



How do Margin Levels Vary in the Health Annual Statement? What Recent History Shows.

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Background

Per the NAIC Health Annual Statement Instructions, appointed actuaries are required to opine on the adequacy of reserves held in the year-end financial statement. Specifically, for an unqualified opinion, the actuary certifies that “the amounts carried in the balance sheet ... make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements¹.”

Actuarial Standard of Practice (ASOP) 28 expands further on the above by stating “When the actuary opines that the liabilities make good and sufficient provision, the actuary should include a provision for adverse deviation. The provision should result in amounts that, in the actuary’s professional judgment, are sufficient to cover obligations under moderately adverse conditions. Even when the specific language “good and sufficient” is not required, the actuary may determine that a provision for adverse deviation should be included.²”

Per the above, ASOP 28 provides some latitude in professional judgement in determining the levels of provisions for adverse deviation (PAD)

to be included in the reserve estimates to cover “moderately adverse conditions.”

While it is not possible to distinguish the explicit PAD from the implied conservatism in Incurred But Not Paid (IBNP) estimates from historical data, we can calculate the total ultimate margin in the claims reserve estimates that occurred by comparing original booked estimates to actual claim runoff.

This whitepaper explores the total level of margin (both implicit and explicit margin combined) included in the reported claims reserves by examining NAIC filing data from 2014 through 2019.

We also summarize the range of unpaid claims adjustment expense (CAE) as a percentage of the unpaid claims reserve since this is readily available as a separate line item in the annual financial statements.

Summary of Results

The results in Table 1 come from the S&P Global Market Intelligence database of NAIC filings and represent 5 year averages of the quartiles,

¹ 2020 NAIC Health Annual Statement Instructions – Actuarial Opinion Section – Page 14

² <http://www.actuarialstandardsboard.org/asops/statements-actuarial-opinion-regarding-health-insurance-liabilities-assets/>

Table 1: Five-year Average Margins at Varying Percentiles by Block of Business

Block of Business	25th Percentile	50th Percentile	75th Percentile	Average	Weighted Average
Comprehensive (Hosp, Med)	2.0%	15.5%	36.0%	20.0%	19.3%
Dental Only	-0.1%	7.5%	23.5%	13.8%	11.6%
Disability, LTC, Stop Loss, Other	-19.3%	1.6%	22.7%	-0.3%	-24.5%
Federal Employee Health Benefits	-4.3%	5.5%	20.4%	8.8%	9.0%
Medicare Supplement	-0.4%	9.1%	21.5%	9.1%	10.5%
Title XIX Medicaid	2.8%	14.1%	27.6%	16.4%	15.3%
Title XVIII Medicare	2.1%	16.4%	35.4%	20.0%	24.2%
Vision Only	-7.5%	0.7%	11.1%	2.5%	2.4%
Total Health	2.1%	13.1%	29.1%	17.4%	16.2%

averages, and weighted averages of the PADs by block of business. For example, the dental, 25th percentile cell (-0.1%) is calculated by taking a simple average of the 25th percentile margin percentages from 2014 through 2018 for dental blocks of business.

From Table 1, it can be seen that margin levels, as determined through restated claims levels, vary considerably both by block of business and within a block of business. The differential between the 25th and 75th percentiles is the lowest for Vision (18%) and highest for Disability, LTC, and Stop Loss.

For the larger blocks representing traditional health insurance (Comprehensive, Medicare and Medicaid), the average margin fluctuates from around 14% to 16.5% at the 50th percentile. The range in margin is even greater when

measured by the member-weighted average, varying from 15.3% to 24.2%. Of those three blocks, Medicare also has the largest differential between the 50th percentile results and the Weighted Average (16.4% versus 24.2%).

Other blocks seem to have more nuanced, block-specific patterns in their margin levels but in general, they all have lower margin levels at each quartile compared to the three larger blocks. Additionally, it is worth noting that the Disability, LTC, Stop Loss block has historically had consistently negative restatements at the 25th percentile, simple average, and member-weighted average statistical measures.

Table 2 shows the five-year average of member month-weighted averages for each combination of block of business and size of those blocks as determined by member months (MMs). For

Table 2: Five-year Average of the Weighted Average Margins at Varying Block Sizes

Block of Business	Smallest (0-100K MMs)	Smaller (100K-500K MMs)	Medium (500K-1.5M MMs)	Larger (1.5M-4M MMs)	Largest (4M+ MMs)
Comprehensive (Hosp, Med)	22.4%	20.7%	19.9%	19.5%	18.8%
Dental Only	17.3%	13.6%	11.7%	18.5%	9.5%
Disability, LTC, Stop Loss, Other	-5.3%	9.3%	23.4%	-1.6%	-30.2%
Federal Employee Health Benefits	7.9%	9.3%	6.2%	5.0%	*
Medicare Supplement	15.0%	11.3%	13.8%	10.6%	*
Title XIX Medicaid	5.9%	16.3%	20.1%	17.4%	12.1%
Title XVIII Medicare	19.0%	20.6%	24.0%	25.9%	*
Vision Only	4.6%	5.2%	-5.8%	0.8%	2.8%
Total Health	16.1%	19.8%	19.6%	17.3%	15.7%

example, the dental, smallest cell (17.3%) is calculated by taking a simple average of the member month weight average margins from 2014 through 2018 for dental blocks of business with less than 100K MMs. Note that some data is not reported due to a low number of reporting entities in select cells of the table.

As a general rule of thumb, we would expect that margin levels decrease with increasing block size within a given block of business category. This is because larger blocks of business should theoretically have less volatility and therefore lower PAD levels (as a percentage). What we see in Table 2 is that while this holds to some degree, there are numerous examples where this isn't the case and at least for the Title XVIII Medicare block, results are opposite of this expectation.

We also reviewed CAE as a percentage of total unpaid claim reserve. Unlike the results shown in Tables 1 and 2, the CAE analysis is not a lookback comparison of results. It is a report of the CAE booked in the financial statement and does not evaluate the adequacy of the CAE that is booked. Table 3 presents those results by company size.

observe that the CAE percentage generally increases with company size. The increasing CAE percentage may be because companies devote increased administrative efforts to review and negotiate claims as size increases. Therefore, additional funds would need to be held for administrative costs related to adjudicating the unpaid claims liability compared to smaller organizations.

Note, CAE is not available by block of business.

Appendices A and B include the results from Tables 1, 2, and 3 broken out by year for margin and CAE, respectively. Appendix C shows the number of distinct organizations represented in each cell of Appendices A and B.

Data and Methodology

In order to perform the analysis, we used S&P Global Market Intelligence to collect data for all organizations filing the NAIC Health Annual Statement (the Orange Blank). The prior year's claim liability is restated in the next year's annual statement which provides the opportunity to evaluate the overall levels of conservatism (or lack thereof) that was built into the estimation of the claim liability.

Using S&P Global Market Intelligence, it is possible to aggregate multiple years of information. We pulled six years of financial information together (2014-2019) for all organizations filing the Orange Blank. We aggregated information at the block of business level where it was available. Specifically, we extracted information from the "Underwriting and Investment Exhibit, Part 2B – Analysis of Claims" for information regarding the statement year's

Table 3: Five-year Average CAE at Varying Percentiles and Block Sizes

Company Size (MMs)	25th Percentile	50th Percentile	75th Percentile	Average	Weighted Average
Smallest	0.1%	1.5%	2.8%	2.5%	2.8%
Smaller	1.1%	2.0%	3.2%	2.6%	2.6%
Medium	1.2%	2.0%	3.0%	2.7%	2.7%
Larger	1.2%	1.9%	3.0%	2.7%	2.7%
Largest	1.3%	2.2%	3.7%	3.9%	3.3%

There are two main observations with the CAE results. First, unlike PAD, there isn't a lot of variation across the industry as a whole. We can see in the table that CAE as a percentage of initial booked unpaid claim liabilities generally range from about 1.1% up to 3.7% with some outliers below and above that range. Second, we

estimate of unpaid claims and the prior year's restatement of unpaid claims. We pulled data from page 3, line 3 to analyze CAE percentages. Lastly, we pulled membership information by block of business from the Exhibit of Premiums, Enrollment and Utilization. Information was extracted for each company filing an annual statement and was not rolled up to the parent-organization level.

We excluded as outliers any organizations where the absolute value of the initial estimate over the restatement was greater than 150%. The total number of organizations varied from year to year but ranged from 658 distinct annual statements to 742. We do not report any cells with less than five organizations represented so as to not misrepresent the information as indicative of how the industry determines margin and CAE when only a small number of companies are being reported.

Margin was determined at the organization level by dividing the reserve in a given year's annual statement, the sum of columns 3 and 4 of the Underwriting and Investment Exhibit, Part 2B, by the restatement in the following year's annual statement in exhibit 2B, the sum of columns 1 and 3. More succinctly,

$$\frac{\text{Year X Exhibit 2B columns 3 and 4}}{\text{Year X+1 Exhibit 2B Columns 1 and 3}}$$

CAE was determined by dividing the unpaid claims adjustment expense (line 3, page 3 liabilities, capital and surplus) by claims unpaid (line 1, page 3 liabilities, capital and surplus).

While margin can be assessed by line of business, CAE is only reported in aggregate. Both metrics were examined in total and by organization size, as determined by total member months (MMs). Margin levels were further reported by block of business and block size. The groupings were:

- Smallest – less than or equal to 100,000 MMs.
- Smaller – greater than 100,000 and less than or equal to 500,000 MMs.
- Medium – greater than 500,000 and less than or equal to 1,500,000 MMs.
- Larger – greater than 1,500,000 and less than or equal to 4,000,000 MMs.
- Largest – greater than 4,000,000 MMs.

Both margin and CAE were aggregated and summarized at the 25th, 50th, and 75th quartiles, by average, and weighted average (by MMs).

Caveats

This whitepaper makes no recommendation as to the appropriateness of including PAD or whether any such guidance is consistent with local or federal rules and regulations.

The results in this whitepaper make no recommendations as to the amount of PAD that any organization should establish in their reserve setting process.

This analysis relied on information from the S&P Global Market Intelligence database. We made no attempt to audit that data for accuracy. In addition, this analysis only includes data from S&P for companies filing the orange blank. Therefore, organizations filing health claims on the blue blank or the California department of Managed Healthcare Filings would not be included and may represent a material portion of the insurance market.

This analysis inherently assumes that the restated claim amounts in Exhibit 2B (columns 1 & 3) are generally complete and include relatively little PAD. Results will be impacted to the extent that there are widespread, high levels of PAD incorporated into the restated estimates of prior year unpaid claims.

Variance in margin results may be partially driven by differences in the methodology used to incorporate PAD between organizations.

Geographical variances in business operations or applicable state rules and regulations are not accounted for in the summarization of results. For example, claims processing patterns may vary by region or size of the MCO. Additionally, certain states may have specific rules that impact the levels of PAD in the statement.

Conclusion

To reiterate, the results in this whitepaper are purely for informational purposes and should be considered only as a data point when considering and establishing margin policy within your organization. Wakely has ample experience analyzing historical claims patterns that could inform your margin policy.

Please contact Robert Lang at Robert.Lang@wakely.com or Colin Williams at Colin.Williams@wakely.com with any questions or to follow up on any of the concepts presented here.

All Group Sizes															
LOB	25th percentile of Margin Percentage					50th percentile of Margin Percentage					75th percentile of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	0.5%	0.5%	2.4%	3.6%	3.0%	14.6%	13.7%	17.6%	18.0%	13.8%	32.6%	30.5%	39.1%	38.8%	39.0%
Dental Only	0.0%	-0.3%	0.0%	0.1%	-0.2%	5.4%	5.6%	7.8%	9.9%	8.9%	19.9%	21.3%	24.0%	28.6%	23.7%
Disability, LTC, Stop Loss, Other	-17.7%	-25.7%	-30.6%	-7.6%	-14.9%	1.7%	0.2%	1.8%	2.1%	2.1%	26.0%	16.9%	19.7%	24.5%	26.3%
Federal Employee Health Benefits	-3.4%	-4.6%	-2.4%	-2.5%	-8.6%	8.0%	3.2%	8.5%	5.8%	1.8%	21.6%	15.9%	18.7%	27.9%	17.8%
Medicare Supplement	-1.3%	-0.8%	0.1%	0.0%	0.0%	6.4%	9.7%	9.9%	8.7%	10.6%	18.8%	23.5%	20.3%	19.9%	24.8%
Title XIX Medicaid	2.1%	4.2%	2.7%	4.1%	0.9%	12.7%	13.7%	15.2%	16.7%	12.2%	25.4%	24.4%	30.6%	30.7%	27.1%
Title XVIII Medicare	0.0%	1.9%	2.6%	4.2%	1.8%	13.9%	13.7%	19.7%	17.5%	16.9%	30.0%	35.6%	35.0%	36.3%	40.2%
Vision Only	-7.9%	-6.2%	-10.0%	-6.3%	-6.9%	0.0%	0.0%	0.0%	0.1%	3.7%	7.0%	9.4%	7.1%	16.4%	15.4%
Total Health	1.5%	1.5%	2.1%	3.0%	2.4%	11.7%	11.5%	14.5%	14.6%	13.6%	25.1%	26.5%	30.7%	32.0%	31.5%

All Group Sizes										
LOB	Average of Margin Percentage					Weighted Average of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	18.2%	16.3%	21.7%	23.3%	20.5%	15.2%	15.3%	21.0%	23.4%	21.5%
Dental Only	11.2%	12.5%	14.4%	17.7%	13.1%	10.7%	9.1%	9.1%	15.5%	13.6%
Disability, LTC, Stop Loss, Other	2.8%	-6.8%	-5.3%	2.1%	5.4%	-11.0%	-31.1%	-41.1%	-20.7%	-18.5%
Federal Employee Health Benefits	8.2%	5.6%	11.2%	12.8%	6.4%	12.0%	8.3%	15.0%	8.0%	1.7%
Medicare Supplement	7.6%	10.3%	9.4%	7.2%	10.9%	9.2%	12.8%	10.3%	8.5%	11.6%
Title XIX Medicaid	13.2%	15.9%	17.6%	21.6%	14.0%	13.9%	13.9%	17.2%	15.8%	15.8%
Title XVIII Medicare	15.4%	19.0%	20.8%	21.8%	23.2%	22.2%	19.6%	22.1%	28.1%	29.1%
Vision Only	3.6%	0.3%	-2.3%	3.5%	7.6%	-0.3%	3.5%	-1.8%	4.0%	6.7%
Total Health	15.4%	15.1%	17.7%	20.1%	18.6%	14.9%	14.8%	15.0%	19.6%	16.9%



Smallest Group Sizes															
LOB	25th percentile of Margin Percentage					50th percentile of Margin Percentage					75th percentile of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	-9.6%	-8.4%	-10.2%	1.2%	-11.0%	12.9%	10.4%	19.1%	33.5%	12.5%	52.9%	39.2%	44.5%	63.7%	51.8%
Dental Only	0.0%	0.0%	-0.7%	-3.2%	0.0%	0.0%	10.1%	0.0%	0.0%	9.5%	10.1%	43.6%	31.2%	39.5%	26.7%
Disability, LTC, Stop Loss, Other	-8.8%	-27.3%	-48.9%	-9.2%	-11.7%	0.0%	0.0%	-9.7%	0.0%	0.1%	18.8%	12.2%	4.0%	16.9%	30.1%
Federal Employee Health Benefits	-8.8%	-13.6%	-17.5%	-11.2%	-22.8%	7.4%	0.0%	8.0%	25.9%	1.8%	44.1%	29.1%	32.8%	62.6%	23.0%
Medicare Supplement	-11.0%	-5.1%	-12.2%	-6.3%	-12.4%	8.9%	11.6%	3.3%	11.8%	10.6%	24.1%	26.3%	19.6%	28.8%	41.7%
Title XIX Medicaid	-32.2%	*	-3.3%	6.7%	-27.8%	6.5%	*	7.6%	21.3%	8.2%	42.5%	*	27.5%	27.5%	13.8%
Title XVIII Medicare	-2.8%	-5.1%	-3.7%	-0.3%	-2.5%	7.1%	14.3%	13.6%	12.8%	16.0%	31.5%	39.2%	35.7%	31.5%	39.9%
Vision Only	0.0%	-4.6%	-22.9%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.1%	5.7%	0.0%	16.3%	3.3%	18.7%	35.0%
Total Health	0.0%	-0.6%	-0.9%	0.0%	-4.6%	4.8%	9.2%	7.2%	14.1%	12.9%	35.1%	36.3%	33.3%	44.7%	32.9%

Smallest Group Sizes										
LOB	Average of Margin Percentage					Weighted Average of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	18.9%	7.4%	15.1%	32.0%	13.8%	18.8%	15.9%	12.9%	37.9%	26.7%
Dental Only	7.5%	19.9%	14.4%	19.5%	15.7%	10.4%	17.8%	24.1%	16.5%	17.6%
Disability, LTC, Stop Loss, Other	5.3%	-12.2%	-17.9%	-0.3%	8.9%	15.2%	-3.5%	-17.2%	-16.9%	-4.3%
Federal Employee Health Benefits	7.4%	5.9%	10.7%	26.4%	6.2%	7.4%	11.0%	7.7%	20.9%	-7.4%
Medicare Supplement	6.2%	9.3%	6.4%	4.8%	8.8%	7.9%	14.7%	12.6%	21.7%	18.0%
Title XIX Medicaid	-2.3%	3.1%	14.8%	24.3%	4.2%	-9.6%	-3.4%	22.7%	12.9%	6.8%
Title XVIII Medicare	11.1%	17.7%	16.7%	18.2%	20.4%	14.7%	22.7%	16.6%	18.9%	22.1%
Vision Only	3.5%	8.0%	-2.7%	1.8%	25.4%	-1.4%	8.3%	-3.3%	7.7%	11.5%
Total Health	17.2%	12.2%	13.9%	22.8%	15.1%	18.6%	10.5%	15.7%	22.8%	13.1%



Smaller Group Sizes															
LOB	25th percentile of Margin Percentage					50th percentile of Margin Percentage					75th percentile of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	-0.2%	1.2%	1.1%	0.9%	2.4%	19.0%	19.4%	17.3%	15.1%	14.4%	34.7%	35.3%	38.9%	32.6%	39.5%
Dental Only	0.0%	-10.7%	-0.7%	0.8%	-4.0%	7.6%	1.8%	14.8%	12.2%	13.3%	25.6%	22.7%	40.9%	38.4%	27.3%
Disability, LTC, Stop Loss, Other	-33.9%	-42.0%	-15.6%	-4.0%	-10.4%	1.0%	5.1%	5.6%	19.0%	8.6%	45.1%	13.5%	13.2%	60.0%	43.4%
Federal Employee Health Benefits	-11.3%	-1.6%	-1.9%	-9.0%	-1.2%	8.6%	4.2%	8.2%	7.2%	11.1%	20.6%	14.9%	21.1%	17.7%	29.0%
Medicare Supplement	6.1%	0.8%	5.4%	3.4%	3.4%	8.6%	9.3%	12.3%	8.2%	8.1%	17.8%	15.3%	17.3%	13.0%	14.9%
Title XIX Medicaid	-1.2%	6.9%	-1.1%	0.3%	-0.9%	10.7%	20.3%	21.9%	24.1%	3.0%	34.8%	30.8%	45.4%	49.8%	28.3%
Title XVIII Medicare	0.0%	4.9%	4.5%	5.2%	1.1%	14.0%	13.3%	22.0%	14.5%	13.2%	26.1%	32.3%	37.3%	37.5%	36.9%
Vision Only	-17.6%	-29.8%	3.8%	-0.3%	-4.7%	0.0%	-1.5%	9.2%	8.9%	0.0%	3.5%	16.6%	19.8%	36.7%	24.0%
Total Health	0.5%	0.0%	1.8%	3.5%	5.6%	12.7%	15.2%	17.8%	14.5%	18.1%	26.7%	31.8%	39.1%	34.2%	47.5%

Smaller Group Sizes										
LOB	Average of Margin Percentage					Weighted Average of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	21.2%	22.0%	22.4%	18.7%	22.8%	21.1%	19.7%	21.5%	18.5%	22.7%
Dental Only	12.1%	8.6%	18.6%	19.3%	14.2%	12.6%	8.1%	17.4%	18.7%	11.1%
Disability, LTC, Stop Loss, Other	-3.7%	-7.1%	0.5%	26.4%	7.6%	-0.3%	-3.2%	-1.8%	29.8%	22.0%
Federal Employee Health Benefits	8.0%	5.3%	8.2%	7.9%	15.0%	10.2%	5.6%	7.1%	6.8%	17.0%
Medicare Supplement	12.8%	9.4%	10.7%	8.6%	13.5%	14.8%	9.8%	12.0%	8.2%	11.9%
Title XIX Medicaid	14.4%	17.9%	12.7%	26.2%	5.5%	15.0%	19.4%	18.8%	24.1%	4.0%
Title XVIII Medicare	14.4%	22.1%	24.0%	21.0%	21.8%	15.7%	22.2%	20.8%	21.3%	23.0%
Vision Only	0.4%	-8.6%	11.8%	28.4%	10.8%	-1.4%	-11.5%	6.2%	22.9%	9.6%
Total Health	17.3%	18.8%	21.9%	19.9%	27.4%	16.9%	16.7%	20.9%	19.4%	25.0%



Medium Group Sizes															
LOB	25th percentile of Margin Percentage					50th percentile of Margin Percentage					75th percentile of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	3.2%	1.9%	4.5%	3.1%	5.0%	15.1%	12.3%	19.9%	18.6%	15.6%	24.6%	23.9%	39.9%	33.0%	36.6%
Dental Only	-6.9%	0.6%	-0.6%	2.6%	-1.1%	9.0%	8.7%	5.8%	12.2%	8.8%	22.9%	16.9%	17.1%	23.4%	23.7%
Disability, LTC, Stop Loss, Other	-15.2%	-15.8%	7.8%	-27.2%	-10.2%	8.2%	11.2%	21.0%	0.7%	5.9%	56.7%	35.9%	48.9%	18.1%	45.2%
Federal Employee Health Benefits	-0.5%	-0.5%	3.4%	-0.3%	-8.7%	11.3%	5.0%	9.5%	4.5%	-1.5%	16.3%	11.2%	17.2%	14.0%	6.3%
Medicare Supplement	-0.5%	4.2%	7.2%	6.9%	6.3%	2.4%	7.1%	13.0%	9.1%	13.2%	6.4%	12.0%	27.0%	13.9%	19.5%
Title XIX Medicaid	3.0%	5.9%	5.7%	3.9%	1.3%	16.1%	15.1%	20.3%	21.0%	13.0%	25.4%	22.0%	41.0%	35.5%	27.0%
Title XVIII Medicare	6.9%	3.6%	8.0%	7.3%	8.2%	18.3%	14.4%	22.2%	20.9%	18.0%	32.5%	31.0%	33.7%	35.8%	44.1%
Vision Only	-20.5%	-20.0%	-39.6%	-5.8%	-19.2%	0.1%	-4.7%	-2.2%	0.1%	2.4%	16.6%	0.3%	2.5%	8.0%	10.6%
Total Health	1.1%	3.8%	5.5%	5.9%	2.4%	13.0%	12.8%	20.8%	20.1%	13.4%	26.5%	24.6%	33.4%	33.6%	32.4%

Medium Group Sizes										
LOB	Average of Margin Percentage					Weighted Average of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	16.4%	18.8%	24.4%	20.7%	22.3%	17.4%	17.4%	21.6%	20.6%	22.6%
Dental Only	10.8%	11.2%	11.2%	16.5%	10.6%	11.3%	9.3%	10.9%	14.9%	12.0%
Disability, LTC, Stop Loss, Other	22.4%	9.9%	29.2%	3.1%	22.2%	25.4%	14.1%	35.4%	8.4%	33.8%
Federal Employee Health Benefits	9.8%	5.6%	11.8%	7.3%	-0.6%	9.6%	5.2%	11.0%	6.1%	-0.7%
Medicare Supplement	4.0%	15.5%	16.2%	12.7%	14.5%	3.6%	19.8%	15.8%	14.6%	15.0%
Title XIX Medicaid	14.9%	20.5%	22.8%	27.5%	17.2%	15.4%	20.7%	23.1%	24.7%	16.8%
Title XVIII Medicare	22.7%	18.6%	23.8%	25.8%	26.6%	23.5%	19.2%	23.5%	26.7%	26.8%
Vision Only	-0.4%	-9.8%	-14.6%	-2.5%	-7.9%	-1.3%	-8.8%	-14.0%	-2.9%	-1.9%
Total Health	14.4%	18.1%	23.3%	23.6%	18.8%	15.0%	17.9%	23.3%	22.3%	19.3%



Larger Group Sizes															
LOB	25th percentile of Margin Percentage					50th percentile of Margin Percentage					75th percentile of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	3.9%	4.2%	6.2%	8.1%	4.5%	16.7%	11.2%	17.6%	19.7%	13.2%	29.0%	24.9%	42.6%	37.0%	32.4%
Dental Only	0.0%	-1.7%	4.4%	0.9%	0.4%	11.9%	5.5%	10.6%	9.8%	11.5%	32.5%	20.4%	22.4%	26.8%	20.4%
Disability, LTC, Stop Loss, Other	-17.5%	-3.0%	-24.3%	-13.2%	-28.9%	1.1%	0.6%	-2.4%	3.3%	-8.5%	23.0%	7.1%	13.4%	18.1%	15.0%
Federal Employee Health Benefits	-2.2%	2.3%	4.8%	-3.6%	-4.8%	7.5%	3.1%	10.8%	4.3%	0.4%	8.6%	8.2%	23.2%	6.8%	3.8%
Medicare Supplement	4.5%	0.9%	6.8%	5.9%	6.7%	5.4%	11.7%	10.1%	10.0%	8.5%	9.4%	23.2%	11.4%	12.9%	11.2%
Title XIX Medicaid	4.8%	3.7%	2.7%	7.8%	0.8%	12.8%	10.3%	13.0%	17.4%	12.9%	20.3%	25.4%	27.5%	28.6%	31.8%
Title XVIII Medicare	5.9%	3.6%	16.4%	10.6%	13.3%	20.3%	10.3%	23.5%	22.8%	31.2%	29.8%	30.1%	40.7%	43.1%	54.0%
Vision Only	-12.5%	-1.9%	-9.9%	-9.7%	-13.2%	0.0%	3.9%	0.0%	-3.7%	-7.1%	5.1%	10.7%	2.1%	6.0%	7.3%
Total Health	2.9%	2.2%	5.0%	4.3%	3.2%	13.6%	10.4%	13.8%	13.7%	14.1%	24.1%	24.7%	28.2%	28.6%	31.4%

Larger Group Sizes										
LOB	Average of Margin Percentage					Weighted Average of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	16.4%	13.4%	26.3%	23.2%	20.5%	15.9%	13.3%	25.7%	22.8%	20.1%
Dental Only	20.0%	15.2%	19.4%	18.7%	14.2%	21.0%	15.9%	22.7%	19.5%	13.5%
Disability, LTC, Stop Loss, Other	10.2%	-1.8%	-8.2%	-3.6%	-7.6%	11.3%	2.0%	-8.4%	-5.3%	-7.8%
Federal Employee Health Benefits	4.3%	3.0%	20.7%	1.2%	-0.8%	4.4%	1.7%	18.4%	1.3%	-0.5%
Medicare Supplement	7.2%	11.7%	14.1%	8.8%	11.2%	7.2%	12.9%	12.6%	9.0%	11.1%
Title XIX Medicaid	16.6%	15.4%	15.7%	19.9%	15.0%	17.9%	16.0%	16.1%	20.8%	15.9%
Title XVIII Medicare	28.7%	6.7%	19.3%	32.8%	35.0%	33.0%	7.7%	20.2%	34.0%	34.8%
Vision Only	11.9%	10.0%	-2.9%	-5.5%	-4.1%	10.3%	12.2%	-4.7%	-7.6%	-6.3%
Total Health	15.8%	13.5%	16.0%	19.1%	18.0%	16.6%	14.2%	16.7%	19.7%	19.2%



Largest Group Sizes															
LOB	25th percentile of Margin Percentage					50th percentile of Margin Percentage					75th percentile of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	4.7%	6.4%	3.7%	9.4%	6.0%	12.1%	15.7%	13.7%	17.0%	12.2%	19.3%	21.2%	30.5%	24.4%	27.7%
Dental Only	3.3%	0.3%	1.3%	6.0%	1.6%	6.0%	3.1%	7.5%	11.8%	7.9%	16.0%	8.4%	12.8%	20.0%	15.8%
Disability, LTC, Stop Loss, Other	-43.2%	-11.0%	-65.8%	-16.9%	-6.1%	6.9%	-2.6%	1.4%	0.6%	0.2%	21.1%	15.4%	26.4%	16.7%	14.8%
Federal Employee Health Benefits	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Medicare Supplement	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Title XIX Medicaid	8.4%	5.0%	5.1%	2.4%	6.7%	11.7%	12.2%	11.7%	10.3%	13.6%	18.5%	19.6%	20.8%	19.5%	21.7%
Title XVIII Medicare	15.9%	22.2%	7.9%	17.8%	17.9%	18.8%	26.4%	17.5%	30.9%	24.6%	20.4%	28.6%	25.9%	33.3%	30.3%
Vision Only	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total Health	6.0%	2.9%	3.9%	4.1%	4.4%	10.5%	10.2%	11.2%	12.0%	11.1%	19.1%	19.6%	23.0%	23.3%	34.5%

Largest Group Sizes										
LOB	Average of Margin Percentage					Weighted Average of Margin Percentage				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	14.5%	15.5%	18.0%	25.4%	23.5%	13.5%	15.4%	18.0%	25.1%	21.8%
Dental Only	8.3%	5.4%	5.7%	13.2%	10.4%	7.4%	7.1%	4.4%	14.5%	13.8%
Disability, LTC, Stop Loss, Other	-15.0%	-11.9%	-17.1%	-13.7%	-5.6%	-15.7%	-37.8%	-48.8%	-25.1%	-23.6%
Federal Employee Health Benefits	*	*	*	*	*	*	*	*	*	*
Medicare Supplement	*	*	*	*	*	*	*	*	*	*
Title XIX Medicaid	9.5%	10.1%	17.6%	13.6%	16.8%	8.8%	8.6%	16.7%	10.5%	15.9%
Title XVIII Medicare	18.0%	24.4%	17.7%	24.8%	23.6%	18.5%	25.9%	22.7%	28.5%	27.8%
Vision Only	*	*	*	*	*	*	*	*	*	*
Total Health	12.7%	12.2%	13.1%	15.6%	14.0%	14.4%	14.7%	13.8%	19.4%	16.2%



Bucket Size	25th percentile of CAE % by Group Size					50th percentile of CAE % by Group Size					75th percentile of CAE % by Group Size				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Smallest	0.0%	0.0%	0.0%	0.0%	0.5%	1.6%	1.7%	1.2%	1.5%	1.6%	2.8%	2.7%	2.6%	2.8%	3.0%
Smaller	1.1%	1.4%	0.9%	1.0%	0.9%	2.1%	2.2%	1.9%	1.8%	2.0%	3.4%	3.4%	3.2%	3.1%	3.0%
Medium	1.3%	1.1%	1.1%	1.2%	1.2%	2.1%	2.1%	1.8%	2.0%	2.0%	3.4%	3.0%	2.9%	2.9%	3.0%
Larger	1.2%	1.2%	1.3%	1.1%	1.1%	2.0%	1.8%	1.8%	1.9%	2.1%	3.2%	3.1%	2.9%	2.9%	2.9%
Largest	1.5%	1.4%	1.3%	1.2%	1.3%	2.4%	2.4%	2.1%	2.0%	2.3%	4.0%	4.0%	3.9%	3.3%	3.4%
Total	1.2%	1.1%	1.0%	1.0%	1.0%	2.0%	2.0%	1.8%	1.8%	2.0%	3.5%	3.4%	3.0%	3.0%	3.0%

Bucket Size	Average of CAE % by Group Size					Weighted Average of CAE % by Group Size				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Smallest	2.3%	2.4%	2.6%	2.2%	3.4%	2.8%	2.7%	2.7%	2.3%	3.7%
Smaller	2.8%	2.7%	2.7%	2.4%	2.4%	2.9%	2.8%	2.7%	2.4%	2.3%
Medium	3.1%	2.6%	2.4%	2.8%	2.5%	3.1%	2.6%	2.4%	2.8%	2.6%
Larger	2.8%	2.7%	2.6%	2.6%	2.7%	2.8%	2.7%	2.5%	2.5%	2.8%
Largest	4.5%	4.3%	3.9%	3.6%	3.4%	3.6%	3.6%	3.2%	2.9%	3.0%
Total	3.1%	3.0%	2.8%	2.7%	0.8%	3.4%	3.4%	3.0%	2.9%	3.0%



Plan Counts															
LOB	All Group Sizes					Smallest Group Sizes					Smaller Group Sizes				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	361	370	376	372	371	76	72	66	79	78	110	114	120	114	112
Dental Only	207	201	204	201	198	59	48	49	48	45	41	44	52	48	48
Disability, LTC, Stop Loss, Other	92	85	92	97	89	26	30	27	35	28	20	16	20	18	14
Federal Employee Health Benefits	118	113	113	107	108	48	41	40	32	31	29	29	30	32	34
Medicare Supplement	111	112	114	114	121	61	59	59	59	63	25	26	27	28	30
Title XIX Medicaid	186	186	186	191	198	17	10	11	11	14	38	28	21	25	24
Title XVIII Medicare	300	304	308	310	332	120	116	121	121	143	100	99	98	95	94
Vision Only	72	60	61	64	70	22	11	13	12	12	10	12	12	11	15
Total Health	658	688	715	729	742	97	102	115	132	135	137	142	144	144	147

Plan Counts															
LOB	Medium Group Sizes					Larger Group Sizes					Largest Group Sizes				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Comprehensive (Hosp, Med)	79	86	92	85	92	56	59	58	57	55	40	39	40	37	34
Dental Only	45	44	39	40	39	33	34	33	32	30	29	31	31	33	36
Disability, LTC, Stop Loss, Other	19	12	14	13	15	7	10	12	12	13	20	17	19	19	19
Federal Employee Health Benefits	29	30	31	31	31	8	9	8	8	8	*	*	*	*	*
Medicare Supplement	16	17	18	18	19	8	8	8	7	7	*	*	*	*	*
Title XIX Medicaid	54	55	50	46	52	57	68	71	72	72	20	25	33	37	36
Title XVIII Medicare	67	73	70	68	65	10	12	14	21	26	*	*	*	*	*
Vision Only	14	13	13	14	19	12	12	11	13	11	14	12	12	14	13
Total Health	149	147	148	140	147	145	155	154	160	152	130	142	154	153	161

