



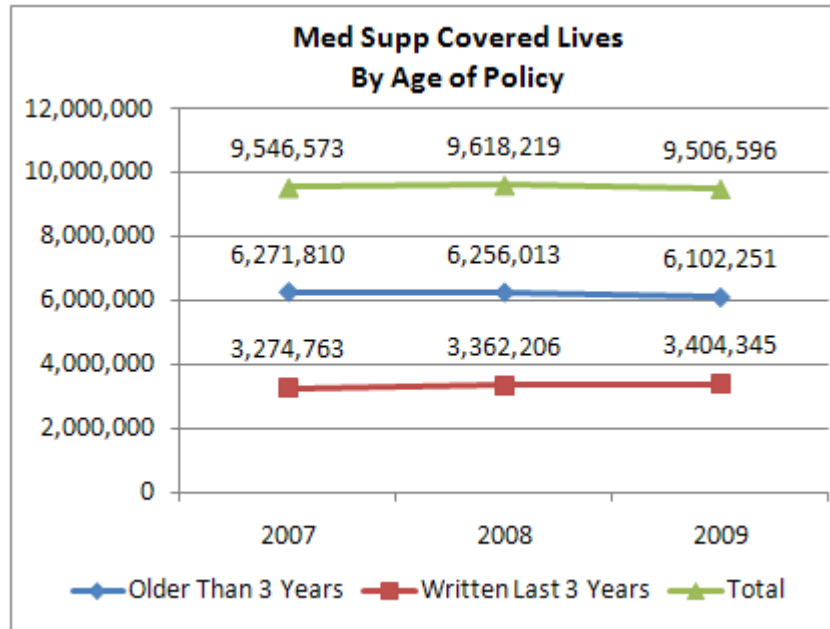
Growth in Newer Med Supp Policies Issued

4/30/2010

by LuAnne Farrah

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 1.25% in 2009 when compared to the 2008 base. Growth slacked off somewhat compared to 2008 when carriers had experienced 2.67% growth in new policies. Nonetheless, this is encouraging as Medigap carriers are positioning to introduce new Plans M and N on June 1, 2010.

Medicare Supplement plans covered 9.506 million seniors as of December 31, 2009, according to annual financial statements filed with the National Association of Insurance Commissioners (NAIC). Though total membership declined from 9.618 million in 2008, attrition was primarily due to erosion of the older policy base. From 2008 to 2009, carriers collectively reported 153,762 fewer covered lives from policies issued through 2006.



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

Med Supp Business Snapshot

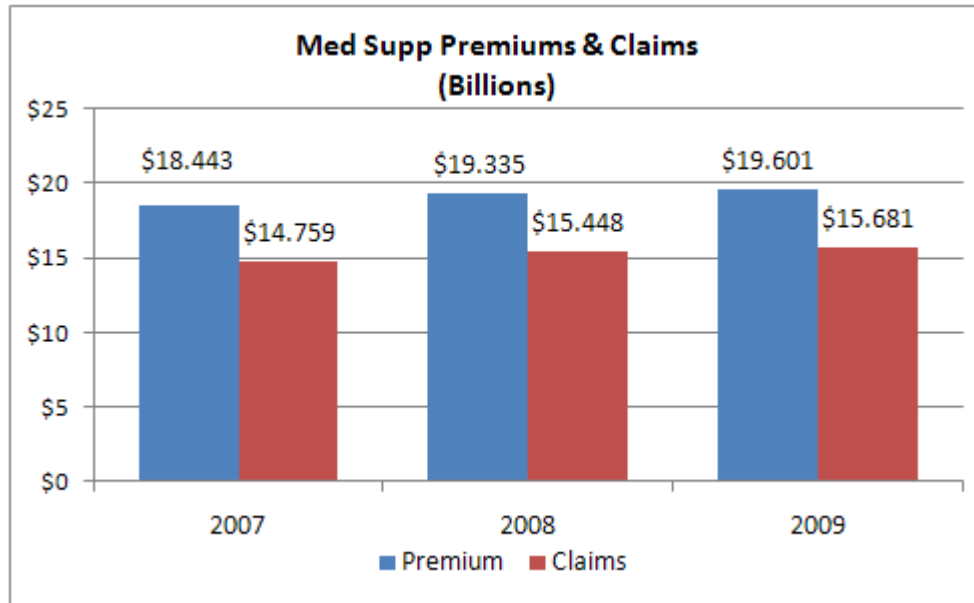
Competition in the Medigap segment is expected to grow in light of the new plans being introduced this summer. With industry consolidation in recent years, there were fewer parent companies and fewer plans competing in the marketplace last year. It will be interesting to see what new companies enter the Med Supp market this year.

Medicare Supplement Competition Counts of Parent Companies and Plans			
	2007	2008	2009

Parent Companies	191	190	186
Med Supp Plans	4,483	4,470	4,457

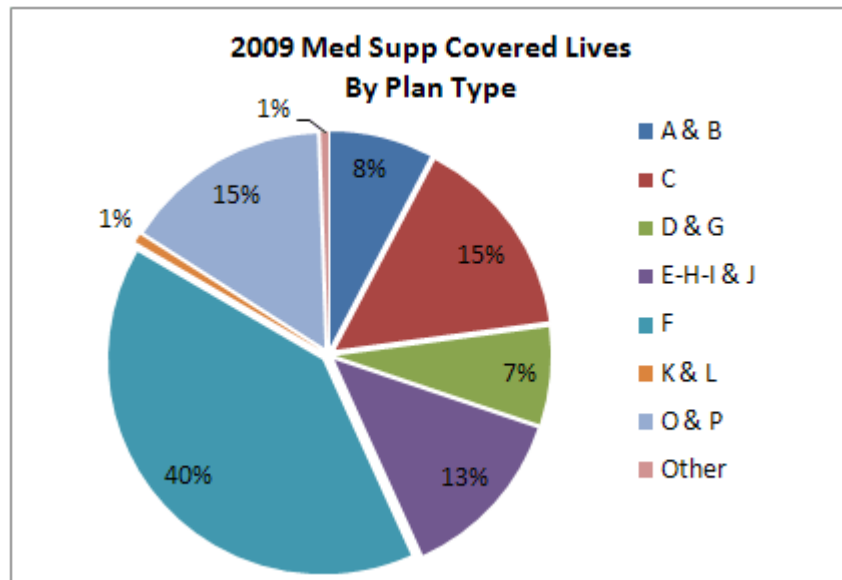
Source: MFA's Medicare Supplement Market Data; Health Coverage Portal™.

Medicare Supplement plans earned \$19.601 billion in premiums and incurred \$15.681 in claims during 2009. The aggregate loss ratio, incurred claims as a percent of earned premiums, has hovered around 80% for the last three years.



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

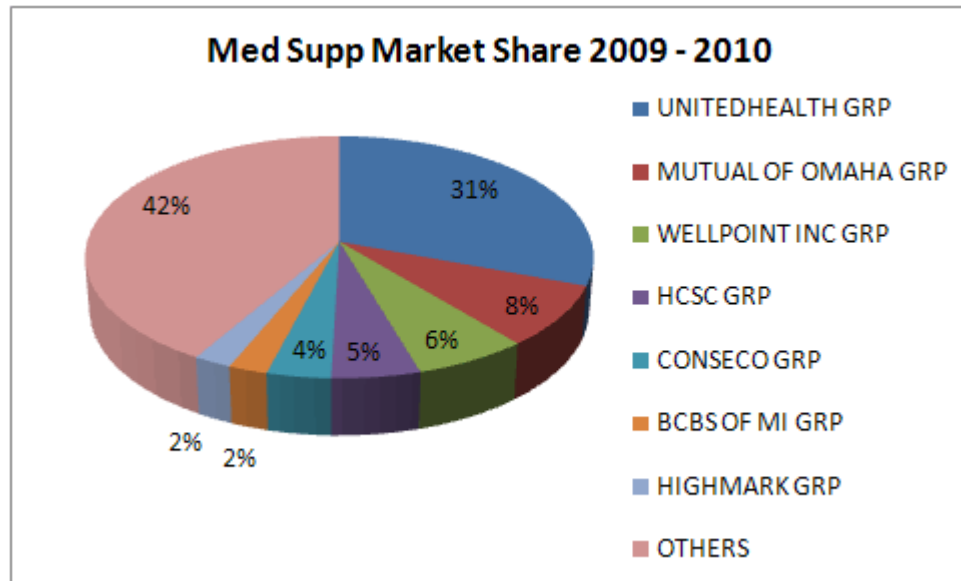
Plan F, the most popular design that covers Medicare deductibles as well as coinsurance and copayment costs was purchased by 40% of people with Medigap coverage in 2009.



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 31% market share. Mutual of Omaha ranks a distant second with 8% share.

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.



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

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. Our products include Medicare Business Online™, Medicare Benefits Analyzer™, the Health Coverage Portal™, Health Insurer Insights™, and Health Plans USA™.

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