



Growth in Newer Med Supp Policies Continues

3/29/2011

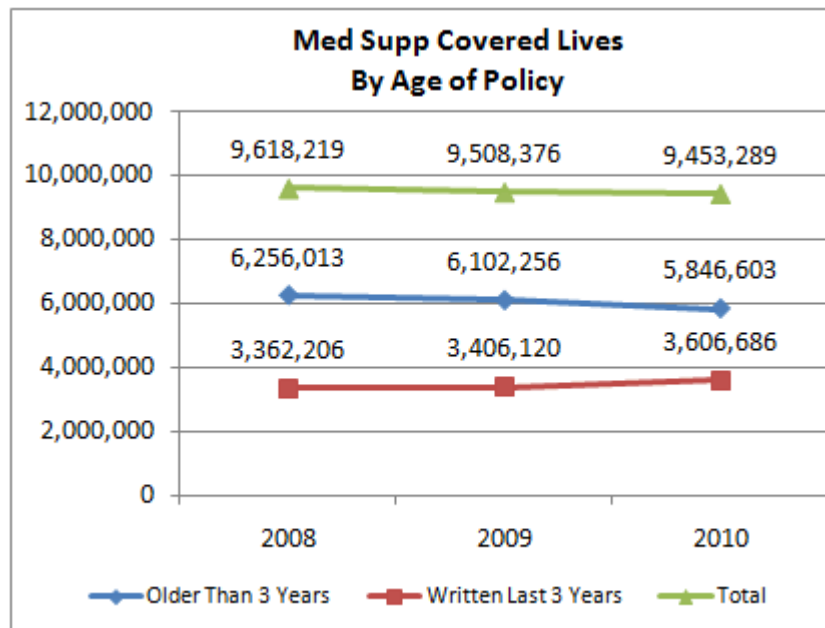
by Debra A. Donahue

April 22, 2011 Update:

2010 Med Supp enrollment now stands at 9,636,724 based on the latest data, including plans that filed late with the NAIC.

The latest Medicare Supplement membership figures show continued growth in the number of new policies being issued. The number of newer policies, those issued in the last three years, increased by 5.9% in 2010 when compared to the 2009 base. Growth increased compared to 2009 when carriers had experienced 1.3% growth in new policies. Termination of Medicare Advantage private-fee-for-services throughout much of the country and the introduction of new Plans M and N options have resulted in a resurgence of Medicare Supplement membership.

Medicare Supplement plans covered 9.453 million seniors as of December 31, 2010, according to annual financial statements filed with the National Association of Insurance Commissioners (NAIC). Though total membership declined from 9.508 million in 2009, attrition was primarily due to erosion of the older policy base. Between the years 2007 and 2010, carriers collectively reported a total of 93,284 fewer covered lives.

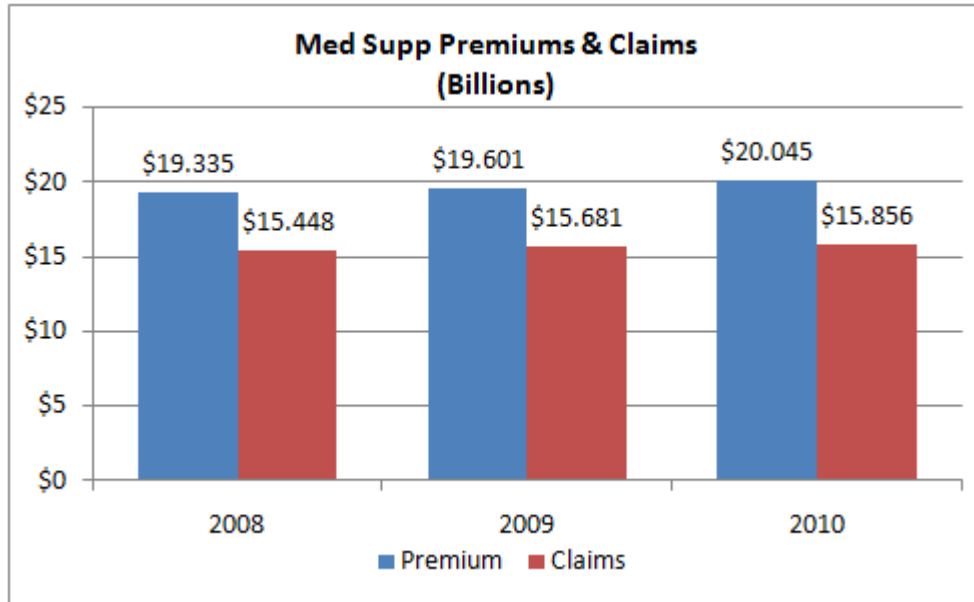


Source: MFA's Medicare Supplement Market Data; Health Coverage Portal™

Med Supp Business Snapshot

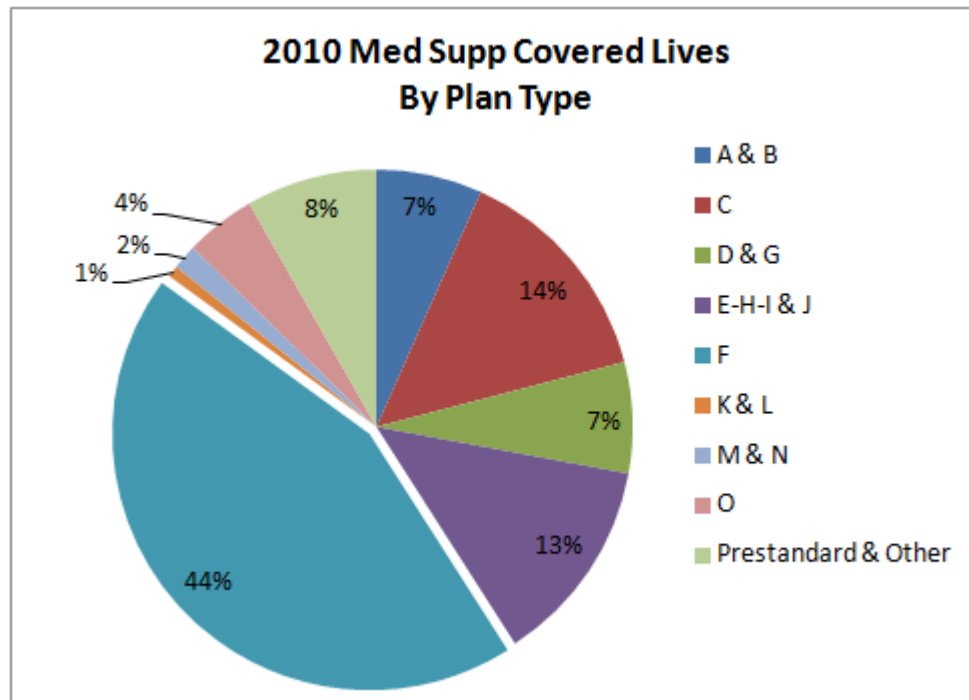
Industry consolidation continued in 2010 with 177 carriers remaining in the Medicare Supplement Market and only 114 carriers reported writing new policies in the last three years.

Medicare Supplement plans earned \$20.045 billion in premiums and incurred \$15.857 in claims during 2010. The aggregate loss ratio, incurred claims as a percent of earned premiums, hovered around 80% from 2007 to 2009 but dropped slightly to 79% in 2010.



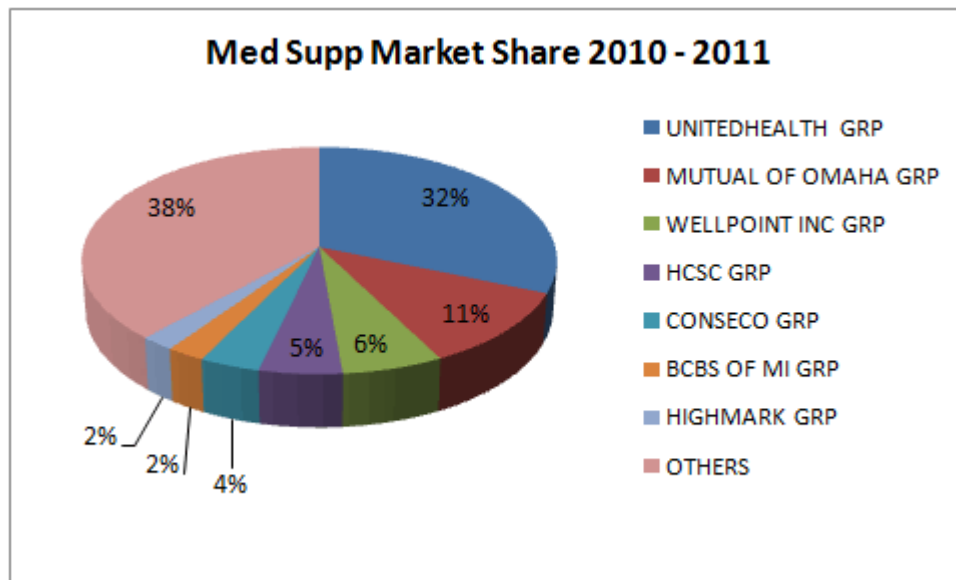
Source: MFA's Medicare Supplement Market Data; Health Coverage Portal™

Plan F, the most popular design that covers Medicare deductibles as well as coinsurance and copayment costs was purchased by 44% of people with Medigap coverage in 2010. Newly offered Plan N gained 147,912 members since June 2010 when it was introduced. Plan M did not fare so well, with only 265 covered lives



Source: MFA's Medicare Supplement Market Data; Health Coverage Portal™

Leading managed care organizations, Blues plans, regional plans and multiline carriers compete in the Medicare Supplement space. UnitedHealth, with a longstanding AARP contract dominates the segment with 32% market share. Mutual of Omaha ranks a distant second with 11% share. Mutual of Omaha's share improved from 8% in 2009 to nearly 11% in 2010.



Source: MFA's Medicare Supplement Market Data; Health Coverage Portal™

Many companies are diversifying their Medicare portfolios with Med Supp, Med Advantage as well as stand-alone Part D plans to better leverage opportunities in the growing senior market. The competitive landscape could change significantly as new companies and new products enter this dynamic market.

About Medicare Supplement Market Data

Mark Farrah Associates presents the latest Medicare Supplement market data in the Health Coverage Portal™. The data scope includes state-by-state membership, premiums, claims and loss ratios for all plans nationwide. The data is as filed with the National Association of Insurance Commissioners in quarterly and annual financial statements. For more information about Medicare Supplement data, please call us at 207.985.8484.

About Mark Farrah Associates (MFA)

Mark Farrah Associates (MFA) is a leading data aggregator and publisher providing health plan market data and analysis tools for the healthcare industry. We are a licensed redistributor of NAIC data. MFA's Health Coverage Portal™ includes both risk-based and administrative services only membership and financial data by plan, parent, state, region and nationally. Committed to simplifying analysis of health insurance business, our products include Medicare Business Online™, Medicare Benefits Analyzer™, Health Coverage Portal™, Health Insurer Insights™ and Health Plans USA™.

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