

# PwC Health and Wellness Touchstone Survey Results

## June, 2008



## Background

1. 561 companies across the United States responded to the survey
2. 30 different industries are represented
3. 48% of those surveyed are national companies
4. 63% of those surveyed spend between \$4,000 – \$8,999 per active employee per year on a 'gross' basis
5. 69% of those surveyed offer wellness programs
6. 62% of those surveyed offer disease management programs
7. Self-insurance is the primary funding mechanism for respondent companies

## Key Points

1. The top three initiatives respondents plan to offer over the next two years are the following:
  - 48% of survey participants plan to expand wellness globally over the next two years
  - 41% of survey participants plan to increase employee contributions over the next two years
  - 38% of survey participants plan to increase medical plan cost sharing through plan design changes over the next two years
2. For employers who offer wellness programs, less than 30% of eligible individuals participate in wellness programs.
3. Wellness incentives are not used by a majority of the employers to increase participation in their wellness programs. When incentives are utilized, participation significantly increases.
4. If wellness programs are offered, most are outsourced to vendors rather than provided through in-house resources.
5. Almost 52% of survey participants do not believe wellness programs are effective at mitigating health care costs.
6. 37% of survey respondents with wellness programs integrate occupational health with their corporate wellness strategy.
7. Over 65% of survey participants said that their medical plan cost increases for 2007 over 2006 and 2008 over 2007 (before plan design changes) will be in excess of 5%.
  - Over 30% believe increases will be over 10%
  - Over 7% believe increases will be over 15%

## Medical Plan Design Highlights for Highest Enrolled Plan

### 1. Medical

- 58% offer a PPO as their highest enrolled plan
- 35% offer BCBS as their highest enrolled plan

### 2. Most Common Medical Plan Features In-Network (PPO)

- \$200 – \$300 deductible
- \$1,000 – \$1,999 out of pocket maximum (including deductible)
- 10% – 19% coinsurance
- \$20 – \$29 primary care office visit copay
- \$20+ specialist care office visit copay
- Coinsurance Only for hospital copay per admission
- \$100 – \$109 for emergency room visits

### 3. Most Common Medical Plan Features Out-of-Network (PPO)

- \$500 – \$999 deductible
- \$3,000 – \$4,999 out of pocket maximum (including deductible)
- 30%+ coinsurance

### 4. Contributions

- Employees: 19% or less, 48%; 20% or greater, 52%
- Dependents: 19% or less, 35%; 20% or greater, 65%

# Prescription Drug Plan Design Highlights

<b>1. Most Common In-Network Plan Features</b>
<ul style="list-style-type: none"><li>• Generic: \$10 – \$14 copay</li><li>• Brand: \$20 – \$29 copay</li><li>• Brand Non-Formulary: \$30 – \$59 copay</li><li>• Specialty: \$30 – \$59 copay</li></ul>
<b>2. Most Common Preventive Plan Feature</b>
<ul style="list-style-type: none"><li>• Copays and deductibles apply to preventive prescription drugs</li><li>• Prescription Drug Deductible is not applicable</li></ul>
<b>3. Most Common Prescription Drug Mail Order Plan Feature</b>
<ul style="list-style-type: none"><li>• Copays are 2x's retail copays</li></ul>

# Contents

Section		Page
1	Wellness and Disease Management	8
2	Medical plan cost increases and future solutions	19
3	Medical and prescription drug plan design	24
4	Detailed summary of survey participants	35

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## Wellness and Disease Management

## Wellness Program Highlights

A majority of survey participants (69%) offer wellness programs to eligible individuals.

Fewer than 30% of eligible individuals enroll in wellness programs.

A majority of respondents do not use wellness incentives to increase participation in their wellness programs. When incentives are utilized, participation in wellness programs significantly increases.

Incentives Offered:

- Cash or gift cards in the amounts of \$50 – \$199
- Annual Premium Incentives in amounts of \$50 – \$500
- Gifts and or Raffles for large gifts were generally not offered as incentives

When wellness programs were offered, most companies outsource to vendors rather than through in-house resources



# Wellness Program Highlights Continued

Approximately, 52% of survey participants do not believe wellness programs are effective at:

- Mitigating Health Care Costs:
- Improving Performance and Productivity
- Enhancing Employee Engagement and Loyalty

42% of survey participants believe wellness programs are somewhat effective at:

- Reinforcing Corporate Responsibility and Image

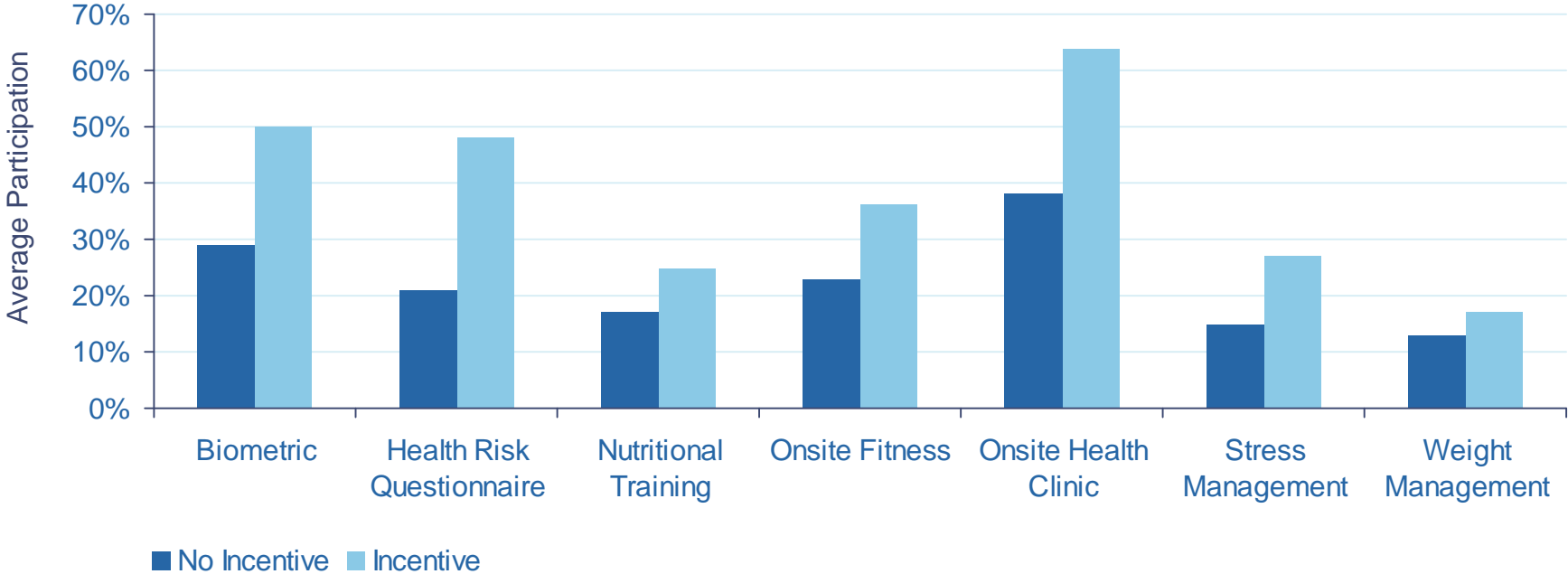
37% of survey respondents integrate Occupational Health with their Corporate Wellness Strategy, only 16% integrate Talent Management with their Corporate Wellness Strategy

- The deployment of wellness programs: Locally versus Corporate

All local resources	22%
Some Mixture of Resources (local and corporate)	49%
All corporate resources	29%

# Wellness Programs With and Without Incentive Programs

Incentives Drive Participation



# Health and Wellness Program Effectiveness

## Mitigating Health Care Costs

Response	Frequency
Very Effective	7%
Somewhat Effective	41%
Minimally Effective	38%
Not Effective	14%

## Improving Performance and Productivity

Response	Frequency
Very Effective	5%
Somewhat Effective	36%
Minimally Effective	43%
Not Effective	16%

## Enhancing Employee Engagement and Loyalty

Response	Frequency
Very Effective	11%
Somewhat Effective	36%
Minimally Effective	36%
Not Effective	17%

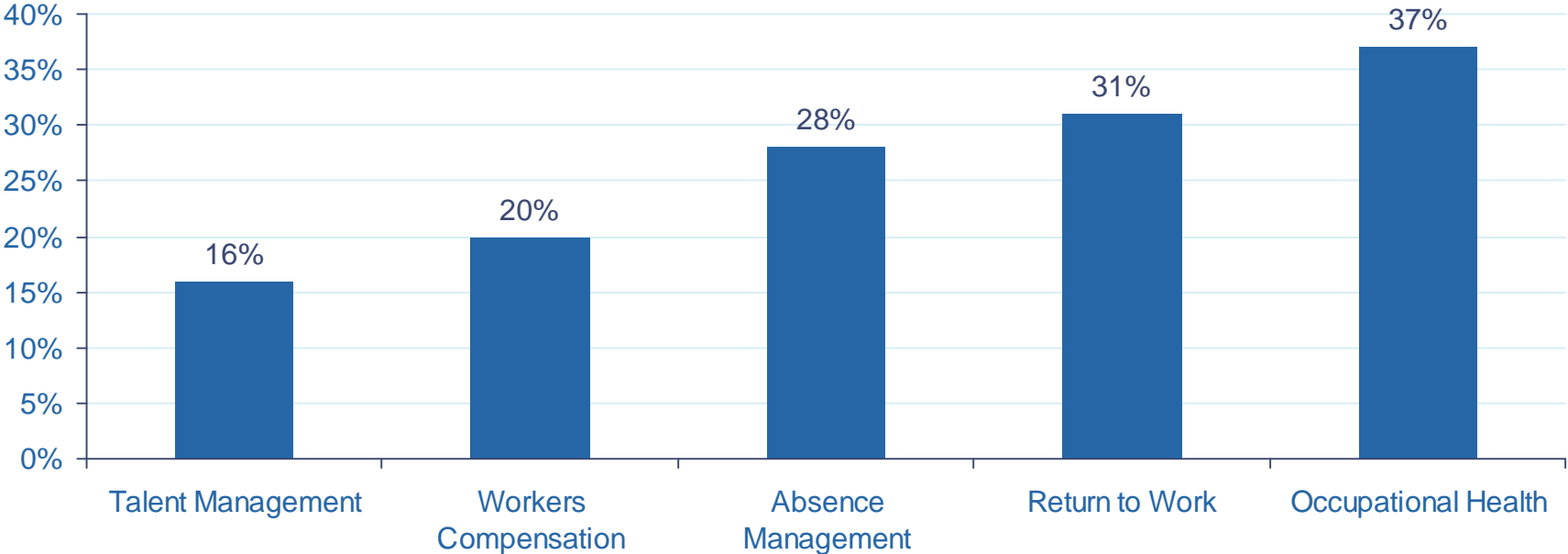
## Reinforcing Corporate Responsibility and Image

Response	Frequency
Very Effective	15%
Somewhat Effective	42%
Minimally Effective	28%
Not Effective	15%

# Programs Integrated with Corporate Wellness Strategy

37% of survey respondents integrate Occupational Health with their Corporate Wellness Strategy. Only 16% integrate Talent Management with their Corporate Wellness Strategy

## Wellness Integration



# Deployment of Wellness Programs: Locally vs. Corporate

Response	Frequency
100% Locally, 0% Corporate	22%
75% Locally, 25% Corporate	10%
50% Locally, 50% Corporate	14%
25% Locally, 75% Corporate	25%
0% Locally, 100% Corporate	29%

## Disease Management Programs

A majority of survey participants (62.4%) offer disease management programs to eligible individuals.

Typically less than 15% of eligible individuals participate in disease management programs.

A majority of the employers do not use incentives to increase participation in their disease management programs. When incentives are utilized, participation increases significantly.

The only disease management programs where incentives were not driving participation were Cardiac Programs and Depression Programs.

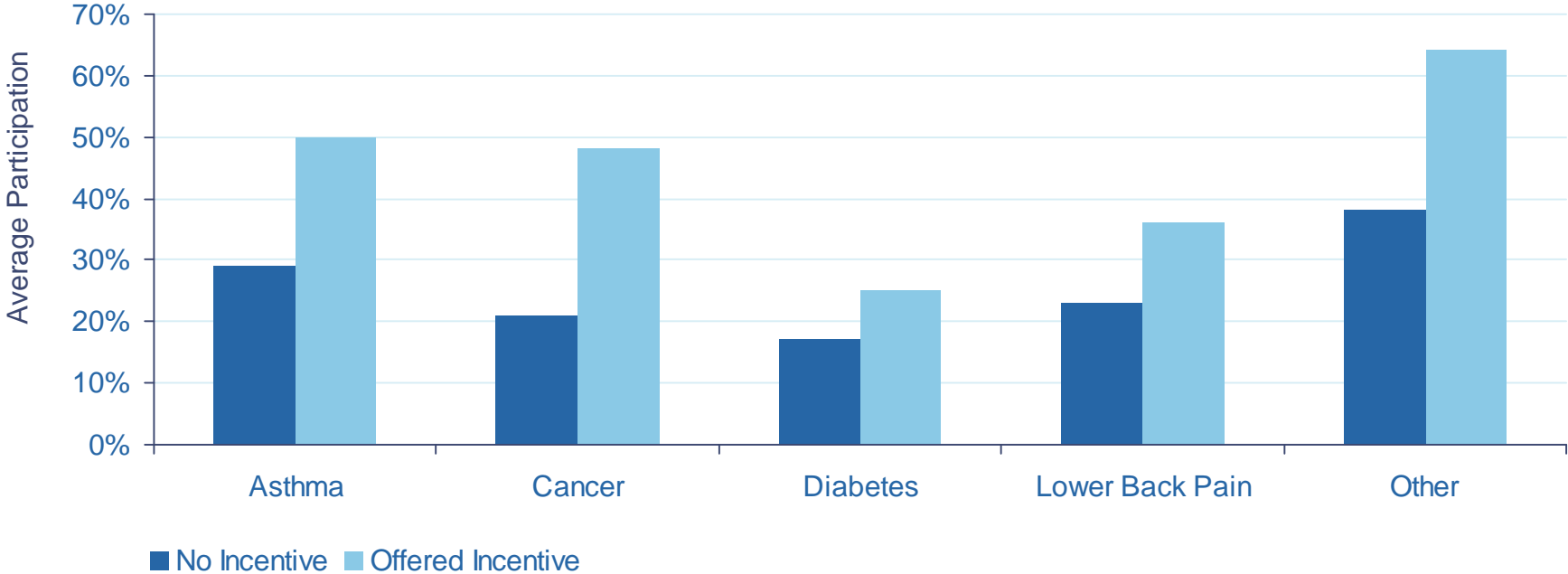
Incentives Offered:

- In most instances when an incentive was provided, it was provided in the form of an annual premium deduction, a cash reward or a gift card.
- Gifts or large raffles for gifts were not often provided

If disease management programs are offered, the administration of most are outsourced to vendors rather than provided through in-house resources.

# Disease Management Programs With and Without Incentives

Incentives Drive Participation



## Preventive Benefits

For the medical plan(s) selected as having the highest enrollment, in-network preventive services are included within the plan for a majority (95%) of the survey participants.

If in-network preventative services were included within the health plan, they typically have the same coverage as other in-network services. Preventative services within this category include vision and hearing evaluation, EKG, cardiac stress test, chest x-ray, CBC, metabolic profile, urinalysis, and colonoscopy.

Those preventative services which are offered more often at 100% coverage rather than similar coverage to other in-network services include the following: physical examination, pap test, mammography, and PSA.



## Preventive Benefits Continued

Covered In-Network Services	100% Coverage	Covered the Same as Other In-Network Services	Not Covered
a. Physical Examination	61%	38%	0%
b. Vision Evaluation	24%	38%	38%
c. Hearing Evaluation	28%	49%	23%
d. Electrocardiogram (EKG)	32%	65%	3%
e. Cardiac Stress Test	27%	69%	5%
f. Chest X-Ray	31%	67%	3%
g. Complete Blood Count (CBC), Including Cholesterol	50%	49%	0%
h. Metabolic Profile	40%	55%	6%
i. Urinalysis	44%	54%	3%
j. Pap Test	63%	37%	0%
k. Mammography	66%	33%	0%
l. Prostate Specific Antigen Screening (PSA)	58%	42%	0%
m. Colonoscopy	46%	53%	1%
<b>Total</b>	<b>44%</b>	<b>50%</b>	<b>6%</b>

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## Medical Plan Cost Increases and Future Solutions

## Medical Plan Cost Increases Before Plan Changes

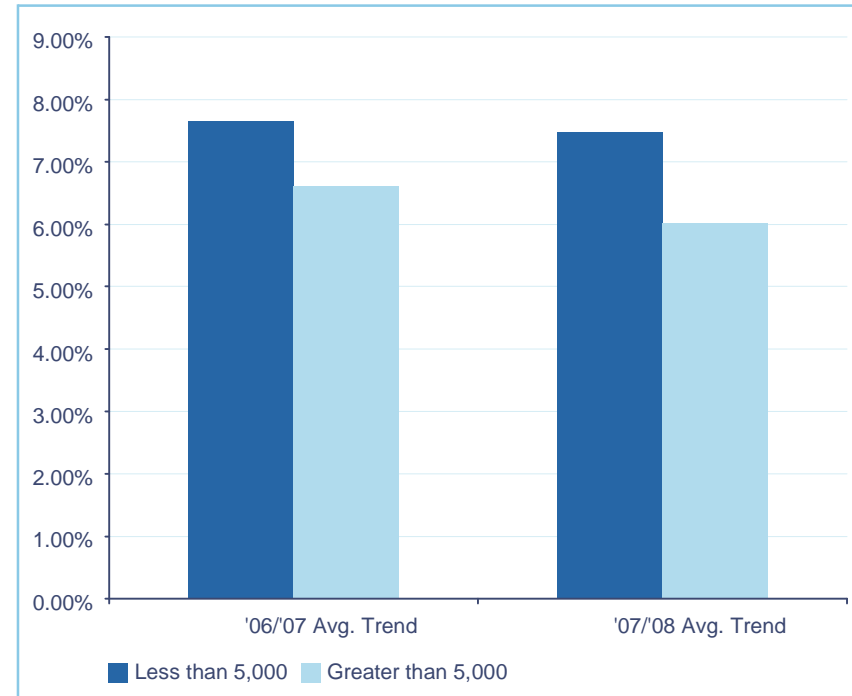
### Calendar Year 2007 over 2006

Decrease	8%
Unchanged	6%
1% – 4% increase	17%
5% – 9% increase	32%
10% –14% increase	27%
15% or greater increase	10%

### Calendar Year 2008 over 2007

Decrease	5%
Unchanged	11%
1% – 4% increase	15%
5%-9% increase	40%
10% – 14%increase	22%
15% or greater increase	7%

### Average Trend by Company Size Before Plan Changes



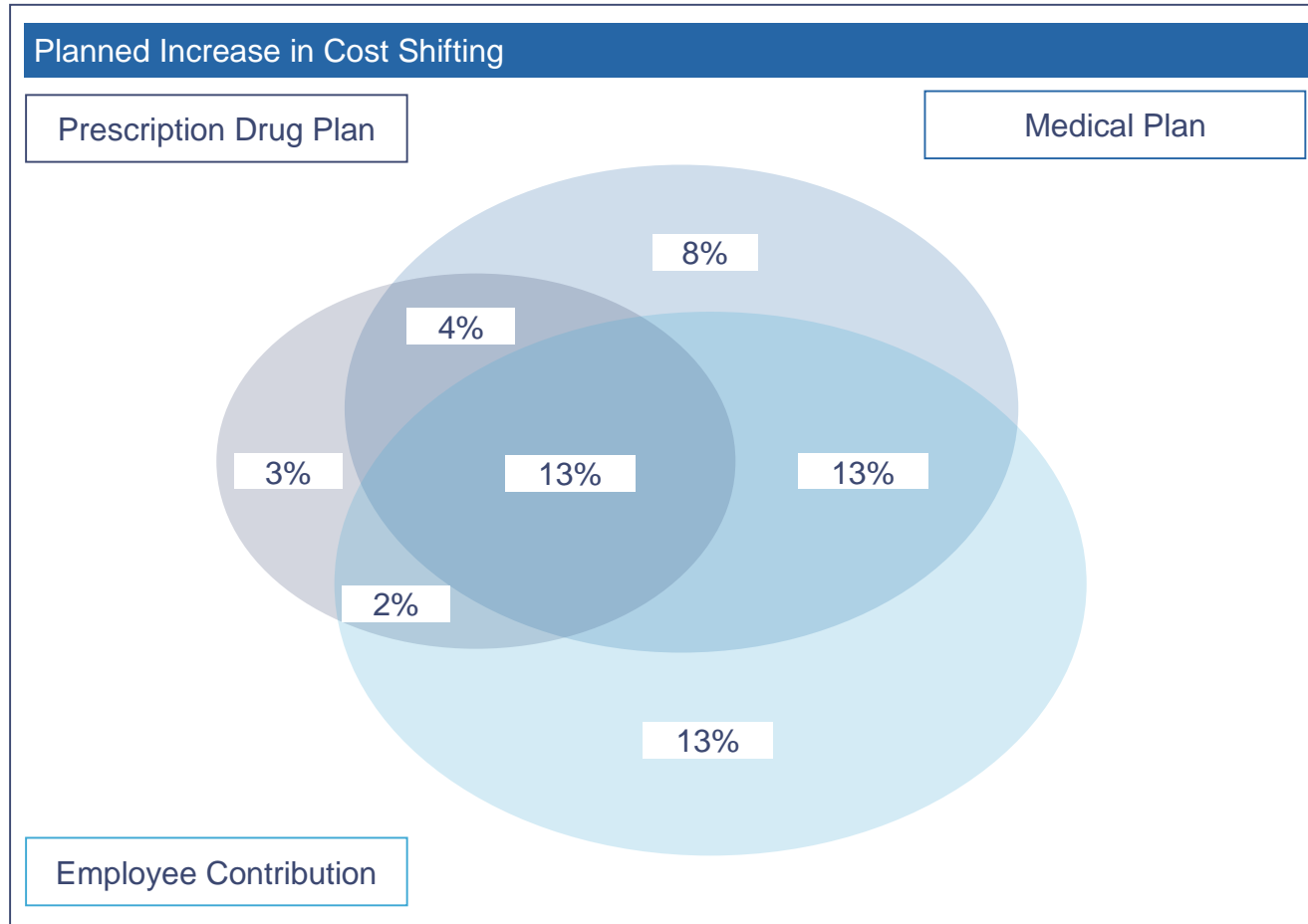
# Future Solutions

Based on the survey the following are the top initiatives to implement over the course of the next two years:

Expand wellness globally	48%
Increase employee contribution	41%
Increase medical plan cost sharing through plan design changes	38%
Offer a health savings account	21%
Increase prescription drug plan cost sharing through plan design changes	22%

<sup>1</sup>More than one option was allowed to be chosen.

## Future Solutions: Cost Shifting

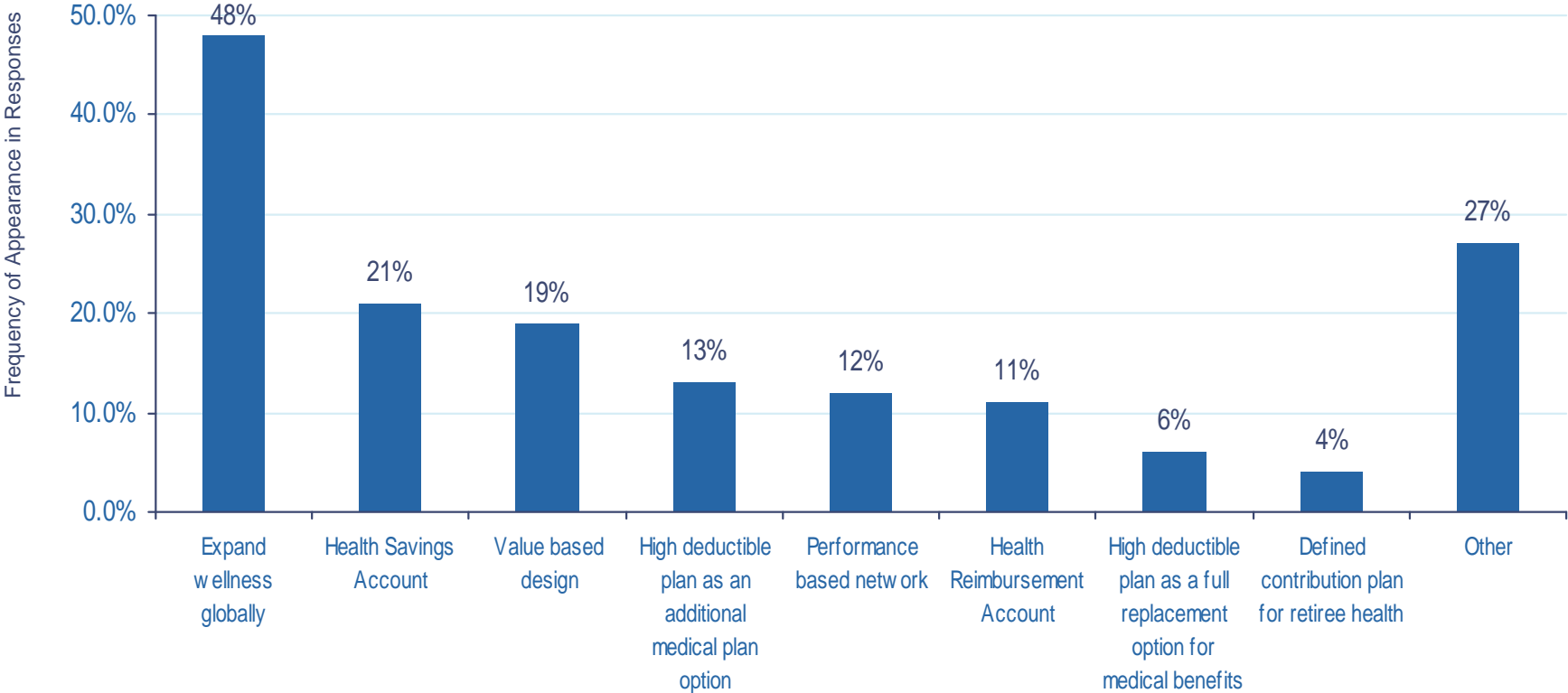


### Key Points:

- 41% of survey participants plan to increase employee contributions over the next two years
- 38% of survey participants plan to increase medical plan cost sharing through plan design changes over the next two years
- 22% of survey participants plan to increase prescription drug cost sharing through plan design changes over the next two years
- More than one option was allowed to be chosen.

# Future Solutions: Non-Cost Shifting

Breakdown of Planned Non-Cost Shifting Options Only



<sup>1</sup>More than one option was allowed to be chosen.

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## Medical and Prescription Drug Plan Design

# Medical Plans with Highest Enrollment

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

PPO Plan	58%
HMO	13%
POS Plan	10%

All other plans (Indemnity, High Deductible, EPO, and Others) had less than 7%

For the medical plan selected by survey participants as having the highest enrollment, a majority of the survey participants (54%) stated that 70% or greater are enrolled in this plan

For medical plans with the highest enrollment:

Self-Insured	67%
Fully- Insured	30%
Minimum Premium Arrangement	3%



# Vendors Offered

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the top providers:

BCBS	35%
UHC	19%
Aetna	12%
CIGNA	10%

# Contribution Percentage

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the employee contribution percentage by employee:

Less than 14% Contribution	29%
15% – 19% Contribution	19%
20 – 24% Contribution	28%
Greater than 24% Contribution	24%

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the employee contribution percentage by dependent:

Less than 14% Contribution	20%
15% – 19% Contribution	15%
20 – 24% Contribution	29%
Greater than 24% Contribution	36%

## Medical Plan In-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features **(if applicable)**:

### Deductible

< \$200	13%
\$200 – \$399	30%
\$400 – \$999	17%
\$1,000 or greater	8%

### Out of Pocket Maximum (including Deductible)

Unlimited	17%
< \$1,000	11%
\$1,000 – \$1,999	30%
\$2,000 – \$2,999	24%
\$3,000 or greater	17%

### Employee Coinsurance for Most Services

0% – 9%	11%
10% – 19%	32%
20% – 29%	23%
30% or greater	6%

## Medical Plan In-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features **(if applicable)**:

### Primary Care Office Visit

< \$10 copay	3%
\$10 – \$19 copay	32%
\$20 – \$29 copay	44%
\$30 or greater copay	4%
Coinsurance applies	12%

### Specialist Office Visits

Same as Primary Care Office Visit	16%
\$19 copay or less	14%
\$20 – \$29	26%
\$30 or greater	26%
Coinsurance only	12%

# Medical Plan In-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features (if applicable):

## Maximum Hospital Copay per Admission

< \$200	27%
\$200 – \$399	19%
\$400 or greater	12%
Coinsurance only	42%

## Emergency Room Copay

<\$50	7%
\$50 – \$100	31%
\$100 – \$109	30%
\$110 or greater	9%
Coinsurance only	16%

## Medical Plan Out-Of-Network Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the medical features **(if applicable)**:

### Deductible

< \$200	5%
\$200 – \$499	25%
\$500 – \$999	32%
\$1,000 or greater	21%

### Out of Pocket Maximum (including Deductible)

Unlimited	14%
< \$1,000	8%
\$1,000 – \$2,999	25%
\$3,000 – \$4,999	32%
\$5,000 or greater	22%

### Employee Coinsurance for Most Services

0% – 19%	5%
20% – 29%	18%
30% – 39%	24%
40% or greater	32%

## In-Network Prescription Drug Plan Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the prescription drug plan features **(if applicable)**:

### Generic 30 Day Supply

<\$5 copay	3%
\$5 – \$9 copay	18%
\$10 – \$14 copay	53%
\$15 or greater copay	11%
Coinsurance	12%

### Brand 30 Day Supply

<\$19 copay	9%
\$20 – \$29 copay	46%
\$30 – \$39 copay	12%
\$40 or greater copay	5%
<19% coinsurance	3%
15% – 34% coinsurance	20%
35% or greater coinsurance	3%

## In-Network Prescription Drug Plan Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the prescription drug plan features **(if applicable)**:

### Brand Non-Formulary 30 Day Supply

< \$30 copay	10%
\$30 – \$59 copay	55%
\$60 or greater copay	5%
19% or less coinsurance	2%
20 – 29% coinsurance	6%
30 – 39% coinsurance	5%
40% or greater coinsurance	12%

### Specialty Drug Tier 30 Day Supply

Not Covered	21%
<\$30 copay	10%
\$30 – \$59 copay	39%
\$60 or greater copay	7%
19% or less coinsurance	3%
20% – 24% coinsurance	6%
25% – 39% coinsurance	7%
40% or greater	7%



## In-Network Prescription Drug Plan Features

For the medical plan(s) selected as having the highest enrollment, the following is the breakdown of the prescription drug plan features **(if applicable)**:

### Preventive Prescription Drugs

Copays and deductibles apply	51%
Copays apply, deductibles do not apply	41%
Copays and deductibles do not apply	8%

### Prescription Drug Deductible

Not Applicable	77%
Medical deductible applies to prescription drugs	8%
<\$100	9%
\$100 or greater	5%

### Application of Prescription Drug Deductible

Not applicable	78%
Applies to all drugs	17%
Applies to all drugs except generics	3%

### Prescription Drug Mail Order

2x's retail copays	57%
2 ½ x's retail copays	13.0%
3x retail copays	4%
Same as retail	12%

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## Detailed Summary of Survey Participants

## All Participating Industries

Response	Frequency
Aerospace & defense	1%
Automotive	1%
Banking & capital markets	4%
Chemicals	3%
Communications	1%
Consumer finance	Less than 1%
Education & other Nonprofit	3%
Energy, utilities & mining	4%
Engineering & construction	1%
Entertainment & media	3%
Financial services	8.0%
Food & beverage	2%
Forest, paper & packaging	Less than 1%
Government/public services	3%
Health industries (Healthcare Providers)	9%
Health industries (Life Sciences)	2%

Response	Frequency
Health industries (Medical Plans)	1%
Health industries (Other)	3%
Health industries (Pharmaceuticals)	3%
Hospitality & leisure	Less than 1%
Insurance	5%
Investment management (Alternative investments)	1%
Law firms	1%
Manufacturing	12%
Metals	Less than 1%
Real estate	1%
Retail & consumer	4%
Services	6%
Technology	7%
Transportation & logistics	2%
Wholesale & distribution	2%
Other	7%

# Survey Participant Locations

Survey Participants by Location:

National	48%
NE	17%
NW	5%
North Central	11%
South Central	6%
SE	8%
SW	5%

Survey Participants by Company Size  
(i.e. active employees):

< 500	16%
501-999	11%
1000-1999	14%
2000-2999	8%
3000-3999	7%
4000-4999	6%
5000-9999	14%
10,000 - 19,999	10%
20,000 +	16%

# Company's Annual Gross Spend Per Active Employee in a Medical Plan

Less than \$4,000	15%
Between \$4,000 – \$8,999	63%
\$9,000 or greater	22%

< \$4,000	15%
\$4,000 – \$4,999	10%
\$5,000 – \$5,999	14%
\$6,000 – \$6,999	13%
\$7,000 – \$7,999	14%
\$8,000 – \$8,999	10%
\$9,000 +	22%

Thank you for participating in PricewaterhouseCoopers' Health and Wellness Touchstone survey. We are currently in the process of analyzing the results in more detail in order to provide specific results based on size, location and industry. If you are interested in learning more, please contact:

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