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2016 Indiana

HEALTH CARE SURVEY

Cost and Design

FOR THE
**Indiana
Association
of Cities and Towns**

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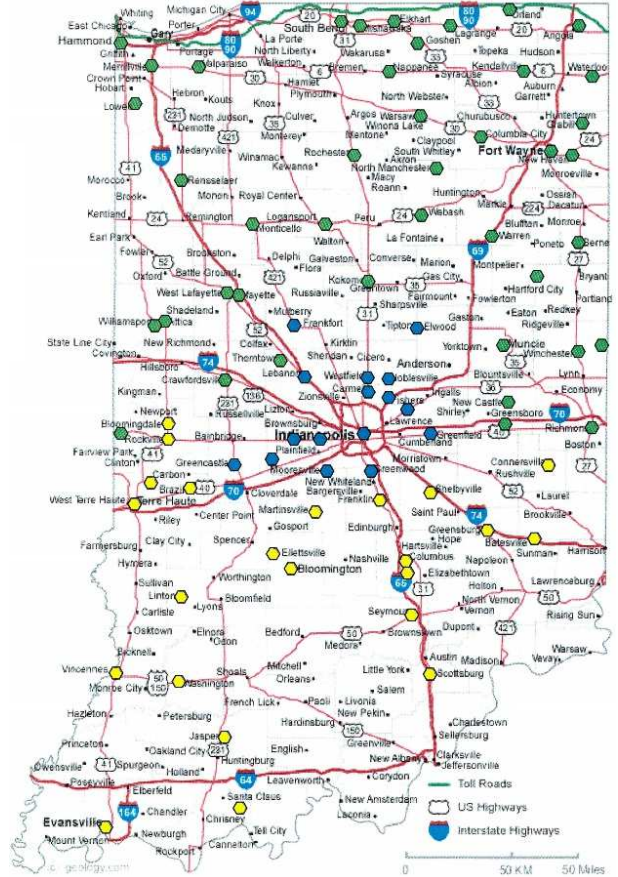
Executive Summary

Introduction

The 2016 database includes 328 employers from across Indiana and more than 600 health plans. The survey results are reported in aggregate to preserve the privacy of individual employers. For comparison purposes, results have also been reported based on geographic region and number of full time employees.

To the right is an area map of the employers' cities included in the survey database.

The survey companies represent nine industry classifications. The survey was limited to Indiana-based employers with at least 50 full-time employees. Below is a breakdown of the survey database by industry, employer, size and region.



Industry	Count	Percent
College or University	10	3.0%
Government	21	6.4%
Healthcare (Hospital) ¹	20	6.1%
Healthcare (Other) ¹	27	8.2%
Manufacturing	81	24.7%
Professional Services (Financial) ^{1, 2}	26	7.9%
Professional Services (Other) ^{1, 3}	62	19.0%
Other ⁴	81	24.7%

¹The Hospital Healthcare and Other Healthcare industries were combined into a single Healthcare industry in the rest of the report.

²Financial Services include banking, insurance, legal, and accounting.

³Other Professional Services include social services, real estate, and computer-related services.

⁴Other includes K-12 schools, retail, and all other services.



Employer Size	Count	Percent
50 – 99	94	28.7%
100 – 249	119	36.3%
250 – 499	51	15.5%
500 – 999	30	9.1%
1,000+	34	10.4%

Geographic Region	Count	Percent
North	94	28.6%
South	57	17.4%
Central	177	54.0%

Executive Summary

The 2016 data was based on employer and plan information provided by four large health care consulting firms and Nyhart. The format and content of the survey report were designed to provide employers with relevant and current benchmarks with which to manage their health care costs.

The primary focus of the survey was cost and benefit design information for medical benefit plans and wellness incentives. Cost information is presented on monthly total costs, employee contributions, and employer subsidies. The benefit features included in the survey were

- Deductibles
- Out of pocket limits
- Coinsurance
- Copayments for primary care and specialists
- Copayments for emergency and urgent care
- Prescription drug designs
- Utilization of key services
- Specific Stop-Loss
- Wellness benefits and incentives
- Year-to-year cost of coverage comparison

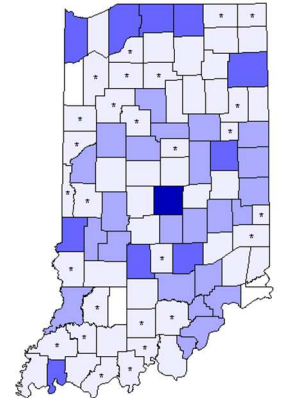


Executive Summary

The major findings in the survey are listed below.

Prevalence

- More choices are being given to employees this year for their medical coverage. Continuing the trend of the 2015 Health Care Survey, offering three or more plan options has become a more common practice.
- Fewer employers are offering other health benefits outside of medical such as dental and critical illness coverage.
- Employers are less unwilling to pay for benefits for spouses. There were 2% fewer plans with a spousal surcharge or carve-out this year. The percent of plans without a spousal surcharge or carve-out is consistent across all geographic regions this year.
- There is a new option to employers to offer a Minimum Value Plan (MVP) or Minimum Essential Coverage (MEC) to their employees, especially to those who work thirty or more hours and previously were not allowed to enroll in a health plan. Generally if an employer chose to do this, they offer either an MVP or both an MVP and a MEC. If these plans are offered, they are usually offered to the entire group rather than to a particular group of employees only.



Cost

- The average cost for medical plans based on premium rates has not changed much from 2015 to 2016. The overall average cost for single medical plans is \$566.17 per month for single coverage and \$1,584.43 for family coverage.
- Employee contributions as a percentage of the overall cost have been steady over the past few years with an average contribution of 23% for single coverage this year.
- Employers have been keeping the same HSA contributions for 2016. 84% of employers make contributions when an account is offered with the average contribution being \$624 for single coverage and \$1,121 for family coverage.
- The average claims cost per subscriber has generally been decreasing since the prior year. Overall the cost decreased about 4%. The northern region is showing the largest decrease of 11%.



Executive Summary



Design Features

- Last year the average deductible for Traditional plans increased quite a bit. That trend did not continue in 2016; the average deductible and maximum out-of-pocket for these plans remained about the same.
 - HSA plans continue to increase the deductible but the rate of increase has begun to slow down. While the average deductible increased 9% in 2015 it only increased 4% in 2016. The maximum out-of-pocket has remained about the same in 2016.
-
- Although a combination of both coinsurance and copayments is still the most popular prescription drug coverage design, it is not by as large of a margin this year. This year employers are almost equally likely to use a prescription drug plan using purely copayments, purely coinsurance, or a combination of the two.
 - In general, health plan participants take about five times as many generic prescription drugs as they take brand name.
 - Most of the cost of coverage for a health plan is driven by medical claims; on average about 80% of the claims under the plan are for medical claims rather than prescription drugs.
 - In general the specific stop-loss limit chosen by an employer will increase with the company's size and ability to cover large claims.

Contact Information

For additional information or questions regarding the survey, please contact Randy Gomez or Audra Mardis. Custom benchmarking reports are also available.

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Nyhart wishes to thank its four survey partners for their cooperation and feedback in development of the 2016 survey.



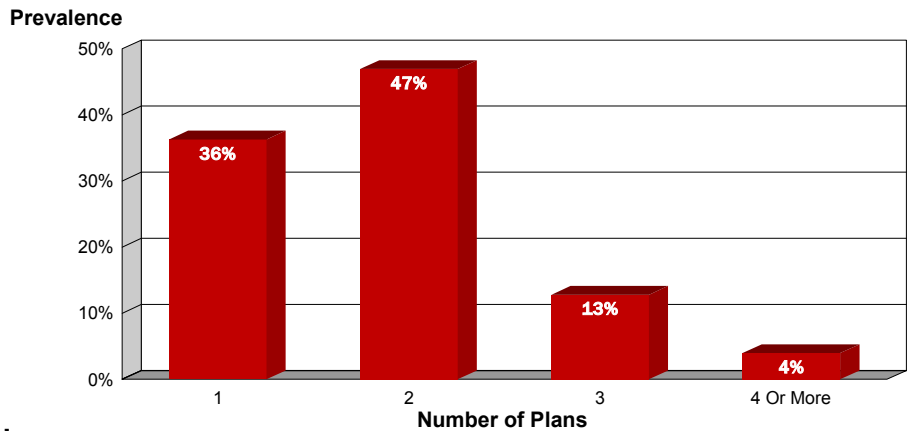
Benefit Prevalence: Medical Plans Offered

Highlights

- Offering three or more plan options has continued to become a more common choice.
- The largest entities (1,000 or more participants) now offer more plans than they used to offer. In 2016 the percentage offering four or more plans has increased from 13% to 21%.

All Plans

Number of Plans	Prevalence
One Plan	36.3%
Two Plans	47.0%
Three Plans	12.8%
Four or More	4.0%
Employers	328



Comparison Group: Geographic Region

Number of Plans	North	Central	South
One Plan	28.7%	37.9%	43.9%
Two Plans	54.3%	44.6%	42.1%
Three Plans	11.7%	14.7%	8.8%
Four or More	5.3%	2.8%	5.3%
Employers	94	177	57

Comparison Group: Entity Size

Number of Plans	50 - 99	100 - 249	250 - 499	500 - 999	1,000 +
One Plan	47.9%	39.5%	31.4%	23.3%	11.8%
Two Plans	47.9%	48.7%	51.0%	53.3%	26.5%
Three Plans	3.2%	10.1%	13.7%	20.0%	41.2%
Four or More	1.1%	1.7%	3.9%	3.3%	20.6%
Employers	94	119	51	30	34

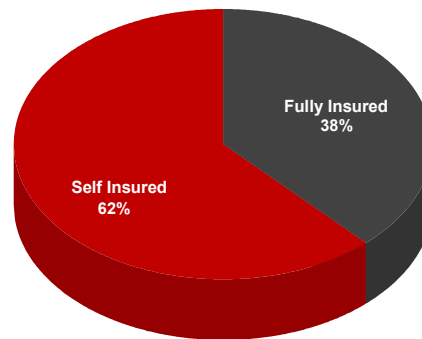
Benefit Prevalence: Funding Method

Highlights

- Overall the percentage of employers who fully insure benefits is about the same as it was in 2015.
- The southern region and the 500 - 999 size group each have a large increase in the percentage of employers who self-insure their plans.
- Employers in the 250 - 499 size range are much more likely to fully insure their benefits this year.

All Plans

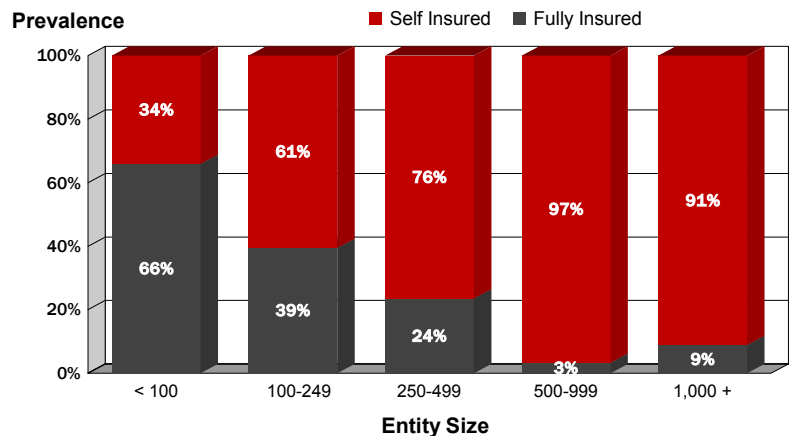
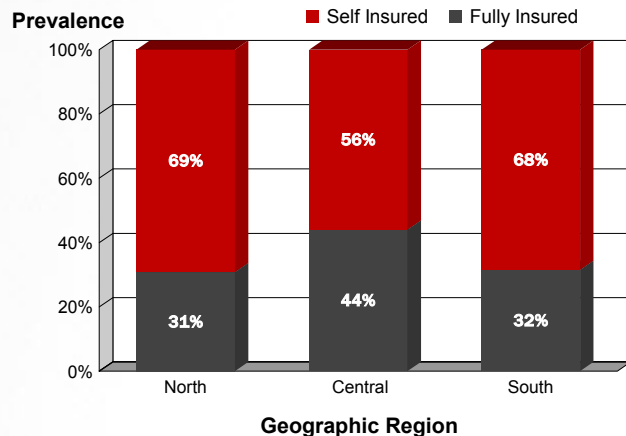
Funding Method	Prevalence
Fully Insured	38.1%
Self Insured	61.9%
Employers	328



Comparison Groups

Funding Method	All Plans	Geographic Region		
		North	Central	South
Fully Insured	38.1%	30.9%	44.1%	31.6%
Self Insured	61.9%	69.1%	55.9%	68.4%
Employers	328	94	177	57

Funding Method	Entity Size				
	50 - 99	100 - 249	250 - 499	500 - 999	1,000 +
Fully Insured	66.0%	39.5%	23.5%	3.3%	8.8%
Self Insured	34.0%	60.5%	76.5%	96.7%	91.2%
Employers	94	119	51	30	34



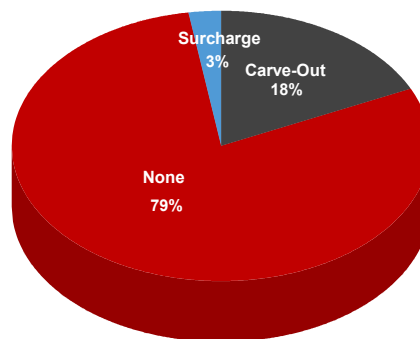
Benefit Prevalence: Spousal Carve-Out or Surcharge

Highlights

- Fewer employers are imposing a spousal carve-out or surcharge again this year.
- The variation between regions has mostly been eliminated this year although northern employers consider a surcharge more often.
- Larger companies are more likely to charge a spousal carve-out or surcharge than are smaller companies.
- A spousal carve-out is an arrangement such that working spouses may not enroll in the health plan. A spousal surcharge means that a working spouse may enroll but will pay a penalty.

All Plans

Carve-Out or Surcharge Applied	Prevalence
Carve-Out	17.9%
Surcharge	2.6%
None	79.5%
Employers	312



Comparison Groups

Carve-Out or Surcharge Applied	All Plans	Geographic Region		
		North	Central	South
Carve-Out	17.9%	15.3%	18.6%	20.0%
Surcharge	2.6%	3.5%	2.9%	0.0%
None	79.5%	81.2%	78.5%	80.0%
Employers	312	85	172	55

Carve-Out or Surcharge Applied	Entity Size				
	50 - 99	100 - 249	250 - 499	500 - 999	1,000 +
Carve-Out	11.4%	16.7%	18.4%	30.0%	29.0%
Surcharge	1.1%	3.5%	2.0%	3.3%	3.2%
None	87.5%	79.8%	79.6%	66.7%	67.7%
Employers	88	114	49	30	31

Carve-Out or Surcharge Applied	Industry			
	Healthcare	Manufacturing	Professional Services	Other
Carve-Out	32.6%	18.8%	9.8%	17.8%
Surcharge	2.3%	3.8%	3.7%	0.9%
None	65.1%	77.5%	86.6%	81.3%
Employers	43	80	82	107

Medical: Cost of Coverage: Premium Based

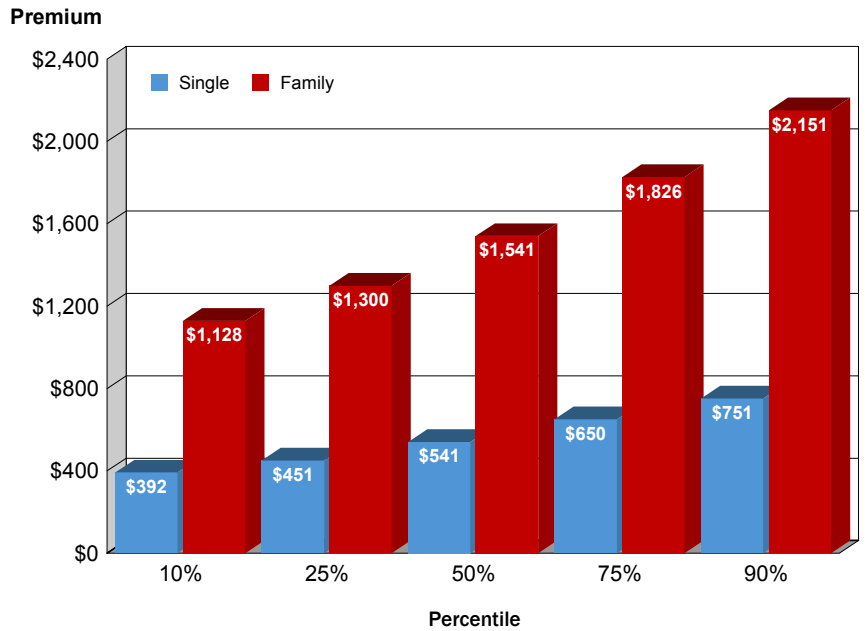
Highlights

- Traditional plans had higher increases on average than did the other plan types.
- The southern region has the largest increase among all regions of about 5%.
- For plans that include an HRA, the employer contribution to the HRA is included in the premium amount.

All Plans

Percentile	Single	Family
10%	\$392.10	\$1,128.14
25%	\$450.71	\$1,299.66
50%	\$540.98	\$1,540.75
75%	\$650.39	\$1,826.47
90%	\$751.03	\$2,151.26
Average	\$566.17	\$1,584.43

Plans Included 580



Percentile	Traditional		HSA		HRA	
	Single	Family	Single	Family	Single	Family
10%	\$414.57	\$1,214.01	\$379.12	\$1,086.13	\$392.33	\$1,072.74
25%	\$501.22	\$1,399.89	\$424.35	\$1,228.61	\$435.69	\$1,236.64
50%	\$588.01	\$1,664.34	\$494.66	\$1,396.18	\$475.49	\$1,375.51
75%	\$692.52	\$2,018.94	\$585.92	\$1,646.96	\$647.41	\$1,790.33
90%	\$789.76	\$2,286.06	\$668.00	\$1,833.03	\$844.10	\$2,252.98
Average	\$616.70	\$1,715.89	\$512.28	\$1,445.77	\$549.43	\$1,524.26
Plans Included	288		269		21	

Medical: Cost Sharing: Employee Contribution

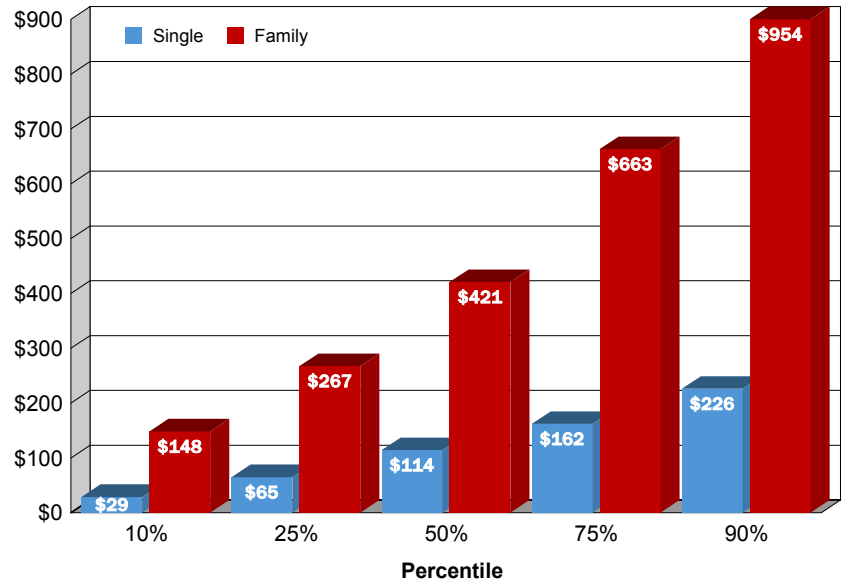
Employee Contribution as Dollar Amount

All Plans

Percentile	Single	Family
10%	\$28.58	\$148.39
25%	\$65.00	\$267.42
50%	\$114.08	\$420.69
75%	\$161.86	\$663.22
90%	\$226.02	\$954.15
Average	\$121.38	\$495.38

Plans Included 577

Contribution (\$)



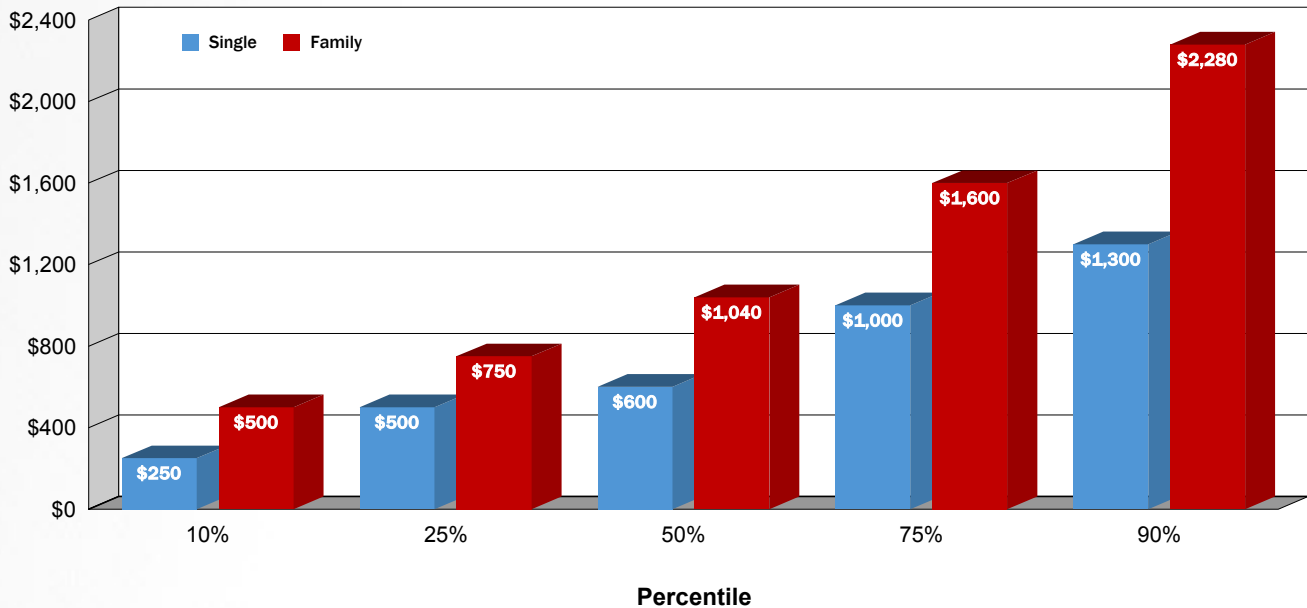
Percentile	Traditional		HSA		HRA	
	Single	Family	Single	Family	Single	Family
10%	\$29.36	\$189.87	\$28.58	\$131.56	\$31.28	\$95.16
25%	\$75.96	\$315.14	\$56.71	\$237.44	\$54.64	\$187.68
50%	\$128.92	\$473.77	\$95.25	\$366.00	\$103.14	\$319.26
75%	\$183.96	\$705.73	\$137.93	\$616.10	\$151.33	\$573.02
90%	\$244.69	\$1,025.16	\$199.07	\$864.96	\$193.87	\$714.34
Average	\$138.05	\$548.86	\$104.54	\$443.21	\$112.90	\$408.16
Plans Included	287		267		21	

Medical: HRA/HSA Contribution for High Deductible Plans

Highlights

- There is a sharp increase in the average HRA contribution amount compared to last year, up about 17% for single coverage and 30% for family coverage.

HSA Contribution



Percentile	HRA		HSA	
	Single	Family	Single	Family
No Direct Contribution	0.00%	0.00%	15.81%	16.36%
10%	\$500.00	\$1,000.00	\$250.00	\$500.00
25%	\$500.00	\$1,000.00	\$500.00	\$750.00
50%	\$875.00	\$1,440.00	\$600.00	\$1,040.00
75%	\$1,000.00	\$2,000.00	\$1,000.00	\$1,600.00
90%	\$1,900.00	\$3,800.00	\$1,300.00	\$2,280.00
Average	\$1,022.39	\$2,008.91	\$624.48	\$1,120.55
Plans Included	23		215	

Medical: Deductible

Highlights

- Overall the deductible has increased about 5% on average. HSA plans have a similar increase of 4%.
- HRA plans used to have deductibles mostly in the \$2,000 to \$4,000 range but now mostly have deductibles over \$3,000. Consequently the average deductible has increased 22%.

All Plans

Deductible	All Plans	Traditional	HSA	HRA
< \$250	0.5%	0.7%	0.0%	0.0%
\$250 - \$499	2.0%	4.1%	0.0%	0.0%
\$500 - \$999	14.0%	27.9%	0.0%	4.5%
\$1,000 - \$1,499	14.8%	25.9%	3.3%	13.6%
\$1,500 - \$1,999	12.3%	16.7%	8.0%	9.1%
\$2,000 - \$2,499	10.1%	7.8%	12.8%	9.1%
\$2,500 - \$2,999	16.2%	8.2%	24.8%	13.6%
\$3,000 - \$3,999	20.9%	5.4%	37.2%	22.7%
+ \$4,000	9.1%	3.4%	13.9%	27.3%
Average	\$2,154	\$1,403	\$2,901	\$2,918
% with +\$1,000 deductible	83.5%	67.3%	100.0%	95.5%
Plans Included	593	294	274	22

Plans that do not have an associated HRA or HSA account are grouped under Traditional. Plans that have an associated HSA or HRA account are grouped under the appropriate account.

Medical: Annual Maximum Out of Pocket (OOP)

Highlights

- The average annual maximum out of pocket has been relatively stable over the past year. HRA plans have the highest increase at 4%.
- The gap between the average maximum out of pocket for the northern region and the central region has widened in the last year.
- The reported average maximum out of pocket includes the deductible.

All Plans

Maximum	All Plans	Traditional	HSA	HRA
< \$1,000	0.5%	1.0%	0.0%	0.0%
\$1,000 - \$1,499	1.5%	3.1%	0.0%	0.0%
\$1,500 - \$1,999	1.0%	2.0%	0.0%	0.0%
\$2,000 - \$2,499	6.1%	8.5%	3.7%	4.5%
\$2,500 - \$2,999	10.0%	7.5%	12.5%	9.1%
\$3,000 - \$3,999	25.5%	22.8%	28.9%	18.2%
\$4,000 - \$4,999	16.1%	13.9%	18.7%	13.6%
\$5,000 - \$5,999	18.4%	21.1%	15.4%	22.7%
+ \$6,000	20.8%	20.1%	20.9%	31.8%
Average	\$4,148	\$4,069	\$4,200	\$4,677
% with +\$4,000 OOP	55.3%	55.1%	54.9%	68.2%
Plans Included	591	294	273	22

Plans that do not have an associated HRA or HSA account are grouped under Traditional. Plans that have an associated HSA or HRA account are grouped under the appropriate account.

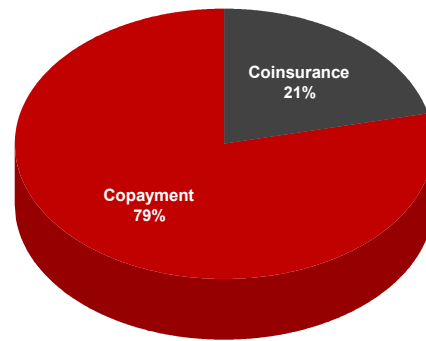
Medical: Treatment of Primary Care Office Visit

Highlights

- The most common copayments are still \$25 (42% of plans), \$30 (23% of plans) and \$20 (21% of plans) at the same prevalences as they were last year.
- The average copayment for the primary care provider is less than \$1 different from last year's findings.
- Only flat copayments (no deductible or coinsurance) have been included in the prevalence table below.

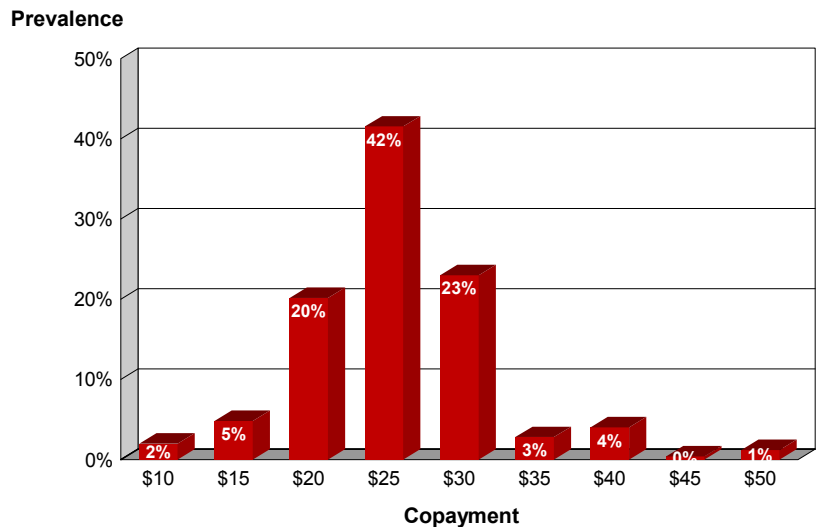
Traditional or HRA Plans

Type of Benefit	Prevalence
Coinsurance	21.3%
Copayment	78.7%
Plans Included	315



Prevalence of copayment amount

Copayment	Prevalence
\$10	2.0%
\$15	4.8%
\$20	20.2%
\$25	41.5%
\$30	23.0%
\$35	2.8%
\$40	4.0%
\$45	0.4%
\$50	1.2%
Average	\$25.63
Plans Included	248



Medical: Prescription Drug Coverage: Retail

Highlights

- Almost all of the average copayments are within \$1 of the prior year's findings. The brand non-formulary contribution is slightly higher.
- If a plan offers a preventive tier, by far the most common option is to provide the drug free of copayment paid by the participant. This is consistent with the findings in the past few years.

Limited Preventive / OTC

Copayment	All Plans
\$0	85.2%
\$0.01 - \$0.99	0.0%
\$1.00 - \$1.99	0.0%
\$2.00 - \$2.99	0.0%
\$3.00 - \$3.99	3.7%
\$4.00 - \$4.99	0.0%
\$5 or More	11.1%
Average	\$1.22
Plans Included	27

Generic

Copayment	All Plans
< \$5	1.3%
\$5.00 - \$7.49	3.2%
\$7.50 - \$9.99	1.6%
\$10.00 - \$12.49	71.7%
\$12.50 - \$14.99	0.3%
\$15.00 - \$19.99	17.3%
\$20 or More	4.5%
Average	\$11.22
Plans Included	375

Brand Formulary

Copayment	All Plans
< \$10	0.0%
\$10.00 - \$14.99	0.0%
\$15.00 - \$19.99	0.0%
\$20.00 - \$24.99	4.0%
\$25.00 - \$29.99	8.8%
\$30.00 - \$34.99	53.8%
\$35.00 - \$39.99	13.3%
\$40 or More	20.1%
Average	\$32.59
Plans Included	353

Brand Non-Formulary

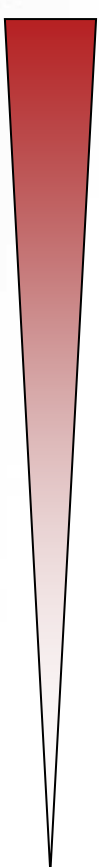
Copayment	All Plans
< \$30	1.5%
\$30.00 - \$34.99	1.8%
\$35.00 - \$39.99	0.6%
\$40.00 - \$44.99	5.9%
\$45.00 - \$49.99	2.9%
\$50.00 - \$54.99	13.5%
\$55.00 - \$59.99	0.9%
\$60 or More	72.9%
Average	\$58.87
Plans Included	340

Medical - Wellness: Programs Offered

Highlights

- Most commonly offered benefits have not changed significantly over the last few years. Most employers offer an employee assistance program and about half offer biometric screenings.

Commonly Offered Benefits



	Benefit	Employers
Most Offered	Employee assistance program	194
	Biometric screenings	147
	Health risk assessment	122
	Webinars or seminars, or lunch-and-learns	121
	Tobacco cessation program	120
	Workplace health competitions	117
	Decision support (Nurse Line)	114
	Disease management program	111
	Weight management program	99
	Employee health fairs	94
	Health coach (onsite, phone, or web-based)	93
	Vending Machine with healthy options	83
	Cafeteria with healthy options	55
	Subsidized gym membership	54
	Onsite fitness center	53
	Onsite fitness classes	48
	Onsite clinic	40
	Company-sponsored teams or leagues	34
	Occupational health programs	28
	Caregiver support (e.g. onsite child care)	26
Work / life balance support (e.g. concierge)	23	
Regular nurse visit (onsite)	20	
Least Offered	Executive screening programs	17



Proud to be an Indiana Company Since 1943

Nyhart is Indiana's largest independent actuarial and employee benefit firm and one of the largest in the nation, consulting to retirement clients with \$20+ billion in plan assets. We have more than 1,000 clients in 48 states and are growing.

Our team of advisers deliver personalized analysis and recommendations, translating complex calculations and issues into common language that enable corporations, associations, churches and governments to effectively manage their retirement and healthcare benefits.

Established in 1943, Nyhart is an employee owned company (ESOP) with offices in Indianapolis, Chicago, Atlanta, Kansas City, Saint Louis, San Diego, and Houston.

The company has been named a Best Place to Work by the Indianapolis Star for the past eight years.

Healthcare Actuarial Services

- Benchmarking of plan design and costs
- Rate calculations & design modeling for self-insured plans
- Insured vs. self-insured cost analysis
- Consumer-driven health plan design and cost analysis (HRA, HSA, and High-Deductible Plans)
- ASC 715-60 and GASB 45 OPEB Disclosure
- 105(h) non-discrimination testing
- COBRA rate calculation
- Incurred But Not Reported (IBNR) claim reserve
- MEWA design and financial modeling
- Stop-loss insurance modeling
- Determination of ACA minimum value

Call 317.845.3500 or learn more at www.nyhart.com.

Have a question?

Do you have a question about the 2016 Indiana Healthcare Benefit Survey or are you interested in how information in this report may impact your business? We are happy to assist you with your question.

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