



2005

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 2005 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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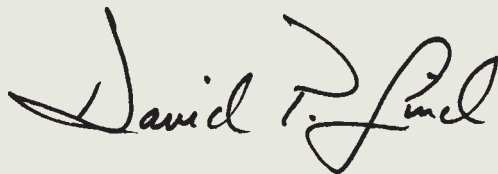
We at David P. Lind & Associates, L.L.C. (DPL&A) are pleased to provide you with this copy of the *2005 Iowa Employer Benefits Study*[®]. This seventh annual study conducted by DPL&A is very useful in analyzing trends in employee benefits for Iowa employers. We wish to thank every employer that participated 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. To address the needs of a very large number of smaller employers in Iowa, we have added to this 2005 Study responses from employers with 10 to 19 employees. Also included is more detailed information on consumer-driven health care, the newest topic in health insurance, and additional benefit components of dental insurance and short and long term disability. 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 *2005 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
2005 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 seventh annual *Iowa Employer Benefits Study*® conducted by David P. Lind and Associates, L.L.C. and Data Point Research, Inc. As in previous years, this study measures a statistically valid sample of urban and rural Iowa employers with 20 or more employees. However, beginning with this year's study, we have expanded the study to include a representative sample of employers with 10 to 19 employees due to the large number of Iowa organizations within this size category. The overall results in 2005 have been impacted in many benefit categories with the inclusion of this employer size category. In addition, all information provided within this Summary Report include Public Service employers and Private employers.

An attempt was made to contact all sampled employers by telephone to determine whether they were currently doing business in Iowa, to determine the best respondent for the questionnaire, and to verify address information. In late April 2005 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 17,506 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, 2,132 were randomly selected (sampled) to take part in this year's study. 744 organizations completed either web based or hardcopy questionnaires, producing a 34.6 percent response rate. Information from 24 of these employers arrived too late to be included in this analysis, therefore the data presented here was obtained from 720 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	7,854	809	145
20-49 employees	6,115	561	200
50-249 employees	3,200	425	196
250-999 employees	282	282	148
1000+ employees	55	55	31
TOTAL	17,506	2,132	720

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 3.5 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 3.5 percent.

Averages reported for employers within employee size categories are statistically accurate to within plus or minus 8 percent for all four smaller employee sizes, and plus or minus 13 percent for the largest employers. When looking at the organizations larger than 250 employees or smaller than 250 employees, the margin of error for each of these cases is 5 percent. All precision levels are stated at the 95 percent confidence level.

Table 2 shows the response rates during the last 7 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

* 1999 Study included Central Iowa Employers only

** The 2005 study was expanded to include employers with 10-19 employees.
The response rate excluding this smallest employer size was 46.2%

EMPLOYEE-SIZE WEIGHTING OF EMPLOYERS

As seen from **Table 1**, the number of large employers is smaller than that of other sized employers. Therefore, if the results in this report were reported simply by averaging across all employers, the results of these large employers would only represent a small fraction of the totals, since each employer would be weighted equally in the averages, regardless of size. 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	90.6%	25.3%
Paid Holidays	89.6%	35.8%
Retirement Plans	82.3%	41.6%
Vacation	82.2%	29.6%
Group Life Insurance	79.7%	20.9%
Pre-Tax Premium	68.5%	26.3%
Dental Insurance	66.4%	22.7%
Sick Leave	63.0%	28.0%
Long Term Disability	63.0%	17.9%
Dependent care flexible spending account	61.5%	28.2%
Medical care spending account	58.0%	26.4%
Employee Voluntary Life Coverage	53.1%	18.5%
Short Term Disability	49.7%	11.0%
Dependent Voluntary Life Coverage	47.0%	15.6%
Educational Assist/Tuition Reimbursement	42.8%	20.0%
Employee Assistance Program (EAP)	41.1%	26.5%
Casual Dress (everyday, not just Fridays)	37.5%	20.7%
Vision Coverage	34.2%	12.6%
Paid Time Off Bank (PTO)	25.1%	14.7%
Retiree Health Insurance (Pre 65 Years)	24.9%	9.4%
Flextime	22.8%	14.4%
Fitness center or gym subsidy	20.2%	12.5%
Long Term Care Insurance	16.4%	9.7%
Retiree Health Insurance (65 years +)	13.4%	6.1%
Telecommuting	9.3%	5.1%
Child care assistance (on or off-site)	4.3%	3.6%

At least 75 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, sick leave, long term disability insurance, medical and dependent care spending accounts, and employee voluntary life coverage.

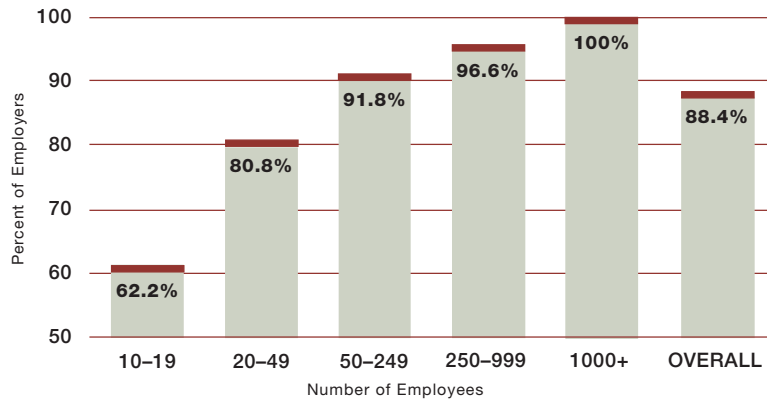
As in the 2004 Study, there is a tendency for larger employers to offer more of these benefits than smaller employers. This is true for both full-time and part-time employees.

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, 88.4 percent of employers (size weighted) offer a retirement plan. Employers with fewer than 50 employees are less likely to offer this benefit than larger employers, while the largest employers (over 1,000 employees) all offer retirement plans.



**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, but especially so among the largest employers. The defined benefit plans are more frequently offered among the larger employers, with approximately 39 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.

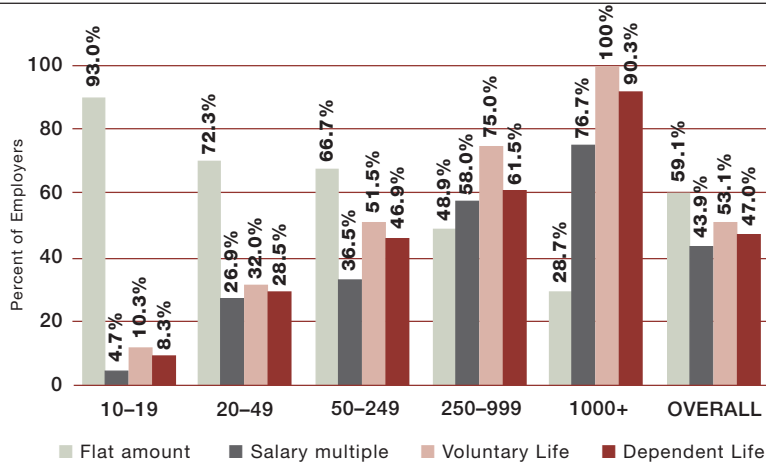
RETIREMENT PLAN	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
401(k)	46.0%	68.6%	59.8%	60.7%	67.7%	61.6%
Defined Benefit Pension Plan	0.0%	3.8%	7.3%	14.3%	38.7%	11.7%
403(b)	1.1%	6.3%	10.6%	17.1%	16.1%	11.1%
IPERS	0.0%	8.2%	26.3%	20.7%	16.1%	18.9%
Profit Sharing	6.9%	13.2%	7.8%	20.7%	0.0%	9.8%
ESOP	1.1%	3.1%	2.8%	2.1%	3.2%	2.7%
SIMPLE IRA	47.1%	15.7%	5.6%	0.0%	0.0%	8.6%
SEP	11.5%	0.6%	0.6%	0.7%	0.0%	1.3%
OTHER	8.0%	8.2%	12.3%	30.0%	22.6%	15.7%

Group Life Insurance

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

**EXHIBIT 2:
PERCENT OFFERING
EMPLOYER-PAID GROUP LIFE
AND VOLUNTARY LIFE PLANS**

Overall, 78.9 percent of employers offer some type of employer-paid group life insurance coverage, whether a flat amount or multiple of salary plan. 59.1 percent of employers offer a flat amount plan and 43.9 percent offer a multiple of salary plan. In addition, 53.1 percent of employers offer employee-paid voluntary life plans, and 47.0 percent offer dependent voluntary life coverage (for spouses and/or dependent children).



**TABLE 5:
FLAT AMOUNT COVERAGE FOR
LIFE INSURANCE PLANS BY
EMPLOYER SIZE**

For the employers providing “flat amount” group life plans, the overall average amount offered is \$19,951.

EMPLOYER SIZE	AVERAGE FLAT AMOUNT
10-19 employees	\$17,132
20-49 employees	\$18,828
50-249 employees	\$20,617
250-999 employees	\$21,180
1000+ employees	\$18,667
OVERALL	\$19,951

**TABLE 6:
MULTIPLIERS FOR LIFE
INSURANCE PLANS BY EMPLOYER
SIZE**

Among the employers offering “multiple of salary” life insurance plans, the average reported multiple of salary is 1.54 and the average reported maximum benefit is \$316,477.

EMPLOYER SIZE	LIFE INSURANCE MULTIPLIER
10-19 employees	1.00
20-49 employees	1.86
50-249 employees	1.58
250-999 employees	1.40
1000+ employees	1.50
OVERALL	1.54

Disability Insurance

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

SHORT TERM DISABILITY

EXHIBIT 3: EMPLOYERS OFFERING SHORT TERM DISABILITY INSURANCE

Less than half (48.6 percent) of all employers, weighted by size, offer short term disability insurance to their employees. The breakdown by company size is also shown.

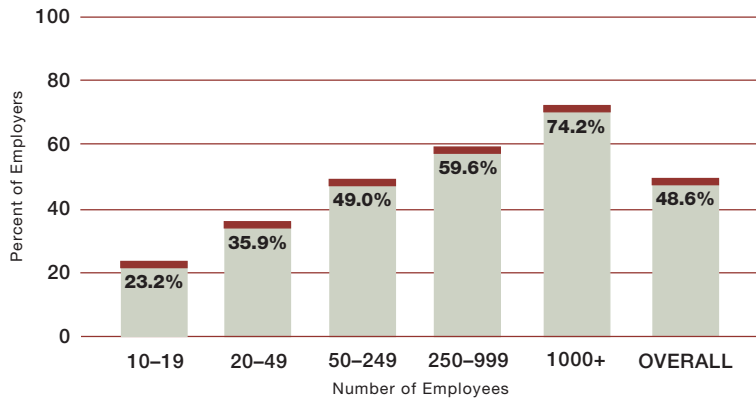
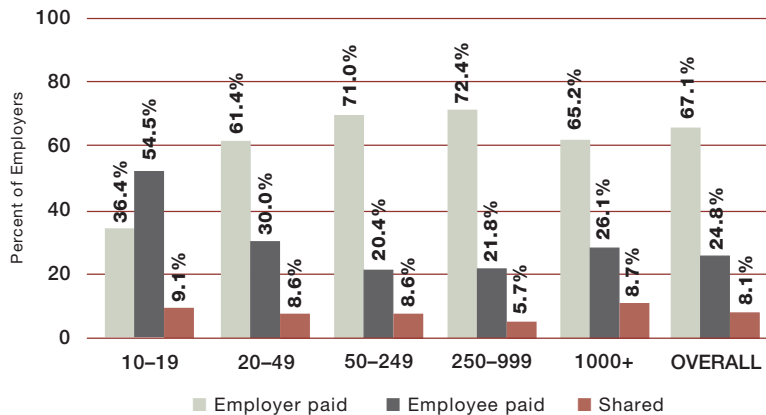


EXHIBIT 4: SHORT TERM DISABILITY INSURANCE PAYMENT ARRANGEMENTS

Among the employers offering short term disability insurance, about two-thirds of employers (67.1 percent) cover the full cost, 24.8 percent have the employees pay the insurance cost, and 8.1 percent share the cost between employee and employer.

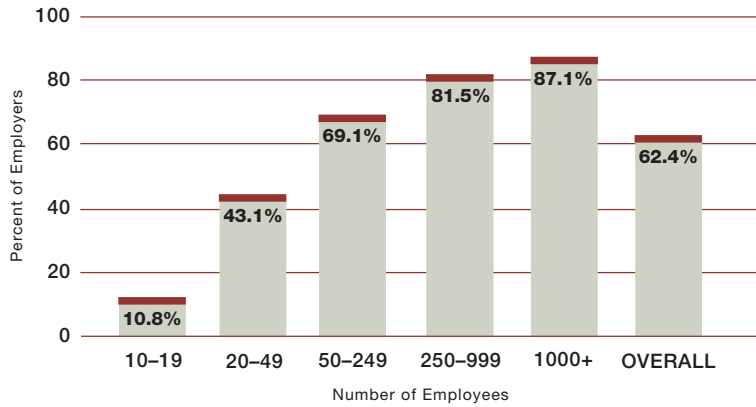


Overall, 50 percent of employers offer fully-insured STD, while the remaining 50 percent self-insure the STD plan. Over 78 percent of employers offer a weekly benefit amount based on a percent of salary and the average replacement of income percentage is 66 percent. Approximately twenty-two percent of employers offer a flat amount of weekly benefit and the overall average flat amount is nearly \$197.

LONG TERM DISABILITY

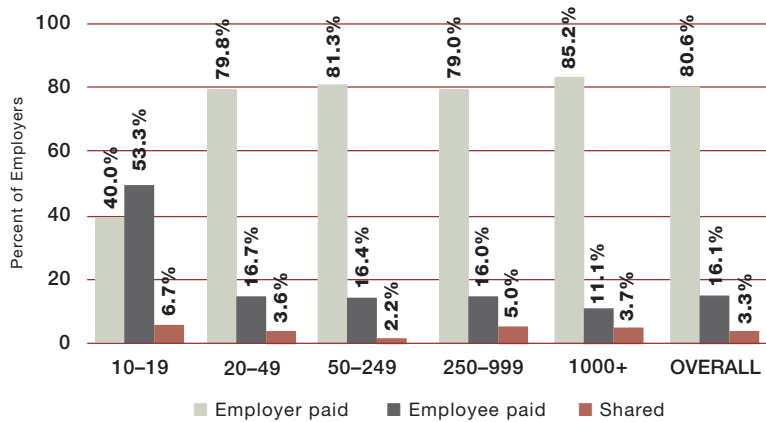
**EXHIBIT 5:
EMPLOYERS OFFERING LONG
TERM DISABILITY INSURANCE**

More employers offer long term rather than short term disability insurance. 62.4 percent of all employers offer such insurance, but this again varies by employer size.



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

Among the employers offering long term disability insurance, over 80 percent of employers cover the full cost, 16.1 percent have the employees pay the insurance cost, and 3.3 percent share the cost between employee and employer.

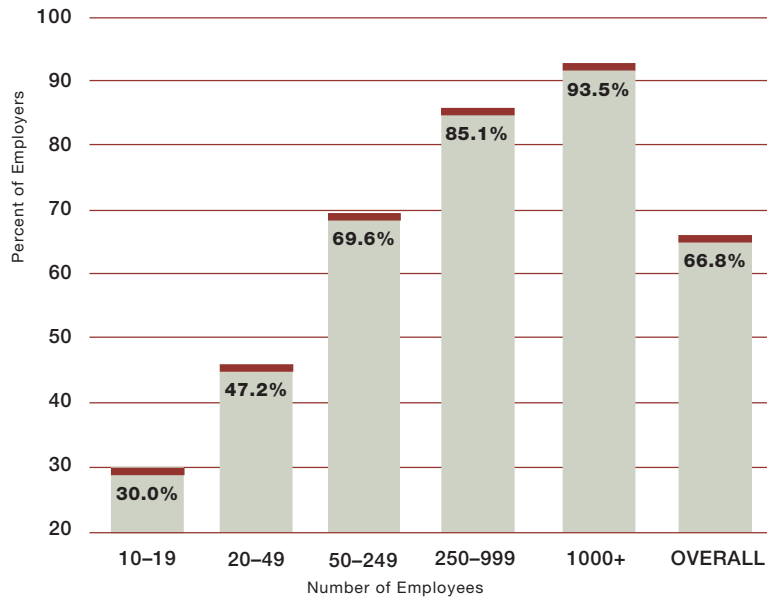


Overall, the average replacement of employee income as a percent of salary is approximately 60 percent and this remains consistent regardless of employer size. The maximum monthly benefit covered is approximately \$6,135. Larger employers have a higher monthly maximum benefit versus the smaller employers.

Dental Insurance

Similar to previous surveys, **Exhibit 7** shows as the employer size increases, the likelihood of offering dental benefits increases from 30 percent to 93.5 percent.

**EXHIBIT 7:
EMPLOYERS OFFERING DENTAL
PLANS**



DENTAL PLAN RATES AND CONTRIBUTIONS

**TABLE 7:
DENTAL PLAN MONTHLY
PREMIUMS (INCLUDES
EMPLOYER AND EMPLOYEE
CONTRIBUTIONS)**

The average monthly premium for the primary dental plan is \$24.41 for employee only, \$48.59 for employee and spouse, \$52.14 for employee and children, and \$69.46 for family. In the 2004 Study, the weighted average monthly premiums for employee only, employee & spouse, employee & children and family were \$23.22, \$46.97, \$52.62 and \$67.15 respectively. The dental rates for 2005 have only increased by 3 to 5 percent from the 2004 results.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10-19 employees	\$27.40	\$57.00	\$53.29	\$73.23
20-49 employees	\$24.50	\$47.10	\$50.11	\$71.42
50-249 employees	\$24.29	\$48.01	\$51.54	\$67.69
250-999 employees	\$24.47	\$48.45	\$53.24	\$70.22
1000+ employees	\$24.02	\$50.03	\$54.10	\$70.83
WEIGHTED AVG.	\$24.41	\$48.59	\$52.14	\$69.46

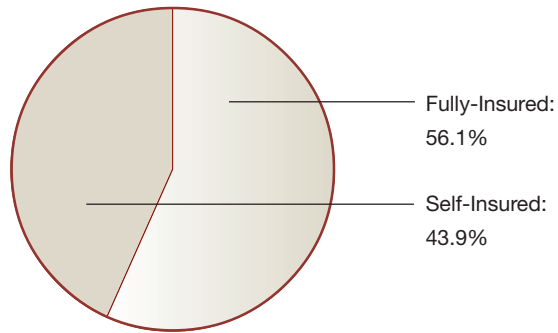
Dental Plan Rates and Contributions Continued

**TABLE 8:
DENTAL PLAN PREMIUMS –
MONTHLY EMPLOYEE
CONTRIBUTIONS**

The average primary dental plan has an employee contribution of \$9.98 for employee only, \$26.16 for employee and spouse, \$28.64 for employee and children and \$39.06 for family. In the 2004 Study, the weighted average monthly employee contribution for employee only, employee & spouse, employee & children and family were \$10.43, \$26.61, \$30.50 and \$39.09 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$14.99	\$27.12	\$25.18	\$43.52
20–49 employees	\$11.04	\$24.45	\$27.72	\$39.41
50–249 employees	\$11.05	\$28.67	\$30.53	\$43.55
250–999 employees	\$9.32	\$28.46	\$31.21	\$39.73
1000+ employees	\$6.40	\$18.64	\$21.54	\$26.77
WEIGHTED AVG.	\$9.98	\$26.16	\$28.64	\$39.06

**EXHIBIT 8:
PERCENTAGE OF EMPLOYERS
OFFERING FULLY-INSURED
DENTAL PLANS AND
SELF-INSURED DENTAL PLANS**



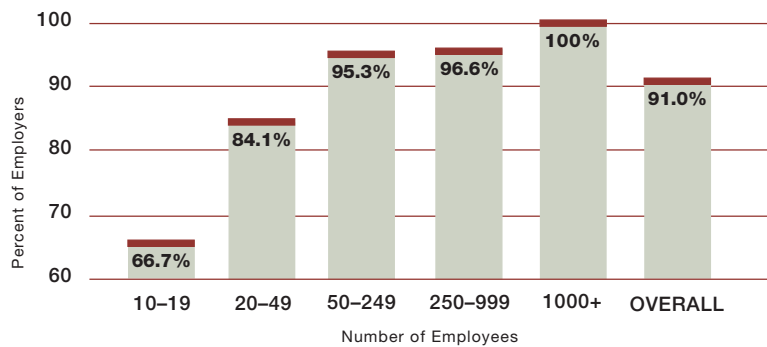
Overall, the average annual deductibles for dental plans are approximately \$34.00 for a single policy and \$81.00 for a family policy. 71.5 percent of employers indicated that they offer orthodontia benefits and of those employers offering orthodontia, 81 percent utilize a lifetime orthodontia maximum. The overall average lifetime maximum for orthodontia is \$1,263.00.

Health Insurance

Group medical coverage is a large part of the employer’s benefits costs. Medical costs can be quite complex when distinguishing between fully-insured, partially self-funded, and self-funded costs. In addition, there are various plans available in Iowa, such as Health Maintenance Organizations (HMO), Point of Service plans (POS), Preferred Provider Organizations (PPO), and Traditional Indemnity (TI). As with all past studies, this study tracks the premium rates between many of these plans along with the employer/employee contribution rates. Just as important, the average benefits structure was analyzed by each corresponding medical plan.

**EXHIBIT 9:
EMPLOYERS OFFERING HEALTH
INSURANCE BENEFITS**

Overall, 91 percent of employers who responded offer health insurance to their employees. This rate was 94.4 percent in last year’s study. The smaller employers surveyed are less likely to offer health insurance with only 66.7 percent offering this benefit.



**TABLE 9:
TYPES OF HEALTH INSURANCE
PLANS OFFERED BY SIZE OF
EMPLOYER**

76.9 percent of Iowa employers offer PPO plans. These types of plans are the most frequently offered for all size categories. 27.1 percent offer HMO/POS plans, and 7.3 percent offer traditional indemnity plans. Last year’s study indicated that 83.4 percent of Iowa employers offered PPO plans, 23.3 percent offered HMO/POS, and 9.8 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	24.5%	26.8%	25.0%	29.8%	32.3%	27.1%
PPO	51.1%	72.6%	83.2%	75.9%	77.4%	76.9%
Traditional Indemnity	10.6%	8.5%	4.3%	10.6%	9.7%	7.3%

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 used plan by Iowa employers, we have summarized the historical results on PPO plans from the past 7 studies conducted by DPL&A in **Tables 10, 21, 23, 30, 32, 34** and **Exhibit 13**.

Health Insurance Continued

TABLE 10:
HISTORICAL PERCENTAGE OF EMPLOYERS OFFERING PPO PLANS

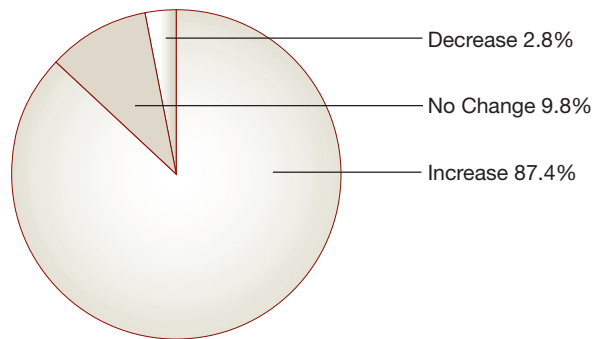
	1999*	2000	2001	2002	2003	2004	2005
PPO	74.2%	68.0%	79.9%	76.9%	81.7%	83.4%	76.9%

* 1999 Study included Central Iowa Employers only

HEALTH INSURANCE RATES

EXHIBIT 10:
EMPLOYERS WITH CHANGES IN HEALTH INSURANCE RATES

Approximately 87.4 percent of all employers who responded to the survey experienced an increase in medical rates during the last year. Only 2.8 percent reported a decrease. These numbers are very similar to the 2001-2004 study results, however, the 2005 study shows that about 3 percent fewer employers received rate increases when compared to the prior four years of reporting this statistic. More employers received “no change” in rates when compared to prior studies, while roughly the same percentage of employers received rate decreases.



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

TABLE 11:
HEALTH INSURANCE RATE INCREASES

Overall, for those employers who reported an increase in their health insurance rates, the average reported increase was 14.5 percent. However, when factoring in those employers who experienced either no rate change or a rate decrease, the average overall rate increase is 12.4 percent. See Table 12.

EMPLOYER SIZE	Percent of Employers with Rate Increases	Average Percent of Increase
10-19 employees	80.9%	18.8%
20-49 employees	86.8%	16.2%
50-249 employees	87.8%	13.8%
250-999 employees	82.8%	14.0%
1000+ employees	96.3%	12.7%
Weighted AVG.	87.4%	14.5%

TABLE 12:
HEALTH INSURANCE RATE
CHANGES – REGARDLESS OF
RATE DIRECTION

EMPLOYER SIZE	Average Percent Change
10–19 employees	14.7%
20–49 employees	14.0%
50–249 employees	12.0%
250–999 employees	10.9%
1000+ employees	12.2%
Weighted AVG.	12.4%

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

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

Health Insurance Rates Continued

Almost two thirds (63.7 percent) of employers, regardless of employer size, reacted to higher insurance rates by sharing the increase with their employees. See **Table 14**.

TABLE 14:
EMPLOYER RESPONSES TO INCREASED HEALTH INSURANCE RATES
(WEIGHTED AVERAGE REGARDLESS OF EMPLOYER SIZE)

EMPLOYER RESPONSES TO INCREASED INSURANCE RATES	Overall
The employees and employer shared in paying the additional cost	63.7%
Reduced benefits to minimize or eliminate the increase	24.6%
Changed insurance company	15.3%
The employer absorbed the increased cost	13.2%
Reduced/eliminated pay raises or bonuses	6.2%
Passed all of the increased costs on to the employees	5.2%
Postponed capital improvements	2.5%
Hired fewer new employees	2.1%
No longer provide health insurance coverage	0.0%
Other	10.7%

The top two 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.

Iowa employers were asked to respond to the hypothetical question, “If your medical insurance rates increase by approximately the same amount during the next 12 months as they increased during the previous 12 months, which of the following changes might your organization make?” This question attempts to address the hidden economic tradeoff that employers have when confronting rising health insurance rates each year. Employers were allowed multiple responses to this question. See **Table 15**.

TABLE 15:
HOW EMPLOYERS MIGHT REACT IF MEDICAL RATES INCREASE WITHIN NEXT 12 MONTHS

EMPLOYER RESPONSES TO FUTURE RATE INCREASE	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
Employees and organization share additional cost	46.7%	67.1%	67.9%	85.4%	88.5%	71.6%
Reduce benefits to minimize or eliminate the increase	28.0%	42.9%	38.4%	30.1%	30.8%	36.2%
Change insurance companies	37.3%	41.4%	26.4%	23.3%	15.4%	27.9%
Pass all increased costs on to the employees	20.0%	12.1%	12.6%	10.7%	3.8%	11.6%
Organization absorb entire increased cost	6.7%	7.1%	10.1%	7.8%	0.0%	7.6%
No longer provide health insurance coverage	5.3%	5.0%	0.6%	1.0%	3.8%	2.2%
Release employees	1.3%	0.7%	0.6%	2.9%	0.0%	0.9%
Do not know	25.3%	11.4%	22.0%	14.6%	11.5%	17.8%

Similar to Table 14, employers will continue the trend of having employees share in the additional costs either through increased premium contributions and/or plan design changes that require more employee out-of-pocket expense. The smaller employers (10 – 19) are more inclined to pass all of the increased costs on to the employees (20 percent) and are more likely to no longer provide health insurance coverage (5.3 percent).

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 and **Table 17** indicates employers considering these programs within the next 12 months.

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

Almost 50 percent of employers currently provide medical information to their employees through various sources (website, newsletters, etc). About one quarter of employers are also providing health club discounts/reimbursements, blood pressure screening and cholesterol screening.

Medical information (Website, Newsletter, etc)	48.9%
Blood Pressure Screening	29.0%
Cholesterol Screening	25.9%
Health club discount/reimbursement	25.5%
Health Risk Assessment Program	19.6%
Smoking Cessation Programs	18.4%
Chronic Disease Management Programs	15.5%
Obesity Management Programs	6.5%

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. Smoking cessation programs and health risk assessments appear to be top considerations. Larger employers (over 250) are more likely to offer smoking cessation programs than smaller employers. Overall, large employers are more inclined to embrace wellness initiatives than those less than 250 employees.

Smoking Cessation Programs	10.5%
Health Risk Assessment Program	10.3%
Blood Pressure Screening	8.8%
Cholesterol Screening	8.6%
Chronic Disease Management Programs	7.4%
Obesity Management Programs	7.0%
Medical information (Website, Newsletter, etc)	5.8%
Health club discount/reimbursement	4.8%

Rates and Contributions

HMO/POS PLANS

Table 18 shows the monthly average billed rate for the primary HMO/POS plan, and **Table 19** displays the corresponding monthly employee contributions.

TABLE 18:
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	\$249.87	\$513.99	\$490.88	\$707.23
20–49 employees	\$256.35	\$520.74	\$492.43	\$731.88
50–249 employees	\$283.55	\$586.46	\$520.41	\$768.88
250–999 employees	\$293.99	\$570.51	\$537.73	\$768.48
1000+ employees	\$291.93	\$577.36	\$502.88	\$787.47
WEIGHTED AVG.	\$279.11	\$565.47	\$511.98	\$761.89

TABLE 19:
HMO/POS MONTHLY EMPLOYEE
CONTRIBUTIONS

The average HMO/POS plan has an employee contribution of \$54.68 for employee only plans, and \$177.66 for employee & spouse plans. Employee & children plans have an overall average of \$158.25, while family plans average \$247.82 per month. Last year, the weighted average employee contribution for HMO/POS plans for employee only, employee & spouse, employee & children and family were \$54.21, \$156.61, \$145.64 and \$248.65 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$54.96	\$227.08	\$206.43	\$327.19
20–49 employees	\$66.75	\$187.89	\$171.76	\$293.85
50–249 employees	\$66.31	\$199.82	\$165.98	\$302.92
250–999 employees	\$37.51	\$171.07	\$180.57	\$171.68
1000+ employees	\$29.71	\$104.96	\$78.46	\$112.05
WEIGHTED AVG.	\$54.68	\$177.66	\$158.25	\$247.82

PPO PLANS

Table 20 shows the monthly average billed rate for the primary PPO plan.

TABLE 20:
PPO MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$253.48	\$559.41	\$486.82	\$627.06
20–49 employees	\$282.83	\$594.74	\$537.22	\$786.91
50–249 employees	\$323.50	\$611.16	\$573.94	\$837.72
250–999 employees	\$342.43	\$655.80	\$642.42	\$873.30
1000+ employees	\$309.08	\$597.48	\$576.85	\$863.12
WEIGHTED AVG.	\$314.65	\$609.99	\$573.25	\$831.24

Table 21 presents the history of monthly PPO health premiums since 1999 in Iowa.

TABLE 21:
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
7 YR. INCREASE	77%	82%

* 1999 Study included Central Iowa Employers only

Table 22 shows the monthly employee contributions for the primary PPO plan.

TABLE 22:
PPO MONTHLY EMPLOYEE CONTRIBUTIONS

As indicated in Table 22, the average PPO plan has an employee contribution of \$61.39 for employee only plans, and \$209.53 for employee & spouse plans. Employee & children plans have an overall average of \$193.31, while family plans average \$288.69 per month. Last year, the weighted average employee contribution for PPO plans for employee only, employee & spouse, employee & children and family were \$52.67, \$192.88, \$183.21 and \$275.58 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$62.11	\$217.11	\$201.15	\$308.34
20–49 employees	\$66.63	\$232.35	\$193.60	\$299.82
50–249 employees	\$59.57	\$231.97	\$212.03	\$310.57
250–999 employees	\$65.31	\$195.72	\$204.03	\$277.11
1000+ employees	\$56.70	\$145.97	\$120.74	\$202.62
WEIGHTED AVG.	\$61.39	\$209.53	\$193.31	\$288.69

Table 23 presents the history of monthly PPO monthly employee contributions since 1999 in Iowa.

TABLE 23:
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
7 YR. INCREASE	53%	48%

* 1999 Study included Central Iowa Employers only

TRADITIONAL INDEMNITY PLANS

Table 24 and Table 25 show the monthly average billed rate and the employee contributions for the primary traditional indemnity plan.

TABLE 24:
INDEMNITY MONTHLY PREMIUMS
(INCLUDES EMPLOYER AND
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees*	\$294.04	–	–	\$547.00
20–49 employees	\$254.65	\$508.07	\$489.03	\$753.14
50–249 employees	\$372.26	\$654.40	\$566.40	\$791.79
250–999 employees	\$432.39	\$923.59	\$772.39	\$1,032.33
1000+ employees*	\$396.75	–	\$576.33	\$982.75
WEIGHTED AVG.	\$367.46	\$640.25	\$559.49	\$881.50

*Details of Traditional Indemnity Plans offered by 1 or no respondents are indicated with (-). Any reported results may not be reliable.

TABLE 25:
INDEMNITY MONTHLY EMPLOYEE
CONTRIBUTIONS

The average Indemnity plan has an employee contribution of \$30.23 for employee only plans, \$206.03 for employee & spouse, \$186.95 for employee & children, and \$233.60 for family. Last year, the weighted average employee contribution for Indemnity plans for employee only, employee & spouse, employee & children and family were \$38.26, \$197.02, \$168.27 and \$248.60 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees*	–	–	–	–
20–49 employees	\$57.31	\$160.48	\$194.37	\$248.80
50–249 employees	\$32.99	\$208.51	\$176.11	\$252.14
250–999 employees	\$20.99	\$318.54	–	\$226.27
1000+ employees*	\$16.61	–	–	\$198.93
WEIGHTED AVG.	\$30.23	\$206.03	\$186.95	\$233.60

*Details of Traditional Indemnity Plans offered by 1 or no respondents are indicated with (-). Any reported results may not be reliable.

HMO/POS PLAN BENEFITS

TABLE 26:
HMO/POS IN-NETWORK DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$601 per employee for single coverage and \$1,196 for family coverage. Last year, the average deductibles for single and family coverage were \$448 and \$936 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$944	\$1,933
20–49 employees	\$903	\$1,728
50–249 employees	\$624	\$1,339
250–999 employees	\$394	\$612
1000+ employees	\$90	\$180
WEIGHTED AVG.	\$601	\$1,196

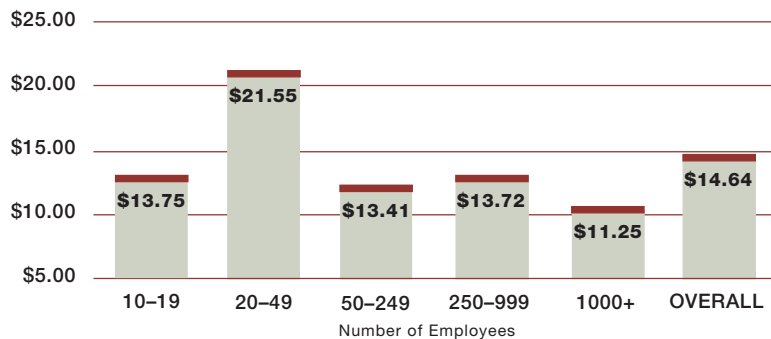
TABLE 27:
HMO/POS MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE

The weighted average maximum out-of-pocket expense for all employers is \$1,546 for single coverage and \$3,057 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,536 and \$2,841 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$2,249	\$4,276
20–49 employees	\$1,780	\$3,461
50–249 employees	\$1,710	\$3,448
250–999 employees	\$1,205	\$2,300
1000+ employees	\$845	\$1,807
WEIGHTED AVG.	\$1,546	\$3,057

EXHIBIT 11:
HMO/POS AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$14.64. Last year, this co-pay averaged \$13.65 per visit.



HMO/POS Plan Benefits Continued

TABLE 28:
HMO/POS DRUG CO-PAY BY
EMPLOYER SIZE

Table 28 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$9.90, \$22.26 and \$37.78 respectively. Statistically, the co-pays have remained similar for 2005.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10–19 employees	\$11.13	\$24.41	\$38.66
20–49 employees	\$10.09	\$24.63	\$40.53
50–249 employees	\$10.46	\$23.72	\$40.85
250–999 employees	\$7.71	\$19.13	\$33.91
1000+ employees	\$10.63	\$21.43	\$37.14
WEIGHTED AVG.	\$9.90	\$22.59	\$38.56

PPO PLAN BENEFITS

TABLE 29:
PPO IN-NETWORK DEDUCTIBLES
BY EMPLOYER SIZE

In-network deductibles average \$750 per employee for single coverage and \$1,562 for family coverage. Last year, the average deductibles for single and family coverage were \$572 and \$1,204 respectively. In just one year, the single deductible has increased by 31 percent, while the family deductible increased by 30 percent.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,330	\$2,765
20–49 employees	\$1,053	\$2,192
50–249 employees	\$733	\$1,509
250–999 employees	\$575	\$1,257
1000+ employees	\$486	\$1,029
WEIGHTED AVG.	\$750	\$1,562

Table 30 presents the history of PPO In-Network Deductibles since 1999.

TABLE 30:
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
7 YR. INCREASE	146%	125%

* 1999 Study included Central Iowa Employers only

TABLE 31:
PPO MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE

The weighted average maximum out-of-pocket expense for all employers is \$1,891 for single coverage and \$3,860 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,650 and \$3,379 respectively. The single out-of-pocket maximum has increased by almost 15 percent in one year, while the family out-of-pocket has increased by 14 percent.

EMPLOYER SIZE	Single	Family
10-19 employees	\$3,055	\$6,028
20-49 employees	\$2,478	\$4,959
50-249 employees	\$1,769	\$3,602
250-999 employees	\$1,641	\$3,434
1000+ employees	\$1,598	\$3,368
Weighted AVG.	\$1,891	\$3,860

Table 32 presents the history of PPO Maximum Out-of-Pocket Expenses since 1999.

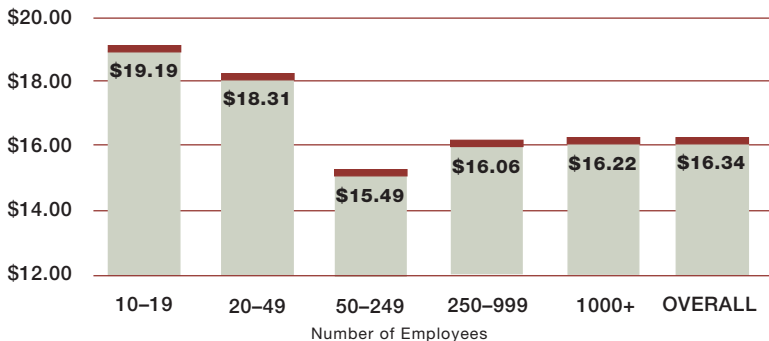
TABLE 32:
HISTORY OF PPO MAXIMUM OUT-OF-POCKET EXPENSES

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
7 YR. INCREASE	69%	70%

* 1999 Study included Central Iowa Employers only

EXHIBIT 12:
PPO AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$16.34. Last year, this co-pay averaged \$15.55 per visit.



PPO Plan Benefits Continued

Exhibit 13 presents the history of PPO average doctor's office co-pays since 1999.

EXHIBIT 13:**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
7 YR. INCREASE	44%

* 1999 Study included Central Iowa Employers only

TABLE 33:**PPO DRUG CO-PAY BY EMPLOYER SIZE**

Table 33 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 \$10.28, \$22.70 and \$36.12 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10-19 employees	\$11.09	\$24.81	\$40.00
20-49 employees	\$11.22	\$25.18	\$40.73
50-249 employees	\$10.87	\$24.06	\$38.45
250-999 employees	\$10.10	\$23.14	\$38.21
1000+ employees	\$10.56	\$21.97	\$37.51
WEIGHTED AVG.	\$10.75	\$23.80	\$38.72

Approximately 10 percent of employers offering PPO's have their Rx plan subject to the medical plan deductible and coinsurance. Another 23 percent have indicated their Rx plan is subject to a separate Rx deductible (average deductibles are \$157 Single and \$229 Family).

Table 34 presents the history of PPO drug co-pays since 1999.

TABLE 34:
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
7 YR. INCREASE	33%	79%	62%**

* 1999 Study included Central Iowa Employers only

** 6 year increase

TRADITIONAL INDEMNITY PLAN BENEFITS

TABLE 35:
TRADITIONAL INDEMNITY
IN-NETWORK DEDUCTIBLES BY
EMPLOYER SIZE

In-network deductibles average \$682 per employee for single coverage, and \$1,387 for family coverage. Last year, the average deductibles for single and family coverage were \$616 and \$1,263 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,938	\$3,500
20–49 employees	\$1,219	\$2,619
50–249 employees	\$733	\$1,667
250–999 employees	\$370	\$697
1000+ employees*	\$233	\$333
Weighted AVG.	\$682	\$1,387

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

Traditional Indemnity Plan Benefits Continued

TABLE 36:
TRADITIONAL INDEMNITY
MAXIMUM OUT-OF-POCKET
EXPENSES BY EMPLOYER SIZE

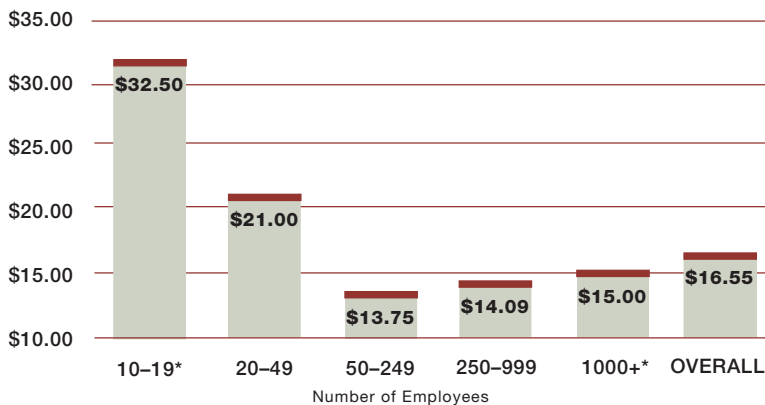
The weighted average maximum out-of-pocket expense for all employers is \$1,718 for single coverage and \$3,071 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,634 and \$3,192 respectively.

EMPLOYER SIZE	Single	Family
10-19 employees*	\$6,000	\$12,000
20-49 employees	\$3,350	\$5,533
50-249 employees	\$1,744	\$3,803
250-999 employees	\$935	\$1,521
1000+ employees*	\$567	\$733
Weighted AVG.	\$1,718	\$3,071

*Details of Traditional Indemnity Plans offered by the smallest employers (10 - 19) were provided by only 2 respondents, while the largest employers (1000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

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

The average doctor's office co-pay for all employers is \$16.55. Last year, this co-pay averaged \$17.51 per visit.



*Details of Traditional Indemnity Plans offered by the smallest employers (10 - 19) were provided by only 2 respondents, while the largest employers (1000+) were provided by only 3 respondents. Any reported results for this size of employer may not be reliable.

TABLE 37:
TRADITIONAL INDEMNITY
AVERAGE DRUG CO-PAY BY
EMPLOYER SIZE

Table 37 displays the average drug co-pay for generic, preferred brand name and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$8.87, \$20.26 and \$33.66 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10-19 employees*	\$15.00	\$22.50	\$40.00
20-49 employees	\$11.00	\$25.50	\$39.00
50-249 employees	\$9.25	\$18.75	\$30.00
250-999 employees	\$5.85	\$17.31	\$33.08
1000+ employees*	\$5.00	\$15.00	\$30.00
WEIGHTED AVG.	\$7.91	\$19.24	\$33.52

*Details of Traditional Indemnity Plans offered by the smallest employers (10 - 19) were provided by only 2 respondents, while data on the largest employers (1000+) were also provided by only 2 respondents. Any reported results for this size of employer may not be reliable.

BARGAINED VS. NON-BARGAINED HEALTH INSURANCE PLANS

Table 38 shows overall how 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 38:
BARGAINED HEALTH
INSURANCE PLANS VS.
NON-BARGAINED PLANS

	Bargained Plans	Non-Bargained Plans
MONTHLY MEDICAL PREMIUMS (includes employer and employee contributions)		
Single	\$383.10	\$290.13
Employee & Spouse	\$674.61	\$588.34
Employee & Child(ren)	\$667.69	\$546.31
Family	\$948.54	\$782.80
MONTHLY EMPLOYEE CONTRIBUTIONS		
Single	\$28.52	\$65.39
Employee & Spouse	\$200.04	\$204.47
Employee & Child(ren)	\$178.00	\$187.66
Family	\$298.39	\$278.57
IN-NETWORK DEDUCTIBLES		
Single	\$545.00	\$803.00
Family	\$1,077.00	\$1,665.00
MAXIMUM OUT-OF-POCKET EXPENSES		
Single	\$1,205.00	\$2,009.00
Family	\$2,356.00	\$4,069.00
DOCTOR'S OFFICE VISIT		
Co-Pay Per Visit	\$13.24	\$16.95
PRESCRIPTION DRUG CO-PAYS		
Generic	\$8.10	\$11.09
Preferred Brand Name	\$18.49	\$24.57
Non-Preferred Brand Name	\$29.40	\$40.36

CONSUMER-DRIVEN HEALTH PLANS

A “consumer-driven health plan” (CDHP) is considered by many to be the next generation of medical coverage for employers to 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 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 4.5 percent of respondents indicated they offer either an HRA or HSA (or a combination of these). **Table 39** shows a breakout of these respondents by employer size.

TABLE 39:

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

Rural employers have embraced CDHP’s more often than urban employers and employers with 250 or more employees are more likely to offer an HRA or HSA than are employers under 250 in size.

EMPLOYER SIZE	Percent
10-19 Employees	2.1%
20-49 Employees	5.5%
50-249 Employees	3.6%
250-999 Employees	8.1%
*1000+ Employees	3.2%
All Employers Under 250	3.9%
All Employers Over 250	6.0%
All Urban/Metro Employers	3.1%
All NonMetro/Rural Employers	6.2%
OVERALL	4.5%

Regardless of the type of spending account selected (HRA or HSA), the average deductible the employer implements is \$1,011 for Single and \$2,137 for Family, of which the employer will offset with the following subsidy (into the spending account): Single - \$612; Employee + One - \$642; and Family - \$910.

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

Table 40 indicates that over 22 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 56 percent said they were at least somewhat unlikely to make the switch, while 21.4 percent are still unsure. In the 2004 study, 52 percent of employers were somewhat likely or very likely to offer a consumer-driven health plan within the next 5 years. Clearly, employers are indicating they want more time to decide whether 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	3.7%	5.7%	4.9%	9.4%	5.3%	5.7%
2. Somewhat Likely	13.6%	17.9%	18.0%	15.3%	15.8%	16.9%
3. Somewhat Unlikely	6.2%	11.4%	15.6%	24.7%	10.5%	14.6%
4. Very Unlikely	51.9%	48.0%	38.5%	38.8%	36.8%	41.5%
5. Unsure	24.7%	17.1%	23.0%	11.8%	31.6%	21.4%

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

TABLE 41:
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	\$254.87	\$544.97	\$488.26	\$645.16
20–49 employees	\$273.79	\$562.24	\$515.77	\$762.70
50–249 employees	\$318.36	\$603.51	\$561.08	\$818.79
250–999 employees	\$339.22	\$644.79	\$621.70	\$860.68
1000+ employees	\$312.51	\$591.31	\$568.66	\$863.13
WEIGHTED AVG.	\$309.27	\$596.03	\$557.31	\$814.07

Table 42 presents the history of overall averages of monthly billed rates for all group medical plans in Iowa since 1999.

TABLE 42:
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
7 YR. INCREASE	80%	77%

* 1999 Study included Central Iowa Employers only

Table 43 shows the overall average of monthly employee contributions for medical coverage.

TABLE 43:
OVERALL MONTHLY EMPLOYEE CONTRIBUTION – FOR MEDICAL COVERAGE

Last year, the weighted average employee contribution for employee only, employee & spouse, employee & children and family were \$51.04, \$182.93, \$173.25 and \$267.00 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$58.39	\$220.40	\$203.02	\$317.18
20–49 employees	\$64.99	\$214.86	\$185.62	\$298.80
50–249 employees	\$58.99	\$225.17	\$200.85	\$306.84
250–999 employees	\$57.23	\$191.27	\$199.54	\$252.62
1000+ employees	\$51.63	\$141.17	\$120.47	\$192.37
WEIGHTED AVG.	\$58.74	\$203.56	\$186.33	\$281.09

Table 44 presents the history of monthly employee contributions for medical coverage since 1999.

TABLE 44:
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
7 YR. INCREASE	59%	59%

* 1999 Study included Central Iowa Employers only

Overall Picture Continued

As reflected in **Table 45**, there is a tendency for larger employers to offer more benefit opportunities than smaller employers.

TABLE 45:
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	87.9%	97.7%	90.6%
Paid Holidays	87.8%	94.1%	89.6%
Retirement Plans	77.7%	94.4%	82.3%
Vacation	81.7%	83.7%	82.2%
Group Life Insurance	73.6%	95.4%	79.7%
Pre-Tax Premium	61.6%	86.5%	68.5%
Dental Insurance	57.7%	88.8%	66.4%
Sick Leave	58.8%	73.8%	63.0%
Long Term Disability	54.9%	84.1%	63.0%
Dependent care flexible spending account	52.8%	84.0%	61.5%
Medical care spending account	49.0%	81.3%	58.0%
Employee Voluntary Life Coverage	40.4%	85.9%	53.1%
Short Term Disability	43.0%	67.0%	49.7%
Dependent Voluntary Life Coverage	36.5%	74.1%	47.0%
Educational Assist/Tuition Reimbursement	30.4%	75.1%	42.8%
Employee Assistance Program (EAP)	28.8%	73.1%	41.1%
Casual Dress (everyday, not just Fridays)	39.5%	32.2%	37.5%
Vision Coverage	26.0%	55.4%	34.2%
Paid Time Off Bank (PTO)	23.6%	29.0%	25.1%
Retiree Health Insurance (Pre 65 yrs)	19.9%	37.8%	24.9%
Flextime	19.0%	32.5%	22.8%
Fitness center or gym subsidy	13.8%	36.7%	20.2%
Long Term Care Insurance	10.0%	32.8%	16.4%
Retiree Health Insurance (65 yrs +)	8.6%	25.6%	13.4%
Telecommuting	5.6%	18.9%	9.3%
Child care assistance (on or off-site)	3.1%	7.4%	4.3%



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