

HEALTH PLAN DESIGN

BENCHMARK SUMMARY



2014

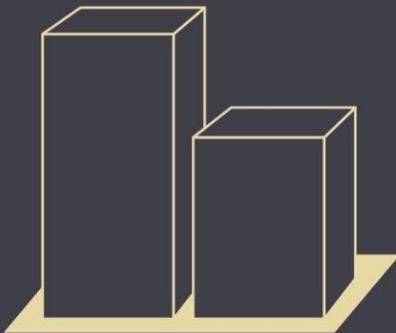
WELCOME

The Zywave Health Plan Design Benchmark Report is based on data drawn from the largest database in the country, consisting of 50,000 health plan designs from over 31,000 employers during the 2014 calendar year. The report provides benchmarking information on six key plan design measures:

- *Individual out-of-pocket maximum*
- *Individual deductible*
- *Emergency room copay*
- *Coinsurance*
- *Office visit copay*
- *Prescription drug deductible*



To help employers compare their plan design offerings against similar organizations and plans, the data is broken down by region, group size, industry and plan type.



This is a summary document analyzing the data set as a whole and comparing against previous years' data. To view a report of how your specific plan design measures up in your region and industry, speak with your broker.

DEMOGRAPHICS

WEST



NORTH CENTRAL



NORTHEAST

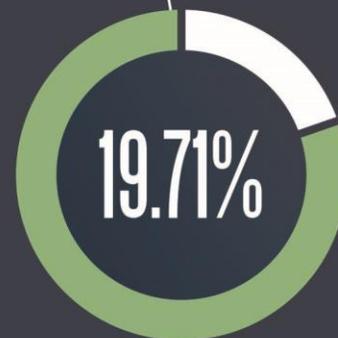


REGION

This is how each region in the United States is represented in the 2014 data, with the five main regions showing similar representation.



SOUTH CENTRAL

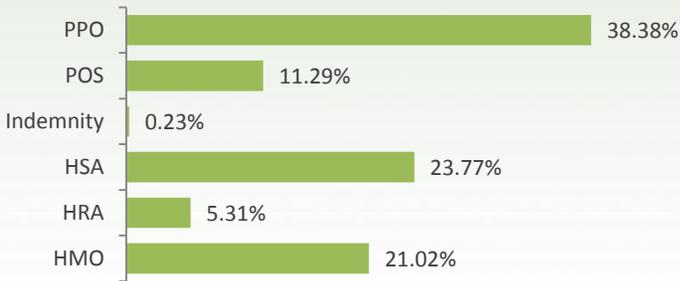


SOUTH ATLANTIC

DEMOGRAPHICS

PLAN TYPE

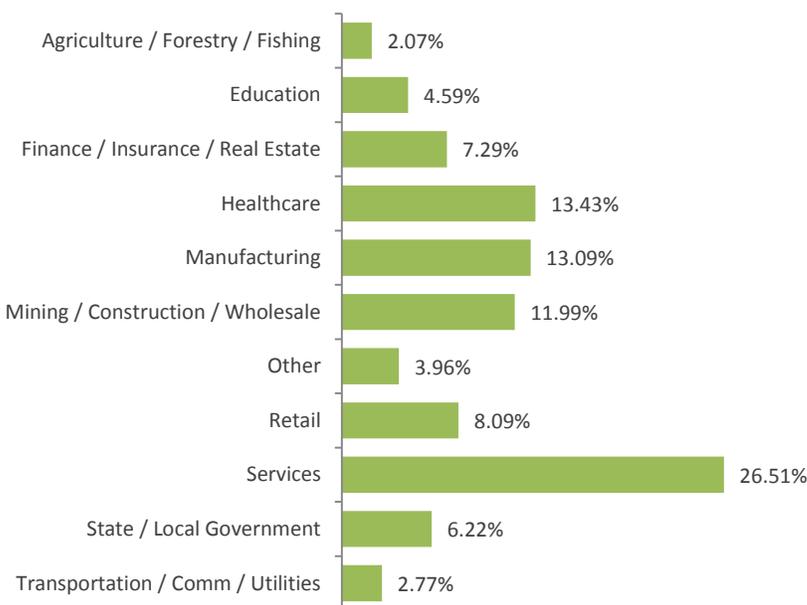
In 2014, HSA plan types increased by over 3% from 2013 and 10% percent from 2012, while HMO, POS and PPO plans all decreased by a couple percentage points each.



Note: 45% of respondents entered their plan type as "Other, or "Unknown" that data is not included.

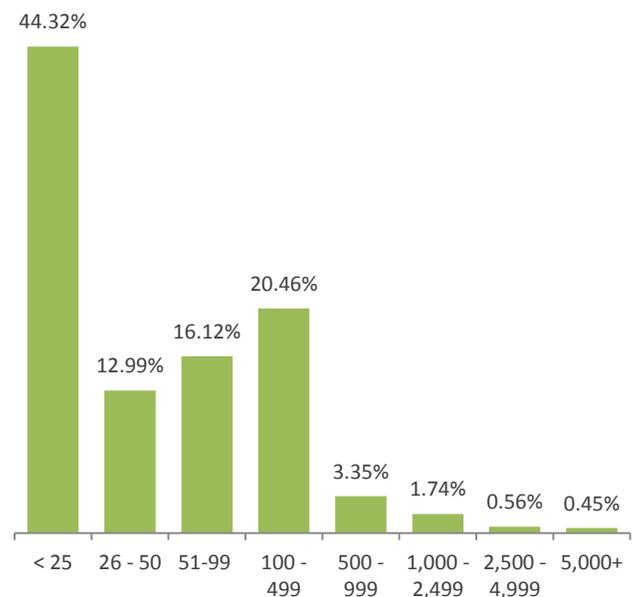
INDUSTRY

The 2014 data included the following industry breakdown, with a wide variety of industries represented. Note that some industries were combined for the purposes of this summary. For greater detail in the industry category, contact your broker.



GROUP SIZE

Here is how group sizes were broken down in the 2014 data, with <25 employees once again representing nearly half of total plans



INDIVIDUAL OUT-OF-POCKET MAXIMUM



INDIVIDUAL OUT-OF-POCKET MAXIMUM

For the first time for which data is available, the most popular individual out-of-pocket maximum range was \$5,000 to \$7,499, making up over 27 percent of the total plan designs. This change was the result of a trend over the past few years, which saw this individual out-of-pocket maximum range consistently grow in popularity as employers grappled with ways to contain costs while premium payments increased. For the same reason, all plans with deductibles above \$5,000 increased to more than 36 percent in 2014, up from 32 percent in 2013 and 20 percent in 2012.

Conversely, plans with lower individual out-of-pocket maximums have been decreasing in popularity. In past years, \$2,500 to \$3,499 has been the most common range for the individual out-of-pocket maximum, but has continued to drop in popularity with 24 percent of the plans choosing this option, down from 25 percent in 2013 and 31 percent in 2012.

- The trends above were consistent across the country, with the few outliers. Last year, the Northeast region was the only region that preferred an individual out-of-pocket maximum of \$7,500+, and this year an even higher percent of plans featured an individual out-of-pocket maximum in this range. If this trend continues nationwide, expect to see most other regions favor this range even more heavily in the future. Only the South Central region preferred the \$2,500 to \$3,499 range—the most common range in previous years.
- The individual out-of-pocket maximum distribution was fairly consistent among industries, with industries either preferring the \$2,500 to \$3,499 range or the \$5,000 to \$7,499 range. One interesting outlier is the Educational Services industry, which, while favoring both of the above ranges, had a higher percent of plans offering an individual out-of-pocket maximum of \$249 or less than any other industry—15 percent, which is more than double the national average.

INDIVIDUAL OUT-OF-POCKET MAXIMUM

- Unsurprisingly, the most common out-of-pocket maximum range varies quite a bit depending on plan type. POS and PPO plans were consistent within the national norm. HSA and HRA plans overwhelmingly (37 percent and 38 percent, respectively) featured an individual out-of-pocket maximum of \$5,000 to \$7,499, while HMO and indemnity plans' out of pocket maximums were more widely distributed.
- When examining group size, most plans were split between the \$2,500 to \$3,499 range and the \$5,000 to \$7,499 range—in general, organizations with more than 500 lives more often offered plans in the former range, while smaller organizations most frequently offered plans in the latter range. This likely reflects larger organizations' financial ability to offer plans that smaller organizations can't.

Individual Out-of-Pocket Maximum



INDIVIDUAL DEDUCTIBLE



INDIVIDUAL DEDUCTIBLE

For the third year in a row, \$2,500+ is the most popular individual deductible range, representing 35 percent of offered plans. This is consistent with prior years as employers continue to find plans with higher deductibles to be an attractive option to offer employees due to the cost-saving potential.

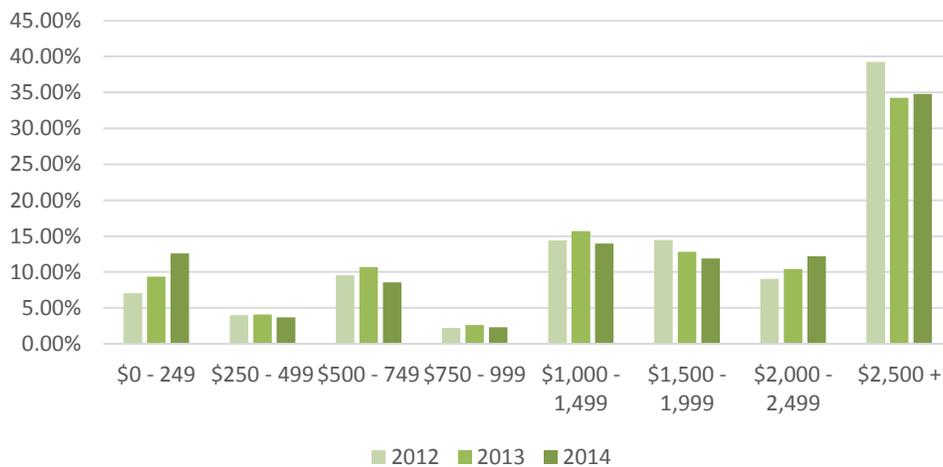
Counter to this trend, there have been small gains in the \$0 to \$249 individual deductible range, likely the result of employers trying to differentiate themselves as competition for top talent continues to become fiercer. However, plans with deductibles in this range still only account for less than 13 percent of all plans offered.

- The majority of the regions generally followed the above trends, though the percent of plans offered in the West and Northeast regions that had an individual deductible of \$249 or less was nearly double that of the average (20 percent and 22 percent, respectively). The South Central region was the region to most frequently offer plans with an individual deductible of \$2,500 or greater.
- Most industries were also in line with the national norm. Educational Services was an outlier, as it was for the past two years, with the two most popular deductible ranges being \$0 to \$249 and \$2,500+—the former was featured in 24 percent of Educational Services plans offered, which is nearly double the national norm.
- In 2014, the preferred individual deductible tended to vary largely by plan type. HMO and Indemnity plans tended to favor lower deductible ranges more than other plan designs, while plans that had an HRA or HSA component understandably had deductibles in the \$2,500+ range. The other plan types tended to have deductibles that were a little more widely distributed.

INDIVIDUAL DEDUCTIBLE

- Group sizes showed a similar distribution to last year. Groups with fewer than 500 employees tended to offer a higher individual deductible, in line with the national average. As groups with 500 or more lives increased in size, the health plans the organizations offered became less likely to feature an individual deductible in the \$2,500+ range, and were more likely to have an individual deductible in the \$0 to \$249 range—in fact, plans offered by organizations with 2,500 or more lives most commonly featured an individual deductible in this range.

Individual Deductible



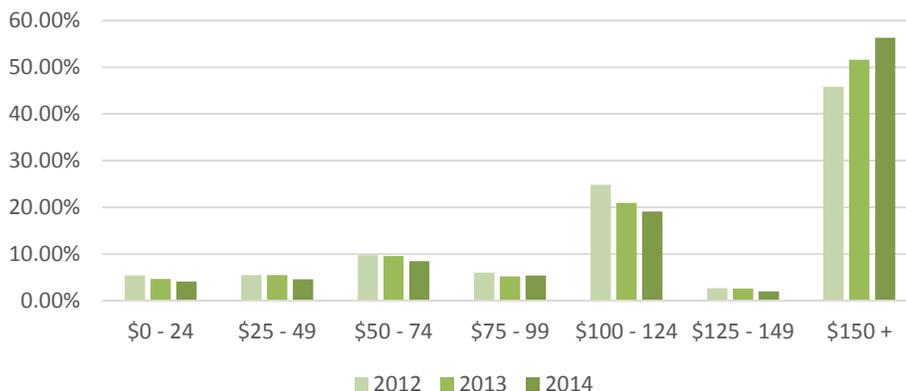
EMERGENCY ROOM COPAY

EMERGENCY ROOM COPAY

Consistent with the trend over the past two years, employers in 2014 showed an increased preference for plans with a higher emergency room copay, with 77 percent of all plans offered requiring a copay of over \$100, and more than 56 percent requiring a copay equal to or greater than \$150. This is unsurprising, as offering a higher ER copay has become a common cost control strategy in recent years to encourage employees to seek appropriate care.

- Regionally, results are largely consistent with the national average, but the Northeast is an outlier as it was in 2013—while the \$150+ emergency room copay range is still the most common in this region, less than 33 percent of all plans offered feature an emergency room copay in this range.
- The vast majority of industries fell in line with national norms, with the exception of the Agricultural / Forestry / Fishing industry. More than 72 percent of plans offered in this industry featured an emergency room copay that was \$150 or more—this is more than 15 percentage points higher than the national average.
- Among plan types, HSA is the noteworthy outlier, with ER copays split fairly evenly among three popular ranges— \$0 to \$24, \$100 to \$124 and \$150+.
- Emergency room copay in terms of group size follows a trend from 2013, with groups under 500 lives more heavily favoring the \$150+ copay range, while groups with 500+ lives featuring a more diverse range of preferred copays.

Emergency Room Copay



COINSURANCE



COINSURANCE

The most popular coinsurance percentage range among offered plans in 2014 was 80 percent to 89 percent, which dropped at a slower rate (from 38 percent in 2013 to 37 percent in 2014) than last year's most popular coinsurance rate, 100 percent (which dropped from 41 percent to 35 percent of offered plans).

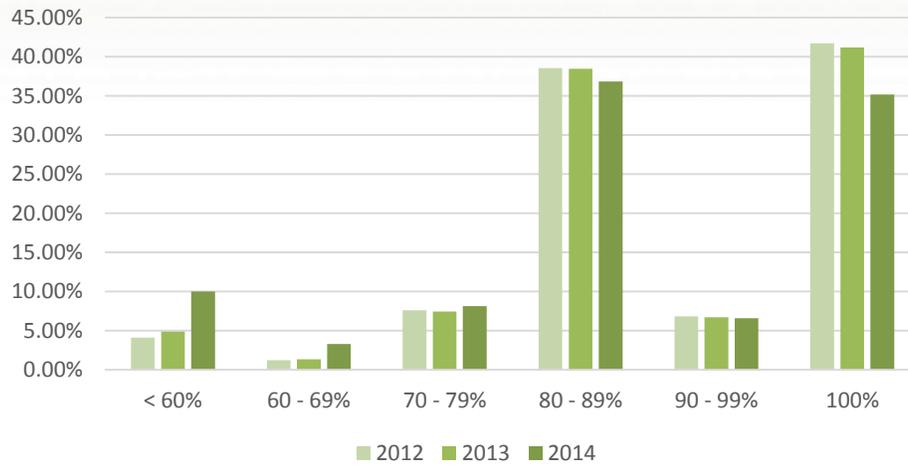
Though only making up 10 percent of the plans offered, the frequency of plans with coinsurance less than 60 percent has more than doubled since 2013.

- Similar to the two previous years, the country is regionally divided in terms of preferred coinsurance amount. In the South Central and the West regions, 80 to 89 percent is the most popular range, while 100 percent coinsurance is favored in the Northeast. The South Atlantic and North Central regions reflect the national trend and are almost evenly split between those two coinsurance ranges.
- Though there is a bit of variation by industry, 80 to 89 percent and 100 percent are the overwhelmingly popular options in each, which has been the case over the past couple of years. Interesting to note is that the Agriculture / Forestry / Fishing and the State / Local Government industries tended to favor a lower coinsurance percentage than most other industries (in both industries, 19 percent of plans featured a coinsurance percent in the <60 percent category), while the Educational Services industry favored the 100 percent coinsurance range more than any other industry.
- Coinsurance is another plan component that understandably varies widely by plan type. HMO and HSA plans all highly favor 100 percent coinsurance, while PPO and POS plans are in line with the national norm. Plans with an HRA are generally split between <60 percent and 100 percent coinsurance.

COINSURANCE

- All group sizes fell generally in line with the national trend in terms of coinsurance. However, the larger a group was, the more heavily it tended to favor the 80 percent to 89 percent range over a coinsurance rate of 100 percent.

Co-insurance



OFFICE VISIT COPAY



OFFICE VISIT COPAY

In past years, the popularity levels of the office visit copay ranges have been evenly distributed for the most part; however, in 2014, the popularity of the \$35+ range more than doubled to become by far the most commonly offered office visit copay range. This is likely the result of employers' desires to contain costs as health care benefits continue to become more expensive.

It is interesting to note that despite the large change in the \$35+ range, the percent of plans with office visit copays of \$20 or more remained nearly unchanged (75 percent in 2013 to 76 percent in 2014), as was the case with the percent of plans with office visit copays of \$19 or less (25 percent in 2013 to 24 percent in 2014).

This seems to suggest that employers that choose to focus on cost containment with this plan design component by offering an office visit copay of \$20 or more are gravitating toward offering even higher copay amounts than in past years. Look for this cost-saving trend to become even more widespread in coming years.

- Different regions favor different copays, but not by a wide margin. Just like the national distribution, each region has multiple popular copay options. The largest outliers are perhaps the West and South Central regions—the former preferring the \$0 to \$9 range above all others, the latter offering health plans with a \$35+ office visit copay more frequently than any other region.
- All industries generally were in line with national norms, though plans with an HRA or HSA and indemnity plans all tended to highly favor the \$35+ range.
- Among plan types, HSAs were the significant outlier in terms of plan type, with 69 percent opting for an office visit copay of less than \$10.

OFFICE VISIT COPAY

- As was the case with most plan design components, there wasn't a large difference from national norms when the data was broken down by group size. However, as was also the case with other plan design components, the larger an organization, the more likely it was that they would choose to offer a more competitive plan design featuring a lower office visit copay amount.

Office Visit Copay



PRESCRIPTION DRUG DEDUCTIBLE

PRESCRIPTION DRUG DEDUCTIBLE

The distribution of the prescription drug deductible for plans offered in 2014 was very similar to that of 2013—over 75 percent of plans featured a prescription drug deductible in the \$0 to \$49 range.

The only other range in which a significant percent of plans' prescription drug deductibles fell was the \$250+ range, with 17 percent. This is nearly double the percent from 2013 and may indicate that some employers are using it as a cost-saving measure, but not the majority.

- There is minimal variation in prescription drug deductibles among region, industry or group size—all overwhelmingly favor the \$0 to \$49 range. However, the West and South Atlantic regions favored this range less consistently than in previous years—in these regions, the \$0 to \$49 range was featured in less than 70 percent of plans offered.
- Within plan types, HSA is an outlier (as it was in 2012 and 2013)—though the \$0 to \$49 range is still the most popular, the \$250+ range was featured in a significant percentage of plans (38 percent, up from 31 percent in 2013).

Prescription Drug Deductible

