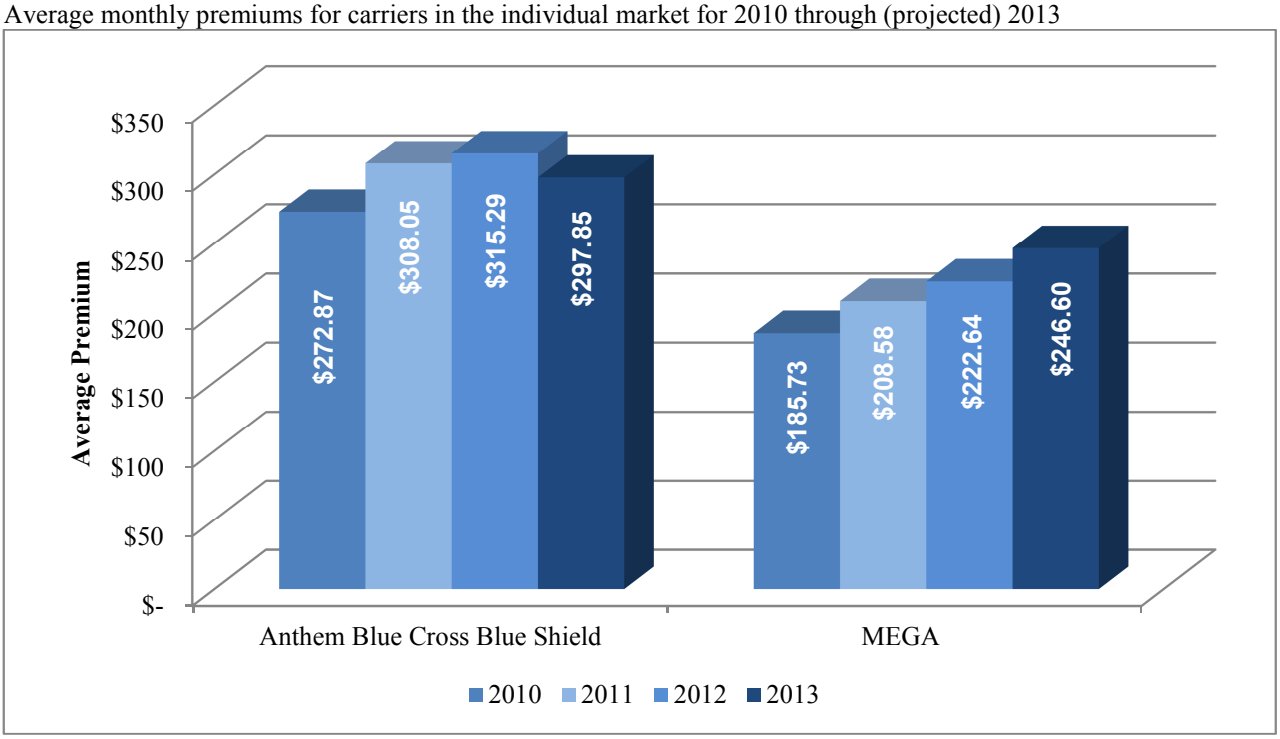
2012 MAINE TREND SURVEY FOR INDIVIDUAL MEDICAL INSURANCE POLICIES EFFECTIVE 4TH QUARTER

The **Maine Medical Insurance Trend Public Report** was developed using quarterly survey responses collected from licensed Maine health insurance carriers having credible Maine experience and financial data. The Maine Bureau of Insurance (Bureau) received a rate review grant from the U.S. Department of Health and Human Services which supported the Bureau's survey design, data collection, and reporting efforts. This data resource has given the Bureau a better understanding of trends in health care utilization and costs, allowing the Bureau to enhance publicly available information and improve transparency. The figures in this report include both actual and projected data, and all data is presented as of September 30 of the stated year. The results provide historical, current, and future incurred claim cost, utilization, and membership information from which premiums and associated trends are demonstrated.

Cost is one measurable factor of value for health insurance. Care must be taken in comparing these premiums as covered benefits and risk characteristics of members differ between carriers. Insurers sell plans with varying benefits, co-pays, and deductibles; therefore, the total healthcare cost for a member in a less expensive plan may actually be greater than a more expensive plan that has lower cost sharing.

PREMIUM RATES AND CLAIMS

Figure 1: Premium Per Member Per Month[1] (PMPM)
Average monthly premiums for carriers in the individual market for 2010 through (projected) 2013



[1] Figure 1 displays premiums that reflect year to year changes in mix of covered benefits and member cost sharing levels as reported by the carriers.

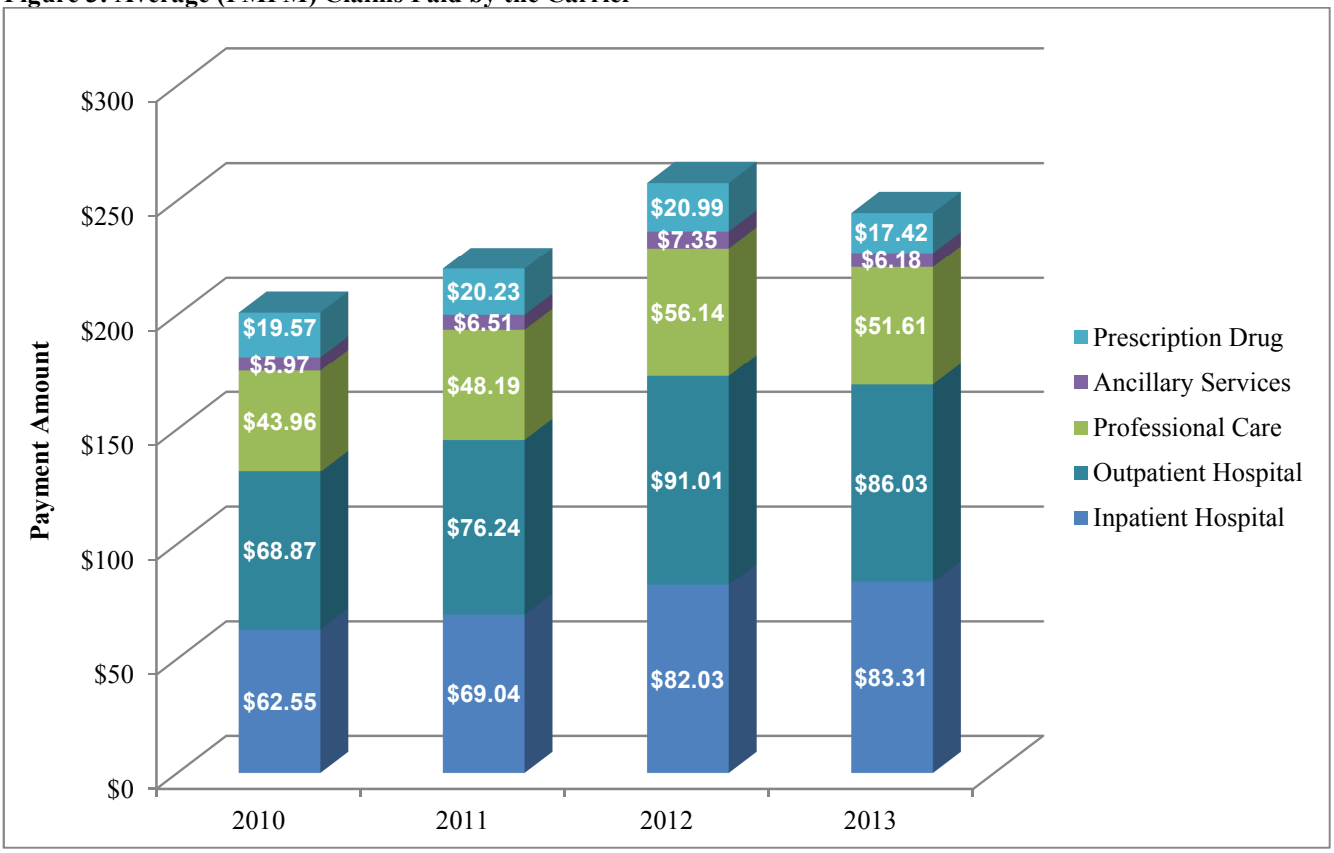
Figure 2 provides the annual premium rate increases by carrier. This is the annual average increase in the premium if the members renewed with a consistent benefit package from year to year, or in other words, if members did not 'buy down' their benefit package. The rate changes reflect the true growth rate in the total cost of covered services, and are not affected by changes over time in the proportion of cost being borne by members through cost sharing.

Figure 2: Annual Premium Rate Increases[2] by Carrier

	2010	2011	2012	2013
Anthem Blue Cross Blue Shield	11.2%	14.2%	5.3%	1.7%
MEGA	0.0%	10.0%	4.8%	6.5%
Average (member weighted[3])	**6.6%**	**12.4%**	**5.1%**	**3.8%**

Figure 3 displays the change in the average per member per month (PMPM) dollar amount of claims paid for medical services and drugs by the insurance carrier on the behalf of members. Ancillary Services include ambulance, durable medical equipment, home health care, prosthetics, supplies, and all other similar services.

Figure 3: Average (PMPM) Claims Paid by the Carrier



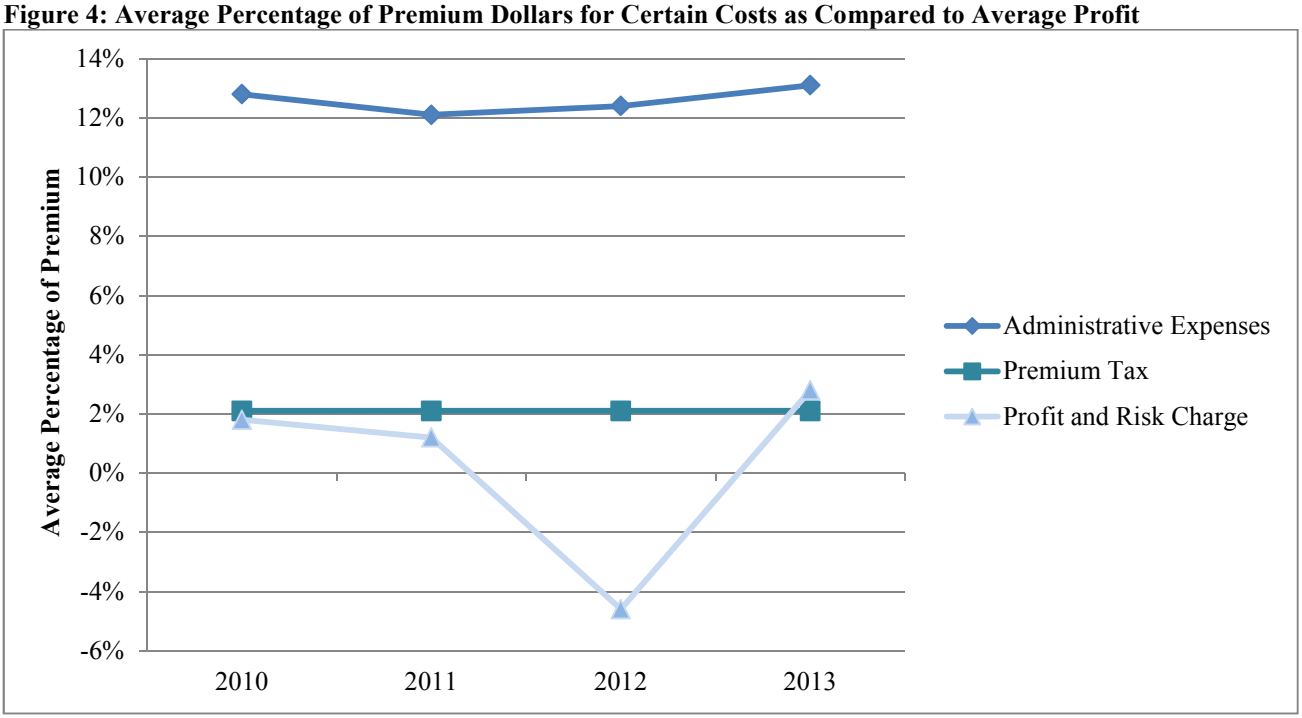
[2] Rate increases assume a consistent benefit package from year to year.
[3] Member weighted averages account for the differences in the number of members for each carrier.

ADMINISTRATIVE COSTS, TAXES, ASSESSMENTS, AND PROFIT

This section illustrates health insurance cost information by the percentage of premium dollars spent on administrative expenses, taxes, and assessments as compared to average profits. Administrative expenses are those costs incurred from managing benefits, processing claims, selling & marketing expenses, and costs associated with addressing regulatory and compliance issues. Taxes and assessments include Maine's 2% premium tax, the Dirigo assessment, and the new Maine Guaranteed Access Reinsurance Association (MGARA) $4 PMPM assessment.

Figure 4 also displays average profit for the four year period. Profits are the monthly net income amounts generated per member from the commercial book of business after all associated expenses have been paid. Profits are critical because they allow the organization to remain solvent, to increase marketing, and to invest in new information systems. A negative percent means that the company lost money in that particular market segment.

Figure 4: Average Percentage of Premium Dollars for Certain Costs as Compared to Average Profit



CLAIM COSTS BY PROVIDER PRICE AND USE OF SERVICES

Health insurance companies set premiums for the next year by projecting how much money the company will need to cover medical costs, administration, and other expenses. Companies estimate the next year's cost using previous years' experience. Between 2010 and 2011, outpatient hospital costs experienced the largest increase in cost for both the individual (23.5%) and the small group markets (13.5%).

Figure 5: Rate of Change in Provider Cost
Portion of the allowed trend attributed to changes in average provider prices

	2010	2011	Percentage Change
Inpatient Hospital Cost per Day	$4,201.16	$4,474.53	6.5%
Outpatient Hospital Cost per Visit	$ 937.40	$1,157.64	23.5%
Professional Cost per Visit	$ 140.04	$ 158.14	12.9%
Ancillary Cost per Service	$ 187.52	$ 221.42	18.1%
Prescription Drug Cost per Script	$ 113.39	$ 126.03	11.1%

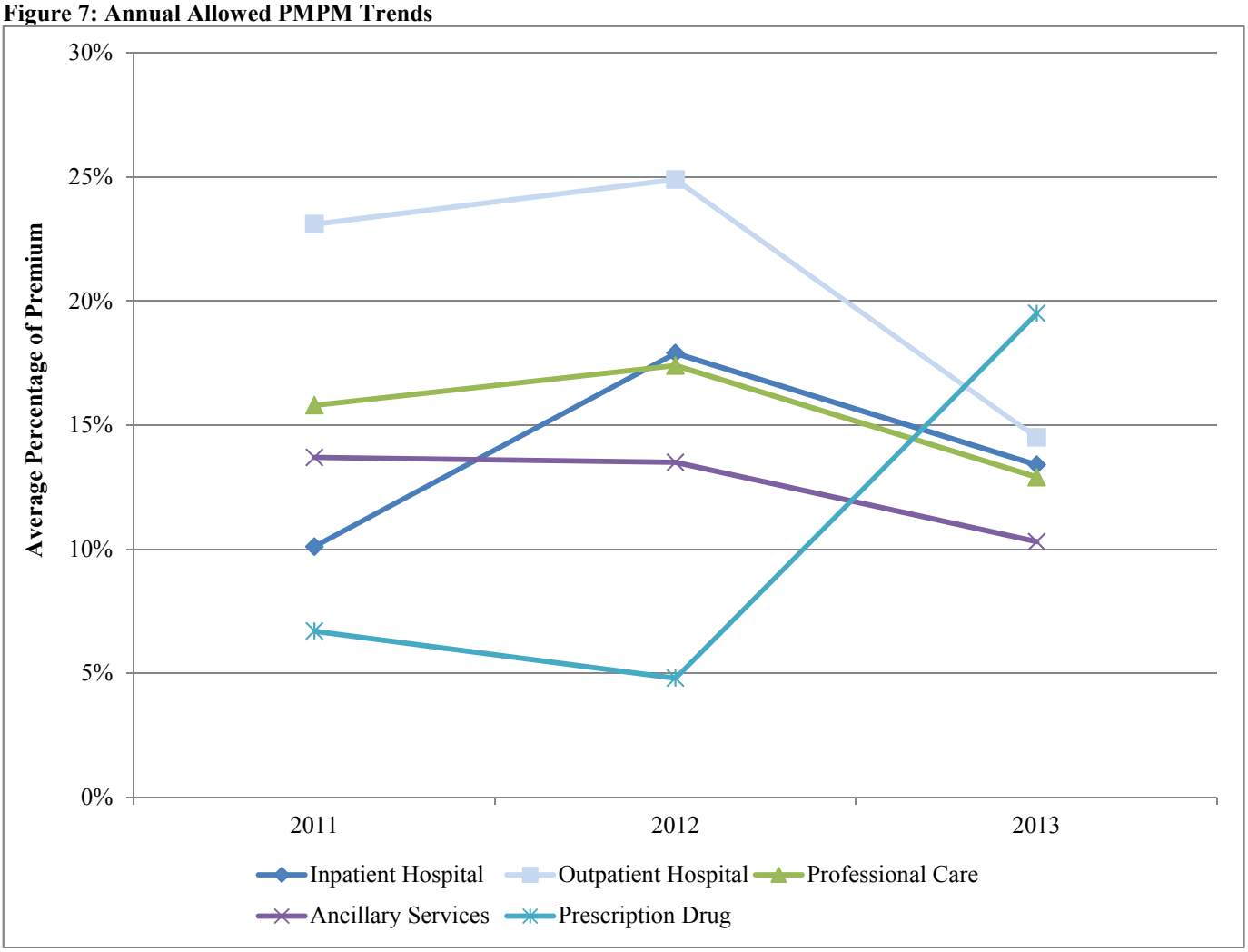
Figure 6: Rate of Change in Use of Services
Portion of the allowed trend attributed to changes in the average number of health care services utilized by each member

	2010	2011	Percentage Change
Inpatient Hospital Days per 1,000 members	209.0	216.1	3.4%
Outpatient Hospital Visits per 1,000 members	1,598.3	1,593.0	-0.3%
Professional Visits per 1,000 members	7,623.0	7,815.8	2.5%
Ancillary Services per 1,000 members	623.4	600.4	-3.7%
Prescriptions per 1,000 members	4,150.8	3,983.7	-4.0%

ANNUAL ALLOWED PMPM TRENDS

Figure 7 illustrates the annual change in the allowed claims[4] PMPM. This change can be driven by a change in the cost of medical services or by a change in the amount of services being consumed by each member.

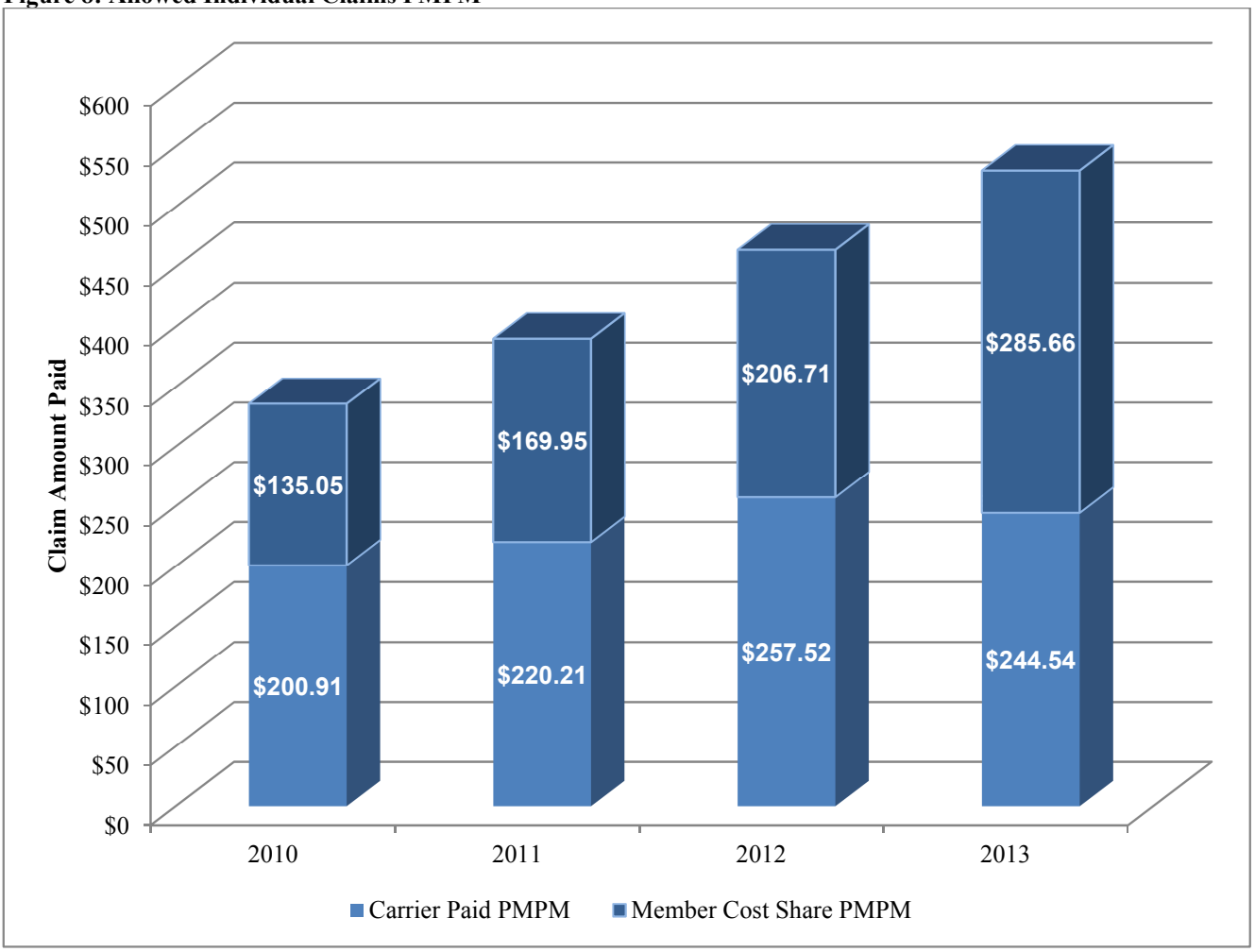
Figure 7: Annual Allowed PMPM Trends



[4] An allowed claim is the portion of the billed charge the insurance company deems is payable under the terms of the plan.

Figure 8 displays the average PMPM claim amount paid by the carrier plus the average member cost sharing for each member per month.

Figure 8: Allowed Individual Claims PMPM[5]



[5] Allowed Claims PMPM = Claims Paid by Carrier (PMPM) + Member Cost Share (PMPM)