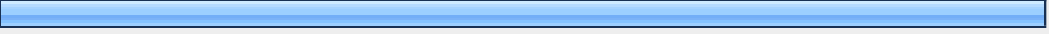


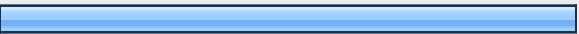
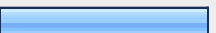
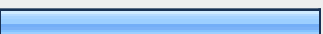
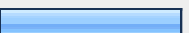




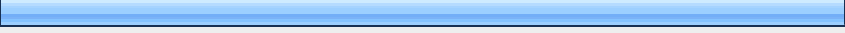

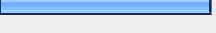
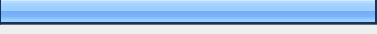

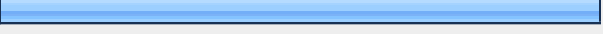



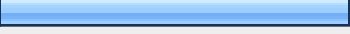
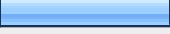
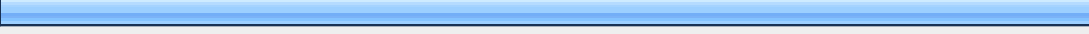



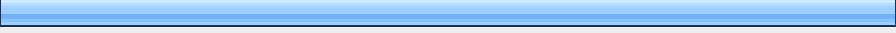
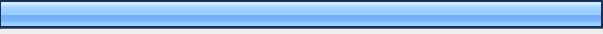
IBP Insights - 2010 Employee Benefit Program Plan Sponsor Survey (Conducted June 2009)



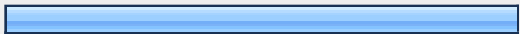
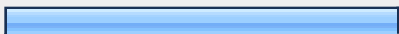

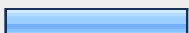
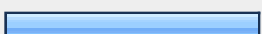

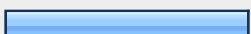
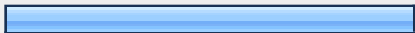
| 1. The most significant challenges we face as an organization sponsoring an employee benefit program (check all that apply): | | | |
|--|---|--------------------------|----------------|
| | | Response Percent | Response Count |
| Challenging Business Environment (the recession) |  | 61.3% | 187 |
| Federal & State compliance (ARRA, COBRA, HIPAA etc.) |  | 32.5% | 99 |
| Increasing expense - premiums |  | 90.2% | 275 |
| Employee payroll contributions levels |  | 33.8% | 103 |
| Ongoing high dollar claims (over \$50,000 per member) |  | 12.1% | 37 |
| Employee satisfaction with plan |  | 18.7% | 57 |
| Ongoing daily administrative challenges (billing/claims) |  | 10.5% | 32 |
| Provider disruption (doctors leaving network) |  | 7.2% | 22 |
| Communication of the plan to employees |  | 11.5% | 35 |
| Other Issues |  | 2.3% | 7 |
| | | answered question | 305 |
| | | skipped question | 2 |



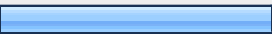
| 2. The employee benefit program offerings at my organization for 2009 are: | | | |
|--|--|--------------------------|----------------|
| | | Response Percent | Response Count |
| Less competitive than three years ago (see question 3) | | 39.5% | 119 |
| More competitive than three years ago (see question 4) | | 16.6% | 50 |
| About the same as three years ago | | 43.9% | 132 |
| | | <i>answered question</i> | 301 |
| | | <i>skipped question</i> | 6 |

| 3. What factors have contributed to the benefit offering being less competitive (check all that apply): | | | | |
|---|--|--|--------------------------|----------------|
| | | | Response Percent | Response Count |
| Benefit reductions (higher deductible and co-payments) |  | | 50.4% | 115 |
| Increase employee payroll contributions |  | | 49.6% | 113 |
| Change in demographics / location of our workforce |  | | 5.3% | 12 |
| Staff reductions at my firm |  | | 12.3% | 28 |
| Challenging business environment (the recession) |  | | 21.9% | 50 |
| Other factors |  | | 4.4% | 10 |
| Not applicable |  | | 35.1% | 80 |
| | | | answered question | 228 |
| | | | skipped question | 79 |

| 4. What factors have contributed to the benefit offering being more competitive (check all that apply): | | | Response Percent | Response Count |
|---|--|--------------------------|------------------|----------------|
| Benefit improvements (lower deductible and co-payments) |  | | 11.4% | 24 |
| Reduced employee payroll contributions |  | | 5.7% | 12 |
| Growth at our organization allowing us to offer a superior plan |  | | 7.1% | 15 |
| New benefit plan offering (HSA or other alternative plans) |  | | 20.4% | 43 |
| Other factors |  | | 10.0% | 21 |
| Not applicable |  | | 64.0% | 135 |
| | | <i>answered question</i> | | 211 |
| | | <i>skipped question</i> | | 96 |

| 5. In an effort to control the expense of sponsoring an employee benefit program we are considering the following options for 2010 (check all that apply): | | | |
|--|--|--------------------------|----------------|
| | | Response Percent | Response Count |
| Plan design change (increase deductibles or co-payments) |  | 49.8% | 150 |
| Higher employee payroll contributions |  | 52.5% | 158 |
| No plan design changes anticipated |  | 35.2% | 106 |
| | | <i>answered question</i> | 301 |
| | | <i>skipped question</i> | 6 |

| 6. Specific benefit options we are considering for 2010 (check all that apply): | | | Response Percent | Response Count |
|---|---|--|--------------------------|----------------|
| Increase co-payments |  | | 41.4% | 123 |
| Reduce coinsurance levels |  | | 15.2% | 45 |
| Increase out of pocket expense |  | | 30.0% | 89 |
| Change RX co-payments |  | | 22.9% | 68 |
| Increase employee payroll contributions |  | | 48.8% | 145 |
| Online employee self service portal |  | | 10.4% | 31 |
| Introduce employee wellness program |  | | 14.8% | 44 |
| Suspend 401k employer matching contribution |  | | 16.8% | 50 |
| Staff reductions |  | | 14.1% | 42 |
| No changes planned |  | | 23.9% | 71 |
| | | | answered question | 297 |
| | | | skipped question | 10 |

| 7. Do you offer an HSA/HRA (high deductible) type health plan: | | | Response Percent | Response Count |
|--|--|--|------------------|----------------|
| Yes |  | | 28.4% | 86 |
| No |  | | 55.8% | 169 |
| Considering for 2010 |  | | 15.8% | 48 |
| <i>answered question</i> | | | | 303 |
| <i>skipped question</i> | | | | 4 |

| 8. Current 2009 employee payroll contributions: | | | | | | | | | | | | | | | | | | | |
|---|-----------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|--|
| Employee Payroll Contribution (as a percentage) | | | | | | | | | | | | | | | | | | | |
| | 0% | 1% | 2% | 3% | 4% | 5% | 6% | 7% | 8% | 9% | 10% | 11% | 12% | 13% | 14% | 15% | 16% | 17% | |
| Employee pays X % for coverage | 22.0% (65) | 1.0% (3) | 0.3% (1) | 1.0% (3) | 0.7% (2) | 3.7% (11) | 0.3% (1) | 0.0% (0) | 1.4% (4) | 1.0% (3) | 13.9% (41) | 1.0% (3) | 3.1% (9) | 0.3% (1) | 0.3% (1) | 9.8% (29) | 1.0% (3) | 1.4% (4) | |
| Employee with dependents pays X % for coverage | 6.5% (19) | 1.0% (3) | 0.0% (0) | 0.3% (1) | 0.3% (1) | 1.0% (3) | 0.3% (1) | 0.7% (2) | 0.3% (1) | 0.0% (0) | 4.5% (13) | 0.7% (2) | 1.7% (5) | 0.7% (2) | 0.7% (2) | 3.8% (11) | 0.3% (1) | 1.4% (4) | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

9. Anticipated 2010 employee payroll contributions:

Employee Payroll Contribution (as a percentage)




| | 0% | 1% | 2% | 3% | 4% | 5% | 6% | 7% | 8% | 9% | 10% | 11% | 12% | 13% | 14% | 15% | 16% | 17% |
|--|-----------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|---------------|-------------|------|
| Employee pays X % for coverage | 18.1% (51) | 1.1% (3) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 3.6% (10) | 1.1% (3) | 0.4% (1) | 0.4% (1) | 0.0% (0) | 11.7% (33) | 0.7% (2) | 2.1% (6) | 1.8% (5) | 1.4% (4) | 10.3% (29) | 1.4% (4) | 0.0% |
| Employee with dependents pays X % for coverage | 5.4% (15) | 0.7% (2) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.8% (5) | 0.4% (1) | 0.4% (1) | 0.4% (1) | 0.0% (0) | 3.2% (9) | 0.4% (1) | 0.0% (0) | 0.4% (1) | 0.4% (1) | 3.9% (11) | 0.7% (2) | 0.0% |
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |


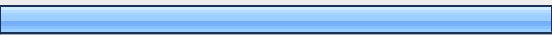


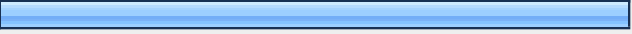
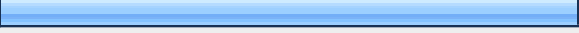
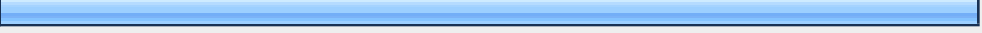
10. Percentage of employees enrolled in each health offering:


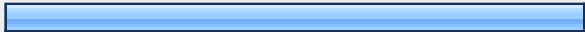
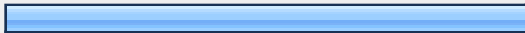

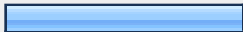
Enrollment by Plan (as a percentage)

| | 0% | 1% | 2% | 3% | 4% | 5% | 6% | 7% | 8% | 9% | 10% | 11% | 12% | 13% | 14% | 15% | 16% | 17% | 18% |
|--------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-----|
| PPO | 2.3% (6) | 1.9% (5) | 1.5% (4) | 0.8% (2) | 0.0% (0) | 3.4% (9) | 0.4% (1) | 1.1% (3) | 0.4% (1) | 0.4% (1) | 10.2% (27) | 0.4% (1) | 0.0% (0) | 0.0% (0) | 0.8% (2) | 2.7% (7) | 0.0% (0) | 0.0% (0) | |
| HMO | 10.0% (24) | 0.4% (1) | 0.8% (2) | 0.4% (1) | 0.0% (0) | 2.9% (7) | 0.4% (1) | 1.2% (3) | 0.4% (1) | 0.8% (2) | 5.0% (12) | 0.0% (0) | 0.4% (1) | 0.8% (2) | 0.4% (1) | 2.5% (6) | 0.4% (1) | 0.4% (1) | |
| HSA/HRA Plan | 48.9% (68) | 3.6% (5) | 2.2% (3) | 2.2% (3) | 0.0% (0) | 2.9% (4) | 0.0% (0) | 1.4% (2) | 0.0% (0) | 0.0% (0) | 8.6% (12) | 0.0% (0) | 0.7% (1) | 0.0% (0) | 0.0% (0) | 0.7% (1) | 1.4% (2) | 0.7% (1) | |
| Kaiser | 11.6% (27) | 0.9% (2) | 0.0% (0) | 0.9% (2) | 1.3% (3) | 2.6% (6) | 0.0% (0) | 0.4% (1) | 1.7% (4) | 0.9% (2) | 9.5% (22) | 0.4% (1) | 0.4% (1) | 0.9% (2) | 0.4% (1) | 6.5% (15) | 1.3% (3) | 1.3% (3) | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

| 11. Have you suspended or reduced your 401k employer matching contribution? | | | |
|---|--------------------------|----------|----------------|
| | 2009 | 2010 | Response Count |
| We do not have an employer matching contribution | 99.2% (119) | 0.0% (0) | 120 |
| No change to our employer matching contribution | 91.9% (113) | 0.0% (0) | 123 |
| Reduced our employer matching contribution | 92.9% (13) | 0.0% (0) | 14 |
| Eliminated our employer matching contribution | 93.3% (42) | 0.0% (0) | 45 |
| | <i>answered question</i> | | 295 |
| | <i>skipped question</i> | | 12 |


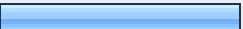



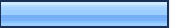
| 12. We offer a formalized employee health and wellness program: | | | |
|---|--|------------------|----------------|
| | | Response Percent | Response Count |
| Yes (See question 13) |  | 20.9% | 62 |
| No |  | 64.2% | 190 |
| Considering for 2010 |  | 14.9% | 44 |
| | <i>answered question</i> | | 296 |
| | <i>skipped question</i> | | 11 |

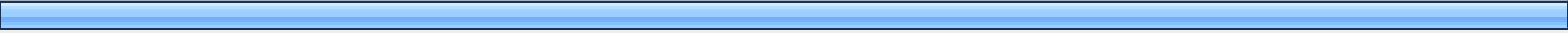
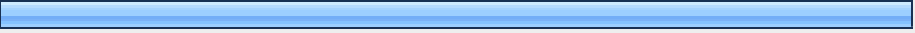
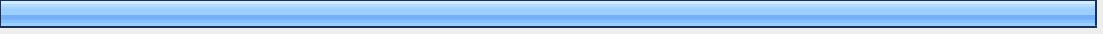
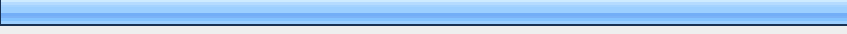
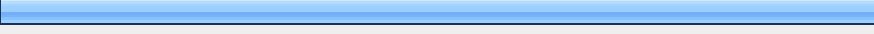
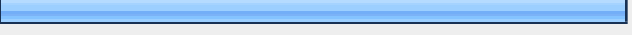
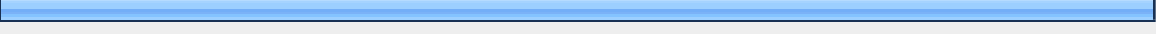
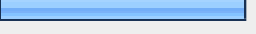
| 13. If yes to question 12, we offer the following formalized health and wellness programs (check all that apply): | | | |
|---|--|--------------------------|----------------|
| | | Response Percent | Response Count |
| Health risk assessment (HRA) profile |  | 54.4% | 37 |
| Health coach |  | 32.4% | 22 |
| Gym membership |  | 66.2% | 45 |
| Healthy snacks |  | 35.3% | 24 |
| Nutritional counseling |  | 36.8% | 25 |
| Walking group |  | 33.8% | 23 |
| Other wellness based services |  | 57.4% | 39 |
| | | answered question | 68 |
| | | skipped question | 239 |

| 14. The biggest employee benefit compliance issue we face as an organization is: | | | Response Percent | Response Count |
|--|--|--|--------------------------|----------------|
| ARRA |  | | 14.1% | 38 |
| COBRA |  | | 33.8% | 91 |
| FMLA |  | | 30.5% | 82 |
| HIPAA |  | | 7.8% | 21 |
| Other Regulations |  | | 13.8% | 37 |
| | | | <i>answered question</i> | 269 |
| | | | <i>skipped question</i> | 38 |

15. We have elected to outsource the following human resource services:

| | | Response Percent | Response Count |
|---|--|--------------------------|----------------|
| All employee benefit program administration (call center) | | 13.7% | 33 |
| COBRA administration | | 79.3% | 191 |
| Section 125 administration | | 69.3% | 167 |
| Employee wellness programs | | 9.5% | 23 |
| Monthly insurance carrier billing | | 14.9% | 36 |
| Human resource compliance assistance (consultant, law firm, service bureau) | | 19.1% | 46 |
| | | answered question | 241 |
| | | skipped question | 66 |

| 16. Health care reform has gained a great deal of press in 2009. As a California employer we: | | | Response Percent | Response Count |
|---|--|--|--------------------------|----------------|
| Want to see the Federal Government come up with a solution |  | | 32.0% | 85 |
| Want to see the State of California come up with a solution |  | | 13.9% | 37 |
| Would like to see an individual mandate |  | | 3.0% | 8 |
| Would like to see an employer mandate |  | | 4.5% | 12 |
| Look for incremental reform of the existing plan |  | | 36.8% | 98 |
| Scrap our current system and start from scratch |  | | 9.8% | 26 |
| | | | <i>answered question</i> | 266 |
| | | | <i>skipped question</i> | 41 |

| 17. We use the following methods and tools to communicate with our employees about our employee benefit program (check all that apply): | | | | |
|---|--|--|--------------------------|----------------|
| | | | Response Percent | Response Count |
| New hire kit |  | | 92.2% | 271 |
| Email campaigns |  | | 53.4% | 157 |
| In person group meetings |  | | 64.3% | 189 |
| One on one meetings |  | | 49.7% | 146 |
| Intranet / Internet |  | | 51.4% | 151 |
| Employee self service portal |  | | 36.7% | 108 |
| Carrier materials |  | | 67.7% | 199 |
| Other resources |  | | 14.3% | 42 |
| | | | answered question | 294 |
| | | | skipped question | 13 |

| 18. The improvements my health insurance carrier can make to their offering include. (provide one answer on each row.) | | | | |
|--|--------------------------|--------------------|---------------|----------------|
| | Important | Somewhat Important | Not Important | Response Count |
| Reduce monthly premiums | 86.3% (252) | 13.0% (38) | 0.7% (2) | 292 |
| Improve plan designs (deductible/coinsurance etc.) | 57.8% (167) | 37.0% (107) | 5.2% (15) | 289 |
| Increase provider network participation | 45.4% (129) | 44.7% (127) | 9.9% (28) | 284 |
| Improve customer service | 47.9% (135) | 44.3% (125) | 7.8% (22) | 282 |
| Provide coverage for services not covered | 35.9% (103) | 43.6% (125) | 20.6% (59) | 287 |
| | <i>answered question</i> | | | 294 |
| | <i>skipped question</i> | | | 13 |

| 19. Who do you look to for employee benefit program compliance assistance and benchmarking information? (check all that apply) | | | | | | |
|--|--------------------------|-------------------|-------------------|--------------------|-------------------|----------------|
| | ARRA | COBRA | EE Cost Sharing | Plan Design Trends | EE Wellness | Response Count |
| Attorney | 86.3% (63) | 67.1% (49) | 4.1% (3) | 6.8% (5) | 2.7% (2) | 73 |
| Benefit broker | 64.1% (164) | 79.3% (203) | 72.3% (185) | 89.1% (228) | 57.8% (148) | 256 |
| CFO/CEO internal resource | 16.3% (17) | 20.2% (21) | 86.5% (90) | 30.8% (32) | 15.4% (16) | 104 |
| CPA - accounting firm | 27.3% (3) | 18.2% (2) | 45.5% (5) | 45.5% (5) | 0.0% (0) | 11 |
| Employee survey results | 7.0% (6) | 10.5% (9) | 57.0% (49) | 70.9% (61) | 62.8% (54) | 86 |
| Human resource consultant | 49.0% (24) | 71.4% (35) | 46.9% (23) | 49.0% (24) | 26.5% (13) | 49 |
| Human resource peer | 43.4% (46) | 49.1% (52) | 60.4% (64) | 66.0% (70) | 53.8% (57) | 106 |
| Internet | 55.8% (63) | 56.6% (64) | 41.6% (47) | 58.4% (66) | 62.8% (71) | 113 |
| Other | 30.4% (14) | 41.3% (19) | 37.0% (17) | 30.4% (14) | 56.5% (26) | 46 |
| | answered question | | | | | 279 |
| | skipped question | | | | | 28 |

| 20. The other services I would like to get (or see an improvement in the offerings) from my employee benefit broker include. (provide one answer for each row.) | | | | |
|---|--------------------------|--------------------|---------------|----------------|
| | Important | Somewhat Important | Not Important | Response Count |
| Assistance with establishing a formalized health and wellness program | 38.9% (105) | 38.5% (104) | 22.6% (61) | 270 |
| More information/assistance with Federal and State compliance issues | 47.0% (127) | 37.8% (102) | 15.2% (41) | 270 |
| Improved employee communication tools & materials | 46.8% (126) | 40.5% (109) | 12.6% (34) | 269 |
| More help in resolving problem claim issues | 34.3% (91) | 43.8% (116) | 21.9% (58) | 265 |
| Assistance with processing monthly carrier invoices | 17.4% (45) | 28.2% (73) | 54.4% (141) | 259 |
| More proactive follow up & communication of renewal increases and claims loss ratio | 41.8% (109) | 41.8% (109) | 16.5% (43) | 261 |
| International employee benefit solutions | 21.8% (56) | 19.1% (49) | 59.1% (152) | 257 |
| | <i>answered question</i> | | | 280 |
| | <i>skipped question</i> | | | 27 |