Employee Benefits Survey Report

Benchmarks for Wine Industry Employee Benefits

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HEALTHCARE COSTS INCREASED, AS expected, since the last time **Woodruff-Sawyer & Co.**, a leading insurance and benefits broker to the wine industry and other industries, released its annual Benchmarking, Best Practices and Strategies survey. As some of the changes related to the Affordable Care Act (ACA) trickled down, costs started rising, but the biggest change is in market segmentation, and this will cause higher rate changes than most wineries were expecting.

According to **Chris Reiter**, senior vice president, employee benefits, 84 percent of wineries are expecting health care costs to increase up to 10 percent in the next year. However, one of the major insurers expects 67 percent of organizations with 51 to 100 employees to see increases of 10 percent at the least.

"People's perceptions of costs are very off," said Reiter. "They don't really have their arms around this whole thing."

Under the new ACA market segmentation, companies with one to 100 employees are now considered "small" organizations, and will have less purchasing and bargaining power. Previously, "small" was defined as an organization with one to 50 employees, and those with 51 to 100 employees were considered larger and better able to negotiate an often cheaper rate. Those organizations with 51 to 100 employees are now at a defining moment as they try to determine a way forward, with costs likely increasing 10 percent or more.

"They are at a crossroads because, in most cases, the plan options available to them and the cost of those plans are going to be changing significantly," said Reiter. "That convergence is making everyone reconsider how they structure and restructure their benefits."

According to the latest survey, wine companies are providing benefits as good or better than other industries in the area. Reiter said some of this is due to the fact that many companies are family-owned, small and more likely to want to take care of their employees. Rates for wine industry plans are, in general, rising in line or a bit slower than in other area industries.

Wine companies use different types of plans: 39 percent offer Preferred Provider Organization (PPO) plans, 32 percent offer Health Maintenance Organization/Exclusive Provider Organization (HMO/EPO) plans and 28 percent offer a High Deductible Health Plan (HDHP). Just 1 percent offer Point of Service (POS) plans.

Of the wine companies surveyed, 26 percent only offer one plan, 31 percent offer two plans, 20 percent offer three plans and 23 percent offer four or more plans.

PPO Plan Benchmarking

	National (2015)	SF Bay Area (2015)	Wine Industry (2015)	Safe Harbor Plan (2015)
Deductible	$1,000/ $1,500	$275/ $500	$500/ $750	$3,500/ $7,000
Coinsurance	80%/ 60%	90%/ 60%	80%/ 60%	80%/ 50%
OOP Max	$3,500/ $6,000	$3,000/ $6,000	$3,500/ $7,750	$6,000/ $12,000
PCP Copay	$25	$20	$25	Subject to Deductible & Coinsurance
Specialist Copay	$40	$25	$33	
Rx Copay (retail)	$10/$35/ $50/$85	$10/$30/ $50/$70	$10/$30/ $50/$100	

Not much has changed for PPO plans offered by wine companies between 2014 and 2015. The median deductible for wine company PPO plans in 2015 continued to be $500. Median coinsurance was 80 percent, which has not changed since the previous year, with the median maximum out of pocket costs running at $3,500, up $500 from 2014. The median office co-pay for PPO plans remained at $25.

HMO/EPO Plan Benchmarking

	National (2015)	SF Bay Area (2015)	Wine Industry (2015)	Safe Harbor Plan (2015)
Deductible	$0	$0	$0	$3,500/ $7,000
Coinsurance	100%	100%	100%	80%/ 50%
OOP Max	$2,000	$1,750	$3,000	$6,000/ $12,000
PCP Copay	$20	$20	$30	Subject to Deductible & Coinsurance
Specialist Copay	$35	$25	$30	
Rx Copay (retail)	$10/$30/ $50/$45	$10/$30/ $35/$30	$10/$30/ $35/$30	

The wine industry median deductible for HMO/EPO plans remained at $0. Employee coinsurance continues to cover 100 percent of costs. The median out-of-pocket maximum stayed at $3,000, and the median office co-pay remained at $30.

HDHP Plan Benchmarking

	National (2015)	SF Bay Area (2015)	Wine Industry (2015)	Safe Harbor Plan (2015)
Deductible	$2,500/ $3,500	$2,000/ $3,000	$2,500/ $3,000	$3,500/ $7,000
Coinsurance	90%/ 60%	90%/ 60%	80%/ 60%	80%/ 50%
OOP Max	$4,000/ $8,000	$3,500/ $6,000	$4,750/ $10,000	$6,000/ $12,000
Employer Contribution (HSA/HRA)	Employee Only/Family	Employee Only/Family	Employee Only/Family	
	$650/ $1,100	$1,000/ $2,000	$1,250/ $2,250	

Fifteen percent of wine companies surveyed are considering offering a High Deductible Health Plan, on par with the national average. For these types of plans, the wine industry median deductible is $2,500. Median coinsurance is 80 percent, and the out-of-pocket maximum is $4,750.

Other Wine Industry Values

The median healthcare inflation increase for the wine industry was 5 percent, the lowest among changes nationally and in the San Francisco Bay Area, which saw increases of 6 and 7 percent, respectively. Seven percent of wineries surveyed expect healthcare costs to increase 0 percent or decrease in 2016, 30 percent expect increases of 1 to 5 percent, 47 percent expect increases of 6 to 10 percent, 9 percent expect increases of 11 to 15 percent, 4 percent expect increases of 16 to 20 percent, and the final 4 percent expect a 21 percent or more increase.

Medical Premium Contribution Summary

Premiums		National (2015)	SF Bay Area (2015)	Wine Industry (2015)
PPO	EE Only	$521	$599	$574
	EE + Spouse	$1,092	$1,280	$1,200
	EE + Child(ren)	$953	$1,046	$925
	Family	$1,505	$1,820	$1,707
HMO/EPO	EE Only	$515	$530	$529
	EE + Spouse	$1,077	$1,126	$1,076
	EE + Child(ren)	$929	$987	$906
	Family	$1,508	$1,585	$1,515
HDHP	EE Only	$436	$459	$411
	EE + Spouse	$924	$988	$904
	EE + Child(ren)	$809	$838	$763
	Family	$1,273	$1,392	$1,238

Wellness programs are one way wine industry employers are attempting to contain costs. Ten percent of wine organizations offer employee assistance programs, 9 percent offer flu shots, 7 percent direct employees to web-based resources for healthy living, 7 percent curate wellness newsletters and 6 percent provide cholesterol screening. These are all less than half of

Contributions		National (2015)	SF Bay Area (2015)	Wine Industry (2015)
PPO	EE Only	22%	20%	16%
	EE + Spouse	36%	26%	23%
	EE + Child(ren)	35%	26%	25%
	Family	37%	27%	25%
HMO/EPO	EE Only	20%	17%	16%
	EE + Spouse	30%	26%	25%
	EE + Child(ren)	31%	25%	26%
	Family	32%	28%	22%
HDHP	EE Only	19%	15%	19%
	EE + Spouse	34%	25%	25%
	EE + Child(ren)	32%	24%	24%
	Family	34%	25%	28%

national medians and lower than San Francisco Bay Area averages. Fully 100 percent of those offering some type of wellness program cite recognition as an incentive given to employees while 40 percent offer merchandise and 40 percent offer gift cards.

Dental and Vision Plans

Dental	National (2015)	SF Bay Area (2015)	Wine Industry (2015)
Deductible	$50/$50	$50/$50	$50/$50
Coinsurance:			
Preventative	100%	100%	100%
Basic	80%	90%	80%
Major	50%	60%	55%
Orthodontia	50%	50%	50%
Annual Max	$1,500/$1,500	$1,500/$1,500	$1,500/$1,500
Ortho Max	$1,000/$1,000	$1,500/$1,500	$1,500/$1,500

Vision	Eye Exams	Frames	Lenses	Contact Lenses (medically necessary)
Duration	Once every 12 months	Once every 24 months	Once every 12 months	Once every 12 months
Copay	$10	$25	$25	$0
Coverage Amount	$39	$130	$150	$130

Not much has changed in the way of dental and vision coverage. Wine industry coverage for a Dental Preferred Provider Plan (DPPO) remains on par or higher than the national average, though coverage is a bit less than the average across all San Francisco Bay Area industries. For vision coverage, wine industry averages have not changed, other than a small drop in the coverage amount for eye exams—from $43 in 2014 to $39 in 2015.

Woodruff-Sawyer & Co. Wine Collective

Woodruff-Sawyer & Co. operates a healthcare collective that continues to evolve. The **Wine Industry Employee Benefits** collective, which allows smaller companies to collectively gain the purchasing power of a 5,000-plus employee organization, is available to all wineries, and according to Reiter, can be beneficial to those wine companies with 51 to 100 employees. Rates for the collective will be locked in through January 1, 2017 and allow those companies to maintain a large group status. Arrangements have been made with **Anthem Blue Cross** and is administered by senior vice president and partner, winery practice leader, **Jim Settles**, who can be reached at 415-878-2470 or *jsettles@wsandco.com*, as well as **Chris Reiter**, senior vice president, employee benefits, who can be reached at 415-878-2481 or *creiter@wsandco.com*.

Woodruff-Sawyer & Co.'s (*www.wsandco.com*) wine practice is located at 88 Rowland Way, Suite 180, Novato, CA 94945. **WBM**

Methodology

The data quoted in the report is for the wine industry in 2015 unless otherwise indicated, and only represents part of the extensive study. Because of the complexity of the study, this summary focuses on median responses for this year. The full study with historical data is available from Woodruff-Sawyer & Co.

The survey included the wine industry out of a total population of 4,479 companies that participated nationally, 298 in the San Francisco Bay Area and 68 in the wine industry.

Those represented 2.5 million, 100,184 and 9,646 employees respectively, and $31.1 billion, $1.5 billion and $141 million in healthcare spending.