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e at David P. Lind & Associates, L.L.C. (DPL&A) are pleased to provide you with this copy of the *2002 Iowa Employer Benefits Study*[®]. This fourth annual study conducted by DPL&A is very useful in analyzing trends in employee benefits for Iowa employers. We wish to thank every employer that participated in our study, which is the first of its kind covering the entire state of Iowa. In addition, we wish to thank Data Point Research, Inc. for their statistical expertise and guidance.

The results of this survey are quite extensive, and because of this, we have summarized some key areas of interest within this publication. More details are available in the full study which allow comparisons to be made between the various industries represented.

As we have done with all previous studies, additional questions were included with our core study questions to elicit responses on various employee benefits topics. For example, this 2002 Study includes information on flexible spending accounts (FSA's) and on the required waiting period before employees are eligible for medical benefits.

To help Iowa employers benchmark their employee benefit plans with the *2002 Iowa Employer Benefits Study*[®], DPL&A has developed a computer program that will compare various benefits components. This program allows us to provide each of our clients with specific information about how their benefit plan(s) compare to others in their industry across the state. Clients of DPL&A receive this information annually as a part of our service at renewal. This extensive benchmarking analysis is also available to employers not currently in our client base. For more information about benchmarking or to learn more about what DPL&A can do for you, please contact us at (800) 821-LIND or reach us by email at mail@dplaconsulting.com. At DPL&A we believe employee benefits should be "*client driven*" rather than "*product driven*". Let us show you the difference!

We welcome any comments or suggestions that you have which could improve this study in future years.

Thank you for your interest in this
2002 Iowa Employer Benefits Study[®]

DAVID P. LIND, CEBS

PRESIDENT, DAVID P. LIND & ASSOCIATES

Explanation of the Survey Process

This is the fourth annual *Iowa Employer Benefits Study*® conducted by David P. Lind and Associates, L.L.C. and Data Point Research, Inc. As in previous years, this study measures a statistically valid sample of Iowa employers with 20 or more employees.

A total of 9,587 eligible employers were identified from the population of interest and split into four groups, based on their number of employees. Using this universe of eligible employers, 1,553 were randomly selected (sampled) to take part in this year's study. 489 organizations responded which represents a 31.5 percent response rate for the study. Information from 11 of these employers arrived too late to include in this analysis, therefore, the data presented here were obtained from 478 eligible Iowa employers (see **Table 1**).

TABLE 1:
POPULATION CHARACTERISTICS

EMPLOYER SIZE	# of Employers in Group	# of Eligible Employers Sampled	# of Complete Interviews
20-49	5,626	579	149
50-249	3,413	582	185
250-999	443	287	116
1000+	105	105	28
TOTAL	9,587	1,553	478

The results reported in this survey provide estimates of employer benefits offered by employers in Iowa. For the overall sample, the employee-size weighted percentages are all accurate to within plus or minus 4 percent, at a 95 percent confidence level. That is, for this study, the reader can be 95 percent certain that the survey percentages presented in this report are equal to those for all Iowa employers plus or minus 4 percent.

Averages reported for employers within employee size categories are statistically accurate to within plus or minus 8 percent for each of the three smaller employee sizes, and plus or minus 16 percent for the largest employers. All precision levels are stated at the 95 percent confidence level.

EMPLOYEE-SIZE WEIGHTING OF EMPLOYERS

As seen from **Table 1**, the number of large employers is smaller than that of other sized employers. Therefore, if the results in this report were reported simply by averaging across all employers, the results of these large employers would only represent a small fraction of the totals, since each employer would

be weighted equally in the averages, regardless of size. Employee-size weighted averages were used to report findings for all employers. Hence, an employer with 500 employees would have the same weight in the overall averages as five employers of 100 employees, or 25 employers of 20 employees. Therefore, the resulting employee-size weighted averages of employers in this study can be interpreted as representing averages of people employed by the employers in Iowa. The midpoints of the employee size categories were used as weights for all the employers in a category. For the largest category where no midpoint is available, an average size of 1,500 employees was used.

In addition to the employee size adjustment, the final sampling weights used in calculating the tables and exhibits in this study also incorporate the effect of varying sampling rate and non-response levels in each of the size categories. This stratified weighting approach is the generally accepted method for statistically analyzing survey data.

Benefits Eligibility

TABLE 2:
BENEFITS OFFERED TO FULL-TIME AND PART-TIME EMPLOYEES

Table 2 shows the percentages of employers offering various benefits to both full-time and part-time employees. The results are sorted in descending order by the prevalence of the benefits offered for the full-time employees.

BENEFIT OFFERED	FULL-TIME	PART-TIME
Health Insurance	95.3%	32.4%
Paid Holidays	92.7%	43.0%
Vacation	86.2%	35.2%
Group Life Insurance	86.2%	27.6%
Retirement Plans	85.0%	43.4%
Pre-Tax Premium	79.3%	36.9%
Dental Insurance	72.7%	25.9%
Sick Leave	69.9%	33.7%
Long Term Disability	68.8%	17.8%
Dependent care flexible spending account	62.8%	30.6%
Medical care spending account	61.7%	30.0%
Short Term Disability	55.4%	13.6%
Educational Assist/Tuition Reimbursement	50.0%	21.3%
Employee Assistance Program (EAP)	43.5%	28.5%
Casual Dress (everyday, not just Fridays)	36.8%	20.1%
Vision Coverage	32.9%	12.7%

Benefits Eligibility Continued

At least 70 percent of all employers offer each of the “major” benefits (health and dental insurance, vacation, paid holidays, retirement, life insurance, pre-tax premiums) to their full-time employees. Over half the employers also provide sick leave, short and long term disability insurance, medical and dependent care spending accounts, and educational assistance/tuition reimbursement.

As in the 2001 Study, there is a tendency for larger employers to offer more of these benefits than smaller employers. This is true for both full-time and part-time employees.

Health insurance is the most frequently offered benefit to employees within Iowa, and this year employers were asked to share the average number of days that newly hired employees must wait before they were eligible to enroll in the employer’s medical coverage. The results are shown in **Table 3**.

TABLE 3:
WAITING PERIOD FOR NEW EMPLOYEES (IN DAYS) TO ENROLL IN HEALTH INSURANCE

Of those organizations that offer health insurance benefits to their employees, the employees must wait, on average, about 56 days before they can gain access to health insurance benefits.

EMPLOYER SIZE	Full-Time	Part-Time
20–49 employees	60	44
50–249 employees	59	39
250–999 employees	54	82
1000+ employees	47	50
Weighted AVG.	56	56

FLEXIBLE SPENDING ACCOUNTS

Section 125 plans, also described as “flexible benefit” plans or “cafeteria plans”, allow participating employees to choose between a number of non-taxable qualified benefits or taxable cash. The design of cafeteria plans can range from simple “premium only” plans to full-blown flexible benefit plans including flexible spending accounts. Premium only plans allow employees to use their before-tax, rather than after-tax, dollars for plan contributions. Flexible spending accounts allow employees to defer before-tax dollars to pay for dependent care expenses and un-reimbursed medical expenses (such as deductibles and coinsurance payments, dental care, eye glasses and eye exams). This year our study includes information on “flexible spending accounts”, as shown in **Tables 4, 5 and 6**.

TABLE 4:
PERCENTAGE OF EMPLOYERS OFFERING FLEXIBLE SPENDING ACCOUNTS TO EMPLOYEES

As indicated by Table 4, the larger employers are significantly more likely to offer flexible spending accounts than are smaller employers.

Does Employer offer a Flexible Spending Account (FSA) to Employees?	Employer Size				Overall
	20-49	50-249	250-999	1000+	
Yes	37.4%	55.0%	67.8%	96.3%	60.7%
No	62.6%	45.0%	32.2%	3.7%	39.3%

TABLE 5:
EMPLOYERS OFFERING MEDICAL CARE SPENDING ACCOUNTS

Table 5 demonstrates that smaller employers (32.4 percent) are more likely to have employees participate in the medical care spending accounts (MCSA) compared to the larger employers (17 percent). The overall average of employee participation in medical spending accounts is 25 percent. The overall average annual contribution by employee into the MCSA is \$772.83, while the average annual forfeiture per employee is \$19.95.

EMPLOYER SIZE	% Employees Participating in MCSA	Avg. Annual Contribution Per Employee	Avg. Annual Forfeiture Per Employee
20-49 employees	32.4%	\$858.97	\$29.07
50-249 employees	26.9%	\$720.81	\$9.84
250-999 employees	24.9%	\$845.78	\$28.93
1000+ employees	17.0%	\$741.72	\$22.14
WEIGHTED AVG.	25.0%	\$772.83	\$19.95

TABLE 6:
EMPLOYERS OFFERING DEPENDENT CARE SPENDING ACCOUNTS

Table 6 indicates that 5.5 percent of employees participate in the dependent care spending accounts (DCSA). The overall average annual contribution by employee into the DCSA is \$2,491.54, while the average annual forfeiture per employee is \$13.59.

EMPLOYER SIZE	% Employees Participating in DCSA	Avg. Annual Contribution Per Employee	Avg. Annual Forfeiture Per Employee
20-49 employees	5.2%	\$2,156.55	\$12.83
50-249 employees	5.7%	\$2,087.56	\$4.18
250-999 employees	5.7%	\$2,565.73	\$11.30
1000+ employees	4.9%	\$3,306.94	\$32.87
WEIGHTED AVG.	5.5%	\$2,491.54	\$13.59

Technology and Employee Benefits

Employers were asked to identify current electronic enrollment methods for their employees. Approximately 91 percent of all employers reported using paper to enroll their employees. In fact, for 84 percent of employers this was the only method provided. Among the non-paper methods, Internet was mentioned by an average of 9.2 percent of employers, company intranet by 4.7 percent and telephone enrollment by 4.2 percent.

EXHIBIT 1:
PERCENTAGE OF EMPLOYERS WITH VARIOUS METHODS FOR ENROLLING EMPLOYEES IN BENEFIT PLANS

While the percentage of employers using paper enrollment was consistent across size categories, the number of employers using the various electronic methods vary by employer size.

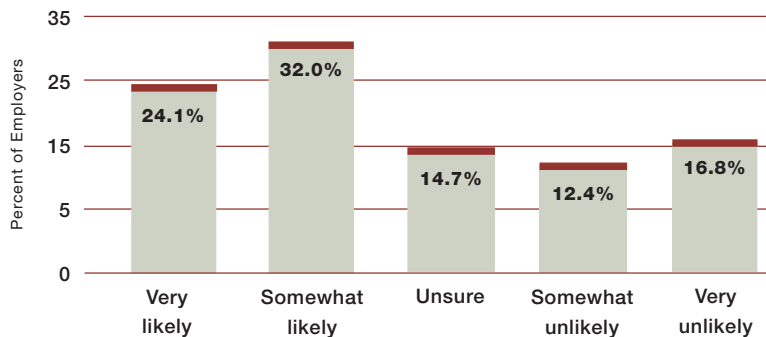
Method for Enrolling Employees	Employer Size				Overall
	20-49	50-249	250-999	1000+	
Paper	92.6%	89.7%	91.4%	92.9%	91.1%
(Paper Only)	88.6%	82.7%	85.3%	82.1%	84.3%
(Electronic Only)	4.7%	7.6%	6.9%	7.1%	6.9%
Internet	6.7%	13.0%	5.2%	7.1%	9.2%
Company Intranet	1.3%	1.6%	5.2%	17.9%	4.7%
Telephone Voice/ Touch Tone Response	2.0%	4.3%	7.8%	0.0%	4.2%
Kiosk	0.0%	0.0%	0.9%	3.6%	0.7%

FUTURE OF ELECTRONIC ENROLLMENT

While electronic enrollment is still not commonly used today by Iowa employers, it is likely to grow within the next few years.

EXHIBIT 2:
LIKELIHOOD OF OFFERING ELECTRONIC ENROLLMENT METHODS WITHIN 5 YEARS

Over half (56 percent) of all respondents are at least somewhat likely to begin using electronic enrollment methods within the next five years, as Exhibit 2 shows.

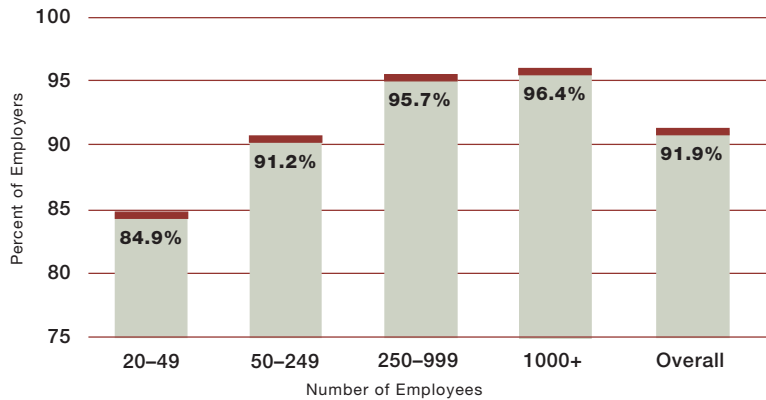


Retirement Plans

Based on the type of organization, retirement plans can be established in a variety of ways. Our study concentrated on the likelihood that Iowa employers offer some type of retirement plan(s), and the plan(s) most widely used (i.e. defined contribution, defined benefit, profit sharing, etc.)

**EXHIBIT 3:
PERCENT OF EMPLOYERS
OFFERING RETIREMENT
BENEFITS**

Overall, 91.9 percent of employers (size weighted) offer a retirement plan. Employers with fewer than 50 employees are somewhat less likely to offer this benefit than larger employers, while almost all larger employers (over 250 employees) offer retirement plans.



Even though the large majority of employers provide retirement benefits, the types of plans differ greatly. **Table 7** shows the types of plans and the percentages of employers offering them.

**TABLE 7:
TYPES OF RETIREMENT PLANS
OFFERED BY EMPLOYERS**

The 401(k) (alone or in combination with other plans) is offered most often by over 65 percent of employers. All other plans are offered by less than 20 percent of employers. Profit sharing is only made available by approximately 14 percent of employers.

TYPE OF RETIREMENT PLAN	Overall
401(k)	65.4%
Defined Benefit Pension Plan	17.3%
403(b)	16.0%
IPERS	15.2%
Profit Sharing	14.4%
ESOP	5.0%
Simple IRA	4.8%
SEP	0.4%
Other	11.0%

Retirement Plans Continued

TABLE 8:
RETIREMENT PLANS BY EMPLOYER SIZE

Table 8 shows what types of retirement plans are offered by Iowa employers. The 401(k) is the most frequently offered plan for all employer sizes, but especially so among the larger employers. The defined benefit plans are more frequently offered among the largest employers, with approximately one third of the largest employers offering such plans. IPERS is a retirement plan for career public employees. The percentage of employers offering profit sharing appears to be greater among the smaller employers.

RETIREMENT PLAN	Employer Size			
	20-49	50-249	250-999	1000+
401(k)	66.9%	63.6%	58.2%	81.5%
Defined Benefit Pension Plan	4.8%	12.7%	23.6%	33.3%
403(b)	8.9%	12.7%	24.5%	18.5%
IPERS	5.6%	18.2%	16.4%	14.8%
Profit Sharing	23.4%	13.3%	14.5%	7.4%
ESOP	3.2%	4.8%	7.3%	3.7%

EXHIBIT 4:
EMPLOYERS OFFERING MORE THAN ONE RETIREMENT PLAN

More than 41 percent of all employers offer more than one plan, and that number varies by employer size.

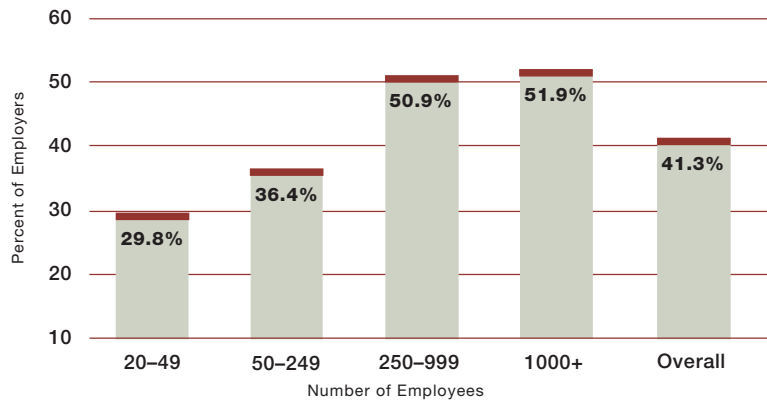
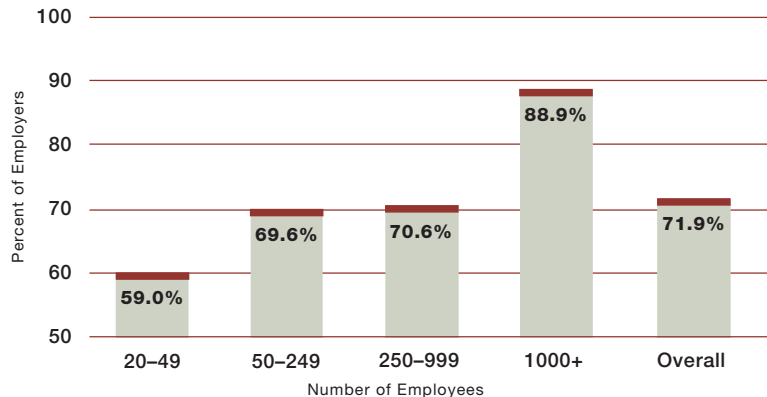


EXHIBIT 5:
EMPLOYERS OFFERING GUARANTEED MATCHING FOR 401(K) PLANS

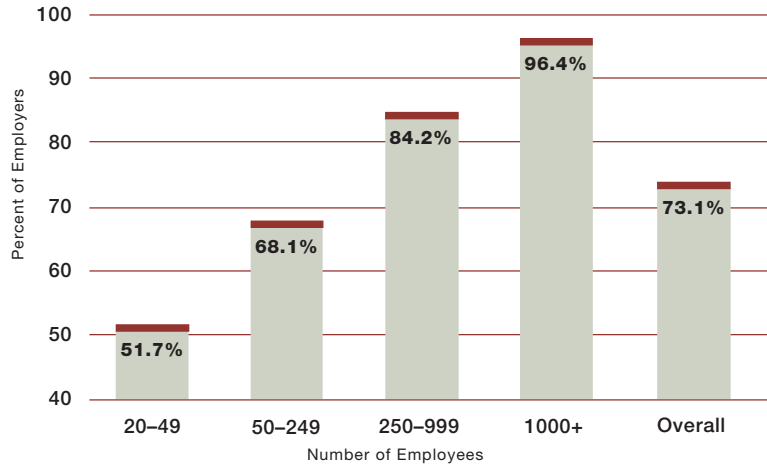
Almost 72 percent of employers offer guaranteed matching of contributions. While 41 percent of the smallest employers keep their contributions discretionary, the majority (88.9 percent) of the largest employers offer guaranteed matching.



Dental Insurance

Similar to last year’s survey, **Exhibit 6** shows as the employer size increases, the likelihood of offering dental benefits increases from 51 to 96 percent.

**EXHIBIT 6:
EMPLOYERS OFFERING DENTAL
PLANS**



DENTAL PLAN COSTS AND CONTRIBUTIONS

**TABLE 9:
DENTAL PLAN MONTHLY
PREMIUMS (INCLUDES
EMPLOYER AND EMPLOYEE
CONTRIBUTIONS)**

The average monthly premium for the primary Dental plan is \$21.19 for employee only, \$46.19 for employee and spouse, \$48.68 for employee and children, and \$59.83 for family. Table 9 presents average monthly premiums by employer size. Last year, the weighted average monthly premiums for employee only, employee & spouse, employee & children and family were \$19.54, \$42.05, \$45.48 and \$56.05 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20-49 employees	\$22.48	\$52.43	\$52.62	\$60.50
50-249 employees	\$21.36	\$46.33	\$48.87	\$60.02
250-999 employees	\$20.44	\$44.08	\$48.52	\$57.14
1000+ employees	\$21.14	\$45.43	\$45.73	\$62.51
WEIGHTED AVG.	\$21.19	\$46.19	\$48.68	\$59.83

Dental Insurance Continued

TABLE 10:
DENTAL PLAN PREMIUMS –
MONTHLY EMPLOYEE
CONTRIBUTIONS

The average Dental Plan has an employee contribution of \$9.01 for employee-only plans, and \$24.57 for employee and spouse plans. Employee and children plans have an overall average of \$26.37, while family dental plans average \$31.99 per month. Last year, the weighted average employee contributions were \$7.05, \$20.78, \$23.59 and \$29.88 respectively.

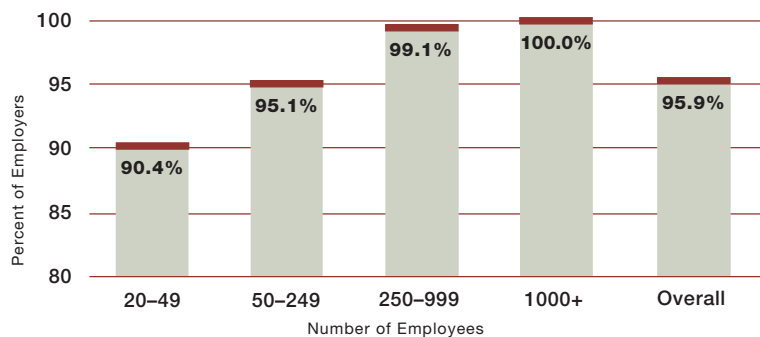
EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$11.34	\$30.02	\$28.59	\$34.79
50–249 employees	\$8.74	\$22.25	\$25.28	\$31.73
250–999 employees	\$8.52	\$26.53	\$27.43	\$31.97
1000+ employees	\$9.03	\$24.15	\$25.96	\$31.05
WEIGHTED AVG.	\$9.01	\$24.57	\$26.37	\$31.99

Health Insurance

Group medical coverage is a large part of the employer’s benefits costs. Medical costs can be quite complex when distinguishing between fully insured, partially self funded, and self funded costs. In addition, there are various plans available in Iowa, such as Health Maintenance Organizations (HMO), Point of Service plans (POS), Preferred Provider Organizations (PPO), and Traditional Indemnity (TI). As with all past studies, this study tracks the premium rates between many of these plans along with the employer/employee contribution rates. Just as important, the average benefits structure was analyzed by each corresponding medical plan.

EXHIBIT 7:
EMPLOYERS OFFERING HEALTH
INSURANCE BENEFITS

Overall, 95.9 percent of employers who responded offer health insurance to their employees, whether full-time or part-time. This rate is precisely the same as last year’s result. Only the smallest employers surveyed are somewhat less likely to offer health coverage.



DEFINED CONTRIBUTION / CONSUMER DRIVEN HEALTH PLANS

What is a Defined Contribution Health Plan (DC Health)?

Touted as the next generation of medical coverage for employees, DC Health is still in its infancy stage. In its purest form, DC Health plans consist of employers providing employees with a defined sum of

money that employees can use to purchase health care coverage. This coverage is usually employer-sponsored. By implementing a DC Health plan, employers can continue to support their employee's health care needs, while allowing employees to more directly control their own health coverage.

In this year's survey, a number of questions were added to assess the employers' willingness to switch to a defined contribution / consumer driven healthcare plan for medical benefits. Employers used a five-point scale to indicate their likelihood of switching to such a plan in the next five years (see **Table 11**).

TABLE 11:

LIKELIHOOD OF CHANGING TO A DEFINED CONTRIBUTION MEDICAL PLAN WITHIN THE NEXT 5 YEARS

Approximately 29 percent of all employers said they were somewhat likely or very likely to switch to a defined contribution plan within the next five-years.

ANSWER CATAGORIES	Employer Size				Overall
	20-49	50-249	250-999	1000+	
Very Likely	5.4%	4.1%	8.0%	3.7%	5.2%
Somewhat Likely	28.5%	18.7%	24.1%	33.3%	23.7%
Somewhat Unlikely	22.3%	21.1%	24.1%	22.2%	22.2%
Very Unlikely	24.6%	30.4%	21.4%	29.6%	27.1%
Unsure	19.2%	25.7%	22.3%	11.1%	21.7%

Table 11 indicates that defined contribution plans are at least somewhat likely to become more prevalent in the near future, but overall, the majority of employers are not yet ready to implement this new benefit approach.

When employers were asked their reasons for considering switching to a defined contribution plan, the major reason cited is to control costs (see **Table 12**). The second most often cited reason is to provide employees with greater control of health care decisions.

TABLE 12:

REASONS FOR SWITCHING TO A DEFINED CONTRIBUTION MEDICAL PLAN (SHOWN BY EMPLOYER SIZE)

ANSWER CATAGORIES	Employer Size				Overall
	20-49	50-249	250-999	1000+	
Control program costs	63.2%	63.8%	68.4%	60.7%	64.4%
Provide employees greater control of health care decisions	43.6%	41.1%	54.4%	57.1%	47.2%
Limit employer liability from lawsuits	9.1%	6.9%	7.9%	7.1%	7.6%
Transfer of health management activities to a third party	9.1%	6.9%	7.9%	0.0%	6.5%
Use insured products to eliminate financial risk	8.3%	9.8%	11.4%	14.3%	10.6%



Your Advocate In Employee Benefits

In the complex and increasingly costly world of employee benefits, finding answers and making decisions can be difficult — without the right assistance. Insurance rates continue to climb. Many companies are short staffed and find themselves scrambling to stay current on issues and benefit alternatives.

Since 1995, David P. Lind & Associates, L.L.C. (DPL&A) has emerged as an employee benefits consulting firm that is an advocate for employers and their employees. We act in our clients' best interest — always. We thoroughly research alternatives to ensure that our clients get the best value in products and services.

At DPL&A, we are advisors and agents for clients who want to make informed decisions about their benefits plans.

- We *represent* clients in all industries — from manufacturing and education to healthcare and not-for-profit organizations.
- We *educate* our clients by providing current information on benefit trends and insurance issues; by compiling benefit and cost comparisons; and by advising them about benefit risk management.
- We *serve* our clients by acting as a liaison with insurance companies; by helping them to communicate benefit changes; by working to resolve claims issues; and by providing ongoing support.

As brokers, we have access to all insurance products and services, but we do not endorse one insurance company over another — allowing us to be completely unbiased and objective in advising you. When you employ DPL&A, we are *your advocate* in the marketplace and throughout the plan year.

- Are you *surprised* by your employee benefits rate increases each year?
- Are you *frustrated* with sifting through multiple insurance proposals?
- Are you *confused* by the various funding options available?
- Are you *stressed* with the thought of changing insurance carriers every few years?
- Are you *in need* of someone who always works in your best interest with objectivity and integrity?

Call DPL&A where we believe that employee benefits should be “*client driven*” rather than “*product driven*”. Let us show you the difference!

WHY DPL&A CONDUCTS THIS STUDY

DPL&A believes that data regarding employee benefits is an invaluable benchmarking tool for any employer to determine the competitiveness of his or her own benefits package.

The *2002 Iowa Employer Benefits Study*® includes valuable information about health care benefits, group life coverage, dental insurance, disability insurance, retirement plans and other benefits offered by Iowa employers. The study is an unbiased, statewide survey of the benefit programs being offered by Iowa employers with 20 or more employees. This survey is useful to all employers in Iowa because it reflects diverse industries, geographic areas and company size.

Prior to 1999, DPL&A could not find any source of benefits information that exclusively dealt with Iowa employee benefits. So, in 1999 — seeing the need to become a resource and informed advisor to Iowa employers by gathering, compiling and presenting meaningful benefits information specific to Iowa — DPL&A undertook the first *Central Iowa Employer Benefits Study*® to help its clients deal with a tight labor market, and to better recruit and retain qualified employees. DPL&A has conducted annual studies ever since.

FIND OUT MORE ABOUT THIS STUDY

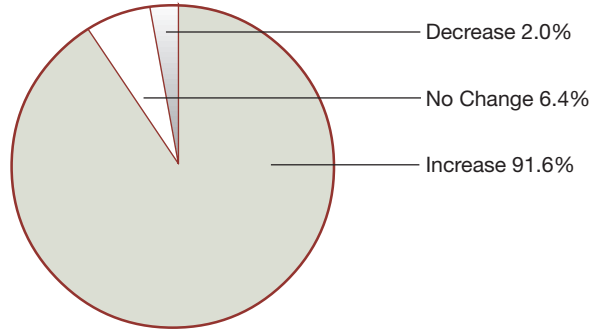
For more information about this study and the many services available through DPL&A, please call DPL&A at (800) 821-5463 or email us at mail@dplaconsulting.com. DPL&A can also be reached on the Internet at www.dplaconsulting.com. Any comments and/or suggestions on this and future studies are certainly welcome.

Data Point Research, Inc. provided its statistical expertise and guidance to make this Study possible.

Health Insurance Rates

**EXHIBIT 8:
EMPLOYERS WITH CHANGES IN
HEALTH INSURANCE RATES**

Over 91 percent of all employers who responded to the survey experienced an increase in medical rates during the last year. Only two percent reported a decrease. These numbers are almost identical to last year's numbers.



These results varied by employer size. However, the differences in rate increases between employer size are not as pronounced as they were in last year's study.

**TABLE 13:
HEALTH INSURANCE RATE
INCREASES**

Overall, the average reported increase in rates was 18.7 percent. Last year, the overall reported increase in health insurance rates was 17.4 percent.

EMPLOYER SIZE	Percent of Employers with Rate Increases	Average Percent Change
20-49 employees	93.7%	19.4%
50-249 employees	93.0%	20.1%
250-999 employees	89.2%	16.3%
1000+ employees	89.3%	17.4%
Weighted AVG.	91.6%	18.7%

Over two thirds (71 percent) of employers, regardless of employer size, reacted to these higher insurance rates by sharing the increase with their employees (see **Table 14**). Approximately 25 percent reduced benefits to minimize or eliminate the increase, while 16 percent of the employers absorbed the entire cost increase themselves. The cost increase caused approximately 15 percent of the employers to change insurance carriers, while only 5 percent passed all of the increased costs on to the employees. Less than 1 percent of the survey respondents completely eliminated medical coverage during the last year.

TABLE 14:
EMPLOYER RESPONSES TO INCREASED HEALTH INSURANCE RATES (WEIGHTED AVERAGE REGARDLESS OF EMPLOYER SIZE)

RESPONSE TO INCREASED INSURANCE RATES	Overall
The employees and employer shared in paying the additional cost	71.4%
Reduced benefits to minimize or eliminate the increase	25.2%
The employer absorbed the increased cost	16.0%
Changed insurance company	15.4%
Passed all of the increased costs on to the employees	5.3%
No longer provide health insurance coverage	0.3%

HEALTH COVERAGE

TABLE 15:
TYPES OF HEALTH INSURANCE PLANS OFFERED BY SIZE OF EMPLOYER

Approximately 77 percent of employers offer PPO plans. These types of plans are the most frequently offered for all size categories. Less than 27 percent offer HMO/POS plans, and approximately 11 percent offer traditional indemnity plans.

	Employer Size				Overall
	20-49	50-249	250-999	1000+	
HMO/POS	26.5%	17.9%	29.8%	46.4%	26.4%
PPO	65.2%	77.0%	79.1%	85.7%	76.9%
Traditional Indemnity	12.9%	12.1%	9.6%	7.1%	10.9%

It was possible for the survey respondents to offer more than one plan of each type, up to a total of three plans overall. When more than one plan of the same type was offered, the plan with the highest enrollment was designated as the “primary” plan (of that type). These primary plans are the ones being summarized in this study.

Payments

HMO/POS PLANS

Table 16 shows the monthly average billed rate for the primary HMO/POS plan, and **Table 17** displays the corresponding monthly employee contributions.

TABLE 16:
HMO/POS MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$233.71	\$489.87	\$460.88	\$596.75
50–249 employees	\$261.53	\$522.52	\$495.88	\$675.30
250–999 employees	\$254.53	\$517.33	\$507.46	\$663.73
1000+ employees	\$217.95	\$412.07	\$443.63	\$600.35
WEIGHTED AVG.	\$244.86	\$487.64	\$480.51	\$642.23

TABLE 17:
HMO/POS MONTHLY EMPLOYEE
CONTRIBUTIONS

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$43.73	\$176.34	\$156.17	\$227.42
50–249 employees	\$61.95	\$197.85	\$169.65	\$271.71
250–999 employees	\$63.94	\$151.50	\$152.90	\$230.18
1000+ employees	\$17.50	\$76.52	\$75.97	\$146.69
WEIGHTED AVG.	\$49.14	\$152.10	\$141.83	\$221.93

The average HMO/POS plan has an employee contribution of \$49.14 for employee-only plans, and \$152.10 for employee & spouse plans. Employee & children plans have an overall average of \$141.83, while family plans average \$221.93 per month. Last year, the weighted average employee contribution for HMO/POS plans for employee only, employee & spouse, employee & children and family were \$38.77, \$123.13, \$129.27 and \$166.28 respectively.

PPO PLANS

Table 18 and Table 19 show the monthly average billed rate and the employee contributions for the primary PPO plan.

TABLE 18:
PPO MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$234.95	\$474.44	\$452.36	\$592.19
50–249 employees	\$257.66	\$553.30	\$527.62	\$668.00
250–999 employees	\$267.68	\$550.47	\$555.70	\$658.29
1000+ employees	\$243.74	\$452.13	\$471.34	\$638.16
WEIGHTED AVG.	\$255.16	\$525.74	\$515.62	\$651.29

TABLE 19:
PPO MONTHLY EMPLOYEE
CONTRIBUTIONS

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$50.45	\$173.14	\$169.87	\$241.79
50–249 employees	\$43.14	\$214.48	\$195.77	\$282.25
250–999 employees	\$58.23	\$146.57	\$143.82	\$203.51
1000+ employees	\$38.20	\$117.83	\$116.49	\$151.73
WEIGHTED AVG.	\$47.26	\$178.26	\$169.77	\$236.66

The average PPO plan has an employee contribution of \$47.26 for employee-only plans, and \$178.26 for employee & spouse plans. Employee & children plans have an overall average of \$169.77, while family plans average \$236.66 per month. Last year, the weighted average employee contribution for PPO plans for employee only, employee & spouse, employee & children and family were \$40.31, \$163.90, \$162.32 and \$227.28 respectively.

Payments Continued

TRADITIONAL INDEMNITY PLANS

Table 20 and **Table 21** show the monthly average billed rate and the employee contributions for the primary traditional indemnity plan.

TABLE 20:
INDEMNITY MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$231.77	\$412.39	\$405.15	\$597.71
50–249 employees	\$255.33	\$519.93	\$524.75	\$660.90
250–999 employees	\$264.40	\$592.77	\$572.93	\$673.45
1000+ employees	\$271.20	NA	NA	\$748.71
WEIGHTED AVG.	\$255.00	\$527.65	\$522.56	\$663.99

TABLE 21:
INDEMNITY MONTHLY EMPLOYEE
CONTRIBUTIONS

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$66.73	\$192.03	\$191.09	\$294.90
50–249 employees	\$68.47	\$222.32	\$210.84	\$263.01
250–999 employees	\$75.03	\$158.75	\$153.87	\$170.32
1000+ employees	\$26.21	NA	NA	\$210.62
WEIGHTED AVG.	\$64.60	\$196.53	\$190.19	\$238.18

The average Indemnity plan has an employee contribution of \$64.60 for employee-only plans, and \$196.53 for employee & spouse plans. Employee & children plans have an overall average of \$190.19, while family plans average \$238.18 per month. Last year, the weighted average employee contribution for Indemnity plans for employee only, employee & spouse, employee & children and family were \$29.85, \$146.34, \$168.19 and \$211.00 respectively.

HMO/POS PLAN BENEFITS

TABLE 22:
HMO/POS IN-NETWORK DEDUCTIBLE BY EMPLOYER SIZE

In-network deductibles average \$270 per employee for single coverage, and \$535 for family coverage. Last year, the average deductibles for single and family coverage were \$191 and \$404 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$452	\$788
50–249 employees	\$356	\$737
250–999 employees	\$252	\$514
1000+ employees	\$86	\$173
Weighted AVG.	\$270	\$535

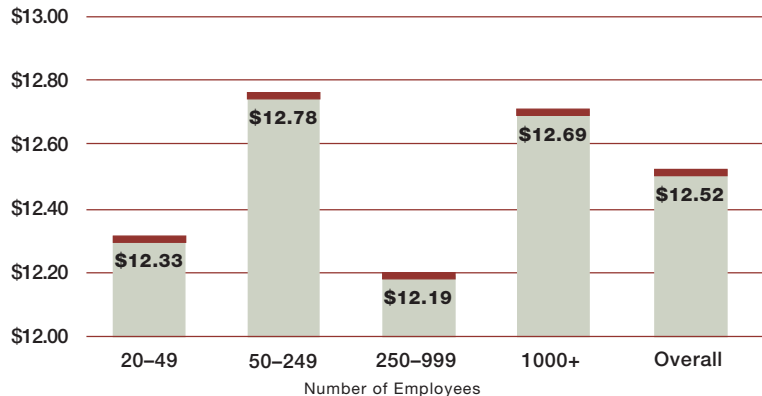
TABLE 23:
HMO/POS MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE

The average maximum out-of-pocket for single and family coverage is shown. The weighted average maximum out-of-pocket expense for all employers is \$1,191 for single coverage and \$2,425 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,059 and \$2,275 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$1,494	\$2,973
50–249 employees	\$1,080	\$2,179
250–999 employees	\$1,129	\$2,559
1000+ employees	\$1,125	\$2,292
Weighted AVG.	\$1,191	\$2,425

EXHIBIT 9:
HMO/POS AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$12.52. Last year, this co-pay averaged \$11.13 per visit. A small number of employers reported the co-pay as a percentage of the cost instead of a dollar figure and, therefore, could not be reflected here.



Payments Continued

TABLE 24:
HMO/POS DRUG CO-PAY BY
EMPLOYER SIZE

Table 24 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name purchases. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$7.50, \$14.97 and \$26.45 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-preferred Brand-Name
20–49 employees	\$7.42	\$17.08	\$28.50
50–249 employees	\$8.40	\$16.00	\$28.27
250–999 employees	\$7.90	\$16.53	\$28.82
1000+ employees	\$8.08	\$17.08	\$33.33
WEIGHTED AVG.	\$8.04	\$16.58	\$29.77

PPO PLAN BENEFITS

TABLE 25:
PPO IN-NETWORK DEDUCTIBLES
BY EMPLOYER SIZE

In-network deductibles average \$384 per employee for single coverage, and \$825 for family coverage. Last year, the average deductibles for single and family coverage were \$342 and \$748 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$525	\$1,140
50–249 employees	\$415	\$889
250–999 employees	\$343	\$708
1000+ employees	\$246	\$571
Weighted AVG.	\$384	\$825

TABLE 26:
PPO MAXIMUM OUT-OF-POCKET
EXPENSES FOR SINGLE AND
FAMILY COVERAGE

The weighted average maximum out-of-pocket expense for all employers is \$1,287 for single coverage and \$2,661 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,210 and \$2,468 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$1,492	\$3,002
50–249 employees	\$1,308	\$2,627
250–999 employees	\$1,233	\$2,536
1000+ employees	\$1,159	\$2,686
Weighted AVG.	\$1,287	\$2,661

EXHIBIT 10:
PPO AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$13.28. Last year, this co-pay averaged \$12.49 per visit. As with the HMO/POS plans, a small number of employers reported the co-pay as a percentage of the cost instead of a dollar figure and, therefore, could not be reflected here.

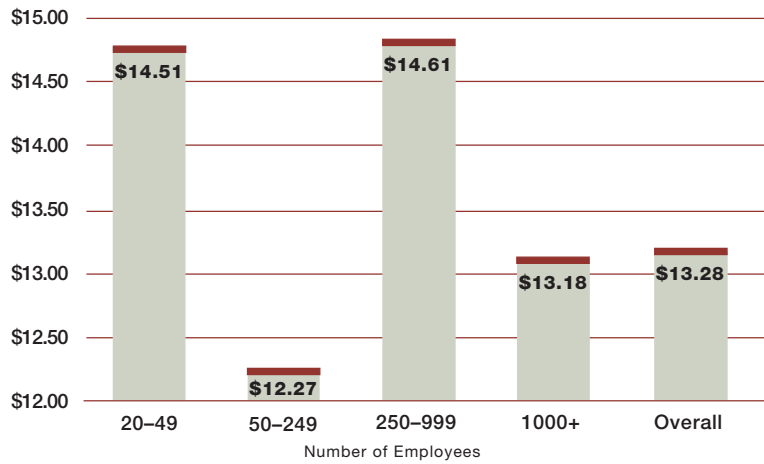


TABLE 27:
PPO DRUG CO-PAY BY EMPLOYER SIZE

Table 27 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name purchases. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$7.98, \$15.39 and \$22.71 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-preferred Brand-Name
20-49 employees	\$8.10	\$15.21	\$24.57
50-249 employees	\$8.29	\$16.43	\$27.04
250-999 employees	\$8.56	\$17.56	\$27.08
1000+ employees	\$9.00	\$18.16	\$31.00
WEIGHTED AVG.	\$8.45	\$16.86	\$27.42

TRADITIONAL INDEMNITY PLAN BENEFITS

TABLE 28:
TRADITIONAL INDEMNITY DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$586 per employee for single coverage, and \$1,245 for family coverage. Last year, the average deductibles for single and family coverage were \$344 and \$652 respectively.

EMPLOYER SIZE	Single	Family
20-49 employees	\$865	\$1,638
50-249 employees	\$675	\$1,531
250-999 employees	\$280	\$540
1000+ employees	\$250	\$500
Weighted AVG.	\$586	\$1,245

Payments Continued

TABLE 29:
TRADITIONAL INDEMNITY
MAXIMUM OUT-OF-POCKET
EXPENSES BY EMPLOYER SIZE

In Table 29, the average maximum out-of-pocket for single and family coverage is shown for each employer size classification. The weighted average maximum out-of-pocket expense for all employers is \$1,496 for single coverage and \$3,091 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,207 and \$2,167 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$1,532	\$2,950
50–249 employees	\$1,643	\$3,696
250–999 employees	\$1,359	\$2,659
1000+ employees	\$1,250	\$2,250
Weighted AVG.	\$1,496	\$3,091

EXHIBIT 11:
TRADITIONAL INDEMNITY
AVERAGE DOCTOR'S OFFICE
CO-PAY (IN \$)

The average doctor's office co-pay for all employers is \$15.32. Last year, this co-pay averaged \$11.05 per visit.

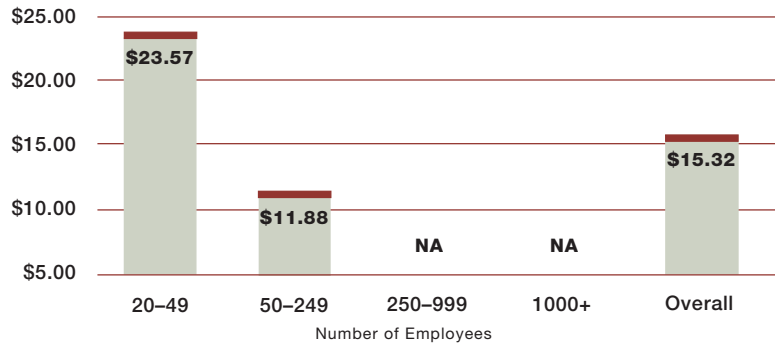


TABLE 30:
TRADITIONAL INDEMNITY
AVERAGE DRUG CO-PAY BY
EMPLOYER SIZE

Table 30 displays the average drug co-pay for generic, preferred brand name and non-preferred brand name purchases. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$7.71, \$14.65 and \$25.66 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-preferred Brand-Name
20–49 employees	\$9.00	\$16.50	\$21.88
50–249 employees	\$7.27	\$17.27	\$25.00
250–999 employees	\$6.61	\$12.81	\$16.25
1000+ employees	NA	NA	NA
WEIGHTED AVG.	\$7.40	\$15.75	\$21.99

Overall Picture of Average Iowa Employer

What does the average Iowa employer (regardless of size and industry) offer to its employees for benefits? The following information will depict the “average” offering of employee benefits by Iowa employers who do offer benefits. The medical premiums are the weighted average of all plans (HMO/POS, PPO, and Traditional Indemnity).

Table 31 and **Table 32** show overall averages of billed rates and employee contributions for all medical plans.

TABLE 31:
OVERALL MONTHLY MEDICAL
PLAN PREMIUMS (INCLUDES
EMPLOYER AND EMPLOYEE
CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$230.11	\$467.95	\$447.98	\$584.67
50–249 employees	\$257.77	\$545.24	\$523.19	\$662.37
250–999 employees	\$268.93	\$561.12	\$572.04	\$657.60
1000+ employees	\$241.19	\$437.52	\$449.50	\$634.42
WEIGHTED AVG.	\$254.05	\$521.28	\$512.95	\$646.33

TABLE 32:
OVERALL MONTHLY EMPLOYEE
CONTRIBUTION – FOR MEDICAL
COVERAGE

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$50.61	\$178.55	\$171.89	\$239.33
50–249 employees	\$48.54	\$213.43	\$193.50	\$276.96
250–999 employees	\$57.46	\$145.10	\$145.53	\$205.54
1000+ employees	\$29.92	\$103.62	\$105.59	\$153.95
WEIGHTED AVG.	\$48.32	\$178.45	\$170.85	\$236.01

Last year, the weighted average employee contribution for employee only, employee & spouse, employee & children and family were \$39.17, \$152.30, \$157.43 and \$212.01 respectively.

Overall Picture Continued

As seen in **Table 33**, there is a tendency for larger employers to offer more benefit opportunities than smaller employers.

TABLE 33:
OVERALL BENEFITS OF LARGE VERSUS SMALL EMPLOYERS (FULL-TIME EMPLOYEES ONLY)

BENEFITS OFFERED	Employer Size		
	LESS THAN 250 EMPLOYEES	250 OR MORE EMPLOYEES	ALL COMPANIES
Health Insurance	93.5%	98.4%	95.3%
Paid Holidays	92.7%	92.8%	92.7%
Vacation	87.4%	84.2%	86.2%
Group Life Insurance	79.7%	96.7%	86.2%
Retirement Plans	82.1%	89.7%	85.0%
Pre-Tax Premium	73.2%	89.4%	79.3%
Dental Insurance	63.5%	87.7%	72.7%
Sick Leave	68.6%	72.1%	69.9%
Long Term Disability	60.7%	82.0%	68.8%
Dependent care flexible spending account	52.6%	79.5%	62.8%
Medical care spending account	51.2%	78.9%	61.7%
Short Term Disability	50.6%	63.3%	55.4%
Educational Assist/Tuition Reimbursement	38.4%	69.0%	50.0%
Employee Assistance Program (EAP)	29.1%	67.0%	43.5%
Casual Dress (everyday, not just Fridays)	39.4%	32.5%	36.8%
Vision Coverage	27.0%	42.5%	32.9%
Retiree Health Insurance (Pre 65 yrs)	22.1%	39.0%	28.5%
Paid Time Off Bank (PTO)	23.5%	25.4%	24.2%
Flextime	20.2%	24.5%	21.8%
Fitness center or gym subsidy	10.7%	33.7%	19.4%
Retiree Health Insurance (65 yrs +)	8.1%	26.1%	15.0%
Long Term Care Insurance	10.2%	19.7%	13.8%
Estate and Financial Planning	4.6%	7.7%	5.8%
Child care assistance (on or off-site)	4.2%	8.1%	5.7%
Telecommuting	2.5%	9.0%	5.0%
Legal Planning	1.3%	6.8%	3.4%