2010 BENEFITS IN NONPROFIT ORGANIZATIONS

EXECUTIVE SUMMARY

Cost shifting continues to be a tactic many employers are using to hold premium increases to single digits in 2010. These premium increases are in addition to additional payments that are required of employees in the form of increased annual deductibles that must be met before all or most services are payable by the plan, bigger out-of-pocket deductibles, higher co-payments, lower annual maximums, and even less extensive coverage.

This Executive Summary presents selected findings based on this year's survey. One hundred sixteen (116) data submissions were received from participants in this survey, of which one hundred fifteen (115) were used. Data for one hundred eighty-one (181) medical plans covering 15,257 employees were reported in the sample. One hundred fifteen (115) dental plans were reported. Representation by region is as follows:

- Northeast – 24%
- Southeast – 18%
- North Central – 29%
- South Central – 15%
- West Coast – 14%

An additional organizational size level for less than 50 employees was introduced in this year's report. Participation by large employers with 1,000 or more employees was down 2% in 2010 from 2009. Representation by organization size is as follows:

- Less Than 50 Employees – 53%
- 50 – 99 Employees – 17%
- 100 – 499 Employees – 22%
- 500 – 999 Employees – 5%
- 1,000 or More Employees –3%

Representation by organizational scope is as follows:

- International – 12%
- National – 16%
- Regional – 8%
- State – 15%
- Multi-County – 19%
- Local – 30%

MEDICAL BENEFITS

Ninety-six percent (96%) of 2010 respondents offer a medical plan to employees. Five (5) participating organizations do not offer medical benefits to employees. Fifty-seven percent (57%) of those offering medical benefits offer a Preferred Provider Organization (PPO) Plan as the primary medical plan type. The prevalence of a PPO Plan as the primary medical plan type decreased five percent (5%) in 2010 versus the 2009 response, as the trend to offer a High-Deductible Health Plan combined with a Health Savings Account (HDHP/HSA) continues to grow in popularity.

Preferred Provider Organization (PPO) plans remain the most prevalent type of medical benefits delivery. Health Maintenance Organization (HMO) plans are the second most prevalent type of benefits delivery. The average monthly employee cost for Preferred Provider Organization (PPO) plans for employee only coverage is $76.13. The average monthly employer cost for Preferred Provider Organization (PPO) plans for employee only coverage is $418.13, which equals eighty-five percent (85%) of the total premium cost, which is down one percent (1%) from 2009. The average employee cost in a PPO for single coverage increased fourteen percent (14%) from 2009, while the average employer cost in a PPO for single coverage decreased two percent (2%) from 2009. The average monthly employee cost for Preferred Provider Organization (PPO) plans for employee plus family coverage is $465.01. The average monthly employer cost for Preferred Provider Organization (PPO) plans for employee plus family coverage is $830.25, which equals sixty-four percent (64%) of the total premium cost (down five percent (5%) from 2009.) Clearly, employers are passing on more of premium cost increases to employees in this year's findings.

Total employment for participating organizations in the 2010 survey is 21,351, but only 15,257 employees were reported as being covered in employer medical plans. Since fifty-seven percent (57%) of respondents offer opt-out provisions in their medical plans, and of those offering an opt-out provision, thirty-five percent (35%) reimburse for opting-out, this is not surprising. Types of medical plans offered and numbers of covered employees include:

- Preferred Provider Organization (PPO) - representing 52% of the sample, covering 7,908 employees
- Health Maintenance Organization (HMO) - representing 33% of the sample, covering 4,988 employees
- Point of Service (POS) – representing 13% of the sample, covering 1,989 employees
- High Deductible Health Plan with Health Savings Account (HD/HSA) - representing 2% of the sample, covering 295 employees
- Indemnity – representing .5% of the sample, covering 70 employees

No Exclusive Provider Organization (EPO) Plans were reported in the 2010 survey. One Health Reimbursement Arrangement (HRA) Plan was reported covering 7 employees.

Thirty-one percent (31%) of 2010 survey respondents versus forty-one percent (41%) of 2009 survey respondents offer some form of benefits to part-time employees. As in the 2009 survey, only twenty-seven percent (27%) of those providing part-time benefits in 2010 offer medical benefits.

Cost sharing for prescription drugs varies by plan type with covered employees in some Health Maintenance Organization plans requiring no cost sharing for prescription drugs once the deductible is met. Prescription drug co-payments are definitely increasing, particularly for

mail order prescriptions. The most common prescription drug co-payments for prescriptions purchased at a pharmacy for a 30-day supply are $10 for a generic prescription, $25 for a preferred brand prescription, and $50 for a non-preferred brand prescription (up from $40 in 2009). The most common mail-order prescription co-payments are $26-$30 for a three-month supply of a generic drug (up from $20 in 2009), $51-$60 for a three-month supply of a preferred brand prescription (up from $41-$50 in 2009), and $91-$100 for a three-month supply of a non-preferred prescription (up from $71-$80 in 2009).

For actual details and costs, please see the survey report.

DENTAL/VISION BENEFITS

At least one dental plan is offered to employees in eighty-seven percent (87%) of responding organizations. The most common type of dental plan offered is a Dental Preferred Provider Organization (DPPO), at sixty-five percent (65%). Other types of dental plans offered are Dental Health Maintenance Organization (DHMO) Plans (10%), Dental Indemnity Plans (14%), Dental Point of Service (DPOS) Plans (7%), Dental Reimbursement Account Plans (1%), and Dental Discount Plans (3%).

Fifty-six percent (56%) of respondents offer vision benefits to employees. Of those organizations offering vision benefits, seventy-five percent (75%) contribute to the cost of the benefit.

For actual details and costs, please see the survey report.

LIFE/DISABILITY INSURANCE

As in 2009, eighty-eight percent (88%) of responding organizations offer basic life insurance to employees. Only forty-three percent (43%) of respondents offer supplemental employee life insurance. Very few respondents (5%) offer whole or universal life insurance as an option.

Of one hundred fifteen (115) respondents, seventy-five percent (75%) offer a long-term disability (LTD) plan to employees. These plans may be funded in part or entirely by the employer or offered as a supplemental employee benefit. Only fifty-one percent (51%) of respondents offer a short-term disability (STD) plan.

For actual details, please see the survey report.

RETIREMENT PLAN PRACTICES

Ninety-six percent (96%) of responding organizations offer some form of retirement plan to employees. The most common type of retirement plan offered is the 403(b). Other types of retirement plans offered include 401(k), 457 Plan, SEP-IRA Plan, Money Purchase, Roth IRA, and Defined Benefit Plan.

Participant-directed investment, hardship withdrawals, and participant loans are provisions within the majority of Defined Contribution plans reported. The most common form of vesting schedule in reported Defined Contribution plans is 100% immediate vesting.

A Defined Benefit Plan is offered by only sixteen (16) respondents. Of those offering a Defined Benefit Plan, the most popular type is Traditional Final Average, followed by Cash Balance Plan, Pension Equity Plan, and Traditional Career Final Average. The average number of years used to compute the final average period is 5.1 years.

For actual details, please see the survey report.

PAID LEAVE

Seventy-six percent (76%) of responding organizations offer traditional leave plans that typically consist of vacation, sick days, bereavement, personal leave, holidays, and floating holidays. The average number of fixed holidays among respondents with traditional leave plans is 10.5 days per year.

Twenty-four percent (24%) of respondents offer Pooled Leave Plans, or Paid Time Off (PTO), that combine all or part of paid leave granted into one pool. The average number of days granted at one (1) year of service in reported PTO plans is 22.8 days. The average number of days granted at ten (10) years of service in reported PTO plans is 30.6 days.

For actual details, please see the survey report.

OTHER BENEFITS

The top three (3) employee programs offered by respondents that fall outside the scope of health insurance, life insurance, disability, retirement, and paid time off are: 1) payroll deductions, 2) free/subsidized parking, and 3) organization-sponsored holiday parties. A full-time business casual policy is offered by fifty-six percent (56%) of survey respondents.

For actual details, please see the survey report.

EXECUTIVE PERQUISITES

Special expenses or benefits offered to Executive Officer(s) vary in prevalence among this year's respondents. The five most popular executive perquisites are identical to those reported in 2008 and 2009 and include: 1) conference registration fees, 2) conference travel expenses, 3) association/professional dues, 4) cell phone, and 5) publications.

For actual details, please see the survey report.