

# Small Group Health Insurance Renewals by Geographic Area

## Executive Summary

September 2012

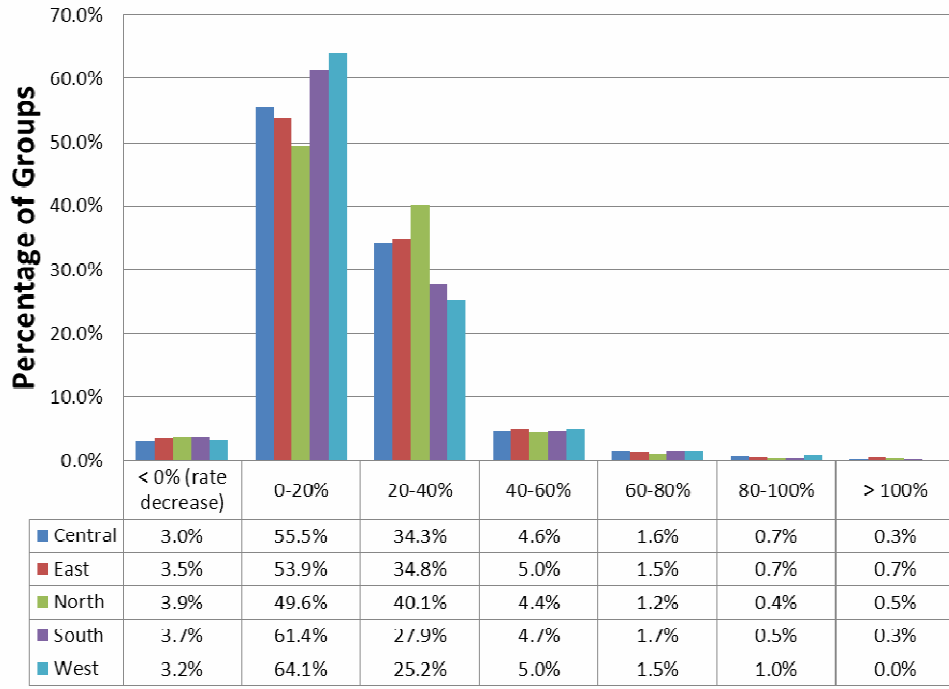
The following charts reflect the range of increases in health insurance premiums received by small employers by geographic area for 4<sup>th</sup> quarter 2010 through 3<sup>rd</sup> quarter 2011 renewals compared to 4<sup>th</sup> quarter 2011 through 3<sup>rd</sup> quarter 2012 renewals from data provided by the carriers. This information is intended to illustrate the immediate impact of PL 90 on small group health premiums. PL 90 allows geographic rate adjustments to be made without the previous limit on the combined adjustments for age and area beginning with the October 2011 renewals. Although this analysis focuses on geographic area, PL 90 also expanded the allowable rating variations for age.

Rate increases also vary significantly among different groups for reasons unrelated to PL 90. Employers whose circumstances change may see larger increases because of factors other than those associated with their geographic area. For instance, if a business downsizes, a larger group size adjustment may apply. A decrease from three to two employees can increase rates by 25% to 39% in addition to the “normal” increase. If a younger employee is replaced by an older one or if one or more employees age into a higher age band, the age factor will cause an increase.<sup>1</sup> Two or more of these events can combine to result in significant rate increases. Average base rate increases each quarter also vary for each carrier depending on the experience of the business and expected trends. We have attempted to gauge the impact of PL 90 by comparing the increases this year to those in the prior year.

The charts do show some geographic differences in rate renewal increases received by small groups. There have been rate decreases in the past, but for the 12 months after implementing PL 90 11.4% of renewals reflect decreases compared to 3.5% before PL 90. Also, while the distribution of increases and decreases in past years show no little variation by geographic area, this year, the proportion of small employers receiving rate decreases was higher in the southern part of the state (Cumberland and York) and the proportion receiving increases larger than 40% was higher in the northern part of the state (Aroostook, Penobscot, and Piscataquis) and in the eastern part of the state (Knox, Lincoln, Waldo, Hancock, and Washington).

<sup>1</sup>Effective for renewals beginning October 1, 2012 PL 638 requires rate factors due to age and group size combined to be limited to 2.5:1.

Percentage of Small Group Renewals by Geographic Area  
Pre-PL 90 (4th Qtr 2010 - 3rd Qtr 2011)  
Aetna, HPHC, and Anthem Combined



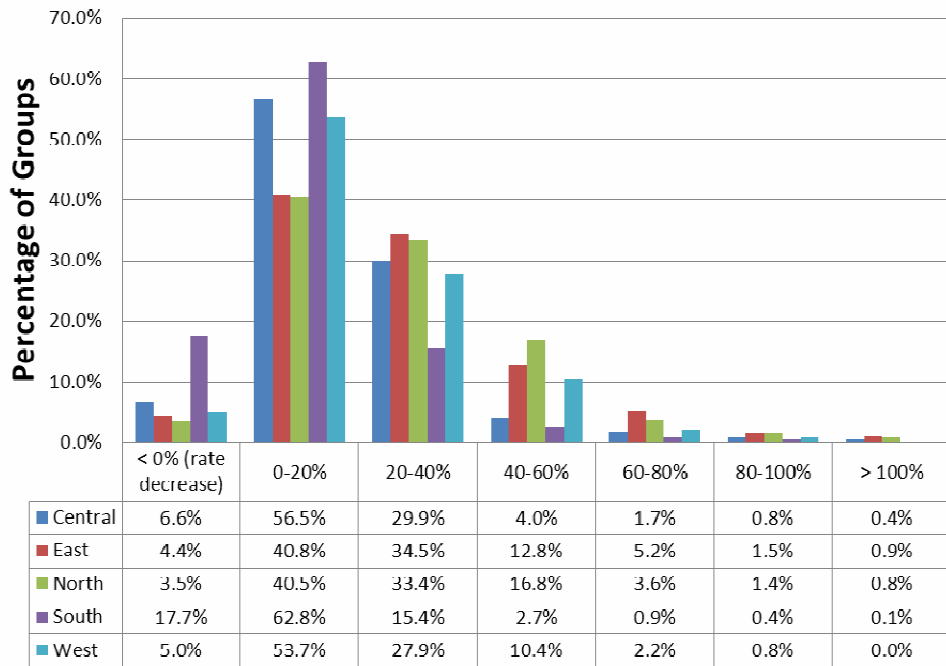
**Counts by geographic area:**

Size of rate increase:	< 0% (rate decrease)	0-20%	20-40%	40-60%	60-80%	80-100%	> 100%	Total
Central	44	818	505	68	23	11	4	1473
East	48	740	478	68	20	9	9	1372
North	40	514	416	46	12	4	5	1037
South	160	2677	1216	204	72	20	14	4363
West	17	336	132	26	8	5	0	524

**Area Key:**

Central	East	North	South	West
Androscoggin, Kennebec, Sagadahoc	Knox, Hancock, Lincoln, Waldo, Washington	Aroostook, Penobscot, Piscataquis	Cumberland, York	Franklin, Oxford, Somerset

Percentage of Small Group Renewals by Geographic Area  
Post PL 90 (4th Qtr 2011 - 3rd Qtr 2012)  
Aetna, HPHC, and Anthem Combined



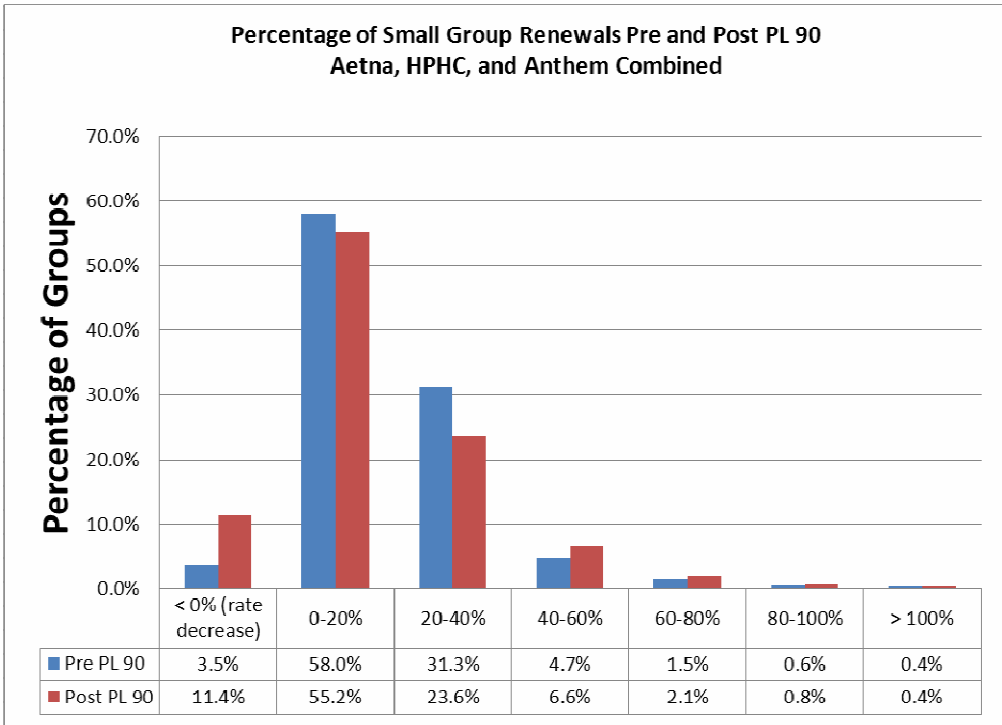
**Counts by geographic area:**

Size of rate increase:	< 0% (rate decrease)	0-20%	20-40%	40-60%	60-80%	80-100%	> 100%	Total
Central	96	818	433	58	25	11	6	1447
East	57	534	451	167	68	20	12	1309
North	35	407	335	169	36	14	8	1004
South	760	2692	661	114	37	17	5	4286
West	25	268	139	52	11	4	0	499

**Area Key:**

Central	East	North	South	West
Androscoggin, Kennebec, Sagadahoc	Knox, Hancock, Lincoln, Waldo, Washington	Aroostook, Penobscot, Piscataquis	Cumberland, York	Franklin, Oxford, Somerset

- The South and Central regions saw the greatest percentages of rate decreases (17.7% and 6.6%, respectively) and 0-20% increases (62.8% and 56.5%).
- The North, East and West regions had the greatest percentages in the 20-60% rate change band (50.2%, 47.3% and 38.3% respectively).
- The East and North regions had the greatest percentages in the 60%-100% rate change band (7.6% and 5.8% respectively).



Size of rate increase:	< 0% (rate decrease)	0-20%	20-40%	40-60%	60-80%	80-100%	> 100%	Total
<b>Pre PL 90</b>	309	5085	2747	412	135	49	32	8769
<b>Post PL 90</b>	973	4719	2019	560	177	66	31	8545

- There were more rate decreases post-PL 90 (11.4%) than pre-PL 90 (3.5%).
- There were slightly more increases in the 40%-60% and 60%-80% bands post-PL 90 than pre-PL 90 (6.6% vs. 4.7% and 2.1% vs. 1.5% respectively).
- Increases greater than 80% were fairly similar during the two comparison periods.