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December 30, 2020

Via Email: bonnie.cullison@house.state.md.us

The Honorable Bonnie L. Cullison
House Office Building, Room 312
6 Bladen Street
Annapolis, Maryland 21401

Re: "Birthday Rule" Legislation

Dear Delegate Cullison:

This letter constitutes the report of the Maryland Insurance Administration (MIA) that was requested by the Insurance Subcommittee of the Health and Government Operations Committee (HGO) on the potential impact on the Medicare Supplemental insurance ("Medigap") market of the adoption of legislation similar to HB 653, which was introduced during the abbreviated 2020 session of the Maryland General Assembly.

As introduced, HB 653 would have amended § 15-909(b)(6)(ii) of the Insurance Article of the Maryland Annotated Code (i) to require a carrier that sells Medicare supplement policy plans to provide an enrolled individual the opportunity to switch to a different Medicare supplement policy plan with equal or lesser benefits within 30 days following the individual's birthday; (ii) to prohibit a carrier from denying or conditioning a new plan or denying, reducing, or conditioning coverage because of the health status, claims experience, receipt of health care, or medical condition of the individual; and (iii) to notify an insured of their right to switch plans at least 30 days, but no more than 60 days, before the insured's birthday.¹ This form of annual open enrollment for individuals enrolled in the Medigap market is commonly referred to as the "Birthday Rule." For purpose of this report, we use the term "Birthday Rule" (the "BR") to mean the specific options set forth in HB 653.

EXECUTIVE SUMMARY

Medigap products are unique in that there is no federally mandated annual open enrollment period for such products. Medigap coverage must be issued on a guaranteed basis with no medical

¹ A similar Bill, HB 1129, was introduced in 2019 by Del. Reznik, but was later withdrawn.

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underwriting for the six months following enrollment in Medicare Part B for those that are at least 65. However, after that six-month individual open enrollment period has expired, a senior who wishes to purchase Medigap for the first time or an enrollee who wishes to change their Medigap plan, is subject to medical underwriting, except in limited federally mandated circumstances, unless state law provides otherwise.

For enrolled individuals, the practical impact of this framework is that relatively healthy individuals can change plans or carriers to reduce their premium or change the scope of their benefits², but individuals who have pre-existing medical conditions have limited options. Unhealthy individuals facing medical underwriting are either denied or surcharged, meaning that such individuals either absorb the additional costs, lapse, or move to a Medicare Advantage plan.³ The BR changes this by allowing individuals who are already enrolled in a Medigap product to shift to a Medigap product with the same or a different carrier that has equal or less (but not greater) benefits, without medical underwriting.

While the largest Medigap writer in the State supported HB 653, certain other market participants expressed concerns that the adoption of the BR in Maryland would: 1) affect competition and choice and/or 2) introduce anti-selection and increase rates. At the Subcommittee's request, the Office of the Chief Actuary (OCA) within the MIA conducted research and analysis to evaluate those concerns. In doing so, the OCA focused primarily on the impact of the adoption of the BR on the Medigap markets in Oregon and California, the only two US states that have adopted a form of open enrollment contemplated by HB 653, which is based on an attained age methodology.

As discussed in more detail below, the data available to the OCA does not demonstrate that the adoption of the BR in Maryland would reduce competition and choice or introduce anti-selection and increase rates in the Maryland Medigap market overall. The data shows that: 1) premiums in CA and OR are largely comparable to MD; 2) the experience of "new issues" and "total experience" do not demonstrate a spike; 3) enrollment does not appear to have been slowed down due to rising rates in CA and OR; and 4) competition does not appear to have been reduced. The data also shows that: 1) age 75 new business rates have seemingly increased at a faster pace than age 65 and Oregon's average annual renewals are 2-3% higher than MD; 2) insureds with

² For example, a Maryland enrollee might opt to switch from Plan F to Plan G, which does not cover the Medicare Part B deductible, thereby reducing their premiums by at least 29% in 2020. Currently, only one of the major market writers, CareFirst, allows existing enrollees to move to a plan of equal or lesser benefits without medical underwriting within the CareFirst portfolio.

³ Individuals enrolled in Original Medicare may move to a Medicare Advantage plan during an annual 90-day open enrollment period from January 1st through March 31st without medical underwriting.

“rate-ups⁴” can “erase” them by changing insurers; 3) denials for the largest insurer have increased from 1% to 5% to coincide with the elimination of rate-ups (10% formerly got rate-ups); and 4) CA loss ratios are approximately 2% above nationwide (NW) loss ratios.

From the MIA’s perspective, the data reviewed suggests that the adoption of a BR in Maryland would not likely have a negative impact on competition and choice if measured in terms of the number of legal entities willing to write Medigap coverage in Maryland and would have a favorable impact on choice if measured in terms of the options available to individual enrollees. The data reviewed also suggests to the MIA that the BR is unlikely to introduce anti-selection features at a pool level that would result in higher overall premiums in the Maryland market. Rather, it appears that the BR would likely act to counter the renewal anti-selection that currently exists, because the sickest individuals cannot move to other plans, but the healthy can. Over time, this feature of the Medigap market has resulted in significant differences in loss experience between legal entities and, thus, significant differences in rates among legal entities for identical plans with identical benefits. The long-term impact of allowing enrollees to price shop without underwriting appears to be more concentrated rates and a more even distribution of risk across carriers and plans, as sicker individuals initially move to less expensive plans. Over the short- and long-terms, opponents of HB 653 contend that impacts to the pool rates could be double-digit, while those who favored HB 653 assert that the impact is more likely to be in the +/- 2% range. The OCA believes that the latter figure is better supported by the data.

Ultimately, the decision as to whether these potential impacts are desirable for Maryland is a matter of public policy for the General Assembly.

BACKGROUND

As noted, Medigap coverage is unique in that federal law does not provide an annual open enrollment period for this product. A minority of states have enacted laws to address that anomaly, including some that provide additional guarantee issue periods during which existing enrollees can change plans without medical underwriting. Specifically:

- New York and Connecticut require that Medigap plans be issued on a guaranteed-issue year-round;
- Massachusetts requires that Medigap be offered on a guaranteed basis in February and March each year;
- Maine allows Medigap enrollees to change to a different Medigap plan with the same or lesser benefits at any time during the year, and all carriers must designate one month each year when Medigap Plan A is available on a guaranteed issue basis to all enrollees;

⁴ “Rate-ups” refer to the surcharge imposed on individuals who wait until after their open enrollment period to enroll for the first time in a Medigap product and medical underwriting does not result in a denial but neither does it enable the lowest rate to be offered.

- Missouri has an Anniversary Guaranteed Issue Period that allows anyone with a Medigap plan a 60-day window around their plan anniversary each year during which they can switch to the same plan from any other carrier, guaranteed issue; and
- California and Oregon have enacted legislation that permits Medigap enrollees a 30-day window following their birthday each year when they may change coverage without medical underwriting to another Medigap plan with the same or lesser benefits.

	<u>State</u>	<u>Start</u>	<u>Description</u>	<u>Rating Method</u>
1	California	02/24/10	30-Days After Birthday	Attained
2	Oregon	01/01/13	30-Days After Birthday	Attained
3	Missouri		60-Days After Plan Anniv.	Issue Age
4	Connecticut		Guaranteed Issue Yr-Round	No Age Rating
5	New York		Guaranteed Issue Yr-Round	No Age Rating
6	Massachusetts		2-Month Window (Feb-Mar)	No Age Rating
7	Maine		Guaranteed Issue Yr-Round	No Age Rating
8	Washington		Guaranteed Issue Yr-Round	No Age Rating

To understand the long-term impact of the BR if enacted in Maryland, the MIA focused its analysis on the experience in California (CA) and Oregon (OR), the only two states that have adopted the specific approach that would have been adopted via HB 653. The BR has been in place in California since 1997 and in Oregon since 2013.

CURRENT MARYLAND MARKET

As of 2019, 250,000 individuals were enrolled in Maryland-issued Medigap plans. Of the 88 Medicare Supplement legal entities approved in Maryland, 76% of the market share by premium is concentrated in three carriers: 1) UHC/AARP⁵ (43%), 2) CareFirst BCBS (26%), and 3) Omaha Insurance Company (7%). The Maryland Medigap market is currently stable and financially strong as summarized below for the “top 6” companies. Underwriting gain is \$85M (4.2% of premium) over the past four years.

⁵ This refers to Medigap plans available to members of the Association of Retired Persons (AARP) that are written by United Health. We will refer to those plans hereinafter as “AARP.”

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INDIVIDUAL MEDIGAP MARKET								
GAIN/LOSS HISTORY - GAAP								
TOTAL (TOP 6 INSURERS) - MARYLAND								
	Average	Incurred		Loss	Operating	Operating	Gain/	Gain/
	Members	Claims			Expense	Expense	Loss	Loss
Year		w/ IBNR	Premium	Ratio	\$s	%	\$s	%
2016	170,806	\$385,260,268	\$483,993,231	79.6%	\$84,717,188	17.5%	\$14,015,776	2.9%
2017	169,819	\$377,946,561	\$486,863,230	77.6%	\$82,900,839	17.0%	\$26,015,830	5.3%
2018	168,877	\$412,854,274	\$528,588,778	78.1%	\$88,081,619	16.7%	\$27,652,886	5.2%
2019	168,471	\$430,347,540	\$542,533,912	79.3%	\$94,529,784	17.4%	\$17,656,588	3.3%
2020								
TOTAL	169,493	\$1,606,408,642	\$2,041,979,151	78.7%	\$350,229,429	17.2%	\$85,341,080	4.2%

HB 653 would not apply to pre-standardized plans, but would apply to standardized “1990” plans and standardized “2010” plans.⁶

ANALYSIS

During the 2020 session, two primary concerns were raised in opposition to the adoption of the BR in Maryland: 1) the concern that the passage of the BR would affect competition and choice and 2) the concern that the BR would introduce anti-selection and affect rates. At the Subcommittee’s request, the MIA’s research and analysis has focused on these issues. As part of its analysis, the MIA surveyed six carriers to obtain data and information from them related to the BR, including providing them with the opportunity to supply data supporting positions taken in addressing the adoption of HB 653.

Competition and Choice

To evaluate the extent to which the adoption of the BR might impact competition and choice in MD over time, the MIA sought and reviewed available data related to the number of legal entities writing new business historically and currently.

The charts below were obtained from data within NAIC reports. While CA and OR currently have fewer total legal entities writing Medigap plans than Maryland, the markets are similar in that most enrollment is concentrated in the “top three” insurers as shown in the chart below. Further, as the data shows, the number of entities writing Medigap in each of the states increased from 2017 to 2019 and concentrations in the top three carriers remained relatively static in MD and CA, with slight additional concentration in OR.

⁶ In California (CA) pre-standardized plans are “in scope” but determining “equal or lessor value” is not straightforward.

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		Premium- Based Market Share
	2019	
	# of Legal Entities	Top 3 Carriers
<u>State</u>	<u>Entities</u>	<u>%</u>
Maryland	84	76.0%
California	68	75.2%
Oregon	75	56.4%
	2017	
Maryland	70	78.4%
California	62	74.5%
Oregon	69	51.2%

Although the MIA was unable to determine the total number of legal entities in each of these markets prior to 2017 from NAIC reports, the chart below does show the concentration in the top three carriers in 2005 and 2012, as well as 2019.

Whole "Medicare Supplement" Market Premium-Based Market Share*			
Top 3 Carriers			
<u>State</u>	<u>2005</u>	<u>2012</u>	<u>2019</u>
Maryland	85.4%	79.6%	76.0%
California	74.7%	78.2%	75.2%
Oregon	61.6%	58.6%	56.4%
* NAIC Annual Medicare Supplement Loss Ratios Reports.			

Given this information, it does not appear that the BR has reduced competition or choice in the Medigap market in CA or OR. The number of legal entities in the market appears to have remained steady, as has the concentration among the top three issuers. It seems unlikely that the top three issuers in the Maryland Medigap market are to be driven out of the market by the adoption of the BR and it is unclear what incremental additional choice is offered by the presence of numerous carriers with very little market share.

Anti-Selection and Impact on Rates

Approximately 90% of individuals who apply for a Medigap plan are eligible for the lowest rate approved for that plan. That is because the majority of new Medigap enrollees (75%) enroll during their individual open enrollment period when issuance is guaranteed at the lowest rate for the chosen plan. Another 15% may enroll late or switch plans, but still receive the most favorable pricing because they are able to pass medical underwriting without a surcharge. Of the remainder,

depending on the carrier, between six percent and ten percent surcharged up to 100% of the lowest rate and between one percent and five percent are denied coverage.

The BR does not apply to first time entrants to the Medigap market. Hence, it does not open the Medigap market to those individuals who did not take advantage of their individual open enrollment and whose late entry applications were denied outright, because of their pre-existing medical conditions. The BR applies only to individuals who are already enrolled in a Medigap plan and who wish to move to a different plan with equal or lesser benefits. Hence, the two groups who are impacted by the BR are (i) individuals who enrolled early during their individual open enrollment and received the best rates, but who now wish to change carriers because premium has increased over time or other life circumstances have occurred, but cannot do so because they cannot pass underwriting and (ii) individuals who enrolled in Medigap late and passed medical underwriting with a surcharge, but will take advantage of the BR to switch plans in order to remove the surcharge. The risk of the latter group avoiding their surcharge by changing carriers is real. In light of that, the BR does not seem to drive up the overall aggregate claims – beneficiaries of the BR and their claims are already accounted for in the Medigap market. Rather the BR is likely to drive up the lowest/standard rates, because those who are underwritten and rated up currently will be able to change carriers and avoid paying the rate-up.

There are two primary types of anti-selection that are relevant to the BR: 1) “new business” anti-selection which occurs because sicker people are less likely to enroll in a carrier’s pool due to a surcharge or denial and 2) “renewal” anti-selection which occurs because sicker people may be more likely to stay with an insurer because they cannot pass medical underwriting. Under the current Medigap framework, because existing enrollees are subject to medical underwriting when they want to change to a new carrier, carriers are simultaneously decreasing their risk of new business anti-selection and raising their risk of renewal anti-selection. That is because, while medical underwriting means that the sicker members from Carrier A cannot enter and adversely impact Carrier B’s own pool, it also means that the sicker members within Carrier B’s existing pool cannot leave it. However, the healthier members of Carrier B can pass medical underwriting and, thus, are free to move to a less expensive carrier/plan (e.g. Carrier A). The long-term effect of renewal anti-selection is that healthy members self-select into the least expensive plan, where claims and rates remain the lowest, while sicker members remain in their original plans, where claims and rates rise.

We see this in the Maryland market today. AARP has among the lowest rates, because it has the best morbidity, lowest administrative costs, and lowest claims cost. Each renewal cycle magnifies this. Annually, the healthiest enrollees from CFI, Omaha, and CIGNA who are dissatisfied with their premium increases can – and do – move to AARP to take advantage of lower premium. Over time, this leaves the smaller carriers with sicker enrollees.

If the BR were implemented in Maryland, it is reasonable to conclude that carriers may see an increase in new business anti-selection, such as the late entrant that moves carriers to remove

their surcharge. It is also reasonable to conclude that carriers may also see a change in renewal selection, such as:

- 1) People who exit (“lapsers”) the Medigap market (as opposed to lapsers from a specific Medigap insurer) could have a somewhat worse morbidity than the Medicare market as a whole, while more health people remain in the Medigap market, thereby decreasing the overall Medigap market rates. This scenario is supported by the awareness that it is primarily the relatively healthy who currently leave the Medigap market entirely due to affordability, because they need the care less at that time.
- 2) Lapsers from the Medigap market could be close to average morbidity with negligible impact to the Medigap market rates.
- 3) Lapsers from the Medigap market could have a somewhat better morbidity than the Medicare market as a whole, thereby increasing the overall Medigap market rates. This scenario is supported by the awareness that the healthy currently can move to another currently by passing medical underwriting, leaving sicker individuals who cannot pass medical underwriting in their original plans. If those sicker individuals can move and the lowest rates rise, as one would expect, it is at least possible that the healthy will leave the Medigap market altogether, thereby adversely impacting the market as a whole.

Since renewal volume is larger than new business volume (and the majority of new enrollees avoid underwriting altogether by joining on their 65th birthday), this dynamic is key in evaluating market impacts. An increase in movement between carriers could make it more difficult for carriers to recoup acquisition expenses. Also, brokers could encourage members to switch carriers to generate higher commissions. One carrier reported that 53% of new Medigap business in 2019 was from brokers.

AARP has the lowest denial rate in the Medigap market, at approximately 1%. AARP’s combined “denial plus rate-ups” percentage is 11% in non-BR states. AARP advised, however, that it has stopped assessing rate ups in CA and OR, but has increased the denial rate to 5%. Therefore, with respect to AARP, 95% of applicants secure Medigap coverage at the lowest rates in CA and OR, while 5% are denied in those states. Without this change, the confluence of anti-selection changes, increased competition, increases in administrative and broker costs, higher enrollment, and an exodus to Medicare Advantage Plans, among other market pressures, could lead to a net impact to AARP’s rates of +/- 2%, perhaps with a bias toward the upper end of that range. This is what OR and CA data seems to suggest.

AARP has medical underwriting rate-ups for Tier 1 and Tier 2 of 10% and 50%. The upward rate impact to standard rates of eliminating rate-ups for AARP could be approximately +3% but this is likely at least offset by the increased in denials from 1% to 5%.

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If, under the BR, sicker enrollees are not required to remain with a particular carrier/plan, the enrollee who chooses to move to the least costly insurer/plan each year will not be disproportionately healthy. If both sick and healthy enrollees are able to move between carriers at will, the morbidity of different carriers should, over time, equalize somewhat. In the Individual Non-Medigap (INM) market, enrollees disproportionately prefer the PPO, because of network size. For Medigap, each network is the same comprehensive network of doctors/facilities who take Medicare, and every carrier must offer an identical set of benefits. Given that, Medigap carriers compete primarily on premium and on customer service and it's not clear that sicker members would remain with a particular carrier irrespective of price and elect to remain with a single carrier as Marylanders have done in the INM market. Rather, the MIA believes that this description of the impact of the BR in Oregon is an indication of what is most likely to happen in Maryland:

"[W]e now see a lot of member adverse selection to the lowest cost insurer on the market. After the insurer becomes the lowest rate on the market (or in the lower quarter of rates maybe) the insurer sees sharp losses and can justify rate increases between 15 and 30 percent the following year. We also see another year or two of 'higher than normal' rate increases after the first sharp rate increase as members level out and leave to other insurers."

Such an anticipated impact in Maryland must be considered with knowledge that 16 companies are currently less expensive than AARP. The least expensive carrier is "Heartland National" (HN) which is ~14% less expensive than AARP. However, HN had only a 0.004% market share in 2019. If some consumers shop solely on price, the market could see "pricing corrections," but likely not for the high-enrollment carriers. There are a large number of sicker members who have been paying relatively high premiums with their current carriers, because they are unable to pass medical underwriting and, thus, are unable to make a change. The experience of other states is that some of these members will migrate to AARP and other carriers with lower rates if the BR were adopted in Maryland and would cause premium rates in these companies, including AARP to increase. Current age factors for older ages for non-AARP insurers would seem adequate, but this may not be true for AARP age factors. If AARP rates increase above competitors' rates, this could trigger some enrollment migration away from AARP. Currently, healthy CFI enrollees are already able to leave on an annual basis, which creates volatility and is a reason why year over year increases in claims "per member per month" (PMPM) exceeds underlying trend. As an example, the BR would give sick CFI enrollees the same annual option to leave that healthy ones currently enjoy, and could thereby reduce volatility and increase predictability of the pool's claims.

Based on survey responses, it appears that concerns by some carriers regarding the impact of the BR do not consider that renewal anti-selection currently exists and adversely impacts rates. For example, one of the top three writers currently has a disproportionate number of unhealthy enrollees and has been forced to set rates that are approximately 32% higher than AARP in order to cover higher claims costs. The BR appears to reduce this wide rate differential among carriers as sicker Medigap members that are able to move choose to do so.

One carrier asserts that increased lapses will worsen morbidity by as much as 10 -20%. But, experience and data suggest that because healthy people can already lapse and be underwritten, any increase in lapsation at the insurer level due to the BR will likely be sicker than average people who are moving from one carrier to another to reduce price, which will improve morbidity of the remaining pool for that specific carrier, and have no impact on the morbidity of the entire market because, on a market-wide basis, the BR does not let any new entrants into the marketplace. One carrier's "new" is another carrier's "lapse." For a particular carrier, they might experience a disproportionate number of enrollees that are new to them and, depending on their current rates and experience, may see increases in overall morbidity. But, the suggestion that morbidity is likely to worsen by 10-20% appears to be an order of magnitude too large based on the analysis that follows. The MIA's actuaries believe that an impact of 1% to 2% is a more reasonable estimate of a worst case net impact to the Medicare market.

Opponents of HB 653 have expressed the concern that claims costs will spike. To examine this, the MIA gathered empirical data from the annual statements' "Medicare Supplement Insurance Experience Exhibit" (MSIEE) and from NAIC Loss Ratio Reports for CA, OR, and MD. The MIA gathered this data for the "top three" carriers in each market which comprises the majority of each market. For CA those carriers are 1) AARP, 2) HealthNet, and 3) Omaha. For OR those carriers are 1) AARP, 2) Omaha, and 3) Regence BCBS. For MD those carriers are 1) AARP, 2) CFMI, and 3) Omaha.

The MSIEE divides each year's data by plan into "new issues" (i.e., issued in the most recent three years) and "old/not new issues" (i.e., issued more than three years ago and prior). For example, for the year 2019, "new issues" were sold in 2019, 2018, and 2017 and "not new issues" were sold in 2016 and prior. The MIA does not assert that all the variations in data can be ascribed to the BR or that the BR impacts can be parsed out. The MIA assembled the data that its actuaries found most directly related to the BR. Unexpected results can come from many other factors such as, for example, deviation from target assumptions like trend and administrative costs.

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NEW ISSUES									
LAST 7 YEARS									
CLAIMS PMPM					ALL PLANS				
PLAN F									
<u>Year</u>	<u>CA</u>	<u>OR</u>	<u>MD</u>	<u>NW</u>	<u>CA</u>	<u>OR</u>	<u>MD</u>	<u>NW*</u>	
2012	\$120	\$112	\$124	n/a	\$113	\$105	\$130	\$118	
2019	\$141	\$156	\$168	n/a	\$126	\$115	\$145	\$115	
Annld Δ	2.2%	4.7%	4.4%	n/a	1.5%	1.4%	1.6%	-0.4%	
PREMIUM PMPM									
<u>Year</u>	<u>CA</u>	<u>OR</u>	<u>MD</u>	<u>NW</u>	<u>CA</u>	<u>OR</u>	<u>MD</u>	<u>NW*</u>	
2012	\$138	\$120	\$148	n/a	\$132	\$112	\$148	\$135	
2019	\$166	\$172	\$199	n/a	\$151	\$133	\$170	\$142	
Annld Δ	2.7%	5.4%	4.3%	n/a	2.0%	2.6%	1.9%	0.7%	
LOSS RATIO									
<u>Year</u>	<u>CA</u>	<u>OR</u>	<u>MD</u>	<u>NW</u>	<u>CA</u>	<u>OR</u>	<u>MD</u>	<u>NW*</u>	
2012	87.2%	94.0%	83.4%	n/a	85.8%	93.7%	87.7%	87.1%	
2019	84.5%	90.3%	84.3%	n/a	83.3%	86.4%	85.7%	80.7%	
Δ	-2.7%	-3.8%	0.8%	n/a	-2.5%	-7.3%	-2.0%	-6.3%	
* Shifted Back 1 year since only data through 2018 is available.									

The above chart for “New Issues” shows non-MD claims PMPM growth to be comparable to MD but above the nationwide (NW) pace. The same can be said for premium PMPMs. A spike in cost or premium is not evident.

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TOTAL - ALL MEMBERS									
LAST 7 YEARS									
CLAIMS PMPM					ALL PLANS				
PLAN F									
Year	CA	OR	MD	NW	CA	OR	MD	NW*	
2012	\$136	\$123	\$146	n/a	\$143	\$128	\$143	\$144	
2019	\$169	\$171	\$196	n/a	\$163	\$143	\$186	\$152	
Annld Δ	3.2%	4.8%	4.3%	n/a	1.9%	1.6%	3.8%	0.8%	
PREMIUM PMPM									
Year	CA	OR	MD	NW	CA	OR	MD	NW*	
2012	\$163	\$141	\$178	n/a	\$175	\$161	\$183	\$180	
2019	\$205	\$208	\$248	n/a	\$196	\$177	\$237	\$192	
Annld Δ	3.3%	5.7%	4.8%	n/a	1.6%	1.4%	3.8%	1.0%	
LOSS RATIO									
Year	CA	OR	MD	NW	CA	OR	MD	NW*	
2012	83.4%	87.2%	81.8%	n/a	81.3%	79.5%	78.2%	80.0%	
2019	82.7%	82.2%	78.9%	n/a	83.1%	80.9%	78.4%	78.9%	
Δ	-0.6%	-5.0%	-3.0%	n/a	1.8%	1.4%	0.2%	-1.1%	
* Shifted Back 1 year since only data through 2018 is available.									

Consistent with anti-selection impacting both new business and renewals, the chart above examines experience for “All Members.” It shows non-MD claims PMPM growth to be comparable to MD but above the nationwide (NW) pace. The same can be said for premium PMPMs. A spike in cost or premium is not evident. Charts 2-5 in the appendix provide more detail and more years. A spike in cost is also not apparent after implementation of the BR in Oregon in 2013.

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The chart below shows loss ratios to be relatively stable around 80%, with the exception of CA in 2019 at 83.1%.

CHART 6								
LOSS RATIOS								
ALL PLANS								
Year	CA	Delta	OR	Delta	MD	Delta	NW	Delta
2006							79.1%	
2007							80.0%	1.2%
2008							79.9%	-0.2%
2009							80.0%	0.2%
2010	81.5%		77.0%		74.4%		79.0%	-1.3%
2011		-100.0%	80.1%	4.0%	76.2%	2.4%	80.0%	1.2%
2012	81.3%	#DIV/0!	79.5%	-0.7%	77.2%	1.3%	78.2%	-2.2%
2013	78.5%	-3.5%	80.4%	1.1%	74.0%	-4.1%	76.9%	-1.6%
2014	78.7%	0.3%	80.9%	0.6%	76.6%	3.5%	76.6%	-0.5%
2015	77.6%	-1.4%	79.4%	-1.9%	76.1%	-0.7%	77.5%	1.2%
2016	79.9%	3.0%	80.8%	1.7%	78.6%	3.3%	77.8%	0.4%
2017	82.0%	2.6%	81.0%	0.2%	78.2%	-0.5%	77.7%	-0.1%
2018	81.7%	-0.4%	81.0%	0.0%	78.3%	0.1%	78.9%	1.5%
2019	83.1%	1.8%	80.9%	-0.1%	78.4%	0.1%		-100.0%
Δ: Last 5 Yrs.	4.4%		0.0%		1.8%		2.0%	
Δ: Since 2010	1.6%		3.9%		4.0%		-1.2%	

The chart below shows that CA and OR have seen annualized enrollment growth over the last ten years that exceeds both MD and NW experience.

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The assertion has been made that the BR has driven premiums in CA and OR above MD. One carrier specifically provided data in this regard. The carrier made comparisons to median premiums and carriers with low market share. A different look at the carrier's premiums below shows that, when comparing carrier to carrier by jurisdiction, CA and OR premiums are comparable to MD and in some notable instances, less expensive.

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	Plan G			Plan N	
	2020			2020	
	Female	%		Female	%
	Age	vs.		Age	vs.
	70	MD		70	MD
AARP-MD	\$143	0.0%	✓	\$123	0.0%
AARP-OR	\$135	-5.9%	✓	\$108	-12.0%
AARP-CA	\$146	1.8%	✓	\$123	0.1%
BCBS-MD	\$181	0.0%	✓	\$161	0.0%
BCBS-OR	\$188	3.6%	✓	\$160	-0.7%
BCBS-CA	\$155	-14.4%	✓	\$128	-20.4%

Another comparison of premiums using the highest enrollment carriers and looking at two regions of CA (Los Angeles and Bakersfield) is shown below. New business premiums are considerably higher than MD at age 75. Said another way, the “penalty” for waiting to enroll until age 75 has increased.

	Plan G				
	2020			2020	
	Female	%		Female	%
	Age	vs.		Age	vs.
	65	MD		75	MD
AARP-MD	\$149	0.0%	✓	\$200	0.0%
AARP-OR	\$140	-6.0%	✓	\$322	61.0%
AARP-CA-L.A.	\$155	4.0%	✓	\$302	51.0%
AARP-CA-Bksfld	\$128	-14.1%	✓	\$250	25.0%
Omaha-MD	\$166	0.0%	✓	\$210	0.0%
Omaha-OR	\$155	-6.4%	✓	\$214	1.9%
Omaha-CA-L.A.	\$249	50.4%	✓	\$320	52.4%
Omaha-CA-Bksfld	\$183	10.5%	✓	\$235	11.9%

One more rate comparison below shows sample premium changes over time from available published rate guides. Over the last five years, OR’s annualized pace of rate increase has been comparable to MD for age 65. However, for age 75, OR’s pace of increase has been 2-3% higher than MD. This seems consistent with AARP’s healthier pool and lower rates attracting less healthy seniors at older ages as depicted in the chart in the carrier’s comments in the appendix. (AARP’s “early enrollment discount” starts at -39% in year 1 and grades off by 3% per year over sixteen years at age 81.) AARP seemingly has the most exposure to anti-selection, particularly after age 81.

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GRAPH							
PLAN F - RATE CHANGES							
FROM RATE GUIDES							
AGE 65							
	OR	OR	OR	MD	MD	MD	
<u>Year</u>	<u>AARP</u>	<u>BCBS</u>	<u>Omaha</u>	<u>AARP</u>	<u>BCBS</u>	<u>Omaha</u>	
2002							
2004	3.9%	4.7%	5.2%				
2005	-18.3%	12.0%	8.0%				
2006	8.0%	11.8%	2.6%				
2007	0.0%	1.8%	12.0%				
2008	-3.7%	12.9%	17.0%				
2009	0.0%	-32.6%	7.0%				
2010	9.3%	54.2%	-42.7%				
2011	-6.3%	-25.3%	13.6%				
2012	26.9%	36.0%	12.8%	3.9%	6.3%		
2013	11.4%	0.0%	35.0%	4.6%	0.5%		
2014	0.0%	0.0%	12.7%	3.6%	0.0%	9.0%	
2015	6.8%	2.2%	-1.1%	0.0%	9.5%	0.0%	
2016	4.5%	0.0%	-12.4%	4.3%	12.7%	11.8%	
2017	4.3%	-10.1%	9.3%	4.7%	-25.0%	9.5%	
2018	-1.8%	30.0%	7.9%	3.7%	17.2%	5.9%	
2019	7.7%	1.4%	8.9%	5.1%	10.1%	-9.0%	
2020	2.2%	10.3%	20.2%	11.2%	7.9%	3.8%	
Annualized							
2002-2012	1.5%	5.3%	2.1%	#DIV/0!	#DIV/0!	#DIV/0!	
2012-2020	4.3%	3.7%	9.3%	4.6%	3.3%	#DIV/0!	
Last 10 yrs.	5.2%	3.1%	10.0%	#DIV/0!	#DIV/0!	#DIV/0!	
Last 5 Yrs.	3.3%	5.5%	6.2%	5.8%	3.3%	4.1%	
Marginal Difference (Last 5 Yrs.): OR - MD	-2.4%	2.2%	2.1%	0.0%	0.0%	0.0%	

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GRAPH						
PLAN F - RATE CHANGES						
FROM RATE GUIDES						
AGE 75						
	OR	OR	OR	MD	MD	MD
	AARP	BCBS	Omaha	AARP	BCBS	Omaha
Year						
2002						
2004	3.9%	12.1%	5.2%			
2005	2.1%	12.0%	8.0%			
2006	8.0%	11.8%	2.6%			
2007	0.0%	1.8%	12.0%			
2008	10.1%	13.0%	17.0%			
2009	0.0%	-27.4%	7.0%			
2010	9.3%	43.3%	-40.6%			
2011	-5.9%	-17.0%	14.2%			
2012	-3.7%	12.3%	-6.8%	3.9%	3.0%	
2013	36.1%	0.0%	62.6%	4.6%	3.4%	
2014	0.0%	0.0%	12.5%	3.6%	0.0%	9.0%
2015	7.0%	2.3%	-0.9%	0.0%	9.8%	0.0%
2016	4.8%	0.0%	-12.6%	4.3%	12.6%	12.0%
2017	-7.9%	-6.7%	9.2%	4.7%	-25.4%	9.1%
2018	-2.3%	25.4%	8.0%	3.7%	16.8%	5.9%
2019	31.8%	1.1%	8.7%	5.1%	10.2%	-8.6%
2020	21.0%	10.2%	20.4%	11.2%	7.9%	4.1%
Annualized						
2002-2012	2.5%	5.1%	0.4%	#DIV/0!	#DIV/0!	#DIV/0!
2012-2020	10.3%	3.7%	11.8%	4.6%	3.6%	#DIV/0!
Last 10 yrs.	7.1%	2.2%	10.0%	#DIV/0!	#DIV/0!	#DIV/0!
Last 5 Yrs.	8.5%	5.4%	6.2%	5.8%	3.1%	4.3%
Marginal Difference (Last 5 Yrs.): OR - MD	2.8%	2.3%	1.9%	0.0%	0.0%	0.0%

One more look at historical premium changes comes from AARP and is shown in Chart 6 in the appendix. It shows that, over the past 10 years, rates for entry age 75 in OR have increased at an annual pace of 7.1% versus MD's 3.7% (CA = 3.8%). Entry age 65 rates have changed by 4.3%, 2.8%, and 2.3% for OR, CA, MD over the same time period. At age 65, OR rates are 7.3% below MD and age 75 rates are 5.4% higher than MD.

One carrier provided analysis showing that normalized claims PMPM are higher than MD in CA, OR, and MO using Milliman geographic factors. It was atypical to see CA costing less than MD. The MIA checked these factors against parallel geographic Medigap factors from Lewis

Via Email: bonnie.cullison@house.state.md.us

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& Ellis (L&E) as summarized below. Using the L&E factors, normalized MD claims PMPM are lower for 2018 claims PMPM in all instances ranging from -2% to -19%.

States	CIGNA: Milliman Area Factor	L&E Area Factor
CA	0.872	1.109
MD	1.000	1.000
MO	0.880	1.031
OR	0.751	1.018

CONCLUSION

The MIA's analysis of data, with particular emphasis on the experience in CA and OR, is that the BR could result in a potential rate increase of +/- 2% across the entire Medigap market pool, could result in a higher denial rate of 5% on new underwritten business, and could introduce greater rate volatility for specific carriers. At the same time, the BR does, in time, tend to reduce large rate disparities among insurers for the same plan and provides sicker enrollees the opportunity to adjust coverage and seek lower premium.

Sincerely,



Kathleen A. Birrane
Insurance Commissioner

cc: Lisa Simpson, Counsel, House Health and Government Operations Committee
Todd Switzer, Chief Actuary, MIA
Michael Paddy, Director of Government Relations, MIA

Appendix

CHART 2
CLAIMS PMPM
PLAN F

NEW ISSUES

	<u>Year</u>	<u>CA</u>	<u>Δ</u>	<u>OR</u>	<u>Δ</u>	<u>MD</u>	<u>Δ</u>
1	2010	\$110		\$97		\$30	
2	2011		-100.0%	\$104	7.1%	\$115	285.1%
3	2012	\$120	#DIV/0!	\$112	8.0%	\$124	7.6%
4	2013	\$122	1.6%	\$114	1.6%	\$122	-1.2%
5	2014	\$102	-16.3%	\$127	11.6%	\$126	3.2%
6	2015	\$126	22.8%	\$126	-0.9%	\$139	10.5%
7	2016	\$129	2.9%	\$119	-6.1%	\$150	7.5%
8	2017	\$130	0.3%	\$132	11.0%	\$155	3.8%
9	2018	\$134	3.0%	\$140	6.5%	\$161	3.8%
10	2019	\$141	5.2%	\$156	11.0%	\$168	4.0%
Annld 2010-2012:		4.4%		7.5%		103.6%	
Annld 2012-2019:		2.2%		4.7%			
Annld 2010-2019:		2.7%		5.4%		21.1%	
Last 5 Yrs.		6.6%		4.1%		5.9%	

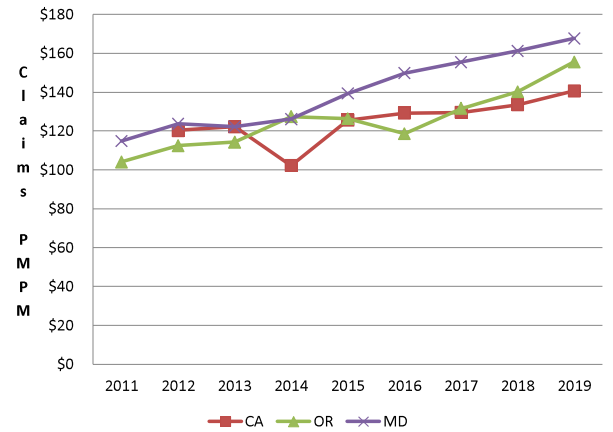
NOT NEW ISSUES

	<u>Year</u>	<u>CA</u>	<u>Delta</u>	<u>OR</u>	<u>Delta</u>	<u>MD</u>	<u>Delta</u>
1	2010	\$150		\$125		#DIV/0!	
2	2011		-100.0%	\$134	7.2%	\$169	#DIV/0!
3	2012	\$157	#DIV/0!	\$134	-0.3%	\$176	3.8%
4	2013	\$154	-1.8%	\$140	4.4%	\$179	1.6%
5	2014	\$157	1.5%	\$145	3.5%	\$176	-1.2%
6	2015	\$153	-2.5%	\$144	-0.7%	\$169	-4.3%
7	2016	\$165	7.8%	\$159	10.4%	\$182	7.9%
8	2017	\$171	3.8%	\$167	5.0%	\$190	4.4%
9	2018	\$175	2.3%	\$176	5.8%	\$197	3.6%
10	2019	\$185	6.0%	\$183	3.6%	\$204	3.5%
Annld 2010-2012:		2.4%		3.4%		#DIV/0!	
Annld 2012-2019:		2.4%		4.5%		2.1%	
Annld 2010-2019:		2.4%		4.3%		#DIV/0!	

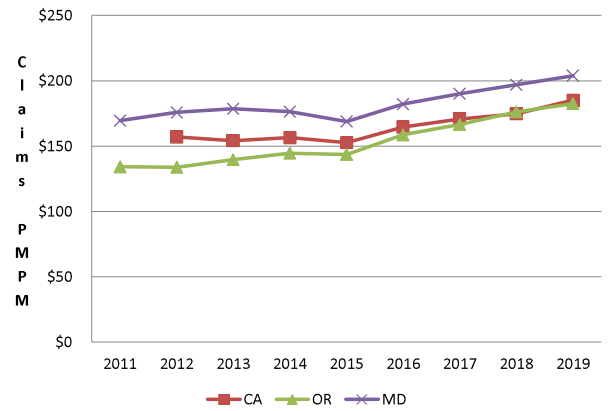
TOTAL

	<u>Year</u>	<u>CA</u>	<u>Delta</u>	<u>OR</u>	<u>Delta</u>	<u>MD</u>	<u>Delta</u>
1	2010	\$131		\$114		\$30	
2	2011		-100.0%	\$121	6.1%	\$142	374.3%
3	2012	\$136	#DIV/0!	\$123	1.7%	\$146	3.1%
4	2013	\$136	0.3%	\$126	2.7%	\$145	-0.6%
5	2014	\$128	-6.2%	\$136	7.6%	\$147	1.6%
6	2015	\$139	8.9%	\$135	-0.4%	\$153	4.2%
7	2016	\$148	6.2%	\$138	1.9%	\$168	9.2%
8	2017	\$152	3.1%	\$149	8.1%	\$179	6.6%
9	2018	\$158	3.8%	\$158	6.3%	\$187	4.9%
10	2019	\$169	7.2%	\$171	7.8%	\$196	4.5%
Annld 2010-2012:		1.6%		3.9%		121.1%	
Annld 2012-2019:		3.2%		4.8%		4.3%	
Annld 2010-2019:		2.9%		4.6%		23.3%	

Plan F - New Issues



Plan F - Not New Issues



Plan F - TOTAL

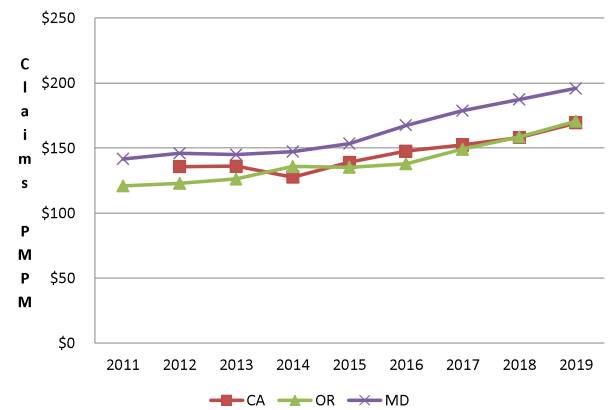


CHART 3
CLAIMS PMPM
ALL PLANS

NEW ISSUES

	Year	CA	Delta	OR	Delta	MD	Delta	NW	Delta
	2006							\$103	
	2007							\$105	1.5%
	2008							\$108	3.5%
	2009							\$109	0.7%
1	2010	\$116		\$104		\$134		\$110	0.6%
2	2011		-100.0%	\$100	-3.8%	\$129	-3.3%	\$118	7.2%
3	2012	\$113	#DIV/0!	\$105	4.2%	\$130	0.6%	\$116	-1.2%
4	2013	\$113	-0.8%	\$103	-2.0%	\$116	-10.9%	\$115	-1.2%
5	2014	\$115	2.1%	\$113	9.8%	\$111	-3.8%	\$112	-2.5%
6	2015	\$115	0.3%	\$112	-0.7%	\$121	8.7%	\$114	2.0%
7	2016	\$119	3.0%	\$100	-10.9%	\$125	3.6%	\$112	-1.5%
8	2017	\$119	0.0%	\$113	13.0%	\$129	3.2%	\$114	1.5%
9	2018	\$121	1.6%	\$112	-0.3%	\$140	8.2%	\$115	0.5%
10	2019	\$126	4.7%	\$115	2.7%	\$145	3.8%		-100.0%
Annlnzd 2010-2012:		-1.3%		0.2%		-1.4%		2.9%	
Annlnzd 2012-2019:		1.5%		1.4%		1.6%		-0.2%	
Annlnzd 2010-2019:		0.9%		1.1%		0.9%		0.6%	
Last 5 Yrs.		1.9%		0.5%		5.5%		0.0%	

NOT NEW ISSUES

	Year	CA	Delta	OR	Delta	MD	Delta	NW	Delta
	2006							\$136	
	2007							\$141	3.9%
	2008							\$147	4.0%
	2009							\$153	4.1%
1	2010	\$155		\$135		\$171		\$158	3.0%
2	2011	\$184	18.8%	\$146	8.3%	\$178	4.0%	\$162	2.7%
3	2012	\$161	-12.8%	\$140	-3.6%	\$184	3.4%	\$163	0.3%
4	2013	\$158	-1.6%	\$144	2.5%	\$176	-4.0%	\$159	-1.9%
5	2014	\$161	2.1%	\$147	2.1%	\$184	4.3%	\$162	1.4%
6	2015	\$156	-3.2%	\$146	-0.5%	\$177	-3.7%	\$162	0.5%
7	2016	\$166	5.9%	\$157	7.3%	\$183	3.5%	\$167	2.7%
8	2017	\$170	2.8%	\$163	3.7%	\$189	3.3%	\$171	2.8%
9	2018	\$173	1.6%	\$168	3.3%	\$194	2.3%	\$175	2.1%
10	2019	\$183	5.7%	\$177	5.1%	\$198	2.4%		-100.0%
Annlnzd 2010-2012:		1.8%		2.1%		3.7%		1.5%	
Annlnzd 2012-2019:		1.8%		3.3%		1.1%		1.2%	
Annlnzd 2010-2019:		1.8%		3.1%		1.7%		1.3%	

TOTAL

	Year	CA	Delta	OR	Delta	MD	Delta	NW	Delta
	2006							\$125	
	2007							\$129	3.3%
	2008							\$133	3.6%
	2009							\$137	3.0%
1	2010	\$142		\$127		\$157		\$139	1.2%
2	2011	\$184	29.8%	\$132	4.6%	\$164	4.0%	\$144	3.4%
3	2012	\$143	-22.6%	\$128	-3.5%	\$167	1.9%	\$143	-0.6%
4	2013	\$140	-1.7%	\$127	-0.2%	\$155	-7.0%	\$141	-1.4%
5	2014	\$143	1.8%	\$133	4.1%	\$155	-0.4%	\$141	-0.1%
6	2015	\$140	-2.2%	\$132	-0.8%	\$154	-0.2%	\$142	0.8%
7	2016	\$147	5.1%	\$130	-1.5%	\$161	4.3%	\$144	1.1%
8	2017	\$150	2.2%	\$138	6.8%	\$170	5.4%	\$148	3.1%
9	2018	\$153	2.4%	\$139	0.3%	\$178	4.9%	\$152	2.4%
10	2019	\$163	6.1%	\$143	3.0%	\$186	4.6%		-100.0%
Annlnzd 2010-2012:		0.2%		0.5%		2.9%		1.4%	
Annlnzd 2012-2019:		1.9%		1.6%		1.6%		1.0%	
Annlnzd 2010-2019:		1.5%		1.4%		1.9%		1.1%	

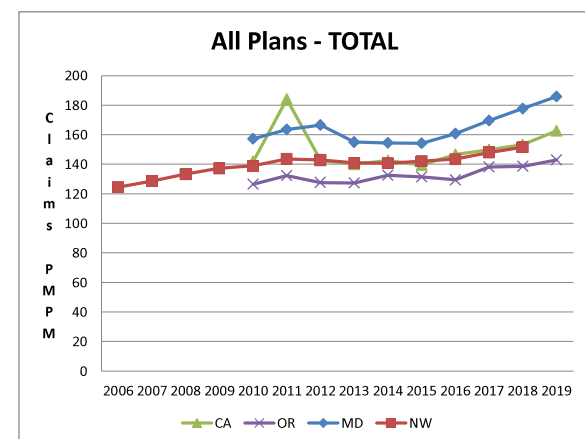
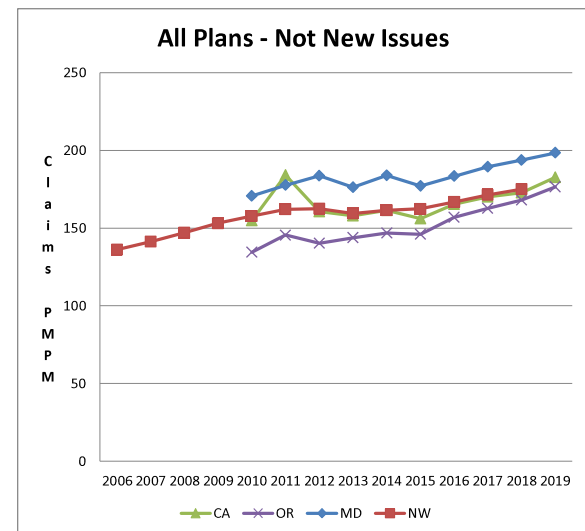
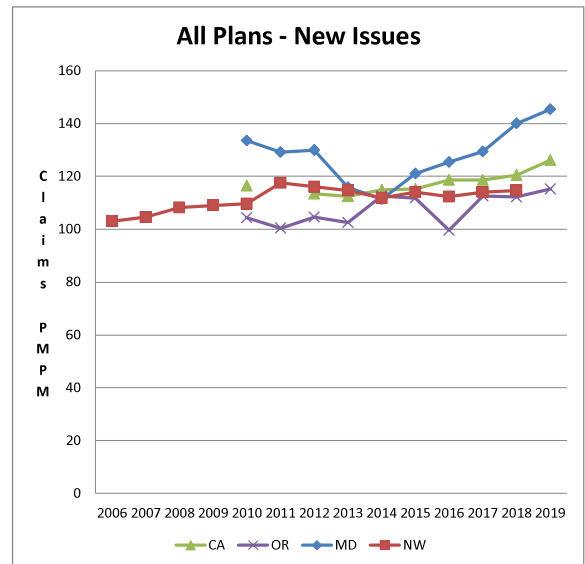


CHART 4
PREMIUM PMPM
PLAN F

NEW ISSUES

	<u>Year</u>	<u>CA</u>	<u>Delta</u>	<u>OR</u>	<u>Delta</u>	<u>MD</u>	<u>Delta</u>
1	2010	\$122		\$108		\$69	
2	2011		-100.0%	\$113	4.6%	\$136	97.9%
3	2012	\$138	#DIV/0!	\$120	5.7%	\$150	10.8%
4	2013	\$147	6.5%	\$125	4.2%	\$154	2.2%
5	2014	\$153	4.5%	\$137	10.3%	\$156	1.7%
6	2015	\$158	2.8%	\$141	2.4%	\$175	12.2%
7	2016	\$162	2.7%	\$134	-4.9%	\$192	9.4%
8	2017	\$158	-2.4%	\$146	9.0%	\$193	0.5%
9	2018	\$160	1.1%	\$155	6.5%	\$201	4.3%
10	2019	\$166	4.1%	\$172	11.0%	\$199	-1.1%
Annld 2010-2012:		6.4%		5.1%		48.1%	
Annld 2012-2019:		2.7%		5.4%		4.1%	
Annld 2010-2019:		3.5%		5.3%		12.6%	
Last 5 Yrs.		1.6%		4.6%		5.0%	

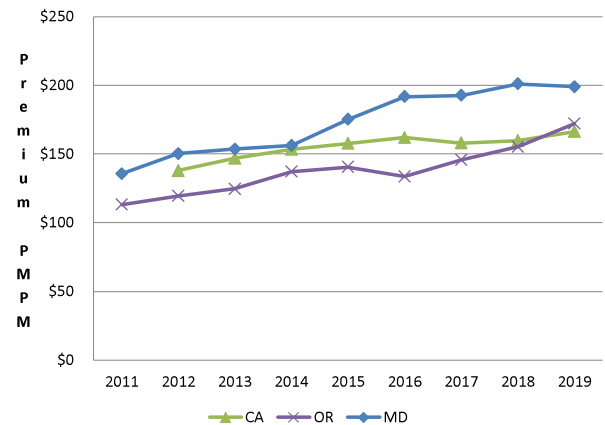
NOT NEW ISSUES

	<u>Year</u>	<u>CA</u>	<u>Delta</u>	<u>OR</u>	<u>Delta</u>	<u>MD</u>	<u>Delta</u>
1	2010	\$183		\$158		#DIV/0!	
2	2011		-100.0%	\$166	5.6%	\$211	#DIV/0!
3	2012	\$197	#DIV/0!	\$164	-1.7%	\$216	2.3%
4	2013	\$200	1.5%	\$168	2.9%	\$226	4.7%
5	2014	\$203	1.3%	\$178	5.6%	\$220	-2.8%
6	2015	\$199	-1.9%	\$185	4.0%	\$216	-1.9%
7	2016	\$205	2.9%	\$193	4.3%	\$227	5.3%
8	2017	\$208	1.5%	\$205	6.2%	\$245	7.8%
9	2018	\$216	4.2%	\$218	6.1%	\$256	4.7%
10	2019	\$226	4.3%	\$235	8.2%	\$262	2.3%
Annld 2010-2012:		3.9%		1.9%		#DIV/0!	
Annld 2012-2019:		1.9%		5.3%		2.8%	
Annld 2010-2019:		2.4%		4.6%		#DIV/0!	

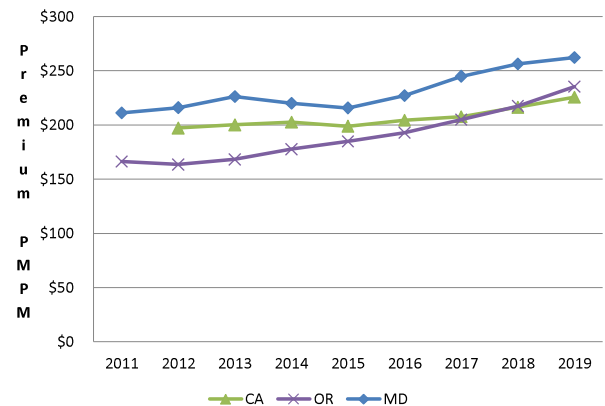
TOTAL

	<u>Year</u>	<u>CA</u>	<u>Delta</u>	<u>OR</u>	<u>Delta</u>	<u>MD</u>	<u>Delta</u>
1	2010	\$154		\$137		\$69	
2	2011		-100.0%	\$143	3.7%	\$172	151.6%
3	2012	\$163	#DIV/0!	\$141	-1.2%	\$178	3.4%
4	2013	\$170	4.4%	\$145	2.9%	\$183	2.6%
5	2014	\$176	3.8%	\$157	8.2%	\$183	0.0%
6	2015	\$178	0.9%	\$163	4.1%	\$195	6.3%
7	2016	\$184	3.5%	\$162	-0.7%	\$211	8.6%
8	2017	\$185	0.6%	\$175	8.1%	\$228	7.8%
9	2018	\$193	4.4%	\$187	6.6%	\$242	6.1%
10	2019	\$205	5.8%	\$208	11.3%	\$248	2.8%
Annld 2010-2012:		2.7%		1.2%		61.3%	
Annld 2012-2019:		3.3%		5.7%		4.8%	
Annld 2010-2019:		3.2%		4.7%		15.4%	

Plan F - New Issues



Plan F - Not New Issues



Plan F - TOTAL

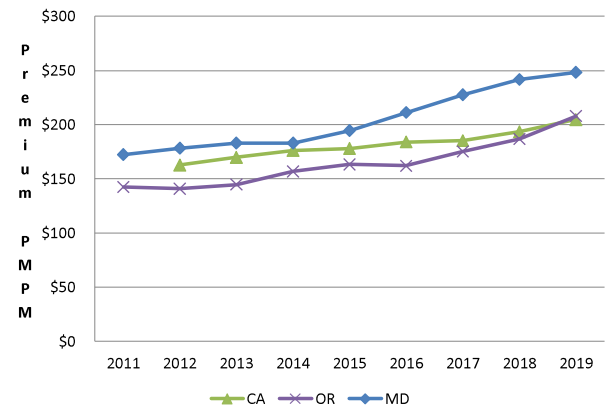


CHART 5
PREMIUM PMPM
ALL PLANS

NEW ISSUES

	Year	CA	Delta	OR	Delta	MD	Delta	NW	Delta
	2006							\$126	
	2007							\$125	-0.5%
	2008							\$130	4.0%
	2009							\$130	-0.7%
1	2010	\$134		\$115		\$164		\$129	-0.3%
2	2011		-100.0%	\$110	-5.0%	\$147	-10.2%	\$135	4.5%
3	2012	\$132	#DIV/0!	\$112	1.8%	\$148	0.5%	\$139	2.7%
4	2013	\$137	3.6%	\$114	1.9%	\$141	-5.0%	\$141	1.7%
5	2014	\$143	4.6%	\$124	8.5%	\$138	-1.9%	\$140	-0.7%
6	2015	\$147	2.7%	\$127	3.0%	\$152	9.7%	\$143	2.0%
7	2016	\$152	3.0%	\$116	-8.9%	\$157	3.7%	\$140	-2.0%
8	2017	\$147	-2.9%	\$131	13.2%	\$159	1.3%	\$145	3.9%
9	2018	\$147	-0.2%	\$130	-0.9%	\$168	5.3%	\$142	-2.3%
10	2019	\$151	3.2%	\$133	2.6%	\$170	1.1%		-100.0%
Annlnzd 2010-2012:		-0.7%		-1.7%		-5.0%		3.6%	
Annlnzd 2012-2019:		2.0%		2.6%		1.9%		0.4%	
Annlnzd 2010-2019:		1.4%		1.6%		0.4%		1.2%	
Last 5 Yrs.		1.1%		1.6%		4.2%		0.1%	

NOT NEW ISSUES

	Year	CA	Delta	OR	Delta	MD	Delta	NW	Delta
	2006							\$174	
	2007							\$180	2.9%
	2008							\$187	4.2%
	2009							\$195	4.3%
1	2010	\$195		\$182		\$238		\$206	5.6%
2	2011		-100.0%	\$188	3.5%	\$242	1.6%	\$211	2.4%
3	2012	\$202	#DIV/0!	\$187	-0.5%	\$248	2.2%	\$215	2.0%
4	2013	\$206	1.7%	\$188	0.3%	\$247	-0.3%	\$213	-1.0%
5	2014	\$207	0.6%	\$193	2.5%	\$245	-0.7%	\$215	1.1%
6	2015	\$202	-2.2%	\$194	0.7%	\$238	-2.9%	\$213	-1.1%
7	2016	\$205	1.3%	\$201	3.6%	\$235	-1.3%	\$218	2.2%
8	2017	\$206	0.4%	\$208	3.6%	\$245	4.5%	\$222	1.8%
9	2018	\$212	3.0%	\$217	4.1%	\$252	2.8%	\$224	1.1%
10	2019	\$220	3.7%	\$229	5.7%	\$258	2.3%		-100.0%
Annlnzd 2010-2012:		1.9%		1.5%		1.9%		2.2%	
Annlnzd 2012-2019:		1.2%		2.9%		0.6%		0.7%	
Annlnzd 2010-2019:		1.4%		2.6%		0.9%		1.1%	

TOTAL

	Year	CA	Delta	OR	Delta	MD	Delta	NW	Delta
	2006							\$158	
	2007							\$161	2.1%
	2008							\$167	3.8%
	2009							\$172	2.7%
1	2010	\$174		\$164		\$212		\$176	2.6%
2	2011		-100.0%	\$165	0.6%	\$215	1.6%	\$180	2.1%
3	2012	\$175	#DIV/0!	\$161	-2.8%	\$216	0.6%	\$183	1.7%
4	2013	\$179	1.8%	\$159	-1.3%	\$210	-3.0%	\$183	0.2%
5	2014	\$181	1.5%	\$164	3.4%	\$202	-3.8%	\$184	0.4%
6	2015	\$180	-0.7%	\$166	1.1%	\$203	0.5%	\$183	-0.3%
7	2016	\$184	2.1%	\$160	-3.2%	\$205	0.9%	\$185	0.7%
8	2017	\$183	-0.4%	\$171	6.5%	\$217	6.0%	\$191	3.2%
9	2018	\$188	2.8%	\$171	0.3%	\$227	4.7%	\$192	0.9%
10	2019	\$196	4.3%	\$177	3.1%	\$237	4.5%		-100.0%
Annlnzd 2010-2012:		0.3%		-1.1%		1.1%		1.9%	
Annlnzd 2012-2019:		1.6%		1.4%		1.3%		0.8%	
Annlnzd 2010-2019:		1.3%		0.8%		1.3%		1.1%	

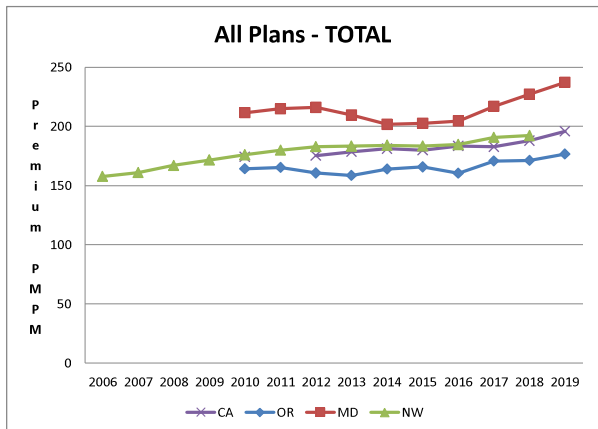
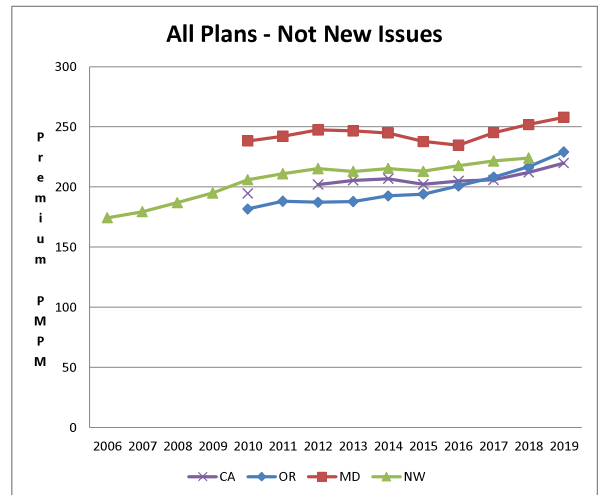
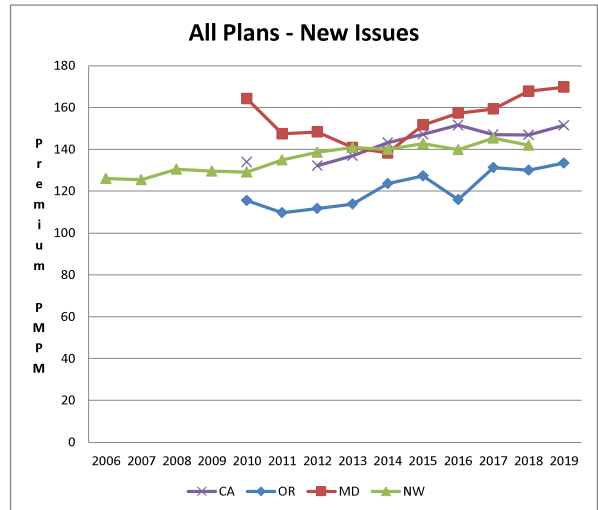


CHART 6: AARP NEW BUSINESS RATES HISTORY FOR OR, CA, MD

Prepared by AARP

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
OR	OR	OR	OR	CA	CA	CA	CA	CA	MD	MD	MD	MD	OR/MD	OR/MD	OR/MD	CA/MD	CA/MD	OR-MD	OR-MD	CA-MD	CA-MD
Age	Age	Age	Age	Age	Age	Age	Age	Age	Age	Age	Age	Delta	Delta	Delta	Delta	Delta	Delta	Delta	Delta	Delta	Delta
Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Renewal//	Delta	Delta	Delta	Delta	Delta	Delta	Delta	Delta	Delta	Delta
65	75	75	75	65	75	75	75	75	65	65	75	75	65	65	75	65	75	65	75	65	75
Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
2010	\$104	\$164	\$176	\$132	\$139	\$236	\$248	\$236	\$137	\$140	\$215	\$215	\$220	-23.7%	-23.7%	-3.5%	9.7%	4.8%	-3.9%	2.7%	2.7%
2011	\$112	\$176	\$176	\$139	\$139	\$248	\$248	\$236	\$140	\$140	\$220	\$220	\$220	-20.1%	-20.1%	-0.9%	12.6%	4.8%	-3.9%	2.7%	2.7%
2012	\$112	\$176	\$176	\$139	\$139	\$248	\$248	\$236	\$140	\$140	\$220	\$220	\$220	-23.1%	-23.1%	-2.8%	10.5%	4.8%	-3.9%	2.7%	2.7%
2013 *	\$120	\$215	\$215	\$142	\$142	\$267	\$267	\$267	\$152	\$152	\$239	\$239	\$239	-20.9%	-20.9%	-1.8%	11.5%	2.9%	17.6%	1.0%	1.0%
2014	\$129	\$230	\$230	\$158	\$158	\$281	\$281	\$281	\$158	\$158	\$248	\$248	\$248	-18.2%	-18.2%	-0.1%	13.5%	3.6%	3.6%	1.8%	1.8%
2015	\$135	\$241	\$241	\$158	\$158	\$281	\$281	\$281	\$158	\$158	\$248	\$248	\$248	-14.4%	-14.4%	-0.1%	13.5%	4.6%	4.6%	0.0%	0.0%
2016	\$141	\$252	\$252	\$164	\$164	\$293	\$293	\$293	\$165	\$165	\$259	\$259	\$259	-14.3%	-14.3%	-0.2%	13.4%	0.1%	0.1%	-0.1%	-0.1%
2017	\$149	\$267	\$267	\$164	\$164	\$293	\$293	\$293	\$172	\$172	\$270	\$270	\$270	-13.1%	-13.1%	-4.4%	8.7%	1.5%	1.5%	-4.4%	-4.4%
2018	\$147	\$286	\$286	\$157	\$157	\$307	\$307	\$307	\$163	\$163	\$281	\$281	\$281	-10.3%	-10.3%	-3.8%	9.3%	3.1%	3.4%	0.6%	0.6%
2019	\$158	\$308	\$308	\$166	\$166	\$323	\$323	\$323	\$172	\$172	\$295	\$295	\$295	-8.0%	-8.0%	-3.5%	9.7%	2.6%	2.6%	0.4%	0.4%
2020	\$159	\$326	\$326	\$175	\$175	\$341	\$341	\$341	\$172	\$172	\$309	\$309	\$309	-7.3%	-7.3%	1.8%	10.3%	0.8%	0.8%	5.5%	0.6%
10-Yr. Delta:	1.525	1.989	1.989	1.324	1.324	1.448	1.448	1.448	1.255	1.255	1.440	1.440	1.440	-15.8%	-15.8%	-1.7%	11.2%	2.0%	3.5%	0.6%	0.1%
Annualized	4.3%	7.1%	7.1%	2.8%	2.8%	3.8%	3.8%	3.8%	2.3%	2.3%	3.7%	3.7%	3.7%	-10.6%	-10.6%	-2.0%	10.3%	1.6%	1.7%	0.4%	-0.6%

* 2013 - In OR we replaced our u/w to set rate structure with a time based rate tier structure.

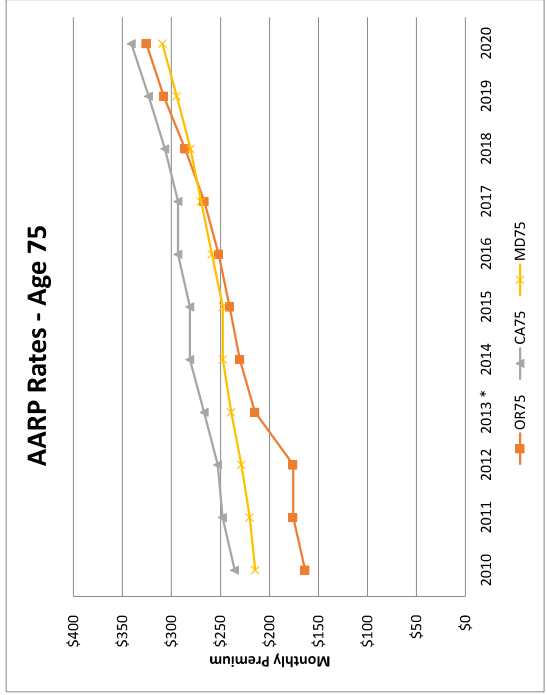
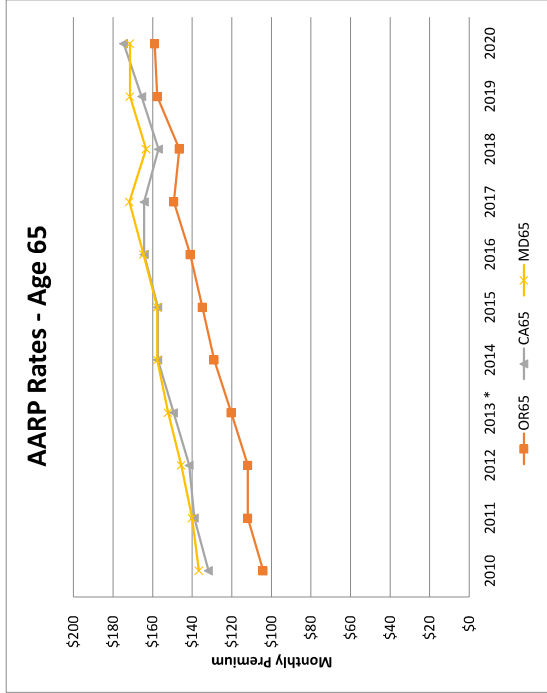


CHART 7: MEDICARE ADVANTAGE ENROLLMENT HISTORY
MEMBERS - MD

14 15

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	MedAdv MD		MedAdv NW		MedAdv Oregon		MedAdv CA		Delta	Delta	
															Members	Delta	Members	Delta	Members	Delta	Members	Delta			
01/01/17	02/01/17	03/01/17	04/01/17	05/01/17	06/01/17	07/01/17	08/01/17	09/01/17	10/01/17	11/01/17	12/01/17	01/01/18	02/01/18	03/01/18	04/01/18	05/01/18	06/01/18	07/01/18	08/01/18	09/01/18	10/01/18	11/01/18	12/01/18	01/01/19	02/01/19
65,551	66,293	66,376	66,365	66,602	66,479	66,624	66,824	66,934	67,429	67,495	71,117	74,546	76,478	76,811	77,321	77,843	78,493	79,321	79,317	80,693	81,240	81,611	82,132	119,187	121,326
		83	-11	237	-123	186	159	110	495		10,636	1,932	2,626	3,333	510	622	650	828	828	776	547	371	521	37,055	21,339

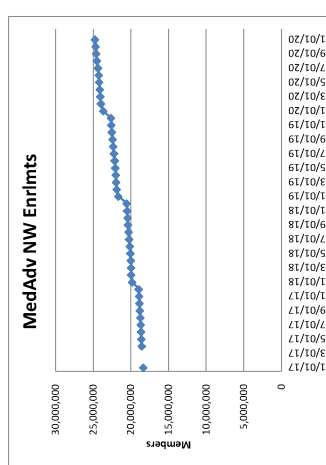
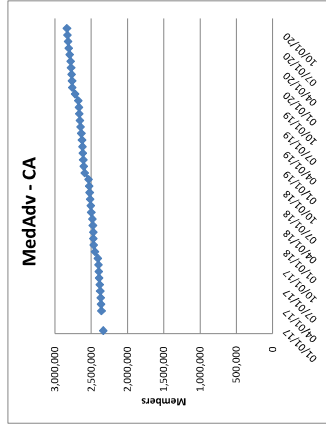
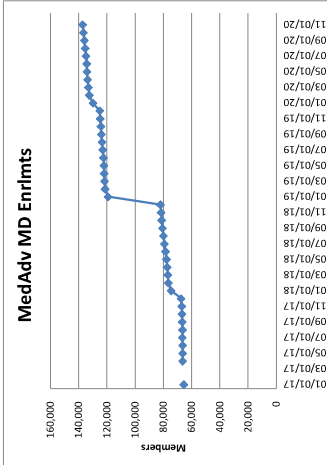
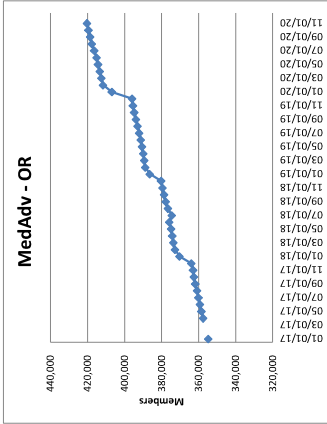


CHART 8
ENROLLMENT
ALL PLANS

Year	Total Californians Age 65+*	Medigap- Enrolled Californians	% of Californians 65+ w/ Medigap	Total Oregonians Age 65+*	Medigap- Enrolled Oregonians	% of Oregonians 65+ w/ Medigap	Total Marylanders Age 65+*	Medigap- Enrolled Marylanders	% of Marylanders 65+ w/ Medigap	Total Americans Age 65+*	Medigap- Enrolled Americans	% of Americans 65+ w/ Medigap
2006		287,240			89,724			156,046			10,162,026	
2007		297,581			87,513			156,702			9,576,058	
2008	4,007,600	290,853	7.3%	489,800	87,282	17.8%	659,700	157,540	23.9%	37,200,300	9,491,842	25.5%
2009	4,022,900	310,804	7.7%	501,800	90,858	18.1%	667,800	161,069	24.1%	37,917,100	9,452,282	24.9%
2010	4,178,400	324,986	7.8%	523,900	99,520	19.0%	689,000	164,789	23.9%	39,147,500	9,703,769	24.8%
2011	4,301,600	338,502	7.9%	543,200	107,584	19.8%	706,400	170,070	24.1%	40,088,600	9,929,847	24.8%
2012	4,510,200	363,850	8.1%	573,300	113,881	19.9%	738,400	177,126	24.0%	41,823,400	10,181,023	24.3%
2013	4,707,700	391,581	8.3%	593,400	118,733	20.0%	768,100	185,686	24.2%	43,354,000	10,640,844	24.5%
2014	4,902,400	427,108	8.7%	623,300	126,705	20.3%	795,200	207,365	26.1%	44,909,900	11,213,060	25.0%
2015	5,097,700	475,741	9.3%	651,400	134,347	20.6%	820,800	220,277	26.8%	46,418,900	11,932,482	25.7%
2016	5,257,600	514,026	9.8%	678,800	143,359	21.1%	853,200	228,689	26.8%	47,918,100	12,673,546	26.4%
2017	5,413,200	560,442	10.4%	696,000	149,713	21.5%	876,000	234,893	26.8%	49,485,600	13,067,852	26.4%
2018	5,576,600	591,240	10.6%	729,300	158,188	21.7%	906,300	243,175	26.8%	51,121,200	13,584,534	26.6%
2019	5,739,000	0	0.0%	757,100	0	0.0%	938,700	0	0.0%	52,784,400	0	0.0%
Δ: Last 5 Yrs.	3.4%	8.6%	2.3%	4.2%	5.9%	1.7%	3.4%	5.5%	2.7%	3.4%	5.0%	2.0%
Δ: Last 10 Yrs.	3.4%	7.4%	3.3%	4.1%	6.1%	3.9%	3.2%	4.4%	3.0%	3.2%	3.7%	1.1%

* Source = Kaiser State Health Facts -

<https://www.kff.org/other/state-indicator/distribution-by-age/>

EXHIBIT 9: HISTORY OF NEW MEMBERS SOLD

MEMBERS SOLD IN 2012, 2011, 2010*						MEMBERS SOLD IN 2019, 2018, 2017*					
State	2012		2011		2010*	2019		2018		2017*	
	Number of Legal Entities With	Premium- Based Market Share	Premium- Based Market Share	Premium- Based Market Share		Number of Legal Entities With	Premium- Based Market Share				
New Sales	Top 3 Carriers	Top 5 Carriers	New Sales	Top 3 Carriers	Top 5 Carriers						
California	29	77.2%	84.5%	25	73.2%	81.4%					
Maryland	31	75.0%	85.5%	50	64.6%	79.1%					
Oregon	36	74.8%	81.2%	37	69.2%	81.8%					

* S&P Global Market Intelligence tool.

Chart 10: Medigap-MD: 2021, Plan G, Female, Age 70, Non-Smoker, Pref.

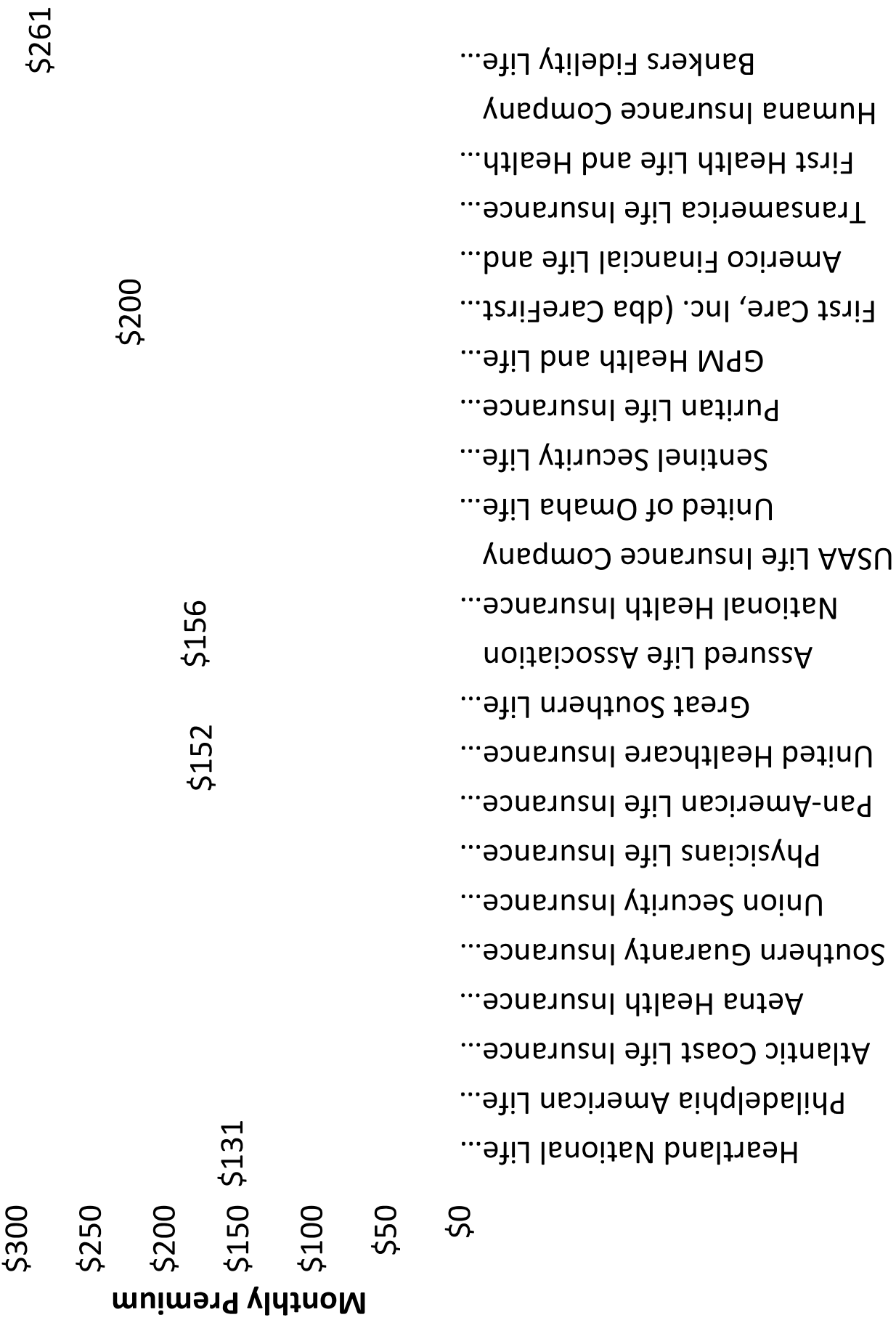


CHART 11: AHIP – State of the Medigap 2019 Report – Seniors' Income

Table 4. Income Range of Medigap Policyholders (Combined Income of Beneficiary and Spouse), By Geographic Location, 2016

	Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 or more
All Medigap	4%	16%	17%	12%	10%	42%
Urban	4%	14%	16%	11%	9%	45%
Rural	3%	20%	19%	12%	11%	34%

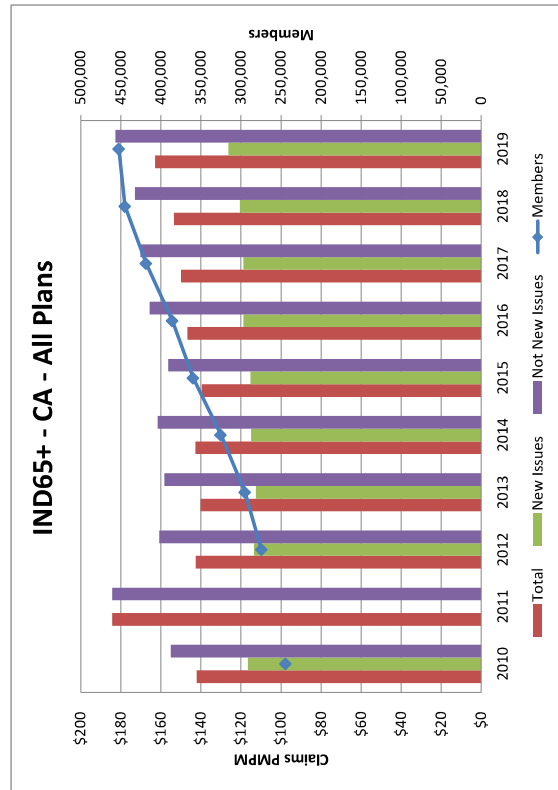
Source: Medicare Current Beneficiary Survey/ Access to Care files, 2016 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting age. The percentages in this table may not sum to 100 percent due to rounding.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
State	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	Δ	% New
2010		Policies Issued Through 2007								Policies Issued On 2008, 2009 & 2010							TOTAL								
CA	161,836	\$301,057,379	\$378,058,365	79.6%	\$155	\$195			82,660	\$115,473,125	\$132,859,590	86.9%	\$116	\$134			244,496	\$416,530,504	\$510,916,955	81.5%	\$142	\$174			33.8%
2011		Policies Issued Through 2008								Policies Issued On 2009, 2010 & 2011							TOTAL								
CA	2,990	\$6,610,505	\$9,821,917	67.3%	\$184	\$274			0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!			2,990	\$6,610,505	\$9,821,917	67.3%	\$184	\$274			0.0%
2012		Policies Issued Through 2009								Policies Issued On 2010, 2011 & 2012							TOTAL								
CA	169,250	\$326,361,868	\$410,554,632	79.5%	\$161	\$202	-12.8%	\$202	105,179	\$143,174,960	\$166,841,364	85.8%	\$113	\$132	#DIV/0!		274,429	\$469,536,828	\$577,395,996	81.3%	\$143	\$175	-36.0%		38.3%
2013		Policies Issued Through 2010								Policies Issued On 2011, 2012 & 2013							TOTAL								
CA	178,736	\$339,124,072	\$441,038,298	76.9%	\$158	\$206	-1.6%	\$206	116,343	\$157,105,066	\$191,190,140	82.2%	\$113	\$137	-0.8%	3.6%	295,079	\$496,229,138	\$632,228,438	78.5%	\$140	\$179	-1.7%	1.8%	39.4%
2014		Policies Issued Through 2011								Policies Issued On 2012, 2013 & 2014							TOTAL								
CA	193,407	\$374,789,440	\$480,339,648	78.0%	\$161	\$207	2.1%	\$207	131,686	\$181,497,289	\$226,318,586	80.2%	\$115	\$143	2.1%	4.6%	325,093	\$556,286,729	\$706,658,234	78.7%	\$143	\$181	1.8%	1.5%	40.5%
2015		Policies Issued Through 2012								Policies Issued On 2013, 2014 & 2015							TOTAL								
CA	212,848	\$399,184,909	\$516,887,933	77.2%	\$156	\$202	-3.2%	\$202	146,870	\$203,069,610	\$259,281,273	78.3%	\$115	\$147	0.3%	2.7%	359,718	\$602,254,519	\$776,169,206	77.6%	\$140	\$180	-2.2%	-0.7%	40.8%
2016		Policies Issued Through 2013								Policies Issued On 2014, 2015 & 2016							TOTAL								
CA	230,567	\$457,914,427	\$567,269,357	80.7%	\$166	\$205	5.9%	\$205	155,125	\$220,905,216	\$282,110,065	78.3%	\$119	\$152	3.0%	3.0%	385,692	\$678,819,643	\$849,379,402	79.9%	\$147	\$184	5.1%	2.1%	40.2%
2017		Policies Issued Through 2014								Policies Issued On 2015, 2016 & 2017							TOTAL								
CA	253,669	\$517,915,392	\$626,898,544	82.6%	\$170	\$206	2.8%	\$206	164,779	\$234,609,365	\$290,838,181	80.7%	\$119	\$147	0.0%	-2.9%	418,448	\$752,524,757	\$917,736,725	82.0%	\$150	\$183	2.2%	-0.4%	39.4%
2018		Policies Issued Through 2015								Policies Issued On 2016, 2017 & 2018							TOTAL								
CA	279,364	\$579,569,616	\$711,300,899	81.5%	\$173	\$212	1.6%	\$212	165,388	\$239,212,298	\$291,348,060	82.1%	\$121	\$147	1.6%	-0.2%	444,752	\$818,781,914	\$1,002,648,959	81.7%	\$153	\$188	2.4%	2.8%	37.2%
2019		Policies Issued Through 2016								Policies Issued On 2017, 2018 & 2019							TOTAL								
CA	293,262	\$642,840,862	\$774,303,108	83.0%	\$183	\$220	5.7%	\$220	159,221	\$241,134,546	\$289,395,167	83.3%	\$126	\$151	4.7%	3.2%	452,483	\$883,975,408	\$1,063,698,275	83.1%	\$163	\$196	6.1%	4.3%	35.2%

INDIVIDUAL MEDIGAP
BIRTHDAY RULE
CALIFORNIA
i-Site Data (All Plans)

33	TOTAL																		3+ Yr. Old Loss Ratio	3+ Yr. Old Loss Ratio
34	CA																			
35	All Plans																			
36																				
37																				
38																				
39	Year	Total Claims	Total Premium	Δ	Δ	Total Loss	New Issues Claims	New Issues Premium	New Issues Loss	New Issues Ratio	Total Members	Δ	3+ Yr. Old Claims	Δ	3+ Yr. Old Premium	Δ	3+ Yr. Old Loss	Ratio		
40	2010	\$142	\$174			81.5%	\$116	\$134		86.9%	244,496		\$155		\$195		79.6%			
41	2011	\$184	\$274	29.8%	57.2%	67.3%							\$184	18.8%	\$274	40.6%	67.3%			
42	2012	\$143	\$175	-22.6%	-36.0%	81.3%	\$113	\$132	#DIV/0!	85.8%	274,429	-100.0%	\$161	-12.8%	\$202	-26.2%	79.5%			
43	2013	\$140	\$179	-1.7%	1.8%	78.5%	\$113	\$137	#DIV/0!	82.2%	295,079	7.5%	\$158	-1.6%	\$206	1.7%	76.9%			
44	2014	\$143	\$181	1.8%	1.5%	78.7%	\$115	\$143	4.6%	80.2%	325,093	10.2%	\$161	2.1%	\$207	0.6%	78.0%			
45	2015	\$140	\$180	-2.2%	-0.7%	77.6%	\$115	\$147	2.7%	78.3%	359,718	10.7%	\$156	-3.2%	\$202	-2.2%	77.2%			
46	2016	\$147	\$184	5.1%	2.1%	79.9%	\$119	\$152	3.0%	78.3%	385,692	7.2%	\$166	5.9%	\$205	1.3%	80.7%			
47	2017	\$150	\$183	2.2%	-0.4%	82.0%	\$119	\$147	-2.9%	80.7%	418,448	8.5%	\$170	2.8%	\$206	0.4%	82.6%			
48	2018	\$153	\$188	2.4%	2.8%	81.7%	\$121	\$147	-0.2%	82.1%	444,752	6.3%	\$173	1.6%	\$212	3.0%	81.5%			
49	2019	\$163	\$196	6.1%	4.3%	83.1%	\$126	\$151	3.2%	83.3%	452,483	1.7%	\$183	5.7%	\$220	3.7%	83.0%			
50																				
51	Annltzd 2010-2013:	0.2%	0.3%				-1.3%	-0.7%					1.8%		1.9%					
52	Annltzd 2013-2019:	2.2%	1.3%				1.7%	1.5%					1.8%		1.2%					
53	Annltzd 2010-2019:	1.5%	1.3%				0.9%	1.4%					1.8%		1.4%					
54	Δ - Last 3 Yrs.					3.2%				5.0%							2.3%			
55	Δ - Last 5 Yrs.					4.4%				3.1%							5.0%			
56	Δ - Last 9 Yrs.					1.6%				-3.6%							3.4%			



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	State	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Δ	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Δ	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Δ	Premium PMPM	Δ
	2010																								
	CA	47,343	\$85,115,630	\$103,750,008	82.0%	\$150		\$183		41,329	\$54,700,131	\$60,474,351	90.5%	\$110		\$122		88,672	\$139,815,761	\$164,224,359	85.1%	\$131		\$154	
	2011																								
	CA	0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2012																								
	CA	56,318	\$106,089,078	\$133,232,987	79.6%	\$157	#DIV/0!	\$197	#DIV/0!	77,902	\$112,473,061	\$128,943,493	87.2%	\$120	#DIV/0!	\$138	#DIV/0!	134,220	\$218,562,139	\$262,176,480	83.4%	\$136	#DIV/0!	\$163	#DIV/0!
	2013																								
	CA	68,060	\$125,947,232	\$163,441,575	77.1%	\$154	-1.8%	\$200		89,234	\$130,904,034	\$157,287,017	83.2%	\$122	1.6%	\$147	6.5%	157,294	\$256,851,266	\$320,728,592	80.1%	\$136	0.3%	\$170	4.4%
	2014																								
	CA	86,415	\$162,381,593	\$210,129,899	77.3%	\$157	1.5%	\$203		99,272	\$121,898,375	\$182,768,718	66.7%	\$102	-16.3%	\$153	4.5%	185,687	\$284,279,968	\$392,898,617	72.4%	\$128	-6.2%	\$176	3.8%
	2015																								
	CA	107,266	\$196,474,972	\$255,849,019	76.8%	\$153	-2.5%	\$199	-1.9%	110,286	\$166,311,136	\$208,728,293	79.7%	\$126	22.8%	\$158	2.8%	217,552	\$362,786,108	\$464,577,312	78.1%	\$139	8.9%	\$178	0.9%
	2016																								
	CA	126,374	\$269,542,779	\$310,131,078	80.5%	\$165	7.8%	\$205		116,459	\$180,678,527	\$226,437,055	79.8%	\$129	2.9%	\$162	2.7%	242,833	\$430,221,306	\$536,568,133	80.2%	\$148	6.2%	\$184	3.5%
	2017																								
	CA	149,194	\$305,821,339	\$371,699,701	82.3%	\$171	3.8%	\$208	1.5%	122,680	\$190,907,598	\$232,755,796	82.0%	\$130	0.3%	\$158	-2.4%	271,874	\$496,728,937	\$604,455,497	82.2%	\$152	3.1%	\$185	0.6%
	2018																								
	CA	173,556	\$363,814,445	\$450,700,333	80.7%	\$175	2.3%	\$216	4.2%	118,377	\$189,757,107	\$226,969,794	83.6%	\$134	3.0%	\$160	1.1%	291,933	\$553,571,552	\$677,670,127	81.7%	\$158	3.8%	\$193	4.4%
	2019																								
	CA	189,192	\$420,276,167	\$512,296,011	82.0%	\$185	6.0%	\$226		103,434	\$174,469,027	\$206,447,554	84.5%	\$141	5.2%	\$166	4.1%	292,626	\$594,745,194	\$718,743,565	82.7%	\$169	7.2%	\$205	5.8%

I-Site Data (Plan F)

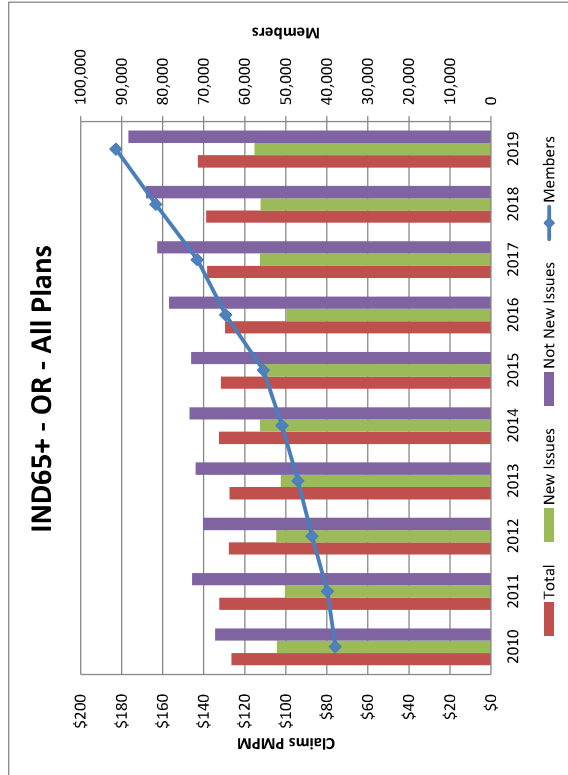
Δ - Last 3 Yrs.



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25						
	State	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Claims PMPM	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	% New
	2010	Policies Issued Through 2007																													
	OR	27,918	\$45,066,238	\$60,904,310	74.0%	\$135	\$182			10,013	\$12,535,306	\$13,876,360	90.3%	\$104	\$115		TOTAL	37,931	\$57,601,544	\$74,780,670	77.0%	\$127	\$164								26.4%
	2011	Policies Issued Through 2008																													
	OR	28,164	\$49,217,626	\$63,618,937	77.4%	\$146	\$188	3.5%		11,666	\$14,054,969	\$15,366,322	91.5%	\$100	\$110	-5.0%	TOTAL	39,830	\$63,272,595	\$78,985,259	80.1%	\$132	\$165	0.6%							29.3%
	2012	Policies Issued Through 2009																													
	OR	28,182	\$47,467,030	\$63,349,321	74.9%	\$140	\$187	-0.5%		15,408	\$19,347,312	\$20,651,432	93.7%	\$105	\$112	1.8%	TOTAL	43,590	\$66,814,342	\$84,000,753	79.5%	\$128	\$161	-2.8%							35.3%
	2013	Policies Issued Through 2010																													
	OR	28,363	\$48,970,398	\$63,961,472	76.6%	\$144	\$188	0.3%		18,661	\$22,964,019	\$25,496,053	90.1%	\$103	\$114	1.9%	TOTAL	47,024	\$71,934,417	\$89,457,525	80.4%	\$127	\$159	-1.3%							39.7%
	2014	Policies Issued Through 2011																													
	OR	29,743	\$52,445,056	\$68,772,809	76.3%	\$147	\$193	2.5%		21,179	\$28,608,963	\$31,409,464	91.1%	\$113	\$124	8.5%	TOTAL	50,922	\$81,054,019	\$100,182,273	80.9%	\$133	\$164	3.4%							41.6%
	2015	Policies Issued Through 2012																													
	OR	31,862	\$55,897,127	\$74,218,138	75.3%	\$146	\$194	-0.5%		23,566	\$31,619,796	\$36,011,546	87.8%	\$112	\$127	3.0%	TOTAL	55,428	\$87,516,923	\$110,229,684	79.4%	\$132	\$166	1.1%							42.5%
	2016	Policies Issued Through 2013																													
	OR	33,738	\$63,528,896	\$81,390,936	78.1%	\$157	\$201	3.6%		30,889	\$36,937,186	\$42,978,554	85.9%	\$100	\$116	-8.9%	TOTAL	64,627	\$100,466,082	\$124,369,490	80.8%	\$130	\$160	-3.2%							47.8%
	2017	Policies Issued Through 2014																													
	OR	36,706	\$71,662,207	\$91,743,327	78.1%	\$163	\$208	3.6%		34,842	\$47,076,665	\$54,886,613	85.8%	\$113	\$131	13.2%	TOTAL	71,548	\$118,738,872	\$146,629,940	81.0%	\$138	\$171	6.5%							48.7%
	2018	Policies Issued Through 2015																													
	OR	38,749	\$78,172,711	\$100,860,119	77.5%	\$168	\$217	4.1%		42,884	\$57,751,001	\$66,941,533	86.3%	\$112	\$130	-0.9%	TOTAL	81,633	\$135,923,712	\$167,801,652	81.0%	\$139	\$171	0.3%							52.5%
	2019	Policies Issued Through 2016																													
	OR	41,161	\$87,260,614	\$113,233,925	77.1%	\$177	\$229	5.7%		50,225	\$69,480,014	\$80,446,060	86.4%	\$115	\$133	2.6%	TOTAL	91,386	\$156,740,628	\$193,679,985	80.9%	\$143	\$177	3.1%							55.0%

INDIVIDUAL MEDIGAP
BIRTHDAY RULE
OREGON
I-Site Data (All Plans)

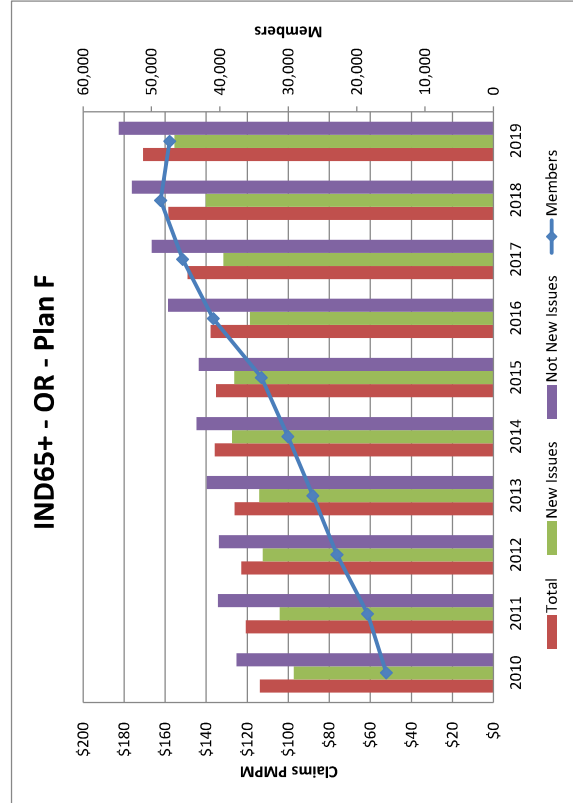
33	TOTAL															3+ Yr. Old Loss	3+ Yr. Old Loss
34	OREGON																
35	All Plans																
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	State	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Δ	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Δ	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Δ	Premium PMPM	Δ	% New
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INDIVIDUAL MEDIGAP
BIRTHDAY RULE
OREGON
I-Site Data (Plan F)

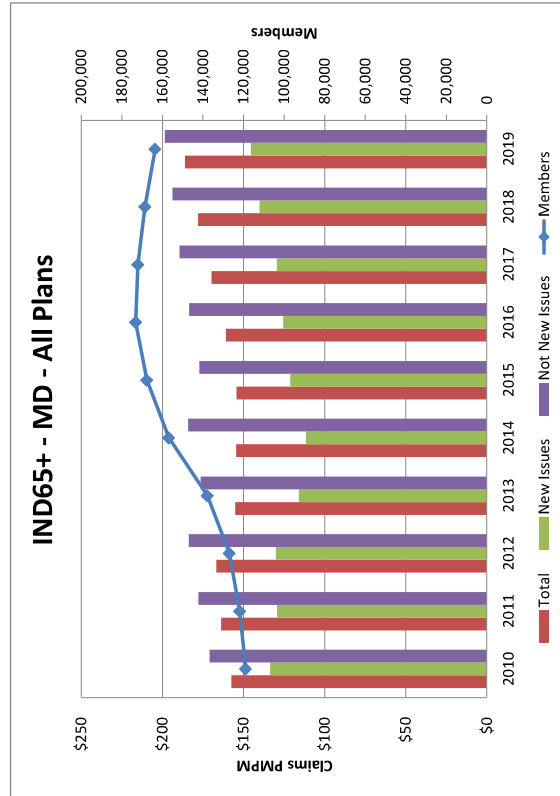
TOTAL OREGON Plan F															
Year	Total Claims	Total Premium	Total Loss	Ratio	New Issues	New Issues Premium	New Issues Loss	Ratio	Total Members	3+ Yr. Old Claims	3+ Yr. Old Premium	3+ Yr. Old Loss			
	PMPM												PMPM	PMPM	PMPM
2010	\$114	\$137	82.8%	\$97	\$108	\$113	89.9%	\$125	15,669	\$134	\$158	79.4%			
2011	\$121	\$143	84.7%	\$104	\$113	\$113	92.0%	\$134	18,407	\$134	\$166	80.7%			
2012	\$123	\$141	87.2%	\$112	\$120	\$120	94.0%	\$164	22,872	\$134	\$164	81.9%			
2013	\$126	\$145	87.0%	\$114	\$125	\$125	91.7%	\$168	26,393	\$140	\$168	83.1%			
2014	\$136	\$157	86.6%	\$127	\$137	\$137	92.8%	\$178	30,050	\$145	\$178	81.4%			
2015	\$135	\$163	82.8%	\$126	\$141	\$141	89.8%	\$185	33,916	\$144	\$185	77.7%			
2016	\$138	\$162	85.0%	\$119	\$134	\$134	88.7%	\$193	40,967	\$159	\$193	82.2%			
2017	\$149	\$175	85.1%	\$132	\$146	\$146	90.3%	\$205	45,440	\$167	\$205	81.3%			
2018	\$158	\$187	84.8%	\$140	\$155	\$155	90.3%	\$218	48,670	\$176	\$218	81.0%			
2019	\$171	\$208	82.2%	\$156	\$172	\$172	90.3%	\$235	47,331	\$183	\$235	77.6%			
Annld 2010-2013:	3.9%	1.2%		7.5%	5.1%					3.4%	1.9%				
Annld 2013-2019:	4.4%	5.3%		4.5%	4.7%					4.5%	5.3%				
Annld 2010-2019:	4.6%	4.7%		5.4%	5.3%					4.3%	4.6%				
Δ - Last 3 Yrs.			-2.9%				1.5%					-4.7%			
Δ - Last 5 Yrs.			-4.4%				-2.5%					-3.8%			
Δ - Last 9 Yrs.			-0.6%				0.4%					-1.9%			



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
State	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	PMPM	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	PMPM	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	PMPM	Premium PMPM	Δ	% New
2010	Policies Issued Through 2007																								
MD	75,945	\$156,670,047	\$217,196,650	71.7%	\$171	\$171	\$238		42,981	\$68,889,927	\$84,703,177	81.3%	\$134	\$134	\$164		118,926	\$224,559,974	\$301,901,827	74.4%	\$137	\$137	\$212		36.1%
2011	Policies Issued Through 2008																								
MD	86,698	\$184,851,007	\$252,009,088	73.4%	\$178	\$178	\$242	1.6%	35,177	\$54,522,496	\$62,234,287	87.6%	\$129	\$129	\$147	-10.2%	121,875	\$239,373,503	\$314,242,375	76.2%	\$164	\$164	\$215	1.6%	28.9%
2012	Policies Issued Through 2009																								
MD	86,814	\$191,420,949	\$257,845,818	74.2%	\$184	\$184	\$248	2.2%	40,218	\$62,728,126	\$71,537,294	87.7%	\$130	\$130	\$148	0.5%	127,032	\$254,149,075	\$329,381,112	77.2%	\$167	\$167	\$216	0.8%	31.7%
2013	Policies Issued Through 2010																								
MD	89,539	\$189,499,857	\$265,104,021	71.5%	\$176	\$176	\$247	-0.3%	48,350	\$67,194,981	\$81,738,754	82.2%	\$116	\$116	\$141	-5.0%	137,889	\$256,694,838	\$346,842,775	74.0%	\$155	\$155	\$210	-3.0%	35.1%
2014	Policies Issued Through 2011																								
MD	93,204	\$205,829,481	\$274,019,178	75.1%	\$184	\$184	\$245	-0.7%	63,642	\$85,070,991	\$105,591,400	80.6%	\$111	\$111	\$138	-1.9%	156,846	\$290,900,472	\$379,610,578	76.6%	\$155	\$155	\$202	-3.8%	40.6%
2015	Policies Issued Through 2012																								
MD	99,171	\$210,934,192	\$283,144,082	74.5%	\$177	\$177	\$238	-2.9%	68,560	\$99,623,478	\$124,786,834	79.8%	\$121	\$121	\$152	9.7%	167,731	\$310,557,670	\$407,930,916	76.1%	\$154	\$154	\$203	0.5%	40.9%
2016	Policies Issued Through 2013																								
MD	105,739	\$232,765,535	\$297,865,502	78.1%	\$183	\$183	\$235	-1.3%	67,451	\$101,536,034	\$127,301,542	79.8%	\$125	\$125	\$157	3.7%	173,190	\$334,301,569	\$425,167,044	78.6%	\$161	\$161	\$205	0.9%	38.9%
2017	Policies Issued Through 2014																								
MD	115,205	\$261,911,946	\$339,011,352	77.3%	\$189	\$189	\$245	4.5%	56,876	\$88,318,038	\$108,742,590	81.2%	\$129	\$129	\$159	1.3%	172,081	\$350,229,984	\$447,753,942	78.2%	\$170	\$170	\$217	6.0%	33.1%
2018	Policies Issued Through 2015																								
MD	118,600	\$275,794,185	\$358,768,599	76.9%	\$194	\$194	\$252	2.8%	49,992	\$84,001,766	\$100,653,133	83.5%	\$140	\$140	\$168	5.3%	168,592	\$359,795,951	\$459,421,732	78.3%	\$178	\$178	\$227	4.7%	29.7%
2019	Policies Issued Through 2016																								
MD	125,082	\$297,880,417	\$387,257,369	76.9%	\$198	\$198	\$258	2.3%	38,533	\$67,230,581	\$78,450,333	85.7%	\$145	\$145	\$170	1.1%	163,615	\$365,110,998	\$465,707,702	78.4%	\$186	\$186	\$237	4.5%	23.6%

INDIVIDUAL MEDIGAP
BIRTHDAY RULE
MARYLAND
I-Site Data (All Plans)

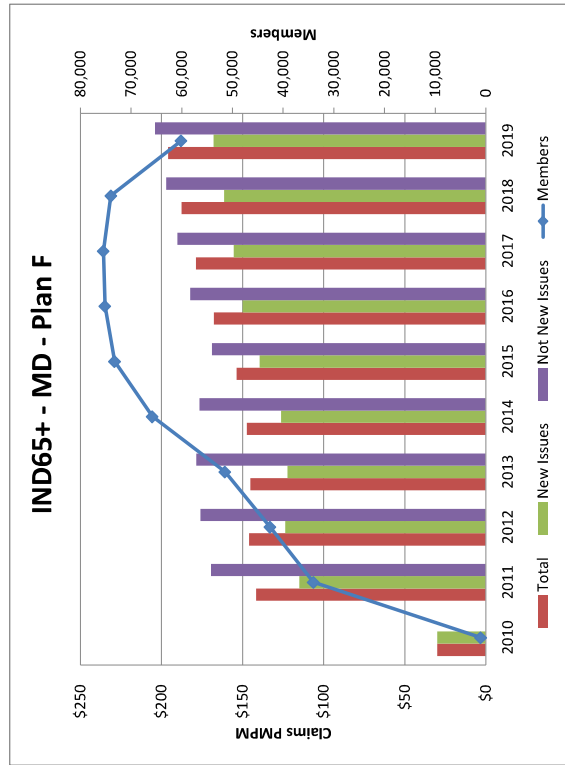
TOTAL MARYLAND All Plans																
	Total Claims	Δ	Total Premium	Δ	Total Loss	New Issues Claims	Δ	New Issues Premium	New Issues Loss	Total Members	Δ	3+ Yr. Old Claims	Δ	3+ Yr. Old Premium	Δ	3+ Yr. Old Loss
	<u>Year</u> <u>PMPM</u>		<u>PMPM</u>		<u>Ratio</u>	<u>PMPM</u>		<u>PMPM</u>	<u>Ratio</u>			<u>PMPM</u>		<u>PMPM</u>		<u>Ratio</u>
33	2010	4.0%	\$212	1.6%	74.4%	\$134	-3.3%	\$164	81.3%	118,926	2.5%	\$171	4.0%	\$238	1.6%	71.7%
34	2011	1.9%	\$215	0.6%	76.2%	\$129	0.6%	\$147	87.6%	121,875	4.2%	\$178	3.4%	\$242	2.2%	73.4%
35	2012	-7.0%	\$216	-3.0%	77.2%	\$130	-10.9%	\$148	87.7%	127,032	8.5%	\$184	-4.0%	\$248	-0.3%	74.2%
36	2013	-0.4%	\$210	0.5%	74.0%	\$116	-1.9%	\$141	82.2%	137,889	13.7%	\$176	4.3%	\$247	-0.7%	71.5%
37	2014	-0.2%	\$202	0.9%	76.6%	\$111	8.7%	\$138	80.6%	156,846	6.9%	\$184	3.5%	\$245	-2.9%	75.1%
38	2015	4.3%	\$203	6.0%	76.1%	\$121	3.6%	\$152	79.8%	167,731	-0.6%	\$177	3.3%	\$238	4.5%	74.5%
39	2016	5.4%	\$205	4.7%	78.6%	\$125	3.2%	\$157	79.8%	173,190	-2.0%	\$183	2.3%	\$235	2.8%	78.1%
40	2017	4.9%	\$217	4.6%	78.2%	\$129	8.2%	\$159	83.5%	172,081	-3.0%	\$189	2.4%	\$245	2.3%	77.3%
41	2018	4.6%	\$227	4.5%	78.3%	\$140	3.8%	\$168	85.7%	168,592		\$194		\$252		76.9%
42	2019		\$237		78.4%	\$145		\$170		163,615		\$198		\$258		76.9%
43																
44	Annld 2010-2013:		1.1%			-1.4%		-5.0%				3.7%		1.9%		
45	Annld 2013-2019:		1.8%			3.3%		2.7%				1.1%		0.6%		
46	Annld 2010-2019:		1.3%			0.9%		0.4%				1.7%		0.9%		
47	Δ - Last 3 Yrs.				-0.2%				5.9%							-1.2%
48	Δ - Last 5 Yrs.				1.8%				5.1%							1.8%
49	Δ - Last 9 Yrs.				4.0%				4.4%							5.2%
50																
51																
52																
53																
54																
55																
56																



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
State	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Claims PMPM	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	Covered Lives	Incurred Claims	Earned Premium	L/R	Claims PMPM	Premium PMPM	Δ	Premium PMPM	% New
2010		Policies Issued Through 2007																						
MD	0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		1,007	\$360,559	\$828,382	43.5%	\$30	\$69		1,007	\$360,559	\$828,382	43.5%	\$30	\$69			100.0%
2011		Policies Issued Through 2008																						
MD	16,617	\$33,787,357	\$42,087,527	80.3%	\$169	#DIV/0!	\$211	#DIV/0!	17,424	\$24,024,681	\$28,360,750	84.7%	\$115	\$136	97.9%	34,041	\$57,812,038	\$70,448,277	82.1%	\$142	\$172	\$172	\$151.6%	51.2%
2012		Policies Issued Through 2009																						
MD	18,160	\$38,312,934	\$47,068,262	81.4%	\$176	3.8%	\$216	2.3%	24,404	\$36,220,282	\$44,005,397	82.3%	\$124	\$150	10.8%	42,564	\$74,533,216	\$91,073,659	81.8%	\$146	\$178	\$178	\$178	57.3%
2013		Policies Issued Through 2010																						
MD	20,807	\$44,581,461	\$56,488,712	78.9%	\$179	1.6%	\$226	4.7%	30,666	\$44,988,881	\$56,528,525	79.6%	\$122	\$154	2.2%	51,473	\$89,570,342	\$113,017,237	79.3%	\$145	\$183	\$183	\$183	59.6%
2014		Policies Issued Through 2011																						
MD	27,654	\$58,565,730	\$72,994,602	80.2%	\$176	-1.2%	\$220	-2.8%	38,139	\$57,752,344	\$71,494,531	80.8%	\$126	\$156	1.7%	65,793	\$116,318,074	\$144,489,133	80.5%	\$147	\$183	\$183	\$183	58.0%
2015		Policies Issued Through 2012																						
MD	35,020	\$70,968,641	\$90,651,431	78.3%	\$169	-4.3%	\$216	-1.9%	38,216	\$63,928,310	\$80,391,775	79.5%	\$139	\$175	12.2%	73,236	\$134,896,951	\$171,043,206	78.9%	\$153	\$195	\$195	\$195	52.2%
2016		Policies Issued Through 2013																						
MD	41,362	\$90,410,306	\$112,734,358	80.2%	\$182	7.9%	\$227	5.3%	33,775	\$60,710,136	\$77,759,802	78.1%	\$150	\$192	9.4%	75,137	\$151,120,442	\$190,494,160	79.3%	\$168	\$211	\$211	\$211	45.0%
2017		Policies Issued Through 2014																						
MD	50,557	\$115,382,141	\$148,588,459	77.7%	\$190	4.4%	\$245	7.8%	24,913	\$46,463,391	\$57,635,044	80.6%	\$155	\$193	0.5%	75,470	\$161,845,532	\$206,223,503	78.5%	\$179	\$228	\$228	\$228	33.0%
2018		Policies Issued Through 2015																						
MD	54,195	\$128,134,639	\$166,736,899	76.8%	\$197	3.6%	\$256	4.7%	19,775	\$38,272,294	\$47,736,899	80.2%	\$161	\$201	4.3%	73,970	\$166,406,933	\$214,473,798	77.6%	\$187	\$242	\$242	\$242	26.7%
2019		Policies Issued Through 2016																						
MD	46,897	\$114,715,277	\$147,622,137	77.7%	\$204	3.5%	\$262	2.3%	13,238	\$26,642,744	\$31,614,253	84.3%	\$168	\$199	-1.1%	60,135	\$141,358,021	\$179,237,390	78.9%	\$196	\$248	\$248	\$248	22.0%

INDIVIDUAL MEDIGAP
BIRTHDAY RULE
MARYLAND
I-Site Data (Plan F)

TOTAL MARYLAND Plan F																			
Year	Total Claims PMPM	Total Premium PMPM	Δ	Total Loss Ratio	New Issues		New Issues Premium PMPM	New Issues Loss Ratio	Total Members	3+ Yr. Old Claims		3+ Yr. Old Premium		3+ Yr. Old Loss Ratio					
					PMPM	Δ				PMPM	Δ	PMPM	Δ		PMPM	Δ			
2010	\$30	\$69		43.5%	\$30	\$69		43.5%	1,007	\$169	\$211	\$211		80.3%					
2011	\$142	\$172	374.3%	82.1%	\$115	\$136	285.1%	84.7%	34,041	\$169	\$211	\$211	#DIV/0!	80.3%					
2012	\$146	\$178	3.1%	81.8%	\$124	\$150	7.6%	82.3%	42,564	\$176	\$216	\$216	3.8%	81.4%					
2013	\$145	\$183	-0.6%	79.3%	\$122	\$154	-1.2%	79.6%	51,473	\$179	\$226	\$226	1.6%	78.9%					
2014	\$147	\$183	1.6%	80.5%	\$126	\$156	3.2%	80.8%	65,793	\$176	\$220	\$220	-1.2%	80.2%					
2015	\$153	\$195	4.2%	78.9%	\$139	\$175	10.5%	79.5%	73,236	\$169	\$216	\$216	-4.3%	78.3%					
2016	\$168	\$211	9.2%	79.3%	\$150	\$192	7.5%	78.1%	75,137	\$182	\$227	\$227	7.9%	80.2%					
2017	\$179	\$228	6.6%	78.5%	\$155	\$193	3.8%	80.6%	75,470	\$190	\$245	\$245	4.4%	77.7%					
2018	\$187	\$242	4.9%	77.6%	\$161	\$201	3.8%	80.2%	73,970	\$197	\$256	\$256	3.6%	76.8%					
2019	\$196	\$248	4.5%	78.9%	\$168	\$199	4.0%	84.3%	60,135	\$204	\$262	\$262	3.5%	77.7%					
Annld 2010-2013:	121.1%	61.3%			103.6%	48.1%				#DIV/0!	#DIV/0!	#DIV/0!							
Annld 2013-2019:	4.4%	4.5%			4.6%	3.8%				2.1%	2.8%	2.8%							
Annld 2010-2019:	23.3%	15.4%			21.1%	12.6%				#DIV/0!	#DIV/0!	#DIV/0!							
Δ - Last 3 Yrs.				-0.5%				6.2%						-2.5%					
Δ - Last 5 Yrs.				-1.6%				3.5%						-2.5%					
Δ - Last 9 Yrs.				35.3%				40.7%						#DIV/0!					



CIGNA ANALYSIS
From M5EE - F only

States	2015			2016			2017			2018		
	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives
CA	\$ 2,211	\$ 1,687	303,457	\$ 2,265	\$ 1,762	336,829	\$ 2,253	\$ 1,832	373,889	\$ 2,344	\$ 1,899	396,187
MD	\$ 2,471	\$ 1,831	124,223	\$ 2,561	\$ 1,948	125,926	\$ 2,694	\$ 2,034	127,656	\$ 2,788	\$ 2,109	127,531
MO	\$ 2,363	\$ 1,790	208,442	\$ 2,477	\$ 1,873	205,463	\$ 2,562	\$ 2,007	200,388	\$ 2,704	\$ 2,125	186,122
OR	\$ 2,049	\$ 1,664	99,867	\$ 2,140	\$ 1,708	103,840	\$ 2,271	\$ 1,842	104,690	\$ 2,475	\$ 1,997	100,011

Normalized Premium

States	2015			2016			2017			2018		
	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives
CA	\$ 2,261	\$ 1,725	475,741	\$ 2,316	\$ 1,802	514,026	\$ 2,303	\$ 1,874	560,442	\$ 2,397	\$ 1,942	591,224
MD	\$ 2,203	\$ 1,632	220,277	\$ 2,282	\$ 1,737	228,689	\$ 2,401	\$ 1,813	234,893	\$ 2,485	\$ 1,880	243,175
MO	\$ 2,395	\$ 1,813	306,191	\$ 2,509	\$ 1,898	315,136	\$ 2,596	\$ 2,034	320,933	\$ 2,740	\$ 2,153	327,545
OR	\$ 2,431	\$ 1,974	134,349	\$ 2,539	\$ 2,026	143,359	\$ 2,694	\$ 2,185	149,713	\$ 2,936	\$ 2,369	158,188

Vs. MD (Normalized)

States	2015			2016			2017			2018		
	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives
CA	1.03	1.06		1.01	1.04		0.96	1.03		0.96	1.03	
MD	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00	
MO	1.09	1.11		1.10	1.09		1.08	1.12		1.10	1.15	
OR	1.10	1.21		1.11	1.17		1.12	1.20		1.18	1.26	

Vs. MD (Raw)

States	2015			2016			2017			2018		
	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives	Premium PMPY	Claims PMPY	Lives
CA	0.89	0.92		0.88	0.90		0.84	0.90		0.84	0.90	
MD	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00	
MO	0.96	0.98		0.97	0.96		0.95	0.99		0.97	1.01	
OR	0.83	0.91		0.84	0.88		0.84	0.91		0.89	0.95	

Milliman Area Factor
0.978
1.122
0.987
0.843

unreasonable?
MD above 1.00
utiliz.

CA, NY > 1.00

STM, Accident
CA Lower?

Raw Ratio	2018 Claims PMPM	Ratio	L&E Area Factor	Normliz to MD
0.901	\$158	0.901	1.051	1.109
1.000	\$176	1.000	0.948	1.000
1.008	\$177	1.008	0.977	1.031
0.947	\$166	0.947	0.965	1.018

Ratio	2018 Claims PMPM	Ratio	vs. MD
1.033	\$151	0.812	-18.8%
1.000	\$185	1.000	0.0%
1.146	\$181	0.978	-2.2%
1.260	\$172	0.930	-7.0%

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



KATHLEEN A. BIRrane
Commissioner

JAY A. COON
Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2007 Fax: 410-468-2020
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

DATE: July 24, 2020

TO: UnitedHealthcare/AARP, CareFirst MedPlus/First Care, Inc., Mutual of Omaha, CIGNA, Colonial Penn, United American, ACLI

CC: Kathleen Birrane, Michael Paddy, Todd Switzer

RE: SB 659/HB 653-"Medigap Birthday Rule"-Summer Study-Carrier Requests

The purpose of this correspondence is to request information required for the MIA to complete a summer study commissioned by Del. Cullison during the 2020 Legislative Session. The study pertains to Senate Bill (SB) 659 sponsored by Sen. Kramer and House Bill (HB) 653 sponsored by Del. Reznik, "Insurance – Medicare Supplement Policy Plans – Open Enrollment Period Following Birthday." As you recall, in short, the Bills proposed allowing Medicare Supplement members the option of changing their benefit plan laterally or downward in benefit richness within 30 days of their birthday each year with no requirement for medical underwriting. Currently, to make such a change would require medical underwriting. The state of CA adopted the "birthday rule" (BR) in 2007 as did OR in 2013. Please provide your response to the following items by close of business on Friday August 14, 2020:

- 1) Would your company support or oppose this change?
- 2) Regarding question # 1, please provide both conceptual and modeling, numerical, actuarial support with detail for either position.
- 3) If you are not currently in support, are there any amendments that would make you more amenable to it please?
- 4) Is there any other data you would like to provide or points you would like to make to better enable evaluation of these Bills please?

We are aware that some recipients testified on this Bill previously. We have requested all submitted documents from DLS to benefit from your prior input. If we have contacted

you in error, we apologize and would appreciate it if you would please forward this request to the appropriate colleague.

As always, we appreciate your work and input and thank you in advance for your response. If you have any questions about our request please contact me at any time.

Best regards,

Henry Nwokoma, A.S.A., M.A.A.A.
Senior Actuary
Office of the Chief Actuary (OCA)
Office 410-468-2040
Henry.Nwokoma@Maryland.gov