

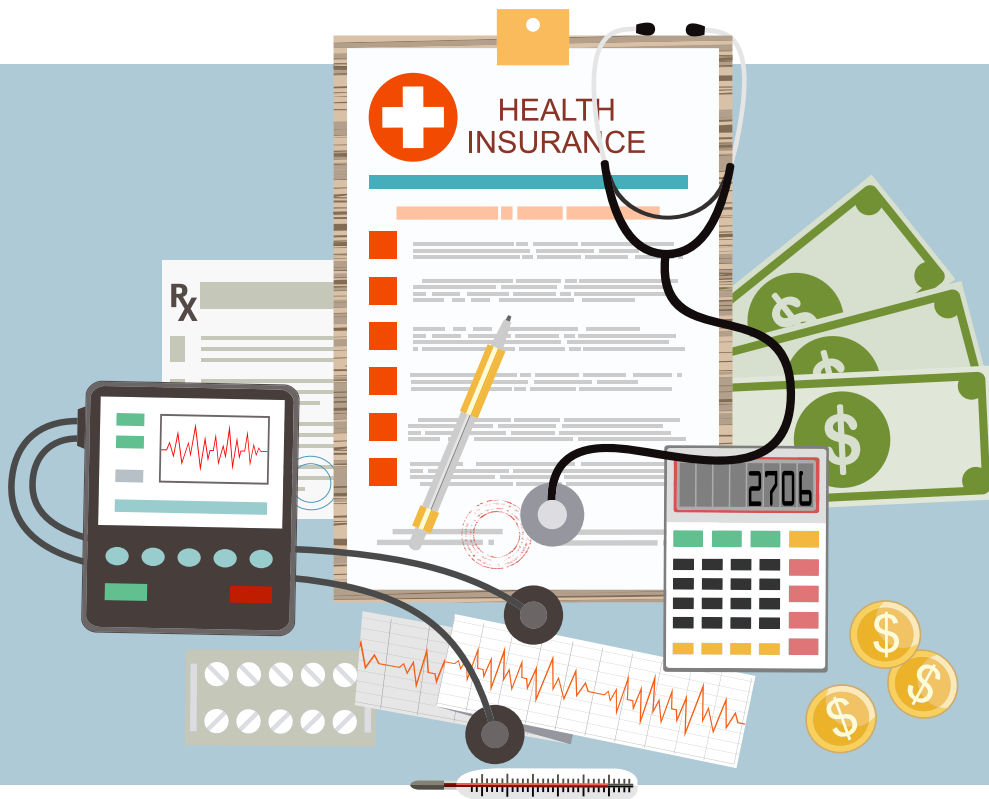
EMPLOYEE BENEFITS:

# CURRENT TRENDS AND DEVELOPMENTS

The ever-changing dynamics within the employee benefit environment makes keeping up with the latest trends and developments challenging for the small group business owner. Yet, knowledge of this information is critical to maintain competitiveness in any given market, keep employee morale high and facilitate employee health needs with a reasonable budget.

As healthcare costs continue to soar and employees demand greater focus on their individual and family health and well-being, business owners are searching for strategies to achieve a robust employee benefit package without breaking the corporate bank.

At My Benefit Advisor, our experts are ready to work with you to develop customized solutions to achieve all your benefit objectives.



## P E R S P E C T I V E

The COVID-19 pandemic in combination with rapidly evolving attitudes regarding social norms have changed the way employees look at company benefits. As a result, business owners and their HR teams are finding that a reset in their benefit portfolio may be required to better respond to these evolving employee expectations.

Importantly, in conjunction with understanding these new perspectives it is also necessary to appropriately realign communication and wellness strategies. The businesses that take action and successfully address these challenges may discover their employees to be more loyal, engaged, creative, and committed long term to company growth and success. This will in turn reward the company through a more energized workforce, yielding efficiencies in operations, heightened customer satisfaction and an expansion in revenue opportunities.

## EMPLOYEE BENEFITS: CURRENT TRENDS AND DEVELOPMENTS

# A Brief Overview

One of the more significant things employers offer their employees is their benefit portfolio. Health insurance, supplemental benefit programs, retirement benefits, paid time-off and many other perks are all things cherished by most employees. In many situations, the employees may not be able to afford or have access to these benefits outside the workplace.

But at the same time, the contemporary workplace is undergoing a significant shift as rising life expectancies, improvements in gender equality and changing attitudes towards personal care and safety are combining to create a more diverse, multigenerational workforce with a variety of needs and expectations pertaining to employee benefits.

Furthermore, the pandemic has shifted the way businesses operate, allowing employees to work remotely and changing how human resource departments attract, hire and retain talent.

By offering a benefit portfolio that includes multiple options across the health care spectrum, including those in financial and lifestyle categories, employers will be better positioned to recruit and retain key talent and gain a competitive advantage over their peers.

Additionally, with the pace of advancements in healthcare and technology, including the frequent changes in benefits legislation, business owners may find they need to make adjustments in their benefit program more often than they have in the past.

The payoff, of course, is an engaged workforce with positive morale and the ability to attract and retain the talent necessary for making the business successful.

As the end of another benefit cycle is approaching and many begin planning for the next year, we thought it might be beneficial to review these evolving employee expectations and compile a list of some of the current trends in workplace benefits.



**The payoff is an engaged and energetic workforce with positive morale and the ability to attract and retain the talent necessary for growing the business successfully.**

In this paper we have compiled a list of items that focus mostly on trends and developments that would be of interest to small and mid-size employers. We have presented here a brief overview of each trend. For more details please contact your MBA benefits consultant.







# The Trends and Developments Shaping Employee Benefits Today

No longer does employee benefits mean providing the workforce with health insurance and some retirement benefits. Today's workforce, coupled with the plethora of technological, sociological and philosophical changes that have occurred over the past 40 – 50 years and accelerated exponentially in just the past 2 years or so, have demanded a new way of looking at employee benefits, one that involves a more liberal and expansive view of what employees are looking for.

**Here are a few of the more recent trends and developments our research has revealed relating to employee benefits:**



## A Move Away from HDHPs as a Sole Option

High deductible health plans, or HDHPs as they are also known, have been the “buzzword” in group health insurance since the Affordable Care Act was passed back in 2012. The ACA's so called “Cadillac Tax” on high cost plans caused their rise in popularity since they would save employers on the extra taxes.

Although employers are expected to widely continue offering HDHPs in the next few years, many are beginning to cease offering them as the only option. This is largely due to the fact that the Cadillac Tax has been delayed more than once and is currently not scheduled to be implemented until 2022.



## Accommodating Both Younger and Older Employees

It is common knowledge that the large number of millennials that have entered the workforce have brought changes to the workforce; specifically as they relate to employee benefits. But now Gen Z is rapidly joining the workforce too and will force companies to continue making changes to their strategies as they adapt to the demands of these younger employees.

This group has been brought up in a digital world from birth and although they often lack proficiency in things such as professional verbal and written communication skills, they expect strategic use of the latest technology applications, including business software, electronic communication, wearables and more.

On the other side of the spectrum, better access to effective healthcare has meant more people living well into their nineties, stretching out careers and keeping people working longer than ever. As a result, companies are looking for ways to facilitate the greater number of senior employees by reviewing their pension and benefit programs, modifying schedule and physical accommodations and adding business and educational support programs.



## Supporting Employee Concern for Safety and the Well-being of Others

The unprecedented series of events that have unfolded over the past two years has implanted a high level of doubt and uncertainty over the physical health and financial security most individuals will expect to attain in the near future. Additionally, many individuals are highly focused on helping those in need and who may not have an easy path to success in life. To help employees cope with and manage these apprehensions and address their concern for others, employers can look to the following programs:

**Emergency Savings Accounts** — The financial impact of the pandemic has highlighted the importance of having an emergency fund to help employees avoid tapping their retirement savings to cover financial emergencies. The ability to tap into liquid assets to cover unexpected expenses is an important element of an individual's financial security, yet many people are unprepared and unable to build such a reserve. As we move toward open enrollment season, expect more employees to focus on securing emergency savings.

Employers looking to help ease the financial burdens of their employees can establish an Emergency Savings Account (ESA). With an ESA, the funds are deducted from an employee's paycheck, the same way as they would be deducted for a 401(k) or similar program. The difference with an ESA is that the funds deducted from the employee's paycheck are taxed as ordinary income. Also, unlike a 401(k), the monies deposited do not have to remain in the account long term, but instead can be used to assist with any immediate financial emergencies.

**Employee Assistance Programs** — Still dealing with the residual effects of the pandemic, the national employee population remains at a heightened level of stress and anxiety. And without the resources and ability to resolve the burdens these employees face, office morale and productivity is often impacted. As a result, to demonstrate how much they value their workforce, employers are either implementing or expanding existing their existing EAPs. Companies can also provide resources for employees to access such as information regarding local therapists and counselors, psychiatrists, suicide hotlines and substance abuse programs, meditation classes and yoga studios.

**Workplace Giving Programs** — Given many of the events of 2020, including the pandemic, natural disasters, and social justice issues, an increasing number of employers are considering adding a workplace giving program to their benefits platform. In fact, many workers are expecting their employers to offer some type of giving program. An increasing number of employees felt it was important for their employer to support charitable causes. These programs help employees donate their time and financial support to the communities in which they operate, as well as to charities and causes that are most important to them.

### **Student Loan Repayment Programs** —

Increasingly, individuals comprising today's workforce are straddled with significant levels of student loan debt. At the same time, these workers are often conflicted as to whether they should focus on paying off their debt or set aside funds to pay for retirement. As an employer, adding a student loan repayment program to your employee benefit portfolio not only helps them address this dilemma, but also represents a tremendous opportunity to help attract and retain key talent.

In today's competitive job market, it's not enough to simply offer the traditional benefit portfolios of the past. Showing prospective talent and valued current employees that you care about their financial future by providing student loan repayment assistance goes a long way to help you stand out among your industry peers. And by structuring the program as a part of your voluntary benefits package, you have the ability to customize the program according to your workplace demographics and budgetary capabilities.



## More Extensive Use of Telehealth Options

The use of telemedicine has risen dramatically over the past several years and all indications are that it will continue on this path going forward. Very few people enjoy going to the doctor and many find it difficult to find the time to fit an appointment into their schedule. As a result, many times the delay allows a condition to worsen, driving up the costs associated with restoring the person to well-being.

Providing an easier path for the employee to access professional medical care via telephone, computer, smart phone or tablet, a telemedicine program also aids the employer by reducing claim costs. And adding a telehealth option can eliminate the downtime and decreased productivity that would result from the employee needing to make a physical visit to the doctor's office.



## Protection of Personal Information

As people share their personal data with more third parties via smartphones, tablets and their personal computers, the opportunity for security breaches and identity theft has become a real concern. As a result, Identity theft protection has become one of the fastest growing employee benefit programs. By enrolling in an identity protection program, employees can get peace of mind from the protection they receive while employers can avoid the loss of productivity that arises when an employee has to deal with identity theft recovery efforts.

Another good reason to offer the program to employees is that employers themselves can benefit since employees actions, like clicking on harmful links, can also put the employer's data security at risk.



## Changing Employee Contribution Level Strategies

Most business owners struggle to develop what they consider to be the proper employer/employee premium contribution split. A strategy that places too much of a contribution burden on the employee may create difficulties in hiring and retaining good talent, while a contribution strategy that is overly generous may have a detrimental effect on your healthcare budget. While many companies still utilize a percentage system (paying a flat, stated percentage for everyone or paying a certain percentage for single coverage and a lower percentage for the children and spouse), other trends have gained traction in recent years.

Although it's been around for a long time, the flat amount concept has become more popularly known as the defined benefit strategy and has picked up in popularity among employers. With it, the employer designates a maximum premium they will pay, regardless of the plan chosen by the employee, allowing the employer to have greater control of their healthcare budget.

An additional option increasingly favored by businesses is one where the employer pays for a majority or the entire portion of the employee's premium, while contributing little or nothing toward the coverage of any family members.

Finally, depending on their base contribution strategy, many employers increasingly imposing either a surcharge or buyout on spousal coverage if the spouse has coverage available through their own employer.





## Enhanced Management of Specialty Drug Claimants

Specialty drugs are expensive medications, usually injected or infused intravenously, that are used by less than 5% of a typical employer's plan participants but represent approximately half of the employer's costs on prescription drug premiums. As a result, employers are becoming more aggressive in their attempts to control specialty drug costs, employing the following strategies:

- Requiring prior authorization, step therapy and quantity limits
- Requiring that these medications be obtained through a designated pharmacy, the plan's pharmacy or a pharmacy benefit manager (PBM)
- Utilization of site-of-care management to ensure that the drugs are administered properly in a cost-effective manner. At-home injections or drugs administered in a physician's office are less expensive than those administered in a hospital.



## Expanded Use of Technology Through Benefit Administration Systems

As another application of technology that was until recently rarely available to all but the larger group market, benefit administration technology has now made its way down to smaller businesses. Through these systems, groups can more effectively manage their employee benefit programs by digitizing the enrollment process and related tasks, eliminating the need for paper applications and manual submissions to the insurance companies.

Additionally, many of these systems allow for the inclusion of electronic processing of payroll, employee reviews, timekeeping, PTO tracking and inter-office communications.



## Self-Funding for Smaller Companies

Although self-funding has historically been reserved for larger firms, current trends continue to see more and more smaller companies involved in some type of nominally self-funded plan, providing added protection by incorporating lower attachment points for the program's stop loss insurance.

With these programs, typically referred to as "level-premium" plans, the insurer calculates the expected monthly expense for the employer which is comprised of a share of the estimated annual expense for benefits, the premiums for stop loss protection and an administrative services fee. This established "premium" level eliminates the unplanned, unpredictable and many times, budget-breaking cost spikes due to a large claim incidents that have caused many small groups to avoid self-funding in the past.





## Greater Incorporation of Wearables

Business owners have learned that happy and healthy employees increase the company's level of productivity and chance for success. And by incorporating wearable technology into their workplace benefit programs, companies not only create an engaging environment for their office staff, but also help maximize the efficiency of their healthcare budget, reduce potential safety hazards and monitor the health and wellness of their employees. By wearing these devices, employees are more apt to become consistently and constantly motivated to maintain an active and healthy lifestyle.

Today's wearable devices have become smaller and smarter, allowing employees to feel more comfortable wearing them. Activity trackers, heart rate monitors and blood pressure monitors are just a few of the devices utilized in programs today, and many companies set goals and provide incentives for various achievement levels.



## Voluntary Benefits for Specific Employee Healthcare Needs

Voluntary benefits are a great way for employees to personalize their benefits to accommodate their unique personal needs. Business owners can help employees target specific needs by providing a carefully planned portfolio of voluntary benefits. Through the use of any available experience data and input from the workforce, a worksite benefit program can be formulated to fill the gaps left by employer paid coverage.



## Paid Family Leave

Employers are increasingly offering paid family leave as an incentive to help attract and retain men and women who may be thinking of starting families. As many individuals today express a desire to continue their careers while building families, paid maternity and paternity leave are able to afford them the ability to spend time with newborn children and know they have a position waiting for them upon their return.

Bereavement leave is also being offered in more workplace benefit programs, allowing individuals who have experienced a death in their family the opportunity to grieve properly.



## Greater Focus on Wellness

Wellness is no longer just for large groups. It's becoming popular even among small to mid-size businesses. A properly structured wellness program can improve the physical and mental health of an employee and their family, translating into lower healthcare utilization costs for the employer. Additionally, the presence of wellness initiatives tends to boost employee morale and productivity and enable the company to attract and retain key talent. Among the programs many employers are using to help workers identify health issues and manage chronic conditions are:

- **Health Risk Assessments** — Including questions about the person's medical history, health status and lifestyle. Some firms tie the completion of an assessment to an incentive of some type.
- **Biometric Screenings** — An in-person health examination that measures a person's risk factors, such as body mass index (BMI), blood pressure, blood cholesterol levels, nutrition and stress levels.
- **Health and Wellness Promotion Programs** — Aided in many situations by incentives to increase participation, these programs are designed to help employees identify risks and unhealthy behaviors and improve their lifestyle. Programs offered here include smoking cessation, weight management and behavioral/lifestyle coaching.



## Employee Assistance Programs

Employee Assistance Programs (EAPs) have become increasingly popular as more employers are beginning to become aware of the link between employee well-being and lost productivity. Stress, family issues and health concerns can all negatively impact an employee's work performance.

A carefully chosen EAP can help mitigate the loss of productivity by providing employees with confidential counseling services, emergency interventions, a 24-hour crisis hotline, stress management workshops and care referral support.

## About My Benefit Advisor

My Benefit Advisor (MBA) is an employee benefits platform designed to guide employers through the complexity of planning, communicating and managing a successful employee benefits program.

To learn more about My Benefit Advisor, visit us online at

[www.mybenefitadvisor.com](http://www.mybenefitadvisor.com)

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