

**REPORT OF THE  
STATE CORPORATION COMMISSION'S  
BUREAU OF INSURANCE ON**

**Classes Of Occupations  
Deemed Ineligible For  
Health Insurance Coverage  
By Commercial Insurers**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**House Document No. 14**

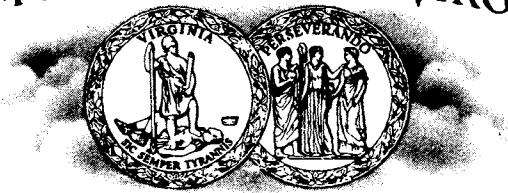
**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1988**

# COMMONWEALTH OF VIRGINIA

ELIZABETH B. LACY  
CHAIRMAN

PRESTON C. SHANNON  
COMMISSIONER

THOMAS P. HARWOOD, JR.  
COMMISSIONER



GEORGE W. BRYANT, JR.  
CLERK OF THE COMMISSION  
BOX 1197  
RICHMOND, VIRGINIA 23209

## STATE CORPORATION COMMISSION

December 11, 1987

TO: The Honorable Gerald L. Baliles  
Governor of Virginia  
and  
The General Assembly of Virginia

The report contained herein is pursuant to House Joint Resolution No. 328 of the 1987 Session of the General Assembly of Virginia.

This report represents the response of the State Corporation Commission's Bureau of Insurance to the legislative directive to study which groups of occupations and industries are most often deemed ineligible for health insurance coverage by commercial carriers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Preston C. Shannon', written over a horizontal line.

Preston C. Shannon  
Commissioner

A handwritten signature in black ink, appearing to read 'Thomas P. Harwood, Jr.', written over a horizontal line.

Thomas P. Harwood, Jr.  
Commissioner

## TABLE OF CONTENTS

	<u>PAGE</u>
Executive Summary	1
Legislative request	1
Background of study	1
Study methodology	2
Findings and conclusions	3
House Joint Resolution No. 328	5
Background of Study	6
Research Methodology	8
Study Results	11
Respondents	11
Group sizes	11
Responses to question - Do you routinely insure?	11
Responses to question - Do you insure on case by case basis?	13
Amount and cost of coverage offered to routinely insured groups	13
Responses to question - Do you routinely deny	14
Reasons why coverage is denied	15
Circumstances where coverage might be provided to routinely denied industry	16
Summary	16
Conclusion	18
Findings	18
Issues for further consideration	19
Appendices	21



## **EXECUTIVE SUMMARY**

### **Legislative Request**

House Joint Resolution No. 328 requested that the Bureau of Insurance of the State Corporation Commission determine which groups of occupations and industries are most often deemed ineligible for health insurance coverage by commercial carriers. The resolution was a product of the Taxation of Insurance study as reported to the 1987 General Assembly by the Virginia Secretary of Finance in House Document No. 19. The purpose of the Taxation of Insurance study was to address the possible inequities in the current tax treatment of insurance companies and health services plans. After reviewing the study, the General Assembly stated that because:

- 1) Blue Cross/Blue Shield argues that the current tax exemption is justified because they insure high risk groups of employees who are declared "ineligible" for health insurance coverage by most commercial carriers, and that
- 2) actually determining which groups of employees and industries typically appear on some ineligibility lists is difficult due to the various underwriting practices of commercial carriers, and that
- 3) the groups of occupations and industries most often deemed ineligible for health insurance coverage need to be identified so that insurers who offer open enrollment plans will be equitably taxed, then

the Bureau of Insurance is requested to determine which industries are being routinely denied health coverage by commercial insurers.

### **Background of Study**

Blue Cross/Blue Shield plans operating in Virginia have always maintained a tax-preferred status. Until this past year when the General Assembly voted to tax the plans, but at a smaller percentage of the tax required of commercial health insurers, Blue Cross/Blue Shield plans have been tax-exempt. Some legislators and representatives of the insurance industry have argued that the activities of the Blue Cross/Blue Shield plans in recent years have become so similar to those of commercial health insurers that this preferential tax treatment is no longer warranted and provides an unfair, competitive advantage. Blue Cross/Blue Shield contends that the tax-preferred status is justified because of the non-profit, community service-oriented nature of their business. They specifically point to the Open Enrollment Program which is designed to provide health insurance coverage to any applicant regardless of health history, employment status, occupation or geographic location. Blue Cross/Blue Shield contends that one example of the Open Enrollment Program's social value is that coverage is offered to persons engaged in high risk occupations - occupations which are routinely denied health coverage by commercial insurers. Therefore, a segment of Virginia's workforce is capable of finding health care coverage that Blue Cross/Blue Shield believes may not be available through commercial insurers. If the

tax-preferred status of Blue Cross/Blue Shield is revoked or substantially reduced, the plans have indicated that they may have to eliminate or curtail the coverage offered through the Open Enrollment Program.

The Taxation of Insurance study was unable to determine the possible ramifications for high risk industries if the Open Enrollment Program was no longer available. An identification of those industries typically appearing on commercial health insurers' ineligibility lists is hampered by the widely varying underwriting practices of these companies. In an attempt to obtain additional information on the subject, the Bureau of Insurance was directed to identify which occupations and industries are, in fact, routinely denied health care coverage by commercial insurers so that the social value of the Blue Cross/Blue Shield Open Enrollment Program could be reviewed and the plans be equitably taxed.

### Study Methodology

To achieve this task, the Bureau attempted to obtain the information from commercial insurers directly. Using a list of 42 occupations that the Blue Cross/Blue Shield of Virginia had identified during the Taxation of Insurance study as being routinely denied coverage by commercial health insurers, a questionnaire was developed and mailed to all companies licensed to write accident and sickness insurance in Virginia. Of the 832 surveys mailed, 89% were returned out of which 96 companies indicated that they write group health coverage in Virginia. Each of those 96 companies then responded to the following questions for the 42 categories of occupations:

1. Does your company routinely (i.e., as a standard procedure) insure this category for a group of:
  - a) 2 to 10 employees?
  - b) 11 to 49 employees?
  - c) 50 or more employees?
  
2. Does your company routinely (i.e., as a standard procedure) deny coverage to this category for a group of:
  - a) 2 to 10 employees?
  - b) 11 to 49 employees?
  - c) 50 or more employees?
  
3. Does your company provide coverage to this category, underwriting on a case by case basis for a group of:
  - a) 2 to 10 employees?
  - b) 11 to 49 employees?
  - c) 50 or more employees?

By breaking down the group sizes, results could be examined for differences between small, medium and large groups, addressing a concern about coverage availability specifically for small groups expressed by the Blue Cross/Blue Shield plans in response to the Taxation of Insurance study. Additional information was requested in the survey on type and cost of coverage provided to industries routinely insured and reasons for coverage denial for industries routinely denied.

### Findings and Conclusions

Based on the research findings by the Bureau of Insurance, the State Corporation Commission cannot support the contention that certain high risk industries are deemed ineligible for coverage by commercial health carriers. While the results of the survey indicated that many commercial health carriers do, in fact, routinely deny coverage for high risk industries, at least some coverage is available from the commercial industry for all 42 occupations. The State Corporation Commission concludes, in agreement with the tax study, that the number of groups which would not be able to obtain insurance from commercial carriers is substantially fewer than the number suggested by the Blue Cross/Blue Shield plans. At least nine companies routinely insure small groups (2 to 10 employees) for any of the industries, and at least eight routinely insure medium (11 to 49 employees) and large (50+ employees) groups. Industries most frequently denied coverage but that still can obtain insurance from at least some commercial health carriers include "explosive or fireworks manufacturers", "mines", "bars", "circuses and amusement parks", "taxi companies", and "oil operations". In most cases, the coverage offered to all 42 high risk industries is comprehensive, and no company limits the benefits offered to routinely insured small (2 to 10 employees) groups. And while several of the industries routinely insured do face higher, nonstandard rates from some companies, most of the higher rates are for large groups with 50 or more employees. The State Corporation Commission further concludes that there is inadequate information to determine whether coverage for those groups that are denied insurance by some commercial health carriers is actually being provided by the Blue Cross/Blue Shield plans.

Although coverage for high risk industries appears to be available from at least some commercial health carriers, efforts to determine the true ramifications of losing the Open Enrollment Program remain elusive. Several questions that go beyond the scope of this present study are still unanswered. For instance, how many people in the high risk groups that are denied coverage by some commercial health carriers are actually being picked up by the Blue Cross/Blue Shield Open Enrollment Program? How many of the industries that are denied commercial coverage are self-insured or would not seek commercial group health coverage as a benefit for its employees anyway? What are the Virginia employment statistics for the groups that are identified as being denied coverage by some commercial insurers? How many individuals are actually employed by these industries? How many such industries actually operate in Virginia? For instance, casinos are on the excluded list but they are illegal in this state. Some of these industries such as breweries and hospitals are typically large groups, making coverage availability for small groups within these industries unnecessary. How many of these industries actually have employee groups in the different sizes? Whether commercial insurers routinely deny any of these

industries does not address the issue of the degree to which health care coverage needs are or are not being met for high risk industries in Virginia. Study of the actual health insurance coverage needs of high risk industries in Virginia might be needed to determine the true effect of routine denial for health coverage by some commercial health carriers and whether the Open Enrollment Program fills whatever void exists.

This study was designed to respond to one premise offered by the Blue Cross/Blue Shield plans operating in Virginia as a description of their social value and justification of their tax-exempt status in response to the taxation of insurance companies study completed last year. Specifically, this study identified the high risk industries and occupations that are most frequently denied coverage by commercial health insurers. This study was not intended to provide conclusive evidence to make a determination about the ramifications of losing the Open Enrollment Program. Therefore, while the results of this study may offer members of the Virginia General Assembly some information about the treatment of high risk groups by commercial health insurers, additional information may be necessary in order to determine fair tax treatment for insurers who accept higher risks.



**GENERAL ASSEMBLY OF VIRGINIA -- 1987 SESSION**  
**HOUSE JOINT RESOLUTION NO. 328**

*Requesting the Bureau of Insurance to study occupational or industrial classes that are deemed ineligible for health insurance coverage from commercial insurers.*

Agreed to by the House of Delegates, February 8, 1987  
Agreed to by the Senate, February 26, 1987

WHEREAS, Blue Cross/Blue Shield contracts are provided preferential tax treatment in the Commonwealth; and

WHEREAS, in recent years questions have been raised regarding the equity of exempting all Blue Cross/Blue Shield premiums from taxation; and

WHEREAS, Blue Cross/Blue Shield insurers argue that the current tax exemption is justified because they insure "high risk groups" of employees who are declared "ineligible" or are "red-lined" for health insurance coverage by most commercial carriers; and

WHEREAS, it is often difficult to determine which groups of employees and industries typically appear on some ineligibility lists due to the various underwriting practices of commercial carriers; and

WHEREAS, the groups of occupations and industries that are most often deemed ineligible for health insurance coverage need to be identified so that insurers who offer open enrollment plans will be equitably taxed; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Bureau of Insurance is requested to determine which groups of occupations and industries are most often deemed ineligible for health insurance coverage by commercial carriers. The Bureau shall report its findings and recommendations to the General Assembly by November 1, 1987.

## BACKGROUND OF STUDY

House Joint Resolution No. 328 requested that the Bureau of Insurance of the State Corporation Commission determine which groups of occupations and industries are most often deemed ineligible for health insurance coverage by commercial carriers. This request resulted from a recommendation made in the Taxation of Insurance study (hereinafter referred to as the tax study) by the Virginia Secretary of Finance which was reported to the 1987 General Assembly in House Document No. 19. The tax study attempted to address possible inequities in the current tax treatment of insurance companies and health services plans.

Blue Cross/Blue Shield plans operating in Virginia have always maintained a tax-preferred status. Until this past year when the General Assembly voted to tax the plans, but at a smaller percentage of the tax required of commercial health insurers, Blue Cross/Blue Shield plans have been tax exempt. Blue Cross/Blue Shield has maintained that the tax-preferred status of their plans should be retained because they are non-profit community service organizations that provide a valuable social benefit that is not likewise made available by commercial insurers. Specifically, this benefit is the Open Enrollment Program which is designed to provide health insurance coverage to any applicant regardless of health history, employment status, occupation or geographic location. In addition, under the Open Enrollment Program, coverage cannot be lost due to high utilization of medical services.

In recent years, however, questions had been raised regarding the equity of providing an exemption from tax on all Blue Cross/Blue Shield premiums rather than just on the portion of premiums for the Open Enrollment Program since the Program comprises only a small proportion of the entire book of business. Commercial health insurers in Virginia viewed the premium tax-exemption as a distinct competitive advantage. These insurers contended that the activities of Blue Cross/Blue Shield plans had become similar to those of commercial insurers and that the actual impact of the Open Enrollment Program was not significant enough to warrant such preferential tax treatment.

The tax study spanned two years of research, with the second year of the study examining issues left unresolved by the first. The first-year tax study concluded that it was not possible to determine the true effects of the Open Enrollment Program on health coverage availability in Virginia. Although estimates had been developed on the number of people without public or private insurance, there was little research available on the number of uninsured individuals who had tried to obtain insurance through commercial health carriers but were turned down because they did not meet the company's underwriting requirements. There was also no quantitative data on the number of Blue Cross/Blue Shield subscribers who sought plan coverage because they were, or assumed they would be, denied coverage by commercial carriers. And since the Open Enrollment Program requires no underwriting, little information is available on the number of people enrolled in the Program who are specifically identified as being employed in high risk groups. The first-year tax study concluded that in the absence of such data and the unknown ramifications on high risk individuals and individuals considered to be uninsurable, the impact of losing the Open Enrollment Program because of full taxation of the Blue Cross/Blue Shield plans could not be determined and a final recommendation could not be made regarding the preferential tax treatment of these plans.

During the second year of the tax study, the Blue Cross/Blue Shield plans attempted to further justify their preferred tax status. They contended that a specific example of the Open Enrollment Program's social value is the coverage offered to persons employed in high risk occupations that are routinely denied coverage by commercial insurers. They cited commercial health insurers' underwriting guidelines that frequently contain long lists of industry categories which are expressly deemed "ineligible" for coverage. No underwriting is conducted on applicants for the Open Enrollment Program and, therefore, these high risk groups may obtain coverage through the Blue Cross/Blue Shield plans. Thus, a valuable segment of Virginia's work force is capable of finding health care coverage that the Blue Cross/Blue Shield plans believe may not be available through commercial insurers. If the tax-preferred status of Blue Cross/Blue Shield is revoked or substantially reduced, however, the plans have indicated that they may have to curtail or eliminate the coverage offered through the Open Enrollment Program.

Blue Cross/Blue Shield of Virginia supplied the second-year tax study team with a list of high risk industries they believed were generally denied coverage by most commercial carriers. The study team contacted five commercial insurance companies to determine if the groups identified by Blue Cross/Blue Shield were, in fact, deemed ineligible for health coverage. The combined responses of the five companies were reported in House Document No. 19 as indicating that although some groups listed by Blue Cross/Blue Shield are declared ineligible by some companies, coverage is available from at least one company for each category with a few exceptions. The tax study team concluded that there are some groups that would likely have difficulty obtaining commercial insurance because of the high risk nature of the group. However, the team was not able to determine every group that is typically deemed ineligible for coverage by commercial carriers.

In conclusion to the tax study, the Secretary of Finance recommended that although a total tax exemption for Blue Cross/Blue Shield was not justified, some preferential treatment was still warranted since individuals and groups who are currently enrolled in the Open Enrollment Program might find it difficult or impossible to obtain affordable coverage from commercial insurers. A tax-preferred status was also considered justified because of the potential underwriting losses which could result from insuring these entities. In accordance with this recommendation, the 1987 General Assembly repealed the total tax exemption for Blue Cross/Blue Shield plans and levied a tax of .75 of one percent of their direct gross premium income. Commercial life and health companies pay 2 1/4% of their direct gross premium income.

Indicating that the subject of further taxation of the Blue Cross/Blue Shield plans was not closed, the General Assembly requested additional research to follow up the tax study results. The House Joint Resolution No. 328 study was requested because, as stated in the resolution, the groups of occupations and industries that are most often deemed ineligible for health insurance coverage need to be identified so that insurers offering open enrollment plans will be equitably taxed. Another study is being conducted pursuant to HJR 329, which directed the Bureau of Insurance to prepare contingency plans for implementing a health insurance risk pool for individuals considered uninsurable in Virginia in the event that a Blue Cross/Blue Shield plan curtails or eliminates its Open Enrollment Program. The results of both studies are being presented to the members of 1988 General Assembly for their review and consideration.

## RESEARCH METHODOLOGY

As previously noted, the directive for this study was to identify the categories of occupations and industries that are generally deemed ineligible for health coverage by commercial insurers. (Please note that the terms "occupation" and "industry" are used interchangeably throughout this report.) In order to achieve this task, a mail survey instrument was developed to obtain the information from commercial insurers directly.

In recognition of the fact that the issue of availability of health coverage for certain ineligible occupations was reviewed as only one part of the very extensive tax study conducted by the Department of Finance, the Bureau of Insurance met with members of the tax study team to discuss ways to expand on their efforts in this particular area. During the course of the tax study, Blue Cross/Blue Shield of Virginia had provided the tax study team with a list of 42 high-risk occupational groups believed to be generally denied coverage by most commercial health insurance carriers. The list is as follows:

Acid Manufacturing	Lead Industries
Ambulance Services	Liquor Stores
Auto Wreckers	Long Haul Trucking
Bars	Marine Salvage
Breweries	Mines
Beauty & Barber Shops	Nursing Homes
Bowling Alleys & Billiard Parlors	Offshore Oil Operations
Building Wreckers	Oil Exploration
Car Dealers	Paper Mills
Car Washes	Parking Lots
Casinos	Race Tracks
Circuses & Amusement Parks	Refuse Collection & Disposal
Dance Halls and Studios	Restaurants
Detective & Security Guard Agencies	Slaughter Houses
Entertainers	Sports & Athletic Clubs
Explosive or Fireworks Manufacturers	Structural Steel Erection
Fishing	Subway & Tunnel Construction
Gas Stations, Service Stations, Auto Body	Taxi Companies
Hospitals	Used Car Dealers
Junk & Scrap Metal Dealers	Water Transportation
Laundries, Dry Cleaners	Window Cleaners

The tax study team researched health coverage availability for only a portion of these groups. Since the intent of that study was to compare commercial insurers' practices with those of the Blue Cross/Blue Shield plans, the list of high risk occupations used in the study was limited to those that corresponded with the number of groups and employees that the Blue Cross/Blue Shield plans could identify as being currently enrolled through their small group, underwritten, and 11 - 49 group policies. Although these groups go beyond those only covered through the Open Enrollment Program, the

list used by the tax study team was smaller than that shown above because the task of identifying every industry group in Blue Cross/Blue Shield files that may be deemed ineligible for commercial coverage was impractical due to the disclaimers and exclusions that are included in some commercial health insurance carriers' underwriting manuals. Insofar as the legislative request for House Joint Resolution No. 328 is to identify those occupations that are deemed ineligible for health coverage by commercial insurers, the comparison specifically with Open Enrollment Program enrollees, or Blue Cross/Blue Shield enrollees in general, is not a direct concern. Therefore, the entire list of occupations provided by Blue Cross/Blue Shield of Virginia was used as the beginning point for the survey.

In addition to meeting with the tax study team, Bureau staff reviewed an extensive report developed last year by the Blue Cross/Blue Shield plans in response to the exposure draft of the tax study, which identified specific concerns relating to the issue of occupations deemed ineligible. One of the concerns expressed by the Blue Cross/Blue Shield plans in reviewing the tax study's research was the lack of clarity relating to whether the coverage available to high risk groups through the five commercial insurers was also available to small businesses with ten or fewer employees. The Blue Cross/Blue Shield plans contended that this was an important point and stated their belief that the practice of denying group coverage based on occupational risk tends to become more prevalent in the cases of small businesses. Moreover, Blue Cross/Blue Shield indicated that it was not clear whether the tax study team attempted to determine if the five commercial insurers would offer any coverage to the high risk industries if there were known uninsurable individuals present in a given group. Additional concern was expressed over the lack of information as to whether the coverage offered by these commercial insurers to the high risk groups was comprehensive or simply limited benefit and whether it was obtainable at the insurer's standard rate.

The survey instrument that was developed for this present study was intended to address all of these concerns. In comparison to the five commercial companies contacted by the tax study team, this study's survey was mailed to all insurance companies licensed to sell accident and sickness insurance in Virginia which totaled 832 at the time of the mailing. All companies were asked to return the survey but only those who sell group accident and sickness insurance in Virginia were requested to complete the questions pertaining to coverage for high risk industries. Because underwriting practices vary widely between companies, a complete review of all companies provides a clearer identification of the occupations consistently deemed ineligible for coverage. After one month, any company that had not responded to the survey received a follow-up letter to insure that the most comprehensive data base possible could be obtained.

For each of the 42 categories of occupations identified by Blue Cross/Blue Shield of Virginia, the company was asked to respond to the following questions:

1. Does your company routinely (i.e., as a standard procedure) insure this category for a group of:
  - a) 2 to 10 employees?
  - b) 11 to 49 employees?
  - c) 50 or more employees?

2. Does your company routinely (i.e., as a standard procedure) deny coverage to this category for a group of:
  - a) 2 to 10 employees?
  - b) 11 to 49 employees?
  - c) 50 or more employees?
  
3. Does your company provide coverage to this category, underwriting on a case by case basis for a group of:
  - a) 2 to 10 employees?
  - b) 11 to 49 employees?
  - c) 50 or more employees?

By breaking down the group sizes, results could be examined for differences between small, medium and large groups, addressing a concern about coverage availability specifically for small groups expressed by the Blue Cross/Blue Shield plans in response to the Taxation of Insurance study. Additional information was requested in the survey on type and cost of coverage provided to industries routinely insured and reasons for coverage denial for industries routinely denied.

Although most of the discussion by the Blue Cross/Blue Shield plans on this issue in the tax study was directed at groups of less than 50 to be consistent with Open Enrollment Program coverage, the language in House Joint Resolution No. 328 did not limit the identification of groups deemed ineligible for coverage to those with less than 50 members. Therefore, the 50+ category was included. By asking whether coverage is routinely insured, routinely denied or offered on a case by case basis, and by defining "routinely" as "a standard procedure", companies could separate and identify those groups where case by case underwriting might result in groups with certain "known uninsurables" being denied coverage.

For those occupations where the company indicated that coverage is routinely provided, further clarification was requested. Each company was asked to indicate whether coverage offered was comprehensive (broad medical/surgical benefits as opposed to limited or temporary policies) and whether it was issued at the company's standard rate. Responses for each occupation were again broken down by group size in order to determine whether different underwriting standards were being applied for small versus medium and large groups.

Finally, for those occupations identified as routinely being denied coverage, each insurer was asked to provide underwriting reasons for not insuring the group and also to identify any circumstances under which coverage would be provided to the group or certain segments of it. The companies were also asked to provide a copy of their underwriting guidelines for ineligible industries to assist in validating their responses.

The survey was reviewed by several representatives of the health insurance industry to verify the clarity and accuracy of the directions and questions in relation to commercial underwriting practices.

## **SURVEY RESULTS**

### Respondents

Of the 832 surveys mailed, a total of 737 - or 89% - were completed and returned. Of the responses returned, 98 companies indicated that they sell group accident and sickness insurance in Virginia. Two of those companies did not complete the survey and therefore were not included in the study. [ One indicated that it had never been approached by a group representing any of the occupations listed, and the other only writes for groups in excess of 200 employees. ] Therefore, a total of 96 insurance companies that write group accident and sickness coverage in Virginia provided the SCC's Bureau of Insurance with information on their underwriting practices for high risk occupations.

### Group Sizes

Not all companies write insurance coverage for all group sizes. Some specialize in small groups while others only review applications of large groups. Of the 96 companies that responded to the survey, eight companies limit coverage to small groups only, and seven companies limit coverage to large groups only. The responses are reported in aggregate form to provide an overall count of the number of companies routinely insuring or routinely denying coverage for each occupation, broken down by group size. In reviewing the results, notice should be taken of the fact that the total number of responses differs for each group size.

Not unexpectedly, because the underwriting practices of different insurers frequently vary, five of the 96 companies responding to the survey use different figures to identify what they consider to be "small", "medium", and "large" groups. For most of these companies, small group means approximately 2 to 10 employees, medium group means approximately 11 to 49 employees, and large means approximately 50 or more employees in the group. "Approximately" means that the figures for some companies may vary up or down by 1 or 2 numbers. Three companies, however, break their groups down very differently and use categories of 2 to 14, 15 to 99, and 100+ employees while two other companies use 1 to 2, 3 to 24, and 25+ employees. Rather than attempt to force the results of these five companies into the group sizes of the rest of the respondents, the results of this study are presented as close to raw data as possible so that generalizations and overgrouping of data do not detract from the final results. This was done in consideration of the concerns of the Blue Cross/Blue Shield plans who specifically questioned company underwriting practices with respect to small groups in the tax study.

### Responses to Question - Do You Routinely Insure?

The figures in Table 1 (found in Appendix A) represent the total number of companies responding to the survey that answered "yes" when asked if they routinely insure any of the 42 occupations. [ NOTE: The number in parentheses represents the responses provided by the five companies that use different group sizes.] The

responses are listed separately for the different group sizes. Two industry categories - "bowling alleys and billiard parlors" and "gas stations, service stations, and auto body" - were further subdivided based on the response by some companies indicating coverage would be routinely provided only to a segment of that industry.

The data in the appendices are self-explanatory so only the highlights are offered here, identifying by group size the industries that have the most and the least number of companies routinely providing coverage.

	<b>Small Groups</b>	<b>Medium Groups</b>	<b>Large Groups</b>
<b>Coverage is most available for:</b>	car dealers gas stations laundries and dry cleaners	car dealers laundries and dry cleaners paper mills restaurants	car dealers restaurants paper mills laundries and dry cleaners
<b>Coverage is least available for:</b>	explosive or fireworks manu- manufacturers entertainers mines	entertainers explosive or fireworks manufacturers bars mines race tracks	entertainers explosive or fireworks manufacturers mines race tracks

For small groups of employees, coverage is most available for "car dealers" (49 companies responded that they would routinely insure small groups in that industry). "Gas stations, service stations, auto body" and "laundries, dry cleaners" follow, each with 40 companies indicating that coverage is routinely available. At the lower end of availability for small group coverage, the category of "explosive or fireworks manufacturers" had nine companies making insurance routinely available. Only ten companies will routinely insure "entertainers" and "mines", and 11 companies indicated that coverage is provided for "bars", "marine salvage", and "offshore oil operations". No industry or occupation had fewer than nine companies indicating on the survey that coverage was routinely available for small employee groups.

For medium-size groups of employees, coverage is again most available for "car dealers" (49 companies routinely insuring), followed by "laundries, dry cleaners" (38 companies routinely insuring), "paper mills" (35 companies routinely insuring, and "restaurants" (34 companies routinely insuring). On the other end, no industry or occupation had fewer than eight companies that would routinely provide insurance for medium-size groups ("entertainers" and "explosive or fireworks manufacturers" both had eight). "Bars", "mines", and "race tracks" had nine companies indicating a willingness to routinely insure.



The category of "car dealers" ranked first again for the large employee groups, with 44 companies indicating that they would routinely provide coverage for this industry. "Restaurants" followed with 38 companies, and "paper mills" and "laundries, dry cleaners" followed with 32 companies each willing to routinely insure. "Entertainers" and "explosive or fireworks manufacturers" again fall at the lower end for large employee groups with eight companies routinely insuring each. Nine companies will routinely insure "mines" and 12 companies will routinely insure "race tracks".

In summary, while the categories of "explosives or fireworks manufacturers", "entertainers", and "mines" consistently fell at the lower end of the availability spectrum for all three group sizes, all of the high risk industries identified in the survey are routinely insured by at least eight companies.

#### Responses to Question - Do You Insure On Case By Case Basis?

The figures in Table 2 (found in Appendix B) represent the total number of companies that will provide coverage on a case by case basis for each of the 42 occupations. These data were not combined with the "routinely insure" responses (even though they indicate the possibility of coverage being available from additional companies) because the case by case criteria would allow companies to determine the nature of each individual risk rather than the general or stereotypical nature of the risk for the occupation itself. Since case by case underwriting criteria vary from company to company and even from application to application and therefore are virtually impossible to identify as a consistent practice, these figures indicated little more than the number of companies that are willing to give a second look to requests for coverage from these high risk industries.

#### Amount and Cost of Coverage Offered to Routinely Insured Groups

For those industries that were identified as being routinely insured, each company was asked whether the coverage offered is comprehensive and whether it is offered at the company's standard rate. In most cases, the coverage offered to these high risk occupations is in fact comprehensive. Only 10 industries that are routinely insured are not provided with comprehensive coverage by at least one company. As identified in Table 3 (found in Appendix C) these groups are "auto wreckers", "bars", "beauty and barber shops", "bowling alleys and billiard parlors", "circuses and amusement parks", "explosive or fireworks manufacturers", "fishing", "gas stations, service stations, auto body", "refuse collection and disposal", and "taxi companies". The data are again reported separately by group size and indicate that no company limits the benefits offered to routinely insured small employee groups. Only one company limits the coverage offered to medium-size groups for "beauty and barber shops", "bowling alleys and billiard parlors", and "fishing".

A review of these figures in conjunction with those in Table 1 (listing the number of companies that routinely insure each occupation) reveals that two of the industries being provided limited coverage by some companies ("bars" and "explosive or fireworks manufacturers") are among those that have the fewest number of companies

willing to routinely insure them. This may make any attempt by employees in these industries to gain adequate coverage somewhat more difficult.

Several of the industries, however, do face higher, nonstandard rates from some of the companies willing to routinely insure them. The figures in Table 4 (found in Appendix D) represent the number of companies, routinely insuring each industry, that do not offer coverage at a standard rate. These figures again should be reviewed in relation to the figures in Table 1. For instance, out of the eight companies that routinely insure "explosive or fireworks manufacturers" for medium-size groups (from Table 1), two do not provide coverage at the company's standard rate (from Table 4). All but three industries are charged a nonstandard rate for at least one group size. More of these higher rates, however, are for groups with 50 or more employees than for smaller groups.

In summary, many of the companies indicating on the survey that coverage is routinely provided to the different industries also responded that the coverage is comprehensive and issued at the company's standard rate. According to the results, no small employee groups for any industry that are routinely insured are offered only limited benefits and few are charged a nonstandard rate.

Responses to Question - Do You Routinely Deny?

The figures in Table 5 (found in Appendix E) represent the number of companies indicating on the survey that they routinely deny coverage for the different size groups of each occupation. Again, the data in the appendices are self-explanatory, and only the highlights are offered here, identifying by group size the industries most frequently denied coverage.

	<b>Small Groups</b>	<b>Medium Groups</b>	<b>Large Groups</b>
<b>Coverage is most frequently denied for:</b>	explosive or fireworks manufacturers mines taxi companies	explosive or fireworks manufacturers bars circuses and amusements parks	explosive or fireworks manufacturers bars circuses and amusement parks mines

"Explosive or fireworks manufacturers" are the most frequently denied for all group sizes (77 companies routinely deny both small and medium-size groups, and 68 deny large groups). Other industries where small groups are frequently routinely denied coverage include "mines" (routinely denied by 73 companies) and "taxi companies"

(denied by 71 companies) followed by "bars", "entertainers", and "oil operations", each with coverage routinely denied by 70 companies.

Routine coverage denial for medium-size groups greatly affects "bars" (denied coverage by 74 companies), "circuses and amusement parks" (72 companies indicated routine denial), and "race tracks" (71 companies routinely deny coverage). For large groups (50+ or 100+/25+), "bars" are denied coverage by 64 companies, "circuses and amusement parks" and "mines" are each denied coverage by 63 companies, and "taxi companies" are routinely denied by 62 companies.

In response to the tax study, the Blue Cross/Blue Shield plans questioned whether the responses by the companies interviewed in that study indicating that coverage was available meant that coverage was available generally or actually available for small as well as larger groups. They contended that the practice of routinely denying coverage by occupation may be more prevalent for the smaller groups (2 to 10 employees). In this current study, the survey questions were intentionally divided by group size for each category of occupation so that a determination could be made about whether small groups were, in fact, being provided coverage. The resulting figures, which report the data in aggregate form, indicate the total number of companies routinely insuring or denying an industry for each group size. As indicated in Table 1, small groups are being provided coverage. However, when examining Table 5 for the number of companies routinely denying coverage, an unanticipated variable related to group size may have had an effect on the results. The unknown factor is whether the group size that is characteristic for each industry affected the classification of an industry as being routinely insured or denied coverage. As previously noted, not all companies that responded to the survey wrote coverage for all group sizes. In reviewing some of the comments made on the questionnaire, some companies that only write larger groups indicated that coverage was marked as routinely denied for some industries because those industries most frequently consist of small employee groups, (e.g., bars, beauty and barber shops, entertainers, liquor stores, laundries, and dry cleaners). Likewise, those companies that only insure small employee groups may have indicated routine denial for such industries as breweries, circuses and amusement parks, and hospitals. Therefore, the data reported for industries routinely denied do not fully indicate whether coverage is denied because the industry is high risk or because the industry does not fit into the group sizes written by individual companies.

### Reasons Why Coverage is Denied

In an attempt to further clarify the routine denial of coverage for certain industries by commercial insurers, the companies responding to the survey were asked to identify the reasons why coverage is denied. The top four reasons for denying coverage - or deeming an occupation ineligible for coverage - for each occupation have been categorized and ranked in order of frequency of response. These reasons are listed in Chart 1 (found in Appendix F). Many of the most prevalent reasons were predicted by Blue Cross/Blue Shield such as high turnover, high proportion of part-time employees, and seasonal workers. Also included in the list were poor participation, poor claims experience, questionable employer/employee relationships, and financially unstable industry.

## Circumstances Where Coverage Might Be Provided to Routinely Denied Industry

Finally, the companies were asked whether any circumstances exist where coverage might be provided to an industry identified in Table 5 as one which is routinely denied health coverage. Several of the survey respondents indicated the possibility of individual review and re-evaluation for at least some of these high risk groups. Similar to the case by case responses, this information simply demonstrates the fact that the practice of underwriting is not fixed or rigid.

For instance, five companies expressed a willingness to insure almost all of the industries if the group consists solely of office/clerical personnel or management. One-half of the industries originally identified as being routinely denied may get a case by case review by three of the companies if they are willing to pay a higher premium. Several companies that routinely deny "structural steel erection" indicated that coverage might be provided for groups erecting 3 or fewer stories if workers' compensation is also provided. Stable, well-respected "used car dealers", "liquor stores", "bars," and "casinos" may be insured if they have had prior health coverage. One company will re-evaluate "dance halls and studios" if they have been established for at least five years. "Parking lots" that can demonstrate low turnover may be insured. "Water transportation" will be considered if the vessel returns to port daily. Strip mining can be insured. Most of the industries that are denied for poor participation may be able to obtain coverage if there is higher employer contribution and demonstration of low employee turnover.

## Summary

More persons are covered under health insurance policies issued to cover groups than are covered under health insurance policies issued to individuals. Much of this group health insurance coverage is issued to employer-employee groups as an employee benefit. In general, group insurance is not medically underwritten, although some small groups provide an exception. In other words, the medical history of the individuals within the group is not taken into consideration when determining whether to provide coverage. Because effective underwriting and review of potential risks are crucial elements necessary for a company to remain financially solvent and profitable, commercial insurers have an obligation to their stockholders and current policyholders to be selective in the risks they assume. For that reason, these insurers must depend on examining the characteristics of the group itself when reviewing a group risk. Frequently, poor past experience for a particular industry is the reason given for routinely denying coverage for a group. Other group characteristics which are used to identify a poor group risk include high turnover, a high proportion of part-time employees, a seasonal workforce, and low employer contribution/poor participation.

A review of this study's research results reveals that while the categories of "explosives or fireworks manufacturers", "entertainers", and "mines" consistently fell at the lower end of the availability spectrum for all three group sizes, all of the high risk industries identified in the survey are routinely insured by at least eight companies. Small employee groups (2 to 10 employees) do not appear to be more frequently denied coverage than medium and large groups. Many of the companies indicating on the survey that coverage is routinely provided to the different industries

also responded that the coverage is comprehensive and issued at the company's standard rate. According to the results, no small employee groups for any industry that are routinely insured are offered only limited benefits, and few are charged a nonstandard rate.

Blue Cross/Blue Shield has noted that commercial insurers have an advantage because they can deny high risks based on the underwriting reasons either for individuals in small groups or for the characteristics of the group itself. Blue Cross/Blue Shield plans do not underwrite for their Open Enrollment Program and, therefore, do not address group characteristics such as high turnover, high proportion of part-time employees, seasonal workforce or any of the other reasons offered by commercial insurers responding to the survey question on reasons for denial of coverage. Blue Cross/Blue Shield's Open Enrollment Program is designed to provide coverage for any of these groups. Yet, attempting to relate what the Blue Cross/Blue Shield plans do with what commercial carriers do not do may be comparing two very contrasting objectives. In examining the reasons commercial insurers responding to the survey offered for coverage denial, one difference is interesting to note between how commercial health insurers and Blue Cross/Blue Shield looks at these industries. Several of the commercial companies that responded to the survey are in fact life insurance companies that provide accident and sickness coverage, as well as life insurance coverage, to groups. Frequently, their reasons for denial of coverage for a specific industry refers to the group's "non-standard life risk" meaning that the high risk of the occupation not only refers to an employee potentially being hurt on the job but also includes the possibility of the employee being killed in a work-related incident. Therefore, many of the commercial companies are looking at the risk from a life, as well as accident and sickness insurance, perspective.

In addition to the high risk of accidents, the other reasons most often cited for denying coverage were high turnover, part-time employment, and poor participation. Since some of the companies only insure groups of a certain size, responses to the question of routine denial may have been affected by whether a particular industry generally has employee groups only in small sizes or only in large sizes. For instance, some of the companies responding that only write small group coverage indicated that an industry such as "hospitals" was routinely denied because few only have groups of 2 to 10 employees. And finally, many companies indicating that they routinely deny coverage also provided examples of instances where the industry may be re-examined on a case by case basis if certain stipulations such as higher employer contribution or proven good experience are met.

## CONCLUSIONS

### Findings

House Joint Resolution No. 328 was requested as a result of the Virginia Secretary of Finance's recently completed Taxation of Insurance study (tax study) that attempted to examine the equity of the current tax structure within the insurance industry. In the tax study, one of the justifications offered by the Blue Cross/Blue Shield plans for their tax-preferred status was the contention that commercial health insurers' underwriting guidelines frequently contain long lists of industry categories which are expressly deemed "ineligible" for coverage. Blue Cross/Blue Shield's Open Enrollment Program, on the other hand, is designed to provide health coverage to any Virginia citizen, regardless of health history or employment status. This Program may be curtailed or eliminated, however, if the Blue Cross/Blue Shield plans become subject to full taxation.

The directive of House Joint Resolution No. 328 was to identify the classes of occupations and industries deemed ineligible for coverage by commercial insurers. Using a list of 42 high risk occupations identified during the tax study by the Blue Cross/Blue Shield of Virginia, all insurance companies licensed to write group accident and sickness insurance in Virginia were asked to identify for the State Corporation Commission's Bureau of Insurance which of those occupations are routinely denied coverage. The responses discussed in the Survey Results section of this report identify the number of companies that routinely insure and routinely deny each of the occupations.

Based on the research findings by the Bureau of Insurance, the State Corporation Commission cannot support the contention that certain high risk industries are deemed ineligible for coverage by commercial health carriers. While the results of the survey indicated that many commercial health carriers do, in fact, routinely deny coverage for high risk industries, at least some coverage is available from the commercial industry for all 42 occupations. The State Corporation Commission concludes, in agreement with the tax study, that the number of groups which would not be able to obtain insurance from commercial carriers is substantially fewer than the number suggested by the Blue Cross/Blue Shield plans. At least nine companies routinely insure small groups (2 to 10 employees) for any of the industries and at least eight routinely insure medium (11 to 49 employees) and large (50+ employees) groups. Additional companies will review these industries on a case by case basis. Industries most frequently routinely denied but that still can obtain coverage from at least some commercial health carriers include "explosive or fireworks manufacturers", "mines", "bars", "circuses and amusement parks", "taxi companies", and "oil operations". In most cases, the coverage offered to all 42 high risk industries is comprehensive, and no company limits the benefits offered to routinely insured small (2 to 10 employees) groups. And while several of the industries routinely insured do face higher, nonstandard rates from some companies, most of the higher rates are for large groups with 50 or more employees. The State Corporation Commission further concludes that there is inadequate information to determine whether coverage for those groups that are denied insurance by some commercial health carriers is actually being provided by the Blue Cross/Blue Shield plans.

## Issues For Further Consideration

As noted before, the directive for HJR 328 was to identify occupations being consistently denied health insurance coverage by commercial insurers. The intent behind the resolution, however, was to gather information that would assist in determining equitable taxation of health services plans. The results of this study, by design, fall within the parameters of the study resolution directive and simply identify the number and types of high risk industries that are consistently deemed ineligible for health coverage by commercial insurers. An examination of the degree to which the Open Enrollment Program is providing a social benefit by meeting the health care needs for high risk industries in Virginia goes beyond the scope of this study and may require further review of those high risk industries directly if the General Assembly determines that additional information on the true nature of the Open Enrollment Program is necessary.

The results of this study indicate that while coverage is available for all groups, many commercial insurers readily deny coverage for some high risk industries - coverage that might otherwise be available through Blue Cross/Blue Shield's Open Enrollment Program. These results could also indicate, however, that because coverage is provided from at least some commercial health companies, and because no industry is totally denied coverage, then this is enough evidence to conclude that the commercial insurers could cover the high risk industries if the Blue Cross/Blue Shield Open Enrollment Programs were curtailed or terminated. Determining the true effect that routine denial of health coverage by commercial carriers would have on high risk industries and whether the Open Enrollment Program fills whatever void exists might require direct study of high risk industries in Virginia specifically in terms of their current health coverage needs.

Additional questions that went beyond the scope of this study should be posed to high risk industries if a more complete picture of the effects of commercial insurers' and Blue Cross/Blue Shield's treatment of high risk occupations is required by the General Assembly. For instance, how many people in the high risk groups that are denied coverage by some commercial carriers are actually being picked up by the Blue Cross/Blue Shield Open Enrollment Program? The Open Enrollment Program for groups has a waiting period before coverage begins yet many commercial insurers deny these occupations because of high turnover or seasonal employment; would these individuals be in the Open Enrollment Program long enough to actually receive anything other than emergency coverage? How many of the industries that are denied commercial coverage are self-insured or would not seek commercial group health coverage as a benefit for its employees anyway? What are the Virginia employment statistics for the groups that are identified as being denied coverage by some commercial insurers? How many individuals are actually employed by these industries? How many such industries actually operate in Virginia? Casinos, for example, are on the frequently routinely denied list but they are illegal in this state. Some of these industries such as breweries and hospitals are typically large group, making coverage availability for small groups unnecessary. How many of these industries actually have employee groups in the different sizes? Whether commercial insurers routinely deny any of these industries does not address the broader issue of the degree to which health care coverage needs are or are not being met for high risk industries in Virginia.

Another question that may need answered if additional information about the benefits of the Open Enrollment Program is necessary relates to how the commercial health plans that are offered specifically compare with the coverage offered under the Open Enrollment Program. Answering this concern would involve the specific examination of each plan made available by all commercial insurers for the high risk occupations in comparison to the benefits available under the Open Enrollment Program. [Note should be made of the fact that even the benefits under the Open Enrollment Programs offered by the two Blue Cross/Blue Shield plans operating in Virginia are not the same. Blue Cross/Blue Shield of the National Capital Area, for instance, does not include major medical coverage in its Open Enrollment benefit package.] Rates would also have to be compared.

This study was designed to respond to one premise offered by the Blue Cross/Blue Shield plans operating in Virginia as a description of their social value and justification of their tax-exempt status in response to the taxation of insurance companies study completed last year. Specifically, this study identified the high risk industries and occupations that are most frequently denied coverage by commercial health insurers. This study was not intended to provide conclusive evidence to make a determination about the ramifications of losing the Open Enrollment Program. Therefore, while the results of this study may offer members of the Virginia General Assembly some information about the treatment of high risk groups by commercial health insurers, additional information may be necessary in order to determine fair tax treatment for insurers who accept higher risks.



**APPENDIX A**

**TABLE 1  
TOTAL NUMBER OF COMPANIES  
THAT ROUTINELY INSURE**



**TABLE 1**  
**Total Number of Companies**  
**That Routinely Insure**

	small groups with employees numbering		medium groups with employees numbering		large groups with employees numbering	
	2-10	(2-14/1-2)	11-49	(15-99/3-24)	50+	(100+/25+
Acid Manufacturing	15		18	(1/-)	14	(1/-)
Ambulance Services	26	(1/1)	28	(-/1)	22	(-/1)
Auto Wreckers	25	(-/1)	23		21	
Bars	10	(-/1)	9		12	
Breweries	30	(2/1)	31	(1/1)	26	(1/1)
Beauty and Barber Shops	23	(2/1)	22		20	
Bowling Alleys and Billiard Parlors	21	(1/1)	17		18	
(Bowling Alleys only)	3		3		1	
Building Wreckers	14		15		15	
Car Dealers	46	(2/1)	47	(2/-)	42	(2/-)
Car Washes	23	(-/1)	21		19	
Casinos	15	(1/1)	12		13	
Circuses and Amusement Parks	11	(-/1)	10		12	
Dance Halls and Studios	17	(1/1)	13		16	
Detective and Security Guard Agencies	19	(1/1)	18		12	

TABLE 1  
(continued)

	small groups with employees numbering	medium groups with employees numbering	large groups with employees numbering
	2-10 (2-14/1-2)	11-49 (15-99/3-24)	50+ (100+/25+)
Entertainers	9 (-/1)	8	8
Explosive or Fireworks Manufacturers	9	8	8
Fishing	17	12	14
Gas Stations, Service Stations, Auto Body	37 (2/1)	32 (-/1)	26 (-/1)
(Auto Body only)	1	3	2
Hospitals	13 (-/1)	14 (1/-)	14 (1/-)
Junk and Scrap Metal Dealers	16 (-/1)	16	17
Laundries, Dry Cleaners	38 (1/1)	36 (1/1)	30 (1/1)
Lead Industries	21 (-/1)	22	16
Liquor Stores	23 (1/1)	21 (-/1)	18 1(-/1)
Long Haul Trucking	19 (1/1)	20	23
Marine Salvage	11	13	14
Mines	10	8 (1/-)	8 (1/-)
Nursing Homes	12 (2/1)	20 (1/-)	18 (1/-)

TABLE 1  
(continued)

	small groups with employees numbering		medium groups with employees numbering		large groups with employees numbering	
	2-10	(2-14/1-2)	11-49	(15-99/3-24)	50+	(100+/25+)
Nursing Homes	12	(2/1)	20	(1/-)	18	(1/-)
Offshore Oil Operations	11		11	(1/-)	11	(1/-)
Oil Exploration	16	(-/1)	17	(1/-)	17	(1/-)
Paper Mills	30	(1/1)	33	(1/1)	30	(1/1)
Parking Lots	18	1(-/1)	14		15	
Race Tracks	11	(1/-)	9		11	
Refuse Collection and Disposal	22	(1/1)	23	(-/1)	22	
Restaurants	36	(2/1)	32	(1/1)	36	(1/1)
Slaughter Houses	21	(-/1)	19		15	
Sports and Athletic Clubs	18	(1/1)	19		19	
Structural Steel Erection	12	(1/-)	16	(1/-)	15	(1/-)
Subway and Tunnel Construction	10	(1/-)	14	(2/-)	13	(2/-)
Taxi Companies	11	(1/1)	11	(1/-)	11	(1/-)
Used Car Dealers	28	(1/1)	27	(2/-)	26	(2/-)
Water Transportation	25	(1/-)	22	(2/-)	18	(2/-)
Window Cleaner	18	(1/1)	18	(1/-)	17	(1/1)



**APPENDIX B**

**TABLE 2**

**TOTAL NUMBER OF COMPANIES THAT  
INSURE ON A CASE BY CASE BASIS**





TABLE 2

Total Number of Companies That  
Insure on a Case by Case Basis

	small groups with employees numbering		medium groups with employees numbering		large groups with employees numbering	
	2-10?	(2-14/1-2)	11-49	(15-99/3-24)	50+	(100+/25+)
Acid Manufacturing	9		9		19	(1/-)
Ambulance Services	12		13	(-/1)	22	(1/-)
Auto Wreckers	14		16	(-/1)	18	(1/1)
Bars	8		6		10	(1/-)
Breweries	17		15	(-/1)	22	(-/1)
Beauty and Barber Shops	28		30	(-/1)	26	(1/1)
Bowling Alleys and Billiard Parlors	18		12	(-/1)	12	(1/1)
Building Wreckers	15	(-/1)	17		22	(1/-)
Car Dealers	25		25	(-/2)	17	(1/2)
Car Washes	14		13		14	(1/1)
Casinos	11		12		17	(1/-)
Circuses and Amusement Parks	9		6		11	(1/-)
Dance Halls and Studios	17	(-/1)	14	(-/1)	15	(1/1)
Detective and Security Guard Agencies	18		15		25	(1/-)

**TABLE 2**  
**(continued)**

	small groups with employees numbering		medium groups with employees numbering		large groups with employees numbering	
	2-10?	(2-14/1-2)	11-49	(15-99/3-24)	50+	(100+/25+)
Entertainers	8		11		16	(1/-)
Explosive or Fireworks Manufacturers	3		4		10	(1/-)
Fishing	10	(-/1)	13	(-/1)	16	(1/1)
Gas Stations, Service Stations, Auto Body	29		29		30	(1/-)
Hospitals	14		16		24	(1/-)
Junk and Scrap Metal Dealers	12		16		29	(1/2)
Laundries, Dry Cleaners	24	(1/-)	21	(1/-)	19	(2/-)
Lead Industries	17		19	(1/-)	32	(2/-)
Liquor Stores	13		13	(1/-)	17	(1/-)
Long Haul Trucking	24	(1/-)	24	(1/1)	33	(3/-)
Marine Salvage	9		9		13	(1/-)
Mines	6		11		13	(2/-)
Nursing Homes	18		16	(1/-)	21	(2/-)

**TABLE 2**  
**(continued)**

	small groups with employees numbering		medium groups with employees numbering		large groups with employees numbering	
	2-10?	(2-14/1-2)	11-49	(15-99/3-24)	50+	(100+/25+)
Offshore Oil Operations	8		10		17	(2/-)
Oil Exploration	11		15	(1/1)	19	(2/-)
Paper Mills	15		15	(-/1)	21	(2/-)
Parking Lots	9		11	(-/1)	15	(1/-)
Race Tracks	9		9		16	(1/-)
Refuse Collection and Disposal	10		12	(1/-)	19	(1/-)
Restaurants	35		35		29	(1/-)
Slaughter Houses	15		17		32	(1/-)
Sports and Athletic Clubs	19		16		18	(1/-)
Structural Steel Erection	13	(-/1)	15		29	(1/-)
Subway and Tunnel Construction	9		8		23	(1/-)
Taxi Companies	5		6	(-/1)	12	(1/-)
Used Car Dealers	30		32		23	(1/-)
Water Transportation	10	(-/1)	12		16	(1/-)
Window Cleaner	15		16		15	(1/-)



**APPENDIX C**

**TABLE 3**

**TOTAL NUMBER OF COMPANIES THAT  
ROUTINELY INSURE WHERE COVERAGE  
OFFERED IS NOT COMPREHENSIVE**



TABLE 3

Total Number of Companies  
That Routinely Insure Where  
Coverage Offered is Not Comprehensive

	medium groups with employees numbering	large groups with employees numbering
	11-49	50+
Auto Wreckers		1
Bars		2
Beauty and Barber Shops	1	3
Bowling Alleys and Billiard Parlors	1	3
Circuses and Amusement Parks		1
Explosive or Fireworks Manufacturers		1
Fishing	1	3
Gas Stations, Service Stations, Auto Body		2
Refuse Collection and Disposal		2
Taxi Companies		1





**APPENDIX D**

**TABLE 4**

**TOTAL NUMBER OF COMPANIES THAT  
ROUTINELY INSURE WHERE COVERAGE  
OFFERED IS NOT ISSUED AT STANDARD RATE**



TABLE 4

Total Number of Companies That  
Routinely Insure Where Coverage  
Offered is Not Issued at Standard Rate

	small groups with employees numbering	medium groups with employees numbering	large groups with employees numbering
	2-10	11-49 (3-24/15-99)	50+ (25+/99+
Acid Manufacturing	1	4	5
Ambulance Services	3	9	10
Auto Wreckers		5	6
Bars			3
Breweries	1	3	6
Beauty and Barber Shops		5	4 (1/1)
Bowling Alleys and Billiard Parlors	1	4	(1/-)
Building Wreckers		3	8
Car Dealers	3	9	11 (-/1)
Car Washes		5	7 (1/-)
Dance Halls and Studios			3 (1/-)
Detective and Security Guard Agencies	1	2	
Explosive or Fireworks Manufacturers		2	4
Fishing		4	5 (1/-)
Gas Stations, Service Stations, Auto Body	4	8	7 (1/-)
Hospitals		1	1
Junk and Scrap Metal Dealers		7 (1/-)	7 (2/-)
Laundries, Dry Cleaners		6	7 (1/-)

TABLE 4  
(continued)

	small groups with employees numbering	medium groups with employees numbering	large groups with employees numbering
	2-10	11-49 (3-24/15-99)	50+ (25+/99+
Lead Industries	1	6	8
Liquor Stores	1	2	5 (1/-)
Long Haul Trucking	2	6 (1/1)	11 (1/1)
Marine Salvage		3	3
Mines		(-/1)	3 (-/2)
Nursing Homes		6 (-/1)	7 (-/1)
Offshore Oil Operations		2 (-/1)	5 (-/1)
Oil Exploration	2	5 (1/1)	8 (1/1)
Paper Mills	3	9 (-/1)	10 (1/1)
Parking Lots	1	3	6
Race Tracks			3
Refuse Collection and Disposal	2	9	8
Restaurants	4	10	9 (1/1)
Slaughter Houses	1	3	3
Sports and Athletic Clubs		5	6
Structural Steel Erection		4 (-/1)	7 (-/1)
Subway and Tunnel Construction			(-/1)
Taxi Companies		1	3
Used Car Dealers	3	8	10 (-/1)
Water Transportation		7	6 (-/1)
Window Cleaners	1	4	3

**APPENDIX E**

**TABLE 5**

**TOTAL NUMBER OF COMPANIES  
THAT ROUTINELY DENY**



TABLE 5  
Total Number of Companies  
That Routinely Deny

	small groups with employees numbering		medium groups with employees numbering		large groups with employees numbering	
	2-11	(2-14/1-2)	11-49	(15-99/3-24)	50+	(100+/25+)
Acid Manufacturing	61	(3/1)	57	(2/2)	49	(1/2)
Ambulance Services	46	(2/-)	42	(3/-)	37	(2/1)
Auto Wreckers	46	(3/-)	45	(3/1)	43	(3/1)
Bars	67	(3/-)	69	(3/2)	60	(2/2)
Breweries	37	(2/-)	37	(2/-)	33	(1/2)
Beauty and Barber Shops	34	(1/-)	32	(3/1)	36	(2/1)
Bowling Alleys and Billiard Parlors	43	(2/-)	51	(3/1)	50	(2/1)
(Billiard Parlors only)	4		4		2	
Building Wreckers	56	(3/-)	52	(3/2)	45	(2/2)
Car Dealers	14	(1/-)	12	(1/-)	23	
Car Washes	47	(3/-)	49	(3/2)	48	(2/1)
Casinos	59	(2/-)	60	(3/2)	52	(2/2)
Circuses and Amusement Parks	65	(3/-)	68	(3/2)	59	(2/2)
Dance Halls and Studios	51	(2/-)	47	(3/1)	51	(2/1)
Detective and Security Guard Agencies	47	(2/-)	50	(3/2)	44	(2/2)

TABLE 5  
(continued)

	small groups with employees numbering	medium groups with employees numbering	large groups with employees numbering
	2-11 (2-14/1-2)	11-49 (15-99/3-24)	50+
Entertainers	67 (3/-)	64 (3/2)	57 (2/2)
Explosive or Fireworks Manufacturers	73 (3/2)	72 (3/2)	64 (2/2)
Fishing	58 (3/-)	59 (3/1)	52 (2/1)
Gas Stations, Service Stations, Auto Body	19 (1/-)	23 (3/1)	26 (1/1)
(Gas Stations, Service Stations only)	2	4	2
Hospitals	58 (2/-)	54 (3/2)	44 (1/2)
Junk and Scrap Metal Dealers	56 (3/-)	51 (3/2)	35 (2/-)
Laundries, Dry Cleaners	23 (1/-)	27 (1/1)	33 (-/1)
Lead Industries	46 (3/-)	42 (2/2)	33 (1/2)
Liquor Stores	49 (2/-)	50 (2/1)	47 (2/1)
Long Haul Trucking	42 (1/-)	40 (2/2)	26 (-/1)
Marine Salvage	65 (3/2)	62 (3/2)	55 (2/2)
Mines	69 (3/1)	65 (2/2)	61 (-/2)
Nursing Homes	55 (1/-)	48 (1/1)	43 (-/2)



TABLE 5  
(continued)

	small groups with employees numbering	medium groups with employees numbering	large groups with employees numbering
	2-11 (2-14/1-2)	11-49 (15-99/3-24)	50+
Offshore Oil Operations	66 (3/1)	63 (2/2)	54 (-/2)
Oil Exploration	58 (3/-)	52 (1/2)	46 (-/1)
Paper Mills	40 (2/-)	36 (2/-)	31 (-/1)
Parking Lots	57 (3/-)	58 (3/1)	51 (2/2)
Race Tracks	65 (2/1)	66 (3/2)	55 (2/2)
Refuse Collection and Disposal	51 (2/-)	47 (3/1)	39 (2/1)
Restaurants	14 (1/-)	17 (2/1)	17 (1/1)
Slaughter Houses	49 (3/-)	48 (3/-)	35 (2/2)
Sports and Athletic Clubs	48 (2/-)	49 (3/1)	45 (2/1)
Structural Steel Erection	60 (2/-)	53 (2/2)	38 (1/2)
Subway and Tunnel Construction	66 (2/1)	62 (1/2)	46 1(-/2)
Taxi Companies	69 (2/-)	66 (2/1)	59 (1/2)
Used Car Dealers	27 (2/-)	25 (1/2)	33 (-/2)
Water Transportation	50 (2/-)	50 (1/2)	48 (-/2)
Window Cleaner	52 (2/-)	50 (2/2)	50 (1/2)



**APPENDIX F**

**CHART 1**

**REASONS FOR ROUTINELY DENYING COVERAGE**



CHART 1

Reasons For Routinely Denying Coverage

Acid Manufacturers

hazardous occupation  
job environment cause  
of secondary health  
problems  
poor claims experience  
high turnover

Bars

unfavorable work  
environment  
high turnover  
poor participation  
part-time employment

Bowling Alleys and  
Billiard Parlors

high turnover  
low participation  
poor claims experience  
part-time employment

Car Washes

high turnover  
low participation  
seasonal  
part-time employment

Dance Halls and Studios

high turnover  
financially unstable  
poor participation  
part-time employment

Explosive or Fireworks  
Manufacturers

high risk accident/  
death claims  
poor claims experience  
high turnover  
part-time employment

Hospitals

high utilization/expected  
expected poor claims  
experience  
high turnover  
constant exposure to disease  
part-time employment

Ambulance Services

traffic accident  
high turnover  
questionable employer/  
employee relationship  
part-time employment

Breweries

hazardous work  
environment  
high turnover  
poor claims experience  
union negotiated plans

Building Wreckers

high risk accident/  
death claims  
high turnover  
poor claims experience  
seasonal

Casinos

nature of business/  
lifestyle concerns  
high turnover  
exposure to excessive  
gamblers/substance abuse  
poor participation

Detective and Security  
Guard Agencies

hazardous occupation  
high turnover  
part-time employment  
poor participation

Fishing

accident hazards  
seasonal  
possibility of multiple  
death claims  
high turnover

Junk and Scrap  
Metal Dealers

high turnover  
accident hazards  
poor participation  
part-time employment

Auto Wreckers

high turnover  
accident hazards  
poor participation  
financially unstable

Beauty and Barber Shops

high turnover  
questionable employer/  
employee relationship  
poor participation  
exposure to chemicals

Car Dealers

high turnover  
financially unstable  
questionable employer/  
employee relationship  
part-time employment

Circuses and  
Amusement Parks

high turnover  
seasonal  
accident hazards  
financially unstable

Entertainers

unstable employment  
questionable employer/  
employee relationship  
exposure to substance  
abuse  
poor experience

Gas Stations, Service  
Stations, Auto Body

high turnover  
poor participation  
questionable employer/  
employee relationship  
part-time employment

Laundries, Dry Cleaners

high turnover  
poor participation  
constant exposure to  
chemicals  
part-time employment

**Lead Industries**

health risks  
high turnover  
exposure to toxic  
substances  
poor participation

**Liquor Stores**

high turnover  
poor participation  
possible substance abuse  
part-time employment

**Long Haul Trucking**

traffic accident risks  
high turnover  
job environment cause  
of secondary health  
problems  
high turnover

**Marine Salvage**

high risk accident/  
death claims  
poor experience  
high turnover  
poor participation

**Mines**

high risk multiple  
accident/death  
job environment cause  
of secondary health  
problems  
poor experience  
high turnover

**Nursing Homes**

high utilization/  
expected adverse  
claims experience  
high turnover  
exposure to sickness  
part-time employment

**Offshore Oil Operations**

high accident risk  
possible multiple  
accident/death claims  
financially unstable  
seasonal

**Oil Exploration**

high accident risk  
high turnover  
financially unstable  
poor claims experience

**Paper Mills**

high accident risk  
high turnover  
poor claims experience  
union negotiated  
benefits

**Parking Lots**

high turnover  
poor participation  
financially unstable  
questionable employer/  
employee relationship

**Race Tracks**

high turnover  
financially unstable  
poor participation  
seasonal

**Refuse Collection  
and Disposal**

hazardous health risk  
high turnover  
poor participation  
union negotiated benefits

**Restaurants**

high turnover  
part-time employment  
poor participation  
financially unstable

**Slaughter Houses**

accident hazards  
high turnover  
poor claims experience  
poor participation

**Sports and Athletic Clubs**

high turnover  
accident hazards/high  
utilization  
part-time employment  
poor participation

**Structural Steel  
Erection**

high risk accident/  
death claims  
high turnover  
poor claims experience  
seasonal

**Subway and Tunnel  
Construction**

high risk multiple  
accident/death claims  
high turnover  
poor claims experience  
part-time employment

**Taxi Companies**

high turnover  
actively at work concerns  
poor participation  
traffic accident hazard.

**Used Car Dealers**

high turnover  
poor participation  
financially unstable  
part-time employment

**Water Transportation**

hazardous work  
environment  
multiple accident  
death claims potential  
seasonal  
poor participation

**Window Cleaners**

high risk accident/  
death potential  
seasonal  
poor participation  
high turnover



