

# STATE OF COLORADO

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## DEPARTMENT OF REGULATORY AGENCIES

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FOR IMMEDIATE RELEASE  
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### **Fewer Groups Covered by Colorado's Small Group Market** *Report Also Highlights Significant Increase in Health Savings Accounts (HSAs)*

(DENVER) - The Colorado Division of Insurance's annual small group survey shows an overall decrease, for the fifth 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 46,368 small groups as of December 31, 2005, a 5.4% decrease from the 48,996 groups reported in the previous year. This represents a loss of 2,628 employer groups representing 15,066 individuals. It is not clear whether these individuals lost insurance coverage entirely or obtained health insurance outside of the small group market.

The decline in the small group market corresponds to a national trend of increasing health insurance costs. "While we should be concerned about the continuing decrease in the Small Group Market's size, the rapid proliferation of more affordable HSA products should provide some optimism," Colorado Insurance Commissioner David Rivera said. The survey shows that in 2004, 1,075 individuals were covered by HSAs. In 2005, the number of HSA policyholders increased to more than 26,000, "an indication of the increased popularity of this product," added Rivera. A survey by Deloitte Center for Health Solutions found that the cost of the average health insurance plan increased by 7.3 percent in 2005, while the cost of HSA and other consumer-driven health plans went up by only 2.8 percent.

Each year, small group carriers are required to submit annual reports on their small group activity in Colorado. The Division compiled the 2005 reports from the 26 carriers that reported having some small group business on their books as of December 31, 2005. The total number of employees and dependents covered in small groups was 358,264, a drop of 15,066 insureds since December 31, 2004.

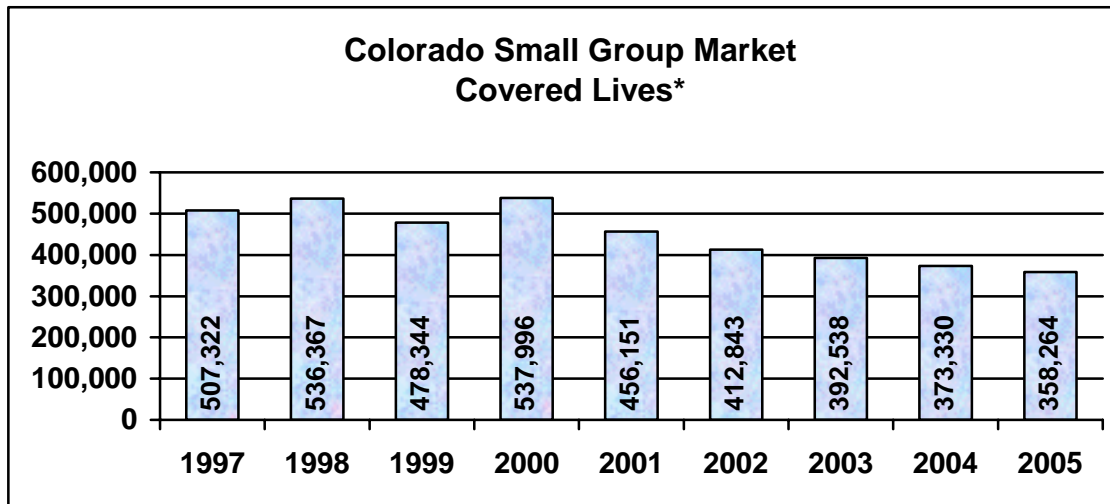
Carriers marketing to small employers with 2-50 employees are required to issue small group products to small employers, regardless of the health status of employees within a group. In addition, Colorado remains one of a handful of states that offers limited guaranteed issue to self-employed Business Groups-of-One (BG1s). BG1s accounted for 12,844 small group policies in 2005, a 12.9% increase from the 11,374 BG1 policies in effect on December 31, 2004.

As seen in previous years, managed care continues to dominate Colorado's small group market. Of all small group plans, only 1.5% of employer groups are the traditional indemnity type coverage, down slightly from last year. Preferred provider plans (PPOs) now account for 52.4% of the small group market, which is considerably more than health maintenance organizations (HMOs), which make up 38.2% of the market. Last year, HMOs had 42% of the small group market compared to 55.5% for the PPOs. The number of groups choosing Colorado's basic and standard health benefit plans declined again in 2005. The survey showed that 14% of small employers chose the basic or standard plans (down from 16% the previous year), while 86% 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 2005 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](http://www.dora.state.co.us/insurance).

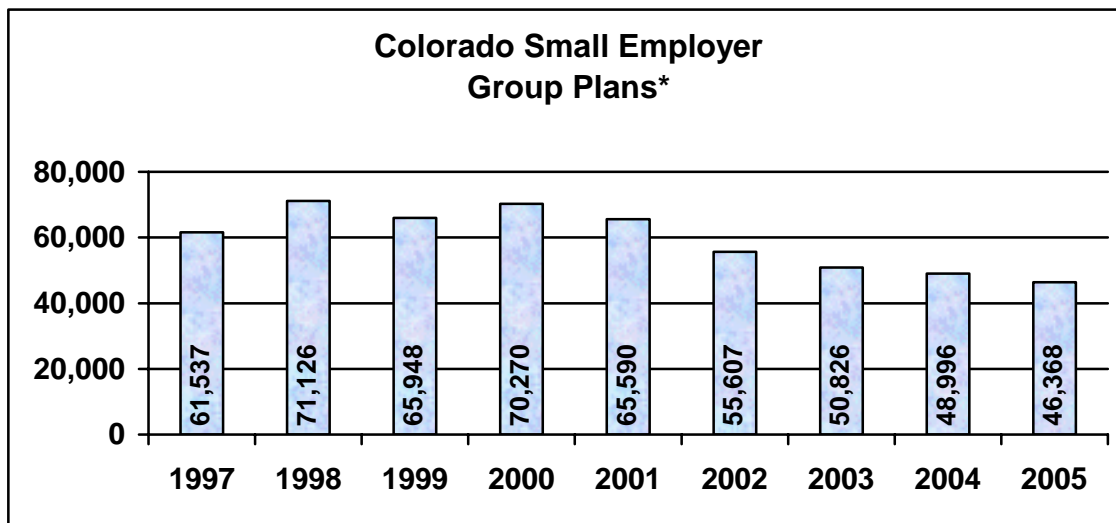
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# Small Group Health Insurance Report as of December 31, 2005



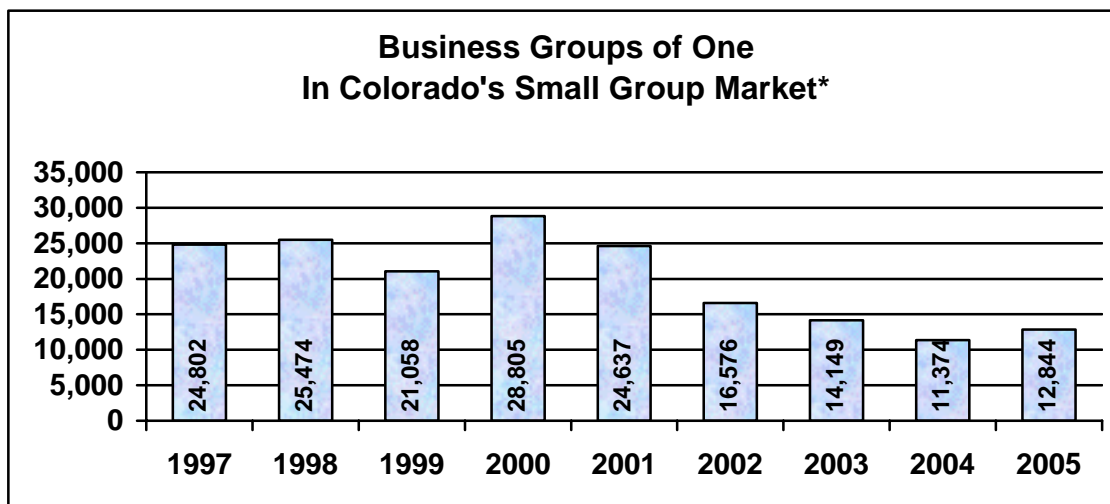
Source: Colorado Division of Insurance (4/12/06)

\*As of December 31, 2005



Source: Colorado Division of Insurance (4/12/06)

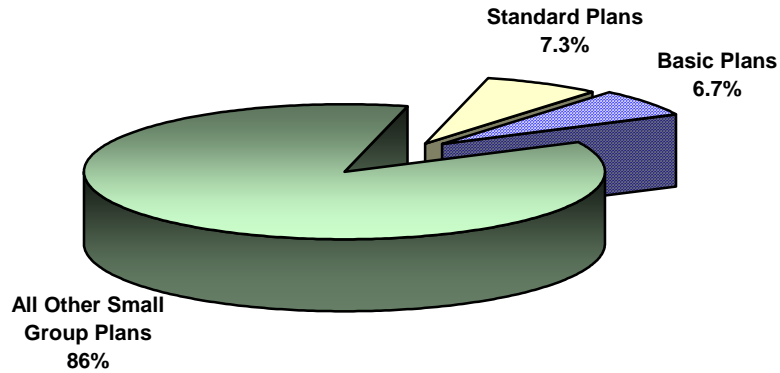
\*As of December 31, 2005



Source: Colorado Division of Insurance (4/12/06)

\*As of December 31, 2005

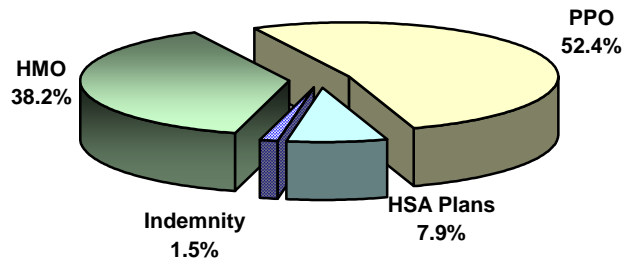
### 2005 Colorado Small Group Plans\*



Source: Colorado Division of Insurance (4/12/06)

\*As of December 31, 2005

### 2005 Small Group Market Types of Plans\*



Source: Colorado Division of Insurance (4/12/06)

\*As of December 31, 2005

### Top Ten Small Group Carriers

(By covered lives as of 12/31/05)

Carrier Name	Small Group Covered Lives
1. United Healthcare Insurance Company	87,304
2. Kaiser Foundation Health Plan	82,478
3. Anthem BC/BS	43,512
4. PacifiCare Life Assurance Company	34,306
5. Rocky Mountain HMO	29,387
6. Rocky Mountain Healthcare Options	23,638
7. Humana Insurance Company	19,655
8. Guardian Life Insurance Company of America	11,003
9. PacifiCare of Colorado	6,320
10. HMO Colorado	5,770
<b>Total</b>	<b>343,373*</b>

Source: Colorado Division of Insurance (4/12/06)

\* Total constitutes 96% of all small group covered lives.