

PricewaterhouseCoopers

Health and Well-Being Touchstone Survey Executive Summary

June 2010



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2010 Health & Well-Being Touchstone survey summary

About the survey

- The survey was completed in the first quarter of 2010.
- The survey data contains detailed benefits information provided by approximately 700 participating companies in 30 different industries across the nation.
- The 2010 survey provides summary data on medical and prescription drug plan design, costs, COBRA rates, wellness and disease management programs, work-life programs, future healthcare strategies, and retirement benefits.
- Customized reports including benchmark results by company size, industry and location are available upon request.

2010 Health & Well-Being Touchstone – Summary of results

The PPO model is most common plan offered but plan design features vary

- 63% have highest enrollment in PPO, while 13% reported the high deductible plan as the most common plan (up from 6% two years earlier)
- 33% have employee contributions greater than 25% (up from 24% two years earlier), with contributions of 20-24% still the most common
- 46% have dependent contributions greater than 25% (up from 36% two year earlier), with contributions of 20-24% still the most common

2010 Health & Well-Being Touchstone – Summary of results (continued)

The PPO model is most common plan offered but plan design features vary (continued)

- In-network features
 - 43% have a deductible of \$400 or greater (up from 25% two years earlier)
 - 78% have out-of-pocket limits (excluding deductibles) of less than \$3,000
 - 53% have employee coinsurance of 20% or greater for most services (up from 40% two years earlier)
 - 47% have a \$20-29 copay for primary care office visits
 - 38% have a \$30-39 copay for specialty care
 - The use of coinsurance for primary care visits is up from 12% in 2008 to 18% in 2010, while the use of specialty care coinsurance is up from 12% in 2008 to 23% in 2010
 - 53% use coinsurance as the primary cost sharing method per hospital admission (up from 42% two years earlier)
 - 19% have an emergency room copay of \$125 or greater (up from 9% two years earlier)
 - The use of coinsurance for emergency room visits has increased from 16% in 2008 to 23% in 2010

2010 Health & Well-Being Touchstone – Summary of results (continued)

The PPO model is most common plan offered but plan design features vary (continued)

- Out-of-network features
 - 29% have a deductible of \$1,000 or greater (up from 21% two years earlier)
 - 47% have employee coinsurance of 40% or greater for most services (up from 40% two years earlier)

2010 Health & Well-Being Touchstone – Summary of results (continued)

Medical costs continue to increase in 2010

- The average reported increase in medical plan costs was 7.4% in 2009 and 7.6% in 2010
- 70% of participants have gross costs greater than \$7,000 per employee per year
- 75% of participants have net costs greater than \$5,000 per employee per year
- The median employee COBRA rate increased by 4.5% in 2010, reflecting plan cutbacks

A growing percentage of employers are self-insured

- Large employers are predominantly self-insured (92% over 5,000 lives, 81% 1,000-5,000 lives)
- 48% of employers under 1,000 lives are now self-insured up from 29% two years earlier

Employers give their administrators mixed reviews

- Most are very satisfied with claim administration (57%) and network discounts (59%)
- Fewer participants are very satisfied with member services (44%), medical management (38%), consumer support (39%), and wellness (25%)

2010 Health & Well-Being Touchstone – Summary of results (continued)

While prescription drug benefits are primarily based on flat dollar copays, there is a noticeable shift towards percentage coinsurance

- Generics: 80% use copays, 19% have coinsurance (up from 12% two years earlier)
- Brand: 66% use copays, 33% have coinsurance (up from 26% two years earlier)
- Brand Non-Formulary: 64% use copays, 32% have coinsurance (up from 25% two years earlier)
- Specialty: 62% use copays, 32% have coinsurance (up from 23% two years earlier)
- The average copays for retail prescription drug benefits are \$10/\$25/\$50

2010 Health & Well-Being Touchstone – Summary of results (continued)

The majority of participants provide wellness and disease management programs and provide incentives

- 76% offer wellness programs. Most offer programs related to EAP (88%), health risk assessments (79%), tobacco cessation (71%), weight management (64%) and biometric screening (63%)
- 68% offer disease management programs. Most offer programs related to diabetes (78%), cardiac (72%), asthma (72%) and cancer (52%)
- Employers are raising the stakes in their wellness and disease management programs. The use of incentives has continued to increase and broaden over the past two years:
 - Wellness programs: Health risk questionnaires (63% vs. 57%), Biometric screening (53% vs. 46%), weight management (39% vs. 29%) nutritional training (27% vs. 17%), stress management (23% vs. 15%)
 - Disease management programs: Diabetes (15% vs. 11%), cardiac (14% vs. 10%), depression (13% vs. 10%), asthma (13% vs. 8%), lower back pain (12% vs. 9%)
- Participation in wellness programs is much greater when incentives are offered:
 - Health Risk Questionnaire: 43% participation with incentives, 27% participation without
 - Biometric: 45% participation with incentives, 28% participation without

2010 Health & Well-Being Touchstone – Summary of results (continued)

The majority of participants provide Retirement programs, primarily 401(k)

- 36% offer a defined benefit plan
- 50% vest 401(k) contributions immediately, 50% vest 401(k) contributions within 3 years
- The most common 401(k) match is 1-25% (34%)
- 42% provide a maximum match of 4% or more to the 401(k)
- 46% provide a default 401(k) contribution percentage – typically 3%

Retiree medical programs continued to decline especially those that are subsidized by employers

- 33% of employers over 5000 employees subsidize pre-65 retiree medical coverage down from 47% in 2009 (27% provide access only)
- 22% of employers over 5000 employees subsidize post-65 retiree medical coverage down from 37% in 2009 (21% provide access only)
- A lower percentage of employers with less than 5,000 lives subsidize or offer retiree medical coverage compared to employers with more than 5,000 lives but the gap has narrowed

2010 Health & Well-Being Touchstone – Summary of results (continued)

Work/Life programs remain common for many participants

- The most common work life programs included telecommuting (47%), flexible schedules (41%), parental leave (34%), and reduced hours (30%)

High deductible plans are on the rise

- 13% of employers reported that high deductible plans as the plan with the highest enrollment (up from 6% two years earlier)
- 32% of employers offer high deductible plan with a Health Savings Account (HSA)
- 19% of employers offer high deductible plan with an Health Reimbursement Account (HRA)
- Majority (69% for HSA and 46% for HRA) of employers have below 20% enrollment when such plans are offered
- 15% of employers offering a high deductible plan with a HSA and 37% offering a high deductible plan with a HRA experienced enrollment of 40% or more
- Generally 75% of employers fund their HSA and/or HRA plans by less than \$1,000 a year

2010 Health & Well-Being Touchstone – Summary of results (continued)

Improving wellness programs and increased cost sharing lead the future strategies

- 67% intend to expand or improve wellness programs inside the U.S. (14% outside the U.S.)
- 42% intend to increase employee contributions
- 41% intend to increase medical cost sharing while only 26% intend to increase prescription drug cost sharing
- Other strategies frequently cited include implementation of a value based plan design, implementation of an HSA, and implementation or expansion of flexible work arrangements

Summary of survey participants

All participating industries

	2010	2009	2008
Aerospace & defense	2%	1%	1%
Automotive	2%	3%	1%
Banking & capital markets	3%	2%	4%
Chemicals	3%	3%	3%
Communications	2%	2%	1%
Consumer finance	0%	< 1%	< 1%
Education & other nonprofit	3%	4%	3%
Energy, utilities & mining	5%	8%	4%
Engineering & construction	2%	3%	1%
Entertainment & media	2%	2%	3%
Financial services	8%	7%	8%
Food & beverage	1%	2%	2%
Forest, paper & packaging	0%	< 1%	< 1%
Government/public services	3%	2%	3%
Health industries (Healthcare Providers)	12%	10%	9%
Health industries (Life Sciences)	1%	1%	2%

	2010	2009	2008
Health industries (Medical Plans)	1%	1%	1%
Health industries (Other)	2%	2%	3%
Health industries (Pharmaceuticals)	3%	3%	3%
Hospitality & leisure	1%	< 1%	< 1%
Insurance	7%	5%	5%
Investment management (Alternative investments)	1%	< 1%	1%
Law firms	2%	2%	1%
Manufacturing	11%	12%	12%
Metals	0%	0%	< 1%
Real estate	1%	< 1%	1%
Retail & consumer	4%	3%	4%
Services	4%	3%	6%
Technology	7%	7%	7%
Transportation & logistics	1%	2%	2%
Wholesale & distribution	1%	2%	2%
Other	5%	4%	7%

Survey participant location & company size

Survey participants by location:

	2010	2009	2008
National	52%	51%	48%
NE	14%	16%	17%
NW	4%	5%	5%
North Central	13%	9%	11%
South Central	6%	6%	6%
SE	8%	9%	8%
SW	3%	4%	5%

Survey participants by company size (i.e. active employees):

	2010	2009	2008
< 500	14%	16%	16%
501-999	13%	10%	11%
1,000-1,999	14%	14%	14%
2,000-2999	9%	8%	8%
3,000-3,999	5%	6%	7%
4,000-4,999	6%	6%	6%
5,000-9,999	13%	13%	14%
10,000 - 19,999	11%	13%	10%
20,000 +	15%	14%	16%

Thank you

Thank you for participating in PricewaterhouseCoopers' Health and Well-Being Touchstone survey.

We are currently in the process of analyzing the results in more detail in order to provide specific results based on size, location and industry. If you are interested in learning more, please contact:

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