U.S. Health Insurance Industry Analysis Report

HEALTH INDUSTRY OVERVIEW

Table 1 below provides a 5-year quarterly snapshot of the U.S. Health insurance industry's aggregate financial results for health entities who file with the NAIC on the health quarterly statement blank. The health insurance industry reported a 6% decrease in an underwriting gain to over $17 billion from over $18 billion for the same period in the prior year. However, net income increased 6% to over $18 billion for the first six months of 2023 compared to the same period in the prior year. The industry's profit margin decreased modestly to 3.3% from 3.4%, while the combined ratio increased by a modest one-half basis-point.

Inside the Report **Page No.**

Notable items as compared to second quarter 2021 include the following:

- Net earned premium increased 7% ($37 billion)
- Hospital & medical expenses increased 8% ($36 billion)
- Administrative expenses increased 7% ($4 billion)
- Enrollment increased 5%
- Cash flow from operations was $66 billion
- Capital and surplus increased 6% ($12 billion) to over $213 billion from $201 billion at December 31, 2022

Table 1

Financial Summary: June 30, 2023 - 2019

(In Millions)	Chg.	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
Direct Written Premium	6.7%	$543,812	$509,645	$448,705	$410,736	$379,925
Net Earned Premium	7.3%	$539,571	$502,910	$444,109	$406,706	$374,079
Net Investment Income Earned	97.4%	$5,853	$2,966	$2,735	$2,712	$3,145
Underwriting Gain/Loss	(5.9)%	$17,517	$18,625	$16,268	$23,717	$15,237
Net Income/Loss	6.0%	$18,244	$17,210	$16,805	$21,543	$16,876
Total Hospital & Medical Exp.	8.3%	$465,662	$429,818	$380,438	$326,101	$318,456
Loss Ratio	0.6 pts	85.6%	85.0%	85.3%	80.2%	84.7%
Administrative Expenses	6.8%	$61,054	$57,168	$49,391	$57,558	$42,431
Administrative Expense Ratio	(0.1) pts	11.2%	11.3%	11.1%	14.1%	11.3%
Combined Ratio	0.5 pts	96.8%	96.3%	96.4%	94.2%	95.9%
Profit Margin	(0.1) pts	3.3%	3.4%	3.7%	5.3%	4.5%
Enrollment	4.6%	274	262	251	238	233
Premium PMPM	3.5%	$332	$321	$296	$283	$273
Claims PMPM	4.2%	$286	$275	$254	$229	$233
Cash Flow from Operations	151.2%	$66,155	$26,334	$12,175	$38,343	$18,808
# of Companies Filed	(6)	1,157	1,163	1,131	1,096	1,048
	6-mo. Chg	**2Q 2023**	**2022**	**2021**	**2020**	**2019**
Capital & Surplus	5.9%	$213,360	$201,488	$191,312	$176,334	$155,944

***All figures only include health entities that file financial statements with the NAIC.**
Note: Adjustments to exclude affiliated amounts were made where appropriate.

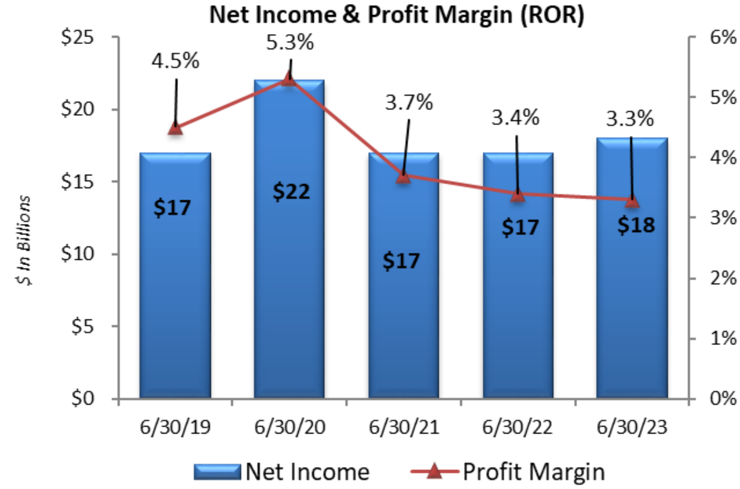
NET EARNINGS

Net income increased 6% to over $18 billion from just over $17 billion for the first six months of 2023 compared to the same period in the prior year. However, the Industry reported a 6% ($1 billion) decrease in underwriting gains and a 25% ($863 million) increase in federal income taxes incurred. The increase in net income can be attributed to a $3 billion increase in net investment income earned partially offset by a 25% ($863 million) increase in federal income tax.

Figure 1 illustrates the trend in profitability and reflects a profit margin of 3.3% through the second quarter of 2023 which is a modest decrease from 3.4% for the same period in 2021.

Figure 1

Net Income & Profit Margin (ROR)



UNDERWRITING RESULTS

As indicated on **Table 1**, the decrease in the industry's underwriting results can be attributed primarily to an 8% ($36 billion) increase in total hospital and medical expenses to $466 billion through the first six months of 2023 from $430 billion for the same period of 2022. The industry also reported a 7% ($4 billion) increase in claims adjustment and administrative expenses to $61 billion from $57 billion resulting in a modest decrease in the administrative expense ratio. The industry partially offset these expenses with a 7% ($37 billion) increase in net earned premium.

Figure 2 illustrates the increase in total hospital and medical benefits for the first six months of 2023 as compared to the prior year period. Historically, the Industry's loss ratio had fluctuated slightly while reporting consistent increases in hospital and medical benefits. However, with the onset of the COVID Pandemic during 2020 and lingering throughout 2021, the aggregated loss ratio dropped to 80% in 2020 before returning to pre-COVID levels at 85% in 2021 and 2022.

Figure 3 illustrates the comparison in claims adjustment and administrative expenses through the second quarter of 2023 and the four prior years.

The increase in the loss ratio and the modest decrease in the administrative expense ratio culminated in a one-half basis-point decrease in the combined ratio.

The Federal Reserve increased the federal funds interest rate seven consecutive times during 2022 from 0.25%

Figure 2

Total Hospital & Medical + Loss Ratio

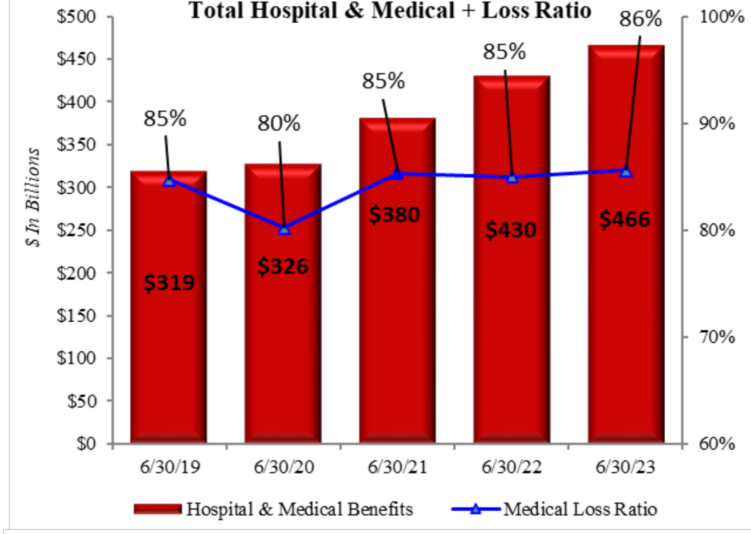
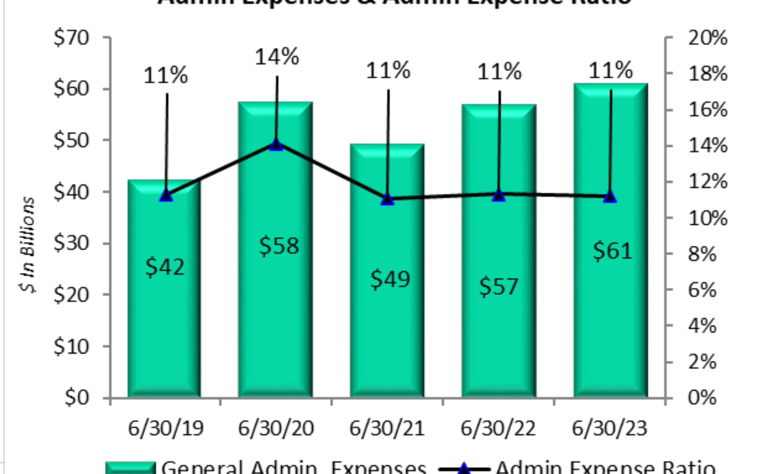


Figure 3

Admin Expenses & Admin Expense Ratio



prior to March 15, 2022, to 4.5% by December 14, 2022. The Federal Reserve continued to increase the interest rate four more times during the first half of 2023 to 5.25%, which is the highest in sixteen years.

Table 2 below provides data from the Exhibit of Premiums, Enrollment, and Utilization by Line of Business. The table includes comparison of direct and earned premium, claims, loss ratio, net premium and claims per member per month, and enrollment through the second quarter of 2023 and the four prior years.

Table 2

Exhibit of Premiums, Enrollment & Utilization by Lines of Business

Individual Comprehensive Hospital & Medical	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$53,807	$47,979	$41,421	$38,978	$39,535
Net Earned Premium	$51,833	$47,506	$39,816	$37,170	$38,084
Total Hospital & Medical Exp	$40,737	$37,019	$31,356	$26,734	$27,331
Loss Ratio	78.6%	77.9%	78.8%	71.9%	71.8%
Net Premium PMPM	$534	$528	$508	$498	$521
Claims PMPM	$420	$411	$400	$358	$374
Margin	$114	$114	$117	$108	$140
Enrollment	16	15	14	13	12

Group Comprehensive Hospital & Medical	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$85,077	$84,585	$83,042	$83,226	$83,686
Net Earned Premium	$84,757	$84,335	$82,851	$82,587	$83,971
Total Hospital & Medical Exp	$71,717	$70,966	$70,197	$65,097	$67,869
Loss Ratio	84.6%	84.1%	84.7%	78.8%	80.8%
Net Premium PMPM	$544	$519	$492	$470	$467
Claims PMPM	$460	$417	$370	$377	$364
Margin	$84	$102	$122	$92	$103
Enrollment	26	27	28	29	30

Medicare Supplement	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$6,908	$6,571	$6,318	$6,122	$5,782
Net Earned Premium	$6,861	$6,492	$6,227	$6,023	$5,404
Total Hospital & Medical Exp	$5,886	$5,218	$4,850	$4,391	$4,743
Loss Ratio	85.8%	80.4%	77.9%	72.9%	87.8%
Net Premium PMPM	$216	$214	$210	$212	$211
Claims PMPM	$186	$172	$164	$155	$174
Margin	$31	$42	$47	$57	$37
Enrollment	5	5	5	5	5

Vision	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$1,536	$1,473	$1,408	$1,365	$1,279
Net Earned Premium	$1,534	$1,472	$1,408	$1,357	$1,353
Total Hospital & Medical Exp	$1,687	$1,532	$1,477	$1,085	$1,383
Loss Ratio	109.9%	104.1%	104.9%	80.0%	102.2%
Net Premium PMPM	$6	$6	$6	$6	$6
Claims PMPM	$7	$6	$7	$5	$7
Margin	($1)	($0)	($0)	($1)	($0)
Enrollment	42	39	38	37	36

Dental	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$8,130	$7,721	$7,392	$6,719	$7,008
Net Earned Premium	$7,683	$7,277	$7,005	$5,878	$6,405
Total Hospital & Medical Exp	$6,857	$6,329	$6,002	$4,144	$5,454
Loss Ratio	89.2%	87.0%	85.7%	70.5%	85.2%
Net Premium PMPM	$27	$27	$26	$24	$26
Claims PMPM	$24	$23	$23	$17	$22
Margin	$3	$3	$4	$7	($1)
Enrollment	47	45	45	42	42

FEHBP	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$23,318	$22,419	$21,491	$20,059	$19,872
Net Earned Premium	$24,502	$22,310	$21,848	$20,276	$20,342
Total Hospital & Medical Exp	$22,799	$20,675	$20,167	$18,222	$18,920
Loss Ratio	93.0%	92.7%	92.3%	89.9%	93.0%
Net Premium PMPM	$445	$408	$401	$378	$388
Claims PMPM	$414	$378	$370	$339	$361
Margin	$31	$30	$31	$38	$27
Enrollment	9	9	9	9	9

Medicare	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$196,990	$172,500	$141,713	$126,752	$110,031
Net Earned Premium	$197,697	$172,187	$141,285	$125,079	$109,768
Total Hospital & Medical Exp	$167,325	$143,454	$121,156	$97,530	$90,945
Loss Ratio	84.6%	83.3%	85.8%	78.0%	82.9%
Net Premium PMPM	$1,284	$1,197	$1,123	$1,100	$1,052
Claims PMPM	$1,087	$997	$963	$858	$871
Margin	$197	$200	$160	$242	$180
Enrollment	26	24	21	19	18

Medicaid	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$160,734	$156,257	$134,720	$118,435	$102,326
Net Earned Premium	$160,675	$155,688	$132,903	$113,488	$100,181
Total Hospital & Medical Exp	$139,076	$128,676	$113,412	$96,841	$90,872
Loss Ratio	86.6%	82.6%	85.3%	85.3%	90.7%
Net Premium PMPM	$445	$448	$425	$423	$392
Claims PMPM	$385	$370	$363	$361	$356
Margin	$60	$78	$62	$62	$36
Enrollment	60	59	54	48	44

Other Health	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
(In Millions, Except PMPM)					
Direct Written Premium	$11,596	$11,212	$10,549	$10,861	$10,283
Net Earned Premium	$11,599	$11,090	$10,640	$11,157	$10,625
Total Hospital & Medical Exp	$12,579	$11,041	$10,606	$11,092	$9,630
Loss Ratio	108.5%	99.6%	99.7%	99.4%	90.6%
Net Premium PMPM	$50	$50	$47	$50	$52
Claims PMPM	$54	$49	$46	$50	$47
Margin	($4)	$0	$0	$0	$5
Enrollment	43	38	38	38	38

The CDC has reported over 6 million hospitalizations from COVID-19 nationwide and over one million deaths since January 21, 2020. The health insurance industry reported a 43% ($140 billion) increase in health benefit claims incurred between June 30, 2020, and June 30, 2023. However, in 2020 offsetting factors resulting from the pandemic appear to have reduced the overall financial impact to insurers such as reduced healthcare claims and decreased medical costs related to cancelled or delayed utilization of healthcare benefits. These offsetting factors are also evident in the decreases in the loss ratios for several lines of business in 2020 as included in **Table 2** above.

This significant increase in hospital and medical benefits in 2021 through 2023 now places the Health insurance industry underwriting results more in line with financial results as reported pre-COVID19 pandemic in prior-year period 2019 in relation to underwriting gains, net income, loss and administrative expense ratios and profit margin.

IMPACT OF CHANGES IN THE HEALTH INSURANCE MARKET

Health insurers are facing several changing market conditions that have the potential to significantly impact their solvency position, including the unwinding of the public health emergency, as well as the potential for rising healthcare costs due to inflation and provider consolidation.

The U.S. had been operating under a public health emergency declared by the federal government since the start of the COVID-19 pandemic in 2020. This declaration has resulted in significantly expanded Medicaid or ACA coverage enrollment, as well as special coverage rules for COVID-19 vaccines, tests, and treatments. However, due to the 2023 Consolidated Appropriations Act and the expiration of the public health emergency which occurred on May 11, 2023, the Medicaid/ACA expansion and special coverage rules will now be phased out, which has the potential for significant disruption in the health insurance market.

In what is being described as “The Great Unwinding”, it is estimated that 15-18 million enrollees could be at risk of losing Medicaid or ACA coverage, which could create the biggest coverage event since the Affordable Care Act was implemented. Further complicating the Medicaid unwinding is each individual state will develop its own timelines and approach for “unwinding” the coverage requirements and will be required to re-enroll the impacted Medicaid recipients. This unwinding has the potential to result in millions of consumers moving their coverage (or going without coverage), which could result in significant growth or loss of members across various health insurers.

Insurers are also facing rising costs as they deal with elevated levels of inflation, and the continued trend of provider consolidation, which have the potential to increase the cost of healthcare services and impact the underwriting performance of health insurers.

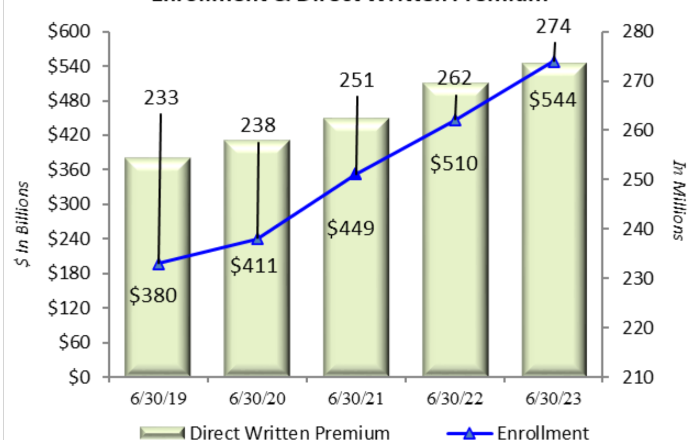
ENROLLMENT

As shown in **Figure 4**, the industry has experienced an incremental increase in total enrollment of 18% (41 million) to 274 million from 233 million through the second quarter of 2019.

The increase from 2019 is due primarily to:

- 36% (16 million) increase in Medicaid;
- 47% (8 million) increase in Medicare;
- 18% (6 million) increase in vision coverage;
- 14% (5 million) increase in policies that provide Medicare Part D drug coverage;
- 11% (5 million) increase in dental coverage; and,
- 35% (4 million) increase in individual comprehensive medical coverage.

Figure 4
Enrollment & Direct Written Premium



However, these lines were partially offset by:

- 15% (4 million) decrease in the group comprehensive line of business from the first six months of 2019.

As indicated above, the industry still experienced considerable growth in both Medicaid and Medicare. As a result of increased unemployment rates caused by the pandemic, health care coverage has also been disrupted for millions of people as most working-age adults receive health insurance coverage for themselves and their families through their employer beginning in 2020. Many of those who lost health insurance coverage through their employer qualified for Medicaid or had the opportunity to purchase individual health coverage through the exchange or other managed care health providers. The shift in business concentration can also be attributed to an increase in the number of insureds becoming eligible for either Medicare or Medicaid as evidenced by increases in enrollment in these lines. A certain amount of the Medicaid enrollment increase is due to the continued expansion of Medicaid programs in certain states.

The industry recorded over 274 million members enrolled in various types of health insurance products. As shown on **Figure 5**, Medicaid represents 22% of total enrollment; Dental 17%; Vision 16%; Other Health comprised mostly by Medicare Pt D 16%; Medicare at 10%; Group Comprehensive 9%; and Individual Comprehensive at 6%. A shift in business concentration can be attributed to an increase in the number of insureds becoming eligible for either Medicare or Medicaid as evidenced by increases in enrollment in these lines. A certain amount of Medicaid enrollment increases is likely due to the continued expansion of Medicaid programs in certain states.

As depicted in **Figure 6** below, health entities' earned premium per member per month (PMPM) increased 22% over a five-year period to $332 from $272 for the first six months of 2019, while claims PMPM increased 23% to $286 from $233. It is evident premium PMPM increased incrementally through the five years illustrated in the graph below while claims PMPM decreased in 2020 due to decreased medical costs related to cancelled or delayed medical utilization of healthcare benefits in 2020. As shown in the graph, the margin in 2021 returned to a margin more comparable to the pre-pandemic periods due to folks returning to the doctor's office, seeking medical treatment, procedures, and utilizing other medical benefits. The increase in margin in the first six months of both 2022 and 2021 can be attributed to the increases in direct premium written in Medicare, Medicaid, and individual comprehensive medical.

Figure 5

Enrollment by Line of Business

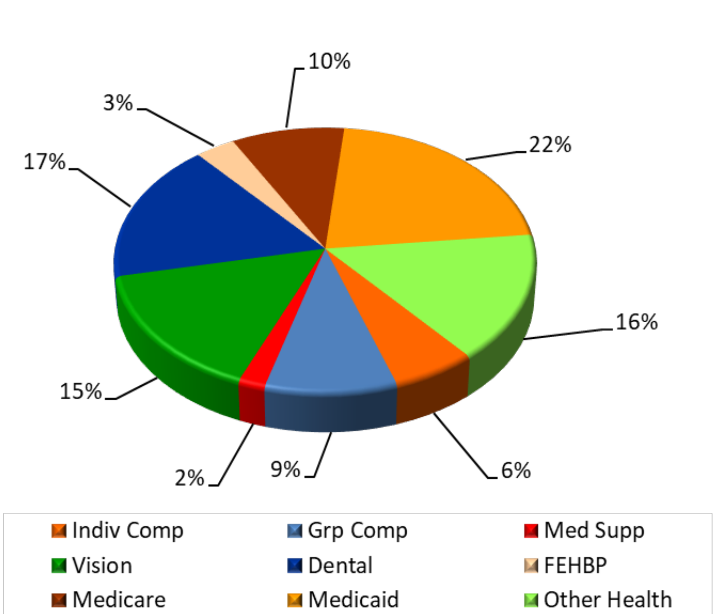
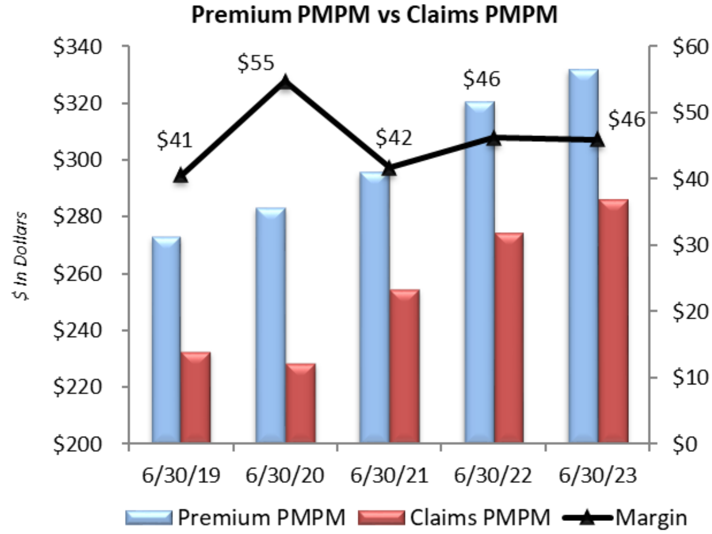


Figure 6

Premium PMPM vs Claims PMPM



PREMIUM REVENUES

Figure 4 above illustrates the growth in direct written premium. In comparison to the first six months of 2021, the industry reported an 7% ($34 billion) increase in direct written premium to $544 billion from $510 billion. The increase is primarily on the Medicare, and Medicaid lines of business.

Figure 7 illustrates the mix of direct written premium for the first six months of 2023. As insureds have become eligible for either Medicare and/or Medicaid as evidenced by increases in enrollment in these lines, there has been a gradual shift in the allocation of premium between the lines of business over the last five years. In comparison to the first half of 2022, direct comprehensive medical decreased to 30% from just under 31% of total written premium, while Medicare increased to 36% from approximately 34%, Medicaid decreased to under 29% from just under 31%, and FEHBP remained mostly unchanged at 4%.

Table 3 below provides a breakout of direct written premium by line of business. The largest dollar increases in written premium for the first six months of 2023 over the same period in the prior year was a 14% ($25 billion) increase in Medicare, a 12% ($6 billion) increase in individual comprehensive, and a 3% ($4 billion) increase in Medicaid. It should be noted that the increase in Medicaid direct written premium for the six-month period of 2023 is the smallest increase reported for the Medicaid line of business of the five mid-year reporting periods included in the table below.

Figure 7
2nd Qtr 2023
Direct Health Premium Written by Line

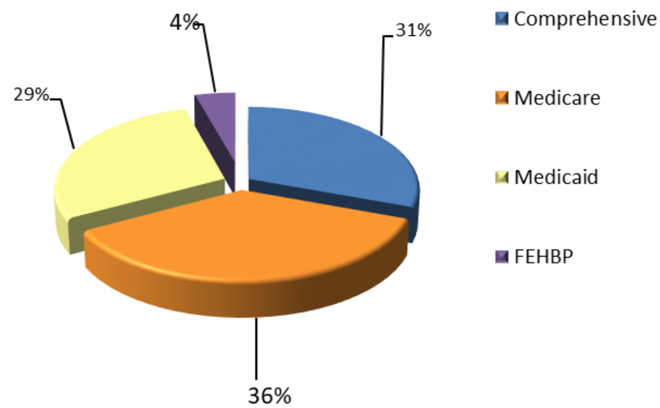


Table 3
Direct Written Premium by Lines of Business

(In Millions)	Chg.	$ Chg.	2Q 2023	2Q 2022	2Q 2021	2Q 2020	2Q 2019
Individual Comprehensi	12.1%	$5,829	$53,807	$47,979	$41,421	$38,978	$39,535
Group Comprehensive	0.6%	$492	$85,077	$84,585	$83,042	$83,226	$83,686
Medicare Supplement	5.1%	$337	$6,908	$6,571	$6,318	$6,122	$5,782
Vision	4.3%	$63	$1,536	$1,473	$1,408	$1,365	$1,279
Dental	5.3%	$409	$8,130	$7,721	$7,392	$6,719	$7,008
FEHBP	4.0%	$899	$23,318	$22,419	$21,491	$20,059	$19,872
Medicare	14.2%	$24,491	$196,990	$172,500	$141,713	$126,752	$110,031
Medicaid	2.9%	$4,477	$160,734	$156,257	$134,720	$118,435	$102,326
Other Health	5.5%	$615	$11,828	$11,212	$10,549	$10,861	$10,283

Table 4 on the next page includes direct written premium for the four largest revenue-generating lines of business as reported by each state on Schedule T of the quarterly financial statement. The state of Florida reports the greatest dollar amount of direct written premium on both the comprehensive medical and Medicare lines of business through the second quarter of 2023. Florida recorded just under $17 billion in comprehensive medical premium after recording a 15% increase from the prior-year quarter while recording over $22 billion in Medicare premium, which is a 14% increase from the prior-year quarter. The state of Texas reported just under $18 billion in Medicaid premium which is a 5% decrease from the prior-year quarter. The state of Maryland reported just over $2 billion in premium revenue for the federal employee health benefit plan line of business including a 5% increase over the prior-year quarter.

Table 4 - Direct Written Premium by Line of Business by State

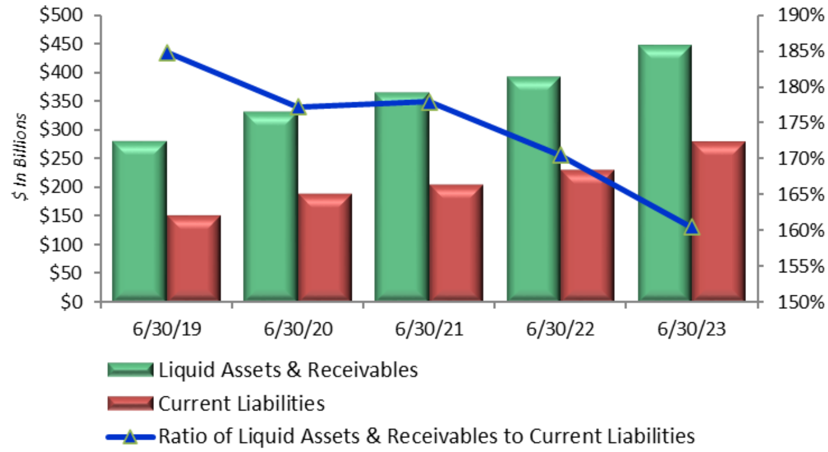
As reported on Schedule T

($ in Millions)	Comprehensive Medical			Medicare			Medicaid			FEHBP		
State	**2Q 2023**	**2Q 2022**	**% Chg.**	**2Q 2023**	**2Q 2022**	**% Chg.**	**2Q 2023**	**2Q 2022**	**% Chg.**	**2Q 2023**	**2Q 2022**	**% Chg.**
Alabama	$3,217	$3,004	7.1%	$4,335	$3,916	10.7%	$29	$19	53.5%	$482	$402	19.8%
Alaska	$338	$319	5.9%	$3	$3	19.0%	$0	$0	0.0%	$304	$264	15.4%
Arizona	$2,076	$1,824	13.9%	$4,023	$3,592	12.0%	$138	$138	0.2%	$391	$373	4.7%
Arkansas	$2,177	$2,039	6.8%	$2,129	$1,702	25.1%	$793	$805	(1.5)%	$167	$160	4.7%
California	$1,377	$1,428	(3.6)%	$2,684	$2,389	12.3%	$0	$0	0.0%	$3	$3	(1.8)%
Colorado	$2,711	$2,794	(3.0)%	$3,321	$2,952	12.5%	$757	$657	15.2%	$504	$437	15.4%
Connecticut	$1,550	$1,582	(2.0)%	$2,282	$2,217	2.9%	$0	$0	0.0%	$185	$180	2.7%
Delaware	$409	$387	5.7%	$416	$323	28.9%	$0	$0	0.0%	$108	$95	13.4%
District of Columbia	$1,167	$1,126	3.7%	$283	$232	22.0%	$1,029	$912	12.7%	$899	$905	(0.7)%
Florida	$16,694	$14,498	15.1%	$22,402	$19,721	13.6%	$11,226	$11,517	(2.5)%	$1,513	$1,443	4.8%
Georgia	$5,069	$4,701	7.8%	$7,255	$6,024	20.4%	$3,806	$2,852	33.4%	$975	$850	14.7%
Hawaii	$1,839	$1,768	4.0%	$1,122	$1,005	11.6%	$1,082	$1,127	(4.0)%	$280	$240	16.6%
Idaho	$1,238	$1,090	13.6%	$1,037	$906	14.4%	$276	$317	(13.1)%	$146	$113	29.9%
Illinois	$9,361	$8,859	5.7%	$6,001	$5,840	0.0%	$9,329	$8,159	14.3%	$621	$706	(12.1)%
Indiana	$1,999	$1,964	1.8%	$4,283	$3,659	17.0%	$5,055	$4,188	20.7%	$386	$381	1.3%
Iowa	$2,088	$1,917	8.9%	$1,512	$1,277	18.4%	$3,246	$2,983	8.8%	$151	$151	0.1%
Kansas	$756	$700	8.1%	$1,325	$1,029	28.7%	$2,326	$2,047	13.6%	$73	$69	6.0%
Kentucky	$1,808	$1,832	(1.3)%	$3,536	$3,091	14.4%	$5,553	$4,934	12.5%	$294	$267	10.2%
Louisiana	$2,195	$2,106	4.2%	$3,637	$3,154	15.3%	$5,943	$5,568	6.7%	$261	$255	2.3%
Maine	$920	$919	0.0%	$1,057	$942	12.3%	$0	$0	0.0%	$129	$124	3.6%
Maryland	$2,590	$2,525	2.6%	$1,791	$1,344	33.2%	$1,877	$1,784	5.2%	$2,149	$2,041	5.2%
Massachusetts	$7,084	$6,845	3.5%	$2,229	$1,983	12.4%	$3,749	$2,981	25.7%	$456	$485	(6.0)%
Michigan	$7,437	$7,009	6.1%	$8,119	$6,690	21.4%	$4,673	$4,193	11.4%	$465	$399	16.8%
Minnesota	$3,364	$3,376	(0.3)%	$3,598	$3,247	10.8%	$5,222	$4,841	7.9%	$388	$364	6.4%
Mississippi	$1,192	$1,105	7.9%	$1,730	$1,407	22.9%	$1,058	$976	8.4%	$221	$183	20.6%
Missouri	$2,339	$2,296	1.9%	$4,874	$4,203	16.0%	$2,881	$1,665	73.0%	$405	$409	(0.8)%
Montana	$598	$559	6.9%	$416	$348	19.4%	$0	$0	0.0%	$113	$118	(4.3)%
Nebraska	$1,175	$1,166	0.7%	$814	$685	18.8%	$1,203	$1,146	5.0%	$169	$137	23.3%
Nevada	$1,375	$1,460	(5.8)%	$2,264	$1,956	15.8%	$1,200	$1,212	(1.0)%	$142	$124	14.6%
New Hampshire	$893	$858	4.1%	$554	$448	23.6%	$620	$629	(1.4)%	$172	$170	1.0%
New Jersey	$4,684	$4,758	(1.6)%	$3,879	$3,326	16.6%	$7,958	$6,881	15.6%	$563	$522	7.9%
New Mexico	$557	$539	3.3%	$1,336	$1,139	17.4%	$3,109	$3,266	(4.8)%	$210	$150	40.0%
New York	$11,986	$11,903	0.7%	$11,750	$10,389	13.1%	$5,851	$5,191	12.7%	$907	$940	(3.5)%
North Carolina	$5,233	$4,642	12.7%	$7,585	$6,375	19.0%	$4,179	$3,741	0.0%	$689	$622	10.7%
North Dakota	$888	$848	4.7%	$183	$133	36.8%	$207	$199	3.6%	$75	$66	13.9%
Ohio	$4,769	$4,636	2.9%	$9,227	$7,733	19.3%	$9,517	$11,194	(15.0)%	$785	$709	10.7%
Oklahoma	$2,132	$1,988	7.2%	$2,199	$1,753	25.4%	$0	$0	0.0%	$366	$388	(5.7)%
Oregon	$3,217	$3,080	4.4%	$3,068	$3,049	0.6%	$4,136	$3,625	14.1%	$282	$279	1.0%
Pennsylvania	$6,934	$5,933	16.9%	$9,734	$9,164	0.0%	$16,359	$15,304	6.9%	$897	$743	20.8%
Rhode Island	$637	$625	2.1%	$1,680	$725	131.8%	$367	$1,134	(67.6)%	$76	$62	22.4%
South Carolina	$2,654	$2,242	18.4%	$3,440	$2,967	16.0%	$1,971	$1,893	4.1%	$338	$344	(1.7)%
South Dakota	$786	$730	7.7%	$263	$211	24.7%	$0	$0	0.0%	$102	$112	(8.6)%
Tennessee	$2,721	$2,351	15.7%	$5,406	$4,734	14.2%	$3,438	$3,423	0.4%	$458	$428	7.1%
Texas	$16,013	$13,274	20.6%	$19,762	$16,615	18.9%	$17,941	$18,813	(4.6)%	$1,469	$1,805	(18.6)%
Utah	$1,976	$1,800	9.8%	$1,395	$1,213	15.0%	$647	$640	1.1%	$343	$342	0.4%
Vermont	$399	$379	5.4%	$272	$211	28.9%	$0	$0	0.0%	$59	$49	19.8%
Virginia	$3,772	$3,799	(0.7)%	$3,982	$3,378	17.9%	$7,646	$6,797	12.5%	$1,691	$1,434	17.9%
Washington	$4,895	$4,628	5.8%	$4,376	$3,840	13.9%	$4,457	$4,375	1.9%	$623	$564	10.5%
West Virginia	$780	$566	38.0%	$1,539	$1,321	16.5%	$1,250	$1,209	3.4%	$259	$223	16.1%
Wisconsin	$4,175	$4,005	4.3%	$4,036	$3,543	13.9%	$1,540	$1,450	6.2%	$364	$367	(0.7)%
Wyoming	$358	$323	10.6%	$83	$39	113.8%	$0	$0	0.0%	$63	$60	4.2%
American Samoa	$0	$0	0.0%	$0	$0	0.0%	$0	$0	0.0%	$0	$0	0.0%
Guam	$57	$44	31.7%	$0	$0	0.0%	$0	$0	0.0%	$13	$12	1.3%
Puerto Rico	$663	$642	3.3%	$4,147	$4,015	0.0%	$1,973	$1,642	20.1%	$119	$110	0.0%
U.S. Virgin Islands	$4	$3	3.9%	$23	$21	0.0%	$0	$0	0.0%	$1	$1	14.2%
Northern Mariana Islands	$1	$1	3.9%	$0	$0	0.0%	$0	$0	0.0%	$0	$0	0.0%
Aggregate Other Alien	$0	$643	(100.0)%	$0	$0	0.0%	$0	$0	0.0%	$0	$0	0.0%
Grand Totals	**$167,379**	**$156,436**	7.0%	**$198,397**	**$172,178**	15.2%	**$165,616**	**$156,434**	5.9%	**$23,301**	**$22,180**	5.1%

CASH FLOW AND LIQUIDITY

The health insurance industry reported a significant increase in operating cash flow to $66 billion in the first half of 2023 as compared to operating cash flow of $26 billion in the first half of 2022. The considerable increase in positive cash flow is due primarily to a 17% ($84 billion) increase in premiums collected partially offset by 10% ($42 billion) increase in benefits and loss-related payments.

Figure 8
Ratio of Liquid Assets & Receivables to Current Liabilities

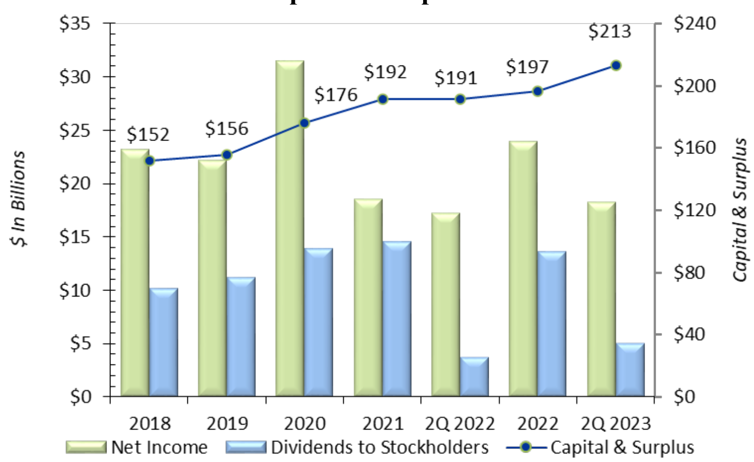


As illustrated in **Figure 8**, liquid assets and receivables increased 14% ($55 billion) to $447 billion in the first six months of 2023 as compared to the prior year period while current liabilities increased 21% ($49 billion) to $278 billion. This resulted in a decrease in the ratio of liquid assets and receivables to current liabilities to 161% from 171% for the period ended June 30, 2022.

CAPITAL AND SURPLUS

Health entities reported a 6% ($12 billion) increase in capital and surplus to over $213 billion from over $201 billion at Dec. 31, 2022, as illustrated in **Figure 9**. The increase is due primarily to net income of $18 billion, a $3 billion increase in unrealized capital gains and additional paid-in surplus of $1 billion. However, these items were partially offset by, dividends of $5 billion paid to stockholders, and a $2 billion increase in non-admitted assets.

Figure 9
Capital & Surplus Account



Financial Regulatory Services Division

Financial Analysis and Examinations Department

Contacts:

Bill Rivers, Health Financial Analysis Program Manager
WRivers@naic.org
816.783-8142

Bruce Jenson, Assistant Director Solvency Monitoring
BJenson@naic.org
816.783.8348

Jane Koenigsman, Sr. Financial Analysis Manager II
JKoenigsman@naic.org
816.783.8145

Health Industry Disclosure: In some states the health industry is regulated by a Department/Office of Insurance other than the Department of Insurance. Therefore, not all health insurers may be required to file financial statements with the NAIC.