

# Competition in Minnesota's Health Care Marketplace

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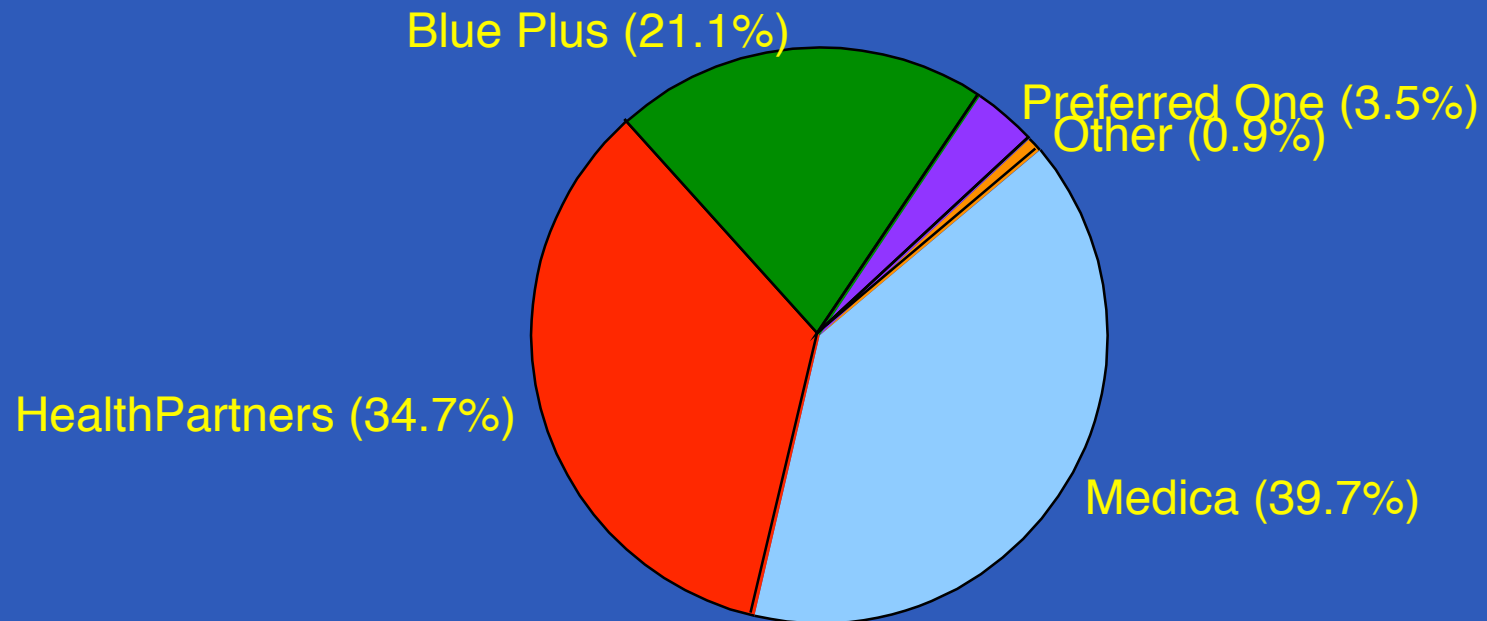
# Outline of Presentation

- Measures of Concentration and Competition
- Implications and Discussion

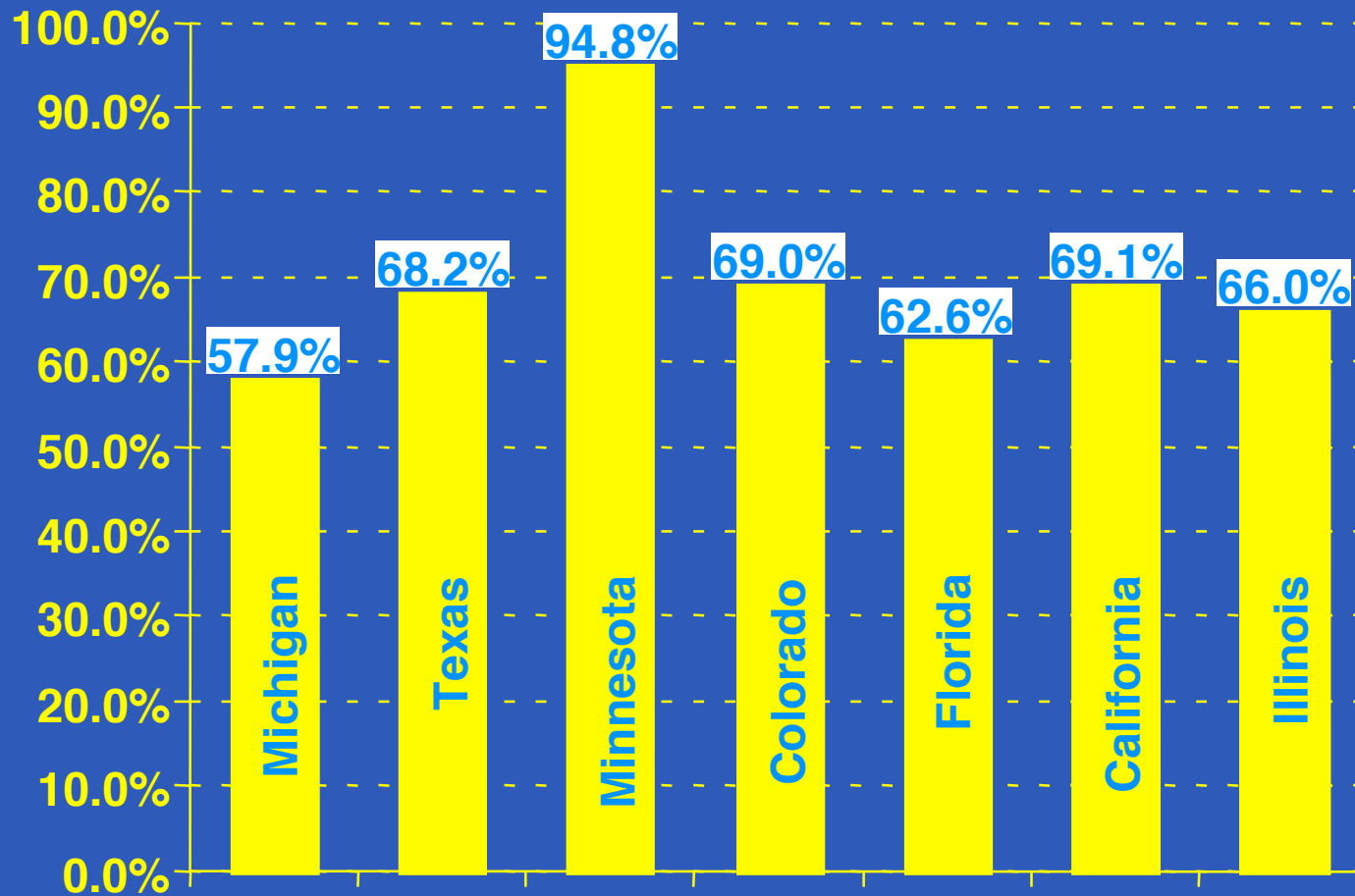
# Minnesota Health Plan Trends

- HMO Concentration
- Premium Trends
- Enrollment

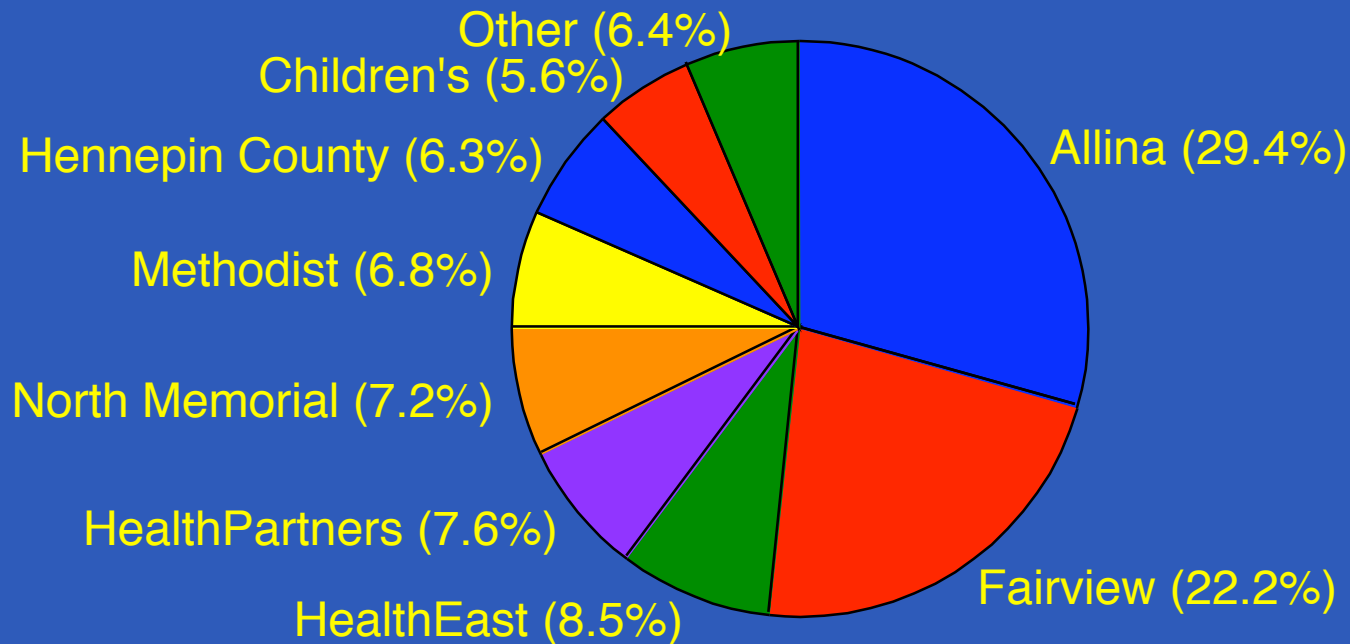
# Market Concentration: Commercial HMOs, 1999



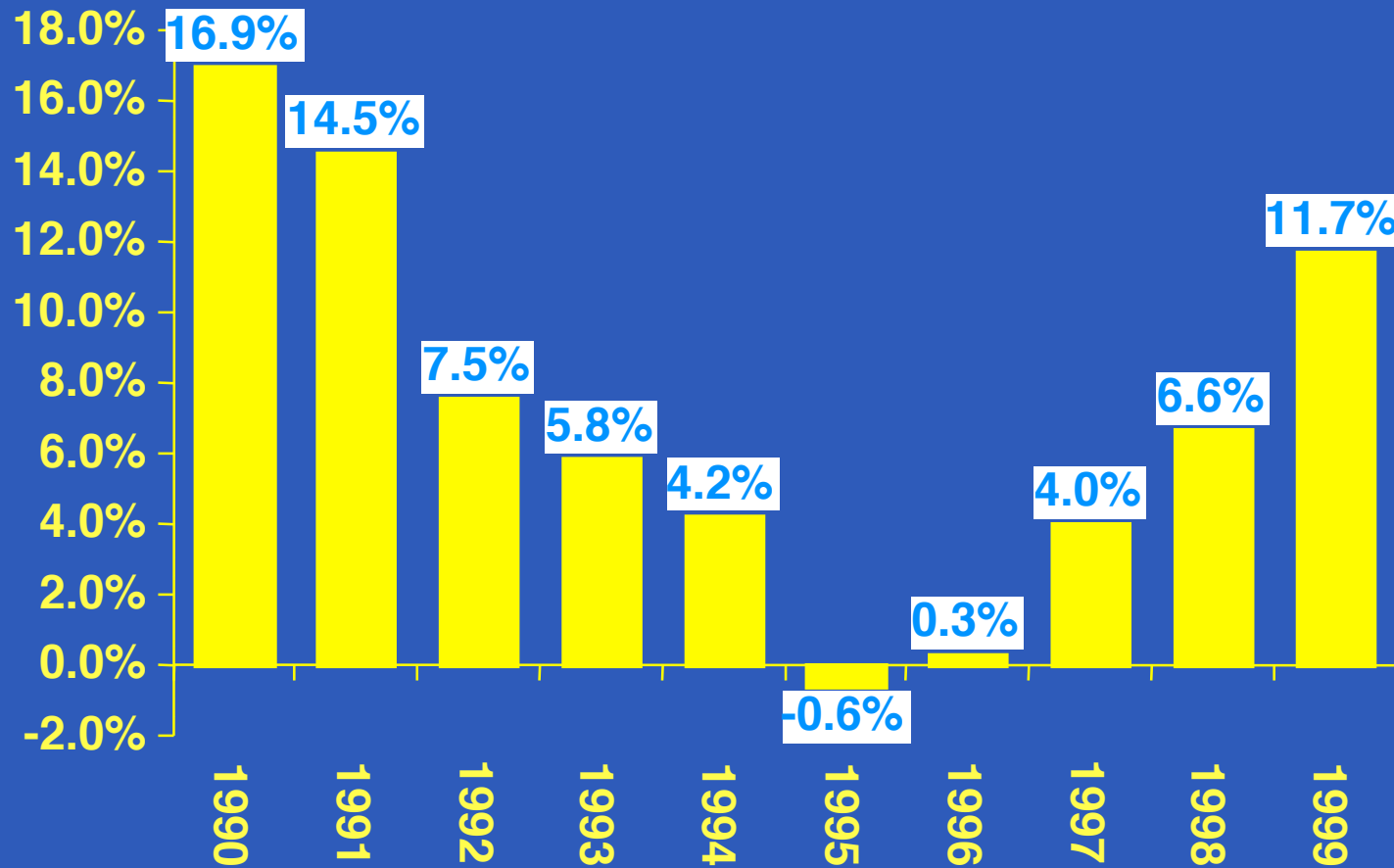
# HMO Market Concentration



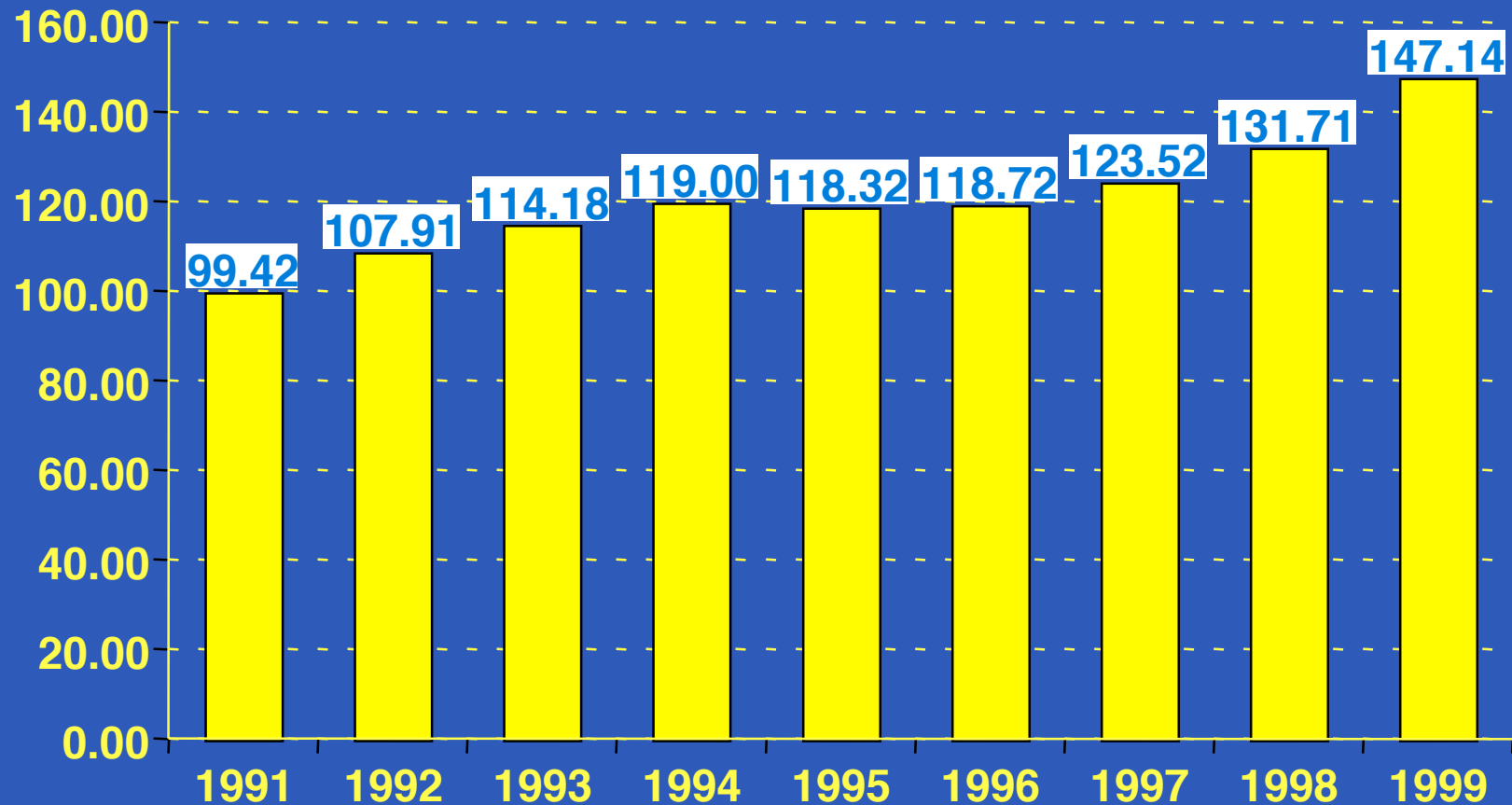
# Twin Cities Area Inpatient Hospital Market Share



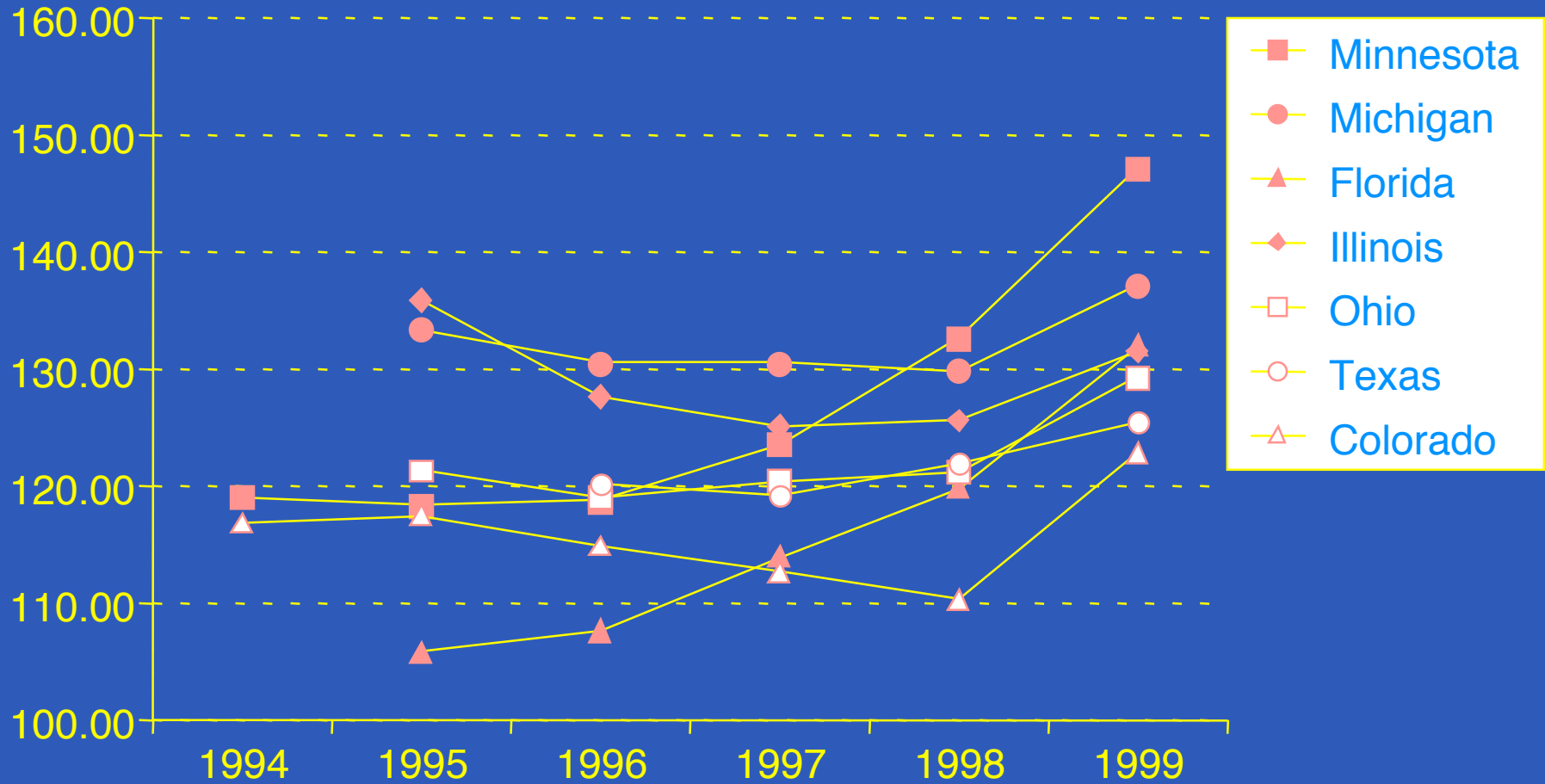
# Premium Revenue Trends: Annual Increase



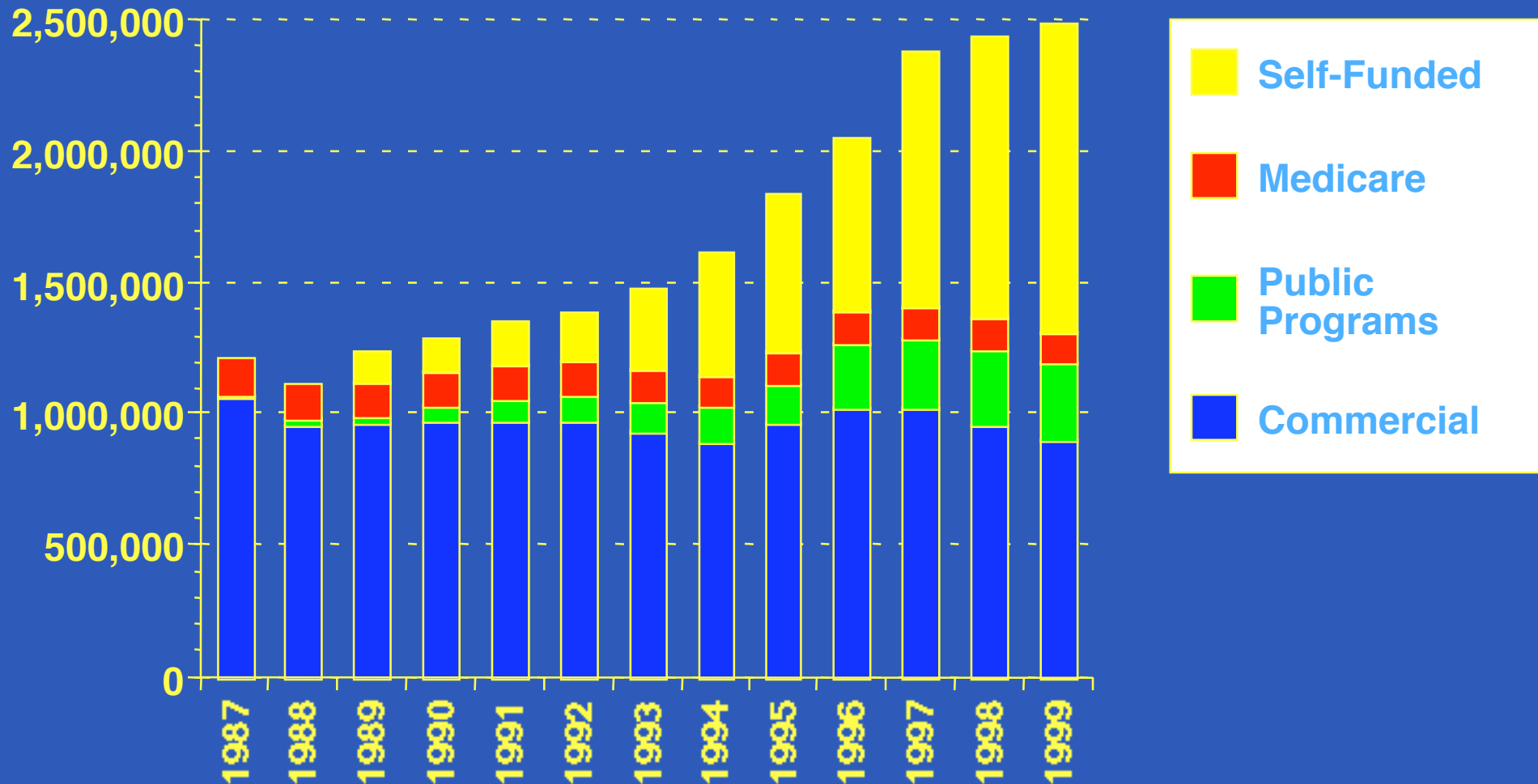
# Premium Revenue Trends: Per Member Per Month



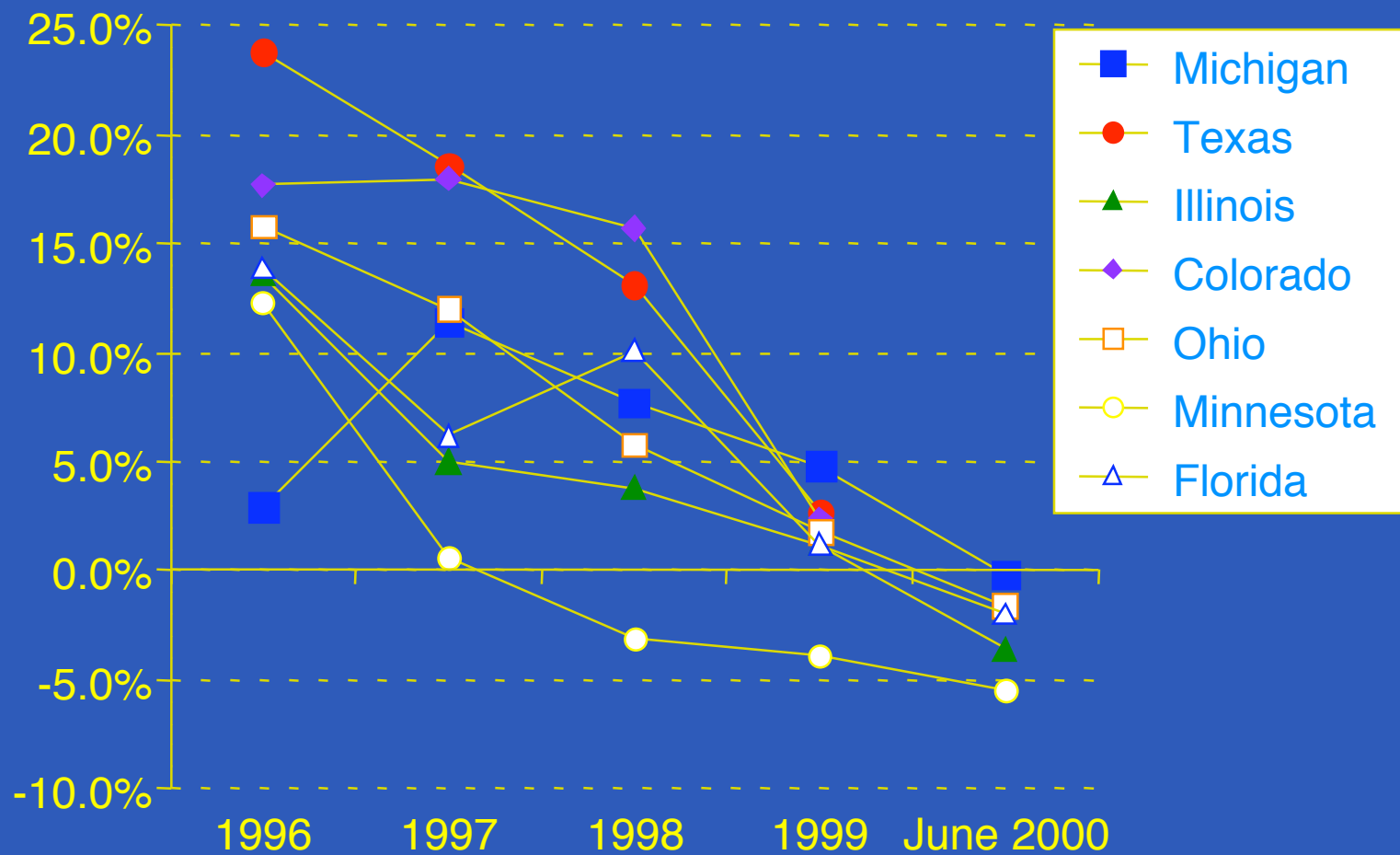
# Premium Trend Comparison



# HMO Enrollment, 1987-1999



# HMO Enrollment Growth Rates



# Key Market Trends -1

- Aversion to risk by
  - ✓ Health plans - go to PPOs, ASO
  - ✓ Providers - end risk contracts
  - ✓ Employers - look to defined contribution

# Key Market Trends - 2

- HMO Enrollment Hits the Wall
  - ✓ Commercial preferences and strategies change
  - ✓ Medicare saturation/withdrawals
  - ✓ Medicaid enrollment declines

# Key Market Trends - 3

- Meeting size with size
  - ✓ Hospitals push back - exerting leverage with health plans - “You need us to sell premium”
  - ✓ Physicians less successful in regaining market power
  - ✓ Purchasers seek to leverage group power, but maintaining cohesion is difficult

# Barriers to Health Plan Competition

- Over regulation - barriers to entry
- Overlapping provider networks
- Lack of comparative information at the provider level

# Implications of New Developments

- Will purchasers increase their involvement or seek to limit their role?
- Consumer empowerment or reinventing PPOs?
- What if for-profit health plans could compete here?