

# Fixed-payment benefits plans annual report

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# Executive Summary

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In 2007, the Washington state Legislature modified the definition of “health plan” in [RCW 48.43.005](#) to exclude fixed-payment insurance plans that are offered as a stand-alone benefit. Under RCW [48.43.650](#), the Office of the Insurance Commissioner (OIC) must collect and report information regarding fixed-payment insurance on June 1 of each year.

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

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

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

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

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

# Annual Report

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## Survey

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

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

## Data Summary

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

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

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

## Group Market

- This year's survey showed that 23 companies sold group policies in 2019, with an increase of 26,143 enrollees on new group policies. This is an 82.8% increase from 2018.
- Seven companies dominate the new group market sales with 52,374 new enrollees:
  - Unum Life Insurance Co. of America: 19,983.
  - Reliastar Life Insurance Co.: 12,248.
  - American Heritage Life Insurance Co.: 7,638.
  - Colonial Life & Accident Insurance Co.: 4,724.
  - Continental America Insurance Co.: 2,858.

- AAA Life Insurance Co.: 2,697.
- U.S. Br Sun Life Assurance Co. of Canada: 2226.
- 211 companies each reported 200 or fewer new group enrollees, for a combined total of 754 new enrollees.

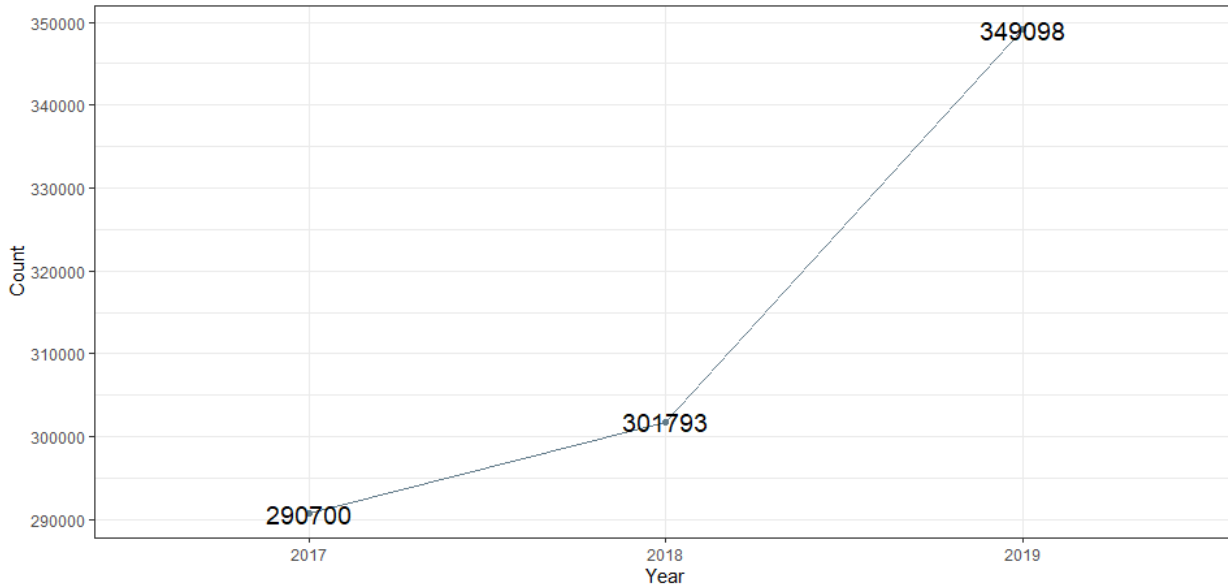
## **Individual Market**

- This year's survey showed 35 companies sold individual policies in 2019, with an increase of 2,293 enrollees on new individual policies. This is a 3.2% increase from 2018.
- In 2019, five companies issued 91.1% of the new individual policies sold in Washington state, covering 67,764 individual enrollees.
- One company, American Family Life Assurance Co. of Columbus, dominates the market with 45,912 new enrollees, 61.7% of the newly enrolled individual fixed-payment policies.

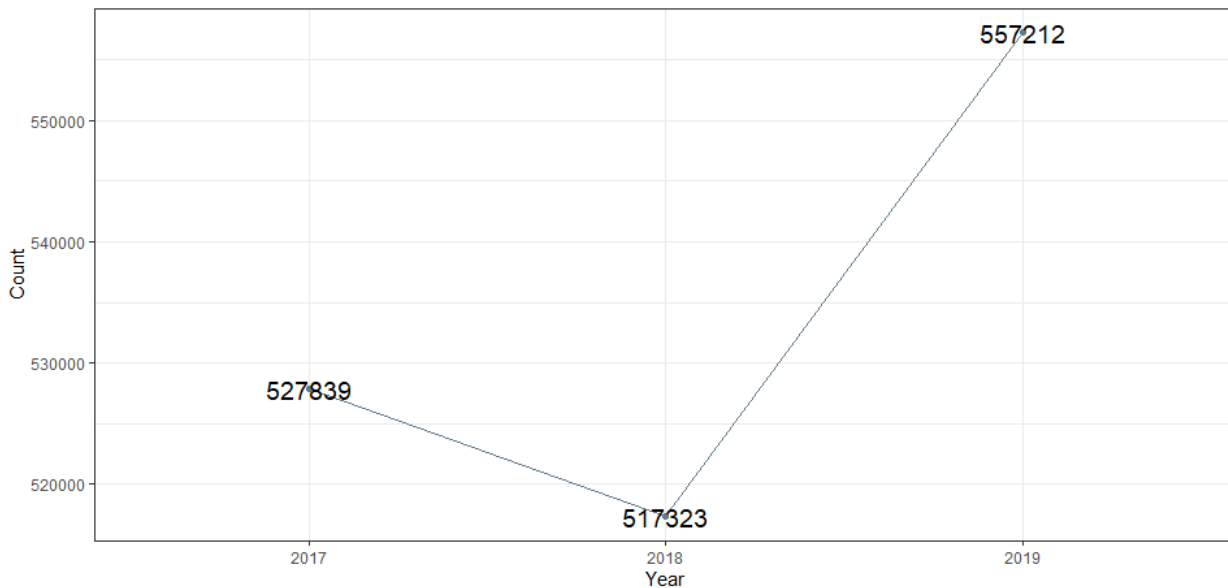
## **Conclusions**

The number of companies that are actively selling new individual fixed-payment policies increased from 32 in 2018 to 35 in 2019. Seventeen companies reported decreases in new individual enrollees. In addition, 205 companies have fewer than 200 new individual enrollees.

## Count of total policies in force



## Count of total enrolled members



**Figure 1:** Companies reported a total of 349,098 policies in force and 557,212 total enrolled members. Compared to the 2018 cumulative totals, the 2019 cumulative enrollment totals show a 7.7% increase (39,889 total enrollees) in overall enrollment. This is the net result of 132,115 new enrollees (57,728 group plus 74,387 individual) minus the loss of 92,226 former enrollees.

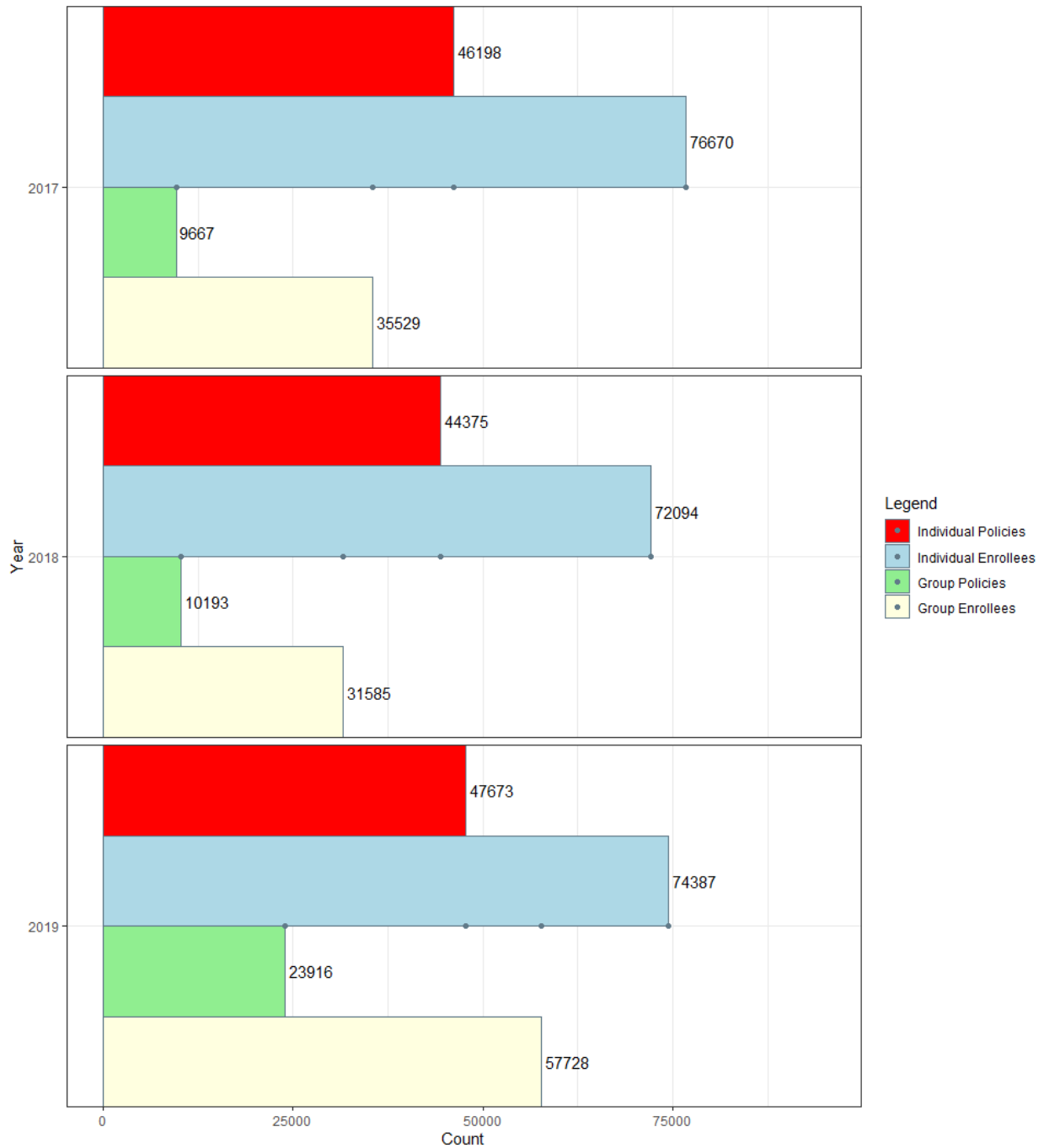
*Source: Company responses to the OIC survey for 2019, 2018 and 2017 benefit years. Data is reported based on benefit year, not survey year.*

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

## **Results Comparison**

The 2019 survey data show that the number of new individual enrollees has increased by 3.2% from last year, while the number of new individual policies has increased by 7.4% from last year. In 2019, the companies issued 47,673 policies to 74,387 new individual enrollees (policyholders can include spouses and dependents in their policies).

## Count of New Enrollment and Policies of both Individual and Group Markets

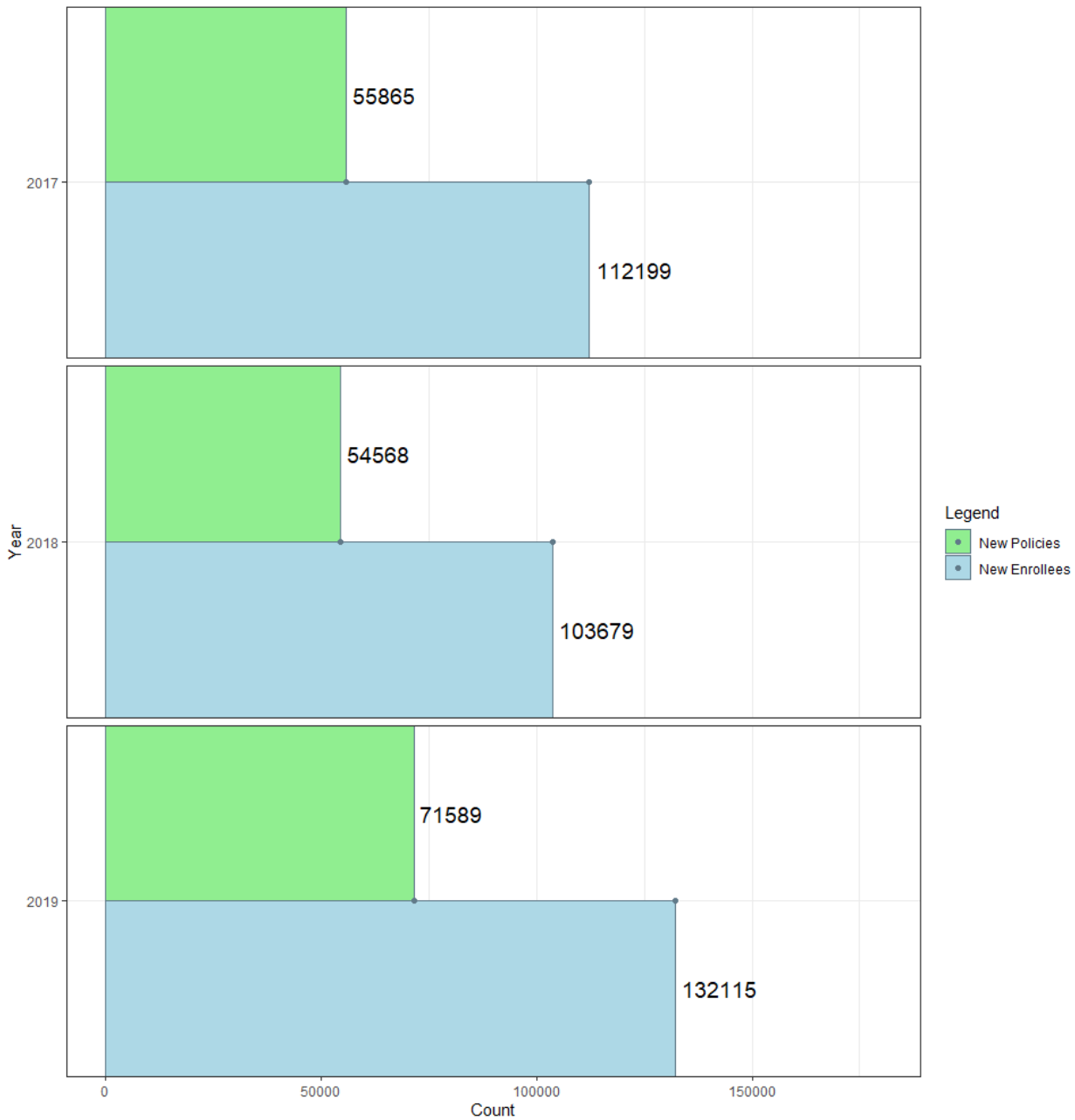


**Figure 2:** Number of new individual and group policies sold (shown in green and red) and number of people enrolled in those policies (shown in yellow and blue). Spouses and dependents may be covered under individual policies.

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



## New Enrollees and Policies – Individual and Group Policies



**Figure 3:** Total number of new enrollees and total number of new policies issued.

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

# Appendix A

## Sales of New Group Policies and Group Enrollees by Company

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

Life Ins. Co. of N. America	0	0	1	0	11	658
Lincoln National Life Ins. Co.	14	852	233	337	9	772
Principal Life Ins. Co	1	12	39	592	39	592
Prudential Ins. Co. of America	2	72	2	79	3	427
Reliastar Life Ins. Co	2	12	8	312	7	12248
Standard Ins. Co.	11	211	19	639	9	129
Transamerica Life Ins. Co.	311	654	471	687	306	462
Transamerica Premier Life Ins. Co.	4	4	1	1	3	3
Trustmark Ins. Co.	9	15	11	18	4	4
United of Omaha Life Ins. Co.	11	735	8	353	3	10
Unum Life Ins. Co. of America	5125	13879	3570	15131	14864	19983
US Br Sun Life Assur Co. of Canada	1	153	3	172	8	2226

## Sales of New Individual Policies and Individual Enrollees by Company

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

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

State Farm Mutual Auto Ins. Co	983	1048	757	805	586	637
Time Insurance Co.	2121	2897	1562	2020	100	123
Transamerica Life Ins. Co.	40	62	250	336	154	206
Trustmark Ins. Co.	594	845	305	408	183	264
United America Ins. Co.	30	49	33	33	8	12
United Transportation Union Ins. Assn.	45	80	30	72	24	69
Washington Natl Ins. Co.	46	47	167	172	379	379

## Cumulative Total of Existing Policies and Enrollees by Company

Name	Did you write fixed payment policies in WA in 2019?	2019 Total Enrollees	2019 Total Existing Policies
AAA Life Ins. Co.	Yes	18698	1
Aetna Life Ins. Co.	Yes	737	3
American Family Life Assur Co. of Columbus	Yes	284004	165587
American Fidelity Assur Co.	Yes	7485	6067
American Gen Life Ins. Co.	Yes	1425	1425
American Heritage Life Ins. Co.	Yes	23885	13031
American Income Life Ins. Co.	Yes	12298	9267
American Natl Ins. Co.	No	7	4
Assurity Life Ins. Co.	Yes	291	204
Bankers Fidelity Life Ins. Co.	Yes	475	475
Bankers Life & Casualty Co.	Yes	10156	8860
BCS Insurance Co.	Yes	814	24
Beazley Ins. Co. Inc.	Yes	124	3
Chesapeake Life Ins. Co.	Yes	7416	5569
Colonial Life & Accident Ins. Co.	Yes	18423	40658
Combined Ins. Co. of America	Yes	22464	17577
Companion Life Ins. Co.	Yes	444	11
Continental American Ins. Co.	Yes	27118	71
Continental Gen Ins. Co.	No	335	335

Continental Life Insurance Company of Brentwood, Tenn.	Yes	7	7
Equitable Life & Casualty Ins. Co.	Yes	21	21
Family Heritage Life Ins. Co. of America	Yes	11274	4749
Federal Ins. Co.	Yes	3202	3202
Globe Life & Accident Ins. Co.	Yes	3979	3979
Great Northern Ins. Co.	Yes	2959	2959
Guarantee Trust Life Ins. Co	Yes	1059	1018
Guardian Life Ins. Co. of America	Yes	2355	83
Illinois Mutual Life Ins. Co.	Yes	25	22
Kansas City Life Ins. Co.	No	1	1
Life Ins. Co. of N. America	Yes	1286	14
LifeSecure Ins. Co.	Yes	274	213
Lincoln National Life Ins. Co.	Yes	9940	321
Loyal American Life Ins. Co.	Yes	80	62
Madison National Life Ins. Co. Inc.	No	1	1
Medico Ins. Co.	Yes	1171	1171
Metropolitan Life Ins. Co.	No	6	6
Mid-West National Life Insurance Co. of Tennessee	No	122	79
Minnesota Life Ins. Co.	Yes	6	1
Mutual of Omaha Ins. Co.	Yes	1829	1539
Old American Ins. Co.	No	97	97
Physicians Mutual Ins. Co.	No	695	572
Principal Life Ins. Co.	Yes	1495	104



Professional Ins. Co.	No	2	1
Provident Life & Accident Ins. Co.	Yes	388	5471
Prudential Ins. Co. of America	Yes	504	4
Reliastar Life Ins. Co.	Yes	20193	105
RiverSource Life Ins. Co	No	2	2
Securian Life Ins. Co.	Yes	354	250
Sentinel Security Life Insurance Co.	Yes	8	8
Standard Ins. Co.	Yes	1125	41
Standard Life & Accident Ins. Co.	Yes	54	44
State Farm Mutual Auto Ins. Co	Yes	8107	6887
Sunset Life Ins. Co. of America	No	1	1
Symetra Life Ins. Co	No	601	5
Thrivent Financial For Lutherans	No	25	21
Time Insurance Co.	Yes	1847	1317
Transamerica Financial Life Ins. Co.	No	29	18
Transamerica Life Ins. Co	Yes	2984	1015
Transamerica Premier Life Ins. Co.	Yes	1332	870
Trustmark Ins. Co	Yes	408	259
Union Labor Life Ins. Co	No	80	54
United American Ins. Co	Yes	526	284
United of Omaha Life Ins. Co	Yes	418	30
United States Life Ins. Co. in the City of New York	No	9390	9390
United Transportation Union Ins. Assn	Yes	430	203

Unum Life Ins. Co. of America	Yes	19983	28168
U.S. Br Sun Life Assur Co. of Canada	Yes	3286	20
USABLE Life	No	2	2
Washington Natl. Ins. Co	Yes	6495	4990
Western - Southern Life Ins. Co.	No	19	21
Wilcac Life Ins. Co.	No	2	2
Wilco Life Ins. Co.	No	80	80
Wilton Reassur Life Co. of NY	No	2	2
Woodmen World Life Ins. Society	Yes	52	52