

**2021 FLORIDA HEALTH INSURANCE MARKET
REPORT**

BY THE

FLORIDA HEALTH INSURANCE ADVISORY BOARD

Adopted November 4, 2021

Introduction

One of the responsibilities of the Florida Health Insurance Advisory Board (FHIAB) is to issue an annual report on the state of the health insurance market in Florida.

The following figures present enrollment, premium, and loss ratio summaries in Florida's commercial (non-governmental) major medical health insurance markets as reported and compiled from data filed with the Office by each Accident and/or Health Coverage provider. This report incorporates insurance company data submitted to the Office for the year ending December 31, 2020. Previous reports are available on the FHIAB section of the Office's website at:

<http://www.flor.com/Sections/LandH/FHIAB.aspx>.

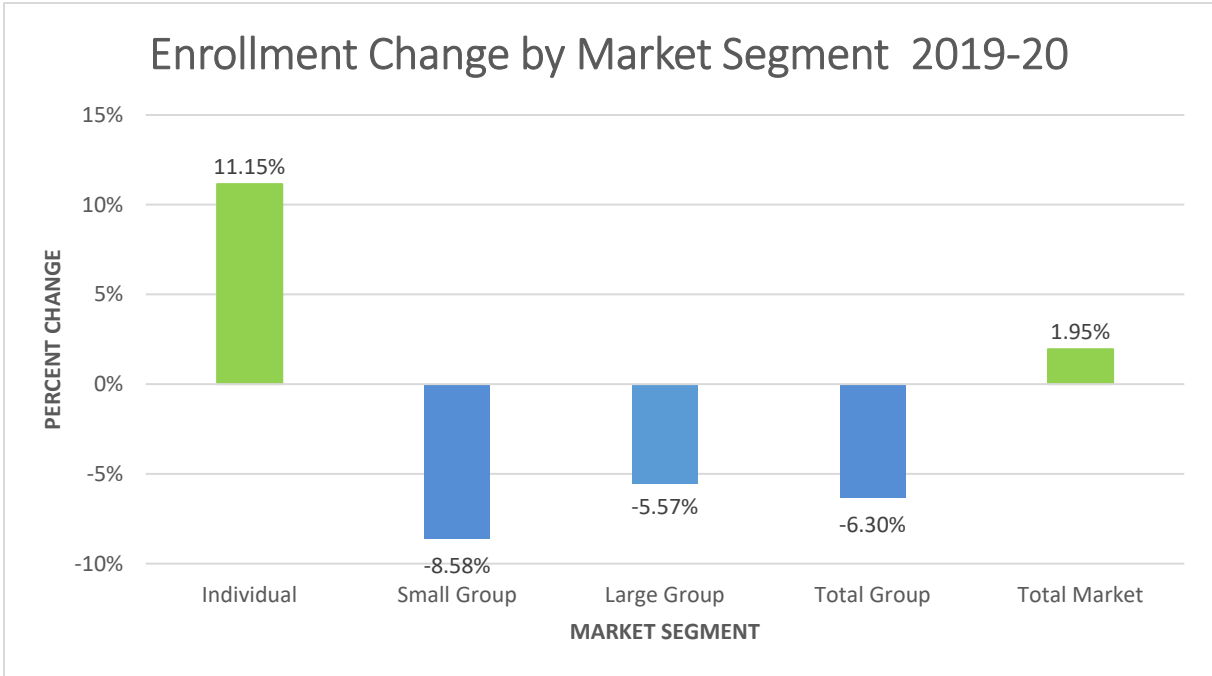
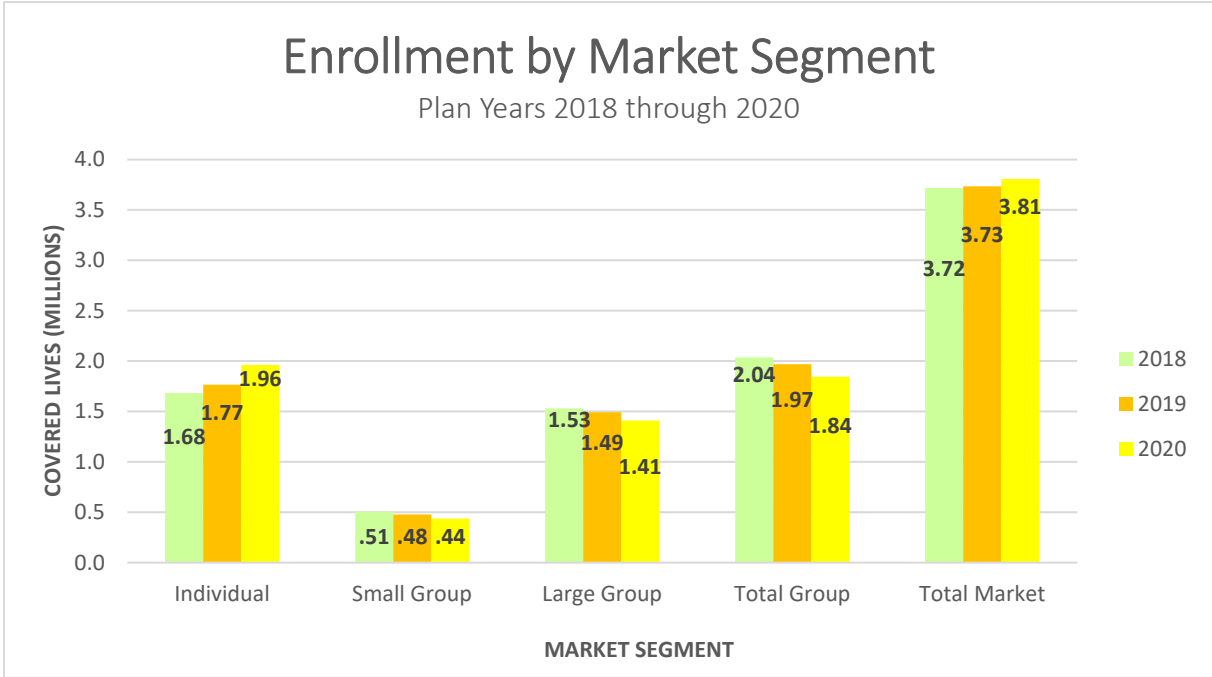
Executive Summary

Despite the uncertainty surrounding the future of the Affordable Care Act (ACA), the health insurance market has largely stabilized. Overall enrollment continued to grow despite the effects of COVID-19 on employment and personal income. Rates have largely stabilized leading to smaller changes, although the long-term trend of increasing individual enrollment and decreasing group enrollment remains intact.

For the first time, people covered under individual policies exceeded those covered under a group policy. Under the ACA, all individual policies must be guaranteed issue; no application can be rejected based on the health status of the applicant. The individually underwritten policies reported herein are either grandfathered policies, which means they were issued before the passage of the ACA and can be renewed indefinitely, or transitional policies, which means they were issued after passage of the ACA. Transitional policies must currently end coverage by December 31, 2022. However, the Centers for Medicare & Medicaid Services has extended the deadline for transitional policies to end several times and is expected to allow transitional policies to remain in effect. Regardless, many individual policyholders have already moved to an ACA-compliant policy due to the subsidies available on the Federal Marketplace reducing the market share of grandfathered and transitional policies.

Both the small group and large group markets continued to contract. It is expected that the overall group market will continue to contract as it has for several years. The percentage decline from 2019 to 2020 was larger than in prior years and may have been related to COVID-19 as many businesses reduced their workforce. In addition, carriers have been active in developing products that help employers reduce costs by self-insuring.

Commercial Enrollment



As illustrated above and shown in Table 1 below, total enrollment in Florida's commercial health insurance markets had a modest increase in 2020 of 72,894 covered lives or 1.95%. This follows an increase from the previous year of 16,471 covered lives or 0.44%. While the overall market remains significantly larger than before the ACA, the number of covered lives has remained fairly stable over the last several years.

As of year-end 2020, coverage by market segment consisted of:

- **Individual Coverage** – 1,962,686, an increase of 196,879 covered lives or 11.15%
- **Small Group** (1-50 members) – 436,241, a decrease of 40,949 covered lives or 8.58%
- **Large Group** (51+ members) – 1,408,647, a decrease of 83,036 covered lives or 5.57%
- **Total Market** – 3,807,574, an increase of 72,894 covered lives or 1.95%

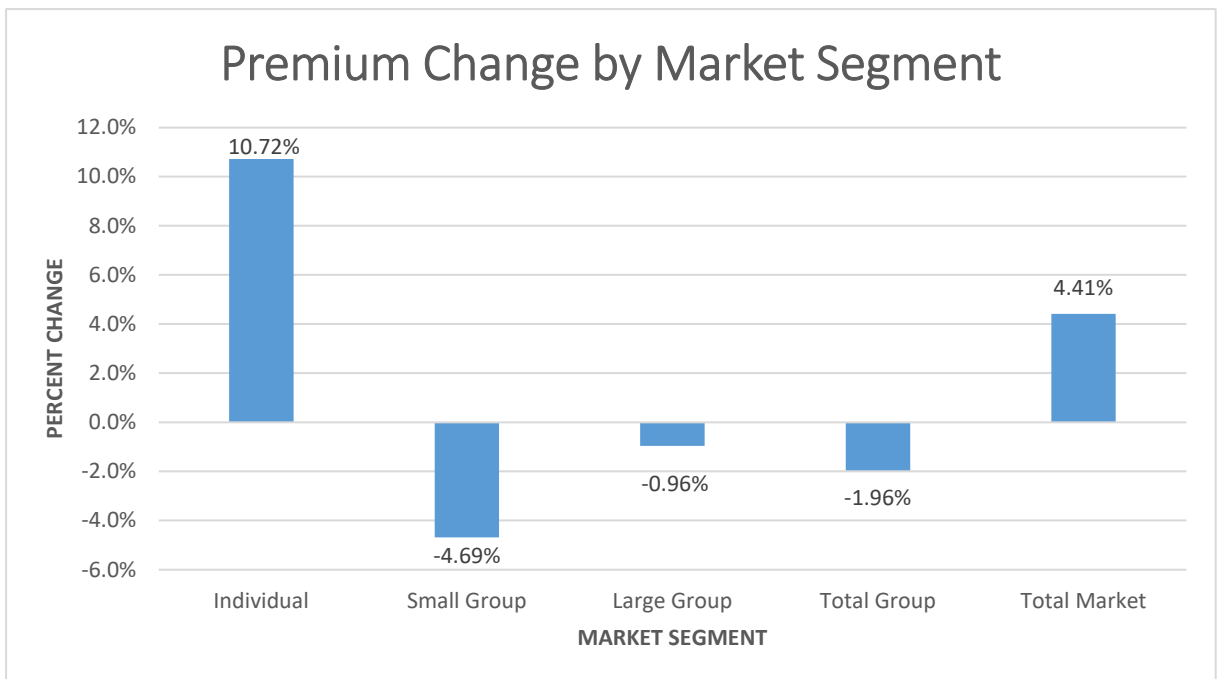
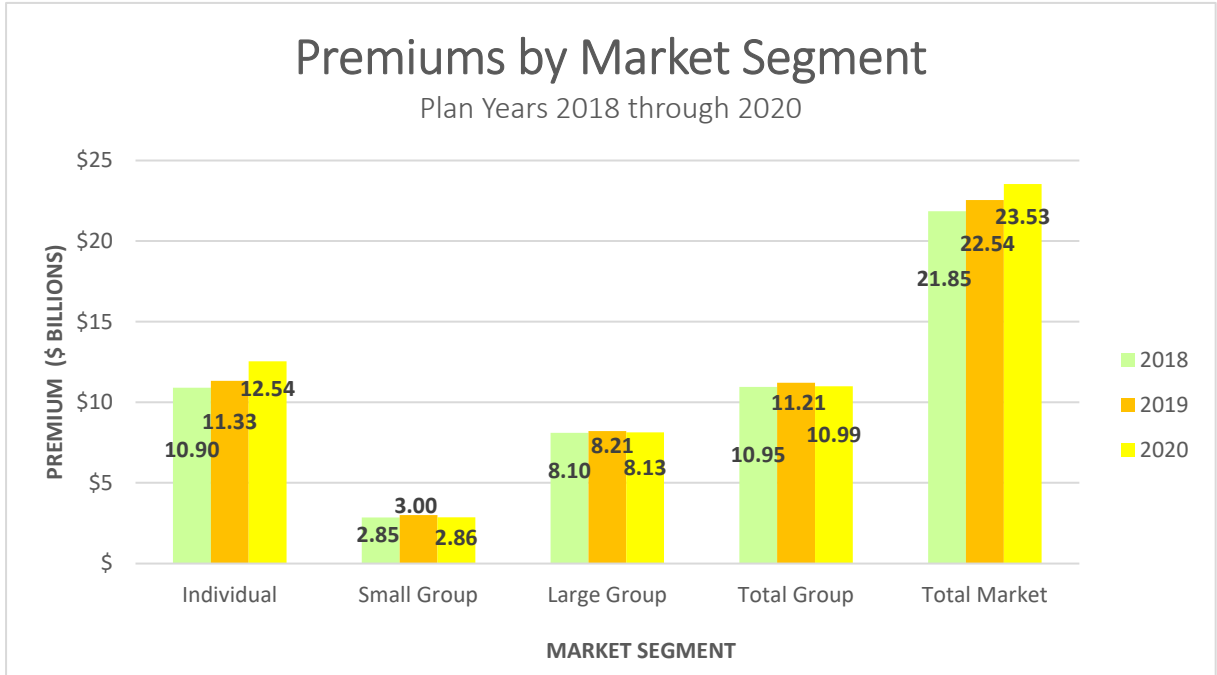
The individual market enrollment continues to grow despite the tax penalty (individual mandate) being set to \$0 and recent changes to federal and state law that encourage the growth of other products such as short-term limited duration policies and health care sharing ministries. In general, the individual market remains attractive for those with income levels that qualify for subsidies on the Marketplace but less attractive for those who do not qualify for subsidies. In 2020, the individual market overtook the group market in terms of enrollment.

In contrast to the individual market, enrollment in the group market continues to decline. The declining trend in group coverage was in effect prior to the implementation of the ACA as small group enrollment was 1,073,683 in 2005 but had dropped to 598,361 in 2014 and large group enrollment declined from 2,468,056 in 2005 to 1,628,198 in 2014. The declining trends in group enrollment have generally slowed down since the advent of the ACA but were higher in 2020 possibly due to COVID-19 and its effects on employment. Other contributing factors may be that carriers have been active in developing products that help employers reduce costs by self-insuring. In addition, some small employers have chosen to stop offering coverage for their employees and their dependents as their employees can often pay less by purchasing a policy through the Federal Marketplace if those employees qualify for a subsidy.

Table 1
Commercial Insurance Enrollment 2018-2020

Market Segments	2018	2019	2020
Individual Guaranteed Issue			
ACA On-Exchange	1,366,560	1,480,060	1,676,923
ACA Off-Exchange	136,329	128,162	145,030
Grandfathered (In-State and Out-of-State)	524	339	301
Transitional (In-State and Out-of-State)	91	75	26
Total Guaranteed Issue	1,454,071	1,608,636	1,822,286
Individually Underwritten			
Grandfathered (In-State and Out-of-State)	47,943	41,278	36,473
Transitional (In-State and Out-of-State)	130,054	115,703	103,789
Total Individually Underwritten	177,997	156,981	140,262
Conversion			
Total Conversion	209	190	138
Small Groups (1-50)			
Self-Employed or Sole Proprietor	1,578	110	100
2 – 50 Member Groups	504,884	476,080	436,141
Total Small Groups	506,462	477,190	436,241
Large Groups (51+)			
Total Large Groups	1,530,037	1,491,683	1,408,647
Market Totals			
Total Individual Market	1,681,710	1,765,807	1,962,686
Total Group Market	2,036,499	1,968,873	1,844,888
Total Commercial Market	3,718,209	3,734,680	3,807,574

Commercial Premium

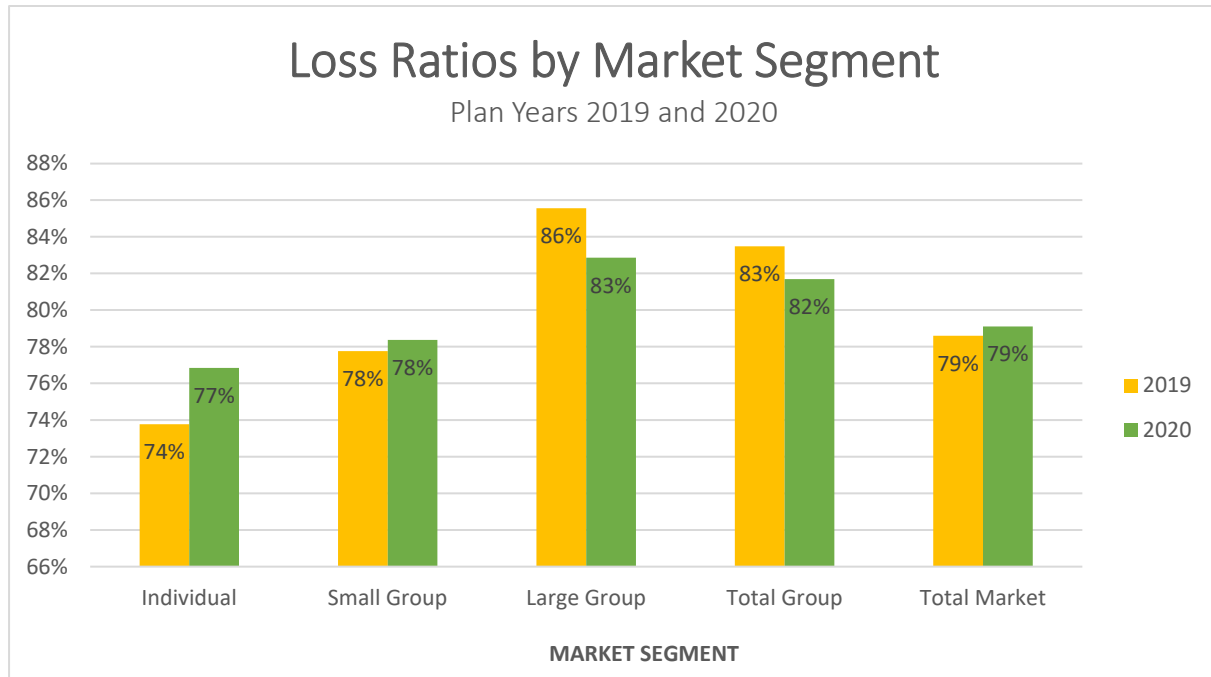


As illustrated above and shown in Table 2 below, the overall commercial market generated \$23,531,036,547 in premiums in 2020, a 4.41% increase from 2019. This follows a 3.15% increase the prior year. The increase is largely the result of the higher enrollment in the individual market and higher premiums per member.

Table 2
Commercial Insurance Premium 2018-2020

Market Segments	2018	2019	2020
Individual Guaranteed Issue			
Grandfathered (In-State and Out-of-State)	\$1,303,471	\$1,106,010	\$808,697
Transitional (In-State and Out-of-State)	\$821,365	\$724,462	\$476,295
ACA On-Exchange	\$8,872,098,668	\$9,455,661,811	\$10,698,864,079
ACA Off-Exchange	\$1,220,961,890	\$1,157,720,398	\$1,114,074,761
Total Guaranteed Issue	\$10,095,185,394	\$10,615,212,681	\$11,819,087,384
Individually Underwritten			
Grandfathered (In-State and Out-of-State)	\$261,971,038	\$230,156,312	\$231,442,132
Transitional (In-State and Out-of-State)	\$537,363,981	\$478,854,011	\$487,977,024
Total Individually Underwritten	\$799,335,019	\$709,010,323	\$719,419,156
Conversion			
Total Conversion	\$2,043,382	\$1,071,231	\$932,725
Small Groups (1 – 50)			
Self-Employed or Sole Proprietor	\$15,869,872	\$855,637	\$873,161
2 – 50 Member Groups	\$2,837,618,918	\$2,996,318,490	\$2,855,835,726
Total Small Groups	\$2,853,488,790	\$2,997,174,127	\$2,856,708,887
Large Groups (51+)			
Total Large Groups	\$8,098,489,292	\$8,213,793,248	\$8,134,888,794
Market Totals			
Total Individual Market	\$10,896,563,795	\$11,325,294,235	\$12,539,439,266
Total Group Market	\$10,951,978,082	\$11,210,967,375	\$10,991,597,681
Total Commercial Market	\$21,848,541,877	\$22,536,261,610	\$23,531,036,547

Loss Ratios



The loss ratios provided above are calculated by dividing the losses associated with various market segments by the amount of premiums collected. As expected, each market demonstrates a different loss ratio profile.

In the individual market, the overall loss ratio increased from 73.77% in 2019 to 76.84% in 2020 while the small group overall loss ratio increased from 77.76% in 2019 to 78.37% in 2020.

The large group market experienced an overall loss ratio of 82.86% in 2020 which is lower than the 85.56% ratio reported in 2019. This market segment has a higher volume and lower administrative cost environment; consequently, higher loss ratios are generally expected in this market segment relative to other markets.

Table 3
Direct Premium/Losses & Loss Ratios 2019-2020

Market Segments	2019			2020		
	Direct Premium Earned	Direct Losses Incurred	Loss Ratio	Direct Premium Earned	Direct Losses Incurred	Loss Ratio
Individual Guaranteed Issue						
Grandfathered (In-State and Out-of-State)	\$1,106,010	\$1,684,453	152.30%	\$808,697	\$1,417,087	175.23%
Transitional (In-State and Out-of-State)	\$724,462	\$695,391	95.99%	\$476,295	\$467,635	98.18%
ACA On-Exchange	\$9,455,661,811	\$6,896,407,809	72.93%	\$10,698,864,079	\$8,191,567,157	76.56%
ACA Off-Exchange	\$1,151,934,109	\$833,733,582	72.38%	\$1,118,938,313	\$868,261,559	77.60%
Total Guaranteed Issue	\$10,615,212,681	\$7,736,810,174	72.88%	\$11,819,087,384	\$9,061,713,438	76.67%
Individually Underwritten						
Grandfathered (In-State and Out-of-State)	\$230,156,312	\$176,180,006	76.55%	\$231,442,132	\$157,741,096	68.16%
Transitional (In-State and Out-of-State)	\$478,854,011	\$439,154,143	91.71%	\$487,977,024	\$413,439,265	84.73%
Total Individually Underwritten	\$709,010,323	\$615,334,149	86.79%	\$719,419,156	\$571,180,361	79.39%
Conversion						
Total Conversion	\$1,071,231	\$1,996,518	186.38%	\$932,725	\$2,790,397	299.17%
Small Groups (1 – 50)						
Self-Employed or Sole Proprietor	\$855,637	\$1,719,042	200.91%	\$873,161	\$2,660,169	304.66%
2 – 50 Member Groups	\$2,996,318,490	\$2,329,014,037	77.73%	\$2,855,835,726	\$2,236,234,187	78.30%
Total Small Groups	\$2,997,174,127	\$2,330,733,079	77.76%	\$2,856,708,887	\$2,238,894,356	78.37%
Large Groups (51+)						
Total Large Groups	\$8,213,793,248	\$7,028,085,883	85.56%	\$8,134,888,794	\$6,740,291,193	82.86%
Market Totals						
Total Individual Market	\$11,325,294,235	\$8,354,140,842	73.77%	\$12,539,439,266	\$9,635,684,195	76.84%
Total Group Market	\$11,210,967,375	\$9,358,818,962	83.48%	\$10,991,597,681	\$8,979,185,549	81.69%
Total Commercial Market	\$22,536,261,610	\$17,712,959,804	78.60%	\$23,531,036,947	\$18,614,869,744	79.11%

Background

The FHIAB evolved from small group health insurance reform in Florida. Originally established in 1992 as the Florida Small Employer Health Reinsurance Program, it was expanded in 1997 to include the Florida Individual Health Reinsurance Program. Both Programs were governed by the same Board of Directors and operated as the Florida Health Reinsurance Program.

Florida law changes in 2005 directed the Program to advise the Office of Insurance Regulation, the Agency for Health Care Administration, the Department of Financial Services, other executive departments, and the Legislature on health insurance issues. Specifically, the board shall:

1. Provide a forum for stakeholders, consisting of insurers, employers, agents, consumers, and regulators, in the private health insurance market in this state.
2. Review and recommend strategies to improve the functioning of the health insurance markets in this state with a specific focus on market stability, access, and pricing.
3. Make recommendations to the office for legislation addressing health insurance market issues and provide comments on health insurance legislation proposed by the office.
4. Meet at least three times each year. One meeting shall be held to hear reports and to secure public comment on the health insurance market, to develop any legislation needed to address health insurance market issues, and to provide comments on health insurance legislation proposed by the office.
5. Issue a report to the office on the state of the health insurance market by September 1 each year. The report shall include recommendations for changes in the health insurance market, results from implementation of previous recommendations, and information on health insurance markets.

In light of these developments, the Board voted to change its name to the Florida Health Insurance Advisory Board, which better reflected its new responsibilities.

The composition of the board of directors was also changed to decrease the number of insurance company representatives and to add representatives of the business community and other stakeholders. There are 14 members of the Board as prescribed by statute. A current listing of the FHIAB directors follows.

**FLORIDA HEALTH INSURANCE ADVISORY BOARD
BOARD OF DIRECTORS**

David Altmaier, Chair
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399

Ken Stevenson, Vice Chair
Vice President, Employee Benefits
Earl Bacon Agency
3131 Lonbladh Road
Tallahassee, FL 32308
Term Ending: 12/31/2022

Cody Farrill
Chief of Staff
Fl. Agency for Health Care Admin.
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Tallahassee, FL 32308

Louisa McQueeney
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Florida Voices for Health
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Boynton Beach, FL 33437
Term Ending: 12/31/2023

Christina Lake
Executive Vice President
Datamaxx Group, Inc.
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Tallahassee, FL 32311
Term Ending: 12/31/2023

William "Bill" Herrle
Executive Director
NFIB
110 East Jefferson Street
Tallahassee, FL 32301
Term Ending: 12/31/2022

Eric Johnson, PhD, ASA
Chief Actuary & VP of Analytics
& Business Intelligence
AvMed Health Plans
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Gainesville, FL 32606
Term Ending: 12/31/2022

Richard B. Weiss, CPA
President, Florida Market
Aetna
261 N University Drive
Plantation, FL 33324
Term Ending: 12/31/2024

John J. Matthews
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UnitedHealthcare
4560 Grove Park Drive
Tallahassee, FL 32311
Term Ending: 12/31/2022

Seth M. Phelps
Assistant General Counsel
Blue Cross and Blue Shield of Florida, Inc.
4800 Deerwood Campus Parkway
DCC1-7th Floor
Jacksonville, FL 32246
Term Ending: 12/31/2022

Rick Wallace
President/CEO
FAMOS, LLC
d/b/a American Academy of Cosmetology
1330 Blanding Blvd, Suite 125
Orange Park, FL 32065
Term Ending: 12/31/2024

Robert Muszynski
Director of Finance and Administration
WMFE (NPR) Radio
11510 E. Colonial Drive
Orlando, FL 32817
Term Ending: 12/31/2024

Nathan Landsbaum
President and CEO, Florida
Sunshine Health
1700 N. University Drive
Plantation, FL 33322
Term Ending: 12/31/2023

A Director position designated
for an agent representative is
vacant.