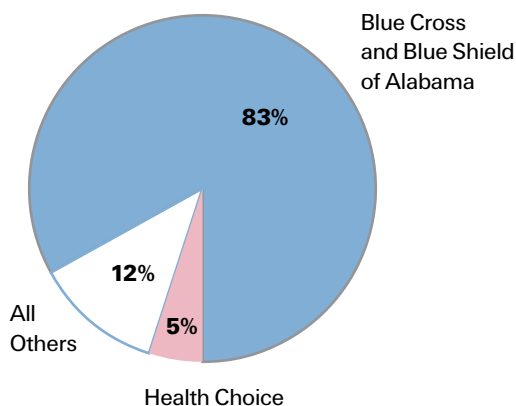


Alabama Consumers Pay the Price For Health-Insurance Market Failure

- Blue Cross Blue Shield of Alabama, the state's dominant health insurer, controls 83 percent of the commercial market.¹
- Blue Cross Blue Shield of Alabama's net income grew by 148 percent from 2004 to 2007, rising from \$28.9 million to \$71.7 million. In the same time its membership grew by only 5.5 percent.²
- Health insurance premiums for Alabama working families have skyrocketed, increasing 79 percent from 2000 to 2007.³
- For family health coverage in Alabama during that time, the average annual combined premium for employers and employees rose from \$6,262 to \$11,216.⁴
- For family health coverage in Alabama, the average employer's portion of annual premiums rose 78 percent, while the average worker's share grew by 83 percent.⁵
- Between 2000 and 2007, the median earnings of Alabama workers increased 17 percent, from \$21,627 to \$25,298. During that time health insurance premiums for Alabama working families rose 4.7 times faster than median earnings.⁶

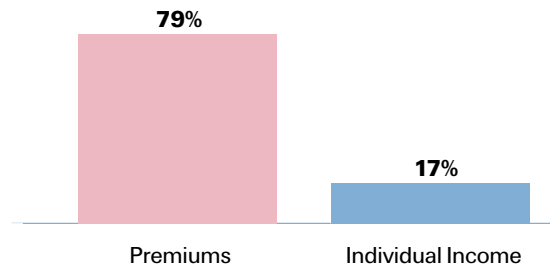
When a firm has more than a 42 percent share of a single market, the U.S. Justice Department considers that market to be "highly concentrated." This means that an insurer could raise premiums and/or reduce the variety of plans or quality of services offered to customers with impunity.⁷

Alabama 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 Alabama, 2000–2007



Sources: Families USA, "Premiums Versus Paychecks," September 2008.

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. Accessed at <http://www.ama-assn.org/go/competition2007>.

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.