

EMPLOYER HEALTH BENEFITS
2004 ANNUAL SURVEY

Market
Shares of
Health Plans

SECTION

5

MARKET SHARES OF HEALTH PLANS

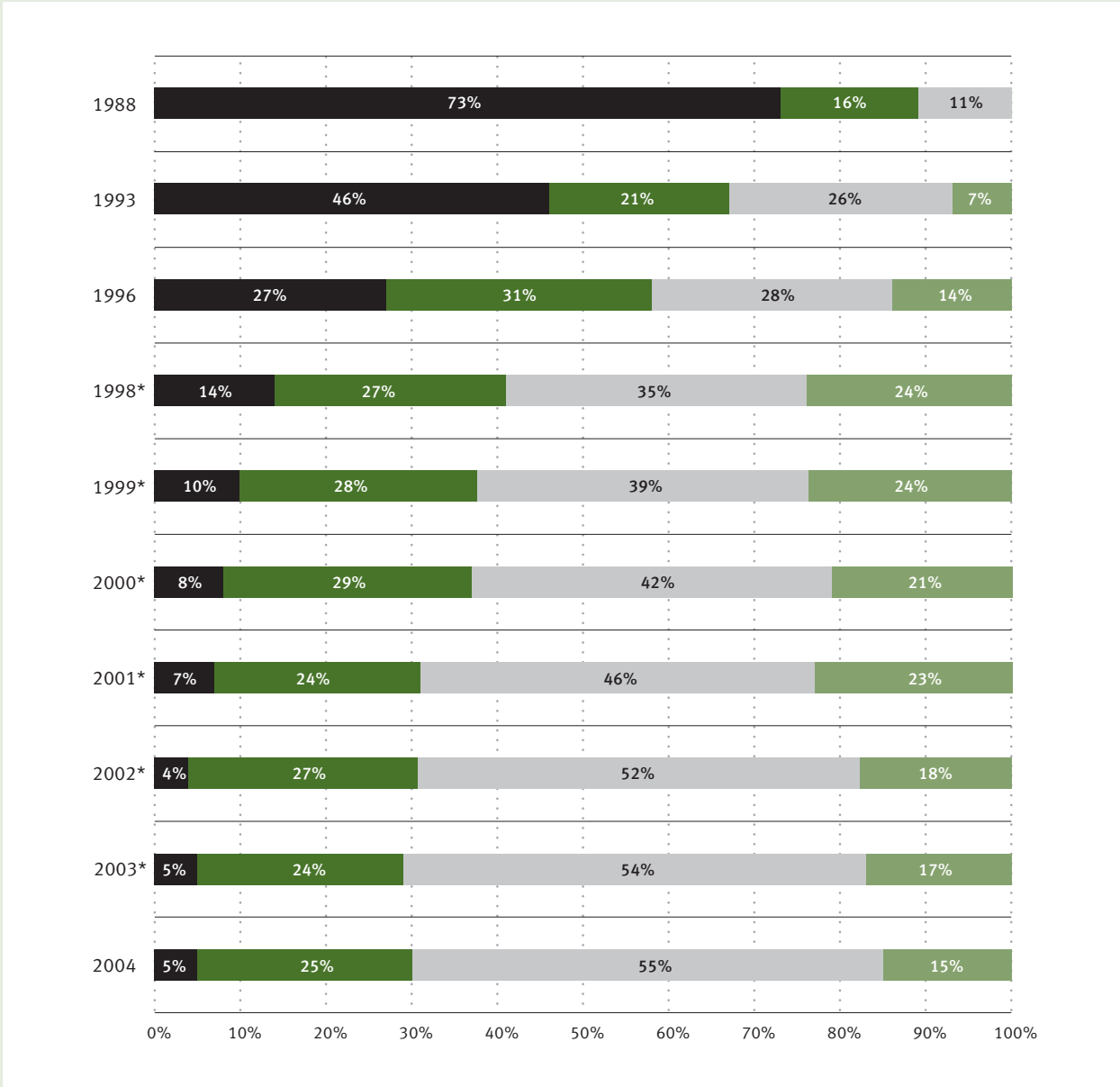
THE DISTRIBUTION OF ENROLLMENT AMONG TYPES OF HEALTH PLANS HAS REMAINED FAIRLY CONSTANT OVER THE PAST SEVERAL YEARS. THE MAJORITY OF COVERED WORKERS ARE ENROLLED IN PPO PLANS (55%), FOLLOWED BY HMO PLANS (25%) (EXHIBIT 5.1).

ALTHOUGH ANNUAL CHANGES IN PLAN ENROLLMENT HAVE BEEN MODERATE, ENROLLMENT IN PPO PLANS HAS GROWN BY NINE PERCENTAGE POINTS SINCE 2001.

- ▶ More than half of covered workers (55%) are enrolled in PPO plans, an increase from 46% in 2001 (EXHIBIT 5.1). Conventional plan enrollment has remained fairly minimal since 2000, comprising less than ten percent of total enrollment.
- ▶ There are slight regional differences in plan enrollment. PPO plans have higher enrollment in the Midwest (64%) and the South (64%). HMO enrollment is consistently highest in the West (36%).
- ▶ POS plans tend to have higher enrollment in the Northeast compared to other regions (23%) (EXHIBIT 5.2).
- ▶ PPO enrollment is particularly strong in certain industries. Enrollment in PPO plans is high in the mining, construction, and wholesale industries (68%), and in the transportation, communications and utilities industries (65%) (EXHIBIT 5.2).
- *The percentage of workers enrolled in HMOs has remained steady since 2001 at approximately 25% (EXHIBIT 5.1).*
- *Conventional plan enrollment remains low at five percent of covered workers (EXHIBIT 5.1).*

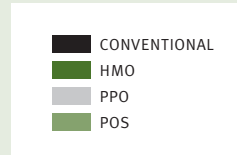
EXHIBIT 5.1

Health Plan Enrollment for Covered Workers, by Plan Type, 1988-2004



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002, 2003, 2004; KPMG Survey of Employer-Sponsored Health Benefits: 1993, 1996, 1998; The Health Insurance Association of America (HIAA): 1988.



* Distribution is statistically different from the previous year shown at $p < .05$.

EXHIBIT 5.2

Health Plan Enrollment, by Firm Size, Region, and Industry, 2004

	<i>Conventional</i>	<i>HMO</i>	<i>PPO</i>	<i>POS</i>
FIRM SIZE				
Small (3-24 Workers)	13%*	23%	39%*	26%*
Small (25-49 Workers)	3	21	56	20
Small (50-199 Workers)	4	20	64*	12
ALL SMALL FIRMS (3-199 WORKERS)	7%	22%	52%	19%
Midsize (200-999 Workers)	5	23	59	13
Large (1,000-4,999 Workers)	3	24	64*	9*
Jumbo (5,000 or More Workers)	3	28	54	15
ALL LARGE FIRMS (200 OR MORE WORKERS)	3%	26%	57%	14%
REGION				
Northeast	5%	32%*	40%*	23%*
Midwest	5	21	64*	10*
South	4	17*	64*	14
West	5	36*	44*	15
INDUSTRY				
Mining/Construction/Wholesale	4%	14%*	68%*	13%
Manufacturing	4	24	62*	10
Transportation/Communication/Utility	5	26	65*	5*
Retail	4	21	51	24
Finance	4	25	54	17
Service	6	26	46*	22*
State/Local Government	5	32*	50	14
Health Care	4	25	64	8*
ALL FIRM SIZES, REGIONS, AND INDUSTRIES	5%	25%	55%	15%

SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004.

* Estimate is statistically different from All Firms at $p < .05$.