

# Employer Health Insurance Trends 2010 Iowa Employer Benefits Study<sup>©</sup>

*Iowa House Commerce Committee*

*February 7, 2011*



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# Seal of Approval



“ The response rate of this study is 26.7 percent – 985 Iowa employers responded. For the overall sample, the employee-size weighted percentages are all accurate to within plus or minus 3.1 percent, at a 95 percent confidence level. ”

Data Point Research, *Inc*



# Health Insurance in Iowa

## Employers Offering Health Insurance Benefits

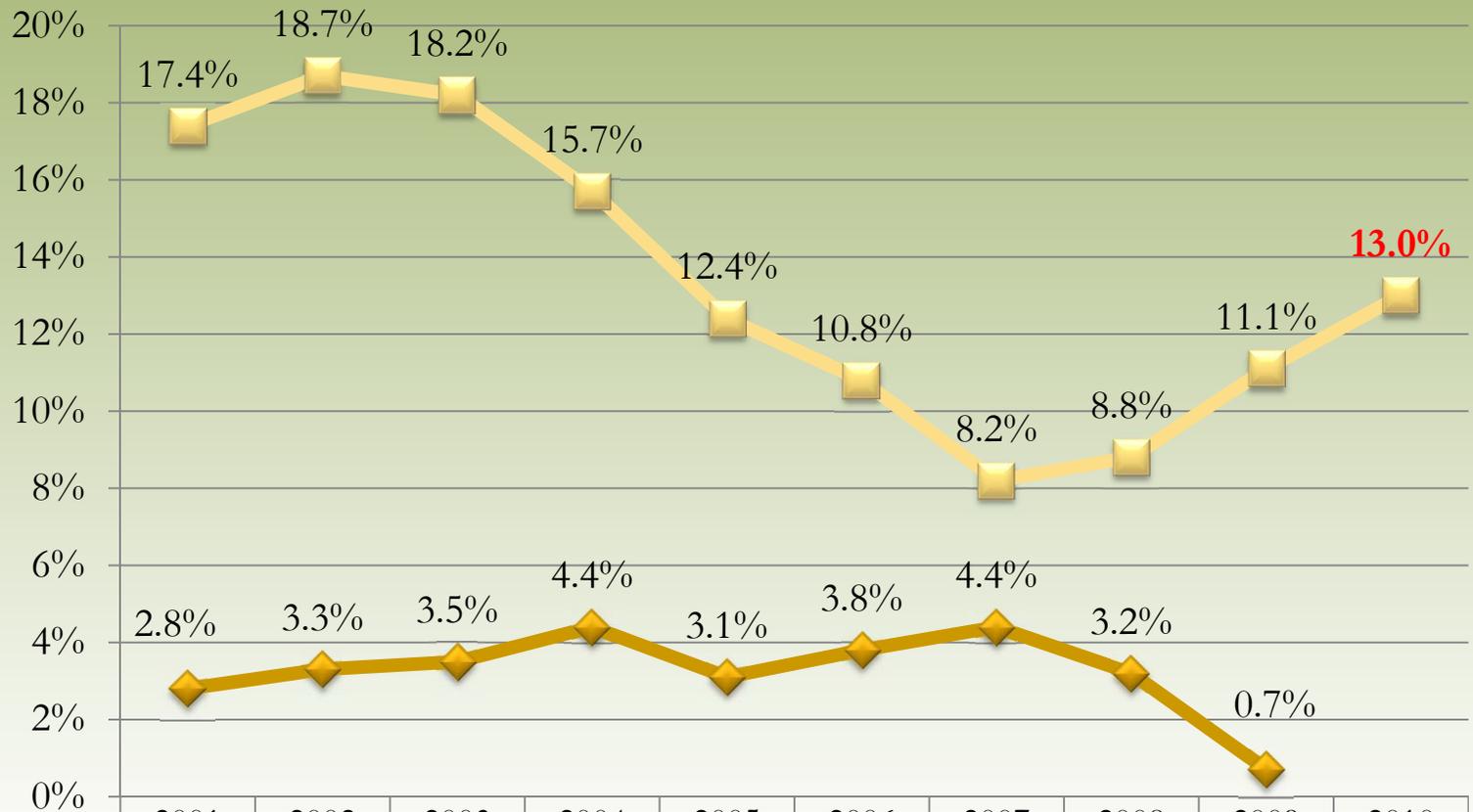


# Average Health Insurance Rate Adjustments Reported in 2010

## For All Employers, Regardless of Rate Direction

Firm Size (Employees)	Average % Increase 2010
2 – 9	13.9%
10 – 19	17.1%
20 – 49	16.9%
50 – 249	13.3%
250 – 999	8.9%
1000 +	7.8%
<b>Overall</b>	<b>13.0%</b>

## Average Health Insurance Rate Increases Compared to Statewide Average Weekly Wage Increases 2001 to 2010



◆ IWD Weekly Wage Increase	2.8%	3.3%	3.5%	4.4%	3.1%	3.8%	4.4%	3.2%	0.7%	N/A
■ Average Premium Increase	17.4%	18.7%	18.2%	15.7%	12.4%	10.8%	8.2%	8.8%	11.1%	13.0%

### Weekly Wage Increase Percentages Provided by Iowa Workforce Development

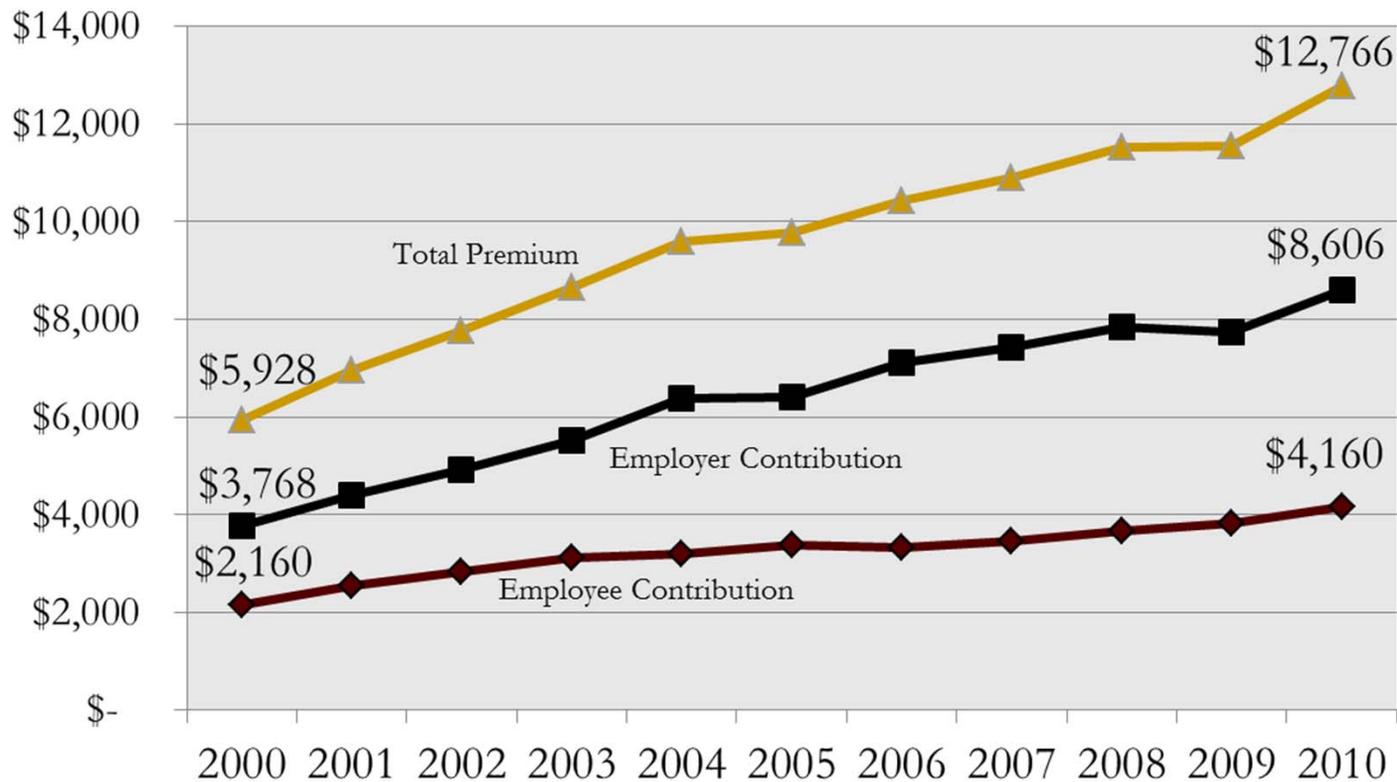
# Employer Responses to Health Insurance Rate Increases Reported in 2010

- Here is what employers say they DID...
  - 49.7% Passed some or all of increased costs to employees
  - 28.5% Raised deductibles
  - 19.2% Raised out of pocket maximum
  - 14.9% Increased office call co-payments
  - 14.2% Organization absorbed the entire cost increase
  - 13.9% Increased prescription drug co-payments
  - 11.4% Reduced pay raises or bonuses **9.1% in 2009**
  - 8.5% Changed Insurance Companies
  - 7.4% Began wellness/disease management initiatives **4.5% in 2009**
  - 7.3% Hired fewer new employees **3.7% in 2009**
  - 6.7% Other
  - 3.8% Released employees **2.4% in 2009**
  - 3.5% Offered CDHP
  - 0.7% Began surcharge for covered spouse under employee policy
  - **0.5% Stopped providing health insurance coverage .1% in 2009**

# All Medical Plans Combined

(HMO, PPO, Traditional Indemnity, HSAs)

## Annual Family Medical Contributions



**Total Premium**  
↑ 115%

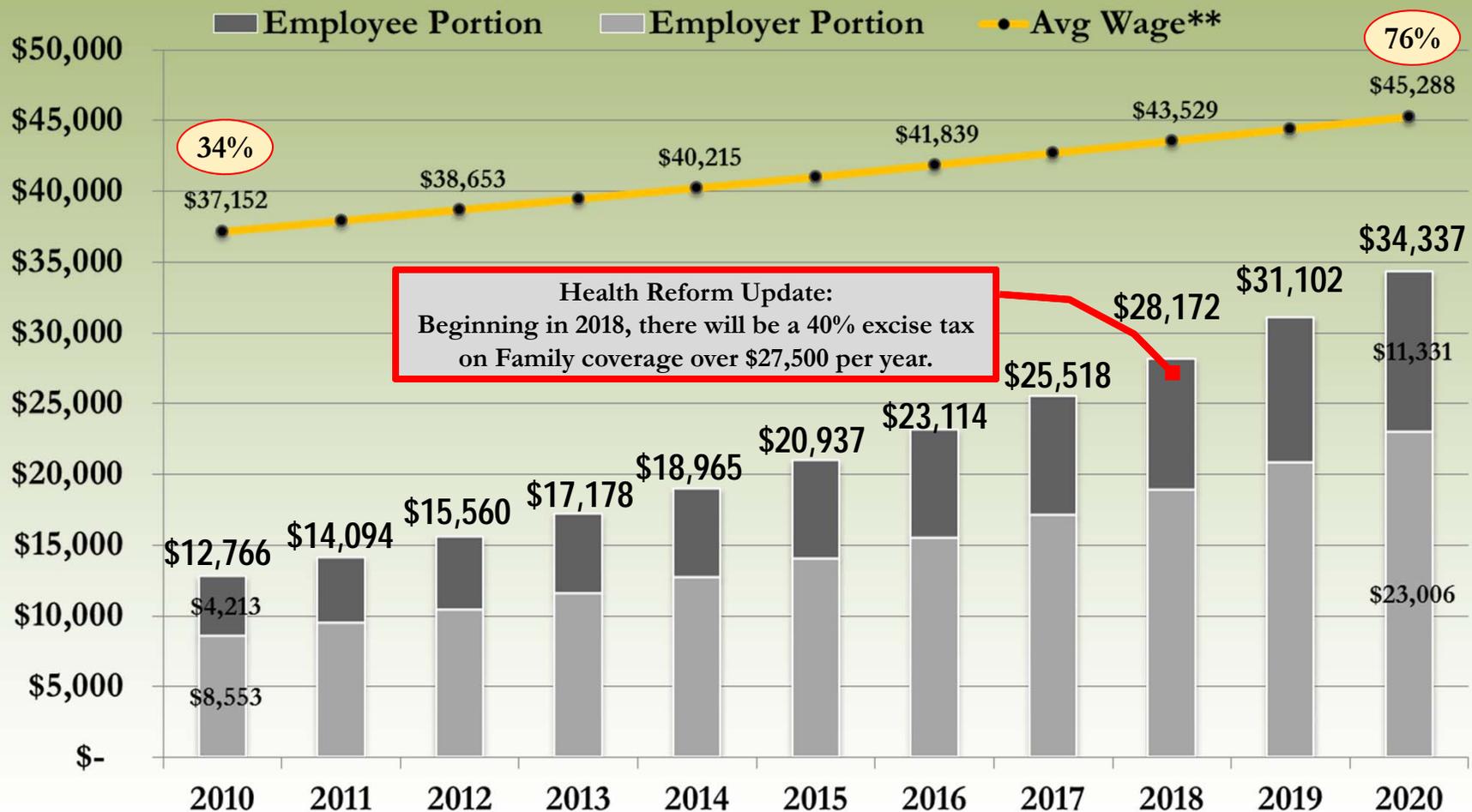
**Employer Contribution**  
↑ 129%

**Employee Contribution**  
↑ 93%

# Warmer...But Still Tolerable!



# Illustrative Health Insurance Premium Projections for Family Coverage, Assuming Average Growth Rate of **10.4%\***



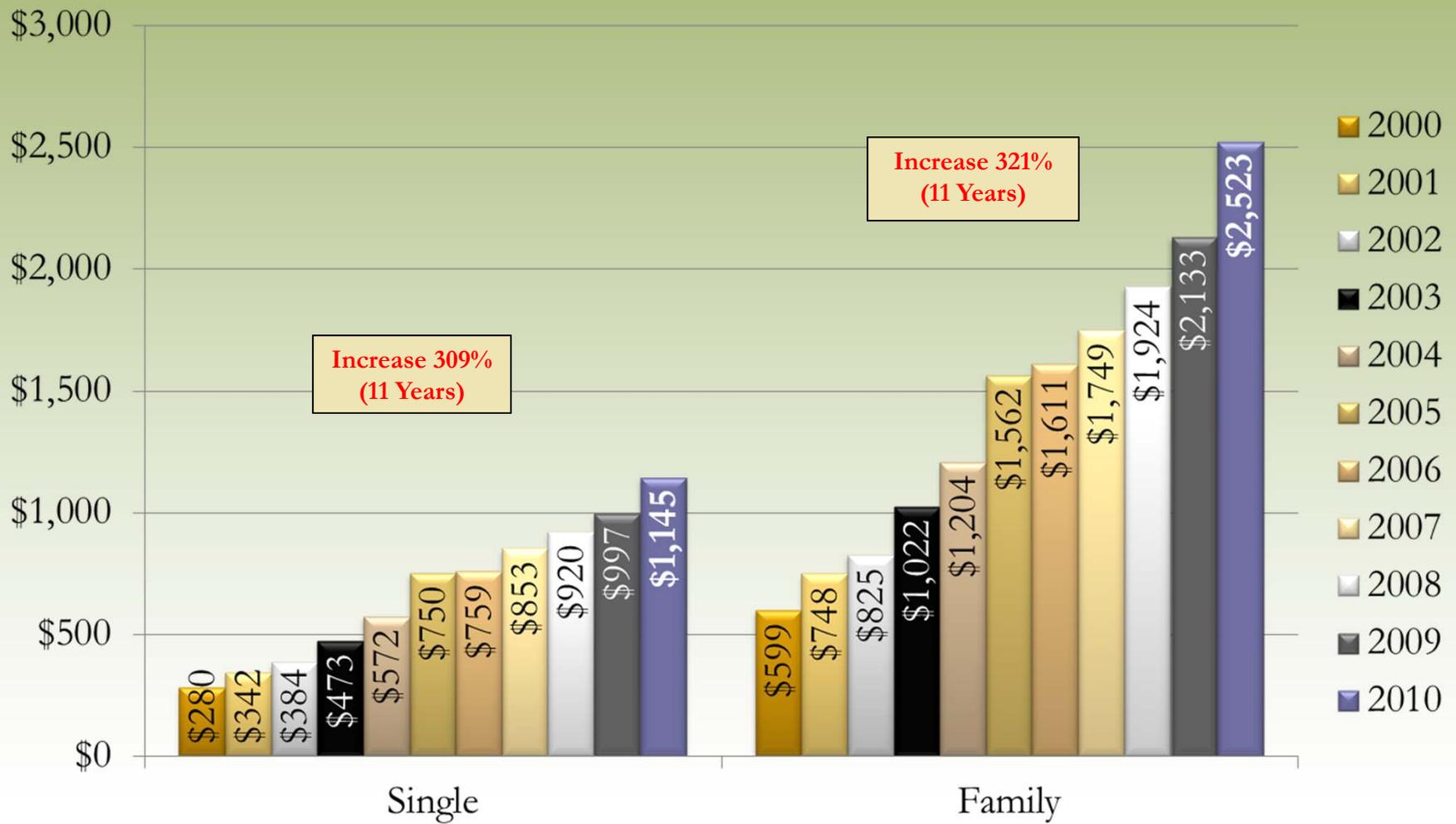
\* Note: Health insurance premiums projected for 2011-2020 assuming that the average growth in premiums between 2006 and 2010 (10.4% before benefit plan changes were made) continues.

\*\* 2% Annual Growth (Using May, 2009 wage of \$36,424. Source: IWD, Labor Force and Occ. Analysis Bureau)

# When Does Warm Become... **Cooked?**



# Medical Plan In-Network Deductible (PPO)



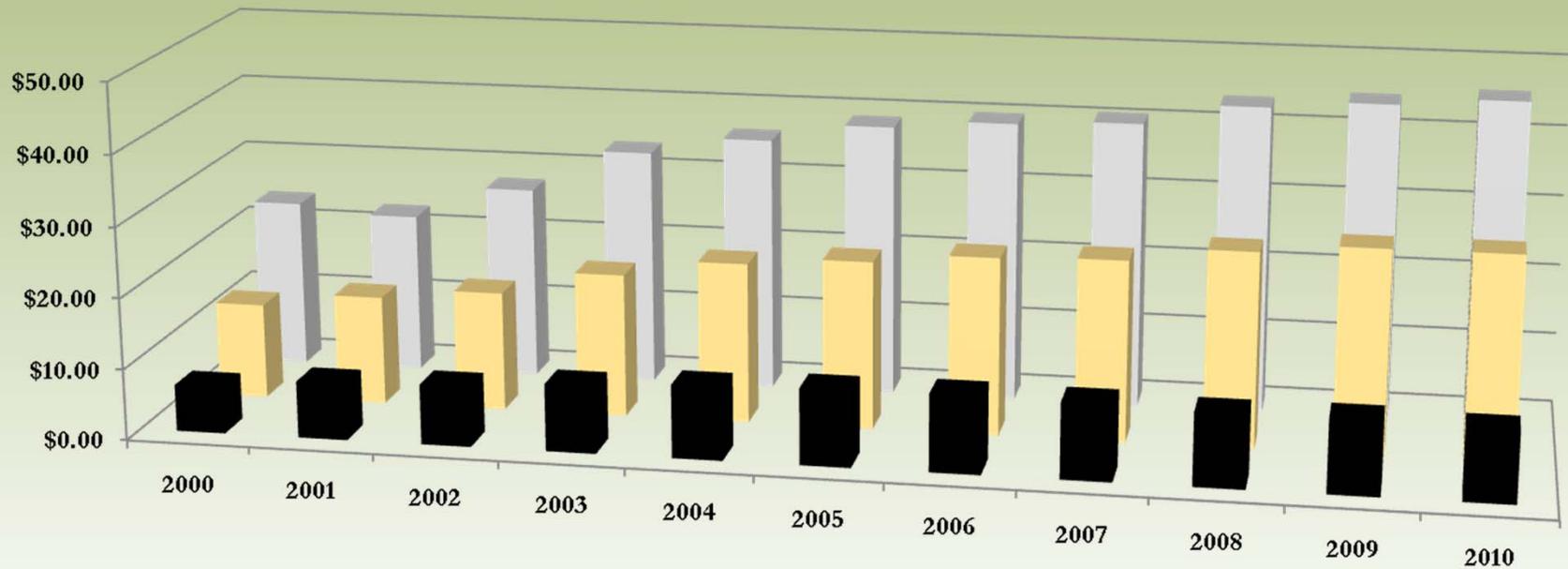
# Medical Plan Office Copays (PPO)



# Medical Plan RX Copays (PPO)

## 11 Year Increase

Generic	51%
Preferred, Brand Name	115%
Non-Preferred, Brand Name	91%



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
■ Generic	\$6.58	\$7.98	\$8.45	\$9.48	\$10.28	\$10.75	\$10.92	\$10.74	\$10.26	\$10.40	\$9.95
■ Preferred, Brand Name	\$13.46	\$15.39	\$16.86	\$20.29	\$22.70	\$23.80	\$25.18	\$25.63	\$27.64	\$28.87	\$28.90
■ Non-Preferred, Brand Name	\$23.91	\$22.71	\$27.42	\$33.58	\$36.12	\$38.72	\$39.89	\$40.57	\$43.59	\$44.64	\$45.73

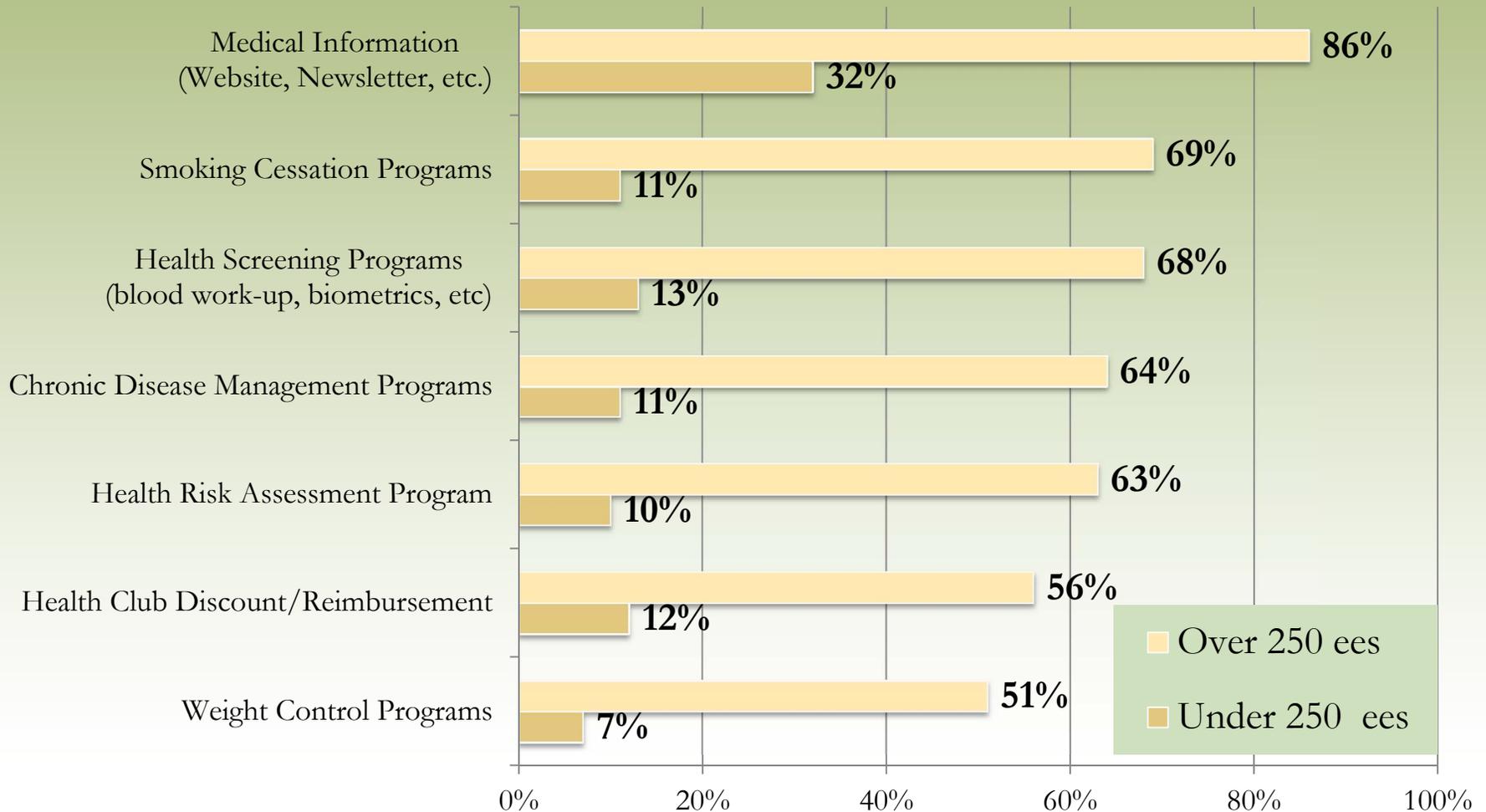


# Health and Wellness Initiatives

2010 Iowa Employer Benefits Study<sup>©</sup>  
*12<sup>th</sup> Annual Study*

# Health & Wellness Initiatives

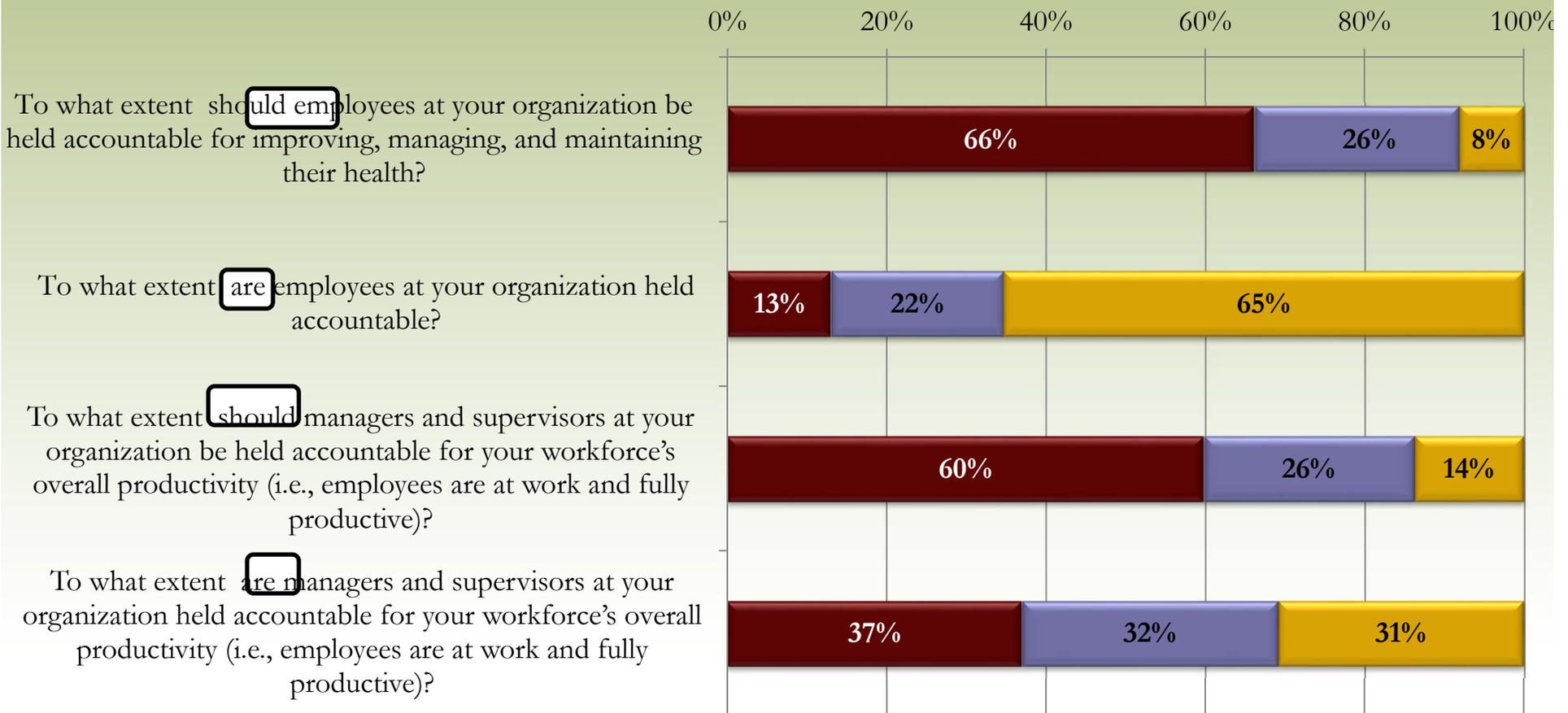
*Percentage of Employers Offering Wellness and/or Health Initiative Programs  
(Small vs. Large)*



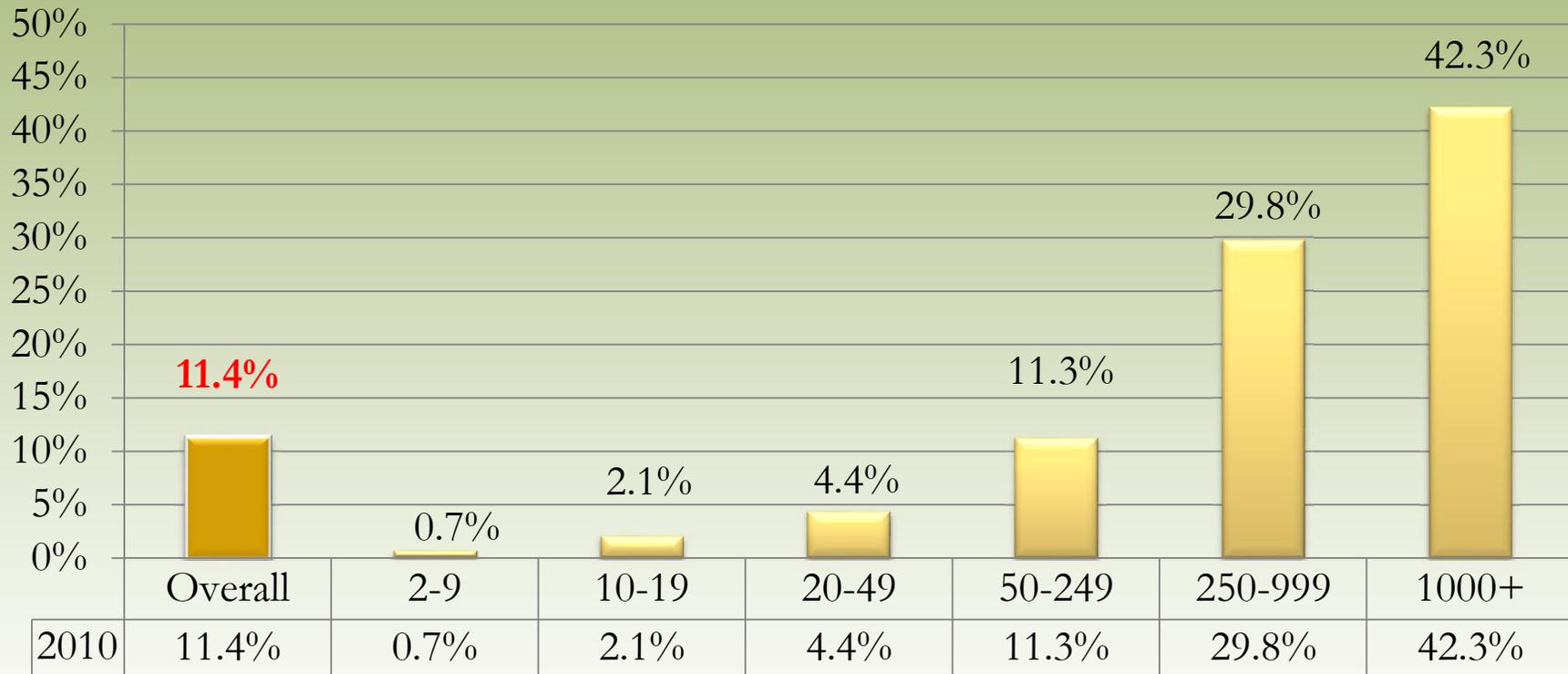
# Health & Wellness Initiatives

## Accountability & Productivity

■ Great Extent   ■ Moderate Extent   ■ Little (if Any) Extent



# Percentage of Employers Offering Incentives to Encourage Healthy Behaviors



Employer Size

All Industries - 2010

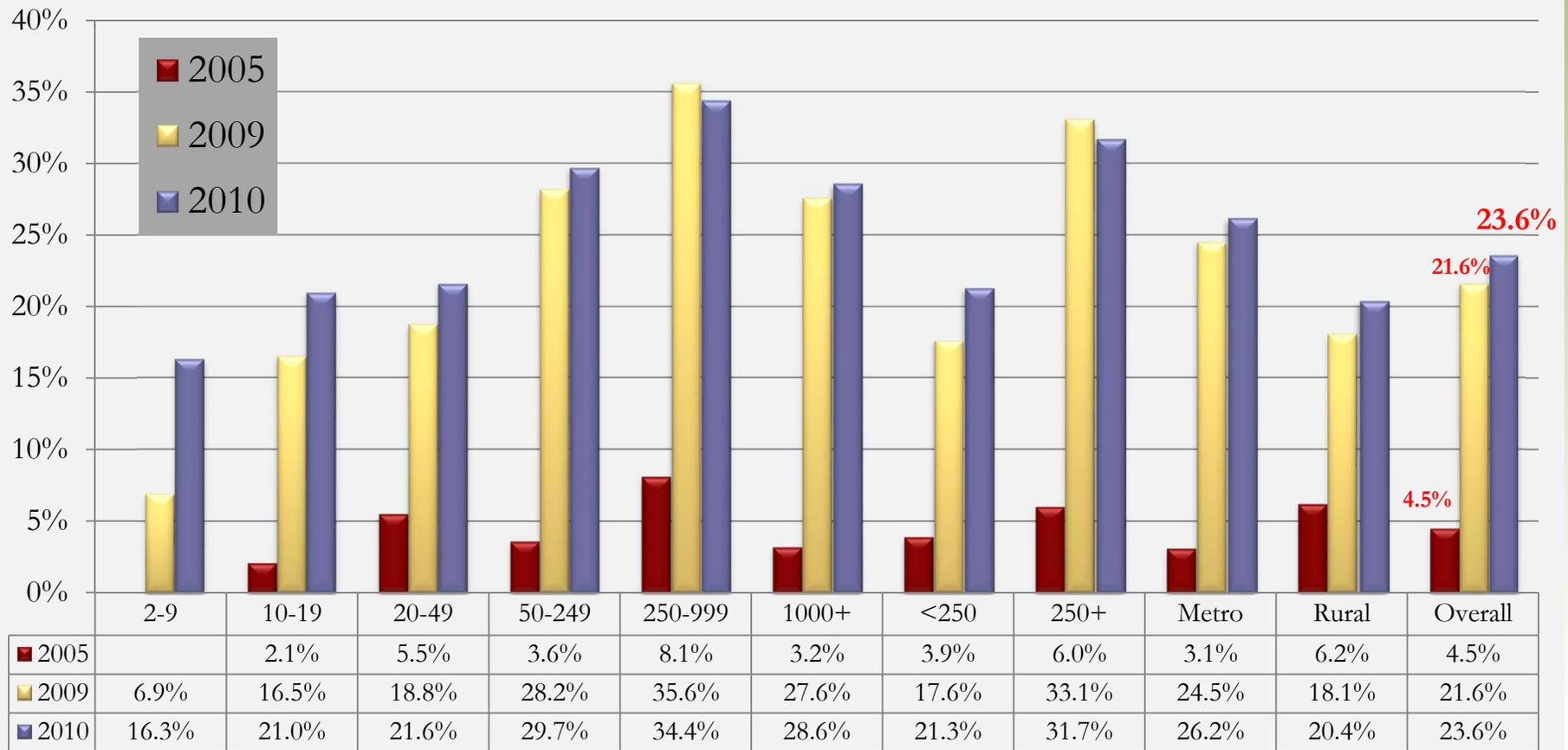


# Consumer-Driven Health Plans

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# Consumer -Driven Health Plans (CDHP)

## Percentage of Employers Offering an HRA and/or HSA



All Industries

# What Employers Are (or Might be) Doing

- *Financial Tension* – Continue to shift more costs to employees through Plan Design and Premiums (with or without CDHP's)
- *Wellness Initiatives* – Health screening, smoking cessation, weight control programs, etc. (Accountability Measures)
- *Greater Employee Education* – Improve the amount and quality of data available on health care costs and quality outcomes measurements
- *Health Reform* – Assessing the impact of changes to be made to health plan coverage, both immediate and long term.
  - 2018 Excise Tax – Start Strategies NOW!
  - 2014: Will employers keep or drop coverage?



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# Questions?

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