

TEXAS HMO DATA SUMMARY 2003



TEXAS

ASSOCIATION

OF HEALTH

PLANS



TEXAS HMO DATA SUMMARY

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TAHP

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"To improve health care for all Texans by serving as an effective advocate for value, access, quality care, and sound public policy in the administration of health care benefits."

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Introduction

The Texas Association of Health Plans (TAHP) is pleased to present the inaugural **Texas HMO Data Summary**, an overview of demographic, financial, pharmacy and utilization measures for Health Maintenance Organizations (HMOs) in key local markets in the state of Texas. The summary also provides state and national benchmarks that can help plans identify better opportunities to serve the needs of their members. All data are drawn from the **Aventis Managed Care Digest Series®**.

The **Texas HMO Data Summary** helps TAHP to fulfill its mission to improve health care delivery to the citizens of Texas and to promote communication within the managed care industry and among key components of the health care delivery system.

This year's special preview edition features a number of examples of the kinds of data that can be provided by TAHP in partnership with the **Aventis Managed Care Digest Series®**. TAHP looks forward to working with Aventis in the years to come to produce more comprehensive reports on managed care in local markets in Texas.

The data in this report were gathered by Verispan LLC, Yardley, Pa., a leading health care consulting and marketing research firm specializing in database management and health care information.

A final review process takes place, before and during production of this report, between Verispan and Forte Information Resources LLC.

Aventis, as sponsor of this report, maintains an arm's length relationship with the organizations that prepare the Digest and carry out the research. The desire of Aventis is that the information in the **Texas HMO Data Summary** be completely independent and objective.

Methodology

GENERAL DATA

Verispan gathered national, state and local data included in this report from a variety of sources between February 2002 and June 2003 by contacting each state's department of insurance, mailing a survey to each plan and following up, when necessary, with a telephone or faxed survey.

Most data in this Digest are from a census of the HMO industry. When data were not available from all plans, a smaller sample was used.

In addition, Verispan compares its data with those published in other sources, including trade associations in the managed care industry, state regulatory agencies, and periodicals and journals. Doing so provides an additional check on the accuracy of its database of operating HMOs.

MARKET DEFINITIONS

Verispan gathered information on the service areas of every HMO, commercial and Medicare, during the survey process, then aggregated it to the appropriate metropolitan statistical area (MSA), consolidated metropolitan area (CMSA) and state level.

Information for MSAs provided in this report is based on all data from HMOs that serve that MSA. That is, data are included on members of these HMOs who reside outside the MSA, an important point to consider in analyzing the information.

The Centers for Medicare and Medicaid Services (CMS) provided data on Medicaid enrollment in managed care organizations including, but not limited to, HMOs. Data provided on Medicaid recipients enrolled in HMOs are gathered *only* from those HMOs that have Medicaid members.

Finally, to ensure the integrity of the data, MSA data are reported only for those areas served by five or more HMOs.

To make suggestions about how to improve our publication, please contact TAHP at (512) 476-2091

HMO DEMOGRAPHICS



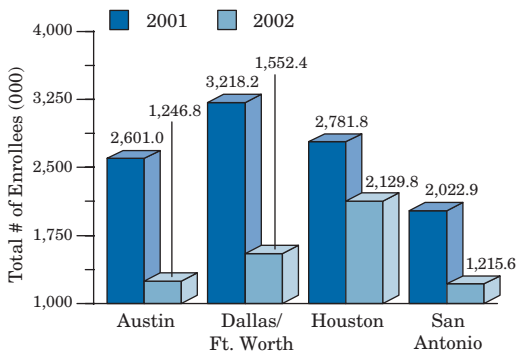
ENROLLMENT IN HMOs

MARKET	2001		2002	
	Total Enrollees	Avg. # of Enrollees	Total Enrollees	Avg. # of Enrollees
Austin	2,601,017	173,401	1,246,760	113,342
Dallas/Fort Worth	3,218,201	229,872	1,552,392	141,127
Houston	2,781,840	198,703	2,129,830	152,131
San Antonio	2,022,884	168,574	1,215,622	121,562
Texas	5,124,325	122,008	3,858,535	113,486
Nation	91,076,879	168,974	86,455,486	171,539

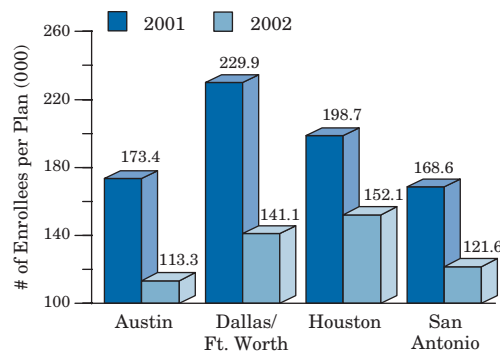
HMO ENROLLMENT DECLINES SHARPLY IN TEXAS IN 2002

Enrollment in HMOs fell notably between 2001 and 2002 in each of the four Texas MSAs profiled and statewide. The decreases ranged from 23.4% in Houston (to 2.1 million from 2.8 million) to 52.1% in Austin (to 1.2 million from 2.6 million). Total enrollment in Texas HMOs dropped 24.7% during this time, to 3.9 million from 5.1 million, and 5.1% nationally, to 86.5 million from 91.1 million.

TOTAL NUMBER OF ENROLLEES



AVERAGE NUMBER OF ENROLLEES PER PLAN



Texas 2001: 5,124,325
Texas 2002: 3,858,535

Nation 2001: 91,076,879
Nation 2002: 86,455,486

Texas 2001: 122,008
Texas 2002: 113,486

Nation 2001: 168,974
Nation 2002: 171,539

DALLAS PLANS HAVE LARGE DROP IN ENROLLMENT MEAN

Average enrollment in HMOs in the Dallas-Fort Worth MSA plummeted 38.6% in 2002, to 141,127 from 229,872 in 2001. This decline was accompanied by an even greater decrease of 51.8% in total HMO enrollment in this MSA, to 1.6 million from 3.2 million

BREAKDOWN OF HMO MODEL TYPES

MARKET	IPA HMOs		Network HMOs		Group HMOs		Staff HMOs	
	2001	2002	2001	2002	2001	2002	2001	2002
Austin	11	8	3	2	1	1	—	—
Dallas/Fort Worth	9	6	5	5	—	—	—	—
Houston	11	1	1	3	3	—	—	—
San Antonio	9	7	3	3	—	—	—	—
Texas	31	21	9	11	2	2	—	—
Nation	353	309	119	136	54	46	16	13

NETWORK PLAN COUNT INCREASES IN TEXAS IN 2002

The number of network-model HMOs serving Texas climbed to 11 in 2002 from nine in 2001, despite an overall decline in the statewide number of plans, to 34 from 42. Twenty-one IPA-model plans enrolled members in Texas in 2002, down sharply from 31 in 2001.

Data source: Verispan LLC © 2004

In **IPA (independent practice association)-model** HMOs, physicians practicing in their own offices participate in a prepaid health care plan. The physicians charge agreed-upon rates to enrolled patients and bill the IPA on a discounted fee-for-service or capitated basis.

A **network-model** HMO is an organizational form in which the HMO contracts for medical services with a network of medical groups.

There are two kinds of **group-model** HMOs: a) the closed panel plan, in which medical services are delivered in the HMO-owned health center or satellite clinic by physicians who belong to a specially formed but legally separate medical group that serves only the HMO; and b) the plan in which the HMO contracts with an existing, independent group of physicians to deliver medical care.

A **staff-model** HMO consists of a group of physicians who are either salaried employees of a specially formed professional group practice that is an integral part of the HMO plan or salaried employees of the HMO. Medical services in staff plans are delivered at HMO-owned health centers.

Source: *Glossary of Terms Used in Managed Care*, 1994, Medical Group Management Association.

SMALLER SHARE OF PLANS WITH POS OPTION SERVE TEXAS

The percentage of Texas HMOs that offered a point-of-service (POS) option (see definition below) tumbled nearly 15 percentage points in 2002, to 47.1% from 61.9% in 2001. These plans enrolled 799,610 POS members in 2002, down 7.8% from 867,097 in 2001. Nationwide, the share of HMOs offering POS dipped to 65.7% from 66.6%, while enrollment in such plans slipped just 1.6%, to 17.2 million from 17.5 million.

POS MEMBERSHIP INCREASES FOR HOUSTON HMOs

Houston HMOs enrolled 326,220 members in POS plans in 2002, up 31.8% from 247,423 in 2001. Such enrollment declined sharply in each of the three other MSAs profiled, most notably Austin (to 145,934 from 262,540, or -44.4%).

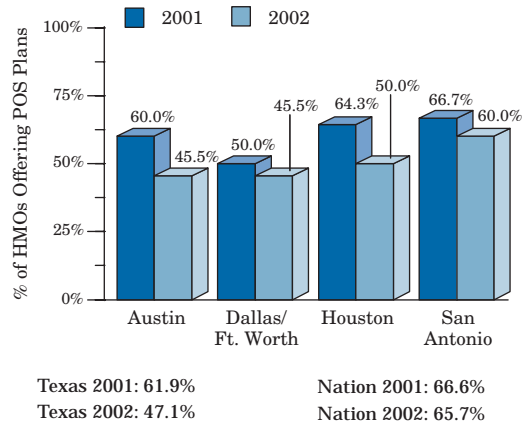
SAN ANTONIO PLANS ARE MOST LIKELY TO HAVE TRIPLE OPTION

In 2002, 37.5% of HMOs serving San Antonio offered enrollees a triple-option plan (see definition below), the largest share among the MSAs profiled, and much greater than the statewide average of 22.2%. Meanwhile, the share of Houston plans providing a triple option rose to 36.4% from 30.8%, and nearly matched the national average (36.3%).

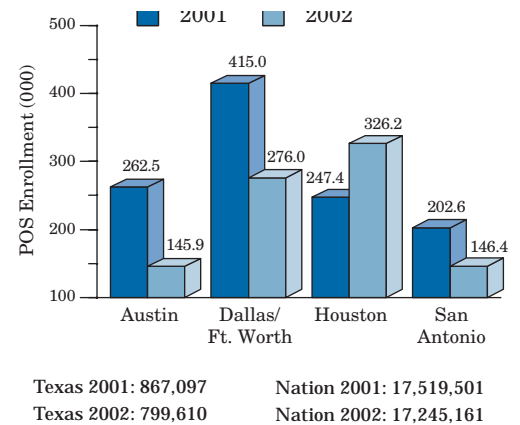
HMOs OFFERING POINT-OF-SERVICE PLANS

MARKET	Percentage of HMOs Offering		Point-of-service Enrollment	
	2001 Point-of-service	2002 Point-of-service	2001	2002
Austin	60.0%	45.5%	262,540	145,934
Dallas/Forth Worth	50.0	45.5	414,967	275,986
Houston	64.3	50.0	247,423	326,220
San Antonio	66.7	60.0	202,630	146,379
Texas	61.9	47.1	867,097	799,610
Nation	66.6%	65.7%	17,519,501	17,245,161

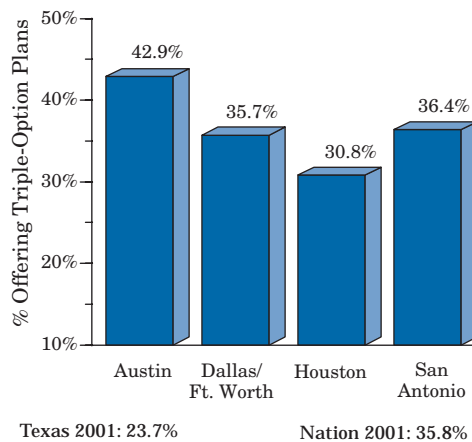
PERCENTAGE OF HMOs OFFERING POINT-OF-SERVICE PLANS



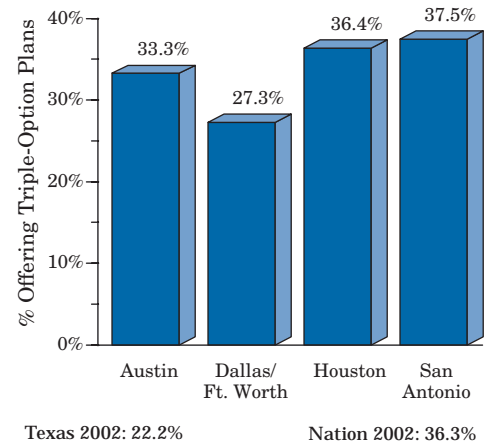
POINT-OF-SERVICE ENROLLMENT



HMOs OFFERING TRIPLE-OPTION PLANS, 2001



HMOs OFFERING TRIPLE-OPTION PLANS, 2002



Data source: Verispan LLC © 2004

Point-of-service plans may be separately licensed HMOs by a state department of insurance; these plans allow HMO members to use the plan's provider network or to go outside the network to obtain services. This type of hybrid plan generally assesses a higher fee to the HMO member for going outside the provider network.

Triple-option plans include a choice of HMO, PPO or indemnity plan.

EMPLOYER GROUPS



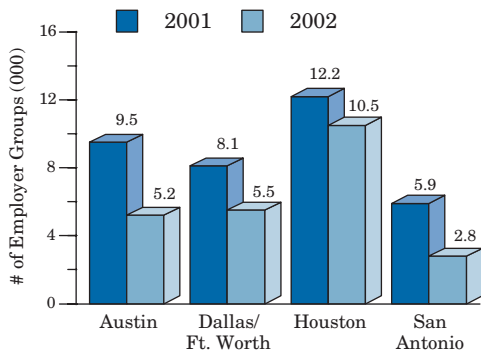
HMO-CONTRACTED EMPLOYER GROUPS

MARKET	Total Number		Average Number	
	2001	2002	2001	2002
Austin	9,467	5,245	789	874
Dallas/Fort Worth	8,072	5,537	734	692
Houston	12,212	10,516	1,221	1,315
San Antonio	5,943	2,838	594	473
Texas	19,253	16,720	664	984
Nation	821,174	777,039	2,178	2,348

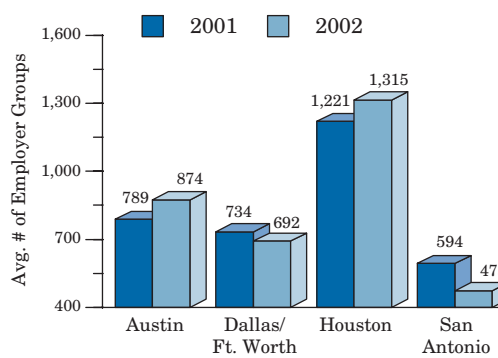
FEWER EMPLOYER GROUPS CONTRACT WITH TEXAS HMOs

The total number of employer groups that contracted with HMOs in Texas dropped 13.2% in 2002, to 16,720 from 19,253 in 2001. The number of employer groups in the nation with HMO contracts fell a more moderate 5.4% during this time, to 777,039 from 821,174. Of the four Texas MSAs listed, the decline in the number of HMO-contracted employer groups was most notable in San Antonio (to 2,838 from 5,943, or -52.2%).

TOTAL NUMBER OF HMO-CONTRACTED EMPLOYER GROUPS



AVERAGE NUMBER OF EMPLOYER GROUPS PER HMO



Texas 2001: 19,253
Texas 2002: 16,720

Nation 2001: 821,174
Nation 2002: 777,039

Texas 2001: 664
Texas 2002: 984

Nation 2001: 2,178
Nation 2002: 2,348

AVERAGE NUMBER OF EMPLOYER GROUPS IN TEXAS INCREASES

The decline in the total number of HMO-contracted employer groups in Texas between 2001 and 2002 (see above) was accompanied by a 48.2% increase in the average number of groups per plan, to 984 from 664. Plans serving Austin contracted with an average of 874 employer groups in 2002, up 10.8% from 789 in 2001.

PERCENTAGE OF TOTAL NUMBER OF EMPLOYER GROUPS, BY HMO MODEL TYPE

Market	IPA		Network		Group		Staff	
	2001	2002	2001	2002	2001	2002	2001	2002
Austin	73.3%	72.2%	20.0%	18.2%	6.7%	9.1%	0.0%	0.0%
Dallas/Fort Worth	64.3	53.3	35.7	46.7	0.0	0.0	0.0	0.0
Houston	78.6	78.6	21.4	21.4	0.0	0.0	0.0	0.0
San Antonio	75.0	70.0	25.0	30.0	0.0	0.0	0.0	0.0
Texas	73.8	61.8	21.4	32.3	4.8	5.9	0.0	0.0
Nation	50.4%	49.4%	17.9%	19.9%	31.0%	30.2%	0.7%	0.6%

SHARE OF NETWORK-TIED EMPLOYER GROUPS RISES

Of those employer groups contracted to HMOs, 32.3% formed ties with network-model plans in Texas in 2002, up from 21.4% in 2001. Just 19.9% of HMO-tied employer groups contracted with network-model plans nationally in 2002, up from 17.9% the prior year.

Data source: Verispan LLC © 2004



HMO MEDICAL UTILIZATION

HOSPITAL ADMISSION RATE IS HIGHEST IN DALLAS-FORT WORTH

The number of hospital admissions per 1,000 non-Medicare members of HMOs serving the Dallas-Fort Worth MSA was 61.3 in 2002, up 5.1% from 58.3 in 2001, and the highest figure among the four MSAs listed. This measure was slightly lower for plans serving San Antonio in 2002, at 61.0, but it increased 9.5%, from 55.7 in 2001.

HOSPITAL DAYS PER 1,000 COUNT CLIMBS FOR TEXAS PLANS

Hospital days per 1,000 non-Medicare members of Texas HMOs numbered 226.9 in 2002, 17.9% more than the 192.5 reported in 2001, and 6.8% more than the national average, which increased just 3.3% during this time, to 212.4 from 205.7. Among the four MSAs profiled, the number of hospital days per 1,000 non-Medicare members was lowest in 2002 for plans serving Dallas-Fort Worth (212.1, up 8.4% from 195.6 the previous year).

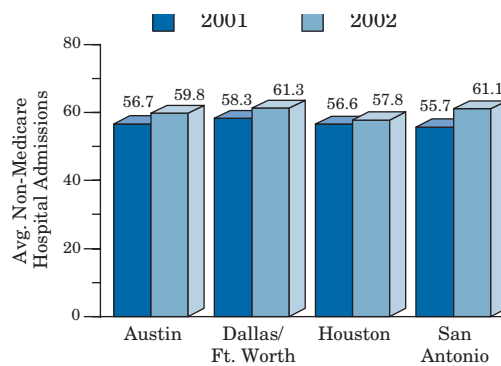
MD ENCOUNTER RATE INCREASES FOR AUSTIN PLANS IN 2002

The average number of physician encounters per non-Medicare member jumped 23.8% for Austin HMOs in 2002, to 2.6 from 2.1 in 2001. Despite the increase, the national average for physician encounters per commercial member (3.1) still exceeded the average for Austin plans by 19.2% in 2002.

UTILIZATION RATES FOR NON-MEDICARE HMO MEMBERS

UTILIZATION MEASURE	Austin		Dallas/Fort Worth		Houston		San Antonio		Texas		Nation	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Hospital Admissions per 1,000 HMO Members	56.7	59.8	58.3	61.3	56.6	57.8	55.7	61.0	53.9	58.1	57.2	58.1
Hospital Days per 1,000 Members	191.1	226.6	195.6	212.1	207.7	235.2	194.9	265.6	192.5	226.9	205.7	212.4
Physician Encounters per Member	2.1	2.6	2.0	1.9	2.2	2.1	2.4	2.4	2.3	2.5	3.1	3.1
Ambulatory Visits per Member	3.4	0.3	0.1	0.2	0.7	0.5	3.4	1.1	2.3	0.7	1.9	1.9
Average Length of Stay per Hospital Admission	3.7	3.6	3.8	3.8	3.8	3.7	3.8	3.8	3.5	3.6	3.6	3.7

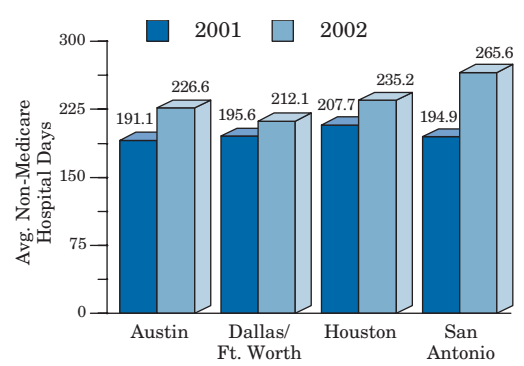
AVERAGE HOSPITAL ADMISSIONS PER 1,000 MEMBERS



Texas 2001 : 53.9
Texas 2002 : 58.1

Nation 2001: 57.2
Nation 2002: 58.1

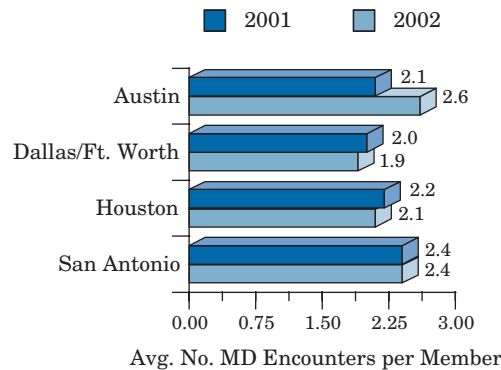
AVERAGE HOSPITAL DAYS PER 1,000 MEMBERS



Texas 2001: 192.5
Texas 2002: 226.9

Nation 2001: 205.7
Nation 2002: 212.4

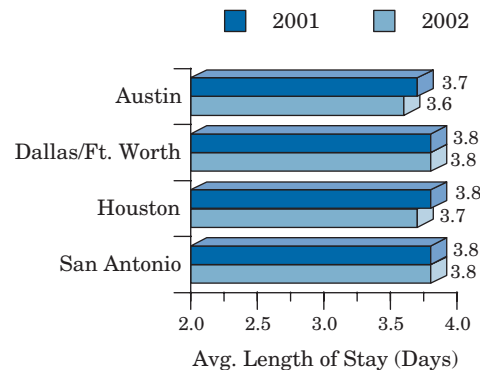
AVERAGE NUMBER OF PHYSICIAN ENCOUNTERS



Texas 2001 : 2.3
Texas 2002 : 2.5

Nation 2001: 3.1
Nation 2002: 3.1

AVERAGE LENGTH OF STAY PER HOSPITAL ADMISSION



Texas 2001: 3.5
Texas 2002: 3.6

Nation 2001: 3.6
Nation 2002: 3.7

Data source: Verispan LLC © 2004

NOTE: Ambulatory visits differ from physician encounters. Ambulatory visits are visits by an HMO member to an HMO clinic or physician's office when a physician is not seen, usually for tests, prescription refills, injections, immunizations, etc. Physician encounters are self-explanatory. The two pieces of data added together equal total encounters.

HMO PREMIUM RATES



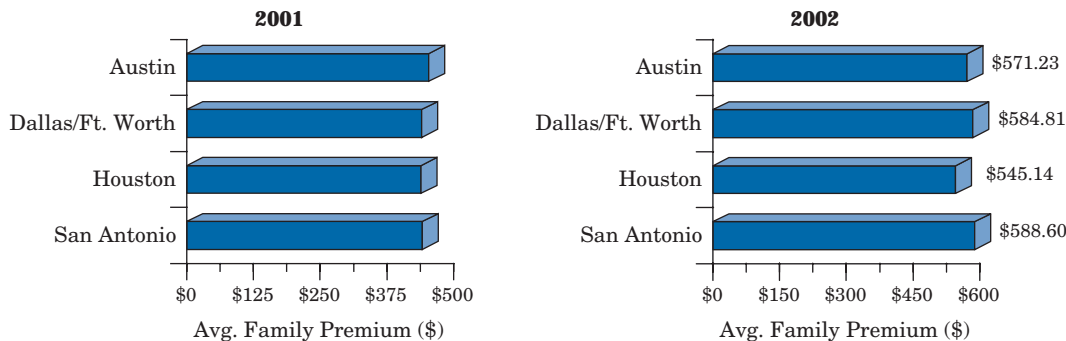
AVERAGE PREMIUM RATES PER MONTH*

MARKET	Average Family Premium		Average Individual Premium		Average Individual & Spouse Premium	
	2001	2002	2001	2002	2001	2002
	Austin	\$453.58	\$571.23	\$161.48	\$189.85	\$354.93
Dallas/Ft. Worth	439.96	584.81	160.90	217.52	344.41	418.07
Houston	438.85	545.14	157.28	192.10	339.18	436.86
San Antonio	441.69	588.60	168.98	207.19	357.64	438.40
Texas	461.74	599.19	159.52	197.41	348.17	458.30
Nation	\$499.51	\$543.81	\$173.68	\$194.71	\$359.80	\$398.94

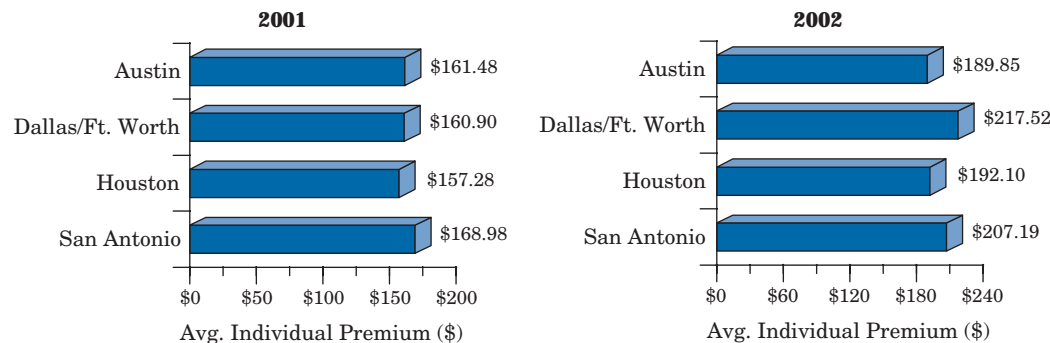
PREMIUM RATES INCREASE RAPIDLY FOR TEXAS PLANS

In each of three categories profiled, average monthly HMO premium rates for Texas plans rose at a significantly greater rate between 2001 and 2002 than did rates nationally. For example, average monthly premiums for individuals and spouses enrolled in Texas plans soared 31.6%, to \$458.30 from \$348.17, while the national average for such rates increased 10.9%, to \$398.94 from \$359.80.

AVERAGE FAMILY PREMIUM PER MONTH*



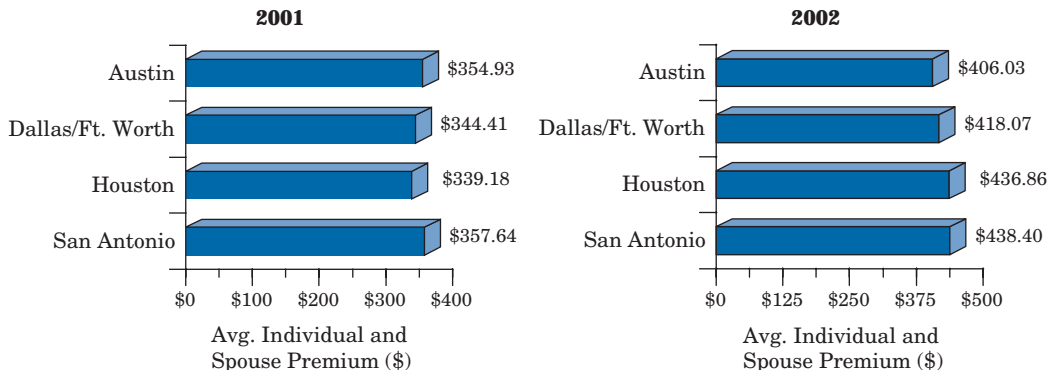
AVERAGE INDIVIDUAL PREMIUM PER MONTH*



AUSTIN PLANS REPORT LOWEST INDIVIDUAL RATES

Despite rising 17.6% between 2001 (\$161.48) and 2002 (\$189.85), HMOs serving Austin had the lowest average monthly individual premium rates among the four MSAs listed. By comparison, such rates for Dallas-Forth Worth plans were \$217.52 in 2002, up 35.2% from \$160.90 in 2001, and 14.6% more than the Austin average.

AVERAGE INDIVIDUAL AND SPOUSE PREMIUM PER MONTH*



FAMILY RATES SOAR IN SAN ANTONIO

Average monthly family premium rates jumped by one-third for San Antonio HMOs in 2002, to \$588.60 from \$441.69 in 2001. Of the four MSAs profiled, HMO premiums for families increased by less than one-quarter during this time only for plans in Houston (to \$545.14 from \$438.55, or 24.3%).

* Averages do not include employee contributions.

Data source: Verispan LLC © 2004

TIER ONE COPAY IS HIGHEST FOR PLANS IN HOUSTON IN 2002

Members of HMOs serving the Houston MSA made an average copayment of \$11.67 for a first-tier drug in 2002, 25.3% more than the national average of \$9.31. The copayment average for first-tier drugs in Houston plans exceeded the statewide average of \$10.83 by 7.8%.

AUSTIN HMOs HAVE HIGHEST THIRD-TIER COPAY REQUIREMENT

Copayments for third-tier drugs averaged \$38.75 for members of HMOs serving Austin in 2002, the highest amount among the four MSAs profiled. Statewide, the average copayment for a third-tier drug was \$35.33, 8.8% less than the average for Austin plans.

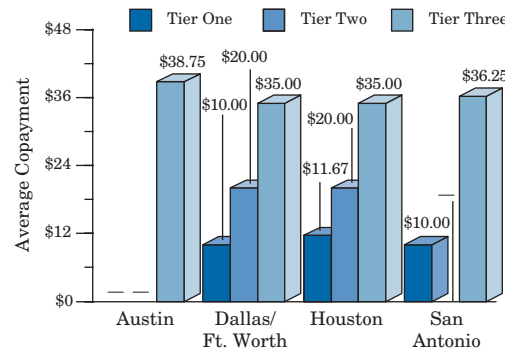
THIRD-TIER FIXED SHARE IS SMALLEST IN SAN ANTONIO

San Antonio-area HMO members who were asked to pay a fixed percentage of the cost for third-tier drugs bore an average 25.0% of the cost in 2002, well below the statewide average of 37.0%. The average fixed-percentage share of third-tier drug costs for members of plans serving Dallas-Fort Worth was also relatively low, at 27.5%, in 2002.

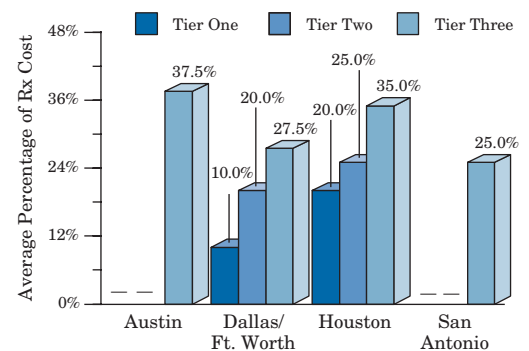
COPAYMENT REQUIREMENTS FOR OUTPATIENT PRESCRIPTIONS

MARKET	Copay Amount—Tier One		Copay Amount—Tier Two		Copay Amount—Tier Three	
	Avg. Copayment per Rx*	% of Rx Cost**	Avg. Copayment per Rx*	% of Rx Cost**	Avg. Copayment per Rx*	% of Rx Cost**
Austin	—	—	—	—	\$38.75	37.5%
Dallas	\$10.00	10.0%	\$20.00	20.0%	35.00	27.5
Houston	11.67	20.0	20.00	25.0	35.00	35.0
San Antonio	10.00	—	—	—	36.25	25.0
Texas	10.83	16.7	20.00	23.3	35.33	37.0
NATION	\$9.31	18.9%	\$20.14	26.8%	\$35.49	37.8%

AVERAGE COPAYMENT PER PRESCRIPTION*



AVERAGE PERCENTAGE OF PRESCRIPTION COST**



PERCENTAGE OF HMOs, BY COPAY TIER SYSTEM

MARKET	Tier One Copay		Tier Two Copay		Tier Three Copay	
	Have	Do Not Have	Have	Do Not Have	Have	Do Not Have
Austin	—	—	—	—	100.0%	0.0%
Dallas/Forth Worth	16.7%	83.3%	16.7	83.3%	100.0	0.0
Houston	30.0	70.0	20.0	80.0	90.0	10.0
San Antonio	12.5	87.5	12.5	87.5	100.0	0.0
Texas	33.3	66.7	23.8	76.2	95.2	4.8
Nation	46.7%	52.4%	52.4%	47.6%	80.1%	19.9%

Data source: Verispan LLC © 2004

* Reflects the average for those who pay a flat dollar amount.

** Reflects the average for those who pay a fixed percentage of the drug cost.

PHARMACY PREMIUMS AND UTILIZATION



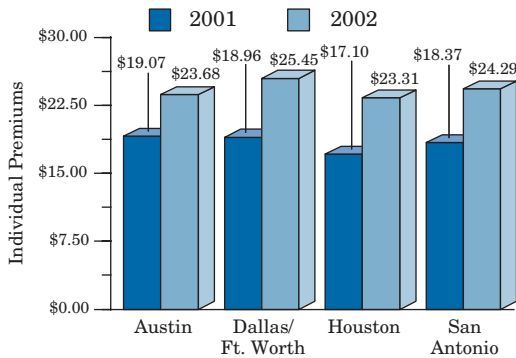
PREMIUMS PER MEMBER PER MONTH FOR OUTPATIENT PHARMACY BENEFITS

MARKET	Individual Premiums		Family Premiums	
	2001	2002	2001	2002
	Austin	\$19.07	\$23.68	\$43.63
Dallas/Forth Worth	18.96	25.45	45.89	63.32
Houston	17.10	23.31	44.20	61.28
San Antonio	18.37	24.29	42.91	52.68
Texas	18.57	22.62	41.08	52.51
Nation	\$21.17	\$24.81	\$49.27	\$58.27

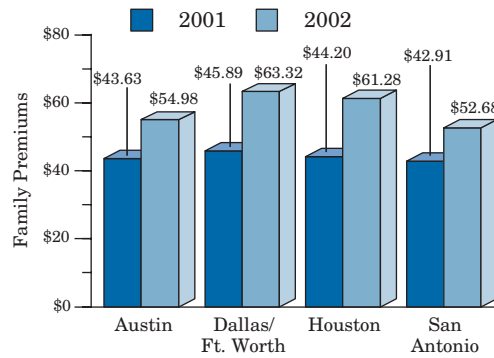
NATIONAL HMO RX PREMIUMS EXCEED RATES FOR TEXAS

Individual HMO pharmacy premiums per member per month (PMPM) were lower than the national average in three of four Texas MSAs profiled in 2002. The exception was Dallas-Forth Worth, where such premiums jumped 34.2% between 2001 (\$18.96) and 2002 (\$25.45), and exceeded the national average (\$24.81) by 2.6%. Individual premiums PMPM climbed even more rapidly (36.3%) for HMOs serving Houston, to \$23.31 from \$17.10. Statewide, individual pharmacy premiums rose 21.8%, to \$22.62 from \$18.57, but still were 8.8% lower than the industry mean.

INDIVIDUAL PREMIUMS PER MEMBER PER MONTH FOR PHARMACY BENEFITS



FAMILY PREMIUMS PER MEMBER PER MONTH FOR PHARMACY BENEFITS



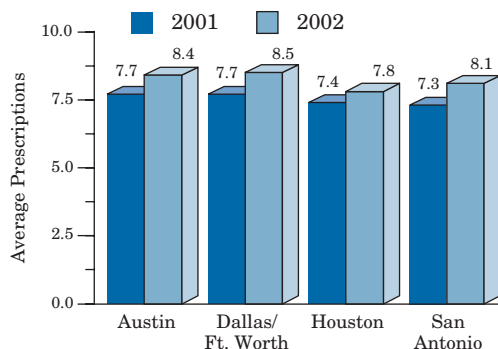
PRESCRIPTIONS DISPENSED AND AVERAGE INGREDIENT COST

MARKET	Prescriptions Dispensed per Member per Year		Average Ingredient Cost*	
	2001	2002	2001	2002
	Austin	7.7	8.4	\$31.60
Dallas/Forth Worth	7.7	8.5	32.46	36.52
Houston	7.4	7.8	31.72	30.72
San Antonio	7.3	8.1	30.61	27.06
Texas	7.2	8.1	29.80	33.74
Nation	7.7	8.3	\$32.49	\$37.22

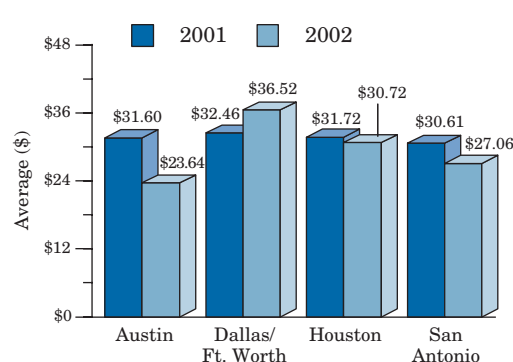
RX-PER-MEMBER COUNT CLIMBS FOR TEXAS PLANS

In each of the four MSAs listed, HMOs notably increased the number of non-Medicare prescriptions dispensed PMPM in 2002. For example, plans serving San Antonio dispensed 8.1 such prescriptions PMPM, up 12.5% from 7.2 in 2001. Meanwhile, HMOs serving Dallas-Fort Worth and Austin dispensed 8.5 and 8.4 non-Medicare prescriptions PMPM, respectively, in 2002, each surpassing the national average of 8.3.

PRESCRIPTIONS DISPENSED PER COMMERCIAL MEMBER



AVERAGE INGREDIENT COST PER PRESCRIPTION DISPENSED*



* This average is derived by dividing HMO pharmacy expenses by the total number of prescriptions dispensed. Expenses do not include administration and copayment costs.

Data source: Verispan LLC © 2004

DRUG COSTS RATIO DECLINES FOR PLANS SERVING TEXAS

The share of total operating expenses claimed by drug costs at Texas HMOs fell to 13.0% in 2002 from 14.1% in 2001. By comparison, drug costs consumed 14.3% of total HMO operating expenses nationally in 2002, up marginally from 13.9% the prior year.

SAN ANTONIO PLANS SEE DRUG COSTS AVERAGE INCREASE

Drug costs accounted for 14.0% of total operating expenses at HMOs serving the San Antonio MSA in 2002, up two percentage points from 12.0% in 2001. Such costs also claimed 14.0% of operating expenses at Houston HMOs in 2002, but the share was unchanged from 2001.

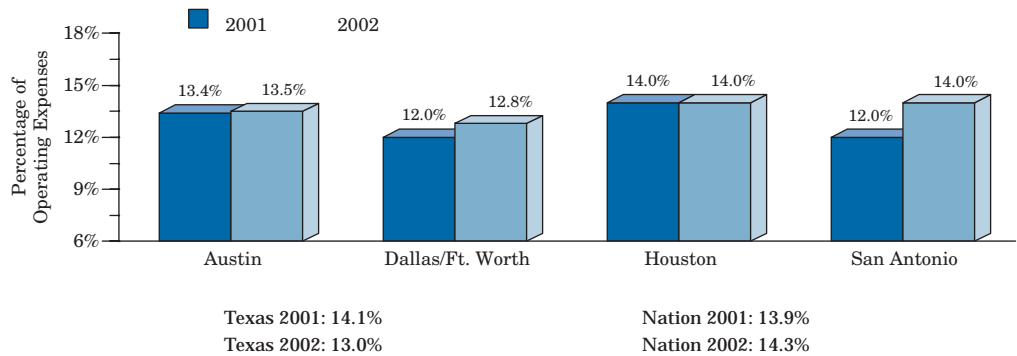
DRUG EXPENDITURES PMPY ARE LOWEST AT HOUSTON HMOs

Reporting HMOs serving the Houston MSA spent \$254 PMPY for drugs in 2002, down a significant 26.2% from \$344 in 2001. Such expenditures were nearly identical in 2002, at \$255 PMPY, for reporting Dallas-Fort Worth plans, but fell even more sharply (-38.4%), from \$353 the year before.

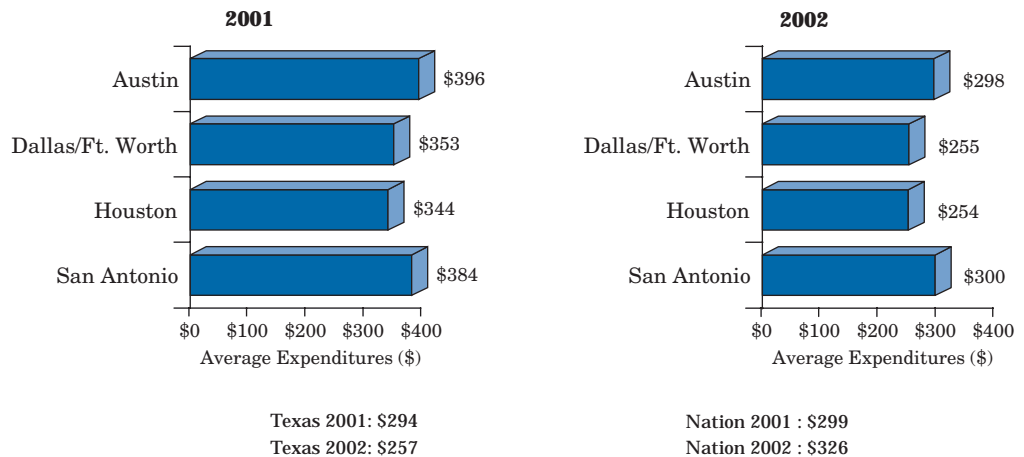
HMO DRUG EXPENDITURES

MARKET	Drug Costs as a Percentage of Operating Expenses		Expenditures per Member per Year for Drugs*	
	2001	2002	2001	2002
Austin	13.4%	13.5%	\$396	\$298
Dallas/Fort Worth	12.0	12.8	353	255
Houston	14.0	14.0	344	254
San Antonio	12.0	14.0	384	300
Texas	14.1	13.0	294	257
Nation	13.9%	14.3%	\$299	\$326

HMO DRUG COSTS AS A PERCENTAGE OF OPERATING EXPENSES



HMO DRUG EXPENDITURES PER MEMBER PER YEAR*



* Rounded to the nearest dollar. Expenditures do not include administration and copayment costs.

Data source: Verispan LLC © 2004

MEDICAID HMO MEASURES

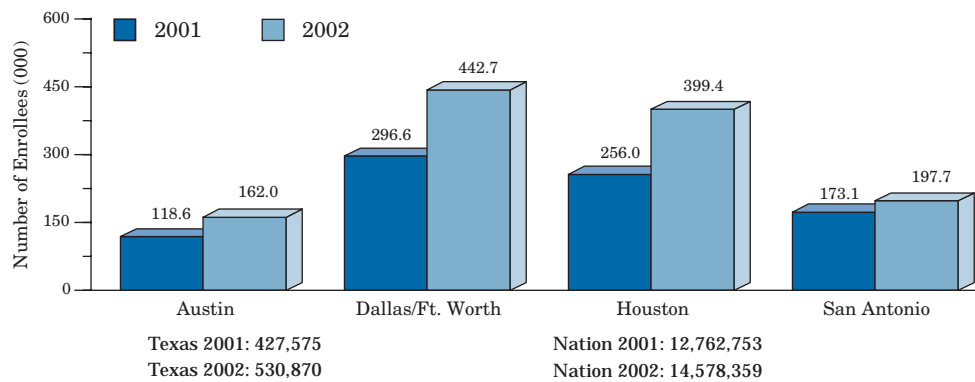


MEDICAID HMO ENROLLMENT¹

MARKET	Total Number of Medicaid HMO Members		Enrollment Change (%)
	2001	2002	
Austin	118,557	161,989	36.6%
Dallas/Fort Worth	296,596	442,629	49.2
Houston	256,034	399,364	56.0
San Antonio	173,136	197,661	14.2
Texas	427,575	530,870	24.2
Nation	12,762,753	14,578,359	14.2%

Data source: Centers for Medicare & Medicaid Services © 2003

MEDICAID HMO ENROLLMENT¹



TEXAS MEDICAID HMO ENROLLMENT INCREASES IN 2002

The total number of Medicaid recipients enrolled in Texas HMOs increased 24.2% in 2002, to 530,870 from 427,575 in 2001. By comparison, HMOs nationally enrolled 14.6 million Medicaid recipients in 2002, up 14.2% from 12.8 million the previous year. Plans serving San Antonio also reported a 14.2% in the number of Medicaid enrollees during this time, to 197,661 from 173,136.

TEXAS MEDICAID PLANS SEE ALOS EDGE UP IN 2002

In 2002, the average length of stay (ALOS) for a hospital admission among Texas HMOs that enrolled Medicaid recipients was 3.7 days, up 5.7% from 3.5 in 2001. By comparison, ALOS nationally for plans serving Medicaid recipients was slightly shorter than the Texas average in 2002, at 3.6 days, and was unchanged from the figure reported in 2001.

MEDICAID HMO MEDICAL UTILIZATION MEASURES^{2,3}

MARKET	Hospital Days per 1,000 Medicaid HMO Members		ALOS (days) per Medicaid Hospital Admission		MD Encounters per Medicaid HMO Member		Ambulatory Visits per Medicaid HMO Member	
	2001	2002	2001	2002	2001	2002	2001	2002
Austin	—	—	—	—	—	—	—	—
Dallas/Fort Worth	510.7	269.0	—	3.7	14.1	14.1	1.1	1.1
Houston	478.9	478.9	—	3.7	14.1	14.1	1.1	1.1
San Antonio	355.0	192.4	3.5	3.7	1.6	1.6	—	—
Texas	306.6	236.1	3.5	3.7	7.8	7.8	1.1	1.1
Nation	383.0	360.4	3.6	3.6	3.8	3.6	1.9	2.0

Data source: Verispan LLC © 2004

¹ Medicaid HMO enrollment figures for the four MSAs profiled may reflect overlapping of HMO service areas.

² Only HMOs that enroll Medicaid recipients are included.

³ Numbers may in some cases be the same or show little change due to lack of reporting by some HMOs.

Note: As of end-of-year 2002, Medicare HMO enrollment in Texas was 180,869, down from 245,906 in 2001. As of December 2003, the number of children enrolled in the State Children's Health Insurance Program (SCHIP) in Texas was 438,164, down from 500,567 in 2002.

SCHIP enrollment source: Texas Health and Human Services Commission, www.hhsc.state.tx.us/chip/index.html. Accessed March 25, 2004.

TEXAS HMO DATA SUMMARY

The Texas Association of Health Plans (TAHP) is pleased to bring you this special preview edition of the **Texas HMO Data Summary**.

Featuring key national, state and local HMO data drawn from the Aventis **Managed Care Digest Series**®.

- Demographics
- Employer Groups
- Medical Utilization
- Pharmacy Premiums and Utilization
- Pharmacy Benefit Structure
- Premium Rates
- Medicaid Measures

We look forward to providing you with another **Texas HMO Data Summary** in 2004.

