



DPL&A

We at David P. Lind & Associates, L.L.C. (DPL&A) are pleased to provide you with this copy of the *2004 Iowa Employer Benefits Study*[®]. This sixth annual study conducted by DPL&A is very useful in analyzing trends in employee benefits for Iowa employers.

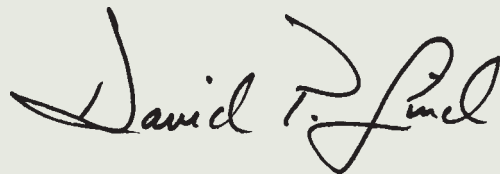
We wish to thank every employer that participated in our study, which is the first of its kind covering the entire state of Iowa. In addition, we wish to thank Data Point Research, Inc. for their statistical expertise and guidance.

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. This 2004 Study includes information on consumer driven health care, the newest topic in health insurance, and selected components of traditional leave and paid time off (PTO) plans. The results of this survey are extensive, and because of this, we have summarized some key areas of interest within this publication.

To further help Iowa employers benchmark their employee benefit plans with the *2004 Iowa Employer Benefits Study*[®], DPL&A developed a web based program that allows Iowa employers to compare various benefit components found within this study. You'll find this comparison tool online at www.DPLABENCHMARK.com[®]. This web site provides you with easy to understand charts and text showing how your benefits compare to Iowa employers overall and to your industry. For more information about benchmarking or to learn more about what DPL&A can do for you as your employee benefits broker/consultant, please contact us at (800) 821-LIND or reach us by email at mail@dplaconsulting.com.

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

Thank you for your interest in this
2004 Iowa Employer Benefits Study[®]



DAVID P. LIND, CEBS

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

Your Advocate In Employee Benefits

Explanation of the Survey Process

This is the sixth 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 urban and rural Iowa employers with 20 or more employees. Beginning with this 2004 Study, Public Service employers have been identified and included within the population and sample. All information provided within this Summary Report include Public Service employers and Private employers.

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 2004 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 web site.

A total of 11,030 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, 1,480 were randomly selected (sampled) to take part in this year's study. 619 organizations completed either web based or hardcopy questionnaires, producing a 42.0 percent response rate. Information from 15 of these employers arrived too late to be included in this analysis, therefore, the data presented here was obtained from 604 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	6,821	590	209
50-249	3,698	519	239
250-999	447	309	127
1000+	66	62	29
TOTAL	11,032	1,480	604

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 3.8 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 3.8 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 14 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 6 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
2004	42.0%	604

* 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%	31.4%
Paid Holidays	90.7%	42.6%
Group Life Insurance	87.8%	26.2%
Retirement Plans	86.0%	47.0%
Vacation	81.6%	32.5%
Pre-Tax Premium	74.9%	30.5%
Dental Insurance	71.9%	26.0%
Long Term Disability	71.5%	20.9%
Dependent care flexible spending account	69.9%	35.4%
Sick Leave	68.0%	33.1%
Medical care spending account	66.2%	33.0%
Short Term Disability	54.8%	12.8%
Educational Assist/Tuition Reimbursement	47.5%	21.5%
Employee Assistance Program (EAP)	45.8%	32.2%
Casual Dress (everyday, not just Fridays)	38.8%	22.9%
Vision Coverage	33.1%	11.1%
Retiree Health Insurance (Pre 65 Years)	29.7%	10.8%
Paid Time Off (PTO)	27.2%	16.0%
Flextime	24.6%	17.2%
Fitness center or gym subsidy	20.7%	13.3%
Retiree Health Insurance (65 years +)	16.1%	7.0%
Long Term Care Insurance	11.5%	5.1%
Telecommuting	8.2%	5.4%
Child care assistance (on or off-site)	4.2%	3.0%

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 and medical and dependent care spending accounts.

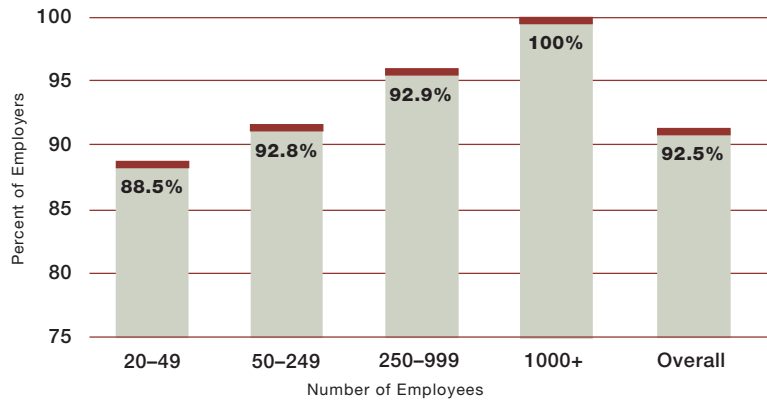
As in the 2003 Study, there is a tendency for larger employers to offer more of these benefits than smaller employers. This is true for both full-time and part-time employees.

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, 92.5 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 58 percent of employers. All other plans are offered by less than 22 percent of employers. Profit sharing is only made available by approximately 13 percent of employers.

TYPE OF RETIREMENT PLAN	Overall
401(k)	58.8%
IPERS	21.3%
403(b)	12.8%
Profit Sharing	12.4%
Defined Benefit Pension Plan	11.8%
SIMPLE IRA	5.2%
ESOP	2.5%
SEP	0.7%
Other	16.9%

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 largest employers. The defined benefit plans are more frequently offered among the larger employers, with approximately one quarter 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)	58.4%	57.3%	55.6%	79.3%
Defined Benefit Pension Plan	7.6%	9.5%	14.5%	24.1%
403(b)	10.3%	13.2%	14.5%	10.3%
IPERS	12.4%	25.5%	24.8%	6.9%
Profit Sharing	14.1%	10.5%	17.9%	0.0%
ESOP	2.7%	2.7%	1.7%	3.4%

EXHIBIT 2:
EMPLOYERS OFFERING MORE THAN ONE RETIREMENT PLAN

Over 37 percent of all employers offer more than one plan, and that number varies by employer size.

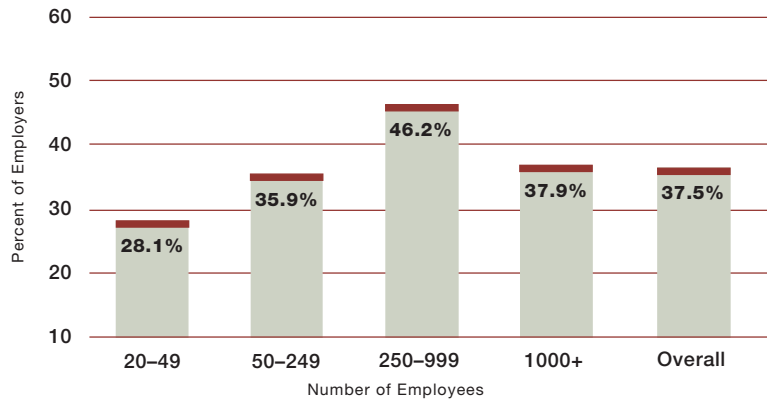
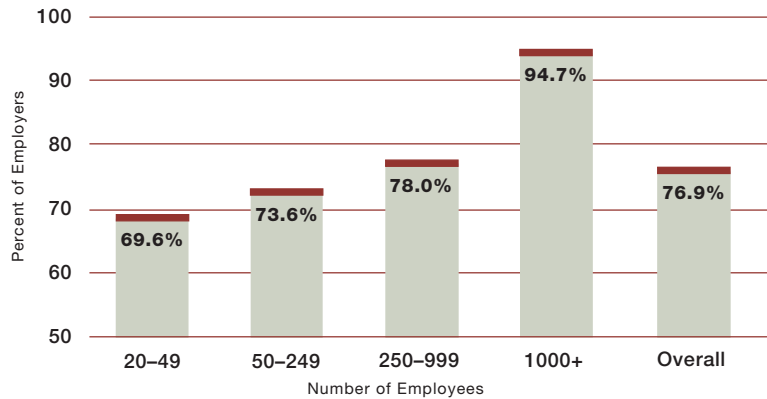


EXHIBIT 3:
EMPLOYERS OFFERING GUARANTEED MATCHING FOR 401(K) PLANS

Almost 77 percent of employers offer guaranteed matching of contributions. While 30.4 percent of the smaller employers (20-49 category) keep their contributions discretionary, the majority (94.7 percent) of the largest employers offer guaranteed matching.

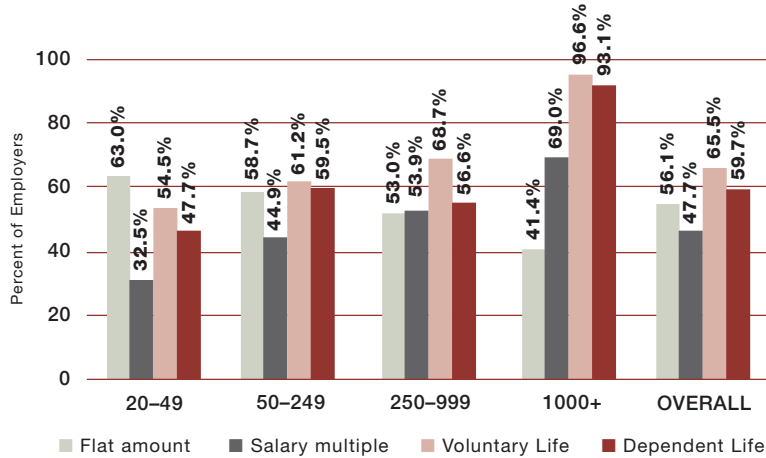


Group Life Insurance

Group life insurance is a very common employee benefit because the cost is minimal compared to other benefits, such as medical insurance and retirement plans. Our study concentrated on whether Iowa employers provided life coverage on a flat amount basis, multiple of salary, or some other arrangement.

**EXHIBIT 4:
PERCENT OFFERING EMPLOYER-PAID GROUP LIFE AND VOLUNTARY LIFE PLANS**

Overall, 84.8 percent of employers offer some type of employer-paid group life insurance coverage, whether a flat amount or multiple of salary plan. 56.1 percent of employers offer a flat amount plan, 47.7 percent offer a multiple of salary plan and a small percentage of employers offer both plans. In addition, 65.5 percent of employers offer employee-paid voluntary life plans, and 59.7 percent offer dependent life voluntary life coverage (for spouses and/or dependent children).



**TABLE 6:
FLAT AMOUNT COVERAGE FOR LIFE INSURANCE PLANS BY EMPLOYER SIZE**

For the employers providing “flat amount” group life plans, the overall average amount offered is \$19,647.

EMPLOYER SIZE	AVERAGE FLAT AMOUNT
20-49 employees	\$17,654
50-249 employees	\$21,831
250-999 employees	\$18,390
1000+ employees	\$16,818
OVERALL	\$19,647

**TABLE 7:
MULTIPLIERS FOR LIFE INSURANCE PLANS BY EMPLOYER SIZE**

Among the employers offering “multiple of salary” life insurance plans, the average reported multiple of salary is 1.52.

EMPLOYER SIZE	LIFE INSURANCE MULTIPLIER
20-49 employees	1.80
50-249 employees	1.55
250-999 employees	1.39
1000+ employees	1.53
OVERALL	1.52

Disability Insurance

When an employee becomes disabled off the job, we wanted to know whether Iowa employers offered some form of coverage for short-term and/or long-term disabilities. Are the disability premiums paid by the employer or employee, or shared by both the employer and employee?

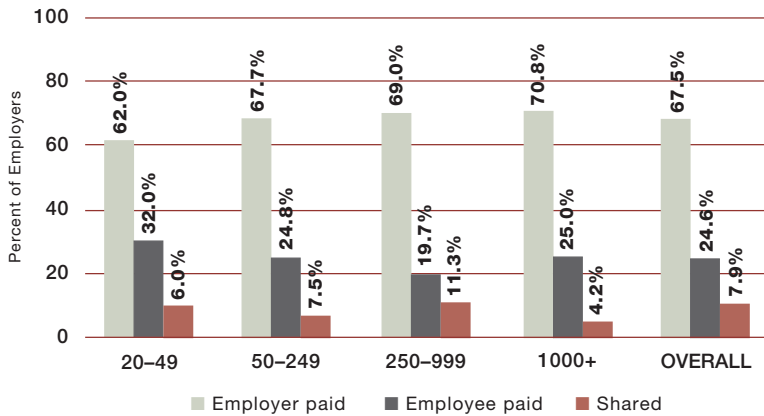
**EXHIBIT 5:
EMPLOYERS OFFERING SHORT
TERM DISABILITY INSURANCE**

Over half (57.5 percent) of all employers, weighted by size, offer short term disability insurance to their employees. The breakdown by company size is also shown.



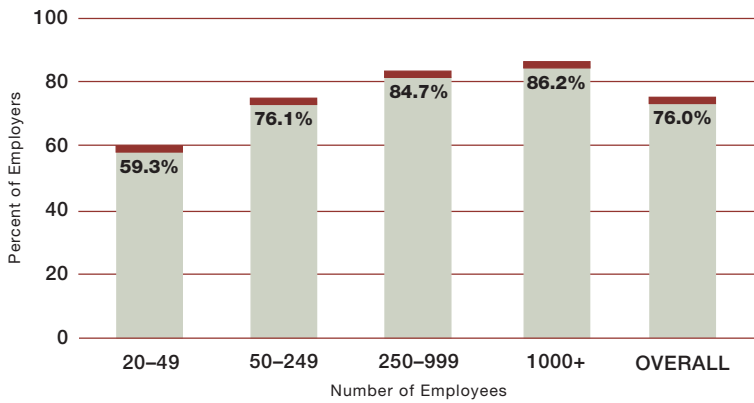
**EXHIBIT 6:
SHORT TERM DISABILITY
INSURANCE PAYMENT
ARRANGEMENTS**

Among the employers offering disability insurance, over two-thirds of employers (67.5 percent) cover the full cost, 24.6 percent have the employees pay the insurance cost, and 7.9 percent share the cost between employee and employer.



**EXHIBIT 7:
EMPLOYERS OFFERING LONG
TERM DISABILITY INSURANCE**

More employers offer long term than short term disability insurance. Three quarters of all employers (76 percent) offer such insurance, but this again varies by employer size.



**EXHIBIT 8:
LONG TERM DISABILITY
INSURANCE PAYMENT
ARRANGEMENTS**

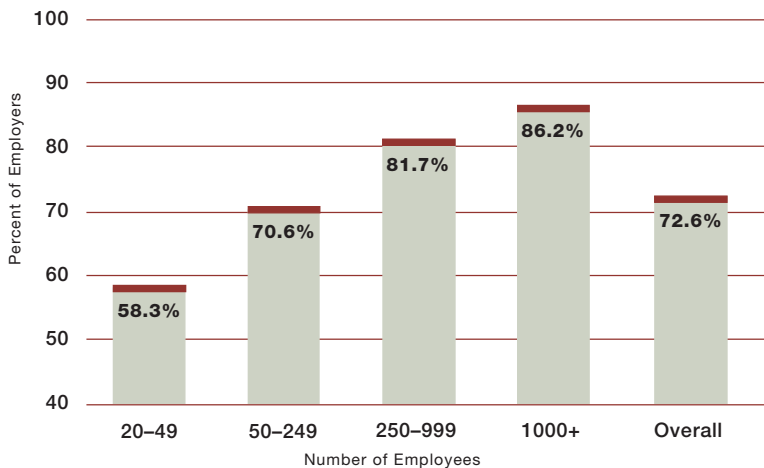
The cost sharing arrangements for long term disability for the overall sample are somewhat similar to those for short term disability insurance.



Dental Insurance

Similar to previous surveys, **Exhibit 9** shows as the employer size increases, the likelihood of offering dental benefits increases from 58 to 86 percent.

**EXHIBIT 9:
EMPLOYERS OFFERING DENTAL
PLANS**



DENTAL PLAN RATES AND CONTRIBUTIONS

TABLE 8:
DENTAL PLAN MONTHLY PREMIUMS (INCLUDES EMPLOYER AND EMPLOYEE CONTRIBUTIONS)

The average monthly premium for the primary dental plan is \$23.22 for employee only, \$46.97 for employee and spouse, \$52.62 for employee and children, and \$67.15 for family. Last year, the weighted average monthly premiums for employee only, employee & spouse, employee & children and family were \$22.55, \$47.94, \$52.59 and \$65.66 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$24.31	\$45.78	\$46.89	\$70.84
50–249 employees	\$23.28	\$47.46	\$51.18	\$66.38
250–999 employees	\$22.37	\$45.32	\$55.25	\$64.95
1000+ employees	\$23.98	\$50.38	\$61.16	\$72.23
WEIGHTED AVG.	\$23.22	\$46.97	\$52.62	\$67.15

TABLE 9:
DENTAL PLAN PREMIUMS – MONTHLY EMPLOYEE CONTRIBUTIONS

The average primary dental plan has an employee contribution of \$10.43 for employee only, \$26.61 for employee and spouse, \$30.50 for employee and children and \$39.09 for family. Last year, the weighted average monthly employee contribution for employee only, employee & spouse, employee & children and family were \$11.19, \$29.57, \$32.67 and \$39.09 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$11.64	\$26.22	\$27.34	\$41.16
50–249 employees	\$10.81	\$28.05	\$30.68	\$39.42
250–999 employees	\$9.90	\$27.51	\$34.56	\$40.18
1000+ employees	\$8.56	\$21.12	\$24.51	\$31.23
WEIGHTED AVG.	\$10.43	\$26.61	\$30.50	\$39.09

Paid Time Off / Traditional Leave

A Paid Time Off (PTO) bank normally combines vacation, sick time and possibly holidays into one account for each employee’s unrestricted use.

Note: PTO is becoming more popular with employers, especially with the largest employers. As in the 2000 Study, there is a tendency for the larger employers to embrace PTO plans compared to smaller employers. Overall, PTO is offered by 29.1 percent of employers in 2004, versus 12.8 percent in the 2000 Study.

EXHIBIT 10: TYPES OF PAID LEAVE

29.1 percent of employers provide a paid time off (PTO) bank, while almost 81 percent offer traditional leave plans.

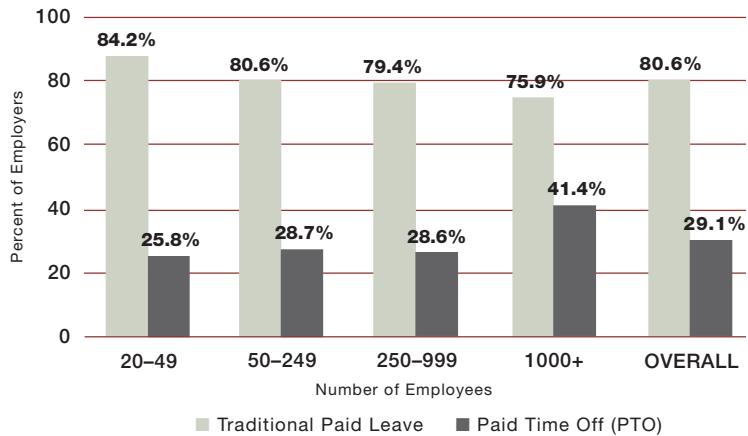
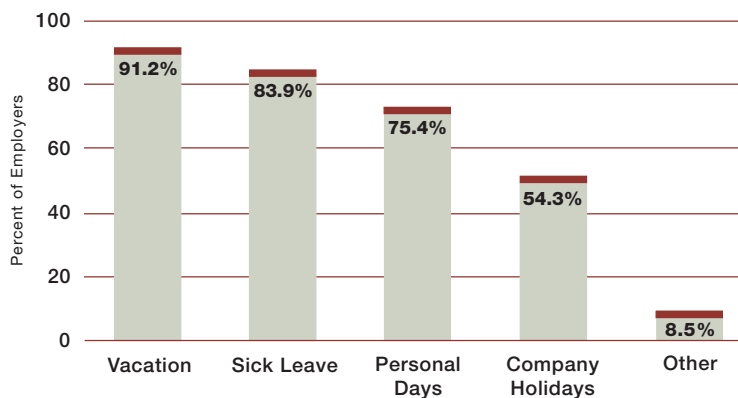


EXHIBIT 11: PAID TIME OFF BENEFIT TYPE

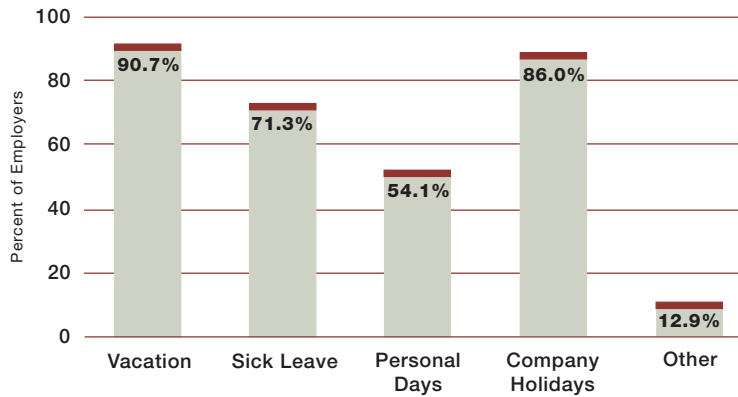
Among employers offering paid time off benefits, the percentages allowing different types of days to be included vary by type, as shown in Exhibit 11. The vast majority of employers (91.2 percent) include vacation days in their PTO banks. 83.9 percent include sick leave and 75.4 percent include personal days. Over half include company holidays in their paid time off banks.



Paid Time Off/Traditional Leave Continued

**EXHIBIT 12:
TYPES OF TRADITIONAL LEAVE**

Traditional leave plans are still offered by most of the employers who participated in the survey. Vacation, holidays and sick leave are very widely offered, while about 54 percent of these employers provide personal days.



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 13:
EMPLOYERS OFFERING HEALTH INSURANCE BENEFITS**

Overall, 94.4 percent of employers who responded offer health insurance to their employees. This rate was 94.9 percent in last year’s study. Only the smaller employers surveyed are somewhat less likely to offer health coverage.

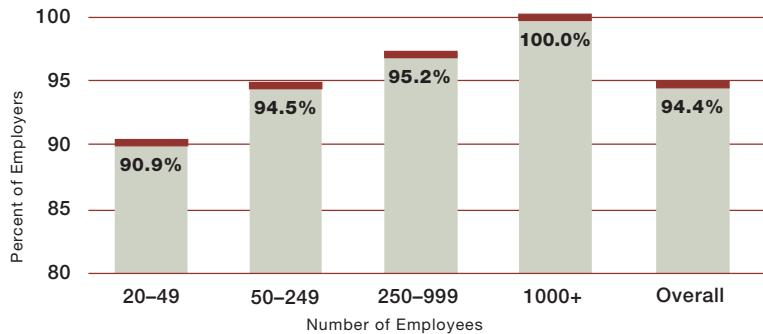


TABLE 10:
TYPES OF HEALTH INSURANCE PLANS OFFERED BY SIZE OF EMPLOYER

83.4 percent of Iowa employers offer PPO plans. These types of plans are the most frequently offered for all size categories. 23.3 percent offer HMO/POS plans, and under 10 percent offer traditional indemnity plans. Last year's study indicated that 81.7 percent of Iowa employers offered PPO plans, 29.8 percent offered HMO/POS, and 9.4 percent offered traditional indemnity plans.

	Employer Size				Overall
	20-49	50-249	250-999	1000+	
HMO/POS	21.7%	26.5%	17.9%	27.6%	23.3%
PPO	76.1%	81.7%	88.9%	89.7%	83.4%
Traditional Indemnity	16.1%	5.9%	12.8%	6.9%	9.8%

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 summarized in this study. Because the PPO plan is the most widely offered plan by Iowa employers, we have summarized the historical results on PPO plans from the past 6 studies conducted by DPL&A in **Tables 11, 19, 21, 28, 30, 32** and **Exhibit 17**.

TABLE 11:
HISTORICAL PERCENTAGE OF EMPLOYERS OFFERING PPO PLANS REGARDLESS OF EMPLOYER SIZE

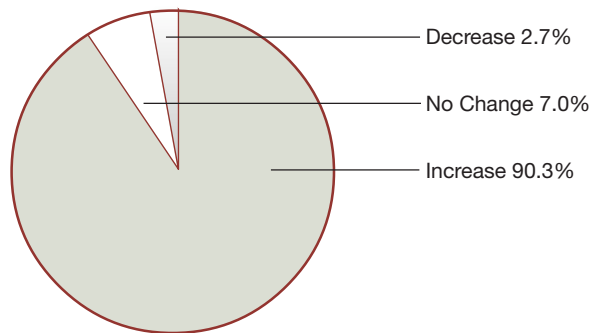
	1999*	2000	2001	2002	2003	2004
PPO	74.2%	68.0%	79.9%	76.9%	81.7%	83.4%

* 1999 Study included Central Iowa Employers only

HEALTH INSURANCE RATES

EXHIBIT 14:
EMPLOYERS WITH CHANGES IN HEALTH INSURANCE RATES

Approximately 90 percent of all employers who responded to the survey experienced an increase in medical rates during the last year. Only 2.7 percent reported a decrease. These numbers are very similar to the 2001, 2002 and 2003 study results.



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

Health Insurance Rates Continued

TABLE 12:
HEALTH INSURANCE RATE INCREASES

Overall, for those employers who reported an increase in their health insurance rates, the average reported increase was 15.7 percent.

EMPLOYER SIZE	Percent of Employers with Rate Increases	Average Percent Change
20–49 employees	88.9%	20.9%
50–249 employees	91.4%	14.9%
250–999 employees	91.6%	13.7%
1000+ employees	82.8%	15.8%
Weighted AVG.	90.3%	15.7%

Table 13 presents the history of health insurance rate increases since 2001. The smaller employers have experienced higher rate increases than the larger employers.

TABLE 13:
HISTORY OF HEALTH INSURANCE RATE INCREASES (BY EMPLOYER SIZE) SINCE 2001

EMPLOYER SIZE	2001	2002	2003	2004
20–49 employees	19.1%	19.4%	22.0%	20.9%
50–249 employees	18.9%	20.1%	18.7%	14.9%
250–999 employees	17.5%	16.3%	15.4%	13.7%
1000+ employees	10.3%	17.4%	17.2%	15.8%
Weighted AVG.	17.4%	18.7%	18.2%	15.7%

Over two thirds (69.4 percent) of employers, regardless of employer size, reacted to these higher insurance rates by sharing the increase with their employees (See **Table 14** on the next page). Approximately 30 percent reduced benefits to minimize or eliminate the increase, while 17 percent of employers absorbed the entire cost increase themselves. The cost increase caused approximately 16 percent of employers to change insurance carriers, while only 4.5 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. Of special interest, over 8 percent of the responding employers indicated they reduced/eliminated pay raises or bonuses, 3.1 percent of employers hired fewer new employees, and 2.8 percent postponed capital improvements.

TABLE 14:
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	69.4%
Reduced benefits to minimize or eliminate the increase	29.4%
The employer absorbed the increased cost	17.1%
Changed insurance company	16.3%
Reduced/eliminated pay raises or bonuses	8.2%
Passed all of the increased costs on to the employees	4.5%
Hired fewer new employees	3.1%
Postponed capital improvements	2.8%
No longer provide health insurance coverage	0.1%
Other	1.7%

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 15**).

TABLE 15:
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	43.1%	38.4%	27.8%	31.0%	35.8%
Save or invest for future medical rate increases	23.9%	32.1%	32.5%	41.4%	31.3%
Increase employee pay and/or bonuses	19.1%	22.4%	23.0%	27.6%	22.3%
Offer more employee benefits	11.5%	11.4%	10.3%	27.6%	12.4%
Make capital improvements and/or equipment purchases	13.9%	7.2%	9.5%	6.9%	9.1%
Other	5.3%	4.2%	2.4%	6.9%	4.1%
Hire new employees to increase workforce	8.1%	2.1%	4.0%	3.4%	3.9%

Rates and Contributions

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	\$254.51	\$529.05	\$490.90	\$709.02
50–249 employees	\$281.45	\$536.37	\$476.46	\$760.43
250–999 employees	\$274.41	\$539.32	\$540.14	\$749.23
1000+ employees	\$253.83	\$523.36	\$554.33	\$760.22
WEIGHTED AVG.	\$272.50	\$533.90	\$499.95	\$749.22

TABLE 17:
HMO/POS MONTHLY EMPLOYEE
CONTRIBUTIONS

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$36.95	\$124.63	\$124.15	\$199.71
50–249 employees	\$60.05	\$186.59	\$162.63	\$298.82
250–999 employees	\$52.53	\$128.59	\$117.08	\$198.93
1000+ employees	\$56.92	\$143.08	\$161.67	\$201.70
WEIGHTED AVG.	\$54.21	\$156.61	\$145.64	\$248.65

The average HMO/POS plan has an employee contribution of \$54.21 for employee only plans, and \$156.61 for employee & spouse plans. Employee & children plans have an overall average of \$145.64, while family plans average \$248.65 per month. Last year, the weighted average employee contribution for HMO/POS plans for employee only, employee & spouse, employee & children and family were \$47.80, \$184.76, \$172.34 and \$245.17 respectively. Of special note, the employee only plan contribution is approximately 13 percent higher this year compared to last year.

PPO PLANS

Table 18 shows the monthly average billed rate 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	\$382.86	\$545.87	\$513.43	\$873.38
50–249 employees	\$305.73	\$580.69	\$531.51	\$787.03
250–999 employees	\$328.27	\$602.05	\$606.97	\$828.16
1000+ employees	\$259.78	\$528.50	\$498.96	\$751.45
WEIGHTED AVG.	\$321.18	\$570.65	\$541.51	\$810.81

Table 19 presents the history of monthly PPO health premiums since 1999 in Iowa.

TABLE 19:
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
2004	\$321	\$811
6 YR. INCREASE	80.3%	77.5%

* 1999 Study included Central Iowa Employers only

Table 20 shows the monthly employee contributions for the primary PPO plan.

TABLE 20:
PPO MONTHLY EMPLOYEE
CONTRIBUTIONS

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$56.14	\$195.18	\$177.84	\$331.37
50–249 employees	\$52.26	\$231.40	\$198.92	\$290.44
250–999 employees	\$52.13	\$178.18	\$184.18	\$252.93
1000+ employees	\$50.15	\$122.13	\$129.80	\$181.49
WEIGHTED AVG.	\$52.67	\$192.88	\$183.21	\$275.58

Rates and Contributions Continued

As indicated in **Table 20**, the average PPO plan has an employee contribution of \$52.67 for employee only plans, and \$192.88 for employee & spouse plans. Employee & children plans have an overall average of \$183.21, while family plans average \$275.58 per month. Last year, the weighted average employee contribution for PPO plans for employee only, employee & spouse, employee & children and family were \$50.99, \$188.86, \$188.21 and \$249.14 respectively.

Table 21 presents the history of monthly PPO monthly employee contributions since 1999 in Iowa.

TABLE 21:
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
2004	\$53	\$276
6 YR. INCREASE	32.5%	41.5%

* 1999 Study included Central Iowa Employers only

TRADITIONAL INDEMNITY PLANS

Table 22 and **Table 23** show the monthly average billed rate and the employee contributions for the primary traditional indemnity plan.

TABLE 22:
INDEMNITY MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$284.40	\$534.42	\$513.68	\$769.38
50–249 employees	\$288.66	\$729.75	\$426.00	\$784.11
250–999 employees	\$401.20	\$496.33	\$458.77	\$971.62
1000+ employees*	\$452.00	–	–	\$940.00
WEIGHTED AVG.	\$341.58	\$601.65	\$482.54	\$867.83

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

TABLE 23:
INDEMNITY MONTHLY EMPLOYEE CONTRIBUTIONS

The average Indemnity plan has an employee contribution of \$38.26 for employee only plans, \$197.02 for employee & spouse, \$168.27 for employee & children and \$248.60 for family. Last year, the weighted average monthly employee contribution for Indemnity plans for employee only, employee & spouse, employee & children and family were \$53.55, \$189.19, \$162.50 and \$232.52 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$58.51	\$147.14	\$161.47	\$217.37
50–249 employees	\$47.99	\$219.13	\$101.34	\$260.36
250–999 employees	\$22.42	\$346.33	\$308.77	\$244.73
1000+ employees*	\$0.00	–	–	\$488.00
WEIGHTED AVG.	\$38.26	\$197.02	\$168.27	\$248.60

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

HMO/POS PLAN BENEFITS

TABLE 24:
HMO/POS IN-NETWORK DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$448 per employee for single coverage, and \$936 for family coverage. Last year, the average deductibles for single and family coverage were \$340 and \$724 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$566	\$1,189
50–249 employees	\$433	\$893
250–999 employees	\$417	\$905
1000+ employees	\$395	\$790
WEIGHTED AVG.	\$448	\$936

TABLE 25:
HMO/POS MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE

The weighted average maximum out-of-pocket expense for all employers is \$1,536 for single coverage and \$2,841 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,350 and \$2,794 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$2,058	\$2,974
50–249 employees	\$1,566	\$2,930
250–999 employees	\$1,276	\$2,873
1000+ employees	\$1,074	\$2,147
WEIGHTED AVG.	\$1,536	\$2,841

HMO/POS Plan Benefits Continued

EXHIBIT 15:
HMO/POS AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$13.65. Last year, this co-pay averaged \$13.54 per visit.

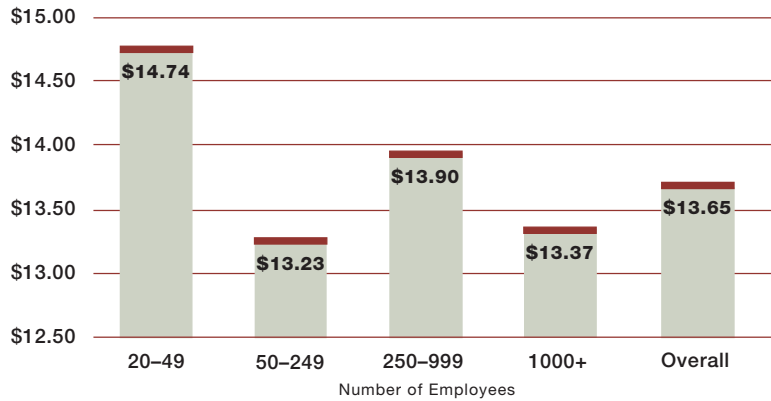


TABLE 26:
HMO/POS DRUG CO-PAY BY EMPLOYER SIZE

Table 26 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 \$9.56, \$20.00 and \$35.40 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-preferred Brand-Name
20-49 employees	\$10.73	\$24.52	\$40.27
50-249 employees	\$10.37	\$23.19	\$39.17
250-999 employees	\$8.55	\$19.56	\$35.41
1000+ employees	\$9.38	\$20.63	\$33.75
WEIGHTED AVG.	\$9.90	\$22.26	\$37.78

PPO PLAN BENEFITS

TABLE 27:
PPO IN-NETWORK DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$572 per employee for single coverage, and \$1,204 for family coverage. Last year, the average deductibles for single and family coverage were \$473 and \$1,022 respectively.

EMPLOYER SIZE	Single	Family
20-49 employees	\$720	\$1,514
50-249 employees	\$562	\$1,163
250-999 employees	\$534	\$1,124
1000+ employees	\$462	\$1,073
WEIGHTED AVG.	\$572	\$1,204

Table 28 presents the history of PPO In-Network Deductibles since 1999.

TABLE 28:
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
2003	\$572	\$1,204
6 YR. INCREASE	87.5%	73.7%

* 1999 Study included Central Iowa Employers only

TABLE 29:
PPO MAXIMUM OUT-OF-POCKET
EXPENSES FOR SINGLE AND
FAMILY COVERAGE

The weighted average maximum out-of-pocket expense for all employers is \$1,650 for single coverage and \$3,379 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,522 and \$3,049 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$2,118	\$4,476
50–249 employees	\$1,574	\$3,070
250–999 employees	\$1,529	\$3,166
1000+ employees	\$1,546	\$3,542
Weighted AVG.	\$1,650	\$3,379

Table 30 presents the history of PPO Maximum Out-of-Pocket Expenses since 1999.

TABLE 30:
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
2004	\$1,650	\$3,379
6 YR. INCREASE	47.7%	48.4%

* 1999 Study included Central Iowa Employers only

PPO Plan Benefits Continued

EXHIBIT 16:
PPO AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$15.55. Last year, this co-pay averaged \$14.11 per visit.

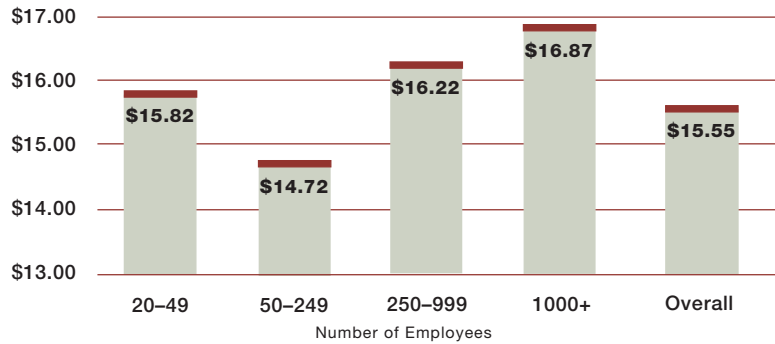
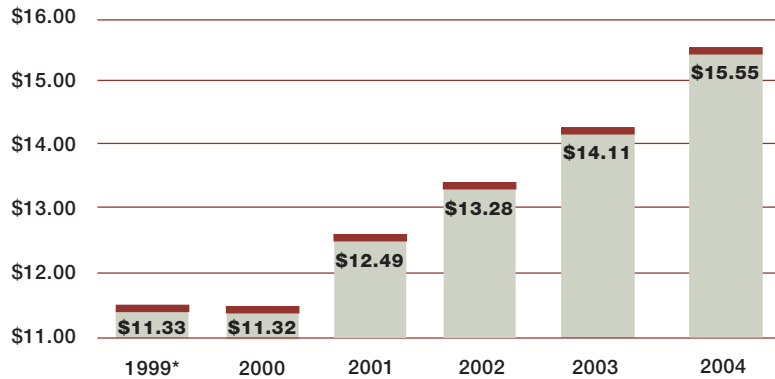


Exhibit 17 presents the history of PPO average doctor's office co-pays since 1999.

EXHIBIT 17:
HISTORY OF PPO AVERAGE DOCTOR'S OFFICE CO-PAYS (IN \$)



* 1999 Study included Central Iowa Employers only

TABLE 31:
PPO DRUG CO-PAY BY EMPLOYER SIZE

Table 31 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 \$9.48, \$20.29 and \$33.58 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-preferred Brand-Name
20-49 employees	\$10.34	\$23.58	\$37.04
50-249 employees	\$10.75	\$23.28	\$36.74
250-999 employees	\$9.57	\$21.59	\$34.65
1000+ employees	\$10.30	\$22.10	\$36.31
WEIGHTED AVG.	\$10.28	\$22.70	\$36.12

Table 32 presents the history of PPO drug co-pays since 1999.

TABLE 32:
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
2004	\$10.28	\$22.70	\$36.12
6 YR. INCREASE	27.4%	71.2%	51.1%**

* 1999 Study included Central Iowa Employers only

** 5 year increase

TRADITIONAL INDEMNITY PLAN BENEFITS

TABLE 33:
TRADITIONAL INDEMNITY
IN-NETWORK DEDUCTIBLES BY
EMPLOYER SIZE

In-network deductibles average \$616 per employee for single coverage, and \$1,263 for family coverage. Last year, the average deductibles for single and family coverage were \$515 and \$1,050 respectively.

EMPLOYER SIZE	Single	Family
20–49 employees	\$945	\$1,940
50–249 employees	\$508	\$1,270
250–999 employees	\$419	\$709
1000+ employees*	\$600	\$1,200
Weighted AVG.	\$616	\$1,263

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 2 respondents. Any reported results for this size of employer may not be reliable.

Traditional Indemnity Plan Benefits Continued

TABLE 34:

**TRADITIONAL INDEMNITY
MAXIMUM OUT-OF-POCKET
EXPENSES BY EMPLOYER SIZE**

The weighted average maximum out-of-pocket expense for all employers is \$1,634 for single coverage and \$3,192 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,664 and \$3,067 respectively.

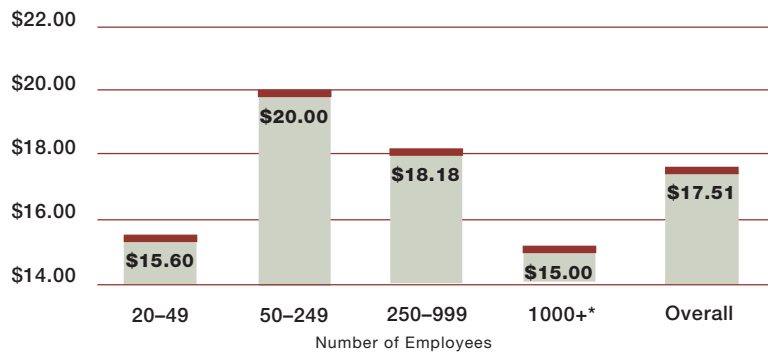
EMPLOYER SIZE	Single	Family
20–49 employees	\$2,172	\$4,560
50–249 employees	\$1,826	\$3,612
250–999 employees	\$1,084	\$1,877
1000+ employees*	\$2,000	\$4,000
Weighted AVG.	\$1,634	\$3,192

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 2 respondents. Any reported results for this size of employer may not be reliable.

EXHIBIT 18:

**TRADITIONAL INDEMNITY
AVERAGE DOCTOR'S OFFICE
CO-PAY (IN \$)**

The average doctor's office co-pay for all employers is \$17.51. Last year, this co-pay averaged \$11.56 per visit.



*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 2 respondents. Any reported results for this size of employer may not be reliable.

TABLE 35:

**TRADITIONAL INDEMNITY
AVERAGE DRUG CO-PAY BY
EMPLOYER SIZE**

Table 35 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 \$8.93, \$18.88 and \$31.11 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-preferred Brand-Name
20–49 employees	\$10.06	\$22.77	\$36.33
50–249 employees	\$10.88	\$23.94	\$35.50
250–999 employees	\$7.21	\$17.50	\$31.79
1000+ employees*	\$10.00	\$20.00	\$32.50
WEIGHTED AVG.	\$8.87	\$20.26	\$33.66

*Details of Traditional Indemnity Plans offered by the largest employers (1,000+) were provided by only 2 respondents. Any reported results for this size of employer may not be reliable.

CONSUMER-DRIVEN HEALTH PLANS

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

Touted by many as the next generation of medical coverage for employees, CDHPs are still in their infancy stage. In its purest form, CDHPs consist of employers providing employees with a defined sum of money, specifically through a spending account or arrangement, for employers to offset the employees' portion of a high-deductible health plan. This coverage is usually employer-sponsored and typically allows unused funds to rollover into the following year. By implementing a CDHP, 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 36**.)

TABLE 36:

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

Over 51 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 31 percent in last year's study). Over 31 percent said they were at least somewhat unlikely to make the switch (42.1 percent in last year's study). 16.8 percent are still unsure compared to 26.8 percent last year.

ANSWER CATEGORIES	Employer Size				Overall
	20-49	50-249	250-999	1000+	
1. Very Likely	16.8%	16.2%	18.1%	27.3%	17.7%
2. Somewhat Likely	29.2%	33.0%	38.3%	36.4%	33.9%
3. Somewhat Unlikely	21.1%	13.0%	19.1%	27.3%	17.4%
4. Very Unlikely	13.7%	18.4%	11.7%	–	14.2%
5. Unsure	19.3%	19.5%	12.8%	9.1%	16.8%

Table 36 indicates that CDHPs are becoming more acceptable and the majority of employers are now more likely to implement this new benefit approach in the future.

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).

PLEASE NOTE: The following tables include BOTH the private organizations and the Public Services group.

Table 37 shows overall averages of monthly billed rates for all group medical plans in Iowa.

TABLE 37:
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	\$352.84	\$537.94	\$508.13	\$836.30
50–249 employees	\$298.36	\$561.86	\$512.13	\$774.96
250–999 employees	\$327.00	\$588.21	\$592.85	\$825.35
1000+ employees	\$265.73	\$526.65	\$492.84	\$750.19
WEIGHTED AVG.	\$313.74	\$558.43	\$527.86	\$798.58

Table 38 presents the history of overall averages of monthly billed rates for all group medical plans in Iowa since 1999.

TABLE 38:
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
2004	\$314	\$799
6 YR. INCREASE	82.5%	74.1%

* 1999 Study included Central Iowa Employers only

Table 39 shows the overall average of monthly employee contributions for medical coverage.

TABLE 39:

OVERALL MONTHLY EMPLOYEE CONTRIBUTION – FOR MEDICAL COVERAGE

Last year, the weighted average employee contribution for employee only, employee & spouse, employee & children and family were \$48.72, \$192.87, \$186.06 and \$259.59 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
20–49 employees	\$52.47	\$175.41	\$166.12	\$299.27
50–249 employees	\$50.58	\$212.21	\$186.02	\$281.48
250–999 employees	\$51.67	\$172.78	\$173.19	\$247.38
1000+ employees	\$48.29	\$123.12	\$128.25	\$190.54
WEIGHTED AVG.	\$51.04	\$182.93	\$173.25	\$267.00

Table 40 presents the history of monthly employee contributions for medical coverage since 1999.

TABLE 40:

HISTORY OF MONTHLY EMPLOYEE CONTRIBUTIONS (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
2004	\$51	\$267
6 YR. INCREASE	37.8%	50.8%

* 1999 Study included Central Iowa Employers only

Overall Picture Continued

As reflected in **Table 41**, there is a tendency for larger employers to offer more benefit opportunities than smaller employers.

TABLE 41:
OVERALL BENEFITS OF LARGE VERSUS SMALL EMPLOYERS (FULL-TIME EMPLOYEES ONLY)

BENEFITS OFFERED	Employer Size		
	LESS THAN 250 EMPLOYEES	250 OR MORE EMPLOYEES	ALL EMPLOYERS
Health Insurance	94.3%	96.3%	95.0%
Paid Holidays	90.2%	91.7%	90.7%
Group Life Insurance	84.2%	94.4%	87.8%
Retirement Plans	83.9%	89.8%	86.0%
Vacation	81.9%	81.1%	81.6%
Pre-Tax Premium	69.4%	85.0%	74.9%
Dental Insurance	66.6%	81.6%	71.9%
Long Term Disability	66.0%	81.3%	71.5%
Dependent care flexible spending account	62.6%	83.0%	69.9%
Sick Leave	68.1%	67.9%	68.0%
Medical care spending account	59.0%	79.2%	66.2%
Short Term Disability	53.3%	57.6%	54.8%
Educational Assist/Tuition Reimbursement	37.6%	65.4%	47.5%
Employee Assistance Program (EAP)	37.9%	60.2%	45.8%
Casual Dress (everyday, not just Fridays)	37.8%	40.7%	38.8%
Vision Coverage	31.2%	36.5%	33.1%
Retiree Health Insurance (Pre 65 yrs)	25.3%	37.7%	29.7%
Paid Time Off Bank (PTO)	26.6%	28.1%	27.2%
Flextime	19.9%	33.1%	24.6%
Fitness center or gym subsidy	14.5%	31.8%	20.7%
Retiree Health Insurance (65 yrs +)	12.4%	22.6%	16.1%
Long Term Care Insurance	9.4%	15.4%	11.5%
Telecommuting	5.0%	14.2%	8.2%
Child care assistance (on or off-site)	3.2%	6.0%	4.2%