HEALTH CARE AND INSURANCE

How Are Net Health Insurance Benefits Distributed in the Employment-Related Insurance Market? by Alan C. Monheit, Len M. Nichols, and Thomas M. Selden

The recent health care reform debate has questioned whether the health insurance market effectively pools risks and transfers income across states of health. The data from the 1987 National Medicare Expenditure survey are used to examine how net health insurance benefits are distributed in the employment-related insurance market. This market to transfer income from those in good health to those with health problems and the tax subsidy from employer health insurance contributions are a crucial determinant of the net benefit distribution. To the extent society views these transfers as meritorious, the findings suggest caution regarding initiatives to limit or eliminate the tax subsidy. *Inquiry*, Winter 1995/1996, 32(4): 379–391. (Reprinted with permission of ABI/Inform, copyright UMI.)

HEALTH CARE AND INSURANCE

The Impact of Non-IPA HMOs on the Number of Hospitals and Hospital Capacity, by Michael Chernew

Concentration in the hospital market could limit the success of health care reform strategies that rely on managed care to constrain costs. Hospital market capacity also is important because capacity affects both costs and the degree of price competition. Because managed care plans, particularly non-individual practice association (non-IPA) model HMOs, practice a less hospital-intensive style of care, consolidation and downsizing in the hospital market potentially will accompany managed care growth, influencing the long-run effectiveness of managed care cost-containment strategies. Using Standard Metropolitan Statistical Area data from 1982 and 1987, a 10 percentage point increase in non-IPA HMO market share is estimated to reduce the number of hospitals by about 4 percent, causing an approximate 5 percent reduction in the number of hospital beds. No statistically significant relationship is found between non-IPA HMO penetration rates and hospital occupancy rates. *Inquiry*, Summer 1995, 32(2): 143–154. (Reprinted with permission of ABI/Inform, copyright UMI.)

HEALTH CARE AND INSURANCE

The Impact of HMO Competition on Private Health Insurance Premiums, 1985–1992, by Thomas M. Wickizer and Paul J. Feldstein

A critical unresolved health policy question is whether competition stimulated by managed care organizations can slow the rate of growth in health care expenditures. The competitive effects of health maintenance organizations (HMOs) on the growth in fee-for-service indemnity insurance premiums over the period 1985–1992 are analyzed using premium data on 95 groups that had policies with a single, large, private insurance carrier. Multiple regressions are used to estimate the effect of HMO market penetration on insurance premium growth rates. HMO penetration had a statistically significant ($p < .015$) negative effect on the rate of