

EMPLOYER HEALTH BENEFITS

2005 ANNUAL SURVEY

Market
Shares of
Health Plans

SECTION

5

MARKET SHARES OF HEALTH PLANS

PPO PLANS ENROLL THREE-IN-FIVE COVERED WORKERS, FOLLOWED BY HMO PLANS, POS PLANS, AND THEN CONVENTIONAL PLANS. ENROLLMENT IN PPO PLANS GREW SIGNIFICANTLY IN 2005, WHILE ENROLLMENT IN HMO PLANS DROPPED BY 4 PERCENTAGE POINTS.

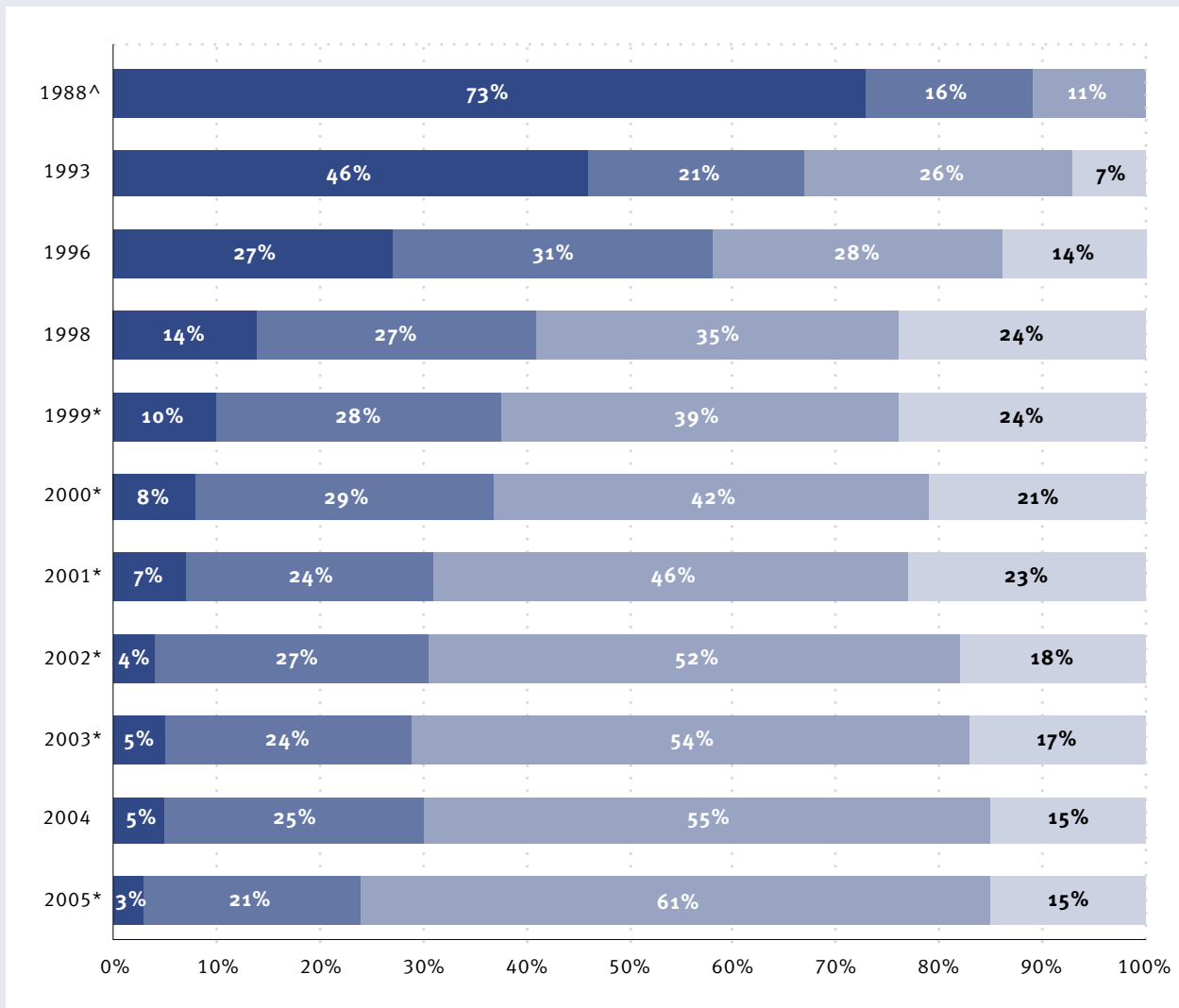
- ▶ With the highest enrollment, PPO plans cover 61% of covered workers, up from 55% in 2004. HMOs, the plan with the second highest enrollment, fell to 21% of total covered workers from 25% last year. Conventional plans remain at the lowest level of enrollment, covering just 3% of covered workers in 2005 (EXHIBIT 5.1).⁴
- ▶ There are slight regional differences in plan enrollment. PPO plans have higher enrollment in the Midwest (70%). HMO enrollment is highest in the West (32%) (EXHIBIT 5.2).

NOTE :

⁴ A portion of the change in enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section for additional information.

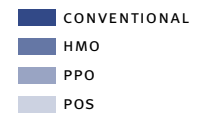
EXHIBIT 5.1

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005;
 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 $p < .05$. No statistical tests were conducted for years prior to 1999.

[^] Information was not obtained for POS plans in 1988.

Note: A portion of the change in enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section for additional information.

EXHIBIT 5.2

Health Plan Enrollment, by Firm Size, Region, and Industry, 2005

	<i>Conventional</i>	<i>HMO</i>	<i>PPO</i>	<i>POS</i>
FIRM SIZE				
Small (3 - 24 Workers)	4%	13%*	57%	26%*
Small (25 - 49 Workers)	4	22	48*	26*
Small (50 - 199 Workers)	3	19	65	14
ALL SMALL FIRMS (3 - 199 WORKERS)	3%	18%	58%	21%*
Midsize (200 - 999 Workers)	3	20	66	11
Large (1,000 - 4,999 Workers)	1*	23	67*	9*
Jumbo (5,000 or More Workers)	3	24	60	13
ALL LARGE FIRMS (200 OR MORE WORKERS)	3%	23%	63%	12%
REGION				
Northeast	4%	23%	54%*	19%
Midwest	3	16*	70*	11
South	3	17*	66	14
West	2	32*	51*	15
INDUSTRY				
Mining/Construction/Wholesale	5%	13%*	66%	16%
Manufacturing	3	19	66	12
Transportation/Communications/Utility	3	20	71	6*
Retail	4	19	56	22
Finance	3	22	64	11
Service	2	22	56	20*
State/Local Government	3	35*	52	11
Health Care	2	20	69	10
ALL FIRM SIZES, REGIONS, AND INDUSTRIES	3%	21%	61%	15%

SOURCE :

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

* Estimate is statistically different from All Firm Sizes, Regions, and Industries at $p < .05$.