

Sustaining the Charitable Mission of Horizon Blue Cross Blue Shield after Conversion to a For-Profit Corporation



Rutgers Center for
State Health Policy

Institute for Health, Health Care Policy,
and Aging Research

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CSHP researchers are solely responsible for the analyses and conclusions presented here.

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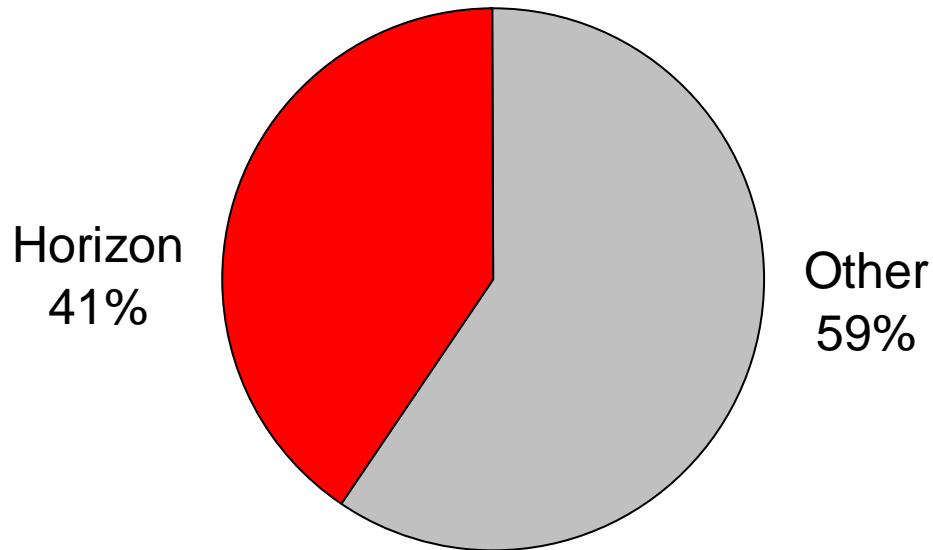
With additional contributions from:

Joann Donatiello, MLS, MA and Lori Glickman

OUTLINE

- Horizon's Coverage Portfolio
- Conversion Issues and Concerns

NJ's Largest Health Insurer



6.1 million, medically insured non-elderly New Jersey residents

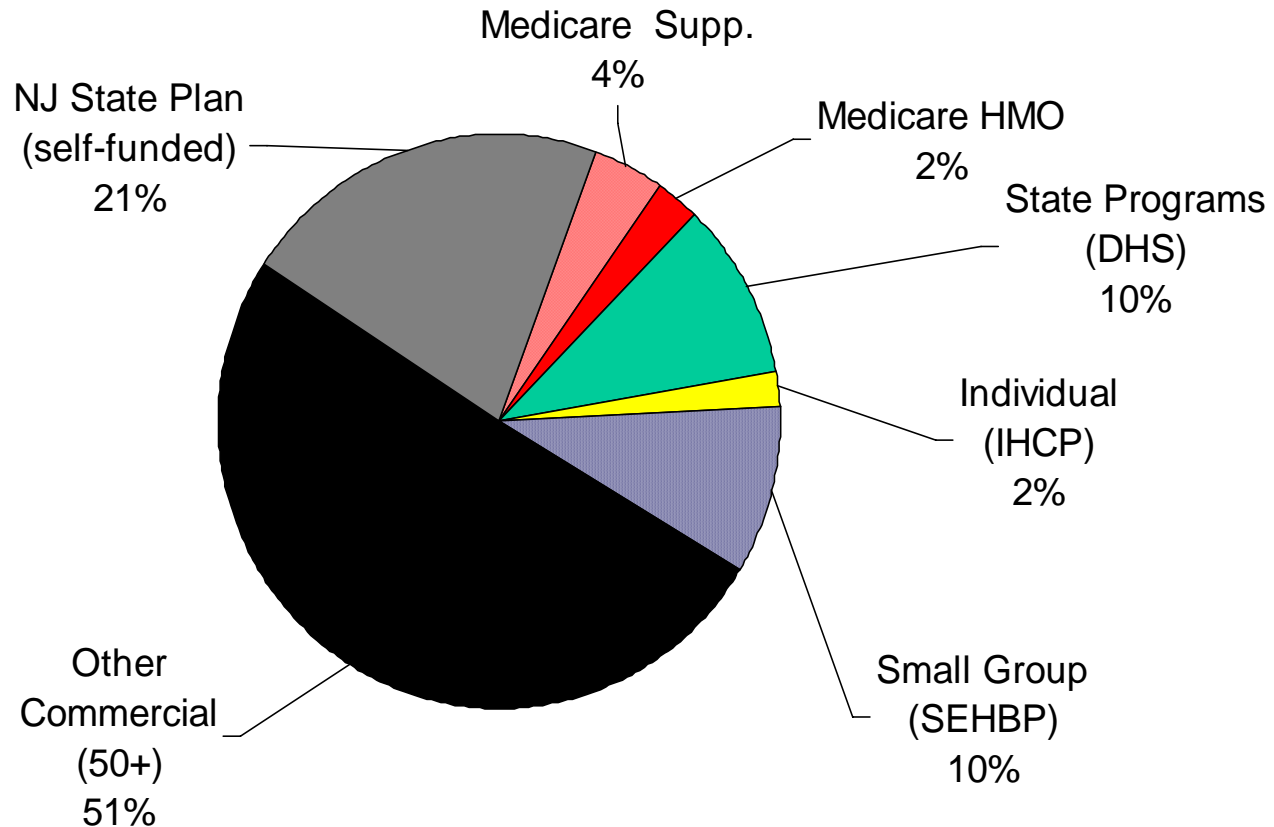
Horizon also provides coverage to 179,000 Medicare beneficiaries

Sources: Kaiser Family Foundation and Horizon BCBS

Note: NJ covered population for 1999-00; Horizon enrollment for 2002.

Horizon's Coverage Portfolio

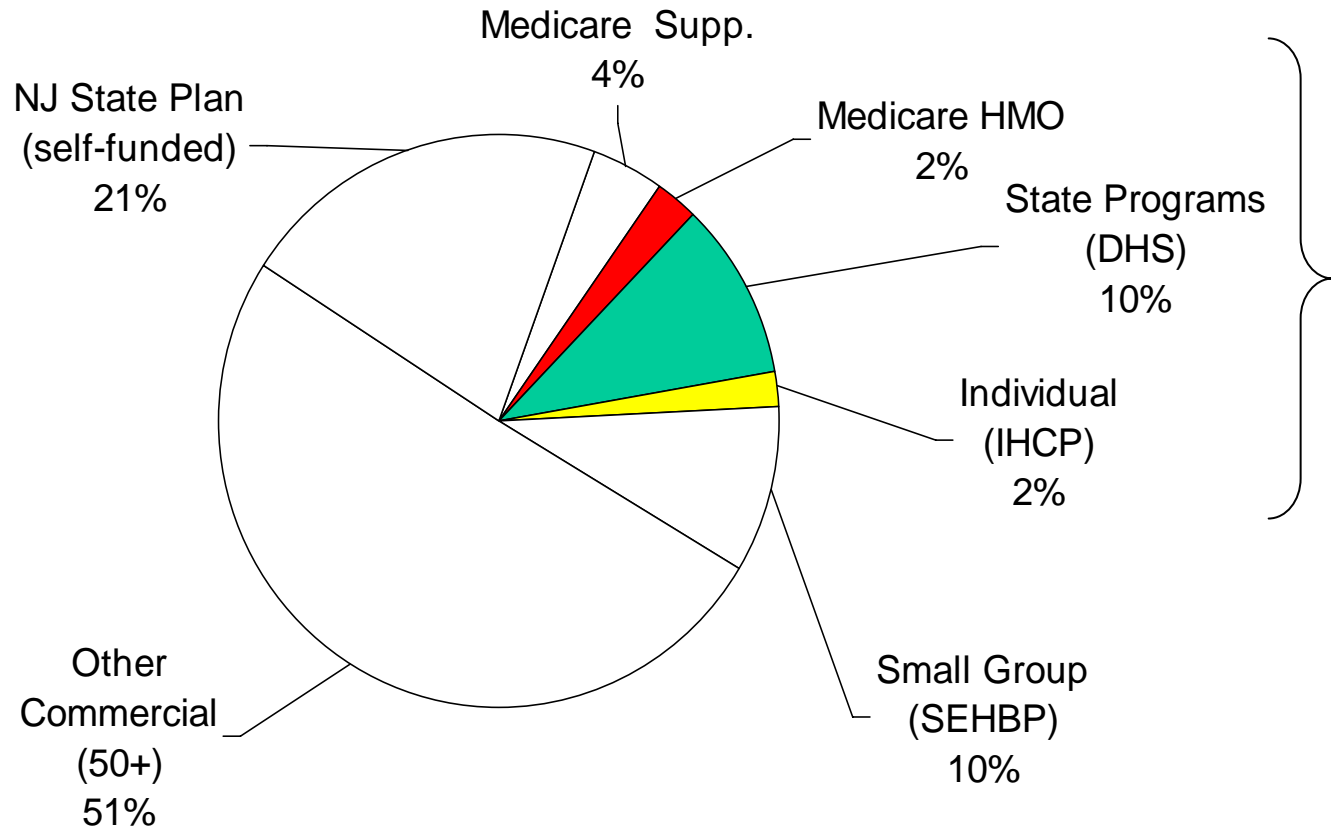
2.7 million members in 2002



Sources: NJ Dept. of Banking and Insurance and Horizon BCBS

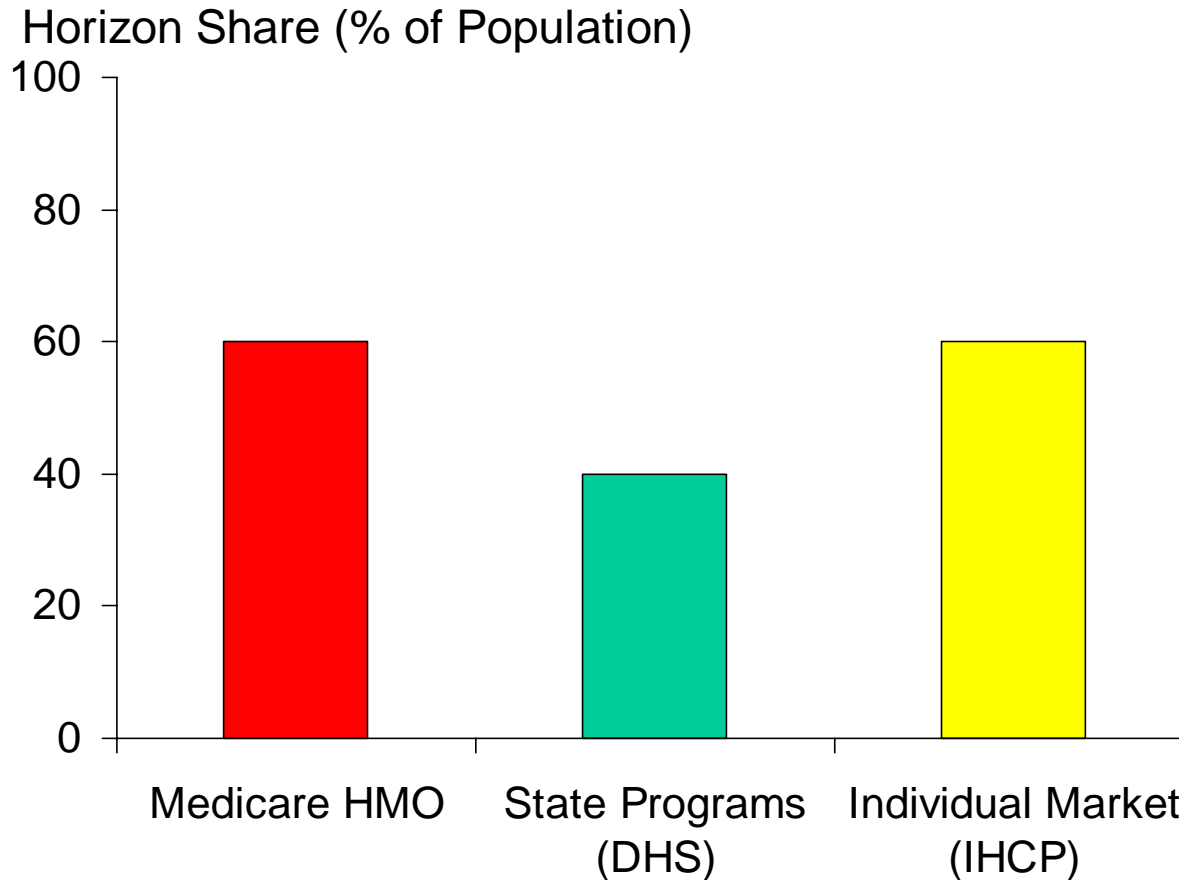
Horizon's Coverage Portfolio

2.7 million members in 2002



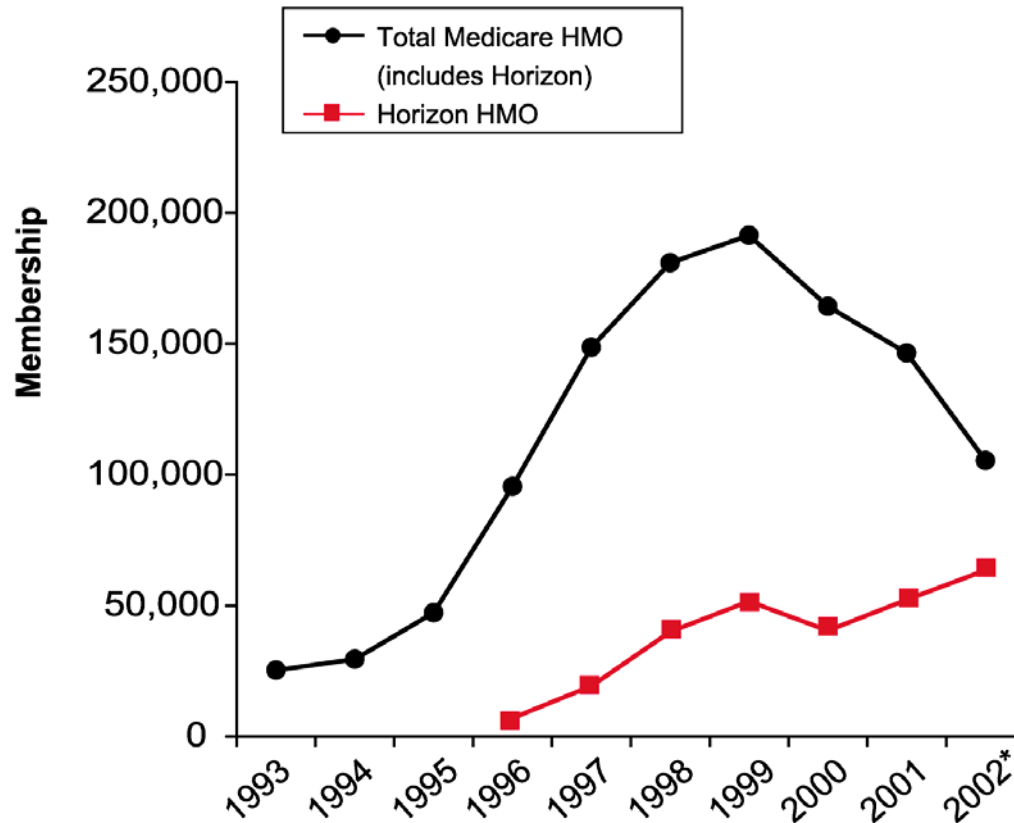
Sources: NJ Dept. of Banking and Insurance and Horizon BCBS

Horizon's Large Role in Serving Vulnerable Populations, 2002



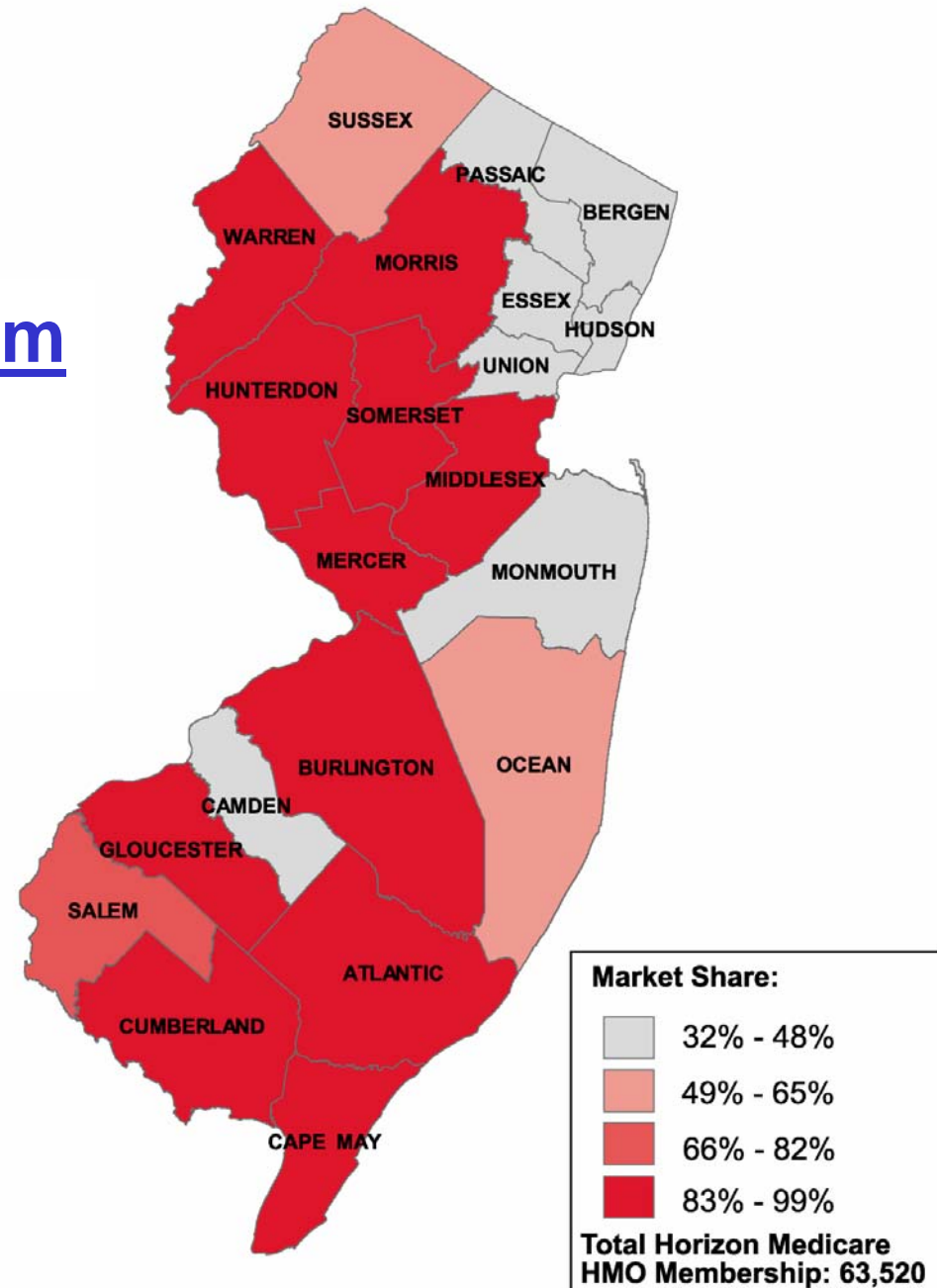
Sources: NJ Dept. of Banking and Insurance

Horizon Medicare HMO Membership Climbed as Other Carriers Exited the Market, 1993-2002

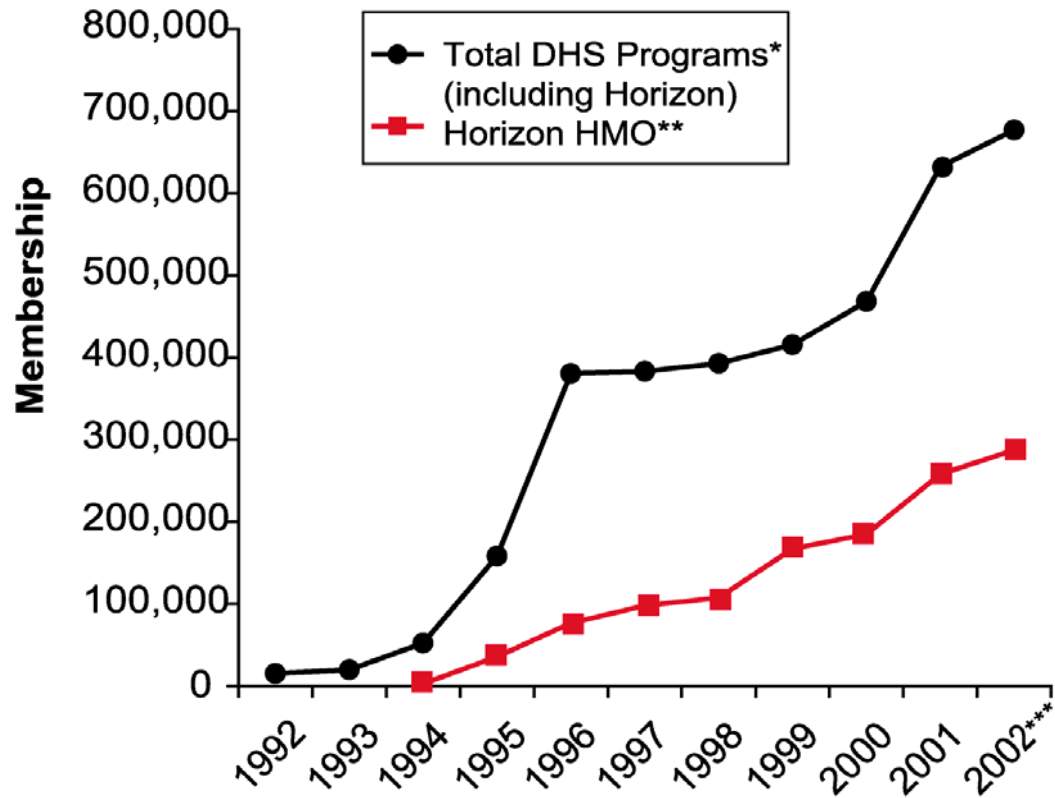


See *CSHP Issue Brief* for notes and sources.

Medicare HMO Program Horizon Dominates in Most NJ Counties



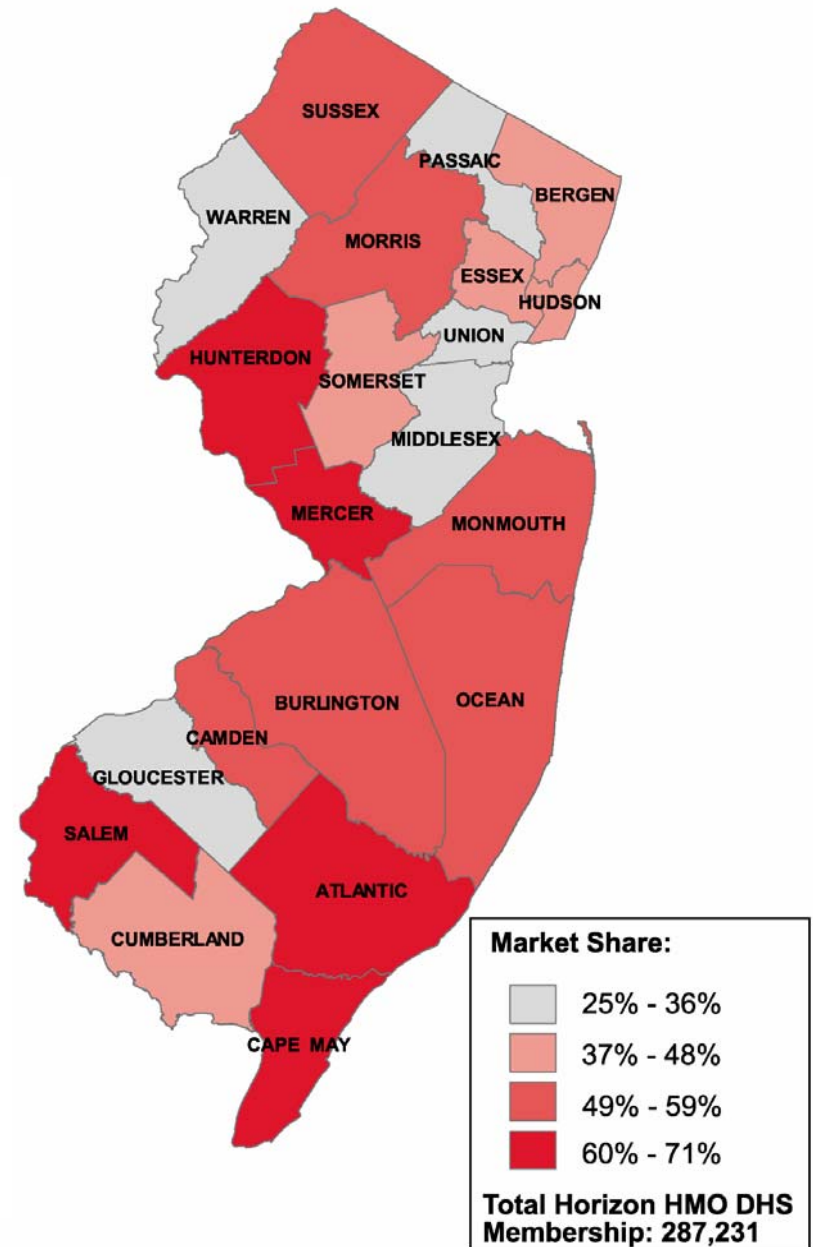
Horizon More than Doubled its State Program Coverage in 5 Years, 1997-2002



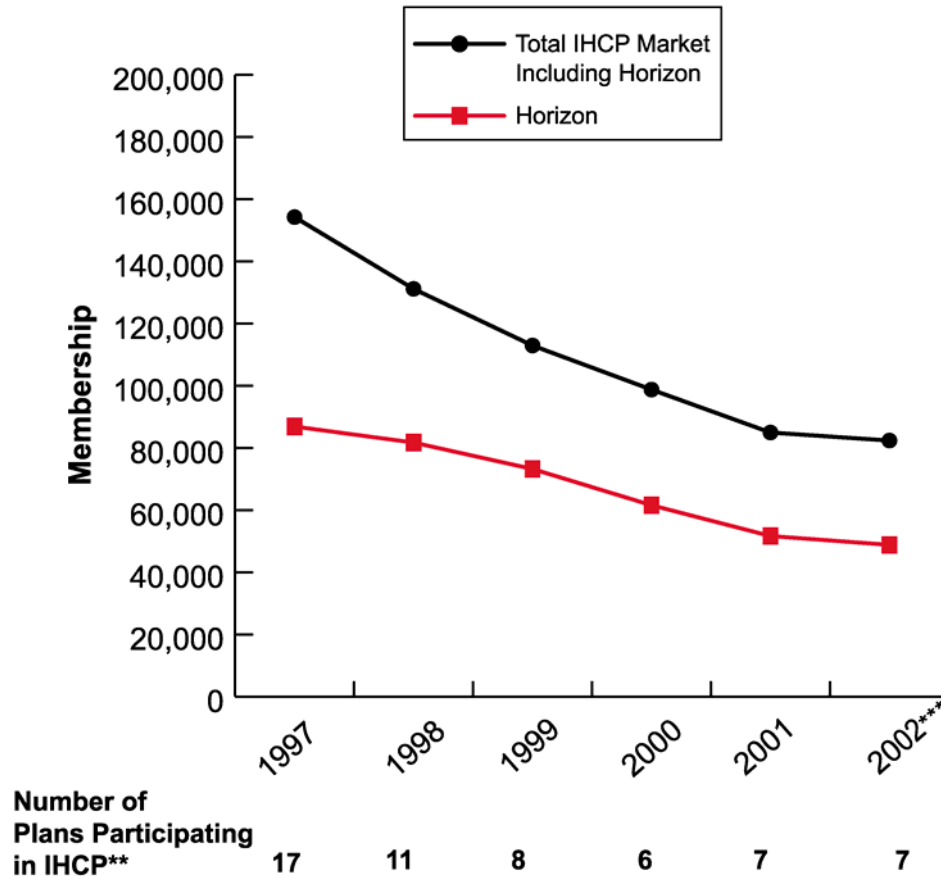
See *CSHP Issue Brief* for notes and sources.

State Programs

Horizon HMO Plays a Major Role in all Counties and Dominates in Many



Horizon has Maintained a Large Role as Total Individual Coverage (IHCP) Declined, 1997-2002



See *CSHP Issue Brief* for notes and sources.

OUTLINE

- Horizon's Coverage Portfolio
- Conversion Issues and Concerns
 - Continuing Horizon's Charitable Mission
 - Monitoring Impact on Access
 - Assuring an Effective Foundation

Continuing the Mission

- Regulatory discretion in asset valuation

Best Practice: Asset Valuation

Maryland commissioned independent study using three valuation methods.

Continuing the Mission

- Regulatory discretion in asset valuation
- Effective public input

Best Practice: Public Input

Maryland and North Carolina have conducted multiple rounds of public hearings.

Monitoring Access

- Regulatory discretion

Best Practice: Health Impact Study

Detailed impact study is focus of debate on whether Kansas BCBS conversion should move forward.

Foundation Effectiveness

- Effective separation from corporate influence
- Politically appointed board of directors
- Qualifications of board and staff

Best Practice: Foundation Governance

California created qualification guidelines, search advisory group, and employed a search firm in 1996 BC conversion.

CONCLUSIONS

- Horizon's distinguished track record
- NJ statute is strong, but concerns remain

CONCERNS

- Asset valuation
- Public input
- Health impact study
- Foundation governance