

PwC

Health and Well-Being Touchstone Survey Results May 2011



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Overview

Section One: Highlights

Section Two: Summary of Findings

2011 Health & Well-Being Touchstone Survey Highlights

Health Spending and Contributions

- The average gross spend per active employee was \$8,697
 - The average reported trend in 2010 was 7.8%
- Employee contribution percentages stayed relatively unchanged from 2010 to 2011
 - Most common for both employee and dependent coverage continues to be 20%-24%
 - Employee contributions tended to be lower for companies with <1,000 employees as well as those in the Health, Insurance, and Nonprofit industries. Employee contributions tended to be higher in the Retail & Consumer industry.

Plan Design

- PPO remains the most common plan design; however, high deductible plans continue to grow
 - Enrollment in high deductible plans with HSAs increased from 20.5% to 29.5% in 2011
 - Enrollment in high deductible plans with HRAs increased from 34.2% to 37.9% in 2011
 - The percentage of employers reporting a high deductible health plan as having the highest employee enrollment increased to 17% in 2011 (up from 8% two years earlier)

2011 Health & Well-Being Touchstone Survey Highlights

Wellness and Disease Management

- 73% of all survey participants and 88% of large employers (>5,000 lives) offer wellness programs to eligible individuals
 - While 55% indicated their wellness program was minimally or not effective, two thirds are expecting to increase their efforts related to health and wellness in the United States
 - Participation rates were higher when incentives were offered
- 66% of all survey participants and 86% of large employers (>5,000 lives) offer disease management programs to eligible individuals, although participation rates are typically low

Impact of Health Reform

- 84% of companies indicated they would make other changes to their plans to offset costs associated with PPACA
 - 51% did not maintain grandfather status with respect to PPACA
- 89% expect to increase their company's efforts related to wellness and health management
- 45% of companies indicated they were likely to change subsidies for employee medical coverage as a result of PPACA (50% for dependent medical coverage subsidies)
- 65% of companies expected a financial impact from the PPACA excise tax on high cost plans

Overview

Section One: Highlights

Section Two: Summary of Findings

2011 Health & Well-Being Touchstone Survey Background

- The survey was completed in the first quarter of 2011
- The survey data contains detailed benefits information provided by approximately 1,700 participating companies in 32 different industries across the nation
- The 2011 survey provides summary data on medical and prescription drug plan design, costs, COBRA rates, wellness and disease management programs, work-life programs, future healthcare strategies, retirement benefits, and health reform
- Customized reports are available upon request

2011 Health & Well-Being Touchstone Survey Summary

Medical costs continue to increase in 2011

- The average reported increase in medical plan costs was 8.0% for 2009 and 7.8% for 2010
- 35% of participants have gross costs greater than \$10,000 per employee per year (up from 25% last year)
- 38% of participants have net costs greater than \$8,000 per employee per year (up from 28% last year)
- The distribution of COBRA rates varies significantly from the median COBRA rates. The overall median COBRA rate for employees increased by 9.1% in 2011, from \$429 to \$468

The percentage of premium that employees pay did not increase substantially in 2011

- 25% have employee contributions greater than or equal to 25% with contributions of 20-24% the most common, which is consistent with last year
- 46% have dependent contributions greater than or equal to 25% with contributions of 20-24% the most common, which is consistent with last year

2011 Health & Well-Being Touchstone Survey Summary

The PPO plan is still the most common plan offered and plan design features show modest variation from 2010

- 57% have the highest enrollment in PPO plans, while 17% reported the high deductible plan as the most common plan (up from 8% two years earlier)
- In-network features
 - 43% have a deductible of \$500 or greater
 - 73% have out-of-pocket limits (excluding deductibles) of less than \$3,000
 - 38% have employee coinsurance of 20% or greater for most services
 - 12% have a copay of \$30 or greater for primary care office visits (down from 18% two years earlier), yet copay amounts between \$20-\$29 are still the most common since 2008
 - 23% have a \$30-\$39 copay for specialty care
 - The use of coinsurance for primary care and specialty care visits generally remained the same as in 2010
 - 42% use coinsurance as the primary cost sharing method per hospital admission
 - 23% have an emergency room copay of \$125 or greater
 - 22% use coinsurance for emergency room visits

2011 Health & Well-Being Touchstone Survey Summary

High deductible plans are on the rise

- High deductible plans have continued to increase: 17% in 2011, up from 13% in 2010 and 8% in 2009
- 38% of employers offer high deductible plans with a Health Savings Account (HSA), whereas 19% of employers offer high deductible plans with a Health Reimbursement Account (HRA)
 - A majority of employers have below 20% enrollment when such plans are offered (53% for HSA and 43% for HRA)
- 27% (39%) of employers offering a high deductible plan with an HSA (HRA) experienced enrollment of 40% or more
- 80% (66%) of employers fund their HSA (HRA) plans by less than \$1,000 a year

2011 Health & Well-Being Touchstone Survey Summary

Out-of-network medical cost-sharing continues to increase as well

- 44% have a deductible of \$1,000 or greater (up from 29% last year)
- 33% have out of pocket limits (excluding deductibles) of \$5,000 or greater (up from 10% two years earlier, but consistent with last year)

Prescription drug benefits continue to be primarily based on flat dollar copays though a higher percentage of employers use coinsurance for brand

- Generics: 79% use copays, 19% have coinsurance
- Brand: 68% use copays, 29% have coinsurance
- Brand Non-Formulary: 63% use copays, 31% have coinsurance
- The average copays for retail prescription drug benefits are \$10/\$25/\$50

2011 Health & Well-Being Touchstone Survey Summary

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

- 73% offer wellness programs. Most common elements were EAP (56%), health risk assessments (52%), biometric screening (45%), tobacco cessation (41%), and weight management (38%).
- 66% offer disease management programs. Most common programs were related to diabetes (41%), cardiac (36%), asthma (35%), and cancer (25%).
- Participation in certain wellness programs was much greater when incentives were offered:
 - Health Risk Questionnaire: 48% participation with incentives, 28% participation without
 - Biometric: 49% participation with incentives, 29% participation without
- Compared to wellness, incentives were less common and less effective with disease management programs

67% of participants are self-insured and gave administrators mixed reviews

- Most participants are very satisfied with claim administration (73%) and network discounts (73%)
- Fewer participants are very satisfied with member services (63%), consumer support (58%), medical management (56%), and wellness (45%)

2011 Health & Well-Being Touchstone Survey Summary

43% of employers continue to provide retiree medical programs

- 71% do not provide retiree medical to new hires
- 62% of employers with more than 5,000 lives offer retiree medical, while 33% of employers with less than 5,000 lives offer retiree medical coverage
- Of those who provide retiree medical programs:
 - 63% of employers subsidize pre-65 retiree medical coverage (44% provide access only)
 - 52% of employers subsidize post-65 retiree medical coverage (34% provide access only)

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

- 86% of employers offer 401(k) plans
 - 47% vest 401(k) contributions immediately, while 53% vest contributions within 3 years
 - The most common 401(k) match is 1%-25% (35%), 54% provide a maximum match of 4% or more to the 401(k)
 - 47% provide a default 401(k) employee contribution percentage – typically 3%
- 32% of employers offer a defined benefit plan with 45% of those plans closed to new accruals or closed to new employees

2011 Health & Well-Being Touchstone Survey Summary

Work/Life programs remain common for many participants

- The most common work life programs included telecommuting (51%), flexible schedules (46%), parental leave (35%), and reduced hours (30%)

Improving wellness programs and increased cost sharing lead the future strategies

- 66% intend to expand or improve wellness programs inside the U.S. (14% outside the U.S.)
- 61% intend to increase employee contributions
- 57% intend to increase medical cost sharing, while only 39% intend to increase prescription drug cost sharing
- Other strategies frequently cited include implementation of a value based plan design, implementation of an HSA, and implementation or expansion of flexible work arrangements

Detailed Findings

Section Three: Medical Plan Costs

Section Four: Medical Plan Design Highlights

Section Five: Wellness and Disease Management

Section Six: Retiree Medical

Section Seven: Retirement Plans

Section Eight: Health Reform – PPACA

Section Nine: Future Solutions

Section 3 – Medical Plan Costs

Company's Annual Spend per Active Employee in a Medical Plan

Gross spend per active employee

	2011	2010	2009
< \$4,000	7%	6%	6%
\$4,000 - \$4,999	5%	5%	8%
\$5,000 - \$5,999	7%	7%	7%
\$6,000 - \$6,999	11%	12%	13%
\$7,000 - \$7,999	12%	16%	15%
\$8,000 - \$8,999	13%	16%	15%
\$9,000 - \$9,999	10%	13%	10%
\$10,000 - \$10,999	13%	25%	26%
\$11,000 - \$11,999	5%		
\$12,000 +	17%		
Average Gross Spend	\$8,700		

Median highlighted

Net spend per active employee

	2011	2010	2009
< \$2,000	8%	14%	18%
\$2,000 - \$2,999	3%		
\$3,000 - \$3,999	4%		
\$4,000 - \$4,999	10%	11%	13%
\$5,000 - \$5,999	11%	15%	13%
\$6,000 - \$6,999	15%	16%	13%
\$7,000 - \$7,999	11%	16%	15%
\$8,000 - \$8,999	15%	11%	10%
\$9,000 - \$9,999	7%	5%	6%
\$10,000 - \$10,999	6%	12%	12%
\$11,000 - \$11,999	2%		
\$12,000+	8%		
Average Net Spend	\$7,150		

Median highlighted

- The average annual gross spend for 2011 is \$8,700
- Of the 35% that have an average gross spend of \$10,000 or more as of 2011, 75% believe the PPACA excise tax on high costing plans will have a financial impact on their company

Section 3 – Medical Plan Costs

Medical Plan Cost Increases/Decreases Before Plan Change

	Calendar year 2010 over 2009
Decrease	12%
Unchanged	4%
1% - 4% increase	10%
5% - 9% increase	34%
10% -14% increase	26%
15% or greater increase	14%
Average	7.8% increase

Section 3 – Medical Plan Costs

Medical Plan 2011 COBRA Rates

Monthly Dollars By Percentile

Tier	Plan	n	25th	50th	75th
2-Tier Rates	Employee:	77	375	472	592
	Family:	77	960	1,327	1,580
3-Tier Rates	Employee:	131	412	473	540
	Employee + 1:	131	825	957	1,094
	Employee + 2 or more:	131	1,173	1,360	1,547
4-Tier Rates	Employee:	246	402	468	534
	Employee + Spouse:	246	862	1,005	1,110
	Employee + Children:	246	745	864	1,007
	Family:	246	1,218	1,418	1,602
5-Tier Rates	Employee:	35	387	462	531
	Employee + Spouse:	35	848	978	1,177
	Employee + Child:	35	660	816	980
	Employee + Children:	35	854	1,007	1,265
	Family:	35	1,156	1,373	1,601

Section 3 – Medical Plan Costs

Most Common Medical Plan COBRA Rates – 2011 vs. 2010

Tier	Plan	Monthly Dollars			% Change From 2010 Median
		2011 n	2011 Median	2010 Median	
2-Tier Rates	Employee:	77	472	422	11.8
	Family:	77	1,327	1,169	13.5
3-Tier Rates	Employee:	131	473	438	8.0
	Employee + 1:	131	957	892	7.3
	Employee + 2 or more:	131	1,360	1,311	3.7
4-Tier Rates	Employee:	246	468	421	11.1
	Employee + Spouse:	246	1,005	887	13.3
	Employee + Children:	246	864	785	10.1
	Family:	246	1,418	1,261	12.5
5-Tier Rates	Employee:	35	462	422	9.5
	Employee + Spouse:	35	978	923	6.0
	Employee + Child:	35	816	804	1.5
	Employee + Children:	35	1,007	973	3.5
	Family:	35	1,373	1,227	11.9
Overall Employee Only		489	468	429	9.1

Detailed Findings

Section Three: Medical Plan Costs

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Section Seven: Retirement Plans

Section Eight: Health Reform – PPACA

Section Nine: Future Solutions

Section 4 – Medical Plan Design Highlights

Most Common Medical Plan Features

Most common EE contributions

- Employees: 20% - 24% employee contribution
- Dependents: 20% - 24% dependent contribution

Plan type and vendor

- 57% offer a PPO as their highest enrolled plan
- 35% offer BCBS as their vendor for the highest enrolled plan

Most common medical plan features in-network (PPO)

- \$500 - \$749 deductible
- \$2,000 - \$2,999 out of pocket maximum (excluding deductible)
- 20% - 24% coinsurance
- \$20 - \$24 primary care office visit copay
- \$30 or greater specialist care office visit copay
- Coinsurance only for maximum hospital copay per admission
- \$100 - \$124 for emergency room visits

Most common medical plan features out-of-network (PPO)

- \$1,000 or greater deductible
- \$5,000 - \$7,499 out of pocket maximum (excluding deductible) in 2011
- 30% or greater coinsurance

Most Common Prescription Drug Plan Features

Most common prescription drug retail plan features

- Most Prescription Drug plans are copay-based rather than coinsurance-based
- Generic: \$10 - \$14 copay
- Brand: \$20 - \$49 copay
- Brand Non-Formulary: \$40 - \$54 copay
- Specialty: \$40 - \$59 copay

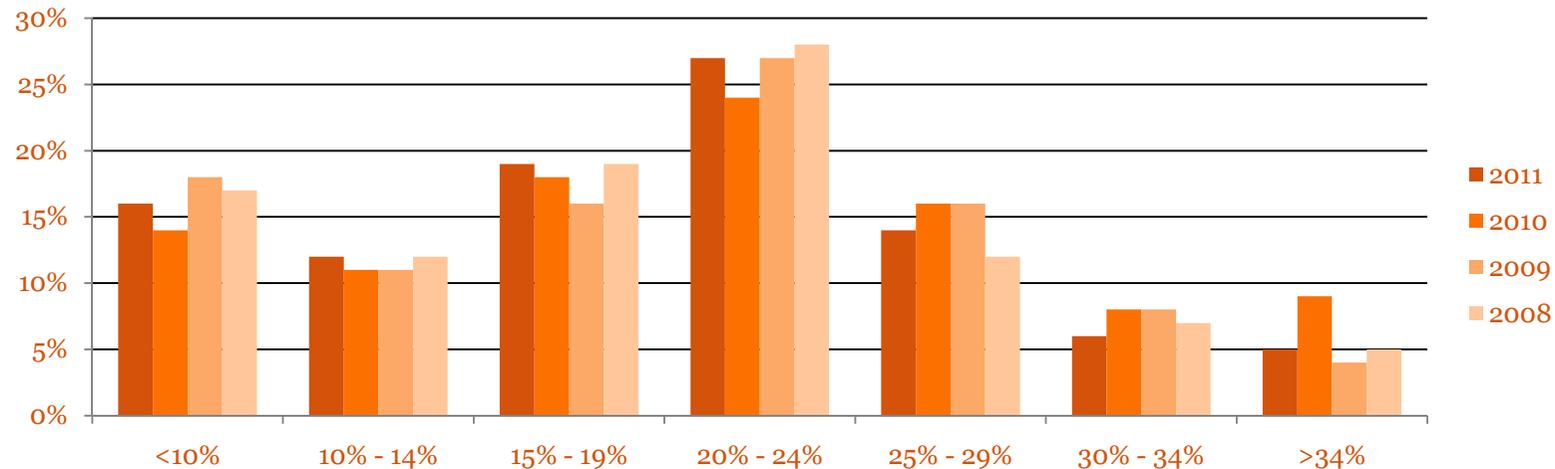
Most common prescription drug mail order plan feature

- Copays are 2x's retail copays

Section 4 – Medical Plan Design Highlights

Contribution Percentages – Employee Only Coverage

Employee contribution percentage for employee only coverage:



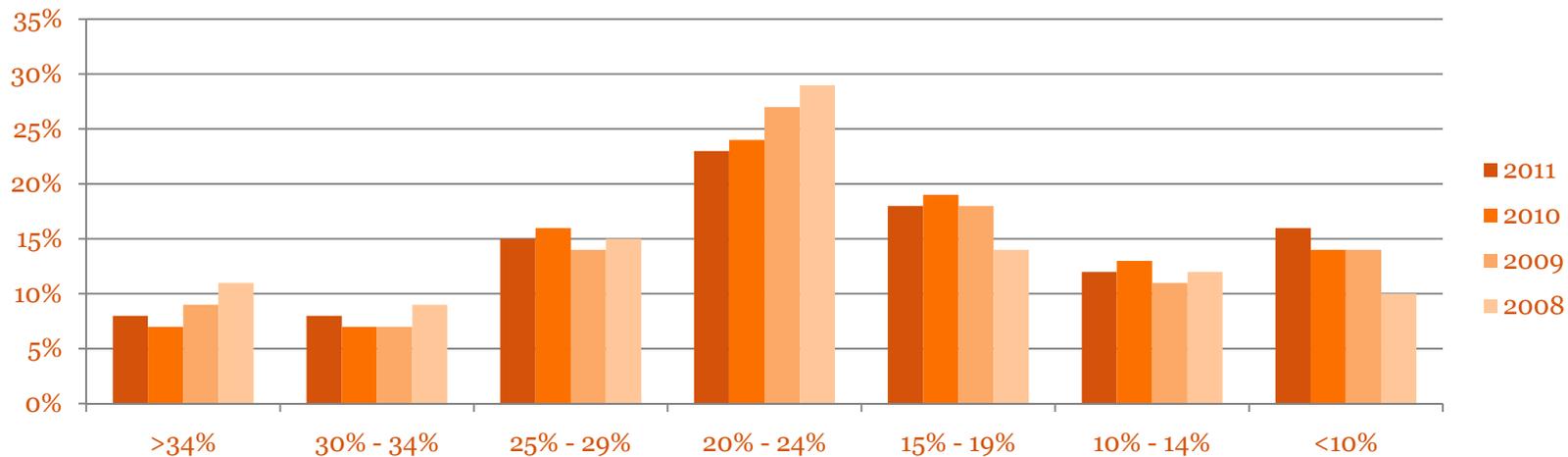
Employee	2011	2010	2009	2008
Less than 10% contribution	17%	14%	18%	17%
10% - 14%	12%	11%	11%	12%
15% - 19%	19%	18%	16%	19%
20% - 24%	27%	24%	27%	28%
25% - 29%	14%	16%	16%	12%
30% - 34%	6%	8%	8%	7%
Greater than 34% contribution	5%	9%	4%	5%

45% are considering significantly changing or eliminating company subsidies for employee medical coverage due to PPACA provisions

Section 4 – Medical Plan Design Highlights

Contribution Percentages – Dependent Coverage

Employee contribution percentage for dependent coverage:



Dependent	2011	2010	2009	2008
Less than 10% contribution	8%	7%	9%	11%
10% - 14%	8%	7%	7%	9%
15% - 19%	15%	16%	14%	15%
20% - 24%	23%	24%	27%	29%
25% - 29%	18%	19%	18%	14%
30% - 34%	12%	13%	11%	12%
Greater than 34% contribution	16%	14%	14%	10%

50% are considering significantly changing or eliminating company subsidies for dependent medical coverage due to PPACA provisions

Section 4 – Medical Plan Design Highlights

Contribution Percentages Vary by Company Size

Employee Only Coverage

Contribution	Company Size		
	< 1,000	1,000 – 5,000	5,000+
< 10%	28%	11%	7%
10% - 14%	11%	16%	9%
15% - 19%	15%	18%	26%
20% - 24%	22%	31%	27%
25% - 29%	11%	15%	19%
30% - 34%	4%	7%	8%
> 34%	9%	2%	4%

Median highlighted

Dependent Coverage

Contribution	Company Size		
	< 1,000	1,000 – 5,000	5,000+
< 10%	13%	6%	6%
10% - 14%	8%	10%	6%
15% - 19%	13%	15%	17%
20% - 24%	20%	23%	27%
25% - 29%	13%	21%	20%
30% - 34%	10%	12%	13%
35% - 39%	4%	1%	4%
40% - 49%	4%	5%	1%
50% - 74%	7%	5%	5%
> 75%	8%	2%	1%

Median highlighted

Section 4 – Medical Plan Design Highlights

Contribution Percentages Vary by Industry

Employee Only Coverage

Contribution	Company Industry									
	Health Industries	Manufacturing	Financial Services	Technology	Insurance	Services	Energy, utilities & mining	Retail & consumer	Education & other Nonprofit	Engineering & construction
< 10%	17%	12%	18%	7%	17%	21%	22%	6%	23%	7%
10% - 14%	16%	12%	12%	16%	19%	12%	3%	0%	17%	7%
15% - 19%	28%	19%	17%	21%	21%	7%	19%	10%	17%	22%
20% - 24%	23%	31%	27%	25%	28%	30%	50%	22%	27%	25%
25% - 29%	9%	18%	17%	18%	9%	12%	3%	26%	3%	21%
30% - 34%	6%	6%	6%	9%	4%	4%	0%	26%	10%	11%
> 34%	1%	2%	3%	4%	2%	14%	3%	10%	3%	7%

Median highlighted

Section 4 – Medical Plan Design Highlights

Contribution Percentages Vary by Industry

Dependent Coverage

Contribution	Company Industry									
	Health Industries	Manufacturing	Financial Services	Technology	Insurance	Services	Energy, utilities & mining	Retail & consumer	Education & other Nonprofit	Engineering & construction
< 10%	8%	4%	12%	4%	6%	9%	14%	3%	10%	11%
10% - 14%	9%	10%	5%	7%	11%	0%	14%	0%	7%	0%
15% - 19%	24%	20%	19%	21%	7%	2%	11%	3%	17%	3%
20% - 24%	24%	26%	23%	23%	17%	21%	50%	16%	17%	25%
25% - 29%	19%	21%	13%	14%	21%	17%	8%	26%	10%	29%
30% - 34%	6%	8%	13%	16%	15%	9%	0%	29%	20%	18%
35% - 39%	3%	1%	2%	4%	4%	7%	0%	7%	3%	3%
40% - 49%	2%	4%	5%	4%	11%	7%	0%	7%	7%	4%
50% - 74%	3%	3%	5%	2%	8%	14%	3%	6%	3%	0%
> 75%	2%	3%	3%	5%	0%	14%	0%	3%	6%	7%

Median highlighted

Section 4 – Medical Plan Design Highlights

Medical Plans with Highest Enrollment

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

	2011	2010	2009	2008
PPO plan	57%	63%	60%	58%
HMO plan	12%	9%	14%	13%
POS plan	7%	10%	9%	10%
High deductible plan	17%	13%	8%	6%
All other plans (Indemnity, EPO, and Others)	7%	5%	9%	13%

For the medical plan selected by survey participants as having the highest enrollment for 2011, a majority of the survey participants (59%) stated that 70% or greater are enrolled in that plan

Section 4 – Medical Plan Design Highlights

Medical Plans with Highest Enrollment by Company Size

Employers <500 lives	2011	2010	2009
Self-insured	20%	29%	21%
Fully-insured	67%	68%	70%
Minimum premium arrangement	13%	3%	9%

Employers 500 - 1,000 lives	2011	2010	2009
Self-insured	54%	69%	50%
Fully-insured	39%	26%	46%
Minimum premium arrangement	7%	5%	4%

Employers >1,000 lives	2011	2010	2009
Self-insured	87%	87%	84%
Fully-insured	12%	11%	14%
Minimum premium arrangement	1%	2%	2%

31% believe the PPACA provision of non-discrimination on fully-insured plans will have a financial impact on their company

Section 4 – Medical Plan Design Highlights

Medical Plan In-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features (if applicable):

Deductible	2011	2010	2009	2008
Not applicable	22%	24%	31%	32%
< \$200	8%	8%	11%	13%
\$200 – \$399	23%	25%	27%	30%
\$400 – \$999	25%	27%	20%	17%
\$1,000 or greater	22%	16%	11%	8%

Out of pocket maximum (excluding deductible)	2011	2010	2009	2008
Unlimited	9%	11%	13%	18%
< \$1,000	10%	10%	11%	11%
\$1,000 – \$1,999	27%	28%	34%	30%
\$2,000 – \$2,999	27%	29%	22%	24%
\$3,000 or greater	27%	22%	20%	17%

Employee coinsurance for most services	2011	2010	2009	2008
Not applicable*	26%	-	-	-
0% – 9%	6%	6%	13%	15%
10% – 19%	30%	41%	47%	45%
20% – 29%	34%	49%	35%	32%
30% or greater	4%	4%	5%	8%

*Not an option in prior years

Section 4 – Medical Plan Design Highlights

Medical Plan In-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features (if applicable):

Primary care office visit	2011	2010	2009	2008
Not applicable (free visit)	7%	6%	8%	5%
< \$10 copay	1%	1%	2%	3%
\$10 – \$19 copay	17%	20%	26%	32%
\$20 – \$29 copay	45%	47%	46%	44%
\$30 or greater copay	12%	8%	6%	4%
Coinsurance applies	18%	18%	12%	12%

Specialist office visits	2011	2010	2009	2008
Same as primary care office visit*	14%	-	-	17%
Not applicable (free visit)	2%	3%	9%	6%
\$19 copay or less	7%	10%	14%	13%
\$20 – \$29	15%	26%	31%	26%
\$30 or greater	42%	38%	31%	26%
Coinsurance applies	20%	23%	15%	12%

*Not an option in 2009 and 2010

Section 4 – Medical Plan Design Highlights

Medical Plan In-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features (if applicable):

Maximum hospital copay per admission	2011	2010	2009	2008
\$0*	16%	-	-	-
< \$200	13%	12%	32%	27%
\$200 – \$399	17%	24%	21%	19%
\$400 or greater	12%	11%	10%	12%
Coinsurance only	42%	53%	37%	42%

Emergency room copay	2011	2010	2009	2008
\$0*	5%	-	-	-
<\$50	3%	2%	12%	7%
\$50 – \$100	21%	26%	29%	31%
\$100 – \$124	26%	30%	30%	30%
\$125 or greater	23%	19%	12%	9%
Coinsurance only	22%	23%	17%	16%

In 2008, 7% responded “Not Applicable”

*Not an option in prior years

Section 4 – Medical Plan Design Highlights

Medical Plan Out-of-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features (if applicable):

Deductible	2011	2010	2009	2008
Not applicable	18%	17%	22%	17%
< \$200	2%	7%	7%	5%
\$200 – \$499	13%	19%	21%	25%
\$500 – \$999	23%	28%	30%	32%
\$1,000 or greater	44%	29%	20%	21%

Out of pocket maximum (excluding deductible)	2011	2010	2009	2008
Unlimited	12%	11%	13%	14%
< \$1,000	5%	5%	19%	7%
\$1,000 – \$2,999	21%	25%	31%	25%
\$3,000 – \$4,999	29%	26%	27%	32%
\$5,000 or greater	33%	33%	10%	22%

Employee coinsurance for most services	2011	2010	2009	2008
Not applicable*	20%	-	-	-
0% – 19%	7%	6%	12%	6%
20% – 29%	16%	19%	23%	23%
30% – 39%	23%	28%	30%	31%
40% or greater	34%	47%	35%	40%

*Not an option in prior years

Section 4 – Medical Plan Design Highlights

In-Network Prescription Drug Plan Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the prescription drug plan features (if applicable):

Generic 30 day supply	2011	2010	2009	2008
Not covered*	2%	1%	2%	-
<\$5 copay	6%	3%	3%	3%
\$5 – \$9 copay	15%	19%	18%	18%
\$10 – \$14 copay	43%	43%	43%	53%
\$15 or greater copay	15%	15%	15%	11%
Coinsurance	19%	19%	19%	12%

Brand 30 day supply	2011	2010	2009	2008
Not covered*	3%	1%	3%	-
<\$19 copay	6%	5%	8%	9%
\$20 – \$29 copay	32%	36%	37%	46%
\$30 or greater copay	30%	25%	24%	17%
<15% coinsurance	2%	2%	2%	3%
15% – 34% coinsurance	22%	27%	24%	20%
35% or greater coinsurance	5%	4%	2%	3%

*Not an option in 2008

Section 4 – Medical Plan Design Highlights

In-Network Prescription Drug Plan Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the prescription drug plan features (if applicable):

Brand non-formulary 30 day supply	2011	2010	2009	2008
Not covered*	6%	4%	6%	-
< \$30 copay	9%	4%	7%	10%
\$30 – \$59 copay	44%	52%	50%	55%
\$60 or greater copay	10%	8%	9%	5%
19% or less coinsurance	3%	2%	3%	2%
20 – 29% coinsurance	6%	9%	7%	6%
30 – 39% coinsurance	8%	5%	7%	5%
40% or greater coinsurance	14%	16%	11%	12%

Specialty drug tier 30 day supply	2011	2010	2009	2008
Not covered	9%	6%	10%	21%
<\$30 copay	23%	22%	26%	10%
\$30 – \$59 copay	28%	33%	27%	39%
\$60 or greater copay	10%	7%	8%	7%
19% or less coinsurance	3%	3%	4%	3%
20% – 24% coinsurance	10%	10%	9%	6%
25% – 39% coinsurance	11%	10%	11%	7%
40% or greater	6%	9%	5%	7%

*Not an option in 2008

Section 4 – Medical Plan Design Highlights

High Deductible Plans

Employee enrollment in high deductible plans (HDP), if such plans are offered:

Enrollment	HDP with HSA		HDP with HRA	
	2011	2010	2011	2010
< 10%	36%	48%	27%	33%
10% - 19%	17%	19%	16%	13%
20% - 29%	14%	10%	8%	5%
30% - 39%	6%	7%	10%	13%
40% - 49%	4%	2%	5%	4%
50% - 59%	4%	2%	5%	5%
60% - 69%	4%	2%	5%	4%
70% - 79%	6%	4%	8%	9%
80% - 89%	4%	2%	10%	4%
90% - 100%	5%	4%	6%	10%
Average Enrollment	29.5%	20.5%	37.9%	34.2%

- Majority of employers (64%) have 50% or more of their employees funding their HSA account (if plan is offered)
- 80% of employers fund their HSA plans by less than \$1,000 a year and 66% of employers fund their HRA plans by less than \$1,000 a year

Section 4 – Medical Plan Design Highlights

High Deductible Plans

Employee enrollment in high deductible plans (HDP) by industry, if such plans are offered:

HDP with HSA by Company Industry										
Enrollment	Health Industries	Manufacturing	Financial Services	Technology	Insurance	Services	Energy, utilities & mining	Retail & consumer	Education & other Nonprofit	Engineering & construction
< 20%	57%	50%	44%	72%	31%	31%	61%	58%	36%	64%
20% - 29%	19%	14%	12%	4%	19%	25%	8%	17%	9%	9%
30% - 39%	12%	13%	8%	0%	12%	0%	0%	0%	0%	0%
40%+	12%	23%	36%	24%	38%	44%	31%	25%	55%	27%

HDP with HRA by Company Industry										
Enrollment	Health Industries	Manufacturing	Financial Services	Technology	Insurance	Services	Energy, utilities & mining	Retail & consumer	Education & other Nonprofit	Engineering & construction
< 20%	64%	23%	50%	36%	33%	40%	100%	33%	0%	43%
20% - 29%	6%	18%	0%	0%	11%	30%	0%	0%	0%	14%
30% - 39%	6%	23%	10%	18%	11%	10%	0%	33%	50%	14%
40%+	24%	36%	40%	46%	45%	20%	0%	34%	50%	29%

Section 4 – Medical Plan Design Highlights

Vendor Satisfaction

Satisfaction with the vendor for:	Very effective	Minimally effective	Not effective
Claim administration	73%	25%	2%
Network discounts	73%	24%	3%
Member service	63%	34%	3%
Consumer support	58%	37%	5%
Medical management	56%	40%	4%
Wellness	45%	45%	10%

- Almost 3 out of 4 employers indicated that their vendor’s claim administration and network discounts were very effective
- Significant percentages of employers were less satisfied with other services:
 - 55% indicated wellness is minimally effective or not effective
 - 44% indicated medical management is minimally effective or not effective
 - 42% indicated consumer support is minimally effective or not effective

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Section 5 – Wellness and Disease Management

Wellness and Disease Management Programs

Do you offer wellness programs to eligible individuals?

	2011	2010	2009	2008
Yes	73%	76%	71%	69%
No	27%	24%	29%	31%

Do you offer disease management programs to eligible individuals?

	2011	2010	2009	2008
Yes	66%	68%	67%	62%
No	34%	32%	33%	38%

89% are considering increasing their company's efforts related to wellness and health management due to PPACA provisions

Section 5 – Wellness and Disease Management

Wellness and Disease Management Programs

As company size increases, so does the percentage of companies offering wellness and disease management programs

Wellness Programs:

<1,000 lives	2011	2010
Yes	52%	65%
No	48%	35%

1,000 – 5,000 lives	2011	2010
Yes	81%	73%
No	19%	27%

5,000+ lives	2011	2010
Yes	88%	85%
No	12%	15%

Disease Management Programs:

<1,000 lives	2011	2010
Yes	40%	41%
No	60%	59%

1,000 – 5,000 lives	2011	2010
Yes	74%	68%
No	26%	32%

5,000+ lives	2011	2010
Yes	86%	83%
No	14%	17%

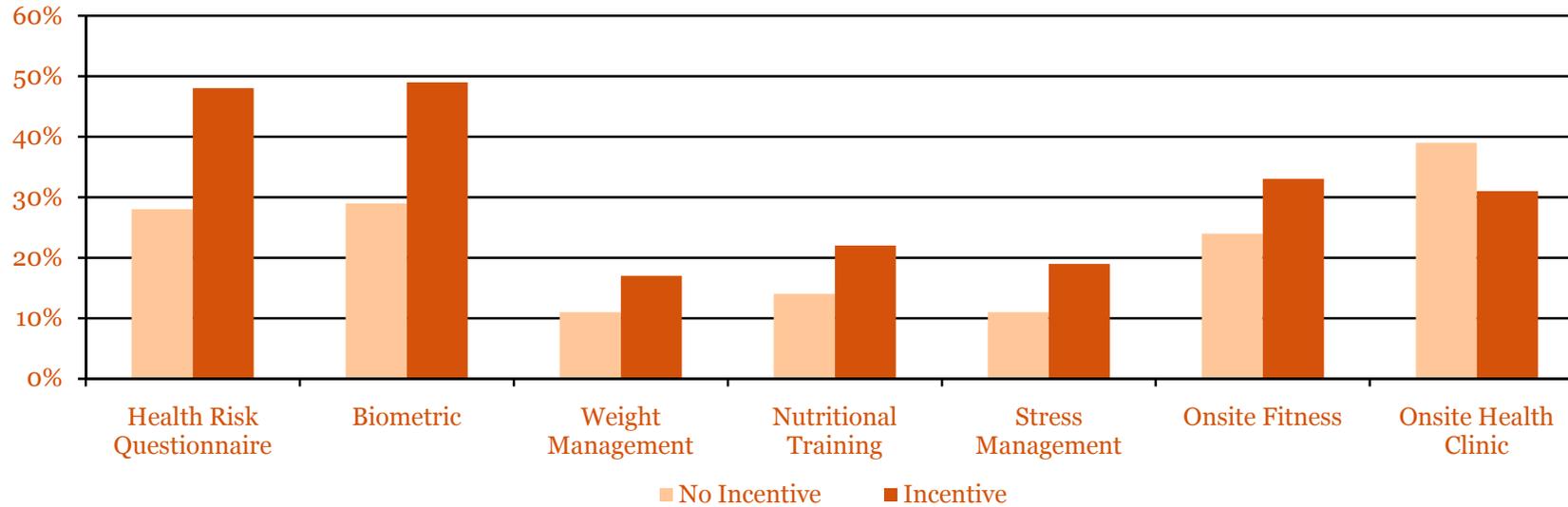
Wellness Programs Highlights

- 73% of all survey participants and 88% of large employers (>5,000 lives) offer wellness programs to eligible individuals
- 59% spend more than 1% of total medical costs on wellness programs
- The most prevalent use of incentives in 2011 was for the Health Risk Questionnaire (62%) and Biometric testing (56%), up from 57% and 46%, respectively, in 2008
- Participation in wellness programs is higher in programs using incentives:
 - Health Risk Questionnaire: 48% participation with incentives, 28% participation without
 - Biometric: 49% participation with incentives, 29% participation without
- Incentives offered:
 - Cash or gift cards in the amounts of \$50 – \$299
 - Annual premium incentives in amounts of \$50 – \$500
 - Gifts and/or raffles for large gifts were generally not offered as incentives
- 54% of employers use their medical vendors for their wellness program

Section 5 – Wellness and Disease Management

Wellness Programs With and Without Incentive Programs

Impact of incentives on participation:



% of employers who offer incentives:

	Health Risk Questionnaire	Biometric Screening	Weight Management	Nutritional Training	Stress Management	Onsite Fitness	Onsite Health Clinic
2011	62%	56%	29%	25%	22%	9%	7%
2010	63%	53%	39%	27%	23%	9%	6%
2009	64%	48%	36%	22%	12%	15%	14%
2008	57%	46%	29%	17%	15%	17%	5%

Disease Management Program Highlights

- 66% of all survey participants and 86% of large employers (>5,000 lives) offer disease management programs to eligible individuals although participation rates are typically low
- Less than 15% of respondents used incentives to increase participation in their disease management programs
 - When incentives were offered, they did not appear to result in increased participation.
 - In most instances when an incentive was provided, it was provided in the form of an annual premium deduction, a cash reward, or a gift card
- 84% of employers use their medical vendors for their disease management program

Section 5 – Wellness and Disease Management

Disease Management Program Participation

Participation in disease management programs is typically low:

Asthma Program	2011	2010	2009	2008
< 15%	81%	76%	78%	80%
15% - 29%	7%	9%	9%	5%
30% - 44%	2%	5%	3%	3%
45% - 59%	4%	5%	2%	4%
60% - 74%*	6%	2%	2%	3%
75%+	-	3%	6%	5%

Cancer Program	2011	2010	2009	2008
< 15%	79%	77%	83%	82%
15% - 29%	6%	8%	9%	1%
30% - 44%	4%	7%	1%	3%
45% - 59%	4%	2%	2%	5%
60% - 74%*	7%	2%	1%	3%
75%+	-	4%	4%	6%

Diabetes Program	2011	2010	2009	2008
< 15%	72%	69%	69%	71%
15% - 29%	12%	13%	12%	12%
30% - 44%	5%	6%	5%	5%
45% - 59%	5%	7%	5%	2%
60% - 74%*	6%	2%	2%	5%
75%+	-	3%	7%	5%

Lower Back Pain Program	2011	2010	2009	2008
< 15%	79%	77%	84%	72%
15% - 29%	10%	10%	5%	10%
30% - 44%	3%	5%	4%	8%
45% - 59%	4%	4%	2%	4%
60% - 74%*	4%	2%	0%	2%
75%+	-	2%	5%	4%

*2011 category went to 75%, nothing beyond

Section 5 – Wellness and Disease Management

Preventive Benefits

- Generally, preventive benefits either have 100% coverage or are covered in the same manner as other in-network services
- The effect of PPACA preventive health care requirements is evident in Physical Examination (100% Coverage increased from 67% in 2010 to 78% in 2011) and Colonoscopy (100% Coverage increased from 54% in 2010 to 65% in 2011)

Covered in-network services	100% Coverage		Covered the same as other in-network services		Not Covered	
	2011	2010	2011	2010	2011	2010
a. Physical examination ¹	78%	67%	21%	31%	1%	2%
b. Vision evaluation ²	33%	24%	35%	35%	32%	41%
c. Hearing evaluation ³	35%	24%	42%	50%	23%	26%
d. Electrocardiogram (EKG)	38%	33%	59%	63%	3%	4%
e. Cardiac stress test	33%	27%	62%	68%	5%	5%
f. Chest X-ray	36%	32%	60%	64%	4%	4%
g. Complete blood count (CBC), including cholesterol ¹	61%	61%	38%	37%	1%	2%
h. Metabolic profile	46%	44%	49%	48%	5%	8%
i. Urinalysis	53%	48%	45%	50%	2%	2%
j. Pap test ¹	77%	73%	23%	26%	0%	1%
k. Mammography ¹	77%	76%	23%	23%	0%	1%
l. Prostate specific antigen screening (PSA)	71%	69%	28%	30%	1%	1%
m. Colonoscopy ¹	65%	54%	34%	44%	1%	2%

¹If plan is non-grandfathered, required without cost sharing under PPACA

²If plan is non-grandfathered, required for children under 5 years of age without cost sharing under PPACA

³If plan is non-grandfathered, required for newborns without cost sharing under PPACA

Section 5 – Wellness and Disease Management

Work-Life Programs

Employers participate in the following work/life programs:

	2011	2010	2009
Telecommuting	51%	47%	51%
Flexible work schedule (i.e. 40 hours spread over 7 days)	46%	41%	48%
Parental leave	35%	34%	38%
Reduced hours	30%	30%	30%
Community service time	25%	20%	19%
Job share	14%	16%	20%
Emergency childcare	11%	10%	15%
Concierge service	9%	8%	10%
On-site day care	8%	8%	11%
Other	4%	3%	3%
Travel related dependant care	3%	2%	2%

More than one option was allowed to be chosen

Section 5 – Wellness and Disease Management

Work-Life Programs

Availability of work-life programs increases as company size increases

	< 1,000	1,000 – 5,000	5,000+
Telecommuting	44%	48%	59%
Flexible work schedule (i.e. 40 hours spread over 7 days)	41%	45%	54%
Parental leave	27%	39%	41%
Reduced hours	27%	30%	33%
Community service time	15%	28%	32%
Job share	7%	13%	22%
Emergency childcare	5%	11%	17%
Concierge service	5%	7%	14%
On-site day care	0%	8%	15%
Other	3%	4%	4%
Travel related dependant care	1%	3%	4%

More than one option was allowed to be chosen

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Section 6 – Retiree Medical

Retiree Medical Programs

	Current Retirees	New Hires
Pre-65 Access Only	19%	13%
Pre-65 Company Subsidized	27%	15%
Post-65 Access Only	14%	10%
Post-65 Company Subsidized	22%	11%
Do Not Provide	57%	71%

More than one option was allowed to be chosen

Section 6 – Retiree Medical

Retiree Medical Programs Vary by Industry

The percentage of employers offering both pre-65 and post-65 varies greatly by industry:

	% of Employers Who Offer Pre-65 Retiree Medical Coverage									
	Health Industries	Manufacturing	Financial Services	Technology	Insurance	Services	Energy, utilities & mining	Retail & consumer	Education & other Nonprofit	Engineering & construction
Subsidized Coverage	27%	29%	18%	20%	47%	0%	61%	16%	27%	25%
Access Only	16%	15%	28%	13%	30%	7%	28%	13%	27%	25%

	% of Employers Who Offer Post-65 Retiree Medical Coverage									
	Health Industries	Manufacturing	Financial Services	Technology	Insurance	Services	Energy, utilities & mining	Retail & consumer	Education & other Nonprofit	Engineering & construction
Subsidized Coverage	20%	26%	15%	11%	42%	0%	50%	13%	20%	14%
Access Only	9%	8%	18%	13%	19%	2%	22%	10%	30%	25%

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Section 7 – Retirement Plans

Employer Provided Retirement Programs

401(k)s are typically the most common retirement program sponsored by employers.

Type of employer provided retirement programs sponsored:	2011	2010
401(k)	86%	96%
Defined benefit	32%	36%
Other	11%	15%

More than one option was allowed to be chosen

If offered, defined benefit plan currently:	2011	2010
Open to all employees	55%	62%
Open to employees hired before a certain date	31%	20%
Frozen to all accruals	14%	18%

More than one option was allowed to be chosen

Section 7 – Retirement Plans

Employer Provided Retirement Programs by Industry

The percentage of employers offering 401(k) plans does not vary significantly by industry, whereas the percentage offering defined benefit plans does vary noticeably.

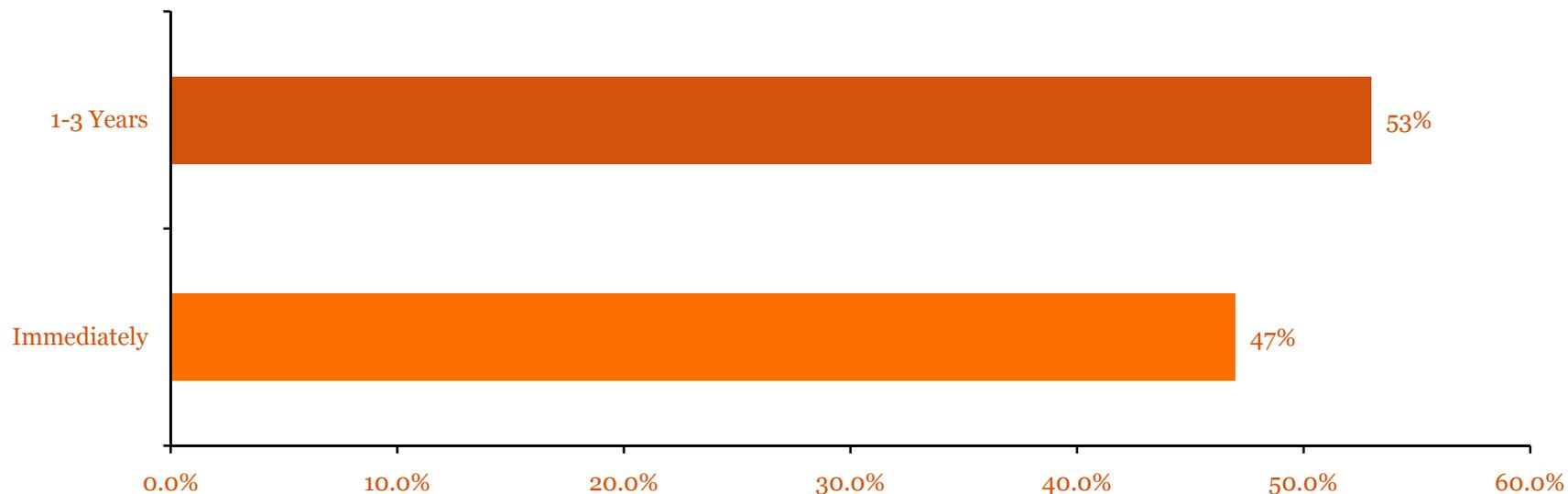
	Type of Employer Provided Retirement Programs Sponsored									
	Health Industries	Manufacturing	Financial Services	Technology	Insurance	Services	Energy, utilities & mining	Retail & consumer	Education & other Nonprofit	Engineering & construction
401(k)	89%	90%	80%	91%	87%	79%	86%	84%	80%	79%
Defined Benefit	36%	28%	23%	13%	47%	16%	67%	10%	23%	18%
Other	10%	12%	8%	7%	6%	7%	8%	6%	17%	7%

More than one option was allowed to be chosen

Section 7 – Retirement Plans

401(k) Plans

For employers offering 401(k) plans, employees are fully vested within:



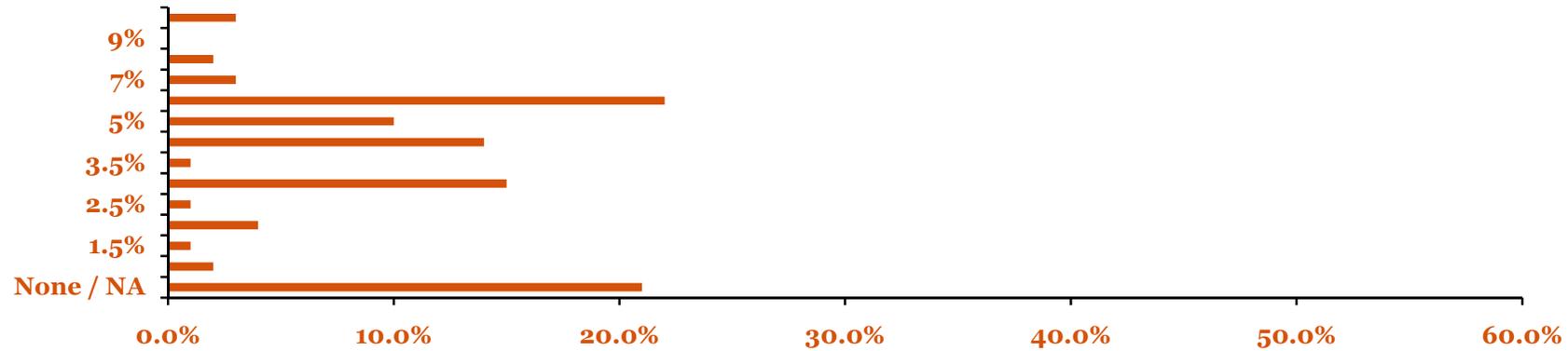
Current 401(k) company contribution match percentage	2011	2010	2009
No match	14%	15%	17%
1% - 25%	35%	34%	41%
26% - 50%	17%	18%	16%
51% - 100%	21%	25%	17%
Other	8%	8%	9%
N/A*	5%	-	-

*Not an option in prior years

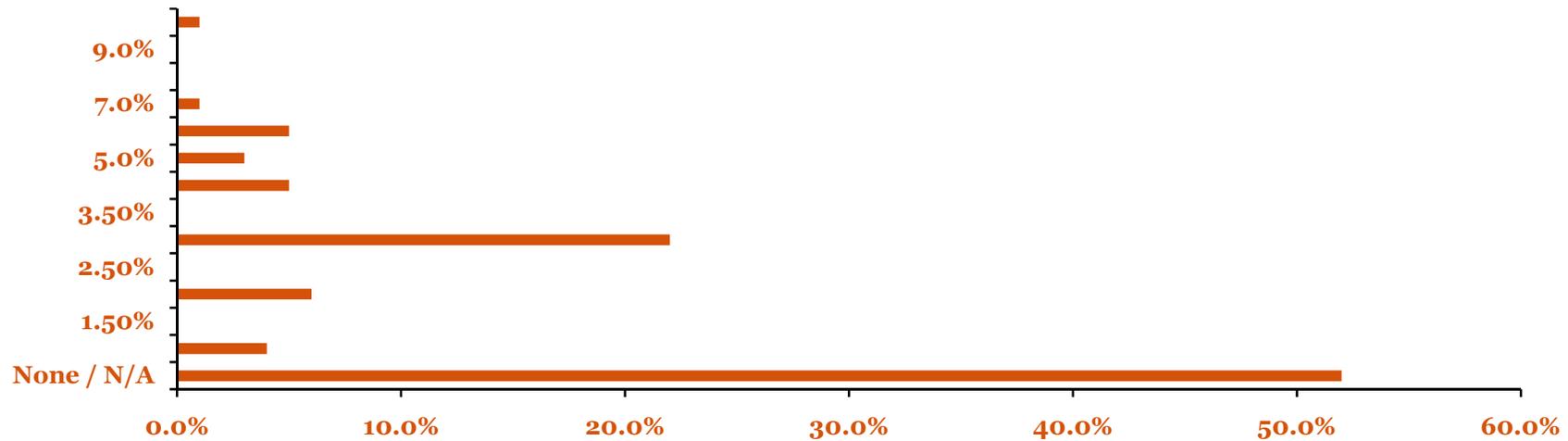
Section 7 – Retirement Plans

401(k) Plans

2011 401(k) maximum employer match:



2011 401(k) default employee contribution:



Section 7 – Retirement Plans

Defined Benefit Plans

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

Hybrid / Cash balance (% comp)	2011
< 1%	2%
1 – 1.9%	5%
2 – 2.9%	7%
3 – 3.9%	16%
4 – 4.9%	16%
5 – 5.9%	19%
6% +	35%

Dollar times service	2011
\$0 - \$19	8%
\$20 - \$39	67%
\$40 - \$59	25%
\$60+	0%

Final average earning (% per year of service)	2011
< 1%	1%
1 – 1.9%	56%
2 – 2.9%	20%
3 – 3.9%	9%
4 – 4.9%	2%
5 – 5.9%	2%
6% +	10%

Career average earning (% per year of service)	2011
< 1%	0%
1 – 1.9%	52%
2 – 2.9%	16%
3 – 3.9%	8%
4 – 4.9%	8%
5 – 5.9%	4%
6% +	12%

Detailed Findings

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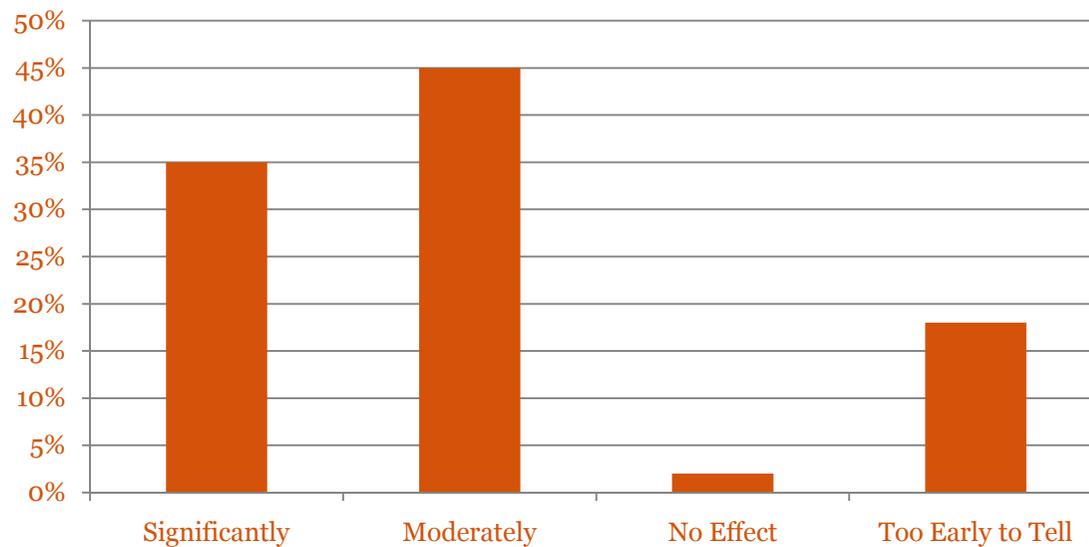
Section Seven: Retirement Plans

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Compliance/Administrative Burdens

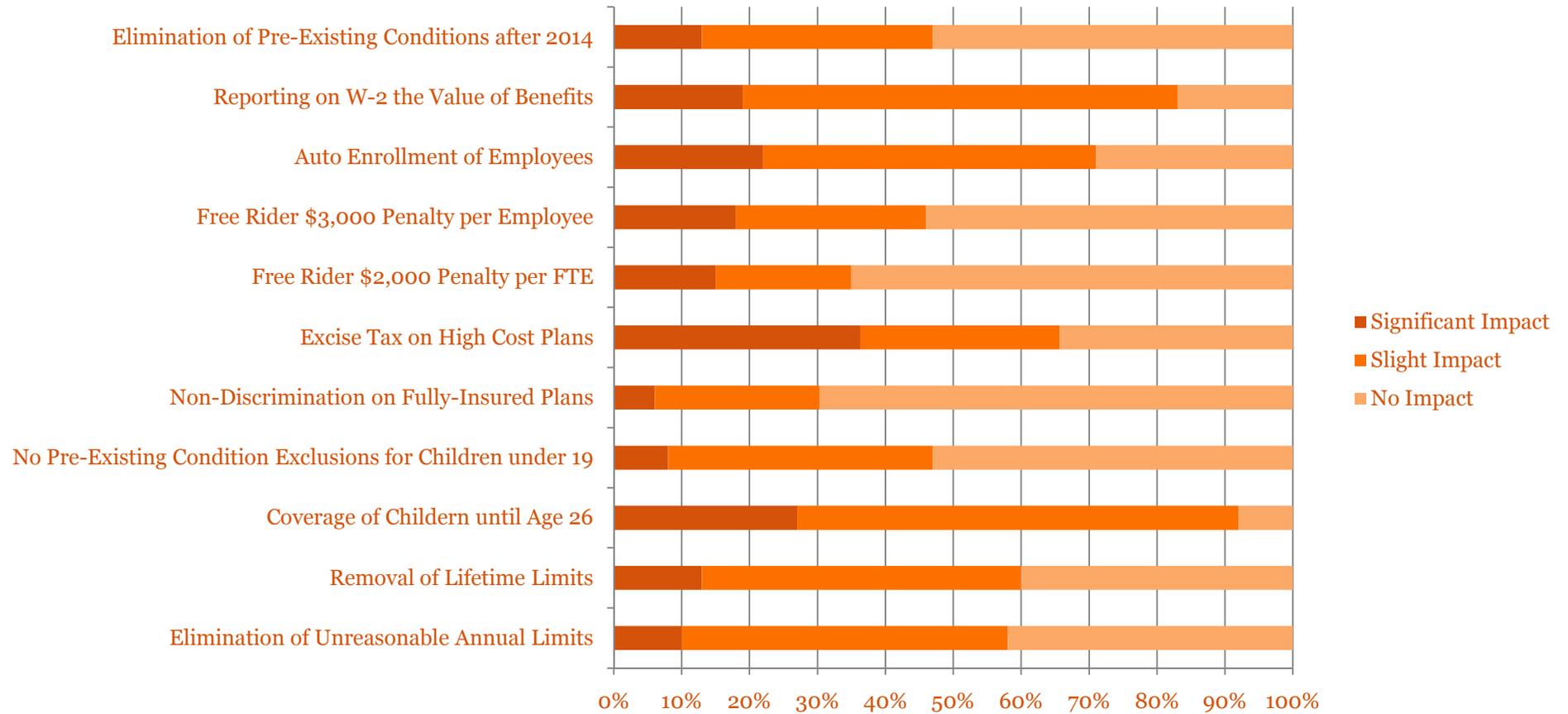
Health reform has already had a large impact on many companies:



With 80% of employers exhibiting at least a moderate impact

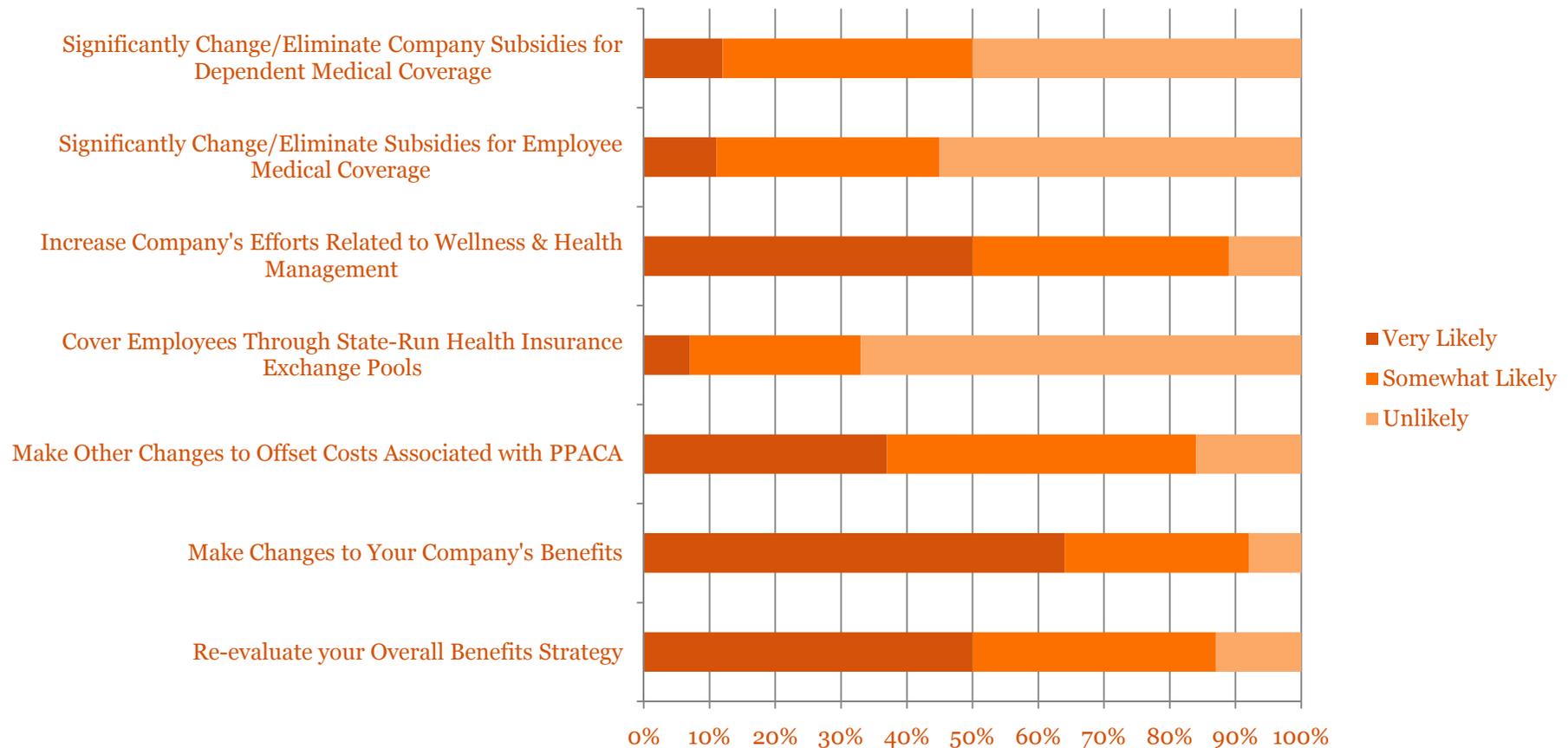
Section 8 – Health Reform

Financial Impact



Section 8 – Health Reform

Reactions to PPACA Provisions

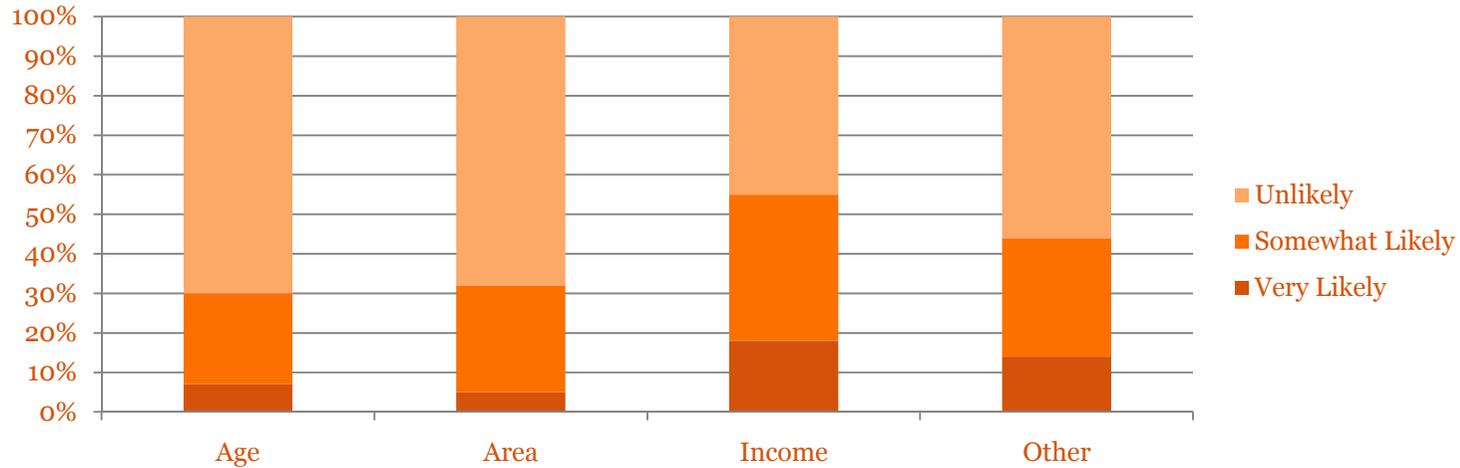


Grandfathered Status and Applications

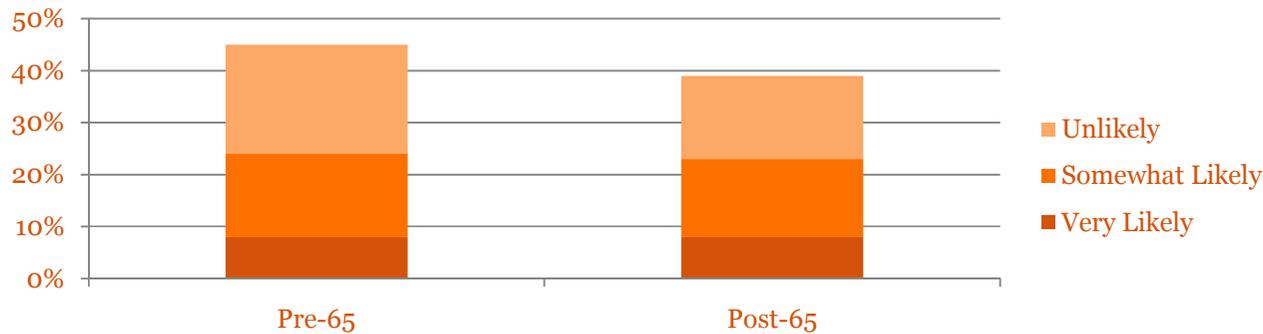
- Maintain Grandfathered Status:
 - 38%, yes
 - 51%, no
 - 11%, varies by plan
- Early Retiree Reinsurance Program Subsidy:
 - Of the participants offering retiree medical, 55% have applied
- Annual Limit Waiver (Minimeds):
 - 4% have applied

Health Reform

Likelihood that the subsidy towards the exchange would vary based on:



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



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Future Solutions

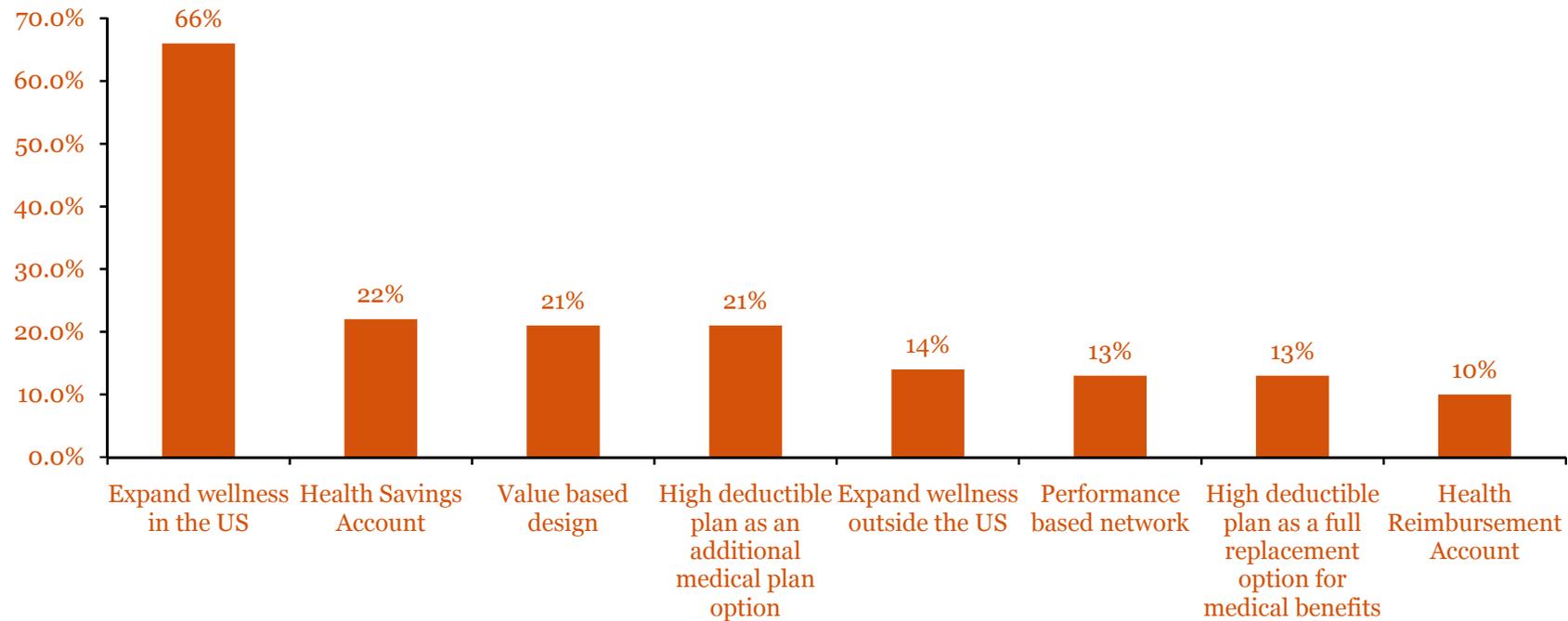
	2011
Expand and improve wellness inside the United States	66%
Increase employee contributions	61%
Increase medical plan cost sharing through plan design changes	57%
Increase prescription drug plan cost sharing through plan design changes	39%
Offer a health savings account	22%
Implement a high deductible plan as an additional medical plan option	21%
Implement a value based design	21%
Expand and improve wellness outside of the United States	14%
Expand/Offer flexible work arrangement	14%
Implement a high deductible plan as a full replacement option for medical benefits	13%
Consolidate vendors	13%
Implement a performance based network	13%
Offer a health reimbursement account	10%
Medical Homes	10%
Implement a defined contribution plan for retiree health	5%
Decrease prescription drug plan cost sharing through plan design changes	3%
Decrease medical plan cost sharing through plan design changes	3%
Reduce/Consolidate wellness programs	2%
Decrease employee contributions	2%

More than one option was allowed to be chosen

Section 9 – Future Solutions

Future Solutions: Non-Cost Shifting

Breakdown of planned non-cost shifting options only



More than one option was allowed to be chosen

Appendix

- *Section Ten: Summary of Survey Participants*

Section 10 – Summary of Survey Participants

All Participating Industries

	2011	2010	2009	2008
Aerospace & defense	1%	2%	1%	1%
Automotive	1%	2%	3%	1%
Banking & capital markets	2%	3%	2%	4%
Chemicals	1%	3%	3%	3%
Communications	1%	2%	2%	1%
Consumer finance	< 1%	0%	< 1%	< 1%
Education & other Nonprofit	4%	3%	4%	3%
Energy, utilities & mining	5%	5%	8%	4%
Engineering & construction	4%	2%	3%	1%
Entertainment & media	1%	2%	2%	3%
Financial services	8%	8%	7%	8%
Food & beverage	1%	1%	2%	2%
Forest, paper & packaging	< 1%	0%	< 1%	< 1%
Government/public services	2%	3%	2%	3%
Health industries (Healthcare Providers)	8%	12%	10%	9%
Health industries (Life Sciences)	2%	1%	1%	2%

	2011	2010	2009	2008
Health industries (Medical Plans)	2%	1%	1%	1%
Health industries (Other)	1%	2%	2%	3%
Health industries (Pharmaceuticals)	2%	3%	3%	3%
Hospitality & leisure	1%	1%	< 1%	< 1%
Insurance	7%	7%	5%	5%
Investment management (Alternative investments)	1%	1%	< 1%	1%
Law firms	2%	2%	2%	1%
Manufacturing	12%	11%	12%	12%
Metals	< 1%	0%	0%	< 1%
Real estate	1%	1%	< 1%	1%
Retail & consumer	4%	4%	3%	4%
Services	6%	4%	3%	6%
Technology	7%	7%	7%	7%
Transportation & logistics	2%	1%	2%	2%
Wholesale & distribution	3%	1%	2%	2%
Other	8%	5%	4%	7%

Section 10 – Summary of Survey Participants

Survey Participant Location & Company Size

Survey participants by location:

	2011	2010	2009	2008
National	38%	52%	51%	48%
NE	16%	14%	16%	17%
NW	6%	4%	5%	5%
North Central	16%	13%	9%	11%
South Central	8%	6%	6%	6%
SE	9%	8%	9%	8%
SW	7%	3%	4%	5%

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

	2011	2010	2009	2008
< 500	24%	14%	16%	16%
501-999	11%	13%	10%	11%
1,000-1,999	14%	14%	14%	14%
2,000-2,999	8%	9%	8%	8%
3,000-3,999	5%	5%	6%	7%
4,000-4,999	5%	6%	6%	6%
5,000-9,999	11%	13%	13%	14%
10,000 - 19,999	10%	11%	13%	10%
20,000 +	12%	15%	14%	16%

Thank You

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

We are currently in the process of analyzing the results in more detail in order to provide customized results. If you are interested in learning more, please contact:

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Ernest Chan	at (646) 471 – 7087
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