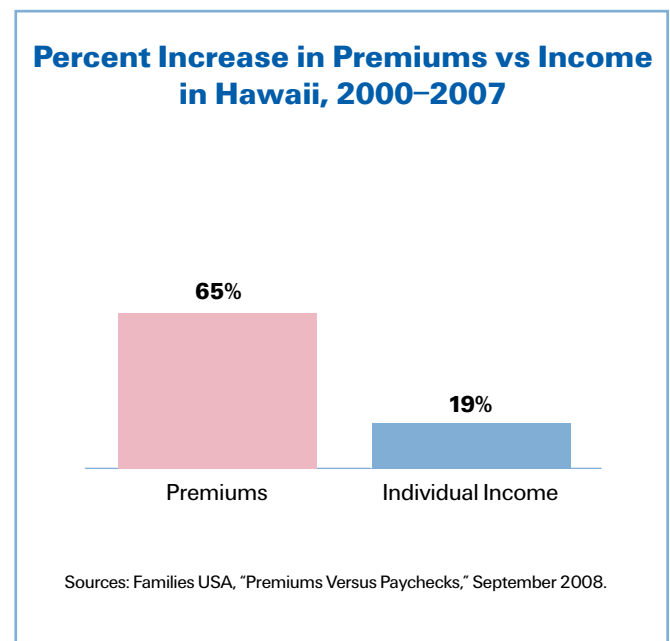
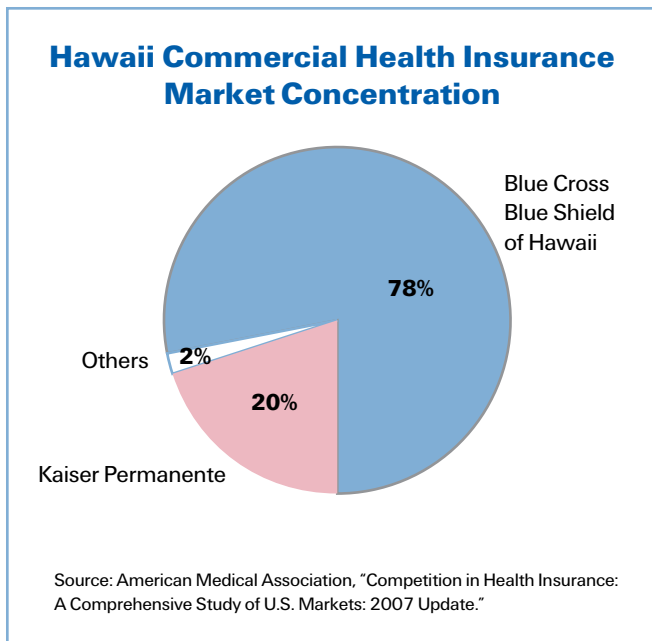


Hawaii Consumers Pay the Price For Health-Insurance Market Failure

- Hawaii Medical Service Association, doing business as Blue Cross Blue Shield of Hawaii, is the state’s leading health insurer with 78 percent of the commercial market. Together with Kaiser Permanente, they hold 98 percent of the market.¹
- Between 2004 and 2007 Blue Cross Blue Shield of Hawaii’s surplus grew by 5.2 percent to \$569 million.²
- Health insurance premiums for Hawaii working families have skyrocketed, increasing 65 percent from 2000 to 2007.³
- For family health coverage in Hawaii during that time, the average annual combined premium for employers and employees rose from \$6,047 to \$10,001.⁴
- For family health coverage in Hawaii, the average employer’s portion of annual premiums rose 56 percent, while the average worker’s share grew 101 percent.⁵
- From 2000 to 2007, the median earnings of Hawaii workers increased 19 percent, from \$26,180 to \$31,252. During that time health insurance premiums for Hawaii working families rose 3.4 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



ENDNOTES

¹AMA data in this report are based on combined enrollment in preferred provider organizations (PPOs) and health maintenance organizations (HMOs) in states and metropolitan statistical areas (MSAs) as defined by the U.S. Census Bureau. The AMA calculates market share by dividing an insurer's enrollment in a given product by the total enrollment across all insurers in a market multiplied by 100. Total enrollment is for commercial products only, including self-insured employer-sponsored PPO plans and individual coverage, and does not include Medicare, Medicaid, or Children's Health Insurance Program enrollments. Self-insured employer plans refer to PPOs only. Accessed at <http://www.ama-assn.org/go/competition2007>.

²Northwest 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.

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

⁴Ibid.

⁵Ibid.

⁶Ibid.

⁷US 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>.

This report makes use of data published by the American Medical Association (AMA), which is not a member of the Health Care for America Now coalition. The AMA did not collaborate with HCAN on this report.