



Washington State Hospital Association - Health Information Program

Health Plan Annual Statements for the Years Ending December 31, 2008 & December 31, 2009

Health Plans Profile: 2008 & 2009 Health Plans

Executive Summary:

- **Underwriting margins** for Washington medical plans dropped significantly in 2009, from 2.14% to 0.19%.
- **Net margins**, which include net investment gains, rose slightly from 0.91% to 1.25% in 2009 for medical plans, although the majority have net margins near zero.
- Claims as well as premiums increased for all plan types. The **actuarial experience ratio** remained stable, increasing slightly from 85.4% to 87.1%
- The **administrative expense ratio** for medical plans grew slightly, from 12.45% to 12.69% in 2009.
- **Premiums** per 12 member months rose for all plan types, with medical plans increasing by \$266 to \$3,600.
- Medical plan **enrollment** dropped 2.3% in 2009. The three largest plans (Regence BlueShield, Premera Blue Cross, and Group Health Cooperative) experienced declines of 7.5%, 10.3%, and 9.2%, respectively.

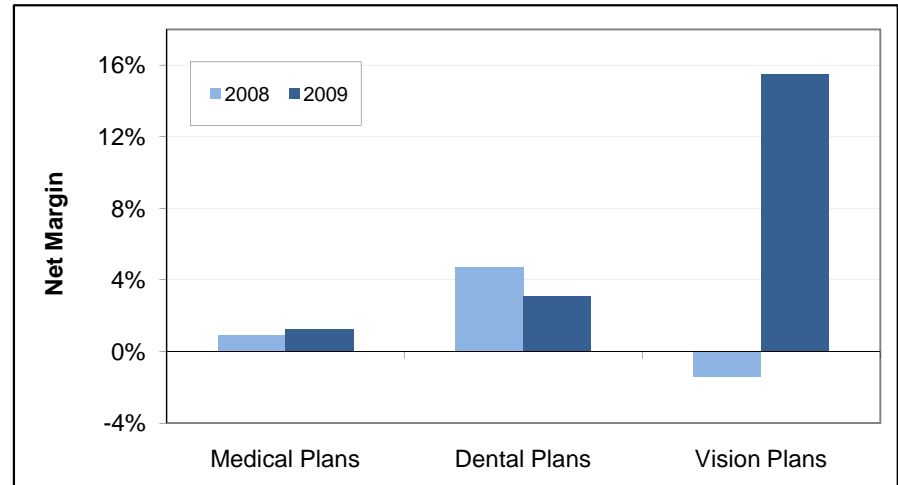
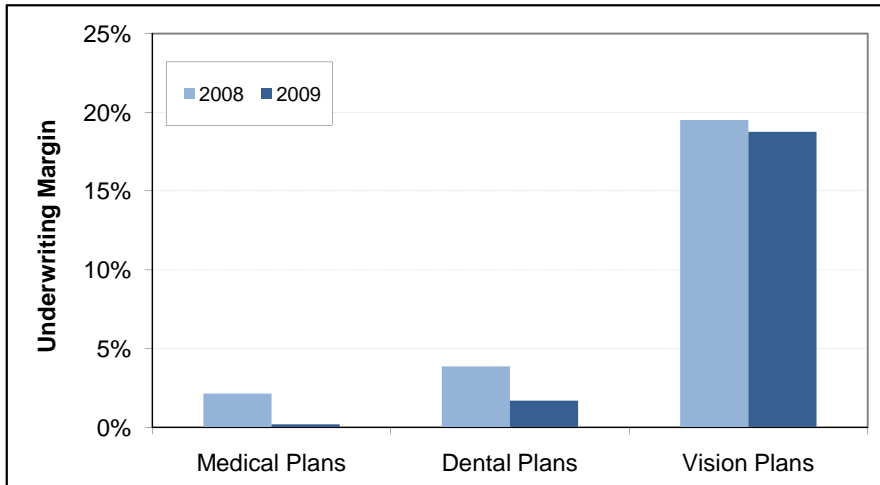
Margins

Underwriting Margins for Medical Plans Decreased Dramatically

Net Margins Jumped for Vision Plans

	2008	2009	Percent Change
Medical Plans	2.14%	0.19%	-91.1%
Dental Plans	3.87%	1.68%	-56.6%
Vision Plans	19.52%	18.77%	-3.9%

	2008	2009	Percent Change
Medical Plans	0.91%	1.25%	37.2%
Dental Plans	4.73%	3.12%	-34.0%
Vision Plans	-1.41%	15.48%	1199.6%



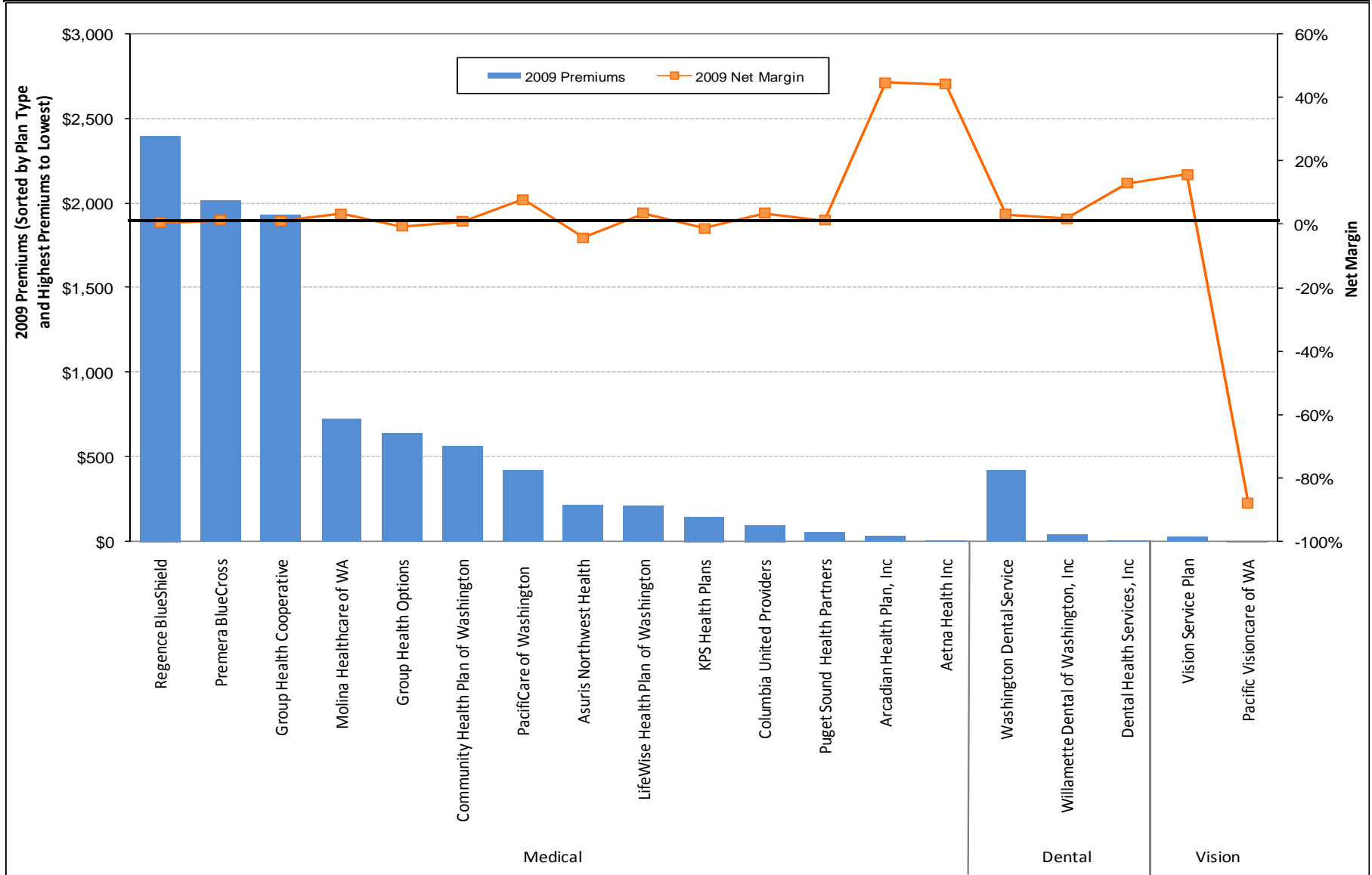
Underwriting Margin = (Premiums - Claims - Administrative Expenses) / Premiums

Net Margin = Net Income / Premiums [Net Income adds investment income and investment gains and deducts investment losses and taxes]

Health Plans Profile: 2008 & 2009 Health Plans

Revenue and Net Margin by Plan

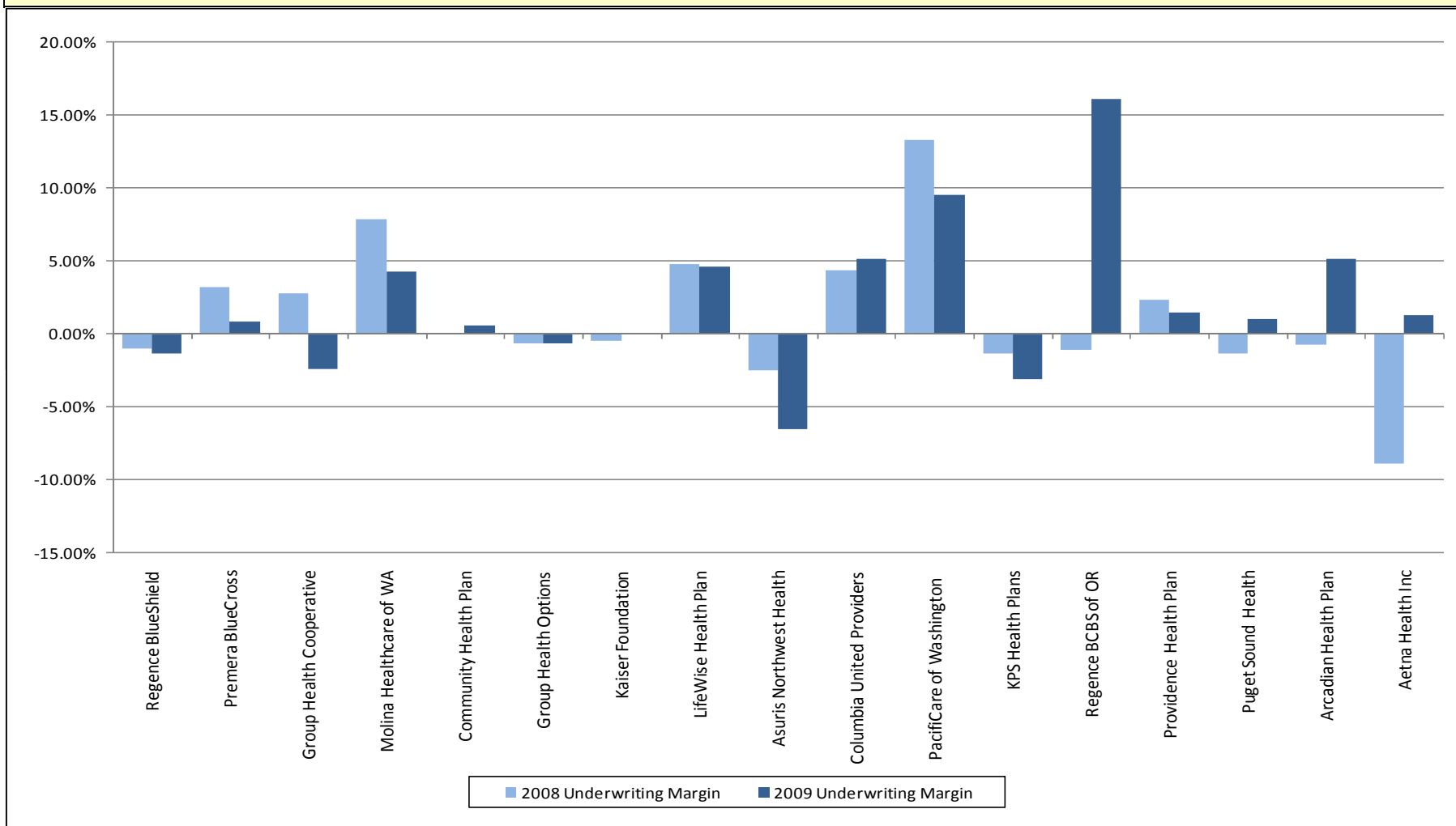
The Majority of Health Plans Have Near Zero Net Margins



Health Plans Profile: 2008 & 2009 Health Plans

Expenses and Revenue

Underwriting Margins for Biggest State Plans Declined from 2008 to 2009



Health plans ordered by total premiums.

Underwriting Margin = (Premiums - Claims - Administrative Expenses) / Premiums

Health Plans Profile: 2008 & 2009 Health Plans

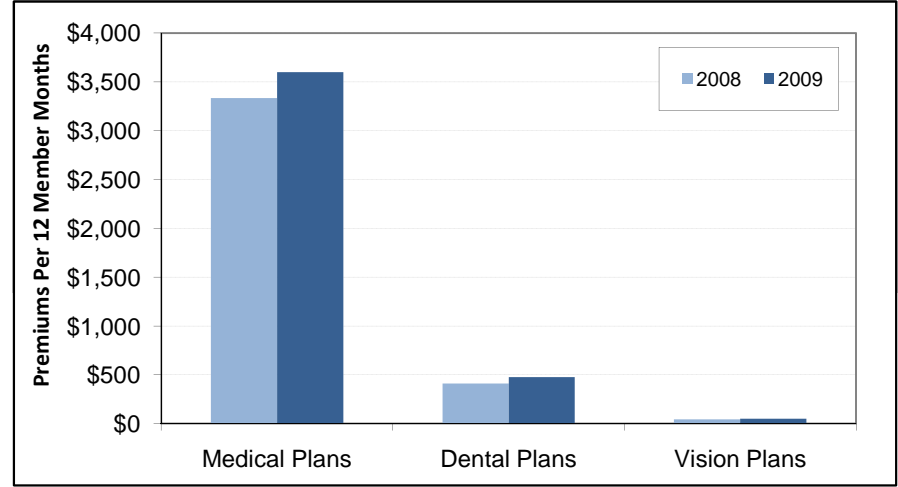
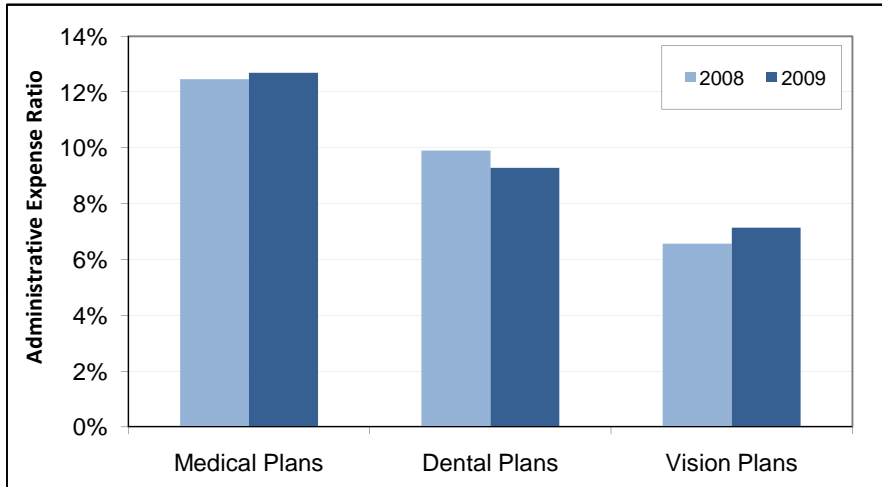
Expenses and Revenue Continued...

Administrative Ratios Increased for Both Medical and Vision Plans

	2008	2009	Percent Change
Medical Plans	12.46%	12.69%	1.9%
Dental Plans	9.90%	9.28%	-6.2%
Vision Plans	6.56%	7.13%	8.7%

Premiums Per 12 Member Months Rose for All Plan Types

	2008	2009	Percent Change
Medical Plans	\$3,334	\$3,600	8.0%
Dental Plans	\$411	\$474	15.5%
Vision Plans	\$42	\$50	17.8%



Administrative Expense Ratio = Administrative Expenses / Premiums

Premiums Per 12 Member Months = Premiums / (Member Months/12)

Notes:

- Premiums include Fee-For-Service Revenues and Risk Revenues as reported by the health plan, and Administrative Expenses include expenses associated with these revenues.
- Underwriting Margin = (Premiums - Claims - Administrative Expenses) / Premiums.
- Net Margin = Net Income / Premiums (Net Income adds investment income and investment gains and deducts investment losses and taxes).
- Actuarial Expense Ratio = Claims / Premiums.
- Administrative Expense Ratio = Administrative Expenses / Premiums.
- Premiums Per 12 Member Months = Premiums / (Member Months / 12).
- Out-of-state plans not included in net margin calculations.