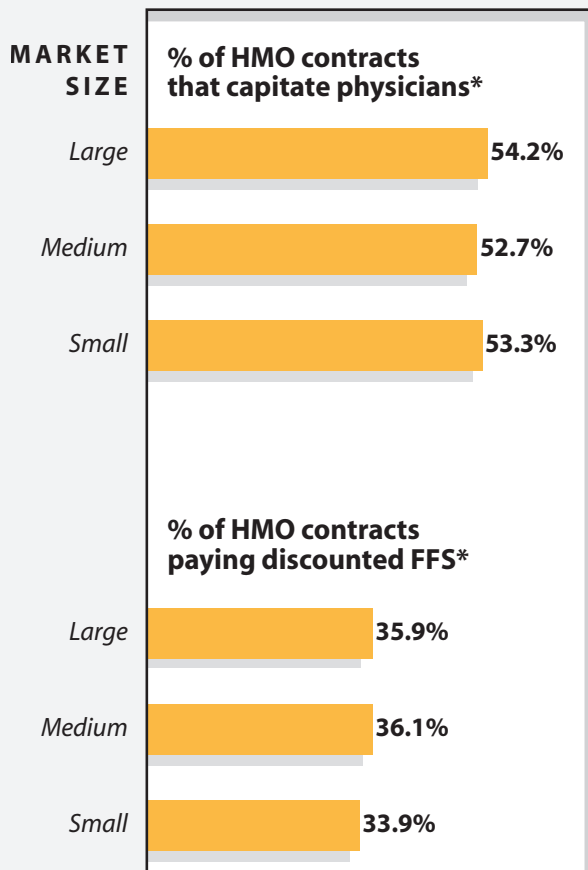


COMPENSATION MONITOR

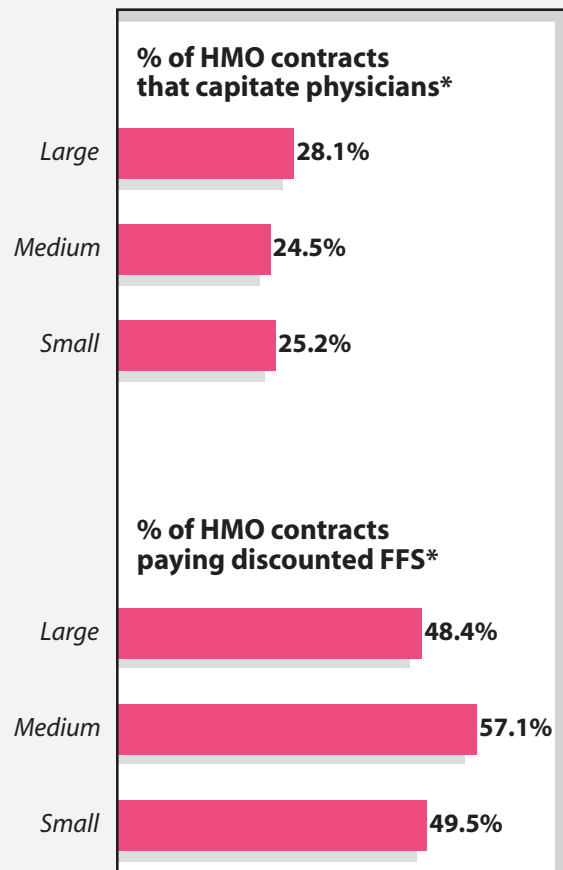
All health care is local, but its financing is universal

An analysis of HMO payment systems reveals remarkable uniformity, regardless of market size. Capitation is HMOs' favored method of reimbursement for primary care physicians, while discounted fee for service is the primary order of business for HMOs when contracting with specialists. Whether the market size is 2 million or 200,000, the share of primary care physicians and specialists in each market who are capitated or paid on a fee-for-service basis is virtually the same.

PRIMARY CARE PHYSICIANS



SPECIALISTS



*Average of all markets in each market-size category. Figures are as of July 1, 1997.

Large market: population over 1 million
Medium market: population 250,000 to 1 million
Small market: population under 250,000

SOURCE: REGIONAL MARKET ANALYSIS 8.1, INTERSTUDY PUBLICATIONS, MINNEAPOLIS, 1998