

Trends Found Within 2010 Iowa Employer Benefits Study[©]

Building a Healthier Workforce and a Healthy Iowa

November 30, 2010



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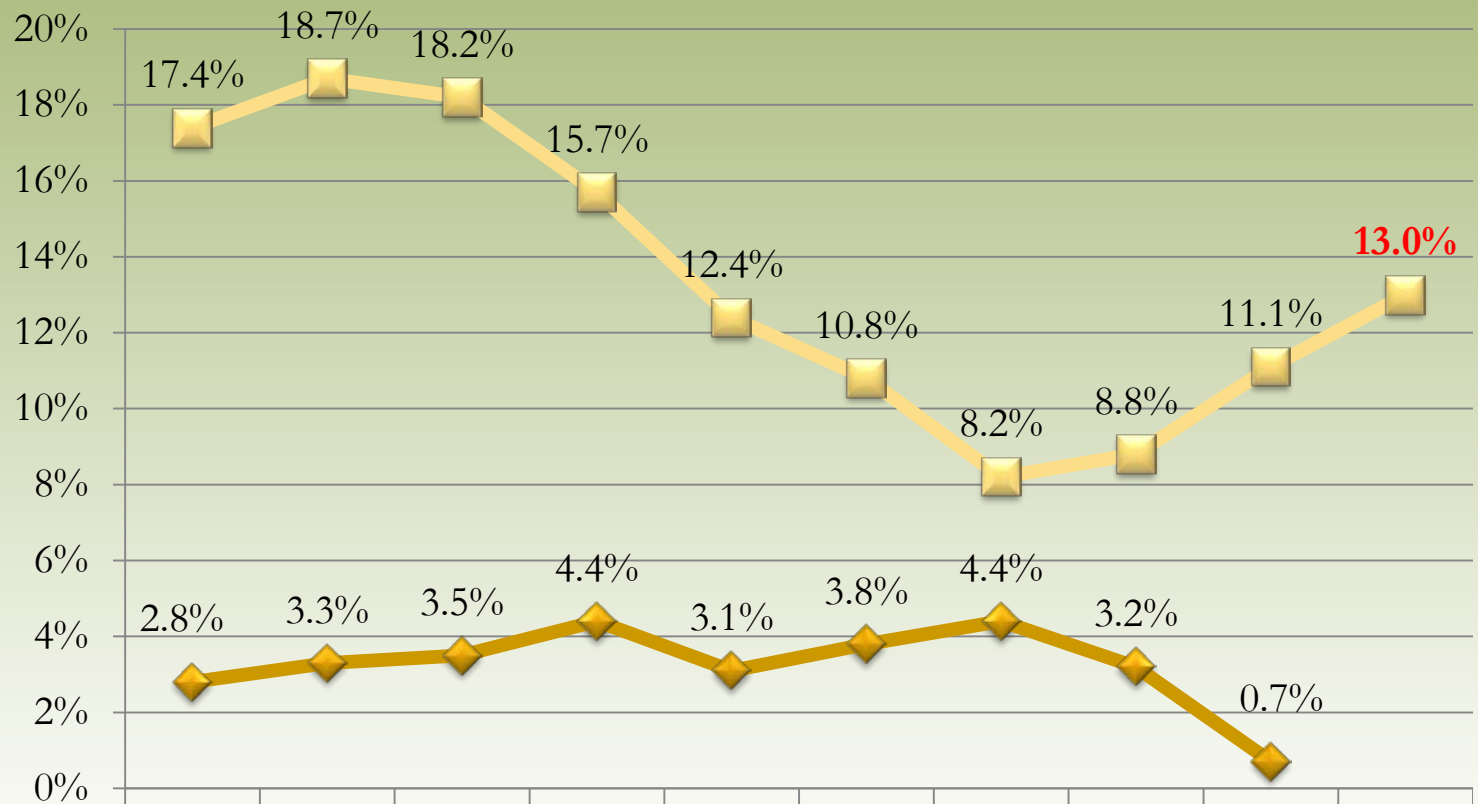
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Average Health Insurance Rate Adjustments Reported in 2010

For All Employers, Regardless of Rate Direction

Firm Size (Employees)	Average % Increase 2010
2 – 9	13.9%
10 – 19	17.1%
20 – 49	16.9%
50 – 249	13.3%
250 – 999	8.9%
1000 +	7.8%
Overall	13.0%

Average Health Insurance Rate Increases Compared to Statewide Average Weekly Wage Increases 2001 to 2010



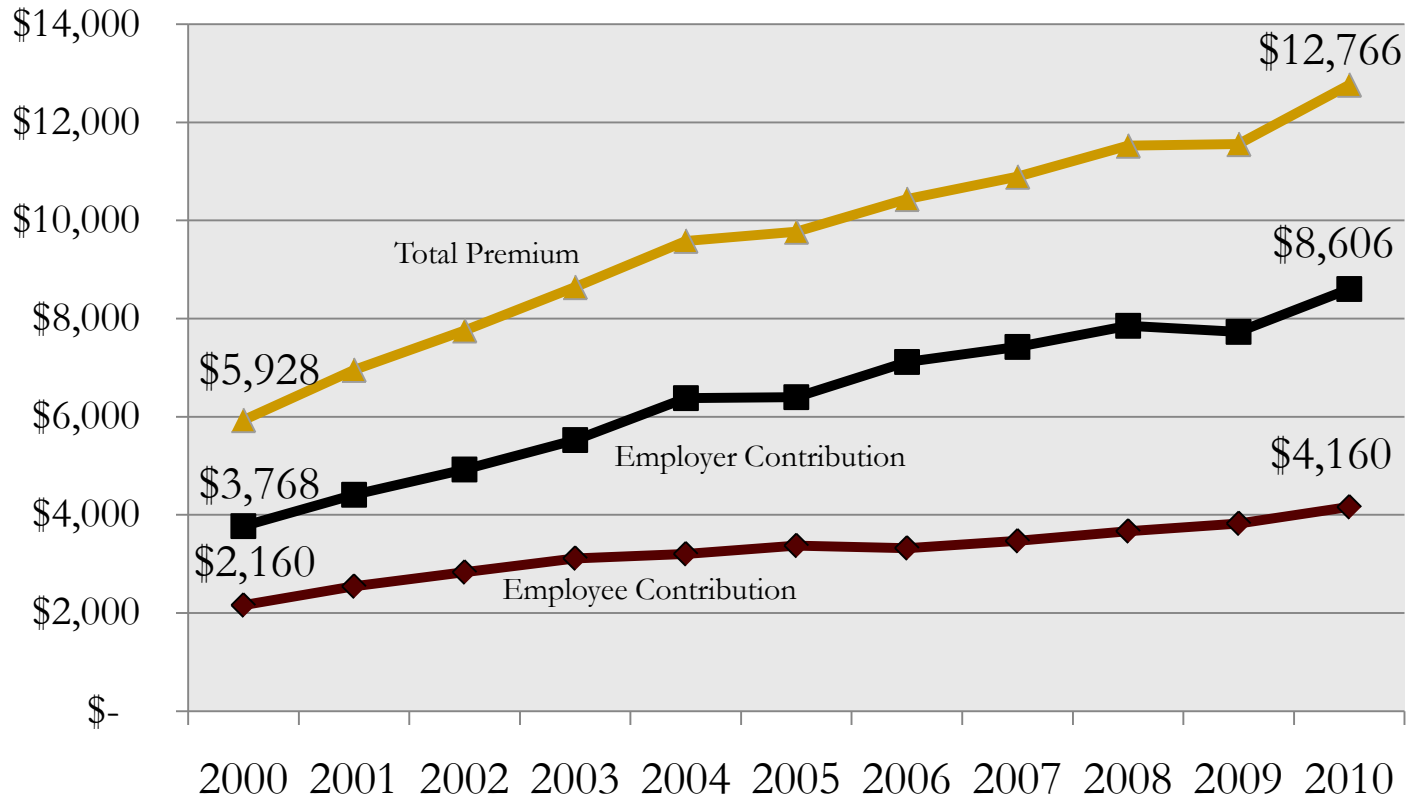
IWD Weekly Wage Increase	2.8%	3.3%	3.5%	4.4%	3.1%	3.8%	4.4%	3.2%	0.7%	N/A
Average Premium Increase	17.4%	18.7%	18.2%	15.7%	12.4%	10.8%	8.2%	8.8%	11.1%	13.0%

Weekly Wage Increase Percentages Provided by Iowa Workforce Development

All Medical Plans Combined

(HMO, PPO, Traditional Indemnity, HSAs)

Annual Family Medical Contributions



**Total
Premium**
↑ 115%

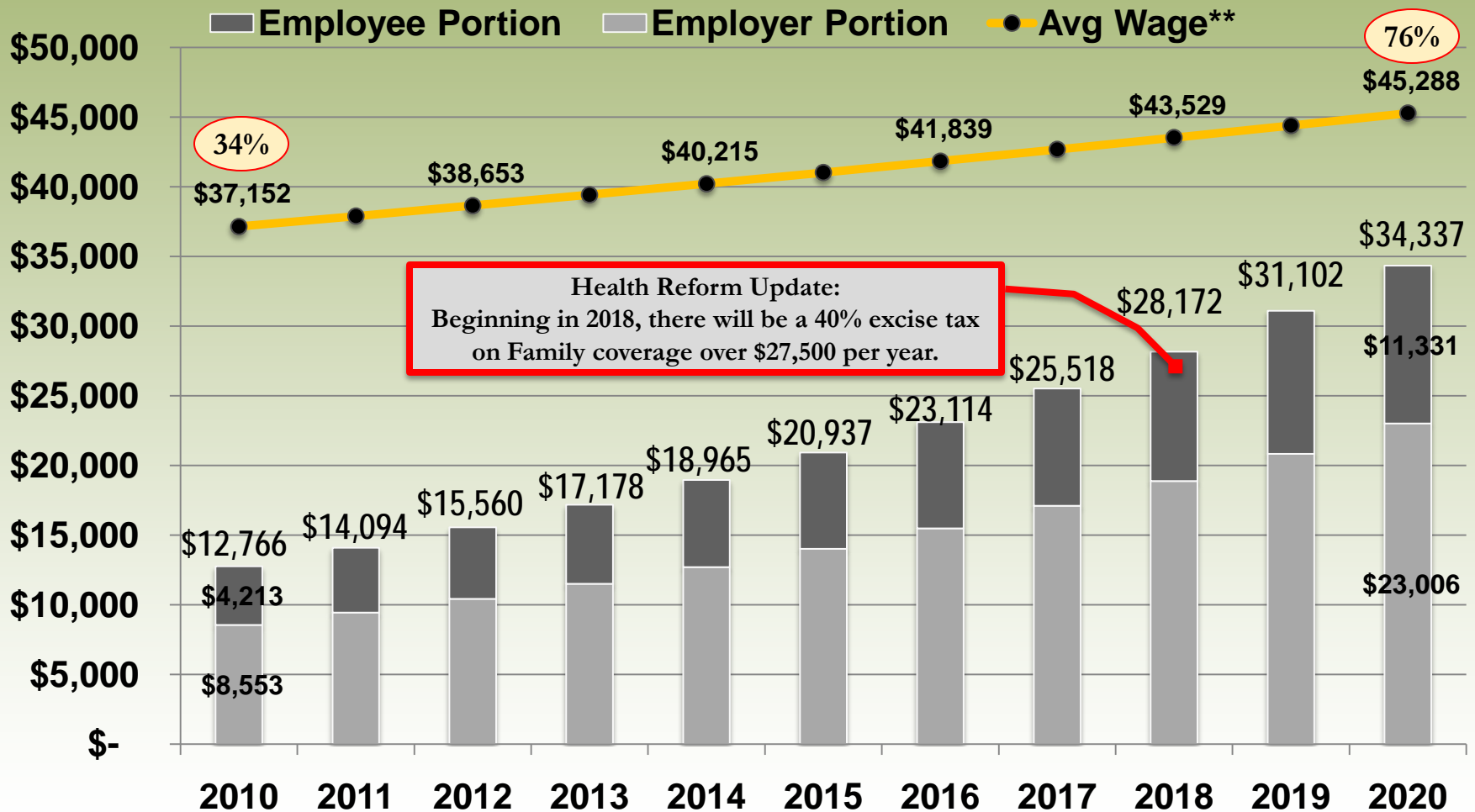
**Employer
Contribution**
↑ 129%

**Employee
Contribution**
↑ 93%

Warmer...But Still Tolerable!



Illustrative Health Insurance Premium Projections for Family Coverage, Assuming Average Growth Rate of 10.4%*



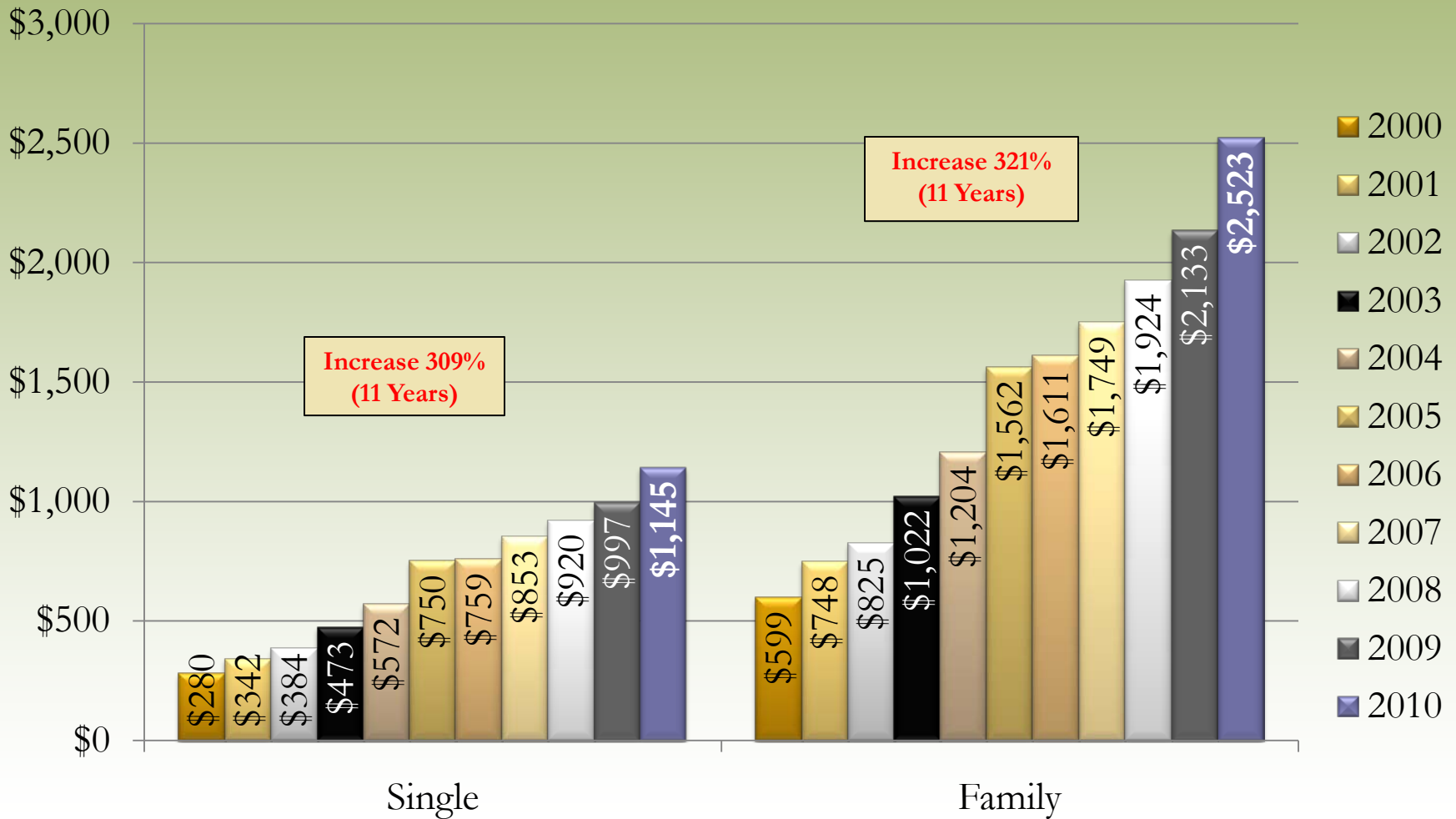
* Note: Health insurance premiums projected for 2011-2020 assuming that the average growth in premiums between 2006 and 2010 (10.4% before benefit plan changes were made) continues.

** 2% Annual Growth (Using May, 2009 wage of \$36,424. Source: IWD, Labor Force and Occ. Analysis Bureau)

When Does Warm Become... **Cooked?**



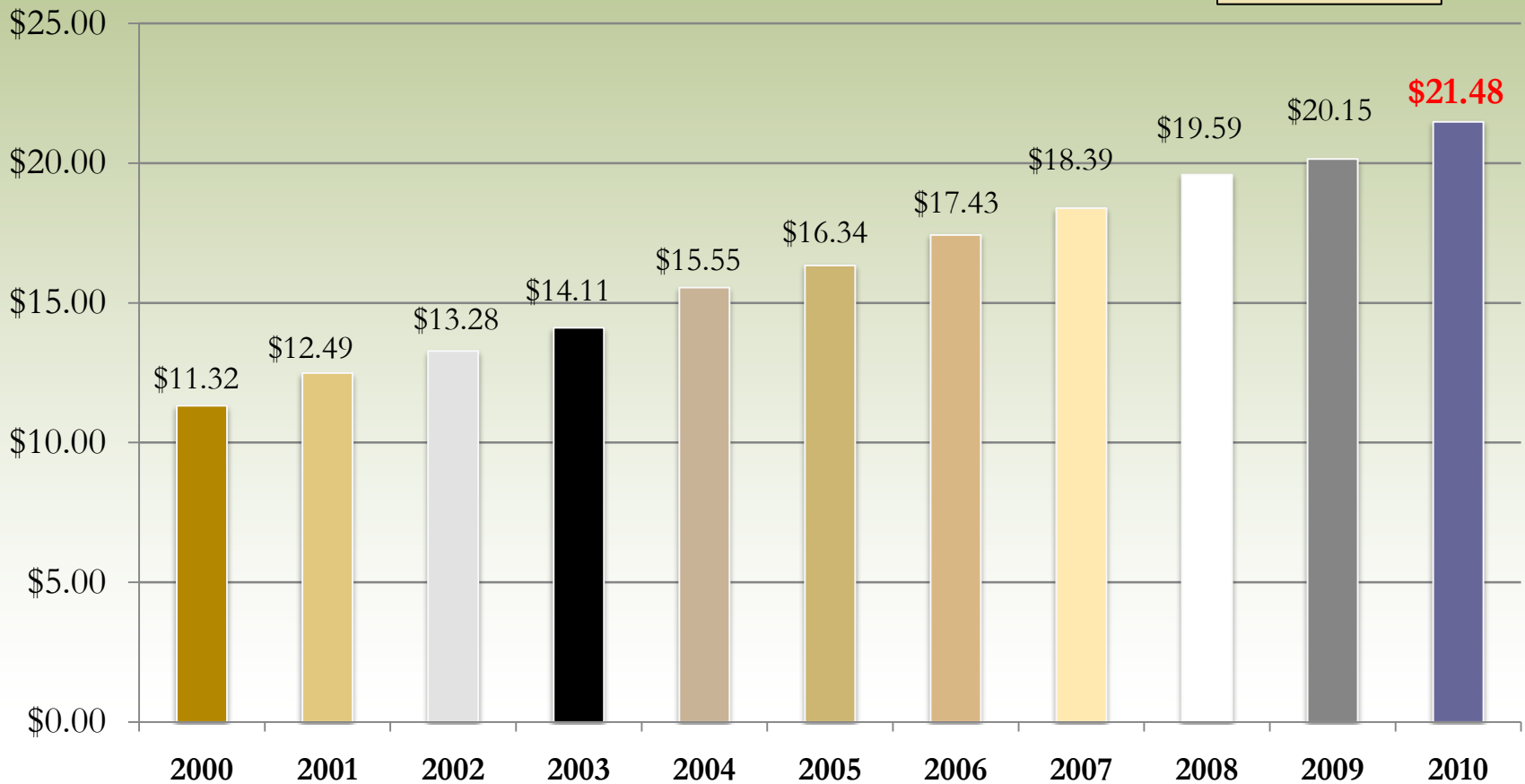
Medical Plan In-Network Deductible (PPO)



Medical Plan Office Copays (PPO)

All Industries

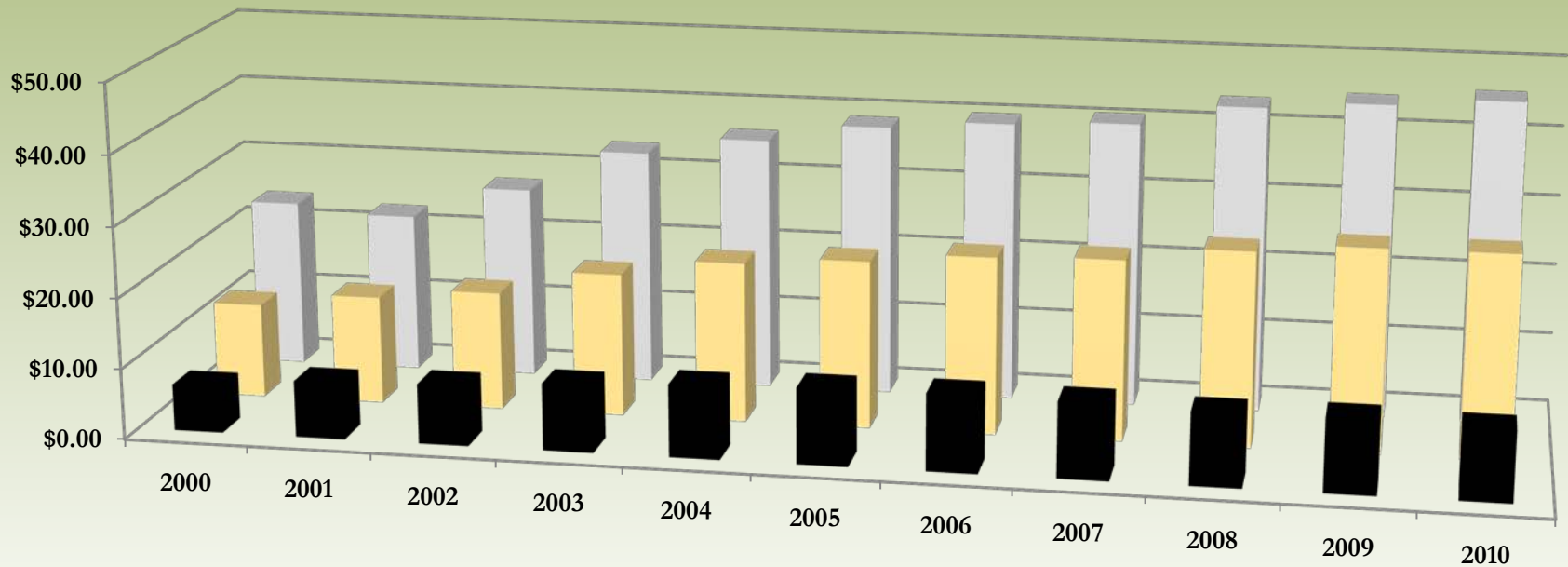
Increase
90%
(11 Years)



Medical Plan RX Copays (PPO)

11 Year Increase

Generic	51%
Preferred, Brand Name	115%
Non-Preferred, Brand Name	91%



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
■ Generic	\$6.58	\$7.98	\$8.45	\$9.48	\$10.28	\$10.75	\$10.92	\$10.74	\$10.26	\$10.40	\$9.95
■ Preferred, Brand Name	\$13.46	\$15.39	\$16.86	\$20.29	\$22.70	\$23.80	\$25.18	\$25.63	\$27.64	\$28.87	\$28.90
■ Non-Preferred, Brand Name	\$23.91	\$22.71	\$27.42	\$33.58	\$36.12	\$38.72	\$39.89	\$40.57	\$43.59	\$44.64	\$45.73

Which of the following would you be willing to do to help keep down the cost that you or your spouse would pay for health insurance? Would you...

Source: Real Iowans Research Initiative, 2010

Employer Size								
	1	2-9	10-19	20-49	50-249	250-999	1000+	Overall
Use clinics staffed by nurses and P.A.s instead of doctors	76.8%	78.4%	76.1%	78.4%	77.3%	69.2%	64.4%	74.6%
Pick policy with higher deductible	81.5	63.6	62.1	71.8	67.3	63.9	69.6	68.4
Pick higher co-pay for visits & Rx	69.9	65.4	68.6	76.7	57.8	62.7	51.7	63.4
Make fewer doctor visits	61.2	47.4	32.2	38.7	55.4	39.5	33.5	45.9
Choose policy with fewer participating doctors and hospitals	43.8	37.1	38.1	36.5	39.3	49.4	33.2	39.2



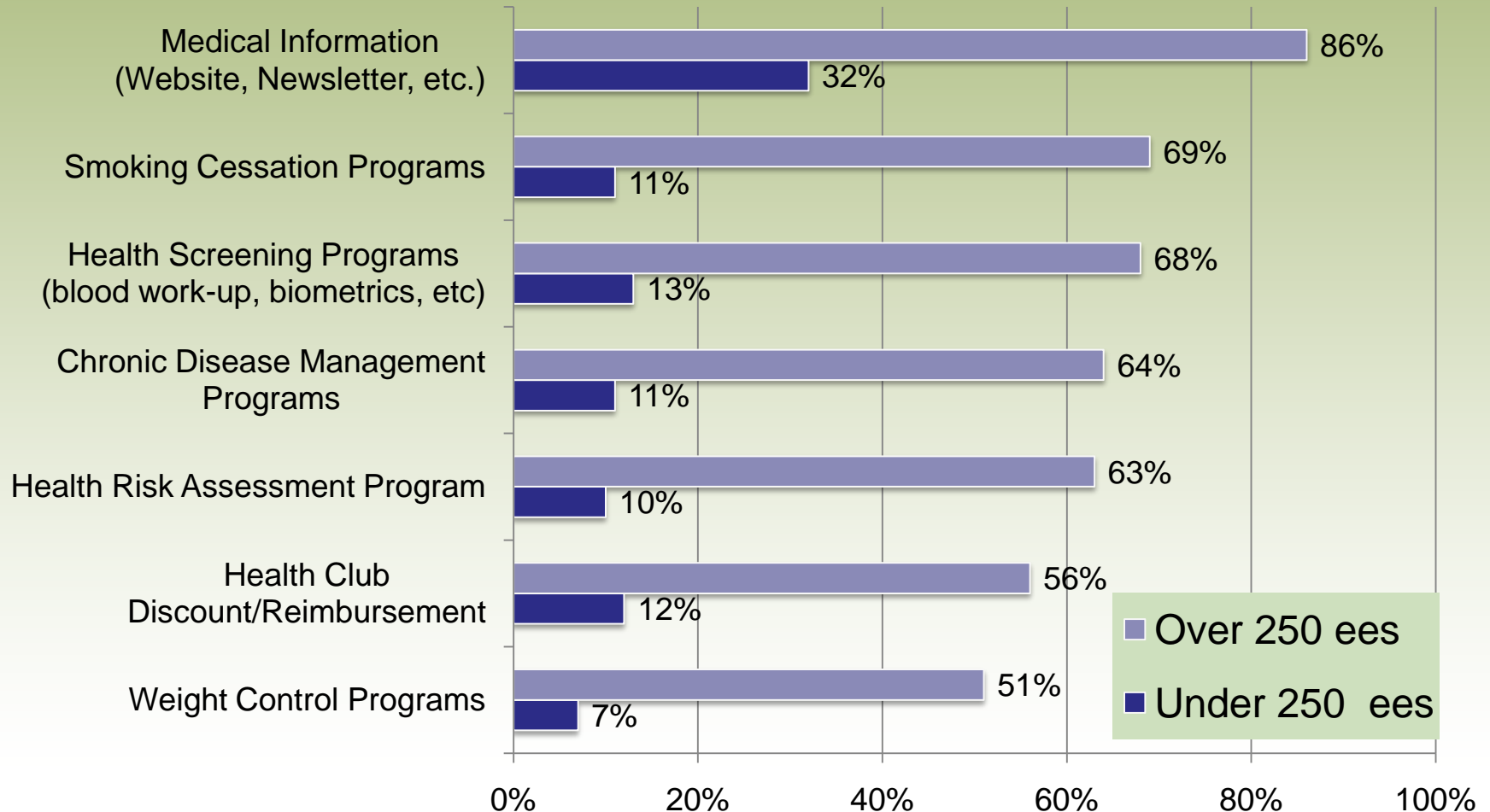
Health and Wellness Initiatives

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12th Annual Study

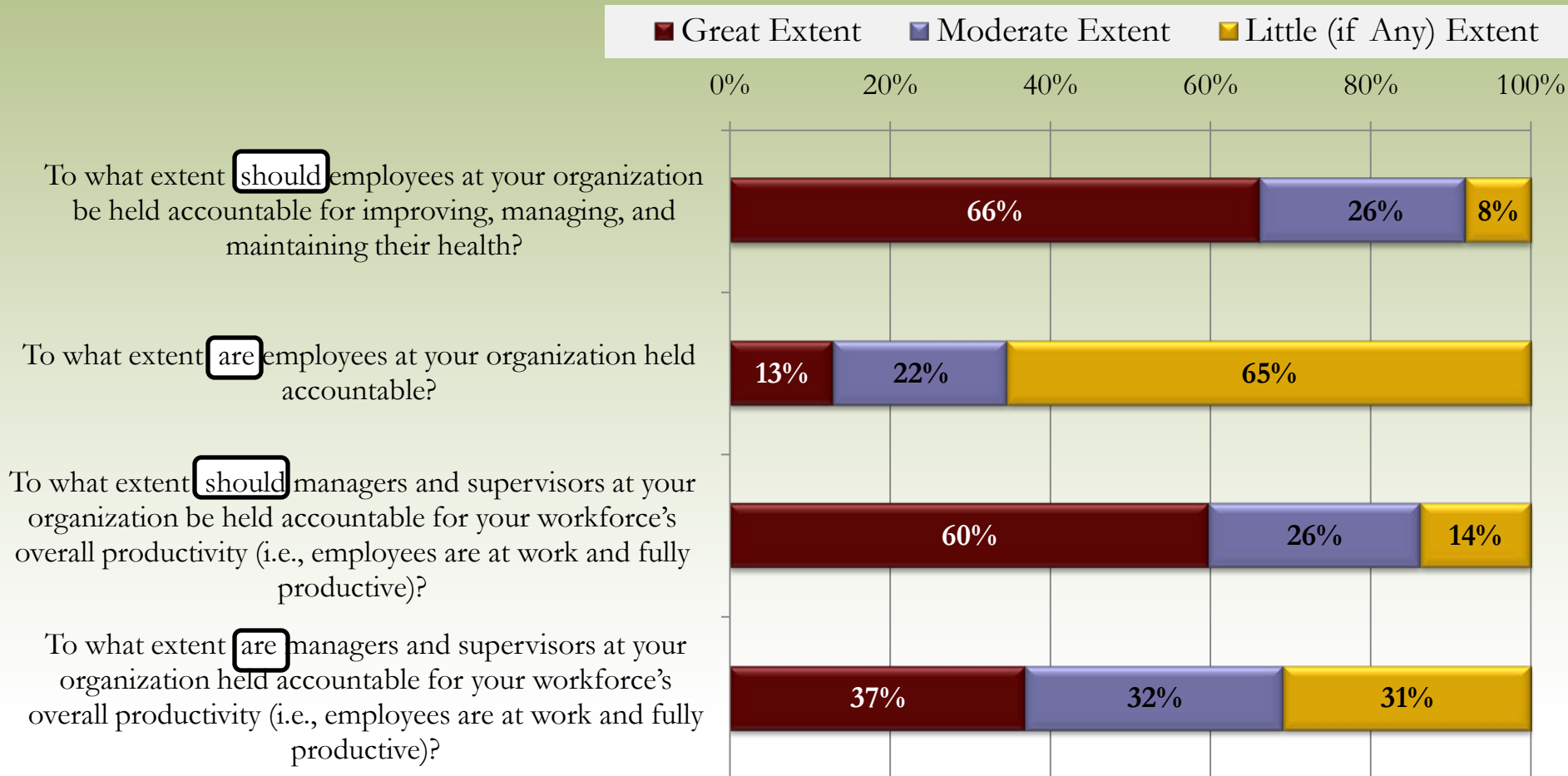
Health & Wellness Initiatives

*Percentage of Employers Offering Wellness and/or Health Initiative Programs
(Small vs. Large)*



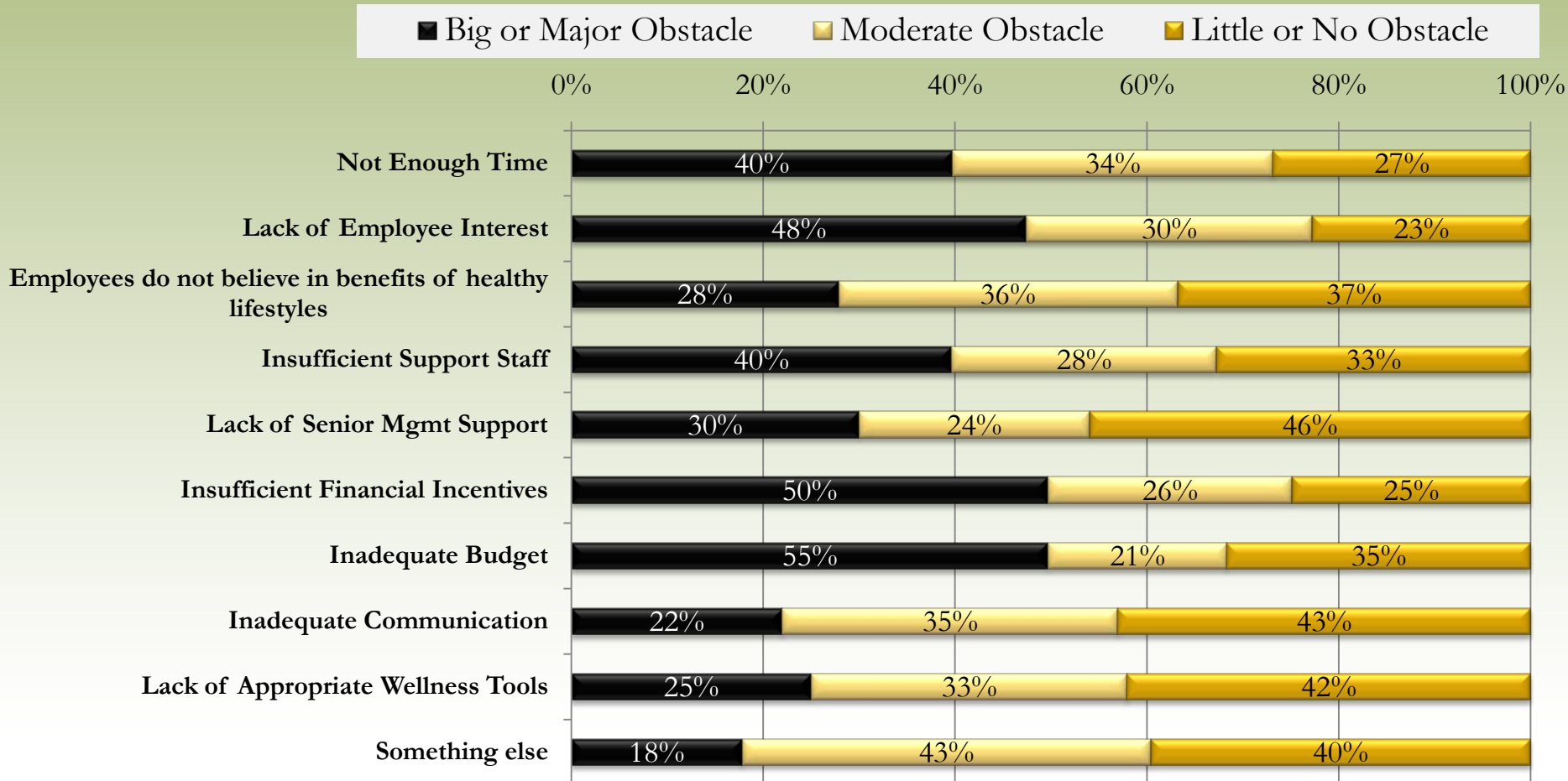
Health & Wellness Initiatives

Accountability & Productivity



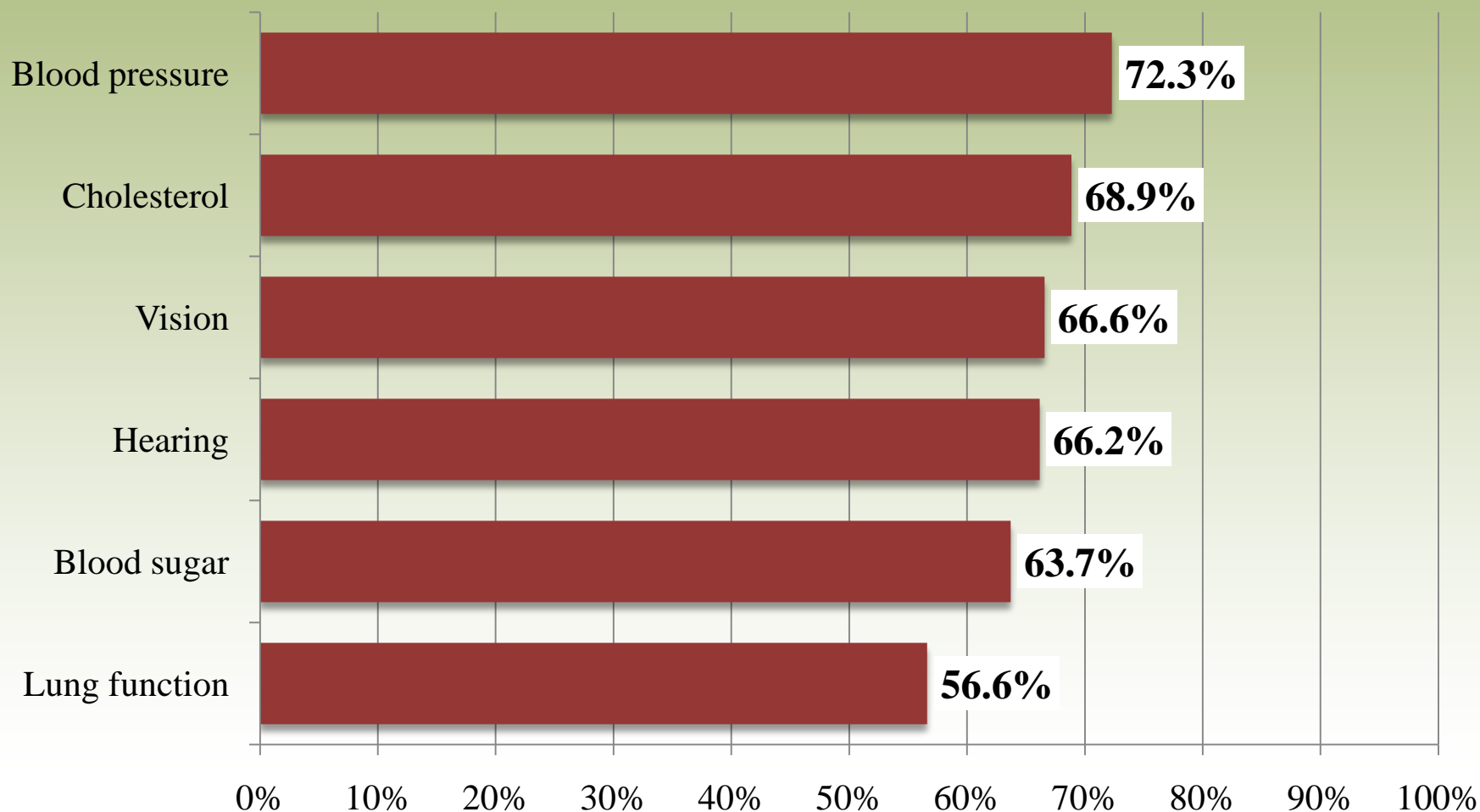
Obstacles to Changing Behaviors

Many organizations believe that changing employees' poor health habits is essential to keeping both health care and productivity costs down. However, many organizations also find this difficult to do. In your opinion, how much of an obstacle to your organization's effectiveness in changing employee health behavior is each one of the following?



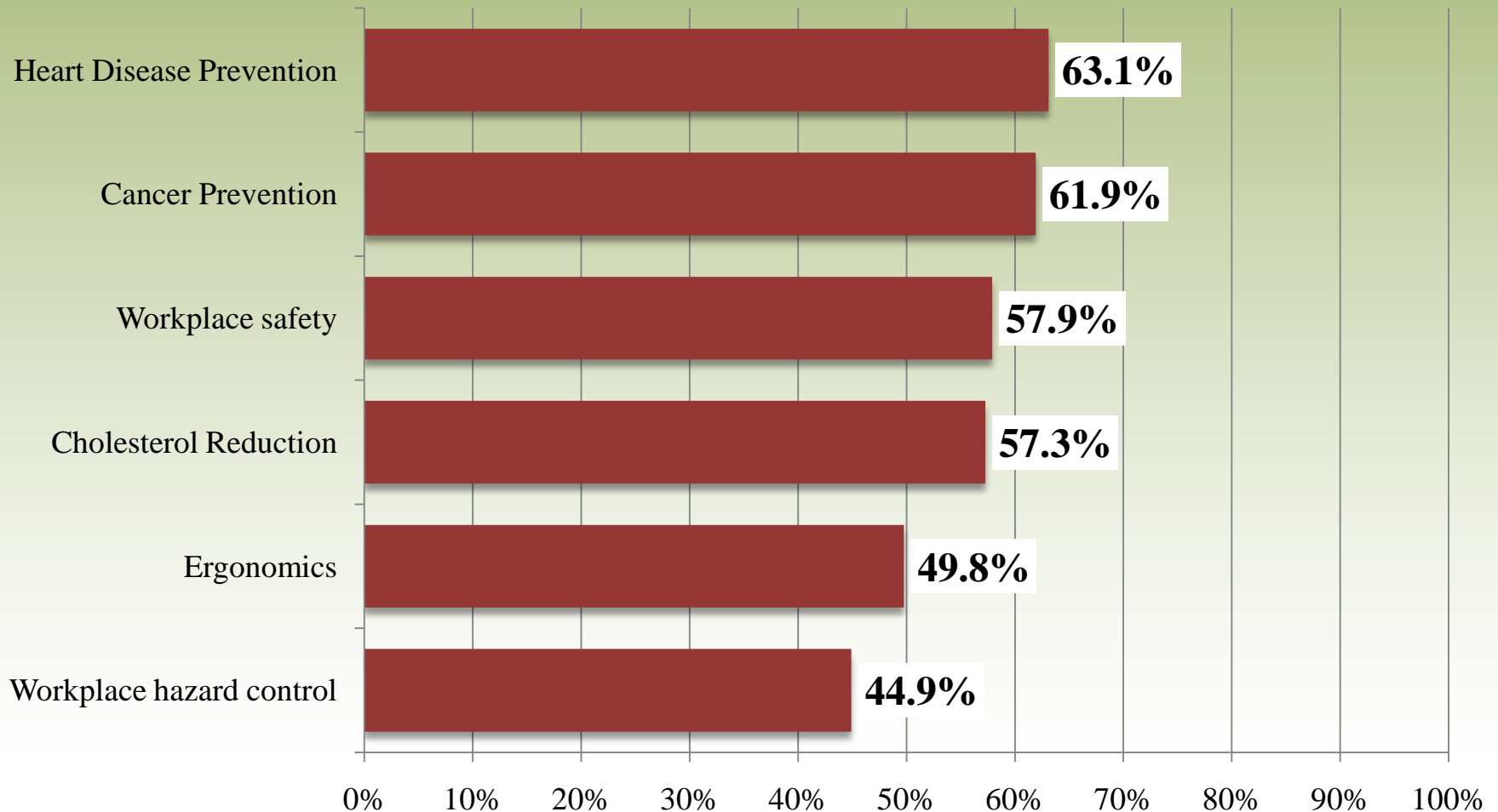
Iowans Reporting “Likely” or “Extremely Likely” to Participate in **Screening Programs** if Offered at Work

Source: Real Iowans Research Initiative, 2010



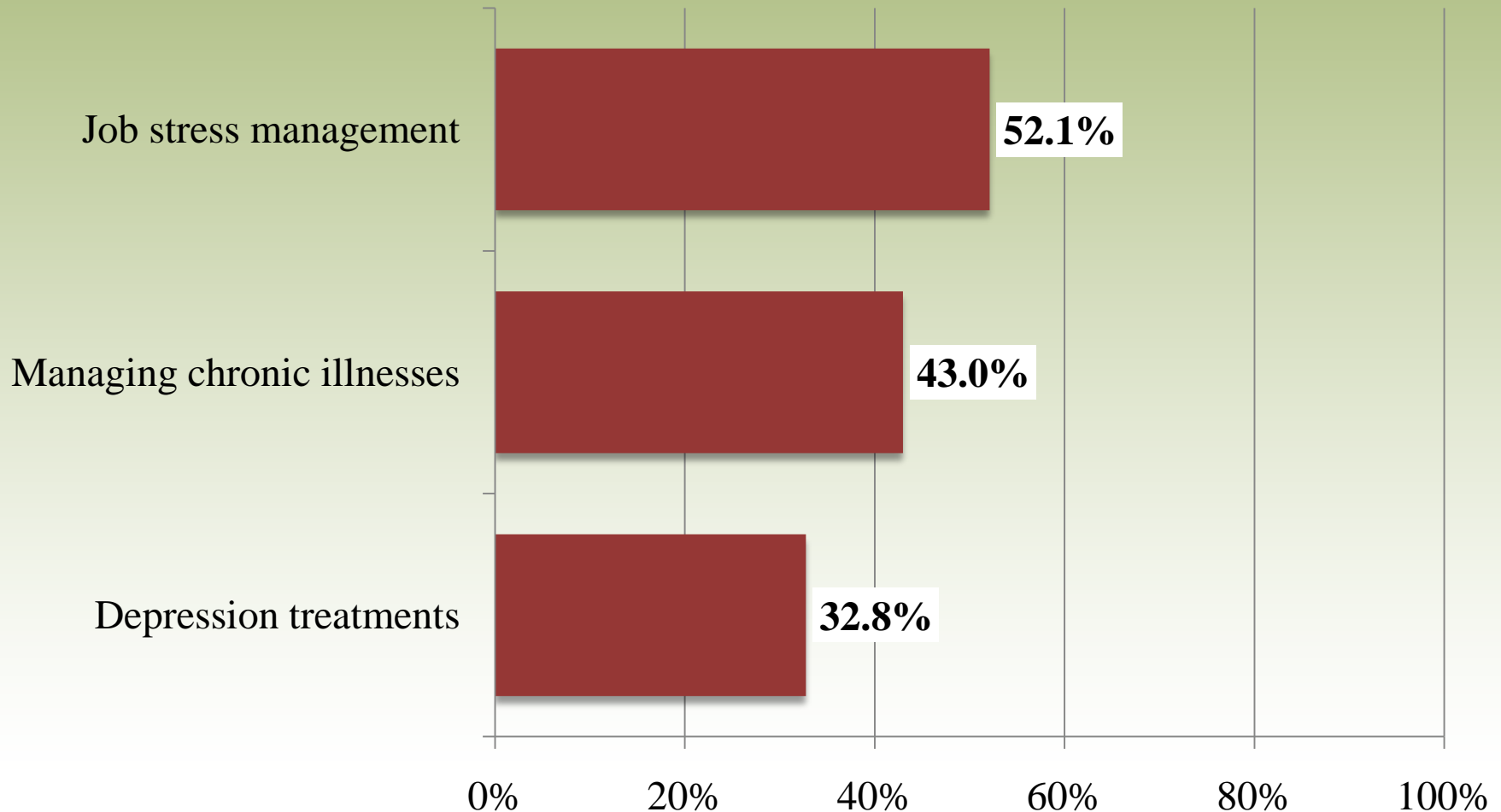
Iowans Reporting “Likely” or “Extremely Likely” to Participate in **Education Programs** at Work

Source: Real Iowans Research Initiative, 2010

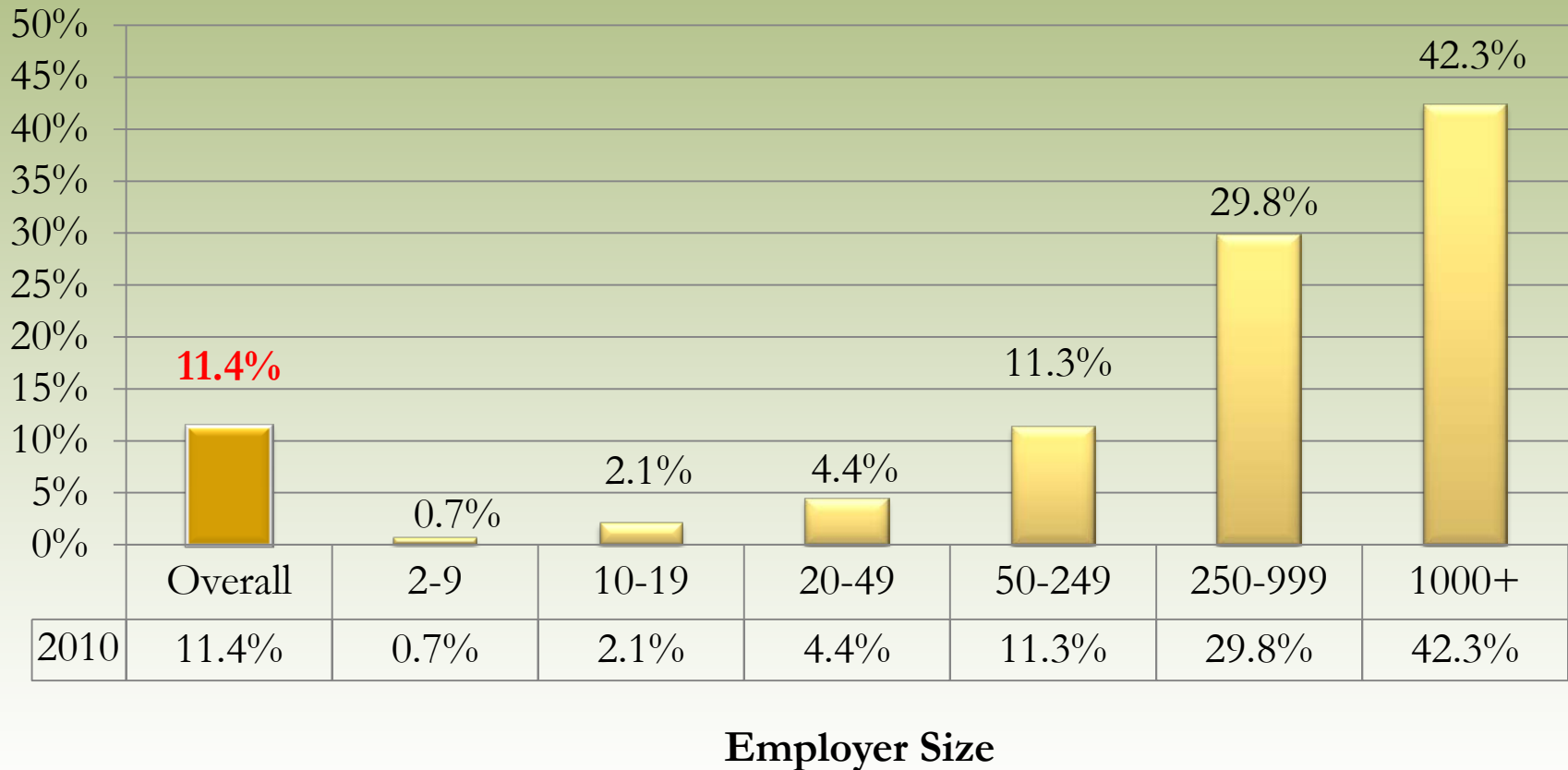


Iowans Reporting “Likely” or “Extremely Likely” to Participate in **Employee Assistance Programs**

Source: Real Iowans Research Initiative, 2010



Percentage of Employers Offering Incentives to Encourage Healthy Behaviors



All Industries - 2010

Which of the following incentives would motivate you to participate in a workplace wellness program?

Source: Real Iowans Research Initiative, 2010

Employer Size								
	<u>1</u>	<u>2-9</u>	<u>10-19</u>	<u>20-49</u>	<u>50-249</u>	<u>250-999</u>	<u>1000+</u>	<u>Overall</u>
Paid your hourly rate	0.0%	92.8%	86.4%	60.7%	77.5%	51.7%	83.8%	73.5%
A one-time cash bonus of \$100	100.0	50.4	84.3	61.9	56.9	49.4	80.2	64.1
A one-time \$100 reduction in your insurance premium	100.0	22.8	84.3	74.6	39.8	52.0	74.8	58.2
A free fitness center membership	0.0	54.3	86.4	64.2	45.9	52.2	63.0	56.5
No incentive needed	0.0	44.1	84.3	41.8	25.8	64.4	38.6	42.8
A team program with co-workers	0.0	44.9	68.6	51.5	22.0	28.9	38.5	35.6

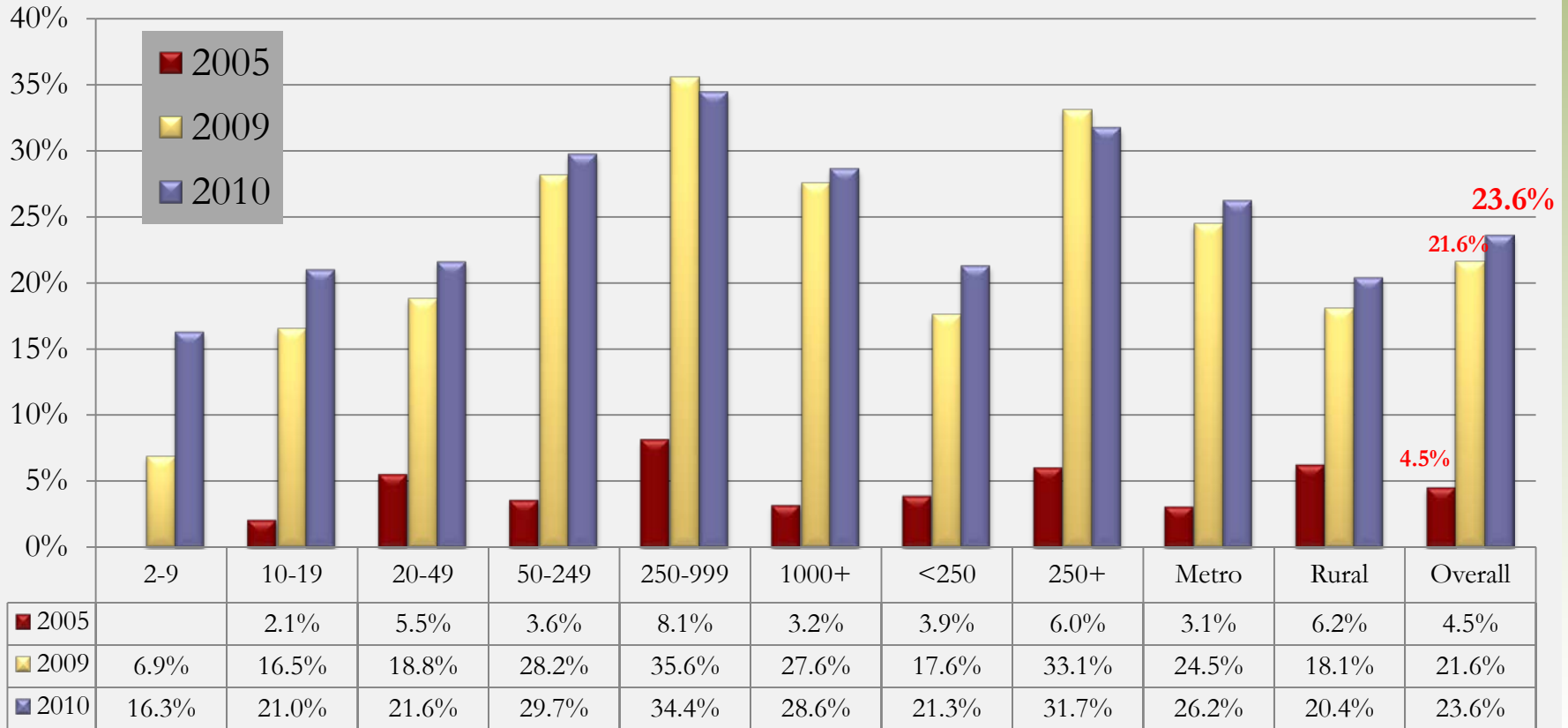


Consumer-Driven Health Plans

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Consumer -Driven Health Plans (CDHP)

Percentage of Employers Offering an HRA and/or HSA



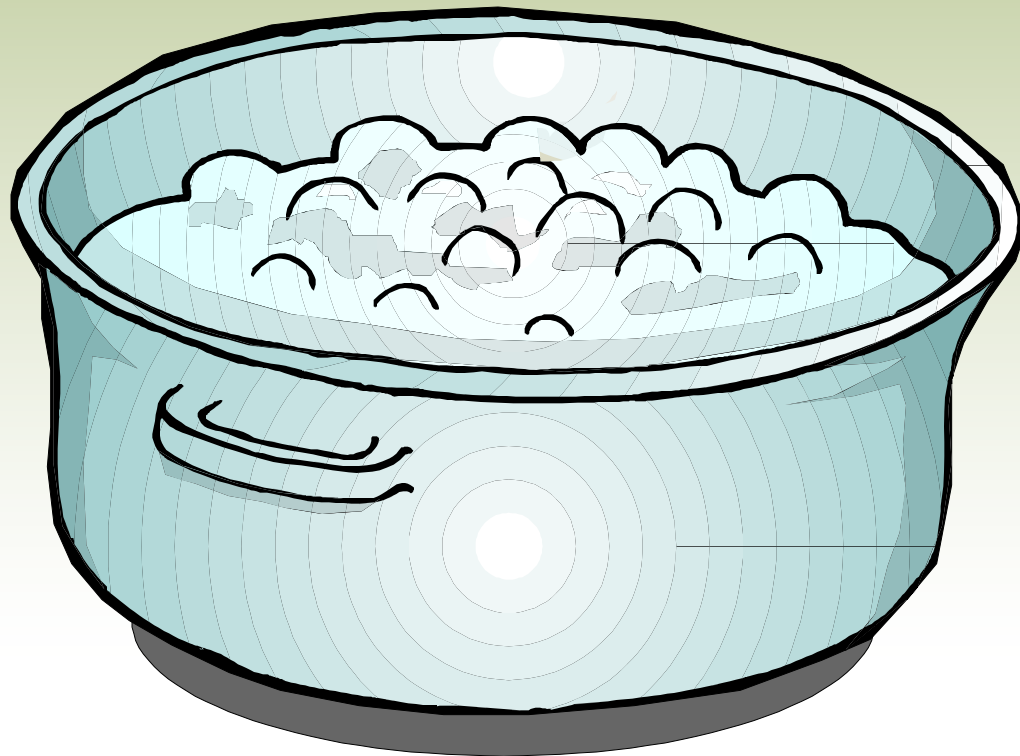
All Industries

What Employers Are (or Might be) Doing

- ***Financial Tension*** – Continue to shift more costs to employees through Plan Design and Premiums (with or without CDHP's)
- ***Wellness Initiatives*** – Health screening, smoking cessation, weight control programs, etc. (Accountability Measures)
- ***Greater Employee Education*** – Improve the amount and quality of data available on health care costs and quality outcomes measurements
- ***Health Reform*** – Assessing the impact of changes to be made to health plan coverage, both immediate and long term.
 - 2018 Excise Tax – Start Strategies NOW!
 - 2014: Will employers keep or drop coverage?
 - Comparative Effectiveness Research?
 - Value-Based Benefits?



What is the Temperature... of YOUR Water?



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Questions?

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