

**Industry Overview**

**Table 1** below provides a 10-year snapshot of the U.S. health insurance industry’s aggregate financial results for health entities who file with the NAIC on the health annual statement blank. The number of Health insurers filing the health statement type with the NAIC increased to 1,031 from 1,010 in 2018. The health insurance industry experienced a modest decrease in net earnings to \$22 billion and a decrease in the profit margin to 3% in 2019 compared to net earnings of \$23 billion and a profit margin of 3.2% in 2018. The combined ratio increased modestly to 97.6% from 97%. Included in the industry’s continued profitability, health entities reported a \$1 billion increase in net investment income earned to \$6.1 billion from \$5.1 billion in 2018.

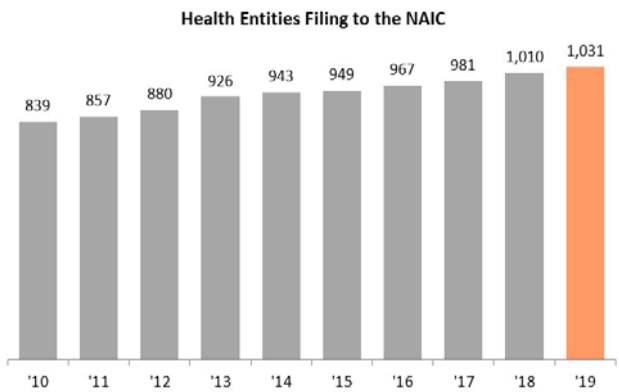
Notable items as compared to 2018 include the following:

- Net earned premium increased 3.7% (\$26.5 billion).
- Hospital & medical expenses increased 5.7% (\$34.3 billion).
- Loss ratio increased to 85.8%.
- Administrative expenses decreased 5.4% (\$5 billion).
- Capital and surplus increased 8% (\$12 billion)
- A&H earned premium increased 5% (\$45.9 billion).  
*(for insurers filing the A&H Policy Experience Exhibit on the life and A&H, health, fraternal or property/casualty financial statements)*
- Long-term care earned premium remained consistent at \$11.7 billion.

**Inside the Report**

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Note: Increase in filings due to number of new start-up companies in 2019.

**Table 1**  
**Health Entities as of December 31, 2019**

(In Millions, Except PMPM)	Chg.	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Operations</b>											
Direct Written Premium	4.1%	\$745,693	\$716,190	\$668,521	\$638,259	\$593,403	\$533,083	\$459,274	\$443,537	\$418,482	\$394,700
Net Earned Premium	3.7%	\$734,993	\$708,473	\$664,107	\$631,656	\$587,374	\$526,852	\$450,737	\$433,211	\$409,291	\$385,832
Net Investment Income Earned	18.2%	\$6,083	\$5,146	\$4,798	\$3,331	\$3,250	\$3,229	\$3,152	\$3,154	\$3,245	\$3,421
Underwriting Gain/(Loss)	(17.6)%	\$17,656	\$21,423	\$188,358	\$9,918	\$6,438	\$6,618	\$9,637	\$11,675	\$14,763	\$12,714
Net Income/Loss	(4.2)%	\$22,168	\$23,142	\$16,060	\$7,194	\$3,672	\$5,661	\$9,978	\$11,744	\$13,909	\$12,935
Total Hospital & Medical Exp	5.7%	\$632,412	\$598,130	\$568,576	\$541,886	\$505,506	\$450,823	\$389,206	\$371,947	\$346,059	\$326,997
Loss Ratio	1.8 Pts.	85.8%	84.0%	85.4%	85.4%	85.6%	85.3%	85.8%	85.7%	84.5%	84.8%
Administrative Expenses	(5.4)%	\$87,596	\$92,628	\$78,499	\$82,633	\$78,712	\$71,538	\$54,705	\$51,221	\$48,682	\$46,109
Admin Expense Ratio	(1.1) Pts.	11.9%	13.0%	11.8%	13.0%	13.3%	13.5%	12.1%	11.8%	11.9%	11.9%
Combined Ratio	0.6 Pts.	97.6%	97.0%	97.2%	98.4%	98.9%	98.8%	97.9%	97.3%	96.4%	96.7%
Profit Margin	(0.2) Pts.	3.0%	3.2%	2.4%	1.1%	0.6%	1.1%	2.2%	2.7%	3.4%	3.3%
Net Premium PMPM	2.7%	\$268	\$261	\$248	\$241	\$232	\$221	\$212	\$205	\$204	\$195
Claims PMPM	5.0%	\$231	\$220	\$213	\$207	\$199	\$189	\$183	\$177	\$173	\$166
Cash Flow from Operations	43.5%	\$24,455	\$17,046	\$25,435	\$12,266	\$6,600	\$6,273	\$8,120	\$13,203	\$15,399	\$12,201
Enrollment	1.6%	229	225	221	218	213	204	178	177	168	164
<b>Capital and Surplus</b>											
Capital & Surplus	7.9%	\$163,783	\$151,793	\$137,686	\$122,392	\$115,561	\$112,193	\$111,140	\$103,041	\$94,642	\$88,521
Return on Equity (ROE)	(0.5) Pts.	16.9%	17.4%	11.9%	6.1%	3.7%	5.7%	10.0%	12.4%	15.5%	15.3%
<b>Assets</b>											
Net Invested Assets	7.6%	\$234,472	\$217,909	\$210,825	\$189,241	\$177,180	\$169,991	\$163,439	\$155,331	\$145,706	\$135,589
Net Admitted Assets	7.1%	\$326,871	\$305,218	\$289,601	\$268,386	\$253,277	\$238,913	\$214,328	\$201,801	\$188,664	\$174,217
Net Inv Inc & Realized Gain/(Loss)	49.2%	\$7,718	\$5,175	\$5,438	\$4,320	\$4,165	\$4,832	\$4,479	\$4,417	\$4,249	\$4,814
Investment Yield	0.3 Pts.	2.7%	2.4%	2.4%	1.8%	1.9%	1.9%	2.0%	2.1%	2.3%	2.7%
Number of Companies Filed		1,031	1,010	981	967	958	943	926	880	857	839

Note: Aggregate results include only health entities who file annual health statements with the NAIC.

**Underwriting Results**

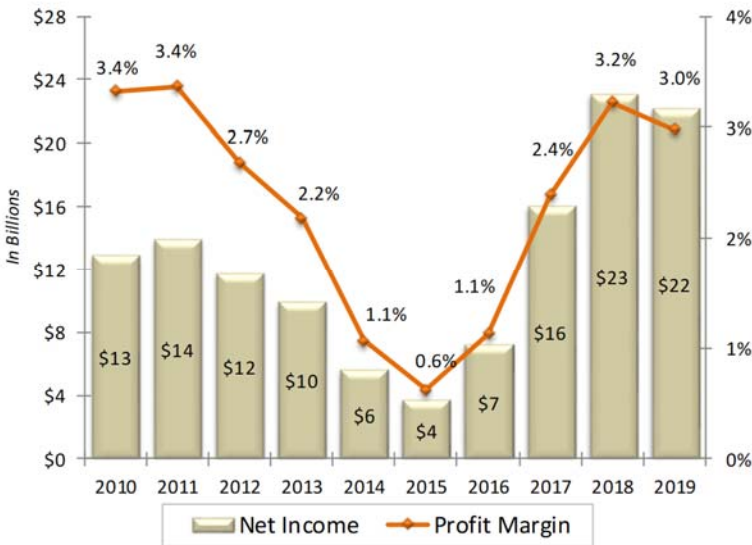
**Figure 1** below illustrates the profitability trend for the health insurance industry and the increase in both net earnings and profit margin. The decrease in the industry’s underwriting results can be attributed to a 5.7% (\$34.3 billion) increase in total hospital and medical expenses to \$632.4 billion. However, the industry partially offset these items with a 3.7% (\$26.5 billion) increase in net earned premium to \$735 billion, an 18.2% (\$1 billion) increase in net investment income earned to \$6.1 billion from \$5.1 billion in 2018, and a 5.4% (\$5 billion) decrease in claims adjustment expenses and general administrative expenses. Administrative expenses alone decreased 10% (\$6.8 billion).

**Figure 2** illustrates the earned premium growth and the spread between total hospital and medical benefits. Historically, the industry has reported significant increases in hospital and medical benefits over the past 10 years. However, net premium revenues have increased at a higher rate than total hospital and medical benefits. The spread between earned premium and total hospital and medical benefits has increased to \$102.6 billion in 2019 from \$58.8 billion in 2010.

**Figure 3** below illustrates the increase in total hospital and medical benefits and a modest increase in the combined ratio to 97.6% in 2019. The slight increase in the combined ratio is due to a 1.8 basis point increase in the loss ratio to 85.8% partially offset by the aforementioned decrease in administrative expenses.

**Table 2**, on the next page, provides an analysis of operations by line of business for 2019. In terms of dollar impact, the comprehensive hospital and medical (\$8.9 billion) and Medicare (\$6.8 billion) lines of business were the most profitable. Subsequently, **Figures 4 through 19** on pages 5 and 6, provide an overview of underwriting results, earned premium, and total hospital and medical expenses in relation to loss ratios by line of business.

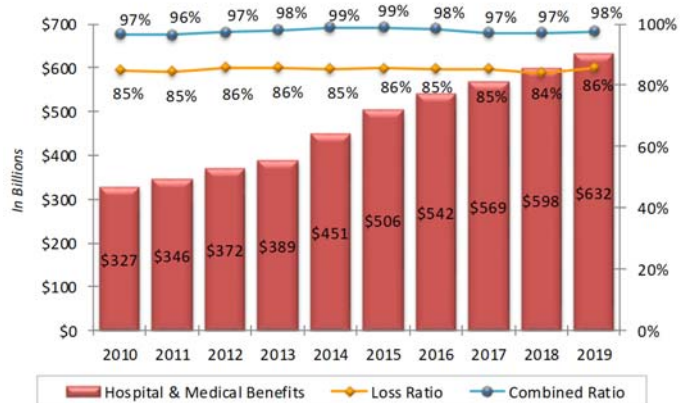
**Figure 1**  
**Net Income & Profit Margin**



**Figure 2**  
**Earned Premium vs Hospital & Medical Benefits**



**Figure 3**  
**Total Benefits, Loss Ratio & Combined Ratio**



**Table 2**  
**Analysis of Operations by Lines of Business**

<b>Comprehensive Hospital &amp; Medical</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$235,482	\$240,595	\$230,831	\$222,273	\$215,385	\$207,534	\$192,420	\$191,446	\$191,945	\$188,755
Total Hospital & Medical Exp	\$195,154	\$192,884	\$191,717	\$191,139	\$184,916	\$175,179	\$163,736	\$163,346	\$160,206	\$158,357
Claims Adj. Expenses	\$7,740	\$7,797	\$7,679	\$7,381	\$7,413	\$7,475	\$7,167	\$6,990	\$6,764	\$6,634
General Admin. Expenses	\$23,394	\$27,217	\$23,236	\$26,382	\$26,833	\$25,852	\$18,842	\$18,131	\$18,365	\$18,138
Total Underwriting Deductions	\$226,283	\$227,850	\$222,256	\$223,898	\$219,054	\$209,078	\$189,712	\$188,553	\$185,187	\$183,250
Net Underwriting Gain/(Loss)	\$8,857	\$12,972	\$9,200	(\$966)	(\$2,017)	(\$70)	\$4,023	\$4,159	\$6,987	\$5,731
Loss Ratio	83.0%	80.1%	82.7%	85.3%	85.2%	84.1%	84.5%	84.8%	83.3%	83.9%
Admin Expense Ratio	13.2%	14.5%	13.4%	15.1%	15.8%	15.9%	13.4%	13.0%	13.1%	13.1%
Combined Ratio	96.2%	94.6%	96.0%	100.4%	100.9%	100.0%	97.9%	97.8%	96.4%	97.0%
Net Premium PMPM	\$409.25	\$419.81	\$403.02	\$372.63	\$362.79	\$347.49	\$318.60	\$309.09	\$302.61	\$289.90
Claims PMPM	\$341.47	\$337.43	\$334.81	\$319.41	\$310.46	\$293.74	\$270.62	\$263.53	\$253.11	\$243.56
Enrollment	41	43	44	46	49	49	50	52	53	53

<b>Medicare Supplement</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$10,940	\$10,234	\$10,072	\$9,568	\$9,156	\$8,690	\$8,162	\$8,088	\$7,811	\$7,735
Total Hospital & Medical Exp	\$8,789	\$8,061	\$7,799	\$7,640	\$7,368	\$6,910	\$6,457	\$6,460	\$6,336	\$6,229
Claims Adj. Expenses	\$547	\$486	\$483	\$439	\$419	\$379	\$399	\$385	\$397	\$375
General Admin. Expenses	\$1,500	\$1,267	\$1,299	\$1,193	\$1,189	\$1,077	\$948	\$937	\$937	\$883
Total Underwriting Deductions	\$10,952	\$9,886	\$9,637	\$9,320	\$9,021	\$8,157	\$7,847	\$7,815	\$7,608	\$7,513
Net Underwriting Gain/(Loss)	(\$14)	\$342	\$444	\$271	\$119	\$564	\$304	\$258	\$195	\$200
Loss Ratio	81.4%	79.5%	77.9%	80.2%	81.1%	76.9%	79.8%	80.4%	80.4%	81.1%
Admin Expense Ratio	18.7%	17.1%	17.7%	17.0%	17.6%	16.7%	16.5%	16.4%	17.1%	16.3%
Combined Ratio	100.1%	96.7%	95.6%	97.2%	98.7%	93.5%	96.3%	96.8%	97.5%	97.4%
Net Premium PMPM	\$210.82	\$197.14	\$194.31	\$190.43	\$181.38	\$181.40	\$182.65	\$180.48	\$176.52	\$172.92
Claims PMPM	\$171.65	\$156.77	\$151.39	\$152.65	\$147.17	\$139.47	\$145.81	\$145.28	\$141.93	\$140.25
Enrollment	5	4	4	4	4	4	4	4	4	4

<b>Dental</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$13,754	\$13,567	\$12,941	\$12,685	\$12,480	\$11,752	\$10,449	\$9,995	\$9,327	\$8,732
Total Hospital & Medical Exp	\$11,035	\$10,647	\$10,158	\$9,955	\$9,761	\$9,132	\$8,059	\$7,789	\$7,389	\$6,993
Claims Adj. Expenses	\$691	\$658	\$554	\$513	\$489	\$428	\$384	\$407	\$412	\$381
General Admin. Expenses	\$1,821	\$1,928	\$1,765	\$1,829	\$1,821	\$1,685	\$1,282	\$1,206	\$1,091	\$989
Total Underwriting Deductions	\$13,553	\$13,235	\$12,477	\$12,295	\$12,071	\$11,241	\$9,722	\$9,403	\$8,895	\$8,363
Net Underwriting Gain/(Loss)	\$731	\$711	\$821	\$790	\$749	\$758	\$856	\$703	\$532	\$427
Loss Ratio	77.3%	76.4%	76.4%	76.1%	76.1%	76.1%	76.2%	77.1%	78.4%	79.6%
Admin Expense Ratio	17.6%	18.5%	17.4%	17.9%	18.0%	17.6%	15.7%	16.0%	15.9%	15.6%
Combined Ratio	94.9%	94.9%	93.8%	94.0%	94.2%	93.7%	91.9%	93.0%	94.4%	95.1%
Net Premium PMPM	\$27.58	\$27.18	\$25.94	\$25.74	\$25.31	\$25.46	\$25.99	\$24.95	\$24.14	\$22.25
Claims PMPM	\$22.14	\$21.35	\$20.37	\$20.20	\$19.80	\$19.76	\$20.03	\$19.45	\$19.13	\$17.84
Enrollment	42	42	44	42	41	40	34	33	32	33

<b>Vision</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$3,831	\$3,624	\$2,651	\$2,469	\$2,300	\$2,148	\$1,694	\$1,606	\$1,500	\$1,402
Total Hospital & Medical Exp	\$3,000	\$2,893	\$2,050	\$1,927	\$1,832	\$1,703	\$1,364	\$1,312	\$1,223	\$1,149
Claims Adj. Expenses	\$71	\$67	\$58	\$51	\$46	\$37	\$32	\$30	\$25	\$22
General Admin. Expenses	\$497	\$511	\$415	\$405	\$388	\$369	\$234	\$220	\$211	\$181
Total Underwriting Deductions	\$3,568	\$3,471	\$2,520	\$2,378	\$2,272	\$2,109	\$1,629	\$1,559	\$1,463	\$1,345
Net Underwriting Gain/(Loss)	\$438	\$332	\$311	\$251	\$182	\$178	\$181	\$182	\$149	\$162
Loss Ratio	74.9%	76.1%	72.3%	73.1%	74.9%	74.5%	75.3%	75.2%	76.1%	75.8%
Admin Expense Ratio	14.2%	15.2%	16.7%	17.4%	17.7%	17.7%	14.7%	14.4%	14.7%	13.5%
Combined Ratio	89.1%	91.3%	89.0%	90.5%	92.6%	92.2%	90.0%	89.5%	90.8%	89.3%
Net Premium PMPM	\$10.24	\$9.68	\$7.08	\$6.91	\$6.44	\$6.29	\$5.60	\$5.51	\$5.49	\$5.36
Claims PMPM	\$8.01	\$7.73	\$5.47	\$5.38	\$5.14	\$4.99	\$4.51	\$4.49	\$4.49	\$4.35
Enrollment	36	35	33	31	30	29	25	25	23	22



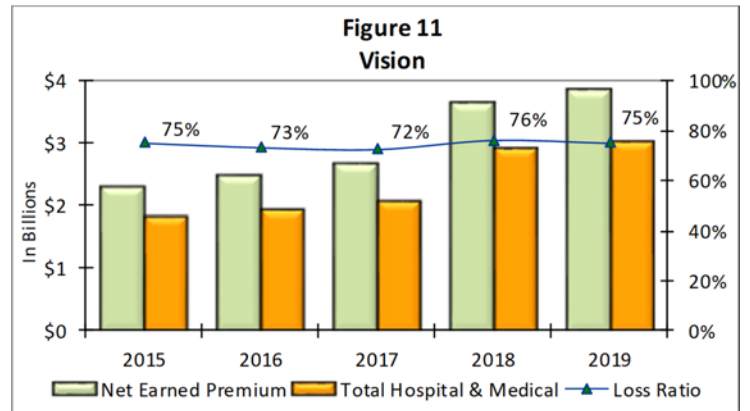
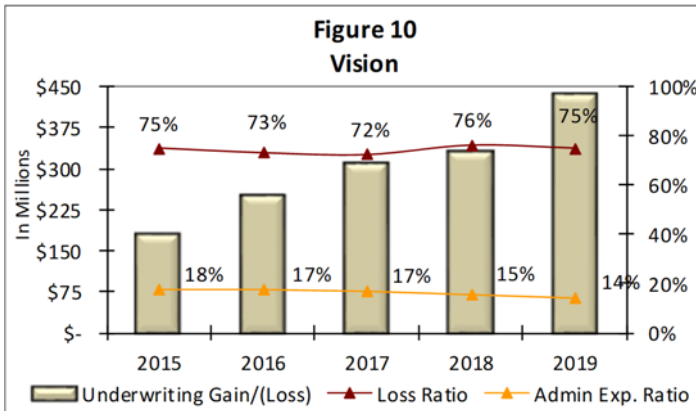
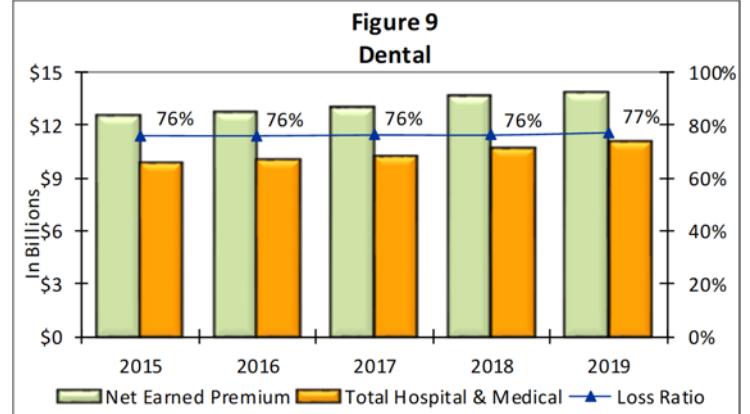
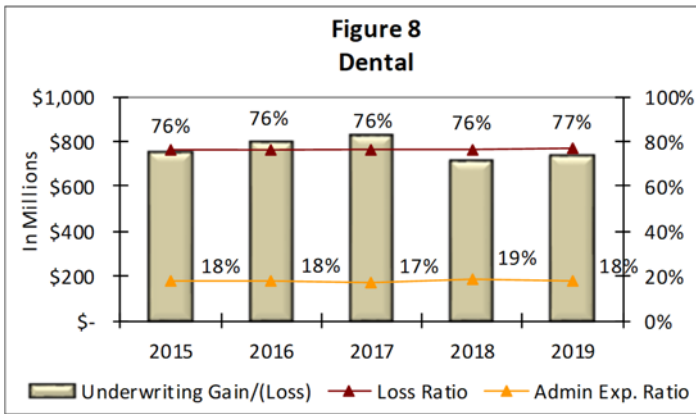
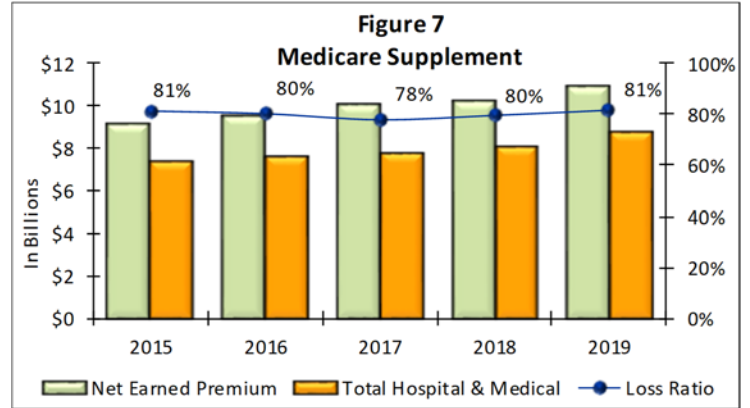
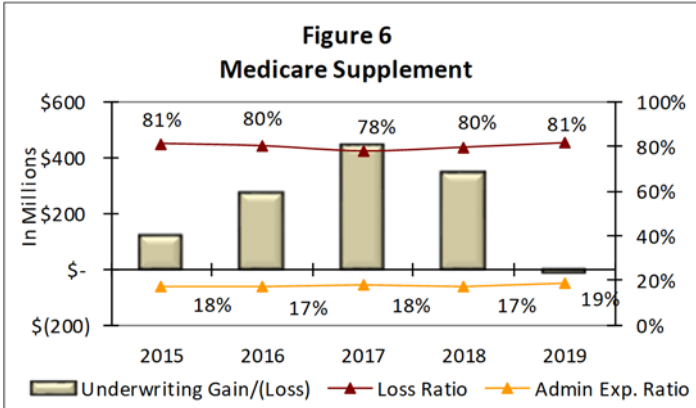
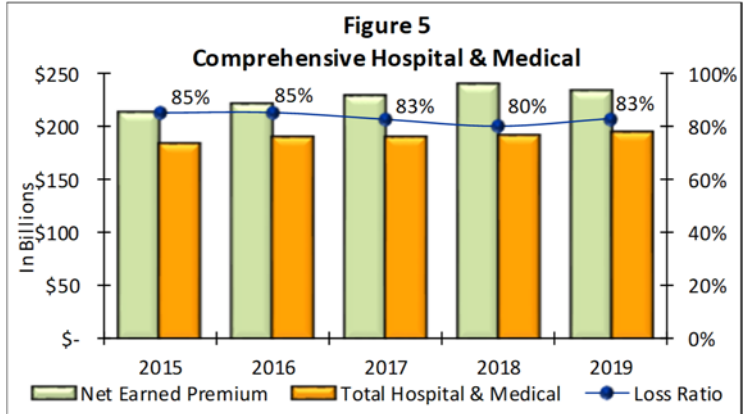
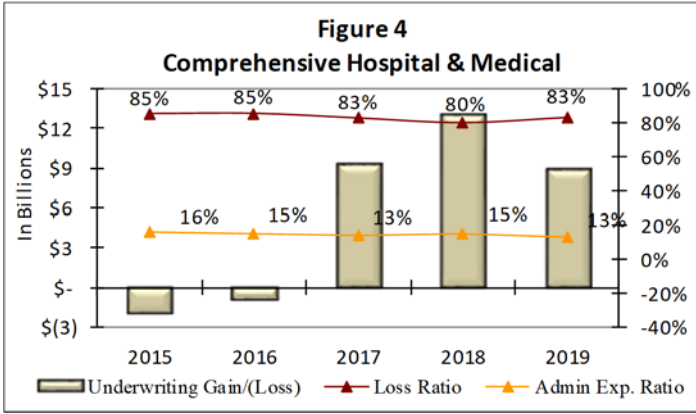
<b>FEHBP</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$38,744	\$37,529	\$37,796	\$37,868	\$36,313	\$34,138	\$32,058	\$31,601	\$31,266	\$29,260
Total Hospital & Medical Exp	\$36,669	\$35,246	\$34,643	\$34,005	\$33,031	\$31,622	\$30,234	\$29,578	\$28,398	\$26,650
Claims Adj. Expenses	\$911	\$972	\$870	\$854	\$809	\$782	\$782	\$704	\$695	\$643
General Admin. Expenses	\$1,485	\$1,955	\$1,355	\$2,013	\$2,025	\$1,835	\$1,112	\$1,078	\$1,042	\$999
Total Underwriting Deductions	\$39,064	\$38,172	\$36,866	\$36,854	\$35,859	\$34,251	\$32,132	\$31,358	\$30,138	\$28,293
Net Underwriting Gain/(Loss)	\$108	\$293	\$158	\$541	\$413	\$376	\$247	\$252	\$252	\$249
Loss Ratio	93.6%	91.6%	93.6%	90.9%	91.0%	91.4%	93.4%	93.6%	93.5%	93.4%
Admin Expense Ratio	6.1%	7.6%	6.0%	7.7%	7.8%	7.6%	5.9%	5.6%	5.7%	5.8%
Combined Ratio	99.7%	99.2%	99.6%	98.6%	98.9%	98.9%	99.2%	99.2%	99.2%	99.1%
Net Premium PMPM	\$428.67	\$420.87	\$405.12	\$418.23	\$405.63	\$403.44	\$369.29	\$356.67	\$355.98	\$346.86
Claims PMPM	\$401.98	\$386.38	\$379.75	\$380.79	\$370.00	\$369.35	\$345.53	\$334.29	\$333.17	\$324.39
Enrollment	9	8	8	8	7	7	7	7	7	7

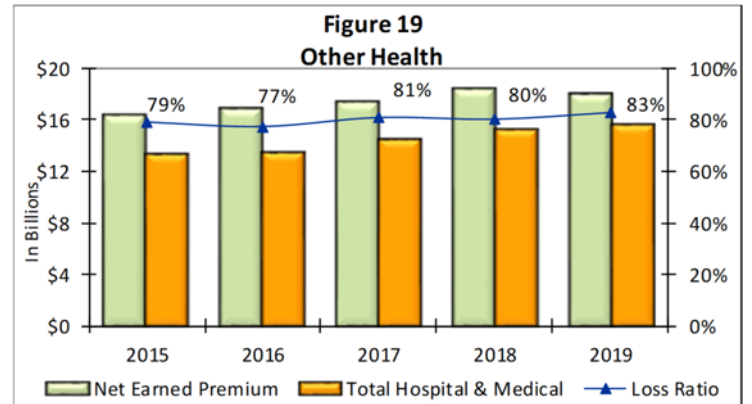
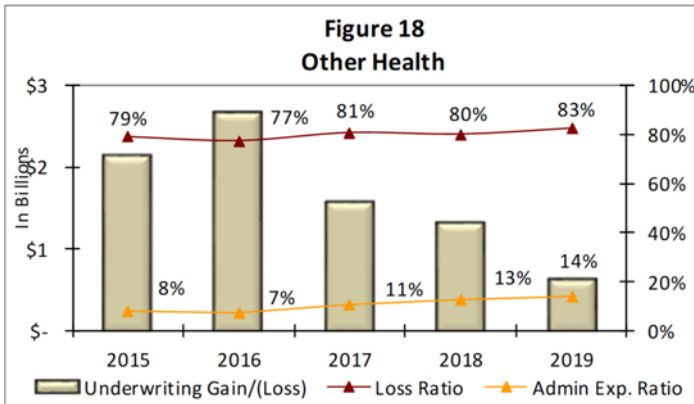
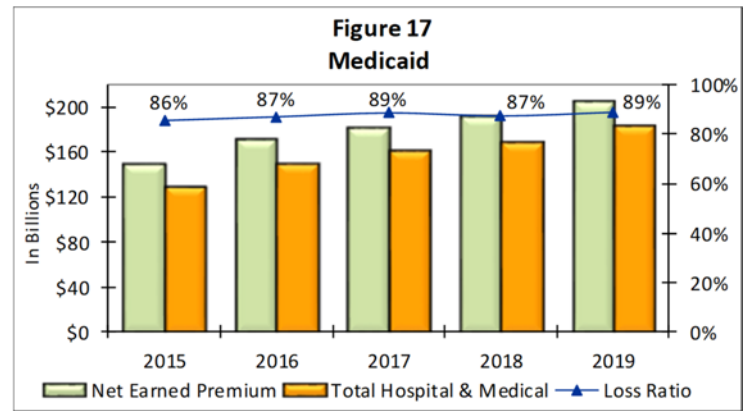
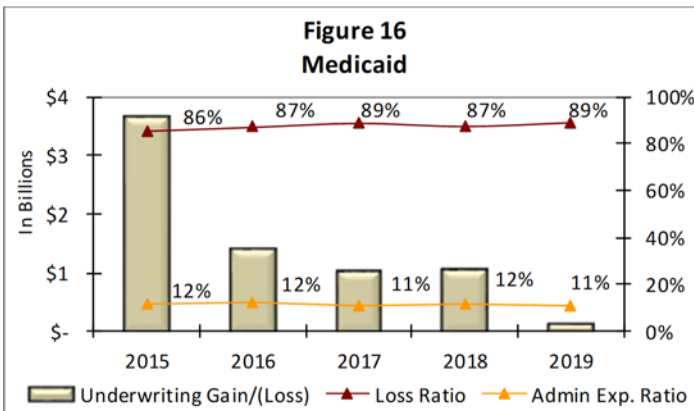
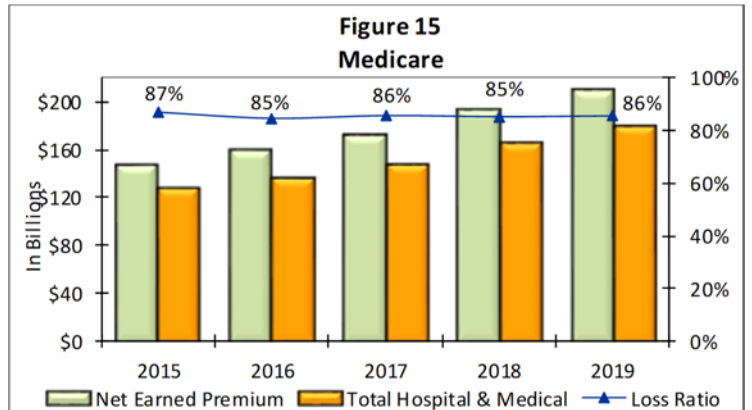
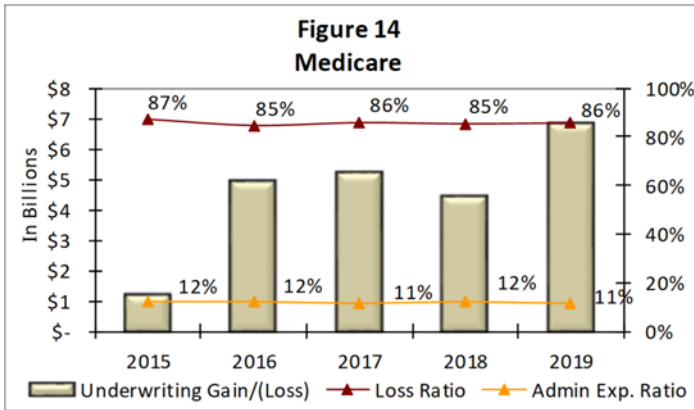
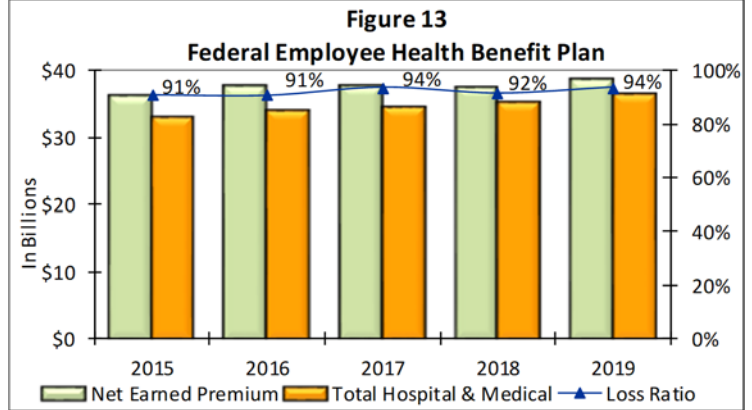
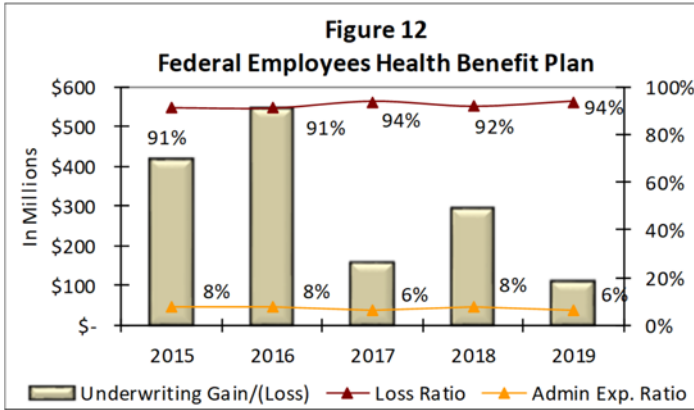
<b>Medicare</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$209,661	\$192,548	\$171,532	\$159,507	\$146,804	\$131,029	\$105,568	\$97,810	\$90,958	\$81,868
Total Hospital & Medical Exp	\$179,337	\$164,541	\$146,837	\$135,243	\$127,385	\$113,800	\$91,644	\$84,119	\$77,532	\$69,478
Claims Adj. Expenses	\$7,432	\$6,424	\$5,831	\$5,118	\$4,766	\$4,071	\$3,184	\$2,705	\$2,282	\$1,959
General Admin. Expenses	\$16,042	\$17,597	\$13,493	\$14,456	\$13,144	\$11,684	\$8,399	\$7,696	\$7,096	\$6,572
Total Underwriting Deductions	\$203,124	\$188,474	\$166,258	\$154,519	\$145,377	\$129,762	\$103,325	\$94,594	\$86,952	\$78,004
Net Underwriting Gain/(Loss)	\$6,818	\$4,435	\$5,225	\$4,929	\$1,219	\$1,448	\$2,339	\$4,424	\$4,083	\$3,865
Loss Ratio	85.6%	85.2%	85.7%	84.6%	87.0%	86.9%	86.8%	85.0%	85.2%	84.9%
Admin Expense Ratio	11.2%	12.5%	11.3%	12.3%	12.2%	12.0%	11.0%	10.5%	10.3%	10.4%
Combined Ratio	96.8%	97.7%	97.0%	96.9%	99.2%	98.9%	97.8%	95.5%	95.5%	95.3%
Net Premium PMPM	\$1,213.58	\$1,115.95	\$992.44	\$968.84	\$890.69	\$900.88	\$908.77	\$918.93	\$940.72	\$928.93
Claims PMPM	\$1,040.13	\$952.13	\$850.71	\$820.34	\$774.88	\$783.12	\$789.49	\$791.45	\$802.20	\$788.73
Enrollment	17	17	15	15	14	12	10	9	8	7

<b>Medicaid</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$204,595	\$190,505	\$180,994	\$170,461	\$148,609	\$115,661	\$88,067	\$77,730	\$65,653	\$57,703
Total Hospital & Medical Exp	\$182,883	\$167,308	\$160,899	\$148,585	\$127,938	\$98,905	\$77,470	\$68,810	\$56,259	\$49,521
Claims Adj. Expenses	\$6,103	\$5,751	\$5,388	\$5,134	\$4,872	\$3,637	\$2,957	\$2,283	\$1,900	\$1,674
General Admin. Expenses	\$16,497	\$17,218	\$14,112	\$15,520	\$13,073	\$10,322	\$7,168	\$6,622	\$6,040	\$5,249
Total Underwriting Deductions	\$205,305	\$190,142	\$180,540	\$169,393	\$145,857	\$113,074	\$87,606	\$77,836	\$64,225	\$56,370
Net Underwriting Gain/(Loss)	\$138	\$1,066	\$1,033	\$1,405	\$3,635	\$2,235	\$1,106	\$480	\$1,650	\$1,519
Loss Ratio	88.9%	87.4%	88.7%	87.1%	85.6%	86.0%	87.3%	88.0%	85.4%	85.4%
Admin Expense Ratio	11.0%	12.0%	10.7%	12.1%	12.0%	12.1%	11.4%	11.4%	12.1%	12.0%
Combined Ratio	99.9%	99.4%	99.4%	99.2%	97.6%	98.1%	98.8%	99.4%	97.5%	97.4%
Net Premium PMPM	\$432.75	\$403.10	\$383.58	\$387.23	\$339.13	\$317.46	\$291.84	\$265.93	\$252.67	\$237.76
Claims PMPM	\$386.62	\$353.75	\$340.77	\$338.49	\$291.09	\$274.13	\$257.05	\$235.85	\$216.57	\$203.86
Enrollment	43	43	39	40	38	35	26	25	23	21

<b>Other Health</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(In Millions, Except PMPM)</i>										
Net Earned Premium	\$17,977	\$18,328	\$17,271	\$16,773	\$16,269	\$15,792	\$12,145	\$13,181	\$10,701	\$10,223
Total Hospital & Medical Exp	\$15,545	\$15,171	\$14,473	\$13,392	\$13,275	\$13,569	\$10,232	\$10,549	\$8,711	\$8,592
Claims Adj. Expenses	\$782	\$391	\$645	\$438	\$772	\$1,045	\$790	\$778	\$793	\$977
General Admin. Expenses	\$1,868	\$2,060	\$1,245	\$844	\$618	\$758	\$886	\$972	\$546	\$372
Total Underwriting Deductions	\$18,218	\$17,581	\$16,378	\$14,717	\$14,600	\$15,400	\$11,912	\$12,301	\$10,060	\$9,948
Net Underwriting Gain/(Loss)	\$640	\$1,319	\$1,576	\$2,666	\$2,128	\$944	\$632	\$1,155	\$956	\$572
Loss Ratio	82.6%	80.1%	80.7%	77.3%	79.0%	83.2%	81.6%	78.4%	79.2%	81.7%
Admin Expense Ratio	14.1%	13.0%	10.5%	7.4%	8.3%	11.0%	13.4%	13.0%	12.2%	12.8%
Combined Ratio	96.6%	93.0%	91.2%	84.7%	87.3%	94.2%	95.0%	91.4%	91.3%	94.6%
Net Premium PMPM	\$46.69	\$48.14	\$45.67	\$48.23	\$46.94	\$48.63	\$44.31	\$49.22	\$48.20	\$48.80
Claims PMPM	\$40.69	\$39.55	\$37.87	\$38.78	\$38.13	\$41.78	\$37.95	\$39.90	\$39.28	\$40.82
Enrollment	36	34	33	32	29	28	23	22	19	18





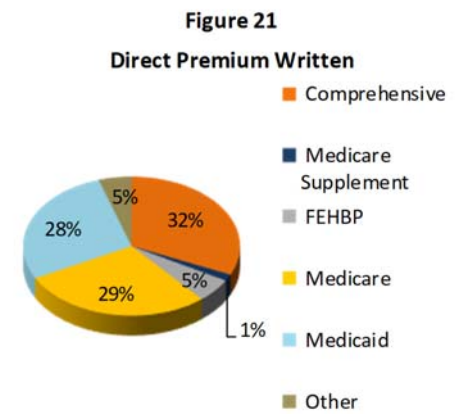
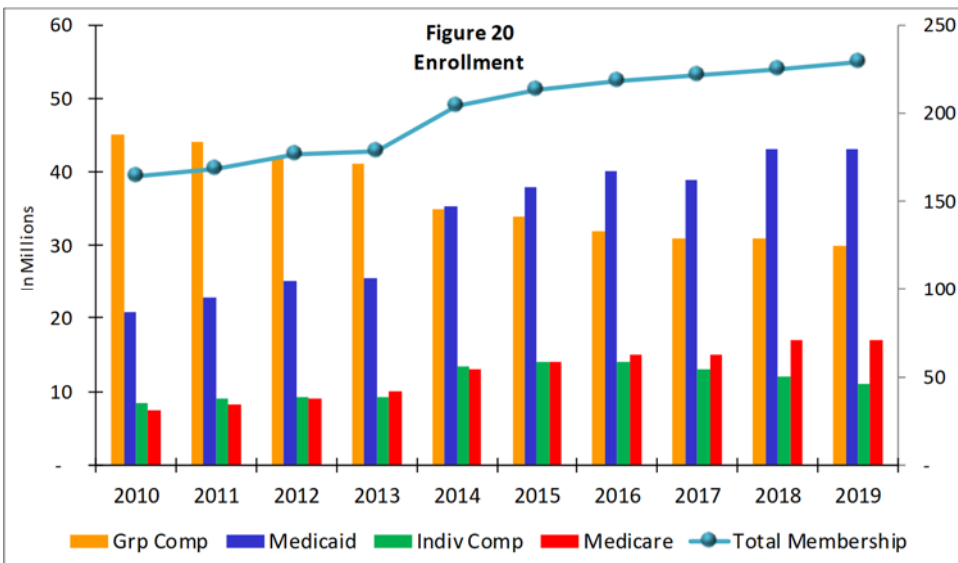


**Enrollment and Premium Revenues**

Enrollment increased 2% (4.4 million) to 225 million. The enrollment increase is reflected in a 10% (3.9 million) increase in Medicaid, an 11% (1.6 million) increase in the Medicare line of business, a 4.5% (1.4 million) increase in vision coverage, and a 4.2% (1.3 million) increase in Medicare Part D Prescription Drug coverage. However, the industry also reported a 5.3% (2.2 million) decrease in dental insurance, a 6.3% (887 thousand) decrease in individual comprehensive, and a 2.2% (719 thousand) decrease in the group comprehensive line of business. **Figure 20** illustrates the enrollment trend for the four largest revenue generating lines of business for the past 10 years.

Health entities reported premium per member per month (PMPM) of \$268 and claims PMPM of \$231 for 2019. Direct written premium increased 4.1% (\$29.5 billion) to \$745.7 billion. **Figure 21** illustrates the mix of direct written premium for 2019. During the last several years, there has been a gradual shift in the allocation of premium between the lines of business. In comparison to 2018, direct comprehensive medical decreased to 31.7% of total premium from 34%, while Medicare increased to 28.6% from 27% and Medicaid increased modestly to 27.7% from 27%. It appears that the shift in business concentration is due to an increase in the number of insureds becoming eligible for either Medicare or Medicaid as evidenced by increases in enrollment in these lines.

**Table 3** provides a break out of direct written premium by line of business for the last 10 years. The largest increases in written premium from 2018 are most evident in a 11.2% (\$21.6 billion) increase in Medicare, a 7.9% (\$15.2 billion) increase in Medicaid, and a 5.7% (\$2.2 billion) increase in Federal Employee Health Benefit Plan. The individual comprehensive line of business experienced a 4.6% (\$3.5 billion) decrease. The overall premium growth can be attributed to increased premium revenues from certain groups as a result of increases in enrollment, and premium rate increases. In a 10-year comparison to 2010, the most significant increases in written premium are in the Medicaid (\$149 billion), Medicare (\$132.7 billion), and individual comprehensive (\$51.8 billion) lines of business.



(In Millions)	Chg.	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Individual Comprehensive	(4.6)%	\$72,497	\$76,017	\$68,660	\$63,310	\$55,292	\$43,388	\$24,713	\$23,389	\$22,624	\$20,690
Group Comprehensive	(0.3)%	\$164,890	\$165,339	\$162,605	\$160,574	\$162,297	\$166,375	\$172,220	\$174,959	\$175,843	\$174,692
Medicare Supplement	6.8%	\$11,538	\$10,807	\$10,596	\$10,061	\$9,609	\$9,105	\$8,531	\$8,439	\$8,138	\$8,077
Vision	3.6%	\$2,654	\$2,561	\$2,410	\$2,255	\$2,099	\$1,952	\$1,635	\$1,550	\$1,448	\$1,344
Dental	1.2%	\$14,024	\$13,855	\$14,090	\$13,074	\$12,561	\$12,017	\$10,046	\$10,113	\$9,587	\$9,100
FEHBP	5.7%	\$41,150	\$38,942	\$37,860	\$37,923	\$36,356	\$34,140	\$32,061	\$31,669	\$31,209	\$29,378
Medicare	11.2%	\$213,814	\$192,253	\$170,413	\$158,908	\$147,273	\$128,890	\$105,917	\$99,981	\$91,519	\$81,101
Medicaid	7.9%	\$207,397	\$192,181	\$180,535	\$170,234	\$149,148	\$115,977	\$89,069	\$78,535	\$65,994	\$58,281
Other Health	6.8%	\$20,170	\$18,883	\$18,142	\$18,569	\$17,349	\$16,900	\$14,111	\$14,194	\$11,373	\$10,278



**Cash Flow and Liquidity**

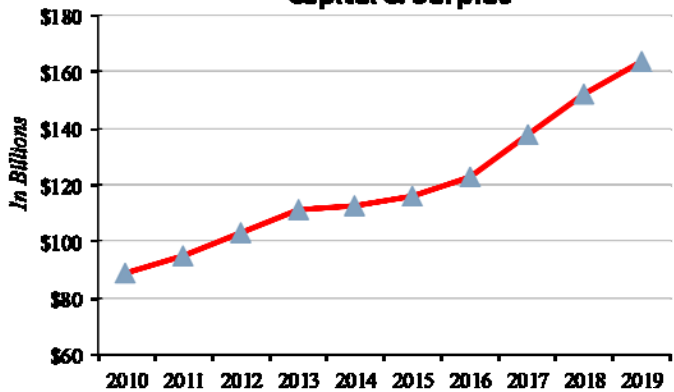
The health insurance industry showed a significant increase in operating cash flow to \$24.4 billion in 2019 as compared to operating cash flow of \$17 billion in 2018. The considerable increase in positive cash flow is due primarily to a 4% (\$27.3 billion) increase in premiums collected, a 26% (\$2.2 billion) increase in net investment and miscellaneous income, and a 6.6% (\$6.2 billion) decrease in commissions and expenses paid. These items were partially offset by a 5.5% (\$32.6 billion) increase in benefits and loss-related payments.

As illustrated in **Figure 22**, liquid assets and receivables increased 8.8% (\$22 billion) to \$276 billion in 2019 from \$253 billion in the prior year end. This was partially offset by a 7% (\$10 billion) increase in current liabilities to \$152 billion from \$142 billion. This resulted in a favorable increase in the ratio of liquid assets and receivables to current liabilities to 181% from 179%.

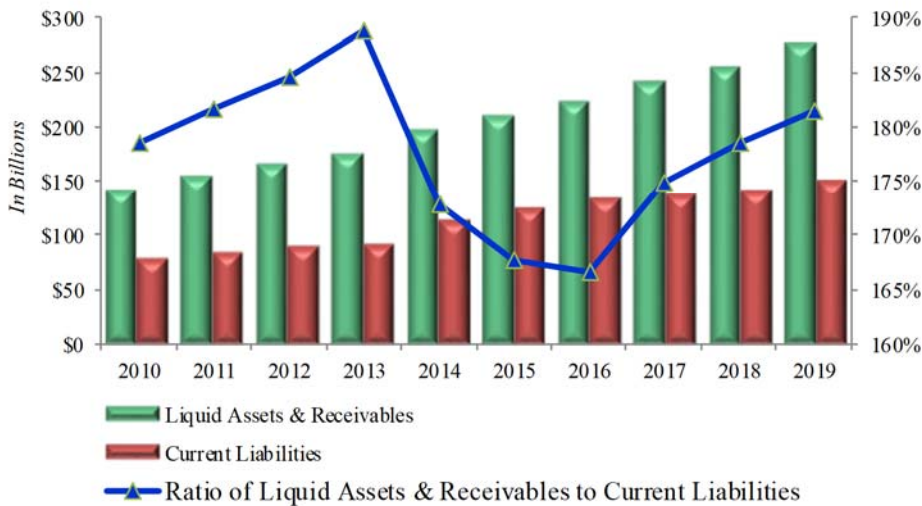
**Capital and Surplus**

Health entities reported an 8% (\$12 billion) increase in capital and surplus to \$163.8 billion from \$151.8 billion at Dec. 31, 2019 as illustrated in **Figure 23**. The increase is due primarily to net income of \$22 billion, a \$3.6 billion increase in unrealized capital gains, and paid-in surplus of \$3 billion. These items were partially offset by dividends of \$11 billion paid to stockholders, a \$1.8 billion decrease in net deferred income tax asset, and a \$1.2 billion increase in non-admitted assets.

**Figure 23**  
**Capital & Surplus**



**Figure 22**  
**Ratio of Liquid Assets & Receivables to Current Liabilities**



**Accident and Health**

**Table 4** illustrates the insurance industry’s aggregate direct A&H insurance experience for insurers filing the A&H Policy Experience Exhibit on the life and A&H, health, or property/casualty financial statements.

- The insurance industry reported a 5% (\$45.9 billion) increase in direct earned premium to \$958.4 billion and a 7% (\$52.4 billion) increase in incurred claims in 2019. These increases are most evident on the Medicare and Medicaid lines of business which, in total, represents 46.3% of total earned premium.
- Medicare reported an 13.9% (\$29.7 billion) increase in earned premium to \$244 billion and a 14% (\$25.2 billion) increase in incurred claims to \$205.5 billion.
- Medicaid reported a 6.4% (\$12 billion) increase in earned premium to \$199.2 billion and an 8.1% (\$13.1 billion) increase in incurred claims to \$175.9 billion.
- The group comprehensive line of business, which represents 22.1% of total A&H business, recorded a less than 1% (\$1.1 billion) increase in earned premium to \$211.9 billion and a 3% (\$5.2 billion) increase in incurred claims to \$178 billion.
- The individual comprehensive line of business, representing only 7.6% of total A&H business, reported a 5.6% (\$4.3 billion) decrease in earned premium to \$72.7 billion and a 1.7% (\$1 billion) decrease in incurred claims to \$54.7 billion.
- The total number of covered lives increased 4.7% (45 million) to 998.9 million.
- Increases are shown in a 10% (20.7 million) decrease in the Other A&H line of business.

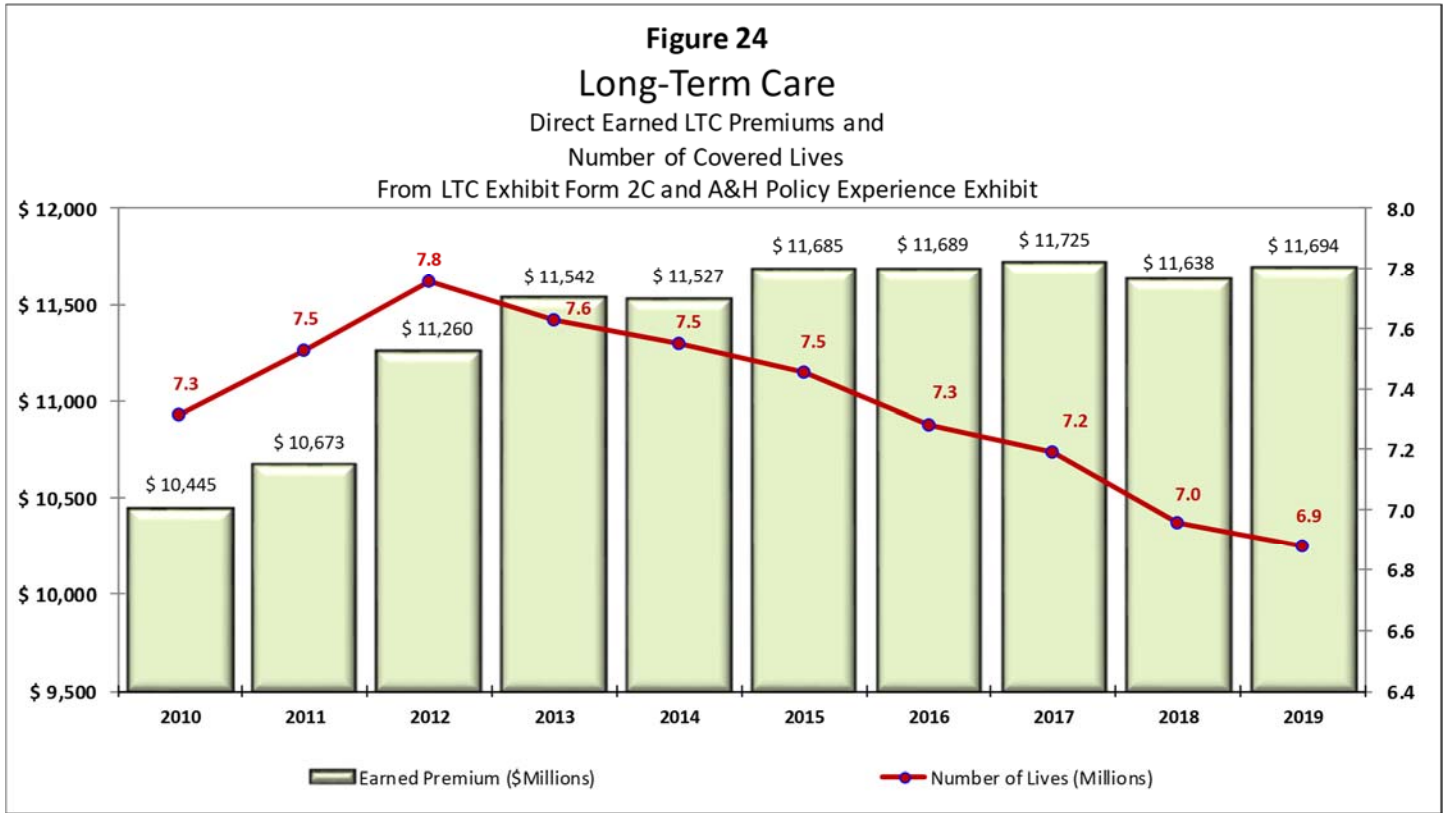
(\$ In Millions) Except Covered Lives	Line of Business % of Total	2019 Premium Earned	2018 Premium Earned	% Chg.	2019 Claims	2018 Claims	% Chg.	2019 Covered Lives	2018 Covered Lives	% Chg.
Comp - Individual	7.6%	\$72,668	\$77,000	(5.6)%	\$54,664	\$55,622	(1.7)%	10,411,859	10,787,552	(3.5)%
Comp - Group	22.1%	\$211,861	\$210,717	0.5%	\$178,010	\$172,845	3.0%	39,686,507	40,900,557	(3.0)%
Specified/Named Disease	0.6%	\$6,108	\$5,839	4.6%	\$2,767	\$2,702	2.4%	25,825,426	22,816,663	13.2%
Medicare	25.5%	\$244,019	\$214,312	13.9%	\$205,530	\$180,349	14.0%	20,722,039	18,769,017	10.4%
Medicaid	20.8%	\$199,208	\$187,187	6.4%	\$175,923	\$162,793	8.1%	36,557,847	36,423,796	0.4%
FEHBP	4.4%	\$42,491	\$40,681	4.4%	\$39,797	\$37,221	6.9%	8,720,249	6,721,676	29.7%
Limited Benefit	1.5%	\$14,216	\$12,439	14.3%	\$11,733	\$10,096	16.2%	68,503,941	63,752,571	7.5%
Disability Income	2.9%	\$27,831	\$26,609	4.6%	\$19,772	\$19,410	1.9%	87,825,441	81,808,420	7.4%
Long-term Care	1.4%	\$12,952	\$12,778	1.4%	\$13,779	\$13,561	1.6%	6,880,645	6,955,820	(1.1)%
Accident Only or AD & D	0.8%	\$7,511	\$7,465	0.6%	\$2,876	\$3,006	(4.3)%	285,530,548	253,700,845	12.5%
Dental	3.0%	\$28,748	\$27,509	4.5%	\$21,829	\$20,498	6.5%	76,262,494	73,672,546	3.5%
Medicare Supplement	3.4%	\$32,602	\$31,387	3.9%	\$26,194	\$24,672	6.2%	21,579,204	13,454,864	60.4%
Medicare Part D	1.8%	\$17,004	\$18,136	(6.2)%	\$13,029	\$13,592	(4.1)%	20,945,579	21,066,527	(0.6)%
Other Group Care	0.6%	\$6,125	\$6,163	(0.6)%	\$5,257	\$4,111	27.9%	23,475,398	19,598,053	19.8%
Stop Loss	2.5%	\$23,789	\$20,356	16.9%	\$19,413	\$16,188	19.9%	63,533,299	60,262,125	5.4%
Non-U.S. Policy Forms	0.2%	\$1,547	\$4,054	(61.8)%	\$811	\$2,073	(60.9)%	16,565,906	16,406,954	1.0%
Other Business	1.0%	\$9,699	\$9,813	(1.2)%	\$7,372	\$7,619	(3.2)%	185,835,474	206,512,850	(10.0)%
<b>Total A&amp;H Business</b>	<b>100.0%</b>	<b>\$958,379</b>	<b>\$912,446</b>	<b>5.0%</b>	<b>\$798,755</b>	<b>\$746,358</b>	<b>7.0%</b>	<b>998,861,856</b>	<b>953,610,836</b>	<b>4.7%</b>

**Note:** Includes statement types Life, Health and Property & Casualty

**Long-term Care**

**Figure 24** illustrates, on a calendar year basis, the insurance industry’s aggregate long-term care experience for insurers filing the Long-term Care Experience Reporting Form on the life and A&H, health, fraternal and property and casualty financial statements.

Over the last five years, earned premium has remained consistent at close to \$11.7 billion, whereas the number of covered lives has declined to 6.9 million from a high of 7.8 million in 2012.



As shown in **Table 5** below, the top ten states accounted for 51.5% of total direct LTC premiums written led by California with \$972.5 million, representing 8.8% of market share. For these ten states, direct written premium increased marginally by 2.9% (\$160 million) to over \$5.7 billion in 2019. Overall, total direct LTC premium increased 2.1% (\$222 million) to \$11.0 billion in 2019.

**Table 5**  
**Top 10 by State Long-term Care Written Premium**  
From Sch T - Interstate Compact

(In Thousands)	State	Market Share	% Chg	\$ Chg	2019	2018	2017	2016	2015
	CA	8.8%	2.4%	\$22,952	\$972,503	\$949,551	\$995,906	\$992,026	\$989,844
	NY	8.2%	11.2%	\$91,247	\$906,458	\$815,211	\$840,550	\$812,449	\$764,942
	FL	6.3%	1.1%	\$7,257	\$693,152	\$685,894	\$702,213	\$688,652	\$677,840
	TX	6.0%	2.4%	\$15,704	\$663,919	\$648,215	\$668,765	\$663,738	\$652,781
	IL	4.5%	3.3%	\$15,573	\$493,332	\$477,760	\$496,360	\$506,938	\$496,429
	PA	4.1%	(2.4)%	(\$11,303)	\$455,065	\$466,367	\$476,597	\$474,724	\$468,575
	NJ	3.7%	2.6%	\$10,146	\$403,337	\$393,192	\$407,918	\$411,824	\$403,642
	VA	3.4%	1.8%	\$6,673	\$374,904	\$368,231	\$387,432	\$383,713	\$380,407
	NC	3.2%	0.6%	\$2,179	\$356,003	\$353,825	\$357,758	\$353,844	\$346,953
	OH	3.2%	(0.1)%	(\$468)	\$349,419	\$349,886	\$359,328	\$361,695	\$358,945
	<b>Total Top 10</b>	<b>51.5%</b>	<b>2.9%</b>	<b>\$159,961</b>	<b>\$5,668,092</b>	<b>\$5,508,131</b>	<b>\$5,692,828</b>	<b>\$5,649,603</b>	<b>\$5,540,359</b>
	<b>% of Total</b>				<b>51.5%</b>	<b>51.1%</b>	<b>51.2%</b>	<b>50.4%</b>	<b>50.4%</b>
	<b>Total Written in All States</b>		<b>2.1%</b>	<b>\$221,947</b>	<b>\$11,006,368</b>	<b>\$10,784,421</b>	<b>\$11,127,119</b>	<b>\$11,204,778</b>	<b>\$10,988,528</b>



**Potential Impact of the COVID-19 Pandemic on the Health Insurance Industry**

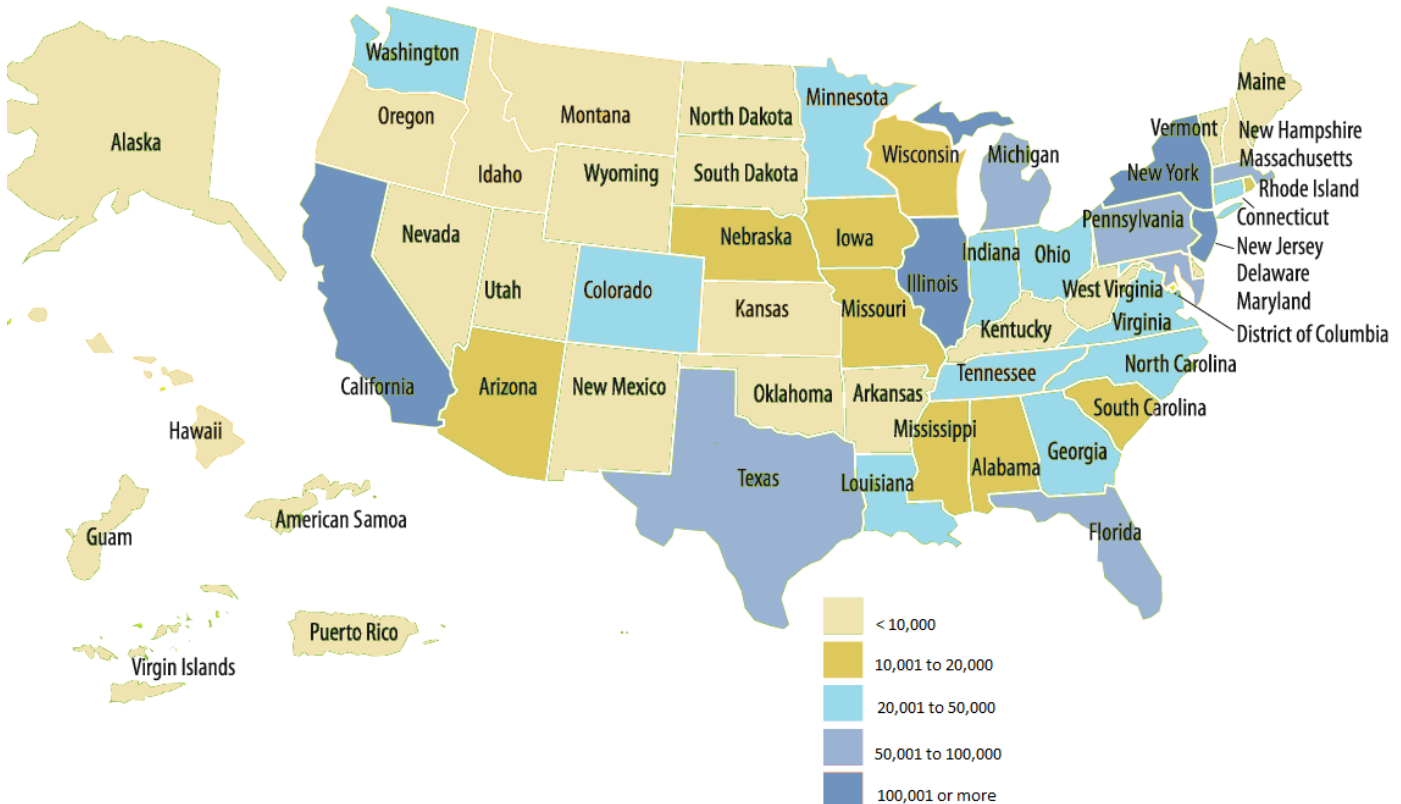
The COVID-19 pandemic could have potential prospective impacts on health insurers by significantly increasing COVID-19 related claims volume, loss costs (i.e., hospitalizations), which could lead to future liquidity demands, and reduced overall surplus of U.S. health insurers. It is important to note however, that offsetting factors may reduce the overall financial impact to insurers, such as reduced costs related to cancelled or delayed non-emergency medical benefits.

The following map indicates the states of greater transmission of the COVID-19 virus by number of cases in heavily populated “hotspots” reported by U.S. states, the District of Columbia, and other U.S.-affiliated jurisdictions as of June 1, 2020 (cdc.gov). This could potentially adversely affect insurers with a high concentration of insurance coverage in those areas.

A number of factors have the potential to significantly impact health insurers. The results of COVID-19 cases and deaths indicate that those most susceptible to the virus include the elderly population, those with auto-immune issues, as well as those with other pre-existing health conditions. In addition, results show a trend of long hospitalizations for those with serious cases, which can result in larger medical claims. As a result, there is the potential that Medicare/Medicare Advantage writers as well as comprehensive writers serving older and higher risk populations could be adversely affected. The uncertainty regarding the timeline to contain COVID-19 could result in increased costs to potentially continue into the Summer and Fall.

When assessing the potential impact on the health insurance industry, it should be noted that the 2020 health insurance policy premiums did not anticipate the COVID-19 pandemic.

Health insurers also face government mandates or have voluntarily waived co-pays and deductibles for COVID-19 testing and treatment in many cases, which could place more of the burden to cover medical costs on insurers. (See page 13)



Offsetting the potential increase in medical costs due to COVID-19 is the fact that many insurers are experiencing a decline in elective medical services as utilization for non-COVID-19 treatments have decreased significantly. While this trend appears to provide a significant offset to the increased COVID-19 costs during a period of stay-at-home orders and business closures, there is the potential for increases in utilization as states reopen and return to normal. The impact of offsetting factors for cancelled or delayed medical benefits and savings from telehealth will become more clear in future quarters.

As unemployment rises, shifts in premiums and coverages may result in an increase in Medicaid enrollment with a decrease in employer-sponsored insurance, while Medicare enrollment could potentially increase through disability and enrollees leaving the workforce.

Finally, as many insurers are subject to increased utilization and larger claims, there is additional pressure on liquidity. The immediate need for liquidity coupled with a stressed equity market may require insurers to recognize realized losses on divestment of securities.

**Table 6** below includes Adjusted Earned Premium written in "High Case Count" states defined as states with more than 20,000 reported Covid19 cases as of 5/31/20. The premium volume provides the material impact the exposure would have on insurers who write in these "High Case Count" states.

**Table 6 - "High Case Count" States Exposure by Premium Earned**  
*Data from Supplemental Health Care Exhibit Line 1.8 Adjusted Earned Premium as of May 31, 2020*

State	Comprehensive Medical	Medicare Supplement	Medicare	Medicaid	Total Cases	Deaths
<b>100,001 or more cases</b>						
New York	\$52,771,011,161	\$1,291,944,687	\$15,948,322,267	\$8,029,508,254	366,802	29,612
New Jersey	\$27,002,907,268	\$321,237,014	\$7,292,014,999	\$10,076,182,204	159,608	11,634
Illinois	\$34,882,607,509	\$1,013,947,818	\$8,092,005,645	\$9,734,203,914	118,917	5,330
California	\$16,246,059,772	\$42,807,023	\$3,698,875,874	\$1,431,476,052	106,878	4,156
<b>50,001 to 100,000 cases</b>						
Massachusetts	\$17,528,646,626	\$724,445,056	\$2,575,176,950	\$4,475,418,256	96,301	6,768
Pennsylvania	\$38,577,792,638	\$376,962,313	\$13,713,049,965	\$20,705,516,274	71,926	5,555
Texas	\$55,927,622,439	\$458,047,378	\$22,210,912,240	\$22,041,173,634	62,338	1,648
Michigan	\$26,952,933,080	\$504,467,247	\$9,200,332,873	\$6,238,204,195	56,884	5,463
Florida	\$69,242,680,857	\$516,360,562	\$19,601,643,476	\$14,564,783,188	54,029	2,447
Maryland	\$12,646,549,540	\$179,551,190	\$1,205,964,542	\$2,623,185,374	52,778	2,532
<b>20,001 to 50,000 cases</b>						
Georgia	\$21,021,861,976	\$196,108,843	\$5,007,696,451	\$4,337,672,000	46,301	2,003
Connecticut	\$28,052,087,393	\$140,361,624	\$3,018,717,879	-	44,607	1,375
Virginia	\$20,648,172,307	\$335,249,723	\$3,506,774,513	\$9,338,529,522	42,022	3,912
Louisiana	\$12,586,712,027	\$116,797,445	\$3,971,504,659	\$8,053,994,753	39,682	2,785
Ohio	\$34,614,905,656	\$473,397,316	\$9,873,448,489	\$17,163,929,318	35,034	2,149
Indiana	\$12,224,582,566	\$152,892,569	\$3,106,655,403	\$6,061,055,000	34,211	2,125
Colorado	\$11,728,680,940	\$80,002,699	\$3,893,258,206	\$921,845,558	27,673	877
North Carolina	\$16,414,103,229	\$405,417,447	\$7,612,448,240	-	26,098	1,443
Minnesota	\$16,884,828,086	\$536,688,293	\$4,218,868,453	\$6,608,812,101	24,850	1,050
Tennessee	\$15,710,758,241	\$289,932,935	\$6,660,921,674	\$6,205,746,205	22,720	366
Washington	\$22,729,970,603	\$243,136,419	\$4,268,821,169	\$5,030,974,470	21,349	1,118

## **Federal, State, and Voluntary Actions**

In response to the COVID-19 Public Health Emergency, the Families First Coronavirus Response Act is an act of Congress meant to respond to the economic impacts of the ongoing COVID-19 pandemic. The act will provide for example, funding for free coronavirus testing, 14-day paid leave for American workers affected by the pandemic, and increased funding for food stamps.

States have taken various actions in response to the COVID 19 pandemic that impact insurance companies and in some cases insurers have taken voluntary actions. A summary of a few key states' actions are listed. For more details by state, refer to the NAIC Coronavirus Resource Center at [https://content.naic.org/naic\\_coronavirus\\_info.htm](https://content.naic.org/naic_coronavirus_info.htm).

**Co-Payment, Cost-Sharing, and Deductibles:** Commercial insurers, including individual, small group, large group, and grandfathered plans, and Medicaid plans must waive co-payments for screening and testing for COVID-19 for an in-network office visit, urgent care center visit or emergency room visits. If an in-network health care provider cannot conduct such testing, the insurer must cover at in-network cost sharing levels all in-state laboratory testing. Insurers are encouraged to waive or expedite utilization review for COVID-19 related services.

**TeleHealth:** Expanded telehealth coverage to all covered services of health care insurance plans: telehealth must be available from both in- and out-of-network providers. Providers are not required to use a specific technology platform, location of services is not limited, and must be compliant with Mental Health Parity and Addiction Equity Act (MHPAEA).

**Premiums and Cancellations:** Individual health insurance carriers are directed to defer triggering grace periods for failure to pay premium and to make other accommodations to avoid cancellations. This direction also includes that insurers provide insureds with at least a 60-day grace period to pay premiums. Any cancellation notices issued are to be withdrawn. However, it should be noted that this moratorium does not apply in cases of fraud or misrepresentation.

**Prescription Drugs:** Insurance companies are encouraged to waive cost sharing on testing, visits, and telemedicine, educate consumers, verify adequate networks and cover Out-of-Network at In-Network cost sharing, when appropriate. Recommend allowing 90-day prescription refills and extend provider and consumer claims filing deadlines. Require carriers to waive any time restrictions on prescription refills and authorize payment for at least a 30-day supply regardless of the date upon which the prescription had most recently been filled. Emergency regulations planned to require waiver of cost sharing for testing and vaccinations for COVID-19, require payment for experimental treatments, limit prior authorization, regardless of the date upon which the prescription had most recently been filled.

**Special Enrollment Period:** Coronavirus Emergency Special Enrollment period extended to June 30, or, in some cases, to September 30, 2020. Consumers who lose health insurance have 60 days to apply for insurance or may be eligible for Medicaid or child healthcare.



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**Disclaimer** The NAIC 2019 Health Insurance Industry Analysis Report is a limited scope analysis based on the aggregated information filed to the NAIC's Financial Data Repository as of Dec. 31, 2019, and written by the Financial Regulatory Services Department staff. This report does not constitute the official opinion or views of the NAIC membership or any particular state insurance department.

**Health Industry Disclosure:** In some states the health industry is regulated by a Department other than the Department of Insurance. Therefore, not all health insurers may be required to file financial statements with the NAIC.