

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES



DIVISION OF INSURANCE

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FOR IMMEDIATE RELEASE

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Colorado's Small Group Market Continues to Decline

DENVER - The Colorado Division of Insurance's annual small group survey shows an overall decrease, for the third consecutive year, in the number of small employer groups covered by health insurance. Carriers operating in the small group market (1-50 employees) reported a total of 50,826 small groups as of December 31, 2003, an 8.6% decrease from the 55,607 groups reported in the previous year. This represents a loss of 4,781 employer groups representing 20,305 individuals.

"Colorado's small group market has continued to decline, but the rate of decline is approximately half of what we saw in last year's results," said Commissioner Doug Dean. "We hope that recent changes made to the small group mandated plans, which occurred after this reporting period, will show a positive result in next year's small group activity report. The basic plans, in particular, should provide less costly options for very small groups and business groups-of-one," added Dean.

Each year, small group carriers are required to submit annual reports on their small group activity in Colorado. The Division compiled the 2003 reports from the 28 carriers that reported having some small group business on their books as of December 31, 2003. The total number of employees and dependents covered in small groups was 392,538, a drop of 20,305 insureds since December 31, 2002.

Carriers marketing to small employers with 2-50 employees are required to issue small group products to small employers, regardless of the health status of employees within a group. In addition, Colorado remains one of a handful of states that offers limited guaranteed issue to self-employed Business Groups-of-One (BG1s). BG1s accounted for 14,149 small group policies in 2003, a 15% decrease from the 16,576 BG1 policies in effect on December 31, 2002.

This survey also confirms that managed care continues to dominate Colorado's small group market. Of all small group plans, only 1.9% of employer groups are the traditional indemnity type coverage. Preferred provider plans (PPOs) now account for 49.2% of the small group market, which is slightly more than health maintenance organizations (HMOs), which make up 48.9% of the market. Last year, HMOs had 53% of the small group market compared to 45% for the PPOs. The number of groups choosing Colorado's basic and standard health benefit plans declined again in 2003. The survey showed that 19.3% of small employers chose the basic or standard plans, while 80.7% selected other plan options. All carriers in the small group market are required to offer these standardized, comprehensive health care plans which are designed to enhance the consumer's ability to compare premium costs from one carrier to another. It should be noted that significant changes were made to the basic and standard benefit plan designs as of January 2004.

Graphs and charts illustrating findings from the 2003 Small Group Activity Reports are included in this release and are also available on the Division's website at www.dora.state.co.us/insurance.

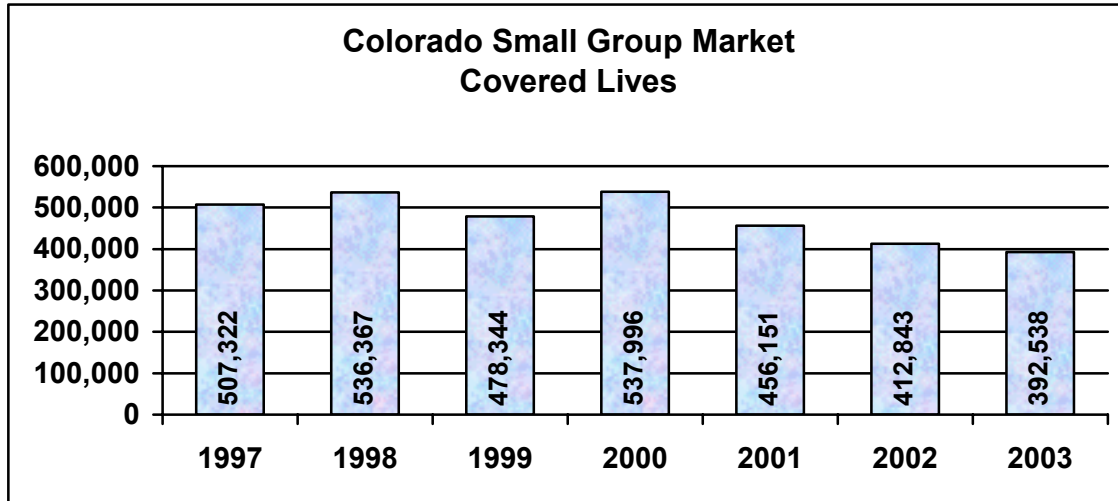
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"The Mission of the Division of Insurance is Consumer Protection."

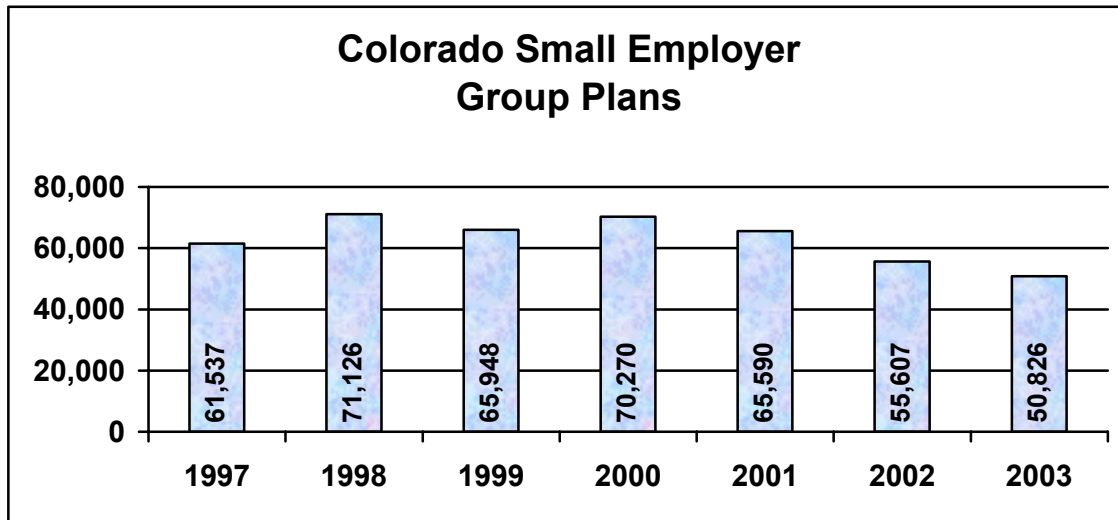
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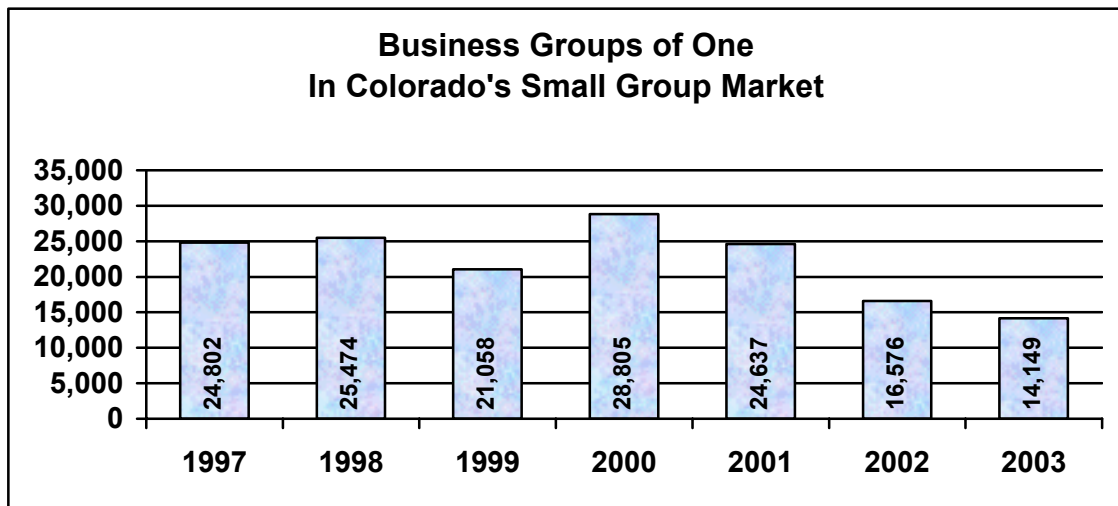
2003 Small Group Health Insurance Report



Source: Colorado Division of Insurance (4/15/04)

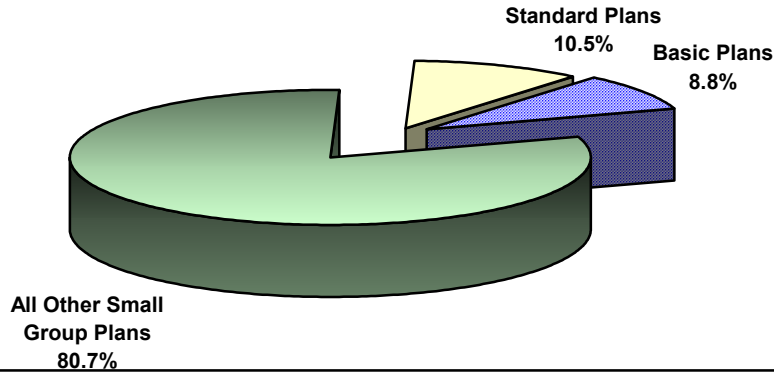


Source: Colorado Division of Insurance (4/15/04)



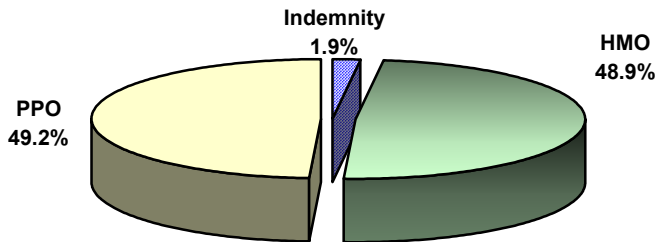
Source: Colorado Division of Insurance (4/15/04)

2003 Colorado Small Group Plans



Source: Colorado Division of Insurance (4/15/04)

2003 Small Group Market Types of Plans



Source: Colorado Division of Insurance (4/15/04)

Top Ten Small Group Carriers

(By covered lives as of 12/31/03)

<i>Carrier Name</i>	<i>Small Group Covered Lives</i>
1. United Healthcare Insurance Company	81,616
2. Kaiser Foundation Health Plan	72,818
3. Rocky Mountain HMO	32,239
4. Humana Insurance Company	31,352
5. Anthem BC/BS	28,055
6. HMO Colorado	23,172
7. PacifiCare Life Assurance Company	22,017
8. PacifiCare of Colorado	20,052
9. United HealthCare of Colorado	19,495
10. Pacific Life and Annuity	18,649
Total	349,465*

* Total constitutes 89% of all small group covered lives.