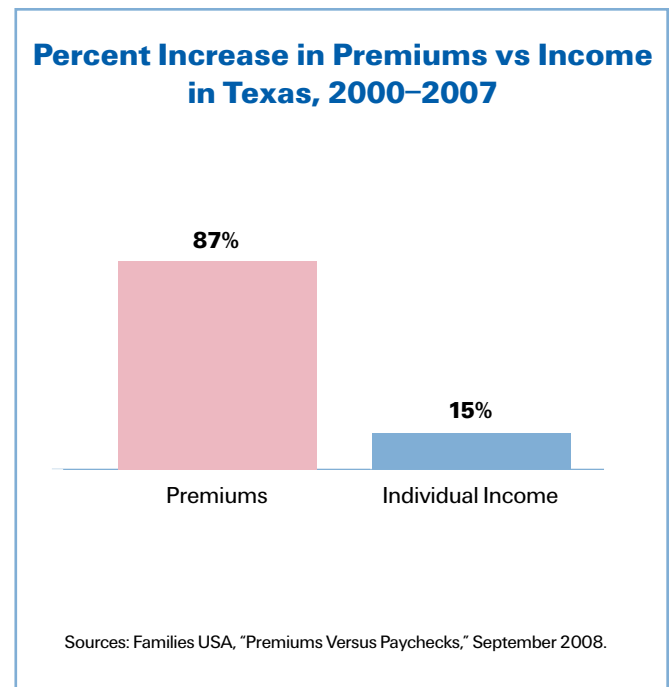
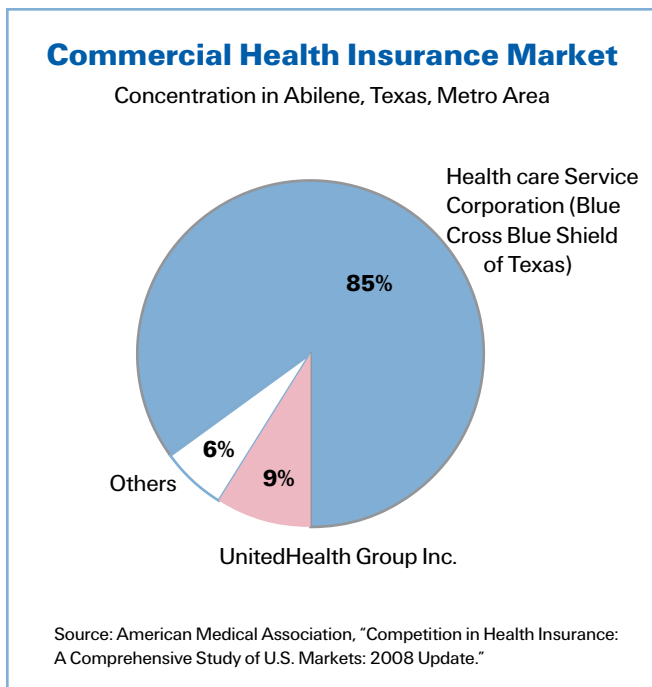


Texas Consumers Pay the Price For Health-Insurance Market Failure

- According to a 2008 AMA report, Health Care Service Corp., the biggest Texas health insurer, controls 44 percent of the state commercial market through its BlueCross BlueShield of Texas subsidiary. Together with UnitedHealth Group Inc., the second largest Texas health insurer, they hold 68 percent of the market.¹
- Some local markets are even more concentrated. In Abilene, Health Care Service Corp. has an 85 percent commercial market share.²
- Health insurance premiums for Texas working families have skyrocketed, increasing 87 percent from 2000 to 2007.³
- For family health coverage in Texas during that time, the average annual combined premium for employers and employees rose from \$6,638 to \$12,403.⁴
- For family health coverage in Texas, the average employer's portion of annual premiums rose 88 percent, while the average worker's share grew by 83 percent.⁵
- From 2000 to 2007, the median earnings of Texas workers increased 15 percent, from \$23,032 to \$26,484. During that time health insurance premiums for Texas working families rose 5.8 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.