

FOREWORD

In this report, "Health Insurance: Overview and Economic Impact in the States," we document the contributions insurance plans are making to state economies.

Health insurance plans:

- ▶ covered more than 249 million people (2006);
- ▶ employed nearly 470,000 people in health insurance jobs, at an average salary of \$61,409 (2004); and
- ▶ contributed to the \$14.8 billion collected in state insurance premium taxes (2004).

Our report looks at the economic benefits health insurers bring to your states by examining important factors such as jobs created, wages and taxes paid, and employees insured. We provide a concise one-page analysis of each state and the District of Columbia, as well as rankings that allow for easy comparison among individual states.

The members of America's Health Insurance Plans (AHIP) are committed to working with policymakers, health care providers, and consumers to contribute to our common fundamental interests in promoting a vibrant health care system and a vital economy.

For the nation, and in the states, lack of health insurance is a major economic drain, one that costs \$50 billion annually. We believe that access to health insurance coverage should be our number one domestic priority. In late 2006, we released a blueprint for achieving that goal. We will be working with states as each determines how best to move forward toward a goal that will improve the health of its citizens and the health of its economy.

Over the years, health insurance plans have worked to improve and strengthen our health care system by promoting consumer choice; product flexibility; and innovation in health benefits, quality, and consumer information. As the voice of America's health insurers, we represent nearly 1,300 members providing health benefits to more than 200 million Americans.

To learn more about our proposal to cover all Americans, and about AHIP's members and mission, please visit us at www.ahip.org.

Karen Ignagni
President and CEO
America's Health Insurance Plans

ABOUT THE DATA

This report provides an overview of state health insurance facts that should be of interest to state health policy leaders and other health policymakers. Key indicators are presented for each state, the District of Columbia, and the United States, and cover such topics as private health insurance coverage and premiums, jobs and wages in the insurance industry, premium taxes paid by insurance companies, and data on the uninsured and Medicaid.

All information contained in this report was compiled by America's Health Insurance Plans' Center for Policy and Research from publicly available sources. In states where data were not available for a particular indicator, the notation "N/A" (not available) is listed, followed by an explanatory endnote. A list of endnotes can be found on page 55. A complete description of the sources used is found on pages 56–57.

People with Private Health Insurance Coverage/Fully-insured v. Self-insured

The indicators for fully-insured and self-insured coverage reflect the type of coverage arrangement made by individuals' employers for group policies. A fully-insured plan is one under which an insurer or health plan bears the financial responsibility of guaranteeing claim payments and paying for all covered benefits and administration. Fully-insured plans are subject to state benefit laws and mandates, as well as premium taxes. A self-insured health plan is one under which an employer or other group sponsor, rather than a health plan or insurance company, is financially responsible for paying plan expenses, including claims made by group plan members. In general, self-insured plans are not subject to state benefit mandates or premium taxes.

Total State Premium Taxes Collected from Insurance Companies

It was not possible to compile state-level data on insurance premium taxes paid by health insurance companies alone. Most state agencies do not distinguish among different types of insurance companies

when reporting premium taxes collected. Therefore, we chose to list the total premium taxes collected from all types of insurance companies in each state.

Jobs in the Health Insurance Industry

The information on jobs is derived from the U.S. Census Bureau, using its database on the North American Industry Classification System (NAICS). The database includes two types of entities that account for the "Direct Jobs" category in our report: "Direct Health and Medical Insurance Carriers" and "HMO Medical Carriers." Four types of entities in the NAICS database account for the "Other Insurance-Related Jobs" listed in our report: "Insurance Brokers and Agents," "Reinsurance Carriers," "Claims Adjusting," and "Third-Party Administration of Insurance and Pension Funds." NAICS definitions of each of these categories are provided below. The NAICS database does not indicate the percent of "Other Insurance Related Jobs" that are attributable to health insurance plans.

Direct Jobs

- **Direct Health and Medical Insurance Carriers:** Establishments primarily engaged in underwriting (i.e., assuming the risk and assigning premiums for health and medical insurance policies). This classification also includes group hospitalization plans and HMO establishments that provide health and medical insurance policies without providing health care services.
- **HMO Medical Carriers:** Establishments with physicians and other medical staff primarily engaged in providing a range of outpatient medical services to HMO subscribers with a focus generally on primary health care. These establishments are owned by the HMO. Included in this category are HMO establishments that provide health care services and underwrite health and medical insurance policies.

Other Insurance-Related Jobs

- **Insurance Brokers and Agents:** Establishments primarily acting as agents (i.e., brokers) in selling annuities and insurance policies.
- **Reinsurance Carriers:** Insurers primarily engaged in assuming all or part of the risk associated with existing insurance policies originally underwritten by other insurance carriers.
- **Claims Adjusting:** Establishments primarily engaged in investigating, appraising, and settling insurance claims.
- **Third-Party Administration of Insurance and Pension Funds:** Establishments primarily engaged in providing third-party administration services of insurance and pension funds, such as claims processing and other administrative services to insurance carriers, employee-benefit plans, and self-insurance funds.

State Rankings

Each state page displays a ranking of several health indicators. A list of the indicators and a description are provided below:

- **Uninsured:** States are ranked from lowest to highest, so that the state with the lowest uninsured rate is ranked as #1.
- **Average Annual Medicaid Payment per Enrollee:** States are ranked from highest to lowest, so that the state with the highest average annual Medicaid payment is ranked as #1.
- **Percent covered by private insurance:** States are ranked from highest to lowest, so that the state with the highest rate of individuals covered by private insurance is ranked #1.
- **Percent of employers offering health insurance:** States are ranked from highest to lowest, so that the state with the highest percentage of employers offering health insurance coverage is ranked as #1.

This report was designed and researched by Christelle Jang and Teresa Chovan of AHIP's Center for Policy and Research. For further information, contact Christelle Jang, Policy Analyst, at (202) 778-3200 or visit www.ahipresearch.org.