

Zaniya Task Force

Health Insurance in South Dakota

The Markets

The Insureds

Presented by Randy Moses, Division of Insurance

History of Health Care Reform

- 1992 Small group rating bands
- 1994 group portability, minimum loss ratios
- 1995 small group guaranteed issue
- 1996 individual market guaranteed issue, rating bands, portability
 - HIPAA passed later in 1996

History of Health Care Reform continued

- 1997 and 1998 HIPAA amendments
- 2000 Individual closed block rating bands
- 2003 Risk Pool
- 2006 Closed block eligibility for risk pool

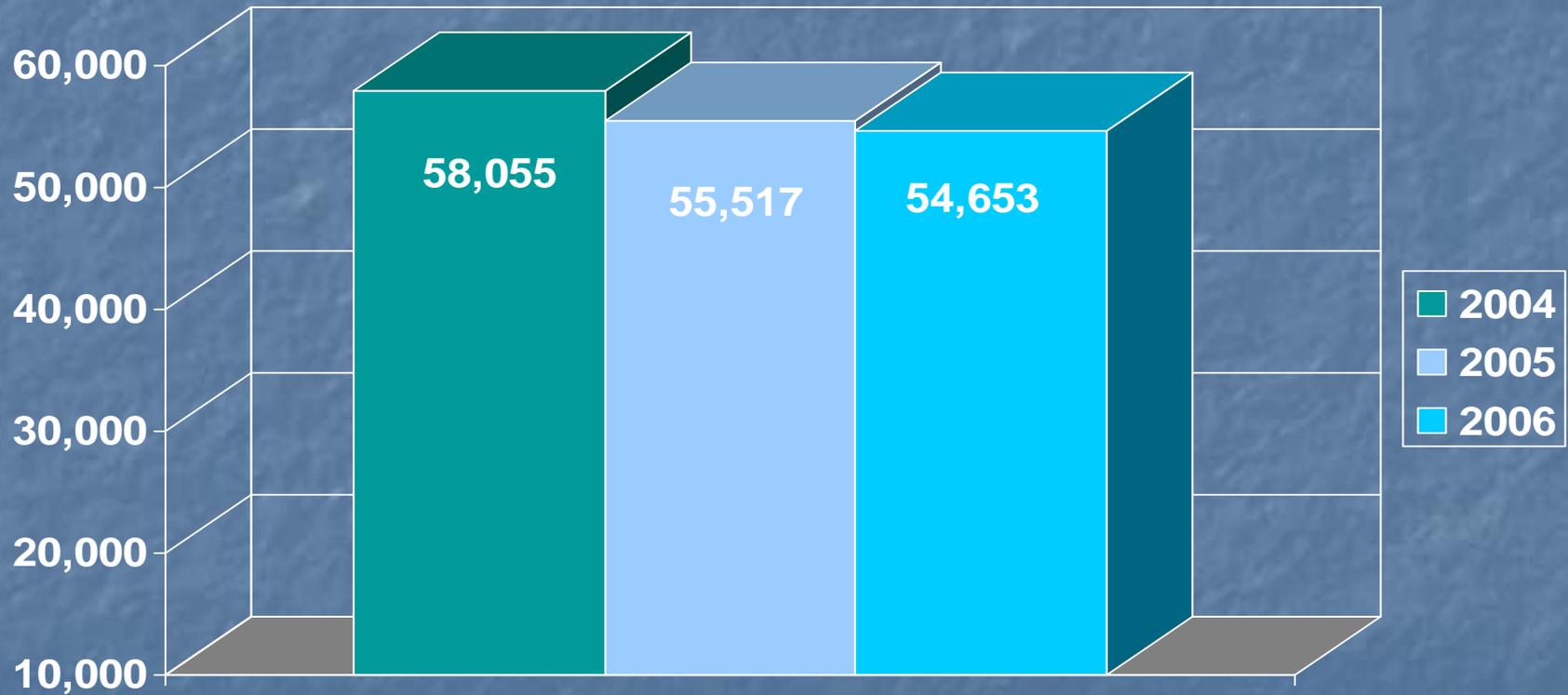
What Health Care Reform and Access to Health Insurance

- Any employer 2-50 all products guaranteed issue
 - rating bands ensure price reasonableness
- Individual employees/dependents may not be underwritten
- No new preexisting waiting periods for individual or group market if stay insured
- If 12 months coverage guaranteed continued coverage
 - Risk Pool
- Group/individual minimum loss ratios keep premiums down

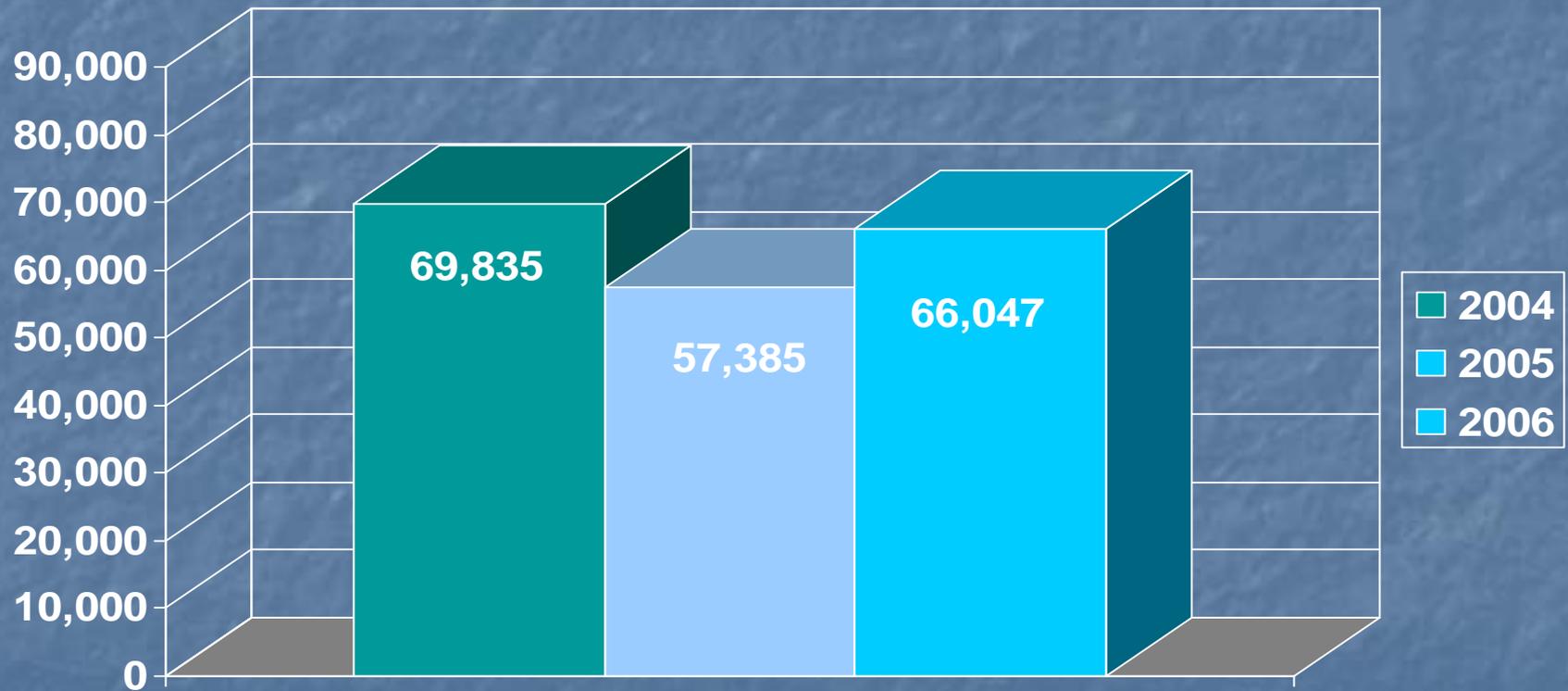
Who is missing?

- Uninsurable - no health insurance in last 63 days, no access to employer coverage, and medically uninsurable
- Can't afford health insurance
- Don't want health insurance

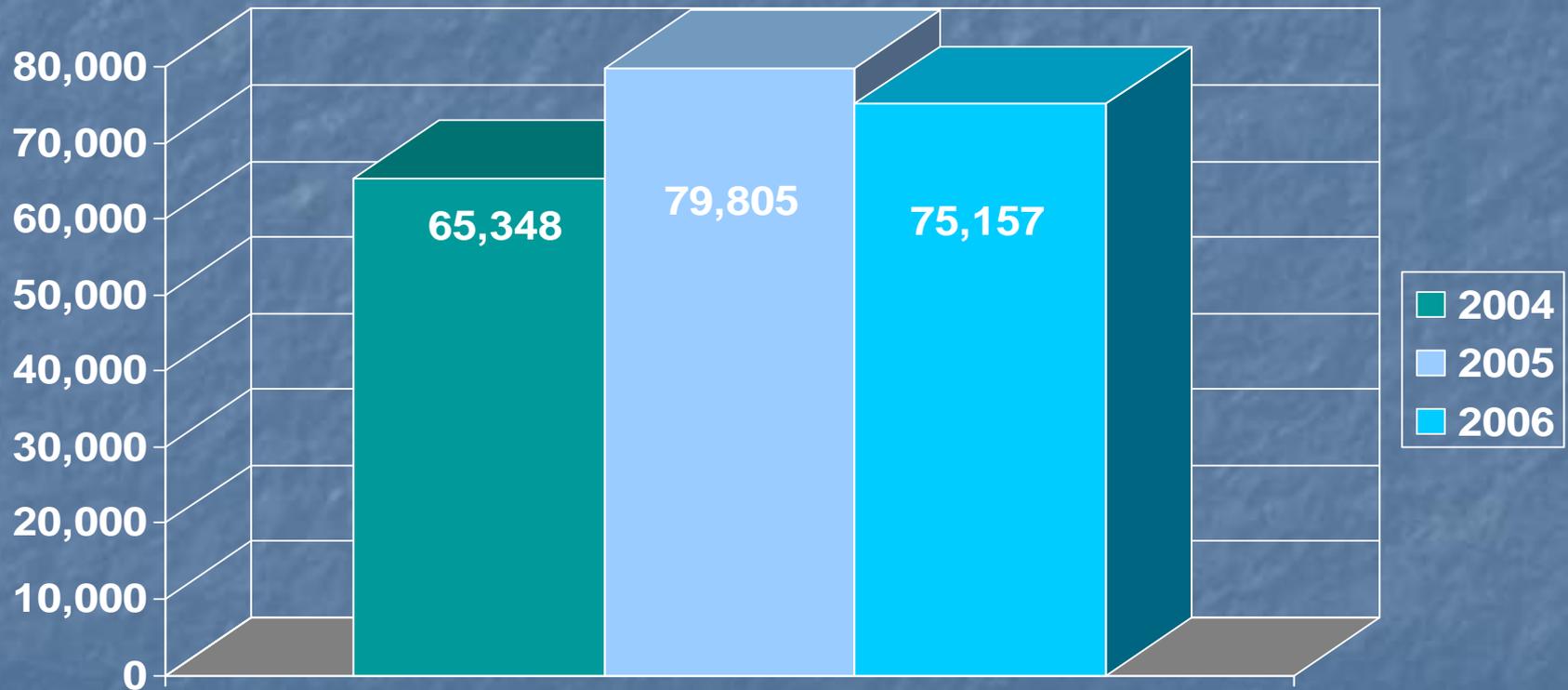
Individual Market



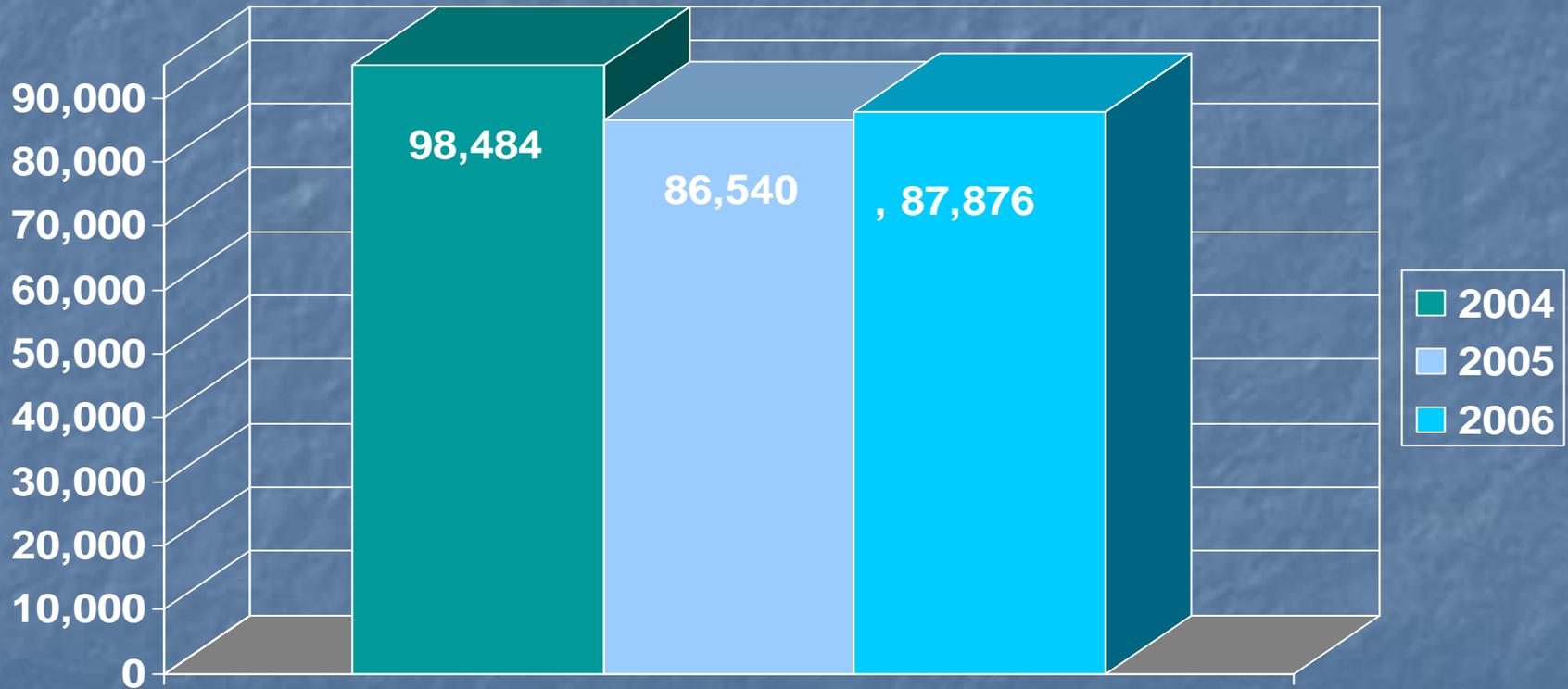
Small Group Market



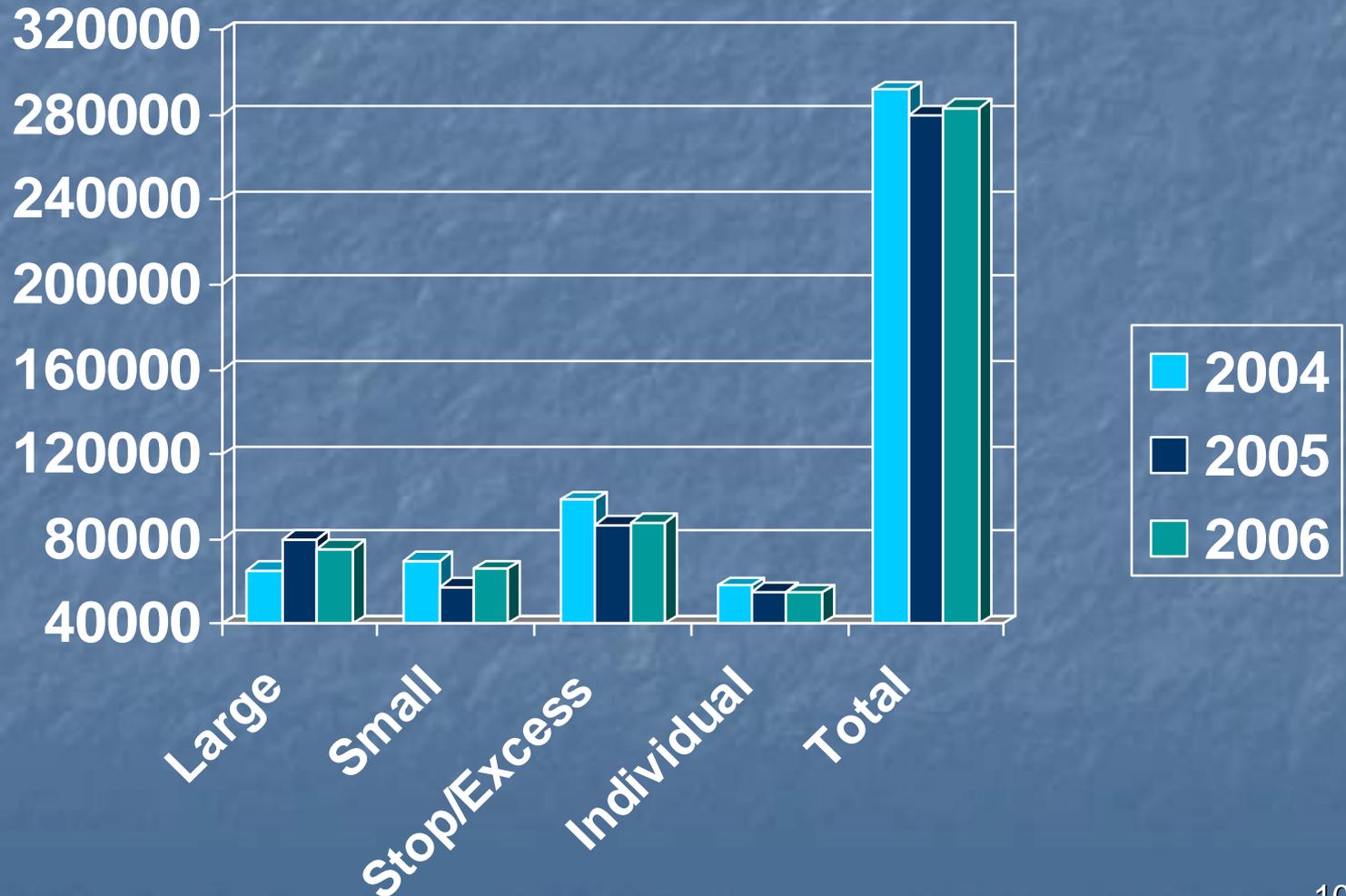
Large Group Market



Stop/Excess Market

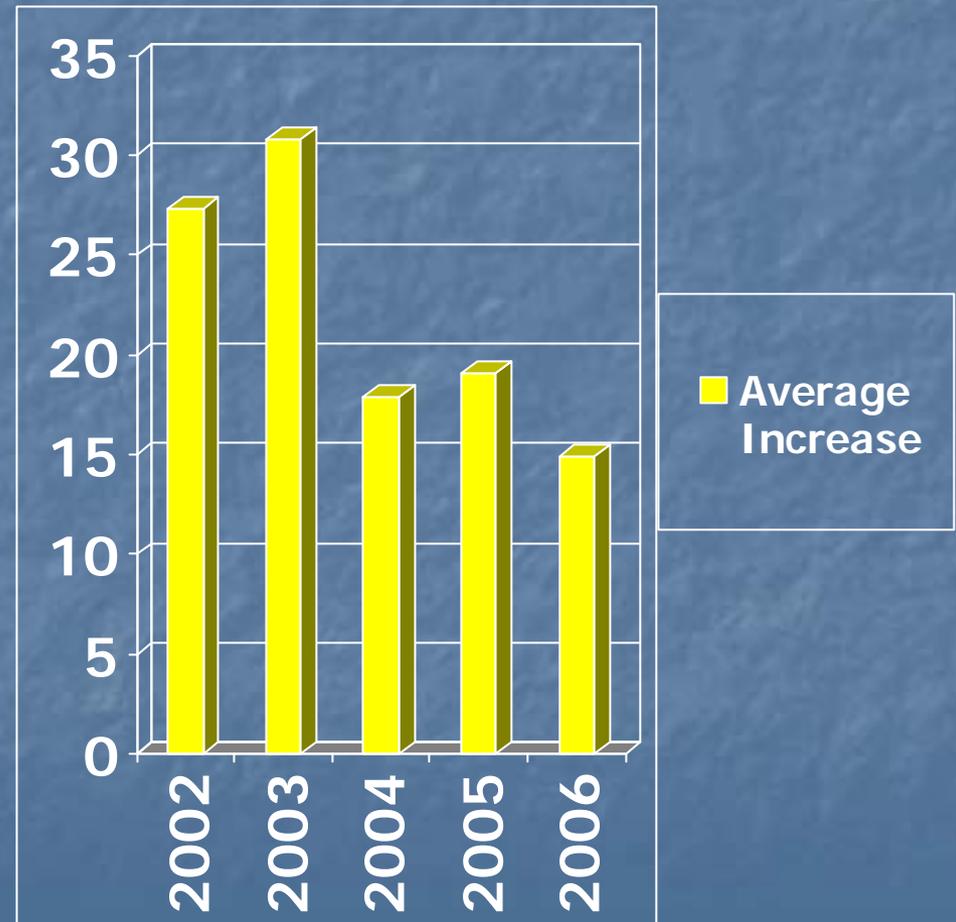


3 Year Market Trend



Individual Market Rate Increase History

- Five year average is 24.4%*
 - Not yearly average - many insurers do not file each year
- Overall industry trend is approximately 12% for 2007
 - *Approved increases which can vary among policy forms and do not affect insured equally



Individual Market Average Annual Increases

- 3 Largest Individual Market Carriers average increase 2003 through 2006*

CY03 - 7.5%

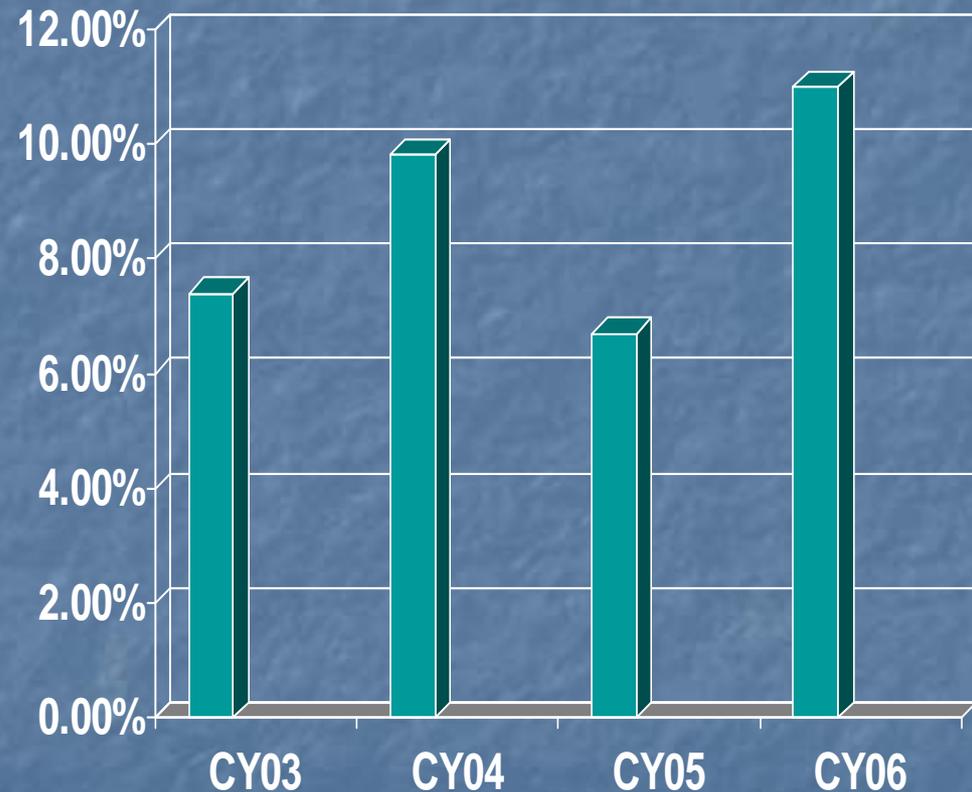
CY04 - 9.8%

CY05 - 6.7%

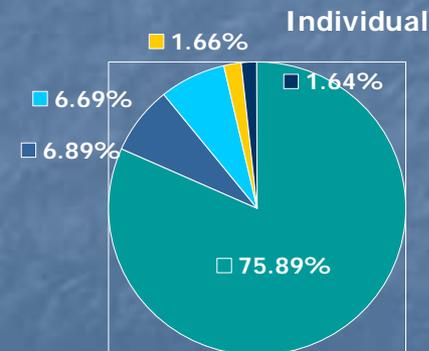
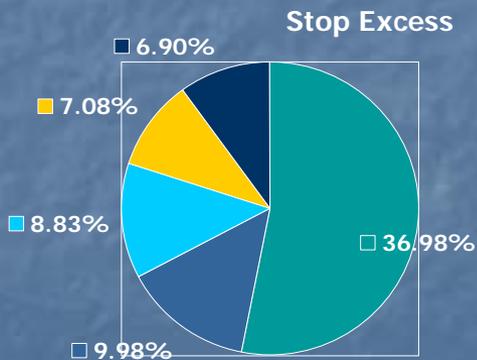
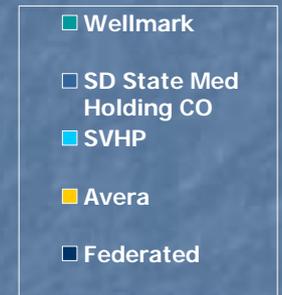
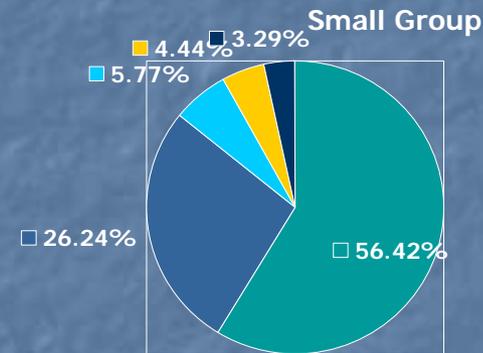
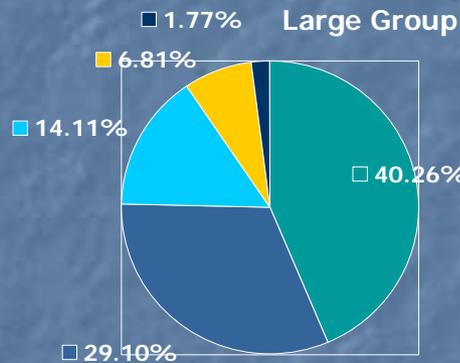
CY06 - 11.0%

*Excludes all carriers with closed blocks and smaller active carriers so more reflective of increases seen in new business rates

** Each calendar year may include rate data for the first 3 months of the succeeding year



2006 Top Five Market Penetration



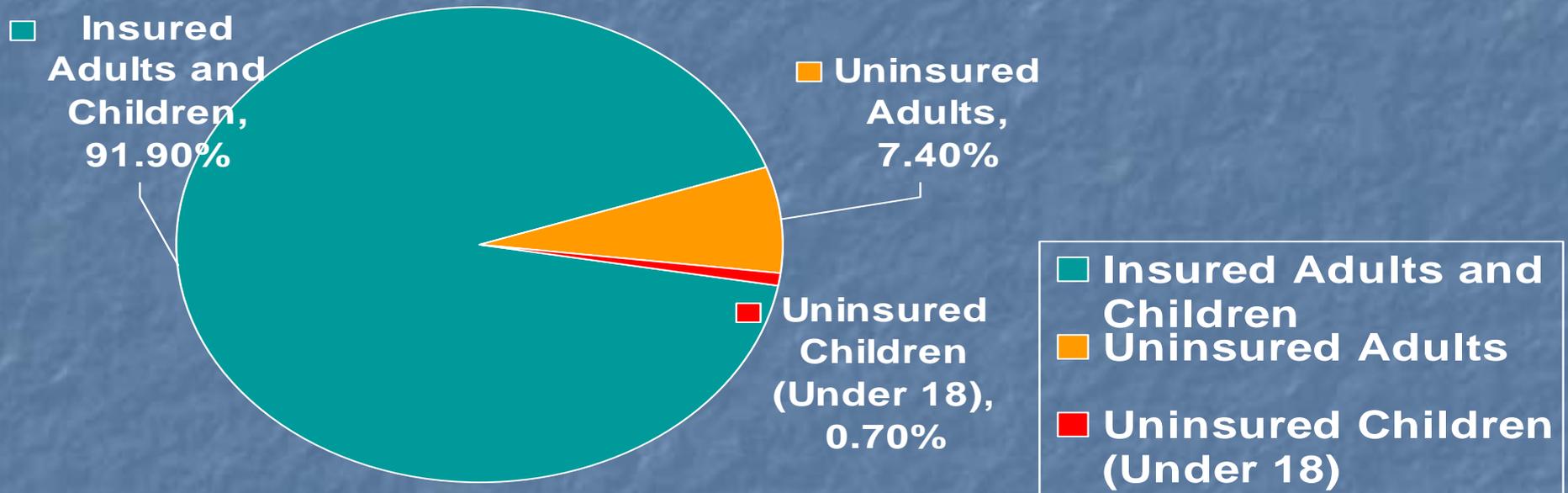
2007 Carriers Actively Marketing

- Small Group = 15
- Large Group = 12
- Individual = 10

Insured and Uninsured South Dakotans in 2001

(Based on a 2001 Survey of 20,307 Households)

Total Population = 754,844



5,269 of 202,649 Children =
2.6% Children Uninsured

NOTE: Insured means covered by employer plan, purchased individually or covered by government such as Medicare, Medicaid, S-CHIP or Military. Native Americans are considered uninsured if their only source of healthcare is the Indian Health Service.

Characteristics of the Insured

■ Mean Age	51
■ Median Age	48
■ Age 18-29 years	11.6%
■ Age 50+years	47.8%
■ Married	66.6%
■ Mean Children/Household	1.66
■ Anglo/White	94.3%

Insured compared to Uninsured

- More likely employed full-time
- More likely married
- Older
- Higher income
- More likely to believe insurance important
 - 90% expressed this belief

Insured and Their Health Insurance

- 88% felt their health insurance was adequate or very adequate
- 75% had prescription drug coverage

Employers Providing Coverage

- 55% Provide Coverage
- Major Reason for providing coverage is to retain workers
- Employers pay 81% of premiums for employees and 39% for dependents

Employers Offering Health Insurance by Size

<u>Number of Employees</u>	<u>Percent Provide Insurance</u>
2	17%
3-10	54%
11-50	70%
>50	100%

Employer Coverage by Region

Pierre/Mobridge/Rapid City	44%
Watertown/Mitchell/Aberdeen	57%
Sioux Falls	63%

Health Insurance Offered by Industry Type

Agricultural	73%
Manufacturing	70%
Wholesale	71%
Transportation	69%
Retail	45%