



California Association of Health Plans

Economic | PROFILE 2009



Introduction

The California health plan industry makes significant and integral contributions to California's economy and local communities through jobs, taxes, purchases of necessary goods and services for health plan operations, and engages in a variety of community support activities and philanthropy. Health plans are one of the state's largest industries, accounting for more than 40 percent of all health expenditures in the state.

In these uncertain economic times, health plans offer some stability to the state's economic structure. Plans create 130,000 jobs—directly and indirectly—and contribute \$13.5 billion in revenues and billions of dollars in taxes to our cash-strapped state.

The 39 members of the California Association of Health Plans provide health coverage to more than 24 million people — those in small and large group plans, to private and public employers, small and large businesses, to individuals, low-income populations, California's seniors, persons with special needs and to children in the state.

Key Contributions of California's Health Plans

- 130,000 jobs are created either directly through the health plan industry or through indirect or induced services
- \$13.5 billion toward the state's total economic product
- More than 24 million Californians with vital health care coverage
- More than 2 million low-income children covered through health plans offering Medi-Cal and Healthy Families coverage
- \$79.5 billion in payments for medical care
- \$87.7 billion of revenues generated
- Health coverage is offered in each of California's 58 counties
- Access to more than 420 hospitals and 80,000 physicians
- 1 out of every 4 Americans enrolled in an HMO lives in California
- 3 out of every 5 Californians is enrolled in an HMO
- More than 80,000 children covered through county children's health initiatives

Economic Reach

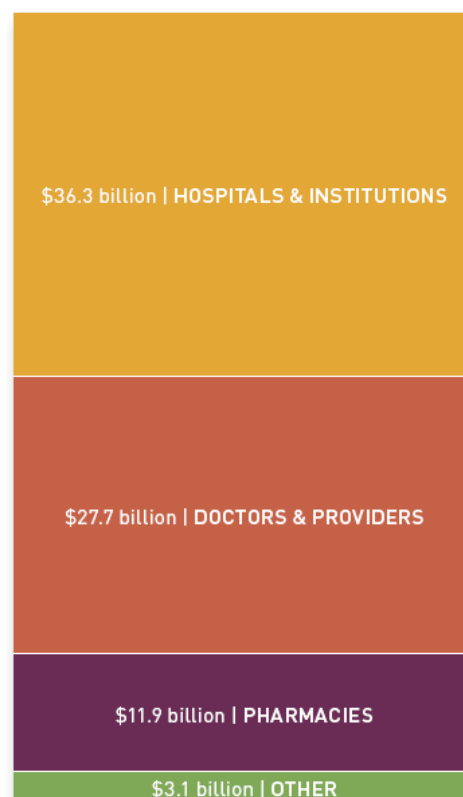
Health plans spend more than \$79 billion on medical care for their Californian membership.

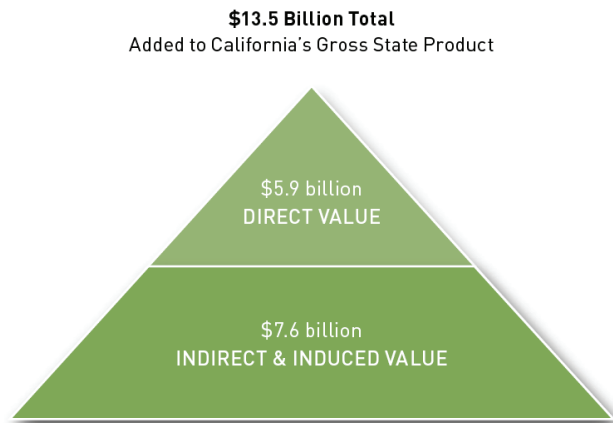
Of the \$79 billion spent on medical care, 35 percent goes directly to physicians and other individual providers. 46 percent goes to hospitals and other institutions for care. 15 percent is spent on prescription drugs.

Health insurers contribute \$13.5 billion annually to California's gross state product. This economic value derives from payroll compensation, goods, services, rents, taxes and other items necessary for the conduct of the health plan business. This includes both direct and indirect/ induced value from associated businesses and services (\$5.9 billion in direct contribution and \$7.6 billion in indirect and induced contributions).

The State of California has collected over \$2.2 billion in state premium taxes from the insurance industry.

\$79 Billion Total
Spent by Health Plans in California





Most of California's health plans are non-profit and most of these plans provide health insurance to low-income Californians. The commercial for-profit plans contribute billions of dollars to our tax base, including funding for the state's regulating body over managed care health plans: the Department of Managed Health Care. Health insurers are responsible, via their employees, suppliers, and suppliers employees for an additional \$1.6 billion in California taxes. Combined with premium taxes, this represents 3.4 percent of California tax receipts. Health insurers are also responsible for \$2.1 billion in federal taxes.

**Contribution to California Gross Product was calculated using the IMPLAN economic model.*

**Data from the US Census Bureau includes state premium tax collected from all types of insurance companies, including health insurance.*

Charitable Contributions

In addition to serving valued members, California's health plans have invested billions of dollars to support communities. Through their foundations, community benefit departments, and simple goodwill, CAHP's members have generously contributed to a variety of causes, prevention efforts, and statewide initiatives. Examples of some of health plans' charitable contributions and community benefit activities are provided.

Community Support—KAISER PERMANENTE

Kaiser Permanente is committed to fighting obesity and the health risks it creates; and, is determined to reduce health disparities between different social and economic groups. Since 2005, Kaiser Permanente has awarded more than 150 Healthy Eating Active Living (HEAL) grants totaling \$14.8 million in California.

With their Healthy Living Active Living Community Health Initiative (HEAL-CHI), Kaiser Permanente is investing more than \$6 million over five years to help Modesto, Richmond and Santa Rose make healthy choices available in their neighborhoods, schools, workplaces and health care settings. They want it to be easier for people to find fresh produce in their corner markets, make healthy choices in the cafeteria, and find opportunities for walking, biking and other physical activities. In addition to funding, Kaiser Permanente provides health education materials and shares best practices.

In Southern California, their three-year partnership with the Trust for Public Land supports the trust's work to address park inequities throughout Los Angeles County, as well as to install "Fitness Zones" in existing parks. Fitness Zones are configurations of gym-quality exercise equipment, custom-designed for outside use. It's free and easy to use for strength training, flexibility and cardio workouts for a variety of ages and fitness levels—creating new opportunities for park users to get active.



Employment and Structure

Health plans provided jobs for more than 130,000 Californians in 2008. This includes direct employment of 43,000 people and 46,000 indirect jobs. An additional 41,000 jobs are induced—jobs that are dependent on the spending of those with direct or indirect jobs.

Total employee compensation payroll for these jobs is \$7.9 billion.

The industry directly employs people in 30 counties across the state.

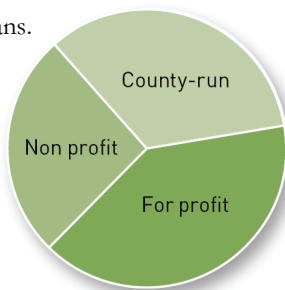
California Health Plan Industry Employment

Direct Jobs	43,000	Jobs within health plan operations
Indirect Jobs	46,000	Jobs related to business providing goods and services to support plan operations
Induced Jobs	41,000	Jobs that are dependent on the household spending of those with direct and indirect jobs
TOTAL JOBS	130,000	
TOTAL PAYROLL	\$7,900,000,000	

CAHP has 39 member health plans.

Of these,

- 34 percent are county-run,
- 26 percent are nonprofit,
- and the remainder are for-profit enterprises.



More than 70 percent of CAHP members provide health services to enrollees in Medi-Cal, Healthy Families, or other low-income individuals and families.

** The US Census Bureau provides the figures for direct employment by health plans. Contribution to indirect and induced employment calculated using the IMPLAN economic model.*

Community Support— HEALTH PLAN OF SAN JOAQUIN

Health Plan of San Joaquin recognizes the important role that health and social service providers play in maintaining and improving the wellbeing of its communities.

As a result, since its inception, HPSJ has been strongly committed to providing financial and other support to safety net providers and community agencies working to improve the health and well-being of its communities, contributing nearly \$3.3 million dollars during the last fiscal year.

Through its Community Wellness Funding Program, HPSJ identifies and supports a wide range of organizations working to improve access to care, reduce ethnic and cultural health disparities, and improve childhood nutrition and fitness.

HPSJ's experience with the Community Wellness Funding Program and its many partnerships with local organizations has demonstrated how challenging it can be for community organizations to sustain new programs and to provide training and development activities for their staff.

As a result, HPSJ has initiated a program to underwrite professional development training for key staff at community-based organizations throughout its service area. Through a contract with the Nonprofit Resource Center in Sacramento, subject matter experts provide training to Executive Directors, program staff, and others on topics such as Board Development and Strategic Planning, Fund Development and Marketing Strategies, Financial Management, Human Resources, Program Planning, and Program Evaluation.

By providing these low cost, high quality training and professional development activities HPSJ is offering community based organizations the opportunity to ensure that their proposals are competitive and that their programs are innovative, well-planned, relevant and have a greater potential for sustainability and community impact.



Health Insurance Coverage

California's health insurance plans cover more than 24 million people. Three out of every five, or nearly 22 million Californians, are currently enrolled in an HMO. California has the largest HMO enrollment out of any state with over 25 percent of America's HMO enrollees living in the state.

States with Most HMO Enrollees

State	Share of US Market
California	25%
New York	10%
Florida	5%
Pennsylvania	5%
Texas	4%
Michigan	4%
Massachusetts	3%
Ohio	3%
Georgia	3%
New Jersey	3%

The plans include a diverse range of members, including:

- 12 million people in the large group market—businesses with more than 50 employees

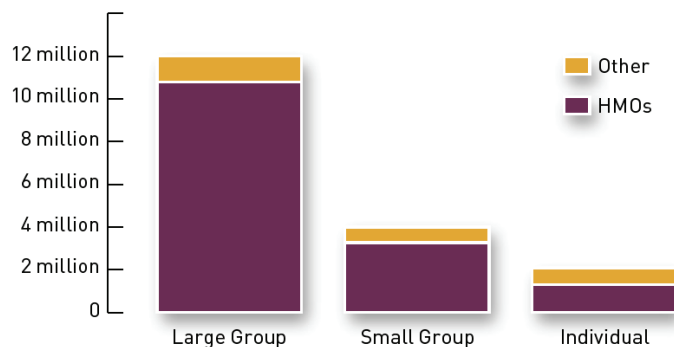
90 percent are enrolled in HMOs

- 4 million in the small group market—businesses with 2 to 50 employees

82 percent are enrolled in HMOs

- 2.1 million in individual markets where consumers purchase their own health insurance independently

62 percent are enrolled in HMOs



Community Support—ANTHEM BLUE CROSS

By the time the Anthem Blue Cross HealthFair screening buses completed journeys across California, more than 2,700 people had been screened at either employer group visits or at community events held in four markets throughout the state.

The 40-foot Anthem-branded buses provided “moving billboards” as they traveled throughout California, creating visibility in local markets across the state. They parked at client locations for the business day, and health care professionals provided free health screenings to employees.

The bus effort was extended to underserved communities in the San Diego, Los Angeles, San Francisco and Sacramento markets. Thanks to great work by Anthem Blue Cross' Community Resource Centers and community partners like the YMCA, 1,178 health screenings were provided to members of the public.

More than 1,700 flu and pneumonia immunizations were provided at the screening sites. This effort is part of the Points of Compassion immunization campaign offering free vaccinations to California's most vulnerable populations.

The screenings, which included a full lipid panel, height, weight, waist measurement, blood pressure and body mass index, helped several people become aware of potentially critical states of distress, for instance, high blood pressure, cholesterol, and glucose, and provided them with information on appropriate follow-up care.

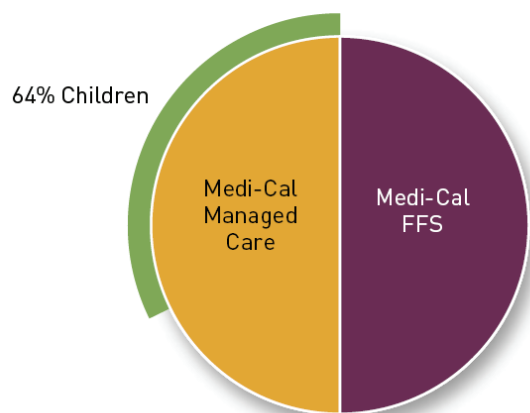
Public survey responses provided encouraging results, wherein 97% rated their experience with the HealthFair Bus as excellent or very good. Such positive results have enabled Anthem Blue Cross to continue these bus tours into 2009.



All ages and socioeconomic groups are represented among managed care consumers:

- Of the 6.7 million Medi-Cal beneficiaries in the state, 50 percent are in Medi-Cal managed care health plans, or over 3.4 million enrollees.
- 64 percent of Medi-Cal managed care enrollees are children.

Medi-Cal Beneficiaries



- More than 890,000 children are covered within the Healthy Families program which offers coverage through private health plans. An additional 80,000 are enrolled in local Children's Health Initiatives—for children whose family incomes exceed the eligibility requirements for Medi-Cal or Healthy Families but still need assistance for health care coverage.
- Nearly one in three Californians, or 1.4 million seniors in the state, in Medicare are enrolled in Medicare Advantage programs offered through health plans.

California's health plans offer health coverage in all 58 counties in the state.

Community Support—L.A. CARE HEALTH PLAN

Untreated oral health disease is reportedly the nation's most unmet health care need, yet entirely preventable with proper care. And, L.A. Care Health Plan has been working since 2002 to make sure that Los Angeles County children are able to receive that necessary dental care.

L.A. Care was one of the first organizations to provide significant funding for preventive dental health for kids, and many other funders have since followed the organization's lead. In total, L.A. Care has awarded more than \$6 million in grants to provide low-income families with preventive dental care through its Community Health Investment Fund (CHIF). The effort is in partnership with 17 community clinics across Los Angeles County and ensures that thousands of children are now receiving proper care at low or no cost.

L.A. Care's Board of Governors established the CHIF in 2001 to strengthen the health care safety net, improve community and public health, and expand health insurance coverage. Since then, L.A. Care has awarded 210 grants to community clinics, public agencies and community-based organizations totaling more than \$29 million, plus more than \$50 million to the Children's Health Initiative of Greater Los Angeles to support the Healthy Kids program.

L.A. Care Health Plan is the nation's largest public health plan, serving residents of Los Angeles County through Medi-Cal, Healthy Families, Healthy Kids, and L.A. Care's Medicare Advantage Special Needs Plan. For more information, visit www.lacare.org.



Provider Community

The health plan industry connects California hospitals and physicians with its 24 million members. The industry finances and facilitates the coordination of member care and provides payment for services. If it were not for health insurance, many Californians may forgo necessary or preventive care because they would not be able to afford out-of-pocket payments.

California's health plans offer products with a broad provider reach, including:

- More than 420 hospitals, including general acute care, psychiatric and chemical dependency facilities
- More than 80,000 physicians who contract directly with plans as part of medical groups, IPAs or individually.

Sources

California HealthCare Foundation California Health Care Almanac

California Health Benefits Review Program

California HealthCare Foundation Medi-Cal Facts and Figures

Healthy Families information from California Managed Risk Medical Insurance Board

Kaiser State Facts, Medicare, California

California Children's Health Initiatives

California Department of Managed Health Care, Financial Reports 4 Quarters ending September 2008

California Department of Health Care Services, Demographic Statistics

Milliman Medical Index, Medical expense breakdown

Contributions to California's gross product and indirect and induced employment were calculated using the IMPLAN economic model

California State budget

US Census Bureau 2006 County Business Patterns (NAICS) report

All data is current as of January 2009.

Community Support— BLUE SHIELD OF CALIFORNIA

Clinic Leadership Institute (CLI) is a signature project of Blue Shield of California Foundation and is administered by The Center for the Health Professions at the University of California, San Francisco. The Foundation launched CLI in 2007 with a commitment to invest in five years of the executive learning program.

CLI prepares emerging leaders of California's community clinics and health centers to be effective and passionate agents of change in today's evolving healthcare environment. The goal is to build the next generation of safety net providers and leaders.

Each year, CLI participants complete six seminars over an 18-month period to build their skills in areas such as decision-making, financial management, and strategic planning. This unique and challenging program provides participants with career planning, professional coaching, and peer networking experiences.

The program provides a unique experience that includes learning in an academic setting through courses designed for clinics; instruction from nationally renowned faculty and other experts; building networks of colleagues in the field; interactive seminars and hands-on sessions; personal career planning and professional coaching; and designing and leading a project specific to improving participants' clinics.

The inaugural (2008 - 2009) class of Clinic Leadership Institute will graduate in June 2009. The 2009 - 2010 class will be announced in February 2009. More information regarding Clinic Leadership Institute can be found at www.clinicleadershipinstitute.org.





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The California Association of Health Plans (CAHP) is a statewide trade association representing 40 full-service health care plans. Through legislative advocacy, education, and collaboration with other member organizations, CAHP works to sustain a strong environment in which our member plans can provide access to products that offer choice and flexibility to the more than 21 million Californians they serve.

Additional copies of this publication and other CAHP policy documents are available online at www.calhealthplans.org.

Please contact CAHP for questions or comments about this report by calling 916.552.2910.