

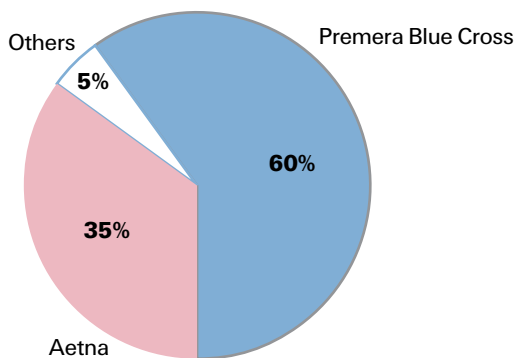
# Alaska Consumers Pay the Price For Health-Insurance Market Failure

- Premera Blue Cross, the state’s most powerful insurer, controls 60 percent of the commercial market. Together with Aetna Inc., Alaska’s second largest health insurer, they control 95 percent of the market.<sup>1</sup>
- Health insurance premiums for Alaska working families have skyrocketed, increasing 74 percent from 2000 to 2007.<sup>2</sup>
- For family health coverage in Alaska during that time, the average annual premium (employer and worker share of premiums combined) rose from \$7,456 to \$12,942.<sup>3</sup>
- For family health coverage in Alaska, the average employer’s portion of annual

- premiums rose 81 percent, while the average worker’s share grew by 54 percent.<sup>4</sup>
- Between 2000 and 2007, the median earnings of Alaska workers increased 13 percent, from \$27,373 to \$30,931. During that time health insurance premiums for Alabama working families rose 5.7 times faster than median earnings.<sup>5</sup>

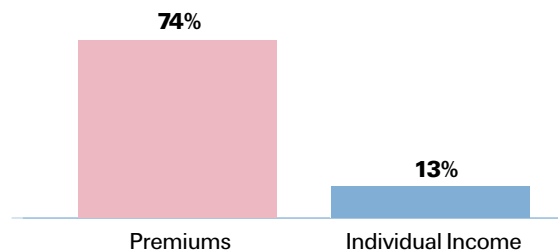
When a firm has more than a 42 percent share of a single market, the U.S. Justice Department considers that market to be “highly concentrated.” This means that an insurer could raise premiums and/or reduce the variety of plans or quality of services offered to customers with impunity.<sup>6</sup>

**Alaska Commercial 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 Alaska, 2000–2007**



Sources: Families USA, “Premiums Versus Paychecks,” September 2008.

## ENDNOTES

<sup>1</sup>AMA 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>.

<sup>2</sup>Families USA, "Premiums versus Paychecks," September 2008. Accessed at <http://www.familiesusa.org/resources/publications/reports/premiums-vs-paychecks-2008.html>.

<sup>3</sup>Ibid.

<sup>4</sup>Ibid.

<sup>5</sup>Ibid.

<sup>6</sup>US Department of Justice, "The Herfindahl-Hirschman Index." Accessed at [http://www.usdoj.gov/atr/public/guidelines/horiz\\_book/15.html](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.