



CI Experts Discuss Navigating Health Insurance Market Changes

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by LuAnne Farrah

Competitive intelligence (CI) professionals convened at the Society of Insurance Research's (SIR) annual conference this month to discuss the changing health insurance landscape. This year's event offered a glimpse into the not-so-distant future as attendees shared game-changing strategies in response to health reform and discussed product innovations, marketing trends and what to expect from health exchanges. As insurers prepare for health reform implementation, the need for market analysis has never been more crucial. Market analysts throughout the industry are engaged in a variety of interesting initiatives, gauging how PPACA (Patient Protection and Affordable Care Act) will affect membership and planning for new product opportunities. Enthusiasm at the conference was evident and participants clearly demonstrated a commitment to helping their respective organizations successfully navigate the currents of change.

This brief presents an overview of the health insurance landscape and offers some interesting observations from speakers that participated in the Health Track sessions at the 2011 SIR conference.

The Health Insurance Landscape

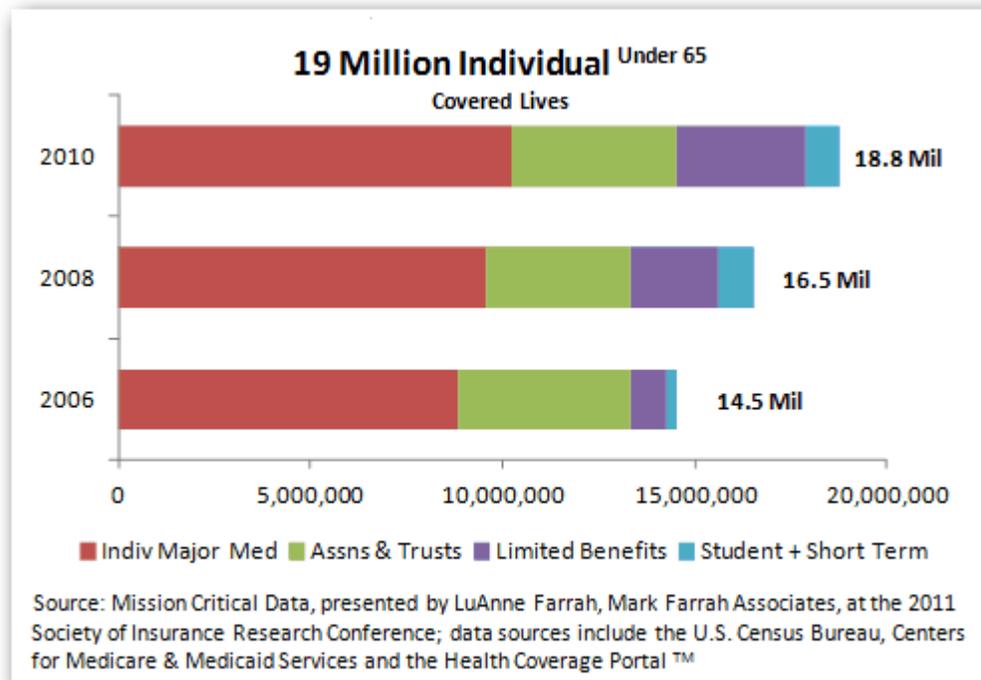
Today's complex health insurance landscape is generally carved into four basic Insured segments: Group (employer-based), Individual (non-group), Medicare and Medicaid. The broader market opportunity also includes the Uninsured, a segment that represents significant new business potential as health plans design coverage options in response to reform. Based on the latest estimates from the U.S. Census Bureau, the health insurance opportunity is comprised of 256 million people currently with some type of health coverage (the Insured) and 50 million people without coverage (the Uninsured). A segment breakdown of the Insured using enrollment data from the [Health Coverage Portal™](#) ([/products/health-coverage-portal.aspx](#)) and other sources reveals that 169 million Americans have Group health insurance through an employer, approximately 19 million people under 65 purchase some type of Individual policy, 47 million are Medicare eligible and 54 million are covered by Medicaid. Due to instances of dual-coverage, Insured segment figures do not sum to the total Insured.

Health Insurance Landscape 2010 - 2011 Covered Lives					
	Total	Group	Individual	Medicare	Medicaid
Insured	256 million	169 million	19 million	47 million	54 million
Uninsured	50 million				
Opportunity	306 million				

Source: Mission Critical Data, presented by LuAnne Farrah, Mark Farrah Associates, at the 2011 Society of Insurance Research Conference; data sources include the U.S. Census Bureau, Centers for Medicare & Medicaid Services and the Health Coverage Portal™.

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Health plans are intently focused on Individual (under 65) market opportunities where growth is expected to accelerate as PPACA drives access to health insurance through creation of state-run exchanges. The latest carrier-reported figures indicate that 10.2 million of the 19 million covered by Individual policies nationwide are in major medical plans and this is an increase from 8.8 million in 2006. The data also confirms recent growth in Limited Benefits and other short term coverage options.



As plans prepare for PPACA, analysts are conducting research and building population migration models to gauge forthcoming enrollment shifts from Group to Individual and other segments. This work is essential as it will help plans determine what types of health insurance products to design in anticipation of emerging market preferences.

Emerging Retail Stores

As health reform sets the stage for greater consumer involvement in health decisions, many insurers are opening retail stores to sell health insurance to individuals, seniors and small businesses. The stores provide a venue for knowledgeable health plan staffers to meet with customers one-on-one and discuss coverage options. Ron Zezza, Senior Strategic Marketing Consultant for Highmark Blue Cross Blue Shield provided a very interesting overview of the evolution of his company's Highmark Direct retail stores initiative.

Highmark has opened 8 retail stores in Pennsylvania since 2009. Customers may review insurance options with staff or use the self-service area to shop for health plans. Each store also includes a health evaluation area where customers may check their blood pressure, body mass index or learn about other health and wellness programs. Ron shared that customer traffic has exceeded 96,000 visitors and Highmark has sold more than 17,000 policies through the retail stores to date. Highmark describes this successful effort as "consumerism in action" and is likely to open more stores in the future.

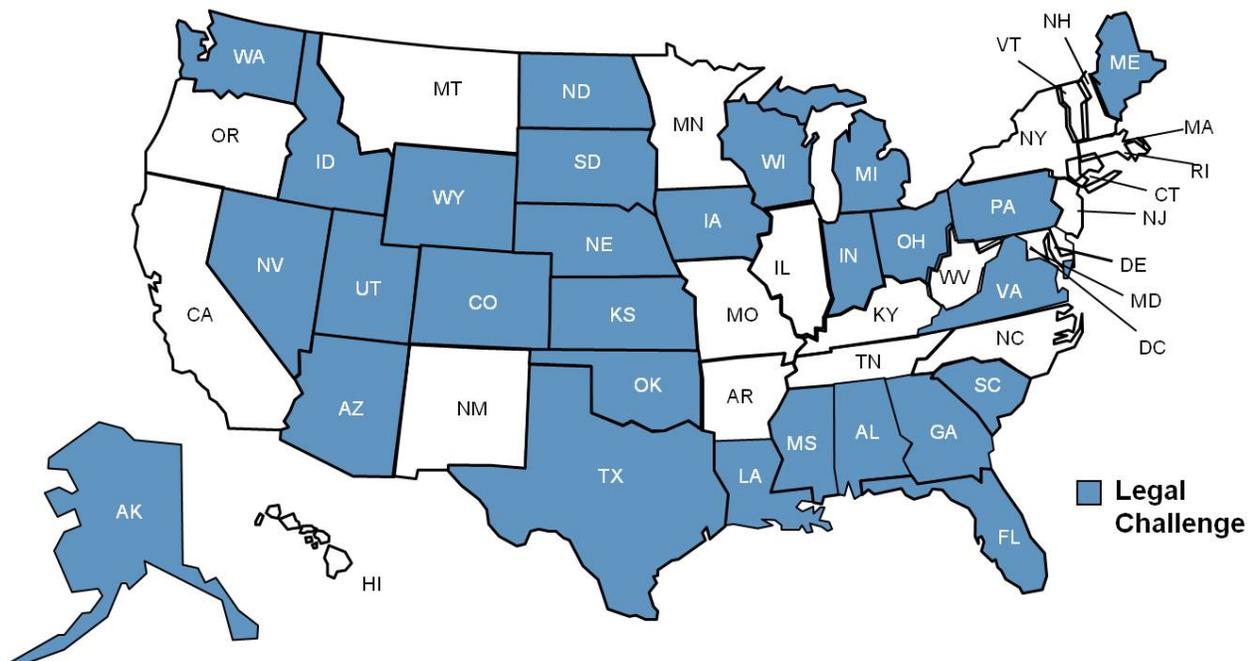


Source: Offering Health Care through Insurer Sponsored Retail Stores, presented by Ron Zezza, Highmark, Inc., at the 2011 Society of Insurance Research Conference

Health Reform: What Will the Future Bring?

Anthony Mader, Vice President for Public Policy for WellPoint gave a compelling overview of the changing healthcare reform landscape at the SIR conference. Many decisions and rulings between now and 2014 will have considerable bearing on how reforms will ultimately shake out. By year-end 2011, Health and Human Services is expected to issue a proposal on benefits that must be covered by all individual and small group plans starting in 2014. Meanwhile, a total of 28 states have filed joint or individual lawsuits to overturn the individual mandate portions of the law and the Supreme Court is expected to rule on the mandate sometime in 2012.

States Joining in Legal Challenges to PPACA



Source: Health Care Reform: What Will the Future Bring, presented by Anthony Mader, WellPoint, Inc. at the 2011 Society of Insurance Research Conference

In closing, there is much work yet to be done prior to health reform implementation. How the final PPACA rules will fall out is highly uncertain. Nonetheless healthcare companies are diligently planning and preparing in anticipation that reform is coming in one form or another.

2012 Society of Insurance Research Conference

Each year, the Society of Insurance Research (<http://www.sirnet.org/>) hosts a well-respected conference to present the most pressing themes in insurance research, analytics and competitive intelligence to support strategy, marketing and operations. The Health Insurance Track introduced a few years ago continues to pick up attendees and momentum. The forum provides an important venue for health insurance professionals to gather and discuss market intelligence strategies. We applaud and support SIR's efforts to develop a CI forum for health insurance CI professionals. Please mark your calendars for next year's meeting which will be held in Pittsburgh, PA from October 14 — 17, 2012.

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 detailed financial data by plan, parent, state, region and nationally. Committed to simplifying analysis of health insurance business, our products include Health Coverage Portal™, Health Insurer Insights™, Medicare Business Online™, Medicare Benefits Analyzer™, Health Plans USA™ and the new County Health Coverage™, which offers population and health plan enrollment data by county nationwide.

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