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Human Resource Consulting



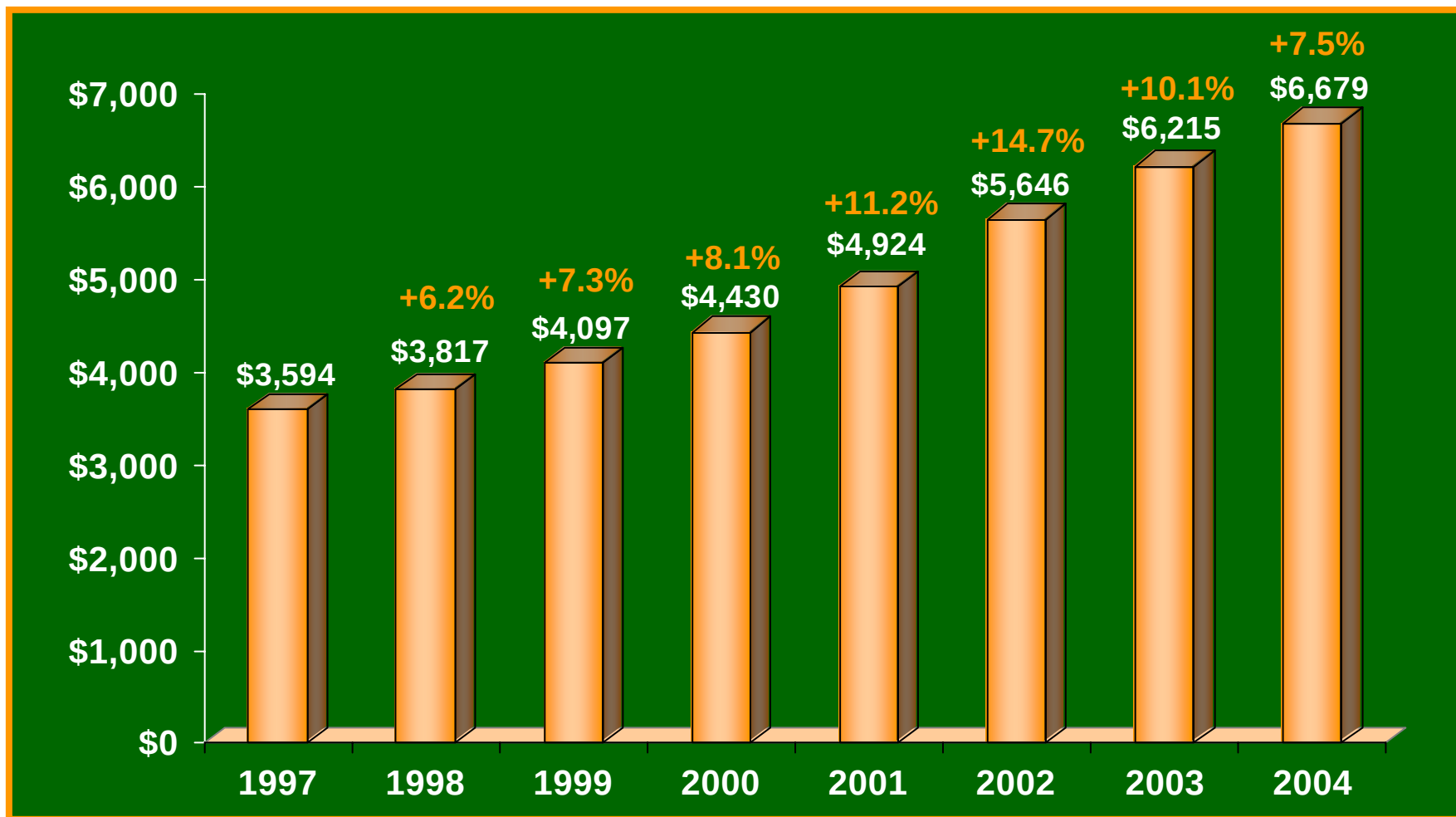
February 3, 2005

News & Views on Health Insurance Trends Emerging Employer Strategies

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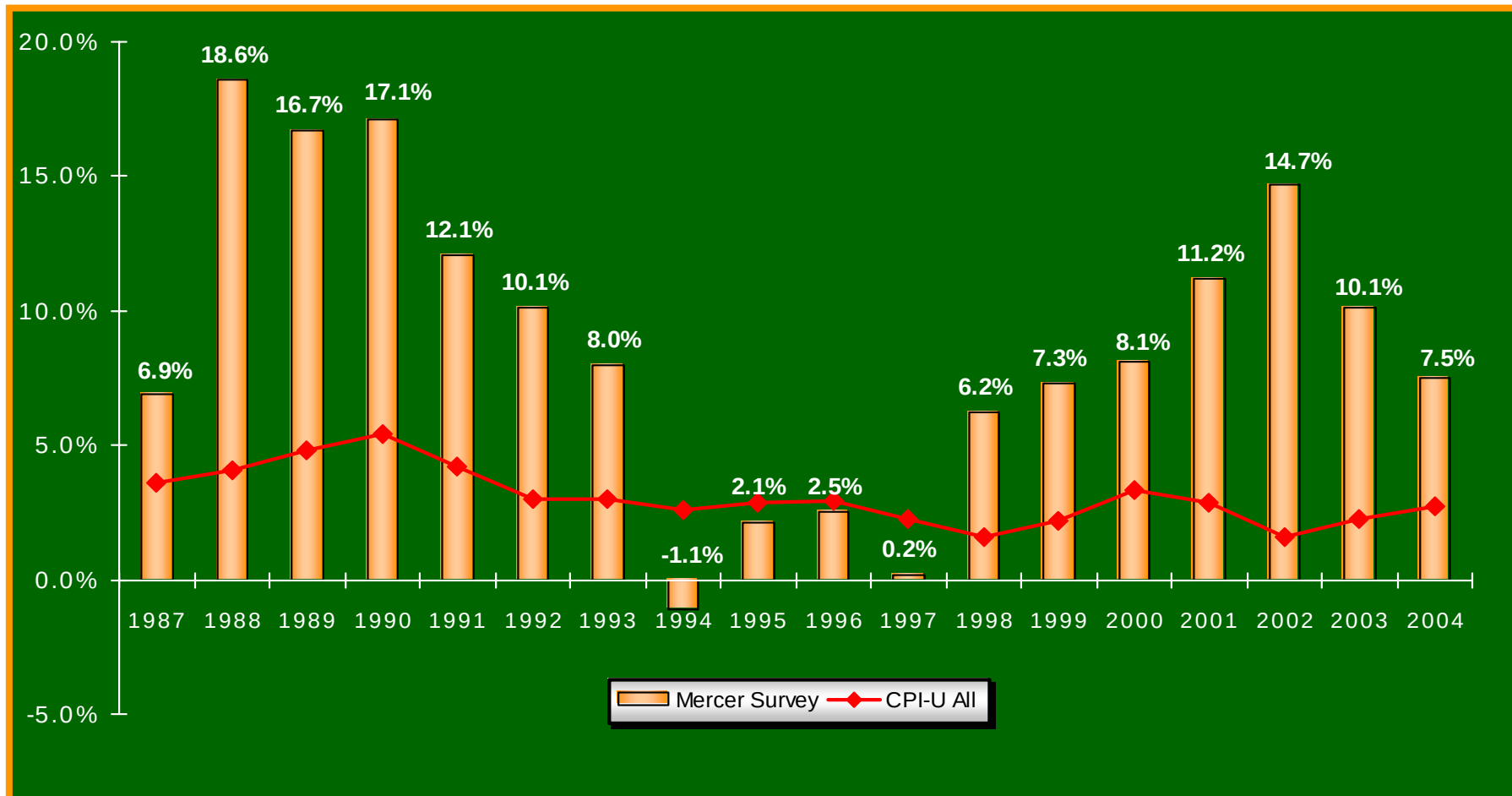
Health Care Cost Overview Per Capita Amount



Mercer's 2004 National Survey of Employer-Sponsored Health Plans

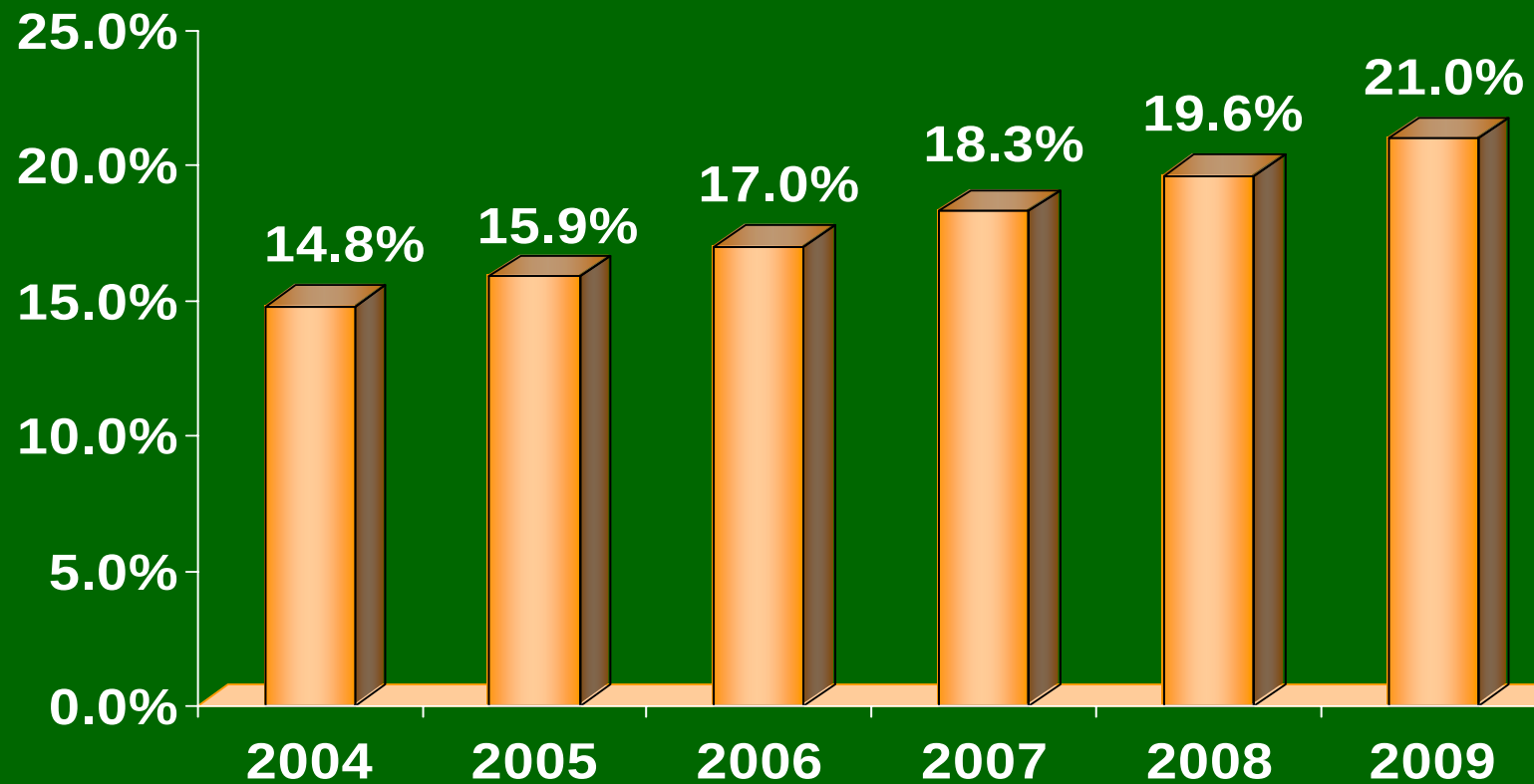
Health Care Cost Overview

Relative Expense



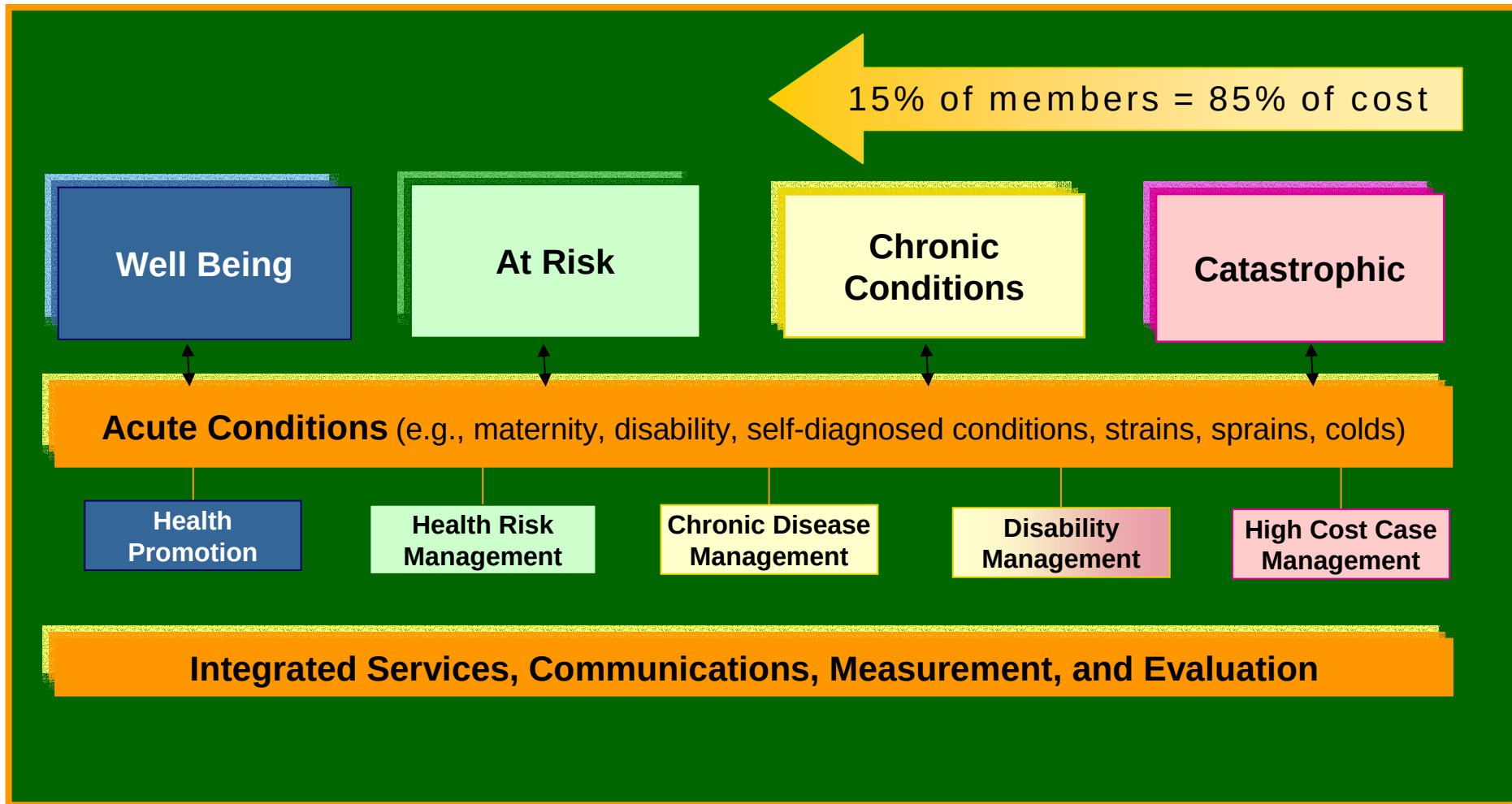
Health Care Cost Overview

Payroll Impact



Health Care Cost Overview

Care Continuum



How Employers are Responding

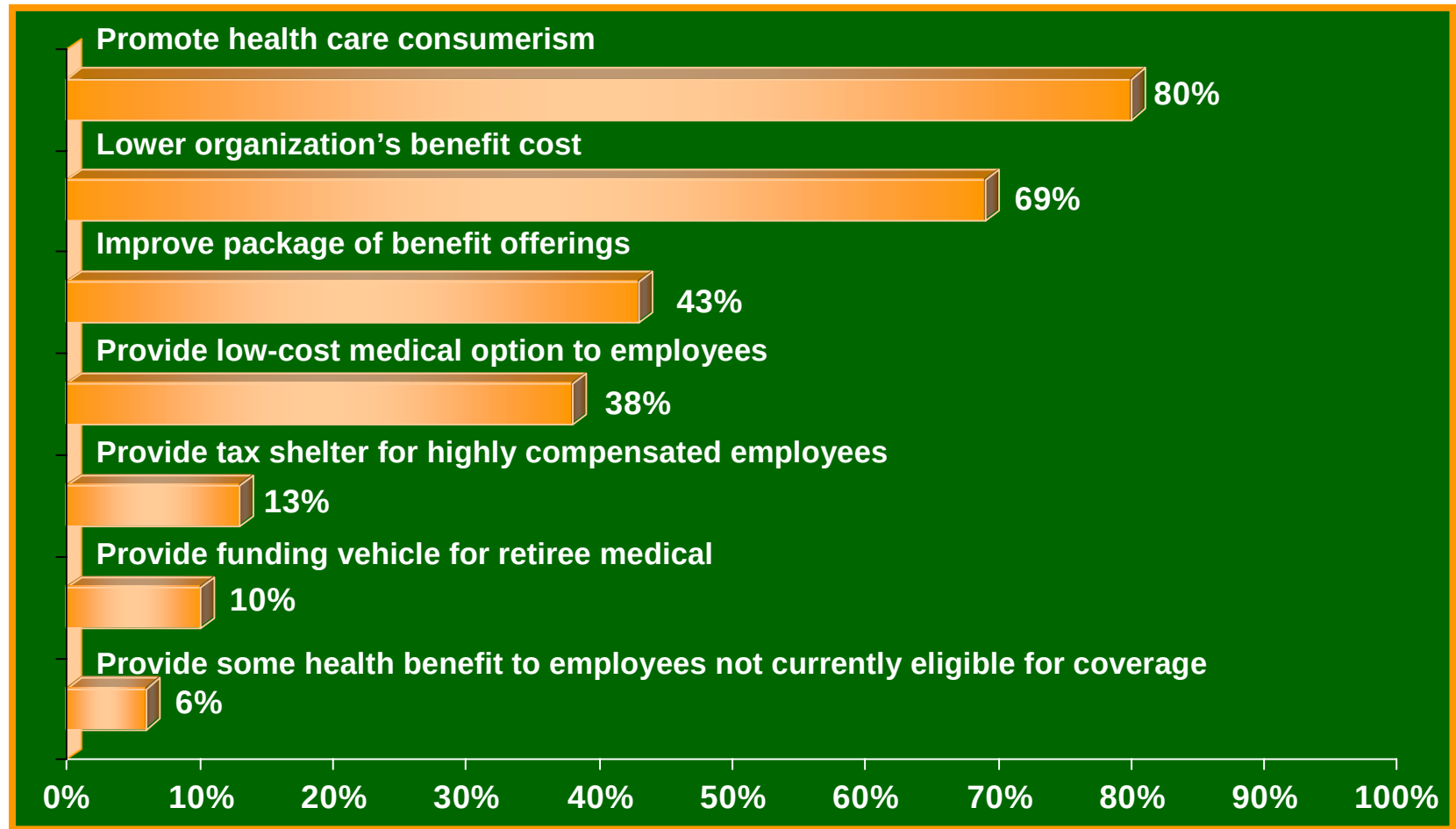
Representative List

- Increased cost sharing
- Engaging health care consumers
- Health management initiatives
- High-performance networks
- Health plan partnerships

Consumer Directed Health Plans Broad Characteristics

- Traditional plan type
 - HMO or PPO
- Up-front member deductible
- Health care account
- Preventive care covered at 100%
- Web-based financial and health tools

Consumer Directed Health Plans “Very Important” Objectives



Based on 84 CDHP sponsors with 500+ employees

Consumer Directed Health Plans Prevalence

	2002	2003	2004	2005	2006
All employers	<1%	1%	1%	12%	16%
Large employers (500+)	<1%	1%	4%	14%	26%
Massachusetts employers (500+)	N/A	N/A	7%	9%	20%