



insights from
the experts

An illustration of a man in a blue suit, white shirt, and red and black striped tie, running towards the right. He is holding a large, silver wrench. The background is filled with various colored gears (red, blue, yellow, and grey) of different sizes. The man is wearing red shoes and has a determined expression.

US Benefits Trend Report 2023

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A Letter from **Kim**

In the face of economic uncertainty, employers remain driven by opportunities to provide comprehensive benefit solutions that positively impact their employees' lives.

There are challenges, including ongoing turmoil in the labor market, a world working to fully recover from a global pandemic and intense pressure to reduce costs. But there is tremendous value for employers that take a more proactive approach to caring for and supporting their employees.

NFP continues to help clients achieve better outcomes by guiding their re-evaluation of what it takes to provide affordable, comprehensive benefit solutions. We reiterated this commitment earlier this year with the launch of our Human Capital Solutions business, which represents our focus on providing integrated and sustainable solutions, especially in an environment with no shortage of obstacles.

The NFP US Benefits Trend Report is a central element of our efforts. The insight and solutions we offer are informed by an understanding of what's happening in the world, what employers are trying to accomplish and the barriers in their way. From there, we help employers better align benefits with employee wants and needs, develop strategies to contain costs and demonstrate a genuine care for the holistic well-being of their workforce.

With data we collected from thousands of employers across all industries as well as perspectives from our team of experts, this report:

- **Examines** the challenges employers are facing.
- **Empowers** employers to navigate complexity with actionable insights.
- **Provides** recommendations and solutions from a trusted partner.

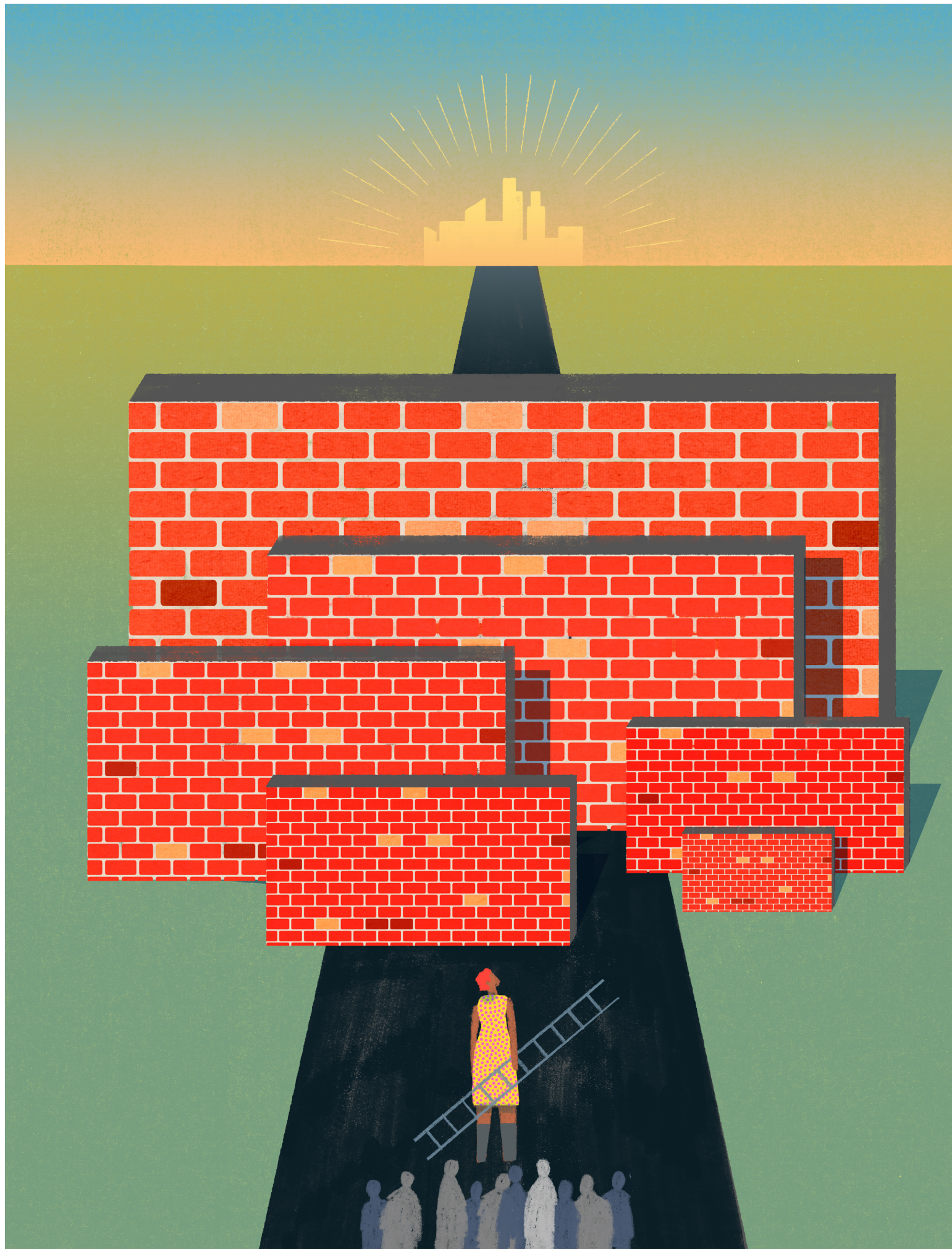
We are taking another step forward to help employers create personalized benefit offerings that elevate employee satisfaction, productivity, well-being and engagement, and the overall success of your organization. We're also enhancing competitiveness for organizations striving to be destinations for top talent.

I want to thank everyone who contributed to the NFP US Benefits Trend Report. Their passion for serving clients keeps us moving forward. We thank you for your commitment to improving the present and look forward to collaborating with you in the future.

With gratitude,

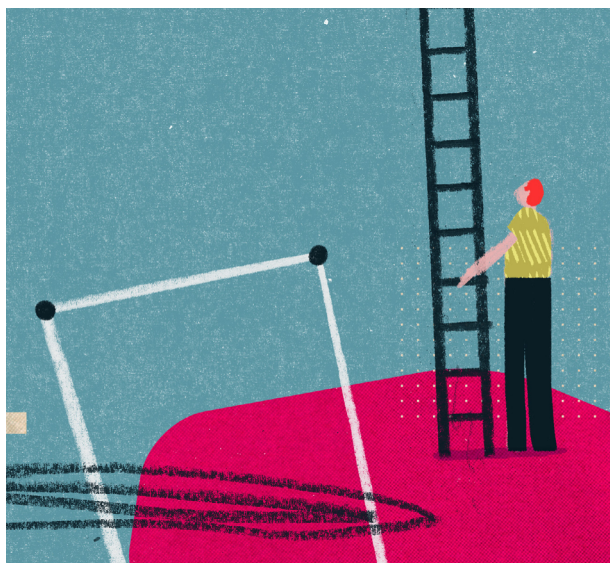
Kim Bell

*Executive Vice President
Head of Health & Benefits*





Key Takeaways



24%

of employees feel their benefits **completely** meet their needs.



95% of workers are **worried** about the economic situation in the US.

63% of employees would purchase life insurance with **LTC** if their employer offered it to them and the price was right.

BUY NOW

55% of workers
aged 18 – 34 consider training
and skill development to be a
critical or important benefit.

48% of employers
are concerned with increasing
pharmacy costs
and their affordability.



39% of workers
completely understand
their benefits.

74%
of employers do not offer
family **caregiver** leave.



Holistically

Mitigating the Effects of Cumulative **Stress.**

Stress is an inherent part of life and work and a natural reaction to pressure from challenges. In a professional, normative work environment, an ideal amount of stress typically results in happier, more engaged workers. When healthy employees face healthy stressors such as deadlines, challenging work responsibilities and interactions with customers and co-workers, they tend to respond positively and productively.

- | | |
|------------------|---|
| Stress: | <i>A state of mental or emotional strain or tension resulting from adverse or very demanding circumstances.</i> |
| Eustress: | <i>Moderate or normal psychological stress, interpreted as being beneficial.</i> |
| Distress: | <i>Extreme anxiety, sorrow or pain.</i> |



Keeping organizational stress at an optimal level is good for business. However, it should be noted that at any given moment, a wide array of stressors, originating both in and outside of work, are having a cumulative effect on employees. There are social stressors in play, such as difficult friendships or family situations. There are financial stressors, which affect the vast majority of the working population and remain mostly constant. There are also health-related stressors from illness or injury. There is even stress associated with social isolation and loneliness, which the Surgeon General of the United States has recently identified as an epidemic with a mortality impact similar to that of smoking 15 cigarettes a day.¹

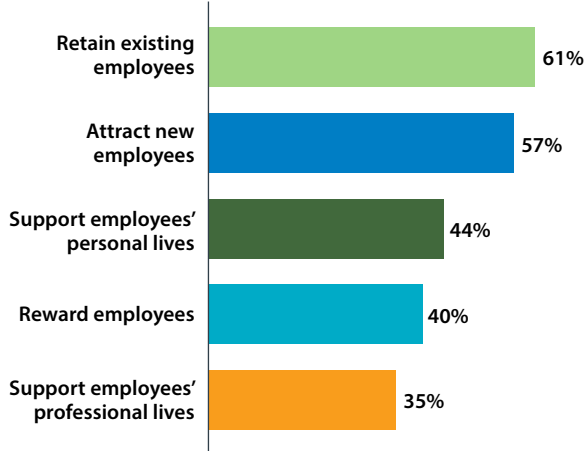
Although a certain amount of stress is helpful, there is a tipping point where stress can accumulate and become a health and safety issue, and require intervention. In a siloed environment like the workplace, if a healthy employee is impacted by poor communication, unattainable deadlines or an unreasonable workload, their performance could be noticeably affected. Attuned managers could intervene by

reducing the workload, extending deadlines or resetting expectations. They could further brainstorm with workers to help them better prioritize their efforts. Such actions could quickly lower stress levels, head off burnout and depression, and significantly lessen the risk of turnover.

However, for most people, stress accumulates from concerns both in and outside of the workplace. When workers are in chronically stressful situations, the cumulative effects can have a significant impact on mental well-being. As there is no definitive line separating life priorities and responsibilities from work priorities and responsibilities, stress from things like caregiving, finances, significant life changes or physical and mental ailments integrate with workplace stressors like untenable workloads, ineffective processes or lack of colleague support.

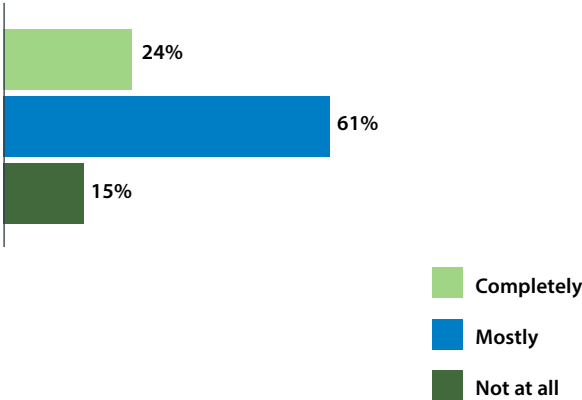
For employers that don't take this notion of cumulative stress into account, any effort to enhance the employee experience through benefit offerings may go unnoticed against the backdrop of combined personal and workplace struggles. Therein lies the challenge and the opportunity.

Figure 1:
Why Workers Believe Employers Offer Benefits



Respondents were asked to select all that apply.

Figure 2:
Extent to Which Employees Feel Their Benefits Meets Their Needs



The modern workforce strives for **better balance** across their work and personal lives.

Employers have a vested interest in and a duty of care to help keep employee stress levels in check, whether that stress is work or home related. When high stress occurs within a team and is sustained for any length of time, the well-being and effectiveness of the individuals involved are put at risk. Given that stress is a natural human reaction that manifests when we face pressure from changes and challenges, it is no surprise that its effects are expressly salient in the workplace.

The modern workforce strives for better balance across their work and personal lives. Employers with a sense of what's affecting employees outside of work can do several things to better meet these needs while continuing to foster a professional culture of engagement and productivity. Updating benefit offerings and well-being initiatives to suit the expectations of a post-pandemic workforce better are just two of them.

Fight Burnout Through Candid Communication

People are the most important determining factor in an organization's success, and anything that affects their health and well-being directly impacts productivity, engagement and motivation. When demands at work and home exceed a person's capacity to respond, stress can quickly compound, causing problems. As symptoms like exhaustion and irritability start to weigh down an employee, their risk for burnout dramatically increases. Without relief, these conditions can lead to turnover.

According to Maria Trapenasso, SVP, National Practice Leader, Human Capital Solutions, "Employees today face many stressors — demanding work schedules, performance goals and objectives, taking care of kids and aging parents, to name just a few. Many of these employees, if they're not allowed to share these challenges safely and transparently with their employer, will either underperform or burn out trying to keep up with work demands."

The first line of defense against this outcome? Managers. If managers are not paying attention and the employee has no outlet to communicate what they're experiencing, employees will feel trapped, and the prospect of quitting becomes inevitable. Conversely, training managers to prioritize communication can help prevent burnout and turnover.

"Creating a performance management culture of frequent touchpoints and dialogue can help managers identify when an employee is struggling," says Trapenasso. Opening a dialog allows employees to share their struggles, providing a valuable forum for employers to listen and collaborate to find tangible solutions.

Investing in communication is a win for both parties. Employees who feel that their employers care about their well-being and familial responsibilities tend to appreciate their employer and stay with the organization longer. What's more, once a proper communication cadence is established, managers can focus on balancing the employee's needs with organizational expectations and work on ways to improve their overall well-being.

Figure 3a:

Most Attractive Workplace, According to Employees

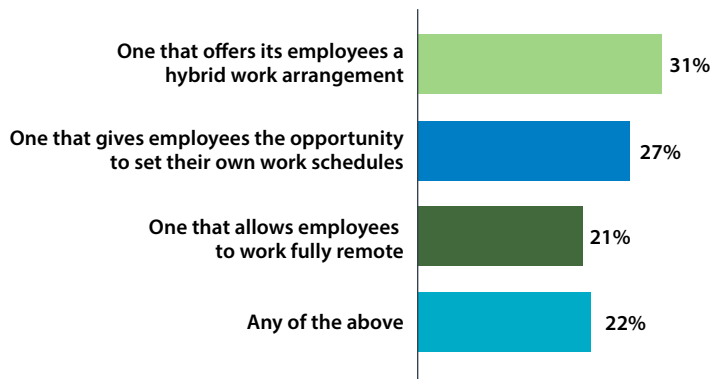
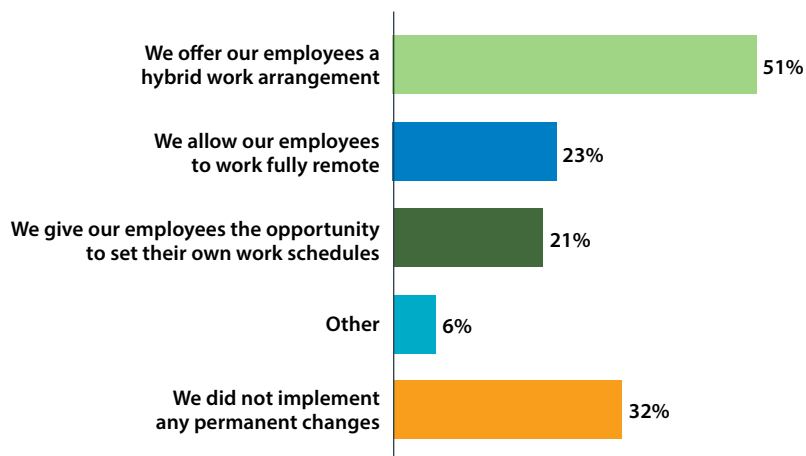


Figure 3b:

Workplace Flexibility Initiatives Implemented in the Past Year



Respondents were asked to select all that apply.

“One effective approach our Human Capital Solutions team has recommended to clients is allowing employees to create flexible work schedules,” says Trapenasso. “When our team goes into an organization and assesses its workforce through demographics and other analyses, we get a sense of what’s important to them, how the entire company works together, and how they communicate. This helps to inform what type of flexible work arrangement is appropriate and efficient for an organization.”

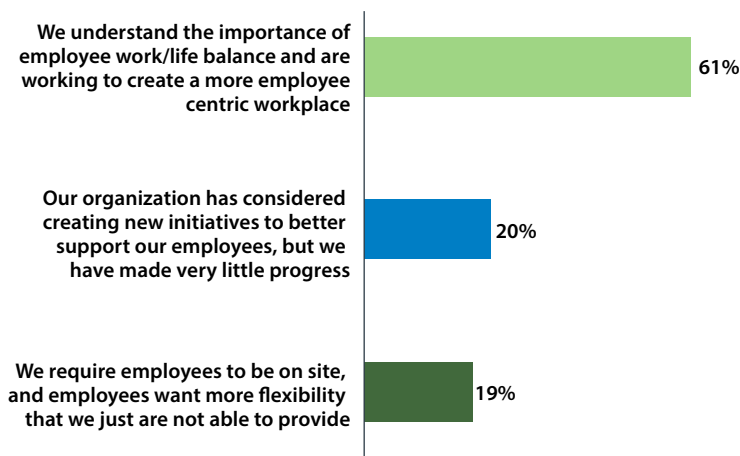
Reflexively decreasing the workload or offloading expectations at the first sign of burnout is often viewed as the only solution. However, communicating to collaboratively explore potential schedule and workflow timing changes may alleviate the problem by giving the employee more flexibility.

Embrace Flexibility Beyond Hybrid Work

As flexibility is a big help for struggling employees, demand for it continues to rise. This is most often seen in the form of flexible work arrangements that allow employees greater control over their schedule, permitting them to work when they’re at their best while still meeting deadlines and servicing clients. It further allows them to commit to responsibilities at home as caregivers or heads of household while better managing their responsibilities at work. However, employers should look beyond scheduling when seeking ways to provide flexibility for employees.

As Deb Smolensky, SVP, Global Practice Leader, Well-Being and Engagement, asserted in NFP’s 2022 Trend Report, factors impacting employees at home and work are never mutually exclusive. On the contrary, their impact is felt concurrently. Therefore, any solution to improve

Figure 4:
Employer Company Support for Employees



employee well-being must be focused through a holistic lens of life/work integration.

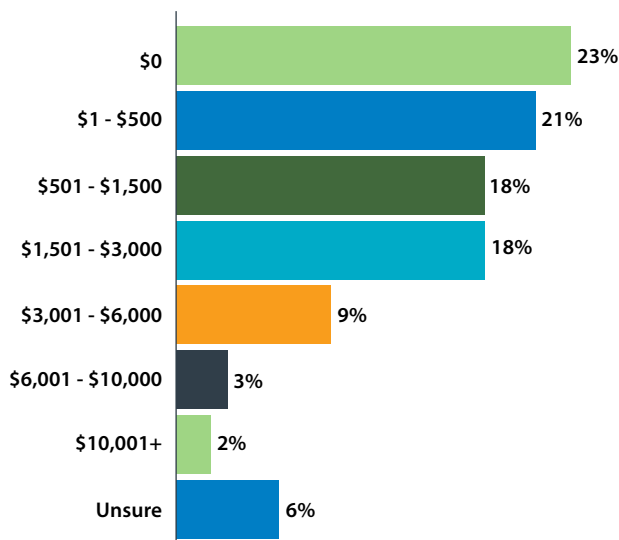
While flexible scheduling is a game changer for many, flexibility as an institutional norm goes beyond where employees work. “When we talk about life-work harmony and implementing measures like flexible work arrangements to keep stress levels down, we also need to consider offering benefits that address personal things like family caregiving responsibilities and mental health support,” says Smolensky.

Employers focused on supporting employee needs may note a difference in the prioritization of mental health spending. As Smolensky observes, “One of the surprising things in our trend data this year is that about half of employees reported spending between \$500 and \$6,000 in 2022 on mental health services. This is an incredible investment that employees are making in their mental health. And at a time when it’s reported that 95% of respondents are concerned about the economic situation in the US.”

Although the NFP survey indicated that 72% of employers do not plan to add additional mental health support, it’s clear that this is an opportunity for them to ease employees’ cost burden.

This could be done by exploring expanded services within the current offering to better support employee out-of-pocket spend. As employees proactively spend significant dollars on mental health services, it’s clear that they’re willing to invest in the care they need to improve their well-being. Employers should follow their lead. Such

Figure 5:
2022 Mental Health Services Spending



an investment shows that an organization cares and is fully committed to its employees. In addition, the significant benefits of such a small investment have the potential to pay dividends.

In addition to opportunities to expand mental health resources, employee benefit enhancements are being considered by many employers aiming to meet diversity, equity, inclusion and belonging policy objectives. A few areas where employers are investing:

- Supporting family planning and health through fertility support benefits and other policies.
- Addressing population health concerns for employees living in geographical areas with limited access to quality care providers.
- Designing uniform innovative solutions using current funding tools like limited scope healthcare reimbursement accounts.

The most effective implementation of these strategies requires an integrated, non-fragmented approach that combines HR policies with mental health and well-being strategies. These should be supported by value-based medical/Rx designs and data analytics with key performance metrics identified to validate performance.

Benefits of Investing in Mental Health

- **Builds a strong brand**
- **Retains, attracts and cares for employees**
- **Empowers employees**
- **Boosts productivity and performance**
- **Lowers all-around healthcare costs**
- **Reduces sickness and absenteeism**
- **Builds a more connected and compassionate workplace**

“Expanding employee assistance programs, providing greater access to virtual behavioral health, offering mental health days, and introducing mental resilience training are but a few of the levers employers can pull to help their employees reduce stress,” says Smolensky. “When the data shows that employees are already investing in their well-being, employers of choice are taking notice and doing the same.”

In a competitive job market where money is tight due to various economic factors, being flexible enough to adjust budget plans to include such an investment could mean the difference between providing an okay employee experience and a superior one that attracts and retains success.

Address Financial Well-Being Head On

Even during strong economic periods, financial concerns are the primary source of employee stress. Amid one of the most uncertain economic environments in years, those concerns have proliferated, increasing pressure on workers. Factor in concurrent decreases in mental and physical health, and it becomes clear that employees’ overall wellness – or, more appropriately, their holistic health – is at significant risk.

As many employers have been shifting towards a care-based well-being strategy focused on a committed interest in employees’ holistic health, this downward trend in physical and mental health is concerning. While the economy’s battle with inflation shows no signs of relenting, employers should be paying strict attention to the effects that long-term financial instability is inflicting on their workers.

Financial stress doesn’t just impact physical and mental health, it also impacts work performance and can compel employees to make poor or impetuous decisions. For example, some may feel compelled to alter their benefit selection toward the lowest-cost medical/Rx plan, which usually means a significantly higher deductible and out-of-pocket expense. Others may rush through elective surgeries if they feel they might lose their benefits, which could cause unintended leave and absence management costs. Either way, boosting financial wellness is more

Figure 6:
2022 Overall Mental Health Employer Spend Per Employee

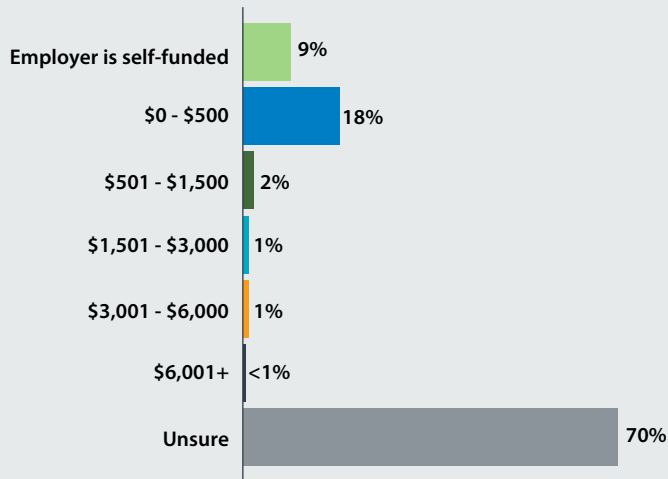
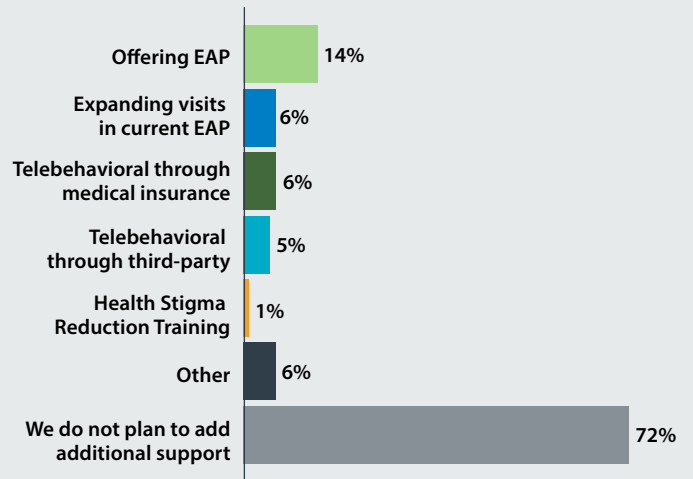
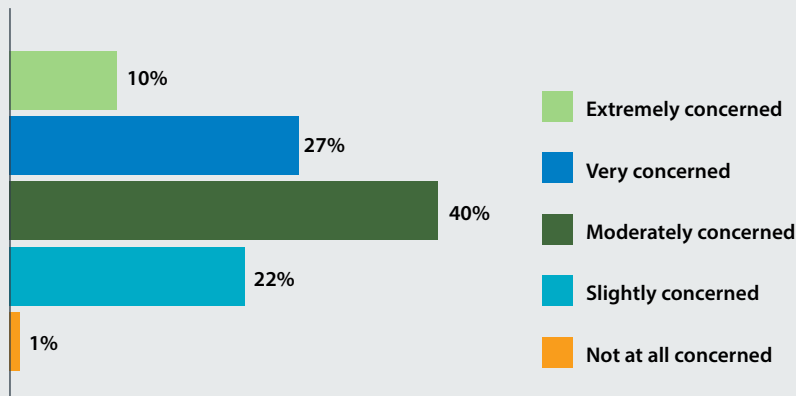


Figure 7:
Plan to Add Additional Support for Mental Health in 2023



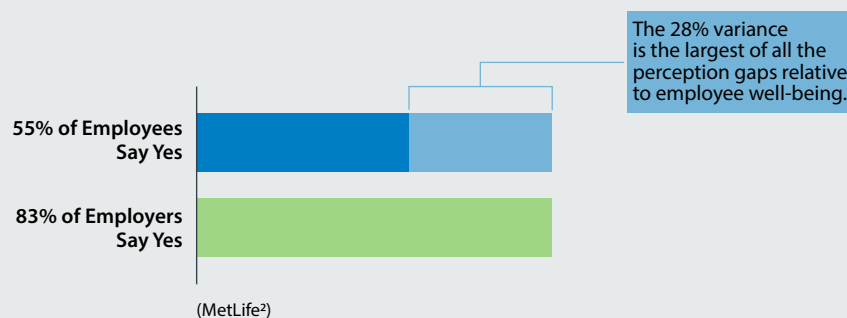
Respondents were asked to select all that apply.

Figure 8:
Employer Concern about US Economy



95% of workers are worried about the economic situation in the US.

Figure 9:
Are Employees Financially Healthy?



Right now, employers have an **unprecedented range** of voluntary options available to offer as benefits.

important to business than ever. “All employers should be taking note of the connection between financial worries and mental health,” says Kim Bell, EVP, head of Health and Benefits. “Everything is trending in the wrong direction, and employees are feeling the crunch.”

Younger workers especially have been subject to the pains of living in increasingly chaotic financial times. Workers aged 18 – 34 have run the gamut of economic stressors since the Great Recession of late 2007 through 2009. Having survived COVID-19, they’re now subject to the highest inflation rate in 40 years. In the financial present, they’re struggling with monthly expenses and setting aside money for emergency savings. With an eye towards the far-off future, they’re doing their best to prioritize retirement savings.

“There is a growing expectation that the employer will provide employees with the financial tools they need,” says Bell. “Given the distinct connection between money worries and bottom-line performance, things like productivity, attendance and engagement, employers need to demonstrate that they genuinely care and have tools and resources in place to help employees with their financial situation.”

Offering different points of entry so an employee can tailor their voluntary benefit selection to their unique needs can help reduce some of the stress associated with financial uncertainty by acting as a safety net. Several types of benefits are geared directly at long-term financial well-being, such as accident and critical illness, life insurance and long-term care, and financial planning services. Other benefits work to target short-term stress, lending even more personalization for the individual. Things like student loan debt repayment, identity theft coverage, and

pre-paid legal services can increase employee satisfaction and be the difference maker when someone is deciding to leave or join a team.

“We’re seeing new players in the voluntary benefits market transforming what personalization can look like as well as the future of risk,” says Bell. “For example, we now have companies like Armadillo whose focus on the ‘health of the home’ provides innovative home warranty services for appliances and systems that break down over time.”

Other organizations are offering cutting-edge benefits in family-building, like Posterity’s initiative into male fertility and Kindbody’s fertility treatments, gynecology and LGBTQ+ services. Forward-thinking organizations like Tuned focus on hearing care for a world in which noise-induced hearing loss from earbuds is becoming ubiquitous. Right now, employers have an unprecedented range of voluntary options available to offer as benefits — a low cost, high-impact way to support employee financial needs and life goals.

Demonstrating this level of holistic care aids in retention efforts for struggling employees who may otherwise be looking for a new job and in attracting new talent. When situated within the framework of an overarching mental health and well-being strategy, offering personalized solutions like financial well-being and other common-sense voluntary benefits can help employees take control of their expenses and budget for the short and long term.

In addition, offering a wide array of voluntary benefits is a good idea to help contain costs. Because zero direct out-of-pocket dollars are being spent, employers can offer these in-demand benefits and maintain the delicate balance of cost-sharing with employees.

Figure 10:
Supplemental Health Plans Enrolled In

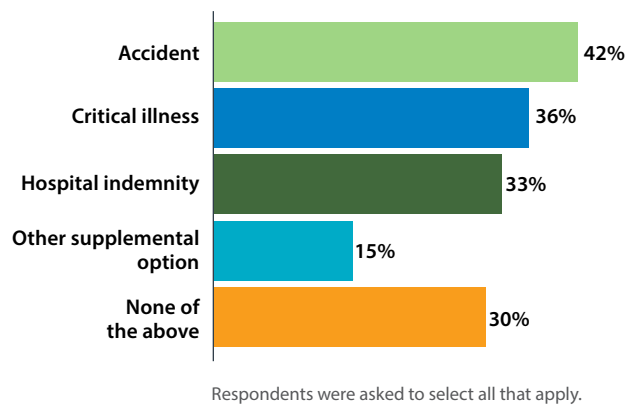


Figure 11:
Supplemental Health Plans Offered

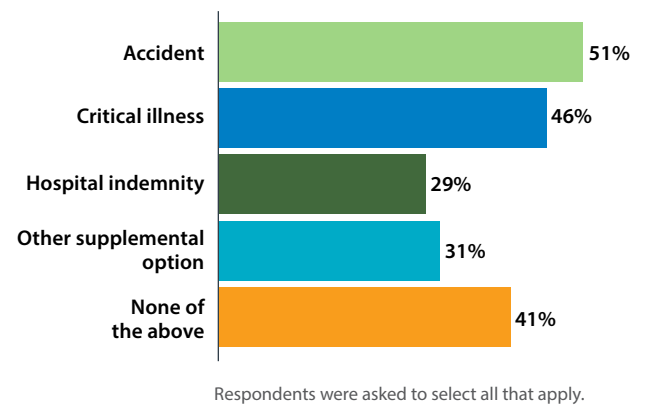


Figure 12:
Employee Supplemental Health Plan Satisfaction

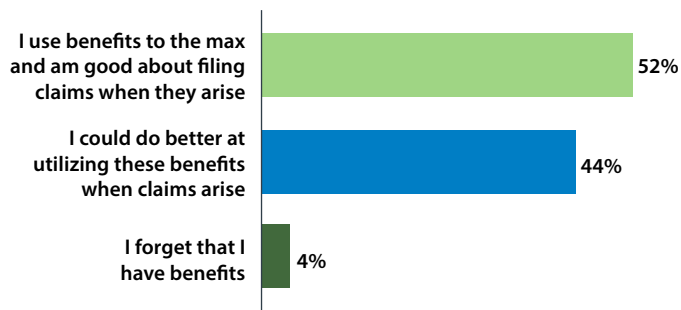


Figure 13:
Employer Supplemental Health Plan Satisfaction

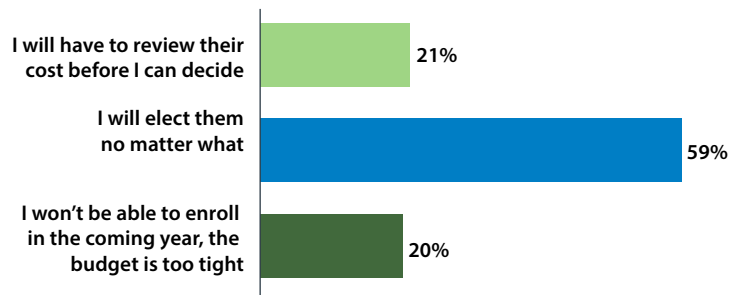


Figure 14:
Employee Life with LTC Consideration

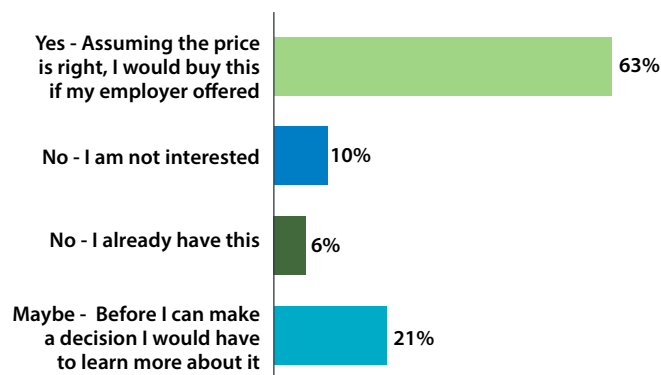
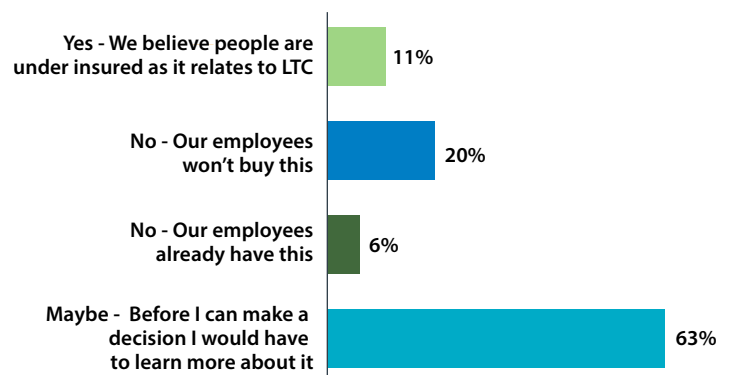


Figure 15:
Employer Life with LTC Consideration





There is growing consensus that further **shifting the burden** of premium increases onto workers is not tenable.

The Employer Dilemma

While trying to mitigate the effects of cumulative employee stress, employers are experiencing their own dilemma tackling organizational stress. Although most employers struggle to rein in the ever-escalating costs of providing health benefits, there is growing consensus that further shifting the burden of premium increases onto workers is not tenable.

“For nearly twenty years, we’ve been trying to mitigate rising healthcare costs by offering high-deductible health plans while telling employees that their out-of-pocket spend will go up again,” says Heidi Cottle, SVP, Cost Containment Strategies. “Greater transparency into their spending and negotiated rates would help change that narrative.”

With the emergence of transparency data, employers can now utilize tools to target where their dollars are being spent and where best to invest them. This is especially significant, being that there is a finite amount that can be spent to stay within budget. Given that the prudent allocation of healthcare resources is of utmost importance, claims data should be utilized to help shape the direction of where future dollars are spent. Data analytics can further follow gaps in care, inform disease management strategies, and identify large claimants that can wreak havoc on a health plan.

One of the main obstacles preventing employers from being fully informed has been limited access to plan/provider data. Because of gag clauses and limited-use agreements, employers had little to go on relative to pricing and quality agreements between health plans and service providers. That’s all changed now that the various hospital and payer transparency laws are in effect.

The Consolidated Appropriations Act (CAA), Transparency in Coverage Act (TICA) and the No Surprises Act prohibit group health plans and health insurance issuers offering group health insurance coverage from entering into an agreement with a health care provider, network or association of providers, third-party administrator (TPA), or other service provider offering access to a network of providers that would directly or indirectly restrict a plan or issuer from providing provider-specific cost or quality of care information or data, through a consumer engagement tool or any other means, to referring providers, the plan sponsor, participants, beneficiaries, or enrollees, or individuals eligible to become participants, beneficiaries, or enrollees of the plan or coverage.^{3,4}

“We can use applied data analytics and really drill down to individual procedures and services to examine pricing variation across facilities and practitioners, payers and networks” says Heidi Cottle, SVP of Cost Containment

Strategies. “We can even create analyses that allow employers to verify price differences across insurance carriers and payers, hospitals and health systems within their region. We can very clearly demonstrate opportunities where companies can save money without imposing considerable disruption on their employees.”

NFP is one of the first companies to offer these transparency-based solutions to employers. Since January 2023, these tools have opened up ways to negotiate better pricing, improve performance standards, and hold vendors more accountable. The hope is that transparency into the cost of care will establish a new frontier where employers will have a direct influence on their healthcare spend.

In summary, cumulative stress is a major concern for employers and employees alike. Successfully addressing it requires comprehensive adaptation across the organization. From how we communicate and manage employees to how we design and cover costs for the benefits we offer, data-informed, systematic improvement is required to effectively address this daunting challenge.

Because workers continue to prioritize their mental health, well-being and life-work integration, smart employers are supporting them both physically and mentally. Given this reality, maintaining a positive work culture that balances employees’ needs with organizational objectives is paramount to success. Employers who have workflow strategies and, where appropriate, flexible work models in place that are ideally suited to their current workforce and organizational objectives are far more likely to keep the adverse effects of workplace stress at bay.

Ultimately, it comes down to adaptation and commitment. To become better suited to this new employment environment, employers should shift away from providing strictly professional support in their attraction and retention strategies. Instead, they should consider a broader benefit offering that demonstrates care and promotes improved holistic – mental, physical and financial – health and well-being.

-
1. Office of the Surgeon General. *Our Epidemic of Loneliness and Isolation: The US Surgeon General's Advice on the Healing Effects of Social Connection and Community*, US Department of Health and Human Services, hhs.gov, 2023.
 2. MetLife. *The Advantages of Employee Care: Creating Human-Centric Employee Experiences and Work Environments*, 21st Annual US Employee Benefit Trends Study, MetLife, metlife.com, 2023, p. 18.
 3. Employee Benefits Security Administration. No Surprises Act. US Department of Labor, dol.gov, 2022.
 4. Center for Consumer Information and Insurance Oversight. Consolidated Appropriations Act, 2021 (CAA). Centers for Medicare and Medicaid Services, cms.gov, 2022.



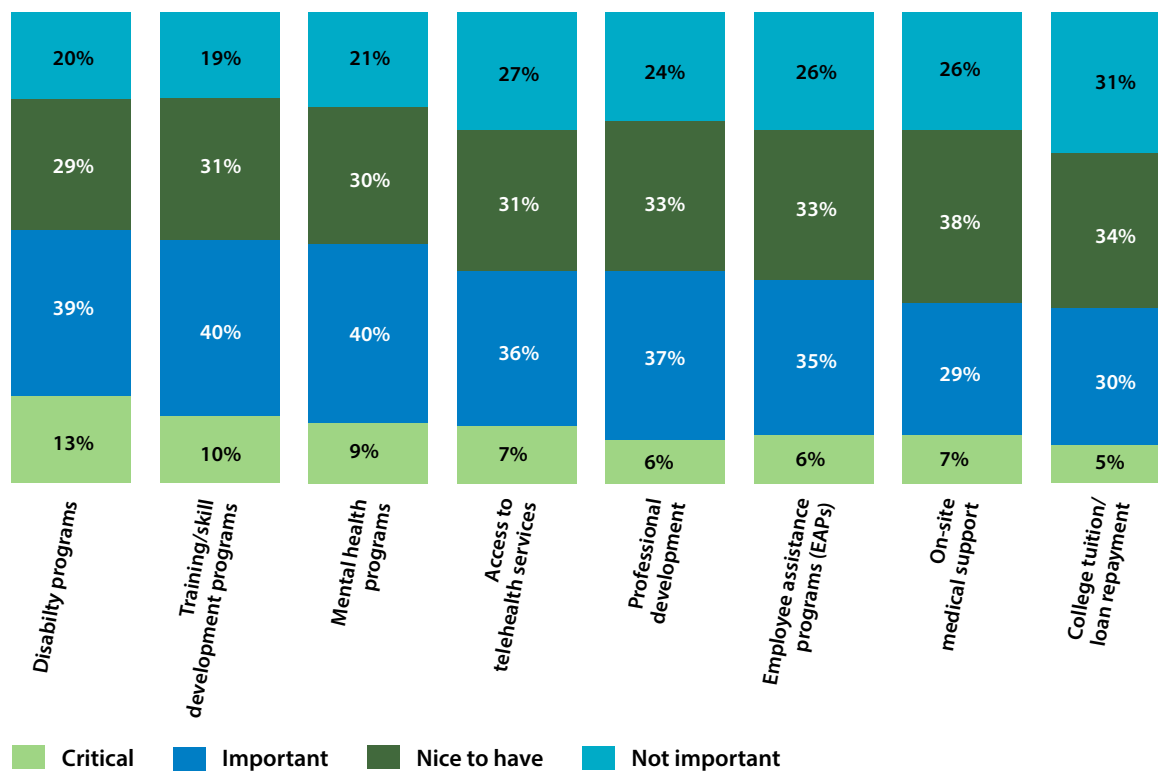
Balancing Employee Needs:

Aligning Culture and Benefits for Better Results.

Over the last few years, the world of work has undergone significant and radical change. This has forced employers to reexamine how they think about work and a workforce that's determined like never before to live and labor according to their personal values and purpose. Employers are now expected to personalize benefits in ways not previously considered. Although the idea of work and the workplace itself have always been in a steady state of evolution, things have been moving at a far more rapid clip since March 2020.



Figure 1:
Benefits Importance Among Workers



The pandemic upended everything work-related that wasn't bolted down. In a flash, physical offices closed. Digital channels like Zoom and Teams became surrogates for in-person communication. Practically overnight, workers were forced to adapt to these technologies. In short order, "You're on mute" and "Can you see my screen?" became more common but somewhat less human than "Good morning" or "How are you doing today?"

Despite many companies making this transition in an orderly fashion, employees have continued to battle a nexus of overlapping stressors. In addition to occupational pressures, workers have been juggling a combination of home responsibilities along with other external hazards. Whether it's the effects of inflation outpacing wage growth, medical/Rx expenses continuing to escalate, threats to job security or caregiving responsibilities at home, workers have been worn down these last few years.

Today, how people work, where they work and how they value work look completely different than they did before COVID-19. In response, a re-alignment of personal priorities has occurred. Tremendous value and emphasis have been placed on things like life-work integration,

flexibility, a broader array of employee benefit options and holistic well-being.

Ironically, despite all the changes, these priorities are not all that different from pre-pandemic times. Prior to the pandemic, workplace flexibility and a commitment to health and well-being were becoming major factors that employees were looking for in a company. The primary difference today is that despite economic conditions and recent mass layoffs, employees are more likely than ever to leave a job that doesn't align with what they value. Workers have more agency today, and they're not afraid to make a change. Although the effects of the Great Resignation appear to be winding down, this type of value-based disconnect between workers and employers continues to result in turnover.

Although some organizations' values align with their diverse employee populations, for many companies, employer and employee perception of what's most important is somewhat out of sync — meaning that if employers are going to continue to attract and retain the best talent, they need to align their offerings with employee needs or candidates will look elsewhere.

Figure 2:



The New Culture of Care

Workers want to be part of an organization that cares: one that supports them personally and professionally. This requires employers to approach employee quality care holistically, incorporating elements addressing physical, mental and social needs. Doing so tends to create a culture where happy employees are engaged in their work and have little reason to look for another job.

According to MetLife, the #1 reason employers are investing in benefits this year is that they want to demonstrate care in a unique way.¹ This represents a significant shift from the historical strategic norm.

In the past, benefit strategy typically focused on providing core medical and Rx coverage, offering a retirement plan, and doing everything possible to contain costs. The motivation behind offering these bare-bones benefits was to keep employees physically healthy and free them from long-term financial worry so they could be present and productive at work. When included in a total compensation statement, employers could demonstrate that they were making a far greater investment in their long-term success.

The pandemic showed that many employers were falling short, particularly with providing access to mental health and well-being support services. Although employers have been making significant investments in well-being

Figure 3:

Care Is Important to Both Employers and Employees

Employee Views of Care

82% Believe employers have a responsibility to care for their workforce

Employer Views of Care

82% Of employers think it's important to demonstrate care for their employees

62% Want their employers to care for them

#1 reason Employers are investing in benefits today

(MetLife²)

Employer and employee perceptions of care.

To effectively demonstrate care, it will be necessary to address the significant **perception gap** relative to employee care.

Consider that **87%** of employers believe their organization currently demonstrates care, while only **65%** of employees agree.

Source: MetLife³

and mental health for several years, there is still progress to be made.

Compensation still reigns supreme in how employees measure value, but emphasis has clearly shifted towards mental well-being and social health in an overall wellness proposition. Given the strong relationship between the two, providing support for social and mental health programs is an effective way to not only affect the perception of care but to actively demonstrate it.

"We've talked about the employee experience at length for a long time," says Kim Bell, EVP, head of Health and Benefits, "but right now, there is a definite emphasis on well-being and quality care. Today's employees are looking for more than pay and traditional benefits. They expect their managers and supervisors to care for them as individuals. And they expect the organizations they work for to move beyond a one-size-fits-all approach to addressing their needs."

From the employee perspective, "better benefits" increasingly means "personalized benefits." And when employers deliver, the view is that they care about their employees.

Personalizing the employee experience has much to do with tailoring communication and messaging at every level, from the interpersonal to the informal, making it a relatively complex undertaking. Personalizing benefits, however, is relatively straightforward.

For the most part, adding attractive benefits that appeal to diverse segments of the working population requires meaningful conversation and an idea of what employees want. This can be facilitated through carefully executed pulse surveys, ongoing benefits discussions and regular benefits-related communication. Leveraging this information in tandem with reasonable group pricing tends to produce a comprehensive list of reasonably acquired benefits and perks that employers can implement with minimal out-of-pocket exposure. Because ancillary costs and administrative fees are predominantly paid for by the employees, it's a cost-effective solution to equitably meet the needs of a diverse workforce.

Ultimately, incorporating care elements into a holistic well-being matrix supported by organizational culture, flexibility and career development can bring an organization more in sync with current employee expectations. In addition, efforts in customization and personalization of the employee experience and an accompanying benefit offering have the potential to boost satisfaction, increase retention and improve performance and engagement.

Figure 4:

51% of employees **believe employers could afford** to offer better benefits

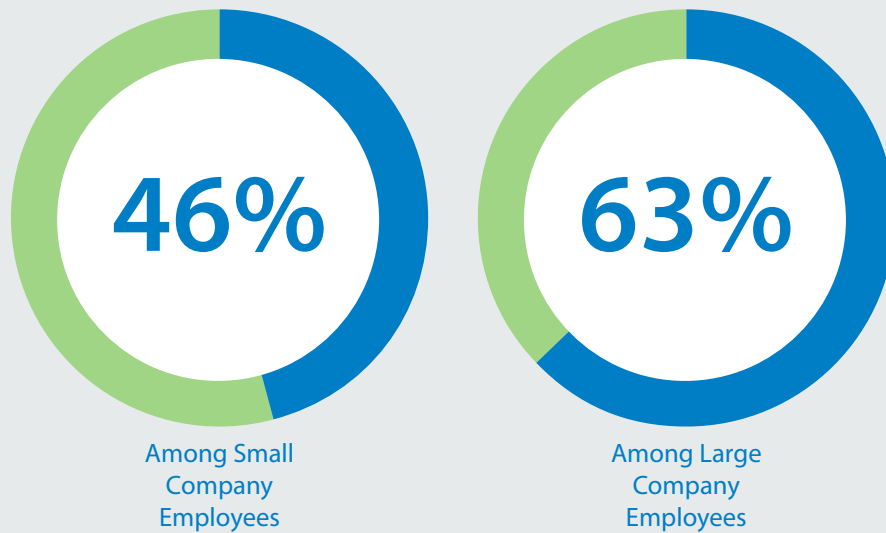


Figure 5:

Employee Satisfaction with Their Benefits

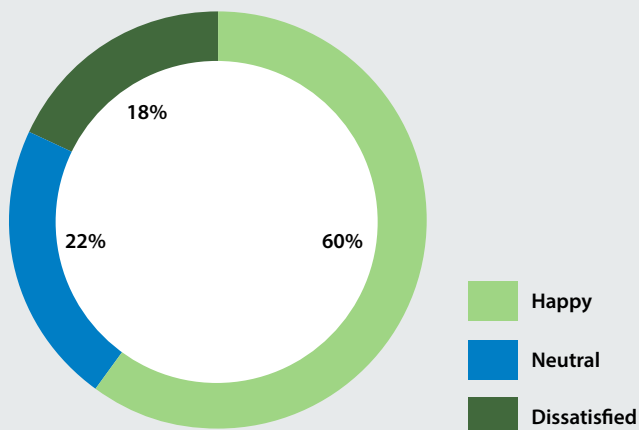


Figure 06:
Few Workers Fully Understand
Their Benefits

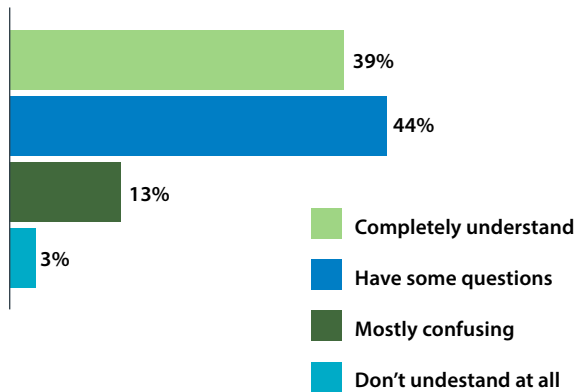
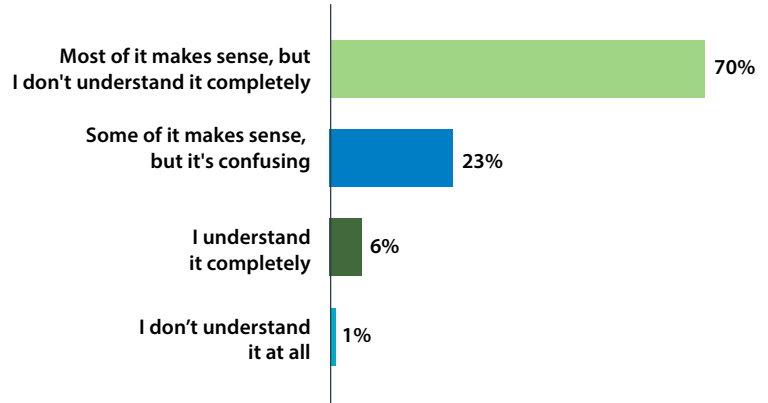


Figure 7:
Employer Perception of Employees
Understanding of Benefits



Help Employees Use the Benefits You Offer

A more significant benefit offering provides an additional opportunity to leverage more benefits-related education.

Illustrating to employees the value of the benefits they select, how they work together and how to maximize their use encourages utilization and promotes satisfaction. It also aids in retention and recruiting efforts, as the offering demonstrates an investment in employee well-being. Investing in holistic health, personalized benefit plans and employee development can help keep talent in-house and aid in the art of attraction. This is valuable as more employers realize there is a difference between finding someone who can do the job and someone right for the job.

"In much the same way that we push financial literacy in our education programs to help employees better their situation both today and long-term, we need to continue the push for healthcare literacy," says Heidi Cottle, SVP Cost-Containment Strategies. "It leads employees towards having a better understanding of their benefits, which allows them to make better healthcare decisions, save money and lead healthier lives."

Poor health outcomes tend to be associated with lower healthcare literacy, which is the capacity to find, understand, and use information for health-related decisions.⁴ Low health literacy leads to underutilized preventive care and unnecessary and low-quality care. In other words, without the right tools to understand basic health information and services, employees may be more susceptible to illness. For employers, this also means an overall increased healthcare spend.

However, the recent health cost transparency legislation empowers employers by giving members web-based

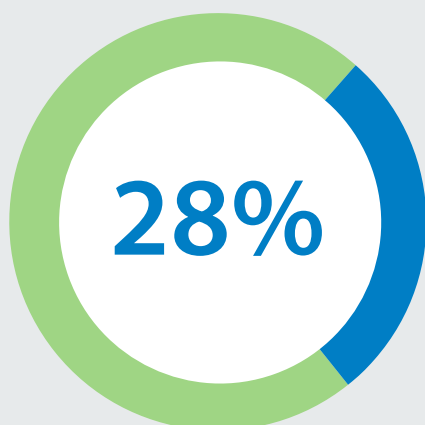
access to cost and quality provider information. Employers who adopt value-based incentives in their health plan designs will achieve greater employee and member engagement. This achieves two primary objectives: 1) improve healthcare literacy; and 2) create a better-informed consumer. For both employers and employees, this means an overall decrease in their healthcare spend.

"Employees don't typically know how much their benefits cost overall," says Cottle. "And their idea of quality is typically based on the interactions they have with their provider. This is an opportunity for employers to further show the value of their benefits and how preventive screenings or higher-quality providers can save them money."

With the pandemic in the rearview mirror, much of the focus moving forward will be on healthcare price transparency data and how employers can utilize this information to guide employees toward lower-cost, higher-quality care. Although the data is extraordinarily complex and difficult to use without the proper tools, there are steps that employers can take to better prepare employees for when this data and the tools to make it useful become mainstream.

As part and parcel of an overall benefits education strategy, employers can draft communications about how to use cost and quality transparency data productively and point to resources where employees can learn more. They should also frame the value of this data relative to cost and quality and how it impacts the entire benefit offering. It's another opportunity to not only effectively communicate the arc of your personalized benefits but also demonstrate another layer of the organization's investment and commitment to caring for its employees.

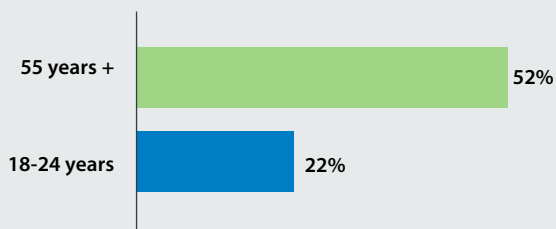
Figure 8:



The misfit of benefits offered versus what is valued may contribute to **only 28% of workers saying they make maximum use of their benefits.**

Figure 9:

Percentage of Employees who Understand Their Benefits by Age



Meanwhile, **35% of those 18 – 24 are mostly confused by their benefits, or don't understand them at all.**

Figure 10:

About Half of Employees Don't Think Employers Communicate Benefit Costs Well

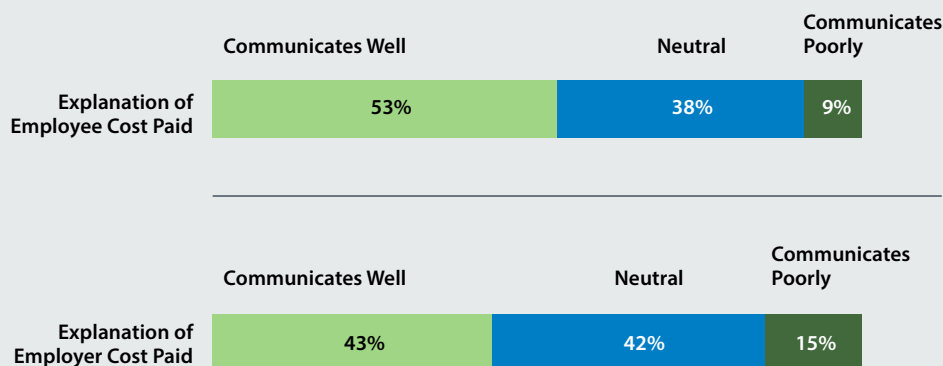


Figure 11:

Percentage of Employees who Consider Training/Skill Development Programs Critical or Important by Age

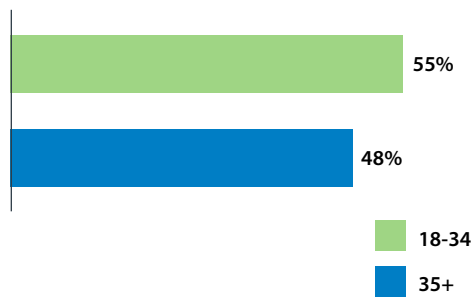
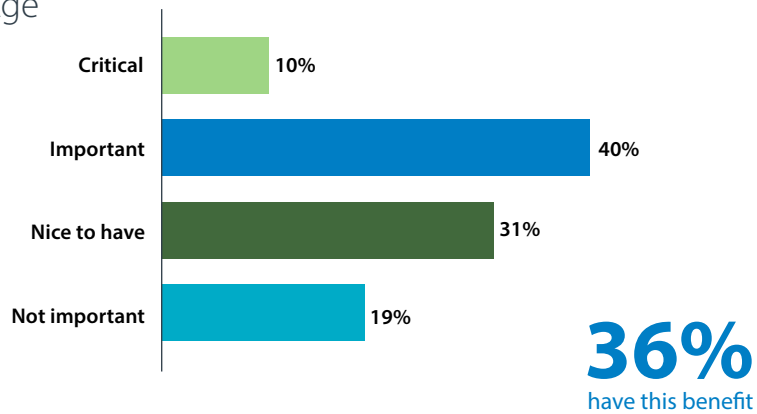


Figure 12:

Importance of Training/Skill Development Programs According to Employees



Prioritize Human Development to Fill Talent Gaps

Of all the things an employer can do to show they care about employees, investing in a person's professional journey will always be viewed positively.

The even better news is that investing in employee development is a win-win. Around half of workers already indicate that training and skills development programs are critically important for an organization to offer. With the demand for new hard and soft skills constantly evolving, helping employees develop them shows commitment. An employee who believes that their employer is interested in helping them progress through their career by upgrading their knowledge and competencies has the potential to feel fully immersed in their work.

Beyond employee satisfaction, an evolving labor market may be another reason for employers to consider a robust training and skill development offering.

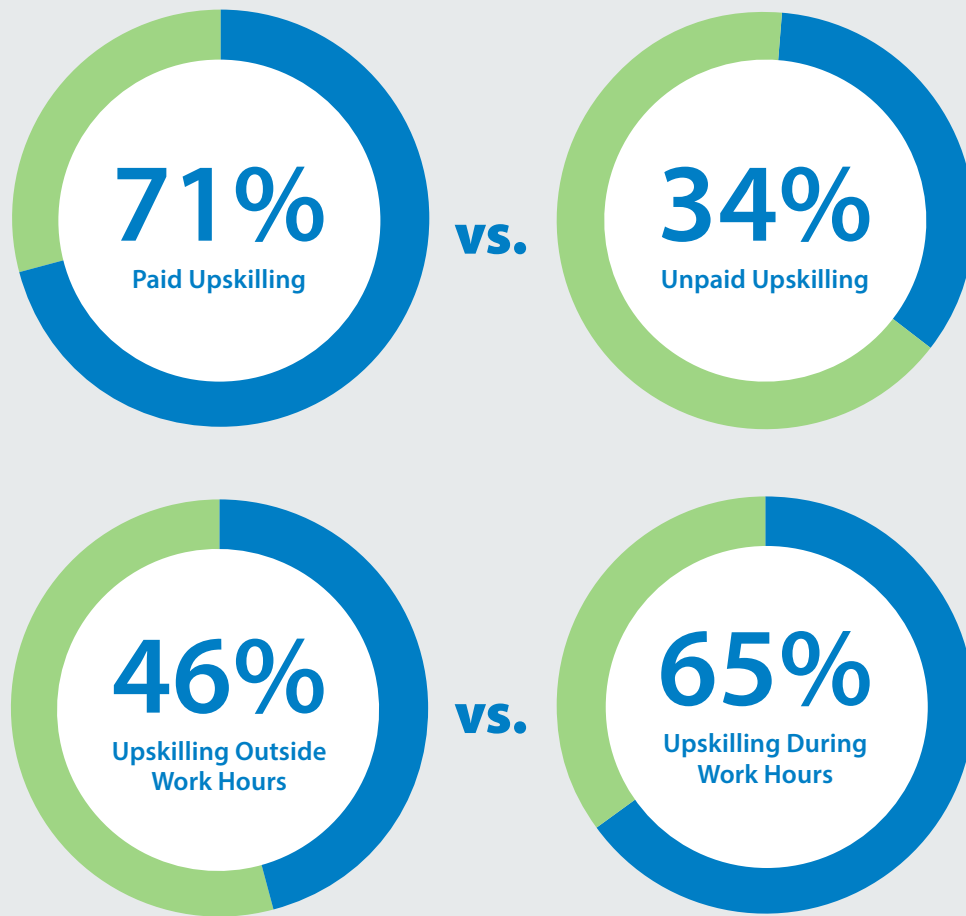
The threat of illness and layoffs coerced millions of baby boomers to retire early during the pandemic and threw the labor market out of sync. As they took their skillsets and decades of expertise with them, a talent gap emerged, putting companies competing to fill open roles at a disadvantage. In the chaos, a worker's labor market took shape, complicating the process of filling these vacant roles. As salaries and benefits for new hires rose in response, one cohort of in-demand workers, the so-called job-hoppers, started moving from one employer to the next, increasing salary with each leap.

As employers took notice, it became clear that simply throwing money at the problem would not solve it. They needed talented workers to stay at their organization, not jump ship at the first sign of an incremental salary increase. Despite contending with the disruptions and workflow inefficiencies caused by the ongoing skilled labor shortage, the need for a new approach and strategic solutions became evident.

Today, companies are fundamentally changing their strategy to boost retention and attraction, angling these efforts towards personal development. Despite the thinning of the traditional talent pool, there are ways to close the skills gap across a workforce. By approaching the problem holistically and considering not only salary and benefits but also career development – personalized learning, training and upskilling programs – employers are reshaping organizational culture to embody one where professional learning and development take precedence.

"What we're talking about when we're looking at career development and upskilling is really the idea of human development," says Deb Smolensky, SVP, Well-Being and Engagement. "From developing soft skills like intra- and interpersonal communication to building off existing technical expertise, employees are prioritizing their professional and personal development." Smolensky continues, "They're also laser-focused on their holistic health. What they really need is for their employer to show that they want to see them succeed. And part of that is to help them understand what their strengths are, develop those strengths and then align them with their workflow."

Figure 13:
Workers' Interest in
Upskilling Opportunities



(Gallup®)

As the battle for top talent wages on, transferring existing workers into gaps and enhancing their skills, rather than only hiring externally, is good for employers. In addition to saving the time and resources it takes to acclimate someone new to an organization and its culture, it also helps to create flexible and agile employees ready to take on new responsibilities.

Offering an upskilling and professional development training program designed to help employees advance

in their careers is essential to meet worker expectations. Accommodations may need to be made to avoid disrupting day-to-day workflow, and expectations on the time it takes to fill a skills gap may need to be tempered, but for employers interested in retaining and developing talent, skills development programs present an opportunity to support employees who are invested in developing their careers.

An inclusive environment
recognizes there are
different paths to success.



Clear the Path for Diverse Talent

Development programs seamlessly fall in line with diversity, equity, inclusion and belonging (DEIB) initiatives. Although DEIB is often siloed from the management of upskilling programs, coordinating the two when developing professional development initiatives can help set an organization apart from the pack.

As managers need to be trained to identify candidates who have the talent to fill a particular role, they should also be trained to manage their biases in this selection process. This is true not only for the professional development of talent already on staff but for the entire candidate pool at large.

“Companies that fall prey to social stereotypes and confirmation bias in their hiring and development practices tend to create a sort of ‘homologous reproduction,’” says Pamela Wheeler, Chief Diversity and Inclusion Officer at NFP. “This tendency to put people in a new position simply because their ethnic background, gender, age or education is similar to who was there before prevents organizations from hiring and developing the diverse talent they need to be competitive today.”

Differing perspectives allow for a greater diversity of thought and problem-solving capacity. A diverse team that has the same goal in mind and collaboratively leverages its variety of views can foster innovative approaches to familiar problems. This can lead to novel solutions and coordinated team efforts that better serve a client’s needs. With each new approach and voice raised, the potential to reach more audiences, convert more customers and garner more moral and social capital increases.

“A diverse workforce that looks like America is better suited to reach all of America,” says Wheeler. To do business with all of America (and beyond), you need a diverse group on your team to successfully serve an equally diverse group of clients.

Just as there is more than one type of person who can do a specific job, there needs to be more than one narrow path to success for that position. With many factors in play – personal, societal and organizational – fostering an inclusive environment that recognizes there are different paths to success is critical. An inclusive environment recognizes that everybody’s path to success is somewhat different.

For example, employees from a minority or marginalized group may not advance as quickly or have access to some opportunities because of the unique challenges underrepresented employees often face. Therefore, training, educating and developing workers with personalized tools tailored to their needs is another lever employers can pull to demonstrate that they are invested in their people and care about their careers.

“When we talk about making equitable investments in training and development for our diverse employee populations, what we’re really talking about is removing barriers,” says Wheeler. “A lot of times, when we hear the word ‘equity,’ our minds go to an image of some people standing in front of a fence. A couple of them have boxes to stand on so they can see over the fence, and we call that equity. But while everyone is so focused on who gets what box, what we really need to do is get rid of the fence.”

Clearing the path so that diverse candidates can better reach success is the mark of an organization committed to advancing diversity and equity. Building a diverse team and tapping into employee perspectives to identify the barriers present in your own organization is a vital first step. Removing those barriers and positioning people to do their best work lays the foundations for a system that generates success across all demographics of an employee population. Such an investment celebrates the value of different kinds of people and ultimately expands the scope and reach of a business. The more diverse a team is, the more types of people they can reach. As they reach more people, they increase brand awareness, convert more customers and clients and generate more sales.

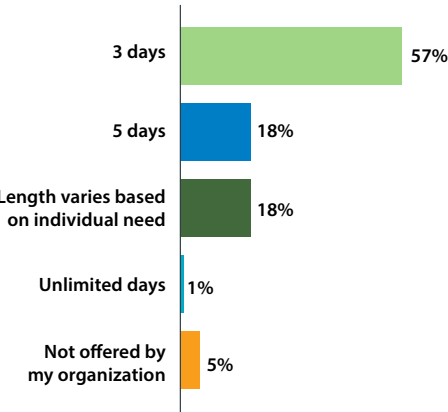
Organizations with diverse teams enjoy improved financial performance, increased organizational engagement, decreased organizational costs and decreased attrition and turnover costs.⁶ However, upskilling, training, and development programs alone can’t give people everything they need to be their best at work. They also need to be able to integrate their obligations at work and those at home in a healthy way. Providing benefits that thoughtfully address the need for time away from work is also an essential component of fostering organizational diversity.

Care Beyond the Workday Through Leave Policies

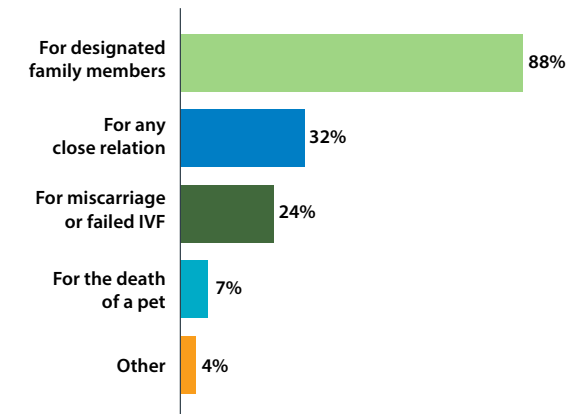
There will always be unexpected disruptions that throw things out of sync. Workers are already spending much of their waking existence trying to balance obligations at home and work. When something unexpected happens that disrupts this balance, addressing it can instantly take precedence over everything else. At that moment, employees truly need time off from work to focus on these pressing needs.

While roughly half of employers offer maternity (45%) and parental (49%) leave, 74% of employers still do not offer family caregiver leave.

Figure 14:
Bereavement Leave Amount



Bereavement Leave Allowances



Respondents were asked to select all that apply.

Most organizations offer paid time off for certain life events, so employees have the flexibility to take care of personal responsibilities. Paid time off has long been an attraction and retention tool employers have utilized to reward their workers. Although traditional PTO policies provide employees with time for sick leave, vacation or other reasons, the primary benefit is that employees can take time off without having to worry about lost wages.

“When we give employees the ability to take time off from work, we’re giving them the flexibility they need to manage their life,” says Maria Trapenasso, SVP, Human Capital Solutions. “That is why having effective leave programs in place is essential. It demonstrates to employees that we’re invested in their well-being and overall life satisfaction even when they’re not at work.”

A well-designed leave management strategy should address the diverse individual needs and concerns of employees across the organization. This includes considering dimensions like familial responsibilities, childbearing needs and concerns, aging parents and circumstances at home, among others. These inherent challenges are forcing employers to become more creative when formulating their leave programs. Because these programs offer paid time off for certain life events, one potential tweak that employers can do to provide a richer benefit without adding too much additional cost is expanding the definition of who is covered under these programs.

At some point, all workers need time away from their jobs. Regardless of whether it’s to recharge and rejuvenate, due to illness or injury, or to manage complicated and cumbersome obligations at home. They need to know that if something comes up, their job will not be at risk while they work to address the issue. Workers can’t be available around the clock, and there has to be flexibility when life intervenes.

When employers show they care for their employees, by listening to them and doing their best to deliver what they value most, outcomes improve.

Beyond flexibility and health, employees want career development and advancement opportunities. They want meaningful, purpose-driven work that matches their skills with their workflow. They want personalized total rewards and accessible benefits that have a direct impact on their lives. They want an organizational culture that incorporates what matters most to them professionally and personally. And they want to know that their employer is genuinely interested in seeing them succeed in all areas of their work and life.

Figure 17:
Employee Decision Making Process Perception



Figure 18:
Organization Decision Making Process

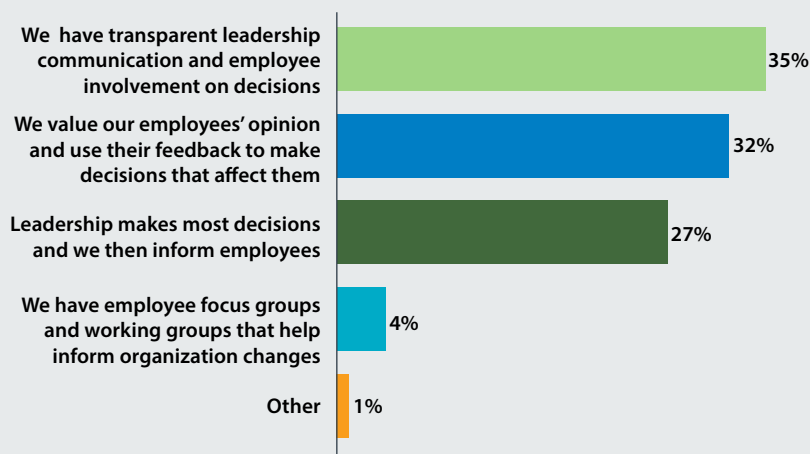
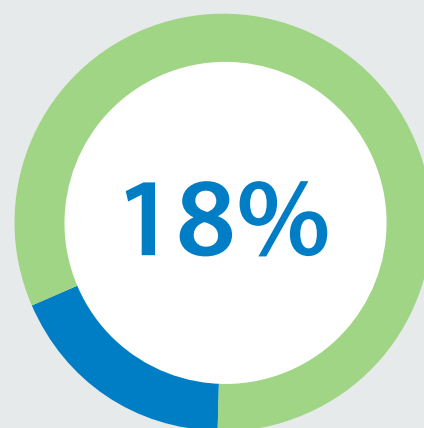


Figure 19:



of employees **say**
their employers
consider their
feedback when
making decisions
that affect them

When things like organizational culture, well-being initiatives, benefits and total rewards, and career development are equitable and in alignment, organizations reap the rewards. These include higher job satisfaction, less turnover, better teamwork, more effective communications, bigger contributions to the organization and more productive negotiations, along with more diversity, equity and inclusion. Conversely, when these aspects are unbalanced or out of alignment, employers must pivot their efforts and commit to a course that better meets workers' expectations and aligns personal values alongside the organization's.

1. MetLife. *The Advantages of Employee Care: Creating Human-Centric Employee Experiences and Work Environments*, 21st Annual US Employee Benefit Trends Study, MetLife, metlife.com, 2023.
2. Ibid., p. 23.
3. Ibid., p. 25.
4. Marilyn McDonald and Laura Shenkman. "Health Literacy and Health Outcomes of Adults in the United States: Implications for Providers," *Internet Journal of Allied Health Sciences and Practice*, vol. 16, issue 4, nsuworks.nova.edu/ijahsp, 2018.
5. Gallup. "The American Upskilling Study: Empowering Workers for the Jobs of Tomorrow," Amazon/Gallup, gallup.com, 2021.
6. Paul Ingram and Yoonjin Choi. "What Does Your Company Really Stand For?" *Harvard Business Review*, hbr.org, 2022.



Maintaining Affordable Benefits:

Cost-Effective Strategies and Solutions to
Rein In Rising Costs.

Second only to compensation, holistic healthcare and well-being benefits are a critically important component of a total rewards package. Done correctly, they can demonstrate an investment in employees' overall health both today and well into the future. They can differentiate an organization in a sea of competition and determine the success of any attraction, retention and engagement effort. The right offering can motivate talented employees, reduce turnover and increase satisfaction. Above all, they can help keep employees healthy, happy and better suited to bring their best to work every day.



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The cost of care can lead people to **delay care** or avoid it altogether.

However, as costs continue to rise, employers see significant increases in their benefit expenditures. Plan sponsors are clamoring for solutions to control and/or lower their overall spend, which in most cases is significantly increasing and impacting their bottom line. Because it's not just overall cost, employers must also recognize that addressing escalating medical and pharmacy increases requires an active strategy that focuses on reducing the unit cost of care.

For HR benefit professionals, it's a double-edged sword. Not only are they tasked with keeping an eye on the costs associated with plan design and overall offering, but they must ultimately consider whether employees can reasonably afford the benefit packages they're being offered to help them win the war for talent.

From premiums to deductibles, if an employee either can't afford their benefits or if they're underinsured, the cost of care can lead people to delay care or avoid it altogether.

With about half of insured US adults saying it is somewhat or very difficult to afford healthcare and/or out-of-pocket costs,¹ employees are feeling the financial squeeze. And it's affecting their utilization.

This is especially impactful for lower-wage workers with fewer resources. Avoiding care can harm physical health, and eventually worsen an employee's financial situation, leading to more expensive conditions down the line. Employers also need help adapting to the increased costs associated with providing benefits. From rising prescription drug prices and high-cost claimants to health system consolidation and administrative expenses, offering a

competitive benefits package in the battle for talent means cutting costs in other areas.

Especially for many mid-market-sized employers, staying within budget means adjusting benefit design. The resulting cost-containment measures are, by design, then borne by employees in the form of slower wage growth and increased premiums and deductibles. Coupled with reductions in workforce, employees wind up working harder, while paying more for less coverage.

With an economy hovering near the brink of recession, where inflation and cost of living remain high, employee salaries simply can't keep up. At the same time, employers working to create the types of competitive offerings that today's employees are demanding are finding it increasingly challenging to stay within budget.

Managing these costs despite an economic downturn is a priority for everyone involved. With no respite in sight for the foreseeable future, many frustrated employers seek new tools and solutions to mitigate the rising costs associated with benefit offerings, while at the same time, ensuring employees can reasonably afford to enroll and engage with their benefits.

Figure 1:
Impact of Economic Concern on
Benefit Election

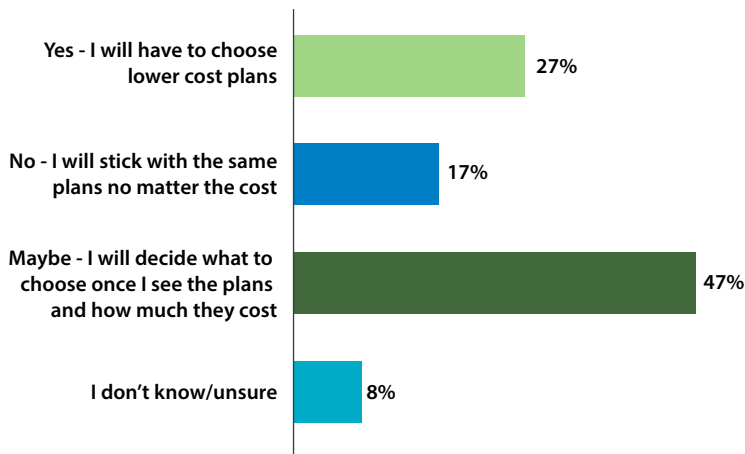


Figure 2:
Impact of Economic Concern on Voluntary
Benefit Election

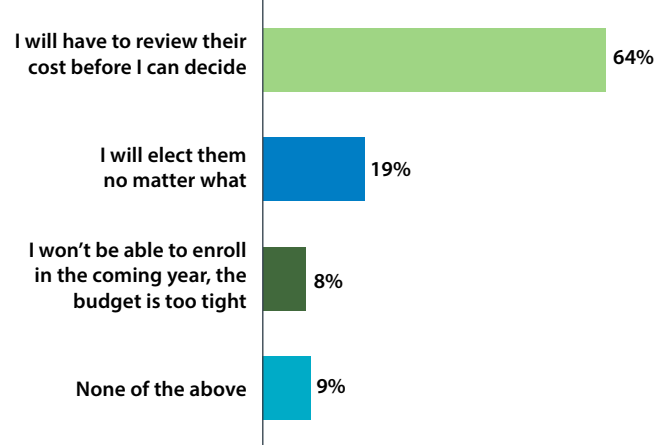
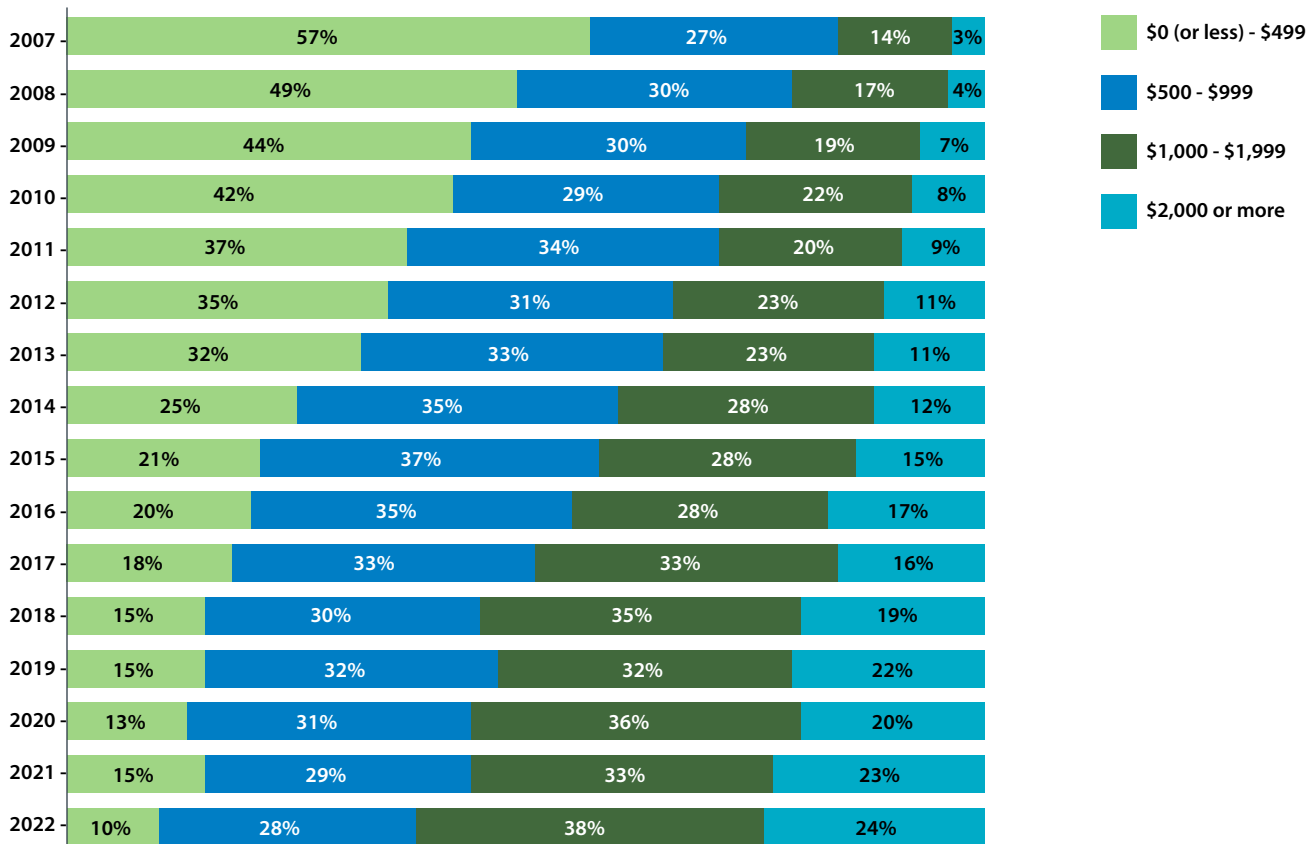


Figure 3a:
Among Covered Workers with a General Annual Deductible, Distribution of General Annual Deductibles for Single Coverage, Reduced by any HRA/HSA Contributions, 2007-2022

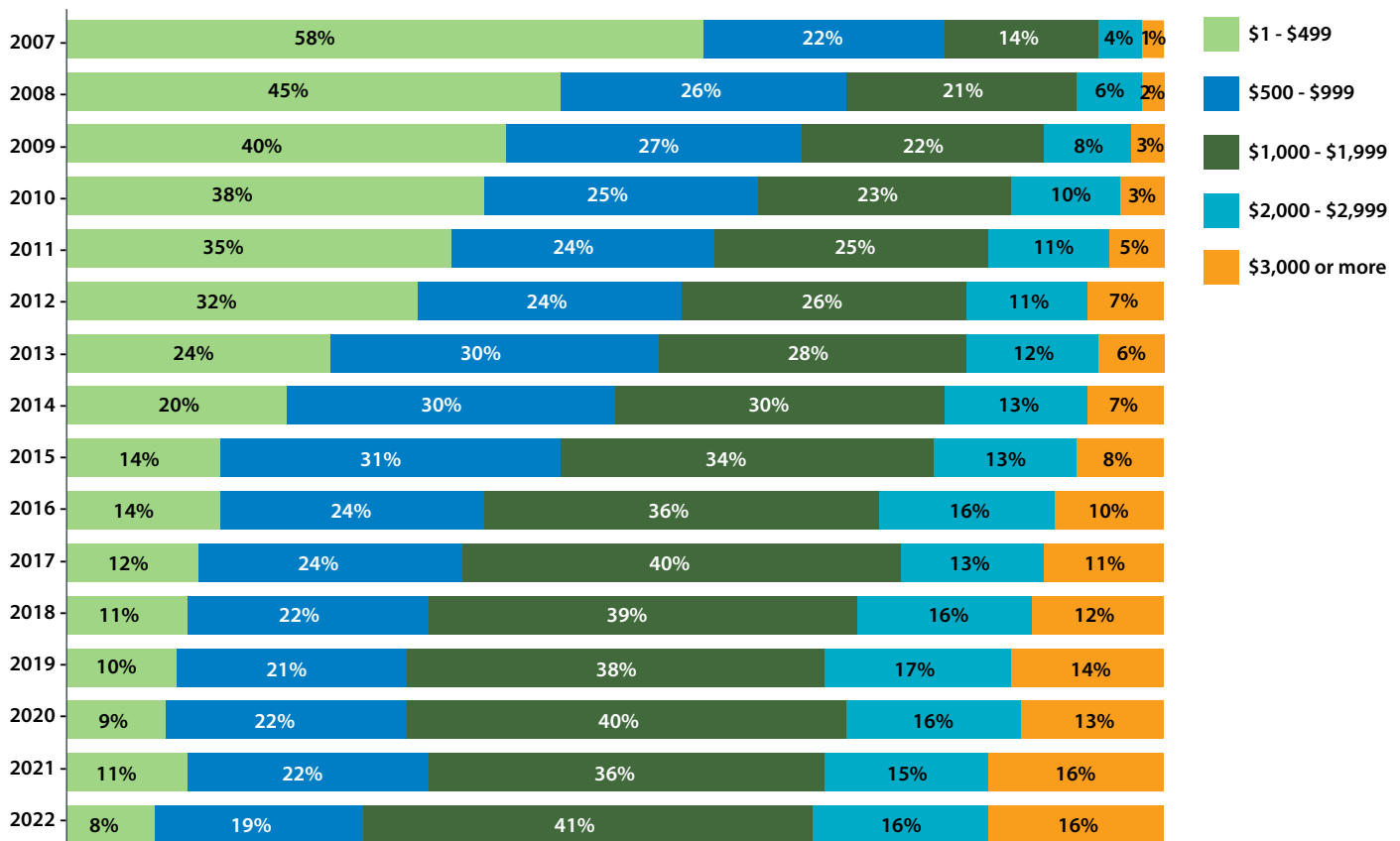


NOTE: Account contributions include an employer's contribution to an HSA or HRA. These estimates include workers enrolled in HDHP/SOs and other plan types. Average general annual deductibles are for in-network providers. Tests found no statistical difference from distribution for the previous year shown ($p < .05$).

(KFF²)

Figure 3b:

Among Covered Workers with a General Annual Deductible, Distribution of General Annual Deductibles for Single Coverage, 2007-2022



NOTE: Average general annual deductibles are for in-network providers. In 2022, 88% of covered workers are enrolled in a plan with a general annual deductible.

* Distribution is statistically different from distribution for the previous year shown (p < .05).

(KFF³)

Double Down on Personalization in Times of Economic Stress

"Today, everything is expensive," says Kim Bell, EVP, head of Health and Benefits. "And it's hitting employees hard. They're worried about inflation and the cost of living while keeping an eye on their savings. For a lot of workers, one unexpected event, an illness or injury, a legal matter or a critical home repair, could create an out-of-pocket cost that could seriously undermine their livelihood. Without some kind of safety net, many employees are vulnerable." As a result, affordable, personalized benefits that work for your employee population are more important than ever.

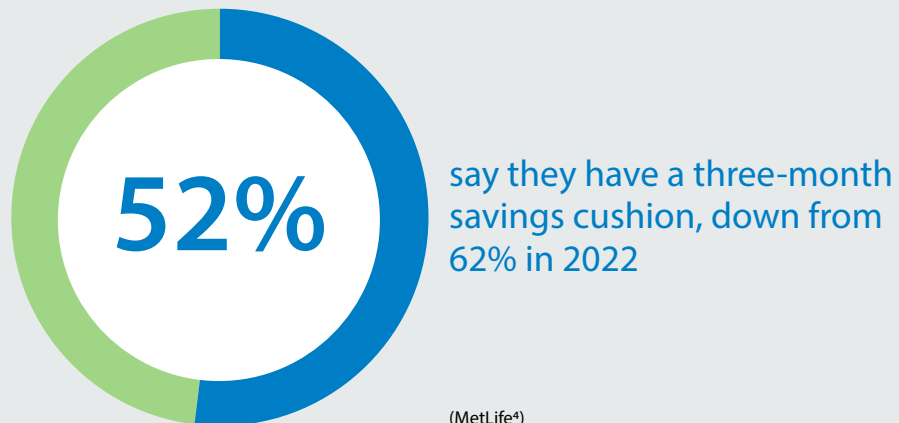
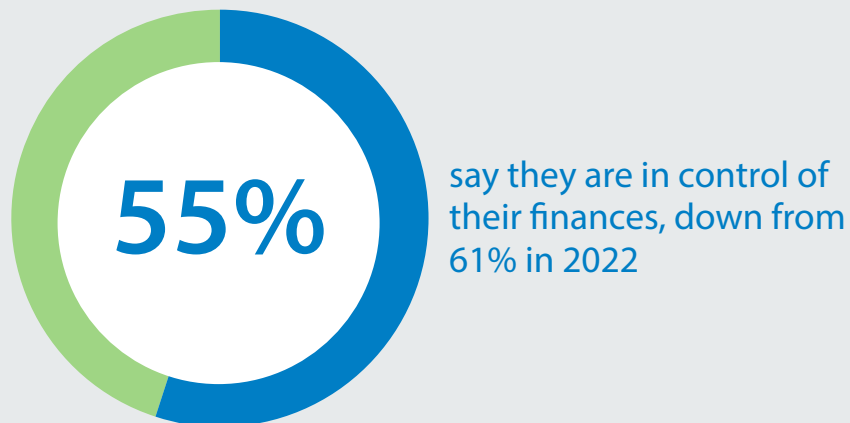
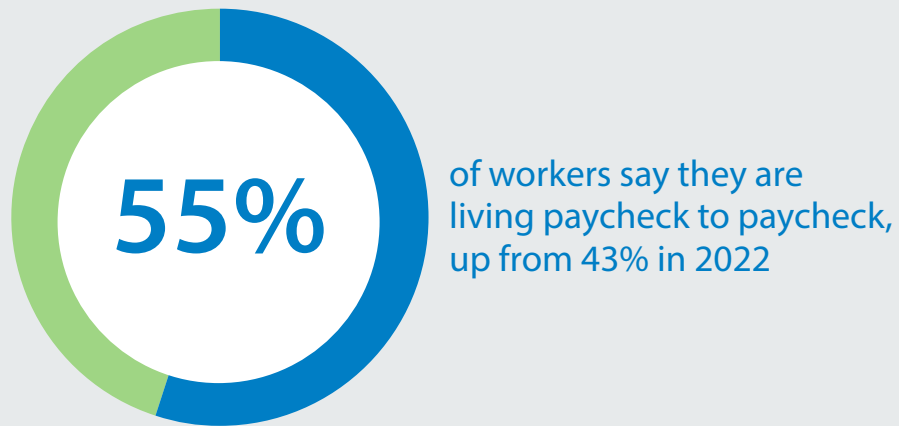
Employers and employees alike are keen to avoid a scenario where the effects of a slowing economy affect work performance and increase stress levels. Although employees can't help but experience some additional anxiety with concerns about dwindling savings, skyrocket-

ing costs and their employer's bottom line, it's important that employers maintain morale by pairing benefits with ongoing communication.

However, communication needs to be an inclusive two-way street. If there are any major disconnects, for example, a lack of pride or interest in the company's mission, employee well-being could further suffer, no matter the employer's effort. "In addition to being transparent and making sure everyone is attuned to what's happening across the organization, it's imperative that communications be collaborative," says Bell. "If you're trying to boost morale, you have to listen to employees' feedback. Their insights can help address simmering problems before they have a chance to boil over."

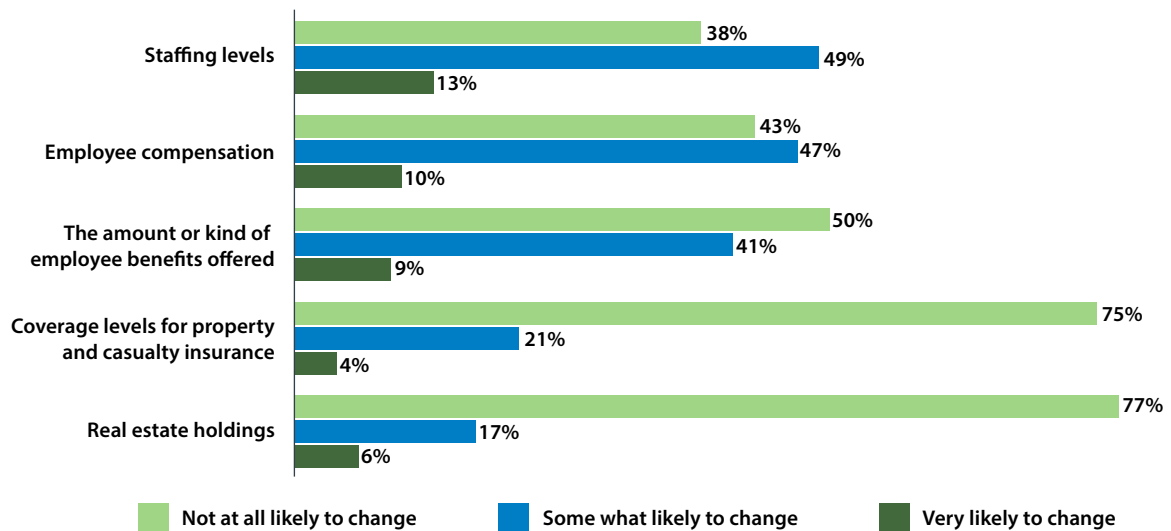
Although there is a relatively small cost attached to the front end of voluntary benefits, offering them can provide a high level of personalization and security. Focused communication to help employees understand

Figure 4:
Employee Financial Indicators are
Trending in the Wrong Direction



(MetLife[®])

Figure 5:
Alterations Due to Potential Economic Downturn



how voluntary benefits such as accident, critical illness, hospital indemnity, identity theft, disability coverages, long-term care and the like figure into their financial well-being is key to adoption. Utilizing cost comparisons and education on unnecessary exposure to financial risk can demonstrate how voluntary benefits are an inexpensive way to mitigate the out-of-pocket costs for medical care and household budget expenses.

Measure, Adjust and Communicate the “Why”

Employers are challenged with providing benefits that employees value and utilize while keeping costs under control. “If you don’t understand what your workforce wants,” says Maria Trapenasso, SVP, National Practice Leader, Human Capital Solutions, “you are wasting money. Figuring out and focusing on what benefits employees are using can save an organization a ton of money.”

Constructing a data analytics baseline to track engagement within the programs that are currently being adopted by plan participants is a necessary first step to solve this problem. Weighing those benefits that have gained the most traction with employees against those that are either underutilized or essentially ignored should lend some insight into potential benefit modifications.

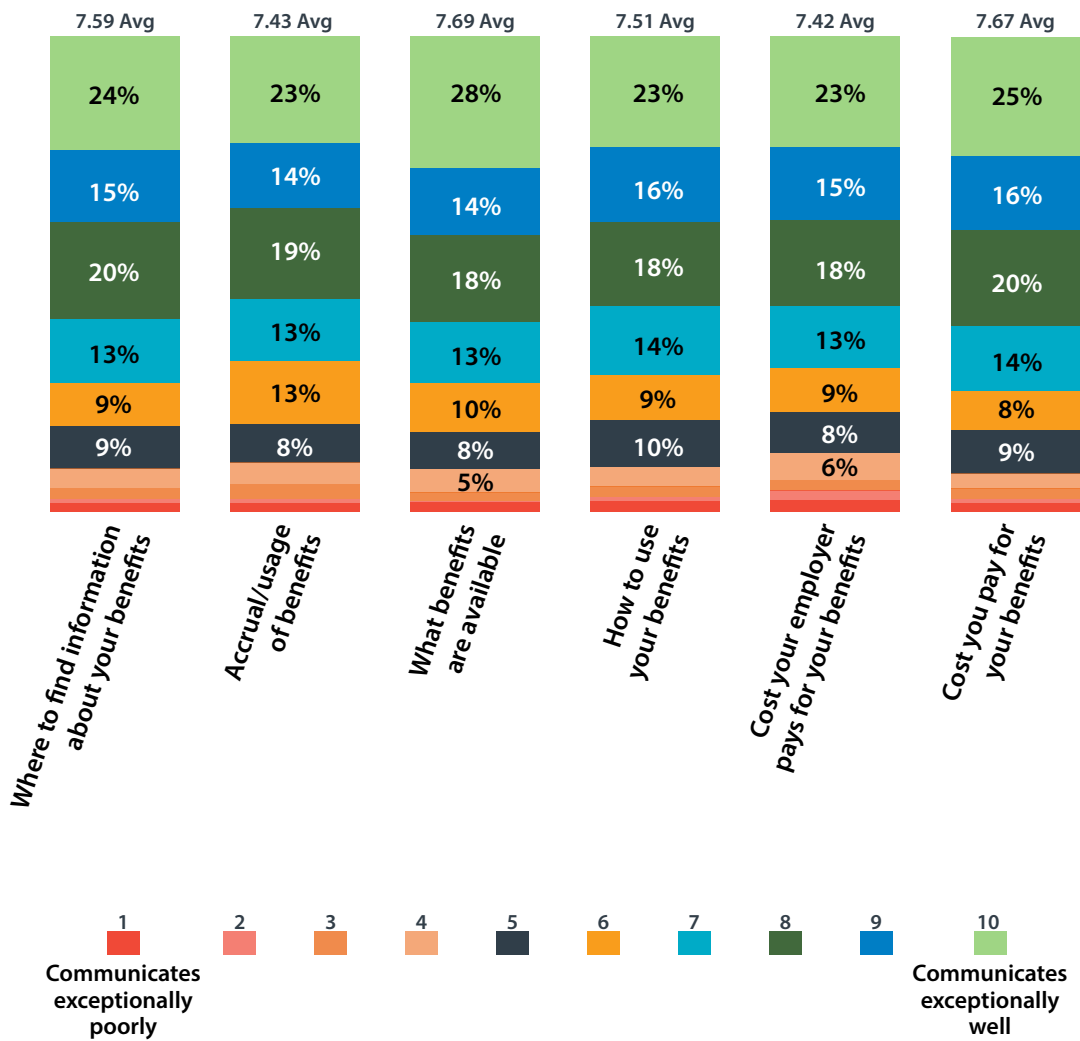
In tandem, review agreements made with partners and vendors. At the point of negotiations, all programs

should have an expected engagement metric that was established during the first year of adoption. In many cases, this should have been followed by maintenance metrics (minimum active engagement plus new hire engagement) in subsequent years. If these were backed by performance standards and guarantees, now would be the time to review them. Comparing the percentage of plan participants who were engaged against the benchmark should help clarify which benefits are valued.

If the consensus is that a particular benefit is probably best eliminated, it presents an ideal opportunity to communicate with plan participants. Ongoing pulse surveys offer one of the best ways to secure actionable employee feedback, especially if an organization is experiencing significant turnover. Taking the time to ask employees what they think about the benefits they’re being offered gives employers a chance to gain a deeper understanding of what’s meaningful to them. By the same token, it also offers employers the opportunity to establish a mutually accountable agreement with employees that engagement is required to maintain a benefit offering. Essentially, this amounts to a level of personalization capable of meeting a worker’s unique needs.

“Many employers invest in a variety of benefit options for their employees from health and welfare, well-being, student loan assistance, adoption and fertility benefits to various paid leave programs,” says Trapenasso. “Our Human

Figure 6:
Employer Communication About Benefits



Capital Solutions team benchmarks these kinds of total rewards offerings and conducts employee satisfaction surveys to understand what employees really want and need. With that information, we help build a unique strategy that offers value and contains costs.”

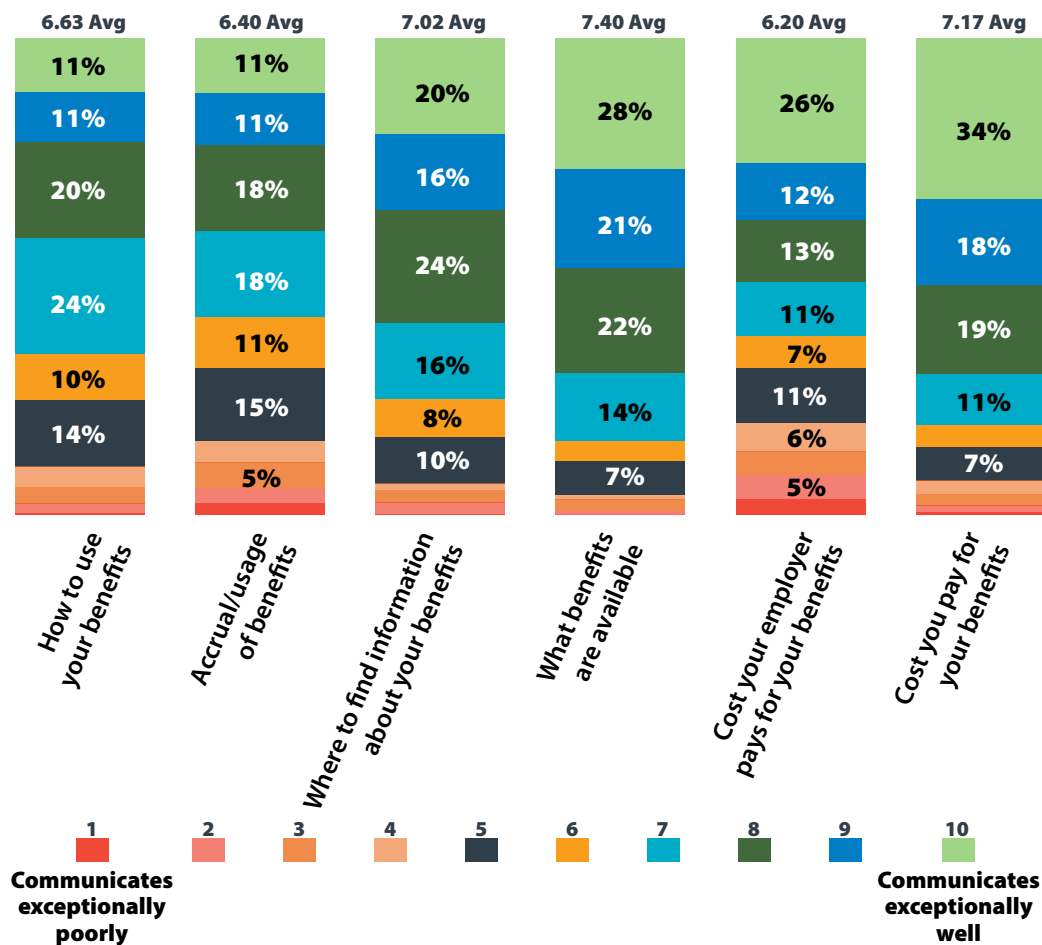
As invaluable as this information is to employers, it’s equally so to the employees themselves. Any time this type of benefits survey is conducted, the results must be shared with workers. When employers receive valuable feedback and don’t act on it, employees know it, and they can easily become disenchanted. The perception tends to be that their effort was meaningless and, worse yet, that their opinion about existing benefit programs and those that they

would like to see in the future has no value. This can lead to a loss of trust and, in worst-case scenarios, turnover.

Therefore, communication must be deliberate, which means that the results need to be analyzed and interpreted in a timely manner. “Many employers will engage a third party to assist with the survey process and communication strategy. This is a service that NFP has deep experience with,” says Trapenasso.

By announcing an overview of the detailed results and the planned course of action, HR can then discuss it with their workforce and set expectations for next steps. This tends to result in a connection between employers and employees that fosters trust and instills a sense of safety.

Figure 7:
Company Benefit Communication



Manage Costs by Optimizing Benefits

Employers should err on the side of caution when determining the degree to which cost optimization strategies are adopted and implemented. As benefit value and cost are not always in lockstep, maintaining a balance between large cost reductions and highly valued benefits is essential. Applying a variety of actuarial, data analytics and predictive modeling in conjunction with new network transparency tools coupled with a sound survey strategy should provide great insight into any cost-containment discussion. Furthermore, by creating key performance indicators, employers can benefit from ongoing insight into the performance of any plan changes and incrementally modify the program as appropriate.

Beyond the fundamental level, maintaining the holistic health and mental well-being of plan participants is critical to any organization's ongoing success. To achieve the physical health aspect of this, cost and risk-sharing strategies may need to require a structure that incentivizes employees

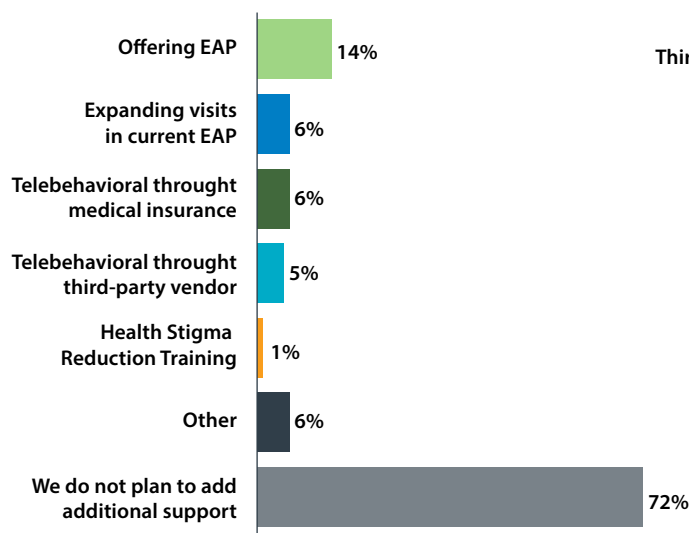
to become better healthcare consumers. An example of this might be the adoption of earned deductible incentives using three-tiered benefit structures that incentivize plan participants towards lower cost and higher quality providers. As part of an overall health literacy strategy, along with access to clinical care navigation tools, this methodology can potentially offset expenses more efficiently than increasing deductibles and raising employee premiums.

Constructing a future-forward plan design that increases access to employee well-being and mental health services requires a more nuanced approach. This is especially true when it comes to clinical mental health services. Many therapists don't take insurance. As a result, most of the costs associated with therapy come directly out of pocket. But for workers struggling with a mental health issue who can't afford to see an out-of-network therapist, the system works against them.

"For that smaller 20% – 30% of employees that are struggling with mental health issues, finding a therapist can

Figure 8:

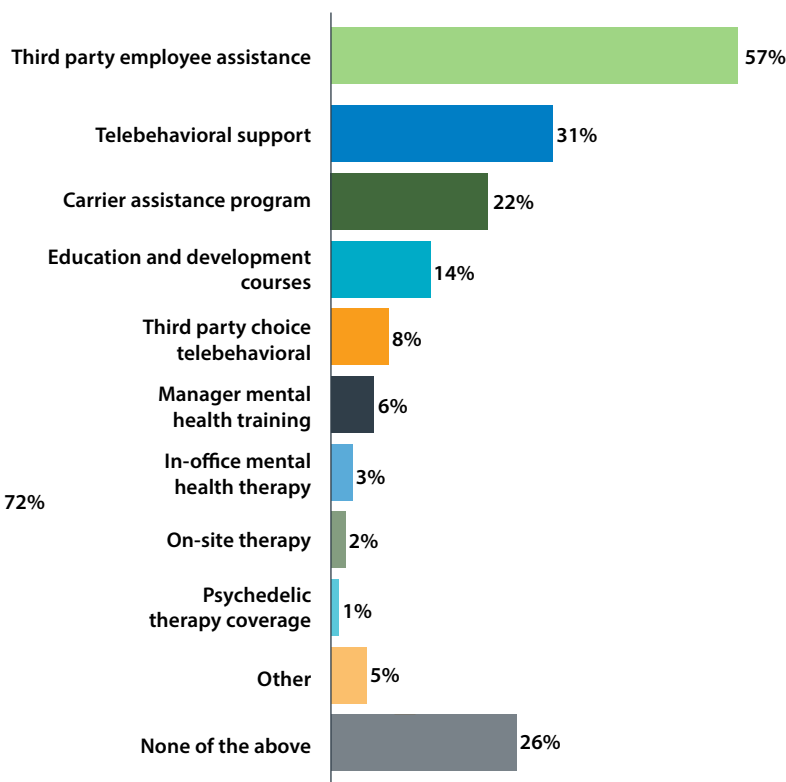
Plan to Add Additional Support for Mental Health in 2023



Respondents were asked to select all that apply.

Figure 9:

Company Mental Health Resources Offered



Respondents were asked to select all that apply.

be particularly challenging,” says Deb Smolensky, SVP, Global Practice Leader, Well-Being and Engagement. “With a typical EAP program, we’re giving employees about three visits, which can be just long enough to determine whether a therapist is a good fit. For a small win and an opportunity to provide high-quality care at very low to no cost, why not expand that to nine visits, so people can get the care that they need?”

In theory, EAPs and the entire benefits offering should serve the interests of employees. Consequently, if elements of these programs are not serving employee interest and are a drag on the employer’s bottom line, then these underutilized benefits should be eliminated. The process of determining which benefits are ripe for the cut is delicate and should not be taken lightly.

“In this environment, companies are laying off workers, they are dealing with higher interest rates, and they are tightening their belts,” says Smolensky. “Being transparent throughout the process, from focus groups to conversations with leadership and, ultimately, breaking the news to employees, is so important. Leading with empathy and informing your workforce why the changes were made can go a long way to a smooth transition.”

When framing a benefit as being underutilized and cost-prohibitive, it’s a good idea to be able to offer another benefit or perk in its place. Increasing access to virtual care is a cost-effective solution that can help in this.

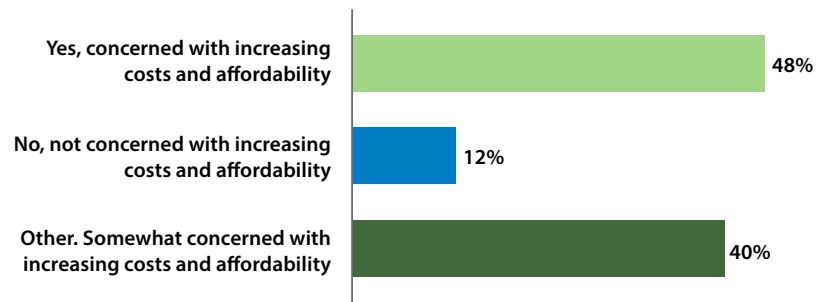
Although the practice of telemedicine was not unheard of, the pandemic drove home the practicality of virtual visits, especially for mental health. The number of patients who adopted remote care services such as wellness visits, medication consultations and mental health counseling exploded exponentially during the early months of the pandemic. By today’s standards, telemedicine is commonplace and preferable for workers that prioritize convenience. Generally speaking, it offers employees greater access to comparable in-person services. However, appointments are typically billed at a lower rate, which can help plan sponsors and employees maintain affordability. As such, providing 24/7 access to a comprehensive scope of services creates a cost-effective alternative to unnecessary ER or urgent care visits.

While crafting communications on the value of telemedicine, it’s an excellent opportunity to emphasize the financial well-being programs a company has in place.

Half or more of employers find it important to control their Rx spend when designing Rx benefits.



Figure 10:
Increasing Pharmacy Cost Concerns



As a distinct component of holistic well-being, financial well-being directly impacts an employee's health and ability to bring their best to work. Educating them on money management and minimizing their exposure to financial risk can help them gain greater confidence and get the most out of their paychecks.

"By tying this message into a team effort, one where both organization and individuals alike are tightening their belts in the face of worldwide economic uncertainty, it creates a sense that we're all in this together," says Smolensky. "Creating that sense of alignment and getting everyone to think about budgeting and doing what it takes to stay financially flexible can really help give companies and their employees the tools and wherewithal to get through these difficult times."

In light of these trends, it should come as no surprise that half or more of employers find it important to control their Rx spend when designing Rx benefits (49%). But about half of employers (45%) are unsure if improving healthcare literacy will decrease Rx usage/cost.

With an astonishing 86% of employers not currently utilizing a pharmacy consultant, NFP sees many collaborative opportunities employers can take advantage of to achieve favorable results. "In addition to education campaigns, there are a variety of actions for employers to consider that can have a direct and positive impact on their prescription drug spend and member experience," said Nelly Rose, VP, Clinical Pharmacy for NFP. "I appreciate the complexity of the challenge, but with the right expertise and guidance, better outcomes for employers and employees are possible."

Actions to consider include:

- Pharmacy consultants can provide expertise to navigate Rx trends, educate you on the option and manage your overall Rx spend.
- Manufacturer assistance programs are available to help employees manage costs for essential prescriptions.
- Analyzing pharmacy claims data can inform strategic planning, find gaps in care and focus the efforts of appropriate vendors to engage in Rx cost containment solutions.
- Rx plan design strategies, including cost sharing between employer and employee, multi-tiered network channels can create meaningful savings by improving consumerism, creating pathways for drug competition and evolving with the changing market.
- Engaging your employees on their perspectives regarding prescription drugs can help to inform plan refinements:
 - *Are they willing to change drugs to a lower cost option (if available)?*
 - *Are they willing to be flexible in their purchase method (retail, mail order, retail 90)?*
 - *Would a digital tool that assists with Rx decision making be valuable?*
 - *Are they open to switching to biosimilars, when appropriate?*

Figure 11:
Importance of Controlling Rx Spend

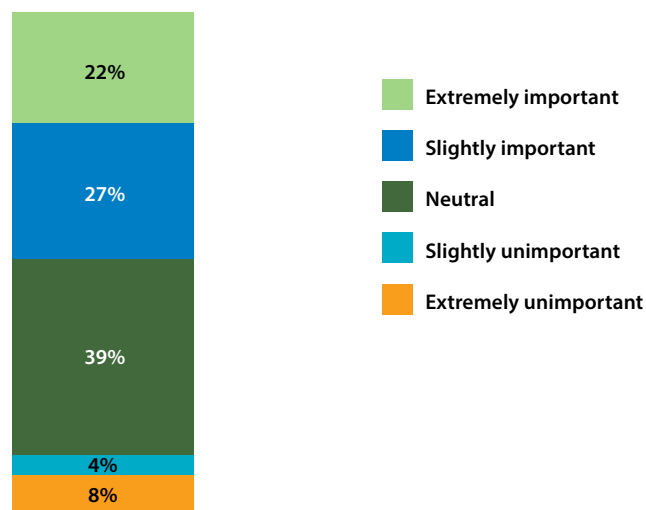
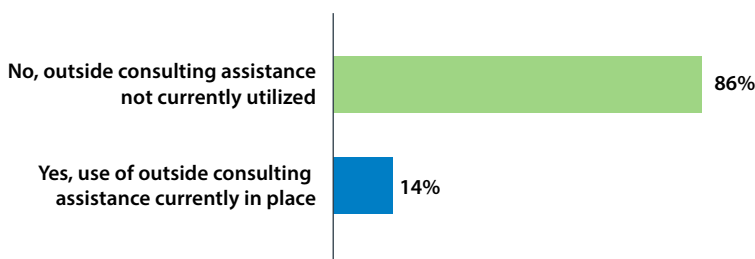


Figure 12:
Using a Pharmacy Consultant



While it takes time to find the right solution, the trends mentioned above make it clear that doing nothing isn't a viable option. "If you're serious about containing costs, and you're committed to providing employees with the Rx support they need, it's critical to explore changes in your approach," says Rose.

Take Advantage of Modern Data and Reporting

Employers must take advantage of their data to significantly reduce costs and provide benefits more affordably. Through the legislative changes initiated by the Consolidated Appropriations Act, 2021 (CAA), employers now have a fiduciary responsibility to establish a process for evaluating medical and Rx plans offered to employees. Awaiting agency guidance on the employers' responsibilities, the Centers for Medicare and Medicaid Services (CMS) indicate that data disclosure to plan participants will remain a cornerstone of compliance. Because of this, employers should be adopting strategies that apply data analytics and transparency metrics to all renewal evaluations.

"If you can't measure it, you can't manage it," says Heidi Cottle, SVP, Cost Containment Strategies. "The release of this transparency data could not be more timely. For the first time, employers and consumers now have visibility into the true cost of healthcare. However, the raw data size, which currently exceeds two petabytes, makes the data actionable for only a limited number of early innovators, including the team at NFP."

When analyzed, these data sets provide unprecedented insights that can help tremendously in these current economic conditions. Employers can now compare and contrast real-time healthcare costs by geographical location, provider, network and the claim's payer. Because transparency legislation is relatively new, the reliability of the publicly posted hospital and payer data continues to improve each day.

"Using multiple data sets of qualitative and quantitative research allows us to normalize, map and deliver an accurate and reliable analysis," says Cottle. "Empowering the employer and consumers with this data will transform the industry. However, interpreting it requires prudence with a clinical risk management lens. We are delivering real value in this area."

Although there is tremendous potential that these new data sets will lead to the creation of a new purchasing model in healthcare, one in which the true cost of care is married with quality and outcome data, employers are only just now making progress towards that goal. Currently, the petabytes of data are practically unusable for any entity outside a data aggregator. However, tools that can deliver clear, accurate and user-friendly cost information are being built. And there is employer interest in discovering variations in pricing mechanisms for both in-network and out-of-network services.

"We need to remove barriers to accurate analyses and provide employers the clearest snapshot of their healthcare spend. When we benchmark that information meaningfully,

Figure 13:
Employer Interest in Digital Prescription
Purchasing Tool

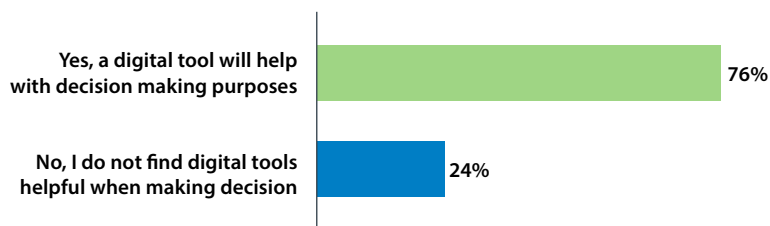
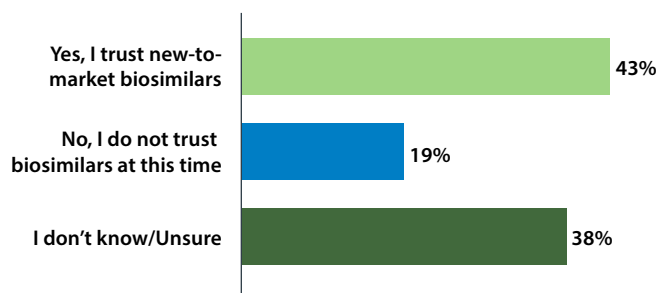


Figure 14:
Employer Trust of New-to-Market Biosimilars



we can verify and validate if they're getting the best market pricing on their healthcare plan," says Cottle.

As healthcare prices continue to escalate year-over-year, employers must combat them with comprehensive solutions that mitigate disruption to plan participants and make them more affordable without compromising quality. In a challenging economy with outrageous inflation, no one action is likely to move the needle on an organization's overall healthcare spend. However, visibility into the cost of care is a significant move in the right direction.

Educating employees on financial wellness, with supporting transparency data brings visibility to and enhances the perceived value of employer-sponsored benefits. Data continues to validate that a happier employee is a more productive employee, which puts them in a position to better focus on their work while improving their holistic health. Together with other small efforts aimed at increasing value and lowering risk, incremental changes to a benefit offering are more sustainable and can be just as beneficial as a large shift.

The effects of healthcare pricing transparency continue to develop as visibility grows. As employers, and eventually individual consumers, become actively engaged in making their own healthcare decisions, engagement and adoption will increase.

As a by-product of plan participant engagement, a greater level of accountability in the healthcare delivery

market will emerge. In turn, market competition will drive reasonability in pricing and the unit cost of care at a procedural level. Furthermore, as more actionable information on quality and outcomes becomes available, clarity on the total cost of high-value care will emerge.

1. Alex Montero, Audrey Kearney, Liz Hamel and Mollyann Brodie. "Americans' Challenges with Health Care Costs," KFF, kff.org, 2022.
2. Ibid.
3. Ibid.
4. MetLife. *The Advantages of Employee Care: Creating Human-Centric Employee Experiences and Work Environments*, 21st Annual US Employee Benefit Trends Study, MetLife, metlife.com, 2023, p. 17



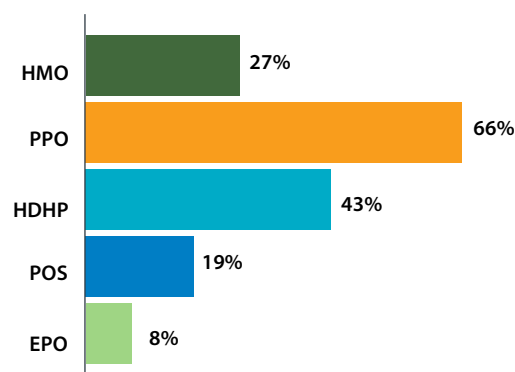
Plan Benchmarking Data Snapshot

The costs associated

with providing employer-sponsored insurance have risen steadily for both employer and employee. Given the persistence of inflation, these costs are expected to continue to rise. With wage growth cooling, it will be incumbent on employers to explore comprehensive solutions targeting the unit cost of care to better manage overall healthcare spend.

Figure 1:

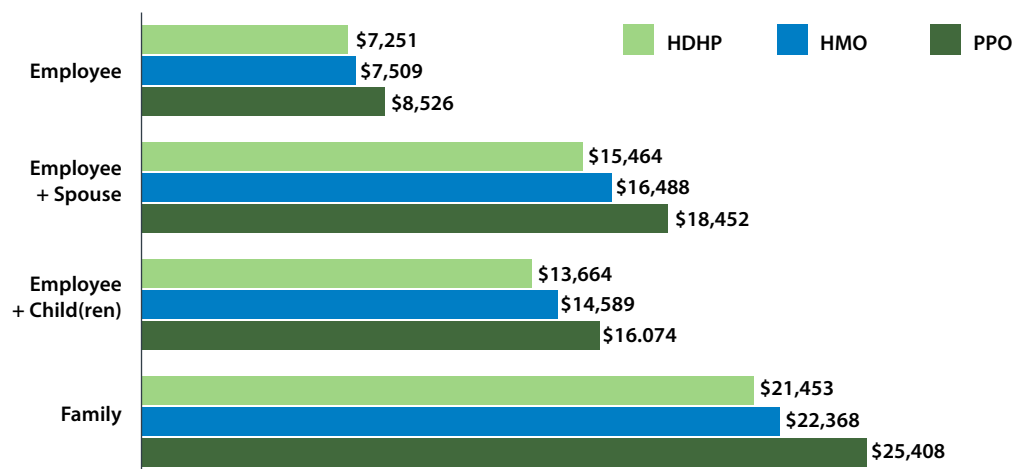
Prevalance of Medical Plan Types Offered by Employers



Respondents were asked to select all that apply.

Figure 2:

Median Annual Total Premium by Plan Type & Coverage Tier



Costs by Plan Type & Coverage Tier

Median premium costs have risen steadily over the last three years, with PPOs and HMOs slightly outpacing HDHPs. The year-over-year percent increase for median total annual premiums across HMOs, PPOs and HDHPs varies between 4.68% and 6.03% (Figure 3).

Figure 3:
Year-Over-Year % Increase in Median Employee Annual Total Premium by Plan Type

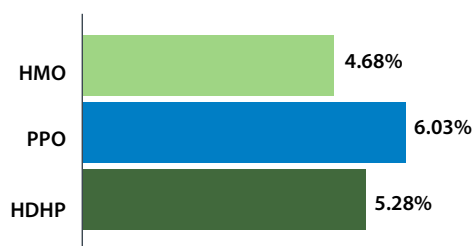


Figure 4:
Median Annual Total Premium (PPO)

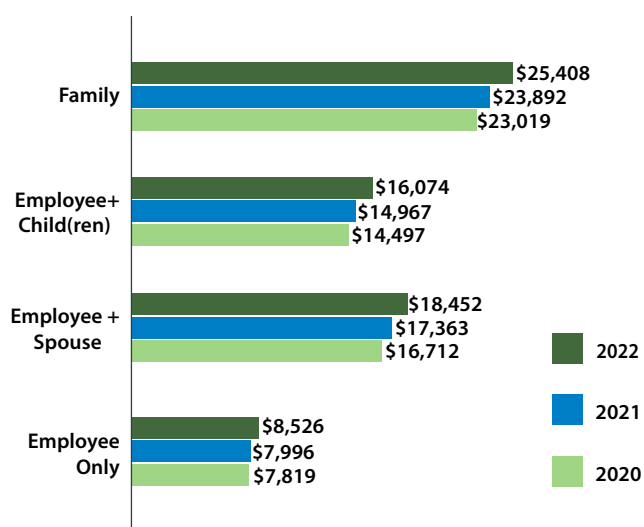


Figure 5:
Median Employee Annual Total Premium (HMO)

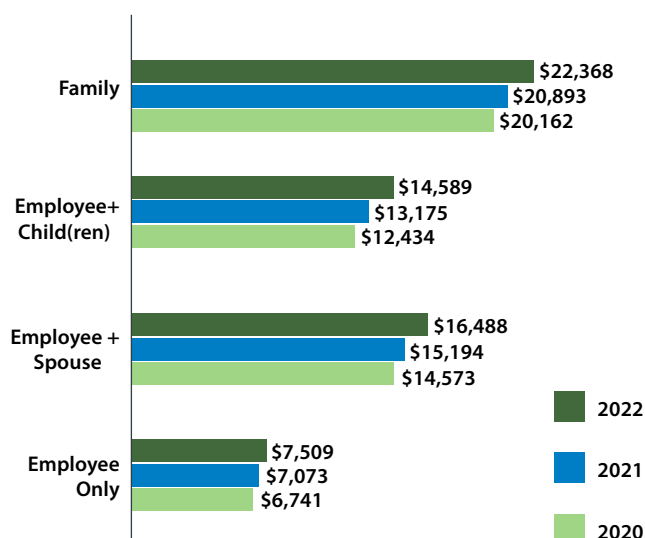
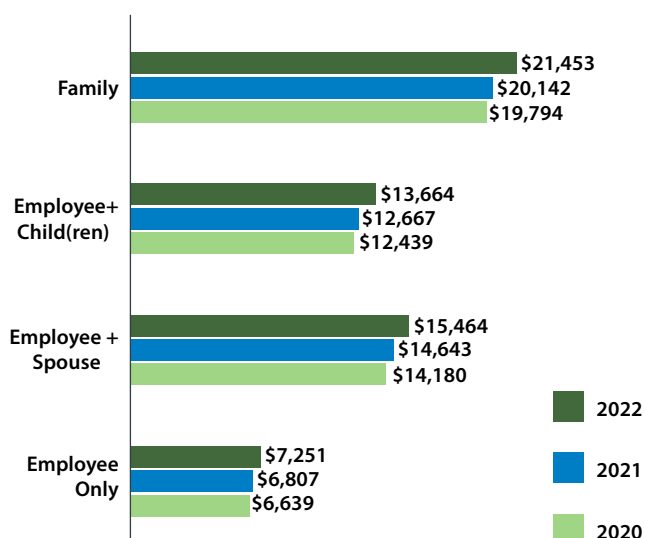


Figure 6:
Median Employee Annual Total Premium (HDHP)



Employee Contribution by Plan Type & Coverage Tier

Over the last couple of years, the difference in yearly employee contributions in terms of plan type and coverage level has experienced minimal variance for HMOs and HDHPs. Despite the fact that overall premium costs are increasing, the median annual employee contributions for family HMOs and HDHPs slightly decreased in 2022 (Figures 10 and 11).

Figure 7:

Median Annual Employee Contributions by Plan Type & Coverage Tier

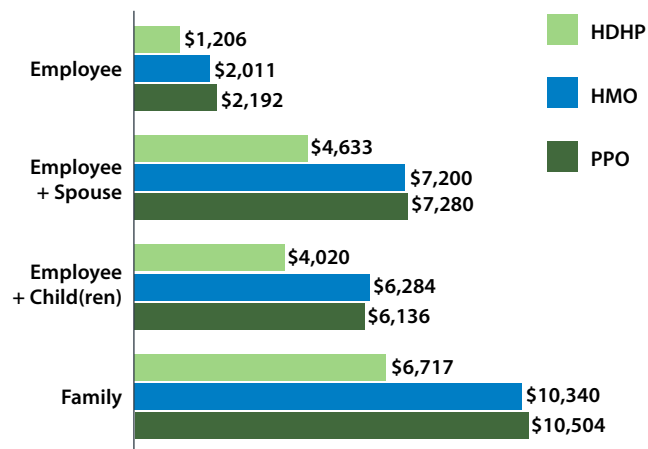
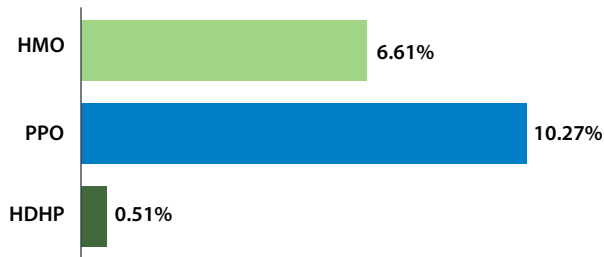
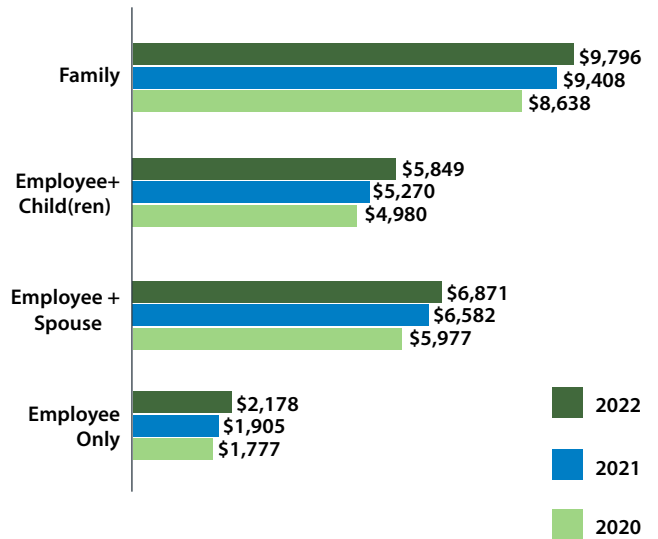


Figure 8:

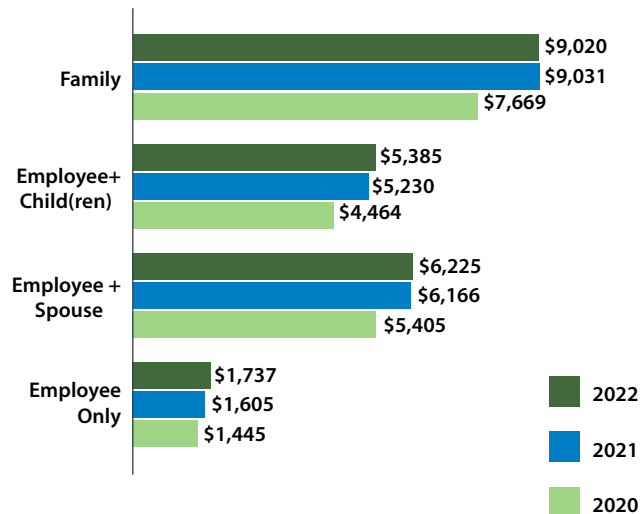
Year-Over-Year % Increase Median Annual Employee Contributions by Plan Type

**Figure 9:**

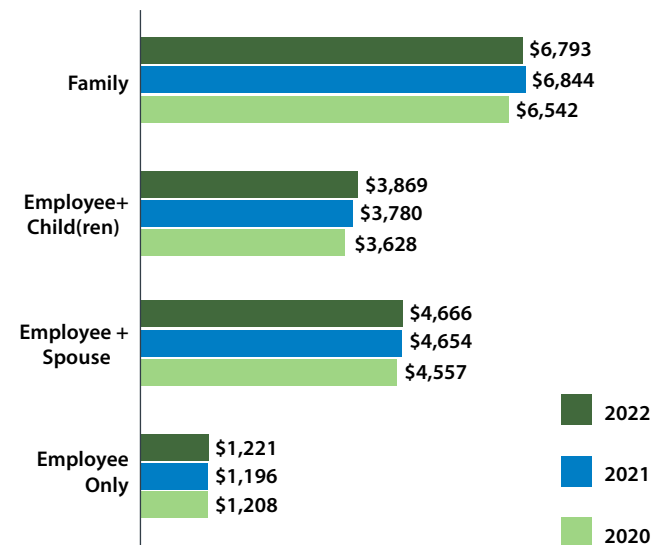
Median Employee Annual Contributions (PPO)

**Figure 10:**

Median Employee Annual Contributions (HMO)

**Figure 11:**

Median Employee Annual Contributions (HDHP)



Deductibles & Out-of-Pocket Costs

Median deductibles for both individuals and families were highest for HDHP plans, then PPO plans and last HMO plans. Median out-of-pocket expenses for both individuals and families were highest for HDHP plans, then PPO plans and last HMO plans.

Figure 12:
Percentage of Employers Implementing Various Contribution Strategies

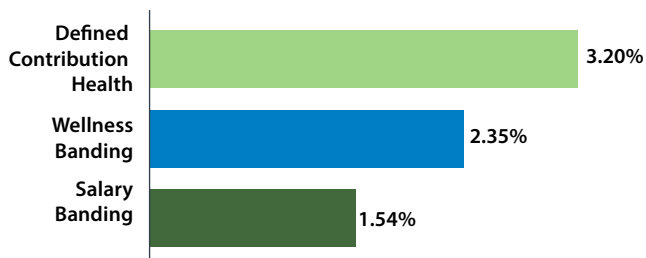


Figure 13:
Median Annual HMO Deductible

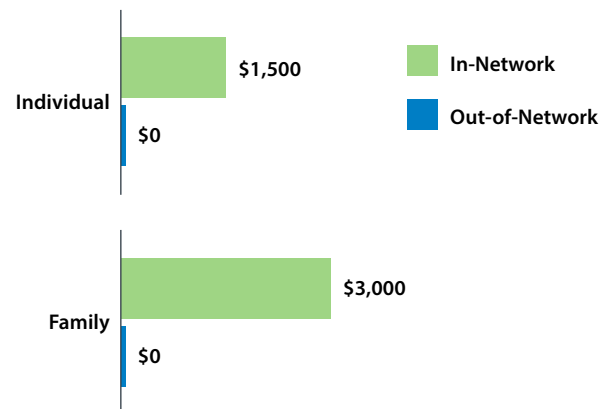


Figure 14:
Median Annual PPO Deductible

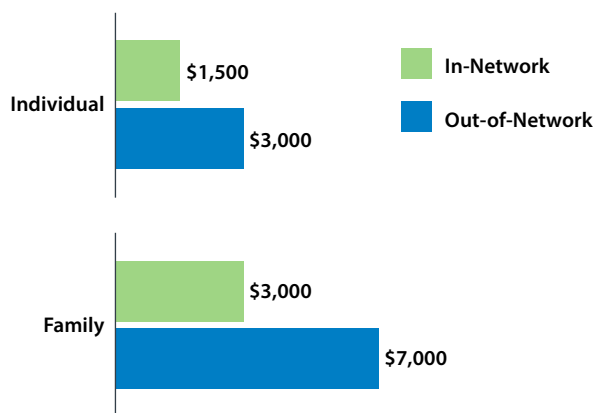


Figure 15:
Median Annual HDHP Deductible

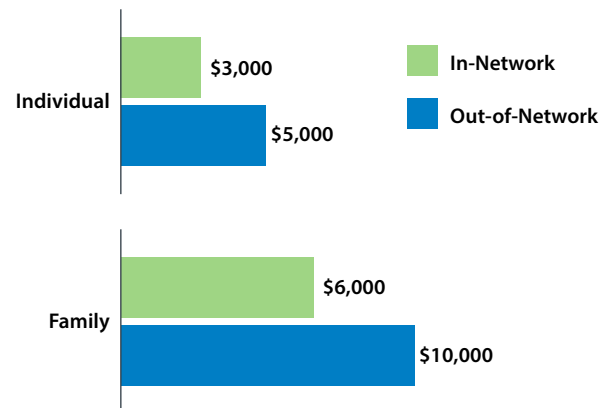


Figure 16:
Median Annual HMO Out-of-Pocket
Maximum Amount

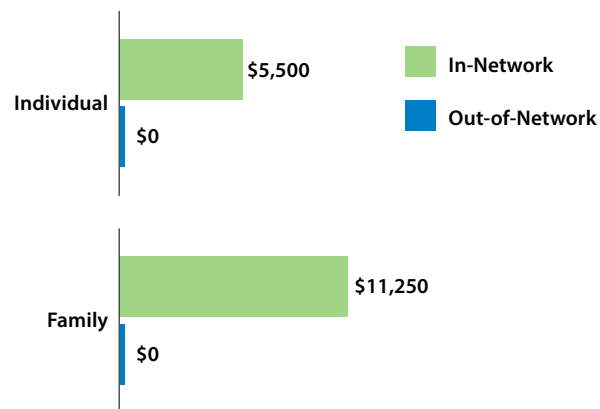


Figure 17:
Median Annual PPO Out-of-Pocket
Maximum Amount

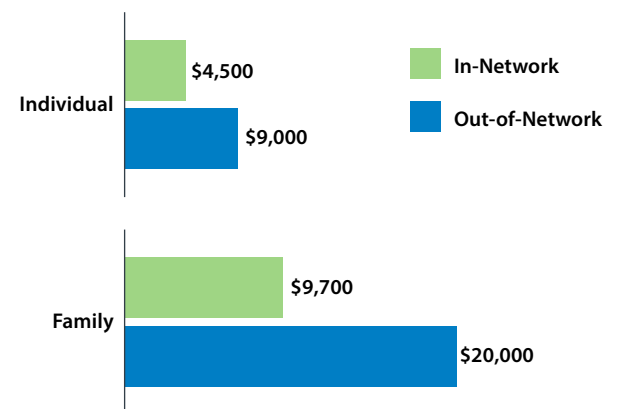
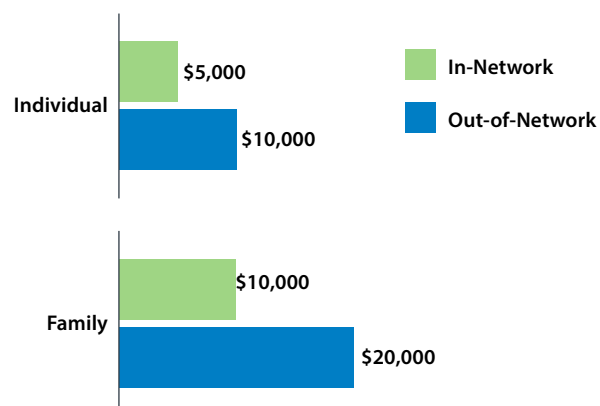


Figure 18:
Median Annual HDHP Out-of-Pocket
Maximum Amount



Part-Time Benefits

Although few employers offer part-time employees benefits, they remain a great bargaining tool for attracting and retaining talent, increasing job satisfaction and improving financial stability

Figure 19:

Percentage of Employers Offering Benefits to Part-Time Employees

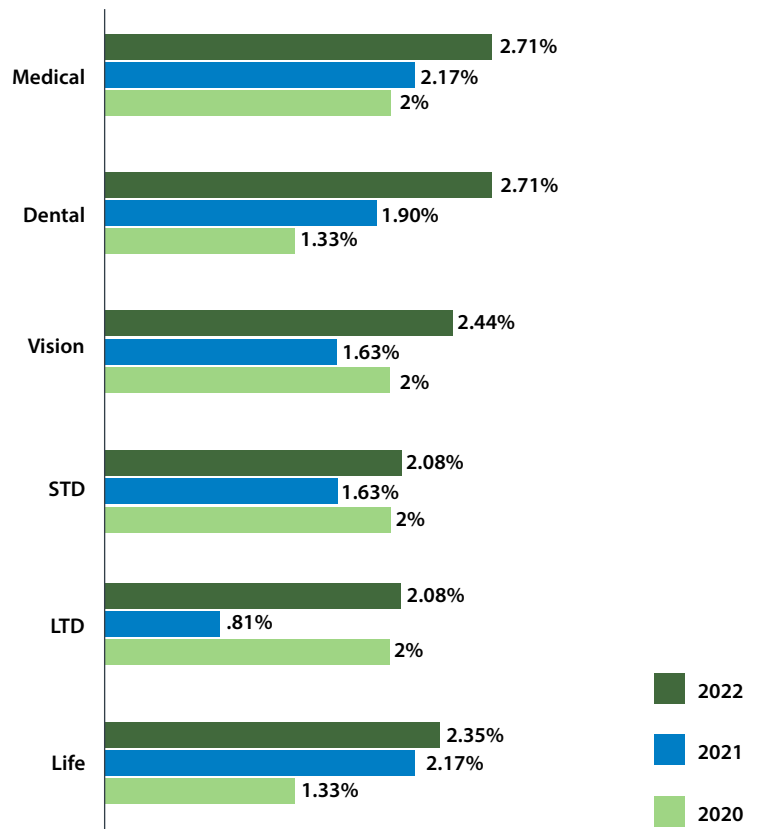
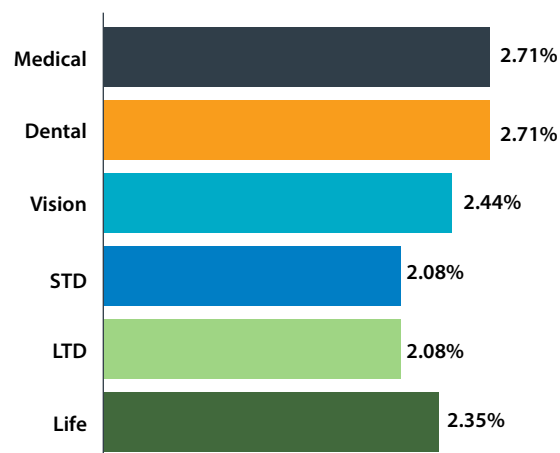


Figure 20:

Percentage of Employers Offering Part-Time Benefits



Dental Benefits

About two out of every three employers offer at least one dental plan. As an additional layer of financial security for employees, it remains a good value obtainable at a low cost. While out-of-pocket spend for dental coverage remains mostly flat, it's an invaluable tool that positively impacts employee health and can additionally aid in reining in other plan-related spending.

Figure 21:
Percentage of Employers Offering One or More Dental Plans

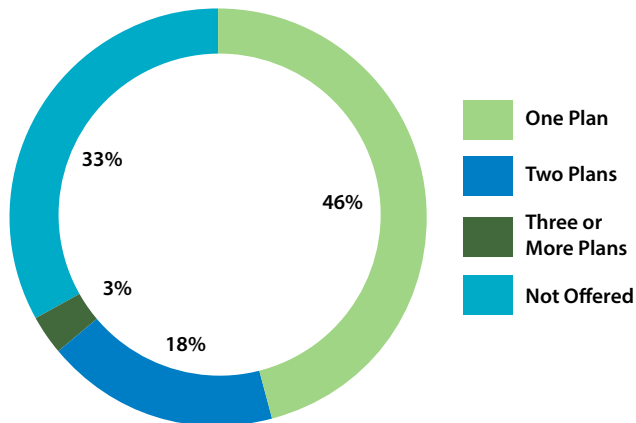


Figure 22:
Median Annual Employee Dental PPO (DPPO) Contributions by Coverage Tier

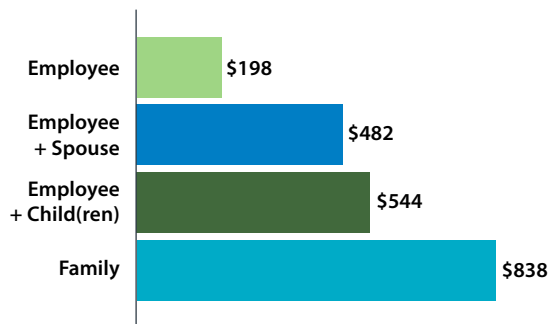


Figure 23:
Median Annual Employee Dental HMO (DMO) Contributions by Coverage Tier

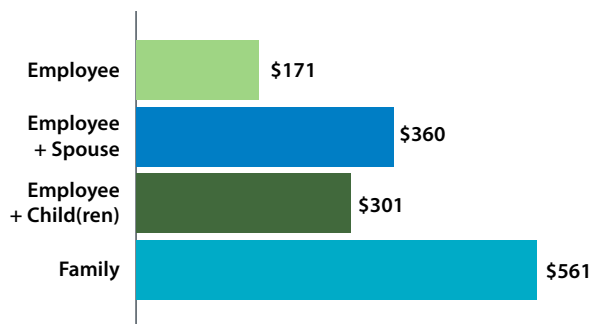


Figure 24:
Median Annual Total Premium (DPPO)

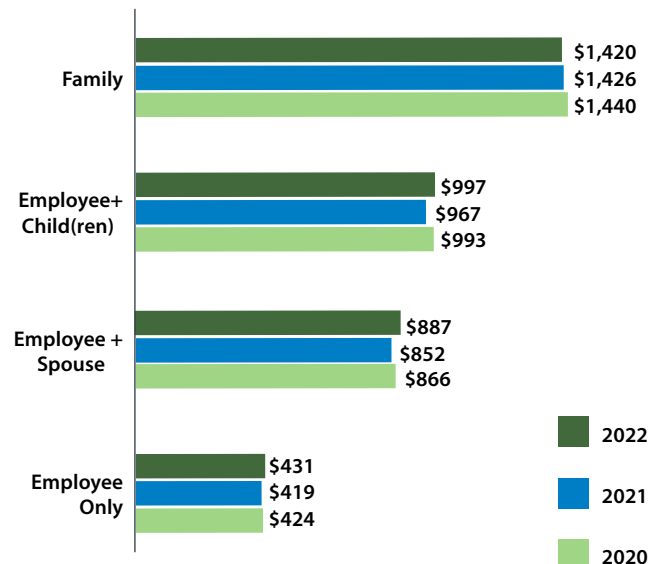


Figure 25:
Median Annual Employee Contributions (DPPO)

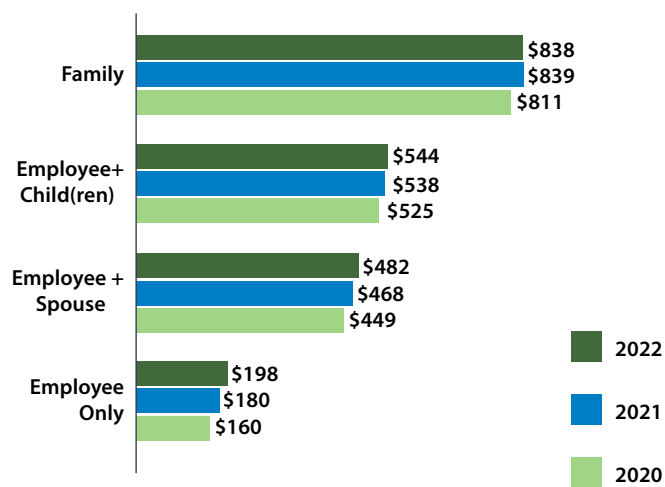


Figure 26:
Median Annual Employee Total Premium (DMO)

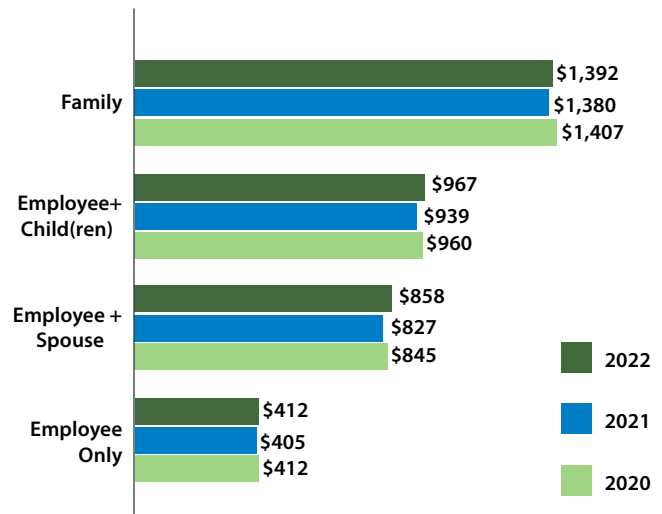
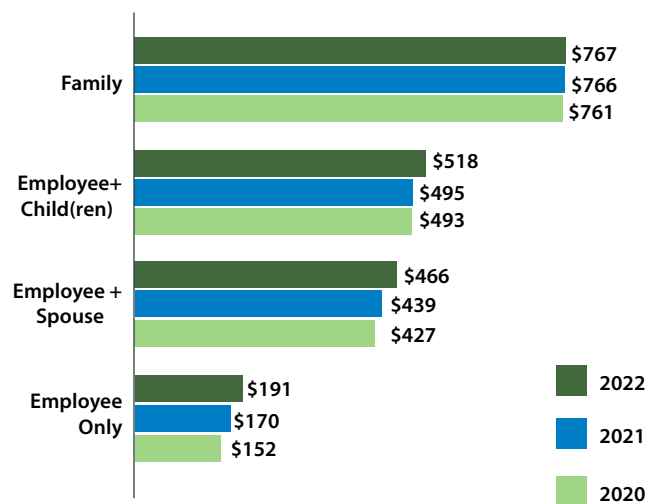


Figure 27:
Median Annual Employee Contributions (DMO)



Disability Benefits

Although the majority of employers do not offer short- or long-term disability plans, doing so provides yet an additional layer of financial security for employees. Furthermore, offering these benefits can demonstrate care and support while aiding in attraction, retention, and recruiting efforts.

Figure 28:

Percentage of Employers Offering One or More Short-Term Disability Plans

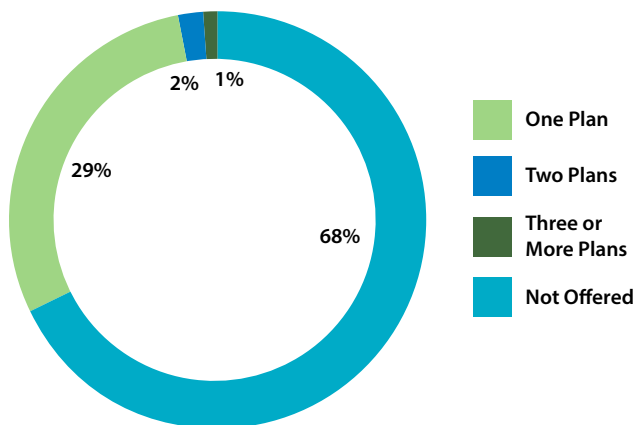


Figure 29:

Percentage of Employers Offering One or More Long-term Disability Plans

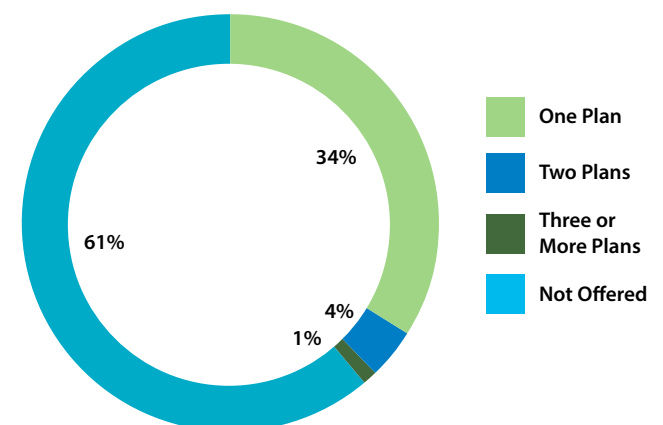


Figure 30:

Short-Term Disability Plan Premium Cost Share Arrangement by % of Employers

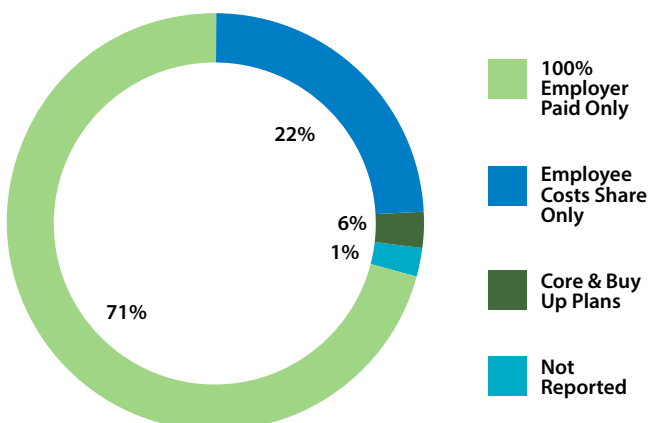
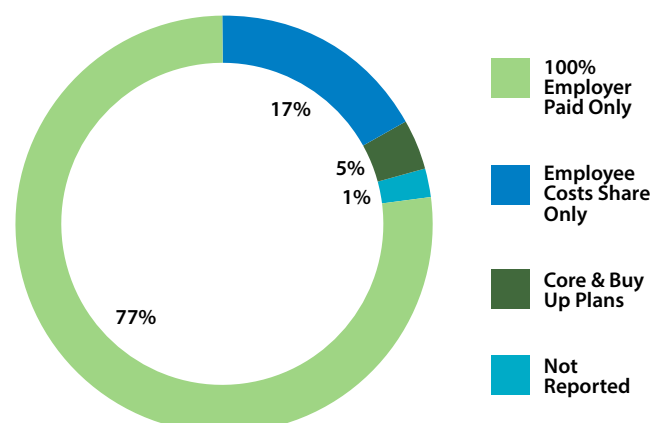


Figure 31:

Long-term Disability Plan Premium Cost Share Arrangement By % of Employers



Life Insurance Benefits

Voluntary benefit offerings like life insurance can also aid in attraction, retention and recruiting efforts. With the majority of plans being 100% paid by the employer, it is an easy win for organizations looking to demonstrate an investment in the long-term well-being of employees and their families.

Figure 32:

Percentage of Employers Offering One or More Life Insurance Plans

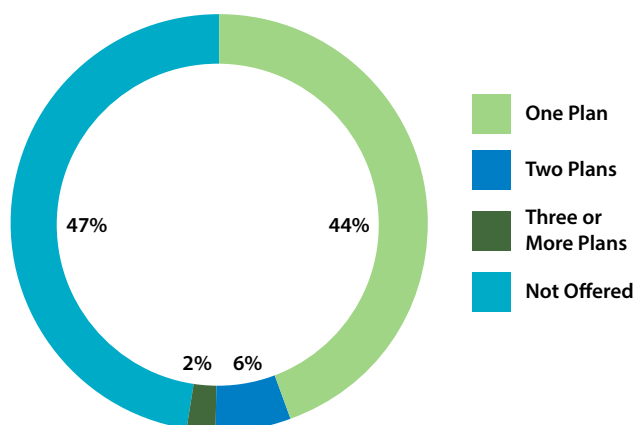


Figure 33:

Life Insurance Premium Cost Share Arrangement by % of Employers (Multiple of Salary)

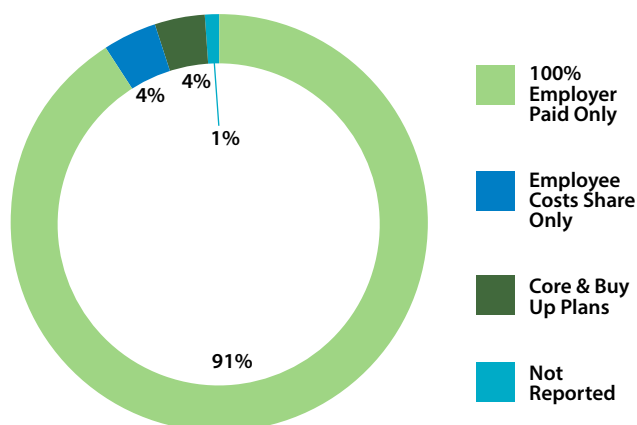
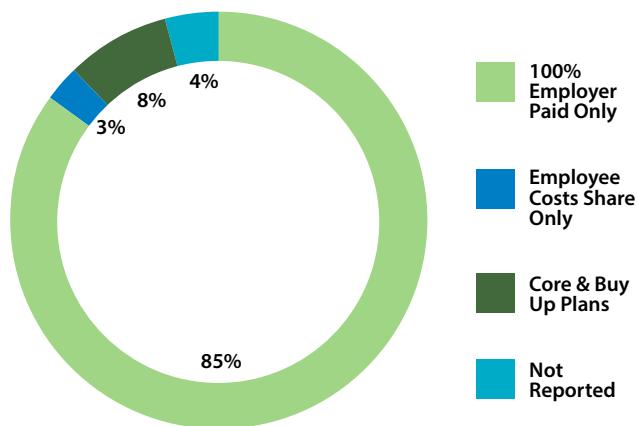


Figure 34:

Life Insurance Premium Cost Share Arrangement by % of Employers (Flat Amount)



Other Voluntary Benefits

Offering a wide array of voluntary benefits can provide additional layers of financial protection and protect employees from gaps in health coverage. They can further be personalized to the needs of the individual and are generally paid for by the employee.

Figure 35:

Types of Voluntary (Employee-Pay-All) Benefits Offered

	Corporations n=373	Public Employers n=51	Multiemployer Plans NA	Overall n=424
Accident insurance	55.0%	47.1%	NA	54.0%
Automobile insurance	13.7%	9.8%	NA	13.2%
Critical illness or cancer insurance	52.3%	39.2%	NA	50.7%
Hearing insurance	1.1%	9.8%	NA	1.7%
Hospitality indemnity insurance	29.2%	29.4%	NA	12.0%
Identity theft insurance	33.5%	25.5%	NA	32.5%
Legal services plan	35.1%	27.5%	NA	34.2%
Pet insurance	35.1%	21.6%	NA	33.5%
Student loan repayment assistance	5.1%	3.9%	NA	5.0%
Vision insurance	54.0%	41.2%	NA	49.3%
Other	0.0%	3.9%	NA	0.5%
None	11.0%	5.9%	NA	10.4%

Respondents were asked to select all that apply. (International Foundation of Employee Benefit Plans)

About the Data



The 2023 NFP US Benefits Trend Report (and the associated figures) draws on data from NFP's annual Benefits Trend Survey, annual Leave Management Survey, Benefits at Work Survey and client benchmarking database. Rounding conventions have been applied for readability. All other sources are as referenced throughout.

For full information on the methodology for each NFP survey, contact marketing@nfp.com.



About the Experts

Kim Bell

Kim is executive vice president, head of Health and Benefits at NFP, where she directs the overall strategy and operations for NFP's national employee benefits practice. With more than 30 years of experience in the employee benefits industry, Kim is an influential thought leader in the corporate benefits space. She graduated from Indiana University's Kelley School of Business with a Bachelor of Science in finance and has a Master of Science degree in management from Indiana Wesleyan University. Kim also holds the Certified Employee Benefits Specialist® (CEBS) designation from the International Foundation of Employee Benefit Plans.



Maria M. Trapenasso

Maria M. Trapenasso Maria is senior vice president, national practice leader of Human Capital Solutions for NFP. Maria leads the HR consulting practice and offers NFP's clients strategic guidance on HR related functions such as organizational harmonization, leave management and employment practices. Her expertise is in the areas of HR audits and compliance, and she assists clients in implementing comprehensive total rewards programs. Maria has over 28 years of Human Resources experience working in various industries and she holds a Senior Certified Professional designation from the Society of Human Resources Management, and a Leave Management Specialist certification from DMEC. Maria has been a professional member of SHRM and the National Association of Female Executives since 1998. Maria also holds a NY State Insurance license for Health, Life and Accident Insurance.

Deb Smolensky

Deb is senior vice president, Well-Being and Engagement practice leader. In addition, Deb serves as a subject matter expert for the insurtech, fintech and digital health verticals of NFP Ventures. She consults with a variety of clients, including numerous Fortune 500 companies, to develop programs and practices that empower employees and leaders to lead healthy, productive lifestyles through innovative and highly engaging solutions. Deb holds a bachelor's degree in accounting from Illinois State University as well as a multitude of certifications and designations in organizational health and productivity.





E. Heidi Cottle

Heidi is senior vice president, Cost Containment Strategies, collaborating with offices to develop strategies driven by data analytics, medical/clinical risk management programs and service/vendor assessments. With 30+ years of experience in the health and welfare market, Heidi has specialized insights on medical/Rx cost containment and emerging trends in traditional and non-traditional strategies. Heidi was also a finalist for the 2019 World Health Congress “Innovator of the Year” award, a reflection of her engagement in digital transformation efforts designed to enhance the client experience. Heidi holds over 30 health and welfare licenses, credentials and certifications in the U.S. and its territories to support a holistic view of the market.

Pamela Wheeler

Pamela is chief diversity and inclusion officer and is an accomplished leader with nearly three decades of experience improving diversity, equity, inclusion and belonging (DEIB) outcomes for employees, clients, partners and communities. She works with leaders across NFP, building from the DEIB foundation in place to move the organization forward with deliberate action, measurable results and continuous refinement. Prior to NFP, Pamela consulted with National Football League Operations on DEIB efforts and led the Women’s National Basketball Players Association, where she accelerated DEIB in a number of areas for the players. She earned a BA from Dartmouth College and a JD from Boston University.



Nelly Rose

As vice president of Clinical Pharmacy, Nelly supports NFP Rx Solutions with clinical insights and new initiatives while also providing strategic analysis for drug trends and utilization. She works directly with members to support and educate on clinical programs and drug interventions. Nelly received her Doctor of Pharmacy degree from St. Louis College of Pharmacy.



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