

Fixed-payment benefits plans annual report

May 20, 2020

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Executive summary

In 2007, the Legislature modified the definition of “health plan” in [RCW 48.43.00](#) to exclude fixed-payment insurance plans that are offered as a stand-alone benefit. Under [RCW 48.43.650](#), the Office of the Insurance Commissioner (OIC) must collect and report information regarding fixed-payment insurance on June 1 of each year.

The law exempts these products from complying with many mandated benefit requirements that apply to comprehensive medical insurance. Because this coverage is not comprehensive health insurance and the benefit amounts may be significantly less than the cost of care, insurers must provide a disclosure form to help consumers understand that the coverage will not pay the entire cost of most medical expenses or hospital care. The companies must use a standard disclosure form, which they must file with the OIC for approval.

Fixed-payment insurance policies pay a specific amount to people who receive certain types of medical care or services. Fixed-payment plans make these payments regardless of the actual amount of charges. For example, a plan might pay \$200 a day for each day that a consumer is in the hospital. Insurers sell these policies to individual consumers and to employer groups.

Group fixed-payment policies allow employees to buy coverage through their employers. Under typical benefit design, there is a set dollar amount for a doctor visit—such as \$25 per visit—or a daily benefit amount for a hospital stay—such as \$200 per day. There is also a low calendar-year maximum. These payments usually cover only a fraction of the actual cost of medical services.

Proponents of the 2007 change testified that employers wanted to provide this limited coverage to their low-wage and seasonal employees to provide employees an option for some coverage. Opponents expressed concern that some employers would replace comprehensive medical coverage with these very limited plans, resulting in enrollees incurring uncovered medical costs or deferring treatment.

Since 2009, the OIC has conducted an annual survey of the insurers that offer fixed-payment insurance policies and has reported its findings to the Legislature. The enclosed report for June 1, 2020 is a result of the survey that the OIC sent to companies in January 2020. The companies reported data for the 2019 calendar year. In this report, we compare the 2019 data with data we collected in 2018 and 2017.

Annual report

Survey

Each January, the OIC requires companies to complete a survey and submit data about their fixed-payment insurance policies. The survey questions are:

- Did you write fixed-payment policies in Washington State in 2019?
- Number of new fixed-payment policies issued in 2019-group
- Number of new fixed-payment policies issued in 2019-individual
- Number of new fixed-payment policy group enrollees in 2019
- Number of new individual fixed-payment policy enrollees in 2019
- Total number of enrollees on all fixed-payment policies as of Dec. 31, 2019
- Total number of existing fixed-payment policies in force as of Dec. 31, 2019
- Number of complaints from consumers that the Washington Office of the Insurance Commissioner forwarded to the company regarding fixed-payment policies in 2019

Data summary

RCW 48.43.005 defines fixed-payment policies as specified disease or illness-triggered fixed-payment insurance, hospital confinement fixed-payment insurance, or other fixed-payment insurance offered as an independent, noncoordinated benefit. The benefits pay a fixed dollar amount to the insured person regardless of the actual amount of medical costs.

In 2019, 53 companies reported that they sold fixed-payment policies to consumers.

Companies reported 103 complaints in 2019 compared to 43 in 2018 and 28 in 2017.

Group Market

- This year's results show that 23 companies sold group policies in 2019, with an increase of 26143 enrollees on new group policies. This is an 82.8 percent increase from 2018.
- 7 companies dominate the new group market sales with 52374 new enrollees: Unum Life Ins Co Of Amer (19983), Reliastar Life Ins Co (12248), American Heritage Life Ins Co (7638), Colonial Life & Accident Ins Co (4724), Continental Amer Ins Co (2858), AAA Life Insurance Company (2697), US Br Sun Life Assur Co of Canada (2226).
- 211 companies each reported 200 or fewer new group enrollees, for a combined total of 754 new group enrollees.

Individual Market

- This year's results showed 35 companies sold individual policies in 2019, with an increase of 2293 enrollees on new individual policies. This is a 3.2 percent increase from 2018.
- In 2019, 5 companies issued 91.1 percent of the new individual policies sold in Washington State, covering 67764 individual enrollees.
- One company, American Family Life Assur Co of Col dominates the market with 45912 new enrollees, 61.7 percent of the newly enrolled individual fixed-payment policies market.

Conclusions

The number of companies that are actively selling new individual fixed-payment policies-35-increased from 2018 to 2019. 17 companies reported decreases in new individual enrollees. In addition, 205 companies have fewer than 200 new individual enrollees.

Companies reported a total of 349098 policies in force and 557212 total enrolled members. Compared to the 2018 cumulative totals, the 2019 cumulative enrollment totals show a 7.7 percent increase (39889 total enrollees) in overall enrollment. This is the net result of 132115 new enrollees (57728 group plus 74387 individual) minus the loss of 92226 former enrollees.

The market for fixed-payment insurance coverage does not meet the definition of a comprehensive health plan or the requirements under the Affordable Care Act (ACA) (Pub. L 111-148 (2010)), and does not meet the ACA's requirement to purchase minimum essential coverage.

Results comparison

The 2019 survey data show that the number of new individual enrollees has increased by 3.2 percent compared to last year, while the number of new individual policies has increased by 7.4 percent compared to last year. In 2019 the companies issued 47673 policies to 74387 new individual enrollees (spouses and dependents may be covered under individual policies).

Count of New Enrollment and Policies of both Individual and Group

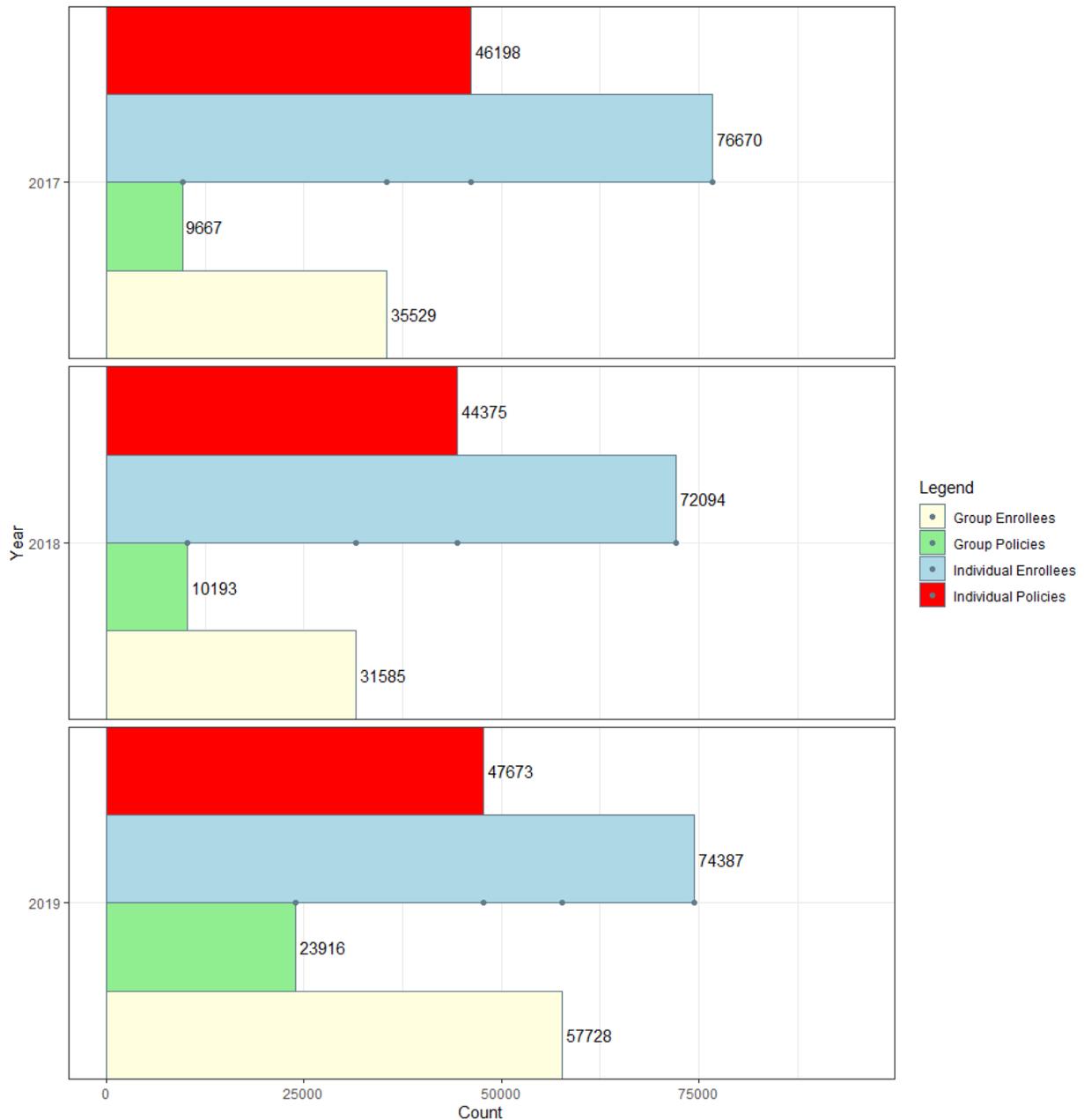


Figure 1: Number of new individual and group policies sold (shown in green and red) and number of people enrolled in those policies (shown in yellow and blue). Spouses and dependents may be covered under individual policies.

Source: Company responses to the OIC survey for 2019, 2018 and 2017 benefit years. Data is reported based on benefit year, not survey year.

New Enrollees and Policies - Individual and Group Policies

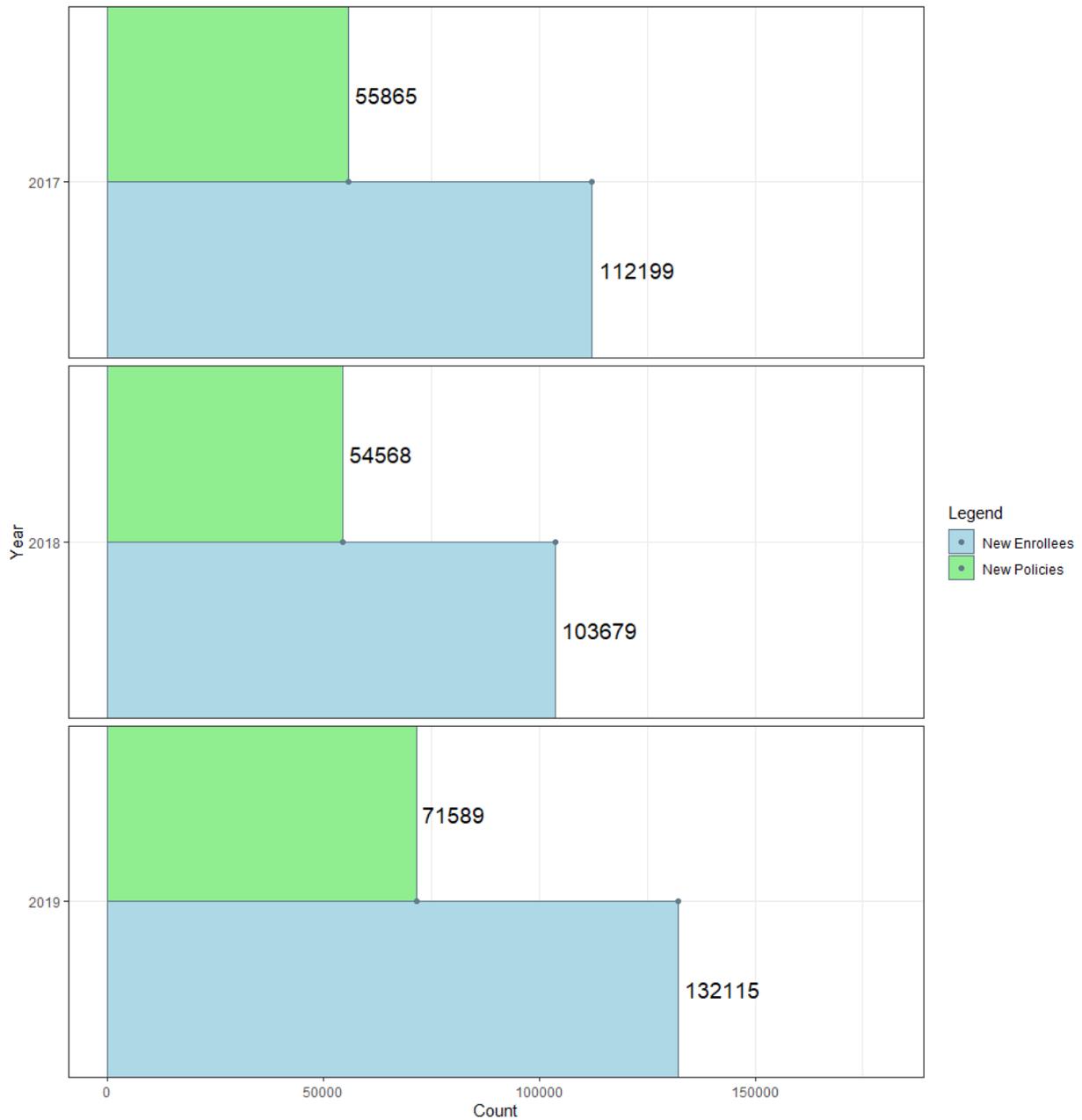


Figure 2: Total number of new enrollees and total number of new policies issued.

Source: Company responses to the OIC survey for 2017, 2016, and 2015 benefit years. Data is reported based on benefit year, not survey year.

Appendix A

Sales of New Group Policies and Group Enrollees by Company

Name	2017 Group Policies	2017 Group Enrollments	2018 Group Policies	2018 Group Enrollments	2019 Group Policies	2019 Group Enrollments
AAA Life Insurance Company	0	3477	0	2750	0	2697
Aetna Life Ins Co	0	0	3	138	2	631
American Fidelity Assur Co	1	0	2	61	2	98
American Heritage Life Ins Co	1164	1878	1619	2119	4130	7638
Assurity Life Ins Co	95	147	72	100	125	181
Beazley Ins Co Inc	0	0	1	24	2	92
Colonial Life & Accident Ins Co	2832	3566	3965	4464	4192	4724
Combined Ins Co Of Amer	6	6	122	122	120	116
Companion Life Ins Co	0	338	0	0	3	297
Continental Amer Ins Co	13	8330	13	2328	45	2858
Federal Ins Co	0	0	0	0	3	121
Guardian Life Ins Co Of Amer	29	478	28	779	26	761
Life Ins Co Of	0	0	1	0	11	658

N Amer						
Lincoln Natl Life Ins Co	14	852	233	337	9	772
Principal Life Ins Co	1	12	39	592	39	592
Prudential Ins Co Of Amer	2	72	2	79	3	427
Reliastar Life Ins Co	2	12	8	312	7	12248
Standard Ins Co	11	211	19	639	9	129
Transamerica Life Ins Co	311	654	471	687	306	462
Transamerica Premier Life Ins Co	4	4	1	1	3	3
Trustmark Ins Co	9	15	11	18	4	4
United Of Omaha Life Ins Co	11	735	8	353	3	10
Unum Life Ins Co Of Amer	5125	13879	3570	15131	14864	19983
US Br Sun Life Assur Co of Canada	1	153	3	172	8	2226

Sales of New Individual Policies and Individual Enrollees by Company

Name	2017 Individual Policies	2017 Individual Enrollments	2018 Individual Policies	2018 Individual Enrollments	2019 Individual Policies	2019 Individual Enrollments
American Family Life Assur Co of Col	24268	45884	23054	43558	24284	45912
American Fidelity Assur Co	717	960	893	1141	401	508
American Gen Life Ins Co	216	216	29	29	30	30
American Heritage Life Ins Co	40	251	0	0	255	456
American Income Life Ins Co	643	970	651	1042	704	1042
Assurity Life Ins Co	29	108	3	5	3	5
Bankers Fidelity Life Ins Co	3	3	5	5	1	1
Bankers Life & Cas Co	392	394	470	471	368	368
Chesapeake Life Ins Co	2510	3379	2540	3417	3567	4779
Colonial Life & Accident Ins Co	10133	13015	10745	13429	11525	13699
Combined Ins Co Of Amer	400	613	515	920	369	591
Equitable Life & Cas Ins Co	0	0	0	0	1	1

Family Heritage Life Ins Co Of Amer	690	1648	696	1588	1173	2332
Federal Ins Co	190	190	238	238	1	73
Globe Life & Accident Ins Co	484	484	339	339	329	329
Guarantee Trust Life Ins Co	88	91	221	224	224	229
Guardian Life Ins Co Of Amer	0	0	3	11	4	8
Illinois Mut Life Ins Co	3	3	1	1	5	5
LifeSecure Ins Co	0	0	28	28	240	311
Loyal Amer Life Ins Co	115	185	72	114	87	125
Medico Ins Co	155	155	233	233	463	463
Minnesota Life Ins Co	0	0	0	0	1	6
Mutual Of Omaha Ins Co	185	249	471	568	592	704
Provident Life & Accident Ins Co	881	2637	0	0	1366	388
Securian Life Ins Co	0	0	26	39	226	318
Sentinel Security Life Insurance Company	0	0	0	0	7	7
State Farm	983	1048	757	805	586	637

Mut Auto Ins Co						
Time Insurance Company	2121	2897	1562	2020	100	123
Transamerica Life Ins Co	40	62	250	336	154	206
Trustmark Ins Co	594	845	305	408	183	264
United Amer Ins Co	30	49	33	33	8	12
United Transportatio n Union Ins Assn	45	80	30	72	24	69
Washington Natl Ins Co	46	47	167	172	379	379

Cumulative Total of Existing Policies and Enrollees by Company

Name	Did you write fixed payment policies in WA in 2019?	2019 Total Enrollees	2019 Total Existing Policies
AAA Life Insurance Company	Yes	18698	1
Aetna Life Ins Co	Yes	737	3
American Family Life Assur Co of Col	Yes	284004	165587
American Fidelity Assur Co	Yes	7485	6067
American Gen Life Ins Co	Yes	1425	1425
American Heritage Life Ins Co	Yes	23885	13031
American Income Life Ins Co	Yes	12298	9267
American Natl Ins Co	No	7	4
Assurity Life Ins Co	Yes	291	204
Bankers Fidelity Life Ins Co	Yes	475	475
Bankers Life & Cas Co	Yes	10156	8860

BCS Insurance Company	Yes	814	24
Beazley Ins Co Inc	Yes	124	3
Chesapeake Life Ins Co	Yes	7416	5569
Colonial Life & Accident Ins Co	Yes	18423	40658
Combined Ins Co Of Amer	Yes	22464	17577
Companion Life Ins Co	Yes	444	11
Continental Amer Ins Co	Yes	27118	71
Continental Gen Ins Co	No	335	335
Continental Life Insurance Company of Brentwood, Tn	Yes	7	7
Equitable Life & Cas Ins Co	Yes	21	21
Family Heritage Life Ins Co Of Amer	Yes	11274	4749
Federal Ins Co	Yes	3202	3202
Globe Life & Accident Ins Co	Yes	3979	3979
Great Northern Ins Co	Yes	2959	2959
Guarantee Trust Life Ins Co	Yes	1059	1018
Guardian Life Ins Co Of Amer	Yes	2355	83
Illinois Mut Life Ins Co	Yes	25	22
Kansas City Life Ins Co	No	1	1
Life Ins Co Of N Amer	Yes	1286	14
LifeSecure Ins Co	Yes	274	213
Lincoln Natl Life Ins Co	Yes	9940	321
Loyal Amer Life Ins Co	Yes	80	62
Madison Natl Life Ins Co Inc	No	1	1
Medico Ins Co	Yes	1171	1171
Metropolitan Life Ins Co	No	6	6
Mid-West National Life Insurance Company of Tennessee	No	122	79
Minnesota Life Ins Co	Yes	6	1
Mutual Of Omaha Ins Co	Yes	1829	1539
Old Amer Ins Co	No	97	97

Physicians Mut Ins Co	No	695	572
Principal Life Ins Co	Yes	1495	104
Professional Ins Co	No	2	1
Provident Life & Accident Ins Co	Yes	388	5471
Prudential Ins Co Of Amer	Yes	504	4
Reliastar Life Ins Co	Yes	20193	105
RiverSource Life Ins Co	No	2	2
Securian Life Ins Co	Yes	354	250
Sentinel Security Life Insurance Company	Yes	8	8
Standard Ins Co	Yes	1125	41
Standard Life & Accident Ins Co	Yes	54	44
State Farm Mut Auto Ins Co	Yes	8107	6887
Sunset Life Ins Co Of Amer	No	1	1
Symetra Life Ins Co	No	601	5
Thrivent Financial For Lutherans	No	25	21
Time Insurance Company	Yes	1847	1317
Transamerica Financial Life Ins Co	No	29	18
Transamerica Life Ins Co	Yes	2984	1015
Transamerica Premier Life Ins Co	Yes	1332	870
Trustmark Ins Co	Yes	408	259
Union Labor Life Ins Co	No	80	54
United Amer Ins Co	Yes	526	284
United Of Omaha Life Ins Co	Yes	418	30
United States Life Ins Co in the Cit	No	9390	9390
United Transportation Union Ins Assn	Yes	430	203
Unum Life Ins Co Of Amer	Yes	19983	28168

US Br Sun Life Assur Co of Canada	Yes	3286	20
USAble Life	No	2	2
Washington Natl Ins Co	Yes	6495	4990
Western - Southern Life Ins Co	No	19	21
Wilcac Life Ins Co	No	2	2
Wilco Life Ins Co	No	80	80
Wilton Reassur Life Co of NY	No	2	2
Woodmen World Life Ins Soc	Yes	52	52