



Consumer costs:
2015 Open Enrollment
Period

11/1/2015 to 12/15/2015

This report is to be reviewed for public release.

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Summary

HealthMarkets Insurance Agency (“HealthMarkets”) wants to provide our customers, the media, and the general public with information about the current state of the health insurance marketplace and how it affects individual and family health insurance plans. By providing a thorough analysis of our customer information, we hope to provide educational reference points that consumers can use to inform their own decision-making processes regarding individual health insurance.

About HealthMarkets Insurance Agency

HealthMarkets Insurance Agency, a wholly-owned indirect subsidiary of HealthMarkets, Inc., is the d/b/a or assumed name of Insphere Insurance Solutions, Inc., which is licensed as an insurance agency in all 50 states and the District of Columbia. The agency represents more than 180 branded insurance companies. HealthMarkets offers consumers a “one-stop” shopping experience for health insurance, combining around-the-clock phone and online assistance with the personal assistance of more than 3,000 licensed, local career agents nationwide. Service and product availability may vary by state. HealthMarkets offers a leading private health insurance marketplace offering multi-channel flexibility for individuals, families and small businesses. For more information, please visit HealthMarkets.com.

Cautionary Statement Related to Forward-Looking Statements

This news release may contain forward-looking statements regarding Insphere Insurance Solutions, Inc., d/b/a HealthMarkets Insurance Agency, and its affiliates. These forward-looking statements are neither historical facts nor assurances of future performance, and are subject to certain risks, uncertainties and assumptions which are difficult to predict and many of which are outside of our control. Such forward-looking statements can be identified by the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “objective,” “plan,” “possible,” “potential” and similar expressions. These statements are based on management’s current beliefs, expectations and assumptions, and actual results may vary materially from those included in the forward-looking statements. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them, whether as a result of new information, future developments or otherwise. Readers are cautioned not to place undue reliance on any forward-looking statements made by us.

Methodology

HealthMarkets has access to national health insurance data that generally reflects consumer purchase behavior and product cost information in the “non-group” individual and family health insurance markets.

- Definitions used in this data set are set forth below:
 - “Open Enrollment” refers to the yearly period when people can enroll in a health insurance plan. For 2016 coverage, the Open Enrollment Period is November 1, 2015 through January 31, 2016.
 - A "submitted application" is a consumer’s health insurance application that has been completed and submitted for approval through HealthMarkets.
 - "Premium" is the recorded cost of a consumer health insurance plan from submitted application for health insurance through HealthMarkets.
 - “Subsidy” is the amount of the governmental credit dollars that is recorded as qualified for a consumer through HealthMarkets. “Monthly Premium” is the estimated monthly cost of a health insurance plan. This amount is calculated by dividing the cost of the premium by the number of policy months. Only 12-month plans are included in this data set.
 - “Monthly Subsidy” is the estimated monthly tax credit amount applied towards the cost of a health insurance plan. This amount is calculated by dividing the amount of the federal subsidy by the number of policy months. Only 12-month plans are included in this data set.
 - “Net Monthly Premium” is the estimated monthly cost of a health insurance plan after subsidy monies are applied. This amount is calculated by subtracting the calculated “Monthly Subsidy” value from the calculated “Monthly Premium” value. When the “Net Monthly Premium” calculation results in a negative value, it is converted to a zero dollar amount in the data set.
 - An "individual health plan" is any individual or family submitted application for health insurance through HealthMarkets that has one individual on the plan. An “individual health plan” may also be referred to as a “single-person” or “individual” plan.

- A "family health plan" is any individual or family submitted application for health insurance through HealthMarkets that has two or more individuals on the plan. A "family health plan" may also be referred to as "family plan".
 - The "Average Individual Monthly Premium" is the sum of the premiums on all submitted applications for individual health insurance accepted through HealthMarkets during the reported period (with the exception of applications that had null data for the reported data set) divided by the number of submitted applications (using the same exception).
 - The "Average Family Monthly Premium" is the sum of the premiums on all submitted applications for family health insurance accepted through HealthMarkets during the reported period (with the exception of applications that had null data for the reported data set) divided by the number of submitted applications (using the same exception).
 - The "Average Annual Deductible" is the recorded net deductible amount for individual and family health plans after any cost-sharing subsidies are applied.
 - "Age" includes the age of the primary applicant only.
 - "Gender" includes the gender of the primary applicant only.
- Reported data
 - For the reported period, the additional data reported is based on submitted applications for individual and family health insurance through HealthMarkets. Applications missing key data fields for a particular data inquiry may be removed from the data set for that data inquiry.
- Data points
 - HealthMarkets requires a minimum of 100 submitted applications (also called data points) for each data inquiry. If the required minimum is not met for a data inquiry during the stated period of time, HealthMarkets will not include the data set in any press release reporting for the given period.

Research Statement

HealthMarkets recognizes that consumers, the media, and the general public need sound, detailed information about the health insurance industry, especially with regard to the individual and family health insurance markets. HealthMarkets seeks to make noteworthy contributions at a national level by providing research and information regarding consumer behavior and product pricing information pertaining to individual and family health insurance plans.

HealthMarkets collects customer information, which is used to provide research reports with detailed information and data on costs and observable consumer behavior. These reports can be utilized to address health insurance-related issues and to broaden the understanding by consumers and the media of the health insurance industry.

Disclaimers

- HealthMarkets Insurance Agency is the d/b/a or assumed name of Insphere Insurance Solutions, Inc. which is licensed as an insurance agency in all 50 states and the District of Columbia. Not all agents are licensed to sell all products. Service and product availability may vary by state.
- The average premiums reported by HealthMarkets represent a sample of national average health insurance premiums and subsidies which are based on HealthMarkets' customers' behavior, and do not necessarily represent the average premium of all individual or family health insurance plans purchased across the country through all sources.
- Analysis of the data set is based solely on health insurance plans offered and submitted through HealthMarkets. Results may not reflect the full scope of all individual and family health insurance products on a national basis or that are available within a specific state or geographical region.
- The premium data in this report is derived from information received from applications submitted by consumers who have enrolled through HealthMarkets. Each individual or family's health insurance premium is based on many factors, including but not limited to geography, age, type of plan and the individual plan benefits that are chosen.
- Permissions: All information is the property of HealthMarkets and/or its subsidiaries and affiliated companies. To reproduce any portion of this report or the results contained herein, please contact HealthMarkets regarding any usage rights.

Marketplace Conclusions

Coverage in the health insurance market

- The majority of customers still purchase Silver plans.
- People prefer to purchase through a local agent.
- Most shoppers are looking for single-person plans.
- Women purchase more individual plans, but men purchase more family plans.
- Shoppers tend to be Baby Boomers and Gen Xers over 40 years old.
- Most purchasers make less than \$50,000 per year.
- Shoppers at lower levels of income tend to work with an agent to purchase a health plan, while shoppers at higher levels of income tend to shop online.
- Most customers qualify for subsidies to offset the cost of their premium.
- As age increases, subsidies also increase.
- Men tend to receive more subsidies than women.
- Online shoppers qualify for less subsidy monies.

Individuals purchasing coverage

- Most individuals pay less than \$150 per month to be insured.
- Compared to results of plan sold within the first two weeks of Open Enrollment, the average price of individual Bronze plans sold later in the open enrollment period has decreased.

Women purchasers

- On average, men and women pay about the same costs for a plan per month.
- But when broken down by age, some women tend to pay less.
- *Featured Insight: Women appear to be savvier online shoppers than men.*
- Women received more subsidies than men for single-person plans.

- Women qualify for more subsidies at every age level.

Online purchasers

- *Featured Insight: Customers pay more online for single-person plans than those utilizing agents.*

Families purchasing coverage

- Most families pay less than \$300 per month to be insured.
- Compared to results within the first two weeks of Open Enrollment, the average price of family Bronze plans sold later in the open enrollment period has increased.

Women purchasers

- On average, women pay less per month than men for family plans.
- Women appear to be savvier online shoppers.

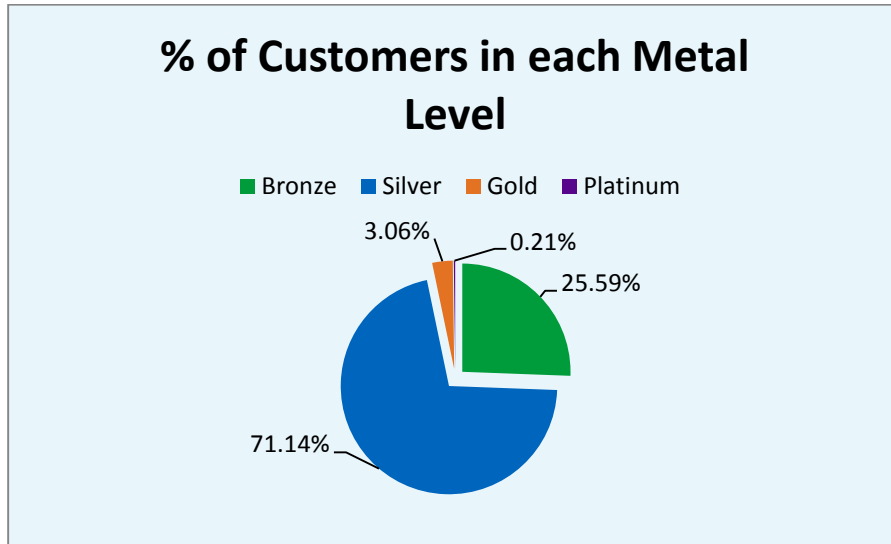
Online purchasers

- *Featured Insight: Customers pay more for family plans purchased online versus those who work with agents.*

Findings: General Customer Information

The majority of customers still purchase Silver plans.

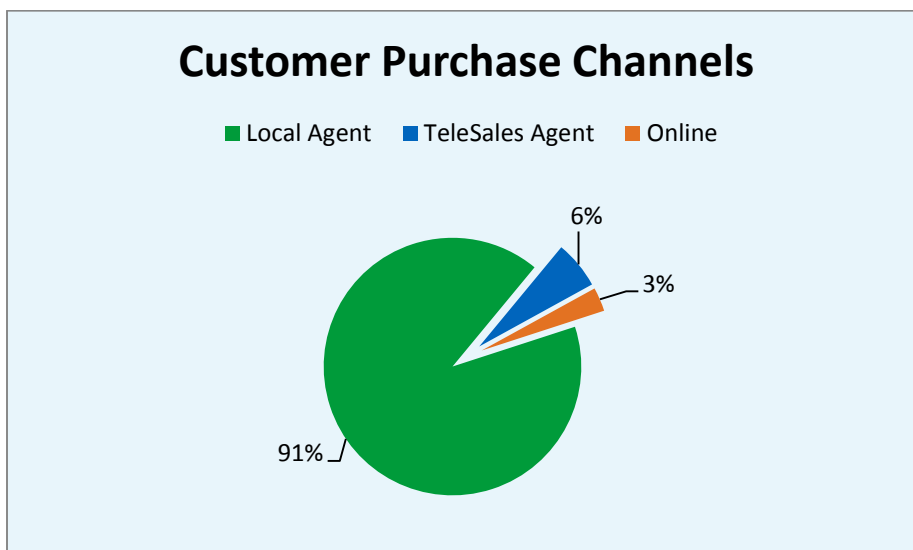
Over 70% of customers purchase Silver plans.



People prefer to purchase plans through a local agent.

91% of customers finalize their purchase through a local agent, 6% purchase through telesales, and 3% purchase online.

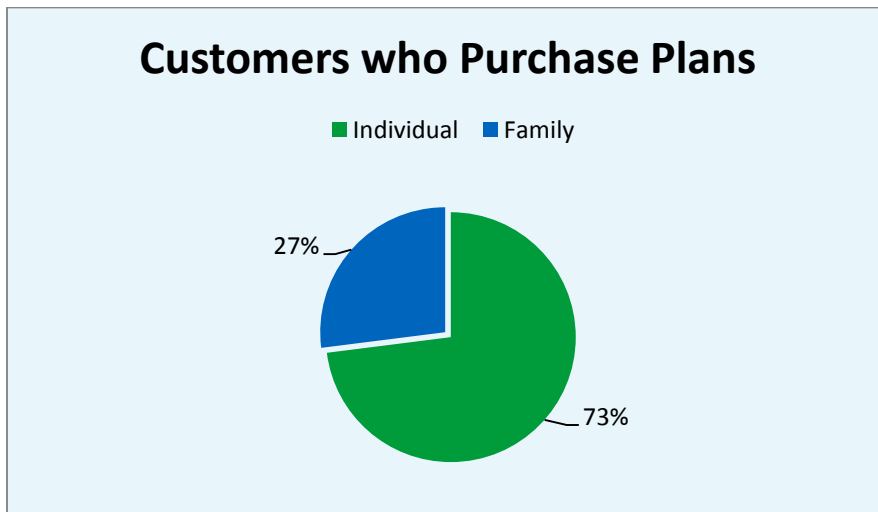
- Customers who purchase family plans are 3% more likely to purchase through a local agent



Most shoppers are looking for single-person plans.

73% of customers purchase individual plans, while 27% purchase family plans.

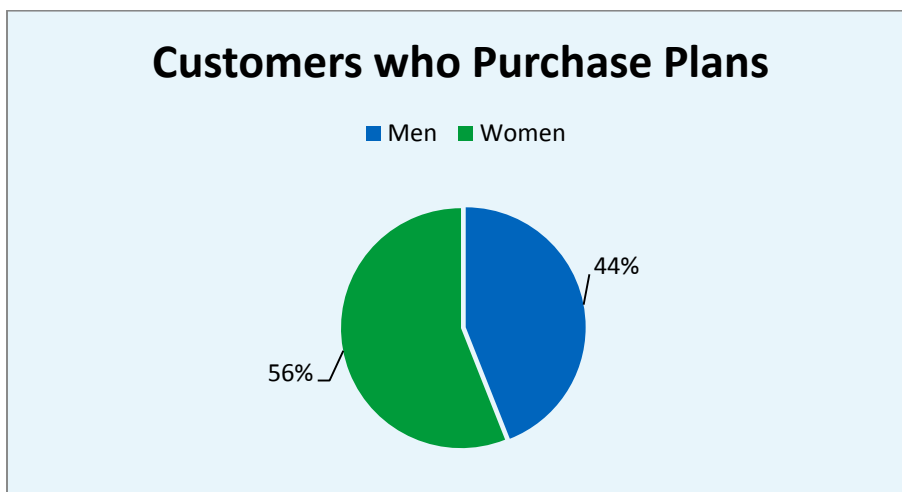
- Of those who purchase online, 86% purchase individual plans, while 14% purchase family plans.
- Of those aged 40+, 71% purchase individual plans, while 29% purchase family plans.



Women purchase more individual plans, but men purchase more family plans.

56% of customers are women and 44% are men.

- Of customers with family plans, 41% of purchasers are women and 59% are men.
- Of customers with individual plans, 61% of purchasers are women and 39% are men.
- Of those who purchase online, 55% are women and 45% are men.



Shoppers tend to be Baby Boomers and Gen Xers.

73% of all customers are aged 40 and older.

- 78% of all customers with family plans are aged 40 and older, while 71% of all customers with individual plans are aged 40 and older.
- Only 59% of customers who purchase online are aged 40 and older.

Age Range	% of Customers	% of Online
0 - 25	5.00%	7.35%
25 - 29	8.19%	13.87%
30 - 34	7.03%	11.11%
35 - 39	6.60%	8.35%
40 - 44	7.59%	7.27%
45 - 49	10.28%	9.77%
50 - 54	14.24%	11.95%
55 - 59	17.40%	14.62%
60 - 64	23.59%	15.71%
65+	0.08%	7.35%

Most purchasers make less than \$50,000 per year.

Over 87% of customers report annual household income levels under \$50,000.

- Over 30% of customers report annual household income levels between \$10,000 and \$20,000.
- Almost 10% of online customers report annual household income levels over \$100,000. Customers who report annual household income levels over \$100,000 only account for 2% of total customers.

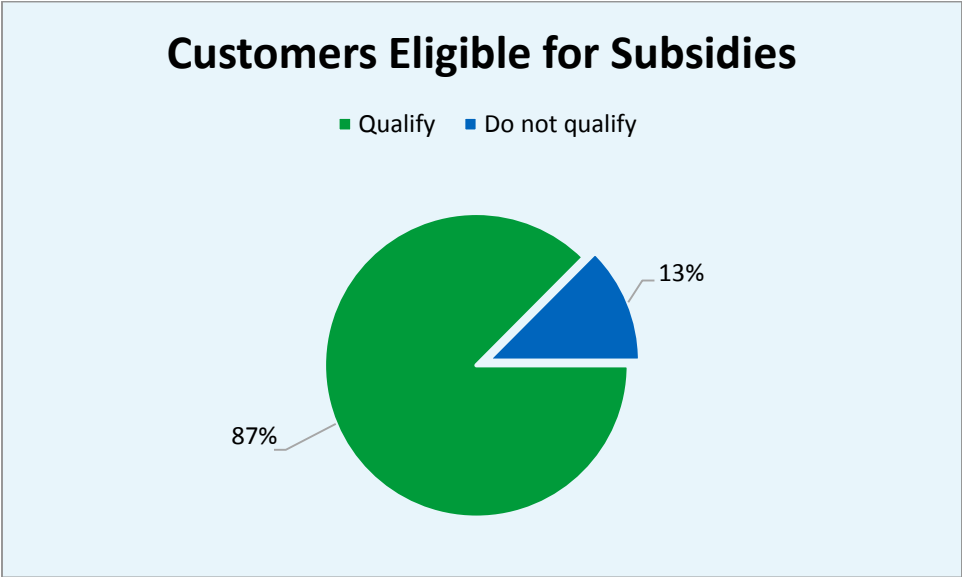
Shoppers at lower levels of income tend to work with an agent to purchase a health plan, while shoppers at higher levels of income tend to shop online.

Household Income Range	% of Customers	% of Online
\$0 - \$9,999	7.80%	2.18%
\$10,000 - \$19,999	30.68%	28.98%
\$20,000 - \$29,999	26.03%	25.38%
\$30,000 - \$39,999	14.62%	12.98%
\$40,000 - \$49,999	8.33%	9.38%
\$50,000 - \$59,999	4.66%	4.10%
\$60,000 - \$69,999	3.00%	3.02%
\$70,000 - \$79,999	1.45%	2.43%
\$80,000 - \$89,999	0.85%	0.75%
\$90,000 - \$99,999	0.51%	1.09%
Over \$100,000	2.08%	9.72%

Most customers qualify for subsidies to offset the cost of their premium.

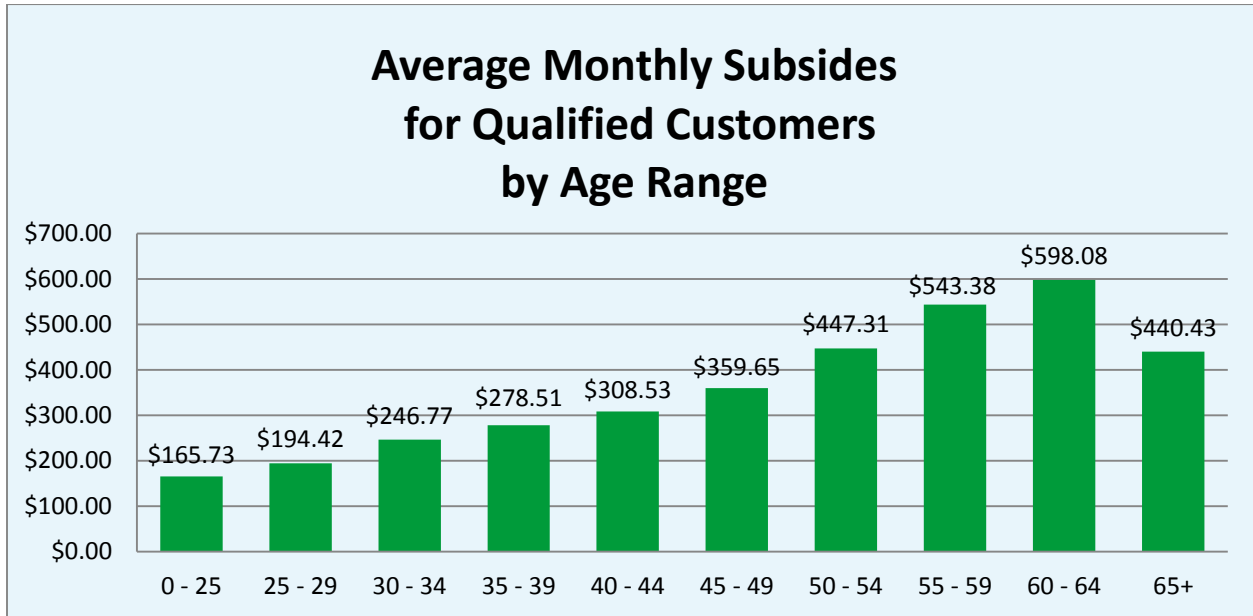
87% of our customers who purchase individual health insurance are eligible for subsidies.

- Out of all customers, 89% of women qualify, while 86% of men qualify.



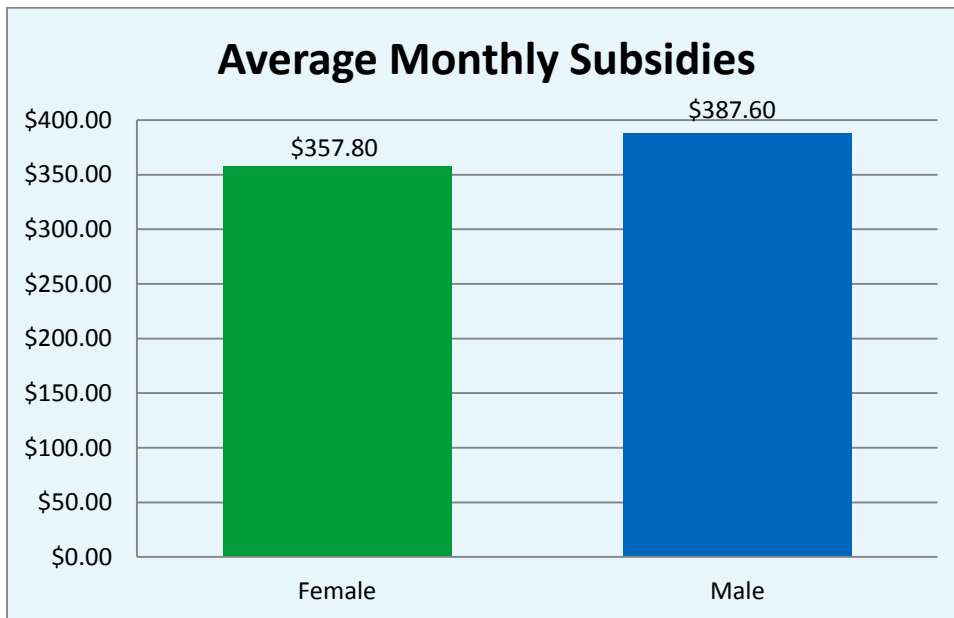
As age increases, subsidies also increase.

While average subsidies tend to increase with age, people generally receive at least \$165 per month towards the cost of their premium – when they qualify.



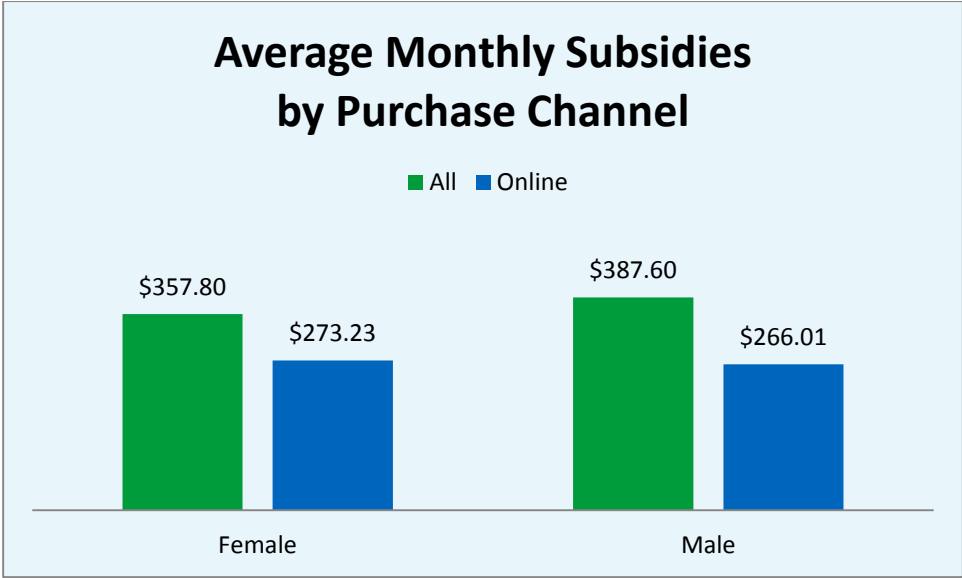
Men tend to receive more subsidies than women.

Of all customers, average monthly subsidies are \$387.60 for men and \$357.80 for women.



Online shoppers qualify for fewer subsidy dollars.

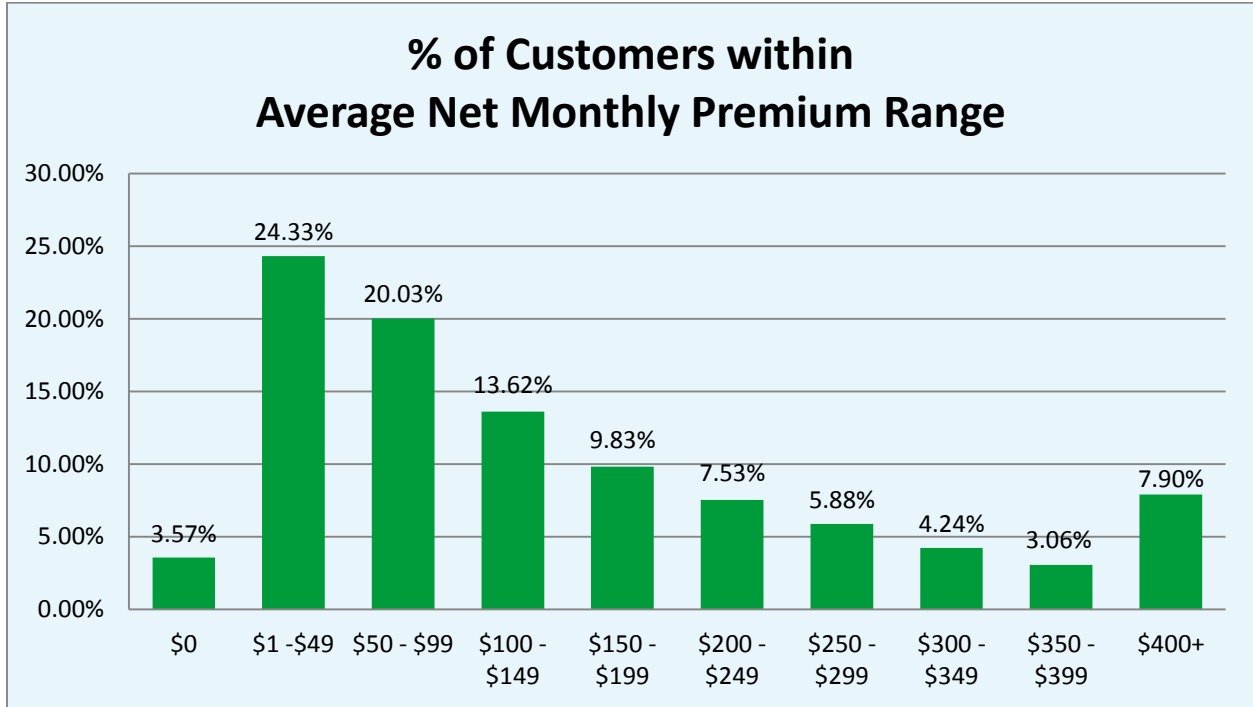
Online shoppers received significantly fewer monthly subsidy dollars on average at \$266.01 for men and \$273.23 for women.



Findings: Customers with Individual Plans

Most individuals pay a net premium of less than \$150 per month to be insured.

Almost 62% of customers with individual plans have net premiums under \$150 per month.



Compared to results within the first two weeks of Open Enrollment, the average price of individual Bronze plans decreased later in Open Enrollment.

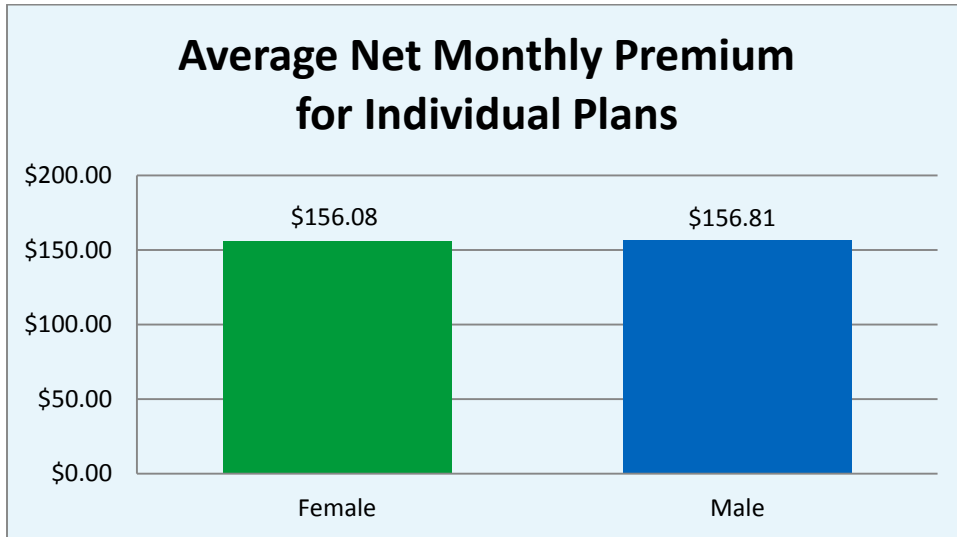
Average premiums differ by metal level; average costs have changed for plans sold during the early open enrollment period covering 11/1/2015 to 11/15/2015 compared to those sold during the period 11/1/2015 to 12/15/2015.

Average Net Monthly Premiums		
Metal Level	Cost	+/- % to 11/15
Bronze	\$ 178.59	- 9%
Silver	\$137.89	+ 1%
Gold	\$418.07	- 4%
Platinum	\$490.43	+ 8%

Average Net Monthly Premium Costs					
	Bronze	Silver	Gold	Platinum	Catastrophic
11/15/2015	\$194.76	\$136.34	\$434.50	\$448.30	\$133.54
12/15/2015	\$178.59	\$137.89	\$418.07	\$490.43	\$129.84
% change	-9.05%	1.12%	-3.93%	8.59%	-2.85%

On average, men and women pay about the same per month.

On average, individuals pay \$156 per month to cover the cost of their premium.



But when broken down by age, women tend to pay less.

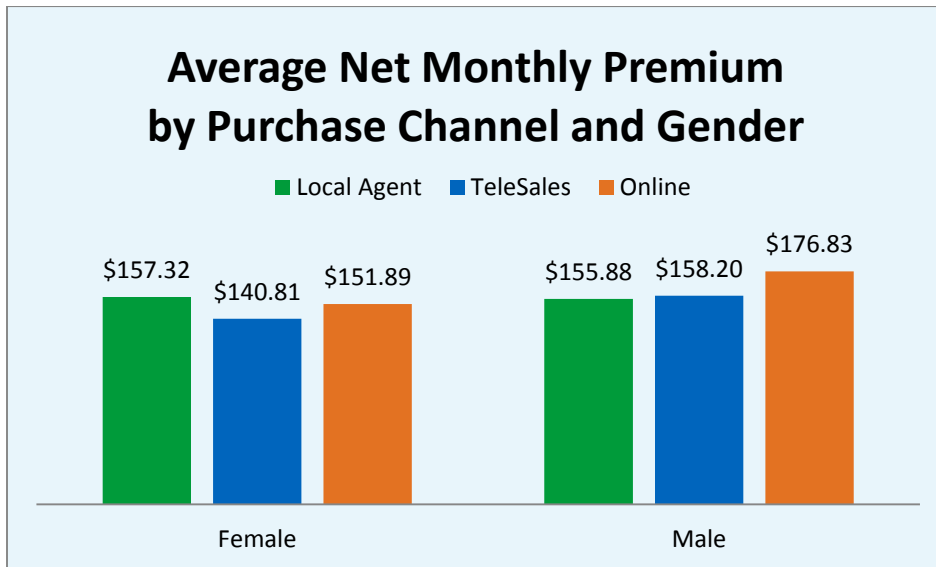
On average at every age range, women pay less for their net monthly premium than men.

Average Net Monthly Premiums		
<u>Age Range</u>	<u>Men</u>	<u>Women</u>
0 - 25	\$78.29	\$70.28
25 - 29	\$96.25	\$96.95
30 - 34	\$122.39	\$111.56
35 - 39	\$128.70	\$118.86
40 - 44	\$138.25	\$122.94
45 - 49	\$151.34	\$132.28
50 - 54	\$166.40	\$151.42
55 - 59	\$188.99	\$174.52
60 - 64	\$211.85	\$215.60
65+	\$336.55	\$88.32
Overall	\$156.81	\$156.08

Featured Insight:

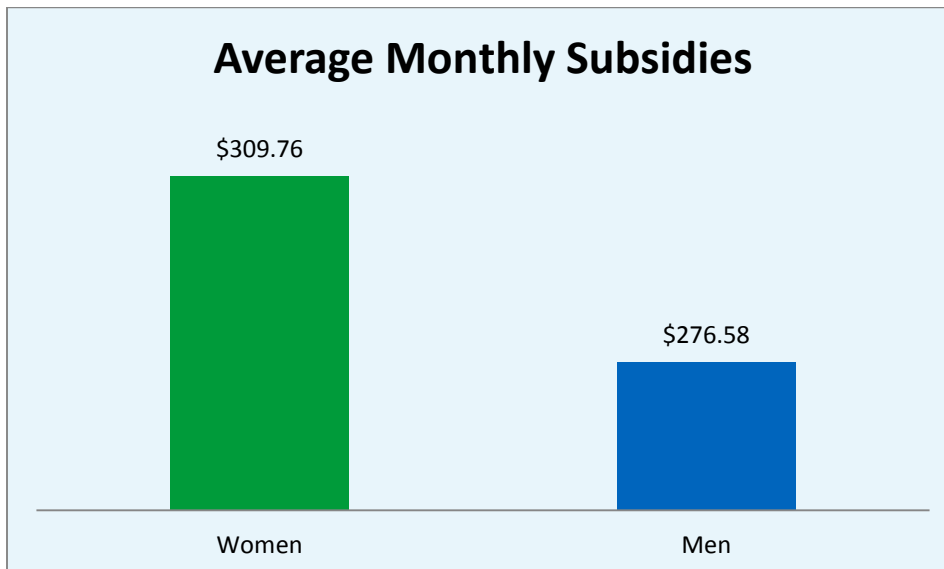
Women seem to be savvier online shoppers than men.

On average, women who shop for individual plans online pay less per month than those who shop with a local agent. However, men who shop online pay almost \$20 more per month than those who shop with a telesales or local agent.



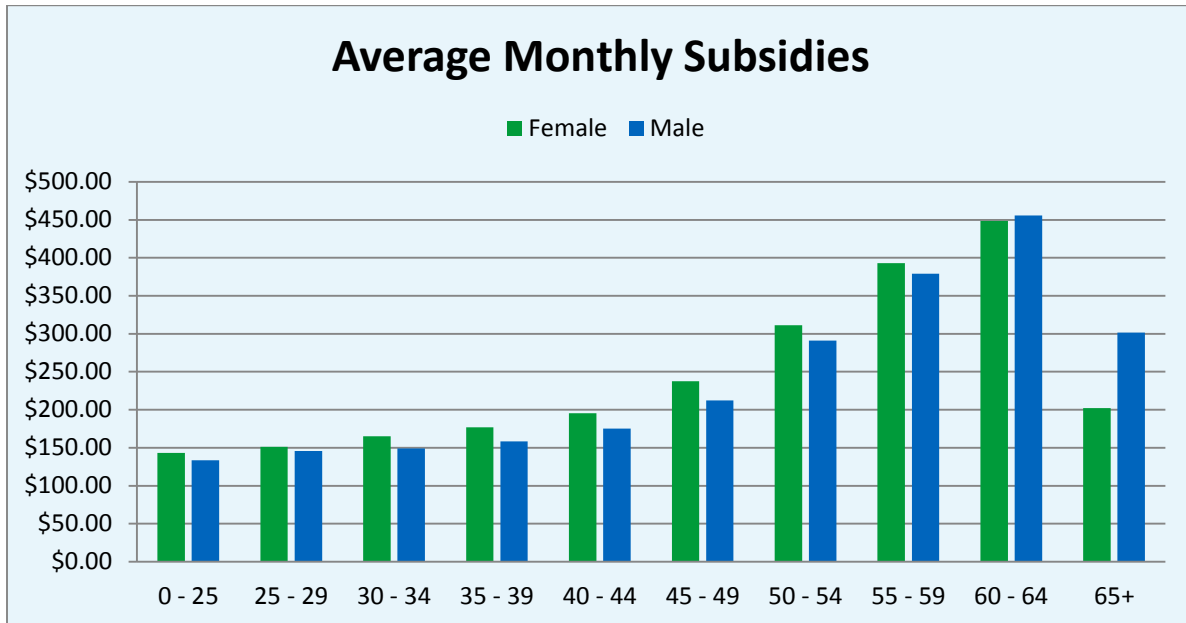
Women received more subsidies than men for individual plans.

Despite data showing that women receive less than men in the total market, women receive more in subsidies than men for individual plans.



Women qualify for more subsidies at almost every age level.

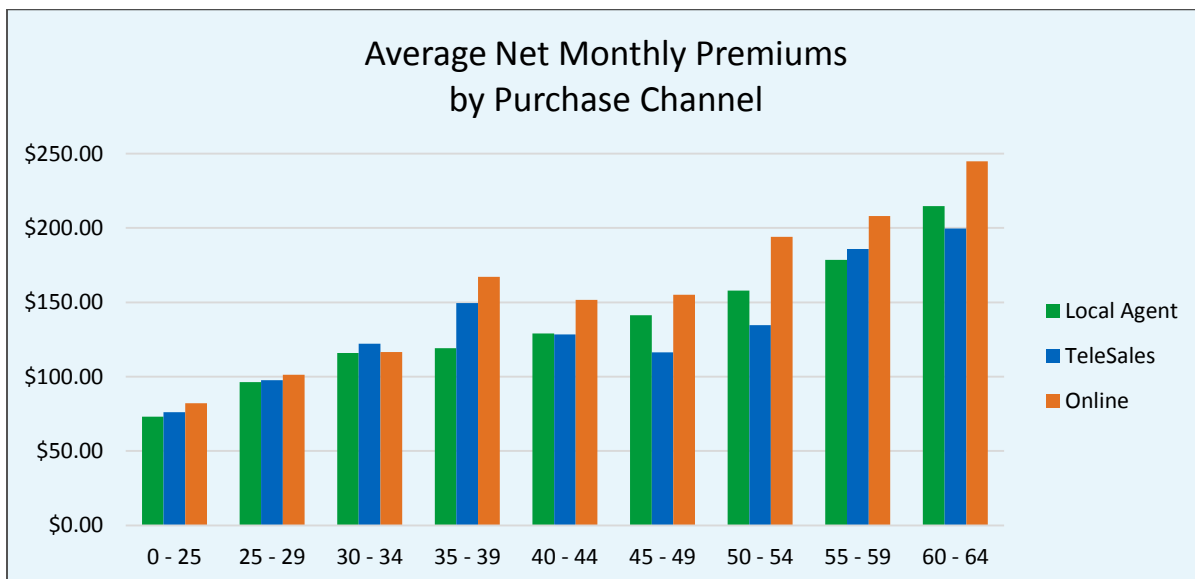
Of customers who receive subsidies (and even those who don't), on average, at most age levels, women receive more subsidy dollars which help to offset the cost of insurance premiums for individual plans compared to the subsidies that men receive.



Featured Insight:

Customers pay more online for single-person plans than those utilizing agents.

On average, online shoppers have higher net monthly premiums than those who shop with a local agent or by phone.



On average, online shoppers pay almost 13% more than those who shop with a local agent or by phone.

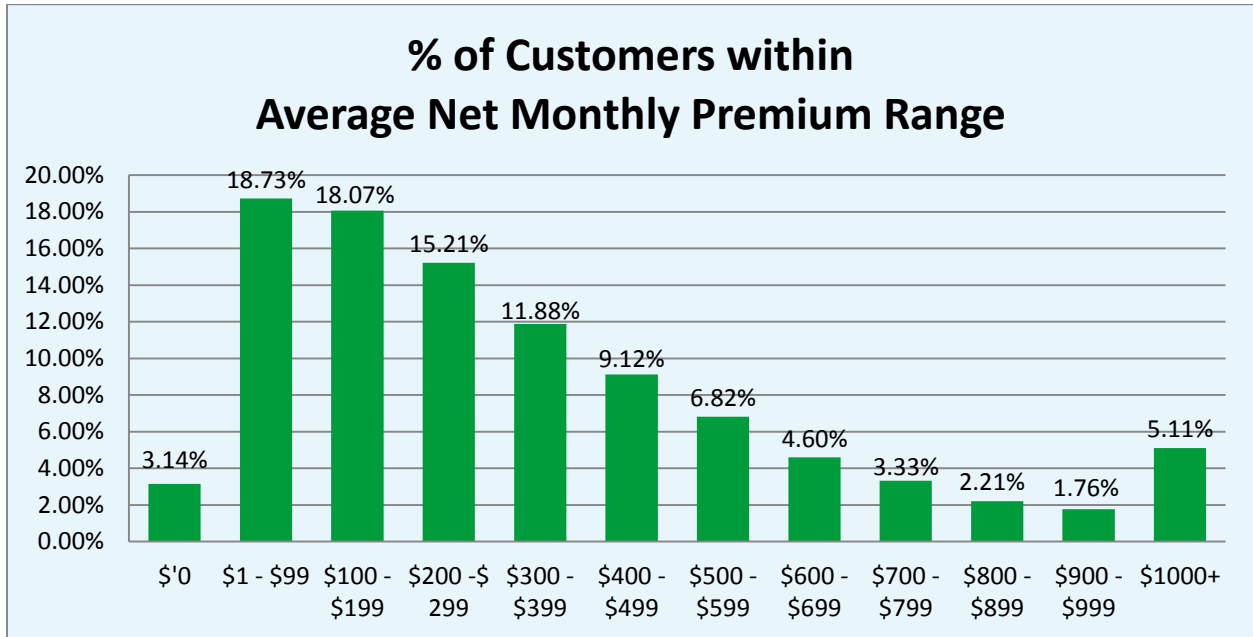
Average Net Monthly Premium Costs				
	Online	Local Agent	\$ Diff	% Diff
0 - 25	\$82.16	\$73.02	\$9.14	11.12%
25 - 29	\$101.41	\$96.28	\$5.13	5.06%
30 - 34	\$116.54	\$115.88	\$0.66	0.57%
35 - 39	\$167.27	\$119.09	\$48.18	28.80%
40 - 44	\$151.77	\$129.17	\$22.60	14.89%
45 - 49	\$155.02	\$141.35	\$13.67	8.82%
50 - 54	\$194.03	\$157.94	\$36.08	18.60%
55 - 59	\$208.06	\$178.64	\$29.42	14.14%
60 - 64	\$244.96	\$214.68	\$30.29	12.36%
Average	\$157.91	\$136.23	\$21.69	12.71%

Average Net Monthly Premium Costs				
	Online	Local Agent	\$ Diff	% Diff
0 - 25	\$82.16	\$76.11	\$6.04	7.36%
25 - 29	\$101.41	\$97.66	\$3.75	3.70%
30 - 34	\$116.54	\$122.21	-\$5.67	-4.87%
35 - 39	\$167.27	\$149.61	\$17.66	10.55%
40 - 44	\$151.77	\$128.44	\$23.33	15.37%
45 - 49	\$155.02	\$116.33	\$38.69	24.96%
50 - 54	\$194.03	\$134.60	\$59.43	30.63%
55 - 59	\$208.06	\$185.82	\$22.24	10.69%
60 - 64	\$244.96	\$199.63	\$45.33	18.51%
Average	\$157.91	\$134.49	\$23.42	12.99%

Findings: Customers with Family Plans

Most families pay less than \$300 per month to be insured.

Over 55% of customers with family plans pay less than \$300 per month to cover the net cost of their premium.



Compared to results within the first two weeks of Open Enrollment, the average price of family Bronze plans sold later in Open Enrollment has increased.

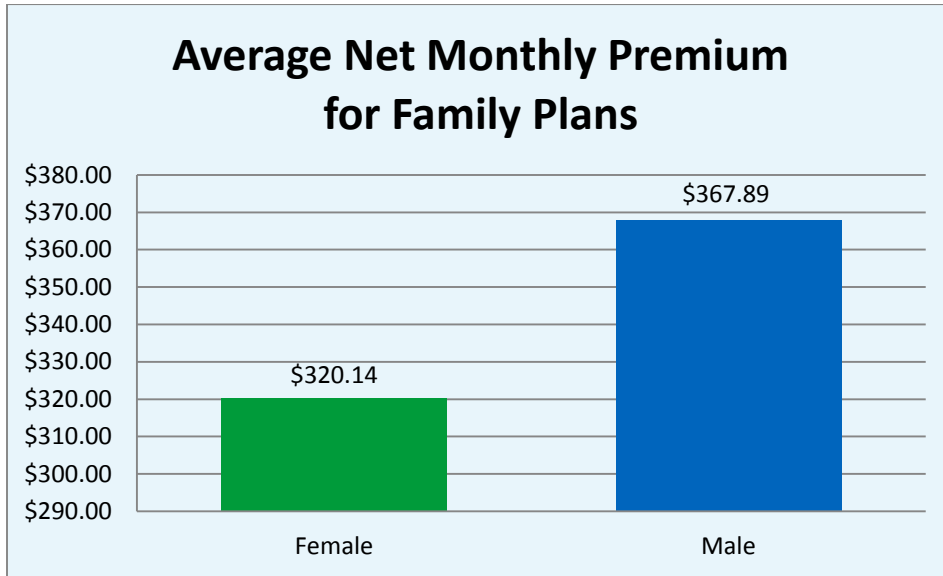
Average premiums differ by metal level; average costs have changed for plans sold during the early open enrollment period covering 11/1/2015 to 11/15/2015 compared to those sold during the period 11/1/2015 to 12/15/2015.

Average Net Monthly Premiums		
Metal Level	Cost	+/- % to 11/15
Bronze	\$360.47	+ 6%
Silver	\$310.84	+ 11%
Gold	\$ 858.39	- 1%
Platinum	\$1,139.11	- 11%

Average Net Monthly Premium Costs				
	Bronze	Silver	Gold	Platinum
11/15/2015	\$338.00	\$276.96	\$865.01	\$1264.33
12/15/2015	\$360.47	\$310.94	\$858.39	\$1139.11
% Change	6.23%	10.93%	-0.77%	-10.99%

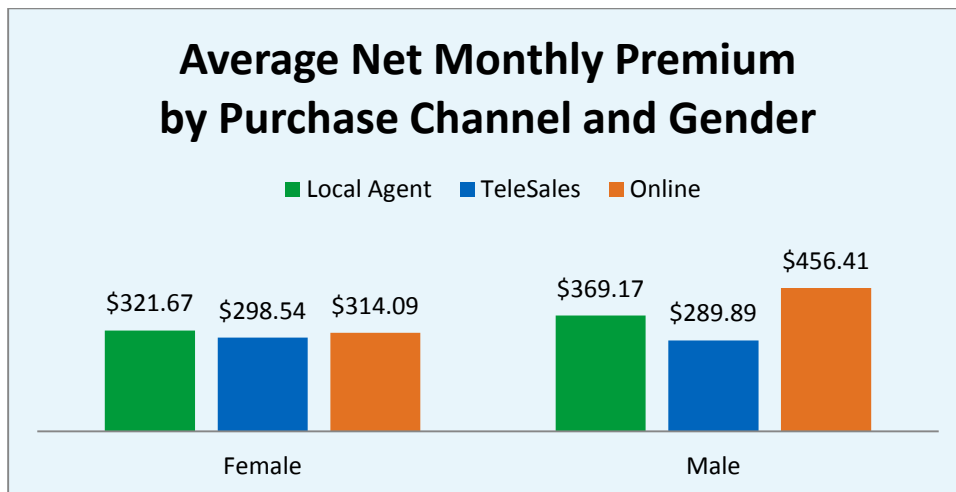
On average, women pay less per month than men for family plans.

On average, women with family plans pay \$320 per month, while men with family plans pay \$368 per month.



Women appear to be savvier online shoppers.

On average, women who shop for family plans online or by phone pay slightly less per month than those who shop utilizing a local agent. However, men who shop online pay more than those who do not.



Featured Insight:

Customers pay more online for family plans than those utilizing agents.

On average, at all metal levels, customers who purchase family plans online pay more per month for their net premium.

