The Florida Senate

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Committee on Banking and Insurance Senator Bill Posey, Chairman

ANALYSIS OF THE CURRENT HEALTH INSURANCE MARKET IN FLORIDA

SUMMARY

Overview of Current Health Insurance Market in Florida

Over the past decade, many federal and state initiatives have been enacted to increase access for groups, as well as individuals, to health insurance coverage. Most states, including Florida, have enacted health insurance reforms that guaranteed access to coverage for certain categories of persons, limited the use of health status as a factor in calculating rates, and protected individuals from losing coverage for preexisting health conditions when changing health plans. These types of reforms were designed to encourage the continued participation in the voluntary private health care system by those not eligible for various publically funded health care programs such as Medicaid, Medicare, or subsidized health insurance programs for children of low-income families. By requiring private health insurers to guarantee-issue coverage[1] and to use some form of community rating to spread the costs of unhealthy insureds over a large number of policyholders, lawmakers have attempted to modify private market behavior that would otherwise avoid high-risk policyholders or charge rates that would discourage broader coverage.

Due in part to our economic reliance on small businesses, Florida has been among the more reform-minded states when developing measures to assist small groups in obtaining health insurance. Florida law requires insurance carriers to guarantee-issue coverage to all small employers with one to fifty employees regardless of their health condition, and to allow limited use of health status, claims experience, or duration of coverage in adjusting a small employer's premiums.

In contrast to the laws passed to assist small businesses, Florida has been less reform-minded with respect to individual coverage, perhaps because of the availability of coverage for one-person businesses. Apart from the self-employed, for the most part individuals in Florida do not have access to guaranteed coverage, either through a private insurer or, as many states provide, through a high risk pool.

Although not guarantee issue, coverage for large employers (over 50 employees) in Florida is generally available, except for smaller large groups having exceptionally poor claims history or health status. While groups in this category may have difficulty obtaining coverage bids, there is general agreement that the employers in the large group market have a number of options for coverage and sufficient competition to help mitigate rate increases.

Florida law exempts "out-of-state group" policies from rate filing and approval regulations. This is a hybrid form of coverage that, while possessing some aspects of group structure, is essentially marketed to individuals in Florida through memberships in associations or trusts located in other states. Florida law allows such coverage provided to Floridians to be governed primarily by the insurance laws of the states where the associations or trusts are located, enabling insurers issuing such coverage to engage in rating practices that Florida law prohibits for individual policies issued directly to citizens in the state.

During the 2001 session a number of major health insurance issues were considered but not passed, including the Governor's proposal to allow for the sale of "health-flex" plans in areas with the highest rates of uninsured, broader authority for insurers to sell limited benefit plans, re-opening the Florida Comprehensive Health Association to sell health insurance to persons unable to obtain coverage due to their health status, revising the standards for regulating health insurance

[1] "Guarantee-issue coverage" means an insurance policy that must be offered to an employer, employee or dependent of the employee, regardless of health status, preexisting conditions, or claims history.

rates, and applying rating laws to certain out-of-state group policies. These issues are expected to be addressed again during the 2002 session.

In an effort to gauge the impact of these recent legislative proposals in light of the health insurance provisions noted above, this report features the following conclusions which were drawn from the extensive health insurance information collected in the Florida Health Insurance Study (FHIS) for the Agency for Health Care Administration and by the Department of Insurance in their survey of health insurers. This information may be helpful for policymakers in assessing Florida's health insurance market.

1. The uninsured rate in Florida is estimated to range between 2.1 million or 16.8 percent of the population (1999 FHIS report) to 2.8 million or 19 percent of the population (2000 Census Data).[2]

2. According to the FHIS data, most uninsured Floridians (74.1 percent) cite affordability as the main reason for not having health insurance.

3. Almost 63 percent of Floridians respond in the FHIS report that they have health insurance coverage through their current employer or union while only nine percent report that they have health insurance purchased on their own and not through an employer or union.

4. Any legislation that would apply to "all insurers" would impact only 34 percent of the state's population because present insurance covers 5,140,693 Floridians, e.g., 34.2 percent.

5. The insured market is dominated by large group coverages, which represents more than 62 percent of the market. Small group coverages represent 26 percent of the insured market while individual business represents less than 12 percent of the market.

6. Twenty-seven percent of the individual policies written for Florida residents are written through out-of-state associations which *are exempt* from Florida's rating law and thus do not provide consumers with the same protections that are afforded to policies issued in Florida.

7. Instate carriers report that one out of every 36 policies, 2.8 percent, are HIPAA (Health Insurance Portability and Accountability Act). The ratio reported by out-of-state associations is only one out of every 147 policies or 0.7 percent, are HIPAA.

8. Average group size in the small group market is reported at 5.2 insureds and 8.8 lives per group.

9. Carriers who were able to break out their small group enrollment by one-life group vs. other, report that one-life groups represent 34.8 percent of the total small groups but only 8.2 percent of the small group covered lives.

BACKGROUND

Current Law

Individual Coverage: No Guarantee-Issue or High-Risk Pool - Florida law does not guarantee that all individuals have access to a health insurance policy. Insurers are generally free to determine whether to issue coverage to an individual based on their health status. However, from 1983 until July 1, 1991, persons who could not obtain health insurance coverage due to their health status were eligible to buy coverage from the Florida Comprehensive Health Association (FCHA), a state-created insurer. The FCHA was funded by policyholder premiums capped at 250 percent of the standard risk rate for individual coverage and by assessments levied against insurance companies writing health insurance in Florida. Due to a history of increasing assessments and projections of claims costs growing beyond assessment limitations, the Legislature closed the FCHA to new enrollment as of July 1, 1991, but continued to allow existing policyholders to renew their coverage. At its peak, the FCHA insured more than 6,000 individuals. Currently, 709 individuals remain insured with the FCHA with the average annual premiums per policyholder at $3,400. The current net loss to be assessed for calendar year 2000 is $5.4 million on a base of $11. 5 billion.

Individual Coverage: Guaranteed Renewability - Florida and federal law require that individual health insurance policies and individual HMO contracts be guaranteed renewable, subject to certain exceptions. By way of background, in 1996, Congress enacted the Health Insurance Portability and Accountability Act (HIPAA), which requires insurers issuing individual health insurance policies to guarantee the issuance of

[2] The FHIS estimate for the uninsured was limited to Floridians under age 65 while the U.S. Census data included all Floridians who responded to the Census survey.

coverage to persons who previously were covered for at least 18 months and met other eligibility criteria.

In 1997, Florida enacted legislation to conform state law to HIPAA. To be eligible for guaranteed-issuance of individual coverage under HIPAA and Florida's conforming legislation, an individual must have had prior creditable coverage for at least 18 months, without a break in coverage of more than 63 days, and not be eligible for any other group coverage, Medicare or Medicaid. Under federal law, the individual's most recent prior coverage must have been under a group plan, a governmental plan, or church plan. However, in 1998, Florida expanded the eligibility criteria under state law to also include persons whose most recent coverage was under an individual plan if the prior insurance coverage is terminated due to the insurer or HMO becoming insolvent or discontinuing all policies in the state, or due to the individual no longer living in the service area of the insurer or HMO. Legislation in 2000 limited this provision to prior individual coverage issued in Florida.

The Florida law provides two mechanisms for guaranteeing access to individual coverage to persons who lose their eligibility for prior coverage. These mechanisms apply after exhaustion of the period of time that group coverage can be continued under the federal COBRA law or Florida's "mini-COBRA" law, which, generally, is up to 18 months. One method requires the insurance company or health maintenance organization (HMO) that issued the group health plan to offer an individual conversion policy to persons who lose their eligibility for group coverage. At least two conversion policy options must be offered, one of which must be the standard benefit plan that Florida law requires small group carriers to offer small employers. Florida's second method of guaranteeing access to individual coverage is allowing eligible individuals to purchase an individual policy from any insurance company or HMO issuing individual coverage in the state. The policy must be offered on a guaranteed-issue basis, regardless of the health condition of the individual. The insurer or HMO must offer each of their two most popular policy forms, based on statewide premium volume. This method applies to eligible persons who are not entitled to a conversion policy under ss. 627.6675 or 641.3921, F.S. This generally includes persons who were previously covered under a self-insured employer's plan or who move out of the service area of an HMO.

According to the DOI, the requirement for individual health insurance carriers to offer their two most popular policy forms to HIPAA-eligible individuals has resulted in carriers reducing the benefits available under their most popular policies. For example, maternity coverage is commonly excluded from carriers' two most popular policy forms.

The DOI interprets the current law as prohibiting an individual carrier from discriminating against HIPAA-eligible individuals in the premium rates charged. Under this interpretation, a carrier is permitted to surcharge a HIPAA-eligible individual based on health status, as long as the carrier imposes the same surcharge on non-HIPAA-eligible persons applying for coverage.

Small Group Coverage: Guaranteed-Issuance of Coverage and Modified Community Rating - In 1992, the Florida Legislature created the Employee Health Care Access Act (Act) which required insurance companies in the small group market to guarantee the issue of coverage to any small employer that applied for coverage regardless of the health condition of the employees. In 1993, the Act was expanded to cover employers with 1 to 50 employees, including sole proprietors and self-employed individuals

Legislation in 2000 limited the guaranteed-issue provisions of the Act by providing that employers with fewer than 2 employees, typically referred to as "one-life groups," are limited to a one-month open enrollment period in August of each year, rather than the year-round guarantee-issue requirement that previously applied, and that continues to apply to employers with 2-50 employees. The 2000 law also changed the requirements for "modified community rating," which previously prohibited insurers from considering health status or claims experience in establishing premiums, and allowed only age, gender, geographic location, tobacco usage, and family size to be used as rating factors. As amended, the law now allows small group carriers to adjust a small employer's rate by plus or minus 15 percent, based on health status, claims experience, or duration of coverage. The renewal premium can be adjusted up to 10 percent annually (up to the total 15 percent limit) of the carrier's approved rate, based on these factors.

Carriers have consistently reported that their claims experience for one-life groups is much worse than for larger size employers. The DOI, as an example, stated that some carriers reported a loss ratio of about 135 percent for one-life groups, meaning that for every one dollar of premium, the insurer pays $1.35 in benefits.

Small group carriers are required to offer a standard health benefit plan and the basic health benefit plan to each small employer applying for coverage. In addition, a limited benefit policy or contract may be offered by a small employer carrier, which is a policy or contract providing coverage for named insureds for a specific named disease, accident, or limited market such as the small group market. Small employer carriers offering coverage under limited benefit policies or contracts must make certain disclosures to small employer groups including, explaining those mandated benefits and providers that are not covered under the policy or contract; explaining the managed care and cost control features of the policy or contract; and explaining the primary and preventative care features of the policy or contract.

The Act provides that the standard, basic, and limited benefit plans are exempt from any law requiring coverage for a specific health care service or benefit, e.g., "mandated health benefits," or any law requiring reimbursement, utilization, or consideration of a specific category of licensed health care practitioner, unless that law is made expressly applicable to such policies or contracts.

Large Group Coverage: No Guarantee-Issue of Coverage **-** The is no guarantee issue of coverage to large groups (more than 50 employees), however, like all groups, coverage is renewable at the option of the policyholder. According to the DOI, coverage for large employers in Florida appears to be widely available. There is general agreement that large employer size and market competition help protect against rate increases and diminish the need for state regulation to protect consumers. Large employers face another choice small employers do not have which is whether to purchase insurance or be self-insured. For example, some employers with as few as 25 employees may self-insure, that is to pay for their employees claims out of company assets and purchase a "stop loss" policy. Often it is a matter of each employer's risk tolerance or an assessment of potential exposure as to whether or not to self-insure.

Out-of-State Group Policies: Limited Florida Regulation **-** Insurers that issue policies to groups or associations outside of Florida, but which are sold and marketed to individuals in Florida (who are issued "certificates"), are generally exempt from Florida's rate filing and approval requirements. This insurance, commonly referred to as "out-of-state group," is typically sold under a group master policy issued to an association or a trust formed outside of the state. Coverage under the policy is then delivered to individuals in Florida who join the association as members, to Florida employers who join the trust or to Florida employees of such employers. Certificates evidencing this coverage are exempt from many of the laws that apply to insurance companies that sell group or individual health insurance directly in the state. As a result, no effective rate or underwriting requirements apply to these out-of-state group policies.

Florida law does require that the group certificates issued in Florida be filed with the DOI "for information purposes only." The law further provides that if the group is established primarily for the purpose of providing insurance, the benefits must be reasonable in relation to the premiums charged. Even though this provision provides the DOI with some authority to determine whether rates are reasonable, this has not proven to be effective due to: 1) the lack of any rate filing requirement, 2) the fact that specific rating laws, such as those designed to prohibit "death spiral" rating practices, do not apply to out-of-state group policies, and 3) the difficulty of proving that a group has been formed primarily for insurance purposes when the group has established other paper credentials as to some other purpose.

The DOI reports that it has received many complaints from Florida residents covered under out-of-state group policies relative to the "death spiral" rating practices that are prohibited under policies issued in Florida. In the past several months, the DOI has identified 5 insurance companies and 8 HMOs that currently issue individual policies in Florida, as compared to 15 insurance companies that market individual coverage in Florida through out-of-state associations.

However, the requirements of the laws that apply to policies issued to small employers, summarized above, apply to out-of-state associations covering a small employer in Florida. Also, Florida law currently treats out-of-state group insurers the same as an insurer issuing individual policies in one important respect. Florida's HIPAA-conforming legislation requires individual health insurance carriers to guarantee-issue coverage to HIPAA-eligible individuals who are not eligible for a conversion policy. This requirement applies to carriers issuing certificates to Florida residents under a group policy issued to an association outside of Florida, as well as carriers issuing individual policies in Florida.

Health Insurance Issues Considered in 2001

During the 2001 session, several bills making significant changes to the insurance laws were considered and reported favorably by the Senate Banking and Insurance Committee, but were not passed by the Legislature. The legislation, (Senate amendment (800658) to CS/HB 1253 (substituted for CS/SB 1960 and 1760 by Senate Banking and Insurance Committee and Senators Latvala and King), which was consolidated into a omnibus health insurance package, is summarized below as it passed the Senate.

- **Health Flex Plans**: created a pilot program to provide health care coverage for uninsured, low-income persons, referred to as health flex plans. The Agency for Health Care Administration and the Department of Insurance would approve health flex plans in the three areas of the state having the highest number of uninsured residents, for uninsured persons who have a family income equal to or less than 200 percent of the federal poverty level. Such plans would be exempt from the requirements of the Insurance Code.
- **Limited Benefit Policies**: it could be offered to either small or large employers and would be exempt from mandatory benefits that normally apply to health insurance policies or HMO contracts.
- **Out-of-state group policies**: required that the certificate of coverage issued to a resident in Florida under a group policy issued outside of Florida be subject to the same requirements of the Insurance Code that apply to individual health insurance policies issued in Florida, if the insurer requires individual underwriting to determine coverage eligibility or premium rates to be charged to the Florida resident.
- **Large Groups**: exempted from rate filing requirements group health insurance policies and HMO contracts insuring groups of 51 or more persons, with certain exceptions.
- **Rates**: exempted from annual rate filing requirements insurance policy forms with fewer than 1,000 nationwide policyholders or members and allows for an annual rate increase limited to medical trend.
- **Individual Coverage**: allowed carriers writing individual policies to offer "HIPAA-eligible" individuals the standard and basic policy that small group carriers are required to offer, as an option to offering the insurer's two most popular policy forms.
- **Small Group Coverage**: allowed small group carriers to separate the experience of their insured one-life groups into a separate rating pool. But, the rate for one-life groups could not exceed 150 percent of the rate for groups of 2-50 employees.
- **Long-Term Care Insurance**: authorized the DOI to adopt by rule the provisions of the Long-Term Care Insurance Model Regulation adopted by the National Association of Insurance Commissioners. The provisions are designed to prevent insurers from implementing large rate increases after a policy has been issued.
- **FCHA**: re-opened the Florida Comprehensive Health Association for enrollment with funding provided by a $10 million appropriation from the tobacco equity surcharge; capped new enrollment at 500 persons for calendar year 2002 and allowed for additional 1,500 persons; and required that premiums be based on an individual's income.

METHODOLOGY

In response to a committee staff request, the Florida Department of Insurance (DOI) initiated a special "data call" to over 1200 insurance companies and health maintenance organizations (HMOs) to provide health insurance premium and enrollment information for individual, small group and large group coverages. The data obtained and compiled by DOI staff is the primary source of information utilized for the findings section of this report. Committee staff also obtained background information from insurance carriers, the U.S. Census Bureau, the Agency for Health Care Administration, and other independent studies. Staff also researched the health insurance laws in Florida.

FINDINGS

2000 U.S. Census Data for Florida

In Table 1 below, the U.S. Department of Labor (DOL) has provided 2000 Census information about health insurance coverages for Florida. This information provides a reasonable framework for viewing the general Florida market, however, it does not adequately furnish a thorough analysis of Florida's individual, small group and large group markets as does the information provided by the DOI.

Table 1

U.S. Census Data for Florida-2000

Total Florida Population	15,052,000	
Total Insured	12,159,000	(81%)
Total Uninsured	2,893,000	(19%)
Medicare	2,728,000	(18%)
Medicaid	1,265,000	(8 %)

Florida's Uninsured - Findings from the Florida Health Insurance Study

In 1998, the Florida Legislature funded a study which examined the uninsured in Florida and was conducted by the University of Florida for the Agency for Health Care Administration. Key findings contained in the 1999 study, entitled the Florida Health Insurance Study (FHIS), are highlighted below.[3]

- 2.1 million uninsured Floridians under age 65 (16.8 percent)[4]
- Most uninsured cite affordability as the main reason for not having health insurance
- Over 500,000 uninsured children (age under 19)
- About 58 percent of the uninsured earn less than 200 percent of the Federal Poverty Level
- Over 65 percent of uninsured employed Floridians have employers who do not offer health insurance
- Firms with less than 10 employees have a rate of uninsurance nearly three times the rate of firms with 50-99 employees
- Hispanics comprise nearly 25 percent of Florida's uninsured
- 62.7 percent of Floridians report that they have health insurance coverage through their current employer or union
- 9 percent of Floridians report that they have health insurance coverage purchased on their own and not through an employer or union
- 4.5 percent of Floridians report that they have health insurance through CHAMPUS, CHAMPVA, TRICARE, VA or some other type of military insurance.
- 7.2 percent of Floridians report that they are insured through Medicaid or Title XXI programs (Florida KidCare).
- 3.1 percent of Floridians report that they are insured through other government programs (e.g., Children's Medical Services and Medicare for the disabled and end-stage renal disease populations).

Survey of Health Insurers by the Department of Insurance

During the 2001 interim, the Department of Insurance (DOI) requested health insurance data from 1,254 carriers representing all lines of insurance in order to provide the Legislature with a more complete overview of the commercial health insurance market in Florida than was previously available. In the DOI survey, the health insurance market was segmented into three categories: individual, small group and large group overages. The individual and small group markets were further broken down as follows: the individual market was divided into in-state vs. out-of-state groups as well as HIPAA (Health Insurance Portability and Accountability Act) eligible guaranteed issue polices vs. policies written after health underwriting; the small group market was subdivided into one-life groups vs. groups of 2-50 employees. Also, carriers providing Stop Loss protection and/or carriers providing Administrative Service Only (ASO) were also included.

Eighty nine percent of the 1,254 carriers responded, i.e., 1,112, of which 636 of these providers have authority to market general health and accident coverages or health maintenance organization services in the state. Ultimately, 189 carriers contributed applicable premium and enrollment information about the targeted health insurance products and services which is utilized as the basis of the primary findings for this report.

Insurance carriers were asked to report total premiums and the number of persons covered in Florida for the following health insurance categories: individual market, small group market (1-50 employees), large group market, stop-loss coverage for self-insured employers, and administrative services only (ASO) for self-insured employers. The largest sector is the large group market, for which 75 carriers report a total premium of $5.55 billion, insuring nearly 3.2 million persons in Florida. In addition, 71 carriers wrote $1.56 billion of stop loss coverage for self-insured plans covering 1.32 million persons and 14 carriers provided ASO for plans covering over 2 million persons with a total premium of $2.22 billion. In all, these large employer plans insure or self-insure about 6.5 million Floridians.

[3] The FHIS involved extensive data interpretation and interviews with 14,000 households representing 37,000 persons.

[4] This uninsured rate is lower than the 19 percent rate reflected by the 2000 U.S. Census data shown above in Table 1.

In the small group market, 65 carriers insure 1.34 million Floridians, which is about one-fifth of the persons covered in the large group market (including self-insured plans). The total small group premium for 2000 was about $2.45 billion. The smallest segment is the individual market, for which 102 carriers reported 600,510 persons covered in Florida, at a total premium of $761.3 million.

For all categories combined, carriers reported a total premium of over $12.5 billion, insuring or self-insuring 8,491,990 persons in Florida. Excluding stop loss and ASO plans for self-insurers, health insurance plans cover 5,140,693 Floridians, which is only 34.2 percent of the population.

Coverage provided by health maintenance organizations (HMOs) dominates the large group and small group markets. About 70 percent of persons enrolled in the large group market are covered by HMOs, while 65 percent of persons enrolled in the small group market have HMO coverage. However, in the individual market, only 33 percent of persons are covered by HMOs, compared to 67 percent who are covered under a health insurance policy.

The DOI survey also features health insurance information about the persons insured in each of the markets, e.g., individual, small, and large group markets. In summary, in the individual market, 600,510 persons were covered under policies issued to 384,535 primary insureds, indicating that the typical individual policy also covers the insured's spouse. Only 11,075 of these policies, representing 2.88 percent of the total, were sold on a guarantee-issue basis to HIPAA-eligible individuals. The other 97 percent of the individual policies required that the applicant pass the underwriting requirements of the insurer as a condition of obtaining coverage.

In the small group market, policies were issued to 153,564 small employers in Florida insuring an average of 5.19 employees per policy. Adding dependents, the average small group policy insured 8.75 persons. Almost one-third of all small group policies (49,665) were sold to one-life groups covering a single employee or self-employed individual. Since all carriers were not able to separately report their one-life group data, the actual number of one-life group policies is even higher.

In the large group market, policies issued to 30,940 employers insure an average of 53 employees per policy. Adding dependents, the average large group policy insures 103 persons.

Data collected from carriers as to out-of-state group policies reveal that 27 percent of persons covered in the individual market, or 164,409 persons, are covered under out-of-state policies which are not subject to rate regulation and other requirements of Florida law. In contrast, for both the small group and large group markets, less than five percent of lives are covered under out-of-state group policies.

Blue Cross and Blue Shield of Florida is the largest carrier among the individual carriers, by premium volume, in Florida. That company has nearly three times the premium volume of the second largest carrier, United Healthcare of Florida. The state's third largest individual carrier, United Wisconsin Life Insurance Company, writes exclusively out-of-state group policies. In all, eight of the top 20 carriers either write individual coverage in Florida exclusively through out-of-state group policies (five carriers), or have a much greater premium volume from out-of-state group policies compared to their in-state policies (three carriers).

RECOMMENDATIONS

The conclusions outlined below were drawn from the extensive health insurance information collected by the Florida Health Insurance Study (FHIS) for the Agency for Health Care Administration and by the Department of Insurance in their survey of health insurers. This information may be helpful for policymakers in assessing Florida's health insurance market.

1. The uninsured rate in Florida is estimated to range between 2.1 million or 16.8 percent of the population (1999 FHIS report) to 2.8 million or 19 percent of the population (2000 Census Data).

2. According to the FHIS data, most uninsured Floridians (74.1 percent) cite affordability as the main reason for not having health insurance.

3. Almost 63 percent of Floridians respond in the FHIS report that they have health insurance coverage through their current employer or union while only nine percent report that they have health insurance purchased on their own and not through an employer or union.

4. Any legislation that would apply to "all insurers" would impact only 34 percent of the state's population

because present insurance covers 5,140,693 Floridians, e.g., 34.2 percent.

Insurance Carriers	Covered Lives	Percent
Insured Covered Lives	5,140,693	34.2%
Total Florida Population	15,052,000	100.0%

5. The insured market is dominated by large group coverages, which represents more than 62 percent of the market. Small group coverages represent 26 percent of the insured market while individual business represents less than 12 percent of the market.

Line of Business	Covered Lives	Percent
Individual	600,510	11.7%
Small Group	1,343,779	26.1%
Large Group	3,196,404	62.2%
Total	5,140,693	100.0%

6. Twenty-seven percent of the individual policies written for Florida residents are written through out-of-state associations which *are exempt* from Florida's rating law and thus do not provide consumers with the same protections that are afforded to policies issued in Florida.

Individual Business	Covered Lives	Percent
In-state	436,101	72.6%
Out-of-State	164,409	27.3%
Total	600,510	100.0%

7. Instate carriers report that one out of every 36 policies, 2.8 percent, are HIPAA (Health Insurance Portability and Accountability Act). The ratio reported by out-of-state associations is only one out of every 147 policies or 0.7 percent, are HIPAA.

Individual Business	HIPAA Lives	Total Lives	Percent
In-state	12,220	436,101	2.8%
Out-of-State	1,119	164,409	0.7%

8. Average group size in the small group market is reported at 5.2 insureds and 8.8 lives per group.

Small Group Business	Groups	Insureds	Covered Lives
Number	153,564	797,509	1,343,779
Number per Group		5.2	8.8

9. Carriers who were able to break out their small group enrollment by one-life group vs. other, report that one-life groups represent 34.8 percent of the total small groups but only 8.2 percent of the small group covered lives.

Small Group Business	Groups	Insureds	Covered Lives
One-Life	49,333	49,665	101,643
Total	141,801	746,744	1,238,961
One-Life per Group	34.8%	6.7%	8.2%