



Susquehanna Actuarial Consulting, Inc.

Basic Market Analysis – Group Medical Coverage Greater Harrisburg Area

By: Kevin L. Pedlow, ASA, MAAA, FCA

January 7, 2005

Basic Market Analysis – Group Medical Coverage Greater Harrisburg Area

	Page
I. SUMMARY	1
II. GENERAL MARKET	2
III. PRODUCTS	5
IV. COMPETITORS	8
V. PROVIDERS	11
VI. STATE REGULATIONS	13
BIBLIOGRAPHY	16
APPENDICES	17

I. SUMMARY

The Greater Harrisburg Area is an interesting and vibrant healthcare market place that services almost two million people. These persons are older on average than the rest of the U.S. The employers, who primarily provide medical benefits, are larger on average and the industries are consistent with the nation - supplemented with more small manufacturers than the rest of the country.

As part of the Mid-Atlantic Region, more employers in this area offer medical benefits than those of other areas of the nation. Similarly, they tend to pay more of the premiums. In the Greater Harrisburg Area there are many choices for group medical coverage including conventional, PPO, POS and HMO plans. Additionally, there are Health Savings Account plans available and many options for our "Senior" population.

The area has four major competitors, three of which operate HMOs, and three of which have significant non-HMO business. Financial results vary for these entities. Rate deregulation has freed two of these competitors, allowing them more dynamic rating methods (only one of which currently takes advantage of these methods). Legislation introduced in each the state House and Senate may remove this advantage.

There are a variety of healthcare providers in the area. During the last few years the facilities (General Acute Care Hospitals as well as Rehabilitation and Ambulatory Surgical Centers) have enjoyed profitability. The primary care physician shortage in Pennsylvania does not reach deeply into this area. However, the current medical mal-practice crisis is an ongoing issue.

Employers in the area have many options for providing medical benefits to their employees. Given the multiple rating methods and available products, there exists the opportunity to find a variety of benefits at a wide range of prices. Current state government interest in small group rate reform could spread the costs over a larger cohort of employers.

II. GENERAL MARKET

Geography

Greater Harrisburg includes other areas of large population such as the cities of Lancaster, Reading and York. This region is centered on the Susquehanna River Valley, reaching as far south as the Pennsylvania-Maryland state line. The northern reaches stretch beyond Harrisburg to rural areas spotted with many small towns. To the east are the fertile farm lands in the Lancaster area. And to the west are the rolling hills of Central Pennsylvania. Formally, this region is defined as the counties: Berks, Cumberland, Dauphin, Lancaster, Lebanon and York.

Population

According to the 2000 US Census, more than 1.8 million people populate this region¹. They are older on average than is typical in the US (Appendix II-1). For every age bracket up to age 35, there are proportionally fewer people in this region. For every age bracket beyond that, there are more people.

In all, 50.6% of the total US population is greater than age 35, while in the Greater Harrisburg Area this portion is 53.8%. Most notably, this region has 16% more seniors than average, with 14.4% of the population being over age 65 – the national average is 12.4%.

**Greater Harrisburg Area
Population Distribution**

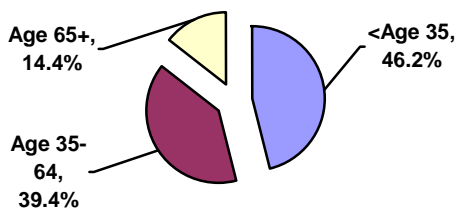


Figure II-1

**United States
Population Distribution**

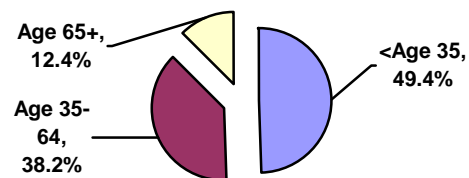


Figure II-2

Excluding Seniors, the population is split equally between the genders, consistent with the national population. The senior male population in Harrisburg is 41%, also consistent with the nation. As a result of having fewer young people, this region contains less

young women (age 20-39) with 13.4% of the population in this bracket, compared to 14.3% in the nation.

Employers

The Greater Harrisburg Area has more than 43,000 private non-farm employers within its boundaries (Appendix II-2)². Over 20,000 of these employers have less than five employees. This is 13% fewer than the proportion of tiny employers across the nation, which is at 54.2%. In every other employment size, this region has more employers than the nation.

The Greater Harrisburg Area employers are distributed as 93.3%, 6.3% and 0.4% to the small market (<50 employees), middle market (50-499 employees) and large market (500+ employees); respectively. The distribution for the nation is 94.8%, 5.0% and 0.3%. Consequently, the Greater Harrisburg Area has 26% more middle market employers and 46% more large market employers than the nation.

The Pennsylvania Department of Labor reports that this region has 766,000 non-public employees³. Forty percent of these employees are with small group employers. The middle and large groups employ 43% and 17% of employees, respectively.

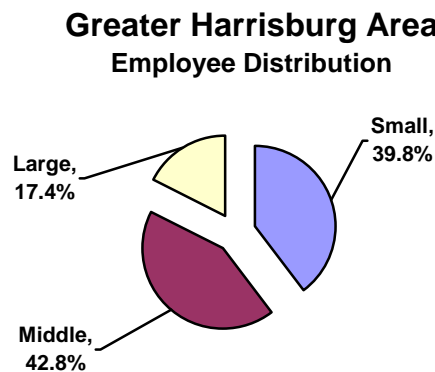


Figure II-3

Business distributions by industry are consistent with that of the nation. The Retail industry is well represented by employers in both the small and middle markets. The Health Care and Social Assistance industry has many employers in all three market segments. The Accommodation and Food Services industry is prominent in the middle market. Manufacturing provides jobs in the middle and large markets. The small group market also receives employment from the Construction, Professional Scientific and Technical, and Finance and Insurance industries.

The one industry that appears as different from the nation is Manufacturing. The Greater Harrisburg Area has 30% more small group manufacturers than the nation.

The Pennsylvania Center for Workforce Information and Analysis lists the top 50 employers for each county in this region (Appendix II-3)⁴. These employers are listed by size (employee count).

Medical Coverage

Employers in the Mid-Atlantic Region (PA, NY & NJ) offer medical benefits at a higher rate than the rest of the nation. Similarly, when benefits are offered, Mid-Atlantic employers tend to pay a higher portion of the premiums. The United States Bureau of Labor Statistics reports in their 2004 survey that 69% of all private employees have access to medical care through their employers⁵. Employers in the Mid-Atlantic Region provide slightly better access to medical care, providing 71% of workers with benefit availability. Participation in employer sponsored medical coverage is at 53% of workers for both the national and Mid-Atlantic region. While nationally, 61% of private companies offer medical benefits, regionally, 65% offer them. Finally, while 89% of national medical insurance participants are required to contribute an average \$265 monthly – regionally, only 84% of participants are required to contribute an average \$247 monthly.

Many reports and surveys show that larger employers are more likely to offer medical benefits than smaller employers. The Kaiser Family Foundation 2004 Employer Health Benefits Survey (2004 Survey)⁶ reports that 99% of employers with 200+ employees offer medical benefits, while only 52% of employers with 3-9 employees make such an offering. The survey reports 74%, 87% and 92% for employers sized 10-24, 25-49 and 50-199, respectively.

Interestingly, when small firms do offer health coverage they tend to pay a higher percent of the premium with 42% of small companies (<200 employees) paying the entire single employee premium and only 11% of large firms doing so.

III. PRODUCTS

Group

All employers in this region have access to a range of conventional, PPO, POS and HMO products. HSAs are also available. A variety of funding arrangements are available for most products. The Kaiser Family Foundation 2004 Employer Health Benefits Survey (2004 Survey) provides details on employer purchased health benefits.

The 2004 Survey reports that national medical benefits enrollment is distributed as 55%, 25%, 15% and 5% for PPO, HMO, POS and conventional coverage, respectively. However, in the Northeast, the survey reports that PPO enrollment is at 40%, with HMO and POS at 32% and 23%, respectively.

Annual deductibles vary by product considerably. Table 1 shows the national average deductibles.

Table III - 1: 2004 Deductible by Product		
	Single	Family
Conventional	\$ 414	\$ 861
HMO	\$ 44	\$ 80
	Network	O-O-N
PPO	\$ 287	\$ 558
POS	\$ 210	\$ 575

Table 2 shows the national distribution of office co-pay by plan type.

Table III - 2: 2004 Office Co-pay Distribution by Product					
	\$ 5	\$ 10	\$ 15	\$ 20	Other
Conventional	1%	21%	42%	19%	17%
HMO	3%	28%	40%	22%	7%
PPO	1%	17%	35%	28%	19%
POS	3%	17%	34%	36%	9%
Total	1%	19%	37%	27%	15%

Table 3 shows the national distribution of office coinsurance by plan type.

Table III - 3: 2004 Office Coins Distribution by Product					
	10-15%	20-25%	30%	40%	Other
Conventional	5%	85%	9%	0%	1%
PPO Network	40%	56%	2%	0%	2%
PPO OON	4%	26%	32%	23%	15%
POS Network	18%	81%	0%	0%	1%
POS OON	4%	26%	31%	19%	20%

Tables III-1 – III-3 provide an understanding of the plan designs offered nationally. In addition, several other benefits are worth mentioning. First, virtually all employers

offering medical coverage also offer prescription drug coverage – the average co-pays are \$10/\$21/\$33, considering the typical three tiers. Second, more than 95% offer each of the following: Adult Physicals, Outpatient Mental Health, Inpatient Mental Health, Prenatal, Annual OB/Gyn Exam (PA required), and Well Baby Care. Finally, 89%, 87% and 47% offer Oral Contraceptive, Chiropractic and Acupuncture, respectively.

Choice

Many employers offer more than one medical plan option to their employees. The larger the employer, the more likely they are to offer a choice of plans. The 2004 Survey reports that 86% of all small employers (<200 employees) that offer medical benefits, offer only one medical plan. This compares with 88% of all jumbo firms (5,000+ employees) offering two or more plans. Two or more plans are offered by 57% and 76% of midsize (200-999 employees) and large (1,000-4,999 employees) firms, respectively.

Self Funded

Many larger firms offer products that are self-funded. Through such funding, the employer is responsible for the cost of healthcare. Such a company may offer one or more of their products as self-funded. As employer sizes grow, so does the likelihood of having a self-funded product.

The 2004 Survey reports that of all companies with less than 200 employees, only 10% offer at least one plan that is self-funded. Half of companies with 200-999 employees offer a self-funded plan. 78% of companies with over 1,000 employees offer a self-funded plan.

Seniors

Medical benefits for seniors are available from a variety of sources. The Medicare program provides benefits to those aged 65 and over. Many employers offer medical benefits to their retirees, although the number is declining. And there are options for seniors to individually purchase guaranteed issue products that either supplement the existing Medicare or replace it with an enhanced benefits package in a managed care environment.

Traditional Medicare is available to almost all seniors. This provides benefits for a comprehensive list of hospital and physician care. With the implementation of the Medicare Modernization Act (MMA), there is currently a prescription drug discount program available to all Medicare beneficiaries.

The 2004 Survey reports that very few small employers offer medical benefits to their retirees - 4% of those with less than 25 employees and 10% of those with 25-199 employees. Thirty-one percent of midsize employers (200-999 employees) offer retiree

medical and large (1,000-4,999 employees) and jumbo (5,000+ employees) firms offer at the rates 43% and 60%, respectively.

Medicare Advantage programs offer individuals the opportunity to exchange their traditional Medicare benefits for a “richer” set of benefits delivered through a managed care entity. A variety of these plans are offered in the Greater Harrisburg Area. Appendix III-1 lists the offered plans for each county.

The full range of Medicare Supplemental products are available to seniors in the Greater Harrisburg Area. The standardized products, referred to as plans A through J, are available through several companies.

Beginning in 2006, the MMA implements the Part D prescription drug benefit. This will have several effects on the product available to seniors. First, traditional Medicare will provide drug coverage. Second, the standardized Medicare Supplement plans will need to be changed, as several will be disallowed by the new rules. Third, the method of contracting with Medicare Advantage plans will change significantly, altering the products available through this program. Finally, Medicare will pay a subsidy to employers that offer drug benefits to their employees (the intention is to change the trend of employers dropping retiree medical benefits).

Emerging Product

The MMA provided for Health Savings Account (HSA) products. An HSA is a high dollar deductible product sold in conjunction with a personal account. Smaller healthcare expenditures are paid with monies in the personal account (typically this is handled through a debit card system). When accumulated expenditures exceed the plan deductible, then the plan benefits begin to pay. When the personal account is depleted, expenditures not covered by the plan are paid by the patient. Existing balances in the account are the property of the employee and are “rolled-over” year after year and can be taken with the employee after leaving the employer.

It is uncertain what the overall popularity of HSAs will be. There is some current thinking that healthier people will tend toward these plans as they expect to grow a tax-benefited asset over the years in the personal account. The ramifications of this will be that the less healthy will remain in the more traditional products, increasing their costs.

The 2004 Survey reports that 6% of all firms are very likely to offer a high dollar deductible plan with an HSA in the next two years. Twenty-one percent are somewhat likely.

IV. COMPETITORS

Major Competitors

There are four major competitors in the Greater Harrisburg Area. Three own HMOs, and three of them have significant non-HMO blocks of business. The competition includes Capital BlueCross, Highmark, Coventry Healthcare (known locally as HealthAmerica/HealthAssurance), and Geisinger Health Plan.

Until very recent years Capital BlueCross and Pennsylvania Blue Shield (a Highmark company) provided products under a joint operating agreement and dominated the market as the local “Blues” plan. The two companies have severed their agreement and now compete against each other, and against others, for customers. Subsequent to this breakup HealthAssurance has gained membership.

Table IV-1: Non-HMO 2003 Statutory Financial Results				
Company	Estimated* Equivalent Prem(000,000)	Estimated** Expense Ratio	Reported** Underwriting Gain	Reported** Gain Before FIT
Capital (CBC & CAIC)	\$1,589	18.0%	-4.6%	-2.1%
Coventry (HASPA)	\$603	14.8%	3.9%	4.4%
Highmark	\$7,195	15.4%	-0.6%	-0.6%

* Equivalent premiums are estimated as net premiums plus implied premiums on “uninsured” business

** Percentages are determined as a ratio to estimated equivalent premium

Table IV-2: HMO 2003 Statutory Financial Results				
Company	Estimated* Equivalent Prem(000,000)	Estimated** Expense Ratio	Reported** Underwriting Gain	Reported** Gain Before FIT
Capital (KHPC)	\$442	10.1%	6.4%	6.6%
Coventry (HAPA)	\$748	9.8%	2.6%	3.4%
Geisinger Health Plan	\$661	10.2%	0.5%	1.5%

* Equivalent premiums are estimated as net premiums plus implied premiums on “uninsured” business

** Percentages are determined as a ratio to estimated equivalent premium

Capital BlueCross: Capital BlueCross provides conventional, PPO and POS products through two companies: Capital BlueCross and Capital Advantage Insurance Company (CAIC). Additionally, CBC wholly owns and operates the HMO Keystone Health Plan Central (KHPC). Combined revenues for all three companies are \$1.8 billion across their entire service areas in 2003 (Appendix IV-1)⁷.

Capital BlueCross (CBC) has had longstanding relationships with area hospitals and is believed to have favorable arrangements. Capital’s total non-HMO expense structure is estimated to be 18.0% of premiums – a high cost structure.

An adverse component of this structure that is unique to CBC is the payment of premium tax on the business written by CAIC. Its competitors, Highmark (a not-for-profit

company) and HealthAssurance (a Risk Assuming Non-Licensed Insurer - RANLI) need not collect monies for premium taxes. Capital BlueCross did enjoy more favorable investment experience in 2003 than its competitors, providing more than a full point of premium to its advantage. CBC reported underwriting losses estimated as 4.6% of premium.

KHPC reported a very favorable year in 2003, with 6.4% underwriting gains. Supporting their profitability is a competitive expense structure running at 10.1% of premium (consistent with all HMOs in the area).

Highmark: Highmark provides conventional, PPO and POS products primarily through Highmark, Inc. Highmark wholly owns and operates HealthGuard of Lancaster, an HMO that also offers POS products. HealthGuard has recently announced its departure from the market. Highmark will offer replacement products to all HealthGuard customers, however, no HMO product will be offered. Combined revenues for these companies were \$4.1 billion in 2003, across their entire service areas (Appendix IV-2)⁸.

Highmark has longstanding relationships with physicians in the area and is believed to have favorable relationships with them. Their total expense structure is estimated as 15.4% of equivalent premium (because of the equivalent premium estimation method and the magnitude of statutory “reimbursements” this estimate could be significantly different than the actual). Highmark generates less than a one percent underwriting loss, and excluding capital losses, would report very close to break-even financial results.

HealthGuard expenses are less than 10% of premium. However, they are the only HMO of the four that reports a loss (6.5% underwriting losses). Again, HealthGuard recently announced its departure from the market.

Coventry Healthcare: Coventry provides PPO and POS products through HealthAssurance of PA, Inc. Their HMO is HealthAmerica of PA, Inc. Combined revenues for 2003 were \$1.3 billion across all service areas (Appendix IV-3)⁹.

HealthAssurance is the leanest non-HMO health plan in the area, with 14.8% expenses. Included in this low expense structure is the highest level of costs paid in commissions (3.1% of premium) – suggesting: (1) a higher commission scale, (2) more commission sales with smaller groups, and/or (3) higher volume of business through commissioned sales.

HealthAssurance is the only profitable major non-HMO health plan in the area, reporting 3.9% underwriting gain for 2003. With Investment Income, they report 4.4% gains prior to FIT.

HealthAmerica total expenses are estimated at 9.8%, again including the highest rate of commissions for all local HMOs (almost 1% of premium). Their profitability is strong with 2.6% underwriting gains and 3.4% net income before FIT.

Geisinger Health Plan: GHP provides HMO benefits to over 200,000 members in their service areas. Net premiums exceeded \$600 million in 2003 (Appendix IV-4)¹⁰.

Geisinger's total expenses are the largest of the HMOs (10.2%), but are still at a competitive level. Underwriting gains are 0.5% of premium and with investment earnings and miscellaneous income, total profits were 1.5% before FIT.

V. PROVIDERS

Hospitals – General Acute Care

Fourteen general acute care hospitals operate in the Greater Harrisburg Area (Appendix V-1)¹¹. All have been profitable over the combined last three years, one shows a loss in FY03. Margins for FY03 average 4.8% and range from a slight loss to 10.85% gain at these facilities.

Lancaster General is the largest hospital in the area and its ten percent total margin is one of the highest. Lancaster General's three year average margins of 6.8% are combined with Lancaster Regional's three year margins of 9.4% to make Lancaster the most profitable area for general acute care hospitals.

Hospitals – Psychiatric

A single non-State psychiatric only hospital is available in the Greater Harrisburg Area¹². Philhaven is an agency of the Lancaster Conference of Mennonite Churches and maintains their primary campus in Mt. Gretna, Lebanon County. Philhaven has satellite campuses in Harrisburg, Elizabethtown and Lebanon. They provide a variety of inpatient and outpatient psychiatric care to children and adolescents, as well as outpatient care to adults. With \$31 million in net patient revenues, Philhaven performed with a total FY03 loss of 6%.

Many of the General Hospitals in the area provide both inpatient and outpatient psychiatric care.

Hospitals – Rehabilitation Facilities

HealthSouth provides three locations for rehabilitation hospitals in the Greater Harrisburg Area: Mechanicsburg, Reading and York. They provide a wide array of both inpatient and outpatient rehabilitation services. All three locations in the area are profitable with FY03 margins of 15-18%.

Ambulatory Surgical Centers

Twenty-four ASCs operate in the Greater Harrisburg Area (Appendix V-2). Most of these centers are very profitable, with an average total margin in excess of 18%. The most profitable, Pennsylvania Eye, reports 46% total margin. The largest, Apple Hill, reports 33% total margin.

Physicians

The two most prominent issues with Pennsylvania physicians are the shortage of primary care physicians and the problematic medical mal-practice environment. While the latter issue affects all doctors, the specialists are more greatly affected (some specialties more than others).

The Centers for Medicare & Medicaid Services (CMS) designates certain zip code areas in the U.S. as Health Professional Shortage Areas (HPSA). Medicare payments to physicians in these areas are increased by 10%. There are two methods for an area to obtain the HPSA designation: (1) **Geographic HPSA** – based on a shortage of primary care physicians relative to the total population, and (2) **Population HPSA** – based on a shortage of primary care physicians available to service certain population groups (e.g., low income).

The Pennsylvania Department of Health monitors many aspects of the physician population in our state. They have reported on all HPSAs in PA¹³. While there are many HPSAs in Pennsylvania, there are relatively few in the Greater Harrisburg Area (Appendix V-3). Only two areas are worth mentioning. Eastern Lancaster County is designated as a Population HPSA and Northern Dauphin County is designated as a Geographic HPSA. In all, the primary care physician shortage in Pennsylvania does not appear to be a problem in this area.

Pennsylvania's medical mal-practice crisis continues to affect physicians. The Project on Medical Liability in Pennsylvania reports that the rising cost of mal-practice insurance is driving out physicians and compromising access to medical services¹⁴. Medical groups blame the legal system and are calling for tort reform to limit damage awards. Others blame the insurance companies. To date this crisis has not been settled and the physicians' needs undoubtedly affect their relationships with the area health plans.

VI. STATE REGULATIONS

Rate Filing Requirements

Accident and Health Filing Reform Act (PA Statute Title 40 § 3801-3815)

- Requires Hospital Plan Corps., Professional Health Services Plan Corps. and HMOs to file rates to be approved by the department of insurance
- Allow for group specific variance of up to 15%

This applies to Highmark (Professional Health Services Plan), Capital BlueCross (Hospital Plan), and all HMO's operating in the Greater Harrisburg Area. Unregulated in the area are HealthAssurance and Capital Advantage Insurance Company (CAIC).

In this market HealthAssurance takes full advantage of their unregulated status, using more advanced techniques, such as medical underwriting, to select and rate better risks in the small group market.

The Pennsylvania Insurance Department has a focus on developing small group rating reform that assures the availability and affordability of health insurance, while promoting competition in the market place¹⁵. To this end the PID maintains a working discussion draft on small group rating reform that would establish a three-tier small group market rating methodology.

In addition, several bills have been introduced in the legislature that would reform small group rating. Senate Bill 671, introduced by Senator Rob Wonderling, would prohibit demographic and health status considerations in the rating of health insurance for a small employer. Similar legislation was introduced in the House (HB 1891 & 1892). Also, Representative Nicolas Micozzie introduced HB 2682, which would prohibit health status and genetic information in rate setting for small groups and limit the impact of demographic rating.

Group Specific Community Rating for HMOs (PA Code Title 31 § 301.204)

- Provides that groups meeting certain criteria may have a rate set specifically for their risks:
 - Methodologies prescribed by HCFA (now CMS)
 - At least 250 employees enrolled in HMO
 - Minimum 3 years with HMO
 - Methodology must be applied to all groups meeting the size requirements

Mandated Benefits

Prudent Layperson (PA Statute Title 40 § 3041-3042)

An insurer shall reimburse an insured or provider for medically necessary services that are provided in a hospital emergency facility after the recent onset of a medical condition that manifests itself by symptoms of sufficient severity, including severe pain, that the absence of immediate medical attention could reasonably be expected by a prudent layperson, who possesses an average knowledge of health and medicine, to result in:

1. placing the patient's health in serious jeopardy;
2. serious impairment to bodily functions; or
3. serious dysfunction of any bodily organ or part due to a medical emergency.

Coverage for Mammographic Examination (PA Statute Title 40 § 764c)

- Provides that group health insurers shall pay for screening mammograms for all women age 50 and over, and for any mammogram based on a physician's recommendation for women under age 50¹⁶.

Reimbursement for Diabetic Supplies (House Bill 656 Session of 1997 – Act 98)

- Individual and group health insurance policies shall provide coverage of the equipment, supplies and out-patient self-management training and education, including medical nutrition therapy for the treatment of insulin dependent diabetes, insulin using diabetes, and non-insulin using diabetes as prescribed by a health care professional legally authorized to prescribe such items.

Women's Preventative Health Services Act (PA Statute Title 40 § 1571-1577)

A health insurance policy which is delivered, issued for delivery, renewed, extended or modified in this Commonwealth by a health care insurer shall provide that the health insurance benefits applicable under the policy include coverage for periodic health maintenance to include:

1. Annual gynecological examination, including a pelvic examination and clinical breast examination.
2. Routine pap smears in accordance with the recommendations of the American College of Obstetricians and Gynecologists.

Patient Protection

Quality Health Care Accountability and Protection Act (Act 68)

- Places a wide list of responsibilities on “managed care plans”, including:
 - Providing complaint and grievances processes
 - Establishing provider credentialing processes
 - Prohibiting certain financial incentives and gag orders
 - Requiring DOH certification of utilization review procedures
 - Provides for prompt payment of “clean claims”

BIBLIOGRAPHY

-
- ¹ *Pennsylvania QuickFacts*, US Census Bureau, <http://quickfacts.census.gov/qfd/states/42/42043.html>
- ² *County Business Patterns*, US Census Bureau, , <http://www.census.gov/epcd/cbp/view/cbpview.html>
- ³ *Pennsylvania Industry Employment by County*, PA Department of Labor & Industry, Center for Workforce Information and Analysis, special request 12/20/2004
- ⁴ *50 Largest Employers by County*, PA Department of Labor & Industry, Center for Workforce Information and Analysis, special request 12/27/2004
- ⁵ *National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2004*, US Department of Labor, Bureau of Labor Statistics, November 2004
- ⁶ *Employer Health Benefits: 2004 Annual Survey*, Kaiser Family Foundation and Health Research and Educational Trust, 2004
- ⁷ *CBC, CAIC & KHPC 2003 PA Statutory Financial Statements*, as provided by www.naic.org
- ⁸ *Highmark, Inc. & HealthGuard 2003 PA Statutory Financial Statements*, as provided by www.naic.org
- ⁹ *HealthAmerica & Health Assurance 2003 Statutory Financial Statements*, as provided by www.naic.org
- ¹⁰ *Geisinger Health Plan 2003 Statutory Financial Statements*, as provided by www.naic.org
- ¹¹ *Annual Report on the Financial Health of Pennsylvania's Hospitals, 2003 Financial Analysis: Volume One*, Pennsylvania Health Care Cost Containment Council, April 2004
- ¹² *Annual Report on the Financial Health of Pennsylvania's Non-GAC Hospitals, 2003 Financial Analysis: Volume Two*, Pennsylvania Health Care Cost Containment Council, August 2004
- ¹³ *Special Report on the Characteristics of the Physician Population*, PA Department of Health, Appendix 1, January, 2004
- ¹⁴ *Understanding Pennsylvania's Medical Mal-Practice Crisis*, The Project on Medical Liability in Pennsylvania, Randall R. Bovbjerg and Anna Bartow, 2003
- ¹⁵ *Pennsylvania House Policy Committee Public Hearing: Creation of Healthcare Benefit Plan for Small Business*, PA Insurance Department, Tuesday, May 18, 2004
- ¹⁶ *Breast Cancer Awareness and Mammography*, brochure from Your State Senator, available at www.piccola.org

Appendix II-1

Greater Harrisburg PA Demographics Berks, Cumberland, Dauphin, Lancaster, Lebanon & York Counties 2000 US Census

	Population			Distribution		
	<u>male</u>	<u>female</u>	<u>total</u>	<u>male</u>	<u>female</u>	<u>total</u>
under 20 years	255,112	243,282	498,394	14.1%	13.4%	27.5%
20 to 24 years	52,884	53,002	105,886	2.9%	2.9%	5.8%
25 to 29 years	54,537	54,668	109,205	3.0%	3.0%	6.0%
30 to 34 years	61,607	61,882	123,489	3.4%	3.4%	6.8%
35 to 39 years	72,292	73,593	145,885	4.0%	4.1%	8.1%
40 to 44 years	74,028	74,651	148,679	4.1%	4.1%	8.2%
45 to 49 years	67,362	68,077	135,439	3.7%	3.8%	7.5%
50 to 54 years	59,405	60,408	119,813	3.3%	3.3%	6.6%
55 to 59 years	44,452	46,621	91,073	2.5%	2.6%	5.0%
60 to 64 years	34,874	38,073	72,947	1.9%	2.1%	4.0%
65+ years	107,200	153,836	261,036	5.9%	8.5%	14.4%
All Ages	883,753	928,093	1,811,846	48.8%	51.2%	100.0%

US National Demographics 2000 US Census

	Population			Distribution		
	<u>male</u>	<u>female</u>	<u>total</u>	<u>male</u>	<u>female</u>	<u>total</u>
under 20 years	41,263,553	39,239,465	80,503,018	14.6%	13.9%	28.5%
20 to 24 years	9,789,294	9,361,451	19,150,745	3.5%	3.3%	6.8%
25 to 29 years	9,741,737	9,511,697	19,253,434	3.5%	3.4%	6.8%
30 to 34 years	10,354,933	10,219,432	20,574,365	3.7%	3.6%	7.3%
35 to 39 years	11,274,487	11,332,185	22,606,672	4.0%	4.0%	8.0%
40 to 44 years	11,173,557	11,355,747	22,529,304	4.0%	4.0%	8.0%
45 to 49 years	9,955,868	10,270,131	20,225,999	3.5%	3.6%	7.2%
50 to 54 years	8,722,686	9,097,889	17,820,575	3.1%	3.2%	6.3%
55 to 59 years	6,557,213	7,009,425	13,566,638	2.3%	2.5%	4.8%
60 to 64 years	5,165,732	5,700,127	10,865,859	1.8%	2.0%	3.9%
65+ years	14,457,439	20,623,706	35,081,145	5.1%	7.3%	12.4%
All Ages	138,456,499	143,721,255	282,177,754	49.1%	50.9%	100.0%

Appendix II-2

Greater Harrisburg PA Business Statistics
Berks, Cumberland, Dauphin, Lancaster, Lebanon & York Counties
2000 US Census

<u>Code</u>	<u>Industry Code Description</u>	<u>'1-4'</u>	<u>'5-9'</u>	<u>'10-19'</u>	<u>'20-49'</u>	<u>'50-99'</u>	<u>'100-249'</u>	<u>'250-499'</u>	<u>'500-999'</u>	<u>1000 +'</u>	<u>TOTAL</u>
11----	Forestry, fishing, hunting, and agriculture support	55	15	9	2	1	-	-	-	-	82
21----	Mining	7	6	15	13	6	-	-	-	-	47
22----	Utilities	30	12	10	17	11	12	1	4	-	97
23----	Construction	2,631	760	513	313	99	46	8	2	1	4,373
31----	Manufacturing	809	447	464	488	235	229	87	37	13	2,809
42----	Wholesale trade	985	439	377	297	112	39	12	4	1	2,266
44----	Retail trade	2,798	2,093	1,286	683	232	192	20	2	1	7,307
48----	Transportation & warehousing	557	151	134	134	54	47	7	9	4	1,097
51----	Information	287	130	74	83	41	31	4	5	-	655
52----	Finance & insurance	1,245	702	402	174	56	33	16	7	4	2,639
53----	Real estate & rental & leasing	727	255	151	64	5	7	2	-	-	1,211
54----	Professional, scientific & technical services	2,229	635	427	255	67	21	4	6	-	3,644
55----	Management of companies & enterprises	76	60	42	63	31	30	12	13	3	330
56----	Admin, support, waste mgt, remediation services	1,025	325	203	197	91	63	14	4	1	1,923
61----	Educational services	155	74	58	51	18	10	2	1	7	376
62----	Health care and social assistance	1,511	999	766	473	131	124	27	10	10	4,051
71----	Arts, entertainment & recreation	329	114	85	93	40	7	4	-	1	673
72----	Accommodation & food services	1,315	600	632	709	204	47	6	2	-	3,515
81----	Other services (except public administration)	3,435	1,444	630	244	54	29	4	-	1	5,841
95----	Auxiliaries (exc corporate, subsidiary & regional mgt)	28	16	22	20	14	12	2	4	1	119
99----	Unclassified establishments	95	3	1	1	-	-	-	-	-	100
	TOTAL	20,329	9,280	6,301	4,374	1,502	979	232	110	48	43,155
	Total Distribution	47.1%	21.5%	14.6%	10.1%	3.5%	2.3%	0.5%	0.3%	0.1%	
	Employee Count (PA DOL&I Data Source)	36,042	55,949	80,929	132,230	107,364	141,215	79,152	64,820	68,495	766,195
	Employee Distribution	4.7%	7.3%	10.6%	17.3%	14.0%	18.4%	10.3%	8.5%	8.9%	

Appendix II-2

United States Business Statistics 2000 US Census

<u>Code</u>	<u>Industry Code Description</u>	<u>'1-4'</u>	<u>'5-9'</u>	<u>'10-19'</u>	<u>'20-49'</u>	<u>'50-99'</u>	<u>'100-249'</u>	<u>'250-499'</u>	<u>'500-999'</u>	<u>1000 +'</u>	<u>TOTAL</u>
11----	Forestry, fishing, hunting, and agriculture support	17,735	4,641	2,507	1,219	289	126	26	7	2	26,552
21----	Mining	12,389	3,775	3,386	2,647	904	516	164	59	31	23,871
22----	Utilities	7,714	3,060	2,442	2,553	1,316	899	267	124	57	18,432
23----	Construction	456,597	119,620	71,197	43,195	12,444	5,623	1,182	339	128	710,325
31----	Manufacturing	123,326	59,889	53,286	52,301	25,301	19,748	6,656	2,638	1,196	344,341
42----	Wholesale trade	227,405	85,422	61,877	41,821	12,406	6,006	1,391	435	137	436,900
44----	Retail trade	517,258	290,121	170,153	92,079	31,487	20,326	3,677	534	58	1,125,693
48----	Transportation & warehousing	113,061	29,270	22,721	18,310	6,757	3,685	806	279	254	195,143
51----	Information	69,551	21,978	18,365	15,374	6,669	4,370	1,347	652	284	138,590
52----	Finance & insurance	258,426	91,878	53,293	29,660	8,812	5,189	1,712	907	545	450,422
53----	Real estate & rental & leasing	226,343	53,650	27,786	10,598	2,826	1,334	349	106	32	323,024
54----	Professional, scientific & technical services	530,713	113,555	67,898	39,943	11,672	6,051	1,649	597	287	772,365
55----	Management of companies & enterprises	19,073	7,128	6,891	7,031	3,845	2,967	1,319	723	406	49,383
56----	Admin, support, waste mgt, remediation services	198,062	50,905	35,732	28,971	14,442	10,536	3,120	1,082	694	343,544
61----	Educational services	34,326	11,519	9,901	10,238	4,078	2,273	637	378	351	73,701
62----	Health care and social assistance	327,337	166,757	105,986	60,178	20,687	15,613	3,519	1,668	1,795	703,540
71----	Arts, entertainment & recreation	65,361	15,093	11,776	10,869	4,460	2,073	462	164	117	110,375
72----	Accommodation & food services	202,967	96,210	106,176	118,831	32,504	7,096	903	290	172	565,149
81----	Other services (except public administration)	455,258	156,968	78,870	36,479	8,475	3,339	558	125	46	740,118
95----	Auxiliaries (exc corporate, subsidiary & regional mgt)	3,893	2,236	2,149	2,265	1,201	950	476	270	140	13,580
99----	Unclassified establishments	33,960	1,285	405	66	2	4	-	-	-	35,722
	TOTAL	3,900,755	1,384,960	912,797	624,628	210,577	118,724	30,220	11,377	6,732	7,200,770
	Total Distribution	54.2%	19.2%	12.7%	8.7%	2.9%	1.6%	0.4%	0.2%	0.1%	

Berks County
Fifty Largest Employers
Federal and State Government Entities Aggregated
First Quarter 2004 Initial

<i>Rank</i>	<i>Company</i>	<i>Rank</i>	<i>Company</i>
1	EAST PENN MFG CO	26	BALDWIN HARDWARE CORPORATION
2	THE READING HOSPITAL & MED CTR	27	WEIS MARKETS INC
3	BERKS COUNTY SERVICES CENTER	28	R M PALMER COMPANY
4	READING SCHOOL DISTRICT	29	GIANT FOOD STORES LLC
5	BOSCOV'S DEPARTMENT STORE	30	GOVERNOR MIFFLIN SCHOOL DISTRICT
6	CARPENTER TECHNOLOGY CORPORATION	31	ARROW INTERNATIONAL
7	STATE GOVERNMENT	32	EXETER TOWNSHIP SCHOOL DISTRICT
8	SOVEREIGN BANK	33	CABELAS RETAIL INC
9	ST JOSEPH MEDICAL CENTER	34	MORGAN CORPORATION
10	WAL-MART ASSOCIATES INC	35	GIORGI MUSHROOM CO
11	PENSKE TRUCK LEASING COMPANY LP	36	ALLSTATE INSURANCE COMPANY
12	FEDERAL GOVERNMENT	37	NATIONAL PENN MANAGEMENT
13	SWEET STREET DESSERTS INC	38	ALCON MANUFACTURING LTD
14	WILSON SCHOOL DISTRICT	39	ALBRIGHT COLLEGE
15	REDNER'S TIGER MARKETS INC	40	READING EAGLE COMPANY
16	READING AREA COMMUNITY COLLEGE	41	PARSONS ENERGY & CHEMICALS GRO
17	JETSON DIRECT MARKETING INC	42	DANIEL BOONE AREA SCHOOL DISTRICT
18	KUTZTOWN UNIVERSITY	43	HEARTLAND EMPLOYMENT
19	ASSOCIATED WHOLESALERS INC	44	CAMBRIDGE LEE INDUSTRIES LLC
20	CITY OF READING	45	STV INC
21	FIRST UNION COMMRCIAL SHARED RSRC LLC	46	UGI UTILITIES INC
22	EXEL LOGISTICS INC	47	MUHLENBERG TOWNSHIP SCHOOL DIST
23	BERKS COUNTY INTERMEDIATE UNIT	48	JETSORT
24	BOYERTOWN AREA SCHOOL DISTRICT	49	CONRAD WEISER AREA SCHOOL DISTRICT
25	FIRST ENERGY SERVICE COMPANY	50	MANPOWER TEMPORARY SERVICE

** Pennsylvania State Government includes all state employment except Pennsylvania State University, SEPTA, and the System of Higher Education.*

Cumberland County

Fifty Largest Employers

Federal and State Government Entities Aggregated

First Quarter 2004 Initial

<i>Rank</i>	<i>Company</i>	<i>Rank</i>	<i>Company</i>
1	FEDERAL GOVERNMENT	27	IBM CORPORATION
2	HIGHMARK BLUE CROSS/BLUE SHIELD	28	CARLISLE TIRE & RUBBER COMPANY
3	HOLY SPIRIT HOSPITAL	29	PINNACLE HEALTH SYSTEM
4	GIANT FOOD STORES LLC	30	SCHNEIDER NAT'L CARRIERS INC
5	STATE GOVERNMENT	31	MECHANICSBURG AREA SCHOOL DISTRICT
6	EXEL LOGISTICS INC	32	MESSIAH VILLAGE
7	EDS RESOURCE MANAGEMENT	33	ROSS STORES INC
8	CUMBERLAND COUNTY	34	ARNOLD LOGISTICS LLC
9	FRY COMMUNICATIONS INC	35	BIG SPRING SCHOOL DISTRICT
10	ROADWAY EXPRESS INC	36	AMES TRUE TEMPER INC
11	CUMBERLAND VALLEY SCHOOL DISTRICT	37	WEST SHORE SCHOOL DISTRICT
12	J F C TEMPS INC	38	WASHINGTON GROUP
13	RITE AID HDQTRS CORP	39	WEIS MARKETS INC
14	DICKINSON COLLEGE	40	CAPITAL BLUE CROSS
15	WAL-MART ASSOCIATES INC	41	UNITED TELEPHONE CO OF PA
16	SHIPPENSBURG UNIVERSITY	42	PPG INDUSTRIES INC
17	SHAFFER TRUCKING	43	PENRAC INC
18	LEAR OPERATIONS CORP	44	FOOT LOCKER OPERATIONS LLC
19	ABF FREIGHT SYSTEMS INCORPORATED	45	CAPITAL AREA INTERMEDIATE UNIT
20	CARLISLE AREA SCHOOL DISTRICT	46	WILLIAMS-SONOMA DIRECT INC
21	GANNETT FLEMING INC	47	SELECT EMPLOYMENT SERVICES
22	OVERNITE TRANSPORTATION COMPANY	48	CARLISLE SYNTEC INCORPORATED
23	MESSIAH COLLEGE	49	HEALTHSOUTH OF
24	CARLISLE REGIONAL MEDICAL	50	EAST PENNSBORO AREA SCHOOL DISTRICT
25	BOOKSPAN		
26	PA DENTAL SERVICE CORPORATION		

** Pennsylvania State Government includes all state employment except Pennsylvania State University, SEPTA, and the System of Higher Education.*

Dauphin County

Fifty Largest Employers

Federal and State Government Entities Aggregated

First Quarter 2004 Initial

<i>Rank</i>	<i>Company</i>	<i>Rank</i>	<i>Company</i>
1	STATE GOVERNMENT	26	C&S WHOLESALE GROCERS INC
2	PINNACLE HEALTH SYSTEM	27	DERRY TOWNSHIP SCHOOL DISTRICT
3	HERSHEY FOODS CORPORATION	28	LOWER DAUPHIN SCHOOL DISTRICT
4	MILTON S HERSHEY	29	PENNA STATE EMPLOYEES CREDIT UNION
5	FEDERAL GOVERNMENT	30	PENN NATIONAL HOLDING CORPORATION
6	HERCO INC	31	WEIS MARKETS INC
7	TYCO ELECTRONICS CORPORATION	32	AMERGEN ENERGY COMPANY LLC
8	DAUPHIN COUNTY	33	PENNSYLVANIA COMMUTER AIRLINES INC
9	CAPITAL BLUE CROSS	34	SYSCO FOOD SERVICES OF CENTRAL
10	CENTRAL DAUPHIN SCHOOL DISTRICT	35	WAYPOINT BANK
11	UNITED PARCEL SERVICE INC	36	MI HOME PRODUCTS INC
12	PENNSYLVANIA STATE UNIVERSITY	37	D & H DISTRIBUTING COMPANY
13	HARRISBURG AREA COMMUNITY COLLEGE	38	SUSQUEHANNA TWP SCHOOL DISTRICT
14	GIANT FOOD STORES LLC	39	CENTRAL FILL INC
15	HARRISBURG SCHOOL DISTRICT	40	WELLCHOICE INC
16	MILTON HERSHEY SCHOOL & SCH TRUST	41	MIDDLETOWN AREA SCHOOL DISTRICT
17	KEYSTONE SERVICE SYSTEMS INC	42	THE DREXEL GROUP INC
18	NATIONWIDE MUTUAL INSURANCE CO	43	VALENTI MANAGEMENT
19	UNITED CONCORDIA COMPANIES INC	44	BISYS INSURANCE SERVICES LP
20	SYNERTECH HEALTH SYSTEM	45	HARRISBURG NEWS CO
21	HARRISBURG,CITY OF	46	PENNSY SUPPLY INC
22	WAL-MART ASSOCIATES INC	47	THE PATRIOT-NEWS COMPANY
23	SUPER RITE FOODS INC	48	VERDELLI FARMS EAST INC.
24	COVENTRY MANAGEMENT SERVICES INC	49	WATKINS MOTOR LINES INC
25	ISG STEELTON INC	50	SERVICEMASTER OF HARRISBURG

* Pennsylvania State Government includes all state employment except Pennsylvania State University, SEPTA, and the System of Higher Education.

Lancaster County

Fifty Largest Employers

Federal and State Government Entities Aggregated

First Quarter 2004 Initial

<i>Rank</i>	<i>Company</i>	<i>Rank</i>	<i>Company</i>
1	LANCASTER GENERAL HOSPITAL	26	ALUMAX MILL PRODUCTS INC.
2	R R DONNELLEY & SONS COMPANY	27	PEPPERIDGE FARM INC
3	MUTUAL ASSISTANCE GROUP	28	ANVIL INTERNATIONAL INC
4	LANCASTER COUNTY	29	CONESTOGA WOOD SPECIALTIES CORP
5	ARMSTRONG WORLD INDUSTRIES INC	30	PERFORMANCE GROUP INC
6	MANHEIMS PA AUCTION SERVICES INC	31	ACME MARKETS INC
7	EPHRATA COMMUNITY HOSPITAL INC	32	SPHERION
8	SCHOOL DISTRICT OF LANCASTER	33	S K H MANAGEMENT CO
9	FEDERAL GOVERNMENT	34	PENN MANOR SCHOOL DISTRICT
10	WEIS MARKETS INC	35	GIANT FOOD STORES LLC
11	QVC INC	36	LANCASTER LABORATORIES INC
12	LANCASTER LEBANON INTERMEDIATE UNIT	37	FRANKLIN & MARSHALL COLLEGE
13	DART CONTAINER CORPORATION	38	HERSHEY FOODS CORPORATION
14	MASONIC HOMES	39	MANHEIM TOWNSHIP SCHOOL DISTRICT
15	TYSON POULTRY INC	40	TYCO ELECTRONICS CORPORATION
16	MILLERSVILLE UNIVERSITY	41	WARWICK SCHOOL DISTRICT
17	HIGH INDUSTRIES INC	42	ADECCO NORTH AMERICA LLC
18	CASE CORPORATION	43	YELLOW FREIGHT SYSTEM INC
19	TURKEY HILL LP	44	KELLOGG U S A INC
20	WILLOW VALLEY MANOR	45	LANCASTER-CITY OF
21	WAL-MART ASSOCIATES INC	46	BOLLMAN HAT COMPANY
22	STATE GOVERNMENT	47	EPHRATA AREA SCHOOL DISTRICT
23	HEMPFIELD SCHOOL DISTRICT	48	CONESTOGA VALLEY SCHOOL DISTRICT
24	LANCASTER REGIONAL MEDICAL	49	A T & T WIRELESS SERVICES INC
25	WARNER-LAMBERT COMPANY	50	LANCASTER NEWSPAPERS INC.

* Pennsylvania State Government includes all state employment except Pennsylvania State University, SEPTA, and the System of Higher Education.

Lebanon County

Fifty Largest Employers

Federal and State Government Entities Aggregated

First Quarter 2004 Initial

<i>Rank</i>	<i>Company</i>	<i>Rank</i>	<i>Company</i>
1	FEDERAL GOVERNMENT	26	MURRY'S INC
2	THE GOOD SAMARITAN HOSPITAL	27	BUTLER MANUFACTURING COMPANY
3	LEBANON COUNTY	28	PACIFIC COAST FEATHER CO INC
4	FARMERS PRIDE INC	29	DUTCHMAN'S COUNTRY MARKET INC
5	PHILHAVEN HOSPITAL	30	ANNVILLE CLEONA SCHOOL DISTRICT
6	WAL-MART ASSOCIATES INC	31	TEMP FORCE LP
7	CORNWALL-LEBANON SCHOOL DISTRICT	32	LUTHERCARE
8	SWIFT TRANSPORTATION CO INC	33	GIANT FOOD STORES LLC
9	TYCO ELECTRONICS CORPORATION	34	WEIS MARKETS INC
10	LEBANON SCHOOL DISTRICT	35	LEBANON, CITY OF
11	STATE GOVERNMENT	36	Y M C A OF LEBANON COUNTY
12	BAYER HEALTHCARE LLC	37	HEARTLAND EMPLOYMENT
13	WALTER H WEABER SONS INC.	38	ASK FOODS INC
14	SID TOOL CO INC	39	WENGERT'S DAIRY INC
15	LEBANON VALLEY COLLEGE	40	PLAIN 'N' FANCY KITCHENS INC
16	EVANGELICAL CONGREGATIONAL	41	BOSCOV'S DEPARTMENT STORE
17	PALMYRA AREA SCHOOL DISTRICT	42	COLLEGE HILL POULTRY
18	INGRAM MICRO CLBT	43	THE SHERWIN-WILLIAMS CO
19	SUPREME MID-ATLANTIC CORP	44	ELK CORPORATION OF TEXAS
20	BC NATURAL CHICKEN LLC	45	FREDERICK CHEVROLET-CADILLAC
21	NORTHERN LEBANON SCHOOL DIST	46	CURWOOD SPECIALTY FILMS
22	EASTERN LEBANON COUNTY SCHOOL DIST	47	SCHOTT NORTH AMERICA INC
23	CORNWALL MANOR OF THE U M C	48	GOOD SAMARITAN PHYSICIAN
24	LEBANON VALLEY BRETHERN HOME	49	PENNSYLVANIA PRECISION
25	BRIGHTBILL TRANSPORTATION INC	50	LEBANON VALLEY FARMERS BANK

* Pennsylvania State Government includes all state employment except Pennsylvania State University, SEPTA, and the System of Higher Education.

York County

Fifty Largest Employers

Federal and State Government Entities Aggregated

First Quarter 2004 Initial

<i>Rank</i>	<i>Company</i>	<i>Rank</i>	<i>Company</i>
1	FEDERAL GOVERNMENT	27	SHEPPARD R H INC
2	YORK HOSPITAL	28	THE PFALTZGRAFF MANUFACTURING CO
3	HARLEY DAVIDSON MOTOR COMPANY	29	CENTRAL YORK SCHOOL DISTRICT
4	YORK COUNTY	30	STATE GOVERNMENT
5	WAL-MART ASSOCIATES INC	31	GRAHAM PACKAGING COMPANY
6	GIANT FOOD STORES LLC	32	WEST SHORE SCHOOL DISTRICT
7	YORK INTERNATIONAL CORPORATION	33	WILMAC CORP
8	UTZ QUALITY FOODS INC	34	SOUTH WESTERN SCHOOL DISTRICT
9	BON TON STORES INC	35	SNYDERS OF HANOVER
10	P H GLATFELTER COMPANY	36	CHR CORP
11	WEIS MARKETS INC	37	D F STAUFFER BISCUIT COMPANY INC
12	HANOVER GENERAL HOSPITAL	38	SKI ROUNDTOP
13	UNITED DEFENSE LP	39	SPRING GROVE AREA SCHOOL DISTRICT
14	LINCOLN INTERMEDIATE UNIT	40	J E BAKER COMPANY
15	YORK CITY SCHOOL DISTRICT	41	DOVER AREA SCHOOL DISTRICT
16	KINSLEY CONSTRUCTION INC	42	WELLSPAN HEALTH
17	BOOKSPAN	43	THE MAPLE PRESS CO INC
18	FEDEX GROUND	44	NEW YORK WIRE CO
19	MEMORIAL HOSPITAL	45	NORTHERN YORK COUNTY SCHOOL DIST
20	DENTSPLY PROSTHETICS INC	46	WEST YORK AREA SCHOOL DISTRICT
21	YORK COLLEGE OF PENNSYLVANIA	47	NELL'S INC
22	DALLASTOWN AREA SCHOOL DISTRICT	48	EASTERN YORK SCHOOL DISTRICT
23	LUTHERN SOCIAL SERVICES SOUTH PA	49	SOUTHERN YORK COUNTY SCHOOL DISTRICT
24	RED LION AREA SCHOOL DISTRICT	50	KEY PLASTICS LLC
25	HEARTLAND EMPLOYMENT		
26	WELLSPAN MEDICAL GROUP		

* Pennsylvania State Government includes all state employment except Pennsylvania State University, SEPTA, and the System of Higher Education.

Appendix III-1

Medicare Advantage Plans – 2005

Dauphin County

<u>Product</u>	<u>Premium</u>	<u>Benefits</u>
Geisinger Health Plan Gold Classic	\$78	Vision, No Drug
Geisinger Health Plan Gold Select	\$30	Vision, No Drug
Keystone Health Plan Central Senior Blue-1	\$167	Drug, No Vision
Sterling Life Insurance Co. Sterling Option 1	\$28	Vision, No Drug

Lancaster County

<u>Product</u>	<u>Premium</u>	<u>Benefits</u>
Amerihealth 65	\$0	Vision, Dental, No Drug
Geisinger Health Plan Gold Classic	\$78	Vision, No Drug
Geisinger Health Plan Gold Select	\$30	Vision, No Drug
Sterling Life Insurance Co. Sterling Option 1	\$28	Vision, No Drug

Lebanon County

<u>Product</u>	<u>Premium</u>	<u>Benefits</u>
Geisinger Health Plan Gold Classic	\$78	Vision, No Drug
Geisinger Health Plan Gold Select	\$30	Vision, No Drug
Sterling Life Insurance Co. Sterling Option 1	\$28	Vision, No Drug

Cumberland County

<u>Product</u>	<u>Premium</u>	<u>Benefits</u>
Keystone Health Plan Central Senior Blue-2	\$104	Drug, No Vision
Sterling Life Insurance Co. Sterling Option 1	\$28	Vision, No Drug

York County

<u>Product</u>	<u>Premium</u>	<u>Benefits</u>
Sterling Life Insurance Co. Sterling Option 1	\$28	Vision, No Drug

Berks County

<u>Product</u>	<u>Premium</u>	<u>Benefits</u>
Amerihealth 65	\$0	Vision, Dental, No Drug
Keystone Health Plan Central Senior Blue-2	\$104	Drug, No Vision
Sterling Life Insurance Co. Sterling Option 1	\$28	Vision, No Drug

Appendix IV-1

Capital BlueCross - Key Statutory Financial Statistics 2003

	Capital Advantage Ins Co (P&C)				CBC (HMDI)				Capital - Non-HMO				Keystone Health Plan Central (HMO)			
	2003 Reported	Key Ratios			2003 Reported	Key Ratios			2003 Reported	Key Ratios			2003 Reported	Key Ratios		
	PMPM	Percent Eq Prem	Percent Claims	PMPM	Percent Eq Prem	Percent Claims	PMPM	Percent Eq Prem	Percent Claims	PMPM	Percent Eq Prem	Percent Claims	PMPM	Percent Eq Prem	Percent Claims	
Membership																
Member Months	6,908,218			2,353,490			9,261,708			1,717,708						
Equivalent Premiums +	1,069,040,466			520,431,473			1,589,471,939			442,449,828						
Revenues																
Net Premiums (A&H)	933,345,916	135.11		378,491,263	160.82		1,311,837,179	141.64		448,997,823	261.39					
Other	(11,526,261)	(1.67)		29,550,433	12.56		18,024,172	1.95		-	-					
TOTAL Revenues	921,819,655	133.44		408,041,696	173.38		1,329,861,351	143.59		448,997,823	261.39					
Medical Expenditures																
Non-Prescription Drugs	835,048,085	120.88		142,887,228	60.71		977,935,313	105.59		342,940,430	199.65					
Prescription Drugs	57,263,146	8.29		138,570,941	58.88		195,834,087	21.14		32,536,352	18.94					
TOTAL Medical Expenditures	892,311,231	129.17	83.5%	281,458,169	119.59	54.1%	1,173,769,400	126.73	73.8%	375,476,782	218.59	84.9%				
Reinsurance																
Net Recoveries	-	-	0.0%	-	-	0.0%	-	-	0.0%	670,810	0.39	0.2%	0.2%			
Expenses																
Salaries and Payroll Taxes	86,056,568	12.46	8.0%	52,905,833	22.48	10.2%	138,962,401	15.00	8.7%	19,579,713	11.40	4.4%	5.2%			
Commissions	19,978,368	2.89	1.9%	4,441,546	1.89	0.9%	24,419,914	2.64	1.5%	-	0.0%	0.0%	0.0%			
Audit, Actuarial & Consulting	7,711,193	1.12	0.7%	23,686,992	10.06	4.6%	31,398,185	3.39	2.0%	1,530,166	0.89	0.3%	0.4%			
Marketing and Advertising	7,968,318	1.15	0.7%	850,660	0.36	0.2%	8,818,978	0.95	0.6%	1,532,769	0.89	0.3%	0.4%			
Equipment	3,457,185	0.50	0.3%	7,986,913	3.39	1.5%	11,444,098	1.24	0.7%	160,606	0.09	0.0%	0.0%			
Outsourced Services	27,973,816	4.05	2.6%	-	-	0.0%	27,973,816	3.02	1.8%	14,609,547	8.51	3.3%	3.9%			
Reimbursements from Uninsured A&H Plan	(27,138,910)	(3.93)	-2.5%	(28,388,042)	(12.06)	-5.5%	(55,526,952)	(6.00)	-3.5%	1,309,599	0.76	0.3%	0.3%			
Reimbursements from Fiscal Intermediaries	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%	0.0%			
State & Local Insurance Taxes	-	-	0.0%	-	-	0.0%	-	-	0.0%	1,975,885	1.15	0.4%	0.5%			
State Premium Taxes	18,546,074	2.68	1.7%	-	-	0.0%	18,546,074	2.00	1.2%	-	-	0.0%	0.0%			
Other	18,166,328	2.63	1.7%	5,699,851	2.42	1.1%	23,866,179	2.58	1.5%	5,356,734	3.12	1.2%	1.4%			
Total Exp. Excluding Reimb	189,857,850	27.48	17.8%	95,571,795	40.61	18.4%	285,429,645	30.82	18.0%	44,745,420	26.05	10.1%	11.9%			
TOTAL Expenses	162,718,940	23.55	15.2%	67,183,753	28.55	12.9%	229,902,693	24.82	14.5%	46,055,019	26.81	10.4%	12.3%			
Claims Adjustment Expense	52,917,253	7.66	4.9%	17,262,095	7.33	3.3%	17,179,348	7.58	4.4%	16,367,031	9.53	3.7%	4.4%			
General Administrative Expense	109,801,687	15.89	10.3%	49,921,658	21.21	9.6%	159,723,345	17.25	10.0%	29,687,988	17.28	6.7%	7.9%			
Incr in Res for Life and A&H Contracts	-	-	0.0%	-	-	0.0%	-	-	0.0%	(37,076)	(0.02)	0.0%	0.0%			
Net Underwriting Gain/(Loss)	(133,210,516)	(19.28)	-12.5%	59,399,774	25.24	11.4%	(73,810,742)	(7.97)	-4.6%	28,173,908	16.40	6.4%	7.5%			
Investment Earnings																
Investment Income	7,524,601	1.09	0.7%	18,428,311	7.83	3.5%	25,952,912	2.80	1.6%	1,136,242	0.66	0.3%	0.3%			
Net Realized Capital Gains	1,151,548	0.17	0.1%	(2,473,918)	(1.05)	-0.5%	(1,322,370)	(0.14)	-0.1%	17,672	0.01	0.0%	0.0%			
TOTAL Investment Earnings	8,676,149	1.26	0.8%	15,954,393	6.78	3.1%	24,630,542	2.66	1.5%	1,153,914	0.67	0.3%	0.3%			
Write-Ins																
Other Contractual Income/(Expense)	7,138,467	1.03	0.7%	6,331,817	2.69	1.2%	13,470,284	1.45	0.8%	14,058	0.01	0.0%	0.0%			
Other Expense	961,564	0.14	0.1%	-	-	0.0%	961,564	0.10	0.1%	-	-	0.0%	0.0%			
Ancillary Income	654,716	0.09	0.1%	-	-	0.0%	654,716	0.07	0.0%	-	-	0.0%	0.0%			
TOTAL Write-ins	8,754,747	1.27	0.8%	6,331,817	2.69	1.2%	15,086,564	1.63	0.9%	14,058	0.01	0.0%	0.0%			
Net Income																
Net Income Before FIT	(115,779,620)	(16.76)	-10.8%	81,685,984	34.71	15.7%	(34,093,636)	(3.68)	-2.1%	29,341,880	17.08	6.6%	7.8%			
Federal Income Tax	(41,675,619)	(6.03)	-3.9%	23,135,537	9.83	4.4%	(18,540,082)	(2.00)	-1.2%	7,688,616	4.48	1.7%	2.0%			
Net Income After FIT	(74,104,001)	(10.73)	-6.9%	58,550,447	24.88	11.3%	(52,633,718)	(5.68)	-3.3%	21,653,264	12.61	4.9%	5.8%			

+ Equivalent Premiums are derived as Net Premiums plus an estimate of "uninsured" equivalent premiums based on Reimbursement Amounts (lines 19 & 20 of Underwriting and Investment Exhibit - Part 3 - Analysis of Expenses) (estimated as Reimbursements divided by 20%)

* Treated as Income

Excludes Statements for:

- Avalon, LTD
- Avalon, LTD (New York)
- Capital Administrative Services
- Consolidated Benefits, Inc.
- Keystone Health Plan Management Company
- Keystone Practice Management, Inc.

Appendix IV-2

Highmark - Key Statutory Financial Statistics 2003

	Highmark, Inc. (HMDI)				HealthGuard of Lancaster (HMO)			
	2003 Reported	Key Ratios			2003 Reported	Key Ratios		
		PMPM	Percent Eq Prem	% Claims		PMPM	Percent Eq Prem	% Claims
Membership								
Member Months	41,237,012				763,637			
Equivalent Premiums +	7,195,313,516				148,519,998			
Revenues								
Net Premiums (A&H)	3,930,937,181	95.33			148,519,998	194.49		
Other	-	-			(463,235)	(0.61)		
TOTAL Revenues	3,930,937,181	95.33			148,056,763	193.88		
Medical Expenditures								
Non-Prescription Drugs	2,982,632,791	72.33			124,187,241	162.63		
Prescription Drugs	534,692,734	12.97			19,749,063	25.86		
TOTAL Medical Expenditures	3,517,325,525	85.30	48.9%		143,936,304	188.49	96.9%	
Reinsurance								
Net Recoveries	28,213,464	0.68	0.4%	0.8%	896,082	1.17	0.6%	0.6%
Expenses								
Salaries and Payroll Taxes	532,207,827	12.91	7.4%	15.1%	5,996,094	7.85	4.0%	4.2%
Commissions	77,232,908	1.87	1.1%	2.2%	-	-	0.0%	0.0%
Audit, Actuarial & Consulting	21,212,206	0.51	0.3%	0.6%	577,642	0.76	0.4%	0.4%
Marketing and Advertising	30,945,769	0.75	0.4%	0.9%	591,324	0.77	0.4%	0.4%
Equipment	2,909,684	0.07	0.0%	0.1%	141,599	0.19	0.1%	0.1%
Outsourced Services	178,570,691	4.33	2.5%	5.1%	304,006	0.40	0.2%	0.2%
Reimbursements by Uninsured A&H Plans	(574,794,072)	(13.94)	-8.0%	-16.3%	-	-	0.0%	0.0%
Reimbursements from Fiscal Intermediaries	(78,081,195)	(1.89)	-1.1%	-2.2%	-	-	0.0%	0.0%
State & Local Insurance Taxes	-	-	0.0%	0.0%	-	-	0.0%	0.0%
State Premium Taxes	-	-	0.0%	0.0%	1,162	0.00	0.0%	0.0%
Other	263,826,811 *	6.40	3.7%	7.5%	7,108,986 **	9.31	4.8%	4.9%
Total Exp. Excluding Reimb	1,106,905,896	26.84	15.4%	31.5%	14,720,813	19.28	9.9%	10.2%
TOTAL Expenses	454,030,629	11.01	6.3%	12.9%	14,720,813	19.28	9.9%	10.2%
Claims Adjustment Expense	227,613,738	5.52	3.2%	6.5%	4,345,588	5.69	2.9%	3.0%
General Administrative Expense	226,416,891	5.49	3.1%	6.4%	10,375,225	13.59	7.0%	7.2%
Incr in Res for Life and A&H Contracts	28,000,000	0.68	0.4%	0.8%	-	-	0.0%	0.0%
Net Underwriting Gain/(Loss)	(40,205,509)	(0.97)	-0.6%	-1.1%	(9,704,272)	(12.71)	-6.5%	-6.7%
Investment Earnings								
Investment Income	51,044,508	1.24	0.7%	1.5%	1,138,296	1.49	0.8%	0.8%
Net Realized Capital Gains	(27,679,318)	(0.67)	-0.4%	-0.8%	35,193	0.05	0.0%	0.0%
TOTAL Investment Earnings	23,365,190	0.57	0.3%	0.7%	1,173,489	1.54	0.8%	0.8%
Write-Ins								
Unreimb Exp Allocated to Subsid and Affil	3,658,212	0.09	0.1%	0.1%	-	-	0.0%	0.0%
Unreimb Exp Allocated to Medicare	(3,030,357)	(0.07)	0.0%	-0.1%	-	-	0.0%	0.0%
Miscellaneous Expense	(28,398,741)	(0.69)	-0.4%	-0.8%	-	-	0.0%	0.0%
TOTAL Write-ins	(27,770,886)	(0.67)	-0.4%	-0.8%	586,882 ***	0.77	0.4%	0.4%
Net Income								
Net Income Before FIT	(44,611,205)	(1.08)	-0.6%	-1.3%	(7,943,901)	(10.40)	-5.3%	-5.5%
Federal Income Tax	(31,430,444)	(0.76)	-0.4%	-0.9%	(2,751,721)	(3.60)	-1.9%	-1.9%
Net Income After FIT	(13,180,761)	(0.32)	-0.2%	-0.4%	(5,192,180)	(6.80)	-3.5%	-3.6%

+ Equivalent Premiums are derived as Net Premiums plus an estimate of "uninsured" equivalent premiums based on Reimbursement Amounts (lines 19 & 20 of Underwriting and Investment Exhibit - Part 3 - Analysis of Expenses) (estimated as Reimbursements divided by 20%)

* Large Other Highmark Expenses include: \$195M Cost Containment Expense (write-in); \$81M Cost or Deprec. Of EDP Equipment and Software; \$39M Postage, Express & Telephone; Offset by (\$168M) Overflow write-ins

** Large Other HealthGuard Expenses include: \$3.7M Group Service and Admin Fees; \$0.8M Cost or Deprec. Of EDP Equip & Software; \$0.5M Rent

*** HealthGuard Write-ins are mainly "Other Income"

Excludes Statements for:

Highmark Casualty which reports \$22M of A&H Net Premiums Written (primarily a Workers Comp Carrier)

Highmark Life which reports \$162M of Group A&H Net Premiums (partly Ordinary and Group Life Carrier)

Appendix IV-3

Coventry - Key Statutory Financial Statistics 2003

	HealthAssurance of PA (RANLI PPO)				HealthAmerica of PA (HMO - Fed Qual)			
	2003 Reported	Key Ratios			2003 Reported	Key Ratios		
		PMPM	Percent Eq Prem	% Claims		PMPM	Percent Eq Prem	% Claims
Membership								
Member Months	3,690,176				3,164,228			
Equivalent Premiums +	602,796,961				747,627,059			
Revenues								
Net Premiums (A&H)	602,796,961	163.35			707,491,559	223.59		
Other	-	-			9,852	0.00		
TOTAL Revenues	602,796,961	163.35			707,501,411	223.59		
Medical Expenditures								
Non-Prescription Drugs	436,212,586	118.21			548,129,017	173.23		
Prescription Drugs	62,367,358	16.90			81,848,661	25.87		
TOTAL Medical Expenditures	498,579,944	135.11	82.7%		629,977,678	199.09	84.3%	
Reinsurance								
Net Recoveries	4,891,583	1.33	0.8%	1.0%	3,857,548	1.22	0.5%	0.6%
Expenses								
Salaries and Payroll Taxes	24,122,084	6.54	4.0%	4.8%	33,664,956	10.64	4.5%	5.3%
Commissions	18,453,410	5.00	3.1%	3.7%	6,970,243	2.20	0.9%	1.1%
Audit, Actuarial & Consulting	6,827,707	1.85	1.1%	1.4%	3,429,893	1.08	0.5%	0.5%
Marketing and Advertising	75,599	0.02	0.0%	0.0%	3,075,784	0.97	0.4%	0.5%
Equipment	157,015	0.04	0.0%	0.0%	1,158,437	0.37	0.2%	0.2%
Outsourced Services	116,307	0.03	0.0%	0.0%	887,871	0.28	0.1%	0.1%
Reimbursements by Uninsured A&H Plans	-	-	0.0%	0.0%	(8,027,100)	(2.54)	-1.1%	-1.3%
Reimbursements from Fiscal Intermediaries	-	-	0.0%	0.0%	-	-	0.0%	0.0%
State & Local Insurance Taxes	2,321,811	0.63	0.4%	0.5%	1,389,726	0.44	0.2%	0.2%
State Premium Taxes	38,520	0.01	0.0%	0.0%	128,330	0.04	0.0%	0.0%
Other	36,982,091 *	10.02	6.1%	7.4%	22,323,937 **	7.06	3.0%	3.5%
Total Exp. Excluding Reimb	89,094,544	24.14	14.8%	17.9%	73,029,177	23.08	9.8%	11.6%
TOTAL Expenses	89,094,544	24.14	14.8%	17.9%	65,002,077	20.54	8.7%	10.3%
Claims Adjustment Expense	12,365,462	3.35	2.1%	2.5%	17,406,197	5.50	2.3%	2.8%
General Administrative Expense	76,729,082	20.79	12.7%	15.4%	47,595,880	15.04	6.4%	7.6%
Incr in Res for Life and A&H Contracts	(3,610,125)	(0.98)	-0.6%	-0.7%	(2,837,855)	(0.90)	-0.4%	-0.5%
Net Underwriting Gain/(Loss)	23,624,181	6.40	3.9%	4.7%	19,217,059	6.07	2.6%	3.1%
Investment Earnings								
Investment Income	3,202,503	0.87	0.5%	0.6%	6,148,845	1.94	0.8%	1.0%
Net Realized Capital Gains	(177,770)	(0.05)	0.0%	0.0%	31,957	0.01	0.0%	0.0%
TOTAL Investment Earnings	3,024,733	0.82	0.5%	0.6%	6,180,802	1.95	0.8%	1.0%
Write-Ins								
Other Contractual Income/(Expense)	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Other Expense	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Ancillary Income	-	-	0.0%	0.0%	-	-	0.0%	0.0%
TOTAL Write-ins	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Net Income								
Net Income Before FIT	26,648,914	7.22	4.4%	5.3%	25,397,861	8.03	3.4%	4.0%
Federal Income Tax	8,038,931	2.18	1.3%	1.6%	4,898,903	1.55	0.7%	0.8%
Net Income After FIT	18,609,983	5.04	3.1%	3.7%	20,498,958	6.48	2.7%	3.3%

+ Equivalent Premiums are derived as Net Premiums plus an estimate of "uninsured" equivalent premiums based on Reimbursement Amounts (lines 19 & 20 of Underwriting and Investment Exhibit - Part 3 - Analysis of Expenses) (estimated as Reimbursements divided by 20%)

* Large HealthAssurance Other Expenses include: \$14.2M Other Expense (write-in); \$9.6M Other Taxes, Licenses and Fees; \$5.3M Occupancy, Depreciation & Amortization

** Large HealthAmerica Other Expenses include: \$4.8M Other Taxes, Licenses and Fees; \$3.8M Printing and Office Supplies; \$2.9M Occupancy, Depreciation & Amortization; \$2.8M Postage, Express and Telephone; \$2.5M Rent; \$2.3M Other Expense (write-in)

Appendix IV-4

Geisinger - Key Statutory Financial Statistics 2003

	Geisinger Indemnity (P&C)				Geisinger Health Plan (HMO)			
	2003 Reported	Key Ratios			2003 Reported	Key Ratios		
		PMPM	Percent Eq Prem	% Claims		PMPM	Percent Eq Prem	% Claims
Membership								
Member Months	12,358				2,565,436			
Equivalent Premiums +	21,601,689				661,328,820			
Revenues								
Net Premiums (A&H)	1,739,219	140.74			641,960,685	250.23		
Other	-	-			-	-		
TOTAL Revenues	1,739,219	140.74			641,960,685	250.23		
Medical Expenditures								
Non-Prescription Drugs	1,435,758	116.18			514,944,581	200.72		
Prescription Drugs	237,712	19.24			59,679,630	23.26		
TOTAL Medical Expenditures	1,673,470	135.42	7.7%		574,624,211	223.99	86.9%	
Reinsurance								
Net Recoveries	-	-	0.0%	0.0%	39,951	0.02	0.0%	0.0%
Expenses								
Salaries and Payroll Taxes	2,500,489	202.34	11.6%	149.4%	43,790,367	17.07	6.6%	7.6%
Commissions	130,915	10.59	0.6%	7.8%	2,256,074	0.88	0.3%	0.4%
Audit, Actuarial & Consulting	95,923	7.76	0.4%	5.7%	1,384,551	0.54	0.2%	0.2%
Marketing and Advertising	123,546	10.00	0.6%	7.4%	2,135,408	0.83	0.3%	0.4%
Equipment	123	0.01	0.0%	0.0%	2,149	0.00	0.0%	0.0%
Outsourced Services	206,189	16.68	1.0%	12.3%	2,884,480	1.12	0.4%	0.5%
Reimbursements by Uninsured A&H Plans	(3,972,494)	(321.45)	-18.4%	-237.4%	(3,873,627)	(1.51)	-0.6%	-0.7%
Reimbursements from Fiscal Intermediaries	-	-	0.0%	0.0%	-	-	0.0%	0.0%
State & Local Insurance Taxes	-	-	0.0%	0.0%	-	-	0.0%	0.0%
State Premium Taxes	35,031	2.83	0.2%	2.1%	-	-	0.0%	0.0%
Other	1,194,169 *	96.63	5.5%	71.4%	15,229,319 **	5.94	2.3%	2.7%
Total Exp. Excluding Reimb	4,286,385	346.85	19.8%	256.1%	67,682,348	26.38	10.2%	11.8%
TOTAL Expenses	313,891	25.40	1.5%	18.8%	63,808,721	24.87	9.6%	11.1%
Claims Adjustment Expense	(42,000)	(3.40)	-0.2%	-2.5%	22,918,263	8.93	3.5%	4.0%
General Administrative Expense	355,891	28.80	1.6%	21.3%	40,890,458	15.94	6.2%	7.1%
Incr in Res for Life and A&H Contracts	-	-	0.0%	0.0%	-	-	0.0%	0.0%
Net Underwriting Gain/(Loss)	(248,142)	(20.08)	-1.1%	-14.8%	3,567,704	1.39	0.5%	0.6%
Investment Earnings								
Investment Income	18,471	1.49	0.1%	1.1%	2,654,571	1.03	0.4%	0.5%
Net Realized Capital Gains	-	-	0.0%	0.0%	942,390	0.37	0.1%	0.2%
TOTAL Investment Earnings	18,471	1.49	0.1%	1.1%	3,596,961	1.40	0.5%	0.6%
Write-Ins								
Miscellaneous Income	390,231	31.58	1.8%	23.3%	2,772,115	1.08	0.4%	0.5%
XXX	-	-	0.0%	0.0%	-	-	0.0%	0.0%
XXX	-	-	0.0%	0.0%	-	-	0.0%	0.0%
TOTAL Write-ins	390,231	31.58	1.8%	23.3%	2,772,115	1.08	0.4%	0.5%
Net Income								
Net Income Before FIT	160,560	12.99	0.7%	9.6%	9,936,780	3.87	1.5%	1.7%
Federal Income Tax	3,211	0.26	0.0%	0.2%	12,186	0.00	0.0%	0.0%
Net Income After FIT	157,349	12.73	0.7%	9.4%	9,924,594	3.87	1.5%	1.7%

+ Equivalent Premiums are derived as Net Premiums plus an estimate of "uninsured" equivalent premiums based on Reimbursement Amounts (lines 19 & 20 of Underwriting and Investment Exhibit - Part 3 - Analysis of Expenses) (estimated as Reimbursements divided by 20%)

* Large Geisinger Indemnity Other Expenses include: \$370K Insurance, except on real estate; \$270K Collection and Bank Service Charges; \$179K Rent; \$150K Printing and Office Supplies

** Large Geisinger HP Other Expenses include: \$4.8M Insurance, except on real estate; \$3.1M Rent; \$2.1M Printing and Office Supplies; \$1.7M Postage, Express and Telephone

Appendix V-1

Summary Financial Statistics for General Acute Care Hospitals Greater Harrisburg Area

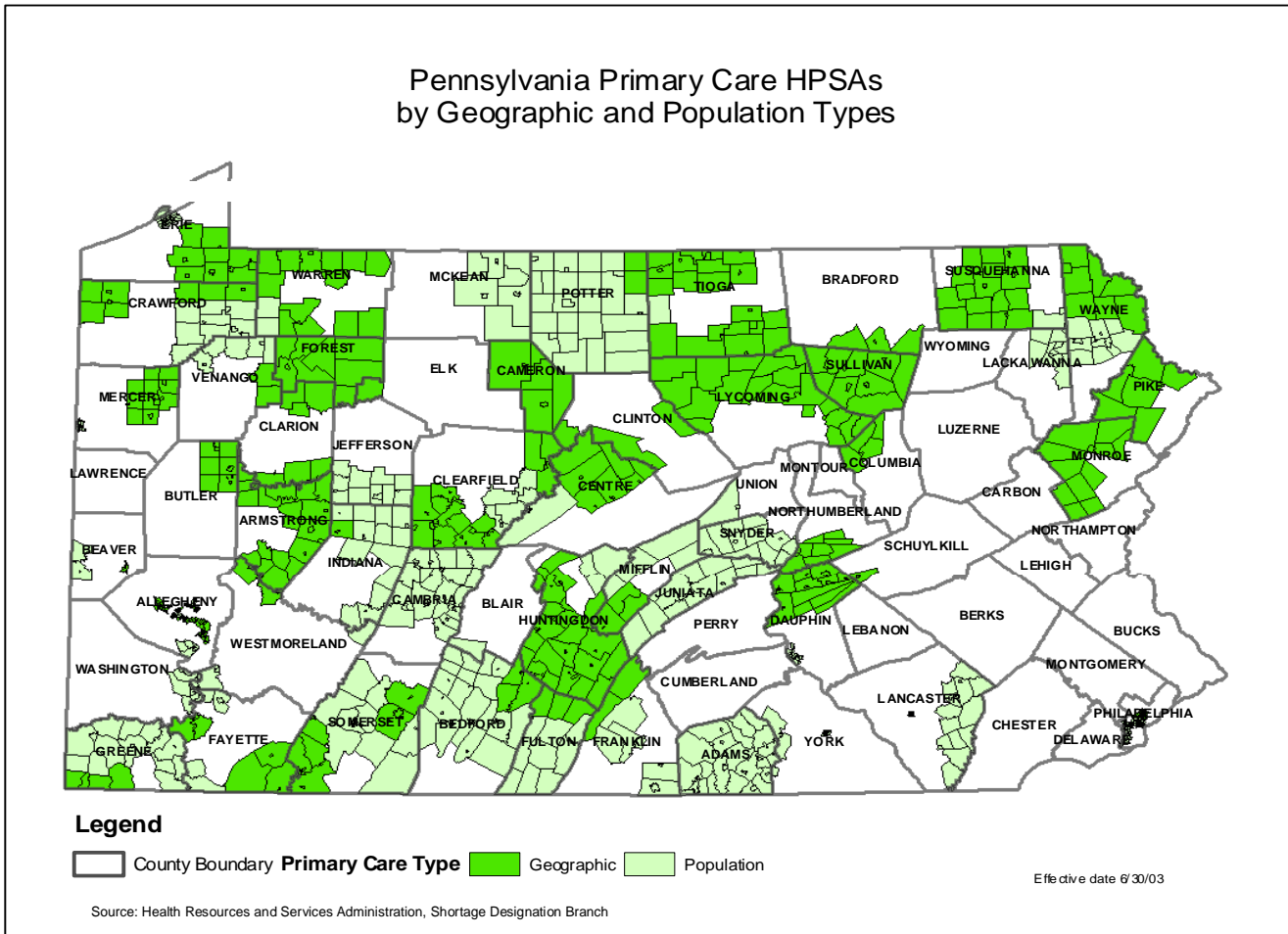
	(millions)				(thousands)	(thousands)	(thousands)	(percent)
	Net	Operating	Total	Total	Operating	Operating	Net	Net
	Patient	Margin	Margin	Margin	Revenue	Income	Income	Income
	Revenue	FY03	FY03	FY03	FY03	FY03	FY03	FY03
	FY03	FY03	FY03	FY01-FY03	FY03	FY03	FY03	FY03
Lancaster General Hospital	\$ 417	9.70%	10.08%	6.78%	\$ 437,648	\$ 42,467	\$ 44,308	10.1%
Pinnacle Health System (Harrisburg, Polyclinic & CGO)	396	1.03%	2.16%	0.07%	407,684	4,204	8,905	2.2%
York Hospital	379	5.42%	4.30%	6.21%	391,421	21,202	16,648	4.3%
Milton S. Hershey Medical Center	369	2.23%	3.09%	1.77%	391,464	8,740	12,208	3.1%
Reading Hospital	368	4.92%	5.29%	7.40%	379,720	18,697	20,164	5.3%
Holy Spirit Hospital	152	2.99%	0.85%	2.94%	157,872	4,716	1,308	0.8%
St. Josephs Medical Center/Reading	140	6.96%	7.00%	7.34%	141,548	9,854	9,916	7.0%
Ephrata Community Hospital	96	3.43%	3.87%	6.36%	98,425	3,373	3,825	3.9%
Good Samaritan/Lebanon Hospital	96	1.29%	1.28%	3.70%	100,569	1,297	1,292	1.3%
Lancaster Regional Hospital	95	19.73%	10.85%	9.40%	96,343	19,008	10,454	10.9%
Carlisle Regional Medical Center	86	15.19%	9.36%	9.17%	87,554	13,299	8,197	9.4%
Hanover Hospital	73	-1.04%	-0.21%	0.56%	74,057	(771)	(159)	-0.2%
Memorial York Hospital	57	0.58%	0.87%	0.47%	58,406	340	508	0.9%
Community Lancaster Hospital	39	5.64%	3.47%	8.33%	39,348	2,220	1,365	3.5%
All Area Hospitals	\$ 2,763	5.20%	4.84%	4.74%	\$ 2,862,059	\$ 148,646	\$ 138,939	4.9%

Appendix V-2

Summary Financial Statistics for Ambulatory Surgical Centers Greater Harrisburg Area

	(thousands)	Net	Operating	Total	Total
		Patient	Margin	Margin	Margin
		Revenue	FY03	FY03	FY01-FY03
		FY03	FY03	FY03	FY01-FY03
Apple Hill	\$	11,603	33.11%	33.21%	29.55%
Susquehanna Valley SurgiCenter	\$	6,422	25.39%	25.32%	18.50%
West Shore SurgiCenter	\$	6,287	22.37%	22.41%	N/A
West Shore Endoscopy	\$	5,368	43.63%	43.65%	38.61%
HealthSouth SurgiCenter of Lancaster	\$	5,310	1.41%	1.41%	0.33%
SurgiCenter of York	\$	5,095	14.33%	14.33%	13.26%
Reading SurgiCenter	\$	4,830	35.20%	35.20%	N/A
Grandview Surgery and Laser	\$	4,093	-21.77%	-21.77%	14.25%
Exeter SurgiCenter (HealthSouth)	\$	4,044	9.70%	9.70%	87.20%
Lebanon Outpatient SurgiCenter	\$	3,421	9.84%	9.98%	10.65%
Hanover SurgiCenter	\$	2,456	14.40%	14.38%	17.53%
GrandView SurgiCenter	\$	2,098	34.63%	34.63%	32.42%
Carlisle Regional SurgiCenter	\$	2,035	6.47%	6.47%	N/A
Ophthalmology SurgiCenter	\$	1,970	-7.30%	-4.86%	2.43%
Harrisburg Endoscopy and SurgiCenter	\$	1,784	0.05%	0.05%	N/A
Digestive Disease Institute	\$	1,658	4.89%	4.89%	-0.78%
Pennsylvania Eye SurgiCenter	\$	1,593	45.68%	46.00%	40.64%
Carlisle Endoscopy	\$	1,547	0.96%	0.96%	N/A
York Endoscopy	\$	1,234	36.08%	36.08%	N/A
Valley View SurgiCenter	\$	1,057	-0.27%	-0.06%	20.37%
Center for Reproductive	\$	778	29.30%	29.30%	N/A
Leader SurgiCenter	\$	690	41.27%	41.27%	24.02%
Penn Surgery Institute	\$	348	-94.41%	-94.41%	-13.35%
Cumberland SurgiCenter	\$	185	-0.15%	-0.15%	N/A
All Area ASCs	\$	75,906	18.55%	18.65%	N/A
Area ASCs w/ Reported 3-year Margin	\$	57,226	24.61%	24.73%	24.44%

Primary Care Physician Shortage Areas



Health Professional Shortage Areas (HPSAs) are defined service areas that demonstrate a critical shortage of primary care physicians.

Geographic HPSAs evaluate the shortage using the total population of the area and the total providers in the area.

Population HPSAs evaluate the shortage using an identified population groups such as persons below 200% of poverty and the providers who are available to serve this population.

Source: Special Report on the Characteristics of the Physician Population, PA DOH, January, 2004 - Appendix 1



**Susquehanna Actuarial
Consulting, Inc.**

4002 Linglestown Rd.

Suite B

Harrisburg, PA 17112

(717) 657-9400