

EMPLOYER HEALTH BENEFITS

2005 ANNUAL SURVEY

Health
Plan
Choice

SECTION

4

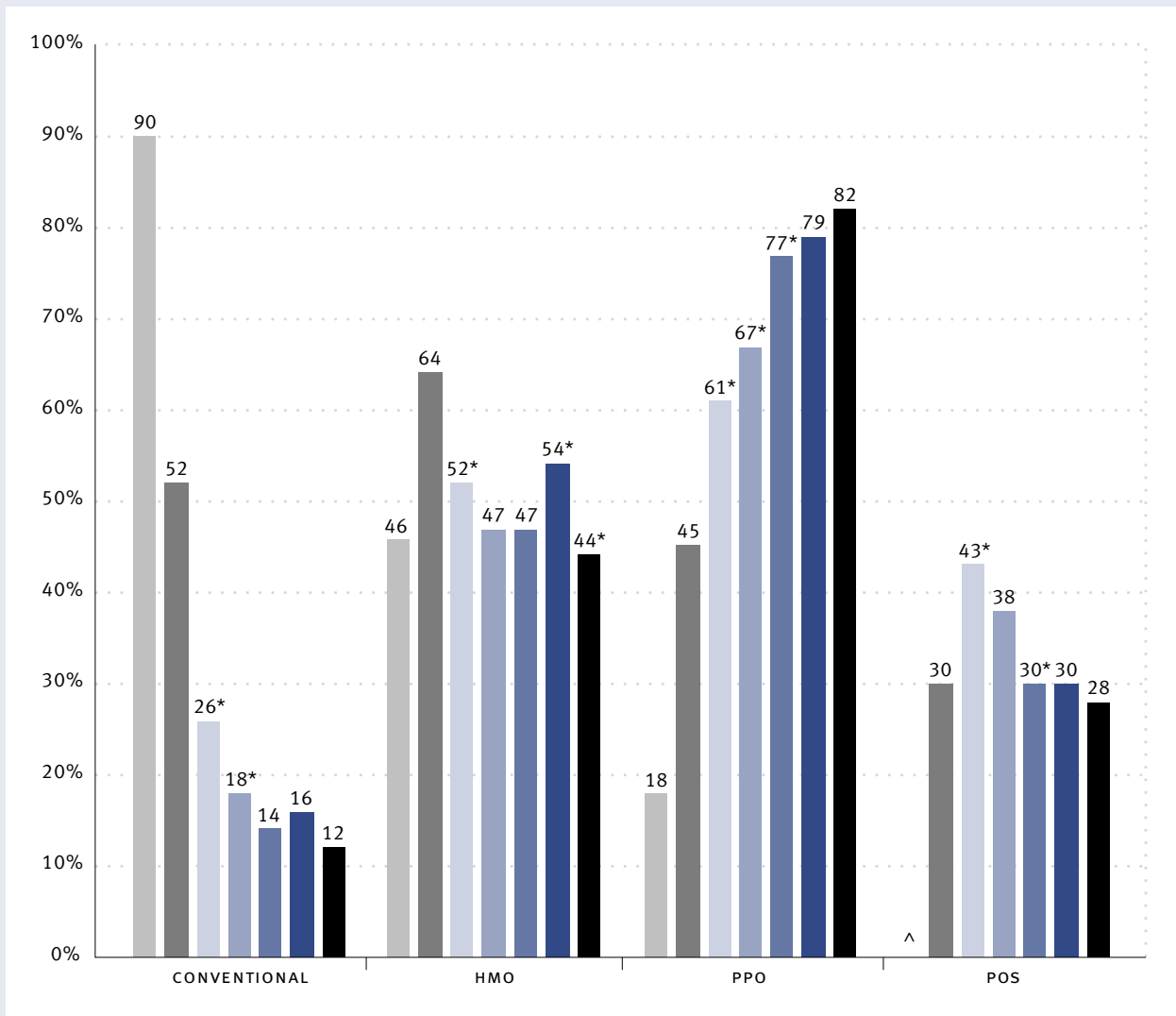
HEALTH PLAN CHOICE

MOST COVERED WORKERS CAN CHOOSE AMONG SEVERAL TYPES OF HEALTH PLANS, INCLUDING CONVENTIONAL, HMO, PPO, AND POS. PPOs REMAIN THE MOST COMMON PLAN TYPE AVAILABLE TO COVERED WORKERS WHO HAVE A CHOICE OF PLANS.

- ▶ PPOs are the most common health plan offered to workers, followed by HMO plans, POS plans, and conventional plans.
 - *The percentage of covered workers that have the option of electing a PPO plan is essentially unchanged from last year at 82%. The percentage of covered workers with the option to enroll in a POS plan (28%) is also similar to last year (EXHIBIT 4.1).*
 - *The option of enrolling in an HMO has decreased slightly since last year. Forty-four percent of covered workers have the option of enrolling in an HMO, compared with 54% in 2004 (EXHIBIT 4.1).*
- ▶ The percentage of covered workers who can choose from multiple health plans (63%) has remained relatively stable since 1996 (EXHIBIT 4.3).
 - *Health plan choice varies by firm size, with covered workers in large firms (200 or more workers) more likely than covered workers in small firms (3-199 workers) to have a choice between two or more health plans. Seventy-eight percent of covered workers in large firms have a choice of health plans, compared with 33% of covered workers in small firms (EXHIBIT 4.4).*

EXHIBIT 4.1

Percentage of Covered Workers With a Choice of Conventional, HMO, PPO, or POS Plans, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996; The Health Insurance Association of America (HIAA), 1988.

* Estimate is statistically different from the previous year shown at $p < .05$. No statistical tests were conducted for years prior to 1999.

^ Information was not obtained for POS plans in 1988.

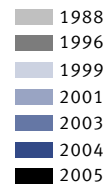
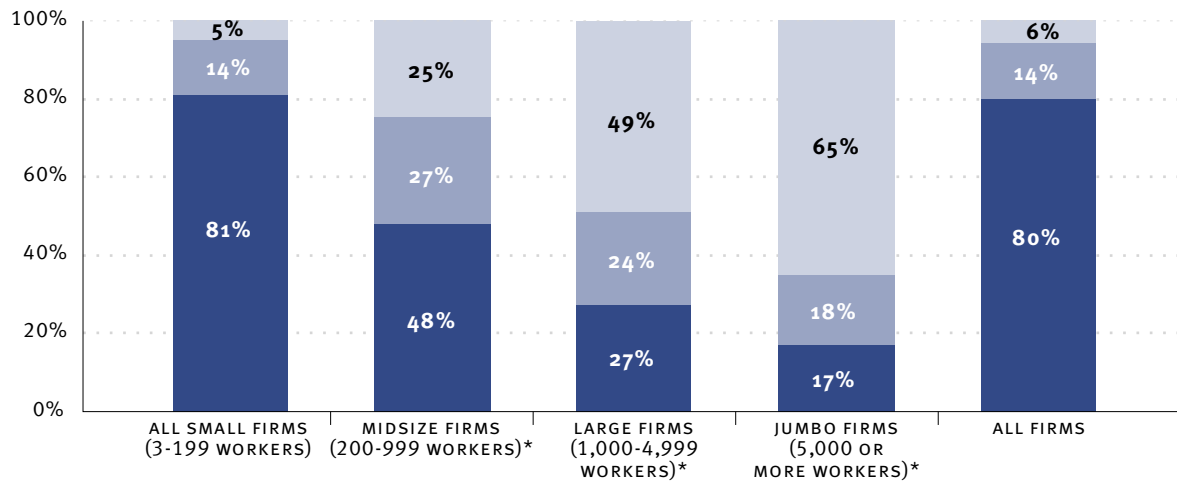


EXHIBIT 4.2

Distribution of Firms Providing a Choice of Health Plans, by Firm Size, 2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

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

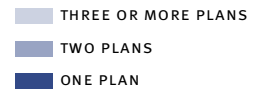
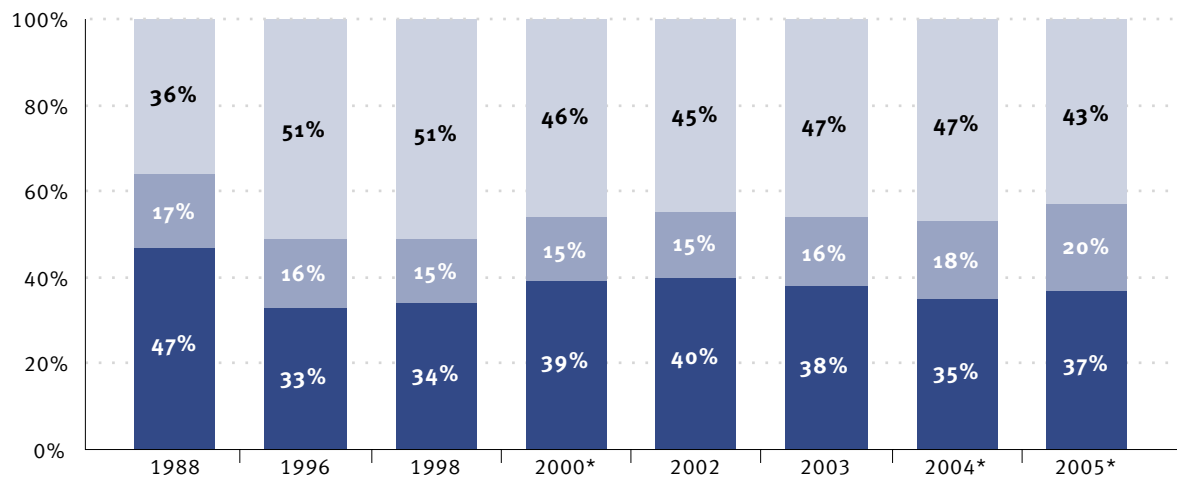


EXHIBIT 4.3

Distribution of Covered Workers With a Choice of Health Plans, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996, 1998; The Health Insurance Association of America (HIAA), 1988.

* Distribution is statistically different from the previous year shown at $p < .05$. No statistical tests were conducted for years prior to 1999.

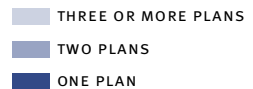


EXHIBIT 4.4

Distribution of Covered Workers With a Choice of Health Plans, by Firm Size, 1996-2005

	<i>One Plan</i>	<i>Two Plans</i>	<i>Three or More Plans</i>
1996			
All Small Firms (3 - 199 Workers)*	79%	15%	6%
All Large Firms (200 or More Workers)*	21	17	63
ALL FIRM SIZES	33%	16%	51%
1999			
All Small Firms (3 - 199 Workers)*	76%	16%	8%
All Large Firms (200 or More Workers)*	20	18	62
ALL FIRM SIZES	39%	17%	44%
2000			
All Small Firms (3 - 199 Workers)*	77%	14%	9%
All Large Firms (200 or More Workers)*	20	15	65
ALL FIRM SIZES	39%	15%	46%
2001			
All Small Firms (3 - 199 Workers)*	76%	15%	9%
All Large Firms (200 or More Workers)*	23	16	61
ALL FIRM SIZES	41%	16%	43%
2002			
All Small Firms (3 - 199 Workers)*	76%	15%	10%
All Large Firms (200 or More Workers)*	23	15	62
ALL FIRM SIZES	40%	15%	45%
2003			
All Small Firms (3 - 199 Workers)*	62%	17%	21%
All Large Firms (200 or More Workers)*	26	15	59
ALL FIRM SIZES	38%	16%	47%
2004			
All Small Firms (3 - 199 Workers)*	73%	17%	10%
All Large Firms (200 or More Workers)*	18	18	63
ALL FIRM SIZES	35%	18%	47%
2005			
All Small Firms (3 - 199 Workers)*	67%	21%	12%
All Large Firms (200 or More Workers)*	22	19	59
ALL FIRM SIZES	37%	20%	43%

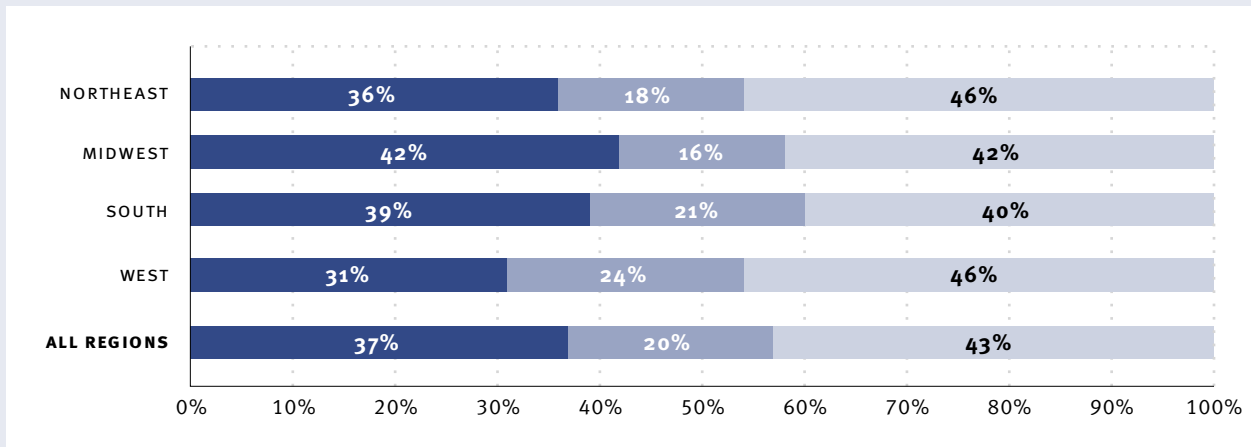
SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005;
KPMG Survey of Employer-Sponsored Health Benefits, 1996.

* Distribution is statistically different from All Firm Sizes within a year at $p < .05$.

EXHIBIT 4.5

Distribution of Covered Workers With a Choice of Health Plans, by Region, 2005*



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

■ ONE PLAN
■ TWO PLANS
■ THREE OR MORE PLANS

* Tests found no significantly different distributions from All Regions at $p < .05$.

EXHIBIT 4.6

Distribution of Covered Workers With One or More Options of the Same Plan Type, by Firm Size, 2005

	One Plan	Two Plans	Three or More Plans
CONVENTIONAL PLANS			
All Small Firms (3 - 199 Workers)	94%	6%	0%
All Large Firms (200 or More Workers)	71	16	14
ALL FIRM SIZES	80%	12%	8%
HMO PLANS			
All Small Firms (3 - 199 Workers)*	75%	17%	8%
All Large Firms (200 or More Workers)*	31	25	44
ALL FIRM SIZES	43%	22%	34%
PPO PLANS			
All Small Firms (3 - 199 Workers)*	85%	10%	5%
All Large Firms (200 or More Workers)*	54	27	19
ALL FIRM SIZES	64%	21%	15%
POS PLANS			
All Small Firms (3 - 199 Workers)*	88%	8%	4%
All Large Firms (200 or More Workers)	59	22	19
ALL FIRM SIZES	73%	15%	12%

SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

* Distribution is statistically different from All Firm Sizes within a plan type at $p < .05$.