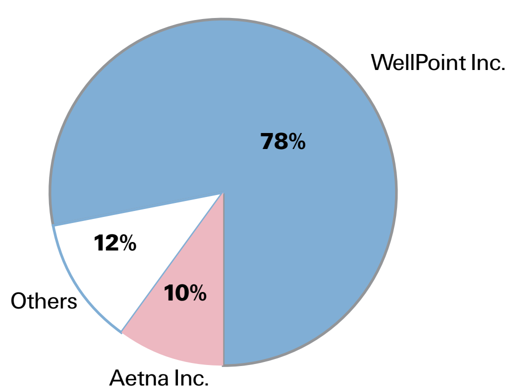
Results of Market Failure in Maine

- WellPoint Inc., Maine's biggest health insurer, holds 78 percent of the state market. Together with Aetna Inc., they control 88 percent of the market.[1]
- From 2004 to 2007 Anthem Health Care, WellPoint Inc.'s Maine subsidiary, saw profit grow by 89 percent, from $40 million to $76 million, although its membership grew by only 2.4 percent.[2]
- Health insurance premiums for Maine working families have skyrocketed, increasing 90 percent from 2000 to 2007.[3]
- For family health coverage in Maine during that time, the average annual combined premium for employers and employees rose from $6,915 to $13,117.[4]
- For family health coverage in Maine from 2000 to 2007, the average employer's portion of annual premiums rose 87 percent, while the average worker's share grew by 96 percent.[5]
- From 2000 to 2007, the median earnings of Maine workers increased 17 percent, from $22,163 to $25,876. During that time health insurance premiums for Maine working families rose 5.4 times faster than median earnings.[6]

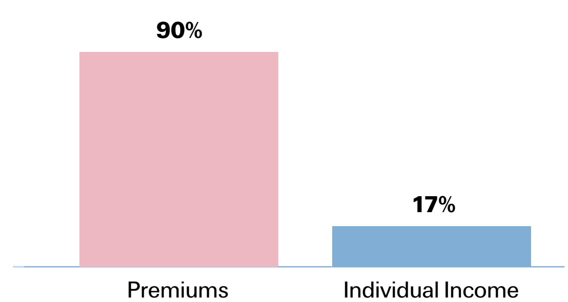
When a firm has more than a 42 percent share of a single market, the U.S. Justice Department considers that market to be "highly concentrated." This means that an insurer could raise premiums and/or reduce the variety of plans or quality of services offered to customers with impunity.[7]

Maine Health Insurance Market Concentration



Source: American Medical Association, "Competition in Health Insurance: A Comprehensive Study of U.S. Markets: 2007 Update."

Percent Increase in Premiums vs Income in Maine, 2000–2007



Sources: Families USA, "Premiums Versus Paychecks," September 2008.

Maine Insurance Market Consolidation by Metro Area, 2007

Metro Area	Health Insurer With Largest Market Share	Market Share %	Health Insurer With No. 2 Market Share	Market Share %	Combined Market Share % of Top Two Insurers
Bangor	WellPoint Inc.	82	Aetna Inc.	8	90
Lewiston–Auburn	WellPoint Inc.	74	Aetna Inc.	14	88
Portland–South Portland	WellPoint Inc.	78	Cigna Corp.	9	87

Source: American Medical Association, "Competition in health insurance: A comprehensive study of U.S. markets: 2007 update."

ENDNOTES

[1] American Medical Association, "Competition in health insurance: A comprehensive study of U.S. Markets: 2007 update."

[2] Northwest Federation of Community Organizations, "Insuring Health or Ensuring Profit?," 2008. Accessed at http://www.nwfco.org/pubs/2008.0727_insuring.health.or.ensuring.profit.pdf.

[3] Families USA, "Premiums versus Paychecks," September 2008. Accessed at http://www.familiesusa.org/resources/publications/reports/premiums-vs-paychecks-2008.html.

[4] Ibid.

[5] Ibid.

[6] Ibid.

[7] US Department of Justice, "The Herfindahl-Hirschman Index." Accessed at http://www.usdoj.gov/atr/public/guidelines/horiz_book/15.html; American Hospital Association, "The Case for Reinvigorating Antitrust Enforcement for Health Plan Mergers and Anticompetitive Conduct to Protect Consumers and Providers and Support Meaningful Reform," May 11, 2009. Accessed at http://www.aha.org/aha/content/2009/pdf/09-05-11-antitrust-rep.pdf.