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California Employer Health Benefits Survey, 2003

March 2004

Methods

The California Employer Health Benefits Survey is a joint product of the Kaiser Family Foundation and Health Research and Educational Trust (HRET). The survey was designed and analyzed by researchers at the Kaiser Family Foundation and HRET, and administered by National Research LLC (NR). The findings are based on a random sample of 864 interviews with employee benefit managers in private firms in California. NR conducted interviews from May to August 2003. As with prior years, the sample of firms was drawn from the Dun & Bradstreet list of private employers with three or more workers. The margin of error for responses among all employers is +/- 3.5%. Some exhibits do not sum to 100% due to rounding effects.

The survey is based on a national employer survey conducted annually by the Kaiser Family Foundation and HRET. The 2003 U.S. results in this chartpack are based on that survey (pub #3369), and are available on the Foundation's web site at www.kff.org. Prior to 1999, the national survey was conducted by KPMG Peat Marwick LLP (now Bearing Point). A similar employer survey was also conducted in 1999 in California, in conjunction with the Center for Health and Public Policy Studies at the University of California, Berkeley.

The survey asked questions about the following types of health plans: Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), and Point-of-Service (POS) plans. Conventional (fee-for-service) plans are generally excluded from the plan type analyses because they comprise such a small share of the California market.

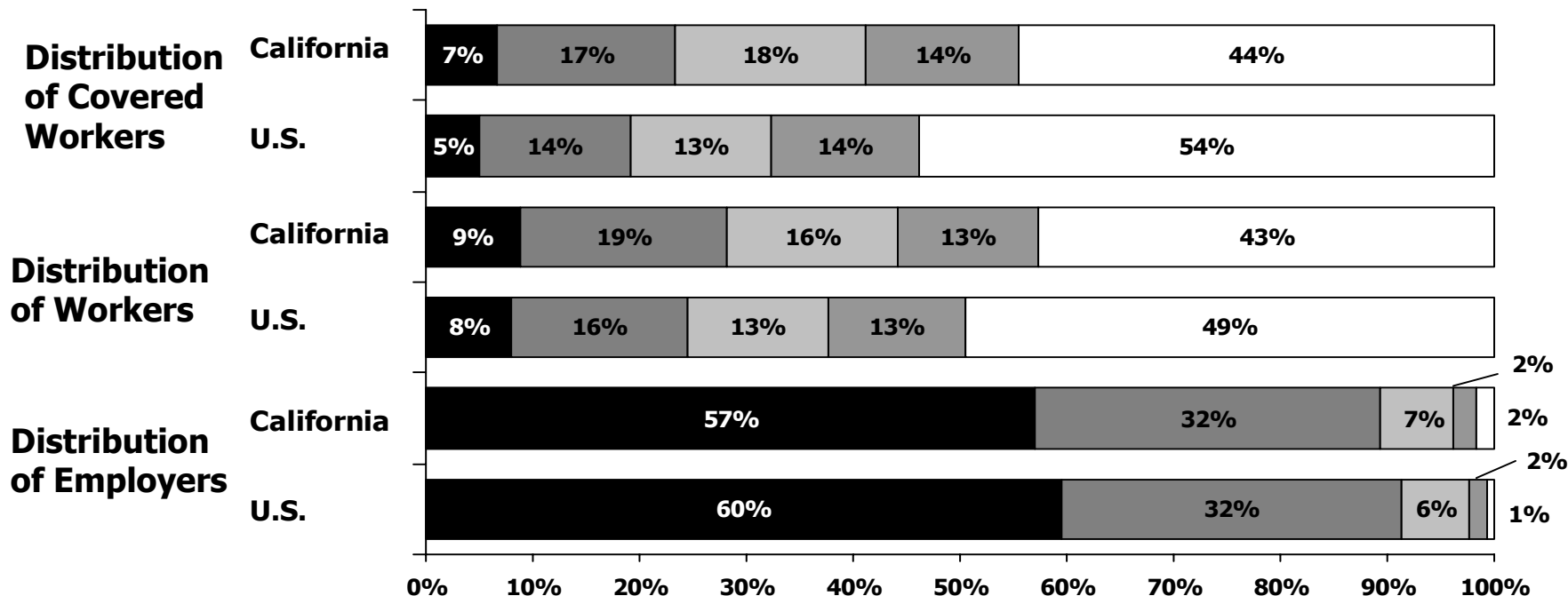
A important note about the methodology: In prior years, the sample of employers was post stratified using frequency distributions from Dun & Bradstreet. Concerns about the volatility of counts in recent years led Kaiser/HRET to use the Statistics of U.S. Businesses conducted by the U.S. Census as the basis for the post-stratification adjustment in 2003. Due to this change, Kaiser/HRET recalculated the weights for survey years 2000-2002 and modified estimates published in the chartpack where appropriate. This change has little impact on worker-based estimates, but the impact on estimates expressed as a percentage of employers (e.g., the percent of firms offering retiree health coverage), may be significant. Please note, therefore, that the survey data published in this chartpack may vary slightly from previously published reports and chartpacks.

The Kaiser Family Foundation is a non-profit, private operating foundation dedicated to providing information and analysis on health care issues to policymakers, the media, the health care community, and the general public. The Foundation is not associated with Kaiser Permanente or Kaiser Industries.

The Health Research and Educational Trust (HRET) is a private, not-for-profit organization involved in research, education, and demonstration programs addressing health management and policy issues. Founded in 1944, HRET collaborates with health care, government, academic, business, and community organizations across the United States to conduct research and disseminate findings that help shape the future of health care.

Distribution of Covered Workers, Workers, and Employers, by Firm Size, 2003

■ 3-9 Workers ■ 10-49 Workers ■ 50-199 Workers ■ 200-999 Workers □ 1,000+ Workers



Notes: Data are based on a special data request from the U.S. Census Bureau's most recent Statistics of U.S. Businesses. State and local government data are from the Census of Governments. Firms that employ more than 1,000 workers comprise less than 2% of the total number of firms in both CA and the U.S.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

Survey Highlights

Survey Highlights

Availability of Coverage

The percentage of California employers offering health insurance to their workers in 2003 was unchanged from 2002. As with prior years, firms reported high cost of coverage as the primary reason they did not offer health benefits.

Seventy percent of California employers offered health insurance in 2003, virtually unchanged from 71% in 2002. This is similar to the number of firms that offered coverage nationally in 2003 (66%) (Chart 1).

Nearly all large California employers (200 or more workers) offered health insurance, although fewer small businesses did so. Fifty-nine percent of the smallest companies with 3-9 workers provided coverage in California in 2003 (Chart 2).

The most common reason cited by employers in California for not offering coverage was high premiums. Eighty percent of employers that did not offer health insurance said that high premiums were the most important reason (Chart 4).

Jumbo firms (5,000+ employees) were more likely than other firm sizes to offer a high deductible health plan. A high deductible plan is one with an annual deductible of more than \$1,000 for single coverage. Approximately 16% of jumbo firms (5,000+ employees) offered a high deductible health plan, which was similar to the number of jumbo firms that offered a high deductible plan nationally in 2003 (17%) (Chart 3).

Even in firms that offered health insurance in 2003, not all workers were covered.

Only about half (49%) of workers are employed in firms that offered coverage to part-time employees, and a very small percentage (6%) of workers in 2003 were employed by firms offering coverage to temporary workers. As the number of workers employed in traditional jobs declines, workers are more likely to find themselves with part-time or temporary work and no health insurance (Chart 5).

Overall, approximately seven in ten workers (69%) in California firms that offered health insurance in 2003 actually received coverage from that firm. Seventy-nine percent of these workers were eligible for coverage offered by their firm, and 87% of those elected to take it (Chart 6).

Cost of Health Insurance**Health insurance premiums in California grew at a higher rate in 2003 than in 2002.**

Health insurance premiums in California grew by 15.8% in 2003, a slightly higher rate of growth than health insurance premiums nationally (13.9%) (Chart 7). Premium increases in California were similar for all firm sizes (Chart 8). The rate of growth in health insurance premiums in California in 2003 was nearly seven times the national inflation rate of 2.2%.

Annual premiums in 2003 for employer-provided health insurance in California averaged \$3,102 for single coverage and \$8,504 for family coverage, as compared to \$3,383 for single coverage and \$9,068 for family coverage nationwide (Chart 11).

In 2003, Health Maintenance Organizations (HMOs) remained the least expensive type of health plan, costing nearly one-third less for single coverage than Preferred Provider Organization (PPO) plans, which often provide greater choice of providers and fewer restrictions on access to care. HMO plans were, on average, less expensive in California than nationally (Chart 9).

The share of health insurance premiums paid by workers increased substantially in 2003, a trend that is likely to continue as premiums rise.

On average, workers in California contributed \$418 annually for single coverage and \$2,452 for family coverage in 2003, nearly 35% over 2002 contribution levels for family coverage (Chart 11). Workers' average share of the premium for family coverage in 2003 was 30% (Chart 12).

Benefits and Cost Sharing

For the second consecutive year, the percentage of employers reporting a decline in benefits (other than cost sharing) for covered workers was greater than the percent reporting an increase in benefits.

The percentage of firms in California reporting that the overall level of benefits declined in 2003 was 10%, while 6% of firms reported that benefits increased in 2003. Benefits remained unchanged between 2002 and 2003 for the majority of covered workers in California (84%) (Chart 13).

HMOs and PPOs provided workers with similar benefits in 2003. Most plans covered a standard set of preventive benefits including prescription drugs, annual adult physicals, ob/gyn exams, prenatal care, and outpatient mental health coverage (Chart 14). HMO and PPO coverage of certain benefits differed between California and the US.

Both HMO and PPO plans offered a high level of coverage for OB/GYN visits in 2003 (100% HMO; 98% PPO) and annual adult physicals (99% HMO; 98% PPO). Nearly all HMO and PPO plans also offered prescription drug benefits (99% HMO; 100% PPO). Essentially all HMO and PPO plans in California offered prenatal care benefits.

HMO and PPO coverage for certain benefits differed between California and the United States. For example, HMO coverage for inpatient mental health was somewhat higher nationally than in California (97% and 93%, respectively). PPO coverage of adult physicals in 2003 was slightly higher in California than in the US (98% and 93%, respectively). Oral contraceptives were less likely to be covered nationally by HMOs than in California (91% and 96%, respectively), while PPOs in California were more likely than plans nationally to cover them (92% and 86%, respectively). Abortion coverage by both HMOs and PPOs was higher in California than nationally (72% vs. 48% for HMOs; 65% vs. 44% for PPOs).

Employee costs have increased over the past year.

Among large firms (200 or more workers) in 2003, 68% reported increasing the amount workers pay for coverage, 46% increased the amount workers pay for prescription drugs, 32% increased the amount workers pay for deductibles, and 42% increased the amount employees pay for office visit copayments and coinsurance (Chart 15).

HMO copayments for office visits increased in 2003. The percentage of California HMO enrollees with a \$20 per visit copayment for a physician office visit increased from 6% in 2002 to 16% in 2003, while the percentage of enrollees with a \$10 per visit copayment fell from 48% in 2002 to 40% in 2003 (Chart 16). In California, the most common HMO copayment for a physician office visit in 2003 was \$10 (about 40% of HMO enrollees in California). HMO copayments for physician office visits were somewhat higher nationally than in California – over half of HMO enrollees nationally had a copayment of \$10 or less compared to only 37% of HMO enrollees in California.

While nearly all active workers with insurance coverage had drug coverage in 2003, many enrollees faced a tiered formula, with higher copayments for brand name drugs than generics.

The use of tiered copayments for prescription drugs has grown rapidly in an attempt to control drug costs. The percentage of California workers in plans that used three-tiered drug benefits – with one copayment for generic drugs, a higher copayment for preferred drugs (e.g., brand name drugs with no generic substitute), and an even higher copayment for non-preferred (e.g., brand name drugs with a generic substitute) – increased from 35% in 2002 to 41% in 2003. Despite this high rate of growth, the number of California workers whose plans required three-tier payments for drugs in 2003 was lower than the national average in 2003 (63% of workers). Seventy-nine percent of covered workers in California in 2003 were enrolled in a health plan that used either a two or a three tier cost sharing formula compared with 86% of covered workers nationally (Chart 17).

The average copayment for a non-preferred drug rose from \$19 in 2002 to \$22 in 2003 (Chart 18). Despite this increase, the average copayment in California for a non-preferred drug was lower than the national average of \$29.

Health Plan Enrollment, Choice, and Insurance Arrangements

Enrollment across plan types in California remained fairly stable over the last three years. The number of covered workers enrolled in HMOs in California was higher than the number of covered workers enrolled in HMOs nationally. Conversely, enrollment in PPOs in 2003 was lower in California than nationally (Chart 19).

The percent of California workers enrolled in HMOs and PPOs was virtually unchanged in 2003 at 52% and 29% respectively. The market share of Point-of-Service (POS) plans was 17% in 2003.

Enrollment patterns in California were very different from the rest of the country. Fifty-two percent of Californians were enrolled in HMOs in 2003, more than double the 24% national average, while only 29% of California workers were enrolled in PPOs, compared to 54% nationally.

California employers were more likely than firms nationally to offer their employees a choice of health plans (Chart 20).

In 2003, eighty-five percent of large employers (200 or more workers) in California offered more than one health plan option to their employees, compared to 57% of large employers nationally.

Among firms in California and nationally, smaller businesses (3 to 199 workers) were much less likely than larger employers to provide workers with a choice of health plans. Thirty-three percent of small employers offered more than one health plan in California in 2003, and 31% of small employers offered more than one plan nationally in 2003.

California workers were much less likely than employees nationwide to be in “self-insured” health plans, where the employer provides health coverage directly rather than purchasing it through an insurer or HMO (Chart 21).

Twenty-seven percent of Californians with employer-sponsored coverage were in a self-insured plan in 2003, compared to 52% nationally. This difference results in large part from the fact that more Californians are enrolled in HMOs than employees nationally. HMOs are less likely than other types of plans to be self-insured.

Because federal law prohibits states from regulating the practices of self-insured health plans, the number of workers enrolled in such plans determines the reach of state legislation governing patients’ rights and benefit requirements.

Retiree Coverage

Large firms in California (200 or more workers) are as likely as large firms nationally to offer retiree health benefits. In California, small firms (3-199 workers) were less likely than large firms (200 or more workers) to offer retiree health benefits in 2003 (Chart 22).

Thirty-nine percent of California firms with 200 or more workers offered retiree coverage in 2003, which was similar to the percent of firms nationally that offered retiree coverage (38%) in 2003.

Small businesses (with fewer than 200 employees) were much less likely to offer health benefits to retirees (8% in California and 10% nationally in 2003).

Employer Attitudes

We asked California firms several questions about their likelihood of making changes to their health plans in 2004. More than half of large employers (200 or more workers) reported that they were 'very likely' to increase the amount employees pay for premiums in the next year. In addition, fifteen percent of California employers reported that they were considering offering high deductible plans in 2004.

Fifty-one percent of large employers (200 or more workers) in California reported that they were 'very likely' to increase the amount employees pay for health insurance premiums in 2004. Twenty one percent of large employers said that they were 'very likely' to increase the amount employees pay for prescription drugs in 2004 (Chart 23).

Fewer than 8% of large firms (200 or more employees) reported that they were either 'very likely' or 'somewhat likely' to drop coverage entirely (Chart 23).

Fifteen percent of employers, regardless of firm size, said that they were 'very likely' to offer a high deductible plan in 2004 (Chart 24). Additionally, 23% of jumbo firms (5,000+ employees) reported that they were 'somewhat likely' to offer a high deductible plan in 2004.

Many California firms that shopped for a new plan changed health plan types or insurance carriers in 2003 (Chart 25).

In 2003, 52% of firms in California shopped for a new plan and 39% of those employers changed plan types or insurance carriers. Among firms that shopped for new coverage, jumbo firms (5,000+ employees) were more likely than all other firm sizes to make a change.

We asked firms to provide their opinions about the effectiveness of various cost containment strategies. Few firms viewed current cost containment strategies as highly effective at reducing premium increases (Chart 26).

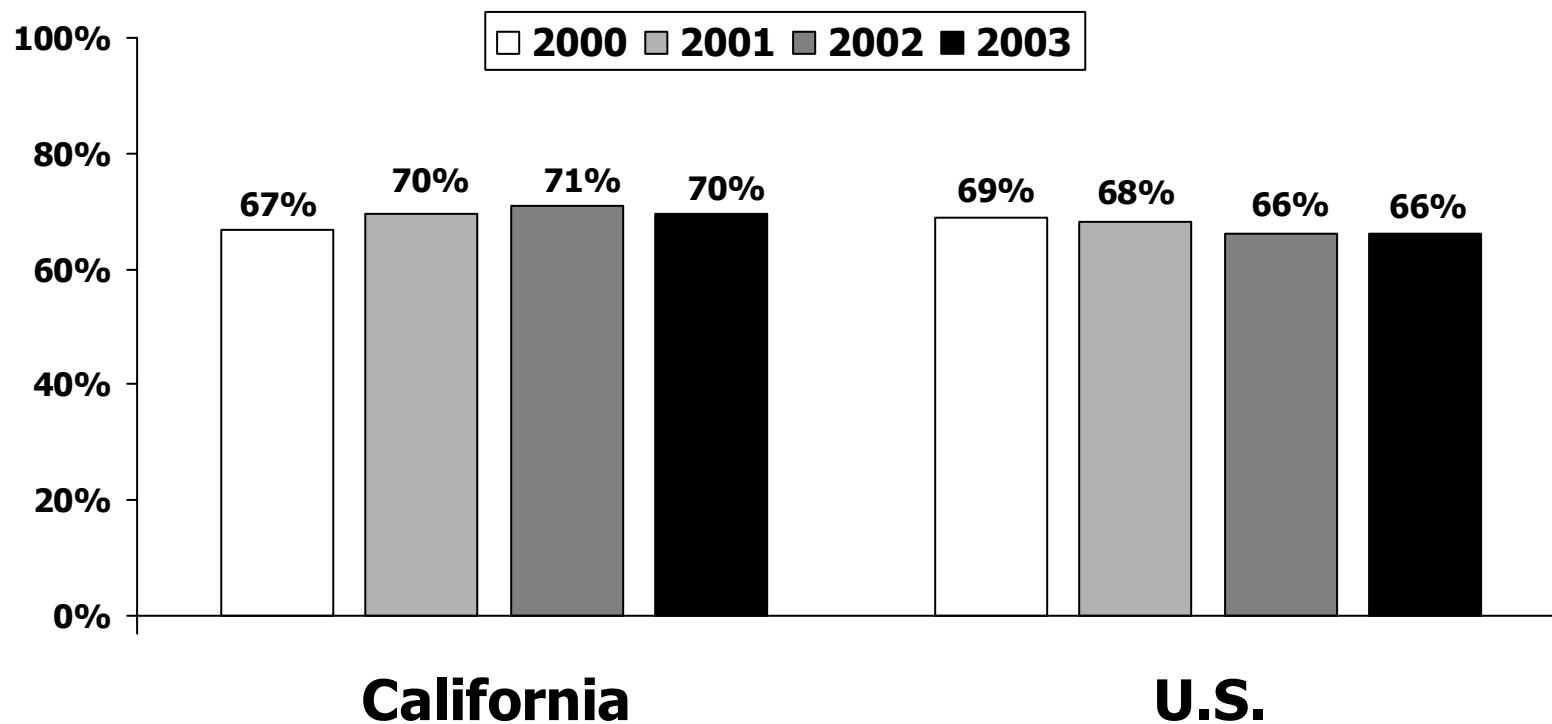
Approximately 20% of firms reported that disease management, higher employee cost sharing, and consumer driven health plans were 'very effective' at containing costs. Only 5% of firms cited tighter managed care networks as 'very effective' at containing costs.

The Leapfrog Group is a private sector initiative developed to bring large firms' health care purchasing strategies in line with the objectives of the Institute of Medicine's study on medical errors, To Err is Human. As with the US, familiarity with the Leapfrog Group in California varied by firm size (Chart 27).

Relatively few small firms (3-199 workers) and midsize firms (200-999 workers) in California in 2003 were familiar with the Leapfrog Group (3% and 7%, respectively). Large (1,000-4,999 workers) and jumbo firms (5,000+ workers) were more familiar with the Leapfrog Group (23% and 55%, respectively). The percentage of firms in California familiar with the Leapfrog Group, by size, was similar to the percentage of firms nationally, by size, who were familiar with the Leapfrog Group.

Availability of Coverage

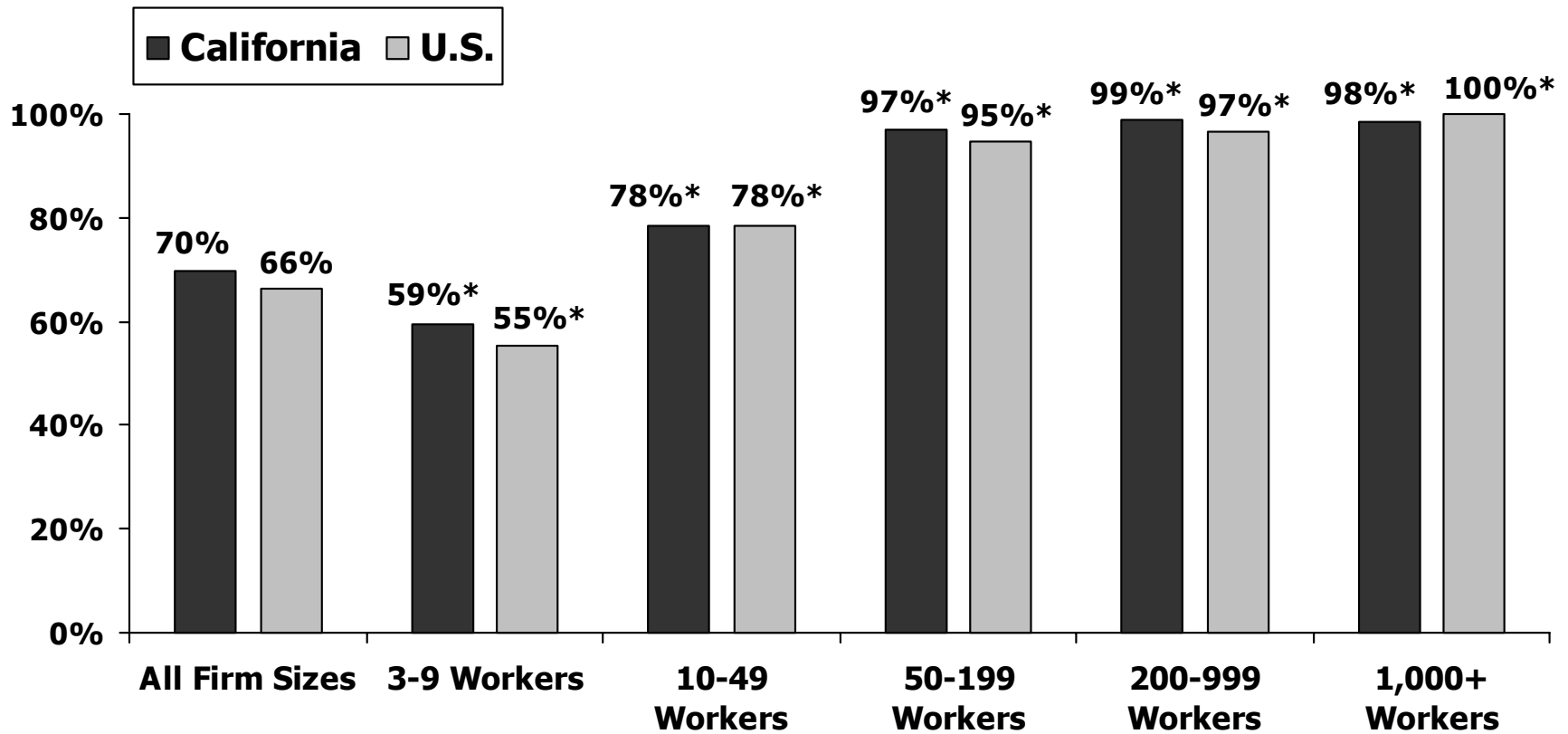
Percentage of All Firms Offering Health Benefits, 2000-2003*



* Tests found no statistically different estimates from previous year shown.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2000, 2001, 2002, 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003.

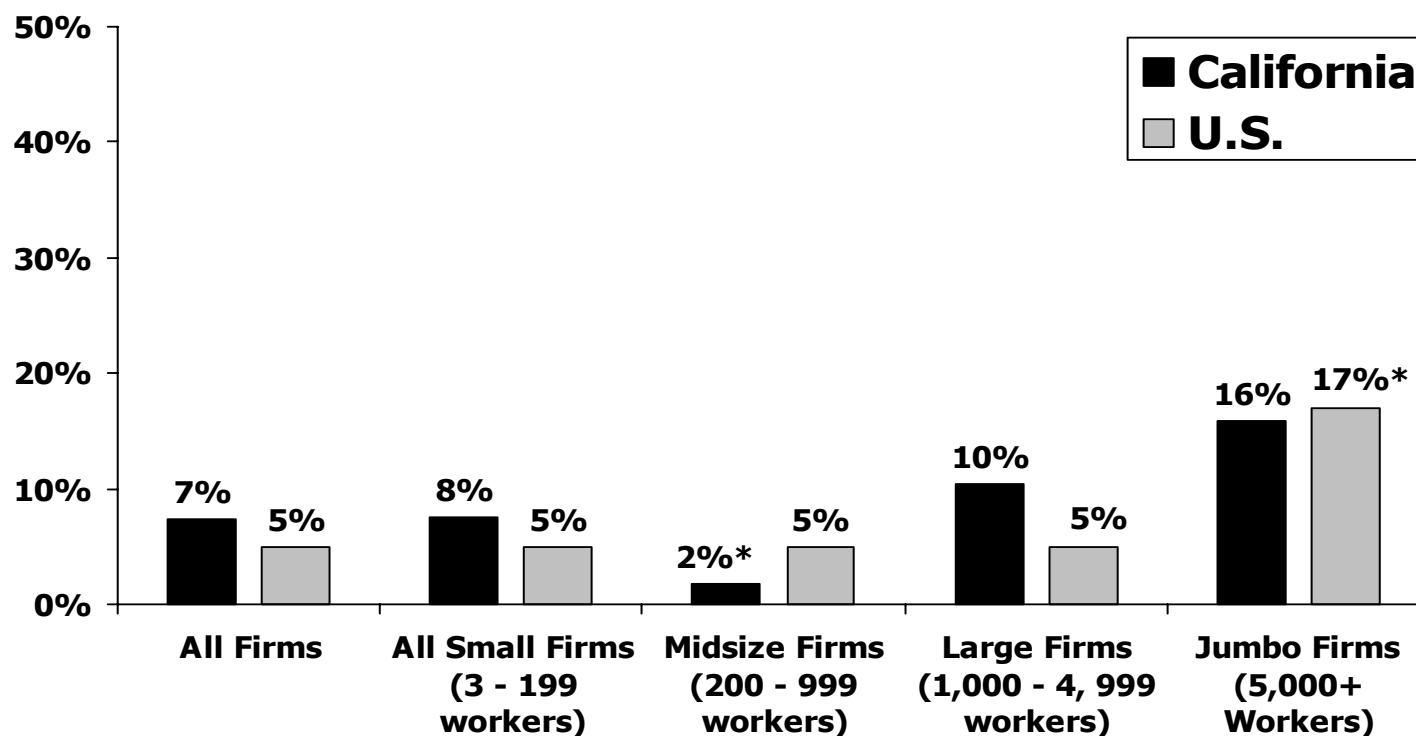
Percentage of Employers Offering Health Benefits, by Firm Size, 2003



* Estimate is statistically different from All Firms.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

Percentage of Firms That Offer Employees a High Deductible Health Plan, by Firm Size, 2003

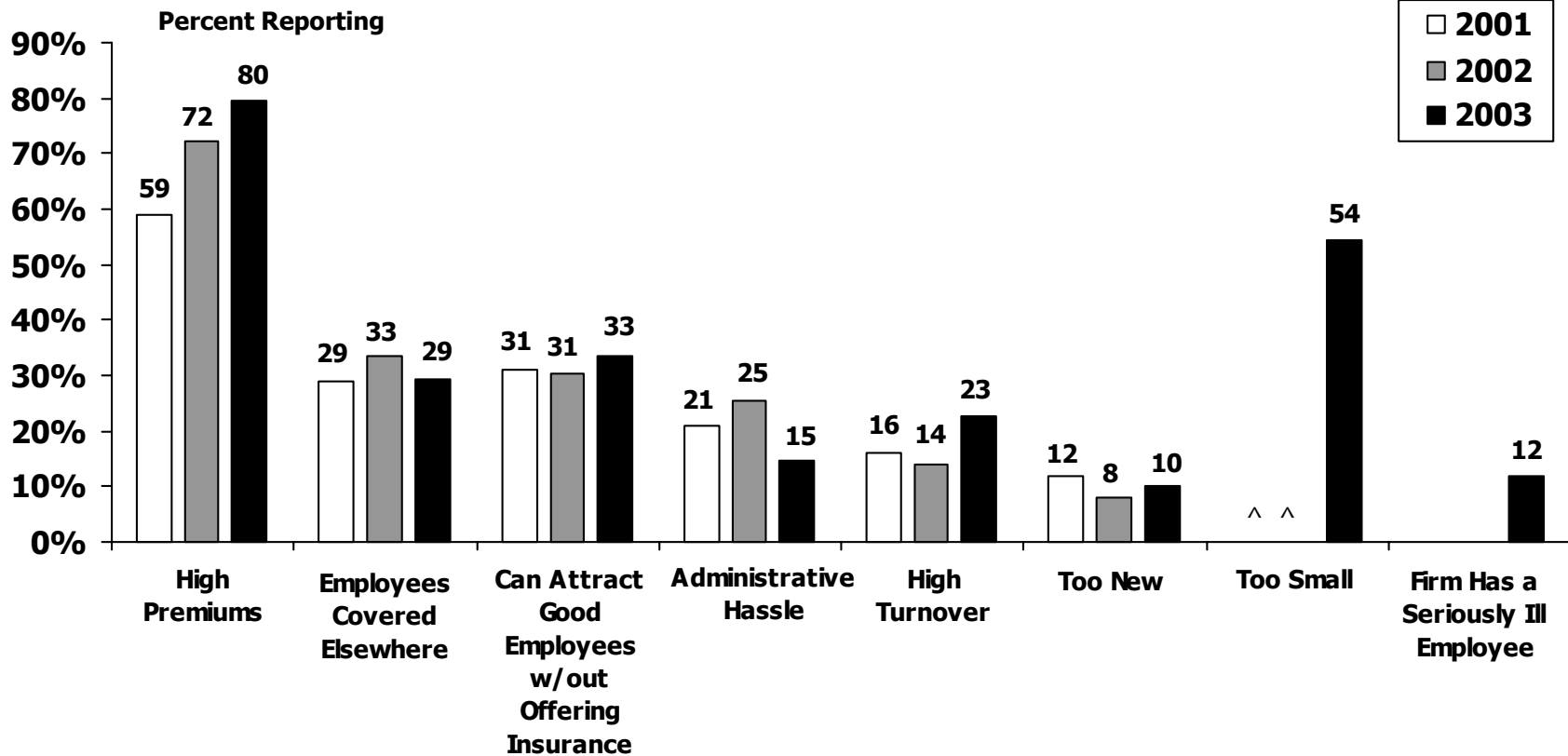


* Estimate is statistically different from All Firms.

Note: A high deductible plan is a plan with an annual deductible of more than \$1,000 for single coverage.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2003; Kaiser/HRET Employer Health Benefits Survey: 2003.

Percentage of All Firms That Say the Following Reasons Are "Very Important" in Deciding Not to Offer Coverage, 2001-2003*

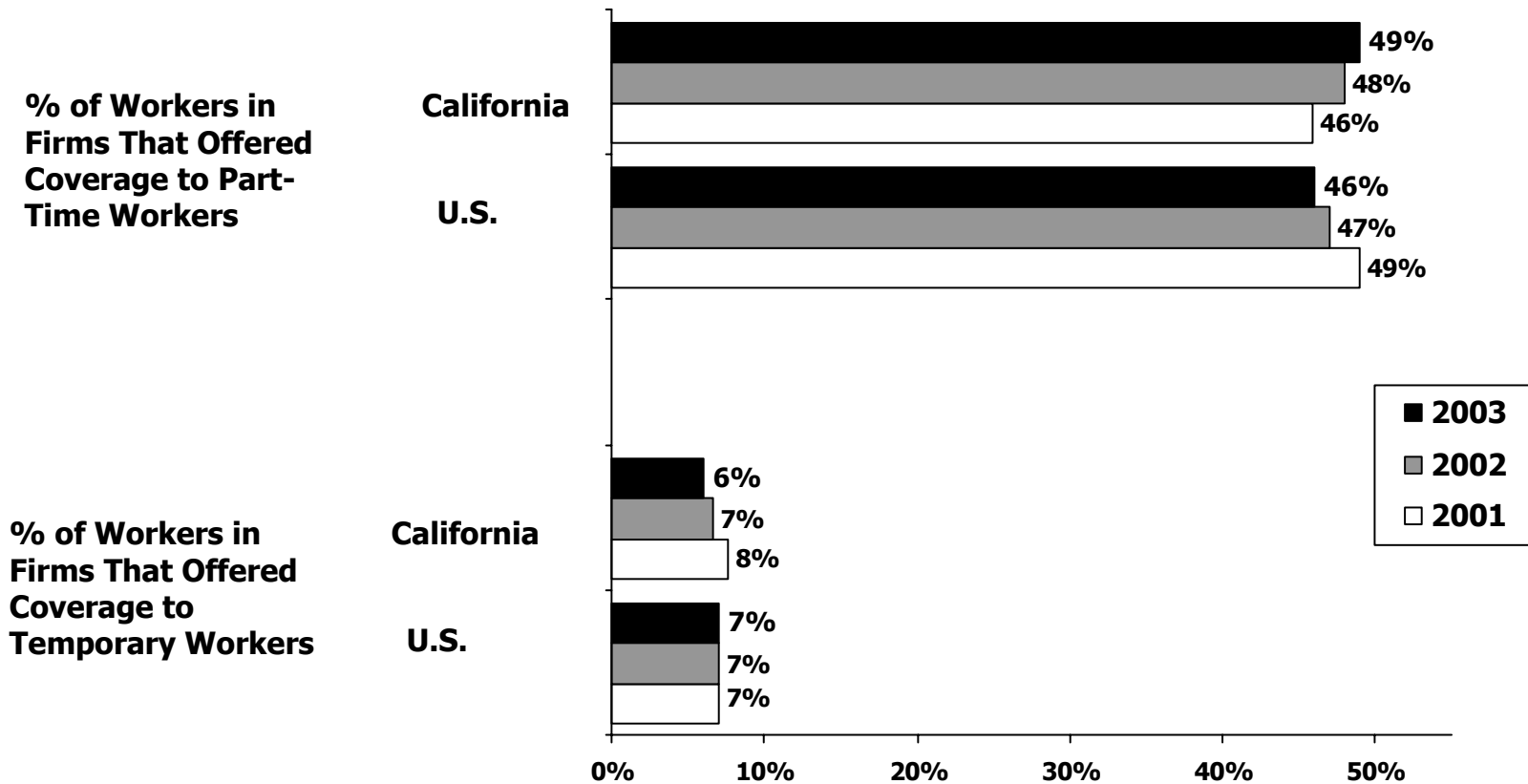


* Tests found no statistically different estimates from previous year shown.

^ Responses for 'too small' and 'seriously ill employee' were not asked prior to the 2003 survey.

Source: Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003.

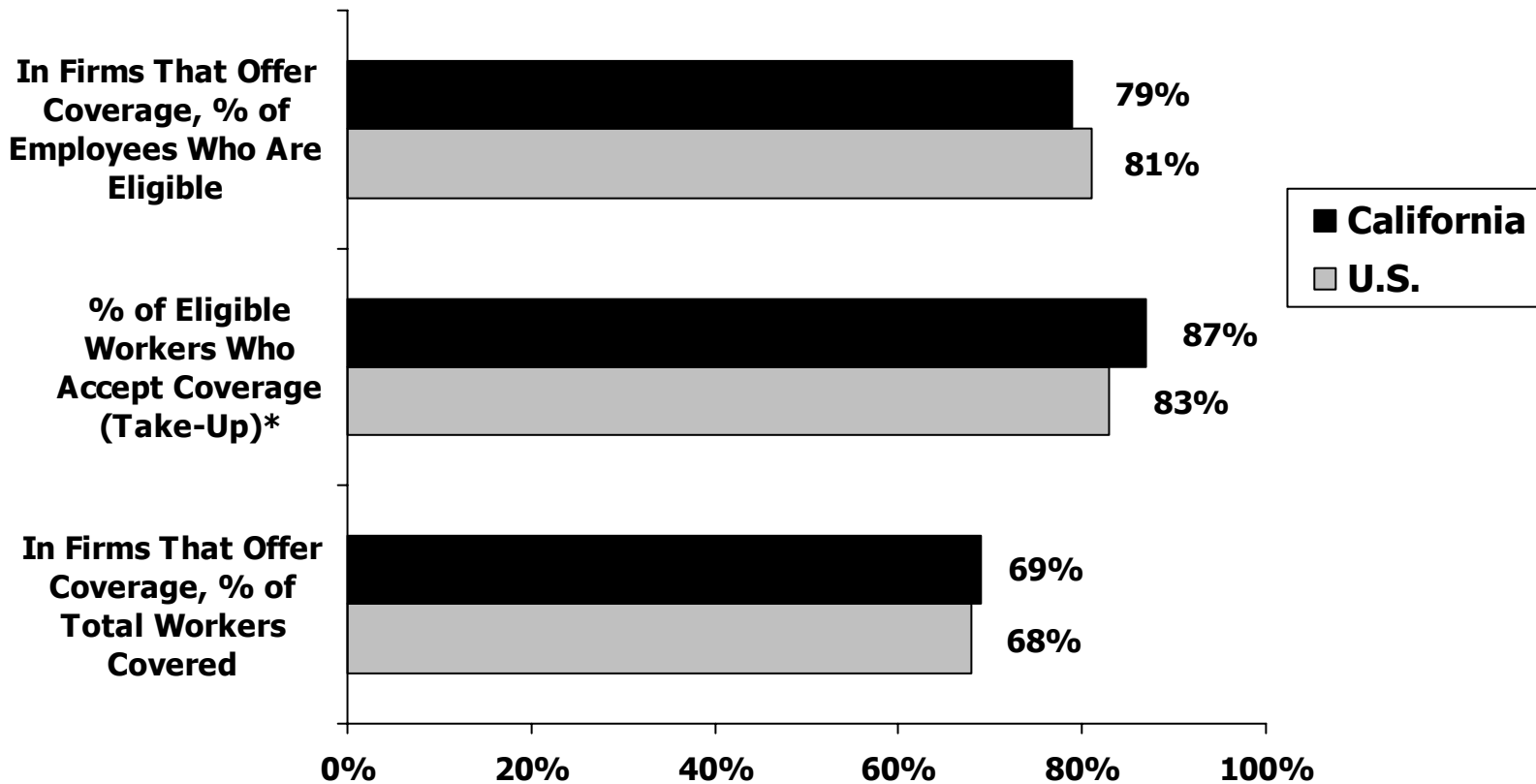
Percentage of Workers Employed in Firms That Offer Part-Time and Temporary Workers Health Coverage, 2001-2003*



* Tests found no statistically significant differences from previous year shown.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2001, 2002, 2003.

Eligibility, Take-Up Rates, and Coverage in Firms Offering Health Benefits, 2003

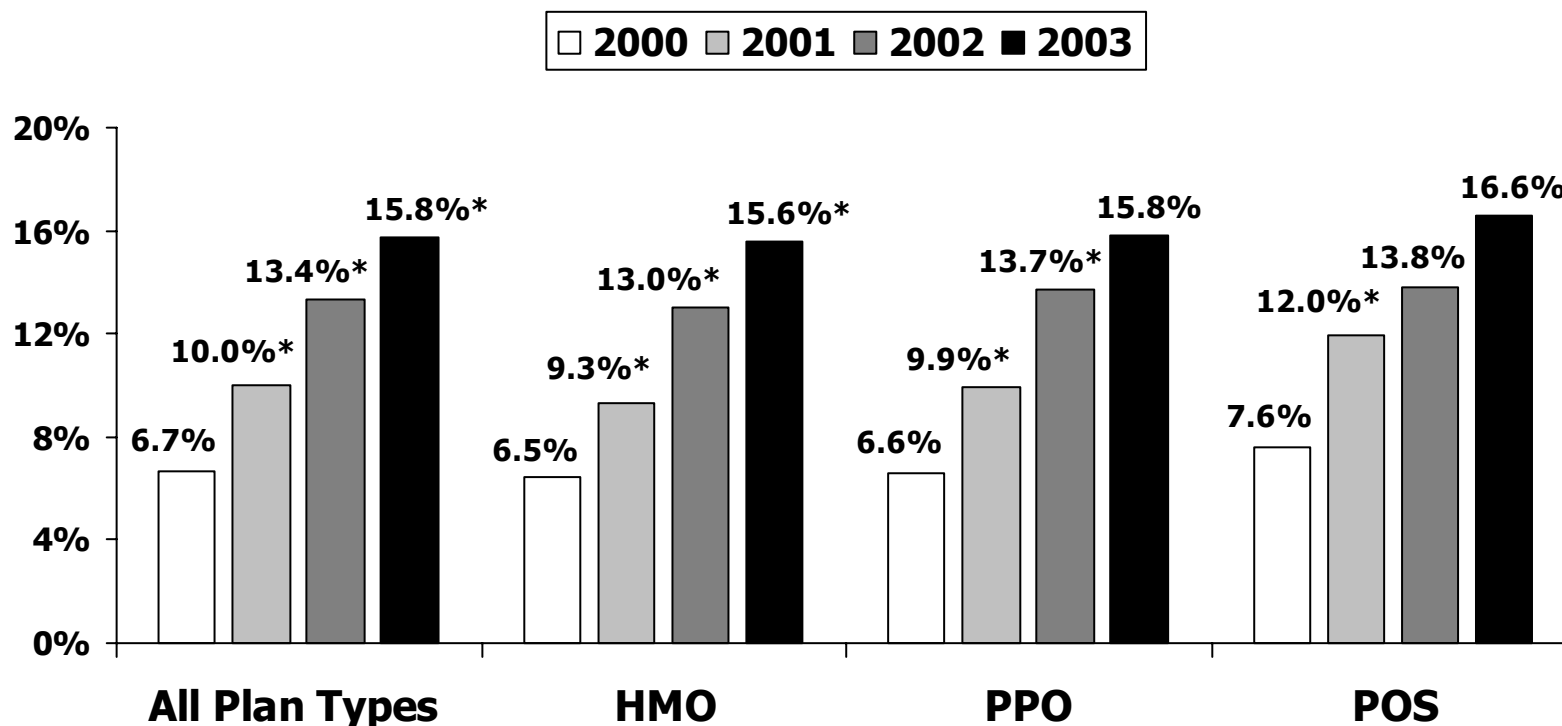


* Estimates are statistically different between CA and US.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

Cost of Health Insurance

Increases in Health Insurance Premiums From Previous Year, by Plan Type, 2000-2003

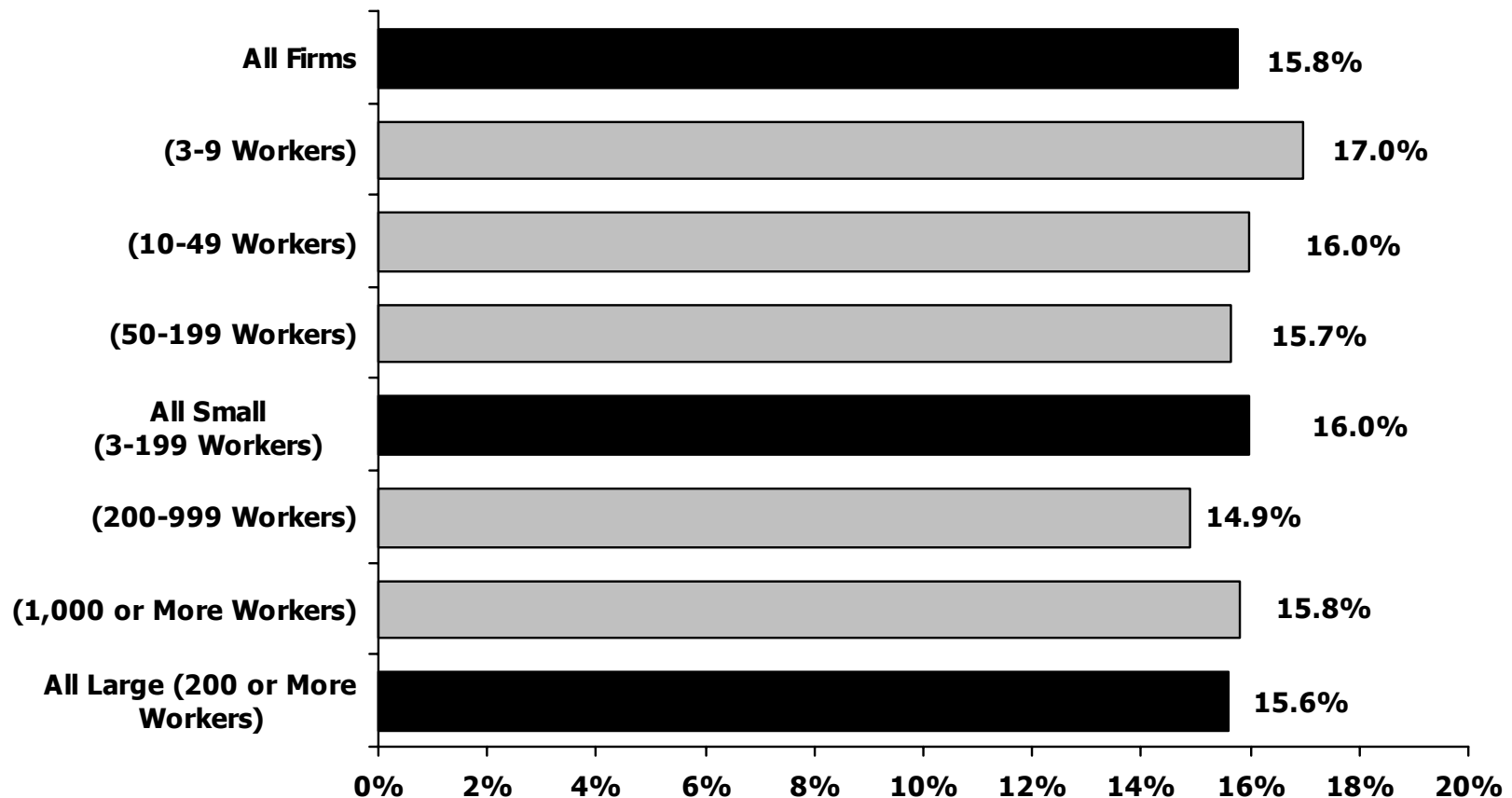


* Estimates are statistically different from previous year shown.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2000, 2001, 2002, 2003.

Percentage Change in Premiums, by Firm Size, 2003*



*Tests found no statistically different estimates from All Firms.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.

Average Monthly Premium Costs for Covered Workers, Single and Family Coverage, by Plan Type, 2003

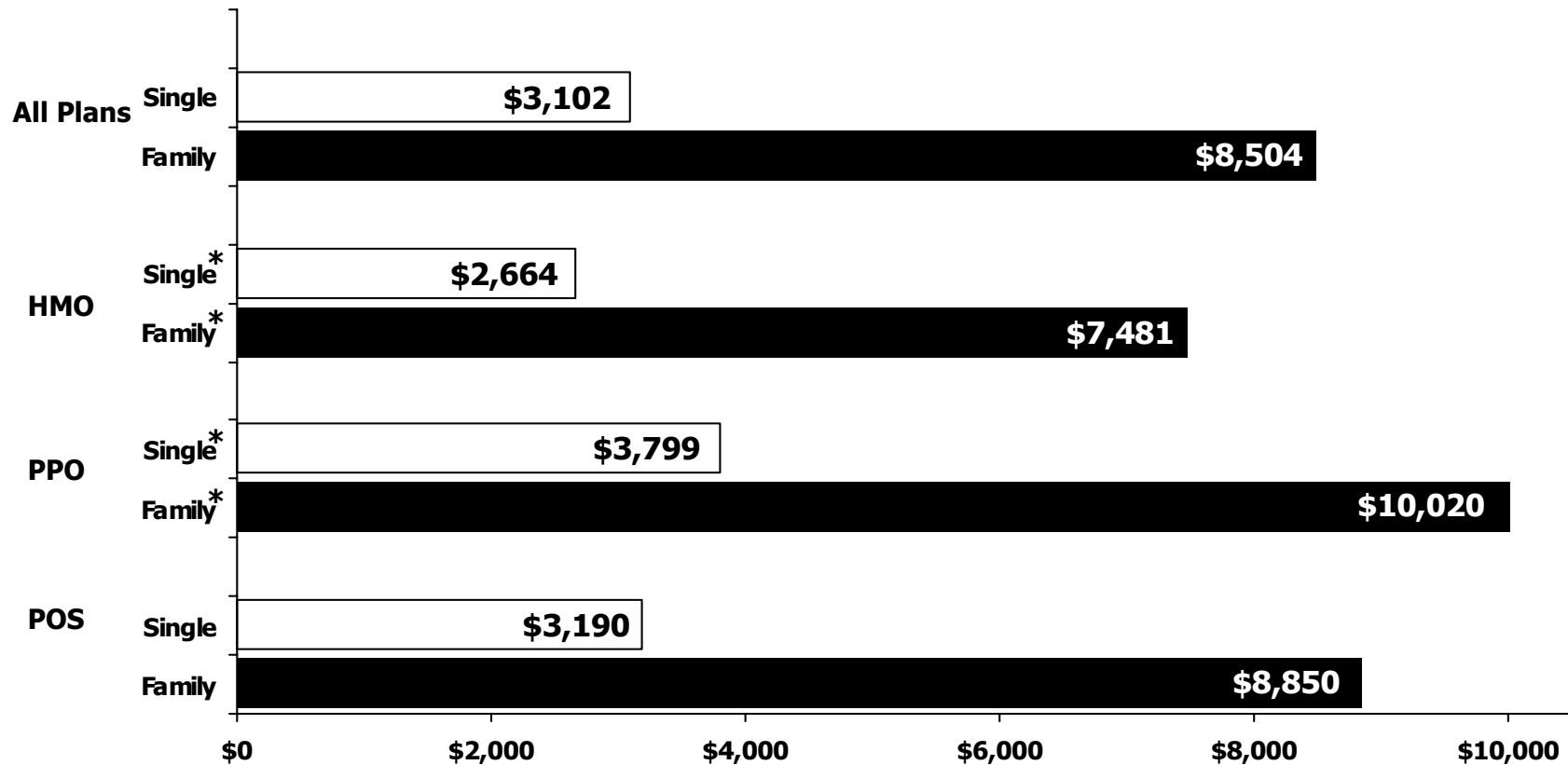
	<u>Single</u>		<u>Family</u>	
	<u>California</u>	<u>U.S.</u>	<u>California</u>	<u>U.S.</u>
All Plan Types	\$258	\$282	\$709	\$756
HMO	222*	263	623	709*
PPO	317*	292	835	776*
POS	266	272	737	761

* Estimate is statistically different from All Plans by Coverage Type.

Note: Family coverage is defined as health coverage for a family of four.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

Average Annual Premium Costs for Covered Workers, Single and Family Coverage, by Plan Type, 2003

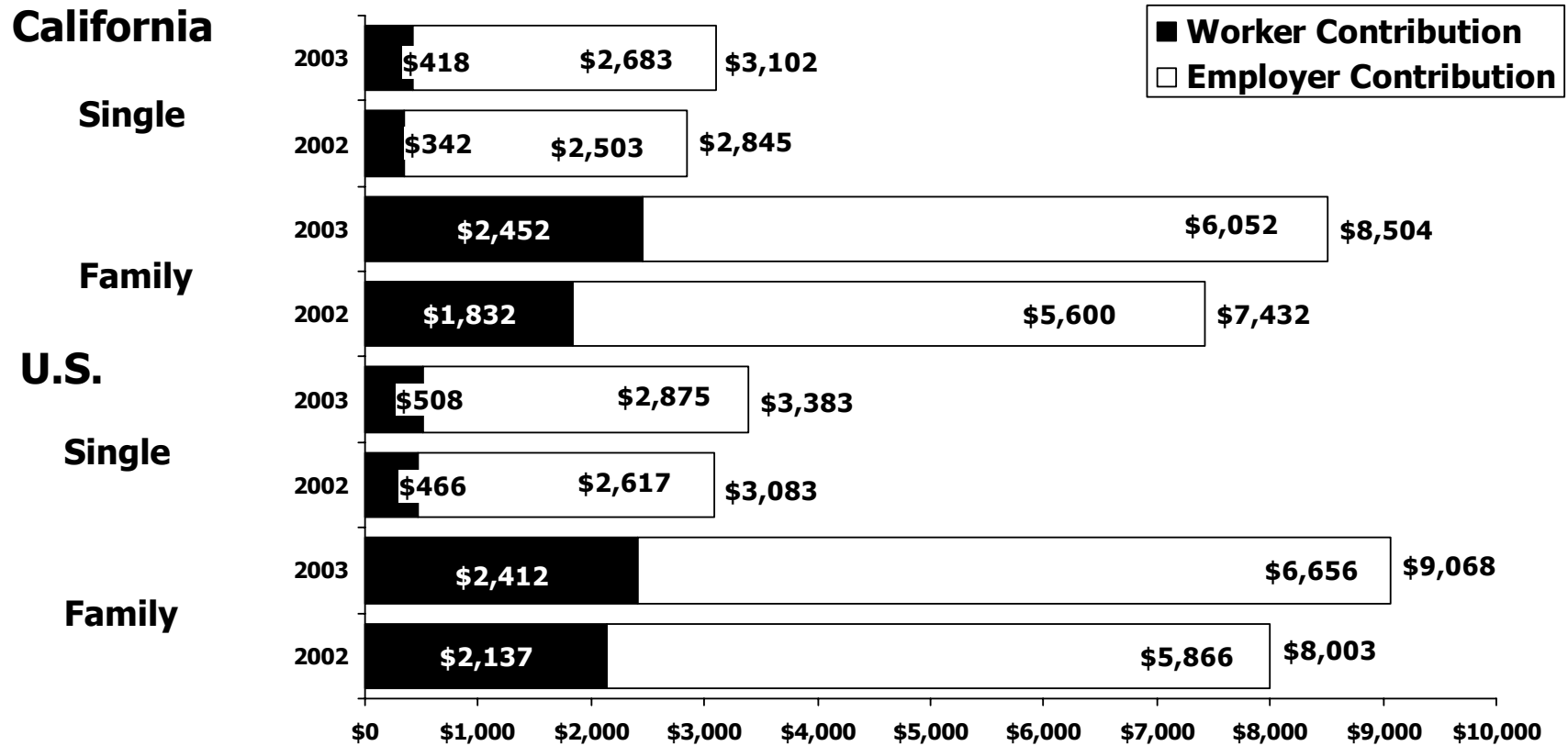


* Estimate is statistically different from All Plans.

Note: Family coverage is defined as health coverage for a family of four.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

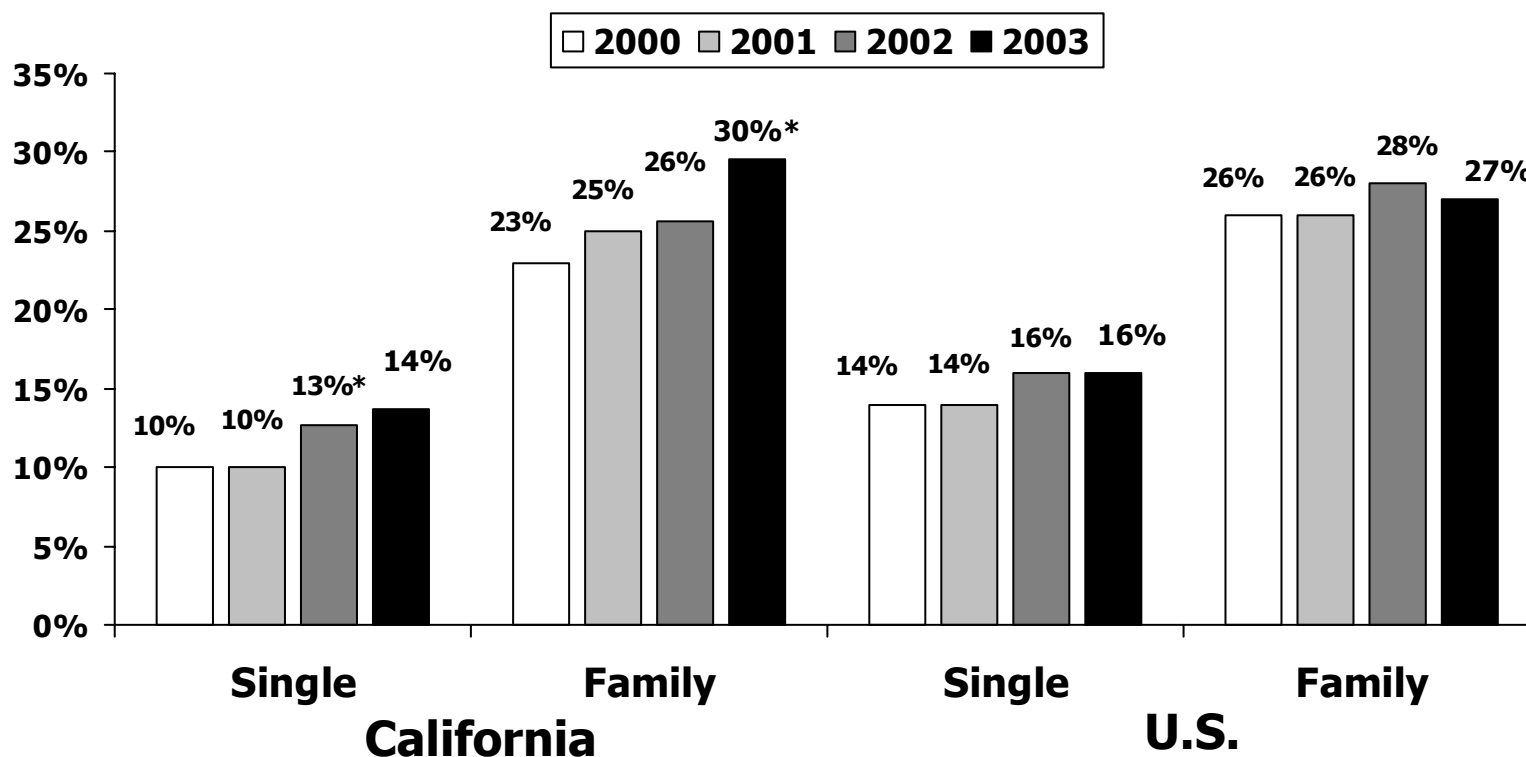
Average Annual Premium Contributions by Worker and Employer, 2002 and 2003



Note: Family coverage is defined as health coverage for a family of four. Figures may not add to total due to rounding.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2002, 2003.

Percentage of Premiums Paid by Workers, All Plans, 2000-2003



*Estimate is statistically different from previous year shown.

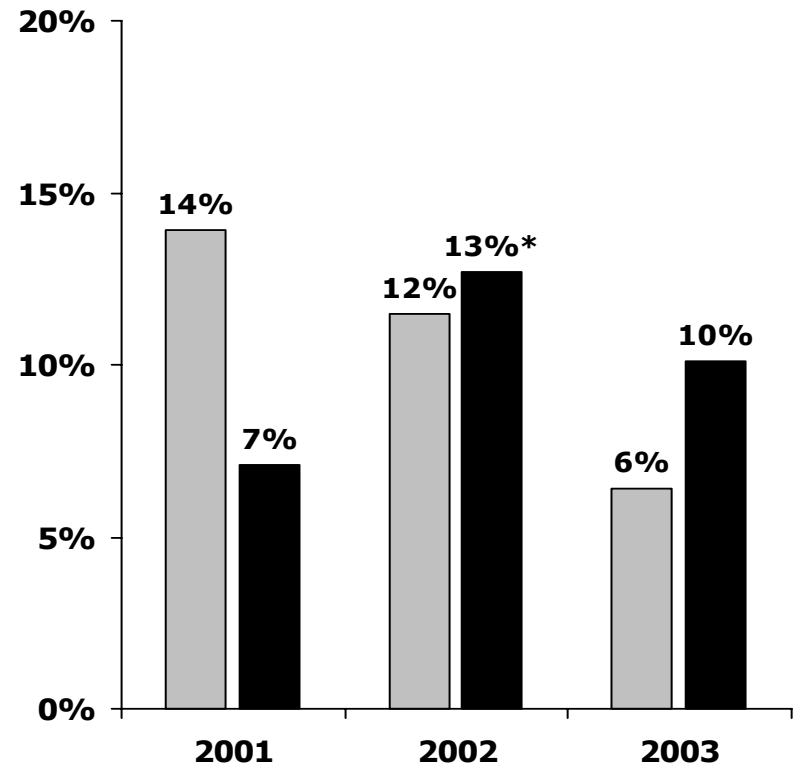
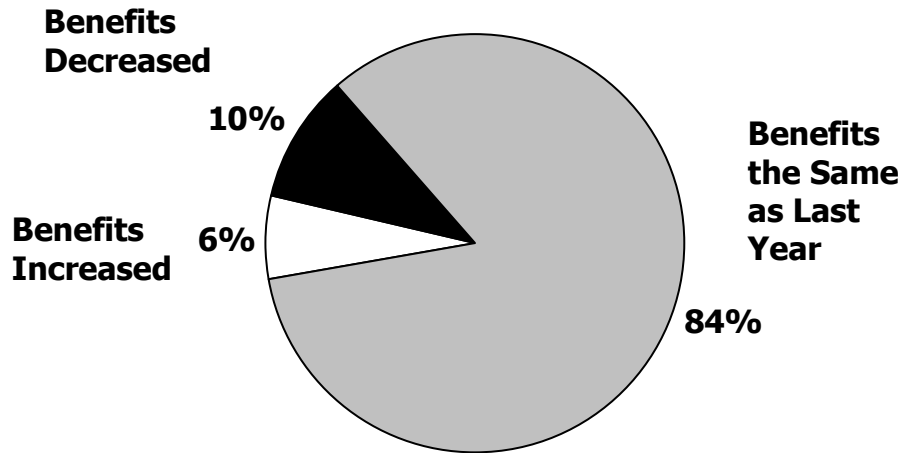
Note: Family coverage is defined as health coverage for a family of four.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2000, 2001, 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2000, 2001, 2002, 2003.

Benefits and Cost Sharing

Percentage of Covered Workers With Benefit Increases and Decreases, 2001-2003

Percentage of Covered Workers, 2003



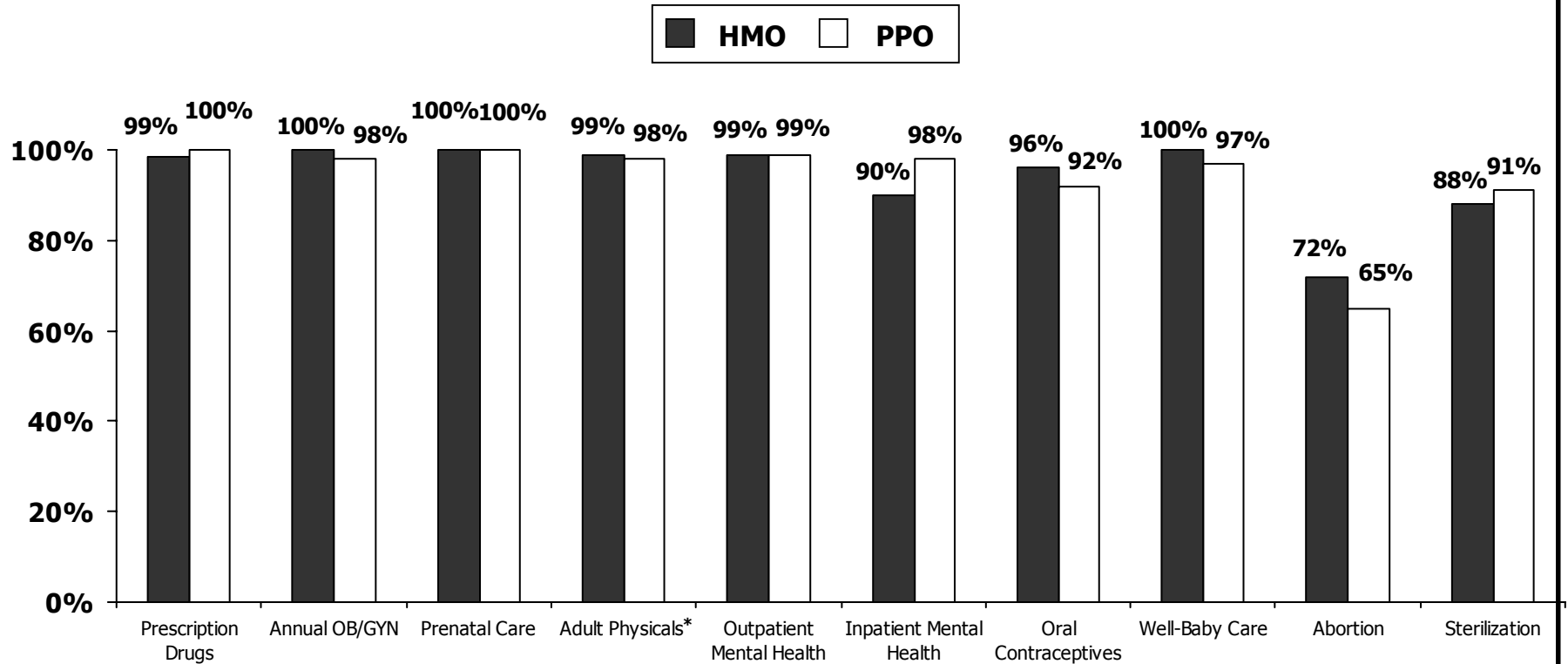
Legend: Benefits Increased Benefits Decreased

*Estimate is statistically different from previous year shown.

Note: In 2003, this question was amended slightly to add a qualifier that the survey is asking about changes to benefits "other than cost sharing."

Source: Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003.

Percentage of Workers Covered for Selected Benefits, by Plan Type, 2003

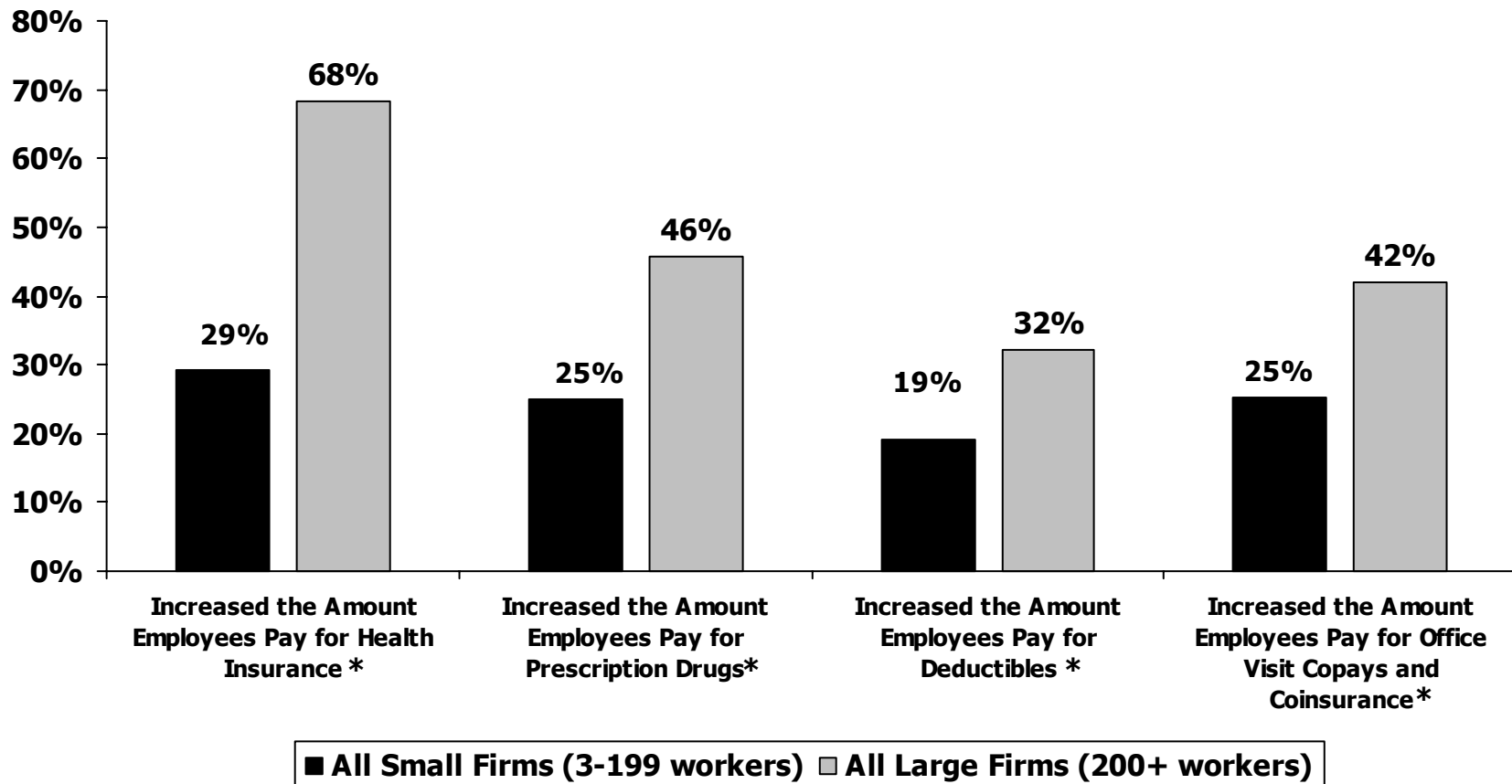


*Estimate is statistically different by plan type.

Note: In certain instances, a large percentage of responses indicated "don't know" as follows: Oral contraceptives: HMO (6.8%), PPO (7.3%); Sterilization: HMO (23.6%), PPO (20.3%); Abortion: HMO (31.5%), PPO (26.3%). Don't know responses for these variables were imputed. Because an unusually large number of don't know responses were imputed, Kaiser/HRET did not perform statistical tests for these variables.

Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.

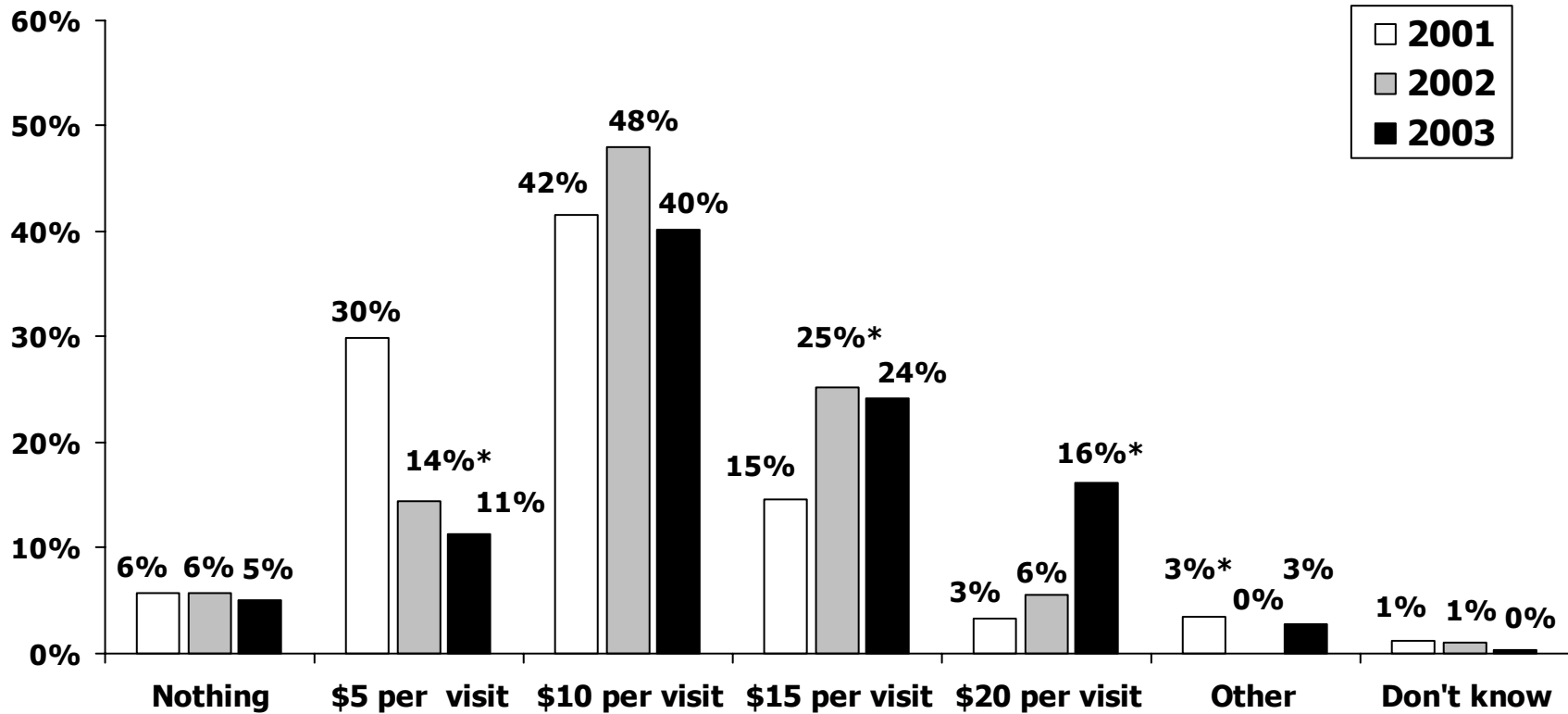
Percentage of Firms Reporting Changes to Their Health Benefits in the Past Year, 2003



* Estimates are statistically different by firm size.

Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.

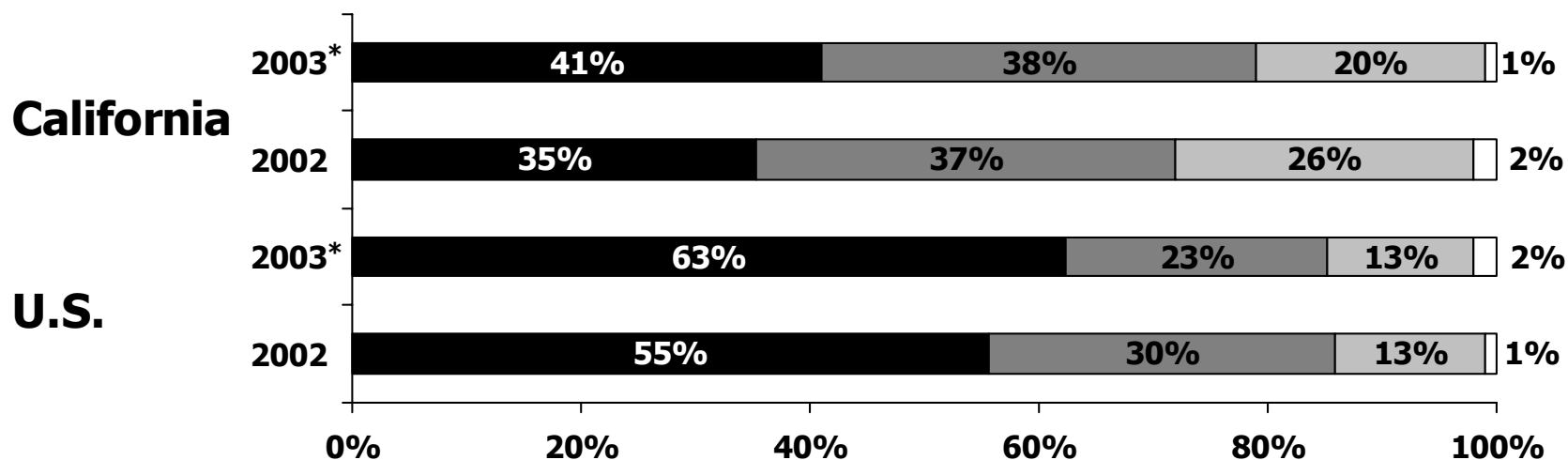
Percentage of Covered Workers Facing HMO Copayments for Physician Office Visits, 2001-2003



*Estimate is statistically different from previous year shown.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001, 2002, 2003.

Percentage of Covered Workers Facing Different Cost Sharing Formulas for Prescription Drugs, 2002 and 2003



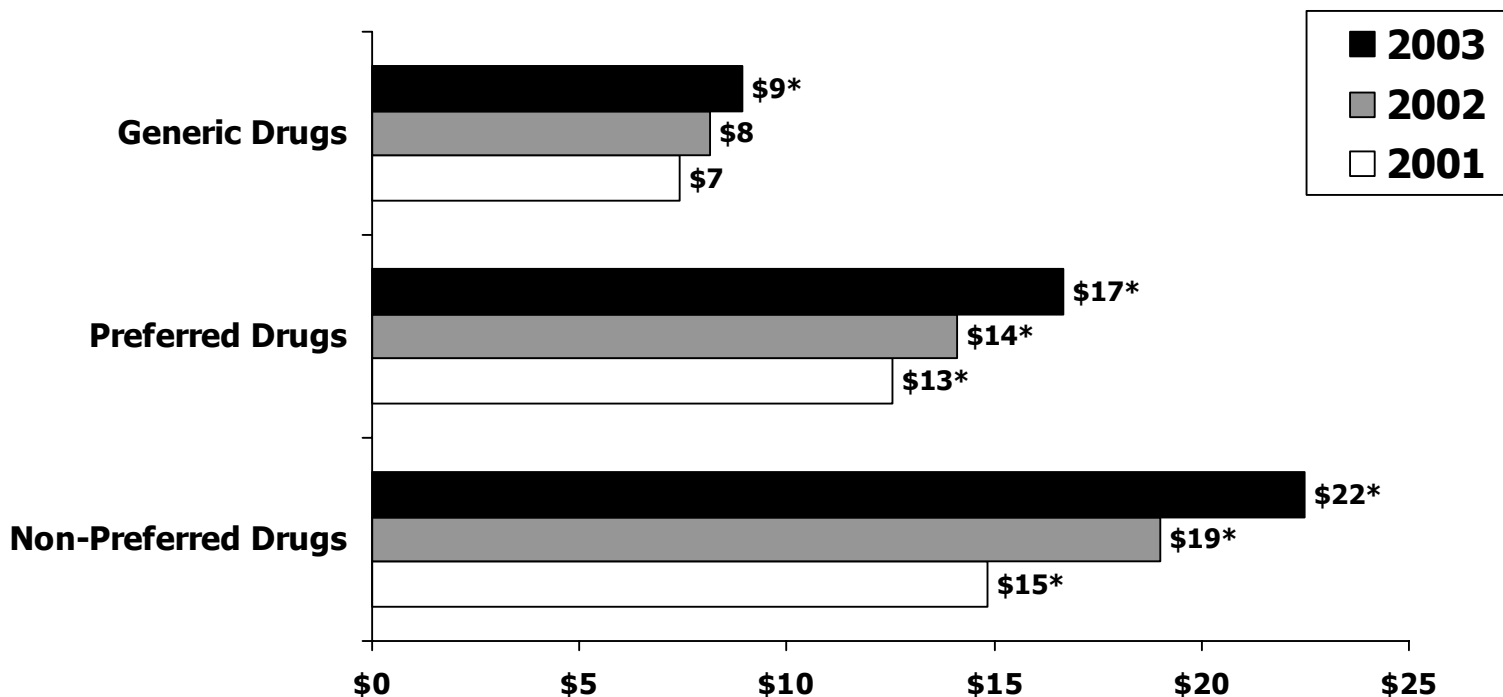
- **Three Tier = One payment for generic drugs, another for preferred drugs, and a third for non-preferred drugs**
- **Two Tier = One payment for generic drugs and one for all brand name drugs**
- **Payment is the same regardless of type of drug**
- **Other/Don't Know**

*Distribution is statistically different from previous year shown.

Generic drugs: A drug product that is no longer covered by patent protection and thus may be produced and/or distributed by many firms. Preferred drugs: Drugs included on a formulary or preferred drug list; for example, a brand name drug without a generic substitute. Non-preferred drugs: Drugs not included on a formulary or preferred drug list; for example, a brand name drug with a generic substitute. Brand name drugs: Generally, a drug product that is covered by a patent and is thus manufactured and sold exclusively by one firm. Cross-licensing occasionally occurs, allowing an additional firm to market the drug. After the patent expires, multiple firms can produce the drug product, but the brand name or trademark remains with the original manufacturer's product.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2002, 2003.

Average Drug Copayments, All Plans, 2001-2003



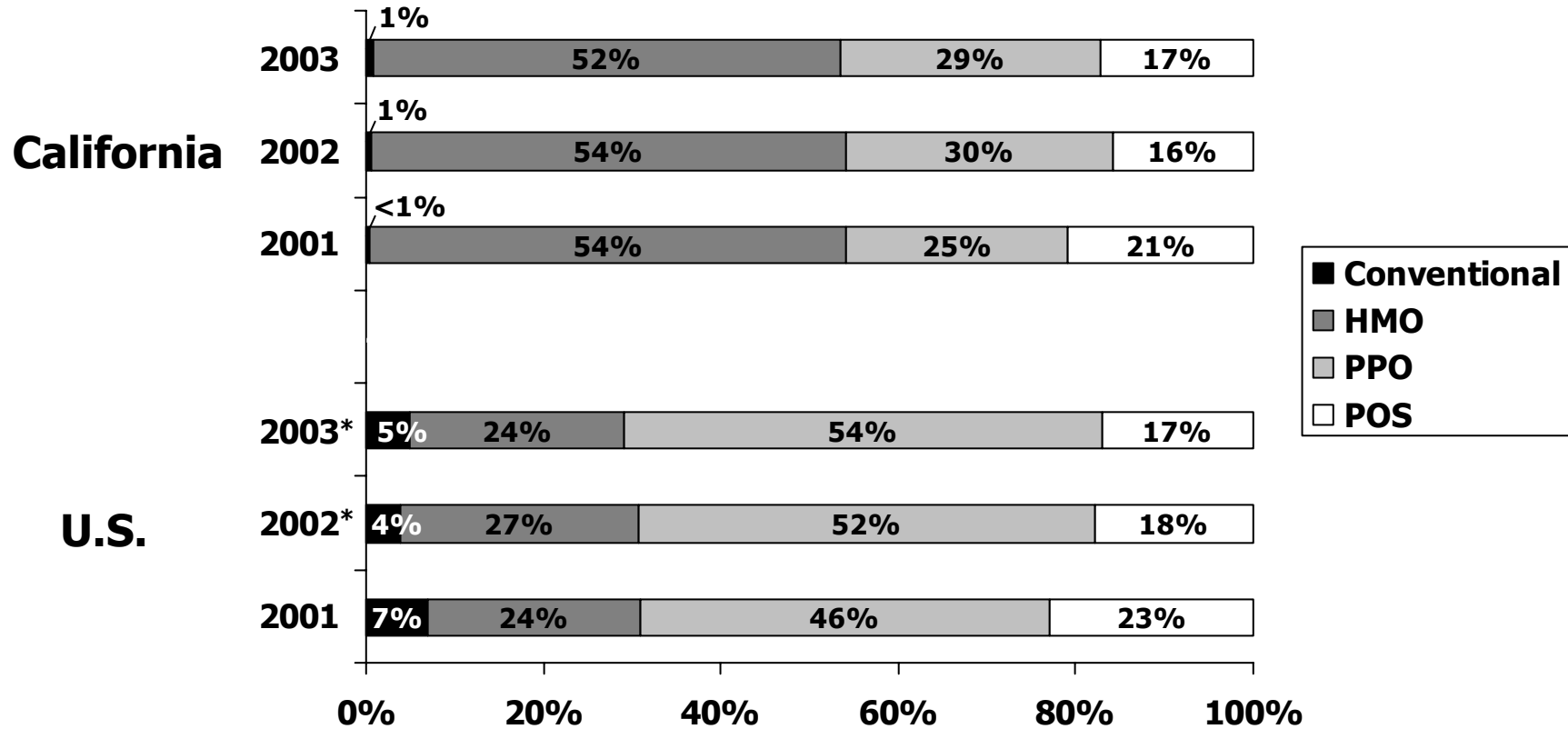
*Estimate is statistically different from previous year shown.

Generic drugs: A drug product that is no longer covered by patent protection and thus may be produced and/or distributed by many firms. Preferred drugs: Drugs included on a formulary or preferred drug list; for example, a brand name drug without a generic substitute. Non-preferred drugs: Drugs not included on a formulary or preferred drug list; for example, a brand name drug with a generic substitute. Brand name drugs: Generally, a drug product that is covered by a patent and is thus manufactured and sold exclusively by one firm. Cross-licensing occasionally occurs, allowing an additional firm to market the drug. After the patent expires, multiple firms can produce the drug product, but the brand name or trademark remains with the original manufacturer's product.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003.

Health Plan Enrollment, Choice, and Insurance Arrangements

Health Plan Enrollments for Covered Workers, by Plan Type, 2001 - 2003

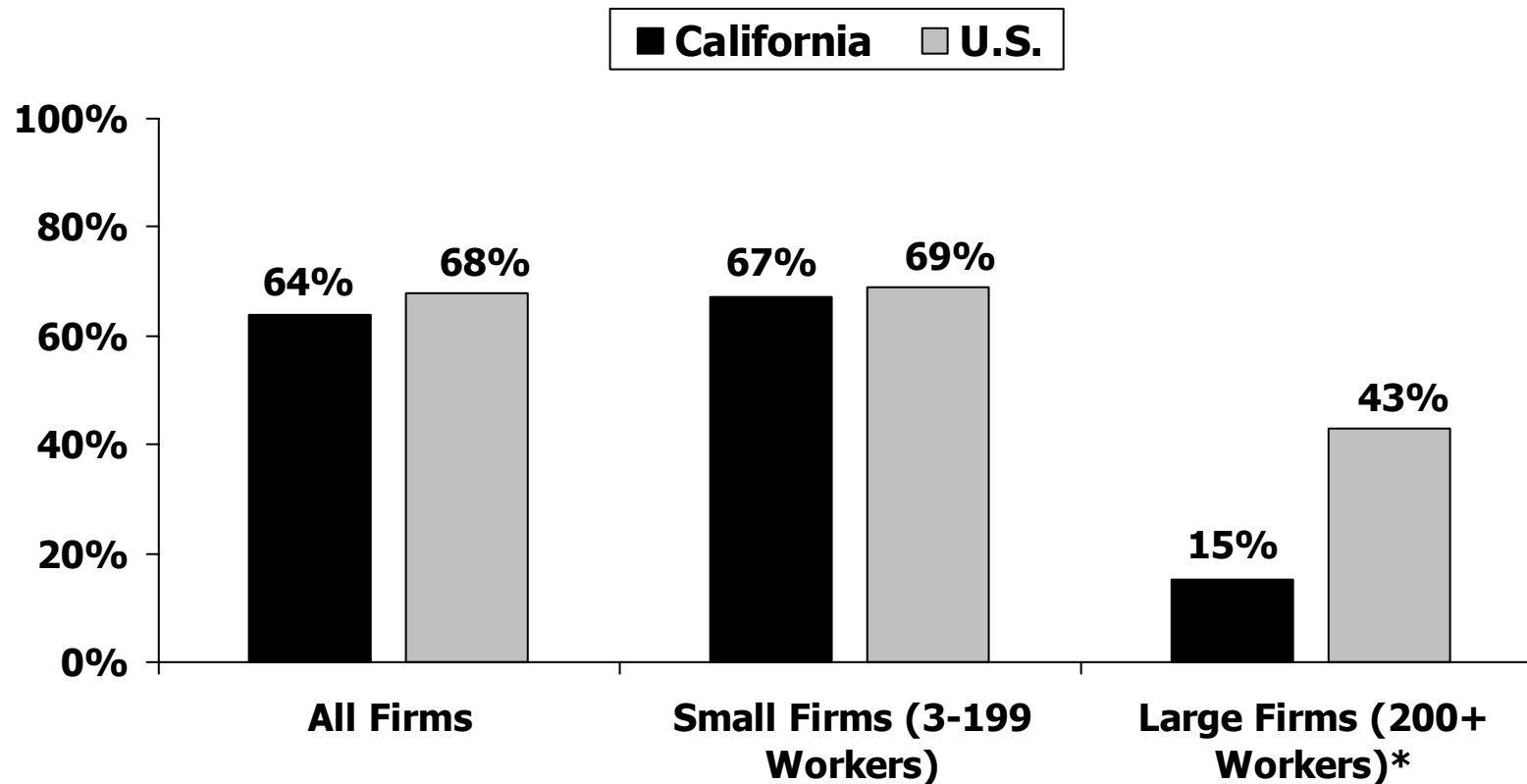


* Distribution is statistically different from previous year shown.

Note: Conventional plan enrollment in 2001 is less than 1%. Figures may not add up to 100% due to rounding.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2001, 2002, 2003.

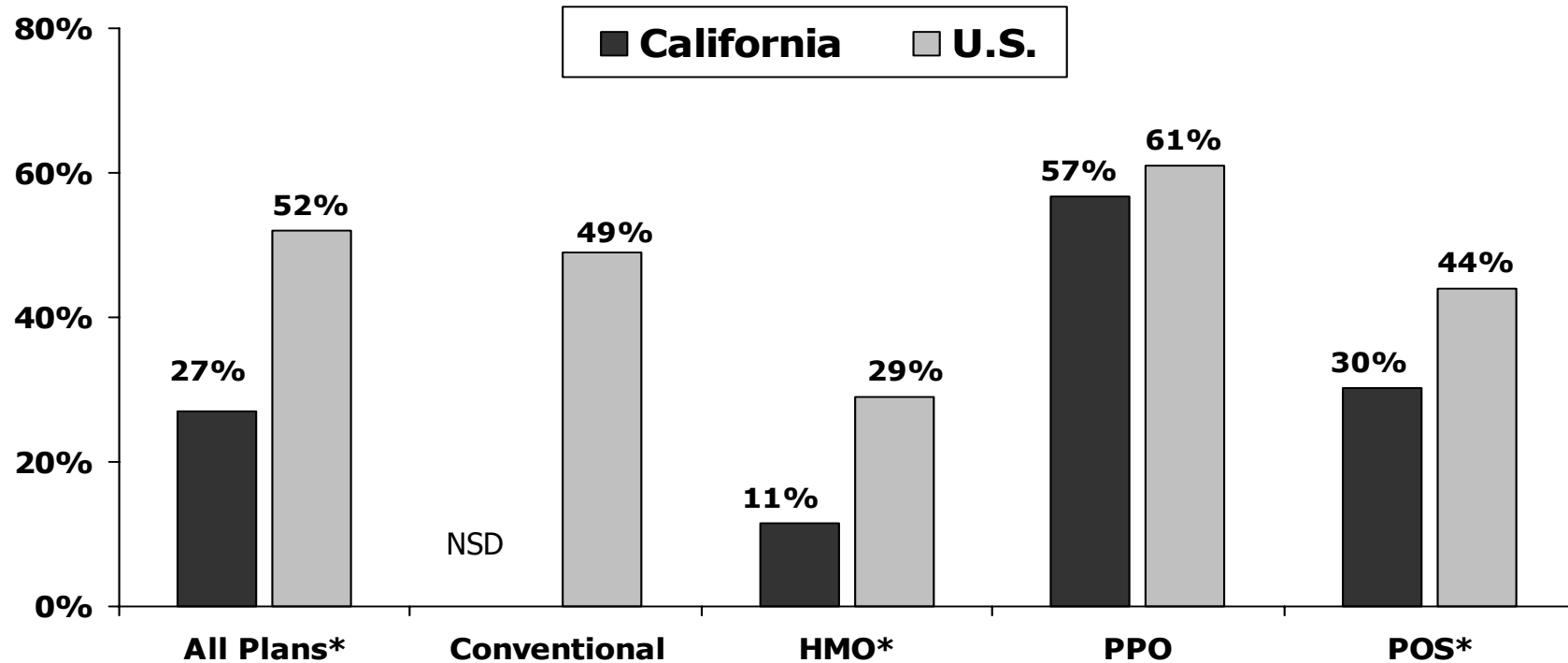
Percentage of Employers Offering Only One Health Plan, by Firm Size, 2003



* Estimate is statistically different from All Firms.

Sources: Kaiser/HRET 2003 California Employer Health Benefits Survey; Kaiser/HRET 2003 Survey of Employer-Sponsored Health Benefits.

Percentage of Employees in Partly or Completely Self-Insured Plans, by Type of Plan, 2003



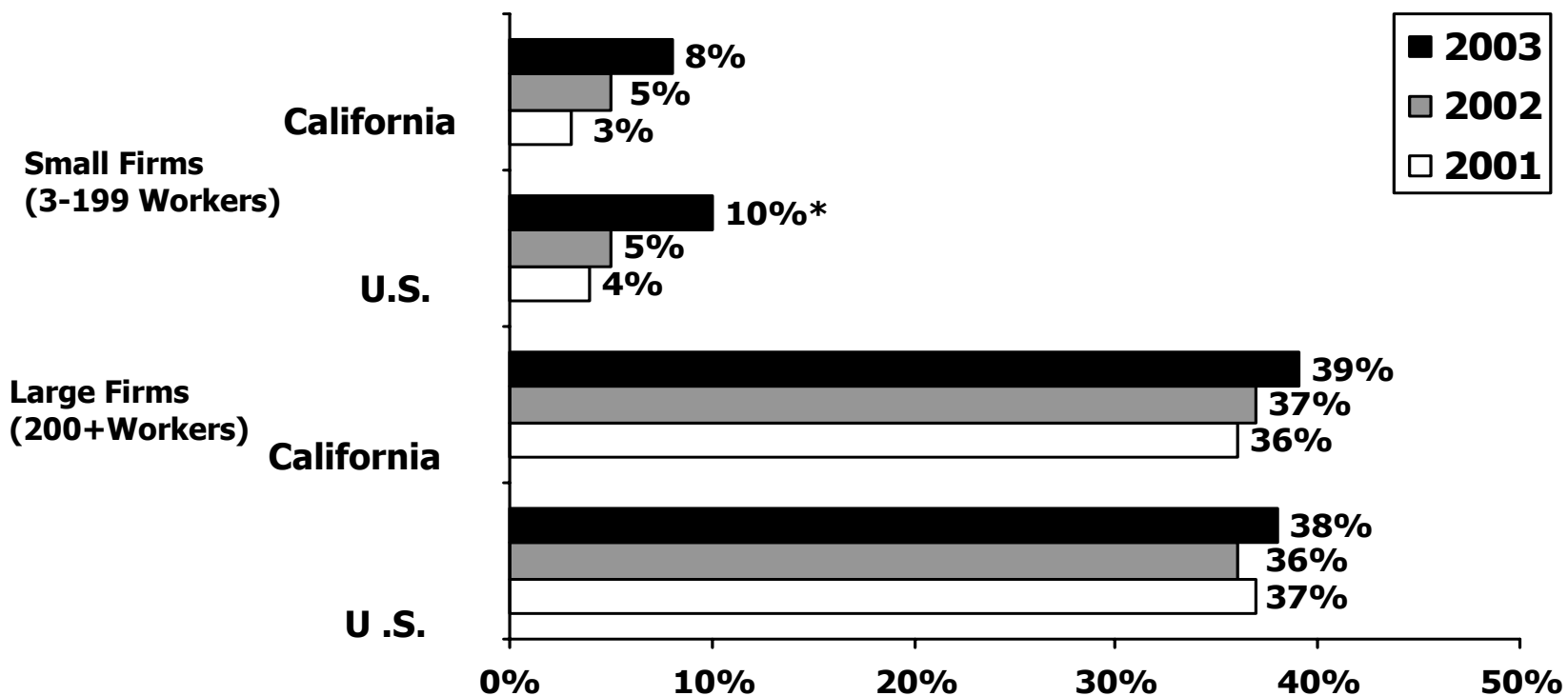
* Estimates are statistically different between CA and US.

Note: Self-insured plans are plans where an employer assumes responsibility for paying health care claims rather than buying coverage from an insurer. There are not enough employees enrolled in conventional plans in California to break out enrollment by self-insured plans (NSD=not sufficient data).

Sources: Kaiser/HRET 2003 California Employer Health Benefits Survey; Kaiser/HRET 2003 Survey of Employer-Sponsored Health Benefits.

Retiree Health Benefits

Percentage of Firms That Offer Retiree Health Benefits, 2001-2003



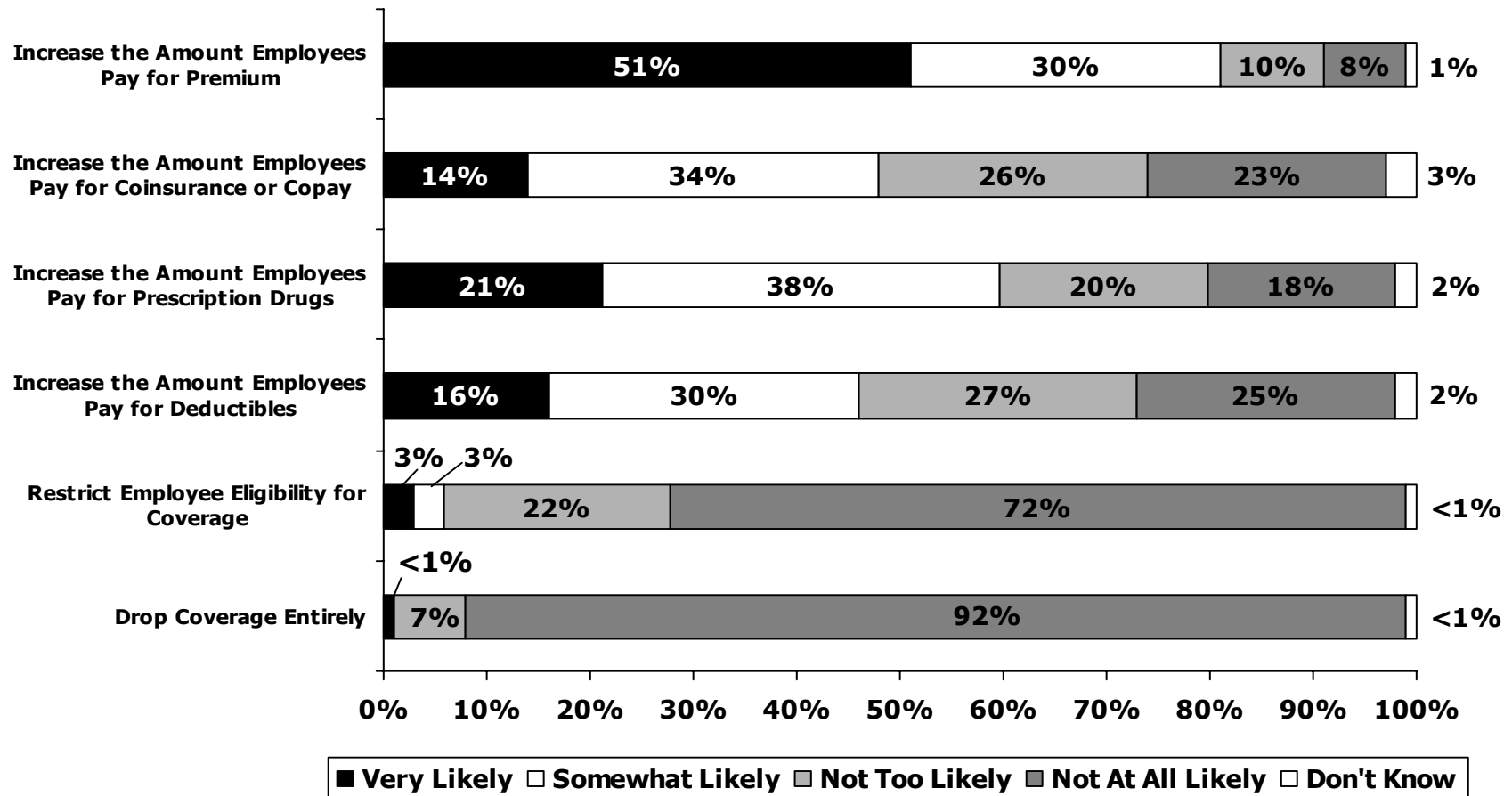
* Estimate is statistically different from previous year shown. Tests found no statistically different estimate from the previous year shown for large firms in CA and nationally and for small firms in CA.

Note: As noted in the methods page, this year the sample was stratified to the firm size and industry distribution reported by the U.S. Census. This had the effect of increasing the reported prevalence of retiree benefits offered by firms for this year and prior years.

Sources: Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001, 2002, 2003.

Employer Attitudes

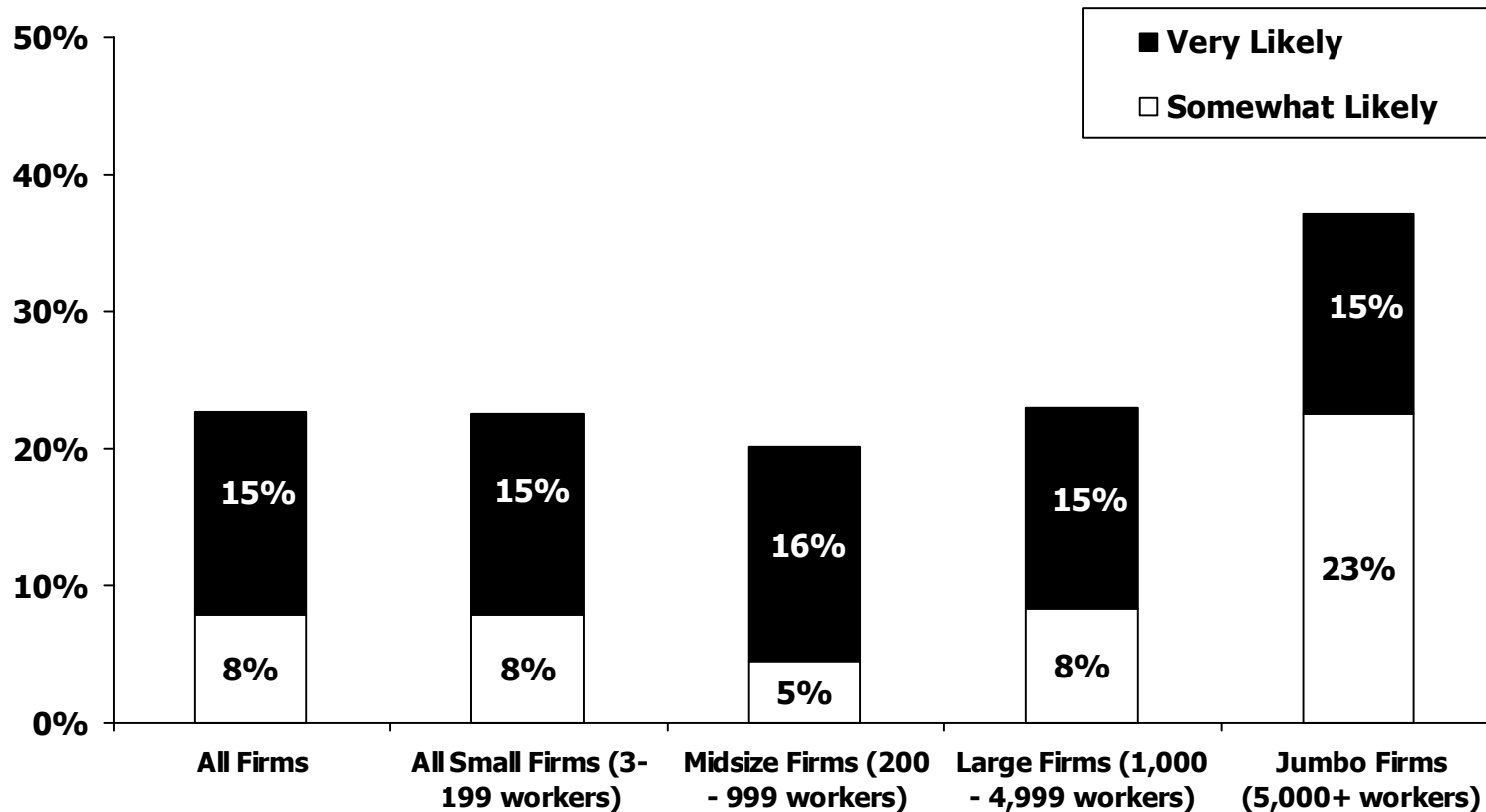
Percentage of Large Firms (200 or more Workers) Reporting Their Likelihood of Making the Following Changes in the Next Year, 2003



Note: Less than 1% of Large Firms reported that they were 'very likely' to Drop Coverage Entirely. Figures may not add to 100% due to rounding.

Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.

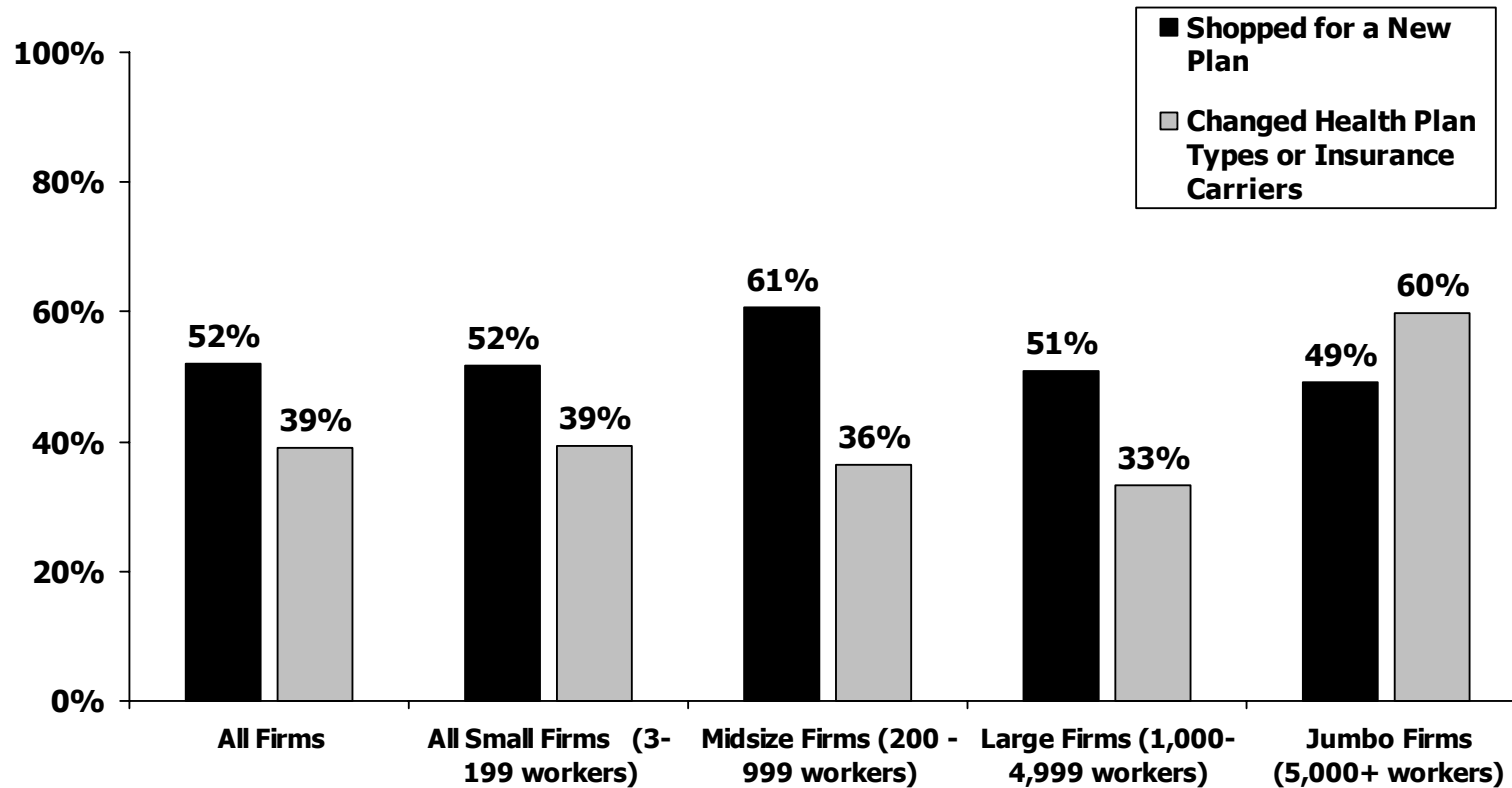
Percentage of Firms That Say They Are "Very Likely" or "Somewhat Likely" to Offer Workers a High Deductible Plan in the Next Year, 2003



Note: A high deductible plan is a plan with an annual deductible of more than \$1,000 for single coverage.

Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.

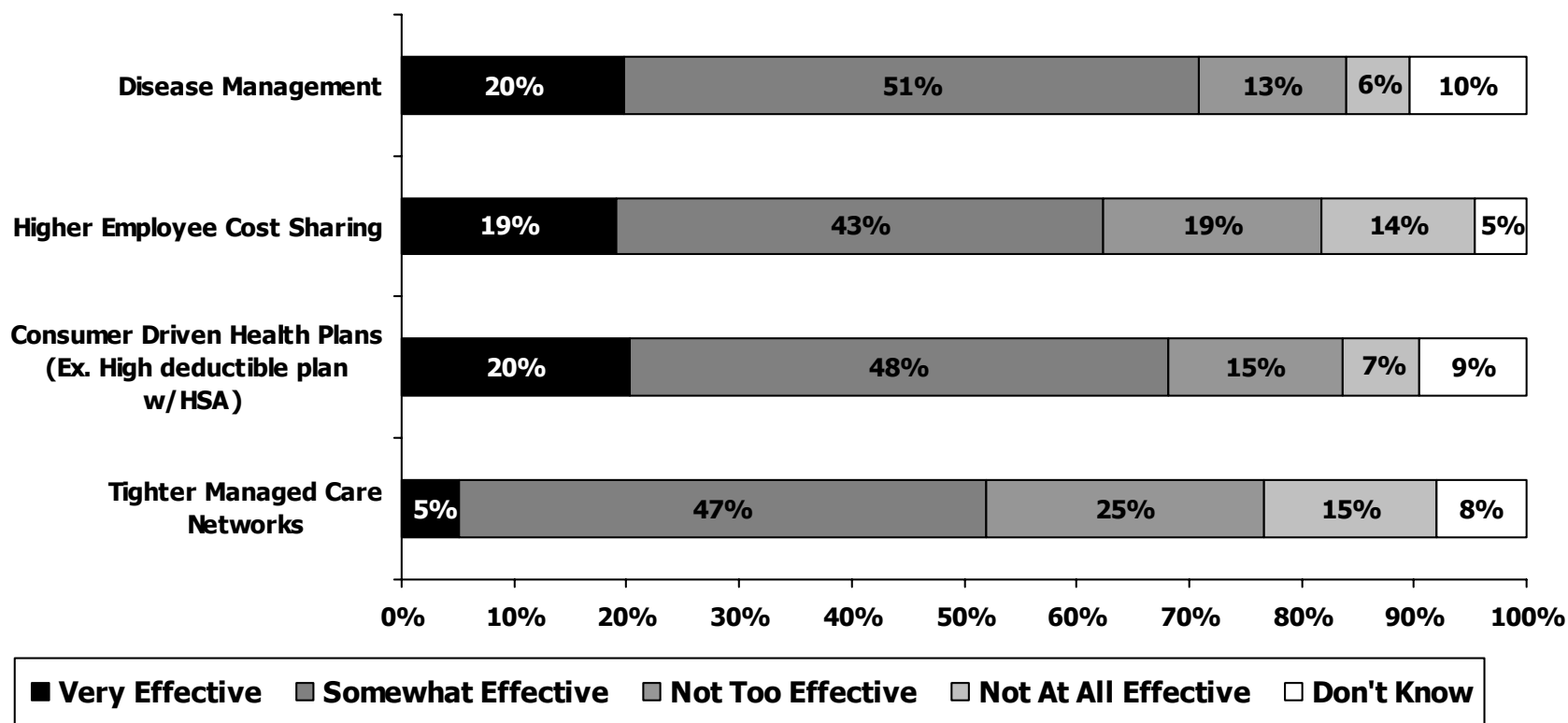
Percentage of Firms That Shopped for a New Plan and Percentage of Such Firms Reporting They Changed Health Plan Types or Insurance Carriers in the Last Year, by Firm Size, 2003*



* Tests found no statistically different estimates from All Firms.

Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.

Firm Ratings on the Effectiveness of Different Cost Containment Strategies, 2003

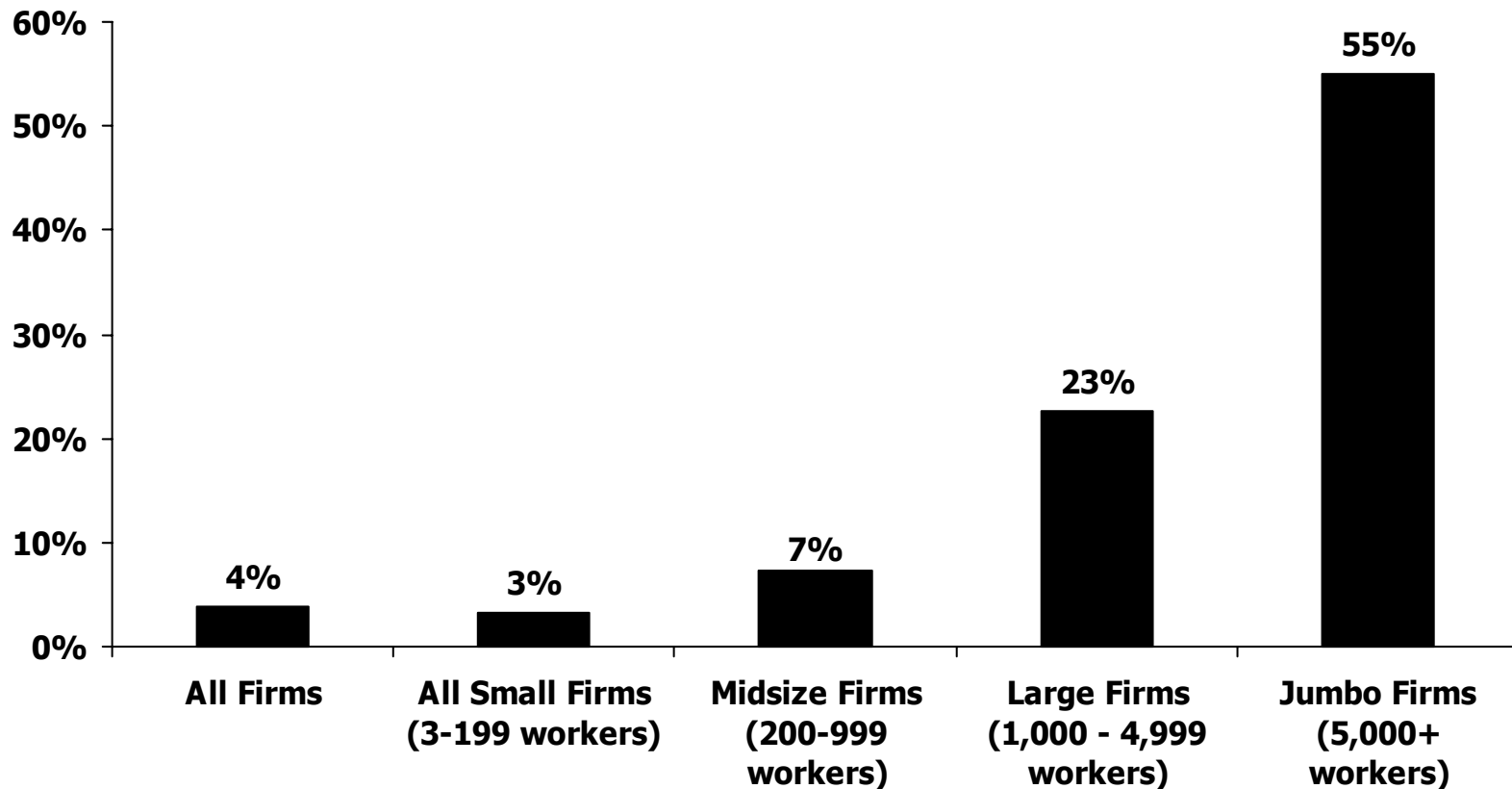


HSA: Health Savings Account. A pre-tax account funded by an employer that permits employees to make their own choices about how much they spend on more routine health expenses.

Note: Figures may not add to 100% due to rounding.

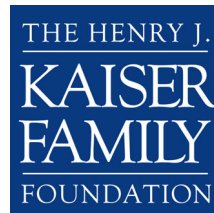
Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.

Percentage of Firms That Are Familiar With The Leapfrog Group, by Firm Size, 2003



The Leapfrog Group: An organization founded by the Business Roundtable that seeks to encourage large employers to reward health plans and hospitals that make breakthrough improvements in patient safety and quality.

Source: Kaiser/HRET 2003 California Employer Health Benefits Survey.



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