




Employee Health Care Advisory #1

With benefits open enrollment approaching, you will soon see new opportunities and changes to the health care plans that CH2M HILL offers. This newsletter is the first in a series of three Employee Health Care Advisories *designed to help you understand the changing face of health care, what you can do to invest in your health care while helping control costs, and how a new health care plan can help you and your family.*

THE CHANGING FACE OF HEALTH CARE

It is no secret that health care costs have been rising at a relentless rate. In fact, some statistics indicate that health care spending is rising at the fastest rate in our history:

- CH2M HILL's health care expenditures have risen 45 percent in the past 5 years.
- Nationally, the cost of health care continues to rise at a rate of 10 to 12 percent per year.
- Premiums for employer-based health insurance rose by 9.2 percent in 2005, the fifth consecutive year of increases of more than 9 percent.
- In 1970, Americans spent an average of $348 per year on health care; by 2006, this number had grown to more than $6,000.
- The average employee contribution to company-provided health insurance has increased by more than 143 percent since 2000. Average out-of-pocket costs for deductibles, co-payments for medications, and coinsurance for physician and hospital visits rose 115 percent during the same period.

Today, the rising cost of health care is a significant business and employee concern and challenge. So what must we do in order to maintain the availability of quality health care services and health plan coverage in the years ahead?

Clearly, we cannot solve this challenge overnight. However, we believe that CH2M HILL is on the right road and the leading edge of a new and important opportunity that gives you, the health care consumer, more direct control and responsibility in the management of your health and health care. **It's a new benefit plan that features lower monthly premiums, higher deductibles, and an innovative reimbursement account that encourages you to actively manage and invest in your health.** The new plan features the CIGNA Preferred Provider Organization (PPO) network of providers and the choice of in- or out-of-network benefits.

Please take the time to learn more. Watch for additional Employee Health Care Advisories in the coming weeks that will explain more. This information will be especially important if you are currently enrolled in one of the medical plans that will be discontinued in 2007 (CIGNA Point of Service, Indemnity and Catastrophic plans.*)

*Employees who are in offices that do not have provider network access will still be able to choose the Indemnity and Catastrophic plans. However, employee contributions will be required for all plans.