

**2023 FLORIDA HEALTH INSURANCE MARKET
REPORT**

BY THE

FLORIDA HEALTH INSURANCE ADVISORY BOARD

Adopted December 15, 2023

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 of Insurance Regulation (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, 2022. Previous reports are available on the FHIAB section of the Office's website at: <https://flor.com/life-health/florida-health-insurance-advisory-board>.

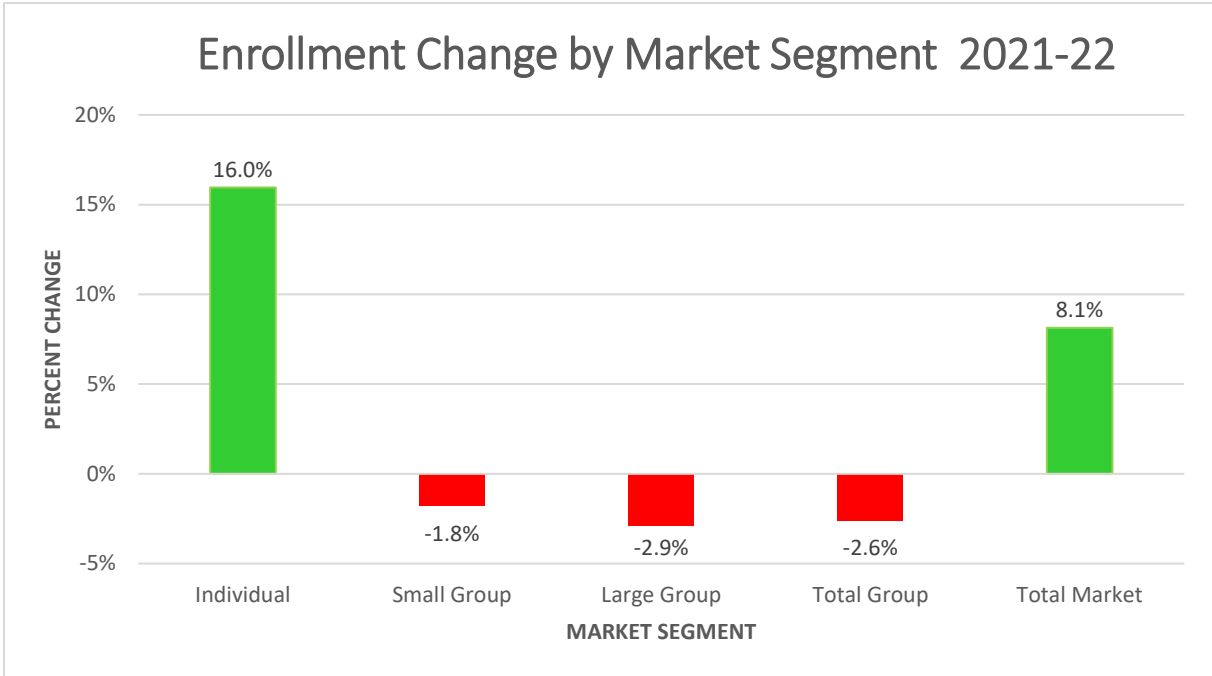
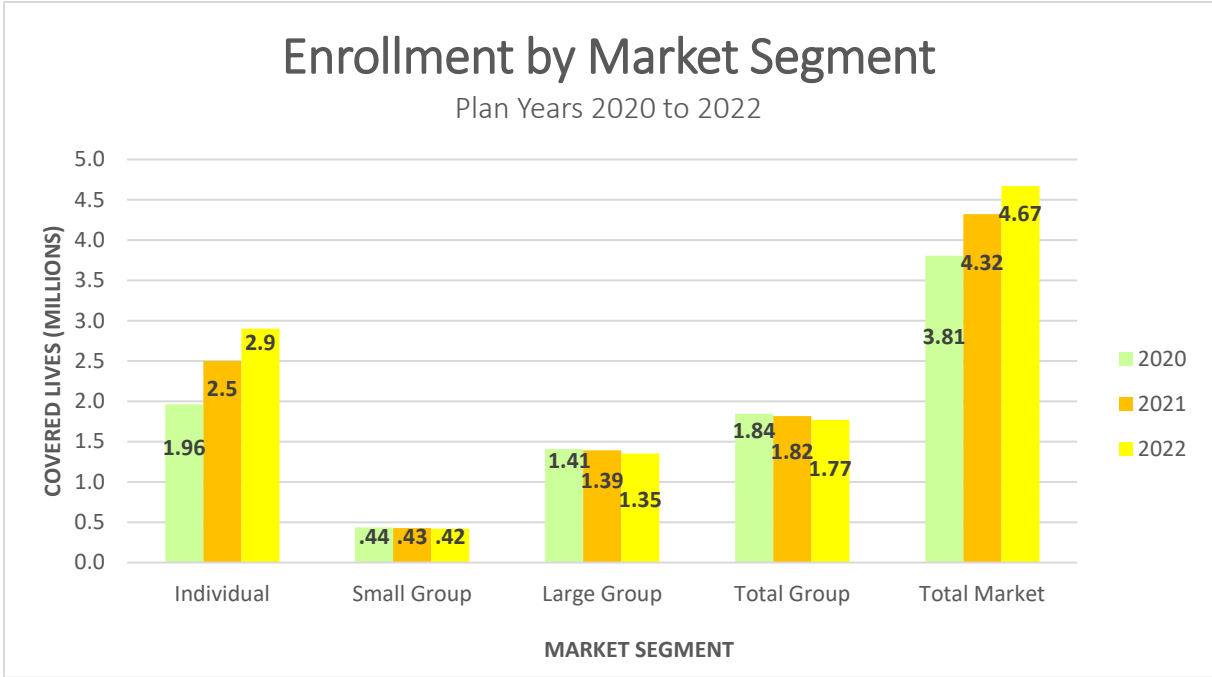
Executive Summary

Overall enrollment continued to grow, with gains in the individual market offsetting minor losses in the group markets (both small group and large group). Rates have largely stabilized leading to smaller changes, and the long-term trend of increasing individual enrollment and decreasing group enrollment is not only consistent – the gap continues to widen.

Today, in the State of Florida, people covered under individual policies exceed those covered under a group policy. Under the Affordable Care Act (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 were extended indefinitely on March 23, 2022, by a bulletin issued by the Centers for Medicare & Medicaid Services (CMS). 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 continue to contract, and this trend is not expected to change. The percentage decline from 2021 to 2022 increased slightly relative to prior years and may have been related to lingering effects of COVID-19 as well as a restructuring of the workforce. In addition, carriers have been active in developing products that help employers reduce costs by self-insuring, which is a continuing trend.

Commercial Enrollment



As illustrated above and shown in Table 1 below, total enrollment in Florida's commercial health insurance markets increased in 2022 by 351,541 covered lives or 8.1%. This follows an increase from the previous year of 512,565 covered lives or 13.5%. The overall market remains significantly larger than before the ACA, and the large increase noted in the 2021 data is not an anomaly as the increase continued (although slightly moderated) in 2022.

As of year-end 2022, coverage by market segment consisted of:

- **Individual Coverage** – 2,900,344, an increase of 399,110 covered lives or 16.0%
- **Small Group (1-50 members)** – 420,276, a decrease of 7,630 covered lives or 1.8%
- **Large Group (51+ members)** – 1,351,060, a decrease of 39,939 covered lives or 2.9%
- **Total Market** – 4,671,680 an increase of 351,541 covered lives or 8.1%

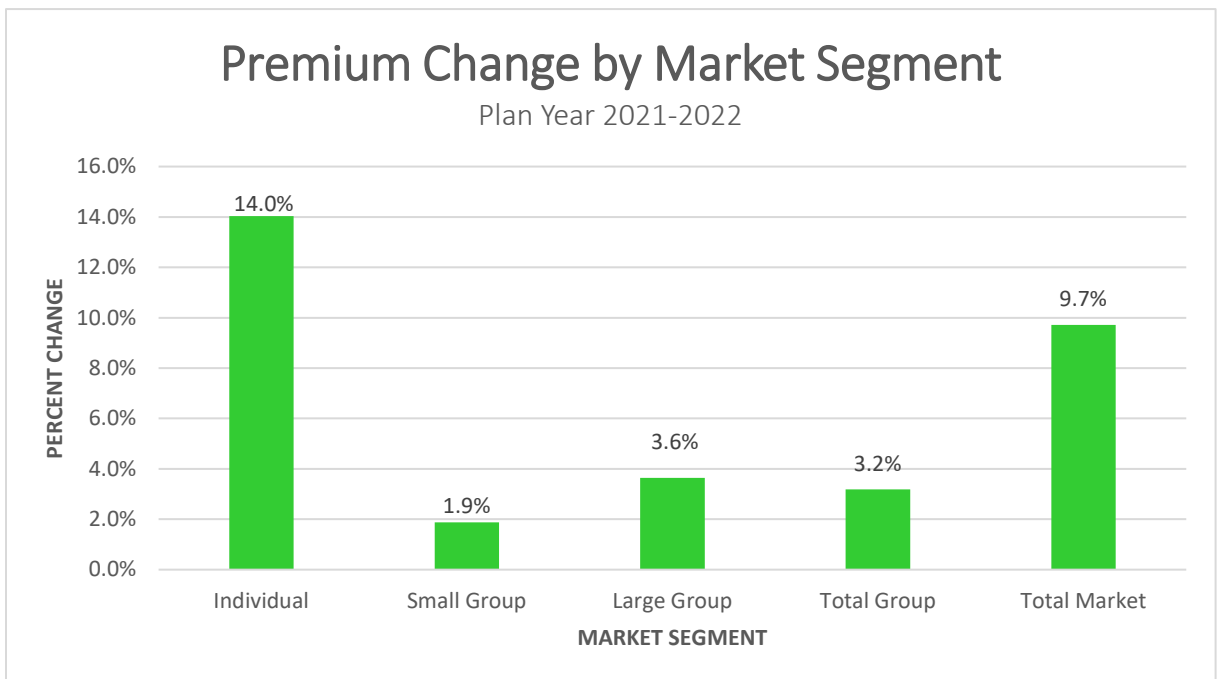
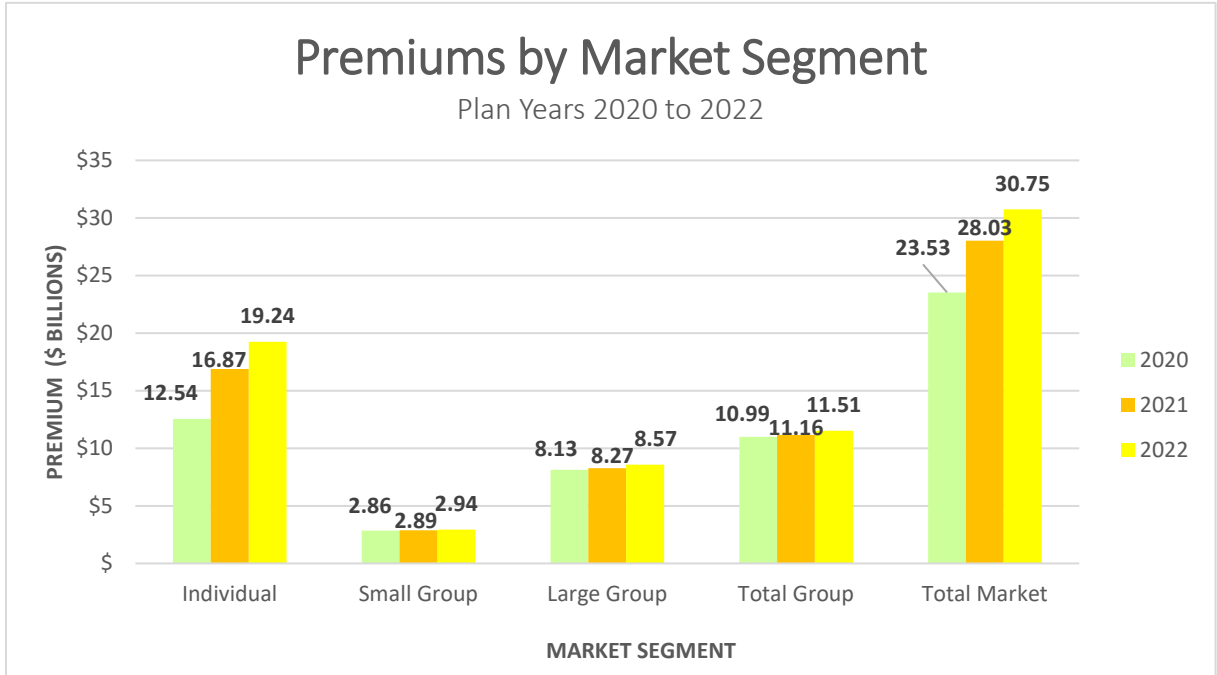
The individual market enrollment continues to grow despite the implied tax penalty (individual mandate) being set to \$0 and changes to federal and state law that encourage growth of alternative products such as short-term limited duration policies (up to 364 days) and health care sharing ministries. 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 2021, the individual market overtook the group market in terms of enrollment – which accelerated dramatically in 2021 as the individual market grew 27.4%, while the small group market declined 1.9% creating an even larger gap. This trend continued in 2022 with the individual market growing 16.0%, while the small group market declined 1.8%.

In contrast to the individual market, enrollment in the total 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 (but continued) 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 2020-2022

Market Segments	2020	2021	2022
Individual Guaranteed Issue			
ACA On-Exchange	1,676,923	2,199,609	2,630,125
ACA Off-Exchange	145,030	200,346	185,310
Grandfathered (In-State and Out-of-State)	301	284	246
Transitional (In-State and Out-of-State)	26	25	20
Total Guaranteed Issue	1,822,286	2,400,264	2,815,701
Individually Underwritten			
Grandfathered (In-State and Out-of-State)	36,473	32,356	27,334
Transitional (In-State and Out-of-State)	103,789	68,444	57,203
Total Individually Underwritten	140,262	100,800	84,537
Conversion			
Total Conversion	138	170	106
Small Groups (1-50)			
Self-Employed or Sole Proprietor	100	80	57
2 – 50 Member Groups	436,141	427,826	420,219
Total Small Groups	436,241	427,906	420,276
Large Groups (51+)			
Total Large Groups	1,408,647	1,390,999	1,351,060
Market Totals			
Total Individual Market	1,962,686	2,501,234	2,900,344
Total Group Market	1,844,888	1,818,905	1,771,336
Total Commercial Market	3,807,574	4,320,139	4,671,680

Commercial Premium

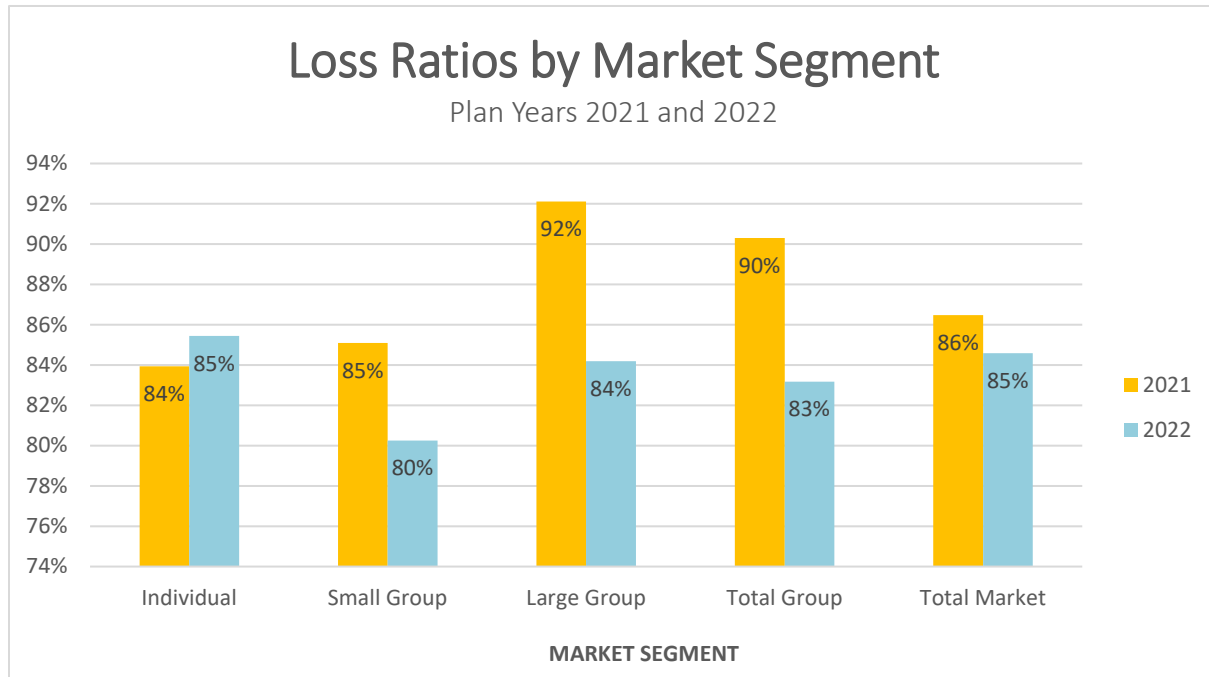


As illustrated above and shown in Table 2 below, the overall commercial market generated \$30,750,297,716 in premiums in 2022, 9.7% increase from 2021. This follows a 19.1% increase the prior year. The increase is largely the result of the higher enrollment in the individual market and higher premiums per member in all markets.

Table 2
Commercial Insurance Premium 2020-2022

Market Segments	2020	2021	2022
Individual Guaranteed Issue			
Grandfathered (In-State and Out-of-State)	\$808,697	\$611,513	\$451,948
Transitional (In-State and Out-of-State)	\$476,295	\$348,047	\$331,912
ACA On-Exchange	\$10,698,864,079	\$15,093,892,765	\$17,534,106,462
ACA Off-Exchange	\$1,114,074,761	\$1,223,834,541	\$1,162,947,165
Total Guaranteed Issue	\$11,819,087,384	\$16,318,686,866	\$18,703,174,317
Individually Underwritten			
Grandfathered (In-State and Out-of-State)	\$231,442,132	\$203,547,896	\$196,782,090
Transitional (In-State and Out-of-State)	\$487,977,024	\$349,056,939	\$337,867,456
Total Individually Underwritten	\$719,419,156	\$552,604,835	\$534,649,546
Conversion			
Total Conversion	\$932,725	\$637,218	\$1,095,243
Small Groups (1 – 50)			
Self-Employed or Sole Proprietor	\$873,161	\$699,306	\$577,277
2 – 50 Member Groups	\$2,855,835,726	\$2,889,626,140	\$2,944,225,548
Total Small Groups	\$2,856,708,887	\$2,890,325,446	\$2,944,802,825
Large Groups (51+)			
Total Large Groups	\$8,134,888,794	\$8,265,413,042	\$8,566,575,785
Market Totals			
Total Individual Market	\$12,539,439,266	\$16,871,928,920	\$19,238,919,106
Total Group Market	\$10,991,597,681	\$11,155,738,488	\$11,511,378,610
Total Commercial Market	\$23,531,036,547	\$28,027,667,408	\$30,750,297,716

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.

The loss ratios decreased “across-the-board” in all categories except for the individual market which had a very modest increase.

In the individual market, the overall loss ratio increased from 83.93% in 2021 to 85.44% in 2022 while the small group overall loss ratio decreased from 85.09% in 2021 to 80.26% in 2022.

The large group market experienced an overall loss ratio decrease from 92.12% in 2021 to 84.19% in 2022. 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 2021-2022

Market Segments	2021			2022		
	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)	\$611,513	\$979,754	160.22%	\$451,948	\$680,738	150.62%
Transitional (In-State and Out-of-State)	\$348,047	\$313,100	89.96%	\$331,912	\$353,238	106.43%
ACA On-Exchange	\$15,093,892,765	\$12,719,380,598	84.27%	\$17,534,106,462	\$15,066,004,579	85.92%
ACA Off-Exchange	\$1,223,834,541	\$945,637,323	77.27%	\$1,162,947,165	\$904,087,317	77.74%
Total Guaranteed Issue	\$16,318,686,866	\$13,666,319,775	83.75%	\$18,703,174,317	\$15,975,837,175	85.42%
Individually Underwritten						
Grandfathered (In-State and Out-of-State)	\$203,547,896	\$164,396,999	80.77%	\$196,782,090	\$150,978,359	76.72%
Transitional (In-State and Out-of-State)	\$349,056,939	\$327,335,487	93.78%	\$337,867,456	\$306,123,234	90.60%
Total Individually Underwritten	\$552,604,835	\$491,732,486	88.98%	\$534,649,546	\$457,101,593	85.50%
Conversion						
Total Conversion	\$637,218	\$2,857,136	448.38%	\$1,095,243	\$4,586,808	418.79%
Small Groups (1 – 50)						
Self-Employed or Sole Proprietor	\$699,306	\$1,337,535	191.27%	\$577,277	\$1,119,410	193.91%
2 – 50 Member Groups	\$2,889,626,140	\$2,458,037,765	85.06%	\$2,944,225,548	\$2,362,419,233	80.24%
Total Small Groups	\$2,890,325,446	\$2,459,415,300	85.09%	\$2,944,802,825	\$2,363,538,643	80.26%
Large Groups (51+)						
Total Large Groups	\$8,265,413,042	\$7,614,456,891	92.12%	\$8,566,575,785	\$7,212,113,718	84.19%
Market Totals						
Total Individual Market	\$16,871,928,920	\$14,160,900,397	83.93%	\$19,238,919,106	\$16,437,525,576	85.44%
Total Group Market	\$11,155,738,488	\$10,073,872,191	90.30%	\$11,511,378,610	\$9,575,652,361	83.18%
Total Commercial Market	\$28,027,667,408	\$24,234,772,588	86.47%	\$30,750,297,716	\$26,013,177,937	84.59%

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 as of December 2023 follows:

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

Alexis Bakofsky, Chair Designee

Chief of Staff
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399

Stefan Grow

Chief of Staff
Florida Agency for Health Care Admin.
2727 Mahan Drive, Mailstop #2
Tallahassee, FL 32308

Louisa McQueeney

Communications Director
Florida Voices for Health
9653 El Clair Ranch Road
Boynton Beach, FL 33437
Term Ending: 12/31/2023

Christina Lake

Executive Vice President
Datamaxx Group, Inc.
2001 Drayton Drive
Tallahassee, FL 32311
Term Ending: 12/31/2023

William "Bill" Herrle

Executive Director
NFIB
110 East Jefferson Street
Tallahassee, FL 32301
Term Ending: 12/31/2026

Eric Johnson, Ph.D., ASA

Chief Actuary & VP of Analytics
& Business Intelligence
AvMed Health Plans
4300 NW 89th Blvd.
Gainesville, FL 32606
Term Ending: 12/31/2026

Richard B. Weiss, CPA

President, Florida Market
Aetna
261 N University Drive
Plantation, FL 33324
Term Ending: 12/31/2024

John J. Matthews

Vice President of Legal, Regulatory and
Government Affairs
Oscar Health
4560 Grove Park Drive
Tallahassee, FL 32311
Term Ending: 12/31/2026

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: 12/31/2026

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

*Two director positions designated for
agents are vacant.*