



Texas Association of Health Plans

Addendum to 2015 Enrollment Survey, dated December 9, 2015

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Texas Association of Health Plans

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INTRODUCTION

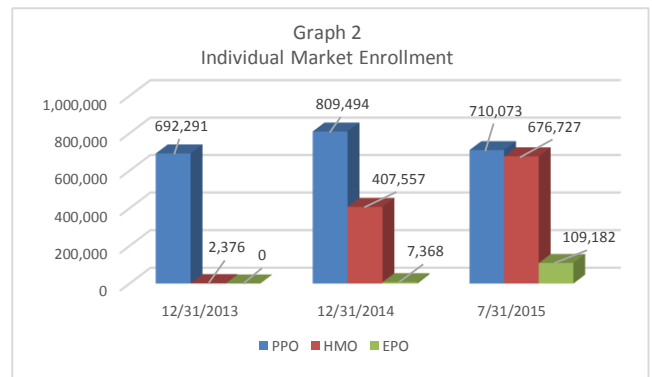
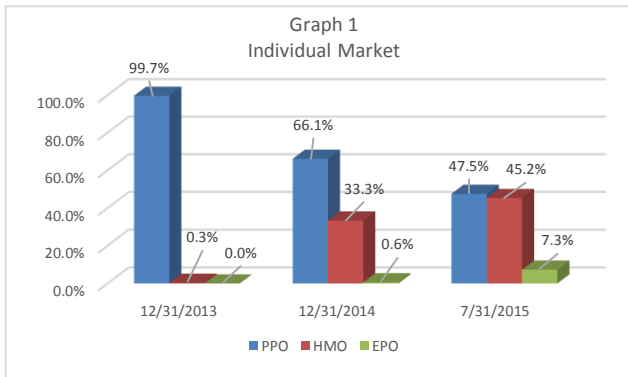
In December 2015, Milliman published survey results outlining enrollment trends reported by members of the Texas Association of Health Plans (TAHP). Subsequently, TAHP asked Milliman to compile results of a follow-up survey as an addendum to the original report. The results reported herein highlight the distribution of enrollment by plan type for each market, and were developed using the same enrollment base as the original study.

We appreciate the support, cooperation, and timely responses from each of the TAHP member companies throughout this process.

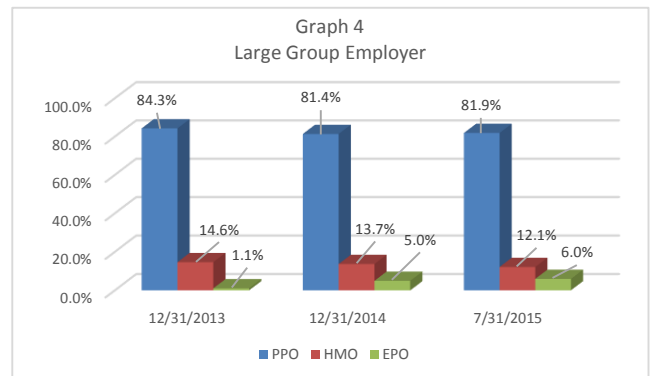
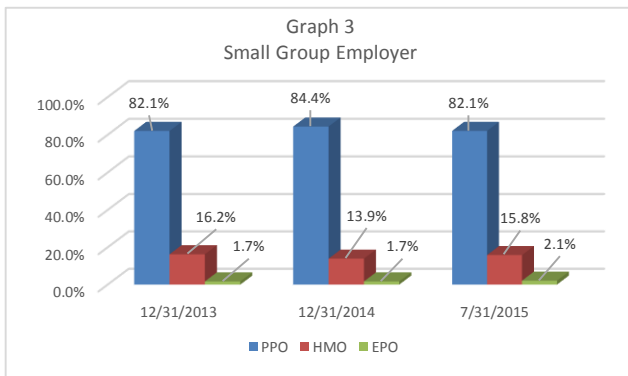
SUMMARY OF RESULTS

As seen on Exhibit A and in Graph 1 below, the distribution by plan type has shifted significantly in the individual consumer market. As of December 2013, 99.7% of enrollment for TAHP’s member plans were enrolled in PPO plans, with very little enrollment in HMO plans. Nineteen months later, the PPO distribution is down to 47.5%, with 45.2% in HMO, and 7.3% in EPO plans.

As seen in Graph 2, the shift in distribution does not represent a major change in the actual volume of PPO enrollees; the number of enrollees in PPO plans has remained fairly consistent over the study period. Rather, the net growth in the individual market has emerged through growth in enrollment in HMO and EPO plan types. During the study period the individual market increased by roughly 800,000 enrollees, with an increase of roughly 784,000 enrollees in plans other than PPO.



The distribution by plan type has not shifted significantly from 2013 to 2015 in the small and large group employer markets (see Graphs 3 and 4). In both markets the vast majority of enrollment (greater than 80.0%) has been covered under PPO plans throughout the entire study time period. Traditional HMO plans are the second largest bucket at 12%-16% of total enrollment throughout the entire study time period. In the large group market, the HMO percentage has come down from 14.6% in December 2013 to 12.1% in July 2015 due to movement towards the EPO plan type.



When interpreting these results it is important to consider how the overall volume of enrollees in each market has changed during the study period. Unlike the individual market, the original study suggests that the volume of enrollees within the small and large group employer markets has remained fairly consistent over the time period being studied. Therefore, overall these markets seem stable throughout the Affordable Care Act transition.

METHODOLOGY

TAHP sent the follow-up survey to its member health plans, and the completed forms were returned directly to Milliman. The purpose of the follow-up survey was to determine the distribution of enrollment between plan types over the course of the study period. The four categories of plan types were:

PPO (Preferred Provider Organization): A type of health plan where you pay less if you use providers in the plan's network. You can use doctors, hospitals, and providers outside of the network without a referral for an additional cost¹.

HMO (Health Maintenance Organization): A type of health insurance plan that usually limits coverage to care from doctors who work for or contract with the HMO. It generally won't cover out-of-network care except in an emergency. An HMO may require you to live or work in its service area to be eligible for coverage. HMOs often provide integrated care and focus on prevention and wellness¹.

EPO (Exclusive Provider Organization): A managed care plan where services are covered only if you use doctors, specialists, or hospitals in the plan's network (except in an emergency)¹.

Other: The survey template included this catch-all category for respondents to include plan types that do not fit into the standard definitions above. Only two carriers reported enrollees in the "Other" bucket, with one of them having a significant percentage of their enrollment in a dual-certificate plan. In order to ensure that the carrier-specific enrollment figures could not be determined using the data provided in this report, these enrollees were reallocated into HMO and PPO. Since the goal of this addendum is to report on the percentage of enrollees that have each plan type, and these enrollees technically have HMO and PPO options, the total count was added to both categories. This effectively double counts these enrollees, but accurately indicates the distributions for each plan type. To produce the enrollment figures in Graph 2, the resulting percentages were applied to the total individual enrollment in order to preserve the same total volume as the original survey.

The survey instructions specifically requested that the distributions provided be tied directly to the enrollment reported from the original survey. However, since the respondents only provided distributions, validating that the same enrollment was used to determine the follow-up results was not within the scope of this analysis.

Please review the original report for more details on the study methodology and enrollment categories.

¹ <https://www.healthcare.gov/choose-a-plan/plan-types/>

CAVEATS

Distribution to Third Parties

This addendum has been prepared solely for the benefit of TAHP. While Milliman consents to the distribution of this addendum to third parties by TAHP in accordance with this engagement, Milliman does not intend to legally benefit any third party recipient of the addendum. Any distribution must include the addendum in its entirety as well as the original report dated December 9, 2015.

Data Reliance

In performing this analysis, we relied on data and other information provided by TAHP member companies. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Variability of Results

The results reported herein may be different than actual enrollment due to companies that are not included in the survey, inconsistent or misinterpreted allocations by the respondents, or internal adjustments made based on our review of credible sources.

Exhibit A
Texas Association of Health Plans
2015 Follow-up Enrollment Survey Results

Comprehensive Health Coverage - Individual					
		PPO	HMO	EPO	Total
Percentage of Covered Lives in the Individual Market	as of 12/31/2013	99.7%	0.3%	0.0%	100.0%
	as of 12/31/2014	66.1%	33.3%	0.6%	100.0%
	as of 7/31/2015	47.5%	45.2%	7.3%	100.0%

Comprehensive Health Coverage - Small Group Employer					
		PPO	HMO	EPO	Total
Percentage of Covered Lives in the Small Group Market	as of 12/31/2013	82.1%	16.2%	1.7%	100.0%
	as of 12/31/2014	84.4%	13.9%	1.7%	100.0%
	as of 7/31/2015	82.1%	15.8%	2.1%	100.0%

Comprehensive Health Coverage - Large Group Employer					
		PPO	HMO	EPO	Total
Percentage of Covered Lives in the Large Group Market	as of 12/31/2013	84.3%	14.6%	1.1%	100.0%
	as of 12/31/2014	81.4%	13.7%	5.0%	100.0%
	as of 7/31/2015	81.9%	12.1%	6.0%	100.0%

Percentages are reported consistently with counts from original survey responses.
 Note that summing across the columns may not always equal exactly 100% due to rounding.