

~~FEEDING~~
TAMING
THE BEAST!

M. Edward Sellers, BlueCross BlueShield of South Carolina

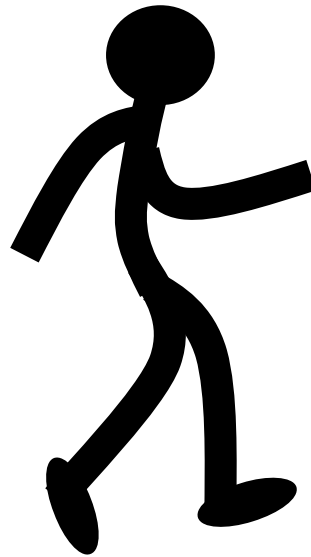
Presentation at NIHCM Conference on Managing Health System Capacity

December 1, 2008

Personal Effect Of Health Care Economics

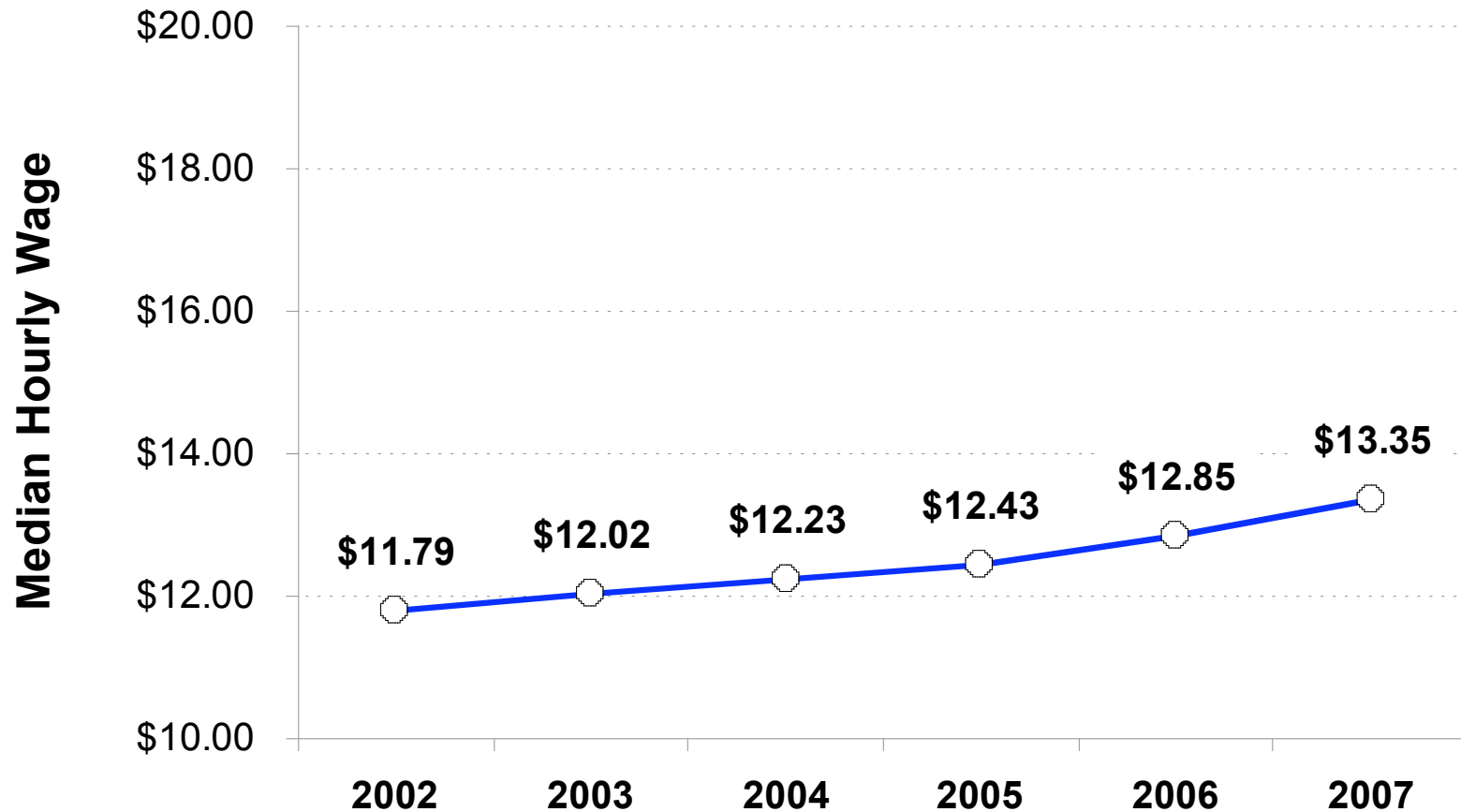
- Uninsured
- The growing burden on the “Insured”

The Squeeze Play on the “Insured” American Worker





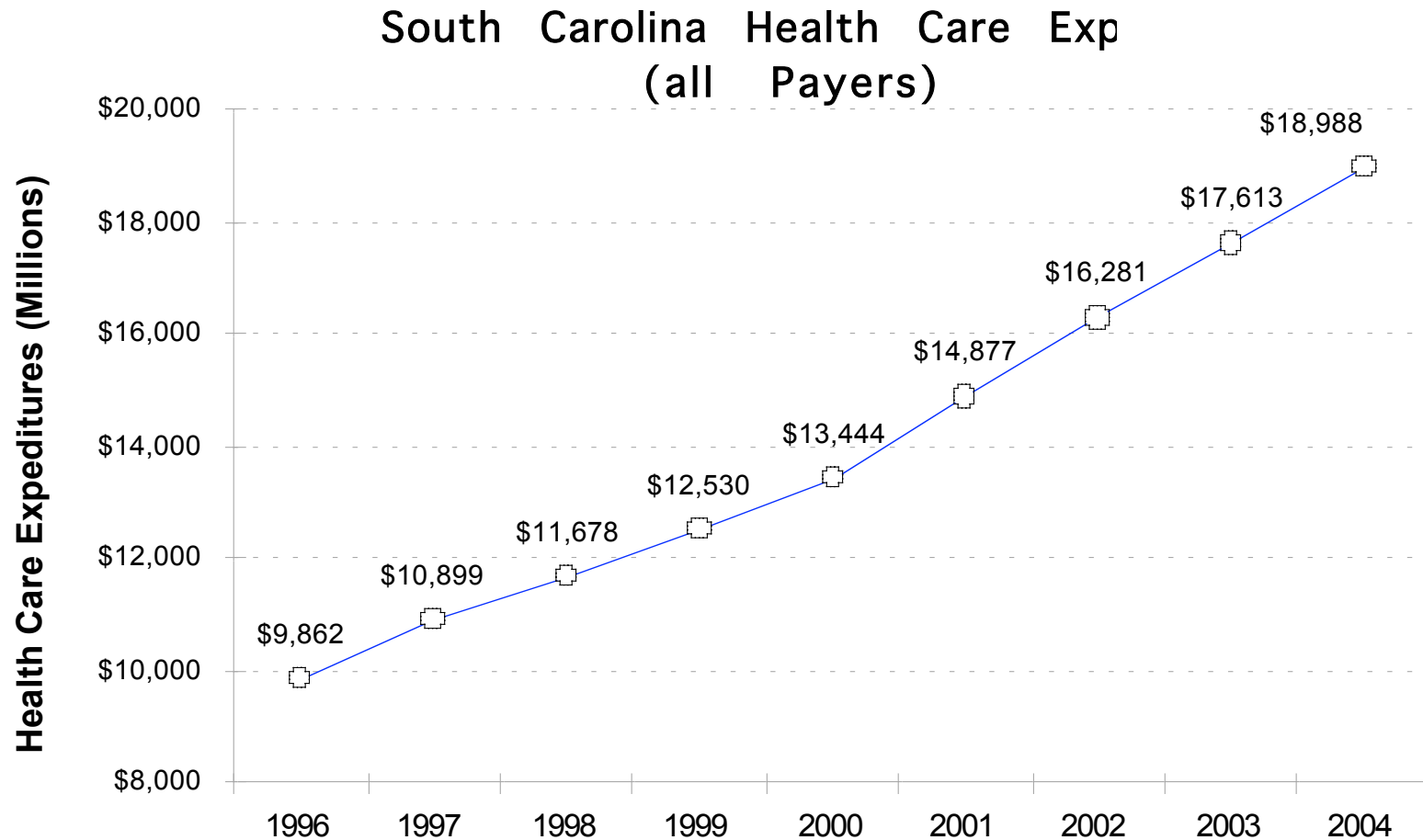
Median Wage Growth in South Carolina Averaged 2.5% 2002 to 2007



SOURCE: U.S. Bureau of Labor Statistics

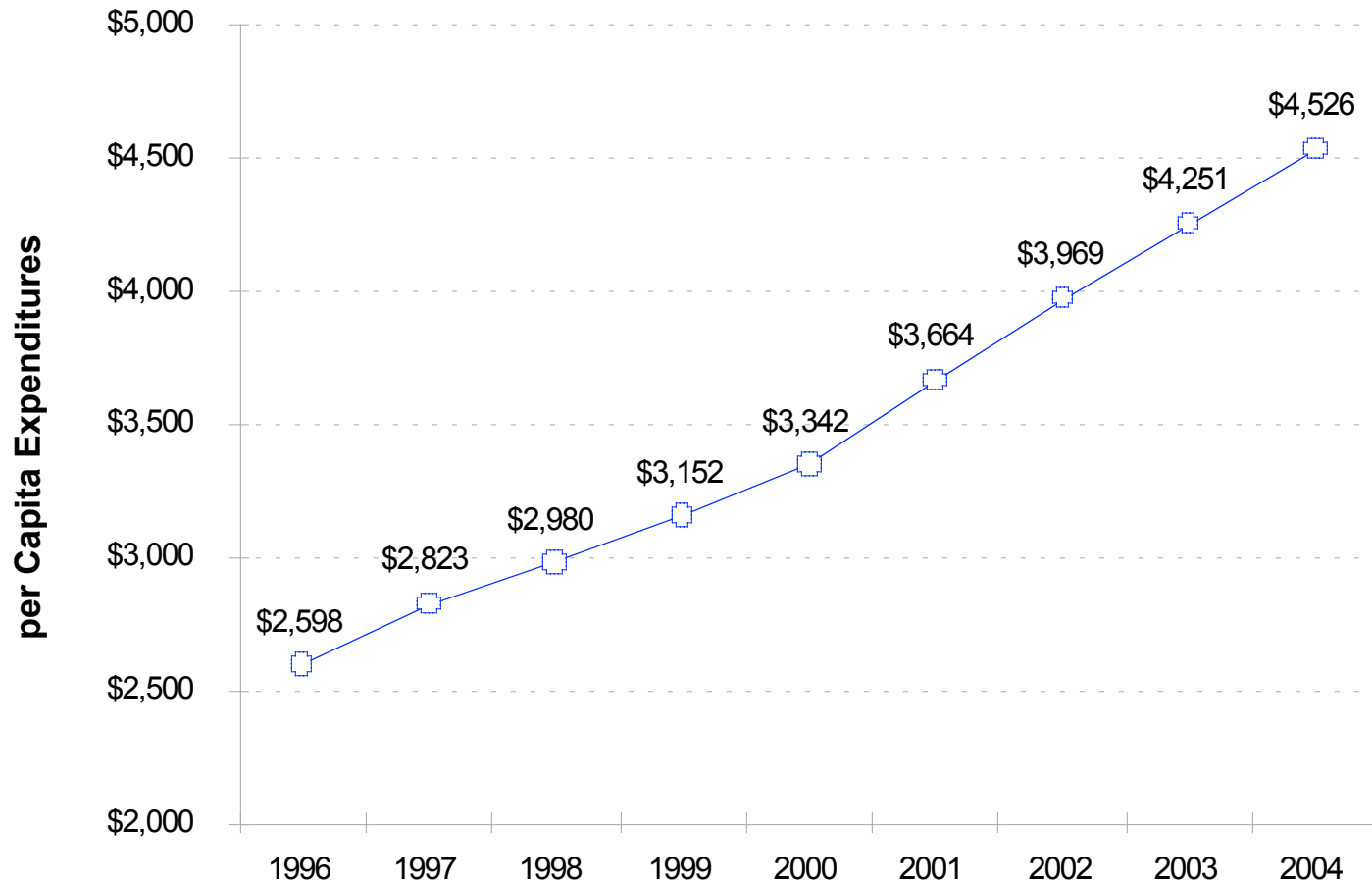


Healthcare Cost Structure in South Carolina Grows at 8.5% per Year



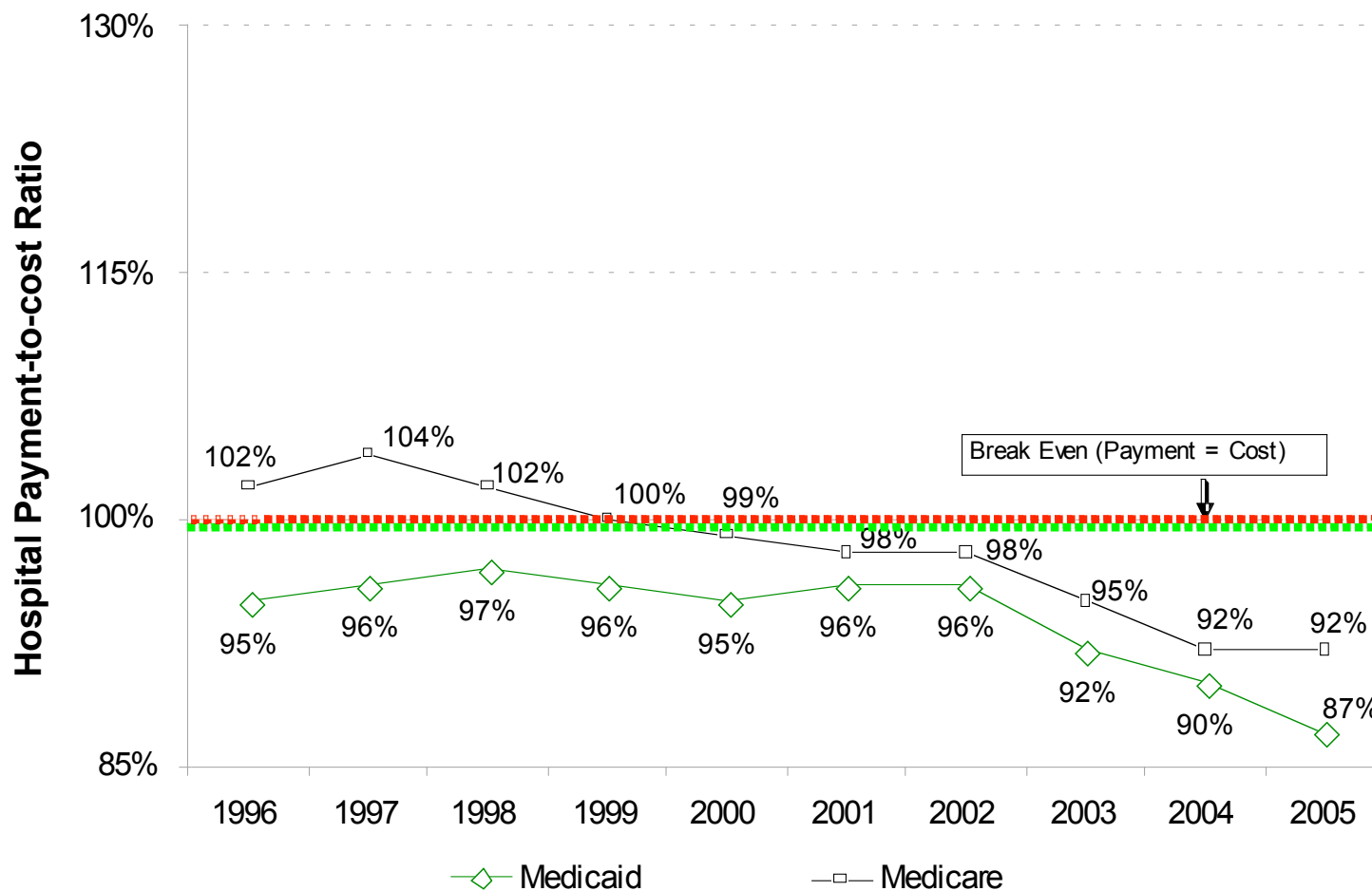
Note: Nursing Home, Home Health, and Other Personal Care categories have been removed from this table
SOURCE: Centers for Medicare & Medicaid Services (CMS), Office of the Actuary; Health Care Expenditures

South Carolina per Capita Annual Health Care Expenditures Grow at 7.2% per Year

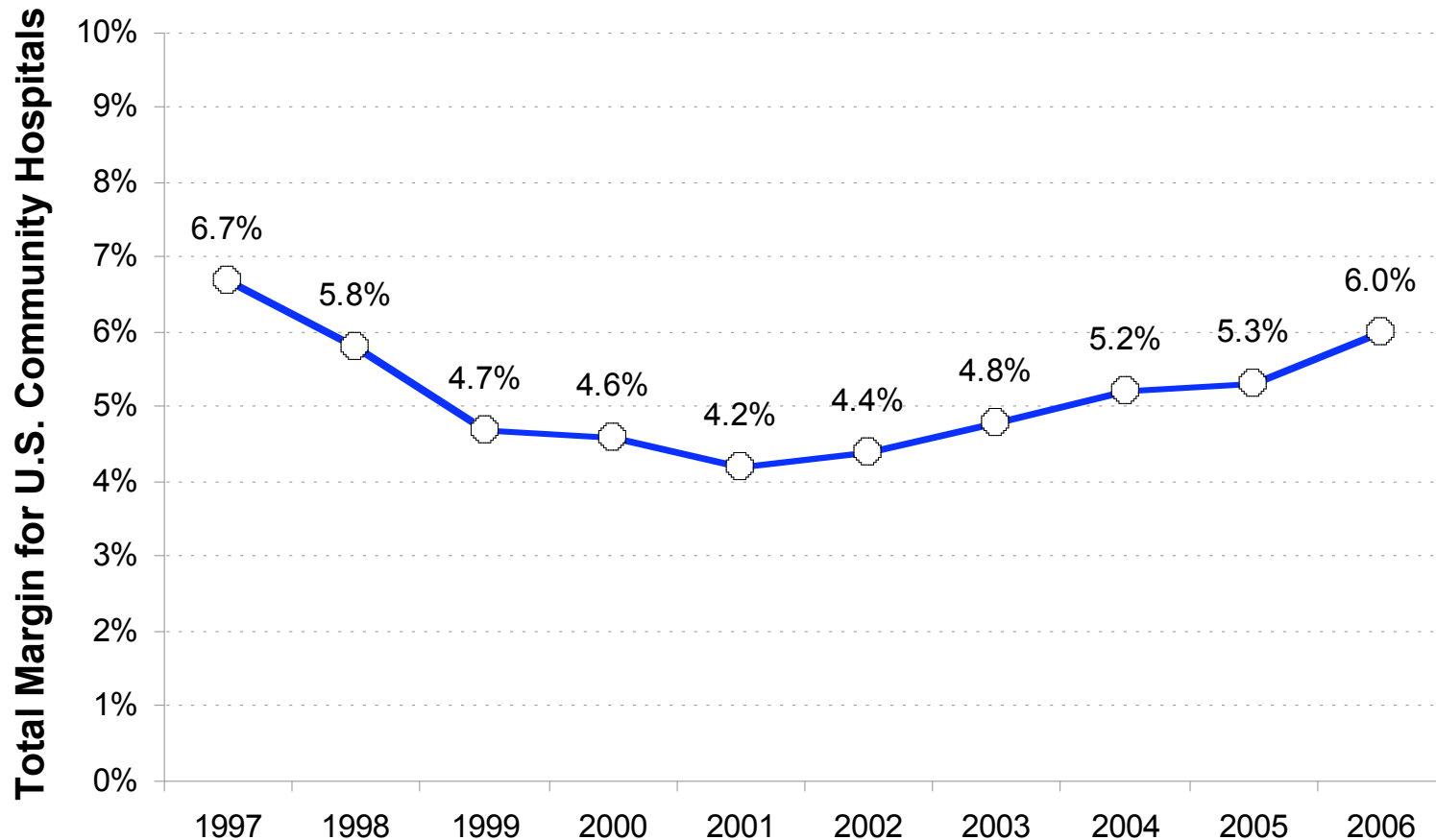


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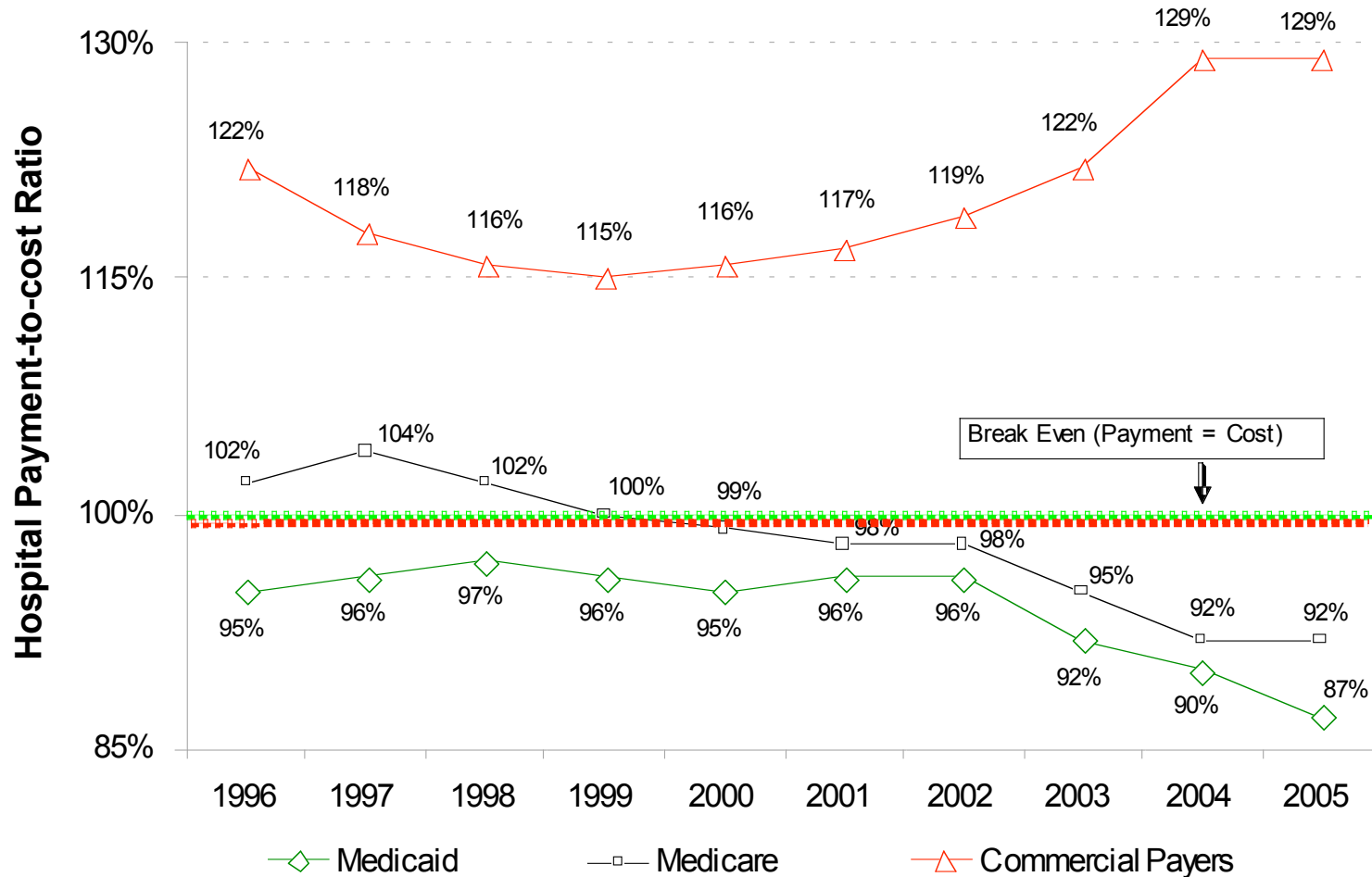
Medicare and Medicaid Now Pay Below Cost



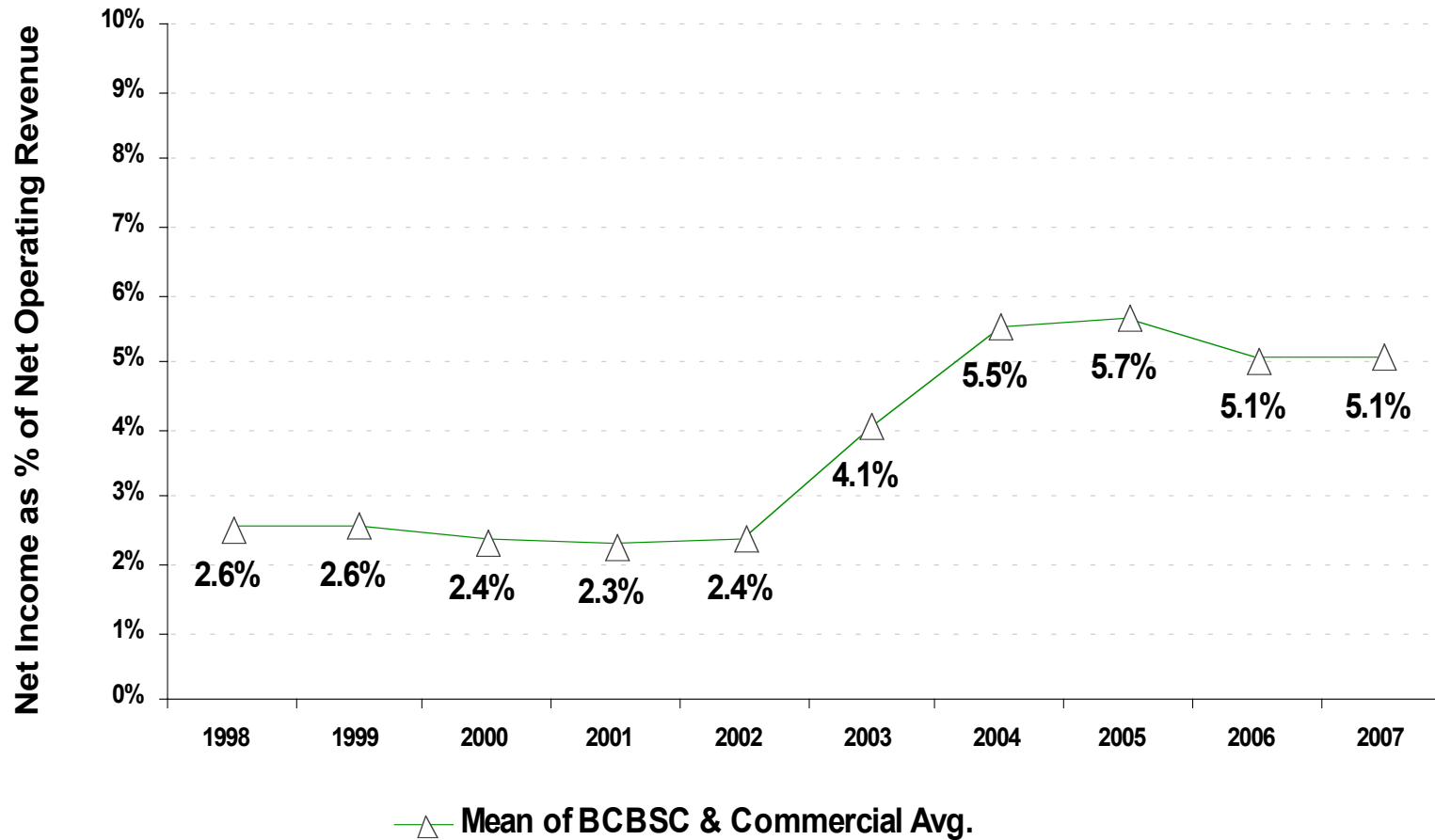
Total Margins for U.S. Community Hospitals Stay Between 4 and 7%



Major Hospital Cost Shift to Commercial Payers

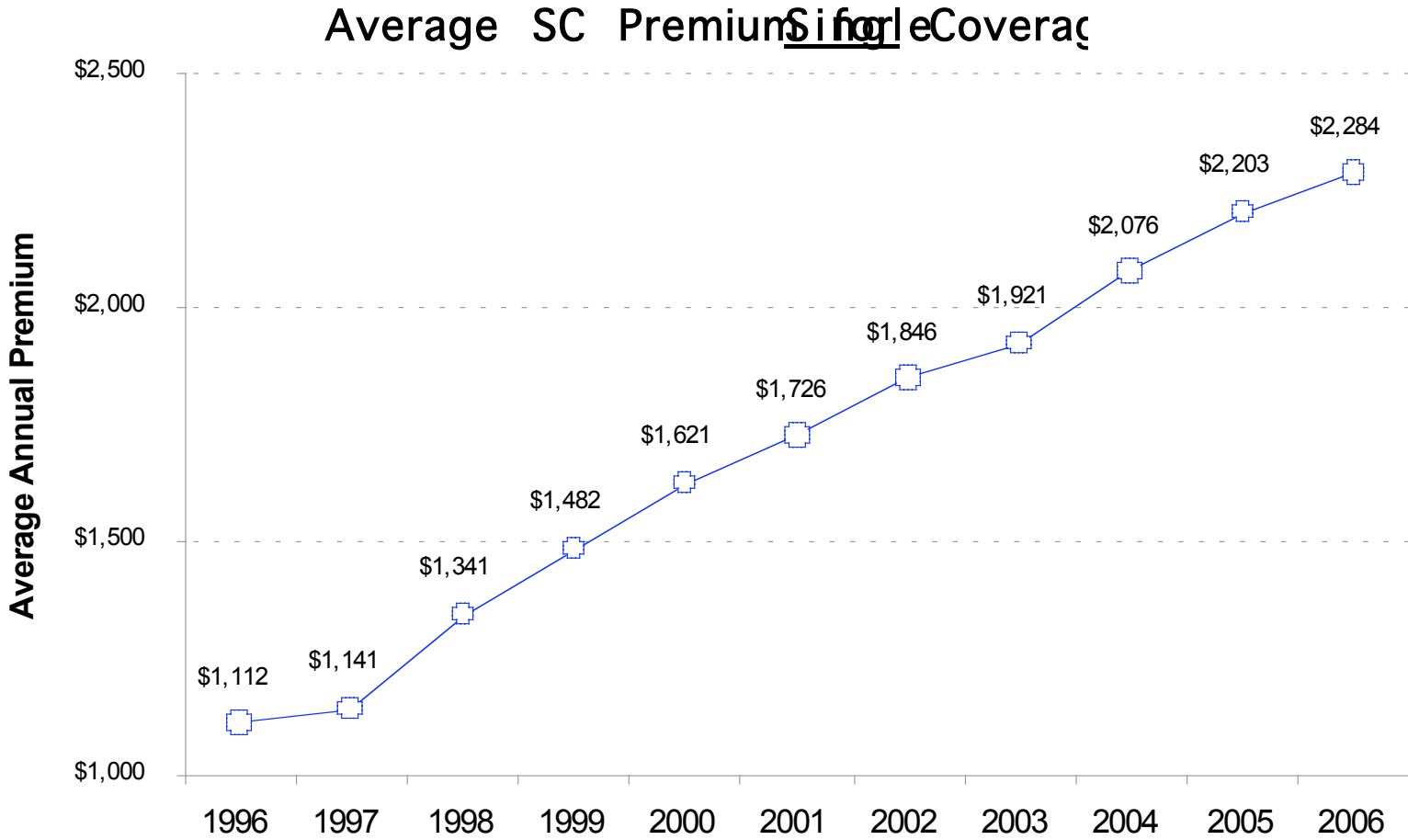


Commercial Payer Margins



Note: Figures for Aetna were removed from the commercial plan industry calculation only for 2002.

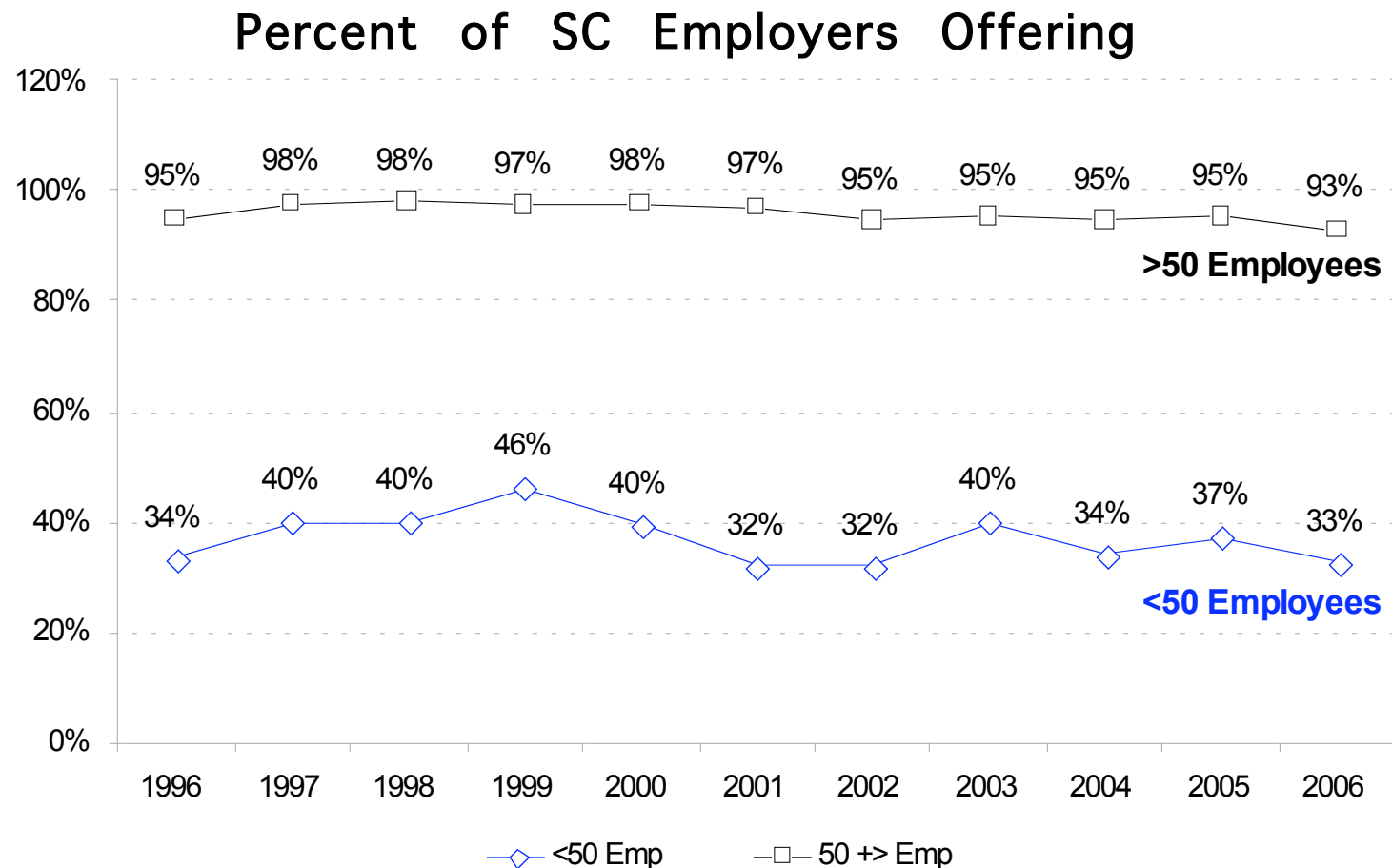
Increases in Medical Payments Results in Increased Premiums



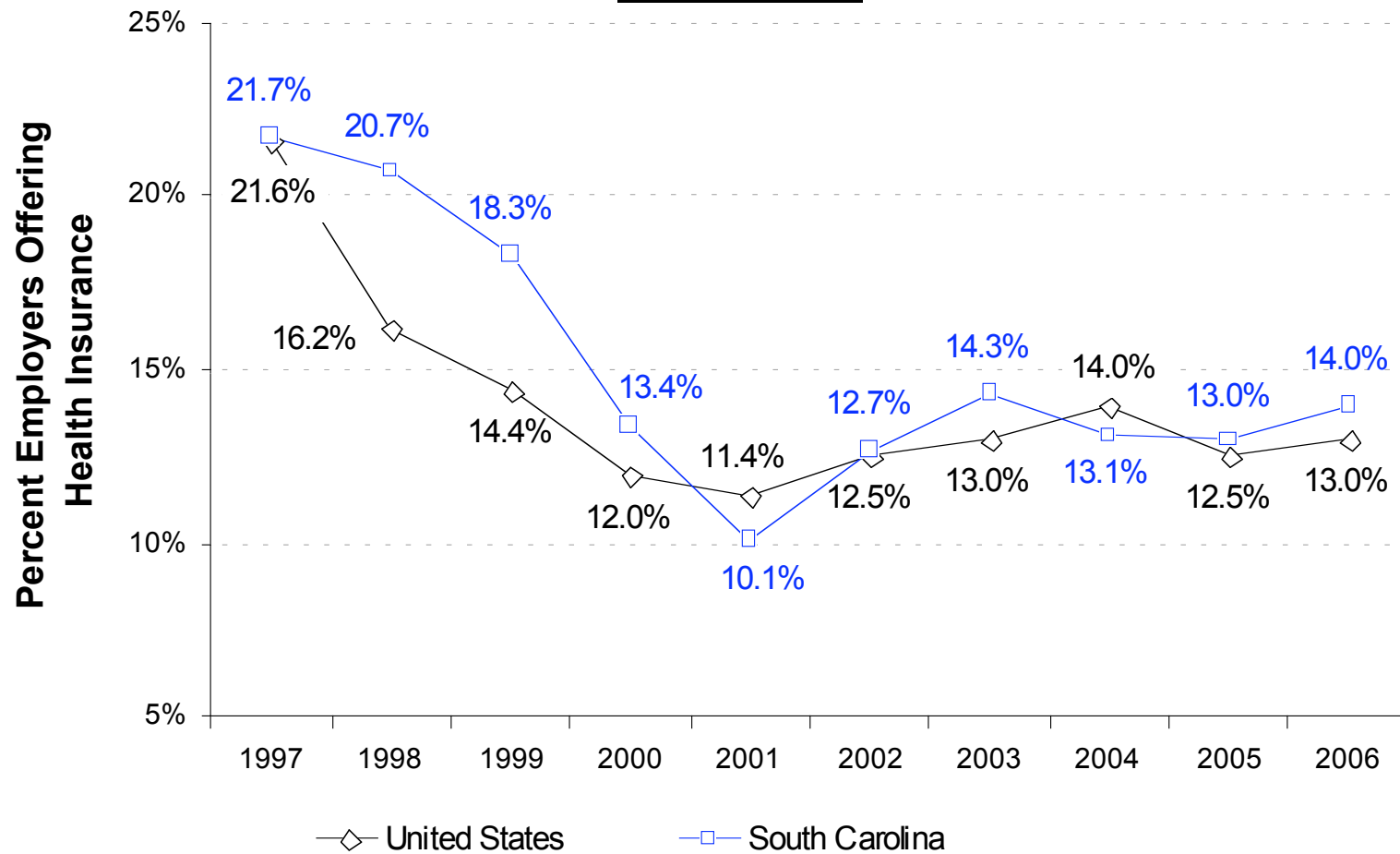
Medical Expenditure Panel Survey, Agency for Healthcare Research and Quality, U.S. H.H.S.



Continued Slow Decline in South Carolina Employers Who Offer Health Insurance Benefits

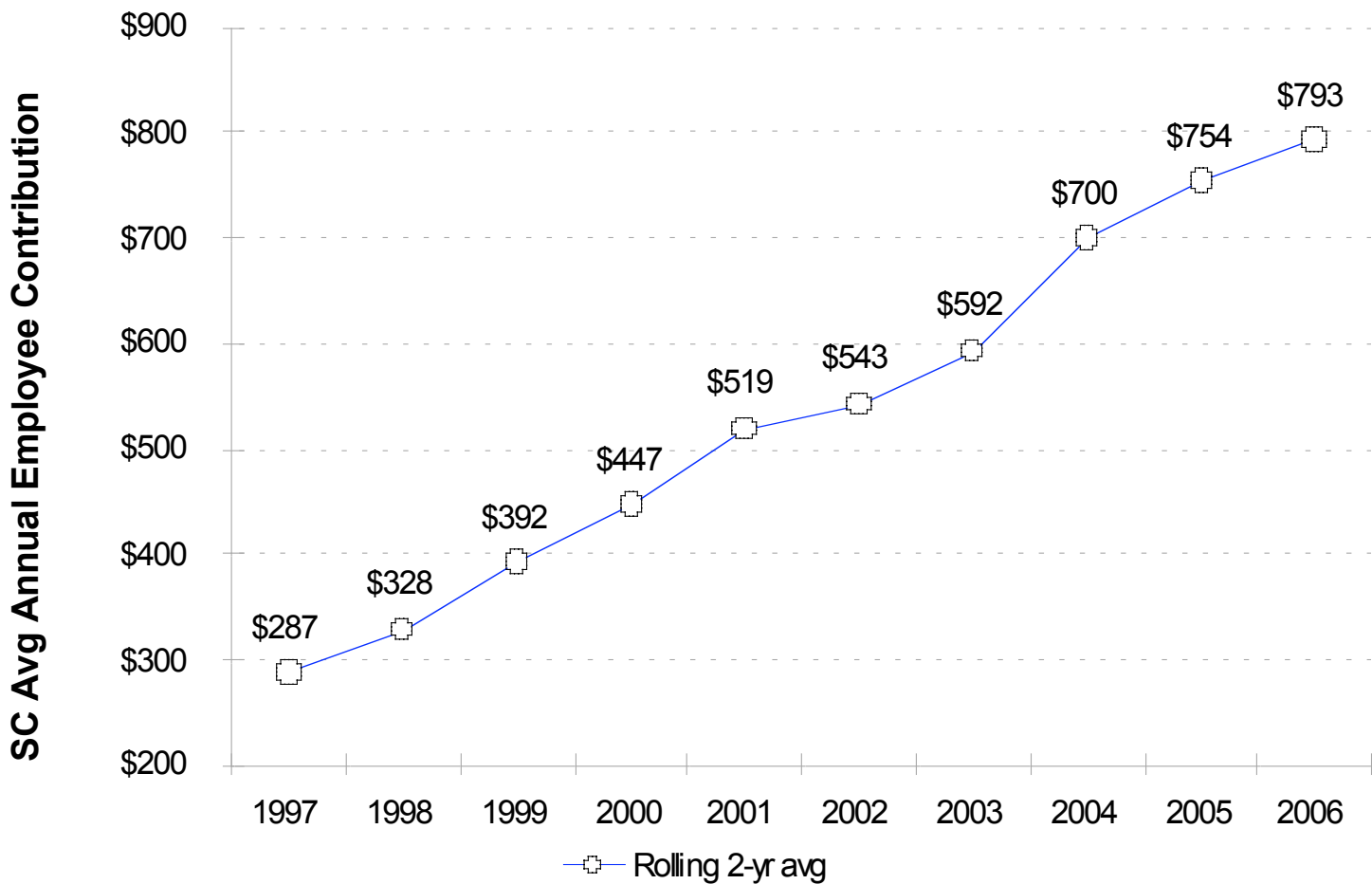


Significant Decrease in Employers Offering Health Insurance Benefits to Retirees Under 6



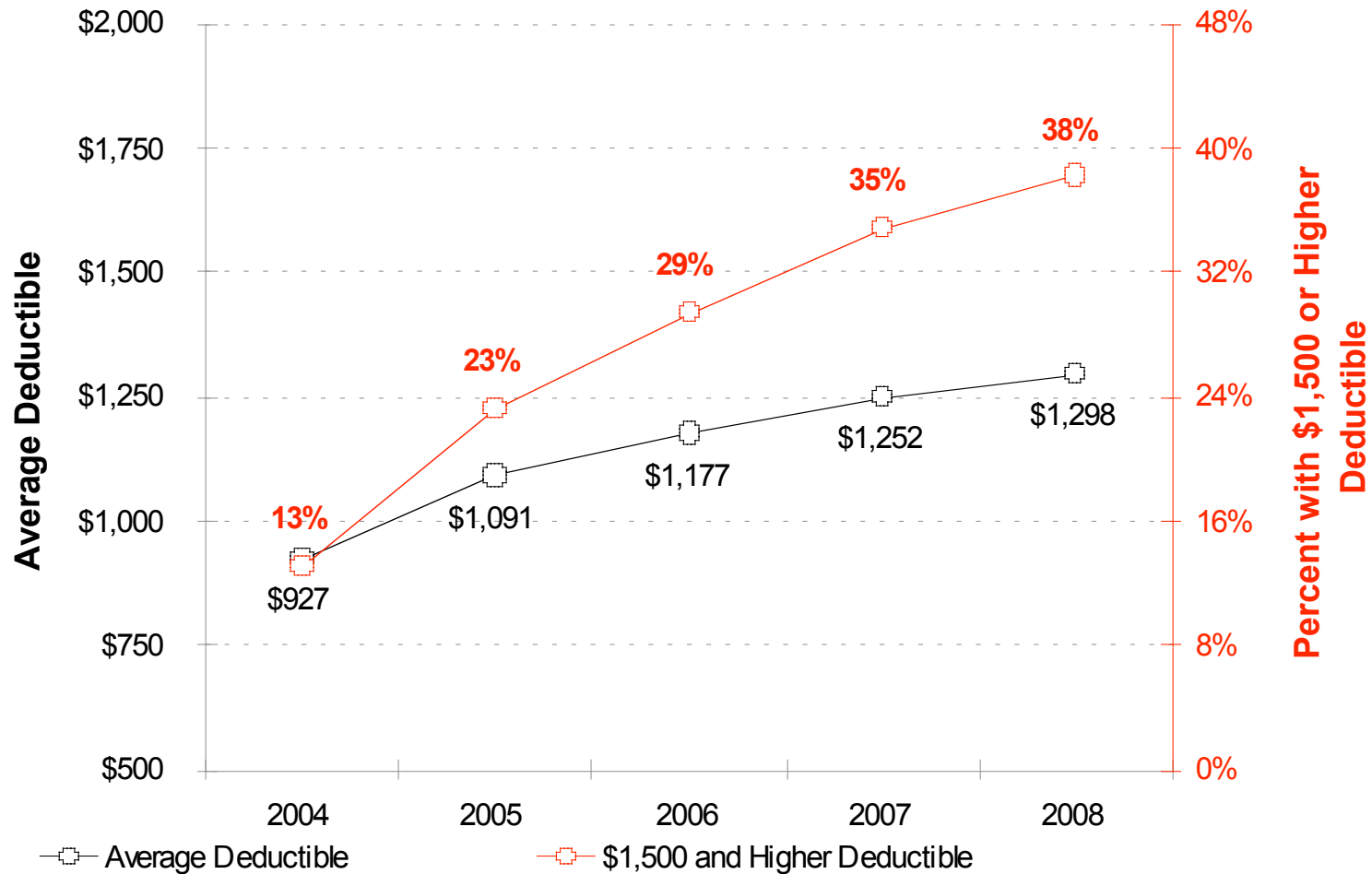
Employers Shift Cost to Employees by Requiring Higher Contributions

Single Cove



Medical Expenditure Panel Survey, Agency for Healthcare Research and Quality, U.S. H.H.S.

Employers Shift Costs to Employees by Lowering Benefits



WHAT NOW?

WE EITHER LIMIT “FREEDOMS”...

- Of Employers and Individuals** ➤ **To Not Contribute to the Insurance Pool (relative to means)**
- Of Providers** ➤ **To Build/Buy/Expand capacity at will with no limits except cash.**
- Of Payers** ➤ **To Limit access to policies/ mistreat members**
- Of States and Federal Governments** ➤ **To Not do more to help the most desperate**

OR CONTINUE THE SAME PATH