



Congressional Data Requests Call for Health Plan Transparency

9/1/2009

by Hazel Becker and LuAnne Farrah

September promises to be a busy month for health insurance executives as they respond to requests for data and prepare testimony for a number of congressional committees working on healthcare reform.

- The House Energy and Commerce Committee asked for information from 52 companies about premium revenues, claims paid, other expenses, and profits for all health insurance products, aggregated by market segment (self-insured employer, risk employer, individual, Medicare Advantage, Medicare Supplement, Medicare Part D, Medicaid, Federal Employees Plan and TRICARE) for 2005-2008.
- Additionally, members of the House Energy and Commerce Committee asked six health insurance companies for information about the practice of "purging" small businesses when employees become ill and health insurance claims increase. Letters were sent to Aetna, Humana, Medica, UnitedHealth Group, Wellmark Blue Cross Blue Shield, and WellPoint.
- The Senate Commerce, Science and Transportation Committee asked 15 companies to submit five-year data on premium revenues, claims paid, other expenses, profits and covered lives by state and market segment (large group, small group and individual).
- The House Oversight and Government Reform Committee wants to hear from chief executive officers on what measures and protocols their companies use to determine coverage, costs and claims denials.

Now that the national healthcare debate has morphed into one aimed at reforming the health insurance industry, the focus appears to have turned to health insurers' business practices and financials. Congressional leaders are looking for data to help them frame the debate. As they focus on these details, we hope they don't lose sight of the broader goals of healthcare reform — to bring the overall costs of healthcare in the United States down to a sustainable level and provide coverage for everyone.

[Click here \(../healthcarebs/healthcarebs67/SampleHouseLetter.pdf\)](#) to read the House Energy and Commerce Committee letter to 52 companies

[Click here \(../healthcarebs/healthcarebs67/SampleHouseLetter6.pdf\)](#) to read the House Energy and Commerce Committee letter to 6 companies

[Click here \(../healthcarebs/healthcarebs67/SampleSenateLetter.pdf\)](#) to read the Senate Commerce, Science and Transportation Committee letter

A Wealth of Industry Data ... But Segmentation Not Easy to Come By

Health insurance is a highly regulated industry and performance data is reported to state insurance commissioners on a regular basis through filings with the National Association of Insurance Commissioners (NAIC). Many states also have supplemental reporting requirements rooted in state coverage mandates for particular health insurance products. In addition, publicly traded companies disclose at least aggregate financials

and membership for health insurance business in filings with the Securities and Exchange Commission (SEC). A wealth of industry data is available. What's challenging from an analytic perspective is breaking industry data out by market segment. The bottom line: insurance companies haven't been required to report at this level.

Since the onset of consumerism with a focus that extends beyond employer-sponsored coverage, companies have come to recognize that targeting market segments for health insurance products can be a powerful strategy. However, producing health insurance market segment data, with local market insights, is more difficult than meets the eye because it's not consistently reported. There are some challenges to standardized reporting. For instance, state regulators define particular market segments in different ways. Small groups encompass groups of one in some states to accommodate self-employed professionals. In other states small group is defined to include employers with at least two workers. Moreover, small group can be defined as companies with less than 25 to 1,000 employees depending on the size of the health plan and/or local market conditions. Another challenge is differences in reporting requirements based on the type of insurance entity. For example, Life, Accident and Health companies that compete in the health insurance segment are not required to file the same level of performance data as Health companies. An NAIC committee made great strides toward standardizing reporting of health business across lines when they introduced the Accident and Health Policy Exhibit in 2006. Nonetheless, analyzing health insurance business, as is the case with any insurance product, is complex.

The detailed segment data that policymakers are seeking from health insurance companies may not necessarily be easy to deliver. Nor is it likely the data will be comparable across health plans. By analyzing publicly available data and applying complex methodologies, Mark Farrah Associates (MFA) has been able to produce state market share and competitive performance measures for important, less transparent segments including individual non-group business and administrative services only (ASO) that insurers provide for self-funded employer groups. But this analysis is not straightforward. There is a great deal more to learn about market segmentation and competition in the health insurance industry.

Reaching for better data and insights about health insurance segments isn't a bad thing. Greater levels of transparency from providers and payers will help foster healthy competition. But let us not get sidetracked. To be successful, the national healthcare debate should not limit analysis to health insurance business only. Many additional policy issues must be addressed in the quest to provide the best quality healthcare to the most people at the lowest possible cost.

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™ with the new Medicare Benefits Analyzer, the Health Coverage Portal™, Health Insurer Insights™ and Health Plans USA™.

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