 SUBJECT INDEX

Note: Italicized page locators refer to exhibits.

AAPCC payment methodology. See
Adjusted Average Per Capita Costs (AAPCC) payment methodology
ACA. See Affordable Care Act (ACA)
ACA-compliant plans, purchased outside of exchanges, 59
ACA-MAGI: CHIP eligibility and, 487; determining low-income eligibility for Medicaid with, 481
Accept-assignment payment method, 446, 447
Access hypothesis, of health insurance, 75
Acquisitions, 222; of freestanding local BCBS plans, 239. See also Mergers
ACS. See American Community Survey (ACS)
Active purchaser model, of health insurance exchanges, 38
Actuarially fair (pure) premiums, 97
Acute myocardial infarction (AMI): effect of selective contracting on, 203, 205; treatment path frequency and payments for patients with, 205–6, 206
Adjusted Average Per Capita Costs (AAPCC) payment methodology: improving, 123–26; Medicare, 122, 123–26, 125, 136
Adjusted community rating method, 103, 104; used by HMOs, 109–10
Administrative costs: of employer-sponsored health insurance, 275, 288; of Medicaid expansion, 493; of small-group market, 352
Administrative services only (ASO) firms, 17, 107, 236, 237
Admissions. See Hospital admissions
Ad valorem tax policies, 291–92, 292, 294, 294
Advanceable credit, under Affordable Care Act, 33
Adverse selection, 6, 81–93, 221, 371; Affordable Care Act and, 81, 92–93, 221; asymmetric information and, 93; consumer search for health services and, 346; definition of, 73; in employer-sponsored health insurance, 91–92, 93; in health insurance exchanges, 384; high-risk programs and, 429; in individual health insurance, 378–79, 380; insurance agents and brokers and, 97, 355; as key issue relative to health insurance, 503; in long-term care services market, 495; into Medigap plan, 470; in moral hazard studies, 144; in pension plans, 82; short-term health insurance and, 391; in small-group market, 362; supplemental coverage and, 473; underwriting and, 412. See also Favorable selection
Advertising, in health care, 346
Aetna, 43, 93, 226, 384; merger with Prudential Healthcare, 244–45
Aetna–Humana merger, 245
AFDC. See Aid to Families with Dependent Children (AFDC)
Affordable Care Act (ACA), 26, 237, 273, 401, 403; adverse selection and, 81, 92–93, 221; agents and brokers and effect of, 356; allowable rating under, 103; benefit tiers, 32; Cadillac Tax imposed under, 301–2, 304;
cost-sharing subsidies under, 36, 43; decline in enrollment in, between 2016 and 2018, 382, 382–83; effect on premiums, 361; effects on employment, 370; employer mandate and, 41–42, 49, 268; employer-provided coverage under, 76–77; enactment and implementation of, 3, 29, 49, 60; essential benefits provisions of, 30–31, 77, 369; exchanges as healthcare marketplaces under, 38–40; flexible spending accounts rule change under, 334; frozen income thresholds for Medicare Part B under, 445; goal of, 29; healthcare-sharing ministries under, 390–91; health savings accounts provisions under, 333; individual health insurance under, 375, 377; individual mandate under, 30, 49; legislative history of, 23–24; limitations on contributions to flexible spending accounts under, 303; loading fees and, 98; Medicaid enrollment and effects of, 487; Medicare expansion under, 29, 44–46, 45, 49, 60, 63, 479, 483, 491–93, 497; medical loss ratios in, 98–100; Medicare Advantage under, 47, 449, 456; Medicare Part D under, 449, 451; Medicare program reductions, 47–48; Medicare taxes and, 292; Medicare under, 454, 456; modified adjusted gross income (MAGI) defined by, 481; narrow networks and, 184; navigators under, 324; Pre-Existing Condition Insurance Plan of, 424, 433–34, 435; qualifying coverage required by, 30–31; regulatory effects on health insurance, 397; risk adjustment under, three forms of, 121–22, 134–35; small employers, self-insurance, and, 107; small-group market under, 351, 368–71; spending and revenue projections, 46, 46–49; subsidized premiums of, 33–36, 35; taxes on employer-sponsored health insurance and, 301–2; tax penalties and fees imposed by, 32, 48, 49; ten essential benefits under, 31; underwriting and, 37–38, 114–15, 116, 370, 371; uninsured population and, 29; young adult insurance coverage under, 144, 277, 284–85, 389–90. See also Employer mandate; Health insurance exchanges; Individual mandate

Aflac, 5, 8

Age factors: in health insurance coverage, 54, 54, 55; in individual health insurance enrollment, 376, 377; in premium rates, 114; in risk aversion, 69. See also Children, health care for; Elderly population; Young adults

Agents, of health insurance, 387; Affordable Care Act and, 356; captive, 354, 355; definition of, 307; independent, 354–55; in individual insurance market, 387; small-group market and role of, 354–55. See also Employer-sponsored health insurance (ESHI)

Age–wage profile: with differing healthcare costs, 281, 281; wages and, 281–82

Aggregate stop-loss coverage, 106

Aging out, young adult health care coverage and, 144

AHA. See American Hospital Association (AHA)

AHPs. See Association health plans (AHPs)

Aid to Families with Dependent Children (AFDC), 22, 481

Alabama Medicaid program, expanding, 491–93

Alcohol abuse treatment: state mandates regarding, 407, 411

Allowed percentage, definition of, 433

Allowed percentage markup, 432–433

AMA. See American Medical Association (AMA)

Amazon, 211

Ambulatory care services: CDHPs and reduced use of, 343–44, 347; price elasticity of, 148, 148

Ambulatory mental health services: price elasticity of, 141; RAND-HIE findings on price elasticity of, 155–56

American Academy of Actuaries, 339
American Association of Labor Legislation, 4
American Community Survey (ACS), 53, 491, 493
American Federation of Labor, 5
American Hospital Association (AHA), 199, 224, 246; Blue Cross Commission of, 6, 7, 12; Committee on Hospital Service of, 6; Hospital Service Plan Commission of, 6; position on Medicare funding, 14; Survey of Hospitals, 202–3
American Medical Association (AMA): antitrust violations by, 9; approval of Blue Shield plans by, 8; Eldercare proposal of, 15; health insurance industry competition report from, 242; opposition to health insurance, 6; opposition to prepaid group practices, 9; physician capitated payment report from, 208; position on compulsory health insurance, 5; socioeconomic monitoring survey data of, 224
AMI. See Acute myocardial infarction (AMI)
Angioplasty, 199
Annuities, 82
Anthem, 239, 242
Anthem Blue Cross, 211
Anthem–Cigna merger, 245
Anticompetitive effects, 221; of freedom-of-choice laws, 412; of hospital mergers, 222–25, 227; of most-favored-nation clauses, 246–51, 252
Antitrust laws, 3–4, 398; American Medical Association’s violation of, 9
Antitrust litigation, 242; against Blue Cross of Michigan, 247; against hospital mergers, 223
Any willing provider (AWP) laws, 412, 412–13, 414, 417
ASOs. See Administrative services only (ASO) firms
Asset and Health Dynamics Among the Oldest Old study, 495
Association Health Plan initiative, 413
Association health plans (AHPs), 365–67; definition of, 364; provider networks and, 366–67; rationale for, 366; research on, 366; Trump administration and expansion of, 364, 366
Asymmetric information, 93, 495. See also Adverse selection
Attachment points: for high-cost claims, 135
Attained-age policies, 470, 471
Baby boomer generation, 277, 455, 457
Balance-billing payment method, 446–47
Balanced Budget Act of 1997 (BBA), 129, 474, 486
Bare-bones coverage laws, 360–61, 362, 371
Baucus Amendments, 470–71
Baylor University Hospital, 6, 7
BBA. See Balanced Budget Act of 1997 (BBA)
Behavioral Risk Factor Surveillance Survey (BRFSS), 410
Benchmark insurance policies, 31
Benefit option laws, mandated, 402
Best Buy hypothesis, 74
Beta-blockers, 160
Bidding mechanism, Medicare Advantage payment plans and, 133
Blue Cross: of California, 196–97; elderly population covered by, 14–15; of Michigan, 247; origins of, 5–7
Blue Cross and Blue Shield of Rhode Island (BCBSRI): effects of most-favored-nation clauses study, 250
Blue Cross Association, 12
Blue Cross/Blue Shield: community rating approach of, 103–4; community rating versus experience rating approach of, 13; consolidation of, 244; conversion from nonprofit to for-profit status, 239–42; cost-based hospital payments from, 193; elimination of federal tax exemption of, 239; as individual plan providers, 383; market share, 384; state mandates and, 403; utilization management techniques of, 176, 177
Blue Cross/Blue Shield Association, 12, 239
Blue Cross Commission, 7, 12
Blue Shield: development of, 8
Body mass index (BMI), 411
BRFSS. See Behavioral Risk Factor Surveillance Survey (BRFSS)
Brokers: Affordable Care Act and, 356; in individual insurance market, 387; small-group market and role of, 354–55
Bronze plans: of health insurance exchanges, 32, 36, 238, 369, 378, 378
Brown and Toland Medical Group, 221, 222
Bush administration, 22, 440
Cadillac plans: taxation of, 42, 48
Cadillac Tax (ACA): delay in, 301–2; impact of and threshold of, 301–2, 304
Cafeteria benefits plan: compensating differentials and, 285–86, 286
California Managed Risk Medical Insurance Board, 424
California Pacific Medical Group, Inc., 222
California Physicians’ Service, 8
California Public Employees Retirement System (CalPERS): knee and hip replacement surgeries and, 210, 211
Campus Wellbeing Services, 186
Capitation, 122, 129; declining use of, 208; definition of, 207; by Medicaid, 489; by Medicare Advantage, 87, 440; Medicare managed care plans and, 473
Captive agents, 354, 355
Cardiovascular disease treatment, utilization management studies of, 178, 179
Care-seeking behaviors, 344–45
Cartels, 247, 252
Carve-out method, 98
Case management: intensive, 175, 184–85, 188; as utilization management technique, 174, 177
Case studies of moral hazard, problems with, 144–45
Casualty insurance, 401
Catastrophic coverage: economics of, 337, 338; effect on healthcare expenditures, 340, 340–41; under Medicare Part D, 22; nursing home care and, 495–96
CBO. See Congressional Budget Office (CBO)
CDHPs. See Consumer-directed health plans (CDHPs)
Centene, 489
Center for Studying Health System Change, 206
Center-of-excellence pricing models, 210, 211
Centers for Medicare and Medicaid Services (CMS), 41, 383, 443, 444, 448, 449, 469, 474, 492; “attachment point” established by, 135; Hierarchical Condition Categories of, 129–32, 131, 133, 136
Certificate-of-need laws, 216n1
CHAMPVA (Civilian Health and Medical Program of the Department of Veterans Affairs), 60
Channeling, price discounts and, 210, 211
Charging ratios, 109
Charity care: relationship to health insurance coverage, 380–81; selective contracting and, 200, 202–3
Chemical dependence coverage, 408
Children, healthcare for, 260; inpatient care utilization rate, 151; Medicaid coverage, 21–22, 25, 60, 481–82, 482, 484, 488; price sensitivity of, 147, 154 166. See also Children’s Health Insurance Program (CHIP)
Children’s Health Insurance Program (CHIP), 22, 150, 260, 406, 479, 484; under Affordable Care Act, 487; copayments under, 488–89; creation and reauthorization of, 486; crowd-out by, 490–91; effect on employee premium contributions, 318–19; eligibility for, 481–82, 482, 486–87; enactment of, 22, 60; expansion of, 22, 487, 490; federal subsidies for, 487; overview of, 486–87; premiums under, 488–89; relationship to health insurance exchanges, 39
Chiropractic services: price sensitivity of versus physician visits, 153
Christian health insurance, 390–91
Cigna, 93
Citizenship status, health insurance coverage by, 61
City of Hope Hospital, Los Angeles, 211
Claims adjudication: as basis for coverage, 175, 188; definition of, 175; differentiated from utilization management, 175
Claims cost, 66, 93, 114; CMS-HCC, reduction in favorable selection, and, 133–34
Claims experience, 408; under COBRA, 400, 400; of employed individuals, 275; gender and, 102; of HMOs versus conventional plans, 86–87, 204–6, 205, 212; of Medicare HMOs, 88–89, 89; of older workers, 281; pure premiums as, 98; Society of Actuaries simulation on gender and age rating for single coverage, 114, 115
Claims-processing services, 16–17
Cleveland Clinic, 211
Clinton administration, 22, 481
CMS. See Centers for Medicare and Medicaid Services (CMS)
Coalitions: definition of, 364
COBRA. See Consolidated Omnibus Budget Reconciliation Act (COBRA)
Coinsurance: effect on provider choice, 345–46; plan choices and, 324. See also Copays
Coinsurance rates, 173; of cost-based hospital payment plans, 193; definition of, 144; of dental services, 154–55; for high-risk programs, 429; RAND study of, 150; Stanford study of, 144; time-price hypothesis of, 150. See also Out-of-pocket expenses
Collective bargaining, 12
Commercial insurance/insurers: competition with Blue Cross/Blue Shield plans, 12; experience rating use by, 13; origins of, 8, 25
Commissions, for insurance agents and brokers, 355
Commonwealth Fund, 308
Community rating, 13, 103, 116, 361; by class, 110, 110–11; of Medigap policies, 471
Community Tracking Study Household Survey, 220, 312, 313, 381, 387, 388, 411, 476
Compensating differentials, 273–88, 370; Affordable Care Act and children under 26, 284–85, 390; age–wage profiles, 281, 281–82, 282; definition of, 273, 288; differences-in-differences-in-differences analysis of, 279–81, 280; effect of state mandates on, 408; evidence of, 278–82; implications of, 276–78; as key issue relative to health insurance, 503; natural experiment in, 285–87; obesity, smoking, health insurance, and, 283–84; public sector employers and, 287–88; in retiree coverage, 466. See also Employee premium sensitivity
Compensation: arrangements for physicians or medical groups, 207; forms of, 41, 273. See also Wages
Competition: health insurance exchanges and, 384–85; in health insurance industry, 236–37, 243–46; hospital costs and effect of, 193–94, 194–95; interstate, in health insurance, 413–15, 414, 417; under managed care, 20, 21; between Medigap and Medicare Advantage, 476; physician and hospital pricing, new research on, 225–28; relationship to market power, 228–30; selective contracting and effects of, 196, 211. See also Anti-competitive effects
Comprehensive health plans: economics of, 337, 338
Compulsory health insurance: history of, 4–5. See also Employer mandate
Computers: use in claims processing, 17
Concurrent review: with preadmission certification, 21, 175–77, 177, 187–88; as utilization management technique, 174
Congressional Budget Office (CBO), 12, 41, 45, 46, 49, 184, 185, 302, 483; estimates of number of uninsured, 29, 30
Congressional Research Service, 240
Consolidated Omnibus Budget Reconciliation Act (COBRA), 61, 397, 427; average claims as percentage of average active worker claims, 400, 400; employer-sponsored health insurance under, 399–400
Consolidation, of healthcare providers: between 1990–2002, 20–21, 25; in managed care, 221–25, 227. See also Acquisitions; Mergers
Consumer-directed health plans (CDHPs), 334–37; care-seeking behavior of people with, 344–45; components within, 335; decision tools provided by, 346; differences-in-differences analysis of, 343, 344; effect on healthcare utilization, 336, 337; emergence of, 331; enrollment in, 341–43; favorable selection in, 92; introduction of, 22–23, 26; medical loss ratio of, 333; rationale for, 331; research on, 343–45; three components of, 331
Consumer Price Index (CPI), 126, 301
Consumer search for health services: underlying economics of, 345–46
Continuity of care: effectiveness of gatekeeping and, 182
Contract mix, 109
Contract size, 109
Conventional health insurance plans, 11–12; comparison with HMOs, 83, 84; enrollment in, 19, 19; favorable selection versus selective contracting and, 203–5, 205, 207; self-insured plans of, 108
Copays, 173, 308; of ambulatory mental health services, 155; under CHIP, 488–89; definition of, 142; emergency department services, 151–52; in employer-provided health insurance plans, 58; for Medicare Advantage, 448; of Medicare Part A, 442, 443, 444; of Medigap plans, 468; physician services and, 152–53; plan choices and, 324; for prescription drugs, 157–60, 158; relationship to moral hazard, 142; time-price hypothesis of, 149–50
Coronary artery bypass graft (CABG) surgery, 199, 205, 206
Cost-based reimbursement, 415
Cost sharing: CHIP and, 488; for dental care, 154; effect on prescription drug use, 159–60. See also Coinsurance; Coinsurance rates; Copays
Cost-sharing subsidies, 36, 43
Council for Affordable Health Insurance, 397, 403
CoverCalifornia, 39, 93, 385
CPI. See Consumer Price Index (CPI)
CPS. See Current Population Survey (CPS)
Credibility factor, 105
Crowd-out: by Children’s Health Insurance Program, 490–91; definition of, 489; effects of Medicaid on long-term care insurance, 495, 497; by Medicare, 479, 487, 497; reducing, 490–91
Data collection: for underwriting, 102–3
DDD analysis. See Differences-in-differences-in-differences (DDD) analysis
Declinable conditions: definitions of, 385–86; rating up and, 387
Deductibles, 162–64, 308; of consumer-directed health plans, 333, 334, 335, 335, 344; economics of, 163; effect on healthcare utilization, 162, 163, 166; of employer-provided health insurance plans, 58; health plan choices and, 324, 325, 326; for health savings accounts, 162, 331, 332, 336, 338, 342; for high-risk programs, 428–29, 430; individual, RAND-HIE, 149; for long-term care insurance, 494; for medical savings accounts, 338; for Medicare Advantage, 448; for Medicare Part B, 445,
446; for Medicare Part D, 449; for point-of-service plans, 58; for preferred provider organizations, 58; for short-term health insurance, 391. See also High-deductible health plans
Defined-benefit health insurance plans, 320
Defined-benefit pension plans, 16, 319, 399, 464, 466
Defined-contribution health insurance plans, 319–21, 325
Defined-contribution pension plans, 319–20, 466
Demand: moral hazard as law of, 142. See also Health insurance demand
Democratic Party, 23; voting on Medicare and Medicaid, 15
Denial of coverage: as utilization management technique, 174, 177, 180–82, 181
Dental plans, 237
Dental services coverage, 59, 345; price elasticity of, 141; RAND-HIE findings on, 154–55
Dependent coverage: through employer-sponsored health insurance, 57
Diabetes mellitus care, 410–11
Diagnostic testing: denial of coverage for, 180–81
Differences-in-differences analysis, 411; of ACA coverage under parents’ policies, 390; of consumer-directed health plans, 343, 344
Differences-in-differences-in-differences (DDD) analysis, 279–81, 280
Directly purchased health insurance coverage, 59
Disability Insurance (DI) trust fund, 440, 441, 452, 453, 454, 455, 455
Disabled persons: Medicaid coverage for, 44, 479, 482, 483; percentage of elderly, eligible for Medicaid on admission to a nursing home, 496, 496–97
Discharge planning: as utilization management technique, 174
Discounts/discounting: by hospitals, 199–200, 200, 210; most-favored-nation clauses and effect on, 247–50, 248, 249
Disease management: popularity of, 184; as utilization management technique, 174, 188
Dispersion of claims, 100
Disproportionate share hospital (DSH) payments, 48
Dissimilar risk groups, 111–13, 116, 363, 370, 470
Diversity: number/type of health plans offered and, 312
DOJ. See US Department of Justice
Drive-by delivery laws, 411
Dual-eligible beneficiaries: in world of Medicare and Medicaid, 60, 465, 472, 483
Dual employment. See Two-earner households
Durable medical equipment coverage: denial of, 180, 181–82; under Medicare Part B, 445, 446
Durable medical equipment manufacturers: excise taxes on, 48, 49
EBRI. See Employee Benefit Research Institute (EBRI)
ECI. See Employment Cost Index (ECI)
Economies of scale, 202, 216n2
Economies of scope, 202, 216n2
Eldercare, 15
Elderly population: pre-Medicare federally funded health insurance for, 14; supplemental coverage for, 59. See also Medicare
Elimination periods, for long-term care insurance, 494, 495
Emergency department services: RAND-HIE findings on, 151–52, 152
Employee Benefit Research Institute (EBRI), 308, 309, 342
Employee preferences, regarding employer-sponsored health insurance, 257, 259, 260–65, 266, 267, 268, 288, 308–9, 311–13, 312, 320
Employee premium contributions (EPCs), 315–19; effect of taxes on, 318; effect on employees’ choice
of insurance plan, 316; for family coverage, 316, 317; marginal, 317, 318; relationship to Medicaid coverage, 318; setting of, factors related to, 328n2; for single coverage, 316; tax policy for, 302–3, 304; of two-earner households, 308, 316, 317, 325; worker sorting effect on, 307, 309–13, 325

Employee premium sensitivity, 260–65; cohort studies of, 265; of HMOs, 260–65; of level-dollar plans, 262–63; substitute health insurance plans and effect of, 260–62; take-up rates and effect of, 265–67

Employee Retirement Income Security Act (ERISA): preferred provider organizations as response to, 18; self-insured plans and, 106–7, 360–61, 399, 416, 432; state insurance regulations and, 16–17, 25, 360, 397, 405, 416

Employees: choosing the right insurance plan, 324–25; perceptions of employer plans, 308–9, 310; satisfaction with current wage-benefit trade-off, 2012 and 2018, 308–9, 309

Employer coalitions: successful, obstacles to, 364–65

Employer Health Benefits Survey, 56, 341, 351

Employer Health Insurance Survey, 362

Employer mandate: of Affordable Care Act, 41–42, 49, 268; compensating differentials and, 277; part-time workers and, 41–42; penalties for failure to comply with, 41; small employers’ exemption from, 42, 49, 368, 371

Employer offer rates: premiums and, 267–68

Employers: effect of ad valorem tax on, 294, 294; liability for workplace injuries, 4

Employers as agents, 285, 307–25; defined contribution health insurance and, 319–21, 325; employee perceptions of employer plans, 308–9; employee premium contributions and, 315–19, 325; helping employees choose the right insurance plan, 324–25; information on plan quality and, 322–24, 325; labor market sorting and, 307, 309–13, 325; overview of, 307–8; two-earner households and, 307, 318–15

Employer-sponsored health insurance (ESHI), 3, 55–59, 62, 257; ACA and taxes on, 301–2; administrative costs of, 275, 288; adverse selection in, 91–92, 93; under COBRA, 399–400; coverage valued by workers, 274, 276, 288, 308; decline in proportion of people covered by, 265–66, 269; as defined-contribution plans, 319–21; effects of eliminating the tax subsidy for, 299–301; effects of supplemental coverage on Medicare spending, 472, 472, 473; employee perceptions of employer plans, 308–9, 310; firm size and, 56, 57; health status of enrollees, 388, 388; labor market sorting and, 309–13, 325; offer, eligibility, and take-up rates of, 265, 265–66; one- and two-earner household effects on the probability of vulnerable workers having, 314, 314–15; percentage increase in premiums of, 217–18, 218; premiums of, 20, 20, 57, 57–58; rationale for, 274–76, 288; as retiree coverage, 463, 464, 464, 466, 466–67, 467, 476; selection bias in, 91–92; state mandates and self-insured coverage, 407; tax policies for, 12, 74–77, 268, 275, 277–78, 288, 294–95, 304, 309; two-earner households and effect on, 313–15; worker preferences and, 311, 311–12. See also Self-insured employer health insurance plans; Small-group market

Employment Cost Index (ECI), 297

EPCs. See Employee premium contributions (EPCs)

ERISA. See Employee Retirement Income Security Act (ERISA)

ESH. See Employer-sponsored health insurance (ESH1)
Essential benefits rule, ACA and, 30–31, 71, 369
European Union, unisex insurance rates in, 111
Evanston Northwest Hospital Corporation, 223, 226, 227, 227
Excellus, 239
Excise taxes, 48, 49
Experience rating, 13, 16, 103, 116, 275; of dental plans, 155; prospective, 104, 105, 116; retrospective, 104, 105–6, 116

Family coverage: community rating of, 110–11; employee premium contributions for, 316, 317. See also Dependent coverage
Favorable selection, 341; in consumer-directed health plans, 92; in employer-sponsored plans, 75, 275, 288; evidence of, 86, 86–87; HMO effect versus, 82–84, 93; Medicaid managed care and, 489; in Medicare, 87–89; Medigap plans and, 470; persistence over time, 89–91; risk adjustment and effect on, 133–34; selective contracting versus, 203–6
Federal Employees Health Benefit Program (FEHBP), 267, 323
Federal Home Loan Bank, 9
Federal Insurance Contribution Act (FICA) taxes, 452–54, 458
Federally facilitated model, of health insurance exchanges, 38
Federally qualified health centers (FQHCs), 489
Federal Medical Assistance Percentage (FMAP): matching formula, 480
Federal poverty level (FPL): annual determination of, 34; for CHIP eligibility, 22, 488; cost-sharing subsidies and, 36; in initial open enrollment period under ACA, 34, 34; for Medicaid eligibility, 22, 44, 46, 481–82, 483, 491; Medicare Part B subsidies and, 445; out-of-pocket spending and, 59; relationship to insurance coverage, 376, 381, 382; for subsidized premiums eligibility, 33–34, 378; in 2019, 481
Federal regulation of health insurance: overview of, 398–401. See also specific legislation
Federal Trade Commission (FTC), 221, 222, 226, 227, 231, 243, 412; Improving Healthcare: A Dose of Competition, 21, 223
Federation of Tax Administrators, 492
Fee-for-service: definition of, 207
Fee-for-service plans: market power of physician groups and, 225
Ferris Bueller’s Day Off (film), 5
FICA taxes. See Federal Insurance Contribution Act (FICA) taxes
Field underwriting, 355
Financial incentives: effectiveness of gatekeeping and, 182
Financially dominated insurance plans, 324
Flexible spending accounts (FSAs), 301, 303, 304, 331, 334, 347, 352
FMAP. See Federal Medical Assistance Percentage (FMAP)
FPL. See Federal poverty level (FPL)
FQHCs. See Federally qualified health centers (FQHCs)
Freedom-of-choice (FOC) laws, 412, 412–13, 417
FSAs. See Flexible spending accounts (FSAs)
FTC. See Federal Trade Commission (FTC)
Full billed charges, 199
Full reform, small-group market and, 363
Full-time workers, 368
Fully insured plans, 235, 236
Gatekeeping, 21; effectiveness of, 182–84, 188; for point-of-service plans, 19; self-referrals versus, 183; as utilization management technique, 174; visits to specialists and generalists before/after elimination of, 183, 183–84
Gender factors: ACA’s elimination of gender in setting premiums, 111;
claims experience and, 102; economic recession and, 62; obesity, compensating differentials, and, 283–84; in premium rates, 37, 114; smoking, compensating differentials, and, 284. See also Women

Generic drug coverage, 157, 158

Geography: risk pools based on, 102

Georgetown University Health Policy Institute, 486

Gold plans: of health insurance exchanges, 32, 238, 378, 378

Government sector: compensating differentials and, 287–88

Grandfathered plans, 369–70, 374n1

Great Depression, 3, 5–6, 8, 25


Gross domestic product (GDP): Medicare expenditures and noninterest income by source as percentage of, 457, 457–58, 459

Group Health Cooperative, Washington DC, 9

Group Health Cooperative of Puget Sound, 9, 18, 85, 146

Group Insurance Commission of Massachusetts, 204

Group models, of HMOs, 18

Group practice plans, prepaid, 8–11

Guaranteed issue laws, 361–62

Guaranteed renewal laws, 361–62

Guiding Principles in Medicare’s Risk Adjustment Approach, 129–30

*Handbook of Health Economics* (Vand de Ven and Ellis), 127

*Harvard Business Review*, 75

Harvard Vanguard, 182–83

Hawley-Smoot Tariff Act, 5

HCCs. See Hierarchical condition categories (HCCs)

HCSC. See Health Care Services Corporation (HCSC)

HDHPs. See High-deductible health plans (HDHPs)

Health: effects of health insurance on, 156–57

Health and Retirement Study, 458

Health benefits consulting firms, 320

Healthcare: moral hazard in, 142, 142


Healthcare Effectiveness Data and Information Set (HEDIS), 322

Healthcare expenditures: health savings accounts and, 340, 340–41; Medicare’s effect on, 458–59. See also Healthcare utilization

Health Care Services Corporation (HCSC), 242

Healthcare-sharing ministries, 390–91

Healthcare utilization: consumer-directed health plans and, 336, 337; persistence of favorable selection over time, 89–91, 90. See also Moral hazard

Health credits, 83

Health insurance: complex nature of, 308; core themes related to, 503; defined contribution, 319–21; effect on health, 156–57; effects of tax rates on, estimates of, 296–301; federal regulation of, 398–401; interstate competition for, 413–15, 414, 417; obesity, smoking, compensating differentials, and, 283–84; size of tax expenditures, 295–96; state regulation of, 398–401; theory of, 65–67, 380; untaxed, 12; value that workers put on, 308–9; workers’ compensation model of, 4. See also Employer-sponsored health insurance (ESHI)

Health insurance companies: excise taxes on, 48, 49. See also names of specific companies

Health insurance coverage, 53–63; affordability and adequacy provisions, employer mandate and, 41; age factors in, 54, 54, 55; by citizenship, 61; consumer search for health services, 345–46; directly purchased coverage, 59; economic recession and effect on, 61–62; employer-sponsored health insurance, 55–59; essential benefits rule, 369; extent of, 53–55, 54; full
coverage versus inpatient-only coverage, 149; information on plan quality, 322–24, 326; informed health plan choices and, 324–25; large-scale increases in, 164; Medicaid and CHIP, 60; Medicare, 59–60; military coverage, 60; state mandates and effect on, 407; for two-earner households, 313–15; valued by workers, 274, 276, 288, 308

Health insurance demand, 65–78, 503; probability of loss hypothesis of, 71–73, 72; risk aversion hypothesis of, 69; size of potential loss hypothesis of, 70–71, 71; taxes and employer-sponsored health insurance, 74–77; theory of insurance, 65–67; wealth effect hypothesis of, 73–74

Health insurance exchanges, 237; active purchaser model of, 38; bronze plans of, 32, 36, 238, 369, 378, 378; competition and, 384; costs related to, 38; enrollment in, 40, 40, 377, 377–78; enrollment in plans, by metal level, 2019, 377–78, 378; federally facilitated model, 38; functions of, 39, 39–40; gold plans of, 32, 238, 378; navigator program of, 356; number of insurers offering coverage in, 2014–2019, 383, 383–84; partnership marketplaces, 38, 40; platinum plans of, 32, 238; risk adjustment methods of, 121–22; roles of, 38–39; silver plans of, 32, 35, 36, 37, 38, 43, 238, 377, 378; state-based marketplaces, 38; subsidies provided by, 378; turmoil in, 42–43


Health insurance industry: competition in, 236–37; ERISA and quiet revolution in, 16; excise taxes on, 48; financial ratio analysis of, 242–43, 243; local nature of markets in, 384; market concentration in, 242–43, 243, 252; market segments in, 237–39; ownership structure and product offerings, 239, 241–42; profitability of, 240, 240–41, 241; structure of, 235–37, 251

Health Insurance Portability and Accountability Act (HIPAA), 362, 397; high-risk pools under, 387, 426, 427, 428, 429; preexisting conditions provision of, 362, 397, 400–401

Health insurance providers: in the individual market, 383–85, 392

Health maintenance organizations (HMOs), 235, 242; angioplasty coverage by, 199; any willing provider laws and, 412, 413; comparison with preferred provider organizations, 19; conversions from nonprofit to for-profit, 241; deductibles of, 58; definition of, 17; disenrollment by relative premium and choices offered by the firm, 259, 259–60; effect of increase in monthly out-of-pocket premium, 258–59; effects of HMO penetration on hospital costs, 201, 201; enrollment in, 19, 19, 193, 219, 220; favorable selection in, 86, 86–87; favorable selection versus selective contracting and, 204–5, 205, 207; group models of, 18; health credits from, 83; HMO effect of, 82; hospital access through, 9; independent practice association models of, 18; manual rating methods used by, 109–11; Medicare Advantage–associated enrollment in, 475; Medicare Advantage related, 447, 448; as monopsonies, 229–30; network models of, 18; performance of, compared to indemnity insurance, 83; point-of-service plans of, 19, 19; premiums of, 57, 58, 84; rating methods used by, 103, 104; self-insured plans of, 108; in small-group market, 353, 353; staff model of, 18; treatment options comparison with
conventional insurance plans, 204–6, 205, 212; utilization management techniques of, 82–84, 93

Health plan switching: effect of price on, 261–63, 263

Health reimbursement accounts (HRAs), 334

Health savings accounts (HSAs), 26, 331–32; under Affordable Care Act, 333; average balances in, 343; combined with high-deductible health plans, 3, 19, 23, 331–32, 347; within consumer-directed health plans, 334, 335, 335–37; contributions to, 332; definition of, 331; differentiated from medical savings accounts, 332–33; economics of, 336, 337–41, 338; effect of deductibles on, 162; effects of, on spending, 340, 340–41; eligibility for, 331; maximum out-of-pocket limits in, 331–32; rationale for, 332; spending incentives for, 339; tax policies for, 332, 337

Health status: effect on health insurance coverage, 112–13, 113, 423; of individual insurance plan holders, 376, 377; of insurance purchasers, 1998–2001, 388, 388; Medicare’s effect on, 458–59; risk pools based on, 102; statistical relationship between premiums and, 389

HEDIS. See Healthcare Effectiveness Data and Information Set (HEDIS)

Herfindahl-Hirschmann Index (HHI), 224, 225, 246

Hierarchical condition categories (HCCs), 474

Hierarchical Condition Categories of CMS (CMS-HCC) model, 129–32, 131, 133, 136

High-cost claims: attachment points for, 135

High-deductible health plans (HDHPs), 26, 219, 347; within consumer-directed health plans, 335, 335; decision tool use and, 346; enrollment by income class, 342, 342–43; enrollment in, 19, 19, 193, 220, 341–43; health savings accounts combined with, 23; insurance regulation and growth of, 415; popularity of, 342–43; premiums of, 57, 58; proportion of firms with health insurance offering choice of, 341, 342; self-insured plans of, 108; in small-group market, 353, 353

Highland Park Hospital, 223


Hill-Burton Act: passage of, 14

HIPAA. See Health Insurance Portability and Accountability Act (HIPAA)

HMO effect, 122, 202; evidence of, 84–86, 93; favorable selection versus, 82–84

HMOs. See Health maintenance organizations (HMOs)

Home health services, 494; Medicare Part A coverage for, 442, 444

Hospice care, 494

Hospital admissions: average cost of, 1982, 199; inappropriate, 147; Medicare’s effect on, 458; price sensitivity of, 147, 149. See also Inpatient care services

Hospital costs: effect of competition on, 193–94

Hospital Insurance Trust fund, 440, 441, 452, 453, 454, 455, 455, 456, 456, 457, 459

Hospitalization coverage, 6–7. See also Medicare Part A

Hospital monopoly power: insurer monopsony power versus, 228–30, 229, 230, 231
Hospital pricing: new research on, 225–28
Hospitals: discounts/discounting by, 199–200, 200, 210; evidence on selective contracting, 198–99, 201–2; “golden era” of, 193–94; predmission certification for, 21
Hospital service plans, 6–7
Hospital services: RAND-HIE findings on, 150–51
HRAs. See Health reimbursement accounts (HRAs)
HSAs. See Health savings accounts (HSAs)
Humana, 43, 226, 384

Improving Healthcare: A Dose of Competition (FTC and US Department of Justice), 21, 223
Income tax rates, 291
Indemnity coverage. See Conventional health insurance plans
Independence Blue Cross, Philadelphia: effects of most-favored-nation clauses study, 250
Independent agents, 354–55
Independent practice association model, of HMOs, 18
Independent practice associations, 260
Individual health insurance, 375–92; under Affordable Care Act, 375, 377, 389–90; duration of coverage, 376–77; enrollees’ demographic characteristics, 375–77; healthcare-sharing ministries, 390–91; health status of, 388, 388; premium sensitivity of, 378–83, 392; providers of, 383–85, 392; risk pooling and, 387–89; short-term health insurance, 391–92; subsidized and unsubsidized average monthly enrollment, 382, 382; as traditional coverage, 376
Individual mandate, 277; under Affordable Care Act, 30, 49; constitutionality of, 24
Individual market, 237; ACA exchange market within, 238
Industrial Revolution, 4
Inflation, 20, 58, 104, 162, 217, 301, 304, 440, 445, 449, 454
Inpatient care services: denial of payment for, 176; full coverage versus, 149; price sensitivity of, 150, 165
Insurance mandate: definition of, 399
Insurer monopsony power: hospital monopoly power versus, 228–30, 229, 230, 231
Intensive case management: popularity of, 184; as utilization management technique, 175, 188
Internal Revenue Code: 1954 amendments to, 397, 398
Internal Revenue Service, 398, 481; employer-provided health insurance ruling, 12
International Journal of Economics and Business, 226
Interstate competition, for health insurance, 413–15, 414, 417
Issue-age policies, 469–70
Johnson administration, 14, 15, 440
Kaiser Foundation Health Plan, 9
Kaiser-Permanente, 9, 18
Kaiser-Permanente of Northern California: ED visits findings, 151–52, 152
Kerr-Mills Act: passage of, 14
KFF. See Kaiser Family Foundation (KFF)
Laboratory services: under Medicare Part B, 445, 446
Labor market: frictions in, 310; nature of, 273–74
Labor market sorting model, 307, 309–13, 325
Labor unions, 287, 288; influence on health insurance, 12, 25; position on compulsory health insurance, 5; support for Medicare from, 14
Large employers: retiree health benefits through, 466, 466
Large firms: offering alternative retiree health coverage, 2018, 467, 467
Large-group market: categorization of, 237; concentration ratios in private health insurance in the United States, 2014, 243; market concentration in, 237. See also Employer-sponsored health insurance (ESHI)
Law of large numbers, 100
Length of stay: concurrent review of, 175, 176, 177; effect on readmission rate, 178, 179, 180
Level-dollar premium contribution plans, 262–63
Life insurance, 401
Lifetime maximums: for mental health coverage, 429
Lloyd’s of London, 8
Loading fees, 65, 258
Loading percentage: size of, 98
Long-term care insurance: adverse selection in, 495; cost of, 494; effects of crowd-out of Medicaid on, 495, 497; elimination periods of, 494–95; lack of private market for, 495; Medicaid and, 494–97
Long-term care services: price sensitivity of, 161–62, 166
Look-back periods, 429
Loss: associated with moral hazard, 143, 143; dispersion of, 100. See also Medical loss ratio (MLR)
Loss potential: probability of, 71–73, 72; size of, 70–71, 71
Loss ratios: definition of, 431; in high-risk pools, 430–32, 431. See also Medical loss ratio (MLR)
Lowe’s Home Improvement Centers: self-insured PPO, 211
Managed care, 415; anticompetitive effects of, 223–24; any willing provider laws and, 412, 413; backlash against, 3, 21, 218–21, 227, 230; cost containment in, key to, 489; development of, 17–21, 25; freedom-of-choice laws and, 412, 413; growth of, 193; history of, 3; introduction of selective contracting and, 194; Medicaid plans, 209–10, 237, 488–89; as monopsony, 228; narrow-panel, 184; physicians and, 206–9; price concessions negotiated with hospitals, 199; provider consolidation under, 221–25, 227; quality of care and, 203; utilization management techniques of, 21. See also Health maintenance organizations (HMOs); Point-of-service (POS) plans; Preferred provider organizations (PPOs)
Mandated health insurance. See Compulsory health insurance
Manual rating, 103, 104, 116, 361; Adjusted Per Capita Costs (APCC) method, 123–26; Hierarchical Conditions Categories method, 129–32, 133, 136, 474; methods used by HMOs, 109–11
Marginal cost (MC): of physician services, 10, 11
Marginal factor cost, 228, 229, 230
Marginal revenue product, 273, 290n1
Marginal tax rates, 292, 293, 294, 295, 297, 322, 340, 347, 360, 370
Market concentration: in health insurance industry, 242–43, 243; mergers and effect on, 239; premiums and, 241–42, 252
Market concentration, in health insurance industry: effect of mergers on, 244–46; effect on premiums, 244, 245–46
Market facilitator model, of health insurance exchanges, 38–39
Market power, of health insurance industry: research on, 243–46

Copying and distribution of this PDF is prohibited without written permission. For permission, please contact Copyright Clearance Center at www.copyright.com
Married couples: nursing home price sensitivity for, 161. See also Two-earner households
Maternity care coverage: federal insurance mandate for, 401; high-risk pool plan coverage, 429, 433; mandated coverage, 279–81, 280
Mayo Clinic, 83–84
MCCA. See Medicare Catastrophic Coverage Act of 1988 (MCCA)
McCarran-Ferguson Act, 397, 398, 421n1
MD Anderson Center, 83
Medicaid, 122, 150, 200, 204, 260, 439, 451; in Alabama, expanding, 491–93; categorically needy program of, 480–82; copayments under, 488–89; cost-based hospital payments from, 193; crowd-out by, 479, 487, 489–90, 497; definition of, 479; development of, 14–15; disproportionate share hospital (DSH) reductions to, 48; dual-eligible beneficiaries of, 60, 465, 472, 483; economic consideration of expansion of, 493; elderly population covered by, 483, 497; eligibility for, 480–83; employee premium contributions and, 318; enrollees’ health status, 388, 388; enrollment in, 483–84; expansions of, 21–22, 318; expansion under Affordable Care Act, 29, 44–46, 45, 49, 60, 63, 479, 483, 491–93, 497; federal–state funding of, 479, 480, 497; financing of, 479, 480; long-term care insurance and, 494–97; low-income eligibility for, 481–82, 482; managed care plans of, 209–10, 237, 488–89; medically needy program of, 483; Medicare recipients covered by, 483; nursing home coverage of, 482, 483, 494, 495–97; overview of, 479–83; percentage of population covered by, 481; percentage of retirees with, 464, 464–65; populations covered by, 479, 482; premiums of, 488–89; recipients and expenditures, 483–84, 484; retrospective drug utilization review program, 190n1; services covered by, mandatory and optional, 484–86; stigmatizing concerns about, 487; voting on, 15, 15
Medicaid expansion, 318; administrative costs of, 493; under Affordable Care Act, 29, 44–46, 45, 60, 63, 479, 483, 491–93, 497; example of, 491–93; federal subsidies for, 480; prior to Affordable Care Act, 21–22, 487; US Supreme Court decision regarding, 33–34, 491
MediCal, 195
“Medical arms race,” 194
Medical Benefits, 400
Medical Expenditure Panel Survey (MEPS), 58–59, 92, 268, 284, 313, 314, 319, 360, 363, 386, 414, 492
Medical Expenditure Panel Survey–Insurance Component (MEPS-IC), 98, 267, 317
Medical loss ratio (MLR), 397; in Affordable Care Act, 98–100; of consumer-driven health plans, 333; definition of, 99
Medically uninsurable population, 426, 428
Medical savings accounts (MSAs), 331, 332–34; aggregate spending estimates, 349n3; differentiated from health savings accounts, 332–33; economics of, 337, 338; effects of, on spending, 340, 340–41; enrollment in, 333; limited appeal of, 334; Medicare Advantage related, 447–48; spending incentives for, 339
Medicare, 23, 200, 204, 406; Adjusted Average Per Capita Costs (AAPCC) payment methodology, 122, 123–26, 136; balance billing under, 446–47; broad-based coverage expansion and, RAND results comparison, 164; care coordination among beneficiaries, 185; claims experience of those enrolling or disenrolling from, 88–89, 89; cost-based hospital payments from, 193; development of, 14–15; disproportionate share hospital
(DSH) reductions to, 48; dual eligibility for Medicaid and, 60, 465, 472, 483; effects of supplementary coverage to, new research on, 471–73, 472; elderly population covered by, 54, 62–63; eligibility for, 439, 459, 466; enactment of, 440; expansions of, 21–22, 440; expenditures of, 457, 457–58; extent of coverage, 59; favorable selection in, 87–89; financing of, 75, 76, 275, 290n1, 292–94, 293, 303, 398, 439, 452–58, 465–59; healthcare spending and effect of, 458–59; health status and effect of, 458–59; high-risk pools and, 426, 427; hospital insurance coverage, 442–44; introduction of, 3, 25; long-term care services, 494; managed care plans of, 473. See also Medicare Advantage; manual rating system, 104; nomenclature for, 468; overview of, 439–40, 441; premiums of, 59; prospective payment system of, 17, 195; reductions to, 47–48; reject-assignment payment method of, 446, 447; risk adjustment methods of, 122–34, 129–134; spending by type of service, 2005 and 2018, 452, 452; structure of and coverage provided by, 440, 441; supplemental coverage to, 463–65, 464, 476; sustained growth rate-based payment system of, 47–48; tax rates, 2018, 293; types of coverage for, 440; voting on, 15, 15. See also Medicare beneficiaries; Medicare trust funds Medicare Advantage, 59, 60, 63, 439, 440; under Affordable Care Act, 47, 449, 456, 474; antitrust issue in Aetna–Humana case and, 245; bidding mechanism of, 448, 449, 475, 476–77; comparison with traditional Medicare, 87–88, 449; competition with Medigap, 470; employers contracting with, 467, 467; enrollment in, 447, 474–75, 475; favorable selection in, 87, 88–89; manual rating system and, 104; market size of, 237; percentage of retirees with, 464, 464; prescription drug coverage through, 448, 449, 451; price sensitivity of, 474; risk adjustment methods of, 122–34, 129–134; types of health plans offered by, 447–48

Medicare beneficiaries: choices for, 440; decision-making with Part D, 450; disease management programs, 185; with Medicaid eligibility, 472, 483; participation in high-risk pools, 427


Medicare+Choice. See Medicare Advantage

Medicare Current Beneficiary Survey, 470–71, 472, 475

Medicare HMOs: Adjusted Average Per Capita Costs payment method for, 122–23; comparison with traditional Medicare, 87; expenditures of, 87–88; favorable selection in, 87–89. See also Medicare Advantage

Medicare Modernization Act (MMA), 133, 445, 448, 449, 451, 452, 469, 471, 474

Medicare Part A, 122, 464; under Affordable Care Act, 49; eligibility for, 442; funding sources for, 48–49, 59; hospital deductibles under, 442–44; Hospital Insurance Trust fund, 440, 441; origin of, 15

Medicare Part B, 59, 122; eligibility for, 444; financing of, 440; major coverage components of, 445, 446; Medicaid as supplemental coverage, 465; origin of, 15; subsidized premiums of, 445, 445, 483; Supplementary Medical Insurance trust fund of, 444–45; Supplementary Medical Insurance (SMI) trust fund of, 439, 440, 441

Medicare Part C. See Medicare Advantage

Medicare Part D, 59, 471; under Affordable Care Act, 449, 451; catastrophic coverage under, 22; decision-making with, 450; deductibles of, 449; “donut hole,” 22, 449, 450, 451;
eligibility for, 449; enactment of, 22, 449; enrollment in, 451; financing of, 440; Medicaid as supplemental coverage, 465; premium sensitivity, 452; standard benefits of, 449, 450; subsidized premiums of, 483
Medicare Payment Assessment Commission, 24
Medicare Reform Act: passage of, 162
MedicareSupplement.com, 469, 470
Medicare trust funds: depletion of, 454–58, 455, 456, 457; Hospital Insurance (HI), 440, 452, 454, 455, 456, 457, 459; Supplementary Medical Insurance (SMI), 439, 440, 444–45, 454, 457, 459
Medigap, 59, 60, 237, 451, 452, 463; adverse selection into, 470; community-rated policies, 470; competition with Medicare Advantage, 476; coverage provided by, 468, 468–69; enrollees’ demographic characteristics, 469–70; enrollment by specific plans, 469, 469; guaranteed-issue plans, 470; nomenclature for, 468; percentage of retirees with, 464, 464; plans eliminated under, 469; plan types with, 468, 468; regulation of, 470, 473; underwriting of, 469–71
MedPAC, 465, 475
Mental Health Parity Act of 1996, 401
Mental Health Parity and Addiction Equity Act, 401
Mental health services coverage: high-risk pool plan coverage, 429; price sensitivity of, 155–56; state mandates regarding, 407, 408
MEPS. See Medical Expenditure Panel Survey (MEPS)
MEPS-IC. See Medical Expenditure Panel Survey–Insurance Component (MEPS-IC)
Mergers: Aetna–Prudential Healthcare, 244–45; anticompetitive effects of, 222, 223, 225, 226, 227, 231; effect on health insurance industry’s market concentration, 244–46; effects of concentration and, in physician and hospital markets, 225–28; of freestanding local BCBS plans, 239; between 1990–2000s, 20–21
Metropolitan statistical areas (MSAs), 243, 245, 246
MFN contracts. See Most-favored-nation (MFN) clauses
Mid Dakota Clinic, 222
Military health insurance coverage, 60
Mini-medical plans, 31
Minimum wage laws, 277, 354
MLR. See Medical loss ratio (MLR)
MMA. See Medicare Modernization Act (MMA)
Modified adjusted gross income (MAGI), 481
Molina, 384, 489
Monopolies, comparison with monopolies, 228–30, 229, 230, 231
Monopsonies, comparison with monopolies, 228–30, 229, 230, 231
Montana: unisex insurance rates in, 111
Moral hazard, 6, 141–66, 173, 411, 489; definition of, 141; estimating extent of, early efforts at estimating, 143–44; as key issue relative to health insurance, 503; as law of demand, 142; in long-term care services market, 495; loss associated with, 143, 143; nature of, 142–43; RAND Health Insurance Experiment findings on, 145–60; in retiree coverage, 471, 476; for specific types of health services, 150–60. See also Price sensitivity
Most-favored-nation (MFN) clauses, 235, 246–51, 252; controversy over, 251; definition of, 246; effect on discounts/discounting, 247–50, 248, 249
MSAs. See Medical savings accounts (MSAs); Metropolitan statistical areas (MSAs)
Mutual insurers: definition of, 239
Mutual status, 239
Myopic purchasers, 165
National Association of Insurance Commissioners (NAIC), 470–71
National Bureau of Economic Research (NBER), 61, 300
National Federation of Business, 355
National health insurance: Truman administration’s proposal for, 14. See also Affordable Care Act (ACA)
National Health Interview Survey, 364, 385, 471
National Highway Traffic Safety Administration, 69
National Longitudinal Survey of Youth (NLSY), 283, 284
National Long-Term Care Survey, 161, 496
National Medical Care Expenditure Survey, 311
National War Labor Board, 12
Navigators, of health insurance exchanges, 356
NBER. See National Bureau of Economic Research (NBER)
Negligence claims: employer defenses against, under common law, 4
Network models, of HMOs, 18
Newborns' and Mothers' Health Protection Act, 401
New Deal, 439
NLSY. See National Longitudinal Survey of Youth (NLSY)
Nongroup health insurance. See Individual health insurance
Nongroup health insurance markets: manual rating used in, 104; tax laws and, 299
Nursing home care: cost of, 494; Medicaid coverage for, 494, 495–97; price sensitivity of, 160–61, 166
Obama administration, 23, 29, 36, 473
Obesity: compensating differentials and, 283–84; diabetes mellitus–associated, 410, 411
Objective risks, 99–101, 116, 208, 310, 423; definition of, 99; differentiated from subjective risk, 99; differing, example of, 100–101, 101; employer coalitions and, 364; formula for, 100
Ocean State HMO, 250
Office of the Assistant Secretary for Planning and Evaluation (ASPE), 385
Old Age and Survivors Insurance (OASI) trust fund, 440, 441, 452, 453, 454, 455
Omnibus Budget Reconciliation Act of 1990, 468
One-to-five rating band: ACA, underwriting, and, 115
One-to-three rating band: ACA, underwriting, and, 114–15
Opportunity costs, of time, 150
Optometric services: advertising of, 346
Oregon Medicaid Experiment, 153–54, 157
Organized labor. See Labor unions
Out-of-pocket aggregate health insurance premiums: weighted, effects of a 10 percent increase in, 286–87, 287
Out-of-pocket expenses, 58–59, 62; of catastrophic coverage plans, 338, 340; choice of health plan and, 258–60, 324; of consumer-directed health plans, 335, 335; for health savings accounts, 331–32, 336, 342; maximum, 308; of Medicare Advantage, 448; of Medigap, 472; of preferred provider organizations, 18; price elasticity and effect of, 142, 144; RAND-HIE consumer response estimate, 340–41; of retiree coverage, 464; of stop-loss coverage, 148, 193; value-based insurance design and, 160
Out-of-pocket premiums. See Employee premium contributions
Outpatient services: under Medicare Part B, 445, 446
Over-the-counter drugs: RAND-HIE findings on, 159–60
Palmyra Park Hospital, Inc., 223
Panel Study of Income Dynamics and the Child Development Supplement, 487
Partial reforms, 363
Pass-through, 303
Patient Protection and Affordable Care Act. See Affordable Care Act (ACA)
Patient protection laws, rationale for, 411
Patient volume: in managed care, 219
Payroll taxes: as Medicare funding source, 14, 15, 49, 59, 75, 292, 294, 303, 452, 457, 458, 459; as Social Security funding source, 75, 292, 294, 303, 439, 452
PCIP. See Pre-Existing Condition Insurance Plan (PCIP)
Pension Benefit Guarantee Corporation, 16, 398–99
Pension plans: adverse selection in, 82; defined-benefit, 16, 319, 399, 464, 466; defined-contribution, 319–20, 466
Pensions: types of, 319
Personal income taxes, 299, 303
Pew Research Center, 313
Pharmaceutical companies: excise taxes on, 48, 49
Pharmaceuticals: CDHPs and reduced use of, 343–44, 347
Phoebe Putney Health System, 223
Physician groups: anticompetitive behavior of, 221; fee-for-service contracts with, 225
Physician pricing: new research on, 225–28
Physician privileges, 9
Physicians: as agents for their patients, 307; income of, 10–11; in joint marketing arrangements, 20; managed care and, 206–9; opposition to government-sponsored health insurance, 13, 14; opposition to managed care, 218–20; opposition to prepaid group practice, 9, 10–11; selective contracting with, 207–9; workers’ compensation insurance and, 4
Physician services: under Medicare Part B, 445, 446; price sensitivity of, 142, 142; RAND-HIE findings on, 152–53
Physician’s Practice Cost Survey, 345
Platinum plans: of health insurance exchanges, 32, 238
Play-or-pay mandate. See Employer mandate
Point-of-service (POS) plans, 235, 242; deductibles of, 58; development of, 17; enrollment in, 19, 19, 193, 219, 220; self-insured plans of, 108; in small-group market, 353, 355
Pools. See Risk pools
Portability laws, 362. See also Health Insurance Portability and Accountability Act (HIPAA)
POS plans. See Point-of-service (POS) plans
Poverty level. See Federal poverty level (FPL)
PPO effect, 202
PPOs. See Preferred provider organizations (PPOs)
Preadmission certification, 21; with concurrent review, 175–77, 177, 187–88; definition of, 174; as utilization management technique, 174
Predictive modeling, 184
Pre-Existing Condition Insurance Plan (PCIP), 424, 433–34, 435
Preexisting conditions, 92; Affordable Care Act provisions for, 24, 375; extent of, 385–89, 386, 392; high-risk pool programs’ provision for, 423; HIPAA provision for, 362, 397, 400–401; short-term health insurance and, 391; waiting periods for, 362, 397, 400, 429, 433, 434
Preferred provider organizations (PPOs), 235, 242; angioplasty coverage by, 199; comparison with HMOs, 19; deductibles of, 58; definition of, 18; development of, 7, 17, 18; effects of HMO penetration on hospital costs, 201; enrollment in, 19, 19, 193, 220; establishing, 18; high-risk programs and, 428; Medicare Advantage–associated enrollment in, 475; Medicare Advantage–related, 447, 448; preexisting conditions under, 401; premiums of, 57; as retiree coverage, 475; selection bias of, 87; selective contracting by, 21, 197, 199, 201–2; self-insured plans of, 108, 108; in small-group market, 353, 355, 371
Pregnancy, 399
Pregnancy Discrimination Act, 399
Pregnant women: Medicaid coverage for, 21–22
Premera, 239
Premium-only plans, 334, 352
Premiums: actuarially fair, 97; under Affordable Care Act, 33–36, 35, 37, 43, 114–15, 115, 361; calculation of, 97–98; under CHIP, 488–89; choice of health insurance plan and effect of, 257–58; competition between Medigap and Medicare Advantage and, 476; defined contribution health insurance, 320; for dual-eligible Medicaid beneficiaries, 483; employer offer rates and, 267–68; for employer-sponsored health insurance, 20, 20; for employer-sponsored health insurance, by plan type, 2018, 57, 57–58; experience rating-based, 13; for fee-for-service plans, 258, 260; for-profit conversions and, 241–42; “fully credible” health insurance plans, 16; of health savings accounts, 342; high-risk, rating bands and, 361; of HMOs versus conventional insurance plans, 84; market concentration and, 244, 245–46, 252; of Medicare, 59; of Medicare Advantage, 474, 475; for Medicare Part A, 442, 443; for Medicare Part B, 445, 445; for Medicare Part D, 449; for Medigap, 469, 470, 473, 476; natural experiment in compensating differentials and, 285–86; nonpayment of, 428; obesity, smoking, compensating differentials, and, 283–84; plan choices and, 324; rating up of, 387; risk pool enrollment and effects of, 432–33, 434–35; saliency of, 321; selective contracting and increase in, reasons for, 217–25, 227–28; self-reported health status and, 389; of small-group market, 357, 358, 359, 359, 360, 370, 371; in state high-risk programs, 429–30, 430, 433; state mandates and effect on, 407–8; taxes and employee premium contributions, 302–3, 304; tax policies on, 33, 34, 402, 402; unisex insurance rates and, 111
Premium sensitivity: early studies of, 257–60; of individual health insurance, 378–83; of Medicare Part D, 452; of small-group market, 357–60, 371. See also Compensating differentials; Employee premium sensitivity; Price sensitivity
Prepaid group practice, 8–11
Prescription drug coverage: under CHIP, 488; cost sharing in, 160; for generic drugs, 157, 158; under Medicare Advantage, 448, 449, 451; under Medicare Part D, 22, 25, 59, 440, 469; RAND-HIE findings on price sensitivity of, 156–60, 166; in retiree coverage plans, 451–52; value-based insurance design for, 160, 166
Preventive health services: of consumer-directed health plans, 335, 335–36; cost-effectiveness of, 173, 185, 188; health insurance coverage for, 186; under Medicare Part B, 445, 446; as utilization management technique, 185–86
Price controls, 12, 25
Price discrimination, economics of, 10, 10–11, 25
Price elasticity, 141; myopia issue and, 165; service-specific, 150–60; in small-group market, 357; for Stanford health plans, 263–64, 264. See also Price sensitivity
Price fixing, 221, 222, 223. See also Anti-competitive effects
Price-not-taken problem, tax policy changes and, 379
Price sensitivity: of ambulatory mental health services, 155–56, 166; of children’s healthcare, 147, 154, 166; of dental services, 154–55, 166; early studies of, 145–46; of emergency department services, 151–52, 152, 166; of hospital services, 150, 150–51, 195–96; of inpatient care, 150, 165; of Medicare Advantage, 474; of nursing home care, 160–61, 166;
of physician services, 152–53, 166; of prescription drugs, 156–60, 158, 166; in small-group market, 357–60, 371. See also RAND Health Insurance Experiment (RAND-HIE)

Price transparency, 415, 416

Primary care: copayments for, 58
Primary care physicians: assigning to each subscriber, three rationales behind, 182; gatekeeper role of, 19, 21, 182, 188

Private fee-for-service (PFFS) plans: disappearance of, 475; Medicare Advantage–related, 447, 448

Private health insurance: large-group concentration ratios in, US, 2014, 243; during 1940s–1950s, 11–12; percentage of US population with some form of, 1940–1985, 11, 11; two types of plans comprised within, 235. See also Employer-sponsored health insurance (ESHI); Individual health insurance

Private health insurance exchanges, 320–21; advocates of, 320; premium saliency and, 321; problems with, 320–21. See also Health insurance exchanges

Probit regression techniques, 113

Productivity: compensating differences and, 274, 277, 278–79, 281; defined contribution model and, 321, 325

Profitability: of health insurance industry, 240, 240–41, 241

Progressive Era, 3–4, 5, 13

Prospective denied services, 180, 181, 182

Prospective experience rating, 104, 105

Prospective Payment Assessment Commission, 88–89

Prospective payment systems: definition of, 17

Prostate screening, 185–86

Provider networks, 415

Prudential Healthcare: merger with Aetna, 244–45

Public-choice view, of legislation, 405

Public health insurance. See Medicaid; Medicare

Public policy: compensating differentials and, 277

Public sector employers: compensating differentials and, 287–88

Pure (actuarially fair) premiums, 97, 98

Qualified Medicare Beneficiaries (QMBs), 483

Quality, of healthcare: selective contracting and, 203; utilization management techniques and effect on, 177–78

Racial/ethnic minority groups: lack of health insurance coverage for, 55, 55

RAND Corporation, 41

RAND Health Insurance Experiment (RAND-HIE), 145–60, 458, 488; as adjusted average per capita costs data set, 123–26; ambulatory mental health services findings, 155–56, 166; challenges to, 164–65; children’s healthcare findings, 147, 154 166; consumer responsiveness to out-of-pocket prices, 340–41; dental services findings, 154–55, 166; effect of coinsurance on provider choice examined in, 345, 346; effects of health insurance on health evidence, 156–57; emergency department services findings, 151–52, 152, 166; full-coverage versus inpatient-only coverage findings, 149; generalizing findings of, 127; HMO effect in, 84–86, 85; hospital services findings, 150–51, 165; income group findings, 149–50, 166; inpatient care findings, 124, 126; overall findings, 146–48; over-the-counter drug findings, 159–60; physician services findings, 152–53, 166; potential risk factors used in, 123–24; prescription drug findings, 156–60, 166; price elasticity estimates for health services, 148, 148; profits from better prediction of HMO medical expenditures, 126, 126–27; service-specific findings, 149–60; various measures of estimated mean annual use of medical services, by plan, 146–47, 147

Range: as measure of dispersion of claims, 100
Rating bands, 361
Rating methods, 103–6; adjusted community rating, 103; community rating, 103–4, 116, 361; experience rating, 104–6, 116, 275; manual rating, 104, 116, 361; prospective experience rating, 105, 116; retrospective experience rating, 105–6, 116
Rating restrictions: reforms and, 363
Rating up: declinable conditions and, 387
Readmission rate, relationship to length of stay, 178, 179, 180
“Rebates”: Medicare Advantage, ACA, and, 474, 475
Recession, economic, 61–62, 63
Redlined industries, full reforms and, 363
Reference pricing models, 210–11
Referrals: direct-access mandates for, 410; gatekeeping approach in, 182–84, 183
Reforms in small-group market, 360–64; bare-bones coverage laws, 360–61, 371; effect on provision of health insurance, 362–63; full reforms, 363; guaranteed issue and, 361; guaranteed renewal and, 361; partial reforms, 363; portability and, 362; premium limitations and, 360, 361, 371; underwriting provisions and, 360, 361–62, 371
Refundable credit, under Affordable Care Act, 33
Regence, 239
Regulation, of health insurance, 397–417; federal regulations, overview of, 398–401. See also State insurance mandates and regulations
Reinsurance programs, 106, 135
Reject-assignment payment method, 446, 447
Republican Party, 23; voting on Medicare and Medicaid, 15, 15
Retaliatory taxes, states and, 402n
Retiree coverage, 463–76; coordination of benefits in, 464; distribution of supplemental coverage, 463–65; early-retiree, 466; effects of supplemental coverage on traditional Medicare, 471–73, 472; employer-sponsored, 466–67, 467, 476; Medicare Advantage, 473–76, 475; Medigap, 59, 468, 468–69; Medigap/Medicare Advantage competition in, 476, 477; Medigap underwriting, 469–71; prescription drug coverage, 451–52; workers’ transition to, 476. See also Medicare
Retro payments, 106
Retrospective denied services, 180, 181, 182
Retrospective experience rating, 104, 105–6
Retrospective review: as utilization management technique, 174, 177
Risk averse, definition of, 65, 66
Risk aversion: age factors in, 69; degree of, 67, 68–69; relationship to long-term care, 495; relationship to risk premiums, 66–69, 77; utility curve of, 66–74
Risk classes: in underwriting, 101–3
Risk corridor program, 135
Risk pools: community rating-based, 13; demographic factors in, 102; of health insurance exchanges, 370; individual health insurance market and, 387–89; of small-group market, 370–71; underwriting process, 101–3. See also High-risk pools
Risk premiums, 67; basic principles of, 66–74; definition of, 66, 77; relationship to probability of loss, 71–73, 72; relationship to risk aversion, 69, 70; relationship to size of potential loss, 70–71, 71; relationship to wealth effect, 73, 73–74
Robert Wood Johnson Foundation, 357; Employer Survey, 316, 358, 359
Rockford Health System, Illinois, 223
Roosevelt (Franklin Roosevelt) administration, 12, 13, 439
Roosevelt (Theodore Roosevelt) administration, 3–4
Ross-Loos Clinic (Los Angeles), 9
Salary arrangements: for physicians or medical groups, 207
Same-sex domestic partners: employersponsored health insurance coverage for, 57
San Diego: uninsured workers at small business not offering coverage in, 367, 368
Sanford Health, 222
San Francisco Medical Society, 9
Screening: cost-effectiveness of, 185–86
“Second-generation” small-group reforms, 363
Second surgical opinion, mandatory, 174, 177
Selection bias, 186, 472; in employersponsored health insurance, 91–92; HMO effect and, 86; of preferred provider organizations, 87; risk pooling and, 388. See also Adverse selection; Favorable selection
Selective contracting, 20, 21, 25, 193–212, 237, 365, 412, 415, 489; advent of, 194–98; California contracting laws, effects of, 195, 195; center-of-excellence pricing model of, 210, 211; charity care and, 202–3; competition and effects of, 196; definition of, 211; favorable selection versus, 203–6; generalizing the evidence on, 198–99, 201–2; geographic hospital market and, 202; hospital mergers and, 244; as key issue relative to health insurance, 503; new approaches to, 210–11; by preferred provider organizations, 21, 197, 199, 201–2; premiums and effect of, 217–25, 227–28; quality of care and, 203; service offerings and, 202; surprise billing and, 416
Selective contractor model, of health insurance exchanges, 38, 39
Self-employed workers: individual health insurance coverage for, 376–77; physicians as, 208; premium sensitivity among, 379; in two-earner households, 314, 314, 315
Self-insurance, 73
Self-insured employer health insurance plans, 106–8, 116, 235; claims-processing services for, 16–17; describing, complications in, 236–37; ERISA and, 16, 106–7, 399, 405, 416; exemption from state insurance regulations, 360, 399, 406, 432; mandates, employer service offerings, and, 409; percentage of workers in, 107, 108; preferred provider organizations as response to, 108, 108; of small-group market, 360, 370–71; state insurance regulations for, 106, 398; stop-loss feature of, 370
SGR. See Sustainable Growth Rate (SGR)
Shadow pricing, 84
Sherlock Company, 240
Sherman Antitrust Act, 9
SHOP. See Small Business Health Options Program (SHOP)
Short-term health insurance plans, 391–92, 423
Sickness funds, 5, 6, 390, 391
Silver plans: of health insurance exchanges, 32, 35, 36, 37, 38, 43, 238, 377, 378
SIPP. See Survey of Income and Program Participation (SIPP)
Sixth Omnibus Budget Reconciliation Act (SOBRA), 490; expansions, importance of, 22; Medicaid expansion and eligibility under, 481
Skilled nursing facility (SNF): Medicare Part A coverage for, 442, 444
“Slacker mandates,” 404
Sliding fee schedule, of physician charges, 10–11
SLMBs. See Specified Low-Income Medicare Beneficiaries (SLMBs)
Small Business Health Options Program (SHOP), 38, 42
Small-employer exchanges, 369
Smaller firms: effect of tax laws on, 298, 304

Small-group coalitions, 364

Small-group market, 351–71; adverse selection in, 364–67; diverse and complex nature of, 367; exemption from Mental Health Parity Act, 401; exemption from Pregnancy Discrimination Act, 399; extent of coverage for, 351–53, 352; failure to provide coverage in, 353–54, 354; health maintenance organizations for, 353, 353; high-deductible health plans for, 353, 353; interstate competition and, 414; manual rating used in, 104; market concentration in, 237; market share of largest insurer in, 2018, 238, 238; objective risks of, 101, 101; percentage of various health plan types offered in, 2018, 353, 353; point-of-service plans for, 353, 353; preferred provider organizations for, 353, 353, 371; premium limitations in, 360, 361; price sensitivity in, 357–60, 371; retiree coverage in, 466; selective contracting in, 367; self-insured plans for, 407; state insurance regulations affecting, 360–64; tax credits for, 369; types of plans in, 364–67; underwriting in, 411–12

Smokers: health insurance premiums for, 34, 37, 429; health insurance price sensitivity of, 380

Smoking: implication for compensating differentials, 283–84

SNP. See Special needs plan (SNP)

Society of Actuaries, 114

Specialists: referrals to, 182–84, 183

Special needs plan (SNP): Medicare Advantage—related, 448

Specialty care: copayments for, 58

Specific stop-loss coverage, 106

Specified Low-Income Medicare Beneficiaries (SLMBs), 483

Spells of illness, 442, 443–44, 468

Spousal coverage: relationship to employee premium contributions, 316; through employer-sponsored health insurance, 57. See also Two-earner households

SSI. See Supplemental Security Income (SSI)

Staff model, of HMOs, 18

Standard deviation, as measure of dispersion of claims, 100–101, 101

Stanford University, 144, 263–64

State Children’s Health Insurance Program (SCHIP), 22. See also Children’s Health Insurance Program (CHIP)

State insurance commissioner, 402

State insurance mandates and regulations, 401–4; affecting small groups, 360–64; association health plans and, 365–66; bare-bones coverage laws, 360–61, 362, 371; economics of, 406–11; ERISA and, 16–17; extent of employer service offerings and, 409–10; growth of, 403, 403, 406, 416; health insurance coverage and effect of, 362, 406, 408–9; lack of enforcement for, 407; line-of-business laws, 402–3, 411–13; maternity benefits mandates, 279–81, 280; for medical underwriting, 112–13; for Medigap, 470–71, 473; most common, 2010, 403, 404; popularity of, rationales behind, 404–5; populations unaffected by, 406, 416; premiums and effects of, 407–8; regulation in the
2020s, 415–16; self-insured employer insurance plans and, 398, 407; specific mandates studies, 410–11; wages and effect of, 408–9
States: eligibility criteria for Medicaid programs in, 482; high-risk pools of, 425–32; retaliatory taxes and, 402n; tax rates in, 294
Statistical modeling, in risk adjustment, 121
Statistical variation: as measure of dispersion of claims, 100
“Stroke belt,” 102
Studebaker Corporation, 16
Subjective risk: differentiated from objective risk, 99
Substitute sources of healthcare coverage: employee premium sensitivity and, 260
Supplemental coverage: for Medicare beneficiaries, 59, 463–65, 464; traditional Medicare and effects of, 471–73, 472, 476
Supplemental Security Income (SSI), 482
Supplementary Medical Insurance (SMI) trust fund, 439, 440, 441, 444–45, 454, 457, 459
Surgery: coverage for, 8; mandatory second opinion for, 174; precertification for, 176
Surprise billing, 415, 416. See also Selective contracting
Survey of Income and Program Participation (SIPP), 61, 112, 376
Sustainable Growth Rate (SGR), 47–48
Switching costs, 246, 254n1

Taft-Hartley Act, 12
Take-up rates: employee premium sensitivity and, 265–67
Talent search, 278
Tax Cut and Jobs Act, 24, 301
Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), 122
Tax expenditures: definition of, 295; employer-sponsored health insurance and, 296
Tax policies, 298, 304; ad valorem, 291–92, 292, 294, 294; affecting employee premium contributions, 318; under Affordable Care Act, 32, 48, 49; for Cadillac health insurance plans, 42, 48; employee premium contributions and, 302–3, 304; for employer-sponsored health insurance, 12, 74–77, 268, 275, 277–78, 288, 294–95, 304, 309; for health insurance, 503; for health insurance exchanges, 378, 379; for health savings accounts, 332, 337; for high-risk pools, 432; for individual health insurance, 379; for Medicare funding, 275, 290n1, 452–54, 458; for Medicare Part A services, 48–49, 59; Medigap and, 473; for money wages, 295, 298; for premiums, 33, 34, 402, 402; for small employers, 352, 369; for Social Security financing, 275, 290n1, 435, 452, 454, 458
Tax price: computing, 298; of health insurance, 294–95, 297
Tax rates: estimates of effects on health insurance, 296–301; marginal, 292, 293, 294, 295, 297, 332, 340, 347, 360, 370; on money wages, 291–94, 295; premiums, in selected states, 402, 402
TEFRA. See Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)
Temporary workers, 56, 62
Texas A&M University, 235–36
Theory of health insurance, 65–67
Third-party administrators (TPAs): contracts with, 107; emergence of, 17
Tiered coverage programs: for prescription drug coverage, 157–59, 158
Time-price hypothesis: of healthcare utilization, 149–50
Tobacco use: as basis for premium rates, 34, 35, 429. See also Smokers; Smoking
Total utility: of wealth, 66–67, 67
TPAs. See Third-party administrators (TPAs)
Tricare Program, 60
Triple-difference model, 410, 411
Truman administration, 14
Trump administration, 24, 29, 36, 43, 104, 364; Association Health Plan initiative, 413; short-term policies and, 391
“Trump tax cut”: marginal tax rate and, 295
Trust fund ratios, 454, 455
Truvan Health Analytics, 134
Two-earner households, 328n1; employee premium contributions of, 316, 317, 325; employer-sponsored health insurance for, 313–15; insurance coverage for, 367; size of marginal employee premium contribution for family coverage and, 317; wage–health insurance trade-offs for, 307
Uncompensated care. See Charity care
Underwriting, 397, 423; under Affordable Care Act, 37–38, 114–15, 116, 370, 371; definition of, 116; of dissimilar risk groups, 111–13, 116, 363; field, 355; by health insurance exchanges, 121–22; implications for insurers, 103; for long-term care insurance, 494; medical, prohibitions on, 112, 112–13; of Medigap coverage, 469–71; nature of, 101–3; rating approaches in, 103–6; risk pools/risk classes in, 101–3; of self-insured plans, 106–8; for short-term health insurance, 391, 392; in small-group market, 411–12
Undocumented workers, 61
Unemployment rate, 61, 62
Uninsurable population: size of, 424–25, 434
Uninsured population: under Affordable Care Act, 29, 423, 424, 493; CBO estimates of number of, 29, 30; charity care for, 381; health insurance price sensitivity of, 379; health status of, 388, 388; as percentage of total population, 54, 54; in small-group market, 367, 368; state mandates and effect on, 409; uninsured rate by state, 2017, 56
Unions. See Labor unions
Unisex insurance rates, 111
UnitedHealthcare, 226, 235
UnitedHealth Group, 93, 384
United Mine Workers healthcare plan: physician coinsurance requirement study, 145
United States: health insurance coverage in, for all ages, 2013 and 2017, 54, 54; large-group concentration ratios in private health insurance in, 2014, 243; states with largest insurer possessing a 50 percent market share or more, 2018, 243
Universal health insurance plans: community rating approach of, 104. See also National health insurance
University of Illinois, 186
Urban Institute, 492
US Census Bureau, 61, 280, 281, 297, 362, 375, 376, 409, 414, 424, 432, 490, 491; American Community Survey, 53, 491, 493; Survey of Income and Program Participation (SIPP), 61, 112, 376
US Congress, 12, 14, 22, 132, 331, 333, 366, 400, 410, 469, 471, 480, 488
US Department of Defense, 60
US Department of Justice, 222, 231, 243, 245, 247; Improving Healthcare: A Dose of Competition, 21, 223
US Department of the Treasury, 332, 368
US Department of Veterans Affairs (VA), 149, 200
US House of Representatives, Ways and Means Committee of, 14, 15

Copying and distribution of this PDF is prohibited without written permission.
For permission, please contact Copyright Clearance Center at www.copyright.com
US Postal Service, 267
US Supreme Court decisions, 223; on individual mandate, 24; on Medicaid expansion, 491; NFIB v. Sebelius, 44; optional Medicaid expansion for states, 33–34; US vs. the South-Eastern Underwriters Association, 398
Utilization management (UM): defining, 174, 187; effectiveness of, 173
Utilization management programs: denial of coverage by, 180–82; local medical care market findings, 176; second generation studies, 177–78, 180–82
Utilization management techniques, 173–88; adverse effects of, 221; of Blue Cross/Blue Shield, 176, 177; claims adjudication differentiated from, 175; definition of, 174–75; disease management and intensive case management, 184–85; early studies of, 175–77; effectiveness of gatekeeping, 182–84, 183; effect on healthcare quality, 175; of HMOs, 82–84, 93; of managed care plans, 21; patients’ opposition to, 218, 219; physicians’ opposition to, 218–20; predmission certification and concurrent review, 175–77; second-generation studies of, 177–82; types of, 174–75
VA. See US Department of Veterans Affairs (VA)
Value-based insurance design (V-BID), 160–62; for prescription drug coverage, 160, 166
Vision plans, 59, 237
Volume, price discounts and, 210
Voucher systems, 122
Wage compression, 281
Wage controls, 12, 25
Wage–health insurance trade-off, 273–74, 277, 279, 285–86, 287, 288, 354, 390, 408, 416. See also Compensating differentials
Wages: age-wage profile and, 281, 281–82, 282; compensating differentials and, 274, 277; defined contribution health insurance and, 320, 321; hourly, effects of maternity mandates on, 280, 280–81; as marginal revenue product, 273, 290n1; obesity, smoking, compensating differentials, and, 283; stagnant, 309; state mandates and effect on, 408–9; taxation of, 291–94. See also Compensating differentials
Waiting periods: for preexisting conditions, 362, 397, 400, 429, 433, 434; reducing crowd-out and, 491
Wall Street Journal, 184, 211
Wealth: total utility of, 66–67, 67
Wealth effect: on risk premiums, 66–74
Welfare reform, 22
Wellmark, 239
Wellness programs, 173, 186–87; employer-sponsored, popularity of, 186, 188
Women: in labor market, 12; premiums for, 37. See also Gender factors; Two-earner households
Women’s Health and Cancer Rights Act, 401
Workers’ compensation insurance, 4
Worker sorting theory, 307, 309–13, 325
Workplace injuries: employers’ liability for, 4; government-sponsored coverage for, 3
World War I, 4
World War II, 3, 11, 12, 14
Young adults: attitudes toward health insurance coverage, 69; coverage under Affordable Care Act, 273, 277, 284–85, 389–90, 404; health insurance coverage for, 144, 277; lack of health insurance coverage for, 144
Zero-sum model: risk adjustment in the Affordable Care Act and, 134