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Survey Results



Introduction

Not all benchmarks are created equal, and over the coming year 2013's employee benefits benchmark survey may have greater significance than any that have come before it. That's because it offers one final snapshot of employer-based benefits before the system was fundamentally altered by the Affordable Care Act.

While the fate of that legislation and the ways employers and the benefits insurance industry adapt to the coming changes remain unclear at the time of this writing, the 2013 employee benefits benchmark survey provides hints of things yet to come.

There appear to be a few clear trends at play. Health care insurance is a near-universal offering among employers. Other types of shared insurance benefits have declined slightly, while voluntary (employee-pay-all) offerings seem to have increased and diversified. Four out of 5 employers now offer defined contribution pension plans, compared to nearly one-fifth that offer defined benefit pension plans.

These trends seem to indicate that employers continue to use benefits as a tool to recruit and improve the lives of their employees, but that employers are handing off the active management of benefits to employees themselves, delegating the decisions and risk that comes with determining their future.

The 2013 Employee Benefits Benchmark Survey was conducted in late 2013 and was available to individuals through their client portal website. A total of 1,313 respondents completed the survey.

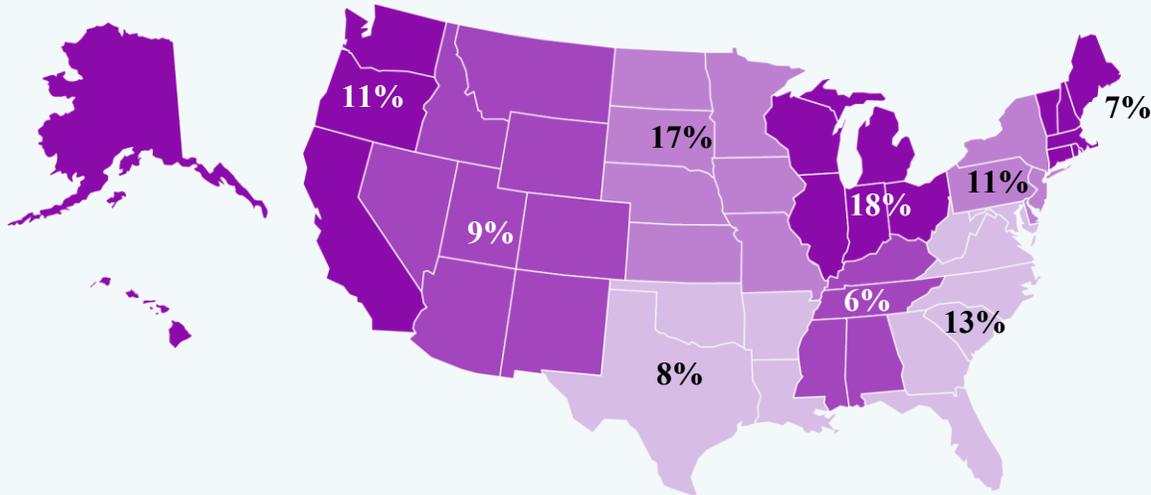
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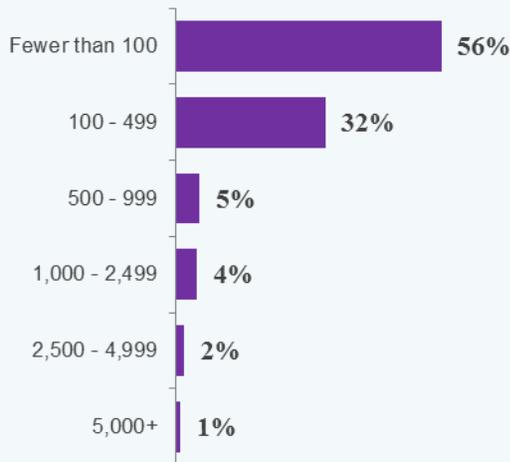
Demographics

This survey was completed by employers in all 50 states and the District of Columbia. As in 2012, the overwhelming majority of survey respondents were from organizations employing fewer than 500 employees, and over half employ fewer than 100.

In which region is your organization based (the most employees)?



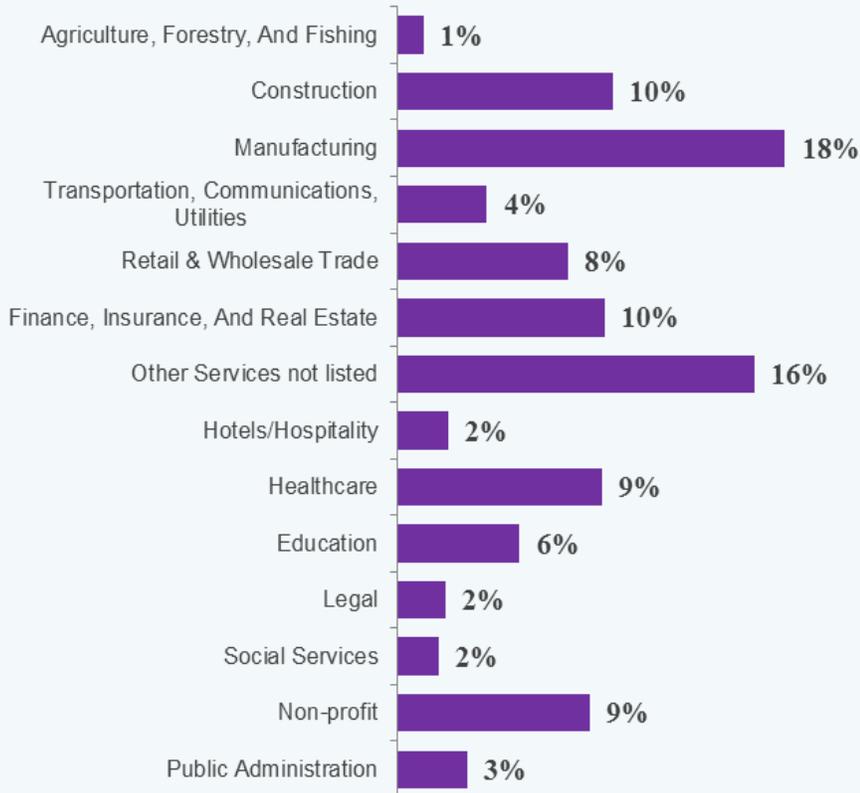
How many employees does your organization employ?



What is your organization's annual revenue?



In which industry/sector does your organization operate?

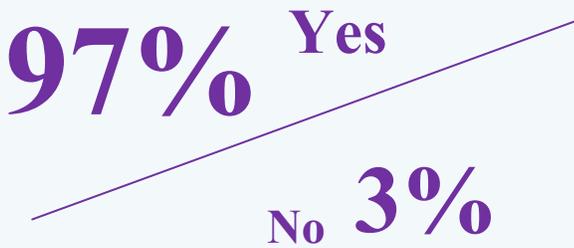


Health Care Benefits

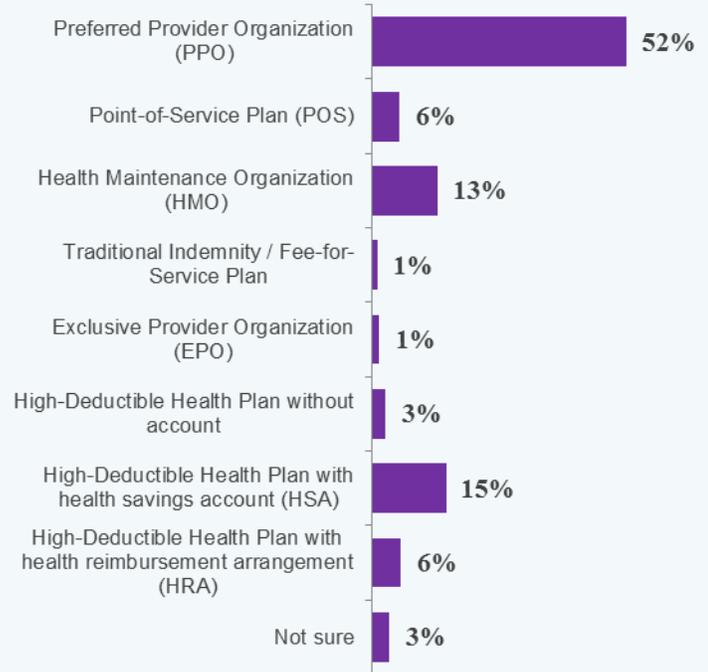
According to the last survey before the launch of the Affordable Care Act Marketplaces, health care benefits are a near-universal offering among employers, with only 3 percent declining to offer them. Of the 97 percent of employers that do offer health care, PPO plans are the plans most frequently offered, with over two-thirds of respondents choosing to offer them—one percentage point more than last year.

Over half of employees are enrolled in PPO plans, up two percentage points from 2012, and HDHPs with HSAs have overtaken HMOs as the second-most popular health plan for employees. However, despite the gain in popularity, employees are only signing up for HDHPs at half the rate at which they are offered.

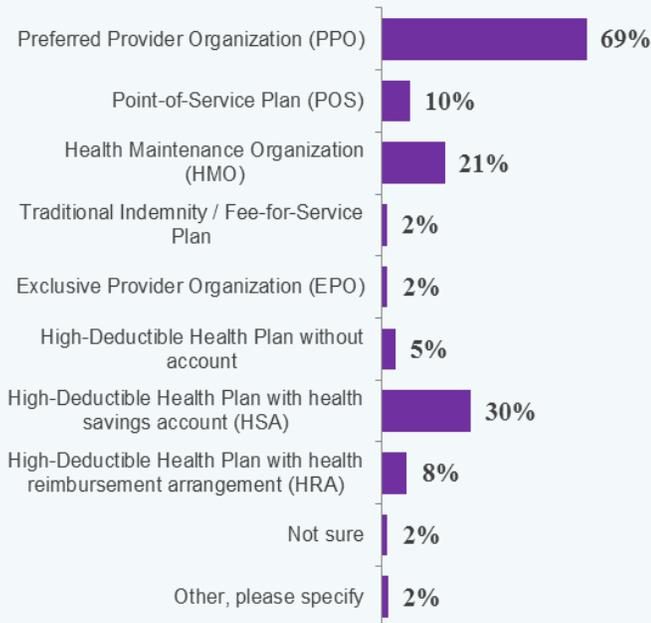
Does your organization offer health care benefits to your employees?



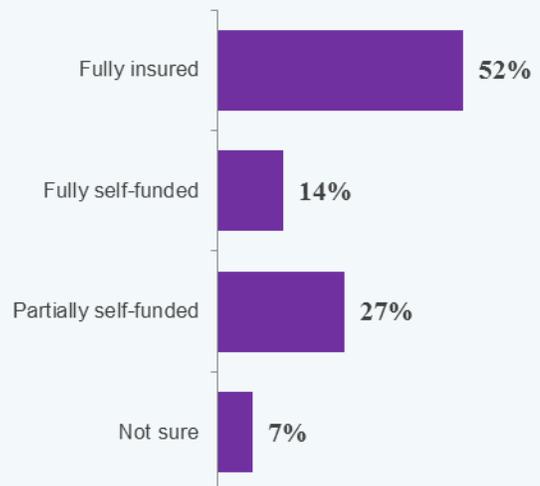
Indicate the health plan in which the majority of your participants are enrolled.



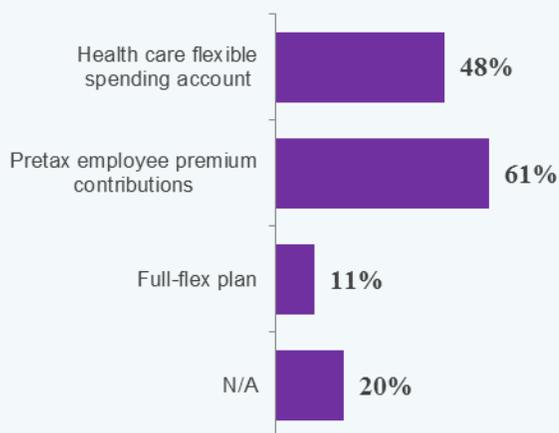
What type of health care plans do you offer to employees? (Select all that apply.)



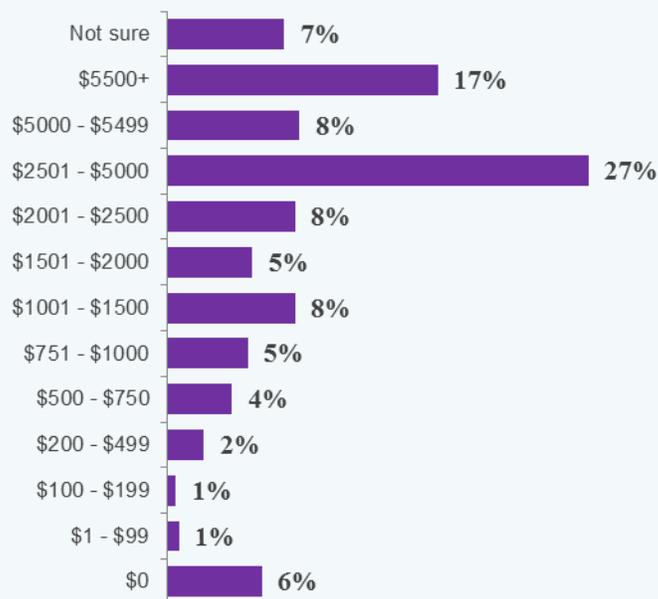
How is your organization's health plan funded?



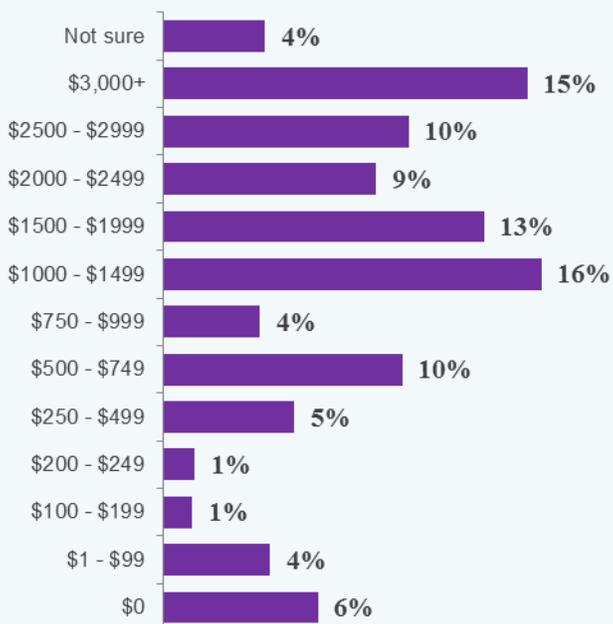
Does your organization offer any of the following pre-tax flexible benefit options under Code Section 125? (Check all that apply)



For the health plan with the majority of participants enrolled, what is the annual in-network deductible for family coverage?



For the health plan with the majority of participants enrolled, what is the single in-network deductible?



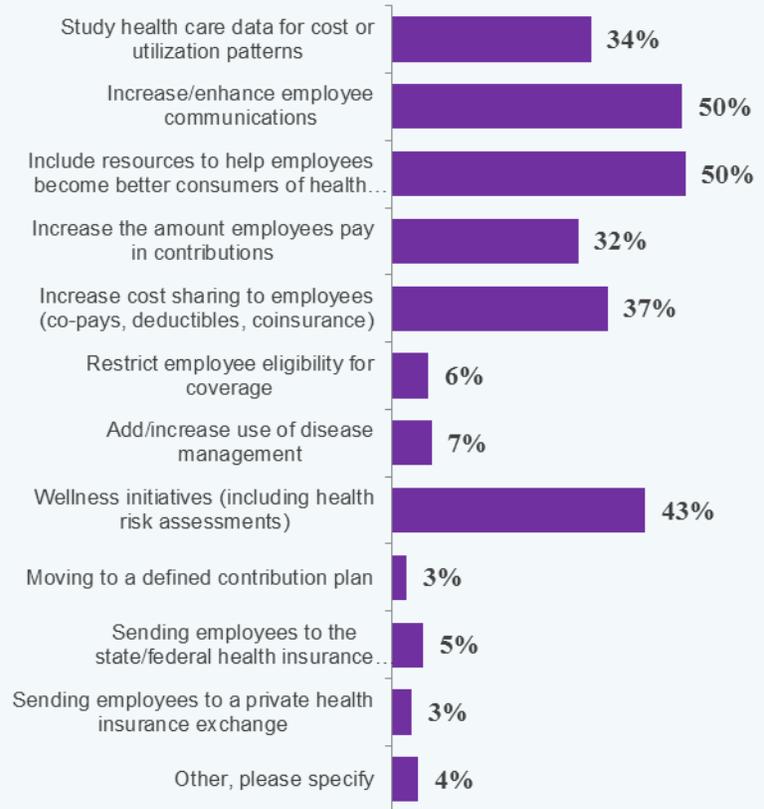
For the plan in which the majority of your participants are enrolled, what is the average annual total premium for covered workers for SINGLE coverage?



For the plan in which the majority of your participants are enrolled, what is the average annual total premium for covered workers for FAMILY coverage?



Which of the following cost-management measures does your organization currently employ or plan to employ for your medical plan? (Select all that apply)

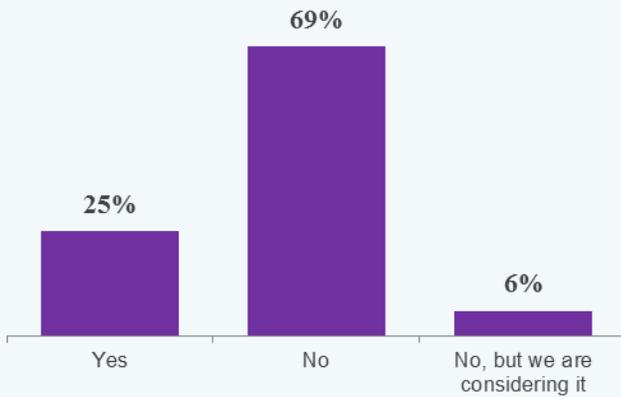


Domestic Partner Benefits

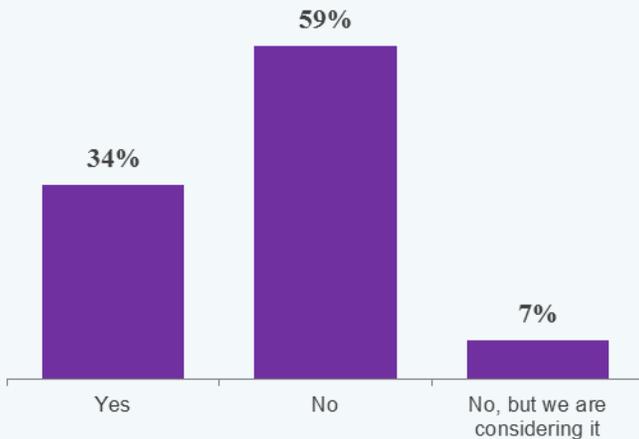
The number of employers that extend benefits to employees' domestic partners continues to increase for both same-sex and opposite-sex domestic partners, though much faster for the former.

The percent of employers that offer benefits to married or unmarried same-sex domestic partners jumped to 34 percent, up from 28 percent in 2012 and 21 percent in 2011. The increase in the percentage of employers offering benefits to unmarried opposite-sex domestic partners is not nearly as high, growing a single percentage point from 2012 to 2013 after a six-point jump in 2011. Significant single-digit responses of employers that are considering adding domestic partner benefits for both same-sex and opposite-sex partners suggests the potential for more growth in the year to come.

Do you offer health benefits to unmarried opposite-sex domestic partners?



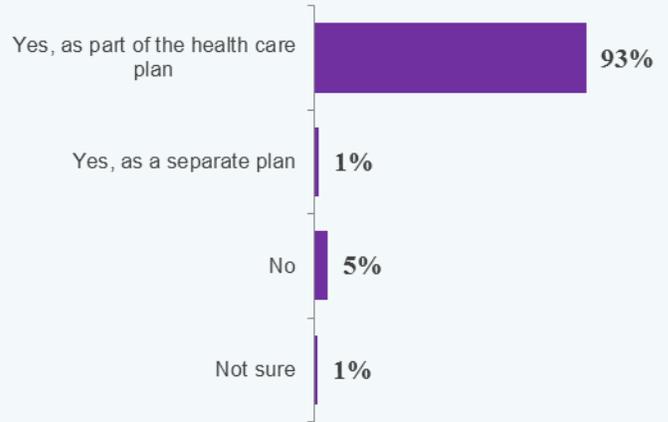
Do you offer health benefits to married or unmarried same-sex domestic partners?



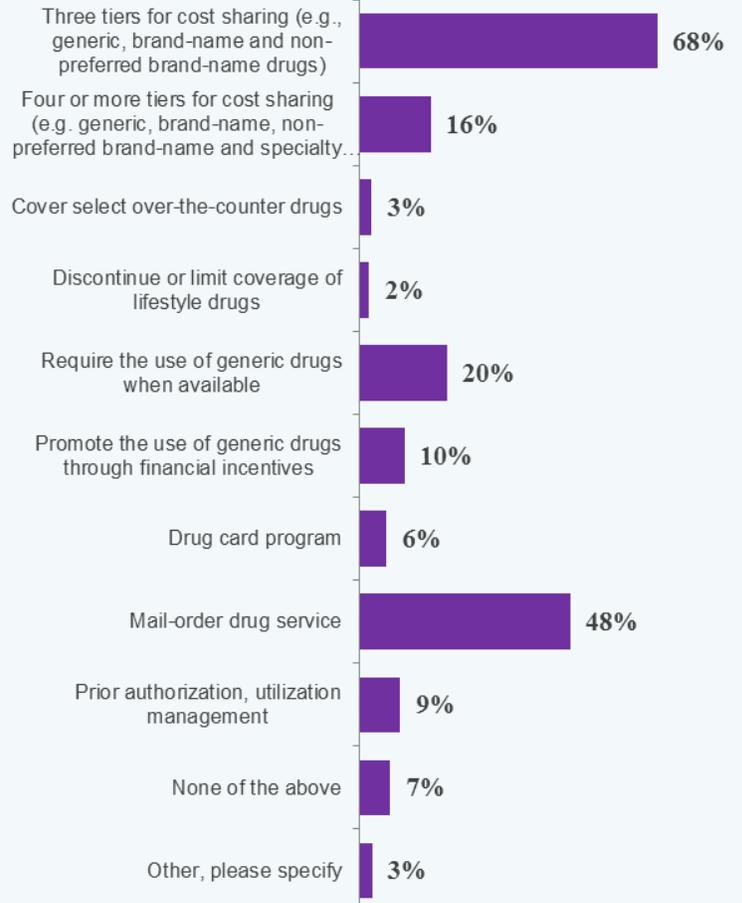
Prescription Drug Plans

While the vast majority of employer-sponsored prescription drug coverage remains part of employers' health care plans, both the number of organizations providing drug coverage as part of a health and the number of those using a three-tier copay system have decreased slightly from 2012, by two and five percentage points, respectively.

Does your organization provide coverage for prescription drugs?



Which of the following cost-management techniques does your organization use for your prescription drug plan? (Select all that apply.)



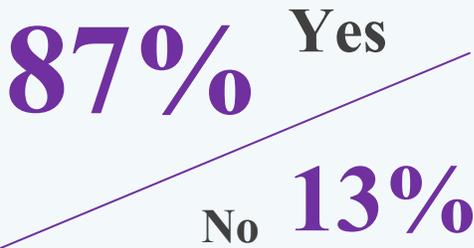
Dental Plans

This year's survey shows no change from 2012 in the number of employers offering dental plans.

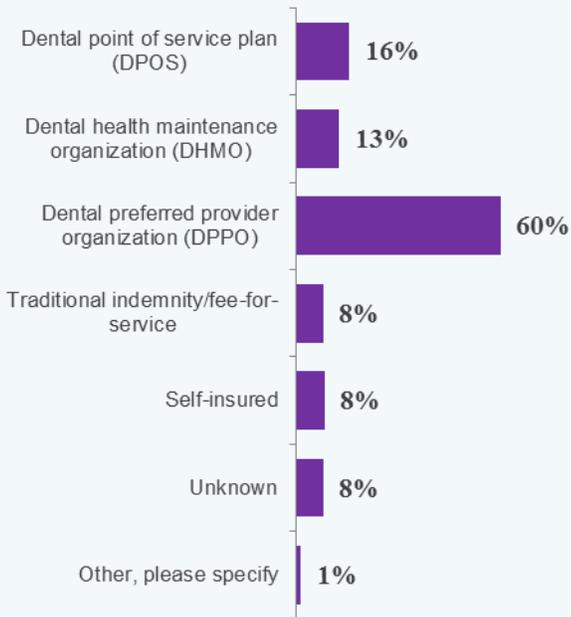
The most common deductible for single employees in 2013 also remains the same at \$40 to \$59; however, the percentage of employees who have this deductible has dropped by four points both in-network and out-of-network since 2012.

Sixty-two percent of respondents say the total monthly cost of single coverage for the majority of their participants is under \$40; while 52 percent of respondents say the majority of families pay \$80 or more per month for dental coverage per month, and over one-third of survey respondents say the majority of families pay \$100 or more.

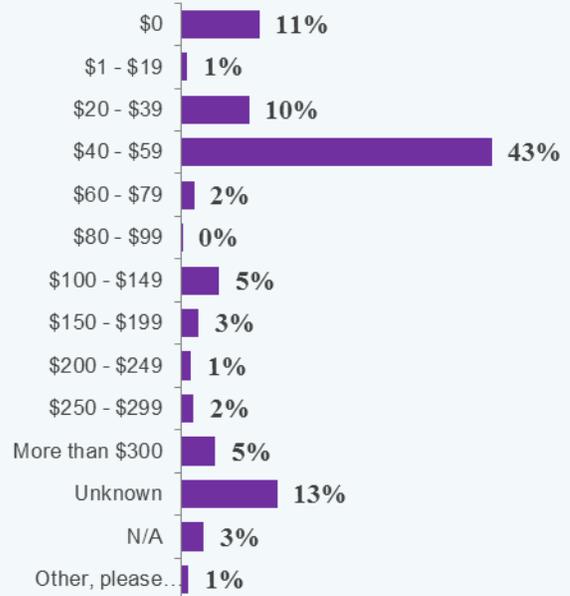
Does your organization offer dental benefits?



Which of the following types of dental benefits does your organization offer?



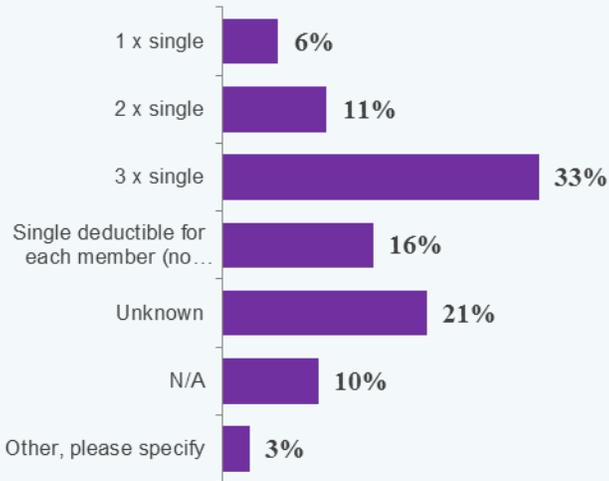
For the dental plan with the majority of participants enrolled, what is the annual in-network single deductible or annual single deductible?



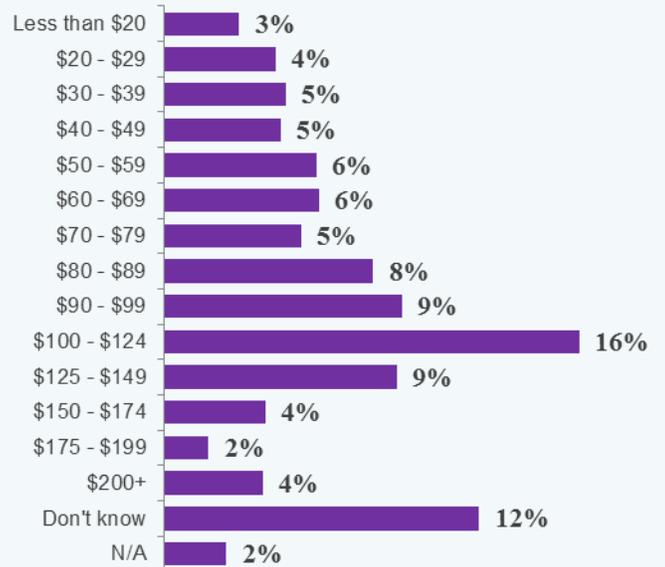
For the dental plan with the majority of participants enrolled, what is the annual out-of-network single deductible?



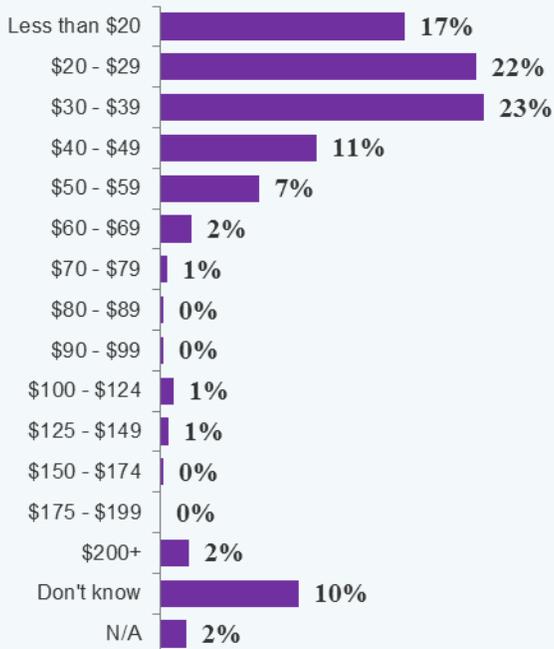
For the dental plan with the majority of participants enrolled, what is the family deductible?



For the dental plan with the majority of participants enrolled, what is the total MONTHLY dental plan cost for family coverage?



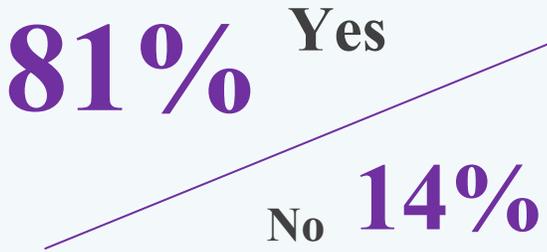
For the dental plan with the majority of participants enrolled, what is the total MONTHLY dental plan cost for single coverage?



Life Insurance

The percentage of employers offering basic life insurance declined slightly to 81 percent (down from 85 percent). Fifty-four percent of employers that offer life insurance provide a specific dollar amount of coverage, while 41 percent of employers offer life insurance based on employees' salaries. These numbers show a gap between levels of coverage that has grown significantly in the past two years.

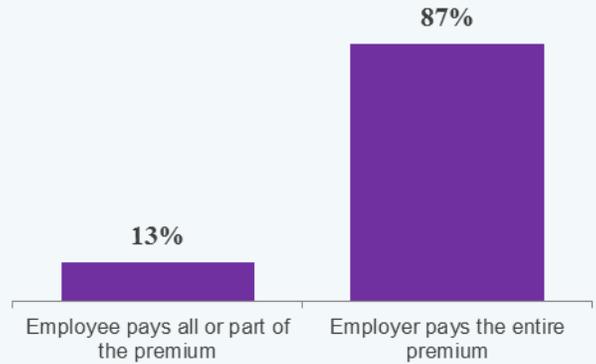
Do you offer basic life insurance?



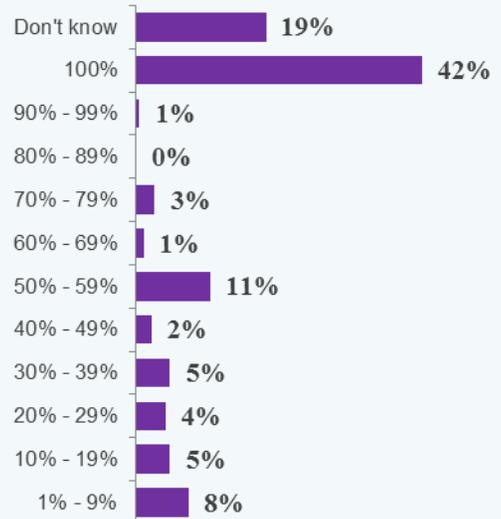
What is the level of coverage available?



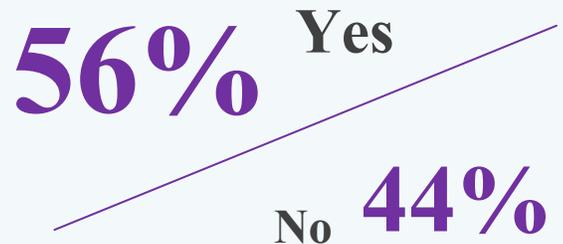
Who pays for the life insurance?



What percentage of the premium does the EMPLOYEE pay?



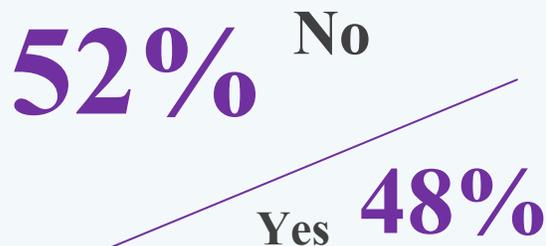
Do you offer employee supplemental life insurance? (additional coverage to the core life insurance coverage)



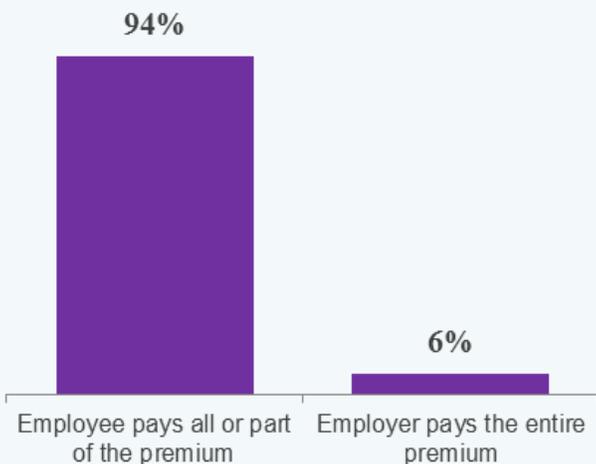
What is the maximum level of coverage available?



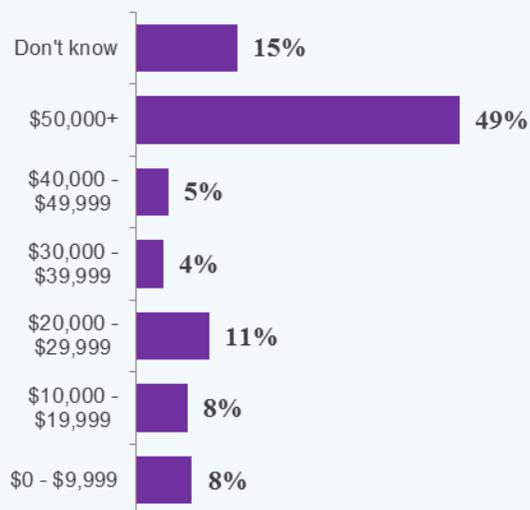
Do you offer spousal life insurance?



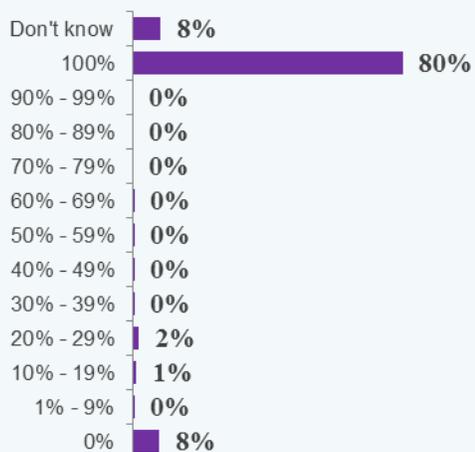
Who pays for the supplemental life insurance?



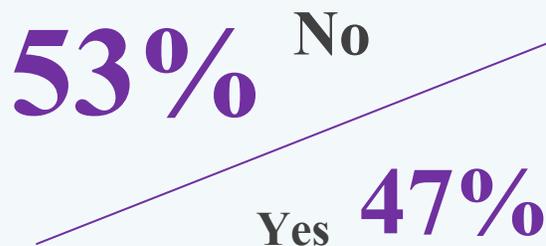
What is the level of coverage available for spousal life insurance?



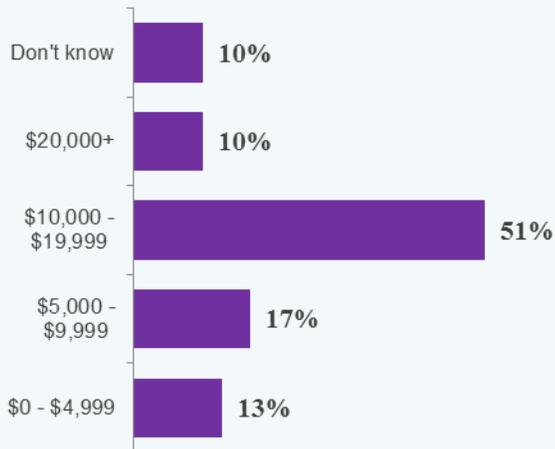
What percentage of the premium is EMPLOYEE paid?



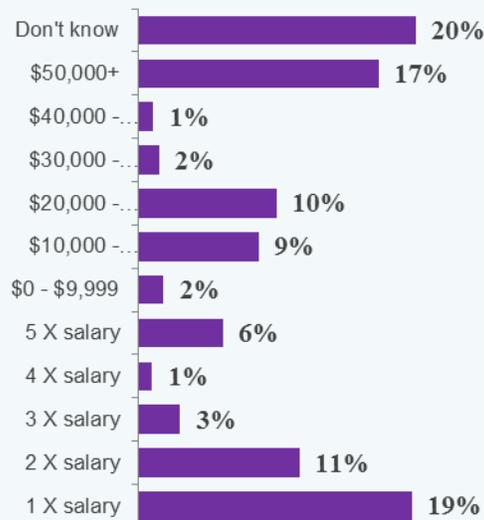
Do you offer child(ren) life insurance?



What is the level of coverage available for the child(ren) life insurance?



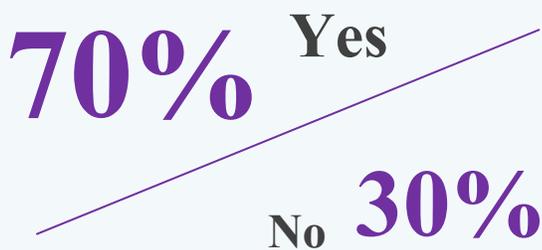
What is the level of coverage available?



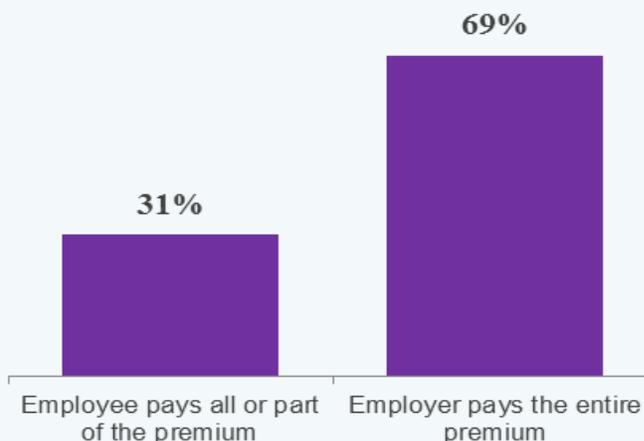
Accidental Death and Dismemberment Insurance

Fewer employers now offer AD&D coverage—70 percent in 2013 compared to 74 percent in 2012. Of those employers, only 69 percent are willing to pay the entire premium, down from 79 percent in 2011.

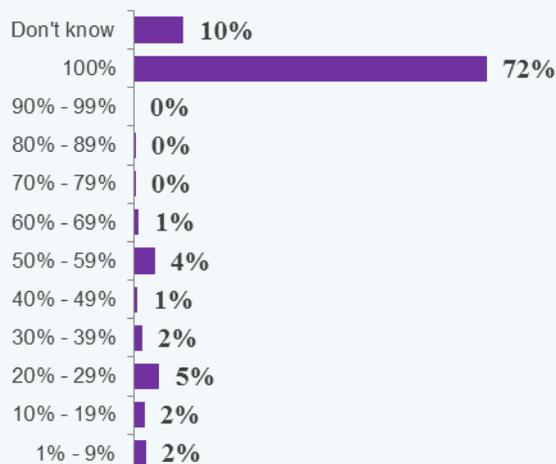
Do you offer AD&D coverage?



Who pays for the AD&D insurance?



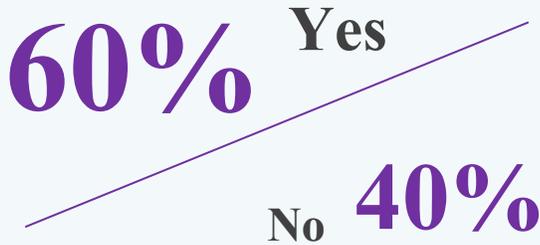
What percentage of the premium is EMPLOYEE-paid?



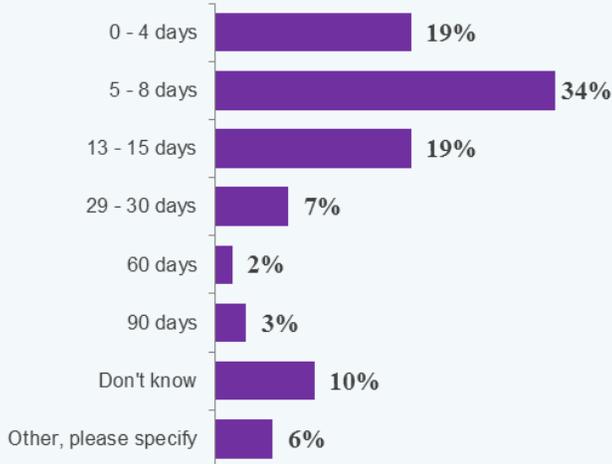
Short-term Disability Insurance

Short-term disability coverage remains a fairly popular way for employers to add value to their benefits programs, with 60 percent continuing to offer coverage. However, that number is down five percentage points from 2012. While five to eight days is still the most widely offered elimination period for both accidents and illnesses, it also seems to be decreasing in popularity—34 percent of employers offer this option for accidents, down from 37 percent in 2012 and 40 percent in 2011, and 46 percent offer this period for illnesses, down from 49 percent in 2012 and 55 percent in 2011.

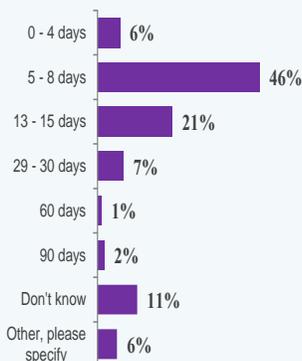
Do you offer short-term disability coverage?



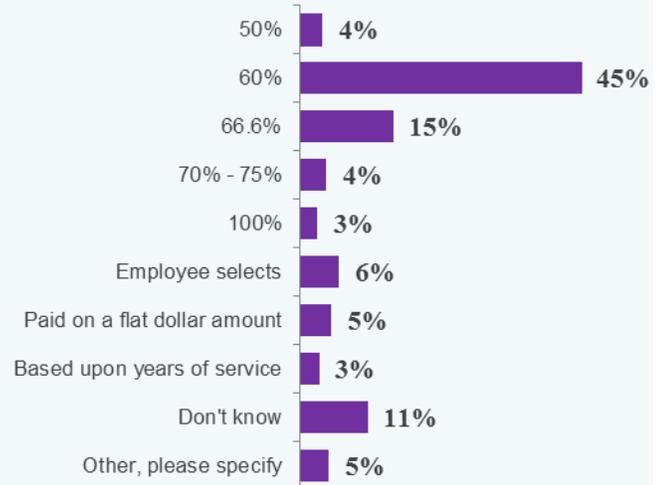
What is the number of days an employee must be absent before benefits begin after an accident?



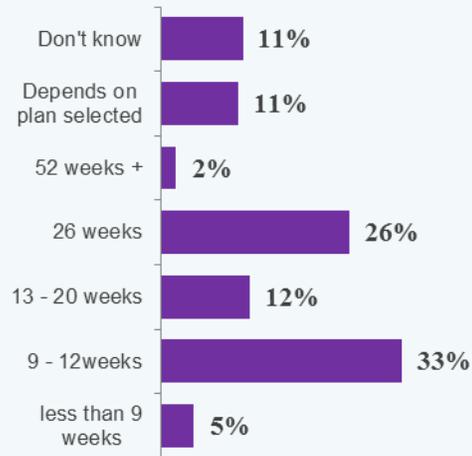
What is the number of days an employee must be absent before benefits begin for an illness?



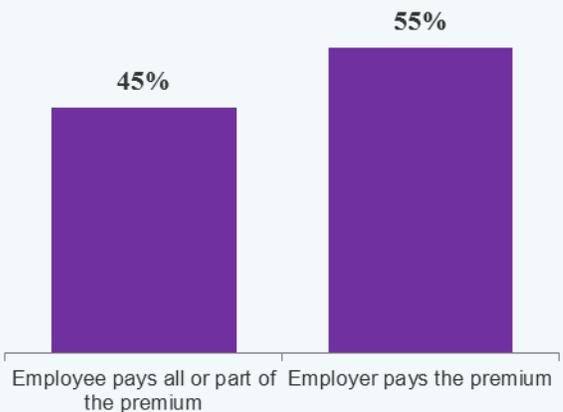
What percentage of salary is paid?



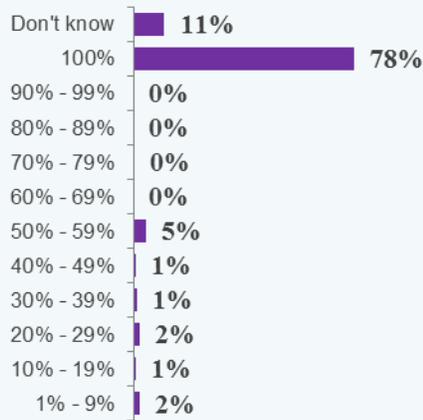
What is the duration?



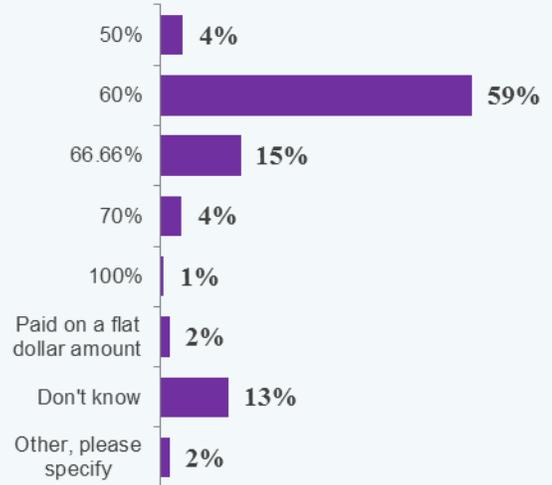
Who pays for the STD insurance?



What percentage does the employee pay?



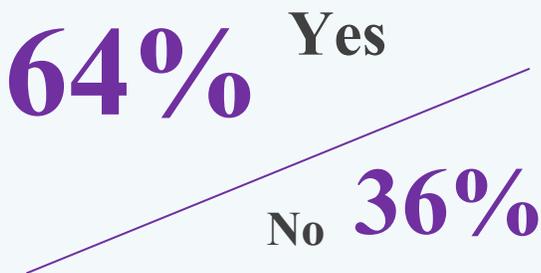
What percentage of salary is paid?



Long-term Disability Insurance

Currently, long-term disability insurance is offered by 64 percent of employers, and 68 percent of those plans are completely employer-funded. This is a drop from 68 percent in 2012 and 73 percent in 2011.

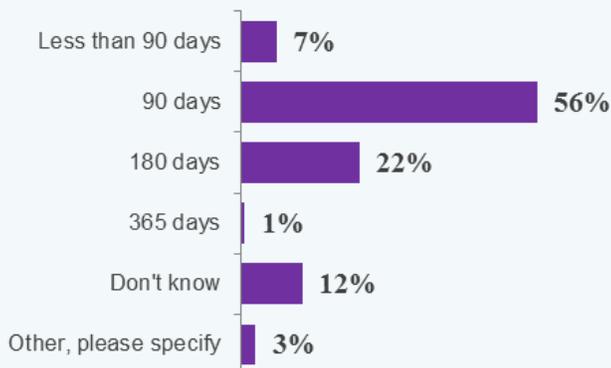
Do you offer long-term disability coverage?



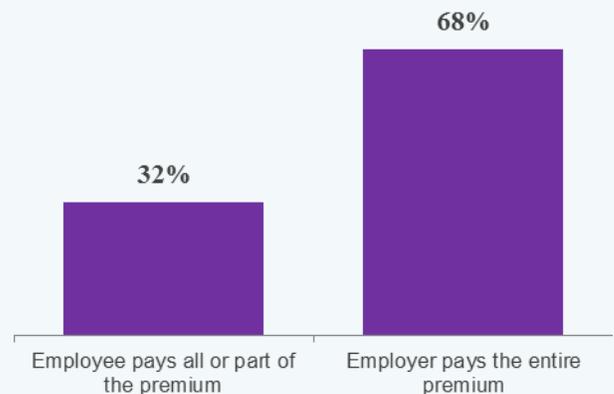
What is the maximum monthly benefit?



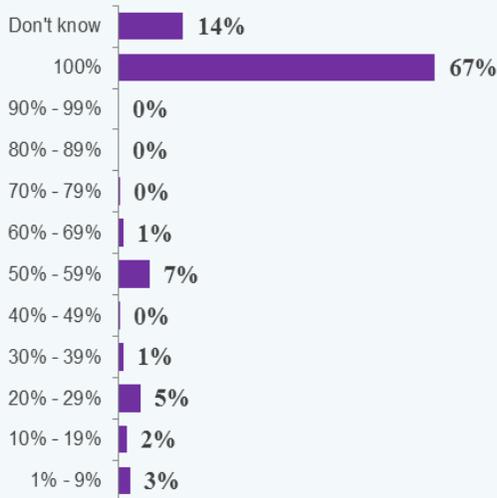
What is the elimination period (number of days an employee must be absent before benefits begin)?



Who pays for the LTD insurance?



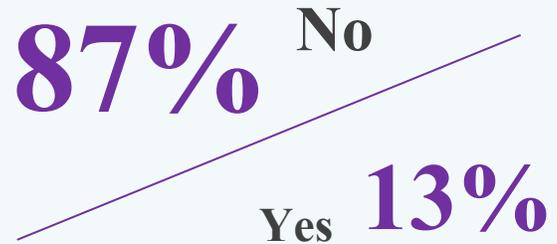
What percentage does the employee pay?



Disease Management Programs

While it was never very high, the number of employers that offer a disease management program has also dropped off slightly over the past two years—only 13 percent of employers offer this benefit, down from 15 percent in 2012 and 16 percent in 2011.

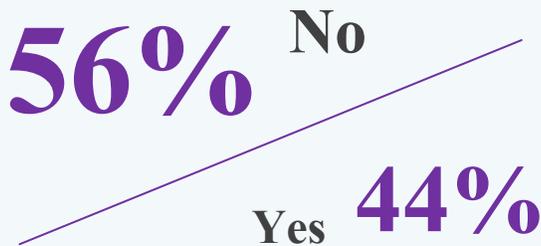
Do you have a disease management program?



Employee Assistance Programs

Employee assistance programs also continued a slight two-year decline, with 44 percent of employers offering the benefit compared to 48 percent in 2012 and 49 percent in 2011.

Do you have an employee assistance program?



Voluntary Benefits

Voluntary benefits are benefits that employees can pick and choose, offered in addition to employees' core compensation and benefits packages. While voluntary benefits include traditional mainstays like dental insurance, disability insurance and accidental death and dismemberment insurance, many employers have begun to offer or are considering offering nontraditional voluntary benefits.

Non-traditional voluntary benefits include offerings that are newer benefit products or more specialized than the traditional voluntary benefits insurance products. Some of the nontraditional benefits are insurance plans, but others are types of reimbursement or discount programs that contribute to employees' quality of life or their ability to get the most out of their budgets.

For most voluntary insurance offerings, employees pay 100 percent of the premiums.

For 2013, the most common group voluntary benefit was dental insurance, offered by half of all respondents. Term life insurance was offered by just under half of respondents, followed by vision and short-term disability insurance, which are both offered by over 40 percent of employers. The most popular nontraditional group voluntary benefits are membership or discount programs and financial counseling or investing advice, offered by 15 and 14 percent of employers, respectively.

The most common individual voluntary benefit was term life insurance, offered by 36 percent of employers. Dental, vision, short-term disability, cancer and accident insurance were all close behind with around one-third of respondents offering them in their employment packages.

What type of voluntary (employee-pay-all) GROUP benefits do you offer, or plan to offer, your employees?

	Offer Now	Plan to Add in the Next Year	Don't Offer
Medical or mini-medical	34%	1%	65%
Dental	50%	1%	49%
Vision	47%	1%	52%
Term Life	49%	1%	50%
Whole or Universal Life	13%	1%	86%
Long Term Care	13%	2%	85%
Long Term Disability	36%	2%	62%
Short Term Disability	41%	2%	56%
Group Legal	9%	1%	90%
Critical Illness Insurance	25%	1%	74%
Cancer Insurance	31%	1%	67%
Accident	34%	1%	65%
Home & Auto	4%	1%	95%
Membership or discount programs	15%	2%	83%
Pet Insurance	2%	1%	97%
Financial Counseling / Investment Advice	14%	1%	85%
Adoption Assistance Program	3%	1%	97%
Identity Theft Insurance	6%	1%	93%

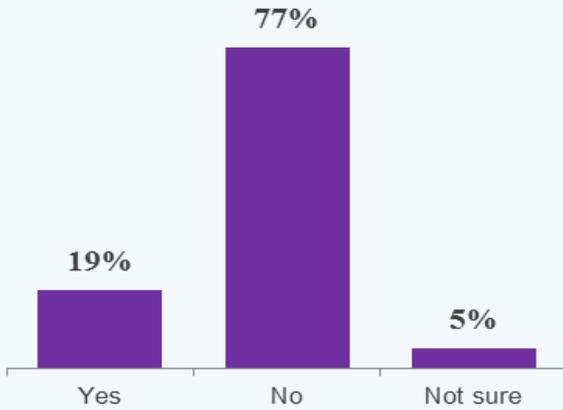
What type of voluntary (employee-pay-all) INDIVIDUAL benefits do you offer, or plan to offer, your employees?

	Offer Now	Plan to Add in the Next Year	Don't Offer
Medical or mini-medical	21%	1%	78%
Dental	34%	1%	66%
Vision	31%	1%	68%
Term Life	36%	1%	63%
Whole or Universal Life	15%	1%	84%
Long Term Care	12%	2%	86%
Long Term Disability	27%	2%	72%
Short Term Disability	33%	2%	65%
Group Legal	7%	1%	92%
Critical Illness Insurance	25%	1%	74%
Cancer Insurance	31%	1%	68%
Accident	31%	1%	68%
Home & Auto	4%	0%	96%
Membership or discount programs	11%	1%	88%
Pet Insurance	2%	1%	97%
Financial Counseling / Investment Advice	8%	1%	91%
Adoption Assistance Program	2%	0%	98%
Identity Theft Insurance	5%	1%	94%

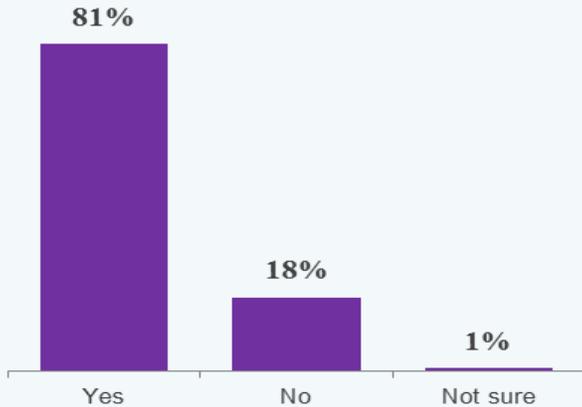
Retirement Plans

The number of employers offering defined benefit pension plans and defined contribution plans declined in the past year. Only 19 percent of respondents offer defined benefits pension plans, down from 26 percent a year ago. Eighty-one percent of employers currently offer some sort of defined contribution pension plan, down three percent from the previous year. The 401(k) remains the most popular defined contribution plan, with over three-quarters of respondents offering it to their employees.

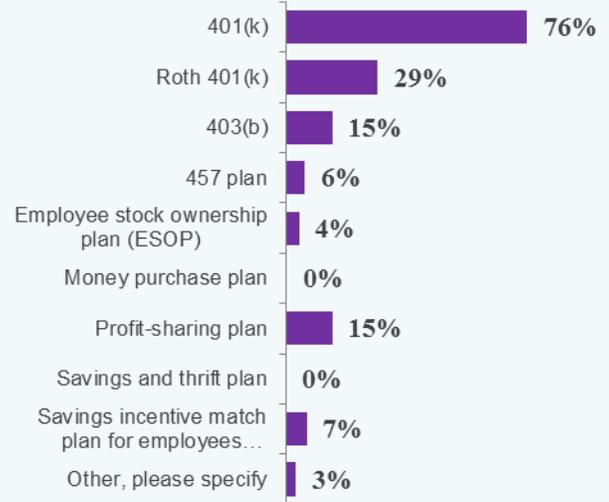
Does your organization currently offer a defined benefit pension plan?



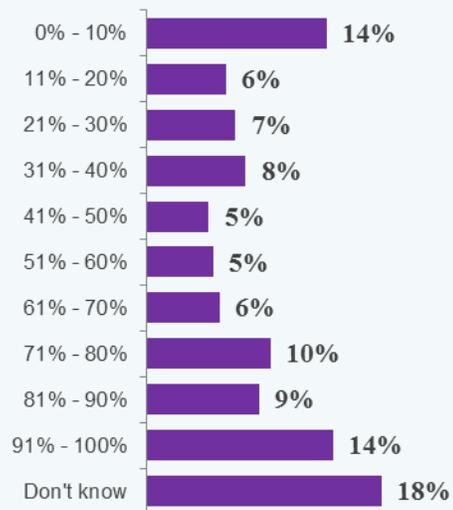
Does your organization offer a defined contribution pension plan? (e.g., 401(k), 403(b), etc.)



Which of the following types of defined contribution plans does your organization offer? (Select all that apply.)



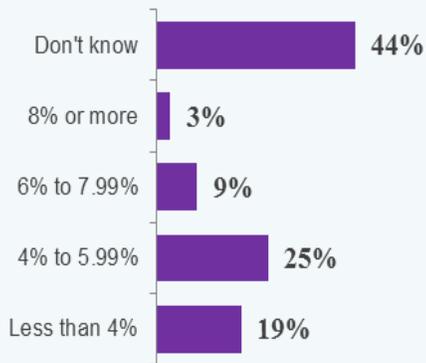
What is your 401(k) or Roth 401(k) plan's participation rate?



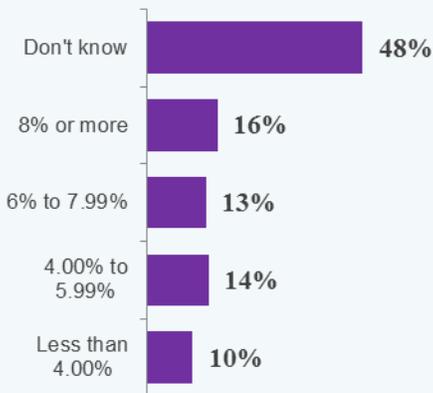
What are the service requirements for plan entry?



Based on your most recent nondiscrimination testing, what was the average deferral percentage for non-highly compensated employees?



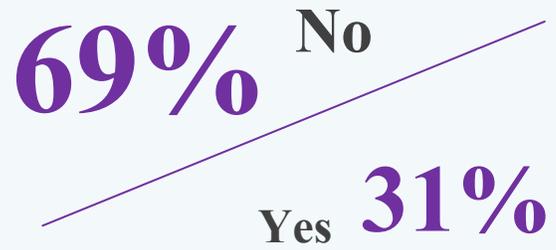
Based on your most recent nondiscrimination testing, what was the average deferral percentage for highly compensated employees?



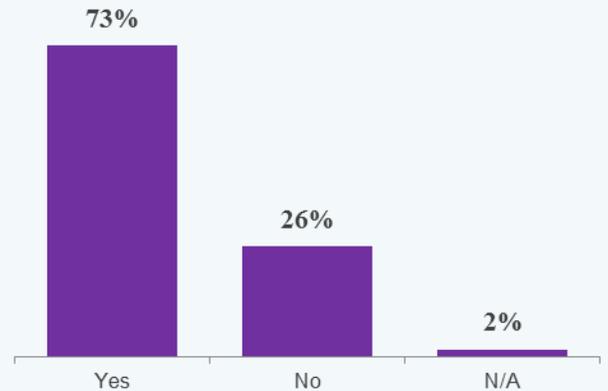
What is the participant average account balance?



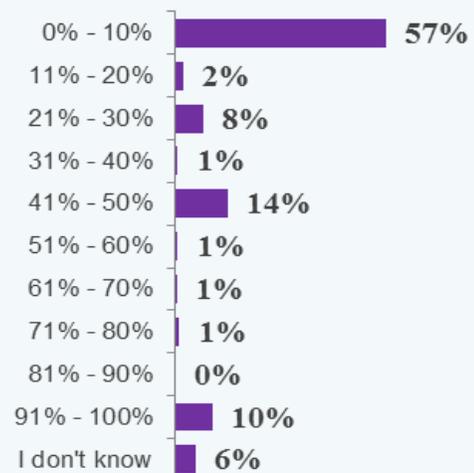
Does your plan have an automatic enrollment or negative election feature?



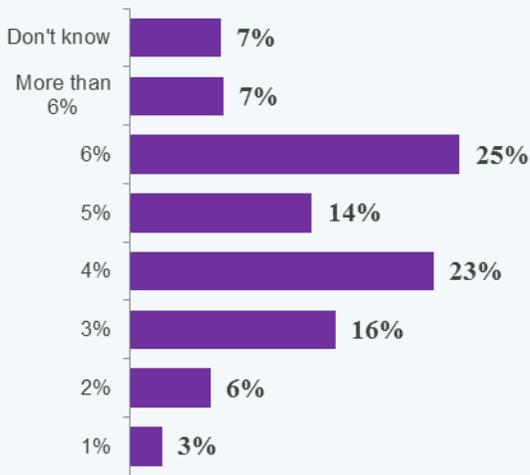
Do you offer matching contributions for your 401(k) or Roth 401(k) plan?



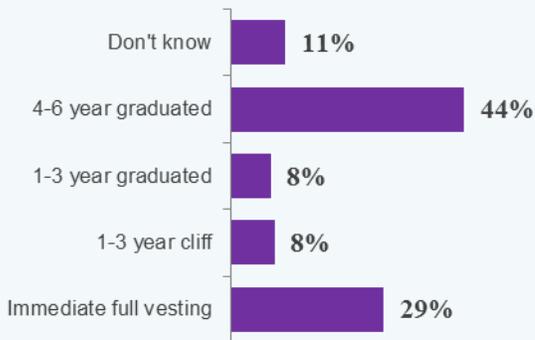
What is your match rate?



What percent of an employee's contribution (percent of salary) is subject to match?



What is your plan's vesting schedule for matching contributions?



Contact Horst Insurance to discuss how this survey information can assist you in your future benefit plan strategies.

This survey was conducted in late 2013 and was available to approximately 400,000 individuals through the client portal website provided by Horst Insurance. This survey was anonymous, so responses have not been validated for statistical significance or margin of error.

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