

2006

IOWA EMPLOYER BENEFITS STUDY

A SUMMARY

DAVID P. LIND & ASSOCIATES

This survey was funded by David P. Lind and Associates, L.L.C. (DPL&A). To learn more about the services provided by DPL&A or to purchase a copy of the 2006 Iowa Employer Benefits Study (\$125 per copy), please call DPL&A at (800) 821-5463, or log onto the DPL&A web site at: www.dplaconsulting.com

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David P. Lind & Associates

We at David P. Lind & Associates, L.L.C. (DPL&A) are pleased to provide you with this copy of the *2006 Iowa Employer Benefits Study*[®]. This eighth 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. Specifically, we have revisited the components of Paid Time Off (PTO) and Traditional Leave, which were absent from our 2005 Study. 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 *2006 Iowa Employer Benefits Study*[®], DPL&A developed (and patented) 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 benchmark provides you with easy to understand charts and text showing how your benefits compare to Iowa employers overall and to your industry. To reflect the value of this product, you may download a free sample for your review and consideration. 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
2006 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 eighth 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 10 or more employees. All information provided within this Summary Report includes both 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 April 2006 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 15,839 eligible employers were identified from the population of interest and split into five groups, based on their number of employees. Using this universe of eligible employers, 2,407 were randomly selected (sampled) to take part in this year's study. 945 organizations completed either web-based or hardcopy questionnaires, producing a 39.3 percent response rate. Information from 22 of these employers arrived too late to be included in this analysis, therefore the data presented here was obtained from 923 eligible Iowa employers. See **Table 1**.

TABLE 1:
POPULATION CHARACTERISTICS

EMPLOYER SIZE	# of Employers in Group	# of Eligible Employers Sampled	# of Complete Interviews
10-19 employees	7,432	661	215
20-49 employees	5,154	687	266
50-249 employees	2,786	662	251
250-999 employees	405	338	157
1000+ employees	59	59	34
TOTAL	15,836	2,407	923

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 3.1 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 3.1 percent.

Averages reported for employers within employee size categories are statistically accurate to within plus or minus 6.1 percent for all four smaller employee sizes, and plus or minus 11 percent for the largest employers. When looking at the size category of employers with more than 250 employees or the size category of employers with less than 250 employees, the margin of error for each of these size categories is 5.4 percent. All precision levels are stated at the 95 percent confidence level.

Table 2 shows the response rates during the last 8 studies conducted by David P. Lind and Associates, L.L.C.:

TABLE 2:
HISTORY OF STUDY RESPONSE
RATES

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
2005**	34.6%	744
2006	39.3%	945

* 1999 Study included Central Iowa Employers only

** The 2005 study and all subsequent studies are expanded to include employers with 10-19 employees.

EMPLOYEE-SIZE WEIGHTING OF EMPLOYERS

As seen from **Table 1**, in Iowa the number of large employers is considerably smaller than that of other sized employers. If the results in this report were simply reported 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. To provide the most accurate results, employee-size weighted averages were calculated and used. Hence, an employer with 500 employees has the same weight in the overall averages as five employers of 100 employees or 50 employers with 10 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.

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	93.4%	27.4%
Paid Holidays	92.0%	40.4%
Retirement Plans	83.2%	39.6%
Vacation	81.8%	32.0%
Group Life Insurance	81.7%	24.6%
Pre-Tax Premium	72.1%	26.8%
Dental Insurance	68.5%	24.1%
Long Term Disability	65.7%	18.1%
Dependent care flexible spending account	64.4%	28.0%
Sick Leave	61.8%	28.6%
Medical care spending account	60.5%	27.2%
Employee Voluntary Life Coverage	54.0%	19.9%
Short Term Disability	52.6%	13.3%
Dependent Voluntary Life Coverage	50.3%	18.0%
Educational Assist/Tuition Reimbursement	44.7%	18.7%
Employee Assistance Program (EAP)	44.5%	28.3%
Casual Dress (everyday, not just Fridays)	38.7%	20.9%
Vision Coverage	34.3%	13.2%
Paid Time Off Bank (PTO)	29.6%	18.1%
Flextime	26.6%	15.8%
Retiree Health Insurance (Pre 65 Years)	25.6%	9.3%
Fitness center or gym subsidy	20.4%	13.0%
Long Term Care Insurance	14.8%	7.5%
Retiree Health Insurance (65 years +)	13.8%	5.6%
Telecommuting	8.9%	4.7%
Child care assistance (on or off-site)	4.4%	2.8%

At least 80 percent of all employers offer health and life insurance, vacation, paid holidays, and retirement plans to their full-time employees. Over half the employers also provide pre-tax premium, dental insurance, long term disability insurance, medical and dependent care spending accounts, sick leave, employee voluntary life coverage, short term disability, and dependent voluntary life coverage.

As in the 2005 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, about 90 percent of employers (size weighted) offer a retirement plan. Employers with fewer than 50 employees are somewhat less likely to offer this benefit than the larger employers with more than 50 employees.

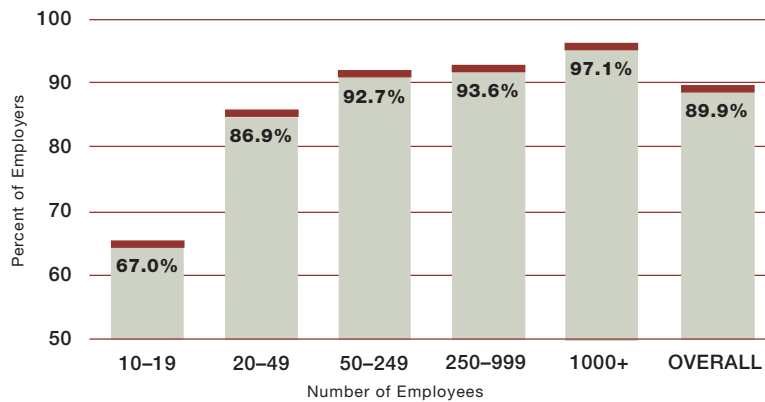


TABLE 4: RETIREMENT PLANS BY EMPLOYER SIZE

Table 4 shows what types of retirement plans are offered by Iowa employers. The 401(k) is the most frequently offered plan for all employer sizes. The defined benefit plans are more frequently offered among the larger employers, with approximately 33 percent of the largest employers offering such plans. IPERS is a retirement plan for career public employees. Small employers more frequently offer the Simple IRA's and SEP's than the larger employers.

RETIREMENT PLAN	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
401(k)	51.4%	69.8%	72.1%	55.8%	57.6%	64.0%
IPERS	2.1%	5.3%	14.8%	30.6%	24.2%	17.6%
403(b)	1.4%	9.3%	11.4%	19.7%	21.2%	13.8%
Profit Sharing	12.5%	13.3%	12.7%	18.4%	6.1%	13.1%
Defined Benefit Pension Plan	0.7%	6.2%	10.0%	10.9%	33.3%	12.5%
SIMPLE IRA	36.8%	18.2%	4.4%	0.7%	3.0%	7.9%
ESOP	0.0%	3.1%	2.2%	1.4%	3.0%	2.1%
SEP	12.5%	2.2%	0.9%	0.7%	0.0%	1.8%
OTHER	6.9%	5.8%	10.9%	19.0%	18.2%	12.9%

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 more popular with the largest employers. As in the 2004 Study, there is a tendency for the larger employers to embrace PTO plans compared to smaller employers. Overall, PTO is offered by 33.7 percent of employers in 2006, versus 29.1 percent in the 2004 Study.

EXHIBIT 2: TYPES OF PAID LEAVE

33.7 percent of employers provide a paid time off (PTO) bank, while almost 79 percent offer traditional leave plans.

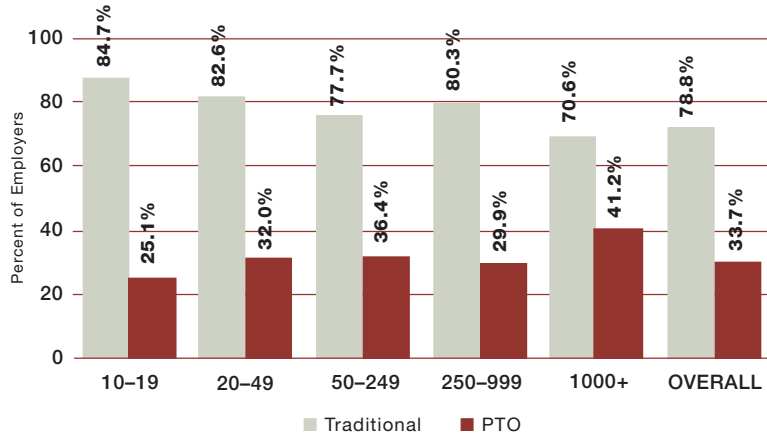


EXHIBIT 3: PAID TIME OFF BENEFIT TYPE

Among employers offering paid time off benefits, the percentages allowing different types of days to be included vary by type, as shown in Exhibit 3. The vast majority of employers (85.1 percent) include vacation days in their PTO plans. 72.8 percent include sick leave and 76.5 percent include personal days. About 45 percent include company holidays in their paid time off banks.

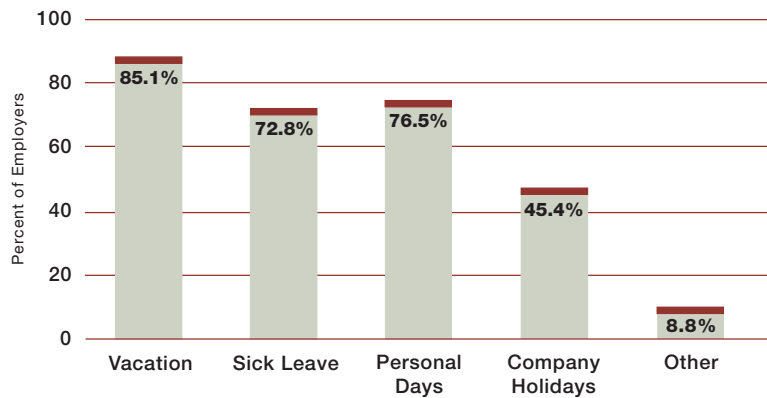


TABLE 5:
ALLOCATION OF PTO DAYS BY
YEARS OF SERVICE BY
EMPLOYER SIZE

Table 5 displays the allocation of PTO days based on years of service. Larger employers are more likely to provide more PTO days, on average, than smaller employers.

YEARS OF SERVICE	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
0-1 years	7.8	10.3	12	13.7	17	12.6
2-3 years	11.1	12.9	15	16.1	18.5	15.3
4-5 years	12.3	14.8	16.4	18.1	19.2	16.7
6-10 years	14.1	17.3	19.2	21.2	23.2	19.7
11-15 years	16.9	19.4	21.7	23.4	25.2	22
16-19 years	17.7	21	23	25	26.3	23.4
20+ years	19.2	21.6	24.2	25.6	28.3	24.6

Overall, 78.5 percent of employers allow employees to carryover unused PTO days, with over 48 days being the average maximum accumulation of unused PTO days. Approximately 43 percent of employers allow the employee to cash out unused PTO days, with 83 percent being the cash out rate of unused PTO days.

EXHIBIT 4:
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 46 percent of these employers provide personal days.

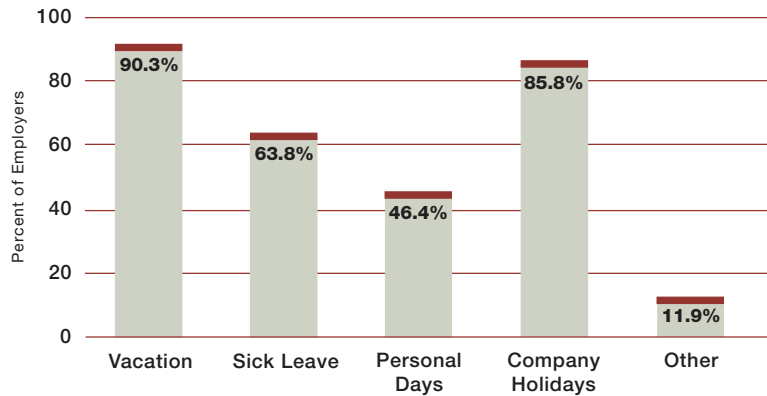


TABLE 6:
ALLOCATION OF TRADITIONAL LEAVE DAYS BY YEARS OF SERVICE BY EMPLOYER SIZE

Table 6 displays the allocation of Traditional Leave days based on years of service. The figures for each employer size represent a total of vacation days, sick leave days, personal leave days and other leave days.

YEARS OF SERVICE	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
0-1 years	8.4	17.3	17.7	23.2	18.2	18.8
2-3 years	17.9	21.7	22.0	26.6	22.0	22.9
4-5 years	18.8	22.9	23.7	29.0	23.3	24.6
6-10 years	21.5	27.4	26.9	32.6	25.6	27.8
11-15 years	22.9	29.0	29.1	34.5	28.6	30
16-19 years	23.9	30.4	31.0	36.3	30.1	31.6
20+ years	24.7	32.8	32.1	38.2	32.3	33.2

Overall, 52.6 percent of employers allow employees to carryover unused vacation days, with 24 days being the average maximum accumulation of vacation days. Overall, 62.5 percent of employers allow employees to carryover unused sick days, with 79 days being the average maximum accumulation of sick days.

Approximately 37 percent of employers allow the employee to cash out unused vacation days, with 92 percent being the cash out rate of unused vacation days. 17 percent of employers allow the employee to cash out unused sick days, with almost 70 percent being the cash out rate of unused sick days.

TABLE 7:
HISTORICAL PERCENTAGE OF EMPLOYERS OFFERING TRADITIONAL LEAVE VERSUS PTO REGARDLESS OF EMPLOYER SIZE

PTO plans are becoming more prevalent in Iowa than in the past. In 2000, almost 13 percent of employers offered PTO plans compared to one-third of employers offering such plans in 2006.

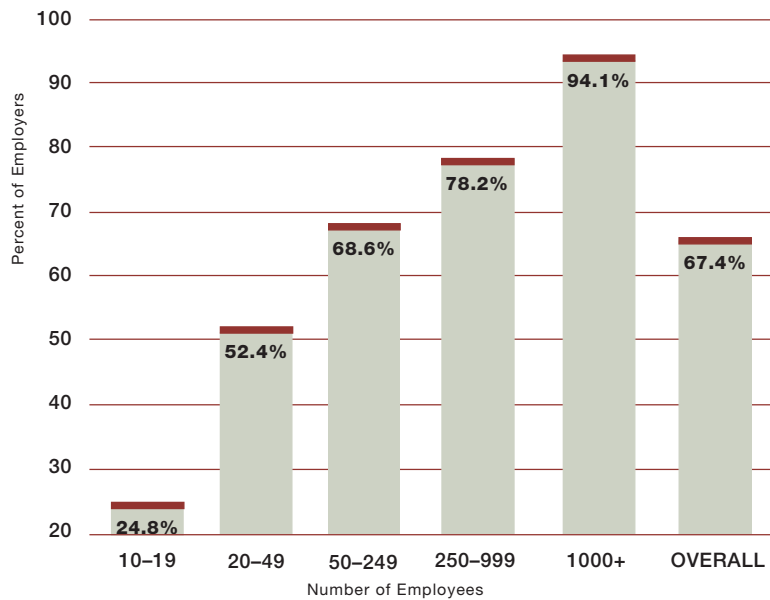
	2000	2004	2006*
Traditional Leave	86.3%	80.6%	78.8%
PTO	12.8%	29.1%	33.7%

* Includes Employers Size 10-19

Dental Insurance

Similar to previous surveys, **Exhibit 5** shows as the employer size increases, the likelihood of offering dental benefits increases from 25 percent to 94 percent.

EXHIBIT 5:
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 \$24.40 for employee only, \$48.61 for employee and spouse, \$53.08 for employee and children, and \$70.27 for family. In the 2005 Study, the weighted average monthly premiums for employee only, employee & spouse, employee & children and family were \$24.41, \$48.59, \$52.14 and \$69.46 respectively. The dental rates for 2006 increased less than 1 percent from the 2005 results.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10-19 employees	\$26.59	\$48.37	\$54.63	\$79.59
20-49 employees	\$23.76	\$48.68	\$54.58	\$72.65
50-249 employees	\$24.36	\$48.11	\$49.71	\$69.71
250-999 employees	\$23.89	\$46.77	\$51.70	\$69.43
1000+ employees	\$25.29	\$51.89	\$60.26	\$69.93
WEIGHTED AVG.	\$24.40	\$48.61	\$53.08	\$70.27

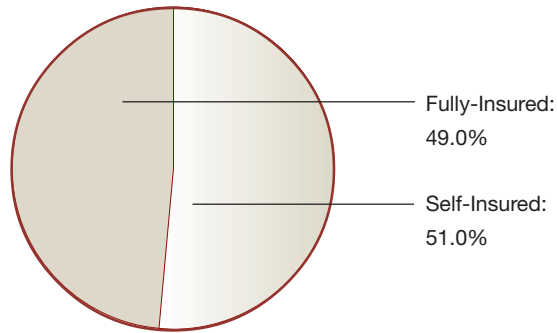
Dental Plan Rates and Contributions Continued

TABLE 9:
DENTAL PLAN PREMIUMS –
MONTHLY EMPLOYEE
CONTRIBUTIONS

The average primary dental plan has an employee contribution of \$9.98 for employee-only, \$27.59 for employee and spouse, \$29.77 for employee and children and \$40.46 for family. In the 2005 Study, the weighted average monthly employee contribution for employee only, employee & spouse, employee & children and family were \$9.98, \$26.16, \$28.64 and \$39.06 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$11.41	\$23.47	\$25.32	\$42.89
20–49 employees	\$12.11	\$24.50	\$28.61	\$44.24
50–249 employees	\$12.14	\$31.56	\$30.83	\$43.96
250–999 employees	\$7.96	\$26.40	\$30.99	\$39.99
1000+ employees	\$7.52	\$25.12	\$27.64	\$33.02
WEIGHTED AVG.	\$9.98	\$27.59	\$29.77	\$40.46

EXHIBIT 5:
PERCENTAGE OF EMPLOYERS
OFFERING FULLY-INSURED
DENTAL PLANS AND
SELF-INSURED DENTAL PLANS



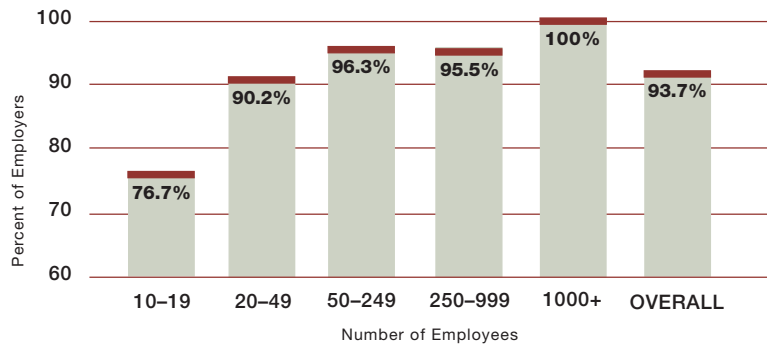
Overall, the average annual deductibles for dental plans are approximately \$39.00 for a single dental policy and \$99.00 for a family dental policy. 76 percent of employers indicated that they offer orthodontia benefits and of those employers offering orthodontia, 81 percent utilize a lifetime orthodontia maximum. The overall average lifetime maximum for orthodontia is \$1,308.

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 fully 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 6:
EMPLOYERS OFFERING HEALTH
INSURANCE BENEFITS**

Overall, almost 94 percent of employers who responded offer health insurance to their employees. This rate was 91 percent in last year’s study. The smaller employers surveyed are less likely to offer health insurance with only 76.7 percent offering this benefit.



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

74.7 percent of Iowa employers offer PPO plans. These types of plans are the most frequently offered for all size categories. 26 percent offer HMO/POS plans, and 7 percent offer traditional indemnity plans. Last year’s study indicated that 77 percent of Iowa employers offered PPO plans, 27 percent offered HMO/POS, and 7 percent offered traditional indemnity plans. The smallest group of employers (10 -19) offer PPO plans less frequently than the other size categories.

	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
HMO/POS	18.6%	25.5%	25.5%	20.0%	41.2%	26.0%
PPO	54.0%	64.5%	76.6%	82.7%	79.4%	74.7%
Traditional Indemnity	14.9%	14.7%	4.7%	3.3%	5.9%	7.0%

It was possible for the survey respondents to offer more than one plan of each type, up to a total of two 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 offered plan by Iowa employers, we have summarized the historical results on PPO plans from the past 8 studies conducted by DPL&A in **Tables 11, 23, 25, 32, 34, 36** and **Exhibit 10**.

Health Insurance Continued

TABLE 11:
HISTORICAL PERCENTAGE OF EMPLOYERS OFFERING PPO PLANS

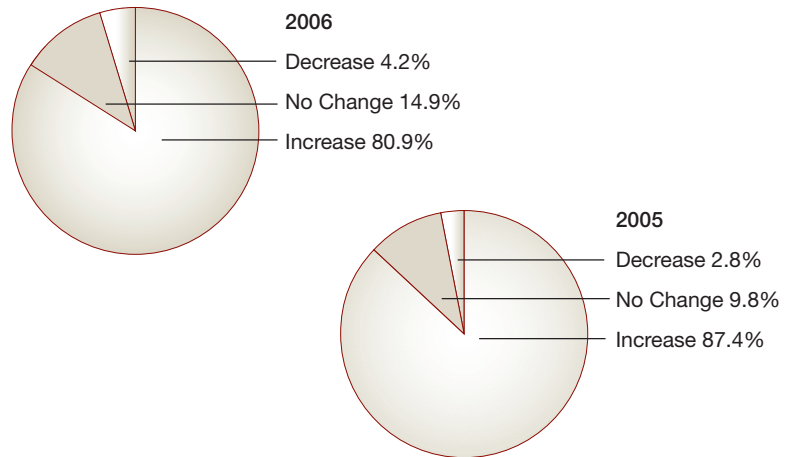
	1999*	2000	2001	2002	2003	2004	2005	2006
PPO	74.2%	68.0%	79.9%	76.9%	81.7%	83.4%	76.9%	74.7%

* 1999 Study included Central Iowa Employers only

HEALTH INSURANCE RATES

EXHIBIT 7:
EMPLOYERS WITH CHANGES IN HEALTH INSURANCE RATES

Approximately 81 percent of all employers who responded to the survey experienced an increase in medical rates during the last year. Only 4.2 percent reported a decrease and about 15 percent had no change in rates. In contrast, the 2005 study shows over 87 percent of employers experienced rate increases, almost 3 percent experienced a decrease and about 10 percent had no change in rates.



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

TABLE 12:
HEALTH INSURANCE RATE INCREASES

Overall, for those employers who reported an increase in their health insurance rates, the average reported increase was 13.9 percent. However, when factoring in those employers who experienced either no rate change or a rate decrease, the average overall rate increase is 10.8 percent. See Table 13.

EMPLOYER SIZE	Percent of Employers with Rate Increases	Average Percent of Increase
10-19 employees	80.8%	20.1%
20-49 employees	84.3%	15.2%
50-249 employees	83.0%	13.5%
250-999 employees	74.7%	11.7%
1000+ employees	81.8%	13.5%
Weighted AVG.	80.9%	13.9%

TABLE 13:
HEALTH INSURANCE RATE
CHANGES – REGARDLESS OF
RATE DIRECTION

EMPLOYER SIZE	Average Percent Change
10–19 employees	15.4%
20–49 employees	12.1%
50–249 employees	10.8%
250–999 employees	8.4%
1000+ employees	11.2%
Weighted AVG.	10.8%

Table 14 presents the history of health insurance rate increases since 2001. The smaller employers have experienced higher rate increases than the larger employers. This table compares only those employers who received rate increases.

TABLE 14:
HISTORY OF HEALTH INSURANCE RATE INCREASES (BY EMPLOYER SIZE) SINCE 2001

EMPLOYER SIZE	2001	2002	2003	2004	2005	2006
10–19 employees	NA	NA	NA	NA	18.8%	20.1%
20–49 employees	19.1%	19.4%	22.0%	20.9%	16.2%	15.2%
50–249 employees	18.9%	20.1%	18.7%	14.9%	13.8%	13.5%
250–999 employees	17.5%	16.3%	15.4%	13.7%	14.0%	11.7%
1000+ employees	10.3%	17.4%	17.2%	15.8%	12.7%	13.5%
Weighted AVG.	17.4%	18.7%	18.2%	15.7%	14.5%	13.9%

Health Insurance Rates Continued

TABLE 15:
EMPLOYER RESPONSES TO INCREASED HEALTH INSURANCE RATES
(WEIGHTED AVERAGE REGARDLESS OF EMPLOYER SIZE)

EMPLOYER RESPONSES TO INCREASED INSURANCE RATES	Overall
Increased Employee Contributions (through payroll deductions)	57.7%
Raised Deductibles	34.8%
Increased Prescription Drug Copays	23.9%
Raised Out-Of-Pocket Maximums	22.7%
Increased Office Copays	20.3%
Changed Insurance Companies	14.0%
Organization Absorbed the Entire Cost Increase	13.2%
Passed All Increased Costs On To Employees	5.2%
Reduced Pay Raises or Bonuses	4.4%
Hired Fewer New Employees	2.9%
Changed From a PPO To An HMO/POS Product	2.4%
Offered Internet Site With Personalized Health Information	1.9%
Postponed Capital Improvements	1.7%
Began Surcharge For Employees Who Smoke	1.3%
Began Surcharge For Covered Spouse	1.1%
Made Available Medical Provider Cost and Quality Info Via Internet	1.1%
Released Employee(s)	0.9%
Stopped Providing Health Insurance Coverage	0.0%
Other	21.4%

The top five responses illustrate that employers are shifting increased costs to the employees through either increased premium contributions and/or benefit design changes to the medical plan. Such plan design changes attempt to engage the employees (and their family members) to become more involved financially with health care costs. These facts are demonstrated later in this summary under “Rates and Contributions” (starting on page 17) and in the benefit components found under HMO/POS, PPO and Traditional Indemnity plans.

Health and Wellness Initiatives

With health care costs increasing year after year, employers are taking a more active role in offering proactive health improvement initiatives to their employees than in the past. **Table 16** indicates the prevalence of such programs currently undertaken by Iowa employers. **Table 17** indicates employers considering these programs within the next 12 months and **Table 18** shows the percentage of employers that will not offer these programs in the next 12 months.

TABLE 16:
PERCENTAGE OF EMPLOYERS CURRENTLY OFFERING WELLNESS AND/OR DISEASE MANAGEMENT PROGRAMS

Over 57 percent of employers currently provide medical information to their employees through various sources (website, newsletters, etc). About one quarter of employers are also providing blood pressure screening, cholesterol screening, smoking cessation programs and health club discounts/reimbursements.

Medical information (Website, Newsletter, etc)	57.5%
Blood Pressure Screening	28.2%
Cholesterol Screening	27.7%
Smoking Cessation Programs	23.4%
Health club discount/reimbursement	23.3%
Health Risk Assessment Program	21.5%
Chronic Disease Management Programs	21.0%
Obesity Management Programs	17.8%

TABLE 17:
PERCENTAGE OF EMPLOYERS CONSIDERING WELLNESS AND/OR DISEASE MANAGEMENT PROGRAMS IN THE NEXT 12 MONTHS

Employers have indicated they are equally split on types of programs to include during the next 12 months. Health risk assessments, obesity management and smoking cessation programs appear to be top considerations.

Health Risk Assessment Program	18.3%
Obesity Management Programs	15.7%
Smoking Cessation Programs	14.6%
Blood Pressure Screening	14.2%
Cholesterol Screening	13.6%
Chronic Disease Management Programs	13.5%
Medical information (Website, Newsletter, etc)	11.2%
Health club discount/reimbursement	8.3%

Health and Wellness Initiatives Continued

TABLE 18:
PERCENTAGE OF EMPLOYERS WHO WILL NOT OFFER WELLNESS AND/OR DISEASE MANAGEMENT PROGRAMS IN THE NEXT 12 MONTHS

Approximately one-third of employers indicate no interest in implementing most of the wellness/disease management programs during the next 12 months.

Health club discount/reimbursement	38.8%
Obesity Management Programs	33.9%
Smoking Cessation Programs	33.0%
Chronic Disease Management Programs	32.9%
Cholesterol Screening	31.5%
Health Risk Assessment Program	31.5%
Blood Pressure Screening	30.6%
Medical information (Website, Newsletter, etc)	17.9%

TABLE 19:
LIKELIHOOD OF EMPLOYERS OFFERING WELLNESS INITIATIVES BASED ON EMPLOYER SIZE

Overall, large employers (250+ employees) are more inclined to embrace wellness initiatives than those employers with less than 250 employees.

	Less than 250 Employees	250 or More Employees
Medical information (Website, Newsletter, etc)	48.5%	71.7%
Health club discount/reimbursement	12.3%	40.6%
Health Risk Assessment Program	12.1%	36.2%
Obesity Management Programs	8.7%	32.3%
Smoking Cessation Programs	11.8%	41.8%
Blood Pressure Screening	16.6%	46.6%
Cholesterol Screening	16.5%	45.3%
Chronic Disease Management Programs	9.9%	38.4%

Rates and Contributions

HMO/POS PLANS

Table 20 shows the monthly average billed rate for the primary HMO/POS plan, and **Table 21** displays the corresponding monthly employee contributions.

TABLE 20:
HMO/POS MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$234.07	\$581.30	\$488.73	\$705.39
20–49 employees	\$302.15	\$581.82	\$519.22	\$815.54
50–249 employees	\$301.13	\$602.46	\$551.90	\$824.34
250–999 employees	\$316.98	\$591.53	\$639.95	\$877.16
1000+ employees	\$344.02	\$682.10	\$609.02	\$968.67
WEIGHTED AVG.	\$308.72	\$613.69	\$567.82	\$856.62

TABLE 21:
HMO/POS MONTHLY EMPLOYEE
CONTRIBUTIONS

The HMO/POS plan has an average employee contribution of \$66.93 for employee only plans, and \$204.64 for employee & spouse plans. Employee & children plans have an overall average of \$187.87, while family plans average \$289.20 per month. Last year, the weighted average employee contribution for HMO/POS plans for employee only, employee & spouse, employee & children and family were \$54.68, \$177.66, \$158.25 and \$247.82 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$54.16	\$178.90	\$158.19	\$280.32
20–49 employees	\$70.45	\$228.15	\$192.98	\$336.19
50–249 employees	\$87.33	\$246.89	\$235.07	\$342.09
250–999 employees	\$55.04	\$195.68	\$185.30	\$283.49
1000+ employees	\$38.70	\$124.97	\$117.34	\$162.89
WEIGHTED AVG.	\$66.93	\$204.64	\$187.87	\$289.20

PPO PLANS

Table 22 shows the monthly average billed rate for the primary PPO plan.

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

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$296.84	\$611.48	\$531.71	\$743.27
20–49 employees	\$308.47	\$582.99	\$521.90	\$812.22
50–249 employees	\$344.85	\$652.00	\$595.69	\$862.83
250–999 employees	\$361.53	\$678.83	\$683.31	\$948.58
1000+ employees	\$333.51	\$636.71	\$571.30	\$908.99
WEIGHTED AVG.	\$339.61	\$643.17	\$595.16	\$881.01

Table 23 presents the history of monthly PPO health premiums since 1999 in Iowa.

TABLE 23:
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
2005	\$315	\$831
2006	\$340	\$881
8 YR. INCREASE	91%	93%

* 1999 Study included Central Iowa Employers only

Table 24 shows the monthly employee contributions for the primary PPO plan.

TABLE 24:
PPO MONTHLY EMPLOYEE CONTRIBUTIONS

The PPO plan has an average employee contribution of \$58.48 for employee only plans, and \$196.59 for employee & spouse plans. Employee & children plans have an overall average employee contribution of \$175.71, while family plans average \$272.74 per month. Last year, the weighted average employee contribution for PPO plans for employee only, employee & spouse, employee & children and family were \$61.39, \$209.53, \$193.31 and \$288.69 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$65.93	\$231.38	\$194.07	\$311.57
20–49 employees	\$70.93	\$210.00	\$180.13	\$295.22
50–249 employees	\$67.11	\$223.52	\$191.35	\$300.42
250–999 employees	\$43.66	\$172.19	\$173.10	\$281.72
1000+ employees	\$50.85	\$146.06	\$114.72	\$163.03
WEIGHTED AVG.	\$58.48	\$196.59	\$175.71	\$272.74

Table 25 presents the history of monthly PPO monthly employee contributions since 1999 in Iowa.

TABLE 25:
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
2005	\$61	\$289
2006	\$58	\$273
8 YR. INCREASE	45%	40%

* 1999 Study included Central Iowa Employers only

TRADITIONAL INDEMNITY PLANS

Table 26 and Table 27 show the monthly average billed rate and the employee contributions for the primary traditional indemnity plan.

TABLE 26:
INDEMNITY MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$299.77	\$662.33	\$543.71	\$744.22
20–49 employees	\$285.47	\$597.39	\$498.29	\$737.60
50–249 employees	\$300.88	\$604.17	\$475.51	\$749.60
250–999 employees	\$295.58	\$644.40	\$831.94	\$808.25
1000+ employees*	\$458.30	–	–	\$1,139.16
WEIGHTED AVG.	\$314.71	\$614.58	\$525.30	\$807.48

*Details of Traditional Indemnity Plans offered by 1 or no respondents are indicated with (-).

TABLE 27:
INDEMNITY MONTHLY EMPLOYEE
CONTRIBUTIONS

The Indemnity plan has an average employee contribution of \$51.26 for employee only plans, \$209.68 for employee & spouse, \$194.79 for employee & children and \$281.65 for family. Last year, the weighted average employee contribution for Indemnity plans for employee only, employee & spouse, employee & children and family were \$30.23, \$206.03, \$186.95 and \$233.60 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$51.32	\$115.68	\$106.93	\$205.83
20–49 employees	\$53.14	\$196.45	\$212.66	\$294.02
50–249 employees	\$62.19	\$256.04	\$198.72	\$296.45
250–999 employees	\$82.56	\$247.74	\$213.16	\$367.43
1000+ employees*	–	–	–	\$226.22
WEIGHTED AVG.	\$51.26	\$209.68	\$194.79	\$281.65

*Details of Traditional Indemnity Plans offered by 1 or no respondents are indicated with (-).

HMO/POS PLAN BENEFITS

TABLE 28:
HMO/POS IN-NETWORK DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$675 per employee for single coverage and \$1,402 for family coverage. Last year, the average deductibles for single and family coverage were \$601 and \$1,196 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$929	\$1,741
20–49 employees	\$937	\$2,048
50–249 employees	\$858	\$1,739
250–999 employees	\$499	\$1,062
1000+ employees	\$160	\$398
WEIGHTED AVG.	\$675	\$1,402

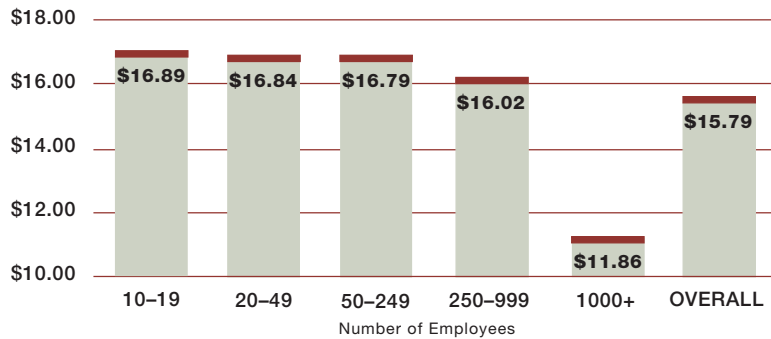
TABLE 29:
HMO/POS MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE

The average maximum out-of-pocket expense for all employers is \$1,770 for single coverage and \$3,544 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,546 and \$3,057 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$2,088	\$4,277
20–49 employees	\$2,068	\$4,060
50–249 employees	\$2,037	\$4,087
250–999 employees	\$1,542	\$3,180
1000+ employees	\$1,049	\$2,060
WEIGHTED AVG.	\$1,770	\$3,544

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

The average doctor's office co-pay is \$15.79. Last year, this co-pay averaged \$14.64 per visit.



HMO/POS Plan Benefits Continued

TABLE 30:
HMO/POS DRUG CO-PAY BY
EMPLOYER SIZE

Table 30 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 \$9.90, \$22.59 and \$38.56 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10–19 employees	\$11.08	\$26.26	\$39.37
20–49 employees	\$10.87	\$25.95	\$41.30
50–249 employees	\$11.96	\$25.52	\$44.66
250–999 employees	\$9.79	\$21.23	\$36.06
1000+ employees	\$9.53	\$21.55	\$36.18
WEIGHTED AVG.	\$10.80	\$24.01	\$40.48

PPO PLAN BENEFITS

TABLE 31:
PPO IN-NETWORK DEDUCTIBLES
BY EMPLOYER SIZE

In-network deductibles average \$759 per employee for single coverage and \$1,611 for family coverage. Last year, the average deductibles for single and family coverage were \$750 and \$1,562 respectively. The overall deductibles for PPO plans changed little from 2005.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,352	\$2,982
20–49 employees	\$1,140	\$2,465
50–249 employees	\$749	\$1,604
250–999 employees	\$612	\$1,266
1000+ employees	\$480	\$983
WEIGHTED AVG.	\$759	\$1,611

Table 32 presents the history of PPO In-Network Deductibles since 1999.

TABLE 32:
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
2004	\$572	\$1,204
2005	\$750	\$1,562
2006	\$759	\$1,611
8 YR. INCREASE	149%	132%

* 1999 Study included Central Iowa Employers only

TABLE 33:
PPO MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE

The average maximum out-of-pocket expense for all employers is \$1,861 for single coverage and \$3,788 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,891 and \$3,860 respectively. Both the single and family PPO out-of-pocket maximums have statistically remained unchanged from the 2005 study results.

EMPLOYER SIZE	Single	Family
10-19 employees	\$2,995	\$5,849
20-49 employees	\$2,744	\$5,452
50-249 employees	\$1,764	\$3,703
250-999 employees	\$1,550	\$3,151
1000+ employees	\$1,564	\$3,144
Weighted AVG.	\$1,861	\$3,788

Table 34 presents the history of PPO Maximum Out-of-Pocket Expenses since 1999.

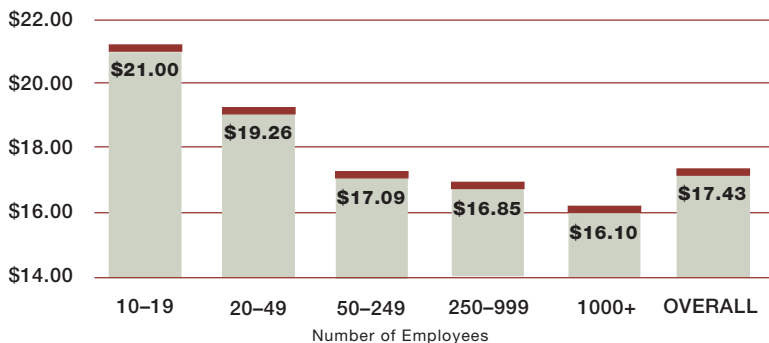
TABLE 34:
HISTORY OF PPO MAXIMUM OUT-OF-POCKET EXPENSES

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
2005	\$1,891	\$3,860
2006	\$1,861	\$3,788
8 YR. INCREASE	67%	66%

* 1999 Study included Central Iowa Employers only

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

The average doctor's office co-pay is \$17.43. Last year, this co-pay averaged \$16.34 per visit.



PPO Plan Benefits Continued

Exhibit 10 presents the history of PPO average doctor's office co-pays since 1999.

EXHIBIT 10:**HISTORY OF PPO AVERAGE DOCTOR'S OFFICE CO-PAYS (IN \$)**

YEAR	Average
1999*	\$11.33
2000	\$11.32
2001	\$12.49
2002	\$13.28
2003	\$14.11
2004	\$15.55
2005	\$16.34
2006	\$17.43
8 YR. INCREASE	54%

* 1999 Study included Central Iowa Employers only

TABLE 35:**PPO 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 \$10.75, \$23.80 and \$38.72 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10-19 employees	\$12.00	\$26.54	\$39.63
20-49 employees	\$11.17	\$25.91	\$41.65
50-249 employees	\$11.85	\$26.26	\$41.87
250-999 employees	\$9.96	\$24.61	\$39.35
1000+ employees	\$9.94	\$22.76	\$35.33
WEIGHTED AVG.	\$10.92	\$25.18	\$39.89

Approximately 16 percent of employers offering PPO's have their Rx plan subject to the medical plan deductible and coinsurance. Another 24 percent have indicated their Rx plan is subject to a separate Rx deductible (average deductibles are \$150 Single and \$255 Family).

Table 36 presents the history of PPO drug co-pays since 1999.

TABLE 36:
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
2005	\$10.75	\$23.80	\$38.72
2006	\$10.92	\$25.18	\$39.89
8 YR. INCREASE	35%	90%	67%**

* 1999 Study included Central Iowa Employers only

** 7 year increase

TRADITIONAL INDEMNITY PLAN BENEFITS

TABLE 37:
TRADITIONAL INDEMNITY
IN-NETWORK DEDUCTIBLES BY
EMPLOYER SIZE

In-network deductibles average \$1,277 per employee for single coverage, and \$2,495 for family coverage. Last year, the average deductibles for single and family coverage were \$682 and \$1,387 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,642	\$3,229
20–49 employees	\$1,473	\$2,892
50–249 employees	\$1,219	\$2,397
250–999 employees	\$448	\$978
1000+ employees*	–	–
Weighted AVG.	\$1,277	\$2,495

*Details of Traditional Indemnity Plans offered by one or no respondents are indicated with (-).

Traditional Indemnity Plan Benefits Continued

TABLE 38:
TRADITIONAL INDEMNITY
MAXIMUM OUT-OF-POCKET
EXPENSES BY EMPLOYER SIZE

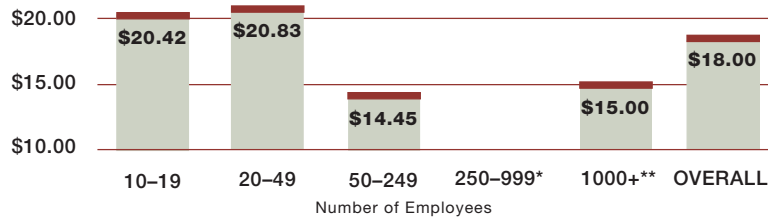
The average maximum out-of-pocket expense for all employers is \$2,531 for single coverage and \$4,631 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,718 and \$3,071 respectively.

EMPLOYER SIZE	Single	Family
10-19 employees	\$3,402	\$6,845
20-49 employees	\$3,389	\$5,679
50-249 employees	\$2,247	\$4,636
250-999 employees	\$1,101	\$2,120
1000+ employees*	-	-
Weighted AVG.	\$2,531	\$4,631

*Details of Traditional Indemnity Plans offered by one or no respondents are indicated with (-).

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

The average doctor's office co-pay for all employers is \$18.00. Last year, this co-pay averaged \$16.55 per visit.



* There were no respondents for the 250-999 employer size.

** Details of Traditional Indemnity Plans offered by employers 1000+ were provided by only a few respondents. Any reported results for this size of employer may not be reliable.

TABLE 39:
TRADITIONAL INDEMNITY
AVERAGE DRUG CO-PAY BY
EMPLOYER SIZE

Table 39 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 \$7.91, \$19.24 and \$33.52 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10-19 employees	\$11.47	\$24.90	\$40.59
20-49 employees	\$10.95	\$25.00	\$40.26
50-249 employees	\$11.43	\$30.15	\$43.91
250-999 employees*	-	-	-
1000+ employees**	\$5.00	\$15.00	\$30.00
WEIGHTED AVG.	\$10.27	\$25.81	\$40.81

* There were no respondents for the 250-999 employer size.

** Details of Traditional Indemnity Plans offered by employers 1000+ were provided by only a few respondents. Any reported results for this size of employer may not be reliable.

COLLECTIVELY BARGAINED VS. NON-BARGAINED HEALTH INSURANCE PLANS

Table 40 shows overall how collectively bargained health insurance plans compare to non-bargained health insurance plans regardless of the employer size, industry, or type of plan the employer offers (i.e. HMO/POS, PPO, or Traditional Indemnity).

TABLE 40:
COLLECTIVELY BARGAINED HEALTH INSURANCE PLANS
VS. NON-BARGAINED PLANS

	Collectively Bargained Plans	Non-Bargained Plans
MONTHLY MEDICAL PREMIUMS (includes employer and employee contributions)		
Single	\$407.87	\$314.55
Employee & Spouse	\$704.45	\$627.98
Employee & Child(ren)	\$641.88	\$576.72
Family	\$986.77	\$843.86
MONTHLY EMPLOYEE CONTRIBUTIONS		
Single	\$39.60	\$64.39
Employee & Spouse	\$189.42	\$199.95
Employee & Child(ren)	\$147.09	\$182.28
Family	\$281.40	\$276.24
IN-NETWORK DEDUCTIBLES		
Single	\$493.00	\$835.00
Family	\$1,025.00	\$1,755.00
MAXIMUM OUT-OF-POCKET EXPENSES		
Single	\$1,194.00	\$2,039.00
Family	\$2,235.00	\$4,132.00
DOCTOR'S OFFICE VISIT		
Co-Pay Per Visit	\$14.27	\$17.50
PRESCRIPTION DRUG CO-PAYS		
Generic	\$8.58	\$11.36
Preferred Brand Name	\$19.27	\$26.11
Non-Preferred Brand Name	\$30.41	\$41.69

Almost 27 percent of employers with collectively bargained plans have a separate deductible for Rx, with the average deductible being approximately \$78 for single and \$147 for family. Conversely, 22 percent of employers with non-bargained plans offer a separate deductible for Rx, with the average deductible being approximately \$144 for single and \$247 for family.

CONSUMER-DRIVEN HEALTH PLANS

A “consumer-driven health plan” (CDHP) is considered by many to be the next generation of medical coverage that employers will offer to their employees. Under this approach, an employer will allocate a sum of money annually to offset the employees’ portion of a high-deductible plan. This way, employers continue to support their employees’ health care needs, while allowing employees to more directly control their own health coverage. Although Flexible Spending Accounts (FSA’s - Under IRS Code Sec. 125) may also be supported with employer funds, there are two other spending accounts that more commonly come to mind when discussing CDHP arrangements.

- 1) **Health Reimbursement Arrangement (HRA).** HRAs are **employer provided** funds to employees that must be used by the employee for qualified medical expenses. HRAs allow the employer flexibility in plan design, such as permitting employees to roll over any unused balance into the following year. Employees normally do not “own” such an account, and any balances are usually forfeited back to the Plan should the employee terminate employment.
- 2) **Health Savings Account (HSA).** HSAs may be funded by the employee, employer or both. HSAs are permanent, portable, tax-favored savings accounts available to anyone with a qualified high-deductible health insurance plan. Because the HSA is owned by the employee, the employee retains control of their HSA even when changing employers.

Approximately 19.3 percent of respondents indicated they offer either an HRA or HSA (or a combination of these). **Table 41** shows a breakout of these respondents by employer size.

TABLE 41:

PERCENTAGE OF EMPLOYERS OFFERING AN HRA AND/OR HSA BY EMPLOYER SIZE

CDHP’s increased in popularity during the past year. The larger employers are more likely to offer a CDHP when compared to the smaller employers. It appears that one-third of the largest employers (1,000+) are now embracing CDHP’s.

EMPLOYER SIZE	2005 Percent	2006 Percent
10-19 Employees	2.1%	5.8%
20-49 Employees	5.5%	12.4%
50-249 Employees	3.6%	22.1%
250-999 Employees	8.1%	21.2%
1000+ Employees	3.2%	35.3%
All Employers Under 250	3.9%	16.1%
All Employers Over 250	6.0%	25.8%
All Urban/Metro Employers	3.1%	21.0%
All NonMetro/Rural Employers	6.2%	17.2%
OVERALL	4.5%	19.3%

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 twelve months.

TABLE 42:**LIKELIHOOD OF CHANGING TO A CONSUMER-DRIVEN HEALTH PLAN WITHIN THE NEXT 12 MONTHS**

Table 42 indicates that over 14 percent of all employers said they were somewhat likely or very likely to switch to a consumer-driven health plan within the next twelve months. Over 73 percent said they were at least somewhat unlikely to make the switch, while 12.1 percent are still unsure. In the 2005 study, 22 percent of employers were somewhat likely or very likely to offer a consumer-driven health plan within the next 12 months, while 56 percent were at least somewhat unlikely to make the change within 12 months. The 2006 results suggest that employers are less likely than last year to offer this type of plan to their employees.

ANSWER CATEGORIES	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
1. Very Likely*	1.6%	3.8%	3.3%	–	–	2.1%
2. Somewhat Likely	9.4%	9.2%	13.3%	14.8%	12.5%	12.1%
3. Somewhat Unlikely	21.1%	22.9%	26.7%	24.6%	12.5%	23.4%
4. Very Unlikely	52.3%	45.8%	46.7%	49.2%	75.0%	50.3%
5. Unsure*	15.6%	18.3%	10.0%	11.5%	–	12.1%

*Details offered by employers 250 - 999 and 1000+ were provided by 1 or no respondents and are indicated with (-).

EMPLOYER FUNDING OF CONSUMER-DRIVEN HEALTH PLANS

Health Reimbursement Arrangements (HRAs) — The average deductibles offered by employers who have implemented HRAs are \$1,270 for Single and \$2,456 for Family. In 2006, the employer offsets these deductibles with the following subsidies: Single - \$843; Employee + One - \$1,062 and Family - \$1,343. Almost two-thirds of employers (62.2 percent) allow employees to roll over all or part of the unused HRA balance into the following year.

Health Savings Accounts (HSAs) – The average deductibles offered under a qualified high-deductible health plan are \$1,731 for Single and \$3,481 for Family. In 2006, the employer offsets these deductibles with the following subsidies (deposited into the HSA): Single - \$532; Employee + One - \$797 and Family - \$1,048. About two-thirds (67.3 percent) of employers who offer high-deductible health plans jointly fund the HSA accounts with their employees. Another 29.3 percent of employers require the employee to fund the HSA without employer assistance, while only 3.4 percent of employers fully fund the HSA accounts.

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

TABLE 43:
OVERALL MONTHLY MEDICAL
PLAN PREMIUMS (INCLUDES
EMPLOYER AND EMPLOYEE
CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$287.00	\$609.07	\$515.32	\$734.54
20–49 employees	\$302.35	\$582.83	\$515.63	\$801.50
50–249 employees	\$334.28	\$633.57	\$576.39	\$849.08
250–999 employees	\$351.97	\$660.04	\$678.12	\$931.61
1000+ employees	\$342.61	\$653.92	\$588.19	\$935.72
WEIGHTED AVG.	\$331.29	\$631.97	\$581.70	\$869.69

Table 44 presents the history of overall averages of monthly billed rates for all group medical plans in Iowa since 1999.

TABLE 44:
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
2005	\$309	\$814
2006	\$331	\$870
8 YR. INCREASE	92%	90%

* 1999 Study included Central Iowa Employers only

Table 45 shows the overall average of monthly employee contributions for medical coverage.

TABLE 45:
OVERALL MONTHLY EMPLOYEE CONTRIBUTION – FOR MEDICAL COVERAGE

Last year, the overall average employee contribution for employee only, employee & spouse, employee & children and family were \$58.74, \$203.56, \$186.33 and \$281.09 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$65.19	\$201.09	\$168.57	\$284.26
20–49 employees	\$68.69	\$212.26	\$186.88	\$304.61
50–249 employees	\$71.77	\$230.10	\$202.96	\$310.52
250–999 employees	\$46.55	\$179.42	\$175.88	\$283.47
1000+ employees	\$45.32	\$138.78	\$115.95	\$165.97
WEIGHTED AVG.	\$60.41	\$198.84	\$179.37	\$276.95

Table 46 presents the history of monthly employee contributions for medical coverage since 1999.

TABLE 46:
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
2005	\$59	\$281
2006	\$60	\$277
8 YR. INCREASE	62%	56%

* 1999 Study included Central Iowa Employers only

Overall Picture Continued

As reflected in **Table 47**, there is a tendency for larger employers to offer more benefit opportunities than smaller employers.

TABLE 47:
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	90.9%	97.6%	93.4%
Paid Holidays	92.3%	91.6%	92.0%
Retirement Plans	79.4%	89.5%	83.2%
Vacation	81.8%	81.9%	81.8%
Group Life Insurance	73.9%	94.9%	81.7%
Pre-Tax Premium	63.1%	87.5%	72.1%
Dental Insurance	58.8%	85.1%	68.5%
Long Term Disability	52.6%	87.9%	65.7%
Dependent care flexible spending account	53.6%	82.8%	64.4%
Sick Leave	55.7%	72.2%	61.8%
Medical care spending account	49.0%	80.0%	60.5%
Employee Voluntary Life Coverage	41.4%	75.3%	54.0%
Short Term Disability	49.0%	58.8%	52.6%
Dependent Voluntary Life Coverage	38.8%	69.9%	50.3%
Educational Assist/Tuition Reimbursement	32.7%	65.1%	44.7%
Employee Assistance Program (EAP)	29.3%	70.3%	44.5%
Casual Dress (everyday, not just Fridays)	42.7%	31.9%	38.7%
Vision Coverage	24.9%	50.5%	34.3%
Paid Time Off Bank (PTO)	26.8%	34.1%	29.6%
Flextime	21.5%	35.3%	26.6%
Retiree Health Insurance (Pre 65 yrs)	16.3%	41.6%	25.6%
Fitness center or gym subsidy	11.2%	36.1%	20.4%
Long Term Care Insurance	8.7%	25.2%	14.8%
Retiree Health Insurance (65 yrs +)	6.9%	25.5%	13.8%
Telecommuting	4.7%	16.0%	8.9%
Child care assistance (on or off-site)	2.3%	8.0%	4.4%



Who We Are

David P. Lind & Associates, L.L.C. (DPL&A) is an independent employee benefits broker and consulting firm focusing on group benefit plans for employers in Iowa and surrounding states. DPL&A was founded in 1995 on the cornerstone of ethical conduct, full-disclosure and commitment to education. We are unique in our industry because we are truly independent consultants for our clients. We do not have production quotas with any insurance company to cloud our objectivity. At DPL&A, we believe Iowa employee benefits should be “client driven” rather than “product driven”.

Services We Offer

Advisor/Consultant - DPL&A helps employers make educated decisions on their benefit plans. DPL&A provides practical cost saving solutions by using proprietary actuarial tools and methods, primarily for group health insurance.

Employee Benefits Broker - DPL&A provides employers access to all competitive insurance markets such as group medical insurance, dental, Rx, life, and disability insurance coverage.

Employee Benefits Research - DPL&A conducts research to provide employers with pertinent information on benefit packages. The *Iowa Employer Benefits Study*® is a comprehensive statistical review of Iowa employee benefits that is conducted annually by DPL&A.

What We Can Do For You

Employers choose DPL&A when they need an objective advisor that represents the employer, not the insurance company. DPL&A works on either a project basis or an ongoing basis depending on employer need. Advisors at DPL&A hold advanced professional designations and have many years of experience and technical expertise in the field of group benefits.

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