



We at David P. Lind & Associates, L.L.C. (DPL&A) are pleased to provide you with this copy of the *2003 Iowa Employer Benefits Study*[®]. This fifth 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 2003 Study includes information on employer attitudes on why health care costs are increasing, potential solutions to “fix” the health care system, and the economic tradeoffs that occur for employers when faced with rising health insurance costs.

To help Iowa employers benchmark their employee benefit plans with the *2003 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
2003 Iowa Employer Benefits Study[®]

DAVID P. LIND, CEBS
PRESIDENT, DAVID P. LIND & ASSOCIATES L.L.C.

Explanation of the Survey Process

This is the fifth 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.

An attempt was made to contact all sampled employers by telephone to determine whether they were currently doing business in Iowa, to determine the best respondent for the questionnaire, and to verify address information. In mid-May 2003 all sampled employers were mailed a letter inviting them to participate in this year's study by completing the survey via a secure, password-protected website.

A total of 9,635 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, 1,657 were randomly selected (sampled) to take part in this year's study. 634 organizations completed either web-based or hardcopy questionnaires, producing a 38.3 percent response rate. Information from 14 of these employers arrived too late to include in this analysis, therefore the data presented here were obtained from 620 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 | 6,486 | 588 | 186 |
| 50-249 | 2,581 | 631 | 256 |
| 250-999 | 478 | 348 | 143 |
| 1000+ | 90 | 90 | 35 |
| TOTAL | 9,635 | 1,657 | 620 |

The results reported in this survey provide estimates of employee benefits offered by employers in Iowa. For the overall sample, the employee-size weighted percentages are all accurate to within plus or minus 3.7 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 3.7 percent.

Averages reported for employers within employee size categories are statistically accurate to within plus or minus 7 percent for each of the three smaller employee sizes, and plus or minus 13 percent for the largest employers. All precision levels are stated at the 95 percent confidence level.

The following table (**Table 2**) shows the response rates during the last 5 studies conducted by David P. Lind and Associates, L.L.C.:

TABLE 2:
STUDY RESPONSE RATE HISTORY

| YEAR | Response Rate | # of Employers |
|-------|---------------|----------------|
| 1999* | 21.5% | 342 |
| 2000 | 27.2% | 499 |
| 2001 | 25.6% | 407 |
| 2002 | 31.5% | 478 |
| 2003 | 38.3% | 620 |

* 1999 Study included Central Iowa Employers only

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 study 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. Instead, it was decided to use employee-size weighted averages when reporting 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 3:
BENEFITS OFFERED TO FULL-TIME AND PART-TIME EMPLOYEES

Table 3 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 | 95.0% | 30.7% |
| Paid Holidays | 92.2% | 40.1% |
| Vacation | 85.8% | 34.4% |
| Retirement Plans | 85.3% | 42.1% |
| Group Life Insurance | 85.2% | 24.5% |
| Dental Insurance | 73.3% | 26.1% |
| Pre-Tax Premium | 72.3% | 28.4% |
| Sick Leave | 68.3% | 32.6% |
| Long Term Disability | 68.1% | 16.7% |
| Dependent care flexible spending account | 66.1% | 30.6% |
| Medical care spending account | 62.4% | 29.4% |
| Short Term Disability | 57.5% | 13.6% |
| Educational Assist/Tuition Reimbursement | 50.3% | 18.0% |
| Employee Assistance Program (EAP) | 45.6% | 29.1% |
| Casual Dress (everyday, not just Fridays) | 39.4% | 21.7% |
| Vision Coverage | 34.7% | 13.6% |
| Paid Time Off (PTO) | 25.7% | 15.0% |
| Retiree Health Insurance (Pre 65 Years) | 25.1% | 6.5% |
| Flextime | 21.9% | 14.1% |
| Fitness center or gym subsidy | 20.6% | 12.9% |
| Retiree health Insurance (65 years +) | 15.7% | 4.3% |
| Long Term Care Insurance | 11.4% | 4.2% |
| Telecommuting | 6.3% | 3.4% |
| Child care assistance (on or off-site) | 4.8% | 3.4% |

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.

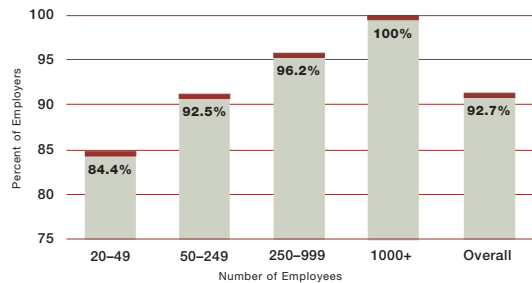
As in the 2002 Study, there is a tendency for larger employers to offer more of these benefits than smaller employers. This is true for both full-time and part-time employees.

Retirement

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 1: PERCENT OF EMPLOYERS OFFERING RETIREMENT BENEFITS

Overall, 92.7 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 the largest employers (over 1,000 employees) all offer retirement plans.



Even though the large majority of employers provide retirement benefits, the types of plans differ greatly. **Table 4** shows the types of plans and the percentages of employers offering them.

TABLE 4: TYPES OF RETIREMENT PLANS OFFERED BY EMPLOYERS

The 401(k) (alone or in combination with other plans) is offered most often by over 68 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) | 68.6% |
| Defined Benefit Pension Plan | 14.9% |
| IPERS | 14.4% |
| Profit Sharing | 14.2% |
| 403(b) | 12.5% |
| Simple IRA | 4.1% |
| ESOP | 3.5% |
| SEP | 0.8% |
| Other | 11.0% |

Retirement Continued

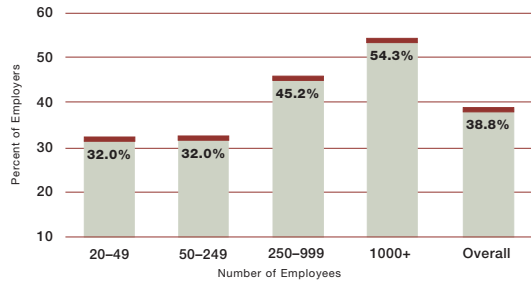
**TABLE 5:
RETIREMENT PLANS BY
EMPLOYER SIZE**

Table 5 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 larger 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) | 71.5% | 67.8% | 65.2% | 74.3% |
| Defined Benefit Pension Plan | 4.5% | 11.0% | 18.6% | 34.3% |
| 403(b) | 9.4% | 9.1% | 16.7% | 17.1% |
| IPERS | 8.7% | 17.4% | 14.6% | 14.3% |
| Profit Sharing | 19.3% | 12.0% | 17.1% | 5.7% |
| ESOP | 1.3% | 2.9% | 6.2% | 2.9% |

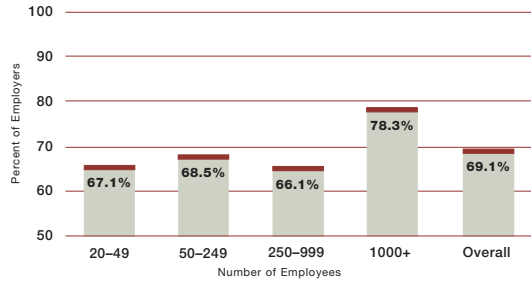
**EXHIBIT 2:
EMPLOYERS OFFERING MORE
THAN ONE RETIREMENT PLAN**

Approximately 39 percent of all employers offer more than one plan, and that number varies by employer size.



**EXHIBIT 3:
EMPLOYERS OFFERING
GUARANTEED MATCHING FOR
401(K) PLANS**

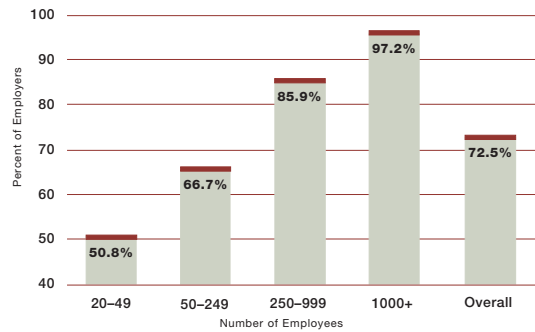
More than 69% of employers offer guaranteed matching of contributions. While 32.9 percent of the smaller employers keep their contributions discretionary, the majority (78.3 percent) of the larger employers offer guaranteed matching.



Dental Insurance

Similar to last year's survey, **Exhibit 4** shows as the employer size increases, the likelihood of offering dental benefits increases from 51 to 97 percent.

EXHIBIT 4:
EMPLOYERS OFFERING DENTAL PLANS



DENTAL PLAN COSTS AND CONTRIBUTIONS

TABLE 6:
DENTAL PLAN MONTHLY PREMIUMS (INCLUDES EMPLOYER AND EMPLOYEE CONTRIBUTIONS)

The average monthly premium for the primary Dental plan is \$22.55 for employee only, \$47.94 for employee and spouse, \$52.59 for employee and children, and \$65.66 for family. Table 6 presents average monthly premiums by employer size. Last year, the weighted average monthly premiums for employee only, employee & spouse, employee & children and family were \$21.19, \$46.19, \$48.68 and \$59.83 respectively.

| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|----------------|
| 20-49 employees | \$22.85 | \$47.24 | \$50.18 | \$66.43 |
| 50-249 employees | \$22.37 | \$46.65 | \$50.60 | \$65.76 |
| 250-999 employees | \$21.84 | \$47.74 | \$54.50 | \$63.09 |
| 1000+ employees | \$24.13 | \$51.34 | \$55.88 | \$70.01 |
| WEIGHTED AVG. | \$22.55 | \$47.94 | \$52.59 | \$65.66 |

Dental Insurance Continued

TABLE 7:
DENTAL PLAN PREMIUMS –
MONTHLY EMPLOYEE
CONTRIBUTIONS

The average Dental Plan has an employee contribution of \$11.19 for employee-only plans, and \$29.57 for employee and spouse plans. Employee and children plans have an overall average of \$32.67, while family dental plans average \$39.09 per month. Last year, the weighted average employee contribution for employee only, employee & spouse, employee & children and family were \$9.01, \$24.57, \$26.37 and \$31.99 respectively.

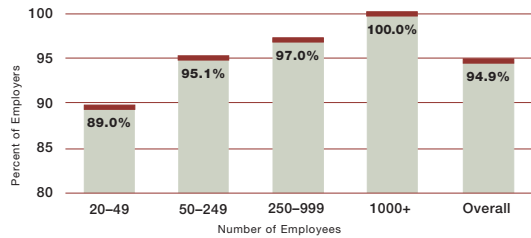
| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|----------------|
| 20-49 employees | \$9.88 | \$29.80 | \$31.17 | \$42.57 |
| 50-249 employees | \$11.80 | \$29.84 | \$33.97 | \$40.20 |
| 250-999 employees | \$10.73 | \$29.55 | \$32.73 | \$36.47 |
| 1000+ employees | \$12.05 | \$28.96 | \$31.23 | \$39.62 |
| WEIGHTED AVG. | \$11.19 | \$29.57 | \$32.67 | \$39.09 |

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 5:
EMPLOYERS OFFERING HEALTH
INSURANCE BENEFITS

Overall, 94.9 percent of employers who responded offer health insurance to their employees. This rate was 95.9% in last year's study. Only the smaller employers surveyed are somewhat less likely to offer health coverage.



**TABLE 8:
TYPES OF HEALTH INSURANCE
PLANS OFFERED BY SIZE OF
EMPLOYER**

Approximately 82 percent of Iowa employers offer PPO plans. These types of plans are the most frequently offered for all size categories. Less than 30 percent offer HMO/POS plans, and approximately 9 percent offer traditional indemnity plans. Last year's study indicated that approximately 77 percent of Iowa employers offered PPO plans, 26 percent offered HMO/POS, and almost 11 percent offered traditional indemnity plans.

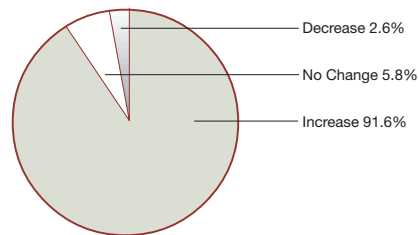
| | Employer Size | | | | Overall |
|-----------------------|---------------|--------|---------|-------|---------|
| | 20-49 | 50-249 | 250-999 | 1000+ | |
| HMO/POS | 32.3% | 25.4% | 27.2% | 45.6% | 29.8% |
| PPO | 74.8% | 83.0% | 82.8% | 85.3% | 81.7% |
| Traditional Indemnity | 14.2% | 6.4% | 10.2% | 8.8% | 9.4% |

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. Because the PPO plan is the most widely used plan by Iowa employers, we have summarized the historical results on PPO plans from the past 5 studies conducted by DPL&A in **Tables 16, 18, 25, 27, 29** and **Exhibit 9**.

HEALTH INSURANCE RATES

**EXHIBIT 6:
EMPLOYERS WITH CHANGES IN
HEALTH INSURANCE RATES**

Almost 92 percent of all employers who responded to the survey experienced an increase in medical rates during the last year. Only 2.6 percent reported a decrease. These numbers are almost identical to the 2001 and 2002 study results.



These results varied by employer size. The differences in rate increases tend to vary, with smaller employers experiencing higher rate increases.

Health Insurance Rates Continued

TABLE 9:
HEALTH INSURANCE RATE
INCREASES

Overall, the average reported increase in rates was 18.2 percent.

| EMPLOYER SIZE | Percent of Employers with Rate Increases | Average Percent Change |
|----------------------|--|------------------------|
| 20-49 employees | 95.6% | 22.0% |
| 50-249 employees | 92.6% | 18.7% |
| 250-999 employees | 88.9% | 15.4% |
| 1000+ employees | 88.6% | 17.2% |
| Weighted AVG. | 91.6% | 18.2% |

Table 10 presents the history of health insurance rate increases since 2001. The smaller employers have experienced higher rate increases than the larger employers.

TABLE 10:
HISTORY OF HEALTH INSURANCE
RATE INCREASES (BY EMPLOYER
SIZE) SINCE 2001

| EMPLOYER SIZE | 2001 | 2002 | 2003 |
|----------------------|--------------|--------------|--------------|
| 20-49 employees | 19.1% | 19.4% | 22.0% |
| 50-249 employees | 18.9% | 20.1% | 18.7% |
| 250-999 employees | 17.5% | 16.3% | 15.4% |
| 1000+ employees | 10.3% | 17.4% | 17.2% |
| Weighted AVG. | 17.4% | 18.7% | 18.2% |

Approximately two thirds (67.6 percent) of employers, regardless of size, reacted to these higher insurance rates by sharing the increase with their employees (See **Table 11** on the next page).

Approximately 30 percent reduced benefits to minimize or eliminate the increase, while 15 percent of employers absorbed the entire cost increase themselves. The cost increase caused approximately 14 percent of employers to change insurance carriers, while only 4 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. Of special interest, almost 7 percent of the responding employers indicated they reduced/eliminated pay raises or bonuses, 2.5 percent of employers hired fewer new employees, and 1.7 percent postponed capital improvements.

TABLE 11:
EMPLOYER RESPONSES TO INCREASED HEALTH INSURANCE RATES (WEIGHTED AVERAGE REGARDLESS OF EMPLOYER SIZE)

| EMPLOYER RESPONSES TO INCREASED INSURANCE RATES | Overall |
|---|---------|
| The employees and employer shared in paying the additional cost | 67.6% |
| Reduced benefits to minimize or eliminate the increase | 30.1% |
| The employer absorbed the increased cost | 15.3% |
| Changed insurance company | 14.0% |
| Reduced/eliminated pay raises or bonuses | 6.6% |
| Passed all of the increased costs on to the employees | 4.1% |
| Hired fewer new employees | 2.5% |
| Postponed capital improvements | 1.7% |
| No longer provide health insurance coverage | 0.4% |
| Other | 11.1% |

Iowa employers were asked to respond to the hypothetical question, “If your medical insurance premiums remain stable (i.e. do not increase) over the next 12 months, how might your organization apply these ‘savings’ elsewhere within the organization?” This question attempts to address the hidden economic tradeoff that employers have when confronting rising health insurance rates each year. Employers were allowed multiple responses to this question (See **Table 12**).

TABLE 12:
HOW EMPLOYERS MIGHT USE MONEY (OTHERWISE PAID IN PREMIUM) IF HEALTH INSURANCE RATES REMAIN STABLE

| ANSWER CATEGORIES | Employer Size | | | | Overall |
|--|---------------|--------|---------|-------|--------------|
| | 20-49 | 50-249 | 250-999 | 1000+ | |
| Don't Know | 40.1% | 35.1% | 38.9% | 45.2% | 38.5% |
| Save or invest for future medical rate increases | 28.1% | 32.4% | 38.2% | 45.2% | 34.7% |
| Increase employee pay and/or bonuses | 21.4% | 24.2% | 18.2% | 14.5% | 20.7% |
| Offer more employee benefits | 13.7% | 13.3% | 10.3% | 12.9% | 12.5% |
| Make capital improvements and/or equipment purchases | 17.0% | 12.1% | 7.7% | 0.0% | 10.4% |
| Other | 3.9% | 4.0% | 3.4% | 0.0% | 3.3% |
| Hire new employees to increase workforce | 2.6% | 2.4% | 2.2% | 3.2% | 2.5% |

Payments

HMO/POS PLANS

Table 13 shows the monthly average billed rate for the primary HMO/POS plan, and Table 14 displays the corresponding monthly employee contributions.

TABLE 13:
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 | \$216.87 | \$435.88 | \$415.76 | \$596.19 |
| 50-249 employees | \$251.68 | \$521.09 | \$492.63 | \$707.83 |
| 250-999 employees | \$248.41 | \$545.03 | \$518.88 | \$675.61 |
| 1000+ employees | \$273.56 | \$591.67 | \$587.27 | \$753.11 |
| WEIGHTED AVG. | \$248.20 | \$527.87 | \$507.60 | \$685.32 |

TABLE 14:
HMO/POS MONTHLY EMPLOYEE
CONTRIBUTIONS

| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|-----------------|
| 20-49 employees | \$45.32 | \$164.84 | \$166.82 | \$249.94 |
| 50-249 employees | \$60.40 | \$217.40 | \$193.93 | \$301.35 |
| 250-999 employees | \$48.44 | \$190.42 | \$192.49 | \$237.92 |
| 1000+ employees | \$30.59 | \$145.25 | \$123.73 | \$170.96 |
| WEIGHTED AVG. | \$47.80 | \$184.76 | \$172.34 | \$245.17 |

The average HMO/POS plan has an employee contribution of \$47.80 for employee only plans, and \$184.76 for employee & spouse plans. Employee & children plans have an overall average of \$172.34, while family plans average \$245.17 per month. Last year, the weighted average employee contribution for HMO/POS plans for employee only, employee & spouse, employee & children and family were \$49.14, \$152.10, \$141.83 and \$221.93 respectively. Of special note, the employee only plan contribution was slightly less this year compared to the prior year.

PPO PLANS

Table 15 shows the monthly average billed rate for the primary PPO plan.

TABLE 15:
PPO MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|-----------------|
| 20-49 employees | \$256.50 | \$512.59 | \$479.53 | \$672.43 |
| 50-249 employees | \$290.37 | \$582.49 | \$558.97 | \$743.54 |
| 250-999 employees | \$281.17 | \$575.47 | \$571.90 | \$734.69 |
| 1000+ employees | \$274.47 | \$576.85 | \$586.55 | \$719.00 |
| WEIGHTED AVG. | \$279.31 | \$566.88 | \$551.50 | \$725.26 |

Table 16 presents the history of monthly PPO health premiums since 1999 in Iowa.

TABLE 16:
HISTORY OF PPO MONTHLY
HEALTH PREMIUMS (SINGLE AND
FAMILY ONLY, INCLUDES
EMPLOYER AND EMPLOYEE
CONTRIBUTIONS)

| YEAR | Single | Family |
|-----------------------|--------------|--------------|
| 1999* | \$178 | \$457 |
| 2000 | \$195 | \$493 |
| 2001 | \$229 | \$590 |
| 2002 | \$255 | \$651 |
| 2003 | \$279 | \$725 |
| 5 YR. INCREASE | 56.7% | 58.6% |

* 1999 Study included Central Iowa Employers only

Table 17 shows the monthly employee contributions for the primary PPO plan.

TABLE 17:
PPO MONTHLY EMPLOYEE
CONTRIBUTIONS

| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|-----------------|
| 20-49 employees | \$53.52 | \$212.15 | \$191.56 | \$288.25 |
| 50-249 employees | \$51.46 | \$209.93 | \$210.38 | \$284.21 |
| 250-999 employees | \$52.37 | \$160.31 | \$167.50 | \$214.56 |
| 1000+ employees | \$43.50 | \$168.88 | \$166.42 | \$187.76 |
| WEIGHTED AVG. | \$50.99 | \$188.86 | \$188.21 | \$249.14 |



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 *2003 Iowa Employer Benefits Study*[®] includes valuable information about health care benefits, dental insurance, retirement plans and other benefits offered by Iowa employers. In addition, employer attitudes on the overall health care industry are revealed. 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.

Payments Continued

As indicated in **Table 17**, on page 13, the average PPO plan has an employee contribution of \$50.99 for employee only plans, and \$188.86 for employee & spouse plans. Employee & children plans have an overall average of \$188.21, while family plans average \$249.14 per month. Last year, the weighted average employee contribution for PPO plans for employee only, employee & spouse, employee & children and family were \$47.26, \$178.26, \$169.77 and \$236.66 respectively.

Table 18 presents the history of monthly PPO monthly employee contributions since 1999 in Iowa.

TABLE 18:
HISTORY OF PPO MONTHLY
EMPLOYEE CONTRIBUTIONS
(SINGLE AND FAMILY ONLY)

| YEAR | Single | Family |
|-----------------------|--------------|--------------|
| 1999* | \$40 | \$195 |
| 2000 | \$39 | \$175 |
| 2001 | \$40 | \$227 |
| 2002 | \$47 | \$237 |
| 2003 | \$51 | \$249 |
| 5 YR. INCREASE | 27.5% | 27.7% |

* 1999 Study included Central Iowa Employers only

TRADITIONAL INDEMNITY PLANS

Table 19 and **Table 20** show the monthly average billed rate and the employee contributions for the primary traditional indemnity plan.

TABLE 19:
INDEMNITY MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|-----------------|
| 20-49 employees | \$235.05 | \$587.67 | \$553.65 | \$664.97 |
| 50-249 employees | \$301.59 | \$601.57 | \$576.12 | \$782.03 |
| 250-999 employees | \$314.21 | \$724.02 | \$681.50 | \$804.54 |
| 1000+ employees* | \$304.37 | \$660.11 | \$494.00 | \$761.06 |
| WEIGHTED AVG. | \$288.08 | \$638.46 | \$588.17 | \$755.28 |

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

TABLE 20:
INDEMNITY MONTHLY EMPLOYEE CONTRIBUTIONS

The average Indemnity plan has an employee contribution of \$53.55 for employee only plans, and \$189.19 for employee & spouse plans. Employee & children plans have an overall average of \$162.50, while family plans average \$232.52 per month. Last year, the weighted average employee contribution for Indemnity plans for employee only, employee & spouse, employee & children and family were \$64.60, \$196.53, \$190.19 and \$238.18 respectively.

| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|-----------------|
| 20-49 employees | \$57.06 | \$164.51 | \$172.53 | \$204.90 |
| 50-249 employees | \$51.30 | \$174.01 | \$179.96 | \$273.39 |
| 250-999 employees | \$50.04 | \$164.42 | \$134.00 | \$224.72 |
| 1000+ employees* | \$59.77 | \$308.31 | \$144.00 | \$239.10 |
| WEIGHTED AVG. | \$53.55 | \$189.19 | \$162.50 | \$232.52 |

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

HMO/POS PLAN BENEFITS

TABLE 21:
HMO/POS IN-NETWORK DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$340 per employee for single coverage, and \$724 for family coverage. Last year, the average deductibles for single and family coverage were \$270 and \$535 respectively.

| EMPLOYER SIZE | Single | Family |
|----------------------|--------------|--------------|
| 20-49 employees | \$543 | \$1,143 |
| 50-249 employees | \$375 | \$769 |
| 250-999 employees | \$297 | \$699 |
| 1000+ employees | \$122 | \$237 |
| Weighted AVG. | \$340 | \$724 |

TABLE 22:
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 \$1,350 for single coverage and \$2,794 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,191 and \$2,425 respectively.

| EMPLOYER SIZE | Single | Family |
|----------------------|----------------|----------------|
| 20-49 employees | \$1,415 | \$2,869 |
| 50-249 employees | \$1,407 | \$2,918 |
| 250-999 employees | \$1,492 | \$3,134 |
| 1000+ employees | \$1,006 | \$2,077 |
| Weighted AVG. | \$1,350 | \$2,794 |

HMO/POS Benefits Continued

EXHIBIT 7:
HMO/POS AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$13.54. Last year, this co-pay averaged \$12.52 per visit.

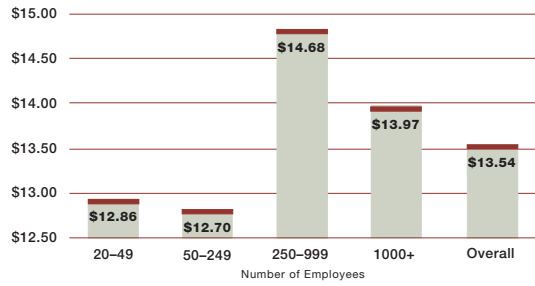


TABLE 23:
HMO/POS DRUG CO-PAY BY EMPLOYER SIZE

Table 23 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$8.04, \$16.58 and \$29.77 respectively.

| EMPLOYER SIZE | Generic | Preferred Brand-Name | Non-preferred Brand-Name |
|----------------------|---------------|----------------------|--------------------------|
| 20-49 employees | \$9.46 | \$21.95 | \$36.71 |
| 50-249 employees | \$10.74 | \$21.32 | \$37.98 |
| 250-999 employees | \$8.63 | \$19.24 | \$35.21 |
| 1000+ employees | \$9.10 | \$17.03 | \$30.52 |
| WEIGHTED AVG. | \$9.56 | \$20.00 | \$35.40 |

PPO PLAN BENEFITS

TABLE 24:
PPO IN-NETWORK DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$473 per employee for single coverage, and \$1,022 for family coverage. Last year, the average deductibles for single and family coverage were \$384 and \$825 respectively.

| EMPLOYER SIZE | Single | Family |
|----------------------|--------------|----------------|
| 20-49 employees | \$650 | \$1,368 |
| 50-249 employees | \$494 | \$1,080 |
| 250-999 employees | \$426 | \$893 |
| 1000+ employees | \$291 | \$706 |
| Weighted AVG. | \$473 | \$1,022 |

Table 25 presents the history of PPO In-Network Deductibles since 1999.

TABLE 25:
HISTORY OF PPO IN-NETWORK
DEDUCTIBLES

| YEAR | Single | Family |
|-----------------------|--------------|--------------|
| 1999* | \$305 | \$693 |
| 2000 | \$280 | \$599 |
| 2001 | \$342 | \$748 |
| 2002 | \$384 | \$825 |
| 2003 | \$473 | \$1,022 |
| 5 YR. INCREASE | 55.1% | 47.5% |

* 1999 Study included Central Iowa Employers only

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 \$1,522 for single coverage and \$3,049 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,287 and \$2,661 respectively.

| EMPLOYER SIZE | Single | Family |
|----------------------|----------------|----------------|
| 20-49 employees | \$1,849 | \$3,757 |
| 50-249 employees | \$1,468 | \$2,934 |
| 250-999 employees | \$1,407 | \$2,849 |
| 1000+ employees | \$1,519 | \$2,941 |
| Weighted AVG. | \$1,522 | \$3,049 |

Table 27 presents the history of PPO Maximum Out-of-Pocket Expenses since 1999.

TABLE 27:
HISTORY OF PPO MAXIMUM
OUT-OF-POCKET EXPENSES

| YEAR | Single | Family |
|-----------------------|--------------|--------------|
| 1999* | \$1,117 | \$2,277 |
| 2000 | \$1,001 | \$1,943 |
| 2001 | \$1,210 | \$2,468 |
| 2002 | \$1,287 | \$2,661 |
| 2003 | \$1,522 | \$3,049 |
| 5 YR. INCREASE | 36.3% | 33.9% |

* 1999 Study included Central Iowa Employers only

PPO Benefits Continued

EXHIBIT 8:
PPO AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$14.11. Last year, this co-pay averaged \$13.28 per visit.

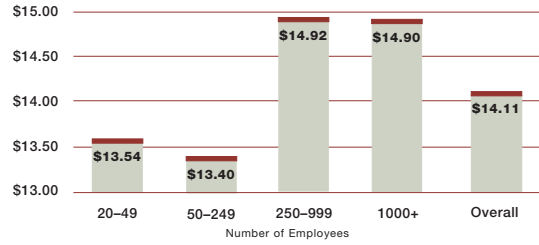
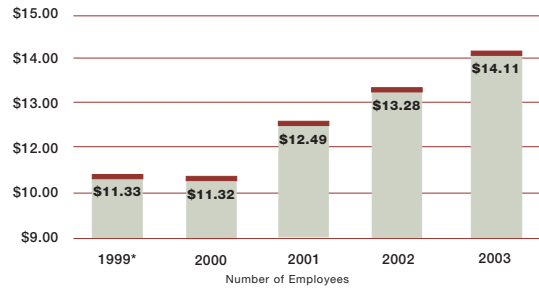


Exhibit 9 presents the history of PPO average doctor's office co-pays since 1999.

EXHIBIT 9:
HISTORY OF PPO AVERAGE DOCTOR'S OFFICE CO-PAYS (IN \$)

The PPO average doctor's office co-pay has increased 24.5% over the last 5 years.



* 1999 Study included Central Iowa Employers only

TABLE 28:
PPO DRUG CO-PAY BY EMPLOYER SIZE

Table 28 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$8.45, \$16.86 and \$27.42 respectively.

| EMPLOYER SIZE | Generic | Preferred Brand-Name | Non-preferred Brand-Name |
|----------------------|---------------|----------------------|--------------------------|
| 20-49 employees | \$9.75 | \$21.61 | \$34.77 |
| 50-249 employees | \$9.83 | \$20.67 | \$35.29 |
| 250-999 employees | \$9.28 | \$19.94 | \$33.34 |
| 1000+ employees | \$8.69 | \$18.41 | \$29.00 |
| WEIGHTED AVG. | \$9.48 | \$20.29 | \$33.58 |

Table 29 presents the history of PPO drug co-pays since 1999.

TABLE 29:
HISTORY OF PPO DRUG CO-PAYS

| YEAR | Generic | Preferred Brand-Name | Non-Preferred Brand-Name |
|-----------------------|--------------|----------------------|--------------------------|
| 1999* | \$8.07 | \$13.26 | N/A |
| 2000 | \$6.58 | \$13.46 | \$23.91 |
| 2001 | \$7.98 | \$15.39 | \$22.71 |
| 2002 | \$8.45 | \$16.86 | \$27.42 |
| 2003 | \$9.48 | \$20.29 | \$33.58 |
| 5 YR. INCREASE | 17.5% | 53.0% | 40.4%** |

* 1999 Study included Central Iowa Employers only

** 4 year increase

TRADITIONAL INDEMNITY PLAN BENEFITS

TABLE 30:
TRADITIONAL INDEMNITY
IN-NETWORK DEDUCTIBLES BY
EMPLOYER SIZE

In-network deductibles average \$515 per employee for single coverage, and \$1,050 for family coverage. Last year, the average deductibles for single and family coverage were \$586 and \$1,245 respectively.

| EMPLOYER SIZE | Single | Family |
|----------------------|--------------|----------------|
| 20-49 employees | \$749 | \$1,432 |
| 50-249 employees | \$656 | \$1,464 |
| 250-999 employees | \$328 | \$790 |
| 1000+ employees* | \$200 | \$200 |
| Weighted AVG. | \$515 | \$1,050 |

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

Indemnity Benefits Continued

TABLE 31:
TRADITIONAL INDEMNITY
MAXIMUM OUT-OF-POCKET
EXPENSES BY EMPLOYER SIZE

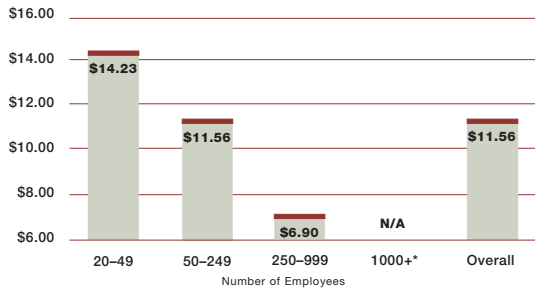
The weighted average maximum out-of-pocket expense for all employers is \$1,664 for single coverage and \$3,067 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,496 and \$3,091 respectively.

| EMPLOYER SIZE | Single | Family |
|----------------------|----------------|----------------|
| 20-49 employees | \$1,965 | \$3,719 |
| 50-249 employees | \$1,821 | \$4,060 |
| 250-999 employees | \$1,281 | \$2,247 |
| 1000+ employees* | \$1,700 | \$2,067 |
| Weighted AVG. | \$1,664 | \$3,067 |

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

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

The average doctor's office co-pay for all employers is \$11.56. Last year, this co-pay averaged \$15.32 per visit.



*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

TABLE 32:
TRADITIONAL INDEMNITY
AVERAGE DRUG CO-PAY BY
EMPLOYER SIZE

Table 32 displays the average drug co-pay for generic, preferred brand name and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$7.40, \$15.75 and \$21.99 respectively.

| EMPLOYER SIZE | Generic | Preferred Brand-Name | Non-preferred Brand-Name |
|----------------------|---------------|----------------------|--------------------------|
| 20-49 employees | \$9.67 | \$20.27 | \$31.58 |
| 50-249 employees | \$10.07 | \$19.78 | \$31.13 |
| 250-999 employees | \$7.42 | \$16.95 | \$30.67 |
| 1000+ employees* | \$7.00 | \$17.00 | N/A |
| WEIGHTED AVG. | \$8.93 | \$18.88 | \$31.11 |

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

CONSUMER-DRIVEN HEALTH PLANS

What is a Consumer-Driven Health Plan (CDH)?

Touted by many as the next generation of medical coverage for employees, CDH is still in its infancy stage. In its purest form, CDH plans consist of employers providing employees with a defined sum of money that employees can use to purchase health care coverage. In addition, employers may provide employees with a spending account to help offset employee out-of-pocket expenses. This coverage is usually employer-sponsored. By implementing a CDH 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 help assess the employers' willingness to switch to a consumer driven health 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 8**.)

TABLE 33:

LIKELIHOOD OF CHANGING TO A CONSUMER-DRIVEN HEALTH PLAN WITHIN THE NEXT 5 YEARS

Approximately 31 percent of all employers said they were somewhat likely or very likely to switch to a consumer-driven health plan within the next five-years (this compares to approximately 29 percent in last year's study). Over 42 percent said they were at least somewhat unlikely to make the switch (49 percent in last year's study). More than one-quarter (26.8 percent) are still unsure.

| ANSWER CATEGORIES | Employer Size | | | | Overall |
|----------------------|---------------|--------|---------|-------|--------------|
| | 20-49 | 50-249 | 250-999 | 1000+ | |
| 1. Very Likely | 5.7% | 7.3% | 7.9% | 13.2% | 7.9% |
| 2. Somewhat Likely | 19.4% | 21.4% | 26.7% | 26.5% | 23.2% |
| 3. Somewhat Unlikely | 17.5% | 22.0% | 24.6% | 29.4% | 22.8% |
| 4. Very Unlikely | 20.8% | 21.7% | 14.3% | 22.1% | 19.3% |
| 5. Unsure | 36.5% | 27.6% | 26.5% | 8.8% | 26.8% |

Table 33 indicates that CDH plans are likely to become more prevalent in the near future, but overall, the majority of employers are not quite ready to implement this new benefit approach.

EMPLOYER ATTITUDES ON CURRENT HEALTH CARE SYSTEM

This year's study asked Iowa employers their opinions on the major reasons health insurance premiums continue to increase in Iowa (averaging 16% - 19% annually). Nine statements were listed for the respondents to select their preferences, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 34 reflects the averages found within the Employer Size category for each of the nine statements. Please note that the number 3.0 can be considered "neutral", while numbers below 3.0 may be interpreted as less likely to agree, and numbers above 3.0 may be interpreted as more likely to agree.

TABLE 34:
EMPLOYER ATTITUDES ON WHY HEALTH CARE COSTS ARE INCREASING

| ANSWER CATEGORIES | Employer Size | | | | Overall |
|---|---------------|--------|---------|-------|------------|
| | 20-49 | 50-249 | 250-999 | 1000+ | |
| Medical providers are charging too much for their services. | 3.7 | 3.5 | 3.5 | 3.6 | 3.5 |
| Insurance companies are overcharging to increase their profits. | 3.8 | 3.6 | 3.4 | 3.1 | 3.5 |
| Direct advertising by drug manufacturers lead patients to request newer, more expensive prescription drugs. | 3.6 | 3.9 | 4.3 | 4.3 | 4.0 |
| The Medicare reimbursement rate is too low in Iowa, therefore, providers shift their costs to private insurance. | 4.0 | 3.9 | 4.0 | 4.1 | 4.0 |
| Providers who serve the health care needs of uninsured Iowans, shift their costs to private insurance. | 3.7 | 3.7 | 3.9 | 3.7 | 3.8 |
| Employees are not held accountable for health care use, therefore, costs are rising faster than they should. | 3.1 | 3.5 | 3.6 | 3.9 | 3.5 |
| State mandated benefits, passed by the Iowa Legislature, are causing health care costs to rise faster than they should. | 3.0 | 3.2 | 3.0 | 3.1 | 3.1 |
| Compliance with complex state and Federal laws like HIPAA & ERISA increases administrative costs. | 3.9 | 3.9 | 3.8 | 3.9 | 3.9 |
| Nobody knows why health insurance premiums are increasing, the situation is too complex. | 2.1 | 2.1 | 2.2 | 2.0 | 2.1 |

Iowa employers were also asked how the health care system could be fixed so that health insurance rates could remain stable without compromising the quality of care. Six statements were listed for the respondents to select their preferences, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). **Table 35** reflects the averages found within the Employer Size category for each of the six statements. Please note that the number 3.0 can be considered “neutral”, while numbers below 3.0 may be interpreted as less likely to agree, and numbers above 3.0 may be interpreted as more likely to agree.

TABLE 35:
EMPLOYER ATTITUDES ON FIXING THE HEALTH CARE SYSTEM

| ANSWER CATEGORIES | Employer Size | | | | Overall |
|---|---------------|--------|---------|-------|---------|
| | 20-49 | 50-249 | 250-999 | 1000+ | |
| Eliminate the current employer-based private payer system and move to a government-based single payer system. (Government controls the delivery and payment of health care). | 2.1 | 2.1 | 2.0 | 1.9 | 2.1 |
| Employers and employees need to become better health care “consumers” and request that insurance companies provide more information on costs, discounts, and quality statistics on health care providers. | 3.7 | 4.0 | 4.2 | 4.4 | 4.0 |
| Health care providers need to reform themselves to become more accountable for the efficient delivery of health care. | 3.8 | 3.8 | 3.9 | 3.9 | 3.8 |
| Encourage more competition of insurance carriers doing business in Iowa. | 3.8 | 3.9 | 3.6 | 3.2 | 3.7 |
| Nothing needs to be done, the health care system in Iowa is working just fine. | 1.6 | 1.5 | 1.6 | 1.6 | 1.6 |
| Simplify the entire system into a national free market. Remove regulations that vary by state and implement uniform, Federal regulations to set benefits for all U.S. employers. Use the administrative savings to improve the delivery of health care. | 2.8 | 2.6 | 2.7 | 2.3 | 2.6 |

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 36 shows overall averages of monthly billed rates for all group medical plans in Iowa.

TABLE 36:
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 | \$235.86 | \$499.32 | \$487.49 | \$645.87 |
| 50-249 employees | \$270.55 | \$572.71 | \$545.46 | \$736.98 |
| 250-999 employees | \$268.46 | \$564.51 | \$555.03 | \$732.20 |
| 1000+ employees | \$269.93 | \$590.60 | \$596.19 | \$734.19 |
| WEIGHTED AVG. | \$263.95 | \$562.31 | \$549.07 | \$720.00 |

Table 37 presents the history of overall averages of monthly billed rates for all group medical plans in Iowa since 1999.

TABLE 37:
HISTORY OF OVERALL MONTHLY
MEDICAL PLAN PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

| YEAR | Single | Family |
|-----------------------|--------------|--------------|
| 1999* | \$172 | \$459 |
| 2000 | \$189 | \$494 |
| 2001 | \$223 | \$579 |
| 2002 | \$254 | \$646 |
| 2003 | \$264 | \$720 |
| 5 YR. INCREASE | 53.5% | 56.9% |

* 1999 Study included Central Iowa Employers only

Table 38 shows the overall average of monthly employee contributions for medical coverage.

TABLE 38:
OVERALL MONTHLY EMPLOYEE CONTRIBUTION - FOR MEDICAL COVERAGE

Last year, the weighted average employee contribution for employee only, employee & spouse, employee & children and family were \$48.32, \$178.45, \$170.85 and \$236.01 respectively.

| EMPLOYER SIZE | Employee Only Plans | Employee & Spouse Plans | Employee & Children Plans | Family Plans |
|----------------------|---------------------|-------------------------|---------------------------|-----------------|
| 20-49 employees | \$48.12 | \$191.31 | \$190.49 | \$265.67 |
| 50-249 employees | \$51.37 | \$219.88 | \$210.66 | \$312.21 |
| 250-999 employees | \$51.90 | \$176.47 | \$174.15 | \$240.45 |
| 1000+ employees | \$37.32 | \$179.53 | \$161.86 | \$200.22 |
| WEIGHTED AVG. | \$48.72 | \$192.87 | \$186.06 | \$259.58 |

Table 39 presents the history of monthly employee contributions for medical coverage since 1999.

TABLE 39:
HISTORY OF MONTHLY EMPLOYEE CONTRIBUTIONS (INCLUDES ALL PLANS - HMO/POS, PPO, AND TRADITIONAL INDEMNITY)

| YEAR | Single | Family |
|-----------------------|--------------|--------------|
| 1999* | \$37 | \$177 |
| 2000 | \$39 | \$180 |
| 2001 | \$39 | \$212 |
| 2002 | \$48 | \$236 |
| 2003 | \$49 | \$260 |
| 5 YR. INCREASE | 32.4% | 46.9% |

* 1999 Study included Central Iowa Employers only

Overall Picture Continued

As reflected in **Table 40**, there is a tendency for larger employers to offer more benefit opportunities than smaller employers.

TABLE 40:
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 | 92.6% | 98.4% | 95.0% |
| Paid Holidays | 92.4% | 92.0% | 92.2% |
| Vacation | 87.1% | 83.8% | 85.8% |
| Retirement Plans | 79.5% | 93.7% | 85.3% |
| Group Life Insurance | 78.3% | 95.0% | 85.2% |
| Dental Insurance | 61.6% | 90.3% | 73.3% |
| Pre-Tax Premium | 63.3% | 85.5% | 72.3% |
| Sick Leave | 66.2% | 71.3% | 68.3% |
| Long Term Disability | 58.7% | 81.6% | 68.1% |
| Dependent care flexible spending account | 54.8% | 82.3% | 66.1% |
| Medical care spending account | 51.3% | 78.6% | 62.4% |
| Short Term Disability | 49.2% | 69.4% | 57.5% |
| Educational Assist/Tuition Reimbursement | 36.5% | 70.2% | 50.3% |
| Employee Assistance Program (EAP) | 29.0% | 69.6% | 45.6% |
| Casual Dress (everyday, not just Fridays) | 42.1% | 35.4% | 39.4% |
| Vision Coverage | 26.4% | 46.7% | 34.7% |
| Paid Time Off Bank (PTO) | 23.3% | 29.2% | 25.7% |
| Retiree Health Insurance (Pre 65 yrs) | 21.6% | 30.0% | 25.1% |
| Flextime | 17.5% | 28.1% | 21.9% |
| Fitness center or gym subsidy | 11.7% | 33.5% | 20.6% |
| Retiree Health Insurance (65 yrs +) | 12.5% | 20.3% | 15.7% |
| Long Term Care Insurance | 8.7% | 15.3% | 11.4% |
| Telecommuting | 4.1% | 9.4% | 6.3% |
| Child care assistance (on or off-site) | 3.7% | 6.5% | 4.8% |