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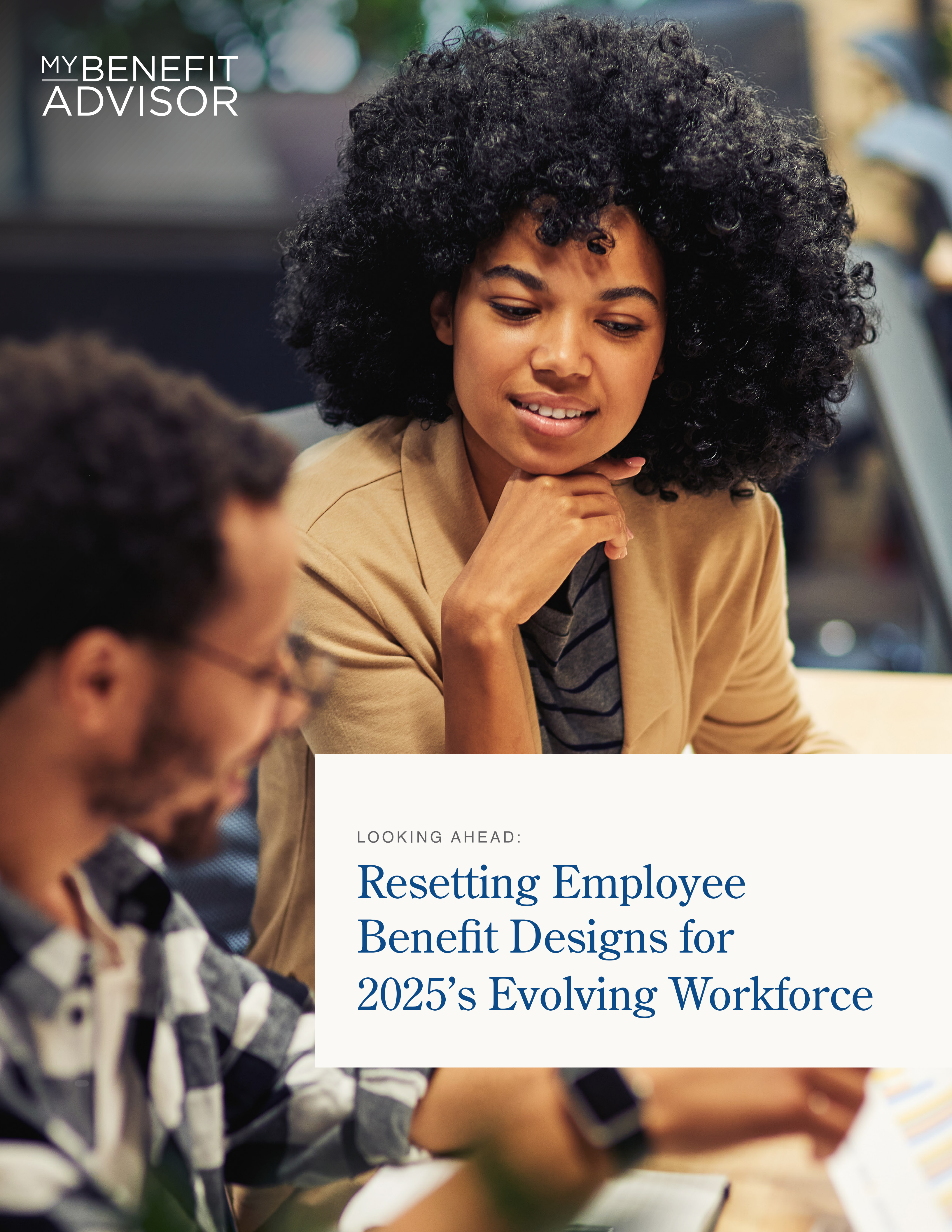

LOOKING AHEAD:

Resetting Employee Benefit Designs for 2025's Evolving Workforce

Fueled by evolving socio-economic dynamics and further impacted by employee-specific changes in views and expectations, several trends have recently taken shape that will require the consideration of anyone designing employee benefit strategies for 2025.

Your team of experts at My Benefit Advisor (MBA) are prepared to share their employee benefit insights, strategies, and resources to work with you in developing contemporary and innovative solutions to accommodate the diverse range of your employees.

Trends Impacting Employee Benefits Today

A quick analysis of employee benefits today compared to those of just a few years ago would reveal that many benefits once considered uncommon or progressive in nature are now mainstream. Flexible work arrangements, parental leave programs and others have all found their way into company benefit portfolios.

In addition, the lingering impacts from COVID-19 and its many variants, along with rapidly evolving attitudes regarding social norms have changed the way employees look at company benefits.

As a result, businesses are finding that a reset in their benefit portfolio may be needed to better respond to evolving employee expectations. And importantly, in conjunction with understanding these new perspectives, there is a need to appropriately realign their communication and wellness strategies. Those who take action and successfully address these challenges may find their employees are more loyal, engaged, creative, and committed long term to the growth and success of the company. The rewards to the company can be significant, as an energized workforce can yield efficiencies in operations, heightened customer satisfaction and an expansion in revenue opportunities.

"In this paper, we've analyzed several of the more pronounced recent trends and include some insight on how our My Benefit Advisor experts can help address these trends for their clients.

Trend #1: Personalizing the Employee Benefit Package

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.

As a result, we show employers how to think outside the box and craft a benefit package that offers a broader array of options that address a wider variety of employees' needs during all stages of life.

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.

Your MBA representative can recommend a variety of choices tailored to the needs of each demographic in the workforce. To appeal to younger workers, for instance, tuition reimbursement and fitness reimbursement programs might be beneficial enhancements. Older workers may be more interested in long-term disability.

And at least partly fueled by the large numbers of employees working remotely, a mobile platform for benefits that can be accessed anytime and anywhere has not only become needed but expected by most workers as well. These platforms benefit employers too, as in addition to simplifying the employee enrollment process, many transmit eligibility data directly to insurance carriers, freeing up HR department resources and reducing the risk of manual errors.

By studying and surveying your unique employee population, offering a menu of benefits where employees can choose what best fits their age and lifestyle, is a great option to keep a happy and engaged workforce.

Strategy Tip:

The good news here is that many of the additional benefit offerings being requested by employees can be added on a purely voluntary, employee-paid basis. Take a fresh look at the benefits package in its entirety, make sure you are not funding things that are no longer necessary or valued, and consider diverting the investment into some of the newer, more valued benefits.

Trend #2: Stand Alone HRAs as Group Plan Alternative

The Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) and the Individual Coverage Health Reimbursement Arrangement (ICHRA) are the two stand-alone HRA plans that are quickly gaining popularity today, especially for small and mid-size businesses. Stand-alone HRAs can be implemented without being part of a group health plan offering.

Here are a few highlights of what each plan offers:

QSEHRA

A result of the bipartisan 21st Century Cures Act, available since 2017, these plans are available to small businesses with less than 50 employees and allow the employer to design reimbursements that can vary based on age, family size, and status. These plans reimburse employees for premiums and qualified medical expenses, with contribution limits of $6,350 for single employees and $12,800 for families in 2025 and require participants to have insurance that meets Minimum Essential Coverage (MEC). Additionally, these plans:

- Allow all full-time employees to participate
- Cannot be offered in conjunction with a group plan
- Allow funds to roll over from year to year if total doesn't exceed maximum contributions.
- Specify that for employees eligible for premium tax credits, QSEHRA reimbursements reduce the tax credit dollar for dollar. Unfortunately, employees can't opt-out.

ICHRA

An option for tax-free health reimbursement because of President Trump's executive order to expand HRA abilities, has been available since January 2020 and is available to groups of any size. ICHRAs reimburse premiums and qualified medical expenses for employees with no maximum contribution limits. Participants must have individual insurance or Medicare to participate, and eligibility is at the discretion of the employer based on employee classes. These plans can also be designed to reimburse at different rates for different classes.

ICHRAs:

- May be offered with a group plan, but the employer cannot offer employees in the same class a choice between HRA and group plan.
- Allow funds to roll over from year to year.
- Specify that employees participating in the HRA aren't eligible for premium tax credits if the ICHRA is considered affordable. If the amount the employee must pay for a self-only silver plan (the lowest cost silver plan on the exchange) is greater than 9.02% of their household income for plan years beginning in 2025 (indexed annually), the ICHRA would not be considered affordable.

Trend #3: Expansion of Telehealth Services

Although around for many years and often touted as the next big thing in the delivery of healthcare, telehealth for a long time remained largely underutilized across the country as insurance carriers were slow to warm to the practice. It may have taken a global pandemic to bring it nationwide acceptance, but the years since 2020 have proved that patient care can be delivered effectively using digital tools.

New policies designed to pay for telehealth services for a broader array of ambulatory services, regardless of geography, led to dramatic uptake. Employers have also started to reap the benefits of virtual care now that more providers and employees are willing to engage in this way.

Employers today plan to offer more virtual care options in their benefits packages, making it an important facet of 2025 strategies.

Telehealth, remote monitoring, and care at home can reduce the time patients spend in the hospital for chronic illness management, and it is anticipated that providers will be savvier about using telehealth to reach at-risk populations in coming times. Telehealth can extend access to those living in rural areas, seniors, and low-income and high-risk individuals — populations that are more likely to have chronic health conditions and be among the top spending tiers for health care expenditures.

While in-person services will gradually increase as the pandemic abates, it's unlikely that brick-and-mortar encounters will return to pre-pandemic levels. Medicare is also likely to continue to incent telehealth within risk-based payment models to ensure that both telehealth and alternative payment methods continue to gain steam. Given the momentum, the question for 2025 is less about whether telehealth will proliferate, and more about how the competition shakes out.

Telemedicine: The Great Equalizer

Employees in today's companies face a myriad of challenges and receiving access to quality health care is among them. Some employees may be impacted more than others. In these situations, telemedicine can be a great equalizer by allowing all workers with the ability to access healthcare regardless of location, means of transportation, income status, and available PTO. To complete any solid employee benefit plan, telemedicine can solve many of the problems that make receiving treatment a challenge.

Trend #4: Supporting Employees' Heightened Concern for Safety, Wellbeing, and Others

The societal, economic, and political environment in current times 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, societal norms have evolved, and many individuals are highly focused on helping those in need and who may not have the same easy path to success in life.

To help employees cope with and manage these apprehensions and address their concern for others, MBA can steer employers to a few tools which they may not currently be taking advantage of, including some of the following:

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

In many respects, 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 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

Increasingly, employees are demanding ways to give back in their work environment, and as a result, 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.

Care Advisory Services

For employees managing the well-being of elderly parents and relatives, care advisory services can deliver access to providers who can facilitate care, manage the coordination of benefits, and provide guidance as to the best treatment options available. Since many of these employees often utilize work time or take time off to make phone calls or do required paperwork, a voluntary benefit solution could be seen as a way to not only address an employee need but also to increase office productivity.

The Need for Vigilance

MBA can advise employers and their management team to be on heightened alert for any struggles or concerns their employees are going through, which may be especially challenging when dealing with a work-from-home population. By checking in with employees on a regular basis via phone or video conferencing, managers can more accurately gauge any employee anxiety or needs and can more swiftly act to accommodate those concerns.

Tackling Societal Issues

With current events in the world continuing to impact lives everywhere in a unique and relatively unforeseen way, conducting business "as normal" is no longer an option for most organizations.

A growing number of employees expect their employers to become engaged in social causes. This presents a challenge for employers, since they would be addressing complex issues including those pertaining to race, politics, and economics.

Perhaps a good way for company leaders to initiate the process is to bring workers together, engaging in dialogue to discover what employees might be feeling and what they expect from their employer. By providing a forum for public discussion where workers feel safe to express their opinions, management can gain valuable feedback, learning about issues on the mind of employees, things they may fear, and how they think workplace practices might be improved.

Such forums might involve the entire employee population for smaller companies, or smaller groups of employees meeting separately for large-scale employers. The important thing is to meet with employees and convey an openness to their feelings and ideas.

Trend #5: Student Loan Repayment Programs to Attract and Retain Debt-Challenged Workers

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. Showing prospective talent and valued current employees that the company cares about their financial future by providing student loan repayment assistance goes a long way to help the business stand out among their industry peers. And by structuring the program as a part of their voluntary benefits package, they can customize the program according to their workplace demographics and budget.

With these programs, the employer first decides how much, if any, they are willing to contribute into the program. Then, based on the vendor chosen, the program options include models focusing on refinancing, consolidation, or payroll deductions:

Payroll Deduction

The employer can set a specific amount they agree to pay toward the student's debt over the course of a year. This is an arbitrary amount set by each employer, typically $1,000 or $2,000 per year, although larger companies sometimes offer amounts as high as $10,000. An employer can also set certain eligibility criteria, such as being actively at work for a required minimum time period or having graduated within a certain number of years.

Payroll Deduction into 401(k)

The employer can choose to match the student loan payment amount by contributing funds into a 401(k) on behalf of the employee. This relieves the employee of the burden of making the choice to either repay student loan debt or save for retirement.

Refinancing

The debt, interest rate, and monthly payment can be lowered if the loan is converted from Federal to private.

Consolidation

Allows for multiple loans to be combined into one with a recalculated interest rate and monthly payment.

By offering a student loan repayment program, the employer not only helps students pay down their loan debt quicker for less, but they also help themselves since it also reduces the stress and anxiety levels of these employees, boosting their workplace performance and productivity.

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