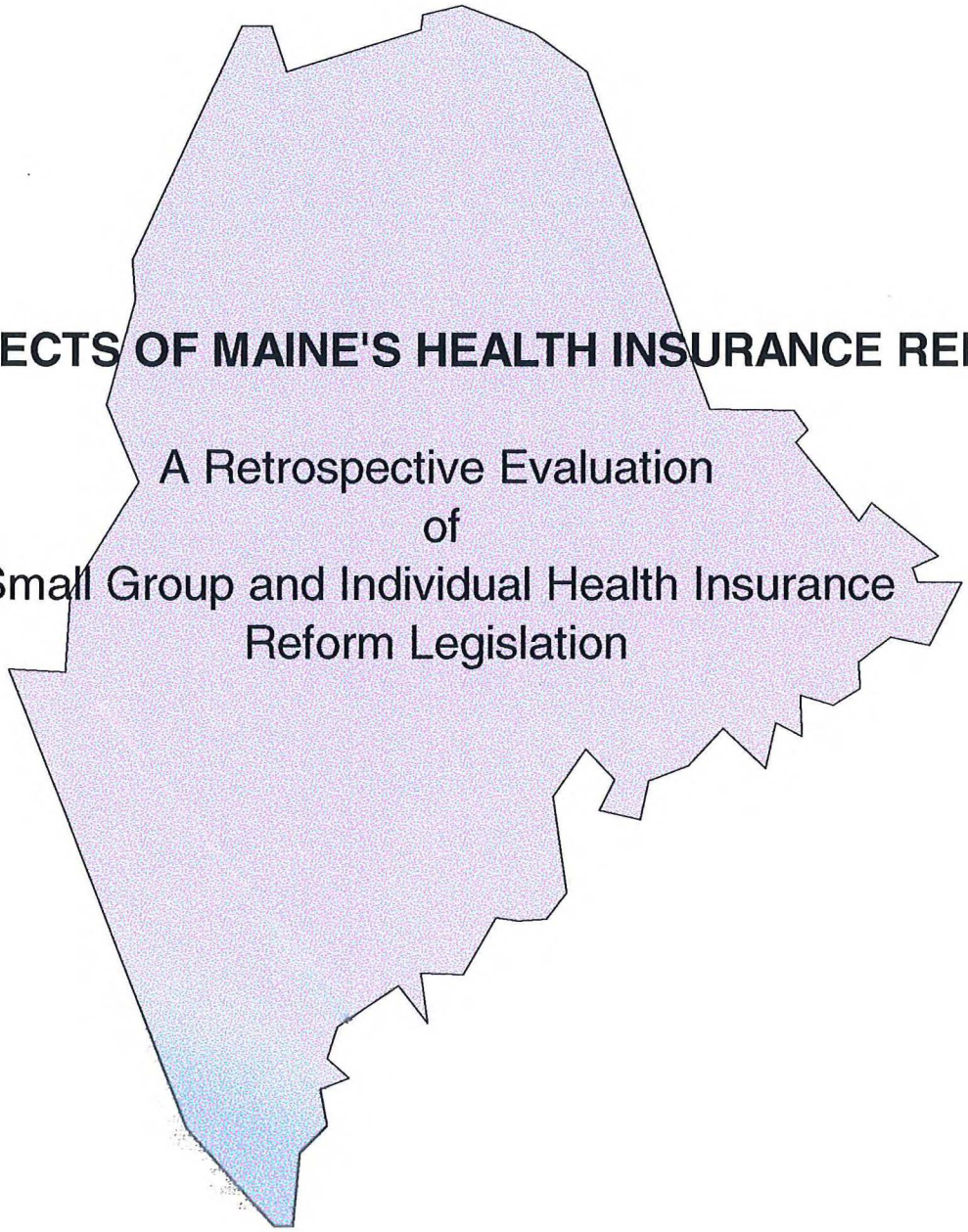

THE EFFECTS OF MAINE'S HEALTH INSURANCE REFORM

A Retrospective Evaluation of Small Group and Individual Health Insurance Reform Legislation

December 1997 - Final Report

Towers Perrin Integrated HealthSystems Consulting
for
The Maine Bureau of Insurance

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I. EXECUTIVE SUMMARY

The purpose of the study was to evaluate the effects of small group and individual health insurance reform legislation in the State of Maine, effective July 15, 1993 and December 1, 1993, respectively. Information was drawn from a number of sources to quantify the effects of reform legislation. The four primary sources were:

- current Population Survey, conducted annually by the United States Bureau of the Census for the Bureau of Labor Statistics;
- survey of all carriers offering health insurance coverage in Maine's individual and small group markets;
- interviews with representatives of carriers who withdrew from Maine's small group and individual markets around the time of reform; and
- the results of surveys of small employers conducted by the Maine Bureau of Insurance in 1993 and 1995.

Coverage of the Insured Population

The percentage of Maine's non-aged population (18 to 64-year-olds) having health insurance for the years 1992 through 1995 has not changed significantly. It remained fairly constant at about 85% which is a few percentage points above the nationwide average (81%) for the same population. However there were significant changes in some segments of the population.

- For both males and females in Maine, the proportion of 18 to 29-year-olds with health insurance drops during the course of the study.
  - The male ratio decreases from 81% to 68% in four years.
  - The female ratio decreases from 88% to 77% over the same time period.
- The percentage of employees insured does not appear to vary with any regularity by year; however, the ratios of insured employees working for small employers are lower than the total ratios for each of the four years.
  - The insured ratio of employees working for small employers decreased from 81% to 75% between 1992 and 1995.
  - The insured ratio nationally for employees working for small employers has remained nearly constant at 69% from 1992 to 1995.

The Group Market

There are a number of interesting observations about the population covered by group insurance and how reform legislation changed the characteristics of this population.

- The ratio of group insurance coverage is lowest in nearly all four years for persons ages 18 to 29.

- Employees working for medium and large employers are much more likely to be covered by group insurance than employees of small employers.

- Covered employees are not necessarily covered by the group insurance offered by their own employer.

    — Employees working for medium and large employers are much more likely to be covered by their own group insurance than employees working for small employers.

- Employees of medium and large employers utilize group health insurance more than employees of small employers, both before and after reform.

    — It does not appear that reform legislation has increased coverage ratios of employees working for small employers through group insurance.

The Individual Insurance Market

The population utilizing individual health insurance changed significantly during the time of reform legislation. While we cannot positively conclude that health insurance reform is the cause of any or all of the changes, it is worthwhile to note what has occurred.

- Employees working for small employers purchase individual insurance much more frequently than employees of medium and large employers.

    — While both individual insurance ratios and counts decrease for employees for medium and large employers, individual insurance ratios remain nearly constant for employees of small employers.

- Nationwide, the ratio of individual insurance coverage decreased for all categories of employer size from 1992 to 1995.

    — Individual insurance is utilized more by employees working for small employers in Maine than by their national counterparts.

- For both sexes, ratios of those insured by individual insurance decrease for the younger two age bands (18 to 29 and 30 to 44) and increase for the 45 to 54-year-old age band. This is consistent with the shifting in the demographics reported by the individual health insurance carriers.

- There is a decline in the ratio of individual insurance coverage for the entire state population. However, this decline is not unique to Maine; the ratio of individual insurance coverage is declining nationwide.

  — National individual insurance coverage ratios decline uniformly for all age groups, while Maine's ratios decreased more for younger ages.

- As the ratio of coverage for individual insurance decreased in Maine, the ratio of group coverage increased.

  — This same phenomenon also occurred nationally.

Changes in Demographics Reported by Carriers

The demographic information provided by small group and individual health insurance carriers shows how Maine's population reacted to the effects of modified community rating.

- For carriers (both those offering individual and small group insurance) whose rates exhibited a typical compression due to reform legislation, in the later years the older population comprises a more significant portion of the reported population. The younger population decreases as a percentage of the total population.

  — This is evident in both the small group and individual markets.

- For carriers whose rates changed little as a result of reform, the demographic distribution is more stable, although there is evidence of the older insureds becoming a smaller portion of this population in the later years — the opposite phenomenon of that seen with carriers whose rates changed.

- While there appears to be clear evidence that younger lives are becoming a less significant percentage of the insured population due to increasing premiums for that segment of the population, there is no indication that Maine is in the early stages of an assessment spiral.

The Impact of Reform on Premiums

With so few companies offering policies in many market segments, and the questionable reliability of some the premiums provided from 1993 and 1994, it is difficult to draw conclusions on the impact of reform on rates. However, there is enough reliable data for small group indemnity carriers to conclude that the impact of reform was an approximate 10% increase in new business rates although carriers continue to adjust their rates as experience develops. For some carriers, this was the "cost" of no longer varying rates by policy duration.

The Availability of Coverage — Carrier Actions

Carriers indicate they had to initiate a number of changes to comply with small group and individual health insurance reform legislation. The degree of changes necessary varied by carrier. Some of the steps carriers report they had to take include:

- changing age/sex factors,
- discontinuing the use of experience rating and medical underwriting,
- discontinuing the use of durational factors, and
- discontinuing the use of industry factors.

- Although reform regulation does not require it, a few carriers have stopped rating on the basis of smoking status.

- A handful of carriers state they have restricted the number of plans available to individuals and small groups as a result of reform. In most cases, the richer plans (low deductible) were not made available to individuals or small groups.

- Very few carriers indicate they have directed their marketing efforts away from the small group and individual markets; although some indicate higher rates have made them less competitive. At least one carrier is now paying lower commissions in the small group market.

- Many carriers report they have seen a shift toward less expensive plans, but many noted they are seeing this nationwide, not just in Maine and other reform states. A few carriers report they have seen individuals and small groups eliminating coverage.

Carriers Who Withdrew from the Market

The introduction of reform legislation has caused a handful of carriers to withdraw form Maine's small group and individual health insurance markets. While this may not have decreased the availability of health insurance, it has limited the choice of carriers.

- A majority of the carriers that withdrew indicate that the Guaranteed Issue (GI) requirements of reform legislation was the primary, or only, factor in their decision. Many carriers expressed dissatisfaction with the lack of loss-prevention mechanisms accompanying Maine's GI requirements.

- Several carriers mention allocation of resources as playing an important role in their decision to remain in or withdraw from a state that has implemented health insurance reform. They withdrew from Maine because the resources required to comply with reform requirements could be used more effectively for other business activities.

- A couple of carriers expressed a desire to conduct health insurance business in the State of Maine again and would consider it if less restrictive GI provisions were in place.

In summary, reform legislation has caused carriers to modify their rating methods. This in turn has affected Maine's insurance-buying population. The percentage of Maine's population that is insured has not increased or decreased significantly; however, the characteristics of the insured population have changed. Reform legislation has made health insurance coverage more affordable to the older segment of the population. The cost of this new affordability is an increase in the average rates to the entire population.

II. FEATURES OF HEALTH INSURANCE REFORM

In 1993, the Maine legislature implemented legislation affecting the small group and individual health insurance markets. The legislation applies to small group policies and certificates issued or renewed on or after July 1, 1993, and to individual policies issued or renewed on or after December 1, 1993. Guaranteed issue and community rating requirements are the highlights of the legislation.

Individual Health Insurance Reform Legislation. The following are some features of Maine's individual health insurance law:

- All plans must be guaranteed issue and guaranteed renewable. That is, a health insurance carrier cannot refuse to issue or renew an individual policy on the basis of the health of an applicant. The only time a carrier may refuse to renew a policy to an individual is if there has been a failure to pay premiums, fraud, or misrepresentation by the policyholder.

- Rates are not allowed to vary due to the gender, health status, or past claims of the applicant or renewing policyholder. Nor can rates vary by the age of the policy.

- Rates may vary due to family membership. That is, rates charged for individuals may be different than the rates charged for a couple, or for a family.

- Rates may also vary by factors such as age, smoking status, occupation, and geographic area, but the amount by which they may vary is limited. Carriers are required to file an average rate called the "community rate." As a result of the factors listed, policies issued or renewed:

  — from December 1, 1993 until July 14, 1994 could differ from the community rate by up to 50%,

  — from July 15, 1994 until July 14, 1995 could differ from the community rate by up to 33%,

  — after July 15, 1995 could differ from the community rate by up to 20%.

Small Group Health Insurance Reform Legislation. Maine's small group legislation applies to employers of fewer than 25 eligible employees. The following are some highlights of Maine's small group health insurance law:

- All plans must be guaranteed issue and guaranteed renewable. That is, a health insurance carrier cannot refuse to issue or renew a coverage on the basis of the health of one or more members of the group. The only time a carrier may refuse to renew coverage to a single group is if there has been a failure to pay premiums, fraud or misrepresentation on behalf of the group, or the participation level of the group falls below the carrier's minimum participation requirement.

- Rates are not allowed to vary due to the gender or health status of members of the group, or past claims history of a renewing group. Nor can rates vary by the length of time that coverage has been in effect.

- Rates may vary due to family membership. That is, rates charged for individuals may be different than the rates charged for a couple, or for a family.

- Rates may also vary by factors such as age, smoking status, occupation, and geographic area, but the amount by which they may vary is limited. Carriers are required to file an average rate called the "community rate." As a result of the factors listed, policies issued or renewed:

  — from July 15, 1993 until July 14, 1994 could differ from the community rate by up to 50%,

  — from July 15, 1994 until July 14, 1995 could differ from the community rate by up to 33%,

  — after July 15, 1995 could differ from the community rate by up to 20%.

Maine's Continuity Law. The first portion of Maine's Continuity Law to become effective applies to group insurance. This portion of the law protects groups who change carriers from being subject to medical underwriting and waiting periods, as long as the group began its new coverage within three months of terminating its prior coverage.

Later, the law was expanded to include employees who changed group carriers for reasons such as a changing employers. Finally, the law was extended to include persons with individual health insurance coverage. This placed limits on the medical underwriting, waiting periods, and preexisting condition limitations that could be placed on any group or individual who changed health insurance carriers.

Reform legislation also addresses other areas such as market conduct and how a carrier must go about leaving the market, but the above highlights have the biggest impact on consumers.

III. PURPOSE OF THE STUDY

There has been much speculation concerning the effects of guaranteed issue and community rating. Some supporters of reform legislation expected the new requirements to increase the availability of insurance to older and less healthy persons, causing a decrease in the portion of the population that was uninsured.

Others warned that community rating (or in the case of Maine, modified community rating) would cause premiums for young, healthy persons to be so high that this segment of the population would drop their health insurance coverage. The remaining pool of insured lives would be less healthy, requiring higher premiums. This would cause more people to drop their coverage, perpetuating the cycle until only the least healthy segment of the population remained insured, but for an extremely high price. This anticipated phenomenon was known as an assessment spiral.

There was also speculation that many carriers would leave Maine's small group and individual health insurance markets. This would reduce the competition in the market and limit the number of choices available for health insurance.

The purpose of this study is to take a retrospective look at health insurance reform legislation in Maine. The effects visible through empirical data will be highlighted, and the speculation as to cause will be kept to a minimum. Information was collected from the years before reform through 1996, a long enough period for the market to adjust to the new requirements.

The study focuses on various aspects of the insured population:

- Has the uninsured portion of the population decreased?
- Have young, healthy persons dropped their insurance coverage?
- Is insurance more affordable to older and less healthy persons, and if so has this segment of the population taken advantage of the new affordability?
- Have insurance premiums increased significantly to account for the provisions of reform legislation?

There is also a portion of the study that focuses on the carriers that did leave Maine's small group and individual health insurance markets. Reform legislation caused additional administrative burdens and risk to health insurance carriers. Although carriers were allowed to rate for the effects of reform, some still left the market. This portion of the study gives some insight as to what burdens and risks some health insurance carriers found to be unacceptable.

IV. OVERVIEW OF THE STUDY

Information was drawn from a number of sources to quantify the effects of reform legislation. The United States Bureau of the Census annually conducts the Current Population Survey for the Bureau of Labor Statistics. Information provided by this study was used to show the effects reform may have had on the number of persons with health insurance coverage in Maine.

Towers Perrin conducted a survey of all carriers offering health insurance coverage in Maine's individual and small group markets. A copy of the survey is included (as Appendix A). This survey gathered information on the population covered by these carriers and the premiums charged in the individual and small group markets. The survey was also used to collect information relating to the way carriers reacted to the requirements of reform legislation.

The demographic information provided in the carrier survey made it possible to trace the actions of the different segments of the population to the changes in premiums they experienced. In particular, questions about young persons dropping coverage due to high premiums, and older persons adding coverage because of increased affordability are addressed.

The premium information shows how the carriers complied with reform legislation, the changes in specific rates due to modified community rating, and the changes in aggregate rates due to other factors such as guaranteed issue. As mentioned above, it is also possible to draw conclusions regarding the reactions of consumers to particular rate actions.

The Maine Bureau of Insurance conducted a survey of small employers in 1993, and repeated the survey in 1995 with a larger sample. The data obtained from these surveys was available for use in this study. Reform can increase the actual availability of insurance coverage to employees of small employers, but unless small employers perceive the increased availability, coverage will not increase. Surveying small employers was the best way to understand this issue.

Finally, Towers Perrin also conducted interviews with representatives of carriers who withdrew from Maine's small group and individual insurance markets around the time of reform. This portion of the study gives insight into the reasons some carriers left the market. It is also safe to assume that the issues that caused some carriers to leave the market will continue to be concerns to the carriers who are still a part of Maine's small group and individual health insurance market.

V. COVERAGE OF THE INSURED POPULATION

With the introduction of health insurance reform legislation, some supporters expected that the increase in health insurance availability could cause a decrease in the portion of the population that is not insured. Others believed the legislation would cause large increases in premium rates resulting in an increase in the uninsured population. This section of the study examines the proportion of Maine's population with health insurance coverage, both before and after reform, and provides an overview of the characteristics of the insured portion of the population.

Data Source

The Current Population Survey, conducted annually by the Bureau of the Census for the Bureau of Labor Statistics, collects detailed data relating to the insured population. The information provided in this section was compiled by the Employee Benefit Research Institute from the machine-readable data file produced by the Bureau of the Census. National, as well as Maine-specific, information is available for the population between the ages of 18 and 64. Information is not limited to the insured population, nor is it limited to the employed population.

Analysis

This section analyzes the trends of the non-elderly population between the years 1992 and 1995. The reader should keep in mind that the trends identified in this section occurred at the time of health insurance reform in Maine but cannot necessarily be attributed to reform legislation. Trends in Maine are compared with nationwide trends to illustrate what may have occurred independent of reform.

Because of the changing demographics, it would not be very instructive to examine unadjusted counts of the insured population. The tables and graphs in this section illustrate the percentages of persons in a segment of the population that have a particular characteristic (such as having health insurance coverage). For example, the insured ratio of females for 1994 is the number of insured females in 1994 divided by the number of females in 1994. Changing demographics do not distort percentages like they distort unadjusted counts.

The Insured Population

The data presented in the Current Population Survey is obtained by surveying a sample of the non-aged population. Respondents are asked to indicate their health insurance coverage — whether individual policy, insurance through their employer, insurance through a spouse's employer, Medicaid, etc. Those not indicating any coverage are counted as uninsured. It is important to note that respondents take no affirmative action to indicate that they are uninsured.

Figure 5.A.1 (Appendix B) illustrates, by age and sex, the percentage of Maine's non-aged population having health insurance for the years 1992 through 1995. As shown, the proportion of the total population with health insurance remains fairly constant for all four years of the study.

The youngest age band, 18 to 29, demonstrates the lowest percentage of insured for both males and females for nearly all of the four years. The only exception occurs in 1992 where the

percent of 18 to 29-year-old females insured is 87.8%, higher than any other female age group except ages 55 to 64. For both males and females, the proportion of 18 to 29-year-olds with health insurance drops during the course of this study. The male ratio decreases from 80.9% to 68.0% in four years. The female ratio drops from 1992 to 1994 (from 87.8% to 76.5%); however, as noted, the 1992 ratio seems uncharacteristically high.

Figure 5.A.2 (Appendix B) shows the insured ratio of the non-aged population nationwide by age and sex. As illustrated, the lower insured ratios for ages 18 to 29 is not unique to Maine. For the years of this study, the national ratio of insured for all ages has remained nearly constant, yet consistently lower than the ratios in Maine.

Because much of the population was not directly affected by health insurance reform in Maine, it is difficult to see many effects by examining the characteristics of the entire population of Maine. Table 5.A categorizes employees by the size of their employer and shows the number and percentage of insured by year. The percentage of employees insured does not appear to vary with any regularity by year. The ratios of insured employees working for small employers are lower than total ratios for each of the four years.

Table 5.A

Maine's Employed Population				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	242,013	245,022	224,505	200,574
25-99 EEs	78,286	69,576	87,942	109,877
100-999 EEs	141,198	125,922	128,818	157,097
1,000+ EEs	189,512	192,706	187,935	180,189
TOTAL	651,009	633,226	629,200	647,737
Maine's Insured Population within each Employer Size Category				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	196,074	192,497	162,587	149,847
25-99 EEs	69,296	64,167	66,708	94,089
100-999 EEs	127,720	118,683	111,241	144,033
1,000+ EEs	169,927	170,443	176,240	158,821
TOTAL	563,017	545,790	516,776	546,790
Percentage within Employer Size Category that is Insured				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	81.0%	78.6%	72.4%	74.7%
25-99 EEs	88.5%	92.2%	75.9%	85.6%
100-999 EEs	90.5%	94.3%	86.4%	91.7%
1,000+ EEs	89.7%	88.4%	93.8%	88.1%
TOTAL	86.5%	86.2%	82.1%	84.4%

From Figure 5.A, we can see that there has been no significant change in the percent of uninsured resulting from reform. The numbers in Table 5.A show us that, in particular, the insured ratio of employees with small employers has not increased due to reform legislation. In fact, between 1992 and 1995, the ratio decreased from 81.0% to 74.7%. As shown below, the insured ratio nationally for small employers has remained nearly constant at 69% from 1992 to 1995.

Year:	1992	1993	1994	1995
Ratio:	69.4%	69.2%	68.4%	69.7%

The Group Market

Figure 5.B.1 (Appendix B) illustrates the percentage of Maine's population insured by group coverage by age and sex. As with the insured ratios, the ratio of group insurance coverage is lowest in nearly all four years for persons ages 18 to 29. The only exception is the 18 to 29-year-old male ratio in 1994 (62.4%), which slightly exceeds the 55 to 64-year-old male ratio (61.0%).

The reader should note that the ratios shown in Figure 5.B.1 are percentages for all group insurance, not just small group insurance. However, the number of employees that work for small employers (employers with one to 25 employees) is significant, as shown in Table 5.B. Therefore, it is still instructive to examine the rate of group insurance by age. The percentage of group insurance coverage in Maine increased from 1992 to 1995. Figure 5.B.2 shows a similar increase for the national percentage of group insurance coverage for the same years.

Table 5.B

Maine's Workers by Employer Size

	Employer Size		
	1-24	**25+**	**Total**
1992	242,013	408,996	651,009
1993	245,022	388,204	633,226
1994	224,685	404,695	629,380
1995	200,574	447,163	647,737

Distribution of Employees

	Employer Size		
	1-24	**25+**	**Total**
1992	37.2%	62.8%	100.0%
1993	38.7%	61.3%	100.0%
1994	35.7%	64.3%	100.0%
1995	31.0%	69.0%	100.0%

Note: Does not include unemployed workers or non-aged adults not active in the work force.

Table 5.C categorizes employees by the size of their employer and illustrates the ratio of group insurance by year. The ratios do not change significantly or with any regularity by year. But ratios do change significantly by employer size. Employees working for medium and large employers are much more likely to be covered by group insurance than employees of small employers.

Table 5.C

Maine's Employed Population				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	242,013	245,022	224,505	200,574
25-99 EEs	78,286	69,576	87,942	109,877
100-999 EEs	141,198	125,922	128,818	157,097
1,000+ EEs	189,512	192,706	187,935	180,189
TOTAL	651,009	633,226	629,200	647,737
Employees Insured by Group Insurance within each Category				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	139,796	122,493	109,648	107,433
25-99 EEs	53,759	49,541	61,059	86,646
100-999 EEs	115,258	105,938	103,609	138,748
1,000+ EEs	145,162	151,841	165,842	151,877
TOTAL	453,975	429,813	440,158	484,704
Percentage Insured by Group Insurance within each Category				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	57.8%	50.0%	48.8%	53.6%
25-99 EEs	68.7%	71.2%	69.4%	78.9%
100-999 EEs	81.6%	84.1%	80.4%	88.3%
1,000+ EEs	76.6%	78.8%	88.2%	84.3%
TOTAL	69.7%	67.9%	70.0%	74.8%

The covered employees counted in Table 5.C are not necessarily covered by the group insurance offered by their own employer. They may be covered as a dependent or spouse of a relative's group coverage. Table 5.D shows the ratio of employees covered by their own employer's group insurance. Again the ratios do not change significantly or with any regularity by year. But ratios do vary significantly by employer size. Employees working for medium and large employers are much more likely to be covered by their own group insurance than employees working for small employers.

Table 5.D

Maine's Employed Population				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	242,013	245,022	224,505	200,574
25-99 EEs	78,286	69,576	87,942	109,877
100-999 EEs	141,198	125,922	128,818	157,097
1,000+ EEs	189,512	192,706	187,935	180,189
TOTAL	651,009	633,226	629,200	647,737
Employees in each Category Insured by their own Group Insurance				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	67,649	63,871	49,954	50,464
25-99 EEs	40,162	38,990	45,268	67,195
100-999 EEs	92,465	91,815	84,147	108,232
1,000+ EEs	120,558	133,298	128,815	127,543
TOTAL	320,834	327,974	308,184	353,434
Percentage of Employees in each Category				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	28.0%	26.1%	22.3%	25.2%
25-99 EEs	51.3%	56.0%	51.5%	61.2%
100-999 EEs	65.5%	72.9%	65.3%	68.9%
1,000+ EEs	63.6%	69.2%	68.5%	70.8%
TOTAL	49.3%	51.8%	49.0%	54.6%

Employees of medium and large employers utilize group health insurance more than employees of small employers, both before and after reform. It does not appear that reform legislation has increased coverage ratios of employees working for small employers through group insurance.

The Individual Insurance Market

Employees working for small employers purchase individual insurance much more frequently than employees of medium and large employers. Table 5.E shows a breakdown of the employees in Maine by employer size and illustrates how many of these employees have individual insurance coverage. While both individual insurance ratios and counts decrease for employees of medium and large employers, individual insurance ratios remain nearly constant for employees of small employers.

Table 5.E

Maine's Employed Population				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	242,013	245,022	224,505	200,574
25-99 EEs	78,286	69,576	87,942	109,877
100-999 EEs	141,198	125,922	128,818	157,097
1,000+ EEs	189,512	192,706	187,935	180,189
TOTAL	651,009	633,226	629,200	647,737
Employees Insured by Individual Insurance within each Category				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	45,499	46,702	36,980	38,677
25-99 EEs	8,705	7,840	3,853	2,766
100-999 EEs	8,036	5,508	4,850	3,522
1,000+ EEs	15,642	7,688	5,242	4,030
TOTAL	77,882	67,738	50,925	48,995
Percentage Insured by Individual Insurance within each Category				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	18.8%	19.1%	16.5%	19.3%
25-99 EEs	11.1%	11.3%	4.4%	2.5%
100-999 EEs	5.7%	4.4%	3.8%	2.2%
1,000+ EEs	8.3%	4.0%	2.8%	2.2%
TOTAL	12.0%	10.7%	8.1%	7.6%
Distribution of Employees Covered by Individual Insurance				
Employer Size	**1992**	**1993**	**1994**	**1995**
1-24 EEs	58.4%	68.9%	72.6%	78.9%
25-99 EEs	11.2%	11.6%	7.6%	5.6%
100-999 EEs	10.3%	8.1%	9.5%	7.2%
1,000+ EEs	20.1%	11.3%	10.3%	8.2%
TOTAL	100.0%	100.0%	100.0%	100.0%

Please note that there are many more persons covered by individual insurance who are not included in Table 5.E including dependents, unemployed persons, and persons not actively seeking work.

Nationwide, the ratio of individual insurance coverage decreased for all categories of employer size from 1992 to 1995. The figures below are the percentage of employees nationwide insured by individual insurance by employer size.

Employer Size	1992	1993	1994	1995
1-24 EEs	12.9%	13.4%	9.5%	9.0%
25-99 EEs	7.2%	8.8%	4.7%	4.5%
100-999 EEs	5.6%	6.6%	3.7%	3.2%
1,000+ EEs	5.0%	5.9%	3.4%	3.1%
TOTAL	7.2%	8.5%	5.3%	4.9%

Note in particular, the percentage for employees of small employers (one to 24 employees) dropped from 12.9% in 1992 to 9.0% in 1995.

Individual insurance is utilized more by employees working for small employers in Maine than by their national counterparts. Furthermore, individual insurance continues to be important to this segment of the population in Maine while becoming less important to the same segment nationwide.

Figure 5.C.1 (Appendix B) illustrates the percentage of Maine's population insured by individual insurance by age and sex. For both sexes, ratios decrease for the younger two age bands and increase for the 45 to 54-year-old age band. As highlighted in the next section, this is consistent with the shifting in the demographics reported by individual health insurance carriers. We would expect ratios for females in the 55 to 64-year-old age band to increase with health care reform, but instead they fall sharply. There does not appear to be an explanation for this.

As shown, there is a decline in the ratio of individual insurance coverage for the entire state population. This decline however is not unique to Maine. The ratio of individual insurance coverage is declining nationwide, as shown in Figure 5.C.2. However, national individual insurance coverage ratios decline uniformly for all age groups, unlike Maine's ratios, which decreased more for younger ages. It should also be noted that the ratio in Maine has dropped slightly more between 1992 and 1995 (from 11.7% to 8.1%) than it did nationwide (9.6% to 6.6%) for the same period.

As noted earlier, we cannot positively conclude that health insurance reform is the cause of any of these visible trends. In the case of the declining individual insurance ratio, a possible explanation is that Maine's guaranteed issue provisions are more liberal (less restrictive to consumers) than in most other states. This removes the incentive for consumers to carry insurance at all times. They know that coverage will be available — to some extent — when they need it. Persons covered by group insurance often do not pay 100% of their insurance costs, and may have little motivation to go without coverage. But those insured by individual insurance are well aware of the cost. This is especially true for young, healthy lives who may perceive insurance costs to be higher than the value of coverage.

One fault with this explanation is that it assumes that consumers are knowledgeable of the guaranteed issue provisions promulgated by reform legislation. It is questionable whether or

not persons covered by individual insurance are the sophisticated consumers that they would have to be to devise the strategy mentioned above.

Another possible explanation is related to Maine's Continuity Law. One of the provisions of the law protects employees who change group carriers (for reasons such as changing employers) from being subject to medical underwriting and waiting periods. This decreases the need for individual insurance that, prior to the law, was necessary for an interim period after a change of employers.

Table 5.F summarizes the coverage ratios shown in Figures 5.B.1, 5.B.2, 5.C.1 and 5.C.2. As the ratio of coverage for individual insurance decreased in Maine, the ratio of group coverage increased. The ratio of coverage for both types of private insurance did not vary significantly. The same phenomenon can be seen with the national data shown in the bottom half of Table 5.F.

Table 5.F

Maine's Private Insurance Coverage Rates				
Type of Insurance	**1992**	**1993**	**1994**	**1995**
Individual	11.7%	11.5%	9.0%	8.1%
Group	64.4%	61.6%	65.8%	69.8%
Total Private	76.1%	73.1%	74.8%	77.9%
National Private Insurance Coverage Rates				
Type of Insurance	**1992**	**1993**	**1994**	**1995**
Individual	9.6%	10.2%	7.1%	6.6%
Group	63.3%	62.2%	66.2%	66.1%
Total Private	72.9%	72.4%	73.3%	72.7%

Conclusion

The percentage of Maine's population that is insured has not increased after health insurance reform. In fact, the percentages of young persons and employees of small employers that are insured has decreased since reform.

The ratio of employees working for small employers covered by group insurance has not increased, and the ratio covered by individual insurance has remained nearly constant at about 18.5%.

Nationwide, fewer and fewer people are looking to individual insurance for health care coverage. The same is true in Maine; however the shift from individual insurance to group coverage is occurring faster in Maine than it is for the entire nation.

VI. CHARACTERISTICS OF THE POPULATION COVERED BY SMALL GROUP AND INDIVIDUAL INSURANCE

The demographic information provided by the carriers allowed the segments of the population covered by individual health insurance policies or by small group coverage to be isolated. This enabled insured persons to be linked by age and sex to their premiums. This illustrates the relationship between the magnitude of premium increases and lapse rates for young persons, and between rate decreases and enrollment rates for older persons.

The Data

Population Covered by Individual Policies. Carriers providing individual health insurance coverage in the State of Maine were asked for demographic information on their population covered by individual policies for the years 1992 through 1996. Carriers were requested to provide a breakdown by age and sex. (See Tables III.A.1, IV.A.1, IV.A.2, IV.A.3 and IV.A.4 from the survey in Appendix A.) Although not all carriers were able to provide data for all five years, we believe that the data that was provided in the proper format is reliable.

Population Covered by Small Group Insurance. Carriers providing small group coverage in the State of Maine were asked for the demographic information on their population covered by small group insurance for the years 1992 through 1996. A breakdown of covered **employees** was requested by age, sex, and type of coverage — single, employee and spouse, employee and child(ren), family. (See Tables I.A.1, II.A.1, II.A.2, II.A.3 and II.A.4 from the survey.) In addition, carriers were also requested to provide a breakdown of covered **lives** by age, sex, and employee/dependent status. (See Tables I.A.2, II.A.5, II.A.6, II.A.7 and II.A.8 from the survey.)

As with the individual health insurance carriers, not all carriers were able to provide data for all five years. Most carriers were able to provide a breakdown of employees with the level of detail we requested and we believe this information is reliable.

A number of carriers were not able to provide information on covered lives. Many carriers simply do not track that information with the level of detail requested. Some carriers made estimates of their covered lives and provided the details of their assumptions. In most cases, these estimates were accepted.

Some carriers did not accurately categorize the dependent lives. These carriers appear to have assigned the age and sex of an employee to all dependents of that employee. For example, a 34-year-old male employee with a 32-year-old wife and two children was counted as one 34-year-old male employee, and three 34-year-old male dependents. A more accurate record of this family would have been one 34-year-old male employee, one 32-year-old female dependent and two dependent children.

We discounted the categorization of covered lives for these carriers, but accepted their total lives count as reliable. We estimated their covered lives population using their covered employee categorization (which we considered reliable). For each employee with employee-and-spouse, or family coverage, we assumed a spouse of the same age and opposite sex. We assumed 1.9 children for each employee with employee-and-child(ren), or family coverage.

Using this method yielded total life counts that were reasonably close to the counts provided by the carriers.

Age Bands. Carriers were asked to incorporate the age bands they use for internal reporting. Most used five year age bands. We did not adjust for carriers whose bands ended, rather than began, at quinquenial ages. For example, if a carrier reported 100 lives in their 36-40 age band, we counted all 100 lives in our 35-39 age band. Some carriers used larger age bands. We generally assumed that lives were distributed uniformly across all ages within the band.

Analysis

Insured Distributions vs. Actual Insured Counts. Our analysis considers the distribution of the reported covered populations rather than actual counts of the reported covered populations. We did this because we are limited to reported information and do not have complete knowledge of the actual population. The percentage of the actual population reported varies by year. Hence looking at reported counts would give a distorted view of the size of covered population.

The fraction of the covered population that is actually reported varies by year for a few reasons. We did not ask carriers who left Maine's small group and individual health insurance market to complete surveys. Consequently, lives covered by carriers who have left the market are not reported. We can assume that many of these lives migrated to the carriers who remained — and indeed we do see an increase in covered lives for many of the remaining carriers — but we cannot accurately assess the total growth in the market from incomplete information.

Some carriers had a different definition of "small group" prior to the uniform definition established by the reform legislation. For this reason, we would not expect the exposure basis to be the same after reform as it was before reform. For example, one carrier considered groups with 2 to 19 employees as small groups before reform. They continued to use this definition to complete the survey, but we have no assurance that other carriers did the same.

As mentioned previously, some carriers were not able to provide information or as detailed information for periods such as 1992 or 1993. We included the data they provided for later years. Obviously, it would not be correct to look at the counts of information reported on the covered population and conclude that the covered population was increasing.

When reading that reported information includes different carriers for different years, it is natural to question whether apparent trends are real, or appear as a result of the changing basis of information. We considered this possibility and compared the characteristics of each carrier to the characteristics of the entire reported population or the entire reported cohort (defined later), and found that the characteristics are consistent across carriers especially carriers within the same cohort. In other words, trends exhibited in the entire population are real and do not appear as a result of an increasing basis of information. The advantage to combining the information from a number of carriers is to increase the number of lives, which lessens the variability and increases the credibility.

Unfortunately, we cannot use the information reported in the surveys to draw conclusions about the growth or drop in size of the population covered by small group or individual insurance. We must be content with the conclusions we drew in the previous section regarding

employees of small employers that are covered. Using the data provided by carriers, we can only draw conclusions about the distribution of the covered population. However, you should not be disappointed; there are some important conclusions that can be drawn by examining these distributions.

The Cohorts. We would expect the evolution of the distribution of covered lives to vary by carrier, depending on what action a carrier took to comply with reform regulation. Some carriers did not have to change their rates and rating practices significantly to comply with reform regulation. Their age/sex factors already had a shallow slope. Other carriers had to alter their age/sex factors more significantly to bring their rates into compliance. Finally there is a third set of carriers who did not enter the market until after reform. The carriers were divided into three cohorts as follows.

- **Cohort L** - Carriers who required little action to comply with reform regulations

  Aetna
  Blue Cross Blue Shield of Maine
  The Guardian
  Time (Small Group Insurance)

- **Cohort C** - Carriers whose rates showed a typical compression as a result of reform

  Anthem
  Cuna
  Fidelity
  John Alden
  New York Life/NYL Care
  PFL
  Prudential
  The Principal
  Time (Individual Insurance)
  Trustmark
  Washington National

- Carriers who did not enter the market until after reform

  Harvard Pilgrim
  HealthSource Maine
  Trustmark
  Tufts

Some carriers provided data that we considered unreliable. They generally did not command a significant share of the market and are not included above.

There was not a clear line between the carriers in Cohort L and the carriers in Cohort C. The timing of the compression of age/sex factors varied between carriers, even between carriers within the same cohort. Some carriers did not need to compress factors much for the first year or two, then made their largest move in 1995. Other carriers compress their factors

significantly already in the first year. Some carriers already had unisex rates but had to compress their age factors. Still other carriers had rates that complied or very nearly complied before reform occurred. While we were diligent in our division of carriers into cohorts, we do not purport to have found the only acceptable division.

Results

Figures 6.A and 6.B (Appendix B) show the basic distribution curves for the individual and small group demographics, respectively. The figures show the distribution for each of the five years, making trends readily visible. The different characteristics between the small group population and the individual population are apparent in these two graphs. While it is possible to examine these two populations combined, as in Figure 6.C, results are most evident when looking at small group lives alone or individual lives alone. In some cases, it was necessary to show small group and individual populations combined due to the small number of carriers in a particular cohort.

Carriers Entering the Market after Reform. Because of the small number of carriers entering the market after reform, data from small group and individual carriers cannot be shown separately. Figure 6.D shows the demographic distribution from small groups and individual carriers, combined. Although the basic characteristics are evident, the variance associated with the small number of lives covered by these carriers is also visible. The small amount of credibility given to these groups causes this segment to warrant no further analysis.

Cohort C. Cohort C represents the collection of carriers whose rates exhibited a typical compression due to reform legislation. The demographic distributions of Cohort C for the five years included in this study are shown in Figures 6.E, 6.F, and 6.G. These figures show the small group carriers' reported population, the individual carriers' insurance reported population, and both populations combined. As expected, in the later years the older population comprises a more significant portion of the reported population for the carriers in this cohort. The younger population decreases as a percentage of total population. This is evident in both the small group and individual markets.

Cohort L. Cohort L represents the collection of carriers whose rates changed little as a result of reform. The demographic distributions of Cohort L for the five years included in this study are shown in Figures 6.H, 6.I, and 6.J. These figures show the small group carriers' reported population, the individual insurance carriers' reported population, and both populations combined. The demographic distribution of this population is more stable that of Cohort C, although there is evidence of the older insureds becoming a smaller portion of this population in the later years — the opposite phenomenon seen with Cohort C.

Year by Year Comparison of Cohorts L and C. Figures 6.K.1-5 show the demographic distributions of the individual lives in Cohorts L and C for each of the five years of the study. In 1992 (Figure 6.K.1), the percentage of lives attributable to age bands below 45 is greater in Cohort C than in Cohort L for each band. The opposite relationship holds for age bands above 50. In subsequent years, the disparity becomes less and less pronounced until finally in 1996 (Figure 5.K.5) the demographic distribution of the two cohorts is nearly the same.

The same phenomenon is evident for the small group population in Figures 6.L.1-5, although less pronounced. This is probably because persons covered by individual policies are much

more aware of the premiums they pay than persons covered by small group insurance. Also, many persons covered by small group insurance (or their employer) may have already been paying a rate that is close to a "community rate."

Similar graphs are shown for the combined small group and individual populations in Figures 6.M.1-5.

Conclusion

While there appears to be clear evidence that younger lives are becoming a less significant percentage of the insured population due to increasing premiums for that segment of the population, there is no indication that Maine is in the early stages of an assessment spiral. In fact, it looks as if the distribution of lives in the small group and individual health insurance markets is nearing an equilibrium, and that the ultimate demographics can be easily predicted. The distribution of the two cohorts are approaching each other from opposite directions. The ultimate distribution lies in the middle and Cohort L was nearly there even before reform.

VII. THE IMPACT OF REFORM ON PREMIUMS

The purpose of the premium portion of the active carrier survey was to identify the following with regard to the impact that Maine's reform has had on premium rates:

- Impact on the overall level of the premium rates.
- Impact on the young, healthy premium rates.
- Impact on the older, less healthy premium rates.
- Impact on male and female rates.
- Recent trends in premium rates.
- Other impacts on premium rates.

Collection of Data

The premium survey was split into individual and small group business, and HMO, PPO and Indemnity within these two categories. (See Appendix for the survey sent to the carriers.) New business rates were requested for the effective dates of January 1 for the years 1993 through 1997. For the small group plans, rates were requested for the following censuses:

One person groups:

Male, age 25-29, single EE
Male, age 25-29, EE + FA (Spouse age 25-29, 2 children)
Female, age 40-44, single EE
Male, age 40-44, EE + FA (Spouse age 40-44, 2 children)
Male, age 50-59, single EE
Female, age 25-29, single EE
Female, age 55-59, single EE

Five person group consisting of:

Male, age 25-29, single EE;
Male, age 25-29, EE + FA (Spouse age 25-29, 2 children);
Female, age 40-44, single EE;
Male, age 40-44, EE + FA (Spouse age 40-44, 2 children);
Male, age 50-59, single EE

Ten person group consisting of:

2 Male, age 25-29, single EE;
2 Male, age 25-29, EE + FA (Spouse age 25-29, 2 children);
2 Female, age 40-44, single EE;
2 Male, age 40-44, EE + FA (Spouse age 40-44, 2 children);
2 Male, age 50-59, single EE

Twenty person group consisting of:

4 Male, age 25-29, single EE;
4 Male, age 25-29, EE + FA (Spouse age 25-29, 2 children);
4 Female, age 40-44, single EE;
4 Male, age 40-44, EE + FA (Spouse age 40-44, 2 children);
4 Male, age 50-59, single EE

For the individual plans, premium rates were requested for all age brackets.

Summary of Results and Observations

In performing our analysis, in some instances, we were required to use judgement in cleaning and smoothing the data. For many categories, there is not enough data from which to draw reasonable conclusions.

Small Group — HMO

All four of the HMO's operating in Maine provided rates for 1997. Three of them provided rates for 1996, two for 1995 and only one for 1993 and 1994. Unfortunately, with so little data provided for years prior to 1996, it is difficult to draw conclusions on the impact reform has had on premium rates in the HMO marketplace. The following summarizes our observations from the data provided:

- It appears that HMO premium trends for the last few years have been 0% to 2% per year.
- None of the HMOs are loading rates for group size.
- Overall, the average rate offered by the highest priced HMO is less than 10% greater than that offered by the lowest priced HMO.

Small Group — PPO

Five companies submitted rates for 1996 and 1997, three for 1994 and 1995, and two for 1993. Again, there is not a great deal of data from which to draw conclusions, but the following summarizes our observations:

- PPO premiums jumped 20% from 1995 to 1996. In 1996 to 1997, the rates increased approximately 6% on average.
- Overall, the approximate difference in rates from the average rate offered by the highest priced carrier to that of the lowest priced carrier is approximately 10%.

Small Group — Indemnity

There are currently twenty companies offering indemnity insurance to small groups in the State of Maine. Thirteen companies submitted rates for 1996 and 1997, twelve for 1994 and 1995, and eleven for 1993. The following summarizes our observations. (Please note that the premium rates submitted by a few companies in a few years were not consistent with premium

rates submitted by these companies in other years. Therefore, increases for some companies in certain years are excluded from the analysis.)

- The following are the approximate arithmetic increases in premium rates since 1993:

  - 1993 to 1994 8%
  - 1994 to 1995 5%
  - 1995 to 1996 14%
  - 1996 to 1997 16%

This is a 50% increase in rates over the last four years — 5% to 8% higher than our estimate of the industry trend (39% to 43%) over this same period of time.

- The following are the approximate average increases in premiums weighted by the membership in each indemnity company:

  - 1993 to 1994 7%
  - 1994 to 1995 7%
  - 1995 to 1996 16%
  - 1996 to 1997 18%

This is a 57% increase in rates over the last four years — 10% to 13% higher than our estimate of the industry trend (39% to 43%) over this same period of time.

- The following is a distribution of the ranges in the increase in premium rates since 1993:

Year	Range of Premium Increase	Number of Companies
1993 to 1994	0%	3
	5% to 12%	6
	28%	1
1994 to 1995	<5%	7
	10% to 15%	5
1995 to 1996	0%	3
	7% to 12%	2
	17% to 27%	7
1996 to 1997	0%	3
	4% to 7%	2
	12% to 20%	5
	35% to 50%	3

Generally, companies that had low increases in a particular year(s), followed up these low increases with high increases in subsequent years (and vice-versa). It appears as experience is becoming credible, the variance and the magnitude of the rate increases are increasing. It is difficult to determine at this time whether this trend will continue.

- The following is a distribution of the total increase in premiums from 1993 to 1997 for companies that submitted data for all years:

Range of Premium Increase	Number of Companies
-10% to 10%	2
15% to 20%	1
30% to 40%	3
55% to 60%	2
80% to 90%	3
100%	1

- About half of the companies that responded are rating by group size. Of those companies, the spread from a one-person group to a 25-person group is approximately 25%. One company is loading one-person groups 100%.

- Overall, the ratio of the average rate offered by the highest priced carrier to that of the lowest priced carrier is approximately 2 to 1. Most of the carrier's rates are bunched toward the middle of this range.

- From the data provided, it is very difficult to determine the pre-reform spread in rates by age. The spreads varied significantly by carrier and some of the rates provided appeared suspect. Using an adjusted weighted average of the one-person groups, we estimated that this spread was approximately 3.5 to 1.

The post reform spread is now 1.5 to 1 by law. If we assume that the increase in age factors for young males was equal to the decrease in age factors for the older males, the young male factors would have increased by 40%, while the older male factors would have decreased by 40%. Hence, if a group were comprised primarily of young males, we would expect premiums to have increased, on average, by 40%. Similarly for a group comprised primarily of older males, we would expect premiums to decrease, on average, by 40%.

The cases above are the most extreme cases. A group with an "average" composition would see a less severe change in premiums. This analysis does not consider the increases in some occupations and geographic areas due to the restrictions placed on these rating factors. The maximum impact of these restrictions is most likely less than 10%.

The ultimate impact of reform legislation on rates of may not be clear for a number of years. It appears carriers continue to adjust rates as experience develops. As stated in the second bullet on Page 24, the trend from 1993 to 1997 is 10% to 13% higher than would have been expected in the absence of reform. While we do not know what would have happened in the absence of reform, our best estimate of the impact of reform on new business rates is 10%.

One important note regarding new business premiums — because durational rating, experience rating, and health status rating are now prohibited in Maine, new business rates are higher. This is because renewal rates must now be equal to new business rates. Generally, when durational rating, experience rating, and health status are allowed as rating factors, renewal rates are higher than new business rates. Thus, new business rates must be increased to offset the lower renewal rates.

Individual — HMO

Of the four HMOs offering individual coverage in the State of Maine, two provided rates for 1996 and 1997. One provided rates for 1995. The following are our observations:

- One of the HMOs gave a 20% increase from 1996 to 1997, while the other HMO had no increase in rates.

- Overall, the ratio of the average rate offered by the highest priced HMO to that of the lowest priced HMO is approximately 1.5 to 1.

Individual — PPO

None of the carriers responding to the survey are offering their PPO product to individuals.

Individual — Indemnity

Of the six companies offering individual insurance, five provided premium rates of the years 1993 to 1997. The following are our observations:

- There is a wide range in increases by carrier, by year. The following is a distribution of the ranges in the increase in premium rates since 1993:

Year	Range of Premium Increase	Number of Companies
1993 to 1994	-19%	1
	7% to 12%	2
	65%	1
1994 to 1995	0%	3
	10%	1
1995 to 1996	-15%	2
	6%	1
	25%	1
1996 to 1997	0% to 5%	2
	10% to 15%	3

- Overall, the ratio of the average rate offered by the highest priced carrier to that of the lowest priced carrier is approximately 1.5 to 1.

- From the data provided, we have estimated that the pre-reform spread in rates by age was approximately 3.5 to 1. As was the case for the small group block of business, if we assume that the increase in rates for young male rates was equal to the decrease in rates for the older male, the young males rates would have increased by 40%, while the older male rates would have decreased by 40%.

Conclusions

Unfortunately, with so few companies offering policies in many market segments, and the questionable reliability of some of the premiums provided from 1993 and 1994, it is difficult to draw conclusions on the impact of reform on rates.

Without a thorough audit of every company that offered insurance in Maine at any time during 1993 to 1997, the true impact that reform has had on rates can not be precisely determined.

There is, however, enough reliable data in the Small Group Indemnity market to draw some conclusions on the impact of reform legislation. It appears from the data provided that the impact of reform was an approximate 10% increase in new business rates. However, it appears that carriers are continuing to adjust their rates as the guarantee issue experience develops.

VIII. THE AVAILABILITY OF COVERAGE

One of the objectives of health insurance reform is to increase the availability of health insurance. In this section, the changes carriers made to the way they write health insurance in Maine will be examined. Some actions were taken for the sole purpose of compliance to reform legislation (such as unisex rating). Others are indirect responses to legislation (such as limiting the plans available to the small group market).

In addition, we will look at the response of small employers. They will react to things beside reform, such as how well their business is doing and the need to provide competitive benefits. But, presumably, their actions will also reflect any change in the availability of health insurance.

Carrier Actions

The survey of active carriers (see Appendix A) included brief sections dealing with the reaction of carriers to reform legislation. Some carriers provided little detail in their answers. However, a number of conclusions can still be drawn.

All carriers providing complete answers indicated that they had to change their age/sex factors to comply with reform legislation. The degree of changes necessary, however, varied significantly. Some carriers already had unisex rates; some carriers did not change age factors much, but had to begin using unisex factors; some carriers had factor spreads of over 4 to 1 that they had to compress to 1.5 to 1. As previously noted, we would expect this to increase availability to older individuals or groups with a high proportion of older employees. At the same time, it would decrease affordability to young individuals and groups comprised mostly of young employees.

Nearly all small group carriers indicated that they were forced by reform legislation to discontinue their use of experience rating and medical underwriting. While some carriers noted that this prohibited them from giving discounts to some groups, it also makes coverage available to groups would have been rated high or even rejected.

Most individual carriers stated that they stopped underwriting to comply with reform legislation. The earlier analysis of rates shows that average rates increased to account for the extra morbidity, but the trade off is a policy that is available to all applicants.

About half of the carriers — both small group and individual — indicated that they stopped using durational factors to comply with reform regulation. As noted in the previous section, we would expect this to increase new business rates. We would not expect the premiums to increase more that 10% or 15% for any particular segment of the population and the overall effect of flat durational factors should be zero.

Although reform regulation does not require it, a few carriers have stopped rating on the basis of smoking status. Because most of the insured population would be classified as non-smokers, dropping this factor would cause rates to increase slightly for non-smokers and decrease 5% to 10% for smokers.

Some small group carriers discontinued the use of industry factors. Others continued the use of industry factors, but capped them to the extent that they needed to comply with the new rating bands. At least one carrier noted that they no longer exclude certain industries that used to be classified ineligible. Most likely, this increased availability for a few industries.

A handful of carriers stated that they have restricted the number of plans available to individuals and small groups as a result of reform. In most cases, the richer plans (low deductible) were not made available to individuals or small groups. Very few stated that they directed their marketing efforts away from the small group and individual markets, although a couple claimed that higher rates have made them less competitive there. At least one small group carrier is now paying lower commissions in the small group market. While the effect may be to remove marketing efforts from small groups, it can be justified by the smaller amount of work that is necessary by brokers and agents due to the absence of medical underwriting.

Many carriers stated that they have seen a shift toward less expensive plans, but many noted that they are seeing this nationwide, not just in Maine and other reform states. A handful also say that they have seen individuals and small groups eliminating coverage.

Small Employer Reactions

The Maine Bureau of Insurance conducted a survey of small employers in 1993 regarding health insurance issues. The survey was repeated in 1995, after reform legislation had been in effect for a couple years. We found 192 small employers who responded to both surveys. The total number of employees for these 192 small employers was nearly equal for the two years. There were 1,750 employees in 1993 and 1,759 in 1995.

In 1993, 118 of the 192 small employers offered health insurance coverage to 1,219 of the 1,750 employees. This does not mean that all 1,219 employees chose coverage, but that they had it available to them through their employer.

By 1995, four of the 118 small employers (representing about 40 employees) no longer made health insurance available to their employees. We did not find any characteristic common to all or most of these four small employers that would explain why they dropped their coverage.

On the other hand, 27 of the 192 small employers began offering health insurance coverage to their 218 employees by 1995. Again, all 218 employees did not necessarily choose coverage, but they all had it available to them. We examined the data provided by the survey for characteristics common to all or most of the 27 small employers. We found none. Some of the businesses grew in size; some decreased. They ranged is size from two to 18 employees. They chose many different carriers, roughly in proportion to each's share of the market.

The survey asked respondents if they were aware of the changes in Maine law concerning small group health insurance. Fifteen of the 27 (56%) answered that they had. This is slightly lower than the portion of all 192 small employers who answered "yes" to the same question (64%). From this information, it is difficult to determine if availability was the reason that the number of small employers offering group insurance increased.

Conclusions

A discussion of the availability of health insurance would be incomplete if it did not address the issue of affordability. Measures can be taken to increase consumer access to health insurance, but if the premiums are not seen as affordable, individuals and small employers will not react to the increased availability. Reform legislation has certainly removed some of the most significant barriers to access, and the number of small employers (in our sample) offering group insurance to their employees has increased almost 20%, yet the number of small employers (in our sample) offering group insurance is still below 75%. While we cannot tell for certain why this is, we expect that one of the big reasons is affordability.

IX. CARRIERS WHO WITHDREW FROM THE MARKET

One of the factors affecting the availability of health insurance coverage is the number of carriers in the market. The promulgation of reform legislation has caused a handful of carriers to withdraw from Maine's small group and individual health insurance markets. While this may not have decreased the availability of health insurance, it certainly limited the choice of carriers.

Interview Techniques

Telephone interviews were conducted with the carriers that withdrew from either or both of Maine's individual health insurance or small group insurance markets. The interviews began with a few background questions dealing with when and how the carriers went about addressing Maine's reform legislation, and then focused on the carriers' decision to withdraw from Maine and how they are handling insurance reform in other states.

The list of carriers was provided by the Maine Bureau of Insurance. It included ten carriers — three who withdrew from the individual market, six who withdrew from the small group market, and one who withdrew from both. The contacts for the different carriers varied from actuaries to compliance specialists to customer relations officers. In many cases, the initial contact did not feel that he or she was familiar enough with the action taken and found someone else to participate in the interview.

The interview participant had little or no warning of the interview, but most felt comfortable speaking without any preparation. Some, however, asked to delay the interview in order to research the subject. Because the participants did not prepare formal positions of their organization, the interviews contained some speculation, hearsay, and opinion which we have tried to exclude from this report. But for the most part, we received candid responses from competent decision-makers. Furthermore, while the position and preparation of the interview participants varied, the reasons they offered for their organizations' withdrawal did not vary much and provided significant information about carriers' response to reform legislation.

Carrier Actions

While we cannot measure with certainty the magnitude of the effect of carriers withdrawing from the individual and small group markets, we do know that there are a few carriers whose withdrawal had negligible effects. For example, a couple of group carriers did not actively market to groups much smaller than 25 employees. When reform legislation defined a small group to be a group with 25 or fewer employees, these carriers simply changed their marketing plan to exclude "small groups" as defined by the new legislation.

There were also a couple of carriers covering a very small number of lives who decided to withdraw from the individual health or small group market in all or a number of states. The fact that these decisions were made near the time of Maine's reform is incidental. However, for the remainder of the carriers, the decision to withdraw was a significant one.

We did not encounter any carriers who withdrew other products from Maine. The carriers with whom we spoke continue to offer and market other products such as Medicare Supplement, disability insurance and life products that were not subject to reform legislation.

Most carriers withdrew by issuing no new policies or certificates and renewing the coverages that were already in force. A couple carriers remained in the market for a short time but then eventually withdrew.

Guaranteed Issue

A majority of the carriers for whom the decision to withdraw was significant cited the guaranteed issue (GI) requirements of reform legislation as the primary or only factor in their decision. For one carrier, Maine was the first state in which they had business that implemented GI provisions. Hence, they had no previous experience writing GI policies and were unwilling to learn by remaining in Maine's market.

When asked about what decisions were made in other states implementing reform legislation, most carriers indicated that they consider their additional exposure to risk due to GI provisions. Many carriers expressed dissatisfaction with the lack of loss-prevention mechanisms accompanying Maine's GI requirements. The existence of reinsurance or a high-risk pool makes GI more palatable. At least one carrier remained in another GI state because that state limited the volume of GI business a carrier was required to accept based on market share.

Another respondent expressed his concern for the potential decline in experience of his organizations block of business due to GI. He felt that withdrawing from Maine would be the best way to serve his organization's existing policyholders.

All interviews contained a discussion of the GI provisions in the Kennedy-Kassebaum bill. The respondents were unanimous in stating that those provisions were "a different story." One respondent who likened Maine's GI provisions to the familiar insurance expression of insuring a burning building, did not consider the Kennedy-Kassebaum bill to pose any great problems.

One respondent expressed his understanding of the difference, particularly in the individual market, in the following way. His organization supports the goals of the Kennedy-Kassebaum bill, namely helping people who have been in the system remain in the system when one form of coverage ceases to be available. This is vastly different than allowing people to try to beat the system by seeking health insurance coverage only after a need exists.

A COMPARISON OF KENNEDY-KASSEBAUM TO MAINE REFORM

The Kennedy-Kassebaum bill is also known as the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Below is a summary of the major differences between the provisions of Maine's small group and individual reform laws and those of HIPAA:

Small Group

- Both HIPAA and Maine require guarantee issue, relative to health status.
- Under HIPAA, preexisting exclusions for pregnancy are not permitted.
- HIPAA applies to groups with 2 to 50 employees. Maine's law applies to groups with 1 to 25 employees.
- Maine's law restricts rating for age, geography, occupation and smoking status to a 1.5 to 1 band. No premium rate differentials are allowed for health status, experience, duration since issue or gender. HIPAA contains no restrictions on rating.

Individual

- Maine requires guarantee issue to all individuals who seek coverage. HIPAA requires guarantee issue only after the individual has 18 months of prior qualifying coverage. Prior qualifying coverage is identified as coverage through a group, government or church plan. Also under HIPAA, the individual must not be eligible for group coverage.
- Maine's law restricts rating for age, geography, occupation and smoking status to a 1.5 to 1 band. No premium rate differentials are allowed for health status, experience, duration since issue or gender. HIPAA contains no restrictions on rating.

The Standard and Basic Plans

Some carriers cited the standardized plans (the Standard and Basic Plans) as reasons contributing to their decision. But different carriers looked at the standardized plans in different ways. One carrier did not like the deductible and benefit maximum levels mandated by the Standard and Basic Plans.

Another respondent stated that her organization had limited resources to expend on under-65 health insurance products. Considering that this line of business was becoming less important to her organization, developing standardized plans that they did not wish to actively market was not a wise use of limited resources.

Allocation of Resources

Several carriers mentioned allocation of resources, in one form or another, as playing an important role in their decision to remain in or withdraw from a state that has implemented health insurance reform. These carriers all referred to weighing the additional cost of reform requirements against the potential profitability of the block of business in that state.

A variety of sources of additional costs were indicated. Modified community rating necessitates additional procedures to ensure compliance. Some states require certifications of their small group business. Reform legislation that requires information reporting may cause additional reports to be necessary. As mentioned previously, the development of standardized plans requires additional resources. One carrier pointed out that legislation that mirrors the NAIC model regulation usually does not require new procedures to be implemented because procedures are already in place for other states.

In the case of Maine's reform, the potential profitability was not very great for some carriers. If a state with a larger population had implemented the same reform legislation, the actions of some of the carriers interviewed may have been different than the actions they took in Maine, depending on the size of the market and the market share of a particular carrier.

One respondent had a particularly insightful observation of health insurance reform in general. As a result of health insurance reform legislation (not just in Maine), the number of players in the health insurance market is dwindling. Companies can no longer afford to dabble in health insurance. They must be totally committed to doing business in a reform state and already have a strong health program.

Modified Community Rating

A couple of carriers noted that at the time of the implementation of Maine's reform legislation, it appeared as if Maine was heading toward strict community rating and cited this as a secondary reason for withdrawing. However, very few respondents stated that modified community rating was a primary reason for their decisions. While none of the respondents supported modified community rating, most felt that they would have been able to structure their rates to comply while still remaining profitable.

One respondent stated that he felt strongly that one of the goals of insurers should be to provide a service that is valuable to society. Any form of community rating causes the younger segment of the population to pay more than their fair share — or certainly more than they

would have paid if they lived in a state that did not community rate. For this segment of society, insurers are not providing a service.

Another observation is that one of the goals of reform legislation is to help the uninsured population. Community rating makes insurance less affordable to young people, but many of the uninsured already fall into the younger age categories. Although he was not able to provide figures in the interview, one respondent stated that he believed that lapse rates for the business that his organization continued to renew in Maine were greater for families and younger policyholders.

Conclusions

By interviewing representatives of the carriers who withdrew from Maine's small group or individual health insurance markets, we were able to get a better insight about the decisions carriers make when faced with reform legislation. While carriers expressed concerns about the restrictions placed on them by community rating and standardized plans, their main concern was the additional exposure to risk stemming from guaranteed issue provisions. Both their inexperience with writing GI policies, and the lack of exposure-limiting mechanisms, caused carriers to decide to withdraw from Maine's under-65 health insurance markets. A couple of carriers even expressed a desire to begin doing health insurance business in Maine again and would consider it if less restrictive GI provisions were in place.

X. CONCLUSION

The proportions of Maine's population that are insured and uninsured have not changed because of reform. However, what has changed are the characteristics of the insured population. Some young healthy persons have dropped their health insurance coverage, while older, less healthy persons make up a larger portion of the insured population.

The shift in demographics is presumably a consequence of modified community rating. Rates based on age must ultimately fall within 20% of the community rate. This made insurance more affordable to older persons and less desirable to younger persons.

Some critics of reform legislation predicted that modified community rating would cause an assessment spiral. The evidence presented in this report, however, shows that the demographics of the insured population have nearly reached equilibrium. The ±20% bands within which small group and individual rates must lie are wide enough to prevent the onset of an assessment spiral.

The number of persons relying on individual health insurance is decreasing in Maine as it is nationwide. In both Maine and the entire nation, the number of persons relying on group insurance is increasing, making up for the loss in coverage by individual insurance. In Maine, however, the magnitude of this shifting is greater.

Carriers are still adjusting for the other requirements of reform legislation such as guaranteed issue and the ban on durational rating. It may not be possible to quantify exactly how much effect reform will ultimately have on rates, but at this point we can see that small group indemnity insurance new business rates have risen more than industry norms, probably as a result of the ban on the use of durational rating.

Some carriers chose to leave Maine's small group or individual insurance markets at the time of reform legislation. Many of the carriers that left did so because of the guaranteed issue requirements of reform.

While reform legislation moved many barriers to obtaining insurance, it is not clear that all segments of the population have taken advantage of the new availability and affordability. As mentioned previously, the older population now makes up a greater portion of the insured population. However small employers do not show that they are using group insurance any more now than they did before reform.

Overall, the most significant effect of reform legislation has been a slight change in the make up of the insured population, without any significant change in the percent of the population that is insured. The cost of including a greater number of older, less healthy persons was a slight increase in average health insurance premiums.

Appendices

MAINE BUREAU OF INSURANCE — SURVEY OF INSURERS:
Small Group and Individual Health Insurance Reforms

INTRODUCTION

The Maine Bureau of Insurance ("the Bureau") has retained Towers Perrin to collect, analyze, and evaluate information regarding the effects of small group and individual health insurance reforms enacted in 1993. We are contacting all organizations that provide small group and/or individual health insurance coverage in the State of Maine to collect information specifically requested by the Bureau. The information collected will be analyzed, summarized, and provided in aggregate to the Bureau; company specific data will not be provided in the report.

This survey contains four sections:

I. Small Group Market — Pre-Reform (pages 2-7)
II. Small Group Market — Post Reform (pages 8-22)
III. Individual Market — Pre-Reform (pages 23-25)
IV. Individual Market — Post Reform (pages 26-37)

Not all sections may apply. Please complete only those sections that apply (e.g., if your organization provides only small group coverage, complete sections I and II). Please use black ink and write legibly. Please feel free to complete tables by printing a spreadsheet page or including a Lotus or Excel file.

All information should be specific to medical expense coverage in Maine. Do not include non-medical expense business in loss ratios. Provide demographic information for Maine insureds only.

A response by ***December 31, 1996*** would be greatly appreciated. Please send all completed surveys to:

Chuck Adrian
Towers Perrin
8300 Norman Center Drive, Suite 600
Minneapolis, MN 55437-1097

If you have any questions, or feel that you are unable to provide certain information, please contact:

Chuck Adrian 612/897-3422 or adrianc@towers.com
(If Chuck is unavailable, you may contact Rich Hall, 404/365-1731)

Please complete the following:

Name of individual responsible for survey completion/contact person:

Name: _____
Title: _____
Phone: _____
Fax: _____
e-mail: _____

ID: 0000

I. SMALL GROUP MARKET — PRE-REFORM

The information requested in this section relates to medical expense coverage for the small group market in Maine before reforms were initiated. If your organization's pre-reform definition of "small group" was not "fewer than 25 eligible employees," please comment about the difference in the space provided after Tables I.A.1. and I.A.2. If your organization further subdivided the 1-24 employee market (e.g., baby group 1-10, small group 11-24), you may include multiple copies of Tables I.A.1. and I.A.2.

A. DEMOGRAPHICS

This section targets small group related information on 1992 covered employees and covered lives.

A1. Covered Employees

For year-end 1992, please complete Table I.A.1. relating to your small group business. Although five-year age bands would be preferable, please use the bands that are incorporated by your firm, indicating the specific bands in the space provided. As shown, a four-tier rating structure has been targeted. However, if your organization only incorporates a two or three tier structure, please complete only those tiers that apply. For tiers not applicable, please indicate with "NA" and provide an explanation of your organization's tier structure in the "comments" area following the tables. Please be sure to complete the "total" rows and columns.

TABLE I.A.1. Small Group Market:
Year-End 1992 Covered Employees By Tiers

Age Bands	Male					Female				
	EE	EE + Spouse	EE + Children	EE + Family	Total	EE	EE + Spouse	EE + Children	EE + Family	Total
Total										

Comments:

A2. **Covered Lives**

For year-end 1992, please complete Table I.A.2. on page 4 relating to your small group business. Although five-year age bands would be preferable, please use the bands that are incorporated by your firm, indicating the specific bands in the space provided. If you cannot provide exact counts for dependents, please estimate the number of dependents for each age band and describe your method of estimation. Please be sure to complete the "total" rows and columns.

ID: 0000

TABLE I.A.2. Small Group Market: Year-End 1992 Covered Lives

Age Bands	Male		Female		Total
	Employee	Dependent	Employee	Dependent	
Total					

Comments:

ID: 0000

B. PREMIUMS

This section targets information on 1993 small group plan design and premiums.

B1. Did your 1993 small group rates vary at all by geographic area within the State of Maine?

_____ Yes
_____ No

If yes, please describe how.

B2. For small groups renewing January 1, 1993: For each type of plan offered by your organization, please select the design closest to those described in Table I.B.1., including any ***major*** variations (e.g., office copay is $20, drug copays are $7/$15, etc.). Provide pricing and include all administrative loads in Table I.B.2. for the groups detailed on page 6.

**TABLE I.B.1. Small Group Market:
Plan Designs for Groups Renewing January 1, 1993**

Type of Plan	Office Copay	Hospital Copay	Generic/Brand Drug Copays
HMO	$10	$100	$5/$10
Variations:			
Type of Plan	**Deductible**	**Coinsurance**	**Stop Loss**
PPO — In-Network	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
PPO — Out-of-Network	$500	60/40	$2,500 ($1,500 total out-of-pocket)
Variations:			
Indemnity A	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
Indemnity B	$500	50/50	$2,500 ($1,750 total out-of-pocket)
Variations:			

ID: 0000

Group descriptions for pricing purposes

One Person Group:

A. Male, age 25-29, single EE
B. Male, age 25-29, EE + FA (Spouse age 25-29, 2 children)
C. Female, age 40-44, single EE
D. Male, age 40-44, EE + FA (Spouse age 40-44, 2 children)
E. Male, age 55-59, single EE
F. Female, age 25-29, single EE
G. Female, age 55-59, single EE

Five Person Group Consisting of:

Male, age 26-29, single EE;
Male, age 25-29, EE + FA (Spouse age 25-29, 2 children);
Female, age 40-44, single EE;
Male, age 40-44, EE + FA (Spouse age 40-44, 2 children);
Male, age 55-59, single EE

Ten Person Group Consisting of:

2 Males, age 25-29, single EE;
2 Males, age 25-29, EE + FA (Spouses age 25-29, 2 children);
2 Females, age 40-44, single EE;
2 Males, age 40-44, EE + FA (Spouses age 40-44, 2 children);
2 Males, age 55-59, single EE

Twenty Person Group Consisting of:

4 Males, age 25-29, single EE;
4 Males, age 25-29, EE + FA (Spouses age 25-29, 2 children);
4 Females, age 40-44, single EE;
4 Males, age 40-44, EE + FA (Spouses age 40-44, 2 children);
4 Males, age 55-59, single EE

TABLE I.B.2. Small Group Market:
Total Monthly Premiums — January 1, 1993

Group Size	Premiums			
	HMO	PPO	Indemnity A	Indemnity B
One Person Group				
A.				
B.				
C.				
D.				
E.				
F.				
G.				
5 Person Group				
10 Person Group				
20 Person Group				

B3. What was your loss ratio in 1992 for small group business?

ID: 0000

II. SMALL GROUP MARKET — POST REFORM

A. DEMOGRAPHICS

This section targets small group related information on post reform, covered employees and covered lives by year.

A1. Covered Employers

For year-end 1993, 1994, 1995, and current year, please complete Tables II.A.1-4. relating to your small group business. Although five-year age bands would be preferable, please use the bands that are incorporated by your organization, indicating the specific bands in the space provided. As shown, a four tier rating structure has been targeted. However, if your firm only incorporates a two or three tier structure, please fill out only those tiers that apply. For tiers not applicable, indicate with "NA" and provide an explanation of your organization's tier structure in the "comments" area following the tables. Please complete all "total" rows and columns.

TABLE II.A.1. Small Group Market:
Year-End 1993 Covered Employees By Tier

Age Bands	Male					Female				
	EE	EE + Spouse	EE + Children	EE + Family	Total	EE	EE + Spouse	EE + Children	EE + Family	Total
Total										

Comments:

TABLE II.A.2. Small Group Market:
Year-End 1994 Covered Employees By Tier

Age Bands	Male					Female				
	EE	EE + Spouse	EE + Children	EE + Family	Total	EE	EE + Spouse	EE + Children	EE + Family	Total
Total										

Comments:

ID: 0000

TABLE II.A.3. Small Group Market: Year-End 1995 Covered Employees By Tier

Age Bands	Male					Female				
	EE	EE + Spouse	EE + Children	EE + Family	Total	EE	EE + Spouse	EE + Children	EE + Family	Total
Total										

Comments:

ID: 0000

**TABLE II.A.4. Small Group Market:
Current Year Covered Employees By Tier**

Age Bands	Male					Female				
	EE	EE + Spouse	EE + Children	EE + Family	Total	EE	EE + Spouse	EE + Children	EE + Family	Total
Total										

Comments:

A2. **Covered Lives**

For year-end 1993, 1994, 1995, and current year, please complete Tables II.A.5-8. relating to your small group business. Although five-year age bands would be preferable, please use the bands that are incorporated by your organization, indicating the specific bands in the space provided. If you cannot provide exact counts for dependents, please estimate the number of dependents for each age band and describe your method of estimation. Please complete all "total" rows and columns.

TABLE II.A.5. Small Group Market:

Year-End 1993 Covered Lives

Age Bands	Male		Female		Total
	Employee	Dependent	Employee	Dependent	
Total					

Comments:

ID: 0000

TABLE II.A.6. Small Group Market: Year-End 1994 Covered Lives

Age Bands	Male		Female		Total
	Employee	Dependent	Employee	Dependent	
Total					

Comments:

ID: 0000

TABLE II.A.7. Small Group Market: Year-End 1995 Covered Lives

Age Bands	Male		Female		Total
	Employee	Dependent	Employee	Dependent	
Total					

Comments:

ID: 0000

TABLE II.A.8. Small Group Market: Current Year Covered Lives

Age Bands	Male		Female		Total
	Employee	Dependent	Employee	Dependent	
Total					

Comments:

ID: 0000

B. PREMIUMS

This section targets small group related information on post reform, plan design and premiums.

B1. Do your small group rates vary at all by geographic area within the State of Maine?

_____ Yes
_____ No

If yes, please describe how.

B2. For small groups renewing January 1, 1994, 1995, 1996, 1997: For each type of plan offered by your organization, please select the design closest to those described in Table II.B.1., including any ***major*** variations (e.g., office copay is $20, drug copays are $7/$15, etc.). Provide pricing and include all administrative loads in Table II.B.2. for the groups detailed on page 17.

**TABLE II.B.1. Small Group Market:
Plan Design for Groups Renewing January 1, 1994, 1995, 1996 and 1997**

Type of Plan	Office Copay	Hospital Copay	Generic/Brand Drug Copays
HMO	$10	$100	$5/$10
Variations:			
Type of Plan	**Deductible**	**Coinsurance**	**Stop Loss**
PPO — In-Network	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
PPO — Out-of-Network	$500	60/40	$2,500 ($1,500 total out-of-pocket)
Variations:			
Indemnity A	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
Indemnity B	$500	50/50	$2,500 ($1,750 total out-of-pocket)
Variations:			

Group descriptions for pricing purposes

One Person Group:

A. Male, age 25-29, single EE
B. Male, age 25-29, EE + FA (Spouse age 25-29, 2 children)
C. Female, age 40-44, single EE
D. Male, age 40-44, EE + FA (Spouse age 40-44, 2 children)
E. Male, age 55-59, single EE
F. Female, age 25-29, single EE
G. Female, age 55-59, single EE

Five Person Group Consisting of:

Male, age 26-29, single EE;
Male, age 25-29, EE + FA (Spouse age 25-29, 2 children);
Female, age 40-44, single EE;
Male, age 40-44, EE + FA (Spouse age 40-44, 2 children);
Male, age 55-59, single EE

Ten Person Group Consisting of:

2 Males, age 25-29, single EE;
2 Males, age 25-29, EE + FA (Spouses age 25-29, 2 children);
2 Females, age 40-44, single EE;
2 Males, age 40-44, EE + FA (Spouses age 40-44, 2 children);
2 Males, age 55-59, single EE

Twenty Person Group Consisting of:

4 Males, age 25-29, single EE;
4 Males, age 25-29, EE + FA (Spouses age 25-29, 2 children);
4 Females, age 40-44, single EE;
4 Males, age 40-44, EE + FA (Spouses age 40-44, 2 children);
4 Males, age 55-59, single EE

TABLE II.B.2. Small Group Market:
Total Monthly Premiums — January 1, 1994, 1995, 1996, 1997

Group Size		Premiums			
		HMO	PPO	Indemnity A	Indemnity B
One Person Group					
A.	1994				
	1995				
	1996				
	1997				
B.	1994				
	1995				
	1996				
	1997				
C.	1994				
	1995				
	1996				
	1997				
D.	1994				
	1995				
	1996				
	1997				
E.	1994				
	1995				
	1996				
	1997				
F.	1994				
	1995				
	1996				
	1997				

ID: 0000

TABLE II.B.2. Small Group Market: Total Monthly Premiums — January 1, 1994, 1995, 1996, 1997

Group Size		Premiums			
		HMO	PPO	Indemnity A	Indemnity B
One person (cont).					
G.	1994				
	1995				
	1996				
	1997				
5 Person Group					
	1994				
	1995				
	1996				
	1997				
10 Person Group					
	1994				
	1995				
	1996				
	1997				
20 Person Group					
	1994				
	1995				
	1996				
	1997				

ID: 0000

B3. Please list your organization's loss ratios for small group business for the years indicated in Table II.B.3.

**TABLE II.B.3. Small Group Market:
Loss Ratio for Year-End 1993, 1994, 1995, Current Year**

Year-End	Loss Ratio
1993	
1994	
1995	
Current Year	

C. REACTION TO SMALL GROUP REFORM

This section targets information on changes your organization may have taken to address small group reform. If applicable for questions C1. and C2., please specify the timing of the changes and provide as much detail as necessary to indicate the work done to comply with reform laws.

Note: Your answers will not be used to check for compliance and company-specific information will not be included in the report to the Bureau.

C1. What specific steps did your organization take to comply with small group reform in Maine? For example, did your organization modify any of the following: (If "yes", please explain.)

a. Age/sex factors?
_____ Yes _____ No
Explanation:

b. Experience rating?
_____ Yes _____ No
Explanation:

c. Underwriting practices?
_____ Yes _____ No
Explanation:

d. Durational factors?
_____ Yes _____ No
Explanation:

e Smoking status adjustments?
_____ Yes _____ No
Explanation:

f. Industry factors?
_____ Yes _____ No
Explanation:

g. Area factors?
_____ Yes _____ No
Explanation:

h. Other factors?
_____ Yes _____ No
Explanation:

C2. Additionally, for business reasons, your organization may have taken other, more broad-based steps in reaction to small group reform. For example, did your organization take any of the following steps: (If "yes", please explain.)

a. Change the design of plans offered to small groups?
_____ Yes _____ No
Explanation:

b. Limit the plans offered to small groups?
_____ Yes _____ No
Explanation:

c. Shift marketing efforts toward or away from the small group market?
_____ Yes _____ No
Explanation:

d. Change commission structure?
_____ Yes _____ No
Explanation:

e. Strengthen relations or contracts with providers?
_____ Yes _____ No
Explanation:

f. Take any other actions?
_____ Yes _____ No
Explanation:

What reactions have you seen from your organization's small group sponsors? For example, have any of the following been incorporated: (If "yes", please explain.)

a. Choosing less expensive plans?
_____ Yes _____ No
Explanation:

b. Choosing more expensive plans?
_____ Yes _____ No
Explanation:

c. Eliminating coverage?
_____ Yes _____ No
Explanation:

d. Increasing or decreasing employer contributions?
_____ Yes _____ No
Explanation:

e. Shift to managed care or to more managed care?
_____ Yes _____ No
Explanation:

f. Other actions?
_____ Yes _____ No
Explanation:

III. INDIVIDUAL MARKET — PRE-REFORM

A. DEMOGRAPHICS

This section targets information on 1992 covered insureds.

A1. For year-end 1992, please complete Table III.A.1. relating to your individual medical expense policy business in Maine. Although five-year age bands would be preferable, please use the bands that are incorporated by your firm, indicating the specific bands in the space provided. Please be sure to complete the "total" rows and columns.

**TABLE III.A.1. Individual Market:
1992 Covered Insureds**

Age Bands	Male Insured	Female Insured	Total
Children (M/F)			
Total			

Comments:

ID: 0000

B. PREMIUMS

This section targets information on 1993 individual plan design and premiums.

B1. Did your rates vary at all for individual policies by geographic area within the State of Maine?

_____ Yes
_____ No

If yes, please describe how.

B2. For individuals renewing January 1, 1993: For each type of plan offered by your organization, please select the design closest to those described in Table III.B.1., including any ***major*** variations (e.g., office copay is $20, drug copays are $7/$15, etc.). Provide individual rates and include all administrative loads in Table III.B.2. on page 25. Use your organization's rating bands. If your organization uses unique rates for each age, you may provide rates for individuals at five-year intervals only (e.g., child, 20, 25, 30, etc.).

TABLE III.B.1. Individual Market:
Plan Design for Individuals Renewing January 1, 1993

Type of Plan	Office Copay	Hospital Copay	Generic/Brand Drug Copays
HMO	$10	$100	$5/$10
Variations:			
Type of Plan	**Deductible**	**Coinsurance**	**Stop Loss**
PPO — In-Network	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
PPO — Out-of-Network	$500	60/40	$2,500 ($1,500 total out-of-pocket)
Variations:			
Indemnity A	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
Indemnity B	$500	50/50	$2,500 ($1,750 total out-of-pocket)
Variations:			

TABLE III.B.2. Individual Market:
Premiums — January 1, 1993

Gender	Age Band	HMO	PPO	Indemnity A	Indemnity B
Child (M/F)					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					

B3. What was your loss ratio for 1992 for individual policy business?

ID: 0000

IV. INDIVIDUAL MARKET — POST REFORM

A. DEMOGRAPHICS

This section targets post reform information on covered insureds.

A1. For year-end 1993, 1994, 1995, and current year, please complete Tables IV.A.1-4. relating to your individual medical expense policy business in Maine. Although five-year age bands would be preferable, please use the bands that are incorporated by your firm, indicating the specific bands in the space provided. Please be sure to complete the "total" rows and columns.

TABLE IV.A.1. Year-End 1993 Individual Market: Covered Insureds

Age Bands	Male Insured	Female Insured	Total
Children (M/F)			
Total			

ID: 0000

TABLE IV.A.2. Year-End 1994 Individual Market: Covered Insureds

Age Bands	Male Insured	Female Insured	Total
Children (M/F)			
Total			

ID: 0000

TABLE IV.A.3. Year-End 1995 Individual Market: Covered Insureds

Age Bands	Male Insured	Female Insured	Total
Children (M/F)			
Total			

TABLE IV.A.4. Current Year Individual Market:
Covered Insureds

Age Bands	Male Insured	Female Insured	Total
Children (M/F)			
Total			

B. PREMIUMS

This section targets information on post reform individual plan design and premiums.

B1. Do your rates for individual coverage vary at all by geographic area within the State of Maine?

_____ Yes
_____ No

If yes, please describe how.

B2. For individuals renewing January 1, 1994, 1995, 1996, 1997: For each type of plan offered by your organization, select the design closest to those described in Table IV.B.1., including any ***major*** variations (e.g., office copay is $20, drug copays are $7/$15, etc.). Provide individual rates and include all administrative loads in Tables IV.B.2-5. on page 31-34. Use your organization's rating bands. If your organization uses unique rates for each age, you may provide rates for individuals at five-year intervals only (e.g., child, 20, 25, 30, etc.).

TABLE IV.B.1. Individual Market:
Plan Design for Individuals Renewing January 1, 1994, 1995, 1996, 1997

Type of Plan	Office Copay	Hospital Copay	Generic/Brand Drug Copays
HMO	$10	$100	$5/$10
Variations:			
Type of Plan	**Deductible**	**Coinsurance**	**Stop Loss**
PPO — In-Network	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
PPO — Out-of-Network	$500	60/40	$2,500 ($1,500 total out-of-pocket)
Variations:			
Indemnity A	$250	80/20	$2,500 ($750 total out-of-pocket)
Variations:			
Indemnity B	$500	50/50	$2,500 ($1,750 total out-of-pocket)
Variations:			

ID: 0000

TABLE IV.B.2. Individual Market: Premiums — January 1, 1994

Gender	Age Band	HMO	PPO	Indemnity A	Indemnity B
Child (M/F)					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					

ID: 0000

TABLE IV.B.3. Individual Market: Premiums — January 1, 1995

Gender	Age Band	HMO	PPO	Indemnity A	Indemnity B
Child (M/F)					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					

ID: 0000

TABLE IV.B.4. Individual Market: Premiums — January 1, 1996

Gender	Age Band	HMO	PPO	Indemnity A	Indemnity B
Child (M/F)					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					

ID: 0000

TABLE IV.B.5. Individual Market: Premiums — January 1, 1997

Gender	Age Band	HMO	PPO	Indemnity A	Indemnity B
Child (M/F)					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Male					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					
Female					

ID: 0000

B3. Please list your organization's loss ratios for individual health insurance business for the years indicated in Table IV.B.6.

**TABLE IV.B.6. Individual Market:
Loss Ratio for 1993, 1994, 1995, Current Year**

Year	Loss Ratio
1993	
1994	
1995	
Current Year	

C. REACTION TO INDIVIDUAL REFORM

This section targets information on changes your organization may have taken to address individual reform. If applicable for questions C1. and C2., please specify the timing of the changes and provide as much detail as necessary to indicate the work done to comply with reform laws.

Note: Your answer will not be used to check for compliance and company-specific information will not be included in the report to the Bureau.

C1. What specific steps did your organization take to comply with individual reform in Maine? For example, did your organization modify any of the following: (If "yes", please explain.)

a. Age/sex factors?
_____ Yes _____ No
Explanation:

b. Durational factors?
_____ Yes _____ No
Explanation:

c. Smoking status adjustments?
_____ Yes _____ No
Explanation:

ID: 0000

d. Occupation factors?
_____ Yes _____ No
Explanation:

e. Area factors?
_____ Yes _____ No
Explanation:

f. Underwriting practices?
_____ Yes _____ No
Explanation:

g. Other factors?
_____ Yes _____ No
Explanation:

C2. Additionally, for business reasons, your organization may have taken other, more broad based steps in reaction to individual reform. For example, did your organization take any of the following steps: (If "yes", please explain.)

a. Change the design of plans offered to individuals?
_____ Yes _____ No
Explanation:

b. Limit the plans offered to individuals?
_____ Yes _____ No
Explanation:

c. Shift marketing efforts toward or away from the individual market?
_____ Yes _____ No
Explanation:

d. Change commission structure?
_____ Yes _____ No
Explanation:

ID: 0000

e. Strengthen relations or contracts with providers?
_____ Yes _____ No
Explanation:

f. Take any other actions?
_____ Yes _____ No
Explanation:

C3. What reactions have you seen from individual policy holders? For example, have any of the following been incorporated: (If "yes", please explain.)

a. Choosing less expensive plans?
_____ Yes _____ No
Explanation:

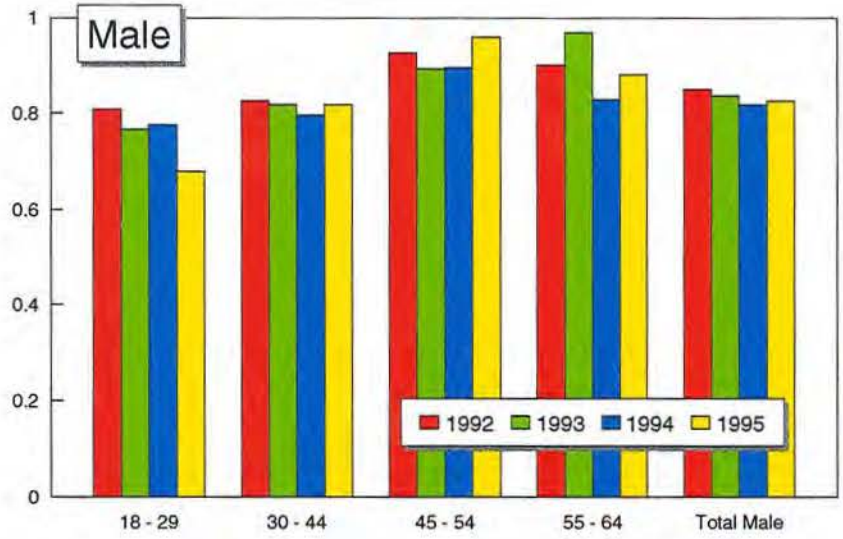
b. Choosing more expensive plans?
_____ Yes _____ No
Explanation:

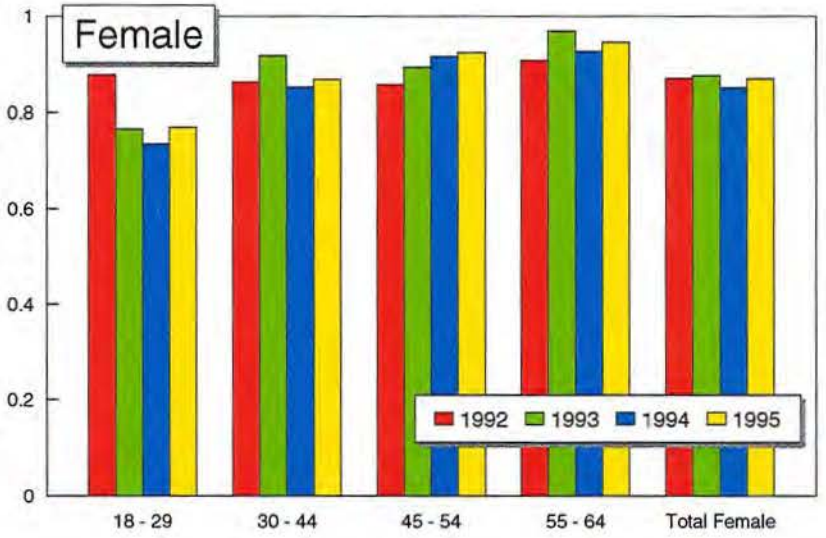
c. Eliminating coverage?
_____ Yes _____ No
Explanation:

d. Shift to managed care or to more managed care?
_____ Yes _____ No
Explanation:

e. Other actions?
_____ Yes _____ No
Explanation:

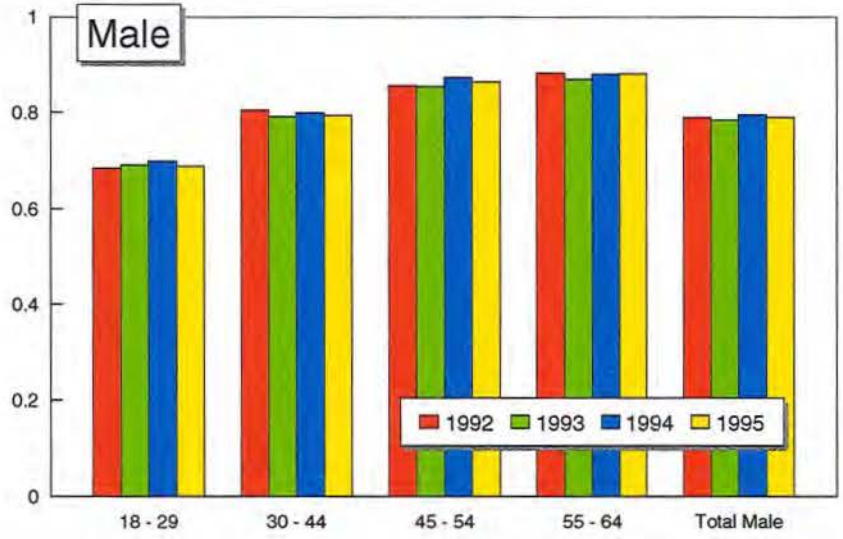
Figure 5.A.1
Percentage of Maine's Population that is Insured, by Age and Sex

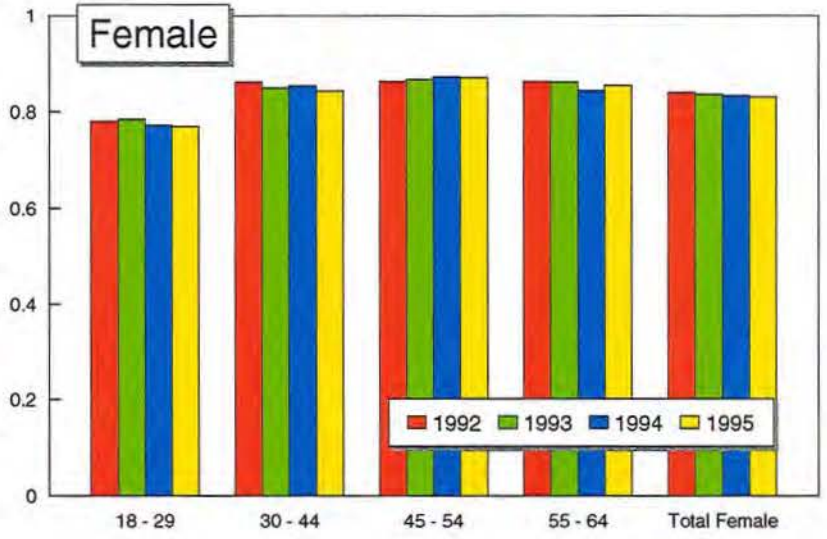




		Maine's Non-aged, Adult Population				Number Insured in Each Category				Percentage Insured in Each Category			
		1992	1993	1994	1995	1992	1993	1994	1995	1992	1993	1994	1995
Male	**18 - 29**	99,647	102,011	95,068	89,310	80,584	78,222	73,768	60,712	80.9%	76.7%	77.6%	68.0%
	30 - 44	176,832	150,187	140,656	158,071	146,114	122,791	111,973	129,362	82.6%	81.8%	79.6%	81.8%
	45 - 54	81,702	80,865	85,754	82,938	75,679	72,155	76,822	79,512	92.6%	89.2%	89.6%	95.9%
	55 - 64	38,721	41,901	46,558	56,545	34,855	40,566	38,587	49,834	90.0%	96.8%	82.9%	88.1%
	Total Male	396,902	374,964	368,036	386,864	337,232	313,734	301,150	319,420	85.0%	83.7%	81.8%	82.6%
Female	**18 - 29**	104,137	110,222	86,188	84,621	91,394	84,325	63,338	65,125	87.8%	76.5%	73.5%	77.0%
	30 - 44	171,162	160,844	152,277	165,154	147,700	147,643	129,746	143,326	86.3%	91.8%	85.2%	86.8%
	45 - 54	70,557	77,926	84,593	73,719	60,515	69,598	77,550	68,093	85.8%	89.3%	91.7%	92.4%
	55 - 64	45,622	44,872	54,144	63,565	41,438	43,474	50,181	60,083	90.8%	96.9%	92.7%	94.5%
	Total Female	391,478	393,864	377,202	387,059	341,047	345,040	320,815	336,627	87.1%	87.6%	85.1%	87.0%
	Total	788,380	768,828	745,238	773,923	678,279	658,774	621,965	656,047	86.0%	85.7%	83.5%	84.8%

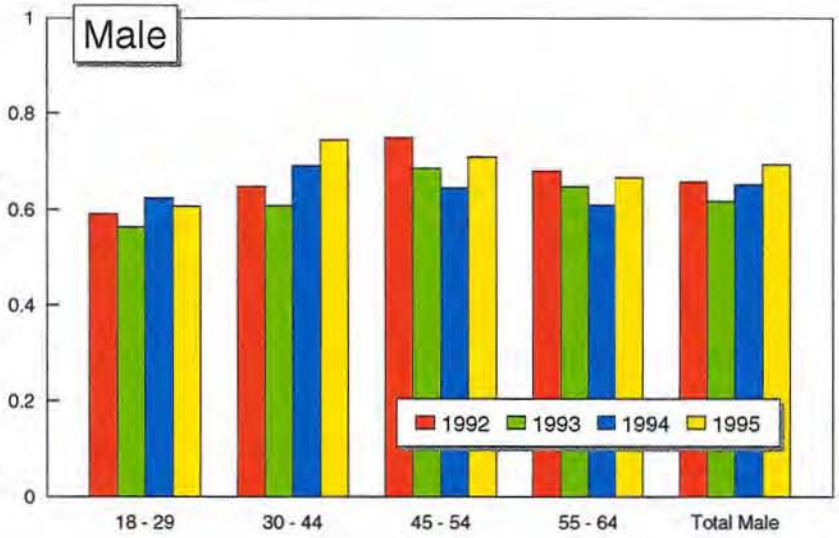
Figure 5.A.2
Percentage of Nationwide Population that is Insured, by Age and Sex

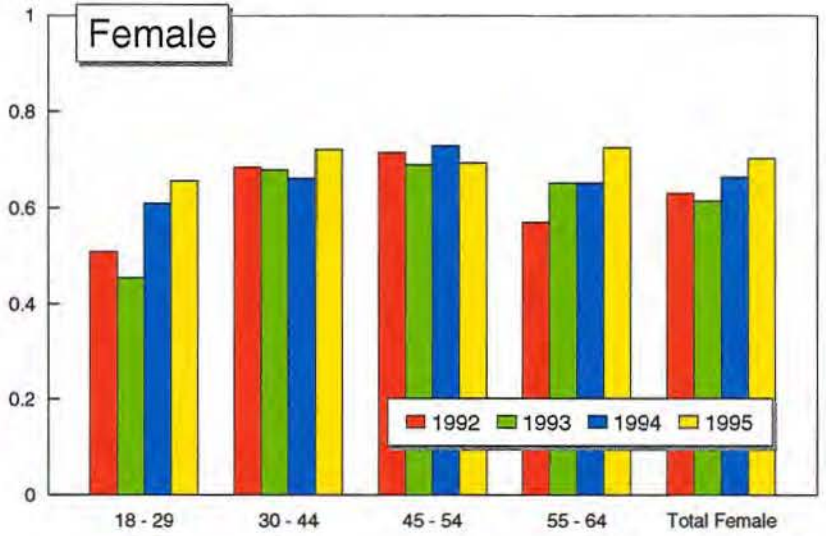




		Nationwide Non-aged, Adult Population (in thousands)				Number Insured in Each Category (in thousands)				Percentage Insured in Each Category			
		1992	1993	1994	1995	1992	1993	1994	1995	1992	1993	1994	1995
Male	**18 - 29**	21,500	22,000	21,900	21,800	14,700	15,200	15,300	15,000	68.4%	69.1%	69.9%	68.8%
	30 - 44	30,600	31,200	31,400	31,500	24,600	24,700	25,100	25,000	80.4%	79.2%	79.9%	79.4%
	45 - 54	13,800	14,400	15,000	15,300	11,800	12,300	13,100	13,200	85.5%	85.4%	87.3%	86.3%
	55 - 64	10,200	9,900	9,900	10,100	9,000	8,600	8,700	8,900	88.2%	86.9%	87.9%	88.1%
	Total Male	76,100	77,500	78,200	78,700	60,100	60,800	62,200	62,100	79.0%	78.5%	79.5%	78.9%
Female	**18 - 29**	21,800	22,300	22,000	22,100	17,000	17,500	17,000	17,000	78.0%	78.5%	77.3%	76.9%
	30 - 44	31,200	31,800	32,100	32,600	26,900	27,000	27,400	27,500	86.2%	84.9%	85.4%	84.4%
	45 - 54	14,600	15,000	15,600	16,300	12,600	13,000	13,600	14,200	86.3%	86.7%	87.2%	87.1%
	55 - 64	11,000	10,800	10,900	11,000	9,500	9,300	9,200	9,400	86.4%	86.1%	84.4%	85.5%
	Total Female	78,600	79,900	80,600	82,000	66,000	66,800	67,200	68,100	84.0%	83.6%	83.4%	83.0%
	Total	154,700	157,400	158,800	160,700	126,100	127,600	129,400	130,200	81.5%	81.1%	81.5%	81.0%

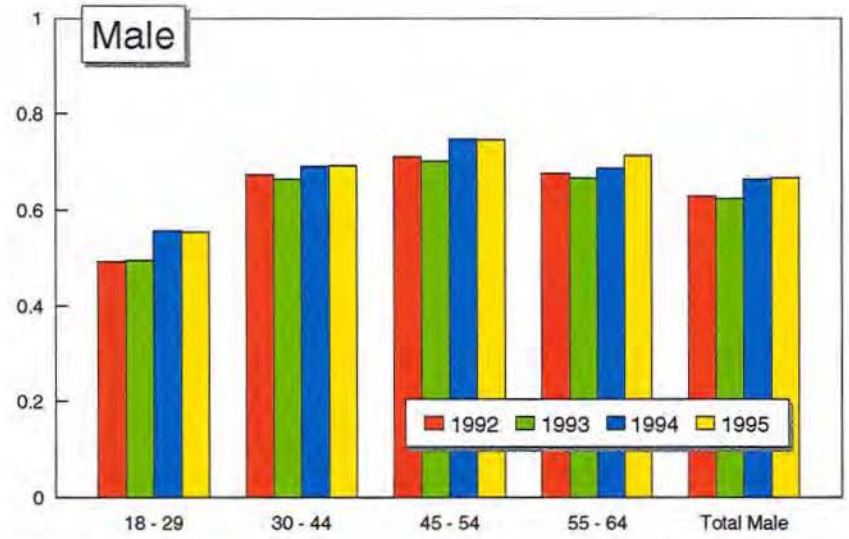
Figure 5.B.1
Percentage of Maine's Population Covered by Group Insurance, by Age and Sex

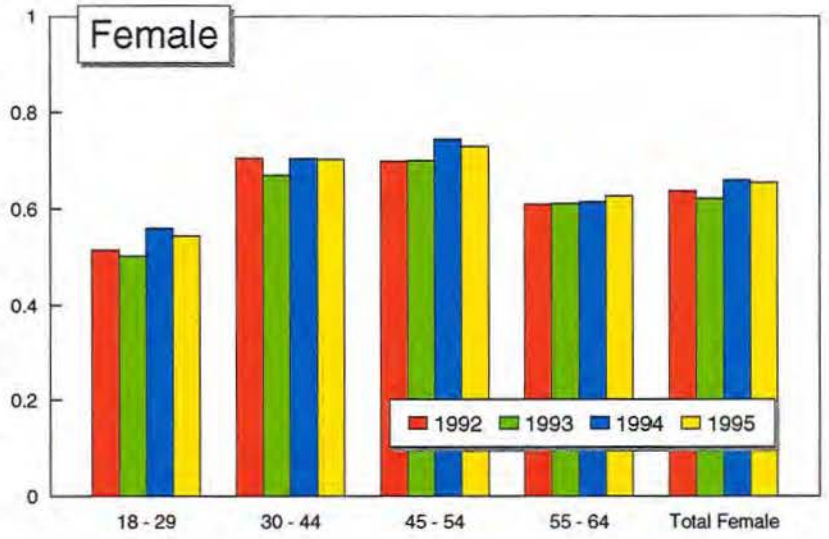




		Maine's Non-aged, Adult Population				Number in Each Category Covered by Group Insurance				Percentage in Each Category Covered by Group Insurance			
		1992	1993	1994	1995	1992	1993	1994	1995	1992	1993	1994	1995
Male	**18 - 29**	99,647	102,011	95,068	89,310	58,864	57,519	59,280	54,173	59.1%	56.4%	62.4%	60.7%
	30 - 44	176,832	150,187	140,656	158,071	114,658	91,252	97,070	117,539	64.8%	60.8%	69.0%	74.4%
	45 - 54	81,702	80,865	85,754	82,938	61,232	55,434	55,305	58,823	74.9%	68.6%	64.5%	70.9%
	55 - 64	38,721	41,901	46,558	56,545	26,347	27,125	28,386	37,697	68.0%	64.7%	61.0%	66.7%
	Total Male	396,902	374,964	368,036	386,864	261,101	231,330	240,041	268,232	65.8%	61.7%	65.2%	69.3%
Female	**18 - 29**	104,137	110,222	86,188	84,621	52,980	50,142	52,525	55,470	50.9%	45.5%	60.9%	65.6%
	30 - 44	171,162	160,844	152,277	165,154	117,203	109,198	100,792	119,118	68.5%	67.9%	66.2%	72.1%
	45 - 54	70,557	77,926	84,593	73,719	50,412	53,762	61,718	51,124	71.4%	69.0%	73.0%	69.3%
	55 - 64	45,622	44,872	54,144	63,565	26,001	29,218	35,311	46,064	57.0%	65.1%	65.2%	72.5%
	Total Female	391,478	393,864	377,202	387,059	246,596	242,320	250,346	271,776	63.0%	61.5%	66.4%	70.2%
	Total	788,380	768,828	745,238	773,923	507,697	473,650	490,387	540,008	64.4%	61.6%	65.8%	69.8%

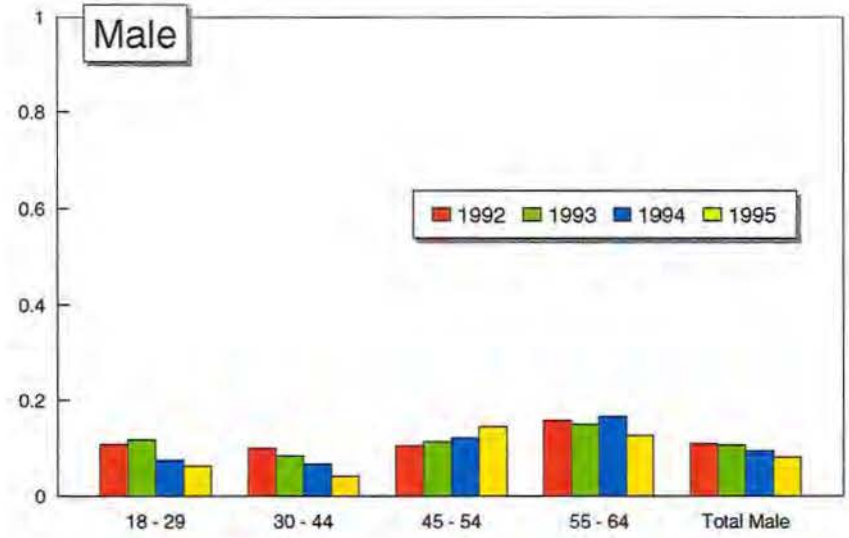
Figure 5.B.2
Percentage of Nationwide Population Covered by Group Insurance, by Age and Sex

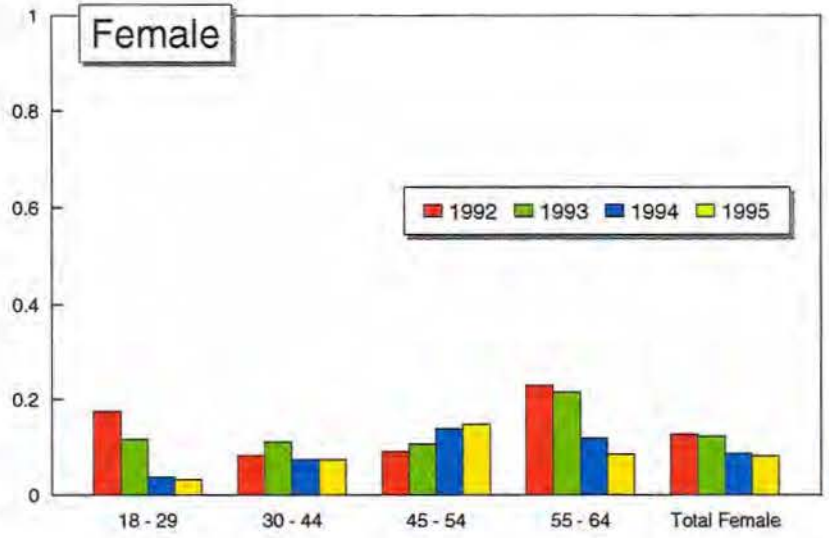




		Nationwide Non-aged, Adult Population (in thousands)				Number in Each Category Covered by Group Insurance (in thousands)				Percentage in Each Category Covered by Group Insurance			
		1992	1993	1994	1995	1992	1993	1994	1995	1992	1993	1994	1995
Male	**18 - 29**	21,500	22,000	21,900	21,800	10,600	10,900	12,200	12,100	49.3%	49.5%	55.7%	55.5%
	30 - 44	30,600	31,200	31,400	31,500	20,600	20,700	21,700	21,800	67.3%	66.3%	69.1%	69.2%
	45 - 54	13,800	14,400	15,000	15,300	9,800	10,100	11,200	11,400	71.0%	70.1%	74.7%	74.5%
	55 - 64	10,200	9,900	9,900	10,100	6,900	6,600	6,800	7,200	67.6%	66.7%	68.7%	71.3%
	Total Male	76,100	77,500	78,200	78,700	47,900	48,300	51,900	52,500	62.9%	62.3%	66.4%	66.7%
Female	**18 - 29**	21,800	22,300	22,000	22,100	11,200	11,200	12,300	12,000	51.4%	50.2%	55.9%	54.3%
	30 - 44	31,200	31,800	32,100	32,600	22,000	21,300	22,600	22,900	70.5%	67.0%	70.4%	70.2%
	45 - 54	14,600	15,000	15,600	16,300	10,200	10,500	11,600	11,900	69.9%	70.0%	74.4%	73.0%
	55 - 64	11,000	10,800	10,900	11,000	6,700	6,600	6,700	6,900	60.9%	61.1%	61.5%	62.7%
	Total Female	78,600	79,900	80,600	82,000	50,100	49,600	53,200	53,700	63.7%	62.1%	66.0%	65.5%
	Total	154,700	157,400	158,800	160,700	98,000	97,900	105,100	106,200	63.3%	62.2%	66.2%	66.1%

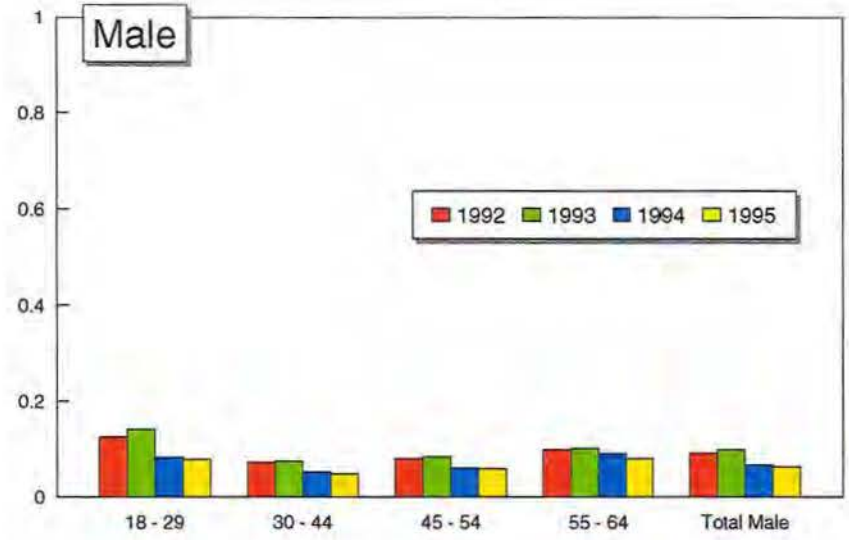
Figure 5.C.1
Percentage of Maine's Population Covered by Individual Insurance, by Age and Sex

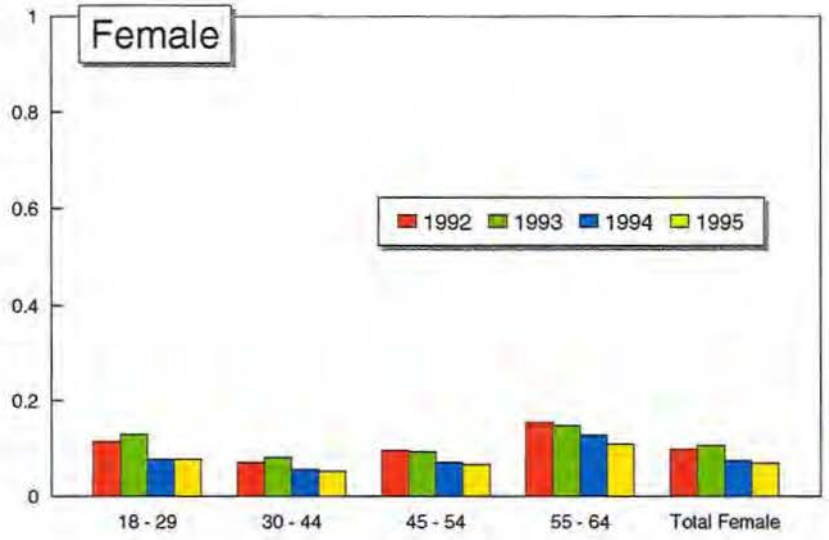




		Maine's Non-aged, Adult Population				Number in Each Category Covered by Individual Insurance				Percentage in Each Category Covered by Individual Insurance			
		1992	1993	1994	1995	1992	1993	1994	1995	1992	1993	1994	1995
Male	**18 - 29**	99,647	102,011	95,068	89,310	10,676	11,951	7,110	5,547	10.7%	11.7%	7.5%	6.2%
	30 - 44	176,832	150,187	140,656	158,071	17,735	12,554	9,377	6,531	10.0%	8.4%	6.7%	4.1%
	45 - 54	81,702	80,865	85,754	82,938	8,584	9,152	10,411	12,055	10.5%	11.3%	12.1%	14.5%
	55 - 64	38,721	41,901	46,558	56,545	6,137	6,319	7,764	7,117	15.8%	15.1%	16.7%	12.6%
	Total Male	396,902	374,964	368,036	386,864	43,132	39,976	34,662	31,250	10.9%	10.7%	9.4%	8.1%
Female	**18 - 29**	104,137	110,222	86,188	84,621	18,183	12,816	3,203	2,683	17.5%	11.6%	3.7%	3.2%
	30 - 44	171,162	160,844	152,277	165,154	14,303	17,803	11,296	12,271	8.4%	11.1%	7.4%	7.4%
	45 - 54	70,557	77,926	84,593	73,719	6,462	8,323	11,821	10,990	9.2%	10.7%	14.0%	14.9%
	55 - 64	45,622	44,872	54,144	63,565	10,499	9,630	6,442	5,483	23.0%	21.5%	11.9%	8.6%
	Total Female	391,478	393,864	377,202	387,059	49,447	48,572	32,762	31,427	12.6%	12.3%	8.7%	8.1%
	Total	788,380	768,828	745,238	773,923	92,579	88,548	67,424	62,677	11.7%	11.5%	9.0%	8.1%

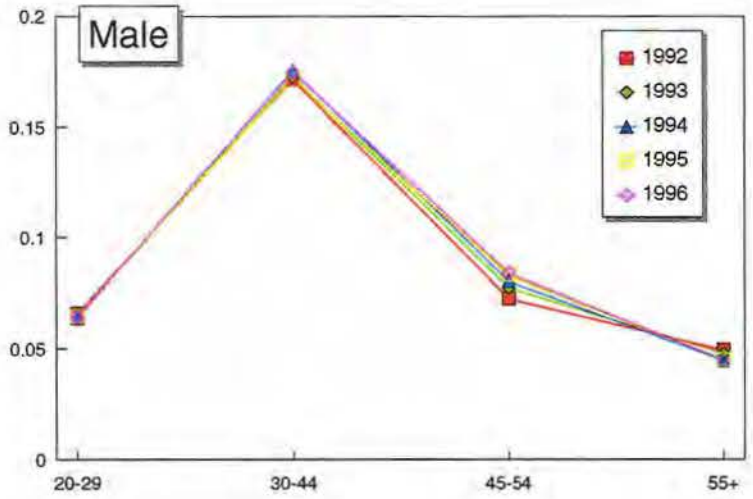
Figure 5.C.2
Percentage of Nationwide Population Covered by Individual Insurance, by Age and Sex

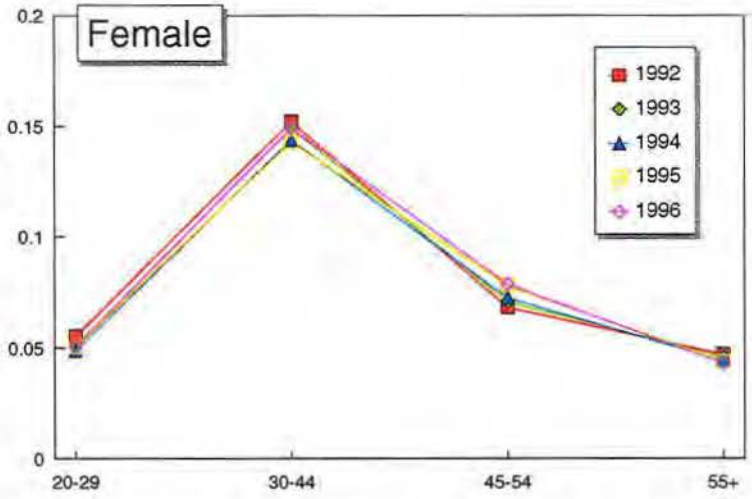




		Nationwide Non-aged, Adult Population (in thousands)				Number in Each Category Covered by Individual Insurance (in thousands)				Percentage in Each Category Covered by Individual Insurance			
		1992	1993	1994	1995	1992	1993	1994	1995	1992	1993	1994	1995
Male	**18 - 29**	21,500	22,000	21,900	21,800	2,700	3,100	1,800	1,700	12.6%	14.1%	8.2%	7.8%
	30 - 44	30,600	31,200	31,400	31,500	2,200	2,300	1,600	1,500	7.2%	7.4%	5.1%	4.8%
	45 - 54	13,800	14,400	15,000	15,300	1,100	1,200	900	900	8.0%	8.3%	6.0%	5.9%
	55 - 64	10,200	9,900	9,900	10,100	1,000	1,000	900	800	9.8%	10.1%	9.1%	7.9%
	Total Male	76,100	77,500	78,200	78,700	7,000	7,600	5,200	4,900	9.2%	9.8%	6.6%	6.2%
Female	**18 - 29**	21,800	22,300	22,000	22,100	2,500	2,900	1,700	1,700	11.5%	13.0%	7.7%	7.7%
	30 - 44	31,200	31,800	32,100	32,600	2,200	2,600	1,800	1,700	7.1%	8.2%	5.6%	5.2%
	45 - 54	14,600	15,000	15,600	16,300	1,400	1,400	1,100	1,100	9.6%	9.3%	7.1%	6.7%
	55 - 64	11,000	10,800	10,900	11,000	1,700	1,600	1,400	1,200	15.5%	14.8%	12.8%	10.9%
	Total Female	78,600	79,900	80,600	82,000	7,800	8,500	6,000	5,700	9.9%	10.6%	7.4%	7.0%
	Total	154,700	157,400	158,800	160,700	14,800	16,100	11,200	10,600	9.6%	10.2%	7.1%	6.6%

Figure 6.A
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Small Group Insurance

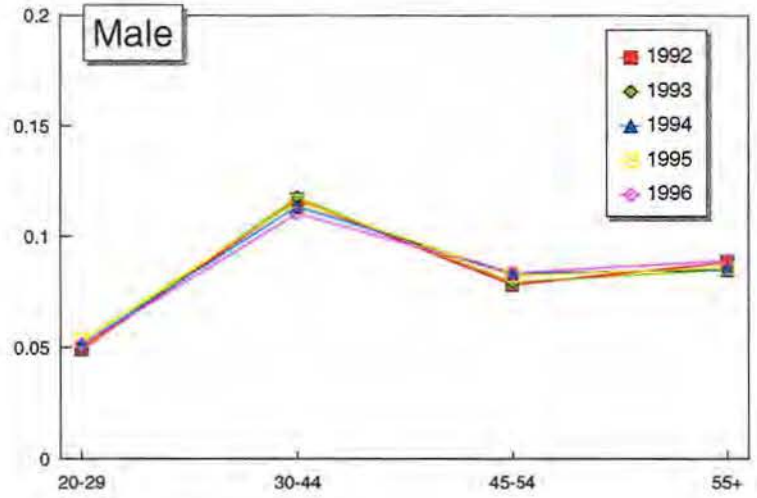


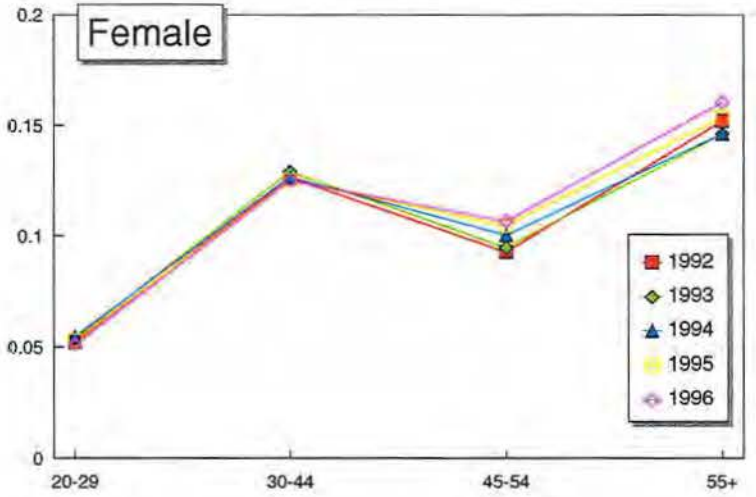


		Persons Covered by Small Group Insurance					Distribution of Persons Covered by Small Group Insurance				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	8,984	10,154	11,286	13,575	14,666	16.32%	16.21%	16.37%	16.03%	15.58%
	20-29	3,624	4,044	4,407	5,475	6,074	6.58%	6.45%	6.39%	6.47%	6.45%
	30-44	9,428	10,834	12,098	14,537	16,450	17.12%	17.29%	17.55%	17.17%	17.47%
	45-54	3,996	4,863	5,549	7,043	7,921	7.26%	7.76%	8.05%	8.32%	8.41%
	55+	2,725	3,003	3,079	3,828	4,233	4.95%	4.79%	4.47%	4.52%	4.50%
	Total Male	28,757	32,898	36,419	44,458	49,344	52.23%	52.51%	52.83%	52.51%	52.41%
Female	**children**	8,544	9,927	11,206	13,515	14,493	15.52%	15.84%	16.25%	15.96%	15.39%
	20-29	3,044	3,162	3,369	4,284	4,797	5.53%	5.05%	4.89%	5.06%	5.10%
	30-44	8,371	9,337	9,894	12,090	14,046	15.20%	14.90%	14.35%	14.28%	14.92%
	45-54	3,755	4,445	5,009	6,603	7,412	6.82%	7.09%	7.27%	7.80%	7.87%
	55+	2,589	2,885	3,044	3,718	4,058	4.70%	4.60%	4.42%	4.39%	4.31%
	Total Female	26,303	29,756	32,522	40,210	44,806	47.77%	47.49%	47.17%	47.49%	47.59%
	TOTAL	55,060	62,654	68,941	84,668	94,150	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.B
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Individual Insurance

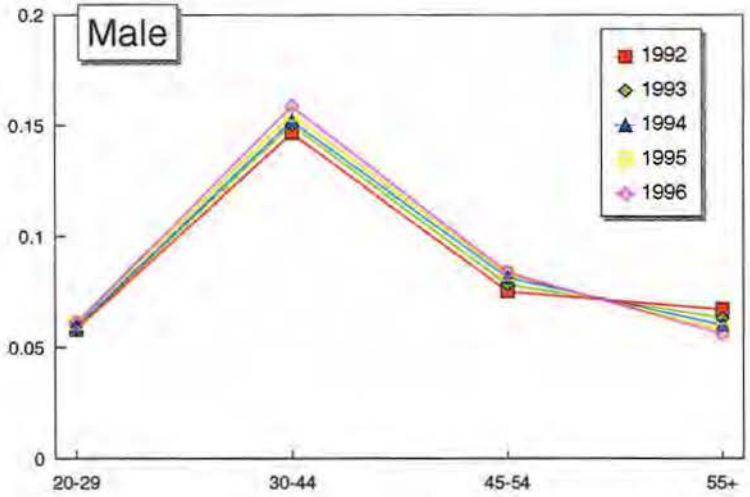


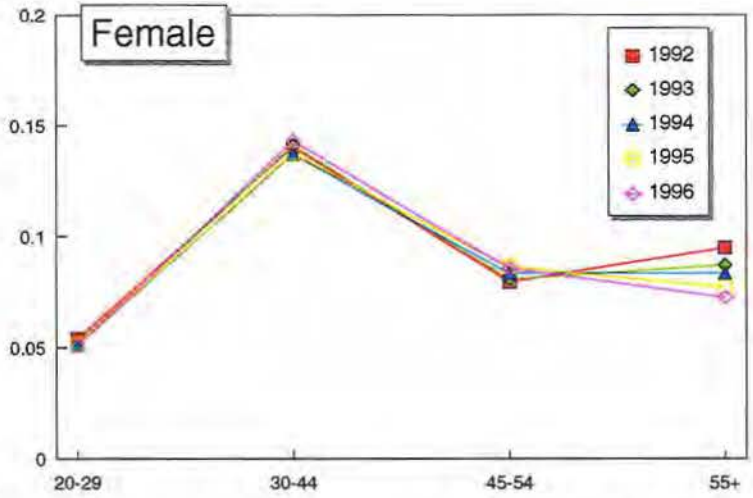


		Persons Covered by Individual Insurance					Distribution of Persons Covered by Individual Insurance				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	5,815	5,477	5,170	4,222	3,593	12.64%	12.54%	12.09%	11.46%	11.30%
	20-29	2,266	2,199	2,200	1,943	1,629	4.92%	5.04%	5.15%	5.28%	5.12%
	30-44	5,373	5,140	4,866	4,275	3,515	11.68%	11.77%	11.38%	11.61%	11.06%
	45-54	3,612	3,468	3,570	3,044	2,657	7.85%	7.94%	8.35%	8.26%	8.36%
	55+	4,069	3,733	3,633	3,163	2,840	8.84%	8.55%	8.50%	8.59%	8.93%
	Total Male	21,135	20,017	19,439	16,647	14,234	45.93%	45.84%	45.47%	45.20%	44.77%
Female	**children**	5,392	5,143	5,013	4,100	3,481	11.72%	11.78%	11.72%	11.13%	10.95%
	20-29	2,400	2,344	2,337	1,953	1,621	5.22%	5.37%	5.47%	5.30%	5.10%
	30-44	5,817	5,636	5,419	4,617	3,971	12.64%	12.91%	12.67%	12.53%	12.49%
	45-54	4,279	4,140	4,298	3,859	3,391	9.30%	9.48%	10.05%	10.48%	10.67%
	55+	6,992	6,385	6,249	5,657	5,095	15.20%	14.62%	14.62%	15.36%	16.03%
	Total Female	24,880	23,648	23,316	20,186	17,559	54.07%	54.16%	54.53%	54.80%	55.23%
	TOTAL	46,015	43,665	42,755	36,833	31,793	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.C
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Small Group or Individual Insurance

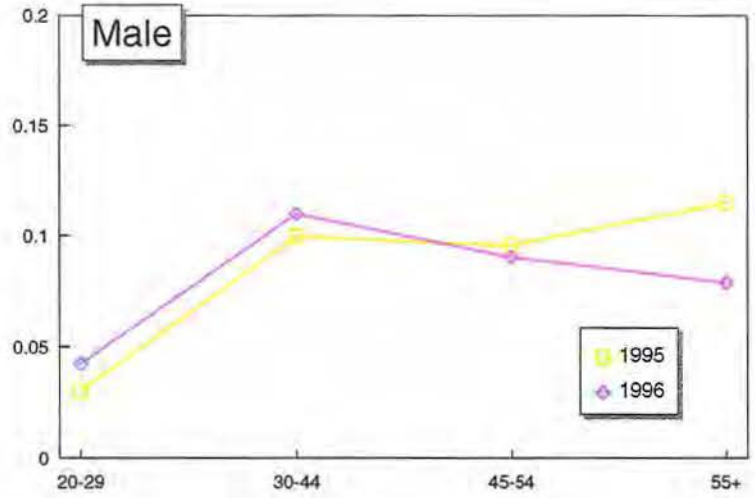


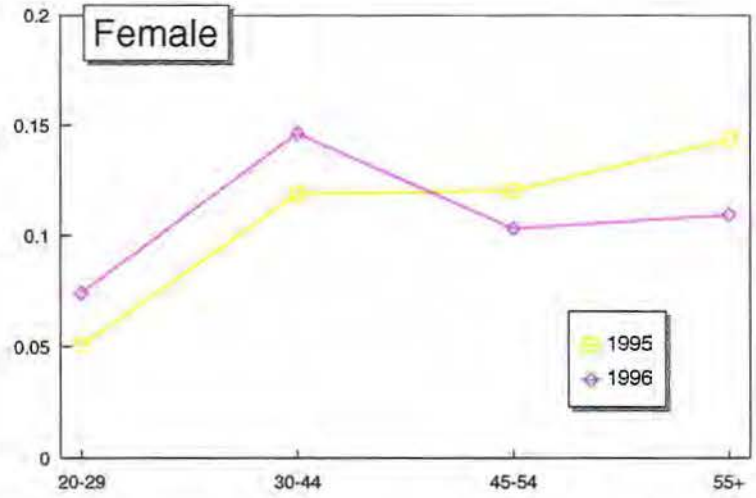


		Persons Covered by Small Group or Individual Insurance					Distribution of Persons Covered by Small Group or Individual Insurance				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	14,799	15,631	16,456	17,797	18,259	14.64%	14.70%	14.73%	14.65%	14.50%
	20-29	5,890	6,243	6,607	7,418	7,703	5.83%	5.87%	5.92%	6.11%	6.12%
	30-44	14,801	15,974	16,964	18,812	19,965	14.64%	15.02%	15.19%	15.48%	15.85%
	45-54	7,608	8,331	9,119	10,087	10,578	7.53%	7.84%	8.16%	8.30%	8.40%
	55+	6,794	6,736	6,712	6,991	7,073	6.72%	6.34%	6.01%	5.75%	5.62%
	Total Male	49,892	52,915	55,858	61,105	63,578	49.36%	49.77%	50.01%	50.29%	50.48%
Female	**children**	13,936	15,070	16,219	17,615	17,974	13.79%	14.17%	14.52%	14.50%	14.27%
	20-29	5,444	5,506	5,706	6,237	6,418	5.39%	5.18%	5.11%	5.13%	5.10%
	30-44	14,188	14,973	15,313	16,707	18,017	14.04%	14.08%	13.71%	13.75%	14.31%
	45-54	8,034	8,585	9,307	10,462	10,803	7.95%	8.07%	8.33%	8.61%	8.58%
	55+	9,581	9,270	9,293	9,375	9,153	9.48%	8.72%	8.32%	7.72%	7.27%
	Total Female	51,183	53,404	55,838	60,396	62,365	50.64%	50.23%	49.99%	49.71%	49.52%
	TOTAL	101,075	106,319	111,696	121,501	125,943	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.D
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Carriers that Entered the Market after Reform



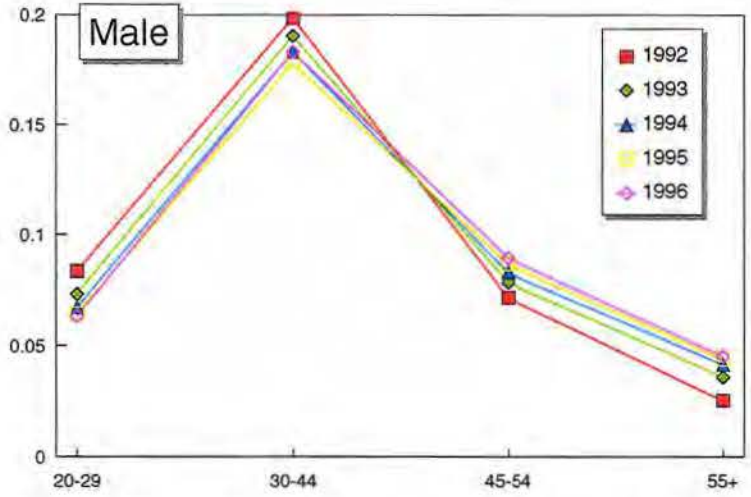


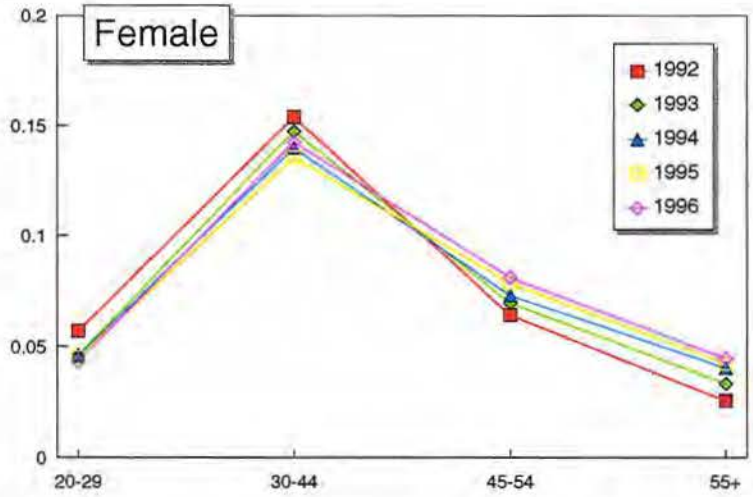
		Persons Covered by Carriers that Entered the Market after Reform				
		1992	1993	1994	1995	1996
Male	**children**	0	0	0	89	263
	20-29	0	0	0	22	90
	30-44	0	0	0	73	232
	45-54	0	0	0	70	191
	55+	0	0	0	84	167
	Total Male	0	0	0	338	943
Female	**children**	0	0	0	77	253
	20-29	0	0	0	37	157
	30-44	0	0	0	87	309
	45-54	0	0	0	88	218
	55+	0	0	0	105	231
	Total Female	0	0	0	394	1,168
	TOTAL	0	0	0	732	2,111

		Distribution of Persons Covered by Carriers that Entered the Market after Reform				
		1992	1993	1994	1995	1996
Male	**children**				12.16%	12.46%
	20-29				3.01%	4.26%
	30-44				9.97%	10.99%
	45-54				9.56%	9.05%
	55+				11.48%	7.91%
	Total Male				46.17%	44.67%
Female	**children**				10.52%	11.98%
	20-29				5.05%	7.44%
	30-44				11.89%	14.64%
	45-54				12.02%	10.33%
	55+				14.34%	10.94%
	Total Female				53.83%	55.33%
	TOTAL				100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.E
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Small Group Carriers in Cohort C

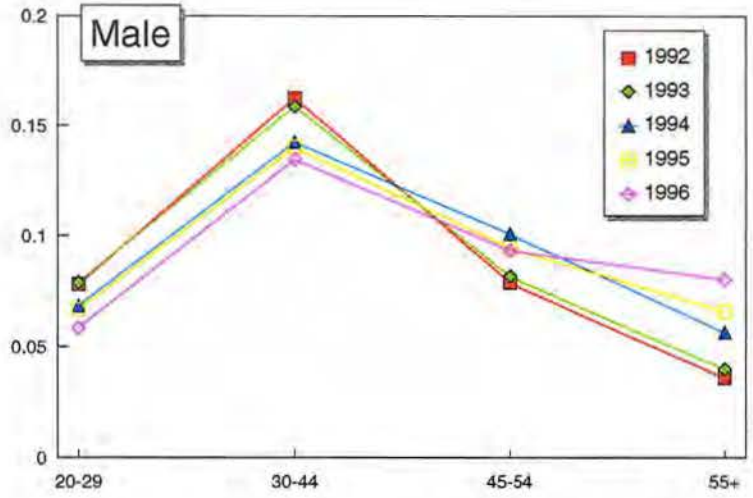


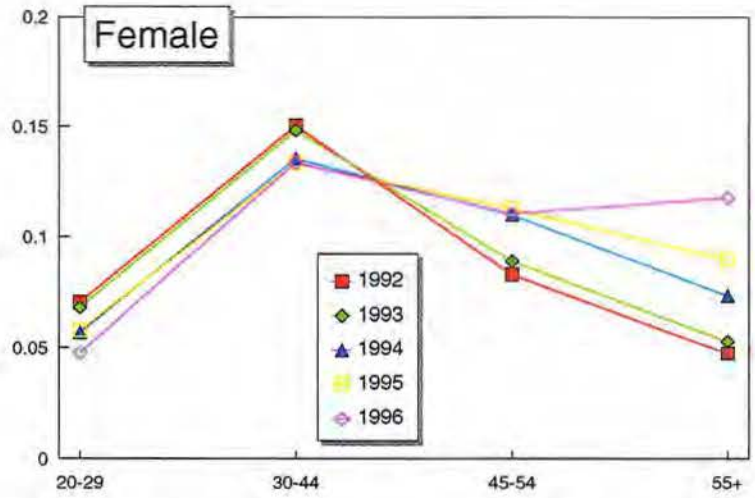


		Persons Covered by Small Group Carriers in Cohort C					Distribution of Persons Covered by Small Group Carriers in Cohort C				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	3,270	5,239	8,246	8,443	8,282	16.05%	16.24%	16.29%	16.24%	15.32%
	20-29	1,702	2,368	3,412	3,346	3,426	8.35%	7.34%	6.74%	6.44%	6.34%
	30-44	4,040	6,138	9,268	9,243	9,894	19.83%	19.03%	18.31%	17.78%	18.31%
	45-54	1,460	2,534	4,200	4,519	4,847	7.17%	7.85%	8.30%	8.69%	8.97%
	55+	518	1,170	2,111	2,288	2,460	2.54%	3.63%	4.17%	4.40%	4.55%
	Total Male	10,990	17,449	27,237	27,839	28,909	53.94%	54.09%	53.80%	53.55%	53.49%
Female	**children**	3,265	5,242	8,251	8,447	8,286	16.02%	16.25%	16.30%	16.25%	15.33%
	20-29	1,161	1,486	2,324	2,352	2,342	5.70%	4.61%	4.59%	4.52%	4.33%
	30-44	3,130	4,754	7,074	7,046	7,698	15.36%	14.74%	13.97%	13.55%	14.24%
	45-54	1,309	2,244	3,700	4,095	4,391	6.42%	6.96%	7.31%	7.88%	8.12%
	55+	520	1,086	2,042	2,212	2,418	2.55%	3.37%	4.03%	4.25%	4.47%
	Total Female	9,385	14,812	23,391	24,152	25,135	46.06%	45.91%	46.20%	46.45%	46.51%
	TOTAL	20,375	32,261	50,628	51,991	54,044	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.
Cohort C is the collection of carriers whose rates displayed a typical collapsing in reaction to reform.

Figure 6.F
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Individual Carriers in Cohort C

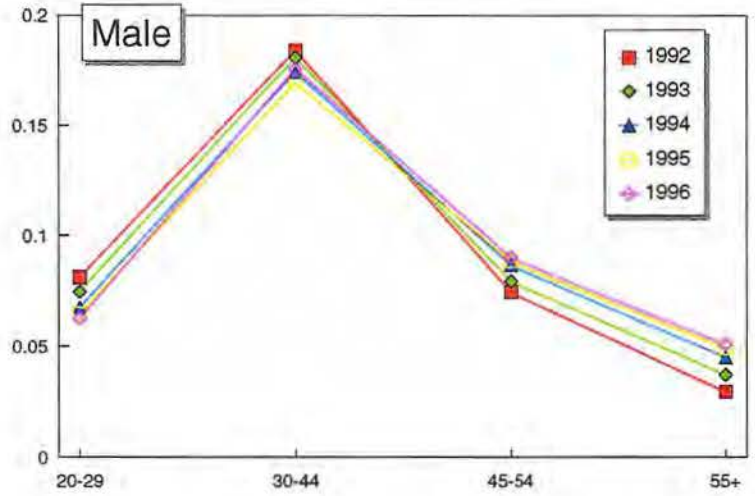


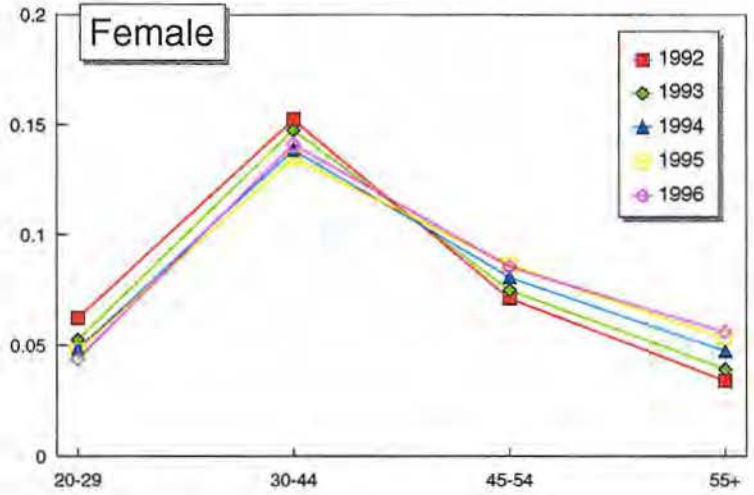


		Persons Covered by Individual Health Carriers in Cohort C					Distribution of Persons Covered by Individual Health Carriers in Cohort C				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	1,968	1,970	1,816	1,847	1,128	15.00%	14.46%	13.03%	12.11%	11.46%
	20-29	1,023	1,076	955	1,018	577	7.80%	7.90%	6.85%	6.68%	5.86%
	30-44	2,130	2,161	1,982	2,134	1,324	16.24%	15.86%	14.22%	14.00%	13.45%
	45-54	1,035	1,114	1,408	1,441	920	7.89%	8.17%	10.10%	9.45%	9.35%
	55+	468	545	791	1,007	792	3.57%	4.00%	5.68%	6.61%	8.05%
	Total Male	6,624	6,866	6,952	7,447	4,741	50.50%	50.38%	49.89%	48.85%	48.17%
Female	**children**	1,882	1,876	1,746	1,797	1,070	14.35%	13.77%	12.53%	11.79%	10.87%
	20-29	927	931	793	880	469	7.07%	6.83%	5.69%	5.77%	4.77%
	30-44	1,972	2,021	1,886	2,032	1,315	15.04%	14.83%	13.54%	13.33%	13.36%
	45-54	1,088	1,213	1,533	1,721	1,088	8.30%	8.90%	11.00%	11.29%	11.05%
	55+	623	721	1,024	1,369	1,159	4.75%	5.29%	7.35%	8.98%	11.78%
	Total Female	6,492	6,762	6,982	7,799	5,101	49.50%	49.62%	50.11%	51.15%	51.83%
	TOTAL	13,116	13,628	13,934	15,246	9,842	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.
Cohort C is the collection of carriers whose rates displayed a typical collapsing in reaction to reform.

Figure 6.G
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Small Group and Individual Carriers in Cohort C

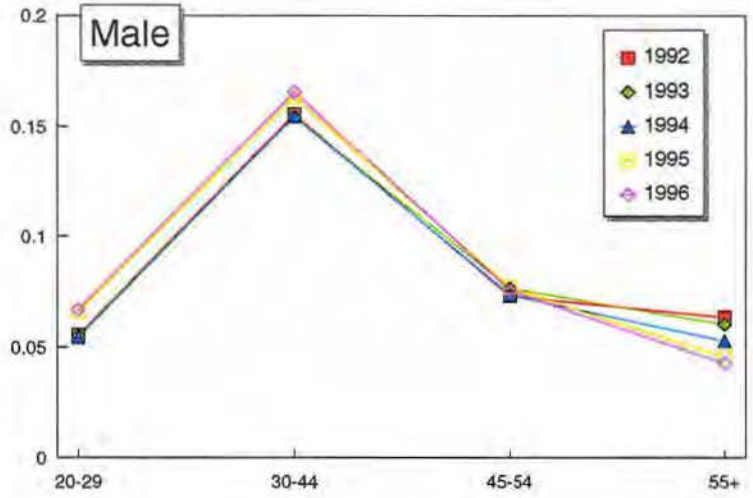


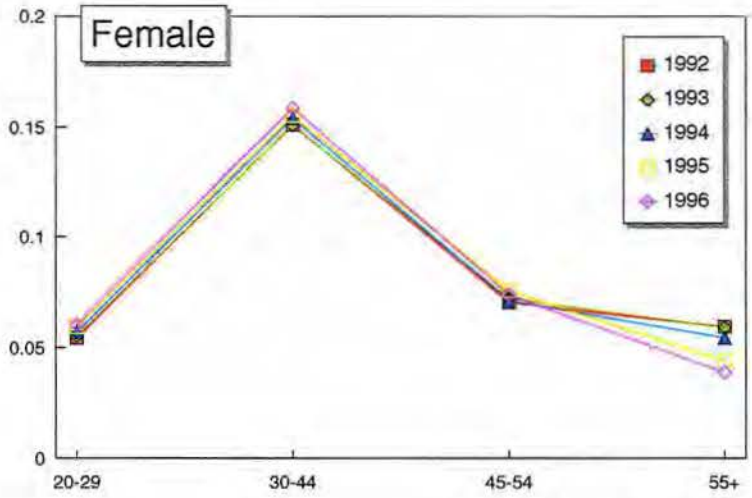


		Persons Covered by Small Group and Individual Carriers in Cohort C					Distribution of Persons Covered by Small Group and Individual Carriers in Cohort C				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	5,238	7,209	10,062	10,290	9,410	15.64%	15.71%	15.59%	15.30%	14.73%
	20-29	2,725	3,444	4,367	4,364	4,003	8.14%	7.51%	6.76%	6.49%	6.27%
	30-44	6,170	8,299	11,250	11,377	11,218	18.42%	18.08%	17.43%	16.92%	17.56%
	45-54	2,495	3,648	5,608	5,960	5,767	7.45%	7.95%	8.69%	8.86%	9.03%
	55+	986	1,715	2,902	3,295	3,252	2.94%	3.74%	4.49%	4.90%	5.09%
	Total Male	17,614	24,315	34,189	35,286	33,650	52.59%	52.99%	52.96%	52.48%	52.67%
Female	**children**	5,147	7,118	9,997	10,244	9,356	15.37%	15.51%	15.48%	15.24%	14.64%
	20-29	2,088	2,417	3,117	3,232	2,811	6.23%	5.27%	4.83%	4.81%	4.40%
	30-44	5,102	6,775	8,960	9,078	9,013	15.23%	14.76%	13.88%	13.50%	14.11%
	45-54	2,397	3,457	5,233	5,816	5,479	7.16%	7.53%	8.11%	8.65%	8.58%
	55+	1,143	1,807	3,066	3,581	3,577	3.41%	3.94%	4.75%	5.33%	5.60%
	Total Female	15,877	21,574	30,373	31,951	30,236	47.41%	47.01%	47.04%	47.52%	47.33%
	TOTAL	33,491	45,889	64,562	67,237	63,886	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.
Cohort C is the collection of carriers whose rates displayed a typical collapsing in reaction to reform.

Figure 6.H
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Small Group Carriers in Cohort L

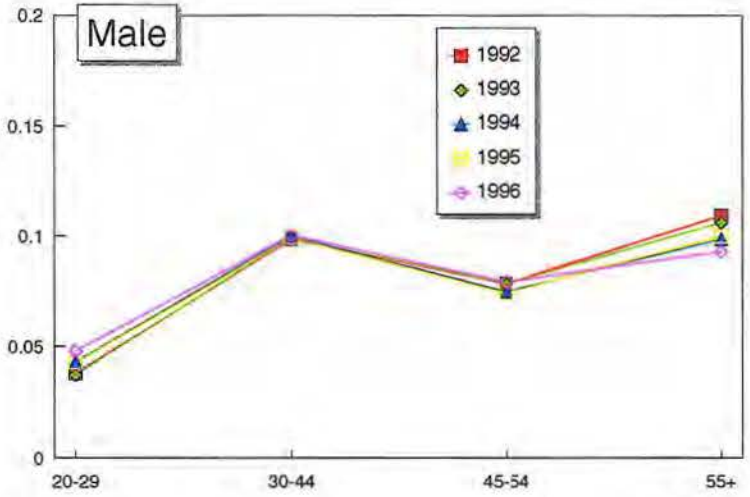


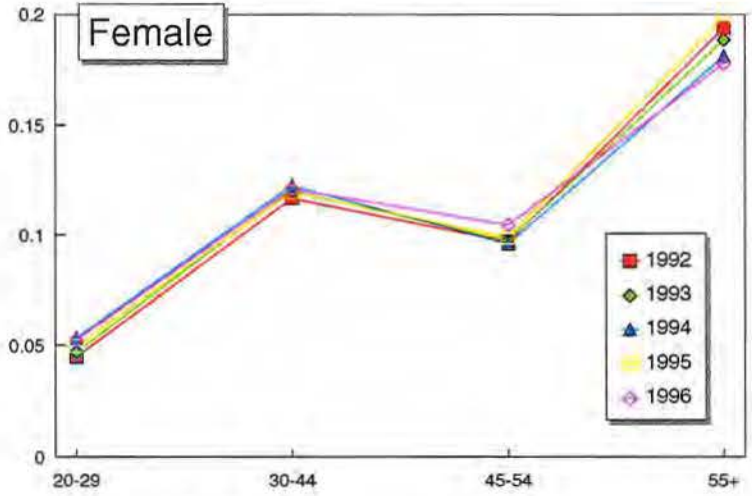


		Persons Covered by Small Group Carriers in Cohort L					Distribution of Persons Covered by Small Group Carriers in Cohort L				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	5,714	4,915	3,040	5,049	6,144	16.47%	16.17%	16.60%	15.78%	16.06%
	20-29	1,922	1,676	995	2,109	2,570	5.54%	5.51%	5.43%	6.59%	6.72%
	30-44	5,388	4,696	2,830	5,224	6,336	15.53%	15.45%	15.45%	16.33%	16.56%
	45-54	2,536	2,329	1,349	2,459	2,898	7.31%	7.66%	7.37%	7.68%	7.57%
	55+	2,207	1,833	968	1,463	1,636	6.36%	6.03%	5.29%	4.57%	4.28%
	Total Male	17,767	15,449	9,182	16,304	19,584	51.22%	50.83%	50.14%	50.95%	51.19%
Female	**children**	5,279	4,685	2,955	4,997	5,977	15.22%	15.41%	16.14%	15.62%	15.62%
	20-29	1,883	1,676	1,045	1,897	2,308	5.43%	5.51%	5.71%	5.93%	6.03%
	30-44	5,241	4,583	2,820	4,962	6,067	15.11%	15.08%	15.40%	15.51%	15.86%
	45-54	2,446	2,201	1,309	2,425	2,833	7.05%	7.24%	7.15%	7.58%	7.40%
	55+	2,069	1,799	1,002	1,414	1,489	5.97%	5.92%	5.47%	4.42%	3.89%
	Total Female	16,918	14,944	9,131	15,695	18,674	48.78%	49.17%	49.86%	49.05%	48.81%
	TOTAL	34,685	30,393	18,313	31,999	38,258	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.
Cohort L is the collection of carriers requiring little rate action to comply with reform laws.

Figure 6.I
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Individual Carriers in Cohort L

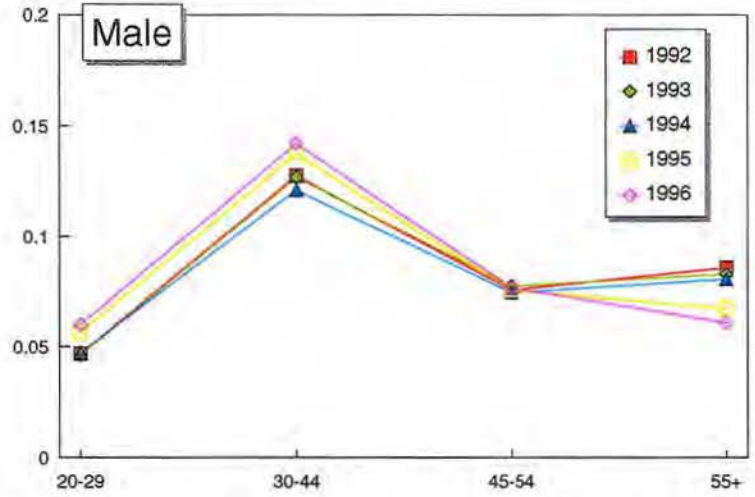


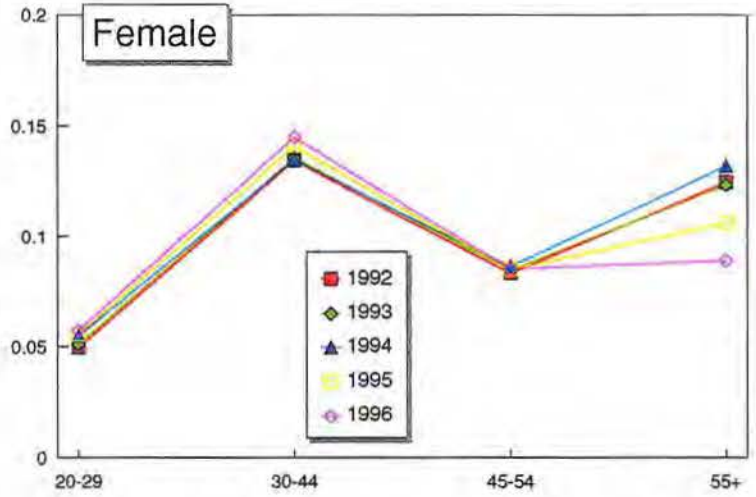


		Persons Covered by Individual Health Carriers in Cohort L					Distribution of Persons Covered by Individual Health Carriers in Cohort L				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	3,847	3,507	3,354	2,369	2,442	11.69%	11.68%	11.64%	11.00%	11.26%
	20-29	1,243	1,123	1,245	923	1,040	3.78%	3.74%	4.32%	4.29%	4.80%
	30-44	3,243	2,979	2,884	2,138	2,179	9.86%	9.92%	10.01%	9.93%	10.05%
	45-54	2,577	2,354	2,162	1,598	1,722	7.83%	7.84%	7.50%	7.42%	7.94%
	55+	3,601	3,188	2,842	2,149	2,018	10.95%	10.61%	9.86%	9.98%	9.30%
	Total Male	14,511	13,151	12,487	9,177	9,401	44.11%	43.78%	43.33%	42.62%	43.35%
Female	**children**	3,510	3,267	3,267	2,297	2,388	10.67%	10.88%	11.34%	10.67%	11.01%
	20-29	1,473	1,413	1,544	1,071	1,142	4.48%	4.70%	5.36%	4.97%	5.27%
	30-44	3,845	3,615	3,533	2,580	2,628	11.69%	12.04%	12.26%	11.98%	12.12%
	45-54	3,191	2,927	2,765	2,133	2,273	9.70%	9.74%	9.59%	9.91%	10.48%
	55+	6,369	5,664	5,225	4,275	3,856	19.36%	18.86%	18.13%	19.85%	17.78%
	Total Female	18,388	16,886	16,334	12,356	12,287	55.89%	56.22%	56.67%	57.38%	56.65%
	TOTAL	32,899	30,037	28,821	21,533	21,688	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.
Cohort L is the collection of carriers requiring little rate action to comply with reform laws.

Figure 6.J
Demographic Information for Maine's Population as Reported by Carriers
Distribution of Persons Covered by Small Group and Individual Carriers in Cohort L

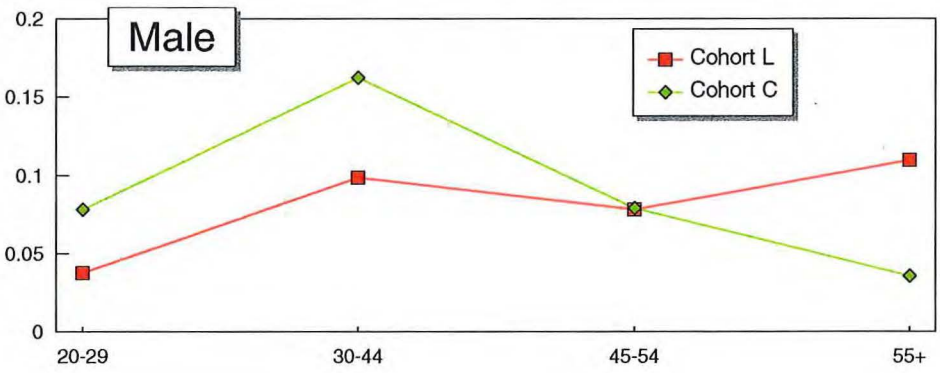




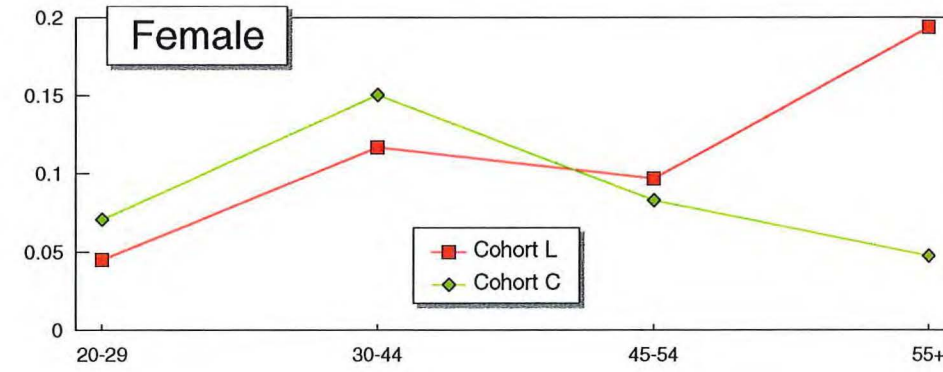
		Persons Covered by Small Group and Individual Carriers in Cohort L					Distribution of Persons Covered by Small Group and Individual Carriers in Cohort L				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Male	**children**	9,561	8,422	6,394	7,418	8,586	14.15%	13.94%	13.57%	13.86%	14.32%
	20-29	3,165	2,799	2,240	3,032	3,610	4.68%	4.63%	4.75%	5.66%	6.02%
	30-44	8,631	7,675	5,714	7,362	8,515	12.77%	12.70%	12.12%	13.75%	14.20%
	45-54	5,113	4,683	3,511	4,057	4,620	7.57%	7.75%	7.45%	7.58%	7.71%
	55+	5,808	5,021	3,810	3,612	3,654	8.59%	8.31%	8.08%	6.75%	6.10%
	Total Male	32,278	28,600	21,669	25,481	28,985	47.76%	47.33%	45.97%	47.60%	48.35%
Female	**children**	8,789	7,952	6,222	7,294	8,365	13.00%	13.16%	13.20%	13.63%	13.95%
	20-29	3,356	3,089	2,589	2,968	3,450	4.97%	5.11%	5.49%	5.54%	5.76%
	30-44	9,086	8,198	6,353	7,542	8,695	13.44%	13.57%	13.48%	14.09%	14.50%
	45-54	5,637	5,128	4,074	4,558	5,106	8.34%	8.49%	8.64%	8.51%	8.52%
	55+	8,438	7,463	6,227	5,689	5,345	12.49%	12.35%	13.21%	10.63%	8.92%
	Total Female	35,306	31,830	25,465	28,051	30,961	52.24%	52.67%	54.03%	52.40%	51.65%
	TOTAL	67,584	60,430	47,134	53,532	59,946	100.00%	100.00%	100.00%	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.
Cohort L is the collection of carriers requiring little rate action to comply with reform laws.

Figure 6.K.1
Distribution of Covered Persons, by Age and Sex, by Cohort
Individual Insurance Carriers in 1992



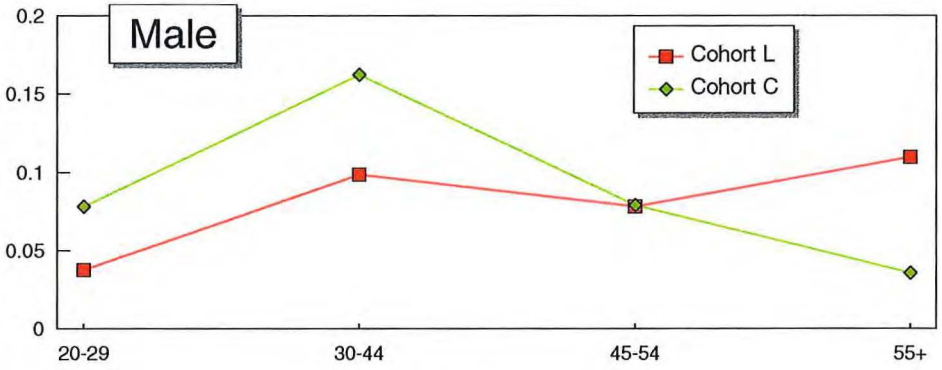
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	3,847	1,968	11.69%	15.00%
	20-29	1,243	1,023	3.78%	7.80%
	30-44	3,243	2,130	9.86%	16.24%
	45-54	2,577	1,035	7.83%	7.89%
	55+	3,601	468	10.95%	3.57%
	Total Male	14,511	6,624	44.11%	50.50%



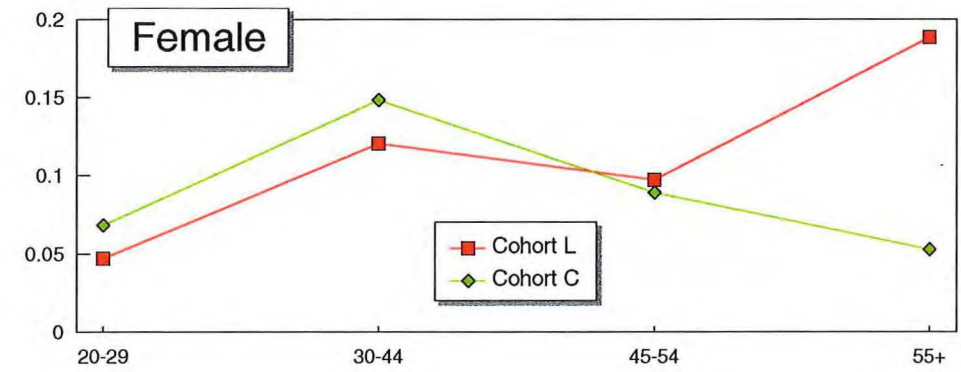
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	3,510	1,882	10.67%	14.35%
	20-29	1,473	927	4.48%	7.07%
	30-44	3,845	1,972	11.69%	15.04%
	45-54	3,191	1,088	9.70%	8.30%
	55+	6,369	623	19.36%	4.75%
	Total Female	18,388	6,492	55.89%	49.50%
	TOTAL	32,899	13,116	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.K.2
Distribution of Covered Persons, by Age and Sex, by Cohort
Individual Insurance Carriers in 1993



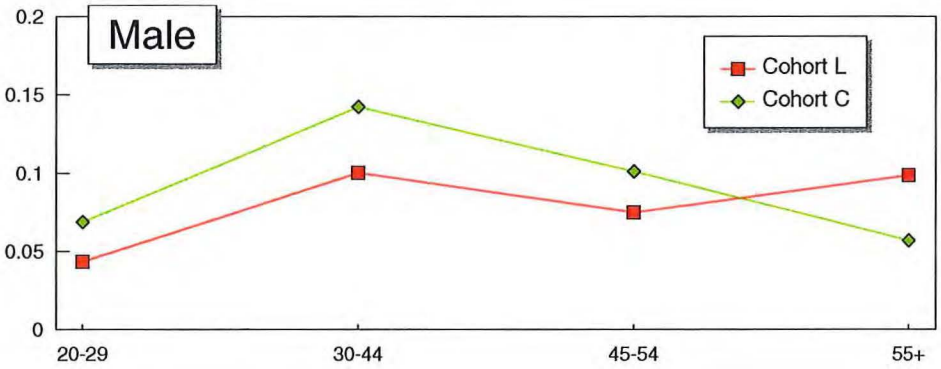
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	3,507	1,970	11.68%	14.46%
	20-29	1,123	1,076	3.74%	7.90%
	30-44	2,979	2,161	9.92%	15.86%
	45-54	2,354	1,114	7.84%	8.17%
	55+	3,188	545	10.61%	4.00%
	Total Male	13,151	6,866	43.78%	50.38%



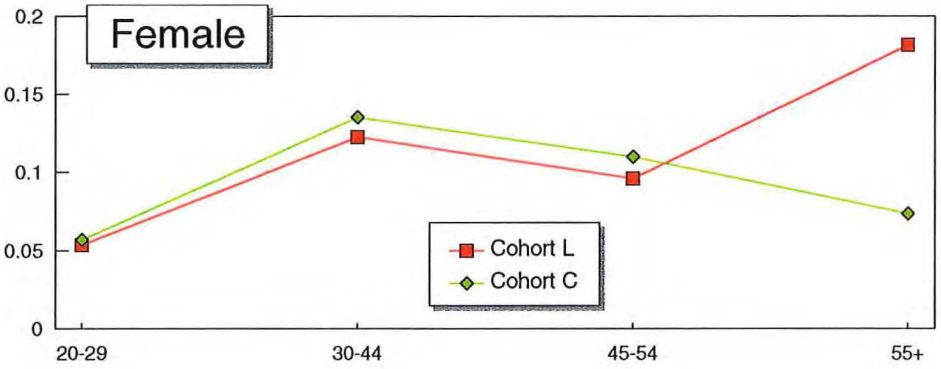
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	3,267	1,876	10.88%	13.77%
	20-29	1,413	931	4.70%	6.83%
	30-44	3,615	2,021	12.04%	14.83%
	45-54	2,927	1,213	9.74%	8.90%
	55+	5,664	721	18.86%	5.29%
	Total Female	16,886	6,762	56.22%	49.62%
	TOTAL	30,037	13,628	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.K.3
Distribution of Covered Persons, by Age and Sex, by Cohort
Individual Insurance Carriers in 1994



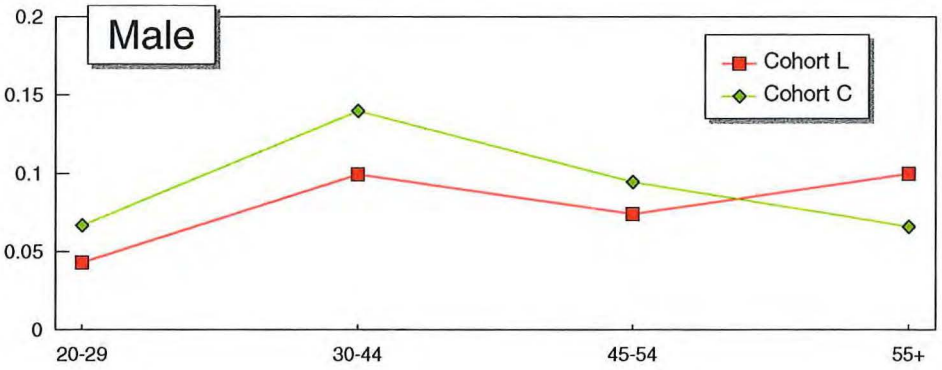
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	3,354	1,816	11.64%	13.03%
	20-29	1,245	955	4.32%	6.85%
	30-44	2,884	1,982	10.01%	14.22%
	45-54	2,162	1,408	7.50%	10.10%
	55+	2,842	791	9.86%	5.68%
	Total Male	12,487	6,952	43.33%	49.89%



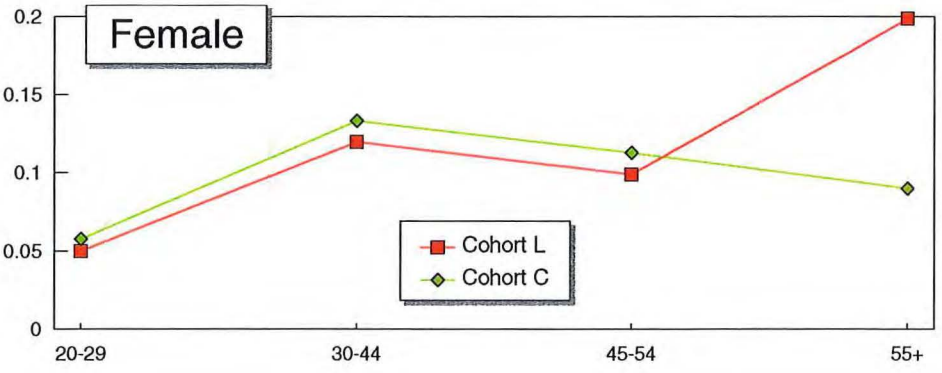
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	3,267	1,746	11.34%	12.53%
	20-29	1,544	793	5.36%	5.69%
	30-44	3,533	1,886	12.26%	13.54%
	45-54	2,765	1,533	9.59%	11.00%
	55+	5,225	1,024	18.13%	7.35%
	Total Female	16,334	6,982	56.67%	50.11%
	TOTAL	28,821	13,934	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.K.4
Distribution of Covered Persons, by Age and Sex, by Cohort
Individual Insurance Carriers in 1995



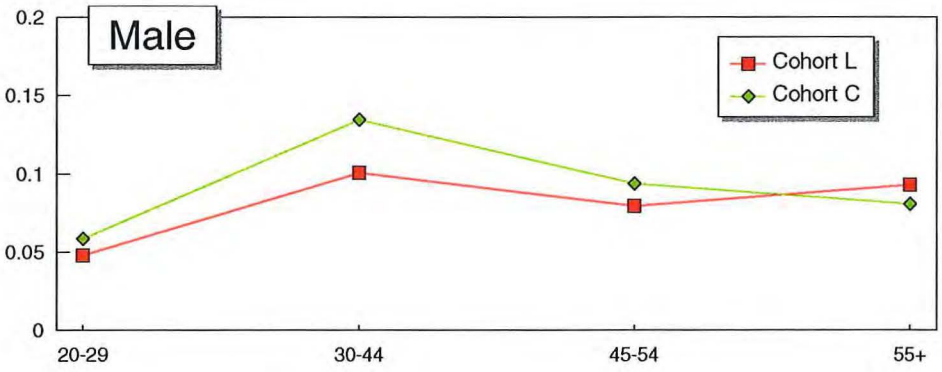
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	2,369	1,847	11.00%	12.11%
	20-29	923	1,018	4.29%	6.68%
	30-44	2,138	2,134	9.93%	14.00%
	45-54	1,598	1,441	7.42%	9.45%
	55+	2,149	1,007	9.98%	6.61%
	Total Male	9,177	7,447	42.62%	48.85%



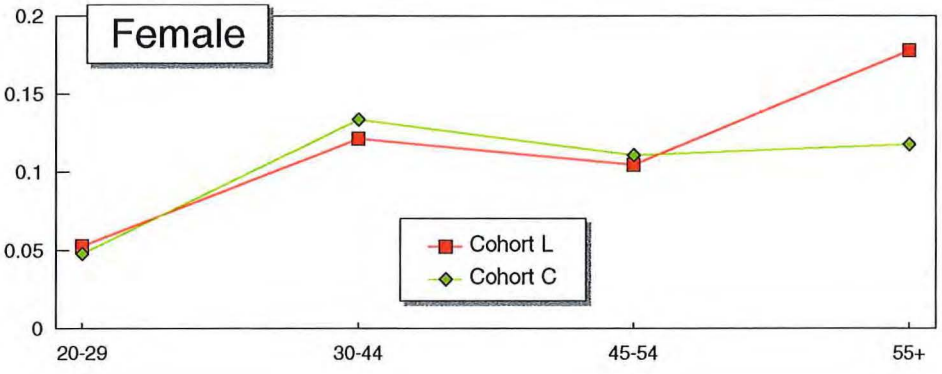
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	2,297	1,797	10.67%	11.79%
	20-29	1,071	880	4.97%	5.77%
	30-44	2,580	2,032	11.98%	13.33%
	45-54	2,133	1,721	9.91%	11.29%
	55+	4,275	1,369	19.85%	8.98%
	Total Female	12,356	7,799	57.38%	51.15%
	TOTAL	21,533	15,246	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.K.5
Distribution of Covered Persons, by Age and Sex, by Cohort
Individual Insurance Carriers in 1996



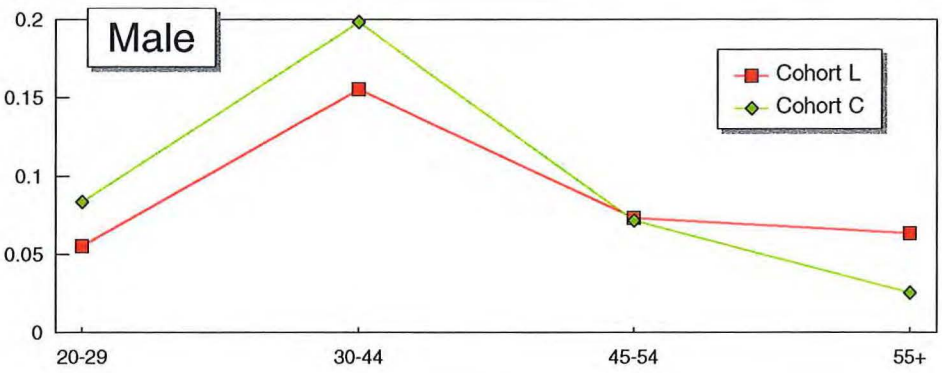
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	2,442	1,128	11.26%	11.46%
	20-29	1,040	577	4.80%	5.86%
	30-44	2,179	1,324	10.05%	13.45%
	45-54	1,722	920	7.94%	9.35%
	55+	2,018	792	9.30%	8.05%
	Total Male	9,401	4,741	43.35%	48.17%



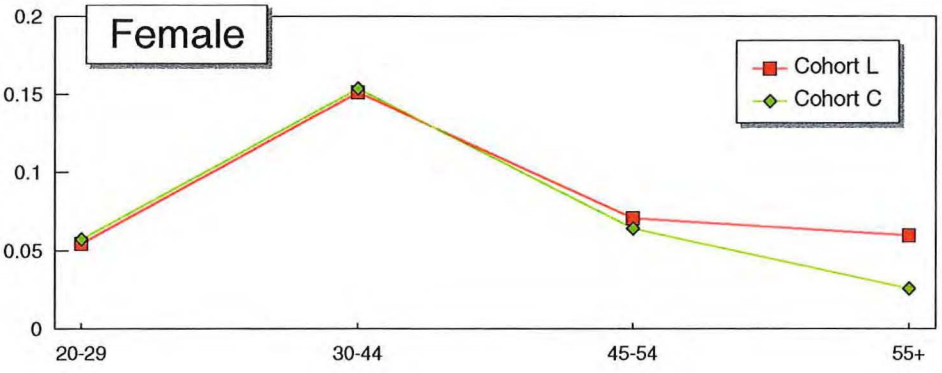
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	2,388	1,070	11.01%	10.87%
	20-29	1,142	469	5.27%	4.77%
	30-44	2,628	1,315	12.12%	13.36%
	45-54	2,273	1,088	10.48%	11.05%
	55+	3,856	1,159	17.78%	11.78%
	Total Female	12,287	5,101	56.65%	51.83%
	TOTAL	21,688	9,842	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.L.1
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group Carriers in 1992



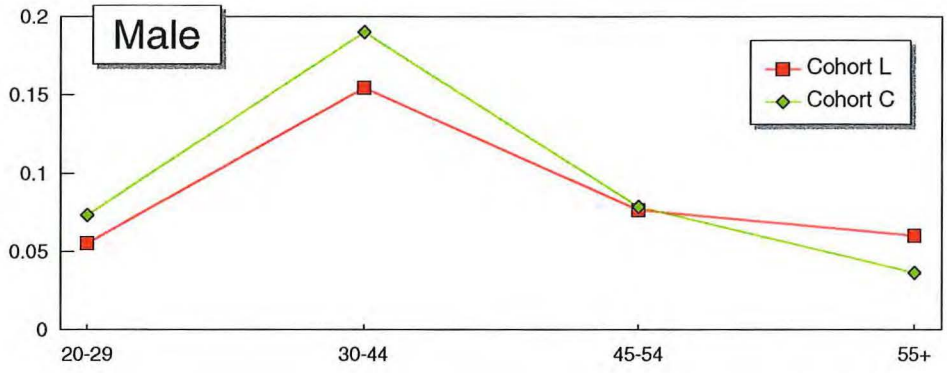
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	5,714	3,270	16.47%	16.05%
	20-29	1,922	1,702	5.54%	8.35%
	30-44	5,388	4,040	15.53%	19.83%
	45-54	2,536	1,460	7.31%	7.17%
	55+	2,207	518	6.36%	2.54%
	Total Male	17,767	10,990	51.22%	53.94%



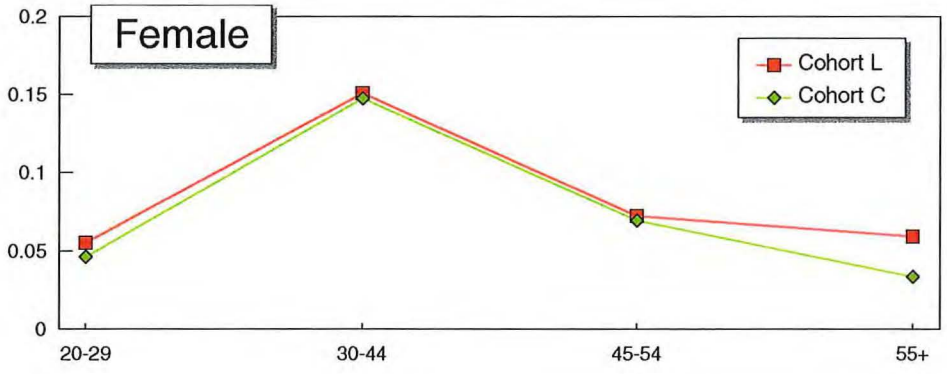
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	5,279	3,265	15.22%	16.02%
	20-29	1,883	1,161	5.43%	5.70%
	30-44	5,241	3,130	15.11%	15.36%
	45-54	2,446	1,309	7.05%	6.42%
	55+	2,069	520	5.97%	2.55%
	Total Female	16,918	9,385	48.78%	46.06%
	TOTAL	34,685	20,375	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.L.2
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group Carriers in 1993



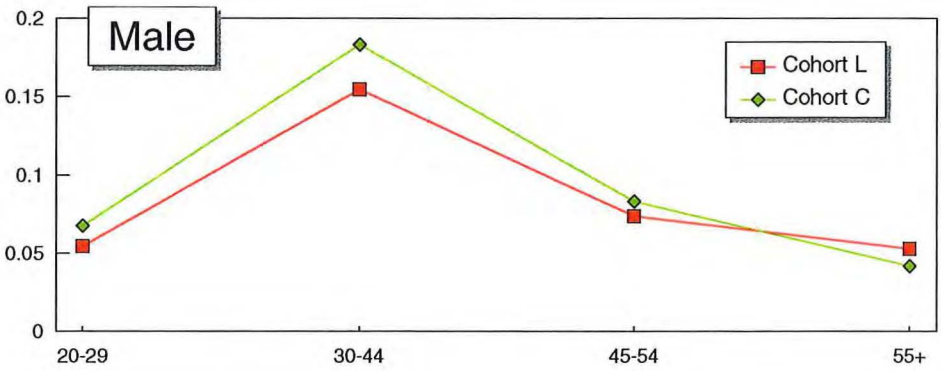
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	4,915	5,239	16.17%	16.24%
	20-29	1,676	2,368	5.51%	7.34%
	30-44	4,696	6,138	15.45%	19.03%
	45-54	2,329	2,534	7.66%	7.85%
	55+	1,833	1,170	6.03%	3.63%
	Total Male	15,449	17,449	50.83%	54.09%



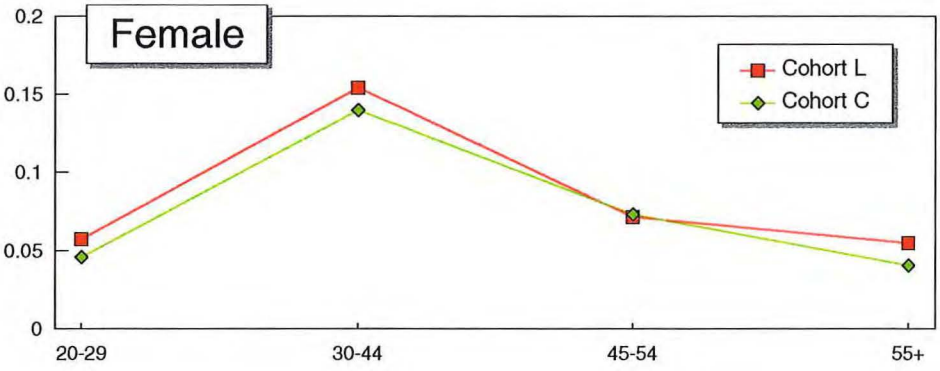
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	4,685	5,242	15.41%	16.25%
	20-29	1,676	1,486	5.51%	4.61%
	30-44	4,583	4,754	15.08%	14.74%
	45-54	2,201	2,244	7.24%	6.96%
	55+	1,799	1,086	5.92%	3.37%
	Total Female	14,944	14,812	49.17%	45.91%
	TOTAL	30,393	32,261	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.L.3
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group Carriers in 1994



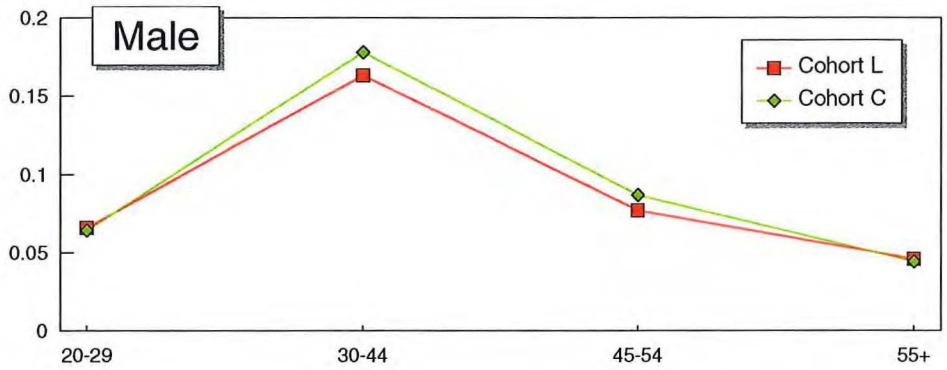
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	3,040	8,246	16.60%	16.29%
	20-29	995	3,412	5.43%	6.74%
	30-44	2,830	9,268	15.45%	18.31%
	45-54	1,349	4,200	7.37%	8.30%
	55+	968	2,111	5.29%	4.17%
	Total Male	9,182	27,237	50.14%	53.80%



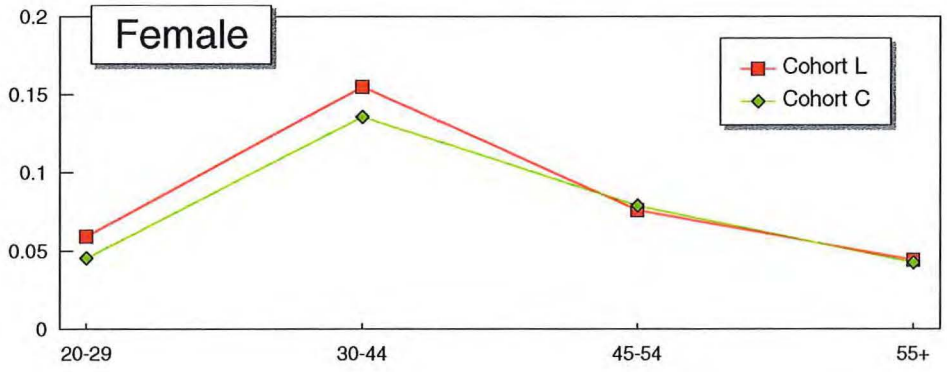
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	2,955	8,251	16.14%	16.30%
	20-29	1,045	2,324	5.71%	4.59%
	30-44	2,820	7,074	15.40%	13.97%
	45-54	1,309	3,700	7.15%	7.31%
	55+	1,002	2,042	5.47%	4.03%
	Total Female	9,131	23,391	49.86%	46.20%
	TOTAL	18,313	50,628	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.L.4
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group Carriers in 1995



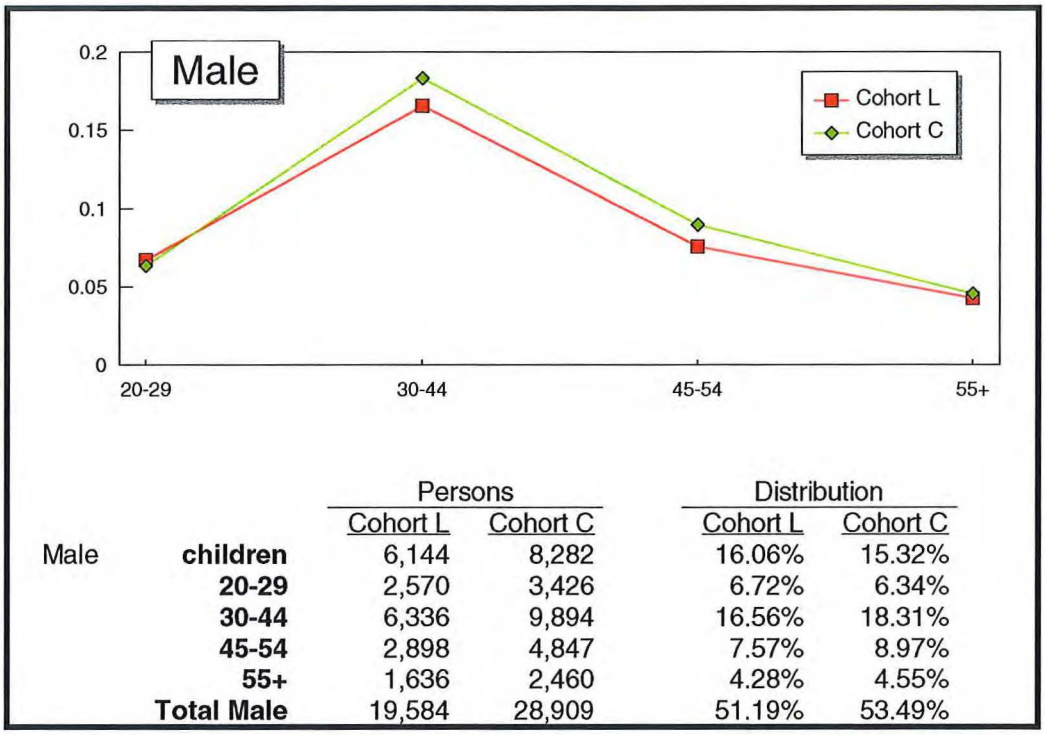
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	5,049	8,443	15.78%	16.24%
	20-29	2,109	3,346	6.59%	6.44%
	30-44	5,224	9,243	16.33%	17.78%
	45-54	2,459	4,519	7.68%	8.69%
	55+	1,463	2,288	4.57%	4.40%
	Total Male	16,304	27,839	50.95%	53.55%



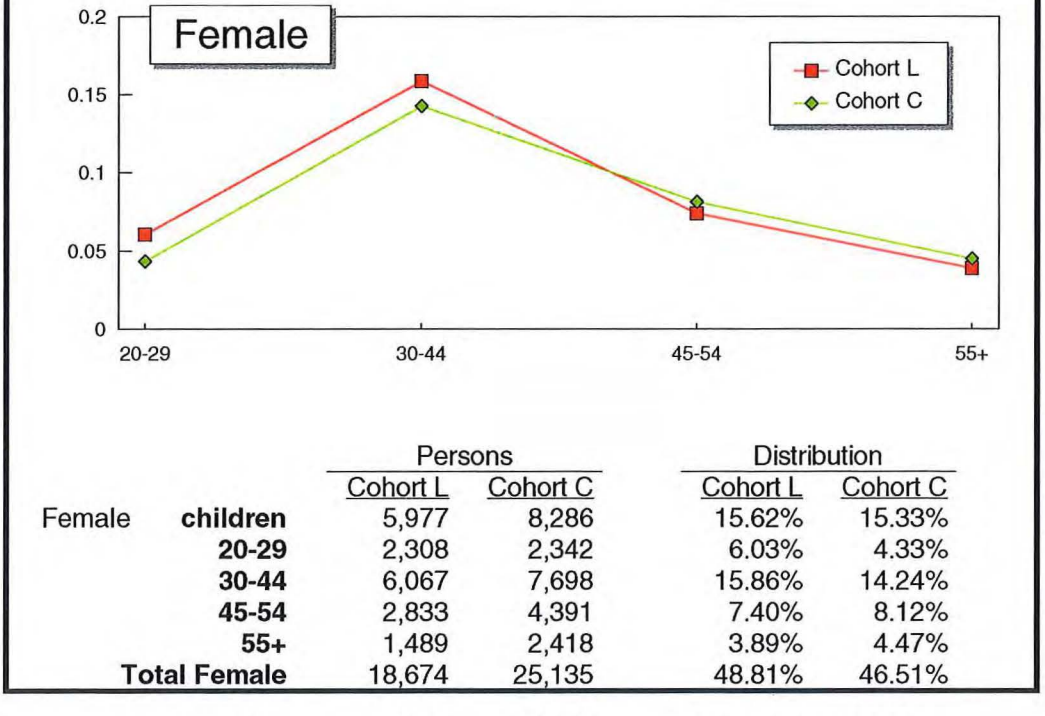
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	4,997	8,447	15.62%	16.25%
	20-29	1,897	2,352	5.93%	4.52%
	30-44	4,962	7,046	15.51%	13.55%
	45-54	2,425	4,095	7.58%	7.88%
	55+	1,414	2,212	4.42%	4.25%
	Total Female	15,695	24,152	49.05%	46.45%
	TOTAL	31,999	51,991	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.L.5
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group Carriers in 1996



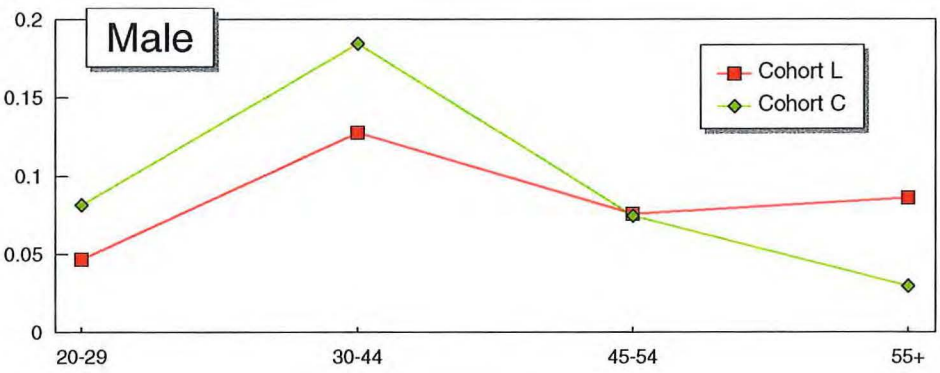
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	6,144	8,282	16.06%	15.32%
	20-29	2,570	3,426	6.72%	6.34%
	30-44	6,336	9,894	16.56%	18.31%
	45-54	2,898	4,847	7.57%	8.97%
	55+	1,636	2,460	4.28%	4.55%
	Total Male	19,584	28,909	51.19%	53.49%



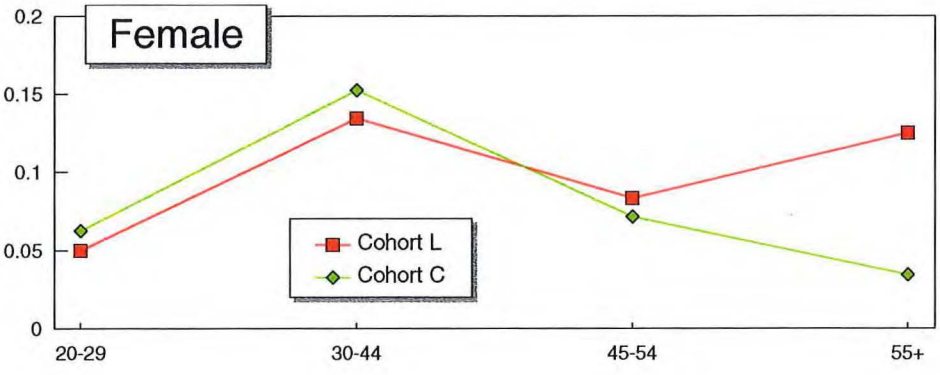
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	5,977	8,286	15.62%	15.33%
	20-29	2,308	2,342	6.03%	4.33%
	30-44	6,067	7,698	15.86%	14.24%
	45-54	2,833	4,391	7.40%	8.12%
	55+	1,489	2,418	3.89%	4.47%
	Total Female	18,674	25,135	48.81%	46.51%
	TOTAL	38,258	54,044	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.M.1
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group and Individual Insurance Carriers in 1992



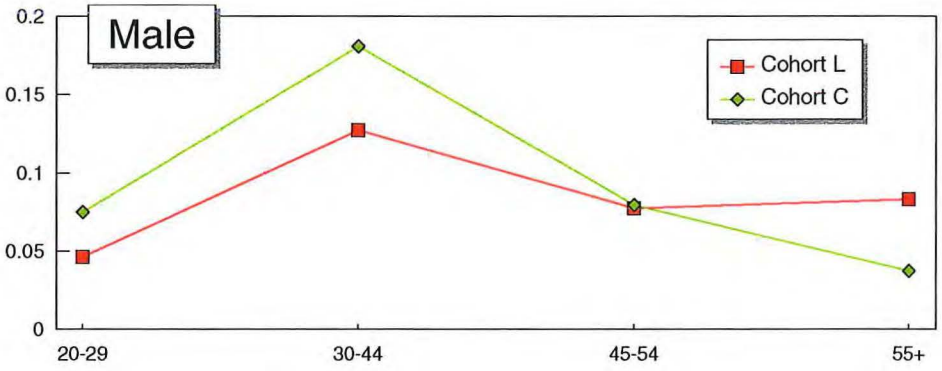
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	9,561	5,238	14.15%	15.64%
	20-29	3,165	2,725	4.68%	8.14%
	30-44	8,631	6,170	12.77%	18.42%
	45-54	5,113	2,495	7.57%	7.45%
	55+	5,808	986	8.59%	2.94%
	Total Male	32,278	17,614	47.76%	52.59%



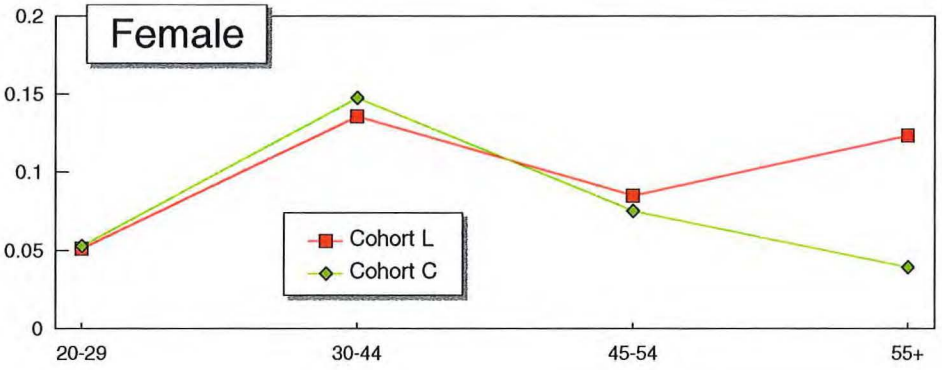
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	8,789	5,147	13.00%	15.37%
	20-29	3,356	2,088	4.97%	6.23%
	30-44	9,086	5,102	13.44%	15.23%
	45-54	5,637	2,397	8.34%	7.16%
	55+	8,438	1,143	12.49%	3.41%
	Total Female	35,306	15,877	52.24%	47.41%
	TOTAL	67,584	33,491	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.M.2
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group and Individual Insurance Carriers in 1993



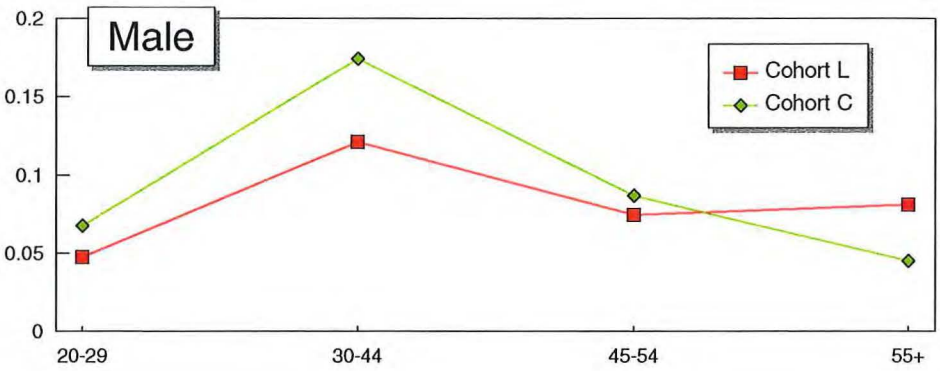
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	8,422	7,209	13.94%	15.71%
	20-29	2,799	3,444	4.63%	7.51%
	30-44	7,675	8,299	12.70%	18.08%
	45-54	4,683	3,648	7.75%	7.95%
	55+	5,021	1,715	8.31%	3.74%
	Total Male	28,600	24,315	47.33%	52.99%



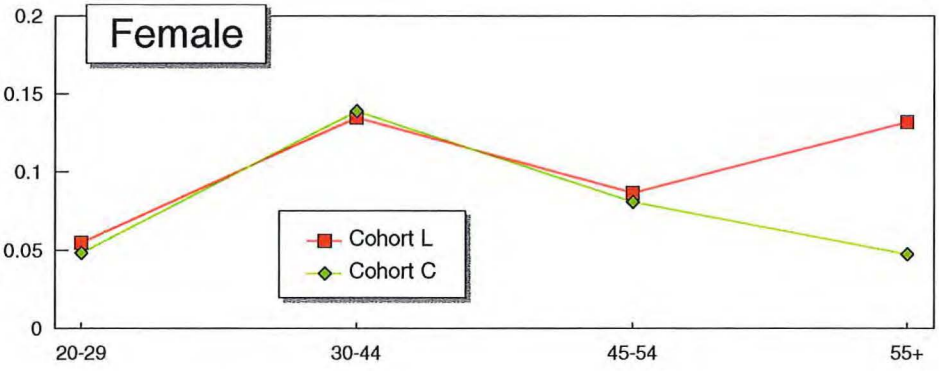
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	7,952	7,118	13.16%	15.51%
	20-29	3,089	2,417	5.11%	5.27%
	30-44	8,198	6,775	13.57%	14.76%
	45-54	5,128	3,457	8.49%	7.53%
	55+	7,463	1,807	12.35%	3.94%
	Total Female	31,830	21,574	52.67%	47.01%
	TOTAL	60,430	45,889	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.M.3
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group and Individual Insurance Carriers in 1994



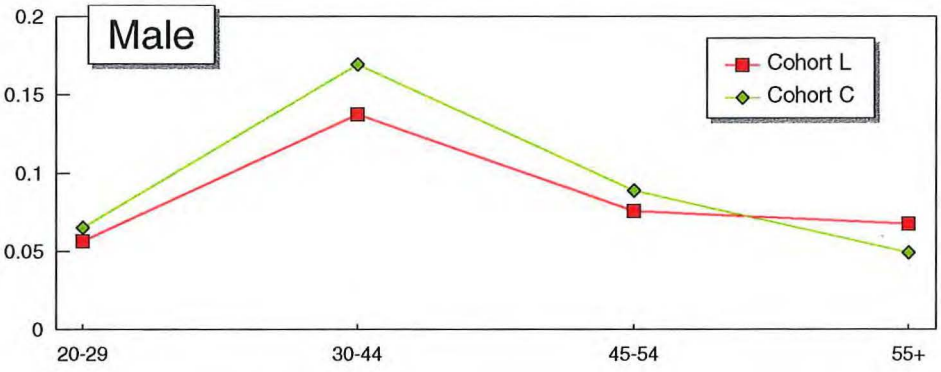
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	6,394	10,062	13.57%	15.59%
	20-29	2,240	4,367	4.75%	6.76%
	30-44	5,714	11,250	12.12%	17.43%
	45-54	3,511	5,608	7.45%	8.69%
	55+	3,810	2,902	8.08%	4.49%
	Total Male	21,669	34,189	45.97%	52.96%



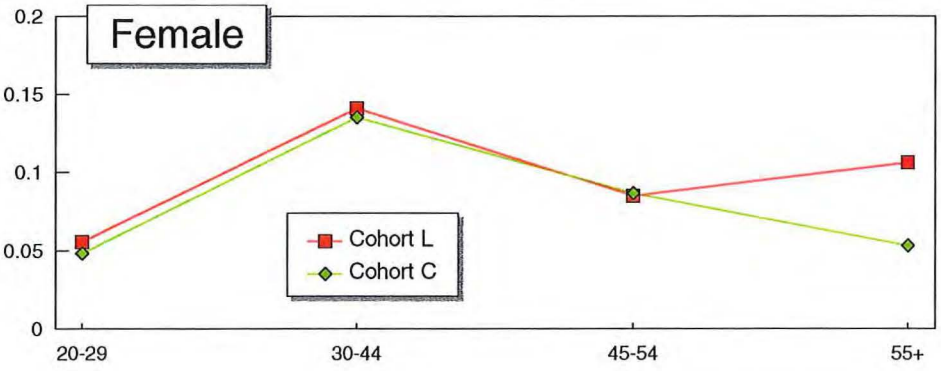
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	6,222	9,997	13.20%	15.48%
	20-29	2,589	3,117	5.49%	4.83%
	30-44	6,353	8,960	13.48%	13.88%
	45-54	4,074	5,233	8.64%	8.11%
	55+	6,227	3,066	13.21%	4.75%
	Total Female	25,465	30,373	54.03%	47.04%
	TOTAL	47,134	64,562	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.M.4
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group and Individual Insurance Carriers in 1995



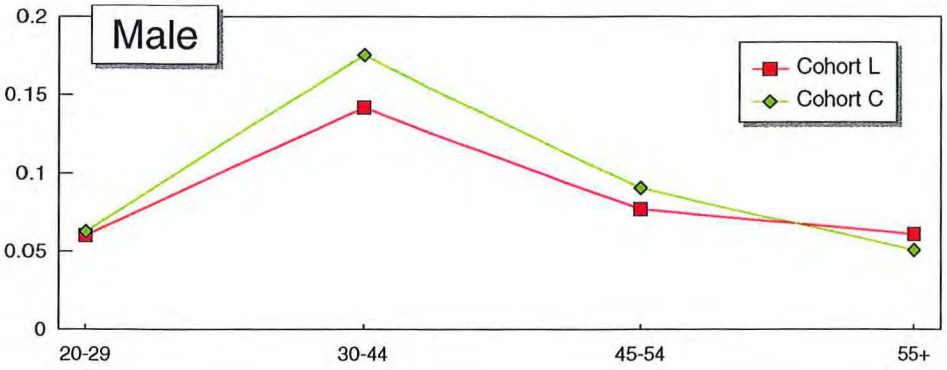
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	7,418	10,290	13.86%	15.30%
	20-29	3,032	4,364	5.66%	6.49%
	30-44	7,362	11,377	13.75%	16.92%
	45-54	4,057	5,960	7.58%	8.86%
	55+	3,612	3,295	6.75%	4.90%
	Total Male	25,481	35,286	47.60%	52.48%



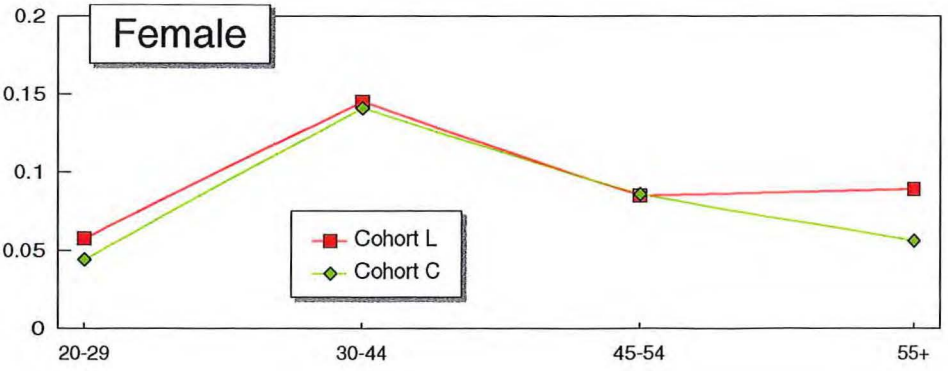
		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	7,294	10,244	13.63%	15.24%
	20-29	2,968	3,232	5.54%	4.81%
	30-44	7,542	9,078	14.09%	13.50%
	45-54	4,558	5,816	8.51%	8.65%
	55+	5,689	3,581	10.63%	5.33%
	Total Female	28,051	31,951	52.40%	47.52%
	TOTAL	53,532	67,237	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.

Figure 6.M.5
Distribution of Covered Persons, by Age and Sex, by Cohort
Small Group and Individual Insurance Carriers in 1996



		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Male	**children**	8,586	9,410	14.32%	14.73%
	20-29	3,610	4,003	6.02%	6.27%
	30-44	8,515	11,218	14.20%	17.56%
	45-54	4,620	5,767	7.71%	9.03%
	55+	3,654	3,252	6.10%	5.09%
	Total Male	28,985	33,650	48.35%	52.67%



		Persons		Distribution	
		Cohort L	Cohort C	Cohort L	Cohort C
Female	**children**	8,365	9,356	13.95%	14.64%
	20-29	3,450	2,811	5.76%	4.40%
	30-44	8,695	9,013	14.50%	14.11%
	45-54	5,106	5,479	8.52%	8.58%
	55+	5,345	3,577	8.92%	5.60%
	Total Female	30,961	30,236	51.65%	47.33%
	TOTAL	59,946	63,886	100.00%	100.00%

The percentages corresponding to children are not shown in the graphs.