

# **California Health-Plan Premiums Soar As Insurers Face Less Competition**

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## Acknowledgments

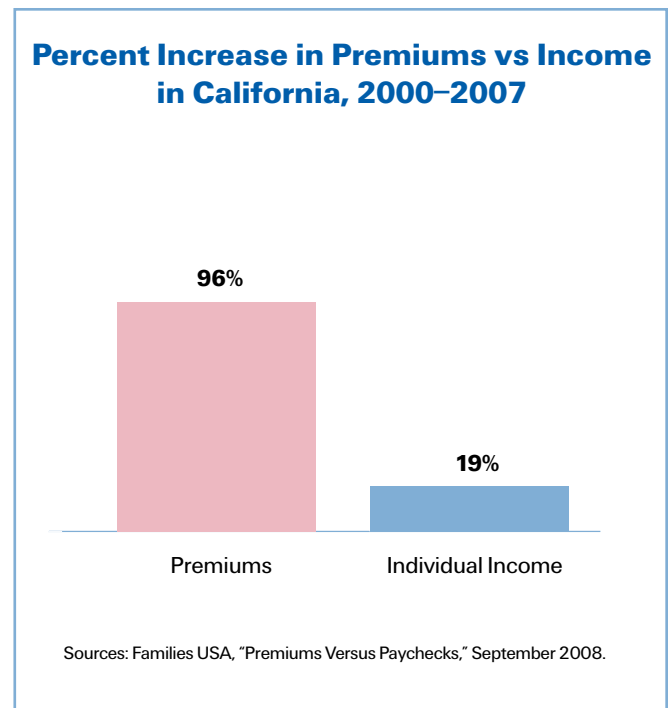
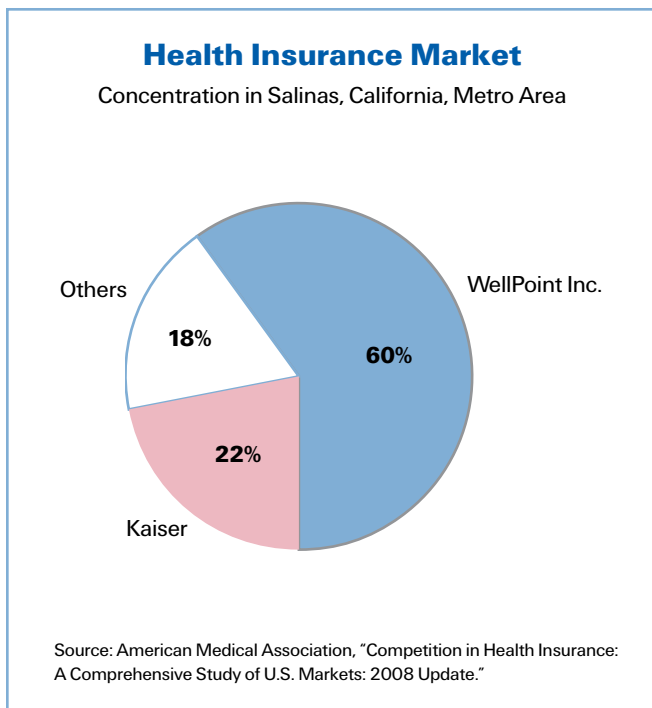
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# California Consumers Pay the Price For Health-Insurance Market Failure

- In 2008, WellPoint Inc., the state’s largest insurer, controlled 30 percent of the market. Together with Kaiser Permanente, they hold 58 percent of the market.<sup>1</sup>
- Local markets are even more concentrated. In Salinas, WellPoint Inc. controls 60 percent of the market.<sup>2</sup>
- Health insurance premiums for California working families have skyrocketed, increasing 96 percent from 2000 to 2007.<sup>3</sup>
- For family health coverage in California during that time, the average annual combined premium for employers and employees rose from \$6,227 to \$12,194.<sup>4</sup>
- For family health coverage in California, the average employer’s portion of annual

- premiums rose 91 percent, while the average worker’s share grew by 111 percent.<sup>5</sup>
- From 2000 to 2007, the median earnings of California workers increased 19 percent, from \$25,740 to \$30,702. During that time health insurance premiums for California working families rose five times faster than median earnings.<sup>6</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.”<sup>7</sup> This means that an insurer could raise premiums and/or reduce the variety of plans or quality of services offered to customers with little fear of resistance.<sup>8</sup>



## California 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
Bakersfield	UnitedHealth Group Inc.	65	WellPoint Inc.	11	76
Chico	Blue Shield of California	39	WellPoint Inc.	25	64
El Centro	Blue Shield of California	35	California Foundation for Medical Care	24	59
Fresno	WellPoint Inc.	31	Blue Shield of California	19	50
Hanford–Corcoran	Aetna Inc.	62	WellPoint Inc.	15	77
Los Angeles-Long Beach-Glendale	WellPoint Inc.	27	Kaiser Permanente	24	51
Madera	Aetna Inc.	38	Blue Shield of California	21	59
Merced	Aetna Inc.	30	WellPoint Inc.	25	55
Modesto	WellPoint Inc.	23	Blue Shield of California	17	40
Napa	Kaiser Permanente	47	Blue Shield of California	22	69
Oakland–Fremont–Hayward	Kaiser Permanente	46	Blue Shield of California	15	61
Oxnard–Thousand Oaks-Ventura	WellPoint Inc.	30	Blue Shield of California	23	53
Redding	Blue Shield of California	31	WellPoint Inc.	28	59
Riverside–San Bernadino–Ontario	Kaiser Permanente	24	WellPoint Inc.	17	41
Sacramento–Arden-Arcade–Roseville	Kaiser Permanente	36	Blue Shield of California	21	57
Salinas	WellPoint Inc.	40	California Foundation for Medical Care	25	65
San Diego-Carlsbad-San Marcos	Kaiser Permanente	24	WellPoint Inc.	14	38
San Francisco-San Mateo-Redwood City	Kaiser Permanente	34	Blue Shield of California	21	55
San Jose-Sunnyvale-Santa Clara	Kaiser Permanente	26	Aetna Inc.	19	45
San Luis Obispo-Paso Robles	WellPoint Inc.	34	Blue Shield of California	22	56
Santa Ana-Anaheim-Irvine	WellPoint Inc.	27	Blue Shield of California	21	48
Santa Barbara-Santa Maria	WellPoint Inc.	30	Blue Shield of California	26	56
Santa Cruz-Watsonville	WellPoint Inc.	25	Blue Shield of California	24	49
Stockton	Kaiser Permanente	25	Blue Shield of California	20	45
Vallejo–Fairfield	Kaiser Permanente	63	Blue Shield of California	13	76
Visalia–Porterville	WellPoint Inc.	30	Aetna Inc.	23	53
Yuba City-Marysville	Aetna Inc.	47	WellPoint Inc.	23	70

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

## ENDNOTES

<sup>1</sup> American Medical Association, "Competition in health insurance: A comprehensive study of U.S. markets: 2008 update."

<sup>2</sup> Ibid.

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

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> US Department of Justice, "The Herfindahl-Hirschman Index." Accessed at <http://www.usdoj.gov/atr/public/testimony/hhi.htm>.

<sup>8</sup> 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>.