

EBS Capstone and United Benefit Advisors: Annual Benchmark Survey Shows Average Annual Health Plan Cost is \$6,881 Per Employee; Largest Percentage of CDHP Adopters Comes from Employers with 25-100 Employees

Newton, MA, August 28, 2007/PRNewswire/ -- EBS Capstone along with United Benefit Advisors (UBA), (<http://benefits.com>), an alliance of 142 of the nation's premier independent benefit advisory firms, today released the results of its third annual employer-sponsored health plan benchmark survey.

With responses from 16,485 health plans sponsored by 11,723 employers nationwide who employ nearly 1.9 million people (approximately 4.5 million total lives), the 2007 UBA Health Plan Survey is the nation's largest and most comprehensive survey of plan design and plan costs.

"With a growth rate of approximately 20% over last year's previously unprecedented number of respondents, the report defines benchmarks for a greater number of specific industries, regions, and employee size categories than have been available previously," says Paul Rooney, Managing Partner at EBS Capstone. "The results will be especially valuable to employers in evaluating the effectiveness of their current plans and to knowledgeably make future adjustments while keeping their benefits both competitive and cost-effective."

The survey report provides vital benchmark statistics on hundreds of health plan factors, including detailed enrollment, plan design, plan cost, employee premium cost-sharing, prescription drug, retiree plan, and flexible spending account norms.

Among the survey's numerous findings:

- The average annual health plan cost per employee is \$6,881 (medical only coverage), with an average employee cost of \$3,110 and an average employer cost of \$3,771 per employee.
- Average premiums for all plans were \$347 for single coverage and \$848 for family (a weighted average of all non-single coverages).
- 32.7% of all plans required no employee contributions, and 8.3% required no family contributions. Of plans requiring contributions, employees contributed an average of 26.6% of premium or \$90 for single coverage and 46.8% or \$385 for family coverage.
- Average premiums increased 7.2% for all plans (after any plan adjustments) versus 8.6% last year.
- Consumer Driven Plans (plans with an HRA or HSA) now represent 8.8% of all plans offered by employers versus 5.8% last year; with 6.0% of all covered employees now enrolled in such plans (notably up from 3.4% last year).
- The average employer contribution to an HRA increased to \$1,138 for single and \$2,105 for family, while average employer contributions to an HSA were \$688 single and \$1,089.
- The majority of the increased adoption of Consumer Driven Plans continues to come from employers with under 1,000 employees, with the highest sub-segment being employers with 25-100 employees.

"With employer health plan information reported for over 3,100 cities from virtually every state in the country, differences in plan design and plan costs among various regions and industry groups become quite clear", says David LoCascio, UBA's Co-Founder, "This unique level of detail enables UBA Member Firms to provide quantifiable benchmarks to empower their clients to make the most effective decisions possible regarding their health plans."

As an example, the survey data confirm that the often reported average family health plan premium cost difference for plans in the Northeast (13.8% above the national average) is largely attributable to those plans having richer benefits than any other region of the country. Specifically, 71.0% of plans in the Northeast have no single deductible, and an amazing 82.1% have no in-network coinsurance, versus roughly 30% for plans in other regions.

Other important findings include:

- The median single PPO deductible of \$500 remained the same as 2006, as did the in-network and out-of-network coinsurance at 80% and 60%, respectively.
- Both HMOs and CDHPs have approximately 10% lower annual costs per employee than the average plan, while POS and FFS plans have nearly 11% and 50% higher annual costs per employee than the average plan, respectively.
- 49.2% of covered employees also elect dependent coverage, with the highest percentages being covered by FFS and CDHC plans.
- 7.4% of all employers now offer comprehensive, non-insurance company-based wellness programs, mirroring the increasing trend toward consumer empowerment in healthcare.
- 74.9% of all prescription drug plans utilize three copays, with median copays being \$10/\$25/\$50.
- While 18.4% of plans provide coverage for same-sex domestic partners, regional differences are pronounced (53.7% of plans in the West; 22.4% in the Northeast; and an average of 2.1% in the rest of the country).
- Plan premiums increased approximately 0.6% more for employers with fewer than 25 employees than for all other employers.

"The intent of the survey is to provide not only large employers with effective plan benchmarks, but most importantly to provide the 98.8% of employer plan sponsors who have fewer than 1,000 employees with benchmarking data that is critical in managing their programs effectively", says Paul Rooney. "With an increasing number of employers having operations in multiple locations, a genuinely national survey of this size and scope is the most effective way to deliver that information."

Copies of the survey are available for purchase via UBA's website at www.benefits.com. An updated companion report, the 2008 UBA Employer Opinion Survey, which delineates employers' specific healthcare strategies, cost-containment efforts, opinions, and future expectations regarding their health plans, will be released in the Spring of 2008.

About United Benefit Advisors (UBA)

UBA, (<http://benefits.com>), is one of the nation's largest employee benefits advisory organizations with over 1,900 experienced benefits professionals located in more than 165 offices across North America. As an alliance of the nation's premier independent benefit advisory firms, UBA members are better positioned to help employers and employees respond more efficiently and effectively to the challenges of an ever-changing employee benefits marketplace.

About EBS Capstone

EBS Capstone, www.ebscapstone.com is a full service insurance brokerage firm offering customized solutions in all lines of Property/Casualty and Employee Benefit services. With a management team comprised of entrepreneurs, engineers, attorneys and certified employee benefit specialists, we are positioned to assist companies across all industries and sizes with their insurance needs. EBS Capstone is one of the leading insurance brokerage firms in New England.

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