

Health and Well-being Touchstone Survey results

June 2015



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Overview—*Section 1: Key trends*



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2015 Health and Well-being Touchstone Survey highlights

Overview

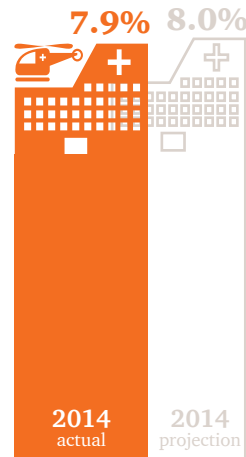
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- The average reported increase in **medical plan costs** before plan changes was **7.9%** for 2014, very close to the **8.0%** expected from the 2014 Touchstone Survey.
 - The average reported annual increase post plan changes was **4.5%** for 2014, about the same as last year and lower than the **5.3%** predicted in the 2014 Touchstone Survey. The expected increase has dropped to **4.1%** for 2015.
 - Employers are aiming to lower medical costs through plan changes including the addition of new options such as High Deductible Health Plans (HDHPs)
- There was a significant increase in medical plan options across all employer sizes, and most notably among large employers. For example, large employers increased from **3.6** plans in 2014 to **5.7** plans in 2015. This trend could be the result of employers working to optimize discounts by offering network alternatives and/or increasing choice to meet the diverse needs of their multi-generational workforce.
- Retail Rx copays** are not keeping pace with rising healthcare costs. Retail drug cost sharing is not going up while mail order copays have increased since last year.
- Employers are looking for ways to control specialty drug costs.
 - The most common methods used to manage specialty drug costs are:
 - Clinical prior authorization**: 74%
 - Step therapy**: 67%
 - Quantity limits**: 63%
- HDHP prevalence is continuing to increase. While Preferred Provider Organization (PPO) plans remain as the plan with the highest enrollment, this is the first year where PPO prevalence is less than **50%**. HDHPs have the most membership **31%** of the time, up from **26%** in 2014, and are the second most popular plan.
 - 83%** of employers offer an HDHP; **56%** offer an HDHP with a Health Savings Account Plan (HSA) and **18%** offer an HDHP with a Health Reimbursement Arrangement (HRA)
 - 31%** of employers noted that an HDHP is their highest enrolled plan, compared to **17%** in 2011
 - Small employers are moving to HDHPs as their highest enrolled medical plan from **27%** in 2014 to **32%** in 2015
 - 25%** have already adopted a full-replacement HDHP plan and an additional **37%** are considering a HDHP only strategy in the next 3 years



Clinical prior authorization

74%



Step therapy

67%



Quantity limits

63%

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- Employers continue to invest in wellness programs with **73%** offering them. For those that offer wellness programs, participation hovers below **30%** unless incentives are used. For three popular programs (biometric screening, Body Mass Index (BMI), and health risk questionnaire) the participation rates increase by over **25 basis points** when incentives are used.
- The Affordable Care Act (ACA) burden and financial impact has shifted:



- Public exchanges are not widely considered a viable option
 - **78%** of employers indicated they will continue to offer traditional coverage and **19%** are uncertain

- Future solutions under consideration include a mix of traditional and emerging strategies:
 - Cost shifting through plan design and increased contributions are the most prevalent choices to control healthcare costs:
 - **42%** are considering changes in medical design (**44%** have already made changes) and **48%** are considering increasing prescription drug cost sharing (**29%** have already increased)
 - **49%** are considering increasing employee contributions (**38%** have already increased), and **42%** are considering moving to a defined contribution approach (**8%** have already moved)
 - Other approaches that employers are considering include: high performing networks (**37%**), value based plan design (**42%**), incenting employees to utilize Accountable Care Organizations (ACOs) (**33%**), and expanding wellness (**40%**)
- Employers continue to consider private exchanges
 - **28%** of employers are considering moving their active employees to a private exchange after **2%** have already done so
 - For those who offer retiree medical coverage, **69%** of employers are considering moving their pre-65 retirees to a private exchange and **6%** have already moved their pre-65 retirees
 - For those who offer retiree medical coverage, **53%** of employers are considering moving their post-65 retirees to a private exchange and **18%** have already moved their post-65 retirees



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2015 Health and Well-being Touchstone Survey summary

Survey background

- The survey was completed in the first quarter of 2015
- The survey data contains detailed benefits information provided by over 1,150 participating employers in 36 different industries across the US
- The 2015 survey provides summary data on medical, prescription drug, and dental plan design, costs, Consolidated Omnibus Budget Reconciliation Act (COBRA) rates, wellness and disease management programs, work-life programs, fringe benefits, future healthcare strategies, retirement benefits and health reform
- Customized reports are available upon request based on industry, size and/or geographic location

Medical costs continue to increase faster than inflation

- The average reported increase in medical plan costs before plan changes was **7.9%** for 2014 over 2013, which is very close to the **8.0%** expected from the 2014 Touchstone Survey
 - Most participants (**39%**) anticipate a **5%** to **9%** increase in medical costs before plan changes over the next year
 - The average reported annual increase after plan changes was **4.5%** for 2014, which is the same as last year and lower than the **5.3%** predicted in the 2014 Touchstone Survey. The expected increase has dropped to **4.1%** for 2015 compared to **5.3%** in 2014.
 - **53%** of employers who made plan changes expect their medical cost trend to decrease, remain unchanged or increase by **4%** or less
- The average reported 2015 gross spend per active employee for individual only coverage is **\$6,448** and across all coverage tiers is **\$12,739**



*The **services industry** continues to offer the most expensive benefits versus the retail & consumer industry, which tends to offer less rich benefits and may have younger, more “single” and less costly workforce*





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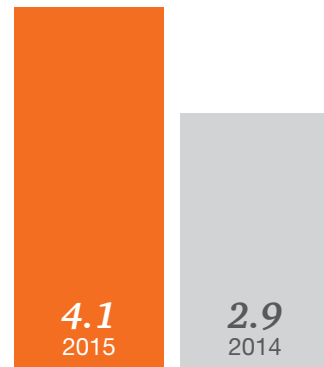
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Medical plan features

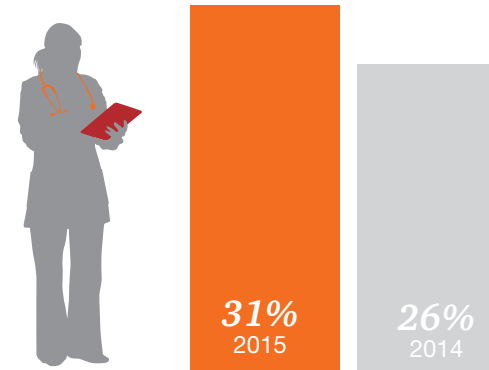
Employer medical plans offered



Medical plans



High deductible health plans (HDHPs) continue to increase in prevalence as the highest enrolled plan from 26% last year to 31% this year, especially among large employers, increasing by 9 percentage points since last year



HDHPs



- As employers work to optimize discounts by offering network alternatives and/or increasing choice, the number of medical plans offered increased from **2.9** plans last year to **4.1** plans this year

Premium and contribution structure:

- 4-tier rate structures remain the most popular among employers (**60%** in 2015)
- On average, employees contribute **24%** of individual coverage premiums and **28%** of family coverage premiums
- 18%** of employers have salary based contributions, with an average of 4 salary tiers
- 22%** of employers have a smoking surcharge for employees (**10%** for dependents) with an average monthly surcharge of **\$55** for employees (**\$53** for dependents)



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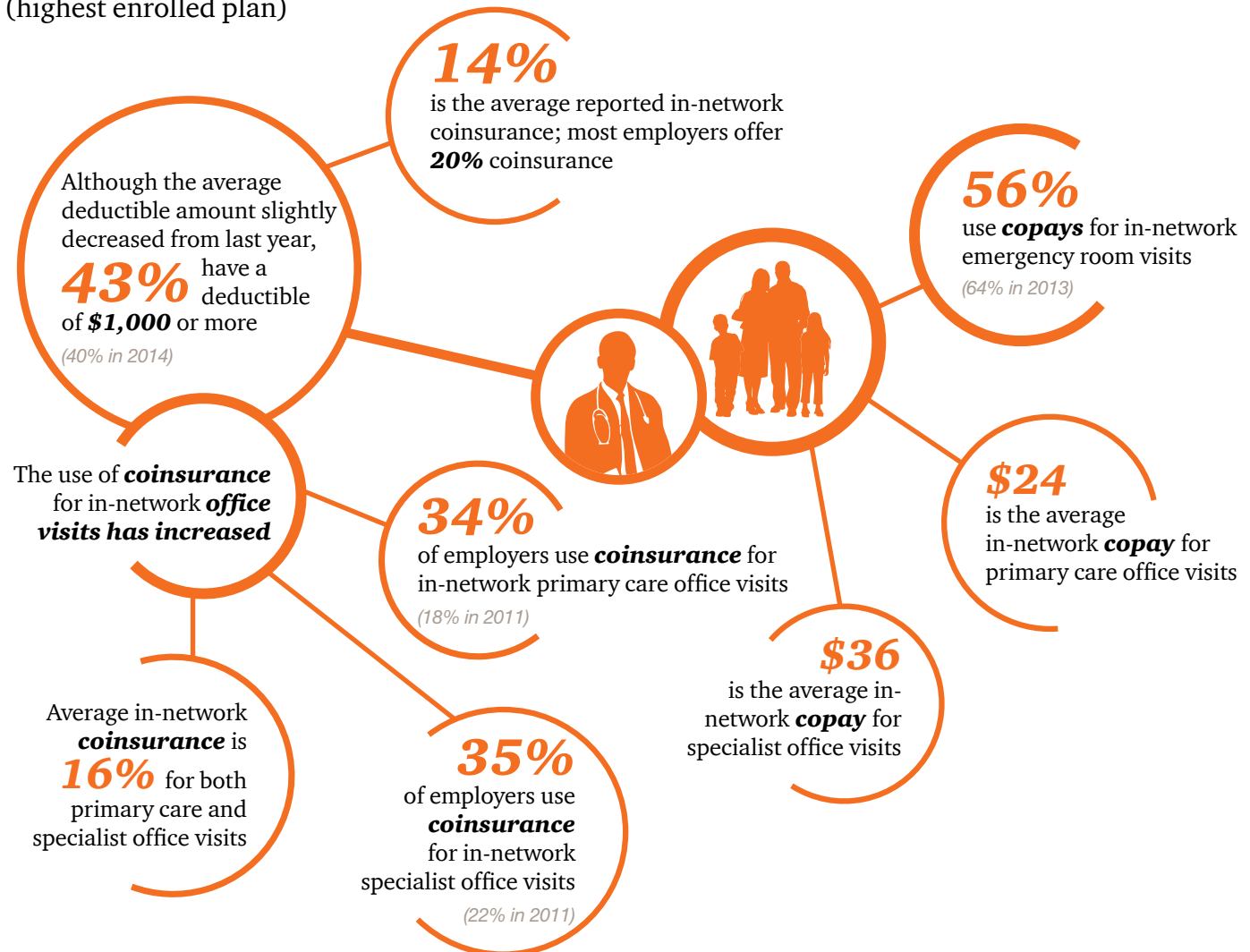
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► In-network features (highest enrolled plan)





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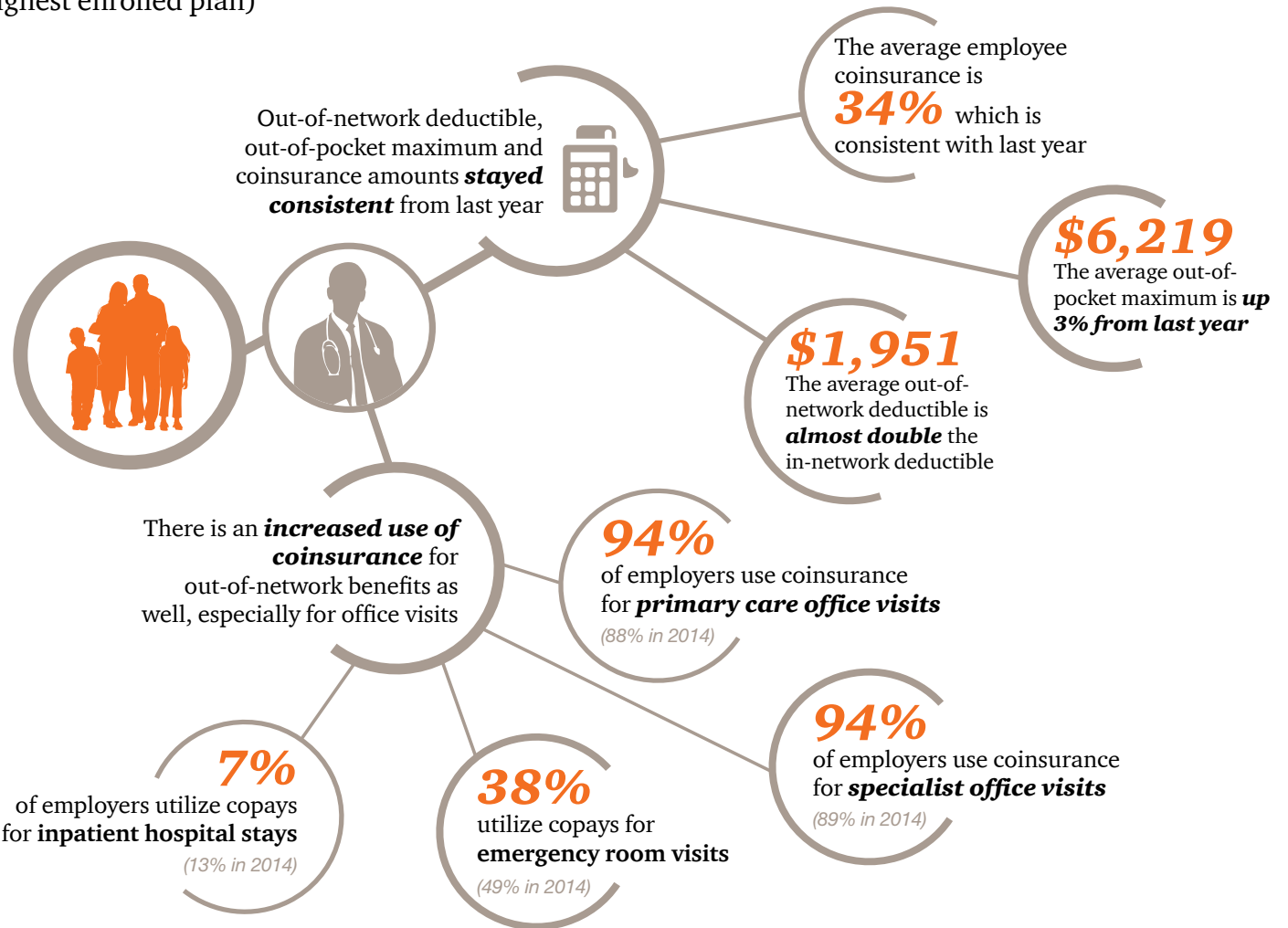
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► Out-of-network features (highest enrolled plan)





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High Deductible Health Plans (HDHPs)

HDHPs continue to increase in prevalence

- **83%** of employers offer a HDHP
 - **31%** of employers note that a HDHP is their highest enrolled plan, compared to **26%** in 2014 and **17%** in 2011
 - For large employers, HDHP popularity grew by **9 percentage points**, up from **28%** to **37%**, showing the most significant shift
 - While a higher percentage of large employers offer HSA and HRA compatible plans, small employers tend to contribute more to consumer directed accounts than large employers

- For those that offer an HDHP with an HSA, average contributions are **\$583** for single and **\$1,165** for family
 - Average HSA employer contributions are down **16%** from last year; however, large employers' contributions were flat, while small and mid-sized employer contributions dropped **20%**
- For those that offer an HDHP with an HRA, average contributions are **\$538** for single and **\$1,126** for family
 - Average HRA contribution dropped markedly across the board, **42%** overall
- The average HSA or HRA contribution for family coverage is approximately double that of individual coverage

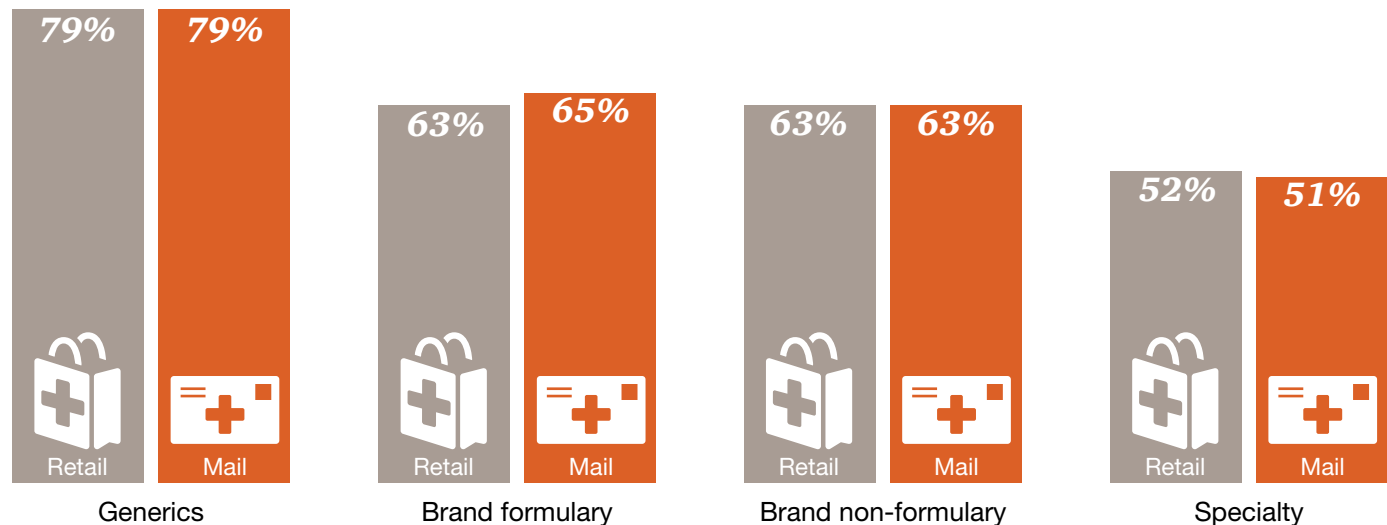
% offering	HSA			HRA		
	2015	2014	2013	2015	2014	2013
<1,000 employees	48%	39%	35%	14%	11%	18%
1,000–5,000 employees	58%	52%	40%	20%	15%	20%
5,000+ employees	70%	59%	46%	23%	25%	25%
All participants	56%	47%	39%	18%	15%	20%

2015 Health and Well-being Touchstone Survey summary

Prescription drug benefits

- A combined common deductible for in-network prescription drug plans continues to be more prevalent
 - 35% apply a combined medical/pharmacy deductible (up from 24% in 2014)
 - 54% do not apply a deductible on pharmacy claims (down from 66% in 2014)
 - 11% have a separate prescription drug deductible (slightly up from 10% in 2014)
- While retail cost sharing is not going up, mail order copays have increased since last year
 - Retail: From \$11 to \$10 (generic), \$32 to \$29 (brand formulary), \$51 to \$50 (brand non-formulary) and \$59 to \$62 (specialty)
 - Mail order: From \$19 to \$21 (generic), \$60 to \$60 (brand formulary), \$100 to \$103 (brand non-formulary) and \$91 to \$108 (specialty)
- Employers are looking for ways to control specialty drug costs
 - Clinical prior authorization (74%), step therapy (67%) and quantity limits (63%) are the most common methods used to manage specialty drug costs
 - Large employers are more likely to employ programs to manage their specialty drug costs
 - Although more large employers believe that rising costs of specialty drugs will have a very significant financial impact (33%) than small employers (12%), 28% of large employers have high confidence that their current carrier or PBM can better manage specialty drug costs compared to 18% of small employers

Even with a slight shift towards coinsurance as a cost sharing method, copays are still the most common cost sharing method as shown in the graphic below



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Medical plan providers

- Large employers are more likely to use regional plans in addition to national plans
- Employers continue to be satisfied with their vendors' core services and this level of satisfaction has stayed fairly stable over the years
- Small employers are insourced for benefit administration more frequently (**39%**) while large employers are more likely to outsource (**37%**) or co-source (**36%**)

Dental benefits

- Overall, dental plan features and designs remain consistent with last year
 - **88%** of employers continue to use PPO plans to offer dental coverage with **\$50** and **\$1,500** as the most common deductible and annual benefit maximum, respectively
 - The most common dental plan design is **100%/80%/50%** (diagnostic & preventive/basic/major)
 - Employees, on average, contribute **44%** of the total premium for single coverage and **48%** for family coverage (compared to **39%** and **45%** respectively in 2014)
- Both annual gross and net spend for individual dental coverage differs greatly among industries
 - Education & non-profit has the highest dental costs while retail & consumer and health industries tend to be lower

- **57%** of employers offer 4-tier dental rates
- **16%** of employers pay the full cost of individual dental coverage

Wellness programs

- Only **10%** of employers measure the ROI on their wellness programs and of those, the vast majority (**80%**) have found positive returns
- Most participants are currently targeting physical and mental dimensions through their wellness programs yet interest in targeting other dimensions is increasing
 - The percentage of participants targeting financial and social dimensions has increased since last year (**63%** vs. **55%** and **44%** vs. **38%**)
- **45%** of employers are interested in offering user profiling and/or personalization and **43%** are interested in offering mobile apps/user interfaces to enhance their wellness programs

73% of employers offer wellness programs with large employers being more likely to offer than small employers

- The most common wellness programs were Employee Assistance Program (EAP) (**90%**), followed by biometric screening (**82%**), health risk questionnaire (**80%**), Body Mass Index (BMI) (**67%**) and tobacco cessation (**66%**)
- **90%** of employers offer EAP programs, yet only **26%** of employees utilize that program
- **49%** of employers consider biometric screening to be the most valuable wellness program they offer followed by the health risk questionnaire and the EAP



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- Participation rates are higher for employers who use incentives, nearly doubling for programs such as biometric screening (**55%**), Body Mass Index (**54%**) and health risk questionnaire (**55%**)
- Subjective judgements are widely used to measure the effectiveness of wellness programs rather than quantitative metrics, with the exception of measuring the effectiveness of wellness programs on mitigating health costs

Disease management programs

- While overall, employers view disease management programs to be somewhat effective, more find them to be not effective in 2015 than 2014 at mitigating healthcare cost (**23%** vs. **18%**) and improving performance (**39%** vs. **31%**)
- **86%** of employers who measure return on investment (ROI) found positive returns
- **57%** of employers offer disease management programs, up from **53%** last year
 - Small employers offering disease management programs are becoming more prevalent (**39%** in 2015 vs. **31%** in 2014)
 - However, the participation rates still remain very low. For example, diabetes which is the most valuable and most prevalent, only has an average **18%** participation rate.

Self-insurance and stop-loss

- Self-insurance continues to grow in popularity with **67%** of employers being self-insured in 2015, up from **60%** in 2014
 - **89%** of employers with 1,000+ employees are self-insured, **66%** of employers with 500–1,000 employees are self-insured and **30%** of employers with <500 employees are self-insured
- **60%** of self-insured plans do not have aggregate stop-loss coverage and **26%** do not have specific/individual stop-loss coverage, which is slightly more than 2014
 - Small employers are more likely to obtain stop-loss (individual and/or aggregate) than large employers
 - The level of specific/individual stop-loss coverage increases as employer size increases as shown in the chart below

Specific/individual coverage	<1,000 employees	1,000–5,000 employees	5,000+ employees
<\$50,000	2%	2%	0%
\$50,000–\$99,999	24%	1%	0%
\$100,000–\$199,999	36%	21%	2%
\$200,000–\$299,999	18%	33%	5%
\$300,000–\$499,999	6%	20%	18%
\$500,000–\$999,999	0%	5%	14%
\$1,000,000+	4%	3%	9%
N/A	10%	15%	52%

Shaded most frequent



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Paid Time Off (PTO) banks are used by 44% of employers compared to traditional vacation/sick days

- Large employers, on average, offer more PTO days (**18 days**) to employees than small employers (**15 days**)
- All employers tend to offer more PTO or vacation days to employees with tenure (on average **6 more PTO days**, **5 more vacation days** and **3 more sick days**)

Work-life programs

- Large employers tend to offer more work-life programs than small employers
 - Since 2014, flexible work schedules remains the most frequently offered work-life program followed by telecommuting
 - There is an increase in the numbers of employers offering flexible work schedule but a decrease in parental/adult leave and childcare





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Retiree medical programs

- The percentage of employers offering pre-65 retiree medical programs to current retirees has increased from 2013 (from **36%** to **39%**) and those offering post-65 retiree medical programs has remained fairly stable since 2013 (**31%**)
- The percentage of employers offering pre-65 and post-65 retiree medical programs to new hires has decreased from 2014 (from **58%** to **53%** for pre-65 and from **52%** to **43%** for post-65 retirees)
- **74%** of those who offer pre-65 benefits, offer the same medical coverage options as those available to their active employees
- For post-65 retirees, **47%** of employers offer a Medicare supplemental plan for medical benefits and **34%** offer commercial drug plan with Retiree Drug Subsidy (RDS) for pharmacy benefit
- For those who offer retiree medical coverage, **6%** of employers have already moved their pre-65 retirees to a private exchange and **18%** for post-65 retirees. **69%** are considering such an option for their pre-65 retirees and **53%** for their post-65 retirees

Retirement plans

- 401(k) plans are still the most prevalent retirement program across all industries
 - **74%** of employers have a participation rate in their 401(k) plans of over **70%**
 - For employers offering 401(k) plans, **40%** vest employer contributions immediately
 - On average, **58%** of employees contribute at the threshold to receive the maximum employer contribution
 - Employers, on average, offer a maximum contribution of **3.1%**
- There has been a consistent drop in employers offering defined benefit plans (**32%** in 2011 to **25%** in 2015), but accrual rates have stayed constant
 - Defined benefit plans tend to be well-funded (**40%** have a funded status of **100%+**)
 - Defined benefit plans that are frozen to all accruals have been increasing gradually over the last 5 years (from **14%** in 2011 to **24%** in 2015)



44%
of employers in 2015
are likely to change or
eliminate pre-65 retiree
medical benefits



49%
of employers in 2015
are likely to change or
eliminate post-65 retiree
medical benefits



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Healthcare reform

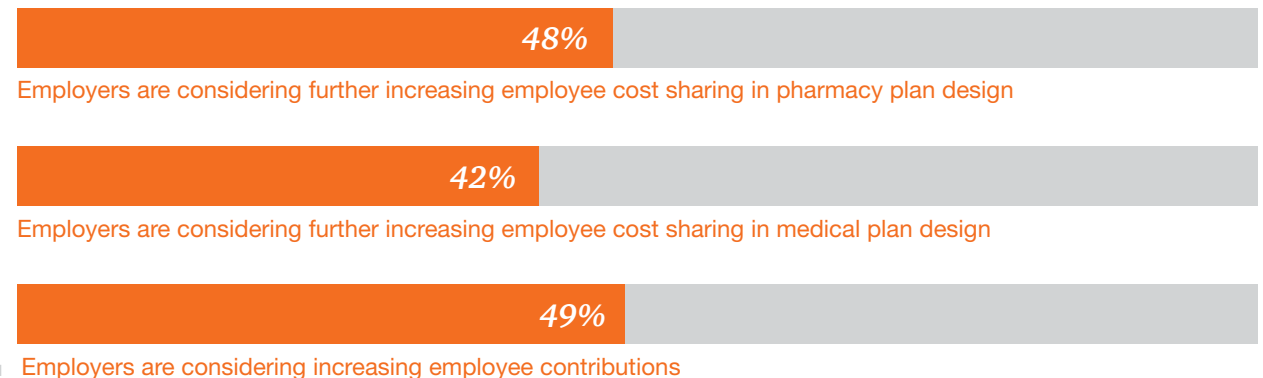
- **78%** of employers plan to continue to offer traditional benefit plans compared to **72%** in 2014, while **19%** of employers will take the “wait and see” approach before deciding upon a strategy
- **64%** of employers in 2015 indicated that they will be financially impacted by the excise tax on high cost plans as compared to **60%** in 2014. As a way to cut cost and try to delay the excise tax, **87%** of employers are likely to increase their efforts related to wellness and health management and **84%** of employers are likely to re-evaluate their overall benefits strategy, of which **41%** are very likely to do so.
- **88%** of employers will be impacted by the ACA reporting and compliance requirements

Future solutions for mitigating healthcare cost increases over the next three years

- **54%** of employers have added an HSA qualified HDHP compared to **49%** in 2014
 - **38%** are considering a HDHP-only strategy even after **24%** have already adopted
- **49%** of employers have implemented/expanded workplace wellness as compared to **39%** in 2014
- **28%** of employers are considering moving their active employees to a private exchange in the next three years and **2%** already have moved their active employees to a private exchange
- **42%** are considering defined contribution and **9%** have already done so
- Use of value based plan design, a high performance based network and expanded workplace wellness (delivery based solution) are also very popular



Employers continue to consider cost shifting through plan design changes and increased employee contributions





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Detailed findings—**Section 3: Medical plan costs**





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Annual 2015 medical gross spend for individual coverage

Annual gross spend per active employee

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology	All participants
<\$4,000	3%	2%	2%	2%	5%	0%	4%	2%
\$4,000–\$4,999	0%	11%	9%	18%	20%	5%	17%	13%
\$5,000–\$5,999	13%	26%	25%	34%	36%	30%	37%	28%
\$6,000–\$6,999	39%	35%	28%	27%	16%	14%	19%	27%
\$7,000–\$7,999	26%	14%	15%	8%	14%	19%	17%	15%
\$8,000–\$8,999	0%	8%	13%	7%	9%	8%	2%	8%
\$9,000+	19%	4%	8%	4%	0%	24%	4%	7%
2015: average annual gross spend	\$7,122	\$6,424	\$6,618	\$6,092	\$5,937	\$7,400	\$6,020	\$6,448
2014: average annual gross spend	\$7,017	\$6,657	\$6,659	\$6,151	\$5,793	\$6,837	\$5,798	\$6,347

Shaded most frequent

The services industry continues to offer the most expensive benefits with an 8% increase over 2014 compared to the retail & consumer industry which had a 2% increase over 2014

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Annual 2015 medical gross spend across all coverage tiers

Annual gross spend per active employee

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology	All participants
<\$5,000	1%	4%	3%	6%	8%	1%	6%	5%
\$5,000–\$6,999	15%	18%	16%	18%	16%	12%	16%	16%
\$7,000–\$8,999	9%	8%	11%	9%	12%	8%	9%	9%
\$9,000–\$9,999	9%	4%	6%	6%	6%	6%	6%	5%
\$10,000–\$11,999	4%	13%	10%	14%	15%	15%	14%	13%
\$12,000–\$13,999	19%	13%	14%	12%	12%	9%	12%	13%
\$14,000–\$15,999	10%	13%	12%	11%	10%	9%	14%	12%
\$16,000–\$17,999	8%	7%	8%	11%	9%	14%	9%	9%
\$18,000–\$19,999	8%	8%	8%	6%	5%	8%	5%	7%
\$20,000+	17%	12%	12%	7%	7%	18%	9%	11%
2015: average annual gross spend	\$13,927	\$12,914	\$12,909	\$12,033	\$11,559	\$14,461	\$12,207	\$12,739
2014: average annual gross spend	\$13,310	\$12,985	\$12,926	\$12,040	\$11,315	\$13,460	\$11,958	\$12,442

Shaded most frequent

The services industry continues to offer the most expensive benefits vs. the retail & consumer industry

Gross spend in financial services, healthcare and manufacturing was flat, retail & consumer and technology rose slightly, while the industries that typically have more generous benefits increased the most (education & non-profit 4.6% and services 7.4%)

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Medical plan costs before/after plan change

Healthcare costs continue to rise at rates in excess of Consumer Price Index (CPI) and participants are expecting them to stay high this year, similar to last year

Before plan changes

	Expected calendar year 2015 over 2014	Calendar year 2014 over 2013
Decrease	5%	5%
Unchanged	12%	13%
1%–4% increase	14%	15%
5%–9% increase	39%	34%
10%–14% increase	18%	17%
15%–19% increase	6%	7%
20%+ increase	6%	9%
Average	7.6% increase	7.9% increase

Shaded most frequent

After plan changes

	Expected calendar year 2015 over 2014	Calendar year 2014 over 2013
Decrease	11%	10%
Unchanged	21%	22%
1%–4% increase	21%	19%
5%–9% increase	32%	30%
10%–14% increase	10%	12%
15%–19% increase	2%	4%
20%+ increase	3%	3%
Average	4.1% increase	4.5% increase

Shaded most frequent

The **7.9%** increase from 2013 to 2014 is almost on point with the 8.0% expected as reported in the 2014 Touchstone Survey. Expected 2015 cost increases are at similar levels at 7.6% before plan changes.

39% of participants anticipate a 5% to 9% increase in medical costs before plan changes over the next year

The **4.5%** increase from 2013 to 2014 was less than the expected increase of 5.3% reported in the 2014 Touchstone Survey

53% of participants who made plan changes expect their medical costs to increase 4% or less in 2015



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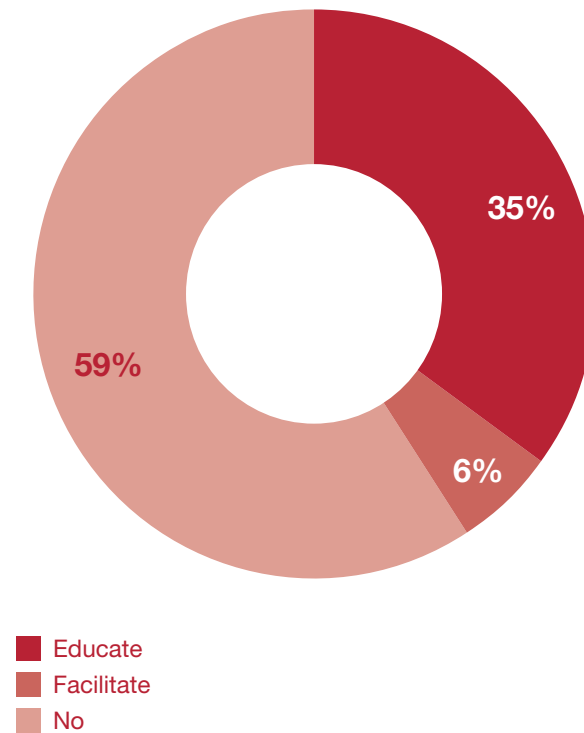
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Section 3: Medical plan costs

Consolidated Omnibus Budget Reconciliation Act (COBRA) eligible employees

Do you educate/facilitate employees to go to the public exchange?



On average, **7.9%** of COBRA eligible employees actually elect COBRA

Most participants (59%) do not educate their employees on obtaining coverage through a public exchange nor facilitate the process

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Medical plan 2015 active monthly COBRA rates by tier

		Monthly dollars by percentile		
Tier/coverage level	Distribution percentage	25th	50th	75th
2-tier rates				
Employee	15%	\$439	\$551	\$694
Family		\$1,255	\$1,423	\$1,700
3-tier rates				
Employee	19%	\$472	\$554	\$616
Employee + 1		\$945	\$1,091	\$1,237
Employee + 2 or more		\$1,348	\$1,600	\$1,826
4-tier rates				
Employee	60%	\$456	\$519	\$606
Employee + spouse		\$973	\$1,125	\$1,300
Employee + children		\$849	\$974	\$1,158
Family		\$1,388	\$1,570	\$1,823
5-tier rates				
Employee	6%	\$469	\$522	\$585
Employee + spouse		\$1,006	\$1,164	\$1,331
Employee + child		\$757	\$899	\$1,041
Employee + children		\$963	\$1,144	\$1,416
Family		\$1,435	\$1,587	\$1,812
2015: average employee only rate			\$548	
2014: average employee only rate			\$529	

Tier	<1,000 employees	1,000– 5,000 employees	5,000+ employees
2-tier	22%	11%	9%
3-tier	18%	23%	16%
4-tier	56%	58%	69%
5-tier	4%	8%	6%

Shaded most frequent

*The majority of employers offer
4-tier rates**Over **20%** of small employers
limit their offerings to two tiers**The average monthly cost of
employee only COBRA coverage
rose 3.6% to \$548 from last year*



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Section 3: Medical plan costs

Medical plan 2015 pre-65 and post-65 retiree monthly rates

Coverage	Monthly dollars by percentile		
	25th	50th	75th
Pre-65 retiree	\$507	\$688	\$893
Post-65 retiree	\$275	\$438	\$516
Average pre-65 retiree rate:		\$710	
Average post-65 retiree rate:		\$426	

*The average post-65 retiree rate dropped
almost 22% since 2014, while the average
pre-65 rate remained flat*



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Detailed findings—**Section 4: Medical plan design highlights**





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Medical plans with the highest enrollment

Medical plans with the highest enrollment

	2015	2014	2013	2012	2011
Preferred provider organization (PPO)	49%	51%	54%	57%	57%
High deductible health plan (HDHP)	31%	26%	21%	17%	17%
Point of service (POS)	8%	7%	8%	8%	7%
Health maintenance organization (HMO)	7%	10%	9%	13%	12%
Exclusive provider organization (EPO)	4%	4%	6%	4%	6%
All other plans	1%	1%	1%	0%	0%
Indemnity	0%	1%	1%	1%	1%

The average enrollment of the plans that attract the most employees is 64%, which is a decrease from 82% in 2014. This could be a result of the increase in plan offerings from 2014. Consistent with 2014, on average, 16% of employees opt out of medical coverage.

Medical plans with the highest enrollment by size

	<1,000 employees	1,000–5,000 employees	5,000+ employees
PPO	44%	57%	49%
HDHP	32%	25%	37%
POS	10%	10%	2%
HMO	9%	4%	6%
EPO	4%	4%	5%
All other plans	1%	0%	1%

HDHPs continue to grow in popularity with small and large employers, taking another 5 percentage points from the combined PPO and HMO enrollments, overall. For large employers, HDHP popularity grew by 9 percentage points, up from 28% to 37%, which represents the most significant shift.

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Medical plan options

Number of medical plan options	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants
1	24%	7%	7%	15%
2	27%	23%	20%	24%
3	22%	24%	15%	21%
4	12%	14%	11%	12%
5	2%	8%	8%	5%
6	6%	10%	15%	10%
7	1%	3%	7%	3%
8	2%	6%	5%	4%
9	1%	0%	1%	1%
10 or more	3%	5%	11%	5%
2015 average	3.0 plans	4.2 plans	5.7 plans	4.1 plans
2014 average	2.5 plans	3.1 plans	3.6 plans	2.9 plans

Shaded most frequent

The average number of plans offered has increase from

2.9 plans in 2014 to **4.1 plans** in 2015

- This trend is likely resultant from participants working to optimize discounts by offering network alternatives and/or increasing choice to meet the diverse needs of their multi-generational workforce

Large employers tend to offer more medical plan options to their employees than small employers

60%

of participants offer 3 or fewer medical plan options to their employees

and **28%**

of participants offer 5 or more medical plan options

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Most common medical plan features by plan type

	PPO	HDHP	POS	HMO
Percent selected as highest enrolled plan	49%	31%	8%	7%
In-network				
Deductible	\$500	\$1,600	\$325	\$25
Out-of-pocket max	\$2,500	\$3,500	\$2,600	\$1,900
Employee coinsurance	20%	20%	10%	0%
Primary care office visit	\$25 copay	20% coinsurance	\$25 copay	\$25 copay
Specialist office visit	\$36 copay	20% coinsurance	\$40 copay	\$40 copay
Inpatient hospital	20% coinsurance	20% coinsurance	10% coinsurance	\$250 copay
Emergency room	\$150 copay	20% coinsurance	\$100 copay	\$150 copay
Out-of-network				
Deductible	\$1,000	\$3,000	\$1,000	N/A
Out-of-pocket max	\$5,000	\$6,600	\$5,000	N/A
Employee coinsurance	40%	40%	30%	N/A
Primary care office visit	40% coinsurance	40% coinsurance	30% coinsurance	N/A
Specialist office visit	40% coinsurance	40% coinsurance	30% coinsurance	N/A
Inpatient hospital	40% coinsurance	40% coinsurance	30% coinsurance	N/A
Emergency room	40% coinsurance	40% coinsurance	\$100 copay	N/A

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Medical plan in-network features for highest enrolled plan (individual deductible)

The average individual deductible is

\$1,034

ever so slightly less than last year

The financial services industry has
the highest average deductible of

\$1,198

Both health industries and
manufacturing had a significant
increase in individual deductible

	2015	2014	2013	2012	2011
\$0	13%	16%	18%	21%	22%
\$1–\$199	2%	3%	4%	8%	8%
\$200–\$299	7%	9%	10%	11%	14%
\$300–\$399	6%	6%	7%	9%	9%
\$400–\$499	4%	4%	5%	5%	5%
\$500–\$749	18%	16%	17%	19%	16%
\$750–\$999	7%	6%	7%	5%	4%
\$1,000–\$1,999	25%	22%	17%	13%	11%
\$2,000–\$2,999	12%	9%	9%	6%	7%
\$3,000+	6%	9%	6%	3%	4%

Shaded most frequent

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology
\$0	33%	11%	17%	4%	9%	17%	14%
\$1–\$199	2%	1%	1%	3%	1%	3%	3%
\$200–\$299	12%	4%	7%	4%	1%	10%	6%
\$300–\$399	2%	6%	5%	6%	3%	1%	8%
\$400–\$499	2%	2%	1%	6%	8%	3%	5%
\$500–\$749	10%	18%	14%	25%	22%	18%	14%
\$750–\$999	4%	8%	4%	7%	15%	7%	8%
\$1,000–\$1,999	17%	26%	28%	27%	24%	22%	29%
\$2,000–\$2,999	16%	18%	13%	13%	10%	11%	10%
\$3,000+	2%	6%	10%	5%	7%	8%	3%
2015 average	\$771	\$1,198	\$1,174	\$1,120	\$1,044	\$1,023	\$917
2014 average	\$1,094	\$1,132	\$944	\$989	\$1,159	\$1,221	\$1,069

Shaded most frequent



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Medical plan in-network features for highest enrolled plan (individual out-of-pocket maximum)

The average individual
out-of-pocket maximum is

\$3,313

Health industries has the highest
average out-of-pocket maximum at
\$3,861 and has the greatest increase
from 2014

	2015	2014	2013	2012	2011
<\$1,000	4%	9%	6%	13%	10%
\$1,000–\$1,999	14%	16%	19%	27%	27%
\$2,000–\$2,999	26%	26%	26%	27%	27%
\$3,000–\$4,999	37%	32%	24%	16%	20%
\$5,000–\$9,999	18%	15%	11%	6%	6%
\$10,000+	1%	2%	1%	1%	1%
Unlimited	0%	0%	13%	10%	9%

Shaded most frequent

In 2015, out-of-pocket maximums are capped at \$6,600 for individual coverage for non-grandfathered plans

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology
<\$1,000	4%	3%	2%	3%	2%	4%	2%
\$1,000–\$1,999	25%	14%	11%	15%	4%	15%	13%
\$2,000–\$2,999	27%	27%	16%	30%	27%	18%	29%
\$3,000–\$4,999	33%	34%	47%	35%	47%	33%	40%
\$5,000–\$9,999	11%	21%	23%	16%	16%	29%	13%
\$10,000+	0%	1%	1%	1%	4%	1%	3%
2015 average	\$2,752	\$3,364	\$3,861	\$3,221	\$3,756	\$3,482	\$3,478
2014 average	\$2,971	\$3,100	\$2,810	\$2,891	\$3,484	\$3,025	\$2,934

Shaded most frequent

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Medical plan in-network features for highest enrolled plan (employee coinsurance)

Employee coinsurance

	2015	2014	2013	2012	2011
0%	19%	22%			
1%–9%	1%	1%	10%	12%	8%
10%–19%	30%	28%	36%	39%	41%
20%–24%	44%	44%			
25%–29%	2%	1%	47%	41%	46%
30%–39%	3%	4%			
40%–49%	0%	0%	2%	3%	1%
50%+	1%	0%	5%	5%	4%

Shaded most frequent

The average in-network
coinsurance is**14%**with most participants
offering 20% coinsuranceRetail & consumer has
the highest average
coinsurance of**18%**

Employee coinsurance by industry

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology
0%	44%	19%	28%	12%	6%	29%	13%
1%–9%	2%	0%	1%	0%	1%	0%	2%
10%–19%	32%	36%	19%	29%	21%	29%	37%
20%–24%	18%	38%	42%	53%	64%	39%	42%
25%–29%	2%	1%	3%	1%	1%	2%	2%
30%–39%	2%	4%	6%	3%	7%	1%	2%
40%–49%	0%	1%	0%	0%	0%	0%	0%
50%+	0%	1%	1%	2%	0%	0%	2%
2015 average	8%	14%	13%	16%	18%	12%	14%
2014 average	13%	13%	11%	15%	16%	11%	12%

Shaded most frequent

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Medical plan in-network features for highest enrolled plan (primary care office visit)

Primary care office visit

	2015	2014	2013	2012	2011
\$0 copay	1%	2%	8%	6%	7%
\$1–\$9 copay	0%	0%	1%	1%	1%
\$10–\$19 copay	8%	9%	12%	16%	17%
\$20–\$24 copay	22%	24%	24%	26%	29%
\$25–\$29 copay	18%	18%	20%	19%	16%
\$30–\$34 copay	11%	13%	11%	10%	8%
\$35–\$39 copay	4%	4%	4%	3%	4%
\$40+ copay	2%	1%			
% of participants using copays	66%	71%	80%	81%	82%
0% coinsurance	4%	3%			
1%–19% coinsurance	10%	7%			
20%–24% coinsurance	18%	14%	20%	19%	18%
25%–29% coinsurance	0%	1%			
30%–39% coinsurance	1%	1%			
40%+ coinsurance	1%	3%			
% of participants using coinsurance	34%	29%	20%	19%	18%

Shaded most frequent

The average copay for primary care office visits is **\$24** and the average coinsurance is **16%**

66% of participants utilize copays for specialist office visits which is down from 69% in 2014

Participants are starting to use more coinsurance for office visits which is likely a result of the increased popularity of HDHPs



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Medical plan in-network features for highest enrolled plan (specialist office visit)

Specialist office visit

	2015	2014	2013	2012	2011
\$0 copay	0%	2%	5%	4%	5%
\$1–\$9 copay	0%	0%	0%	1%	1%
\$10–\$19 copay	4%	4%	6%	6%	9%
\$20–\$24 copay	6%	7%	9%	10%	11%
\$25–\$29 copay	4%	7%	10%	12%	9%
\$30–\$34 copay	10%	12%	13%	12%	14%
\$35–\$39 copay	7%	6%	77%	78%	78%
\$40–\$44 copay	17%	15%			
\$45–\$49 copay	3%	4%			
\$50–\$59 copay	11%	9%			
\$60+ copay	3%	3%			
% of participants using copays	65%	69%	77%	78%	78%
0% coinsurance	3%	3%	23%	22%	22%
1%–19% coinsurance	10%	8%			
20%–24% coinsurance	19%	15%			
25%–29% coinsurance	1%	1%			
30%–39% coinsurance	1%	1%			
40%+ coinsurance	1%	3%			
% of participants using coinsurance	35%	31%	23%	22%	22%

Shaded most frequent

The average copay for
specialist office visits is
\$36 and the average
coinsurance is **16%**

65%
of participants utilize
copays for specialist office
visits which is down from
69% in 2014

Participants are starting
to use more coinsurance
for office visits



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Medical plan in-network features for highest enrolled plan (inpatient hospital)

Inpatient hospital cost per admission

	2015	2014	2013	2012	2011
\$0 copay	5%	7%	18%	20%	16%
\$1–\$199 copay	6%	8%	9%	11%	13%
\$200–\$299 copay	9%	8%	14%	16%	17%
\$300–\$399 copay	1%	3%			
\$400–\$599 copay	4%	4%	9%	7%	7%
\$600+ copay	1%	1%	4%	5%	5%
% of participants using copays	26%	31%	54%	59%	58%
0% coinsurance	6%	6%	46%	41%	42%
1%–19% coinsurance	26%	21%			
20%–24% coinsurance	37%	31%			
25%–29% coinsurance	1%	1%			
30%–39% coinsurance	3%	2%			
40%+ coinsurance	1%	8%			
% of participants using coinsurance	74%	69%	46%	41%	42%

Shaded most frequent

The average copay for
inpatient hospital stays is
\$206 and the average
coinsurance is **16%**

26%
of participants utilize
copays which is a decrease
from **31%** in 2014



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Medical plan in-network features for highest enrolled plan (emergency room)

Emergency room cost per visit

	2015	2014	2013	2012	2011
\$0 copay	1%	2%	4%	7%	8%
\$1–\$49 copay	1%	2%			
\$50–\$99 copay	7%	11%	15%	17%	21%
\$100–\$124 copay	16%	20%	28%	27%	26%
\$125–\$149 copay	2%	1%		3%	4%
\$150–\$199 copay	14%	14%	14%	13%	19%
\$200+ copay	15%	14%	14%	12%	
% of participants using copays	56%	64%	75%	79%	78%
0% coinsurance	4%	3%			
1%–19% coinsurance	13%	9%			
20%–24% coinsurance	23%	16%	25%	21%	22%
25%–29% coinsurance	1%	1%			
30%–39% coinsurance	2%	2%			
40%+ coinsurance	1%	5%			
% of participants using coinsurance	44%	36%	25%	21%	22%

Shaded most frequent

The average emergency
room copay is
\$152 and the average
coinsurance is **17%**

The percentage of
participants utilizing
emergency room copays
has decreased from
64% in 2014 to
56% in 2015

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Medical plan out-of-network features for highest enrolled plan (individual deductible)

Individual deductible

	2015	2014	2013	2012	2011
<\$200	5%	5%	1%	4%	2%
\$200–\$499	7%	7%	10%	14%	16%
\$500–\$749	12%	13%	17%	20%	21%
\$750–\$999	7%	7%	8%	10%	7%
\$1,000–\$1,999	29%	27%	29%	29%	28%
\$2,000–\$2,999	15%	15%	11%	11%	10%
\$3,000–\$3,999	12%	12%			
\$4,000+	13%	14%	23%	12%	16%

Shaded most frequent

The average out-of-network individual deductible is **\$1,951** which is almost double the average in-network individual deductible

40%
of participants have an out-of-network deductible of \$2,000 or more in 2015, which has increased over the past few years (34% in 2013 and 26% in 2011)

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Medical plan out-of-network features for highest enrolled plan (individual out-of-pocket maximum and employee coinsurance)

Individual out-of-pocket maximum

	2015	2014	2013	2012	2011
\$0	3%	3%			
\$1–\$999	1%	1%	3%	4%	5%
\$1,000–\$1,999	3%	3%	6%	10%	9%
\$2,000–\$2,999	8%	8%	11%	16%	12%
\$3,000–\$4,999	23%	23%	27%	27%	29%
\$5,000–\$9,999	44%	40%	32%	22%	25%
\$10,000+	16%	18%	11%	7%	8%
Unlimited	2%	4%	10%	14%	12%

Shaded most frequent

The average individual
out-of-pocket maximum is
\$6,219
which is up 3% from
last year

Participants have an
average out-of-network
employee coinsurance of

34%

which is consistent with
prior years. The average
coinsurance for out-of-
network primary care
and specialist office visits
is 36%.

Employee coinsurance

	2015	2014	2013	2012	2011
0%	7%	8%			
1%–9%	1%	0%	5%	7%	9%
10%–19%	1%	1%			
20%–24%	11%	15%			
25%–29%	2%	1%	20%	21%	19%
30%–39%	25%	25%		27%	29%
40%–49%	35%	35%	58%	28%	29%
50%+	18%	15%	17%	17%	14%



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Medical plan out-of-network features for highest enrolled plan (inpatient hospital and emergency room)

Inpatient hospital cost per admission

	2015	2014
\$0 copay	1%	2%
\$1–\$199 copay	2%	4%
\$200–\$299 copay	2%	3%
\$300–\$399 copay	0%	1%
\$400–\$599 copay	1%	2%
\$600+ copay	1%	1%
% of participants using copays	7%	13%
0% coinsurance	1%	1%
1%–19% coinsurance	1%	1%
20%–24% coinsurance	9%	10%
25%–29% coinsurance	2%	1%
30%–39% coinsurance	27%	22%
40%+ coinsurance	53%	52%
% of participants using coinsurance	93%	87%

Shaded most frequent

Emergency room cost per visit

	2015	2014
\$0 copay	1%	1%
\$1–\$49 copay	1%	1%
\$50–\$99 copay	4%	8%
\$100–\$149 copay	13%	16%
\$150–\$199 copay	8%	12%
\$200+ copay	11%	11%
% of participants using copays	38%	49%
0% coinsurance	1%	1%
1%–19% coinsurance	4%	1%
20%–24% coinsurance	9%	7%
25%–29% coinsurance	1%	0%
30%–39% coinsurance	16%	11%
40%+ coinsurance	31%	31%
% of participants using coinsurance	62%	51%

Shaded most frequent

The average out-of-network hospital copay is \$275 and the average emergency room copay is \$168

The average coinsurance for out-of-network hospital and emergency room is 36% and 33%, respectively

7% of participants utilize copays for inpatient hospital visits and 38% utilize copays for emergency room visits



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Section 4: Medical plan design highlights

HDHPs

HDHPs are continuing to increase in prevalence. There is an increase in participants offering HDHPs with an HSA, from **47%** last year to **56%** this year. There is a slight increase in participants offering HDHPs with an HRA, from **15%** last year to **18%** this year.

Percentage offering

	HSA	HRA
<1,000 employees	48%	14%
1,000–5,000 employees	58%	20%
5,000+ employees	70%	23%
All participants	56%	18%

Large employers tend to offer HSA and HRA compatible plans more often than small employers

46% of participants have
50%+ of their employees funding
their HSA through payroll deductions with
7% of participants having more
than 90% of their employees funding

Percentage of employees who fund HSAs through their payroll deductions

	HSA
<10%	25%
10%–19%	10%
20%–29%	7%
30%–39%	8%
40%–49%	4%
50%–59%	9%
60%–69%	13%
70%–79%	9%
80%–89%	8%
90%+	7%

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HDHPs (individual)

Employer subsidy

	HSA				HRA			
	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants
\$0	19%	17%	14%	16%	40%	28%	32%	34%
\$1–\$499	20%	20%	19%	20%	7%	9%	13%	10%
\$500–\$749	18%	38%	47%	34%	12%	39%	24%	23%
\$750–\$999	15%	15%	12%	14%	15%	16%	15%	15%
\$1,000–\$1,499	17%	9%	5%	11%	10%	4%	16%	10%
\$1,500–\$1,999	4%	1%	1%	2%	6%	2%	0%	3%
\$2,000–\$2,999	5%	0%	0%	2%	7%	2%	0%	4%
\$3,000+	2%	0%	2%	1%	3%	0%	0%	1%
Average	\$691	\$499	\$533	\$583	\$663	\$468	\$438	\$538

Shaded most frequent

Small employers tend to contribute more to their employees' HSA or HRA accounts than large employers

34% of participants contribute \$500–\$749 into their employees' HSA accounts

Average HSA employer contributions are down **16%** from last year; however, large employers contributions were flat, while small and mid-sized employer subsidies dropped **20%**

Average HRA contributions dropped markedly across the board, **42%** overall

69% of participants offer HDHPs with an HSA and **16%** offer with an HRA

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HDHPs (family)

Employer subsidy

	HSA				HRA			
	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants
\$0	18%	16%	13%	16%	38%	28%	33%	34%
\$1–\$499	4%	1%	3%	3%	3%	0%	3%	2%
\$500–\$749	8%	15%	12%	11%	3%	11%	7%	6%
\$750–\$999	7%	8%	5%	6%	0%	6%	3%	2%
\$1,000–\$1,499	24%	39%	48%	37%	10%	31%	21%	20%
\$1,500–\$1,999	13%	11%	13%	12%	21%	15%	15%	17%
\$2,000–\$2,999	16%	9%	4%	10%	10%	7%	18%	12%
\$3,000+	10%	1%	2%	5%	15%	2%	0%	7%
Average	\$1,417	\$975	\$1,040	\$1,165	\$1,475	\$884	\$895	\$1,126

Shaded most frequent

The average HSA or HRA contribution for family coverage is approximately double that of individual coverage

The most common HSA employer contribution is \$1,000–\$1,499 across all employer sizes

15% of small employers contribute more than \$3,000 into the HRA account

Similar reductions in employer subsidy on employee coverage were experienced in family coverage



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Section 4: Medical plan design highlights

Financing of medical plans with the highest enrollment

<500 employees

	2015	2014	2013	2012	2011
Self-insured	30%	26%	31%	22%	20%
Fully-insured	67%	69%	65%	65%	67%
Minimum premium arrangement	3%	5%	4%	13%	13%

500–1,000 employees

	2015	2014	2013	2012	2011
Self-insured	66%	59%	55%	49%	54%
Fully-insured	29%	38%	43%	47%	39%
Minimum premium arrangement	5%	3%	2%	4%	7%

1,000+ employees

	2015	2014	2013	2012	2011
Self-insured	89%	87%	85%	86%	87%
Fully-insured	10%	12%	13%	12%	12%
Minimum premium arrangement	1%	1%	2%	2%	1%

Shaded most frequent

Self insurance continues
to gain in popularity:

67%

of participants are self-
insured in 2015, up
from 60% in 2014

Employers with 500–1,000
employees showed the largest
growth in self-insurance,
from 59% in 2014 to

66%
in 2015

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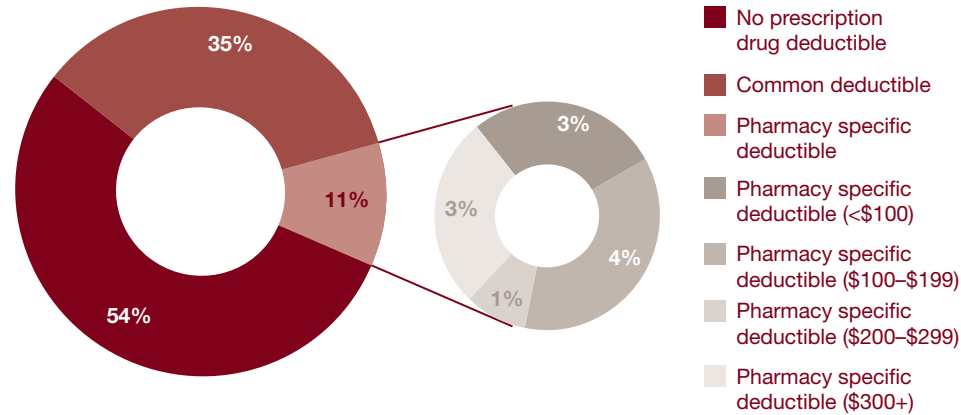
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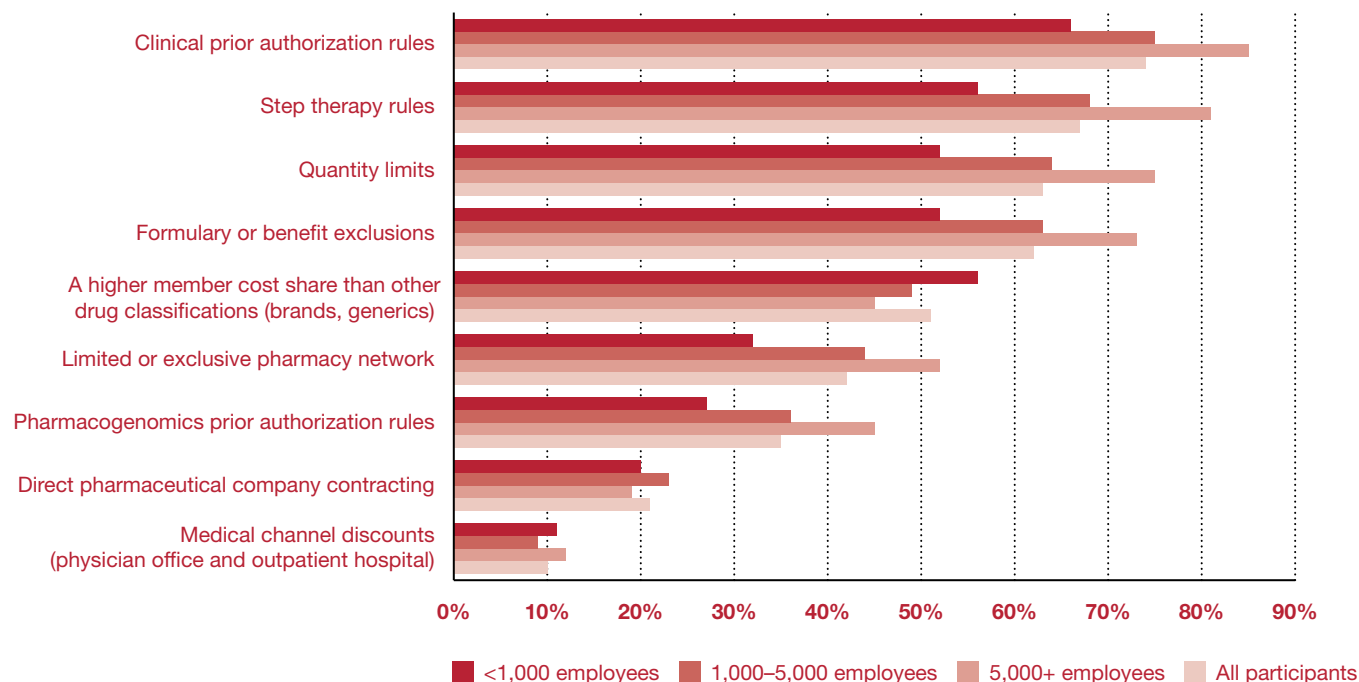
In-network prescription drug plan



11%
of participants
have a separate
prescription
drug deductible

While 54% of the plans do not apply a deductible on pharmacy claims, the most common deductible continues to be an integrated deductible with medical claims rather than a stand-alone prescription deductible

Specialty drug costs—controls in place to manage cost



Large employers are more likely to employ programs to manage specialty drug costs

Clinical prior authorization, step therapy and quantity limits are the top three most prevalent approaches of managing cost for all employer sizes



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Specialty drug costs

Confidence in current carrier or Pharmacy Benefit Manager (PBM) to better manage specialty drug costs

	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants
High confidence	18%	23%	28%	22%
Moderate confidence	52%	60%	63%	57%
Low confidence	11%	10%	7%	10%
No confidence	2%	0%	0%	1%
Do not know	17%	7%	2%	10%

Shaded most frequent

89%

of participants have some confidence in their current carrier or PBM to better manage their specialty drug costs, with 57% with moderate confidence and 22% with high confidence

Large employers are more confident than small employers

Significance of rising specialty drug costs

	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants
Very significant impact	12%	20%	33%	20%
Significant impact	31%	46%	47%	40%
Slight impact	27%	23%	13%	21%
No impact	3%	1%	1%	2%
Do not know	27%	10%	6%	17%

Shaded most frequent

81%

of participants indicated that rising specialty costs will impact them, with 40% with significant impact and 20% with very significant impact

Large employers will be more impacted by rising specialty costs than small employers and are more aware of the impact of these costs

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Prescription drug benefit design for highest enrolled plan

For the medical plan selected as having the highest enrollment, the following is the summary of the prescription drug plan average copay amounts:

Retail copays

	2015	2014	2013	2012	2011
Generic	\$10	\$11	\$13	\$14	\$13
Brand “formulary”	\$29	\$32	\$33	\$32	\$30
Brand “non-formulary”	\$50	\$51	\$51	\$49	\$46
Specialty	\$62	\$59	\$60	\$56	\$44

Mail order

	2015		2014	
	Copay	Coinsurance	Copay	Coinsurance
Generic	\$21	18%	\$19	26%
Brand “formulary”	\$60	25%	\$60	30%
Brand “non-formulary”	\$103	35%	\$100	38%
Specialty	\$108	27%	\$91	34%

Copays for retail non-formulary brands are

72% higher than formulary brands

The average retail specialty drug copay has increased **41%** since 2011, from **\$44 (2011) to \$62 (2015)**

Average retail copays have slightly decreased from last year for all tiers shown above except specialty drugs while mail order copays have mostly increased

Mail order average copays are typically **2** times retail average copays

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Medical contribution strategies

	2015		2014	
	Single	Family	Single	Family
Non-contributory—employees pay 0% of the premium	5%	3%	6%	3%
Defined benefit—employees pay a percent of premium	57%	58%	57%	59%
Defined benefit—employer determines employee contribution amount	29%	30%	29%	29%
Defined contribution—employer pays a fixed amount	9%	9%	8%	9%

Shaded most frequent

Participants continue to utilize a “defined benefit” strategy **86% of the time**

Defined contribution—employer pays a fixed monthly amount

	2015		2014	
	Single	Family	Single	Family
<\$100	15%	7%	14%	6%
\$100–\$199	10%	0%	13%	4%
\$200–\$299	18%	4%	23%	0%
\$300–\$399	25%	4%	21%	8%
\$400–\$499	20%	12%	19%	14%
\$500–\$749	8%	20%	10%	16%
\$750–\$999	2%	18%	0%	20%
\$1,000+	2%	35%	0%	32%
Average contribution	\$334	\$780	\$301	\$742

Shaded most frequent

Participants are contributing more in **2015** compared to **2014**, but that is most likely reflective of the premium increases

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Defined benefit—employees pay a percentage of premium

	2015		2014	
	Single	Family	Single	Family
<10%	9%	3%	8%	4%
10%–14%	10%	7%	10%	7%
15%–19%	15%	10%	17%	12%
20%–24%	29%	28%	28%	27%
25%–29%	19%	20%	19%	18%
30%–39%	11%	18%	11%	18%
40%–49%	1%	4%	1%	3%
50%+	6%	10%	6%	11%
Average contribution	24%	28%	23%	28%

Shaded most frequent

The average percentage of premium employees pay for family coverage did not change from 2014 to 2015

Employees who pay a fixed dollar amount towards their medical plan are experiencing roughly a 6% increase from 2014

Defined benefit—employer determines monthly employee contribution amount

	2015		2014	
	Single	Family	Single	Family
<\$50	30%	5%	33%	7%
\$50–\$99	32%	8%	30%	6%
\$100–\$199	32%	18%	32%	21%
\$200–\$299	3%	17%	3%	16%
\$300–\$399	1%	17%	1%	20%
\$400–\$749	1%	30%	0%	27%
\$750–\$1,999	1%	4%	1%	2%
\$2,000+	0%	1%	0%	1%
Average contribution	\$94	\$347	\$88	\$328

Shaded most frequent

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Employee contribution percentages vary by employer size

2015 individual coverage contribution

Contribution	<1,000 employees	1,000–5,000 employees	5,000+ employees
<10%	11%	8%	3%
10%–14%	14%	10%	6%
15%–19%	13%	15%	17%
20%–24%	25%	30%	35%
25%–29%	17%	19%	24%
30%–39%	12%	10%	11%
40%+	8%	8%	4%
Average	24%	24%	23%

Shaded most frequent

2015 family coverage contribution

Contribution	<1,000 employees	1,000–5,000 employees	5,000+ employees
<10%	5%	3%	2%
10%–14%	8%	7%	5%
15%–19%	11%	9%	10%
20%–24%	23%	28%	36%
25%–29%	15%	23%	23%
30%–39%	19%	19%	15%
40%–49%	4%	2%	5%
50%–74%	7%	5%	1%
75%+	8%	4%	3%
Average	31%	28%	26%

Shaded most frequent

The average employee contribution for family is 3%–7% higher than individual coverage. The biggest gap is for small employers, who tend to offer fewer tiers.

Small employers tend to have higher employee contribution levels than large employers

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Salary based contributions and smoking surcharges

Percent utilizing salary based contributions

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2015	2014
No	89%	78%	73%	82%	86%
Yes	11%	22%	27%	18%	14%
Average # of tiers	4	4	5	4	6

Shaded most frequent

Monthly smoking surcharges

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2015	2014
No	87%	79%	60%	77%	80%
Yes, for employees	13%	21%	39%	22%	20%
Yes, for dependents	4%	10%	20%	10%	9%
Average for employees	\$61	\$53	\$53	\$55	\$51
Average for dependents	\$57	\$53	\$52	\$53	\$59

More than one option was allowed to be selected

Shaded most frequent

Salary based contributions are more prevalent amongst large employers, and overall appear to be a growing trend

Large employers are more likely to impose smoking surcharges. However, small employers tend to charge the highest smoking surcharges to their employees and dependents.

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Spouse/dependent coverage

Are spouses excluded from receiving coverage if they are offered coverage elsewhere?

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2015	2014
Yes	9%	7%	6%	8%	12%
No, but they pay a surcharge	11%	18%	31%	18%	15%
No, they pay no surcharge	80%	75%	63%	74%	73%

Shaded most frequent

Are dependents excluded from receiving coverage if they are offered coverage elsewhere?

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2015	2014
Yes	2%	0%	1%	1%	6%
No, but they pay a surcharge	3%	1%	2%	3%	3%
No, they pay no surcharge	95%	99%	97%	96%	91%

Shaded most frequent

Fewer participants are excluding spouses from receiving coverage as compared to last year, but more are requiring a surcharge

Large employers are more likely to have spouses pay a surcharge than other size employers

Participants are more likely to include dependents with no surcharge than spouses with no surcharge

When participants do require a surcharge, the average monthly amount is \$92 for spousal coverage and \$53 for dependent coverage

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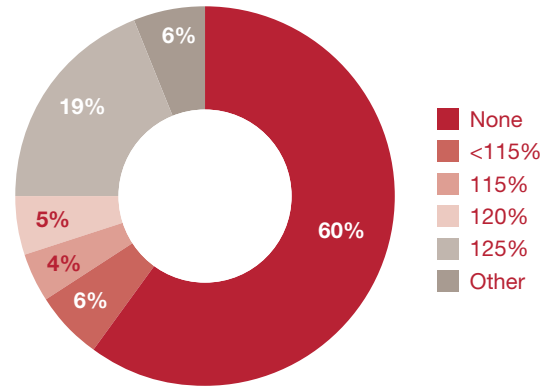
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Stop-loss coverage

For the medical plan(s) selected as self-insured, the following is the breakdown of stop-loss coverage:

Aggregate stop-loss coverage levels

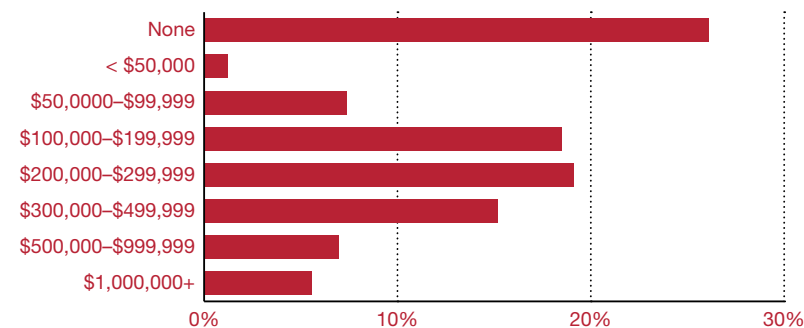


60% of self-insured plans do not have aggregate stop-loss coverage and 26% do not have specific/individual coverage, which is slightly more than 2014

For those employers who purchase aggregate stop-loss coverage, the most prevalent level is

125%

Specific/individual coverage amount in 2015



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Stop-loss coverage by employer size

Aggregate coverage

	<1,000 employees	1,000–5,000 employees	5,000+ employees
<115%	9%	6%	3%
115%	9%	4%	0%
120%	6%	7%	3%
125%	35%	18%	7%
Other	9%	5%	3%
None	32%	60%	84%

Shaded most frequent

Small employers are much more likely to purchase aggregate stop-loss coverage than large or mid-sized employers

Specific/individual coverage

	<1,000 employees	1,000–5,000 employees	5,000+ employees
<\$50,000	2%	2%	0%
\$50,000–\$99,999	24%	1%	0%
\$100,000–\$199,999	36%	21%	2%
\$200,000–\$299,999	18%	33%	5%
\$300,000–\$499,999	6%	20%	18%
\$500,000–\$999,999	0%	5%	14%
\$1,000,000+	4%	3%	9%
None	10%	15%	52%

Shaded most frequent

The majority of self-insured small employers obtain specific/individual stop-loss coverage whereas slightly more than half of large employers do not obtain specific/individual stop-loss coverage



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Section 4: Medical plan design highlights

Medical plan providers

Survey participants use the following administrators for their medical plans:

Medical plan with the highest enrollment

	<1,000 employees	1,000–5,000 employees	5,000+ employees
Aetna & Coventry	7%	12%	16%
BCBS–Wellpoint/Anthem	16%	8%	15%
BCBS–Other than Wellpoint/Anthem	29%	33%	21%
CIGNA	13%	14%	11%
Humana	1%	0%	2%
Kaiser	1%	1%	1%
UnitedHealthcare	16%	19%	22%
Other Health Plan	12%	7%	8%
Other Third Party Administrator (TPA)	5%	6%	4%

Shaded most frequent

Medical plan with the second highest enrollment

	<1,000 employees	1,000–5,000 employees	5,000+ employees
Aetna & Coventry	5%	8%	12%
BCBS–Wellpoint/Anthem	15%	9%	15%
BCBS–Other than Wellpoint/Anthem	34%	33%	24%
CIGNA	15%	12%	10%
Humana	0%	0%	3%
Kaiser	4%	7%	2%
UnitedHealthcare	12%	19%	22%
Other Health Plan	11%	7%	9%
Other Third Party Administrator (TPA)	4%	5%	3%

Shaded most frequent



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Section 4: Medical plan design highlights

Medical plan providers

Survey participants use the following administrators for their medical plans:

All other medical plans

	<1,000 employees	1,000–5,000 employees	5,000+ employees
Aetna & Coventry	7%	12%	14%
BCBS–Wellpoint/Anthem	13%	9%	13%
BCBS–Other than Wellpoint/Anthem	29%	27%	20%
CIGNA	15%	15%	18%
Humana	1%	0%	2%
Kaiser	6%	23%	36%
UnitedHealthcare	12%	16%	16%
Other Health Plan	16%	12%	20%
Other Third Party Administrator (TPA)	5%	6%	4%

More than one option was allowed to be selected

Shaded most frequent

Large employers are more likely to use Kaiser than small employers

*Similarly, small employers are more likely to stick to national
carriers, such as BCBS and Cigna, compared to large employers*

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Vendor satisfaction

Vendor satisfaction	2015			2014			2013		
	Very satisfied	Satisfied	Not satisfied	Very satisfied	Satisfied	Not satisfied	Very satisfied	Satisfied	Not satisfied
Claim administration	41%	54%	5%	37%	58%	5%	38%	58%	4%
Consumer/decision support	23%	62%	15%	20%	66%	14%	18%	68%	14%
Member services	30%	63%	7%	27%	65%	8%	27%	65%	8%
Medical management	28%	64%	8%	26%	65%	9%	23%	70%	7%
Network discounts	41%	54%	5%	40%	56%	4%	36%	59%	5%
Pharmacy benefit administration	24%	67%	9%	25%	65%	10%	25%	69%	6%
Wellness	23%	61%	16%	20%	62%	18%	19%	63%	18%

Shaded most frequent

Satisfaction with vendors has been fairly stable over the last few years with an increase in employers being very satisfied from 2013 to 2015

23% indicated they were very satisfied with consumer/decision support in 2015 vs. 18% in 2013

28% indicated they were very satisfied with medical management in 2015 vs. 23% in 2013

41% indicated they were very satisfied with network discounts in 2015 vs. 36% in 2013

The benefit administration of medical plans by employer size

	<1,000 employees			1,000–5,000 employees			5,000+ employees			All participants		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Insourced	39%	36%	38%	34%	32%	31%	25%	31%	21%	34%	34%	32%
Outsourced	25%	23%	24%	25%	24%	25%	37%	32%	39%	28%	25%	28%
Co-sourced	35%	41%	38%	41%	44%	44%	36%	37%	40%	37%	41%	40%
Managed by a Private exchange*	1%	-	-	0%	-	-	2%	-	-	1%	-	-

* Not a survey response option in prior years

Shaded most frequent

Small employers are more likely to insource the benefit administration of their plans compared to large employers who are more likely to outsource and co-source

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Detailed findings—**Section 5: Dental plan design highlights**





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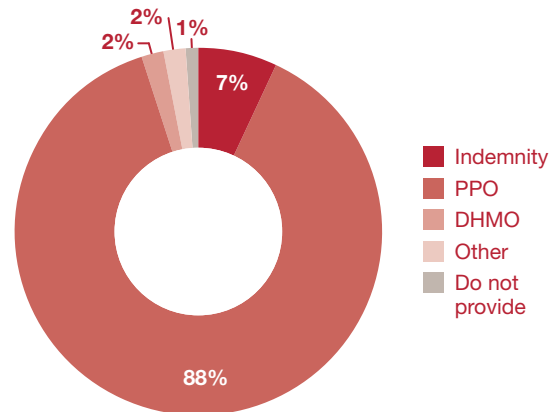
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Dental plan features

Dental plan types



Deductible (individual)	2015	Annual benefit maximum	2015
\$0	10%	\$0	1%
\$1–\$49	14%	\$1–\$999	3%
\$50	65%	\$1,000–\$1,499	22%
\$51–\$59	0%	\$1,500	39%
\$60–\$74	0%	\$1,501–\$1,999	4%
\$75–\$99	3%	\$2,000–\$2,499	24%
\$100–\$149	6%	\$2,500–\$2,999	5%
\$150+	2%	\$3,000+	2%
Average	\$55	Average	\$1,569

Shaded most frequent

99% of participants offer dental coverage to their employees with the PPO being the most common plan type

On average, dental plan designs have a **\$55 deductible** and a **\$1,569 annual benefit maximum**

The most common deductible is **\$50** and the most common annual benefit maximum is **\$1,500**



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Dental plan features

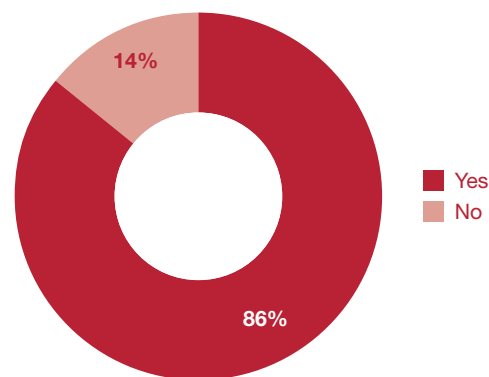
Employer coinsurance	Diagnostic & preventive	Basic	Major
50%	1%	3%	68%
60%			17%
65%	0%	2%	0%
70%		1%	3%
75%	0%	1%	1%
80%		72%	7%
85%	4%	2%	1%
90%	2%	10%	1%
100%	93%	9%	2%
Average	99%	81%	56%

Shaded most frequent

Employee share of premium	Single	Family
0%	11%	8%
1%–9%	2%	2%
10%–19%	8%	8%
20%–29%	20%	15%
30%–39%	15%	15%
40%–49%	9%	9%
50%–59%	11%	12%
60%–69%	3%	6%
70%–79%	2%	3%
80%–89%	2%	4%
90%–99%	1%	1%
100%	16%	17%
Average	44%	48%

Shaded most frequent

Orthodontic coverage



The most common dental plan design is 100%/80%/50%

Employees, on average, pay 44% for single coverage and 48% for family coverage

For those participants that offer orthodontic coverage, the average coinsurance is 55%

16% of participants pay the full cost of individual dental coverage



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Annual gross/net dental spend for individual dental coverage by industry

Annual gross spend per active employee

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology	All participants
<\$100	0%	3%	6%	5%	5%	3%	4%	4%
\$100–\$199	0%	4%	6%	4%	2%	0%	13%	4%
\$200–\$299	7%	5%	13%	11%	14%	8%	9%	9%
\$300–\$399	10%	26%	30%	22%	35%	17%	7%	23%
\$400–\$499	35%	30%	32%	41%	23%	33%	24%	31%
\$500–\$599	17%	16%	13%	12%	9%	17%	17%	15%
\$600+	31%	16%	0%	5%	12%	22%	26%	14%
Average annual gross spend	\$547	\$453	\$368	\$394	\$413	\$482	\$451	\$432
Average annual net spend	\$346	\$303	\$212	\$254	\$199	\$249	\$313	\$268

Shaded most frequent

Average annual gross spend for individual dental coverage varies greatly by industry with education & nonprofit having the highest gross cost at \$547 and health industries having the lowest gross cost at \$368

Average annual net spend for individual dental coverage varies greatly by industry with education & nonprofit having the highest net cost at \$346 and retail & consumer having the lowest net cost at \$199



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Dental premium rates by coverage tier

		Monthly dollars by percentile		
Tier/coverage level	Distribution percentage	25th	50th	75th
2-tier rates				
Employee	18%	\$27	\$36	\$43
Family		\$75	\$98	\$126
3-tier rates				
Employee	21%	\$25	\$37	\$44
Employee + 1		\$52	\$74	\$90
Employee + 2 or more		\$89	\$113	\$138
4-tier rates				
Employee	57%	\$30	\$36	\$42
Employee + spouse		\$60	\$73	\$86
Employee + children		\$63	\$76	\$90
Family		\$100	\$117	\$135
5-tier rates				
Employee	4%	\$26	\$35	\$44
Employee + spouse		\$52	\$80	\$95
Employee + child		\$41	\$60	\$87
Employee + children		\$64	\$86	\$116
Family		\$87	\$122	\$165
Average individual premium rate:			\$36	

*Comparable to the medical plan, the majority
of participants offer 4-tier dental rates*



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Wellness and disease management programs

Participants offering wellness and disease management programs:

	Wellness programs					Disease management programs				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
<1,000 employees	62%	57%	57%	56%	52%	39%	31%	31%	28%	40%
1,000–5,000 employees	79%	81%	71%	76%	81%	64%	64%	60%	65%	74%
5,000+ employees	84%	83%	85%	85%	88%	76%	79%	75%	81%	86%
All participants	73%	71%	68%	72%	73%	57%	53%	49%	58%	66%

As employer size increases, the percentage of participants offering wellness and disease management programs increases

The prevalence of wellness and disease management programs increased for small employers from last year

- Wellness programs are more popular, and appear to have stabilized in popularity among mid-sized and large employers, but are still growing with small employers
- Disease management programs are also growing with small employers



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Wellness and disease management program highlights

Wellness programs

73% of all survey participants and 84% of large employers offer wellness programs to eligible individuals

38% of participants with 1,000+ employees and 32% of participants with <1,000 employees spend more than 1.0% of total medical costs on wellness programs

44% of participants use an external vendor for their wellness program, 28% use their medical vendor and 28% manage the program in-house. Since last year, there has been a relatively significant movement from participants using their medical vendor to using an external vendor to manage their wellness programs.

Disease management programs

57% of all survey participants and 76% of large employers offer disease management programs to eligible individuals although participation rates are low

83% of participants use their medical vendor for their disease management program, 6% manage the program in-house, and 11% utilize an external vendor

48% of participants provide both wellness and disease management programs while 19% of participants do not provide either



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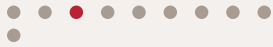
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Wellness and disease management programs: incentives

Incentives	Wellness	Disease management
No incentives offered	13%	82%
Cash/gift card <\$100	27%	2%
Cash/gift card \$100–\$199	12%	2%
Cash/gift card \$200+	16%	1%
Premium surcharge for not participating	7%	-
Annual premium incentive <\$100	2%	0%
Annual premium incentive \$100–\$199	4%	0%
Annual premium incentive \$200–\$299	4%	1%
Annual premium incentive \$300–\$499	7%	0%
Annual premium incentive \$500+	21%	1%
Additional employer contribution into HSA/HRA/FSA <\$100	0%	0%
Additional employer contribution into HSA/HRA/FSA \$100–\$199	1%	1%
Additional employer contribution into HSA/HRA/FSA \$200–\$299	5%	1%
Additional employer contribution into HSA/HRA/FSA \$300–\$499	2%	0%
Additional employer contribution into HSA/HRA/FSA \$500+	8%	1%
Deductible credits	2%	-
Lower copays	-	4%
Small gifts	31%	1%
Raffles for large gifts	23%	0%
Charitable donations	5%	0%
Other	8%	4%

More than one option was allowed to be selected

Shaded most frequent

- **87%** of participants offer incentives for their wellness programs and **18%** offer incentives for their disease management programs
- Fewer participants are offering disease management incentives as compared to last year (**18%** vs. **31%**)



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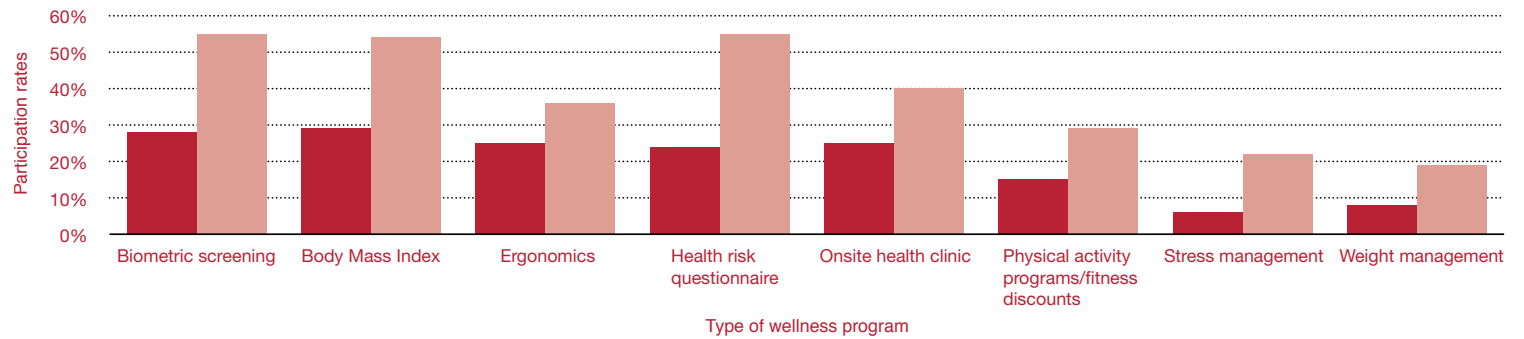
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Wellness programs: incentives

Participation rates are impacted by those participants who offer incentives:



Programs where incentives did not significantly impact program participation:

- Employee assistance program
- Executive health exam
- Health coach
- Nutrition
- Onsite fitness
- Tobacco cessation



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Wellness programs

Wellness program targeting dimensions

	Currently targeting	Interested in targeting	Not interested in targeting
Career	26%	35%	39%
Community	37%	29%	34%
Emotional	66%	23%	11%
Financial	63%	25%	12%
Mental	73%	21%	6%
Physical	92%	6%	2%
Social	44%	26%	30%
Spiritual	19%	21%	60%

Shaded most frequent

Wellness program features

	Currently offering	Interested in offering	Not interested in offering
Activity tracking devices	50%	36%	14%
Competition/gamification	60%	27%	13%
Feedback loops	37%	37%	26%
Mobile apps or user interface	41%	43%	16%
One-on-one coaching	59%	21%	20%
Social sharing	24%	41%	35%
User profiling and/or personalization	22%	45%	33%

Shaded most frequent

Most participants are currently targeting physical and mental dimensions through their wellness programs yet interest in targeting career and community dimensions exists

- The percentage of participants targeting financial and social dimensions has increased since last year (63% vs. 55% and 44% vs. 38%)

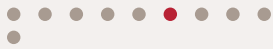
45% of participants are interested in offering user profiling and/or personalization and 43% are interested in offering mobile apps or user interfaces to enhance their wellness programs

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Wellness and disease management programs

Wellness program

	2015	2014
Employee assistance program	90%	85%
Biometric screening	82%	78%
Health risk questionnaire	80%	76%
Body Mass Index	67%	56%
Tobacco cessation	66%	63%
Physical activity program/ fitness discounts	61%	58%
Weight management	59%	53%
Health coach	57%	53%
Nutrition	55%	46%
Stress management	48%	41%
Onsite fitness	47%	42%
Ergonomics	37%	30%
Executive health exam	25%	24%
Onsite health clinic	18%	14%

More than one option was allowed to be selected
Shaded most frequent

Despite an increased number of participants
offering disease management programs,
participation still remains very low

Diabetes average participation is

18%

Disease management program

	2015	2014
Diabetes	93%	72%
Cardiac	76%	56%
Asthma	74%	57%
Chronic obstructive pulmonary disease	74%	53%
Hypertension	67%	48%
Cancer	62%	42%
Lower back pain	51%	39%
Depression	48%	34%

More than one option was allowed to be selected
Shaded most frequent

90% of participants offer an
employee assistance program yet only **26%**
of employees utilize it

25% of participants offer
an executive health exam with
46% average participation

More participants are offering wellness
and disease management program
as compared to 2014

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Wellness and disease management programs value

Wellness program

	Most valuable	2nd most valuable	3rd most valuable
Biometric screening	49%	13%	10%
Body mass index	1%	9%	4%
Employee assistance program	11%	11%	16%
Ergonomics	1%	3%	2%
Executive health exam	1%	1%	2%
Health coach	3%	6%	8%
Health risk questionnaire	9%	21%	13%
Nutrition	1%	4%	4%
Onsite fitness	6%	6%	9%
Onsite health clinic	6%	4%	1%
Physical activity program/fitness discounts	4%	10%	13%
Stress management	0%	2%	1%
Tobacco cessation	2%	4%	6%
Weight management	2%	4%	8%

Responses of "Other" are not shown above

Shaded most frequent

Disease management program

	Most valuable	2nd most valuable	3rd most valuable
Asthma	7%	8%	18%
Cancer	14%	10%	7%
Cardiac	9%	19%	19%
Chronic obstructive pulmonary disease	3%	7%	10%
Depression	4%	3%	7%
Diabetes	50%	25%	11%
Hypertension	8%	20%	16%
Lower back pain	4%	5%	11%

Responses of "Other" are not shown above

Shaded most frequent

49%

of participants consider biometric screening to be the most valuable wellness program they offer followed by the health risk questionnaire and the employee assistance program

75%

of participants ranked their diabetes program as being the most and second most valuable disease management program offered

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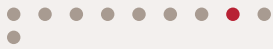
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Wellness programs

Effectiveness of wellness program at:

	Very effective	Somewhat effective	Not effective
Enhancing employee engagement, attraction and loyalty	16%	70%	14%
Improving performance and productivity	9%	69%	22%
Mitigating healthcare costs	10%	71%	19%
Reinforcing corporate responsibility and image	21%	64%	15%

Shaded most frequent

Gauging the effectiveness of wellness program at:

	Subjective judgment	Quantitative metrics	Both	Neither
Enhancing employee engagement, attraction and loyalty	50%	10%	26%	14%
Improving performance and productivity	51%	7%	19%	23%
Mitigating healthcare costs	27%	31%	26%	16%
Reinforcing corporate responsibility and image	58%	3%	20%	19%

Shaded most frequent

To gauge the effectiveness of mitigating healthcare costs, participants tend to use quantitative metrics whereas for other items they are more likely to use subjective judgment

Overall, participants view wellness programs to be somewhat effective



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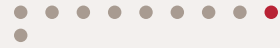
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Disease management programs

Effectiveness of disease management program at:

	Very effective	Somewhat effective	Not effective
Enhancing employee engagement, attraction and loyalty	4%	53%	43%
Improving performance and productivity	5%	56%	39%
Improving the quality of care	11%	67%	22%
Mitigating healthcare costs	11%	66%	23%
Reinforcing corporate responsibility and image	6%	51%	43%

Shaded most frequent

Gauging the effectiveness of disease management program at:

	Subjective judgment	Quantitative metrics	Both	Neither
Enhancing employee engagement, attraction and loyalty	42%	10%	18%	30%
Improving performance and productivity	46%	6%	17%	31%
Improving the quality of care	40%	15%	23%	22%
Mitigating healthcare costs	30%	28%	23%	19%
Reinforcing corporate responsibility and image	44%	4%	15%	37%

Shaded most frequent

**Participants mainly use subjective judgment
to gauge the effectiveness of their disease
management programs**

**While overall participants view disease management
programs to be somewhat effective, more find it to
be not effective at mitigating healthcare cost and
improving performance in 2015 than 2014**



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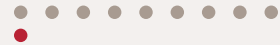
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ROI from wellness and disease management programs

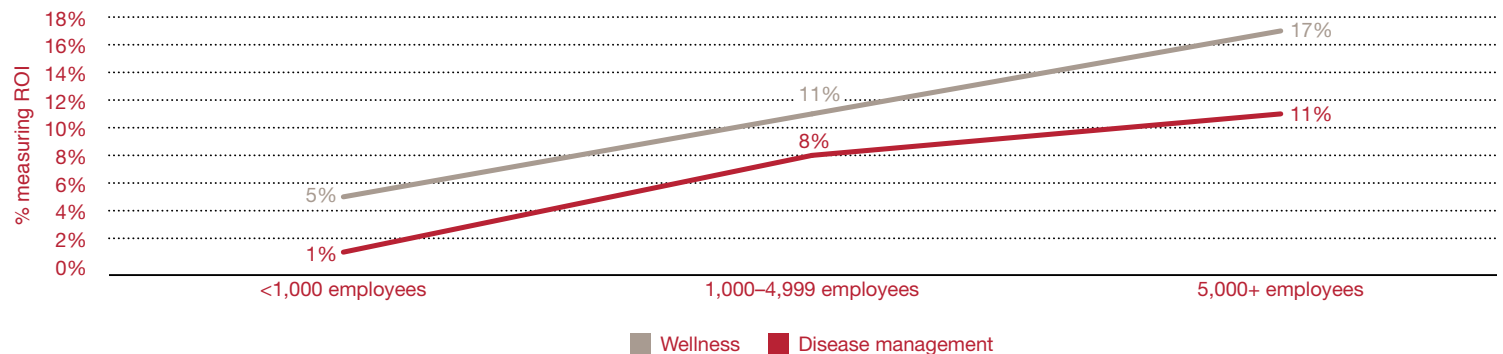
Return on investment (ROI)

	Wellness	Disease management
Do not measure	41%	50%
Insufficient information provided to calculate ROI	49%	43%
Below 1 to 1	2%	1%
1 to 1	1%	1%
2 to 1	3%	2%
3 to 1	3%	1%
4 to 1 or more	1%	2%

Shaded most frequent

Of the 7–10% that
measure ROI for wellness
and disease management
programs, at least

80%
have a positive impact





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Detailed findings—**Section 7: Welfare benefits**





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Section 7: Welfare benefits

Welfare benefit programs

	Percent offering	Employer pays all	Employer subsidized	Voluntary
Accidental death and dismemberment insurance (AD&D)	95%	64%	7%	24%
Accident insurance	44%	13%	2%	29%
Auto insurance	29%	1%	1%	27%
Business travel accident	61%	55%	2%	4%
Critical illness insurance	38%	2%	2%	34%
Dental	99%	11%	74%	14%
Dependent life	87%	7%	7%	73%
Homeowners insurance	26%	0%	0%	26%
Hospital indemnity	20%	1%	6%	13%
Identity theft protection	26%	5%	1%	20%
Legal insurance	34%	2%	1%	31%
Life insurance	97%	56%	16%	25%
Long-term care insurance	34%	3%	3%	28%
Long-term disability	95%	63%	14%	18%
Personal excess liability insurance	10%	1%	0%	9%
Pet insurance	24%	0%	1%	23%
Short-term disability	93%	68%	10%	15%
Vision	90%	11%	33%	46%

More than one option was allowed to be selected
Shaded most frequent

29% of participants offer both basic life insurance as an employer pays all and supplemental life insurance as a voluntary benefit

Similarly, **13%** of participants offer both basic AD&D as an employer pays all benefit and a supplemental AD&D as a voluntary benefit

Over **90%** of participants offer AD&D, dental, life insurance, long- and short- term disability, and vision



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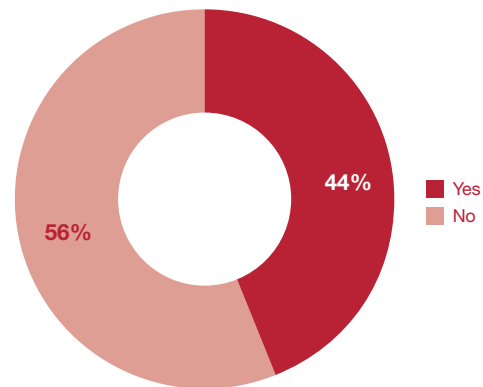
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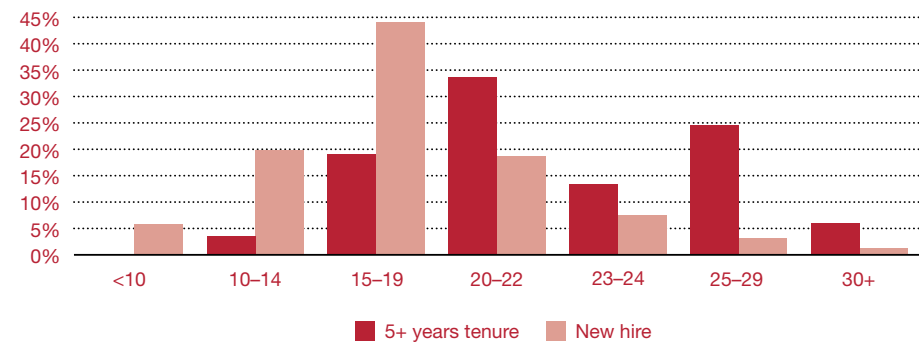
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Paid Time Off (PTO) policies

Do you offer a PTO bank rather
than a traditional vacation and
sick day allotment?



Number of PTO days



Average	5+ years tenure	New hire
PTO days	22 days	16 days

When do employees accrue PTO days?	2015	2014
Date of hire	83%	81%
3 months	8%	9%
6 months	2%	3%
1 year*	2%	-
Other	5%	7%

*Not a survey response option in prior years

Shaded most frequent

Large employers, on average, offer 18 days to a new hire vs. small employers who offer 15 days

29% of participants permit conversion of PTO days into other benefits

56% of participants allow employees to carryover, on average, 20 PTO days



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Paid time off by employer size

Do you offer paid time off that employees can use to address family needs in addition to family medical leave of absence?

	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants
Bereavement	78%	91%	88%	85%
Jury duty	81%	87%	90%	85%
Military leave	33%	52%	56%	45%
Maternity leave (birth of a child)	39%	46%	50%	44%
Paternity leave (birth of a child)	29%	35%	31%	32%
Personal days	32%	35%	26%	31%
Adoption leave (placement of a child)	22%	32%	36%	29%
Community service/volunteer	21%	28%	29%	25%
Family illness, including care of extended family	17%	19%	19%	18%
Not available/not offering	12%	6%	4%	8%
Sabbatical leave	6%	10%	5%	7%
Study days/ exam days	5%	10%	5%	6%
Other	5%	3%	5%	4%

More than one option was allowed to be selected

Shaded most frequent

8% of participants are not offering additional time off to address family needs/other personal needs as compared to 9% last year and 16% in 2013, showing a trend of more participants offering paid time off benefits

Some participants indicated that they offer paid time off days for inclement weather



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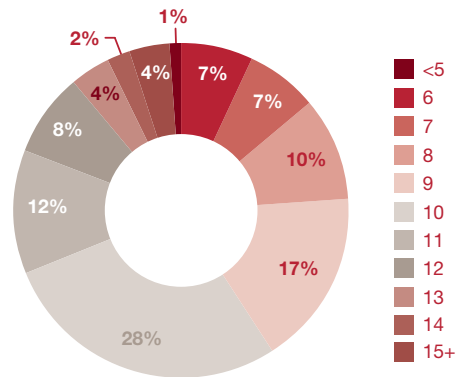
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Paid time off policies

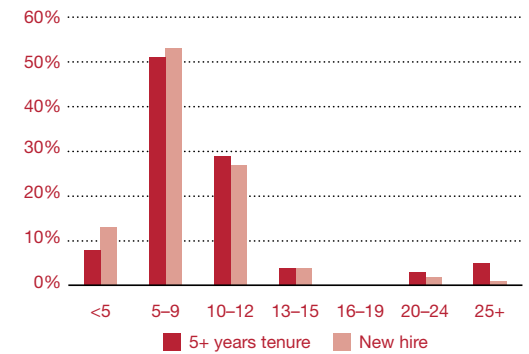
Paid holidays



Number of vacation days



Number of sick days



59% of the participants allow
employees to carryover vacation days

- The average number of vacation days employees are allowed to carryover is 17

77% of participants provide vacation
days to employees starting on date of hire

Most participants vary vacation and sick days based
on number of hours worked

Average	5+ years tenure	New hire
Holidays	10 days	
Vacation days	16 days	11 days
Sick days	10 days	7 days

Sick/vacation policies vary by:	Vacation	Sick
Tenure	92%	40%
Level	44%	22%
Hours worked (full-time vs. part-time)	77%	65%

Shaded most frequent



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Work-life programs

Participants sponsor the following work-life programs:

	2015	2014	2013	2012	2011
Flexible work schedule	57%	49%	36%	46%	46%
Telecommuting	51%	45%	43%	55%	51%
Reduced hours	25%	21%	23%	31%	30%
Community service time	21%	21%	19%	26%	25%
Parental leave	18%	28%	25%	36%	35%
Childcare	13%	14%	13%	25%	22%
Job share	10%	9%	8%	14%	14%
Adult leave/care*	8%	17%	17%	16%	-
Concierge service	5%	9%	5%	8%	9%
Other	0%	1%	2%	4%	4%

*Not a survey response option in prior years

More than one option was allowed to be selected

Shaded most frequent

In the last two years, flexible work schedules surpassed telecommuting as the most frequently offered work-life program

There is an increase in the percentage of participants offering flexible work schedules but a decrease in parental/adult leave and childcare

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Work-life programs by employer size

Availability of work-life programs increases as employer size increases

	2015			2014		
	<1,000 employees	1,000–5,000 employees	5,000+ employees	<1,000 employees	1,000–5,000 employees	5,000+ employees
Flexible work schedule	55%	55%	63%	41%	54%	57%
Telecommuting	44%	48%	64%	37%	49%	54%
Reduced hours	21%	29%	27%	19%	21%	23%
Community service time	17%	20%	27%	15%	23%	28%
Parental leave	15%	20%	19%	21%	35%	32%
Childcare	6%	15%	24%	5%	16%	28%
Adult leave/care	5%	9%	11%	11%	19%	24%
Job share	3%	10%	21%	5%	7%	17%
Concierge service	3%	7%	8%	6%	9%	12%

More than one option was allowed to be selected

Shaded most frequent

63% of large employers sponsor flexible work schedules as compared to **55%** of small employers. This is an increase over 2014 (57% of large employers vs. 41% of small employers).



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Retiree medical programs for current retirees

Participants offering pre-65 retiree medical programs to current retirees	2015	2014	2013
Do not offer any pre-65 retiree medical	61%	62%	64%
Pre-65 retiree medical, access only	17%	14%	12%
Pre-65 retiree medical, company subsidized	13%	14%	13%
Pre-65 retiree medical to grandfathered groups only, company subsidized	13%	10%	11%
Participants offering post-65 retiree medical programs to current retirees	2015	2014	2013
Do not offer any post-65 retiree medical	69%	69%	69%
Post-65 retiree medical, access only	10%	10%	10%
Post-65 retiree medical, company subsidized	9%	10%	9%
Post-65 retiree medical to grandfathered groups only, company subsidized	15%	11%	12%

More than one option was allowed to be selected

Shaded most frequent

The percentage of participants offering pre-65 retiree medical programs to current retirees has increased slightly from 2013 for access only and grandfathered groups while those offering post-65 retiree medical programs has remained stable since 2013

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Retiree medical programs for new hires

Of participants offering retiree medical programs to current retirees, the following are the percentages of participants offering retiree medical programs to new hires as well:

Pre-65 retiree medical programs for new hires	<1,000 employees	1,000–5,000 employees	5,000+ employees	2015	2014
Do not offer any pre-65 retiree medical to new hire	54%	44%	44%	47%	42%
Pre-65 retiree medical, access only	25%	38%	33%	33%	37%
Pre-65 retiree medical, company subsidized	22%	18%	23%	21%	23%
Post-65 retiree medical programs for new hires	<1,000 employees	1,000–5,000 employees	5,000+ employees	2015	2014
Do not offer any post-65 retiree medical to new hires	68%	46%	57%	57%	48%
Post-65 retiree medical, access only	17%	36%	22%	25%	32%
Post-65 retiree medical, company subsidized	15%	18%	22%	18%	22%

More than one option was allowed to be selected
Shaded most frequent

As size increases, more participants offer pre-65 retiree medical programs to new hires

The percentage of participants offering pre and post-65 retiree medical programs to new hires has decreased from 2014

Of the **39%** of participants that currently offer pre-65 plans to their retirees, **53%** offer these plans to new hires as well

Of the **31%** of participants that currently offer post-65 plans to their retirees, **43%** offer these plans to new hires as well



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Pre-65 and post-65 retiree medical highlights

Pre-65:

74% of those who offer pre-65 benefits,
offer the same medical coverage options as those
available to their active employees

44% of participants use a blend of active
and retiree cost levels to develop premium rates and
56% use pre-65 retiree specific cost levels

Post-65:

Medical coverage offered	2015
Individual insurance policies selected by retiree (exchange solution)	20%
Traditional Medicare integration plan	28%
Medicare supplemental plan	47%
Medicare Advantage plan	23%

More than one option was allowed to be selected
Shaded most frequent

Prescription drug coverage offered	2015
Individual Part D plans selected by retiree (exchange solution)	33%
Commercial drug plan with Retiree Drug Subsidy (RDS)	34%
Self-insured Employee Group Waiver Plan (EGWP)	26%
Fully-insured Employee Group Waiver Plan (EGWP)	13%

More than one option was allowed to be selected
Shaded most frequent



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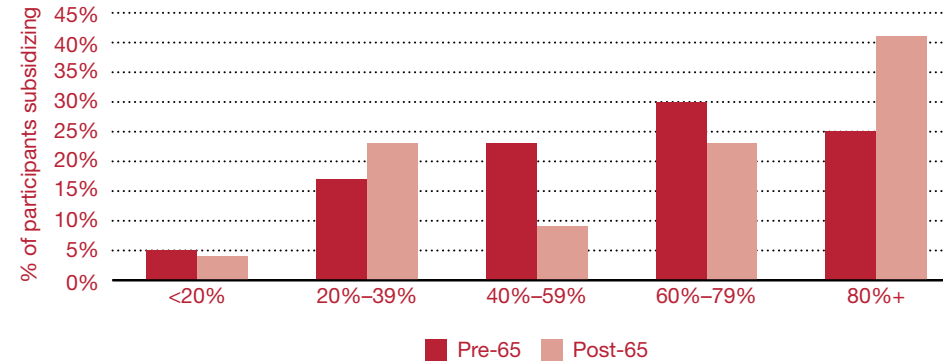
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Section 8: Retiree medical

Retiree medical programs

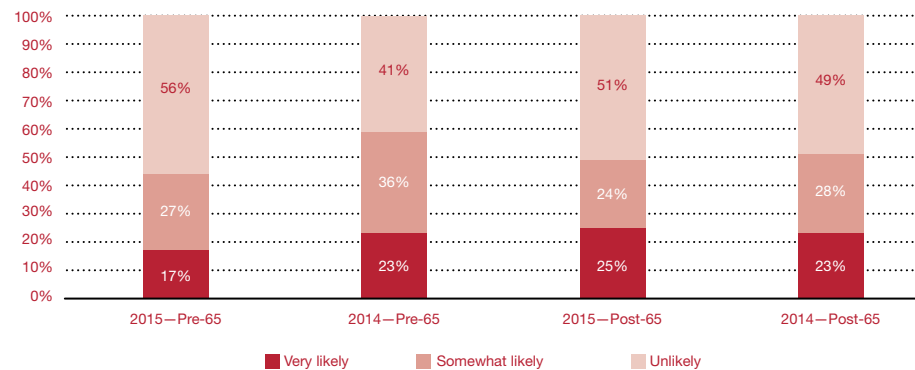
Percent company subsidy, for retiree medical coverage that is subsidized:



On average, participants subsidize **58%** for pre-65 and **62%** for post-65 coverage

44% of participants in 2015 are likely to change or eliminate pre-65 retiree medical benefits vs. **59%** in 2014

Likelihood that employers will consider changing or eliminating retiree medical benefits appears to be lessening:



49% of participants in 2015 are likely to change or eliminate post-65 retiree medical benefits vs. **51%** in 2014



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Retiree medical

What participants are considering over the next three years regarding their retiree medical plans:

Pre-65 retiree	Already implemented	Under consideration	Not under consideration
Continue to sponsor coverage but increase retiree cost-sharing or contributions	13%	40%	47%
Implement dollar caps for company subsidies for some/all retirees	30%	13%	57%
Keep current benefits and contribution rates	25%	40%	35%
Move retirees to a private exchange without a company subsidy	4%	29%	67%
Move retirees to a private exchange with a company subsidy	2%	40%	58%
Move retirees to a public exchange without a company subsidy	1%	25%	74%
Move retirees to a public exchange with a company subsidy	0%	26%	74%
Terminate coverage	3%	19%	78%
Post-65 retiree	Already implemented	Under consideration	Not under consideration
Continue to sponsor coverage but increase retiree cost-sharing or contributions	11%	34%	55%
Implement a Medicare Advantage Plan	19%	16%	65%
Implement dollar caps for company subsidies for some/all retirees	34%	12%	54%
Implement employer group waiver plan (EGWP)	18%	10%	72%
Keep current benefits and contribution rates	23%	37%	40%
Move retirees to a private exchange without a company subsidy	4%	22%	74%
Move retirees to a private exchange with a company subsidy	14%	31%	55%
Terminate coverage	4%	16%	80%

Shaded most frequent

14% (up from 10% in 2014) of participants have already moved their post-65 retirees to a private exchange with a subsidy with 31% considering the change



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Detailed findings—**Section 9: Retirement plans**





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Section 9: Retirement plans

Employer provided retirement programs

401(k) and 403(b) plans are the most common retirement programs sponsored by participants

Type of employer provided retirement programs

	2015	2014	2013	2012	2011
401(k) (or 403(b)) defined contribution plan	95%	92%	96%	95%	86%
457 plan*	9%	11%	—	—	—
Defined benefit	25%	25%	26%	33%	32%
ESOP (Employee Stock Ownership Plan)*	9%	8%	—	—	—
Profit sharing plan*	15%	19%	—	—	—
Other	7%	7%	13%	12%	11%
None*	2%	2%	2%	—	—

*Not a survey response option in prior years

More than one option was allowed to be selected

Shaded most frequent

18% of small employers offer a profit sharing
plan as compared to only 7% of large employers

14% of small employers offer a defined benefit
plan as compared to 39% of large employers

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Employer provided retirement programs by industry

Type of employer provided retirement programs sponsored

	Education & other nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology
401(k) (or 403(b)) defined contribution plan	93%	96%	96%	97%	94%	95%	98%
457 plan	32%	4%	30%	1%	2%	4%	3%
Defined benefit	16%	31%	27%	25%	11%	14%	15%
ESOP (Employee Stock Ownership Plan)	0%	10%	3%	9%	10%	8%	7%
Profit sharing plan	2%	12%	11%	20%	19%	29%	10%
Other	11%	5%	8%	6%	10%	5%	7%
None	2%	3%	2%	1%	5%	1%	2%

More than one option was allowed to be selected

Shaded most frequent

401(k) plans are the most popular retirement plan sponsored in each industry, with very few participants offering no retirement programs

Certain programs are industry specific: 457 plans are more prevalent in not-for-profits, while profit sharing plans are more common in services (often professional firms) and other for-profit companies



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Defined benefit plans

If offered, defined benefit plans are

	2015	2014	2013	2012	2011
Open to all employees	46%	61%	52%	53%	55%
Open to employees hired before a certain date	30%	18%	28%	30%	31%
Frozen to all accruals	24%	21%	20%	17%	14%

Shaded most frequent

If offered, defined benefit plan's funded status percentage

	2015	2014	2013	2012
<70%	5%	12%	5%	10%
70%–79.9%	4%	8%	11%	9%
80%–89.9%	24%	25%	38%	39%
90%–99.9%	27%	23%	16%	18%
100%+	40%	32%	30%	24%

Shaded most frequent

*Defined benefit plans that are frozen to all accruals
have been increasing gradually over the last 5 years*

67% of participants in 2015 maintain a
funded status percentage of **90% or above**, up from
55% in 2014

*With the exception of 2014, defined benefit plans are
frozen and well-funded*



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Defined benefit plans

Of those participants sponsoring defined benefit plans, the following types are offered with their respective accrual rate:

Type		2015	2014	2013	2012
Hybrid/cash balance (% comp)	% offering	26%	25%	31%	31%
	Mode	6.0%+	6.0%+	6.0%+	6.0%+
Dollar times service (per month)	% offering	16%	18%	7%	10%
	Mode	\$20–\$39	\$20–\$39	\$20–\$39	\$20–\$39
Final average earning (% per year of service)	% offering	36%	35%	52%	64%
	Mode	1.0%–1.9%	1.0%–1.9%	1.0%–1.9%	1.0%–1.9%
Career average earning (% per year of service)	% offering	22%	22%	20%	23%
	Mode	1.0%–1.9%	1.0%–1.9%	1.0%–1.9%	1.0%–1.9%

Over the past few years, the percentage offering any of the four types of defined benefit plans have decreased and the accrual rates have stayed the same



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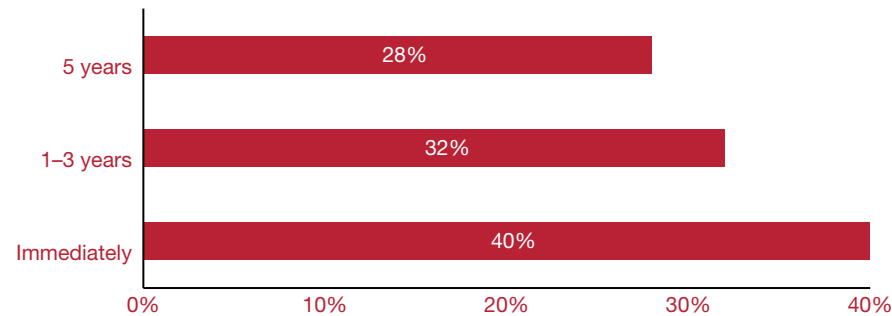
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Section 9: Retirement plans

401(k) plans

For participants offering 401(k) plans, vesting in the employer
contribution occurs as follows:



For participants offering 401(k) plans,

40% vest employer
contributions immediately

74% of participants have
a participation rate in their 401(k)
plans of over 70%

Employees most often contribute
when there is an employer match

401(k) default employee contribution (if no election is made)





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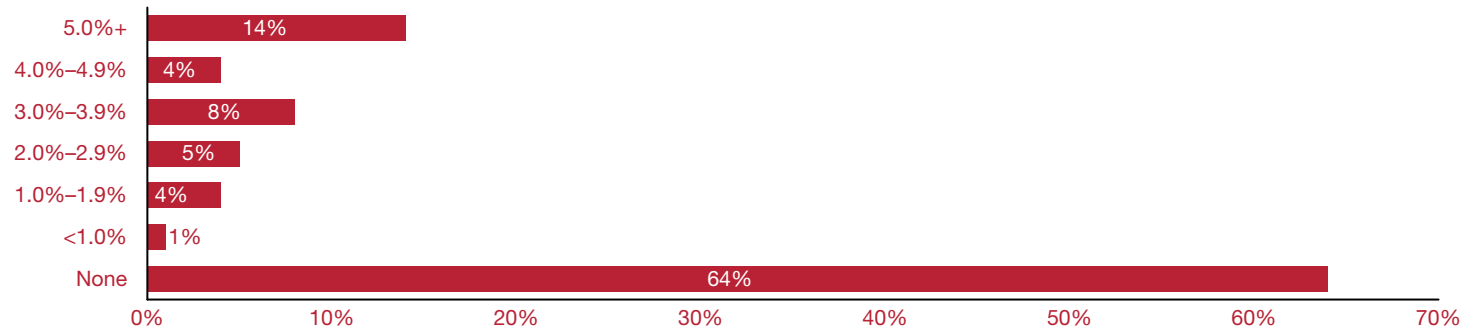
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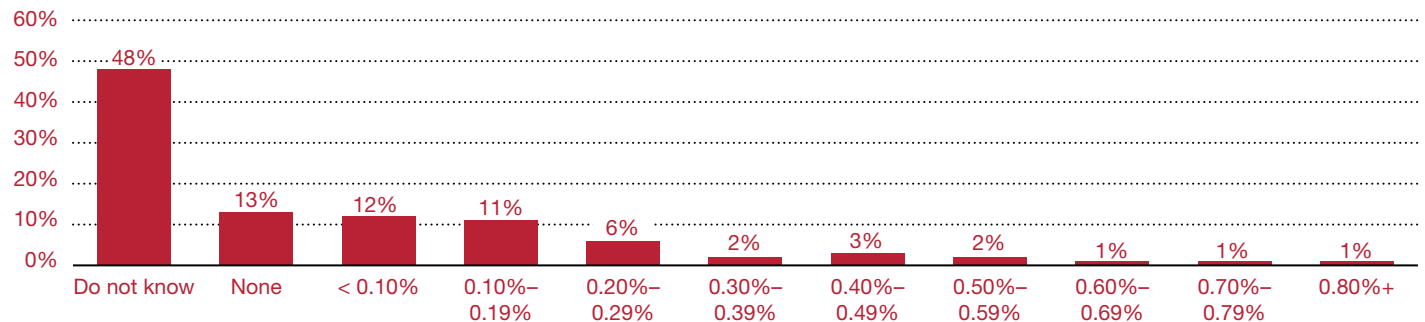
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401(k) plans

Non-elective employer contribution



401(k) estimated administrative fee charged per participant (percentage of account balance)





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Section 9: Retirement plans

401(k) plans

Average overall deferral rate	2015
<3.0%	1%
3.0%–3.9%	9%
4.0%–4.9%	11%
5.0%–5.9%	17%
6.0%–6.9%	24%
7.0%–7.9%	15%
8.0%–8.9%	10%
9.0%–9.9%	4%
10.0%–10.9%	5%
11.0%+	4%
Average	7%

Shaded most frequent

Maximum employer match	2015
<1%	15%
1.0%–1.9%	10%
2.0%–2.9%	8%
3.0%–3.9%	32%
4.0%–4.9%	14%
5.0%–5.9%	7%
6.0%–6.9%	10%
7.0%–7.9%	2%
8.0%+	2%
Average	3.1%

Shaded most frequent

Percentage of employees that contribute to receive the maximum employer contribution	2015
0%	2%
1%–9%	7%
10%–19%	4%
20%–29%	7%
30%–39%	5%
40%–49%	6%
50%–59%	13%
60%–69%	12%
70%–79%	14%
80%–89%	14%
90%–99%	12%
100%	4%
Average	58%

Shaded most frequent

Components of compensation that are included in the definition of pay	2015
Base	35%
Base + bonus	46%
Base + bonus + other	19%

Shaded most frequent

On average, 58% of employees contribute at the threshold to receive the maximum employer contribution. Participants, on average, offer a maximum contribution of 3.1%.



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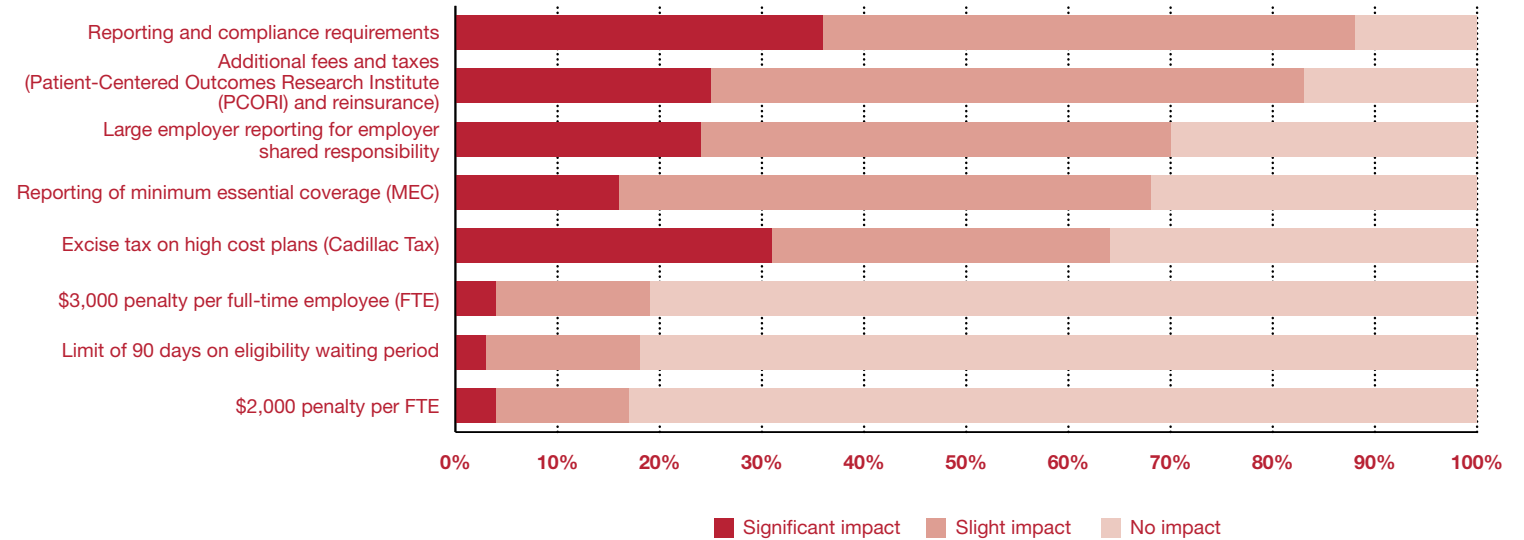
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Financial impact



64% of participants in 2015 indicated that they will be financially impacted by the excise tax on high cost plans as compared to 60% in 2014

88% of participants will be impacted by the ACA reporting and compliance requirements

Employers seemed to have moved on with respect to the “patient protection” requirements as over 80% of employers do not expect financial implications from the already implemented requirements



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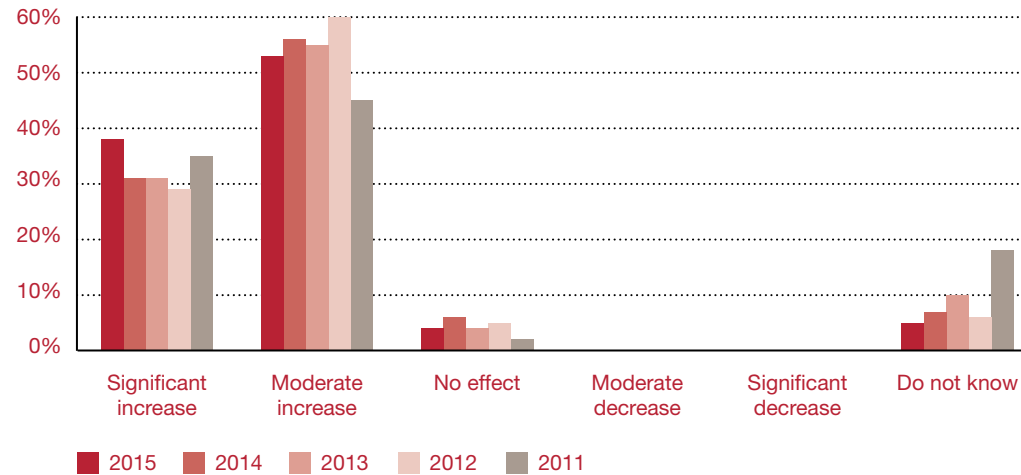
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Compliance/administrative impact

To what degree has health reform created or is expected to create additional compliance/administrative burdens for the HR/Benefits function at your company?



91% of participants have seen or expect additional compliance/administrative burdens as compared to 87% in 2014. 38% of participants expect a significant increase in burden.



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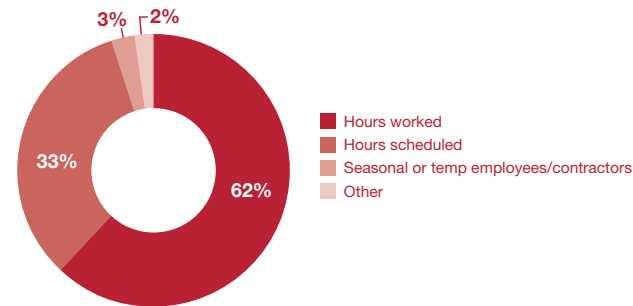
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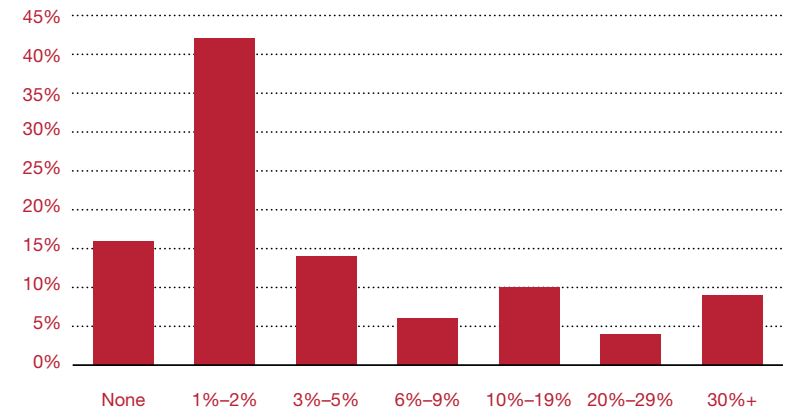
Part-time employees

On average, participants currently require employees to work 33 hours/week to be considered full-time with 45% of participants requiring 30 hours/week for full-time status

Definition of part-time employee is based on the following:



Work force that is part-time



Are part-time employees eligible for medical benefits?	2015	2014
No	52%	53%
Yes, but for different medical benefits than full-time employees	4%	2%
Yes, for the same medical benefits as full-time employees and contribute the same as full-time employees	23%	23%
Yes, for the same medical benefits as full-time employees but contribute less than full-time employees	1%	1%
Yes, for the same medical benefits as full-time employees but contribute more than full-time employees	20%	21%

Shaded most frequent



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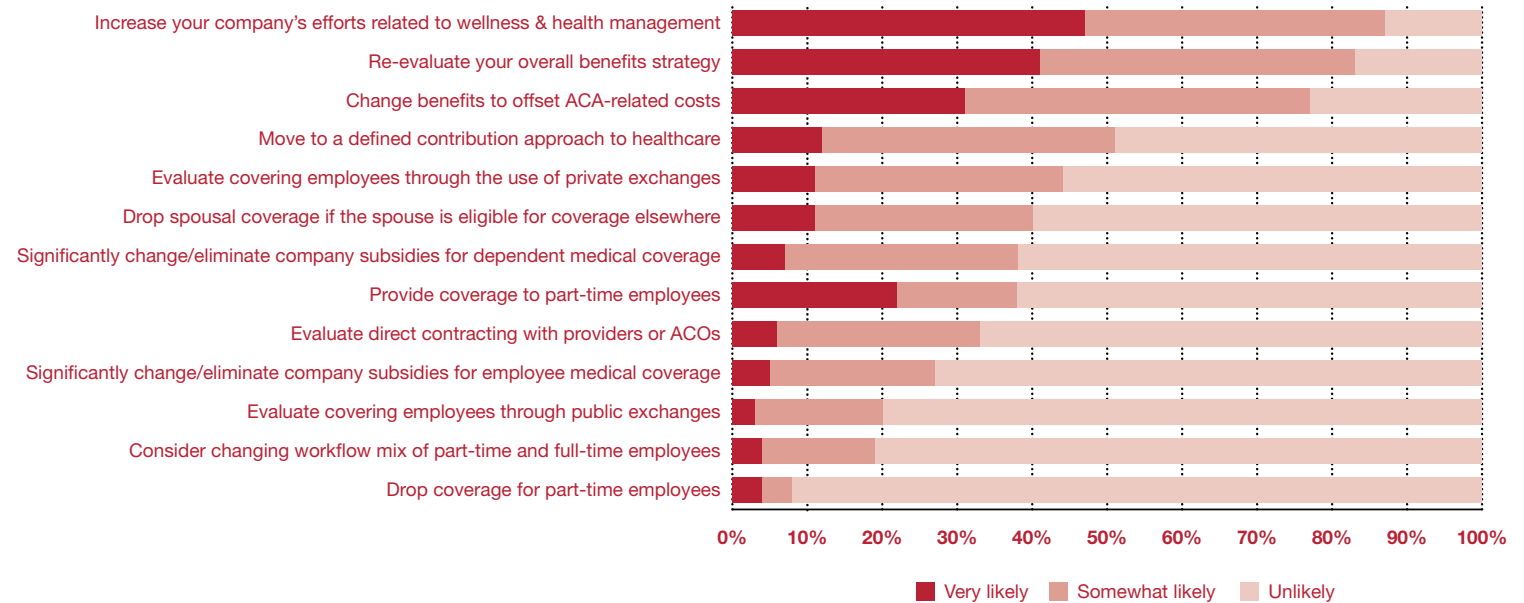
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Likelihood that employers will consider the following over the next 2 years



The vast majority (87%) of participants are likely to increase their efforts related to wellness and health management

Over half of respondents indicated that they are considering moving to a defined contribution approach, while 44% of participants are evaluating coverage through the a private exchange in response to the ACA

84%

of participants are likely to re-evaluate their overall benefits strategy, of which 41% are very likely to do so



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Reactions to ACA provisions

When access is granted in the public exchange for active full-time employees, participants are considering:	<1,000 employees	1,000–5,000 employees	5,000+ employees	All participants
Moving employees to public exchange as individuals with a subsidy	3%	4%	2%	3%
Moving employees to public exchange as individuals without subsidy	0%	1%	0%	0%
Moving group to a public exchange when available	2%	3%	1%	2%
Continuing to offer traditional employer plans	73%	80%	85%	78%
Do not know	25%	16%	13%	19%

More than one option was allowed to be selected

Shaded most frequent

78% of participants plan to continue offering traditional benefit plans compared to 72% in 2014

Nearly one fifth (19%) of participants will take the “wait and see” approach before deciding upon a strategy

85% of large employers plan to offer traditional benefit plans, while only 3% are considering moving active employees to the public exchange

Interest in public exchanges has decreased with large employers with only 3% considering moving active employees to the public exchange compared to 6% in 2014



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Detailed findings—**Section 11: Future solutions**



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Future solutions under consideration by participants

	Already implemented	Under consideration	Not under consideration
Increase medical plan employee cost sharing through plan design changes	44%	42%	14%
Decrease medical plan employee cost sharing through plan design changes	5%	12%	83%
Increase prescription drug plan cost sharing through plan design changes	29%	48%	23%
Decrease prescription drug plan cost sharing through plan design changes	2%	11%	87%
Increase employee contributions	38%	49%	13%
Decrease employee contributions	2%	9%	89%
Terminate benefits and send employees out to the public exchanges	0%	8%	92%
Move active employees to a Private Exchange	2%	28%	70%
Move retirees to a Private Exchange	6%	20%	74%
Implement a high performance based network	6%	37%	57%
Implement a value based plan design	9%	42%	49%
Implement a defined contribution approach	9%	42%	49%
Add incentives to use Accountable Care Organization (ACO) to your medical plan	2%	33%	65%
Implement a HDHP as a full replacement option for medical benefits	25%	37%	38%
Implement a HSA qualified HDHP as an additional medical plan option	54%	27%	19%
Offer a health savings account	56%	26%	18%
Offer a health reimbursement account	28%	20%	52%
Expand and improve wellness outside the United States	7%	18%	75%
Implement/expand workplace wellness	49%	40%	11%
Reduce/consolidate wellness programs	4%	15%	81%

More than one option was allowed to be selected

Shaded most frequent



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Future solutions under consideration by participants, continued

	Already implemented	Under consideration	Not under consideration
Expand/offer flexible work arrangements	26%	28%	46%
Consolidate vendors	18%	32%	50%
Medical home	2%	17%	81%
On-site clinics	13%	17%	70%
Direct contracting with providers or Accountable Care Organizations (ACO)	5%	21%	74%
Tuition assistance	66%	7%	27%
Transit reimbursement program	43%	7%	50%

More than one option was allowed to be selected

Shaded most frequent

- Even though cost shifting through plan design changes and increased employee contributions has already been implemented, it continues to be the primary approach for future solutions
- **38%** are considering a HDHP only strategy even after **24%** have already adopted
 - **54%** of participants have added an HSA qualified HDHP compared to **49%** in 2014
- **49%** of participants have implemented/expanded workplace wellness as compared to **39%** in 2014
- Use of value based plan design, a high performance based network and creating incentives to utilize Accountable Care Organizations (delivery based solutions) are also being widely considered



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All participating industries

	2015	2014	2013	2012	2011
Agribusiness*	<1%	1%	1%	–	–
Education & nonprofit	6%	8%	8%	5%	4%
Energy, utilities & mining	4%	4%	3%	6%	5%
Engineering & construction	2%	3%	3%	3%	4%
Financial services					
Asset management*	<1%	1%	1%	<1%	–
Banking & capital markets	2%	2%	2%	2%	2%
Financial services	7%	6%	7%	7%	8%
Insurance	8%	7%	6%	7%	7%
Investment management (Alternative investments)	<1%	1%	<1%	1%	1%
Private equity*	<1%	<1%	<1%	0%	–
Real estate	2%	2%	1%	<1%	1%
Government/ public services	3%	2%	2%	3%	2%
Health industries					
Healthcare providers	7%	8%	9%	8%	8%
Health plans	3%	2%	2%	1%	2%
Life sciences	1%	1%	1%	1%	2%
Other	4%	3%	2%	2%	1%
Pharmaceuticals	1%	1%	1%	3%	2%

* Not a survey response option in prior years

More than one option was allowed to be selected

	2015	2014	2013	2012	2011
Manufacturing					
Aerospace & defense	3%	1%	2%	3%	1%
Automotive	<1%	1%	1%	1%	1%
Chemicals	1%	1%	1%	1%	1%
Forest, paper & packaging	<1%	<1%	<1%	0%	<1%
Industrial products*	<1%	–	–	–	–
Manufacturing	12%	13%	16%	11%	12%
Metals	<1%	<1%	<1%	0%	<1%
Retail & consumer					
Consumer products	1%	1%	1%	0%	<1%
Food & beverage	2%	2%	2%	1%	1%
Hospitality & leisure	2%	1%	2%	1%	1%
Retail & consumer	3%	4%	4%	3%	4%
Wholesale & distribution	2%	2%	3%	3%	3%
Services					
Law firms	3%	2%	2%	2%	2%
Professional services*	6%	5%	–	–	–
Services	3%	3%	7%	4%	6%
Technology					
Communications	1%	1%	1%	2%	1%
Entertainment & media	2%	1%	2%	2%	1%
Technology	5%	5%	5%	8%	7%
Transportation & logistics	3%	3%	2%	2%	2%



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Survey participants: location and employer size

Survey participants by location

	2015	2014
National	35%	32%
New England	5%	5%
Mid-Atlantic	14%	14%
Mid-West	20%	21%
Southeast	3%	4%
Southwest	5%	5%
South Atlantic	9%	10%
Mountain	3%	3%
Pacific	6%	6%

More than one option was allowed to be selected

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

	2015	2014	2013	2012	2011
<500	36%	39%	38%	25%	24%
500–999	13%	12%	13%	11%	11%
1,000–1,999	12%	11%	15%	12%	14%
2,000–2,499	4%	4%	15%	8%	8%
2,500–2,999	2%	3%	10%	8%	8%
3,000–3,999	5%	4%	10%	4%	5%
4,000–4,999	3%	4%	10%	6%	5%
5,000–9,999	8%	9%	9%	11%	11%
10,000–19,999	7%	6%	6%	10%	10%
20,000+	10%	8%	9%	13%	12%



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PwC contacts

To have a deeper discussion on the findings, please contact any of the following individuals. *(Please note that customized results are only available to participants of the survey. If you wish to participate in the next Touchstone Survey, please contact any of the individuals listed below):*

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