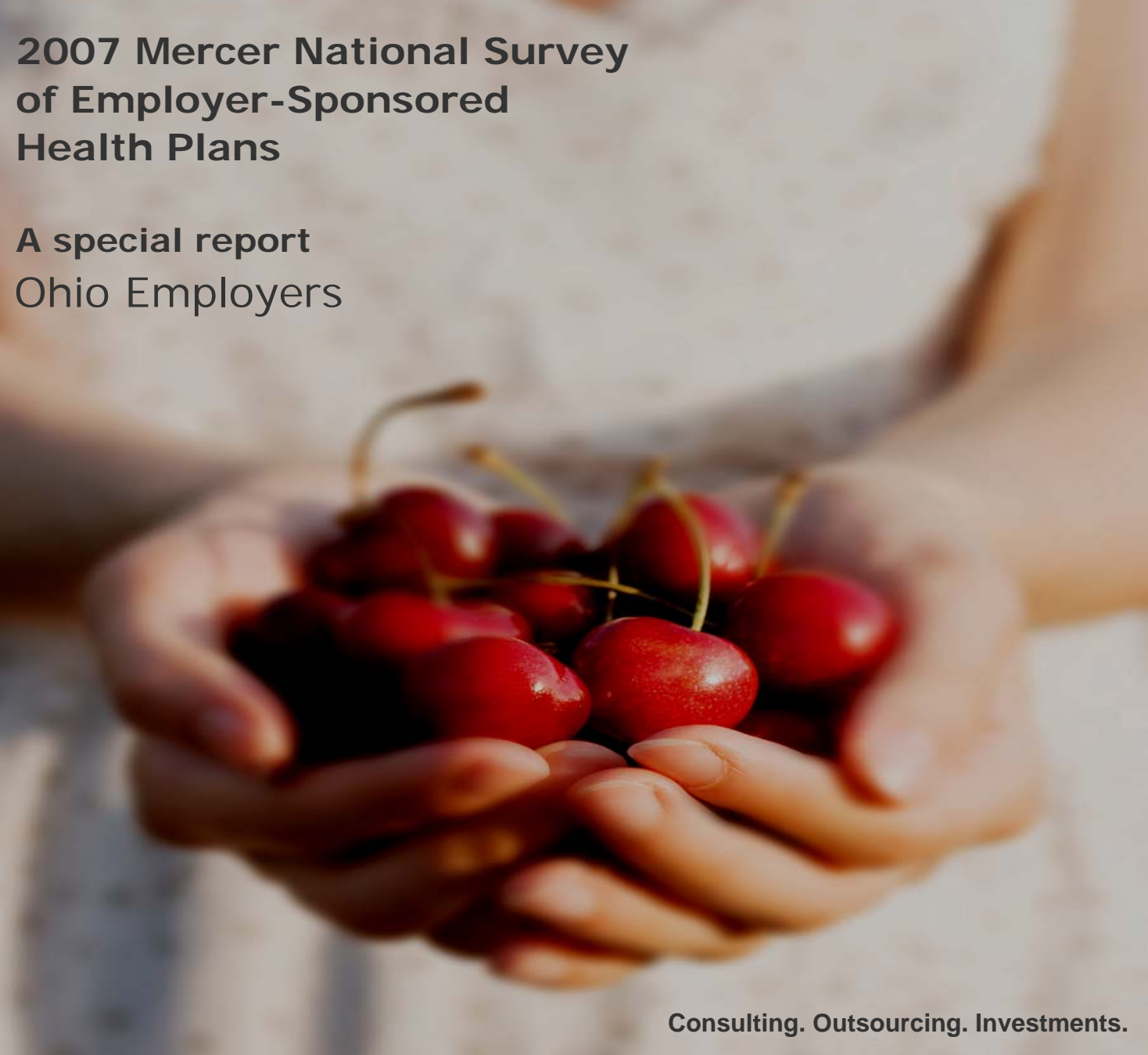


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2007 Mercer National Survey of Employer-Sponsored Health Plans

A special report
Ohio Employers

A photograph of two hands cupped together, holding a large quantity of bright red cherries. The background is a soft, out-of-focus light color.

Consulting. Outsourcing. Investments.

A special report from the
**2007 Mercer National Survey of
 Employer-Sponsored Health Plans**

Total health benefit cost rose by 6.1 percent in 2007, to an average of \$7,983 per employee. Cost increases have held steady for three years (after spiking to nearly 15 percent in 2002) and are likely to slow a bit further in 2008, to 5.7 percent. However, that’s still well above the rate of inflation.

One factor behind the stable trend is continued cost shifting. Among large employers (those with 500 or more employees), average in-network PPO deductibles rose by about 11 percent. Higher enrollment in consumer-directed health plans, the type of medical plan with the lowest cost by far, also helped to slow cost growth. In 2007, the percentage of all covered employees enrolled in a CDHP (based on either a Health Savings Account or a Health Reimbursement Account) rose from 3 percent to 5 percent. These plans are offered by 14 percent of all large employers (up from 11 percent) and 41 percent of those with 20,000 or more employees (up from 37 percent).

We may also be seeing the impact of longer-term strategies aimed at lowering cost by improving employee health. The survey found that 80 percent of large employers use health management programs as a way to control cost and improve productivity, while 52 percent are actively promoting employee consumerism – and that the majority of employers using these strategies say they have been successful. In addition, other survey results suggest that health benefit utilization may be slowing: Employers predicted that if they made no changes at all in their largest medical plan, cost would rise by about 8 percent in 2008. In the two prior surveys, they predicted that if they made no changes cost would rise by 9 percent in 2007 and by 10 percent in 2006.

Using a scientific random sample and supplemental convenience sample, we collected data from 2,945 employers with 10 or more employees. The national and regional results are based on the random sample only and are weighted to be projectable. However, results from city, state and other special employer groups include the convenience sample and are unweighted.

NUMBER OF PARTICIPANTS **GEOGRAPHIC REGIONS USED IN THIS SURVEY**

Ohio 500+	95
Midwest 500+	539
National 500+	1832



Consulting. Outsourcing. Investments.

s.

EMPLOYER PROFILE

Demographics

	Ohio 500+	Midwest 500+	National 500+
Average employee age	43	41	41
% of female employees	55%	58%	55%
% of union employees	25%	20%	15%

MEDICAL PLAN PREVALENCE

Type of medical plan offered

Percent of employers offering each type of medical plan

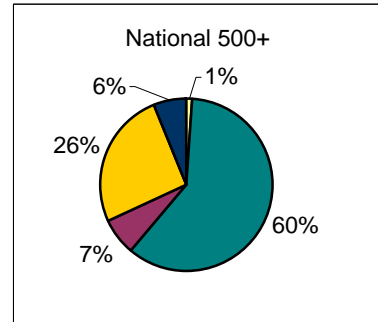
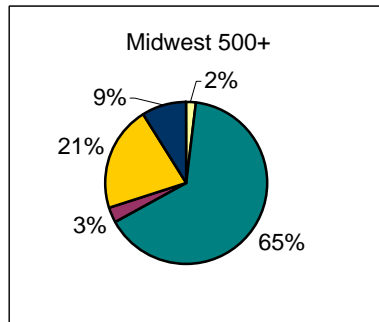
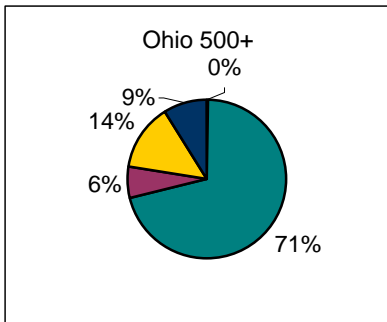
	Ohio 500+	Midwest 500+	National 500+
Indemnity	14%	11%	10%
PPO	86%	89%	86%
POS	11%	6%	14%
HMO	31%	27%	39%
Consumer-directed health plan (CDHP)*	27%	15%	14%

*includes both HRA- and HSA-based CDHPs.

Employee enrollment

Percent of all covered employees enrolled in each type of medical plan

Indemnity PPO POS HMO CDHP



TOTAL HEALTH BENEFIT COST

Average total health benefit cost* per employee



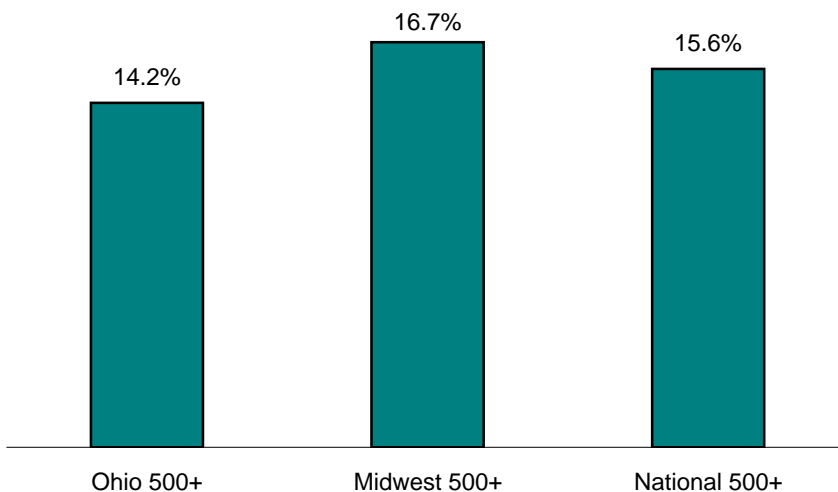
*Total health benefit cost includes medical, dental, Rx, and specialty benefits

Expected average increase in total health benefit cost for 2008:

	Ohio 500+	Midwest 500+	National 500+
Before making changes*	9.2%	8.4%	8.0%
After making changes*	5.2%	6.3%	5.9%

*to plan design or health plan vendor

Average total health benefit cost as a percentage of payroll for 2006



EMPLOYEE CONTRIBUTIONS

Individual coverage

Average monthly contribution for individual coverage (\$)

	Ohio 500+	Midwest 500+	National 500+
PPO	\$72	\$85	\$89
POS	\$145	\$132	\$106
HMO	\$81	\$91	\$86
CDHP	\$53	\$62	\$69
Dental	\$13	\$15	\$17

Average contribution for individual coverage (% of premium)

	Ohio 500+	Midwest 500+	National 500+
PPO	19%	22%	23%
POS	27%	30%	25%
HMO	23%	24%	23%
CDHP	19%	23%	25%
Dental	45%	53%	56%

Family coverage*

Average monthly contribution for family coverage (\$)

	Ohio 500+	Midwest 500+	National 500+
PPO	\$193	\$286	\$331
POS	\$385	\$415	\$347
HMO	\$195	\$300	\$333
CDHP	\$187	\$232	\$274
Dental	\$39	\$44	\$51

Average contribution for family coverage (% of premium)

	Ohio 500+	Midwest 500+	National 500+
PPO	19%	30%	34%
POS	26%	29%	33%
HMO	23%	27%	34%
CDHP	24%	27%	33%
Dental	48%	57%	59%

*Family coverage is defined as coverage for employee, spouse, and two children

COVERAGE ELIGIBILITY, ELECTION

	Ohio 500+	Midwest 500+	National 500+
% of employees waiving own coverage	17%	18%	17%
% of employers offering incentive to waive coverage	24%	23%	21%

Part-time employees

	Ohio 500+	Midwest 500+	National 500+
Offer coverage to part-time employees*	72%	62%	62%
Average number of hours/week needed to qualify	22	23	23
Benefits, contributions are same for PTEs, FTEs (when PTE coverage is provided)	30%	45%	49%

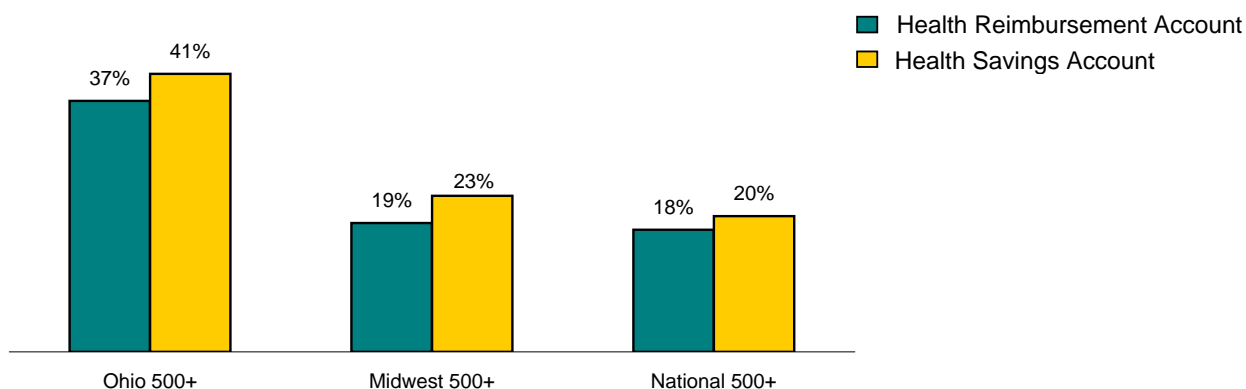
Dependent coverage

	Ohio 500+	Midwest 500+	National 500+
Include spousal coverage provisions	31%	14%	10%
Offer same-sex domestic partner coverage	16%	17%	34%
% of employees electing dependent coverage	60%	55%	56%

*among employers that have part-time employees

STRATEGIC PLANNING

Very likely to offer account-based CDHP in 2008



Will offer an account-based CDHP in next five years

	Ohio 500+	Midwest 500+	National 500+
As the only type of plan offered	13%	9%	6%
Alongside other medical plan choices	58%	52%	51%

Employee premium contribution varies based on:

	Ohio 500+	Midwest 500+	National 500+
Smoker status	9%	8%	5%
Weight category	1%	1%	<1%
Participation in smoking or weight-loss program	2%	1%	2%



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STRATEGIC PLANNING, LARGE EMPLOYERS

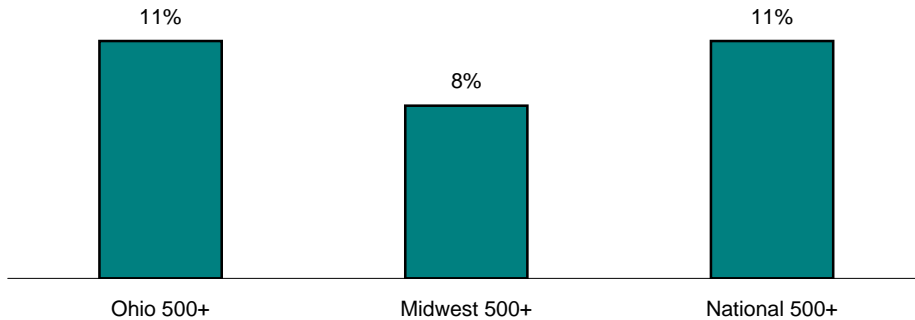
Types of health information provided to employees*

	Ohio 500+	Midwest 500+	National 500+
Information on health conditions	66%	65%	61%
Information on provider quality	29%	20%	22%
Tool to help members select plan based on expected utilization	24%	18%	21%
Individual provider cost	37%	34%	30%

Mini-med plans for part-time employees / employees not eligible for health plan*

	Ohio 500+	Midwest 500+	National 500+
Currently offer	9%	5%	7%
Do not offer, but considering for 2008 or 2009	6%	5%	6%

Use salary-based cost-sharing*



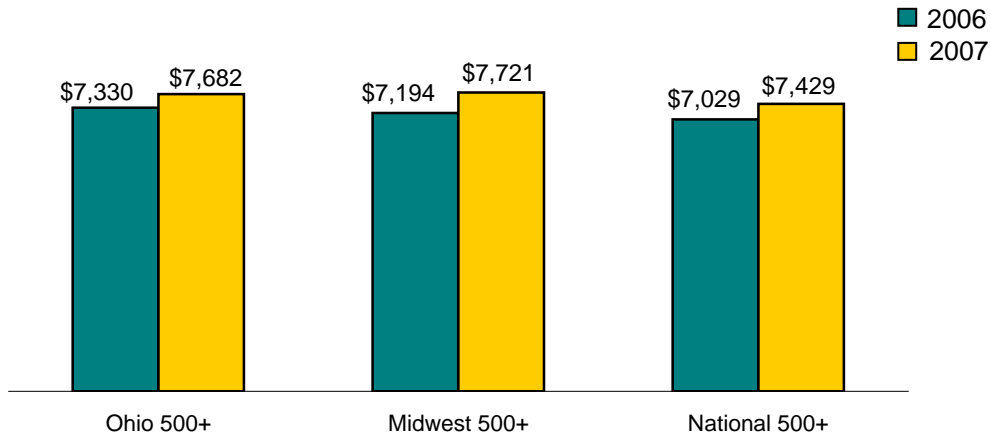
Use strategy to control cost / improve workforce health & productivity*

	Ohio 500+	Midwest 500+	National 500+
Consumerism	61%	58%	52%
Health management	85%	76%	80%
Evidence-based plan design	21%	18%	20%
Performance transparency	23%	9%	12%
High-performance networks	11%	11%	11%
Collective purchasing for medical or Rx	33%	21%	21%
Making workforce health a core value	26%	27%	29%
Using a data warehouse	28%	23%	24%

*Based on employers with 500 or more employees.

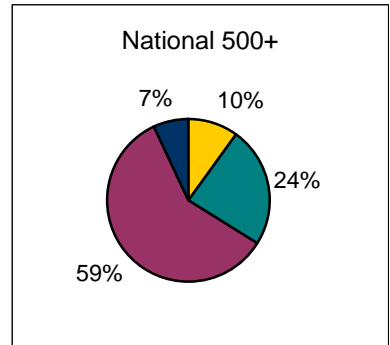
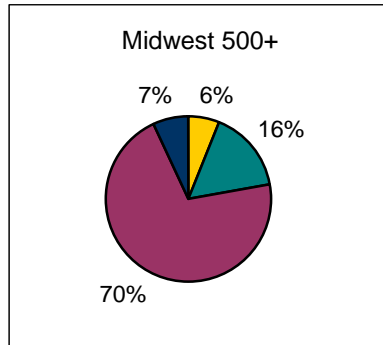
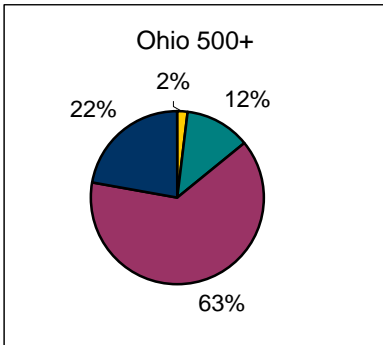
PREFERRED PROVIDER ORGANIZATION (PPO) -- COST AND FUNDING

Average PPO cost per employee, for active employees



PPO funding method

- Conventionally insured
- Experience-rated
- Self-funded with stop-loss
- Self-funded without stop-loss



PREFERRED PROVIDER ORGANIZATION (PPO) -- PLAN DESIGN

Physician visit cost-sharing

In-network physician visit cost-sharing

	Ohio 500+	Midwest 500+	National 500+
% requiring copay	73%	79%	81%
% requiring coinsurance	27%	20%	20%
No cost-sharing is required	4%	6%	3%
Median copay amount	\$20	\$20	\$20

Out-of-network physician visit cost-sharing

	Ohio 500+	Midwest 500+	National 500+
% requiring copay	17%	15%	14%
% requiring coinsurance	88%	84%	86%
No cost-sharing is required	1%	6%	3%
Median coinsurance amount	30%	30%	30%

Deductibles

Individual deductible

	Ohio 500+	Midwest 500+	National 500+
% requiring for in-network services	75%	88%	77%
Median in-network deductible	\$250	\$400	\$300
% requiring for out-of-network services	95%	96%	95%
Median out-of-network deductible	\$500	\$600	\$500

Family deductible

	Ohio 500+	Midwest 500+	National 500+
% requiring for in-network services	72%	87%	76%
Median in-network deductible	\$500	\$800	\$800
% requiring for out-of-network services	94%	96%	94%
Median out-of-network deductible	\$1,000	\$1,400	\$1,200

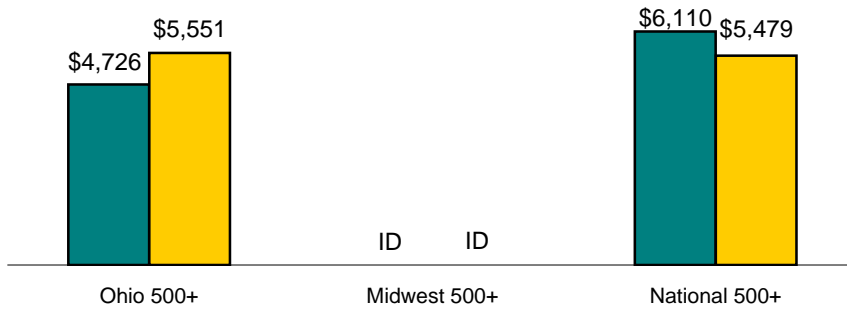
Out-of-pocket maximums for individuals

	Ohio 500+	Midwest 500+	National 500+
Median for in-network services	\$1,400	\$1,650	\$2,000
Median for out-of-network services	\$2,400	\$3,000	\$3,250

CONSUMER-DIRECTED HEALTH PLANS (CDHP)

Average 2007 CDHP cost per employee, for active employees

■ HRA-based CDHPs
■ HSA-based CDHPs



Average % of eligible employees enrolled*

	Ohio 500+	Midwest 500+	National 500+
HRA-based CDHP	46%	32%	25%
HSA-based CDHP	15%	15%	16%

*when CDHP is offered as an option

Plan design

HRA-based CDHP

Employee-only coverage

	Ohio 500+	Midwest 500+	National 500+
Median employer contribution to account	\$750	\$504	\$500
Median deductible for overlaying insurance	\$1,500	\$1,200	\$1,250
Median out-of-pocket maximum	\$3,000	\$2,250	\$2,500

Family coverage

Median employer contribution to account	\$1,750	\$1,150	\$1,150
Median deductible for overlaying insurance	\$3,000	\$2,500	\$2,500
Median out-of-pocket maximum	\$6,050	\$4,500	\$5,000

HSA-based CDHP

Employee-only coverage

	Ohio 500+	Midwest 500+	National 500+
% of employers making an account contribution	68%	71%	65%
Median employer contribution to account*	\$500	\$480	\$500
Median deductible for overlaying insurance	\$1,500	\$1,500	\$1,500
Median out-of-pocket maximum	\$2,500	\$2,500	\$3,000

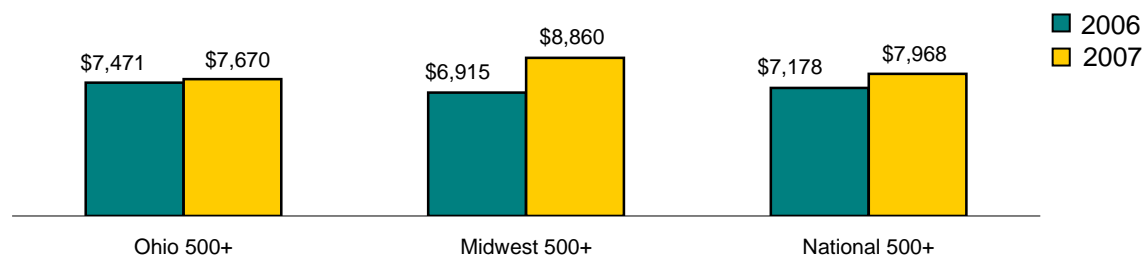
Family coverage

Median employer contribution to account*	\$1,000	\$700	\$1,000
Median deductible for overlaying insurance	\$3,000	\$3,000	\$3,000
Median out-of-pocket maximum	\$5,000	\$5,000	\$5,600

*among employers making an account contribution

POINT-OF-SERVICE PLANS (POS)

Average POS plan cost per employee, for active employees



Physician visit cost-sharing

In-network physician visit cost-sharing

	Ohio 500+	Midwest 500+	National 500+
% requiring copay	90%	68%	94%
% requiring coinsurance	0%	13%	4%
No cost-sharing is required	10%	20%	4%
Median copay amount	\$15	\$15	\$15

Out-of-network physician visit cost-sharing

	Ohio 500+	Midwest 500+	National 500+
% requiring copay	44%	48%	25%
% requiring coinsurance	67%	45%	80%
No cost-sharing is required	0%	14%	2%
Median coinsurance amount	30%	ID	30%

Deductibles

Individual deductible

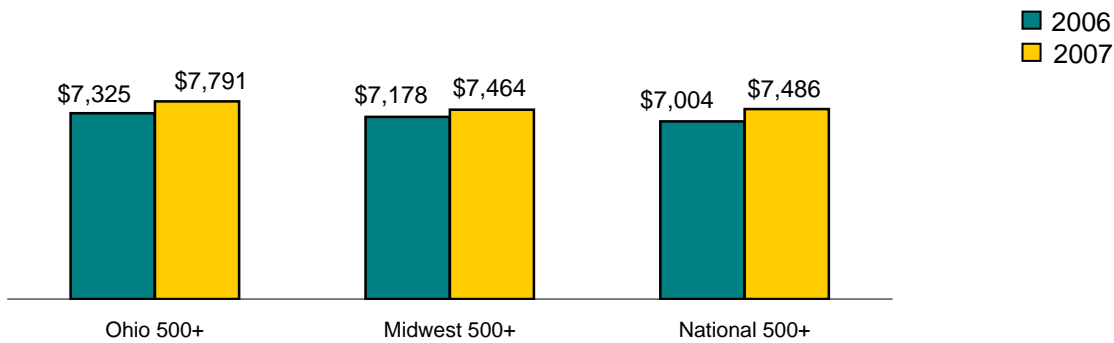
	Ohio 500+	Midwest 500+	National 500+
% requiring for in-network services	78%	52%	37%
Median in-network deductible	\$200	ID	\$400
% requiring for out-of-network services	100%	84%	93%
Median out-of-network deductible	\$500	\$500	\$500

Family deductible

	Ohio 500+	Midwest 500+	National 500+
% requiring for in-network services	78%	52%	35%
Median in-network deductible	\$400	ID	\$800
% requiring for out-of-network services	100%	84%	93%
Median out-of-network deductible	\$1,000	\$1,000	\$1,000

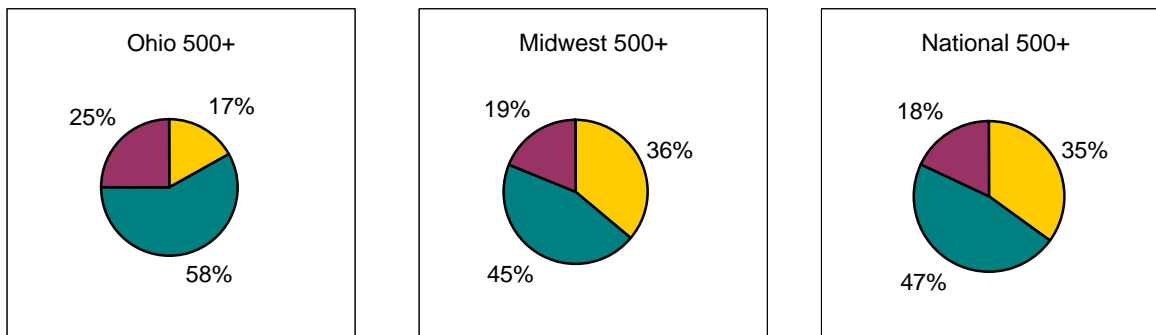
HEALTH MAINTENANCE ORGANIZATION (HMO)

Average HMO cost per employee, for active employees



HMO funding method

■ Insured – community-rated
■ Insured – experience-rated
■ Self-funded



Average % of employees enrolled in HMO*

Ohio 500+	Midwest 500+	National 500+
45%	44%	54%

*among employers offering HMO(s)

HMO copays and deductibles

Physician copay

% requiring physician copay

Median copay amount

Ohio 500+	Midwest 500+	National 500+
100%	97%	98%
\$15	\$15	\$15

Emergency room visit copay

% requiring emergency room visit copay

Median copay amount

Ohio 500+	Midwest 500+	National 500+
100%	94%	95%
\$75	\$75	\$75

Hospital deductible

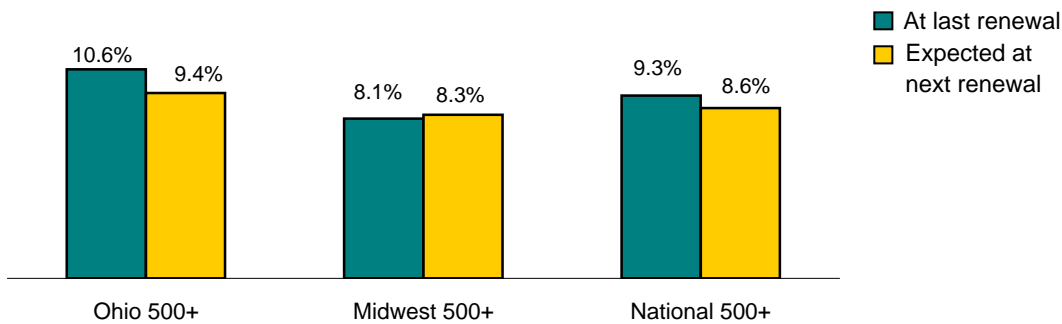
% requiring hospital deductible

Median deductible amount

Ohio 500+	Midwest 500+	National 500+
52%	53%	55%
\$250	\$250	\$250

PRESCRIPTION DRUG (RX) BENEFITS*

Cost change for prescription drug benefit



Offer a prescription drug plan

	Ohio 500+	Midwest 500+	National 500+
Retail card	73%	64%	63%
Mail-order	94%	88%	91%

Employee cost-sharing requirements for prescription drug plans

Retail card

	Ohio 500+	Midwest 500+	National 500+
Same level for all drugs	1%	4%	3%
2 levels: generic, brand	9%	18%	17%
3 levels: generic, formulary, non-formulary	76%	64%	72%
4 or more levels	10%	7%	5%
Use coinsurance for 1 or more drug categories	40%	26%	20%

Mail-order

	Ohio 500+	Midwest 500+	National 500+
Same level for all drugs	4%	7%	8%
2 levels: generic, brand	11%	18%	17%
3 levels: generic, formulary, non-formulary	72%	65%	68%
4 or more levels	12%	5%	4%
Use coinsurance for 1 or more drug categories	27%	19%	15%

Copayments in prescription drug plans

Average copayment among employers with three-tier plans

Retail card

	Ohio 500+	Midwest 500+	National 500+
Generic	\$9	\$10	\$10
Brand-name formulary	\$23	\$25	\$25
Brand-name non-formulary	\$37	\$41	\$42

Mail-order

	Ohio 500+	Midwest 500+	National 500+
Generic	\$20	\$18	\$19
Brand-name formulary	\$47	\$46	\$48
Brand-name non-formulary	\$76	\$77	\$79

*Offered to employees enrolled in the largest medical plan of any type

SPECIALTY MEDICAL BENEFITS*

Infertility coverage provided

	Ohio 500+	Midwest 500+	National 500+
Evaluation by a specialist	67%	60%	54%
Drug therapy	34%	35%	35%
In vivo fertilization	18%	22%	22%
In vitro fertilization	16%	23%	21%
Advanced reproductive procedures	7%	8%	9%
Infertility services are not covered	31%	37%	41%

Alternative medicine therapies coverage provided

	Ohio 500+	Midwest 500+	National 500+
Acupressure/Acupuncture	19%	22%	33%
Biofeedback	9%	6%	9%
Chiropractic	91%	87%	85%
Homeopathy	5%	7%	12%
Massage therapy	13%	13%	19%
Alternative therapies are not covered	8%	12%	13%

Disease management programs offered

	Ohio 500+	Midwest 500+	National 500+
Asthma/COPD	75%	46%	49%
Cancer	56%	37%	43%
Depression	45%	31%	34%
Diabetes	78%	57%	63%
Heart disease/Hypertension	75%	50%	55%
Low-back pain	44%	26%	29%
Obesity	41%	26%	32%
Rare disease	30%	22%	23%
Renal disease	48%	31%	32%
Any disease management program	80%	59%	67%

*Offered to employees enrolled in the largest medical plan of any type

SPECIALTY MEDICAL BENEFITS, CONTINUED

Care management programs offered

	Ohio 500+	Midwest 500+	National 500+
Case management	91%	72%	76%
End-of-life case management	55%	41%	42%
Health advocate services	48%	28%	38%
Health risk assessment (HRA)	73%	58%	56%
Health website	83%	76%	78%
Nurse advice line	78%	66%	67%
Targeted behavior modification	48%	29%	30%

Use incentives to encourage participation in care management program(s)

	Ohio 500+	Midwest 500+	National 500+
	34%	30%	23%

DENTAL BENEFITS

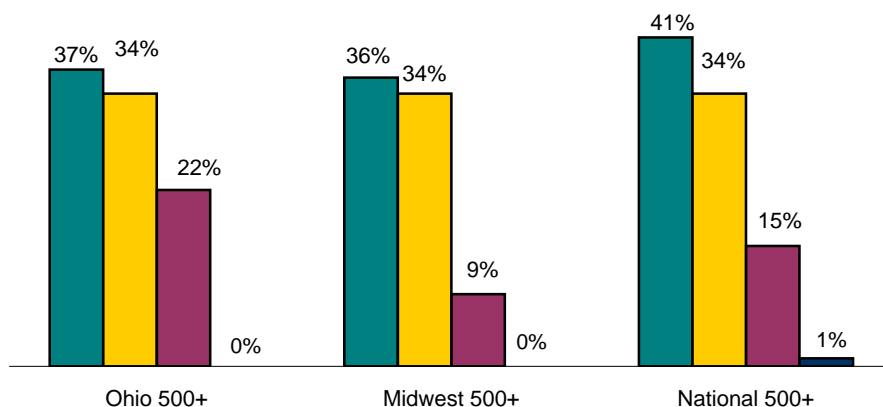
Average cost of dental coverage, per employee

■ 2006
■ 2007



Type of dental plan offered

■ Active PPO
■ Passive PPO
■ Dental HMO
■ Discount card



DENTAL BENEFITS, CONTINUED

How dental coverage is provided

	Ohio 500+	Midwest 500+	National 500+
Part of medical plan	16%	16%	13%
Freestanding plan	87%	85%	88%

Dental plan design

	Ohio 500+	Midwest 500+	National 500+
Median deductible	\$50	\$50	\$50
Median maximum, annual benefit	\$1,250	\$1,000	\$1,250

OTHER BENEFITS

Provide employee assistance program

	Ohio 500+	Midwest 500+	National 500+
	85%	76%	76%

Offer vision coverage

	Ohio 500+	Midwest 500+	National 500+
	71%	55%	66%

Long-term care coverage

	Ohio 500+	Midwest 500+	National 500+
Employee pays full cost	24%	18%	24%
Employer contributes to the cost	2%	2%	4%
No LTC coverage offered	74%	80%	72%

Flexible spending accounts (FSA)

Health care FSA

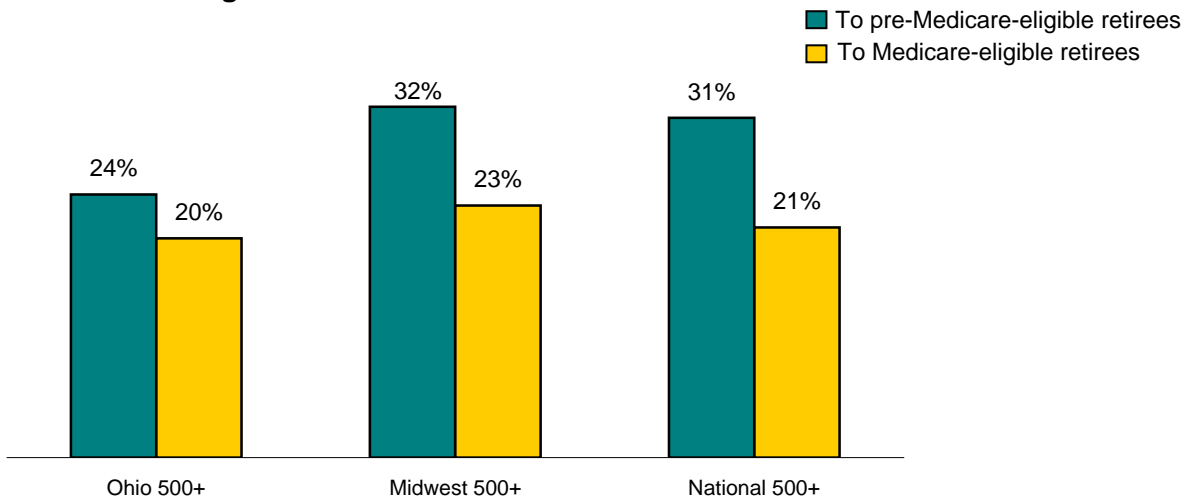
	Ohio 500+	Midwest 500+	National 500+
% offering health care FSA	86%	85%	79%
Average employee participation	17%	24%	21%

Dependent care FSA

	Ohio 500+	Midwest 500+	National 500+
% offering dependent care FSA	89%	86%	80%
Average employee participation	3%	8%	6%

RETIREE HEALTH CARE

Offer retiree coverage*

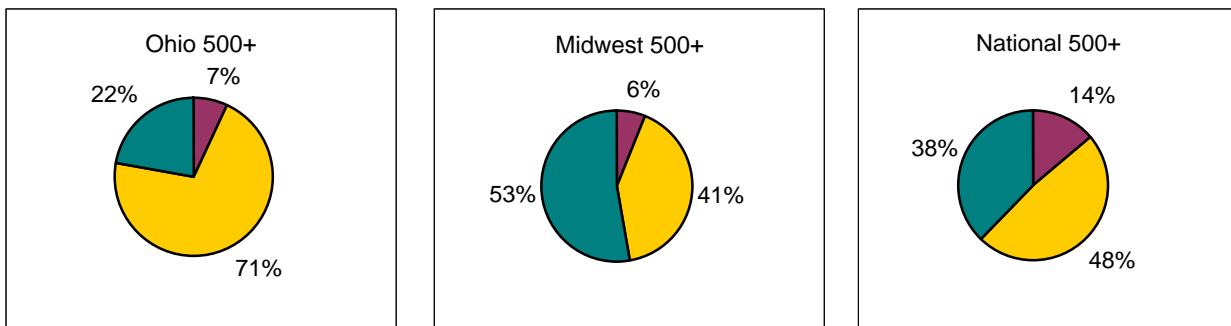


*to most retirees, on an ongoing basis (new hires will be eligible)

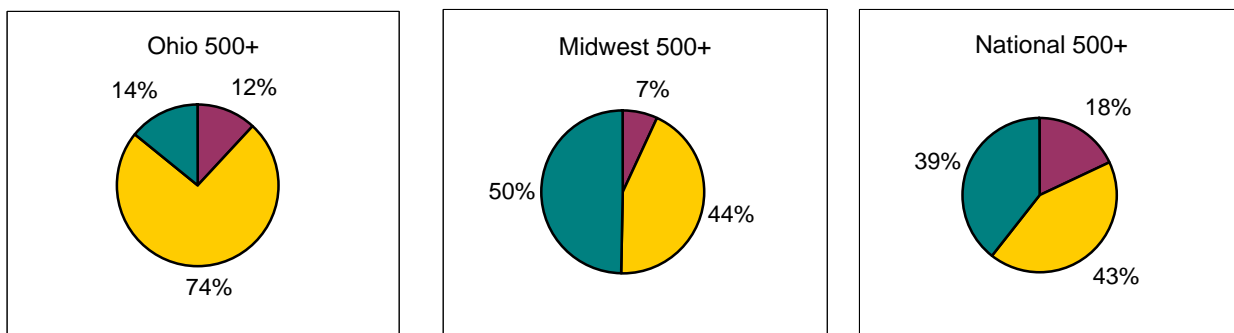
Contribution requirements for retiree-only coverage

- Employer pays all
- Cost is shared
- Retiree pays all

Pre-Medicare-eligible retirees



Medicare-eligible retirees



RETIREE HEALTH CARE, CONTINUED

Average contribution* as a percent of premium, when cost is shared

	Ohio 500+	Midwest 500+	National 500+
Pre-Medicare-eligible retirees	34%	34%	33%
Medicare-eligible retirees	35%	32%	31%

*for retiree-only coverage

Coverages provided

	Ohio 500+	Midwest 500+	National 500+
Outpatient prescription drug – pre-Medicare-eligible	97%	96%	96%
Dental – pre-Medicare-eligible	52%	57%	54%
Dental – Medicare-eligible	52%	49%	45%
Vision – pre-Medicare-eligible	45%	28%	38%
Vision – Medicare-eligible	36%	26%	31%

Current approach to Medicare Part D Prescription Drug Benefit

	Ohio 500+	Midwest 500+	National 500+
Receive 28% subsidy for all/most covered retirees	64%	44%	42%
Offer a plan that wraps around a PDP	0%	9%	14%
Contract with vendor to offer PDP or MA-PD plan	0%	1%	3%
Contract with CMS to become a PDP	0%	0%	<1%
Terminated drug coverage, continue to offer medical	14%	10%	9%
Continue to provide drug coverage through standard plan and do not receive subsidy	14%	19%	17%

DEFINITIONS

1 **Total health benefit cost per employee** is the total gross cost for all medical, dental, prescription drug, MH/SA, vision and hearing benefits for all active employees and their covered dependents, divided by the total number of covered employees only. Total gross annual cost includes employee contributions but not employee out-of-pocket expenses.

2 **Medical plan cost per employee** is the total gross cost for medical plans, divided by the total number of covered employees. Prescription drug, mental health, vision and hearing benefits for all active employees and their covered dependents are included if part of the plan. Dental benefits, even if a part of the plan, are not included in these costs.

3 In a **Consumer-Directed Health Plan**, employees use spending accounts (a Health Reimbursement Account or Health Savings Account) to purchase routine health care services directly. Non-routine expenses are covered by traditional insurance after members meet a generally high deductible. Online health and financial tools are generally provided. In this report, unless otherwise specified, CDHP results include both HRA- and HSA-based CDHPs.

**2007 NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS
LIST OF PARTICIPATING EMPLOYERS**

OHIO 500+

ABX AIR, INC.
ADVICS MANUFACTURING OHIO, INC.
AGILYSYS, INC.
AKRON GENERAL HEALTH SYSTEM
AMTRUST BANK
ARCHDIOCESE OF CINCINNATI
BATTELLE MEMORIAL INSTITUTE
BELRON US (FORMERLY SAFELITE GROUP)
BENDIX COMMERCIAL VEHICLE SYSTEMS, LLC
BIG LOTS, INC.
BRIDGESTONE AMERICAS HOLDING, INC.
BUTLER COUNTY HEALTH PLAN
CAMBRIDGE HOME HEALTH CARE
CENTRAL OHIO TRANSIT AUTHORITY
CHAMPAIGN CNTY RES SVCS. INC.
CHIQUITA BRANDS INC.
CINCINNATI FINANCIAL CORPORATION
CITY OF AKRON, OHIO
CITY OF CANTON
CITY OF CINCINNATI
CITY OF CUYAHOGA FALLS
CITY OF DAYTON
CITY OF MANSFIELD
CMH REGIONAL HEALTH SYSTEM
DAY INTERNATIONAL
DAYTON CHILDREN'S HOSPITAL
DONATOS PIZZA
F & P AMERICA MFG., INC.
FIFTH THIRD BANK
FIRELANDS REGIONAL MEDICAL CENTER
FIRSTMERIT CORP
FRANKLIN COUNTY BOARD OF COMMISSIONERS
FRISCH'S RESTAURANTS INC.
GEM INC.
GOODWILL EASTER SEALS MIAMI VALLEY
GRAFTECH INTERNATIONAL LTD.
GRANGE INSURANCE COMPANIES
GREATER CLEVELAND REGIONAL TRANSIT AUTHO
HAMILTON CITY SCHOOL DISTRICT
HAMILTON COUNTY OHIO
HILLIARD CITY SCHOOL DISTRICT
HILLMAN GROUP, INC
HUNTINGTON BANCSHARES INCORPORATED
HYLANT GROUP
JANCOR COMPANIES, INC.
KENDLE INTERNATIONAL INC.
KETTERING HEALTH NETWORK
KEYCORPORATION
KOKOSING CONSTRUCTION COMPANY, INC.
LAKE COUNTY COMMISSIONERS
LIMA MEMORIAL HEALTH SYSTEM
LUBRIZOL CORPORATION
LUCAS COUNTY

**2007 NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS
LIST OF PARTICIPATING EMPLOYERS**

LUXOTTICA RETAIL
MACY'S, INC.
MAHONING COUNTY
MANOR CARE INC
MARATHON OIL COMPANY
MEDICAL MUTUAL OF OHIO
MENTOR EXEMPTED VILLAGE BRD. OF EDU.
MIAMI UNIVERSITY
MIDWEST MOTOR SUPPLY D.B.A. KIMBALL MIDW
MILACRON INC.
MILLER-VALENTINE
MONTGOMERY COUNTY
NEWARK CITY SCHOOLS
NEWPAGE CORP
OHIO MASONIC HOME
OHIO UNIVERSITY
OWENS CORNING
PACIFIC BELLS, INC.
PORTAGE COUNTY
PREMIER HEALTH PARTNERS
PROCTER & GAMBLE COMPANY
PROGRESSIVE CORPORATION
RICHLAND COUNTY
RIESBECK FOOD MARKETS
SISTER OF MERCY OF CLERM COUNT
ST RITAS MEDICAL CENTER
ST. LUKE'S HOSPITAL
STANDARD TEXTILE CO, INC
STATE OF OHIO
SUMMA HEALTH SYSTEM
TENABLE PROTECTIVE SERVICES INC
TOLEDO BOARD OF EDUCATION INC.
UNION HOSPITAL
UNIVERSITY OF DAYTON
WARREN COUNTY COMMISSIONERS
WELTMAN, WEINBERG & REIS CO., L.P.A.
WENDY'S INTERNATIONAL, INC.
WOOD COUNTY, OHIO
WOOSTER CITY BOARD EDUCATION
WORTHINGTON INDUSTRIES
WRIGHT STATE UNIVERSITY
ZANESVILLE CITY SCOOOL DISTRICT