

PLANSOURCE

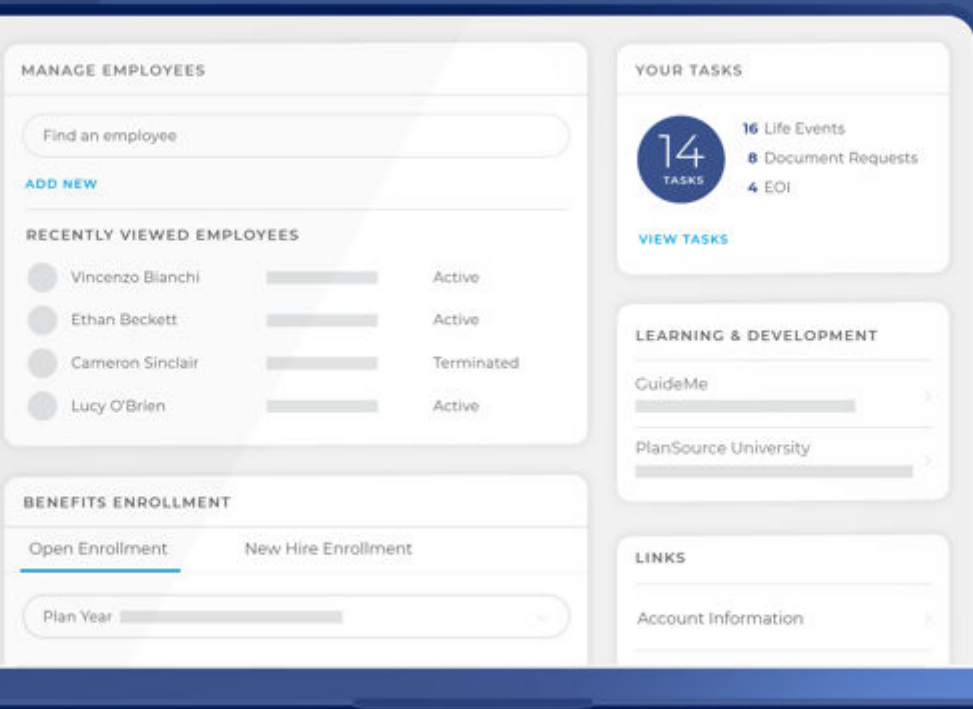
2021

Benefits Benchmark Report



W E L C O M E

To our third annual *Benefits Benchmark Report*
(*pandemic edition*), built using real PlanSource
data from more than 150 million benefit elections!

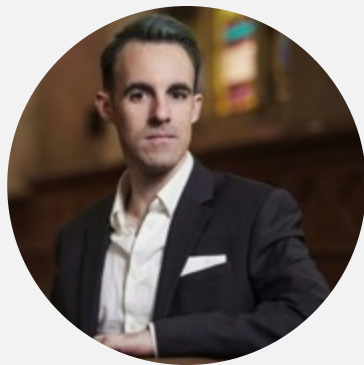


PLANSOURCE

Spend less time
managing employee
benefits

Automate and simplify every
aspect of your benefits program
with PlanSource

Today's Speakers



Ty Gowen
Consumer Marketing Manager
PlanSource



Nancy Sansom
Chief Commercial Officer
PlanSource

TODAY'S AGENDA

Our OE Predictions from 2020

Employee Benefit Packages

Benefit Costs

Employee Engagement

Key Takeaways

Q & A





OUR OE PREDICTIONS

SUMMER 2020



One Year Ago....

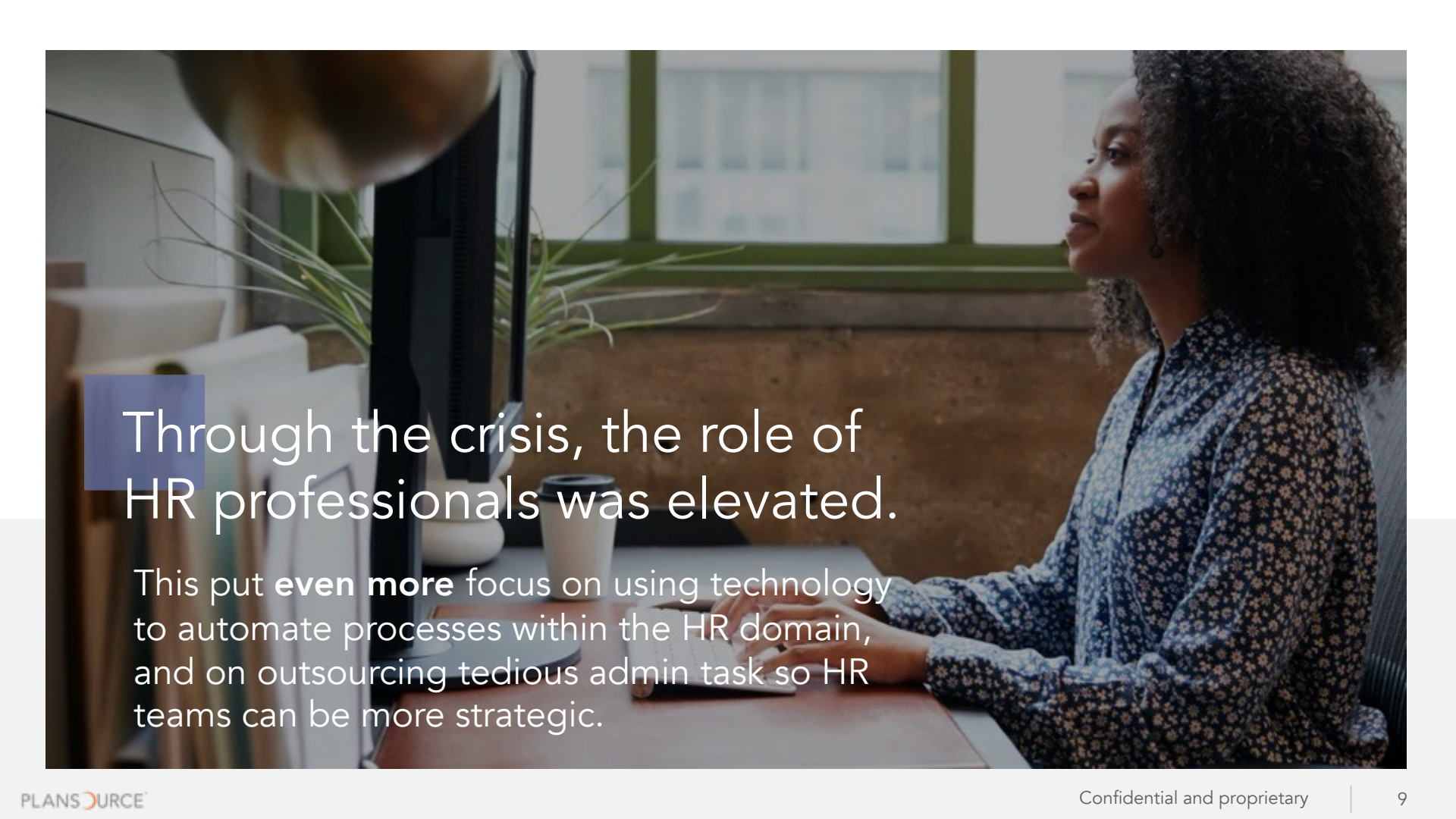
At PlanSource, we were asking ourselves....will companies purchase benefits technology in the middle of a pandemic?

WHAT ACTUALLY HAPPENED....

Importance of Benefits Tech

Companies DID purchase benefits technology in 2020. More than 1,000 companies across a variety of industries purchased PlanSource in 2020.





Through the crisis, the role of
HR professionals was elevated.

This put **even more** focus on using technology to automate processes within the HR domain, and on outsourcing tedious admin task so HR teams can be more strategic.



Covid-19 has become the tipping point
for innovation in our industry.

Mark Rieder, Head of Innovation, NFP





OUR 2020 PREDICTION....

HR teams will be less likely to make major changes to their benefits this year.

Now is not the time for significant changes. Instead, the focus is on employee communications and engagement.

WHAT ACTUALLY HAPPENED....

HR teams will be less likely to make major changes to their benefits this year.

None/Minimal Changes – **65%**

Moderate Changes – **31%**

Significant Changes – **4%**

However, Larger Companies Made More Changes To Their Benefits

Comparison of medium versus large companies

	ALL PLANSOURCE CUSTOMERS AVG SIZE 750 EEs	LARGER PLANSOURCE CUSTOMERS AVG SIZE 2,500 EEs
NONE/MINIMAL	65%	41%
MODERATE	31%	35%
SIGNIFICANT	4%	24%



OUR 2020 PREDICTION....

Companies are less likely to offer an active open enrollment.

Even though active open enrollment is a best practice, many HR teams lack bandwidth and will opt for passive enrollment or a hybrid approach.



WHAT ACTUALLY HAPPENED...

Companies are less likely to offer an active open enrollment.

79% of existing PlanSource customers used a passive open enrollment style.

HOWEVER, NEW CUSTOMERS CHOSE ACTIVE OPEN ENROLLMENT

Comparison of new versus existing customers

NEW PLANSOURCE CUSTOMERS

78% Active

22% Passive

Customers in Launch choose an Active style to speed up their implementation (no data loading!)

EXISTING PLANSOURCE CUSTOMERS

21% Active

79% Passive

Existing customers opted to minimize changes to their benefits during 2020

REAL PLANSOURCE CUSTOMERS SAY....

How was open enrollment different this year compared to last year?



OE wasn't too different. We just pivoted to **VIRTUAL OFFICE HOURS AND MEETINGS**. We didn't change our plan offerings or carriers.

Not much different – we were able to **KEEP RATES FLAT** for employees and we didn't change our benefits.

OE was easier due to making the switch to PlanSource but that also created more **CHALLENGES ON COMMUNICATION**.
– 1ST YEAR CUSTOMER


We did a **PASSIVE ENROLLMENT** and didn't add many new offerings.

More planning in advance, standardizing communications to **MAINTAIN FAMILIARITY** for our workforce!

EMPLOYEES WERE MORE COMFORTABLE with PlanSource and may not have spent as much time in OE because they were familiar with it. OE ran very smoothly this year.

– 2ND YEAR CUSTOMER

For us, OE was **BASICALLY THE SAME** as in years before.




OUR 2020 PREDICTION....

OE Meetings will need to be virtual – live or on-demand.

Companies are testing out new formats to engage employees (virtual meetings, benefits fairs and videos).

OUR 2020 PREDICTION....



Companies may go “all digital”
this year for OE communications

Email and text messaging will be most popular. Word of mouth is no longer a reliable source, and physical mail – while impactful – is pricey for companies that have been cutting non-essential spending.

REAL PLANSOURCE CUSTOMERS SAY....

What new tools did you use to communicate with employees about your open enrollment?



Virtual office hours with breakout rooms for
1:1 TIME WITH EMPLOYEES. We also used text messaging.

We hosted **VIRTUAL OE MEETINGS**
that were very well attended.

We added the PlanSource
CONTACT CENTER for our employees!

We used **LEADERSHIP VIDEOS** this year
which were well received by our employees.

We used **CUSTOM OE VIDEOS**
provided by PlanSource and plan to add text
messaging next year.

We created **CUSTOM VIDEOS**
on our own to explain our plans.

VIRTUAL OE INFORMATION SESSIONS
plus the PlanSource video library.

We held virtual OE meetings with **GIVEAWAYS!**

OUR 2020 PREDICTION....

Employees will be more
distracted than ever.

Between home school and the upcoming election, your OE communications need to be focused and clear to be effective.



WHAT ACTUALLY HAPPENED....

Employees will be more
distracted than ever.

Employees spent **23% less**
time selecting their benefits
during open enrollment 2020.

How much time did employees spend shopping for their benefits during open enrollment in 2020?

26.1
MINUTES

Employees Spent Less Time Enrolling in their Benefits

Let's break it down....

Employees spent **16%** less time **per session** in 2020 compared to 2019 (14.5 minutes versus 17.2 minutes).

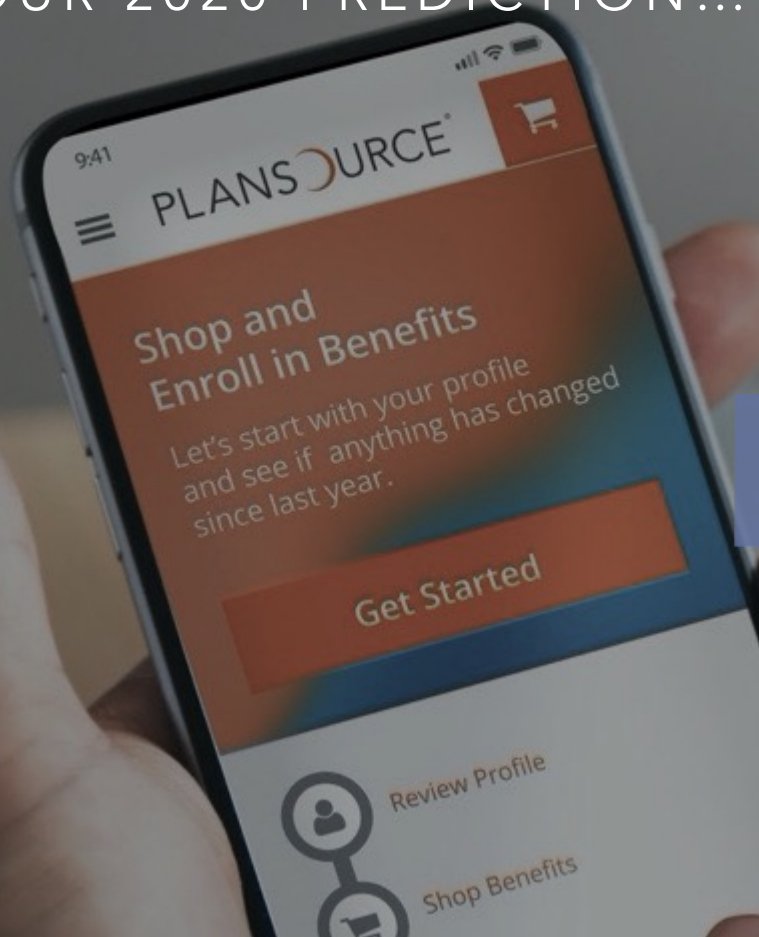
On average, employees logged in **1.8** times during open enrollment in 2020, down from **2** times during open enrollment in 2019.

In total, employees spent **26.1** minutes in 2020 versus **34** minutes in 2019, a YOY decrease of **23%**.

IS THIS GOOD OR IS THIS BAD?

Does it mean the experience is quick and easily understood by employees?
Or that employees are disengaged and are simply keeping their current benefits without considering how their needs have changed in the past year?

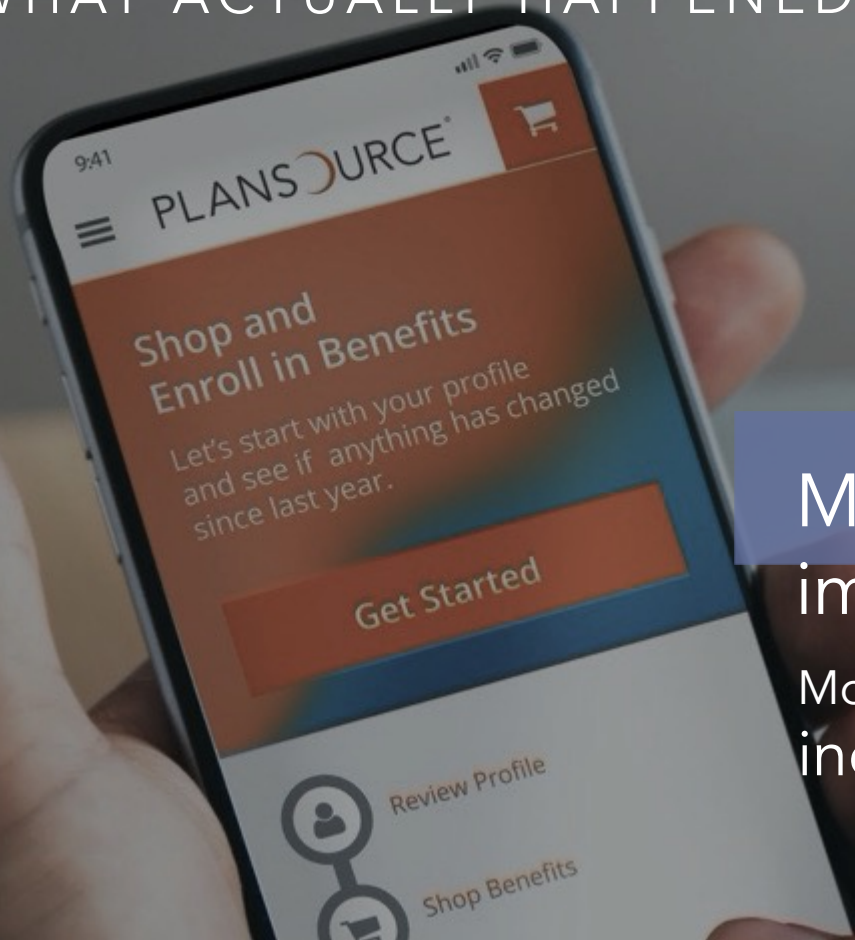
OUR 2020 PREDICTION....



Mobile will be more important than ever

Both active and furloughed employees (and even COBRA participants) may not have company email or a computer at home.

WHAT ACTUALLY HAPPENED....



Mobile will be more
important than ever

Mobile employee self-service
increased by 67% in 2020.

Mobile Access Increased During the 2020 OE Season

15% of employees accessed PlanSource via mobile in 2020 compared to **9%** in 2019.

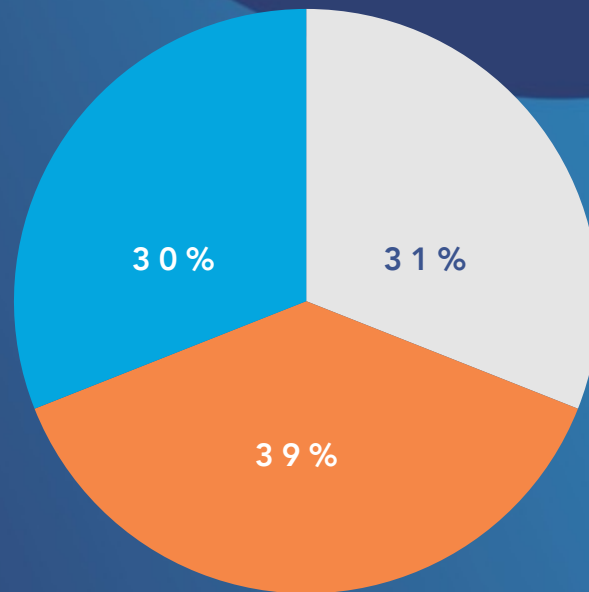
Employees accessing via mobile spend **39% less time** enrolling than employees on desktop.

Employees accessing via tablet spent **10% more time** enrolling than those accessing via desktop.

PLANSOURCE HR ADVISORY COUNCIL FEEDBACK

Is **MOBILE BENEFITS TECHNOLOGY**

for your employees more important to you than it was a year ago?



■ A lot more important ■ Somewhat more important ■ About the same

HR PERSPECTIVE ON 2020



If this year taught me anything, it's that we don't know what's going to happen. Remain flexible because things will change at the last minute.
If you have a system as flexible as PlanSource, you can adjust.

Ashley Bates, Benefits Leave Specialist, Heinen's Grocery Store



A person is writing in a notebook with a black pen. The background is blurred, showing various financial documents with charts and graphs. The text 'EMPLOYEE BENEFITS' is written in large white capital letters, and 'TRENDS AND METRICS' is written in smaller white capital letters below it.

EMPLOYEE BENEFITS

TRENDS AND METRICS



Companies continue to invest in and expand their employee benefit programs

+6% YOY change
+7% 5-year change

Average Number of Benefits Offered

15.2

Average number of **benefits** offered by PlanSource customers

THE BREAKDOWN

Small Employers (<200) – 12

Medium Employers (201-999) – 18

Large Employers (1,000+) - 23



Companies continue to invest in and expand their employee benefit programs

-8% YOY change

-65% 5-year change

Average Number of Medical Plans Offered

3.2

Average number of **medical plans** offered by PlanSource customers

THE BREAKDOWN

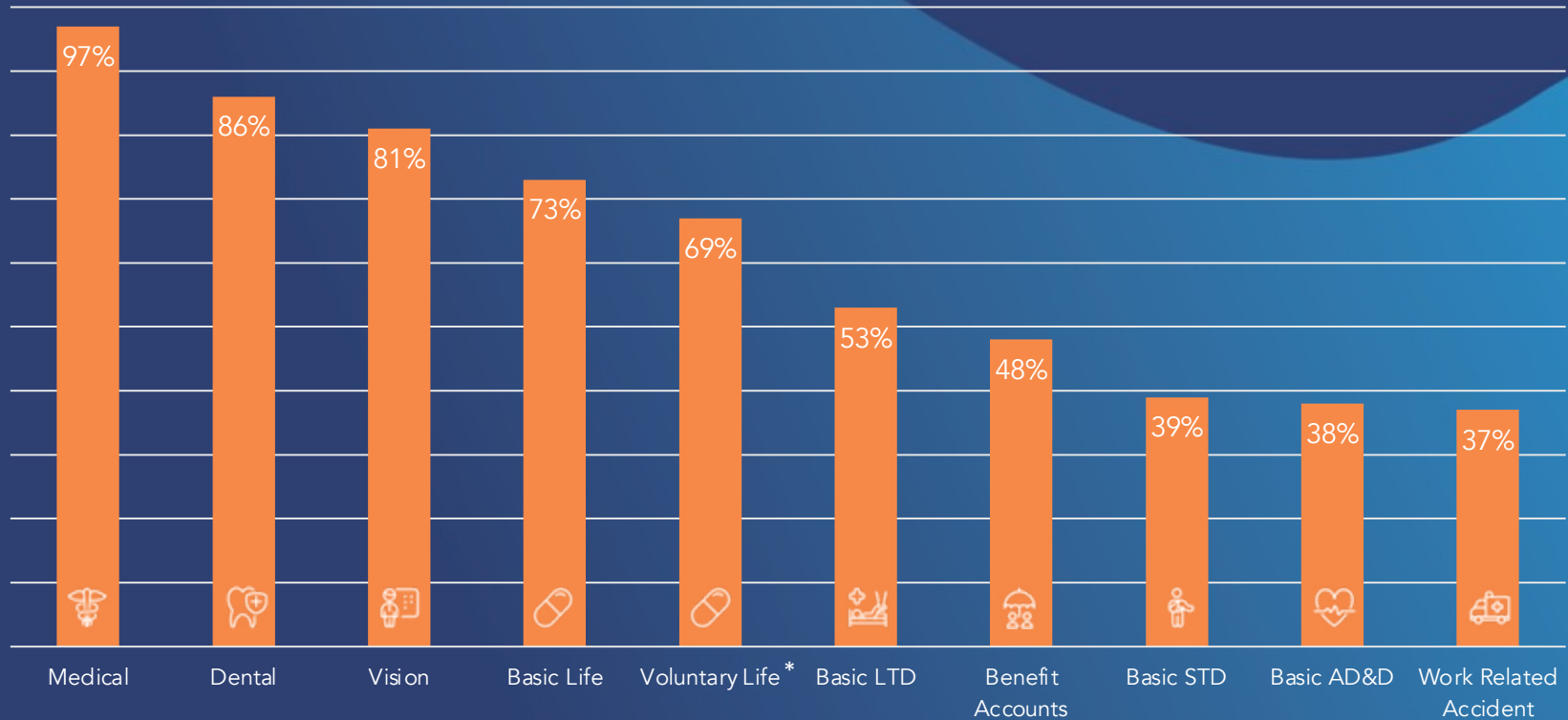
Small Employers (<200) – 2.6

Medium Employers (201-999) – 3.4

Large Employers (1,000+) – 4.8

TOP 10 MOST POPULAR BENEFITS

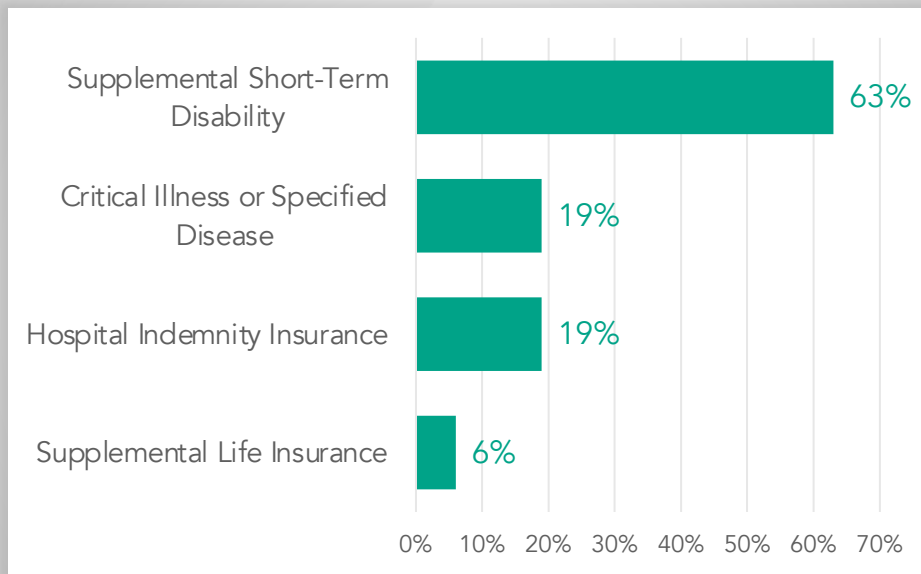
% of PlanSource customers offering each benefit



*Spouse/Dep Vol Life are omitted from this graph

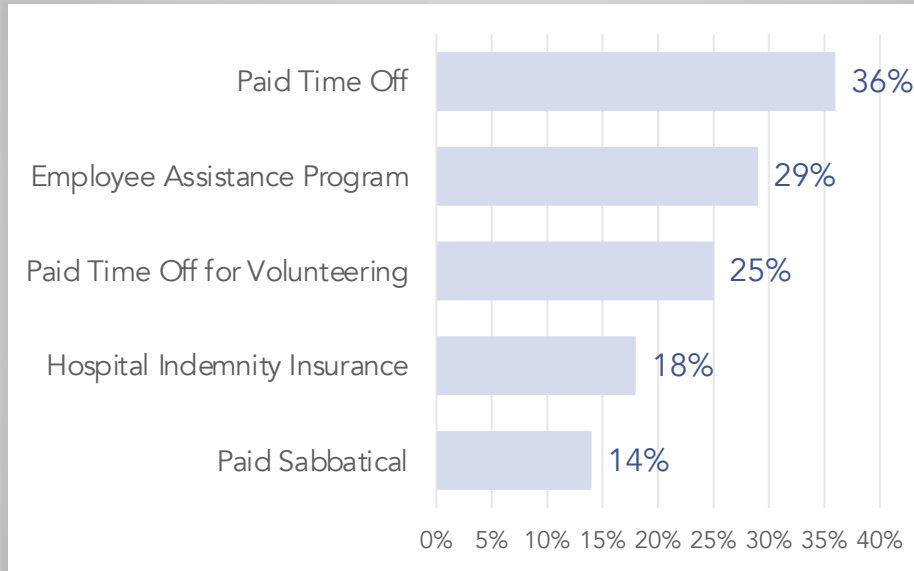
VOLUNTARY BENEFITS

Which voluntary benefits do you think will mean the most to employees in 2021



NEW BENEFITS

What additional benefits are you considering offering in the wake of Covid-19?



HEALTHCARE CONSUMERISM

Increasing participation in HDHPs and HSAs is a top priority for PlanSource customers

51%

offer an
HDHP

51% of PlanSource customers offer a high-deductible health plan

+4% YOY change

+7% 5-year change

91%

offer an
HSA

Of the customers that offer a high-deductible health plan, 91% of those pair it with an HSA

+5% Total YOY change

+16% Total 5-year change

Customers always pair an HDHP option with a PPO or other type of plan – less than 1% offer ONLY an HDHP.

What % of **EMPLOYERS** contributed
to HSAs in 2020?

47%

-4% YOY Change

+19% 5-Year Change

On average, how much did **EMPLOYERS** contribute to HSAs in 2020?

\$1,136

+17% YOY Change

+39% 5-Year Change

What % of **EMPLOYEES** contributed
to HSAs in 2020?

74%

-1% YOY Change

-10% 5-Year Change

On average, how much did **EMPLOYEES**
contribute to HSAs in 2020?

\$2,263

+10% YOY Change

+32% 5-Year Change

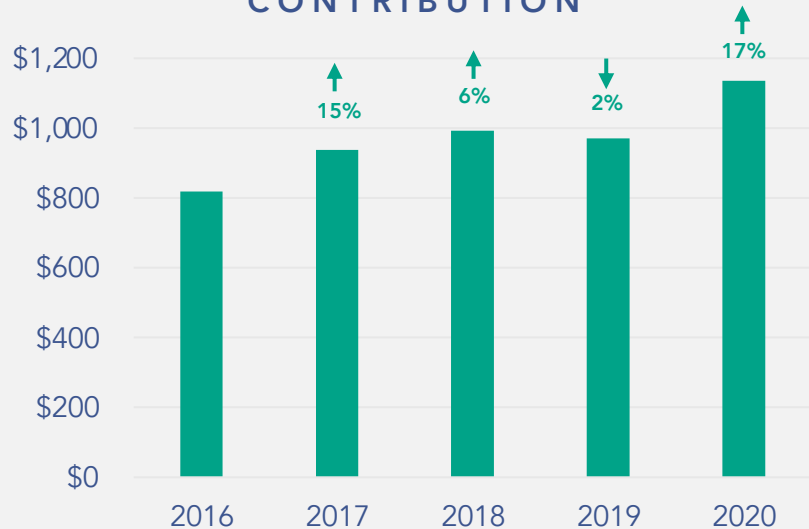
So, what's the trend with HSAs?

CONTRIBUTIONS TO HSAs ARE INCREASING

\$363 total increase in HSA contributions this year (ER + EE)

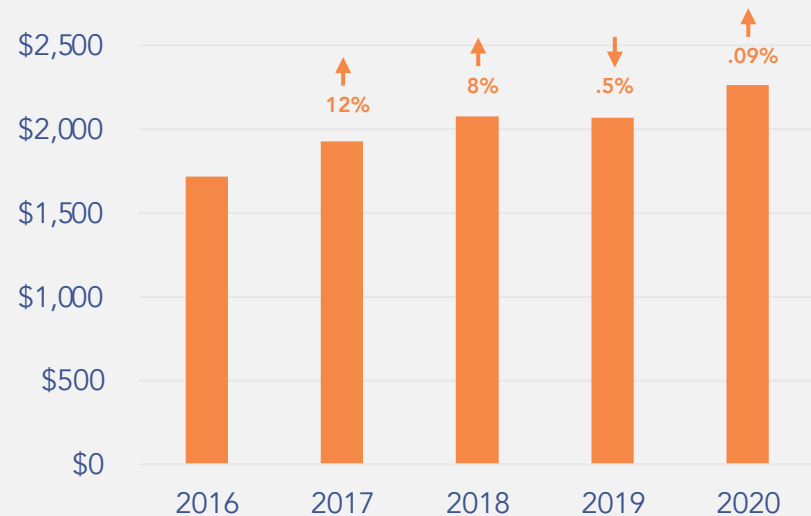
Largest overall increase in 5 years

AVERAGE EMPLOYER CONTRIBUTION



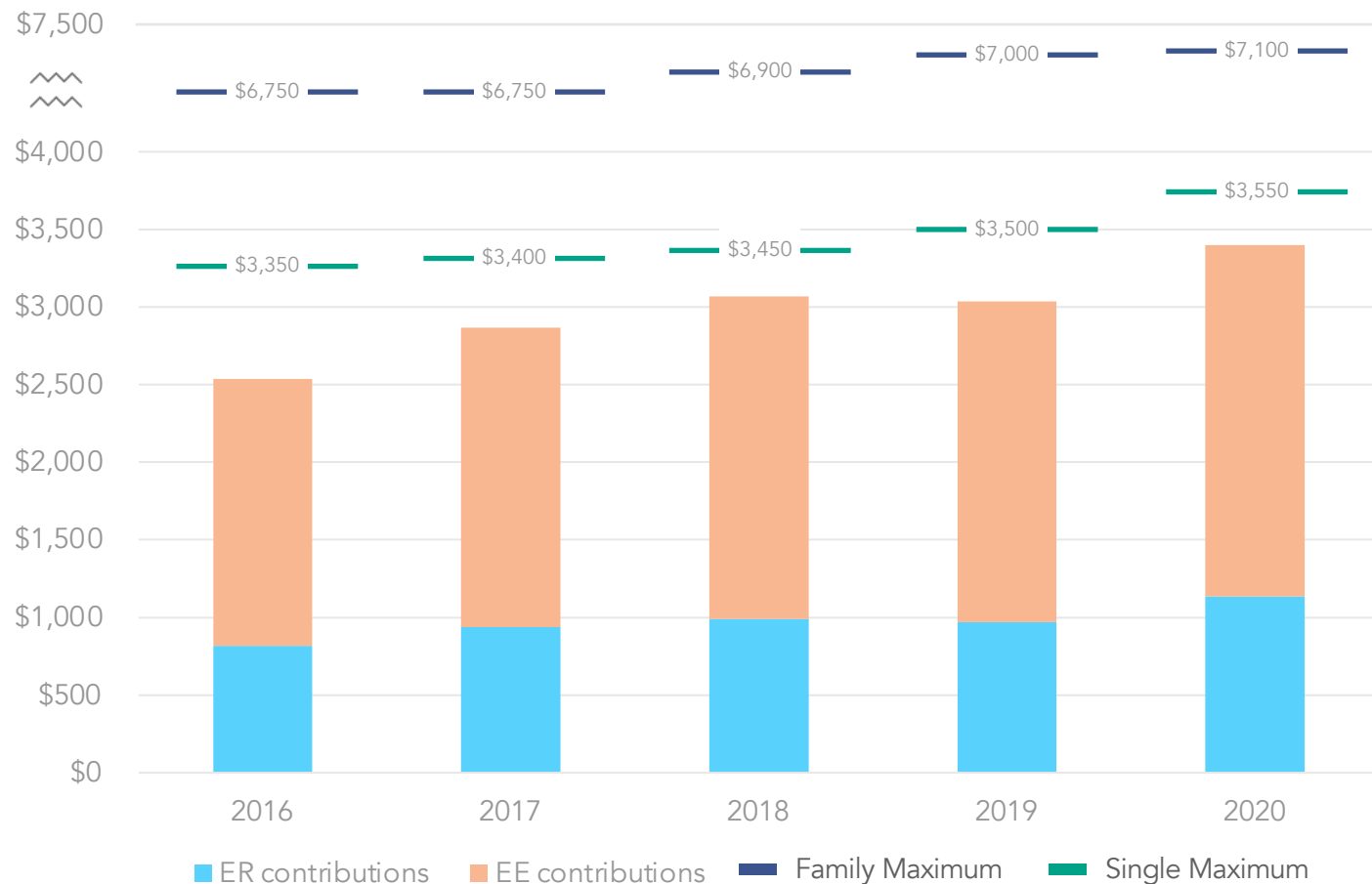
The average E M P L O Y E R contribution was \$1,136 in 2020
+\$165 compared to 2019

AVERAGE EMPLOYEE CONTRIBUTIONS



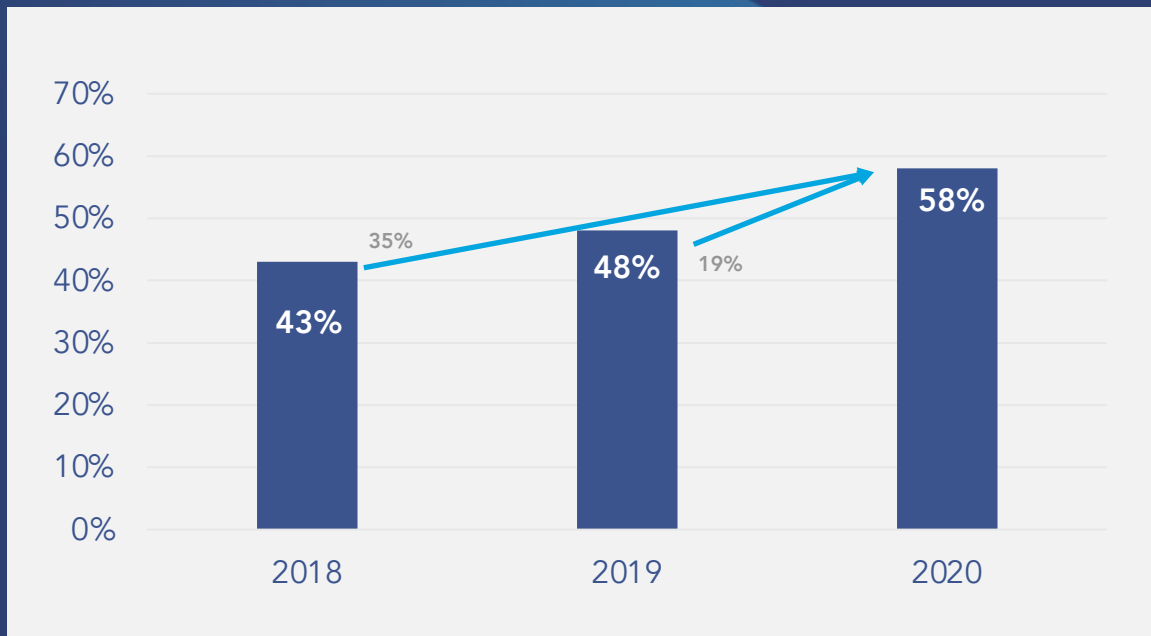
The average E M P L O Y E E contribution was \$2,263 in 2020
+\$197 compared to 2019

HSA Contributions Compared to Federal Limits



CUSTOMERS HAVE MULTIPLE OPTIONS FOR ACA

What % of customers manage ACA within PlanSource?

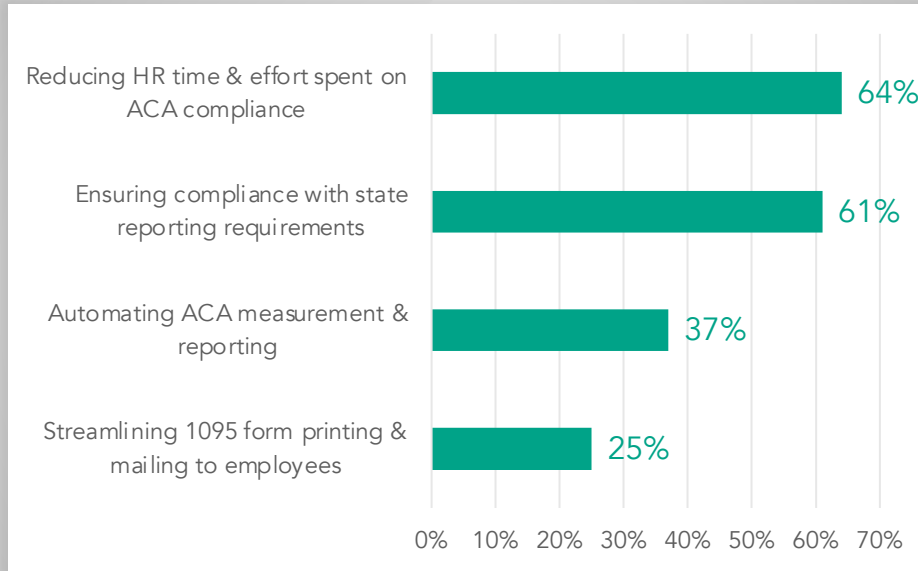


Why Ben Admin for ACA?

DATA ELEMENT USED FOR 1095-C REPORTING	HR	PAYROLL	BENEFITS
Employee Demographics	•	•	•
Employee Classifications	•	•	•
Payroll Hours		•	
Earnings (W2-Box 1 or Pay Rate)		•	
Benefit Plan Enrollment (including effective dates, term dates)			•
Benefit Plan Details (MV, etc.)			•
Plan Eligibility			•
Offers of Coverage			•
Lowest Cost of Coverage			•
Conditional Spouse Coverage			•
Dependent Demographics and Enrollment			•

ACA COMPLIANCE

Which ACA concerns are top-of-mind for you in 2021? (Select all that apply)



A person wearing a yellow sweater is sitting at a wooden desk, using a laptop. Their left hand is on the laptop trackpad, and their right hand is near a calculator. The background is slightly blurred, showing a dark surface with some papers or a calculator.

BENEFIT COSTS

TRENDS AND METRICS

What did PlanSource customers spend on benefits per employee in 2020?

\$8,094

PER EMPLOYEE

\$675 PER MONTH
ACROSS ALL BENEFITS

HEALTHCARE IS ONE OF THE LARGEST U.S. INDUSTRIES

Healthcare costs have risen faster than the median annual income

In 2018, U.S. healthcare costs were \$3.6 trillion and 18% of GDP.

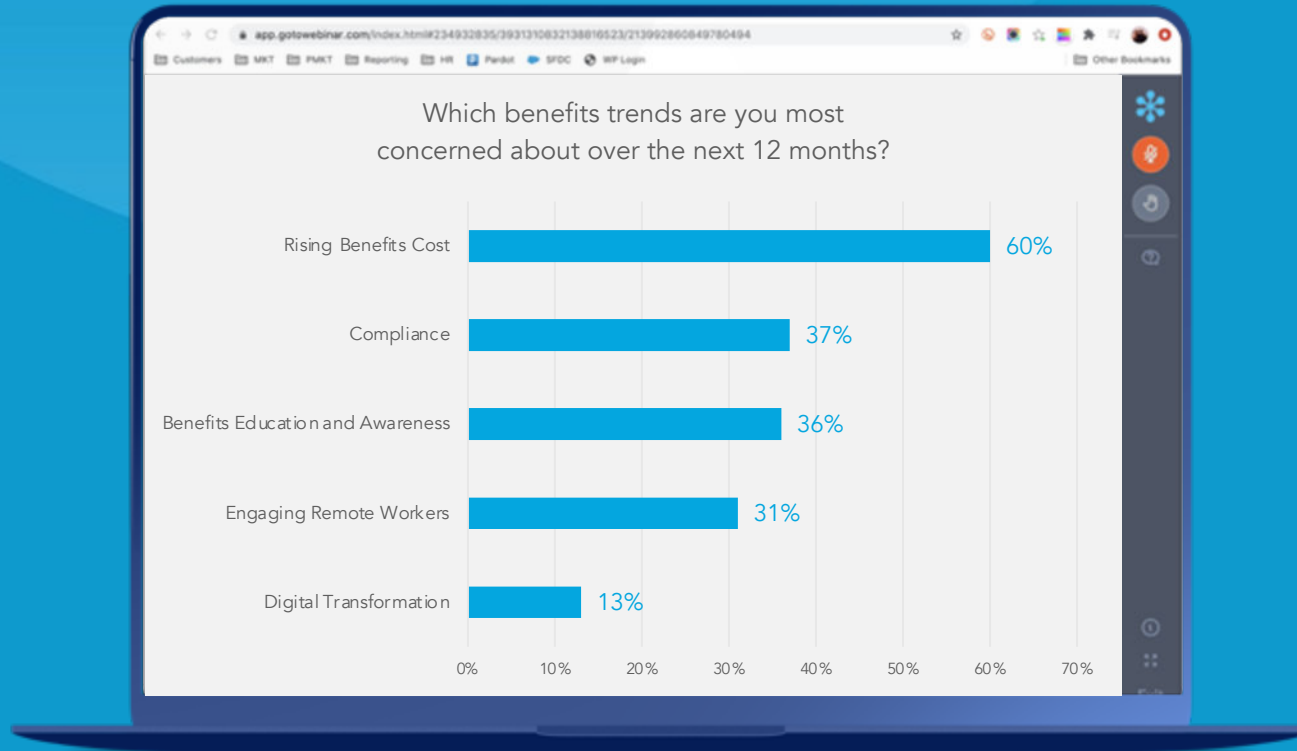
In 1960, healthcare cost \$27.2 billion, just 5% of GDP.

That's an annual healthcare cost of \$11,172 per person in 2018
versus just \$147 per person in 1960.

Source: Centers for Medicare and Medicaid Services and Centers for Disease Control and Prevention

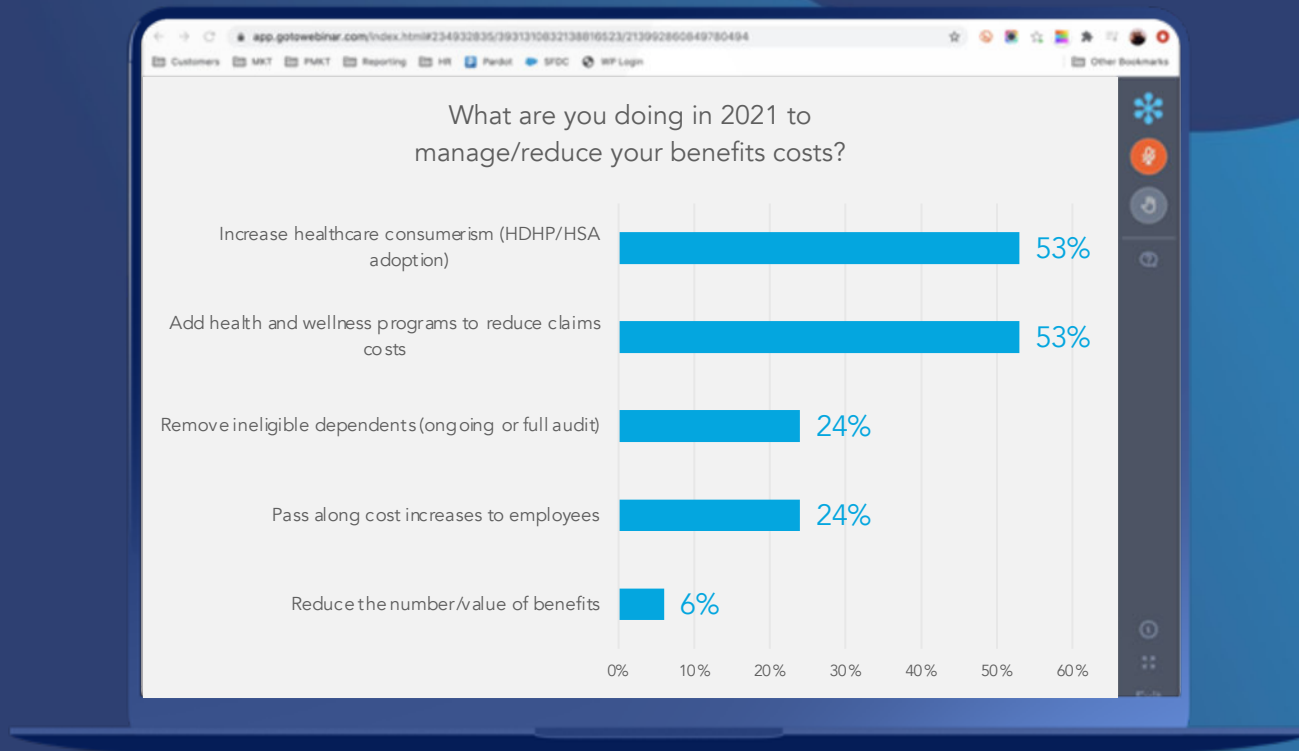
RISING BENEFITS COSTS – A MAJOR CONCERN

What are PlanSource customers saying?



STRATEGIES TO MANAGE/REDUCE COSTS

HDHP/HSA adoption and health and wellness programs are top choices



WHO'S PAYING?

Employers are contributing 71-72% of medical premiums overall

CONTRIBUTIONS

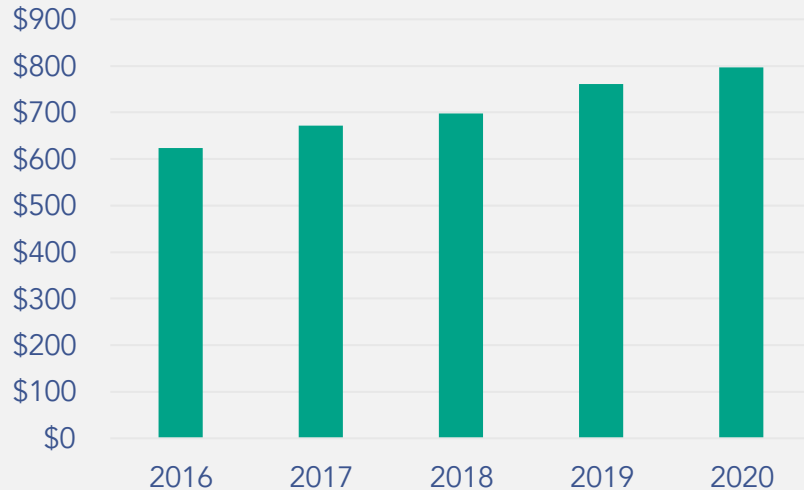
NON HDHP				HDHP			
Employee Only		Family		Employee Only		Family	
EE	ER	EE	ER	EE	ER	EE	ER
24%	76%	27%	73%	31%	69%	31%	69%

OVERALL			
Employee Only		Family	
EE	ER	EE	ER
28%	72%	29%	71%

INCREASING MEDICAL PREMIUMS

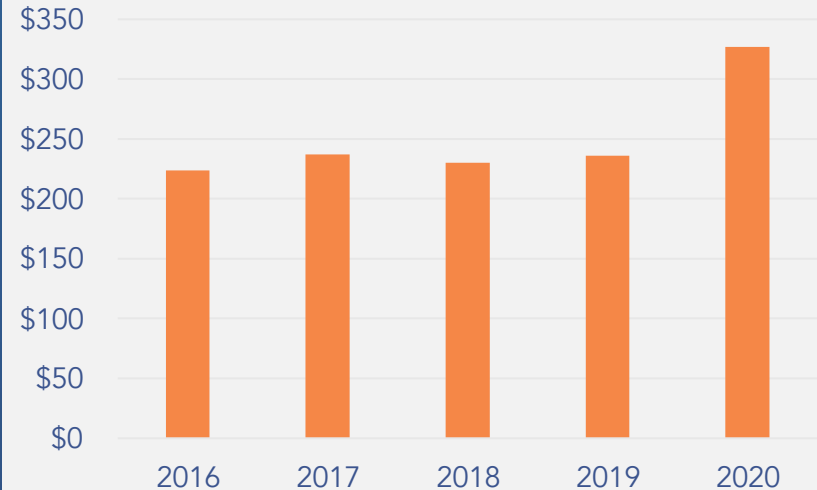
Employers and employees together spent \$13.5K per EE on medical premiums in 2020

MONTHLY EMPLOYER CONTRIBUTION TO MEDICAL



The average E M P L O Y E R contribution to medical was \$797 monthly in 2020
+\$193 over 5 years

MONTHLY EMPLOYEE CONTRIBUTION TO MEDICAL



The average E M P L O Y E E contribution to medical was \$327 monthly in 2020
+\$102 over 5 years



EMPLOYEE ENGAGEMENT

TRENDS AND METRICS

OE PROCRASTINATION

When do employees complete their open enrollment elections?

1ST THIRD

28%

2ND THIRD

31%

FINAL THIRD

41%

Over 40% of employees wait until the last minute to enroll in benefits –
this has stayed pretty consistent over the last 5 years

Tips to Engage Employees



Start benefit communications early (at least 6 weeks before OE)



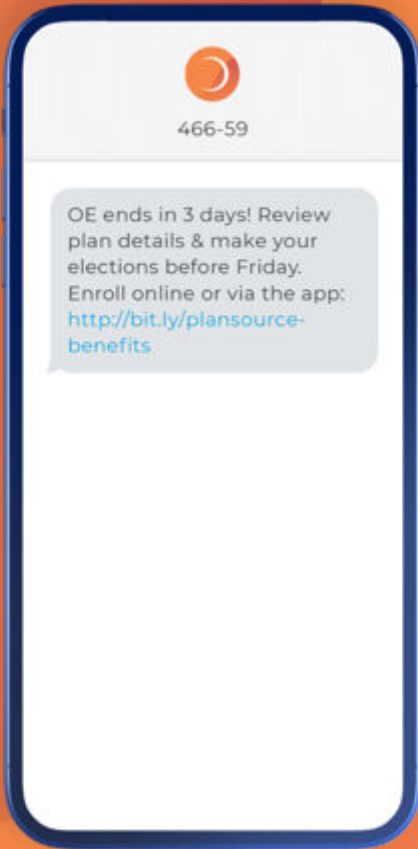
Monitor the PlanSource dashboard



Add text messaging to your communications plan

Email open rates for 2020 were ~18% with a click-through rate of only 2.6%. Text messages have a 99% open rate and 36% click-through rate.

Sources: [Campaign Monitor](#), [RedEye](#)



Most Popular Text Messaging Campaign Topics in PlanSource in 2020

OE start dates and enrollment info

Incomplete enrollment reminders

Pre-OE educational content & OE meetings

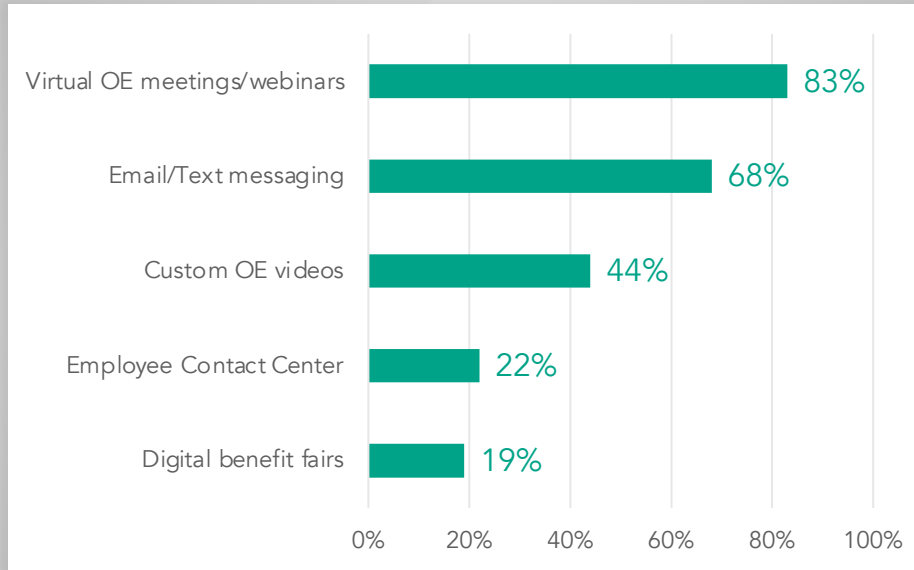
Wellness benefits adoption

Announcing new benefits/changes to benefits

General workplace updates/announcements

Employee Engagement

How did PlanSource customers communicate about open enrollment? (select all that apply)



VIDEOS FOR BENEFITS EDUCATION

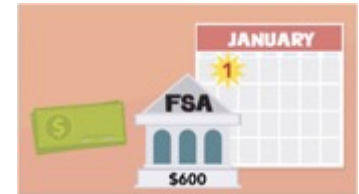
Currently, we offer more than 30 educational videos that can be used to break down common benefits concepts like different plan types, benefit accounts, voluntary benefits and more

videolibrary.plansource.com

Most Watched Videos on PlanSource in 2020



#1 HMO, PPO, and HDHPs



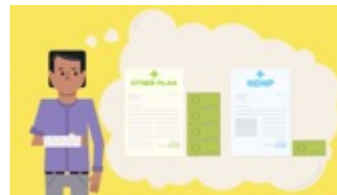
#2 Everything You Need to Know About Health FSAs
(New for 2020)



#3 Understanding Premiums, Deductibles, Copays and Out-of-Pocket Maximums



#4 What is Short-Term Disability Insurance? (New for 2020)



#5 Everything You Need to Know About HSAs



#6 What is Accident Insurance? (New for 2020)

VIDEOS FOR BENEFITS EDUCATION

Currently, we offer more than 30 educational videos that can be used to break down common benefits concepts like different plan types, benefit accounts, voluntary benefits and more

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Videos with Highest Average Engagement in 2020



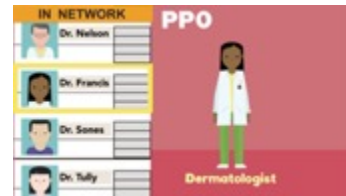
#1 Todo lo que necesita saber acerca de un 401(k)
89%



#2 What is Defined Contribution?
82%



#3 What is Cancer Insurance?
82%



#4 What is a PPO?
80%

VIDEOS FOR BENEFITS EDUCATION

Currently, we offer more than 30 educational videos that can be used to break down common benefits concepts like different plan types, benefit accounts, voluntary benefits and more

videolibrary.plansource.com

Hot Topics in 2020 and 2021



Know Where To Go: Telehealth,
Urgent Care, Hospital



What is an EAP?

A close-up, slightly blurred photograph of a man with a grey beard and mustache, wearing a light blue long-sleeved shirt. He is sitting at a desk, holding a silver pen in his right hand and writing on a white piece of paper. The background is out of focus, showing some greenery. The overall tone is professional and focused.

KEY TAKEAWAYS

2021 BENEFITS BENCHMARK REPORT



Leverage technology and outsourcing to reduce your administrative burden

- You need a benefits technology partner with AI-powered tools (example: automated review and approval of dependent eligibility documents) and one that also provides benefits administration services, so you can focus on more strategic work.



Take actions to curtail cost without pulling back on employee benefits.

- Invest in a best-in-class benefits technology platform with great decision support for employees, which has been shown to increase lower-cost HDHP participation by 13%.
- Consider using AI-powered tools to validate dependent eligibility BEFORE enrollment.



Employee engagement remains a challenge and a top priority.

- You need a mobile-friendly system that provides a consumer-friendly benefits shopping experience with built-in tools for communications campaigns (text messaging and video communications are the most effective).

Q & A



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