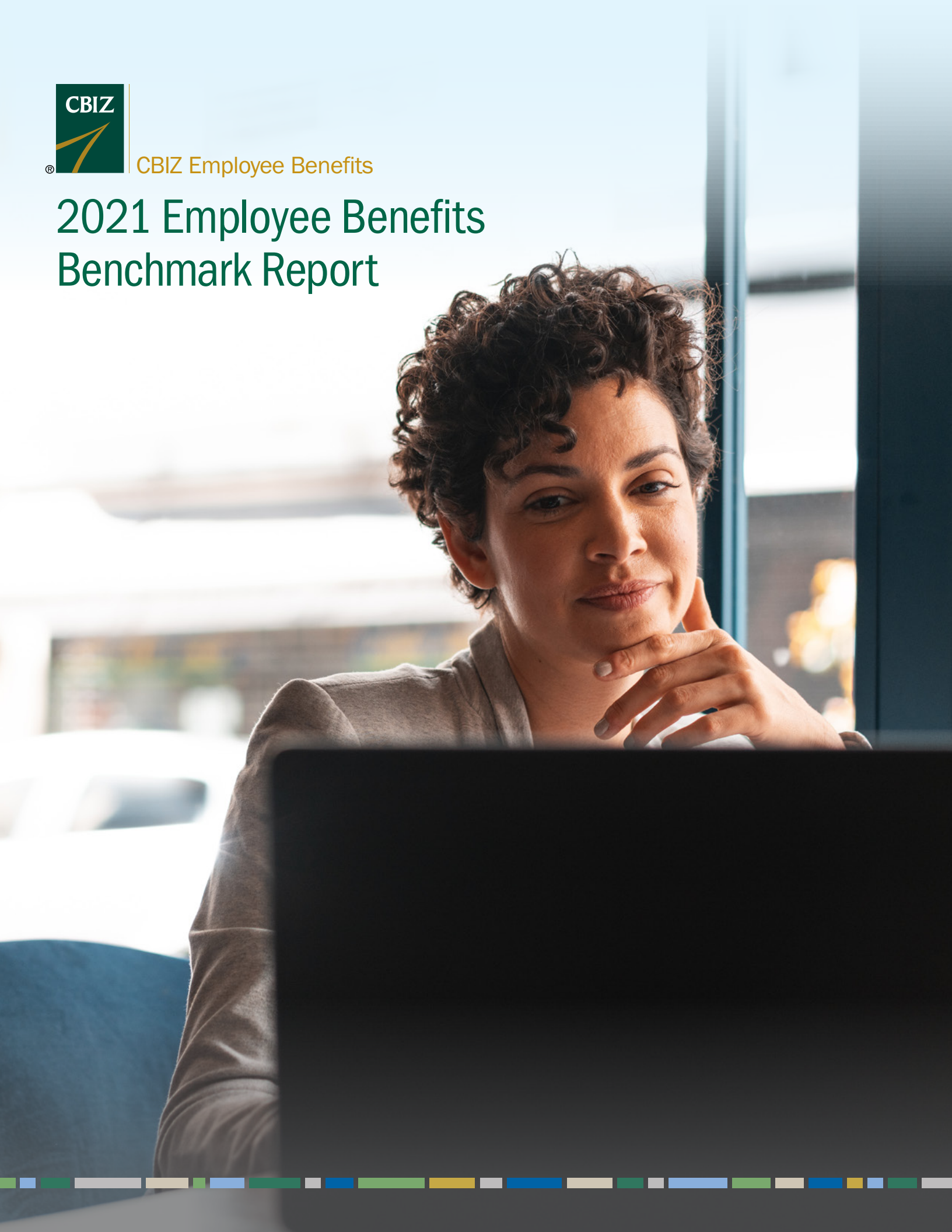




CBIZ Employee Benefits

2021 Employee Benefits Benchmark Report



Introduction

As an employer, you know it's critical to invest in a benefit plan that helps attract and retain high-quality talent, which ultimately has a positive financial impact for your organization. However, doing so in today's health care landscape while simultaneously trying to manage skyrocketing costs can be challenging.

This 2021 employee benefits benchmark report demonstrates how employers across the nation are responding to continually rising health care costs. The data in this report will show you what businesses in your area and industry are offering, helping you identify your plan's strengths and weaknesses in order to fortify your recruitment, retention, and group health and welfare efforts.

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Health Benefits Trends & Insights

Trends & Insights

These days, managing a health benefits program means managing change. Health care benefits must serve the evolving needs of employees and their families, support the organization's short- and long-term objectives, and adapt to the rapid-fire changes – even paradigm shifts – occurring in the health care market and in health care policy. Several factors are shaping the current benefits landscape.

Focus on Mental Health & Wellbeing

As a result of the COVID-19 pandemic, many aspects of the workplace have changed, including employer-sponsored wellbeing programs. Prior to the pandemic, employers were already making a shift in the way they viewed and implemented wellbeing initiatives. Some of these changes included focusing on holistic wellbeing and bolstering mental health offerings. Given the pandemic's effects on employees' health, it's no surprise that employers are expected to expand their wellbeing offerings moving forward. With these expectations in mind, here are three popular trends to look out for this year:

- **Greater Focus on Holistic Wellbeing** – Employers will continue to focus on offering benefits that address overall wellbeing rather than only physical wellbeing. A holistic approach to wellbeing helps address all aspects of the body and mind, as opposed to just the former. These plans include access to mental health professionals and assistance dealing with stress, depression and other concerns. Companies using this method are focusing more on metrics like employee satisfaction and retention than one-size-fits-all health plans. Employees are likely to expect a robust offering of wellbeing resources, which means it's important for employers to consider evaluating their current offerings to stay on trend.



■ Expanded Mental Health Resources –

COVID-19 has created an underlying pandemic that's affecting employees, regardless of whether they're working onsite or remotely. Americans are increasingly suffering from behavioral health issues, including mental health issues and substance abuse, with 80% reporting feeling moderately or highly stressed due to the pandemic, according to a survey from The Standard.

Employers have taken various approaches to addressing the mental health concerns and stress employees are experiencing. One of the most prominent trends is employers looking to expand access to mental health resources for their employees. In addition, employers are planning to revitalize or implement employee assistance programs (EAPs), and lower or waive costs for employees to access mental health resources.

■ Expanded Financial Wellbeing Resources –

Even prior to COVID-19, employers were focused on expanding financial wellbeing resources. However, the pandemic has put additional significant strain on employees across the country. According to MetLife's 18th Annual U.S. Employee Benefit Trends Study 2020, 81% of employees report feeling major financial stress since the onset of the pandemic.

Many organizations employ a diverse cast of employees; some may be nearing retirement while others may be finishing school. This means employees' financial stressors can be vastly different from one another. To combat this, some employers offer financial wellbeing programs to help reduce these stressors. These programs vary in complexity but can include virtual personal financial planning meetings, tuition reimbursement, seminars and payday loan assistance. The idea is to offer enough services so that all will have financial resources available, no matter their financial situation.





Enhanced (Digital) Employee Communication

There's no denying that COVID-19 has us relying on technology even more than before. And we know that employee benefits communications, including open enrollment, must now primarily be digital as a result of increasingly remote workforces and social distancing protocols. So, how can employers most effectively reach their audiences and keep their employees connected to their benefits using technology?

■ **Assess Your Audiences** – As you're thinking through ways to connect with your employees and get their attention, start with analyzing your audiences. When you look at the different groups within your organization, you must understand the nuances of each. Begin this exercise by breaking down all of your audiences and then map out what actions you ultimately want them to take. Also ask yourself . . . What are their needs? What are folks struggling with in their lives? How do they like to be communicated with? What types of messaging do they understand best? How do we match communications to connect with them in a meaningful way?



■ Multigenerational Communications –

Before jumping into selecting a technology, understanding that all employees, regardless of which generation they belong to, have communication preferences that can empower your team to create an adaptive benefits communications plan. In short:

- ☐ Baby Boomers prefer a phone call for important information but will also accept email
- ☐ Gen X prefers email over phone calls
- ☐ Millennials prefer mail and email
- ☐ Gen Z prefers face-to-face communication, even if it must be virtual

■ 3 Ways to Connect with Your Audience

- ☐ **Provide on-demand content.** Mediums like benefits guides, webinars and posters inform employees about their options but don't significantly reduce calls to HR. To respond to this need, consider on-demand options, including a benefits website, benefits FAQ page, virtual open enrollment, calendar tool, 1:1 video meetings and chatbots.
- ☐ **Help employees make better decisions.** Employees make better decisions about their benefits when they're provided guidance and education, including benefits decision-support tools, educational materials and virtual benefits fairs.



❑ **Ensure mobile communication is part of your strategy.** Mobile is the go-to resource to anchor the employee experience and reach them any time, any place. There are many mobile channels, including text messaging and mobile benefits apps.

■ **Track & Measure Engagement** – As with any good communication strategy, be sure to track, measure, analyze and solicit feedback. Use key performance indicators (KPIs) such as viewer-engagement tracking, video-viewing stats, clicks per view, average time on content, etc. All of this information will reveal where you're doing well and where there's room for improvement. Make adjustments accordingly.

Round Out Employee Benefits Offerings with Voluntary Benefits

Voluntary benefits have always been an excellent means for employers to round out their employee benefits offerings. These add-on benefits allow for enhanced personalization that can help satisfy the unique needs of participants and their dependents. As a result, offering voluntary benefits options can enhance employee attraction, retention and engagement. Three voluntary benefits trends to consider:

■ **Expanding Voluntary Benefits Offerings** – The number of employers offering voluntary benefits is expected to continue to increase, as is the variety and quality of options, such as elder care and critical illness insurance. To stay competitive for top talent, businesses should keep pace.

■ **Focus on Financial Wellbeing** – Many employers are adding a greater number of financial-related voluntary benefit offerings. These can include 401(k) vesting, financial planning services and student loan payback, among others.



- **Greater Customization** – Benefits programs that enable greater customization beyond traditional benefits, such as pet insurance and identity-theft protection, are proving to be a savvy recruiting and retention technique, especially among a multigenerational workforce.

Health Care Plan Innovation & Cost Mitigation

The Society for Human Resource Management (SHRM) reports that health insurance premiums have grown by 54% over the last 11 years. Moreover, employees have shouldered 71% of the burden. Things have come to a breaking point at which both employers and employees can no longer afford rising premiums. This suggests that employers will start looking for more innovative health care plans that allow them to better manage the rising cost of benefits.

Cost-containment solutions reduce and manage overall risk to employer health plans, which produces

lower overall premium and budgetary pressure. These solutions lead to more innovative plan design, which creates steerage incentives to drive employee-patients to better overall outcomes. In order for an employer's health care ecosystem to achieve these outcomes, the employer's plan should include tactics that:

- Protect against unnecessary spending due to fraud, waste and abuse
- Provide structured and reasoned access to primary care
- Guide minor acute care to efficient and low-cost sites of care (e.g., telemedicine, urgent care)
- Construct a care coordination methodology that handholds patients through health care navigation and care-delivery decisions for both routine and complex matters, as well as creates a 360-degree composite view of the patient as a unique individual
- Promote value-based care for situational diagnoses (e.g., low back pain, diabetes, dialysis)
- Align benefit deliverables with evidence-based medicine and proper diagnosis for high-dollar and catastrophic conditions (e.g., birth abnormalities, cancer, autoimmune conditions)
- Account for health care system outliers and have a plan to negotiate and contest their impacts on overall health spend
- Manage the pharmacy contracting and purchasing process to ensure the best overall drug procurement strategy
- Collect and analyze ongoing data to deduce patterns, trends and opportunities regarding overall ecosystem performance





ON DEMAND WEBINAR

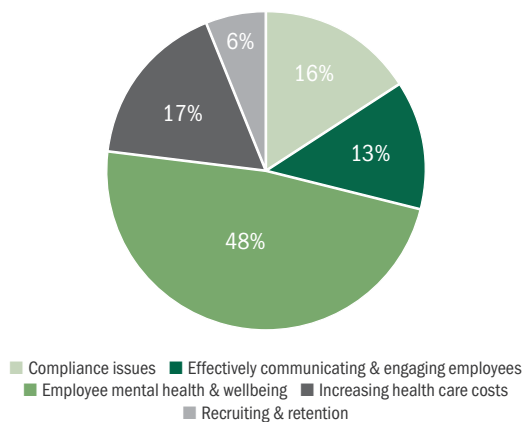
Is your total rewards strategy actually a reward to employees? If you aren't sure, check out our on-demand webinar, [Total Rewards Program – Maximize Your Investment; Stay Ahead of the Competition.](#)

You'll get access to an exclusive recording and presentation slides to gain executive-level perspective on defining your total rewards by diving into tangible rewards like salary and benefits. You'll also learn about the employee experience and how to leverage effective communication strategies to increase the value of your overall benefits program.

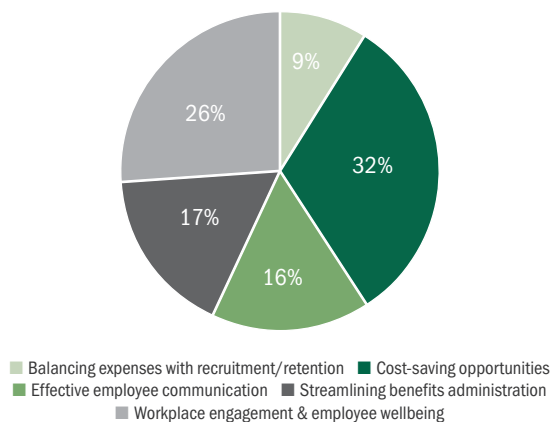


COVID-19's Impact on Employer Benefits Strategy

What is your top concern related to COVID-19 and its future impact on your business?



What is your top priority within your benefits program this year?



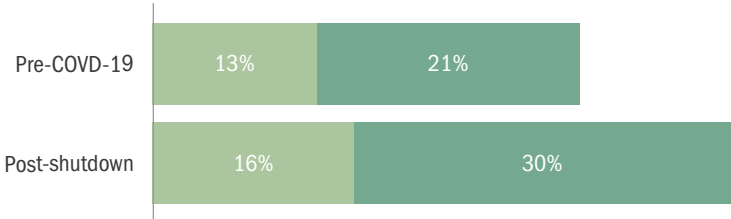
COVID-19’s Impact on Employer Benefits Strategy

How have employers shifted their strategies in the wake of COVID-19?

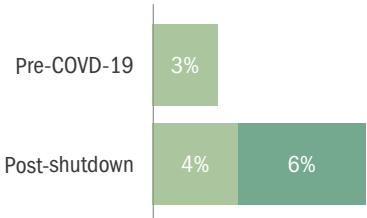
Increase employee premium contributions



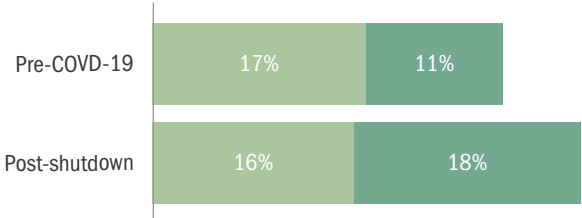
Narrow network



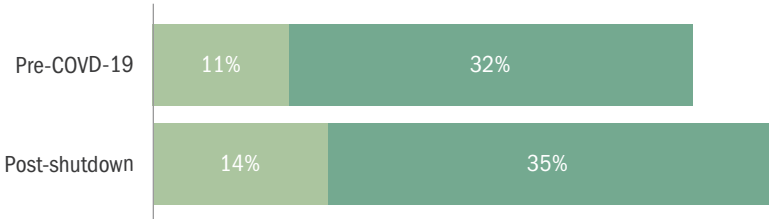
Private exchange for active employees



Full replacement high deductible plan



Performance-based network



■ Already implemented ■ Under consideration

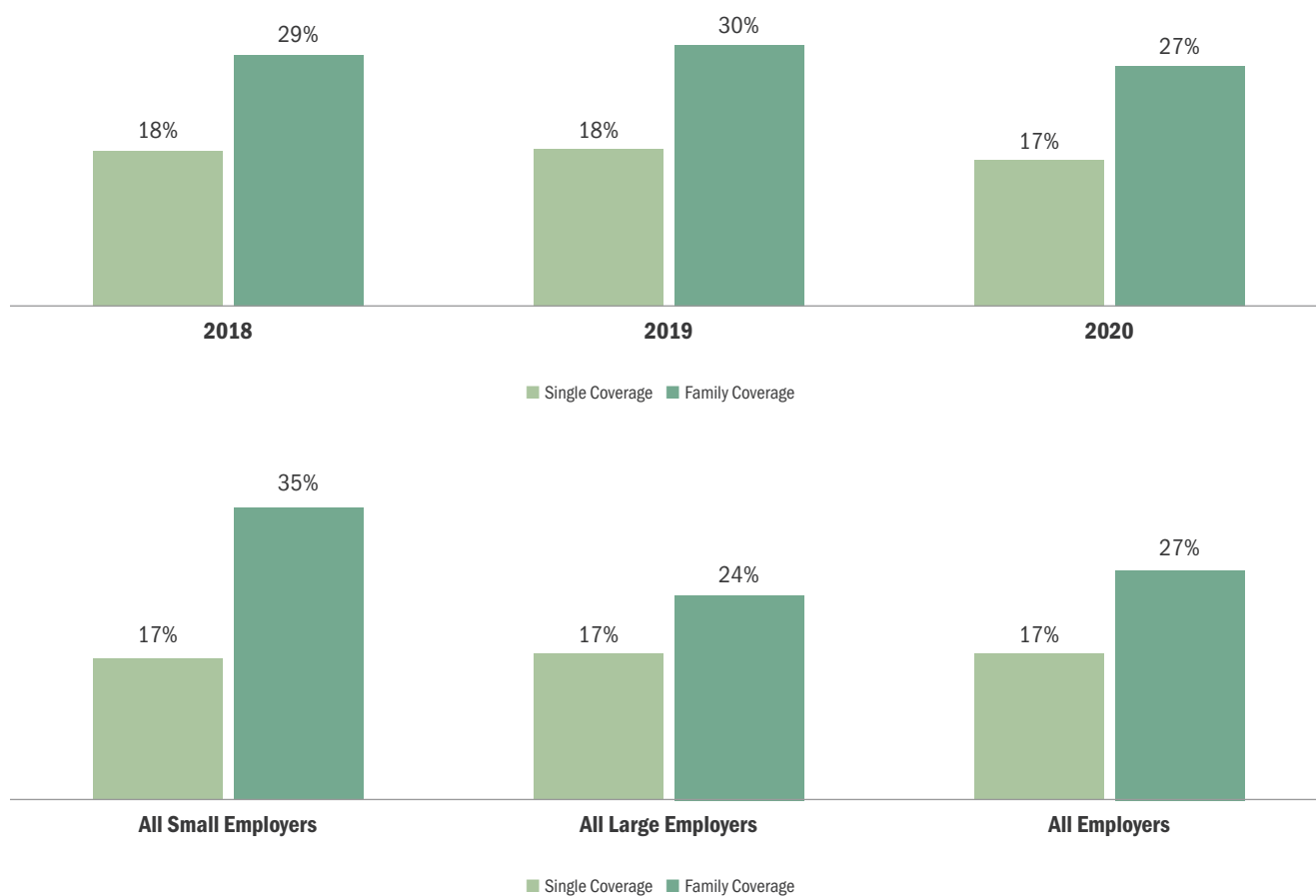


Health Plan Costs

How are employers' health plans funded?

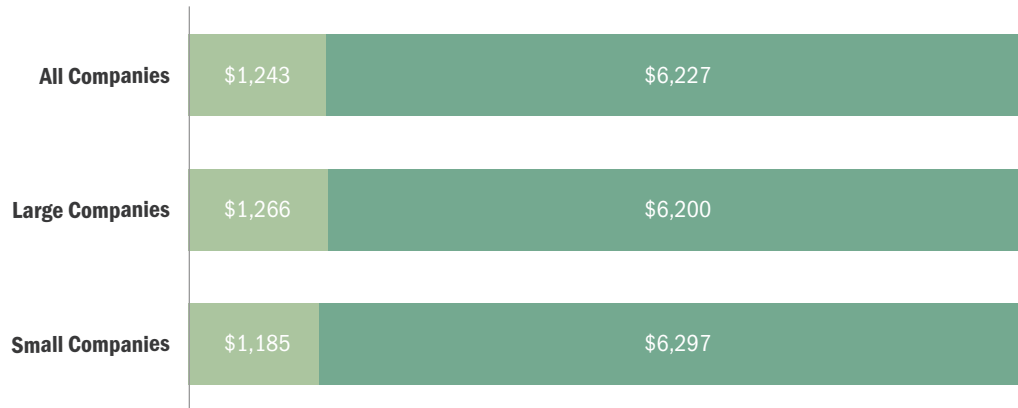
Funding Method	Overall %
Fully Insured	31.4%
Completely Self-Funded	10.6%
Self-Funded with aggregate stop-loss coverage	9.4%
Self-Funded with specific stop-loss coverage	19.3%
Self-Funded with both aggregate and specific stop-loss coverage	27.9%

What is the average annual percentage of premium paid by covered employees?

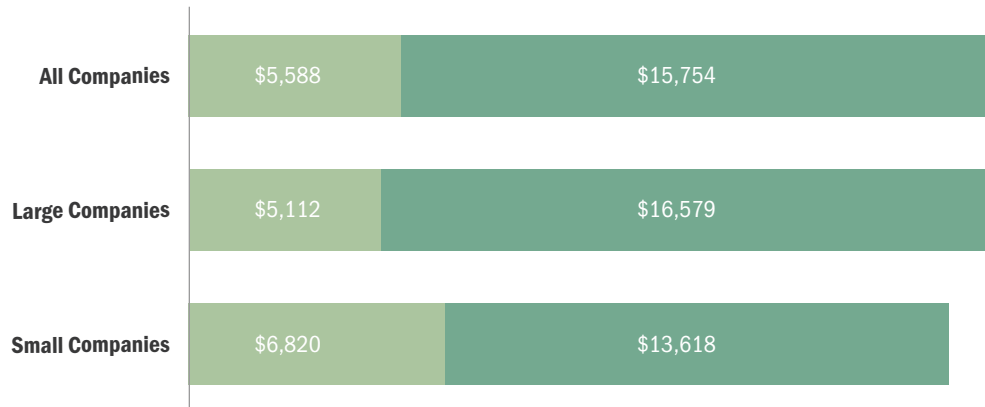


Health Plan Costs

What is the average annual employee and employer contribution toward the premium for single coverage?



What is the average annual employee and employer contribution toward the premium for family coverage?



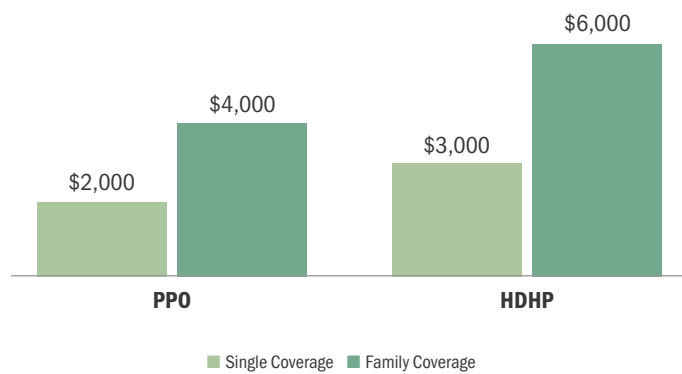
■ Employee Contribution ■ Employer Coverage

NOTE: Small Companies have 3-199 workers and Large Companies have 200 or more workers.

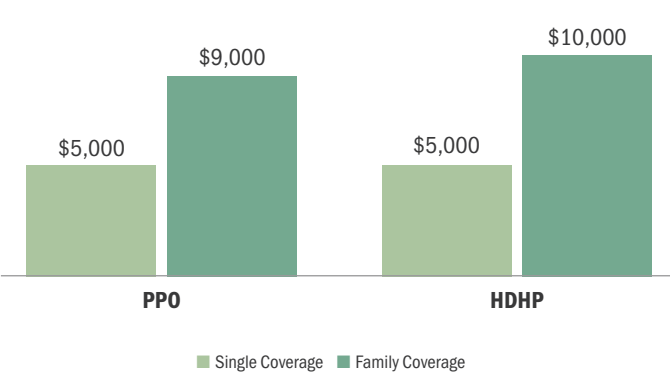


Health Plan Costs

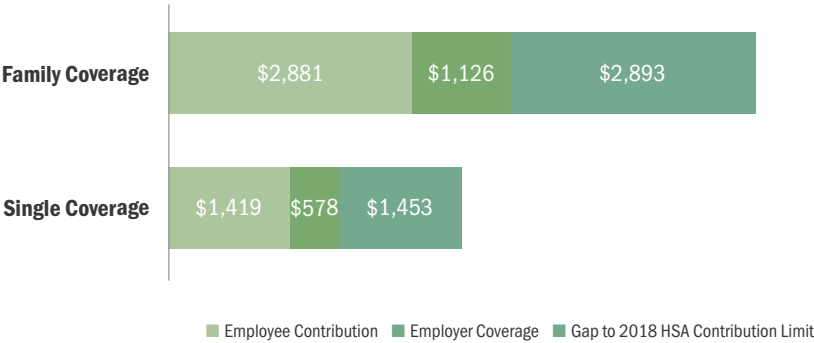
What is the median in-network deductible for single and family coverage by plan type?



What is the median out-of-pocket maximum for single and family coverage by plan type?

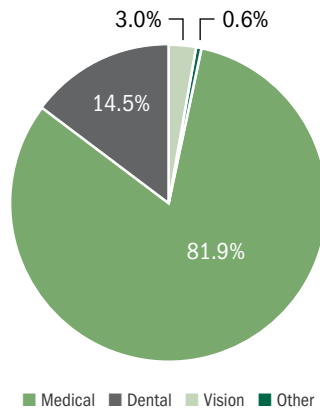


What is average annual employee and employer HSA contribution for single and family coverage?



Health Plan Costs

What is the breakdown of HSA Expenditures by category (2020)?



What are consumers spending their HSA on? (per category in 2020)

Consumer HSA Spend per Category (2020)	
Doctor Visits & Services	48.7%
Dental	14.5%
Hospital	13.6%
Prescription Drugs	13.2%
Chiropractor	3.0%
Vision & Eyewear	3.0%
Lab Work	1.7%
Other	1.6%
Mental Health	0.3%



Health Plan Costs

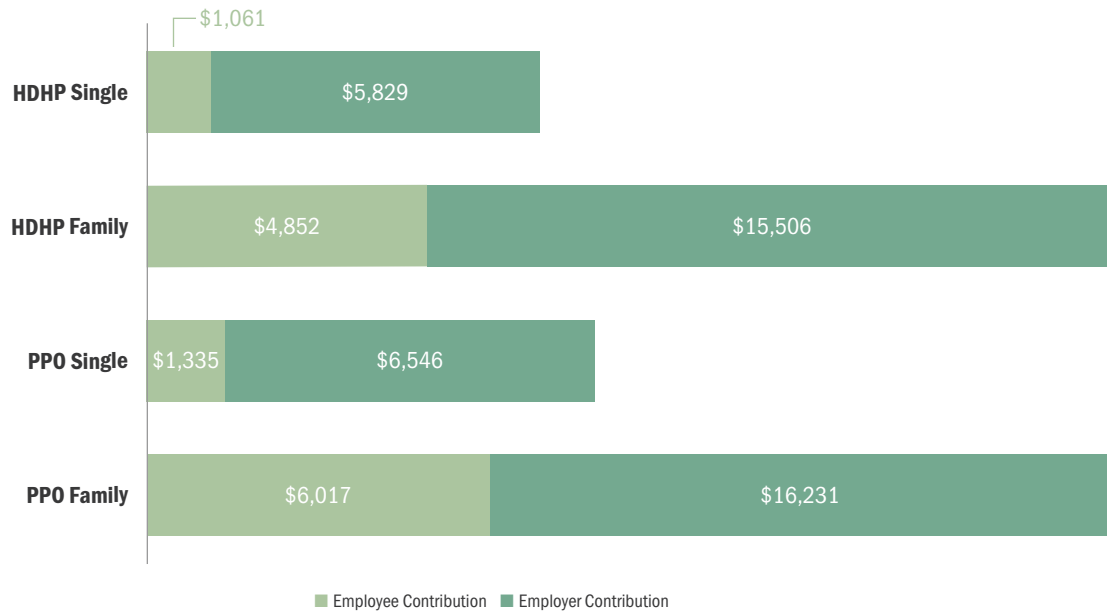
What cost-management techniques are employers utilizing for health plans?

Administration / Data Analysis Initiatives	% of Employers
Health care claims audits	42.6%
Health care claims utilization analysis	60.1%
Predictive modeling	26.5%
Cost Sharing	% of Employers
Two tiers for cost sharing	34.0%
Three tiers for cost sharing	20.3%
Four tiers for cost sharing	18.7%
Five or more tiers for cost sharing	3.4%
Plan Design / Program Initiatives	% of Employers
Dependent eligibility audits	37.2%
Opt-out incentives	12.2%
Spousal surcharge / carve outs	13.8%
Purchasing / Provider Initiatives	% of Employers
Centers of excellence	37.1%
Direct contracting with health care providers	15.4%
Health care coalitions / purchasing groups	13.1%
Domestic medical travel / tourism	5.1%
Narrow networks	7.9%
Price transparency / comparison tools	36.5%
Provider health care quality initiatives	13.2%
Reference-based pricing	4.4%
Telemedicine	80.3%
Tiered provider networks	12.1%



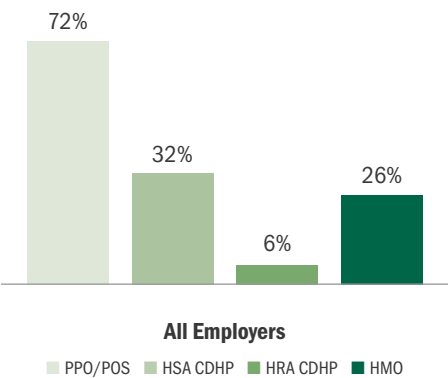
Health Plan Design

What is the average annual employee and employer contribution toward the premium by plan type and coverage level?

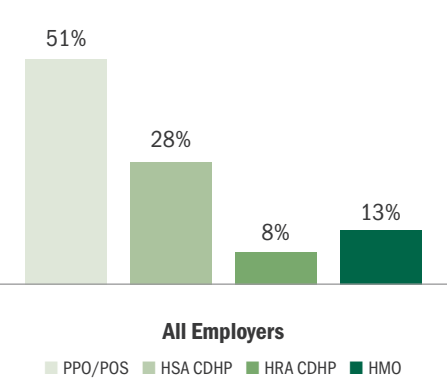


Health Plan Design

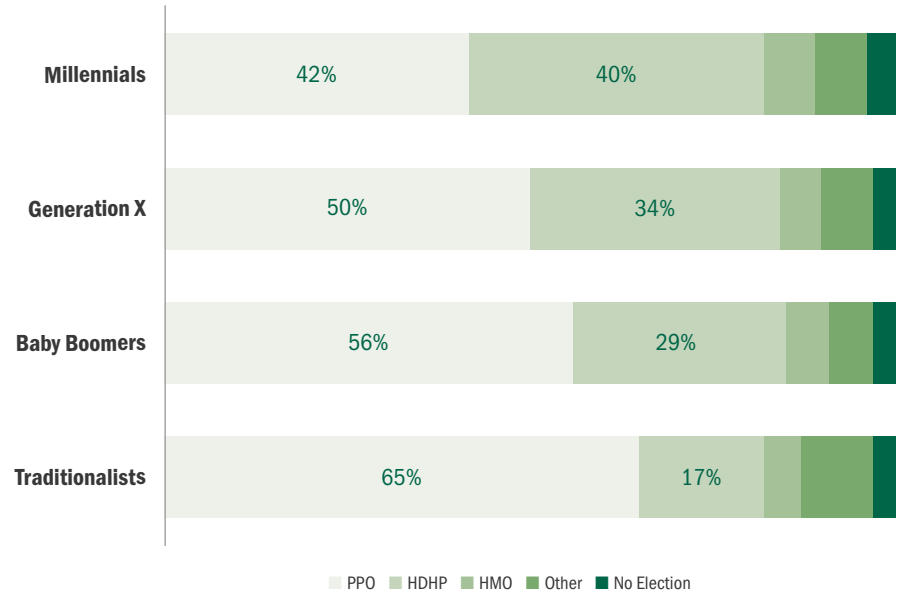
What percentage of employers offers at least one of the following health plans?



What health plans are a majority of covered employees enrolled in?

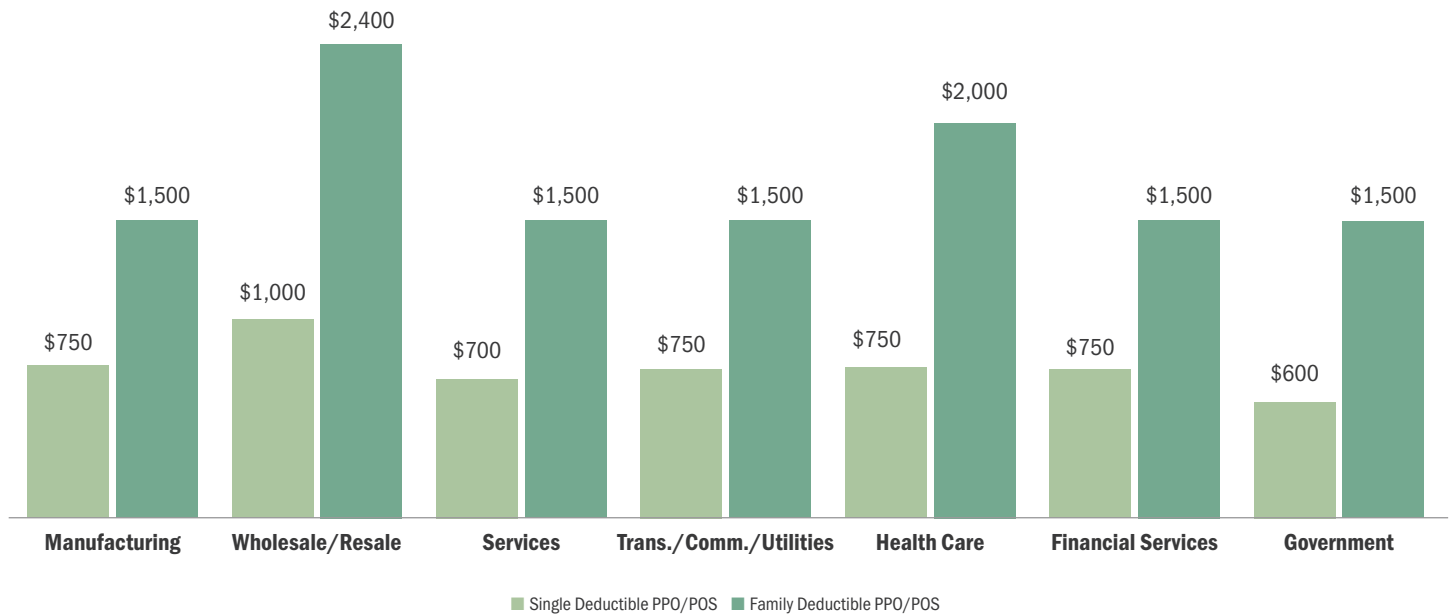


What health plans do employees participate in when offered at least one HDHP and one traditional plan?

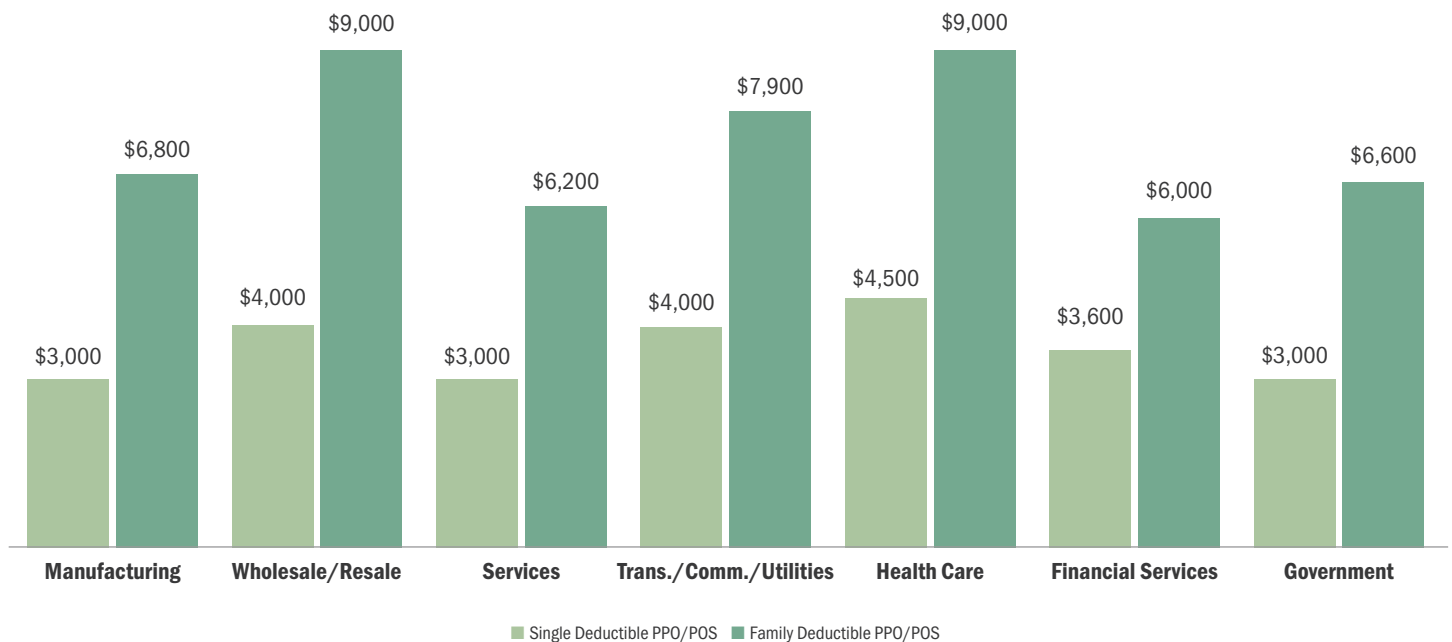


Health Plan Design

By industry, what is the median single and family deductible (PPO/POS)?

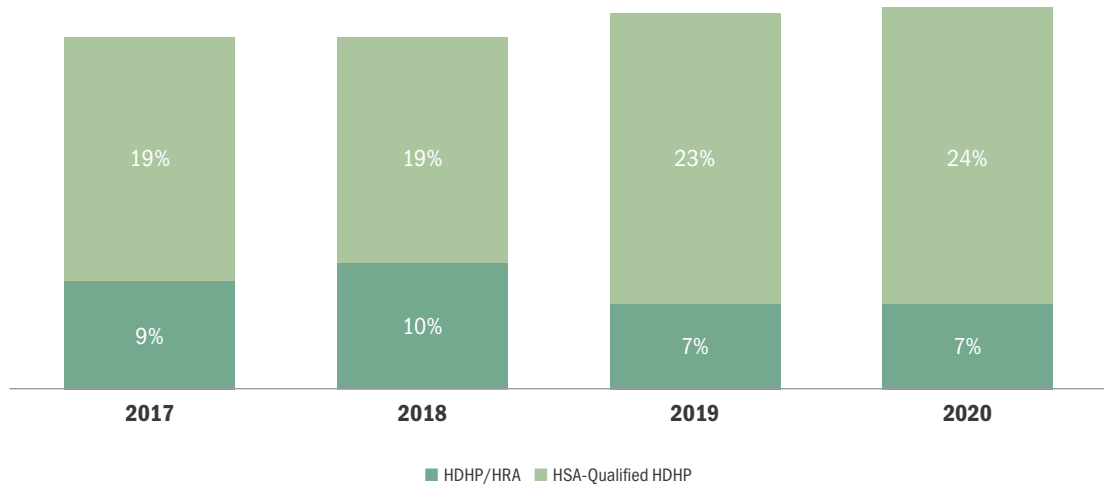


By industry, what is the median single and family out-of-pocket maximum (PPO/POS)?



Health Plan Design

What percentage of covered employees are in an HDHP with HRA or qualified HSA HDHP?



What percentage of employers are offering savings opportunity benefits?

Health Savings & Spending Accounts	2017	2018	2019
Medical flexible spending account (FSA)	65%	63%	68%
FSA run-out period	49%	51%	49%
FSA carryover provision	46%	46%	43%
FSA grace period	32%	37%	30%
Health savings account (HSA)	55%	56%	56%
Health care premium flexible spending account	40%	35%	29%
Employer contributions to health savings accounts (HSAs)	36%	37%	39%
Health reimbursement arrangement (HRA)	20%	19%	19%



Workplace Engagement & Wellbeing

What is the growing interest in wellbeing programs among employers?

	Currently offering	Average % of eligible employees participating	Frequency of being cited in top five valuable wellness programs
Employee Assistance Program (EAP)	98%	22.4%	77%
Tobacco/smoking cessation	72%	11.3%	26%
Physical activity programs and/or fitness	71%	28.1%	41%
Health risk questionnaire	67%	53.3%	36%
Biometric screening	69%	51.4%	57%
Weight management	68%	18.4%	24%
Stress management	67%	20.0%	32%
Financial literacy	66%	25.3%	28%
Fitness center membership fee/class	51%	31.2%	33%
Executive health exam	30%	42.6%	N/A
Meditation resources	36%	17.1%	N/A
Mentoring programs	24%	17.4%	N/A



Workplace Engagement & Wellbeing

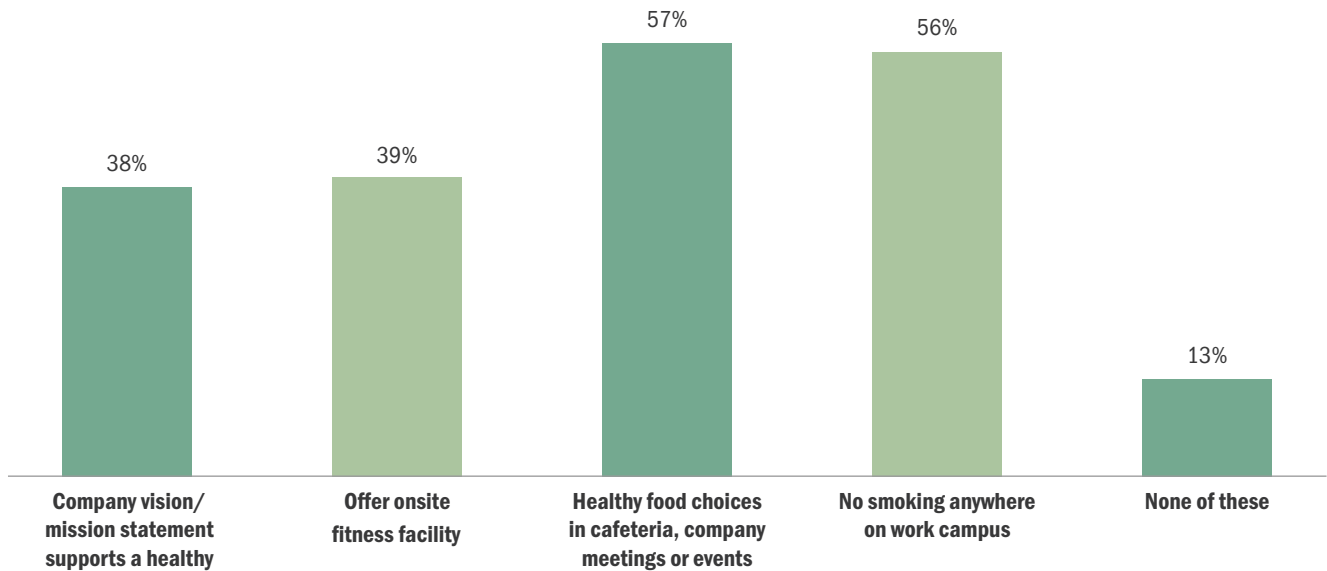
What percentage of employers are offering wellness resources & programs?

Wellness Resources, Programs & Events	2017	2018	2019
Wellness tips or information provided to employees at regular intervals (newsletter, column, email, social media, etc.)	62%	65%	64%
Wellness program with resources	59%	62%	58%
Onsite seasonal flu vaccinations	58%	60%	60%
Health risk assessment	40%	41%	43%
Rewards or bonuses for completing certain health and wellness programs	39%	40%	38%
Tobacco cessation program	37%	40%	39%
Health fairs	35%	30%	33%
Preventive programs specifically targeting employees with chronic health conditions	33%	25%	24%
Onsite health screening programs (e.g., glucose, cholesterol)	29%	30%	31%
Company-organized fitness competitions/challenges	28%	38%	38%
Onsite stress management program	7%	12%	13%
Wellness Spaces & Fitness	2017	2018	2019
Standing desk	44%	53%	60%
Onsite quiet room for personal use (e.g., prayer, meditation)	15%	20%	21%
Onsite nap room	4%	5%	4%
Onsite fitness center or classes	25%	25%	29%
Health Care Premium Discounts/Surcharges	2017	2018	2019
Smoking surcharge for health care plans	19%	18%	21%
Health insurance premium discount for participating in wellness program (e.g., tobacco, weight loss, health risk assessment)	17%	20%	31%



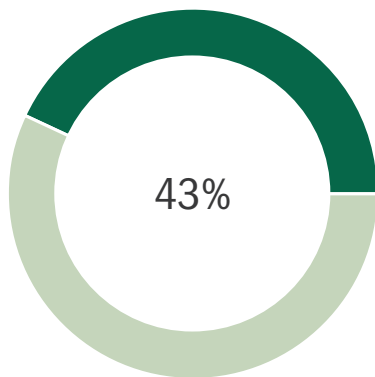
Workplace Engagement & Wellbeing

What percent of employers have taken the following steps to build a culture of health?*



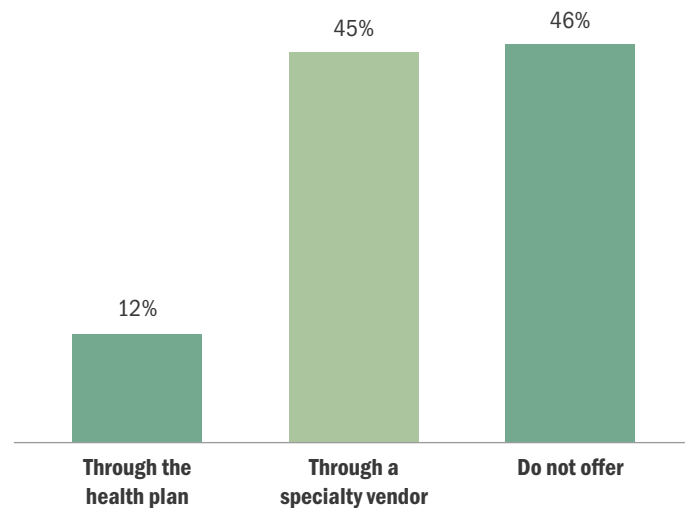
*500 or more employees

What percent of employers are using tech-enabled resources to engage employees in caring for their health?*



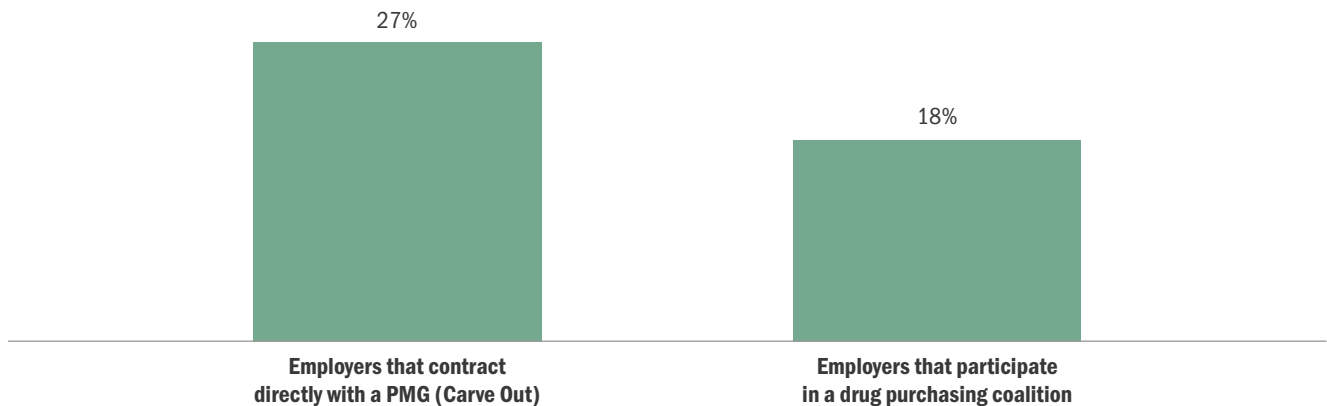
*500 or more employees

What percent of employers are offering resources to help employees improve their financial health?

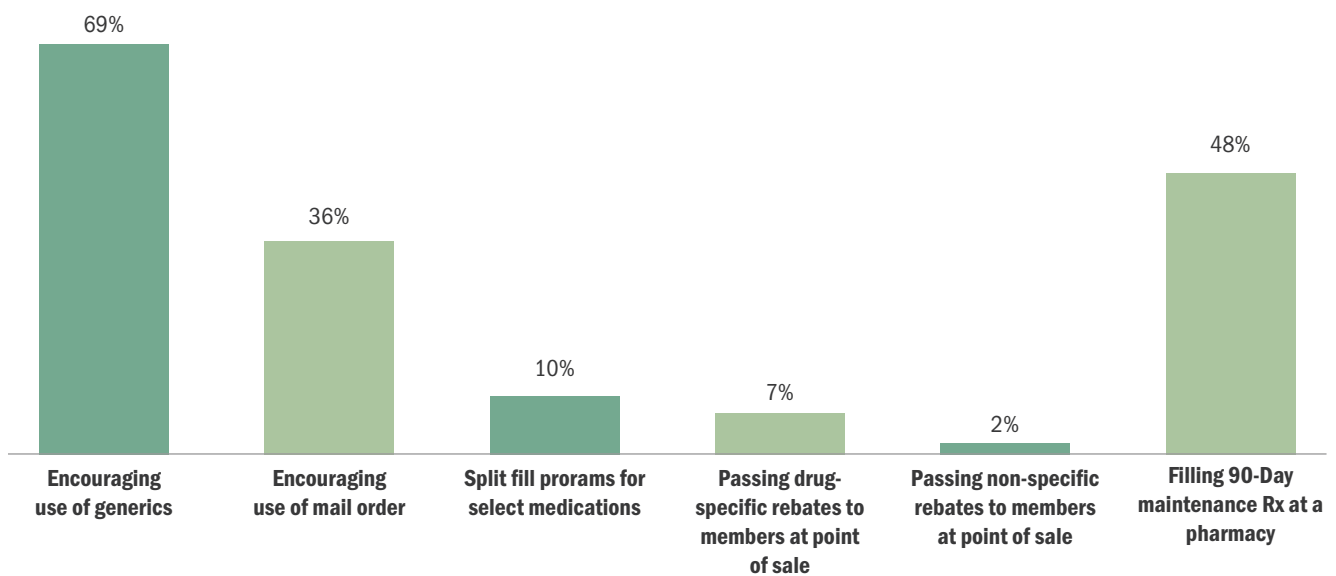


Prescription Drug Management

What percentage of employers implement prescription drug cost-management strategies?



What percentage of employers have the following provisions included in prescription drug plans?



Prescription Drug Management

What cost-management techniques are employers utilizing for prescription drug plans?

Cost Sharing	% of Employers
Three tiers for cost sharing	51.8%
Four tiers for cost sharing	26.0%
Five or more tiers for cost sharing (deductible, coinsurance, copays)	5.0%
Coverage Limits by Type of Drug	% of Employers
Cover select over-the-counter (OTC) drugs	17.0%
Do not cover at all or limit coverage of lifestyle drugs	13.3%
Drug formulary	78.8%
Mandate use of generic drugs when available	37.1%
Preferential pricing agreements	11.2%
Promote use of generic drugs via financial incentives	38.3%
Reference-based pricing	5.2%
Special limits for specialty and biotech drugs	27.1%
Step therapy	52.5%
Drug Access Controls	% of Employers
Drug-card program	16.4%
Mail-order drug service	74.0%
Onsite or near-site pharmacy	10.4%
Preferred provider networks	41.4%
Prior authorization, utilization management	53.0%
Split/partial fill strategies	9.0%
Purchasing / Administration	% of Employers
Collective purchasing group	8.6%
Pharmacy benefit manager (PBM)	62.7%



Leave Benefits

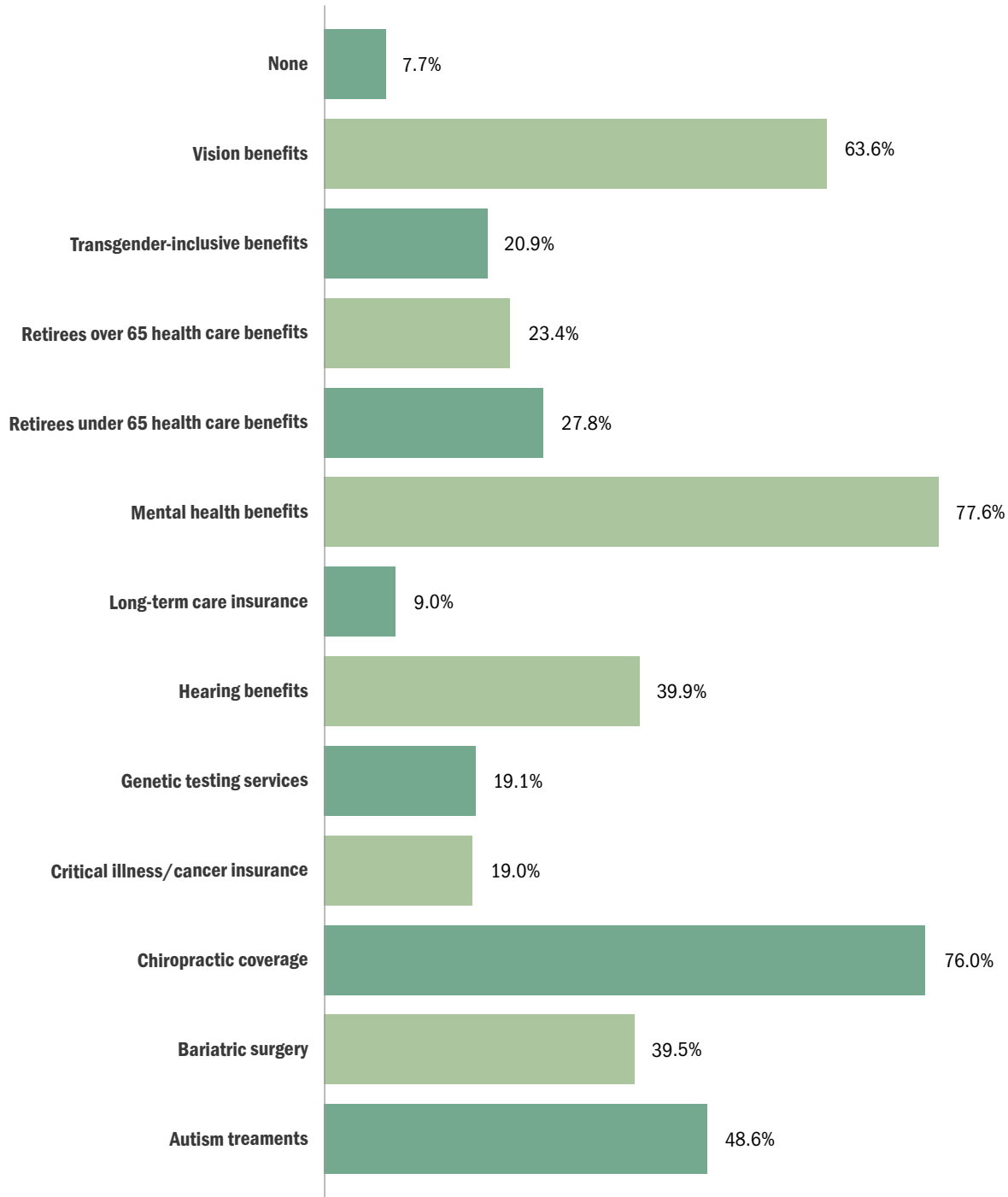
What percent of employers are offering specific leave benefits?

Leave for New Parents	2017	2018	2019
Paid parental leave	79%	88%	89%
Paid paternity leave (includes coverage by family/parental leave)	24%	29%	30%
Paid adoption leave (includes coverage by family/parental leave)	23%	28%	29%
Paid maternity leave (includes coverage by family/parental leave, other than what is covered by short term disability or state law)	30%	35%	34%
Paid foster child leave (includes coverage by family/parental leave)	15%	21%	19%
Paid surrogacy leave (includes coverage by family/parental leave)	8%	12%	10%
Parental leave above federal FMLA leave	16%	14%	20%
Parental leave above state FMLA leave	15%	14%	19%
Family & Elder Care Leave	2017	2018	2019
Paid family leave	21%	27%	24%
Family leave above federal FMLA leave	21%	16%	22%
Family leave above state FMLA leave	19%	14%	19%
Elder care leave above federal FMLA leave	10%	10%	13%
Elder care leave above state FMLA leave	9%	9%	12%
Other Paid Leave	2017	2018	2019
Paid bereavement leave	79%	88%	89%
Paid jury duty beyond what is required by law	65%	64%	65%
Paid time off to vote	42%	44%	43%
Unpaid time off to vote	33%	29%	31%
Paid military leave	25%	21%	22%
Paid time off for volunteering	22%	24%	26%
Paid time off to serve on the board of a community group or professional association	20%	19%	19%
Unpaid sabbatical program	12%	10%	11%
Paid sabbatical program	5%	5%	5%



Voluntary Benefits

What other types of voluntary benefits are employers offering?



Voluntary Benefits

What percentage of employers are offering ancillary benefits?

Dental, Vision, EAP & Other Insurance	2017	2018	2019
Dental insurance	96%	97%	97%
Vision insurance	88%	90%	91%
Employee assistance program (EAP)	77%	78%	79%
Critical illness insurance	32%	40%	42%
Cancer insurance (separate from critical illness insurance)	28%	33%	29%
Hospital indemnity insurance	22%	26%	25%
Intensive care insurance	18%	19%	17%
Disability & Accident Insurance	2017	2018	2019
Accidental death and dismemberment insurance (AD&D)	81%	83%	83%
Long-term disability insurance	72%	72%	71%
Short-term disability insurance (beyond state-required programs and does not pertain to employee-paid supplemental insurance)	65%	64%	61%
Supplemental accidental death and dismemberment insurance (employee- or employer-paid)	63%	66%	67%
Supplemental short-term disability insurance (employee- or employer-paid)	55%	47%	45%
Supplemental long-term disability insurance (employee- or employer-paid)	49%	47%	43%
Accident insurance (separate from travel accident insurance)	33%	32%	27%
Supplemental accident insurance	29%	35%	35%





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About CBIZ Employee Benefits

At CBIZ Employee Benefits, we're passionate about providing strategic solutions that will drive employee engagement and build a dynamic and thriving workplace culture. This isn't cookie-cutter consulting. Our team of forward-thinking professionals will collaborate with you to develop an actionable plan designed to help you navigate the complexities of your benefits strategy, addressing your unique pain points and goals. You can count on us – with over 4,500 clients and 500 associates nationwide – as your trusted advisors committed to your success.

To learn more, visit us at cbiz.com/employeebenefits.



CBIZ Employee Benefits

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