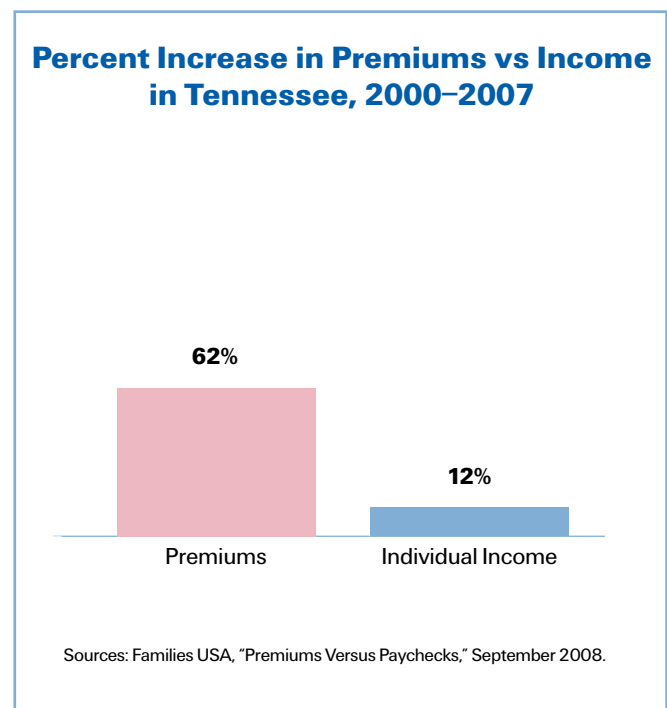
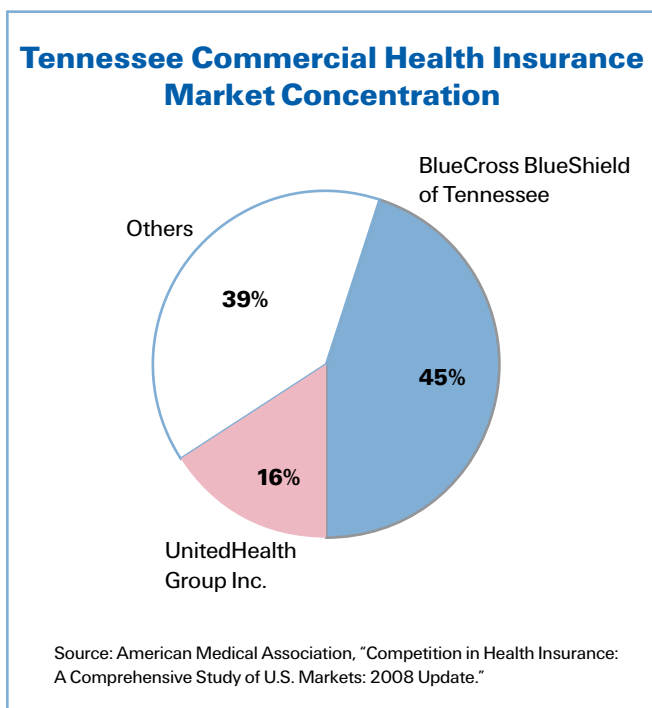


Tennessee Consumers Pay the Price For Health-Insurance Market Failure

- BlueCross BlueShield of Tennessee, the state’s dominant health insurer, holds 45 percent of the commercial market. Together with UnitedHealth Group Inc., the state’s second largest health insurer, they control 61 percent of the market.¹
- Blue Cross Blue Shield of Tennessee recorded profit of \$149 million in 2004. UnitedHealth reported a 721 percent increase in profit from its Tennessee operations from 2004 to 2007. During that time net earnings in the state climbed from \$5.6 million to \$46 million, while membership grew 28 percent.²
- Health insurance premiums for Tennessee working families have skyrocketed, increasing 62 percent from 2000 to 2007.³
- For family health coverage in Tennessee during that time, the average annual combined

- premium for employers and workers rose 62 percent from \$6,550 to \$10,606.⁴
- For family health coverage in Tennessee, the average employer’s portion of annual premiums rose 58 percent, while the average worker’s share grew by 73 percent.⁵
- Between 2000 and 2007, the median earnings of Tennessee workers increased 12 percent from \$22,863 to \$25,639. During that time health insurance premiums for Tennessee working families rose 5.1 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."

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.