

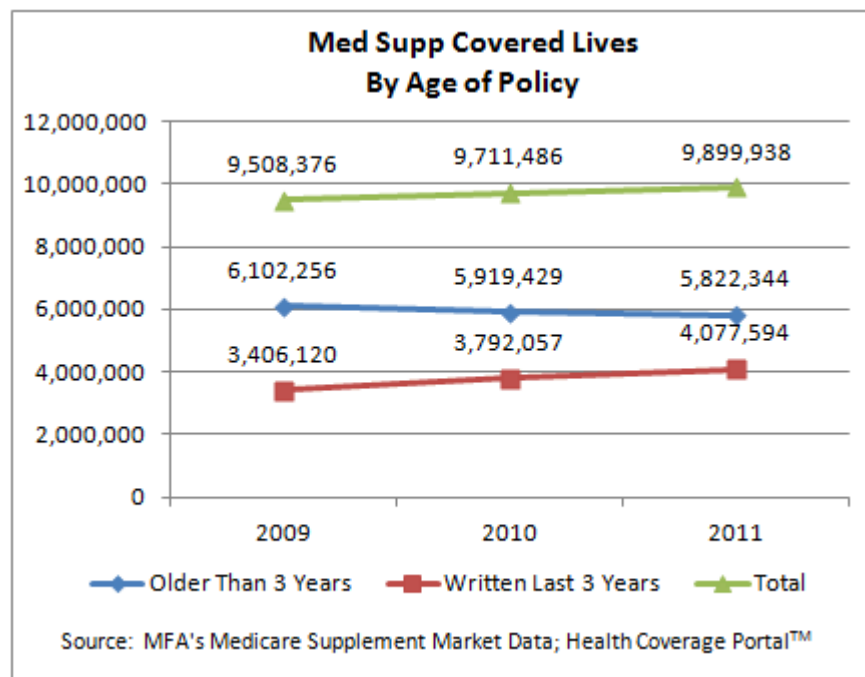


Growth in Newer Med Supp Policies Continues

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by Debra A. Donahue

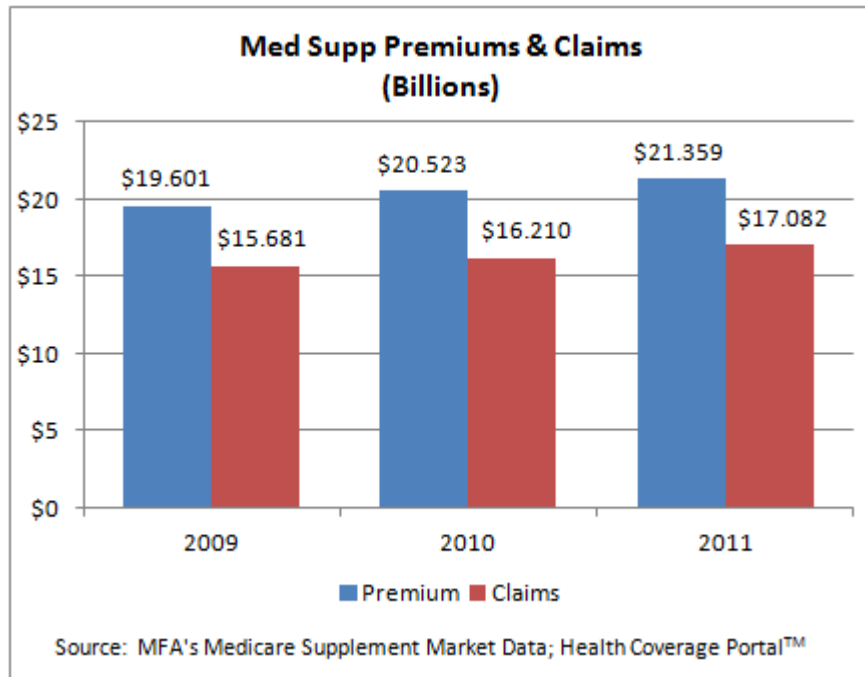
The latest Medicare Supplement membership figures show continued growth in the number of new policies being issued. The number of newer policies, those issued in the last three years, increased by 7.5% in 2011 when compared to the 2010 final enrollment data. Medicare Supplement plans covered 9.9 million seniors as of December 31, 2011, according to annual financial statements filed with the National Association of Insurance Commissioners (NAIC). Total membership increased 1.9% from 9.7 million in 2010. Final Medicare Supplement enrollment for 2010 increased 2.1% over 2009, with an 11.3% growth rate in new policies. The number of covered lives in policies written more than 3 years ago declined 1.6% between 2011 - 2010 and 3.0% between 2010 - 2009.



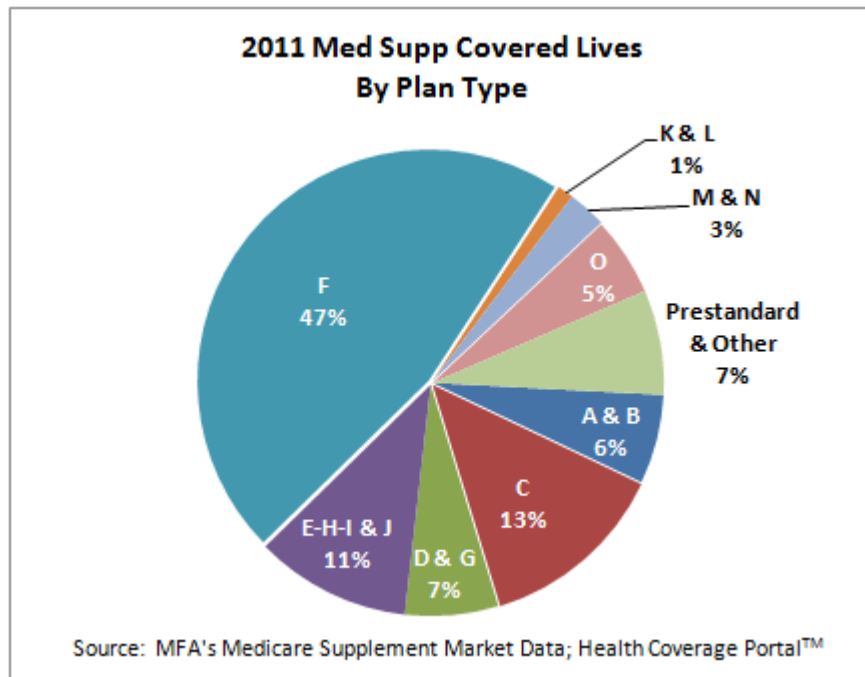
Med Supp Business Snapshot

In 2011, 129 carriers reported writing new policies in the last three years, compared to 124 in 2010. One carrier ceased reporting new policies from 2010 to 2011 and 6 carriers began reporting new policies written in the last three years.

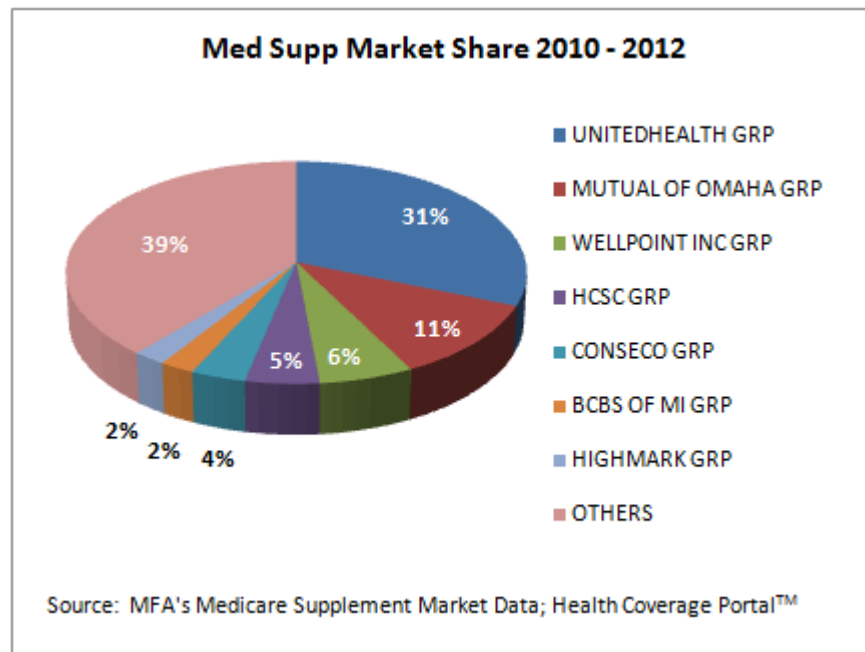
Medicare Supplement plans earned \$21.359 billion in premiums and incurred \$17.082 billion in claims during 2011, increases of 4.1% and 5.4% over 2010, respectively. The aggregate loss ratio, incurred claims as a percent of earned premiums, hovered around 80% from 2007 to 2009, dropped slightly to 79% in 2010 and returned to 80% in 2011.



Plan F, the most popular design that covers Medicare deductibles as well as coinsurance and copayment costs was purchased by 47% of people with Medigap coverage in 2011, up from 43% in 2010. Based on policy names and numbers, it appears roughly 2% of Plan F enrollment is in high deductible type products. Plan N gained 265,854 enrollees since June 2010 when it was introduced. Plan M nearly doubled the number of lives covered by this plan in 2011; however, with only 596 covered lives selecting this option it remains an unpopular choice.



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 31% market share. Mutual of Omaha ranks a distant second with 11% share. There has been very little change in market share over the last three years for Medicare Supplement carriers, with no changes to the top seven companies.



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 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. Annual Medicare Supplement data is refreshed four times a year to capture any carriers that file data late or to correct previously filed information. 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™, Health Plans USA™ and the new County Health Coverage™, which offers population and health plan enrollment data by county nationwide.

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