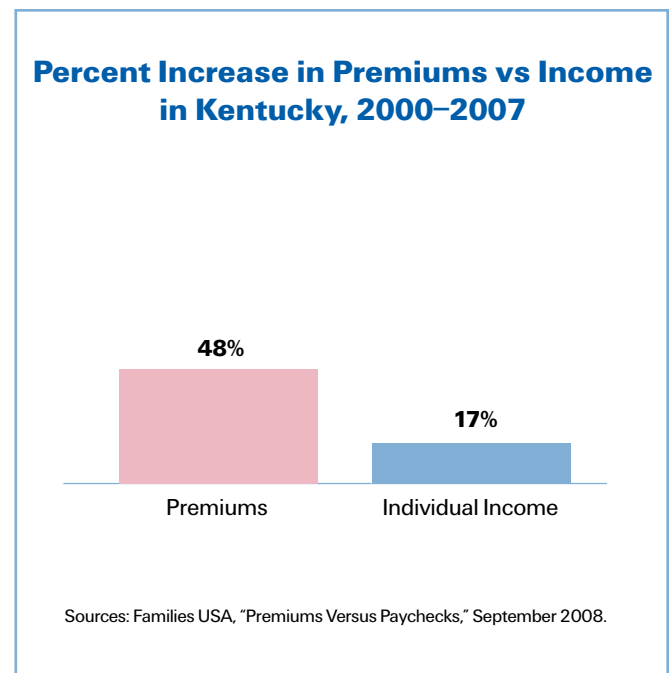
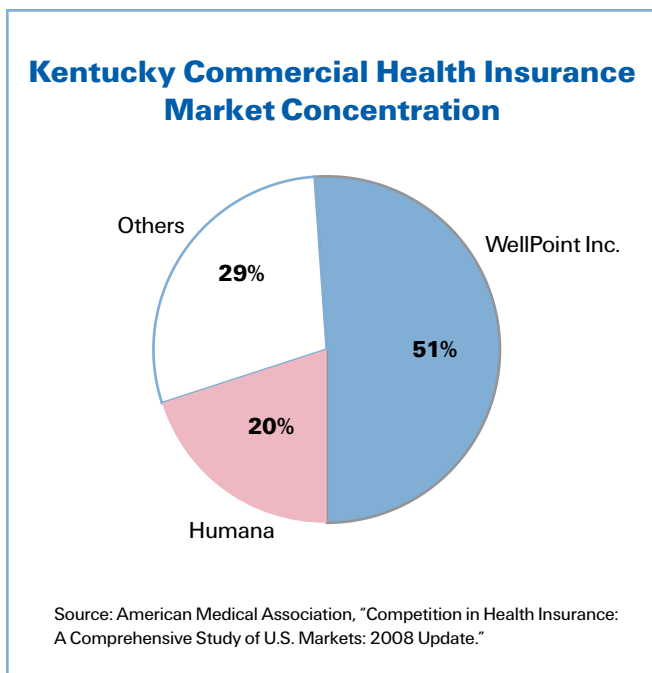


Kentucky Consumers Pay the Price For Health-Insurance Market Failure

- Anthem Blue Cross and Blue Shield, a subsidiary of WellPoint Inc., is Kentucky's biggest health insurer, with 51 percent of the state commercial market. Together with Humana Inc., they hold 71 percent of the market.¹
- Local markets are even more concentrated in Kentucky. In Elizabethtown, WellPoint and Aetna Inc. together hold 92 percent of the market.²
- Health insurance premiums for Kentucky working families have skyrocketed, increasing 48 percent from 2000 to 2007.³
- For family health coverage in Kentucky during that time, the average annual combined premium for employers and employees rose from \$7,096 to \$10,466.⁴
- For family health coverage in Kentucky, the average employer's portion of annual premiums rose 44 percent, while the average worker's share grew 58 percent.⁵
- Between 2000 and 2007, the median earnings of Kentucky workers increased 17 percent, from \$21,512 to \$25,134. During that time health insurance premiums for Kentucky working families rose 2.8 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. American Medical Association, "Competition in health insurance: A comprehensive study of U.S. markets: 2008 update."

²Ibid.

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.