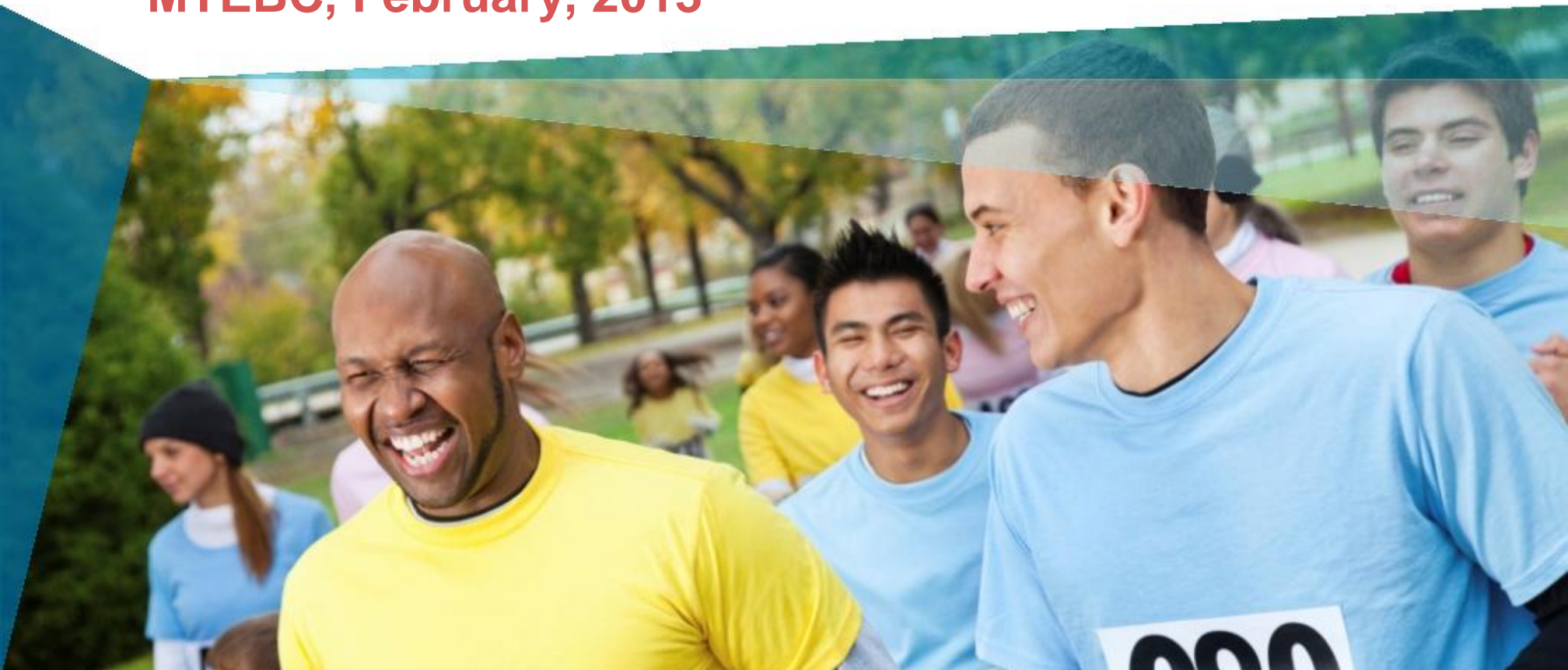


MERCER'S NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

MTEBC, February, 2013



Agenda

- Top Stories
- Market developments (influence of Health Reform)
- Details on cost and design
 - CDHP
 - H.S.A
 - H.R.A
 - PPO
 - HMO
 - Dental
- Other benefits
- Q&A

WELCOME!

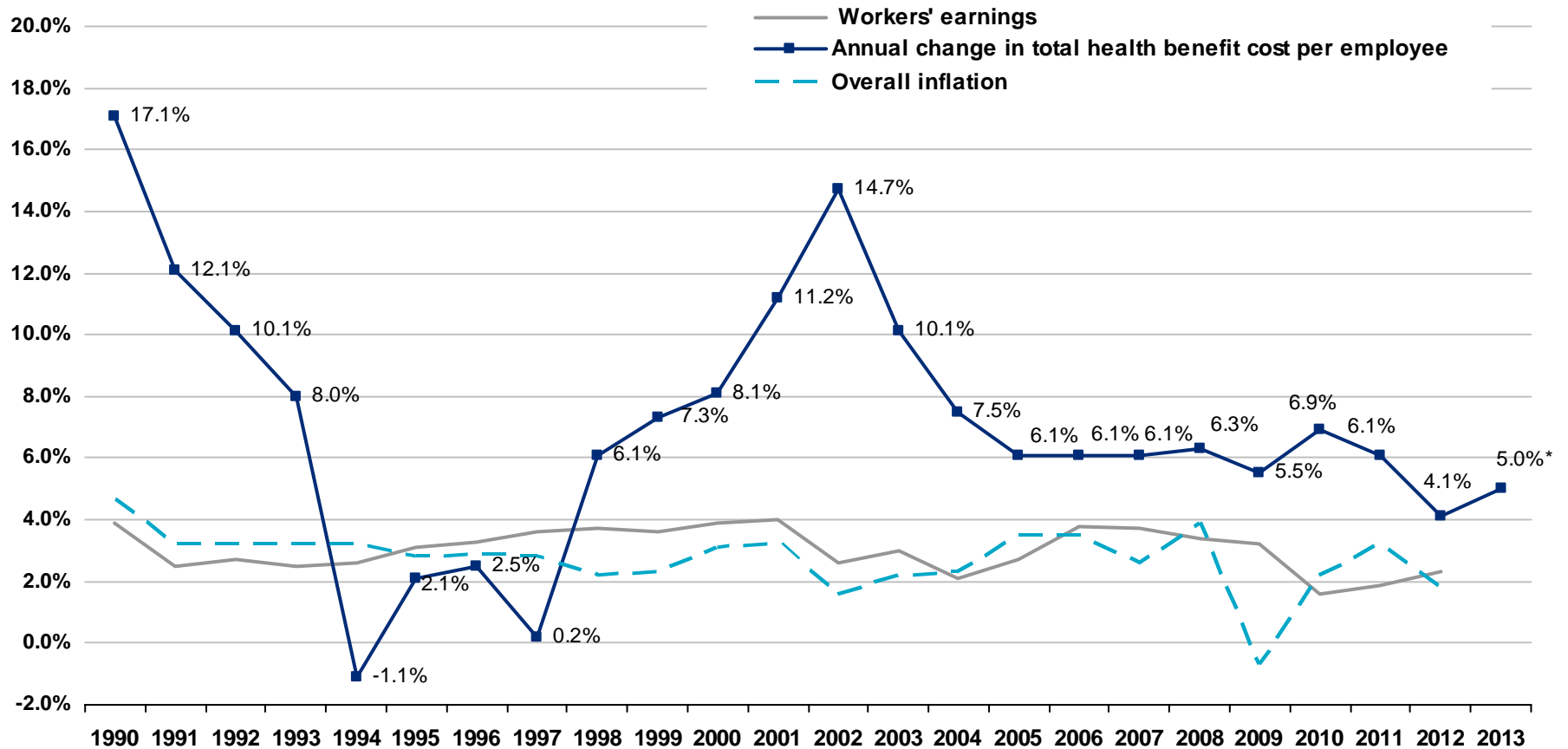
About the survey

- Now in its 27th year, the survey was established in 1986
- A national probability sample has been used since 1993. This means that survey results are representative of all employer health plan sponsors in the US with 10 or more employees
- 2,809 employers participated in 2012
- In this presentation, we refer to:
 - small employers – 50-499 employees
 - mid-sized / large employers – 500-4,999 employees
 - very large employers – 5,000+ employees

Top Stories

FLASH! Employers hold cost increase to lowest level in 15 years

Health benefit cost growth dips to 4.1% after employer actions

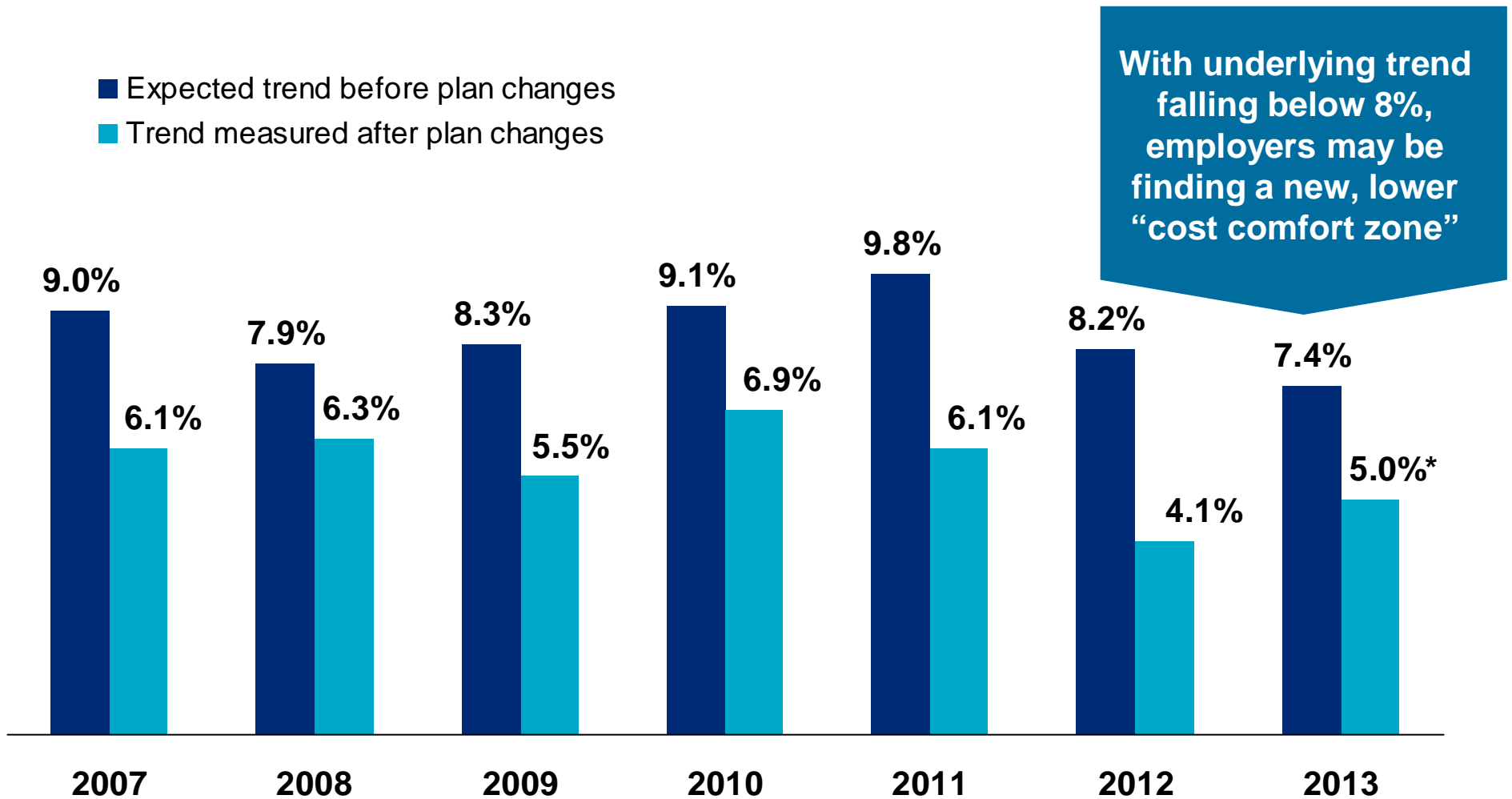


*Projected

Source: Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1990-2012; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April) 1990-2012.

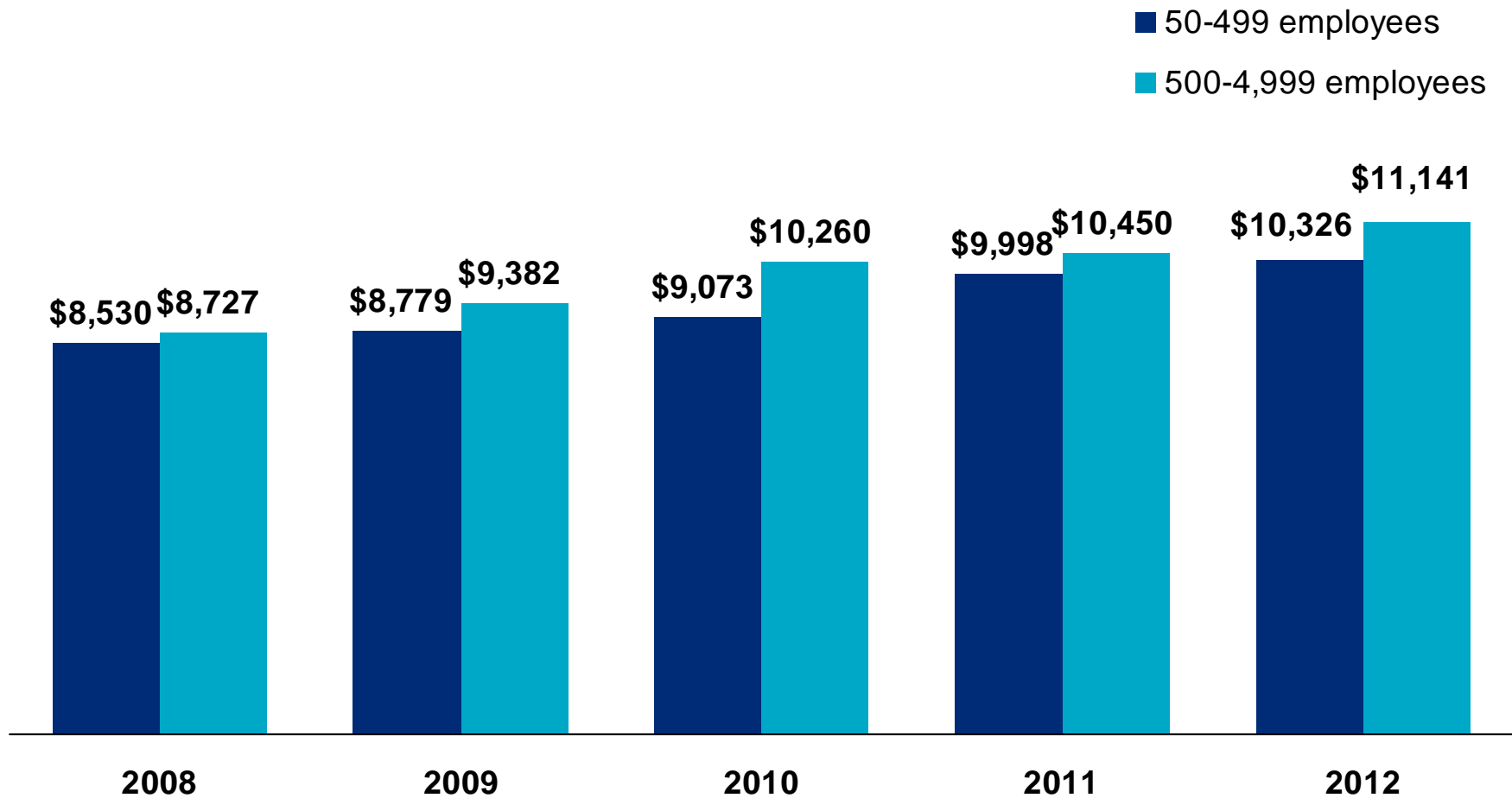
Employers see underlying cost trend falling below 8%

They plan to hold their actual cost increase to around 5% in 2013 (all employers)



* Projected

Total health benefit cost for active employees



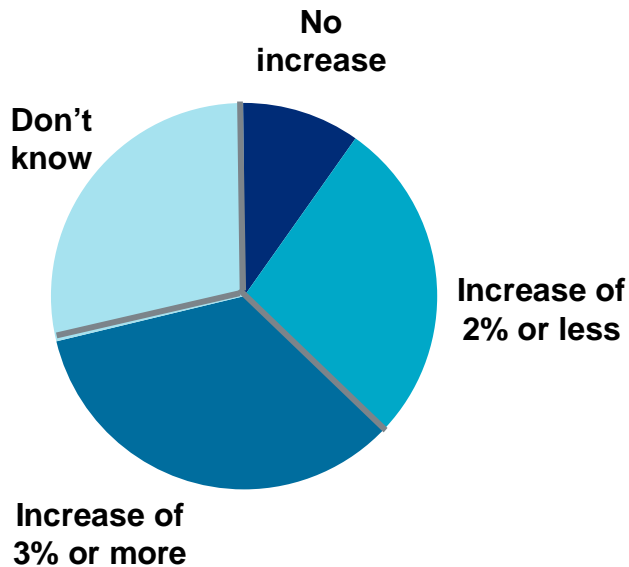
Slower trend reflects employer response to three major market forces

- Sluggish economy keeps the pressure on employers to control health cost trend – and on employees to watch spending
- Health reform has been and will continue to be a catalyst for change – especially employers' concern about the excise tax on high-cost plans
- Employers are taking advantage of market innovations aimed at creating more efficient health care delivery

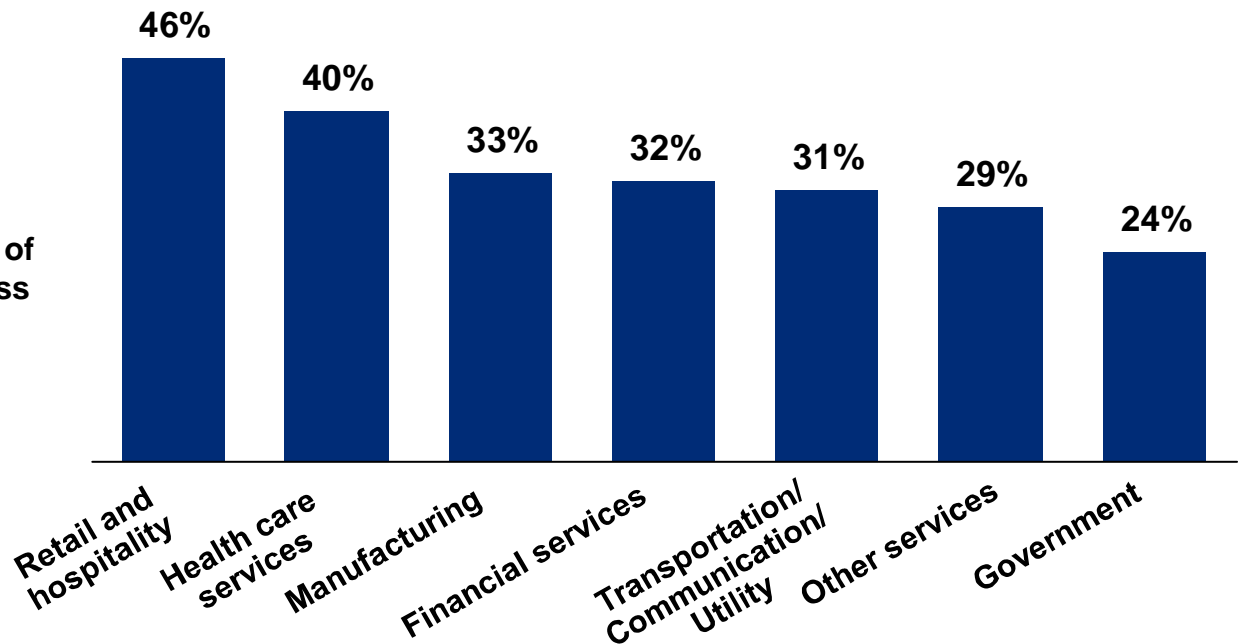
Most employers say reform will raise costs in 2014

Expect bigger increases for retailers, others facing large enrollment growth

Expected cost increase due to PPACA requirements effective in 2014

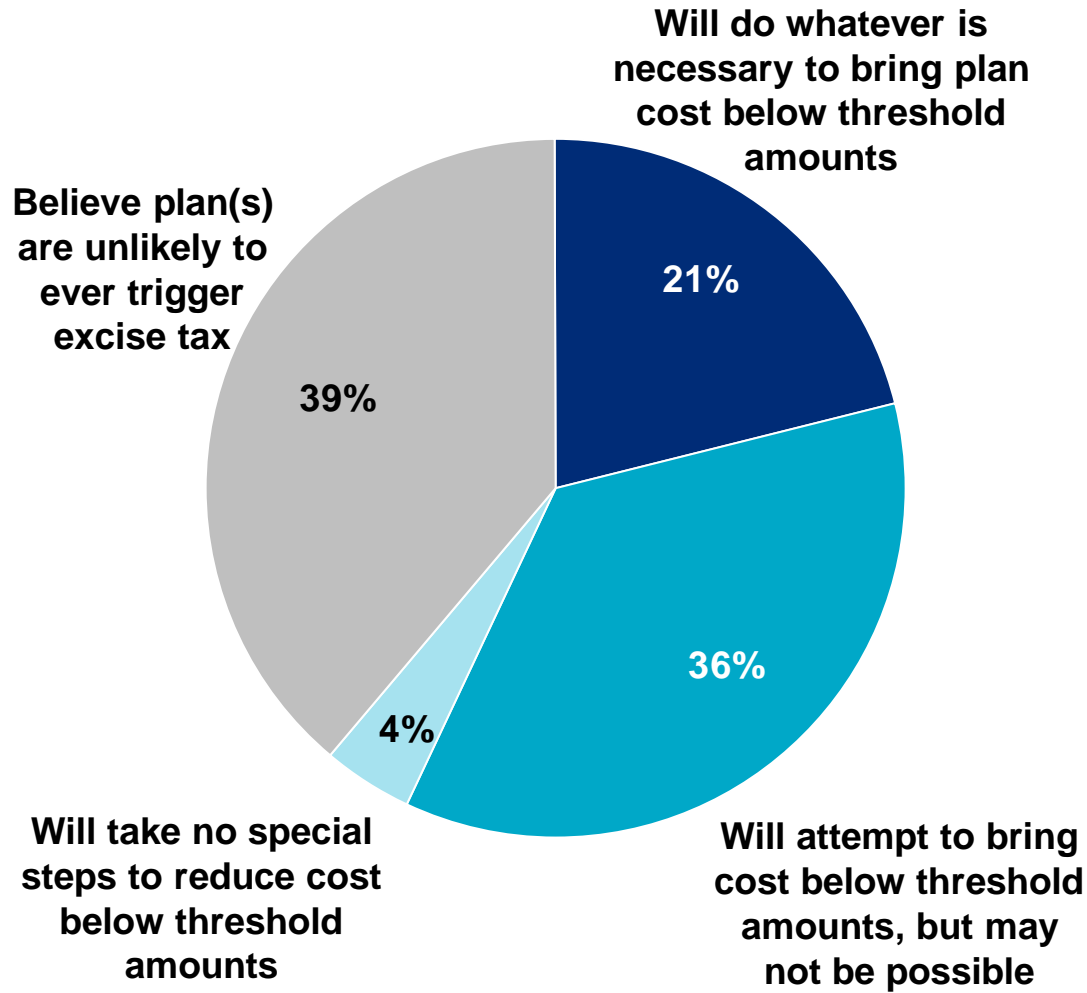


Expect cost increase of 3% or more due to PPACA requirements effective in 2014, by industry



Source: Mercer's Survey on Health Care Reform After the Decision

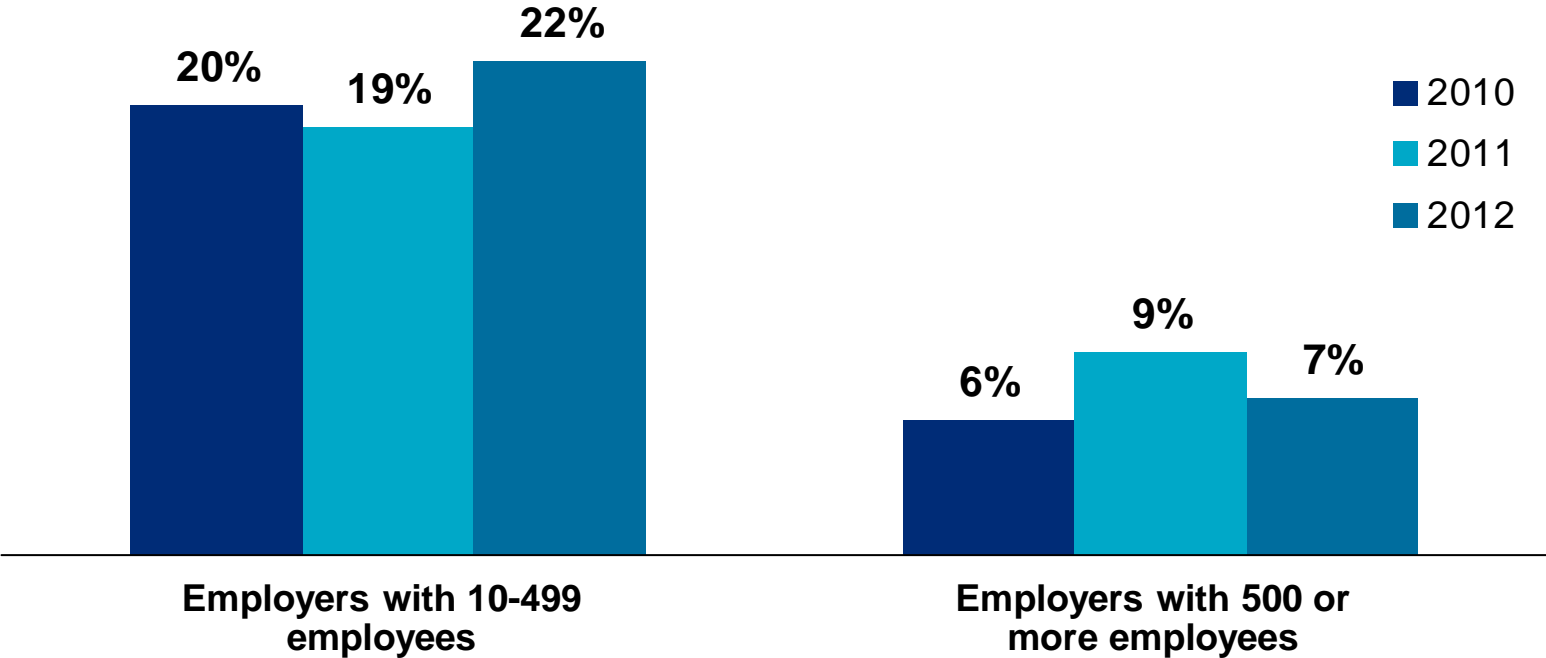
And then there's the excise tax Employers with 50-499 employees



The majority of employers believe their plans will trigger the tax – unless they take action to avoid it

Despite added cost pressure, most employers will continue to provide health benefits...

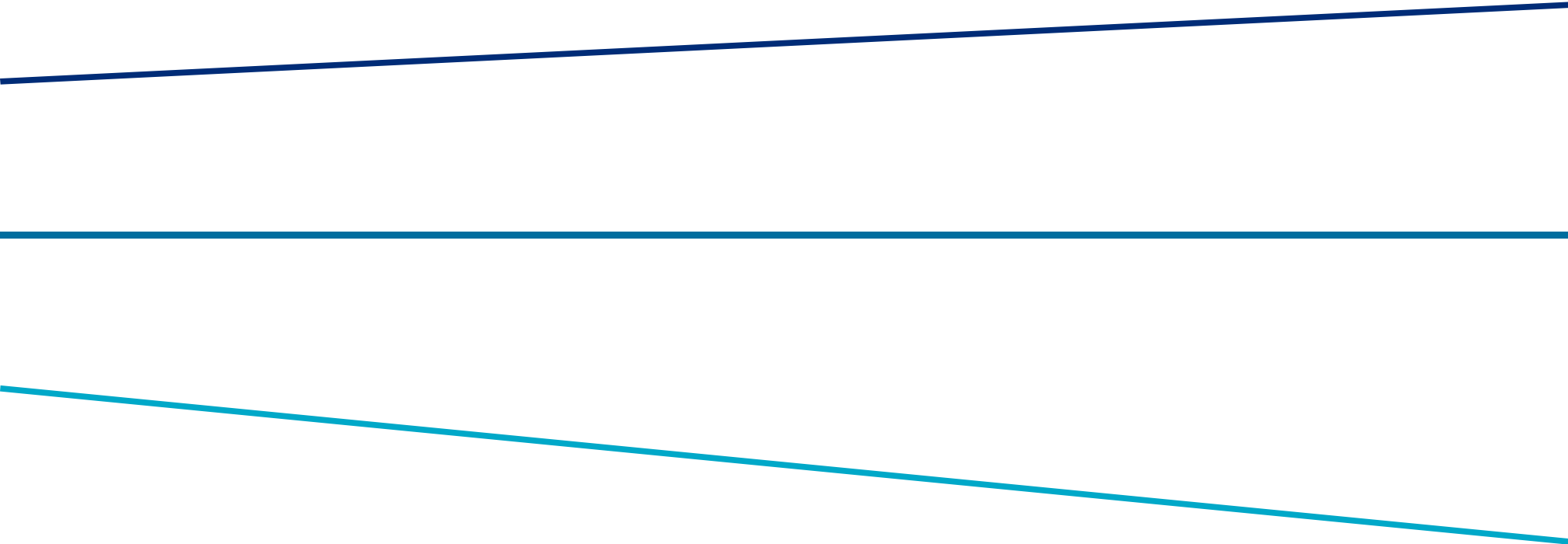
Percent of employers that are likely to terminate plans within the next five years



...but they are changing the terms

- Resetting benefit value
- Actively engaging employees in improving their own health
- Focusing on choice
- Exploring new options: private health exchanges

Resetting benefit value



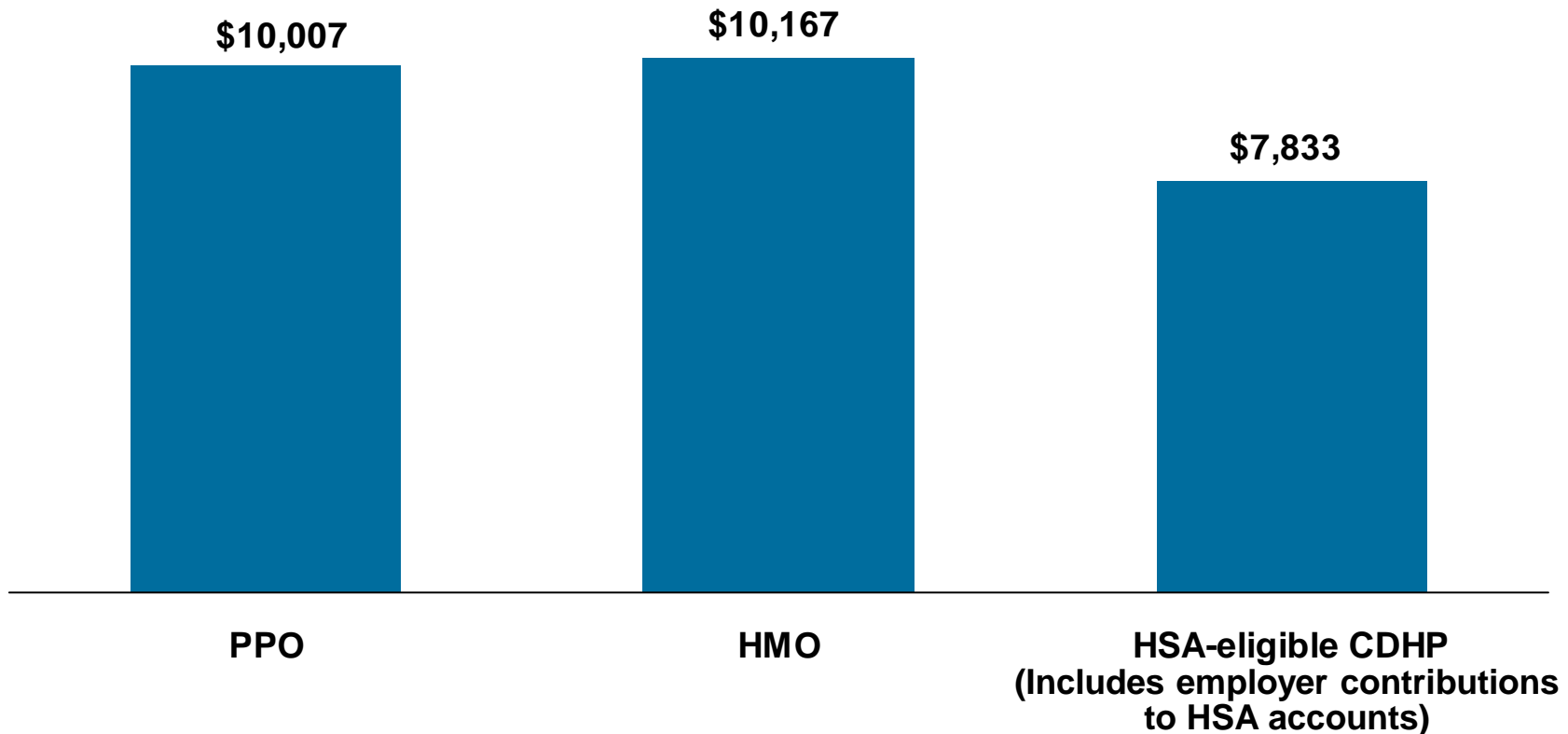
Room to reduce? Health reform sets the bar for plan value at 60% of covered expenses – lower than for most employer-sponsored plans
Employers with 50-499 employees

		Median cost sharing* amounts for:		
	60% plan	PPO	HMO	HSA-eligible CDHP
Deductible	\$2,000	\$1,000	\$1,000	\$2,500
Hospital coinsurance	50%	20%	20%	--
Out-of-pocket maximum	\$6,000	\$2,500	--	\$3,500

* For individual, in-network coverage

CDHPs typically pass the 60% “test” but cost about 20% less than PPO and HMO coverage

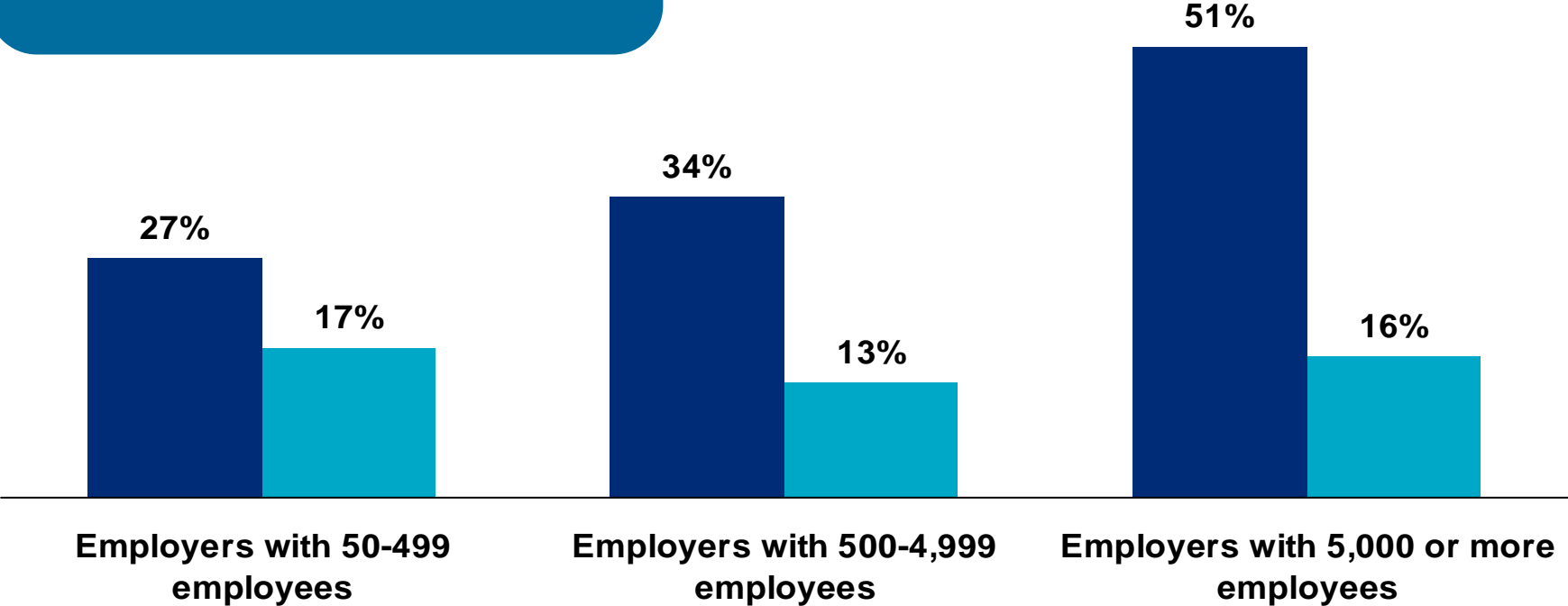
Medical plan cost per employee (all employers)



Many employers see CDHPs as central to their response to health reform

Larger employers still mostly offer CDHPs as an option – but more are planning to offer them alone

- Percent of employers offering CDHPs
- Percent of covered employees enrolled in CDHPs



Defined contributions: one way employers are resetting benefit value

A framework, not a single strategy (all employers)

Currently use or are considering a defined contribution approach

Core | buy-up (same employer contribution for all plan options)



Flat-dollar subsidy | voucher



Fixed employer increase

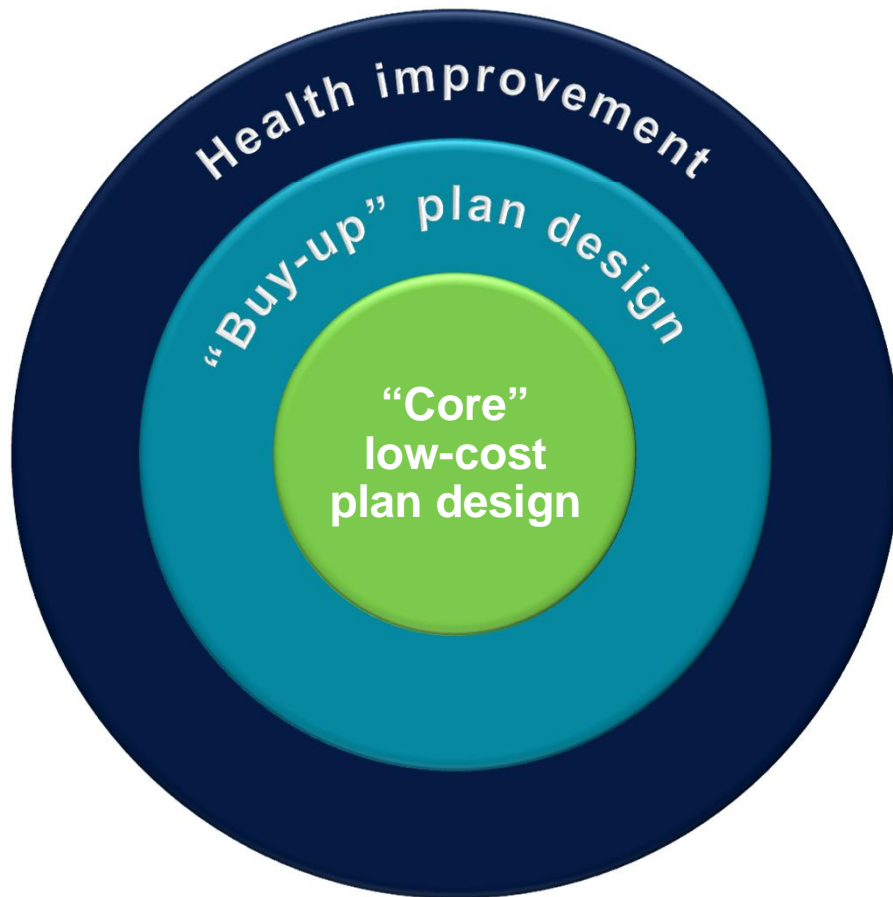


Why are employers looking at a defined contribution approach to medical?

- ✓ **To reset how the employer and employee share the cost of coverage**
- ✓ **To connect employees** to their health care and its cost – and be a catalyst for employees to make better choices
- ✓ **To improve financial predictability** in medical program budgeting
- ✓ **To parallel** retirement plans' transition from DB to DC

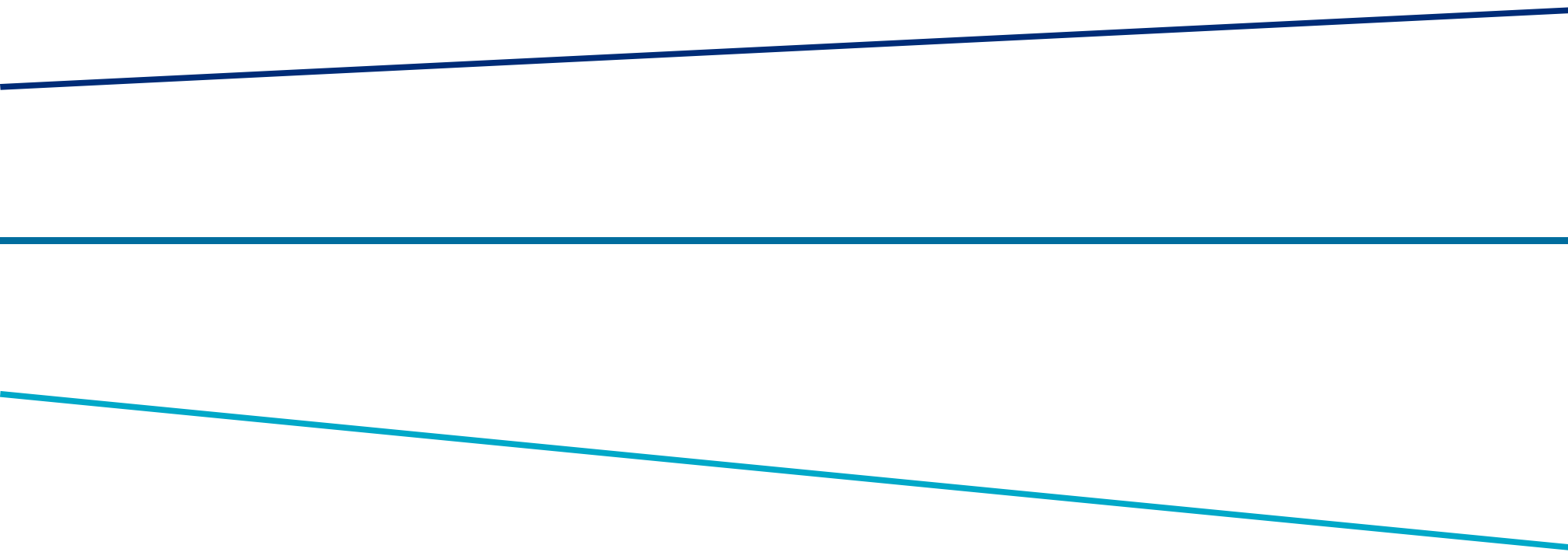
Linking strategies: compliance, choice and cost management

The core/buy-up approach to defined contributions



- ✓ Employer contribution is tied to low-cost core plan (account-based or PPO), meeting reform's plan value test
- ✓ Employees can "buy up" to richer plan, while voluntary benefits offer enhanced value and flexibility
- ✓ Targeted health management for all employees and dependents

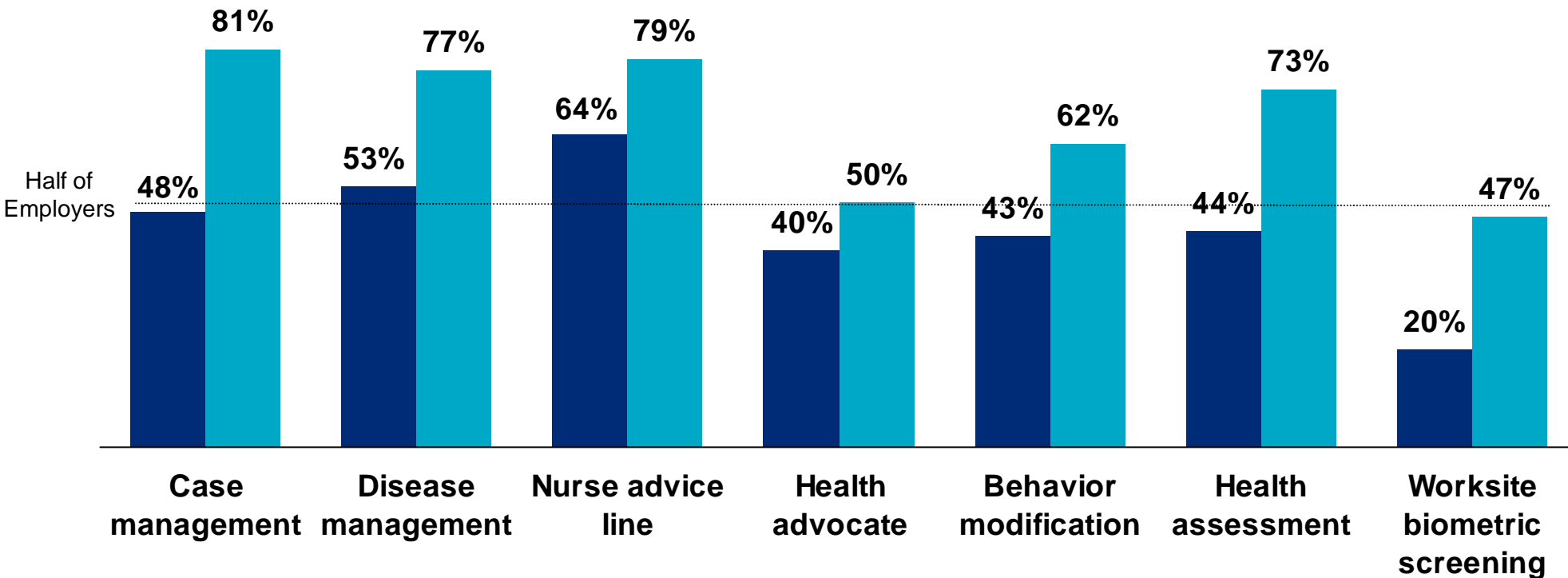
Engaging employees in improving their own health



Health management is now the norm, addressing a full range of needs

Percent of employers offering program

■ Employers with 50-499 employees
 ■ Employers with 500-4,999 employees



Addressing the continuum of health needs

REACTIVE

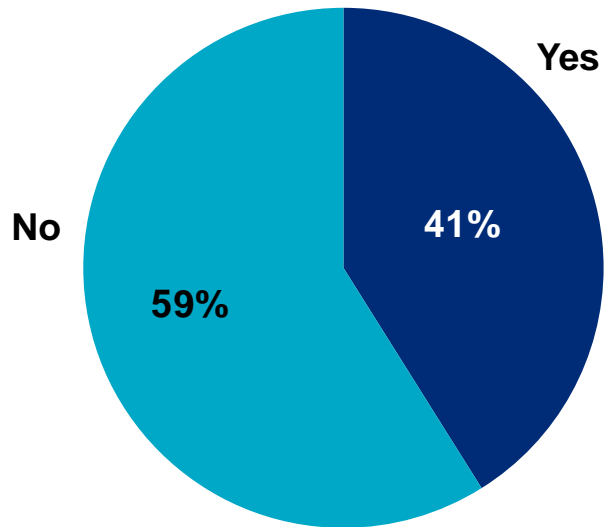


PROACTIVE

Measuring health management ROI can be challenging, but results are encouraging

Very large employers

Just over two-fifths have formally measured ROI ...



...with over 75% reporting a positive impact on medical plan trend

Substantial positive impact on medical cost trend



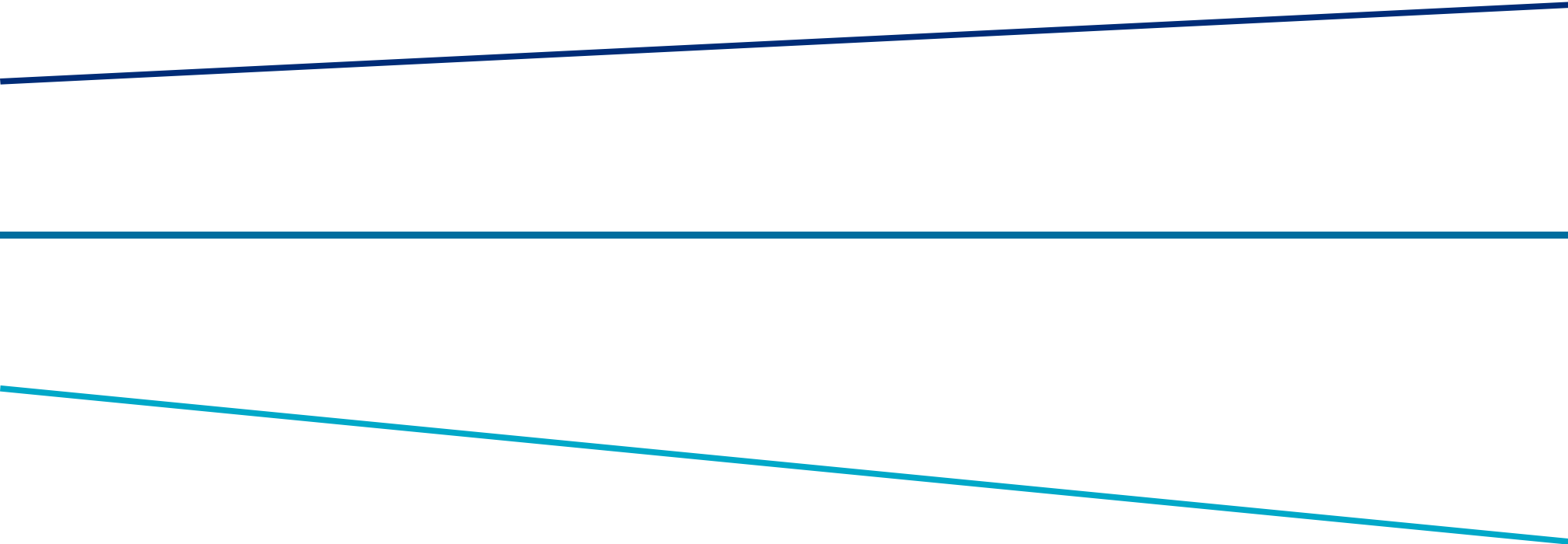
Small positive impact on medical trend



No improvement in medical trend was found so far



Focusing on choice and provider quality



Survey results point to employers' growing interest in choice – why now?

- All individuals must have health insurance under the reform law, raising the need for low-cost employer-sponsored options
- A diverse workforce has diverse needs
 - Choice promotes efficiency by allowing employees to buy the amount of coverage they need
 - More costly choices must come with a cost to employees
- Adding choice eases the transition to a more sustainable health benefit design

For more than a third of employers, voluntary benefits offer a way to maintain employee benefit options as core benefit plans change

Large employers (500+ employees)

Profile of a successful voluntary program

- ✓ Employee-valued products
- ✓ User-friendly platform
- ✓ Multi-faceted enrollment solutions
- ✓ Robust education and communication program
- ✓ Program coordination

Why employers offer a voluntary benefits program

To maintain employee benefit options as core benefit plans change



Accommodate employee requests



Offer additional benefits at no cost to the employer



Give employees opportunity to fill gaps in employer-paid benefits



Help employees take advantage of group purchasing power



Expanding employees' view of the whole benefit package

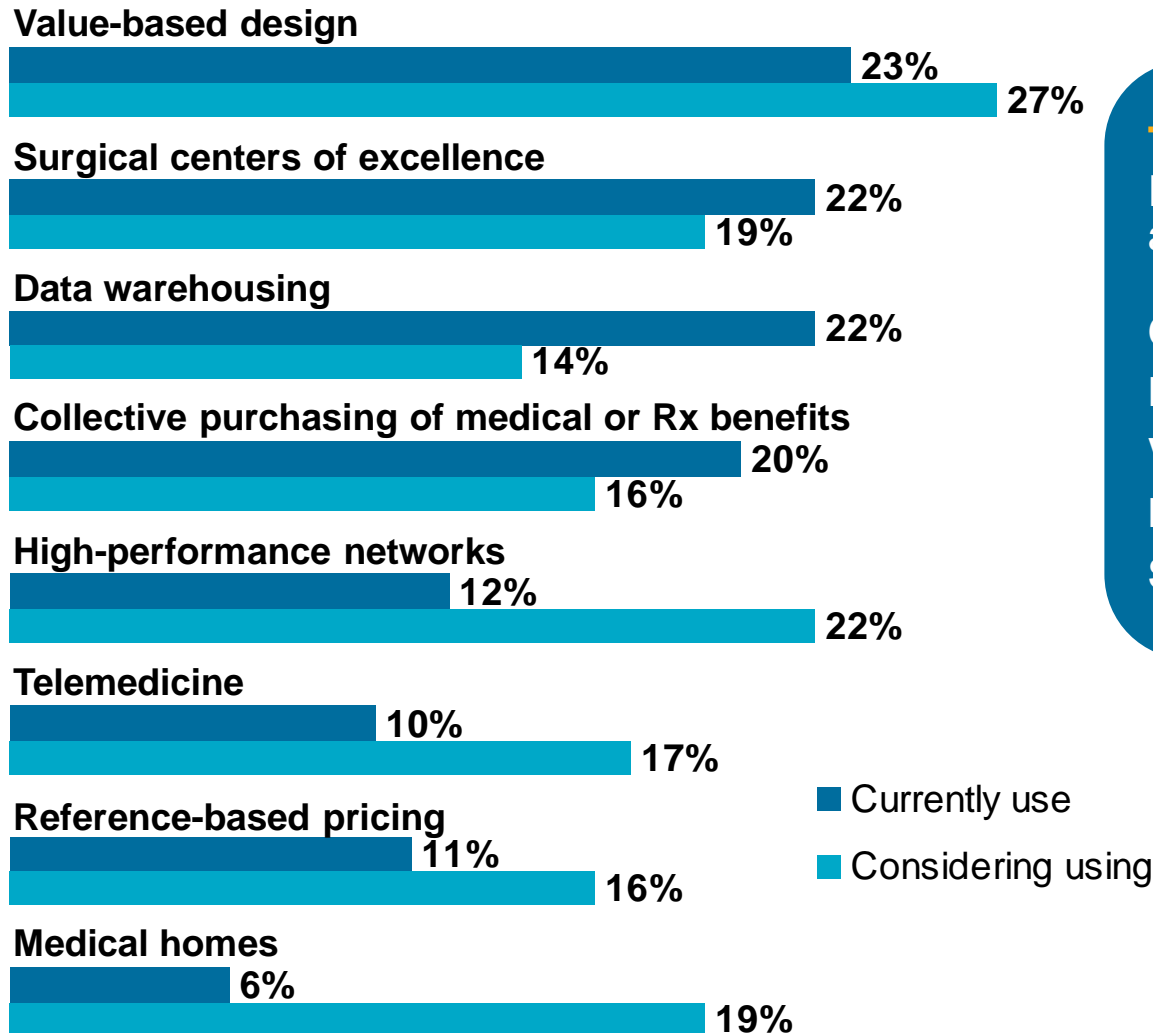
Meeting diverse needs without driving up employer costs

		Voluntary Benefits		Work/Life Benefits	
Percent of large employers (500+) offering the benefit	90%	Supplemental life*	89%		
		Disability	83%		
		Vision	75%		
	60%	Accident	58%	Fitness center discounts	58%
		Cancer / critical ill.	38%	Legal consult / referral	41%
		Whole / universal life	34%	Financial consult / referral	38%
		Long-term care	31%	Dep. care resource / referral	32%
				Elder care resource / referral	31%
	30%	Auto / Homeowners	19%	Telecommuting / Work from home	25%
		Travel	18%	Adoption assistance	22%
		Hospital indemnity	16%	On-site/near-site dep. care	11%
	0%				

*Supplemental employee term life (83% offer dependent term life)

Growing use of tools and technology to improve the delivery of care

Large employers (500+)

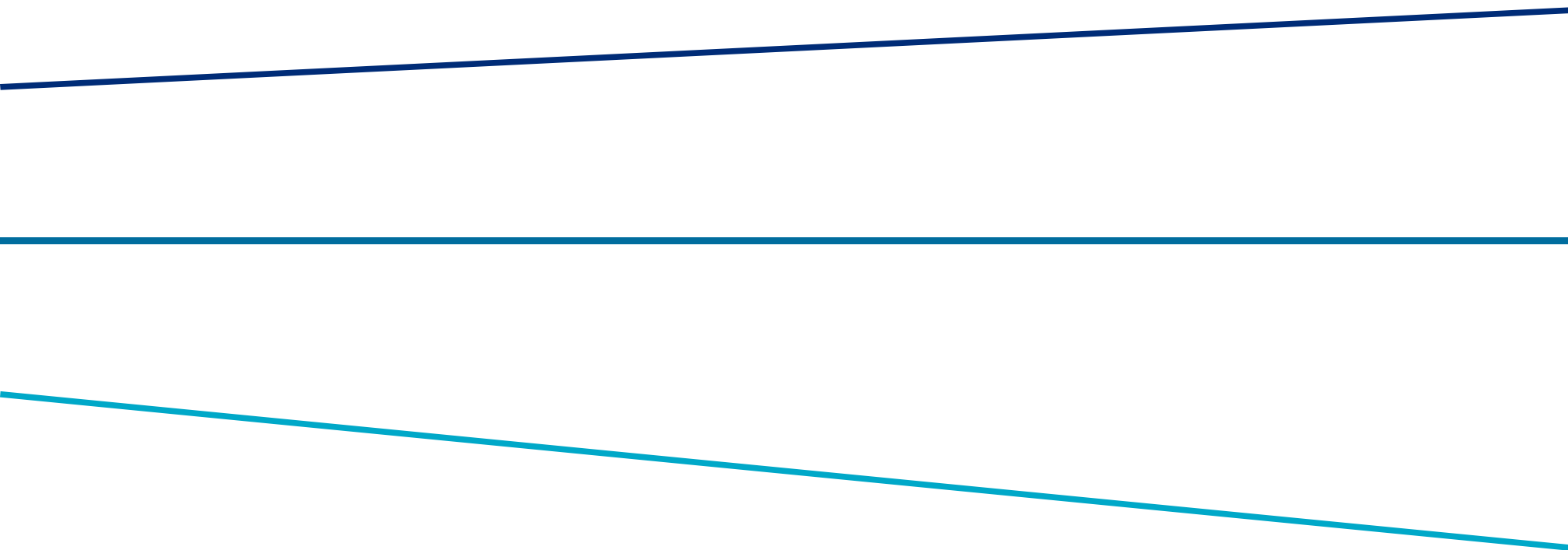


Top 5 cost savers

Employers using strategy that achieved lower cost as a result:

- Collective purchasing 70%
- Reference-based pricing 57%
- Value-based design 56%
- High-performance networks 51%
- Surgical center of excellence 43%

Exploring new options: Private insurance exchanges

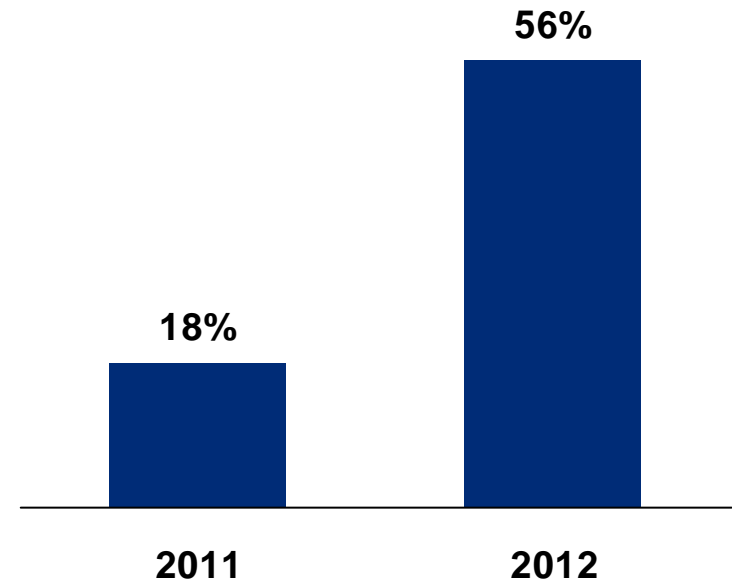


Growing interest in private health care exchanges

Why are employers looking at private health care exchanges?

- ✓ **One-stop shopping** across core medical, life, disability and voluntary benefits
- ✓ **Technology** eases employee decision-making
- ✓ **Collective buying power** and influence help control total benefit cost
- ✓ Some allow employers to **retain control**
- ✓ Employees are not necessarily opposed to change as long as they see **financial benefit**

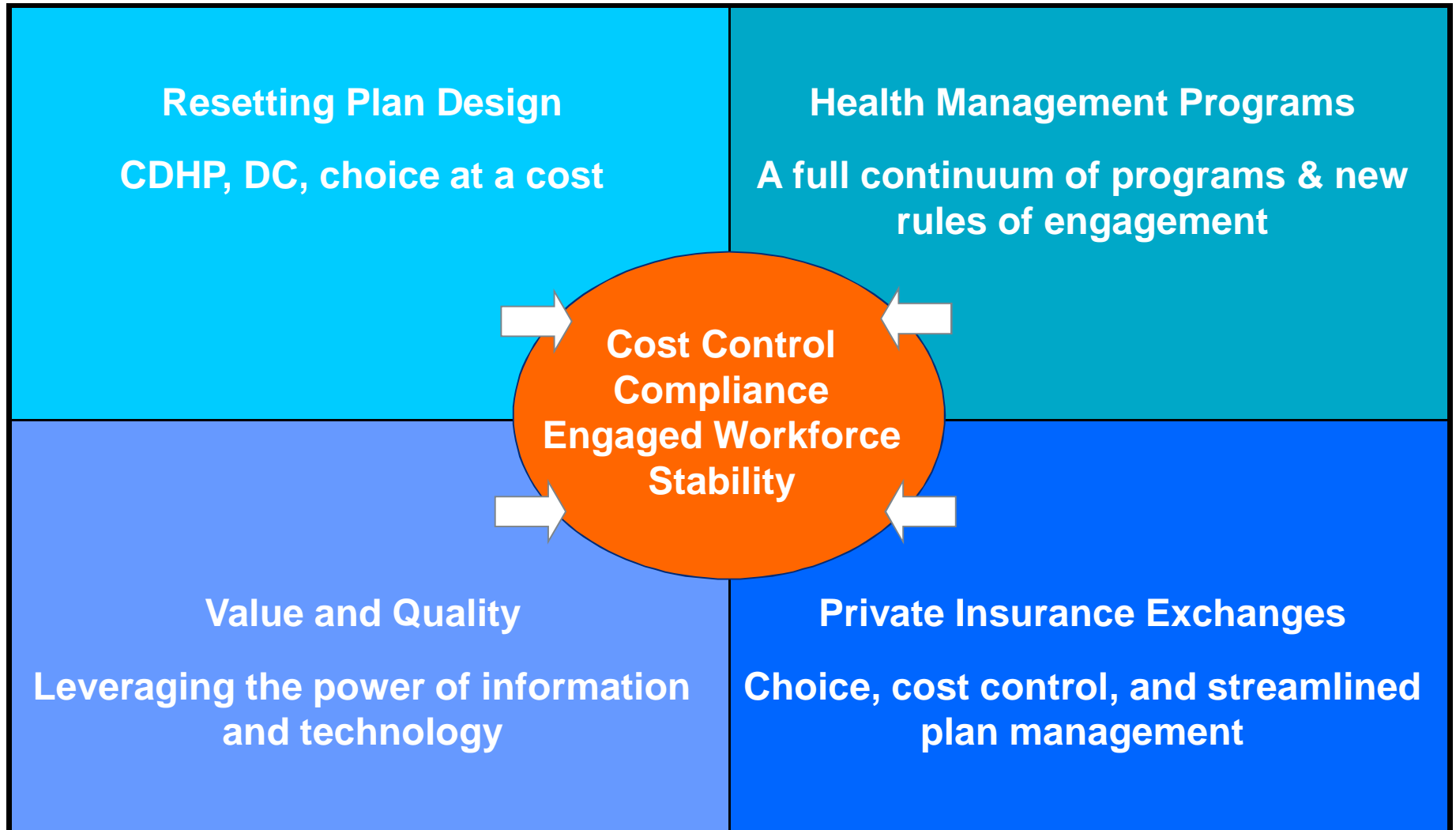
Percent of employers that would consider offering a private exchange



Private exchange features that would influence the decision to offer
Percent of employers considering an exchange that rated the feature “important” or “very important”

- 69%** ***Decision-support tools are available*** to help employees select products and services
- 65%** Employees have a ***choice of medical plans***
- 62%** ***Access to multiple vendors, with pre-negotiated terms and conditions***
- 54%** ***External administration*** of program, customer service and vendors
- 51%** Can facilitate ***defined contribution*** approach (employer provides a set contribution per employee)
- 49%** Wide range of ***insurance products beyond health*** available in an integrated offering

Taken all together...we see employers keeping goals in focus and bringing strategies together to create more sustainable programs

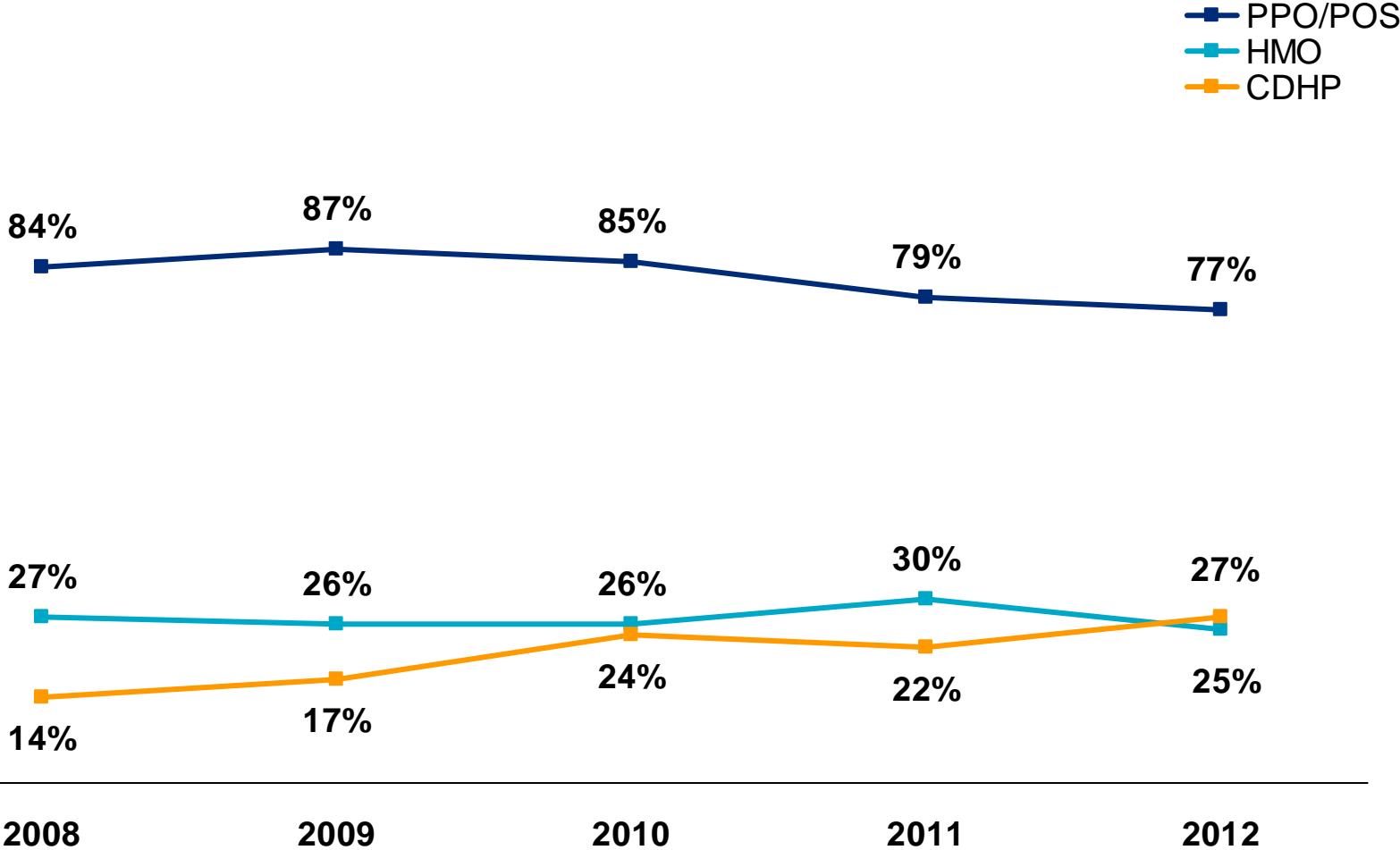


The basics

Medical plan prevalence, enrollment, eligibility, contribution strategy and administration

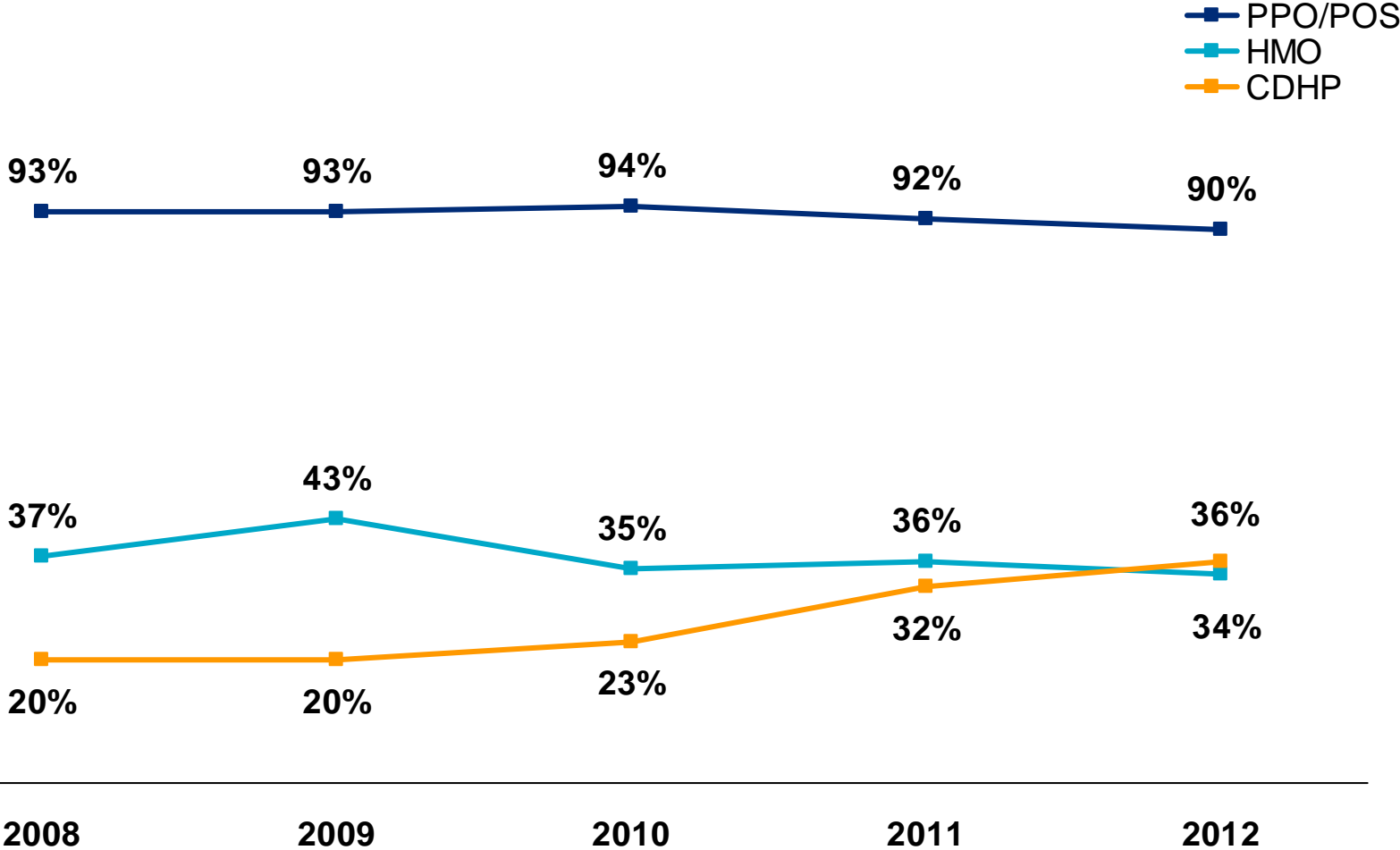
Medical plan offerings, 2008-2012

Employers with 50-499 employees



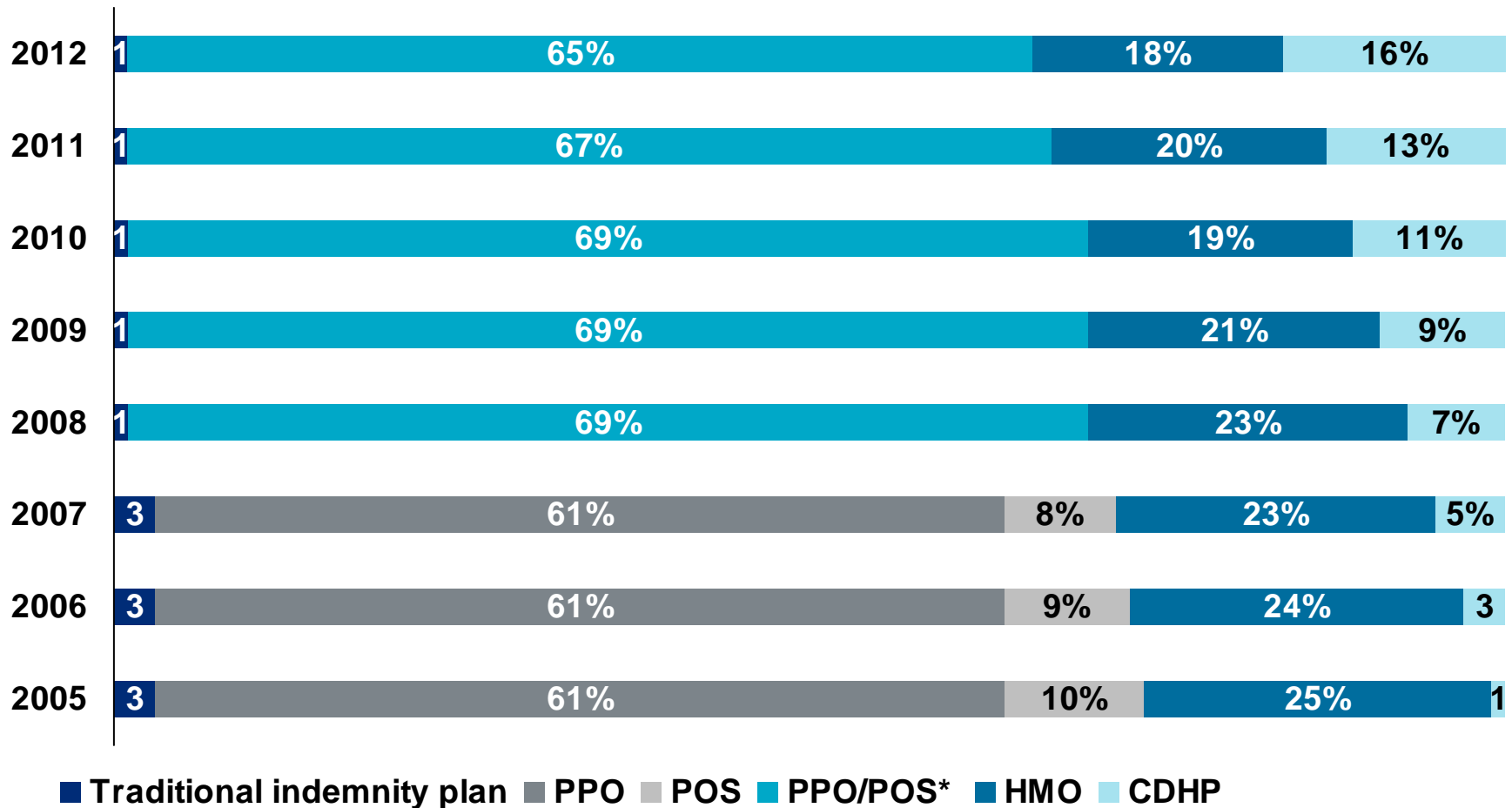
Medical plan offerings, 2008-2012

Large employers



Medical plan enrollment, 2005-2012

Percentage of all covered employees enrolled in each plan type (all employers)

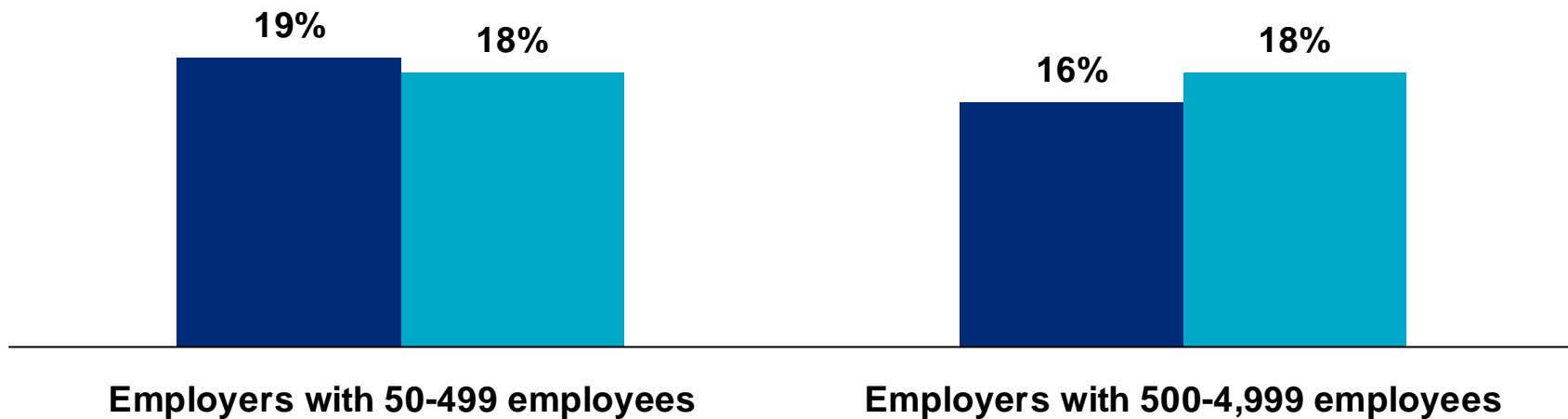


*Combined in 2008 due to declining offerings of/enrollment in POS plans.

Waiving coverage, by employer size

**Average amount of cash provided by employers* as an incentive to waive:
\$1,229**

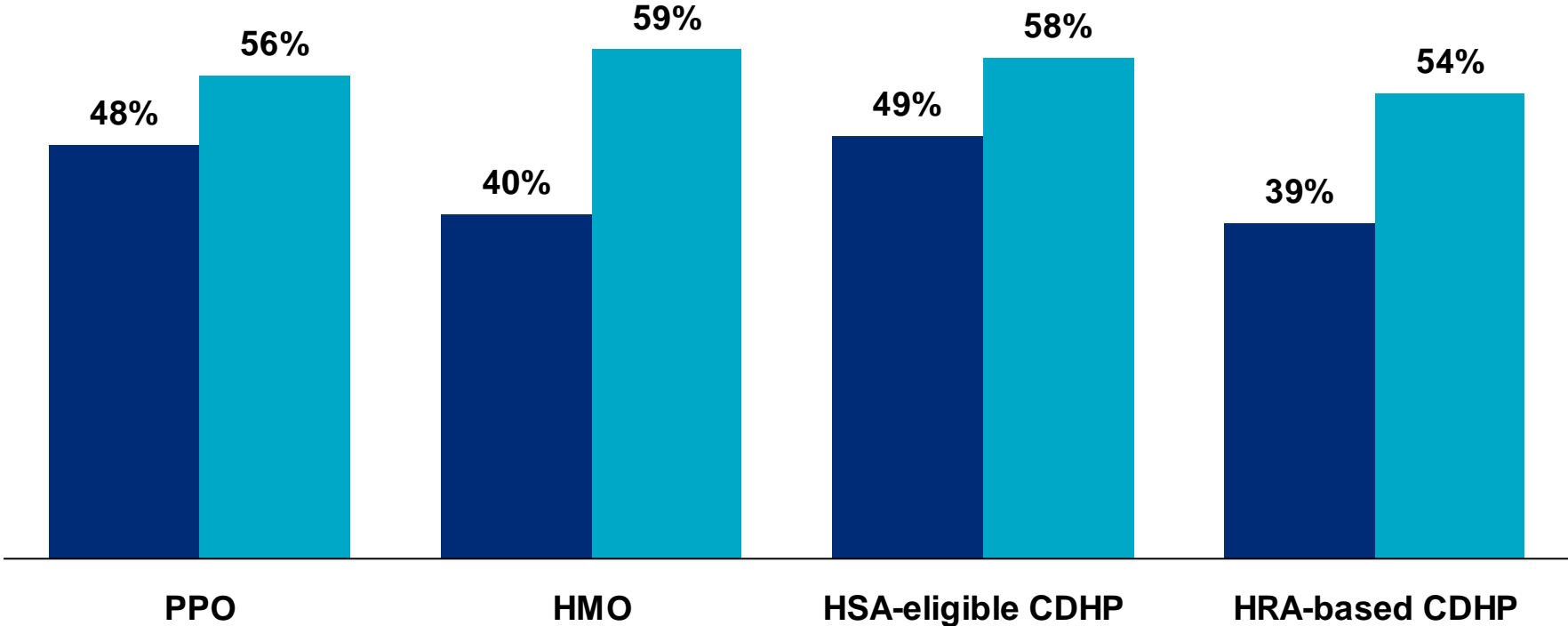
- Average % of eligible employees waiving own coverage
- Percent of employers providing cash or other incentive to waive



*Based on employers with 500-4,999 employees. Among employers with 50-499, the average waiver amount is \$2,117.

Dependent coverage election, by medical plan type

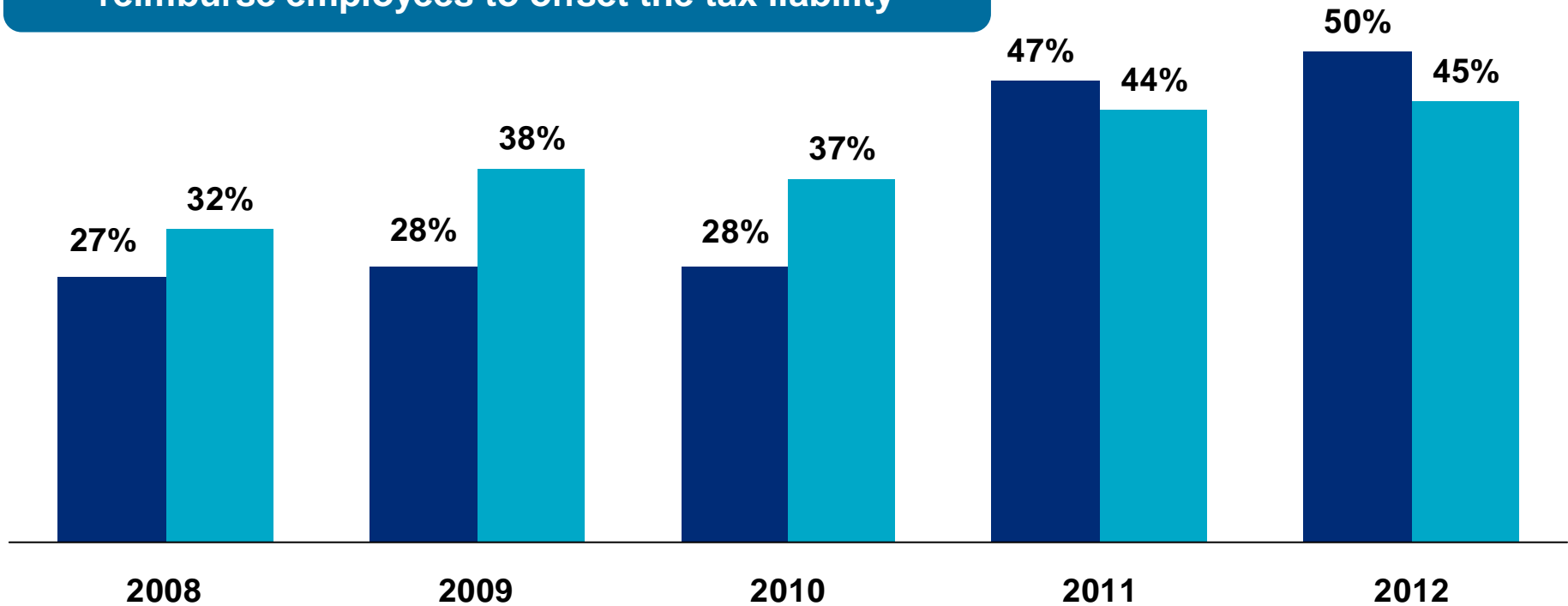
■ Employers with 50-499 employees
■ Employers with 500-4,999 employees



Same-sex domestic partner coverage has become increasingly common

- Employers with 50-499 employees
- Employers with 500-4,999 employees

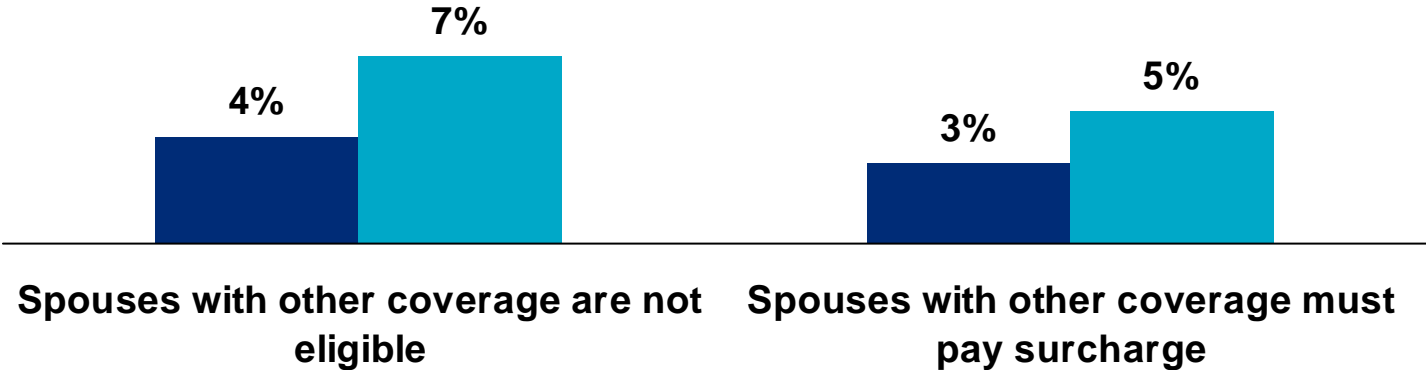
5% of employers* providing domestic partner coverage reimburse employees to offset the tax liability



*Based on employers with 500-4,999 employees. Among employers with 50-499, 2% reimburse employees to offset the tax liability.

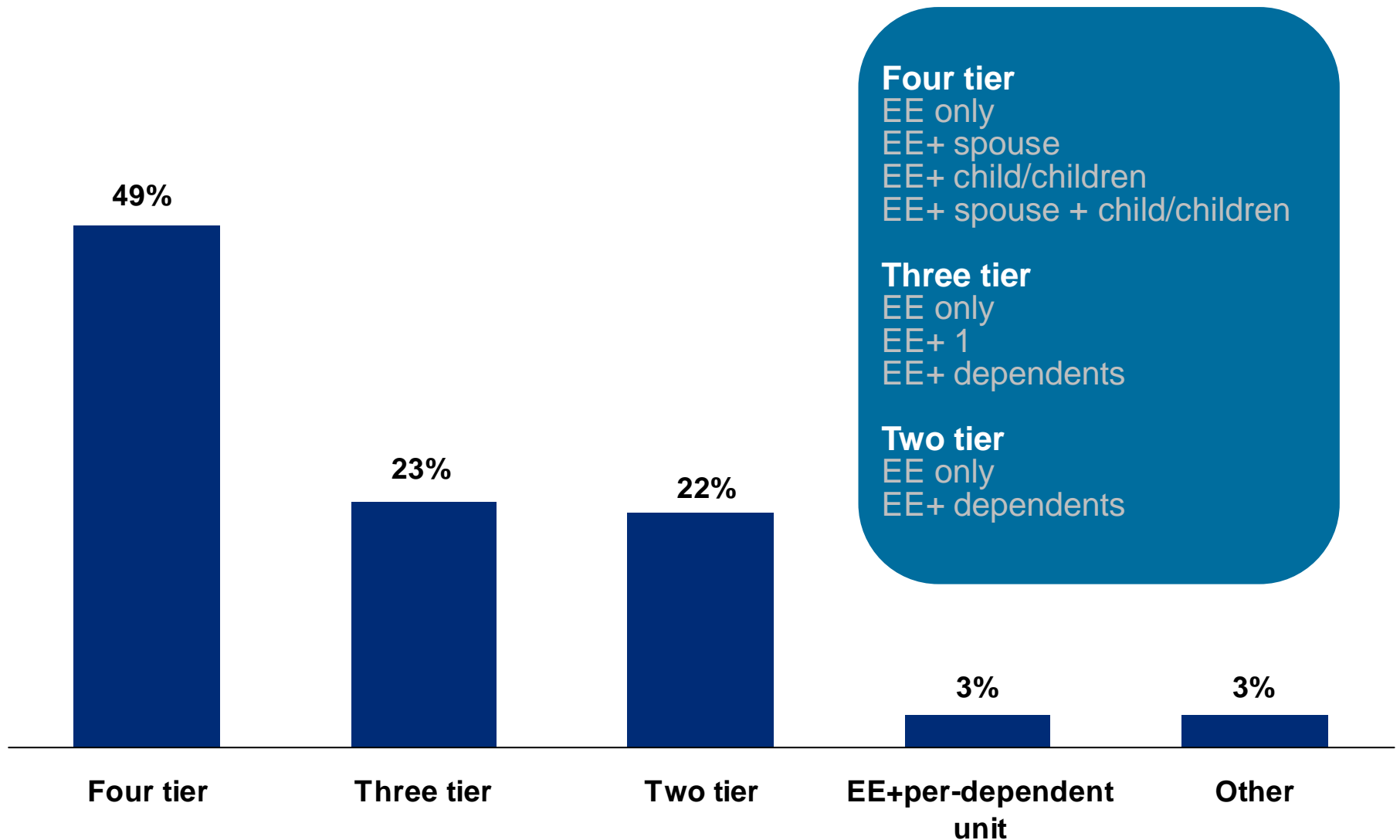
Special provisions addressing spouses with other coverage available

- Employers with 50-499 employees
- Employers with 500-4,999 employees

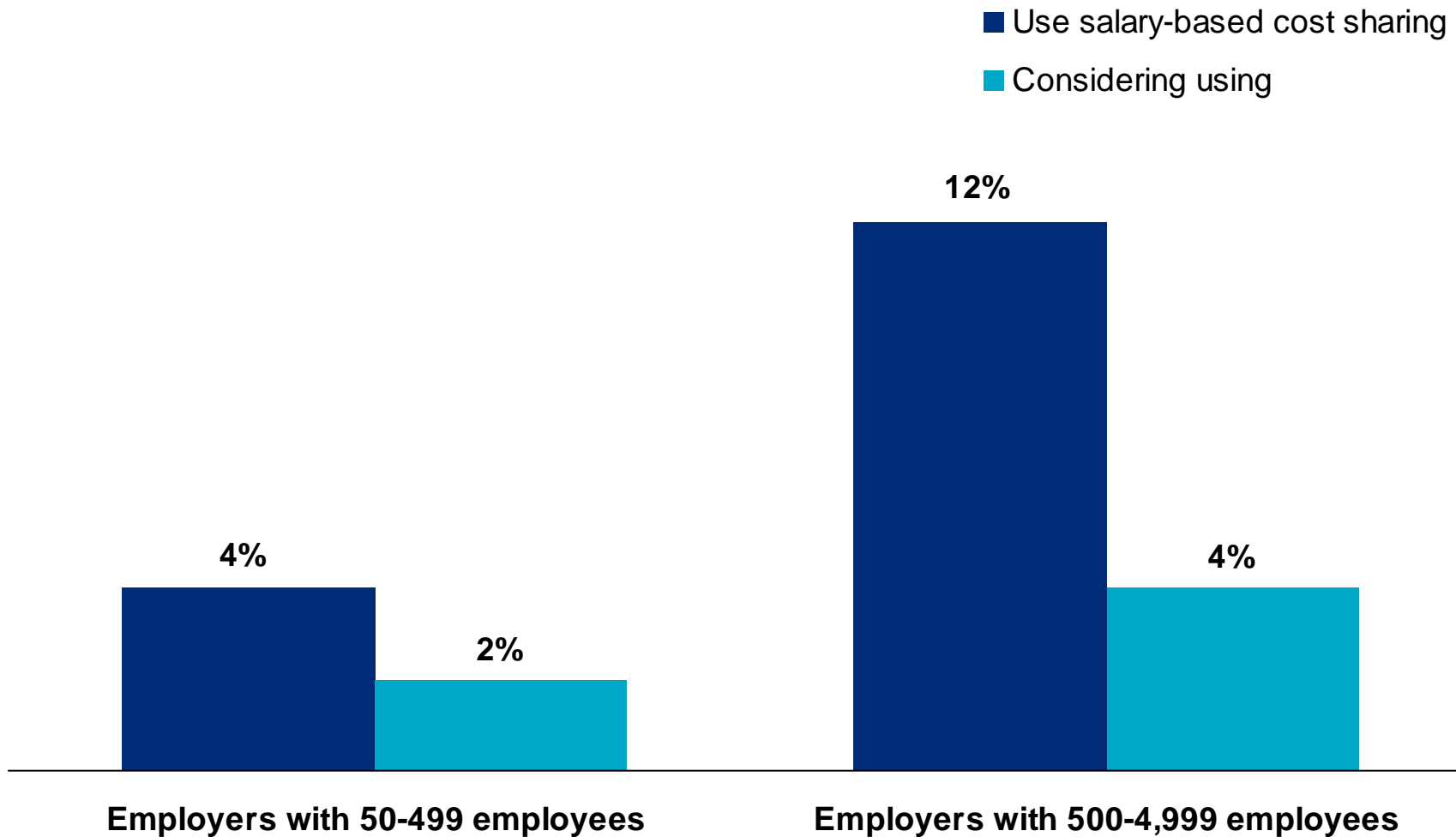


Contribution strategy: Number of contribution tiers used

Employers with 50-499 employees

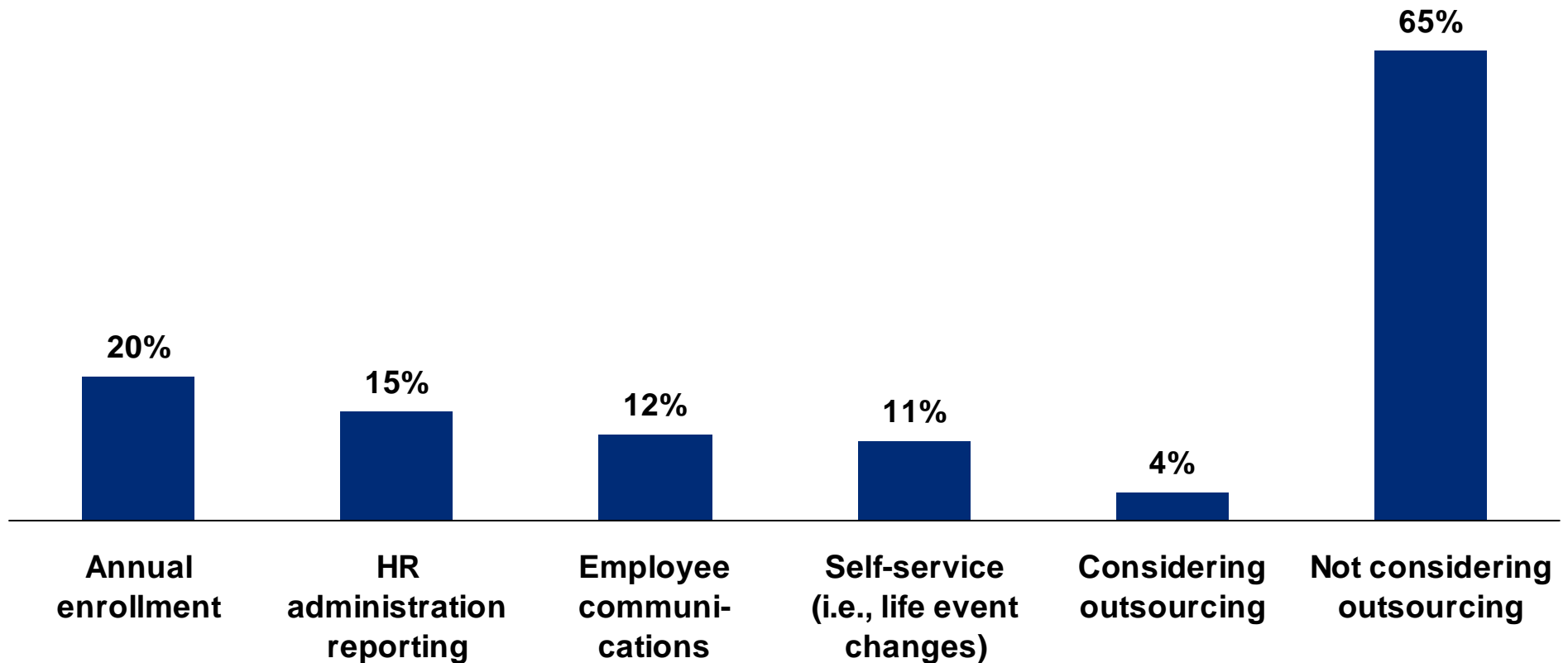


Contribution strategy: Vary contribution amount based on salary



Outsource some or all health plan administration tasks

Employers with 50-499 employees



More on Consumerism and CDHPs

What is health care consumerism?

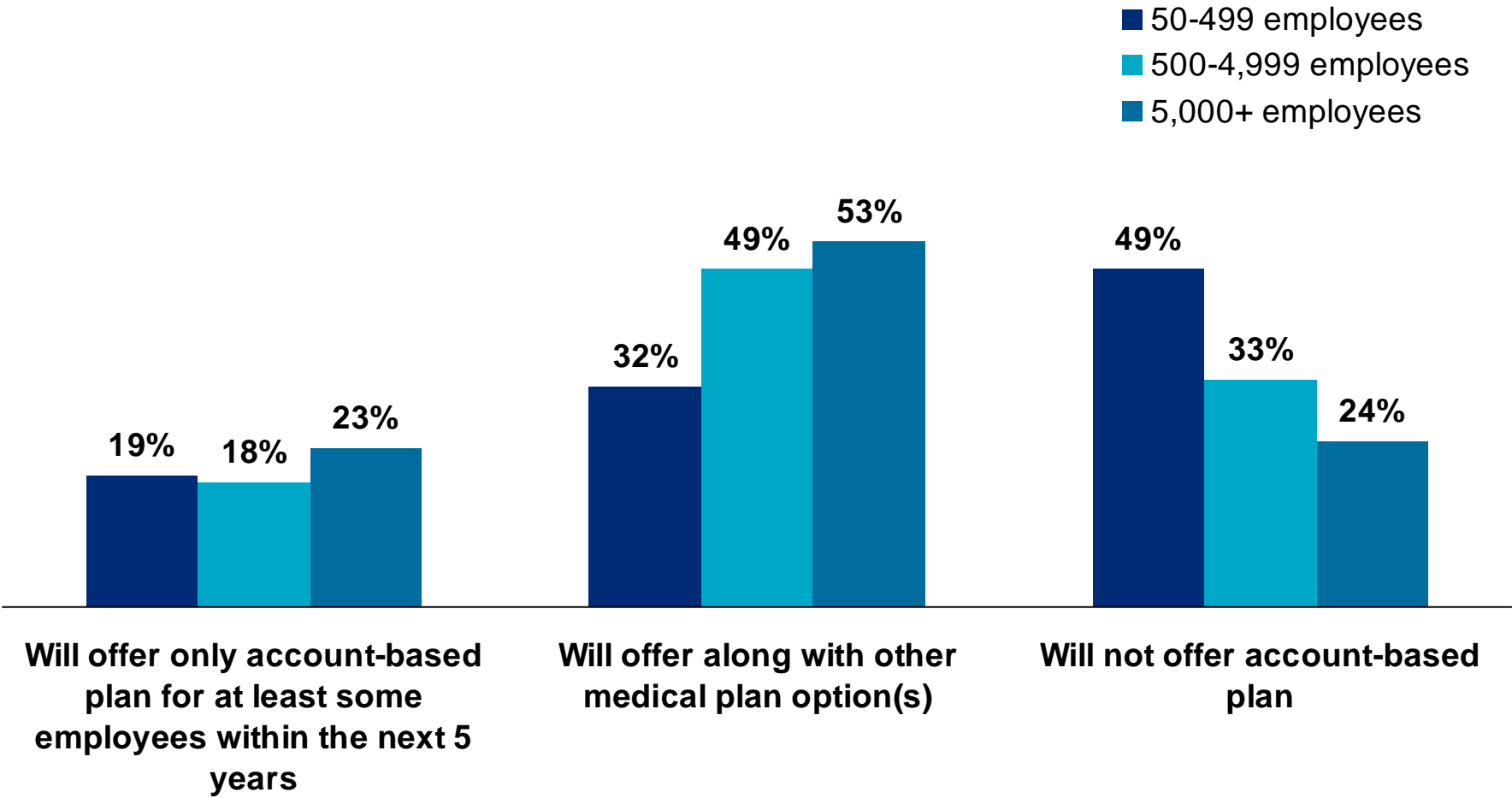
- Personal responsibility for the cost and quality of the services that an individual purchases
- Strategies for encouraging consumerism range from employee communication and information to innovative plan design
- Consumerism is more than a consumer-directed health plan

Small and mid-sized employers added CDHPs in 2012

	CDHP* offered in:			Percent of covered employees enrolled:		
	2010	2011	2012	2010	2011	2012
All employers	17%	20%	22%	11%	13%	16%
50-499 employees	24%	22%	27%	13%	12%	17%
500-4,999 employees	21%	31%	34%	6%	11%	13%
5,000 or more employees	42%	45%	51%	14%	15%	16%

*Based on either a health savings account or health reimbursement arrangement.

Majority of employers of all sizes expect to offer an account-based plan near-term, but not as the only plan



More on HSA-eligible CDHPs

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark, deep blue. The middle band is a medium teal or turquoise color. The bottom band is a light, pale blue. The boundaries between these bands are slightly wavy, creating a layered, abstract effect.

Employee monthly dollar contributions for HSA-based CDHP coverage lower than for PPO and HMO coverage

Employers with 50-499 employees

	No contribution required	Average monthly dollar amount	Average contribution as a % of premium
CDHP*			
Employee-only	32%	\$72	24%
Family	8%	\$371	40%
PPO			
Employee-only	18%	\$117	25%
Family	4%	\$517	47%
HMO			
Employee-only	16%	\$99	25%
Family	3%	\$470	50%

Employee contributions for HSA-eligible CDHP coverage significantly lower than for PPO and HMO coverage

Large employers

	No contribution required	Average monthly dollar amount	Average contribution as a % of premium
HSA-eligible CDHP			
Employee-only	13%	\$66	17%
Family	6%	\$259	23%
PPO			
Employee-only	8%	\$111	22%
Family	3%	\$391	30%
HMO			
Employee-only	10%	\$105	23%
Family	5%	\$370	28%

CDHP plan design—HSA

HSA sponsors with 50-499 employees

	% of sponsors making account contribution	Employer contribution amount* (median)	Deductible (median)	Out-of-pocket maximum (median)
In-network				
Employee-only	70%	\$750	\$2,500	\$3,500
Family	70%	\$1,200	\$5,000	\$7,500
Out-of-network				
Employee-only	--	--	\$3,350	\$5,500
Family	--	--	\$7,000	\$11,000

* Among employers that contribute to the account

Account contributions, deductibles, and OOP maximums

Large HSA sponsors

	% of sponsors making account contribution	Employer contribution amount* (median)	Deductible (median)	Out-of-pocket maximum (median)
In-network				
Employee-only	71%	\$500	\$1,500	\$3,000
Family	71%	\$1,000	\$3,000	\$6,000
Out-of-network				
Employee-only	--	--	\$2,600	\$6,000
Family	--	--	\$5,200	\$12,000

* Among employers that contribute to the account

Objectives for HSA-eligible CDHPs

Percent of HSA sponsors with 500-4,999 employees rating objective “very important”

Promote health care consumerism



Lower organization’s benefit cost or trend



Improve package of benefit offerings; add choice



Provide tax effective savings vehicle



Support wellness/health management efforts



Provide funding vehicle for retiree medical



Avoid excise tax on high-cost plans effective in 2018

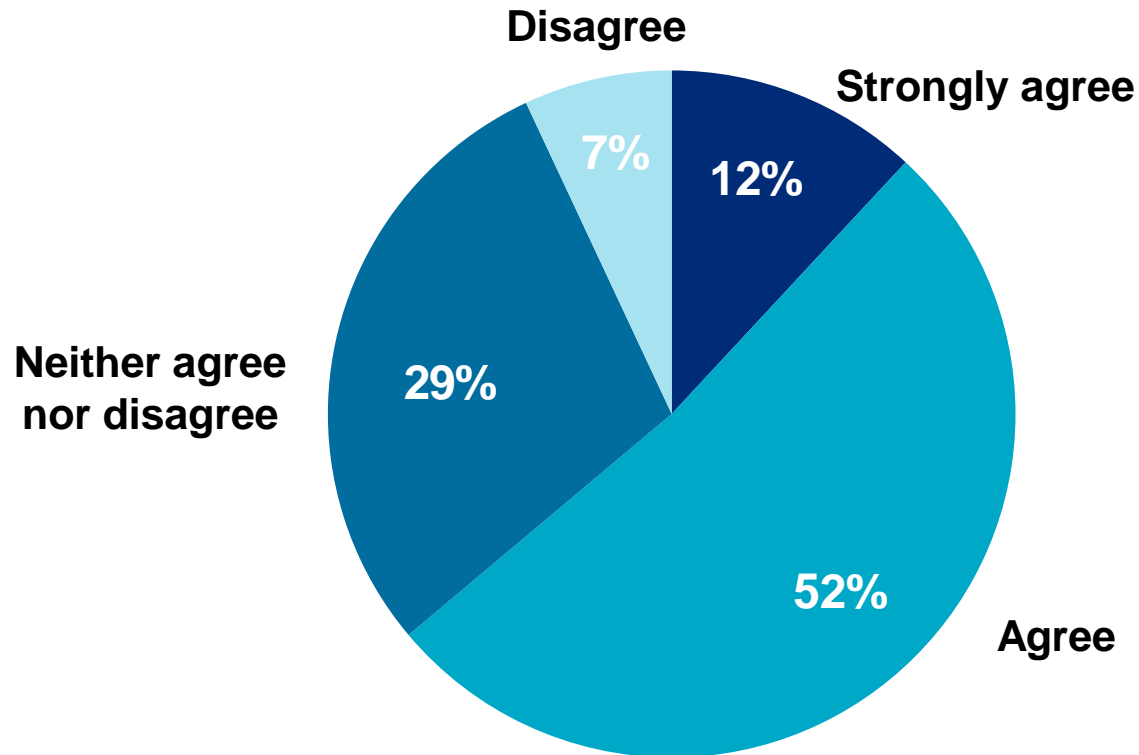


Use as default plan for auto-enrollment



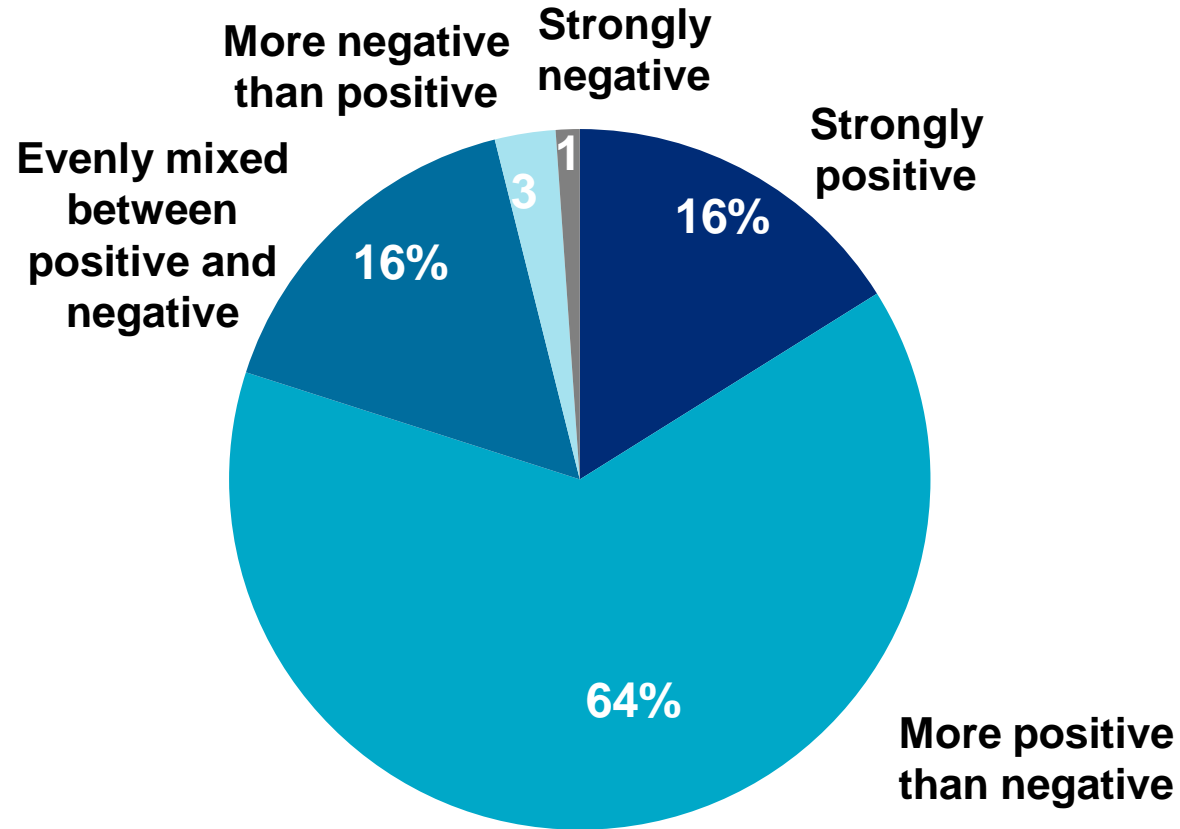
Employer reaction to HSA-eligible plan: “Most important objectives have been met”

HSA sponsors with 500-4,999 employees



Employee reaction to HSA-eligible CDHP

HSA sponsors with 500-4,999 employees characterize the response of HSA enrollees to the plan



More on HRA-based CDHPs



Employee monthly dollar contributions for HRA-based CDHP coverage lower than for PPO and HMO coverage

Employers with 500-4,999 employees

	No contribution required	Average monthly dollar amount	Average contribution as a % of premium
HRA-based CDHP			
Employee-only	6%	\$79	21%
Family	2%	\$314	28%
PPO			
Employee-only	8%	\$110	22%
Family	3%	\$394	30%
HMO			
Employee-only	10%	\$105	23%
Family	5%	\$371	28%

HRA-based CDHP plan design

HRA sponsors with 500-4,999 employees

	Employer account contribution (median)	Deductible (median)	Out-of-pocket maximum* (median)
In-network			
Employee-only	\$750	\$1,500	\$3,000
Family	\$1,500	\$3,300	\$6,000
Out-of-network			
Employee-only	--	\$2,000	\$6,000
Family	--	\$5,000	\$12,000

* Family out-of-pocket maximum is among plans that require a set amount per family.

Objectives for HRA-based CDHPs

Percent of HRA sponsors with 500-4,999 employees rating objective “very important”

Lower organization’s benefit cost or trend



Promote health care consumerism



Support wellness/health management efforts



Improve package of benefit offerings; add choice



Avoid excise tax on high-cost plans effective in 2018



Provide funding vehicle for retiree medical

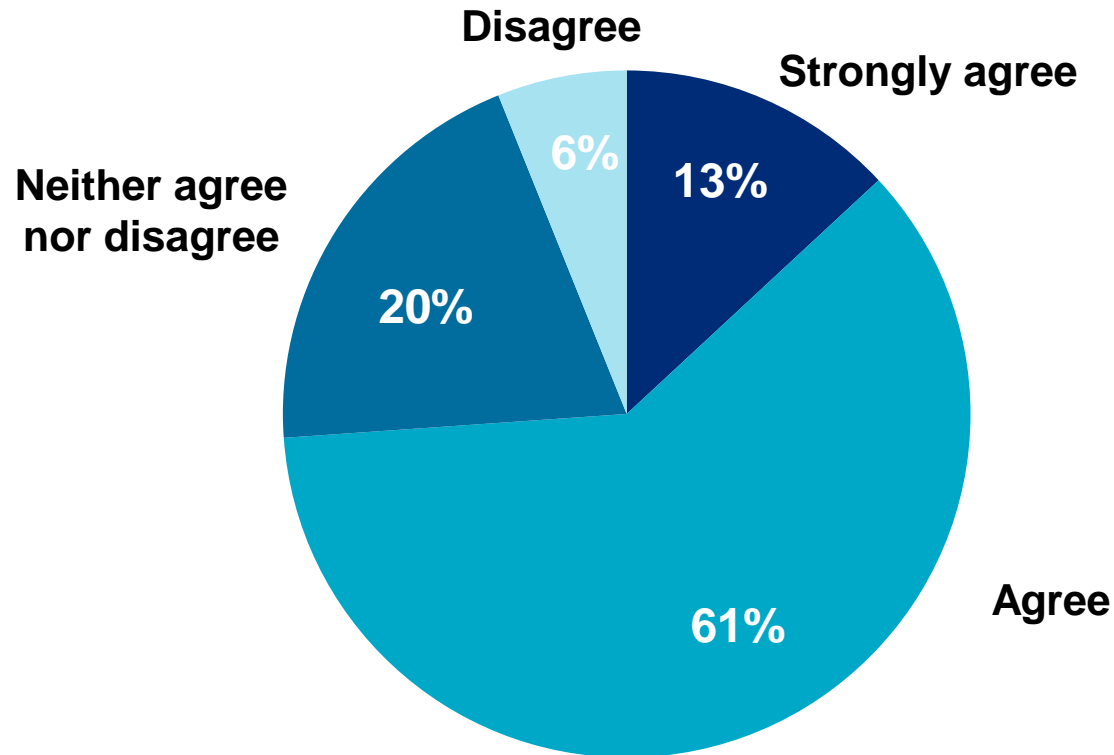


Use as default plan for auto-enrollment



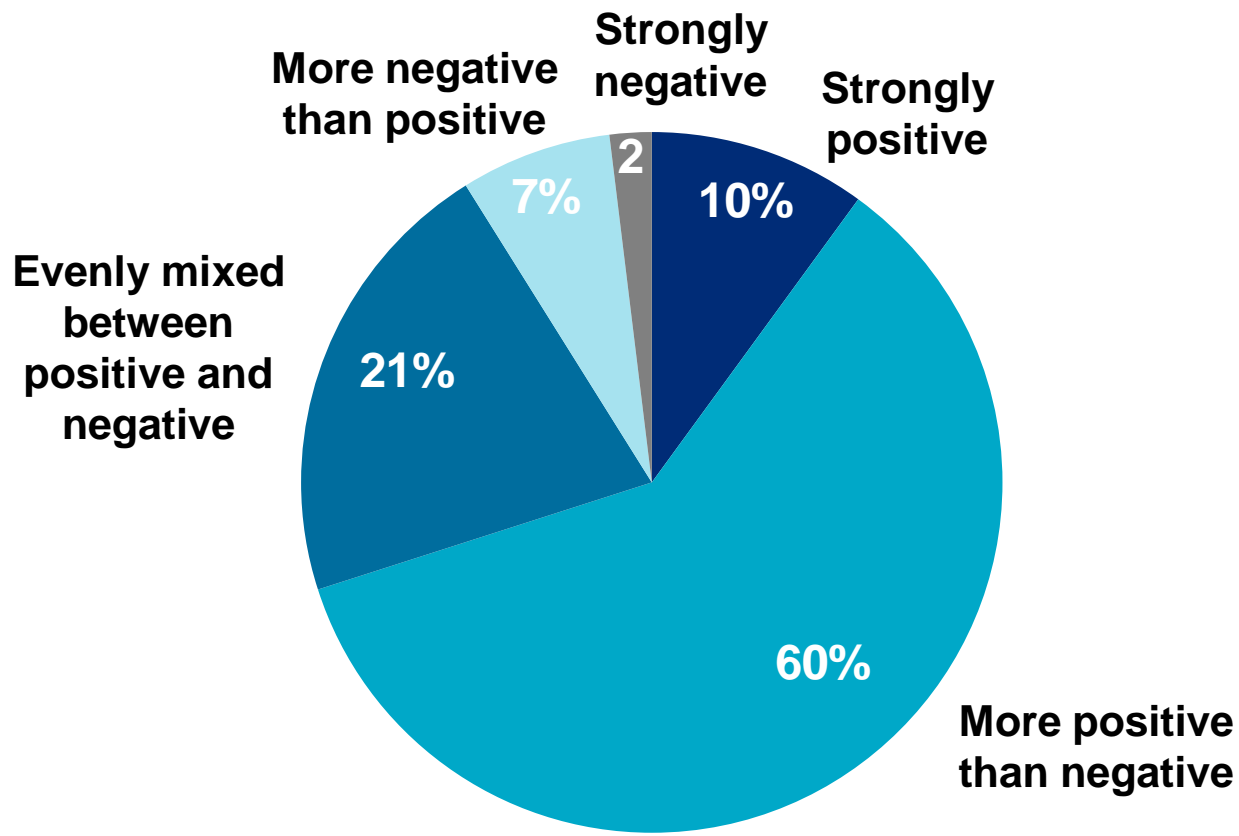
Employer reaction to HRA-based plan: “Most important objectives have been met”

HRA sponsors with 500-4,999 employees



Employee reaction to HRA-based CDHP

HRA sponsors with 500-4,999 employees characterize the response of HRA enrollees to the plan

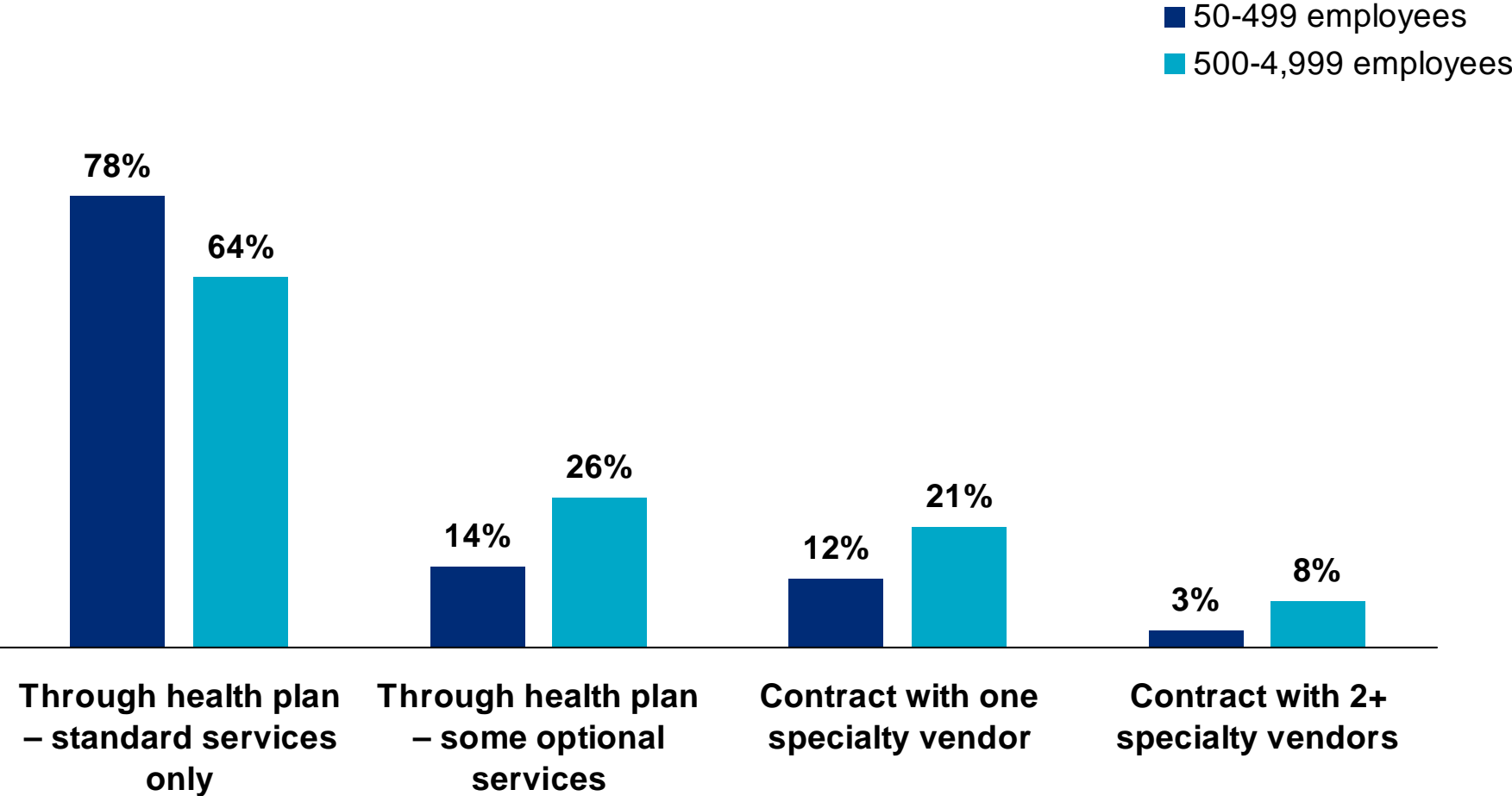


More on Health Management

Use of specific health management programs

	50-499 employees	500-4,999 employees
Nurse advice line	64%	79%
Disease management	53%	77%
Case management	48%	81%
Health assessment	44%	73%
Health advocate services	40%	50%
Lifestyle management/behavior modification	43%	62%
End-of-life case management	26%	43%
Worksite biometric screening	20%	47%

How health management programs are offered



Use incentives to encourage participation in health management programs offered

	50-499 employees	500-4,999 employees	5,000+ employees
Completing a Health Assessment	21%	47%	60%
Participation in lifestyle management program	8%	29%	45%
Participation in a biometric screening	6%	28%	36%

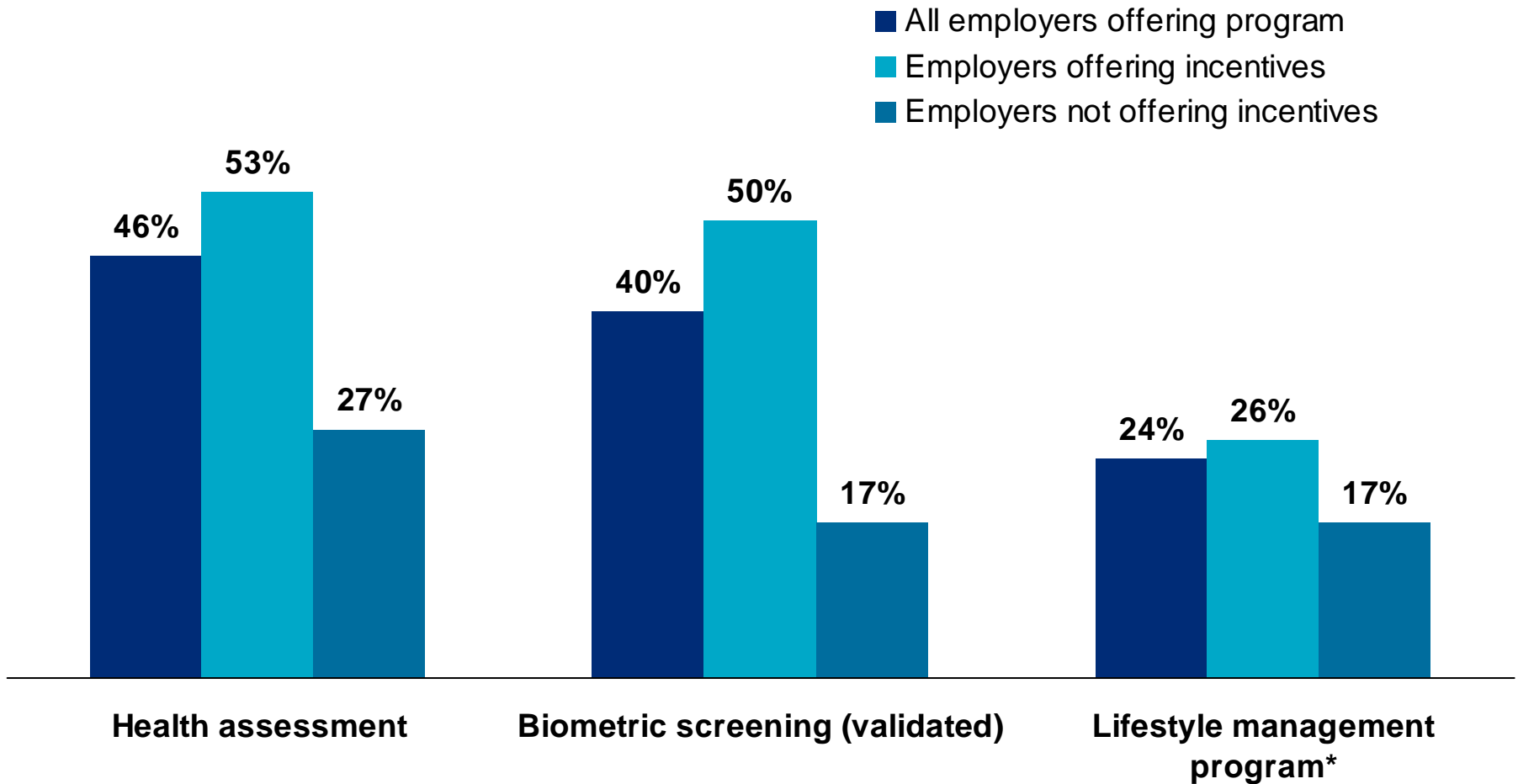
Incentives used for specific programs

Based on large employers (500+ employees) offering the program

	Large employers
Provide incentive for completion of health assessment	49%
Median maximum value of incentive (of any type)	\$150
Provide incentive for participating in biometric screening	29%
Median maximum value of incentive (of any type)	\$150
Provide incentive for participating in lifestyle management	31%
Median maximum value of incentive (of any type)	\$200
Require employees to take more than one action to earn incentives	27%

Average participation rates for health management programs

Large employers (500+ employees)

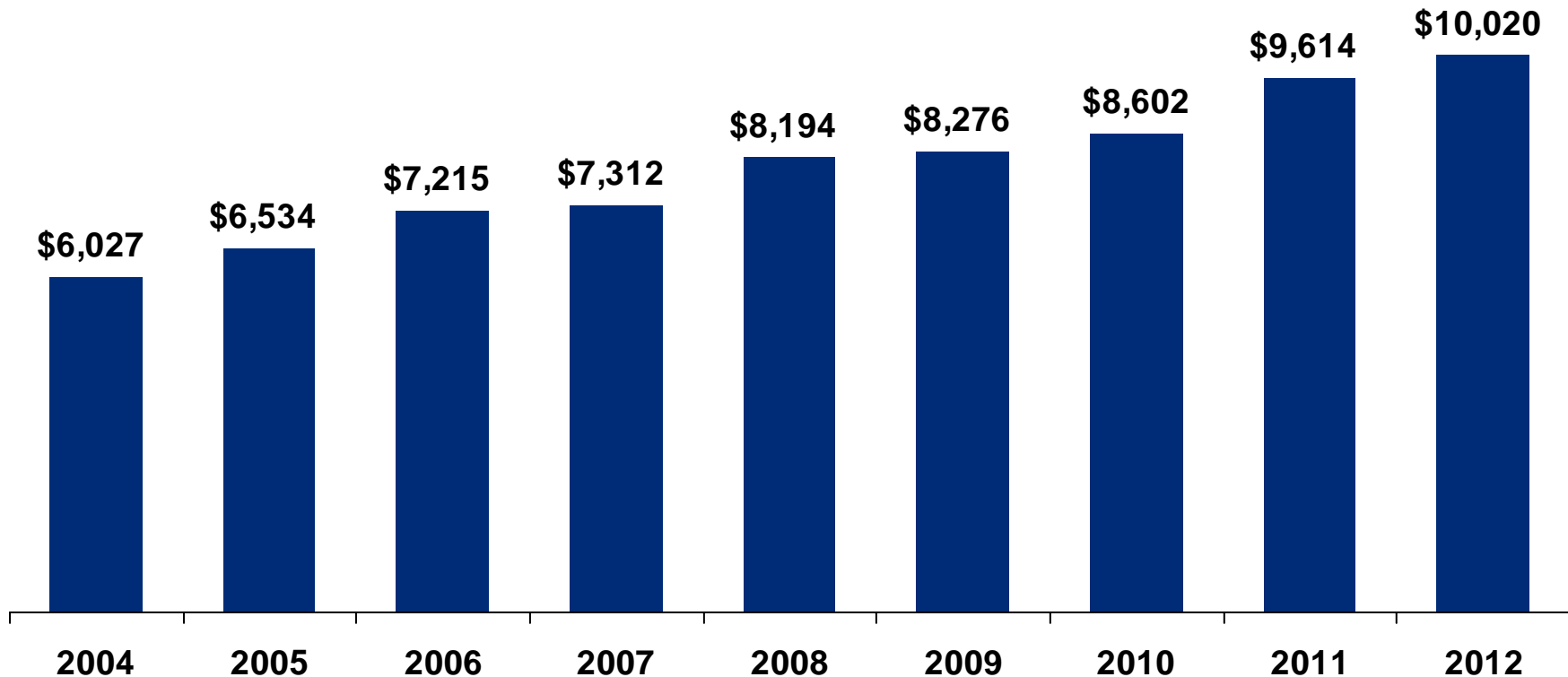


*Percentage of identified persons actively engaged in program

Preferred Provider Organizations

PPO cost per employee, 2004-2012

Employers with 50-499 employees



Note: Until 2012, medical plan cost only included prescription drug benefits if they were offered through the medical plan. In 2012 employers were asked to include all drug benefit cost in the medical plan cost, including cost from prescription drug carve-out plans. 2011 medical costs have been restated on the same basis, to provide a year-over-year trend.

* Results for 2004 - 2007 include PPO plans only. Results beginning in 2008 include PPO and POS plans

Employee contribution requirements for PPO

	50-499 employees	500-4,999 employees
Employee-only coverage		
Employers requiring contribution	82%	92%
Average contribution as a % of premium	25%	22%
Average monthly contribution	\$117	\$110
Family coverage		
Employers requiring contribution	96%	97%
Average contribution as a % of premium	47%	30%
Average monthly contribution	\$517	\$394

Employee cost-sharing requirements for PPO

Employers with 50-499 employees

	In-network	Out-of-network
Deductible		
Require deductible	79%	90%
Individual amount (median)	\$1,000	\$1,250
Family amount (median)	\$2,000	\$3,000
Primary care physician's office visit		
Require copay	86%	31%
Copay amount (median)	\$25	\$30
Require coinsurance	10%	66%
Coinsurance amount (median)	20%	40%
Specialist's office visit		
Require higher copay for specialist visit	38%	--
Copay amount, when higher (median)	\$40	--
Lab tests / X-rays		
Require copay	21%	12%
Require coinsurance	41%	78%
Coinsurance amount (median)	20%	40%

Employee cost-sharing requirements for PPO, continued

Employers with 50-499 employees

	In-network	Out-of-network
Out-of-pocket maximum		
Plan includes maximum	85%	90%
Individual OOP max (median)	\$2,500	\$4,500
Family OOP max* (median)	\$6,000	\$9,000
Hospitalization		
Require per-admission copay	15%	7%
Copay amount (median)	\$250	\$300
Require coinsurance	60%	83%
Coinsurance amount (median)	20%	40%
Emergency room visits		
Require separate copay	72%	--
Copay amount (median)	\$100	--

* When out-of-pocket maximum is a set amount per family

Employee cost-sharing requirements for PPO

Large PPO sponsors

	In-network	Out-of-network
Deductible		
Require deductible	85%	95%
Individual amount (median)	\$500	\$800
Family amount (median)	\$1,000	\$2,000
Primary care physician's office visit		
Require copay	83%	14%
Copay amount (median)	\$20	\$25
Require coinsurance	22%	89%
Coinsurance amount (median)	20%	40%
Specialist's office visit		
Require higher copay for specialist visit	48%	--
Copay amount, when higher (median)	\$40	--
Lab tests / X-rays		
Require copay	17%	4%
Require coinsurance	64%	93%
Coinsurance amount (median)	20%	40%

Employee cost-sharing requirements for PPO, continued

Large PPO sponsors

	In- network	Out-of- network
Out-of-pocket maximum		
Plan includes maximum	89%	87%
Individual OOP max (median)	\$2,250	\$4,000
Family OOP max* (median)	\$5,000	\$8,100
Hospitalization		
Require per-admission copay	20%	15%
Copay amount (median)	\$250	\$300
Require coinsurance	76%	93%
Coinsurance amount (median)	20%	40%
Emergency room visits		
Require separate copay	78%	--
Copay amount (median)	\$100	--

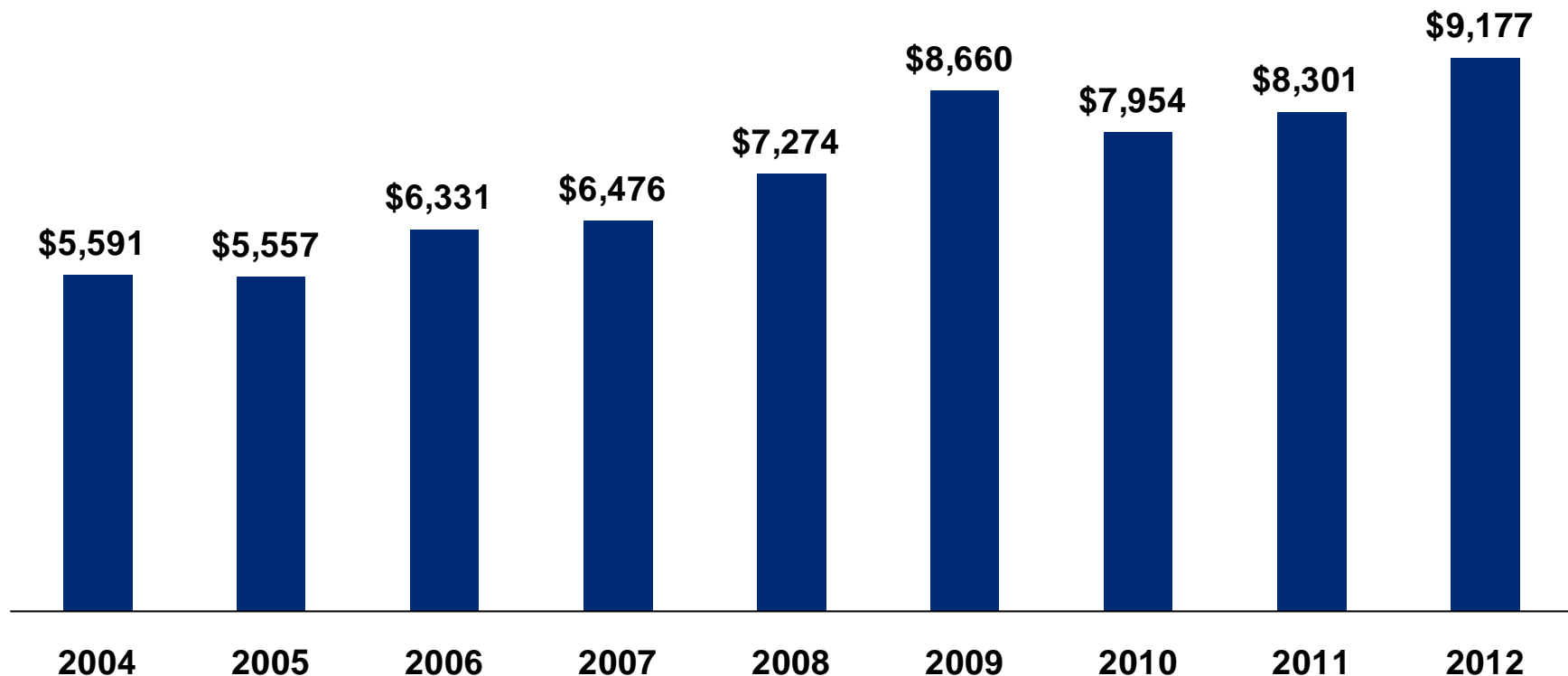
* When out-of-pocket maximum is a set amount per family

Health Maintenance Organizations

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HMO plan cost per employee, 2004-2012

Employers with 50-499 employees



Note: Until 2012, medical plan cost only included prescription drug benefits if they were offered through the medical plan. In 2012 employers were asked to include all drug benefit cost in the medical plan cost, including cost from prescription drug carve-out plans. 2011 medical costs have been restated on the same basis, to provide a year-over-year trend.

Employee contribution requirements for HMO

	50-499 employees	500-4,999 employees
Employee-only coverage		
Employers requiring contribution	84%	90%
Average contribution as a % of premium	25%	23%
Average monthly contribution	\$99	\$105
Family coverage		
Employers requiring contribution	97%	95%
Average contribution as a % of premium	50%	28%
Average monthly contribution	\$470	\$371

Employee cost-sharing requirements for HMO

HMO sponsors

	50-499 employees	500-4,999 employees
Overall deductible		
Require deductible	42%	27%
Individual amount (median)	\$1,000	\$500
Family amount (median)	\$2,500	\$1,000
Primary care physician's office visit		
Require copay	90%	96%
Copay amount (median)	\$25	\$20
Require coinsurance	5%	2%
Specialist's office visit		
Require higher copay for specialist visit	67%	48%
Copay amount, when higher (median)	\$45	\$40
Inpatient hospital cost-sharing		
Require deductible for inpatient stays	58%	56%
Deductible amount (median)	\$300	\$250
Require coinsurance	26%	23%
Coinsurance amount (median)	20%	20%

Employee cost-sharing requirements for HMO (cont'd)

HMO sponsors

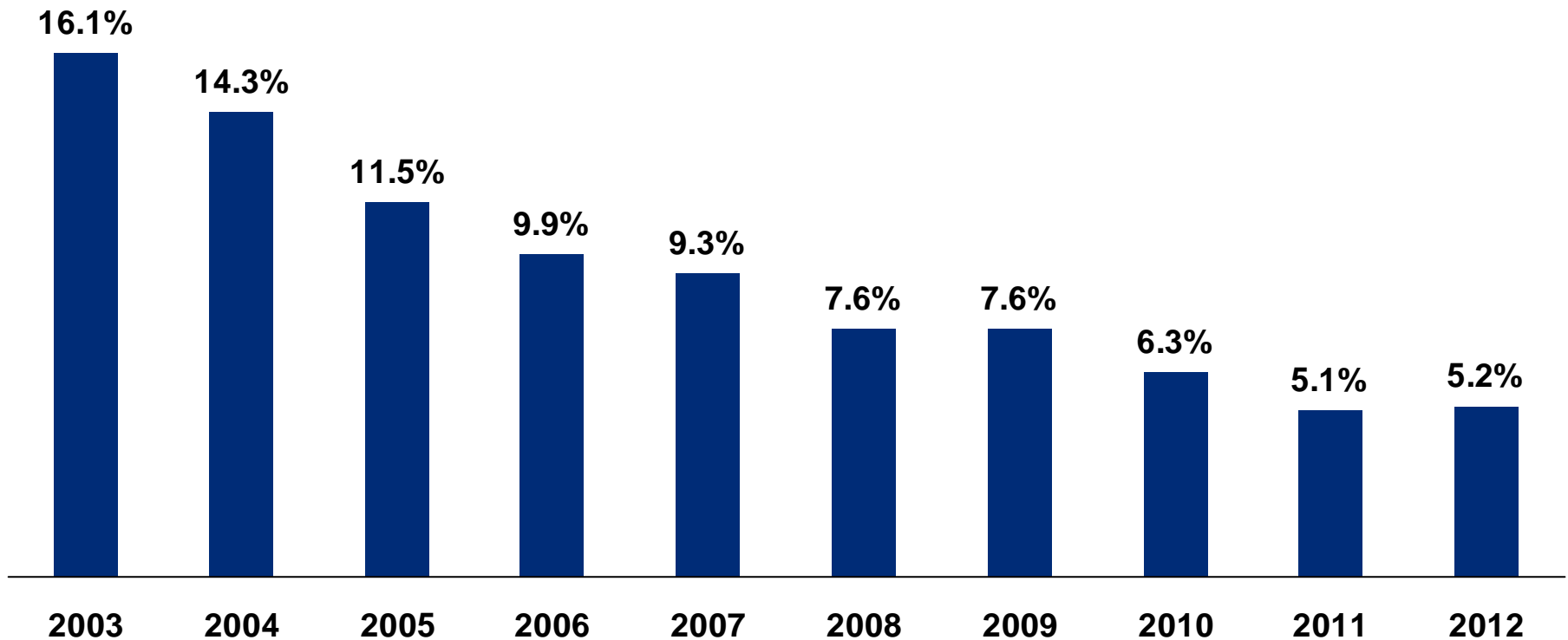
	50-499 employees	500-4,999 employees
Outpatient surgery cost-sharing		
Require per-procedure copay for outpatient surgery	48%	55%
Copay amount, when higher than PCP visit (median)	\$150	\$125
Require coinsurance	26%	21%
Coinsurance amount (median)	20%	20%
Emergency room visit		
Require copay	80%	89%
Copay amount (median)	\$100	\$100

Prescription Drug Benefits

The background features a dark blue top section. Below it is a wide band of teal, which is further divided into three horizontal sections by wavy, light blue lines. The bottom-most section is a solid, bright cyan color.

Prescription drug benefit cost stabilizes at around 5%

Cost change in prescription drug benefits offered through primary medical plan, for employers with 500+ employees



Majority of employers require 3 levels of cost-sharing in retail drugs plans to encourage use of generic and formulary drugs

Type of cost-sharing used in employers' primary medical plan

	50-499 employees	500-4,999 employees
Cost-sharing structure:		
Same level for all drugs	9%	4%
2 levels for generic, brand drugs	10%	10%
3 levels for generic, formulary brand, non-formulary brand	70%	71%
Four or five levels	8%	14%
Other	2%	2%
No cost-sharing required	2%	0%

Average copayment amounts in prescription drug retail plan In employers' primary medical plan

	50-499 employees	500-4,999 employees
When two copays are used		
Generic	\$12	\$10
Brand-name	\$32	\$25
When three copays are used		
Generic	\$12	\$10
Formulary brand	\$32	\$30
Non-formulary brand	\$51	\$50

Three levels of cost-sharing also common in mail-order plans

Type of cost-sharing used in employers' primary medical plan

	50-499 employees	500-4,999 employees
Cost-sharing structure:		
Same level for all drugs	8%	4%
2 levels for generic, brand drugs	10%	11%
3 levels for generic, formulary brand, non-formulary brand	73%	72%
Four or five levels	6%	12%
Other	2%	1%
No cost-sharing required	2%	0%

Average copayment amounts in prescription drug retail plan In employers' primary medical plan

	50-499 employees	500-4,999 employees
When two copays are used		
Generic	\$23	\$18
Brand-name	\$61	\$47
When three copays are used		
Generic	\$25	\$21
Formulary brand	\$67	\$62
Non-formulary brand	\$107	\$102

Use of coinsurance in drug plans

Percent of employers requiring coinsurance

	50-499 employees		500-4,999 employees	
	Retail	Mail-order	Retail	Mail-order
Generic drugs	3%	4%	10%	7%
Formulary brand	3%	4%	19%	15%
Non-formulary brand	5%	6%	21%	16%
Specialty / biotech	4%	2%	6%	5%
Any drug category	15%	13%	30%	25%

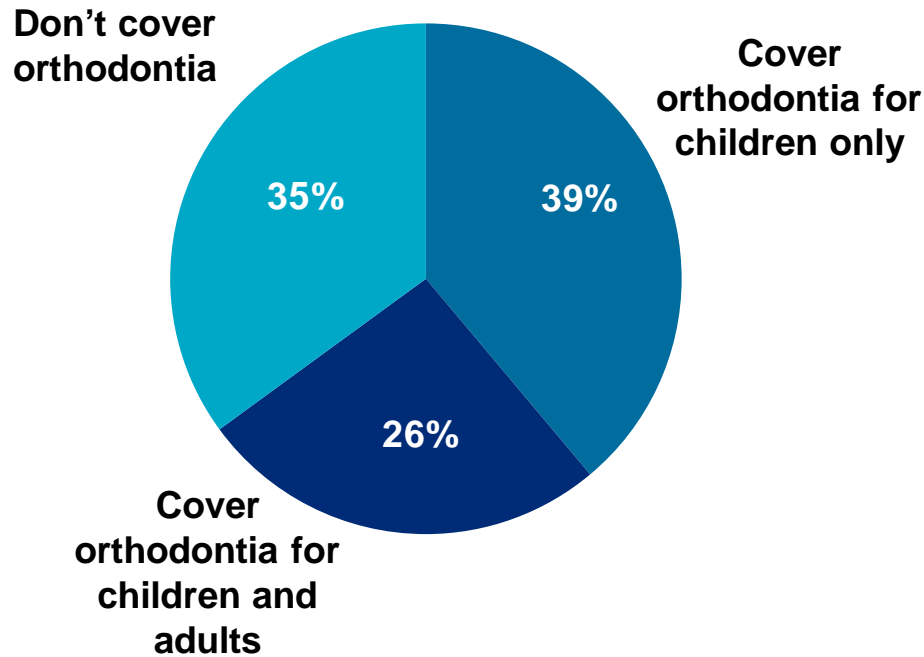
Other Health Care Benefits

Dental plan design

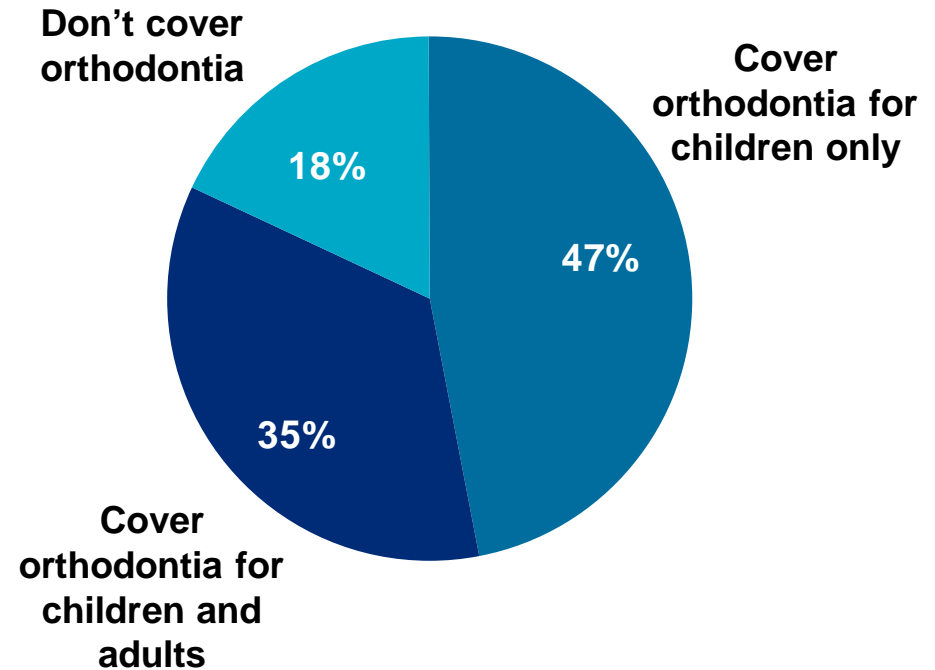
	50-499 employees	500-4,999 employees
Benefit maximum		
Plan includes annual benefit maximum	89%	94%
Individual maximum (median)	\$1,500	\$1,500
Deductible (in-network)		
Require individual deductible	73%	80%
Individual deductible amount (median)	\$50	\$50
Require family deductible	72%	76%
Family deductible amount (median)	\$150	\$150
Median percentage of covered charges paid by the plan for:		
Preventive services (type A)	100%	100%
Basic restorative (type B)	80%	80%
Major restorative (type C)	50%	50%

Orthodontic coverage

50-499 employees



500-4,999 employees

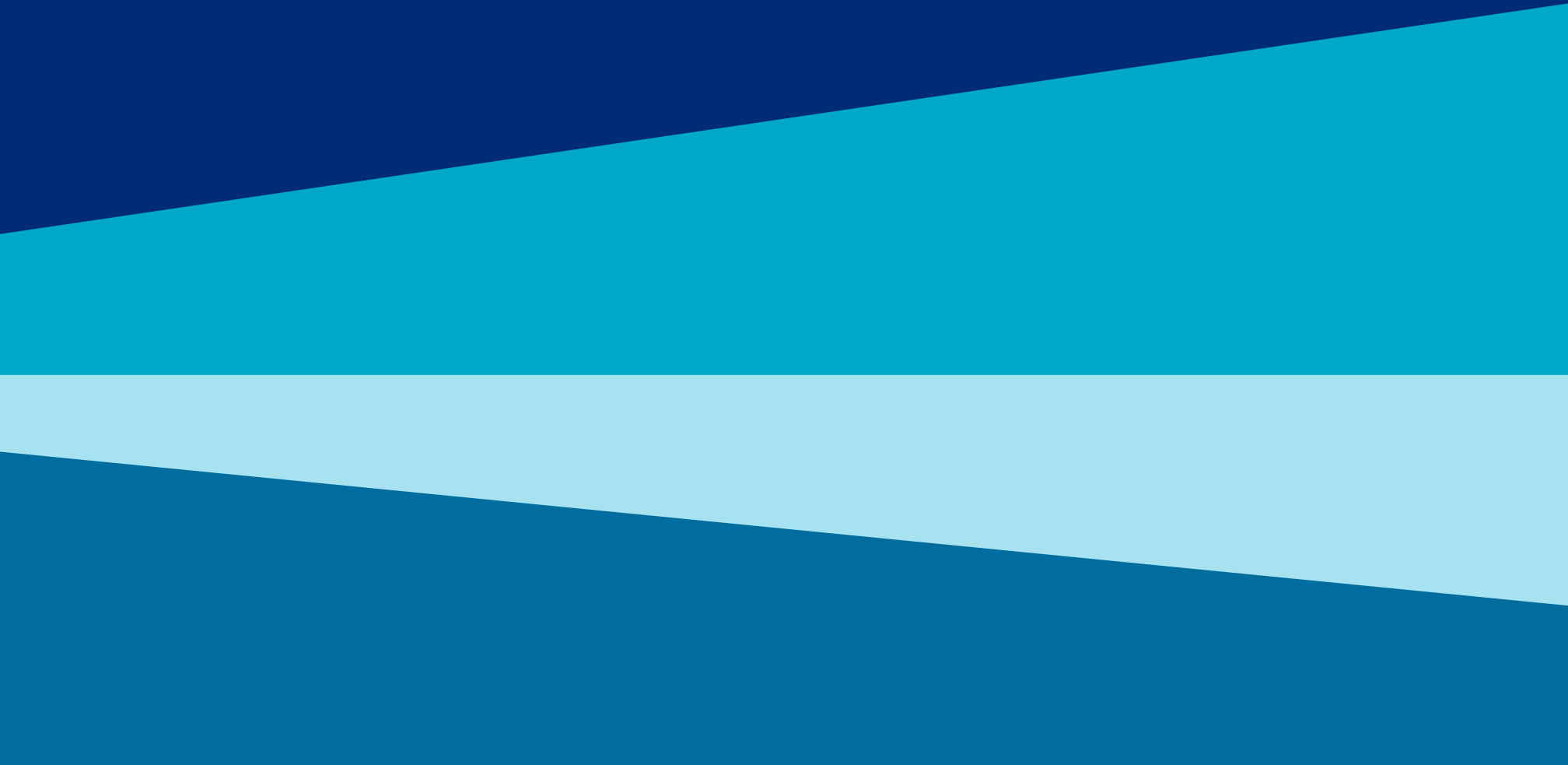


Median percentage of eligible charges covered by the plan: 50%

Offer flexible spending accounts

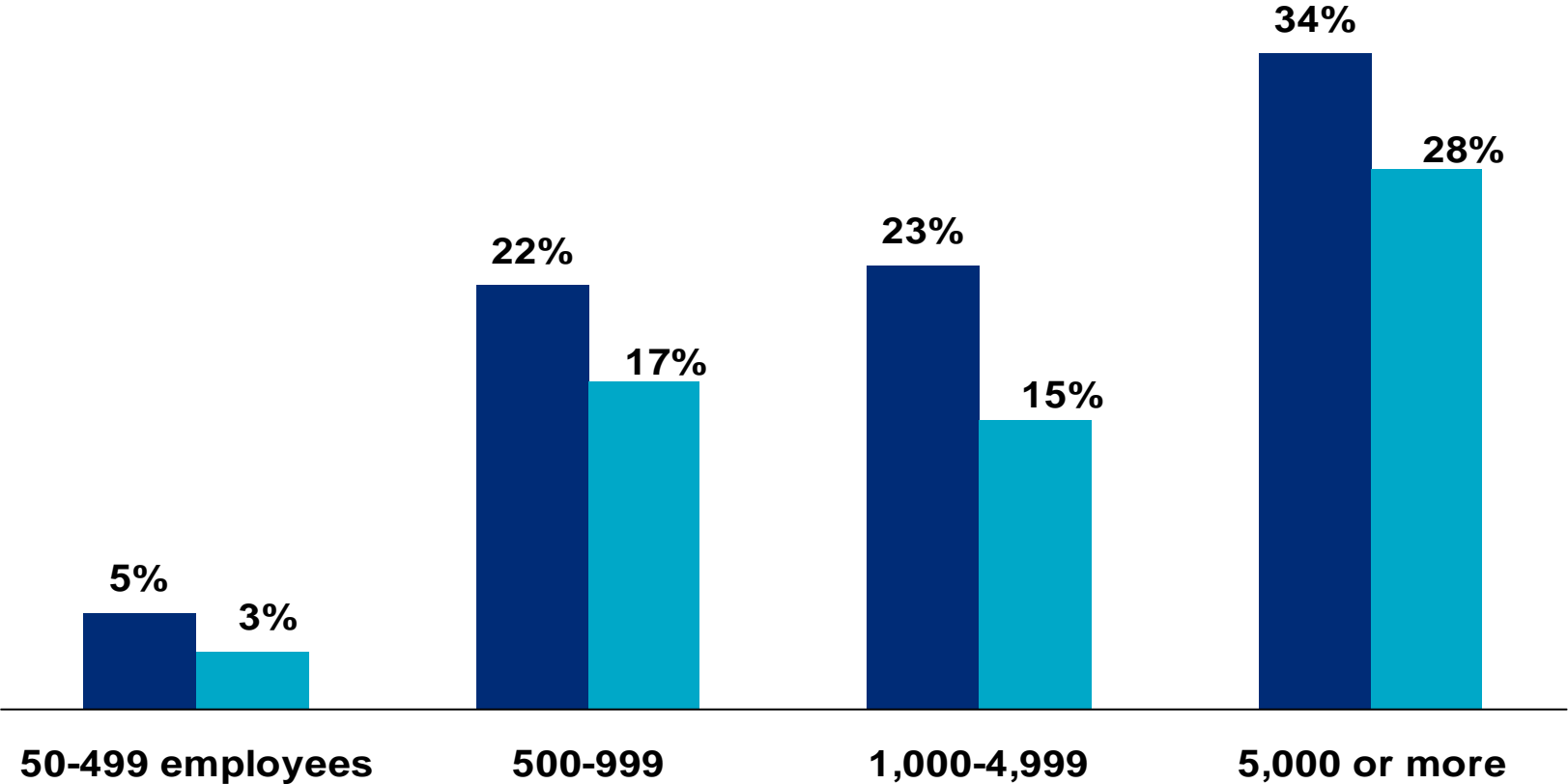
	50-499 employees	500-4,999 employees
Health care spending account		
Percentage of employers offering health care account	62%	85%
Average employee participation rate	32%	24%
Average annual employee contribution	\$1,538	\$1,480
Average percentage of contribution dollars forfeited	3%	4%
Dependent care spending account		
Percentage of employers offering dependent care account	58%	83%
Average employee participation rate	10%	7%
Average annual employee contribution	\$3,344	\$3,262
Average percentage of contribution dollars forfeited	1%	2%

Retiree Health Care



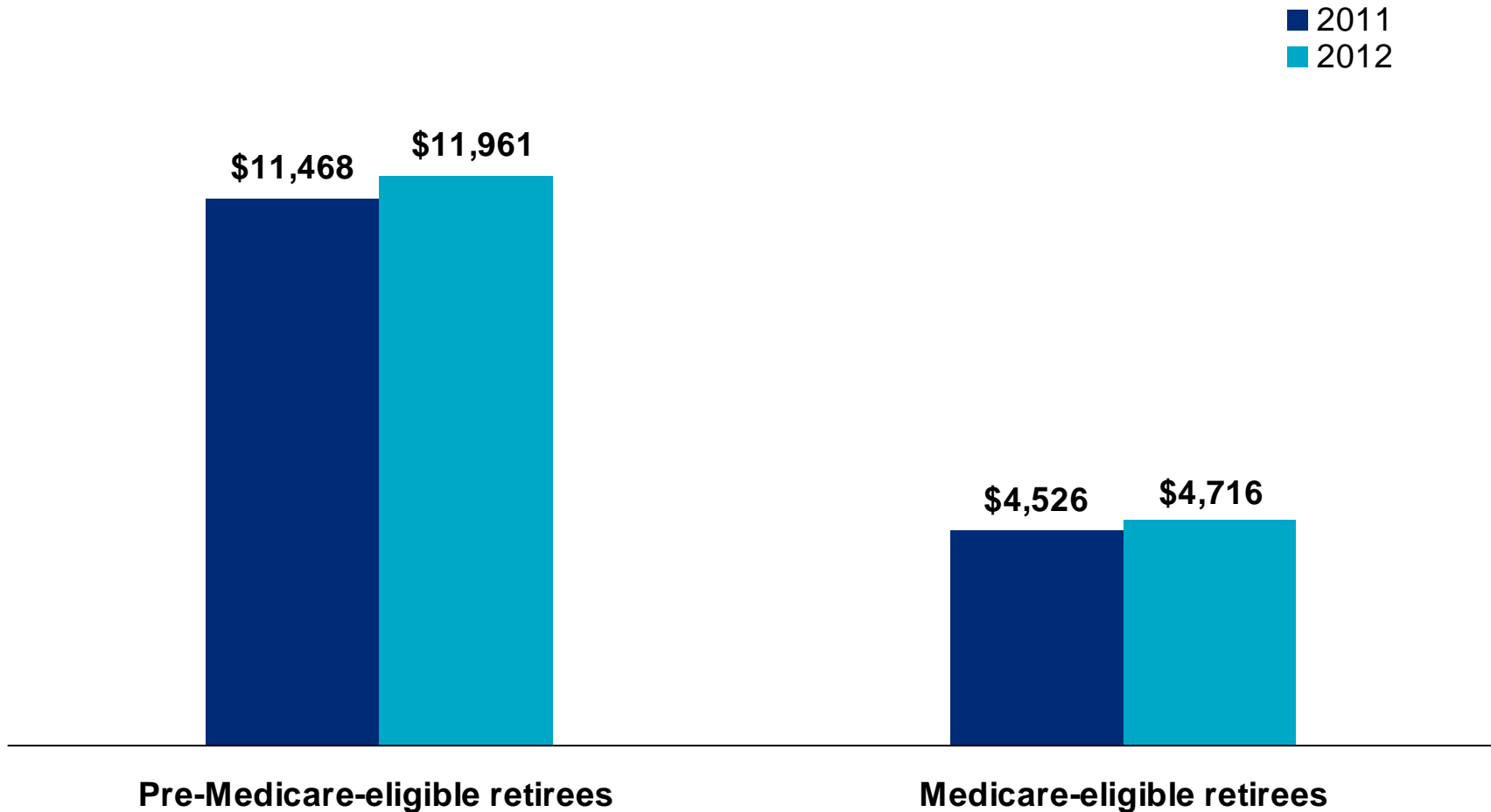
Offer retiree coverage in 2012, by employer size

■ Pre-Medicare-eligible
■ Medicare-eligible



Average health benefit cost per retiree among large employers

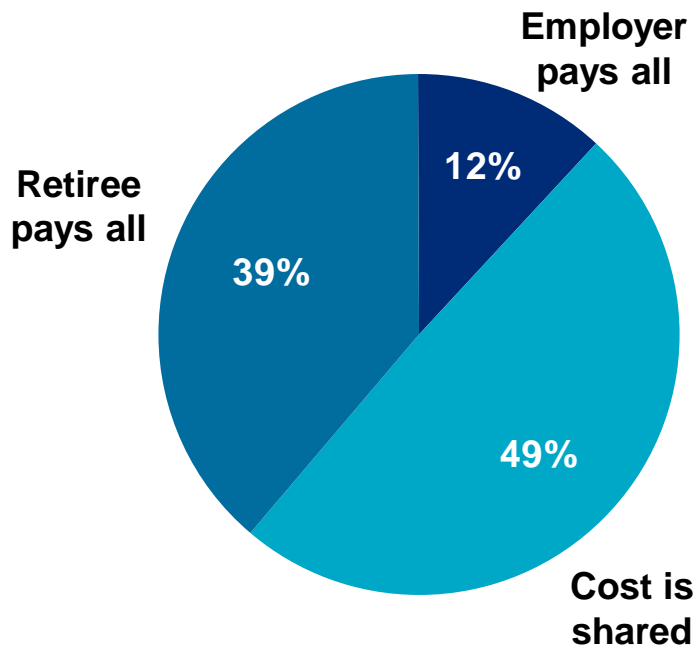
Respondents with 500+ employees that provided cost for both 2011 and 2012



Contribution strategies* for retirees

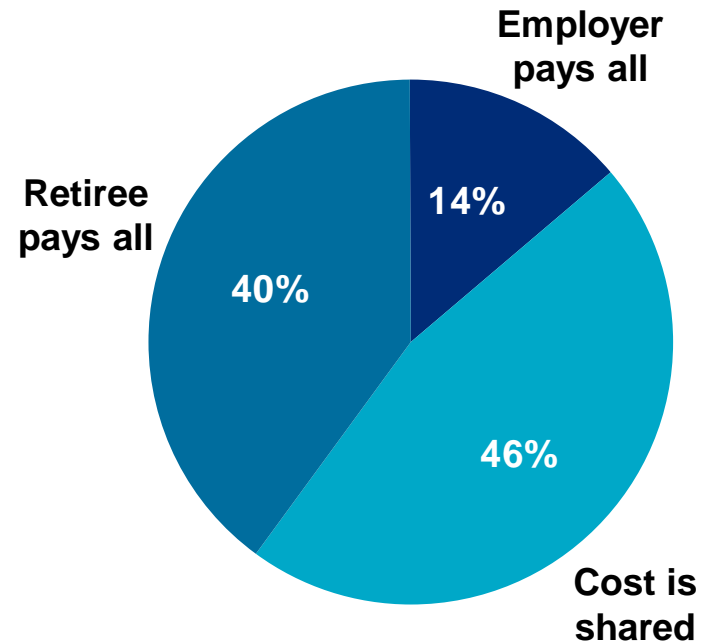
Retiree plan sponsors with 500 or more employees

Pre-Medicare-eligible retirees



Average retiree contribution as a percent of premium, when cost is shared: 37%

Medicare-eligible retirees



Average retiree contribution as a percent of premium, when cost is shared: 38%

*individual coverage

Questions

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