



## Division of Insurance

### NEWS RELEASE

FOR IMMEDIATE RELEASE - May 6, 2011

Contact: Cameron Lewis, Colorado Division of Insurance, 303.894.2261

Chris Lines, DORA Public Information Officer, 303.894.7873

### **New Report Shows Fewer Small Employers Offering Health Insurance; Premiums Continue to Rise**

Fewer small employers provided health benefits to their employees in 2010, according to a report released by DORA's Division of Insurance. The *2010 Small Group Market Activity and Rating Flexibility Report* provides more data and analysis than previous years. The annual report was expanded to include some additional information required by legislation passed in 2007.

"Small employers play a key role in Colorado. This year's report gives a broader view of what's happening in this sector of the market," said Interim Insurance Commissioner John J. Postolowski. "It's important we carefully track what type and how much insurance small employers are purchasing. This year, we also include information about premium rates."

The small group market is made up of employers who provide employee health coverage through a Colorado regulated health benefit plan, and have no more than 50 eligible employees in Colorado for at least half of the year. It also includes employers with only one employee, known as Business Groups of One (BG-1s).

Key Findings in the report include:

- A decline in both the number of small group plans, by 10 percent, and covered lives, by 7 percent.
- Business Groups of One (BG-1s), a subset of small employers, decreased by 15 percent.
- Of 16 companies in the small group market, 10 sell new policies and six are in the process of leaving the small group market.
- The average index rate premium increased 22 percent between 2007-2009 with a small decrease by 2010. The index rate is the average rate charged to all small employers before any adjustments for an employer's specific group characteristics.
- In 2010, small group premium renewals varied less than in 2009 following the implementation of a new modified community rating structure. More employers saw premium renewal increases of between 0-20 percent.

But, the numbers do not tell the whole story. "It's clear that fewer people are being covered by small group health plans, but we do not know what happened to those who have left," said Commissioner Postolowski. "Some people may have switched jobs, found insurance on their own, become uninsured or left the state. Many factors affect the small employers in Colorado. Part is the rating structure combined with the economy and continued increases in the cost of providing health care," said Postolowski. "It's difficult to isolate one thing as the cause for the continued decreases in this market."

The complete report can be found at the Division's website at:

<http://www.dora.state.co.us/insurance/rtfo/2011/rtfoSmallGroupMarket2010Report050211.pdf>

###

*DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.*