MILLIMAN REPORT

# Commercial health insurance: Detailed 2023 financial results and emerging 2024 and 2025 trends

July 2025

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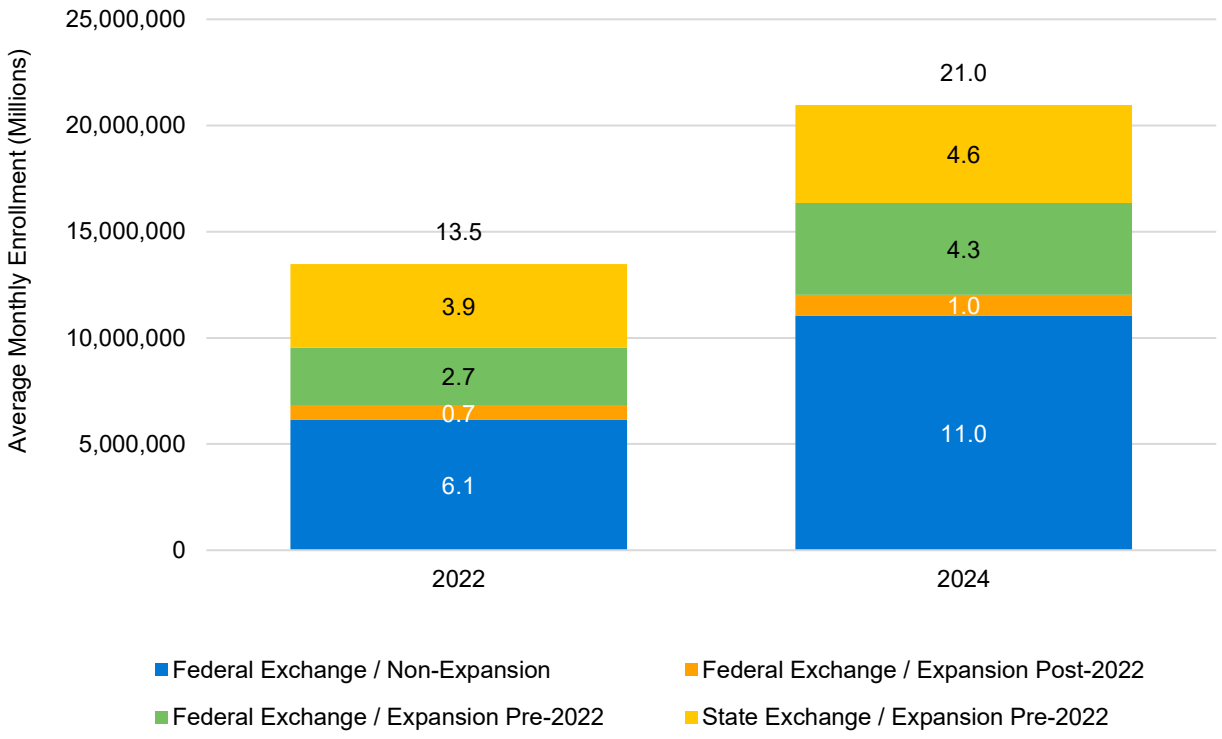
# Executive Summary

Medical loss ratio (MLR) data published by the Centers for Medicare and Medicaid Services (CMS) provides a detailed picture of health insurer financial results for the commercial market. MLR data through 2023, supplemented with recent 2024 statutory filing data as well as insurance marketplace and risk adjustment data, enables insight into the fully insured commercial market's enrollment, insurer financial experience, and the impacts of enhanced premium subsidies made available by the American Rescue Plan Act of 2021 (ARPA) and extended through the end of 2025 under the Inflation Reduction Act (IRA). The following summary includes our key observations on individual and group market financials and enrollment patterns observed in the data.

### INDIVIDUAL MARKET KEY OBSERVATIONS

- National individual market enrollment increased from 16.3 million in 2022 to 23.6 million in 2024, nearly a 45% increase. This increase was driven by marketplace enrollment, which increased from 13.5 million in 2022 to 21.0 million in 2024. Individual market enrollment is estimated to have increased further in 2025, with estimated effectuated marketplace enrollment projected to reach approximately 22.6 million based on open enrollment selection data released by the CMS.
- Figure 1 illustrates the increases in marketplace enrollment growth from 2022 to 2024, classifying states into four cohorts based on Medicaid expansion status (non-expansion, or pre-2022 or post-2022 expansion) and chosen exchange platform (state-based exchange or federally facilitated exchange). Other cohorts are not illustrated because a state did not select the combination of options (e.g., state exchange and non-expansion).

**FIGURE 1: MARKETPLACE ENROLLMENT 2022 VS. 2024 BASED ON STATE MEDICAID EXPANSION STATUS AND EXCHANGE PLATFORM**




Note: Virginia moved to a state-based exchange in 2024. However, for the purposes of comparing 2022 to 2024 on a normalized basis, Virginia enrollment values are classified in "Federal Exchange/Expansion Pre-2022" for both years.

- While national marketplace enrollment increased by approximately 56% from 2022 to 2024, this growth varied widely at the state level based on the state's Medicaid expansion status and usage of the federally facilitated exchange or state-based exchange.
  - Non-expansion states (which all use the federal exchange platform) had the highest composite marketplace growth, experiencing average marketplace enrollment growth of nearly 80% (6.1 million to 11.0 million). Nearly 42% of national individual marketplace growth between 2022 and 2024 is attributable to enrollees with household income between 100% and 138% of the federal poverty level (FPL) in non-expansion states.
  - Among established Medicaid expansion states (those expanding prior to 2022), states using the federal exchange had composite marketplace growth of approximately 58% (2.7 million to 4.3 million), while states operating a state-based exchange had composite growth of approximately 17% (3.9 million to 4.6 million).
- Although individual market underwriting margins varied widely at the state level in 2023 and 2024, states with the greatest marketplace growth using the federal exchange had larger underwriting gains on average relative to states operating a state-based exchange. Particularly among Medicaid expansion states using the federal exchange, greater marketplace growth was clearly associated with larger underwriting gains relative to states with more minimal marketplace growth.
- While insurers reported a composite underwriting margin of 3.5% in 2023, with similar results anticipated in 2024 based on emerging statutory reporting, the scheduled expiration of the enhanced marketplace premium subsidies at the end of 2025 is anticipated to materially reduce marketplace enrollment as the availability of zero-cost bronze and silver plans becomes much more limited for marketplace enrollees. Nationally, approximately two-thirds of 2022 to 2024 marketplace growth was attributable to individuals with reported household income not exceeding 150% FPL who had access to zero-cost silver subsidy benchmark plans (that included enhanced cost-sharing reduction plan designs (CSR)).
  - As marketplace enrollment growth has been much greater in states using the federal exchange, these states may experience the greatest level of risk pool volatility in 2026 if the premium subsidies are allowed to expire. Approximately 65% of national marketplace enrollment growth between 2022 and 2024 was attributable to enrollees with income not exceeding 150% FPL in states using the federal exchange, relative to only 2% of national marketplace growth in states operating a state-based exchange.

## GROUP MARKET KEY OBSERVATIONS

- In the small and large group fully insured markets, composite MLR and underwriting margins were relatively consistent in 2022 and 2023. Small group underwriting margins decreased slightly from 2.2% in 2022 to 2.0% in 2023, while large group underwriting margins increased from 1.2% to 1.3%.
- 2024 statutory data from the National Association of Insurance Commissioners (NAIC) Supplemental Health Care Exhibit (SHCE) suggests a tightening of underwriting margins, as MLRs in the small and large group markets increased by 1.9 and 1.1 percentage points, respectively, relative to 2023 SHCE data.
- Since 2010, there has never been a composite negative underwriting margin for either the small or large group market observed. However, data from the last several years suggest the ability of insurers to achieve underwriting gains well above market norms has diminished, as the proportion of the small and large group markets represented by insurers earning underwriting margins exceeding 5% have been reduced relative to the 2017 to 2020 period.
  - From 2017 to 2020, insurers representing approximately 43% of the small group market reported underwriting gains of 5% or greater relative to only 26% from 2021 to 2023.
  - From 2017 to 2020, insurers representing approximately 25% of the large group market reported underwriting gains of 5% or greater relative to only 10% from 2021 to 2023.

## CONCLUSION

Building upon historical enrollment and financial patterns, the individual market continues to experience greater change than the group health insurance markets. While the individual market has experienced significant enrollment gains in the last five years, this incremental enrollment could quickly erode in 2026 with the expiration of the enhanced premium subsidies introduced by ARPA in 2021, and other regulatory and pending legislative changes.

# Introduction

This report provides a detailed review of the commercial health insurance industry's financial results in 2023, and evaluates changes in the market's expense structure and enrollment relative to prior years. In addition, based on calendar year 2024 statutory financial statements, the report discusses emerging financial trends for the commercial health insurance markets. The analytics in this report were developed based on a combination of MLR data submitted to the CMS, insurance marketplace enrollment reports, and statutory filings. The following topics are covered in this report:

- Summary of 2023 insurer financial results based on summarized MLR data
- Commercial health insurance enrollment changes from 2017 through 2023
- Distribution of underwriting margins for the individual, small group, and large group markets for each coverage year
- Breakdown of individual market enrollment changes from 2017 through 2024 by key market segments, including observations from 2025 marketplace open enrollment data
- Analysis of the relationship between marketplace growth and insurer margins at the state level
- Emerging 2024 statutory financial results and future market outlook

While we have focused on financial results from 2017 through 2024 in the main body of the report, Appendix 1 provides a summary of composite financial results by market going back to 2010.

# 2023 markets and financial results overview

Figure 2 illustrates the 2023 aggregate insured lives and composite reported premium and expenses in the fully insured individual, small group, and large group commercial health insurance markets on a per member per month (PMPM) basis and as a percentage of earned premium. See Appendix 1 for further descriptions of each measure contained in Figure 2 and additional details on insurer financial results from 2010 through 2023.

**FIGURE 2: AGGREGATE REPORTED 2023 COMPREHENSIVE EXPERIENCE[1,2]**

| MEASURE | INDIVIDUAL[6] | SMALL GROUP | LARGE GROUP |
|---|---|---|---|
| **Covered Lives[3]** | 18,600,000 | 10,600,000 | 39,600,000 |
| **Earned Premium PMPM** | $585.34 | $596.37 | $559.70 |
| **Claims Expenses PMPM** | $476.14 | $494.43 | $495.76 |
| **Fees and Taxes PMPM** | $26.90 | $14.27 | $8.86 |
| **MLR Rebates PMPM** | $2.11 | $2.36 | $0.40 |
| **Administrative Expenses PMPM[4]** | $65.55 | $72.10 | $44.76 |
| **Underwriting Gain (Loss) PMPM** | $20.50 | $12.03 | $7.12 |
| **Preliminary MLR[5]** | 86.1% | 85.6% | 90.5% |
| **MLR Rebate Expense Ratio** | 0.4% | 0.4% | 0.1% |
| **Underwriting Margin[7]** | 3.5% | 2.0% | 1.3% |
| **Administrative Expense Ratio** | 11.2% | 12.1% | 8.0% |

Notes:

1. Values have been rounded.
2. Dollar values are illustrated on a PMPM basis.
3. Covered lives defined as reported member months divided by 12.
4. Administrative expenses include quality improvement, claims adjustment, and general administrative expenses.
5. Preliminary MLR is based on statutory guidelines in the SHCE and reflects only 2023 experience (rather than a three-year weighted average). The sum of the preliminary MLR, underwriting margin, and administrative expense ratio will not equal 100% because quality improvement expenses (included in the administrative expense ratio) are also part of the numerator in the preliminary MLR calculation. Additionally, taxes and fees are excluded from the administrative expense ratio.
6. The 2023 individual market values include Arkansas's private option Medicaid expansion population (approximately 297,000 average monthly covered individuals with paid premium in calendar year 2023[1]).
7. Underwriting results are impacted by additional items not shown above, such as reinsurance premiums and recoveries.

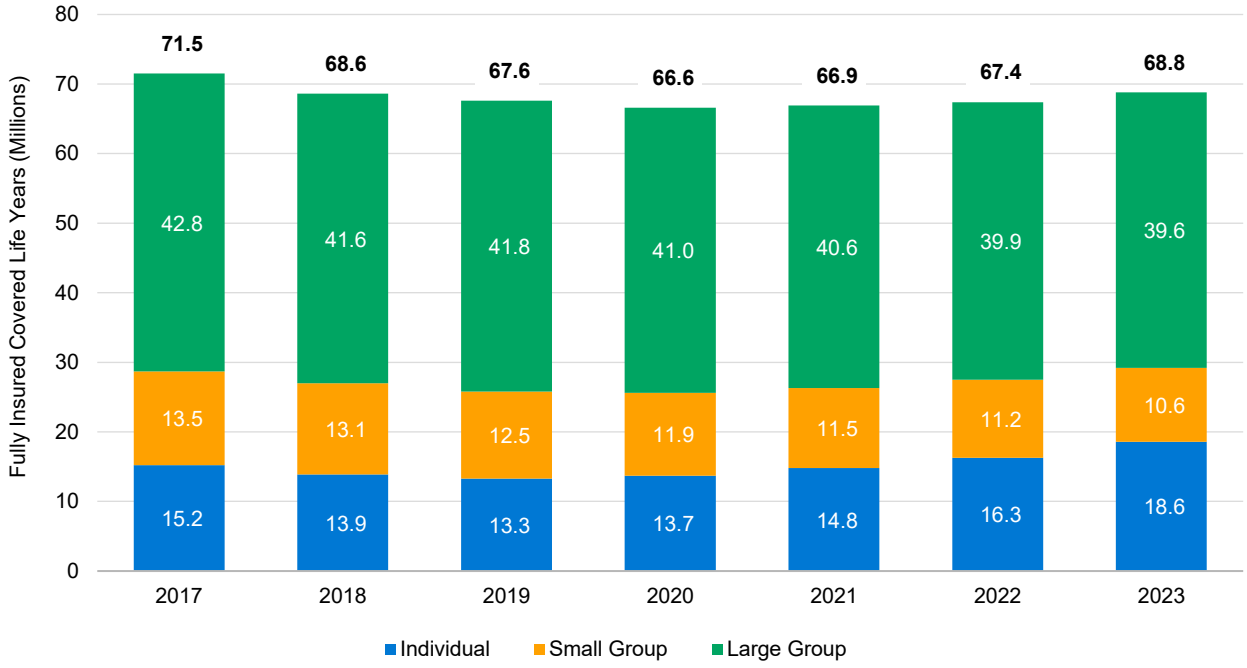
As shown in Figure 2, the individual market experienced the largest underwriting gain of the three markets (3.5% underwriting margin relative to 2.0% and 1.3% in the small group and large group, respectively). Insurers offering coverage in the large group market reported a higher preliminary MLR percentage relative to the individual and small group markets (90.5% compared to 86.1% and 85.6% in individual and small group, respectively). The next sections of this report examine changes in the above measures from 2017 through 2023 for each market.

1. Arkansas Department of Human Services (2023). Monthly enrollment and expenditures report. Retrieved July 16, 2025, from https://humanservices.arkansas.gov/wp-content/uploads/Monthly-Enrollment-and-Expenditure-Report_December-2023.pdf.

## COVERED LIVES

As illustrated by Figure 3, 68.8 million individuals were insured across the three fully insured commercial health insurance markets (individual, small group, and large group) in 2023, an increase of approximately 1.4 million insured lives relative to 2022. This enrollment increase was entirely attributable to changes in the individual market as enrollment increased by 2.3 million enrollees from 2022 and 2023. This increase was offset by the small and large group markets which decreased by 0.6 million and 0.3 million, respectively. Data from the Medical Expenditure Panel Survey (MEPS) indicates the percentage of private sector establishments offering health insurance coverage has remained steady since 2017, suggesting that the decrease in the fully insured group enrollment may be attributable to employers shifting from fully insured to self-funded plans rather than not offering coverage.[2] In addition, some small employers previously offering fully insured coverage may have transitioned to individual coverage health reimbursement arrangements (ICHRAs).[3]

**FIGURE 3: NATIONAL COMPREHENSIVE HEALTH INSURANCE ENROLLMENT, 2017 TO 2023**




Notes:

1. Covered lives defined as reported member months divided by 12.

2. Values have been rounded to the nearest 100,000.

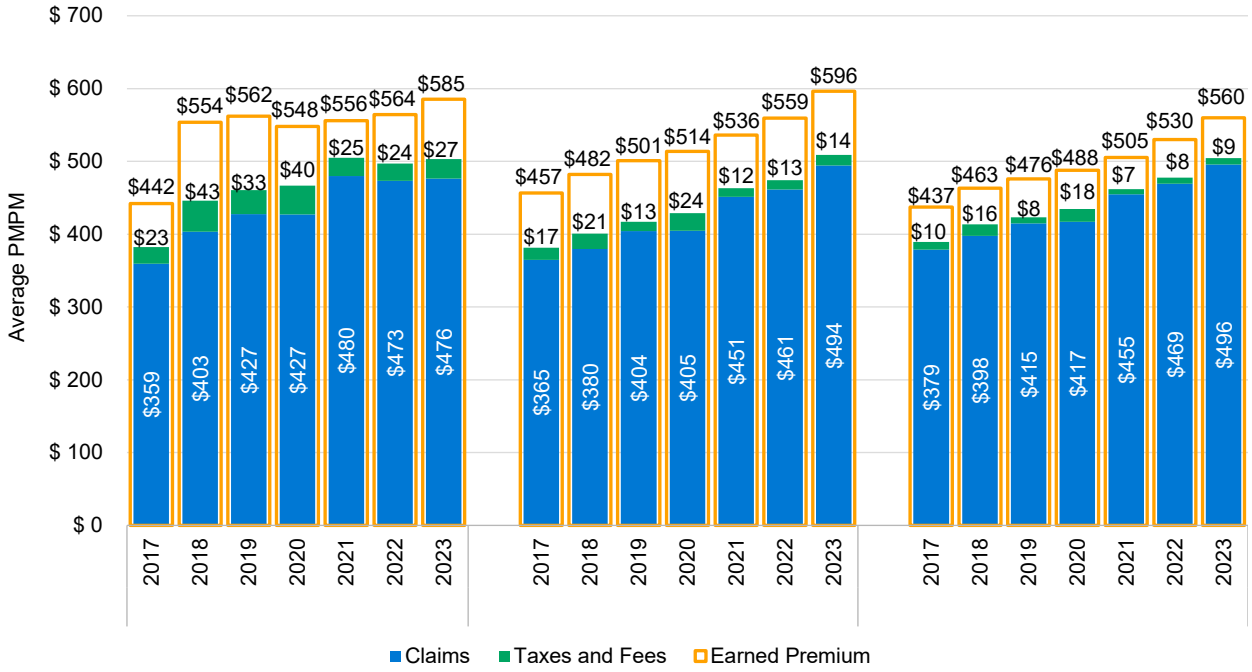
2. Agency for Healthcare Research and Quality. Medical expenditure panel survey. Retrieved July 16, 2025, from https://datatools.ahrq.gov/meps-ic.

3. Rakine, H. (July 17, 2024). Insurers eye ICHRAs: Implications for the small group and individual markets. CHIRblog. Retrieved July 16, 2025, from https://chirblog.org/insurers-eye-ichras-implications-for-the-small-group-and-individual-markets/.

## EARNED PREMIUM, CLAIMS EXPENSE, AND TAXES AND FEES

Figure 4 illustrates changes in earned premium, claims expenses, and taxes and fees from 2017 through 2023.

**FIGURE 4: CLAIMS EXPENSE AND TAXES AND FEES VERSUS EARNED PREMIUM, 2017 TO 2023**




Earned premiums increased in the individual market from 2022 to 2023 by 3.7%, slightly less than the 4.1% increase in average premium subsidy benchmark premiums in the insurance marketplaces,[4] while continuing the pattern of steady increases in the group markets from 2022 to 2023. Claims expenses have continued to increase at higher rates for the group markets when compared to the individual market during the 2021 to 2023 time frame. This is potentially attributable to a healthier individual market risk pool, coinciding with the significant enrollment increases that occurred in the individual market from 2021 to 2023.

Taxes and fees levied on insurers increased from 2022 to 2023 but are still lower than 2020 levels for each of the commercial insurance markets, attributable primarily to the repeal of the ACA's health insurer fee (HIF)[5] Within the individual market, higher reported taxes and fees for 2023 compared to 2022 were also influenced by greater federal income taxes, a result of favorable underwriting margins experienced by insurers during the time period.

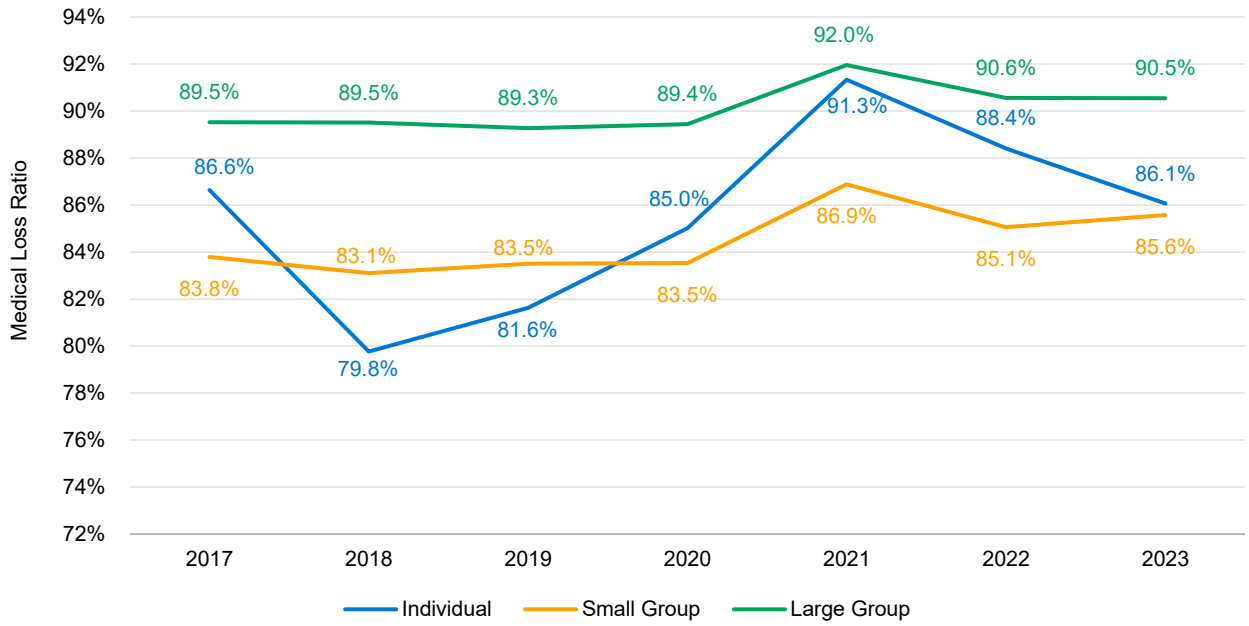
4. KFF (2025). Marketplace average benchmark premiums. Retrieved July 16, 2025, from https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

5. IRS (2025). Tax provisions for other organizations: Health insurance provider fee (IPF-ACA Section 9010 fee). Retrieved July 16, 2025, from https://www.irs.gov/affordable-care-act/tax-provisions-for-other-organizations.

## PRELIMINARY MLR AND MLR REBATES

Figure 5 illustrates the preliminary MLR for the three commercial health insurance markets from 2017 through 2023. The preliminary MLR is based on insurer experience for a single year and does not include credibility adjustments for insurers with limited enrollment.

**FIGURE 5: PRELIMINARY MLR 2017 TO 2023**

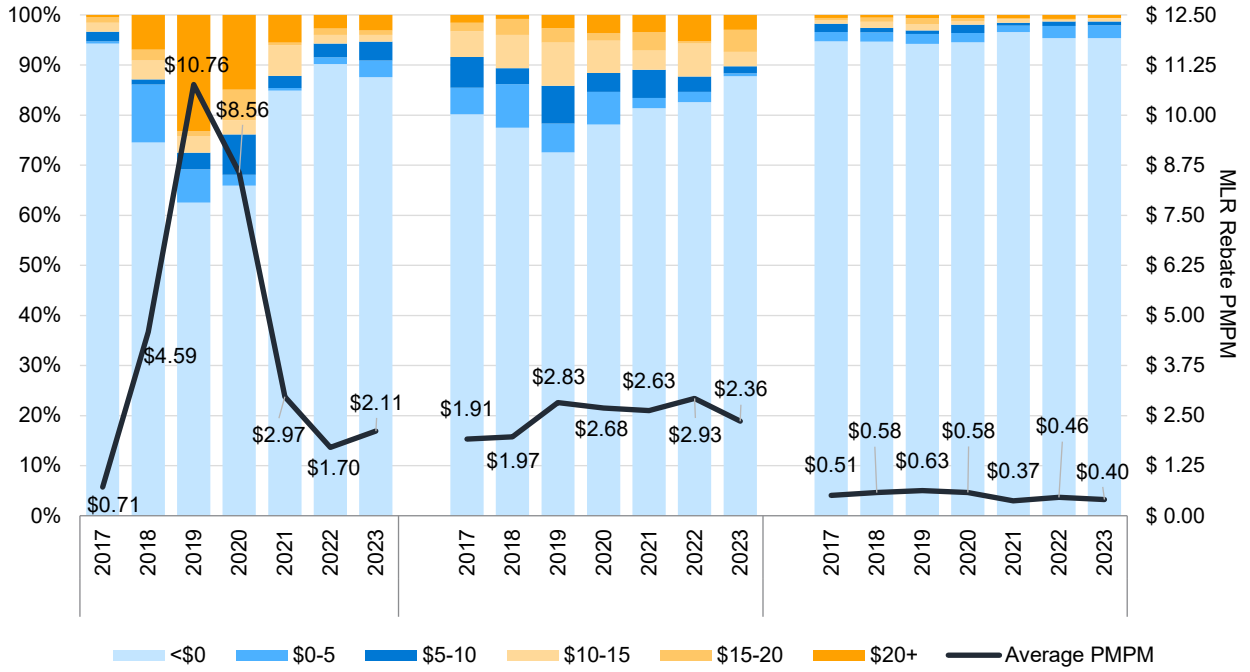



As in prior years, the preliminary MLR for the group markets has remained stable while greater fluctuations have been observed in the individual market. The individual market preliminary MLR decreased from 88.4% to 86.1% from 2022 to 2023. This MLR decrease was attributable to an increase in incurred claims expense PMPM of 0.6%, while adjusted earned premium[6] PMPM increased by 3.7%. Notably, group market MLRs have remained elevated since 2021 relative to 2017 to 2019 MLR experience.

Figure 6 illustrates the distribution of MLR rebates across the three commercial insurance markets from 2017 through 2023, as well as the composite MLR rebate in each reporting year.

6. Premium net of taxes and fees.

**FIGURE 6: MLR REBATE, 2017 TO 2023**




Note: Distributions weighted by reported member months in each calendar year. Results reflect all insurers that reported data in the given year.

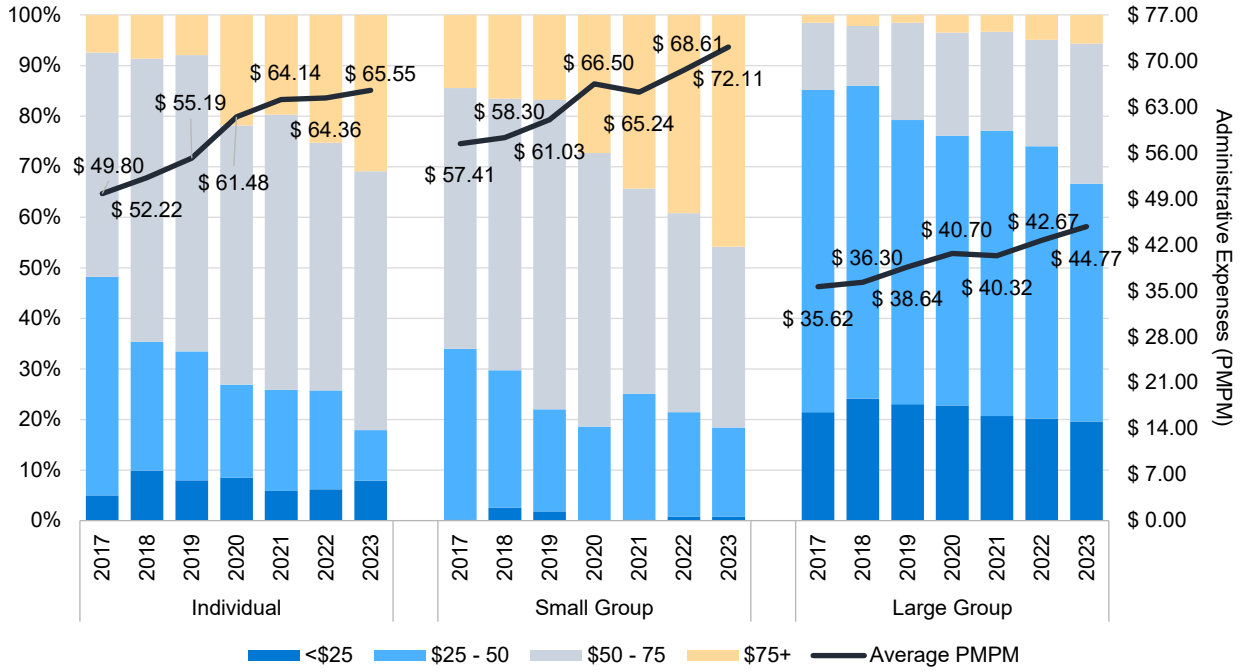
In 2023, rebates were owed to approximately 12% of individual market members based on the 2021 to 2023 MLR experience period, with just over 3% of the market being owed rebates in excess of $20 PMPM. The average rebate per "rebatable" member in 2023 was $16.95 PMPM or about $203 on an annualized basis, a decrease from $17.41 PMPM in 2022.

From 2022 to 2023, MLR rebates in the small group market also slightly declined, with rebates decreasing from $2.93 to $2.36 PMPM. The proportion of the small group market with rebates in excess of $20 PMPM (3%) is comparable to the individual market. MLR rebates in the large group market continued to be low relative to other markets, with a small decrease from $0.46 PMPM in 2022 to $0.40 PMPM in 2023.

## ADMINISTRATIVE EXPENSES

Figure 7 illustrates the distribution of reported administrative expenses (inclusive of quality improvement, claims adjustment, and general and administrative expenses) from 2017 to 2023 for each market, as well as the composite market average administrative expense PMPM for each year. Since 2017, the administrative expense PMPM has steadily risen across each market. In the individual market, administrative costs have increased by 4.7% on an annualized basis from 2017 to 2023, while the group markets have seen annualized increases of 3.9%. However, from 2022 to 2023, administrative costs increased by 1.8% in the individual market, relative to 5.1% in the small group market and 4.9% in the large group market.

**FIGURE 7: TOTAL ADMINISTRATIVE EXPENSE PMPM, 2017 TO 2023**




Note: Distributions weighted by reported member months in each calendar year. Results reflect all insurers that reported data in the given year.

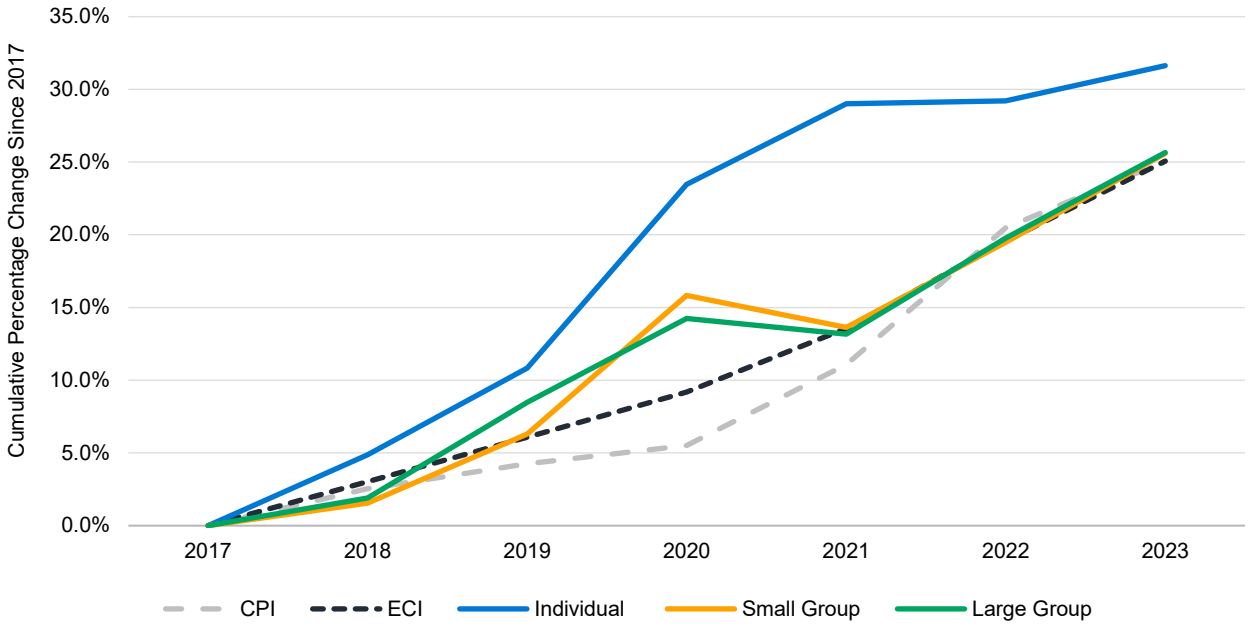
The changes in total administrative costs illustrated in Figure 7 can also be viewed in the context of the high inflationary period that occurred during the COVID-19 pandemic.[7] Two key measures of inflation include:

- The Consumer Price Index (CPI-U), which increased by 8.5% from 2021 to 2022.[8]
- The Employer Cost Index (ECI) for private industry workers, which measures the change in the hourly labor cost to employers over time,[9] sustained annual growth rates from 2021 through 2024 in excess of 4%, relative to 2% to 3% growth rates prior to the COVID-19 pandemic.[10] For perspective, approximately 44% of insurers' 2024 non-investment administrative expenses were attributable to salaries, wages, and other benefits.[11]

Figure 8 illustrates the cumulative growth in CPI-U and ECI from 2017 to 2023, relative to the cumulative growth in total administrative cost PMPM for the three commercial health insurance markets.

7. Leith, L.H. (December 2023). What caused the high inflation during the COVID-19 period? Monthly Labor Review. Retrieved July 16, 2025, from https://www.bls.gov/opub/mlr/2023/beyond-bls/what-caused-the-high-inflation-during-the-covid-19-period.htm.
8. Federal Reserve Bank of St. Louis (July 15, 2025). Consumer Price Index for all urban wage earners and clerical workers: All items in U.S. city average. Retrieved July 16, 2025, from https://fred.stlouisfed.org/series/CWUR0000SA0#.
9. U.S. Bureau of Labor Statistics. Employment Cost Index. Retrieved July 16, 2025, from https://www.bls.gov/eci/.
10. Federal Reserve Bank of St. Louis (April 30, 2025). Employment Cost Index. Retrieved July 16, 2025, from https://fred.stlouisfed.org/series/ECIWAG.
11. Underwriting and Investment Exhibit, Part 3 – Analysis of Expenses, Health Industry, December 31, 2024 annual statement. Accessed via S&P Global.

**FIGURE 8: CUMULATIVE PERCENTAGE CHANGE IN TOTAL ADMINISTRATIVE EXPENSE PMPM SINCE 2017, BENCHMARKED TO THE CPI-U AND ECI**




As shown in Figure 8, cumulative growth from 2017 to 2023 in total administrative cost PMPM for the group insurance markets tracked very closely with the CPI and ECI. However, insurers reported sharply higher administrative costs in the group market from 2019 to 2020 with the onset of the pandemic and then decreases in administrative costs from 2020 to 2021, before closely aligning to the inflationary index measures in 2022 and 2023.

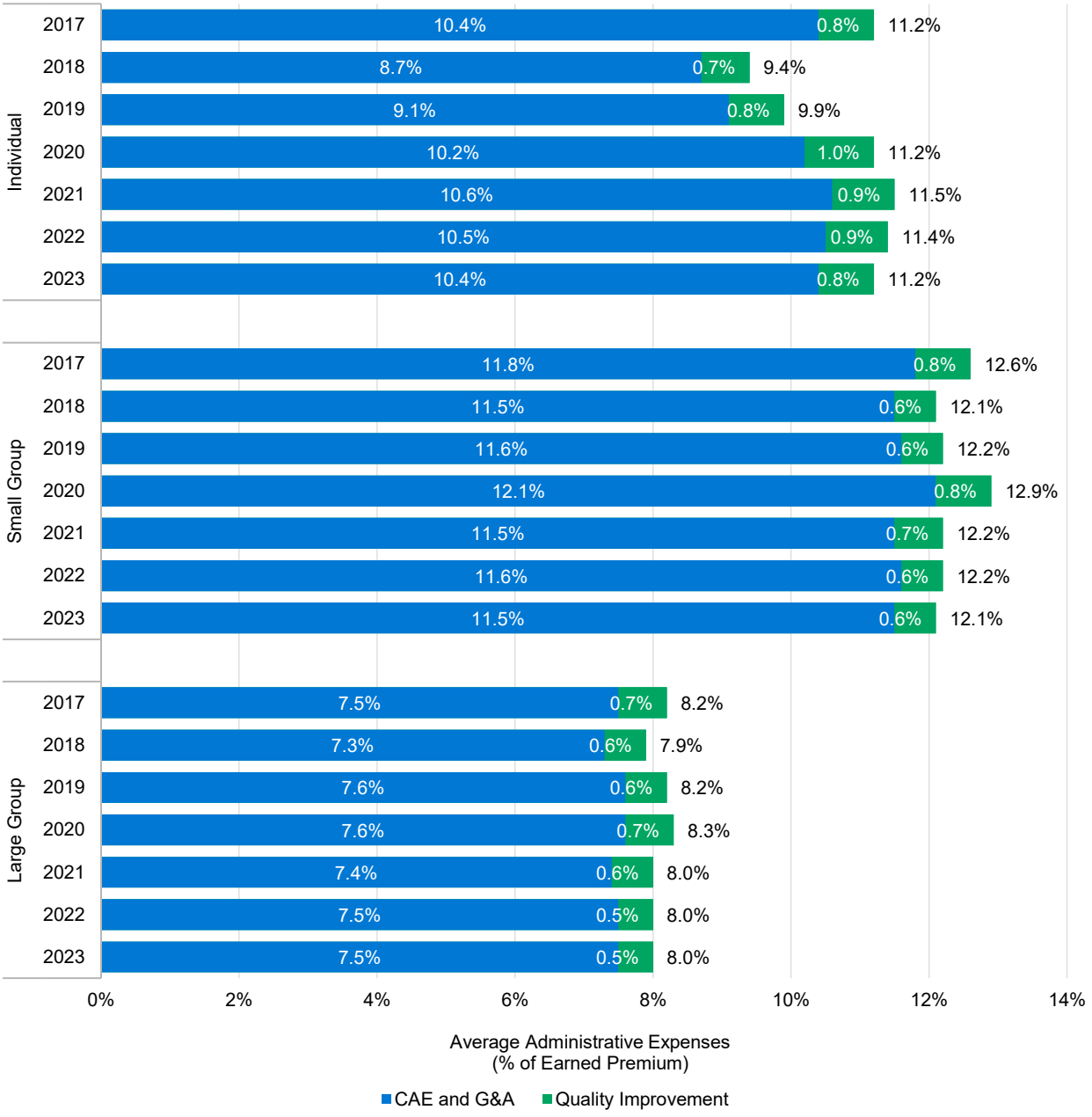
Total administrative cost PMPM percentage growth for the individual market outpaced the inflationary measures by approximately 6.6 percentage points over the measurement period. Annual growth exceeded 11% from 2019 to 2020 before moderating significantly from 2021 to 2023.

With annual CPI growth forecasted to be below 3% from 2025 through 2027[12], historical patterns observed in Figure 8 suggest similar growth for total administrative cost PMPM in the commercial health insurance markets.

Figure 9 illustrates administrative costs as a percentage of earned premium. For the individual market, administrative costs as a percentage of earned premiums have been generally stable for the last four years. In the group markets, 2020 marked the highest percentage of earned premiums for administrative expenses during the seven-year experience period (possibly attributable to the onset of the COVID-19 pandemic). Figure 9 also splits claims adjustment expenses (CAE) and general and administrative (G&A) expenses from quality improvement expenses. In the CMS MLR formula, quality improvement expenses are included in the numerator of the MLR calculation, thus increasing a carrier's calculated MLR. As shown in Figure 9, quality improvement expenses as a proportion of total administrative expenses has not changed materially for any of the three insurance markets across the seven-year period.

12. Survey of Professional Forecasters (May 16, 2025). Forecasters predict lower growth and employment in 2025. Retrieved July 15, 2025, from https://www.philadelphiafed.org/-/media/FRBP/Assets/Surveys-And-Data/survey-of-professional-forecasters/2025/spfQ225.pdf.

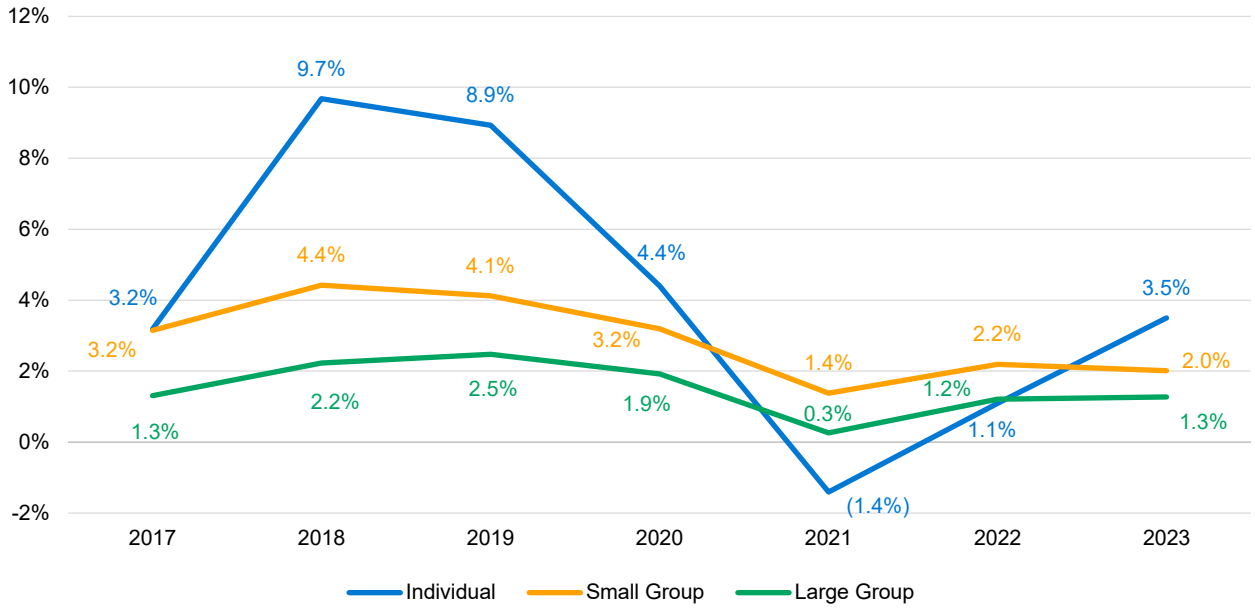
**FIGURE 9: ADMINISTRATIVE EXPENSE AS A PERCENTAGE OF EARNED PREMIUM**



## UNDERWRITING RESULTS

Figure 10 illustrates the underwriting results from 2017 through 2023 for the three commercial insurance markets. The individual market composite underwriting gain was 3.5% in 2023, a notable improvement from the prior two years. The individual market's improved underwriting gains have been driven by increased premium rates, with claims expenses slightly decreasing on average since 2021. On the other hand, underwriting margins in the group markets remain relatively flat in 2023 compared to 2022 because of claims expense increasing consistent with premium levels.

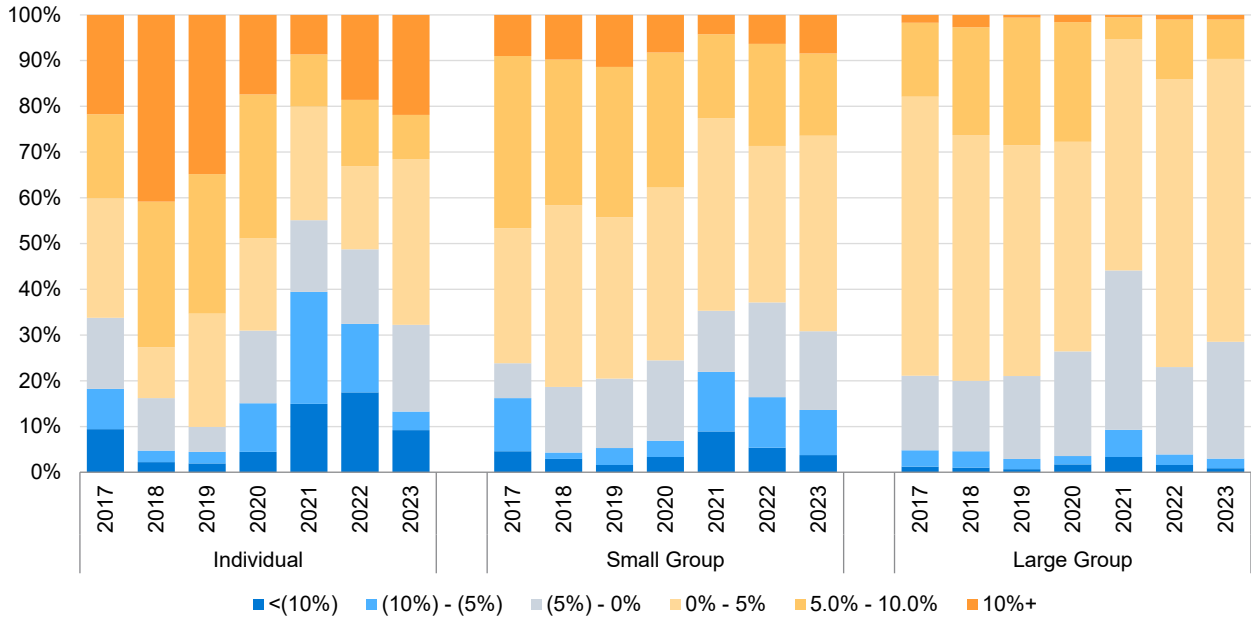
**FIGURE 10: UNDERWRITING MARGIN, 2017 TO 2023**




## DISTRIBUTION OF UNDERWRITING RESULTS 2017 THROUGH 2023

When considering aggregate market underwriting results from 2017 through 2023, it is important to understand the degree to which underwriting results vary among insurers within a market. This variation provides insight into whether underwriting gains/(losses) are driven by a small portion of market share with highly favorable/(unfavorable) experience or whether the financial results are more evenly distributed across insurers. Figure 11 examines the distribution of underwriting results, weighted by member months, in each commercial market for the experience period.

**FIGURE 11: COMMERCIAL HEALTH INSURANCE—UNDERWRITING MARGIN DISTRIBUTIONS, 2017 TO 2023**




Note: Distributions weighted by reported member months in each calendar year. Results reflect all insurers that reported data in the given year.

**Key observations regarding Figure 11 include:**

INDIVIDUAL MARKET

- Health insurer financial results in the early years of the ACA exhibited large losses and minimal gains in the individual market, but by 2018 and 2019 results stabilized, with few insurers exhibiting losses while most experienced large gains.[13]
- However, the individual market underwriting margins experienced greater variance in 2021 and 2022 after the initial year of the COVID-19 pandemic, with approximately half of the insurers experiencing losses and half experiencing gains.
- Overall underwriting margins improved in 2023, with fewer insurers taking significant losses compared to 2021 and 2022.

GROUP MARKETS

- In the small group market, a larger percentage of the market has reported underwriting losses in excess of (5%) for 2021 through 2023 relative to 2018 through 2020, consistent with observed market declines in composite underwriting gains.
- Large group underwriting margin results indicate a very minimal portion of the market experiencing underwriting losses in excess of (5%), consistent with the years leading up to the COVID-19 pandemic.
- However, the portion of the large group market achieving underwriting gains in excess of 5% has declined from nearly 30% during the 2018 to 2020 period to less than 10% in 2023, driving the overall decline in large group underwriting margins.

13. For further commentary on individual market financial results since 2014, please see https://www.soa.org/49617d/globalassets/assets/files/resources/research-report/2025/aca-at-15.pdf.

# Detailed individual market enrollment trends: 2017 through 2024

As shown in Figure 12 on the next page, the individual market has grown from 13.7 million average monthly enrollees in 2020 to 23.6 million in 2024, with much of this growth occurring between 2022 and 2024. Publicly available reports released by the federal government focus largely on the individual insurance marketplace, allowing us to examine the drivers of these enrollment changes by household income cohorts and other market features.[14] Enrollment changes in the individual market during the last five years have been shaped by two major factors.

- First, the ARPA introduced enhanced premium subsidies in the individual marketplaces, which were extended through the end of calendar year 2025 by the IRA.[15] These enhanced subsidies improved consumer affordability in the individual market, notably by allowing consumers with income less than 150% of the FPL to purchase the second-lowest cost silver (subsidy benchmark plan) for zero out-of-pocket premium.
- Second, the individual market has been impacted by Medicaid eligibility policies that have changed since the onset of the COVID-19 public health emergency (PHE). At the beginning of the COVID-19 PHE, Medicaid redeterminations were paused, allowing individuals to remain enrolled in Medicaid regardless of changes in eligibility status (e.g., household income).[16] Consumers that may have purchased marketplace coverage after experiencing an income increase that rendered them ineligible for Medicaid instead remained enrolled in Medicaid during the PHE. However, coinciding with the end of the PHE, states began the resumption of normal Medicaid eligibility redeterminations beginning in May 2023 (although the timing of state-specific resumption of Medicaid redetermination varied to some degree), resulting in significant disenrollments from the Medicaid program (and potential new customers for marketplace coverage).
  - As a result of these policies, national Medicaid and Children's Health Insurance Program (CHIP) enrollment increased from approximately 71 million in February 2020 to nearly 95 million in April 2023. As Medicaid redeterminations resumed, national Medicaid and CHIP enrollment has decreased to approximately 79 million as of December 2024.[17]

Figure 12 provides a national summary of individual market enrollment changes on and off the marketplaces, as well as the number of marketplace enrollees receiving federal premium subsidies (through advance premium tax credits (APTCs)) and cost-sharing reduction (CSR) plans. Figure 12 also illustrates covered lives in the individual market from 2017 through 2024 (estimated values for 2024), along with the following effectuated[18] enrollment statistics.

- Marketplace all enrollees: estimated yearly total of effectuated marketplace member months, divided by 12
- Marketplace APTC: estimated yearly number of effectuated marketplace member months receiving an APTC, divided by 12
- Marketplace CSR: estimated yearly number of effectuated marketplace member months receiving a CSR subsidy, divided by 12

14. CMS. 2024 marketplace open enrollment period public use files. Retrieved April 28, 2025, from https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2024-marketplace-open-enrollment-period-public-use-files.
15. For an overview of premium subsidy changes, please see https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/PDFs/2021-Articles/3-17-21-A-is-for-affordable.pdf.
16. Tolbert, J., & Ammula, M. (June 9, 2023). 10 things to know about the unwinding of the Medicaid continuous enrollment provision. KFF. Retrieved July 16, 2025, from https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-the-unwinding-of-the-medicaid-continuous-enrollment-provision/.
17. Data.Medicaid.gov. Separate CHIP enrollment by month and state. Retrieved July 16, 2025, from https://data.medicaid.gov/datasets?theme%5B0%5D=Enrollment.
18. Insurance policies that have been activated by the payment of premium.

**FIGURE 12: COMMERCIAL INDIVIDUAL HEALTH INSURANCE ENROLLMENT SUMMARY, 2017 TO 2024**

| COVERED LIFE YEARS | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| **ACA COMPLIANT** | | | | | | | | |
| Marketplace | 9.8 | 9.9 | 9.8 | 10.3 | 11.7 | 13.5 | 16.2 | 21.0 |
| Off-Marketplace | 3.7 | 2.7 | 2.4 | 2.5 | 2.4 | 2.3 | 2.2 | 2.2 |
| **Total ACA Compliant** | **13.4** | **12.6** | **12.2** | **12.8** | **14.2** | **15.8** | **18.3** | **23.1** |
| **NON-ACA COMPLIANT** | | | | | | | | |
| **Total Non-ACA Compliant** | **1.8** | **1.4** | **1.1** | **0.8** | **0.6** | **0.5** | **0.2** | **0.5** |
| **Total Individual Market** | **15.2** | **13.9** | **13.3** | **13.7** | **14.8** | **16.3** | **18.6** | **23.6** |
| | | | | | | | | |
| **FEDERAL SUBSIDY POPULATION** | | | | | | | | |
| Marketplace APTC | 8.2 | 8.6 | 8.5 | 8.9 | 10.3 | 12.2 | 14.8 | 19.5 |
| Marketplace CSR | 5.6 | 5.2 | 5.0 | 5.2 | 5.9 | 6.6 | 7.8 | 10.6 |

| COVERED LIFE YEARS AS PERCENTAGE OF TOTAL INDIVIDUAL MARKET | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| **ACA COMPLIANT** | | | | | | | | |
| Marketplace | 64% | 71% | 74% | 76% | 79% | 83% | 87% | 89% |
| Off-Marketplace | 24% | 19% | 18% | 18% | 17% | 14% | 12% | 9% |
| **Total ACA Compliant** | **88%** | **90%** | **92%** | **94%** | **96%** | **97%** | **99%** | **98%** |
| **NON-ACA COMPLIANT** | | | | | | | | |
| **Total Non-ACA Compliant** | **12%** | **10%** | **8%** | **6%** | **4%** | **3%** | **1%** | **2%** |
| **Total Individual Market** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| | | | | | | | | |
| **FEDERAL SUBSIDY POPULATION** | | | | | | | | |
| Marketplace APTC | 54% | 61% | 64% | 65% | 70% | 74% | 80% | 83% |
| Marketplace CSR | 37% | 37% | 38% | 38% | 40% | 40% | 42% | 45% |

Notes:

1. Values have been rounded so as to sum to 100% for each calendar year.
2. Covered life years reflect average monthly enrollment. Values have been rounded to the nearest 100,000 and therefore may not sum to the totals shown.
3. Marketplace enrollment reflects effectuated member months, defined as policies that have been activated by the payment of premium, divided by 12.
4. Total ACA-compliant enrollment from 2017 through 2024 estimated based on risk adjustment transfer reports. A 1% adjustment has been applied to billable member months to reflect households with more than three children.
5. Marketplace-effectuated enrollment estimated from U.S. Department of Health and Human Services (HHS) enrollment reports. Please see the Methodology section of this paper for more information.
6. The 2024 values have been estimated based on a combination of publicly available federal government data and reports, as well as 2024 statutory data accessed through S&P Global Market Intelligence.
7. Actual average monthly enrollment values are certain to vary from the estimates provided in Figure 12.
8. ACA-compliant enrollment includes private Medicaid expansion enrollees in Arkansas and New Hampshire (ended December 2018). Effectuated APTC and CSR enrollment estimates exclude private Medicaid expansion enrollees.

As illustrated in Figure 12, individual market enrollment began growing at the onset of the COVID-19 PHE, and that growth accelerated in 2023 and 2024, coinciding with the resumption of Medicaid redeterminations.

- From 2022 to 2024, total individual market enrollment increased by 7.3 million enrollees (16.3 to 23.6 million), with this growth being attributable to subsidized marketplace coverage that increased by 7.3 million enrollees (12.2 million to 19.5 million) during the two-year period (with total marketplace enrollment increasing by 7.5 million or approximately 56%).
- Enrollment in CSR plans has also increased notably in the last two years, increasing from 6.6 million in 2022 to 10.6 million in 2024.

Reviewing marketplace open enrollment and effectuated enrollment data published by CMS, the marketplace enrollment growth can be isolated by enrollee household income level, exchange platform (federal or state-based), and the state's Medicaid expansion status. Figure 13 illustrates the distribution of marketplace growth from 2022 to 2024, categorizing states into one of four cohorts (with an additional cohort for North Carolina and South Dakota reflecting Medicaid expansion on December 1, 2023, and July 1, 2023, respectively).

**FIGURE 13: DISTRIBUTION OF CY 2022 TO CY 2024 MARKETPLACE GROWTH BY EXCHANGE PLATFORM AND MEDICAID EXPANSION STATUS**

| STATE COHORT | STATES | <100% OF FPL | ≥100% TO ≤138% OF FPL | >138% TO ≤150% OF FPL | >150% TO ≤200% OF FPL | 200% TO 400% | UNKNOWN / ABOVE 400% FPL | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **Federal Exchange / Non-Expansion** | 10 | 1.3% | 41.6% | 7.0% | 7.5% | 6.0% | 2.1% | 65.6% |
| **Federal Exchange / Expansion Post-2022** | 2 | 0.1% | 1.5% | 1.5% | 0.5% | 0.4% | 0.2% | 4.1% |
| **Federal Exchange / Expansion Pre-2022** | 21 | 0.3% | 3.5% | 8.3% | 4.5% | 3.0% | 1.7% | 21.3% |
| **State Exchange / Expansion Pre-2022** | 18 | 0.4% | 1.9% | (0.2%) | 1.8% | 3.3% | 1.7% | 9.0% |
| **Total** | **51** | 2.1% | 48.4% | 16.6% | 14.4% | 12.7% | 5.7% | 100.0% |

Note: Virginia moved to a state-based exchange in 2024. However, for the purposes of comparing 2022 to 2024 on a normalized basis, Virginia enrollment values are classified in "Federal Exchange/Expansion Pre-2022" for both years.

As shown by Figure 13, approximately 42% (3.1 million) of total marketplace growth is attributable to enrollees with income between 100% and 138% in non-expansion states (to the extent these states expanded Medicaid, it would be expected that most enrollees would transition to Medicaid coverage), with these 10 non-expansion states accounting for approximately 66% (4.9 million) of national marketplace growth. Nationally, approximately 82% of marketplace enrollment growth (6.1 million) is attributable to enrollees with household income up to 200% FPL. Presumably, this growth at lower income levels is at least partially attributable to individuals moving from Medicaid to marketplace coverage during resumption of Medicaid redeterminations.

# 2025 marketplace open enrollment

In May 2025, CMS released its annual detailed datasets on marketplace open enrollment selections[19]. Based on selection data, we estimate average monthly effectuated enrollment in the marketplaces will increase from 21.0 million in 2024 to 22.6 million in 2025, a national growth rate of 7.7%. Note, we assumed the ratio of 2025 effectuated enrollment to selections would align with 2022 ratios, as the Medicaid PHE unwinding process likely impacted these ratios in 2023 and 2024. Figure 14 illustrates the percentage change in estimated effectuated enrollment by state cohort (using the same methodology described for Figure 13) from 2024 to 2025, and the proportion of national marketplace growth attributable to each income cohort.

**FIGURE 14: CY 2024 TO CY 2025 ESTIMATED PERCENTAGE CHANGE IN AVERAGE MONTHLY EFFECTUATED MARKETPLACE ENROLLMENT AND PROPORTION OF NATIONAL MARKETPLACE GROWTH ATTRIBUTABLE TO EACH INCOME COHORT**

| STATE COHORT | STATES | <100% OF FPL | ≥100% TO ≤138% OF FPL | >138% TO ≤150% OF FPL | >150% TO ≤200% OF FPL | 200% TO 400% | UNKNOWN / ABOVE 400% FPL | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **Federal Exchange / Non-Expansion** | 10 | 59.2% | 1.6% | 50.1% | 11.4% | 1.9% | 4.1% | 8.8% |
| **Federal Exchange / Expansion Post-2022** | 2 | (53.8%) | (49.1%) | 71.2% | 16.3% | 2.2% | 8.6% | (1.2%) |
| **Federal Exchange / Expansion Pre-2022** | 20 | 15.5% | (2.9%) | 36.2% | 5.6% | (0.3%) | 0.9% | 9.2% |
| **State Exchange / Expansion Pre-2022** | 19 | 13.8% | (15.2%) | 25.5% | 15.7% | 0.6% | 2.5% | 5.5% |
| **Total** | **51** | 34.7% | (1.7%) | 42.5% | 11.5% | 0.9% | 2.8% | 7.7% |
| **Marketplace Growth Attributable to Cohort** | | 8.1% | (7.2%) | 66.3% | 25.8% | 3.1% | 4.0% | 100.0% |

Note: Georgia moved to a state-based exchange in 2024. However, for the purposes of comparing 2024 to 2025 on a normalized basis, Georgia enrollment values are classified in "Federal Exchange/Non-Expansion" for both years.

**Key observations from Figure 14 include:**

- Marketplace growth continued to be attributable to the population with income below 200% FPL, with nearly flat to negative enrollment growth for income cohorts above 200% FPL.
- The approximate 59% increase in enrollment below 100% FPL in non-expansion states is driven by a potential data anomaly for Georgia in the CMS dataset. Estimated effectuated enrollment below 100% FPL increased from approximately 16,400 to 138,500, while enrollment between 100% and 138% FPL decreased from 685,400 to 626,200. None of the nine other non-expansion states had similar enrollment changes.
  - As described in the footnote to Figure 14, Georgia moved to a state-based exchange for the 2025 coverage year. While the change in enrollment below 100% was an anomaly relative to the nine other non-Medicaid expansion states, Georgia's overall change in estimated effectuated enrollment from 2024 to 2025 (9.2% increase) was comparable to the non-Medicaid expansion state average (8.8%).
- North Carolina and South Dakota, 2023 expansion states, both had large enrollment decreases among enrollees with income between 100% and 138% FPL. In North Carolina, this income cohort experienced a decrease in estimated effectuated marketplace enrollment of approximately 151,000 from 2024 to 2025. As marketplace enrollees at this income level were also eligible for Medicaid in both states during all of 2024, it indicates potential issues with proper determination of marketplace subsidy eligibility during 2024 in those states.
- While the 138% to 150% FPL cohort had estimated enrollment growth of approximately 43%, the 150% to 200% FPL income cohort had growth of only 12%. Alabama, Georgia, and Mississippi each had 138% to 150% FPL enrollment growth of more than 40%, while experiencing enrollment growth of less than 5% for the 150% to 200% FPL cohort (Mississippi's 150% to 200% enrollment cohort declined by approximately 4%).

19. CMS (2025). 2025 marketplace open enrollment period public use files. Retrieved July 16, 2025, from https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2025-marketplace-open-enrollment-period-public-use-files.

# Insurer financial outlook for 2024 and 2025

While the CMS MLR data is generally not made available until late in the following calendar year, the NAIC SHCE is completed by insurers in April of the following year, enabling a review of 2024 financial results from the SHCE. Figure 15 illustrates preliminary MLRs developed from the SHCE for the individual, small group, and large group markets from the years 2018 through 2024. Note, the data does not encompass all insurers offering comprehensive commercial health insurance. Notably, several California insurers do not complete NAIC statutory reporting (as their financial information is submitted to the California Department of Managed Care[20]).

**FIGURE 15: PRELIMINARY MLR 2018 THROUGH 2024 NAIC SHCE**

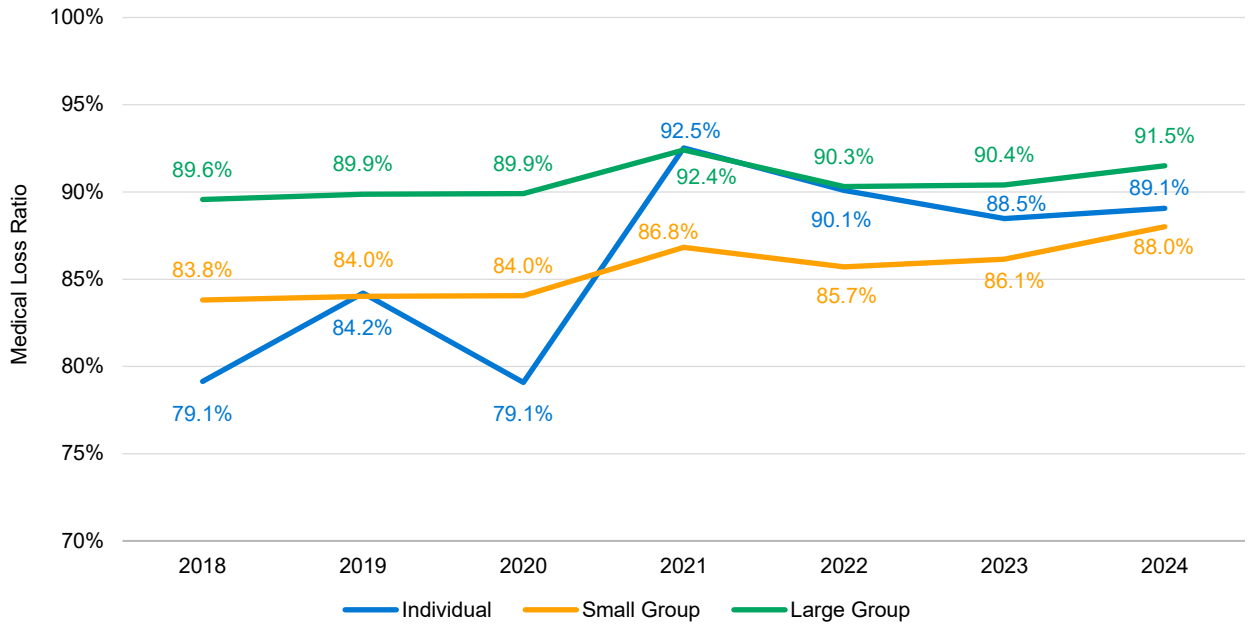



Figure 15 indicates a tightening of underwriting margins in both the individual and group markets for 2024, with the small group market experiencing the largest increase in preliminary MLR relative to 2023, a 1.9 percentage point increase.

While the preliminary MLR values developed from the SHCE generally align with those developed from the CMS MLR data (preliminary MLR values illustrated in Figure 5), there are differences in the timing of the reported data and other factors that result in the values differing between data sources. For example, a large variance was observed for the 2020 individual market results, where we observed one major insurer reporting a 25-percentage-point spread in its preliminary MLR between the SHCE and MLR data.

While the emerging data indicates commercial health insurance markets have been generally stable from an industry margin perspective from 2022 through 2024, there is significant uncertainty facing the individual market beginning in 2026. As previously mentioned, the enhanced subsidies for the ACA marketplace, implemented in 2021 through the ARPA and extended by the 2022 IRA, are set to expire at the end of 2025.

20. California Department of Managed Health Care. Submit financial filings and reports. Retrieved July 16, 2025, from https://www.dmhc.ca.gov/LicensingReporting/SubmitFinancialReports.aspx.

- To the extent these enhanced subsidies expire, the effective cost of marketplace coverage in the individual market will increase for approximately 20 million subsidized individuals in marketplaces, which may result in some enrollees electing to forgo coverage because of the additional out-of-pocket premium cost. The Congressional Budget Office (CBO) projects that the number of individuals receiving subsidized marketplace coverage will decrease from 21.3 million in 2025 to 15.7 million in 2026 (with an increase in unsubsidized coverage of approximately 2.1 million) and an overall decrease in individual market coverage of 3.5 million.[21]
- Individuals in households with income up to 150% FPL will no longer be able to receive the subsidy benchmark plan with zero out-of-pocket premium cost, and instead would be required to pay an out-of-pocket premium as was required prior to 2021. For reference, prior to the implementation of the enhanced subsidies in 2021, individuals at 100% FPL and 150% would be required to pay between 2.07% and 4.14% of household income for the benchmark plan.[22] As shown by Figure 13, approximately two-thirds of marketplace growth between 2022 and 2024 was attributable to individuals with reported income less than 150% FPL. Therefore, marketplace enrollment decreases could be particularly significant in non-Medicaid expansion states where qualifying individuals with income between 100% and 150% FPL can currently receive the subsidy benchmark plan for zero out-of-pocket premium.

In addition to the expiration of the enhanced premium subsidies at the end of 2025, there are several provisions in H.R. 1 that may impact future marketplace enrollment.[23] Given the potential for marketplace enrollment decreases in 2026, we examined the relationship between marketplace enrollment growth and insurer profitability at the state level. Figure 16 examines this relationship based on CY 2022 to CY 2024 annualized marketplace growth and composite state underwriting margins in CY 2023 and CY 2024 reported in the NAIC SHCE.

From left to right, states are grouped into four cohorts in Figure 16, defined by the following state groupings:

- Non-expansion states using the federal exchange platform.
- States implementing Medicaid expansion in 2023 using the federal exchange platform. North Carolina and South Dakota implemented Medicaid expansion on December 1, 2023, and July 1, 2023, respectively.
- States implementing Medicaid expansion prior to 2023 using the federal exchange platform.
- States implementing Medicaid expansion prior to 2023 using state-based exchange platforms.

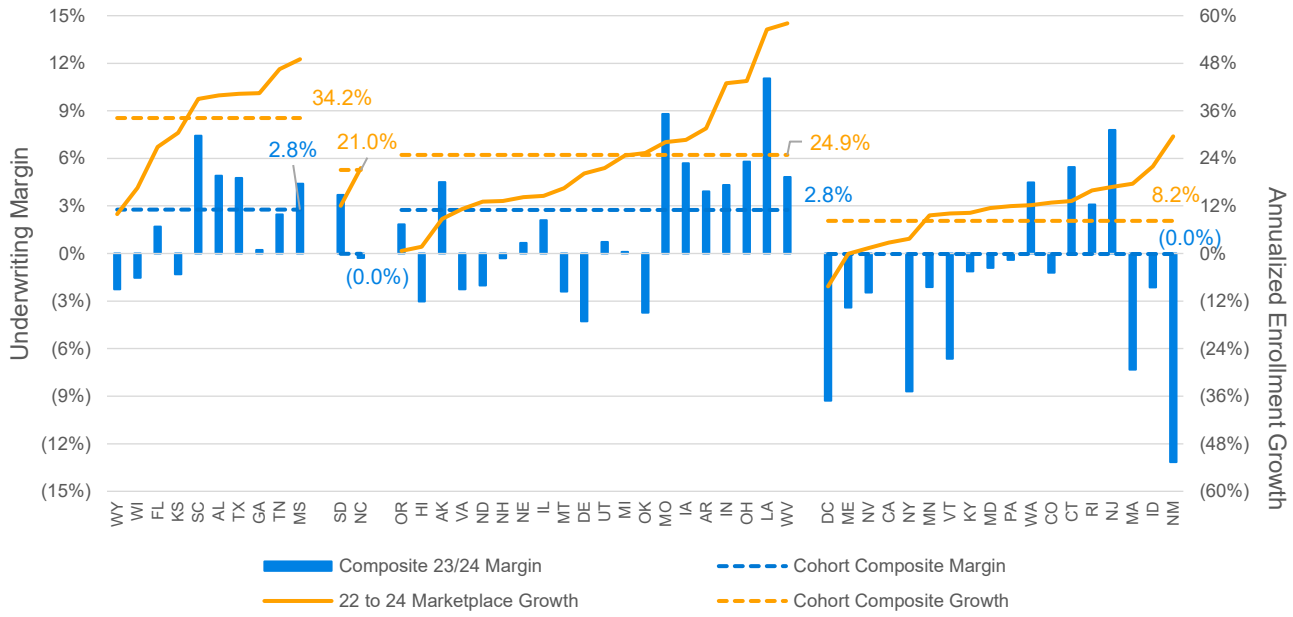
In each cohort, states are sorted from left to right based on ascending annualized marketplace growth from 2022 to 2024.

21. Congressional Budget Office (June 2024). Health insurance and its federal subsidies: CBO and JCT's June 2024 baseline projections. Retrieved July 16, 2025, from https://www.cbo.gov/system/files/2024-06/51298-2024-06-healthinsurance.pdf.

22. Busch, F., Karcher, J., Fink, J., Collier, B., & Sciborski, J. (March 2021). "A" is for affordable. Milliman. Retrieved July 16, 2025, from https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/PDFs/2021-Articles/3-17-21-A-is-for-affordable.pdf.

23. KFF (July 8, 2025). Health provisions in the 2025 federal budget reconciliation bill. Retrieved July 16, 2025, from https://www.kff.org/tracking-the-affordable-care-act-provisions-in-the-2025-budget-bill/.

**FIGURE 16: CY23/CY24 COMPOSITE UNDERWRITING MARGIN VS CY22/CY24 ANNUALIZED MARKETPLACE ENROLLMENT GROWTH BY STATE**




Notes:

1. Financial results for California were excluded from the chart due to incomplete SHCE data.
2. Underwriting results for Arkansas include Medicaid private option enrollees.

**Several key observations from Figure 16 include:**

- Insurers operating in non-expansion states collectively experienced 34.2% annualized enrollment growth in the federal marketplace from CY22 to CY24, and reported a composite underwriting gain of 2.8% across 2023 and 2024, driven by underwriting gains in Alabama, Mississippi, South Carolina, and Texas above 4%. Kansas, Wisconsin, and Wyoming were the only states in this cohort with composite insurer underwriting losses. These states were also among the lowest annualized marketplace enrollment growth within the non-expansion state cohort.
- Insurers operating in pre-2023 Medicaid expansion states that utilize the federal exchange experienced 24.9% annualized marketplace enrollment growth and also reported a composite underwriting margin of 2.8%. As shown in the chart, the insurers operating in states with the largest marketplace growth generally had materially higher underwriting gains relative to states with less marketplace growth. For example, Louisiana had 56.5% annualized marketplace enrollment growth and composite insurer margins of 11.0%.
- Expansion states operating a state exchange exhibited the least enrollment growth across the four cohorts (8.2% annualized growth) and had the lowest composite insurer underwriting margin (0.0%). Unlike the Medicaid expansion states operating on the federal exchange, the positive correlation between marketplace enrollment growth and insurer profitability was not evident. For example, New Mexico experienced nearly 30% annualized marketplace enrollment growth, but insurers reported composite underwriting losses across the two years of over 13%.

In conclusion, while the financial results presented in this paper suggest relative stability in the commercial insurance markets in 2023 and 2024, the individual market may be entering another period of significant change. As enrollment gains in the individual market are largely attributable to the marketplace population with income below 200% FPL, the expiration of the enhanced premium subsidies and reduced availability of $0 bronze and silver plans in the marketplaces may result in material enrollment decreases as forecasted by the CBO. As recent marketplace enrollment gains (and often insurer underwriting margins) have been materially greater in federal exchange states, the state-by-state impact from subsidy value reductions is also likely to vary significantly.

# Limitations

The analyses presented in this research paper have relied on data and other information from the NAIC SHCE and quarterly statutory filings, and from commercial MLR form submissions. MLR form data was obtained from the CMS Center for Consumer Information and Insurance Oversight[24] in May 2025. The SHCE data and quarterly statutory data were obtained from S&P Global Market Intelligence. Data related to insurance marketplace effectuated enrollment and subsidies data was obtained from publicly available federal government data. The data and other information have not been audited or verified, but a limited review was performed for reasonableness and consistency. If the underlying data or information is inaccurate or incomplete, the results of this analysis may likewise be inaccurate or incomplete.

The views expressed in this report are made by the authors of this report and do not represent the collective opinions of Milliman. Other Milliman consultants may hold different views and reach different conclusions.

# Acknowledgment

Carmen Laudenschlager, ASA, MAAA and Fritz Busch, FSA, MAAA provided peer review and editorial support for this report. Spencer Polak, Peter Sherfey, and Ethan Smith assisted with the data processing and analytics for this report. The authors appreciate their assistance.

# Qualifications

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report who are actuaries are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this report.

24. CMS. Medical Loss Ratio Data and System Resources. Retrieved May 9, 2025, from https://www.cms.gov/marketplace/resources/data/medical-loss-ratio-data-systems-resources.

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# Appendix 1: Aggregate health insurer financial results, 2010–2023

## SUMMARY OF COMMERCIAL HEALTH INSURER FINANCIAL RESULTS

### Calendar Years 2010–2023: PMPM Premium and Expenses

**INDIVIDUAL MARKET—ALL REPORTED COMPANIES**

| YEAR | COVERED LIVES | EARNED PREMIUM | FEES AND TAXES | CLAIMS EXPENSES | MLR REBATES | TOTAL ADMIN EXPENSES | UNDERWRITING GAIN (LOSS) | PRELIMINARY MLR | MLR REBATES AS % OF EARNED PREMIUM | UNDERWRITING MARGIN | ADMIN EXPENSE RATIO |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2023** | 18,600,000 | $585.34 | $26.90 | $476.14 | $2.11 | $65.55 | $20.50 | 86.1% | 0.4% | 3.5% | 11.2% |
| **2022** | 16,300,000 | $564.47 | $23.60 | $473.25 | $1.70 | $64.34 | $6.15 | 88.4% | 0.3% | 1.1% | 11.4% |
| **2021** | 14,800,000 | $556.09 | $24.76 | $479.99 | $2.98 | $64.24 | ($7.81) | 91.3% | 0.5% | (1.4%) | 11.6% |
| **2020** | 13,700,000 | $548.06 | $39.82 | $427.03 | $8.56 | $61.48 | $24.15 | 85.0% | 1.6% | 4.4% | 11.2% |
| **2019** | 13,300,000 | $562.00 | $32.99 | $427.50 | $10.76 | $55.19 | $50.18 | 81.6% | 1.9% | 8.9% | 9.8% |
| **2018** | 13,900,000 | $553.62 | $42.89 | $403.30 | $4.59 | $52.22 | $53.59 | 79.8% | 0.8% | 9.7% | 9.4% |
| **2017** | 15,200,000 | $442.06 | $22.89 | $359.34 | $0.71 | $49.80 | $14.07 | 86.6% | 0.2% | 3.2% | 11.3% |
| **2016** | 17,200,000 | $371.20 | $13.01 | $335.29 | $0.49 | $48.73 | ($22.53) | 94.6% | 0.1% | (6.1%) | 13.1% |
| **2015** | 17,500,000 | $337.64 | $13.86 | $305.43 | $0.51 | $48.19 | ($32.55) | 95.3% | 0.1% | (9.6%) | 14.3% |
| **2014** | 15,000,000 | $302.96 | $15.99 | $251.50 | $1.31 | $48.55 | ($17.94) | 88.7% | 0.4% | (5.9%) | 16.0% |
| **2013** | 10,900,000 | $247.41 | $2.55 | $209.62 | $0.96 | $43.09 | ($9.68) | 86.7% | 0.4% | (3.9%) | 17.4% |
| **2012** | 10,700,000 | $240.10 | $5.01 | $199.47 | $1.54 | $38.30 | ($4.78) | 86.0% | 0.6% | (2.0%) | 16.0% |
| **2011** | 10,700,000 | $234.17 | $5.80 | $188.47 | $3.06 | $38.47 | ($2.55) | 83.5% | 1.3% | (1.1%) | 16.4% |
| **2010** | 10,100,000 | $214.11 | $6.24 | $166.14 | $0.26 | $40.86 | ($0.67) | 80.8% | 0.1% | (0.3%) | 19.1% |

**SMALL GROUP MARKET—ALL REPORTED COMPANIES**

| YEAR | COVERED LIVES | EARNED PREMIUM | FEES AND TAXES | CLAIMS EXPENSES | MLR REBATES | TOTAL ADMIN EXPENSES | UNDERWRITING GAIN (LOSS) | PRELIMINARY MLR | MLR REBATES AS % OF EARNED PREMIUM | UNDERWRITING MARGIN | ADMIN EXPENSE RATIO |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2023** | 10,600,000 | $596.37 | $14.27 | $494.43 | $2.36 | $72.10 | $12.03 | 85.6% | 0.4% | 2.0% | 12.1% |
| **2022** | 11,200,000 | $559.35 | $12.89 | $461.23 | $2.93 | $68.60 | $12.28 | 85.1% | 0.5% | 2.2% | 12.3% |
| **2021** | 11,500,000 | $536.01 | $11.98 | $451.34 | $2.63 | $65.24 | $7.39 | 86.9% | 0.5% | 1.4% | 12.2% |
| **2020** | 11,900,000 | $513.83 | $24.01 | $404.78 | $2.68 | $66.50 | $16.39 | 83.5% | 0.5% | 3.2% | 12.9% |
| **2019** | 12,500,000 | $500.85 | $12.88 | $404.35 | $2.83 | $61.03 | $20.66 | 83.5% | 0.6% | 4.1% | 12.2% |
| **2018** | 13,100,000 | $481.97 | $21.11 | $379.79 | $1.97 | $58.30 | $21.32 | 83.1% | 0.4% | 4.4% | 12.1% |
| **2017** | 13,500,000 | $456.67 | $16.96 | $364.66 | $1.91 | $57.41 | $14.40 | 83.8% | 0.4% | 3.2% | 12.6% |
| **2016** | 14,200,000 | $433.52 | $24.09 | $347.95 | $0.90 | $53.77 | $6.67 | 85.8% | 0.2% | 1.5% | 12.4% |
| **2015** | 14,700,000 | $410.95 | $24.81 | $327.92 | $0.87 | $51.94 | $4.64 | 85.8% | 0.2% | 1.1% | 12.6% |
| **2014** | 16,000,000 | $388.99 | $23.07 | $310.88 | $0.73 | $48.49 | $5.16 | 85.9% | 0.2% | 1.3% | 12.5% |
| **2013** | 17,300,000 | $376.19 | $12.99 | $303.16 | $0.57 | $46.37 | $10.68 | 84.5% | 0.2% | 2.8% | 12.3% |
| **2012** | 18,100,000 | $361.59 | $12.23 | $291.54 | $0.93 | $44.38 | $9.81 | 84.5% | 0.3% | 2.7% | 12.3% |
| **2011** | 18,800,000 | $352.88 | $13.41 | $280.86 | $1.28 | $45.68 | $10.54 | 83.7% | 0.4% | 3.0% | 12.9% |
| **2010** | 17,600,000 | $343.26 | $11.84 | $274.66 | $0.07 | $45.05 | $10.93 | 83.7% | 0.0% | 3.2% | 13.1% |

**LARGE GROUP MARKET—ALL REPORTED COMPANIES**

| YEAR | COVERED LIVES | EARNED PREMIUM | FEES AND TAXES | CLAIMS EXPENSES | MLR REBATES | TOTAL ADMIN EXPENSES | UNDERWRITING GAIN (LOSS) | PRELIMINARY MLR | MLR REBATES AS % OF EARNED PREMIUM | UNDERWRITING MARGIN | ADMIN EXPENSE RATIO |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2023** | 39,600,000 | $559.70 | $8.86 | $495.76 | $0.40 | $44.76 | $7.12 | 90.5% | 0.1% | 1.3% | 8.0% |
| **2022** | 39,900,000 | $529.97 | $8.47 | $469.31 | $0.46 | $42.67 | $6.40 | 90.6% | 0.1% | 1.2% | 8.1% |
| **2021** | 40,600,000 | $505.17 | $6.92 | $454.92 | $0.37 | $40.32 | $1.32 | 92.0% | 0.1% | 0.3% | 8.0% |
| **2020** | 41,000,000 | $487.80 | $17.54 | $416.99 | $0.58 | $40.70 | $9.37 | 89.4% | 0.1% | 1.9% | 8.3% |
| **2019** | 41,800,000 | $476.02 | $8.04 | $414.95 | $0.63 | $38.64 | $11.79 | 89.3% | 0.1% | 2.5% | 8.1% |
| **2018** | 41,600,000 | $463.23 | $15.85 | $397.64 | $0.58 | $36.30 | $10.33 | 89.5% | 0.1% | 2.2% | 7.8% |
| **2017** | 42,800,000 | $437.03 | $10.41 | $378.87 | $0.51 | $35.62 | $5.72 | 89.5% | 0.1% | 1.3% | 8.2% |
| **2016** | 42,100,000 | $427.14 | $18.76 | $366.24 | $0.37 | $34.17 | $6.34 | 90.4% | 0.1% | 1.5% | 8.0% |
| **2015** | 42,700,000 | $410.68 | $20.35 | $349.30 | $0.26 | $32.80 | $6.61 | 90.3% | 0.1% | 1.6% | 8.0% |
| **2014** | 43,200,000 | $404.79 | $20.10 | $342.88 | $0.17 | $32.66 | $7.01 | 89.9% | 0.0% | 1.7% | 8.1% |
| **2013** | 47,200,000 | $368.68 | $8.59 | $320.40 | $0.14 | $29.90 | $7.36 | 89.9% | 0.0% | 2.0% | 8.1% |
| **2012** | 47,400,000 | $367.11 | $8.36 | $319.45 | $0.19 | $29.04 | $7.91 | 90.0% | 0.1% | 2.2% | 7.9% |
| **2011** | 48,200,000 | $359.20 | $9.49 | $310.49 | $0.66 | $28.98 | $8.27 | 89.6% | 0.2% | 2.3% | 8.1% |
| **2010** | 39,200,000 | $339.47 | $7.70 | $293.55 | $0.00 | $31.64 | $5.74 | 89.3% | 0.0% | 1.7% | 9.3% |

Notes:

1. Values have been rounded.
2. Covered Lives equals reported member months divided by 12.
3. The 2011 through 2023 reported premium and expenses are based on MLR form reported values as of March 31 of the following year.
4. MLR form reported values have been transposed into the same format as the NAIC SHCE form.
5. Earned Premium equals Part 1, Line 1.1 of the SHCE.†
6. Fees and Taxes equals Part 1, Line 1.5, 1.6, and 1.7 of the SHCE.
7. Claims Expenses equals Part 1, Line 5.0 of the SHCE.†
8. Total Admin Expenses equals the sum of Part 1, Lines 6.6, 8.3, and 10.5 of the SHCE.
9. Underwriting Gain (Loss) equals Part 1, Line 11 of the SHCE.
10. Preliminary MLR equals sum of Part 1, Line 4 + Line 5.0 + Line 6.6 ÷ Line 1.8 of the SHCE.
11. The 2012–2023 MLR Rebates as % of Earned Premium equal reported rebates on Part 4, Line 5.4 (Total Column) of 2012-2023 MLR form ÷ Earned Premium.
12. The 2011 MLR Rebates as % of Earned Premium equal reported rebates on Part 5, Line 5.4 (Total Column) of 2011 MLR form ÷ Earned Premium.
13. Underwriting Margin equals Underwriting Gain (Loss) ÷ Earned Premium.
14. Admin Expense Ratio equals Total Admin Expenses ÷ Earned Premium.

† 2014, 2015, and 2016 values were adjusted by the impact of transitional reinsurance, risk adjustment, and risk corridors, the so-called 3Rs.

# Appendix 2: Methodology

### MLR DATA OVERVIEW

Section 2718 of the ACA instituted minimum MLR requirements for health insurers in the individual, small group, and large group markets. The Center for Consumer Information and Insurance Oversight (CCIIO) within CMS has publicly released the annual MLR reporting data (MLR data) that was used to fulfill and measure the minimum MLR requirements under the ACA. We have summarized and analyzed the MLR data made available through CCIIO's website[25] as of May 9, 2025.

The MLR data contains experience reported by health insurance issuers at the state and market level. Business under the MLR requirements is split between comprehensive (annual limit greater than $250,000), "mini-med" (annual limit at or less than $250,000), and expatriate. Data for comprehensive and mini-med business is split separately between the individual, small group, and large group markets. Individual market values exclude limited benefit plans, dread-disease policies, accident-only coverage, and other policies that are not considered comprehensive health insurance. The small group and large group categories exclude self-funded employers, many of which purchase stop-loss insurance. Business written through an association is included in the MLR data based on the insured entity's individual, small group, or large group status. For the purpose of this report, we only analyzed comprehensive business.

The information contained in the MLR data tracks closely with SHCE form that is submitted with the insurer's year-end annual statement. The SHCE, developed by the NAIC, was first required in 2010. By comparing the 2024 SHCE and 2011 through 2023 MLR data, we evaluated health insurance industry trends over the 14-year period. A limitation of our comparisons is that several California-based health insurers file with the state's Department of Managed Care, rather than the NAIC, and therefore do not complete the SHCE form. However, these companies are required to report data for the MLR calculation and that data is contained in the MLR datasets. We summarized the SHCE data, along with quarterly statutory statement data, using S&P Global Market Intelligence.

With the exception of the preliminary MLR results from 2018 to 2024 illustrated in Figure 15 that were developed from industry-level SHCE data, financial analyses presented in this report were based upon values from MLR data and the 2010 SHCE data meeting the following criteria:

- Health insurance coverage lines of business.
- Business in the 50 states and the District of Columbia.
- Identified as comprehensive health insurance coverage based upon our review of the reported values. For example, companies providing solely behavioral health services were flagged as non-comprehensive (offering a limited scope of insured benefits) as well as companies with PMPM premium rates below $100.

We combined values for certain affiliate companies for analyses presented in this report in a way to avoid double-counting of enrollment values.

The 2018 through 2024 SHCE financial results illustrated in this report are based on state-level life and health industry composite totals reported through NAIC statutory statement filings. We have not made any adjustments to 2018 through 2024 SHCE statutory statement values.

Figure 17 provides a summary of the number of companies, covered lives, and aggregate premium amounts reported for calendar year 2023 on a national basis (50 U.S. states and the District of Columbia) for the comprehensive health insurance business under the ACA's MLR requirements that is included in this report. In addition, the percentage of total premium (based on reported experience in the 50 states and Washington, D.C.) we identified as non-comprehensive is illustrated. We reviewed data for reasonableness and consistency; however, we did not audit individual company results. To the extent that individual company data was not correctly reported, the values presented in this report will not be representative of actual financial results.

25. The Center for Consumer Information and Insurance Oversight website is found at https://www.cms.gov/marketplace/resources/data/medical-loss-ratio-data-systems-resources.

**FIGURE 17: 2023 COMPREHENSIVE HEALTH INSURANCE VALUES REPORTED IN MLR FORM**

| MARKET | GROUPS (PARENT COMPANIES) | COMPANIES | LIVES[1] | PREMIUM ($ MILLIONS) | % NON-COMPREHENSIVE |
|---|---|---|---|---|---|
| **Individual** | 121 | 294 | 18,600,000 | $ 130,494 | 0.02% |
| **Small Group** | 112 | 281 | 10,600,000 | $ 75,615 | 0.01% |
| **Large Group** | 120 | 314 | 39,600,000 | $ 265,826 | 0.04% |
| **Total Comprehensive** | **154** | **436** | **68,800,000** | **$ 471,935** | **0.03%** |

Notes:

1. Lives represent reported member months divided by 12.

2. Values have been rounded.

While we reassigned the majority of the fields in the MLR data to the appropriate SHCE report line item, we did make material adjustments to the earned premiums and incurred claims fields to appropriately account for the impact of transitional reinsurance, risk adjustment, and risk corridors (the 3Rs) in applicable markets during 2014, 2015, and 2016, and for risk adjustment in 2017 and the following years. For additional information on adjustments made to MLR data prior to 2017, please refer to the methodology section of **Commercial health insurance: Detailed 2020 financial results and emerging 2021 trends** report[26] published July 18, 2022.

We made other adjustments to the data for observed reporting anomalies and inconsistencies with the NAIC SHCE, including adjustments to covered lives for a single company, substitution of administrative values and earned premium for companies where values were missing from their MLR submissions, and for reinsurance transfers for a single company that resulted in large underwriting losses. Data for certain other companies was unavailable in the MLR public use files, but the individual MLR forms for those companies were attainable through use of the MLR search tool[27]. Neighborhood Health Plan of Rhode Island (2022) was added in this way. We used SHCE and other statutory statement data for certain companies when MLR data was unavailable. The following companies were added in this way: Friday Health (Georgia 2022, Colorado 2022, North Carolina 2022, Nevada 2022, New Mexico 2022, Oklahoma 2022, Texas 2022), Piedmont Community HealthCare (Virginia 2022), True Health New Mexico (New Mexico 2023), Oscar Health Plan (Arizona 2023), Piedmont Community HealthCare HMO (Virginia 2023), and Group Health Plan (Minnesota 2021). Additionally, we have identified Friday Health as having missing MLR data in Colorado and Nevada in 2023 due to misalignment with the annual risk adjustment transfer (RAT) reports. To obtain further information on data and analytics that can be produced from the MLR reporting form data, please contact us paul.houchens@milliman.com.

## MARKETPLACE EFFECTUATED ENROLLMENT DATA

CMS has released state-level data on effectuated enrollment (including APTC and CSR enrollment), which serve as the basis for our historical values through 2024.[28] We estimated enrollment outside of the marketplace based on available statutory data and CMS risk adjustment transfer reports, netting out reported effectuated marketplace enrollment. We estimated 2025 marketplace enrollment based on the CMS marketplace open enrollment report and historical effectuated enrollment ratios.[29]

26. https://www.milliman.com/en/insight/commercial-health-insurance-detailed-2020-financial-results-and-emerging-2021-trends

27. https://www.cms.gov/cciio/mlr

28. CMS (July 24, 2025). Effectuated enrollment: Early 2025 snapshot and full year 2024 average. Retrieved July 28, 2025, from https://www.cms.gov/files/document/effectuated-enrollment-early-snapshot-2025-and-full-year-2024-average.pdf.

29. CMS (2025). 2025 marketplace open enrollment period public use files. Retrieved July 16, 2025, from https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2025-marketplace-open-enrollment-period-public-use-files.