



IRONWOOD

2014 Benchmarking Report



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Key Highlights

- **Plan Changes**

- The average reported increase in **healthcare costs** before plan changes in 2013 was **7.8%** and **8.0%** in 2014
- The average reported annual increase after plan changes was **4.5%** for 2013, which is lower than the **5.3%** expected for 2014
- Employers are continuing to **shift health plan costs** to employees
 - **38%** of employers have increased medical plan employee cost sharing through plan design changes, up from **31%** last year
 - **24%** have increased prescription drug cost sharing through plan design changes, up from **18%** last year
 - **33%** of employers have already increased employee contributions compared to **25%** last year

Source: 2014 PWC Health and Well-being Touchstone Survey



Key Highlights

High deductible plans (HDHPs) continue to grow in popularity

- **67%** offer HDHPs (up from **62%** last year) with Health Savings Account (HSA) compatible plans growing the fastest (**47%** up from **39%** last year)
- HDHPs are now the highest enrolled plan for **26%** of employers (up from **17%** in 2012)
- The in-network deductible in the highest enrolled plan is \$1,000 or more for **40%** of employers (up from **22%** in 2012)
- Full replacement high deductible plans are being considered by **44%** of employers, while **18%** have already implemented them

Private Exchanges – **32%** of employers are considering moving their active employees to a private exchange in the next 3 years

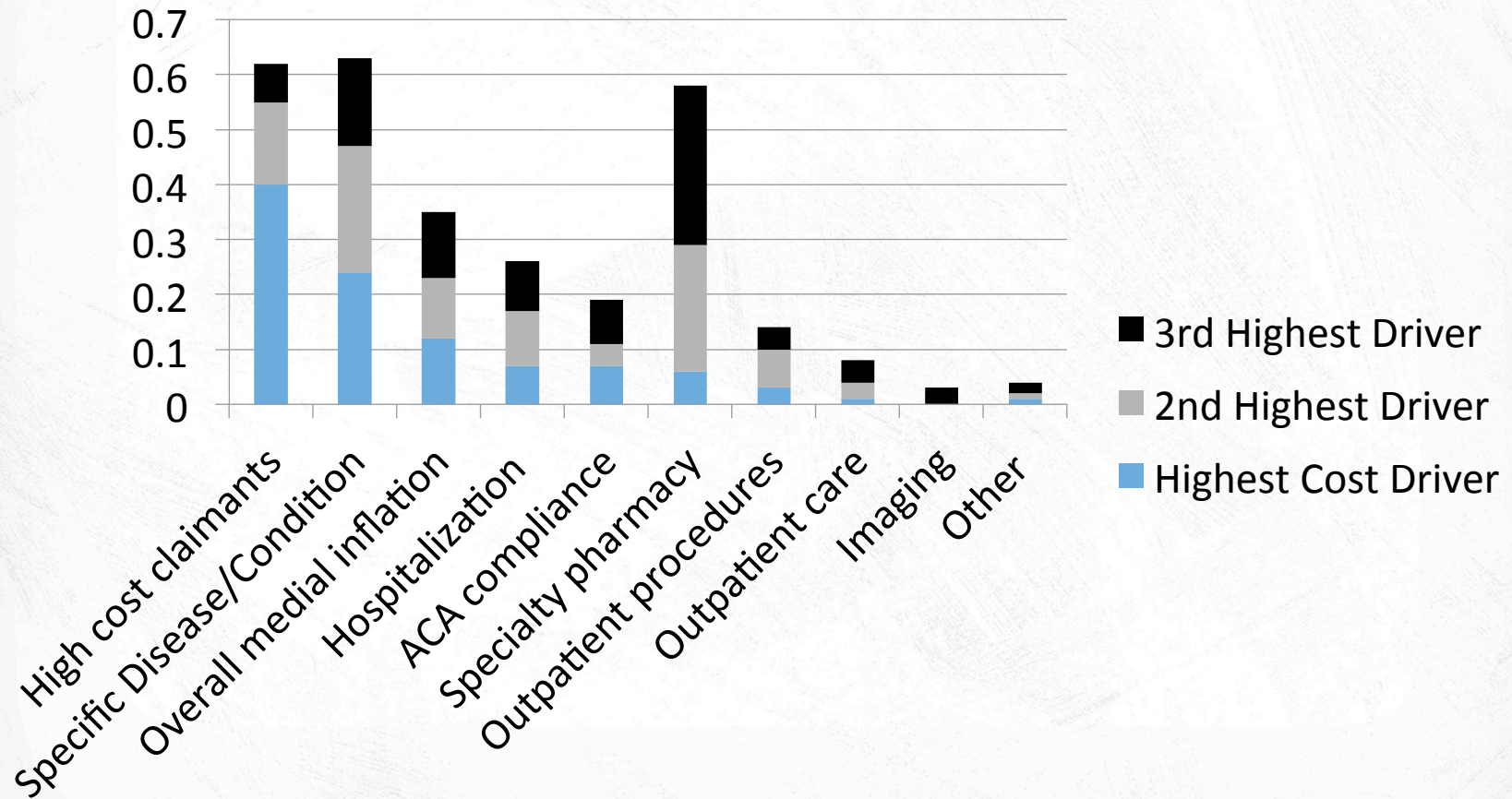
Wellness continues to be a major investment of employers

- **49%** of employers expect to implement or expand wellness initiatives with another **39%** already having done so
- Approximately **25%-30%** are expanding their focus to broader definitions of well-being (financial, emotional, social, community, career)



Top Cost Drivers of Rising Health Care Costs

In a survey conducted by National Business Group on Health, Employers indicate that high cost claimants and specific diseases/conditions are two of the biggest drivers of rising health care costs. Although not designated as the highest cost driver, specialty pharmacy is cited as a significant driver of costs as well. (Number of Employer responses=136)



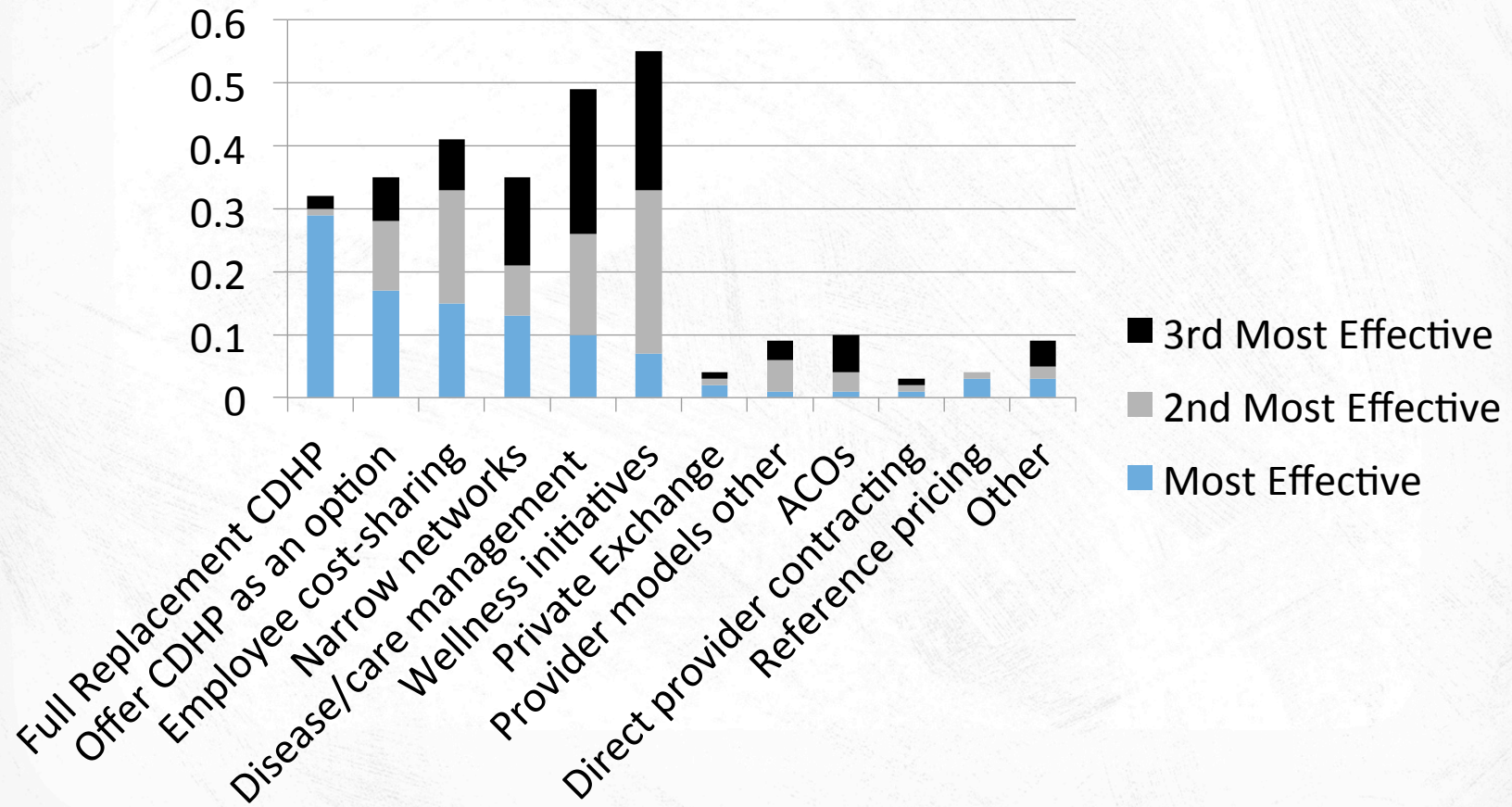
Note: Other responses included: provider consolidation, readmissions, pregnancy costs, inappropriate use of emergency room, and aging workforce

Source: National Business Group on Health 2014



Most Effective Tactics to Control Health Care Costs

Employers were asked to indicate the top three tactics they are using to control rising costs.
(Number of Responses=136)



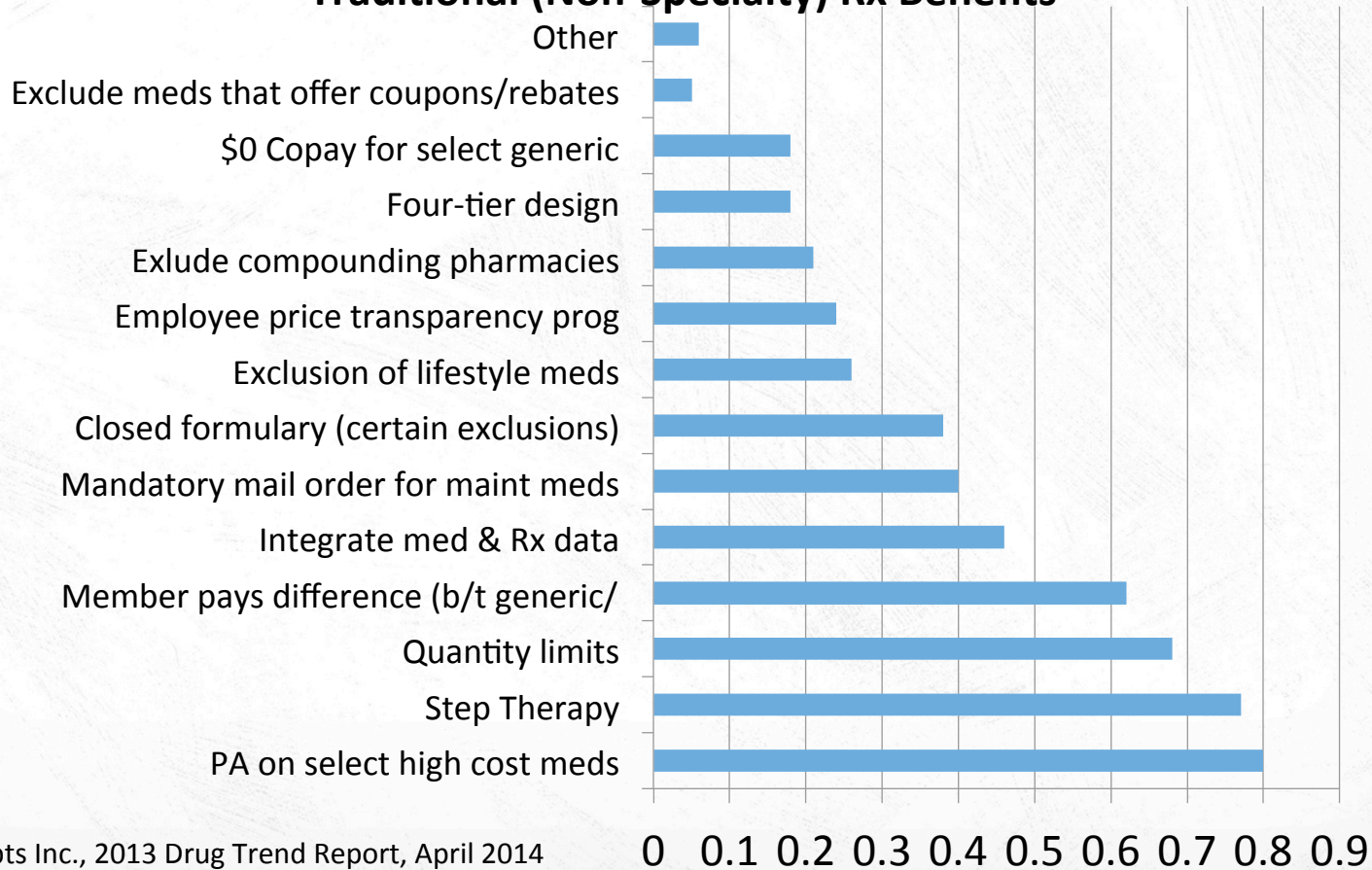
Source: National Business Group on Health 2014



Pharmacy Benefit Management Techniques for 2015

Overall spending on prescription drugs continues to grow. While the PMPY cost of traditional drugs is projected to decrease by 1.9% in 2015, the PMPY cost of specialty drugs is projected to increase by 18%.* To manage these rising costs, employers will continue to utilize a variety of pharmacy benefit management tactics. (Number of Responses = 136)

Traditional (Non-Specialty) Rx Benefits



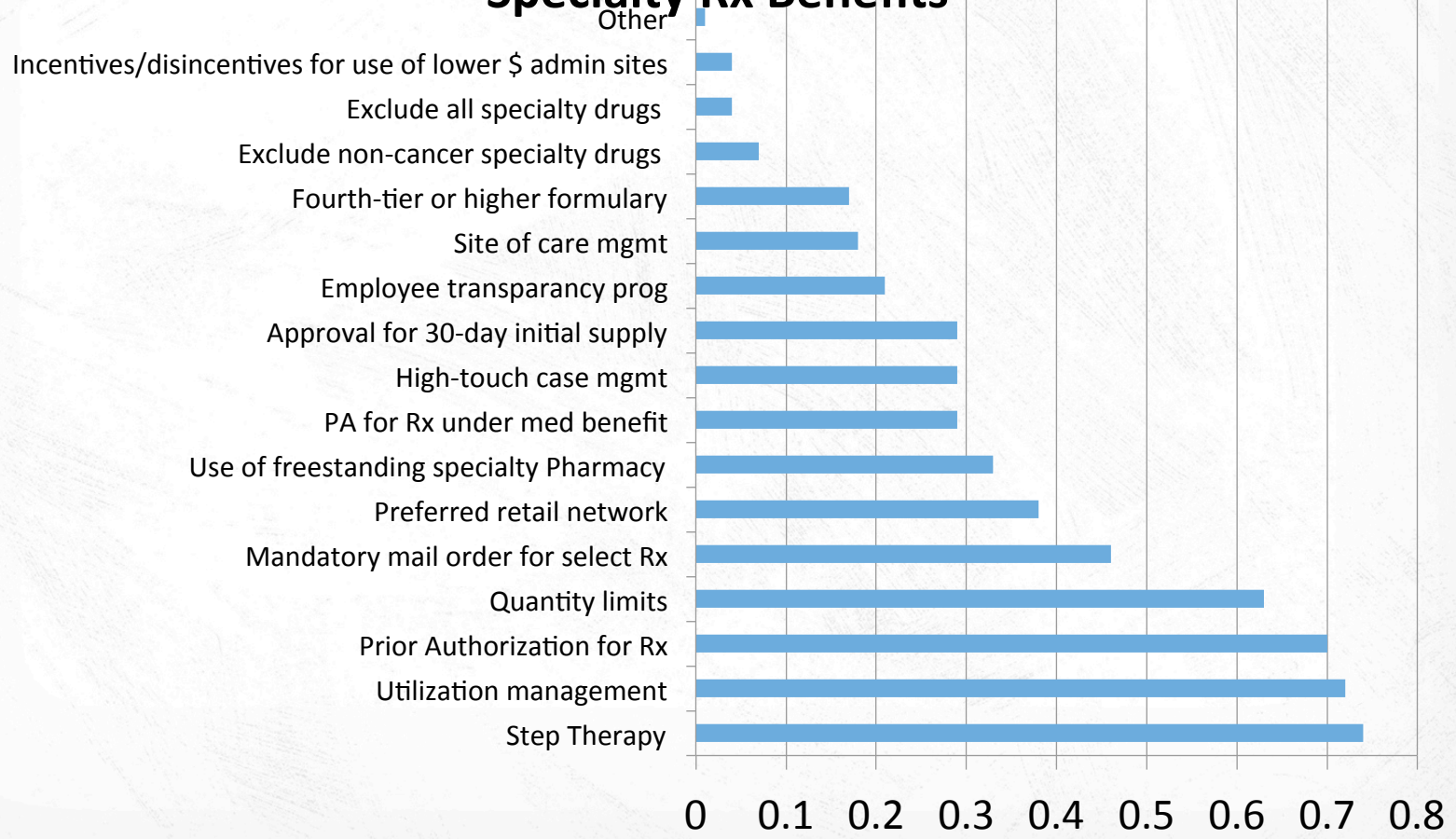
*Express Scripts Inc., 2013 Drug Trend Report, April 2014
 Source: National Business Group on Health 2014



Pharmacy Benefit Management Techniques for 2015

As specialty medications continue to drive overall pharmacy costs, employers are using a variety of management techniques to reduce inappropriate use of these costly medications.
(Number of Responses = 136)

Specialty Rx Benefits



Source: National Business Group on Health 2014

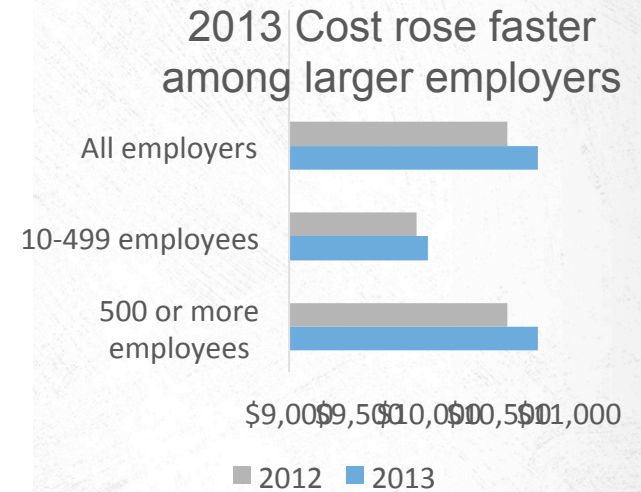
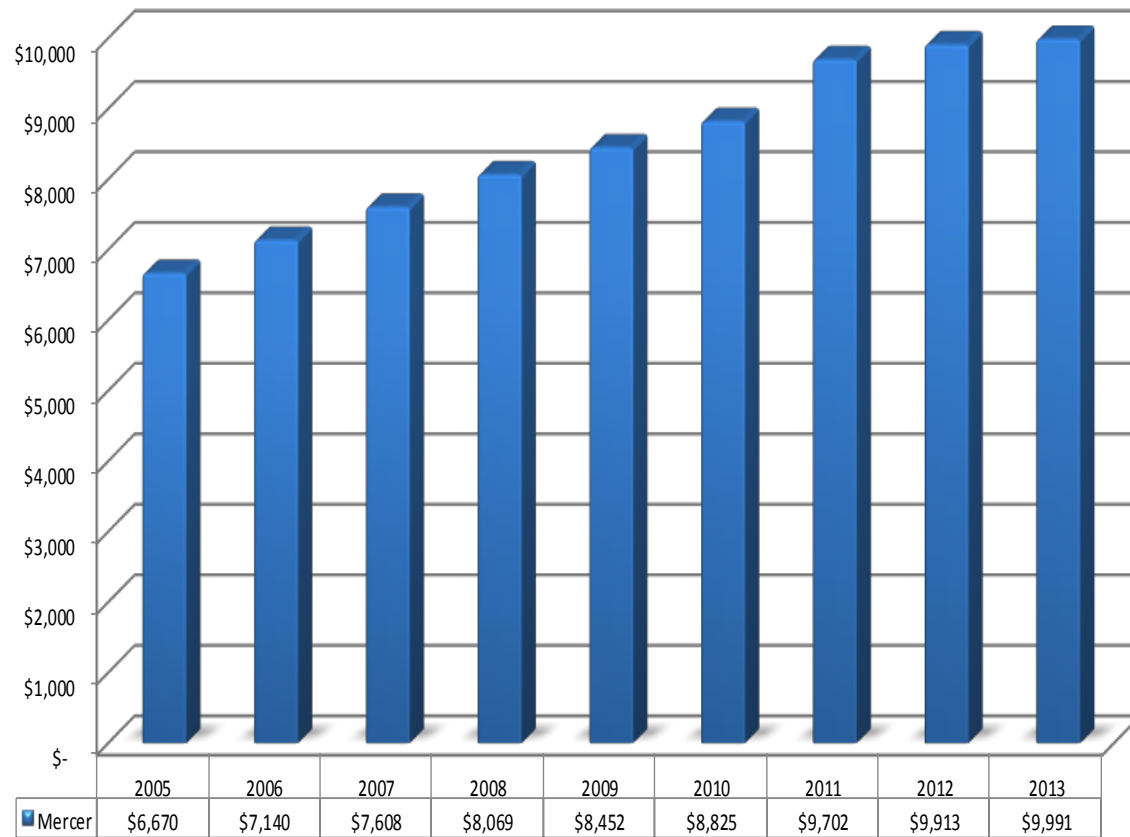


Plan Cost Cost



Small Employer Cost & Trends

Small Employers* Annual Cost of Benefits** Per Active Employee



Source: Mercer National Survey of Employer-Sponsored Health Plans 2013

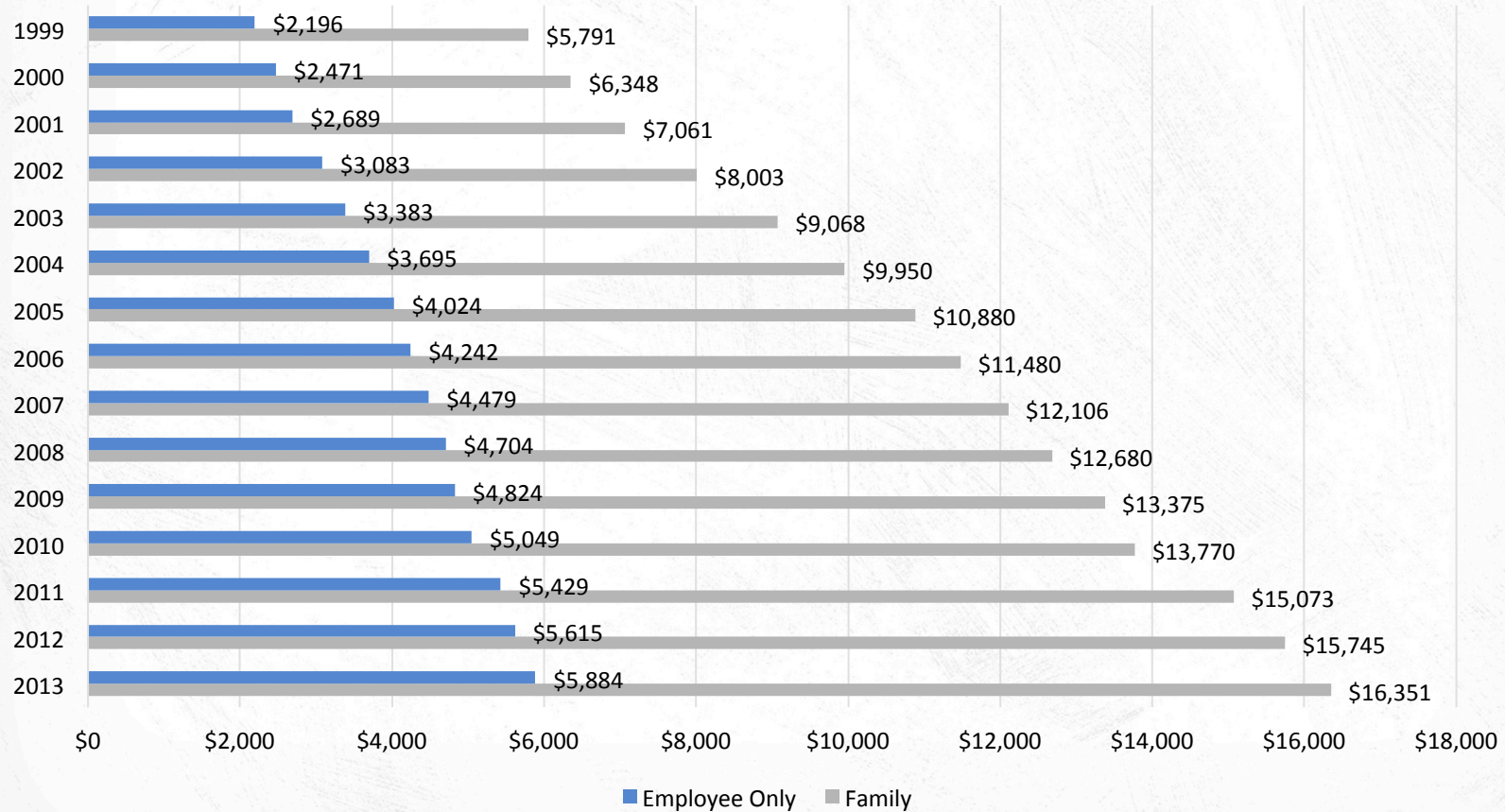
*Small Employers 2-499 employees

**Benefit Package includes medical, dental, Rx, mental health, vision and hearing benefits; includes employee contributions

Mercer National Survey of Employer-Sponsored Health Plans 2013



Average Annual Premiums for Single & Family 1999-2013

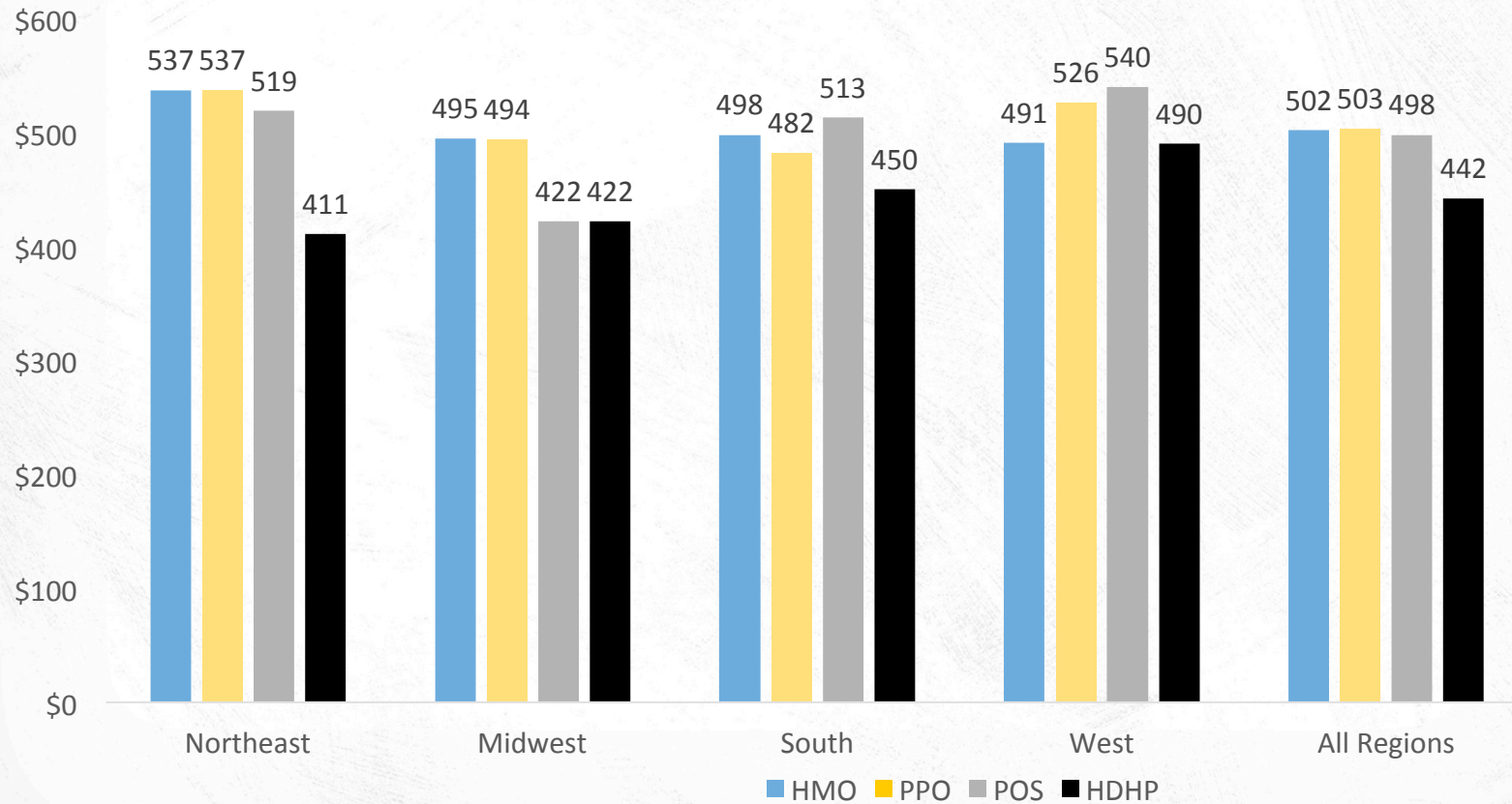


Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits 2013; Exhibit 1.11



Average monthly premiums for covered workers, by plan type & region, 2013

Single Coverage /Monthly Premium

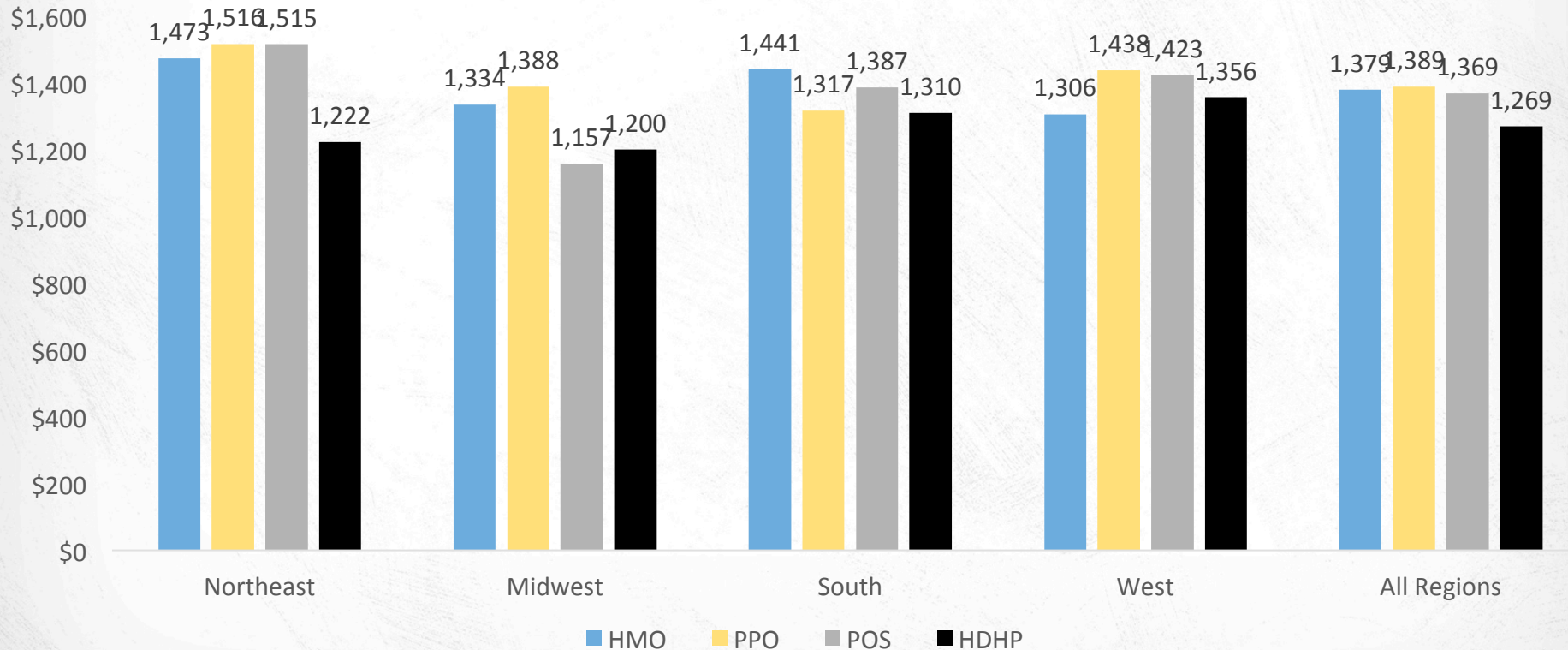


Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits 2013; Exhibit 1.3



Average monthly premiums for covered workers, by plan type & region, 2013

Family Coverage / Monthly Premium

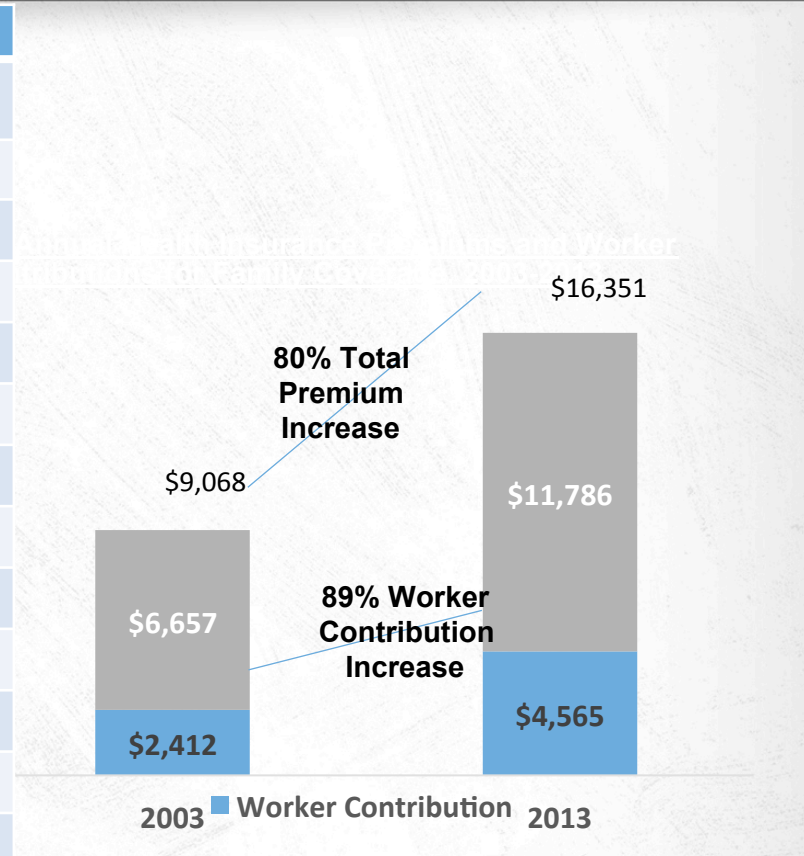


Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits 2013; Exhibit 1.3



Average Monthly Worker Premium Contributions Paid by Covered Workers for Single & Family Coverage, by Plan Type, 1999-2013

	Single Coverage				Family Coverage			
	HMO	PPO	POS	HDHP	HMO	PPO	POS	HDHP
1999	\$28	27	27	-	\$124	128	141	
2000	\$26	29	28	-	\$131	141	136	
2001	\$32	29	29	-	\$150	153	143	
2002	\$38	39	40	-	\$164	188	180	
2003	\$42	44	41	-	\$179	210	206	
2004	\$46	48	45	-	\$223	224	21	
2005	\$47	50	61	-	\$217	220	271	
2006	\$49	53	53	47	\$257	243	269	187
2007	\$59	60	52	43	\$276	270	305	238
2008	\$59	61	72	39	\$282	279	311	234
2009	\$68	67	62	45	\$307	289	346	223
2010	\$86	75	81	53	\$363	319	433	294
2011	\$78	84	65	60	\$346	339	444	303
2012	\$93	84	62	64	\$380	367	381	310
2013	\$90	85	80	74	\$427	382	466	304

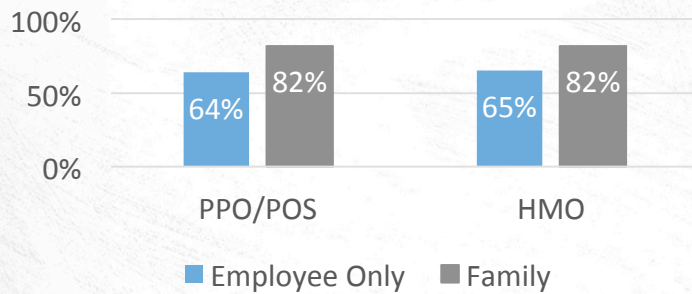


Source: Kaiser/HRET Survey of Employee Benefits Summary of Findings 2013; Exhibit A.A

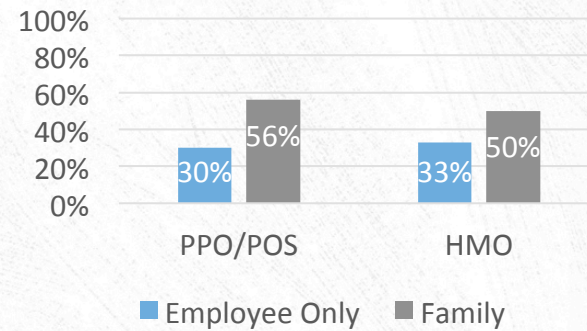


Small Employer Contribution Strategy

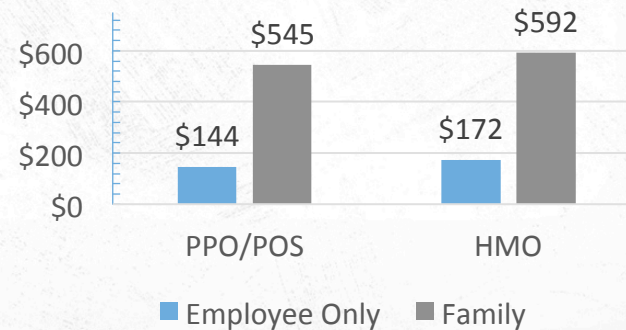
Percentage of Employers asking Employees to contribute



Average Contribution (% of premium)



Average Contribution (monthly in dollars)



Source: Mercer National Survey of Employer-Sponsored Health Plans 2013



Plan Design



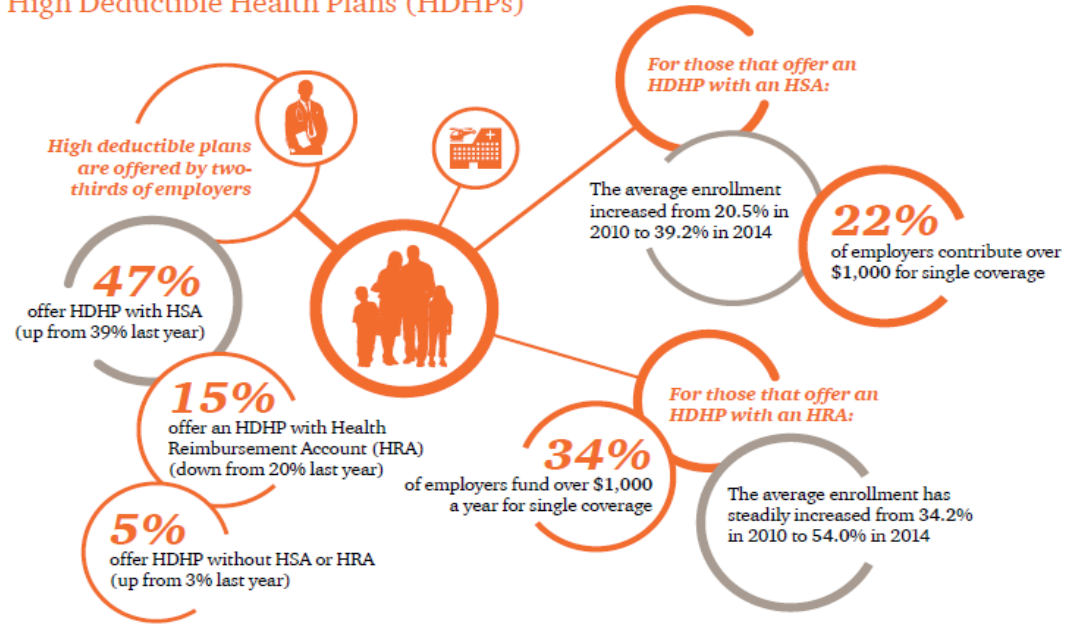
Medical Plan Feature Highlights

- **51%** of employers have the largest enrollment in PPO plans, but have been decreasing in popularity over the years (63% in 2010) due to an increase in the popularity of high deductible health plans
- **76%** of employers offer two or more medical plans
- In Network Features
 - **40%** have a deductible of \$1,000 or more (up from 16% in 2010)
 - **54%** have coinsurance of **20%** or more for most services
 - Approximately **70%** continue to use copays for office visits
 - **24%** have a copay between \$20 and \$24 for primary care office visits
 - **15%** have a copay between \$40 and \$44 for specialist office visits
 - **64%** use copays for ER visits (down from 75% in 2013)
 - **69%** use coinsurance instead of copays for hospital admissions (up from 46% in 2013)
 - **49%** have out of pocket maximums greater than \$3,000 (up from 33% in 2010)



High Deductible Health Plan (HDHP)

High Deductible Health Plans (HDHPs)



% offering	HSA			HRA		
	2014	2013	2012	2014	2013	2012
<1,000 employees	39%	35%	28%	11%	18%	12%
1,000-5,000 employees	52%	40%	42%	15%	20%	14%
5,000+ employees	59%	46%	52%	25%	25%	26%
Year total	47%	39%	40%	15%	20%	17%

Source: PwC 2013 Health and Well-Being Touchstone Survey



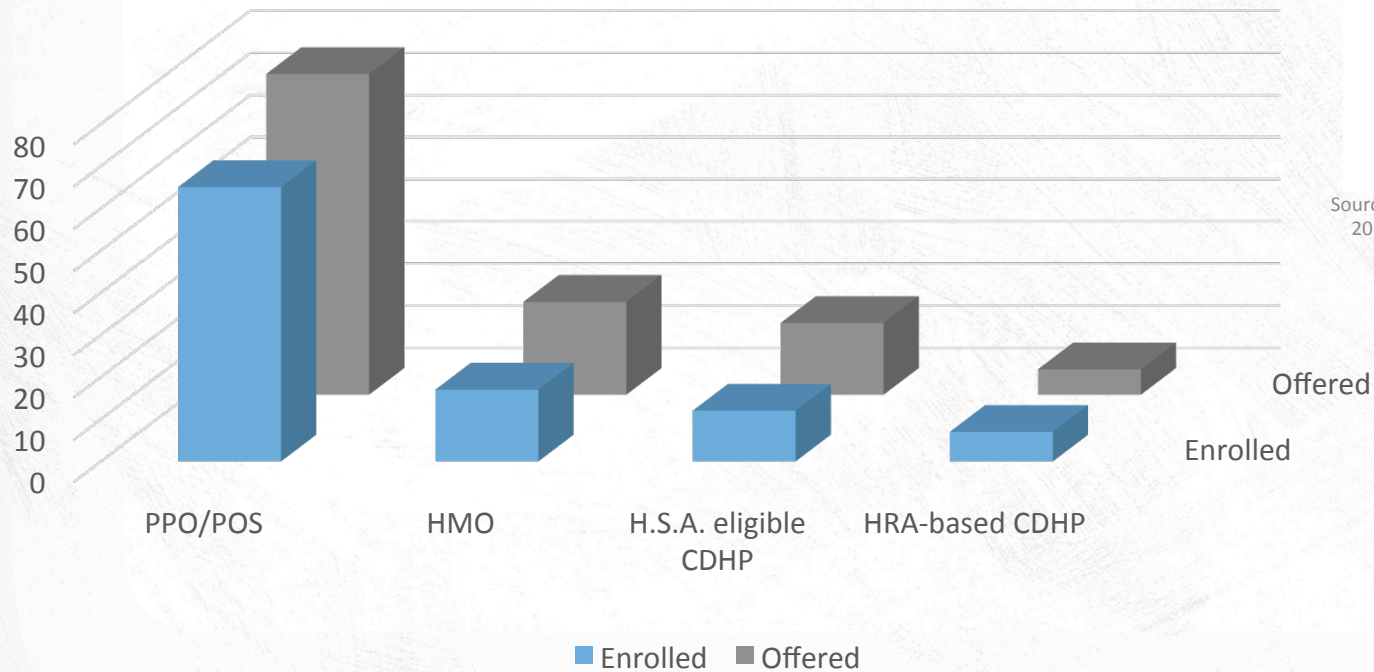
Prescription Drug Benefits

- The percentage of employers using a combined medical/pharmacy **deductible** has increased from last year
 - **24%** apply a combined medical/pharmacy deductible (up from 15% in 2013)
 - **66%** do not apply a deductible on pharmacy claims (down from 74% in 2013)
 - **10%** have a separate prescription drug deductible
- Where **copays** apply, the average copays for prescription drug benefits are:
 - **Retail:** \$11 generic/\$32 brand formulary/\$51 brand non-formulary/\$59 specialty
 - **Mail order:** \$19 generic/\$60 brand formulary/\$100 brand non-formulary/\$91 specialty
- Where coinsurance applies, the average coinsurance for prescription drug benefits is:
 - **Retail:** 25% generic, 30% brand formulary, 35% brand non-formulary and 30% specialty
 - **Mail order:** 26% generic, 30% brand formulary, 38% brand non-formulary and 34% specialty



2013 Small Group Trends in Plan Options

Offering & Enrollment Among Plan Options



71% of Small Employers offer One Medical Plan Option



■ One Plan

■ Multi-Options

Source: National Small Business Association
2014 Small Business Healthcare Survey

Source: Mercer National Survey of Employer-Sponsored Health Plans 2013



Medical Plans with Largest Enrollment

Survey participants selected the following plans as those with the largest enrollment:

	2014	2013	2012	2011	2010
PPO plan	51%	54%	57%	57%	63%
High deductible plan	26%	21%	17%	17%	13%
HMO plan	10%	9%	13%	12%	9%
POS plan	7%	8%	8%	7%	10%
EPO	4%	6%	4%	6%	4%
Indemnity	1%	1%	1%	1%	1%
All other plans (mini-med, Open Access, etc.)	1%	1%	0%	0%	0%

	<1,000 employees	1,000–5,000 employees	5,000+ employees
PPO plan	48%	58%	53%
High deductible plan	27%	19%	28%
HMO plan	13%	7%	6%
POS plan	7%	7%	6%
EPO	3%	6%	5%
Indemnity	1%	1%	1%
All other plans	1%	2%	1%

High deductible plans are gaining more popularity with small and large employers

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan options

Number of medical plan options	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total	2013 total
0	2%	0%	0%	1%	1%
1	35%	12%	11%	23%	25%
2	31%	33%	27%	31%	33%
3	23%	31%	32%	27%	24%
4	5%	13%	13%	9%	8%
5	2%	5%	6%	4%	3%
6	1%	1%	1%	1%	2%
7	0%	2%	3%	1%	1%
8	0%	0%	1%	1%	1%
9	0%	1%	0%	0%	0%
10+	1%	2%	6%	2%	2%
Average	2.5 plans	3.1 plans	3.6 plans	2.9 plans	2.6 plans

Large employers tend to offer more medical plan options to their employees than small employers

81%
of employers offer 1 to 3 medical plan options to their employees and 9% of employers offer 5 or more medical plan options

The average number of plans offered has increased from 2.6 plans in 2013 to 2.9 plans in 2014

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan in-network features (single deductible)

	2014	2013	2012	2011	2010
\$0	16%	18%	21%	22%	24%
\$1-\$199	3%	4%	8%	8%	8%
\$200-\$299	9%	10%	11%	14%	16%
\$300-\$399	6%	7%	9%	9%	9%
\$400-\$499	4%	5%	5%	5%	7%
\$500-\$749	16%	17%	19%	16%	14%
\$750-\$999	6%	7%	5%	4%	6%
\$1,000-\$1,999	22%	17%	13%	11%	11%
\$2,000-\$2,999	9%	9%	6%	7%	3%
\$3,000+	9%	6%	3%	4%	2%

The average deductible is

\$1,046

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan in-network features (employee coinsurance)

	2014	2013	2012	2011	2010
0%	20%	10%	12%	8%	6%
1%–9%	1%				
10%–19%	25%	36%	39%	41%	41%
20%–24%	38%	47%	41%	46%	49%
25%–29%	1%				
30%–39%	4%	2%	3%	1%	2%
40%–49%	0%				
50%+	11%	5%	5%	4%	2%

The average in-network coinsurance is

21%

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan in-network features (out-of-pocket maximum)

	2014	2013	2012	2011	2010
<\$1,000	9%	6%	13%	10%	10%
\$1,000-\$1,999	16%	19%	27%	27%	28%
\$2,000-\$2,999	26%	26%	27%	27%	29%
\$3,000-\$4,999	32%	24%	16%	20%	17%
\$5,000-\$9,999	15%	11%	6%	6%	5%
\$10,000+	2%	1%	1%	1%	0%
Unlimited	0%	13%	10%	9%	11%

The average out-of-pocket maximum is

\$3,046

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan in-network features (office visits)

Primary care office visit

	2014	2013	2012	2011	2010
\$0 copay	2%	8%	6%	7%	6%
\$1-\$9 copay	0%	1%	1%	1%	1%
\$10-\$19 copay	9%	12%	16%	17%	20%
\$20-\$24 copay	24%	24%	26%	29%	30%
\$25-\$29 copay	18%	20%	19%	16%	17%
\$30-\$34 copay	13%	11%	10%	8%	6%
\$35-\$39 copay	4%				
\$40+ copay	1%	4%	3%	4%	2%
0% coinsurance	3%				
1%-19% coinsurance	7%				
20%-24% coinsurance	14%				
25%-29% coinsurance	1%	20%	19%	18%	18%
30%-39% coinsurance	1%				
40%+ coinsurance	3%				

The average copay for primary care office visits is \$23 and the average coinsurance is 23%

71%
of employers utilize copays for primary care visits which is a decrease from 80% in 2013

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan in-network features (office visits)

Specialist office visit

	2014	2013	2012	2011	2010
\$0 copay	2%	5%	4%	5%	3%
\$1-\$9 copay	0%	0%	1%	1%	0%
\$10-\$19 copay	4%	6%	6%	9%	10%
\$20-\$24 copay	7%	9%	10%	11%	15%
\$25-\$29 copay	7%	10%	12%	9%	11%
\$30-\$34 copay	12%	13%	12%	14%	17%
\$35-\$39 copay	6%				
\$40-\$44 copay	15%				
\$45-\$49 copay	4%	34%	33%	29%	21%
\$50-\$59 copay	9%				
\$60+ copay	3%				
0% coinsurance	3%				
1%-19% coinsurance	8%				
20%-24% coinsurance	15%	23%	22%	22%	23%
25%-29% coinsurance	1%				
30%-39% coinsurance	1%				
40%+ coinsurance	3%				

The average copay for specialist office visits is \$35 and the average coinsurance is 24%

69%
of employers utilize copays for specialist office visits which is a decrease from 77% in 2013

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan in-network features (hospital)

Inpatient hospital cost per admission

	2014	2013	2012	2011	2010
\$0 copay	7%	18%	20%	16%	0%
\$1-\$199 copay	8%	9%	11%	13%	12%
\$200-\$299 copay	8%	14%	16%	17%	24%
\$300-\$399 copay	3%				
\$400-\$599 copay	4%	9%	7%	7%	7%
\$600+ copay	1%	4%	5%	5%	4%
0% coinsurance	6%				
1%-19% coinsurance	21%				
20%-24% coinsurance	31%	46%	41%	42%	53%
25%-29% coinsurance	1%				
30%-39% coinsurance	2%				
40%+ coinsurance	8%				

The average copay for inpatient hospital visits is \$201 and the average coinsurance is 24%

31%
of employers utilize copays which is a decrease from 54% in 2013

Source: PwC 2013 Health and Well-Being Touchstone Survey



Medical plan in-network features (ER)

ER cost per visit

	2014	2013	2012	2011	2010
\$0 copay	2%	4%	7%	8%	2%
\$1-\$49 copay	2%				
\$50-\$99 copay	11%	15%	17%	21%	26%
\$100-\$124 copay	20%	28%	27%	26%	30%
\$125-\$149 copay	1%		3%	4%	2%
\$150-\$199 copay	14%	14%	13%	19%	17%
\$200+ copay	14%	14%	12%		
0% coinsurance	3%				
1%-19% coinsurance	9%				
20%-24% coinsurance	16%	25%	21%	22%	23%
25%-29% coinsurance	1%				
30%-39% coinsurance	2%				
40%+ coinsurance	5%				

The average ER copay is \$131 and the average coinsurance is 26%

The percentage of employers utilizing copays has decreased from 75% in 2013 to 64% in 2014



High deductible plans

There is an increase in employers offering high deductible plans with an HSA, from 39% last year to 47% this year. In contrast, there is a decrease in employers offering high deductible plans with an HRA, from 20% last year to 15% this year.

% offering

	HSA	HRA
<1,000 employees	39%	11%
1,000–5,000 employees	52%	15%
5,000+ employees	59%	25%
2014 total	47%	15%

Average enrollment

	HSA	HRA
2014	39.2%	54.0%
2013	34.6%	54.2%
2012	28.2%	43.2%
2011	29.5%	37.9%
2010	20.5%	34.2%

% employees who fund through their payroll deductions

	HSA
<10%	27%
10%–19%	10%
20%–29%	7%
30%–39%	5%
40%–49%	4%
50%–59%	9%
60%–69%	10%
70%–79%	9%
80%–89%	7%
90%+	12%

Large employers tend to offer HSA and HRA plans more than small employers

Source: PwC 2013 Health and Well-Being Touchstone Survey



High deductible plans (single)

Employer account subsidy

	HSA				HRA			
	<1,000 employees	1,000-5,000 employees	5,000+ employees	2014 total	<1,000 employees	1,000-5,000 employees	5,000+ employees	2014 total
\$0	1%	0%	0%	0%	0%	0%	0%	0%
\$1-\$499	17%	17%	28%	21%	7%	7%	27%	17%
\$500-\$749	22%	52%	52%	40%	19%	50%	39%	34%
\$750-\$999	19%	17%	13%	17%	11%	29%	12%	15%
\$1,000-\$1,499	28%	13%	5%	16%	15%	14%	22%	18%
\$1,500-\$1,999	7%	1%	2%	4%	26%	0%	0%	9%
\$2,000-\$2,999	4%	0%	0%	1%	7%	0%	0%	2%
\$3,000+	2%	0%	0%	1%	15%	0%	0%	5%
Average	\$877	\$620	\$533	\$696	\$1,602	\$654	\$587	\$933

Small employers tend to contribute more to their employees' HSA or HRA accounts than large employers

40% of employers contribute \$500-\$749 into their employees' HSA accounts

Source: PwC 2013 Health and Well-Being Touchstone Survey



High deductible plans (family)

Employer subsidy

	HSA				HRA			
	<1,000 employees	1,000-5,000 employees	5,000+ employees	2014 total	<1,000 employees	1,000-5,000 employees	5,000+ employees	2014 total
\$0	1%	0%	0%	1%	4%	0%	0%	1%
\$1-\$499	4%	2%	8%	5%	7%	0%	7%	6%
\$500-\$749	9%	13%	13%	11%	7%	0%	12%	8%
\$750-\$999	7%	6%	8%	7%	0%	14%	15%	10%
\$1,000-\$1,499	24%	45%	52%	39%	14%	43%	37%	30%
\$1,500-\$1,999	24%	20%	13%	19%	21%	29%	12%	18%
\$2,000-\$2,999	18%	11%	6%	12%	18%	14%	17%	17%
\$3,000+	13%	3%	0%	6%	29%	0%	0%	10%
Average	\$1,659	\$1,286	\$1,041	\$1,358	\$3,003	\$1,291	\$1,122	\$1,785

The average HSA or HRA contribution for family coverage is approximately double that of employee only coverage

The most common HSA contribution is \$1,000-\$1,499

29% of small employers contribute more than \$3,000 into the HRA account



Financing of medical plans with largest enrollment

<500 employees

	2014	2013	2012	2011	2010
Self-insured	26%	31%	22%	20%	29%
Fully-insured	69%	65%	65%	67%	68%
Minimum premium arrangement	5%	4%	13%	13%	3%

500–1,000 employees

	2014	2013	2012	2011	2010
Self-insured	59%	55%	49%	54%	69%
Fully-insured	38%	43%	47%	39%	26%
Minimum premium arrangement	3%	2%	4%	7%	5%

1,000+ employees

	2014	2013	2012	2011	2010
Self-insured	87%	85%	86%	87%	87%
Fully-insured	12%	13%	12%	12%	11%
Minimum premium arrangement	1%	2%	2%	1%	2%

60%

of employers are self-insured in 2014

59%

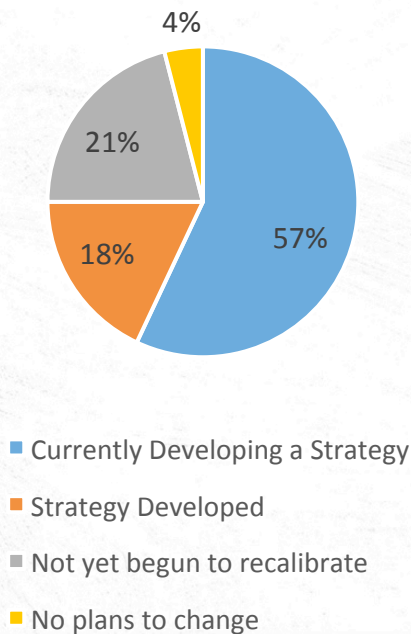
of employers with 500–1,000 employees are self-insured which is an increase from 55% in 2013

Source: PwC 2013 Health and Well-Being Touchstone Survey



Forecast: Strategy & Planning

Companies focused on recalibrating health care strategy



Source: Towers Watson 2013

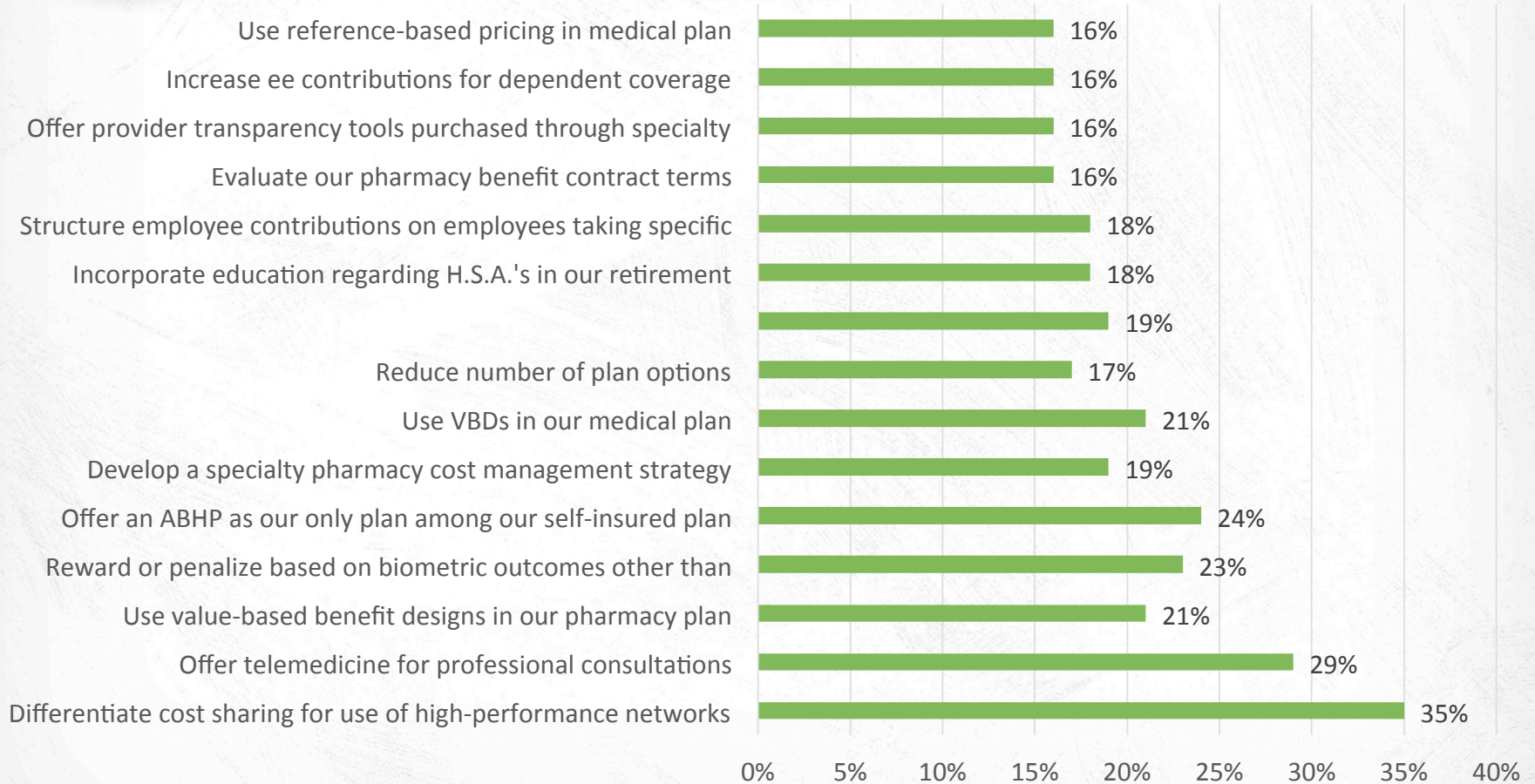
Source: 2014 Small Business Healthcare Survey

What are small employers planning on doing?

Increase employee's contribution	42%
Change to policy with higher deductible	34%
Change to policy with higher co-payments	32%
Reduce benefits offered	29%
Drop employer coverage; defined contribution for indiv. Purchase	23%
Change insurance company	18%
Drop coverage	15%
Add a Health Savings Account	8%
Switch to full or partial self-funded	6%
Institute wellness programs (preventive care)	4%
Switch to HMO or PPO plans	3%
Switch to cafeteria-style program	3%
Institute managed care	1%
Other	6%
None of the Above	23%



Top actions planned by best performers for 2015



VBD: value-based benefit designs
 ABHP: account- based health plans

Source: Towers Watson

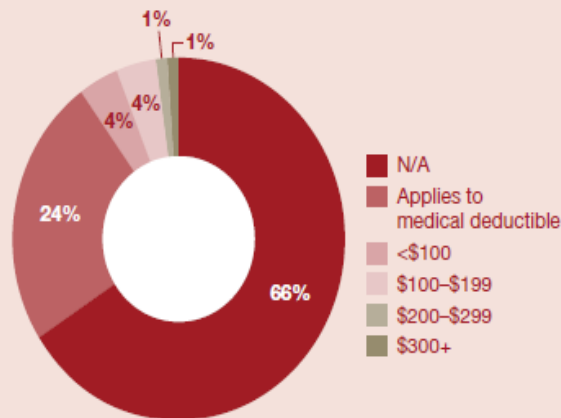


In-network prescription drug plan

Percentage of medical & prescription claim cost that is related to prescription drug claims

	2014
<7%	6%
7%	2%
8%	2%
9%	4%
10%	9%
11%	1%
12%	4%
13%	3%
14%	4%
15%	12%
16%	5%
17%	4%
18%	8%
19%	5%
20%	12%
21%+	19%
Average	16%

In-network prescription drug deductible



While 66% of the plans do not apply a deductible on pharmacy claims, the most common deductible continues to be an integrated deductible with medical claims rather than a standalone prescription deductible which represents only 10% of the plans

53%
of employers find that prescription drug costs are more than 15% of total health (medical and prescription drug claims) costs

19%
stated that prescription drug claims are more than 21% of health care costs



Trends



Key Trends

Future solutions for mitigating healthcare cost increases over the next three years

- Employees expect continued cost shifting to employees
 - 47% of employers are considering further increasing employee cost sharing in medical plan design
 - 52% are considering further increasing employee cost sharing in pharmacy plan design
 - 56% of employers are considering increasing employee contributions
- 44% of employers are considering offering a high deductible plan as a full replacement to their current plans
 - 18% have already implemented HDHPs as the only medical plan option
- Other leading future strategies to mitigate healthcare cost increases:
 - 49% of employers are considering implementing or expanding their workplace wellness program
 - 41% are considering value based design
 - 34% are considering performance based networks

Private exchanges are also being considered as a major strategy moving forward

- 32% are considering moving active employees to a private exchange (2% have already done so)
- 22% are considering moving retirees to a private exchange (4% have already done so)

Work-life programs remain common for many employers

- The most common work-life programs included:

49%
Flexible work
schedule

28%
Parental leave

45%
Telecommuting

21%
Community
service time

Source: PwC 2013 Health and Well-Being Touchstone Survey



Employers' consideration of exchanges

When access is granted in the public exchange for active full-time employees, employers are considering:	<1,000 employees	1,000–5,000 employees	5,000+ employees	2014 total
Moving employees to public exchange as individuals without a subsidy	1%	1%	1%	1%
Moving employees to public exchange as individuals with a subsidy	3%	2%	3%	3%
Moving group to public exchange when available	2%	2%	2%	2%
Continuing to offer traditional employer plans	68%	68%	82%	72%
Do not know	29%	30%	16%	26%

More than one option was allowed to be chosen

72% of employers plan to continue offering traditional benefit plans, while almost a quarter (26%) will take the “wait and see” approach

82% of large employers plan to offer traditional benefit plans, while 6% are considering moving active employees to the public exchange

Source: PwC 2013 Health and Well-Being Touchstone Survey



Work-life programs

Employers sponsor the following work-life programs:

	2014	2013	2012	2011	2010
Flexible work schedule	49%	36%	46%	46%	41%
Telecommuting	45%	43%	55%	51%	47%
Parental leave	28%	25%	36%	35%	34%
Reduced hours	21%	23%	31%	30%	30%
Community service time	21%	19%	26%	25%	20%
Adult leave/care*	17%	17%	16%	-	-
Childcare	14%	13%	25%	22%	20%
Job share	9%	8%	14%	14%	16%
Concierge service	9%	5%	8%	9%	8%
Other	1%	2%	4%	4%	3%

* Not a survey response option in prior years

More than one option was allowed to be chosen

In 2014, employers sponsor flexible work schedules more frequently than telecommuting or other work-life programs

Source: PwC 2013 Health and Well-Being Touchstone Survey



Wellness and disease management programs

Employers offering wellness and disease management programs:

	Wellness programs					Disease management programs				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
<1,000 employees	57%	57%	56%	52%	65%	31%	31%	28%	40%	41%
1,000–5,000 employees	81%	71%	76%	81%	73%	64%	60%	65%	74%	68%
5,000+ employees	83%	85%	85%	88%	85%	79%	75%	81%	86%	83%
Total	71%	68%	72%	73%	76%	53%	49%	58%	66%	68%

Wellness programs

- 71% of all survey participants and 83% of large employers offer wellness programs to eligible individuals
- 71% of employers with 20,000+ employees and 45% of employers with <500 employees spend more than 1.0% of total medical costs on wellness programs which is a slight decrease from 2013
- 35% of employers use their medical vendor for their wellness program, 28% manage the program in-house, and 37% utilize an external vendor

Disease management programs

- 53% of all survey participants and 79% of large employers offer disease management programs to eligible individuals although participation rates are typically low
- 86% of employers use their medical vendor for their disease management program, 4% manage the program in-house, and 10% utilize an external vendor

Of those that measure ROI for wellness and disease management programs,

80% and
69%
respectively have a positive impact



Wellness programs

	Most valuable	2nd most valuable	3rd most valuable
Biometric screening	52%	13%	8%
Body mass index (BMI)	0%	6%	4%
Employee assistance program (EAP)	9%	9%	18%
Ergonomics	2%	2%	2%
Executive health exam	1%	1%	1%
Health coach	4%	9%	8%
Health risk questionnaire	8%	25%	14%
Nutrition	1%	3%	4%
Onsite fitness	6%	7%	8%
Onsite health clinic	6%	2%	2%
Physical activity program/fitness discounts	6%	11%	11%
Stress management	0%	1%	1%
Tobacco cessation	2%	5%	9%
Weight management	2%	5%	10%

Responses of "Other" are not shown above

52%
of employers consider the biometric screening to be the most valuable wellness program they offer followed by the health risk questionnaire and the employee assistance program (EAP)

Source: PwC 2013 Health and Well-Being Touchstone Survey



Disease management programs

Disease management program

	Most valuable	2nd most valuable	3rd most valuable
Asthma	7%	11%	13%
Cancer	11%	9%	6%
Cardiac	12%	20%	21%
Chronic obstructive pulmonary disease	2%	10%	11%
Depression	1%	6%	7%
Diabetes	52%	24%	13%
Hypertension	7%	15%	12%
Lower back pain	5%	2%	12%

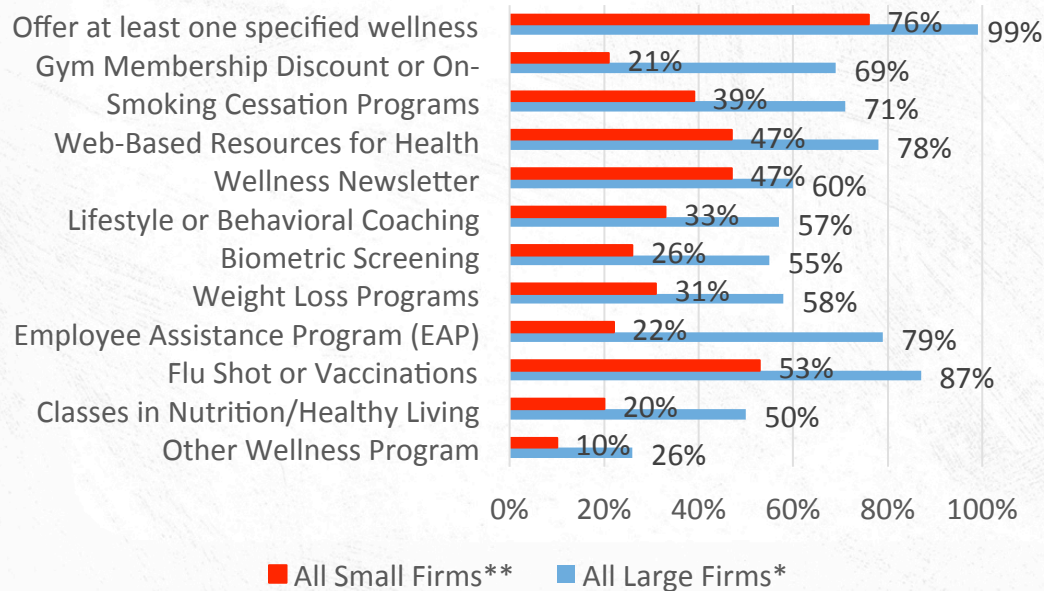
Responses of "Other" are not shown above

76%
of employers ranked
their diabetes program
as being the most and
second most valuable
disease management
program offered



Trend: Wellness Programs

Among Firms offering Health Benefits,
Percentage Offering a Particular
Wellness Program to Their Employees



72% of large firms use one of the following methods to evaluate their program:

- Return on investment
- Health Outcomes
- Employee retention
- Employee participation
- Employee satisfaction

Large employers are more likely than small employers to use one of the following strategies to promote wellness (79% vs. 55%)

- Assigning an employee to promote the program
- Access to a benefits counselor
- Incentives
- Personalized communication
- Team competitions
- Social media tools

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013 Exhibit 12.3

*Large Firms >200 Employees

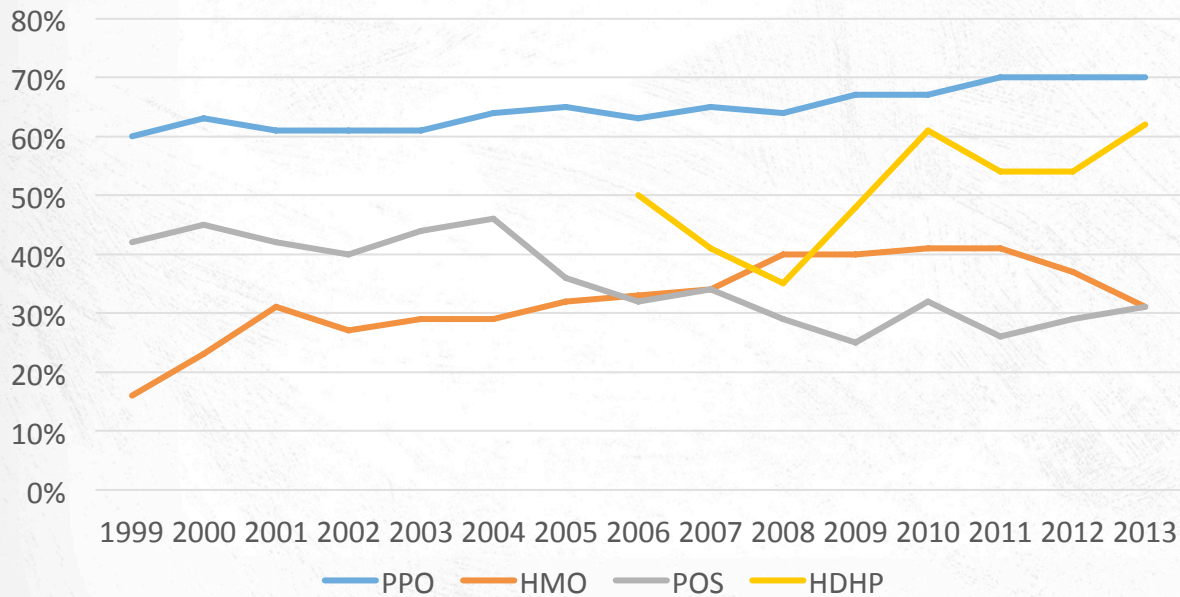
**Small Firms < 200 Employees



Trend: Self-Funding

Predicted to gain popularity, growing slowly across employer size/plan designs

Percentage of Covered Workers in Partially or Completely Self-funded Plans, by Plan Type 1999-2013

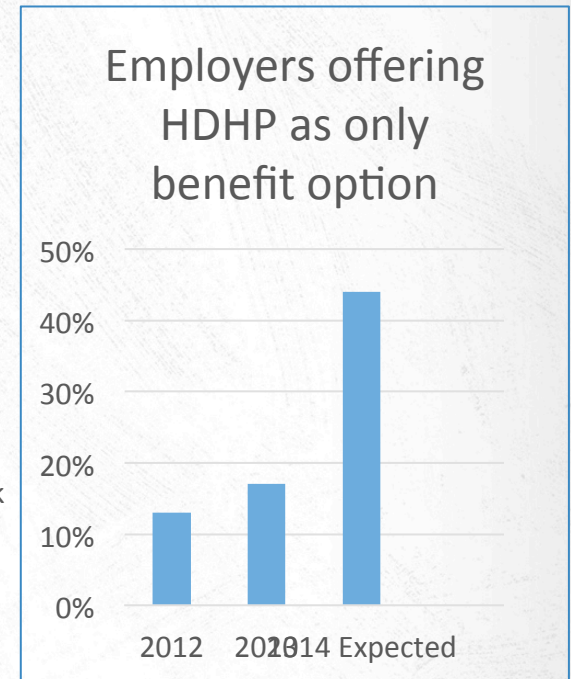
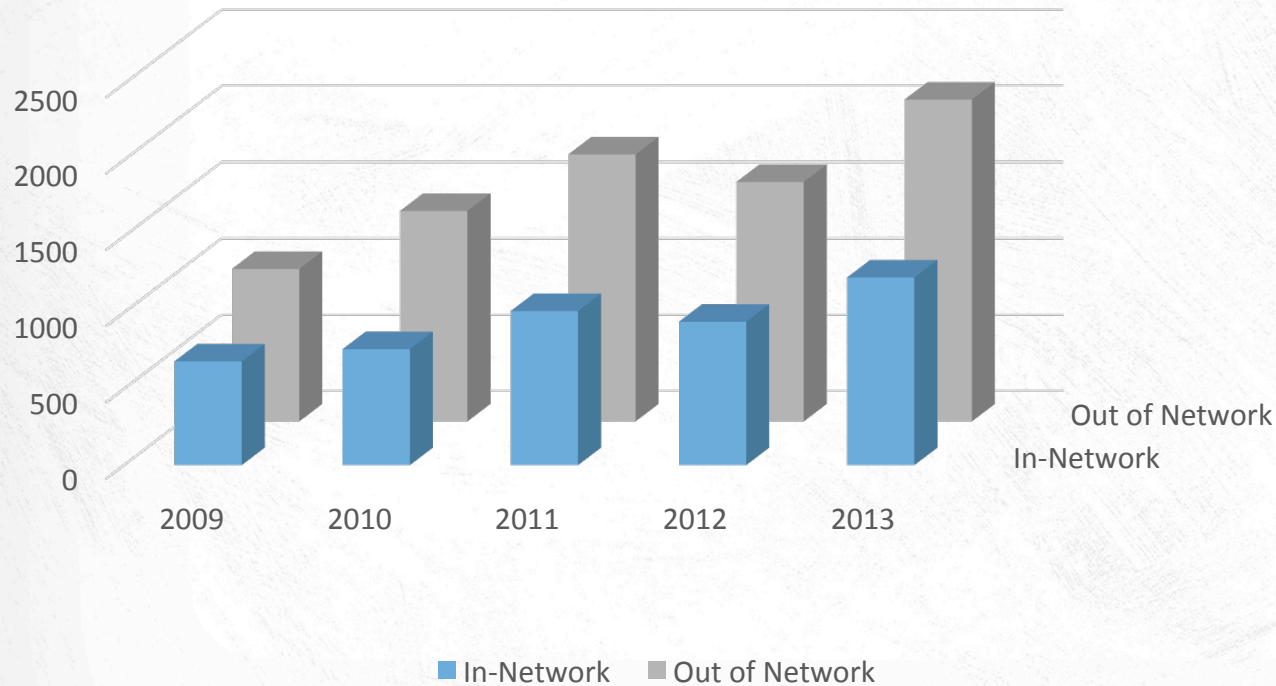


	% of Covered Workers by Firm Size	
	3-199	200-999
1999	13%	51%
2000	15%	53%
2001	17%	52%
2002	13%	48%
2003	10%	50%
2004	10%	50%
2005	13%	53%
2006	13%	53%
2007	12%	53%
2008	12%	47%
2009	15%	48%
2010	16%	58%
2011	13%	50%
2012	15%	52%
2013	16%	58%

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013
Exhibit 10.3; Exhibit 10.1



Trend: HDHP Adoption 2009-2013



Source: PwC 2013 Health and Well-Being Touchstone Survey