Estimating Private Health Expenditures in Idaho

Report by
University of Minnesota
State Health Access Data Assistance Center

for

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Idaho's Health Care Costs and Options to Improve Health Care Access

Report on Task 2: Estimating Private Health Expenditures in Idaho

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EXECUTIVE SUMMARY

This report is one out of a series of reports prepared for the Idaho Office of Performance Evaluations (OPE), the Joint Legislative Oversight Committee, and the Idaho Health Care Task Force as part of the project, "Idaho's Health Care Costs and Options to Improve Health Care Access." The Idaho Health Care Task Force requested that this project be conducted to generate information on health care spending, the uninsured, and various policy approaches as the Task Force considers options for expanding health insurance coverage and health care access in the state. The Idaho Legislature (Senate Bill 1340) appropriated funds for the project in 2006.

This report presents a study of private health care expenditures in Idaho conducted by the State Health Access Data Assistance Center (SHADAC) at the University of Minnesota, School of Public Health. The report addresses the following questions:

1. How much is spent with private funds on health care in Idaho?
2. How much is spent with private funds on different health care services?
3. What are the private expenditures associated with individual health insurance plans?
4. What are the private expenditures associated with group health insurance plans?
5. What are the administrative costs associated with private health insurance plans?
6. How much uncompensated care is provided by Idaho's hospitals?

In addition to compiling data on health care expenditures, the study collected information about funding sources, enrollment, as well as administrative expenses, where possible.

No single data source provides a complete picture of private health care spending in Idaho (or any state). Publicly available data on private health expenditures are typically limited, given the private and proprietary nature of the information, the numbers of existing individual and employer private payers, and the difficulty in collecting and monitoring such expenses.

Data presented in the report come from three main sources: the Centers for Medicare and Medicaid (CMS) National and State Health Expenditure Accounts; annual financial statements reported by private insurers to the Idaho Department of Insurance following the forms prescribed by the National Association of Insurance Commissioners (NAIC); and annual tax forms and supplemental reports concerning uncompensated care submitted by select nonprofit hospitals in Idaho to the state's Board of Equalization and the Internal Revenue Service (IRS). Where possible, we report on expenditures for up to five years. The expenditures in this report were not adjusted for inflation.

It is our hope that the report can help to answer specific questions that arise during continued discussions of health reform in Idaho and be a helpful resource for the Idaho Health Care Task Force and the State Legislature as they consider current patterns of health care spending in the state and reform options to rearrange public resources to expand health coverage and health care services to uninsured residents. We also hope that our experience in conducting this study

and the lessons learned from the process can inform future efforts to compile information on health care spending in the state of Idaho.

This Executive Summary first outlines the key findings from the study. Following the presentation of findings, this Executive Summary identifies key limitations to data sources available for assessing private health expenditures in the state of Idaho and offers recommendations for the compilation of private health expenditure data in the future.

Summary of Findings for Idaho

Overview of Private Health Care Expenditures in Idaho

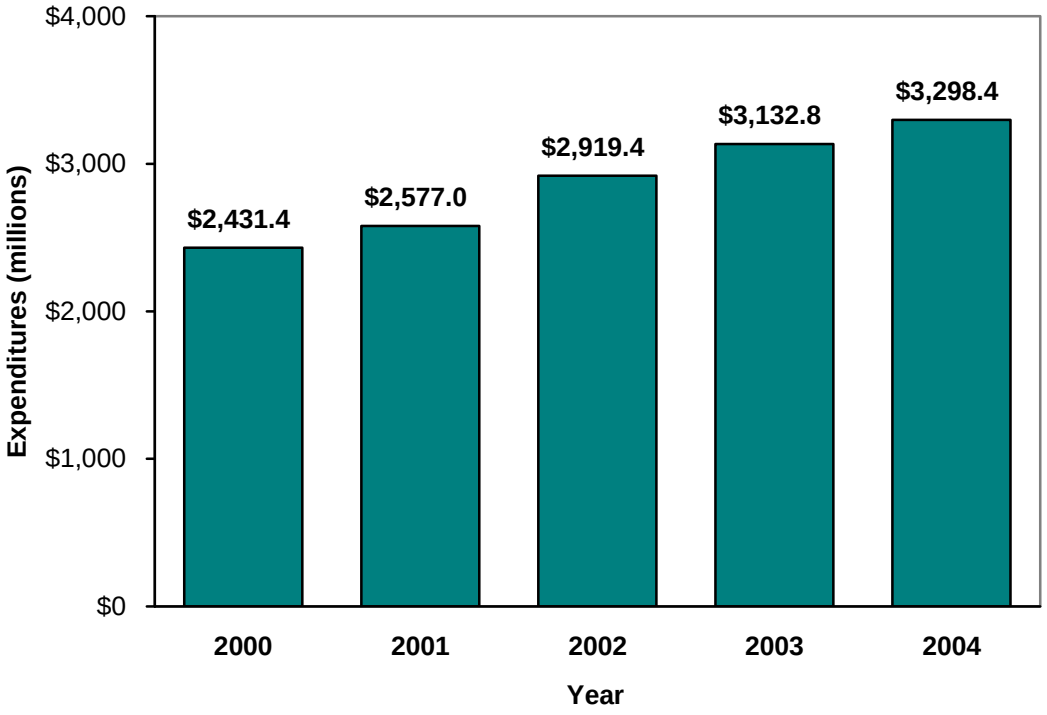
- Personal health care spending includes expenditures for therapeutic goods and services to prevent or treat a disease or medical condition. According to data from CMS, public and private sources combined spent $5.6 billion in Idaho on health care in 2004.

- The CMS Actuary Office defines private health care expenditures as 1) private health insurance expenditures[1], 2) consumer out-of-pocket expenditures for health services, and 3) expenditures by other private funds. Private spending makes up the majority of overall health care expenditures in Idaho. Between 2000 and 2004, private spending comprised approximately 60.0% of total health care expenditures, with spending by Medicaid, Medicare, and other government programs making up the balance of health care expenditures in the state.

- The figure below shows the estimated total private health care expenditures in Idaho between 2000 and 2004. Private health care spending was at an estimated $3.3 billion in 2004. Between 2000 and 2004, private spending fluctuated but increased overall by 35.7%.

[1] CMS' private health insurance category represents the premiums collected and benefits paid by private insurers. These expenditures encompass both privately-purchased individual health plans as well as group (i.e., employer-based) plans and include both individual and employer premium contributions. Because CMS incorporates both private and government employer plans within these expenditures, these figures therefore include some government dollars.

Idaho's Estimated Private Personal Health Care Expenditures (2000-2004)



Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004. CMS, Office of the Actuary, National Health Statistics Group.

Notes: Private expenditures represent sources other than Medicare, Medicaid and other public spending such as the State Children's Health Insurance Program (CHIP). Other public spending was estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004.

- Health insurance premiums comprised the majority of private health care spending in Idaho between 2000 and 2004, and their share of private spending grew modestly (by 5.3%) from 61.7% to 65.0% during this time. Consumer out-of-pocket payments represented the next largest share of private spending: 27.4% in 2004, down from 29.5% in 2000. Finally, other private funds (e.g., philanthropy) represented no more than 8.7% of private health care spending in the state.

Private Health Care Spending by Health Care Service Type

- As shown in the table below, private funding sources support the majority of spending for most types of health care service in Idaho, especially dental care, durable/nondurable medical equipment, and prescription drugs. In contrast, nursing home care and home health care tend to be largely public expenditures.

Private Sources' Estimated Role in Idaho's Personal Health Care Expenditures by Service Type (2000-2004)

	2000		2001		2002		2003		2004	
	$ (millions)	% Private	$ (millions)	% Private	$ (millions)	% Private	$ (millions)	% Private	$ (millions)	% Private
Hospital Care	$1,417	54.7%	$1,569	54.0%	$1,731	54.9%	$1,884	55.3%	$2,008	54.1%
Physician & Other Professional Services	$1,133	68.9%	$1,204	66.7%	$1,334	67.2%	$1,428	65.7%	$1,553	63.7%
Dental	$304	84.9%	$318	83.4%	$391	84.5%	$401	84.5%	$435	83.7%
Nursing Home & Home Health	$375	31.9%	$401	29.6%	$421	32.1%	$440	31.6%	$473	31.8%
Durable & Non-Durable Medical Equipment	$176	76.6%	$176	75.1%	$180	73.5%	$193	71.6%	$202	71.3%
Prescription Drugs	$448	74.1%	$518	73.0%	$596	73.7%	$679	73.9%	$726	72.7%
Other Personal Health Care	$148	21.1%	$185	17.7%	$206	17.2%	$216	16.4%	$251	15.1%
Total	$3,999	60.8%	$4,370	59.0%	$4,860	60.1%	$5,241	59.8%	$5,648	58.4%

Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004. CMS, Office of the Actuary, National Health Statistics Group.

Notes: Private expenditures represent spending from sources other than Medicare, Medicaid and other public sources. Other public spending was estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004. To estimate private spending by service type in Idaho, the state's distribution of spending for other sources (i.e., other public and private combined) by service type was applied to the overall estimate of private spending for the state. These estimates of private spending for each service type were then divided by total spending for each service type.

- Overall, hospital care, physician/other professional services, and prescription drugs comprise the majority of private health care spending in Idaho. In 2004, these services made up over three-fourths of private spending. Between 2000 and 2004, the share of private spending on prescription drugs increased from 13.7% to 16.0%, a relative increase of 16.8%. The proportion of private health care spending directed to physician and other professional services and durable/non-durable medical equipment decreased slightly during this time frame.

- The majority of private health care expenditures on hospital care, physician services, and prescription drugs were paid for by private insurance. Private insurance also is the primary source for other professional services and dental care. On the other hand, consumers paid a larger share of the private spending on nursing home care and durable/non-durable medical equipment via out-of-pocket expenses, with less of these expenses covered through private insurance. Out-of-pocket payments also contributed noticeably to private spending on other professional services, dental care, and home health care.

Individual Health Insurance Expenditures

The health insurance market can be divided into individual and group health plans and fully-insured and self-insured plans. Individual plans refer to insurance privately purchased by a single person, whereas group plans refer to insurance obtained through an employer, professional organization, or union. Fully-insured plans are those whereby an employer or other entity has paid an insurance company to bear the risk associated with medical costs. Instead, self-insured plans typically pertain to large employers that, given their large number of members to be covered, have opted to bear the risk themselves. We estimate that in 2005/2006, 54.6% of the privately insured market in Idaho participated in a self-insured group plan, 37.1% in a fully-insured group plan, and 8.3% had individual health insurance coverage.

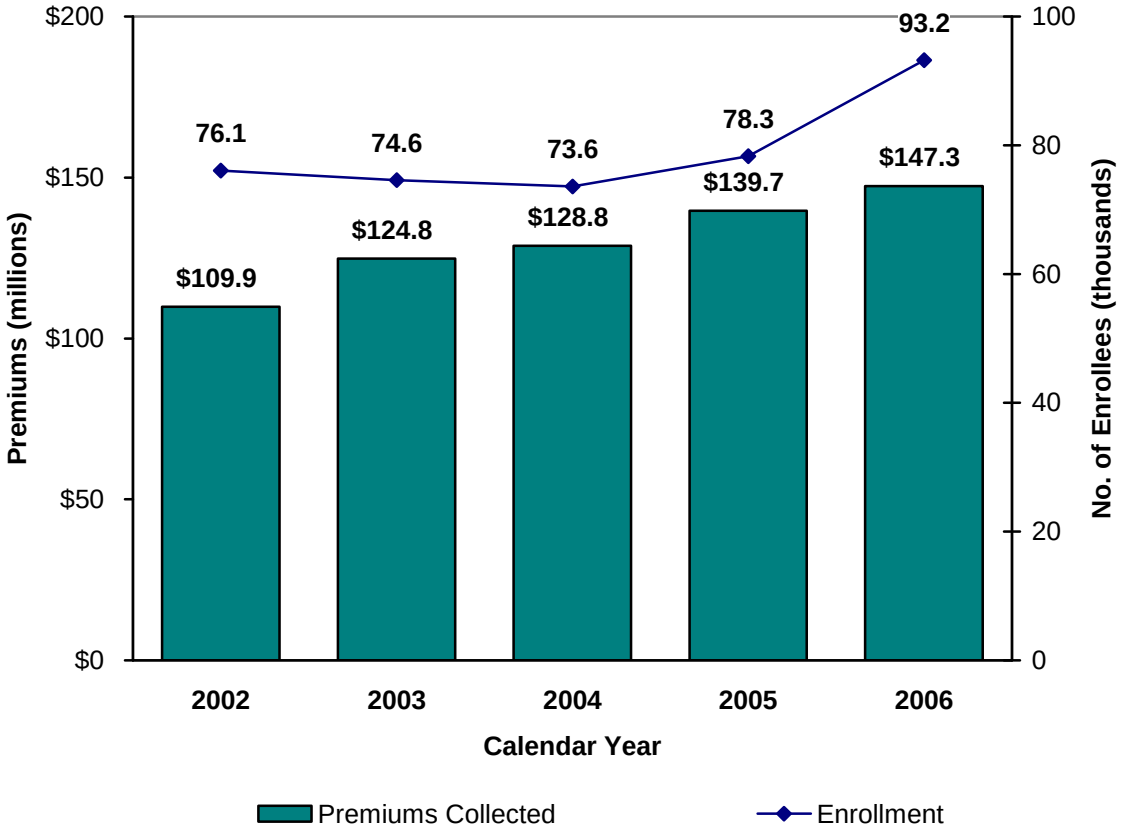
It is important to highlight that the financial statements we compiled for this report do not provide information on self-insured group plans. Our analyses were focused on individual and group comprehensive hospital and medical plans (providing hospital, surgical, major medical coverage) and were limited to the fully-insured market.

In Idaho, a small set of six health insurance companies is required to file annual health statements to the Idaho Department of Insurance and accounts for the majority of health care financed through private health insurance premiums. Two of these companies, Blue Cross of Idaho and Regence Blue Shield, dominate both the individual and group markets. Three companies – Altius, Group Health Options, and SelectHealth – are based in neighboring states and have most of their business outside of Idaho. All six of the companies offer group comprehensive (hospital and medical) health insurance plans. Just two, Blue Cross of Idaho and Regence Blue Shield, also offer Federal Employees Health Benefit plans and individual comprehensive health insurance plans. The information presented on individual and group health insurance plans within this report is based on these six insurance companies.

- Over 93,000 members were enrolled in individual health plans in Idaho at the end of calendar year 2006. Blue Cross was the insurer for over half (57.0%) of these individual plan members; Regence Blue Shield insured the remaining 43.0%.

- Overall enrollment in individual plans grew by 22.4% between 2002 and 2006, with the largest increase (18.9%) observed between 2005 and 2006 (see figure below). During the same five years, total premiums collected increased overall by 34.0% amounting to over $147 million in 2006.

Private Individual Health Plans in Idaho: Total Premiums Collected and Enrollment (CY 2002-2006)



Source: NAIC Annual Health Statements for years ending December 2002-2006 from Blue Cross of Idaho Health Service and Regence Blue Shield of Idaho. Data presented here also are based on supplemental information provided by staff at each insurer.

Notes: Data are for individual comprehensive (hospital and medical) plans only. Enrollment refers to total members at the end of the year. Premium amounts shown are those collected/written by insurer.

- Medical expenses comprised the majority of private premium expenses for individual plans. This percentage, however, fluctuated over time, from 83.9% in 2002 to 76.8% in 2006, with the lowest in 2004, when medical expenses represented 73.6% of total premiums collected.

- In 2006, medical expenses amounted to $113.1 million. $23.1 million (or 15.6%) of the total premiums collected was estimated to be administrative costs. The remainder of premium revenues (e.g., profit) totaled an estimate of $11.1 million, or 7.6% of total premiums collected.

Group Health Insurance Expenditures

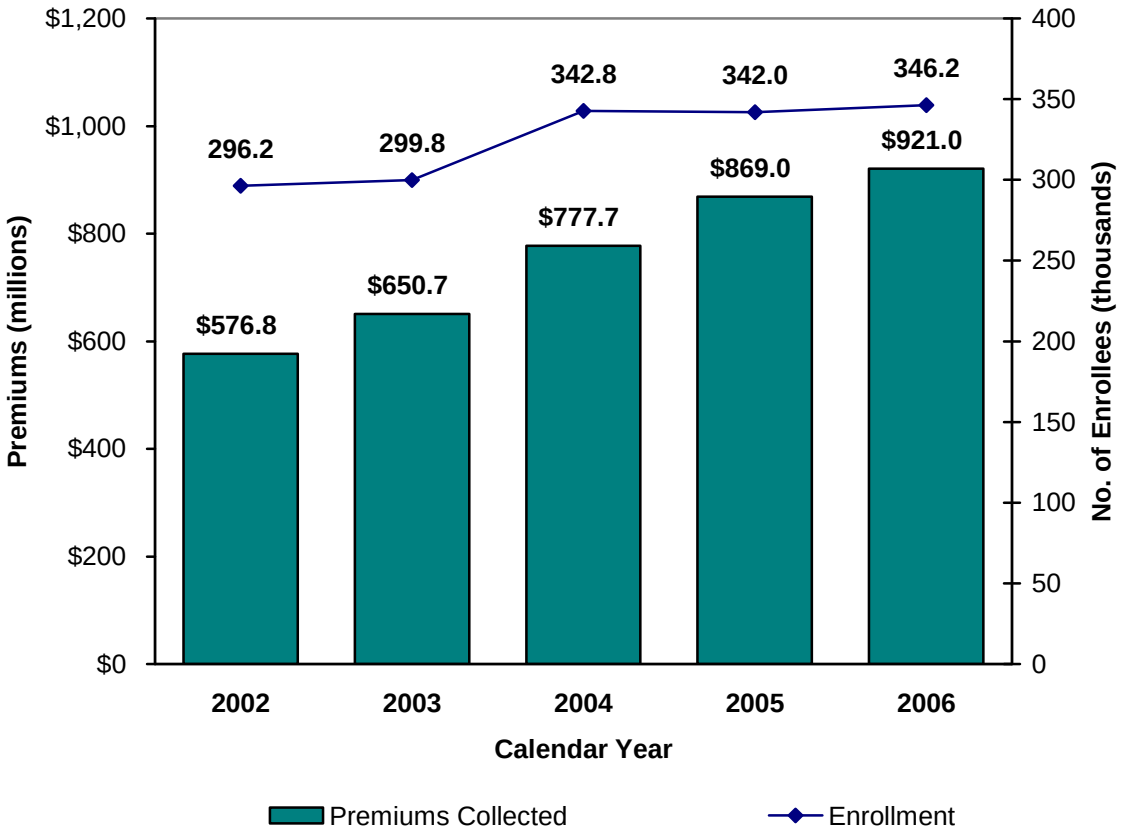
- Most of the private comprehensive (hospital and medical) plan enrollment in Idaho is in the group market. Enrollment in group health plans (including Federal Employee

Health Benefit plans) totaled 346,226 members in 2006. Group plans represented 78.8% of the total comprehensive plan enrollment in the state.

- Together, Blue Cross of Idaho and Regence Blue Shield represented the majority of group plan enrollment (95.6%), with Blue Cross holding the largest share (67.3%). Combined, the other four companies (Altius, Group Health Options, Primary Health Network, and SelectHealth) enrolled just 15,069 group members in 2006, representing 4.4% of group enrollment in the state.

- Overall, enrollment in group plans (see the following figure) grew by 16.9% between 2002 and 2006 (from 296,220 to 346,226 members). However, most of this increase (14.2%) took place between 2003 and 2004. Enrollment during the other years fluctuated relatively little.

Private Group Health Plans in Idaho: Total Premiums Collected and Enrollment (CY 2002-2006)



Source: NAIC Annual Health Statements for years ending December 2002-2006. Data presented here also are based on supplemental information provided by staff at Blue Cross of Idaho Health Services and Regence Blue Shield of Idaho.

Notes: Data are for group comprehensive (hospital and medical) plans and Federal Employees Health Benefit plans only. Enrollment refers to total members at the end of the year. Premium amounts shown are those collected/written by insurer.

- The total amount of group premiums collected (also presented in the figure above) grew consistently during the five years by a noticeably higher proportion (59.7%), totaling $921.0 million in 2006.

- We estimate that, in 2006, $138.2 million (or 15.0%) of the total group premiums collected went to plan administration. Taking into consideration that medical costs represented 85.2% of total premiums collected that year, this suggests that overall, the six insurers lost an overall amount of $2.0 million (equaling 0.2% of total premiums collected) for their group plans.

Other Private Health Insurance Spending

Another group of insurance companies active in the Idaho health insurance market is comprised of the hundreds of insurers that sell small amounts of different lines of insurance – e.g., life, accident and health, disability, single disease, or hospital only coverage – in the state. These insurers are licensed to offer health insurance plans in Idaho, market individual and group policies in the state, and also are required to submit financial information to the Idaho Department of Insurance. For the purposes of this report, we focused on 14 of the largest national insurance carriers that are selling individual and group plans in Idaho: Aetna Life, Connecticut General, Great-West Life and Annuity, Guardian Life, Humana, Mutual of Omaha, New England Life, Principal Life, Prudential, Time Insurance, UniCare, Union Security, United, and Unum.

- In 2006, health premiums collected by these additional companies doubled to $195.7 million. Between 2002 and 2005, these premiums had not exceeded $100.0 million. As of 2006, these premiums represent just over 20% of the individual and group premiums collected by the aforementioned six companies.

- Among the 14 insurers examined, two insurers – Humana and United Healthcare — collected over half (59.8%) of the premiums in this group. Mutual of Omaha collected 14.4% and all other insurers collected 6.3% or less of these health premiums.

Uncompensated Care Provided by Hospitals

Uncompensated care is typically defined as care provided by health care providers without expectation of payment (charity care) and care for which providers have been unsuccessful in collecting reimbursement (bad debt).

State data on uncompensated care provided by hospitals and other providers are limited in Idaho. Large nonprofit hospitals in Idaho are required to report information on uncompensated care costs as part of their annual Internal Revenue Service (IRS) tax return. Only five hospitals in Idaho meet the criteria for these reporting requirements and therefore submit the information: St. Alphonsus Regional Medical Center (in Boise), St. Mary's Hospital & Clinics (in Cottonwood), St. Luke's Regional Medical Center (in Boise), St. Joseph Regional Medical Center

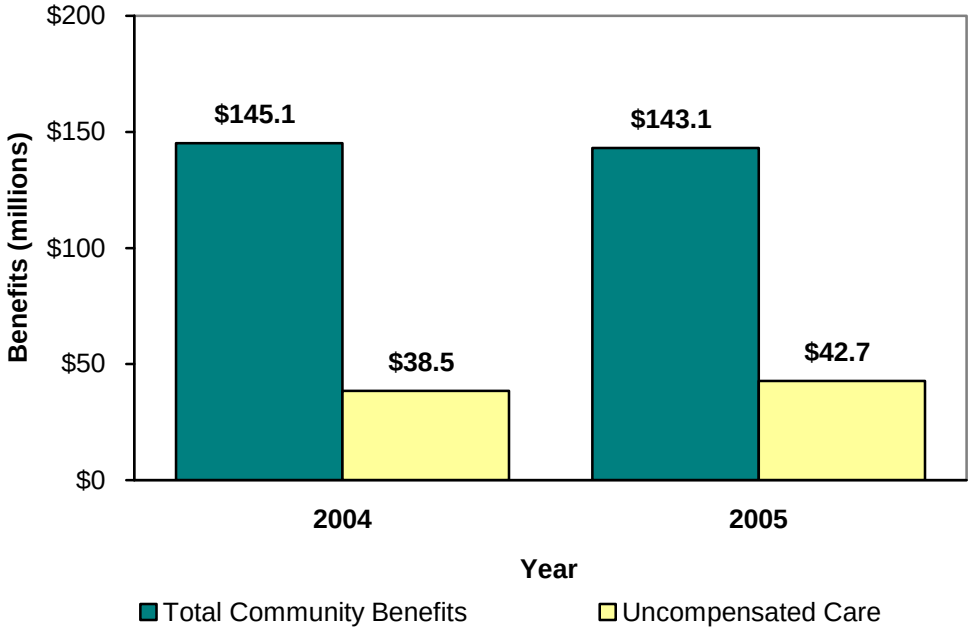
(in Lewiston), and Bonner General Hospital (in Sandpoint). The data we summarize in this report are for these five hospitals only.

- As shown in the figure below, uncompensated care expenditures (including charity care and bad debt) in return year 2005 totaled $42.7 million for the five hospitals. Between return years 2004 and 2005, the uncompensated care provided by these hospitals grew by 11.0%.

- Total community benefits provided by the five hospitals (including uncompensated care; unreimbursed services for patients covered under Medicare, Medicaid, and other government programs; and other charitable services) amounted to $143.1 million in return year 2005. Uncompensated care represented 29.8% of these community benefits.

- Of the five hospitals, St. Luke's and St. Alphonsus combined provided the majority of uncompensated care and total community benefits reported.

Select Nonprofit Hospitals in Idaho: Uncompensated Care and Total Community Benefit Expenditures (2004 and 2005)



Source: IRS Form 990 and Supplements, return years 2004 and 2005, as downloaded from Guidestar.org in July 2007.

Notes: Based on five Section 501(c)(3)hospitals with 150+ patient beds in Idaho: St. Alphonsus Regional Medical Center (Boise), St. Mary's Hospital & Clinics (Cottonwood), St. Luke's Regional Medical Center (Boise), St. Joseph Regional Medical Center (Lewiston), and Bonner General Hospital (Sandpoint). Uncompensated care includes charity care and bad debt. Total community benefits include uncompensated care, unreimbursed costs for services to patients covered by Medicare, Medicaid, and other government programs; and other charitable services and programs as reported by hospital. Total community benefits were not available for one hospital.

Data Limitations and Recommendations

As the Idaho Health Care Task Force recognized in requesting this study, having up-to-date data on health care expenditures is important for informed decision making by policy makers. It is important to acknowledge, however, the data limitations in the state and that the collection and analysis of private health care expenditure data can be a time- and resource-intensive process. A key consideration in the future monitoring of private health care expenditures in Idaho is the availability and accessibility of data. A variety of data is required to produce a thorough picture of private health care costs in the state, yet not all information required is either available or readily accessible. Publicly available data on private health expenditures are typically limited, given the private and proprietary nature of the information, the numbers of existing individual and employer private payers, and the difficulty in collecting and monitoring the information.

As is shown in this report, the CMS National and State Health Accounts are an important resource for assessing Idaho's private health care expenditures, but these data have their limitations: more detailed data are available at a national compared to a state level, lack of information by patient diagnoses, and the lack of direct information about the "sponsors" (e.g., individuals, government, private employers) of private expenditures. The annual health financial statements submitted by insurers to the Idaho Department of Insurance proved to be a valuable data source for assessing private health insurance costs in the state as well. Their primary limitation is that they do not capture the expenditures associated with self-funded health plans and do not distinguish between small and large group plans. Further, information about the administration costs associated with insurers' individual and group lines of business is narrow. Finally, we found very limited data concerning the uncompensated care (charity care/bad debt) provided by hospitals and other providers in the state.

In summary, key data voids in assessing private health care expenditures in Idaho pertain to self-funded health plans, uncompensated care, administrative costs, and expenditure variations by different patient diagnoses. Changes to reporting patterns and requirements of providers to state agencies (e.g., Department of Insurance) should be considered for future monitoring of such costs.

INTRODUCTION AND BACKGROUND

At the request of their Health Care Task Force, the Idaho Legislature (Senate Bill 1340) in 2006 appropriated funds for a study on health care costs and the uninsured in the State. The bipartisan Joint Legislative Oversight Committee (JLOC), the legislative body responsible for directing all state agency performance evaluations, assigned oversight responsibility for the study to the Idaho Office of Performance Evaluations (OPE).

Conducted in 2007, "Idaho's Health Care Costs and Options to Improve Health Care Access" was a five-part project to compile state-specific data to inform the Health Care Task Force and State Legislature. The five tasks included the following:

1. Catalog public health care expenditures in Idaho
2. Estimate private spending for health care in the state
3. Summarize available data about Idaho's uninsured and insured
4. Compile information on programs in other states to address the uninsured
5. Analyze factors that drive health care costs in Idaho

The State Health Access Data Assistance Center (SHADAC) at the University of Minnesota, School of Public Health was commissioned by OPE to oversee three of these tasks: Tasks 1, 2, and 5. This paper reports on Task 2, a study of private health care expenditures in Idaho. Results of Tasks 1 and 5 are available in separate reports (Spencer et al. 2007; Blewett et al. 2007). Mathematica Policy Research, Inc. prepared reports on Idaho's uninsured population and programs to address the uninsured (Tasks 3 and 4) (see Taylor and Andrews 2007; Taylor, Fahlman, and Seif 2007).

Study Scope

This report presents information on *private* health care expenditures in Idaho. By health care expenditures, we mean direct personal health care expenditures – that is, therapeutic goods and services rendered to prevent or treat a specific disease or medical condition, including medical, dental, vision, mental health, and substance abuse-related expenditures.[1]

The Centers for Medicare and Medicaid Services (CMS) Actuary Office defines private health care expenditures as 1) private health insurance expenditures, 2) out-of-pocket expenditures for health services, and 3) other private funds.[2] Private health insurance expenditures, which represent 64.0% of private expenditures on a national level and therefore the largest of the three categories[3], are the premiums earned by private health insurers. These expenditures are divided into personal health expenditures incurred (benefits paid) and net cost. The net cost of insurance includes administrative costs, premium taxes, and company profits or losses. Out-of-pocket expenditures, the second largest component of private health care expenditures, are defined as direct spending by consumers for health care. These expenditures include out-of-

pocket payments for services not covered by insurance as well as coinsurance amounts and deductibles associated with private health insurance plans and with Medicare, Medicaid, and other public programs and that are not paid for by a third party. Finally, other private expenditures include funds generated by philanthropy as well as revenues from gift shops, parking ramps, and similar operations and investment income for health care institutions such as hospitals and nursing homes.

Per the interests of state legislators and OPE staff in Idaho, this report attempts to address the following questions about private health care spending in Idaho:

1. How much is spent with private funds on health care in Idaho?
2. How much is spent with private funds on different health care services?
3. What are the private expenditures associated with individual health insurance plans?
4. What are the private expenditures associated with group health insurance plans?
5. What are the administrative costs associated with private health insurance plans?
6. How much uncompensated care is provided by Idaho's hospitals?

While the data in this report touch on all three components of CMS's definition of private health care spending, we focus particularly on private health insurance spending, again the largest component of private expenditures.

Data and Methods

No single data source provides a complete picture of private health care spending in Idaho (or any state). Publicly available data on private health expenditures are typically limited, given the private and proprietary nature of the information, the numbers of existing individual and employer private payers, and the difficulty in collecting and monitoring such expenses.

To examine private health care spending in Idaho, we used several sources of information. To estimate overall private health care spending in the state and expenditures for different types of health care services, we relied on the CMS National and State Health Expenditures Accounts.[4] To investigate private health insurance expenditures in the state, we pulled data from the annual financial statements submitted by Idaho insurance companies to the state Department of Insurance. Finally, to explore uncompensated care expenditures incurred by hospitals in Idaho, we relied on tax reports submitted by select nonprofit hospitals to the state's Board of Equalization. Where possible, we report expenditures for up to five years. The expenditures presented in this report were not adjusted for inflation.

Overall Private Health Care Spending in Idaho

Since 1980, the CMS Actuary Office has published annual statistical reports, known as the National Health Expenditure Accounts, which provide annual estimates of total national spending on health care, including health services, research, and investment in health facilities. The NHEA also considers sources of funds that pay for those expenditures. "These sources generally define an entity, usually a third-party insurer, that is responsible for paying the health care bill" (CMS 2007a: 1). Funding sources are divided into public and private. Public sources include Medicare and Medicaid, as well as other federal, state and local government programs. Private sources include private health insurance, consumers, and other private funds. As already mentioned, the private health insurance category represents the premiums collected and benefits paid by private insurers. These expenditures encompass both privately-purchased individual health plans as well as group (i.e., employer-based) plans and include both individual and employer premium contributions. Because CMS incorporates both private and government employer plans within these private expenditures, these expenditures therefore include government dollars. For additional information about the methodology used by CMS, see CMS (2005).

To analyze health care spending and financing at the state level and the impact of health care on state economies, the CMS Actuary Office also has published annual expenditure information at the state level since 1980. The State Health Expenditure Accounts data are based on a provider's location – that is, for Idaho, data are based on providers located in Idaho and not other providers that Idaho residents may seek care from in other nearby states. While both the National and State Health Expenditure Accounts provide a breakdown of expenditures by the type of health service (e.g., nursing home, hospital, durable medical equipment), neither the national nor state data report expenditures by category of individual patient diagnosis. Also, the state reports do not include the full range of data available on the national level. For example, the state data only are presented for three funding sources: Medicaid, Medicare, and other expenditures. Other expenditures include public expenditures other than Medicaid and Medicare as well as all private expenditures. The State Accounts do not report private expenditures (overall or by the three sources of private spending specified above) at a state level. For this reason, we estimate these costs using data from both the national and Idaho-specific Health Expenditure Accounts. The CMS data we present in this report are for the five most recent years for which data are available: 2000-2004.

Private (Group and Individual) Health Insurance Expenditures

Each year in March, insurance companies doing business in Idaho are required to file annual financial reports to Idaho's State Department of Insurance, following the forms prescribed by the National Association of Insurance Commissioners (NAIC). Almost all state insurance departments require that their domestic health insurance companies and Blue Cross/Blue Shield plans file statements quarterly and annually. These reports are widely used by analysts and researchers studying the companies and local health insurance markets. We use information

reported in the statements for the five most recent years (2002-2006) to calculate the amount of premiums collected for private health insurance plans in the state as well as the amount of spending for medical services and plan administration.

We examine financial information for two groups of insurers. First is a set of six companies that are required to file Annual Health Statements. These insurers account for the majority of health care financed through private health insurance premiums in the state. These NAIC statements (particularly the Exhibit of Premiums, Enrollment, and Utilization) provide information on plan enrollment, premiums collected, medical expenses incurred and paid, administration costs, and profits. Some of the information is available for each separate line of business (e.g., individual plans, group plans) but other information is only available for all lines of business in total. For the purposes of this report, we focus on comprehensive hospital and medical plans (providing hospital, surgical, major medical coverage) only. The two largest of the six companies, Regence Blue Shield of Idaho and Blue Cross of Idaho Health Service, filed a different version of the statement in years prior to 2006. Staff of these two companies agreed to reconstruct some of the data provided in these statements so that this report provides consistent data for these two companies across the five-year time span.

The second group of insurance companies active in the Idaho health insurance market is comprised of the literally hundreds of insurers that sell small amounts of different lines of insurance – e.g., life, accident and health, disability, single disease, or hospital only coverage – in the state. These insurers are licensed to offer health insurance plans in Idaho and market individual and group policies in the state. For the purposes of this report, we focus on 14 of the largest national insurance carriers that are selling individual and group plans in Idaho. Information from these companies came from another annual statement, the Life and Accident and Health Statement, copies of which are also directed to the Idaho Department of Insurance on a regular basis. Schedule T of this statement (Premiums and Other Considerations) provides total health premiums collected by these companies.

Our analyses include both individual and group private comprehensive health insurance plans. Individual plans refer to insurance privately purchased by a single person, whereas group plans refer to insurance obtained through an employer, professional organization, or union (Shi and Singh 2004). It is important to highlight that the NAIC information we present in this report does not encompass self-insured group health plans in the state. Self-insured plans pertain to large employers that, rather than pay an insurance company to bear the risk associated with medical expenditures, assume the risk themselves (Shi and Singh 2004).

Hospital Uncompensated Care

To examine uncompensated care provided by hospitals in Idaho, we used reports submitted by a set of nonprofit hospitals in the state to the state's Board of Equalization. Section 63-602D, Subsection 7, of the Idaho Code creates a property tax exemption for the real and personal property of hospitals that are recognized as tax-exempt under Section 501(c)(3) of the Internal

Revenue Code and have 150 or more patient beds. By December 31 of each year, these hospitals must file a community benefit report providing information on their activities, particularly care delivery to low-income patients, in fulfillment of their charitable mission. These reports are to include a hospital's amount of unreimbursed services for the prior year including charity care, bad debt, and under-reimbursed care covered by public programs. The report is attached to a hospital's Return of Organization Exempt from Income Tax (Form 990), which qualifying hospitals file each year to the Internal Revenue Service (IRS). Only five Idaho hospitals meet the criteria for this reporting requirement and therefore submit the report to maintain their exemption from property taxes. The data we summarize in this report are for those five hospitals only. Forms 990 for return year 2004 and 2005 were pulled for these hospitals from the nonprofit information website, Guidestar.org.

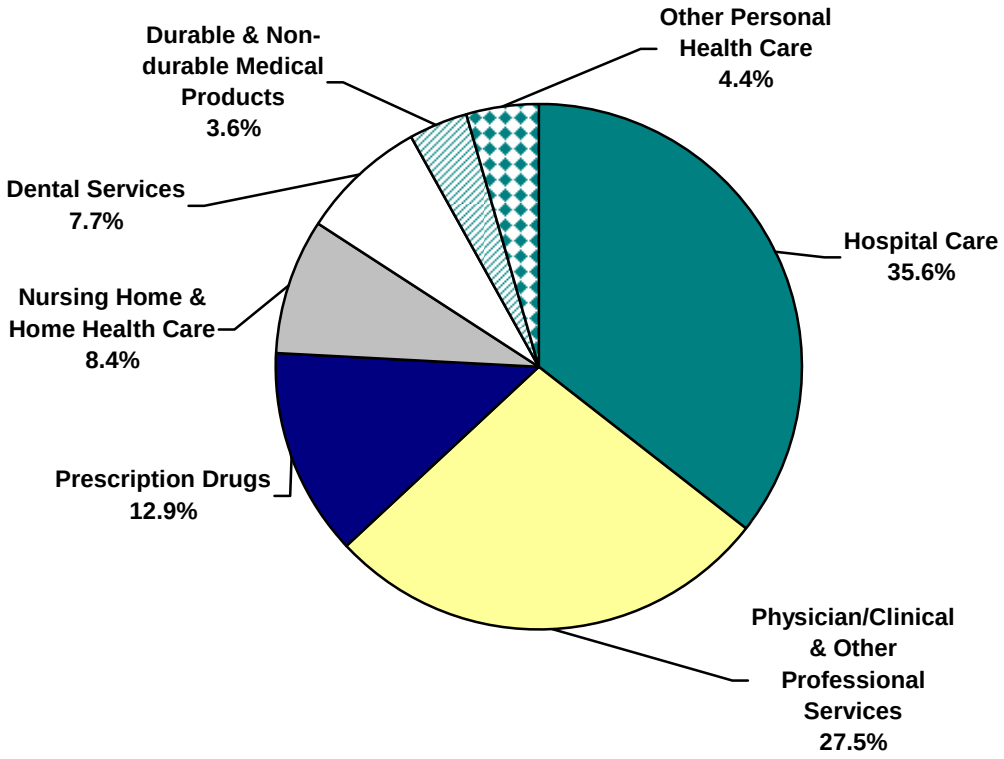
Organization of the Report

The balance of this report is organized into five sections. First, we begin with an overview of health care spending in Idaho and situate Idaho's private health care expenditures in a broader context using data from CMS' National and State Health Expenditure Accounts. In the next section, we present estimates of overall private health care spending in the state by source of private funds and type of services rendered. Third, we present data on expenditures on private health insurance. As part of this section, we examine individual and group plans and other health insurance premiums collected in the state. The fourth section presents measures of uncompensated care expenditures incurred by a select set of hospitals in the state. The fifth and final section of the report discusses the lessons learned from the study and outlines recommendations for future monitoring of private health care expenditures in the state of Idaho.

OVERVIEW OF HEALTH CARE SPENDING IN IDAHO

In 2004, combined public and private health care spending in Idaho totaled $5.6 billion, representing 13.0% of the gross state product that year.[5] This section of the report presents CMS National and State Health Expenditure Account information to provide an overview of the sources of funding for and key categories of health care spending in Idaho.

Figure 1. Idaho's Personal Health Care Expenditures by Service Type (2004)



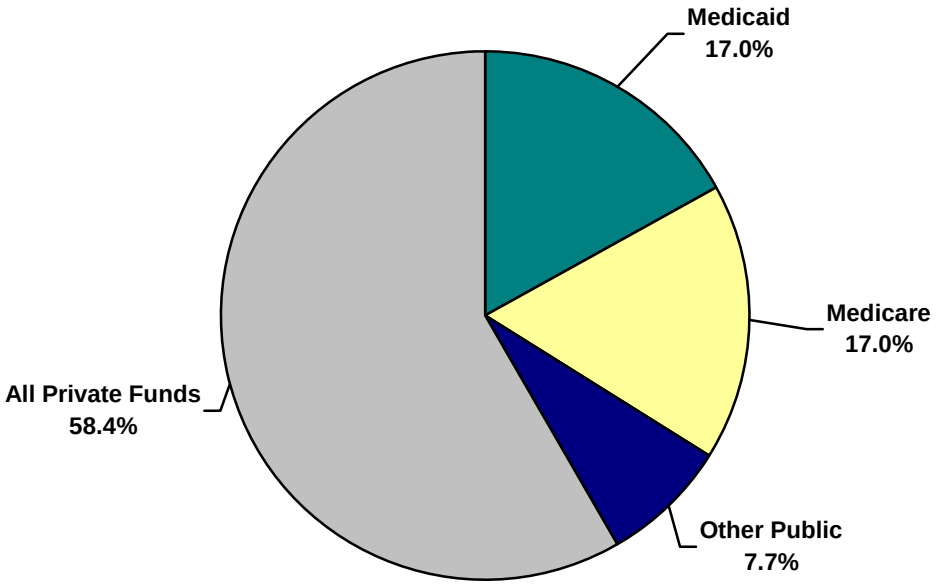
Total Expenditures: $5.6 billion

Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004. CMS, Office of the Actuary, National Health Statistics Group.
Note: Percentages do not total 100% due to rounding.

In 2004, state, federal, and local governments, consumers, and other private sources spent $5.6 billion on health care services in the state of Idaho. Figure 1 shows the distribution of Idaho's total health care expenditures (both public and private combined) by type of service in 2004. Hospital care represented the largest component of spending with 35.6% ($2 billion) in expenditures, followed by physician/clinical and other professional services, which account for 27.5% ($1.5 billion), and prescription drugs (at 12.9% or $0.7 billion). Nursing home and home health care (8.4%), dental services (7.7%), other personal healthcare (4.4%), and durable and non-durable medical equipment (3.6%) made up the remaining shares of health care spending

in the state. Idaho's health care spending by service type mirrors national trends for the same time period.[6]

Figure 2. Idaho's Total Personal Health Care Expenditures by Funding Source (2004)



Total Expenditures: $5.6 billion

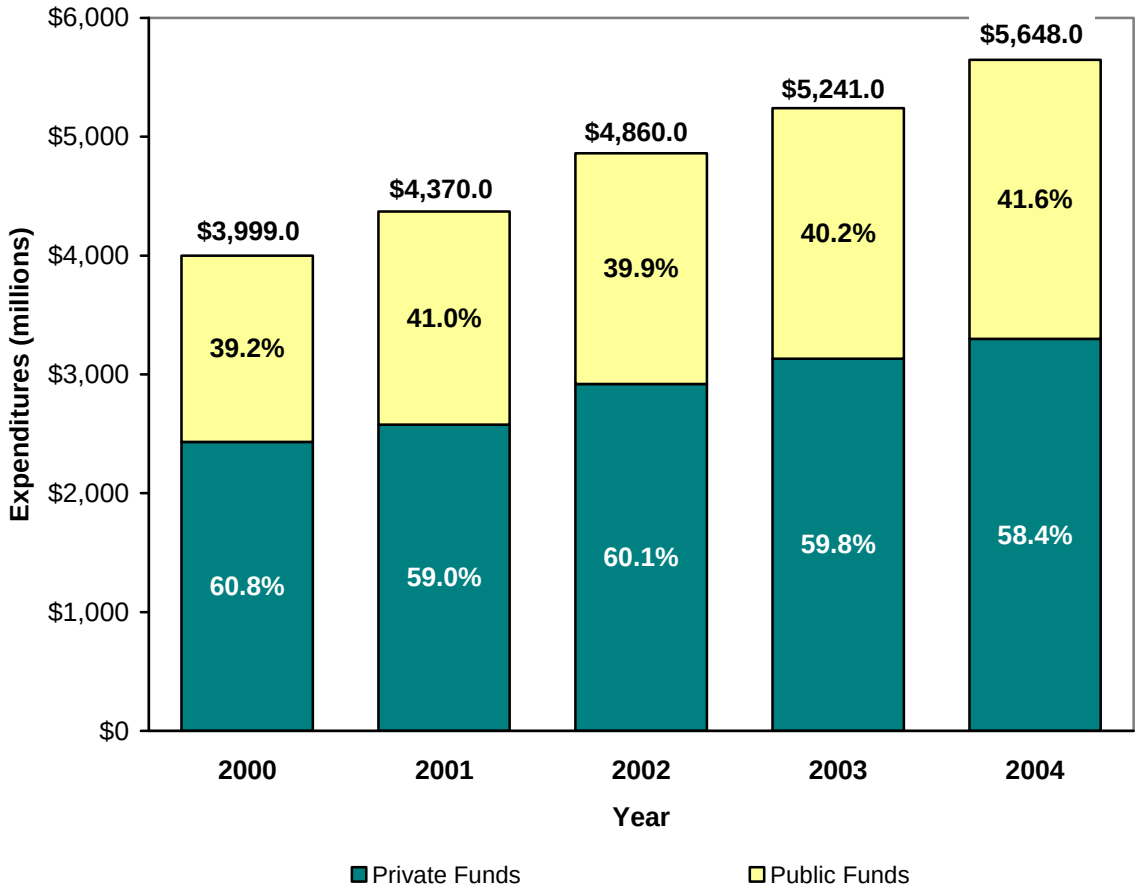
Source: Medicaid and Medicare shares are from Idaho Personal Health Care Expenditures (PHCE), 1980-2004. CMS, Office of the Actuary, National Health Statistics Group. Other public funds are estimated for Idaho based on the national estimate for these funds from the CMS National Health Expenditure Accounts, 2004. All private funds are estimated for Idaho and represent the residual share of funds.

Notes: Medicaid includes state & federal Medicaid dollars. Other public includes state and local subsidies to hospitals and home health agencies; school health programs; Medicaid CHIP expansion; CHIP; maternal and child health; vocational rehab medical payments; temporary disability insurance medical payments; public health service and other federal hospitals; Indian Health Service; alcoholism/drug abuse/mental health programs. Percentages do not total 100% due to rounding.

As shown in Figure 2, private sources (i.e., private health insurance, out-of-pocket, and other sources) accounted for the majority (58.4%) of all health care spending in Idaho in 2004, amounting to an estimate of $3.3 billion of the $5.6 billion in total. The balance of health care spending in Idaho, 41.6% or approximately $2.4 billion, was spent by public programs, including Medicare and Medicaid as well as smaller government programs. For 2004, the share

of personal health care spending from private sources is higher in Idaho compared to the nation as a whole (58.4% vs. 55.4%).[7]

Figure 3. Idaho's Estimated Public and Private Personal Health Care Expenditures (2000-2004)



Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004. CMS, Office of the Actuary, National Health Statistics Group.

Notes: Public funds include Medicare and Medicaid expenditures in Idaho as well as "other public" expenditures, which were estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004. Private funds are estimated for Idaho and represent the residual share of funds.

Figure 3 shows the distribution of personal health care expenditures by public and private funding sources for a five-year period, 2000-2004. Total health care expenditures in the state increased during the time period, from $4.0 to $5.6 billion, representing an overall increase of 41.2%. As in 2004 (Figure 2), private spending makes up the majority (approximately 60.0%) of personal health care expenditures across all years.

Table 1. Private Sources' Estimated Role in Idaho's Personal Health Care Expenditures, by Service Type (2000-2004)

	2000		2001		2002		2003		2004	
	$ (millions)	% Private	$ (millions)	% Private	$ (millions)	% Private	$ (millions)	% Private	$ (millions)	% Private
Hospital Care	$1,417	54.7%	$1,569	54.0%	$1,731	54.9%	$1,884	55.3%	$2,008	54.1%
Physician & Other Professional Services	$1,133	68.9%	$1,204	66.7%	$1,334	67.2%	$1,428	65.7%	$1,553	63.7%
Dental	$304	84.9%	$318	83.4%	$391	84.5%	$401	84.5%	$435	83.7%
Nursing Home & Home Health	$375	31.9%	$401	29.6%	$421	32.1%	$440	31.6%	$473	31.8%
Durable & Non-Durable Medical Equipment	$176	76.6%	$176	75.1%	$180	73.5%	$193	71.6%	$202	71.3%
Prescription Drugs	$448	74.1%	$518	73.0%	$596	73.7%	$679	73.9%	$726	72.7%
Other Personal Health Care	$148	21.1%	$185	17.7%	$206	17.2%	$216	16.4%	$251	15.1%
Total	$3,999	60.8%	$4,370	59.0%	$4,860	60.1%	$5,241	59.8%	$5,648	58.4%

Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004. CMS, Office of the Actuary, National Health Statistics Group.

Notes: Private expenditures represent spending from sources other than Medicare, Medicaid and other public sources. Other public spending was estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004. To estimate private spending by service type in Idaho, the state's distribution of spending for other sources (i.e., other public and private combined) by service type was applied to the overall estimate of private spending for the state. These estimates of private spending for each service type were then divided by total spending for each service type.

Table 1 examines the role of private spending for different types of health services in Idaho between 2000 and 2004. The data presented are estimates for Idaho using national data on private funds from the CMS National Health Expenditure Accounts.

Across all years, private sources support the majority of spending for most of the categories, especially dental care, durable/non-durable medical equipment, and prescription drugs. Dental care, for example, is not a covered benefit under Medicare and has limited coverage under Medicaid, so most of its spending comes from private sources. In contrast, nursing home and home health care as well as other personal health care tend to be largely public expenditures. For example, in 2004, private sources made up less than a third of all nursing home and home health expenditures. The large public contribution in these areas may be explained by the fact that Medicare covers medically necessary skilled nursing home and home health care and that Medicaid is known for being a significant provider of long term care.[8]

Highlights – Overview of Health Care Spending in Idaho

- In 2004, personal health care spending totaled $5.6 billion in the state of Idaho.

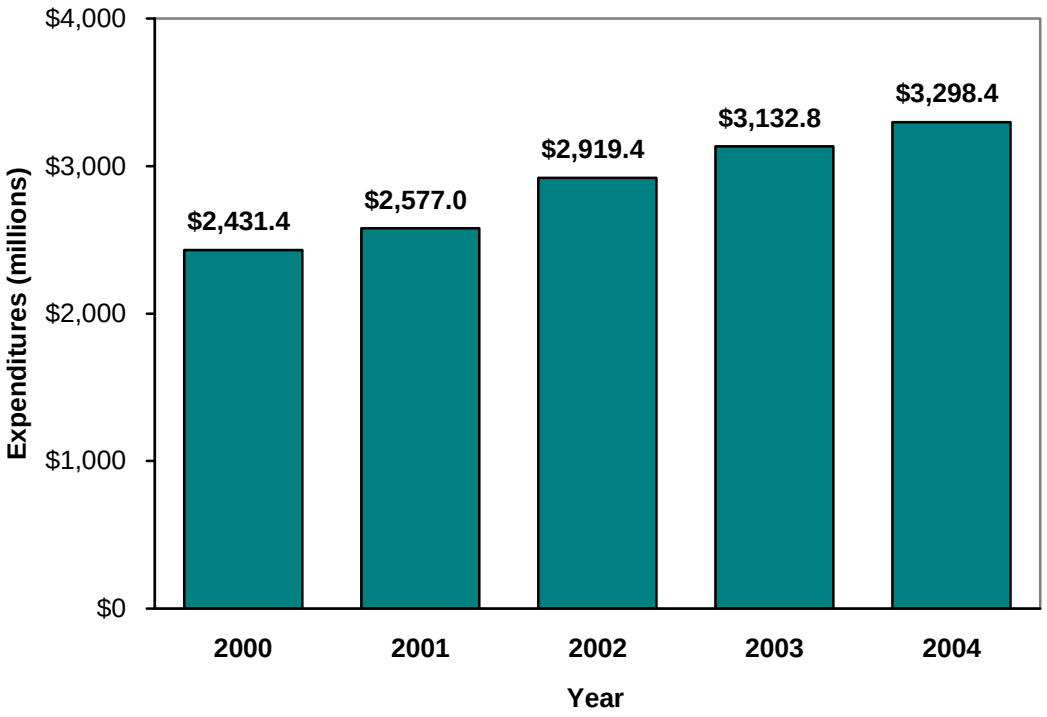
- Private spending (including private health insurance, out-of-pocket, and other sources) makes up the majority of overall personal health care expenditures in the state. Across all years between 2000 and 2004, private spending comprised approximately 60.0% of total health care expenditures. Private spending was at an estimated $3.3 billion in 2004.
- Private sources support the majority of spending for most categories of health care services, especially dental care, durable/nondurable medical equipment, and prescription drugs. In contrast, nursing home and home health care tend to be largely public expenditures.

OVERALL PRIVATE HEALTH CARE SPENDING IN IDAHO

This section of the report provides additional information on private health care spending in the state based on CMS' National and State Health Expenditure Account data.

Private Personal Health Care Expenditures in Idaho

Figure 4. Idaho's Estimated Private Personal Health Care Expenditures (2000-2004)



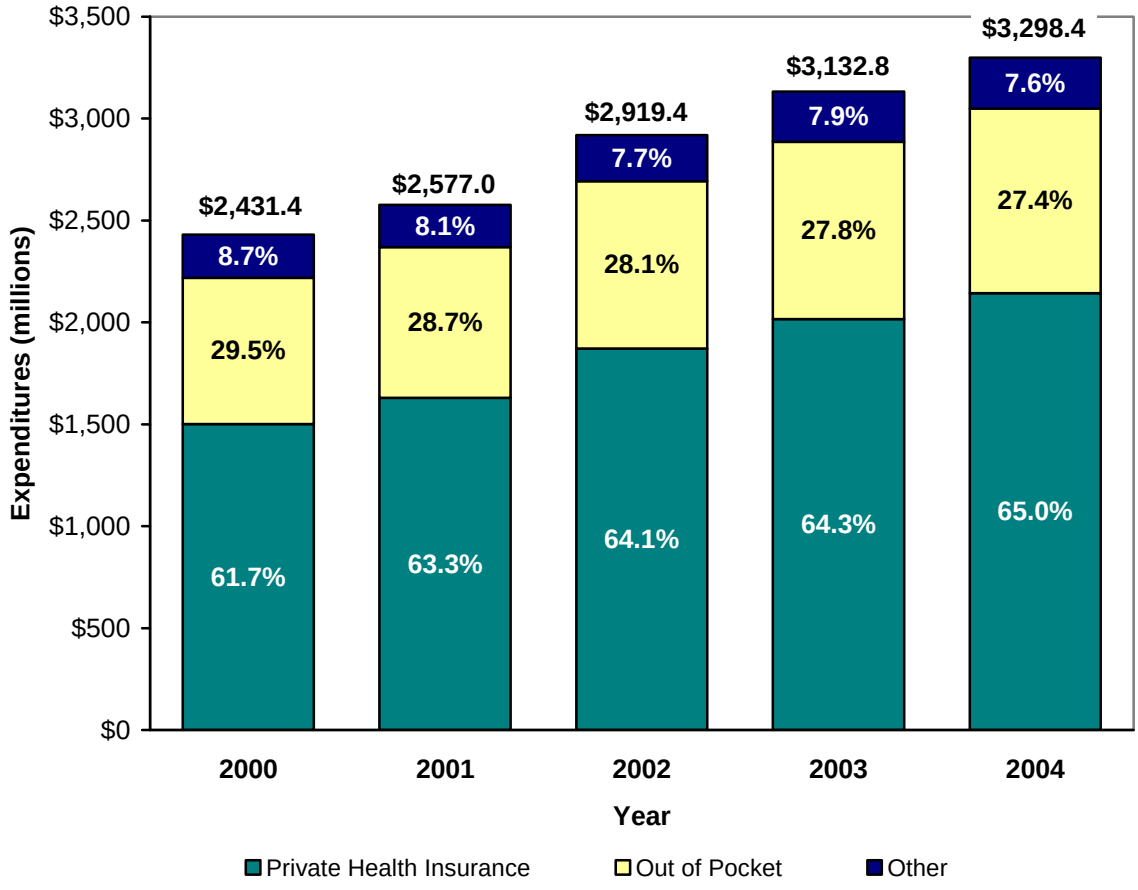
Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004. CMS, Office of the Actuary, National Health Statistics Group.

Notes: Private expenditures represent sources other than Medicare, Medicaid and other public spending such as the State Children's Health Insurance Program (CHIP). Other public spending was estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004.

Figure 4 shows the estimated total private personal health care expenditures in Idaho between 2000 and 2004. Private spending on health care consistently increased each year. During the five-year time span, private expenditures grew from $2.4 billion in 2000 to $3.3 billion in 2004, an overall increase of 35.7%.

Private Personal Health Care Expenditures in Idaho by Source of Private Spending

Figure 5. Idaho's Estimated Private Personal Health Care Expenditures by Source (2000-2004)



Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004. CMS, Office of the Actuary, National Health Statistics Group.

Notes: Private expenditures represent sources other than Medicare, Medicaid and other public spending such as the State Children's Health Insurance Program (CHIP). Other public spending was estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004. Distribution of private spending by source also is estimated for Idaho based on national estimates from the same source.

Figure 5 shows the estimated private health care expenditures in Idaho for the five-year period, 2000-2004, broken down by source of private spending: private health insurance, consumer out-of-pocket payments, and other. Because this level of information is not available at a state level from the CMS State Health Expenditure Accounts, we produced estimates for Idaho based on the national distribution of spending by source.

As is shown, private health insurance premiums comprised the majority of private health spending between 2000 and 2004, and their share of spending grew modestly (by 5.3%) during

the five years, from 61.7% to 65.0%. Consumer out-of-pocket payments represented the next largest share of private expenditures in the state: 27.4% in 2004, down from 29.5% in 2000. Finally, other private funds (including philanthropy) comprised the remainder of private spending, representing no more than 8.7% between 2000 and 2004.

Private Personal Health Care Expenditures in Idaho by Service Type

Table 2. Idaho's Estimated Private Personal Health Care Expenditures by Service Type (2000-2004)

	2000		2001		2002		2003		2004	
	$ (millions)	%	$ (millions)	%	$ (millions)	%	$ (millions)	%	$ (millions)	%
Hospital Care	$774.8	31.9%	$847.2	32.9%	$950.0	32.5%	$1,041.0	33.2%	$1,085.9	32.9%
Physician & Other Professional Services	$781.0	32.1%	$802.8	31.2%	$895.9	30.7%	$938.3	30.0%	$988.7	30.0%
Dental	$258.0	10.6%	$265.2	10.3%	$330.3	11.3%	$339.0	10.8%	$364.0	11.0%
Nursing Home & Home Health	$119.6	4.9%	$118.9	4.6%	$135.3	4.7%	$139.0	4.4%	$150.2	4.6%
Durable & Non-Durable Medical Equipment	$134.8	5.5%	$132.2	5.1%	$132.3	4.5%	$138.1	4.4%	$144.0	4.4%
Prescription Drugs	$332.0	13.7%	$377.9	14.7%	$439.5	15.1%	$501.9	16.0%	$527.5	16.0%
Other Personal Health Care	$31.2	1.3%	$32.8	1.3%	$35.5	1.2%	$35.4	1.1%	$38.0	1.2%
Total Private PHCE	$2,431.4	100.0%	$2,577.0	100.0%	$2,919.4	100.0%	$3,132.8	100.0%	$3,298.4	100.0%

Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004. CMS, Office of the Actuary, National Health Statistics Group.

Notes: Private expenditures represent spending from sources other than Medicare, Medicaid and other public. Other public spending was estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004. To estimate private spending by service type in Idaho, the state's distribution of spending for "other sources" (i.e., other public and private combined) by service type was applied to the overall estimate of private spending for the state.

Table 2 shows Idaho's estimated private personal health care expenditures by type of health care service for 2000-2004. Again, because this information is not available at a state level from the CMS State Health Expenditure Accounts, we estimated the breakdown of costs in Idaho by service type. The State Health Expenditure Accounts provide detailed expenditure information for Medicaid, Medicare, and "other" sources. The other category includes both public expenditures outside of Medicaid and Medicare as well as all private expenditures. Because the majority of this other category is private source expenditures (a relatively small percentage – 11.7% – is for other public expenditures), we assigned the distribution of the total "other" expenditure category by service type to Idaho's estimated private expenditures to calculate private source spending by service type in the state.

Overall, hospital care, physician and other professional services, and prescription drugs comprise the majority of private health care spending in the state. In 2004, these services made up over three-fourths of spending. Between 2000 and 2004, the share of private spending for prescription drugs increased from 13.7% to 16.0%, a relative increase of 16.8%. The proportion

of private health care spending directed to physician and other professional services and durable/non-durable medical equipment decreased slightly during this time frame.

Finally, Table 3 (on the following page) provides estimates of expenditures by sources of private spending (private health insurance, out-of-pocket, other sources) for each service category for 2000 and 2004. These estimates are based on the private expenditures estimated in Table 2 and apply the proportions of private spending source by service category at the national level to estimate the role of different private sources in different types of care in Idaho.

The majority of private expenditures on hospital care, physician services, and prescription drugs was paid for by private insurance. Private insurance also was the primary source for other professional services and dental care. On the other hand, consumers paid a larger share of private expenditures on nursing home care and durable/non-durable medical equipment via out-of-pocket expenses, with less of these expenses covered through private insurance. Out-of-pocket payments also contributed noticeably to private spending on other professional services, dental care, and home health care.

Highlights - Overview of Idaho's Private Health Care Spending

- Between 2000 and 2004, private spending on health care in Idaho (including private health insurance, out-of-pocket, and other payments) fluctuated but increased overall by 35.7%, from $2.4 to $3.3 billion.
- Health insurance premiums comprised the majority of private health spending in Idaho between 2000 and 2004, and during this time span, their share of spending grew modestly (by 5.3%) from 61.7% to 65.0%. Consumer out-of-pocket payments represented the next largest share of private spending: 27.4% in 2004, down from 29.5% in 2000. Finally, other private funds represented no more than 8.7% of private health care spending in the state.
- Overall, hospital care, physician/other professional services, and prescription drugs comprise the majority of private health care spending in Idaho. In 2004, these services made up over three-fourths of spending. Between 2000 and 2004, the share of private spending on prescription drugs increased from 13.7% to 16.0%, a relative increase of 16.8%. The proportion of private health care spending directed to physician and other professional services and durable/non-durable medical equipment decreased slightly during this time frame.
- The majority of private expenditures on hospital care, physician services, and prescription drugs was paid for by private insurance. Private insurance also was the primary source for other professional services and dental care. On the other hand, consumers paid a larger share of the private spending on nursing home care and durable/non-durable medical equipment via out-of-pocket expenses, with less of these expenses covered through private insurance. Out-of-pocket payments also contributed noticeably to private spending on other professional services, dental care, and home health care.

Table 3. Idaho's Estimated Private Health Care Expenditures by Source of Funding (2000 and 2004)

Service Categories	2000				2004			
	Estimated Private Spending (millions)	Private Insurance %	Out-of-Pocket %	Other %	Estimated Private Spending (millions)	Private Insurance %	Out-of-Pocket %	Other %
Hospital Care	$774.8	80.2%	7.6%	12.2%	$1,085.9	82.1%	7.6%	10.3%
Physician & Clinical Services	$639.5	71.5%	16.8%	11.6%	$774.9	74.2%	15.5%	10.2%
Other Professional Services	$141.5	50.4%	39.9%	9.6%	$213.8	53.4%	38.4%	8.1%
Dental	$258.0	52.9%	46.8%	<0.1%	$364.0	52.9%	47.1%	<0.1%
Nursing Home	$92.8	19.8%	70.5%	9.7%	$115.7	19.2%	69.8%	11.0%
Home Health	$26.8	50.9%	40.1%	9.0%	$34.5	46.6%	44.9%	8.5%
Durable Medical Equipment	$50.9	17.5%	82.5%	0.0%	$55.7	17.9%	82.1%	0.0%
Prescription Drugs	$332.0	64.1%	35.9%	0.0%	$527.5	65.3%	34.7%	0.0%
Other Non-Durable Medical Equipment	$83.9	0.0%	100.0%	0.0%	$88.4	0.0%	100.0%	0.0%
Other Personal Health Care	$31.2	0.0%	0.0%	100.0%	$38.0	0.0%	0.0%	100.0%
Total Personal Health Care	$2,431.4	61.7%	29.5%	8.7%	$3,298.4	65.0%	27.4%	7.6%

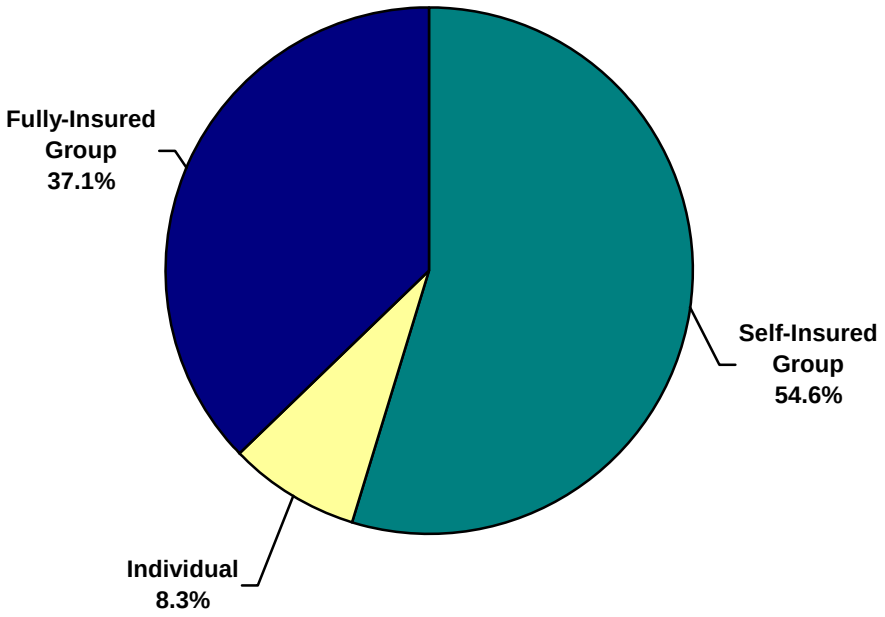
Source: Idaho Personal Health Care Expenditures (PHCE), All Payers, 1980-2004 and the National Health Expenditure Accounts, 2000-2004 CMS, Office of the Actuary, National Health Statistics Group.

Notes: Total private expenditures represent spending from sources other than Medicare, Medicaid and other public. Other public spending was estimated for Idaho based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004. The distribution of private spending by source also was estimated based on national estimates from the CMS National Health Expenditure Accounts, 2000-2004.

PRIVATE HEALTH INSURANCE EXPENDITURES

Figure 6 below presents the estimated distribution of private health insurance within Idaho in 2005/2006, by individual plan, fully-insured group (e.g., employer-based) plan, and self-insured markets. As mentioned earlier, self-insured plans pertain to large employers that, rather than pay an insurance company to bear the risk associated with medical expenditures, assume the risk themselves (Shi and Singh 2004). Based on these estimates, just over half (54.6%) of the people with private health insurance coverage in Idaho participated in a self-insured group plan, and over a third (37.1%) participated in a fully-insured group plan. The remainder (8.3%) is estimated to have had individual health insurance coverage.

Figure 6. Private Health Insurance in Idaho: Estimated Shares by Market (2005/2006)



Source: Estimated based on 2006 and 2007 Current Population Survey data on private health insurance coverage for 0-64 year olds and group enrollment information from the NAIC Annual Health Statements for year ending December 2006.

In Idaho, a small set of six health insurance companies (see Table 4) accounts for the majority of health care financed through private health insurance premiums. Two of these companies, Blue Cross of Idaho and Regence Blue Shield, dominate both the individual and group markets. Three companies – Altius, Group Health Options, and SelectHealth – are based in neighboring states and have most of their business outside of Idaho. All six of the companies offer group

comprehensive (hospital and medical) health insurance plans. Just two, Blue Cross of Idaho and Regence Blue Shield, also offer Federal Employees Health Benefit plans and individual comprehensive (hospital and medical) health insurance plans.

Table 4. Overview of Health Insurance Companies Offering Health Plans in Idaho (2006)

Health Plan Company	Headquarters (Ownership)	Year Organized	Offers Individual Plans	Offers Group Plans
Altius Health Plans	South Jordan, UT (Coventry, Bethesda, MD)	1976		√
Blue Cross of Idaho Health Service	Meridian, ID	1978	√	√
Group Health Options	Seattle, WA (Group Health Cooperative)	1990		√
Primary Health Network	Boise, ID (Primary Health, Inc.)	1996		√
Regence Blue Shield of Idaho	Lewiston, ID (The Regence Group, Portland, OR)	1946	√	√
SelectHealth	Salt Lake City, UT (Intermountain Healthcare)	1984		√

Source: NAIC Annual Health Statements for year ending December 2006.
Notes: Individual and group plans refer to comprehensive (hospital and medical) plans.

The second group of insurance companies active in the Idaho health insurance market is comprised of the literally hundreds of insurers that sell small amounts of different lines of insurance – e.g., life, accident and health, disability, single disease, or hospital only coverage – in the state. These insurers are licensed to offer health insurance plans in Idaho and market individual and group policies in the state. For the purposes of this report, we focus on 14 of the largest national insurance carriers that are selling individual and group plans in Idaho.

In this section of the report, we use annual insurance company statements filed by health and other insurance companies to the Idaho Department of Insurance to examine the insurance component of private health spending in Idaho for the five-year timeframe, 2002-2006. Each year in March, the six companies listed in Table 4 are required to file Annual Health Statements, following the forms prescribed by NAIC. The NAIC statements (particularly the Exhibit of Premiums, Enrollment, and Utilization) provide information from insurance companies on plan enrollment, premiums collected, medical expenses incurred and paid, administration costs, and profits for their health plans in all states. Some of the information is available for each separate line of business (e.g., individual plans, group plans) but other information is only available for all lines of business in total. We limit our presentation of the data to the companies' business in Idaho only and to the following plan types: individual and group comprehensive (hospital and medical) plans and Federal Employee Health Benefit plans. Our analyses exclude Medicare Advantage and supplement products, dental-only plans, and stop loss lines of business, for which two of the companies (Regence Blue Shield and Blue Cross of Idaho) also reported premiums.[9] None of the companies contract with Idaho's Medicaid program or have disability income, long-term care, or other products, so these lines of business are excluded as well. It is

important to highlight that the NAIC statements only pertain to fully-insured health plans in the state, so spending by self-insured employers for employee health benefits is not captured by the NAIC statements. Regence Blue Shield only began filing the Health Statement in 2006, and Blue Cross of Idaho began in 2004. To supplement the NAIC forms and to allow for analysis of key items across the five years, we requested and received excerpted versions of the form data from the two companies for the relevant earlier years.

Information about the other companies selling miscellaneous amounts of health insurance in Idaho came from another annual statement, the Life and Accident and Health Statement, copies of which are also directed to the Idaho Department of Insurance on a regular basis. Schedule T of this statement (Premiums and Other Considerations) provides total health premiums collected by these companies by state. Data for these companies include any type of health coverage: individual and group comprehensive, Medicare-related, as well as dental, vision, and disability plans.

We separate the information derived from these two types of annual statements into three subsections: individual plans, group plans (including the Federal Employees Health Benefit plans), and other private health insurance spending in the state.

Private Health Insurance Spending: Individual Market

Of the six health insurance companies that are doing business in Idaho and file the NAIC Annual Health Statement, only two market individual plans: Blue Cross of Idaho and Regence Blue Shield. Table 5 summarizes the individual plan enrollment for each company as of December 2006. The majority of the insurers' individual market is in Idaho: 100% of Blue Cross of Idaho's individual plan enrollment is located in Idaho, and 99.7% of Regence Blue Shield's is within Idaho. Overall, 93,181 members were enrolled in individual plans in Idaho at the end of calendar year 2006. Over half (57.0%) of these individual plan members were with Blue Cross of Idaho; the remaining 43.0% had plans through Regence Blue Shield.

Table 5. Overview of Health Insurance Companies Offering Individual Plans in Idaho (CY 2006)

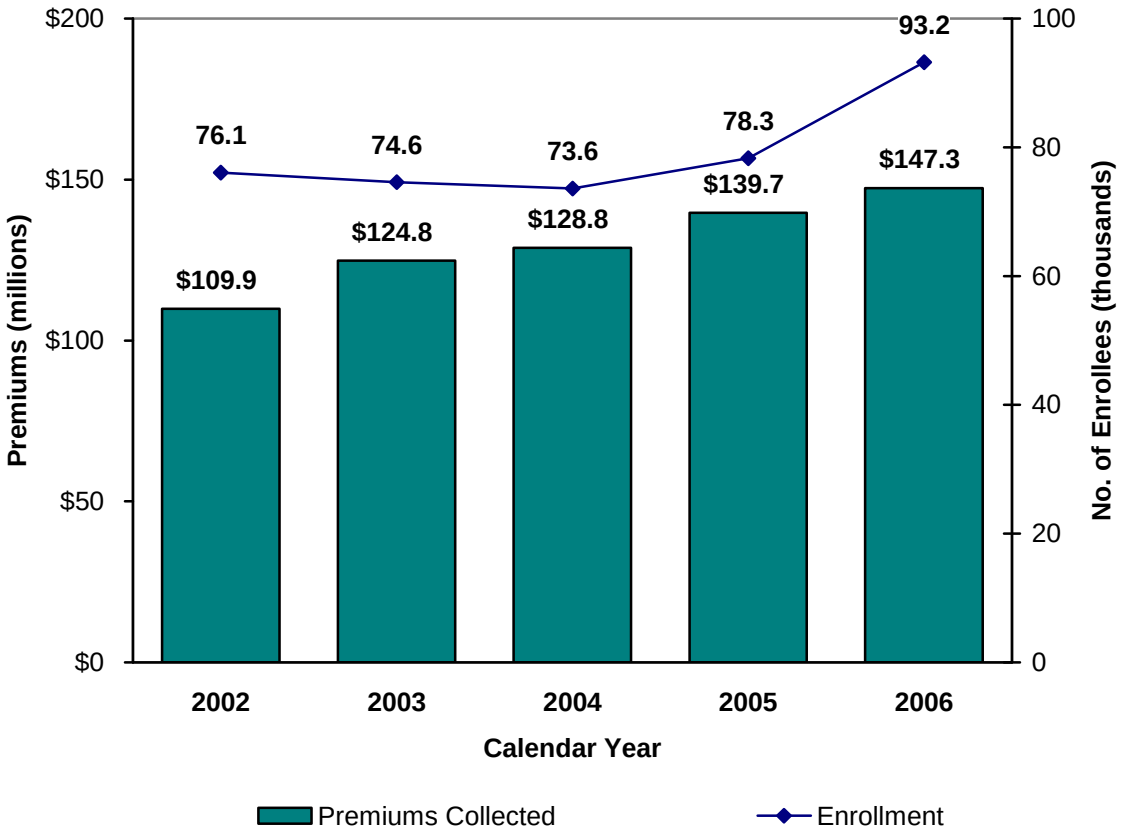
Health Plan Company	Company's Total Individual Enrollment	Company's Individual Enrollment in Idaho	% of Company's Individual Enrollment in Idaho	% of Individual Enrollment in Idaho
Blue Cross of Idaho Health Service	53,111	53,111	100.0%	57.0%
Regence Blue Shield of Idaho	40,203	40,070	99.7%	43.0%
Total	93,314	93,181	99.9%	100.0%

Source: NAIC Annual Health Statements for year ending December 2006 from Blue Cross of Idaho Health Service and Regence Blue Shield of Idaho.

Notes: Data are for individual comprehensive (hospital and medical) plans only. Enrollment refers to total members at the end of the year.

Enrollment and Total Expenditures: Individual Health Plans

Figure 7. Private Individual Health Plans in Idaho: Total Premiums Collected and Enrollment (CY 2002-2006)



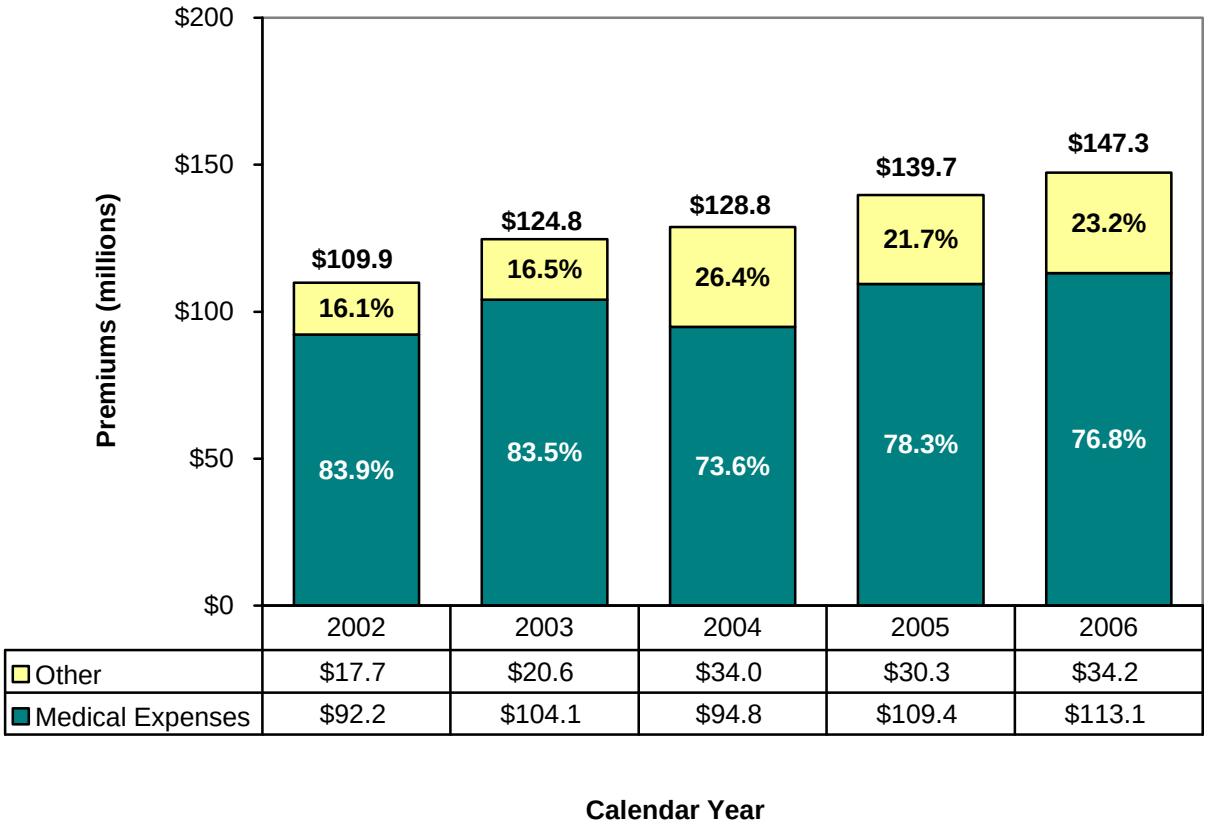
Source: NAIC Annual Health Statements for years ending December 2002-2006 from Blue Cross of Idaho Health Service and Regence Blue Shield of Idaho. Data presented here also are based on supplemental information provided by staff at each insurer.

Notes: Data are for individual comprehensive (hospital and medical) plans only. Enrollment refers to total members at the end of the year. Premium amounts shown are those collected/written by insurer.

Figure 7 presents enrollment and premiums collected for private individual health insurance plans in Idaho between 2002 and 2006. Overall, enrollment grew by 22.4% during the five years (from 76,139 to 93,181 members), with the largest increase (18.9%) observed between 2005 and 2006. During the same five-year time frame, the amount of premiums collected increased overall by 34.0%, totaling nearly $110 million in 2002 and over $147 million in 2006.

Medical vs. Other Expenses: Individual Health Plans

Figure 8. Private Individual Health Plans in Idaho: Total Premiums Collected by Type of Expense (CY 2002-2006)



	2002	2003	2004	2005	2006
Other	$17.7	$20.6	$34.0	$30.3	$34.2
Medical Expenses	$92.2	$104.1	$94.8	$109.4	$113.1

Calendar Year

Source: NAIC Annual Health Statements for years ending December 2002-2006 from Blue Cross of Idaho Health Service (BCI) and Regence Blue Shield of Idaho (RBS). Data presented here also are based on supplemental information provided by staff at each insurer.

Notes: Data are for individual comprehensive (hospital and medical) plans only. Enrollment refers to total members at the end of the year. Premium amounts shown are those collected/written by insurer. Medical expenses represent the amount *incurred* by insurer for provision of health care services with the exception of 2002 and 2003 for BCI. For these two years, medical expenses represent the amount *paid* by BCI for health care services. Other dollars include administrative expenses as well as profits.

Total medical expenses associated with individual plans in Idaho fluctuated between 2002 and 2006, with expenses lower in 2002 and 2004 and higher in 2003, 2005, and 2006 (see Figure 8). Medical expenses totaled $92.2 million in 2002 and grew to $109.4 million and $113.1 million in 2005 and 2006, respectively.

Claims ratios, also called loss ratios, are measures of the proportion of premium revenues that is spent to pay for medical claims. To the extent that a health plan pays out less in claims, if it maintains or increases revenues, it can be more profitable.

In Figure 8 (above), we also show the percentage of total individual premiums collected by the two insurance companies spent on medical expenses (incurred) vs. other expenses (i.e., administration costs and profit) for the years 2002 through 2006. Of course, medical expenses made up the majority of the total amount collected in premiums. This percentage, however, fluctuated over time, from 83.9% in 2002 to 76.8% in 2006, with the lowest in 2004, when medical expenses represented 73.6% of total individual premiums collected.

The complete NAIC reports we obtained for 2006 allow us to estimate the administrative costs associated with individual health plans for that year.[10] Of the $34.2 million in premium costs not spent on medical expenses, we estimate that $23.1 million (or 15.6%) of the total premiums collected went to plan administration. This means that the balance of premium revenues for individual plans in 2006 totaled an estimate of $11.1 million, or 7.6%, of total premiums collected (data not shown in figure).

Highlights –Individual Health Insurance Spending

- Over 93,000 members were enrolled in individual health plans in Idaho at the end of calendar year 2006. Blue Cross was the insurer for over half (57.0%) of these individual plan members; Regence Blue Shield insured the remaining 43.0%.
- Overall enrollment in individual plans grew by 22.4% between 2002 and 2006, with the largest increase (18.9%) observed between 2005 and 2006. During the same five years, total premiums collected increased overall by 34.0%, amounting to $147.3 million in 2006.
- Medical expenses comprised the majority of private premium expenses for individual plans. This percentage, however, fluctuated over time, from 83.9% in 2002 to 76.8% in 2006, with the lowest in 2004, when medical expenses represented 73.6% of total premiums collected.
- In 2006, medical expenses amounted to $113.1 million. $23.1 million (or 15.6%) of the total premiums collected was estimated as administrative costs. The remainder of premium revenues (e.g., profit) totaled an estimate of $11.1 million, or 7.6% of total premiums collected.

Private Health Insurance Spending: Group Market

As mentioned earlier, all of the six companies that are doing business in Idaho and that file the NAIC Annual Health Statement market group comprehensive (hospital and medical) plans. Two of them, Blue Cross of Idaho and Regence Blue Shield, also market Federal Employee Health Benefit plans. The group plans include both small and large group plans and include plans offered by employers in both the private sector and public sector (that is, Federal, State and local government employee benefit plans). Similar to the National and State Health Expenditure Account information produced by CMS, the NAIC reports do not distinguish

between employer and employee contributions, so premiums reported for group plans include government contributions to government employee benefit plans. The Annual Health Statements also do not distinguish between small and large group. For this reason, we present data on group plans overall. (Data from the 2005 Idaho Department of Insurance annual Assessment Base Survey indicate that 30.3% of group health plan enrollment in 2005 was through small employers.[11]) Again, only fully-insured group plans are captured by the NAIC information.

Table 6 provides an overview of the six main health insurance companies in the state providing group health benefits. This table summarizes the group plan enrollment for each company as of December 2006. Overall, enrollment in group health plans totaled 895,631 members, 38.7% (or 346,226) of which were residents of Idaho. Together, Blue Cross of Idaho and Regence Blue Shield represented the majority of group plan enrollment (95.6%), with Blue Cross holding the largest share (67.3%). Combined, the other four companies enrolled just 15,069 group members in 2006, representing 4.4% of this group market in the state. Taking into consideration individual plan enrollment (Table 5), group plan enrollment represented 78.8% of the total comprehensive plan enrollment in the state (and 81.4% and 71.0% of Blue Cross of Idaho's and Regence Blue Shield's comprehensive line of business, respectively).

Table 6. Overview of Health Insurance Companies Offering Group Health Plans in Idaho (CY 2006)

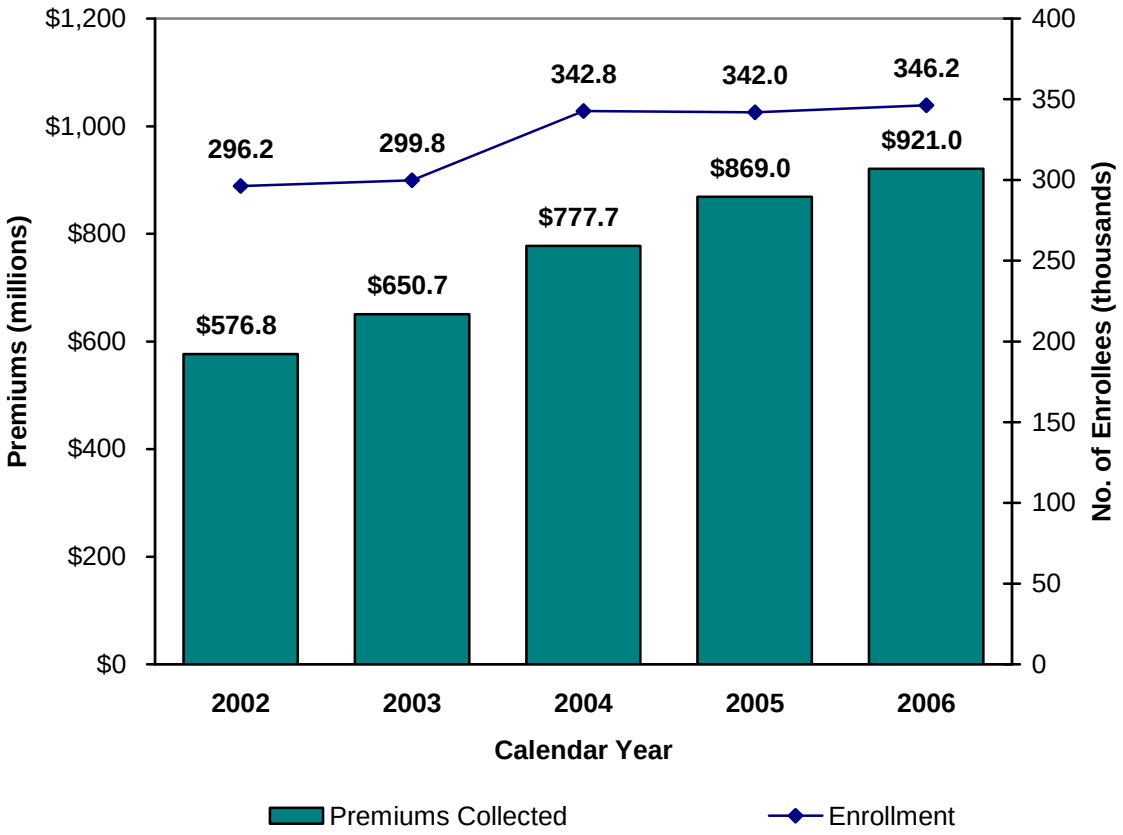
Health Plan Company	Company's Total Group Enrollment	Company's Group Enrollment in Idaho	% of Company's Group Enrollment in Idaho	% of Group Enrollment in Idaho
Altius Health Plans	131,897	640	<1.0%	<1.0%
Blue Cross of Idaho Health Service	233,043	233,043	100.0%	67.3%
Group Health Options Inc.	102,551	3,144	3.1%	0.9%
Primary Health Network	10,797	10,797	100.0%	3.1%
Regence Blue Shield of Idaho	99,081	98,114	99.0%	28.3%
SelectHealth	318,262	488	<1.0%	<1.0%
Total	**895,631**	**346,226**	**38.7%**	**100.0%**

Source: NAIC Annual Health Statements for year ending December 2006.

Notes: Data are for group comprehensive (hospital and medical) plans and Federal Employee Health Benefit plans only. Enrollment refers to total members at the end of the year.

Enrollment and Total Expenditures: Group Health Plans

Figure 9. Private Group Health Plans in Idaho: Total Premiums Collected and Enrollment (CY 2002-2006)



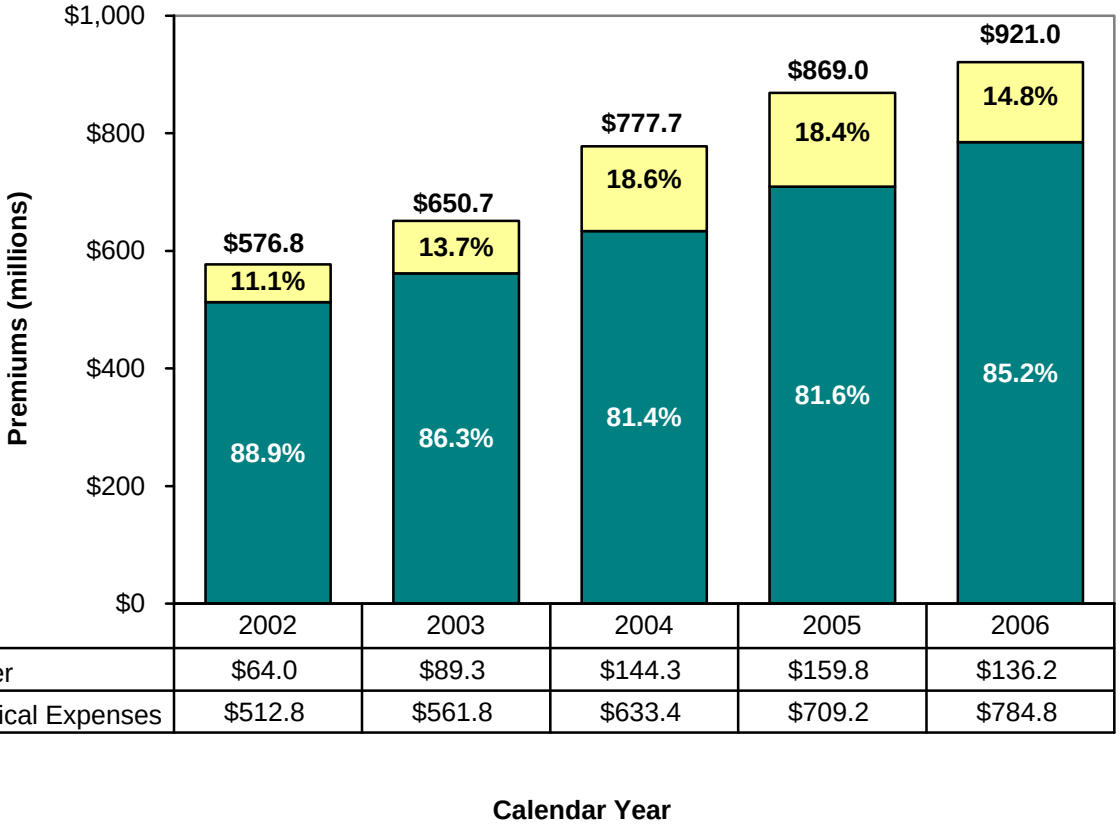
Source: NAIC Annual Health Statements for years ending December 2002-2006. Data presented here also are based on supplemental information provided by staff at Blue Cross of Idaho Health Services and Regence Blue Shield of Idaho.

Notes: Data are for group comprehensive (hospital and medical) plans and Federal Employees Health Benefit plans only. Enrollment refers to total members at the end of the year. Premium amounts shown are those collected/written by insurer.

Figure 9 shows enrollment and total premiums collected for group health insurance plans in Idaho between 2002 and 2006. Overall, enrollment grew by 16.9% during the five years (from 296,220 to 346,226 members). However, most of this increase (14.2%) took place between 2003 and 2004. Enrollment during the other years fluctuated relatively little. While the total amount of premiums collected also increased especially between 2003 and 2004, an increase was observed for every other year as well. Overall, total premiums grew during the five-year time frame by a noticeably higher proportion (59.7%) than enrollment, totaling $576.8 million in 2002 and $921.0 million in 2006.

Medical vs. Other Expenses: Group Health Plans

Figure 10. Private Group Health Plans in Idaho: Total Premiums Collected by Type of Expense (CY 2002-2006)



Source: NAIC Annual Health Statements for years ending December 2002-2006. Data presented here also are based on supplemental information provided by staff at Blue Cross of Idaho Health Service and Regence Blue Shield of Idaho.

Notes: Data are for group comprehensive (hospital and medical) plans and Federal Employee Health Benefit plans only. Enrollment refers to total members at the end of the year. Premium amounts shown are those collected/written by insurer. Medical expenses represent the amount *incurred* by insurer for provision of health care services with the exception of 2002 and 2003 for BCI. For these two years, medical expenses represent the amount *paid* by BCI for health care services. Other dollars include administrative expenses as well as profits.

Figure 10 presents the total incurred medical expenses and loss ratios associated with group plans in Idaho. Total medical expenses grew consistently between 2002 and 2006, from $512.8 to $784.8 million, or an overall change of 53.0%.

The percentage of total group premiums spent on incurred medical expenses compared to other expenses (i.e., administration costs and profit) decreased each between 2002 and 2004 and then

increased between 2004 and 2006. In 2002, medical expenses comprised 88.9% of premiums collected, and in 2006, they represented 85.2%. The proportion of group premiums spent on medical expenditures was the lowest in 2004 and 2005 (approximately 81.5%).

For 2006, we were able to estimate administrative costs[12] for group plans (data not shown in figure). We estimated that $138.2 million (or 15.0%) of the total premiums collected went to plan administration. Taking into consideration that medical costs represented 85.2% of total premiums collected, this suggests that overall, the six insurers lost an overall amount of $2.0 million (equal to 0.2% of total premiums collected) for their group plans during that year.

Highlights – Group Health Insurance Spending

- Most of the private comprehensive (hospital and medical) plan enrollment in Idaho is in the group market. Enrollment in (fully-insured) group health plans totaled 346,226 members in Idaho in 2006. These group plans represented 78.8% of the total comprehensive plan enrollment in the state.
- Together, Blue Cross of Idaho and Regence Blue Shield represented the majority of group plan enrollment (95.6%), with Blue Cross holding the largest share (67.3%). Combined, the other four companies (Altius, Group Health Options, Primary Health Network, and SelectHealth) enrolled just 15,069 group members in 2006, representing 4.4% of group enrollment in the state.
- Overall, enrollment in group plans grew by 16.9% between 2002 and 2006 (from 296,220 to 346,226 members). However, most of this increase (14.2%) took place between 2003 and 2004. Enrollment during the other years fluctuated relatively little. Compared to enrollment, total premiums collected grew during the five-year time frame by a noticeably higher proportion (59.7%), totaling $576.8 million in 2002 and $921.0 million in 2006.
- In 2002, medical expenses comprised 88.9% of premiums collected, and in 2006, they represented 85.2%. The proportion of group premiums spent on medical expenditures was the lowest in 2004 and 2005 (approximately 81.5%).
- An estimated $138.2 million (or 16.5%) of the total group premiums collected went to plan administration in 2006. Taking into consideration that medical costs represented 85.2% of total premiums collected, this suggests that overall, the six insurers lost an overall amount of $7.0 million (equal to 0.8% of total premiums collected) for their group plans.

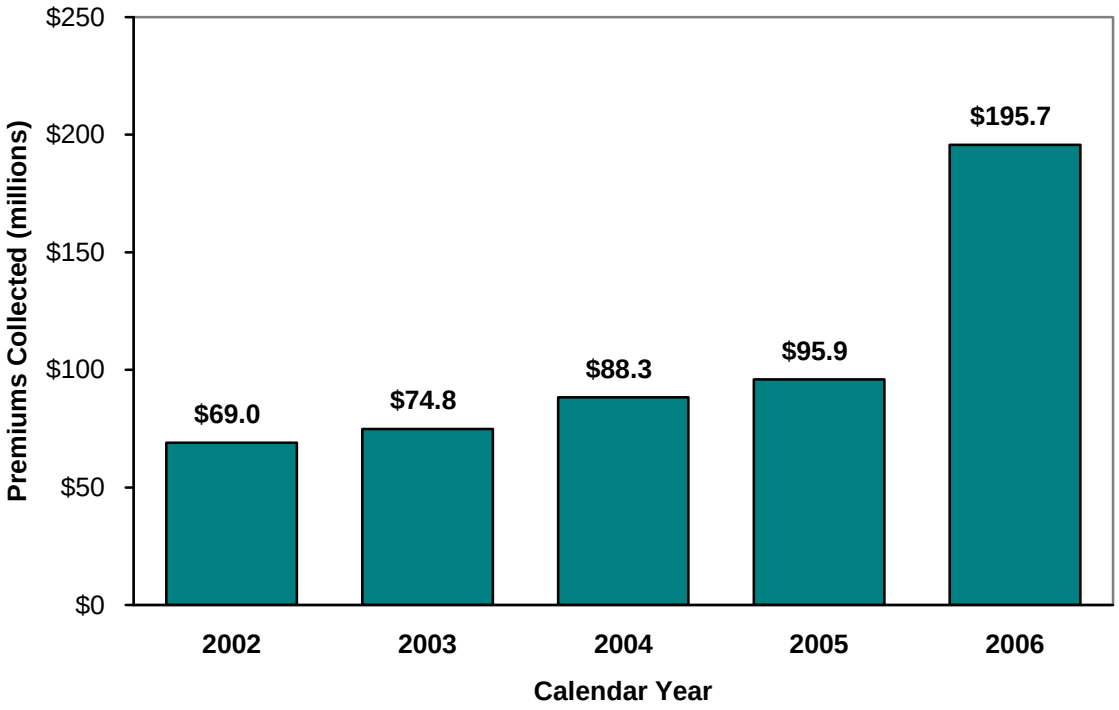
Other Private Health Insurance Spending

As a final indicator of private health insurance expenditures, we examined the health premiums collected by other insurers that collect health premiums from residents in Idaho. There are hundreds of insurers that sell miscellaneous amounts of different lines of insurance – e.g., life, accident and health, disability, single disease, or hospital only coverage – in the state. These insurers are licensed to offer health insurance plans in Idaho and market individual and group

policies in the state. Here, we report on 14 of the largest national insurance carriers that are selling plans in Idaho. These include Aetna Life, Connecticut General, Great-West Life and Annuity, Guardian Life, Humana, Mutual of Omaha, New England Life, Principal Life, Prudential, Time Insurance, UniCare, Union Security, United, and Unum. Data are for individual and group comprehensive, Medicare-related, as well as dental, vision, and disability plans.

Total Expenditures: Other Private Health Insurance

Figure 11. Health Premiums Collected in Idaho by Other Insurers (CY 2002-2006)

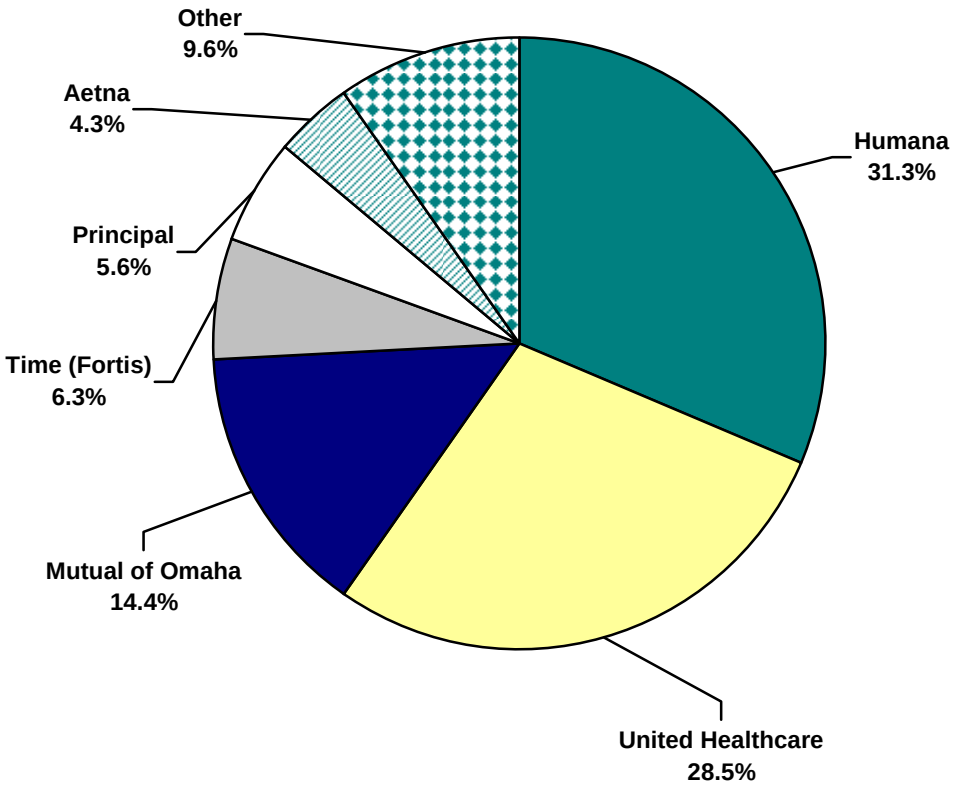


Source: NAIC Life and Accident and Health Statements, Schedule T, for years ending December 2002-2006.
Notes: Based on the following 14 companies: Aetna Life, Connecticut General, Great-West Life and Annuity, Guardian Life, Humana, Mutual of Omaha, New England Life, Principal Life, Prudential, Time Insurance, UniCare, Union Security, United, and Unum. Data include any type of health coverage: individual and group comprehensive, Medicare-related, as well as dental, vision, and disability plans.

The total amount collected in health premiums by the 16 insurers is summarized in Figure 11. Between 2002 and 2005, these premiums amounted to less than $100 million. In 2006, the health premiums collected by these companies doubled to $195.7 million. Prior to 2006, these premiums represented approximately 10% of the individual/group premiums collected by the six companies that filed the NAIC annual statement. As of 2006, their share of health premiums is slightly above 20.0%. A large part of the growth seen in Figure 11 was associated with the

Humana Insurance Company and is likely attributable to this insurer's expansion of Medicare PPO and Part D benefit plans. Humana grew from less than $1 million in health premiums in 2005 to $62.3 million in 2006 and surpassed United HealthCare Insurance Company as the largest company in this market segment. Humana's private fee-for-service Medicare plan had grown to almost 7,200 members in Idaho as of July 2007.[13]

Figure 12. Distribution of Other Health Insurance Premiums Collected by Insurer (CY 2006)



Source: NAIC Life and Accident and Health Statements, Schedule T, for year ending 2006.
Notes: Based on the following 14 companies: Aetna Life, Connecticut General, Great-West Life and Annuity, Guardian Life, Humana, Mutual of Omaha, New England Life, Principal Life, Prudential, Time Insurance, UniCare, Union Security, United, and Unum. Data include any type of health coverage: individual and group comprehensive, Medicare-related, as well as dental, vision, and disability plans.

Figure 12 shows the relative market share (based on health premiums collected) among the 14 insurers for 2006. During this year, health premiums collected by these companies totaled $197.5 million. Among the 14 insurers, two insurers – Humana and United Healthcare — collected over half (59.8%) of these premiums. Another relatively larger company was Mutual of Omaha, who collected 14.4% of the premiums in this group. All other insurers collected 6.3% or less of these health premiums.

Highlights – Other Private Health Insurance Spending

- In 2006, health premiums collected by the 14 companies examined doubled to $195.7 million.
- Among these insurers, two – Humana and United Healthcare —collected over half (59.8%) of these premiums. Mutual of Omaha collected 14.4% of the premiums in this group. All other insurers collected 6.3% or less of these health premiums.
- As of 2006, these premiums represent just over 20% of the individual and group premiums collected by the six companies that filed the NAIC annual statement during the same year.

UNCOMPENSATED CARE PROVIDED BY HOSPITALS

Uncompensated care is typically defined as care provided by health care providers without expectation of payment (charity care) and/or care for which providers have been unsuccessful in collecting reimbursement (bad debt). It has been estimated that as much as 63% of all uncompensated care costs in the United States are borne by hospitals (Hadley and Holahan 2003). State-level data on uncompensated care provided by hospitals can be difficult to collect. The American Hospital Association (AHA) collects some data on charity care in its annual survey of hospitals, but in recent years, AHA will only release national summaries of the data collected. Another source in some states is Uniform Bill (UB) hospital discharge data; however, hospitals in Idaho do not report these data. In fact, according to the most recent survey of the National Association of Health Data Organizations, Idaho has no state data collection programs for hospitals.[14]

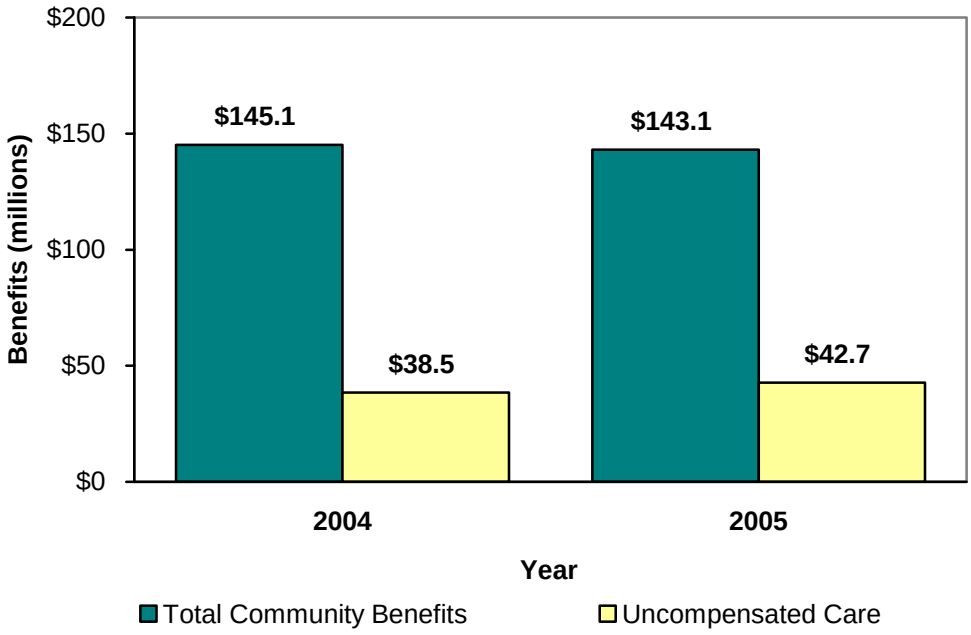
To examine the cost of uncompensated care provided by hospitals in Idaho, we used reports submitted by a set of nonprofit hospitals in the state to the state's Board of Equalization. Each year, hospitals that are recognized as tax-exempt under Section 501(c)(3) and with 150 patient beds or more must file a community benefit report with the Idaho Board of Equalization providing some detail on their activities, particularly care delivery to low-income patients, in fulfillment of their charitable mission. The report must include the amount of service provided in the prior year that was not reimbursed or was not adequately reimbursed, including amounts the hospital classifies as charity care, bad debt, or underpaid by government programs such as Medicare, Medicaid and county indigent care. The report is attached to a hospital's Return of Organization Exempt from Income Tax (Form 990), which qualifying hospitals file each year to the IRS. While these reports are useful in identifying uncompensated care provided by these hospitals, there are limitations to the reports, namely the inconsistency in reporting across hospitals. Changes have been proposed to improve the consistency in hospital reporting in the future.[15]

Only five hospitals in Idaho meet the criteria for the Section 501(c)(3) reporting requirement and therefore submit the report to maintain their exemption from property taxes. These are:

- St. Alphonsus Regional Medical Center (Boise),
- St. Mary's Hospital & Clinics (Cottonwood),
- St. Luke's Regional Medical Center (Boise),
- St. Joseph Regional Medical Center (Lewiston), and
- Bonner General Hospital (Sandpoint).

We present uncompensated care costs (charity care and bad debt) and total community benefits reported (including uncompensated care; unreimbursed costs for services to patients covered by Medicare, Medicaid, and other programs; and other charitable services and programs) by these five hospitals for return years 2004 and 2005.

Figure 13. Select Nonprofit Hospitals in Idaho: Uncompensated Care and Total Community Benefit Expenditures (2004 and 2005)



Source: IRS Form 990 and Supplements, return years 2004 and 2005, as downloaded from Guidestar.org in July 2007.

Notes: Based on five Section 501(c)(3)hospitals with 150+ patient beds in Idaho: St. Alphonsus Regional Medical Center (Boise), St. Mary's Hospital & Clinics (Cottonwood), St. Luke's Regional Medical Center (Boise), St. Joseph Regional Medical Center (Lewiston), and Bonner General Hospital (Sandpoint). Uncompensated care includes charity care and bad debt. Total community benefits include uncompensated care, unreimbursed costs for services to patients covered by Medicare, Medicaid, and other government programs; and other charitable services and programs as reported by hospital. Total community benefits were not available for one hospital.

Figure 13 shows expenditures for uncompensated care and total community benefits provided by the five hospitals for return years 2004 and 2005. Uncompensated care includes both bad debt and charity care reported by the hospitals. Total community benefits represent the sum of all expenses reported by individual hospitals including uncompensated care; unreimbursed costs for services to patients covered by Medicare, Medicaid, and other programs; and other charitable services and programs. Data on total community benefits for one of the hospitals were not available and are excluded from that total amount in both years.

During 2005, the uncompensated care provided by these hospitals totaled $42.7 million, up 11.0% from $38.5 million in 2004. Total community benefits, however, decreased slightly (by 1.4%) between the two years, from $145.1 to $143.1 million. Not including the hospital for which total community benefit data were not available, uncompensated care represented 26.5% and 29.8% of total community benefits overall for return years 2004 and 2005, respectively.

Table 7. Uncompensated Care and Total Community Benefits Reported by Select Nonprofit Hospitals in Idaho (2005)

Hospital	Annual Revenues	Net Income	Uncompensated Care	% of Revenues	All Community Benefits Reported
St. Luke's Regional Medical Center	$403,336,744	$6,717,932	$22,339,000	5.5%	$70,813,000
St. Alphonsus Regional Medical Center	$331,856,511	$36,077,886	$16,108,563	4.9%	$44,588,374
St. Joseph Regional Medical Center	$83,547,162	$2,998,286	$2,011,432	2.4%	$17,176,432
Bonner General Hospital	$31,785,038	($787,113)	$1,842,822	5.8%	$10,556,822
St. Mary's Hospital & Clinics	$13,257,814	$1,080,400	$430,607	3.2%	*Not available*

Source: Author's analysis of Form 990 returns and supplements, return year 2005, as downloaded from Guidestar.org in July 2007.

Notes: Based on five Section 501(c)(3)hospitals with 150+ patient beds in Idaho: St. Alphonsus Regional Medical Center (Boise), St. Mary's Hospital & Clinics (Cottonwood), St. Luke's Regional Medical Center (Boise), St. Joseph Regional Medical Center (Lewiston), and Bonner General Hospital (Sandpoint). Uncompensated care includes charity care and bad debt. Total community benefits include uncompensated care, unreimbursed costs for services to patients covered by Medicare, Medicaid, and other government programs; and other charitable services and programs as reported by hospital.

Finally, Table 7 provides additional information on uncompensated care expenditures for each of the five hospitals during return year 2005. St. Luke's Regional Medical Center reported the most uncompensated care, in terms of total expenditures ($22.3 million) and was among the highest, along with Bonner General Hospital, as calculated as a percentage of revenues (5.5%). Similarly, St. Alphonsus Regional Medical Center also reported spending about 5.0% of its total revenues on uncompensated care. Uncompensated care amounted to $16.1 million for St. Alphonsus and $1.8 million for Bonner. St. Joseph Regional Medical Center and St. Mary's Hospital and Clinics spent relatively smaller shares of their total revenues on uncompensated care. St. Luke's and St. Alphonsus reported the majority of total community benefits provided, totaling $115.4 million in 2005.

Highlights – Uncompensated Care Provided by Hospitals

- State data on uncompensated care provided by hospitals and other providers are limited in Idaho. As nonprofit hospitals, five hospitals in Idaho are required to report information on uncompensated care and total community benefit (including uncompensated care; unreimbursed costs for services to patients covered by Medicare, Medicaid, and other programs; and other charitable services and programs) expenditures as part of their annual IRS tax return.
- For these five hospitals, uncompensated care expenditures (including charity care and bad debt) totaled $42.7 million for return year 2005. Between 2004 and 2005, uncompensated care provided by these hospitals grew by 11.0%.
- Total community benefits provided by these hospitals amounted to $143.1 million in 2005. Uncompensated care represented 29.8% of these community benefits.
- Of the five nonprofit hospitals, St. Luke's and St. Alphonsus combined provided the majority of uncompensated care and total community benefits reported.

LESSONS LEARNED AND RECOMMENDATIONS

This report is one out of a series of reports prepared for the Idaho JLOC, Health Care Task Force, and OPE as part of the project, "Idaho's Health Care Costs and Options to Improve Health Care Access." This report presents estimations of private health care expenditures in Idaho, including:

- Overall private expenditures on health care in Idaho, including private insurance, out-of-pocket, and other (e.g., philanthropic) sources,
- Distribution of overall private health expenditures by health care service type,
- Expenditures associated with group and individual health insurance plans, and
- Uncompensated care provided by select hospitals.

Where possible, the study collected information about funding sources, enrollment, health care expenditures, as well as administrative expenses.

As the Idaho Health Care Task Force recognized in requesting this study, having up-to-date data on health care expenditures is important for informed decision making by policy makers. It is important to acknowledge, however, the data limitations in the state and that the collection and analysis of private health care expenditure data can be a time- and resource-intensive process. A key consideration in the future monitoring of private health care expenditures in Idaho is the availability and accessibility of data. As indicated at the outset of this report, a variety of data is required to produce a thorough picture of private health care costs in the state, yet not all information required is either available or readily accessible. Publicly available data on private health expenditures are typically limited, given the private and proprietary nature of the information, the numbers of existing individual and employer private payers, and the difficulty in collecting and monitoring the information.

As is shown in this report, the CMS National and State Health Accounts are an important resource for assessing Idaho's private health care expenditures, but these data have their limitations: more detailed data are available at a national compared to a state level, lack of information by patient diagnoses, and the lack of direct information about the "sponsors" (e.g., individuals, government, private employers)[16] of private expenditures. The NAIC Annual Health Statements and other statements proved to be a valuable data source for assessing private health insurance costs in the state as well. Their primary limitation is that they do not capture the expenditures associated with self-funded health plans. Further, information about the administration costs associated with insurers' individual and group lines of business is narrow. Finally, we found very limited data concerning the uncompensated care (charity care/bad debt) provided by hospitals and other providers in the state.

In summary, key data voids in assessing private health care expenditures in Idaho pertain to self-funded health plans, uncompensated care, administrative costs, and expenditure variations by different patient diagnoses. Changes to reporting patterns and requirements of providers to state agencies (e.g., Department of Insurance) should be considered for future monitoring of such expenditures.

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NOTES

[1] See CMS (2005).
[2] See CMS (2005).
[3] See CMS (2005, 2006).
[4] Available at http://www.cms.hhs.gov/NationalHealthExpendData/07_NHEA%20Related%20Studies.asp
[5] See CMS (2007b).
[6] See CMS (2007c).
[7] See CMS (2007c).
[8] See Kasper, Lyons, and O'Malley (2007).
[9] Only two of the companies (Regence Blue Shield and Blue Cross of Idaho) reported premiums for Medicare-related, dental-only, and stop loss lines of business. In 2006, these lines accounted for no more than 20% of the total business (in terms of enrollment or premiums written) for either one of these insurers.
[10] Administration costs for individual comprehensive plans were estimated from the total administration costs (claims adjustment expenses and general administrative expenses) for comprehensive plans. This estimate was based on the proportion of each company's business in Idaho and on the proportion of incurred comprehensive health care costs affiliated with individual plans (as opposed to group plans).
[11] Based on enrollment information supplied by the Idaho Office of Performance Evaluations from the Department of Insurance.
[12] Administration costs for group comprehensive plans were estimated from the total administration costs (claims adjustment expenses and general administrative expenses) for comprehensive plans. This estimate was based on the proportion of each company's business in Idaho and on the proportion of incurred comprehensive health care costs affiliated with group plans (as opposed to individual plans). In calculating total group administrative costs, we also incorporated total administrative costs associated with Federal Employees Health Benefit plans.
[13] Based on CMS Medicare enrollment numbers as of July 2007. Available at www.cms.hhs.gov/MCRAdvPartDEnrolData/MMAESCC/list.asp#TopOfPage
[14] See the National Association of Health Data Organizations (2005).
[15] The state report requires the reporting hospital to reference some nationally accepted reporting format, such as the one prepared by the Catholic Health Association (CHA). But the reports are inconsistently formatted. For example, the CHA guidelines say that the difference between cost and what Medicaid pays a hospital can be listed as a community benefit. These guidelines do not treat Medicare payment shortfalls in the same way, yet some of hospitals presented in this report listed those amounts as well. Changes to the Form 990 are currently planned for return year 2009. See http://www.irs.gov/charities/article/0,,id=171216,00.html
[16] CMS (2007a).

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