

Health Insurance in Alaska

Health Strategies Planning Council

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The “tough questions”

- Why does health insurance cost so much?
- Is it available to everyone?
- What if we were in a bigger pool?
- What’s the point in having insurance?
- What are you doing to help?

Why does health insurance cost so much?

- Costs for services and goods (claims) average \$300 per member per month
- Claims account for 82% of the premium
 - Total hypothetical premium \$365.85 pmpm
 - \$300 (82%) claims
 - \$3.65 (1%) high risk pool (taxes)
 - \$7.30 (2%) state premium taxes
 - \$18.30 (5%) commissions
 - \$36.60 (10%) Premera Blue Cross Blue Shield of AK
 - \$.07 for administration/systems/programs
 - \$.03 for “profit”/reserves to coverage future health care needs of members

Is it available to everyone?

- Yes. In AK, if you want health insurance, and can afford it, it is available. (AS 21.56)
- Individuals: If turned down, or limited benefits, then ACHIA (high risk pool)
- Small groups (2-50): Guaranteed issue, guaranteed renewability, non-discrimination, regulated rates
- Large groups: Lots of options

What if we were in a bigger pool?

- Pooling brings predictability, not lower costs.
- Simple example:
 - Group A: 2000 members, claims \$300 pmpm
 - Group B: 2000 members, claims \$300 pmpm
 - Combined A&B: 4000 members, claims \$300 pmpm
- What about increased leverage?

What's the point in having insurance?

- In it's purest form, insurance is to protect from financial catastrophe/bankruptcy.
 - Health care related expenses are the leading cause of bankruptcy today.
- Coverage for “preventive services” and maintenance drugs supports healthy choices and early detection of issues.
- Having “skin in the game” promotes engagement of the member in decisions

What are you doing to help?

- Cost effective benefit designs
- Accurate claims processing
- Administrative efficiency
- Provider networks
- Health Risk Management – keep healthy members healthy
- Care facilitation – acute care

What are you doing to help?

- Disease Management – chronically ill
- Case Management – seriously ill
- Provider Collaboration for clinical quality improvement
- Support for access related initiatives
- Support for advocacy groups