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September 2016

PRIVATE HEALTH INSURANCE

In Most States and New Exchanges, Enrollees Continued to be Concentrated among Few Issuers in 2014

Accessible Version

GAO-16-724

GAO Highlights

Highlights of GAO-16-724, a report to congressional committees

September 2016

PRIVATE HEALTH INSURANCE

In Most States and New Exchanges, Enrollees Continued to be Concentrated among Few Issuers in 2014

Why GAO Did This Study

GAO previously reported that, from 2010 through 2013, enrollment in most states was concentrated among the largest issuers in each of the three types of health insurance markets: the individual, small group, and large group markets. A highly concentrated market may indicate a less competitive market and could affect consumers' choice of health plans and their premiums. In 2014, PPACA required the establishment of health insurance exchanges—a new type of market where individuals and small groups can compare and select among insurance plans—and the introduction of other reforms that could affect market concentration and competition among issuers.

PPACA included a provision for GAO to study market concentration and competition, including an analysis of newly entering issuers. In this report, GAO describes: (1) concentration in these markets in each state from 2011 through 2014 and (2) changes in issuer participation in these markets in each state from 2013 to 2014.

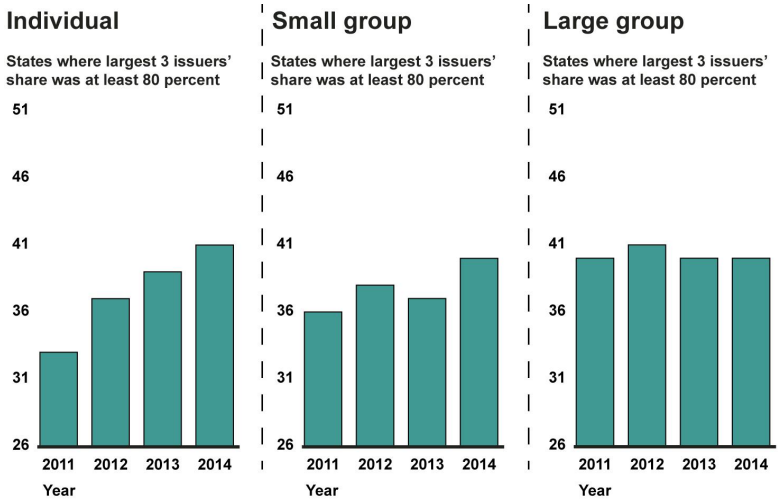
GAO determined market share using enrollment data from the 2011 through 2014 Medical Loss Ratio datasets that issuers are required to report annually to the Centers for Medicare & Medicaid Services (CMS). To obtain 2014 enrollment data for the issuers in the individual and small group exchanges, GAO analyzed Unified Rate Review data that certain issuers are required to report to CMS. For both datasets, enrollment for each issuer is available only at the state level and 2014 data are the most recent available.

View GAO-16-724. For more information, contact John Dicken at (202) 512-7114 or dickenj@gao.gov.

What GAO Found

GAO found that enrollment in private health insurance plans remained concentrated among a small number of issuers in most states in 2014, including in the newly established exchanges. On average in each state and the District of Columbia, 11 or more issuers participated in each of three types of markets—individual, small group, and large group—from 2011 through 2014. However, in most states, the 3 largest issuers in each market had at least an 80 percent share of the market during the period. Beginning in 2014, issuers in the individual and small group markets could sell coverage through exchanges established by the Patient Protection and Affordable Care Act (PPACA). Not all issuers in these overall markets participated in the exchanges, and several had fewer than 3 issuers participating. Enrollment through these exchanges was generally more concentrated among a few issuers than was true for the overall markets. GAO did not assess the effect of the law on concentration and participation as 2014 was the first year of implementation for certain PPACA insurance reforms.

The Number of States Where Enrollment in the Three Largest Issuers Was at Least 80 Percent of the Market, by Market, 2011-2014



Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

In nearly all states, the number of issuers participating in individual markets decreased from 2013 to 2014, while fewer states' small group and large group markets had decreased participation. However, across the three markets, those issuers exiting each state market before 2014 generally had less than 1 percent of the market in the prior year. There were also issuers that newly entered state markets in 2014. Their market shares in 2014 varied across the three types of markets, with some entering issuers in the individual market capturing a market share of over 10 percent. Newly entering issuers generally captured a larger share of the enrollment sold through the exchanges than through the overall markets, and some captured a majority of their exchange market.

GAO received technical comments on a draft of this report from the Department of Health and Human Services and incorporated them as appropriate.

Contents

Letter 1

Background 6
Health Insurance Markets Remained Concentrated in Most States in 2014, Including in the Newly Established Health Insurance Exchanges 9
Issuer Participation Decreased More in the Individual Market Than in Other Markets in 2014; Exiting Issuers Had Small Market Shares in Most States 17
Agency Comments 25

Appendix I: Number of Issuers by State in the Overall Individual and Small Group Markets and Their Respective Exchanges, 2014 27

Appendix II: Market Share for the Largest Issuer by State in the Overall Individual and Small Group Markets and Their Respective Exchanges in 2014 29

Appendix III: Number of Issuers in the Overall Individual, Small Group, and Large Group Markets and Market Shares, by State, 2013-2014 35

Appendix IV: Market Share of Issuers in the Individual and Small Group Exchanges in 2014 41

Appendix V: GAO Contact and Staff Acknowledgments 45

GAO Contact 45
Staff Acknowledgments 45

Appendix VI: Accessible Data 46

Data Tables 46

Tables

Table 1: Issuer Distribution in the Overall Individual and Small Group Markets and their Respective Exchanges, 2014 13
Table 2: Issuer Participation in the Overall Individual and Small Group Markets and Their Respective Exchanges across All States in 2014, by Market 22
Table 3: Number of Issuers by State in the Overall Individual and Small Group Markets and Their Respective Exchanges, 201427

Table 4: Market Share for the Largest Issuer by State in the Overall Individual Market and the Individual Exchange, 201429
Table 5: Market Share for the Largest Issuer by State in the Overall Small Group Market and the Small Group Exchange, 2014 31
Table 6: Number of Issuers in the Overall Individual Market and Market Shares, by State, 2013-2014 35
Table 7: Number of Issuers in the Overall Small Group Market and Market Shares, by State, 2013-2014 37
Table 8: Number of Issuers in the Overall Large Group Market and Market Shares, by State, 2013-2014 38
Table 9: Issuer Participation and Market Share in the Individual Exchange in 2014, by State 41
Table 10: Issuer Participation and Market Share in the Small Group Exchange in 2014, by State 43
Data Table for Highlights Figure and Figure 1: The Number of States Where the Market Share of the Three Largest Issuers Was at Least 80 Percent, by Market, 2011-2014 46
Data Table for Figure 8: Total Number of Issuers Participating in the Individual, Small Group, and Large Group Markets across All States, 2012-2014 46
Data Table for Figure 9: Market Shares of Entering Issuers in the Individual, Small Group, and Large Group Markets, 2014 46

Figures

Figure 1: The Number of States Where the Market Share of the Three Largest Issuers Was at Least 80 Percent, by Market, 2011-2014 10
Figure 2: Market Share for the Three Largest Issuers, by Market in 2014 11
Figure 3: Market Share of the Largest Issuer in the Individual Exchanges and Overall Market, 2014 15
Figure 4: Market Share of the Largest Issuer in the Small Group Exchanges and Overall Market, 2014 16
Figure 5: Net Change in Total Number of Issuers Participating from 2013 to 2014, by State, in the Individual Market 18
Figure 6: Net Change in Total Number of Issuers Participating from 2013 to 2014, by State, in the Small Group Market 19
Figure 7: Net Change in Total Number of Issuers Participating from 2013 to 2014, by State, in the Large Group Market 20

Figure 8: Total Number of Issuers Participating in the Individual, Small Group, and Large Group Markets across All States, 2012-2014 21
Figure 9: Market Shares of Entering Issuers in the Individual, Small Group, and Large Group Markets, 2014 24

Abbreviations

CMS	Centers for Medicare & Medicaid Services
CO-OP	Consumer Operated and Oriented Plan
HHS	Department of Health and Human Services
MLR	Medical Loss Ratio
PPACA	Patient Protection and Affordable Care Act
URR	Unified Rate Review

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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September 6, 2016

Congressional Committees:

Historically, the market for health insurance sold by private issuers has been highly concentrated—that is, a small number of issuers in a market enrolled a significant portion of the people in that market.[1] We previously reported that, from 2010 through 2013, enrollment in most states was concentrated among the largest issuers in each of the three types of health insurance markets: the large group market (coverage offered by large employers), the small group market (coverage offered by small employers), and the individual market (consisting mainly of coverage sold directly to individual consumers without access to group coverage).[2] A highly concentrated market may indicate a less competitive market and could affect consumers' choice of health plans and their premiums.

The Patient Protection and Affordable Care Act (PPACA), signed into law on March 23, 2010, contained a number of provisions that took effect in 2014 and could affect market concentration and competition among health issuers.[3] For example, the law required the establishment of health insurance exchanges within the overall individual and small group markets of each state by 2014. These exchanges are a new type of market where eligible individuals and small groups, such as small

[1]We use the term "issuer" when referring to the insurance entities that are licensed by a state to engage in the business of insurance in that specific state.

[2]GAO, *Private Health Insurance: Concentration of Enrollees among Individual, Small Group, and Large Group Insurers from 2010 through 2013,* GAO-15-101R (Washington, D.C.: Dec. 1, 2014).

Federal law defines a small employer as having an average of 1 to 50 employees during the preceding calendar year; however, states may apply this definition based on an average of 1 to 100 employees. See 42 U.S.C. §§ 300gg-91(e), 18024(b).

[3]See Pub. L. No. 111-148, 124 Stat. 119 (2010) (hereafter, "PPACA"), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029 (2010) ("HCERA"). In this report, references to PPACA include any amendments made by HCERA. States may establish separate individual and small group exchanges or a single exchange to serve both individuals and small groups.

In this report, the term "state" includes the District of Columbia.

employers, can compare and select among qualified insurance plans offered by participating issuers.

PPACA does not require issuers to offer plans through these exchanges but instead, generally relies on market incentives to encourage their participation.[4] Issuers seeking to participate in an individual or small group exchange must first be approved to do so by the exchange in the state. About a third of the states chose to operate their exchanges in 2014 and approved issuers for participation. In the remaining states electing not to establish and operate their own exchange, PPACA required the Department of Health and Human Services' (HHS) Centers for Medicare & Medicaid Services (CMS) to carry out these responsibilities. We previously reported that most of the largest issuers holding the majority of the market in the 2012 individual and small group markets participated in the 2014 exchanges, although most of the numerous smaller issuers in those markets did not.[5]

PPACA also included a provision for us to conduct an ongoing study on competition and market concentration in the health insurance market that includes an analysis of newly entering issuers participating in the markets.[6] In 2014, we reported on concentration in the individual, small group, and large group markets from 2010 through 2013.[7] For the current study, we examine concentration in the markets in 2014, the first year that the exchanges were in operation. Specifically, we describe:

1. concentration in the individual, small group, and large group health insurance markets in each state from 2011 through 2014; and

[4]For example, it is only through the exchanges that eligible individuals may qualify for premium tax credits and cost-sharing reductions to lower the cost of their health plans, and certain small employers may qualify for tax credits to lower the cost of the coverage they purchase on behalf of their employees.

[5]GAO, *Patient Protection and Affordable Care Act: Largest Issuers of Health Coverage Participated in Most Exchanges, and Number of Plans Available Varied*, GAO-14-657 (Washington, D.C: Aug. 29, 2014).

[6]PPACA, § 1322(i), 124 Stat. at 192. PPACA directs us to report to Congress biennially beginning in 2014.

[7]GAO-15-101R.

2. changes in issuer participation in the individual, small group, and large group health insurance markets in each state from 2013 to 2014.

To address these two objectives, we analyzed 2011 through 2014 Medical Loss Ratio (MLR) data that PPACA requires issuers to report annually to CMS.[8] We used the same data source that we used in the previous report, and we updated our analysis with 2014 data, which were the most recently available at the time of our review. Specifically, we identified enrollment data for the issuers that offered coverage in each state's overall individual, small group, and large group markets.[9] We used two additional datasets to identify enrollment data specific to the respective individual and small group exchanges within these overall markets because the MLR data do not isolate on-exchange enrollment from enrollment in plans that issuers might also offer off the exchanges. Specifically, we first identified exchange issuers using data from CMS and individual states that were collected for a prior report.[10] Second, we used CMS's 2016 Unified Rate Review (URR) dataset to identify 2014 issuer enrollment specific to coverage offered through the exchanges. While the URR dataset includes enrollment in plans sold by issuers on the exchanges, issuers are also required to offer these plans outside of the exchanges. Therefore, enrollees who purchased these plans off the exchange are also captured in these data.[11] Across these three datasets, we matched issuers using a unique code that CMS assigned to each

[8]PPACA required that all issuers report to CMS MLR data, which include the percent of premiums the issuers spent on their enrollees' medical claims and quality initiatives, known as their medical loss ratio. These data also include enrollment data that can be used to calculate the market share of covered life-years for fully insured health plans. These data are publicly available on the CMS website.

[9]We did not examine self-funded health plans, where small and large employers set aside funds to pay for employee health care rather than pay premiums to an issuer to do so.

[10]The list of exchange issuers we used in our current analysis has slightly fewer issuers than the prior report because there were changes in the unique code that CMS assigned to each issuer in each state since the list of exchange issuers was first developed. For a full description of the methodology used to obtain the list for the prior report, see GAO-14-657.

[11]The URR dataset includes enrollment data that can be used to calculate the share of covered life-years for fully insured health plans on the individual and small group exchanges. The 2016 URR data were the most recent year available at the time of our review and they included 2014 enrollment data. These data are publicly available on the CMS website.

issuer in each state. Within the individual, small group, and large group markets for each of the 51 states, we then determined market share for each issuer by calculating the total number of covered life-years.[12] For each individual and small group state market, we also calculated market share specifically for coverage sold through the exchanges. For each of these state markets, we also calculated the three-firm concentration ratio—the combined shares of covered life-years for the three largest issuers in that market.

In reviewing CMS's data, we identified 33 (of 289) individual exchange issuers and 29 (of 203) small group exchange issuers that did not report exchange enrollment data to CMS in the URR dataset.[13] For these 62 issuers in 23 states, we substituted enrollment data from the MLR dataset that issuers submitted for the Risk Corridors program.[14] The MLR enrollment data include exchange enrollment, but also include any enrollment in certain qualifying plans offered off the exchanges. Therefore, substituting these data may overstate enrollment in the exchanges. Of those 62 issuers, 33 had a low total enrollment that would have little effect in the exchange markets and 15 were newly established Consumer Operated and Oriented Plans (CO-OPs) that we determined had little enrollment off the exchanges.[15] We determined the MLR enrollment data to be a sufficiently reliable substitute for these issuers and we reported these market share data in our findings. For the

[12]One way to measure beneficiary enrollment is by measuring covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month of the 12 months in the reporting year.

[13]According to CMS officials, some issuers may not have been required to report URR exchange enrollment data to CMS in 2016. For example, an issuer that previously offered coverage in 2014 may have ceased offering coverage by the time the 2016 URR data were collected.

[14]The Risk Corridors program is a temporary premium stabilization program created under PPACA to mitigate risk in the individual and small group markets. Specifically, the Risk Corridors program helps limit excessive issuer profits or losses that may result from market volatility or inaccurate rate setting. CMS and issuers of qualified health plans, which are plans offered on or off the exchanges that meet certain requirements, may share in profits and losses that exceed a certain threshold.

[15]We considered issuers to be small if their market share, according to the MLR data that we substituted, was 15 percent or less. In general, the CO-OPs that did not report URR data to CMS were those that had stopped offering coverage before they were due to report the 2016 URR data.

remaining 14 issuers with more significant enrollment in 10 states, we contacted the state for issuers in state operated exchanges, and CMS for issuers in federally operated exchanges, to determine whether the MLR Risk Corridors enrollment data were generally accurate as a proxy for exchange enrollment.[16] Based on this analysis, we determined that the MLR Risk Corridors enrollment data were accurate as a proxy for determining exchange market share for 1 issuer in Nevada's small group exchange. They were not accurate for determining exchange market share for 8 issuers in 5 states—the small group exchanges in Kentucky, Maryland, Minnesota, and New York and both the individual and small group exchanges in Wyoming. We were also unable to obtain data for 5 issuers in Michigan, New Mexico, Ohio, and South Carolina. Therefore, we excluded these specific state exchanges from our findings.

Because there can be multiple issuers within a state insurance market that share a single parent company, we aggregated such issuers to the parent company level for purposes of reporting market concentration in the first objective; otherwise, if there was no parent company, we analyzed the data by the individual issuers. We did this in order to more fully account for the portion of the market held by each parent company. For purposes of reporting issuer participation in the second objective, we report data at the issuer level (rather than aggregating to the parent company). We defined an "entering issuer" as an entity that did not offer health plans in a given state and market in 2013 but did offer health plans in that same state and market in 2014. We defined an "exiting issuer" as an entity that offered health plans in a given state and market in 2013, but did not offer health plans in the same state and market in 2014.[17] In addition, for both objectives, while Massachusetts and Vermont report separated MLR data for their overall markets, the states each merged their individual and small group exchanges and the issuers reported combined enrollment data in the URR data. Therefore, in both states, we

[16]The states were Kentucky, Maryland, Michigan, Minnesota, Nevada, New Mexico, New York, Ohio, South Carolina, and Wyoming.

[17]We identified seven issuer mergers that we accounted for in our analysis; however, we were unable to identify all possible mergers. We identified five mergers that occurred from 2013 to 2014 by identifying in the data when an issuer had a different parent company across the 2 years. CMS informed us of two additional mergers. These seven mergers involved issuers in 20, 28, and 26 states in the individual, small group, and large group markets, respectively.

report the same market share data for the individual and small group exchanges.[18]

We did not assess the effect of PPACA on market concentration and issuer participation because 2014 was the first year of implementation for certain PPACA insurance reforms, including the exchanges, and such an assessment would be premature. Further, while states may have multiple local markets with differing concentrations of enrollees among health issuers, the data we used to measure concentration were limited to markets at the state level, thus precluding our ability to measure concentration within local markets. We analyzed the MLR and URR enrollment data as they were reported by issuers to CMS. We did not otherwise independently verify the accuracy or completeness of the information with the issuers. We assessed the reliability of CMS's MLR and URR data by reviewing documentation and discussing the data with knowledgeable agency officials. We also performed data reliability checks, such as examining the data for missing values and obvious errors to test the internal consistency and reliability of the data. After taking these steps, we determined the data from each of these sources were sufficiently reliable for the purposes of reporting our objectives.

We conducted this performance audit from October 2015 to September 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Private health coverage is the leading source of health coverage in the United States. Small and large employers may offer fully insured group plans (by purchasing coverage from an issuer) or self-funded group plans (by setting aside funds to pay for employee health care). Most small employers purchase insured plans, while most large employers self-fund. Americans without access to group health coverage, such as those with

[18]While counting the same enrollment data for both individual and small group exchanges in each state overstates enrollment within a given exchange, the data did not allow for a more precise allocation between exchanges.

employers that do not offer health coverage, may choose to purchase it directly from an issuer through the individual market. About 13 percent of Americans under age 65 had coverage through the individual market in 2014, while 60 percent had health coverage through employer-sponsored group health plans.[19]

During the years prior to the implementation of PPACA, there were high levels of concentration in the individual, small group, and large group markets. For example, we previously reported that enrollment was concentrated among the three largest issuers in most states from 2010 through 2013.[20] The primary data we used in that study were available at the state level, but through other data sources, we determined that the largest issuer in most states was also the largest issuer in at least three-quarters of the local markets studied in that state.[21] In the other states, the largest issuer varied across the local markets. For example, in Pennsylvania, the largest issuer in one local market did not operate throughout the state and, therefore, was not the largest issuer in the state.

We previously identified several complex factors that can affect concentration in the health insurance market and the ability of new issuers to enter the market.[22] High concentration levels have often been the result of consolidation—mergers and acquisitions—among existing issuers. In addition, concentration can persist because of the difficulty for

[19]U.S. Census Bureau, *Table HI01, Health Insurance Coverage Status and Type of Coverage by Selected Characteristics: 2014*, Current Population Survey, 2015 Annual Social and Economic Supplement, accessed April 26, 2016, https://www.census.gov/hhes/www/cpstables/032015/health/hi01_1.xls.

[20]GAO-15-101R.

[21]The American Medical Association reported data collected by HealthLeaders-InterStudy through its Managed Market Surveyor from January 1, 2011, for self-funded and fully insured plans. The study examined Metropolitan Statistical Areas, which include a county or counties associated with a city or urbanized area that has a population of at least 50,000. See Division of Economic and Health Policy Research, *Competition in Health Insurance: A Comprehensive Study of U.S. Markets* (Chicago, Illinois: American Medical Associate, 2013). Also see GAO-15-101R.

[22]In 2009, we conducted a structured literature review that examined the factors that can influence concentration of private health insurance markets. See GAO, *Private Health Insurance: Research on Competition* in *the Insurance Industry,* GAO-09-864R (Washington, D.C.: July 31, 2009).

new issuers to enter the market. For example, new issuers that do not yet have large numbers of enrollees may have greater challenges negotiating discounts with health care providers.

PPACA contains provisions that may affect market concentration and competition among health issuers. Specifically, the law required the establishment of health insurance exchanges—marketplaces where eligible individuals and small groups can compare and select among qualified plans offered by participating private issuers—in each state by 2014. One goal of the exchanges is for issuers to have an incentive to compete with one another on price and value because consumers can visit a website to compare and select among health plans participating in the exchanges. Issuer participation in the exchanges is a key factor in assuring that consumers have a choice of health plans. While PPACA does not require issuers offering coverage in an overall market to participate in the exchanges, issuers have an incentive to do so in order to access additional consumers. For example, certain consumers earning from 100 to 400 percent of the federal poverty level are eligible to receive premium tax credits that can reduce premium costs, but only for plans purchased through an exchange. The federal government and some states have also instituted other provisions to encourage issuers to participate in the exchanges. For example, PPACA required the establishment of the CO-OP program, which provided loans to new consumer-governed, nonprofit issuers that are required to offer health plans in the individual and small group exchanges.[23] In addition, in Maryland, certain issuers that offered plans outside of the exchange are also required to offer plans through the exchange. PPACA also established other key market reforms that apply both within and outside of the exchanges, such as requiring that issuers offer coverage to all individuals regardless of health status and limiting the ability of issuers to deny coverage or charge higher premiums to individuals and small groups based on health risks or certain other factors.

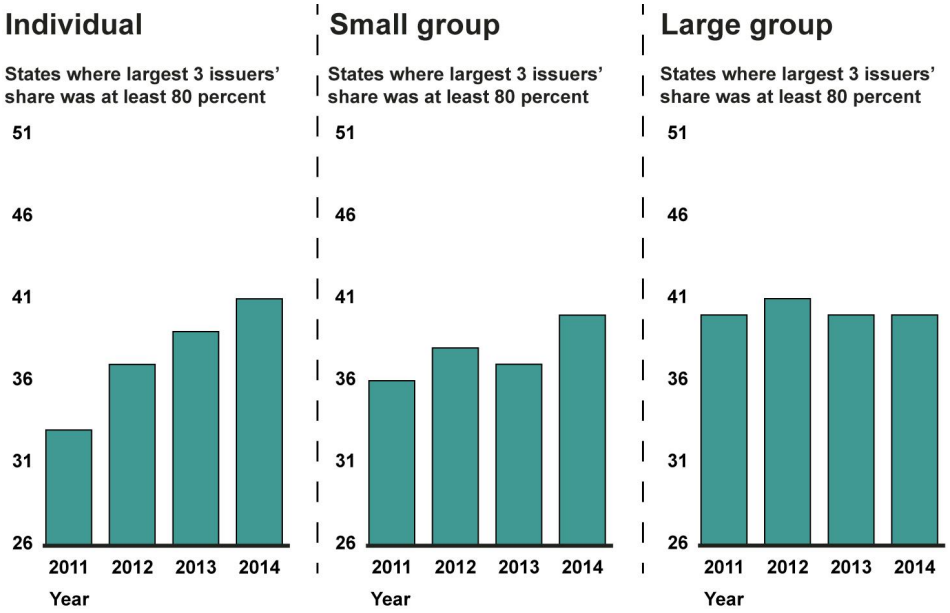
[23]PPACA, § 1322, 124 Stat. at 187-192 (codified at 42 U.S.C. § 18042). By December 2012, 23 CO-OPs received federal loans to offer coverage through the individual and small group markets. As of January 2016, 11 CO-OPs were still offering plans. However, all 23 CO-OPs offered plans in 2014 and are therefore included in our study.

Health Insurance Markets Remained Concentrated in Most States in 2014, Including in the Newly Established Health Insurance Exchanges

Individual, Small Group, and Large Group Health Insurance Markets in Most States Remained Concentrated from 2011 through 2014

Although multiple health issuers participated in each state's individual, small group, and large group health insurance markets from 2011 through 2014, the markets remained concentrated during this time period. On average in each state, there were between 22 and 30 issuers participating in the individual market each year during the time period and there were between 11 and 14 issuers participating in the small group and large group markets. However, market share was generally concentrated among few issuers in each of the 4 years we examined and became more concentrated in the individual and small group markets over the time period. Specifically, in the individual and small group markets in 2011 there were at least 33 states for which the three largest issuers in that state had 80 percent or more of the market. As of 2014, the number of such states increased to 41 and 40, respectively. In the large group market, the number of such states generally remained at 40 throughout the time period. (See fig. 1.) In most of these states, a single issuer typically dominated the market with more than 50 percent of the market in 2014; in 5 states there was at least one market in which the largest issuer had at least 90 percent of the market.

Figure 1: The Number of States Where the Market Share of the Three Largest Issuers Was at Least 80 Percent, by Market, 2011-2014

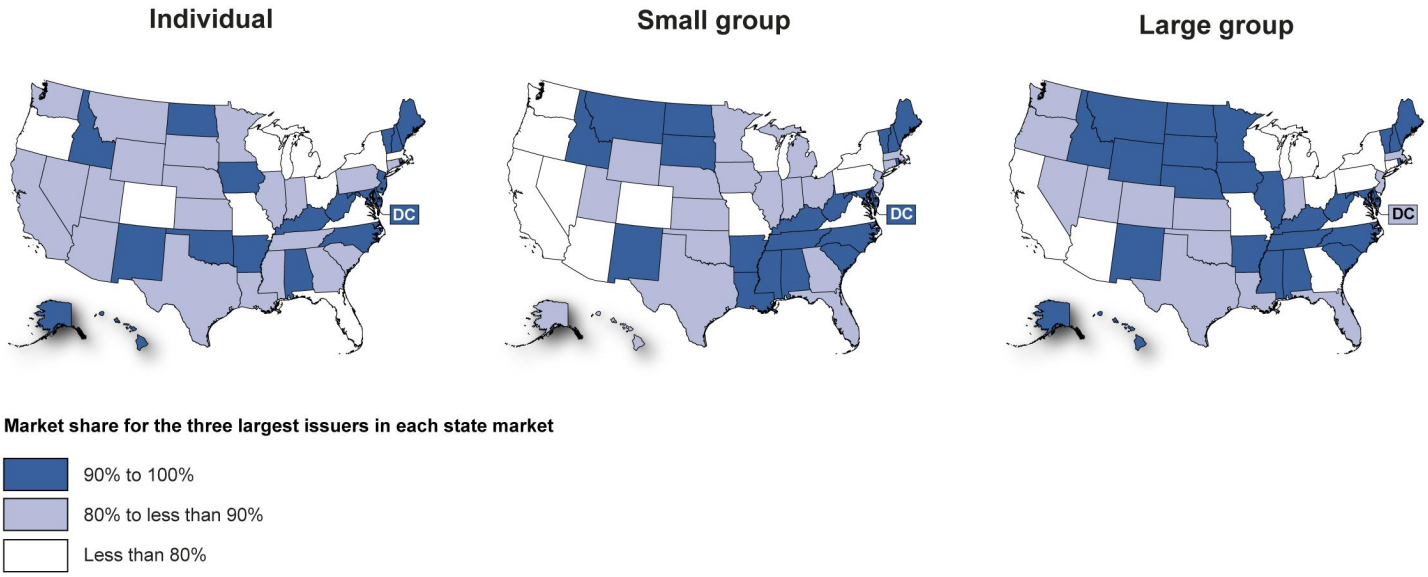


Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

Notes: We measured the market share of the three largest issuers using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year. If there were multiple issuers in a state that shared a parent company, we aggregated the individual issuers to the parent company level.

In the remaining states, the three largest issuers had less than 80 percent of the market over the time period. For example, in Colorado's individual market, the three largest issuers had about 53 percent of the market in 2011 and about 56 percent of the market in 2014. In Michigan's individual market, the three largest issuers had about 77 percent of the market in 2011 and 75 percent of the market in 2014. (See fig. 2 for a map showing the market share of the three largest issuers by market in 2014, the most recent year of data.)

Figure 2: Market Share for the Three Largest Issuers, by Market in 2014



Sources: GAO analysis of data from the Centers for Medicare & Medicaid Services (data); Map Resources (map). | GAO-16-724

Notes: We measured the market share of the three largest issuers using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year. If there were multiple issuers in a state that shared a parent company, we aggregated the individual issuers to the parent company level.

The largest issuer in a state market generally remained the same from 2011 through 2014. Specifically, the largest issuer remained the same in 42 states in the individual market, 45 states in the small group market, and 48 states in the large group market. These issuers were typically Blue Cross and Blue Shield issuers and generally had more than 50 percent of the market during this period.[24] For example, in South Dakota's individual market, the largest issuer, Wellmark Group—a Blue Cross and Blue Shield issuer—had at least 69 percent of the market from 2011 through 2014. However, in 6 states in the individual market and 3 states

[24]We identified issuers that were independent licensees of the Blue Cross and Blue Shield Association in a particular state. An issuer may or may not be the Blue Cross and Blue Shield licensee in all counties within a particular state. Specifically, a Blue Cross and Blue Shield issuer was consistently the largest company in 39 states in the individual market, 40 states in the small group market, and 40 states in the large group market across the time period.

in the small group market, the largest issuer was the same from 2011 through 2013, but changed in 2014 after the establishment of the exchanges.[25] In nearly all of these 9 state markets, market share had been less concentrated with the largest issuer from 2011 through 2013 than in other states; the largest issuer generally had less than half of the market over this time period.

Newly Established Individual and Small Group Exchange Markets Were More Concentrated Than Their Respective Overall Markets in Most States in 2014

Enrollment in health plans offered through the newly established individual and small group exchanges was generally concentrated among fewer issuers than in the overall markets.[26] PPACA did not require issuers in the overall markets to participate in the exchanges beginning in 2014 and the exchanges had fewer issuers than their respective overall state markets. On average, for the individual markets in each state in 2014, there were 5 issuers in the exchanges, compared to 22 issuers in the overall market.[27] For the small group markets, there was an average of 3 issuers in the exchanges, compared to 11 issuers in the overall markets. Some exchanges had fewer than 3 issuers in 2014—this was the case in 12 states' individual exchanges and 20 states' small group exchanges. (See table 1. See app. I for the number of issuers in the overall individual and small group markets, and their respective exchanges.)

[25]The six states where this occurred in the individual market were Georgia, Kansas, Maine, Missouri, New York, and Oregon. The three states where this occurred in the small group market were Colorado, Florida, and Maine. In the large group market, there were no changes in the largest issuer in 2014.

[26]We found that enrollment across the 48 individual and 43 small group exchanges for which we had sufficiently reliable enrollment data in 2014 represented 45 percent of the individual market and 8 percent of the small group market.

[27]In a 2015 report on the federally operated individual exchanges, HHS reported that the average number of issuers in each state increased slightly from 2014 to 2016. HHS Office of the Assistant Secretary for Planning and Evaluation, *Health Plan Choice and Premiums in the 2016 Health Insurance Marketplace* (Washington, D.C.: Oct. 30, 2015).

Table 1: Issuer Distribution in the Overall Individual and Small Group Markets and their Respective Exchanges, 2014

	Individual market		Small group market	
	Overall	Exchange	Overall	Exchange
Number of states with 1 or 2 issuers	0	12	0	20
Number of states with 3 or more issuers	51	39	51	31
Average number of issuers per state	22	5	11	3

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

Note: If there were multiple issuers in a state or in a state's exchange that shared a parent company, we aggregated the individual issuers to the parent company level.

Market share in the exchanges was generally more concentrated among the largest issuers than was the case for the overall market. For example, of the state markets for which we had market share data available, in 39 states' individual exchanges and 38 states' small group exchanges, the market share of the largest issuer was higher than the market share of the largest issuer in its respective overall market.[28] This was also true of the combined market share for the three largest issuers in both the individual and small group exchanges. For example, of those 37 states for which we had market share data available and that had three or more issuers on an individual exchange, in all but 2 states—Ohio and Virginia—the market share of the largest three issuers in the exchanges was more concentrated than in the states' overall markets.

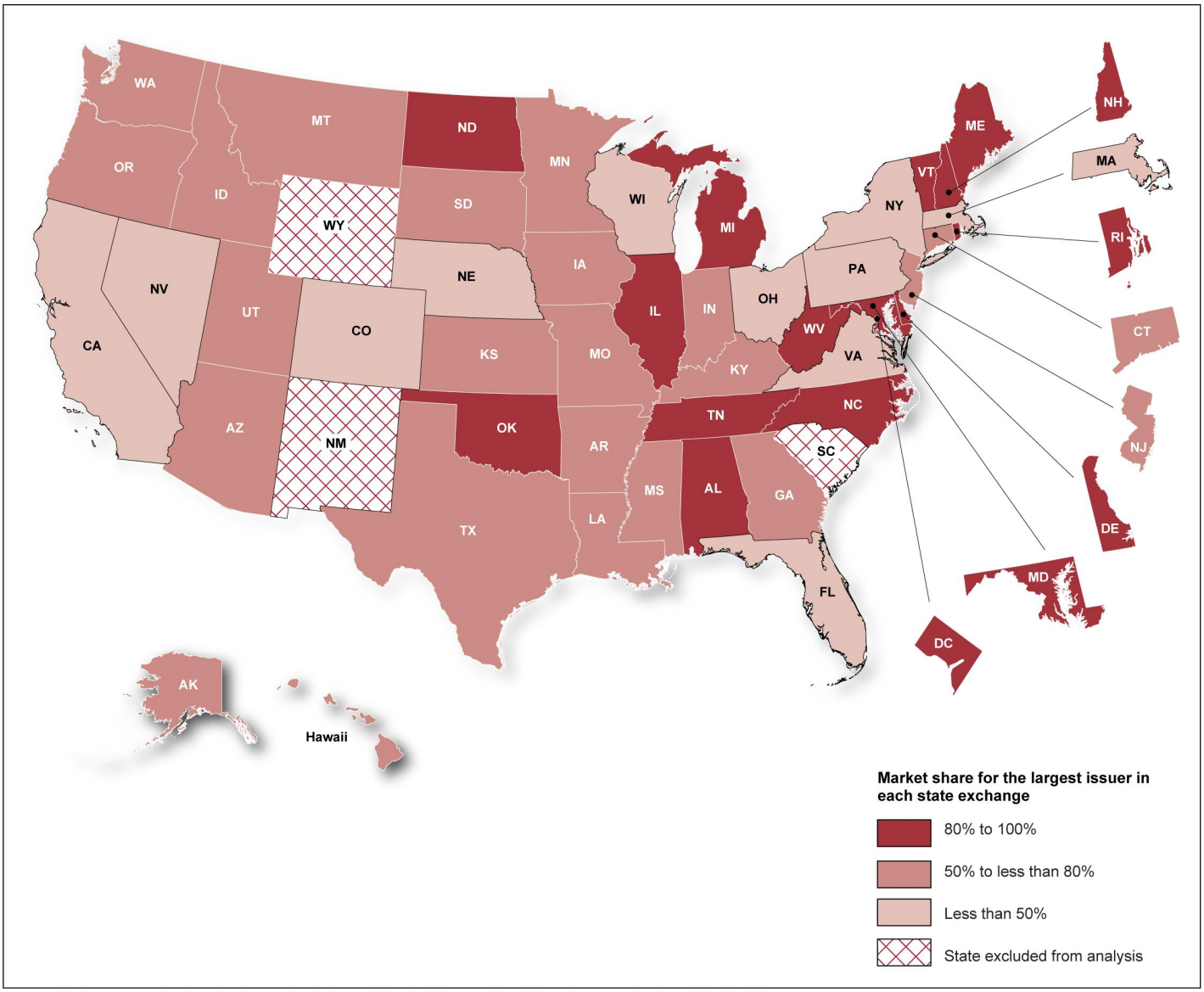
In most state markets, the same issuer generally had the highest market share in both the exchange and overall market, but there were different leaders in some states. In about three-quarters of the individual exchanges and about half of the small group exchanges for which we had market share data, the same company led both the exchange and overall market—generally a Blue Cross and Blue Shield issuer. When the exchange and overall market had different market leaders, the largest issuer in the overall market in 2014 had also generally been the same leader from 2011 to 2013. For example, in South Dakota's individual market, Wellmark was the largest issuer in the overall market from 2011

[28]For the purpose of reporting exchange market shares, we report data for the 48 individual exchanges and the 43 small group exchanges for which we had sufficiently reliable enrollment data.

through 2014, while Avera Health Plans was the largest issuer in the individual exchange.

In some states, the presence of the exchanges may have contributed to a change in overall market leadership. In five states, the market leader in the overall individual or small group market was the same from 2011 through 2013, and a different issuer became the overall market leader in 2014 after also capturing the majority of the market in that state's respective exchange. For example, in Georgia's overall individual market, the largest issuer from 2011 through 2013 was Wellpoint, which had 42 percent of the market in 2013. Humana, which had 15 percent of the market in 2013, replaced Wellpoint as the largest issuer in 2014. While both Wellpoint and Humana participated in Georgia's exchange in 2014, Humana captured 76 percent of the exchange market compared to Wellpoint's 15 percent. (See figs. 3 and 4 and see app. II for the market share of the largest issuers in the overall individual and small group markets and their respective exchanges in each state.)

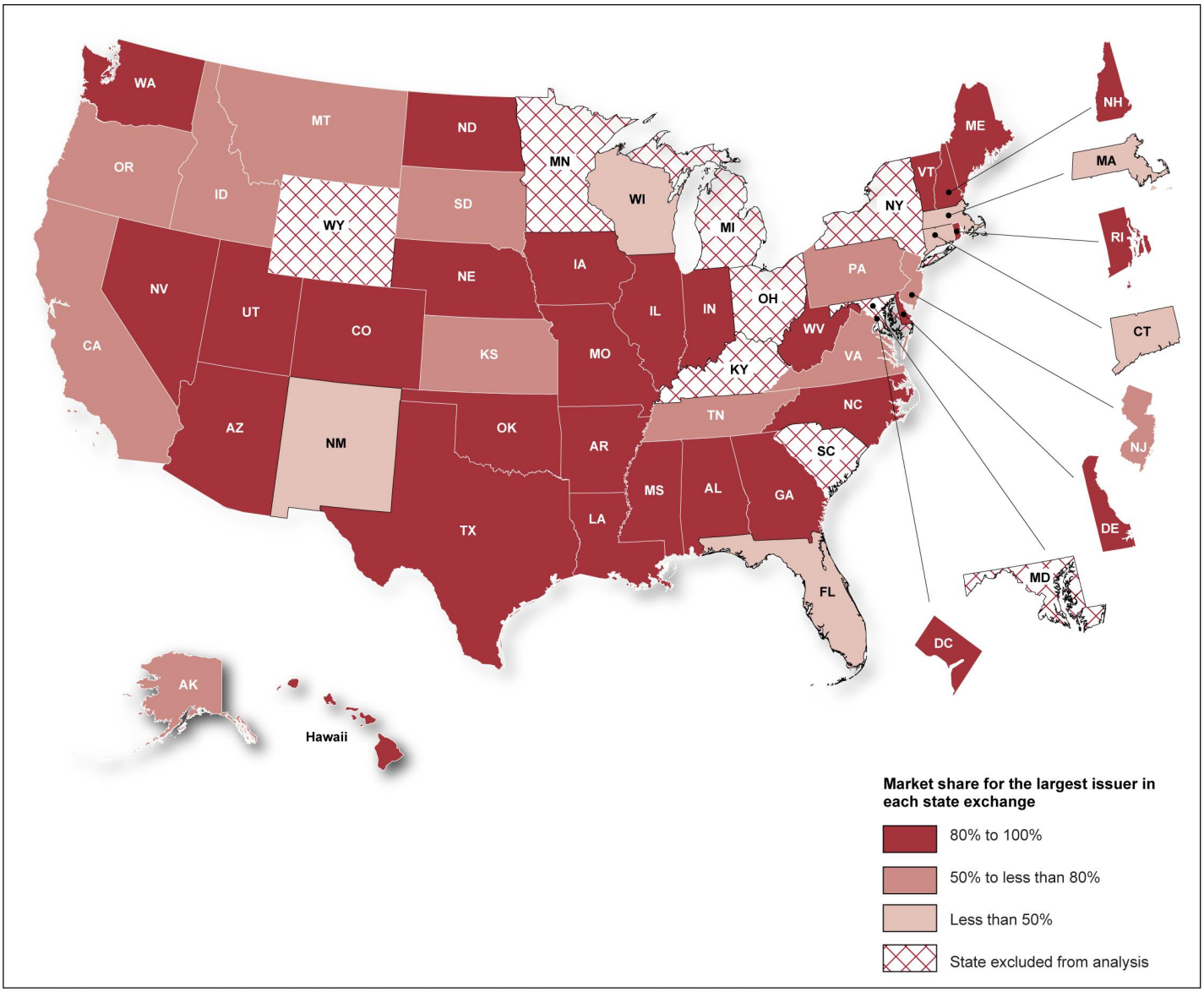
Figure 3: Market Share of the Largest Issuer in the Individual Exchanges and Overall Market, 2014



Sources: GAO analysis of data from the Centers for Medicare & Medicaid Services (data); Map Resources (map). | GAO-16-724

Notes: Includes data for the 48 individual exchanges in our analysis for which we had sufficiently reliable market share data. We substituted Medical Loss Ratio Risk Corridors enrollment data for 30 issuers located in 17 states because these issuers did not report exchange enrollment data to the Centers for Medicare & Medicaid Services. We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year. We reprinted issuer names as they were reported in the data from the Centers for Medicare & Medicaid Services. If there were multiple issuers in a state or in a state's exchange that shared a parent company, we aggregated the individual issuers to the parent company level.

Figure 4: Market Share of the Largest Issuer in the Small Group Exchanges and Overall Market, 2014



Sources: GAO analysis of data from the Centers for Medicare & Medicaid Services (data); Map Resources (map). | GAO-16-724

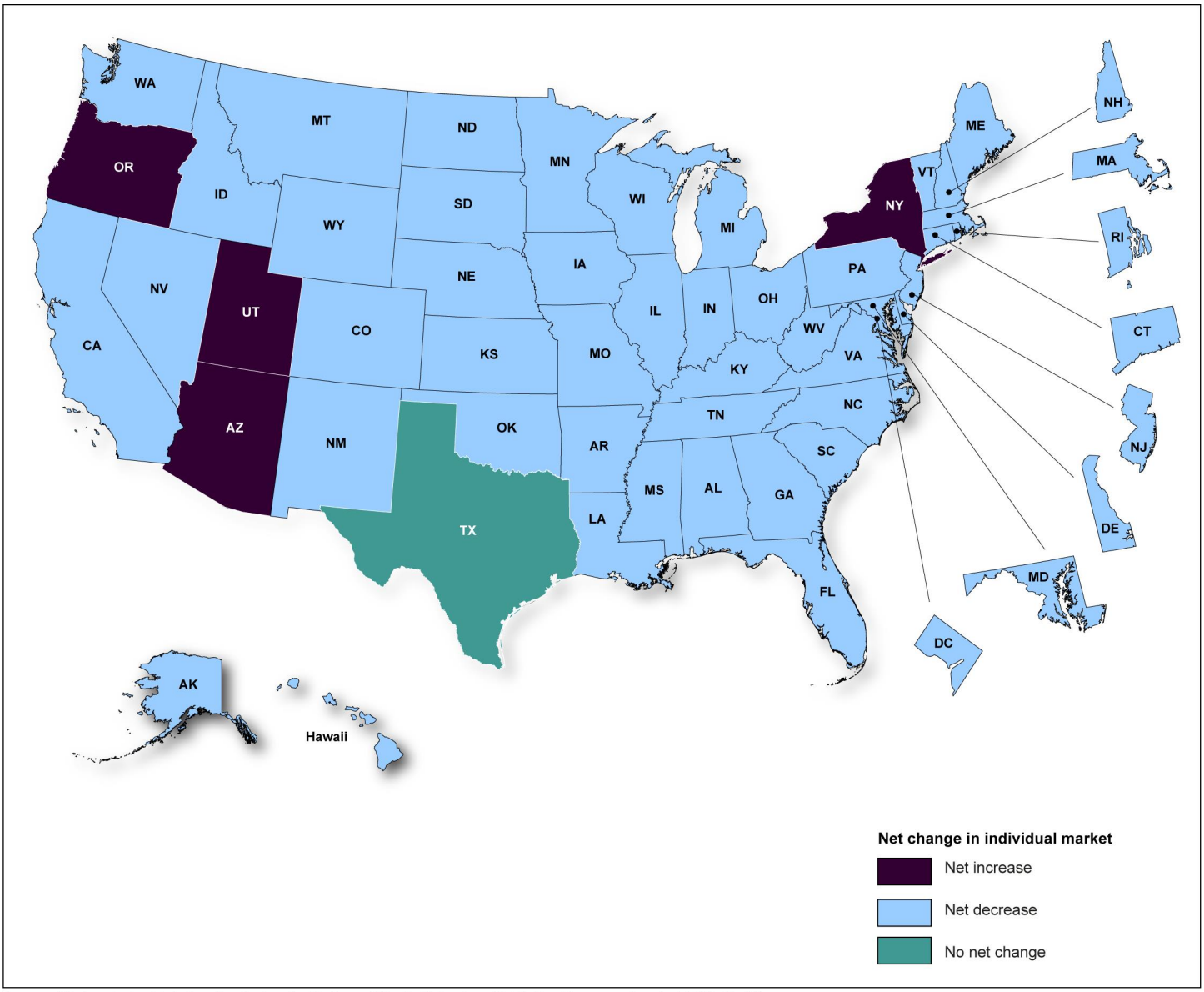
Notes: Includes data for the 43 small group exchanges in our analysis for which we had sufficiently reliable market share data. We substituted Medical Loss Ratio Risk Corridors enrollment data for 18 issuers located in 10 states because these issuers did not report exchange enrollment data to the Centers for Medicare & Medicaid Services. We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year. We reprinted issuer names as they were reported in the data from the Centers for Medicare & Medicaid Services. If there were multiple issuers in a state or in a state's exchange that shared a parent company, we aggregated the individual issuers to the parent company level.

Issuer Participation Decreased More in the Individual Market Than in Other Markets in 2014; Exiting Issuers Had Small Market Shares in Most States

The Number of Issuers Decreased in Nearly All State Individual Markets, but in Fewer State Small Group and Large Group Markets, from 2013 to 2014

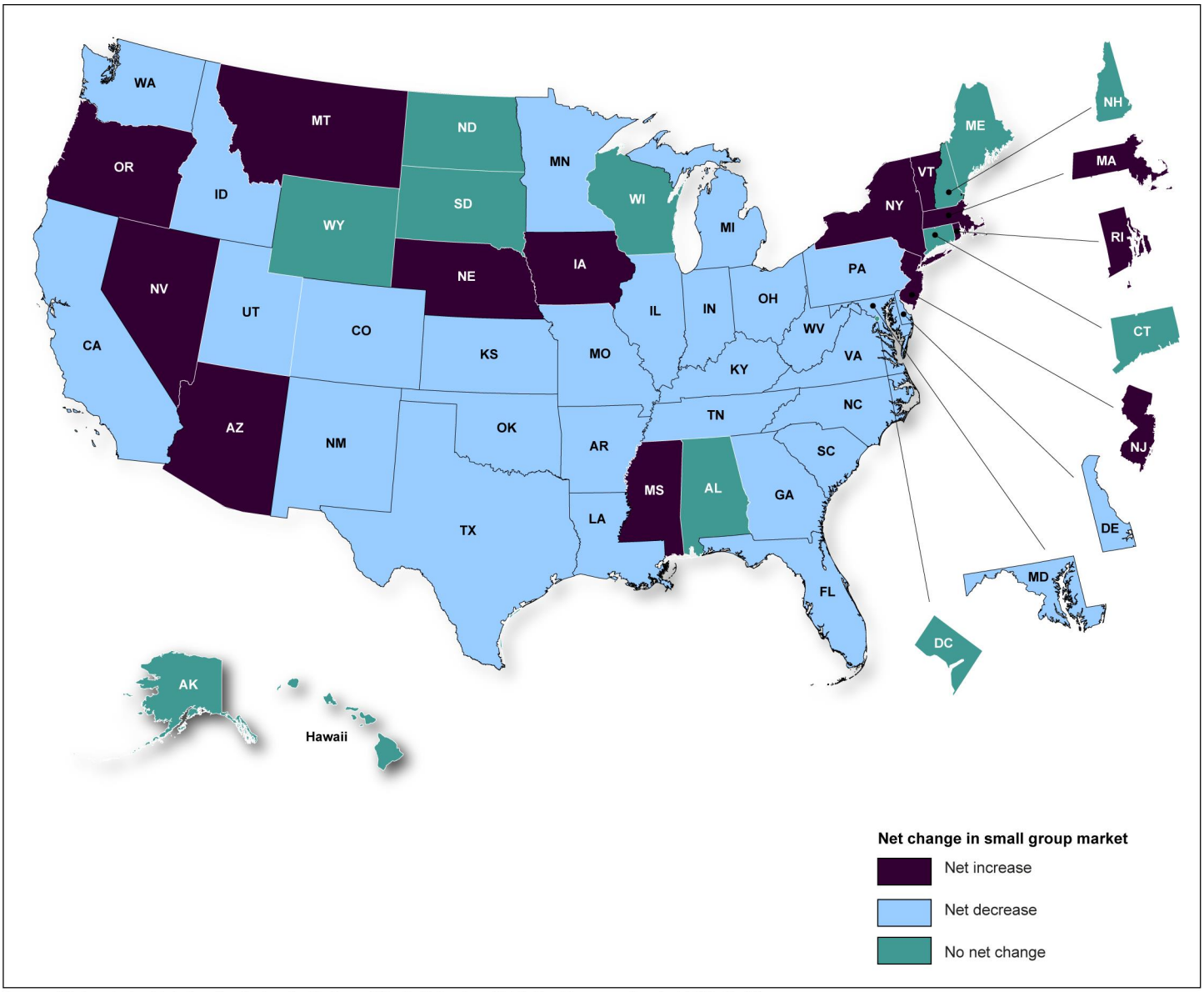
About half of the states' individual, small group, and large group markets had more issuers exiting the market than entering from 2013 to 2014. In the individual market, 46 states had a net decrease during this time, an average of 4 issuers per state, with South Dakota having the largest net decrease (11 issuers). A smaller number of states experienced a net decrease in issuer participation for the small group and large group markets, 28 and 22 states, respectively. The largest net decrease across any states' small group and large group markets was 5 and 4 issuers, respectively, in Indiana. However, in each of the three markets, some states experienced a net increase in the number of issuers—4 states in the individual market, 12 in the small group market, and 14 in the large group market. The remaining states had no net change in the number of issuers from 2013 to 2014—1 state in the individual market, 11 in the small group market and 15 in the large group market. (See figs. 5, 6, and 7 and the state data in app. III.)

Figure 5: Net Change in Total Number of Issuers Participating from 2013 to 2014, by State, in the Individual Market



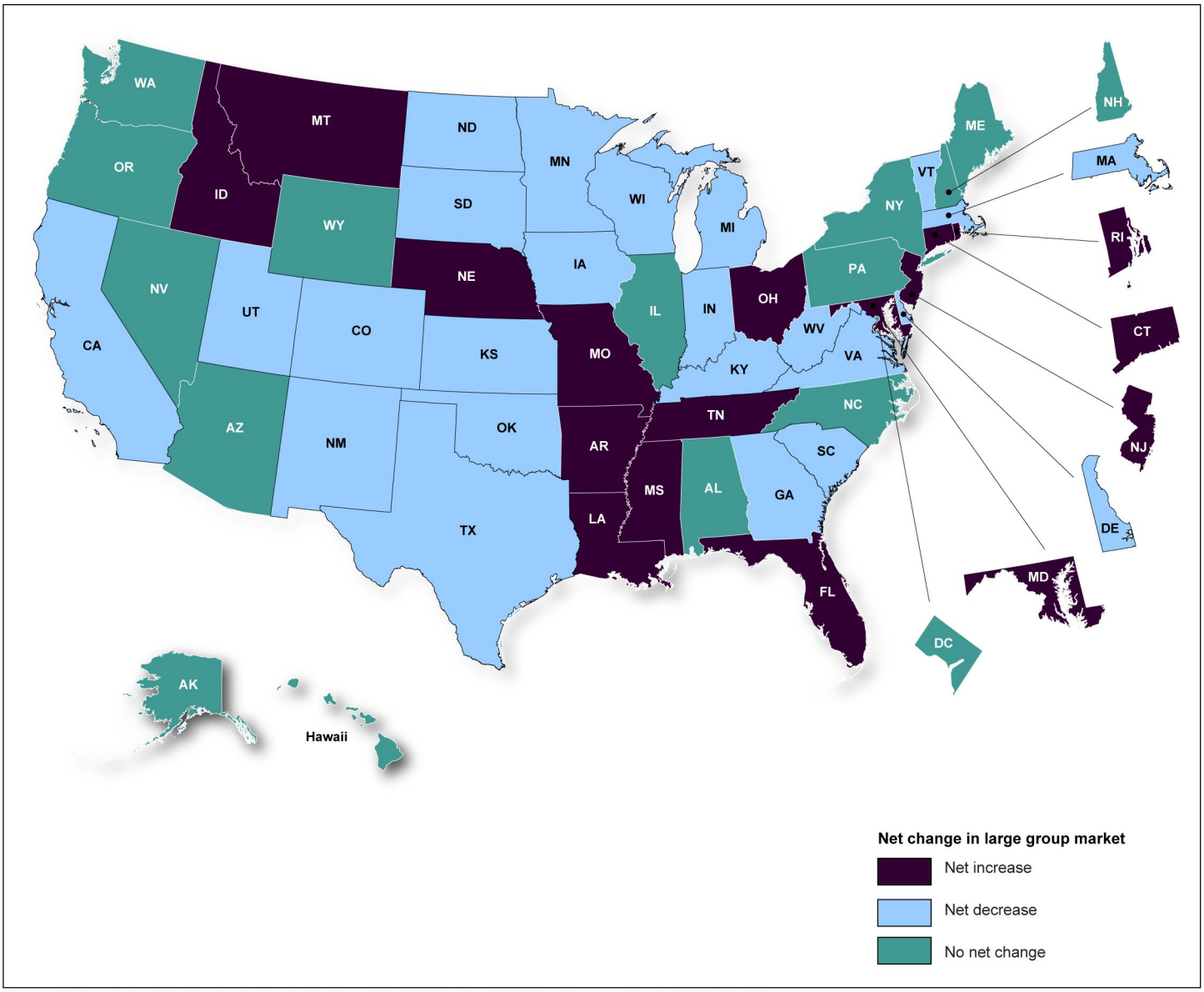
Sources: GAO analysis of data from the Centers for Medicare & Medicaid Services (data); Map Resources (map). | GAO-16-724

Figure 6: Net Change in Total Number of Issuers Participating from 2013 to 2014, by State, in the Small Group Market



Sources: GAO analysis of data from the Centers for Medicare & Medicaid Services (data); Map Resources (map). | GAO-16-724

Figure 7: Net Change in Total Number of Issuers Participating from 2013 to 2014, by State, in the Large Group Market

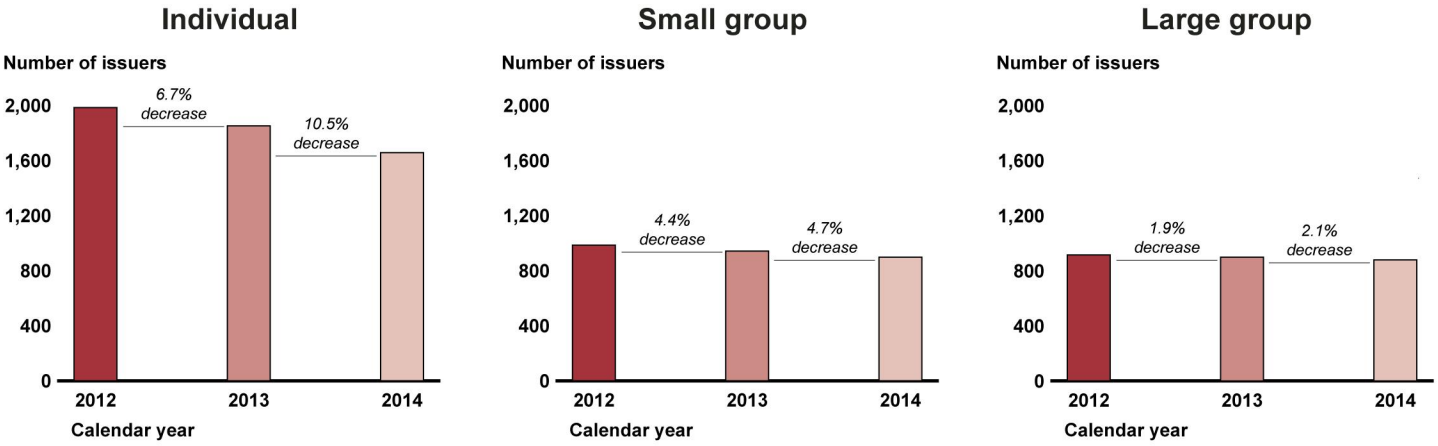


Sources: GAO analysis of data from the Centers for Medicare & Medicaid Services (data); Map Resources (map). | GAO-16-724

Trends in the number of issuers entering and exiting from 2013 to 2014 were consistent with trends in prior years. Specifically, across all states, the total number of issuers also decreased in each of the three markets from 2012 to 2013. In 2014, there were 1,657 issuers participating in the

individual market across all states, an approximately 11 percent decrease from 1,851 issuers in 2013. Similarly, in 2013, there was an estimated 7 percent decrease from the 1,984 issuers that participated in 2012. Similar trends occurred in the small group and large group markets, although to a smaller extent, with about a 4 percent and about a 2 percent decrease in each year, respectively. (See fig. 8.)

Figure 8: Total Number of Issuers Participating in the Individual, Small Group, and Large Group Markets across All States, 2012-2014



Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

Of those issuers entering an overall state market in 2014, most participated in the exchanges. Specifically, 79 percent and 61 percent of issuers entering an overall individual market or small group market, respectively, also participated in that market's exchange. As a result, the exchanges had a higher proportion of entering issuers than was true for the overall markets. Specifically, 34 percent and 17 percent of issuers in the individual and small group exchanges, respectively, were issuers that entered the market in 2014. In comparison, entering issuers made up less than 10 percent of the overall markets. (See table 2.)

Table 2: Issuer Participation in the Overall Individual and Small Group Markets and Their Respective Exchanges across All States in 2014, by Market

	Individual market participation in 2014	Small group market participation in 2014
Issuers entering the overall market in 2014	123	59
Of these, those issuers that also participated in the exchanges	97 (79%)	36 (61%)
Issuers that previously participated in the overall market in 2013	1,534	839
Of these, those issuers that also participated in the exchanges	192 (13%)	167 (20%)

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

There may be a variety of circumstances that explain why issuers entered or exited a market. For those issuers entering a market, some were newly created issuers, such as the CO-OPs, and others were existing issuers new to that particular state's market. Some newly created issuers may have entered the exchanges in 2014 due to new PPACA reforms, such as the requirement that each exchange maintain a website where enrollees and prospective enrollees may obtain standardized comparative information on qualified plans, which may reduce issuers' marketing, sales, and administrative costs. Some existing issuers may have chosen to participate in the exchanges in order to access additional potential enrollees while others may have chosen not to participate due to the uncertainties surrounding these potential new enrollees, such as their expected medical costs. In contrast, for those issuers exiting a market, some discontinued participation in a particular market and some no longer participated as separate issuers because they merged with another issuer already in that market. For example, we identified seven mergers, such as Kaiser Permanente's merger with HealthSpan, in 2013.[29] In Ohio, HealthSpan remained in the state and offered coverage for 2014, while Kaiser Permanente was no longer identified as a separate issuer.[30]

[29]We were unable to identify all possible mergers that occurred during the time period examined.

[30]Since 2014, there have been press reports that several large issuers are considering mergers, such as a proposed merger between Aetna and Humana and another proposed merger between Cigna and Anthem. If these mergers occur, they could have an impact on the concentration of the health insurance markets in some states and markets.

Since 2014, there have been additional changes to the number of issuers entering and exiting the individual and small group markets. For example, as of January 2016, 12 of the 23 CO-OPs that offered coverage in 2014 had since discontinued offering coverage.[31] In addition, some issuers, such as Aetna, may be expanding their presence in the exchanges in 2016.[32] In contrast, some issuers, such as United Healthcare, announced that they will no longer participate in many of the exchanges in 2017. We could not quantify entries and exits from the exchanges after 2014 with the data that were available at the time of our review.

The Total Market Share of Issuers Exiting Most State Markets before 2014 Was Less Than 1 Percent; the Market Share of Entering Issuers Varied

In most state markets, issuers exiting before 2014 generally had a market share of less than 1 percent in the prior year. Specifically, for the individual market, in 30 states the total market share of all exiting issuers was less than 1 percent. Of the 317 issuers that exited the individual market across all states in 2014, 297 had a market share of less than 1 percent in 2013 and 1 had greater than 5 percent of the market (8 percent, in Colorado). In the small and large group markets, the total market share of exiting issuers was less than 1 percent in 29 and 33 states, respectively.

Issuers entering state markets in 2014 generally had a market share that was less than 1 percent in that year, with more variation in the individual market than in the other markets. For example, in the individual market, 59 percent of entering issuers each held less than 1 percent of the market, and 8 percent each had 10 percent or more of the market.[33] In contrast, 80 and 98 percent of issuers entering the small group and large

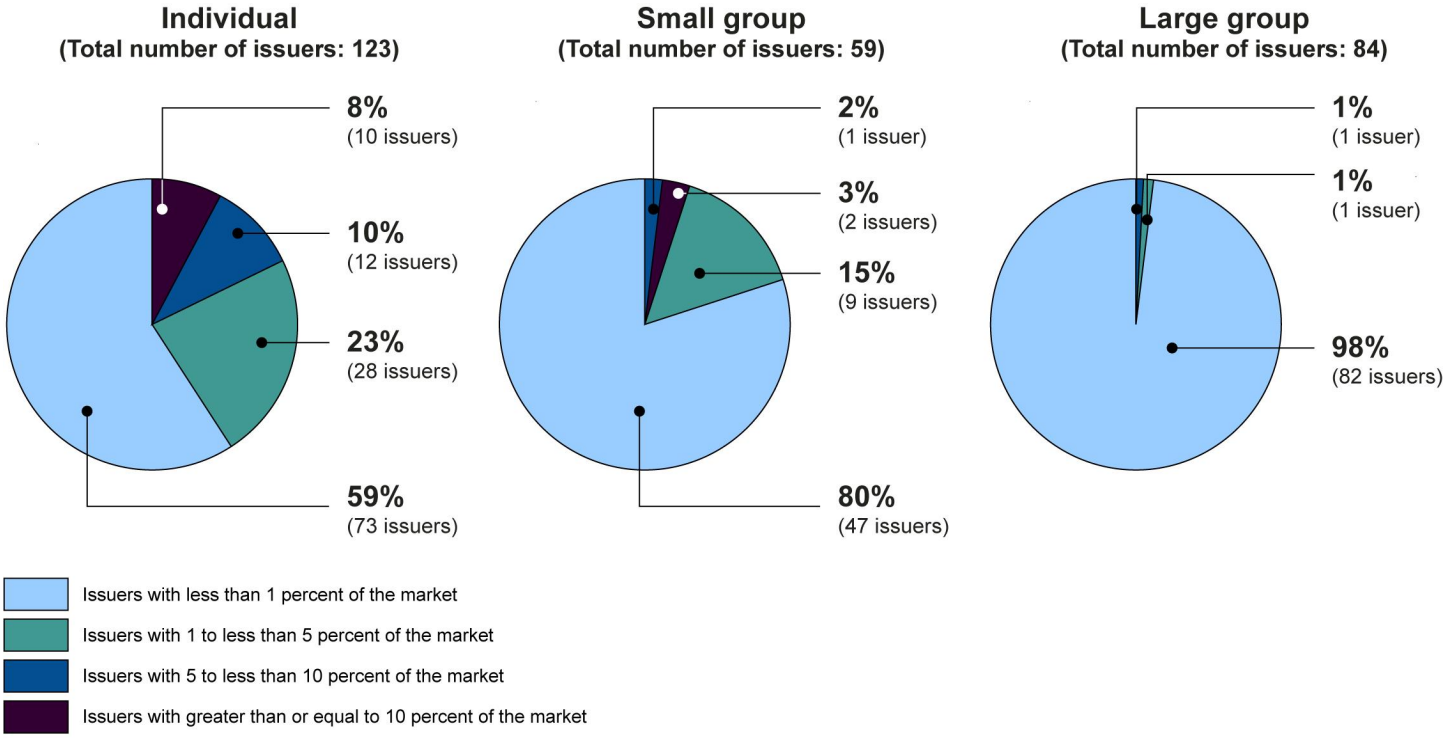
[31]For additional information about the CO-OPs, see GAO, *Private Health Insurance: Federal Oversight, Premiums, and Enrollment for Consumer Operated and Oriented Plans in 2015,* GAO-16-326 (Washington, D.C.: Mar. 10, 2016). Furthermore, as of July 2016, four additional CO-OPs in Connecticut, Illinois, Ohio and Oregon announced plans to terminate health coverage between July 31, 2016 and December 31, 2016.

[32]*Cynthia Cox, Rosa Ma, Gary Claxton and Larry Levitt, Analysis of 2016 Premium Changes and Insurance Participation in the Affordable Care Act's Insurance Marketplaces* (Menlo Park, Calif.: Kaiser Family Foundation, 2015), 6.

[33]Of those issuers with 10 percent or more of the market, seven issuers were CO-OPs in Kentucky, Maine, Montana, Nebraska, Nevada, New York, and South Carolina. As of January 2016, those CO-OPs in Kentucky, Nebraska, and South Carolina no longer offered coverage.

group markets, respectively, each held less than 1 percent of their respective markets. The entering issuer with the largest market share across those two markets was in Pennsylvania's large group market and had about 6 percent of that market. (See fig. 9.)

Figure 9: Market Shares of Entering Issuers in the Individual, Small Group, and Large Group Markets, 2014



Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

Note: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year.

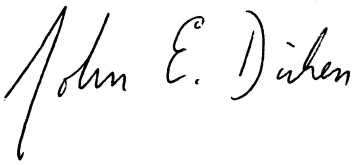
Entering issuers generally had a higher market share in the exchanges than in the overall markets. Compared with the 18 percent and 5 percent of entering issuers that had 5 percent or more of the market in the overall individual and small group market, 30 percent and 44 percent of entering issuers had 5 percent or more of the market in the respective

exchanges.[34] In addition, some entering issuers captured a majority of the exchange market share, with CO-OPs having a higher proportion. Specifically, two entering issuers had over 80 percent market share in the individual exchanges—Matthew Thornton Health Plan in New Hampshire and a CO-OP in Maine. Within the small group exchanges, five entering issuers had a market share of over 80 percent, of which three were CO-OPs.[35] On average, CO-OPs had a market share of about 19 percent in the individual exchanges and about 28 percent in the small group exchanges. In comparison, other entering issuers had an average market share of about 6 percent and 17 percent in the individual and small group exchanges, respectively. (See app. IV for additional information on issuers in the exchanges.)

Agency Comments

We provided a draft of this report to HHS for comment. The department provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the Secretary of Health and Human Services and other interested parties. In addition, the report is available at no charge on the GAO website at http://www.gao.gov. If you or your staffs have any questions about this information, please contact me at (202) 512-7114 or dickenj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix V.



John E. Dicken
Director, Health Care

[34]For the purpose of reporting exchange market shares, we report data for the 48 individual exchanges and the 43 small group exchanges for which we had sufficiently reliable enrollment data.

[35]As of January 2016, two of these three CO-OPs had ceased operation.

List of Committees

The Honorable Lamar Alexander
Chairman
The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Orrin G. Hatch
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Fred Upton
Chairman
The Honorable Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce
House of Representatives

The Honorable John Kline
Chairman
The Honorable Robert C. “Bobby” Scott
Ranking Member
Committee on Education and the Workforce
House of Representatives

The Honorable Kevin Brady
Chairman
The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
House of Representatives

Appendix I: Number of Issuers by State in the Overall Individual and Small Group Markets and Their Respective Exchanges, 2014

Table 3: Number of Issuers by State in the Overall Individual and Small Group Markets and Their Respective Exchanges, 2014

	Individual market		Small group market	
State	**Exchange**	**Overall**	**Exchange**	**Overall**
Alabama	2	17	2	7
Alaska	2	12	2	6
Arizona	9	27	4	13
Arkansas	3	21	1	11
California	11	33	6	22
Colorado	10	26	5	9
Connecticut	3	17	3	9
Delaware	2	14	2	6
District of Columbia	3	16	4	6
Florida	8	28	3	13
Georgia	5	29	3	16
Hawaii	2	10	2	6
Idaho	4	18	3	10
Illinois	5	30	3	18
Indiana	4	23	2	20
Iowa	4	21	5	15
Kansas	3	24	2	10
Kentucky	3	21	4	8
Louisiana	4	24	3	10
Maine	2	15	2	5
Maryland	4	19	5	7
Massachusetts	9	25	9	13
Michigan	9	31	7	22
Minnesota	5	25	3	9
Mississippi	2	21	1	8
Missouri	3	25	2	13
Montana	3	20	3	9
Nebraska	4	25	3	12
Nevada	4	19	2	14
New Hampshire	1	13	1	7
New Jersey	3	19	3	7
New Mexico	4	18	3	7
New York	16	32	9	16
North Carolina	2	22	1	10

	Individual market		Small group market	
State	**Exchange**	**Overall**	**Exchange**	**Overall**
North Dakota	3	13	3	6
Ohio	12	32	6	24
Oklahoma	4	23	3	11
Oregon	11	29	7	13
Pennsylvania	8	33	7	16
Rhode Island	2	11	3	5
South Carolina	3	20	2	10
South Dakota	3	17	3	11
Tennessee	4	23	2	13
Texas	11	38	2	21
Utah	6	19	3	11
Vermont	2	10	2	3
Virginia	6	29	4	15
Washington	7	24	1	12
West Virginia	1	19	1	9
Wisconsin	13	35	8	24
Wyoming	2	16	2	7
Average number of issuers	**5**	**22**	**3**	**11**

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

Note: If there were multiple issuers in a state or in a state's exchange that shared a parent company, we aggregated the individual issuers to the parent company level.

Appendix II: Market Share for the Largest Issuer by State in the Overall Individual and Small Group Markets and Their Respective Exchanges in 2014

The two tables below show the market share of the largest issuer by state in the overall individual and small group markets and their respective exchanges in 2014, as well as which of these issuers was a Blue Cross and Blue Shield company.

Table 4: Market Share for the Largest Issuer by State in the Overall Individual Market and the Individual Exchange, 2014

		Market share for the largest issuer (%)	
State	**Largest issuer**	**Individual exchange**	**Overall individual market**
Alabama	BCBS OF AL GRP†	97	90
Alaska	PREMERA BLUE CROSS GROUP†	51	54
Arizona[a]	BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.†	66	42
Arkansas	ARKANSAS BCBS GRP†	79	79
California[a]	BLUE SHIELD OF CALIFORNIA GROUP†	41	*
	WELLPOINT INC GRP†	*	35
Colorado	KAISER FOUNDATION GRP	38	*
	WELLPOINT INC GRP†	*	24
Connecticut	WELLPOINT INC GRP†	54	37
Delaware[a]	HIGHMARK GRP†	88	72
District of Columbia[a]	CAREFIRST INC GRP†	81	77
Florida[a]	BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.†	38	40
Georgia	HUMANA GRP	76	47
Hawaii	HAWAII MEDICAL SERVICE ASSOCIATION†	75	52
Idaho	BLUE CROSS OF IDAHO HEALTH SERVICE, INC.†	76	60
Illinois	HCSC GRP†	93	78
Indiana	WELLPOINT INC GRP†	65	59
Iowa[a]	AETNA GRP	53	*
	WELLMARK GROUP†	*	71
Kansas	AETNA GRP	70	38
Kentucky[a]	KENTUCKY HEALTH CARE COOPERATIVE	74	*
	WELLPOINT INC GRP†	*	51
Louisiana[a]	LOUISIANA HLTH SERV GRP†	75	72
Maine	MAINE COMMUNITY HEALTH OPTIONS	86	55
Maryland	CAREFIRST INC GRP†	93	76
Massachusetts[a]	NEIGHBORHOOD HEALTH PLAN	43	*
	BCBS OF MA GRP†	*	30
Michigan	BCBS OF MI GRP†	80	58

State	Largest issuer	Market share for the largest issuer (%)	
		Individual exchange	Overall individual market
Minnesota	PREFERREDONE GRP	75	*
	BCBS OF MN GRP†	*	52
Mississippi	HUMANA	71	*
	MISSISSIPPI INS GRP†	*	50
Missouri	AETNA GRP	64	32
Montana	HCSC GRP†	71	56
Nebraska[a]	BLUE CROSS AND BLUE SHIELD OF NEBRASKA†	49	58
Nevada[a]	NEVADA HEALTH CO-OP	44	*
	UNITEDHEALTH GRP	*	47
New Hampshire	WELLPOINT INC GRP†	100	91
New Jersey	BCBS OF NJ GRP†	58	56
New Mexico[b]	HCSC GRP†	-	57
New York[a]	FREELANCERS HEALTH SERVICE CORPORATION	24	*
	AMERICAN INTL GRP	*	15
North Carolina	BLUE CROSS AND BLUE SHIELD OF NORTH CAROLINA†	87	84
North Dakota	NORIDIAN MUTUAL INSURANCE COMPANY†	88	83
Ohio[a]	MEDICAL MUTUAL OF OHIO	27	38
Oklahoma[a]	HCSC GRP†	90	76
Oregon[a]	OREGON DENTAL GRP	72	49
Pennsylvania[a]	INDEPENDENCE HEALTH GROUP, INC.†	42	*
	HIGHMARK GRP†	*	41
Rhode Island	BLUE CROSS & BLUE SHIELD OF RHODE ISLAND†	97	94
South Carolina[b]	BCBS OF SC GRP†	-	49
South Dakota	AVERA HEALTH PLANS, INC.	57	*
	WELLMARK GROUP†	*	69
Tennessee	BCBS OF TN INC†	94	62
Texas	HCSC GRP†	77	68
Utah[a]	IHC INC GRP	64	46
Vermont	BCBS OF VT GRP†	91	88
Virginia	WELLPOINT INC GRP†	41	60
Washington	PREMERA BLUE CROSS GROUP†	62	50
West Virginia	HIGHMARK GRP†	100	78
Wisconsin	SECURITY HEALTH PLAN OF WISCONSIN, INC.	22	*
	WISCONSIN PHYSICIANS SERV INS GRP	*	20
Wyoming[b]	BLUE CROSS BLUE SHIELD OF WYOMING†	55	37

Legend: *This symbol indicates that this issuer was not the largest in either the exchange or the overall market in 2014. †This symbol indicates an issuer that we identified as being an independent licensee of the Blue Cross and Blue Shield Association in the designated state. An issuer may or may not be the Blue Cross and Blue Shield licensee in all counties within the state.

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services (CMS). | GAO-16-724

Notes: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year. We reprinted issuer names as they were reported in the data from CMS. If there were multiple issuers in a state or in a state's exchange that shared a parent company, we aggregated the individual issuers to the parent company level.

[a]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. Therefore, we substituted enrollment data from a different CMS data source—the Medical Loss Ratio (MLR) Risk Corridors data. These data include exchange enrollment, but also include any enrollment in certain qualifying plans offered off the exchanges. We determined the MLR enrollment data to be a sufficiently reliable substitute for these issuers and we reported these market share data in our findings.

[b]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. According to the CMS MLR Risk Corridors data, we determined that the issuers with missing data could have significant exchange enrollment. Therefore, we contacted either the state or CMS to obtain additional data. We did not independently assess the reliability of information provided, but we did clarify with the state or CMS that these data represented the state's best information on the number of covered life-years and issuer market share. Therefore, we have included them in the table above, but do not report these data in our findings. We were unable to obtain data from the states or CMS for New Mexico and South Carolina.

Table 5: Market Share for the Largest Issuer by State in the Overall Small Group Market and the Small Group Exchange, 2014

		Market share for the largest issuer (%)	
State	**Largest issuer**	**Small group exchange**	**Overall small group market**
Alabama[a]	BCBS OF AL GRP†	100	97
Alaska	PREMERA BLUE CROSS GROUP†	64	63
Arizona	HEALTH NET INC. GRP	80	*
	BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.†	*	23
Arkansas	ARKANSAS BCBS GRP†	100	66
California[a]	HEALTH NET INC. GRP	71	*
	KAISER FOUNDATION GRP	*	32
Colorado	ROCKY MOUNTAIN HEALTH GROUP	89	*
	WELLPOINT INC GRP†	*	28
Connecticut	WELLPOINT INC GRP†	48	36
Delaware	HIGHMARK GRP†	99	70
District of Columbia	CAREFIRST INC GRP†	88	82
Florida	HEALTH FIRST GROUP	38	*
	BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.†	*	36
Georgia	ALLIANT HEALTH PLANS	84	*
	WELLPOINT INC GRP†	*	30
Hawaii	HAWAII MEDICAL SERVICE ASSOCIATION†	95	56

State	Largest issuer	Market share for the largest issuer (%)	
		Small group exchange	Overall small group market
Idaho	BLUE CROSS OF IDAHO HEALTH SERVICE, INC.†	67	50
Illinois	HCSC GRP†	99	61
Indiana	PHP INDIANA GRP	96	*
	WELLPOINT INC GRP†	*	57
Iowa[a]	COOPORTUNITY HEALTH	94	*
	WELLMARK GROUP†	*	65
Kansas	BCBS OF KC GRP†	57	*
	BCBS OF KS GRP†	*	62
Kentucky[b]	KENTUCKY HEALTH COOPERATIVE	43	*
	WELLPOINT INC GRP†	*	57
Louisiana[a]	LOUISIANA HLTH SERV GRP†	99	79
Maine	MAINE COMMUNITY HEALTH OPTIONS	98	*
	HARVARD PILGRIM HTH CARE GRP	*	41
Maryland[b]	UNITEDHEALTH GRP	42	*
	CAREFIRST INC GRP†	*	69
Massachusetts[a]	NEIGHBORHOOD HEALTH PLAN	43	*
	BCBS OF MA GRP†	*	46
Michigan[b]	BCBS OF MI GRP†	-	56
Minnesota[b]	BCBS OF MN GRP†	54	37
Mississippi	UNITEDHEALTH GRP	100	*
	MISSISSIPPI INS GRP†	*	77
Missouri	BCBS OF KC GRP†	88	*
	WELLPOINT INC GRP†	*	45
Montana	HCSC GRP†	71	66
Nebraska[a]	COOPORTUNITY HEALTH	93	*
	BLUE CROSS AND BLUE SHIELD OF NEBRASKA†	*	43
Nevada[a]	NEVADA HEALTH CO-OP	83	*
	UNITEDHEALTH GRP	*	37
New Hampshire	WELLPOINT INC GRP†	100	66
New Jersey	INDEPENDENCE HEALTH GROUP, INC.[c]	58	*
	BCBS OF NJ GRP†	*	60
New Mexico	NEW MEXICO HEALTH CONNECTIONS	41	*
	HCSC GRP†	*	47
New York[b]	HEALTH REPUBLIC INSURANCE OF NEW YORK	34	*
	UNITEDHEALTH GRP	*	48

State	Largest issuer	Market share for the largest issuer (%)	
		Small group exchange	Overall small group market
North Carolina	BLUE CROSS AND BLUE SHIELD OF NORTH CAROLINA†	100	65
North Dakota	NORIDIAN MUTUAL INSURANCE COMPANY†	95	84
Ohio[b]	WELLPOINT INC GRP†	-	39
Oklahoma	HCSC GRP†	87	65
Oregon[a]	OREGON DENTAL GRP	53	*
	PACIFICSOURCE HLTH PLAN GRP	*	19
Pennsylvania[a]	UPMC HEALTH OPTIONS, INC.	66	*
	INDEPENDENCE HEALTH GROUP, INC.†	*	23
Rhode Island	BLUE CROSS & BLUE SHIELD OF RHODE ISLAND†	99	78
South Carolina[b]	BCBS OF SC GRP†	-	76
South Dakota	SOUTH DAKOTA STATE HOLDING COMPANY, INC.	68	*
	WELLMARK GROUP†	*	59
Tennessee	BCBS OF TN INC†	59	69
Texas	HCSC GRP†	99	57
Utah[a]	IHC INC GRP	98	48
Vermont	BCBS OF VT GRP†	91	82
Virginia	WELLPOINT INC GRP†	68	44
Washington	KAISER FOUNDATION GRP	100	*
	PREMERA BLUE CROSS GROUP†	*	45
West Virginia	HIGHMARK GRP†	100	80
Wisconsin	GUNDERSEN LUTHERAN HLTH GRP	36	*
	UNITEDHEALTH GRP	*	33
Wyoming[b]	BLUE CROSS BLUE SHIELD OF WYOMING†	92	62

Legend: *This symbol indicates that this issuer was not the largest in either the exchange or the overall market in 2014. †This symbol indicates an issuer that we identified as being an independent licensee of the Blue Cross and Blue Shield Association in the designated state. An issuer may or may not be the Blue Cross and Blue Shield licensee in all counties within the state.

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services (CMS). | GAO-16-724

Notes: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year. We reprinted issuer names as they were reported in the data from CMS. If there were multiple issuers in a state or in a state's exchange that shared a parent company, we aggregated the individual issuers to the parent company level.

[a]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. Therefore, we substituted enrollment data from a different CMS data source—the Medical Loss Ratio (MLR) Risk Corridors data. These data include exchange enrollment, but also include any enrollment in certain qualifying plans offered off the exchanges. We determined the MLR enrollment data to be a sufficiently reliable substitute for these issuers and we reported these market share data in our findings.

[b]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. According to the CMS MLR Risk Corridors data, we determined that the issuers with missing data could have significant exchange enrollment. Therefore, we contacted either the state or CMS to obtain additional data. We did not independently assess the reliability of information provided, but we did clarify with the state or CMS that these data represented the state's best information on

the number of covered life-years and issuer market share. Therefore, we have included them in the table above, but do not report these data in our findings. We were unable to obtain data from the states or CMS for Michigan, Ohio, and South Carolina.

[c]In New Jersey, Independence Health Group, Inc. is the parent company of AmeriHealth, which does not sell Blue Cross and Blue Shield plans. Therefore, we are not considering it to be a Blue Cross and Blue Shield issuer in this state. However, there are other states, such as Pennsylvania, where this issuer operates as a Blue Cross and Blue Shield company.

Appendix III: Number of Issuers in the Overall Individual, Small Group, and Large Group Markets and Market Shares, by State, 2013-2014

The three tables below show the number of issuers in each state's overall individual, small group, and large group markets in 2013 and 2014. They present the market shares for both those issuers that participated in 2013, but exited before 2014, and those issuers that did not participate in 2013 and entered the market in 2014.

Table 6: Number of Issuers in the Overall Individual Market and Market Shares, by State, 2013-2014

	Number of issuers						
State	**2013**	**2014**	**Net change**	**Number of issuers exiting before 2014**	**Total 2013 market share of all exiting issuers (%)**	**Number of issuers entering in 2014**	**Total 2014 market share of entering issuers (%)**
Alabama	36	26	-10	10	**0.4**	0	**-**
Alaska	17	14	-3	3	**0.7**	0	**-**
Arizona	42	44	2	3	**0.4**	5	**1.8**
Arkansas	38	31	-7	8	**1.1**	1	**0.1**
California	45	44	-1	5	**3.7**	4	**1.2**
Colorado	45	43	-2	7	**8.2**	5	**5.7**
Connecticut	28	26	-2	4	**0.5**	2	**16.8**
Delaware	24	22	-2	3	**2.0**	1	**2.8**
District of Columbia	27	23	-4	4	**0.4**	0	**-**
Florida	55	52	-3	6	**0.3**	3	**13.0**
Georgia	51	48	-3	5	**1.3**	2	**0.7**
Hawaii	13	11	-2	3	**0.3**	1	**0.0**
Idaho	23	22	-1	3	**1.8**	2	**0.3**
Illinois	54	48	-6	7	**0.6**	1	**0.4**
Indiana	43	33	-10	12	**5.4**	2	**9.8**
Iowa	36	32	-4	8	**0.6**	4	**8.1**
Kansas	41	36	-5	6	**1.5**	1	**6.5**
Kentucky	33	29	-4	5	**0.5**	1	**29.5**
Louisiana	39	35	-4	5	**0.4**	1	**4.1**
Maine	21	17	-4	6	**0.4**	2	**54.9**
Maryland	35	31	-4	7	**1.3**	3	**0.3**
Massachusetts	38	34	-4	6	**0.0**	2	**3.4**
Michigan	51	46	-5	10	**0.5**	5	**6.9**
Minnesota	36	33	-3	6	**0.2**	3	**1.1**
Mississippi	36	32	-4	5	**1.6**	1	**8.2**
Missouri	53	44	-9	10	**0.7**	1	**0.0**
Montana	26	23	-3	4	**2.3**	1	**14.4**

State	Number of issuers 2013	Number of issuers 2014	Number of issuers Net change	Number of issuers exiting before 2014	Total 2013 market share of all exiting issuers (%)	Number of issuers entering in 2014	Total 2014 market share of entering issuers (%)
Nebraska	38	36	-2	5	**1.0**	3	**18.7**
Nevada	34	32	-2	4	**0.9**	2	**13.7**
New Hampshire	20	16	-4	5	**0.3**	1	**58.9**
New Jersey	28	25	-3	5	**0.0**	2	**1.0**
New Mexico	31	25	-6	8	**7.6**	2	**10.9**
New York	39	41	2	7	**3.2**	9	**37.2**
North Carolina	40	37	-3	5	**0.5**	2	**0.0**
North Dakota	22	16	-6	7	**0.2**	1	**3.3**
Ohio	56	48	-8	14	**0.8**	6	**7.2**
Oklahoma	42	38	-4	6	**2.3**	2	**2.8**
Oregon	30	31	1	4	**1.8**	5	**1.5**
Pennsylvania	64	59	-5	8	**0.7**	3	**0.4**
Rhode Island	14	12	-2	3	**0.2**	1	**2.6**
South Carolina	39	37	-2	4	**5.7**	2	**20.1**
South Dakota	31	20	-11	11	**0.8**	0	**-**
Tennessee	46	38	-8	9	**0.9**	1	**0.0**
Texas	59	59	0	6	**1.0**	6	**0.5**
Utah	26	27	1	3	**1.1**	4	**12.1**
Vermont	13	11	-2	3	**0.0**	1	**0.0**
Virginia	47	45	-2	8	**0.5**	6	**10.0**
Washington	34	30	-4	8	**0.1**	4	**8.3**
West Virginia	35	28	-7	8	**4.2**	1	**0.9**
Wisconsin	48	44	-4	9	**1.3**	5	**11.6**
Wyoming	29	23	-6	6	**3.3**	0	**-**
Total	**1851**	**1657**	**-194**	**317**	**-**	**123**	**-**

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

Note: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year.

Table 7: Number of Issuers in the Overall Small Group Market and Market Shares, by State, 2013-2014

State	Number of issuers			Number of issuers exiting before 2014	Total 2013 market share of all exiting issuers (%)	Number of issuers entering in 2014	Total 2014 market share of entering issuers (%)
	2013	2014	Net change				
Alabama	11	11	0	1	**0.0**	1	**0.0**
Alaska	7	7	0	0	**-**	0	**-**
Arizona	23	24	1	1	**0.0**	2	**0.1**
Arkansas	18	17	-1	1	**0.0**	0	**-**
California	32	30	-2	4	**1.9**	2	**0.3**
Colorado	18	16	-2	4	**1.1**	2	**1.3**
Connecticut	13	13	0	2	**0.2**	2	**0.2**
Delaware	14	12	-2	2	**0.1**	0	**-**
District of Columbia	11	11	0	0	**-**	0	**-**
Florida	28	26	-2	2	**0.0**	0	**-**
Georgia	32	28	-4	5	**3.3**	1	**0.0**
Hawaii	6	6	0	0	**-**	0	**-**
Idaho	12	11	-1	2	**0.0**	1	**0.0**
Illinois	33	29	-4	6	**0.1**	2	**0.0**
Indiana	32	27	-5	5	**0.6**	0	**-**
Iowa	19	20	1	0	**-**	1	**6.5**
Kansas	21	17	-4	4	**0.1**	0	**0.0**
Kentucky	16	13	-3	4	**0.1**	1	**0.1**
Louisiana	17	16	-1	2	**0.0**	1	**0.0**
Maine	7	7	0	1	**1.3**	1	**1.6**
Maryland	16	15	-1	2	**0.0**	1	**0.9**
Massachusetts	18	19	1	0	**-**	1	**0.0**
Michigan	34	33	-1	2	**1.1**	1	**0.0**
Minnesota	13	12	-1	2	**0.1**	1	**0.0**
Mississippi	13	14	1	0	**-**	1	**0.0**
Missouri	26	23	-3	4	**0.0**	1	**0.0**
Montana	9	11	2	0	**-**	2	**2.5**
Nebraska	15	16	1	1	**0.0**	2	**17.3**
Nevada	22	24	2	1	**0.0**	3	**0.4**
New Hampshire	9	9	0	1	**0.1**	1	**0.0**
New Jersey	13	14	1	0	**-**	1	**0.0**
New Mexico	9	8	-1	2	**26.6**	1	**3.5**
New York	23	24	1	3	**1.3**	4	**5.7**
North Carolina	22	19	-3	3	**0.0**	0	**-**

State	Number of issuers 2013	2014	Net change	Number of issuers exiting before 2014	Total 2013 market share of all exiting issuers (%)	Number of issuers entering in 2014	Total 2014 market share of entering issuers (%)
North Dakota	8	8	0	0	-	0	-
Ohio	39	36	-3	6	**0.7**	3	**2.7**
Oklahoma	21	18	-3	3	**0.1**	0	-
Oregon	9	13	4	1	**0.0**	5	**1.5**
Pennsylvania	35	32	-3	5	**0.1**	2	**16.4**
Rhode Island	5	7	2	0	-	2	**0.1**
South Carolina	19	17	-2	3	**11.6**	1	**0.2**
South Dakota	12	12	0	0	-	0	-
Tennessee	21	19	-2	3	**0.0**	1	**0.1**
Texas	34	33	-1	3	**0.0**	2	**0.0**
Utah	16	13	-3	4	**0.0**	1	**0.3**
Vermont	5	6	1	0	-	1	**0.5**
Virginia	28	27	-1	2	**0.0**	1	**0.0**
Washington	19	18	-1	2	**2.7**	1	**0.0**
West Virginia	17	15	-2	2	**0.1**	0	-
Wisconsin	33	33	0	2	**0.0**	2	**0.7**
Wyoming	9	9	0	0	-	0	-
Total	**942**	**898**	**-44**	**103**	-	**59**	-

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724

Note: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year.

Table 8: Number of Issuers in the Overall Large Group Market and Market Shares, by State, 2013-2014

State	Number of issuers 2013	2014	Net change	Number of issuers exiting before 2014	Total 2013 market share of all exiting issuers (%)	Number of issuers entering in 2014	Total 2014 market share of entering issuers (%)
Alabama	8	8	0	2	**0.0**	2	**0.0**
Alaska	6	6	0	0	-	0	-
Arizona	19	19	0	1	**0.0**	1	**0.0**
Arkansas	13	14	1	3	**0.3**	4	**0.1**
California	39	38	-1	5	**0.4**	4	**0.1**
Colorado	18	17	-1	3	**0.4**	2	**0.2**
Connecticut	11	13	2	0	-	2	**0.4**
Delaware	10	9	-1	1	**0.3**	0	-

State	Number of issuers 2013	2014	Net change	Number of issuers exiting before 2014	Total 2013 market share of all exiting issuers (%)	Number of issuers entering in 2014	Total 2014 market share of entering issuers (%)
District of Columbia	14	14	0	0	-	0	-
Florida	23	25	2	2	**0.0**	4	**0.0**
Georgia	26	25	-1	4	**2.5**	3	**0.1**
Hawaii	7	7	0	0	-	0	-
Idaho	10	13	3	1	**0.0**	4	**0.0**
Illinois	32	32	0	3	**0.2**	3	**0.0**
Indiana	26	22	-4	6	**1.4**	2	**0.2**
Iowa	18	17	-1	2	**0.0**	1	**0.2**
Kansas	20	18	-2	2	**0.1**	0	-
Kentucky	14	13	-1	2	**0.0**	1	**0.1**
Louisiana	13	15	2	2	**0.0**	4	**0.0**
Maine	8	8	0	1	**4.1**	1	**0.0**
Maryland	16	17	1	0	-	1	-
Massachusetts	18	17	-1	2	**0.5**	1	**0.0**
Michigan	34	33	-1	3	**0.1**	2	**0.1**
Minnesota	18	15	-3	3	**0.3**	0	-
Mississippi	13	14	1	0	-	1	**0.0**
Missouri	25	26	1	2	**0.1**	3	**0.6**
Montana	9	10	1	0	-	1	**0.1**
Nebraska	11	12	1	2	**0.0**	3	**2.1**
Nevada	22	22	0	2	**0.1**	2	**0.0**
New Hampshire	9	9	0	0	-	0	-
New Jersey	15	16	1	0	-	1	**0.0**
New Mexico	9	7	-2	3	**22.3**	1	**0.2**
New York	25	25	0	2	**0.0**	2	**0.1**
North Carolina	18	18	0	2	**0.6**	2	**0.1**
North Dakota	9	7	-2	2	**0.0**	0	-
Ohio	29	31	2	3	**1.7**	5	**0.6**
Oklahoma	19	18	-1	2	**0.5**	1	**0.0**
Oregon	13	13	0	1	**0.0**	1	**0.0**
Pennsylvania	35	35	0	4	**0.2**	4	**5.8**
Rhode Island	6	7	1	0	-	1	**0.1**
South Carolina	17	15	-2	3	**1.2**	1	**0.0**
South Dakota	13	10	-3	3	**0.8**	0	-
Tennessee	16	17	1	2	**1.6**	3	**0.3**

State	Number of issuers			Number of issuers exiting before 2014	Total 2013 market share of all exiting issuers (%)	Number of issuers entering in 2014	Total 2014 market share of entering issuers (%)
	2013	2014	Net change				
Texas	34	31	-3	5	**0.0**	2	**0.1**
Utah	16	15	-1	2	**0.4**	1	**0.8**
Vermont	7	6	-1	1	**0.8**	0	**-**
Virginia	31	30	-1	3	**10.9**	2	**0.0**
Washington	17	17	0	1	**0.0**	1	**0.0**
West Virginia	16	13	-3	3	**0.1**	0	**-**
Wisconsin	35	32	-3	6	**0.4**	3	**0.9**
Wyoming	8	8	0	1	**0.6**	1	**0.1**
Total	**898**	**879**	**-19**	**103**	**-**	**84**	**-**

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services. | GAO-16-724.

Note: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year.

Appendix IV: Market Share of Issuers in the Individual and Small Group Exchanges in 2014

The two tables below present information on the participation of issuers in each state's individual and small group exchanges in 2014 and their market share. Specifically, the tables show the number of exchange issuers that previously participated in that state's market in 2013, and the number that newly entered that state market in 2014.

Table 9: Issuer Participation and Market Share in the Individual Exchange in 2014, by State

State	Issuers that previously participated in 2013 state market		Issuers that entered in 2014 state market	
	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014
Alabama	**2**	1	**0**	0
Alaska	**2**	2	**0**	0
Arizona[a]	**5**	3	**5**	0
Arkansas	**3**	2	**0**	0
California[a]	**9**	4	**3**	0
Colorado	**5**	4	**5**	2
Connecticut	**1**	1	**2**	1
Delaware[a]	**2**	2	**1**	1
District of Columbia[a]	**4**	3	**0**	0
Florida[a]	**8**	4	**3**	1
Georgia	**4**	3	**1**	0
Hawaii	**2**	2	**0**	0
Idaho	**3**	2	**1**	0
Illinois	**7**	1	**1**	0
Indiana	**2**	2	**2**	1
Iowa[a]	**1**	1	**3**	1
Kansas	**3**	3	**1**	1
Kentucky[a]	**2**	2	**1**	1
Louisiana[a]	**4**	4	**1**	1
Maine	**1**	1	**1**	1
Maryland	**4**	4	**2**	0
Massachusetts[a]	**9**	4	**2**	0
Michigan	**7**	2	**5**	1
Minnesota	**3**	2	**2**	0
Mississippi	**1**	1	**1**	1
Missouri	**3**	3	**0**	0
Montana	**2**	2	**1**	1

State	Issuers that previously participated in 2013 state market		Issuers that entered in 2014 state market	
	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014
Nebraska[a]	**2**	1	**2**	1
Nevada[a]	**2**	2	**2**	2
New Hampshire	**0**	0	**1**	1
New Jersey	**3**	3	**1**	0
New Mexico[b]	**2**	-	**2**	-
New York[a]	**7**	3	**9**	3
North Carolina	**2**	2	**0**	0
North Dakota	**2**	1	**1**	1
Ohio[a]	**8**	4	**4**	1
Oklahoma[a]	**4**	1	**2**	0
Oregon[a]	**6**	2	**5**	0
Pennsylvania[a]	**12**	5	**2**	0
Rhode Island	**1**	1	**1**	0
South Carolina[b]	**3**	-	**1**	-
South Dakota	**3**	3	**0**	0
Tennessee	**3**	2	**1**	0
Texas	**7**	3	**5**	0
Utah[a]	**2**	2	**4**	2
Vermont	**2**	2	**0**	0
Virginia	**6**	3	**2**	2
Washington	**4**	3	**4**	1
West Virginia	**1**	1	**0**	0
Wisconsin	**9**	5	**4**	1
Wyoming[b]	**2**	2	**0**	0
Total	**192**	**116**	**97**	**29**

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services (CMS). | GAO-16-724

Note: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year.

[a]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. Therefore, we substituted enrollment data from a different CMS data source—the Medical Loss Ratio (MLR) Risk Corridors data. These data include exchange enrollment, but also include any enrollment in certain qualifying plans offered off the exchanges. We determined the MLR enrollment data to be a sufficiently reliable substitute for these issuers and we reported these market share data in our findings.

[b]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. According to the CMS MLR Risk Corridors data, we determined that the issuers with missing data could have significant exchange enrollment. Therefore, we contacted either the state or CMS to obtain additional data. We did not independently assess the reliability of information provided,

but we did clarify with the state or CMS that these data represented the state's best information on the number of covered life-years and issuer market share. Therefore, we have included them in the table above, but do not report these data in our findings. We were unable to obtain data from the states or CMS for New Mexico and South Carolina.

Table 10: Issuer Participation and Market Share in the Small Group Exchange in 2014, by State

	Issuers that previously participated in 2013 state market		Issuers that entered in 2014 state market	
State	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014
Alabama[a]	**1**	1	**1**	0
Alaska	**2**	2	**0**	0
Arizona	**3**	3	**2**	0
Arkansas	**1**	1	**0**	0
California[a]	**6**	2	**0**	0
Colorado	**4**	3	**2**	0
Connecticut	**2**	2	**1**	1
Delaware	**2**	1	**0**	0
District of Columbia	**7**	2	**0**	0
Florida	**5**	5	**0**	0
Georgia	**3**	3	**0**	0
Hawaii	**2**	2	**0**	0
Idaho	**3**	2	**0**	0
Illinois	**2**	1	**1**	0
Indiana	**2**	1	**0**	0
Iowa[a]	**4**	0	**1**	1
Kansas	**2**	2	**0**	0
Kentucky[b]	**3**	3	**1**	1
Louisiana[a]	**3**	2	**1**	0
Maine	**1**	0	**1**	1
Maryland[b]	**12**	5	**1**	1
Massachusetts[a]	**9**	4	**2**	0
Michigan[b]	**9**	-	**1**	-
Minnesota[b]	**3**	2	**0**	0
Mississippi	**0**	0	**1**	1
Missouri	**2**	2	**0**	0
Montana	**2**	2	**1**	1
Nebraska[a]	**1**	1	**2**	1
Nevada[a]	**1**	1	**1**	1

	Issuers that previously participated in 2013 state market		Issuers that entered in 2014 state market	
State	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014	Total number of issuers	Number of issuers with greater than or equal to 5 percent of the exchange market in 2014
New Hampshire	**1**	1	**0**	0
New Jersey	**3**	3	**1**	0
New Mexico	**3**	3	**1**	1
New York[b]	**6**	5	**3**	2
North Carolina	**1**	1	**0**	0
North Dakota	**3**	1	**0**	0
Ohio[b]	**5**	-	**1**	-
Oklahoma	**4**	2	**0**	0
Oregon[a]	**4**	3	**3**	1
Pennsylvania[a]	**9**	2	**2**	1
Rhode Island	**2**	1	**1**	0
South Carolina[b]	**2**	-	**1**	-
South Dakota	**3**	2	**0**	0
Tennessee	**1**	1	**1**	1
Texas	**2**	1	**0**	0
Utah[a]	**2**	1	**1**	0
Vermont	**2**	2	**0**	0
Virginia	**5**	4	**0**	0
Washington	**1**	1	**0**	0
West Virginia	**1**	1	**0**	0
Wisconsin	**8**	5	**1**	1
Wyoming[b]	**2**	2	**0**	0
Total	**167**	**97**	**36**	**16**

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services (CMS). | GAO-16-724

Note: We measured the market share using covered life-years, which represent the average number of lives insured, including dependents, on a pre-specified day of each month over the 12 months in the reporting year.

[a]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. Therefore, we substituted enrollment data from a different CMS data source—the Medical Loss Ratio (MLR) Risk Corridors data. These data include exchange enrollment, but also include any enrollment in certain qualifying plans offered off the exchanges. We determined the MLR enrollment data to be a sufficiently reliable substitute for these issuers and we reported these market share data in our findings.

[b]At least 1 issuer in these states did not report exchange enrollment data necessary to calculate market share. According to the CMS MLR Risk Corridors data, we determined that the issuers with missing data could have significant exchange enrollment. Therefore, we contacted either the state or CMS to obtain additional data. We did not independently assess the reliability of information provided, but we did clarify with the state or CMS that these data represented the state's best information on the number of covered life-years and issuer market share. Therefore, we have included them in the table above, but do not report these data in our findings. We were unable to obtain data from the states or CMS for Michigan, Ohio, and South Carolina.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, William D. Hadley, Assistant Director; Sarah-Lynn McGrath, Analyst-in-Charge; Dee Abasute; and Daniel Ries made key contributions to this report. Also contributing were Laurie Pachter, Vikki Porter, and Emily Wilson.

Appendix VI: Accessible Data

Data Tables

Data Table for Highlights Figure and Figure 1: The Number of States Where the Market Share of the Three Largest Issuers Was at Least 80 Percent, by Market, 2011-2014

Year	Individual	Small Group	Large Group
2011	33	36	40
2012	37	38	41
2013	39	37	40
2014	41	40	40

Data Table for Figure 8: Total Number of Issuers Participating in the Individual, Small Group, and Large Group Markets across All States, 2012-2014

INDIVIDUAL

Calendar Year	Number of Issuers	Difference	Percentage change
2012	1984	-	-
2013	1851	-133	-6.70%
2014	1657	-194	-10.48%

SMALL GROUP

Calendar Year	Number of Issuers	Difference	Percentage change
2012	985	-	-
2013	942	-43	-4.37%
2014	898	-44	-4.67%

LARGE GROUP

Calendar Year	Number of Issuers	Difference	Percentage change
2012	915	-	-
2013	898	-17	-1.86%
2014	879	-19	-2.12%

Data Table for Figure 9: Market Shares of Entering Issuers in the Individual, Small Group, and Large Group Markets, 2014

Market	Total Number of Entering Issuers (Count)	LT 1% Mkt Shr (Count)	1%-<5% Mkt Shr (Count)	5%-<10% Mkt Shr (Count)	>10% Mkt Shr (Count)
Individual	123	73 (59%)	28 (23%)	12 (10%)	10 (8%)
Small group	59	47 (80%)	9 (15%)	1 (2%)	2 (3%)

Market	Total Number of Entering Issuers (Count)	LT 1% Mkt Shr (Count)	1%-<5% Mkt Shr (Count)	5%-<10% Mkt Shr (Count)	>10% Mkt Shr (Count)
Large group	84	82 (98%)	1 (1%)	1 (1%)	0 (0%)

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