



GAO

Accountability \* Integrity \* Reliability

---

United States Government Accountability Office  
Washington, DC 20548

October 13, 2005

The Honorable Olympia J. Snowe  
Chair  
Committee on Small Business and Entrepreneurship  
United States Senate

The Honorable Christopher “Kit” Bond  
United States Senate

The Honorable James M. Talent  
United States Senate

Subject: *Private Health Insurance: Number and Market Share of Carriers in the Small Group Health Insurance Market in 2004*

As a follow-up to our 2002 report on the competitiveness of the small group health insurance market,<sup>1</sup> you requested updated information on each state and the District of Columbia. Specifically, you asked us to identify—for each state—the number of carriers<sup>2</sup> licensed in the small group market, the largest carriers, and their market share.

To obtain this information, we sent an electronic survey to the office responsible for regulating insurance, health plans, or both in all 50 states and the District of Columbia (hereafter referred to as a state). We followed up with nonresponding states by e-mail and by telephone and received responses from 47 states. However, not all 47 states had the information needed to answer all of the questions. For example, 40 states reported the largest carrier and 34 states provided market share data. Also, the responding states varied in how they defined the size of a small group. Most—35—defined a small group as 2 to 50 employees, 10 defined a small group as 1 to 50 employees, and 1 had another definition.<sup>3</sup> We did not verify the information provided by the states. We performed our work from August through October 2005 in accordance with generally accepted government auditing standards.

The following summarizes our findings:

- The median number of licensed carriers in the small group market per state was 28, with a range from 3 in Rhode Island to 75 in Georgia.

---

<sup>1</sup> GAO, *Private Health Insurance: Number and Market Share of Carriers in the Small Group Health Insurance Market*, GAO-02-536R (Washington, D.C.: Mar. 25, 2002).

<sup>2</sup> A carrier is generally an entity (either an insurer or managed health care plan) that bears the risk for and administers a range of health benefit offerings.

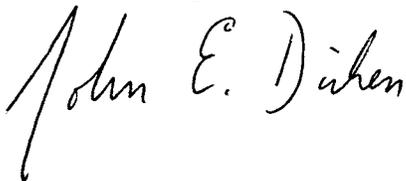
<sup>3</sup> Missouri defined small group as from 3 to 25 employees.

- The median market share of the largest carrier in the small group market was about 43 percent, with a range from about 19 percent in Texas to about 93 percent in North Dakota.
- The five largest carriers in the small group market, when combined, represented three-quarters or more of the market in 26 of the 34 states supplying information, and they represented 90 percent or more in 12 of these states.
- Thirty of the 40 states supplying information identified a Blue Cross and Blue Shield (BCBS) carrier as the largest carrier offering health insurance in the small group market, and in all but 1 of the remaining 10 states, a BCBS carrier was among the five largest carriers.
- The median market share of all the BCBS carriers in the 34 states supplying information was about 44 percent, with a range from about 6 percent in Wisconsin to about 93 percent in North Dakota; in 13 of these states BCBS carriers combined for half or more of the market.
- The market share of the largest small group carrier has increased since our 2002 report. The median market share of the largest small group carrier was about 43 percent, compared to the 33 percent reported in 2002. The combined market share of the five largest small group carriers represented three-quarters or more of the market in 26 of 34 states, compared to 19 of 34 states reported in 2002. Finally, the median market share of all the BCBS carriers in 34 reporting states was about 44 percent, compared to the 34 percent reported in 2002.

-----

The enclosure summarizes by state the number of licensed carriers, the largest carrier and its market share, and the market share of the five largest carriers in the small group market. In addition, the enclosure shows the rank of the largest BCBS carrier and the combined market share of all BCBS carriers.

As arranged with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days after its issue date. Copies will then be made available upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Please call me at (202) 512-7119 if you have any questions. Major contributors to this report were Randy DiRosa, Assistant Director; Iola D'Souza, and M. Peter Juang.



John E. Dicken  
Director, Health Care

Enclosure

**Number of Carriers, Largest Carrier, and Market Share Data for Small Group Health Insurance Carriers by State**

<b>State</b>	<b>Number of licensed carriers</b>	<b>Largest carrier</b>	<b>Market share of largest carrier (percentage)</b>	<b>Market share of five largest carriers (percentage)</b>	<b>Rank of largest BCBS carrier</b>	<b>Market share of all BCBS carriers (percentage)</b>
Alabama	NA	BCBS of Alabama	78 <sup>a</sup>	NA	1	NA
Alaska <sup>b</sup>	12	Premera Blue Cross	66	100	1	66
Arizona	53	United Healthcare Insurance Co.	29	66	2	19
Colorado	27	United Healthcare Insurance Co.	24	72	3	13
Connecticut	25	Anthem BCBS	NA	NA	1	NA
Delaware	16	BCBS of Delaware	58	99	1	58
District of Columbia	13	Group Hospitalization & Medical Services (BCBS)	43	97	1	65
Florida	29	United Healthcare Insurance Co.	22	78	3	31
Georgia	75 <sup>c</sup>	BCBS Health Care Plan of Georgia <sup>c</sup>	27 <sup>c</sup>	65 <sup>c</sup>	1 <sup>c</sup>	41 <sup>c</sup>
Idaho	16	BCBS of Idaho	45	97	1	87
Illinois	51	NA	NA	NA	NA	NA
Iowa	60	Wellmark BCBS of Iowa	56	91	1	68
Kansas	28	BCBS of Kansas	NA	NA	1	NA
Kentucky <sup>b</sup>	10	Anthem BCBS	43	93	1	43
Louisiana	35	Louisiana Health Service & Indemnity (BCBS) <sup>d</sup>	29 <sup>d</sup>	85 <sup>d</sup>	1 <sup>d</sup>	54 <sup>d</sup>
Maine	12	Anthem BCBS	48	98	1	63
Maryland	16	Carefirst Bluechoice, Inc.	43	90	1	59
Massachusetts	25	BCBS Massachusetts	32	86	1	39
Michigan	45	BCBS of Michigan	62	78	1	69
Minnesota	11	BCBS of Minnesota <sup>d</sup>	45 <sup>d</sup>	98 <sup>d</sup>	1 <sup>d</sup>	45 <sup>d</sup>
Missouri	38	Healthy Alliance Life Insurance Co.	46	87	3	8
Montana	13	BCBS of Montana	36	85	1	36
Nevada	35	Health Plan of Nevada	NA	NA	NA	NA
New Jersey	16	Aetna Health, Inc.	37	86	2	27
New York <sup>e</sup>	29	Oxford	21	63	2	36

State	Number of licensed carriers	Largest carrier	Market share of largest carrier (percentage)	Market share of five largest carriers (percentage)	Rank of largest BCBS carrier	Market share of all BCBS carriers (percentage)
North Carolina	32	BCBS of North Carolina	54	89	1	54
North Dakota	9	Noridian Mutual Insurance Co. (BCBS)	93	99	1	93
Ohio	63	Community Insurance Co. (BCBS)	32	79	1	32
Oklahoma	36	Group Health Service of Oklahoma (BCBS)	30	71	1	49
Oregon	12	Lifewise Health Plan of Oregon	25	79	5	14
Rhode Island	3	Blue Cross and Blue Shield of Rhode Island	NA	NA	1	NA
South Carolina	29	BCBS of South Carolina	49	87	1	49
Tennessee	41	BCBS of Tennessee	49	85	1	49
Texas	58	United Healthcare Insurance Co.	19	59	3	17
Utah <sup>b</sup>	22	Regence BCBS of Utah	40	93	1	40
Vermont	12	BCBS of Vermont	73	100	1	84
Virginia	45	Anthem BCBS <sup>f</sup>	NA	NA	1	NA
Washington	12	Premera Blue Cross	57	92	1	85
West Virginia	33	Blue Cross Blue Shield, Inc.	43	77	1	43
Wisconsin	50	United Healthcare of Wisconsin <sup>d</sup>	20 <sup>d</sup>	49 <sup>d</sup>	3 <sup>d</sup>	6 <sup>d</sup>
Wyoming	15	BCBS of Wyoming	40	74	1	38

Source: GAO survey of state insurance regulators.

Legend: NA = not available.

Notes: Reported data are for December 2004 unless otherwise noted.

Ranking and market share data are based on the number of covered lives unless otherwise noted.

Four states did not respond to the survey: California, New Hampshire, New Mexico, and Pennsylvania. In addition, six states did not provide data on small group carriers or on market share: Arkansas, Hawaii, Indiana, Mississippi, Nebraska, and South Dakota.

<sup>a</sup>The Alabama Department of Insurance estimated that BCBS of Alabama represented about 75 to 80 percent of the small group market. Seventy-eight percent represents the rounded midpoint of that range.

<sup>b</sup>Data are for December 2003.

<sup>c</sup>Georgia reported that there are no standard reporting sources on the number of carriers and the total number of covered lives in the small group market, but estimated the number of carriers at about 75, and estimated the total number of covered lives to be 851,365. We used the estimated number of covered lives to calculate rankings and market share.

<sup>d</sup>Ranking and market share are based on gross premiums.

<sup>e</sup>Data are for January 2005.

<sup>f</sup>Total premium data or number of covered lives are not collected for the small group market. A Virginia Bureau of Insurance official reported that Anthem BCBS was clearly the largest carrier in the small group market.

(290490)

---

---

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site ([www.gao.gov](http://www.gao.gov)). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to [www.gao.gov](http://www.gao.gov) and select "Subscribe to Updates."

---

## Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office  
441 G Street NW, Room LM  
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000  
TDD: (202) 512-2537  
Fax: (202) 512-6061

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: [www.gao.gov/fraudnet/fraudnet.htm](http://www.gao.gov/fraudnet/fraudnet.htm)

E-mail: [fraudnet@gao.gov](mailto:fraudnet@gao.gov)

Automated answering system: (800) 424-5454 or (202) 512-7470

---

## Congressional Relations

Gloria Jarmon, Managing Director, [JarmonG@gao.gov](mailto:JarmonG@gao.gov) (202) 512-4400  
U.S. Government Accountability Office, 441 G Street NW, Room 7125  
Washington, D.C. 20548

---

## Public Affairs

Paul Anderson, Managing Director, [AndersonP1@gao.gov](mailto:AndersonP1@gao.gov) (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, D.C. 20548