

# STATE OF COLORADO

## DEPARTMENT OF REGULATORY AGENCIES

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**FOR IMMEDIATE RELEASE**  
**May 7, 2001**

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## **More Coloradoans are Covered by Small Group Health Insurance Plans But Numbers Reveal Unhealthy Trends**

A recent survey of the Colorado small group health insurance market reveals an overall increase in the number of individuals with health insurance while the number of carriers providing this service is declining.

"It is good to see more Coloradoans have access to health care," said Commissioner William J. Kirven III. "However, carriers are leaving the State due to the inability to stem ongoing losses."

The Colorado Division of Insurance today announced the results of its annual survey on the small group health insurance market in Colorado. The 2000 survey, compiled from data submitted by 44 small group carriers in annual activity reports, shows small group plans covered 537,996 individuals, which is an increase of 59,652 over 1999 data. Carriers further indicate that 12,273 of these enrollees had been previously uninsured.

The survey also reflects an increase in the number of all small employer groups providing health coverage for their employees, from 65,948 in December 1999, to 70,270 in December 2000. This represents an increase of 4,322 insured groups. However, when breaking this down, while there is an increase of 7,747 in "business groups of one," groups of 2 to 50 employees decreased by 3,425 employer groups.

"The decline in the 2 to 50 employee groups, as well as the 37 percent increase in business groups of one, is an unfavorable trend because business groups of one use more health care services on average than the 2 to 50 employee groups and they cost more money," Commissioner Kirven said. "Although the number of Coloradoans covered in the small group market has increased, it is disturbing that groups with lower claims

experience are declining.”

Colorado's small group market includes employer groups of 50 or fewer employees and business groups of one, which usually are self-employed individuals. State and federal laws require carriers in the small group market to offer all insurance products to groups of 2 to 50 employees, regardless of the health status of the group. Under State law, business groups of one have had guaranteed access to a basic or standard plan during open enrollment periods. The survey shows 28,805 business groups of one in December 2000, which is an increase of 7,747 over the 1999 figures.

Forty-four carriers submitted their 2000 Small Group Activity Reports and indicated they had some small group business in place as of December 2000. However, several carriers have since notified the Division of Insurance that they plan to withdraw from the market. The Division currently lists only 33 small group carriers and several of those only offer plans in the metropolitan areas.

“The dwindling options for small group health insurance coverage, especially outside the front range, are of great concern,” Commissioner Kirven said. “In addition to the myriad issues related to an increasing number of uninsured Coloradoans, the lack of health care coverage in out-lying areas of our state is a barrier to economic development.”

Small employers are the least able to absorb the escalating cost of health care premiums and it becomes a business decision to drop group coverage to avoid these additional costs, Commissioner Kirven added.

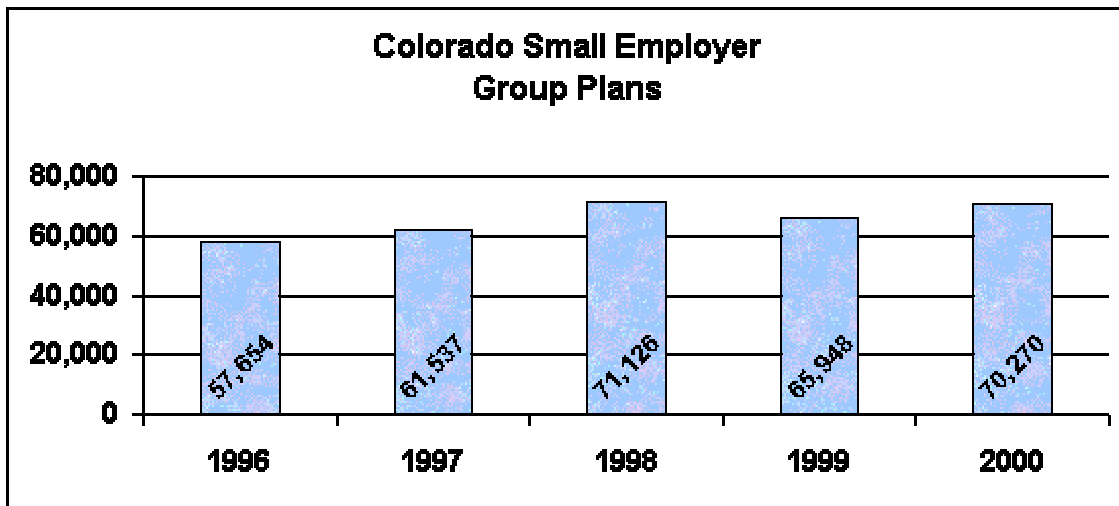
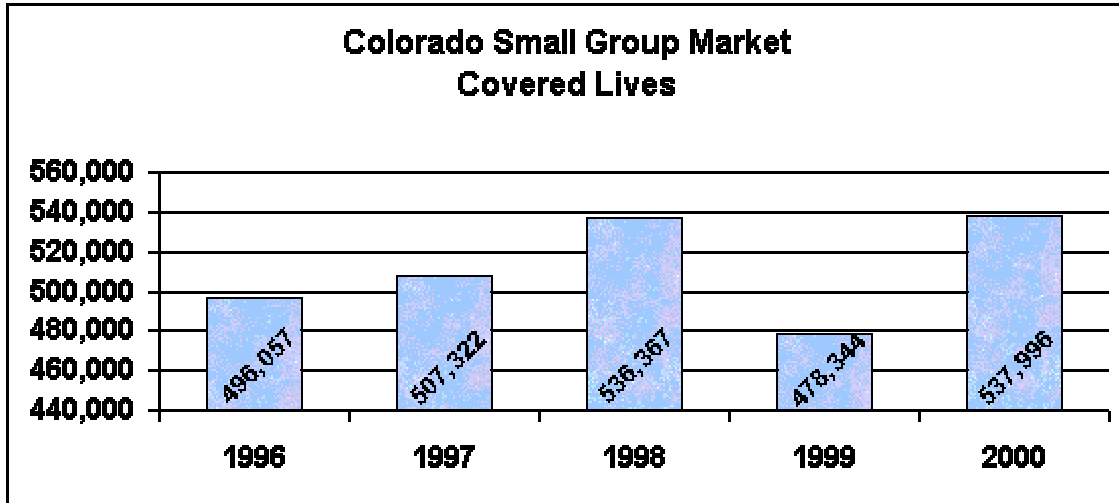
This survey also confirms that managed care continues to dominate Colorado's small group market. Including all small group plans, only four percent represent the traditional indemnity type. Preferred provider plans (PPOs) and health maintenance organizations (HMOs) make up 37 percent and 59 percent of the market, respectively. Colorado's basic and standard health benefit plans comprise 24 percent of the State's small group plans. All carriers in the small group market are required to offer standardized, comprehensive health care plans which are designed to enhance the consumer's ability to compare premium costs from one carrier to another.

Colorado consumers may also obtain health coverage through purchasing cooperatives. In December 2000, there were 25,576 persons covered under small group purchasing cooperatives. This is a significant increase over the 13,521 persons covered in 1999. Purchasing cooperatives provide employees of a single employer the choice of several plans offered through the cooperative. The individuals covered through purchasing cooperatives are also included in the Colorado Small Group Market statistics.

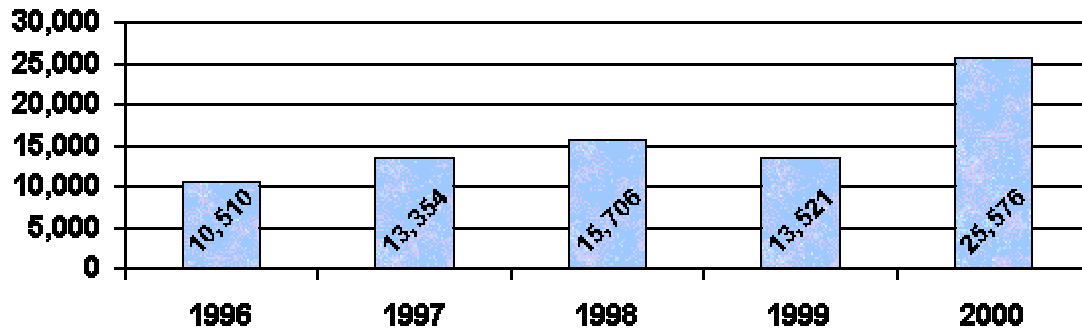
Graphs and charts illustrating findings from the 2000 Small Group Activity Report are included in this release and also available through the Division's website at [www.dora.state.co.us/insurance](http://www.dora.state.co.us/insurance) under main menu/press.

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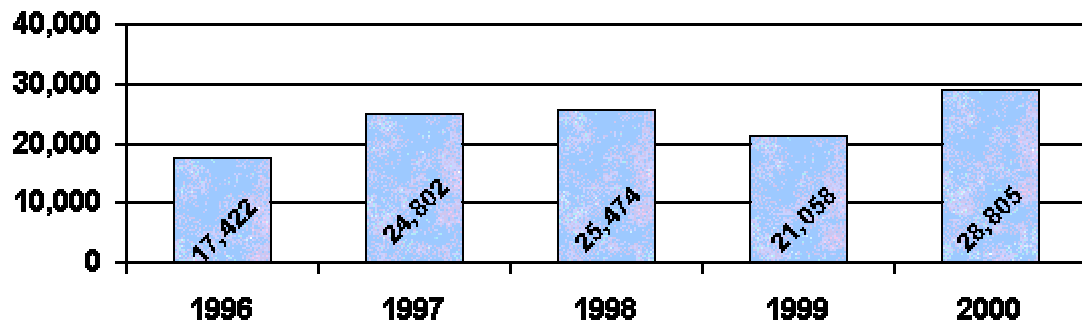
## 2000 Small Group Health Insurance Report



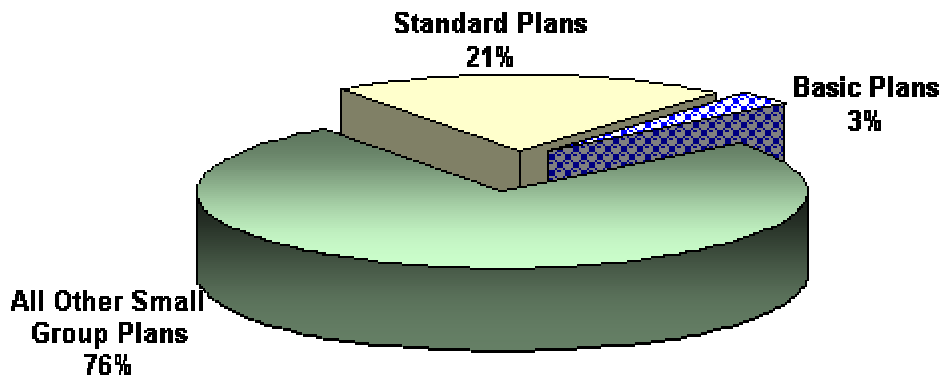
### Small Group Employees Covered Through Purchasing Cooperatives



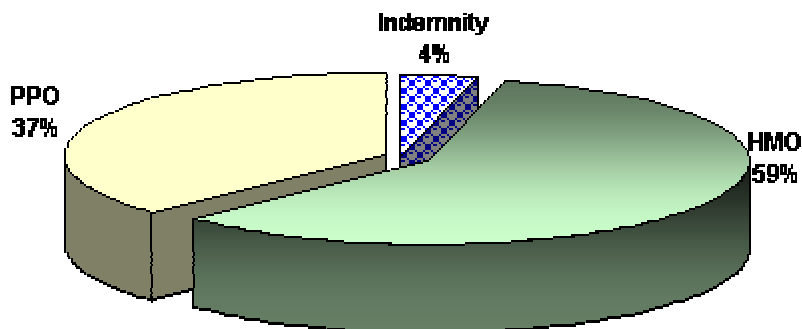
### Business Groups of One In Colorado's Small Group Market



## 2000 Colorado Small Group Plans



## 2000 Small Group Market Types of Plans



## Top Ten Small Group Carriers by Premium

(Compiled from data submitted by carriers in 2000 Colorado Small Group Reports)

<i>Carrier Name</i>	<i>2000 Small Group Premium</i>
1. Employers Health	\$ 226,698,265
2. Aetna US Healthcare	96,265,332
3. Pacificare	86,652,904
4. Kaiser	79,000,000
5. United Health Care	66,110,888
6. RMHMO	47,310,796
7. Sloan's Lake HMO	45,120,065
8. Principal Life Ins. Company	35,736,796

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9. HMO Colorado	26,486,446
10. Pacific Life and Annuity	21,974,465
<b>TOTAL</b>	<b>\$ 731,355,957 *</b>

\* Represents 81% of the total 2000 small group market premium

**Top Ten Small Group Carriers by Lives Covered**  
(Compiled from data submitted by carriers in 2000 Colorado Small Group Reports)

<i>Carrier Name</i>	<i>Lives Covered in Small Group Market as of 12/31/00</i>
1. Employers Health	83,788
2. Aetna US Healthcare	78,168
3. Kaiser	63,399
4. Pacificare	47,210
5. United Health Care	39,088
6. Rocky Mountain HMO	32,778
7. Sloan's Lake HMO	27,769
8. Pacific Life and Annuity	20,176
9. HMO Colorado	16,613
10. Principal Life Ins. Company	13,370
<b>TOTAL</b>	<b>422,359*</b>

\* Represents 79% of the total number of lives covered in the 2000 Small Group Market