

HEALTHY PAY FOR HEALTH PLAN EXECUTIVES

INTRODUCTION

As Congress moves closer to considering patients' rights legislation, the managed care and insurance industries are working hard to convince the public that the cost of patients' rights legislation will cause working families to lose health insurance coverage. This public relations campaign is both misleading and self-serving.

The cost of the Bipartisan Patient Protection Act of 2001—introduced in the United States Senate by Senators John McCain, John Edwards, and Edward Kennedy—is considerably lower than the annual premium increases imposed by managed care plans and insurance companies in the past year. According to the Congressional Budget Office, the Bipartisan Patient Protection Act of 2001 would add approximately 4.2 percent to premium costs, and that amount includes an approximate 0.8 percent increase to cover the new legal liability provisions that strengthen health plan accountability.¹ In fact, the increase in premiums associated with implementation of patient protections costs just pennies a day. By way of contrast, annual premiums for employer-sponsored coverage have increased on average 10.3 percent from 2000 to 2001.²

In their public relations campaign about increased premium costs associated with implementation of patient protections, the managed care and insurance industries have avoided addressing a self-serving cost issue: compensation for top executives in managed care companies. Yet, the remuneration provided to top-level executives of the largest managed health care companies—in terms of both annual compensation and unexercised stock options—is extraordinarily high.

This report examines compensation in the year 2000 for the highest-paid executives of the 10 for-profit, publicly traded companies that own health plans serving multiple states. These include: Aetna Inc.; CIGNA Corporation; Coventry Health Care Inc.; Health Net, Inc.; Humana Inc.;

Oxford Health Plans, Inc.; PacifiCare Health Systems, Inc.; Sierra Health Services, Inc.; UnitedHealth Group Corporation; and WellPoint Health Networks Inc. The compensation-related data for this report is based exclusively on the information provided by those companies to the Securities and Exchange Commission (SEC).³

The information collected from the SEC for this report examines two categories of executive remuneration: (1) the total annual compensation in 2000 *exclusive of unexercised stock options*, and (2) the value of unexercised stock options. These two forms of remuneration are clearly differentiated in the analysis.

Total annual compensation in 2000 *exclusive of unexercised stock options*: This first category of self-reported remuneration comprises executives' salaries; bonuses; other compensation (including retirement plans, automobile and travel allowances, relocation expenses, value of life insurance); restricted stock awards, the value of stock awards given to executives in 2000; Long-Term Incentive Payouts (LTIP), payments received in cash or stock for reaching specified performance goals; and exercised stock options (stock options that executives cashed in 2000).

The value of unexercised stock options: This second category of self-reported remuneration involves stock options awarded in 2000 or earlier that have not yet been exercised. The reported value of these stock options is based on SEC-approved methodologies. As described more fully in Appendix I, the value reported by companies is designed to indicate the potential value of stock options awarded in 2000 and the current market value of the unexercised options awarded in previous years.

KEY FINDINGS

Annual Compensation Exclusive of Unexercised Stock Options

The highest-paid health plan executive in each of the 10 companies received average compensation *exclusive of unexercised stock options* of \$11.7 million. (See Table 1.)

Among the 10 companies, the highest-paid executive in 2000 was William McGuire, CEO of UnitedHealth Group. His compensation *exclusive of unexercised stock options* was \$54.1 million.

Table 1**Highest Compensation Package *Exclusive of Unexercised Stock Options*, by Company**

Company	Name	Title	Compensation
Aetna Inc.	William H. Donaldson	Chairman	\$12,650,393
CIGNA Corporation	Wilson H. Taylor	Retired Chairman	24,741,578
Coventry Health Care Inc.	Allen F. Wise	President & CEO	2,232,127
Health Net, Inc.	Karen Coughlin	Former President & CEO - Eastern Division	916,233
Humana Inc.	Michael B. McCallister	President & CEO	2,727,004
Oxford Health Plans, Inc.	Kurt B. Thompson	Executive VP & CFO	3,504,114
PacifiCare Health Systems, Inc.	Alan R. Hoops	President & CEO, Jan-July 2000	2,264,612
Sierra Health Services, Inc.	Anthony M. Marlon	Chairman & CEO	712,518
UnitedHealth Group Corporation	William W. McGuire	CEO	54,129,501
WellPoint Health Networks Inc.	Ronald A. Williams	Executive VP, Large Group Businesses	13,205,631
Total compensation for these 10 executives:			\$117,083,711
Average compensation for these executives:			\$11,708,371

Taken together, the highest-paid executives from each of the 10 companies received a total of \$117.1 million in compensation *exclusive of unexercised stock options* in 2000.

Value of Unexercised Stock Options

The health plan executive with the largest value of unexercised stock options in each of the 10 companies had stock options worth, on average, \$68 million in 2000. The median value of unexercised stock options was \$20.7 million. Taken together, these 10 executives held total stock options valued at \$679.9 million. (See Table 2.)

The health plan executive with the largest value of unexercised stock options in 2000 was William W. McGuire, CEO of UnitedHealth Group. He held unexercised stock options valued at \$357.9 million. Another executive of UnitedHealth Group, Stephen J. Hemsley, President and COO, held the second largest amount of unexercised stock options, \$144.9 million. (See Table 4.)

Table 2**Largest Value of Unexercised Stock Options, by Company**

Company	Name	Title	Value of Stock Options
Aetna Inc.	John W. Rowe	President	\$ 25,026,549
CIGNA Corporation	Wilson H. Taylor	Retired Chairman	66,141,372
Coventry Health Care Inc.	Allen F. Wise	President & CEO	15,017,751
Health Net, Inc.	Jay M. Gellert	President & CEO	16,458,750
Humana Inc.	Michael B. McCallister	President & CEO	8,385,882
Oxford Health Plans, Inc.	Norman C. Payson	Chairman & CEO	115,375,414
PacificCare Health Systems, Inc.	Howard G. Phanstiel	President & CEO	10,178,305
Sierra Health Services, Inc.	Anthony M. Marlon	Chairman & CEO	875,400
UnitedHealth Group Corporation	William W. McGuire	CEO	357,865,646
WellPoint Health Networks Inc.	Leonard D. Schaeffer	Chairman & CEO	64,610,759
Total Value of Unexercised Stock Options for these 10 executives:			\$679,935,828
Average Value of Unexercised Stock Options for these executives:			\$67,993,583

The health plan executives with the next highest value of unexercised stock options in 2000 were Norman C. Payson, Chairman and CEO of Oxford Health Plans, and Wilson H. Taylor, retired Chairman of CIGNA. They held stock options valued at \$115.4 million and \$66.1 million, respectively.

The 25 Highest-Paid Health Plan Executives

The 25 highest-paid executives in the 10 companies studied made a total of \$201.1 million in annual compensation *exclusive of unexercised stock options* in 2000. That compensation ranged from \$54.1 million to \$1.9 million. (See Table 3.)

The average compensation for these executives was over \$8 million per executive. The median compensation for these 25 executives was over \$5 million.

Table 3

The 25 Highest-Paid Executives
2000 Annual Compensation *Exclusive of Unexercised Stock Options*

Name	Title	Company	Compensation
William McGuire	CEO	UnitedHealth Group Corporation	\$54,129,501
Wilson Taylor	Retired Chairman	CIGNA Corporation	24,741,578
Ronald Williams	Executive VP, Large Group Businesses	WellPoint Health Networks Inc.	13,205,631
William Donaldson	Chairman	Aetna Inc.	12,650,393
Leonard Schaeffer	Chairman & CEO	WellPoint Health Networks Inc.	11,127,465
H. Edward Hanway	Chairman & CEO	CIGNA Corporation	9,478,634
D. Mark Weinburg	Executive VP, Individual & Small Group Businesses	WellPoint Health Networks Inc.	8,957,410
Richard Huber	Former Chairman, CEO & President of former Aetna	Aetna Inc.	6,988,987
William Pastore	President, CIGNA HealthCare	CIGNA Corporation	6,779,028
Thomas Jones	President, Retirement & Investment Services	CIGNA Corporation	6,055,314
R. Channing Wheeler	CEO, Uniprise	UnitedHealth Group Corporation	5,341,555
Jeannine Rivet	Executive VP & CEO, Ingenix	UnitedHealth Group Corporation	5,151,379
James Stewart	Executive VP & CFO	CIGNA Corporation	5,023,125
John Rowe	President & CEO	Aetna Inc.	4,028,919
Kurt Thompson	Executive VP & CFO	Oxford Health Plans, Inc.	3,504,114
Alan Weber	Vice Chairman for Strategy & Finance & CFO	Aetna Inc.	3,499,162
Stephen Hemsley	President & COO	UnitedHealth Group Corporation	2,862,665
Michael McCallister	President & CEO	Humana Inc.	2,727,004
David Lubben	Secretary & General Counsel	UnitedHealth Group Corporation	2,701,824
Alan Hoops	President & CEO, Jan.-July 2000	PacificCare Health Systems, Inc.	2,264,612
Allen Wise	President & CEO	Coventry Health Care Inc.	2,232,127
Jon Richardson	Executive VP & General Counsel	Oxford Health Plans, Inc.	2,054,710
Kenneth Fasola	COO - Market Operations	Humana Inc.	1,909,628
David Jones	Chairman & Interim CEO	Humana Inc.	1,871,283
James Murray	COO - Service Operations	Humana Inc.	1,854,401
Total Compensation for these 25 Executives:			\$201,140,449
Average Compensation for 25 Executives:			\$8,045,618

The 25 Health Plan Executives with the Largest Value of Unexercised Stock Options

The 25 executives with the largest unexercised stock option packages in 2000 held stock options valued at \$1.1 billion. The amount of unexercised stock options held by these executives ranged from \$357.9 million to \$8.4 million. (See Table 4.)

The average value of unexercised stock options for these 25 executives was \$45.8 million. The median unexercised stock option package for these executives was \$20.4 million.

Company-by-Company Comparisons of Annual Remuneration for Top Executives

The average annual compensation *exclusive of unexercised stock options* for the highest-paid executives in each company in 2000 ranged from \$14 million (for executives at UnitedHealth Group) to \$415,357 (for executives at Sierra Health Services, Inc.). (See Table 5.)

The average value of unexercised stock options for the highest-paid executives in each company in 2000 ranged from \$119 million (for executives at UnitedHealth Group) to \$498,858 (for executives at Sierra Health Services, Inc.). (See Table 6.)

Table 4**The 25 Executives with the Largest Value of Unexercised Stock Options in 2000**

Name	Title	Company	Compensation
William McGuire	CEO	UnitedHealth Group Corporation	\$357,865,646
Stephen J. Hemsley	President & COO	UnitedHealth Group Corporation	144,928,886
Norman C. Payson	Chairman & CEO	Oxford Health Plans, Inc.	115,375,414
Wilson H. Taylor	Retired Chairman	CIGNA Corporation	66,141,372
Leonard D. Schaeffer	Chairman & CEO	WellPoint Health Networks Inc.	64,610,759
H. Edward Hanway	Chairman & CEO	CIGNA Corporation	43,385,939
James G. Stewart	Executive VP & CFO	CIGNA Corporation	41,049,922
Jeannine M. Rivet	Executive VP & CEO, Ingenix	UnitedHealth Group Corporation	39,450,395
R. Channing Wheeler	CEO, Uniprise	UnitedHealth Group Corporation	32,506,870
John W. Rowe	President & CEO	Aetna Inc.	25,026,549
William H. Donaldson	Chairman	Aetna Inc.	24,363,940
Charles M. Schneider	President & COO	Oxford Health Plans, Inc.	21,350,000
David J. Lubben	Secretary & General Counsel	UnitedHealth Group Corporation	20,401,127
D. Mark Weinburg	Executive VP, Individual & Small Group Businesses	WellPoint Health Networks Inc.	16,897,771
Jay M. Gellert	President & CEO	Health Net, Inc.	16,458,750
Ronald A. Williams	Executive VP, Large Group Businesses	WellPoint Health Networks Inc.	15,198,439
Allen F. Wise	President & CEO	Coventry Health Care Inc.	15,017,751
David C. Colby	Executive VP & CFO	WellPoint Health Networks Inc.	14,919,037
Richard L. Huber	Former Chairman, CEO & President of former Aetna	Aetna Inc.	13,359,780
Thomas C. Jones	President, CIGNA Retirement	CIGNA Corporation	10,411,836
Howard G. Phanstiel	President & CEO	PacifiCare Health Systems, Inc.	10,178,305
Bary G. Bailey	Executive VP & CSO	PacifiCare Health Systems, Inc.	9,146,450
William M. Pastore	President, CIGNA HealthCare	CIGNA Corporation	9,081,765
Michael B. McCallister	President & CEO	Humana Inc.	8,385,882
Dale B. Wolf	Executive VP, CFO & Treasurer	Coventry Health Care Inc.	8,376,316
Total Value of Stock Options for 25 Top Executives:		\$1,143,888,910	
Average Value of Stock Options for 25 Top Executives:		\$45,755,556	

Table 5**Average Compensation Exclusive of Unexercised Stock Options for Highest-Paid Executives**

Company	Compensation
UnitedHealth Group Corporation	\$14,037,385
CIGNA Corporation	10,415,536
WellPoint Health Networks Inc.	7,153,282
Aetna Inc.	5,031,620
Oxford Health Plans, Inc.	1,908,828
Humana Inc.	1,881,654
Coventry Health Care Inc.	1,256,537
PacifiCare Health Systems, Inc.	898,551
Health Net, Inc.	738,569
Sierra Health Services, Inc.	415,357

Table 6**Average Value of Unexercised Stock Options for Highest-Paid Executives**

Company	Value of Stock Options
UnitedHealth Group Corporation	\$119,030,585
CIGNA Corporation	34,014,167
Oxford Health Plans, Inc.	29,664,733
WellPoint Health Networks Inc.	23,563,588
Aetna Inc.	12,643,123
Coventry Health Care Inc.	7,991,583
Health Net, Inc.	6,143,421
PacifiCare Health Systems, Inc.	5,527,666
Humana Inc.	2,247,549
Sierra Health Services, Inc.	498,858

CONCLUSION

With costs of health care coverage soaring, one aspect of health plan company expenses has kept pace: the compensation packages for top executives. As the legislation on patients' rights is debated in Congress, managed care and insurance companies are continuing to claim that patient protections are too expensive for Americans. Yet, managed care companies conveniently avoid discussing a self-serving aspect of their costs, profligate executive compensations. While managed care and insurance companies claim that patient protections will be too costly for consumers, they demonstrate a double standard about costs when it comes to top executives' compensation. That double standard is worthy of public scrutiny.

APPENDIX I

METHODOLOGY

For this report, Families USA analyzed compensation for the top executives of U.S.- based managed care health plans during the year 2000. Publicly traded parent companies of for-profit health plans that have enrollments over 100,000 and serve multiple states were included in the study. Although subsidiaries of parent companies provide health care at the regional level, only the parent companies are required to file financial data with the Securities and Exchange Commission (SEC). Thus, the analysis reflects data only for the parent company. Not included in this study are two companies (Maxicare Health Plans, Inc. and United American Healthcare Corporation) that had not filed a fiscal year 2000 proxy statement with the SEC at the time this report was prepared.

The data compiled for this study were taken from the Electronic Data Gathering Analysis and Retrieval (EDGAR) Database and the AAHP/Dorland Directory of Health Plans. EDGAR is available online at the SEC's Web site and includes all public companies' filings to the SEC. These companies are required to submit an annual proxy statement (form 14-A), which reports executive compensation—including salary, bonus, stock options, and other compensation—for chief executive officers (CEOs) and the four most highly compensated executive officers. Families USA downloaded SEC filings for each of the companies' fiscal year 2000 reports of executive compensation. The AAHP/Dorland Directory of Health Plans indexes parent companies and their subsidiaries in each state. The Directory lists enrollments by subsidiary. Families USA selected parent companies that had at least one subsidiary with at least 100,000 members.

How Remuneration Was Computed

Total Annual Compensation *Exclusive of Unexercised Stock Options:* This total amount was computed for each executive by adding together the following information from the SEC filing:

- Salary: Annual wages paid to the executive for the fiscal year.
- Bonus: Bonuses paid to the executive for the fiscal year.
- Other Annual Compensation and All Other Compensation: Additional compensation given to the executive, which could include the company's contributions to a savings plan, tax reimbursements, transportation, relocation fees, a signing bonus, life insurance plans, and retirement plans.
- Restricted Stock Awards: The value of shares given to the executive by the company during 2000. These shares are usually subject to restrictions—for example, the executive may not be able to sell them for a specified period of time. The dollar value is as reported in the proxy statement for the company's fiscal year and is not adjusted to reflect any of the stock restrictions.
- Long-Term Incentive Plan Payouts: Taxable payments in cash or stock to the executive for reaching a specified performance goal over a period longer than a year.

- **Value of Shares Acquired on Exercise:** The value of stock options the executive exercised during 2000. The company computes this value by multiplying the number of shares acquired by the difference between the market price and the “exercise price.”

The Value of Unexercised Stock Options: This amount was computed by adding together figures from the SEC filings regarding stock option grants awarded to each executive. Stock option grants give these executives the right—but not the obligation—to buy or sell a specific amount of the company’s stock at a specified price (“exercise price”) during some specified time period in the future. The IRS allows companies to deduct the transaction from taxable income.

Stock options are only valuable when the market price of the company’s stock exceeds the exercise price of the option. For example, if an executive is awarded 100 stock options at an exercise price of \$10 per share and the market price is \$30 per share, the executive could buy 100 shares at \$10 per share, reaping the \$20 difference between the exercise price and the market price for each share—or a total of \$2,000. However, if the market price of the shares is less than the exercise price, the stock options have no value. The value of unexercised stock options was computed for each executive by adding together the following:

- **Value of Unexercised In-the-Money Options/SARS (Exercisable):** Value of the “in-the-money” stock option grants the executive has been awarded in the past that are fully vested and, thus, could be exercised in the year 2000. This value is the difference between the current market price and the exercise price.
- **Value of Unexercised In-the-Money Options/SARS (Unexercisable):** The value of the “in-the-money” stock option grants that are not yet vested but that the executive can choose to exercise in the future. The value is the difference between the current market price and the exercise price for stock options that have not yet vested. For example, this would include options that an executive has held for two years but whose terms require three years to pass before the options are available.

The SEC permits companies to estimate the potential value of stock options awarded to executives in one of two ways:

- **Grant Date Present Value:** This value is estimated using the Black-Sholes option pricing model. Used by market professionals to calculate the value of an option, it includes such variables as the stock price, the exercise price, and the expiration date.

- Potential Realizable Value: This value is calculated at hypothetical annual growth rates of 5 percent and 10 percent for the stock price over the term of the option—usually 5 or 10 years. The company reports the potential realizable value at both 5 percent and 10 percent in its proxy statements. For purposes of this study, the more conservative value of 5 percent was reported.

Appendix II

Compensation Information By Company

Aetna Inc.

Annual Compensation for Top Executives **\$ 30,189,718**

Average Compensation for Top Executives **\$ 5,031,620**

Total Value of Unexercised Stock Options **\$ 75,858,739**

Average Value of Unexercised Stock Options **\$ 12,643,123**

Executive Name and Title	William H. Donaldson Chairman ¹	John W. Rowe President & CEO ²	L. Edward Shaw Jr. Executive VP & General Counsel	Alan J. Weber Vice Chairman, Strategy & Finance & CFO	John W. Coyle Former VP Business Operations	Richard L. Huber ³ Former Chairman, CEO & President of former Aetna
Salary	1,000,000	273,077	492,308	750,000	415,891	169,231
Bonus	6,000,000	375,000	650,000	1,100,000	360,000	0
Other Annual Compensation	29,559	0	0	0	0	0
Restricted Stock Awards	5,600,000	1,367,188	0	0	0	0
Long-Term Incentive Payouts	0	0	581,788	1,603,662	470,267	3,140,563
All Other Compensation ⁴	20,834	2,013,654	14,928	45,500	37,075	3,679,193
Value of Shares Acquired on Exercise	0	0	0	0	0	0
Total Compensation	12,650,393	4,028,919	1,739,024	3,499,162	1,283,233	6,988,987
Value of Unexercised In-The-Money Options/ SARS (E)	18,314,940	0	2,858,646	5,372,680	870,455	11,770,780
Value of Unexercised In-The-Money Options/ SARS (U)	0	12,956,308	1,496,494	0	0	0
Grant Date Present Value	6,049,000	12,070,241	1,897,249	483,920	129,026	1,589,000
Potential Realizable Value at 5% Growth	nr	nr	nr	nr	nr	nr
Total Value of Stock Options	24,363,940	25,026,549	6,252,389	5,856,600	999,481	13,359,780

¹ Mr. Donaldson became Chairman, President and CEO in May 2000 and served as President and CEO until September 2000. The “other annual compensation” represents reimbursement for certain income taxes. In addition to ISP matching contributions, the category “all other compensation” includes \$12,334 paid to Mr. Donaldson as outside Director’s fees prior to becoming an officer in February 2000.

² Dr. Rowe became President and CEO in September 2000. In addition to ISP matching contributions, the category “all other compensation” includes a \$2,000,000 sign-on bonus in accordance with the employment agreement.

³ Mr. Huber resigned from all his positions in February 2000. In addition to ISP matching contributions, the category “all other compensation” includes severance payments of \$3,384,000, payment of \$161,538 for accrued paid time off, and payment of \$90,000 in lieu of outplacement and transitional financial counseling.

⁴ Includes matching contributions to the ISP, a profit-sharing thrift account.

nr = Not reported in the SEC filing

CIGNA Corporation

Annual Compensation for Top Executives **\$ 52,077,679**

Average Compensation for Top Executives **\$ 10,415,536**

Total Value of Unexercised Stock Options **\$ 170,070,834**

Average Value of Unexercised Stock Options **\$ 34,014,167**

Executive Name and Title	H. Edward Hanway Chairman & CEO	Wilson H. Taylor Retired Chairman ¹	James G. Stewart Executive VP & CFO	Thomas C. Jones President, CIGNA Retirement & Investment Services	William M. Pastore President, CIGNA HealthCare
Salary	896,200	1,213,800	671,900	536,500	504,800
Bonus	4,375,000	3,500,000	900,000	990,000	975,000
Other Annual Compensation	0	0	0	0	0
Restricted Stock Awards	0	0	0	0	0
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ²	152,500	296,000	74,900	54,700	58,300
Value of Shares Acquired on Exercise	4,054,934	19,731,778	3,376,325	4,474,114	5,240,928
Total Compensation	9,478,634	24,741,578	5,023,125	6,055,314	6,779,028
Value of Unexercised In-The-Money Options/ SARS (E)	12,425,863	31,320,829	16,443,696	2,763,438	1,903,319
Value of Unexercised In-The-Money Options/ SARS (U)	25,629,597	23,298,063	21,007,887	5,590,385	4,753,497
Grant Date Present Value	5,330,479	11,522,480	3,598,339	2,058,013	2,424,949
Potential Realizable Value at 5% Growth	nr	nr	nr	nr	nr
Total Value of Stock Options	43,385,939	66,141,372	41,049,922	10,411,836	9,081,765

¹ Mr. Taylor retired in December 2000.

² CIGNA's contributions under its regular and supplemental 401(k) plans and the value of benefits under CIGNA's Financial Services program (covering financial planning, tax preparation, and legal services related to financial and estate planning).

nr = Not reported in the SEC filing

Coventry Health Care Inc.

Annual Compensation for Top Executives	\$ 6,282,684
Average Compensation for Top Executives	\$ 1,256,537
Total Value of Unexercised Stock Options	\$ 39,957,916
Average Value of Unexercised Stock Options	\$ 7,991,583

Executive Name and Title	Allen F. Wise President & CEO	Thomas P. McDonough Executive VP & COO	Dale B. Wolf Executive VP, CFO & Treasurer	Bernard J. Mansheim Senior VP & CMO	James E. McGarry Senior VP
Salary	696,152	448,060	398,062	328,069	299,027
Bonus	1,000,000	500,000	500,000	220,000	200,000
Other Annual Compensation ¹	*	*	*	*	169,874
Restricted Stock Awards	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ²	535,975	291,561	272,896	139,601	120,813
Value of Shares Acquired on Exercise	nr	nr	nr	162,594	nr
Total Compensation	2,232,127	1,239,621	1,170,958	850,264	789,714
Value of Unexercised In-The-Money Options/ SARS (E)	8,884,385	4,655,869	4,390,051	1,584,354	2,291,674
Value of Unexercised In-The-Money Options/ SARS (U)	6,133,366	3,631,163	3,986,265	2,076,464	2,324,325
Grant Date Present Value	nr	nr	nr	nr	nr
Potential Realizable Value at 5% Growth	nr	nr	nr	nr	nr
Total Value of Stock Options	15,017,751	8,287,032	8,376,316	3,660,818	4,615,999

* Does not exceed reporting thresholds for perquisites and other personal benefits.

¹ Consists of relocation expense reimbursement and automobile allowances and expenses.

² Consists of group life insurance premium, company matching contribution to its Retirement Savings Plan, and company matching contribution to its Supplemental Executive Retirement Plan and reflects annual cash contributions made by the company under the Deferred Compensation Plan.

nr = Not reported in the SEC filing

Health Net, Inc.

Annual Compensation for Top Executives **\$ 4,431,411**

Average Compensation for Top Executives **\$ 738,569**

Total Value of Unexercised Stock Options **\$ 36,860,525**

Average Value of Unexercised Stock Options **\$ 6,143,421**

Executive Name and Title	Jay M. Gellert President & CEO	Gary S. Velasquez President of New Ventures Group	Cora Tellez President & CEO - Western Division	Steven P. Erwin Executive VP & CFO	B. Curtis Westen, Senior VP, General Counsel & Secretary	Karen Coughlin Former President & CEO - Eastern Division
Salary	586,539	393,269	393,269	393,269	393,269	377,885
Bonus	0	186,667	nr	186,667	186,667	280,000
Other Annual Compensation ¹	78,348	12,000	85,896	12,000	12,000	144,069
Restricted Stock Awards	nr	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	0	0	0	0	0	0
All Other Compensation ²	630	2,059	328,250	159,185	105,194	114,279
Value of Shares Acquired on Exercise	0	0	0	0	0	0
Total Compensation	665,517	593,995	807,415	751,121	697,130	916,233
Value of Unexercised In-The-Money Options/ SARS (E)	0	34,905	1,599,996	0	0	2,025,870
Value of Unexercised In-The-Money Options/ SARS (U)	15,218,750	4,368,750	2,518,754	4,368,750	4,368,750	0
Grant Date Present Value	nr	nr	nr	nr	nr	nr
Potential Realizable Value at 5% Growth	1,240,000	248,000	248,000	248,000	248,000	124,000
Total Value of Stock Options	6,458,750	4,651,655	4,366,750	4,616,750	4,616,750	2,149,870

¹ Represents housing and travel benefits, including the tax gross-up on such items, and automobile allowances.

For Mr. Gellert: \$66,348 paid for housing and travel benefits, including the tax gross-up on such items, and \$12,000 as an automobile allowance.

For Ms. Tellez: \$73,896 paid for housing and travel benefits, including the tax gross-up on such items, and \$12,000 as an automobile allowance.

For Ms. Coughlin: \$133,069 paid for housing and travel benefits, including the tax gross-up on such items, and \$11,000 as an automobile allowance.

For Messrs. Erwin, Velasquez, and Westen: \$12,000 paid as an automobile allowance to each.

² Represents premiums paid by the company on a life insurance policy.

For Ms. Tellez, also includes loan principal and interest forgiven by the company, including a tax gross-up of interest of \$325,288.

For Mr. Erwin, also includes relocation-related expenses of \$157,488 and club membership fees of \$1,274.

For Mr. Westen, also includes loan principal and interest forgiven by the company, including tax gross-up of the interest of \$96,406, and miscellaneous benefits of \$3,386.

For Ms. Coughlin, also includes loan principal and interest forgiven by the company, including a tax gross-up of the interest of \$113,856.

nr = Not reported in the SEC filing

Humana Inc.

Annual Compensation for Top Executives **\$ 11,289,922**

Average Compensation for Top Executives **\$ 1,881,654**

Total Value of Unexercised Stock Options **\$ 13,485,296**

Average Value of Unexercised Stock Options **\$ 2,247,549**

Executive Name and Title	David A. Jones Chairman Interim CEO ¹	Michael B. McCallister President & CEO Elected 2/00	Kenneth J. Fasola COO - Market Operations	James E. Murray COO - Service Operations	Bruce J. Goodman Senior VP & CIO	Jonathan T. Lord Senior VP & Chief Clinical Strategy & Innovation Officer
Salary	1,105,000	624,590	470,000	469,590	319,945	291,462
Bonus	nr	390,369	235,000	235,000	270,000	180,625
Other Annual Compensation ²	46,213	46,793	28,615	31,504	23,509	60,731
Restricted Stock Awards	nr	1,589,063	1,059,375	1,059,375	1,059,375	706,250
Long-Term Incentive Payouts	nr	nr	nr	nr	nr	nr
All Other Compensation ³	720,070	76,189	116,638	58,932	11,094	4,615
Value of Shares Acquired on Exercise	nr	nr	nr	nr	nr	nr
Total Compensation	1,871,283	2,727,004	1,909,628	1,854,401	1,683,923	1,243,683
Value of Unexercised In-The-Money Options/ SARS (E)	nr	1,399,637	266,672	1,412,755	48,956	nr
Value of Unexercised In-The-Money Options/ SARS (U)	37,969	4,814,578	533,328	533,328	290,109	1,326,570
Grant Date Present Value	nr	nr	nr	nr	nr	nr
Potential Realizable Value at 5% Growth	24,763	2,171,667	nr	nr	nr	624,964
Total Value of Stock Options	62,732	8,385,882	800,000	1,946,083	339,065	1,951,534

¹ From August 1999 until February 2000, Mr. Jones assumed the position of Interim CEO. The amount in the Salary column represents Board of Directors' fees of \$205,000 and a retrospective payment of \$900,000 for Mr. Jones's services as Interim CEO.

² Includes transportation, executive insurance, relocation expenses, and miscellaneous items.

³ Represents amounts contributed or accrued to the HRSP and contributions and earnings related to the Long Term Benefit Plan.

nr = Not reported in the SEC filing

Oxford Health Plans, Inc.

Annual Compensation for Top Executives \$ **9,544,142**

Average Compensation for Top Executives \$ **1,908,828**

Total Value of Unexercised Stock Options \$ **148,323,665**

Average Value of Unexercised Stock Options \$ **29,664,733**

Executive Name and Title	Norman C. Payson Chairman & CEO	Charles M. Schneider President & COO	Kurt B. Thompson Executive VP & CFO	Alan M. Muney Executive VP & CMO	Jon S. Richardson Executive VP & General Counsel
Salary	350,000	604,616	325,000	374,323	354,038
Bonus	350,000	600,000	282,500	390,000	350,000
Other Annual Compensation ¹	142,460	160,771	28,239	nr	150,623
Restricted Stock Awards	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ²	7,932	7,049	5,337	5,697	11,268
Value of Shares Acquired on Exercise	0	0	2,863,038	992,470	1,188,781
Total Compensation	850,392	1,372,436	3,504,114	1,762,490	2,054,710
Value of Unexercised In-The-Money Options/ SARS (E)	59,391,489	10,675,000	0	0	350,000
Value of Unexercised In-The-Money Options/ SARS (U)	50,630,811	10,675,000	4,124,630	3,230,165	2,868,438
Grant Date Present Value	5,353,114	0	602,952	422,066	0
Potential Realizable Value at 5% Growth	nr	nr	nr	nr	nr
Total Value of Stock Options	115,375,414	21,350,000	4,727,582	3,652,231	3,218,438

¹ The amounts paid to Messrs. Richardson and Schneider include \$74,874 and \$60,492, respectively, for temporary living expenses. The amount paid to Mr. Thompson includes \$13,646 for use of an automobile. These amounts also include gross-up payments to Dr. Payson and Messrs. Richardson, Schneider and Thompson in the amounts of \$68,504, \$68,609, \$73,231 and \$12,863, respectively. Payments made to Dr. Payson include \$50,000 toward financial planning services.

² Includes matching contributions made by the company pursuant to the Savings Plan and premiums paid by the company for certain life insurance policies.

nr = Not reported in the SEC filing

PacifiCare Health Systems, Inc.

Annual Compensation for Top Executives \$ **6,289,855**

Average Compensation for Top Executives \$ **898,551**

Total Value of Unexercised Stock Options \$ **27,638,331**

Average Value of Unexercised Stock Options¹ \$ **5,527,666**

Executive Name and Title	Howard G. Phanstiel ² President & CEO	Bary G. Bailey ² Executive VP & CSO	Bradford A. Bowlus Executive VP & President & CEO PacifiCare Health Plans	Christopher P. Wing Regional VP, Western Region, PacifiCare Health Plans	Ronald M. Davis Senior VP & CAO, PacifiCare Health Plans	Robert W. O'Leary ³ President & CEO Jul-Oct 2000	Alan R. Hoops ⁴ President & CEO Jan-Jul 2000
Salary	259,808	219,231	600,001	332,308	330,000	304,634	920,001
Bonus	350,000	250,000	200,000	200,000	156,700	nr	nr
Other Annual Compensation ⁵	109,962	nr	nr	nr	nr	607,304	102,981
Restricted Stock Awards	nr	nr	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	nr	nr	nr	nr	nr	nr	nr
All Other Compensation ⁶	8,423	5,919	45,100	22,182	17,578	6,093	54,255
Value of Shares Acquired on Exercise	nr	nr	nr	nr	nr	nr	1,187,375
Total Compensation	728,193	475,150	845,101	554,490	504,278	918,031	2,264,612
Value of Unexercised In-The-Money Options/SARS (E)	nr	nr	nr	nr	nr	nr	nr
Value of Unexercised In-The-Money Options/SARS (U)	881,250	587,500	nr	293,750	nr	nr	nr
Grant Date Present Value	9,297,055	8,558,950	3,296,610	3,074,911	1,648,305	nr	nr
Potential Realizable Value at 5% Growth	0	0	0	0	0	0	0
Total Value of Stock Options	10,178,305	9,146,450	3,296,610	3,368,661	1,648,305	nr	nr

¹ The Average Value of Unexercised Stock Options was based on stock options held by Mr. Phanstiel, Mr. Bailey, Mr. Bowlus, Mr. Wing, and Mr. Davis.

² Mr. Phanstiel and Mr. Bailey joined PacifiCare in July 2000.

³ Mr. O'Leary joined PacifiCare in June 2000. Mr. O'Leary resigned as President and CEO effective October 2000.

⁴ Mr. Hoops retired as President and CEO in June 2000.

⁵ Includes a risk premium applied to amounts deferred under PacifiCare's Stock Unit Deferred Compensation Plan. Additionally, this column includes signing bonuses, relocation expenses, and other perquisites.

⁶ Represents PacifiCare contributions under the Amended and Restated PacifiCare Health Systems, Inc. Savings and Profit-Sharing Plan and the Statutory Restoration Plan.

nr = Not reported in the SEC filing

Sierra Health Services, Inc.

Annual Compensation for Top Executives \$ **2,076,784**

Average Compensation for Top Executives \$ **415,357**

Total Value of Unexercised Stock Options \$ **2,494,289**

Average Value of Unexercised Stock Options \$ **498,858**

Executive Name and Title	Anthony M. Marlon Chairman & CEO	Erin E. MacDonald President & COO	Jonathon W. Bunker Senior VP, Managed Healthcare Div.	Laurence S. Howard Senior VP, Program Office & IT	Frank E. Collins Executive VP, General Counsel & Secretary
Salary	655,200	428,480	288,161	263,521	235,664
Bonus	0	0	0	0	0
Other Annual Compensation	nr	nr	nr	nr	nr
Restricted Stock Awards	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ¹	57,318	76,649	19,489	27,517	24,785
Value of Shares Acquired on Exercise	0	0	0	0	0
Total Compensation	712,518	505,129	307,650	291,038	260,449
Value of Unexercised In-The-Money Options/ SARS (E)	0	0	0	0	0
Value of Unexercised In-The-Money Options/ SARS (U)	14,600	8,000	6,000	6,000	7,000
Grant Date Present Value	nr	nr	nr	nr	nr
Potential Realizable Value at 5% Growth	860,800	471,671	353,753	353,753	412,712
Total Value of Stock Options	875,400	479,671	359,753	359,753	419,712

¹ Includes contributions by the company to a 401(k) Plan and compensation from a split-dollar life insurance policy.

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UnitedHealth Group Corporation

Annual Compensation for Top Executives **\$ 70,186,924**

Average Compensation for Top Executives **\$ 14,037,385**

Total Value of Unexercised Stock Options **\$ 595,152,924**

Average Value of Unexercised Stock Options **\$ 119,030,585**

Executive Name and Title	William W. McGuire CEO	Stephen J. Hemsley President & COO	Jeannine M. Rivet Executive VP & CEO, Ingenix	R. Channing Wheeler CEO, Uniprise	David J. Lubben Secretary & General Counsel
Salary	1,696,154	871,154	462,961	457,308	423,631
Bonus	3,053,077	1,306,731	555,000	500,000	475,000
Other Annual Compensation ¹	109,159	22,108	0	3,200	4,800
Restricted Stock Awards	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ²	2,822,599	662,672	15,633	31,839	15,466
Value of Shares Acquired on Exercise	46,448,512	0	4,117,785	4,349,208	1,782,927
Total Compensation	54,129,501	2,862,665	5,151,379	5,341,555	2,701,824
Value of Unexercised In-The-Money Options/SARS (E)	247,819,400	88,354,019	25,113,728	13,420,871	9,835,859
Value of Unexercised In-The-Money Options/SARS (U)	100,312,136	52,082,201	12,754,210	17,204,031	9,228,670
Grant Date Present Value	nr	nr	nr	nr	nr
Potential Realizable Value at 5% Growth	9,734,110	4,492,666	1,582,457	1,881,968	1,336,598
Total Value of Stock Options	357,865,646	144,928,886	39,450,395	32,506,870	20,401,127

¹ "Other Annual Compensation" for Dr. McGuire includes company-provided transportation of \$67,667 and an expense allowance of \$21,600.

² For Ms. Rivet and Messrs. Lubben and Wheeler, the indicated amount consists of company contributions made pursuant to UnitedHealth Group's 401(k) Savings Plan and Executive Savings Plan and company-paid insurance premiums of \$1,744. The indicated amounts for Dr. McGuire and Mr. Hemsley include bonuses of \$2,600,000 and \$600,000, respectively, received in early 2000 for services rendered to the UnitedHealth Group over the past several years as well as company contributions to savings plans. The amounts indicated for Dr. McGuire also include company-paid insurance premiums of \$82,354.

nr = Not reported in the SEC filing

WellPoint Health Networks Inc.

Annual Compensation for Top Executives **\$ 35,766,408**

Average Compensation for Top Executives **\$ 7,153,282**

Total Value of Unexercised Stock Options **\$ 117,817,932**

Average Value of Unexercised Stock Options **\$ 23,563,586**

Executive Name and Title	Leonard D. Schaeffer Chairman & CEO	D. Mark Weinburg Executive VP, Individual & Small Group Businesses	Ronald A. Williams Executive VP, Large Group Businesses	David C. Colby Executive VP & CFO	Joan E. Herman Executive VP, Senior Specialty & State Sponsored Program Div.
Salary	1,076,922	561,923	588,846	459,846	401,000
Bonus	3,344,676	776,201	968,177	642,110	710,730
Other Annual Compensation ¹	141,868	0	5,105	5,656	30,472
Restricted Stock Awards	0	0	0	0	0
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ²	192,125	49,740	63,539	41,969	37,683
Value of Shares Acquired on Exercise	6,371,874	7,569,546	11,579,964	0	146,436
Total Compensation	11,127,465	8,957,410	13,205,631	1,149,581	1,326,321
Value of Unexercised In-The-Money Options/ SARS (E)	42,303,990	6,634,370	4,616,425	9,401,813	1,315,035
Value of Unexercised In-The-Money Options/ SARS (U)	14,483,839	5,777,500	6,246,250	4,274,000	3,531,250
Grant Date Present Value	7,822,930	4,485,901	4,335,764	1,243,224	1,345,641
Potential Realizable Value at 5% Growth	nr	nr	nr	nr	nr
Total Value of Stock Options	64,610,759	16,897,771	15,198,439	14,919,037	6,191,926

¹ For Mr. Schaeffer, represents \$105,677 of imputed interest income on a loan from the company, \$13,410 of auto allowance, \$12,109 for long-term disability insurance coverage, and \$10,593 for financial planning services. For Mr. Williams and Mr. Colby, represents financial and tax planning services provided by the company. For Ms. Herman, represents forgiveness of \$25,000 relocation loan and financial and tax planning services.

² Contributions to the 401(k) plan to match 2000 pre-tax elective deferral contributions made by each executive to the plan, company contributions to WellPoint's deferred compensation plan, and life insurance premiums.

nr = Not reported in the SEC filing

Endnotes

¹Letter to Honorable Don Nickles, United States Senate, from Dan L. Crippen, Director, Congressional Budget Office, April 23, 2001.

²"U.S. Employers to Continue Sponsoring Health Care Benefits, Using Web to Improve Delivery: Survey shows rising costs continue to be major burden for employers," Watson Wyatt Worldwide, March 8, 2001 (www.watsonwyatt.com/homepage/G1/press).

³Only publicly traded companies are required to submit compensation-related data to the SEC; nonprofit and private companies are not required to report compensation to the SEC and, therefore, are not included in this analysis.

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