



We at David P. Lind & Associates, L.L.C. are pleased to provide you with this copy of the *2001 Iowa Employer Benefits Study*[®]. We wish to thank every employer that participated in this 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 in this study.

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

To help Iowa employers benchmark their benefits plans to the *2001 Iowa Employer Benefits Study*[®], DPL&A has developed a program that will compare the various benefits components. For more information about how to acquire extensive benchmarking services, please contact us at (800) 821-5463 or reach us by email at Mail@dplaconsulting.com. We would also welcome any comments or suggestions that you have which could improve this study in future years.

Thank you for your interest in this
2001 Iowa Employer Benefits Study[®].

DAVID P. LIND, CEBS

PRESIDENT, DAVID P. LIND & ASSOCIATES

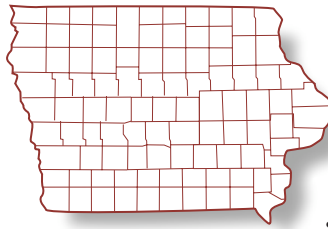
Explanation of the Survey Process

(AS REPORTED BY DATA POINT RESEARCH, INC.)

This survey is a continuation of the series of annual Iowa Employer Benefits Studies started in 1999 by David P. Lind and Associates, L.C. As in last year's survey, the population of interest is all organizations in Iowa with 20 or more employees.

A total of 12,456 eligible organizations were identified and split into four groups, based on their number of employees. Using this universe of eligible firms, 1,259 organizations were selected to take part in this year's study. Further, the 497 firms that responded to last year's survey were included in the sample. These additional businesses increased the overall sample size to 1,756 organizations. From this, we selected a random sample of firms by employee size categories (found in **Exhibit 1**).

An attempt was made to contact all newly sampled firms by telephone to determine whether the firm was currently doing business in Iowa, to determine who at the firm should receive study mailings, and to verify the address information. Between July 10th to 12th all sampled firms were sent a letter inviting them to



participate in this study by completing the survey questions via a secure, password-protected website.

Shortly after the first mailing, 88 firms completed the questionnaire via the web. The remaining firms who had not replied were sent a hardcopy questionnaire in the third week of July. The result of these contacts included 100 businesses sampled in error or with no Iowa employees and 28 firms no longer in business. Data was collected from 417 eligible Iowa firms. The 417 firms that completed a questionnaire represent a 25.6 percent response rate. However, 10 participating firms were excluded from the analysis as their data was either incomplete or received too late to be tabulated. Therefore, 407 eligible Iowa firms were analyzed in the preparation of this study. This year approximately half of the completed information was collected via the web—up from one-third last year.

As can be seen from **Exhibit 1**, the number of large firms is much smaller than that of all other firms, both in the population and in the sample. Therefore, we decided to use employee-size

weighted averages when reporting findings for all firms. Hence, a firm with 500 employees would have the same weight in the overall averages as five firms of 100 employees, or 20 firms of 25 employees.

In addition to the employee size adjustment, the final sampling weights used in calculating the tables and exhibits in this report 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.

The employee-size weighted percentages reported here are all accurate to within plus or minus 5 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 5 percent.

EXHIBIT 1:
POPULATION CHARACTERISTICS

EMPLOYER SIZE	# of Companies in Group	# of Eligible Companies Sampled	# of Complete Interviews
20-49	7,569	618	118
50-249	4,299	513	138
250-999	474	403	127
1000+	114	94	24
TOTAL	12,456	1,628	407

Benefits Eligibility

Among the survey respondents, the average minimum number of hours worked per week necessary to be considered full-time is 34.8 hours. The average number of hours required for part-time status is 21.7 hours. These numbers did not vary significantly by firm size.

**TABLE 1:
BENEFITS OFFERED TO FULL-
TIME AND PART-TIME EMPLOYEES**

Table 1 shows the percentages of firms offering various types of benefits to both types of 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	96.1%	46.1%
Paid Holidays	92.6%	65.7%
Vacation	88.4%	61.4%
Group Life Insurance	86.1%	34.7%
Retirement Plans	84.5%	66.7%
Pre-Tax Premium	81.7%	54.3%
Dental Insurance	75.9%	37.9%
Sick Leave	72.5%	53.5%
Long Term Disability	69.4%	25.0%
Medical care spending account	60.4%	44.5%
Short Term Disability	58.5%	21.7%
Educational Assist/Tuition Reimbursement	48.7%	32.3%
Employee Assistance Program (EAP)	46.1%	44.9%
Casual Dress (everyday, not just Fridays)	40.7%	36.9%
Vision Coverage	36.6%	20.5%
Retiree Health Insurance (Pre 65 yrs)	28.9%	12.8%
Flextime	26.0%	26.5%
Fitness center or gym subsidy	22.4%	20.4%
Paid Time Off Bank (PTO)	21.8%	22.6%
Retiree Health Insurance (65 yrs +)	17.3%	8.2%
Long Term Care Insurance	16.6%	10.4%
Telecommuting	9.0%	7.9%
Estate and Financial Planning	7.7%	6.8%
Child care assistance (on or off-site)	7.5%	8.2%
Legal Planning	3.7%	1.9%

At least 70 percent of all firms offer each of the “major” benefits (health and dental insurance, vacation, paid holidays, retirement, life insurance, pre-tax premiums, sick leave) to their full-time employees. Over half the firms also provide long term and short term disability insurance and medical care spending accounts. Some benefits are still relatively rare, such as financial and legal advice, child care assistance (on or off-site) or tele-commuting. Each of these are offered by less than 10 percent of firms.

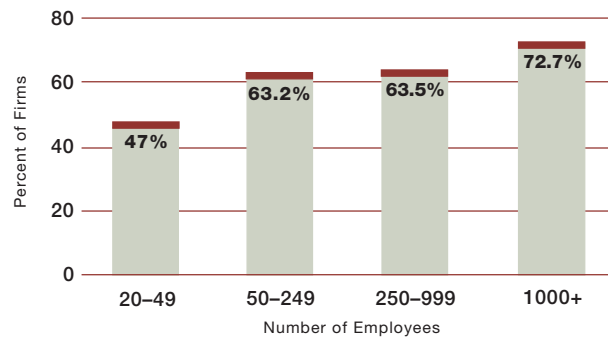
For the part-time employees, **Table 1** shows the proportion offering each benefit among those firms providing benefits to part-time employees. Even among those providing benefits, the percentages offering each of the individual benefits are lower than for full-time employees. The “major” benefits are only offered by 35-67 percent of firms, and disability insurance and medical care spending accounts are provided by 22-45 percent. Interestingly, some of the benefits that are uncommon among full-time employees such as tele-commuting or child care assistance, are offered to part-time employees at a similar rate.

For almost all these benefits, there is a tendency for larger firms to offer them with more frequency than smaller firms. This is true for both full-time and part-time employees.

The proportion of firms offering benefits to part-time employees increases as the firm size increases, as shown in **Exhibit 2**.

**EXHIBIT 2:
BENEFITS OFFERED TO
PART-TIME EMPLOYEES**

Less than half of the firms with 20-49 employees offer benefits to part-time employees, while 72.7 percent of firms with over 1,000 employees do the same.

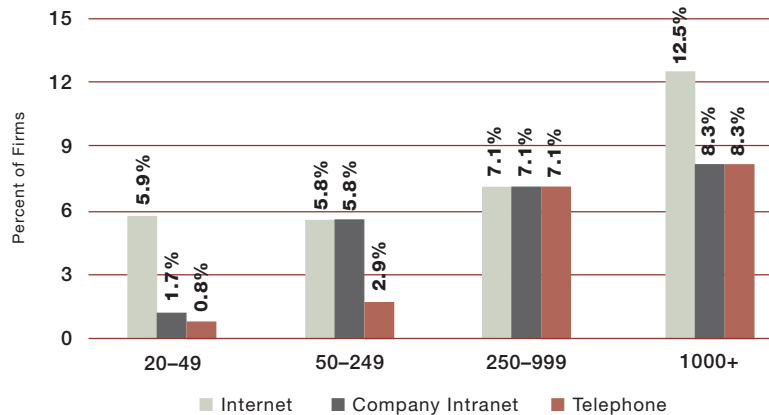


Technology and Employee Benefits

Firms were asked whether they use electronic enrollment methods for their employees. Approximately 91 percent of all firms reported using paper forms to enroll their employees. In fact, for 85 percent of firms this was the only method provided. Among the non-paper methods, Internet was mentioned by an average of seven percent of firms, company intranet by 5.5 percent and telephone enrollment by 4 percent. Only one firm mentioned using a kiosk for this purpose.

**EXHIBIT 3:
PERCENT OFFERING ELECTRONIC
ENROLLMENT OPTIONS**

While the percentage of firms using paper enrollment was approximately constant across size categories, the number of firms using the various electronic methods varied significantly by firm size. For all three methods, the prevalence of electronic offering increases sharply as firm size increases.

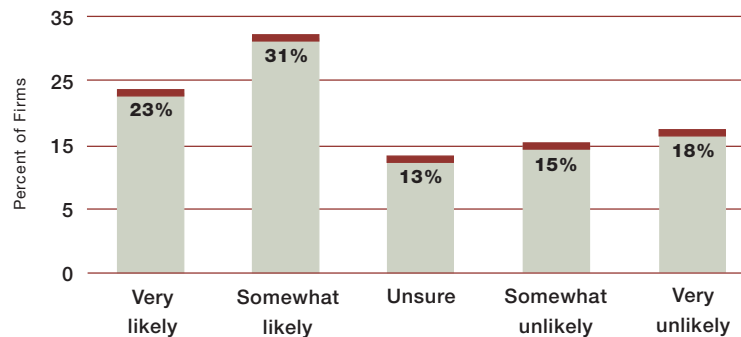


FUTURE OF ELECTRONIC ENROLLMENT

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

**EXHIBIT 4:
LIKELIHOOD OF OFFERING
ELECTRONIC ENROLLMENT**

Over half of all respondents expect to begin using it within the next five years, as Exhibit 4 shows. These numbers did not vary significantly across size categories.

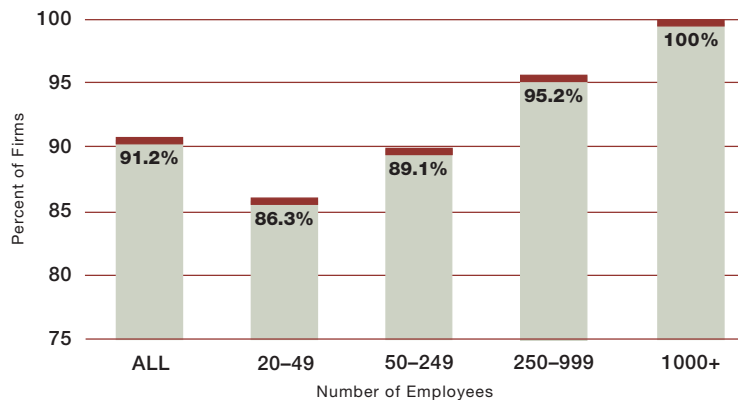


Retirement

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

EXHIBIT 5: PERCENT OF FIRMS OFFERING RETIREMENT BENEFITS

Overall, 91.2 percent of firms (size-weighted) offer a retirement plan. Firms with fewer than 50 employees are somewhat less likely to offer this benefit than larger firms, while the largest firms (over 1,000 employees) all offer retirement plans.



Even though the large majority of firms provide retirement benefits, the types of plans differ greatly. Table 2 shows the types of plans and the percentages of firms offering them.

TABLE 2: TYPES OF RETIREMENT PLANS OFFERED BY FIRMS

The 401(k) (alone or in combination with other plans) is the most popular plan and is offered by 62 percent of firms. All other plans are offered by less than 20 percent of firms. Profit sharing is only made available by approximately 13 percent of firms.

RETIREMENT PLANS	Percent of firms
401(k)	62.1%
Defined Benefit Pension Plan	18.3%
403(b)	16%
IPERS	14.7%
Profit Sharing	13.4%
ESOP	3.9%
Simple IRA	3.3%
SEP	1.3%
Other	10.6%

Retirement Continued

TABLE 3:

RETIREMENT PLANS BY FIRM SIZE

Table 3 shows what other types of retirement plans are offered by Iowa firms. The 401(k) is the most popular plan for all types of firms, but especially so among the larger firms. The defined benefit plans are mainly popular among the largest firms, with approximately one third of the largest firms offering such plans. IPERS (Iowa Public Employee's Retirement System) is a retirement plan for career public employees. The percentage of firms offering profit sharing does not vary greatly by firm size.

RETIREMENT PLAN	20-49	50-249	250-999	1000+
401(k)	56.4%	56.6%	70%	75%
Defined Benefit Pension Plan	13.9%	11.5%	26.7%	33.3%
403(b)	13.9%	14.8%	20%	16.7%
IPERS	13.9%	20.5%	7.5%	8.3%
Profit Sharing	14.9%	12.3%	15%	12.5%
ESOP	4%	3.3%	7.5%	0%

EXHIBIT 6:

FIRMS OFFERING MORE THAN ONE RETIREMENT PLAN

Approximately 37 percent of all firms offer more than one plan, and that number varies significantly by firm size.

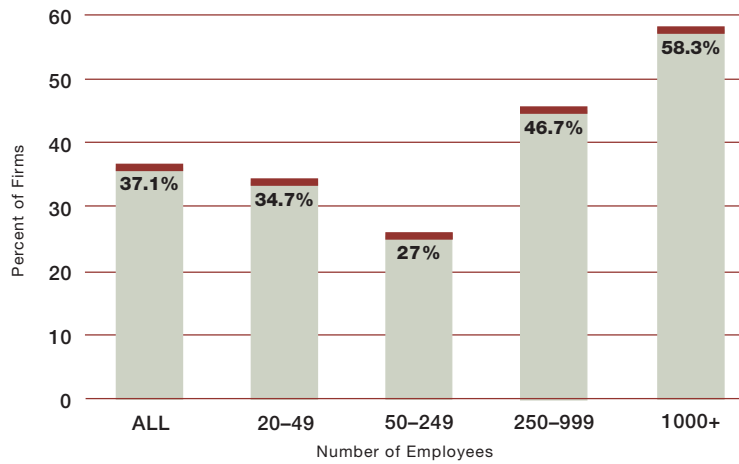
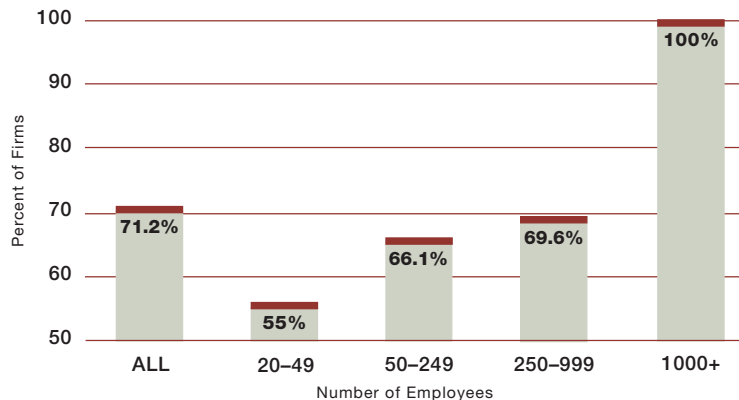


EXHIBIT 7:

FIRMS OFFERING GUARANTEED 401(K) MATCHING

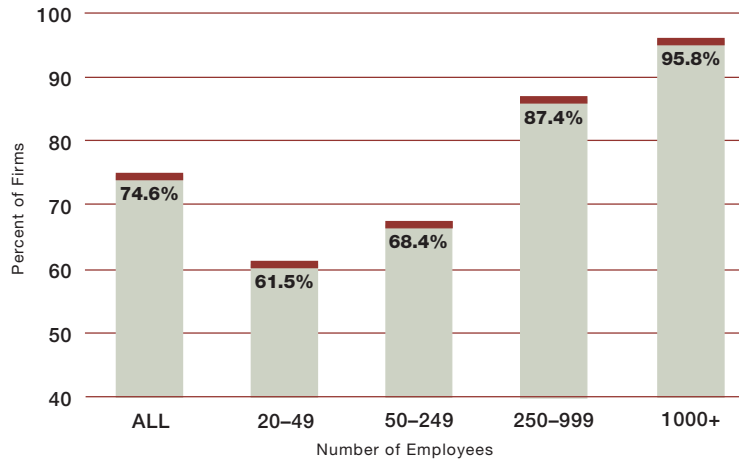
The majority of firms offer guaranteed matching of contributions. While 45 percent of the smallest firms keep their contributions discretionary, all of the largest firms offer guaranteed matching.



Dental Insurance

As in last year’s survey, 75 percent of all firms (size-weighted) offer a dental plan. Exhibit 8 shows as the firm size increases, the likelihood of offering dental benefits increases from 61 to 96 percent.

EXHIBIT 8:
FIRMS OFFERING DENTAL PLANS



DENTAL PLAN COSTS AND CONTRIBUTIONS

TABLE 4:
DENTAL PLAN MONTHLY PREMIUMS (INCLUDES EMPLOYER AND EMPLOYEE CONTRIBUTIONS)

The average monthly premium for the primary Dental plan is \$19.54 for employee only, \$42.05 for employee and spouse, \$45.48 for employee and children, and \$56.05 for family. Table 4 presents average monthly premiums by firm size.

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20-49 employees	\$20.89	\$49.14	\$49.69	\$61.19
50-249	\$18.99	\$39.46	\$42.54	\$54.10
250-999	\$20.27	\$42.51	\$46.45	\$56.91
1000+	\$18.86	\$41.23	\$47.26	\$55.18
WEIGHTED AVG.	\$19.54	\$42.05	\$45.48	\$56.05

Dental Insurance Continued

TABLE 5:
DENTAL PLAN PREMIUMS –
MONTHLY EMPLOYEE
CONTRIBUTIONS

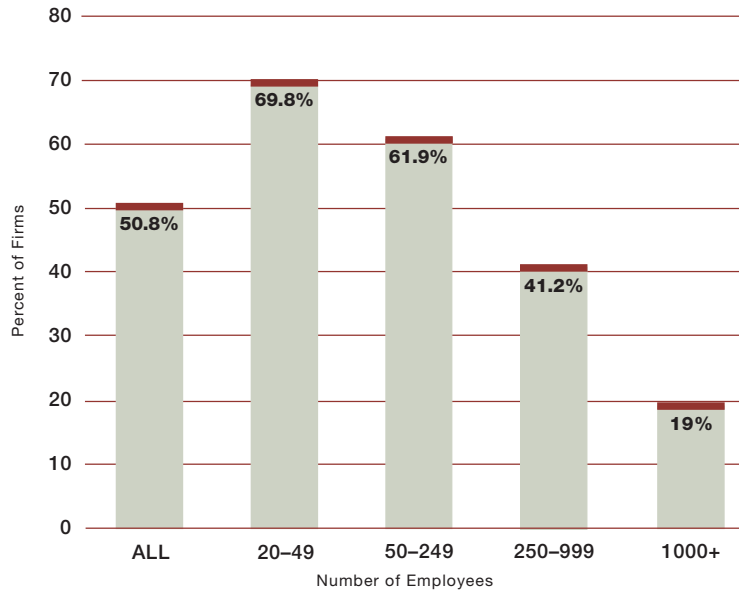
The average Dental Plan has an employee contribution of \$7.05 for employee-only plans, and \$20.78 for employee and spouse plans. Employee and children plans have an overall average of \$23.59, while family dental plans average \$29.88 per month.

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20–49 employees	\$6.68	\$28.14	\$30.57	\$36.40
50–249	\$7.08	\$19.90	\$22.62	\$29.27
250–999	\$7.71	\$22.54	\$25.42	\$31.68
1000+	\$6.35	\$14.90	\$18.62	\$22.05
WEIGHTED AVG.	\$7.05	\$20.78	\$23.59	\$29.88

DENTAL PLAN FUNDING

EXHIBIT 9:
PERCENT OF FIRMS WITH FULLY
INSURED DENTAL PLANS

Approximately half of the firms offer coverage by a fully insured dental program. That proportion varies sharply by firm size.

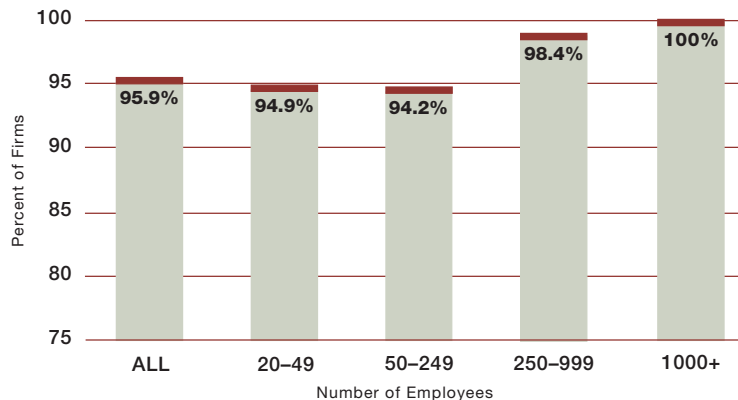


Medical Insurance

A large part of the employer's benefits costs are a direct result of group medical coverage. 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). In this study, we tracked the premium rates between many of these plans along with the employer/employee contribution rates. Just as importantly, we analyzed the average benefits structure offered by each corresponding medical plan.

EXHIBIT 10: FIRMS OFFERING HEALTH INSURANCE BENEFITS

Overall, 96 percent of firms who responded offer health insurance to their employees. Only the smallest firms surveyed are somewhat less likely to offer health coverage.



DEFINED CONTRIBUTION / CONSUMER DRIVEN HEALTH PLANS

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

Touted as the next generation of medical coverage for employees, DC Health is still in its infancy stage. In its purest form, DC Health plans consist of employers providing employees with a defined sum of money that employees can use to purchase health care coverage. This coverage is usually employer-sponsored. By implementing a DC Health plan, employers can continue to support their employee's health care needs, while allowing employees to more directly control their own health coverage.

In this year's survey, a number of questions were added to assess the firms' willingness to switch to a defined contribution/consumer driven healthcare plan for medical benefits. Firms were asked to use a five-point scale to indicate their likelihood of switching to such a plan in the next five years. **Table 6** shows the results.

Why DPL&A Undertook This Study

In 1999, David P. Lind & Associates, L.L.C. (DPL&A) undertook the *1999 Central Iowa Employer Benefits Study*® to help their clients confront a tight labor market and better recruit and retain qualified employees. Prior to the 1999 Study, DPL&A was unable to find any source of benefits information which dealt exclusively with employee benefits provided in Iowa. As benefits consultants, DPL&A saw the need to become a resource and advisor to Iowa employers by gathering, compiling, and presenting meaningful benefits information which focused solely on Iowa. Pertinent local data regarding employee benefits is an invaluable benchmarking tool for any employer in determining the competitiveness of their own benefits package. The outcome of this particular study created a great amount of interest in future studies, not only for Central Iowa employers, but also for employers located throughout the entire state of Iowa.

In 2000, DPL&A completed the *2000 Iowa Employer Benefits Study*®, a state-wide study of the benefits being offered by Iowa employers. Unlike the 1999 Study, the 2000 Study included all 99 counties in Iowa and provided valuable information on vacation, sick leave, personal days, and Paid Time Off.

The *2001 Iowa Employer Benefits Study*® provides updated information to the 2000 Study and pursues other benefits issues important to Iowa employers, such as the likelihood of employers offering consumer driven health care coverage to employees. This study is useful to all employers within Iowa because it is NOT a study of any particular industry. Rather, it reflects a broad spectrum of all employers with at least 20 employees located in Iowa, randomly selected from almost all industries. Most importantly, this is a TOTALLY NON-BIASED study that presents an objective picture of what is happening in Iowa regarding employee benefits.

About DPL&A

Located in Des Moines, Iowa, DPL&A is locally and privately owned. DPL&A was founded on the belief that ethical conduct, full-disclosure, commitment to education, and always acting in the best interest of the client is paramount to providing a higher level of consultation and service. Created as a true independent employee benefits consulting firm to professionally serve as a client advocate, DPL&A believes it is imperative to disclose all compensation received and, where appropriate, bases professional fees on time spent and the professional level of the members assigned to a task.

As a broker, DPL&A has access to all insurance markets, but it does not serve as a distribution arm for insurance companies or vendors. Since DPL&A does not solicit or prospect for the purposes of selling insurance products; time and resources are directed toward serving clients. The focus is to serve clients by consulting on their behalf, acting as a liaison to and an advocate in the marketplace, guiding the decision making process to meet the clients objectives, and providing ongoing support.



Find Out More About This Study

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

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

Medical Insurance Continued

TABLE 6:
**LIKELIHOOD OF CHANGING TO A
 DEFINED CONTRIBUTION PLAN
 WITHIN THE NEXT 5 YEARS**

Approximately 30 percent of all firms said they were somewhat likely or very likely to switch to a defined contribution plan within the next five-years, and almost half (47 percent) said they were at least somewhat unlikely to make the switch. Nearly one-quarter were still unsure.

ANSWER CATAGORIES	Firm Size				Overall
	20-49	50-249	250-999	1000+	
Very Likely	9.3%	7.8%	7.3%	4.3%	7.5%
Somewhat Likely	29.6%	18.8%	23.4%	17.4%	21.7%
Somewhat Unlikely	24.1%	14.8%	28.2%	43.5%	23.2%
Very Unlikely	13%	28.9%	24.2%	21.7%	24%
Unsure	24.1%	29.7%	16.9%	13%	23.7%

Table 6 indicates that defined contribution plans are very likely to become more prevalent in the near future, but overall, the majority of firms are not yet ready to implement this new benefit approach. Interestingly, the smallest firms appear the most likely to change to the defined contribution plan, while the largest firms are the least likely.

When firms were asked their reasons for considering switching to a defined contribution plan, the major reason cited is to control costs (see Table 7). The second most often cited reason is to provide employees with greater control of health care decisions. This was true across all employee size categories.

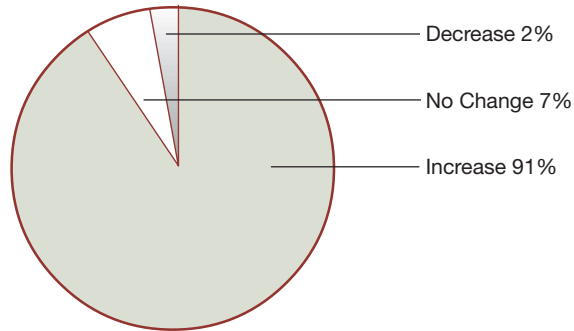
TABLE 7:
REASONS FOR SWITCHING TO A DEFINED CONTRIBUTION PLAN (SHOWN BY FIRM SIZE)

ANSWER CATAGORIES	Firm Size				Overall
	20-49	50-249	250-999	1000+	
Control Program Costs	67.6%	59.7%	62.4%	66.7%	62.7%
Provide employees greater control of health care decisions	55.9%	41.9%	46.4%	37.5%	45%
Limit employer liability from lawsuits	12.6%	8.5%	17.6%	20.8%	12.9%
Transfer health management to third party	11.7%	13.2%	12.8%	4.2%	11.6%
Use insured products to eliminate financial risk instead of self-funding	12.6%	10.1%	10.4%	16.7%	11.5%

Medical Insurance Rates

**EXHIBIT 11:
ORGANIZATIONS WITH CHANGES
IN HEALTH INSURANCE RATES**

Over ninety percent of all firms who responded to the survey experienced an increase in medical rates during the last year. Only two percent reported a decrease. Overall, the average reported increase in rates was 17.4 percent.



These results varied by firm size however, with more large firms avoiding rate increases. The rate increases reported by the larger firms are also smaller than those for smaller firms. **Table 8** shows the details.

**TABLE 8:
MEDICAL INSURANCE RATE
INCREASES**

FIRM SIZE	Percent of Firms with Rate Increases	Average Increase
20-49 employees	91.6%	19.1%
50-249	92.1%	18.9%
250-999	89.6%	17.5%
1000+	83.3%	10.3%
Overall	91%	17.4%

Almost two thirds of firms reacted to these higher insurance rates by sharing the increase with their employees (see **Table 9**). Approximately 21 percent absorbed the whole cost increase themselves, while less than seven percent passed on the whole cost increase to their employees. The cost increase caused approximately 20 percent of the firms to change insurance carriers, and the same proportion reduced benefits. None of the survey respondents completely eliminated medical coverage during the last year.

Medical Insurance Continued

These numbers did not vary significantly between employer categories, except the largest firms were more likely to share the cost increase with employees or reduce the benefits.

TABLE 9:
EMPLOYER RESPONSES TO INCREASED MEDICAL INSURANCE RATES

RESPONSE TO INCREASED INSURANCE RATES	Percentage of Employers
The employees and organization shared in paying additional cost	65.7%
The organization absorbed the increased cost	21.1%
Changed insurance company	20.9%
Reduced benefits to minimize or eliminate the increase	20%
Passed all of the increased costs on to the employees	6.8%
No longer provide health insurance coverage	0%

HEALTH COVERAGE

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

Almost 80 percent of firms offer PPO plans. These types of plans are the most popular for all the employee size categories. Less than 30 percent offer HMO/POS plans, and approximately 16 percent offer traditional indemnity plans.

	20-49	50-249	250-999	1000+	Overall
HMO/POS	22.5%	24%	30.4%	50%	28.5%
PPO	73%	79.1%	85.6%	83.3%	79.9%
Indemnity	18.9%	12.4%	15.2%	25%	15.9%

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

Payments

HMO/POS PLANS

Table 11 shows the average monthly billed rate for the primary HMO/POS plan, and Table 12 displays the corresponding monthly employee contributions.

TABLE 11:
HMO/POS MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20–49 employees	\$220.73	\$470.62	\$461.82	\$552.61
50–249	\$202.03	\$410.81	\$424.76	\$553
250–999	\$209.88	\$408.68	\$426.21	\$572.48
1000+	\$174.66	\$384.44	\$371.36	\$515.92
WEIGHTED AVG.	\$199.79	\$411.04	\$412.74	\$547.40

TABLE 12:
HMO/POS MONTHLY EMPLOYEE
CONTRIBUTIONS

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20–49 employees	\$23.61	\$178.45	\$200.64	\$228.91
50–249	\$47.99	\$147.93	\$145.41	\$165.23
250–999	\$38.12	\$109.51	\$123.59	\$190.24
1000+	\$33.29	\$80.16	\$86.12	\$112.70
WEIGHTED AVG.	\$38.77	\$123.13	\$129.27	\$166.28

PPO PLANS

Table 13 and Table 14 show the average monthly billed rate and the employee contributions for the primary PPO plan.

TABLE 13:
PPO MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20–49 employees	\$226.98	\$476.67	\$454.37	\$582.71
50–249	\$232.56	\$471.48	\$467.20	\$592.87
250–999	\$245.01	\$509.89	\$523.70	\$607.62
1000+	\$191.30	\$421.55	\$436.43	\$553.33
WEIGHTED AVG.	\$229.40	\$472.48	\$471.27	\$589.66

Medical Insurance Continued

TABLE 14:
PPO MONTHLY EMPLOYEE
CONTRIBUTIONS

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20-49 employees	\$45.14	\$189.66	\$183.85	\$251.66
50-249	\$36.48	\$187.13	\$191.85	\$269.80
250-999	\$48.35	\$150.33	\$148.31	\$190.21
1000+	\$32.91	\$92.71	\$93.30	\$110.39
WEIGHTED AVG.	\$40.31	\$163.90	\$162.32	\$227.28

TRADITIONAL INDEMNITY PLANS

Table 15 and Table 16 show the average monthly billed rate and the employee contributions for the primary traditional indemnity plan.

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

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20-49 employees	\$230.80	\$561.87	\$591.58	\$544.06
50-249	\$263.81	\$546.98	\$702.10	\$691.07
250-999	\$242.52	\$482.77	\$506.06	\$640.78
1000+	\$184.64	\$396.59	\$479.86	\$550.72
WEIGHTED AVG.	\$234.31	\$495.48	\$552.22	\$626.92

TABLE 16:
INDEMNITY MONTHLY EMPLOYEE
CONTRIBUTIONS

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20-49 employees	\$33.98	\$183.08	\$180.91	\$201.13
50-249	\$28.52	\$182.47	\$276.59	\$294.37
250-999	\$32.41	\$80.53	\$73.48	\$155.40
1000+	\$25.34	\$116.53	\$124.74	\$133.43
WEIGHTED AVG.	\$29.85	\$146.34	\$168.19	\$211.00

HMO/POS PLAN BENEFITS

TABLE 17:
HMO/POS IN-NETWORK
DEDUCTIBLE BY FIRM SIZE

In-network deductibles average \$191 per employee for single coverage, and \$404 for family coverage.

FIRM SIZE	Single	Family
20–49 employees	\$347	\$694
50–249	\$264	\$530
250–999	\$138	\$287
1000+	\$78	\$224
Overall	\$191	\$404

TABLE 18:
HMO/POS MAXIMUM OUT-OF-
POCKET EXPENSES FOR SINGLE
AND FAMILY COVERAGE

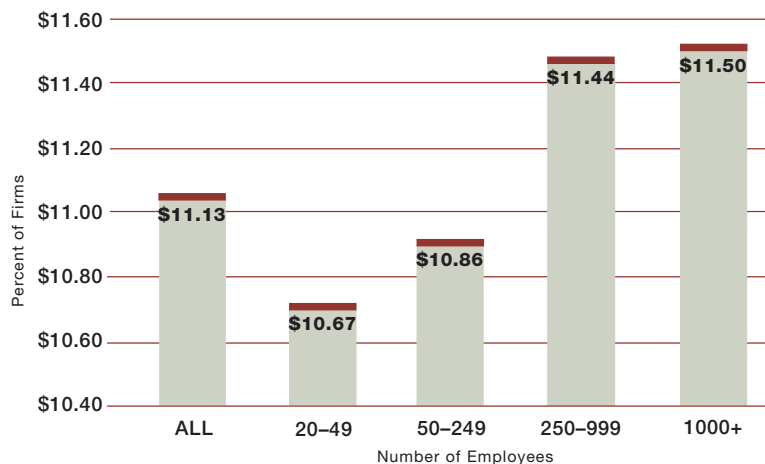
The average maximum out-of-pocket for single and family coverage is shown. The weighted average maximum out-of-pocket expense for all firms is \$1,059 for single coverage and \$2,275 for family.

FIRM SIZE	Single	Family
20–49 employees	\$1,006	\$1,952
50–249	\$1,167	\$2,603
250–999	\$1,179	\$2,528
1000+	\$791	\$1,645
Overall	\$1,059	\$2,275

DOCTOR’S OFFICE CO-PAY

EXHIBIT 12:
HMO/POS AVERAGE DOCTOR’S
OFFICE CO-PAY (IN \$)

The average doctor’s office co-pay is \$11.13. The median co-pay is \$10 for all firm size categories. A small number of firms reported the co-pay as a percentage of the cost instead of a dollar figure and, therefore, could not be reflected here.



Medical Insurance Continued

TABLE 19:
HMO/POS DRUG CO-PAY BY FIRM SIZE

Table 19 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name purchases.

FIRM SIZE	Generic	Preferred Brand Name	Non-preferred Brand Name
20–49 employees	\$7.37	\$14.21	\$28.46
50–249	\$7.70	\$16.26	\$27.85
250–999	\$7.10	\$13.57	\$22.08
1000+	\$7.67	\$14.79	\$28.75
WEIGHTED AVG.	\$7.50	\$14.97	\$26.45

PPO PLAN BENEFITS

TABLE 20:
PPO IN-NETWORK DEDUCTIBLES BY FIRM SIZE

In-network deductibles average \$342 per employee for single coverage, and \$748 for family coverage.

FIRM SIZE	Single	Family
20–49 employees	\$467	\$971
50–249	\$355	\$801
250–999	\$290	\$625
1000+	\$239	\$516
Overall	\$342	\$748

TABLE 21:
PPO MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE

The weighted average maximum out-of-pocket expense for all firms is \$1,210 for single coverage and \$2,468 for family. Both numbers are significantly higher than last year.

FIRM SIZE	Single	Family
20–49 employees	\$1,265	\$2,557
50–249	\$1,169	\$2,362
250–999	\$1,202	\$2,550
1000+	\$1,286	\$2,542
Overall	\$1,210	\$2,468

EXHIBIT 13:
PPO AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$12.49. As with the HMO/POS plans, a small number of firms reported co-pay as percentages instead of dollar amounts and, therefore, could not be reflected here.

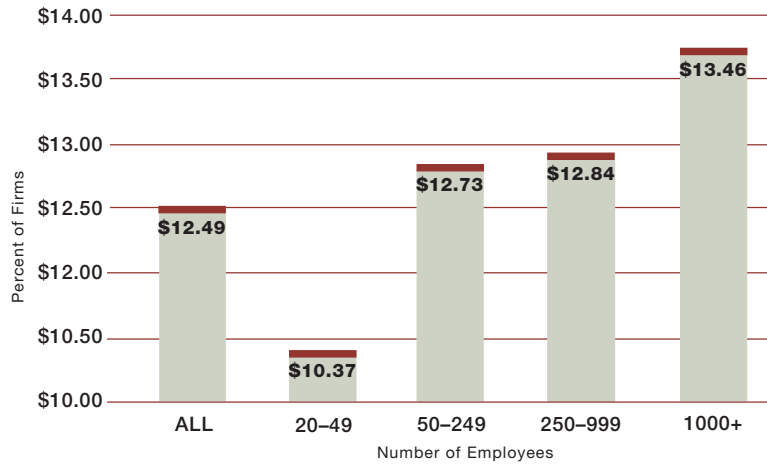


TABLE 22:
PPO DRUG CO-PAY BY FIRM SIZE

Table 22 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name purchases.

FIRM SIZE	Generic	Preferred Brand Name	Non-preferred Brand Name
20-49 employees	\$7.14	\$14.36	\$21.03
50-249	\$7.99	\$15.59	\$22.83
250-999	\$8.03	\$16.01	\$23.91
1000+	\$9.04	\$14.86	\$22
WEIGHTED AVE.	\$7.98	\$15.39	\$22.71

TRADITIONAL INDEMNITY PLAN BENEFITS

TABLE 23:
TRADITIONAL INDEMNITY DEDUCTIBLES BY FIRM SIZE

In-network deductibles average \$344 per employee for single coverage, and \$652 for family coverage.

FIRM SIZE	Single	Family
20-49 employees	\$473	\$921
50-249	\$254	\$552
250-999	\$475	\$737
1000+	\$217	\$450
Overall	\$344	\$652

Medical Insurance Continued

TABLE 24:
TRADITIONAL INDEMNITY
MAXIMUM OUT-OF-POCKET
EXPENSES BY FIRM SIZE

In Table 24, the average maximum out-of-pocket for single and family coverage is shown for each firm size classification. The weighted average maximum out-of-pocket expense for all firms is \$1,207 for single coverage and \$2,167 for family

FIRM SIZE	Single	Family
20–49 employees	\$1,290	\$2,271
50–249	\$846	\$1,600
250–999	\$1,663	\$3,063
1000+	\$1,217	\$2,017
Overall	\$1,207	\$2,167

EXHIBIT 14:
TRADITIONAL INDEMNITY
AVERAGE DOCTOR'S OFFICE CO-
PAY (IN \$)

The average doctor's office co-pay for all firms is \$11.05.

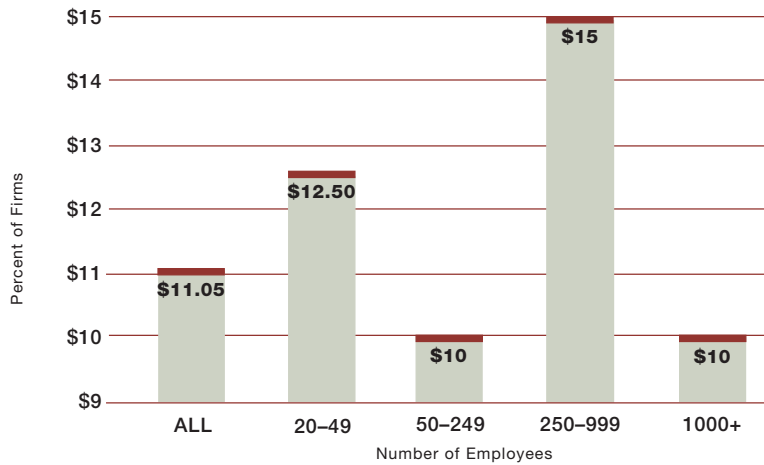


TABLE 25:
TRADITIONAL INDEMNITY
AVERAGE DRUG CO-PAY BY FIRM
SIZE

Table 25 displays the average drug co-pay for generic, preferred brand name and non-preferred brand name purchases.

FIRM SIZE	Generic	Preferred Brand Name	Non-preferred Brand Name
20–49 employees	\$7.75	\$16.08	\$21.43
50–249	\$6.78	\$14.33	\$26.67
250–999	\$9.42	\$16.73	\$30
1000+	\$7.38	\$11.88	\$25
WEIGHTED AVE.	\$7.71	\$14.65	\$25.66

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 health premiums are the weighted average of all plans (HMO/POS, PPO, and Traditional Indemnity).

Table 26 and Table 27 show overall averages of billed rates and employee contributions for all insurance plans.

TABLE 26:
OVERALL MONTHLY HEALTH PLAN PREMIUMS (INCLUDES EMPLOYER AND EMPLOYEE CONTRIBUTIONS)

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20–49 employees	\$222.52	\$480.11	\$452.73	\$576.12
50–249	\$227.29	\$466.73	\$467.18	\$589.63
250–999	\$235.30	\$481.05	\$489.11	\$591.60
1000+	\$185.82	\$405.31	\$426.33	\$526.33
WEIGHTED AVG.	\$222.76	\$461.35	\$461.74	\$579.35

TABLE 27:
OVERALL MONTHLY EMPLOYEE CONTRIBUTION – FOR HEALTH COVERAGE

FIRM SIZE	Employee Only	Employee & Spouse	Employee & Children	Family
20–49 employees	\$41.33	\$174.32	\$175.85	\$225.92
50–249	\$38.17	\$175.92	\$184.17	\$244.78
250–999	\$41.86	\$133.98	\$134.20	\$185.73
1000+	\$35.15	\$86.65	\$94.73	\$116.02
WEIGHTED AVG.	\$39.17	\$152.30	\$157.43	\$212.01

Overall Picture Continued

As seen in **Table 28**, there is a tendency for larger firms to offer almost all benefits more frequently than smaller firms. This is true for both full-time and part-time employees.

TABLE 28:
OVERALL BENEFITS OF LARGE VS. SMALL FIRMS (FULL-TIME EMPLOYEES ONLY)

BENEFITS OFFERED	LESS THAN 250 EMPLOYEES	250 OR MORE EMPLOYEES	ALL COMPANIES
Health Insurance	94.4%	99.5%	96.1%
Paid Holidays	90.8%	96.0%	92.6%
Vacation	86.7%	91.5%	88.4%
Group Life Insurance	80.5%	97.0%	86.1%
Retirement Plans	79.7%	94.0%	84.5%
Pre-Tax Premium	75.6%	93.5%	81.7%
Dental Insurance	68.1%	91.0%	75.9%
Sick Leave	70.0%	77.4%	72.5%
Long Term Disability	64.3%	79.5%	69.4%
Medical care spending account	50.3%	80.0%	60.4%
Short Term Disability	52.1%	70.9%	58.5%
Educational Assist/Tuition Reimbursement	33.8%	77.5%	48.7%
Employee Assistance Program (EAP)	35.9%	65.9%	46.1%
Casual Dress (everyday, not just Fridays)	38.1%	45.8%	40.7%
Vision Coverage	29.0%	51.3%	36.6%
Retiree Health Insurance (Pre 65 yrs)	21.5%	43.3%	28.9%
Fitness center or gym subsidy	23.4%	31.1%	26.0%
Flextime	13.5%	39.7%	22.4%
Paid Time Off Bank (PTO)	19.6%	26.1%	21.8%
Retiree Health Insurance (65 yrs +)	11.1%	29.2%	17.3%
Long Term Care Insurance	13.0%	23.7%	16.6%
Telecommuting	6.1%	14.6%	9.0%
Estate and Financial Planning	4.8%	13.1%	7.7%
Child care assistance (on or off-site)	6.1%	10.1%	7.5%
Legal Planning	2.3%	6.5%	3.7%