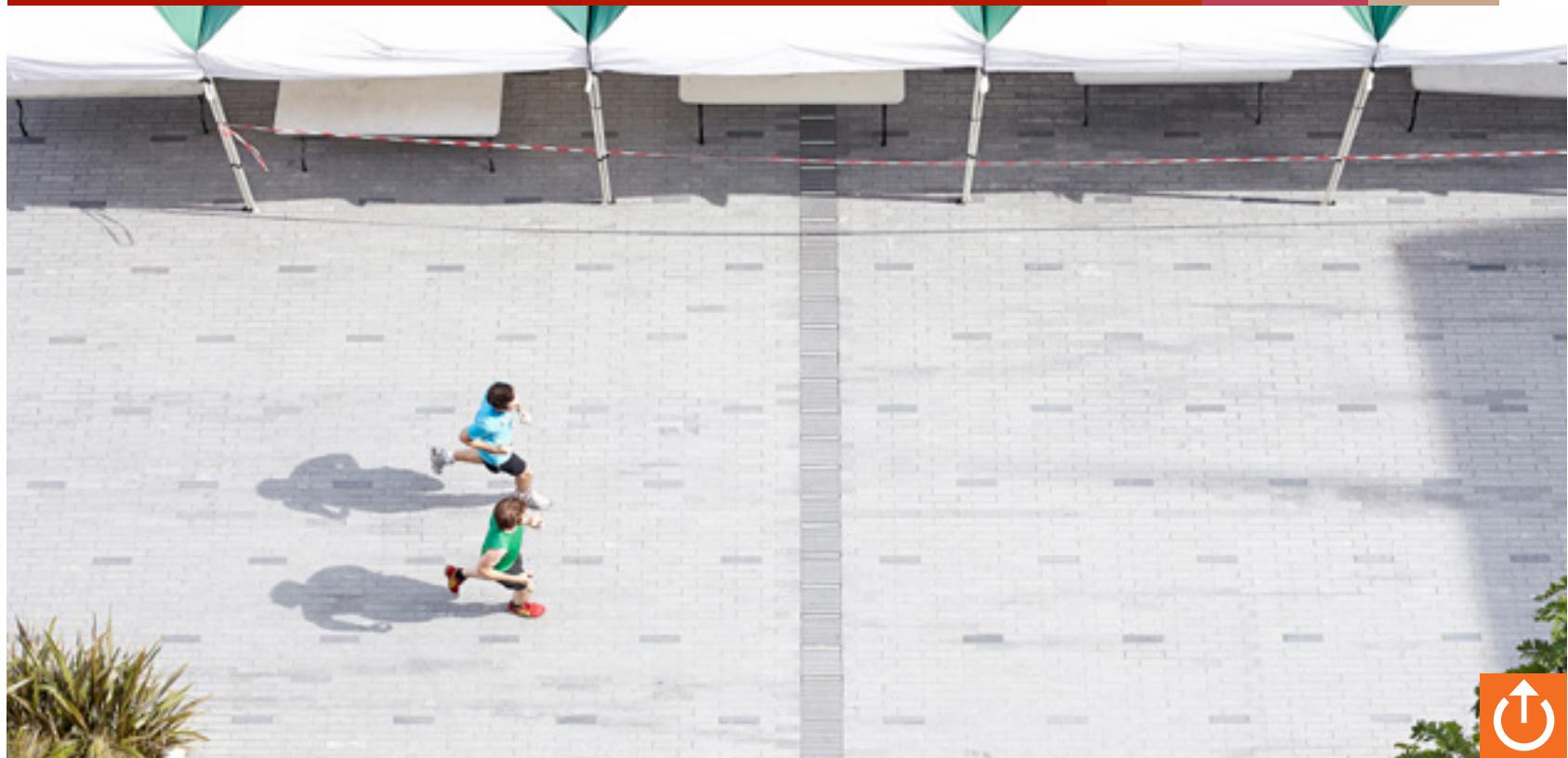


# *Health and Well-being Touchstone Survey results*

June 2014



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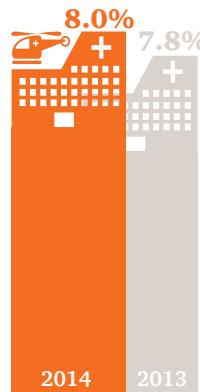
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## Section 1: Key trends

# 2014 Health and Well-being Touchstone Survey highlights



- The average reported increase in **healthcare costs** before plan changes in 2013 was **7.8%** and **8.0%** in 2014
  - The average reported annual increase after plan changes was **4.5%** for 2013, which is lower than the **5.4%** forecast in the 2013 survey and lower than the **5.3%** being expected for 2014
- **Wellness** continues to be a major investment of employers
  - **49%** of employers expect to implement or expand wellness initiatives with another **39%** already having done so
  - Approximately **25%-30%** are expanding their focus to broader definitions of well-being (financial, emotional, social, community, career)
- Other than traditional cost savings efforts geared towards cost shifting, employers are considering private exchange more often than other new/emerging strategies
  - **32%** of employers are considering moving their active employees to a private exchange in the next 3 years
  - For those who offer retiree medical coverage, **39%** are considering a private exchange for their post-65 retirees and **43%** are considering for their pre-65 retirees



### Newer strategies related to performance based networks and value based designs are growing in interest

- **34%** of employers are considering performance based networks and **41%** are considering value based plan designs



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# 2014 Health and Well-being Touchstone Survey summary

- The survey was completed in the first quarter of 2014
- The survey data contains detailed benefits information provided by approximately 1,200 participating employers in 35 different industries across the nation
  - There was a larger percentage of employers participating this year who have more than 5,000 employees as compared to 2013

	2014	2013	2012
<1,000 employees	51%	52%	36%
1,000–5,000 employees	26%	33%	30%
5,000+ employees	23%	15%	34%

- The 2014 survey provides summary data on medical, prescription drug, and dental plan design, costs, 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 **7.8%** for 2013 over 2012; which was slightly more than the **7.5%** predicted in the 2013 Touchstone Survey
  - The average reported annual increase after plan changes was **4.5%** for 2013, which is lower than the **5.4%** predicted in the 2013 survey, and **5.3%** expected for 2014
- The average 2014 gross spend per active employee is **\$12,442**
  - The Services industry was the most costly with an average of **\$13,460**
- The average 2014 net spend per active employee is **\$8,496**
  - The Manufacturing and Retail & consumer industries contributing the least amount towards employee medical coverage
- The most common trend rates used in the 2014 renewal for medical, prescription drug, and dental plans were **9.6%, 8.6%,** and **5.5%**, respectively

## Premium and contribution structure:

- 4-tier rate structures remain the most popular among employers (**63%** in 2014)
- On average, employees contribute **27%** of single coverage premiums and **32%** of family coverage premiums
- **14%** of employers have salary based contributions
- **20%** of employers have a smoking surcharge for employees (**9%** for dependents)

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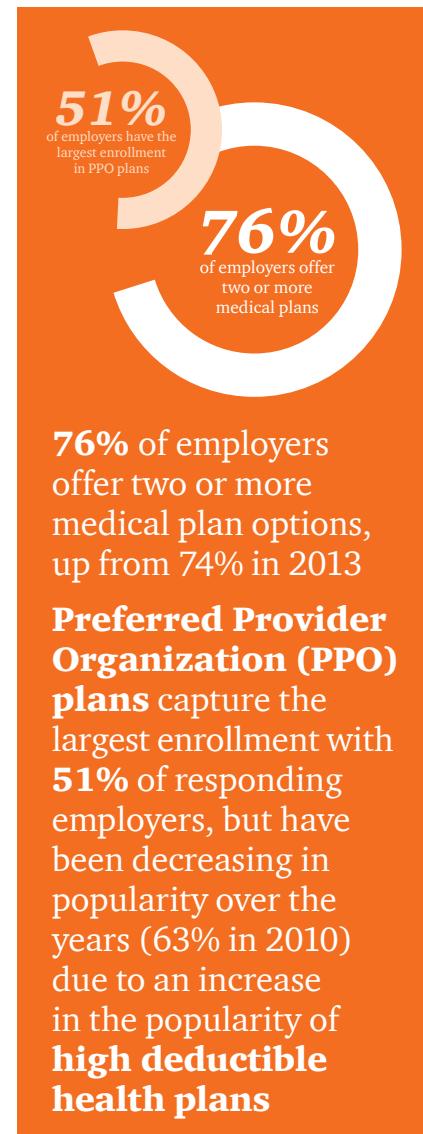
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## Medical plan features:



## In-network features





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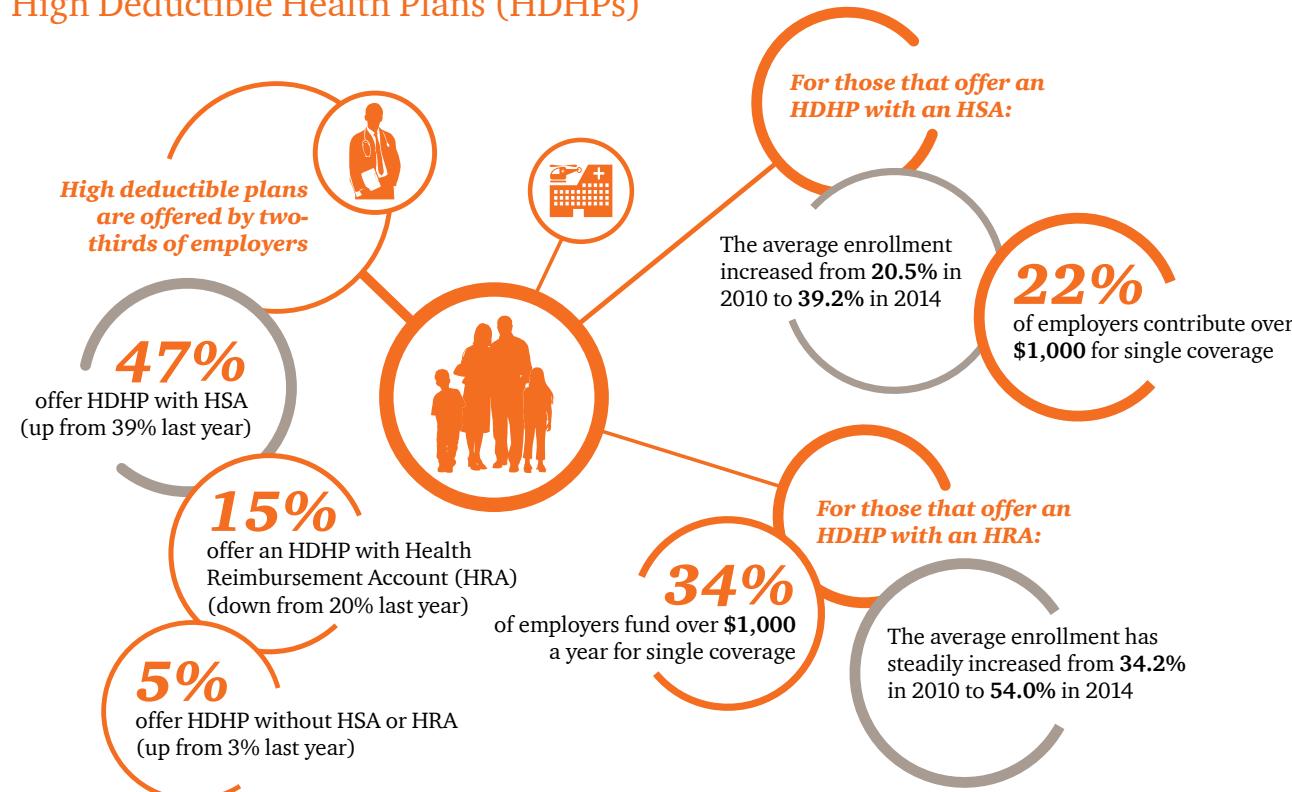
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# 2014 Health and Well-being Touchstone Survey summary

## High Deductible Health Plans (HDHPs)



% offering	HSA			HRA		
	2014	2013	2012	2014	2013	2012
<1,000 employees	39%	35%	28%	11%	18%	12%
1,000–5,000 employees	52%	40%	42%	15%	20%	14%
5,000+ employees	59%	46%	52%	25%	25%	26%
<b>Year total</b>	<b>47%</b>	<b>39%</b>	<b>40%</b>	<b>15%</b>	<b>20%</b>	<b>17%</b>

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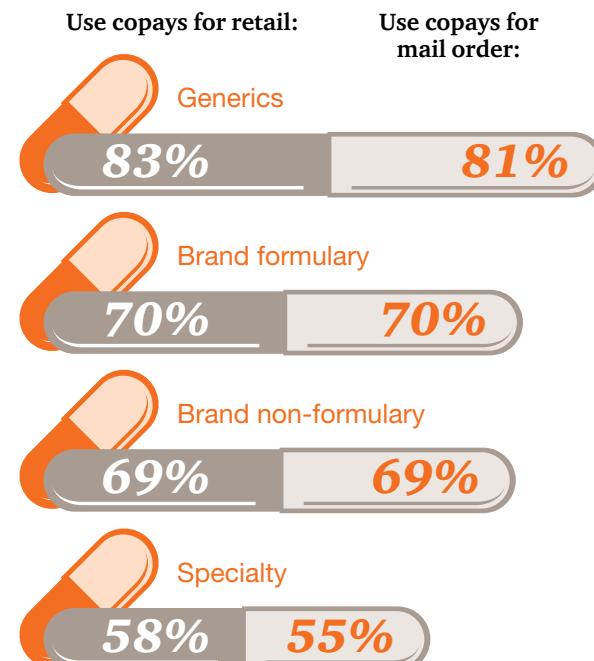
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# 2014 Health and Well-being Touchstone Survey summary

## Prescription drug benefits

- The percentage of employers using a combined medical/pharmacy deductible has increased from last year
  - 24% apply a combined medical/pharmacy deductible (up from 15% in 2013)
  - 66% do not apply a deductible on pharmacy claims (down from 74% in 2013)
  - 10% have a separate prescription drug deductible

### Copays remained the most common cost sharing method (the balance use coinsurance)



- Where copays apply, the average copays for prescription drug benefits are:
  - Retail:** \$11 generic/\$32 brand formulary/\$51 brand non-formulary/\$59 specialty
  - Mail order:** \$19 generic/\$60 brand formulary/\$100 brand non-formulary/\$91 specialty
- Where coinsurance applies, the average coinsurance for prescription drug benefits is:
  - Retail: 25% generic, 30% brand formulary, 35% brand non-formulary and 30% specialty
  - Mail order: 26% generic, 30% brand formulary, 38% brand non-formulary and 34% specialty

## Dental benefits

- The majority of employers' (98%) offer dental benefits to their employees with dental PPO plans being most common (88%)
  - 66% of dental plans have between a \$50 and \$59 deductible with an average deductible of \$64
  - 44% of dental plans have between a \$1,500 and \$1,999 annual benefit maximum with an average maximum of \$1,519
- The most common dental plan design for diagnostic & preventives/basic/major is 100%/80%/50% with an average of 92%/76%/53%
- On average, employees contribute 39% for single dental coverage and 45% for family dental coverage
  - 16% of employers offer a dental plan on a voluntary basis (employee pays the full cost of coverage)



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# 2014 Health and Well-being Touchstone Survey summary

## Wellness programs

- 71% of employers offer wellness programs (up from 68% in 2013)
  - The most common wellness programs were Employee Assistance Program (EAP) (85%), followed by biometric screening (78%), health risk questionnaire (76%), tobacco cessation (63%), and physical activity program/fitness discount (58%)
  - Health risk questionnaire had the largest participation rate of 57% followed by body mass index and biometric screening with 54%
  - Biometric screening was indicated as the most valuable wellness program by 52% of employers
- 63% of employers currently offer one-on-one coaching through their wellness programs
- 93% of employers currently target physical dimensions with their wellness programs and 73% of employers currently target mental dimensions
  - Approximately 25–30% of employers are interested in targeting additional dimensions of well-being including financial, career, social and emotional
- 90% of employers do not have sufficient data to calculate or do not measure their return on investment for their wellness programs

## Disease management programs

- 53% offer disease management programs (up from 49% in 2013)
  - Most common programs were diabetes (72%), asthma (57%), cardiac (56%), and chronic obstructive pulmonary disease (53%)

- 52% of employers consider their diabetes program as the most valuable disease management program
- 87% of employers do not have sufficient data to calculate or do not measure their return on investment of their disease management programs

## Self-insurance and stop loss

- Self-insurance is most prevalent for large employers and becoming more popular with small employers
- 59% of employers with 500–1,000 employees are self-insured, (up from 55% in 2013)
- 57% of those self-insured employers do not have aggregate stop loss coverage while only 25% do not have specific stop loss
  - The most common specific/individual stop loss coverage is between \$100,000 and \$199,999 for self-insured employers who elect to have coverage
  - Employers with 5,000 or more employees are less likely to have stop loss coverage

Specific/individual coverage	<1,000 employees	1,000–5,000 employees	5,000+ employees
<\$50,000	8%	1%	0%
\$50,000–\$99,999	21%	1%	0%
\$100,000–\$199,999	40%	22%	3%
\$200,000–\$299,999	12%	28%	7%
\$300,000–\$499,999	5%	23%	15%
\$500,000–\$999,999	2%	4%	17%
\$1,000,000+	3%	4%	8%
N/A	9%	17%	50%



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# 2014 Health and Well-being Touchstone Survey summary

## Retiree medical programs

- 38% of employers provide pre-65 retiree medical programs, while 31% provide post-65, relatively consistent with 2013 (36% and 31% respectively)
  - The average pre-65 subsidy amount is 53% and the post-65 subsidy amount is 61%
- Of those who provide retiree medical plans, new hires are often excluded:
  - 42% do not offer pre-65 coverage and 48% do not offer post-65 coverage to new hires, up from 2013 (40% and 45% respectively)
- 43% of employers are considering moving their pre-65 retirees to a private exchange with a company subsidy

## 401(k) plans are still the most prevalent form of retirement program

- 92% of employers offer 401(k) or 403(b) plans
  - 35% vest employer 401(k) contributions immediately
  - 87% provide an employer match and 55% provide an employee default contribution
- 25% of employers offer a defined benefit plan with 39% of those plans closed to new accruals or closed to new employees

## Paid Time Off (PTO) banks are less common than traditional vacation/sick day programs

- 42% of employers offer a PTO bank, which averages to be 16 days annually for new hires and 21 days annually for full-time employees with 5 or more years tenure
- For employers who offer separate sick and vacation days:
  - On average, new hires receive 8 sick days a year which is the same as employees with 5 or more years tenure
  - On average, new hires receive 10 vacation days a year and employees with 5 or more years tenure receive 16 vacation days a year
- Employees receive an average of 10 holidays a year



**69%**

of employers allow  
carryover of unused  
PTO or vacation days



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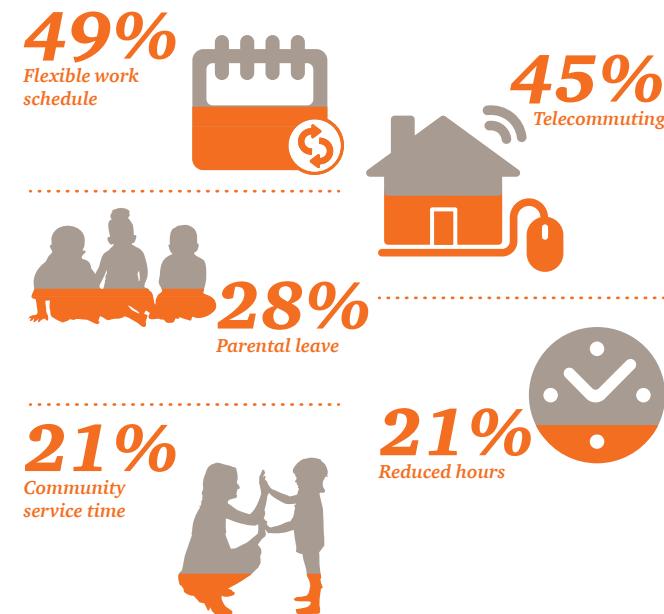
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# 2014 Health and Well-being Touchstone Survey summary

## Work-life programs remain common for many employers

- The most common work-life programs included:



## Health reform

- About half of employers are very likely to re-evaluate their overall benefits strategy in light of health reform
- 60%** of employers expect the excise tax in 2018 to have a financial impact on their company with **31%** expecting that impact to be significant

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

- Employees expect continued cost shifting to employees
  - 47%** of employers are considering further increasing employee cost sharing in medical plan design
  - 52%** are considering further increasing employee cost sharing in pharmacy plan design
  - 56%** of employers are considering increasing employee contributions
- 44%** of employers are considering offering a high deductible plan as a full replacement to their current plans
  - 18%** have already implemented HDHPs as the only medical plan option
- Other leading future strategies to mitigate healthcare cost increases:
  - 49%** of employers are considering implementing or expanding their workplace wellness program
  - 41%** are considering value based design
  - 34%** are considering performance based networks

## Private exchanges are also being considered as a major strategy moving forward

- 32%** are considering moving active employees to a private exchange (**2%** have already done so)
- 22%** are considering moving retirees to a private exchange (**4%** have already done so)



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## Section 3: Medical plan costs

# Company's annual medical gross spend per active employee

### Gross spend per active employee

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology	2014 total
<\$5,000	6%	4%	3%	6%	10%	4%	7%	6%
\$5,000–\$6,999	12%	15%	15%	19%	17%	17%	19%	16%
\$7,000–\$8,999	13%	10%	13%	9%	10%	9%	6%	10%
\$9,000–\$9,999	6%	4%	3%	5%	6%	4%	2%	5%
\$10,000–\$11,999	6%	13%	11%	15%	10%	10%	16%	12%
\$12,000–\$13,999	16%	14%	14%	14%	16%	12%	16%	14%
\$14,000–\$15,999	9%	11%	11%	10%	10%	8%	11%	11%
\$16,000–\$17,999	8%	8%	12%	9%	9%	14%	8%	9%
\$18,000–\$19,999	10%	7%	5%	7%	4%	8%	7%	7%
\$20,000+	14%	14%	13%	6%	8%	14%	8%	10%
Average gross spend	\$13,310	\$12,985	\$12,926	\$12,040	\$11,315	\$13,460	\$11,958	\$12,442

*The Services industry offers the most expensive benefits versus the Retail & consumer industry which tends to offer less rich benefits*



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## Section 3: Medical plan costs

# Company's annual medical net spend per active employee

## Net spend per active employee

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology	2014 total
<\$3,000	9%	14%	9%	15%	15%	13%	11%	14%
\$3,000–\$4,999	16%	14%	12%	16%	22%	9%	15%	13%
\$5,000–\$6,999	15%	16%	17%	13%	14%	15%	16%	16%
\$7,000–\$8,999	11%	14%	14%	14%	14%	16%	12%	12%
\$9,000–\$10,999	10%	13%	11%	15%	11%	12%	17%	14%
\$11,000–\$12,999	14%	11%	16%	8%	9%	11%	12%	11%
\$13,000–\$14,999	7%	6%	8%	10%	5%	10%	8%	8%
\$15,000–\$16,999	5%	5%	3%	4%	7%	6%	3%	5%
\$17,000+	13%	7%	10%	5%	3%	8%	6%	7%
Average net spend	\$9,521	\$8,307	\$9,258	\$8,121	\$7,502	\$9,224	\$8,374	\$8,496

*The manufacturing and retail & consumer industries pay the least amount towards employee medical coverage*



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## Section 3: Medical plan costs

# Medical plan costs before/after plan change

Healthcare costs continue to rise at rates in excess of Consumer Price Index (CPI) and employers are expecting them to increase slightly more this year than last year

### Before plan changes

	Expected calendar year 2014 over 2013	Calendar year 2013 over 2012
Decrease	4%	6%
Unchanged	13%	12%
1%–4% increase	12%	14%
5%–9% increase	38%	32%
10%–14% increase	20%	22%
15%–19% increase	7%	7%
20%+ increase	6%	7%
<b>Average</b>	<b>8.0% increase</b>	<b>7.8% increase</b>

**The 7.8%**  
increase from 2012 to 2013 is  
slightly higher than the 7.5%  
expected as indicated in the  
2013 Touchstone Survey

### After plan changes

	Expected calendar year 2014 over 2013	Calendar year 2013 over 2012
Decrease	7%	9%
Unchanged	22%	23%
1%–4% increase	16%	21%
5%–9% increase	35%	29%
10%–14% increase	12%	13%
15%–19% increase	5%	3%
20%+ increase	3%	2%
<b>Average</b>	<b>5.3% increase</b>	<b>4.5% increase</b>

**The 4.5%**  
increase from 2012 to 2013  
was less than the expected  
increase of 5.4% from the  
2013 Touchstone Survey



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## Section 3: Medical plan costs

# Medical plan 2014 active monthly COBRA rates by tier

Tier/plan	Distribution %	Monthly dollars by percentile			Tier	<1,000 employees	1,000–5,000 employees	5,000+ employees
		25th	50th	75th				
<b>2-tier rates</b>								
Employee	13%	420	500	606	2-tier	12%	6%	14%
Family		1,200	1,434	1,670	3-tier	24%	27%	11%
<b>3-tier rates</b>								
Employee		455	527	631	4-tier	58%	65%	63%
Employee + 1	13%	909	1,052	1,246	5-tier	6%	2%	12%
Employee + 2 or more		1,312	1,528	1,790				
<b>4-tier rates</b>								
Employee		451	519	591				
Employee + spouse		954	1,093	1,234				
Employee + children	63%	830	959	1,115				
Family		1,368	1,548	1,781				
<b>5-tier rates</b>								
Employee		447	506	581				
Employee + spouse		964	1,065	1,199				
Employee + child	11%	744	927	1,128				
Employee + children		871	1,012	1,202				
Family		1,335	1,495	1,666				
<b>Average employee:</b>		<b>\$529</b>						

*The majority of  
employers offer 4-tier  
rates regardless of size*



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## Section 3: Medical plan costs

# Medical plan 2014 pre-65 and post-65 retiree monthly rates

Tier	Monthly dollars by percentile		
	25th	50th	75th
Pre-65 retiree	495	713	867
Post-65 retiree	340	445	547
Average pre-65 retiree:			\$714
Average post-65 retiree:			\$545

## 2014 renewal trend rates

Actual trend rates used by administrators for the 2014 renewal

	Medical	Prescription drug	Dental
Decrease	0%	1%	1%
0%	3%	7%	21%
1%–5%	15%	19%	40%
6%–10%	63%	56%	33%
11%–15%	14%	13%	2%
16%–19%	0%	1%	0%
20%+	5%	3%	3%
Average	9.6%	8.6%	5.5%

For medical and prescription drug,  
the majority of employers faced a

**6%–10%**  
increase in rates for their highest  
enrolled plan in 2014

For dental, most employers faced a

**1%–5%**  
increase in their renewal rates



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## Section 4: Medical plan design highlights

# Medical plans with the largest enrollment

Survey participants selected the following plans as those with the largest enrollment:

	2014	2013	2012	2011	2010
PPO plan	51%	54%	57%	57%	63%
High deductible plan	26%	21%	17%	17%	13%
HMO plan	10%	9%	13%	12%	9%
POS plan	7%	8%	8%	7%	10%
EPO	4%	6%	4%	6%	4%
Indemnity	1%	1%	1%	1%	1%
All other plans (mini-med, Open Access, etc.)	1%	1%	0%	0%	0%

*The average enrollment of the plans that attract the most employees is 82%. On average, 16% of employees decide to opt out of medical coverage.*

	<1,000 employees	1,000–5,000 employees	5,000+ employees
PPO plan	48%	58%	53%
High deductible plan	27%	19%	28%
HMO plan	13%	7%	6%
POS plan	7%	7%	6%
EPO	3%	6%	5%
Indemnity	1%	1%	1%
All other plans	1%	2%	1%

**High deductible plans  
are gaining more  
popularity with small  
and large employers**



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### Medical plan options

Number of medical plan options	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total	2013 total
0	2%	0%	0%	1%	1%
1	35%	12%	11%	23%	25%
2	31%	33%	27%	31%	33%
3	23%	31%	32%	27%	24%
4	5%	13%	13%	9%	8%
5	2%	5%	6%	4%	3%
6	1%	1%	1%	1%	2%
7	0%	2%	3%	1%	1%
8	0%	0%	1%	1%	1%
9	0%	1%	0%	0%	0%
10+	1%	2%	6%	2%	2%
Average	2.5 plans	3.1 plans	3.6 plans	2.9 plans	2.6 plans

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

**81%**  
of employers offer 1 to 3 medical plan options to their employees and 9% of employers offer 5 or more medical plan options

*The average number of plans offered has increased from 2.6 plans in 2013 to 2.9 plans in 2014*



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# Medical plan in-network features (single deductible)

For the medical plan selected as having the largest enrollment, the historical and industry breakdown of the medical *in-network deductible* feature follows:

	2014	2013	2012	2011	2010
\$0	16%	18%	21%	22%	24%
\$1-\$199	3%	4%	8%	8%	8%
\$200-\$299	9%	10%	11%	14%	16%
\$300-\$399	6%	7%	9%	9%	9%
\$400-\$499	4%	5%	5%	5%	7%
\$500-\$749	16%	17%	19%	16%	14%
\$750-\$999	6%	7%	5%	4%	6%
\$1,000-\$1,999	22%	17%	13%	11%	11%
\$2,000-\$2,999	9%	9%	6%	7%	3%
\$3,000+	9%	6%	3%	4%	2%

*The average deductible is*

**\$1,046**

*The Services industry  
has the highest  
average deductible of*

**\$1,221**

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology
\$0	24%	14%	18%	13%	13%	19%	13%
\$1-\$199	0%	1%	7%	2%	1%	5%	1%
\$200-\$299	13%	9%	8%	9%	5%	7%	17%
\$300-\$399	8%	3%	8%	7%	4%	1%	8%
\$400-\$499	0%	3%	2%	7%	5%	2%	5%
\$500-\$749	11%	14%	16%	17%	21%	20%	12%
\$750-\$999	2%	8%	2%	4%	13%	5%	7%
\$1,000-\$1,999	16%	25%	18%	28%	22%	15%	15%
\$2,000-\$2,999	15%	14%	11%	6%	7%	14%	15%
\$3,000+	11%	9%	10%	7%	9%	12%	7%
<b>Average</b>	<b>\$1,094</b>	<b>\$1,132</b>	<b>\$944</b>	<b>\$989</b>	<b>\$1,159</b>	<b>\$1,221</b>	<b>\$1,069</b>

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### Medical plan in-network features (out-of-pocket maximum)

*The average out-of-pocket maximum is*

**\$3,046**

*Retail & consumer has the highest average out-of-pocket maximum at*

**\$3,484**

For the medical plan selected as having the largest enrollment, the historical and industry breakdown of the medical *out-of-pocket maximum* feature follows:

	2014	2013	2012	2011	2010
<\$1,000	9%	6%	13%	10%	10%
\$1,000–\$1,999	16%	19%	27%	27%	28%
\$2,000–\$2,999	26%	26%	27%	27%	29%
\$3,000–\$4,999	32%	24%	16%	20%	17%
\$5,000–\$9,999	15%	11%	6%	6%	5%
\$10,000+	2%	1%	1%	1%	0%
Unlimited	0%	13%	10%	9%	11%

In 2014, out-of-pocket maximums are capped at \$6,350 for employee only coverage for non-grandfathered plans

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology
<\$1,000	12%	9%	12%	8%	1%	13%	6%
\$1,000–\$1,999	20%	15%	17%	14%	12%	19%	20%
\$2,000–\$2,999	24%	25%	24%	34%	26%	18%	24%
\$3,000–\$4,999	25%	34%	34%	31%	39%	28%	37%
\$5,000–\$9,999	17%	15%	11%	12%	21%	21%	12%
\$10,000+	2%	2%	2%	1%	1%	1%	1%
Unlimited	0%	0%	0%	0%	0%	0%	0%
Average	<b>\$2,971</b>	<b>\$3,100</b>	<b>\$2,810</b>	<b>\$2,891</b>	<b>\$3,484</b>	<b>\$3,025</b>	<b>\$2,934</b>



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# Medical plan in-network features (employee coinsurance)

For the medical plan selected as having the largest enrollment, the historical and industry breakdown of the medical *employee coinsurance for most services* feature follows:

	2014	2013	2012	2011	2010
0%	20%	10%	12%	8%	6%
1%–9%	1%				
10%–19%	25%	36%	39%	41%	41%
20%–24%	38%				
25%–29%	1%	47%	41%	46%	49%
30%–39%	4%				
40%–49%	0%	2%	3%	1%	2%
50%+	11%	5%	5%	4%	2%

The average in-network  
coinsurance is

**21%**

Manufacturing has  
the highest average  
coinsurance of

**24%**

	Education & nonprofit	Financial services	Health industries	Manufacturing	Retail & consumer	Services	Technology
0%	30%	19%	28%	12%	13%	28%	18%
1%–9%	0%	0%	2%	1%	1%	0%	0%
10%–19%	14%	29%	26%	25%	14%	30%	38%
20%–24%	41%	32%	31%	43%	59%	25%	34%
25%–29%	5%	1%	1%	3%	0%	0%	0%
30%–39%	5%	7%	3%	3%	4%	3%	1%
40%–49%	0%	0%	0%	0%	0%	0%	0%
50%+	5%	12%	9%	13%	9%	14%	9%
<b>Average</b>	<b>17%</b>	<b>22%</b>	<b>18%</b>	<b>24%</b>	<b>22%</b>	<b>21%</b>	<b>19%</b>



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### Medical plan in-network features (office visits)

For the medical plan selected as having the largest enrollment, the following is the breakdown of the *in-network primary care office visit* medical feature:

#### Primary care office visit

	2014	2013	2012	2011	2010
\$0 copay	2%	8%	6%	7%	6%
\$1-\$9 copay	0%	1%	1%	1%	1%
\$10-\$19 copay	9%	12%	16%	17%	20%
\$20-\$24 copay	24%	24%	26%	29%	30%
\$25-\$29 copay	18%	20%	19%	16%	17%
\$30-\$34 copay	13%	11%	10%	8%	6%
\$35-\$39 copay	4%	4%	3%	4%	2%
\$40+ copay	1%				
0% coinsurance	3%				
1%-19% coinsurance	7%				
20%-24% coinsurance	14%				
25%-29% coinsurance	1%				
30%-39% coinsurance	1%				
40%+ coinsurance	3%				

The average copay for primary care office visits is \$23 and the average coinsurance is 23%

**71%**  
of employers utilize copays for primary care visits which is a decrease from 80% in 2013



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### Medical plan in-network features (office visits)

For the medical plan selected as having the largest enrollment, the following is the breakdown of the *in-network specialist office visit* medical feature:

#### Specialist office visit

	2014	2013	2012	2011	2010
\$0 copay	2%	5%	4%	5%	3%
\$1–\$9 copay	0%	0%	1%	1%	0%
\$10–\$19 copay	4%	6%	6%	9%	10%
\$20–\$24 copay	7%	9%	10%	11%	15%
\$25–\$29 copay	7%	10%	12%	9%	11%
\$30–\$34 copay	12%	13%	12%	14%	17%
\$35–\$39 copay	6%				
\$40–\$44 copay	15%				
\$45–\$49 copay	4%	34%	33%	29%	21%
\$50–\$59 copay	9%				
\$60+ copay	3%				
0% coinsurance	3%				
1%–19% coinsurance	8%				
20%–24% coinsurance	15%	23%	22%	22%	23%
25%–29% coinsurance	1%				
30%–39% coinsurance	1%				
40%+ coinsurance	3%				

The average copay for specialist office visits is \$35 and the average coinsurance is 24%

**69%**

of employers utilize copays for specialist office visits which is a decrease from 77% in 2013



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### Medical plan in-network features (hospital)

For the medical plan selected as having the largest enrollment, the following is the breakdown of the *in-network hospital* medical feature:

#### Inpatient hospital cost per admission

	2014	2013	2012	2011	2010
\$0 copay	7%	18%	20%	16%	0%
\$1-\$199 copay	8%	9%	11%	13%	12%
\$200-\$299 copay	8%	14%	16%	17%	24%
\$300-\$399 copay	3%				
\$400-\$599 copay	4%	9%	7%	7%	7%
\$600+ copay	1%	4%	5%	5%	4%
0% coinsurance	6%				
1%-19% coinsurance	21%				
20%-24% coinsurance	31%	46%	41%	42%	53%
25%-29% coinsurance	1%				
30%-39% coinsurance	2%				
40%+ coinsurance	8%				

The average copay for  
inpatient hospital visits  
is \$201 and the average  
coinsurance is 24%

**31%**  
of employers utilize copays  
which is a decrease from  
54% in 2013



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### Medical plan in-network features Emergency Room (ER)

For the medical plan selected as having the largest enrollment, the following is the breakdown of the *in-network ER* medical feature:

#### ER cost per visit

	2014	2013	2012	2011	2010
\$0 copay	2%	4%	7%	8%	2%
\$1-\$49 copay	2%				
\$50-\$99 copay	11%	15%	17%	21%	26%
\$100-\$124 copay	20%	28%	27%	26%	30%
\$125-\$149 copay	1%		3%	4%	2%
\$150-\$199 copay	14%	14%	13%		
\$200+ copay	14%	14%	12%	19%	17%
0% coinsurance	3%				
1%-19% coinsurance	9%				
20%-24% coinsurance	16%				
25%-29% coinsurance	1%	25%	21%	22%	23%
30%-39% coinsurance	2%				
40%+ coinsurance	5%				

The average ER copay is  
**\$131** and the average  
coinsurance is **26%**

The percentage of  
employers utilizing copays  
has decreased from 75%  
in 2013 to 64% in 2014



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### Medical plan out-of-network features

For the medical plan selected as having the largest enrollment:

#### Deductible

	2014	2013	2012	2011	2010
<\$200	5%	1%	4%	2%	1%
\$200–\$299	3%				
\$300–\$399	2%	10%	14%	16%	23%
\$400–\$499	2%				
\$500–\$749	13%	17%	20%	21%	23%
\$750–\$999	7%	8%	10%	7%	11%
\$1,000–\$1,999	27%	29%	29%	28%	25%
\$2,000–\$2,999	15%	11%	11%	10%	7%
\$3,000–\$3,999	12%		23%	12%	16%
\$4,000+	14%				10%

The average out-of-network deductible is **\$2,071** which is almost double the average in-network deductible

**68%**  
of employers have an out-of-network deductible of \$1,000 or more in 2014 which has increased over the past few years (63% in 2013 and 52% in 2012)



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# Medical plan out-of-network features

For the medical plan selected as having the largest enrollment:

### Out-of-pocket maximum

	2014	2013	2012	2011	2010
\$0	3%	3%	4%	5%	5%
\$1-\$999	1%				
\$1,000-\$1,999	3%	6%	10%	9%	9%
\$2,000-\$2,999	8%	11%	16%	12%	16%
\$3,000-\$4,999	23%	27%	27%	29%	26%
\$5,000-\$9,999	40%	32%	22%	25%	24%
\$10,000+	18%	11%	7%	8%	9%
Unlimited	4%	10%	14%	12%	11%

Average out-of-pocket  
maximum is **\$6,045**

### Employee coinsurance

	2014	2013	2012	2011	2010
0%	6%				
1%-9%	0%	5%	7%	9%	6%
10%-19%	1%				
20%-24%	13%				
25%-29%	1%				
30%-39%	22%	58%	27%	29%	28%
40%-49%	30%		28%	29%	29%
50%+	27%	17%	17%	14%	18%

Employers have  
an average  
**38%**  
out-of-network employee  
coinsurance, consistent  
with prior years

Similarly, the average  
coinsurance for out-of-  
network primary and  
specialist office visits  
is 40%



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### Medical plan out-of-network features (hospital and ER)

For the medical plan selected as having the largest enrollment, the following is the breakdown of the *out-of-network hospital and ER* medical features:

#### Inpatient hospital cost per admission      ER cost per visit

	2014		2014
\$0 copay	2%	\$0 copay	1%
\$1–\$199 copay	4%	\$1–\$49 copay	1%
\$200–\$299 copay	3%	\$50–\$99 copay	8%
\$300–\$399 copay	1%	\$100–\$149 copay	16%
\$400–\$599 copay	2%	\$150–\$199 copay	12%
\$600+ copay	1%	\$200+ copay	11%
0% coinsurance	1%	0% coinsurance	1%
1%–19% coinsurance	1%	1%–19% coinsurance	1%
20%–24% coinsurance	10%	20%–24% coinsurance	7%
25%–29% coinsurance	1%	25%–29% coinsurance	0%
30%–39% coinsurance	22%	30%–39% coinsurance	11%
40%+ coinsurance	52%	40%+ coinsurance	31%

*The average out-of-network hospital copay is \$224 and the average emergency room copay is \$134*

*The average coinsurance for out-of-network hospital and emergency room is 41% and 40%, respectively*

**13%**  
of employers utilize copays  
for inpatient hospital visits

and **49%** utilize  
copays for emergency  
room visits



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### High deductible plans

There is an increase in employers offering high deductible plans with an HSA, from **39%** last year to **47%** this year. In contrast, there is a decrease in employers offering high deductible plans with an HRA, from **20%** last year to **15%** this year.

#### % offering

	HSA	HRA
<1,000 employees	39%	11%
1,000–5,000 employees	52%	15%
5,000+ employees	59%	25%
2014 total	47%	15%

#### % employees who fund through their payroll deductions

	HSA
<10%	27%
10%–19%	10%
20%–29%	7%
30%–39%	5%
40%–49%	4%
50%–59%	9%
60%–69%	10%
70%–79%	9%
80%–89%	7%
90%+	12%

#### Average enrollment

	HSA	HRA
2014	39.2%	54.0%
2013	34.6%	54.2%
2012	28.2%	43.2%
2011	29.5%	37.9%
2010	20.5%	34.2%

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

**Enrollment in both HSA and HRA plans has been steadily increasing the last few years**

**47%** of employers have  
50%+ of their employees funding  
their HSA through payroll deductions with **12%** of employers having more  
than 90% of their employees funding



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### High deductible plans (single)

#### Employer account subsidy

	HSA				2014 total	HRA			
	<1,000 employees	1,000–5,000 employees	5,000+ employees			<1,000 employees	1,000–5,000 employees	5,000+ employees	
\$0	1%	0%	0%	0%	0%	0%	0%	0%	0%
\$1–\$499	17%	17%	28%	21%	21%	7%	7%	27%	17%
\$500–\$749	22%	52%	52%	40%	40%	19%	50%	39%	34%
\$750–\$999	19%	17%	13%	17%	17%	11%	29%	12%	15%
\$1,000–\$1,499	28%	13%	5%	16%	16%	15%	14%	22%	18%
\$1,500–\$1,999	7%	1%	2%	4%	4%	26%	0%	0%	9%
\$2,000–\$2,999	4%	0%	0%	1%	1%	7%	0%	0%	2%
\$3,000+	2%	0%	0%	1%	1%	15%	0%	0%	5%
Average	\$877	\$620	\$533	\$696	\$696	\$1,602	\$654	\$587	\$933

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

**40%** of employers contribute  
\$500–\$749 into their employees' HSA accounts



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# High deductible plans (family)

### Employer subsidy

	HSA				HRA			
	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
\$0	1%	0%	0%	1%	4%	0%	0%	1%
\$1–\$499	4%	2%	8%	5%	7%	0%	7%	6%
\$500–\$749	9%	13%	13%	11%	7%	0%	12%	8%
\$750–\$999	7%	6%	8%	7%	0%	14%	15%	10%
\$1,000–\$1,499	24%	45%	52%	39%	14%	43%	37%	30%
\$1,500–\$1,999	24%	20%	13%	19%	21%	29%	12%	18%
\$2,000–\$2,999	18%	11%	6%	12%	18%	14%	17%	17%
\$3,000+	13%	3%	0%	6%	29%	0%	0%	10%
<b>Average</b>	<b>\$1,659</b>	<b>\$1,286</b>	<b>\$1,041</b>	<b>\$1,358</b>	<b>\$3,003</b>	<b>\$1,291</b>	<b>\$1,122</b>	<b>\$1,785</b>

*The average HSA or HRA contribution for family coverage  
is approximately double that of employee only coverage*

*The most common HSA contribution is \$1,000–\$1,499*

**29%** of small employers contribute more than  
\$3,000 into the HRA account



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### Financing of medical plans with the largest enrollment

#### <500 employees

	2014	2013	2012	2011	2010
Self-insured	26%	31%	22%	20%	29%
Fully-insured	69%	65%	65%	67%	68%
Minimum premium arrangement	5%	4%	13%	13%	3%

#### 500–1,000 employees

	2014	2013	2012	2011	2010
Self-insured	59%	55%	49%	54%	69%
Fully-insured	38%	43%	47%	39%	26%
Minimum premium arrangement	3%	2%	4%	7%	5%

#### 1,000+ employees

	2014	2013	2012	2011	2010
Self-insured	87%	85%	86%	87%	87%
Fully-insured	12%	13%	12%	12%	11%
Minimum premium arrangement	1%	2%	2%	1%	2%

**60%**  
of employers are  
self-insured in 2014

**59%**  
of employers with 500–1,000  
employees are self-insured  
which is an increase from  
55% in 2013



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### In-network prescription drug plan

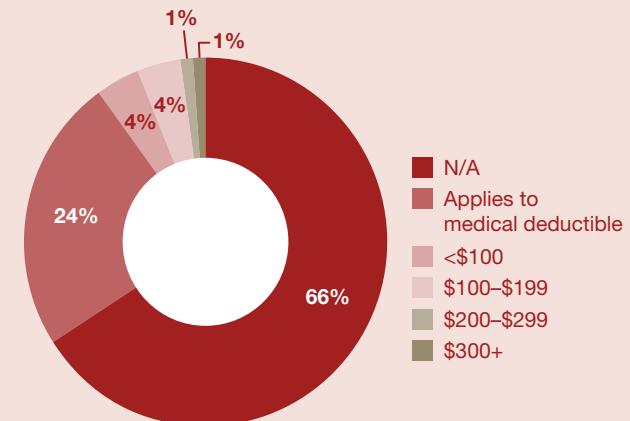
#### Percentage of medical & prescription claim cost that is related to prescription drug claims

2014	
<7%	6%
7%	2%
8%	2%
9%	4%
10%	9%
11%	1%
12%	4%
13%	3%
14%	4%
15%	12%
16%	5%
17%	4%
18%	8%
19%	5%
20%	12%
21%+	19%
Average	16%

**53%**  
of employers find  
that prescription  
drug costs are  
more than 15%  
of total health  
(medical and  
prescription drug  
claims) costs

**19%**  
stated that  
prescription drug  
claims are more  
than 21% of  
health care costs

#### In-network prescription drug deductible



*While 66% 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 standalone prescription deductible which represents only 10% of the plans*



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### In-network prescription drug plan features

For the medical plan selected as having the largest enrollment, the following is the breakdown of the prescription drug *retail generic* plan feature:

#### Generic

	2014	2013	2012	2011	2010
Not covered	1%	1%	2%	2%	1%
<\$5 copay	3%	30%	21%	21%	22%
\$5–\$9 copay	19%				
\$10–\$11 copay	41%		42%	43%	43%
\$12–\$14 copay	1%	51%			
\$15–\$19 copay	14%		12%	10%	11%
\$20+ copay	4%	4%	7%	5%	4%
<10% coinsurance	2%				
10%–14% coinsurance	5%	5%	6%	6%	6%
15%–19% coinsurance	1%	6%	8%	8%	9%
20%–24% coinsurance	5%				
25%+ coinsurance	4%	3%	2%	5%	4%

**83%**

of employers have a copay  
plan for retail generics

The average copay for retail  
generics is \$11 and the  
average coinsurance is 24%

The most common member  
cost share for retail generics  
over the past five years  
continues to be in the  
\$10–\$14 copay range



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### In-network prescription drug plan features

For the medical plan selected as having the largest enrollment, the following is the breakdown of the prescription drug *retail brand* “formulary” plan feature:

#### Brand “formulary”

	2014	2013	2012	2011	2010
Not covered	1%	2%	2%	3%	1%
<\$10 copay	0%	7%	6%	6%	5%
\$10–\$19 copay	4%				
\$20–\$24 copay	6%	27%	28%	32%	36%
\$25–\$29 copay	13%				
\$30–\$34 copay	21%	23%	20%	17%	16%
\$35–\$49 copay	21%	25%	18%	13%	9%
\$50+ copay	5%				
<15% coinsurance	3%	2%	2%	2%	2%
15%–19% coinsurance	1%				
20%–24% coinsurance	10%	11%	21%	22%	27%
25%–29% coinsurance	4%				
30%–34% coinsurance	6%				
35%+ coinsurance	5%	3%	3%	5%	4%

**70%**

of employers have a  
copay plan for retail  
brand “formulary”

The average copay for retail  
brand “formulary” is \$32  
and the average coinsurance  
is 28%

The most common member  
cost share for retail brand  
“formulary” has shifted  
from the \$20–\$29 copay  
range to the \$30–\$49  
copay range



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## Section 4: Medical plan design highlights

### In-network prescription drug plan features

For the medical plan selected as having the largest enrollment, the following is the breakdown of the prescription drug *retail brand “non-formulary”* plan feature:

#### Brand “non-formulary”

	2014	2013	2012	2011	2010
Not covered	2%	3%	4%	6%	4%
<\$30 copay	5%	7%	8%	9%	4%
\$30–\$49 copay	19%	25%	24%	26%	32%
\$50–\$59 copay	22%	22%	23%	18%	20%
\$60–\$64 copay	12%				
\$65–\$74 copay	4%	18%	13%	10%	8%
\$75+ copay	6%				
<14% coinsurance	3%				
15%–19% coinsurance	0%	2%	2%	3%	2%
20%–24% coinsurance	4%				
25%–29% coinsurance	2%	6%	6%	6%	9%
30%–34% coinsurance	4%				
35%–39% coinsurance	2%	6%	7%	8%	5%
40%–49% coinsurance	6%				
50%–59% coinsurance	6%	11%	13%	14%	16%
60%+ coinsurance	3%				

**69%** of employers  
have a copay plan for retail  
brand “non-formulary”

The average copay for retail  
brand “non-formulary”  
is \$51 and the average  
coinsurance is 37%

The most common member  
cost share for retail brand  
“non-formulary” has  
shifted from the \$30–\$49  
copay range to the \$50–\$59  
copay range



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## Section 4: Medical plan design highlights

# In-network prescription drug plan features

For the medical plan selected as having the largest enrollment, the following is the breakdown of the prescription drug *retail specialty* plan feature:

### Specialty

	2014	2013	2012	2011	2010
Not covered	11%	13%	9%	11%	6%
<\$20 copay	4%				
\$20–\$29 copay	3%	3%	8%	5%	22%
\$30–\$39 copay	6%				
\$40–\$49 copay	6%	15%	20%	21%	20%
\$50–\$59 copay	15%	18%	19%	17%	13%
\$60–\$74 copay	9%				
\$75–\$99 copay	4%	20%	16%	13%	7%
\$100+ copay	10%				
<14% coinsurance	5%				
15%–19% coinsurance	0%	4%	3%	3%	3%
20%–24% coinsurance	9%	8%	7%	7%	10%
25%–29% coinsurance	3%				
30%–34% coinsurance	4%	10%	8%	18%	10%
35%–39% coinsurance	1%				
40%–49% coinsurance	3%				
50%+ coinsurance	7%	9%	10%	11%	9%

*The average copay  
for retail specialty is  
\$59 and the average  
coinsurance is 32%*

**58%**  
*of employers use a  
copay plan for retail  
specialty drug*



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### In-network prescription drug plan features

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

#### Retail copays

	2014	2013	2012	2011	2010
Generic	\$11	\$13	\$14	\$13	\$13
Brand “formulary”	\$32	\$33	\$32	\$30	\$29
Brand “non-formulary”	\$51	\$51	\$49	\$46	\$47
Specialty	\$59	\$60	\$56	\$44	\$39

#### Mail order

	2014	
	Copay	Coinsurance
Generic	\$19	26%
Brand “formulary”	\$60	30%
Brand “non-formulary”	\$100	38%
Specialty	\$91	34%

Retail copays for non-formulary are approximately **60%** higher than formulary

The average retail copay for specialty drugs has increased since 2010, going from a \$39 copay to a \$59 copay

Average retail copays have remained stable over the past year

Mail order average copays are typically 2x retail average copays



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### ***In-network prescription drug plan features***

For the medical plan selected as having the largest enrollment, the following is the breakdown of the prescription drug plan features for *mail order*:

#### **Mail order copay**

	Generic	Brand “formulary”	Brand “non-formulary”	Specialty
Not covered	4%	4%	5%	20%
<\$10 copay	8%	1%	1%	1%
\$10–\$19 copay	24%	2%	1%	1%
\$20–\$29 copay	33%	5%	1%	2%
\$30–\$39 copay	10%	6%	3%	2%
\$40–\$49 copay	2%	6%	3%	2%
\$50–\$59 copay	1%	9%	4%	4%
\$60–\$64 copay	0%	12%	4%	3%
\$65–\$79 copay	0%	12%	2%	2%
\$80+ copay	0%	15%	47%	27%
<14% coinsurance	6%	3%	3%	6%
15%–19% coinsurance	1%	1%	0%	1%
20%–29% coinsurance	6%	13%	5%	11%
30%–39% coinsurance	1%	6%	6%	5%
40%–49% coinsurance	1%	1%	6%	4%
50%+ coinsurance	3%	4%	9%	9%
<b>Average copay</b>	<b>\$19</b>	<b>\$60</b>	<b>\$100</b>	<b>\$91</b>
<b>Average coinsurance</b>	<b>26%</b>	<b>30%</b>	<b>38%</b>	<b>34%</b>

***The majority of employers use copays for mail order  
prescription drugs as opposed to coinsurance***



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## Section 4: Medical plan design highlights

# Medical contribution strategies

### Medical contribution strategies

	2014		2013	
	Single	Family	Single	Family
Non-contributory—employees pay 0% of the premium	12%	8%	14%	8%
Defined benefit—employees pay a percent of premium	64%	67%	64%	68%
Defined benefit—employer determines employee contribution amount	16%	17%	16%	17%
Defined contribution—employer pays a fixed amount	8%	8%	6%	7%

*From 2013 to 2014, there was not a noticeable change in medical contribution strategies, however there is an uptick in the use of defined contribution*

### Defined contribution—employer pays a fixed amount

	2014		2013	
	Single	Family	Single	Family
<\$100	14%	12%	16%	13%
\$100–\$199	9%	2%	13%	2%
\$200–\$299	15%	2%	20%	5%
\$300–\$399	27%	9%	20%	11%
\$400–\$749	20%	23%	15%	14%
\$750–\$999	0%	12%	0%	23%
\$1,000–\$1,999	3%	26%	3%	18%
\$2,000+	12%	14%	13%	14%
<b>Average contribution</b>	<b>\$817</b>	<b>\$1,892</b>	<b>\$860</b>	<b>\$2,001</b>

*From 2013 to 2014, there was a decrease in the average employer contribution of approximately 5%–6%*



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# Contribution strategies

### Defined benefit-employees pay a percentage of the premium

	2014	2013
	Single	Family
<10%	4%	3%
10%–14%	9%	6%
15%–19%	17%	11%
20%–24%	25%	25%
25%–29%	17%	15%
30%–39%	15%	20%
40%–49%	2%	4%
50%+	11%	16%
<b>Average contribution</b>	<b>27%</b>	<b>32%</b>

*From 2013 to 2014,  
the defined benefit  
percentage contribution  
did not change*

### Defined benefit-employer determines employee contribution amount

	2014	2013
	Single	Family
<\$50	29%	13%
\$50–\$99	24%	6%
\$100–\$199	17%	14%
\$200–\$299	2%	12%
\$300–\$399	3%	9%
\$400–\$749	4%	16%
\$750–\$1,999	18%	7%
\$2,000+	3%	23%
<b>Average contribution</b>	<b>\$395</b>	<b>\$1,271</b>

*From 2013 to 2014,  
there was an increase  
in the average  
employee contribution  
of approximately  
11%–12%*



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# Employee contribution percentages vary by company size

### Employee only coverage

Contribution	<1,000 employees	1,000–5,000 employees	5,000+ employees
<10%	19%	16%	7%
10%–14%	17%	12%	18%
15%–19%	15%	26%	23%
20%–24%	11%	16%	20%
25%–29%	8%	10%	8%
30%–39%	8%	5%	14%
40%+	22%	15%	10%
<b>Average</b>	<b>33%</b>	<b>28%</b>	<b>26%</b>

*The average employee contribution for family coverage is 2%–5% higher than employee only coverage*

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

### Family coverage

Contribution	<1,000 employees	1,000–5,000 employees	5,000+ employees
<10%	12%	9%	4%
10%–14%	13%	10%	11%
15%–19%	10%	20%	23%
20%–24%	13%	19%	21%
25%–29%	11%	14%	12%
30%–34%	7%	10%	10%
35%–39%	5%	2%	8%
40%–49%	4%	3%	3%
50%–74%	7%	2%	2%
75%+	18%	11%	6%
<b>Average</b>	<b>38%</b>	<b>31%</b>	<b>28%</b>



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## Section 4: Medical plan design highlights

### Salary based contributions and smoking surcharges

#### Number of salary tiers

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
Yes	9%	17%	24%	14%
No	91%	83%	76%	86%
Average # of tiers	4	4	9	6

*The popularity of salary based contribution tiers increases as employer size increases*

#### Monthly smoking surcharges

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
No	89%	76%	65%	80%
Yes, for employees	11%	24%	34%	20%
Yes, for dependents	6%	10%	15%	9%
Average for employees	\$53	\$39	\$60	\$51
Average for dependents	\$62	\$41	\$68	\$59

*Large employers are more likely to impose smoking surcharges with the average monthly amount being more than small employers*

*More than one option was allowed to be chosen*



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## Section 4: Medical plan design highlights

### **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	2014 total
Yes	13%	15%	6%	12%
No, but they pay a surcharge	9%	14%	27%	14%
No, they pay no surcharge	74%	70%	64%	71%
Do not offer coverage for spouses	4%	1%	3%	3%

**Large employers are more likely to include spouses, but have them pay a surcharge, whereas small employers are more likely to include spouses without a surcharge**

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

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
Yes	6%	8%	3%	6%
No, but they pay a surcharge	4%	1%	1%	3%
No, they pay no surcharge	87%	90%	95%	89%
Do not offer coverage for dependents	3%	1%	1%	2%

**Employers are more likely to include dependents with no surcharge than spouses with no surcharge**



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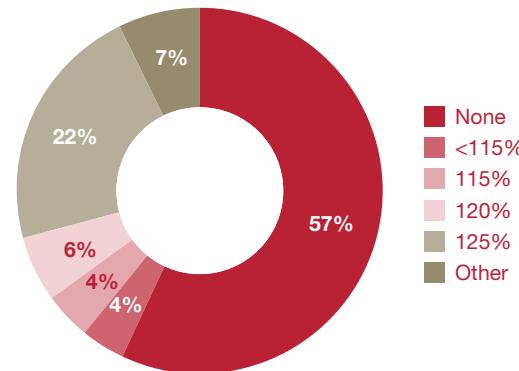
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## Section 4: Medical plan design highlights

### Stop loss coverage

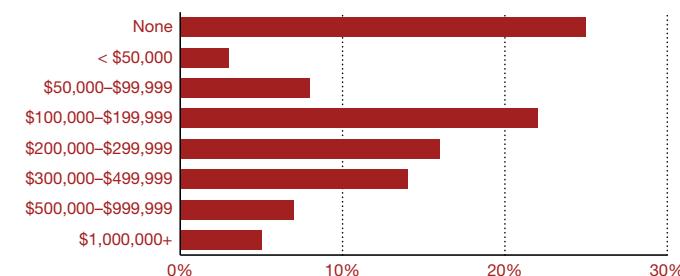
For the medical plan(s) selected as self-insured, the following is the breakdown of stop loss coverage:

#### Aggregate coverage



**57%** of self-insured plans do not have aggregate stop loss coverage and 25% do not have specific/individual coverage, slightly more than 2013

#### Specific/individual coverage



### Stop loss coverage by company size

Large employers tend to purchase less aggregate stop loss coverage than small employers

#### Aggregate coverage

	<1,000 employees	1,000–5,000 employees	5,000+ employees
<115%	10%	2%	1%
115%	6%	1%	3%
120%	9%	7%	1%
125%	37%	24%	8%
Other	10%	7%	4%
None	28%	59%	83%

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

#### Specific/individual coverage

	<1,000 employees	1,000–5,000 employees	5,000+ employees
<\$50,000	8%	1%	0%
\$50,000-\$99,999	21%	1%	0%
\$100,000-\$199,999	40%	22%	3%
\$200,000-\$299,999	12%	28%	7%
\$300,000-\$499,999	5%	23%	15%
\$500,000-\$999,999	2%	4%	17%
\$1,000,000+	3%	4%	8%
None	9%	17%	50%



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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, including Coventry	6%	11%	14%
BCBS-Wellpoint/Anthem	13%	10%	13%
BCBS-Other than Wellpoint/Anthem	30%	31%	21%
CIGNA	11%	14%	11%
Kaiser	2%	0%	1%
UnitedHealthcare	13%	18%	21%
Other Health Plan	18%	9%	13%
Other Third Party Administrator (TPA)	7%	7%	6%

### All other medical plans offered

	<1,000 employees	1,000–5,000 employees	5,000+ employees
Aetna, including Coventry	4%	8%	10%
BCBS-Wellpoint/Anthem	11%	6%	8%
BCBS-Other than Wellpoint/Anthem	24%	25%	19%
CIGNA	18%	7%	10%
Humana	12%	21%	20%
Kaiser	8%	16%	12%
UnitedHealthcare	1%	0%	4%
Other Health Plan	15%	12%	14%
Other Third Party Administrator (TPA)	7%	5%	3%



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## Section 4: Medical plan design highlights

### Vendor satisfaction

	2014			2013			2012		
	Very satisfied	Satisfied	Not satisfied	Very satisfied	Satisfied	Not satisfied	Very satisfied	Satisfied	Not satisfied
Claim administration	37%	58%	5%	38%	58%	4%	44%	52%	4%
Consumer/decision support	20%	66%	14%	18%	68%	14%	22%	66%	12%
Member services	27%	65%	8%	27%	65%	8%	34%	59%	7%
Medical management	26%	65%	9%	23%	70%	7%	27%	66%	7%
Network discounts	40%	56%	4%	36%	59%	5%	44%	53%	3%
Pharmacy benefit administration*	25%	65%	10%	25%	69%	6%	—	—	—
Wellness	20%	62%	18%	19%	63%	18%	23%	62%	15%

\* Not a survey response option in prior years

*Satisfaction with vendors has been fairly stable over the last few years with a slight movement from satisfied to very satisfied*

**95%** indicated they were very satisfied or satisfied with claim administration in 2014 versus 96% in 2012

**92%** indicated they were very satisfied or satisfied with member services in 2014 versus 93% in 2012

**96%** indicated they were very satisfied or satisfied with network discounts in 2014 versus 97% in 2012



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## Section 4: Medical plan design highlights

# The benefit administration of medical plans by company size

	<1,000 employees			1,000–5,000 employees			5,000+ employees			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Insourced	36%	38%	33%	32%	31%	28%	31%	21%	21%	34%	32%	27%
Outsourced	23%	24%	44%	24%	25%	41%	32%	39%	55%	25%	28%	47%
Co-sourced	41%	38%	23%	44%	44%	31%	37%	40%	24%	41%	40%	26%

*Small employers are trending towards more co-sourcing and moving away from outsourcing and large employers are trending towards more insourcing and co-sourcing*

*Fewer employers are outsourcing in 2014 moving from 47% in 2012 to 25% in 2014*





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





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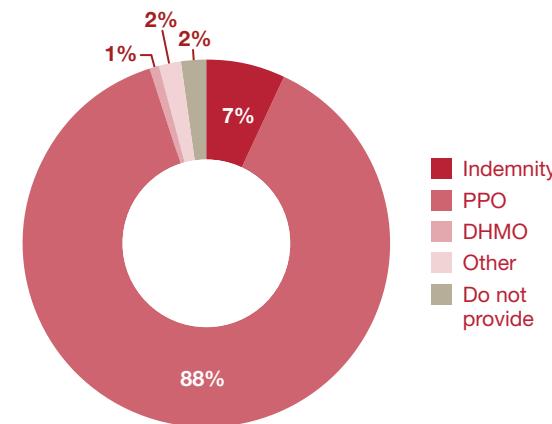
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## Section 5: Dental plan design highlights

### Dental plan features

#### Dental plan types



Indemnity  
PPO  
DHMO  
Other  
Do not provide

#### Deductible (single coverage)

	2014
\$0	10%
\$1–\$49	11%
\$50–\$59	66%
\$60–\$74	0%
\$75–\$99	5%
\$100–\$149	5%
\$150+	3%
Average	\$64

#### Annual benefit maximum

	2014
\$0	1%
\$1–\$999	3%
\$1,000–\$1,499	25%
\$1,500–\$1,999	44%
\$2,000–\$2,499	21%
\$2,500–\$2,999	4%
\$3,000+	2%
Average	\$1,519

**98%** of employers offer dental coverage to their employees with the PPO being the most common plan type

On average, dental plan designs have a **\$64 deductible** and a **\$1,519 annual benefit maximum**

The most common deductible is **\$50–\$59** and the most common annual benefit maximum is **\$1,500–\$1,999**

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## Section 5: Dental plan design highlights

### Dental plan features

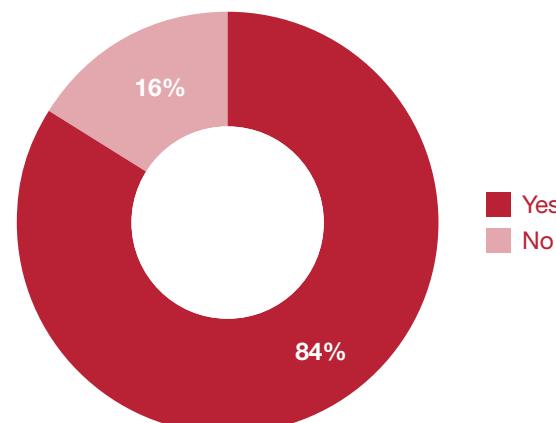
#### Coinsurance

	Diagnostic & preventive	Basic	Major
<50%	7%	6%	6%
50%	1%	4%	69%
55%			0%
60%			14%
65%		1%	0%
70%	0%	1%	2%
75%		1%	1%
80%	2%	72%	7%
85%		1%	0%
90%	1%	9%	1%
100%	89%	5%	0%
<b>Average</b>	<b>92%</b>	<b>76%</b>	<b>53%</b>

#### Monthly Contribution

	Single	Family
0%	13%	10%
1%–9%	4%	2%
10%–19%	11%	6%
20%–29%	21%	18%
30%–39%	11%	14%
40%–49%	7%	8%
50%–59%	13%	15%
60%–69%	2%	4%
70%–79%	2%	4%
80%–89%	2%	3%
90%–99%	0%	1%
100%	14%	15%
<b>Average</b>	<b>39%</b>	<b>45%</b>

#### Orthodontic coverage



An average dental plan design is 92%/76%/53%

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

Employees, on average, pay 39% for single coverage  
and 45% for family coverage



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## Detailed findings—**Section 6: Wellness and disease management** ▶





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## Section 6: Wellness and disease management

# Wellness and disease management programs

Employers offering wellness and disease management programs:

	Wellness programs					Disease management programs				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
<1,000 employees	57%	57%	56%	52%	65%	31%	31%	28%	40%	41%
1,000–5,000 employees	81%	71%	76%	81%	73%	64%	60%	65%	74%	68%
5,000+ employees	83%	85%	85%	88%	85%	79%	75%	81%	86%	83%
<b>Total</b>	<b>71%</b>	<b>68%</b>	<b>72%</b>	<b>73%</b>	<b>76%</b>	<b>53%</b>	<b>49%</b>	<b>58%</b>	<b>66%</b>	<b>68%</b>

- As company size increases, the percentage of employers offering wellness and disease management programs increases
- Since 2013, the prevalence of both wellness and disease management programs stayed the same for small employers, increased for mid-size employers, and increased as an aggregate

## Wellness programs

- 71% of all survey participants and 83% of large employers offer wellness programs to eligible individuals
- 71% of employers with 20,000+ employees and 45% of employers with <500 employees spend more than 1.0% of total medical costs on wellness programs which is a slight decrease from 2013
- 35% of employers use their medical vendor for their wellness program, 28% manage the program in-house, and 37% utilize an external vendor

## Disease management programs

- 53% of all survey participants and 79% of large employers offer disease management programs to eligible individuals although participation rates are typically low
- 86% of employers use their medical vendor for their disease management program, 4% manage the program in-house, and 10% utilize an external vendor

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## Section 6: Wellness and disease management

# Wellness and disease management programs: Incentives

Incentives	Wellness	Disease management
Cash/gift card <\$100	16%	17%
Cash/gift card \$100–\$199	7%	4%
Cash/gift card \$200+	8%	3%
Annual premium surcharge for not participating	6%	—
Annual premium incentive <\$100	1%	1%
Annual premium incentive \$100–\$199	3%	0%
Annual premium incentive \$200–\$299	3%	0%
Annual premium incentive \$300–\$499	5%	3%
Annual premium incentive \$500+	10%	4%
Additional employer contribution into HSA/HRA/FSA <\$100	0%	0%
Additional employer contribution into HSA/HRA/FSA \$100–\$199	1%	10%
Additional employer contribution into HSA/HRA/FSA \$200–\$299	2%	3%
Additional employer contribution into HSA/HRA/FSA \$300–\$499	1%	0%
Additional employer contribution into HSA/HRA/FSA \$500+	4%	3%
Small gifts	13%	4%
Raffles for large gifts	12%	3%
Charitable donations	2%	3%
Other	6%	42%

- **87%** of employers offer incentives/disincentives for their wellness programs and **31%** offer incentives for their disease management programs
- A greater percentage of employers are offering incentives/disincentives for wellness programs and disease management programs in 2014 as compared to 2013 (**87%** for wellness and **31%** for disease management in 2014 compared to **82%** and **19%** in 2013, respectively)



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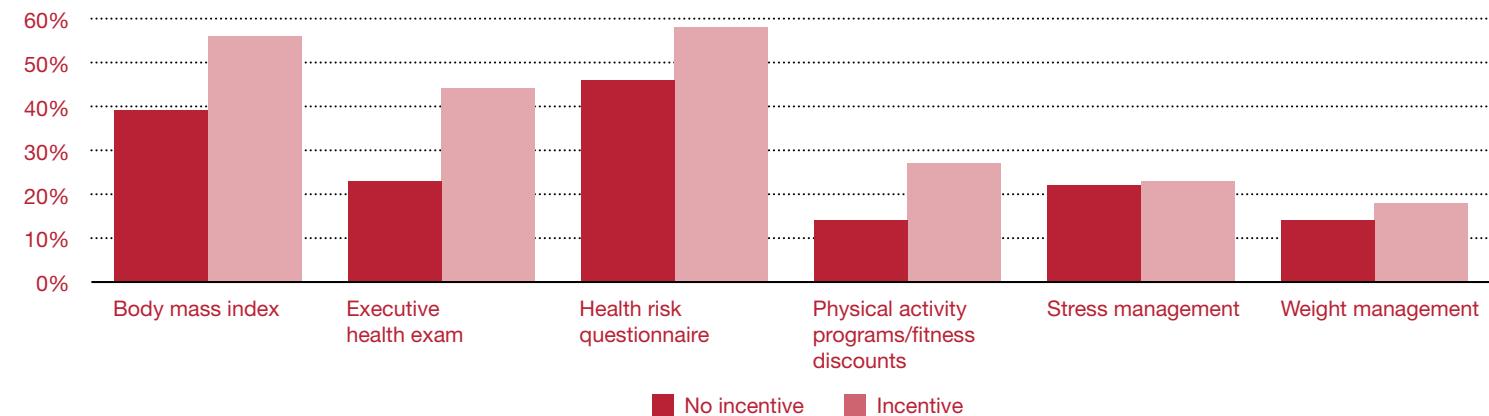
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## Section 6: Wellness and disease management

### Wellness programs: Incentives

For those employers who offer incentives, participation rates are positively impacted by incentives:



Programs where incentives did not significantly  
impact participation:

- Employee assistance program
- Ergonomics
- Health coach
- Nutrition
- Onsite fitness
- Onsite health clinic
- Tobacco cessation



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## Section 6: Wellness and disease management

# Wellness program

### Wellness program targeting dimensions

	Currently targeting	Interested in targeting	Not interested in targeting
Career	26%	26%	48%
Community	34%	23%	43%
Emotional	64%	26%	10%
Financial	55%	30%	15%
Mental	73%	21%	6%
Physical	93%	5%	2%
Social	38%	27%	35%
Spiritual	15%	20%	65%

### Wellness program features

	Currently offering	Interested in offering	Not interested in offering
Incentives	81%	12%	7%
One-on-one coaching	63%	20%	17%
Competition/gamification	51%	35%	14%
Activity tracking devices	47%	40%	13%
Feedback loops	35%	42%	23%
Mobile apps or user interface	32%	52%	16%
Social sharing	25%	36%	39%
User profiling and/or personalization	24%	50%	26%

**Most employers are currently targeting mental and physical dimensions through their wellness programs yet the interest lies in targeting financial, social, career, and emotional dimensions**

**The majority of employers are interested in offering mobile apps or user interface and user profiling and/or personalization**



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## Section 6: Wellness and disease management

# Wellness and disease management program

## Wellness program

	2014	2013
Employee assistance program (EAP)	85%	86%
Biometric screening	78%	—
Health risk questionnaire	76%	80%
Tobacco cessation	63%	61%
Physical activity program/fitness discounts	58%	—
Body mass index	56%	58%
Health coach	53%	—
Weight management	53%	52%
Nutrition	46%	41%
Onsite fitness	42%	38%
Stress management	41%	35%
Ergonomics	30%	25%
Executive health exam	24%	23%
Onsite health clinic	14%	15%

More than one option was allowed to be chosen

## Disease management program

	2014	2013
Diabetes	72%	70%
Asthma	57%	59%
Cardiac	56%	57%
Chronic obstructive pulmonary disease	53%	54%
Hypertension	48%	—
Cancer	42%	46%
Lower back pain	39%	35%
Depression	34%	35%

More than one option was allowed to be chosen

**85%**

of employers offer an employee assistance program (EAP) and 28% of employees utilize EAP when offered

**14%**

of employers offer an onsite health clinic with 48% average participation

**79%**

of large employers vs. 59% of small employers offer diabetes programs



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## Section 6: Wellness and disease management

# Wellness and disease management program

## Wellness program

	Most valuable	2nd most valuable	3rd most valuable
Biometric screening	52%	13%	8%
Body mass index (BMI)	0%	6%	4%
Employee assistance program (EAP)	9%	9%	18%
Ergonomics	2%	2%	2%
Executive health exam	1%	1%	1%
Health coach	4%	9%	8%
Health risk questionnaire	8%	25%	14%
Nutrition	1%	3%	4%
Onsite fitness	6%	7%	8%
Onsite health clinic	6%	2%	2%
Physical activity program/fitness discounts	6%	11%	11%
Stress management	0%	1%	1%
Tobacco cessation	2%	5%	9%
Weight management	2%	5%	10%

Responses of "Other" are not shown above

## Disease management program

	Most valuable	2nd most valuable	3rd most valuable
Asthma	7%	11%	13%
Cancer	11%	9%	6%
Cardiac	12%	20%	21%
Chronic obstructive pulmonary disease	2%	10%	11%
Depression	1%	6%	7%
Diabetes	52%	24%	13%
Hypertension	7%	15%	12%
Lower back pain	5%	2%	12%

Responses of "Other" are not shown above

**52%**

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

**76%**

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



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## Section 6: Wellness and disease management

### Wellness programs

#### Effectiveness of wellness program at:

	Very effective	Somewhat effective	Not effective
Mitigating healthcare costs	12%	68%	20%
Improving performance and productivity	6%	70%	24%
Enhancing employee engagement, attraction and loyalty	17%	66%	17%
Reinforcing corporate responsibility and image	20%	60%	20%

#### Gauging the effectiveness of wellness program at:

	Subjective judgment	Quantitative metrics	Both	Neither
Mitigating healthcare costs	25%	32%	31%	12%
Improving performance and productivity	7%	54%	18%	21%
Enhancing employee engagement, attraction and loyalty	7%	55%	19%	19%
Reinforcing corporate responsibility and image	3%	60%	16%	21%

*Of employers who consider their wellness programs to not be as effective at mitigating healthcare costs, 64% use subjective judgment*

*Overall, employers view wellness programs to be somewhat effective*



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## Section 6: Wellness and disease management

# Disease management programs

### Effectiveness of disease management program at:

	Very effective	Somewhat effective	Not effective
Mitigating healthcare costs	10%	72%	18%
Improving performance and productivity	5%	64%	31%
Enhancing employee engagement, attraction and loyalty	6%	51%	43%
Reinforcing corporate responsibility and image	7%	52%	41%

### Gauging the effectiveness of disease management program at:

	Subjective judgment	Quantitative metrics	Both	Neither
Mitigating healthcare costs	32%	28%	23%	17%
Improving performance and productivity	9%	45%	13%	33%
Enhancing employee engagement, attraction and loyalty	7%	46%	12%	35%
Reinforcing corporate responsibility and image	6%	46%	13%	35%

*The majority of employers who consider their disease management programs not effective, do not use any method to gauge the effectiveness*

*Overall, employers mainly use quantitative metrics to gauge the effectiveness of their disease management program*

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## Return on investment (ROI)

	Wellness	Disease management
Do not measure	45%	51%
Insufficient information provided to calculate ROI	45%	36%
Below 1 to 1	1%	2%
1 to 1	1%	2%
2 to 1	4%	5%
3 to 1	2%	2%
4 to 1 or more	2%	2%

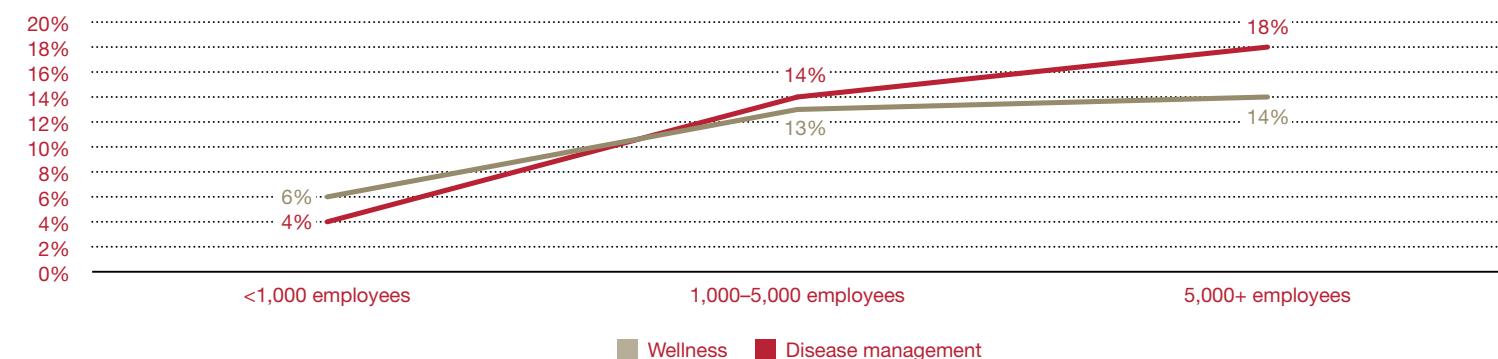
Of those that measure ROI for wellness and disease management programs,

**80%** and

**69%**

respectively have a positive impact

## Employers measuring ROI by company size





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## Section 6: Wellness and disease management

### Work-life programs

Employers sponsor the following work-life programs:

	2014	2013	2012	2011	2010
Flexible work schedule	49%	36%	46%	46%	41%
Telecommuting	45%	43%	55%	51%	47%
Parental leave	28%	25%	36%	35%	34%
Reduced hours	21%	23%	31%	30%	30%
Community service time	21%	19%	26%	25%	20%
Adult leave/care*	17%	17%	16%	—	—
Childcare	14%	13%	25%	22%	20%
Job share	9%	8%	14%	14%	16%
Concierge service	9%	5%	8%	9%	8%
Other	1%	2%	4%	4%	3%

\* Not a survey response option in prior years

More than one option was allowed to be chosen

*In 2014, employers sponsor flexible work schedules more frequently than telecommuting or other work-life programs*



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## Section 6: Wellness and disease management

### Work-life programs by company size

Availability of work-life programs increases as company size increases

	2014			2013		
	<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	41%	54%	57%	28%	39%	47%
Telecommuting	37%	49%	54%	35%	45%	56%
Parental leave	21%	35%	32%	18%	30%	34%
Reduced hours	19%	21%	23%	18%	27%	28%
Community service time	15%	23%	28%	15%	23%	24%
Adult leave/care	11%	19%	24%	12%	20%	23%
Childcare	5%	16%	28%	6%	12%	29%
Job share	5%	7%	17%	5%	7%	16%
Concierge service	6%	9%	12%	3%	8%	7%
Other	2%	1%	1%	2%	1%	3%

More than one option was allowed to be chosen

**57%** of large employers sponsor  
flexible work schedules as compared to 41%  
of small employers. This is an increase over  
2013 (47% of large employers vs. 28% of  
small employers)



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## Section 7: Welfare benefits

# Welfare benefit programs

For employers offering the following welfare benefit programs:

	2014		2013	
	Employer subsidized	Voluntary	Employer subsidized	Voluntary
AD&D*	78%	22%	—	—
Auto insurance	7%	93%	3%	97%
Basic life insurance	97%	3%	96%	4%
Business travel accident*	96%	4%	—	—
Cancer/specified disease insurance	7%	93%	6%	94%
Dental	84%	16%	86%	14%
Dependent life	20%	80%	17%	83%
Homeowners insurance	3%	97%	2%	98%
Identity theft*	32%	68%	—	—
Legal insurance	8%	92%	8%	92%
Long-term care insurance	19%	81%	18%	82%
Long-term disability	83%	17%	83%	17%
Personal excess liability insurance	14%	86%	19%	81%
Pet insurance	2%	98%	0%	100%
Short-term disability	85%	15%	85%	15%
Supplement/optional life	9%	91%	9%	91%
Vision	51%	49%	51%	49%

\*Not an option in prior years

Over 90% of employers offer AD&D, basic life insurance, dental, long- & short-term disability, and vision with the majority of those programs being employer subsidized



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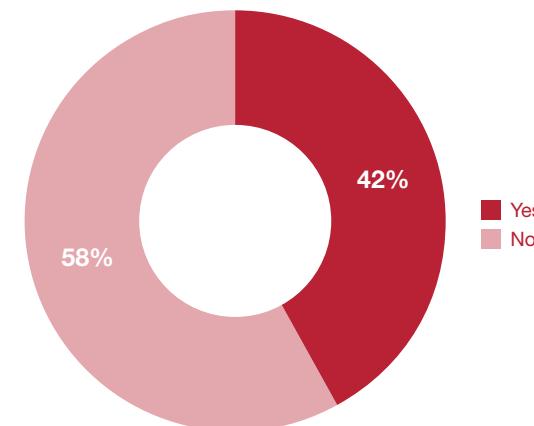
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## Section 7: Welfare benefits

# Paid Time Off (PTO) policies

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



Number of PTO days



Average	5+ years tenure	New hire
PTO days	21 days	16 days

When do employees accrue PTO days?	2014
Date of hire	81%
3 months	9%
6 months	3%
Other	7%

Fewer employers are offering PTO banks, a decrease  
from 49% in 2013 to 42% in 2014

Large employers, on average, offer 18 days to a new  
hire vs. small employers that offer 14 days

**11%** of employers permit or require  
conversion of PTO days into other benefits

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## Section 7: Welfare benefits

### Paid time off by company size

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

	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
Bereavement	81%	83%	77%	81%
Jury duty	79%	82%	76%	79%
Military leave	33%	48%	55%	44%
Maternity leave (birth of a child)	33%	41%	43%	38%
Personal days	30%	35%	24%	30%
Paternity leave (birth of a child)	23%	29%	23%	25%
Adoption leave (placement of a child)	19%	26%	27%	23%
Family illness, including care of extended family	16%	17%	15%	16%
Not available/not offering	10%	7%	8%	9%
Sabbatical leave	3%	9%	5%	6%
Other	4%	5%	6%	5%
Study days/exam days	3%	7%	1%	4%

More than one option was allowed to be chosen

Only **9%** of employers are not offering additional time off to address family needs/other personal needs as compared to 16% last year

Volunteering and community service were other common PTO offerings



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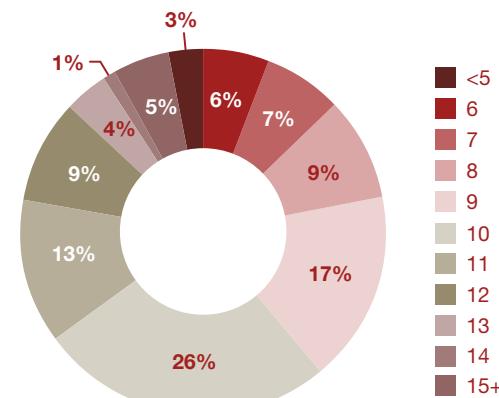
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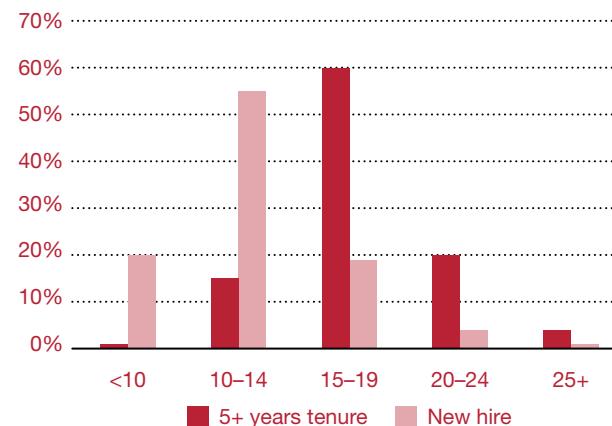
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### Paid time off policies

#### Paid holidays

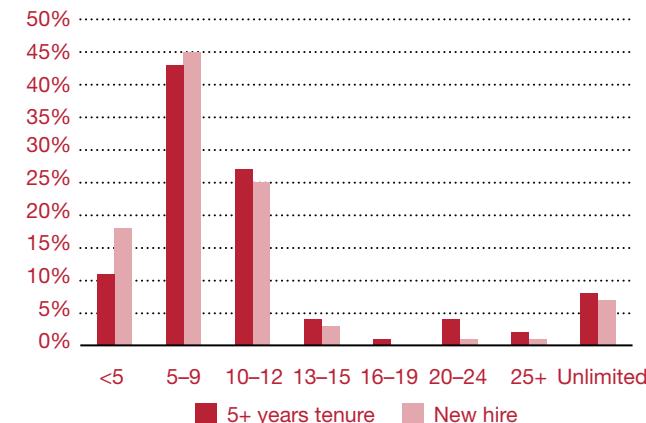


#### Number of vacation days



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

#### Number of sick days



Average	5+ years tenure	New hire
Holidays	10 days	
Vacation days	16 days	10 days
Sick days	8 days	8 days

Sick/vacation policies vary by:	Vacation	Sick
Tenure	91%	40%
Level	43%	22%
Hours worked (full-time vs. part-time)	73%	63%

More than one option was allowed to be chosen



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## Section 8: Retiree medical

# Retiree medical programs for current retirees

Employers offering pre-65 retiree medical programs to current retirees	2014	2013	2012
Do not offer any pre-65 retiree medical	62%	64%	52%
Pre-65 retiree medical, access only	14%	12%	18%
Pre-65 retiree medical, company subsidized	14%	13%	16%
Pre-65 retiree medical to grandfathered groups only, company subsidized	10%	11%	14%
Employers offering post-65 retiree medical programs to current retirees	2014	2013	2012
Do not offer any post-65 retiree medical	69%	69%	59%
Post-65 retiree medical, access only	10%	10%	14%
Post-65 retiree medical, company subsidized	10%	9%	13%
Post-65 retiree medical to grandfathered groups only, company subsidized	11%	12%	14%

*The percentage of employers offering pre- and post-65 retiree medical programs to current retirees has decreased since 2012*

### Pre-65

*From*

**48%**  
in 2012

**to 38%**  
in 2014

### Post-65

*From*

**41%**  
in 2012

**to 31%**  
in 2014

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## Section 8: Retiree medical

# Retiree medical programs for new hires

Of employers offering retiree medical programs to current retirees, the following are the percentages of employers 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	2014 total
Do not offer any pre-65 retiree medical	47%	44%	38%	42%
Pre-65 retiree medical, access only	28%	41%	39%	37%
Pre-65 retiree medical, company subsidized	28%	18%	23%	23%
Post-65 retiree medical programs for new hires	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
Do not offer any post-65 retiree medical	54%	34%	54%	48%
Post-65 retiree medical, access only	21%	45%	29%	32%
Post-65 retiree medical, company subsidized	27%	23%	18%	22%

More than one option was allowed to be chosen

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

**38%** of employers currently offer pre-65 plans to their current retirees; of the 38% that offer to retirees, 58% offer these plans to new hires as well

**31%** of employers currently offer post-65 plans to their current retirees; of the 31% that offer to retirees, 52% offer these plans to new hires as well



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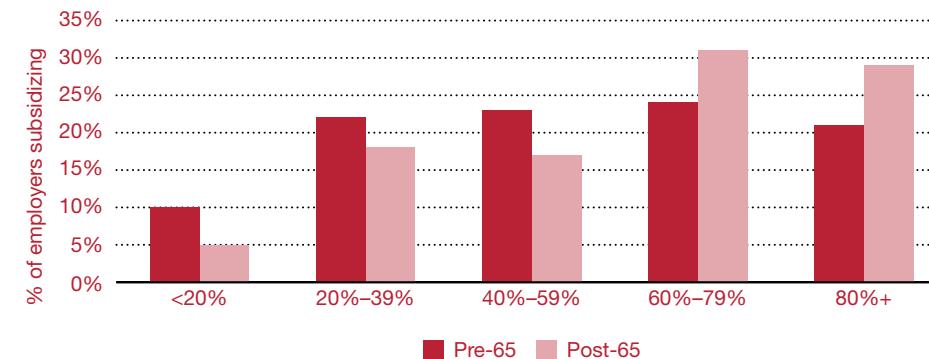
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## Section 8: Retiree medical

# Retiree medical programs

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



**On average, employers  
subsidize 53% for  
pre-65 and 61% for  
post-65 coverage**

Likelihood that your company will consider changing or eliminating retiree medical benefits:



- **59%** of employers in 2014 are likely to change or eliminate pre-65 retiree medical benefits vs. **53%** in 2013
- **51%** of employers in 2014 are likely to change or eliminate post-65 retiree medical benefits vs. **49%** in 2013



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## Section 8: Retiree medical

# Retiree medical

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

Pre-65 retiree	Already implemented	Under consideration	Not under consideration
Implement dollar caps for company subsidies for some/all retirees	34%	12%	54%
Keep current benefits and contribution rates	21%	37%	42%
Continue to sponsor coverage but increase retiree cost-sharing or contributions	16%	41%	43%
Move retirees to a private exchange with a company subsidy	2%	43%	55%
Terminate coverage	2%	23%	75%
Move retirees to a private exchange without a company subsidy	1%	32%	67%
Move retirees to a public exchange with a company subsidy	0%	31%	69%
Move retirees to a public exchange without a company subsidy	0%	29%	71%
Post-65 retiree	Already implemented	Under consideration	Not under consideration
Implement dollar caps for company subsidies for some/all retirees	32%	13%	55%
Keep current benefits and contribution rates	25%	35%	40%
Continue to sponsor coverage but increase retiree cost-sharing or contributions	14%	37%	49%
Implement employer group waiver plan (EGWP)	11%	13%	76%
Move retirees to a private exchange with a company subsidy	10%	39%	51%
Implement employer group waiver plan + wrap (EGWP + WRAP)	8%	14%	78%
Terminate coverage	3%	19%	78%
Move retirees to a private exchange without a company subsidy	1%	30%	69%

**10% (up from 6% in 2013) of employers have already moved their post-65 retirees to a private exchange with a company subsidy with 39% considering the change**



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## Section 9: Retirement plans

# **Employer provided retirement programs**

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

### Type of employer provided retirement programs

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

\* Not a survey response option in prior years

More than one option was allowed to be chosen

**24%** of small  
employers offer a profit sharing  
plan as compared to only 10% of  
large employers

**12%** of small  
employers offer a defined benefit  
plan vs. 42% of large employers



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## Section 9: Retirement plans

# ***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	86%	91%	92%	97%	92%	94%	98%
457 plan	35%	3%	37%	1%	1%	0%	0%
Defined benefit	27%	24%	28%	27%	16%	14%	18%
ESOP (Employee Stock Ownership Plan)	0%	8%	3%	7%	11%	8%	21%
Profit sharing plan	6%	18%	7%	25%	15%	38%	15%
Other	8%	6%	7%	5%	4%	5%	2%
None	4%	2%	3%	0%	5%	3%	2%

*More than one option was allowed to be chosen*

**401(k) plans are the most popular retirement plan  
sponsored in each industry, with very few employers offering  
no retirement programs; the prevalence of profit sharing  
plans differs greatly between industries from services with**

**38% to education & other nonprofit with 6%**



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## Section 9: Retirement plans

# Defined benefit plans

### If offered, defined benefit plans are

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

### If offered, defined benefit plan's funded status percentage

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

Defined benefit plans frozen to all accruals have been increasing gradually over the last 4 years

**55%** of employers in 2014 maintain a funded status percentage of 90% or above, up from 46% in 2013

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## Defined benefit plans

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

Hybrid/cash balance (% comp)	2014	2013	2012	2011
% offering	25%	31%	31%	29%
<1.0%	3%	3%	0%	2%
1.0%–1.9%	0%	0%	0%	5%
2.0%–2.9%	8%	8%	10%	7%
3.0%–3.9%	18%	13%	18%	16%
4.0%–4.9%	13%	15%	16%	16%
5.0%–5.9%	16%	20%	20%	19%
6.0%+	42%	41%	36%	35%

Final average earning (% per year of service)	2014	2013	2012	2011
% offering	35%	52%	64%	60%
<1.0%	2%	3%	7%	1%
1.0%–1.9%	44%	59%	44%	56%
2.0%–2.9%	22%	15%	19%	20%
3.0%–3.9%	3%	3%	11%	9%
4.0%–4.9%	8%	5%	3%	2%
5.0%–5.9%	5%	3%	8%	2%
6.0%+	16%	12%	8%	10%

Dollar times service (per month)	2014	2013	2012	2011
% offering	18%	7%	10%	8%
\$0–\$19	18%	22%	6%	8%
\$20–\$39	55%	45%	69%	67%
\$40–\$59	18%	11%	19%	25%
\$60+	9%	22%	6%	0%

Career average earning (% per year of service)	2014	2013	2012	2011
% offering	22%	20%	23%	17%
<1.0%	0%	0%	8%	0%
1.0%–1.9%	54%	56%	42%	52%
2.0%–2.9%	11%	12%	23%	16%
3.0%–3.9%	7%	12%	11%	8%
4.0%–4.9%	3%	4%	0%	8%
5.0%–5.9%	14%	8%	11%	4%
6.0%+	11%	8%	5%	12%



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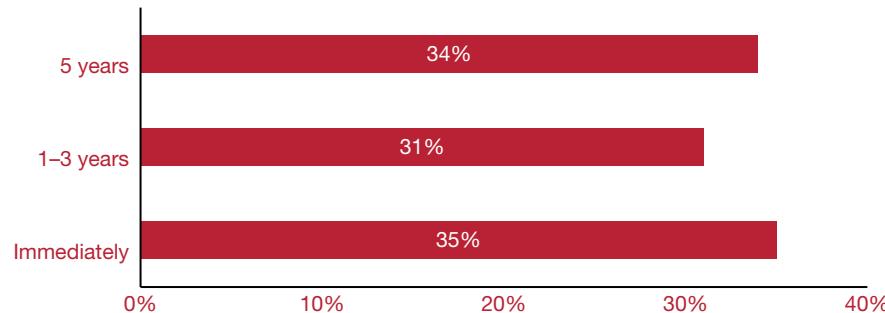
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## Section 9: Retirement plans

# 401(k) plans

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



For employers offering 401(k) plans,

**35%** vest employer contributions immediately

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

### Current 401(k) company contribution match (percentage of employee contribution)

Percentage of employee contribution	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total	2013 total
No match	18%	12%	4%	13%	16%
25%	9%	7%	7%	8%	8%
50%	24%	30%	26%	26%	22%
100%	26%	33%	39%	32%	19%
Other*	23%	18%	24%	21%	35%

\* Common other responses:

- 75% employee contribution
- 100% for the first 3%, then 50% for the next 2% (safe harbor design)



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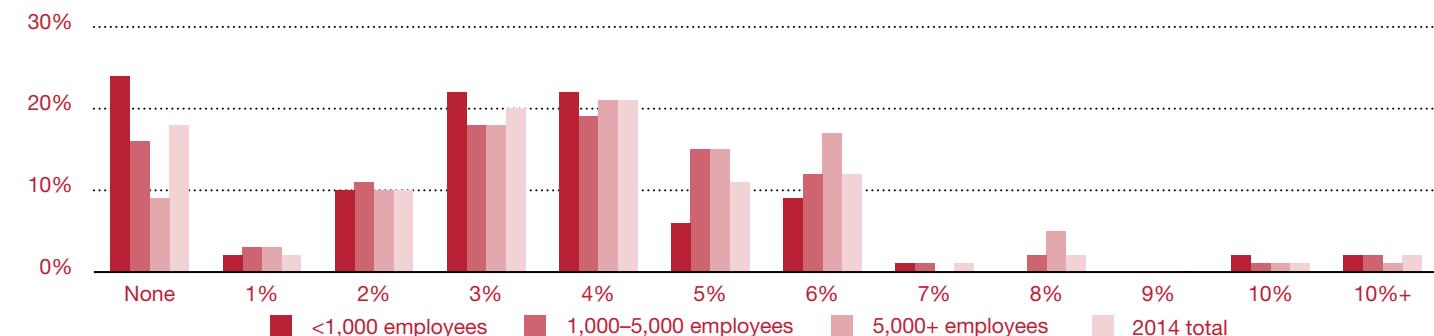
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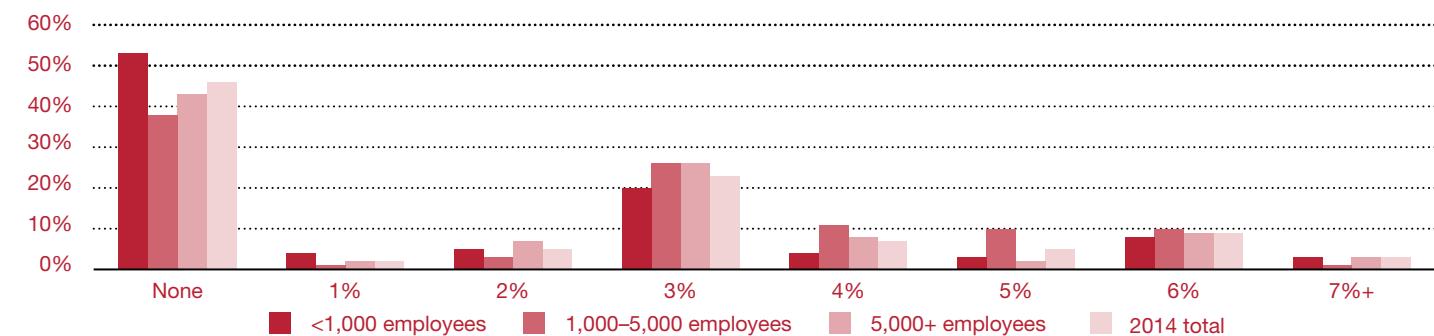
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### 401(k) plans

#### 401(k) maximum employee contribution match (percentage of compensation)



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





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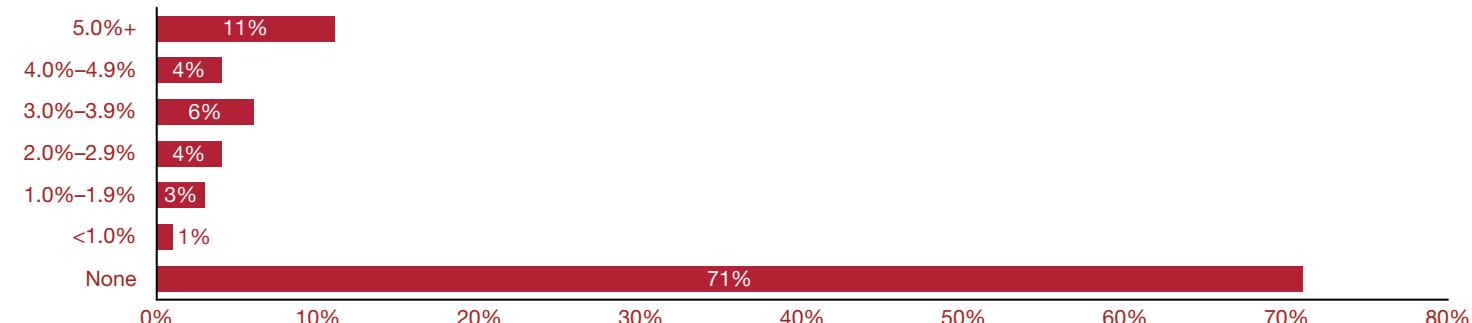
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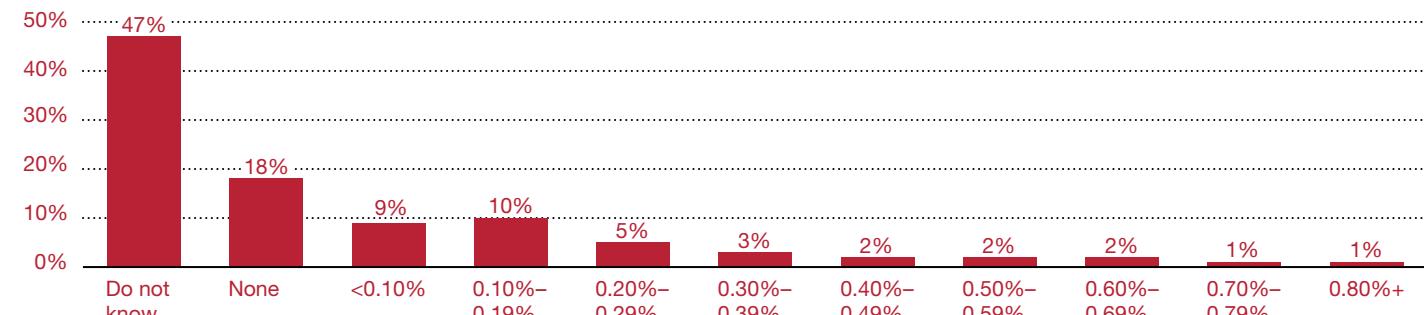
## Section 9: Retirement plans

### 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 2014

<3%	3%
3%	7%
4%	10%
5%	15%
6%	23%
7%	12%
8%	15%
9%–10%	12%
11%+	3%

### Average match 2014

<3%	5%
3%	10%
4%	20%
5%	16%
6%	39%
7%–8%	5%
9%–10%	2%
11%+	3%

### % of employees that contribute to receive the maximum employer contribution 2014

0%	1%
1%–9%	7%
10%–19%	8%
20%–29%	8%
30%–39%	6%
40%–49%	8%
50%–59%	9%
60%–69%	13%
70%–79%	11%
80%–89%	13%
90%–99%	10%
100%	6%

### Components of compensation that are included in the definition of pay 2014

Base	34%
Base + bonus	44%
Base + bonus + other	22%

*On average, 56% of employees contribute  
at the threshold to receive the maximum  
employer contribution*



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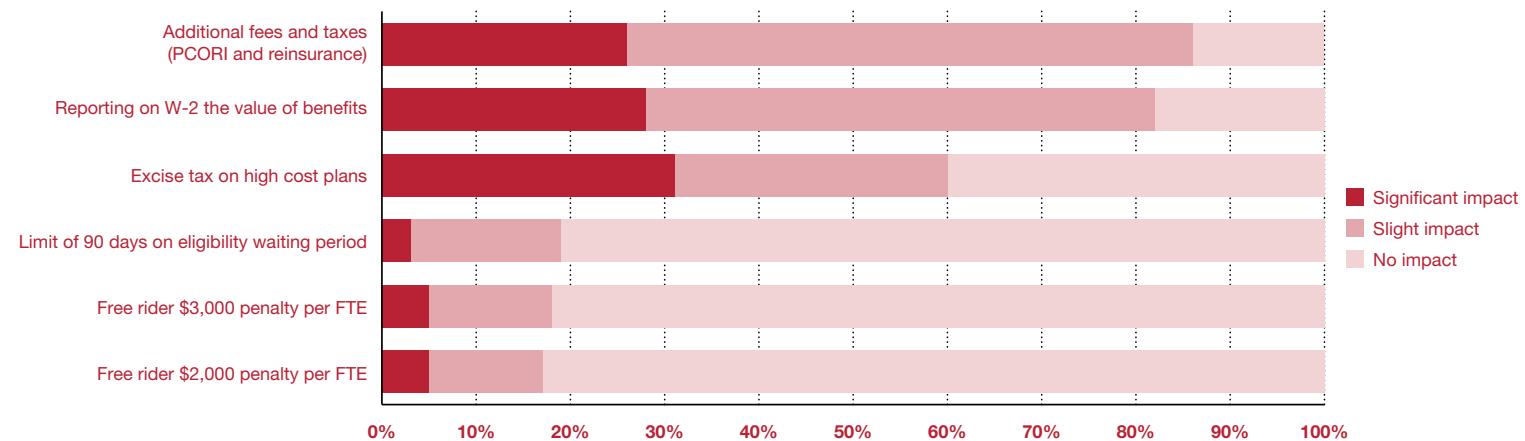
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## Section 10: Health reform—ACA

### Financial impact



**82%** of employers in 2014 indicated  
that reporting on W-2s will have a financial  
impact as compared to 55% in 2013

As ACA continues to be implemented, fewer  
employers consider the free rider penalties as  
having a financial impact as compared to 2013



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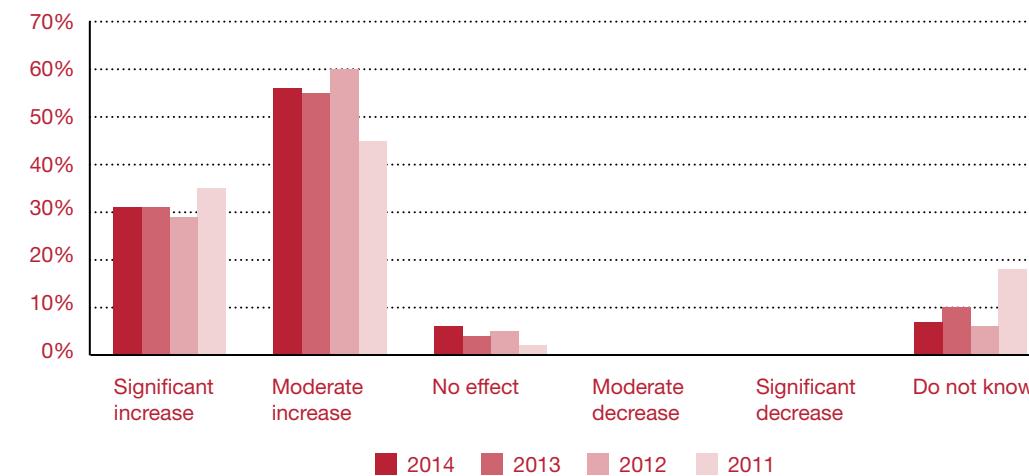
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## Section 10: Health reform–ACA

# 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?



**87%** of employers  
have seen or expect additional  
compliance/administrative burdens



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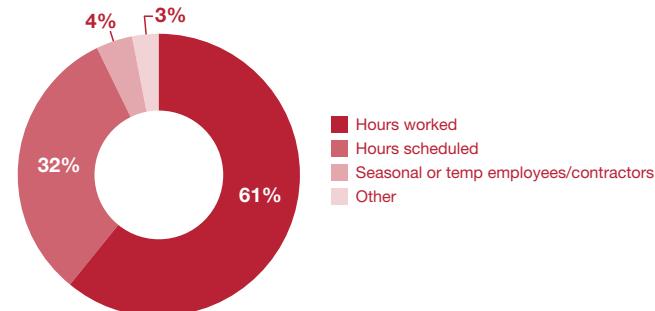
## Section 10: Health reform–ACA

### Part-time employees

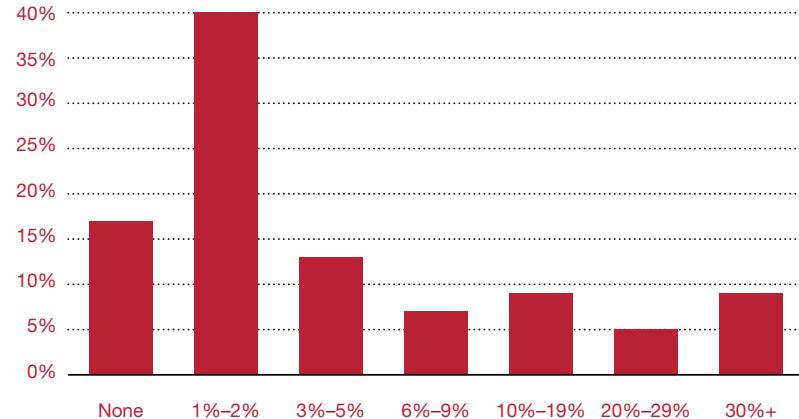
On average, employers currently require 33 hours/week to be considered full-time with 40% of employers requiring 30 hours/week

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#### Part-time employee definition based on



#### Work force that is part-time



#### Are part-time employees eligible for medical benefits?

2014

No	53%
Yes, but for different medical benefits than full-time employees	2%
Yes, for the same medical benefits as full-time employees and contribute the same as full-time employees	23%
Yes, for the same medical benefits as full-time employees but contribute less than full-time employees	1%
Yes, for the same medical benefits as full-time employees but contribute more than full-time employees	21%



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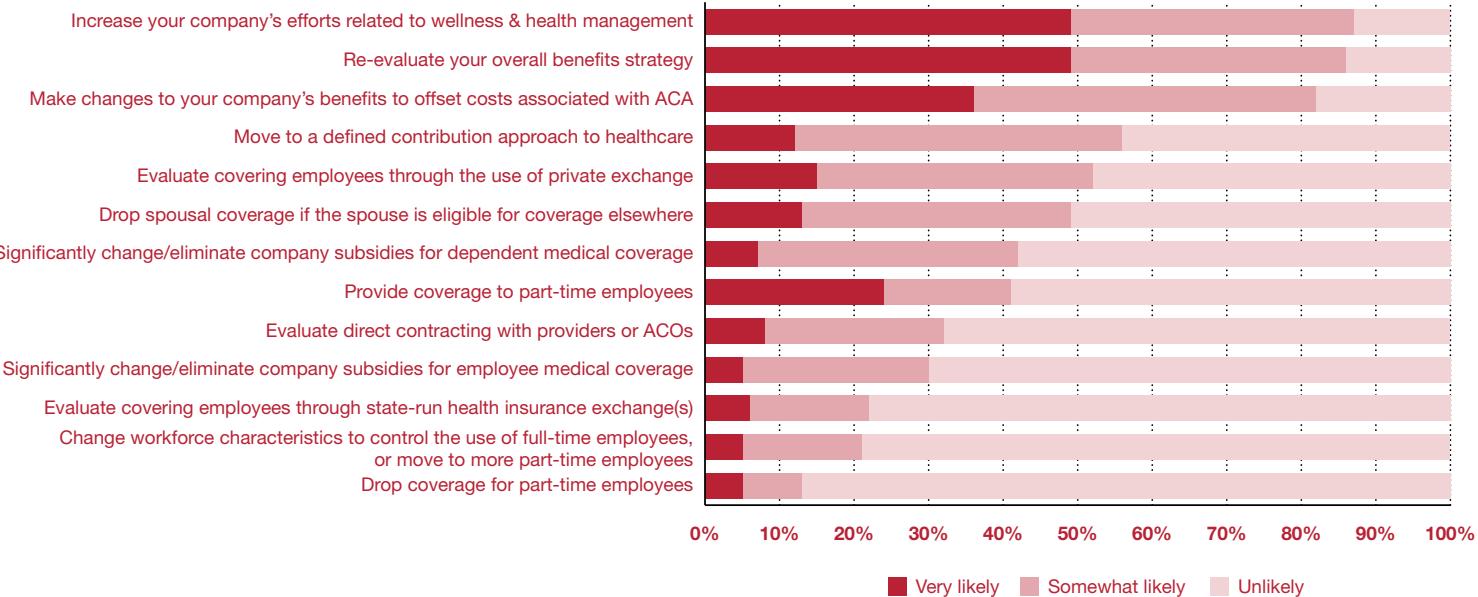
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## Section 10: Health reform—ACA

# Reactions to ACA provisions



## ACA reporting requirements

For new ACA reporting requirements, have you:	Administrative functions	Compliance functions
Already implemented a solution in-house	57%	43%
Already implemented an outsourced solution	50%	50%
Currently considering solution	53%	47%
Have not yet considered a solution	68%	32%
Do not know	54%	46%

More than one option was allowed to be chosen

**87%**

of employers are likely to increase their efforts related to wellness & health management



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## Section 10: Health reform—ACA

# Employers' consideration of exchanges

When access is granted in the public exchange for active full-time employees, employers are considering:	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
Moving employees to public exchange as individuals without a subsidy	1%	1%	1%	1%
Moving employees to public exchange as individuals with a subsidy	3%	2%	3%	3%
Moving group to public exchange when available	2%	2%	2%	2%
Continuing to offer traditional employer plans	68%	68%	82%	72%
Do not know	29%	30%	16%	26%

More than one option was allowed to be chosen

**72%** of employers plan to continue offering traditional benefit plans, while almost a quarter (26%) will take the “wait and see” approach

**82%** of large employers plan to offer traditional benefit plans, while 6% are considering moving active employees to the public exchange



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## Section 11: Future solutions

# Future solutions under consideration by respondents:

	Already implemented	Under consideration	Not under consideration
Increase medical plan employee cost sharing through plan design changes	38%	47%	15%
Decrease medical plan employee cost sharing through plan design changes	3%	14%	83%
Increase prescription drug plan cost sharing through plan design changes	24%	52%	24%
Decrease prescription drug plan cost sharing through plan design changes	2%	12%	86%
Increase employee contributions	33%	56%	11%
Decrease employee contributions	2%	11%	87%
Terminate benefits and push employees out to the exchanges	0%	11%	89%
Move active employees to a private exchange	2%	32%	66%
Move retirees to a private exchange	4%	22%	74%
Implement a performance based network	3%	34%	63%
Implement a value based plan design	8%	41%	51%
Implement a defined contribution plan for retiree health	6%	17%	77%
Implement a high deductible plan as a full replacement option for medical benefits	18%	44%	38%
Implement an HSA qualified high deductible plan as an additional medical plan option	44%	32%	24%
Offer a health savings account	49%	31%	20%
Offer a health reimbursement account	24%	21%	55%
Expand and improve wellness outside the United States	7%	16%	77%
Implement/expand workplace wellness	39%	49%	12%
Reduce/consolidate wellness programs	4%	14%	82%
Implement/offer flexible work arrangements	27%	23%	50%
Consolidate vendors	15%	28%	57%
Medical home	4%	16%	80%
On-site clinics	13%	17%	70%
Direct contracting	5%	21%	74%
Tuition assistance	69%	8%	23%
Transit reimbursement program	41%	7%	52%

More than one option was allowed to be chosen

- Employers continue to consider cost shifting through plan design changes and increased employee contributions
- 32%** of employers are considering moving their active employees to a private exchange in the next three years



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## Appendix—Section 12: Summary of survey participants ▶



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## Section 12: Summary of survey participants

# All participating industries

	2014	2013	2012	2011	2010
<b>Agribusiness*</b>	1%	1%	—	—	—
<b>Education &amp; Nonprofit</b>	8%	8%	5%	4%	3%
<b>Energy, Utilities &amp; Mining</b>	4%	3%	6%	5%	5%
<b>Engineering &amp; Construction</b>	3%	3%	3%	4%	2%
<b>Financial Services</b>					
Asset Management*	1%	1%	<1%	—	—
Banking & Capital Markets	2%	2%	2%	2%	3%
Financial Services	6%	7%	7%	8%	8%
Insurance	7%	6%	7%	7%	7%
Investment Management (Alternative Investments)	1%	<1%	1%	1%	1%
Private Equity*	<1%	<1%	0%	—	—
Real Estate	2%	1%	<1%	1%	1%
<b>Government/ Public Services</b>	2%	2%	3%	2%	3%
<b>Health Industries</b>					
Healthcare Providers	8%	9%	8%	8%	12%
Health Plans	2%	2%	1%	2%	1%
Life Sciences	1%	1%	1%	2%	1%
Other	3%	2%	2%	1%	2%
Pharmaceuticals	1%	1%	3%	2%	3%

\*Not a survey response option in prior years

	2014	2013	2012	2011	2010
<b>Manufacturing</b>					
Aerospace & Defense	1%	2%	3%	1%	2%
Automotive	1%	1%	1%	1%	2%
Chemicals	1%	1%	1%	1%	3%
Forest, Paper & Packaging	<1%	<1%	0%	<1%	0%
Manufacturing	13%	16%	11%	12%	11%
Metals	<1%	<1%	0%	<1%	0%
<b>Retail &amp; Consumer</b>					
Consumer Products	1%	1%	0%	<1%	0%
Food & Beverage	2%	2%	1%	1%	1%
Hospitality & Leisure	1%	2%	1%	1%	1%
Retail & Consumer	4%	4%	3%	4%	4%
Wholesale & Distribution	2%	3%	3%	3%	1%
<b>Services</b>					
Law Firms	2%	2%	2%	2%	2%
Professional Services*	5%	—	—	—	—
Services	3%	7%	4%	6%	4%
<b>Technology</b>					
Communications	1%	1%	2%	1%	2%
Entertainment & Media	1%	2%	2%	1%	2%
Technology	5%	5%	8%	7%	7%
<b>Transportation &amp; Logistics</b>	3%	2%	2%	2%	1%



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## Section 12: Summary of survey participants

# Survey participants: location and company size

### Survey participants by location

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

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

	2014	2013	2012	2011	2010
<500	39%	38%	25%	24%	14%
500–999	12%	13%	11%	11%	13%
1,000–1,999	11%	15%	12%	14%	14%
2,000–2,499	4%		8%	8%	9%
2,500–2,999	3%				
3,000–3,999	4%	10%	4%	5%	5%
4,000–4,999	4%		6%	5%	6%
5,000–9,999	9%	9%	11%	11%	13%
10,000–19,999	6%	6%	10%	10%	11%
20,000+	8%	9%	13%	12%	15%



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To have a deeper discussion on the findings, please contact the following. (Please note that customized, industry specific 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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