

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

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FOR IMMEDIATE RELEASE
April 18, 2005

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The Rate of Decline of Colorado's Small Group Market Continues to Slow

DENVER - The Colorado Division of Insurance's annual small group survey shows an overall decrease, for the fourth 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 48,996 small groups as of December 31, 2004, a 3.6% decrease from the 50,826 groups reported in the previous year. This represents a loss of 1,830 employer groups representing 19,208 individuals.

"There continues to be movement from HMO plans into Preferred Provider Organization or PPO plans," said Acting Commissioner Doug Dean. "The survey also indicates that eight carriers are offering plans compliant with the federal Health Savings Accounts laws," added Dean.

Each year, small group carriers are required to submit annual reports on their small group activity in Colorado. The Division compiled the 2004 reports from the 27 carriers that reported having some small group business on their books as of December 31, 2004. The total number of employees and dependents covered in small groups was 373,330, a drop of 19,208 insureds since December 31, 2003.

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 11,374 small group policies in 2004, a 19.6% decrease from the 14,149 BG1 policies in effect on December 31, 2003.

As seen in previous years, managed care continues to dominate Colorado's small group market. Of all small group plans, only 2.1% of employer groups are the traditional indemnity type coverage, up slightly from last year. Preferred provider plans (PPOs) now account for 55.5% of the small group market, which is considerably more than health maintenance organizations (HMOs), which make up 42% of the market. Last year, HMOs had 48.9% of the small group market compared to 49.2% for the PPOs. The number of groups choosing Colorado's basic and standard health benefit plans declined again in 2004. The survey showed that 16% of small employers chose the basic or standard plans, while 84% 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.

Graphs and charts illustrating findings from the 2004 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.

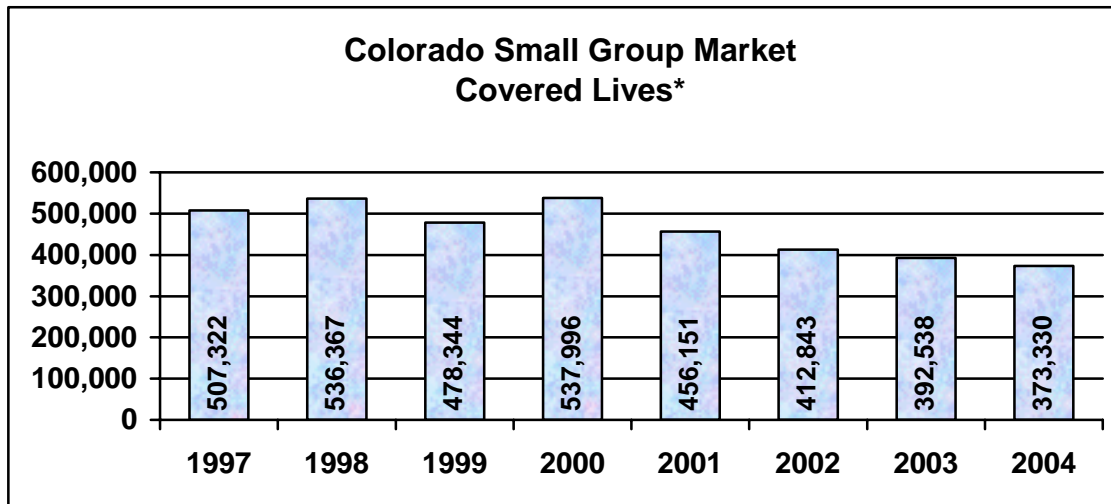
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"The Mission of the Division of Insurance is Consumer Protection."

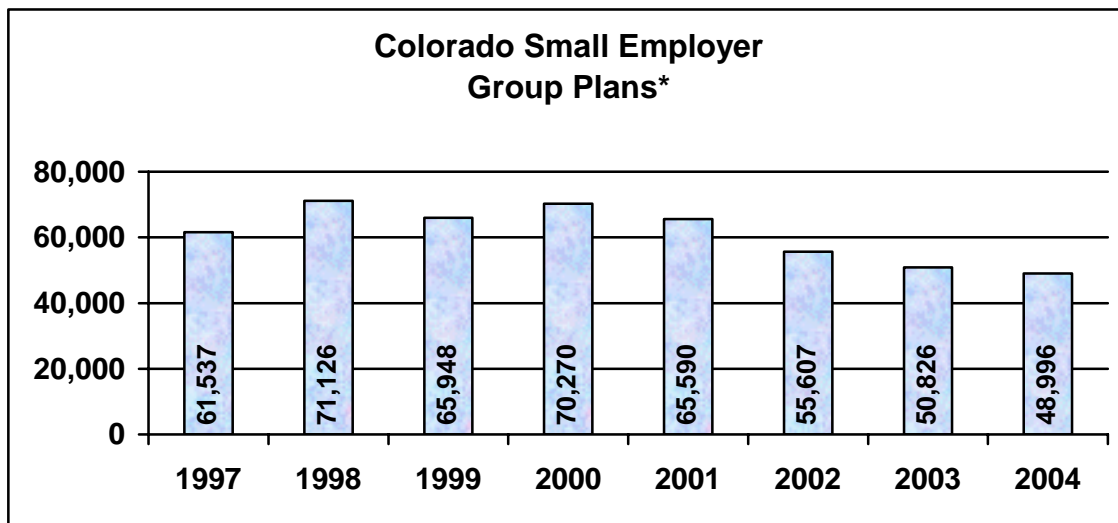
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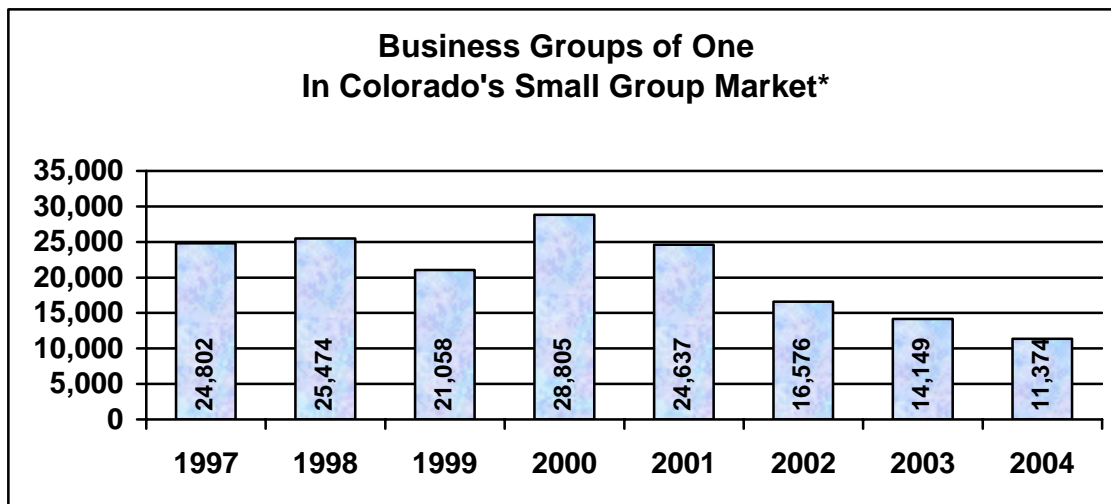
Small Group Health Insurance Report as of December 31, 2004



Source: Colorado Division of Insurance (4/12/05) *As of December 31, 2004

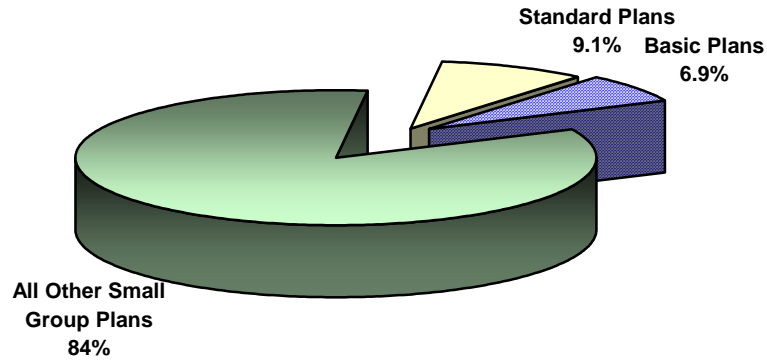


Source: Colorado Division of Insurance (4/12/05) *As of December 31, 2004



Source: Colorado Division of Insurance (4/12/05) *As of December 31, 2004

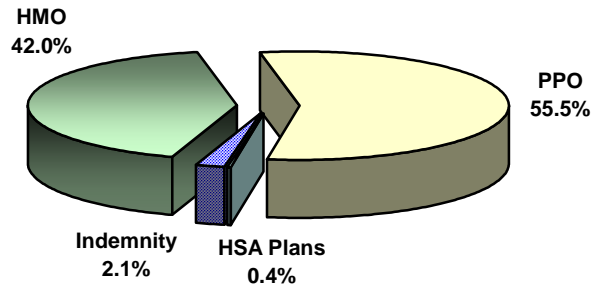
2004 Colorado Small Group Plans*



Source: Colorado Division of Insurance (4/12/05)

*As of December 31, 2004

2004 Small Group Market Types of Plans*



Source: Colorado Division of Insurance (4/12/05)

* As of December 31, 2004

Top Ten Small Group Carriers

(By covered lives as of 12/31/04)

<i>Carrier Name</i>	<i>Small Group Covered Lives</i>
1. United Healthcare Insurance Company	88,008
2. Kaiser Foundation Health Plan	77,238
3. Anthem BC/BS	40,151
4. PacifiCare Life Assurance Company	32,994
5. Rocky Mountain HMO	28,475
6. Humana Insurance Company	21,312
7. Rocky Mountain Healthcare Options	20,145
8. PacifiCare of Colorado	13,933
9. Guardian Life Insurance Company of America	12,685
10. HMO Colorado	8,484
Total	343,425*

* Total constitutes 92% of all small group covered lives.