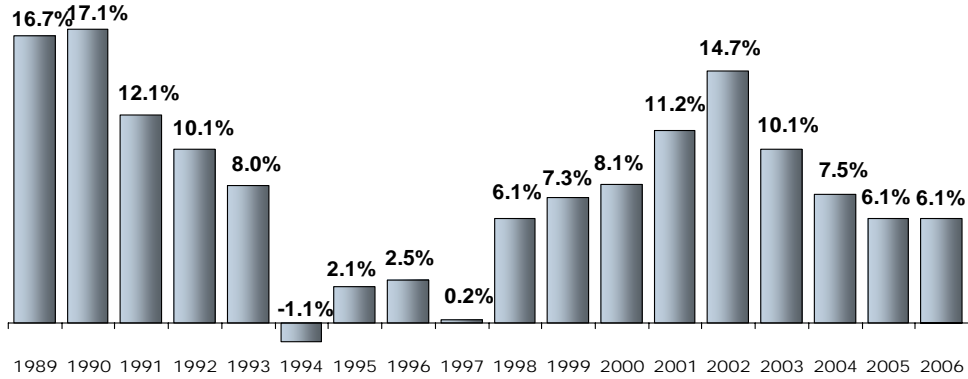


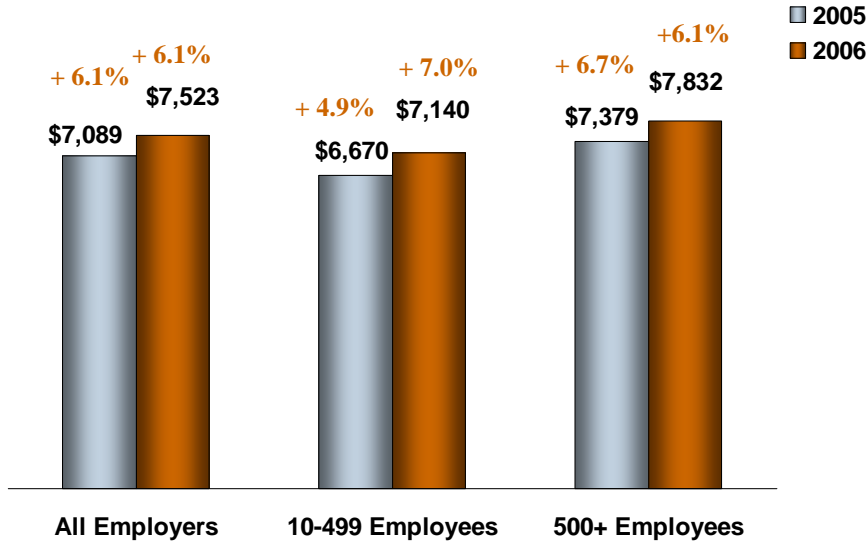
FIGURE 1  
 Annual change in average total health benefit cost, 1989-2006  
**All employers**



Note: Results for 1989-1998 are based on cost for active and retired employees combined. The change in cost from 1998-2005 is based on cost for active employees only.

Source: Mercer's National Survey of Employer-Sponsored Health Plans

FIGURE 2  
 Cost increase jumps for small employers,  
 slows slightly for large employers



Source: Mercer's National Survey of Employer-Sponsored Health Plans

FIGURE 3  
Use of cost-sharing provisions

	2006	2005
<b>All employers</b>		
Average in-network deductible, PPO	\$846	\$769
Average copay for physician visits, HMO	\$18	\$18
<b>Large employers (500+)</b>		
Average in-network deductible, PPO	\$426	\$413
Average copay for physician visits, HMO	\$16	\$16

Source: Mercer's National Survey of Employer-Sponsored Health Plans

FIGURE 4  
Employer cost-management strategies  
for the next five years

	<b>Strategy will be significant or very significant</b>	
	<b>Large employers</b>	<b>All employers</b>
Care management	71%	43%
Consumerism	64%	43%
High-performance networks	41%	34%
Collective purchasing	37%	45%
Scaling back benefits/shifting cost to employees	37%	31%
Data transparency	34%	34%

Source: Mercer's National Survey of Employer-Sponsored Health Plans

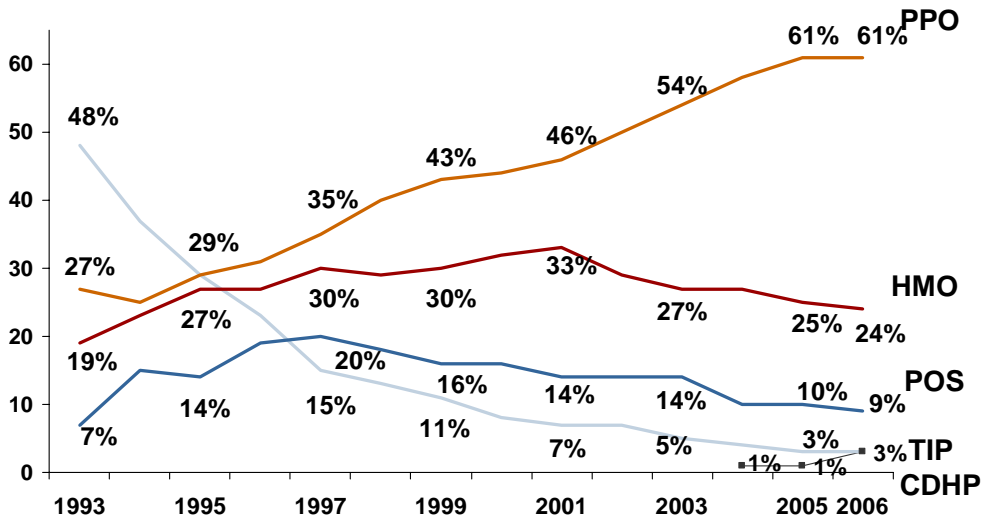
FIGURE 5  
Likely to offer CDHP in 2007 or 2008

	Offered in 2005	Offered in 2006	Likely to offer in 2007*	Likely to offer in 2008*
All employers	2%	6%	14%	16%
Small employers (10-499)	2%	5%	14%	16%
Large employers (500+)	5%	11%	14%	19%
Jumbo employers (20,000+)	22%	37%	39%	43%

\*Selected 5 on a 5-point scale, where 1 = not at all likely and 5 = very likely. Includes employers that currently offer; 2008 figure includes employers likely to offer in 2007.

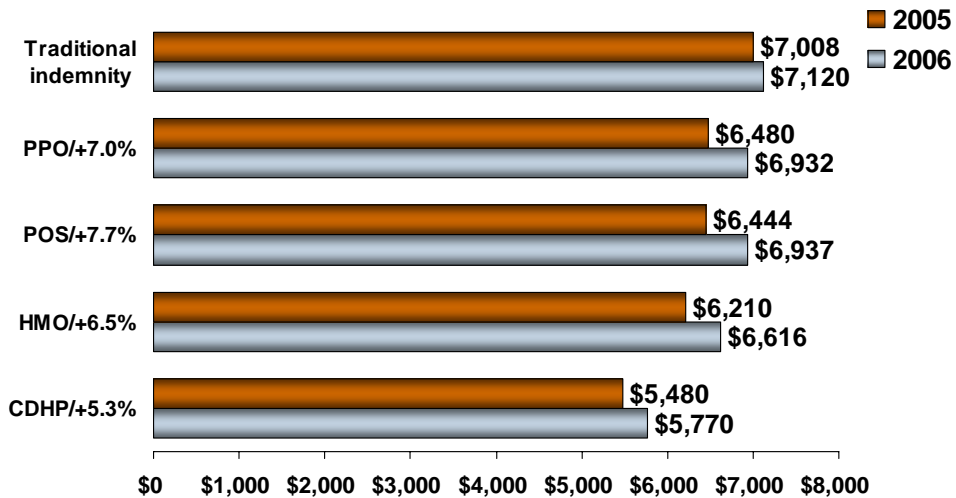
Source: Mercer's National Survey of Employer-Sponsored Health Plans

FIGURE 6  
National employee enrollment, 1993-2006  
Percent of all covered employees



Source: Mercer's National Survey of Employer-Sponsored Health Plans

FIGURE 7  
 Medical plan cost per employee by plan type,  
 2005-2006



Source: Mercer's National Survey of Employer-Sponsored Health Plans

FIGURE 8  
 HSA-based CDHPs quickly overtaking HRA-  
 based CDHPs

	Offer in 2006		Very likely to offer in 2007	
	HSA	HRA	HSA	HRA
Small employers	4%	2%	10%	8%
Large employers	6%	6%	10%	9%
Jumbo employers	22%	21%	29%	28%

Source: Mercer's National Survey of Employer-Sponsored Health Plans

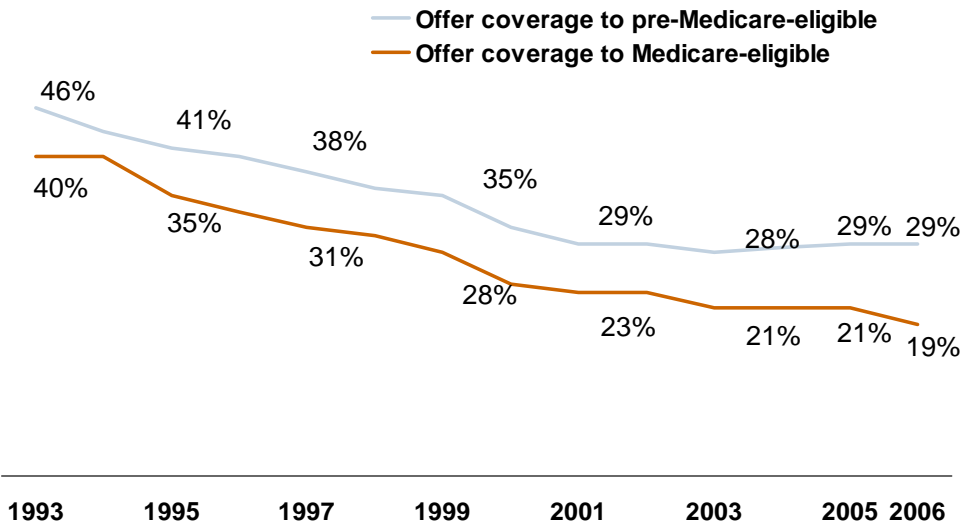
FIGURE 9  
**Comparing HSA- and HRA-based CDHPs**  
**Large employers**

	HSA	HRA
Average deductible	\$1,665	\$1,359
% employers contributing to account	57%	100%
Average employer account contribution	\$571*	\$648
Average cost per employee	\$5,005	\$6,214
Average monthly employee premium contribution	\$41	\$56

\*Excluding zeros.

Source: Mercer's National Survey of Employer-Sponsored Health Plans

FIGURE 10  
**Large employers drop coverage for Medicare-eligible retirees in 2006**



Source: Mercer's National Survey of Employer-Sponsored Health Plans