

Blue Cross tops health insurers

by: KIM ARCHER World Staff Writer
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Nearly \$149 million in health insurance premiums are paid to Blue Cross Blue Shield of Oklahoma every year, translating to a 77 percent market share among the top 10 companies that provide individual comprehensive health insurance in the state, data show.

In his latest speech to Congress on health-care reform, President Barack Obama said a lack of competition in health insurance markets is effectively pricing consumers out of the system.

"Unfortunately, in 34 states, 75 percent of the insurance market is controlled by five or fewer companies," he said. "And without competition, the price of insurance goes up and quality goes down."

Some believe Oklahoma is one of the 34 states Obama alluded to, but health insurers and state regulators say ranking market share is much more complicated and nuanced than the Oklahoma Insurance Department's yearly market share report can fully portray.

"When we're having these conversations, it's very complex and easy to generalize. There is a lot of hyperbole out there," said Oklahoma Insurance Commissioner Kim Holland.

The yearly report does not reflect the health insurance market overall, Holland said. In fact, the state's health insurance marketplace is quite robust and competitive compared with other states, she said.

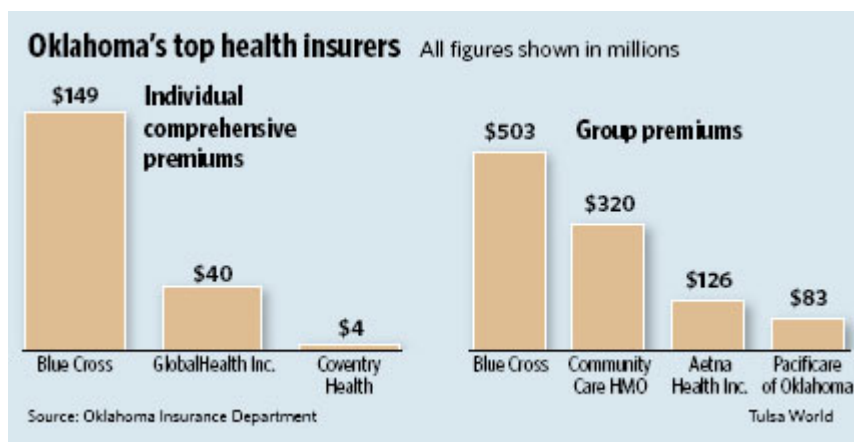
More than 300 companies are licensed to write health insurance policies in Oklahoma.

"We have a lot of companies writing business here in Oklahoma. Many of them are regional carriers," Holland said.

The market share summary only reports figures for private insurers, which provide 35 percent of the state's health insurance coverage. About 60 percent of Oklahomans are covered under employer-funded health insurance plans, she said.

These so-called self-insured companies take the bulk of the risk and hire their own administrator to run their plans, Holland said. Because self-insured plans are subject only to federal law and not state regulation, the department's data does not include them, she said.

According to a 2007 American Medical Association report on health insurance competition, all of Oklahoma's health insurance markets were considered highly concentrated. The report used the Herfindahl-Hirschman Index of Competition, which is used by the U.S. Department of Justice to evaluate competition.



"The physician's role is being systematically undermined as dominant insurers are able to impose take-it-or-leave-it contracts that directly affect the provision of patient care and the patient-physician relationship," the report said.

"The AMA is concerned that the United States is heading toward a system dominated by a few

publicly traded companies that operate in the interest of shareholders and not primarily in the interest of

patients," it continued.

Wayne Rohde, co-founder of Oklahomans for Healthcare Reform, agreed, adding that Oklahoma's noncompetitive health insurance market is leading to higher costs for consumers. He is unfazed by the department's caveats regarding the market share report.

"It doesn't matter. The fact is, within the market they regulate, you have those (consumer) problems. When you get near-monopoly status like I believe we have in Oklahoma, prices are going to rise because there is a lack of competition among companies."

In the comprehensive group health insurance market, Blue Cross has a 42 percent share, CommunityCare HMO has 27 percent and Aetna Health Inc. has 11 percent, according to department data.

"Those numbers leave the impression that close to 69 percent of the market is held by us and Blue Cross," said Greg Burns, CommunityCare spokesman. "When you drill down, it shows that we have this market share of a much smaller pie."

Using premiums revenue isn't a good basis for measuring health insurance company market share, Blue Cross spokeswoman Nicole Amend said. "You don't get as accurate a view as when you actually break it down under lives covered."

According to Amend, Blue Cross covers 613,358 of Oklahoma's 3.5 million population.

Some 597,000 Oklahomans have no health insurance, according to recent U.S. Census Bureau figures, leaving 2.3 million people in the state covered by government plans such as Medicare or Medicaid or private insurers other than Blue Cross.

However the numbers are sliced and diced, Rohde said Oklahomans simply don't have good, solid information on which to base their health insurance purchasing decisions.

"We do not have good consumer information on pricing or benefits in health insurance like we do in the car insurance world," he said. "It's very difficult to get an exact price for a procedure. We can't compare 10 different insurance companies looking at the same product."

Burns of CommunityCare said he has a solution, and Oklahoma has already created it.


The Insure Oklahoma program subsidizes insurance premiums for small businesses and individuals who could not otherwise afford health insurance. Those subsidies come from tobacco tax revenues and federal matching funds.

Both insurers and beneficiaries alike have praised the program, and Gov. Brad Henry has said it should be a national model for health-care reform.

"The true solution to solving our health-care crisis is getting all public and private entities working together," Burns said.

Kim Archer 581-8315
kim.archer@tulsaworld.com

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