

The Big Picture Updated:
Current Status
of New York's
Health Insurance Markets



Shaping New York's Health Care:
Information, Philanthropy, Policy

OFFICERS

J. Barclay Collins II
Chairman

James R. Tallon, Jr.
President

William M. Evarts, Jr.
Patricia S. Levinson
Frederick W. Telling, PhD
Vice Chairmen

Sheila M. Abrams
Treasurer

David A. Gould
Sally J. Rogers
Senior Vice Presidents

Sheila M. Abrams
Deborah E. Halper
Vice Presidents

Stephanie L. Davis
Corporate Secretary

DIRECTORS

Richard A. Berman
Jo Ivey Boufford, MD
Rev. John E. Carrington
Philip Chapman
J. Barclay Collins II
Richard Cotton
Richard K. DeScherer
William M. Evarts, Jr.
Paul Francis
Michael R. Golding, MD
Josh N. Kuriloff
Patricia S. Levinson
Howard P. Milstein
Susana R. Morales, MD
Robert C. Osborne
Peter J. Powers
Katherine Osborn Roberts
Mary H. Schachne
John C. Simons
Howard Smith
Michael A. Stocker, MD, MPH
Most Rev. Joseph M. Sullivan
James R. Tallon, Jr.
Frederick W. Telling, PhD
Mary Beth C. Tully

Howard Smith
Chairman Emeritus

HONORARY DIRECTORS

Donald M. Elliman
Douglas T. Yates
Honorary Chairmen

Herbert C. Bernard
John K. Castle
Timothy C. Forbes
Barbara P. Gimbel
Rosalie B. Greenberg
Allan Weissglass

United Hospital Fund

The United Hospital Fund is a health services research and philanthropic organization whose mission is to shape positive change in health care for the people of New York. We advance policies and support programs that promote high-quality, patient-centered health care services that are accessible to all. We undertake research and policy analysis to improve the financing and delivery of care in hospitals, clinics, nursing homes, and other care settings. We raise funds and give grants to examine emerging issues and stimulate innovative programs. And we work collaboratively with civic, professional, and volunteer leaders to identify and realize opportunities for change.

The Big Picture Updated:
Current Status
of New York's
Health Insurance Markets

Peter Newell

CO-DIRECTOR, HEALTH INSURANCE PROJECT
UNITED HOSPITAL FUND

Allan Baumgarten

INDEPENDENT RESEARCH CONSULTANT

Jenny Heffernan

RESEARCH ASSISTANT
UNITED HOSPITAL FUND



Support for this work was provided by the New York State Health Foundation (NYSHealth). The mission of NYSEHealth is to expand health insurance coverage, increase access to high-quality health care services, and improve public and community health. The views presented here are those of the authors and not necessarily those of the New York State Health Foundation or its directors, officers, or staff.

Copyright 2010 by United Hospital Fund

ISBN 1-933881-03-8

Additional copies of *The Big Picture Updated* may be downloaded from the United Hospital Fund's website, www.uhfny.org

Contents

FOREWORD	iv
ACKNOWLEDGMENTS/ABOUT THE AUTHORS	v
METHODOLOGY	v
INTRODUCTION	i
OVERVIEW	i
PREMIUMS AND MARKET SHARE	1
PROFIT AND LOSS	3
MARKET CONSOLIDATION	4
COMMERCIAL MARKET	5
NEW YORK STATE'S PUBLIC MANAGED CARE MARKET	6
MEDICARE MARKET	7
MEDICARE ADVANTAGE	7
PART D	7
MEDICARE SUPPLEMENT	8
CONCLUSION	8
FIGURES AND TABLES	
<i>Figure 1.</i> Health Plan Market Share Based on Premiums, 2008	1
<i>Figure 2.</i> Employer Group Enrollment, 2008	2
<i>Figure 3.</i> Net Income for New York Health Plans, 2001-2008	3
<i>Table 1.</i> New York Enrollment in Health Insurance Plans, 2008	10
<i>Table 2.</i> New York Health Plan Revenue and Net Income, 2008	12
<i>Table 3.</i> Commercial Health Plan Medical Expenses Per Member Per Month, 2008	14
<i>Table 4.</i> Commercial Health Plan Medical Loss Ratios, 2008 and 2006	15
<i>Table 5.</i> Administrative Expenses for New York Health Plans, 2008	16
<i>Table 6.</i> Capitation Payments by New York Health Plans, 2008	17
<i>Table 7.</i> Net Income (Underwriting) by Plan and Line of Business, 2008	18
<i>Table 8.</i> End of Year Surplus (Net Worth) for New York Health Plans, 2008	20
<i>Table 9.</i> New York Enrollment in Medicare Advantage by Health Plan and Product, January 2009	21
<i>Table 10.</i> New York Enrollment in Part D Medicare Drug Plans, June 2009	22
<i>Table 11.</i> New York Medicare Supplement Enrollment by Health Plan, 2009	23

Foreword

In the fall of 2009 the United Hospital Fund released a comprehensive profile of our state's health insurance markets and plans. This follow-up to that work, *The Big Picture Updated: Current Status of New York's Health Insurance Markets*, though much abridged, provides a snapshot and some interesting analysis of more recent activity in both our private markets and state and federal managed care programs.

For the most part, health plans are weathering the national recession and, despite enrollment decreases, maintaining profitability and adequate reserves. But profits — and enrollment — continued to decline overall, and nonprofit Article 43 insurers had a difficult year. Enrollment continued to grow in public programs, and three of the state's prepaid health services plans — HMOs that specialize in Medicaid Managed Care and other public programs — now round out the top five HMOs statewide in terms of overall enrollment, trailing only HIP and Empire BlueCross BlueShield; two of those PHSPs passed the landmark threshold of \$1 billion in premiums.

Through public program expansions and insurance market reforms, few states have

worked as hard as New York to make coverage accessible and affordable to its residents. But with enrollment in commercial markets declining as health care costs continue to outstrip inflation, and the state facing painfully deep budget shortfalls, the need for a federal partner to help New York achieve its goals has never been clearer. A whole host of proposed federal reforms — enhanced Medicaid eligibility, premium subsidies for individuals and small businesses, an insurance exchange to make our markets more efficient, and new support for system reforms to bring down the cost of health care — go right to the heart of problems that New York is struggling to address on its own.

The Big Picture Updated reflects the Fund's ongoing commitment to providing state policymakers with useful data and insights on our complex insurance markets, private and public, and the interconnection of these policy spheres with broader efforts to achieve universal coverage in New York.

JAMES R. TALLON, JR.
President
United Hospital Fund

Acknowledgments

Both the initial *Big Picture* report and this follow-up work were supported by the New York State Health Foundation.

About the Authors

Peter Newell is the co-director of the United Hospital Fund's Health Insurance Project, and the former executive director of the New York State Assembly Committee on Insurance.

Allan Baumgarten is an independent research consultant whose work focuses on health care policy, finance, and local market strategies. He is the author of *Minnesota Health Market Review* and annual health market reviews for eight other states. Jenny Heffernan has been a research assistant at the United Hospital Fund, focusing on the Medicaid program, since 2008.

Methodology

The major data sources for this report were annual statements filed by health plans with the National Association of Insurance Commissioners; New York State Supplements to those statements filed with the New York State Insurance Department by New York domestic insurers and HMOs; Medicaid Managed Care Operating Reports filed by PHSPs with the New York State Department of Health; and, for Medicare, enrollment reports and data available online from the Centers for Medicare & Medicaid Services (CMS). Most of these documents were obtained through

Freedom of Information Law requests.

Allan Baumgarten analyzed the statements and supplements to compile most of the tables included in this report. Jenny Heffernan analyzed the CMS enrollment reports and New York State Insurance Department data to compile the tables and data relating to the Medicare program and Medicare Supplement enrollment; she also analyzed Department of Health enrollment data for PHSPs in Table 1. Peter Newell provided additional analysis, and wrote this report.

Introduction

This report provides a snapshot of enrollment and financial results for health plans serving New York’s insurance markets during calendar year 2008 (except where noted), based on an analysis of filings these plans made with state regulators and the National Association of Insurance Commissioners (NAIC). Information is organized according to four categories of licensed insurers — Article 44 HMOs, Article 43 nonprofit insurers, for-profit Article 42 Accident and Health insurers, and Prepaid Health Services Plans (PHSPs) — and within three markets: commercial, state public programs, and Medicare.

An update to *The Big Picture: Private and Public Health Insurance Markets in New York* (referred to hereafter as *The Big Picture*),¹ this report generally follows that earlier

report’s methodology, but is less comprehensive. For this report, we did not conduct extensive interviews with participants in the market, nor do we define insurance terms or provide background on the way markets work and are regulated. It may, therefore, be helpful to read the two reports in tandem, with the earlier report serving both as a useful reference and a resource from which to draw more detailed comparisons than those presented here.

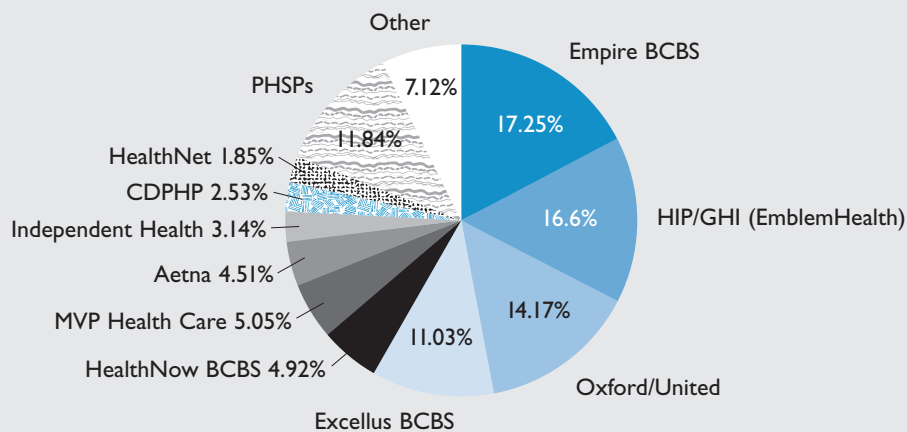
Overview

Premiums and Market Share

New York employers, individuals, and governments paid health plans over \$46 billion in premiums for public and private comprehensive coverage in 2008 (Figure 1).

¹ Newell P and A Baumgarten. October 2009. *The Big Picture: Private and Public Health Insurance Markets in New York*. New York: United Hospital Fund.

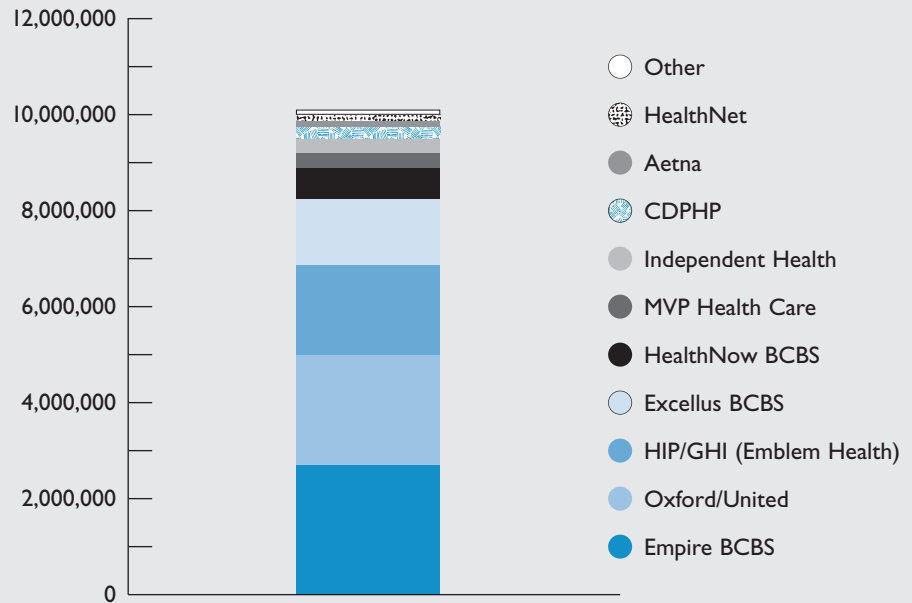
Figure 1. Health Plan Market Share Based on Premiums, 2008



Note: Represents premiums totaling \$46.124 billion. Includes all health premiums reported in health plan annual statements, including dental, vision, and disability. Results for separately licensed subsidiaries operating in New York and controlled by a common parent company are combined.

Source: Author’s analysis of health plan annual statements, Exhibit of Premiums, Enrollment and Utilization; for national insurers, NAIC annual statement, Schedule T, premiums collected in New York State; for PHSPs, Medicaid Managed Care Operating Reports filed with the state Department of Health.

Figure 2. Employer Group Enrollment, 2008



Notes: Includes enrollment in HMO commercial groups; Article 43 Provider Service Organizations, PPOs and Indemnity Only; and Article 42 Accident and Health company group comprehensive. Total group comprehensive enrollment is 10,043,085, but includes enrollment of out-of-state residents through New York employers, some double counting due to health plan reporting methods, and joint delivery of comprehensive benefits to employer groups by more than one health plan.

Source: Author's analysis of health plan annual statements and New York State Supplements.

That total represents an 11 percent increase in premiums since 2006² — despite a decline in commercial group enrollment, since then, of over 500,000³ (Figure 2), a national recession that began in late 2007 (and took hold in New York in mid-2008,⁴ with 200,000 jobs lost between July of 2008 and July of 2009), and inflation rates of 2.8 percent in 2007 and 3.8 percent in 2008.⁵

The state's four largest health plans continued to garner the lion's share of premiums: Empire BlueCross BlueShield (17.25 percent, down from 19 percent in 2006), EmblemHealth, the plans formerly known as HIP and GHI (16.67 percent), Oxford/United (14 percent), and Excellus

BlueCross BlueShield (11 percent) accounted for almost 60 percent of premiums, a slight decline from 2006. National plan Aetna joined Buffalo-based HealthNow Blue Cross Blue Shield and Schenectady-based MVP Health Care in market shares of about 5 percent, while strong regional HMOs in Buffalo (Independent Health) and Albany (CDPHP) maintained market shares in the 2.5 to 3 percent range.

The biggest increase in market share in 2008 belonged to the state's Prepaid Health Services Plans (PHSPs), which specialize in public managed care programs such as Medicaid Managed Care and Family Health Plus. These health plans, a mix of publicly

² *The Big Picture*, p. 1, and Figure 1, p. 2.

³ *The Big Picture*, p. 3.

⁴ Fiscal Policy Institute. September 2009. *The State of Working New York 2009*.

⁵ U.S. Bureau of Labor Statistics, Consumer Price Index. Available online at www.usinflationcalculator.com.

traded companies, hospital-sponsored organizations, and nonprofits, increased their collective market share to nearly 12 percent, reflecting growing enrollment in public programs (Table 1).⁶

Profit and Loss

The overall increase in premiums did not translate to increased profits for health plans overall. Continuing a decline that began after the banner year of 2005, aggregate health plan net income or profits dipped below \$800 million for the first time since 2001 (Figure 3). HMOs posted an average margin of 3.4 percent and Article 42 insurers a 4.8 percent margin in 2008 (Table 2), compared to 2006 results of 5.5 and 6.2 percent, respectively.⁷ These declines in profitability are perhaps a byproduct of medical expenses that averaged 25 percent higher for HMOs in 2008 than

in 2006 and 16 percent higher for Article 43 nonprofits, when measured on a per member per month (PMPM) basis (Table 3).

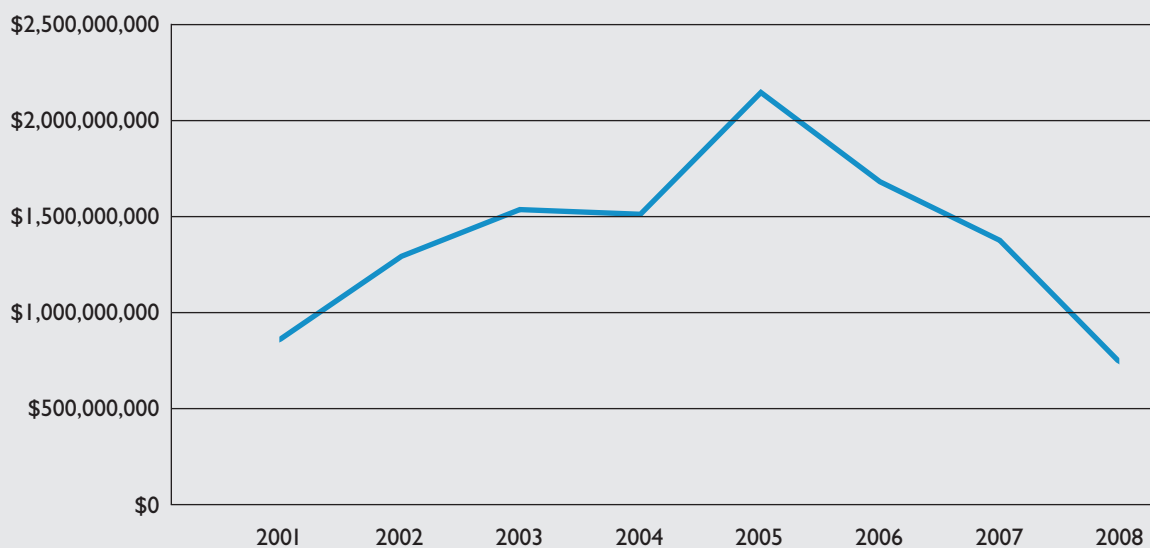
Similarly, medical loss ratios (MLRs) — the proportion of premiums health plans pay out in medical claims — increased from 82.9 percent in 2006 to 86.4 percent for HMOs in 2008, and from 87.2 percent to 89 percent for Article 43s (Table 4).⁸ Oxford’s HMO licensee posted the lowest MLR in 2008, at 72.8 percent. Administrative expenses decreased for all three types of commercial licensees when measured as a percent of revenues and expenses, but increased slightly for Article 43 nonprofits and Article 42s when measured on a PMPM basis (Table 5). Brokers and agent commissions continue to be a significant source of administrative expenses for commercial health plans. Oxford’s Article 42 licensee, for example, reported almost \$175 million

⁶ *The Big Picture*, Table 2, pp. 26-27.

⁷ *The Big Picture*, Table 13, pp. 66-67.

⁸ *The Big Picture*, Table 17, p. 73.

Figure 3. Net Income for New York Health Plans, 2001 to 2008



Source: Author’s analysis of health plan annual statements and New York State Supplements.

in commission payments in 2008.⁹

As was the case in 2006,¹⁰ and despite a growing consensus that “bending the curve” of escalating cost will involve changes in the way health plans pay providers, few plans made significant use of capitation in making a total of over \$38 billion in medical payments in 2008 (Table 6). With the exception of HIP, Health Net, and two Independent Practice Association (IPA)-model HMOs upstate, capitation represented a small proportion of medical payments.

The biggest factor in the decline in aggregate net income among health plans was not increased medical and administrative costs, however, but the poor performance of the Article 43 nonprofit plans, including HealthNow Blue Cross Blue Shield, Excellus BlueCross BlueShield, HIP and GHI, and insurance licensees of nonprofit HMOs. Taken together, Article 43s posted negative margins and more than \$166 million in losses for the year (Table 2).

In addition to differences between license categories, health plan net income varied by line of business. Medicare Advantage was once again the most reliable segment. Very few plans lost money on this business, and total Medicare Advantage net income for all plans again approached \$400 million in 2008 (Table 7) — more than 80 percent of net income for Article 44 HMOs.

Although investment income declined since 2006,¹¹ it still bolstered health plans’ bottom lines and surplus levels, despite a drop in the Dow Jones Industrial Average

from 13,000 in late 2007 to below 8,000 in 2008. HMOs earned \$117.5 million and Article 42s \$182.5 million, and PHSPs reported a \$25 million investment gain in 2008 (Table 2). Again, Article 43s lagged far behind other sectors, losing close to \$140 million on investments.

Surplus levels also decreased for Article 43s, dropping from \$2.8 billion in 2006¹² to \$2.5 billion in 2008 (Table 8), while Risk Based Capital (RBC) levels, a measure of health plans’ financial soundness used by regulators,¹³ decreased from an average 492 percent to 380 percent for nonprofit insurers. In contrast, HMOs increased overall surplus from \$2.2 billion to \$2.6 billion, and RBC ratios from 498 percent to 737 percent; surplus grew from \$2.3 billion to \$2.5 billion at Article 42s, and RBC ratios from 661 percent to 690 percent.

Market Consolidation

Health plan consolidation has continued apace in all market segments since 2006, although New York markets still score low on state rankings of market consolidation.¹⁴ Oxford/United announced plans in 2009 to acquire the Northeast licensees of Health Net, the large publicly traded plan based in California. The merger could bring \$2.7 billion in premiums and nearly 600,000 commercial, self-funded, Medicaid, and Medicare enrollees in New York, New Jersey, and Connecticut into the Oxford/United fold, if current Health Net members renew with the new owners.¹⁵

⁹ NAIC health plan annual statement for the year ending December 31, 2008, Oxford Health Insurance, Inc., p. 25. 7.

¹⁰ *The Big Picture*, Table 18, p. 75.

¹¹ *The Big Picture*, Table 13, pp. 66-67.

¹² *The Big Picture*, Table 15, p. 70.

¹³ Under the RBC system regulators use for evaluating the adequacy of health plan capital, a 200 percent level is viewed as acceptable.

¹⁴ Collins SR, K Davis, JL Nicholson, SD Rustgi, and R Nuzum. January 7, 2010. *The Health Insurance Provisions of the 2009 Congressional Health Reform Bills: Implications for Coverage, Affordability, and Costs*, Exhibit 23. New York: The Commonwealth Fund. Available online at <http://www.commonwealthfund.org/Content/Publications/Fund-Reports/2010/Jan/Health-Insurance-Provisions.aspx>

¹⁵ UnitedHealthcare press release. July 29, 2009. Available online at http://www.uhc.com/news_room/2009_news_release_archive/unitedhealthcare_to_acquire_health_net_northeast.htm

The shakeout in the PHSP sector also continued, with, for example, the 2009 acquisition of NewYork-Presbyterian Community Health Plan by Neighborhood Health Providers. The 2007 merger of CVS Corporation and Caremark Rx, and subsequent acquisitions by the combined companies, brought together insurers Silverscript and Accendo, over 6,000 drug stores, and pharmacy benefits managers under one roof, vaulting the company to the number two spot in New York's stand-alone Medicare Part D market.

Commercial Market

Comprehensive, fully insured group coverage declined by nearly 600,000 from 2006¹⁶ to 2008 (Figure 2). Small Group coverage — a subset of Large Group coverage that is not reported separately by some licensees — declined from 1.7 million in 2007 to 1.58 million as of June 2009.¹⁷ Some of the decline in Large Group coverage may be a result of an estimated ten percentage point increase since 2006 in self-funded coverage for employees of private-sector firms in New York, rather than employer groups dropping coverage altogether.¹⁸

The most striking commercial market result, noted earlier, was the performance of Article 43 insurers, which operate HMOs and indemnity plans under nonprofit corporate umbrellas. In a year in which nonprofit really meant “no profits,” the sector posted a -1.1 percent margin, and losses of over \$166 million (Table 2), compared to gains of over \$480 million in 2006.¹⁹ Only HealthNow Blue Cross Blue Shield posted a net profit, and that

was just \$25 million, compared to the \$80 million the Buffalo-based plan earned in 2006. None of the major Article 43s earned profits on investments, but even excluding investment losses this sector recorded negative underwriting results of over \$22 million (Table 2).

Commercial markets produced solid profits for HMOs and for-profit plans, however, most notably for Oxford companies, the only plans that posted gains in all four commercial markets — Large Group, Small Group, Direct Pay, and Healthy NY. Oxford/United, with profits of \$415.9 million, and Empire BlueCross BlueShield, with \$373.2 million, were the most financially successful commercial health plans, generating much of the profit of the sector overall. Aetna's HMO posted net income of nearly \$98 million overall and \$57.91 per member per month, and a margin of 11.8 percent — all highs among HMO licensees.

Profits also varied according to line of business, however, with some interesting trends. Small Group profits, for example, were much harder to come by in 2008 (Table 7) than in 2006.²⁰ Ten HMOs lost money on their Small Group business and only five posted gains, led by Oxford's HMO (\$55 million). In the aggregate, HMOs posted just \$9.6 million in Small Group profits in 2008, compared to over \$180 million in 2006; Empire BlueCross BlueShield's HMO in particular faced tough sledding in the Small Group market, losing over \$12 million in 2008, compared to a \$55 million gain in 2006.

For many HMOs, profits came once again from a surprising source: the Direct Pay market. Nine HMOs reported profits on their Direct Pay, or individual, business, and only

¹⁶ *The Big Picture*, Figure 2, p. 2 (employer-sponsored enrollment for 2006 of 10.6 million).

¹⁷ *The Big Picture*, p. 32. 2007 Small Group enrollment estimated at 1.7 million; 2009 total based on personal correspondence from the New York State Insurance Department, November 19, 2009.

¹⁸ Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2008 Medical Expenditure Panel Survey-Insurance Component, Table V.B.2.b.(1) estimates that 51.4 percent of private-sector enrollees were enrolled in self-insured plans in 2008, compared to 40.3 percent in 2006.

¹⁹ *The Big Picture*, Table 13, p. 66.

²⁰ *The Big Picture*, Table 19, p. 84.

five plans posted losses. The two largest Direct Pay carriers, Empire and Oxford, reported gains of \$14 million and \$15.5 million, respectively, on their individual business, which contributed to overall profits of \$37 million in this line for all HMOs (Table 7), a 30 percent increase over already surprising 2006 profits in this line.²¹ Thus, HMO profits in the individual market, with fewer than 44,000 reported enrollees and premiums that often exceed \$1,000 per month for individuals, were quadruple those in the much larger Small Group market.

Similarly, HMOs fared well in their Healthy NY business, which, like the Direct Pay market, provides participating health plans with state stop-loss subsidies to offset the premium impact of high-cost claims. With just over 150,000 enrollees, Healthy NY business produced an aggregate \$12 million profit for health plans, boosted by results at the largest Healthy NY carrier, Empire BlueCross BlueShield (\$6.7 million), the third largest, Oxford (\$6.9 million), and MVP Health Care (\$2.9 million) and Aetna (\$2.7 million).

New York State's Public Managed Care Market

Enrollment in New York State's trio of public managed care programs — Medicaid Managed Care (MMC), Family Health Plus (FHP), and Child Health Plus (CHP) — reached 3.14 million in 2008 (Table 1), a 312,036 increase (11 percent) over 2006.²² Most of the increase came from growth in Medicaid Managed Care, as enrollment through this one public program in each of three Prepaid Health Services Plans — HealthFirst, MetroPlus, and Fidelis — approached 300,000. With its relative strength in the

other two public programs, FHP and CHP, Fidelis posted the largest overall enrollment among PHSPs in 2008 (432,000), followed by HealthFirst (382,000) and MetroPlus (345,000). Each of these plans now has greater enrollment than all but two commercial HMO licensees, HIP and Empire BlueCross BlueShield. When Medicare Advantage enrollment in HealthFirst's commercial HMO subsidiary, Managed Health Inc., is combined with its PHSP enrollment, HealthFirst becomes the second-largest managed care plan in the state, behind only HIP.

Among non-PHSPs, HIP maintained its strong commitment to public programs with over 266,000 public program members, while UnitedHealthcare's HMO, still using the AmeriChoice brand in some markets, also eclipsed the 200,000 mark. Empire BlueCross BlueShield and Excellus BlueCross BlueShield remained the largest CHP carriers, with over 60,000 and nearly 45,000 children enrolled, respectively.

The growth in PHSP enrollment was matched by premium growth, with both Fidelis and HealthFirst piercing the landmark billion-dollar threshold. But profit margins are typically much smaller for public programs than for commercial products, and that was the case in 2008 (Table 2). Among PHSPs, Neighborhood Health was the leader with a 3.2 percent margin, followed by publicly traded Amerigroup at 2.7 percent, MetroPlus at 2.2 percent, and Univera, affiliated with Excellus BlueCross BlueShield, at 1.4 percent. MetroPlus was, notably, the most profitable plan in terms of underwriting gains, with over \$21 million in net income (Table 7). HealthFirst, Hudson Health Plan, and HealthPlus broke even or did very slightly better; Fidelis, at -1.4 percent, and the remaining PHSPs lost money in 2008.

²¹ *The Big Picture*, Table 19, p. 84.

²² *The Big Picture*, Table 2, pp. 26-27.

Medicare Market

Medicare Advantage

Enrollment in Medicare Advantage plans increased by 18 percent from year-end 2007²³ to January 2009, exceeding 800,000 members (Table 9). With over 144,000 Medicare Advantage members HIP/GHI was again the leading company, with Oxford/United a distant second with 92,000. With its continued growth, HealthFirst subsidiary Managed Health Inc. moved past Empire BlueCross BlueShield and MVP Health Care into the third spot in overall enrollment, but lost money on the business in 2008 (Table 7). Oxford's HMO profits from its 68,000 Medicare Advantage enrollees totaled \$137 million, far in excess of the \$100 million it earned on its combined Large Group, Small Group, and Direct Pay lines of business; Empire's HMO profits of \$80 million in Medicare Advantage income also exceeded its \$51 million in net income earned through those same commercial lines of business.

Other changes in the Medicare Advantage market had more to do with the type of product offered than with the health plans themselves. Enrollments in early alternatives to traditional Medicare — Health Care Prepayment Plans (HCPPs), Medicare Cost Contracts, Program of All-Inclusive Care for the Elderly (PACE), and Social HMOs (SHMOs)²⁴ — all declined, while HMOs

and regional PPOs experienced enrollment gains. This trend may represent a kind of planned obsolescence, however, as the Medicare Advantage products added or altered in the 2003 Medicare Modernization Act incorporate many of the same features as the earlier alternatives to traditional Medicare.

Many observers believe that Medicare Advantage private fee-for-service plans may also wither on the vine, because of requirements that these plans form provider networks in 2011,²⁵ and other changes and reductions in reimbursement²⁶ enacted as part of the Medicare Improvements for Patients and Providers Act of 2008.²⁷ One of the national leaders in this market — American Progressive, with 31,469 members in New York — and a handful of smaller plans increased enrollment in 2008, but challenges may lie ahead due to possible payment reductions proposed in federal health care reform legislation,²⁸ or budget pressures further down the road.

Part D

June 2009 enrollment of 967,642 in Part D stand-alone prescription drug plans (Table 10) represents a slight decrease from 2007 enrollment,²⁹ although some of the decline may reflect members' switching from stand-alone Part D programs to Medicare Advantage plans with a drug benefit. While

²³ *The Big Picture*, Table 24, p. 98.

²⁴ HCPPs are managed care plans covering only Part B services; Medicare Cost plans offer enrollees the ability to obtain some Part A and Part B services through managed care plans, and other services through traditional Medicare; PACE is a Medicaid/Medicare program to provide community-based care to enrollees over age 55 and the disabled deemed eligible for a nursing home level of care; and Social HMOs date back to a 1985 demonstration program testing HMOs as a model for Medicare recipients in four regions of the U.S.

²⁵ Andrews M. December 16, 2009. Fewer Medicare Advantage plans for seniors. *New York Times*.

²⁶ Gold M, D Phelps, T Neuman, and G Jacobson. November 2009. *Medicare Advantage 2010 Data Spotlight: Plan Availability and Premiums*. Kaiser Family Foundation. Available online at <http://www.kff.org/medicare/upload/8007.pdf>

²⁷ Public Law 110-275, 2008.

²⁸ Congressional Budget Office analysis of Senate Patient Protection and Affordable Care Act estimated Medicare Advantage savings of \$6 billion nationally in 2011 through changes in the way rates are established for participating plans. Correspondence to the Honorable Harry Reid, Majority Leader, United States Senate, from Director Douglas W. Elmendorf, December 19, 2009.

²⁹ *The Big Picture*, Table 25, p. 100.

UnitedHealthcare Insurance remained the leader in enrollment, with nearly 203,000 members, CVS Caremark, with 144,787, and Universal American, with 113,027, jumped into the number two and three slots, apparently at the expense of Humana, Excellus, and Wellcare, all of which had significant enrollment decreases since 2006. The CVS Caremark combo presents a tough competitive challenge for local and national plans, but GHI managed to more than double its enrollment between 2007 and June 2009, increasing from 36,600 to 87,260 enrollees.

Medicare Supplement

Despite the availability of more comprehensive and often lower-cost Medicare Advantage products, New York consumers still show surprising loyalty to their Medicare Supplement, or Medigap, coverage, a standardized product designed to cover Medicare cost sharing and provide additional benefits. Nevertheless, while enrollment approached 350,000 in 2008 (Table 11), only a small decline since 2006, profits for the two largest carriers, Empire and United, dropped precipitously, from nearly \$40 million to \$4.4 million (Table 7).

Conclusion

As of 2008, New York health plans were, for the most part, weathering the recession, retaining surpluses and maintaining profitability; the glaring exception was a very difficult year for Article 43 corporations. But some rough road may lie ahead. Medicare Advantage

income makes up a large proportion of overall health plan net income, and may not be sustainable if federal health care reform relies on spending reductions in Medicare Advantage premium payments to support non-Medicare coverage expansion, or if broader deficit-cutting measures outside of the context of health care reform include similar premium reductions. Whether these reductions, if they occur, will roil the markets the way Balanced Budget Act of 1997 cuts did for the Medicare+Choice market,³⁰ the Medicare Advantage precursor, in the 1999 to 2002 period remains to be seen.

Health care costs continue to grow far beyond the rate of inflation, making the products health plans sell, even with increased cost sharing, simply too expensive for many customers, especially small employer groups and individuals. Small Group enrollment has been declining at a rate of roughly 100,000 per year for the past several years; enrollment in two comprehensive, standardized HMO Direct Pay products for individuals dropped to 31,000 in mid-2009, with just over 8,000 members remaining in the Point-of-Service product that offers an out-of-network benefit.³¹

The prospects for federal health care reform are uncertain, but, if revived, federal legislation along the lines of the bills passed by the Senate and House would help New Yorkers gain coverage and help policymakers address some of the problems in insurance markets.³² An estimated 249,000 small businesses may be eligible for proposed tax credits of 30 to 50 percent toward the cost of premiums,³³ and funding may also be

³⁰ Lake T and Brown R. June 2002. *Medicare+Choice Withdrawals: Understanding Key Factors*. Henry J. Kaiser Family Foundation. The authors estimate that nearly half of participating plans either completely or partially withdrew from the program between 1999 and 2001, affecting coverage for about 1.6 million Medicare beneficiaries. Available online at <http://www.kff.org/medicare/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=14173>

³¹ Enrollment as of June 2009. Personal correspondence with the New York State Insurance Department, January 27, 2010.

³² Holahan D and P Newell. January 2010. *New York State and the Emerging Federal Health Care Reform Blueprint: Taking Stock and Making Plans*. New York: United Hospital Fund.

³³ *Health Insurance Reform and New York: The Case for Change*. Available online at <http://www.healthreform.gov/reports/statehealthreform/newyork.html>

available for these employers to establish wellness programs for workers. An insurance exchange could help make Small Group purchases easier, and efficiencies generated by an exchange could drive down costs.

Expanded Medicaid eligibility levels and premium subsidies for persons ineligible for Medicaid but with incomes less than 400 percent of the federal poverty level, coupled with new requirements that individuals and employer groups secure coverage or contribute to its cost, could add hundreds of thousands of New Yorkers to the rolls of New York health plans. New demonstration programs proposed in federal legislation to reform the ways health providers are paid and how medical decisions are made, particularly in the Medicare program, might be migrated to commercial

and Medicaid markets, easing cost pressures for individuals, employers, and government.

Time will tell whether New York will have a federal partner in its effort to help extend coverage to the uninsured and improve its insurance markets. Through Medicaid waivers that have led to increased eligibility levels, and insurance reforms that have improved access to commercial insurance markets and made them fairer to consumers, New York compares favorably to most states when viewed through the prism of potential health care reform. With the state facing its own budget gap of over \$9 billion for the upcoming fiscal year, however, the loss of potential federal premium subsidies and enhanced Medicaid reimbursement would be a big setback.

Tables

Table I. New York Enrollment in Health Insurance Plans, 2008

Article 44 HMOs	Direct Pay	Commercial Group	Healthy NY	Medicare Advantage	Medicaid	Child Health Plus	Family Health Plus	TOTAL
Aetna Health	4,751	110,274	6,929	13,427				135,381
Atlantis Health Plan	103	18,847	3,494					22,444
CDPHP	491	153,836	8,379	19,620	43,889	17,729	5,517	249,461
Cigna Healthcare	997	2,188	1,741					4,926
Community Blue/Health Now New York BCBS*	158	111,315	4,376	35,958	31,677	10,876	5,382	199,742
ConnectiCare of New York (EmblemHealth)	2	23						25
ElderPlan				16,268				16,268
Empire BCBS								
HealthChoice HMO	11,994	252,720	51,921	68,974		60,729		446,338
Excellus BCBS HMO*	1,397	154,265	15,770	53,542	79,626	44,958	15,516	365,074
GHI HMO*	58	15,951	1,721		25,286	3,514	6,519	53,049
HIP HMO*	6,975	470,830	5,174	127,218	207,933	12,763	45,649	876,542
Health Net of New York	928	96,027	823					97,778
Independent Health Association	628	100,260	5,417	46,306	26,586		695	179,892
Managed Health Inc.	1	5	762	78,996				79,764
MVP Health Care	92	163,747	10,345	4,822	6,511	1,774	1,512	188,803
Oxford Health Plans	14,750	198,988	18,247	68,142				300,127
Preferred Care (MVP Health Care)	127	112,508	724	87,047	19,840		343	220,589
Senior Whole Health				1,098	5,473			6,571
UnitedHealthcare of New York				10,554	159,288	14,772	37,493	222,107
Subtotal	43,452	1,961,784	135,823	631,972	606,109	167,115	118,626	3,664,881
Article 43 Nonprofit Insurers	Provider Service Organizations	Preferred Provider Organizations	Point of Service	Indemnity Only	Other	TOTAL		
CDPHP								
Universal Benefits		61,393	2			61,395		
Excellus BCBS		509,239	139,071	626,798	22,561	1,297,669		
Group Health Inc.	1,432,920					1,432,920		
Health Insurance Plan of Greater New York			33,566		2,780	36,346		
HealthNow New York BCBS		113,608	78,896	250,799		443,303		
Independent Health Benefits	2,905	26,199	103,790	9,951		142,845		
Preferred Assurance (MVP Health Care)		25,743	15,994			41,737		
Subtotal	1,435,825	736,182	371,319	887,548	25,341	3,456,215		

* HMO line of business of Article 43 corporations.

Notes: UnitedHealthCare Insurance Company enrollment based on NAIC form, not New York State supplement. Aetna Health, Empire HealthChoice Assurance, HIP Insurance Company of New York, and MVP Health Insurance Co. report selling out-of-network benefits, which may result in double counting of HMO and Accident and Health enrollees.

Source: Author's analysis of health plan annual statements, New York State supplements. Dental- and vision-only enrollment not included. For PHSPs, United Hospital Fund analysis of Department of Health's 2008 Managed Care Enrollment Trend Report, available online at: http://www.health.state.ny.us/health_care/managed_care/report/2008/index.htm

Table I. New York Enrollment in Health Insurance Plans, 2008 (cont.)

Article 42 Accident and Health Insurers	Individual Compre- hensive	Small Group Compre- hensive	Large Group Compre- hensive	Health Savings Accounts	Medicare Supplement	Medicare Part D	Out of Network HMO/POS	Other	TOTAL
Aetna Health Insurance Company of New York							33,171		33,171
Empire BCBS HealthChoice Assurance	10,660	185,516	2,197,313	3,993	53,918		60,652	12,850	2,524,902
Health Net Insurance of New York		57,467	49,670		58,082			5,840	171,059
HIP Insurance Company of New York						8,882	33,565	47,551	89,998
Humana Insurance Company of New York						77,924		3,481	81,405
MVP Health Insurance		12,321	24,825				21,154		58,300
Oxford Health Insurance	4,587	456,826	394,130						855,543
PerfectHealth (EmblemHealth)		3,145	6,267						9,412
United HealthCare Insurance Company of New York	491		1,281,794		231,495	13,456		260,475	1,787,711
WellCare Health Insurance Company of New York						4,283			4,283
Subtotal	15,738	715,275	3,953,999	3,993	343,495	104,545	148,542	330,197	5,615,784

Prepaid Health Services Plans	Medicaid	Child Health Plus	Family Health Plus	TOTAL
Affinity Health Plan	159,226	24,129	44,219	227,574
Amerigroup New York	72,888	12,584	24,368	109,840
HealthFirst PHSP	299,023	22,612	60,777	382,412
HealthPlus	206,098	28,665	44,367	279,130
Hudson Health Plan	51,681	18,087	8,230	77,998
MetroPlus Health Plan	280,951	19,640	44,450	345,041
Neighborhood Health Providers	181,480	10,095	30,905	222,480
NYS Catholic Health Plan (Fidelis Care)	293,854	50,119	88,427	432,400
SCHC Total Care	24,289	3,459	3,225	30,973
Univera Community Health	27,011	6,595	8,515	42,121
WellCare	73,268	7,070	23,877	104,215
Subtotal	1,669,769	203,055	381,360	2,254,184

Table 2. New York Health Plan Revenue and Net Income, 2008

Article 44 HMOs	Underwriting Revenue	Underwriting Net Income	Investment Income	Income Taxes	Net Income	Margin	Net Income (Loss) Per Member Per Month
Aetna Health	832,624,789	108,834,670	10,226,290	21,141,962	97,918,998	11.8%	57.91
Atlantis Health Plan	66,095,102	(1,897,391)	37,150		(1,560,241)	-2.4%	(6.48)
CDPHP	960,443,043	5,659,952	8,717,294		14,377,246	1.5%	4.78
Catholic Special Needs Plan (Fidelis)	7,999,939	(579,190)	43,422		(535,768)	-6.7%	(172.27)
Cigna Healthcare	49,623,541	821,784	1,266,062	54,534	2,033,312	4.1%	16.42
ConnectiCare of New York (EmblemHealth)	1,065,693	628,218	230,082	292,611	551,127	51.7%	1,665.04
ElderPlan	244,898,185	(22,947,541)	4,044,266		(18,903,275)	-7.7%	(93.44)
Empire BCBS HealthChoice HMO	2,641,602,654	121,034,265	16,194,759	62,369,242	78,684,672	3.0%	12.91
GHI HMO	181,977,837	(13,759,652)	1,577,384	(1,614,573)	(10,567,695)	-5.8%	(16.43)
Health Net of New York	463,595,601	(1,432,491)	5,155,368	346,884	5,123,466	1.1%	3.96
Independent Health Association	1,034,803,835	37,205,884	4,568,617	51,000	42,640,065	4.1%	18.08
Managed Health Inc.	1,038,755,664	(10,932,061)	5,251,899		(5,680,162)	-0.5%	(6.38)
MVP Health Care	922,702,540	(10,911,431)	3,285,600		(7,587,324)	-0.8%	(2.90)
Oxford Health Plans* Preferred Care (MVP Health Care)	2,132,592,575	244,884,360	36,696,089	94,596,625	186,203,778	8.7%	45.29
Senior Whole Health	1,352,043,640	36,003,097	7,124,721	4,000	43,123,818	3.2%	15.77
Touchstone Health HMO	9,058,710	(9,433,104)	126,482	9,009	(9,315,631)	-102.8%	(1,417.69)
UnitedHealthcare of New York	139,083,933	(4,555,391)	234,729		(4,320,662)	-3.1%	(33.61)
Subtotal	730,072,514	23,310,564	12,751,140	11,133,174	24,719,380	3.4%	9.40
Subtotal	12,809,039,795	501,934,542	117,531,354	188,384,468	436,905,104	3.4%	15.18
Article 43 Nonprofit Insurers	Underwriting Revenue	Underwriting Net Income	Investment Income	Income Taxes	Net Income	Margin	Net Income (Loss) Per Member Per Month
CDPHP Universal Benefits	205,222,368	(12,329,875)	870,488		(11,459,387)	-5.6%	(16.27)
Excellus BCBS	4,985,065,971	(20,814,961)	(32,240,081)	1,037,534	(54,092,576)	-1.1%	(2.67)
Group Health Inc. Health Insurance Plan of Greater New York	2,792,394,749	4,041,199	(17,862,237)	1,181,267	(17,541,367)	-0.6%	(0.90)
HealthNow New York BCBS	4,526,655,476	(13,401,070)	(68,529,661)		(84,012,037)	-1.9%	(7.89)
Independent Health Benefits Preferred Assurance (MVP Health Care)	2,271,141,305	47,780,279	(19,258,082)	6,868,000	25,406,732	1.1%	3.88
	411,258,927	(5,247,737)	(2,745,719)	129,571	(8,112,065)	-2.0%	(5.27)
	53,986,653	(22,066,578)	67,614	(5,364,113)	(16,634,851)	-30.8%	(37.57)
Subtotal	15,245,725,449	(22,038,743)	(139,697,678)	3,852,259	(166,445,551)	-1.1%	(2.80)

* In 2008 Oxford Health Plans HMO received \$250 million in dividend income — eliminated here to avoid double counting — from its Oxford Health Insurance subsidiary.

Notes: Margin is calculated as net income divided by underwriting revenue. Because of revenue, net income, or losses that are not reflected in the categories summarized in this table, data in rows for individual health plans may not equal the totals reported for those plans.

Source: Author's analysis of health plan and insurance company annual statements, Statement of Revenues and Expenses; and Medicaid Managed Care Operating Reports to the New York State Department of Health.

Table 2. New York Health Plan Revenue and Net Income, 2008 (cont.)

Article 42 Accident and Health Insurers	Underwriting Revenue	Underwriting Net Income	Investment Income	Income Taxes	Net Income	Margin	Net Income (Loss) Per Member Per Month
Aetna Health Insurance Company of New York	12,746,719	836,615	357,818	(601,907)	1,796,340	14.1%	4.32
Bravo Health Insurance (Part D)	122,869,730	(6,589,290)	862,717	(1,904,392)	(3,822,181)	-3.1%	(2.71)
Empire BCBS HealthChoice Assurance	5,223,810,947	262,511,122	129,777,721	144,834,389	294,509,344	5.6%	9.48
Health Net Insurance of New York	387,527,760	(12,545,479)	1,360,775	(3,593,755)	(7,607,418)	-2.0%	(3.74)
HIP Insurance Company of New York	140,422,496	(4,651,906)	594,624	(917,575)	(3,139,707)	-2.2%	(2.92)
Humana Insurance Company of New York	131,605,689	(11,860,331)	272,966	(3,073,883)	(8,513,482)	-6.5%	(8.38)
MedAmerica Insurance (Excellus BCBS)**	40,857,675	(8,417,239)	8,371,487	(2,205,758)	(6,561,440)	-16.1%	
Medco Containment Insurance (Part D)	21,029,682	1,728,290	321,365	696,314	1,166,009	5.5%	4.87
MVP Health Insurance	139,242,032	(5,028,711)	1,501,067		(3,527,644)	-2.5%	(5.02)
Oxford Health Insurance	2,149,038,993	195,845,615	20,766,295	70,751,607	140,524,017	6.5%	10.17
PerfectHealth (EmblemHealth)	16,213,488	(6,098,334)	57,627	(1,924,526)	(4,111,291)	-25.4%	(46.44)
United HealthCare Insurance Company of New York	1,362,096,389	51,508,064	40,155,509	27,211,702	64,468,329	4.7%	3.02
WellCare Health Insurance Company of New York	39,252,702	4,506,615	282,022	1,743,419	3,045,218	7.8%	66.99
Subtotal	9,786,714,302	461,745,031	204,681,993	231,015,635	468,226,094	4.8%	6.39
TOTAL	37,841,479,546	941,640,830	182,515,669	423,252,362	738,685,847	2.0%	4.57
Prepaid Health Services Plans	Premium Revenue	Underwriting Net Income	Investment Income	Income Taxes	Net Income	Margin	Net Income (Loss) Per Member Per Month
Affinity Health Plan	605,872,126	(6,226,926)	830,754		(1,269,076)	-0.2%	(0.49)
Amerigroup	262,761,953	13,017,072	2,293,641	3,746,586	7,023,827	2.7%	5.25
HealthFirst PHSP	1,017,345,059	(188,908)	4,685,766		(188,908)	0.0%	(0.04)
HealthPlus	713,400,749	(10,004,015)	3,485,331		2,296,578	0.3%	0.70
Hudson Health Plan	227,998,869	(471,506)	(133,802)		39,366	0.0%	0.04
Liberty Health Advantage	28,414,415	(1,818,175)	(423,175)	797	(1,818,972)	-6.4%	(76.61)
MetroPlus Health Plan	889,558,922	18,251,977	4,964,265		19,863,868	2.2%	5.09
Neighborhood Health Providers	267,277,446	7,601,255	1,601,636	369,000	8,576,904	3.2%	7.37
NewYork-Presbyterian	300,531,312	(17,110,679)	993,876		(36,871,760)	-12.3%	(28.27)
New York State Catholic Health Plan (Fidelis Care)	1,069,248,414	(8,834,239)	5,537,237		(15,094,693)	-1.4%	(3.07)
SCHC Total Care	70,809,909	(3,930,490)	359,333		(3,961,967)	-5.6%	(11.52)
Suffolk County	36,352,492	6,361,302	299,843		7,260,419	20.0%	50.30
Univera Community Health	100,729,928	(5,733,289)	269,868		1,458,002	1.4%	3.05
Subtotal	5,590,301,594	(9,086,621)	24,764,573	4,116,383	(12,686,412)	-0.2%	3.67

** MedAmerica is a long-term care insurer controlled by the same parent as sister company Excellus BCBS, The Lifetime Healthcare Companies.

**Table 3. Commercial Health Plan Medical Expenses
Per Member Per Month, 2008**

Article 44 HMOs	2008	Change 2008/2006
Aetna Health	336.56	23.6%
Atlantis Health Plan	231.15	35.2%
CDPHP	272.76	22.6%
Cigna Healthcare	421.32	36.8%
ConnectiCare of New York (EmblemHealth)	521.69	117.1%
Empire BCBS HealthChoice HMO	342.05	40.8%
GHI HMO	294.46	13.4%
Health Net of New York	309.06	77.4%
Independent Health Association	271.92	27.8%
Managed Health Inc. (HealthFirst)	383.33	95.7%
MVP Health Care	310.85	16.1%
Oxford Health Plans	253.49	-4.5%
Preferred Care (MVP Health Care)	235.98	27.3%
Subtotal	303.60	25.8%
<hr/>		
Article 43 Nonprofit Insurers	2008	Change 2008/2006
CDPHP Universal Benefits	269.50	11.9%
Excellus BCBS	245.19	18.9%
Group Health Inc.	156.43	15.5%
Health Insurance Plan of Greater New York	284.74	23.7%
HealthNow New York BCBS	261.69	9.9%
Independent Health Benefits	224.90	20.5%
Preferred Assurance (MVP Health Care)	153.90	647.2%
Subtotal	224.23	16.4%

Source: Author's analysis of health plan annual statements and New York State supplements.

**Table 4. Commercial Health Plan
Medical Loss Ratios, 2008 and 2006**

Article 44 HMOs	2008	2006
Aetna Health	79.2%	79.7%
Atlantis Health Plan	81.0%	64.1%
CDPHP	89.8%	85.7%
Cigna Healthcare	89.9%	93.9%
ConnectiCare of New York (EmblemHealth)	125.8%	64.5%
Empire BCBS HealthChoice HMO	88.8%	82.9%
GHI HMO	82.4%	92.4%
Health Net of New York	85.9%	80.9%
Independent Health Association	82.4%	90.7%
Managed Health Inc. (HealthFirst)	84.8%	85.3%
MVP Health Care	87.9%	88.9%
Oxford Health Plans	72.8%	76.9%
Preferred Care (MVP Health Care)	90.0%	84.9%
Subtotal	86.4%	82.9%
Article 43 Nonprofit Insurers	2008	2006
CDPHP Universal Benefits	93.0%	89.8%
Excellus BCBS	91.0%	87.9%
Group Health Inc.	89.6%	90.1%
Health Insurance Plan of Greater New York	86.7%	82.3%
HealthNow New York BCBS	87.4%	88.2%
Independent Health Benefits	89.3%	88.2%
Preferred Assurance (MVP Health Care)	126.2%	83.9%
Subtotal	89.4%	87.2%

Source: Author's analysis of health plan annual statements and New York State supplements.

Table 5. Administrative Expenses for New York Health Plans, 2008

Article 44 HMOs	Administrative Expenses	As % of Revenues	As % of Expenses	Per Member Per Month
Aetna Health	81,176,862	9.7%	11.2%	48.00
Atlantis Health Plan	14,443,923	21.9%	21.2%	60.02
CDPHP	101,027,392	10.5%	10.6%	33.56
Catholic Special Needs Plan (Fidelis)	2,208,701	27.6%	25.7%	710.19
Cigna Healthcare	4,467,315	9.0%	9.2%	36.08
ConnectiCare of New York (EmblemHealth)	280,676	26.3%	64.2%	847.96
ElderPlan	40,908,798	16.7%	15.3%	202.21
Empire BCBS HealthChoice HMO	206,802,790	7.8%	8.2%	33.93
GHI HMO	27,399,921	15.1%	14.0%	42.60
Health Net of New York	69,193,128	14.9%	14.9%	53.43
Independent Health Association	120,900,561	11.7%	12.1%	51.26
Managed Health Inc. (HealthFirst)	149,096,283	14.4%	14.2%	167.42
MVP Health Care	120,410,364	13.0%	12.9%	45.97
Oxford Health Plans	170,070,349	8.0%	9.0%	41.36
Preferred Care (MVP Health Care)	94,630,745	7.0%	7.2%	34.60
Senior Whole Health	4,139,517	45.7%	22.4%	629.97
Touchstone Health HMO	34,306,181	24.7%	23.9%	266.85
UnitedHealthcare of New York	86,921,259	11.9%	12.3%	33.07
Subtotal	1,328,384,765	10.4%	10.8%	46.15
Article 43 Nonprofit Insurers	Administrative Expenses	As % of Revenues	As % of Expenses	Per Member Per Month
CDPHP Universal Benefits	24,942,384	12.2%	11.5%	35.40
Excellus BCBS	529,410,715	10.6%	10.6%	26.18
Group Health Inc.	308,969,454	11.1%	11.1%	15.90
Health Insurance Plan of Greater New York	561,367,186	12.4%	12.4%	52.71
HealthNow New York BCBS	225,584,383	9.9%	10.1%	34.45
Independent Health Benefits	48,714,629	11.8%	11.7%	31.62
Preferred Assurance (MVP Health Care)	8,509,392	15.8%	11.2%	19.22
Subtotal	1,707,498,143	11.2%	11.2%	28.67
Article 42 Accident and Health Insurers	Administrative Expenses	As % of Revenues	As % of Expenses	Per Member Per Month
Aetna Health Insurance Company of New York	1,638,219	12.9%	13.8%	3.94
Bravo Health Insurance (Part D)	18,660,094	15.2%	14.4%	13.22
Empire BCBS HealthChoice Assurance	263,858,075	5.1%	5.3%	8.50
Health Net Insurance of New York	55,726,075	14.4%	13.9%	27.40
HIP Insurance Company of New York	14,629,614	10.4%	10.1%	13.61
Humana Insurance Company of New York	14,125,904	10.7%	9.8%	13.91
Medco Containment Insurance (Part D)	846,319	4.0%	4.4%	3.53
MVP Health Insurance	24,821,392	17.8%	17.2%	35.34
Oxford Health Insurance	238,412,873	11.1%	12.2%	17.26
United HealthCare Insurance Company of New York	128,662,155	9.4%	9.8%	6.02
WellCare Health Insurance Company of New York	6,742,425	17.2%	19.4%	148.32
Subtotal	768,123,145	7.8%	8.2%	10.48

Source: Author's analysis of health plan and insurer annual statements, Statement of Revenues and Expenses.

Table 6. Capitation Payments by New York Health Plans, 2008

Article 44 HMOs	Capitation	Other Payments	Total	% Paid Through Capitation	
				2008	2006
Aetna Health	38,266,218	618,180,882	656,447,100	5.8%	7.0%
Atlantis Health Plan		50,665,750	50,665,750	0.0%	0.0%
Catholic Special Needs Plan (Fidelis)		4,709,620	4,709,620	0.0%	
CDPHP	34,564,339	816,987,723	851,552,062	4.1%	4.1%
Cigna Healthcare	3,849,429	53,073,348	56,922,777	6.8%	8.5%
ConnectiCare of New York (EmblemHealth)	329	155,315	155,644	0.2%	0.7%
ElderPlan	11,244,198	207,071,665	218,315,863	5.2%	5.8%
Empire BCBS HealthChoice HMO	144,100,252	2,159,618,328	2,303,718,580	6.3%	5.7%
GHI HMO	4,637,662	160,752,838	165,390,500	2.8%	3.9%
Health Net of New York	50,213,709	348,914,088	399,127,797	12.6%	23.4%
Independent Health Association	874,059,989	16,643,340	890,703,329	98.1%	97.9%
Managed Health Inc. (HealthFirst)	8,090,966	852,320,999	860,411,965	0.9%	2.1%
MVP Health Care	15,179,950	782,020,285	797,200,235	1.9%	1.4%
Oxford Health Plans	80,571,952	1,740,326,386	1,820,898,338	4.4%	7.5%
Preferred Care (MVP Health Care)	757,231,778	435,526,507	1,192,758,285	63.5%	90.1%
Senior Whole Health	35,178,986	588,085,790	623,264,776	5.6%	
Touchstone Health HMO	8,153,664	83,421,036	91,574,700	8.9%	
UnitedHealthcare of New York	35,178,986	586,065,790	621,244,776	5.7%	3.2%
Subtotal	2,100,522,407	9,504,539,690	11,605,062,097	18.1%	20.4%

Article 43 Nonprofit Insurers	Capitation	Other Payments	Total	% Paid Through Capitation	
				2008	2006
CDPHP Universal Benefits	6,561,260	178,771,031	185,332,291	3.5%	3.1%
Excelsus BCBS	358,043,122	4,112,485,997	4,470,529,119	8.0%	13.5%
Group Health Inc.	1,655,799	2,452,366,022	2,454,021,821	0.1%	0.1%
Health Insurance Plan of Greater New York	1,181,418,806	2,809,395,788	3,990,814,594	29.6%	35.8%
HealthNow New York BCBS	35,050,350	1,954,759,140	1,989,809,490	1.8%	1.5%
Independent Health Benefits	966,614	355,826,137	356,792,751	0.3%	0.0%
Preferred Assurance (MVP Health Care)		55,110,448	55,110,448	0.0%	0.0%
Subtotal	1,583,695,951	11,918,714,563	13,502,410,514	11.7%	15.3%

Article 42 Accident and Health Insurers	Capitation	Other Payments	Total	% Paid Through Capitation	
				2008	2006
Aetna Health Insurance Company of New York		10,515,976	10,515,976	0.0%	0.0%
Empire BCBS HealthChoice Assurance	77,387,133	4,462,547,434	4,539,934,567	1.7%	0.7%
Health Net Insurance of New York	43,370,439	490,864,170	534,234,609	8.1%	5.4%
HIP Insurance Company of New York		132,390,838	132,390,838	0.0%	0.0%
Humana Insurance Company of New York		129,586,272	129,586,272	0.0%	0.0%
Medco Containment Insurance (Part D)		16,079,361	16,079,361	0.0%	0.0%
Oxford Health Insurance	115,112,650	3,267,753,738	3,382,866,388	3.4%	2.9%
United HealthCare Insurance Company of New York		4,453,282,770	4,453,282,770	0.0%	0.0%
WellCare Health Insurance Company of New York	542,068	26,393,853	26,935,921	2.0%	
Subtotal	236,412,290	12,989,414,412	13,225,826,702	1.8%	1.2%

Source: Author's analysis of annual health plan and insurer NAIC statements, Exhibit 7, Summary of Transactions With Providers.

Table 7. Net Income (Underwriting) by Plan and Line of Business, 2008

Article 44 HMOs	Large Group	Small Group	Individual	Healthy NY	Medicare	Medicaid	Family/Child Health Plus	TOTAL
Aetna Health	59,637,899	1,636,176	6,285,027	2,278,447	38,997,121			108,834,670
Atlantis Health Plan	(137,394)	(1,455,784)	359,438	(663,651)				(1,897,391)
CDPHP	(2,832,397)	1,526,596	421,439	(1,992,377)	9,420,171	(2,549,600)	1,666,120	5,659,952
Cigna Healthcare	(223,415)	(458,992)	1,630,995	(126,804)				821,784
ConnectiCare of New York (EmblemHealth)		(294,061)	(8,213)	1,284				628,217
ElderPlan					(22,947,738)			(22,947,738)
Empire BCBS HealthChoice HMO	30,471,929	(12,626,567)	14,074,499	6,770,523	80,878,362		1,465,518	121,034,264
Excellus BCBS HMO	(16,796,790)	(21,985,895)	(1,910,028)	(3,144,023)	23,106,857	1,012,621	327,954	(19,389,304)
GHI HMO	3,839,242	(1,567,001)	(551,790)	75,028		(14,107,128)	(1,448,003)	(13,759,652)
Health Net of New York	(18,937,877)	21,008,790	(334,855)	(90,181)	1,239,833			(1,432,491)
HIP HMO	35,927,216	(12,504,403)	850,216	308,118	54,566,927	(61,061,457)	(32,082,541)	(13,995,924)
Independent Health Association	20,103,110	2,004,172	474,271	(1,053,372)	17,759,914	(1,950,644)	(131,566)	37,205,885
Managed Health Inc.		(98)	(78)	37	(10,919,398)	(12,527)		(10,932,064)
MVP Health Care	8,920,582	(11,365,731)	599,333	2,911,204	(4,969,206)	(4,068,070)	(2,939,543)	(10,911,431)
Oxford Health Plans Preferred Care (MVP Health Care)	29,624,143	55,425,798	15,494,131	6,864,647	137,475,641			244,884,360
Senior Whole Health	5,182,210	(4,851,784)	(405,108)	(86,817)	41,014,106	(4,778,203)	(71,304)	36,003,100
UnitedHealthcare of New York					(467,751)	(8,965,351)		(9,433,102)
	996,260	(4,889,768)			19,431,496	8,129,450	(356,874)	23,310,564
Subtotal	155,774,718	9,601,448	36,979,277	12,052,063	384,586,335	(88,350,909)	(33,570,239)	473,683,699

Article 43 Nonprofit Insurers	Large Group	Small Group	Individual	Experience Rated Groups	TOTAL
CDPHP Universal Benefits		(2,636,590)	(782,022)	(8,911,263)	(12,329,875)
Excellus BCBS	(8,879,558)	(29,814,994)	27,505,136	(9,625,546)	(20,814,962)
Group Health Inc.		(20,204,020)	24,991,416	(746,200)	4,041,196
Health Insurance Plan of Greater New York	(14,809,087)		1,408,020		(13,401,067)
HealthNow New York BCBS	15,457,539	(23,214,439)	40,299,728	15,237,451	47,780,279
Independent Health Benefits		7,236,036	(1,124,114)	(11,359,659)	(5,247,737)
MVP Health Services Corp.				747,187	747,187
Preferred Assurance (MVP Health Care)	(22,257,784)	(335,966)		527,173	(22,066,577)
Subtotal	(30,488,890)	(68,969,973)	92,298,164	(14,130,857)	(21,291,556)

Notes: Based on underwriting revenues and expenses, not including investment income or income taxes. Because of revenue, net income, or losses that are not reflected in the categories summarized in this table, data in rows for individual health plans may not equal the totals reported for those plans.

Source: Author's analysis of annual statements for health plans. For HMOs and Article 43 nonprofit insurers, New York State supplement reports. For Accident and Health companies, NAIC page 7. For PHSPs, annual managed care reports, Department of Health.

Table 7. Net Income (Underwriting) by Plan and Line of Business, 2008 (cont.)

Article 42						
Accident and Health Insurers	Comprehensive	Medicare Supplement	Federal Employees	Medicare	Other Health	TOTAL
Aetna Health Insurance Company of New York	836,615					836,615
Empire BCBS HealthChoice Assurance	128,404,400	2,925,623	5,385,415	673,841	118,275,637	255,664,916
Health Net Insurance of New York	(8,889,118)			(593,049)	(3,063,312)	(12,545,479)
HIP Insurance Company of New York	(3,431,750)			(33,711)	(1,186,450)	(4,651,911)
Humana Insurance Company of New York				(2,966,160)	(8,894,170)	(11,860,330)
Oxford Health Insurance	195,845,615					195,845,615
United HealthCare Insurance Company of New York	20,091,012	1,512,876		13,243,948	15,428,525	50,276,361
Subtotal	332,856,774	4,438,499	5,385,415	10,324,869	120,560,230	473,565,787

Prepaid Health Services Plans	Medicaid	Child Health Plus	Family Health Plus	TOTAL
Affinity Health Plan	(3,815,609)	(898,928)	(9,785,713)	(14,500,250)
Amerigroup	1,717,554	544,145	2,850,670	5,112,369
HealthFirst PHSP	(610,060)	189,123	72,631	(348,306)
HealthPlus	1,642,668	6,269,672	(5,615,762)	2,296,578
Hudson Health Plan	1,827,105	(2,680,564)	892,824	39,365
MetroPlus Health Plan	15,928,159	(893,301)	6,092,940	21,127,798
Neighborhood Health Providers	11,143,938	(698,336)	(1,076,761)	9,368,841
NewYork-Presbyterian	(25,351,067)	(1,333,069)	(10,187,624)	(36,871,760)
NYS Catholic Health Plan (Fidelis Care)	(1,581,419)	122,028	(2,427,519)	(3,886,910)
SCHC Total Care	(2,895,194)	(380,514)	(686,259)	(3,961,967)
Suffolk County	7,768,360	(402,472)	(105,469)	7,260,419
Univera Community Health	830,002	134,998	493,002	1,458,002
Subtotal	6,604,437	(27,218)	(19,483,040)	(12,905,821)

HMO Line of Business for Article 43 Nonprofit Insurers*	Large Group	Small Group	Individual	Healthy NY	Medicare	Medicaid	Family/Child Health Plus	TOTAL
Excellus BCBS Health Insurance Plan of Greater New York	(16,796,790)	(21,985,895)	(1,910,028)	(3,144,023)	23,106,857	1,012,621	327,954	(19,389,304)
HealthNow New York BCBS	35,927,216	(12,504,403)	850,216	308,118	54,566,927	(61,061,457)	(32,082,541)	(13,995,924)
	9,137,821	(12,422,265)	(79,022)	(660,508)	17,699,432	(8,552,071)	612,981	4,612,665
Subtotal	28,268,247	(46,912,563)	(1,138,834)	(3,496,413)	95,373,216	(68,600,907)	(31,141,606)	(28,772,563)

* These are HMO line of business results, part of the total results shown above for the corresponding Article 43 parent companies.

Table 8. End of Year Surplus (Net Worth) for New York Health Plans, 2008

Article 44 HMOs	2008 Surplus	Surplus Per Member	Risk Based Capital Index	2008 RBC Ratio	2006 RBC Ratio
Aetna Health	238,416,882	1,761.08	22,653,813	1052%	712%
Atlantis Health Plan	(5,141,541)	(229.08)	1,787,381	-288%	-154%
CDPHP	205,531,049	823.90	41,638,816	494%	601%
Catholic Special Needs Plan (Fidelis)	3,140,921	7,660.78	875,874	359%	
Cigna Healthcare	17,185,741	3,488.78	2,475,827	694%	581%
ConnectiCare of New York (EmblemHealth)	6,242,765	249,710.60	100,607	6205%	1055%
ElderPlan	55,672,246	3,422.19	8,984,517	620%	605%
Empire BCBS HealthChoice HMO	426,883,479	956.41	87,865,839	486%	475%
GHI HMO	12,866,300	242.54	6,868,630	187%	202%
Health Net of New York	70,497,234	720.99	14,936,585	472%	111%
Independent Health Association	336,916,837	1,872.88	23,687,007	1422%	1335%
Managed Health Inc. (HealthFirst)	116,805,693	1,464.39	35,469,615	329%	337%
MVP Health Care	115,561,635	612.08	29,998,920	385%	389%
Oxford Health Plans*	642,293,136	2,140.07	101,458,277	633%	443%
Preferred Care (MVP Health Care)	172,957,664	784.07	32,723,547	529%	862%
Senior Whole Health	1,082,994	164.81	888,694	122%	
Touchstone Health HMO	(97,083)	(8.61)	6,554,062	-1%	
UnitedHealthcare of New York	219,033,527	986.16	24,713,949	886%	831%
TOTAL	2,635,849,479	1,472.57	441,894,579	737%	498%

Article 43 Nonprofit Insurers	2008 Surplus	Surplus Per Member	Risk Based Capital Index	2008 RBC Ratio	2006 RBC Ratio
CDPHP Universal Benefits	34,799,126	566.81	7,578,943	459%	73%
Excellus BCBS	857,948,958	516.25	181,680,407	472%	664%
Group Health Inc. Health Insurance Plan of Greater New York	235,813,956	164.57	105,963,431	223%	288%
Health Now New York BCBS	844,613,046	960.53	152,234,274	555%	684%
Independent Health Benefits	445,557,196	288.90	77,749,740	573%	638%
Preferred Assurance (MVP Health Care)	94,409,305	660.92	17,326,207	545%	301%
TOTAL	2,522,555,433	437.77	546,526,208	380%	492%

Article 42 Accident and Health Insurers	2008 Surplus	Surplus Per Member	Risk Based Capital Index	2008 RBC Ratio	2006 RBC Ratio
Aetna Health Insurance Company of New York	8,695,188	262.13	767,233	1133%	718%
Empire BCBS HealthChoice Assurance	1,310,639,207	519.09	256,529,064	511%	453%
Health Net Insurance of New York	98,938,391	578.39	14,683,020	674%	947%
HIP Insurance Company of New York	35,904,691	398.95	6,276,543	572%	916%
Humana Insurance Company of New York	66,770,435	820.23	4,052,005	1648%	353%
MVP Health Insurance	19,237,865	329.98	6,031,052	319%	970%
Oxford Health Insurance*	617,468,719	721.73	68,688,151	899%	1430%
PerfectHealth (EmblemHealth)	3,641,556	386.91	1,100,584	331%	1210%
United HealthCare Insurance Company of New York	422,507,105	236.34	7,073,827	5973%	4634%
WellCare Health Insurance Company of New York	8,438,155	1,970.15	1,522,227	554%	
TOTAL	2,592,241,312	461.95	366,723,706	707%	657%

* Oxford Health Insurance is a wholly owned subsidiary of Oxford Health Plans of New York HMO.

To avoid double counting, the value of the parent company's investment in the subsidiary is eliminated from the calculation of the surplus.

Note: A Risk Based Capital ratio of 200 percent is required; below that the state regulator will take inspection and enforcement actions.

Source: Author's analysis of health plan annual statements, Assets, Liabilities and Capital; Five-Year Historical Summary.

Table 9. New York Enrollment in Medicare Advantage by Health Plan and Product, January 2009

Health Plan	HMO	Private Fee-for-Service	Local PPO	Regional PPO	Cost, HCPP	PACE/SHMO	TOTAL
Aetna Health/Life	13,640	3,202	1,012				17,854
Affinity Health Plan	1,442						1,442
American Progressive Life/Health		31,469					31,469
Amerigroup	474						474
Cambridge Insurance (Coventry)		1,161					1,161
CDPHP	19,384		1,025				20,409
Cigna Life Insurance Company		385					385
Comprehensive Care Management						1,951	1,951
ElderPlan	880					15,159	16,039
Empire BCBS	70,510	2,210	4,959				77,679
Excellus BCBS	48,580		22,238		3,595		74,413
HealthFirst	78,409						78,409
Health Net Insurance Co.		4,414					4,414
HealthNow New York BCBS	35,798		16,825				52,623
HealthPlus	33						33
HIP/GHI (EmblemHealth)	128,166		14,837		1,570		144,573
Humana Insurance Co.	214	3,682		23			3,919
Independent Health Association	47,537	591	3,028				51,156
Independent Living for Seniors						262	262
Independent Living Services of Central New York						351	351
Liberty Health Advantage	2,041						2,041
MetroPlus	1,183						1,183
MVP Health Care/Preferred Care	74,217	791	1,162				76,170
Neighborhood Health Providers	2,573						2,573
NYS Catholic Health Plan (Fidelis)	3,448						3,448
Oxford/United	77,390	1,112		13,718			92,220
Touchstone Health HMO	8,275						8,275
VNS Choice	1,867						1,867
WellCare	27,825	4,913					32,738
Other	932	282			4,558	106	5,878
TOTAL	644,818	54,212	65,086	13,741	9,723	17,829	805,409

Note: Enrollment in multiple plans with a common parent company is combined.

Source: United Hospital Fund analysis of CMS State/County/Contract Medicare Advantage Monthly Enrollment Report, January 2009. Available online at <http://www.cms.hhs.gov/MCRAAdvPartDEnrolData/MMAESC/ItemDetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=descending&itemID=CMS1219326&intNumPerPage=10>

Table 10. New York Enrollment in Part D Medicare Drug Plans, June 2009

UnitedHealthcare Insurance Company	202,198
CVS Caremark (SILVERSCRIPT Insurance/Accendo Insurance)	144,787
Universal American (American Progressive)	113,027
Group Health Inc. (EmblemHealth)	87,260
Cigna Life Insurance Co.	77,631
UniCare Life and Health (WellPoint/Empire BCBS)	64,355
Humana Insurance Company of New York	50,385
Medco Containment Insurance Co.	44,153
Bravo Health Insurance Co.	43,675
Coventry	37,270
HIP (EmblemHealth)	23,557
WellCare Prescription Insurance	22,471
Excellus BCBS	18,305
Health Net	13,046
United American Insurance Co.	7,182
Aetna Life Insurance Company	6,735
Express Scripts Insurance Co.	5,979
HealthSpring Insurance Co.	2,977
Sterling Life Insurance Co.	1,092
Other Plans	1,557
TOTAL	967,642

Source: United Hospital Fund analysis of CMS Monthly PDP Enrollment by State/County/Contract, June 2009. Available online at: <http://www.cms.hhs.gov/IMCRAAdvPartDENrolData/MMAESCC/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=descending&itemID=C>

Table 11. New York Medicare Supplement Enrollment by Health Plan, 2009

UnitedHealthcare of New York	231,495
Empire BCBS	63,191
Excellus BCBS	33,541
Mutual of Omaha Insurance	6,045
HealthNow New York BCBS	5,740
Group Health Inc. (EmblemHealth)	3,643
First United American Insurance Company (United American)	2,746
HIP (EmblemHealth)	1,588
American Progressive	860
Bankers Conesco Life Insurance	631
State Farm Mutual Auto Insurance	197
Sterling Life Insurance Company	188
Aetna Health/Life	24
TOTAL	349,889

Source: Personal communication, December 1, 2009, New York State Insurance Department. Enrollment as of June, 2009.

Additional copies of this Special Report may be downloaded from the United Hospital Fund's website, www.uhfny.org.



**United
Hospital Fund**

*Shaping New York's Health Care:
Information, Philanthropy, Policy*

Empire State Building
350 Fifth Avenue, 23rd Floor
New York, NY 10118
(212) 494-0700
www.uhfny.org

ISBN 1-933881-03-8
March 2010