Fields of Opportunities

STATE OF IOWA

KIM REYNOLDS
GOVERNOR

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COMMISSIONER OF INSURANCE

January 7, 2019

The Honorable Kim Reynolds
Governor of Iowa
1007 East Grand Avenue
Des Moines, Iowa 50319

Governor Reynolds,

Enclosed please find the Division's Annual Health Costs report, which examines health care costs in the State of Iowa for 2017 as required by Iowa Code §505.18. While this report provides information regarding the costs of all health care insurance across the state in 2017, it seems appropriate to provide additional information on the current status of Iowa's individual health insurance market as well.

The structural problems of the ACA caused a collapse of Iowa's individual health insurance market. It is important to recognize that this failure did not occur overnight, and a number of factors contributed to the skyrocketing premium costs from 2015 through 2018 and an increase in the number of uninsured individuals. This letter is intended to serve as a brief overview of the history of the market and its current status, and a discussion of what changes need to be made to restore stability to Iowa's individual health insurance market.

Iowa's Pre-ACA Individual Market

Prior to the ACA, Iowa had a stable individual market with some of the lowest premium levels in the nation and many health insurance options to choose from. Iowa had one of the highest health insurance coverage rates in the nation with less than 9.7 percent of its residents being uninsured.[1] The majority of Iowa residents, approximately 65%, received health insurance through their employer.

However, while Iowa had one of the lowest uninsured rates in the country due to the large segment of the population receiving employer sponsored coverage, comprehensive health insurance was unaffordable for many lower to moderate income earners. There were challenges in the individual market, with consumers still being subject to rate increases, condition exclusions, and coverage denials.

The Iowa Comprehensive Health Association (HIPIOWA) was available to provide access to health insurance coverage to residents of the state who are unable to obtain individual health insurance, many of whom were rejected for coverage due to medical reasons.[2] At its peak, there were approximately

[1] Iowa Insurance Division 2013 calculation.
[2] https://www.hipiowa.com/

3,000 members who purchased this coverage. These plans are still offered to those today to those who qualify, and fewer than 300 members remained in the plans in 2018.

The ACA in Iowa

While the ACA resulted in a decreased number of uninsured Iowa consumers, the number of Iowans purchasing policies in the individual market has also decreased.[3] The reduction in the number of uninsured is, in large part, due to the bipartisan, tailored version of the Medicaid expansion implemented by Iowa. The program, known as the Iowa Health and Wellness Plan, provides coverage to nearly 150,000 low-income, childless adults.[4]

Those remaining in Iowa's individual commercial health insurance market segmented into three sections – consumers in grandfathered plans, consumers in transition plans, and consumers who purchased ACA-compliant plans.

1. *Grandfathered Plans*
   - Plans in which an individual was enrolled as of March 23, 2010, are exempt from many requirements of the ACA. These are closed blocks, and cannot accept new individuals or groups.
   - In 2014, there were 59,213 Iowans in these plans.
   - As of June 1, 2018 there were 33,897, a decrease in enrollment of 3,191 from October 2017.

2. *Transitional Plans (aka Grandmothered plans)*
   - These plans have not been statutorily excluded from the ACA, and were allowed in response to recommendations from the Center for Consumer Information and Insurance Oversight (CCIIO) and President Obama's statements that "if you like your health plan you can keep it."[5] These plans have been "allowed" by the Obama and Trump Administrations on a yearly basis.
   - The plans are available through 2019.[6]
   - In 2014, there were approximately 75,577 Iowans in these plans.
   - As of June 1, 2018, there were 34,539, a decrease in enrollment of 3,375 from October 2017.

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[3] See page 1 of Commissioner Gerhart's testimony before the U.S. Senate Committee on Homeland Security and Government Affairs Committee at <http://www.hsgac.senate.gov/download/gerhart-testimony>.

[4] Iowa Medicaid Enterprise, Managed Care Organization Report: SFY 2018, Quarter 4. p.6. Available at: https://dhs.iowa.gov/sites/default/files/SFY18_Q4_Report.pdf

[5] <https://iid.iowa.gov/documents/cciio-transitional-plans-letter>.

[6] See https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Extension-Transitional-Policy-Through-CY2019.pdf

3. *ACA-Compliant Plans*
    - ACA-compliant plans must meet all of the federally mandated "essential health benefits" and may not have a lifetime policy limit on benefits.
    - ACA-compliant plans may be age and community rated with age banding of no more than 3:1.
    - Consumers may buy plans "on-Exchange" via healthcare.gov.
    - Consumers may buy plans directly with carriers "off-Exchange." A consumer who purchases an "off-Exchange" plan is not eligible for federal premium tax credit subsidies.
    - Beginning in 2015, the age band restriction and premium tax credit subsidy structure worked together to substantially disadvantage healthy and young individuals, attracting significantly fewer healthy young subsidy-eligible participants into the market than expected.
    - Enrollment in the ACA plans peaked in 2016 with nearly 75,000 enrolled. However the subsidy structure attracted a significantly larger proportion of 55-64 year-old individuals than expected, causing substantial market losses, due to the higher costs for healthcare utilization of this population.
    - Due to increasing premium rates in 2016 and 2017, adverse selection reached across all age segments from age 0 to 55, with ACA enrollment down to 60,758 as of October 2017.
    - With the substantially higher rates filed by Medica for 2018, the Division's actuaries predicted that only 45,000 Iowans would purchase these plans in 2018 and that many of those who were not eligible for subsidies would not purchase coverage in 2018.
    - Unfortunately, the enrollment numbers were worse than expected. As of October 1, 2018, only 39,979 Iowans were enrolled in ACA plans with 36,257 of those persons receiving subsidies.
    - The decline in enrollment from the peak in 2016 to October 1, 2018 represents a loss of nearly 47 percent of the market.

Of the individuals who purchased individual health insurance coverage prior to the ACA, nearly 78% purchased through a single company – Wellmark Blue Cross Blue Shield of Iowa. When the Marketplace Exchange was established, Wellmark chose not to sell ACA-compliant plans on the Marketplace and offered only off-Exchange plans in addition to their grandfathered and transitional plans. Thus, any individual who was eligible for and sought federal subsidies to assist with purchasing insurance could not purchase a Wellmark plan. While Wellmark offered ACA-compliant plans for one year – 2017 – Wellmark did not offer coverage on the Marketplace in 2018. Medica was the only company offering ACA-compliant coverage in 2018. Medica chose to offer statewide coverage although this decision came at the last minute, leaving many concerned that Iowa would have counties that did not have ACA-compliant plans available to residents of those counties. In 2019 there will be another option with both Medica and Wellmark providing statewide coverage through the ACA.

Rates Rise and the Market Falls

The individuals who initially enrolled in the ACA-compliant individual market were generally older on average than expected and had a higher utilization rate which resulted in a more concentrated risk for carriers. Initial premium prices did not adequately reflect this utilization rate, and rates started to climb. For calendar years 2016 and 2017, Wellmark received rate increases of 26.5 and 42.6 percent respectively for its ACA-compliant, off Marketplace plans.[7] Aetna (formerly Coventry Health Care of Iowa, Inc.) received rate increases of 19.8 and 22.58 percent for the years 2016 and 2017 for its ACA-compliant plans on and off the Marketplace.[8] The carriers suffered substantial losses even with the continued rise in premium rates.

The liquidation of CoOportunity Health was the first very notable indication of the severe instability of the Iowa individual ACA-compliant market. The effects of that liquidation are still impacting the stability of the market in Iowa today and continue to compound the problems. Prior to its liquidation, CoOportunity Health participated in the federal reinsurance, risk corridor, and risk adjustment programs pursuant to the federally mandated guidelines under the ACA. Despite assurances to the Insurance Commissioner, HHS and CMS specifically did not fully fund the risk corridor program for calendar year 2014, resulting in a debt to CoOportunity Health of approximately $130 million, contributing to the failure of CoOportunity.

Iowa's individual ACA-compliant market continued to deteriorate as claim and costs exceeded premiums. On April 25, 2016, UnitedHealthcare notified the Iowa Insurance Division that they would not offer individual ACA-compliant plans in 2017.[9] Without federal action, the concentration of individuals with persistent, high cost conditions; the significant disadvantage for subsidized 21 to 40 year-old adults seeing increasing rates, while subsidized 55 to 64 year-old adults did not experience any increases; and ultimately the threat of skyrocketing rates triggered a near complete exodus departure of insurance carriers from Iowa. On March 30, 2017 and as noted above, Wellmark, Inc. and Wellmark Health Plan of Iowa, Inc. notified the Iowa Insurance Division that they would not offer individual ACA-compliant plans in 2018.[10] On April 6, 2017, Aetna, Inc. notified the Iowa Insurance Division that it would not offer individual ACA-compliant plans in 2018.[11] Finally, before Iowa's rate filing deadline, June 19, 2017, Wellmark Value Health Plan, Inc., Wellmark Synergy Health, Inc., and Gundersen Health Plan, Inc. informed the Iowa Insurance Division that they will not offer individual ACA-compliant plans in 2018. Medica publicly released a statement that it too would be departing if no actions were taken to protect it from the anticipated losses in 2018.

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7 Available at: <https://iid.iowa.gov/press-releases/2016-wellmark-iowa-rate-proposal-review-decision> and <https://iid.iowa.gov/press-releases/2017-wellmark-inc-rate-proposal-review-decision>.

8 Available at: <https://iid.iowa.gov/press-releases/2016-coventry-health-care-of-iowa-rate-proposal-review-decision> and <https://iid.iowa.gov/press-releases/2017-aetna-health-of-iowa-rate-proposal-review-decision>.

9 <https://iid.iowa.gov/press-releases/unitedhealthcare-to-leave-certain-iowa-health-insurance-markets-in-2017>

10 <https://iid.iowa.gov/press-releases/wellmark-to-leave-iowa%E2%80%99s-aca-health-insurance-market-in-2018>

11 <https://iid.iowa.gov/press-releases/commissioner-ommen-statement-regarding-aetna-leaving-iowas-individual-market-in-2018>

Despite no federal assurances for relief, Medica did offer plans in all of Iowa's 99 counties in 2018 as the sole insurer offering ACA-compliant plans. However, the rates had an average premium increase for the standard silver plans of 56 percent over Medica's 2017 ACA rates. As 58,317 consumers on the 2017 ACA market in Iowa utilized other carriers, the majority of Iowans remaining in the ACA market, but for the insulation under the federal subsidy structure, saw actual rate increases of much more, up to 100 percent in 2018.

Medica's rates for 2019, on the other hand, are seeing an average decrease of 9 percent. Although this indicates that the market is stabilizing following the market collapse with a market exodus of 47%, the decrease is not adequate to be appealing to those who do not receive subsidies. The average Iowan family who could not afford to pay nearly $40,000 in premiums in 2018, will not be able to afford nearly $36,000 in premiums in 2019.

The 2018 premium rates under the ACA priced out nearly all individuals who were not federally subsidized except those who must incur these steep costs to ensure health insurance coverage for their serious illnesses or medical conditions. Of the 39,979 remaining the market at the end of 2018, all but 3,722 receive premium tax credit subsidies.

Market Restructuring is Needed

The steady increase in premium costs through 2018 resulted in a decline in market participation, which in turn causes higher prices. This cyclical nature makes it very difficult to salvage the existing market. There are several key areas that need to be considered in a solution, including the market impact of Iowa's high risk population, rate increases resulting in adverse selection, and the viability of the existing risk pool.

High Risk Population

When the ACA was implemented, individuals with pre-existing and persistent health conditions entered the individual market in large numbers. Many of these individuals likely had difficulty obtaining comprehensive coverage at affordable rates prior to the ACA, as many insurance companies performed underwriting and either denied individuals with serious health conditions or charged high premium rates.

Carriers did not fully understand the health status of the population when the ACA markets first opened, in part due to the lack of claims history on the uninsured, pent-up demand, and lack of movement from the grandfathered and transitional policies. Thus, premium rates were set too low to adequately account for the risk. Carriers found that these individuals were, on average, less healthy than those who receive coverage through their employer sponsored plans and had a high level of healthcare utilization.

This trend continued and in 2016, 5% of the population in the individual health insurance market accounted for 70% of the claims experience.[12] As prices continued to rise to compensate for these

[12] Figures based on Iowa Insurance Division data.

catastrophic claims, healthy individuals departed the market. At this juncture, there is no mechanism for the insurance carrier to shield the rest of its risk pool from these catastrophic claims.

Rate Increases Resulting in Adverse Selection and Income Management

When the ACA was implemented, the price of insurance – because of age based risk band restrictions coupled with an income based subsidy structure – has always been unappealing to healthy lower and moderate income earning young adults. The premium amount that subsidized consumers are responsible for contributing is capped at a percentage of their income, and remains capped at this federally established level regardless of their age or the actual cost of premiums. With some variation in price dependent on deductibles and copays, essentially, the most an individual will pay for premium costs for the second lowest or "benchmark" silver plan is 9.69% of their income. This amount is the same whether the individual is 24 or 64. Any single individual with a household income of 399% of federal poverty level will pay $390 per month for a benchmark silver plan, irrespective of age. These individuals have seen no increase in their share of monthly premiums. The federal taxpayers will pick up the balance between the income capped premium payment and the ever increasing premium costs.

Given the structure of the subsidies under the ACA, there is currently no incentive for carriers to lower premium costs to be attractive for unsubsidized Iowans. As the majority of Iowa consumers are subsidized and will feel no impact from premium rate increases, insurance carriers can build all of these claims cost into their premium rates, with the federal government paying the difference. However, this dramatic increase in claims cost is acutely felt by those consumers who do not receive federal subsidies and will be forced to pay these substantial premium rates.

Younger individuals are choosing to not participate because their premium rates are not correlated to their risk – rather, they are capped based on their income at a percentage amount determined and applied across all individuals. The risk associated with insuring 50 to 64 year-old individuals is obviously higher than that for insuring 21 to 40 year-old individuals, and the premium tax credit subsidy structure has destroyed this consideration.

The subsidy structure has also led to the development of a dramatic rate cliff for individuals near the eligibility line. There is a drastic difference in rates for individuals based on a few hundred dollars of annual income. As an example, the premiums for Medica in 2018 for a couple living in Iowa City who are both 55 years and earn just *under* 400% FPL (approximately $64,800) are capped at 9.69% or $6,278 annually. On the other hand, the premiums for Medica in 2018 for a couple living in Iowa City who are both 55 years and earn just *over* 400% FPL (approximately $65,000) are over $32,000 annually. There is a nearly $24,000 increase in premiums for a $200 difference in income.

Many families have found it necessary to restructure their income to become eligible for subsidies or qualify for small group coverage. Some may have simply put their own business on hold. The Division has anecdotal evidence of couples divorcing in order to lower their income and receive subsidies, or members of the family quitting a job or cutting hours to reduce income and qualify for subsidies. Some

have sought refuge in health sharing ministries and others have sought small group coverage. Some Iowa families will now also avoid the individual ACA-compliant market because it discourages income growth to above 400% of federal poverty level, creating an "income trap."

In 2019, we may see individuals seeking coverage through the state's new nonprofit agricultural cooperative plan operated by the Iowa Farm Bureau Association. We may also see an increase in individuals finding coverage through new Multiple Employee Welfare Arrangements or short-term limited-duration plans. As each of these options allow for some level of underwriting for various health conditions, those with chronic conditions may not qualify for coverage. Association Health Plans (AHPs) are another potential option for Iowans priced out of the ACA market and this option does not permit underwriting. The Division has had several employer groups express interesting in creating an AHP but we have yet to receive an application.

Non-Viable Risk Pool

Individuals wanting to purchase ACA-compliant plans via the Marketplace Exchange are subject to an open enrollment period at the end of the calendar year wherein consumers can purchase coverage for the following year. However, the statute provides for a number of "special enrollment periods" that are also available to consumers. The special enrollment periods were designed to allow consumers to purchase coverage if they have a change in employment status and lose their coverage, add or lose a dependent, or other defined reasons.

The federal government has been unable to effectively regulate these special enrollment periods, resulting in part from the inability to adequately verify the qualifying event for the special enrollment. Accordingly, consumers have found it easy to "game" the available special enrollment periods and enter and leave the market when care is needed.

Additionally, enrollment data shows that many individuals enroll at the beginning of the year, get the coverage and treatment they need, then drop off. As noted above, the ease at which consumers are able to re-enter the market allows them to simply back-enroll when they need more treatment. This structure does not allow these consumers' risk to be spread throughout the year, negatively impacting costs to the carrier as no premium dollars are collected to "off-set" the claims. The costs of individuals who enroll during special enrollment periods have been found, both by local and national carriers, to be nearly double those incurred by individuals who enter during open enrollment.

It is important to have stronger coverage incentives, specifically to encourage and require continuous coverage. Such a continuous coverage requirement would keep consumers in the market throughout the year, when they need care and when they do not. The individual mandate was designed to ensure that risk is spread across the market; however, given the limited cost associated with failure to pay, the mandate did not serve as adequate incentive.

Iowa Stopgap Measure

The Division filed for a "state innovation waiver" under Section 1332 of the ACA in 2017 seeking permission to implement the Iowa Stopgap Measure. The Iowa Stopgap Measure proposed to redistribute the estimated advanced premium tax credit subsidies expected by Iowa in 2018 between a reinsurance program and per-member per-month premium credits adjusted based on age and income. Any carrier that participated in the commercial individual health insurance market would have been only able to sell the standard plan developed as part of the Iowa Stopgap Measure. As designed, the Iowa Stopgap Measure would have lowered monthly premium costs by 70% for Iowans and the state had commitments from multiple carriers to participate.

In October, Iowa withdrew its waiver request when it became clear that the waiver would not have been granted on terms acceptable to Iowa, nor in time for open enrollment. The Affordable Care Act, the Section 1332 waivers and existing non-regulatory guidance proved unworkable and inflexible. A full copy of the Iowa Stopgap Measure application can be found here: https://iid.iowa.gov/documents/state-of-iowa-1332-waiver-submission.

In October of this year, the Centers for Medicare and Medicaid Services and the Department of Treasury released new guidance related to section 1332 of the ACA. The guidance purports to loosen the restrictions that limit state flexibility.[13] The Division is reviewing the new guidance to ascertain whether another 1332 waiver would be advantageous for Iowa. However, with the current state of the market having less than 40,000 members, Iowa faces a new challenge from last year in that the level of pass-through funding available may not be enough to achieve the goal of getting more young and healthy people to come back into the market. The Division plans to conduct a market analysis of those who have left the market to determine what health care options, if any, they are utilizing.

Policy Considerations

Regulatory Changes

The breadth and scope of the regulatory requirements of the ACA limit states' ability to develop solutions to address the nuances and complexities of their individual markets. The inability of federal legislators to pass legislation to address the structural flaws of the ACA continues to impede meaningful change. The instability and inaction creates confusion not only for consumers but for carriers and regulators as well.

Reinsurance

As described above, there are significant claims costs associated with Iowa's individual health insurance market. Supporting these costs to carriers with some kind of reinsurance mechanism to share

[13] https://www.cms.gov/newsroom/press-releases/trump-administration-announces-state-relief-and-empowerment-waivers-give-states-flexibility-lower

catastrophic events will be critical to not only bring carriers back into the market, but lower premium rates for all Iowans.

There has been discussion about the potential for submitting a new Section 1332 waiver focusing solely on reinsurance. Several states, including Alaska, Minnesota, and Oregon, have successfully applied for such a waiver and are implementing reinsurance programs in 2018. These states will utilize significant state funds, whether they come through an assessment or other funding mechanism, to provide to carriers reinsurance for high cost claims. These funds will reduce premium rates, creating savings in the amount of federal subsidies needed to support these premiums. In turn, this "savings" in the subsidies will be passed back to the state to repay itself for the reinsurance. However, at best, this is a temporary stabilization measure for a market that moves federal tax dollars and contributes additional state dollars to give premium relief to individuals with incomes above 400% of federal poverty level. This measure alone fails to address the disadvantage for younger subsidy-eligible individuals and would do little to improve the overall health of the risk pool in the individual market. We are still evaluating whether reinsurance may be packaged with other changes to improve the risk pool, but in addition to the funds needed to provide any reinsurance program, significant state resources are required to draft, implement, and manage any waiver program.

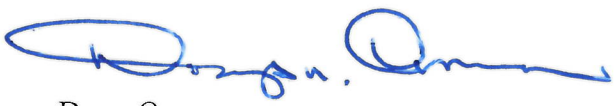
Restructuring of Subsidy Structure

As evidenced in our Stopgap Measure proposal, we believe that a Congressional change or broad state waiver authority is required in the subsidy structure. For example, subsidies could be adjusted to account for the consumer's age and income, as opposed to just income. That subsidy structure would attract young and healthy individuals into the market by adjusting premium costs to better and more accurately reflect the consumer's health risks and costs.

Conclusion

Our office remains committed in its goals to ensure that Iowa consumers have access to affordable and meaningful health insurance. The Division is open to ideas, and is willing to engage with legislators, business leaders, and consumers alike to develop a solution that works for Iowa. However, without meaningful federal legislative movement, it will be difficult to overcome the failure of the ACA in our state.

Respectfully,



Doug Ommen
Iowa Insurance Commissioner

cc: Members of the Iowa Legislature

NovaRest
ACTUARIAL CONSULTING

NovaRest Report for the Iowa Insurance Division

In support of the

Annual Report to the Iowa Governor and to the Iowa Legislature

December 2018

NovaRest
ACTUARIAL CONSULTING

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Annual Report to the Iowa Governor and to the Iowa Legislature

Introduction

This report was prepared by NovaRest Consulting (NovaRest) for the Iowa Insurance Division (Division). We understand that the Division will use the information in this report as the basis of the annual report for the governor of Iowa and for the Iowa legislature. The annual report, required by statute (Iowa Code §505.18), provides findings regarding health-spending costs for health insurance plans in Iowa for the previous calendar year.

The purpose of the annual report is to increase health care insurance transparency and provide consumers with the information necessary, and the incentive, to choose health plans based on cost and quality. Reliable cost and quality information about health care insurance empowers consumer choice, which incentivizes and motivates the entire health care delivery system to provide better care and benefits at a lower cost. It is the purpose of this report to aid in making information regarding the costs of health care insurance readily available to consumers.

This report is intended to provide information in a form that can be used in the annual report to the governor of Iowa and the Iowa legislature.

This report uses information gathered from the top 99% of health insurers by premium in Iowa through a data request from the Iowa Insurance Division. Our goal is to ensure that we have the most accurate and complete information possible. We have noted all situations when the data request information was not complete. Additional information was extracted from statutory annual financial statement information filed with the National Association of Insurance Commissioners (NAIC), the Unified Rate Review Templates (URRTs) filed by the companies, and other public sources that we believe are credible.

Since the carriers that fall in the top 99% can change every year, some carriers surveyed in the 2018 data call do not have data prior to 2017 and some carriers surveyed in earlier years do not have 2017 data. Also, previous reports used information gathered from the top 95% of health insurers by premium, so additional carriers that were not included in previous reports have been added. Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not surveyed in the 2017 data call because they were below the 95% market share threshold but were included in the 2018 data call because they were within the 99% market share threshold. Not all carriers surveyed in 2018 had credible data for 2017 and in some cases were not able to respond to the survey. The carriers that were surveyed but did not have credible data included Health Alliance Midwest, Sanford Health Plan, United HealthCare of the Midlands, and Wellmark Value Health Plans.

Coventry Health and Life Insurance Company's business, which has been included in several past reports, has been confirmed by IID to have migrated their business into Aetna Life

Insurance Company. The other carriers surveyed are consistent with the 2017 Annual Report to the Iowa Governor and to the Iowa Legislature.

The following companies were included in the 2018 data call (survey) based on their health care premium market share in Iowa in 2017:

- Aetna Health of Iowa, Inc.
- Aetna Life Insurance Co.[1,2]
- Avera Health Plans, Inc.[2]
- Federated Mutual Insurance Co.
- Golden Rule Insurance Co.
- Gundersen Health Plan, Inc. [2]
- Medica Insurance Co.[3]
- Medical Associates Health Plan, Inc.
- United HealthCare Insurance Co.
- United HealthCare Plan of the River Valley
- Wellmark Health Plan of Iowa, Inc.
- Wellmark, Inc.

This report is structured to follow the requirements of the annual report required by Iowa Code §505.18. The summary of the results is presented first, followed by a section with more detail for each requirement, and finally the appendices containing all the raw data in tabular format.

Summary

- The percentage of the Iowa population that is uninsured in 2017 is consistent with the 2016 numbers and is among the lowest in the nation according to the Kaiser Family Foundation.[4]

- In 2017, Wellmark, Inc.'s market share fell slightly from 2016 while they continued to hold a significant market share in the individual, small group, and large group markets, consistent with prior years' reports. Wellmark, Inc.'s market share, among those carriers surveyed, decreased from 51% to 40% in the individual market using 2016 and 2017 member months

[1] Coventry Health and Life Insurance Company appeared in prior reports, however, their business has been migrated into Aetna Life Insurance Company, so Coventry Health and Life Insurance Company was not surveyed in 2018 and does not appear in this report.
[2] This company was included in the 2018 survey due to the expansion of the data call to 99% market share by premium as opposed to the 95% market share by premium used in prior reports. This company would not have been included in 2018 using the 95% market share by premium.
[3] Medica Insurance Company entered the Iowa individual market in 2016. They did not participate in any Iowa health insurance market prior to 2016 and were not included in prior surveys.
[4] KFF.org. "Health Insurance Coverage of the Total Population." Updated 2018. https://www.kff.org/other/state-indicator/total-population/?activeTab=graph&currentTimeframe=0&startTimeframe=3&selectedDistributions=uninsured&sortModel=%7B%22colId%22:%222016__Uninsured%22,%22sort%22:%22desc%22%7D. Accessed November 30, 2018.

calculated from the survey.[5] In the small group market, Wellmark's market share did not change from 2016 to 2017 and remained at 66%. The market share decreased from 68% to 65% in the large group market over the same period.

- Medica was new to the Iowa individual market in 2016. They had a significant increase in membership from 2016 to 2017. They are the only carrier participating in the Iowa individual market offering ACA policies in 2018 following the withdrawal of United HealthCare (United) (Golden Rule's parent company) from the Iowa individual market for the 2017 plan year and the withdrawal of the subsidiary companies of Wellmark Blue Cross and Blue Shield (Wellmark) and Aetna Health of Iowa Inc, from the Iowa individual market for the 2018 plan year.[6] Wellmark filed rates to rejoin the Iowa individual market for 2019.

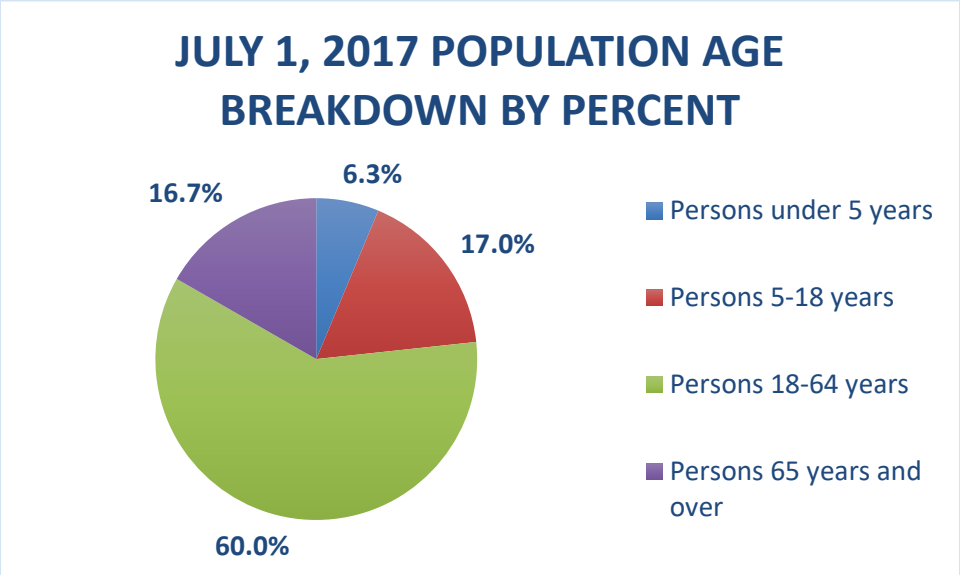
- The average loss ratio in the individual market has historically been at or above 100% but lowered to 89% on a non-weighted straight average basis and 84% when weighted by member months. These levels are more consistent with the levels experienced in 2013 and 2014 and are much closer to the federal minimum loss ratio, especially on a weighted basis. On a weighted basis, the loss ratios in the small group and large group markets are close to the federal minimum loss ratio requirements and are consistent with the amounts provided in the 2016 data call with slight decreases in each market.

- The average rate increase in the individual market decreased for the first time since the implementation of the ACA. The average rate increase fell from 24% in 2016 to 18% in 2017 on a weighted average basis. While one carrier in the individual market reported a 0% increase in 2017, the other companies reported increases ranging from 13% to 39%. The average rate increase in the small group market remained consistent at 9% on a weighted average basis, while it decreased to 4% in the large group market on a weighted average basis.

[5] Although we do not request member months directly from the carriers, they do provide the total incurred claims and the incurred claims PMPM. We then use this information to calculate the member months and we verify the numbers are accurate using the NAIC Statements and Supplemental Health Care Exhibits.
[6] Pitt, David. "Iowa May Be First State With No Health Insurers on Exchange." U.S. News. June 12, 2017. https://www.usnews.com/news/best-states/iowa/articles/2017-06-12/iowa-official-pitches-stopgap-health-insurance-solution. Accessed December 4, 2017.

Background

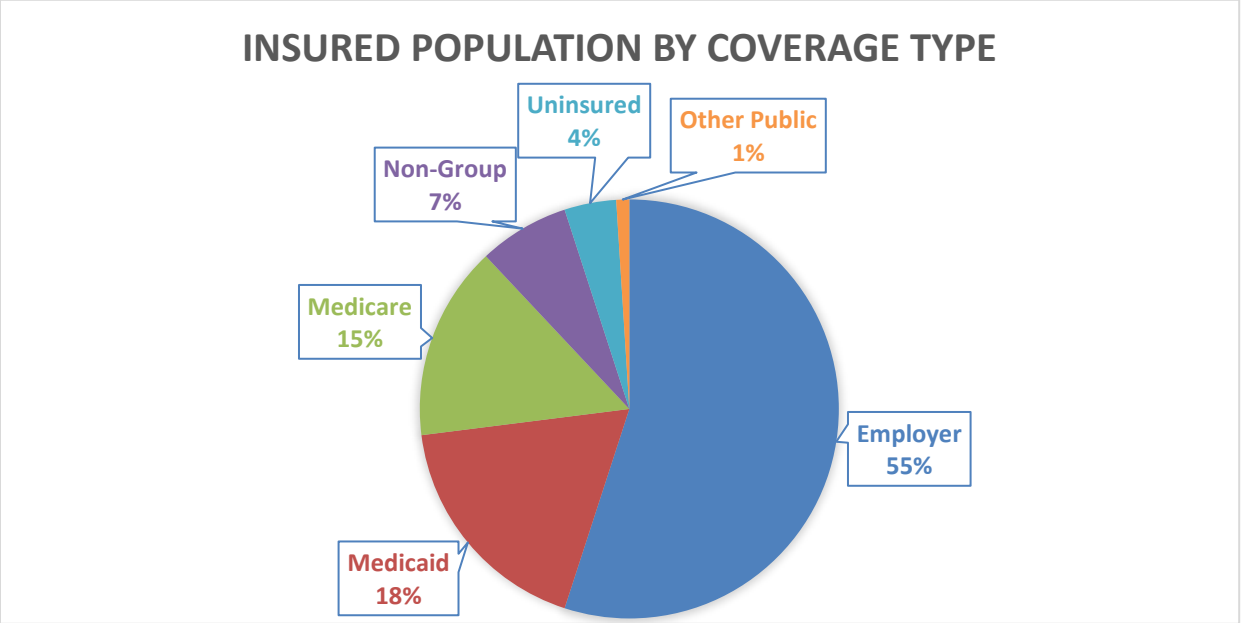
Iowa's total population as of July 1, 2017 is 3,145,711.[7] A breakdown of the major age groups is below.



The median household income (in 2017 dollars) from 2013 to 2017 for the Iowa population was reported by the U.S. Census Bureau as $56,570.[8] This is only slightly below the U.S. median household income of $57,652.[9] The American Community Services (ACS) estimated 10.7% of the Iowa population in 2017 was considered below the poverty level.[10]

In 2017, 62% of the population was enrolled in the commercial non-public insurance market, with 55% receiving coverage from an employer and 7% receiving coverage from the non-group non-public market.[11] Another 33% of the population was receiving coverage from public programs such as Medicaid and Medicare. The insured population by coverage type can be seen in the following chart.

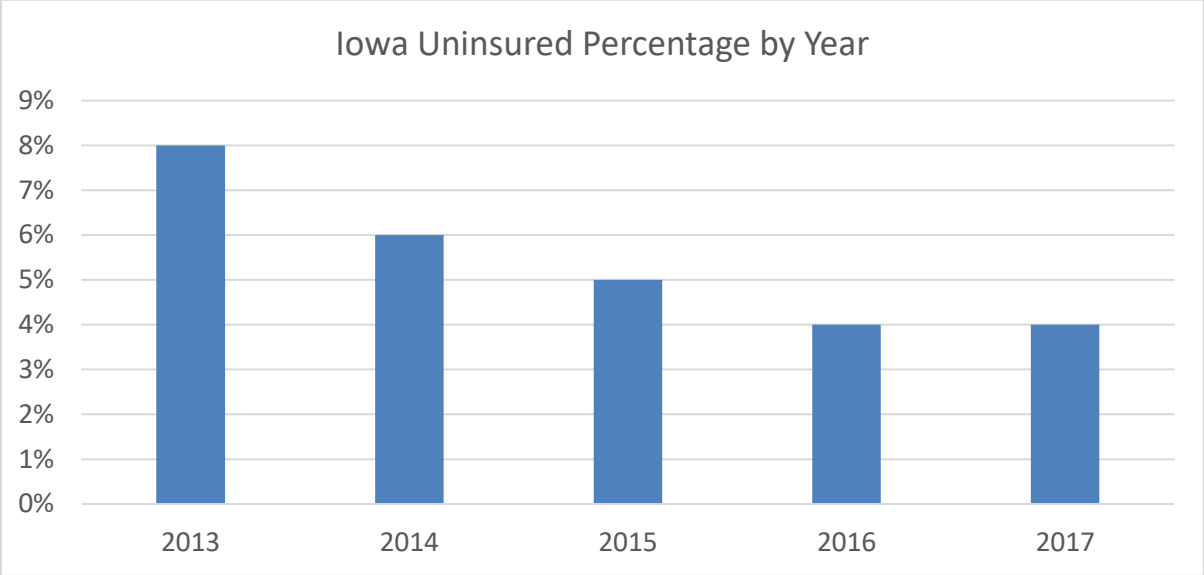
[7] U.S. Census Bureau. QuickFacts: Iowa. https://www.census.gov/quickfacts/IA. Accessed November 28, 2018.
[8] U.S. Census Bureau. QuickFacts: Iowa. https://www.census.gov/quickfacts. Accessed November 28, 2018.
[9] U.S. Census Bureau. Income, Poverty and Health Insurance Coverage in the United States: 2016. https://www.census.gov/newsroom/press-releases/2017/income-povery.html. Accessed November 28, 2018.
[10] U.S. Census Bureau. QuickFacts: Iowa. https://www.census.gov/quickfacts/IA. Accessed November 28, 2018.
[11] KFF.org. "Health Insurance Coverage of the Total Population." Updated 2017. https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D. Accessed November 28, 2018.



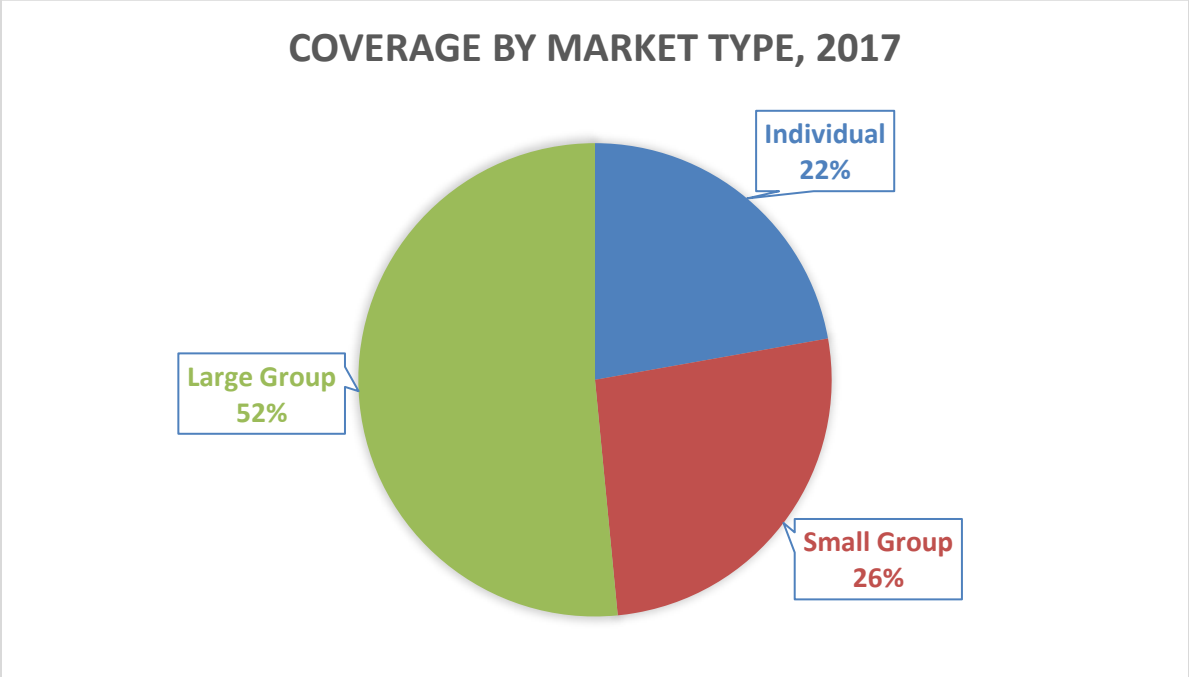
According to the Henry J. Kaiser Family Foundation, Iowa was tied with Vermont, Hawaii, and the District of Columbia for the second lowest uninsured population in the U.S. with 4% of the population uninsured in 2017, only behind Massachusetts with 3% uninsured.[12] This percentage has been trending downward from 2013 to 2017 as can be seen in the following chart.[13] The large drop in 2014 was the result of Medicaid expansion in Iowa.

[12] KFF.org. "Health Insurance Coverage of the Total Population." Updated 2018. https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Uninsured%22,%22sort%22:%22desc%22%7D . Accessed November 30, 2018.

[13] KFF.org. "Health Insurance Coverage of the Total Population." Updated 2018. https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&selectedDistributions=uninsured&selectedRows=%7B%22states%22:%7B%22iowa%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Uninsured%22,%22sort%22:%22desc%22%7D . Accessed November 30, 2018.



Although a significant portion of the Iowa market is enrolled in public programs or is uninsured, the focus of this report is on the commercial non-public individual, small group, and large group markets. For those enrolled in these markets, the percentage covered is shown in the chart below.[14]



[14] 2017 NAIC Supplemental Health Care Exhibit, All Carriers in Iowa.

Enrollment

A complete set of data can be found in ***Appendix A.***

Wellmark, Inc. continued to hold the highest percentage of the market share in all three markets – individual, small group and large group (ranging from 40% to 66%) even though they lost a considerable amount of the individual market. Therefore, the weighted averages for loss ratios[15] and rate increases provided in this report will fall very close to the Wellmark, Inc. values, even though there are significant differences between companies. These averages were weighted by member months[16], which results in an average closer to what most members are experiencing as rate increases in their premiums. Taking the rate increases as an example, the weighted average will result in the same value as if a surveyor totaled and averaged the rate increases across all members in Iowa. By averaging across members rather than carriers we will attain a better estimate of the rate increases experienced by the population in Iowa.

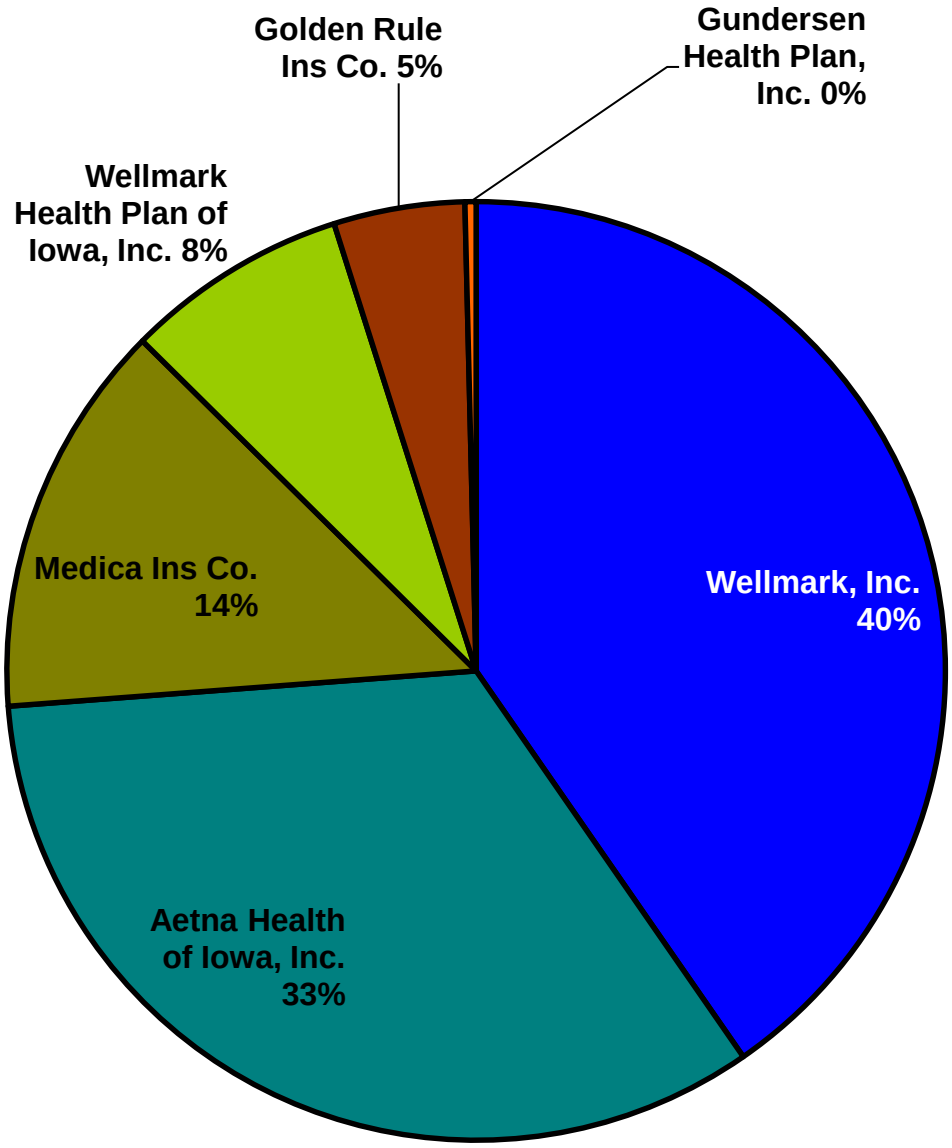
While Wellmark, Inc. held the highest market share of the Iowa individual market in 2017, it is important to note that United, Aetna, and Wellmark have all recently withdrawn their subsidiary companies from the individual market for 2018, leaving Medica Insurance Co. as the only carrier who offered coverage in the individual market in Iowa in 2018.[17] Therefore, the 2018 individual market will reflect only Medica's population. Wellmark filed to re-enter the Iowa individual market for 2019. We note that 2017 is the most recent data available as 2018 is not yet complete.

While Aetna, United, and Wellmark have withdrawn their subsidiary companies from the individual market, it is our understanding that they have not withdrawn from the small group or large group markets. We would therefore expect Wellmark, Inc. to continue to hold a significant group market share in the future.

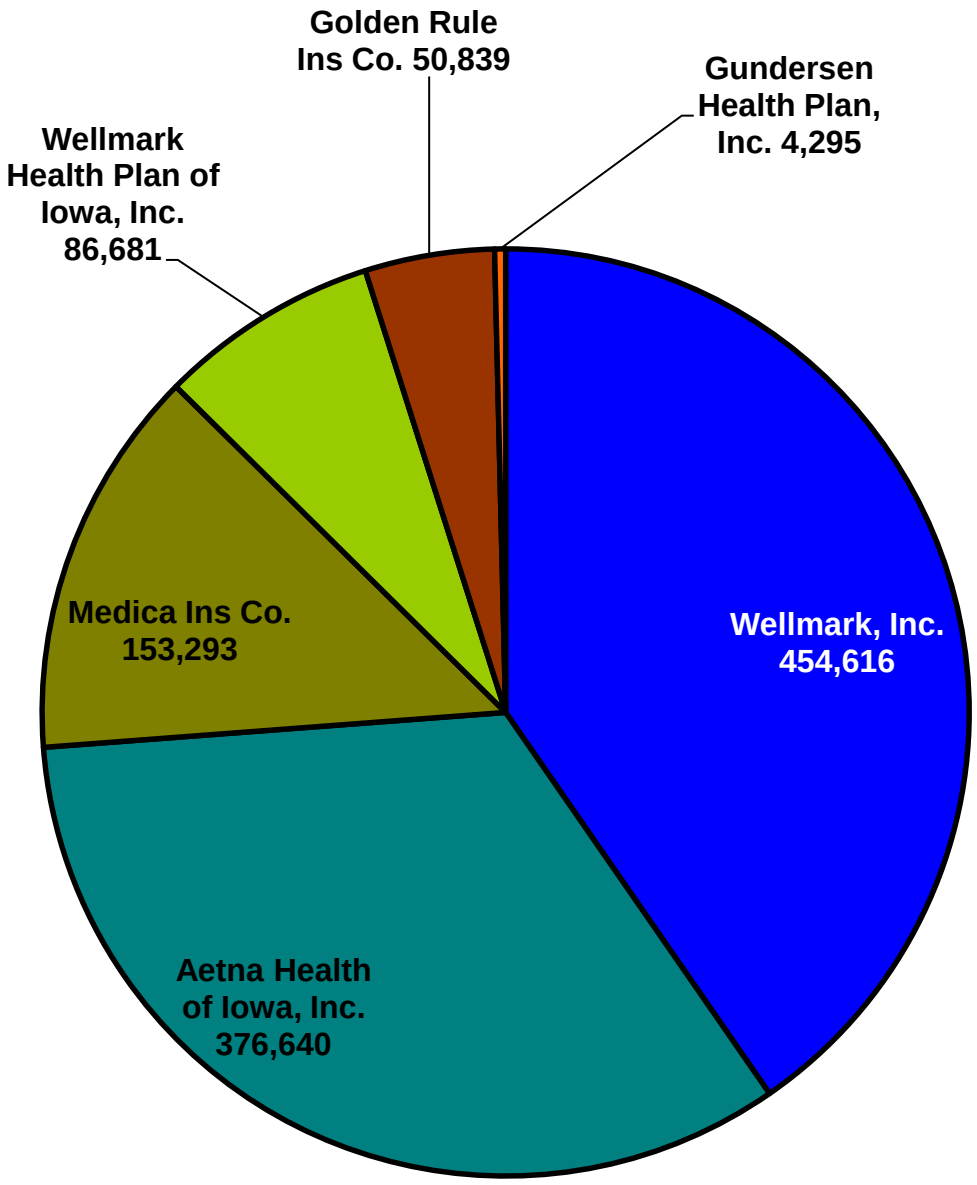
We have provided pie charts of member months to demonstrate the large variance in members per carrier in Iowa. The key for each chart is in descending order of total member months. A complete set of data can be found in ***Appendix A.***

[15] Note that in this report loss ratios are calculated as incurred claims over earned premium and not using the federal rebate formula definition for medical loss ratio.
[16] Member months are the number of total months covered for all individuals insured by a carrier in a market.
[17] Pitt, David. "Iowa May Be First State With No Health Insurers on Exchange." U.S. News. June 12, 2017. https://www.usnews.com/news/best-states/iowa/articles/2017-06-12/iowa-official-pitches-stopgap-health-insurance-solution. Accessed December 4, 2017.

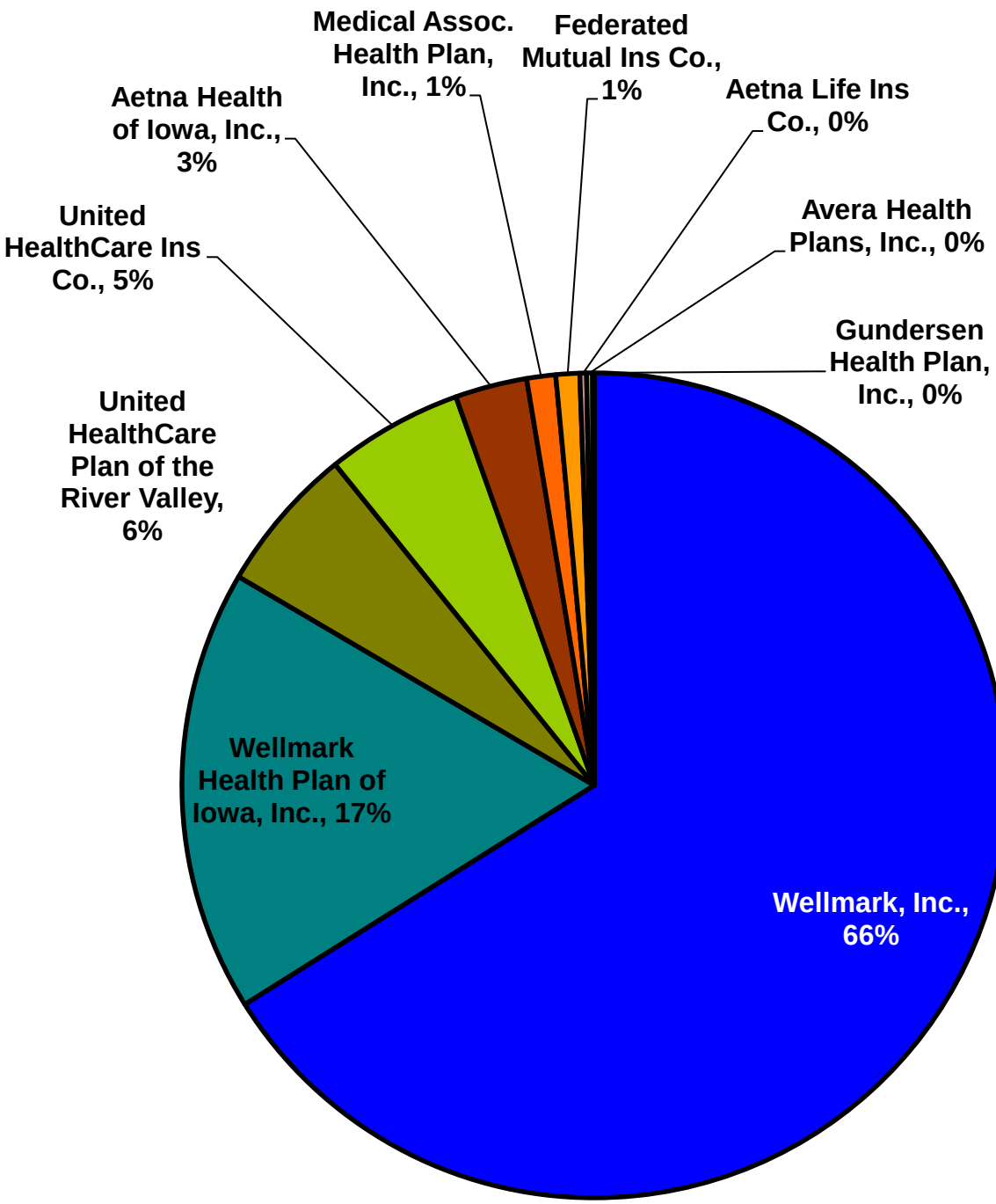
2017 Individual Comprehensive Major Medical ("ICMM") Member Months by Percent



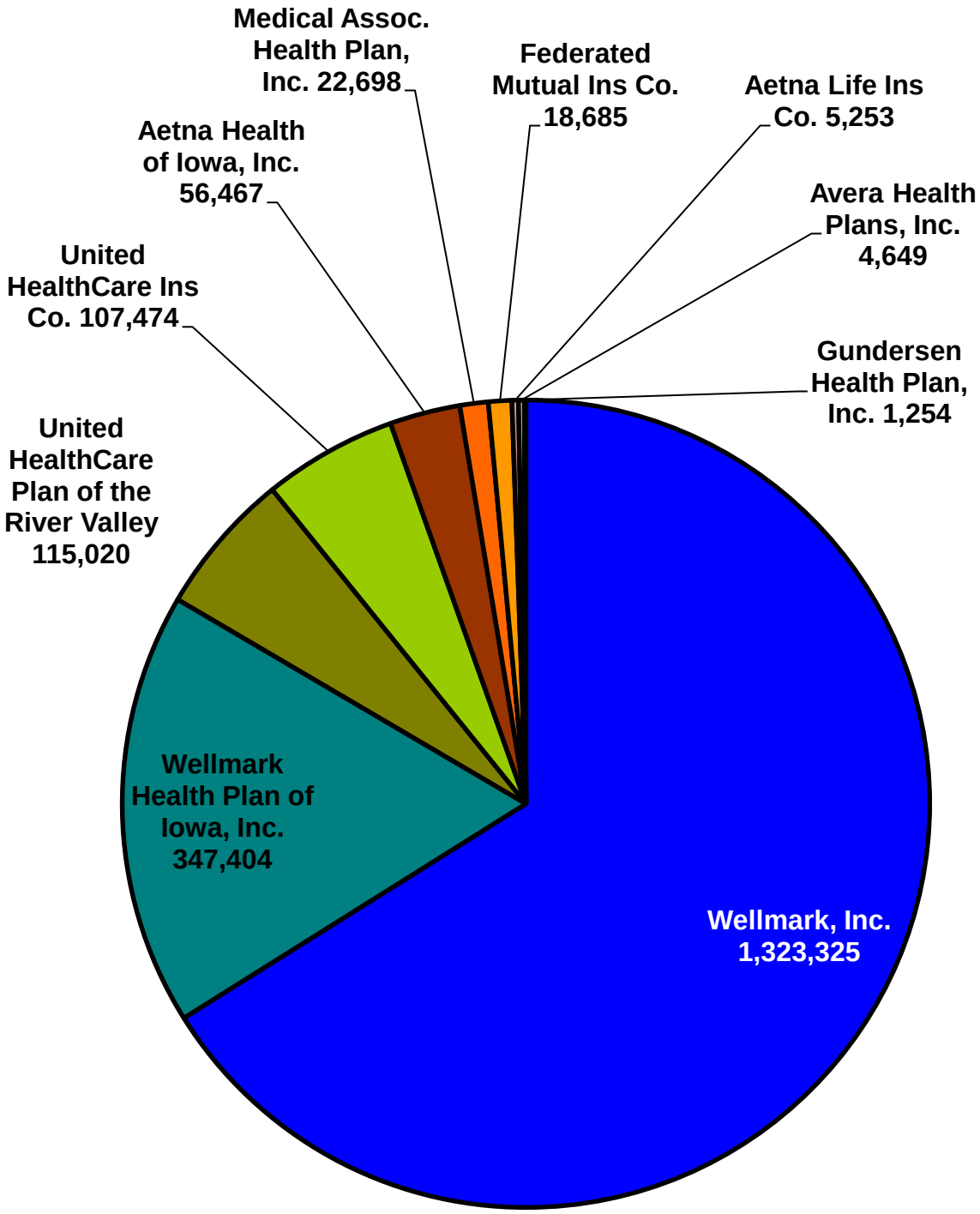
2017 Individual Comprehensive Major Medical ("ICMM") Member Months



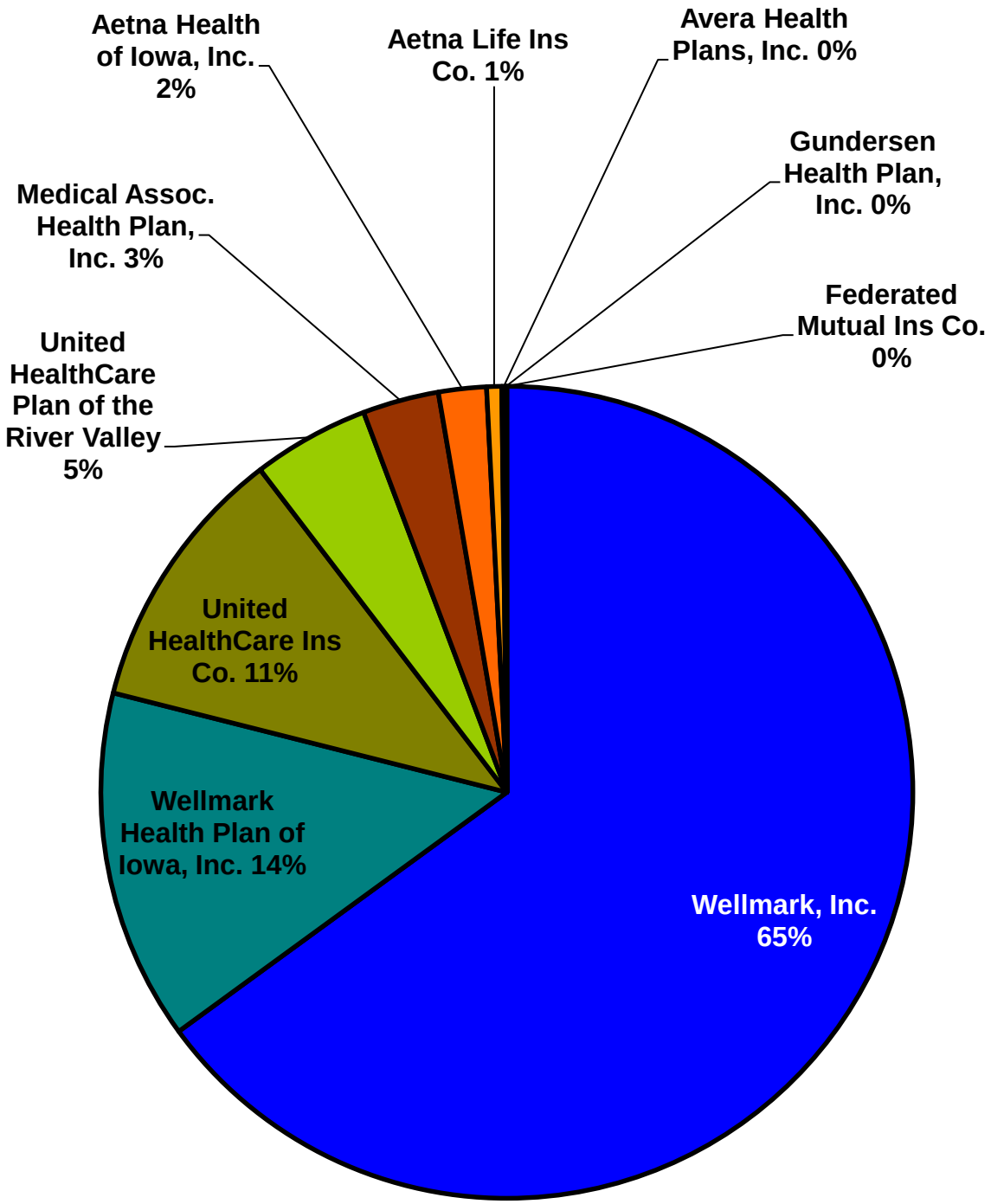
2017 Small Group Member Months by Percent



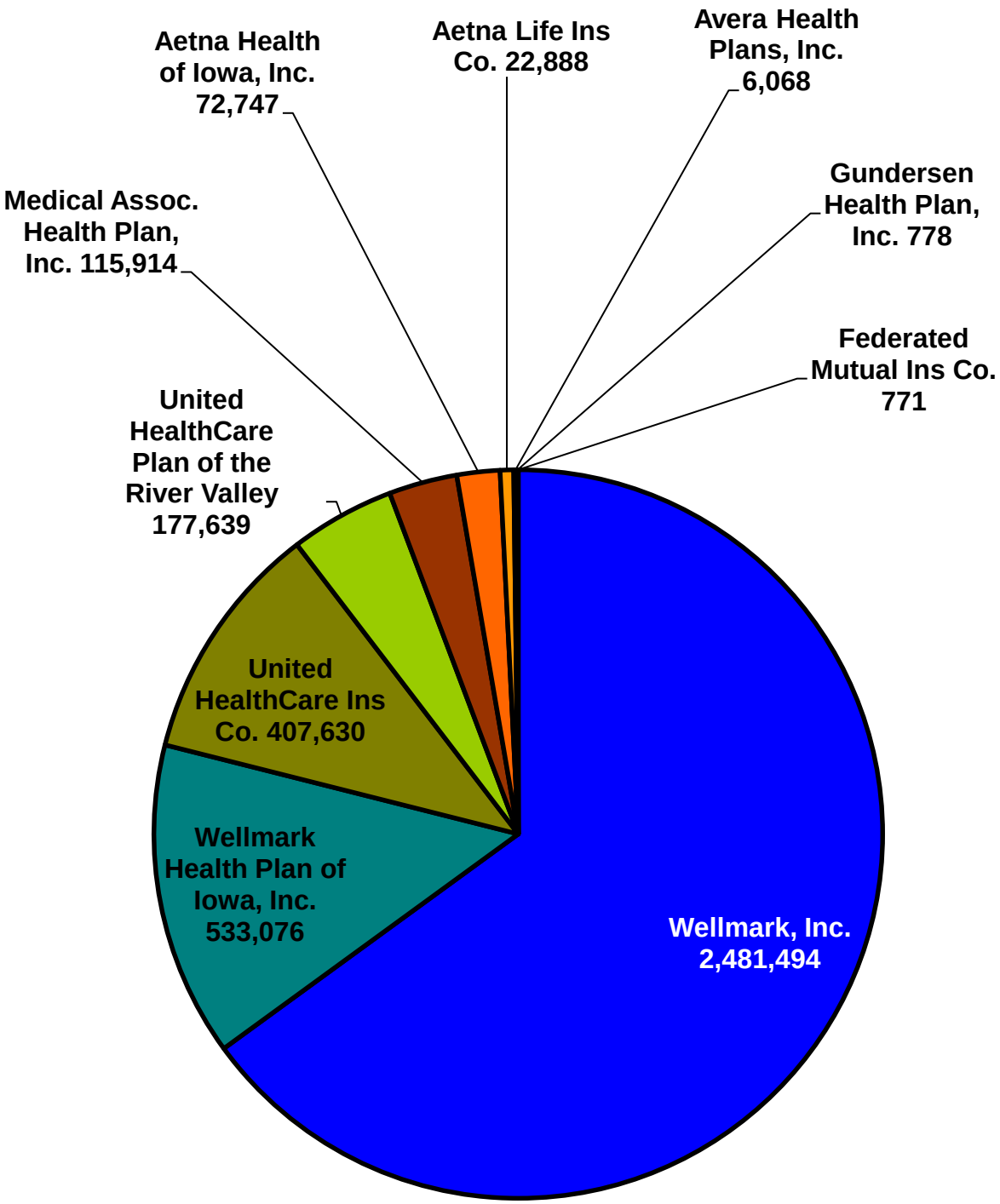
2017 Small Group Member Months



2017 Large Group Member Months by Percent



2017 Large Group Member Months



Loss Ratios

a. Aggregate health insurance data concerning loss ratios of health insurance carriers licensed to do business in the state.

A complete set of data can be found in ***Appendix B.***

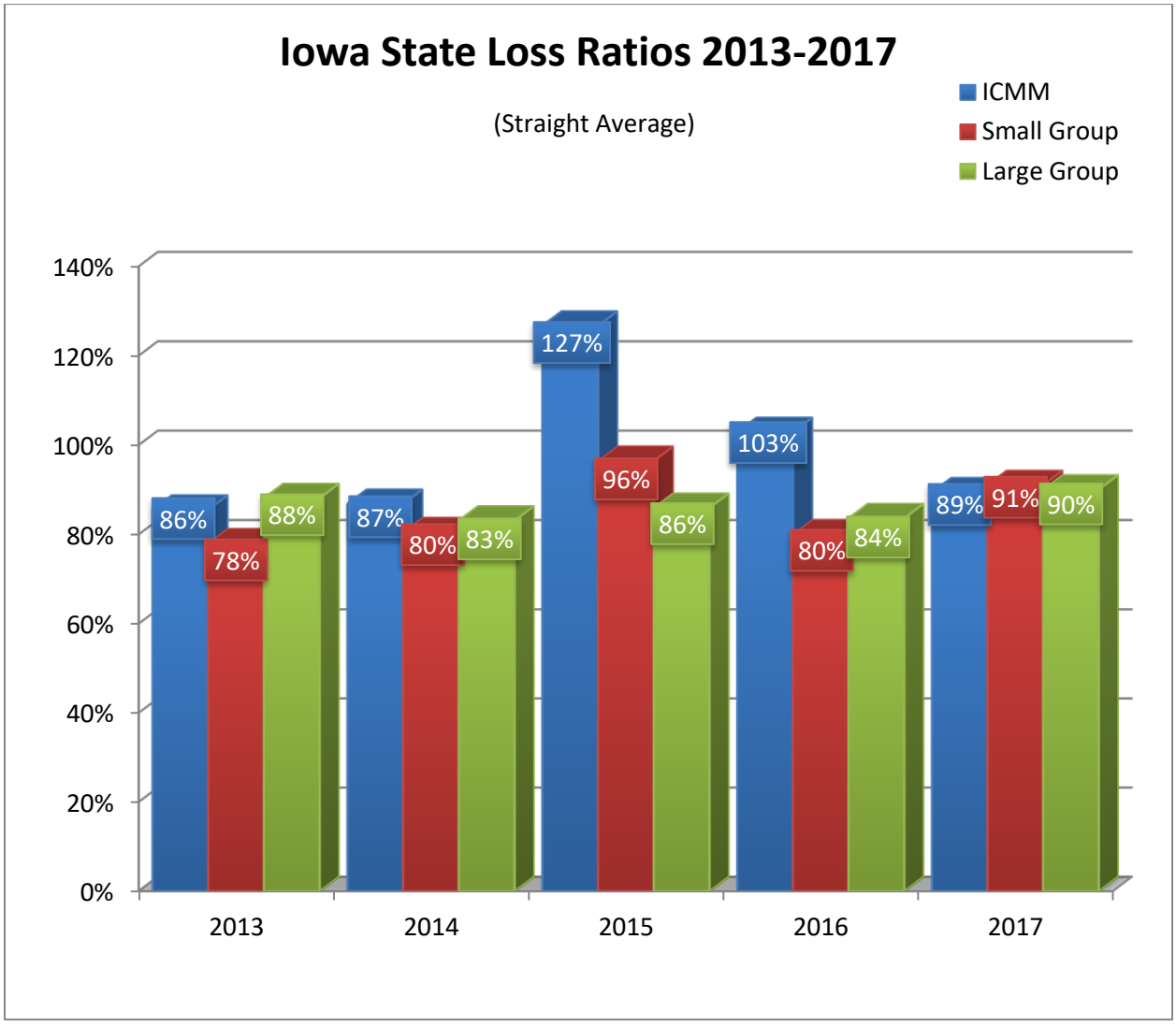
A loss ratio is the ratio of claims to premiums. In addition to direct claims payments for medical services, the claims used in the loss ratio may include case management services, the cost of quality improvement efforts and other costs related to health care services not directly delivered to members. No specific definition of claims was provided to carriers. The federal health insurance reform requires carriers to provide a rebate to policyholders if the carrier's loss ratio, with certain adjustments, is less than 80% for the individual or small group markets and 85% for the large group market.[18] Note: the loss ratios provided by the carriers do not include the adjustments that are allowed under the federal loss ratio definition, therefore we cannot definitively say if a carrier will be required to pay a rebate based on the information that was provided. The federal loss ratios for rebate purposes are also adjusted for credibility. If a carrier has less than 75,000 life years in a market, an amount is added to the calculated medical loss ratio (MLR). The result of the credibility adjustment is that carriers can have a loss ratio lower than the federal standard and still not be required to pay a rebate.[19] The remaining 20% or 15% is the amount of premium that is available for the cost of administering the insurance (commissions, paying claims, tracking enrollment changes, etc.) and for company profits.

According to the information filed in the 2017 Supplemental Health Care Exhibit (SHCE) for all carriers in the Iowa market, $0 in rebates were paid in the individual market, $626,964 were paid in the small group market, and $135,556 were paid in the large group market in 2017 for the 2016 plan year. [20] Further investigation revealed that the entirety of the small group rebates were paid by Aetna Health of Iowa, Inc. and the entirety of the large group rebates were paid by Sanford Health Plan (who was not included in the data call). No other carriers paid rebates in 2017 for the 2016 plan year.

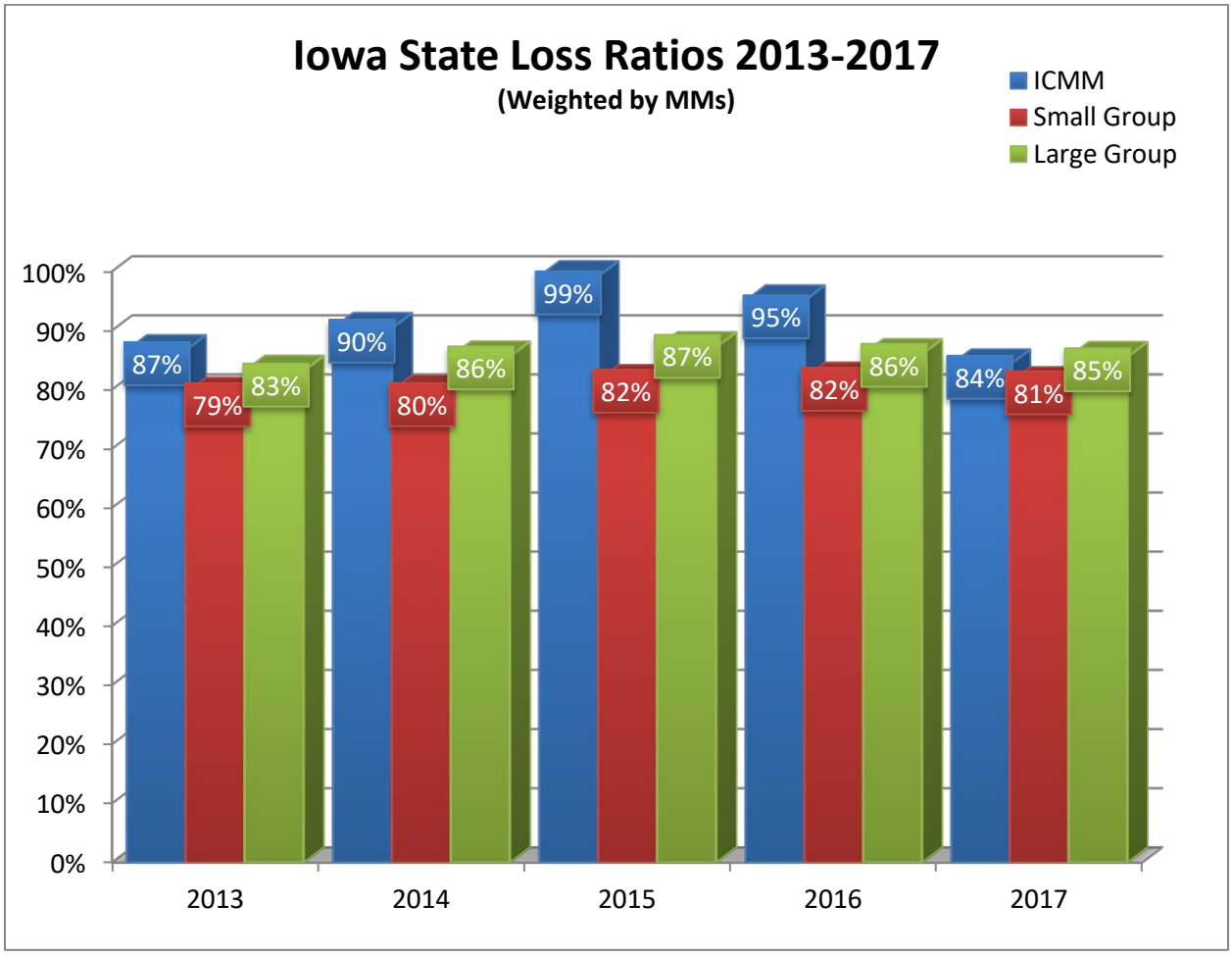
The 2017 average loss ratios are 89%, 91%, and 90% for individual, small group, and large group respectively on a non-weighted basis. When loss ratios are weighted by membership in the ten companies, the averages are 84%, 81%, and 85% for individual, small group, and large

[18] Not enough information was accessible to calculate the federal loss ratios. All loss ratios in this report are the ratio of claims to premiums.
[19] In Iowa, Wellmark is the only carrier that is fully credible according to the federal formula and therefore the only carrier required to meet the full 80% or 85% loss ratio requirement.
[20] Per NAIC Supplemental Exhibit. Information related to MLR rebates paid in 2018 for 2017 are not available at this time.

group respectively. The following graphs detail the average (not-weighted and weighted) loss ratios for the past 5 years.[21]



[21] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not involved in prior data calls so loss ratio data for 2013-2016 was calculated using NAIC Supplemental Health Care Exhibit data. This data may or may not be on the same basis as they provided for 2017.



Using the straight averages, the loss ratios in the individual market increased from 86% in 2013 to 103% in 2016, and then decreased to 89% in 2017. When weighted by membership, the average loss ratio in the individual market increased from 87% in 2013 to 95% in 2016, and then decreased to 84% in 2017. The federal minimum loss ratio requirement in the individual market is 80%.

The small group loss ratios in 2017 were 91% using a straight average and 81% using a weighted average which is very close to the ACA minimum MLR requirement of 80% for the small group market. The large group loss ratios in 2017 were 90% using a straight average and 85% using a weighted average which is at the ACA minimum MLR requirement of 85% for the large group market.

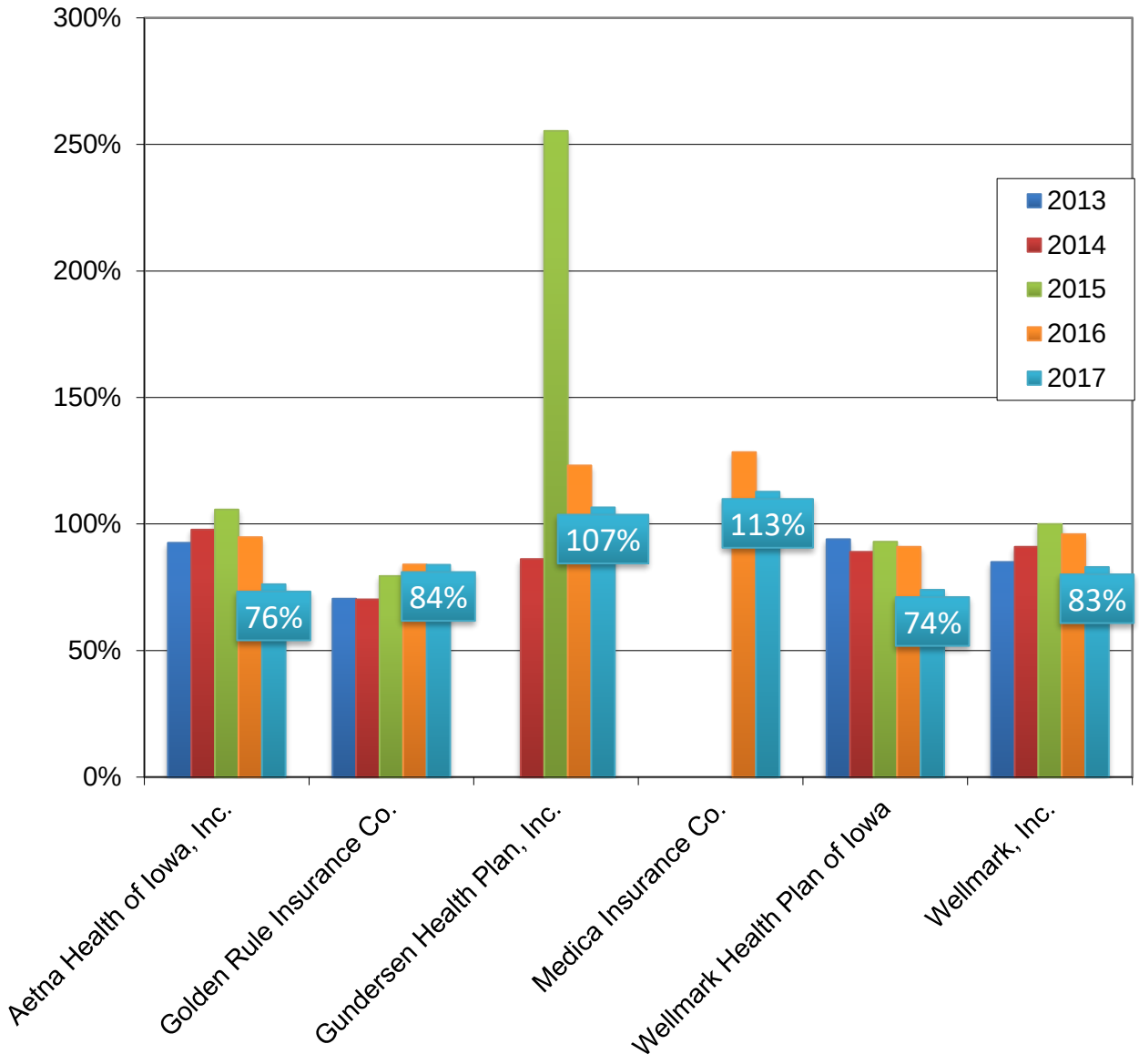
As discussed above, the federal rules allow additional adjustments to the numerator (claims) and denominator (premium) of the loss ratio to determine if a carrier has to pay rebates, so the information provided by the carriers and presented in the previous tables is not on the same basis as the 80% requirement, though it does provide a good estimate of the percentage of premium that carriers are paying in health care claims.

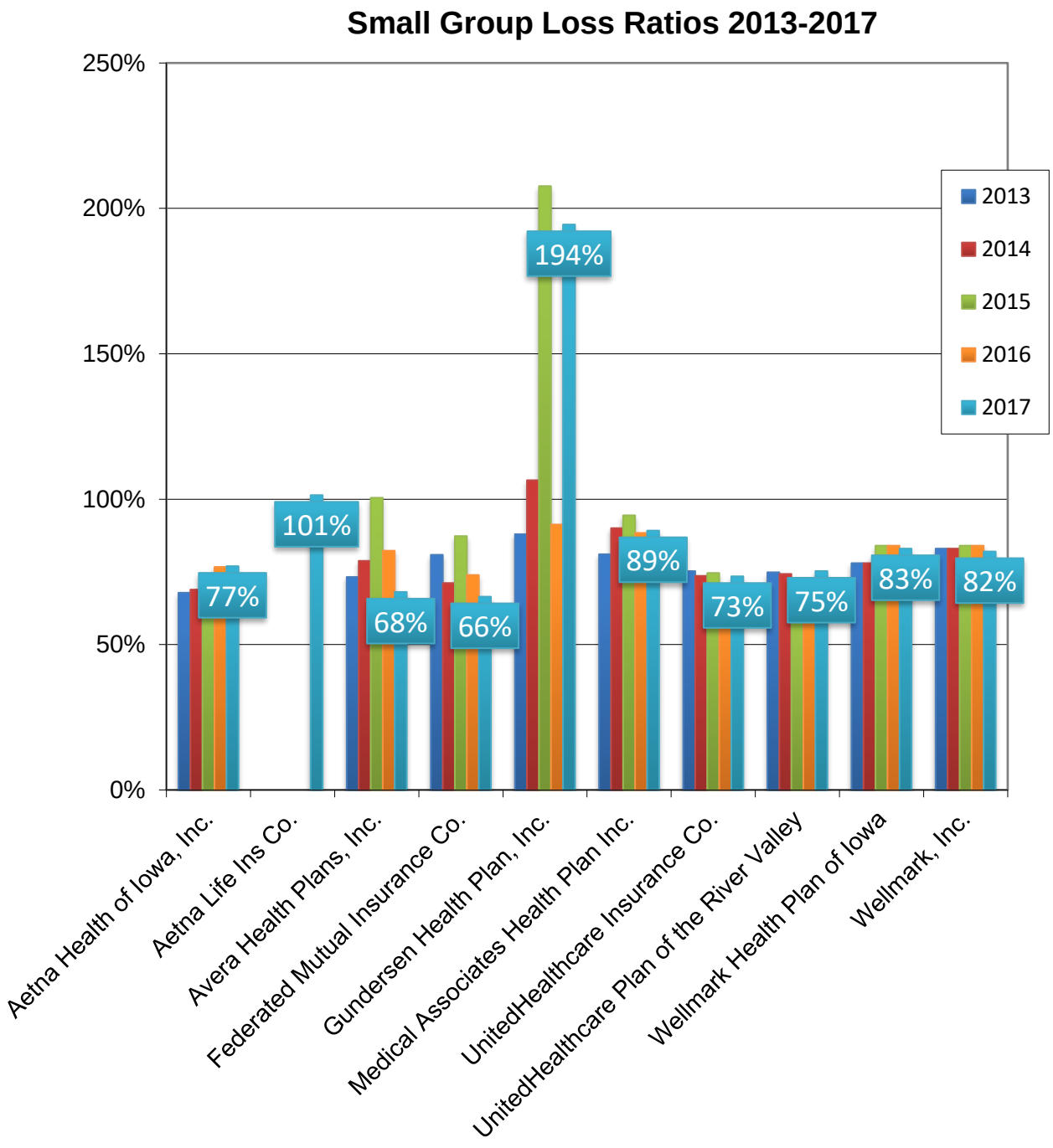
Under the federal health insurance reform rebate regulations from CMS, carriers with less than 75,000 life years are allowed to take an adjustment to the medical loss ratio used in the rebate formula. The adjustment is intended to compensate for the larger statistical fluctuations found in smaller less credible blocks of business. This credibility adjustment increases the actual loss ratio used for rebate calculation purposes based on the size of the carrier with smaller carriers receiving larger adjustments. As was the situation for 2016 rebates, all carriers in Iowa except Wellmark, Inc. (in the Small Group and Large Group market), will receive a credibility adjustment for 2017 rebates.

Loss ratios varied widely between companies. Individual loss ratios differed from 74% to 113% in 2017 before credibility adjustment. Small and large group varied from 66% to 194% and 48% to 179% respectively before credibility adjustment. The wide variation is due to low credibility of some carriers, which drives more volatile experience. The following charts are loss ratios using straight averages and loss ratios weighted by membership. The weighting results in loss ratios closer to those of Wellmark, Inc. and is more representative of the actual loss ratio average in Iowa. The loss ratios displayed here do not use the federal medical loss ratio (MLR) formula used for the federal MLR rebate calculation. The rebate MLR is typically higher than the traditional loss ratio displayed here.

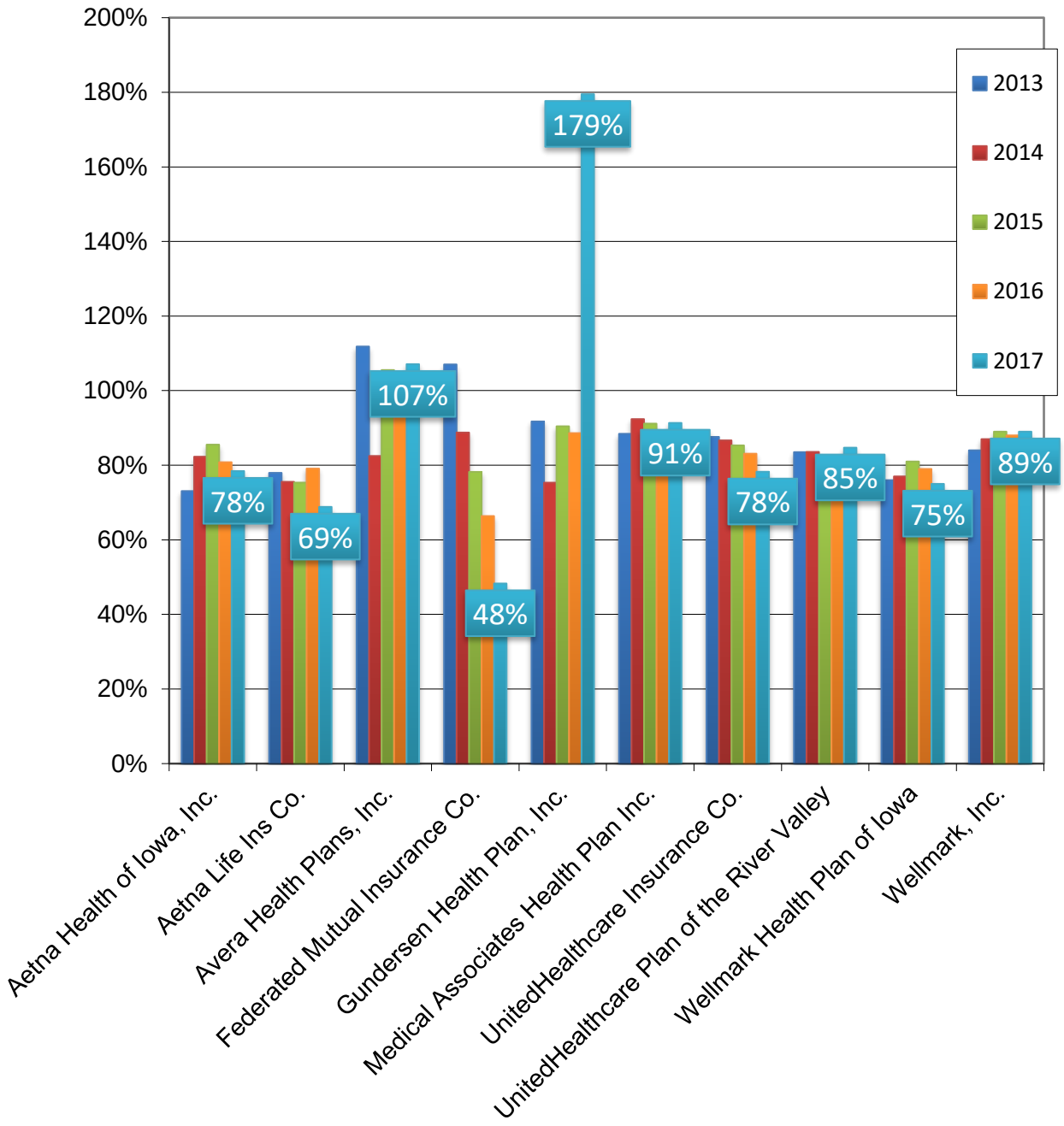
The following charts compare companies for each market segment for 2013-2017. Note that companies that do not offer coverage in a market segment are not included.

ICMM Loss Ratios 2013-2017




Small Group Loss Ratios 2013-2017
250%
200%
150%
100%
50%
0%
2013
2014
2015
2016
2017
77%
101%
68%
66%
194%
89%
73%
75%
83%
82%
Aetna Health of Iowa, Inc.
Aetna Life Ins Co.
Avera Health Plans, Inc.
Federated Mutual Insurance Co.
Gundersen Health Plan, Inc.
Medical Associates Health Plan Inc.
UnitedHealthcare Insurance Co.
UnitedHealthcare Plan of the River Valley
Wellmark Health Plan of Iowa
Wellmark, Inc.

Large Group Loss Ratios 2013-2017



The following three tables show each company's loss ratio by market for 2017:

2017 ICMM Loss Ratios	
Aetna Health of Iowa, Inc.	76%
Golden Rule Insurance Co.	84%
Gundersen Health Plan, Inc.	107%
Medica Insurance Company	113%
Wellmark Health Plan of Iowa	74%
Wellmark, Inc.	83%

2017 Small Group Loss Ratios	
Aetna Health of Iowa, Inc.	77%
Aetna Life Ins Co.	101%
Avera Health Plans, Inc.	68%
Federated Mutual Insurance Co.	66%
Gundersen Health Plan, Inc.	194%
Medical Associates Health Plan Inc.	89%
UnitedHealthcare Insurance Co.	73%
UnitedHealthcare Plan of the River Valley	75%
Wellmark Health Plan of Iowa	83%
Wellmark, Inc.	82%

2017 Large Group Loss Ratios	
Aetna Health of Iowa, Inc.	78%
Aetna Life Ins Co.	69%
Avera Health Plans, Inc.	107%
Federated Mutual Insurance Co.	48%
Gundersen Health Plan, Inc.	179%
Medical Associates Health Plan Inc.	91%
UnitedHealthcare Insurance Co.	78%
UnitedHealthcare Plan of the River Valley	85%
Wellmark Health Plan of Iowa	75%
Wellmark, Inc.	89%

The portion of the premium not used for claims is used for other expenses and profits. Companies surveyed reported a wide range of commission percentages and administrative percentages. The straight average commission percentage in 2017 was 2.4%, but it ranged from 0.2% to 4.8%. This is an increase from the 1.9% average commission in 2016. Commissions for individual products are traditionally higher than for small group products and commissions for large group products are traditionally lower. The mix of business between individual and group may explain some of the variation between the companies because these lines of business have different levels of administrative cost. The straight average administrative expense percent of premium in 2017 was 10.4%, but the percentages ranged from 5.9% to 19.6%. This is a slight

decrease from the average administrative expense percent of premium of 11.6% in 2016. (See ***Appendix G*** for more detail on the highest percentages of other administrative costs reported by the companies.)

Rate Increase History

b. Rate increase data.

A complete set of data can be found in ***Appendix C.***

The tables below detail the average rate increases among carriers included in the data call for the past 5 years, on a non-weighted and weighted basis. [22,23] As explained above, the weighted increases are weighted using member months and, due to Wellmark Inc.'s significant membership in all three markets, the weighted rate increases will more closely reflect Wellmark, Inc.'s rate increases.

ICMM Market Rate Increases	2013	2014	2015	2016	2017
Non-weighted	5%	5%	10%	22%	19%
Weighted	9%	5%	10%	24%	18%

Small Group Market Rate Increases	2013	2014	2015	2016	2017
Non-weighted	9%	4%	5%	6%	7%
Weighted	8%	5%	7%	9%	9%

Large Group Market Rate Increases	2013	2014	2015	2016	2017
Non-weighted	4%	7%	5%	8%	7%
Weighted	6%	6%	5%	7%	4%

Disregarding Golden Rule's 0% increase, the individual market rate increases varied from 13% to 39%. For comparative purposes, the ACA required a determination of reasonableness from the State and an explanation from the carrier for any rate increases of 15% or more.[24] The small

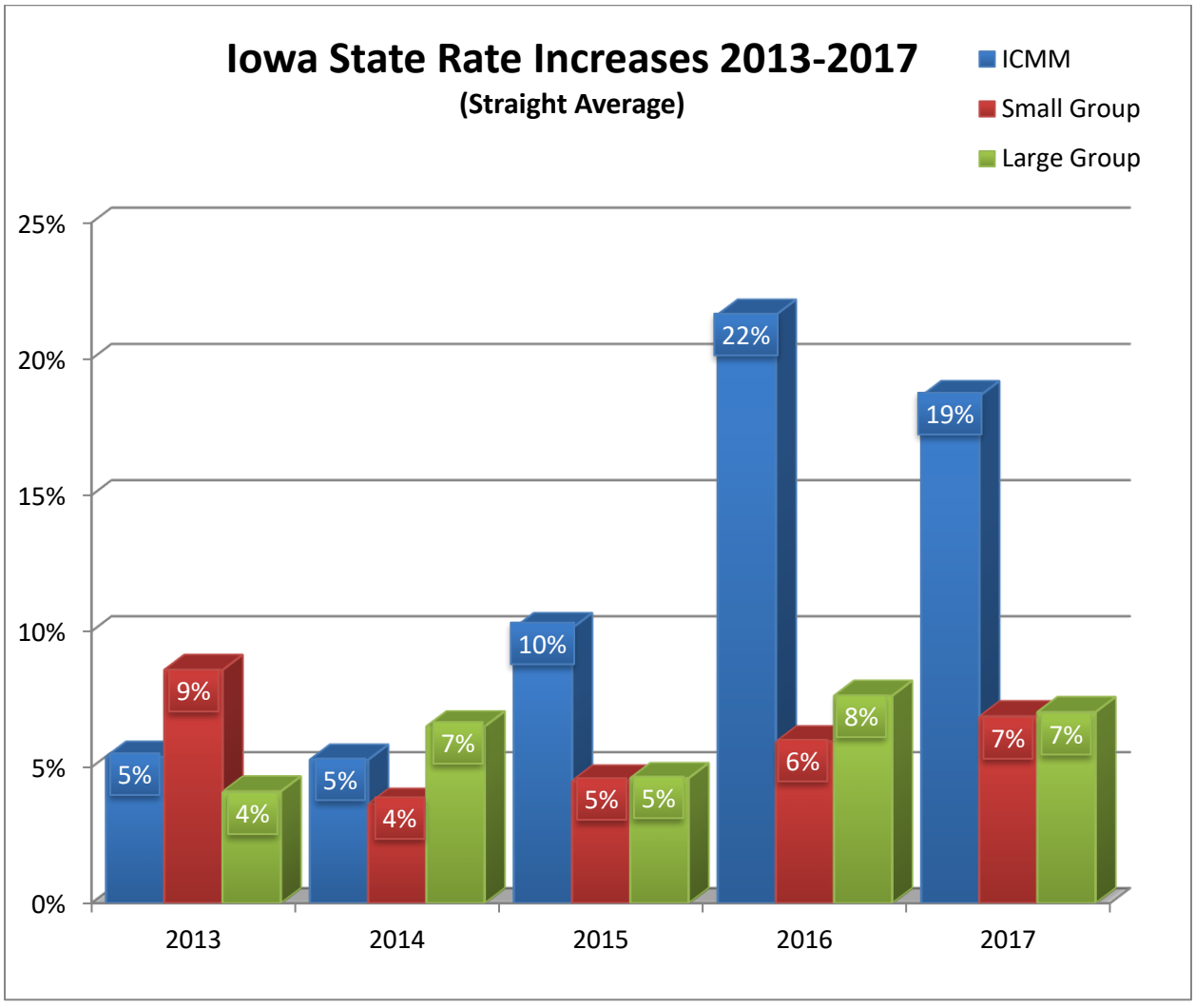
[22] This is an example of historic values that may not match previous reports due to the companies that have left the market and were removed from historic data.

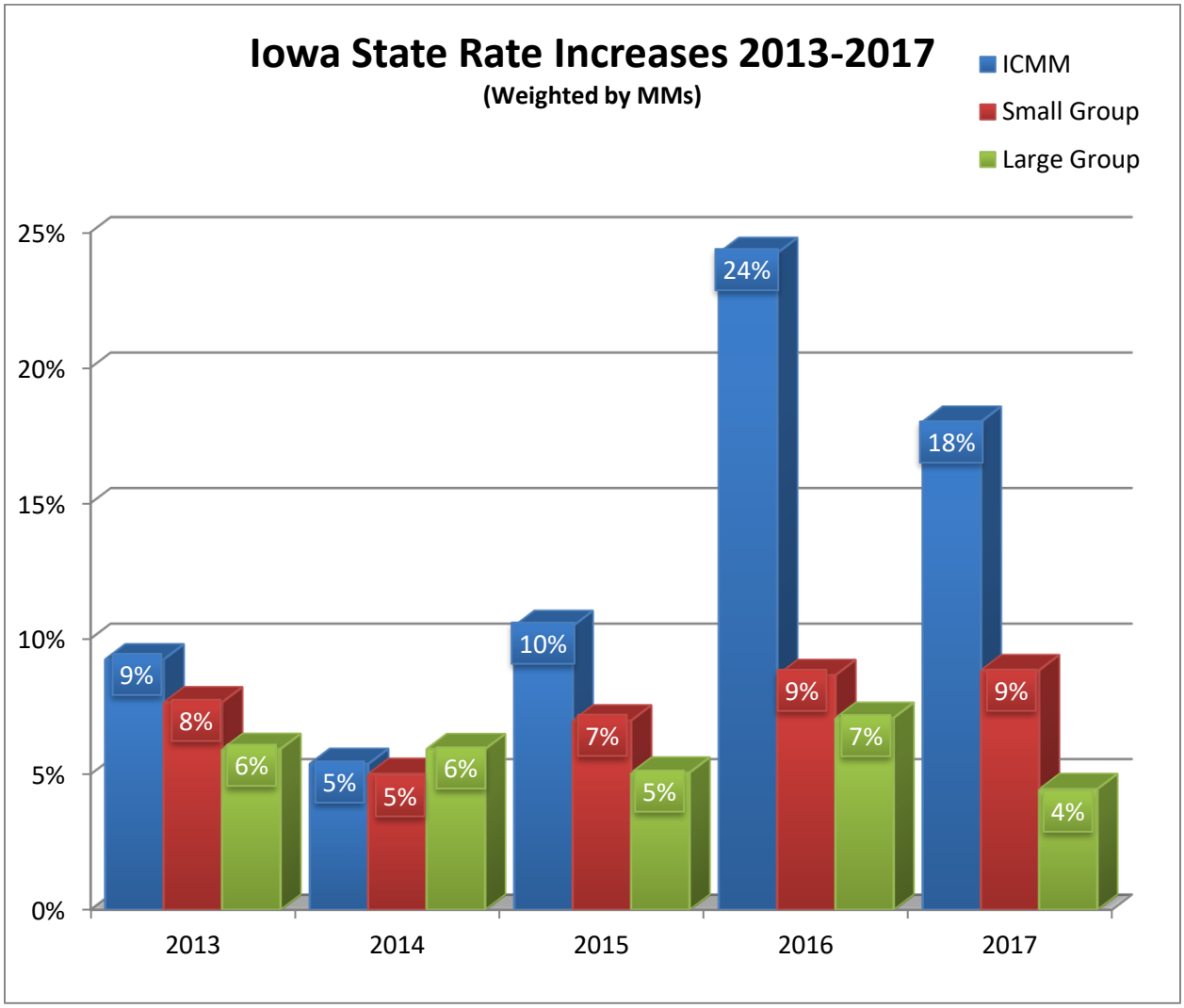
[23] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan did not participate in earlier data calls and we were not able to find accurate increase information for 2013-2016 so they are not included in the averages in earlier years.

[24] Note the 15% requirement is at the plan level so a carrier would still require a determination of reasonableness if any of their plans has an increase over 15%, even if the overall average is less than 15%.

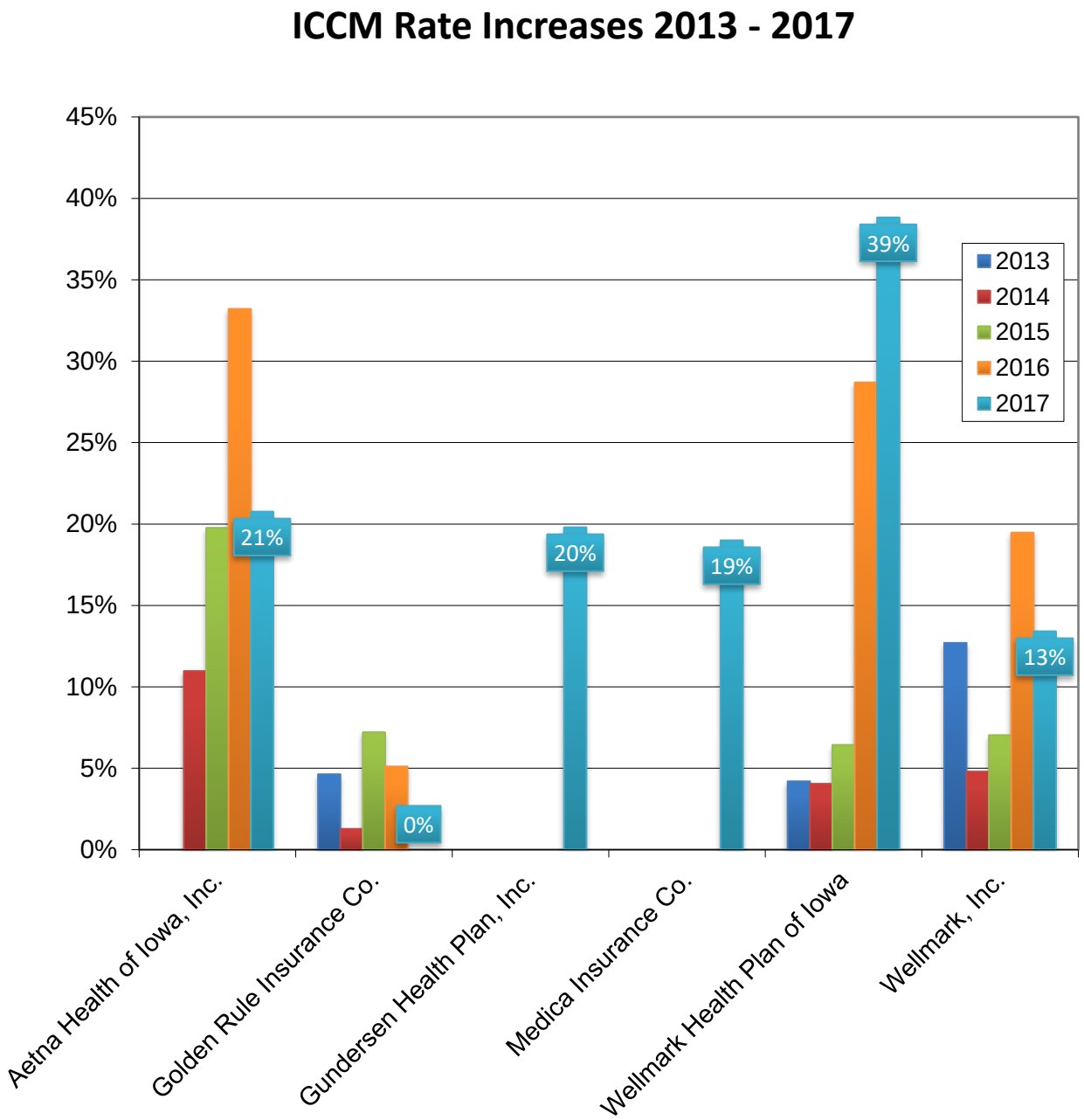
group average rate increases have been more stable on a non-weighted basis but have also been increasing on a weighted basis from 5% to 9% from 2014 to 2017. The carriers reported small group increases ranging from 1% to 13% in 2017. The large group average rate increases have also been relatively stable on both a non-weighted and weighted basis for the past five years with respective average rate increases of 7% and 4% respectively. The large group market is much less affected by the implementation of the ACA because many of the regulations do not apply to the large group market. In 2017, carriers reported rate increases ranging from -2% to 40% for the large group market.

The following charts show rate increases using straight averages and rate increases weighted by membership.




Iowa State Rate Increases 2013-2017
(Weighted by MMs)
ICMM
Small Group
Large Group
25%
20%
15%
10%
5%
0%
9%
8%
6%
5%
5%
6%
10%
7%
5%
24%
9%
7%
18%
9%
4%
2013
2014
2015
2016
2017

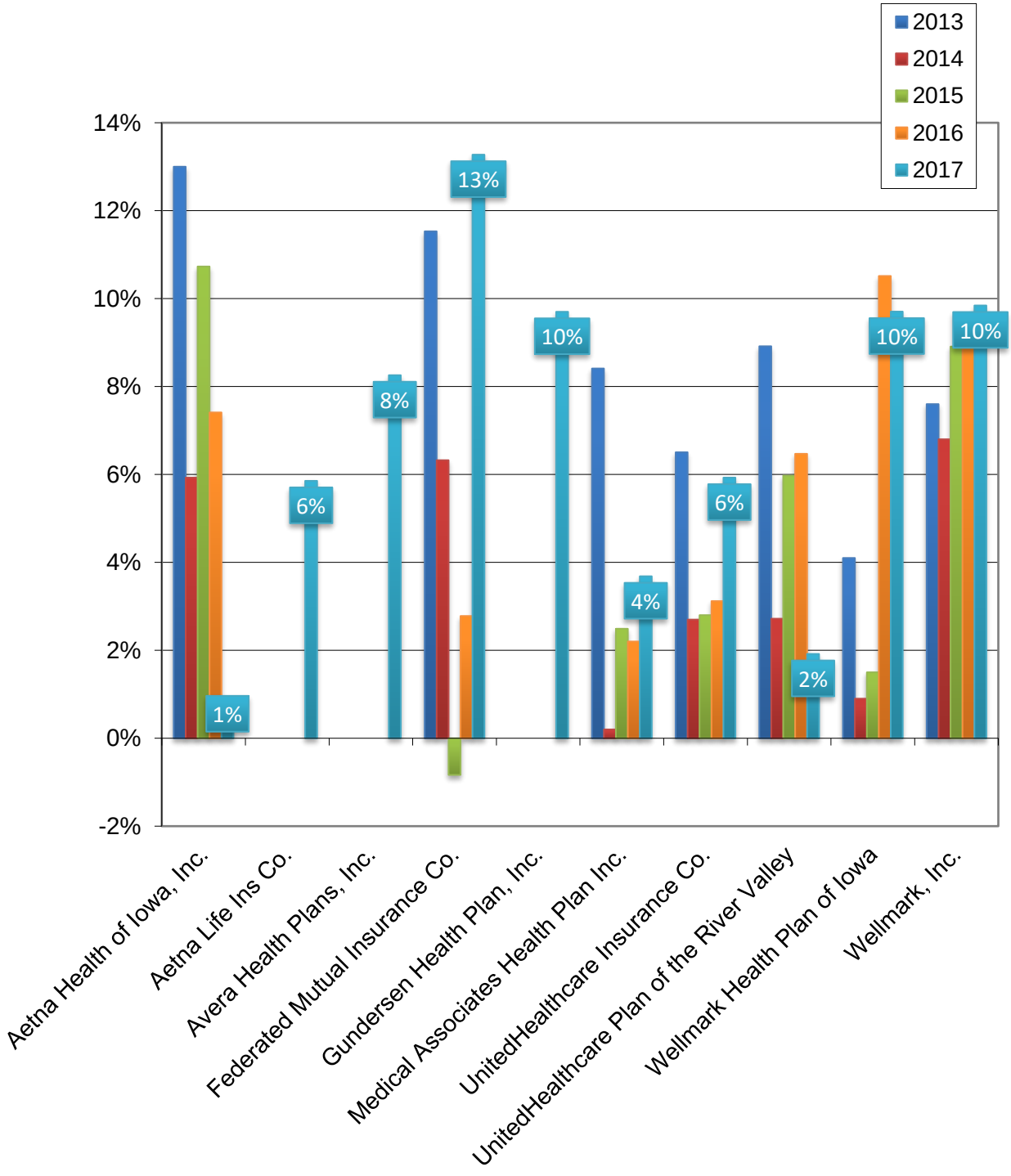
The following three charts show rate increases by company within each market.[25,26]

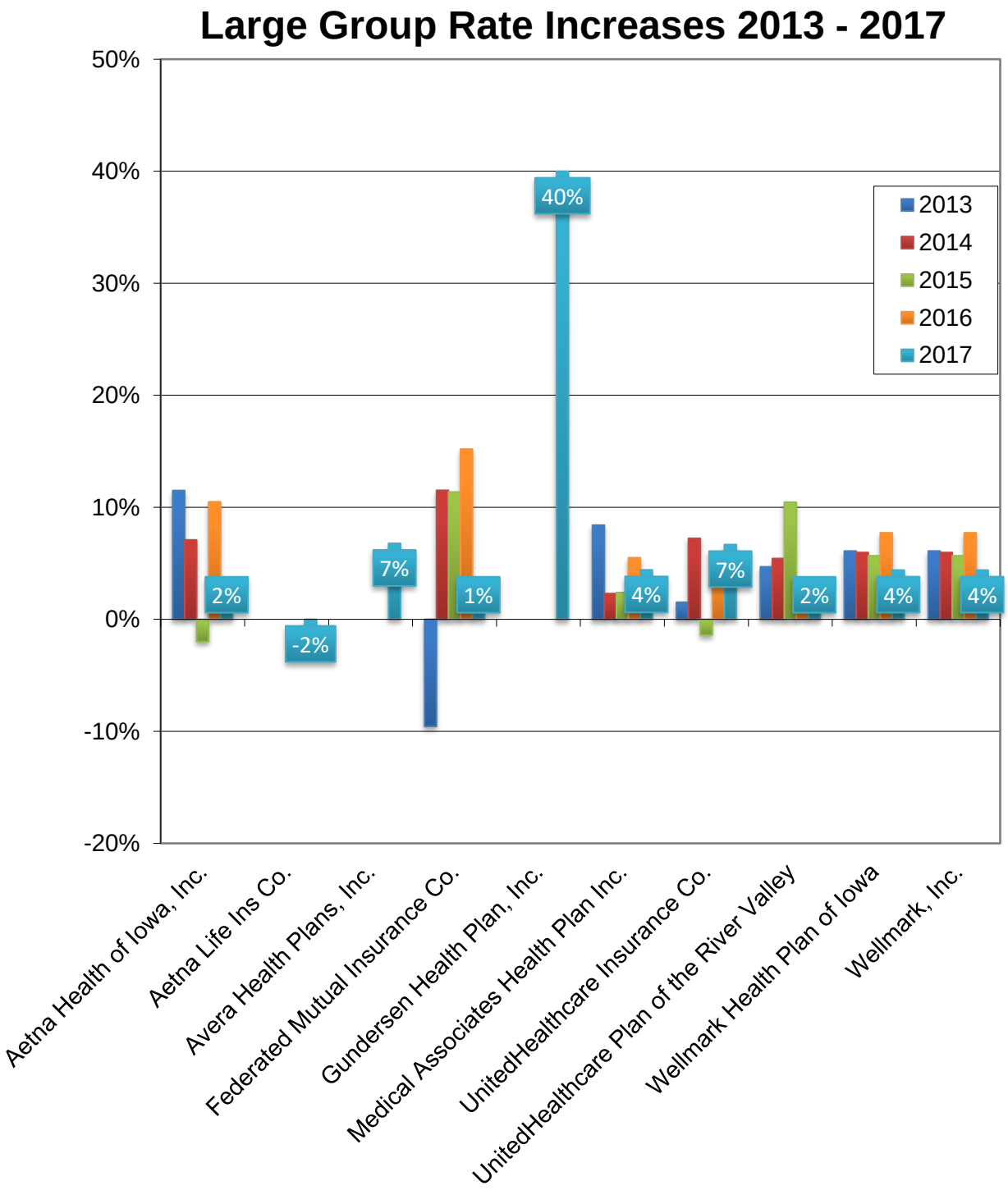


[25] The percentages in the following charts represent rate increases for 2013-2017 for each company. Only 2017 labels are included for readability.

[26] Medica Insurance Co. was new to the Iowa individual market in 2016, which is why they show a 0% increase. We do not have rate increase information for Aetna Life Insurance Company, Avera Health Plans, or Gundersen Health Plan for 2013-2016 because they were not included in earlier data calls.

Small Group Rate Increases 2013 - 2017




Large Group Rate Increases 2013 - 2017
50%
40%
30%
20%
10%
0%
-10%
-20%
2013
2014
2015
2016
2017
2%
-2%
7%
1%
40%
4%
7%
2%
4%
4%
Aetna Health of Iowa, Inc.
Aetna Life Ins Co.
Avera Health Plans, Inc.
Federated Mutual Insurance Co.
Gundersen Health Plan, Inc.
Medical Associates Health Plan Inc.
UnitedHealthcare Insurance Co.
UnitedHealthcare Plan of the River Valley
Wellmark Health Plan of Iowa
Wellmark, Inc.

Health Care Expenditures

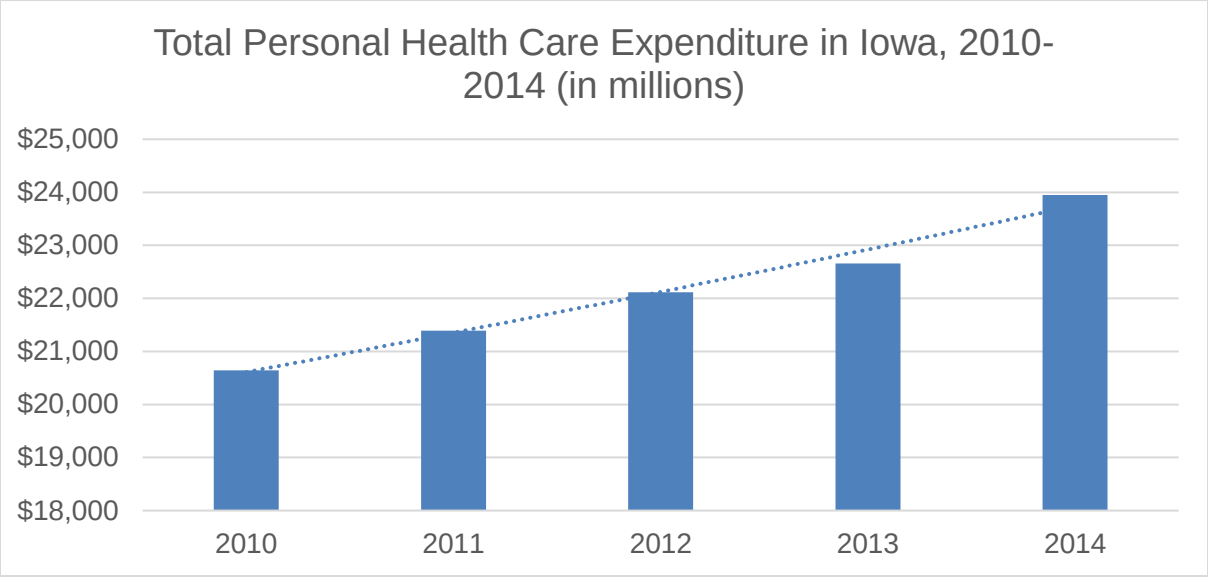
c. Health care expenditures in the state and the effect of such expenditures on health insurance premium rates.

Health care expenditures drive health insurance premiums. As the cost of health care services increases due to either the cost of the individual services or the use of the services; that increased cost is passed on to policyholders in the form of premium increases. Periodically, CMS releases a provider expenditure report, which gives information on the annual health care expenditures for certain categories by state and by region. The latest report includes data from 1980 through 2014. The table below shows the total expenditures in Iowa by category (in millions) for the most recent available 5 years included in the report.[27]

Iowa Expenditure Category (in millions)	2010	2011	2012	2013	2014
Hospital Care	$8,065	$8,336	$8,704	$8,993	$9,426
Physician & Clinical Services	$3,775	$3,861	$3,985	$4,031	$4,238
Other Professional Services	$631	$654	$688	$725	$757
Dental Services	$939	$1,001	$977	$984	$1,017
Home Health Care	$422	$435	$480	$504	$549
Prescription Drugs	$2,553	$2,693	$2,748	$2,726	$3,066
Other Non-durable Medical Products	$428	$465	$478	$496	$503
Durable Medical Products	$345	$377	$387	$400	$410
Nursing Home Care	$1,837	$1,897	$1,942	$1,973	$2,077
Other Health, Residential, and Personal Care	$1,647	$1,675	$1,725	$1,827	$1,907
Total Personal Health Care	**$20,644**	**$21,394**	**$22,115**	**$22,659**	**$23,949**

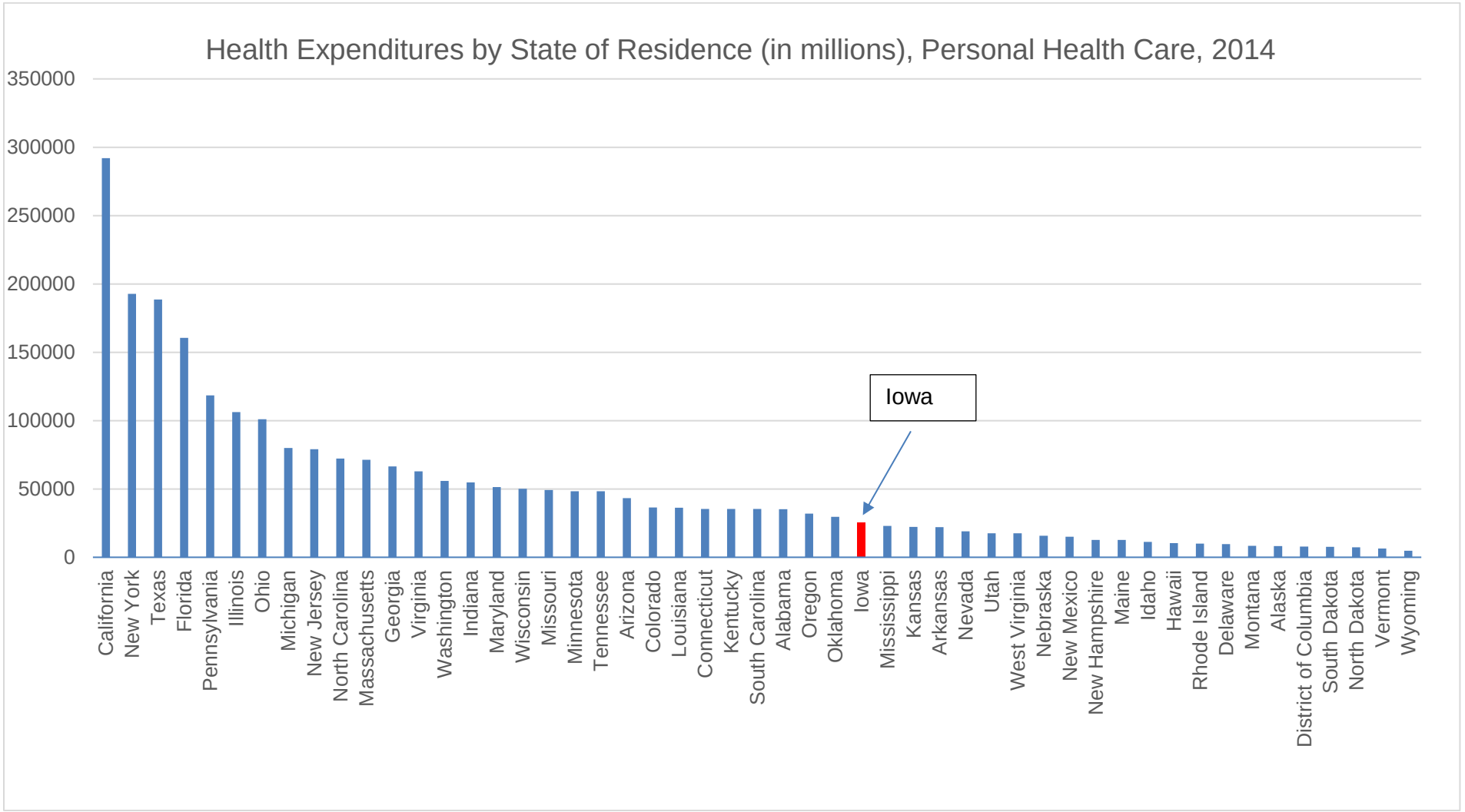
[27] CMS.gov. "State (Provider) Health Expenditures by State of Provider, 1980-2014." https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsProvider.html. Accessed November 28, 2018.

The CMS report showed a consistent increase in total personal health care expenditure over the latest available five years. The graph below shows the trend in total personal health care expenditure in Iowa from 2010 to 2014.



CMS also provided a report detailing the health expenditures for personal health care by state as of 2014. The chart below compares the aggregate and per capita estimates of Iowa (in red) to the other states.[28] According to the table, Iowa's per capita health expenditures rank 30 of 51 states (including the District of Columbia). Although Iowa's expenditures have been consistently increasing, they continue to be significantly less than states such as California, New York, and Texas.

[28] CMS.gov. "Health Expenditures by State of Residence, 1991-2014." https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsResidence.html. Accessed November 28, 2018.


Health Expenditures by State of Residence (in millions), Personal Health Care, 2014
350000
300000
250000
200000
150000
100000
50000
0
Iowa
California
New York
Texas
Florida
Pennsylvania
Illinois
Ohio
Michigan
New Jersey
North Carolina
Massachusetts
Georgia
Virginia
Washington
Indiana
Maryland
Wisconsin
Missouri
Minnesota
Tennessee
Arizona
Colorado
Louisiana
Connecticut
Kentucky
South Carolina
Alabama
Oregon
Oklahoma
Iowa
Mississippi
Kansas
Arkansas
Nevada
Utah
West Virginia
Nebraska
New Mexico
New Hampshire
Maine
Idaho
Hawaii
Rhode Island
Delaware
Montana
Alaska
District of Columbia
South Dakota
North Dakota
Vermont
Wyoming

We recognize this data, while relatively recent, is outdated due to implementation of the ACA in 2014. Even after the implementation, the market has continued to evolve and adapt to continually changing regulations and guidance. To bridge this gap, we have collected alternate sources of information which provide information on increasing costs and premiums.

Unified Rate Review Template (URRT) Allowed Claims Experience

The URRT is a standardized spreadsheet that is submitted by carriers in the individual and small group markets when they propose ACA rates for a new plan year. A URRT is not provided in the large group market. Included in the URRT is allowed claims experience. Allowed claims are the maximum amount a carrier would pay for health care services. While allowed claims are not the same as the health expenditure data discussed above, they do provide some information on how health care costs (and premiums) are increasing.

The experience period in the URRT is defined as two years prior to the plan year. For example, if a carrier proposes to offer ACA-compliant plans in 2019, a URRT would be submitted by that carrier which includes actual allowed costs from the 2017 plan year for a company's ACA-compliant and transitional business. Therefore, by reviewing the URRT submitted by carriers for plan year 2017, 2018, and 2019[29], it allows us to capture actual allowed costs from 2015, 2016, and 2017 by benefit category.

A disadvantage to relying on URRT information is that if a carrier does not propose new rates in a plan year, a URRT is not provided and we will not have access to that carrier's experience information. For example, Medica Insurance Co. was the only carrier who filed rates for the 2018 plan year in the Iowa individual market, and therefore, they were the only carrier to submit a URRT for the 2018 plan year. Because of this, we were not able to capture the experience of the several other carriers that participated in the previous year. The 2016 experience that Medica Insurance Co. provided represented 15,042 member months, compared to nearly 1.7 million member months we were able to capture in 2015.

Wellmark Health Plan of Iowa and Wellmark Value Health Plan, Inc. filed to rejoin the Iowa individual market in 2019. They will join Medica Insurance Co who also filed rates for 2019 in the Iowa individual market. Therefore, we were able to collect URRTs and capture 2017 experience for these companies. We recognize that there were other carriers in the market in 2017 that have not rejoined the market as the experience we captured represents approximately 300,000 member months in 2017, compared to the nearly 1.7 million member months that were captured in 2015. While 300,000 member months is considered credible under many credibility measures, we were not able to capture a significant portion of the market.

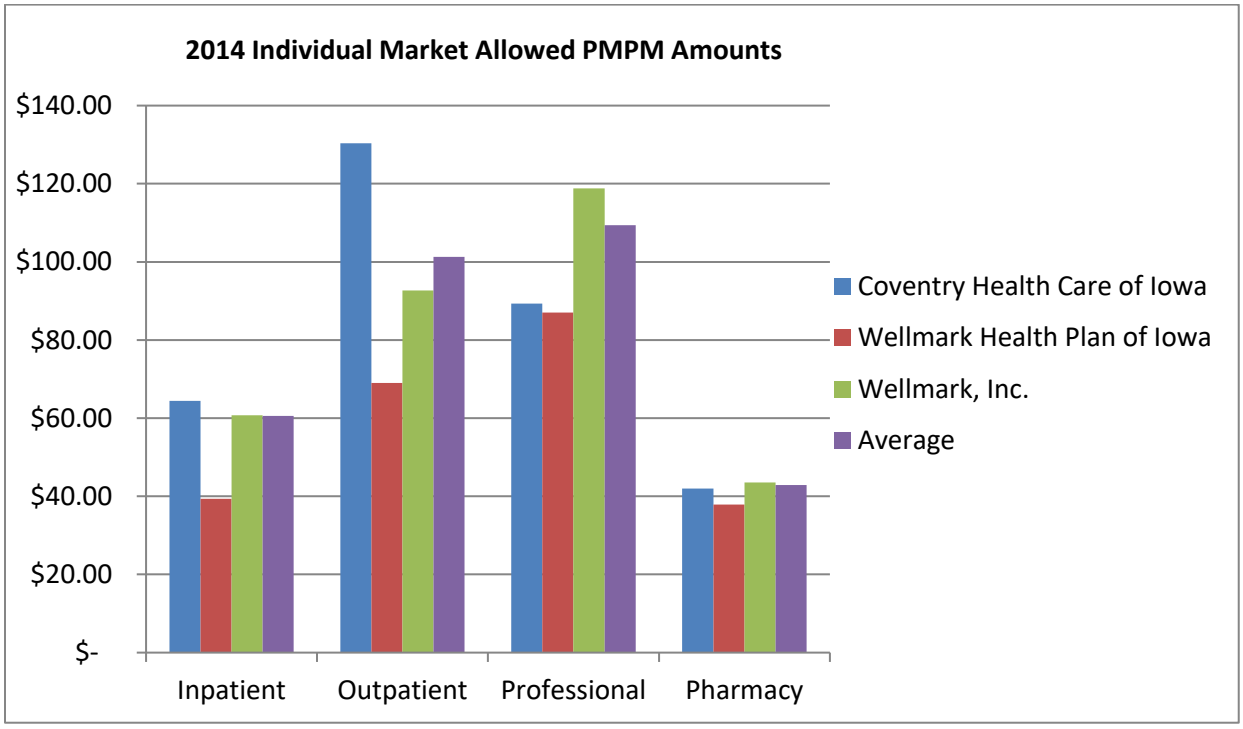
For consistency with the rest of this report, we are looking at the companies that were included as part of the data call, meaning they are within the top 99% of the health insurance market by

[29] URRT information can be found at https://iid.iowa.gov/sfa

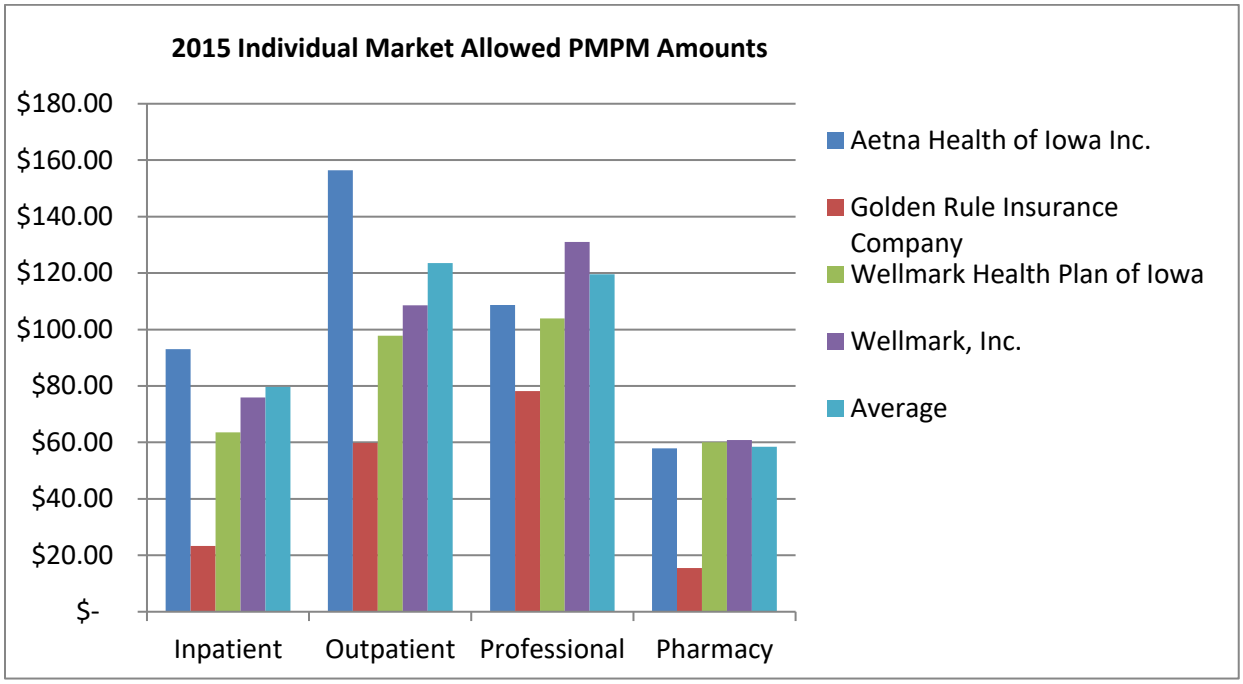
premium. However, to show how these companies compare to the whole of the Iowa market, we have included an "average" category, which is the average of the entire ACA-compliant market including companies not surveyed in the data call.

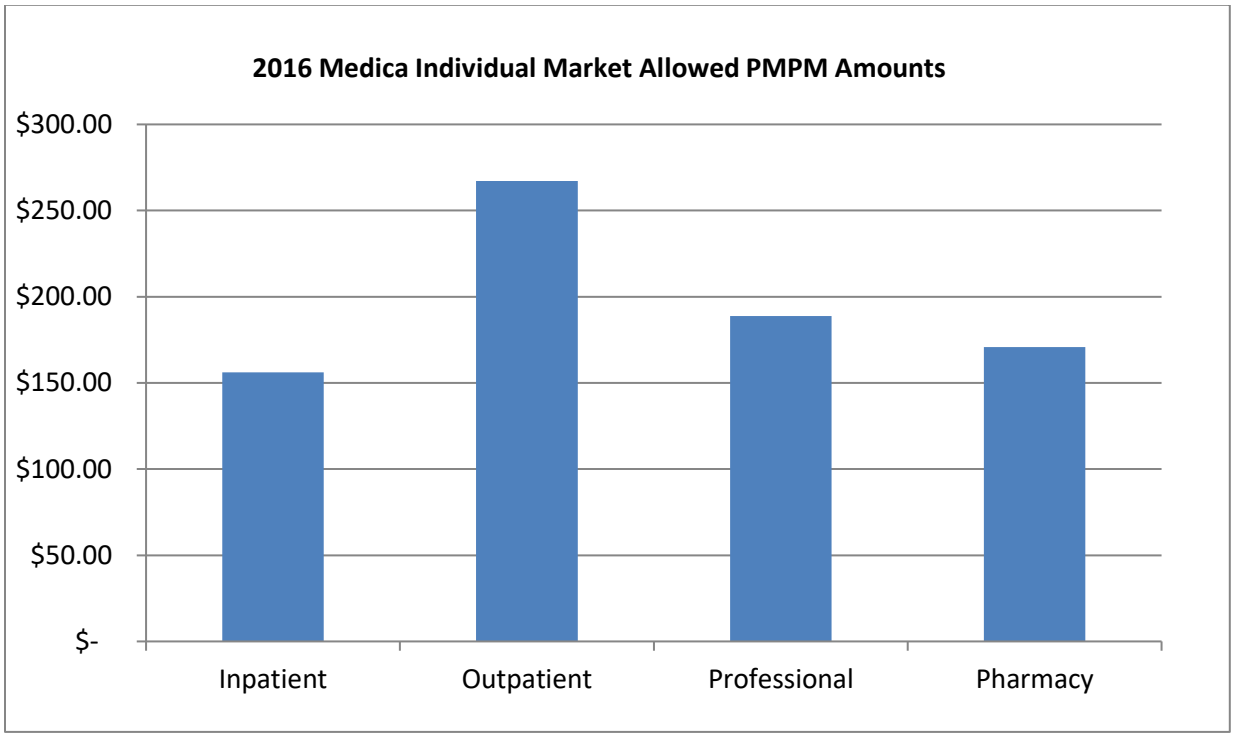
The URRT requires carriers to categorize allowed costs into Inpatient, Outpatient, Professional, Other, and Capitation. The following tables show the PMPM costs by benefit category by market for the past three years.[30,31,32]

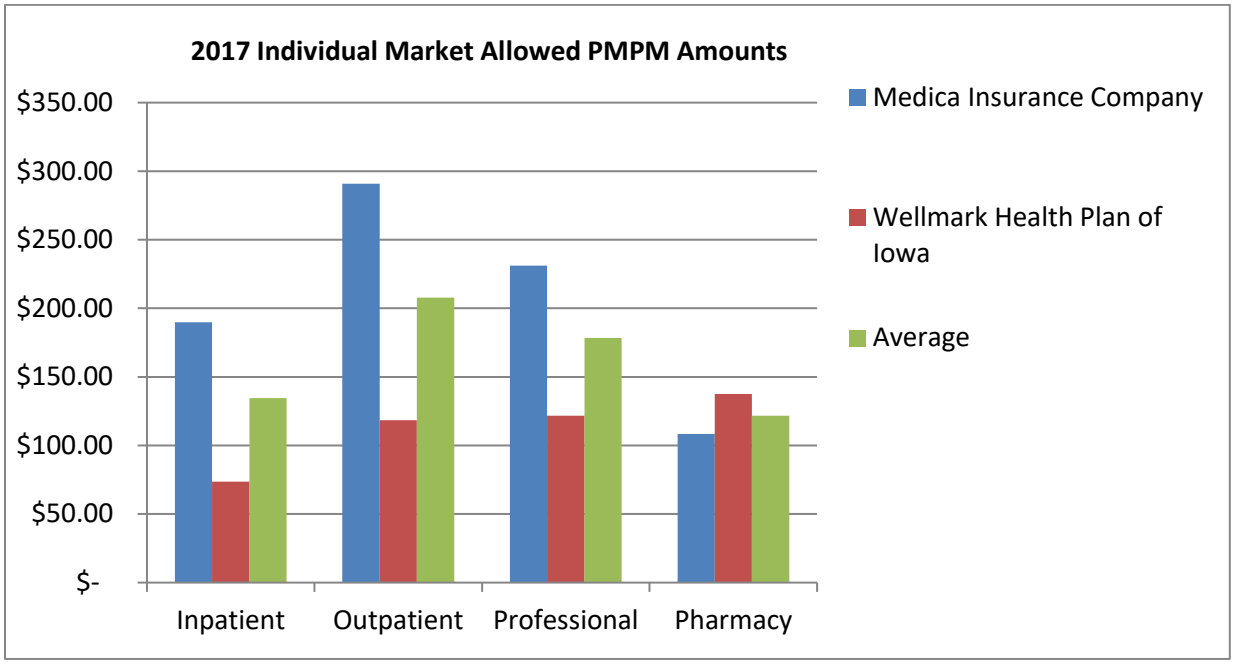
Individual Market Allowed Claims Per Member Per Month (PMPM)



[30] The benefit categories "Other" and "Capitation" are not included due to differences in reporting between carriers.
[31] The allowed amounts provided in these tables are from the carrier submitted URRTs, which represent ACA-compliant and transitional products. The carriers provided allowed amounts in the data call which differ from the allowed amounts in the URRT because of accounting differences and because they include additional business such as grandfathered plans.
[32] Only carriers with credible experience are shown, with the only exception being the 2016 Medica data because they were the only carrier who filed for 2018 rates and therefore, the only carrier that provided 2016 experience data.

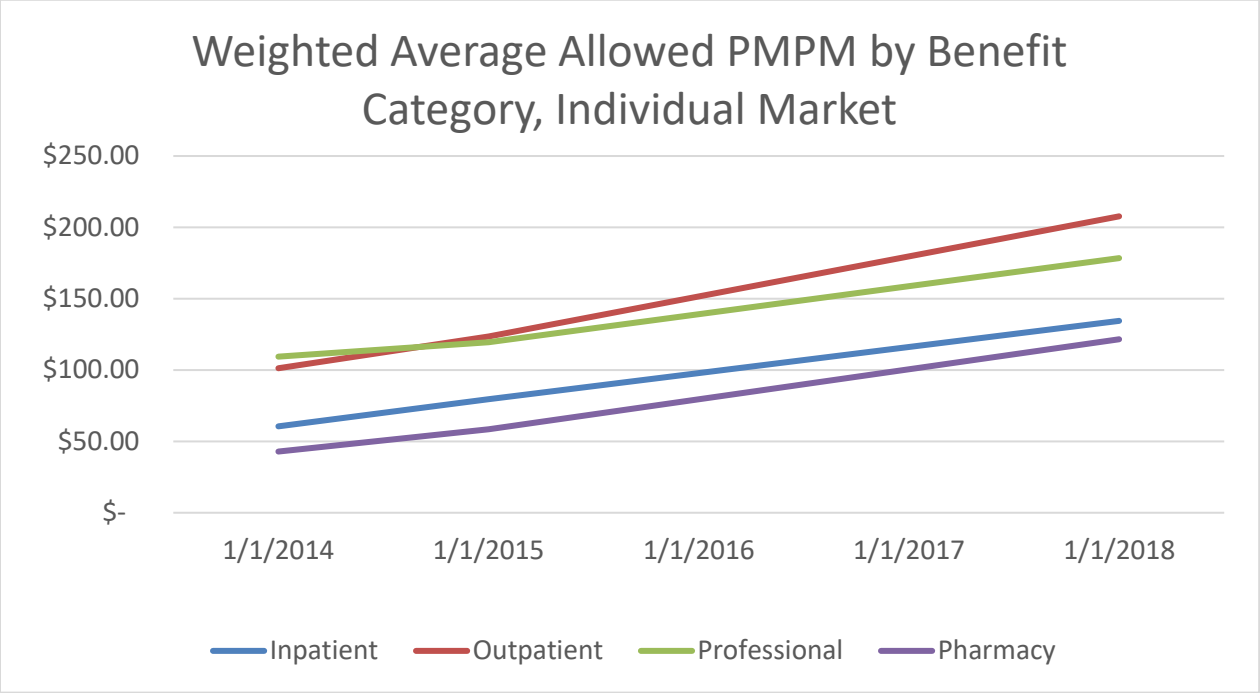

2015 Individual Market Allowed PMPM Amounts
$180.00
$160.00
$140.00
$120.00
$100.00
$80.00
$60.00
$40.00
$20.00
$-
Inpatient
Outpatient
Professional
Pharmacy
Aetna Health of Iowa Inc.
Golden Rule Insurance Company
Wellmark Health Plan of Iowa
Wellmark, Inc.
Average


2016 Medica Individual Market Allowed PMPM Amounts
$300.00
$250.00
$200.00
$150.00
$100.00
$50.00
$-
Inpatient
Outpatient
Professional
Pharmacy



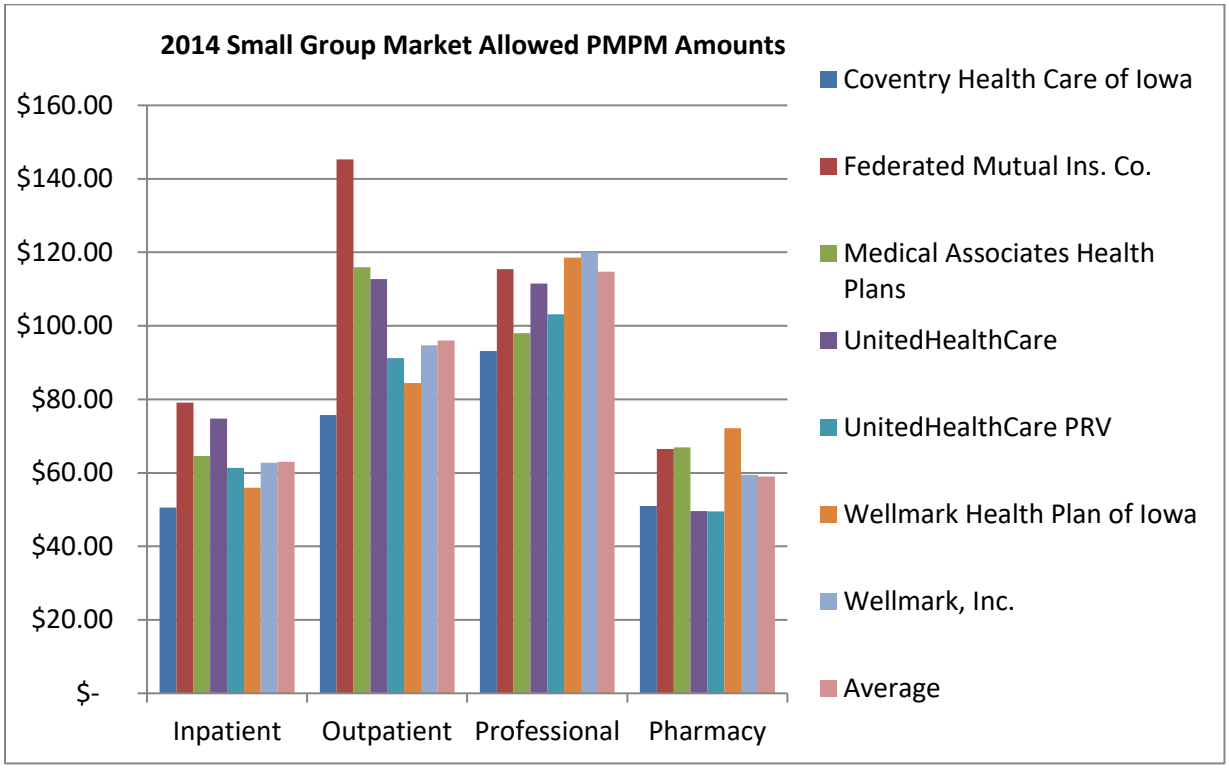
After capturing the allowed cost information by benefit category, we compared the weighted average of each benefit category year over year to show how costs by have been increasing. Note the PMPM cost can vary between carriers based on the health of the carriers' membership and therefore PMPM costs are not totally comparable, however, the weighted average should provide some context about how costs are increasing. Due to several major carriers not participating in the market in 2018 we were not able to collect credible experience for 2016 so the 2016 data is simply a linear approximation based on the increase from 2015 to 2017 in the following chart. [33]

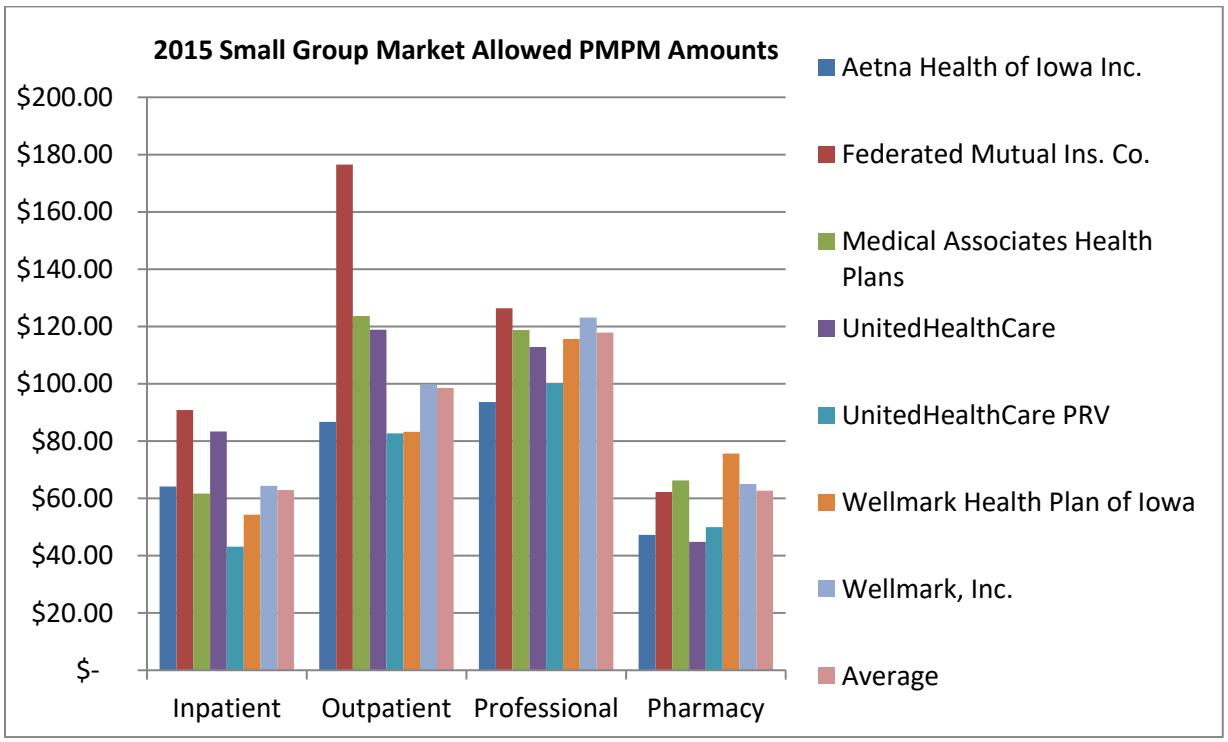
[33] We do not have credible data for 2016 in the individual market because Medica Insurance Co. is the only carrier who submitted the URRT for 2018, and their 2016 base experience allowed claims experience is not credible.

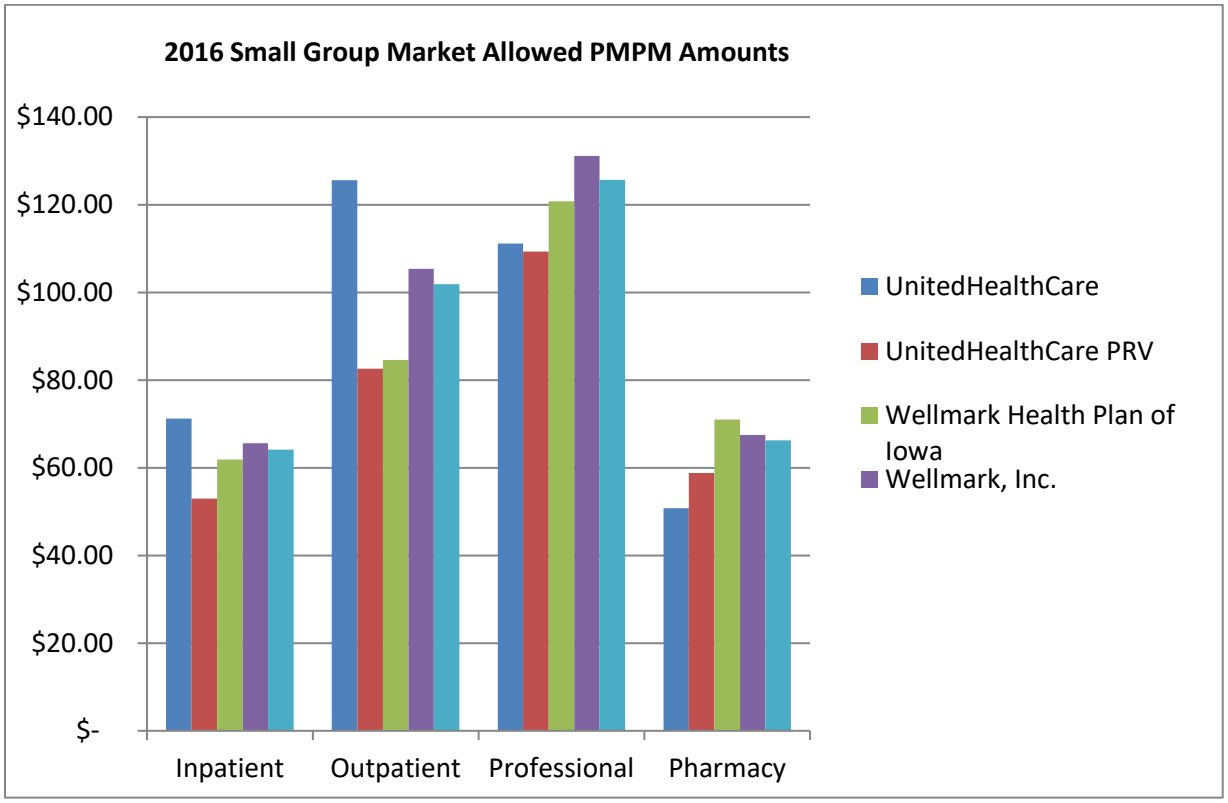


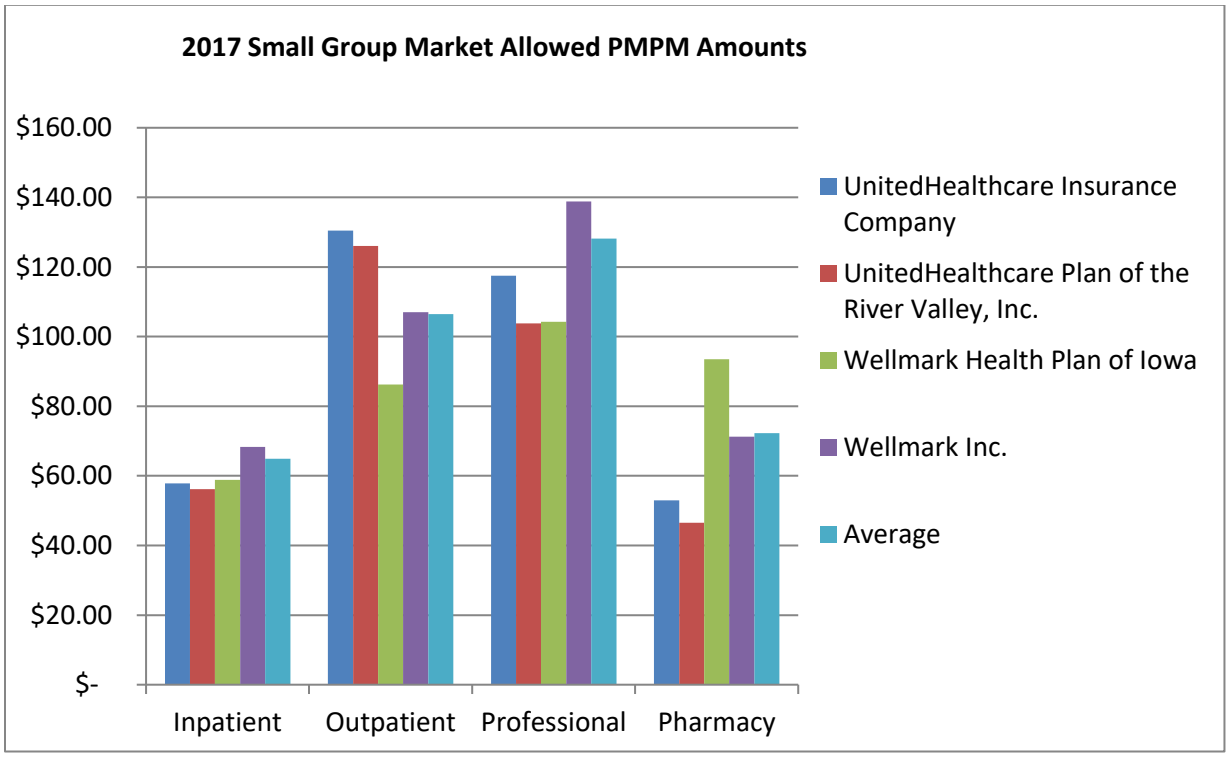
For the individual market, the weighted average increase in total allowed costs from 2014 to 2015 was 24%. The weighted average increase from 2015 to 2017 was 62%, which works out to approximately a 27% annual increase. These significant increases in allowed costs provide some context as to why the rate increases in the individual market continue to be high.

Small Group Market Allowed Claims Per Member Per Month (PMPM)

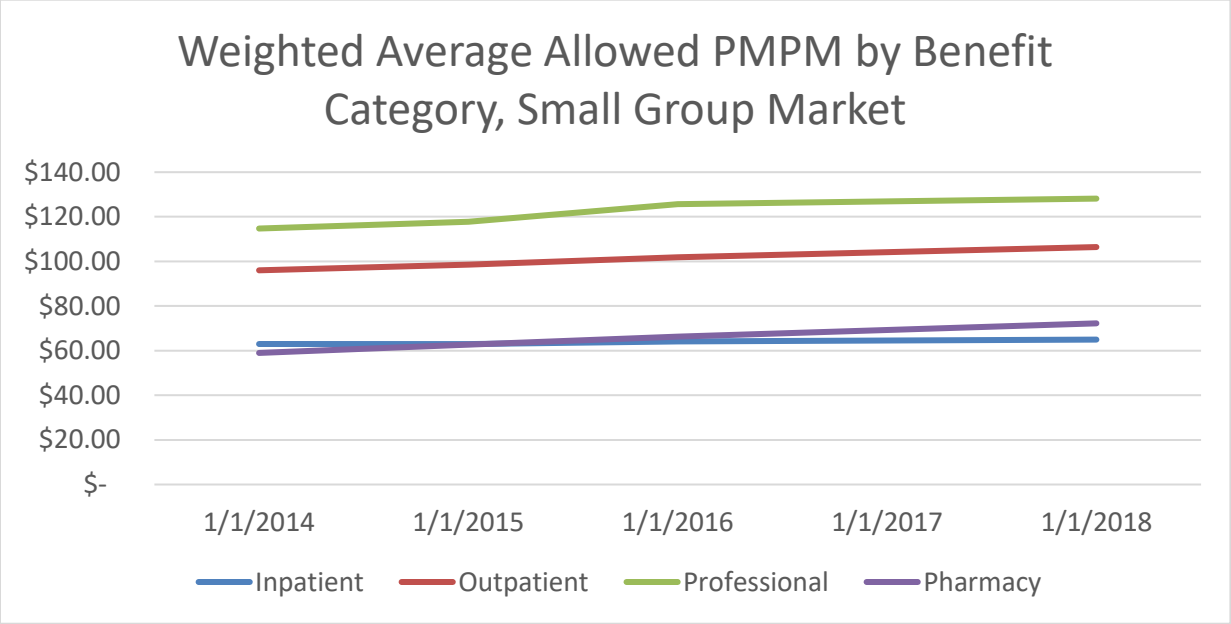





2016 Small Group Market Allowed PMPM Amounts
$140.00
$120.00
$100.00
$80.00
$60.00
$40.00
$20.00
$-
Inpatient
Outpatient
Professional
Pharmacy
UnitedHealthCare
UnitedHealthCare PRV
Wellmark Health Plan of Iowa
Wellmark, Inc.


2017 Small Group Market Allowed PMPM Amounts
$160.00
$140.00
$120.00
$100.00
$80.00
$60.00
$40.00
$20.00
$-
Inpatient
Outpatient
Professional
Pharmacy
UnitedHealthcare Insurance Company
UnitedHealthcare Plan of the River Valley, Inc.
Wellmark Health Plan of Iowa
Wellmark Inc.
Average

Similar to the individual market, we have compared the weighted average of each benefit category year over year in the small group market to show how costs by have been increasing. Unlike the individual market; however, we had credible date for all years from 2014 through 2017. The chart is displayed below.



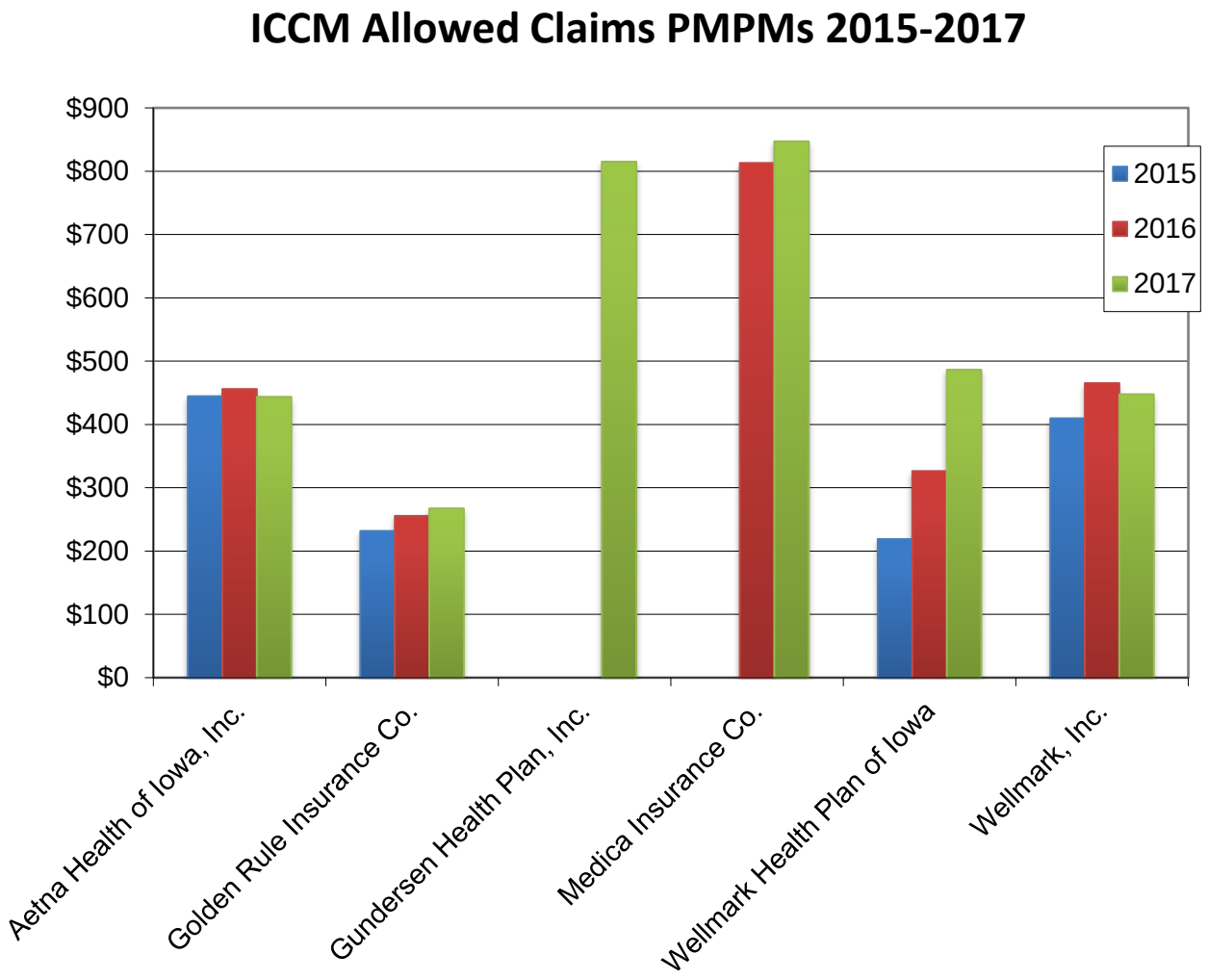
The increases in allowed costs for the small group market are much more modest with a 4% weighted average increase in total allowed costs from 2014 to 2015, 5% from 2015 to 2016, and 4% from 2016 to 2017. Some carriers have reported decreases in allowed costs. Note that the impact of increased health care expenditures and the increase in premiums are not in the same proportion. This discrepancy is due to other factors affecting premiums such as changes in benefits and changes in the population covered by a particular carrier.

There are several limitations to relying on the URRT data. As discussed above, we lacked credible information in the individual market in 2016. Additionally, the URRT experience information is only representative of ACA-compliant and transitional products, and experience from non-ACA lines of business such as grandfathered plans will not be included. The URRTs are also not provided in the large group market. For these reasons, we also collected other information from carriers from the data call.

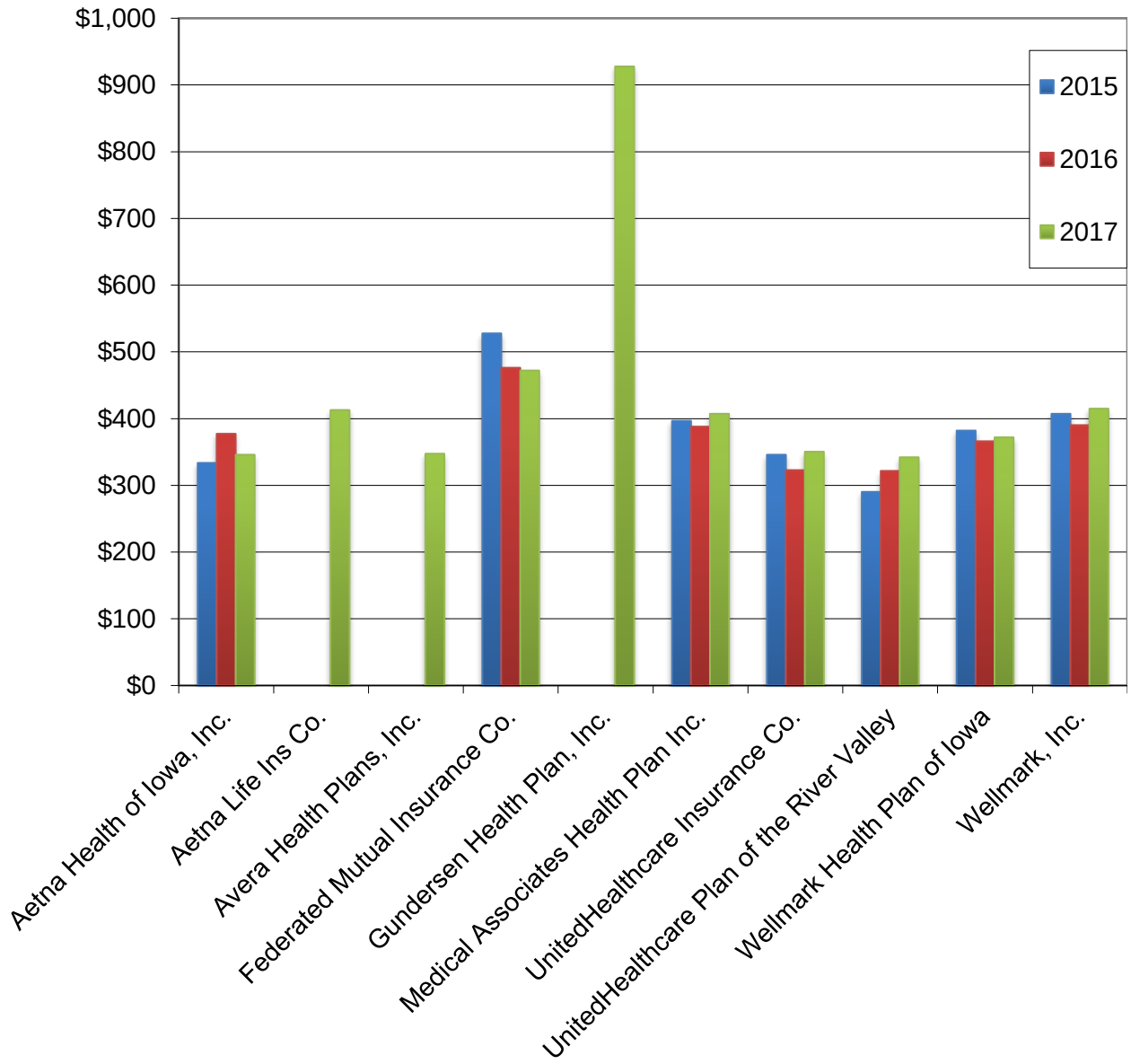
Data Call Allowed Claims Experience

For the past three data calls, we have requested that carriers provide allowed claims experience PMPM. This experience addresses the major limitations of the URRT as it is credible in all years for all markets, includes non-ACA business, and is provided in the large group market. The limitation to this data is that it is not broken into detailed benefit categories. Even at a high level, however, it provides valuable insight as premiums are primarily driven by claims.

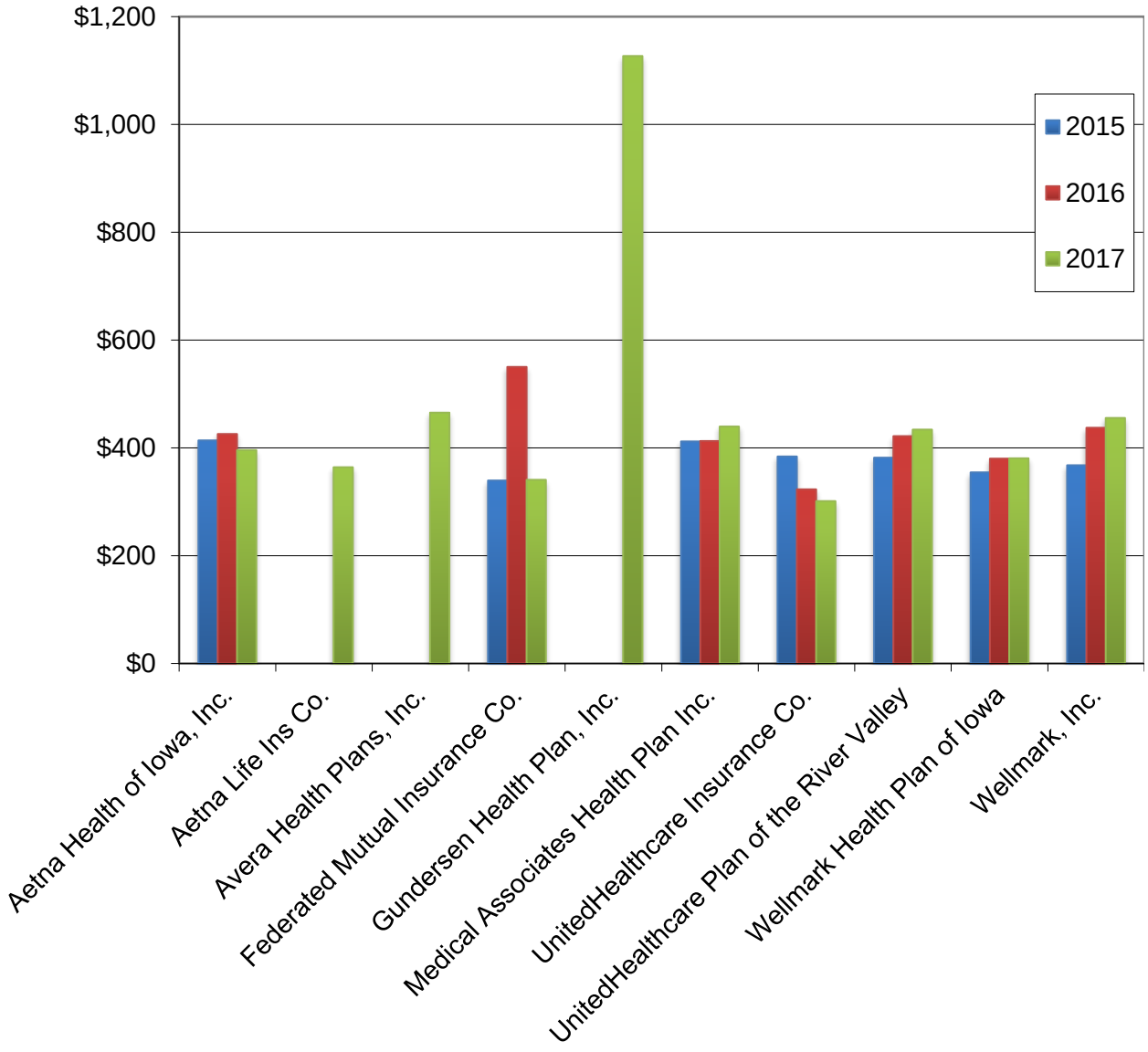
The charts below show the allowed claims PMPM by carrier. The allowed claim amounts PMPM by carrier provided in the data call are also provided in ***Appendix H***.



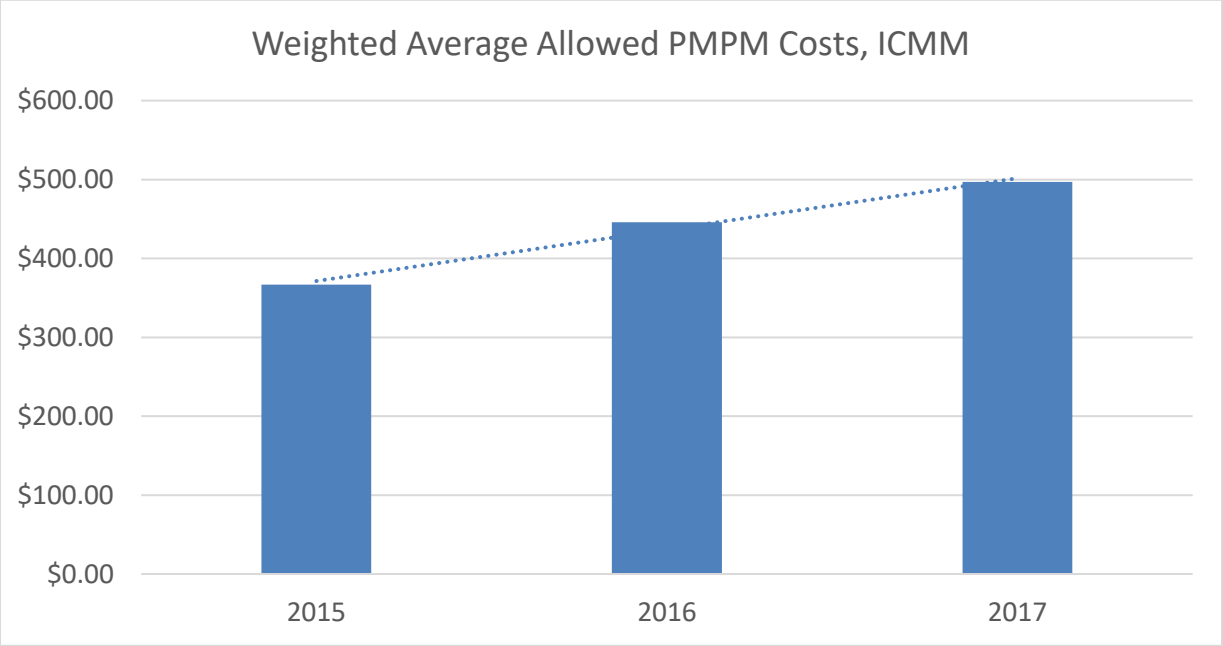
Small Group Allowed Claims PMPMs 2015-2017



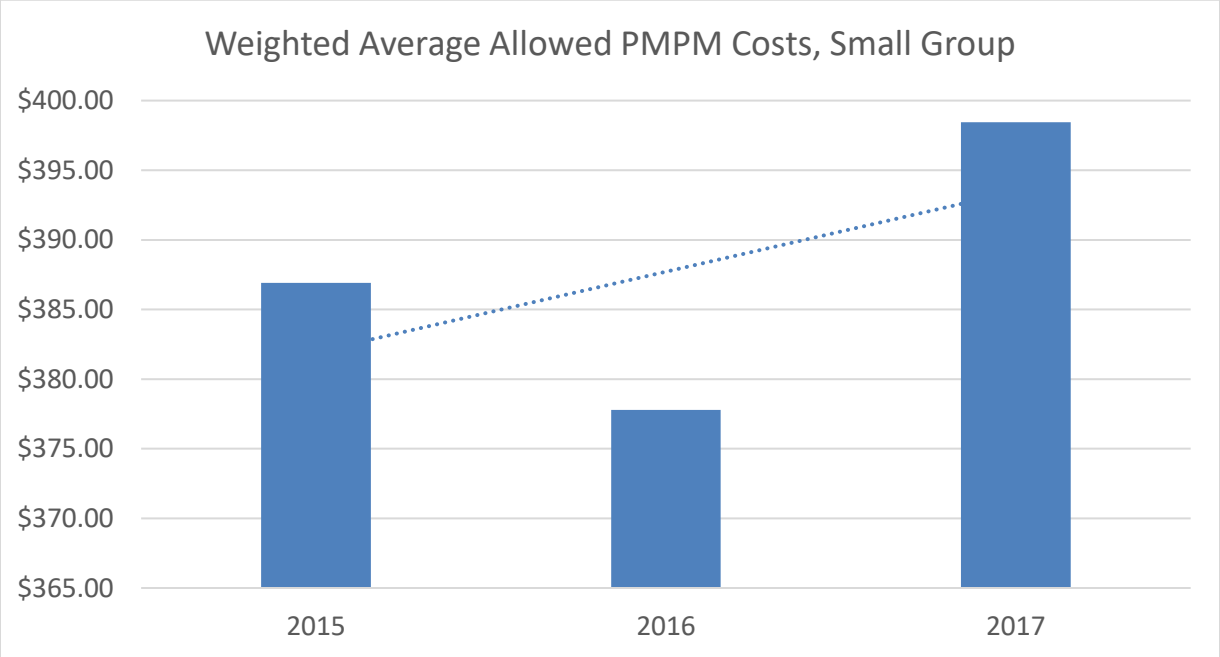
Large Group Allowed Claims PMPMs 2015-2017



The 2-year individual market weighted average PMPM allowed claim cost went from $366.54 in 2015 to $496.89 in 2017 (Overall increase of 36% or 16% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year increase in average PMPM paid claim costs is 11%.

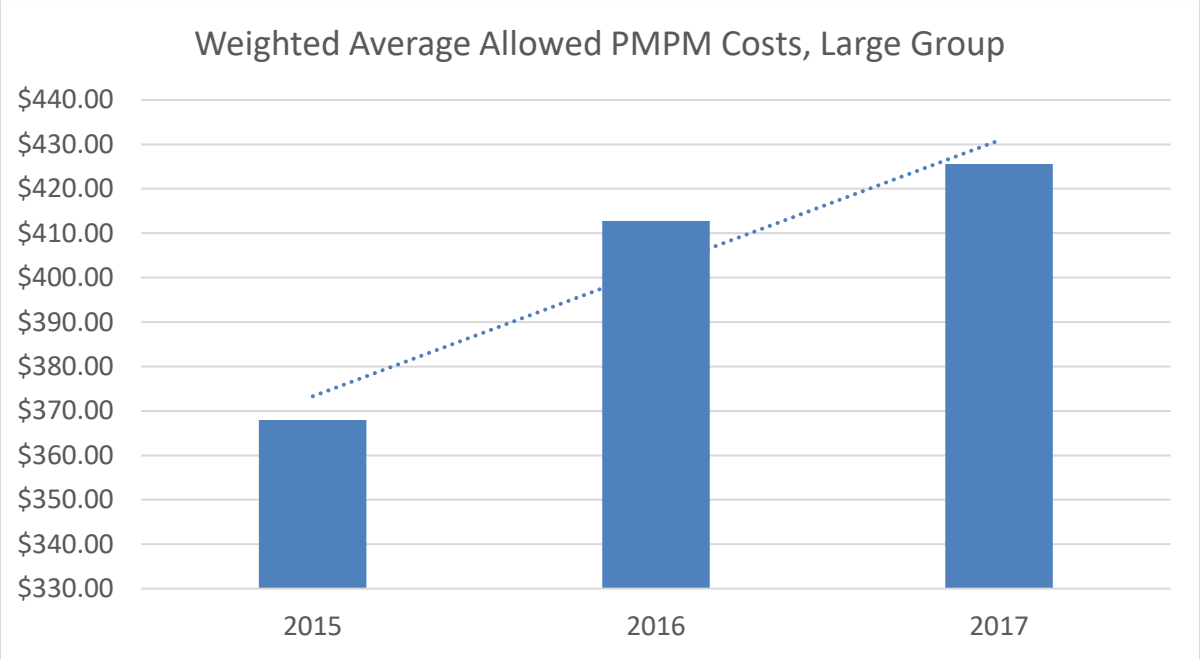


The 2-year small group market weighted average PMPM paid claim cost went from $386.90 in 2015 to $398.45 in 2017 (Overall increase of 3% or 1% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year increase in average PMPM paid claim costs is 5%.



The 2-year large group market weighted average PMPM paid claim cost went from $367.98 in 2015 to $425.58 in 2017 (Overall increase of 16% or 8% annualized increase) for the companies

included in the survey that continue to offer coverage. The 1-year increase in average PMPM paid claim costs is 3%.

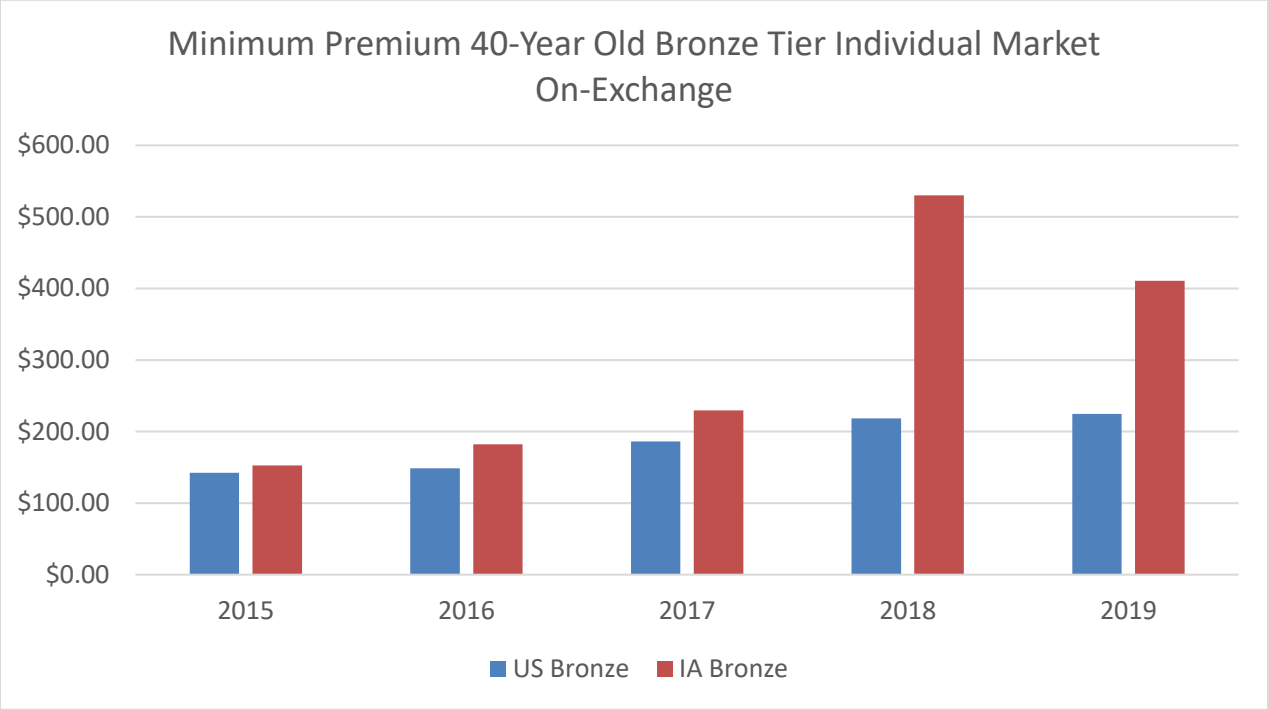


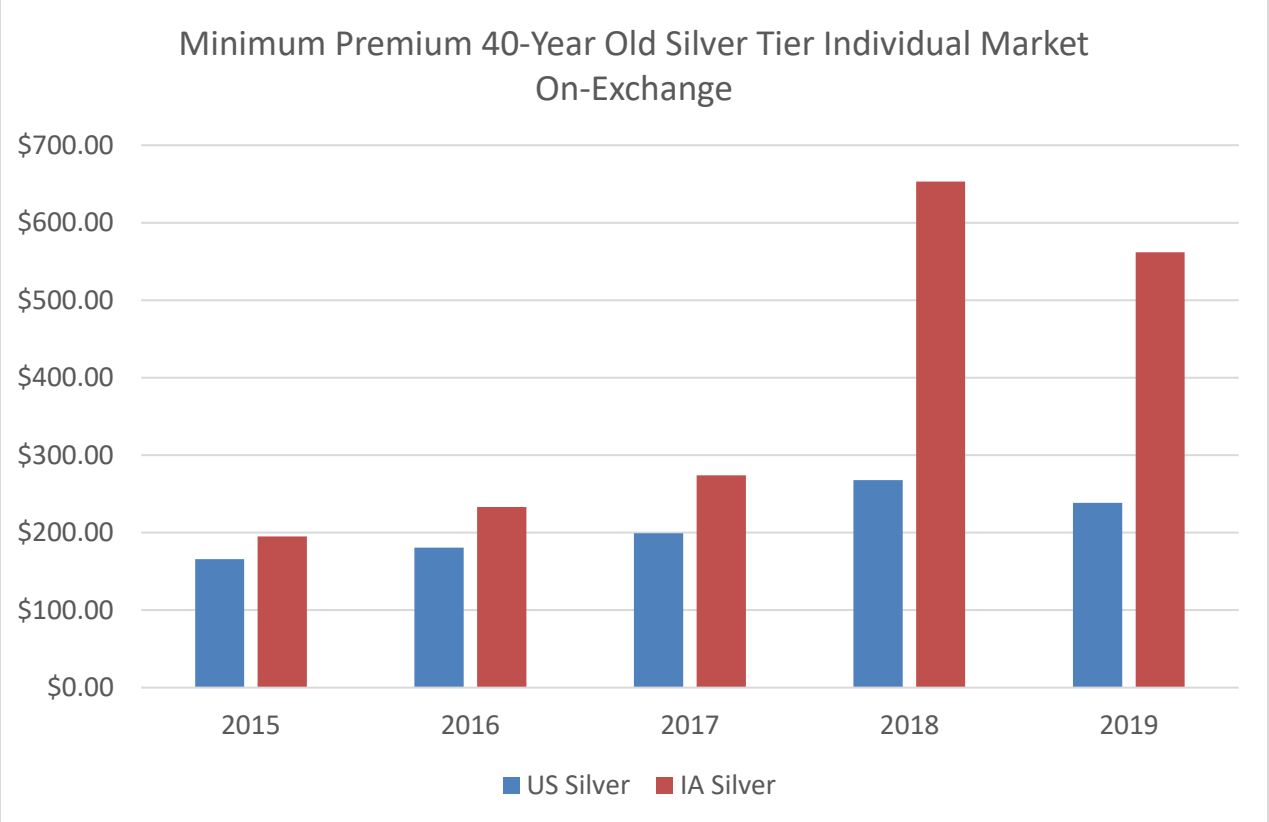
Premiums

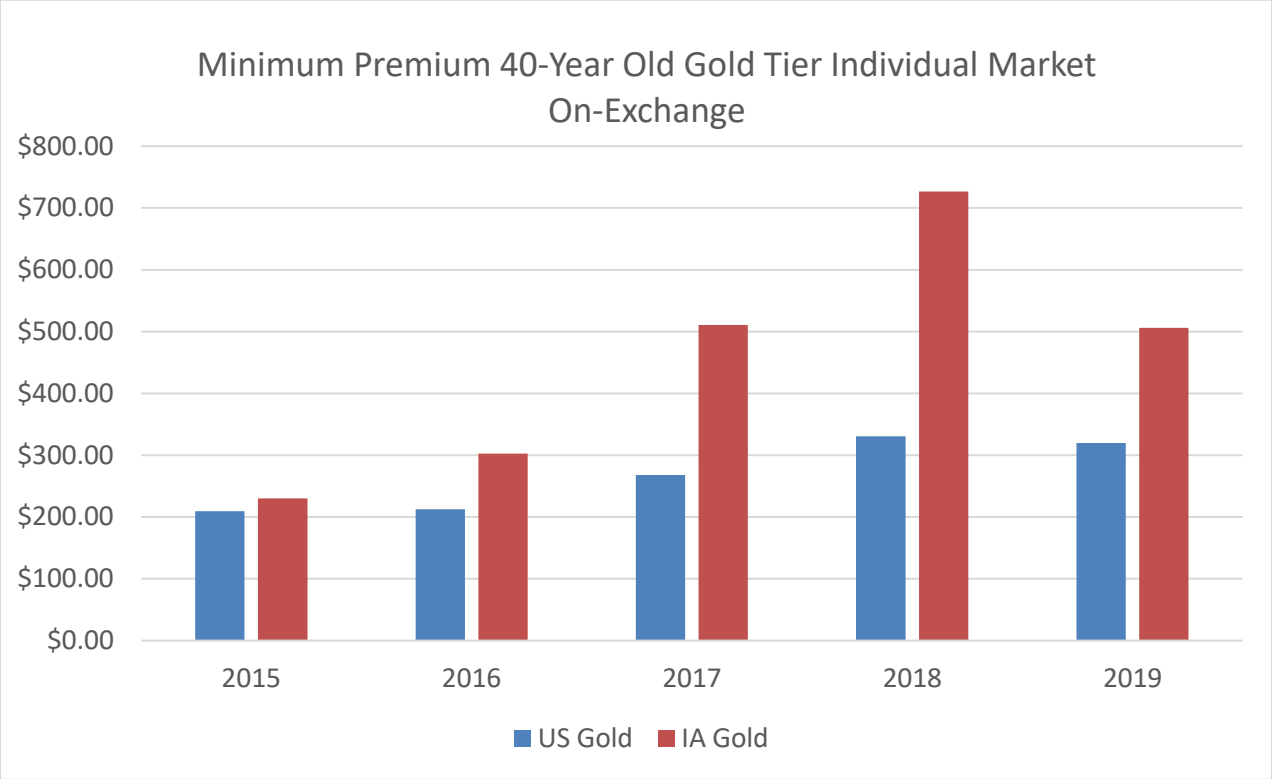
Since premiums are typically calculated based on estimated health care claims, as health care expenditures increase, premium rates increase. Premiums typically increase faster than health care expenses for many reasons. One reason for higher premium increases is that deductible amounts do not increase therefore all the increases in health care dollars are used to increase premiums, which results in a higher percentage increase. For example, if a policy has a $2,000 deductible and a $5,000 estimated claims cost ($7,000 total health care costs), and health care costs are expected to increase $700 or 10%, that is added to the estimated claims cost of $5,000 for a 14% increase in claims cost.

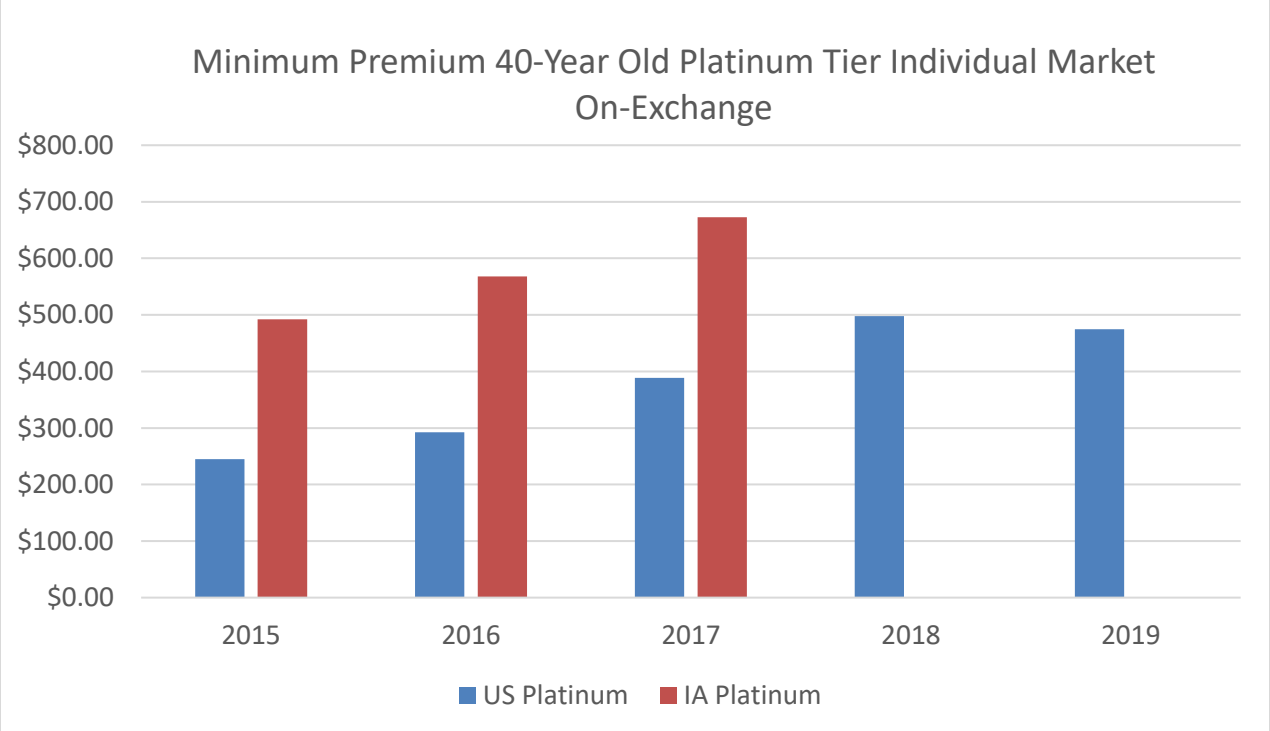
The charts below compare the average lowest cost on exchange premiums for a 40-year old by metal tier for Iowa compared to the United States overall for the past 5 years.[34,35,36]

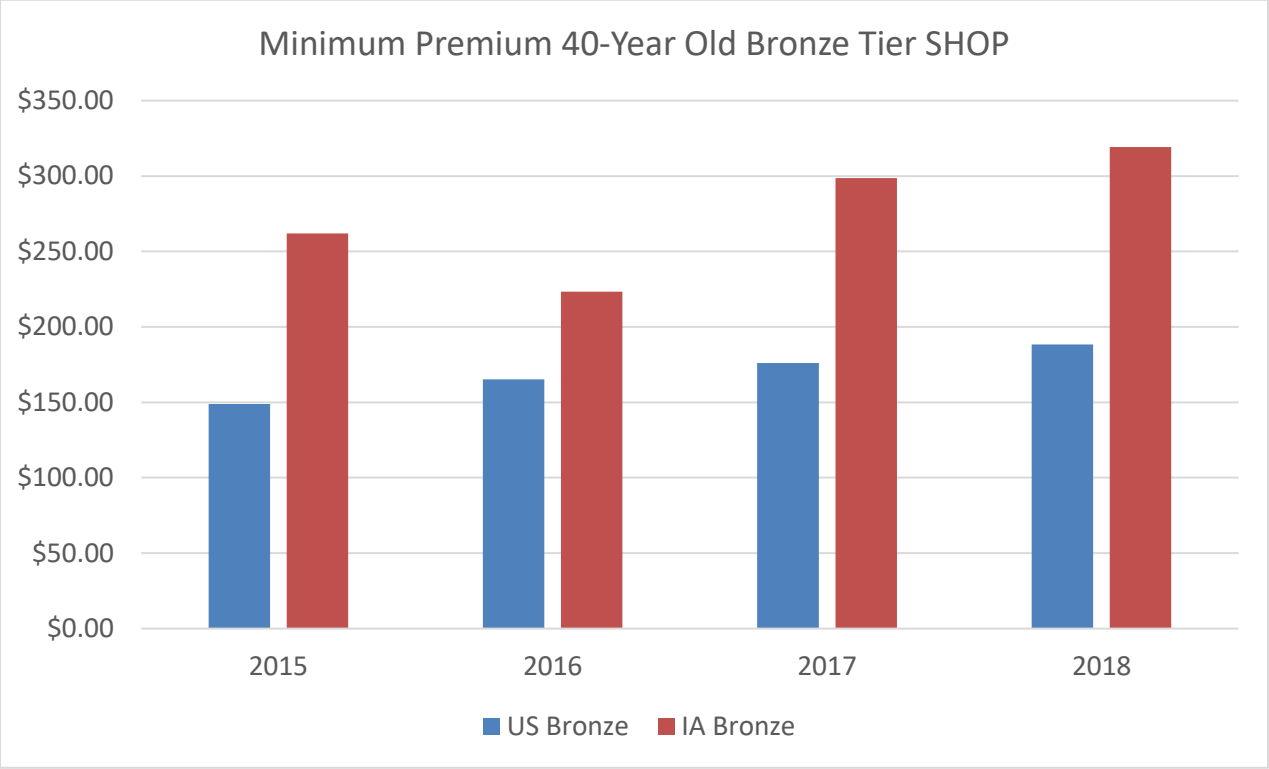
[34] Healthcare.gov. www.data.healthcare.gov. Accessed November 28, 2018.
[35] Iowa did not offer any on exchange platinum plans in 2018 or 2019.
[36] Healthcare.gov did not show any SHOP information for Iowa for 2019.

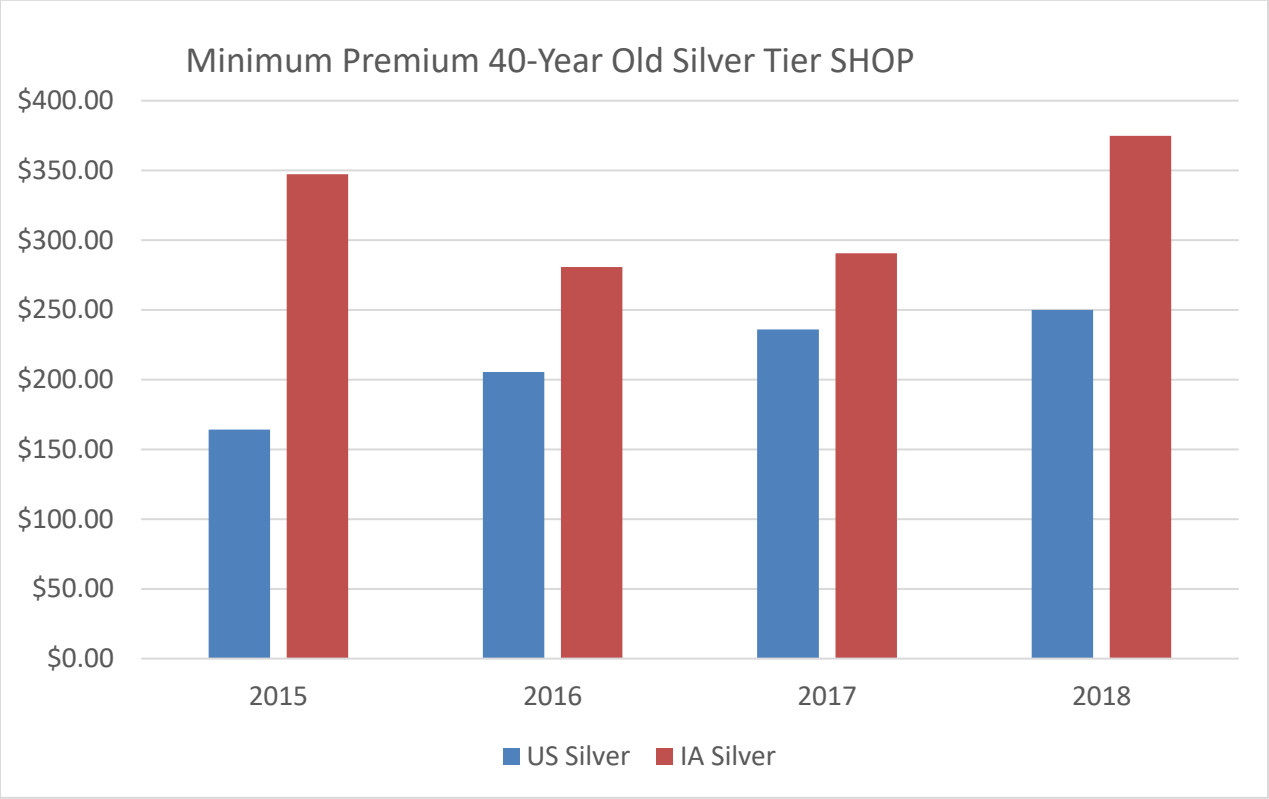

Minimum Premium 40-Year Old Bronze Tier Individual Market On-Exchange
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$0.00
2015
2016
2017
2018
2019
US Bronze
IA Bronze

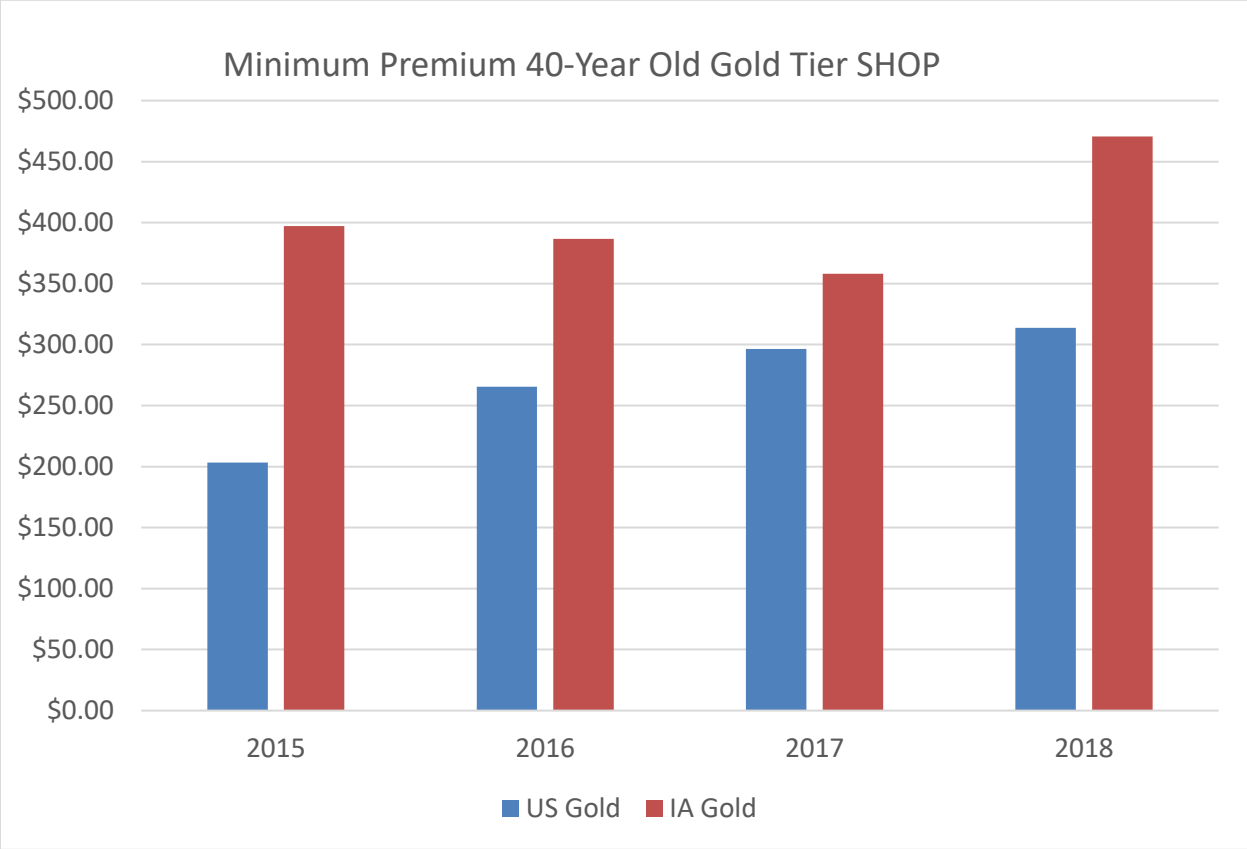

Minimum Premium 40-Year Old Silver Tier Individual Market On-Exchange
$700.00
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$0.00
2015
2016
2017
2018
2019
US Silver
IA Silver

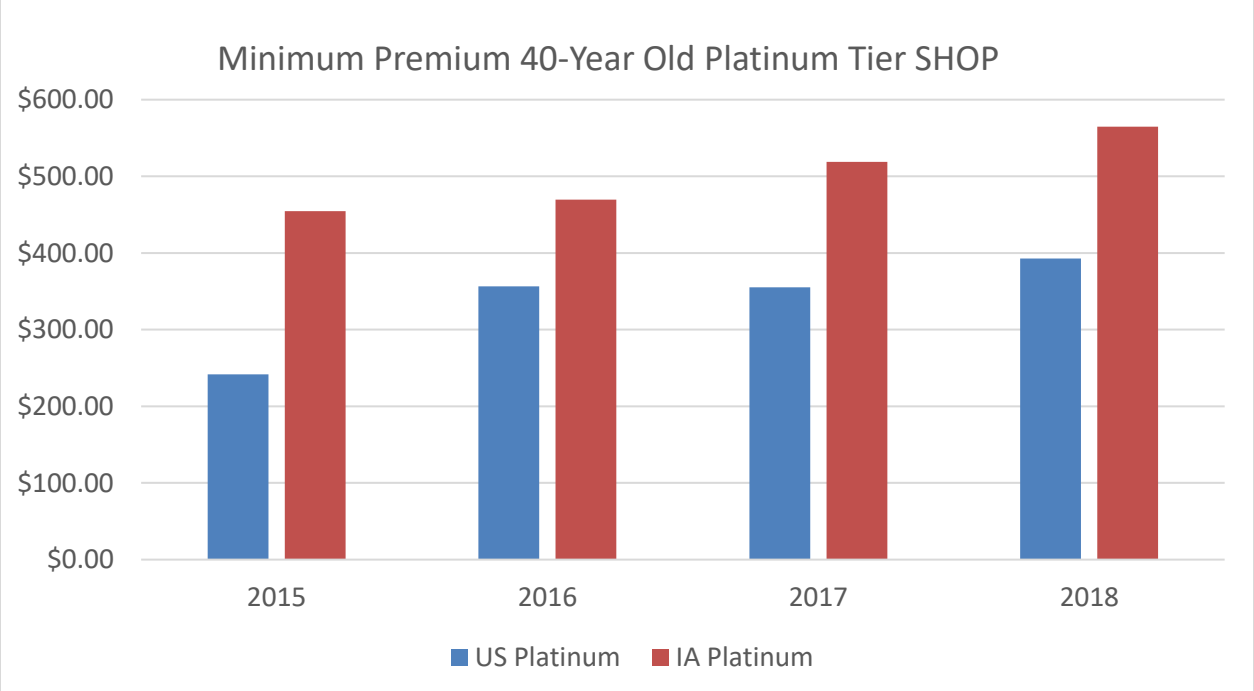

Minimum Premium 40-Year Old Gold Tier Individual Market On-Exchange
$800.00
$700.00
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$0.00
2015
2016
2017
2018
2019
US Gold
IA Gold


Minimum Premium 40-Year Old Platinum Tier Individual Market On-Exchange
$800.00
$700.00
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$0.00
2015
2016
2017
2018
2019
US Platinum
IA Platinum


Minimum Premium 40-Year Old Bronze Tier SHOP
$350.00
$300.00
$250.00
$200.00
$150.00
$100.00
$50.00
$0.00
2015
2016
2017
2018
US Bronze
IA Bronze


Minimum Premium 40-Year Old Silver Tier SHOP
$400.00
$350.00
$300.00
$250.00
$200.00
$150.00
$100.00
$50.00
$0.00
2015
2016
2017
2018
US Silver
IA Silver


Minimum Premium 40-Year Old Gold Tier SHOP
$500.00
$450.00
$400.00
$350.00
$300.00
$250.00
$200.00
$150.00
$100.00
$50.00
$0.00
2015
2016
2017
2018
US Gold
IA Gold


Minimum Premium 40-Year Old Platinum Tier SHOP
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$0.00
2015
2016
2017
2018
US Platinum
IA Platinum

Drivers of Higher Costs and Cost Reductions

d. A ranking and quantification of those factors that result in higher costs and those factors that result in lower costs for each health insurance plan offered in the state.

Many carriers were not able to break out individual, small group, and large group cost drivers. In previous reports carriers also used varying terminology and aggregation levels to describe the health care categories for the cost drivers and we consolidated the cost drivers for all carriers at total market level to avoid providing an inaccurate picture of a market segment based on limited data. This conversion was a bit problematic due to overlapping terms. For example, one carrier may have used inpatient hospital as a category, which may have included surgery costs, and another carrier broke out all surgery costs separately. All of the data provided can be found in ***Appendix D***. ***Appendix H*** shows a mapping of the original categories provided to the categories used below.

Overall, carriers reported a $114 million rise in health care costs from the top five increase drivers (down slightly from the $119.1 million reported in the 2017 data call) and $35.2 million reduction in the top five decrease drivers (up slightly from the $26.7 reported in the 2017 data call). The top five increase drivers accounted for 82% of the increases, which is consistent with the previous data call. The top five decrease drivers accounted for 81% of the decreases, which is down from 91% of the decreases in the prior data call. This seems to show that categories are rising and dropping at a more uniform rate than in past years. Consistent with our prior report, we interpret this to imply that more of the "lessor" drivers are playing a role in the increase in health care costs rather than just the top five.

The top five drivers of health care cost increases reported for 2017 are prescription drug, outpatient hospital, physician, inpatient hospital, and other. The top five services that have decreased costs are prescription drug, inpatient hospital, outpatient hospital, physician, and population change. Services can be on both lists because some aspects of a cost or service are increasing and some are decreasing. Note: a driver can be included as both an increase driver and a decrease driver because of the level of reporting. For instance, the Physician category includes services that are increasing the costs of healthcare and decreasing the cost of healthcare, which causes carriers to report Physician as an increasing and decreasing cost driver, although the increase outweighs the decrease.

The following is a ranking of the health care services that are driving increases and decreases in health insurance premiums, as reported by carriers in Iowa after consolidation and redefinition.

Increases:

Company Reported Service (Standardized Category)	Increases	% of Total Listed Increases
Prescription Drug	$34,388,917.66	25%
Outpatient Hospital	$31,565,702.94	23%
Physician	$22,980,814.37	16%
Inpatient Hospital	$13,812,129.69	10%
Other	$11,289,284.22	8%
MH/CD	$8,021,719.36	6%
Diagnostic Imaging	$5,257,991.89	4%
Emergency Room	$4,931,282.08	4%
Laboratory	$2,532,603.82	2%
Population Change	$1,560,000.00	1%
Deductible Leveraging	$1,300,000.00	1%
Ambulance	$1,107,398.41	1%
Skilled Nursing Facilities	$437,190.22	0%
Preventive	$187,068.66	0%
X-Ray	$133,690.17	0%

Decreases:

Company Reported Service (Standardized Category)	Decreases	% of Total Listed Decreases
Prescription Drug	$(12,673,898)	29%
Inpatient Hospital	$(9,468,412)	22%
Outpatient Hospital	$(6,102,355)	14%
Physician	$(3,770,556)	9%
Population Change	$(3,144,496)	7%
Other	$(2,950,996)	7%
MH/CD	$(1,844,065)	4%
Ambulance	$(1,180,197)	3%
Benefit Changes	$(748,899)	2%
Diagnostic Imaging	$(402,963)	1%
Skilled Nursing Facilities	$(367,279)	1%
X-Ray	$(219,605)	1%
Medical Technology	$(190,014)	0%
Deductible Leveraging	$(90,000)	0%
Laboratory	$(66,000)	0%
Emergency Room	$(62,591)	0%

Increase and Decrease Netted by Service:

Company Reported Service (Standardized Category)	Decreases	Increases	Net Change	% of Total Net Change
Outpatient Hospital	-$6,102,355.08	$31,565,702.94	$25,463,347.86	26%
Prescription Drug	-$12,673,898.24	$34,388,917.66	$21,715,019.42	23%
Physician	-$3,770,556.15	$22,980,814.37	$19,210,258.22	20%
Other	-$2,950,995.67	$11,289,284.22	$8,338,288.55	9%
MH/CD	-$1,844,065.34	$8,021,719.36	$6,177,654.02	6%
Emergency Room	-$62,591.12	$4,931,282.08	$4,868,690.96	5%
Diagnostic Imaging	-$402,962.55	$5,257,991.89	$4,855,029.34	5%
Inpatient Hospital	-$9,468,411.55	$13,812,129.69	$4,343,718.14	5%
Laboratory	-$66,000.00	$2,532,603.82	$2,466,603.82	3%
Deductible Leveraging	-$90,000.00	$1,300,000.00	$1,210,000.00	1%
Preventive		$187,068.66	$187,068.66	0%
Skilled Nursing Facilities	-$367,279.27	$437,190.22	$69,910.95	0%
Ambulance	-$1,180,197.33	$1,107,398.41	-$72,798.92	0%
X-Ray	-$219,604.55	$133,690.17	-$85,914.38	0%
Medical Technology	-$190,013.54		-$190,013.54	0%
Benefit Changes	-$748,899.35		-$748,899.35	-1%
Population Change	-$3,144,496.07	$1,560,000.00	-$1,584,496.07	-2%
Net Listed Changes	-$43,282,325.82	$139,505,793.51	$96,223,467.69	100%

Reserves, Capital and Surplus, Risk-based Capital

e. The current capital and surplus, and amounts held in reserve by each health insurance carrier licensed to do business in the state.

Reserves

Reserves represent liabilities that are set aside to pay claims that have been incurred but have not been paid as of the financial statement date. Reserves vary significantly by the size of the carrier. Carriers are required to hold sufficient reserves to pay for claims that have not been paid and for the possibility that in the future claims will be higher than premiums. It is important for policyholder safety that these reserves are set aside to ensure that claims can be paid. If sufficient reserves are not set-aside in the form of liabilities, there is a danger that the carrier will not be able to pay claims. Carriers are required to provide an actuarial opinion with their statutory annual financial statement from an actuary with experience in the type of insurance sold by the carrier verifying that reserves will be adequate to pay claims. Therefore, the level of reserves held represents the level of claims that the carrier is liable for and has not paid as of the financial statement date.

The following table shows the 2017 reserves held by each carrier to pay claims:

Company	2017 Reserves
Aetna Health of Iowa, Inc.	56,639,031
Aetna Life Ins. Co.	6,742,659,813
Avera Health Plans, Inc.	35,236,650
Federated Mutual Ins. Co.	31,255,452
Golden Rule Ins. Co.	213,497,231
Gundersen Health Plan, Inc.	10,301,862
Medica Ins. Co.	230,974,408
Medical Assoc. Health Plan, Inc.	9,650,160
UnitedHealthcare Ins. Co.	6,889,031,292
UnitedHealthcare Plan of the River Valley	643,927,368
Wellmark Health Plan of IA, Inc.	44,880,168
Wellmark, Inc.	434,243,284

Capital and Surplus

Capital and surplus represents the financial resources available to a company that protect it from insolvency in years when it experiences adverse financial situations such as underwriting losses or loss in the value of its assets. The total value of the risks increase by the size of the company, since losses are experienced as a percentage of premiums or a percentage of assets so as a company has higher premium volume or more assets the total amount of risk is larger.

When capital and surplus rise above the level needed for solvency protection, a company can use it for other purposes such as capital investments to continue to operate efficiently, expand operations, stockholder dividends (for-profit organizations), policyholder dividends (mutual insurance companies), or as additional protection against adverse situations.

Capital and surplus by company for 2017 is displayed below:

Company	2017 Capital and Surplus
Aetna Health of Iowa, Inc.	37,492,972
Aetna Life Ins. Co.	2,841,231,315
Avera Health Plans, Inc.	31,759,550
Federated Mutual Ins. Co.	3,362,511,677
Golden Rule Ins. Co.	195,364,397
Gundersen Health Plan, Inc.	21,798,530
Medica Ins. Co.	420,967,164
Medical Assoc. Health Plan, Inc.	20,760,471
UnitedHealthcare Ins. Co.	6,352,210,564
UnitedHealthcare Plan of the River Valley	446,288,192
Wellmark Health Plan of IA, Inc.	189,621,169
Wellmark, Inc.	1,524,119,468

Risk-based Capital

A complete set of data can be found in ***Appendix E.***

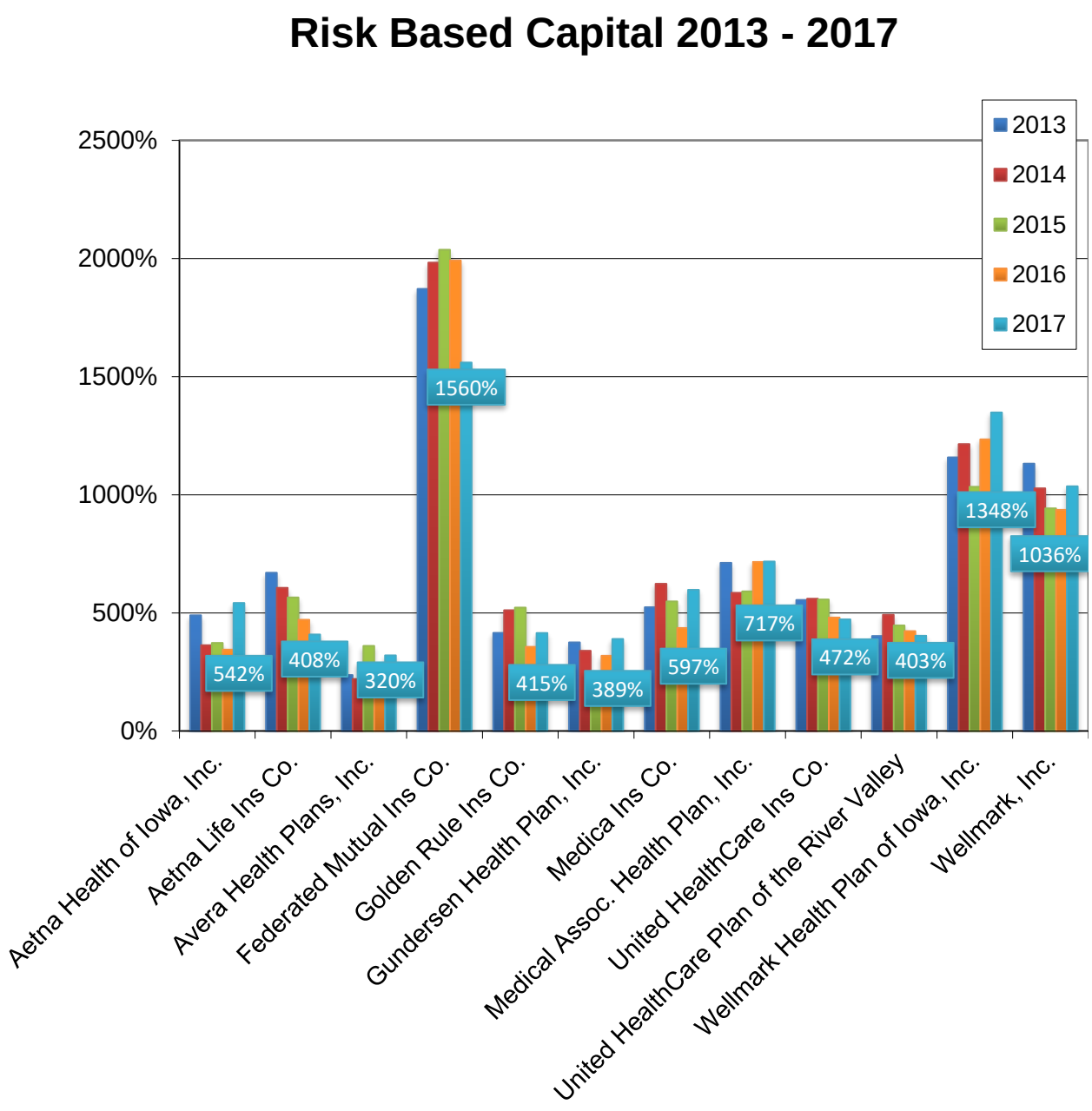
We have included not only the capital and surplus, but also the risk-based capital (RBC). RBC is a measure developed by the National Association of Insurance Commissioners (NAIC) and measures a company's capital compared to some of its risk as measured by the NAIC Health RBC formula.

The 2017 RBC for the companies in this report varied from 320% to 1560%. In 2016 the companies that reported varied from 344% to 1193%.

The following table shows the RBC percentages for 2017:

Company	2017 RBC
Aetna Health of Iowa, Inc.	542%
Aetna Life Ins. Co.	408%
Avera Health Plans, Inc.	320%
Federated Mutual Ins. Co.	1560%
Golden Rule Ins. Co.	415%
Gundersen Health Plan, Inc.	389%
Medica Ins. Co.	597%
Medical Assoc. Health Plan, Inc.	717%
UnitedHealthcare Ins. Co.	472%
UnitedHealthcare Plan of the River Valley	403%
Wellmark Health Plan of IA, Inc.	1348%
Wellmark, Inc.	1036%

RBC by company for the last five years is displayed below:



Generally, falling RBC is an indication of losses in a company and rising RBC is an indication of profits in a company if the premium volume is relatively stable.

Medical Trends

f. A listing of any apparent medical trends affecting health insurance costs in the state.

The answer to item d. above, drivers of higher costs and cost reductions, provides a more thorough response to this question, but carriers listed Prescription Drug ($34,388,918) (an increase), as the top driver of healthcare cost overall. The next four largest magnitude drivers are Outpatient Hospital ($31,300,558 - an increase), Physician ($22,980,814 - an increase), Inpatient Hospital ($13,812,130 - an increase), and Other ($11,289,284 – an increase). In all cases of overlap, the increasing aspects were higher than the decreasing aspects.

We standardized the answers provided by carriers. We tallied how many carriers identified each category as affecting the decrease or the increase of health insurance costs. The most commonly listed trends affecting health insurance costs include: (***See Appendix F***)

	# of Companies	
Company Reported Service (Standardized Category)	**Decrease**	**Increase**
Ambulance	5	4
Benefit Changes	1	
Deductible Leveraging	1	1
Diagnostic Imaging	3	6
Emergency Room	2	7
Inpatient Hospital	6	10
Laboratory	1	4
Medical Technology	3	
MH/CD	5	4
Other	5	9
Outpatient Hospital	7	10
Physician	6	10
Population Change	2	1
Prescription Drug	2	9
Preventive		3
Skilled Nursing Facilities	3	3
X-Ray	1	1

Additional Data – Risk Adjustment and PMPM Costs

g. Any additional data or analysis deemed appropriate by the Commissioner to provide the general assembly with pertinent health insurance cost information.

A complete set of PMPM incurred cost, allowed cost, and non-benefit cost data can be found in ***Appendix G.***

The reinsurance and risk adjustment programs were started by the ACA to stabilize the individual and small group markets during the implementation of the ACA. The reinsurance program was a temporary program that was funded by all health insurers and reimbursed health insurers in the individual market for large claims. However, it ended in 2016 and therefore is not included in this report. The risk adjustment program is a permanent program intended to prohibit risk selection by insurers by transferring funds from plans with low-cost enrollees to plans with high-cost enrollees for the individual and small group market. Every year, CMS produces a report, which details the payments that were made. We have summarized the information below on a PMPM and a total basis.[37]

ICMM Risk Adjustment	**2014**	**2015**	**2016**	**2017**
Total Dollar ($) Amounts				
Aetna Health of Iowa, Inc.	-$9,236,606	-$10,780,079	-$10,630,845	-$11,297,094
Gundersen Health Plan, Inc.	-$19,844	$160,861	$365,004	-$665,137
Medica Ins Co.			-$59,529	$1,677,488
Wellmark Health Plan of Iowa	-$2,547,980	-$4,391,486	-$5,781,185	$799,925
Wellmark, Inc.	$4,605,848	$16,573,829	$18,333,353	$10,322,659
Per Member Per Month (PMPM) Amounts				
Aetna Health of Iowa, Inc.	-$35	-$21	-$22	-$30
Gundersen Health Plan, Inc.	-$52	$218	$352	-$155
Medica Ins Co.			-$4	$11
Wellmark Health Plan of Iowa	-$6	-$10	-$61	$9
Wellmark, Inc.	$5	$21	$28	$23

[37] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not included in the data call for 2013-2016 information, therefore, the member months used to calculate the risk adjustment PMPMs are from the NAIC Supplemental Health Care Exhibit.

Small Group Total Risk Adjustment	2014	2015	2016	2017
Total Dollar ($) Amounts				
Aetna Health of Iowa, Inc.	-$142,787	$459,305	-$547,629	-$448,020
Aetna Life Ins Co.				-$106,452
Avera Health Plans, Inc.	-$8,631	-$22,574	-$83,219	$111,050
Federated Mutual Ins Co.	-$24,093	-$76,811	$296,595	-$642,171
Gundersen Health Plan, Inc.	-$46,725	$26,940	-$143,578	-$106,992
Medical Assoc. Health Plan, Inc.	-$285,469	$370,974	$197,923	$237,746
United HealthCare Ins Co.	$111,696	-$608,398	-$1,265,066	-$1,173,005
United HealthCare Plan of the RV	-$54,443	$855,195	$697,193	$414,994
Wellmark Health Plan of Iowa	$501,033	-$1,170,300	-$3,821,569	-$874,644
Wellmark, Inc.	$3,535,404	$3,724,625	$4,987,083	$3,386,560
Per Member Per Month (PMPM) Amounts				
Aetna Health of Iowa, Inc.	-$2	$10	-$5	-$8
Aetna Life Ins Co.				-$20
Avera Health Plans, Inc.	-$1	-$4	-$14	$24
Federated Mutual Ins Co.	-$1	-$3	$13	-$34
Gundersen Health Plan, Inc.	-$13	$21	-$115	-$85
Medical Assoc. Health Plan, Inc.	-$10	$13	$8	$10
United HealthCare Ins Co.	$1	-$5	-$13	-$11
United HealthCare Plan of the RV	$0	$6	$6	$4
Wellmark Health Plan of Iowa	$2	-$5	-$12	-$3
Wellmark, Inc.	$3	$3	$4	$3

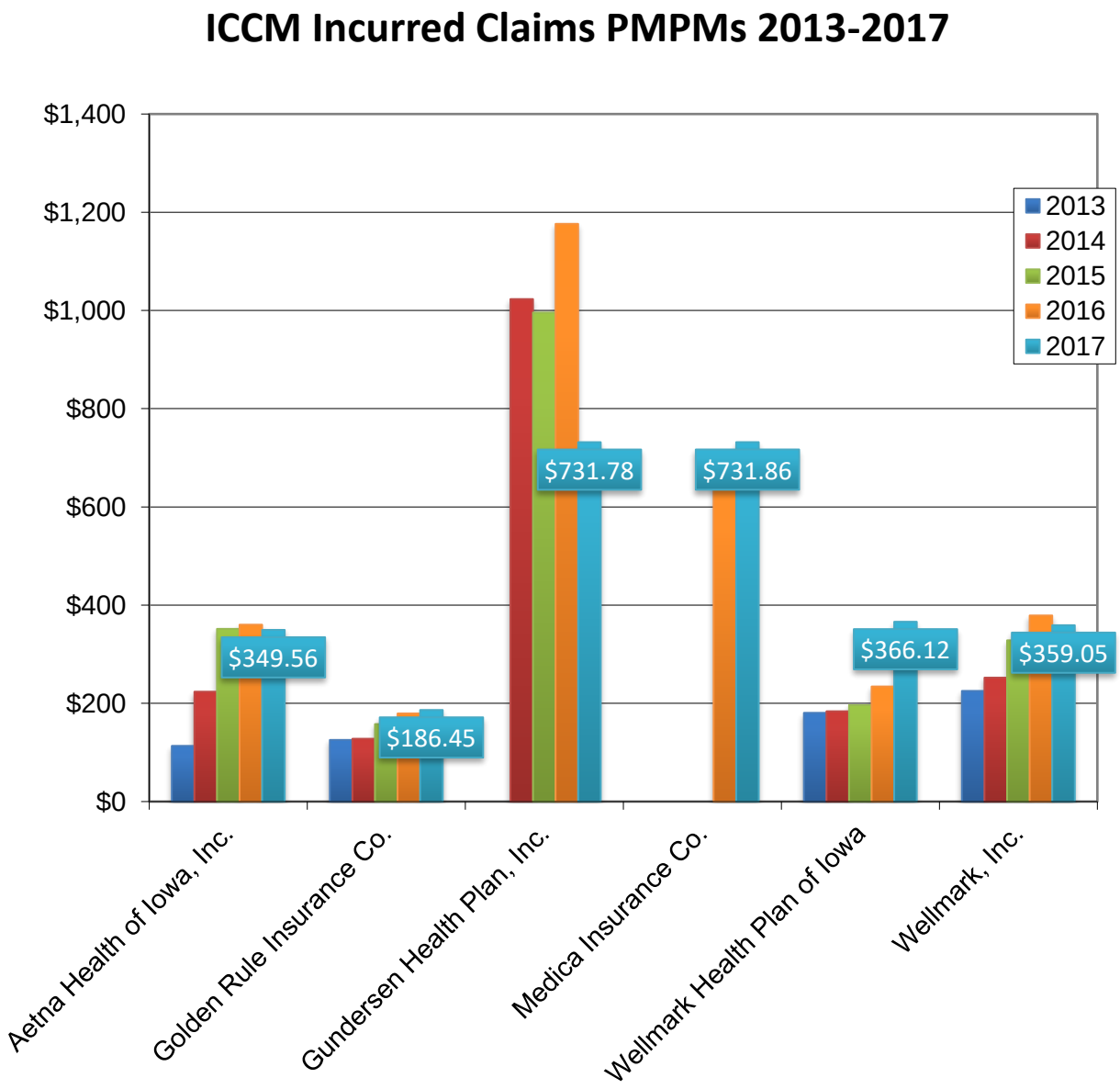
Information was requested from carriers for per-member-per-month (PMPM) health care cost by market segment. Many factors affect the PMPM costs such as wide variation on benefit design, which reduced comparability. That said, PMPM costs do provide some insight into affordability of health insurance in Iowa, because higher PMPM health care costs result in higher health insurance premiums.

The 3-year individual market weighted average PMPM paid claim cost went from $225.08 in 2014 to $400.79 in 2017 (Overall increase of 78% or 21% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year increase in average PMPM paid claim costs is 12%.

The 3-year small group market weighted average PMPM paid claim cost went from $271.26 in 2014 to $316.60 in 2017 (Overall increase of 17% or 5% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year increase in average PMPM paid claim costs is 6%.

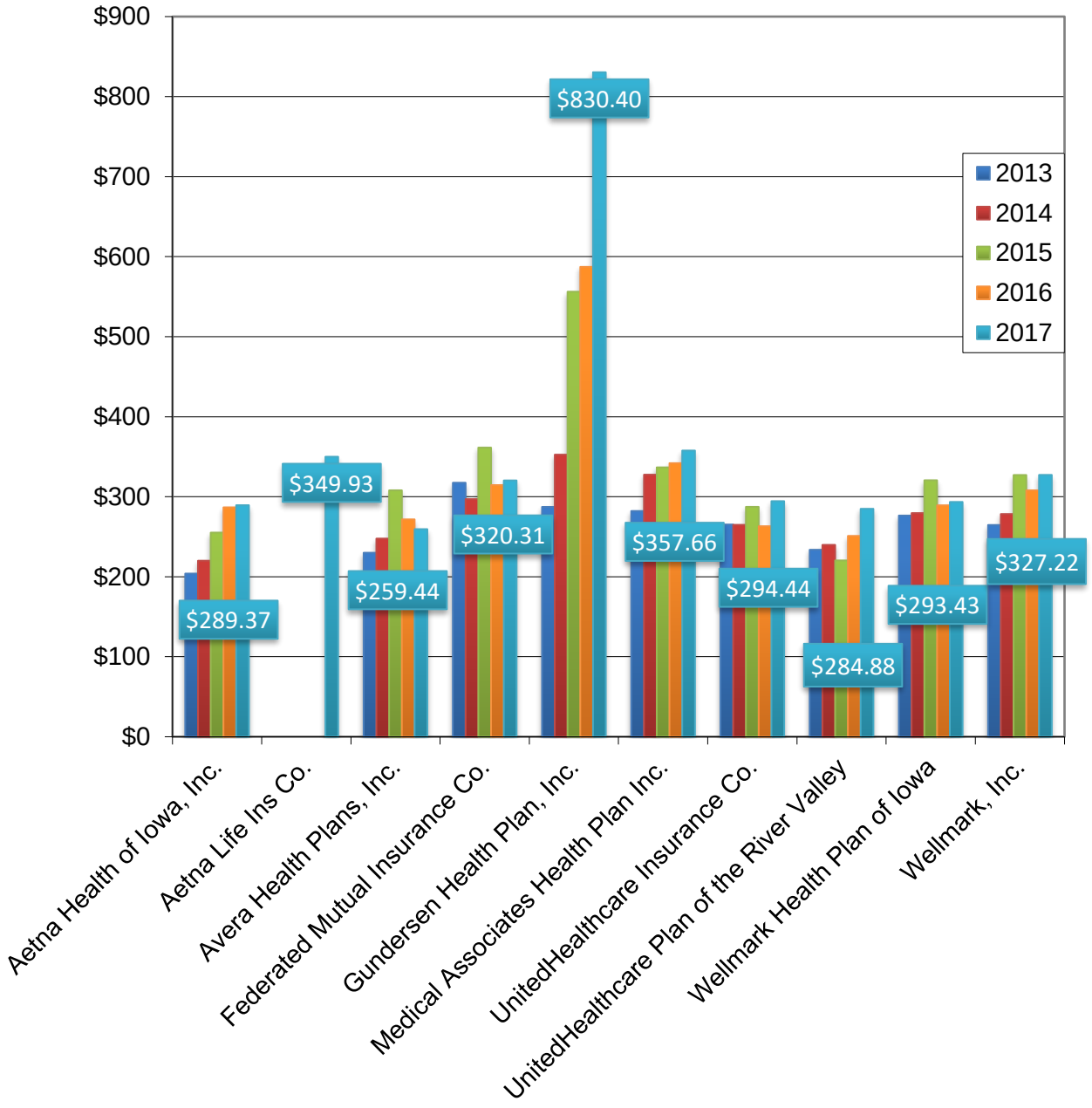
The 3-year large group market weighted average PMPM paid claim cost went from $307.45 in 2014 to $346.28 in 2017 (Overall increase of 13% or 4% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year increase in average PMPM paid claim costs is 2%.

The charts below show the changes in incurred PMPM claims cost for the past 5 years. Note, only 2017 dollar values are shown for readability.[38]

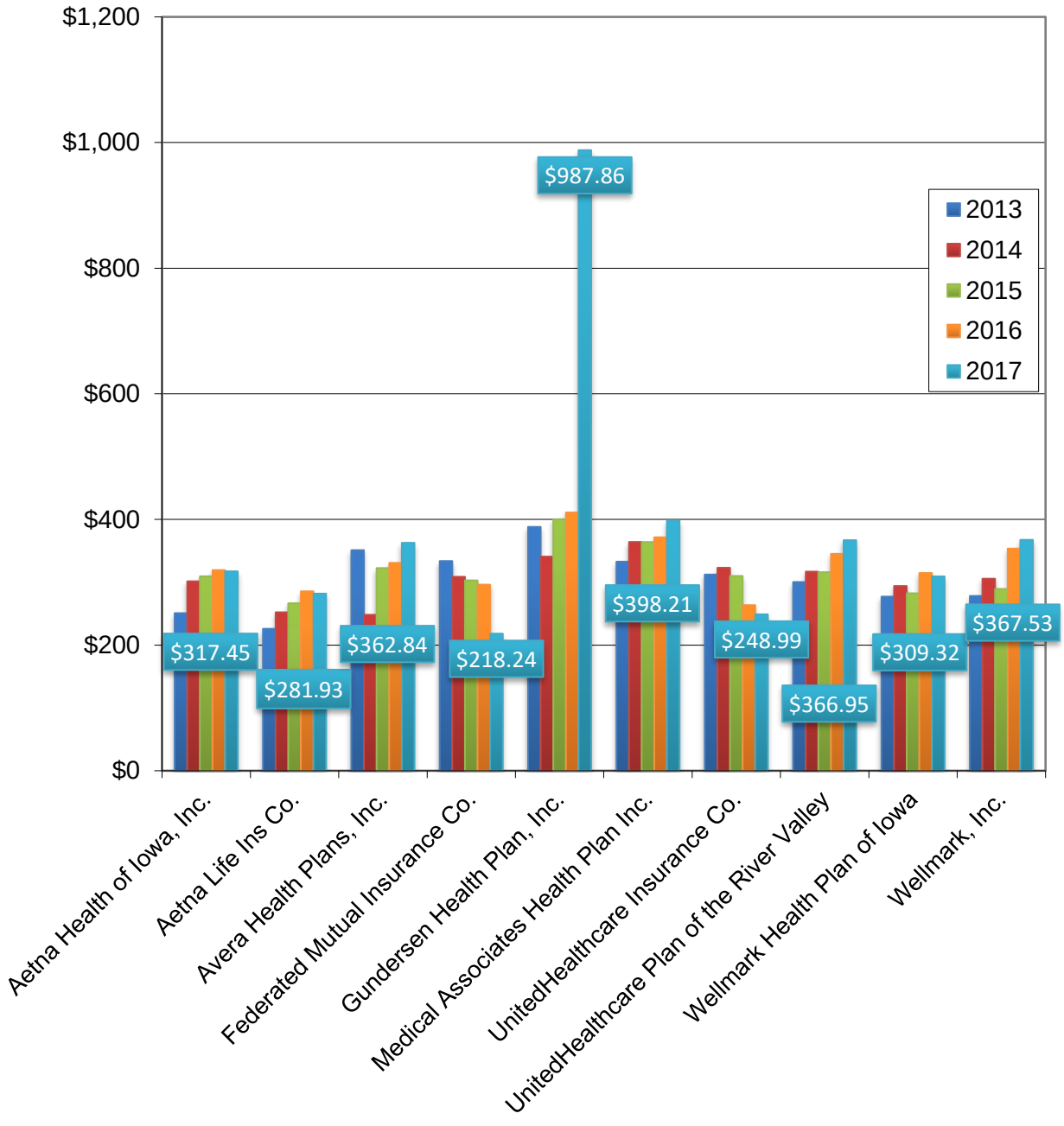


[38] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not involved in data calls for 2013-2016 data, therefore, the incurred PMPM costs for these companies for 2013-2016 were calculated using the NAIC Supplemental Health Care Exhibit.

Small Group Incurred Claims PMPMs 2013-2017



Large Group Incurred Claims PMPMs 2013-2017



Appendix A: Member Months[39]

ICMM Member Months					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	123,678	264,310	506,419	473,562	376,640
Golden Rule Insurance Co.	115,225	98,753	74,240	59,905	50,839
Gundersen Health Plan, Inc.		382	739	1,037	4,295
Medica Insurance Co.				15,036	153,293
Wellmark Health Plan of Iowa, Inc.	378,722	392,731	429,536	94,769	86,681
Wellmark, Inc.	1,034,044	949,938	797,469	665,040	454,616

Small Group Member Months					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	113,291	83,014	47,663	103,091	56,467
Aetna Life Ins. Co.					5,253
Avera Health Plans, Inc.	12,646	8,220	6,031	6,139	4,649
Federated Mutual Insurance Co.	34,768	27,096	23,384	23,094	18,685
Gundersen Health Plan, Inc.	3,797	3,587	1,294	1,251	1,254
Medical Associates Health Plan, Inc.	30,812	27,522	27,782	24,406	22,698
United HealthCare Insurance Co.	165,210	126,976	110,755	98,811	107,474
United HealthCare Plan of the River Valley	258,433	207,027	150,528	125,488	115,020
Wellmark Health Plan of Iowa, Inc.	237,727	249,362	246,715	311,797	347,404
Wellmark, Inc.	971,283	1,015,623	1,090,463	1,321,494	1,323,325

Large Group Member Months					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	121,876	144,690	193,142	67,282	72,747
Aetna Life Ins. Co.	25,455	23,010	22,211	36,084	22,888
Avera Health Plans, Inc.	11,323	14,015	15,505	10,377	6,068
Federated Mutual Insurance Co.	10,213	8,573	3,785	1,989	771
Gundersen Health Plan, Inc.	3,966	3,745	2,202	1,551	778
Medical Associates Health Plan, Inc.	136,932	133,705	114,687	116,718	115,914
United HealthCare Insurance Co.	213,281	219,505	295,241	355,275	407,630
United HealthCare Plan of the River Valley	393,026	308,734	250,070	212,432	177,639
Wellmark Health Plan of Iowa, Inc.	497,631	451,135	500,539	464,967	533,076
Wellmark, Inc.	2,929,897	2,852,800	3,097,130	2,589,554	2,481,494

[39] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not involved in data calls for 2013-2016 so member months for those years are from the NAIC Supplemental Health Care Exhibit.

Appendix B: Loss Ratios[40]

ICMM Loss Ratios					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	93%	98%	106%	95%	76%
Golden Rule Insurance Co.	70%	70%	79%	84%	84%
Gundersen Health Plan, Inc.		86%	255%	123%	107%
Medica Insurance Co.				128%	113%
Wellmark Health Plan of Iowa, Inc.	94%	89%	93%	91%	74%
Wellmark, Inc.	85%	91%	100%	96%	83%

Small Group Loss Ratios					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	68%	69%	73%	77%	77%
Aetna Life Ins. Co.	78%	76%	75%	79%	101%
Avera Health Plans, Inc.	112%	82%	106%	100%	68%
Federated Mutual Insurance Co.	81%	71%	87%	74%	66%
Gundersen Health Plan, Inc.	92%	75%	90%	89%	194%
Medical Associates Health Plan, Inc.	81%	90%	94%	88%	89%
United HealthCare Insurance Co.	75%	74%	75%	70%	73%
United HealthCare Plan of the River Valley	75%	74%	63%	69%	75%
Wellmark Health Plan of Iowa, Inc.	78%	78%	84%	84%	83%
Wellmark, Inc.	83%	83%	84%	84%	82%

Large Group Loss Ratios					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	73%	82%	86%	81%	78%
Aetna Life Ins. Co.					69%
Avera Health Plans, Inc.	73%	79%	100%	82%	107%
Federated Mutual Insurance Co.	107%	89%	78%	66%	48%
Gundersen Health Plan, Inc.	88%	107%	208%	91%	179%
Medical Associates Health Plan, Inc.	88%	92%	91%	89%	91%
United HealthCare Insurance Co.	88%	87%	85%	83%	78%
United HealthCare Plan of the River Valley	84%	84%	78%	82%	85%
Wellmark Health Plan of Iowa, Inc.	76%	77%	81%	79%	75%
Wellmark, Inc.	84%	87%	89%	88%	89%

[40] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not involved in data calls for 2013-2016 so member months for those years are calculated from the NAIC Supplemental Health Care Exhibit.

Appendix C: Rate Increases

ICMM Rate Increases					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	0%	11%	20%	33%	21%
Golden Rule Insurance Co.	5%	1%	7%	5%	0%
Gundersen Health Plan, Inc.					20%
Medica Insurance Co.				N/A	19%
Wellmark Health Plan of Iowa, Inc.	4%	4%	6%	29%	39%
Wellmark, Inc.	13%	5%	7%	19%	13%

Small Group Rate Increases					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	13%	6%	11%	7%	1%
Aetna Life Ins. Co.					6%
Avera Health Plans, Inc.					8%
Federated Mutual Insurance Co.	12%	6%	-1%	3%	13%
Gundersen Health Plan, Inc.					10%
Medical Associates Health Plan, Inc.	8%	0%	2%	2%	4%
United HealthCare Insurance Co.	7%	3%	3%	3%	6%
United HealthCare Plan of the River Valley	9%	3%	6%	6%	2%
Wellmark Health Plan of Iowa, Inc.	4%	1%	1%	11%	10%
Wellmark, Inc.	8%	7%	9%	9%	10%

Large Group Rate Increases					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	12%	7%	-2%	10%	2%
Aetna Life Ins. Co.					-2%
Avera Health Plans, Inc.					7%
Federated Mutual Insurance Co.	-10%	12%	11%	15%	1%
Gundersen Health Plan, Inc.					40%
Medical Associates Health Plan, Inc.	8%	2%	2%	6%	4%
United HealthCare Insurance Co.	2%	7%	-1%	4%	7%
United HealthCare Plan of the River Valley	5%	5%	10%	3%	2%
Wellmark Health Plan of Iowa, Inc.	6%	6%	6%	8%	4%
Wellmark, Inc.	6%	6%	6%	8%	4%

Appendix D: Ranking of Changes

Increases

Aetna Health of Iowa, Inc.		
1	Inpatient Hospital	$1,232,681
2	Other	$953,801
3	Outpatient Hospital	$903,202
4	Other	$629,289
5	Inpatient Hospital	$534,026
6	Outpatient Hospital	$525,895
7	Physician	$438,653
8	Outpatient Hospital	$402,049
9	Physician	$359,208
10	Outpatient Hospital	$346,424

Aetna Life Ins Co.		
1	Other	$436,151
2	Other	$245,150
3	Other	$211,406
4	Outpatient Hospital	$176,149
5	Other	$174,069
6	Inpatient Hospital	$166,399
7	Inpatient Hospital	$86,016
8	Outpatient Hospital	$81,398
9	Outpatient Hospital	$78,371
10	Inpatient Hospital	$74,347

Avera Health Plans, Inc.		
1	I13 - Psychiatric	$8.04
2	O11 - Emergency Room	$6.50
3	I11 - Medical	$6.13
4	P81 - Prescription Drugs	$4.88
5	O41 - Other	$3.30
6	P66 - Outpatient Psychiatric	$3.01
7	P34 - Office Administered Drugs	$2.79
8	O13 - Radiology General	$2.74
9	P15 - Office Surgery	$2.51
10	P63 - Pathology/Lab - Office	$2.36

Federated Mutual Insurance Co.		
1	Prescription Drug	$2,683,819
2	Other	$171,955

Golden Rule Insurance Co.		
1	Physician	$7.67
2	Other	$3.68
3	Prescription Drug	$3.46
4	Inpatient Hospital	$1.69
5	Skilled Nursing Facilities	$0.97
6	Emergency Room	$0.67
7	Preventive	$0.44
8	Laboratory	$0.23
9	Diagnostic Imaging	$0.23

Gundersen Health Plan, Inc.		
1	Outpatient Hospital	$745,000
2	Physician	$693,000
3	Inpatient Hospital	$446,000
4	Prescription Drug	$192,000
5	Other	$8,000

Medica Insurance Co.		
1	Physician	$7,368,000
2	Inpatient Hospital	$4,667,000
3	Population Change	$1,560,000
4	Deductible Leveraging	$1,300,000
5	Skilled Nursing Facilities	$317,000
6	Ambulance	$221,000
7	Emergency Room	$184,000
8	Outpatient Hospital	$76,000
9	Preventive	$20,000

Medical Associates Health Plan Inc.		
1	Inpatient Hospital	$1,837,229
2	Outpatient Hospital	$818,037
3	Prescription Drug	$801,821
4	Physician	$532,998
5	Other - Outpatient Rx	$287,308
6	Dialysis	$265,145
7	Preventive	$144,498
8	X-Ray	$133,690
9	Diagnostic Imaging	$111,781
10	Ambulance	$50,504

United HealthCare Insurance Co.		
1	Med/Surg/ICU	$1,920,975
2	Outpatient Surgery	$1,836,806
3	Physician Visits	$1,275,041
4	Rx - Facility Dispensed	$1,028,588
5	Dialysis	$594,883
6	Misc Outpatient	$562,960
7	Phy Administered Drugs - Chemo	$561,402
8	Emergency Room - Hospital Based	$554,837
9	Radiology Diagnostic	$529,614
10	OP Surgery	$488,376

United HealthCare Plan of the River Valley, Inc.		
1	Radiology - Diagnostic	$1,979,098
2	Prof Drugs - Spec Pharma non-Chemo	$1,859,212
3	Misc OP Facility	$1,740,043
4	Emergency Room	$1,291,737
5	Radiology - Therapy	$1,283,264
6	Lab & Path - Facility Based	$1,108,763
7	Radiology - Diagnostic	$892,062
8	Prof Drugs - Spec Pharma Chemo	$875,463
9	Rehab Services	$810,643
10	Home Health	$511,261

Wellmark Health Plan of Iowa		
1	Prescription Drug	$3,471,684
2	Outpatient Hospital	$3,455,625
3	MH/CD	$1,146,895
4	Inpatient Hospital	$497,657
5	Emergency Room	$427,970
6	Physician	$224,060
7	Skilled Nursing Facilities	$70,925
8	Ambulance	$54,806
9	Laboratory	$32,239

Wellmark, Inc.		
1	Prescription Drug	$22,656,950
2	Outpatient Hospital	$18,442,441
3	Physician	$10,391,392
4	Other	$7,438,587
5	MH/CD	$5,945,760
6	Emergency Room	$2,368,814
7	Inpatient Hospital	$2,197,995
8	Diagnostic Imaging	$1,704,524
9	Laboratory	$1,379,679
10	Ambulance	$781,088

Decreases

Aetna Health of Iowa, Inc.		
1	Outpatient Hospital	-$2,126,188
2	Physician	-$1,438,921
3	Inpatient Hospital	-$1,251,406
4	Other	-$959,296
5	Outpatient Hospital	-$715,687
6	Physician	-$682,374
7	Outpatient Hospital	-$679,396
8	Physician	-$658,898
9	Inpatient Hospital	-$646,271
10	Outpatient Hospital	-$522,820

Aetna Life Ins Co.		
1	Inpatient Hospital	-$264,406
2	Inpatient Hospital	-$242,463
3	Outpatient Hospital	-$124,632
4	Inpatient Hospital	-$111,054
5	Inpatient Hospital	-$104,890
6	Other	-$104,642
7	Inpatient Hospital	-$103,522
8	Physician	-$98,138
9	Inpatient Hospital	-$94,407
10	Inpatient Hospital	-$93,670

Avera Health Plans, Inc.		
1	P31 - Inpatient Visits	-$0.99
2	P11 - Inpatient Surgery	-$1.25
3	O18 - PT/OT/ST	-$2.16
4	I21 - Mat Norm Delivery	-$2.44
5	I14 - Alcohol and Drug Abuse	-$2.64
6	P83 - Ambulance	-$2.76
7	P14 - Outpatient Surgery	-$3.03
8	O32 - Alcohol & Drug Abuse	-$7.07
9	O12 - Surgery	-$8.18
10	I12 - Surgical	-$14.63

Federated Mutual Insurance Co.		
1	Inpatient Hospital	-$243,621
2	Outpatient Hospital	-$165,853
3	Ambulance	-$89,392
4	Physician	-$81,923
5	Skilled Nursing Facilities	-$32,010
6	Diagnostic Imaging	-$24,067
7	Medical Technology	-$22,134
8	MH/CD	-$19,952
9	Emergency Room	-$12,331

Golden Rule Insurance Co.		
1	Outpatient Hospital	-$4.76
2	X-Ray	-$4.32
3	Ambulance	-$1.04
4	MH/CD	-$0.06

Gundersen Health Plan, Inc.		
1	Population Change	$2,200,000
2	Deductible Leveraging	$90,000

Medica Insurance Co.		
1	Prescription Drug	-$7,299,000
2	MH/CD	-$981,000
3	Diagnostic Imaging	-$258,000
4	Laboratory	-$66,000
5	X-Ray	incl in Diag Imag
6	Benefit Changes	$0
7	Cost Shifting-Medicare	$0
8	Medical Technology	$0
9	Underwriting Wear-off	$0
10	Other	$0

Medical Associates Health Plan Inc		
1	Population Change	-$944,496
2	Benefit Change	-$748,899

United HealthCare Insurance Co.		
1	Transplants	-$470,874
2	Ambulance	-$277,082
3	DME: Supplies	-$141,730
4	Radiology Therapy	-$77,631
5	ER	-$50,260
6	Hospice	-$22,038
7	Other	-$19,992
8	Chemotherapy	-$7,655
9	Hospice	-$2,985

United HealthCare Plan of the River Valley, Inc.		
1	Med/Surg	-$5,661,035
2	Rx - Pharmacy Dispensed	-$2,336,426
3	Rx - Facility Dispensed	-$1,579,236
4	Prof Drugs - non Spec	-$1,459,237
5	Other	-$1,060,291
6	OP Rehabilitation	-$819,620
7	MHCD	-$736,036
8	Ambulance	-$731,262
9	Observation	-$709,523
10	Outpatient Surgery	-$578,323

Wellmark Health Plan of Iowa		
1	Other	-$806,776
2	Diagnostic Imaging	-$120,895

Wellmark, Inc.		
1	Skilled Nursing Facilities	-$310,245

Appendix E: Risk-Based Capital

Company	2013	2014	2015	2016	2017
Aetna Health of Iowa, Inc.	490%	363%	373%	344%	542%
Aetna Life Ins. Co.	670%	606%	565%	471%	408%
Avera Health Plans, Inc.	237%	220%	360%	276%	320%
Federated Mutual Insurance Co.	1871%	1983%	2037%	1991%	1560%
Golden Rule Ins Co.	415%	511%	522%	356%	415%
Gundersen Health Plan, Inc.	375%	340%	228%	319%	389%
Medica Insurance Co.	524%	623%	548%	436%	597%
Medical Associates Health Plan, Inc.	712%	585%	591%	715%	717%
United HealthCare Insurance Co.	555%	560%	557%	480%	472%
United HealthCare Plan of the River Valley	402%	492%	447%	423%	403%
Wellmark Health Plan of Iowa, Inc.	1158%	1214%	1034%	1234%	1348%
Wellmark, Inc.	1132%	1027%	942%	936%	1036%

Appendix F: Medical Trends

Below are the medical trends from 2013 to 2017.

We have included the categories from the 2017 report for comparison purposes. Only the carriers providing data are included.

Aetna Health of Iowa, Inc.					
Service Category	**2013**	**2014**	**2015**	**2016**	**2017**
IP	0%	58%	36%	-9%	4%
OP	8%	44%	46%	-10%	-7%
PHY	-1%	15%	23%	-3%	-9%
Rx	0%	14%	48%	12%	19%
Cap	-5%				
Other		15%	68%	-4%	-10%

Aetna Life Ins Co.	
Service Category	**2017***
IP	-13%
OP	10%
PHY	-1%
Rx	3%
Other	35%

* Aetna Life was not involved in earlier data requests.

Avera Health Plans, Inc.	
Service Category	**2017***
I13 - Psychiatric	7921%
P99 - Benefits Other	740%
P67 - Outpatient Alcohol & Drug Abuse	469%
P45 - Hearing and Speech Exams	387%
P37 - Miscellaneous Medical	187%
P15 - Office Surgery	151%
O41 - Other	136%
P34 - Office Administered Drugs	127%
P66 - Outpatient Psychiatric	120%
O13 - Radiology General	112%
P51 - ER Visits and Observation Care	61%
O10 - Observation	60%
O11 - Emergency Room	56%
I11 - Medical	45%
P63 - Pathology/Lab - Office	40%
P57 - Radiology OP- CT/MRI/PET	33%
P56 - Radiology OP - General	30%
O14 - Radiology - CT/MRI/PET	25%
I22 - Mat Csect Delivery	17%
P43 - Preventive Physical Exams	15%
P53 - Physical Therapy	10%
P81 - Prescription Drugs	9%
O15 - Pathology/Lab	9%
P42 - Preventive Well Baby Exams	7%

* Avera Health Plans was not involved in earlier data requests.

Federated Mutual Insurance Co.					
Service Category	**2013**	**2014**	**2015**	**2016**	**2017**
Inpatient Hospital	7%	-20%	13%	2%	11%
Outpatient Hospital	-14%	216%	24%	2%	6%
Professional	17%	-70%	-9%	46%	5%
Other Medical	-11%	410%	-11%	38%	8%
Prescription Drug	-11%	34%	26%	4%	8%

Golden Rule Insurance Co.	
Service Category	**2017***
Unit Cost	4%
Utilization	3%
Leveraging	1%
Underwriting Wear-off	0%

* Trend in earlier years was determined to be non-credible by the company and information was not provided.

Gundersen Health Plan, Inc.	
Service Category	**2017***
Inpatient Hospital	12%
Outpatient Hospital	-5%
Physician	5%
Prescription Drug	-4%
Other	-35%

* Gundersen was not involved in earlier data requests.

Medica Insurance Co.	
Service Category	**2017***
PROF Office Admin Rx	364%
OP Cardiovascular	46%
OP Pharmacy	40%
PROF Home Health	30%
PROF Cardiovascular	27%
IP Surgical	26%
PROF Ambulance	23%
IP Medical	20%
OP Therapy	16%
OP Pathology/Lab	16%
PROF IP Visits	14%
PROF Emergency Room	13%
PROF PT/OT/ST	12%
OP Preventive	5%
PROF Office Surgery	5%
OP Radiology	5%
IP Newborn	3%

* Medica does not have trend data in Iowa for earlier years.

Medical Associates Health Plan		
Service Category	**2016***	**2017***
Inpatient Facility	-15%	19%
Outpatient Facility	4%	6%
Pharmacy	6%	7%
Physician	3%	3%

*Trends for 2013-2015 were provided in a different format that was harder to compare year over year.

United HealthCare Insurance Co.					
Service Category	**2013**	**2014**	**2015**	**2016**	**2017**
Inpatient - 00 _ Unknown Major Diagnostic Category	99%				
Inpatient - 01 _ Diseases & Disorders of the Nervous Sys		44%			
Inpatient - 04 _ Diseases & Disorders of the Respiratory Sys		65%			
Inpatient - 15 _ Newborns & Other Neonates with Condr		71%			
Inpatient - 23 _ Factors Influencing Health Status & Other	173%				
Inpatient - Rehabilitation					430%
Inpatient - Maternity/Newborn			13%		
Inpatient - NICU/Extended Stay			17%	222%	
Outpatient - Ambulance			25%		
Outpatient - Dialysis			43%		47%
Outpatient - DME				66%	
Outpatient - Emergency Room		13%	13%	31%	
Outpatient - Freestanding Clinical Lab			28%		
Outpatient - Misc OP Facility		27%			
Outpatient - Observation			14%		
Outpatient - Radiation Therapy	42%				
Outpatient - Rx Facility Dispensed					25%
Pharmacy - Hepatitis C		501%			
Pharmacy - Hormones		22%			
Pharmacy - Unclassified Therapeutic Agents	19%				
Physician - Administered Drugs - Chemo					27%
Physician - Deliveries				47%	
Physician - ER Visits			32%		
Physician - Hematology and Oncology	77%	23%			
Physician - Immunizations			19%		
Physician - IP Visits			15%		
Physician - Office Surgery				20%	
Physician - Professional Drugs				102%	
Physician - Radiology Diagnostic					10%
Physician - Therapeutic Radiology		43%			
Physician - Visits					4%

United HealthCare Plan of the River Valley					
Service Category	**2013**	**2014**	**2015**	**2016**	**2017**
Inpatient - Maternity/Newborn					15%
Inpatient - Med/Surg/ICU	11%	12%		8%	
Inpatient - NICU/Extended Stay		81%			
Inpatient - SNF	21%				
Inpatient - Visits		27%			
Outpatient - Ambulance			36%		
Outpatient - Emergency Room	13%	10%	16%		
Outpatient - Home Health	27%				
Outpatient - Lab & Path - Facility Based				14%	
Outpatient - Outpatient Surgery				12%	7%
Outpatient - Rx - Facility Dispensed	22%		28%		
Physician - Immunizations	27%				
Physician - Inpatient Surgery				16%	
Physician - Outpatient Surgery				14%	
Physician - Visits					11%
Pharmacy - Non Spec		74%	19%		
Pharmacy - Spec Pharma non-Chemo			39%	26%	118%
Pharmacy - Pharmacy Dispensed		103%			
Radiology - Diagnostic					34%
Radiology - Diagnostic					35%
Radiology - Therapy			86%		

Wellmark Health Plan of Iowa					
Service Category	**2013**	**2014**	**2015**	**2016**	**2017**
Acute Inpatient Facility	4%	-2%	8%		
Drug	3%	10%	10%		
Home Health					10%
Injections - Medical					30%
Outpatient Facility	5%	2%	3%		
Practitioner	4%	4%	4%		
Practitioner - Ambulance				26%	
Practitioner - Mental Health/Chemical Dependency				20%	9%
Practitioner - Physical & Occupational Therapy				17%	7%
Practitioner - Speech Therapy				15%	11%

Wellmark, Inc.					
Service Category	**2013**	**2014**	**2015**	**2016**	**2017**
Acute Inpatient Facility	2%	0%	4%		
Drug	2%	10%	9%		
Facility - Speech Therapy				23%	17%
Home Health					15%
Home Medical Equipment				12%	
Mental Health/Chemical Dependency Facility					9%
Outpatient Facility	3%	3%	4%		
Practitioner	2%	1%	3%		
Practitioner - Ambulance				28%	
Practitioner - Mental Health/Chemical Dependency				13%	12%
Practitioner - Pharmaceutical					11%
Practitioner - Physical & Occupational Therapy				13%	

Appendix G: Additional Data

I. ICMM, small group, and large group allowed PMPMs, 2015-2017.[41]

ICMM Allowed PMPM Costs			
Company	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	$444.53	$455.89	$443.60
Golden Rule Insurance Co.	$231.73	$255.48	$267.35
Gundersen Health Plan, Inc.			$815.03
Medica Insurance Co.		$813.00	$847.06
Wellmark Health Plan of Iowa	$218.90	$326.31	$486.36
Wellmark, Inc.	$409.66	$465.20	$447.63

Small Group Allowed PMPM Costs			
Company	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	$333.58	$377.24	$345.85
Aetna Life Ins. Co.			$412.86
Avera Health Plans, Inc.			$347.38
Federated Mutual Insurance Co.	$527.72	$476.20	$472.05
Gundersen Health Plan, Inc.			$927.72
Medical Associates Health Plan, Inc.	$396.68	$387.97	$407.18
United HealthCare Insurance Co.	$345.85	$322.80	$350.38
United HealthCare Plan of the River Valley	$290.17	$321.65	$342.05
Wellmark Health Plan of Iowa, Inc.	$382.02	$366.06	$371.90
Wellmark, Inc.	$407.19	$390.24	$414.90

Large Group Allowed PMPM Costs			
Company	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	$413.89	$425.76	$395.94
Aetna Life Ins. Co.			$364.11
Avera Health Plans, Inc.			$465.37
Federated Mutual Insurance Co.	$339.47	$550.21	$340.78
Gundersen Health Plan, Inc.			$1,127.00
Medical Associates Health Plan, Inc.	$411.98	$412.72	$439.64
United HealthCare Insurance Co.	$384.04	$323.09	$301.28
United HealthCare Plan of the River Valley	$381.85	$421.81	$433.93
Wellmark Health Plan of Iowa, Inc.	$354.59	$380.10	$380.65
Wellmark, Inc.	$367.78	$437.35	$455.54

[41] Allowed PMPM Costs were not requested in the data call until 2015.

II. ICMM, small group, and large group incurred PMPMs, 2013-2017.[42]

ICMM Incurred PMPM Costs					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	$113.39	$223.74	$351.60	$360.15	$349.56
Golden Rule Insurance Co.	$125.46	$127.88	$157.77	$179.33	$186.45
Gundersen Health Plan, Inc.		$1,023.18	$995.80	$1,176.35	$731.78
Medica Insurance Co.				$693.00	$731.86
Wellmark Health Plan of Iowa, Inc.	$180.68	$183.84	$196.26	$234.30	$366.12
Wellmark, Inc.	$225.29	$252.29	$328.31	$378.92	$359.05

Small Group Incurred PMPM Costs					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	$203.93	$220.00	$255.14	$286.71	$289.37
Aetna Life Ins. Co.					$349.93
Avera Health Plans, Inc.	$229.96	$247.66	$307.95	$271.67	$259.44
Federated Mutual Insurance Co.	$317.47	$297.00	$361.36	$314.53	$320.31
Gundersen Health Plan, Inc.	$287.25	$352.57	$556.18	$587.22	$830.40
Medical Associates Health Plan, Inc.	$282.12	$327.53	$336.65	$341.91	$357.66
United HealthCare Insurance Co.	$265.25	$264.82	$287.32	$263.12	$294.44
United HealthCare Plan of the RV	$233.67	$239.79	$220.37	$250.98	$284.88
Wellmark Health Plan of Iowa, Inc.	$276.43	$279.52	$320.53	$289.25	$293.43
Wellmark, Inc.	$264.66	$278.33	$327.11	$307.97	$327.22

Large Group Incurred PMPM Costs					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	$250.84	$301.56	$309.51	$319.32	$317.45
Aetna Life Ins. Co.	$225.94	$252.24	$266.60	$285.64	$281.93
Avera Health Plans, Inc.	$351.15	$248.25	$322.62	$330.92	$362.84
Federated Mutual Insurance Co.	$333.81	$308.73	$302.97	$296.21	$218.24
Gundersen Health Plan, Inc.	$388.18	$340.91	$400.38	$411.10	$987.86
Medical Associates Health Plan, Inc.	$332.82	$364.21	$364.04	$371.58	$398.21
United HealthCare Insurance Co.	$312.32	$323.06	$310.04	$263.62	$248.99
United HealthCare Plan of the RV	$300.45	$316.94	$316.02	$345.30	$366.95
Wellmark Health Plan of Iowa, Inc.	$277.17	$294.07	$282.46	$314.79	$309.32
Wellmark, Inc.	$278.22	$305.67	$289.39	$353.61	$367.53

[42] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not involved in data calls for 2013-2016 so incurred PMPMs for those years are calculated from the NAIC Supplemental Health Care Exhibit.

III. Commissions as a percentage of premium, 2013-2017[43]

Commission as % of Premium					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	7%	0%	0%	1%	0%
Aetna Life Ins. Co.	2%	1%	2%	1%	3%
Avera Health Plans, Inc.	0%	3%	7%	3%	4%
Federated Mutual Insurance Co.	3%	2%	2%	1%	3%
Golden Rule Ins Co.	6%	4%	2%	2%	2%
Gundersen Health Plan, Inc.	3%	2%	1%	1%	5%
Medica Insurance Co.				1%	2%
Medical Associates Health Plan, Inc.	1%	1%	1%	1%	1%
United HealthCare Insurance Co.	4%	3%	3%	2%	1%
United HealthCare Plan of the RV	3%	3%	2%	2%	2%
Wellmark Health Plan of Iowa, Inc.	3%	3%	3%	4%	3%
Wellmark, Inc.	4%	3%	4%	3%	3%

IV. Administrative costs, taxes and fees as a percentage of premium, 2013-2017[43]

Admin, taxes and fees as % of Premium					
Company	**2013**	**2014**	**2015**	**2016**	**2017**
Aetna Health of Iowa, Inc.	12%	11%	16%	9%	10%
Aetna Life Ins. Co.	11%	15%	13%	6%	6%
Avera Health Plans, Inc.	1%	10%	11%	8%	10%
Federated Mutual Insurance Co.	14%	21%	17%	15%	17%
Golden Rule Ins Co.	12%	11%	14%	20%	10%
Gundersen Health Plan, Inc.	1%	2%	3%	4%	7%
Medica Insurance Co.				14%	11%
Medical Associates Health Plan, Inc.	12%	10%	10%	10%	8%
United HealthCare Insurance Co.	9%	14%	19%	22%	20%
United HealthCare Plan of the RV	8%	11%	12%	11%	9%
Wellmark Health Plan of Iowa, Inc.	8%	11%	11%	11%	8%
Wellmark, Inc.	10%	12%	11%	11%	8%

[43] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not involved in data calls for 2013-2016 so commissions, administrative costs, taxes and fees as a % of premiums for those years are calculated from the NAIC Supplemental Health Care Exhibit.

V. Additional Cost Factors Beyond Claims (as a percentage of premium)[44]

Aetna Health of Iowa, Inc.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	12%	11%	16%	9%	10%
Commissions	7%	0%	0%	1%	0%
Profit	13%	2%	-14%	-2%	11%

Aetna Life Ins Co.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	11%	15%	13%	6%	6%
Commissions	2%	1%	2%	1%	3%
Profit	-5%	10%	14%	6%	11%

Avera Health Plans, Inc.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	1%	10%	11%	8%	8%
Commissions	0%	3%	7%	3%	4%
Premium Tax and Assessments					2%
Profit	4%	1%	-20%	-15%	
Risk margin/Contribution to Surplus					3%

Federated Mutual Insurance Co.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	12%	14%	10%	8%	8%
Commissions	3%	2%	2%	1%	3%
Taxes and Fees	2%	6%	6%	7%	9%
Profit	-2%				

[44] Aetna Life Insurance Company, Avera Health Plans, and Gundersen Health Plan were not involved in data calls for 2013-2016 so commissions, administrative costs, taxes and fees as a % of premiums for those years are calculated from the NAIC Supplemental Health Care Exhibit.

Golden Rule Insurance Company					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
ACA Fees			4%	3%	0%
Administrative	12%	11%	10%	16%	10%
Commissions	6%	4%	2%	2%	2%
Quality Improvement			0%	0%	0%

Gundersen Health Plan, Inc.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	1%	2%	3%	4%	5%
Claims Adjustment Expenses					2%
Commissions	3%	2%	1%	1%	5%
Profit	3%	6%	-15%	-4%	

Medica Insurance Company		
Factor	**2016**	**2017**
Administrative	7%	6%
Commissions	1%	2%
HCQI	0%	0%
Taxes	8%	5%

Medical Associates Health Plan, Inc.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	12%	8%	8%	9%	8%
ACA Fees		2%	2%	1%	
Commissions	1%	1%	1%	1%	1%

United HealthCare Insurance Co.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	9%	14%	19%	22%	20%
Commissions	4%	3%	3%	2%	1%

United HealthCare Plan of the River Valley, Inc.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	8%	11%	12%	11%	9%
Commissions	3%	3%	2%	2%	2%

Wellmark Health Plan of Iowa, Inc.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	8%	11%	11%	11%	8%
Commissions	3%	3%	3%	4%	3%

Wellmark Inc.					
Factor	**2013**	**2014**	**2015**	**2016**	**2017**
Administrative	10%	12%	11%	11%	8%
Commissions	4%	3%	4%	3%	3%

Appendix H: Health Care Cost Category Standardization

Original Service	Standard Name
Ambulance	Ambulance
Benefit Changes	Benefit Changes
Chemotherapy	Outpatient Hospital
Deductible Leveraging	Deductible Leveraging
Diagnostic Imaging	Diagnostic Imaging
Dialysis	Dialysis
DME: Supplies	Medical Technology
Emergency Room	Emergency Room
Emergency Room - Hospital Based	Emergency Room
ER	Emergency Room
Home Health	Other
Hospice	Skilled Nursing Facilities
I11 - Medical	Inpatient Hospital
I12 - Surgical	Inpatient Hospital
I13 - Psychiatric	MH/CD
I14 - Alcohol and Drug Abuse	MH/CD
I21 - Mat Norm Delivery	Medical Technology
Inpatient Hospital	Inpatient Hospital
Lab & Path - Facility Based	Laboratory
Laboratory	Laboratory
Med/Surg	Inpatient Hospital
Med/Surg/ICU	Inpatient Hospital
Medical Technology	Medical Technology
MH/CD	MH/CD
Misc OP Facility	Outpatient Hospital
Misc Outpatient	Outpatient Hospital
O11 - Emergency Room	Emergency Room
O12 - Surgery	Outpatient Hospital
O13 - Radiology General	Diagnostic Imaging
O18 - PT/OT/ST	Physician
O32 - Alcohol & Drug Abuse	MH/CD
O41 - Other	Other
Observation	Physician
OP Rehabilitation	Outpatient Hospital
OP Surgery	Outpatient Hospital
Other	Other
Other - Outpatient Rx	Other
Outpatient Hospital	Outpatient Hospital
Outpatient Surgery	Outpatient Hospital
P11 - Inpatient Surgery	Inpatient Hospital
P14 - Outpatient Surgery	Outpatient Hospital
P15 - Office Surgery	Outpatient Hospital
P31 - Inpatient Visits	Inpatient Hospital
P34 - Office Administered Drugs	Prescription Drug
P63 - Pathology/Lab - Office	Physician
P66 - Outpatient Psychiatric	MH/CD
P81 - Prescription Drugs	Prescription Drug

Original Service	Standard Name
P83 - Ambulance	Ambulance
Phy Administered Drugs - Chemo	Prescription Drug
Physician	Physician
Physician Visits	Physician
Population Change	Population Change
Prescription Drug	Prescription Drug
Preventive	Preventive
Prof Drugs - non Spec	Prescription Drug
Prof Drugs - Spec Pharma Chemo	Prescription Drug
Prof Drugs - Spec Pharma non-Chemo	Prescription Drug
Radiology - Diagnostic	Diagnostic Imaging
Radiology - Therapy	Physician
Radiology Diagnostic	Diagnostic Imaging
Radiology Therapy	Physician
Rehab Services	MH/CD
Rx - Facility Dispensed	Prescription Drug
Rx - Facility Dispensed	Prescription Drug
Rx - Pharmacy Dispensed	Prescription Drug
Skilled Nursing Facilities	Skilled Nursing Facilities
Transplants	Inpatient Hospital
Underwriting Wear-off	Underwriting Wear-off
X-Ray	X-Ray