



American Association
for Medicare Supplement Insurance™

The Medigap Marketplace: Where are we today, trends to watch for tomorrow

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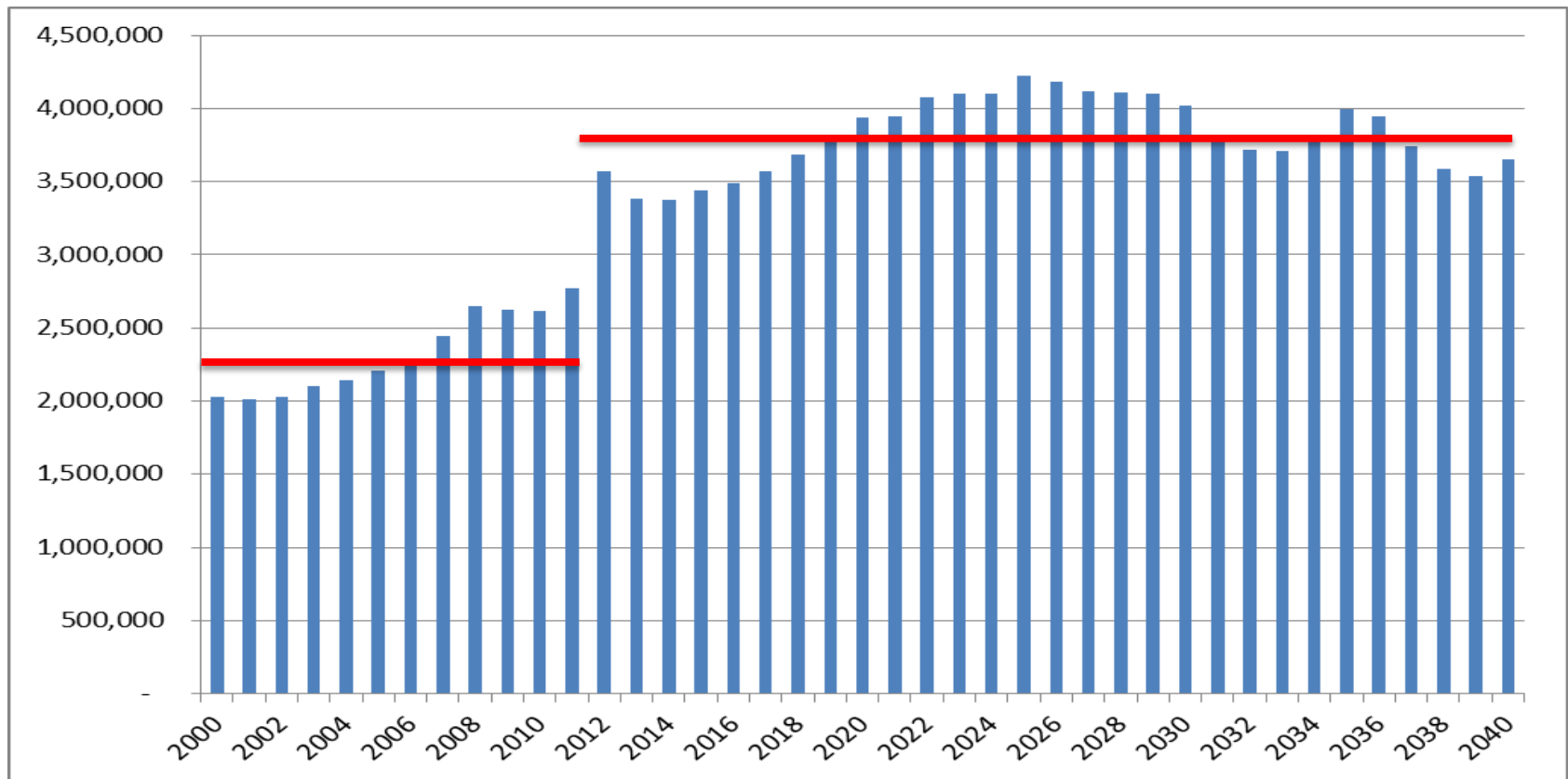
Medicare Supplement Market Update

Topics

- Demographics
- Sales & Policies In-force
- Plan G
- Household and multi-policy discounts
- Commissions
- New market entrants

Medicare Supplement Market Update

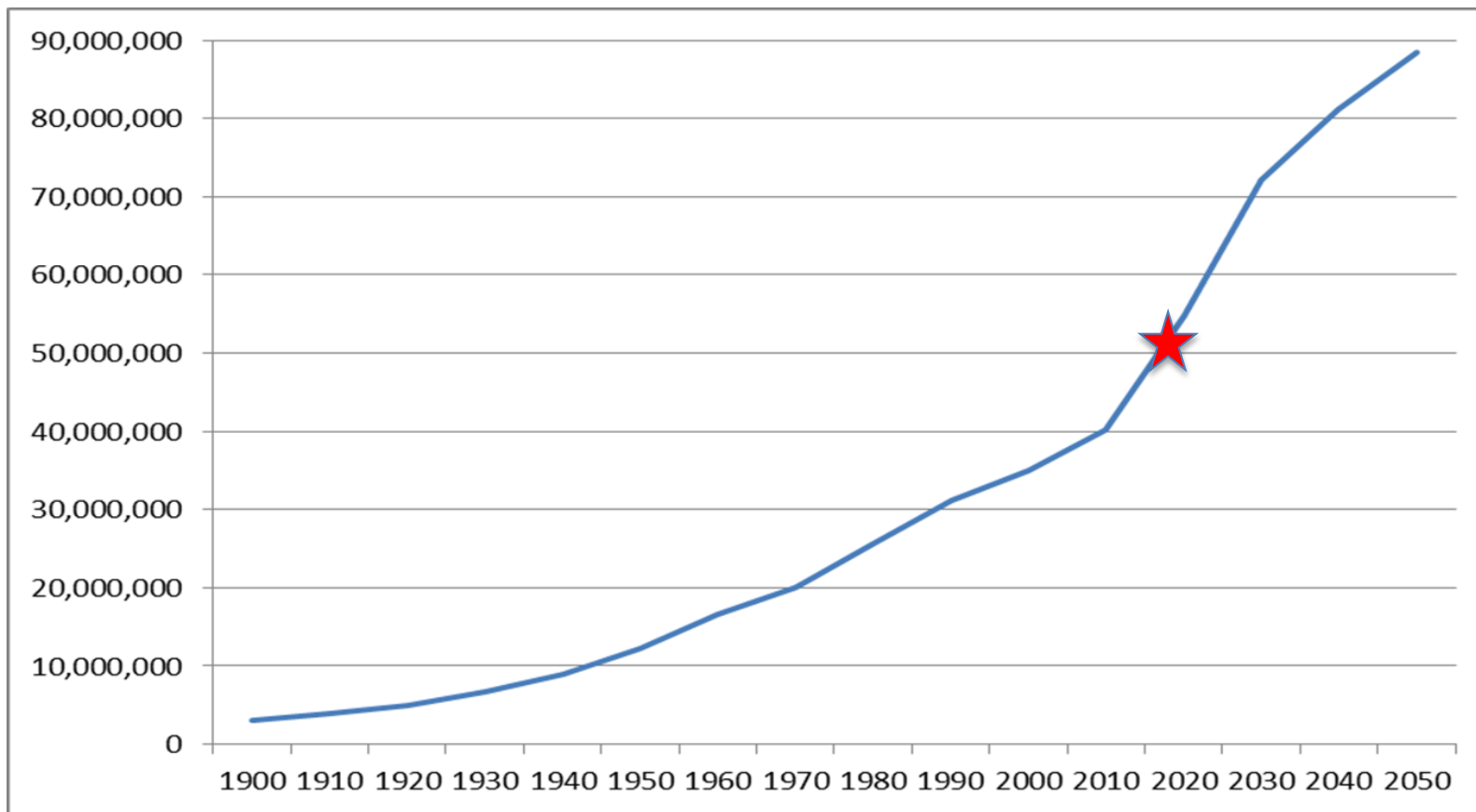
Turning Age 65 by Year



Source: census.gov – 2000 and 2010 census information

Medicare Supplement Market

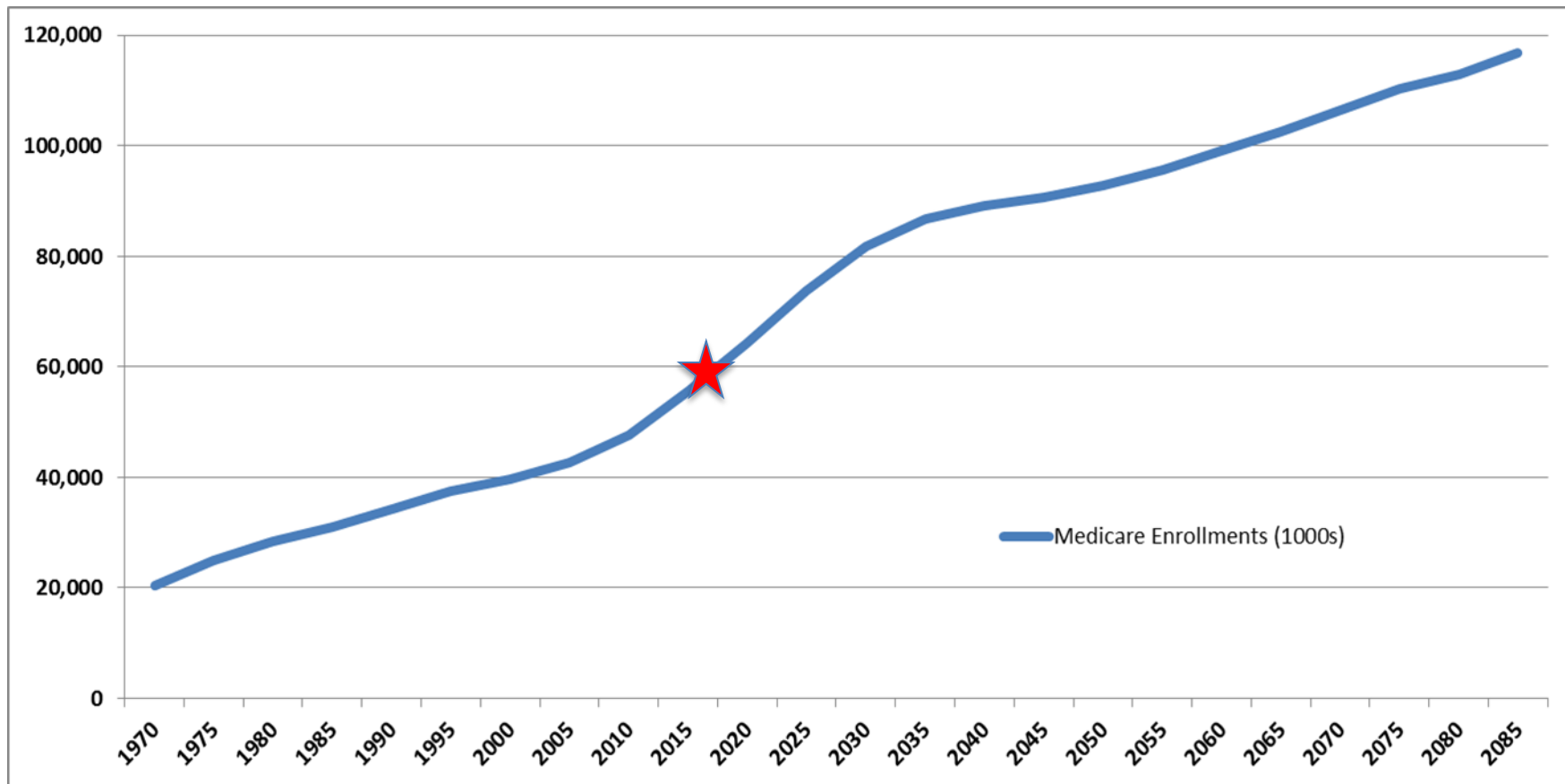
Age 65+ Population



Source: census.gov – 2000 and 2010 census information

Medicare Supplement Market

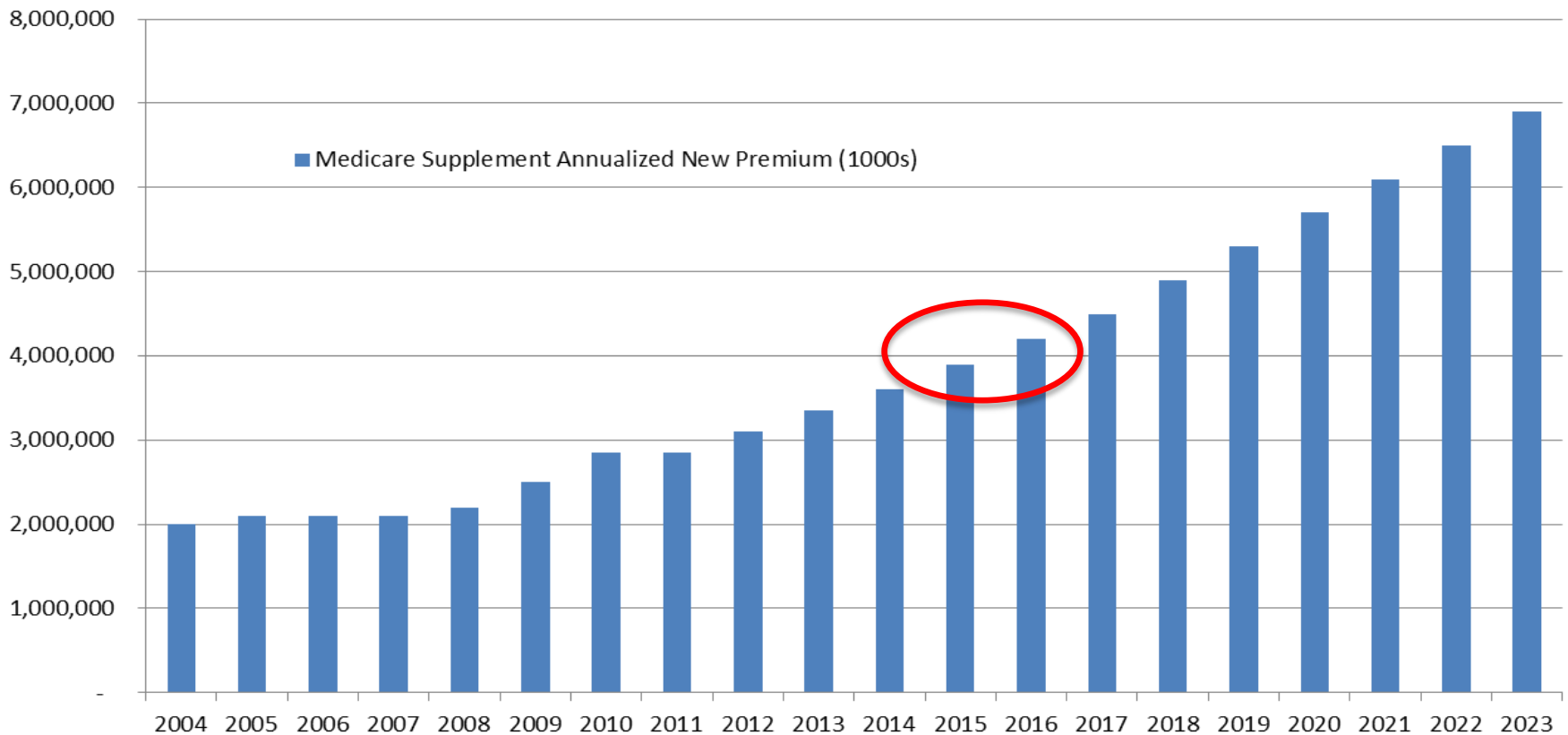
Medicare Enrollments Past and Future



Source: 2015 Medicare Trustees Report

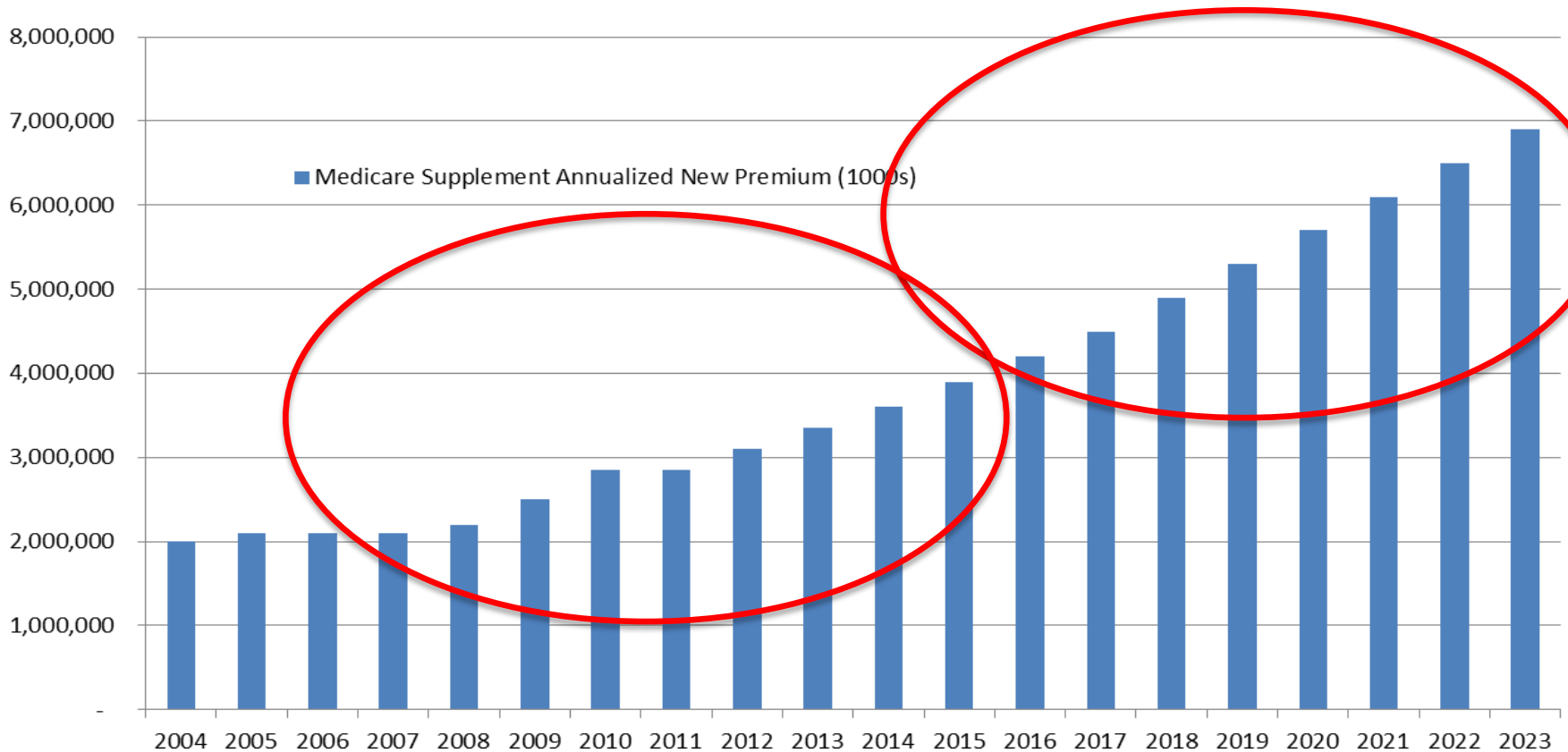
Medicare Supplement Market

Medicare Supplement Sales Update



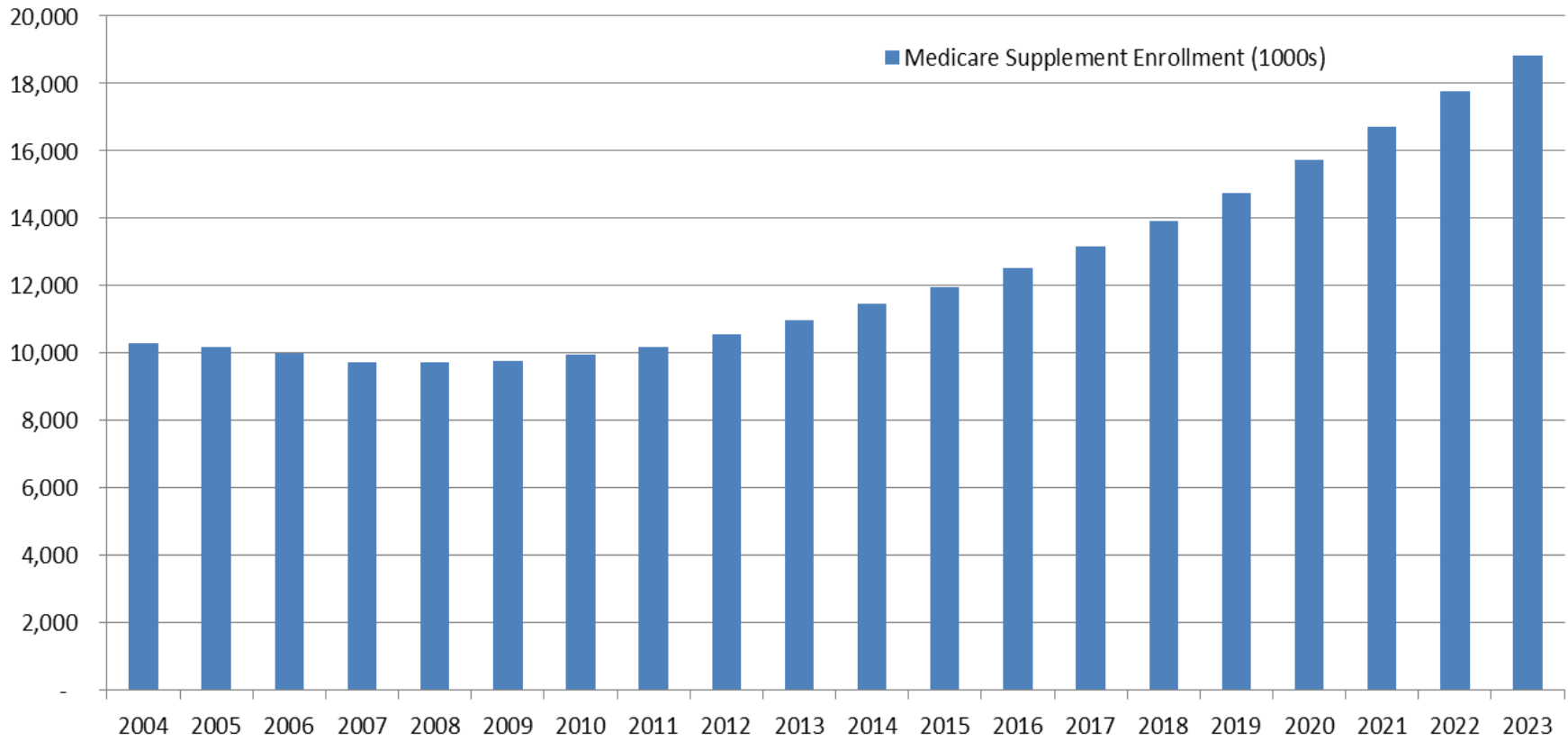
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Medicare Supplement Sales Update



Medicare Supplement Market

Medicare Supplement In-force Policies



Medicare Supplement Market

Plan G

- Plan G sales have increased significantly over past couple of years
- Why?

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Plan G

- For companies offering both, Plan G premium rates average \$420 less than Plan F premium rates, \$325 if extreme differences are excluded
- Premium rate differences between Plans G & F are closer for 10 most competitive premium rates in each situation
 - Age 65 = \$206
 - Age 75 = \$265

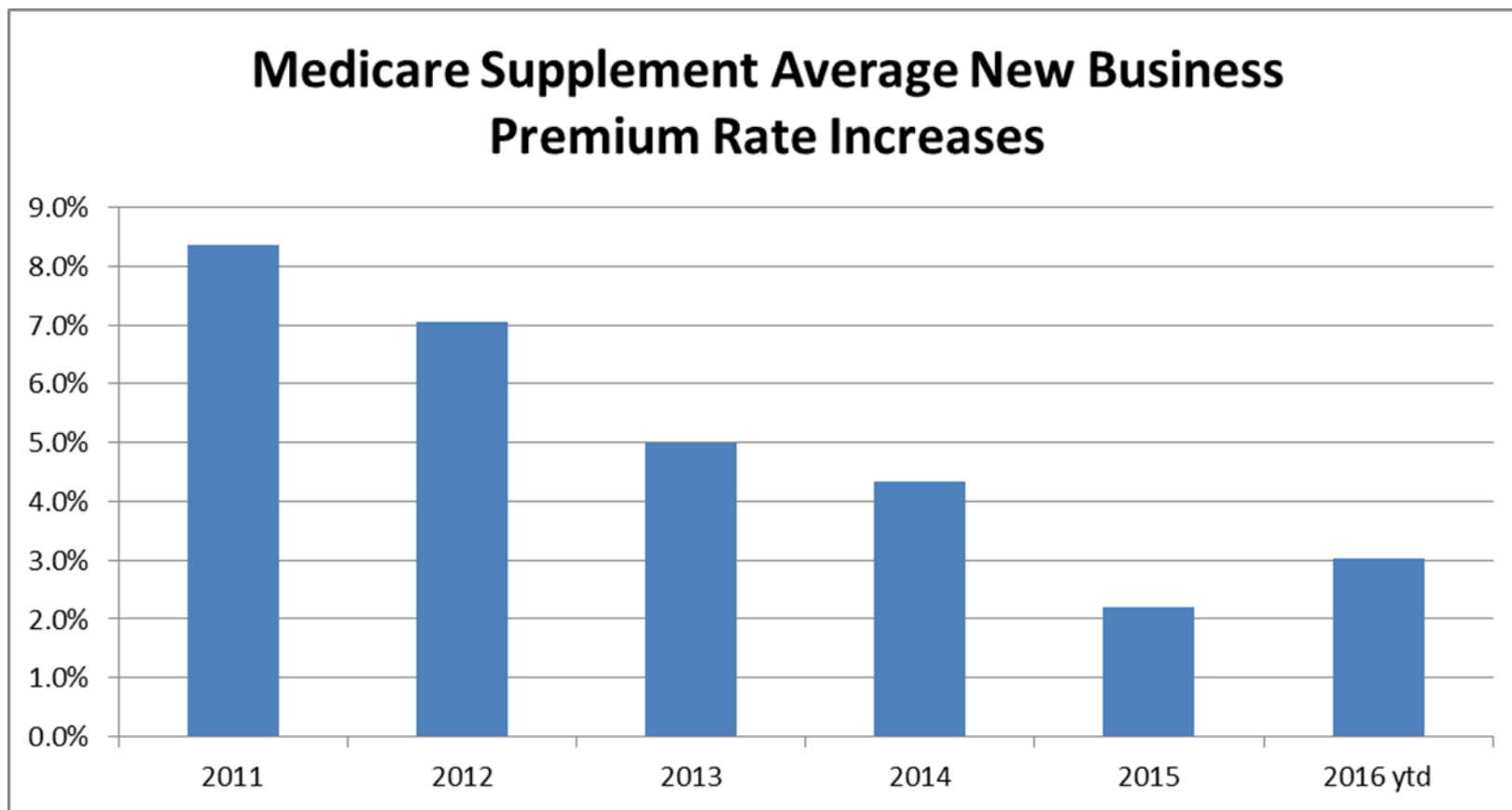
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Plan G

- Plan G vs Plan F premium difference is increasing
- Average age 65 premiums (10 most competitive companies in each situation)
 - Plan F
 - 12 months ago \$1,757.87
 - Current \$1,789.00 1.8% increase
 - Plan G
 - 12 months ago \$1,629.69
 - Current \$1,582.73 2.9% decrease

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Medicare Supplement Rate Increase Trends



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Plan G

- CSG Actuarial believes increased Plan G sales have been driven as much by lower overall rate increases as Plan G vs Plan F premium differential
- Expect Plan G vs Plan F premium differentials to tighten slightly over the next few years (even prior to 2020) due to influx of sales into Plan G

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Medicare Supplement Household Discounts

- More than 50 different companies using HHDs
- Discount percentages have increased, norm has increased from 5% to 7%, some above 10%
- 26 companies now using looser “cohabitation” definition in at least some of the states
- State insurance departments are starting to pay closer attention to these discounts
- Expect this trend to continue to expand in future

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Medicare Supplement Commissions

- Base commission levels haven't really changed much over the past 10 years
- Lower Guarantee Issue commissions have become the norm over the past few years
- Current "Flavor of the Month" is additional per app bonuses as companies attempt to gain traction with new programs

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New Market Entrants

- Pipeline of possible new entrants is full, attracted by strong demographics and stable marketplace
 - Repricing existing plans (primarily Plan G)
 - New paper from existing companies
 - Brand new companies (big and small)

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Questions?

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