



Medicare Supplement Market Survey Summary



Highlights of 2023 Results

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General Re Life Corporation is committed to adhering to antitrust laws, and cautions all recipients that this report is intended solely to provide general industry knowledge. Under no circumstances shall it be used as a means for representatives of competing companies, and/or firms, to reach any understanding whatsoever, whether it be about specific pricing of specific products, if particular products should be marketed to the public, or the terms under which products are marketed.

Participating Companies

- Aetna¹
- Allstate Health Solutions²
- Arkansas Blue Cross Blue Shield
- Bankers Fidelity Life³
- Blue Cross Blue Shield of Michigan
- Blue Cross Blue Shield of Minnesota⁴
- Blue Cross Blue Shield of North Carolina
- Blue Cross of Idaho⁵
- CareFirst BlueCross BlueShield⁶
- Central States Health & Life Co. of Omaha (CSO)
- Central States Indemnity Co. of Omaha (CSI)
- Chubb/Combined (ACE P&C)
- Cigna⁷
- Consumers Life (Medical Mutual)
- Erie Family Life
- Everence
- Gen Re⁸
- Globe Life⁹
- Guarantee Trust Life
- Health Care Service Corp.¹⁰
- Humana, Inc.¹¹
- Individual Assurance Company
- Medical Health Insuring Corp. of Ohio
- Medical Mutual of Ohio
- Mutual of Omaha¹²
- Nassau Life Insurance Co. of Kansas
- Oxford Life¹³
- Pekin Life
- Physicians Mutual¹⁴
- State Farm Mutual Automobile Insurance Co.
- Transamerica Life
- USAA Life
- Washington National (CNO Inc.)
- Wellabe¹⁵

1. Includes Accendo Insurance Company, Aetna Life Insurance Company, Aetna Health Insurance Company, Aetna Health and Life Insurance Company, American Continental Insurance Company, Continental Life Insurance Company, First Health Life and Health Insurance Company, Genworth Life Insurance Company, Genworth Life and Annuity Insurance Company, Coventry Health and Life Insurance Company

2. Includes National Health Insurance Company, American Heritage Life Insurance Company

3. Includes Bankers Fidelity Life Insurance Company, Bankers Fidelity Assurance Company, Atlantic Capital Life Assurance Company

4. Includes Blue Cross, Blue Plus

5. Includes Blue Cross of Idaho Health Service, Inc., Blue Cross of Idaho Care Plus, Inc.

6. Includes First Care, Inc. (FCI), Group Hospitalization and Medical Services, Inc. (GHMSI), CareFirst of Maryland, Inc. (CFMI)

7. Includes American Retirement Life Insurance Company, Cigna Health & Life Insurance Company, Loyal American Life Insurance Company, Cigna National Health Insurance Company, Provident American Life and Health Insurance Company, Sterling Life Insurance Company

8. Includes closed blocks of business reinsured by Gen Re (nine companies listed under Gen Re, but counted separately in the total)

9. Includes United American Insurance Company, Globe Life Insurance Company of New York, Globe Life and Accident Insurance Company, Liberty National Life Insurance Company

10. Includes Health Care Service Corporation (HCSC), HCSC Insurance Services Company (HISC)

11. Includes Humana Insurance Company, Humana Insurance Company of NY, Humana Insurance Company of KY, Humana Dental Insurance Company, Humana Health Benefit Plan of LA Inc., Humana Benefit Plan of IL Inc., Humana Health Plan, Inc., Emphesys Insurance Company, CompBenefits Insurance Company, Humana Health Insurance Company of FL Inc.

12. Includes Mutual of Omaha, United of Omaha, United World, Omaha Insurance Company, Omaha Supplemental Insurance Company

13. Includes Oxford Life Insurance Company, Christian Fidelity Life Insurance Company, North American Insurance Company

14. Includes Physicians Life Insurance Company, Physicians Select Insurance Company, Physicians Mutual Insurance Company

15. Includes Medico, Medico Corp., Medico Life and Health, American Republic, American Republic Corp.

Background

Gen Re is pleased to present this summary of key highlights from our 2023/2024 *U.S. Medicare Supplement Market Survey*. The full report covers Medicare Supplement (Med Supp) results and market trends for 2023, capturing sales and inforce data, business performance, rate increase activity, underwriting tools and practices, claim metrics, and compensation and distribution details. The comprehensive report is available to participating companies only.

Forty-two questionnaires were completed, representing 89 companies with Med Supp business. Throughout this summary report, the results are based on the analysis of the 42 completed surveys. Depending on the type of question, not all companies were eligible provide a response. To aid in your review, the number of respondents is displayed as "R=." When reviewing the results please note that participants may vary from year to year.

Participating companies were segmented by whether they reported open and/or closed blocks of Med Supp business. "Open blocks" refers to blocks of business that accepted new applications in 2023. Half of the companies (50%) manage both open and closed blocks, while 36% manage only closed blocks.

Participating Company Status

	Percentage of Companies
Both open and closed blocks	50%
Open blocks only	14%
Closed blocks only	36%

Annualized Inforce Premium and Lives for 2023

Participating companies reported \$14.4 billion of Medicare Supplement inforce premium for 2023, increasing by more than 2% over 2022. Inforce premium increased 6% for open blocks but declined 3% for closed blocks. Open blocks account for 61% of the total premium inforce and 70% of covered lives. Over 5.6 million covered lives were reported in 2023, similar to 2022 results.

Inforce Premium and Lives Growth Rates

	Premium	% Change	Lives	% Change
Open blocks	\$8,729,974,064	6.3%	3,922,817	3.8%
Closed blocks	\$5,660,215,961	-3.0%	1,688,549	-7.7%
Total inforce	\$14,390,190,026	2.4%	5,611,366	0.1%

Premium & Lives: R=27 (Open blocks); 36 (Closed blocks); 42 (Total inforce)

Annualized Sales Premium and Lives

Companies reported more than \$1.2 billion of Med Supp new sales premium for 2023, increasing by 1.9% or nearly \$23 million over 2022. The number of new lives covered increased by 1.5% or just over 11,000 lives.

Sales Premium and Lives Growth Rates

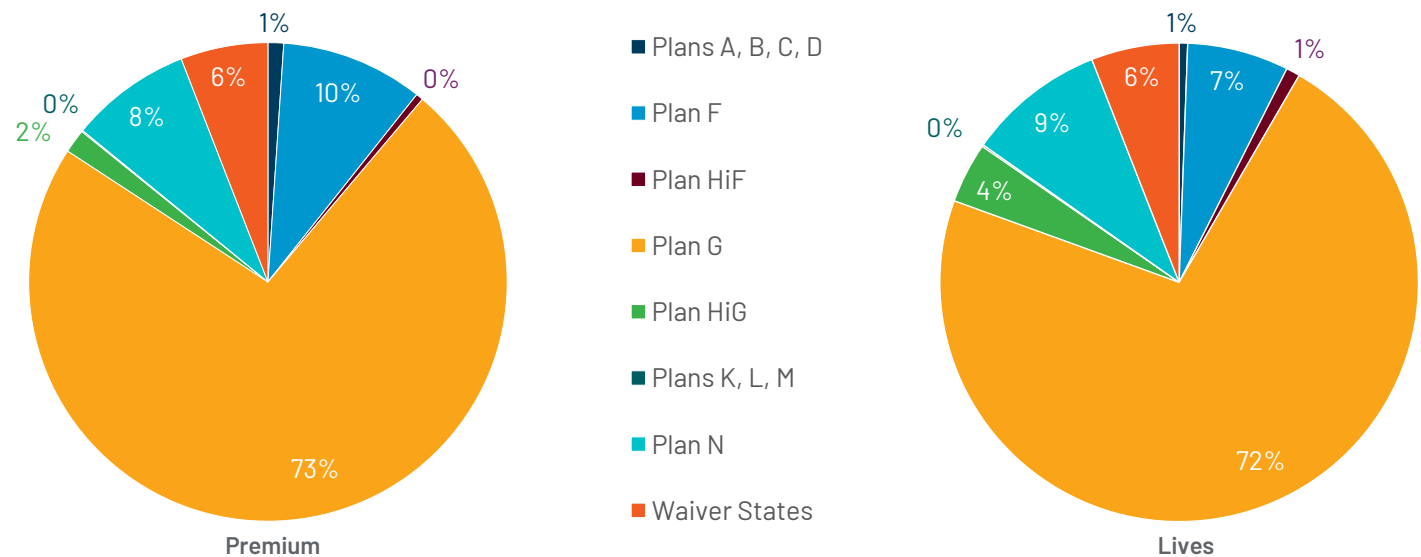
	2022	2023	% Change
Premium	\$1,207,306,682	\$1,230,201,187	1.9%
Lives	738,243	749,409	1.5%

Premium & Lives: R=27

Source of Sales Premium and Lives

The majority of companies sold Plan F, Plan G, and Plan N in 2023. Plan G accounts for over 70% of the total new sales premium and lives for 2023. Although most companies also sold Plans F and N, on a combined basis those plans account for 18% of new sales premium and only 16% of new lives covered.

Sales Premium and Lives by Plan Type



Premium & Lives: R=27

Profitability

Eighty-one percent of companies with open blocks and 64% with closed blocks reported a decrease in 2023 profitability when compared to 2022 results. Profit margins averaged -6% for open blocks and 3% for closed blocks. Overall, loss ratios averaged 84% for companies with open blocks and ranged from 70% to 103%. For closed blocks, loss ratios averaged 77% and ranged from 48% to 97%.

2023 Profit Margins and Loss Ratios

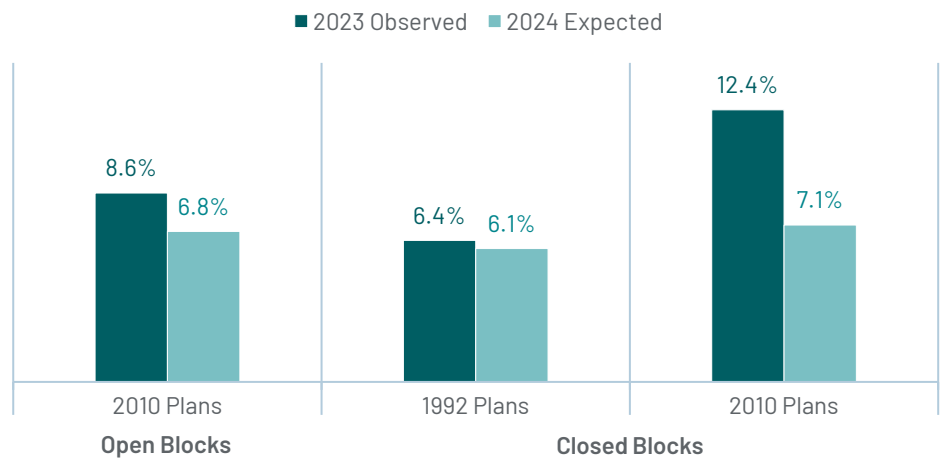
	Profit Margins			Loss Ratios		
	Average	Median	Range	Average	Median	Range
Open blocks	-5.9%	-3.9%	-31.3%–4.7%	84%	82%	70%–103%
Closed blocks	2.8%	3.3%	-21.4%–38.6%	77%	78%	48%–97%

Open & Closed blocks: R=26, 36 (Profit margins); R=27, 36 (Loss ratios)

Claims Trends

The 2023 observed claims trend for open and closed blocks of 2010 plans averaged 8.6% and 12.4%, respectively, while the average expected claims trend for 2024 is about 7%.

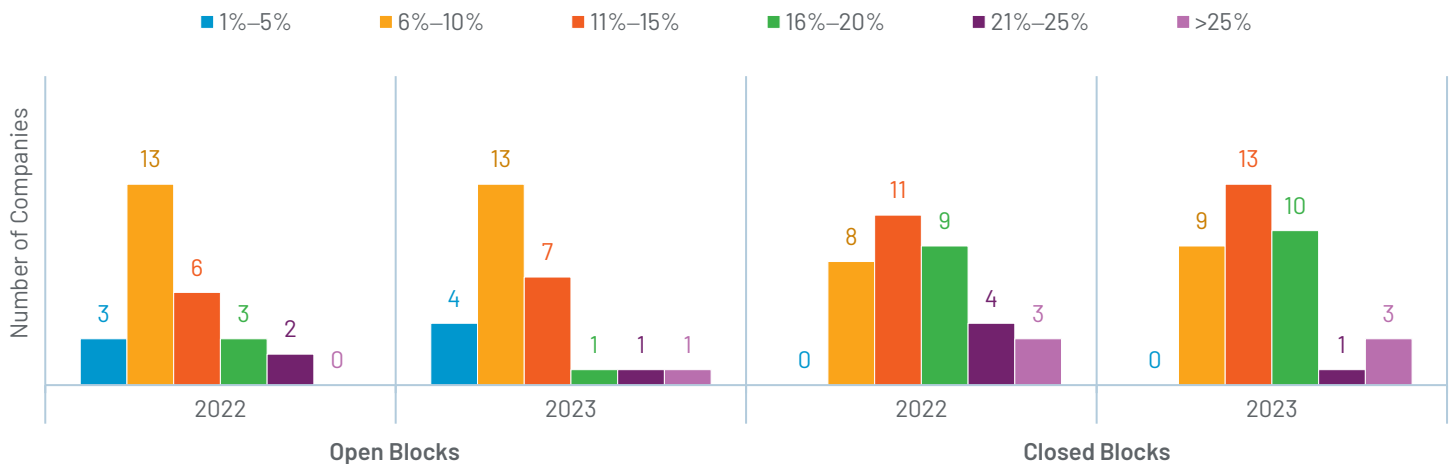
Observed and Expected Claims Trends



Lapse Rates

Fifty-two percent of companies with open blocks and 60% with closed blocks reported lapse rates that were lower in 2023 than in 2022. Of the companies with open blocks, 48% reported lapse rates ranging from 6% to 10% for both years.

Distribution of Lapse Rates, Including Mortality



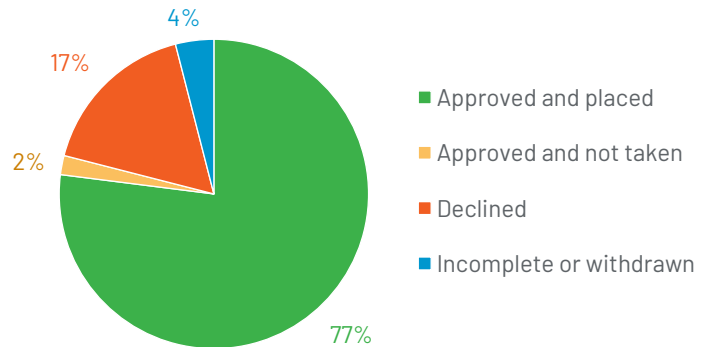
Open blocks R=27; Closed blocks R=35 (2022); R=36 (2023)

Underwritten Applications

On average, 38% of all Med Supp applications received in 2023 went through the underwriting process.

Of the underwritten applications, 77% were approved and placed, while 2% were not taken. Less than 20% of underwritten apps were declined.

Outcomes of Underwritten Applications



R=23

Processing Time for Underwritten Applications

Excluding incomplete or withdrawn applications and automated or straight-through processing business, the average turnaround time for underwritten apps was four calendar days in 2023, with 72% of the companies (18) processing apps in under five days.

On average, companies will keep an application open for 38 calendar days to obtain a requirement before closing it due to incomplete information. Fifteen companies (60%) keep those apps open for 30 days or less. One company will keep incomplete apps open for 90 days, while another holds them indefinitely.

Number of Calendar Days to Process Underwritten Applications

	Average	Median	Range
Turnaround time	4	3	1-15
How long apps are kept open	38	30	7-90

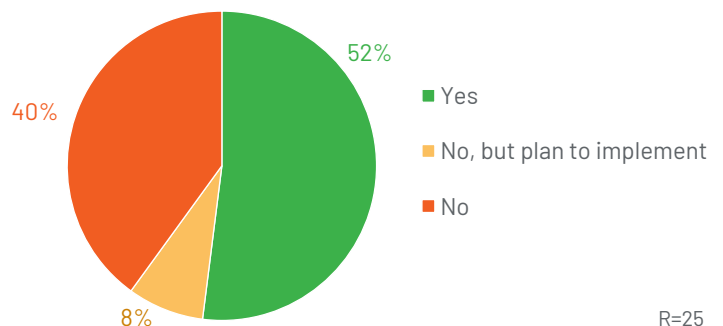
R=25

Automated Underwriting Systems

For the purpose of this survey, an automated underwriting (AU) platform was defined as a system used to make decisions on underwritten, web-based applications without human involvement. Of the 25 responding companies, more than half (52%) currently use an AU system, while two companies (8%) plan to implement one in the next 24 months.

Companies using an AU system reported that on average, 94% of underwritten applications were directed to their automated system in 2023.

Using Automated Underwriting Systems



R=25

Claims Metrics

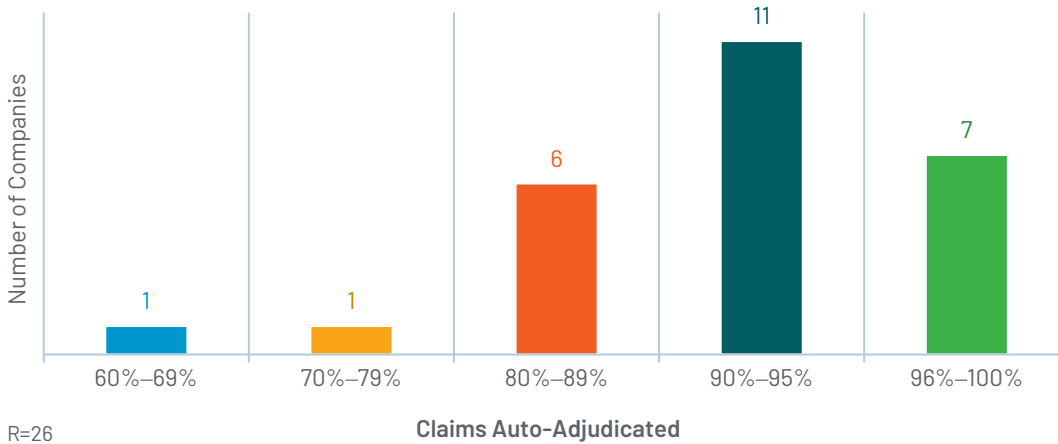
In 2023, participating companies received 165.4 million Medicare Supplement claims. On average, it takes six calendar days from the day a claim is received to the day a decision is made. The length of time to make a claim determination ranged from one day to 30 days.

Number of Days to Claim Decision

Average	Median	Range
6	4	1-30

R=27

Claims Auto-Adjudicated by Number of Companies



On average, 91% of a company's claims are auto-adjudicated, ranging from 68% to 100%.

R=26

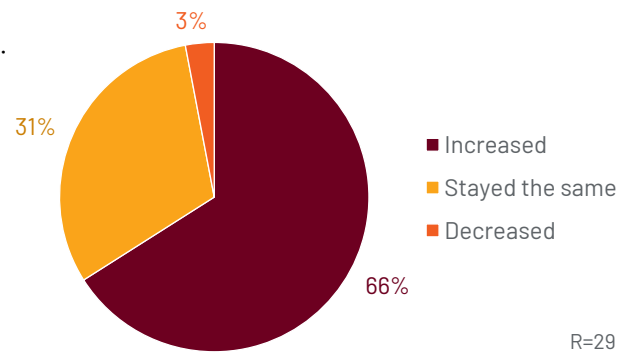
Claims Fraud

Of the 29 companies, 24 (83%) identify claims fraud in-house, and half of those companies also utilize a customer hotline or complaint channel.

Twenty companies (69%) saw a change to the number of fraudulent claims in 2023 when compared to 2022. Although one reported a decrease, 19 companies (66%) reported an increase in the number of fraudulent claims.

Nearly 90% of the companies monitor durable medical equipment fraud, and 21 companies reported an increase in this type of fraud when compared to 2022.

Change in the Number of Fraud Claims



R=29

Type of Fraud Companies are Monitoring

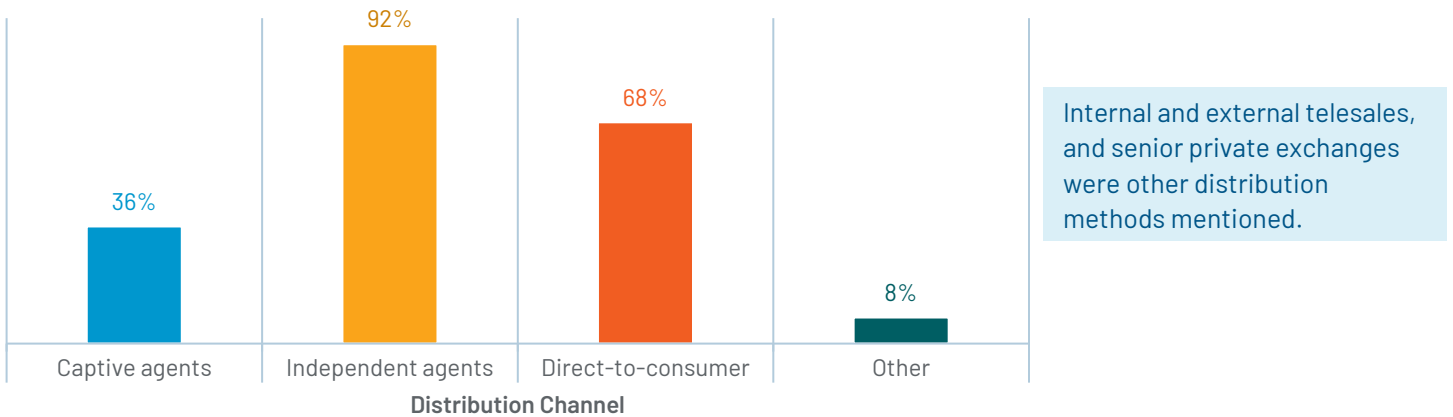
	% of Cos.		% of Cos.
Durable medical equipment	89%	Prescription fraud	33%
Billing for services not rendered	85%	Unlicensed or unqualified providers	33%
Telemarketing schemes	48%	Drug and alcohol detox fraud	30%
Unbundling of services	44%	Home health/personal care services	30%
Upcoding/upbilling	37%	Remote patient monitoring	26%

R=27

Distribution Channels

Over 90% of the companies utilize independent agents to sell Med Supp, while nearly 70% sell direct-to-consumer (D2C).

Companies Utilizing Distribution Channels



R=25

On average, independent agents account for 78% of the Med Supp sold in 2023, while captive agents and D2C distribution channels account for 11% and 10%, respectively.

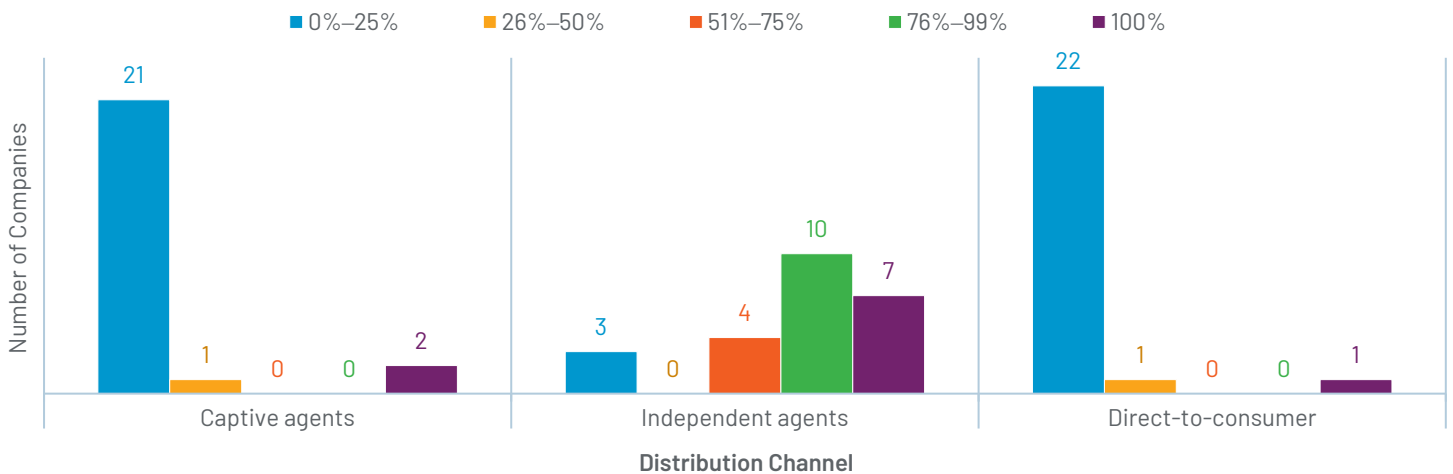
Seven companies reported that 100% of their sales premium was sold via independent agents. Two companies reported 100% of their sales premium was sold by captive agents, and one company sold D2C, exclusively.

2023 Sales Premium by Distribution Channel

Distribution Channel	Average
Independent agents	78%
Captive agents	11%
Direct-to-consumer	10%
Other	1%

R=24

Distribution of Sales Premium



R=24

About Gen Re

Gen Re, a Berkshire Hathaway Company, is one of the leading Life/Health and Property/Casualty reinsurers in the world. Our North American Life and Health reinsurance company, General Re Life Corporation, has superior financial strength ratings among Life and Health reinsurers.

A.M. Best

A++
(Superior)

Standard & Poor's

AA+

Moody's

Aa1

Through our leading industry surveys, Gen Re's Research team provides data analysis, trends, and insights for the markets your company is competing in. Gen Re delivers reinsurance solutions for the following lines of business:



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Medicare Supplement



Group Life and AD&D



Individual Disability



Critical Illness



Accident

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