

2012 Iowa Employer Benefits Study[©]

14th Annual Study

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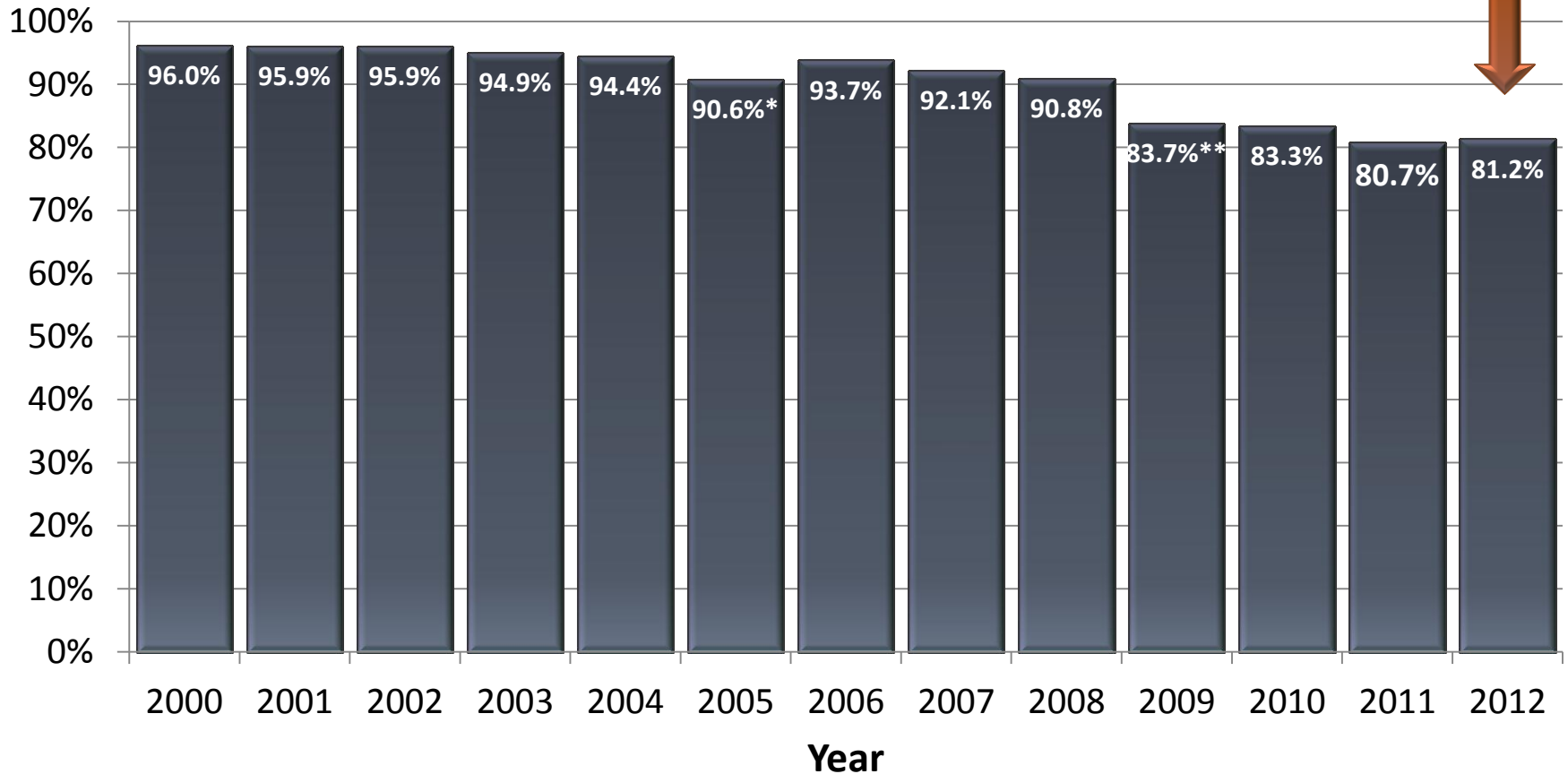


Health Insurance in Iowa

History: Employers Offering Health Insurance

*Employer Size Category of 10–19 Included since 2005

**Employer Size Category of 2-10 Included since 2009

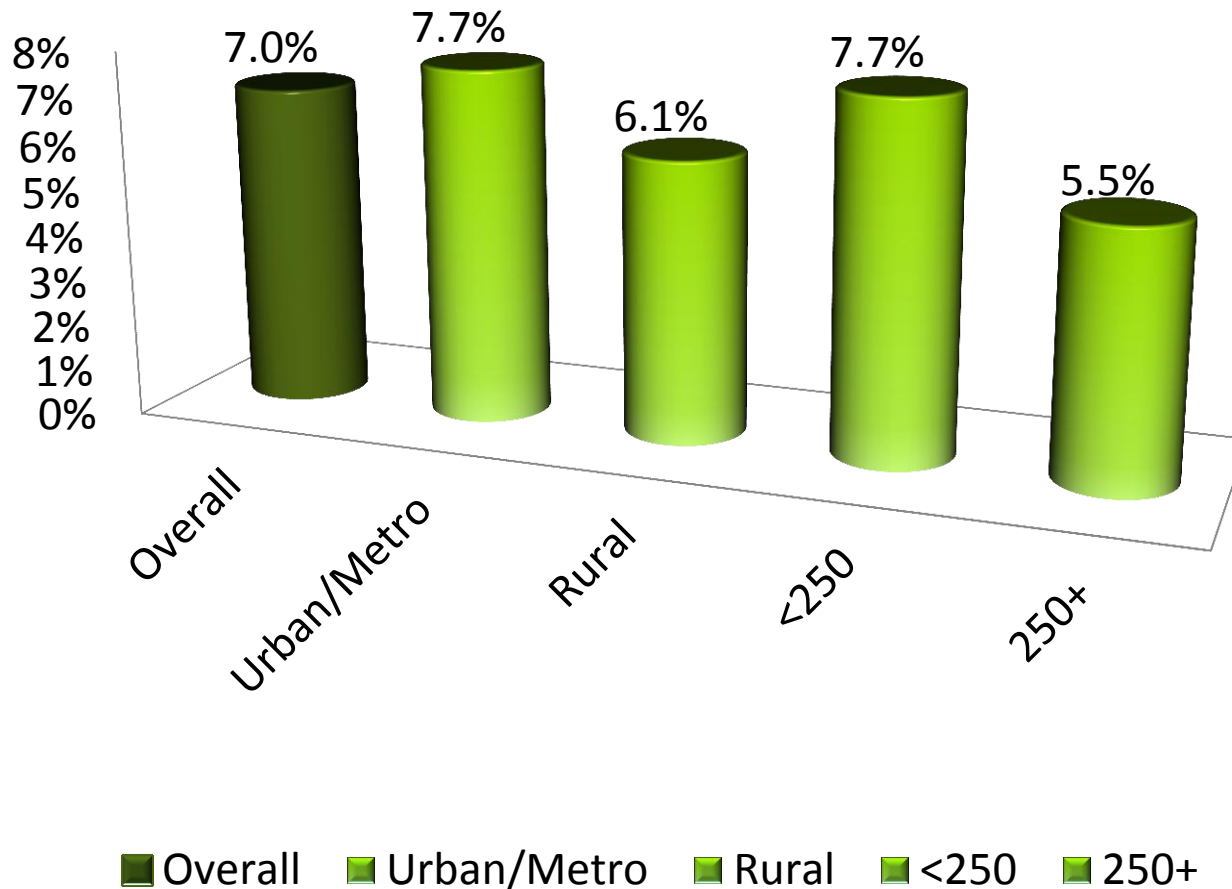


Average Health Insurance Rate Adjustments Reported in 2012

For All Employers, Regardless of Rate Direction

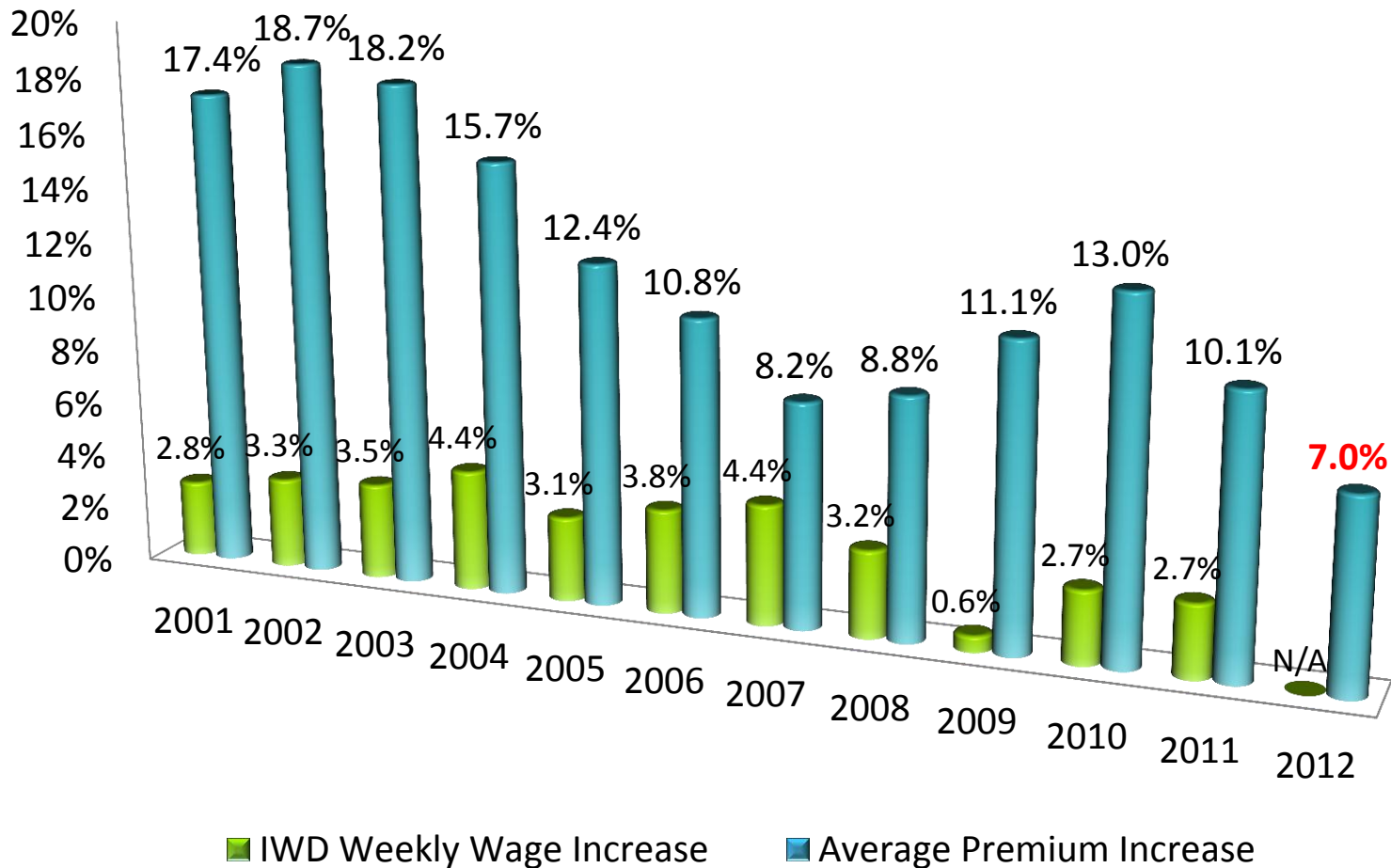
Firm Size (Employees)	Average % Increase 2012
2 – 9	8.4%
10 – 19	8.1%
20 – 49	7.0%
50 – 249	7.2%
250 – 999	5.3%
1000 +	6.1%
Overall	7.0%

Average Health Insurance Rate Impact Reported in 2012



For All Employers, Regardless of Rate Direction

Average Health Insurance Rate Increases Compared to Statewide Average Weekly Wage Increases 2001 to 2012



Weekly Wage Increase Percentages Provided by Iowa Workforce Development

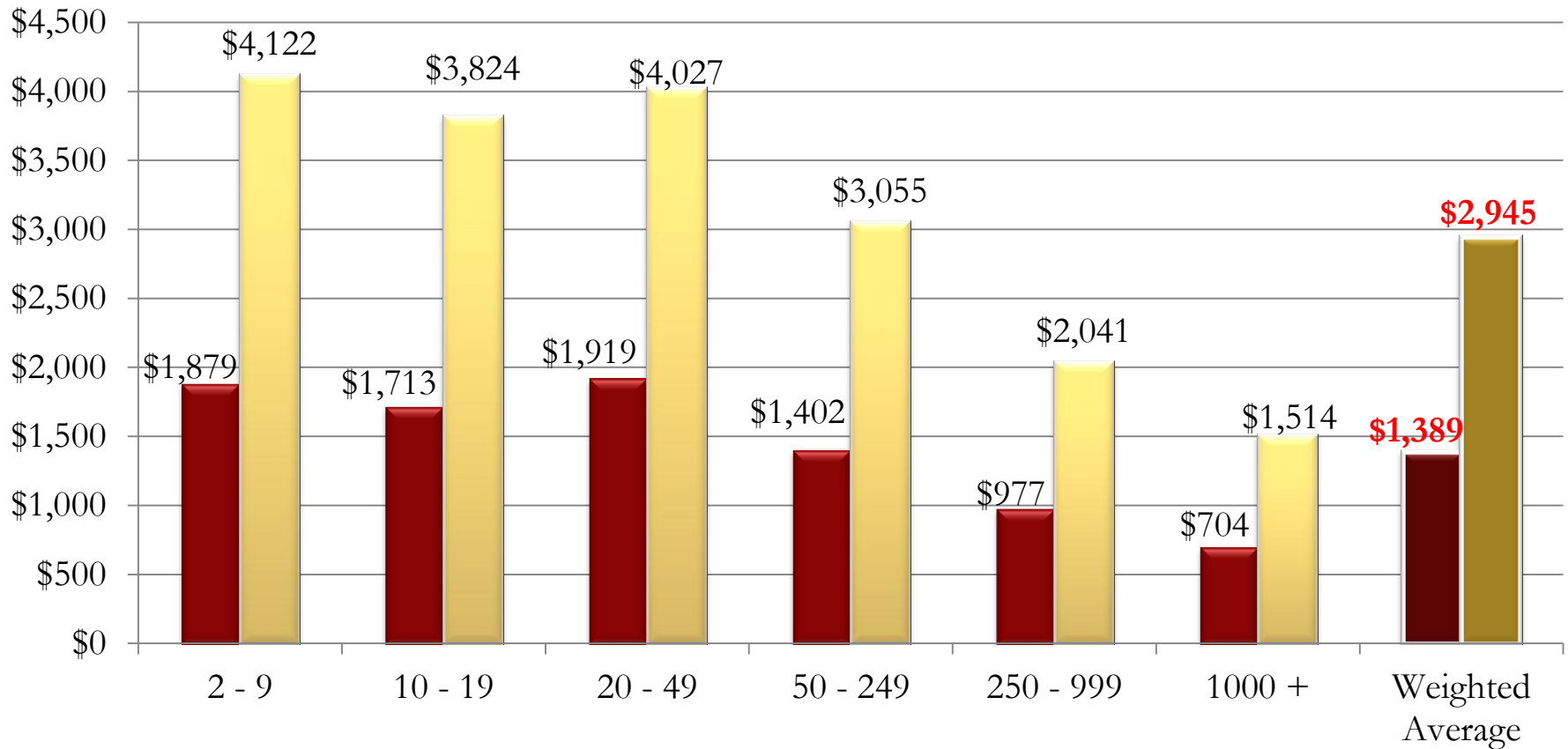
Employer Responses to Health Insurance Rate Increases Reported in 2012

2011	2012	Here is what employers say the DID....
52.3%	63.5%	Passed some or all of the increased costs to the employees
17.0%	29.0%	Organization absorbed the entire cost increase
24.6%	20.4%	Raised deductibles
15.9%	15.8%	Raised out of pocket maximum
14.0%	12.1%	Increased office co-payments
12.5%	10.7%	Increased prescription drug co-payments
7.0%	9.4%	Changed insurance companies
4.0%	5.7%	Hired fewer new employees
7.0%	5.4%	Began wellness/disease management initiatives
8.7%	5.0%	Reduced Pay raises or bonuses
2.5%	4.2%	Offered Consumer Driven Health Plans
1.4%	1.0%	Released employees
0.4%	0.0%	Stopped providing health insurance coverage

All Medical Plans In-Network Deductible

Deductible By Employer Size in 2012

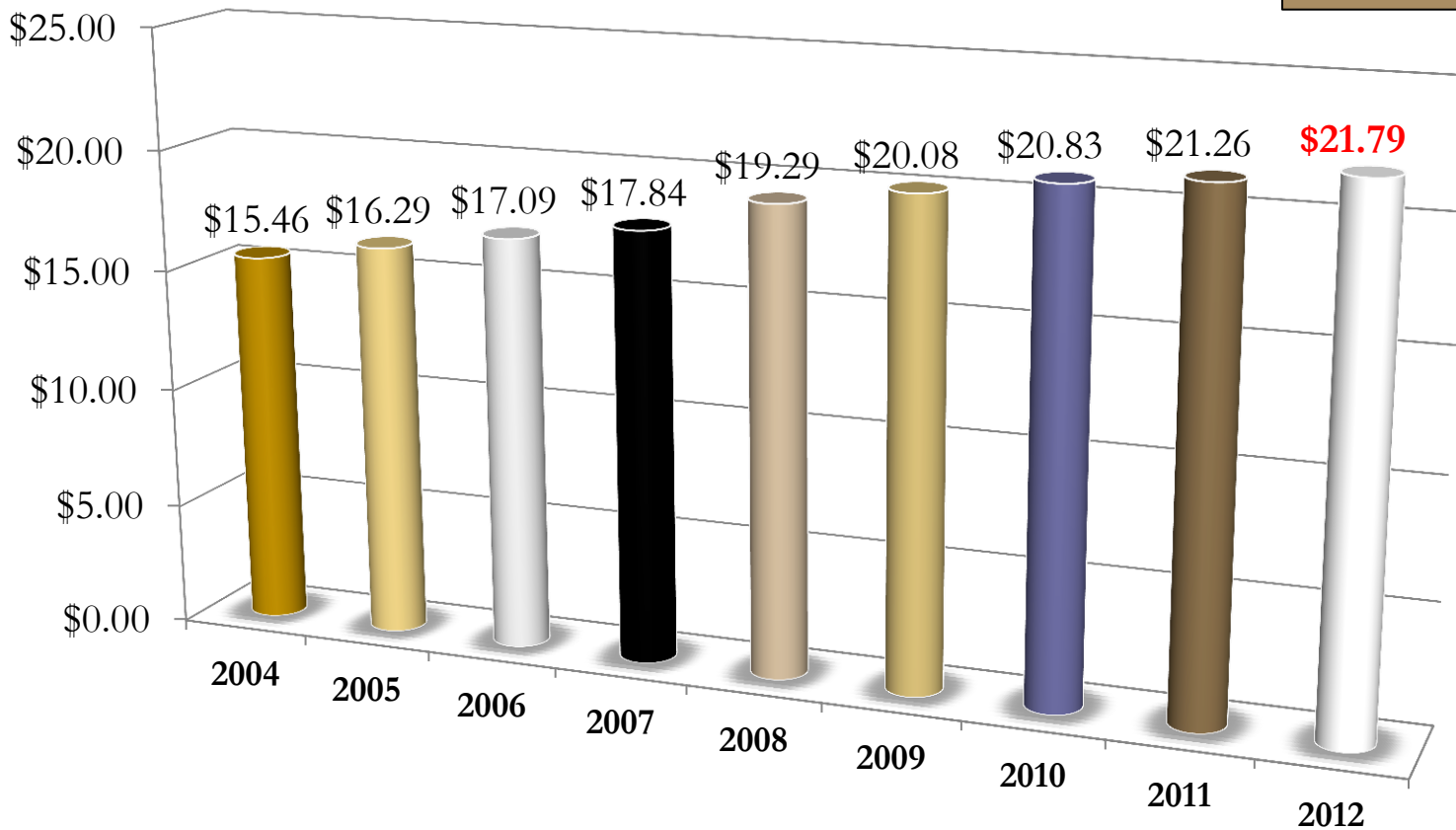
■ Single ■ Family



All Medical Plans Office Copays

All Industries

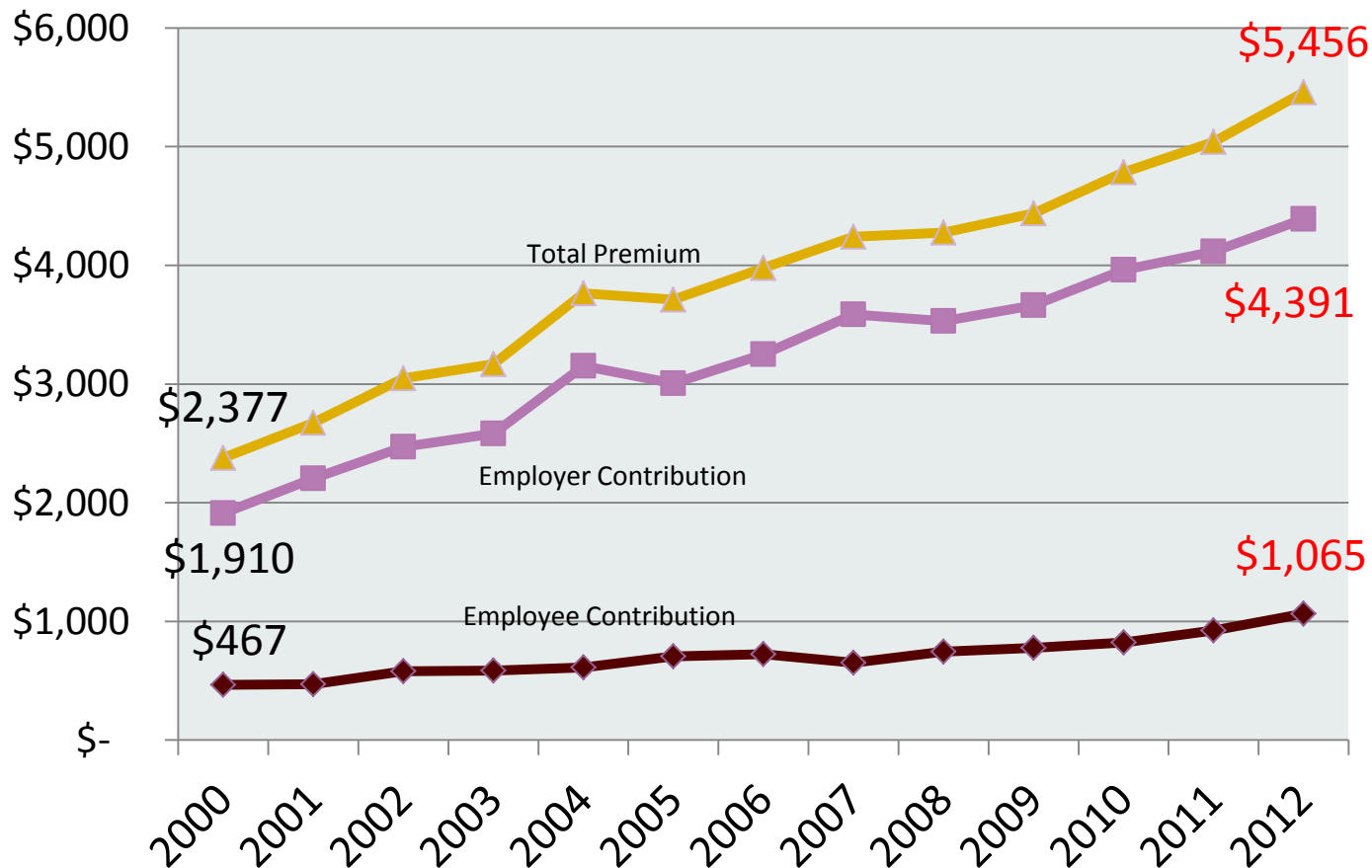
Increase
41%
(9 Years)



All Medical Plans Combined

(HMO, PPO, Traditional Indemnity, HSAs)

Annual Single Medical Contributions



Total Premium
↑ 130%

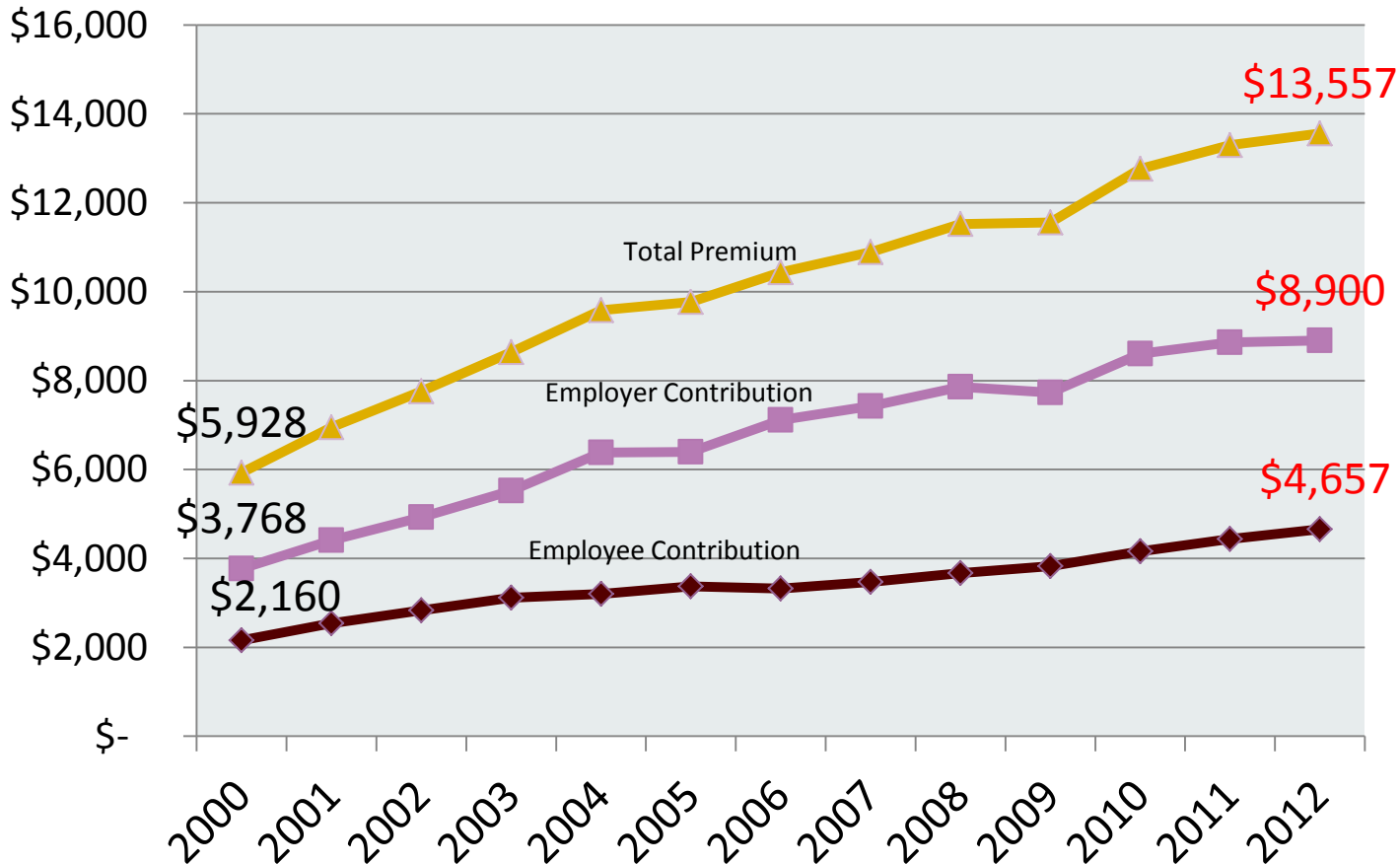
Employer Contribution
↑ 130%

Employee Contribution
↑ 128%

All Medical Plans Combined

(HMO, PPO, Traditional Indemnity, HSAs)

Annual Family Medical Contributions



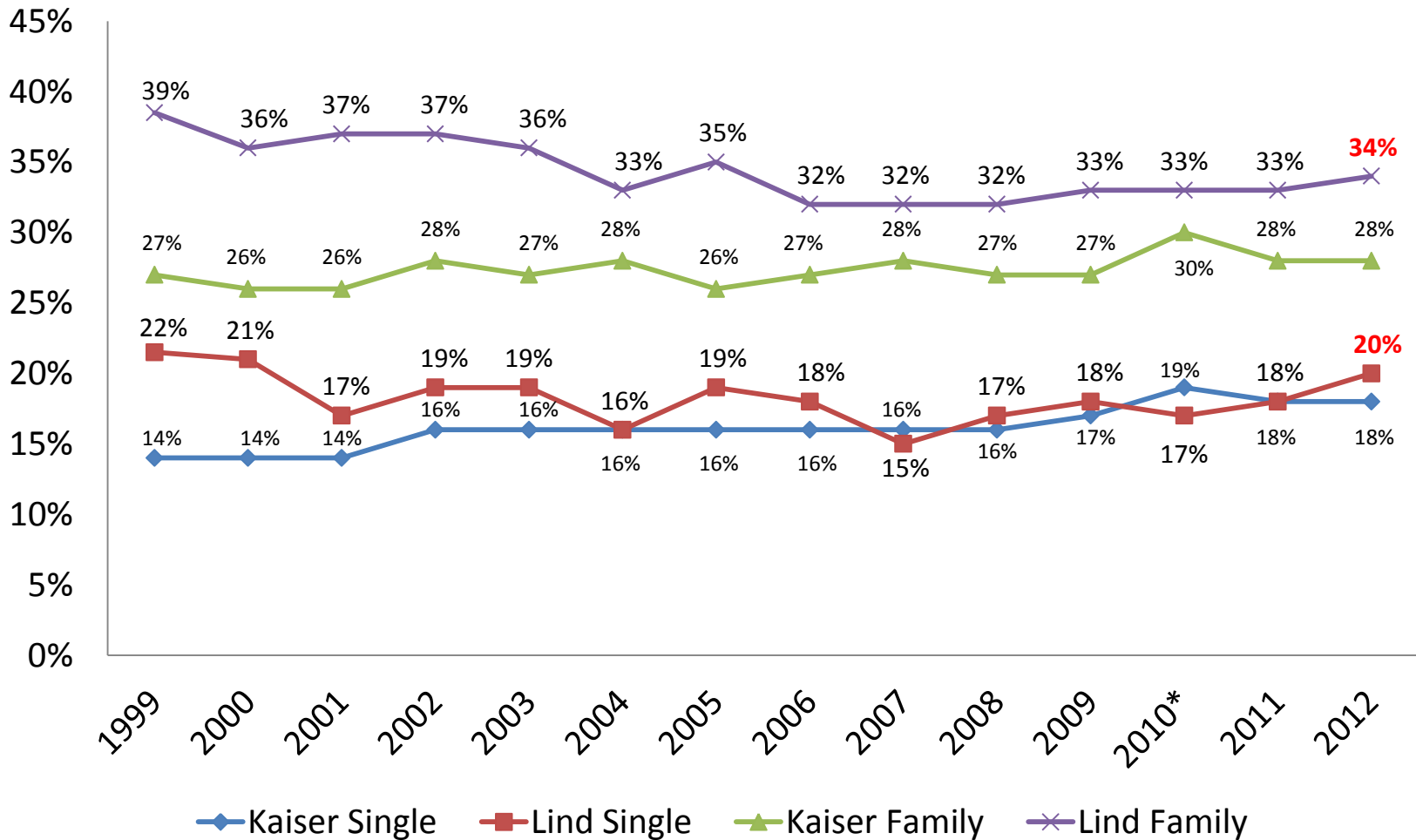
Total Premium
↑ 129%

Employer Contribution
↑ 136%

Employee Contribution
↑ 116%

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1999-2012

Kaiser/HRET vs. Lind



* Estimate is statistically different from estimate for the previous year shown (p<.05).

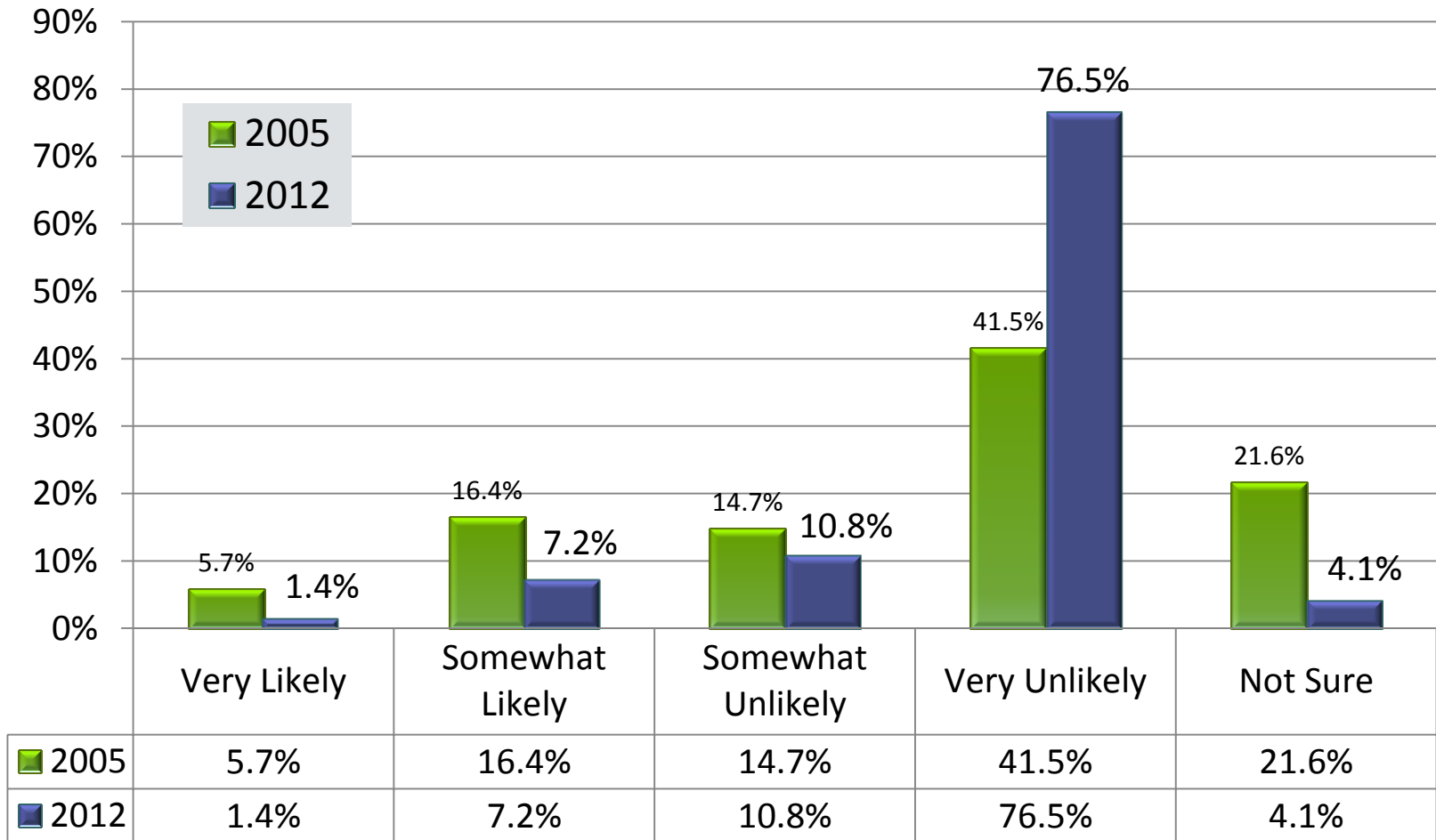
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2012.

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Consumer Driven Health Plans (CDHP)

Likelihood of Changing to a CDHP within 12 Months

All Industries



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Health and Wellness Initiatives

Questions in this Module were developed in
collaboration with the University of Iowa Healthier
Workforce Center for Excellence (HWCE)



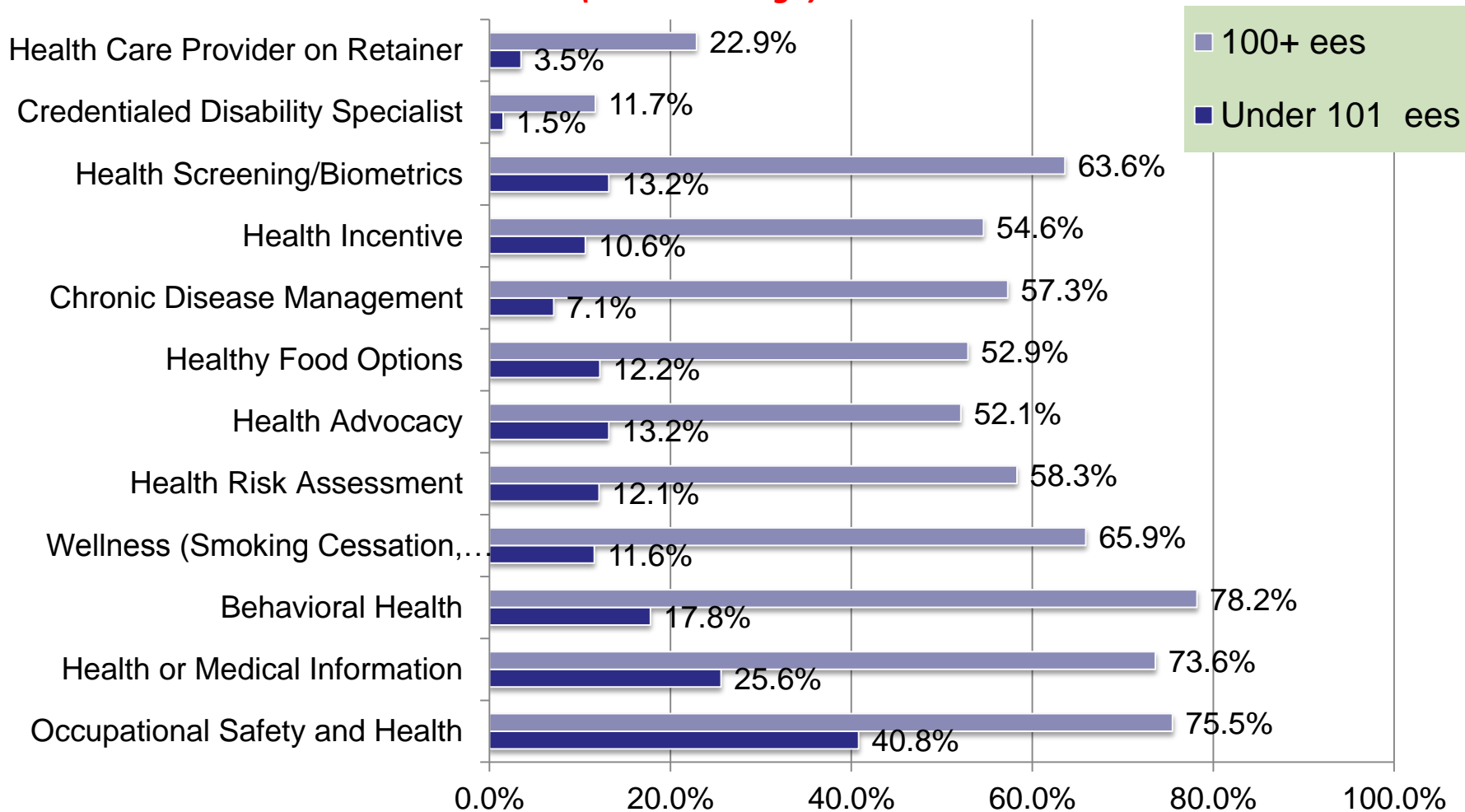
Health & Wellness Initiatives

Percentage of Employers Offering or Considering Wellness and/or Health Initiative Programs

Questions in this Module were developed in collaboration with the University of Iowa Healthier Workforce Center for Excellence (HWCE)	Currently Offer & Will Continue	Do Not Currently Offer but Plan to Offer in Next 12 Months	Do Not and Will Not Offer in the Next 12 Months
Occupational Safety and Health Program	53%	2.2%	41%
Health or Medical Information (Website, Newsletter, etc)	43%	7.0%	46%
Behavioral Health (Alcohol, Drugs, Depression, Work-Life Assistance)	40%	.8%	56%
Wellness (Smoking Cessation, Weight Control, Fitness)	31%	4.1%	61%
Health Risk Assessment	29%	4.9%	63%
Health Advocacy (Counseling or Coaching)	27%	3.9%	65%
Healthy Food Options	27%	2.2%	67%
Chronic Disease Management	25%	3.7%	65%
Health Incentive (Club Memberships, Cash Bonus, Premium Discounts)	26%	4.2%	66%
Health Screening/Biometrics	31%	3.5%	61%
Retain/Contract with Healthcare Provider	11%	1.0%	79%

Percentage of Employers Offering Wellness and/or Health Initiative Programs

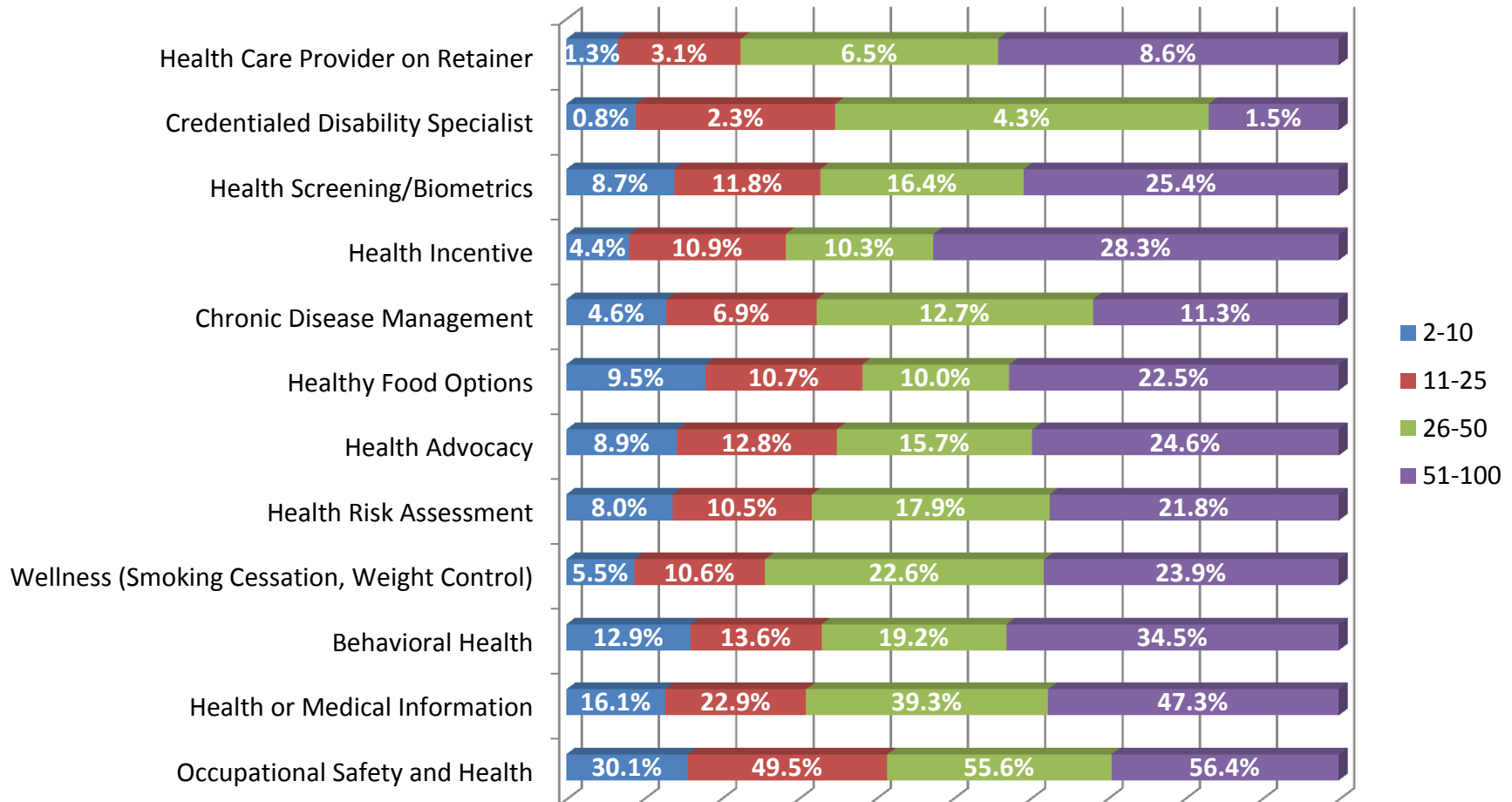
(Small vs. Large)



Health & Wellness Initiatives

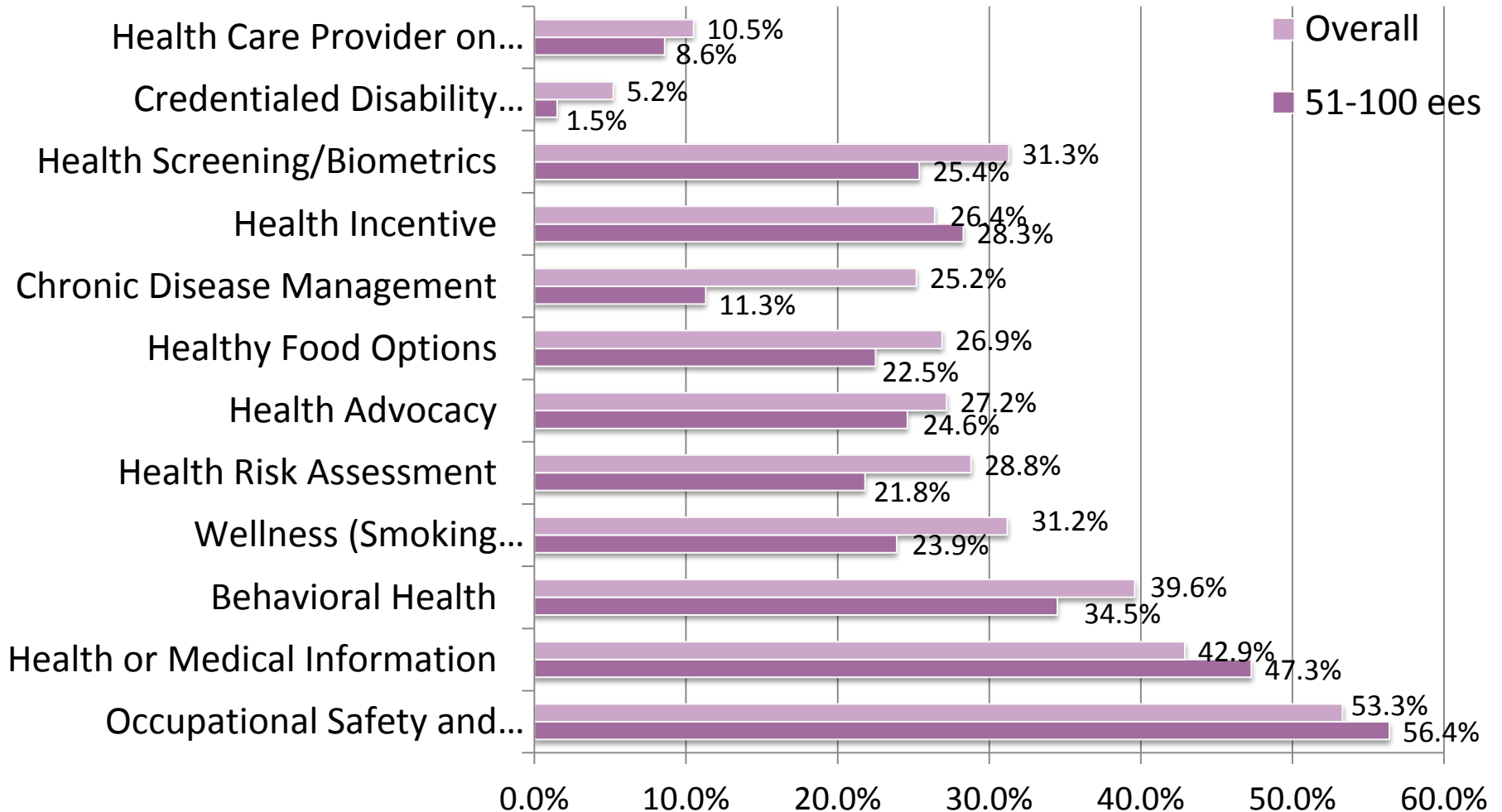
Percentage of Employers Offering Wellness and/or Health Initiative Programs

Orgs Under 101

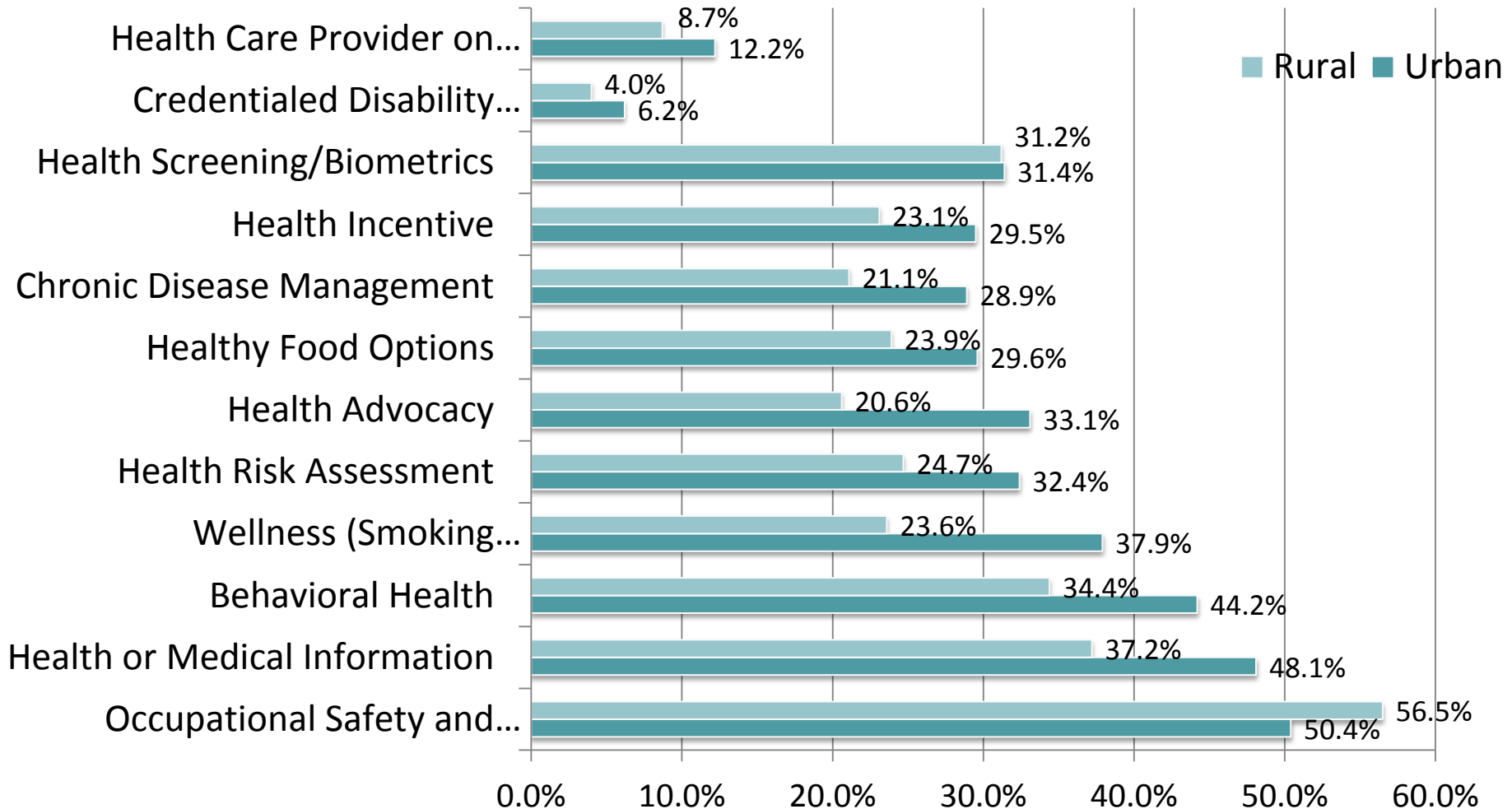


Percentage of Employers Offering Wellness and/or Health Initiative Programs

(51 – 100 Employees)



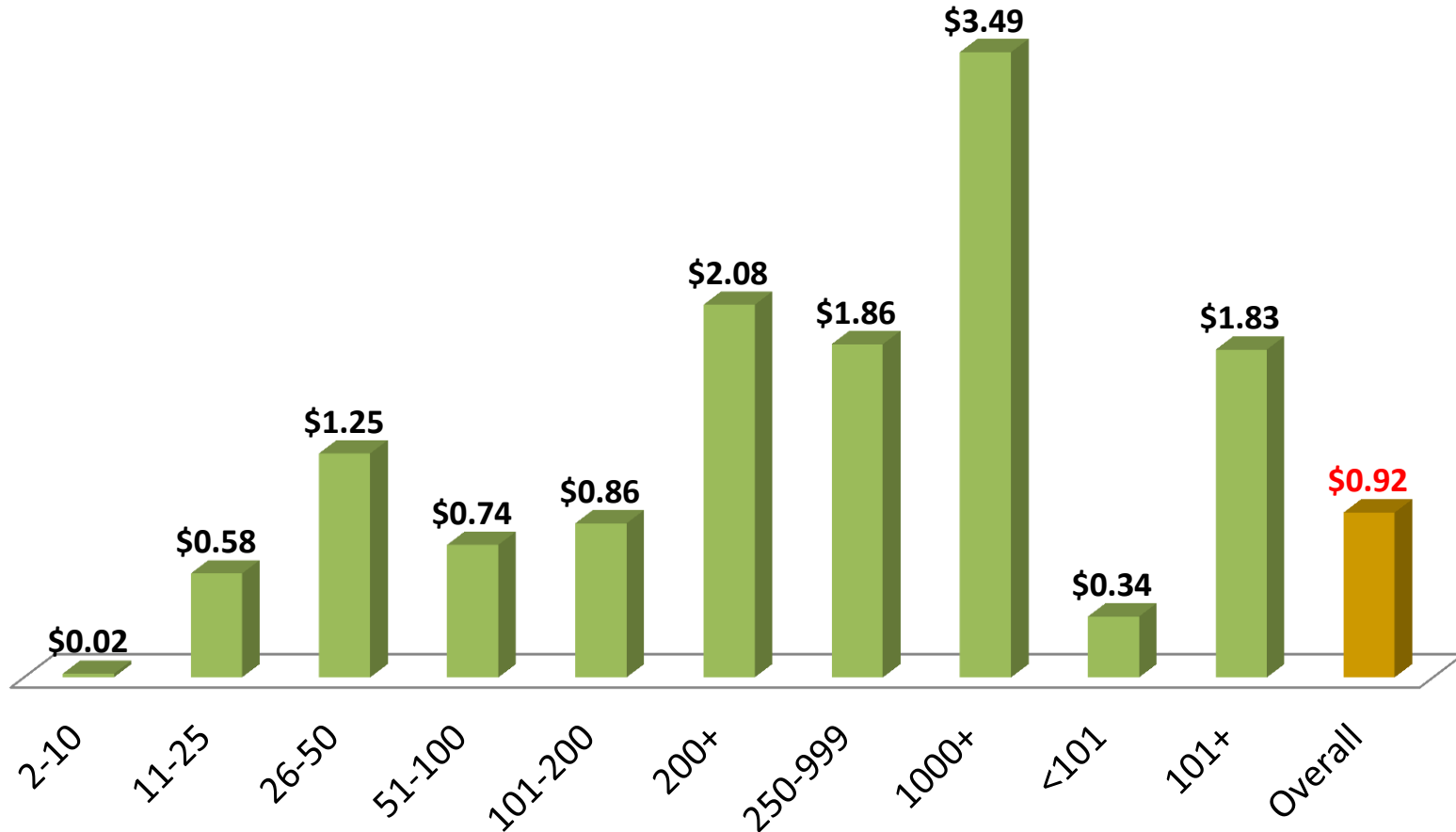
Percentage of Employers Offering Wellness and/or Health Initiative Programs (Urban vs. Rural)



Wellness ROI?

Many organizations invest in Health and Wellness Programs to improve employee health and to control health care costs. These savings are referred to as a **return on investment (ROI)**. Think about your typical return on investment over the past two years. For every dollar spent on Health and Wellness, how much did your organization save?

ROI by Org Size



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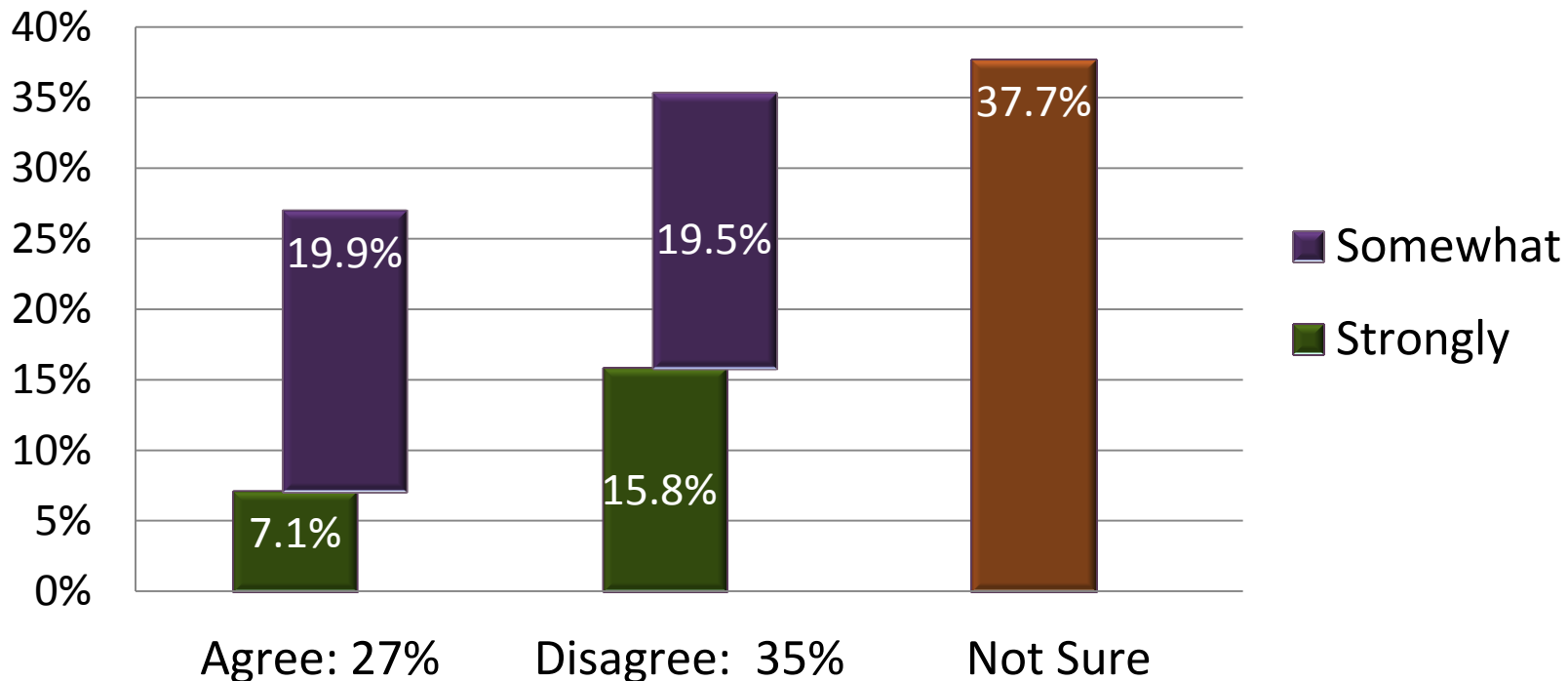
Health Care Reform



Health Insurance Reform

- Health Care Reform will impact different organizations in different ways. How will your group be impacted?

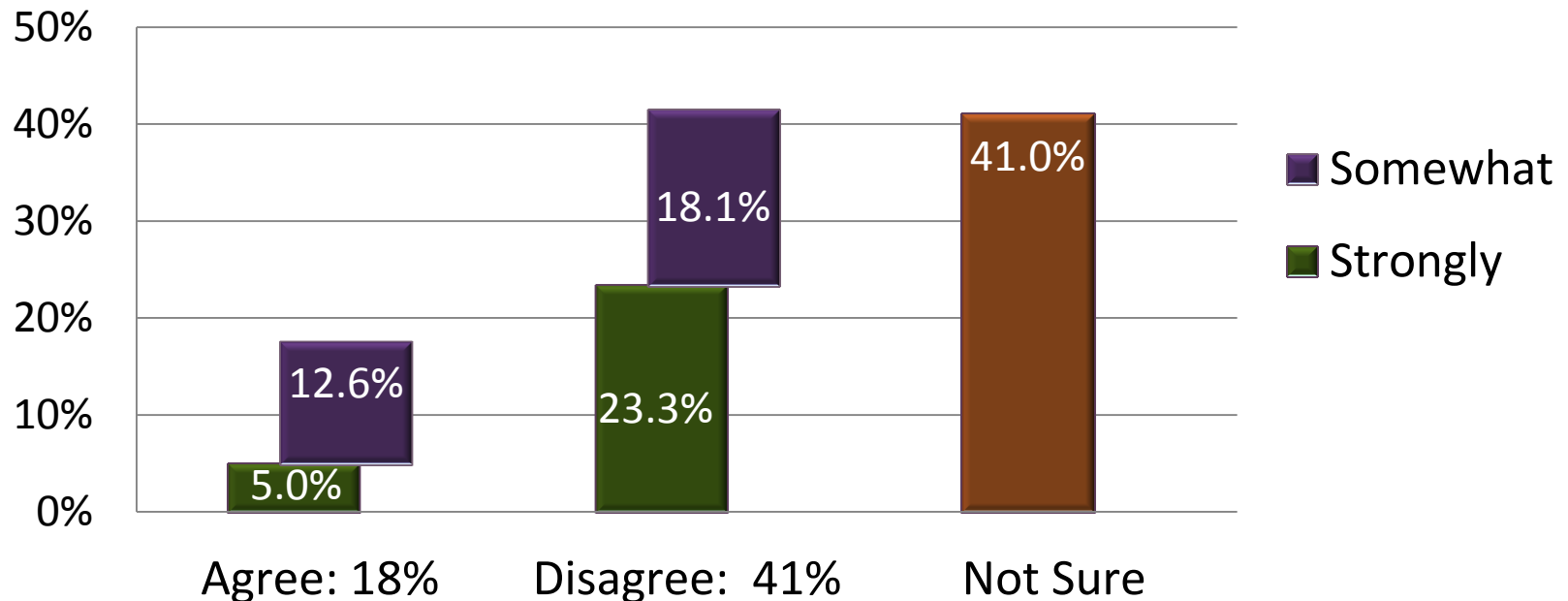
We Will Require Employees To Enroll In Wellness Programs



Health Insurance Reform

- Health Care Reform will impact different organizations in different ways. How will your group be impacted?

State-Based Insurance Exchanges Will Keep Health Insurance Rates Lower Than Without Health Reform

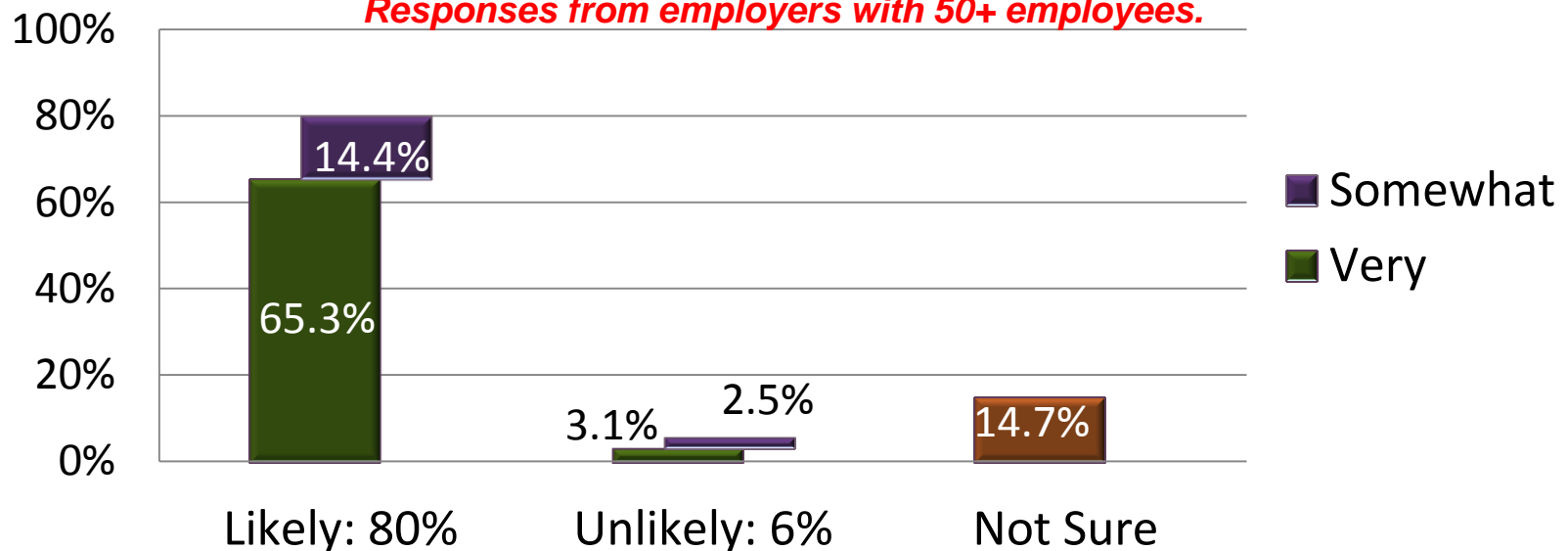


Health Insurance Reform

- In 2014 the new Health Care Reform law will allow individuals and employees to obtain comprehensive coverage through the individual markets or insurance exchanges.
- Also beginning in 2014, employers with over 50 employees who fail to offer minimum essential coverage will incur a penalty up to \$2,000 annually per employee. How will your organization respond?

Continue To Maintain the Employer-Sponsored Health Plan and Avoid the Penalties

Responses from employers with 50+ employees.

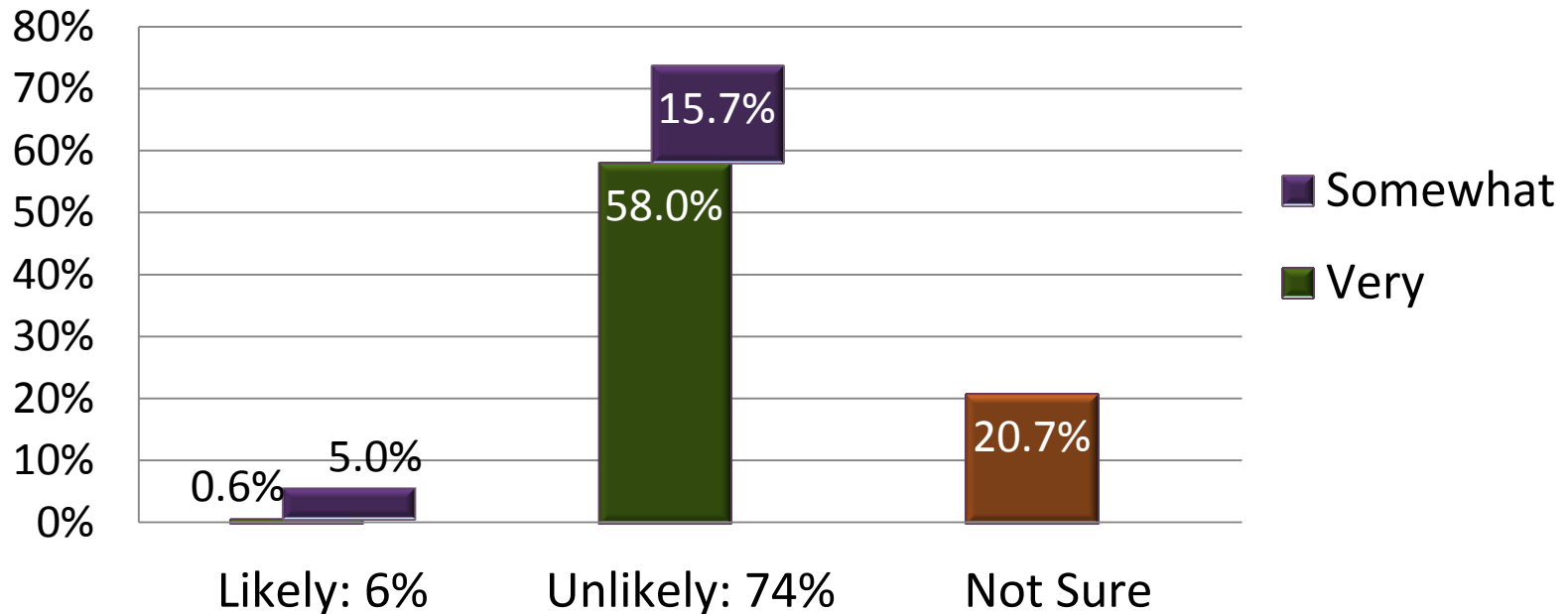


Health Insurance Reform

- In 2014 the new Health Care Reform law will allow individuals and employees to obtain comprehensive coverage through the individual markets or insurance exchanges.
- Also beginning in 2014, employers with over 50 employees who fail to offer minimum essential coverage will incur a penalty up to \$2,000 annually per employee. How will your organization respond?

Terminate Our Current Plan, Pay the \$2000 Penalty, and Increase Employee Compensation With The Money Saved From Dropping Health Coverage

Responses from employers with 50+ employees.

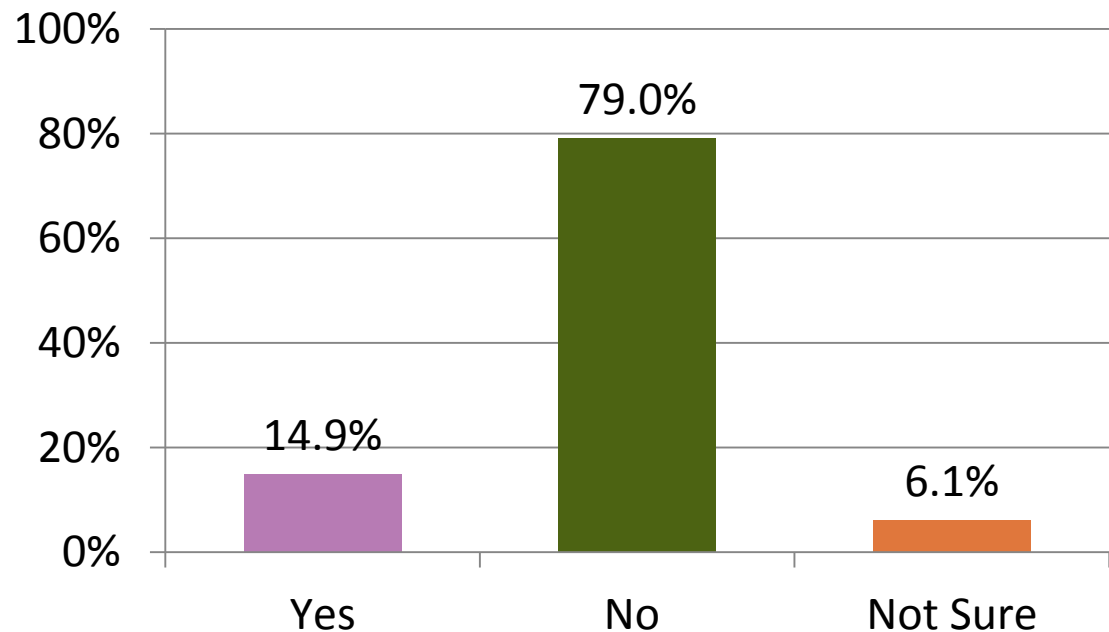


Health Insurance Reform

- Under Health care reform, Wellness grants will be awarded to small employers (those with less than 100 employees who work a minimum of 25 hours per week).
- These grants will provide for comprehensive workplace wellness programs. Employers are eligible to receive grants only if they did not provide a workplace wellness program prior to the enactment of health reform on March 23, 2010.

Prior to reading this, were you aware of the new Wellness Grant Program that could help employers subsidize the cost of starting a wellness program?

*Responses from
Employers with fewer
than 101 employees*

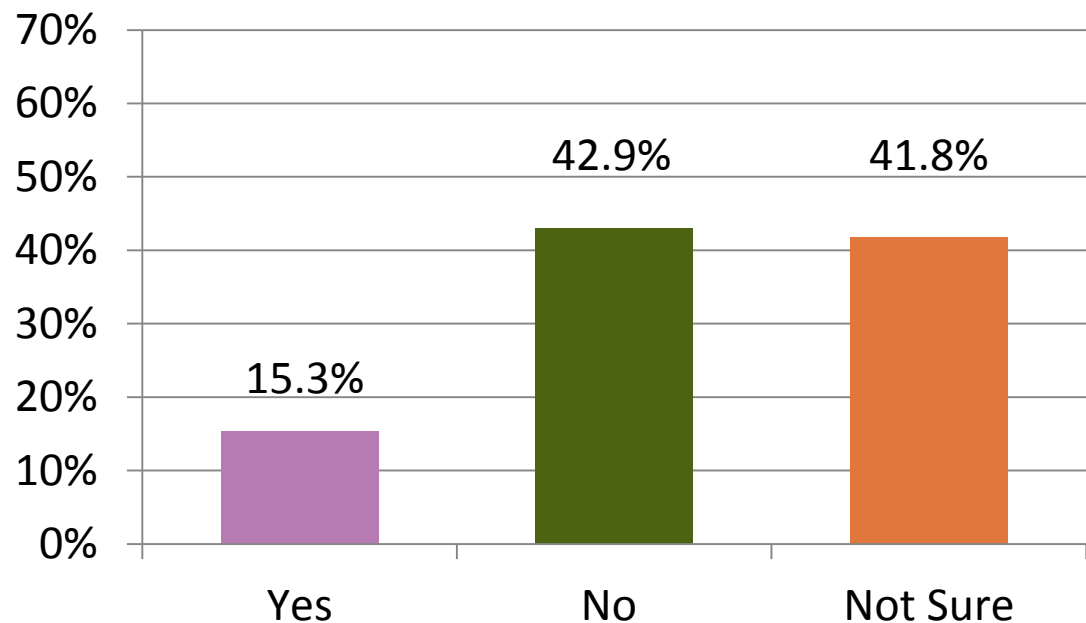


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Is your organization likely to apply for the Wellness Grant?

*Responses from
Employers with fewer
than 101 employees*



Final Comments

Uncertainty Continues for Employers

- Despite Post-Elections
 - Escalating health costs continue
 - Gridlock in Washington, DC
- State-Based Exchange? Federal Exchange? Partnership?
 - Employers with under 51 Employees
 - Employers with 51 and over Employees
 - Private Exchanges
- Defined Contribution Approach?
 - Has health insurance become too much of a distraction?
- Consumer-Driven Health Care
 - At what point does health care mimic other industries?
 - Transparency of cost and outcomes
 - Mutual Accountability – From BOTH Patients and Providers
- Wellness Initiatives Continue to Grow (This is ONE certainty!)

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Questions?

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