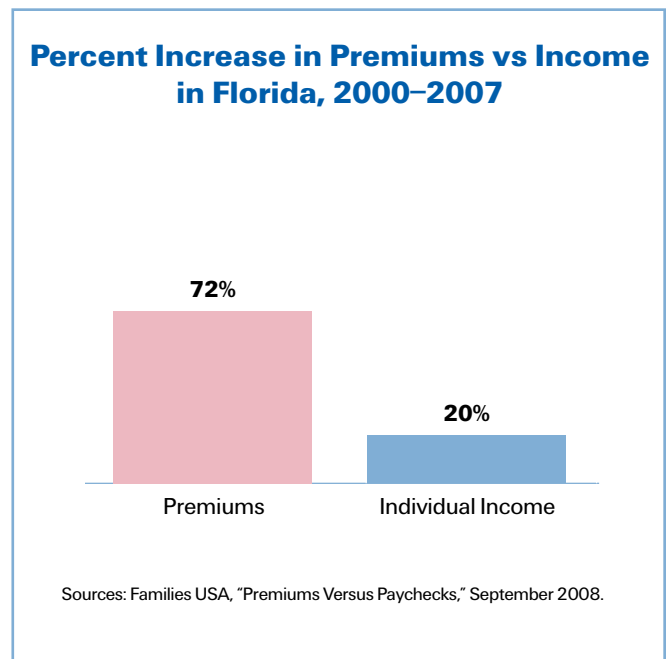
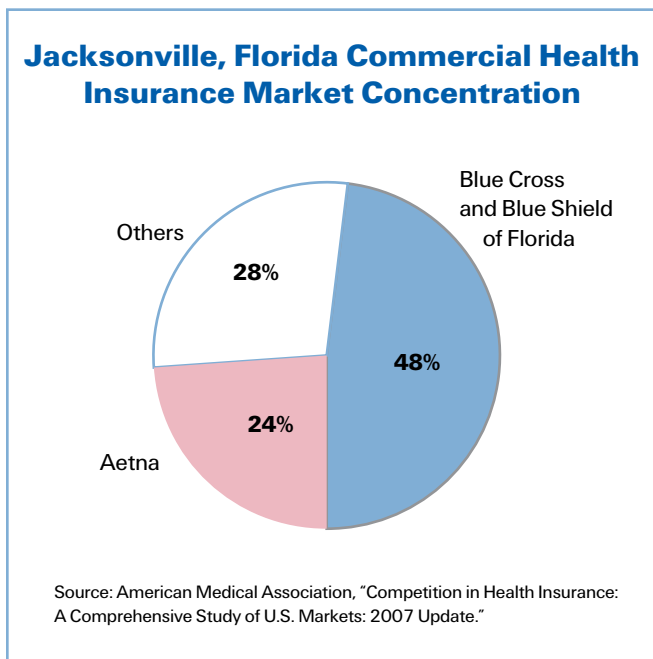


# Florida Consumers Pay the Price For Health-Insurance Market Failure

- Blue Cross and Blue Shield of Florida, the state’s biggest insurer, controls 30 percent of the state commercial market. Together with Aetna Inc., the second leading health insurer, they hold 45 percent of the market.<sup>1</sup>
- Local markets are more concentrated; in Jacksonville, Blue Cross and Blue Shield of Florida holds 48 percent of the commercial market, and together with Aetna they control 72 percent.<sup>2</sup>
- Health insurance premiums for Florida working families have skyrocketed, increasing 72 percent from 2000 to 2007.<sup>3</sup>
- For family health coverage in Florida during that time, the average annual combined premium for employers and employees rose from \$6,812 to \$11,720.<sup>4</sup>
- For family health coverage in Florida, the average employer’s portion of annual premiums rose 63 percent, while the average worker’s share grew by 94 percent.<sup>5</sup>

- Between 2000 and 2007, the median earnings of Florida workers increased 20 percent from \$22,753 to \$27,353. During that time health insurance premiums for Florida working families rose 3.6 times faster than median earnings.<sup>6</sup>

If one company holds more than a 42 percent share of a market the U.S. Justice Department would consider that market “highly concentrated.”<sup>7</sup> The U.S Justice Department uses a rating system based on market share to determine if a market is concentrated or highly concentrated. If the market is rated from 1,000 to 1,800, it is considered to be “concentrated.” Markets rated higher than 1,800 are deemed 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>8</sup>



## 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>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/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>.

<sup>8</sup>The HHI is used by the Department of Justice and the Federal Trade Commission in anti-trust proceedings. The HHI is the sum of the squared market shares of each firm in the market. The more competitive the market, the lower the HHI. The less competitive the market, the higher the HHI. An HHI above 1,800 is rated "highly concentrated." An HHI between 1,000 and 1,800 is considered "concentrated." Accessed at <http://www.usdoj.gov/atr/public/testimony/hhi.htm>.

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.