

**2022 FLORIDA HEALTH INSURANCE MARKET
REPORT**

BY THE

FLORIDA HEALTH INSURANCE ADVISORY BOARD

Adopted November 30, 2022

Introduction

One of the responsibilities of the Florida Health Insurance Advisory Board (FHIAB) is to issue an annual report on the state of the health insurance market in Florida.

The following figures present enrollment, premium, and loss ratio summaries in Florida's commercial (non-governmental) major medical health insurance markets as reported and compiled from data filed with the Office by each Accident and/or Health Coverage provider. This report incorporates insurance company data submitted to the Office for the year ending December 31, 2021. Previous reports are available on the FHIAB section of the Office's website at:

<http://www.flor.com/Sections/LandH/FHIAB.aspx>.

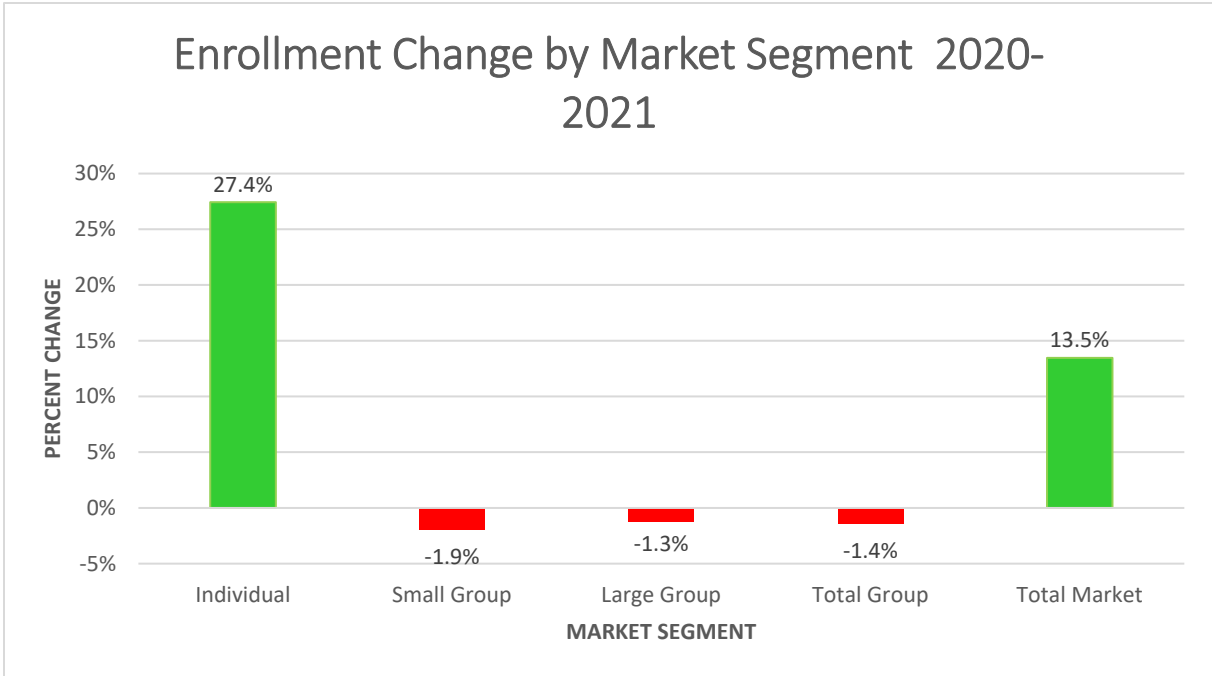
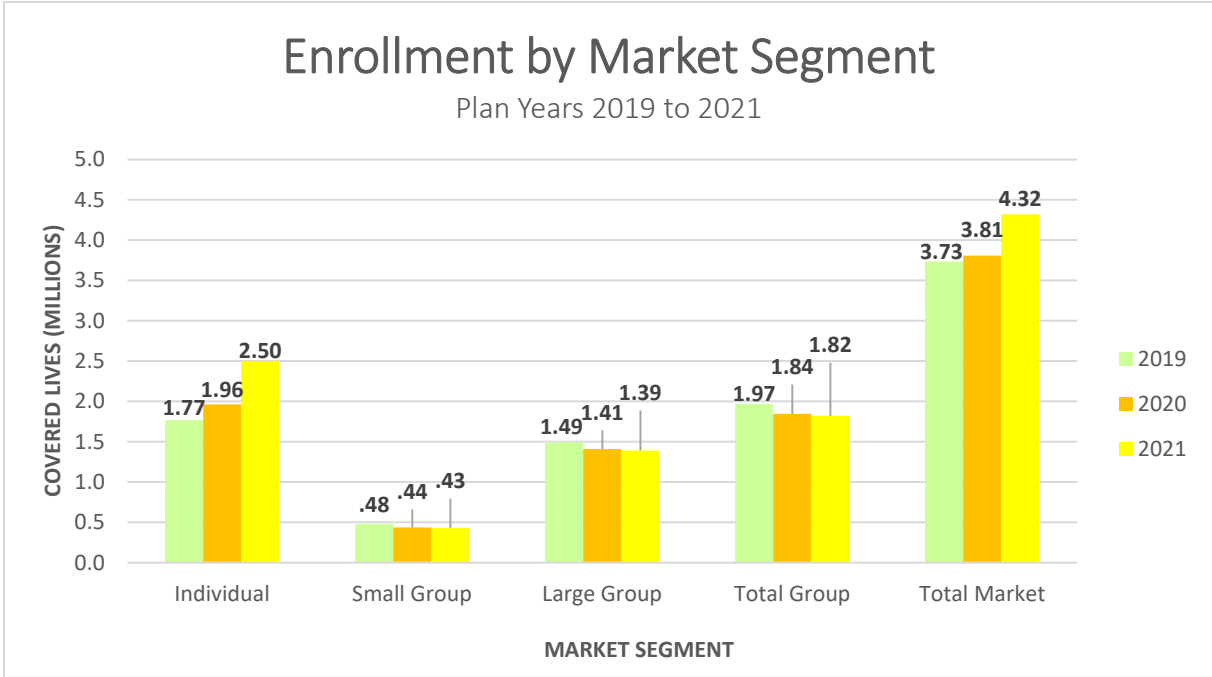
Executive Summary

Overall enrollment continued to grow, and potentially accelerated, in certain segments of the market due to the effects of COVID-19 on employment and personal income. Rates have largely stabilized leading to smaller changes, and the long-term trend of increasing individual enrollment and decreasing group enrollment is not only consistent – the gap is widening.

Today, in the State of Florida, people covered under individual policies exceed those covered under a group policy. Under the Affordable Care Act (ACA), all individual policies must be guaranteed issue; no application can be rejected based on the health status of the applicant. The individually underwritten policies reported herein are either grandfathered policies, which means they were issued before the passage of the ACA and can be renewed indefinitely, or transitional policies, which means they were issued after passage of the ACA. Transitional policies were extended indefinitely on March 23, 2022, by a bulletin issued by the Centers for Medicare & Medicaid Services (CMS). Regardless, many individual policyholders have already moved to an ACA-compliant policy due to the subsidies available on the Federal Marketplace, reducing the market share of grandfathered and transitional policies.

Both the small group and large group markets continue to contract, and this trend is not expected to change. The percentage decline from 2020 to 2021 was smaller than in prior years and may have been related to COVID-19 as well as a restructuring of the workforce. In addition, carriers have been active in developing products that help employers reduce costs by self-insuring.

Commercial Enrollment



As illustrated above and shown in Table 1 below, total enrollment in Florida's commercial health insurance markets had a significant increase in 2021 of 512,565 covered lives or 13.5%. This follows an increase from the previous year of 72,894 covered lives or 2.0%. While the overall market remains significantly larger than before the ACA and had remained stable over the last several years – 2021 potentially indicates an anomaly – a significant year-over-year increase relative to prior years.

As of year-end 2021, coverage by market segment consisted of:

- **Individual Coverage** – 2,501,234, an increase of 538,548 covered lives or 27.4%
- **Small Group** (1-50 members) – 427,906, a decrease of 8,335 covered lives or 1.9%
- **Large Group** (51+ members) – 1,390,999, a decrease of 17,648 covered lives or 1.3%
- **Total Market** – 4,320,139 an increase of 512,565 covered lives or 13.5%

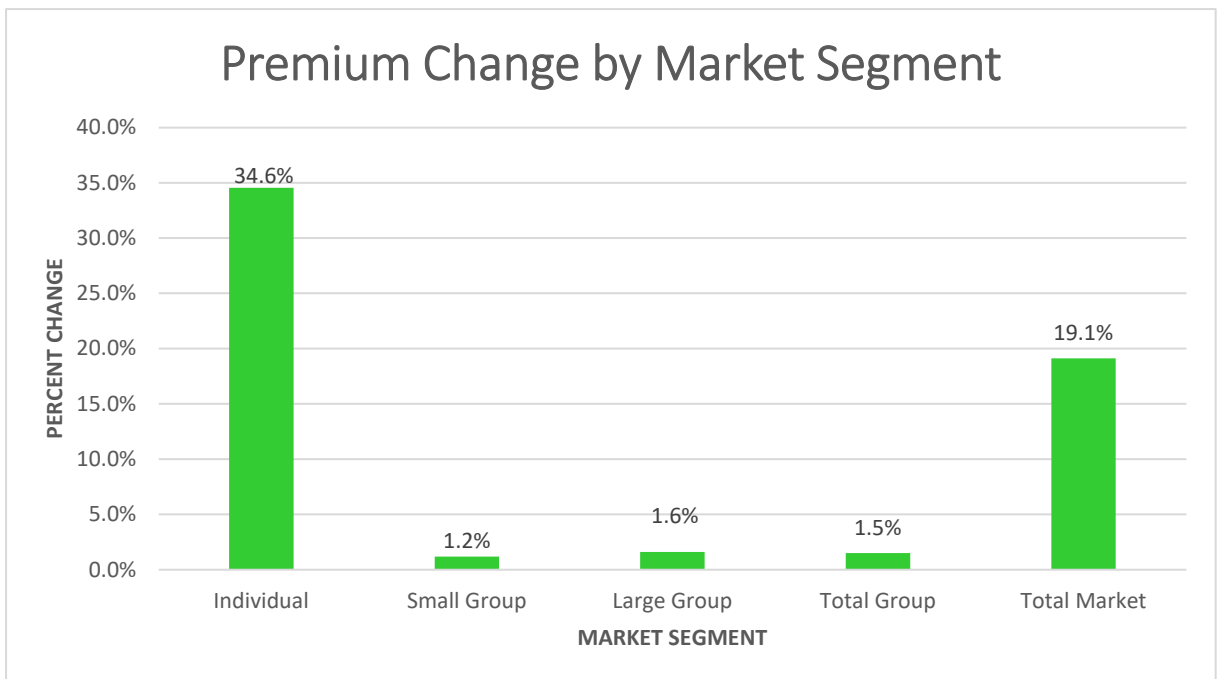
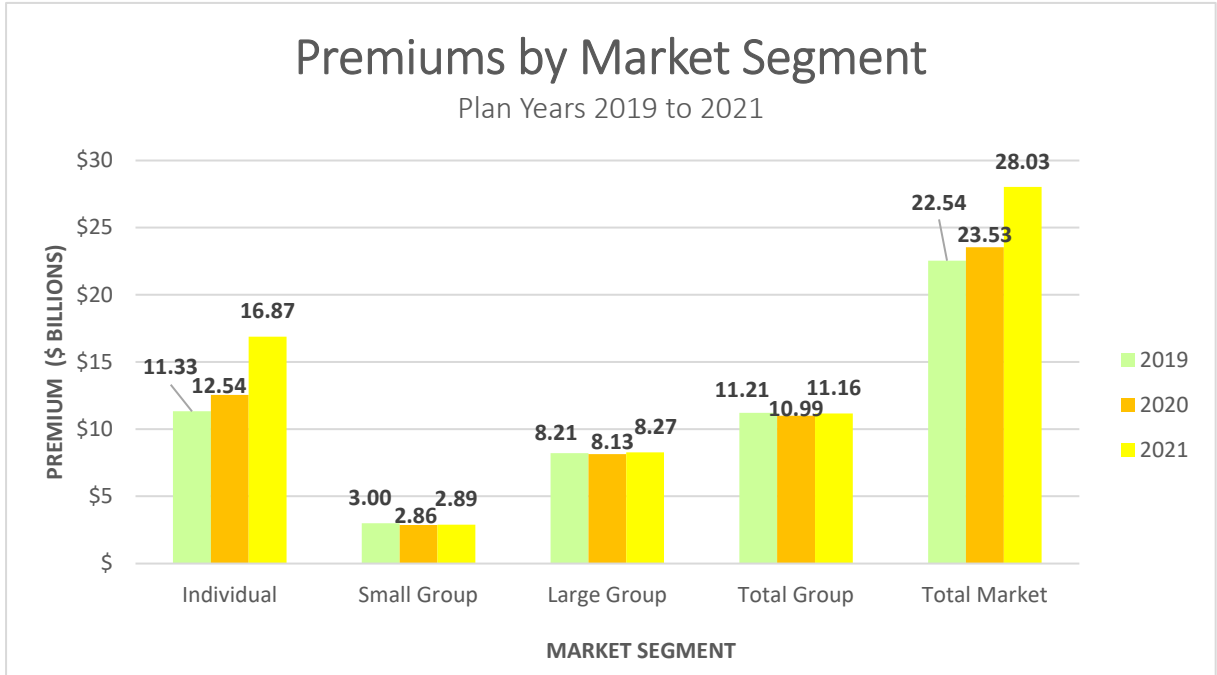
The individual market enrollment continues to grow despite the implied tax penalty (individual mandate) being set to \$0 and changes to federal and state law that encourage growth of alternative products such as short-term limited duration policies (up to 364 days) and health care sharing ministries. In general, the individual market remains attractive for those with income levels that qualify for subsidies on the Marketplace but less attractive for those who do not qualify for subsidies. In 2020, the individual market overtook the group market in terms of enrollment – which accelerated dramatically in 2021 as the individual market grew 27.4%, while the small group market declined 1.9%, creating an even larger gap.

In contrast to the individual market, enrollment in the total group market continues to decline. The declining trend in group coverage was in effect prior to the implementation of the ACA as small group enrollment was 1,073,683 in 2005 but had dropped to 598,361 in 2014 and large group enrollment declined from 2,468,056 in 2005 to 1,628,198 in 2014. The declining trends in group enrollment have generally slowed down (but continued), possibly due to COVID-19 and its effects on employment. Other contributing factors may be that carriers have been active in developing products that help employers reduce costs by self-insuring. In addition, some small employers have chosen to stop offering coverage for their employees and their dependents as their employees can often pay less by purchasing a policy through the Federal Marketplace if those employees qualify for a subsidy.

Table 1
Commercial Insurance Enrollment 2019-2021

Market Segments	2019	2020	2021
Individual Guaranteed Issue			
ACA On-Exchange	1,480,060	1,676,923	2,199,609
ACA Off-Exchange	128,162	145,030	200,346
Grandfathered (In-State and Out-of-State)	339	301	284
Transitional (In-State and Out-of-State)	75	26	25
Total Guaranteed Issue	1,608,636	1,822,286	2,400,264
Individually Underwritten			
Grandfathered (In-State and Out-of-State)	41,278	36,473	32,356
Transitional (In-State and Out-of-State)	115,703	103,789	68,444
Total Individually Underwritten	156,981	140,262	100,800
Conversion			
Total Conversion	190	138	170
Small Groups (1-50)			
Self-Employed or Sole Proprietor	110	100	80
2 – 50 Member Groups	476,080	436,141	427,826
Total Small Groups	477,190	436,241	427,906
Large Groups (51+)			
Total Large Groups	1,491,683	1,408,647	1,390,999
Market Totals			
Total Individual Market	1,765,807	1,962,686	2,501,234
Total Group Market	1,968,873	1,844,888	1,818,905
Total Commercial Market	3,734,680	3,807,574	4,320,139

Commercial Premium

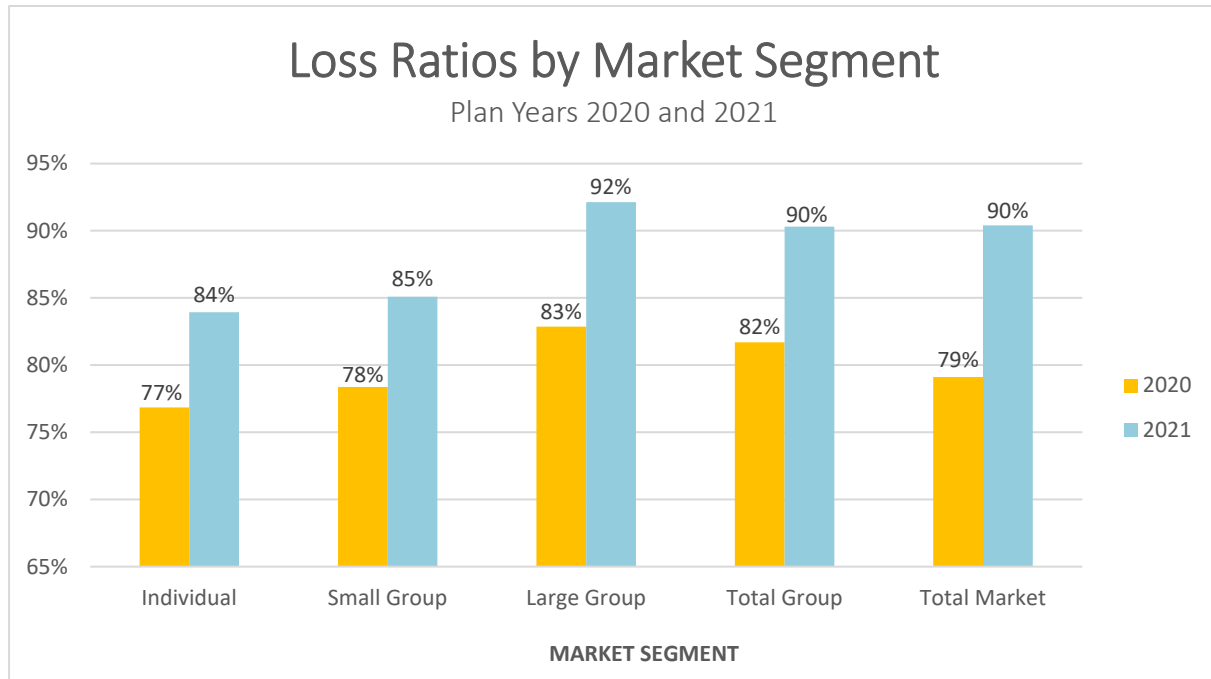


As illustrated above and shown in Table 2 below, the overall commercial market generated \$28,027,667,408 in premiums in 2021, a 19.11% increase from 2020. This follows a 4.41% increase the prior year. The increase is largely the result of the higher enrollment in the individual market and higher premiums per member in all markets.

Table 2
Commercial Insurance Premium 2019-2021

Market Segments	2019	2020	2021
Individual Guaranteed Issue			
Grandfathered (In-State and Out-of-State)	\$1,106,010	\$808,697	\$611,513
Transitional (In-State and Out-of-State)	\$724,462	\$476,295	\$348,047
ACA On-Exchange	\$9,455,661,811	\$10,698,864,079	\$15,093,892,765
ACA Off-Exchange	\$1,157,720,398	\$1,114,074,761	\$1,223,834,541
Total Guaranteed Issue	\$10,615,212,681	\$11,819,087,384	\$16,318,686,866
Individually Underwritten			
Grandfathered (In-State and Out-of-State)	\$230,156,312	\$231,442,132	\$203,547,896
Transitional (In-State and Out-of-State)	\$478,854,011	\$487,977,024	\$349,056,939
Total Individually Underwritten	\$709,010,323	\$719,419,156	\$552,604,835
Conversion			
Total Conversion	\$1,071,231	\$932,725	\$637,218
Small Groups (1 – 50)			
Self-Employed or Sole Proprietor	\$855,637	\$873,161	\$699,306
2 – 50 Member Groups	\$2,996,318,490	\$2,855,835,726	\$2,889,626,140
Total Small Groups	\$2,997,174,127	\$2,856,708,887	\$2,890,325,446
Large Groups (51+)			
Total Large Groups	\$8,213,793,248	\$8,134,888,794	\$8,265,413,042
Market Totals			
Total Individual Market	\$11,325,294,235	\$12,539,439,266	\$16,871,928,920
Total Group Market	\$11,210,967,375	\$10,991,597,681	\$11,155,738,488
Total Commercial Market	\$22,536,261,610	\$23,531,036,547	\$28,027,667,408

Loss Ratios



The loss ratios provided above are calculated by dividing the losses associated with various market segments by the amount of premiums collected. As expected, each market demonstrates a different loss ratio profile.

The loss ratios increased “across-the-board” in all categories.

In the individual market, the overall loss ratio increased from 76.84% in 2020 to 83.93% in 2021 while the small group overall loss ratio increased from 78.37% to 85.09% in 2021.

The large group market experienced an overall loss ratio increase from 82.86% in 2020 to 92.12% in 2021. This market segment has a higher volume and lower administrative cost environment; consequently, higher loss ratios are generally expected in this market segment relative to other markets.

Table 3
Direct Premium/Losses & Loss Ratios 2020-2021

Market Segments	2020			2021		
	Direct Premium Earned	Direct Losses Incurred	Loss Ratio	Direct Premium Earned	Direct Losses Incurred	Loss Ratio
Individual Guaranteed Issue						
Grandfathered (In-State and Out-of-State)	\$808,697	\$1,417,087	175.23%	\$611,513	\$979,754	160.22%
Transitional (In-State and Out-of-State)	\$476,295	\$467,635	98.18%	\$348,047	\$313,100	89.96%
ACA On-Exchange	\$10,698,864,079	\$8,191,567,157	76.56%	\$15,093,892,765	\$12,719,380,598	84.27%
ACA Off-Exchange	\$1,118,938,313	\$868,261,559	77.60%	\$1,223,834,541	\$945,637,323	77.27%
Total Guaranteed Issue	\$11,819,087,384	\$9,061,713,438	76.67%	\$16,318,686,866	\$13,666,319,775	83.75%
Individually Underwritten						
Grandfathered (In-State and Out-of-State)	\$231,442,132	\$157,741,096	68.16%	\$203,547,896	\$164,396,999	80.77%
Transitional (In-State and Out-of-State)	\$487,977,024	\$413,439,265	84.73%	\$349,056,939	\$327,335,487	93.78%
Total Individually Underwritten	\$719,419,156	\$571,180,361	79.39%	\$552,604,835	\$491,732,486	88.98%
Conversion						
Total Conversion	\$932,725	\$2,790,397	299.17%	\$637,218	\$2,857,136	448.38%
Small Groups (1 – 50)						
Self-Employed or Sole Proprietor	\$873,161	\$2,660,169	304.66%	\$699,306	\$1,337,535	191.27%
2 – 50 Member Groups	\$2,855,835,726	\$2,236,234,187	78.30%	\$2,889,626,140	\$2,458,037,765	85.06%
Total Small Groups	\$2,856,708,887	\$2,238,894,356	78.37%	\$2,890,325,446	\$2,459,415,300	85.09%
Large Groups (51+)						
Total Large Groups	\$8,134,888,794	\$6,740,291,193	82.86%	\$8,265,413,042	\$7,614,456,891	92.12%
Market Totals						
Total Individual Market	\$12,539,439,266	\$9,635,684,195	76.84%	\$16,871,928,920	\$14,160,900,397	83.93%
Total Group Market	\$10,991,597,681	\$8,979,185,549	81.69%	\$11,155,738,488	\$10,073,872,191	90.30%
Total Commercial Market	\$23,531,036,947	\$18,614,869,744	79.11%	\$28,027,667,408	\$24,234,772,588	86.47%

Background

The FHIAB evolved from small group health insurance reform in Florida. Originally established in 1992 as the Florida Small Employer Health Reinsurance Program, it was expanded in 1997 to include the Florida Individual Health Reinsurance Program. Both Programs were governed by the same Board of Directors and operated as the Florida Health Reinsurance Program.

Florida law changes in 2005 directed the Program to advise the Office of Insurance Regulation, the Agency for Health Care Administration, the Department of Financial Services, other executive departments, and the Legislature on health insurance issues. Specifically, the board shall:

1. Provide a forum for stakeholders, consisting of insurers, employers, agents, consumers, and regulators, in the private health insurance market in this state.
2. Review and recommend strategies to improve the functioning of the health insurance markets in this state with a specific focus on market stability, access, and pricing.
3. Make recommendations to the office for legislation addressing health insurance market issues and provide comments on health insurance legislation proposed by the office.
4. Meet at least three times each year. One meeting shall be held to hear reports and to secure public comment on the health insurance market, to develop any legislation needed to address health insurance market issues, and to provide comments on health insurance legislation proposed by the office.
5. Issue a report to the office on the state of the health insurance market by September 1 each year. The report shall include recommendations for changes in the health insurance market, results from implementation of previous recommendations, and information on health insurance markets.

In light of these developments, the Board voted to change its name to the Florida Health Insurance Advisory Board, which better reflected its new responsibilities.

The composition of the board of directors was also changed to decrease the number of insurance company representatives and to add representatives of the business community and other stakeholders. There are 14 members of the Board as prescribed by statute. A current listing of the FHIAB directors as of November 2022 follows:

**FLORIDA HEALTH INSURANCE ADVISORY BOARD
BOARD OF DIRECTORS**

David Altmaier, Chair

Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399

Ken Stevenson, Vice Chair

Vice President, Employee Benefits
Earl Bacon Agency
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Term Ending: 12/31/2022

Louisa McQueeney

Communications Director
Florida Voices for Health
9653 El Clair Ranch Road
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Term Ending: 12/31/2023

Christina Lake

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2001 Drayton Drive
Tallahassee, FL 32311
Term Ending: 12/31/2023

William "Bill" Herrle

Executive Director
NFIB
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Tallahassee, FL 32301
Term Ending: 12/31/2022

Eric Johnson, Ph.D., ASA

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& Business Intelligence
AvMed Health Plans
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Gainesville, FL 32606
Term Ending: 12/31/2022

Richard B. Weiss, CPA

President, Florida Market
Aetna
261 N University Drive
Plantation, FL 33324
Term Ending: 12/31/2024

John J. Matthews

Vice President of Legal, Regulatory and
Government Affairs
Oscar Health
4560 Grove Park Drive
Tallahassee, FL 32311
Term Ending: 12/31/2022

Seth M. Phelps

Assistant General Counsel
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4800 Deerwood Campus Parkway
DCC1-7th Floor
Jacksonville, FL 32246
Term Ending: 12/31/2022

Rick Wallace

President/CEO
FAMOS, LLC
d/b/a American Academy of Cosmetology
1330 Blanding Blvd, Suite 125
Orange Park, FL 32065
Term Ending: 12/31/2024

Robert Muszynski

Director of Finance and Administration
WMFE (NPR) Radio
11510 E. Colonial Drive
Orlando, FL 32817
Term Ending: 12/31/2024

Nathan Landsbaum

President and CEO, Florida
Sunshine Health
1700 N. University Drive
Plantation, FL 33322
Term Ending: 12/31/2023

*A Director position for an agent
representative, and a director position
for AHCA are vacant.*