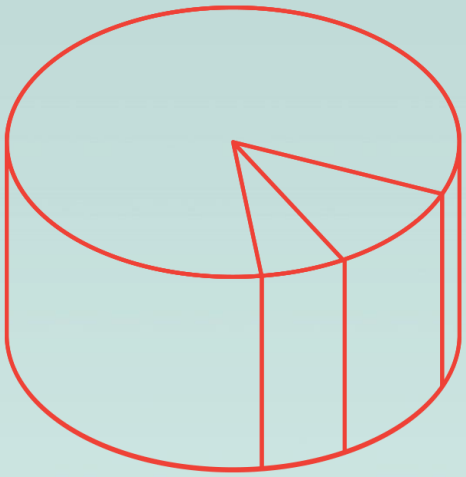
2015 HEALTH PLAN DESIGN
BENCHMARK SUMMARY

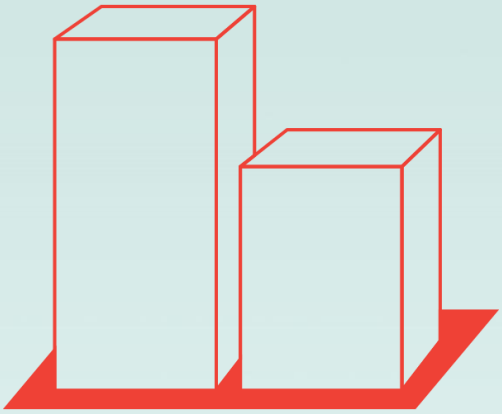


WELCOME

The Zywave Health Plan Design Benchmark Report is based on data gathered from the largest database in the country, consisting of tens of thousands of employer-offered health plans. The report provides benchmarking information on six key plan design measures:

1. *Individual out-of-pocket maximum*
2. *Individual deductible*
3. *Emergency room copay*
4. *Coinsurance*
5. *Office visit copay*
6. *Prescription drug deductible*

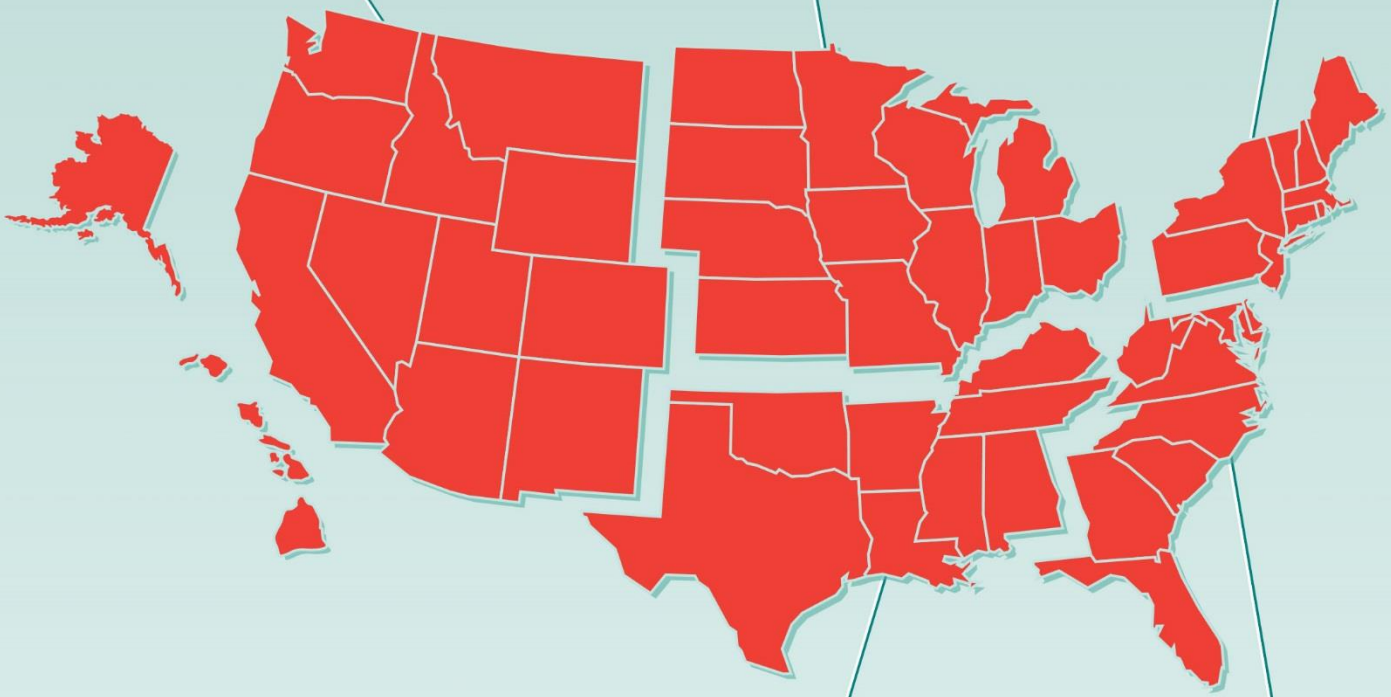




To help employers compare their plan design offerings against similar organizations and plans, the data is broken down by region, group size, industry and plan type.

This is a summary document analyzing the data set as a whole and comparing it 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.

WELCOME



REGION

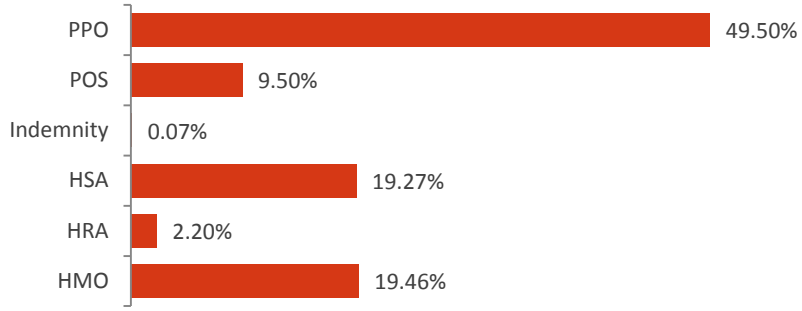
This is how each region in the United States is represented in the 2015 data, with the five main regions showing similar representation.

Note: Puerto Rico and the Bahamas were also surveyed, but make up less than 1 percent of the data.

DEMOGRAPHICS

PLAN TYPE

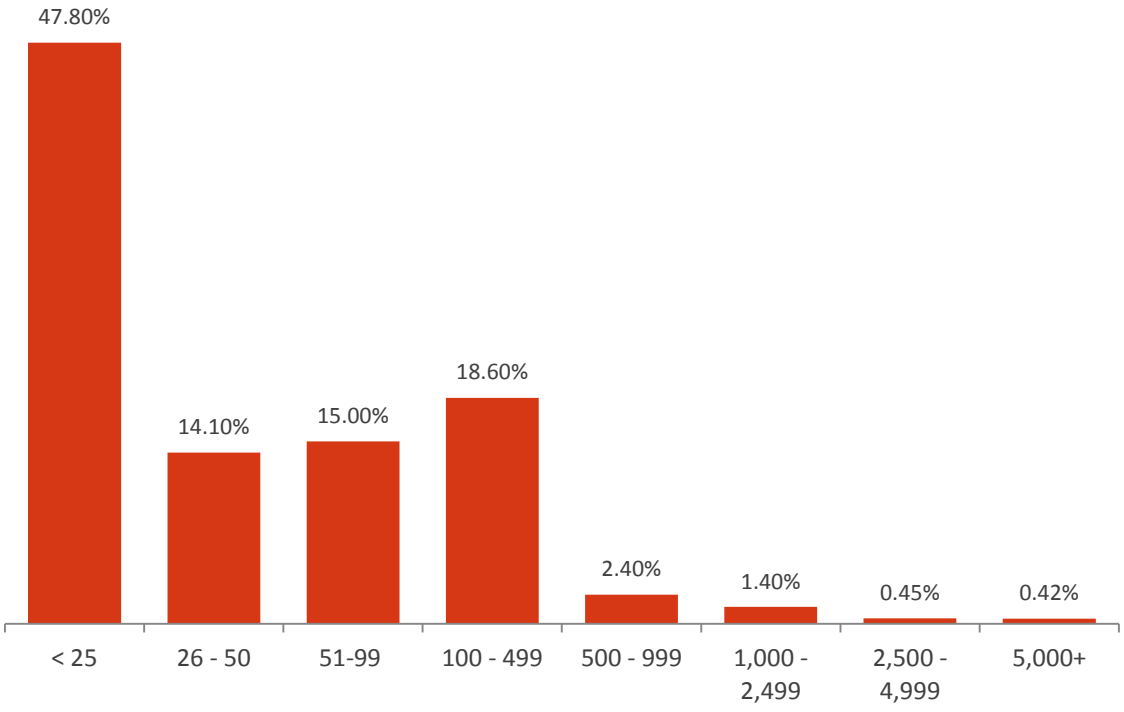
In 2015, preferred provider organization (PPO) plans continued to be most popular plan design among employers. Plans with a health savings account (HSA) component remained a popular plan choice, and are expected to become more prevalent in the years to come as more emphasis is placed on health care consumerism.



Note: Forty-one percent of respondents entered their plan type as 'Other, or "Unknown,"" that data is not included.

GROUP SIZE

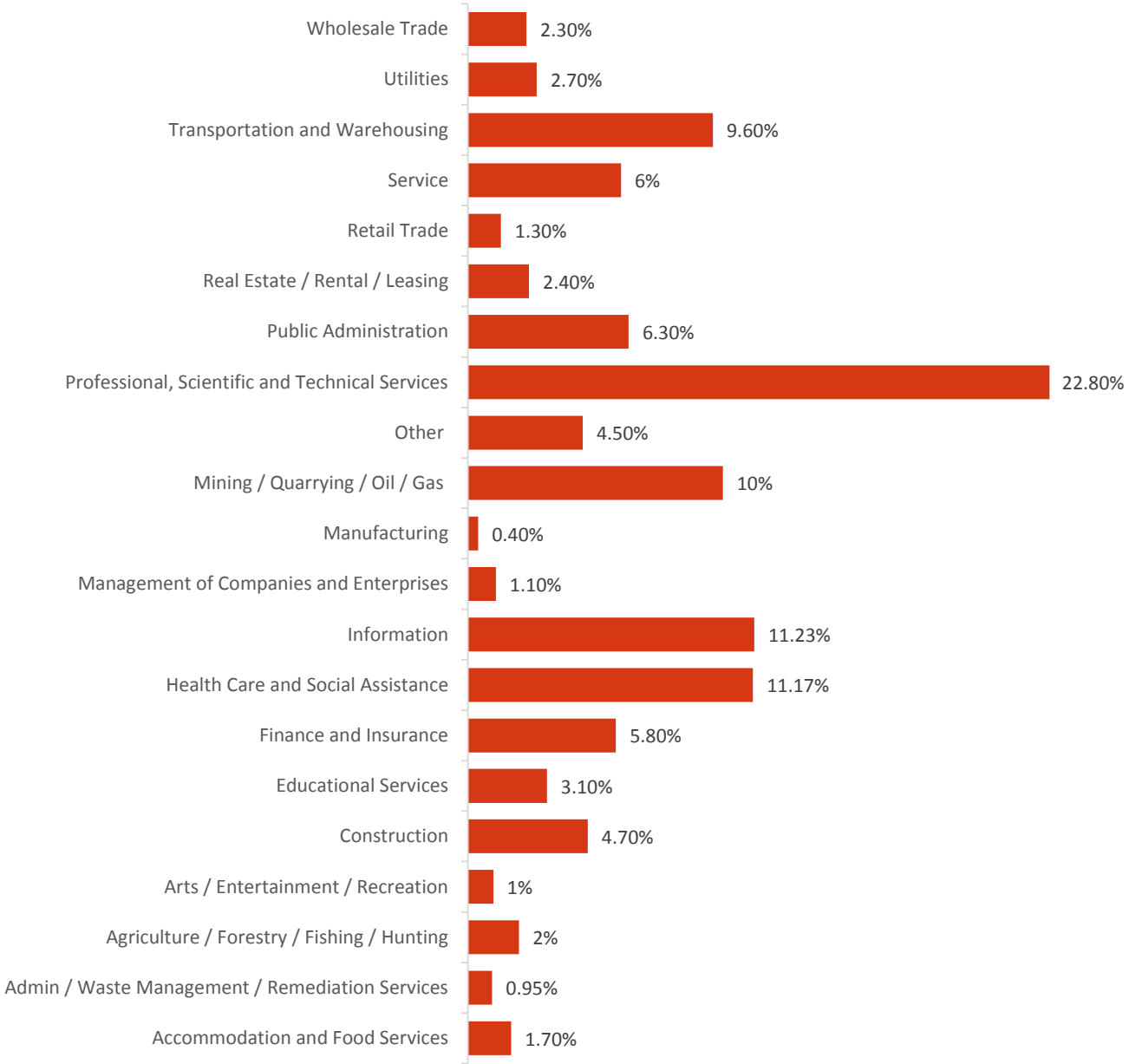
The chart below shows how group sizes were broken down in the 2015 data, with less than 25 employees once again representing nearly half of all health plans.



DEMOGRAPHICS

INDUSTRY

The 2015 data included the following industry breakdown, with a wide variety of industries represented.



INDIVIDUAL DEDUCTIBLE

INDIVIDUAL OUT-OF-POCKET MAXIMUM

For the second year in a row, the most popular individual out-of-pocket maximum (OOPM) range was $5,000 to $7,499, making up over 41 percent of the total health plan designs. Within the past three years, OOPMs in this range have increased by almost 30 percent. This trend may be the result of employers trying to find ways to limit and control rising health care costs.

Conversely, plans with lower individual OOPMs have been decreasing in popularity. In the past, the $2,500 to $3,499 range has been the most common for the individual OOPM, but this range has continued to drop in popularity with only 16 percent of employers offering this option in 2015, down from 24 percent in 2014 and 25 percent in 2013.

- The trends above were consistent across the country, with a few outliers. The Northeast region once again preferred a higher OOPM, with 50 percent of employers offering an OOPM in the $5,000 to $7,499 range. As health care costs continue to rise, expect to see more regions favor this range in the future. The West was the region that most favored an OOPM of $249 or less.

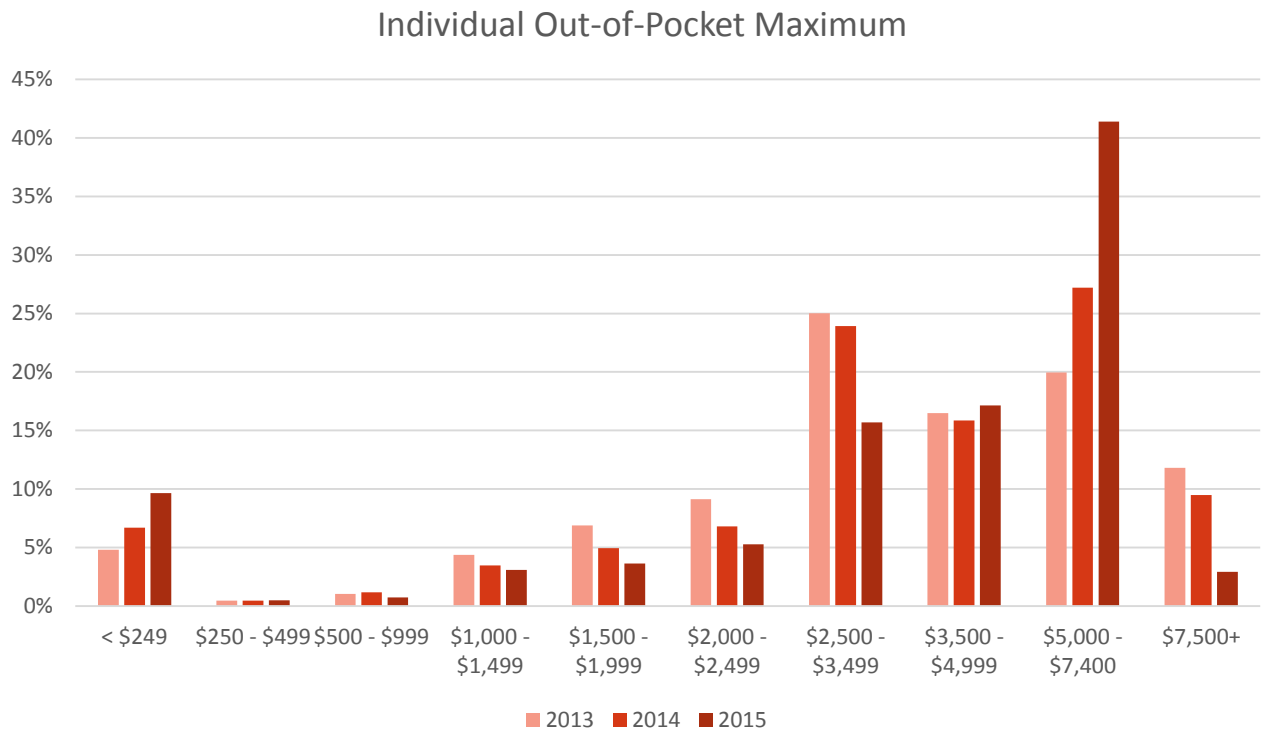
- The individual OOPM distribution was fairly consistent among industries, with industries either preferring the $2,500 to $3,499 range or the $5,000 to $7,499 range. Interesting outliers were the Educational Services and Public Administration industries, which, while favoring both of the above ranges, had a higher percentage of plans offering an individual OOPM of $249 or less than any other industry—with 19 percent in the Educational Services industry and 20 percent in the Public Administration industry, which exceeds the national average.

- Not surprisingly, the most common OOPM range was dependent on the plan type. Point-of-service (POS) and PPO plans were consistent within the national norm, while HSA and health reimbursement arrangement (HRA) plans overwhelmingly (48 percent for both, respectively) featured an individual OOPM of $5,000 to $7,499.

- Compared to 2014, group size was less split on preferred individual deductibles. In 2015, all group sizes preferred the $5,000 to $7,499 range. This change could be due, in part, to employers preparing for the

INDIVIDUAL DEDUCTIBLE

Cadillac tax, which will levy a 40 percent excise tax on plans deemed to be overly generous. In general, organizations with less than 50 employees were more likely to offer an OOPM in the $5,000 to $7,499 range. This likely reflects larger organizations' financial ability to offer plans that smaller organizations cannot.



INDIVIDUAL DEDUCTIBLE



INDIVIDUAL DEDUCTIBLE

For the fourth year in a row, the $2,500+ individual deductible group was the most popular, representing 46 percent of offered plans (up from the 35 percent in 2014). This is consistent with prior years, as plans with higher deductibles continue to be an attractive option for employees due to their lower monthly premiums.

Counter to last year's trend, the number of employers offering individual deductibles in the $0 to $249 range dropped to 4 percent of all plans (down from 13 percent in 2014). This significant drop may be due to concerns over the Cadillac tax, as employers re-evaluate their plans to reduce their chances of incurring the excise tax.

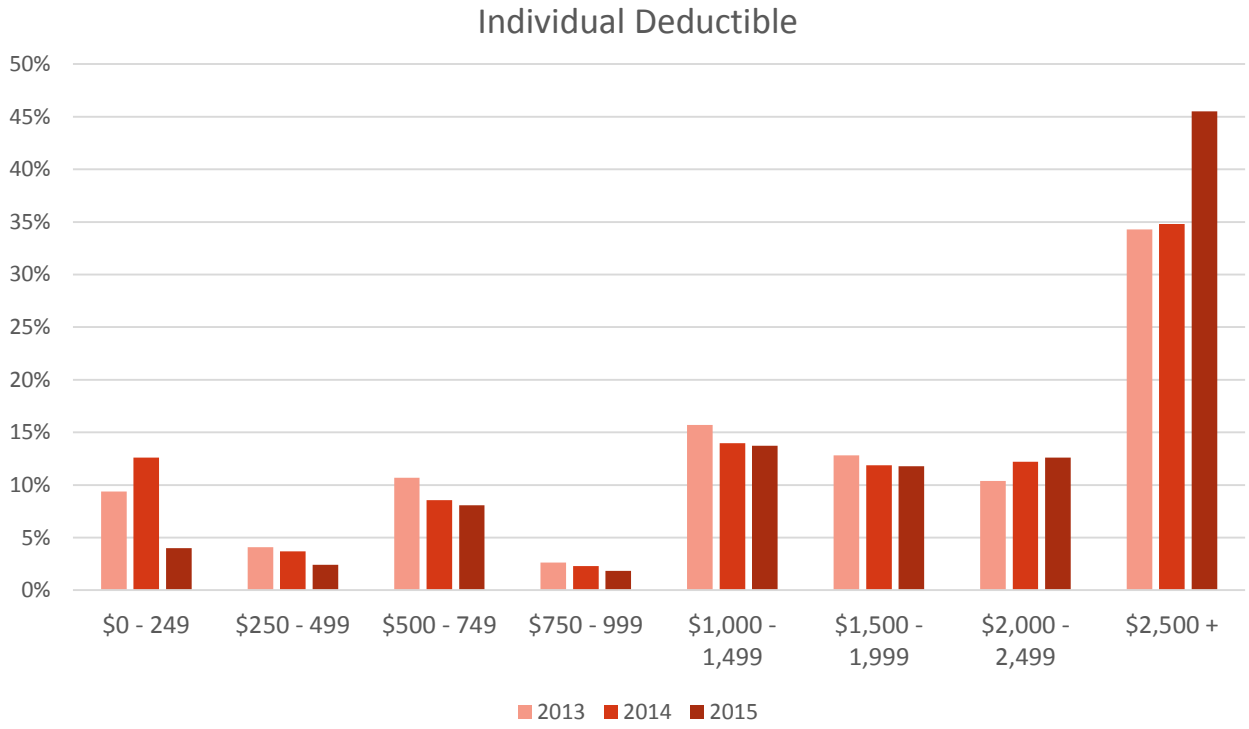
- The majority of the regions generally followed the above trends. However, the South Central region was the region that most frequently offered plans with an individual deductible of $2,500 or greater at 53 percent. The West saw the least amount of change from 2014, with only 35 percent offering a plan with an individual deductible of $2,500 or greater.

- Most industries were in line with the national norm. Educational Services was an outlier, though, as it has been for the past three years. Nearly 10 percent of plans offered in the Educational Services industry had an individual deductible of less than $249 in 2015, which is nearly double the national average. The Public Administration industry was also an outlier in this category—with 8 percent of plans offered featuring an individual deductible between $0 and $249.

- Similar to last year, the preferred individual deductible varied largely by plan type. Health maintenance organization (HMO) and indemnity plans tended to favor lower deductible ranges more than other plan designs, while plans that had an HRA or HSA component 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 2014. Groups with fewer than 500 employees tended to offer a higher individual deductible, in line with the national average. Employers with more than 500 employees were less likely to offer an individual deductible in the $2,500+ range, and were more likely to have an individual deductible in the $0 to $249 range.



EMERGENCY ROOM COPAY



EMERGENCY ROOM COPAY

Consistent with the trend over the past three years, employers in 2015 showed an increased preference for plans with a higher emergency room (ER) copay, with 72 percent of all plans offered featuring a copay of over $100 (57 percent of those having a copay equal to or greater than $150).

This is unsurprising, as offering a higher ER copay has become a common cost-control strategy for employers in recent years in order to encourage employees to seek care for non-emergency conditions in a more cost-effective setting (e.g., urgent care or the doctor's office). The following are trends from this year's survey.

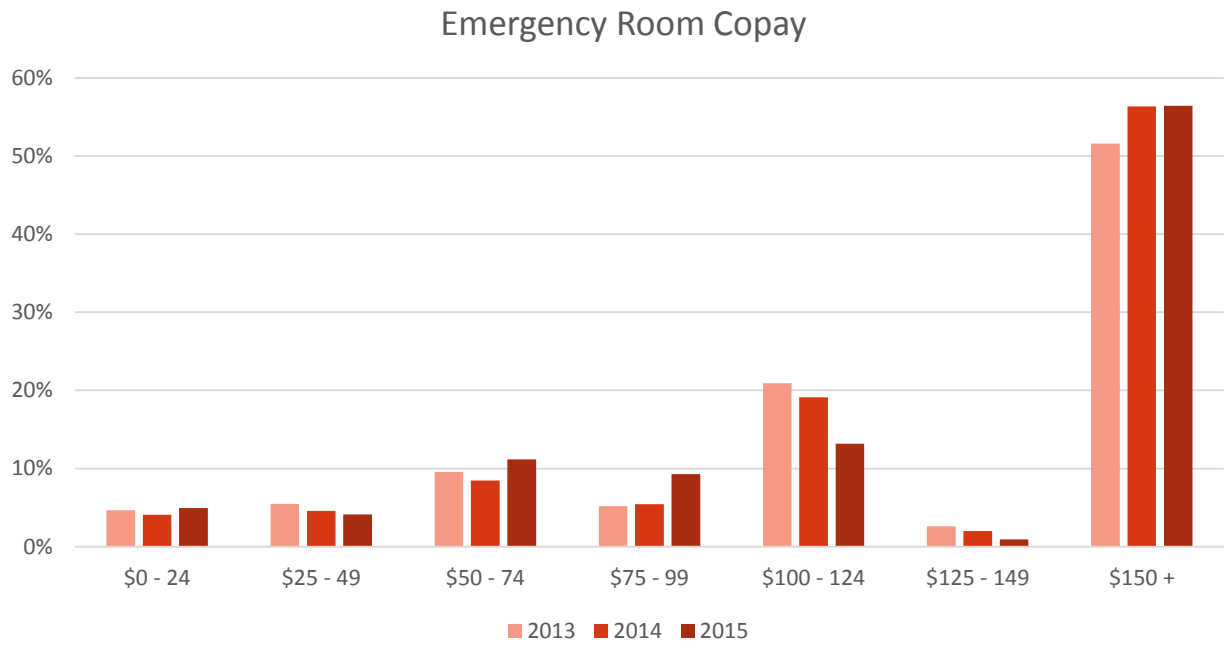
- Regionally, results were largely consistent with the national average, but the Northeast is an outlier, as it was in 2013 and 2014. While the $150+ emergency room copay range was still the most common plan in the Northeast, less than 38 percent of all plans offered an ER copay in this range. This was considerably lower than other regions (South Atlantic, South Central, West, etc.), where more than 60 percent of plans featured copays of more than $150.

- The vast majority of industries fell in line with national norms. One exception was the Transportation and Warehousing industry, in which 61 percent of plans offered had an ER copay that was more than $150, which is slightly above the national average.

- For most plan types (except indemnity), the most popular range for the ER copay was more than $150. For example, 64 percent of POS plans and 57 percent of plans with an HRA component had an ER copay in this range.

- ER copays, in terms of group size, followed a trend from the previous two years, with organizations with less than 500 employees more heavily favoring the $150+ copay range. On the other hand, companies with more than 500 employees tended to feature a more diverse range of ER copays. This likely reflects larger organizations' financial ability to offer plans that smaller businesses cannot.

EMERGENCY ROOM COPAY





COINSURANCE

The most popular coinsurance percentage among offered plans in 2015 was in the 80 to 89 percent range, which dropped to 32 percent in 2015 (a drop of 5 percent from the year prior). In addition, 100 percent coinsurance dropped from 35 percent in 2014 to 28 percent of plans offered in 2015.

Making up 24 percent of the plans offered, the frequency of plans with coinsurance of less than 60 percent doubled between 2014 and 2015. Once again, this shift could be the result of employers trying to reduce their health care expenses.

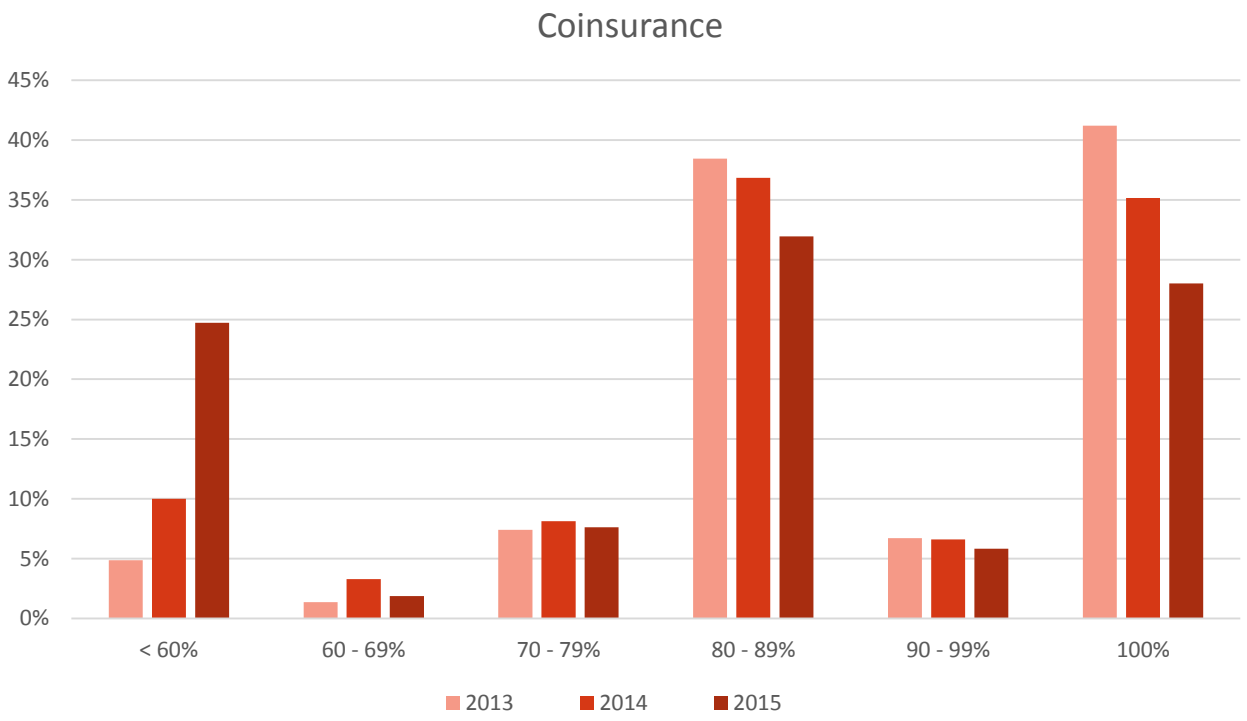
- Similar to the two previous years, the country was regionally divided in terms of the preferred coinsurance amount. In the South Central and North Central regions, the 80 to 89 percent was the most popular range, while 100 percent coinsurance was favored in the Northeast. The South Atlantic region reflected the national trend and was more evenly split between those two coinsurance ranges.

- Though there was a bit of variation by industry, the 80 to 89 percent and 100 percent ranges were the overwhelmingly popular options in each, which has been the case over the past couple of years. Interestingly, the Utilities and the Arts, Entertainment and Recreation industries favored a lower coinsurance percentage than most other industries (in both industries, more than 30 percent of plans featured a coinsurance percent in the less than 60 percent range), while the Educational Services industry favored the 100 percent coinsurance more than other industries.

- Coinsurance was another plan component that varied significantly by plan type. HMO and HSA plans favored 100 percent coinsurance, while PPO and POS plans were more evenly split between coinsurance ranges. Plans with an HRA component generally favored plan designs with less than 60 percent coinsurance.

COINSURANCE

- All group sizes fell generally in line with the national trend in terms of coinsurance. However, organizations with 2,500 to 4,999 employees more heavily favored the 80 to 89 percent range over a coinsurance rate of 100 percent.



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 the most commonly offered office visit copay range. This trend continued in 2015, with 40 percent of employers offering a plan with a copay of over $35 for an office visit. This increase 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 due to the large change in the $35+ range, the percentage of plans with office visit copays of $20 or more increased to 87 percent (up from 76 percent in 2014 and 75 percent in 2013). Consequently, the percentage of plans with office visit copays of $19 or less dropped to 13 percent (down from 24 percent in 2014 and 25 percent in 2013).

This data seems to suggest that more employers who offered 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 the future.

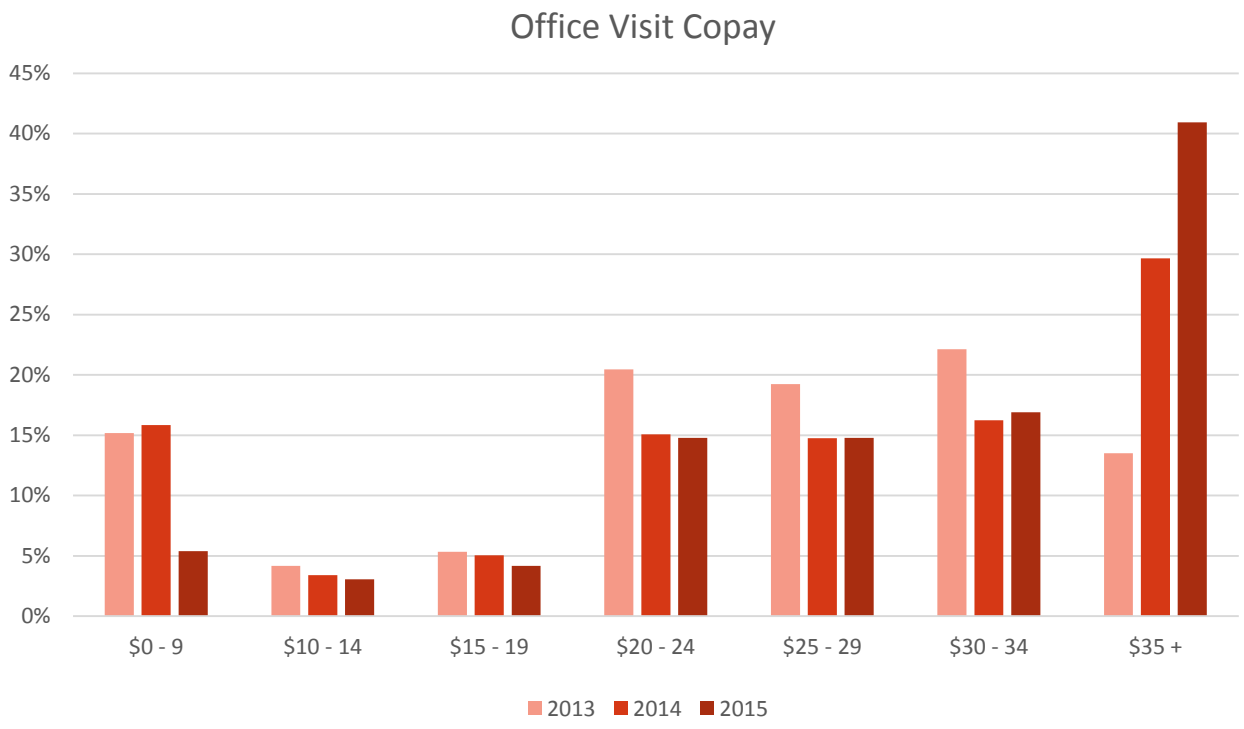
- Different regions favor different copays, but not by a wide margin. Just like the national distribution, each region has multiple popular copay options. One of the largest outliers is perhaps the South Atlantic region, which offered a $35+ office visit copay more frequently than any other region. The West region featured a copay in the range of less than $9 more frequently than the others.

- All industries generally were in line with national norms, though plans within the Educational Services and Public Administration industries tended to offer lower copays than other industries.

- Office visit copay amounts varied by plan type. For example, POS plans and those with an HRA component tended to favor copays of over $35 more than other plan types.

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 it would choose to offer a more competitive plan design featuring a lower office visit copay amount.



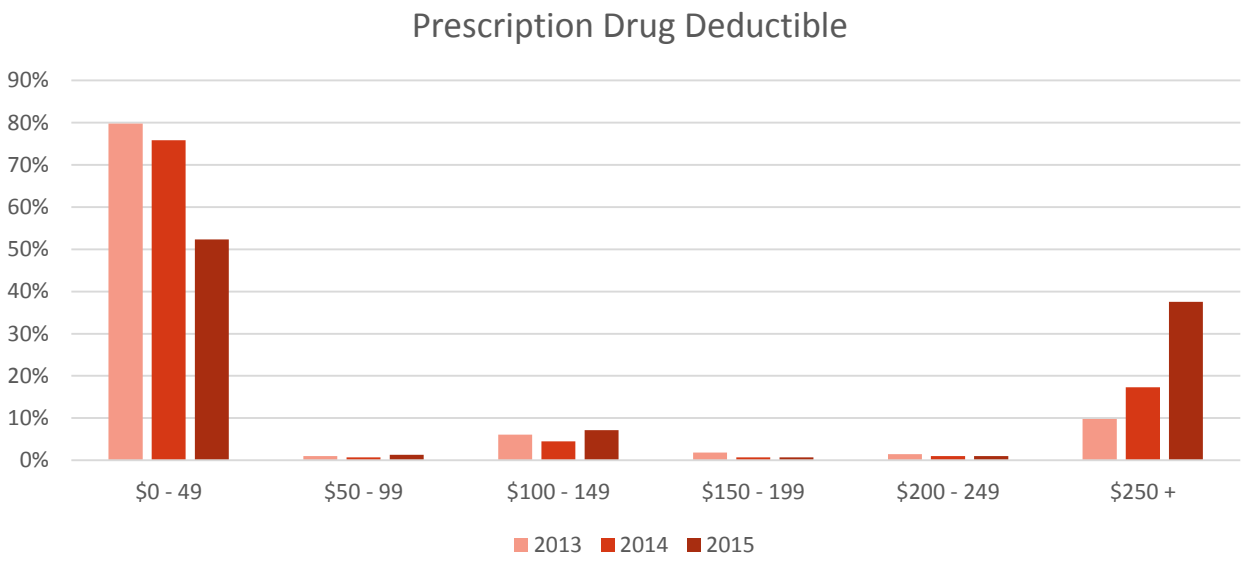
PRESCRIPTION DRUG DEDUCTIBLE

PRESCRIPTION DRUG DEDUCTIBLE

The distribution of the prescription drug deductible for plans offered in 2015 was more widely dispersed than in past years. In 2014, over 75 percent of plans featured a prescription drug deductible in the $0 to $49 range—in 2015, that figure dropped to 52 percent.

Plans with prescription drug deductibles of more than $250 soared—increasing from 17 percent in 2014 to 38 percent in 2015. This increase is perhaps due to companies' attempts to rein in the rising cost of specialty drugs and other costly brand-name medications.

- There was minimal variation in prescription drug deductibles among region, industry or group size—most regions favored the $0 to $49 range except for the South Atlantic region, which preferred prescription drug deductibles of over $250.
- Between industries, once again, there was a small variation in prescription drug deductibles. Similar to other plan design areas, the Public Administration industry tended to offer more generous health benefits, with a smaller prescription drug deductible (less than $50 dollars).
- Within plan types, prescription drug deductibles of less than $50 remained the most popular for POS and PPO plans and for those with an HRA component. Prescription drug deductibles were more evenly split among HSA plans, though.



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