FINANCIAL SUMMARY OF THE 2018 MARKET FOR HEALTH INSURANCE^{1,2}

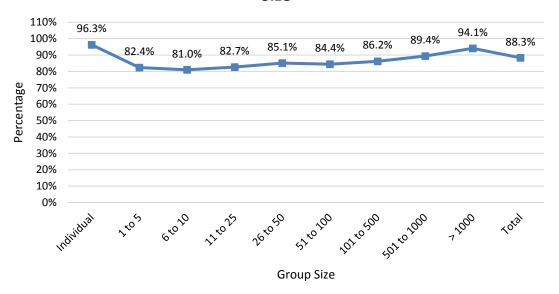
(Commercial Accounts, excluding Medicare and Medicaid business)

• Massachusetts carriers earned \$12 billion in health care premiums and paid \$10.3 billion in health care claims payments to hospitals, doctors, and other providers in 2018. Carriers spent \$1.9 billion in administrative expenses and had a net gain of \$397.5 million in 2018.

Medical Loss Ratios

- The carriers' average weighted Medical Loss Ratio (MLR) was 88.3% in 2018.
- MLRs differed from one carrier to another, as well as by product and by size of the groups in a sub-market. While the average weighted MLR for individual coverage was 96.3% in 2018, the average weighted MLR for most types of small groups ranged from 81.0% to 85.1%. In the large group market, the average weighted MLR ranged from 84.4% to 94.1%.

2018 Average Weighted Medical Loss Ratios by Group Size



¹ During the preparation of this report, we were provided with, and relied upon, various data and information from the health insurance industry. We did not audit the data or information provided, but reviewed it for reasonableness.

According to the 2018 annual summary report, carriers reported an average MLR of 88.3% across all their commercial lines of coverage. Separate from the annual report, carriers are required to submit MLR rebate calculation worksheets each year which are used to determine whether carriers are required to rebate premiums from the prior calendar year to individuals and small employers. The review of the actual 2018 experience regarding rebates will be available in September 2019.

² Reported MLRs reflect an average of the actual MLRs reported by health insurance carriers. Individual carriers have ratios that are higher or lower than the reported average, and some may be subject to mandatory rebates.

³ The Massachusetts statutes for individual/small group health coverage require that that carriers meet the following MLR thresholds:

^{89%} for rates effective between 1/1/2014 and 12/31/2014; and 88% for rates effective on and after 1/1/2015.

FINANCIAL SUMMARY OF THE 2018 MARKET FOR HEALTH INSURANCE

Administrative Expenses

• (Carriers' total 2018 administrative expe	nses	s were:	% of all Admin Expenses
(Financial Administrative	\$	50.8 million	3.7%
(Marketing and Sales	\$	180.3 million	13.1%
(Distribution Expenses	\$	229.9 million	16.7%
(Claims Administration	\$	171.0 million	12.4%
(Medical Administration	\$	166.5 million	12.1%
(Network Operational	\$	30.5 million	2.2%
(Charitable Expense	\$	4.7 million	0.34%
(Taxes, Assessments & Fines	\$	211.4 million	15.4%
(General Administration	\$	276.9 million	20.2%
(Miscellaneous Expenses	\$	3.7 million	0.2%
(Capital Expenses and Depreciation	\$	47.9 million	3.4%
Tota	l Administrative Expenses	\$1	,373.6 million	100.0%

Massachusetts Division of Insurance ANNUAL COMPREHENSIVE FINANCIAL STATEMENT FOR CARRIERS' INSURED HEALTH PLANS COVER SHEET



Enter NAIC#	Reporting Year:	2018
	 -	

Company Name: All Companies

Enter Line of Business from list below: All Lines of Business (Except Medicare,

Medicaid, and Commonwealth Care)

- 1 Closed Network Plans
- 2 Preferred Network Plans
- 3 Open Network Plans
- **4 Student Health Insurance Plans**
- 5 Medicare Advantage
- **6 Other Medicare**
- 7 Commonwealth Care
- **8 Young Adult Plans**
- 9 Medicaid (MassHealth)
- 10 Group Insurance Commission (GIC)
- 11 Federal Employee Health Benefit Plans (FEHBP)

	Accumulated
	Surplus *
Common Stock	80,398,534
Preferred Stock	0
Gross Paid In	3,560,210,009
Contributed Surplus	1,382,375,576
Surplus Notes	305,000,000
Unassigned Funds	16,657,970,558
Other C&S Items	10,796,155
Total Surplus	21,996,750,832

Risk-Based Capital Ratio *	
	

* Total for Company

ANNUAL COMPREHENSIVE FINANCIAL STATEMENT FOR CARRIERS' INSURED HEALTH PLANS ENROLLMENT INFORMATION ENROLLMENT TOTALS

Company Name: All Companies

Line of Business: All Lines of Business (Except Medicare, Medicaid, and Commonwealth Care)

Market Group Size	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Group Total
Number of Distinct Employment-Based										
Groups Covered on December 31st of Reporting Year	7,622	30,969	6,892	10,356	5,457	3,713	3,733	1,162	1,088	70,992
Number of Subscriber Members	, -	,	- ,	-,	-, -	-, -	-,	, -	,	10,000
Covered on December 31st of Reporting		_, ,								
Year	269,006	71,157	36,908	70,410	42,265	122,332	198,567	69,585	238,654	1,118,884
Number of Subscriber Member Months Covered in Reporting Year	3,349,454	891,236	460,719	877,288	531,225	1,552,087	2,480,548	849,247	2,842,709	13,834,512
Average Number of Subscriber										
Members Covered in Reporting Year	279,121	74,270	38,393	73,107	44,269	129,341	206,712	70,771	236,892	1,152,876
Number of Total Subscriber &										
Dependent Covered Lives on December							= = =			
31st of Reporting Year	323,616	124,522	71,558	146,425	86,077	243,975	411,599	151,525	402,187	1,961,484
Number of Total Subscriber &										
Dependent Covered Life Months		4 400 000	.===	4 === 0 000	4 000 744		4 0 = 4 0 = 0		= 004400	
covered in Reporting Year	3,857,022	1,483,833	855,225	1,758,266	1,028,711	2,972,924	4,951,659	1,791,790	5,224,168	23,923,598
Average Number of Subscriber &										
Dependent Covered Lives in Reporting										
Year	321,419	123,653	71,269	146,522	85,726	247,744	412,638	149,316	435,347	1,993,633

ANNUAL COMPREHENSIVE FINANCIAL STATEMENT FOR CARRIERS' INSURED HEALTH PLANS BALANCE SHEET

NAIC#:	0	Reporting Year:	2018
Company Name:	All Companies		
Line of Business:	All Lines of Business	(Except Medicare, Medicaid, and Commonweal	Ith Care)

Group					Accumulated F	Reserves				
Member Size	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
Claim Reserves	\$141,140,512.43	\$75,481,553.73	\$105,482,347.92	\$81,992,479.99	\$50,146,261.60	\$169,244,774.48	\$278,042,751.95	\$106,261,946.11	\$248,094,368.75	\$1,255,886,996.98
Premium Reserves	\$20,026,796.65	\$17,314,175.55	\$11,642,566.82	\$23,066,168.72	\$13,936,775.16	\$46,898,800.51	\$81,774,965.54	\$33,578,426.34	\$55,717,339.17	\$303,956,014.45
Contract Reserves	\$23,582,367.04	\$11,542,710.76	\$6,371,989.85	\$11,913,895.63	\$6,754,334.99	\$7,262,677.20	\$11,294,379.98	\$5,922,992.74	\$134,372,223.49	\$219,017,571.69
Total Reserves	\$184,749,676.11	\$104,338,440.04	\$123,496,904.59	\$116,972,544.34	\$70,837,371.75	\$223,406,252.20	\$371,112,097.47	\$145,763,365.20	\$438,183,931.41	\$1,778,860,583.11

	Accumulated
	Surplus *
Common Stock	80,398,534
Preferred Stock	0
Gross Paid In	3,560,210,009
Contributed Surplus	1,382,375,576
Surplus Notes	305,000,000
Unassigned Funds	16,657,970,558
Other C&S Items	10,796,155
Total Surplus	21,996,750,832

Risk-Based Capital Ratio *

* Total for Company

ANNUAL COMPREHENSIVE FINANCIAL STATEMENT FOR CARRIERS' INSURED HEALTH PLANS INCOME STATEMENT

NAIC#: ____ 0 **Reporting Year**: ___ 2018

Company Name: All Companies

Line of Business: All Lines of Business (Except Medicare, Medicaid, and Commonwealth Care)

Net Premium Earned	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
211 CMR 149.06 (2) (b) 1	1,516,188,593	828,024,718	463,219,041	931,681,641	534,056,054	1,654,100,588	2,650,392,067	1,006,935,288	2,423,734,784	12,008,332,774
Incurred Claims 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
CMR 149.06 (2) (b) 2	1,419,498,984	667,109,919	366,107,307	751,610,713	442,550,025	1,361,829,758	2,226,183,536	875,673,816	2,213,287,386	10,323,851,445
Medical Loss Ratio=(Incurred Claims + Expenses	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
for Improving HealthCare Quality + Deductible	96.3%	82.4%	81.0%	82.7%	85.1%	84.4%	86.2%	89.4%	94.1%	88.3%
Investment Gains and Losses 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
CMR 149.06 (2) (b) 4	muividuai		6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
Investment Income	10,375,745	5,994,657	3,918,351	7,773,929	4,825,726	13,391,733	20,409,370	7,513,688	15,134,090	89,337,289
Net Realized Capital Gains and Losses	2,882,314	535,424	76,524	137,264	76,778	44,776	(193,889)	(141,778)	(367,847)	3,049,566
Totals	13,258,060	6,530,081	3,994,874	7,911,193	4,902,504	13,436,508	20,215,481	7,371,910	14,766,243	92,386,855
Financial Administration Expenses	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
211 CMR 149.06 (2) (b) 5	7,831,430	5,020,974	2,718,367	5,282,715	3,152,208	6,933,661	8,609,587	3,128,876	8,090,796	50,768,613

Marketing and Sales Expenses 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
CMR 149.06 (2) (b) 6	Illulviduai	1 10 5	0 10 10	11 to 25	20 10 30	31 10 100	101 10 300	301 10 1000	> 1000	Total
Billing & Member Enrollment	16,183,067	3,093,526	975,746	1,934,349	1,182,373	2,329,753	3,573,660	1,242,473	2,353,203	32,868,149
Customer Service & Member Relations	7,112,203	3,334,117	1,869,250	3,637,870	2,182,603	5,084,444	8,373,256	3,025,356	8,992,629	43,611,728
Product Management, Marketing & Sales	9,919,856	8,556,869	5,254,037	10,236,717	6,224,305	13,124,395	20,085,714	6,849,900	12,902,205	93,153,997
Product Development	4,503,017	934,494	284,138	550,049	324,851	933,982	1,432,137	485,224	1,215,401	10,663,293
Marketing and Sales Expenses Totals	37,718,143	15,919,006	8,383,171	16,358,984	9,914,132	21,472,574	33,464,767	11,602,952	25,463,438	180,297,167

Distribution Expenses	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
211 CMR 149.06 (2) (b) 7	15,143,026	19,104,876		24,602,100	15,033,591	35,098,676	55,697,930	18,746,476	33,954,002	229,880,066
Claims Operations Expenses 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
CMR 149.06 (2) (b) 8	iliuividuai	1 10 5	0 10 10	11 (0 23	20 10 30	31 (0 100	101 to 300	301 10 1000	> 1000	Total
All costs associated with claims adjudication &										
adjustment of claims less Deductible Fraud & Abuse	16,951,881	10,140,292	7,671,418	15,338,378	9,344,043	21,075,534	35,459,328	13,664,729	33,419,513	163,065,116
(listed below) Deductible Fraud & Abuse Detection/Recovery	10,951,001	10, 140,292	7,071,410	13,330,370	9,544,045	21,073,334	33,439,320	13,004,729	33,419,313	
	951,849	694,965	342,554	662,687	459,837	1,218,627	1,714,792	457,754	1,504,807	8,007,871
Expenses Claims Operations Expenses Totals	17,903,730	10,835,257	8,013,972	16,001,065	9,803,880	22,294,161	37,174,120	14,122,483	34,924,320	171,072,986
Oldinio Operations Expenses Fotals	17,300,700	10,000,201	0,010,012	10,001,000	3,003,000	22,234,101	01,114,120	14,122,400	04,324,320	171,072,300
Medical Administration Expenses 211										
CMR 149.06 (2) (b) 9	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
Total Defined Expenses Incurred for Improving										
HealthCare Quality	11,490,813	4,369,327	2,354,516	4,690,496	2,905,222	7,789,923	11,831,848	4,007,451	12,541,651	61,981,246
All Other Quality Assurance & Cost Containment	11,170,396	8,644,423	5,464,225	10,843,053	6,689,580	12,463,030	21,695,400	8,339,752	15,439,006	100,748,867
Wellness & Health Education	948,352	572,215	162,970	281,386	106,950	441,234	475,525	80,603	436,845	3,506,080
Medical Research	35,152	21,830	5,161	7,209	4,347	32,869	59,049	13,583	50,490	229,689
Medical Administration Expenses Totals	23,644,713	13,607,794	7,986,872	15,822,145	9,706,099	20,727,056	34,061,822	12,441,389	28,467,992	166,465,882
								_		
Network Operational Expenses 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
CMR 149.06 (2) (b) 10	3,789,101	3,008,751	1,585,225	3,086,693	1,612,528	4,341,828	6,212,405	1,977,109	4,850,373	30,464,014
0	Lond's dataset	44-5	04-40	44.1- 05	00.4- 50	F4 (- 400	404 (- 500	F04 to 4000	1000	Tatal
Charitable Expense 211 CMR 149.06 (2) (b) 11	Individual 275,819	1 to 5 496,217	6 to 10 230,606	11 to 25 432,961	26 to 50 195,787	51 to 100 803,049	101 to 500 1,165,440	501 to 1000 388,809	> 1000 739,850	Total 4,728,539
OHIT 140.00 (2) (0) 11	,,,,,,			,	,.		.,,	,		4,720,339
Taxes, Assessments & Fines paid to Federal,										
State or Local Government	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
211 CMR 149.06 (2) (b) 12										
Taxes (premium, real estate, other non payroll) Paid										
	8,411,992	4,880,228	2,510,746	5,520,494	3,521,766	10,587,809	18,248,137	8,568,455	15,896,615	78,146,242
Assessments, Fees & Other Amounts paid to	17.010.000	F 004 4-0	4044	0.44= 004		40 = 40 0=0	00 =04 000	44.000.00	05.050.075	
Government Agencies	17,346,036	5,391,170		8,447,621	5,357,078	16,543,050	28,504,362	11,929,281	35,373,243	133,206,316
Fines & Penalties paid to Government Agencies	0	0	0	0	0	0	0	0	0	0

Totals	25,758,028	10,271,399	6,825,220	13,968,115	8,878,844	27,130,859	46,752,499	20,497,737	51,269,859	211,352,558
General Administration 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
CMR 149.06 (2) (b) 13										Total
Payroll Administration Expenses less Payroll Taxes	2,878,141	2,075,298	1,332,982	2,778,841	1,815,823	4,319,421	7,374,100	2,279,426	6,740,594	31,594,624
Payroll Taxes	2,731,720	1,547,541	993,930	1,977,340	1,184,443	2,925,417	4,668,144	1,523,475	4,463,356	22,015,366
Real Estate Expenses	3,549,306	1,766,922	676,970	1,259,726	596,880	1,841,666	2,449,424	604,724	1,882,943	14,628,562
Regulatory Compliance & Government Relations	1,877,033	644,599	274,039	532,028	285,740	914,455	1,309,872	329,327	1,412,809	7,579,903
Board, Bureau or Association Fees	423,393	315,236	133,145	250,186	139,319	386,384	654,410	243,868	790,968	3,336,909
Other Administration	38,584,817	19,324,004	9,815,452	18,873,838	10,864,772	24,775,026	37,671,236	13,181,031	24,644,568	197,734,744
Reimbursement from Uninsured Plans	0	0	0	0	0	0	0	0	0	0
General Administration Totals	50,044,410	25,673,600	13,226,519	25,671,960	14,886,977	35,162,370	54,127,185	18,161,852	39,935,237	276,890,108
# of Employees on Carriers' Payroll on December										
31st of Reporting Year	5,088	249	101	188	120	487	627	305	23,735	30,899
· · · · · · · · · · · · · · · · · · ·		•	•	•	•			·	·	
Detailed Miscellaneous Expenses 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
CMR 149.06 (2) (b) 14	24,438	17,407	10,497	29,581	17,206	58,892	79,238	50,878	3,454,156	3,742,294
		•						-	_	<u>-</u>
Capital Expenses & Depreciation 211	Individual	1 to 5	6 to 10	11 to 25	26 to 50	54 to 400	101 to 500	E04 to 4000	> 1000	Total
CMR 149.06 (2) (b) 15		1 to 5	6 to 10		26 to 50	51 to 100		501 to 1000		Total
Depreciation	3,920,276	3,997,528	2,468,875	4,949,900	2,763,857	7,312,292	10,772,506	3,339,388	8,400,929	47,925,551
Capital Acquisitions	0	0	0	0	0	0	0	0	0	0
Capital Costs on behalf of the Hospital or Clinic	0	0	0	0	0	0	0	0	0	0
Other Capital Costs	0	0	0	0	0	0	0	0	0	0
Capital Expenses & Depreciation Totals	3,920,276	3,997,528	2,468,875	4,949,900	2,763,857	7,312,292	10,772,506	3,339,388	8,400,929	47,925,551
Net Income (Net Premiums Earned + Investment	Individual	1 to 5	6 to 10	11 to 25	26 to 50	51 to 100	101 to 500	501 to 1000	> 1000	Total
Net meetic (Net i remains Lamed : mvestment	Illulviuuai	1 10 3	0 10 10	11 10 23	20 10 30	31 10 100	101 10 300	001101000	, 1000	I Otal