

The Landmark Report II

on HMOs and Alternative Care

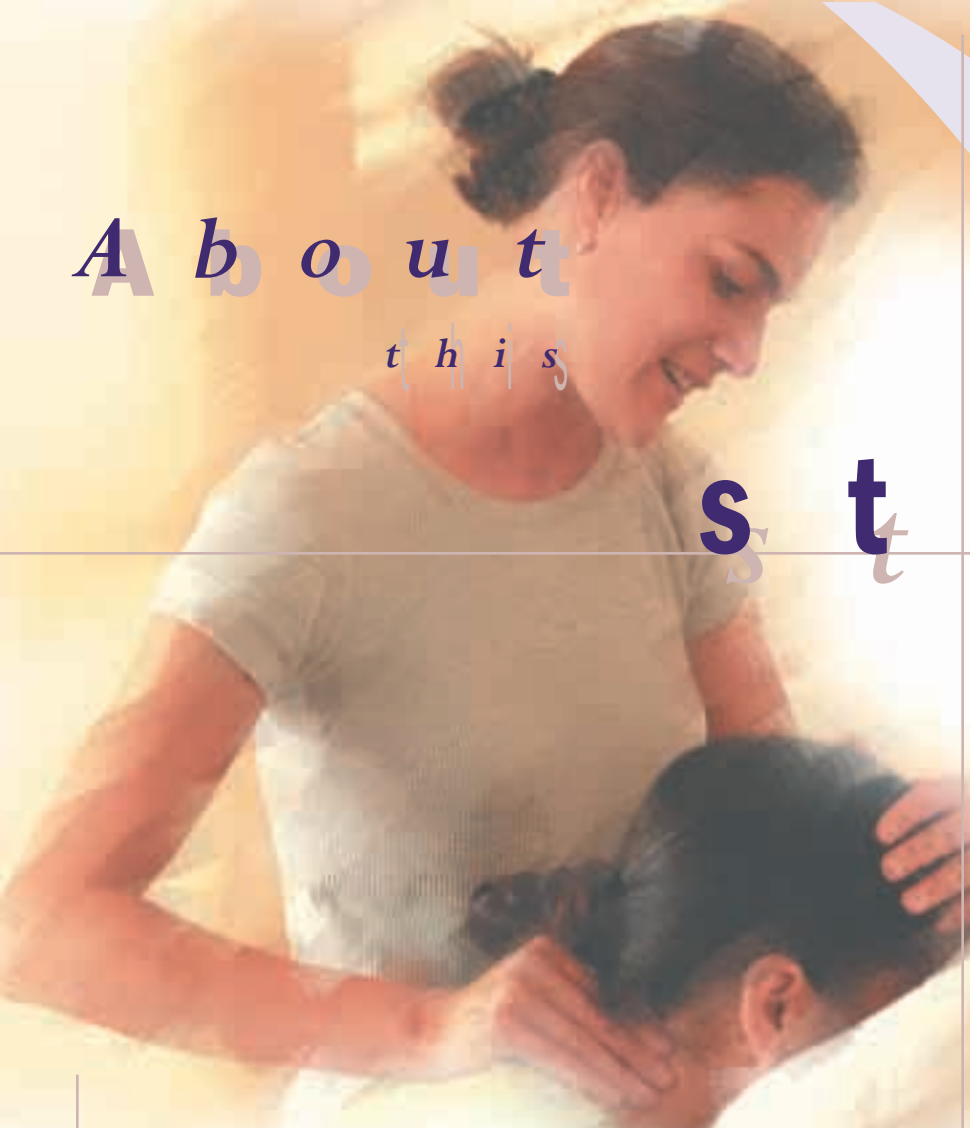
Landmark
healthcare



New Pathways to Health

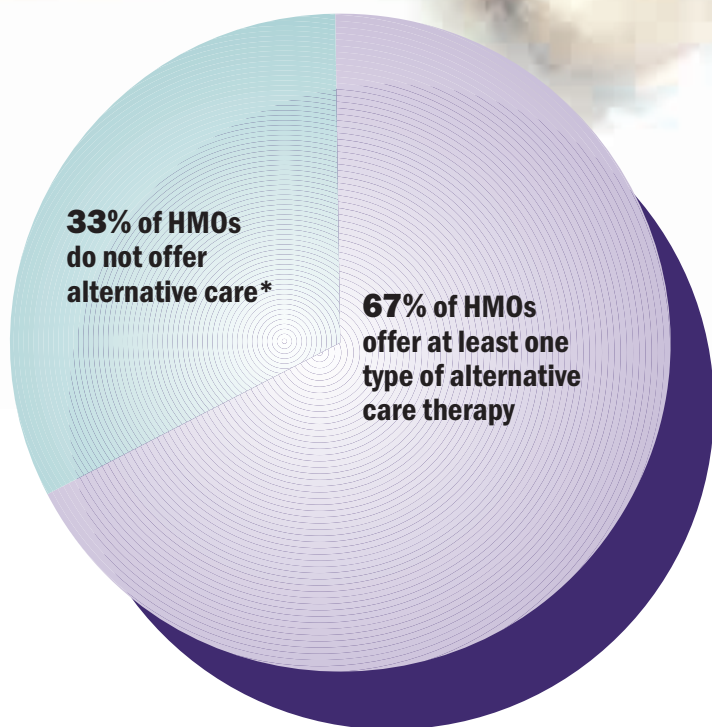
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Undeniably, the demand for alternative care among health care consumers is growing, as evidenced by several recent studies on the use of alternative medicine among the general public. To date, however, there has been little published information about the perceptions of a key link in the future of alternative care—the health maintenance organizations (HMOs) which lie at the center of the managed care system in the United States. To gain a better understanding of how HMOs view alternative care, their current and planned addition of these therapies to their product offerings, their motivations for adding or not adding these therapies, and their beliefs about the future of alternative care in the United States, Landmark Healthcare, Inc. commissioned a study on HMOs and alternative care.

HMOs and their alternative care programs



Conducted from late November 1998 through early January 1999, this study consisted of telephone interviews with 114 senior executives of HMOs from across the country. Commissioned by Landmark, a California-based complementary alternative health care company, and conducted by National Market Measures, Inc., a full-service marketing research company, the purpose of the study was to examine the alternative care market from the standpoint of HMOs. As the organizations at the forefront of managed health care in the United States, HMOs have the potential to play a significant role in the future of alternative care over the next decade.

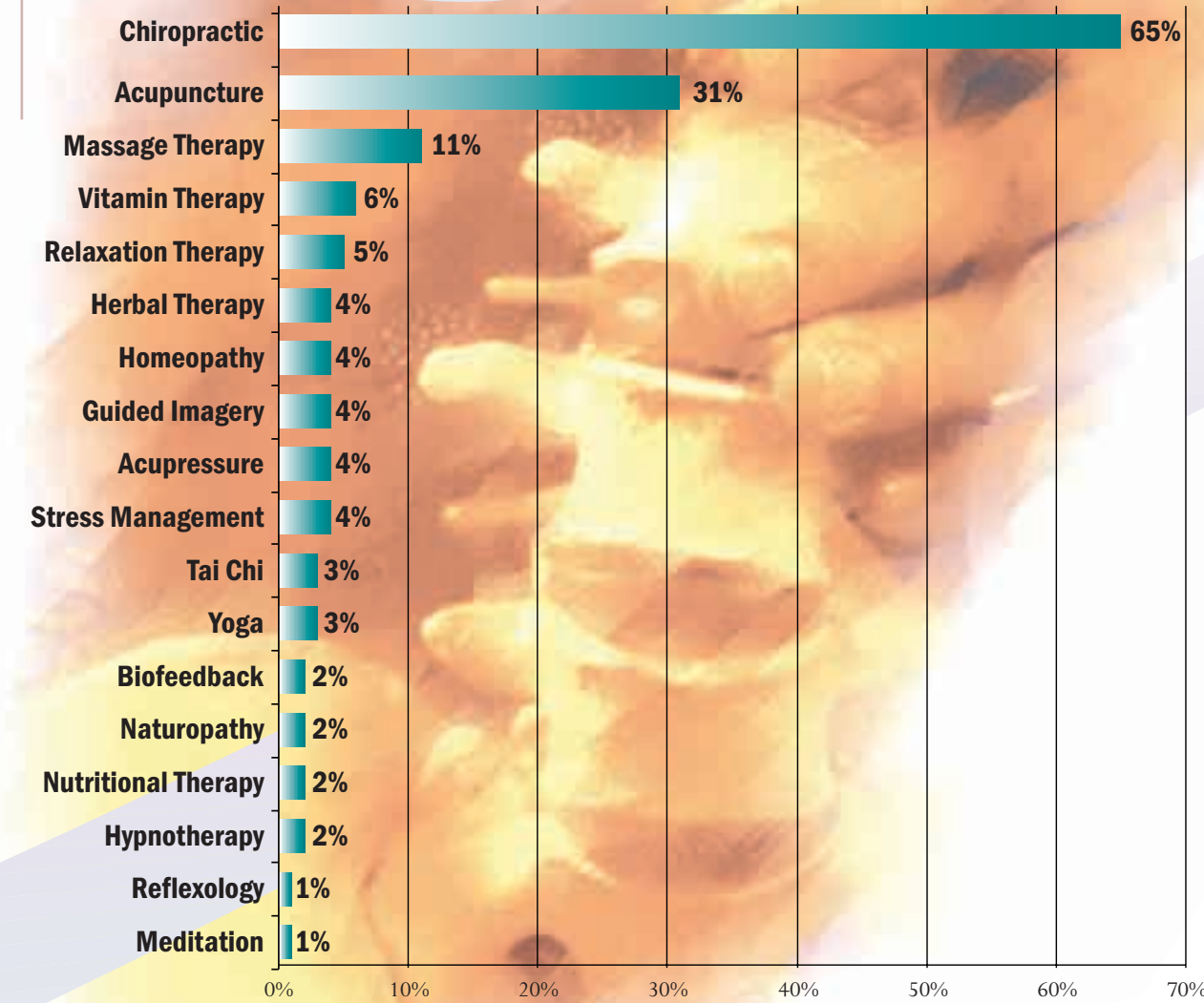
The population of HMOs nationwide that qualified for this study was 449, so this sample represents 25% of the entire universe. In a random sample of 114, the maximum statistical error is $\pm 7.9\%$ in a two-way split of the data at the 95% confidence level (after applying the finite population correction factor).

**This includes 5% of HMOs that offer chiropractic but do not consider it to be alternative care.*

Selected findings from a nationwide study of HMO senior executives examining their perceptions, the prevalence and future of alternative care in the United States

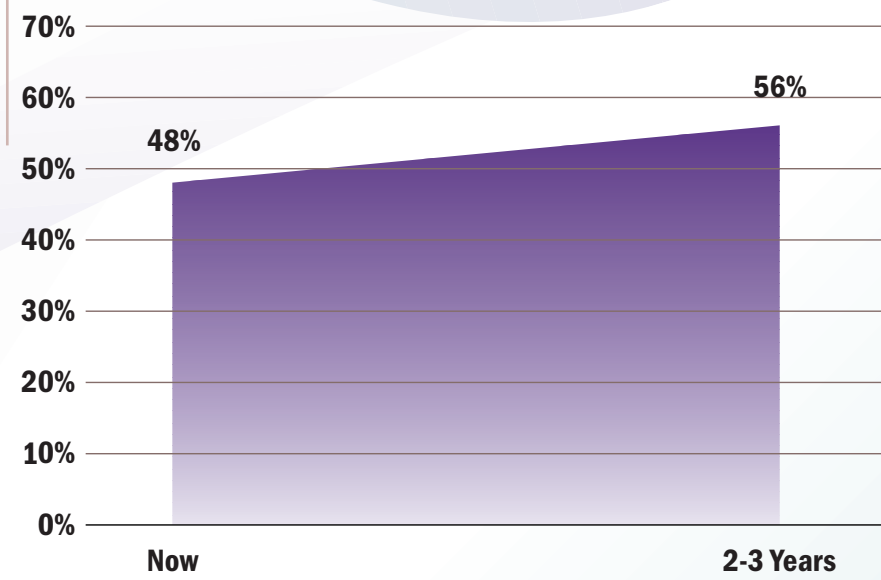
Selected Findings

Types of alternative care currently offered by HMOs



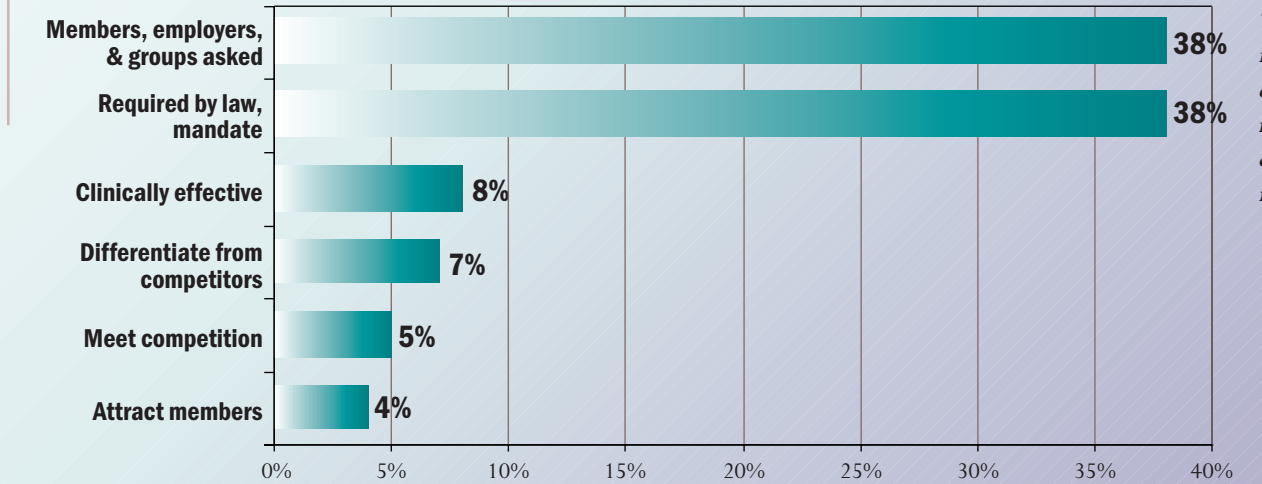
The most common type of alternative care is chiropractic, which is offered by two-thirds of all HMOs.

Average proportion of membership provided with alternative care (among HMOs that offer it)



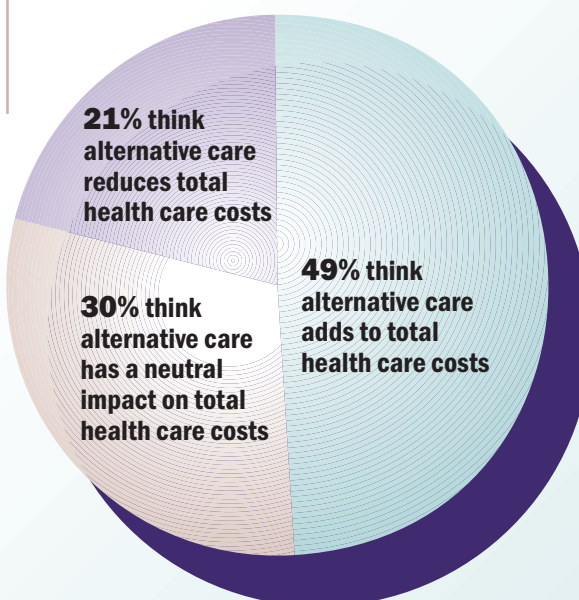
This 8 percentage point change represents a 17% increase.

Most important reasons HMOs add alternative care (among HMOs that offer it)

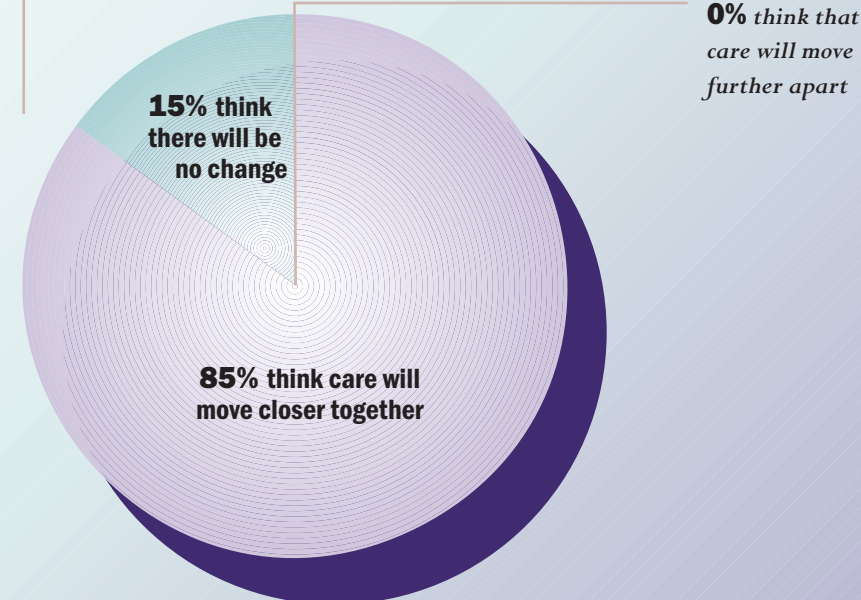


The most important reasons for adding alternative care are to meet member, employer and group demand or legal requirements.

Perceived impact of alternative care on total health care costs

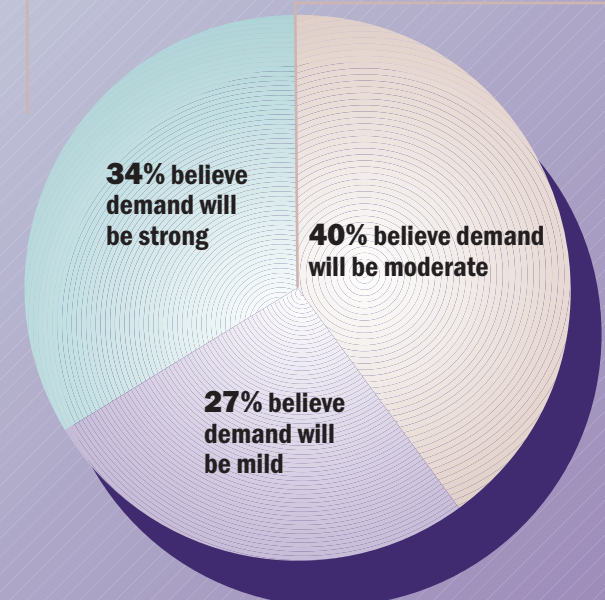


Relationship between alternative and traditional care



0% think that care will move further apart

Outlook on consumer demand for alternative care



0% think there will be no consumer demand for alternative care

Nearly three-fourths of HMOs believe consumer demand will be moderate to strong.

Figures do not total 100% due to rounding.

About Landmark Healthcare

Landmark Healthcare, Inc. is a national health care company expressly focusing on complementary and alternative pathways to health. With a long history of arranging for clinically supported complementary alternative medicine (CAM) programs within the managed care environment, Landmark continues to broaden the array of CAM products available to the U.S. health care market.

Landmark will continue to assess the market and future for complementary alternative care, its legitimacy and clinical efficacy—sharing this information with the community at large and with health care professionals, given the relevance of this information in decision-making about overall health care.

For more information about this study, to request a full report, or to find out more about Landmark, please visit our web site at www.landmarkhealthcare.com or call us at (800) 638-4557.

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