



PLANSOURCE®

2023

BENEFIT TRENDS REPORT

Navigating Engagement, Cost-Containment
and Evolving Employee Needs

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2023 Benefit Trends Report

Let's face it – you've probably seen hundreds of trends reports this month alone, each with their own list of trends and predictions that often contradict one another. Well, we've done the research and the reading, so you don't have to.

We've compiled the top 5 trends that are proving to be most significant this year and should be top of mind as you build out your employee benefit and engagement strategy. As you gear up for open enrollment keep these topics around engagement, cost-containment and employee needs top of mind to achieve your benefit goals in 2023.



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#1

Rising Claims & Benefit Costs

Increased focus on affordable, preventative healthcare

The rising cost of healthcare benefits is a familiar problem for all of us in the industry. Last year, employers had anticipated an increase in costs, but the actual rise was higher than expected. According to Mercer's report, U.S. employers can expect medical plan costs per employee to be 5.6 percent higher on average in 2023, a significant jump from the 4.4 percent increase they had predicted for 2022. The annual change in total health benefit cost per employee has been steadily increasing in the past years and are putting a strain on both employers and employees.

Further, employees are spending even more on healthcare due to more late-stage disease diagnoses. The National Health Expenditure (NHE) in the US “grew 2.7% to \$4.3 trillion in 2021, which is \$12,914 per person and accounted for 18.3% of Gross Domestic Product (GDP)”. The disruption of health services caused by the pandemic resulted in millions of missed or postponed

appointments for cancer screening and follow-up care. This disruption has consequences that will become evident in cancer statistics over the next several years. In 2023, 1.9 million new cancer cases are expected to be diagnosed in the US. Therefore, it is crucial to invest in preventative care now to reduce the risk of late-stage diagnoses in the future and provide timely treatments to prevent complications.

In conclusion, the rising cost of healthcare benefits and the increasing expenses borne by employees are putting a strain on the healthcare system. It is essential to find ways to mitigate these expenses and invest in preventative care to reduce the risk of late-stage diagnoses and provide timely treatment. By addressing these issues, we can improve the quality of care and reduce the financial burden on employers and employees alike.

“The National Health Expenditure grew 2.7% in 2021.”

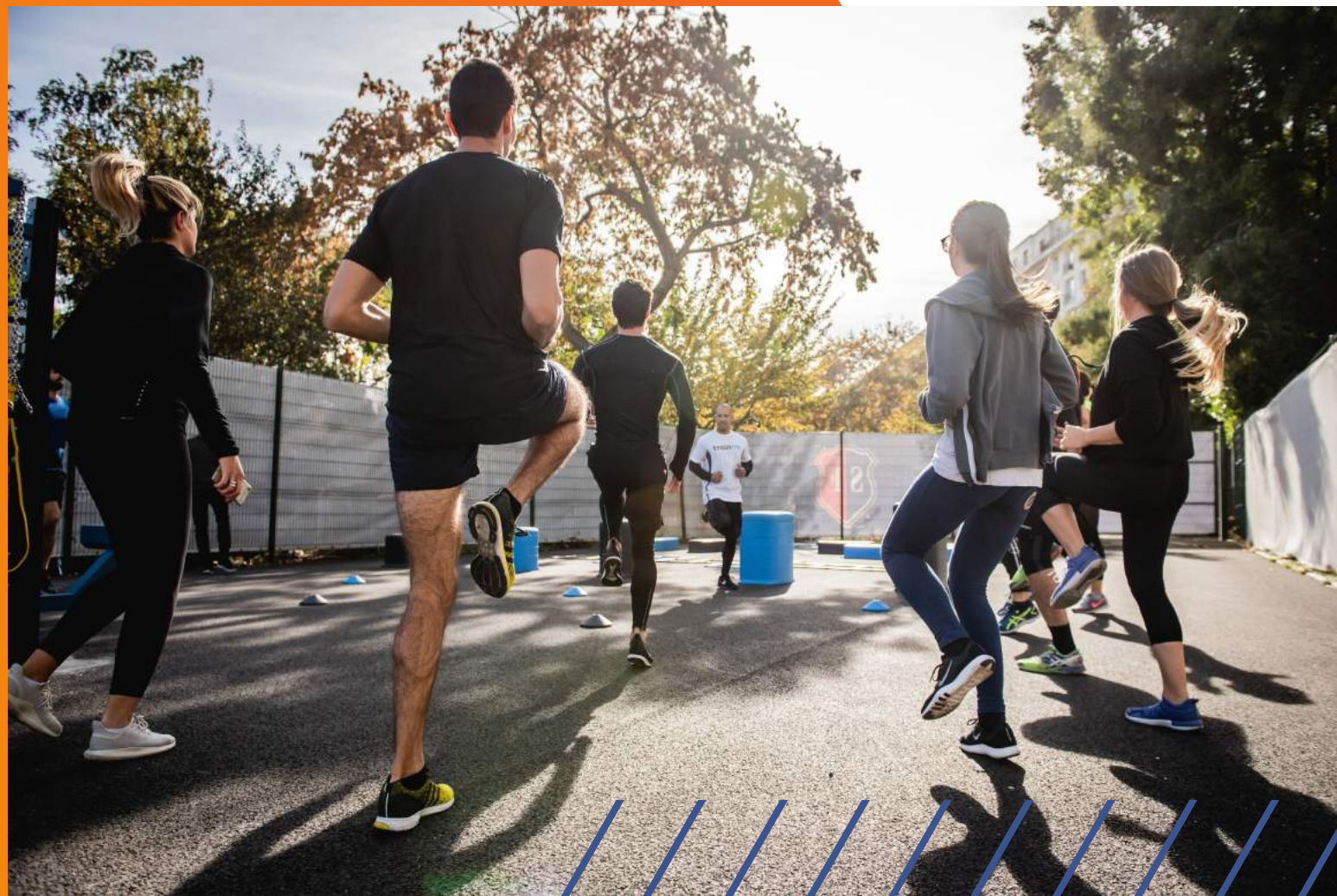


What Can You Do?

As healthcare coverage becomes increasingly expensive, employers feel more and more pressure to absorb a significant portion of the costs. To manage these costs, businesses must implement cost containment strategies. One common approach is to offer higher deductible plans, which shift more of the financial burden to employees. Additionally, strategic lifestyle benefits, such as gym memberships or wellness programs, can incentivize healthy behavior and reduce overall healthcare expenses. Wellness and preventative care initiatives can also improve employee health outcomes while decreasing costs. Finally, engagement and education programs can help employees navigate the complex healthcare system and make informed decisions about their health. By incorporating these cost containment strategies, employers can maintain high-quality healthcare coverage while managing expenses.



“It is crucial to invest in preventative care now to reduce the risk of late-stage diagnoses in the future”



Ways to Mitigate Rising Plan Costs

- HDHPs with HSAs
- Wellness programs
- Dependent Verification Audits
- Decision Support Tools
- Disease management programs

#2

Battling Burnout by Promoting Well-Being



Anxiety, stress and depression levels continue to rise

There are numerous stressors for individuals in 2023 including increased job responsibilities, lingering pandemic effects and inflation. Unfortunately, these stressors have contributed to a significant increase in burnout among workers. According to the Future Forum, 42% of the workforce is currently experiencing burnout, an all-time high since May 2021. This trend is concerning as burnout and poor mental health can negatively impact productivity, job performance, communication and engagement.

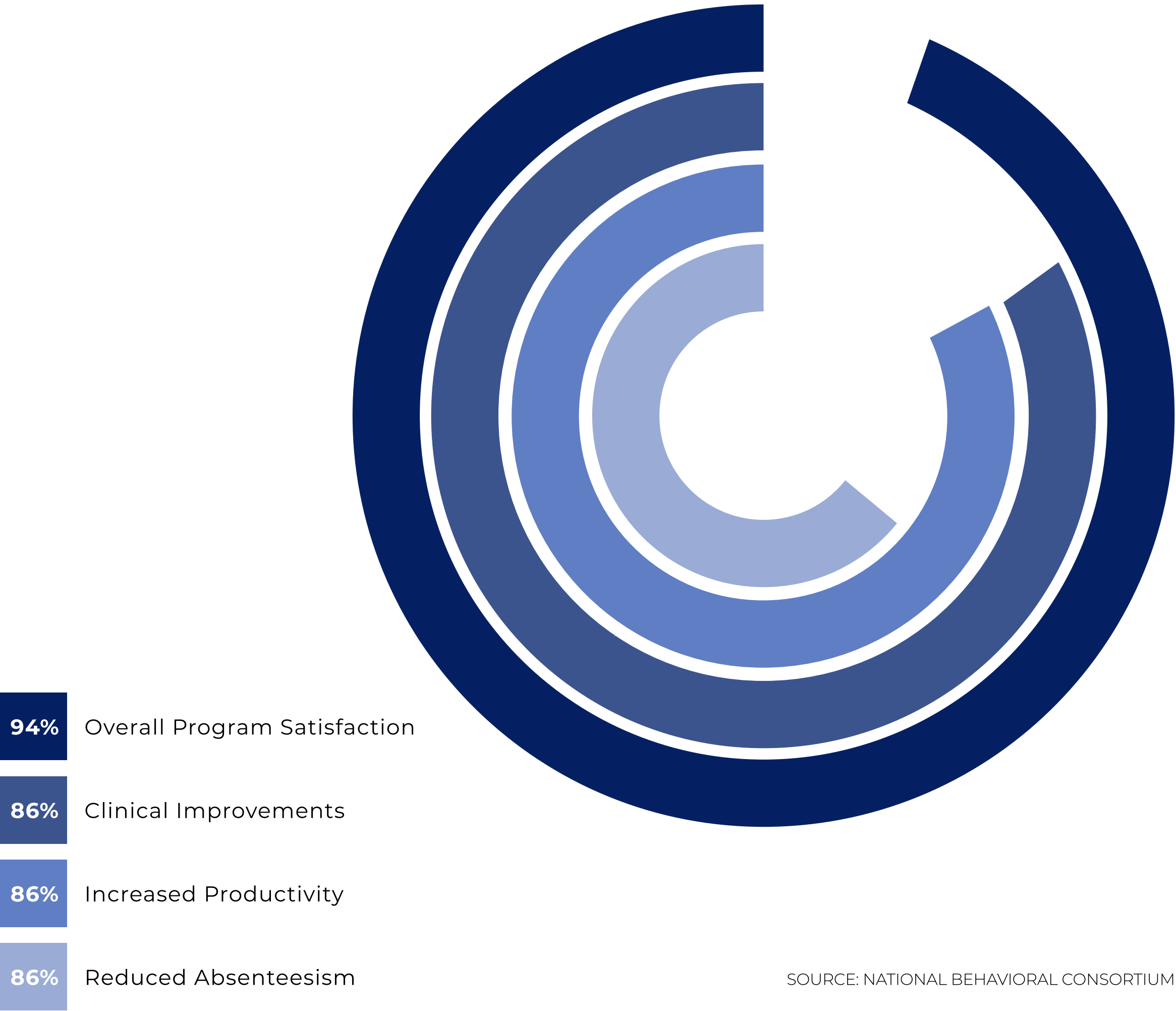
The impact of poor mental health is even more significant when considering that a substantial portion of the population may not receive the treatment they need. Mental Health America reports that 21% of adults have experienced a mental illness, with over half not receiving treatment. In addition, depression can interfere with physical job tasks about 20% of the time and reduce cognitive performance about 35% of the time, as per the CDC. These statistics suggest that the negative effects of burnout and poor mental health can be costly for both employees and employers.

42% of the workforce is currently experiencing burnout

What Can You Do?

One way to improve employee well-being and promote a positive work culture is to implement an employee assistance program (EAP). According to the National Behavioral Consortium, EAPs can be effective in addressing a range of issues and supporting employees in need. To further embed well-being into the company culture, it's important to encourage positive health talk and set boundaries for work-life balance. This can be achieved through a top-down approach that starts with educating managers on the importance of employee well-being. In addition, it's essential to structure jobs and expectations reasonably and promote open and honest communication, teamwork, and development opportunities. Offering incentives like gym reimbursements, preventative care benefits, and financial wellness benefits can also support employees in making healthy choices and improving their overall well-being.

How employee’s feel about their EAPs



SOURCE: NATIONAL BEHAVIORAL CONSORTIUM

#3

Evolving Employee Benefit Needs



How today's social and economic climate is shaping benefit preferences

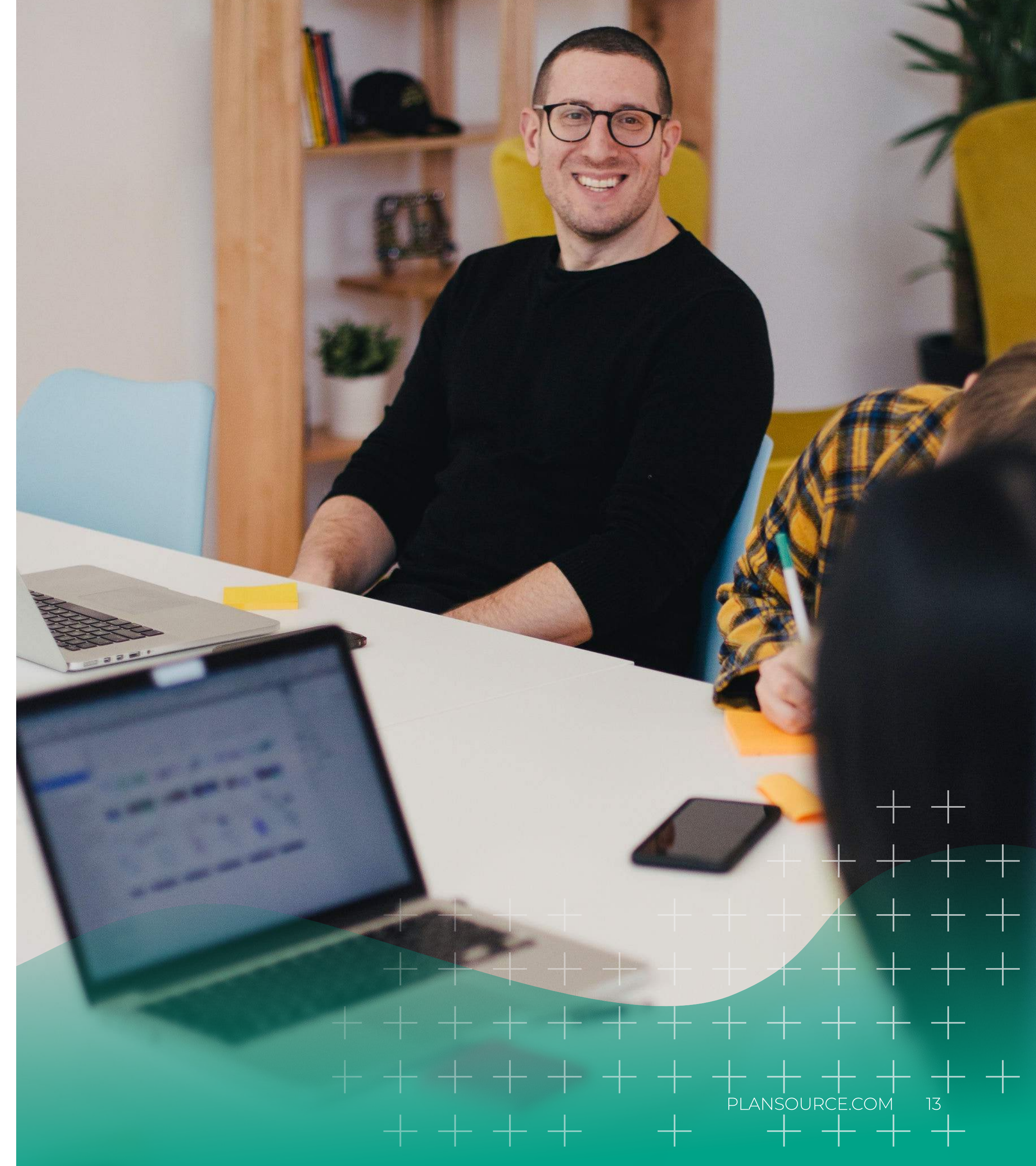
The possibility of an impending recession, coupled with new regulations has caused certain lifestyle benefits to become more popular among employees. According to the NABE Outlook Survey, 58% of economists believe there is more than a 50% chance of a downturn in the next 12 months. Similarly, the World Economic Forum found that nearly two-thirds of respondents believe there will be a recession in 2023. Considering this, employees are seeking financial wellness support from their employers, with 82% saying they believe employers should play a role in supporting their financial wellness. This has resulted in 62% of employers now offering investment advice services to their employees.

Additionally, there has been a recent surge in the number of states enacting family leave laws, including Colorado, Delaware, Maryland, New Hampshire, and Oregon. Additionally, women are participating in the workforce at record highs, thus increasing the demand for fertility, women's health, and family planning benefits. By investing in this area, companies can reduce costs, maintain and expand their commitment to diversity, equity, and inclusion (DEI), and attract top talent.

“Women are participating in the workforce at record highs.”

What Can You Do?


Regularly collecting feedback from employees is crucial when it comes to developing a benefit strategy that caters to their unique needs. By conducting regular pulse surveys, organizations can gather important insights from their employees, which can help them tailor their benefits package to better suit their population. This not only allows for a more personalized employee experience but also demonstrates that the organization values their opinions and is committed to meeting their needs in terms of health, mental, physical, and financial wellness. Lean on your broker and benefits administration partner to help match you with the right lifestyle benefit provider that meets your criteria to make things even easier. For example, our Partner Marketplace is a curated list of strategic “best-fit” providers and our survey tool helps match you with the provider that best suits your workforce. By taking these steps, organizations can create a comprehensive benefits package that is tailored to their employees and promotes their overall well-being.





#4

Re-evaluation of Remote and Hybrid Work Policies



Balancing flexibility, collaboration and engagement

Over the past few years, there has been a significant shift in the way employees prefer to work. Many companies now choose remote or hybrid work environments over traditional in-person office work. One reason for this preference is that remote workers tend to be more productive than their in-person counterparts. According to Owl Labs, remote workers are 47% more productive than in-person workers due to fewer distractions, workplace drama and other issues. It's no surprise then that between 2019 and 2021, the number of people working from home in the US tripled from 9 million to 27.6 million with the onset of the COVID-19 pandemic.

However, remote work also has its downsides. One of the biggest challenges is that it muddies the line between work and life. With the office just a few steps away from the couch or bed, it can be difficult for remote workers to set boundaries and switch off from work. This lack of separation

can lead to increased stress levels, with 41% of remote workers reporting feeling stressed compared to only 25% of those who continued to work in the office. Additionally, remote workers may feel isolated and removed from company culture and morale, which can have a negative impact on their job satisfaction.

Another downside of remote work is the lack of collaboration and networking opportunities. When employees work from home, they have less time to build relationships with their colleagues, which can hinder innovation and fresh ideas. One study found that 44% of executives said they wanted to come back to the office every day, while just 17% of employees said the same. This disparity highlights the fact that while remote work may work well for some, other positions still prefer the social and collaborative aspects of the office environment.



“Remote workers are 47% more productive than in-person workers due to fewer distractions.”



What Can You Do?

Work environments are not one size fits all as remote, hybrid, and in-person work environments all have their pros and cons when it comes to having productive, collaborative, and engaged employees. As a result, HR leaders and companies are grappling with how to navigate these policies that keep both employees and leaders happy. HR leaders and companies should begin by creating a clear policy that outlines expectations for remote and hybrid work. This should include guidelines for communication, work hours, productivity and collaboration. It is also important to ensure that all employees have the necessary technology and resources to work effectively from home. Additionally, HR leaders and companies should regularly solicit feedback from employees to ensure that the policy is meeting their needs and making them feel valued.

Overall, while remote work has many benefits, it also has its challenges. It is important for companies to consider the needs and preferences of their employees when deciding on work arrangements, as what works for one person may not work for another. Balancing productivity, job satisfaction and work-life balance is key to creating a successful and sustainable work environment.

#5

Creating a Personalized Benefits Experience

“By 2025,
Millennials
will make up
75% of the
workforce.”



Empower your employees to take charge of how the shop for and use their benefits

Today's workforce is made up of five distinct generations, each with their own characteristics and skill sets: Traditionalists, baby boomers, Generation X, Millennials, and Generation Z. By 2025, Millennials will make up 75% of the workforce, and Generation Z will make up 27%. As a result, employers must understand the different benefit needs of each generation and allow for personalization to better support their employees and remain competitive in the job market.

A study conducted by LiveCareers on generations in the workplace showed that different generations have varying benefit needs. For instance, Gen Z values health insurance the most, while millennials prioritize a flexible work environment. Additionally, things like preventative healthcare look different at different life stages. Some employees may be planning

for retirement, while others are planning for kids, and some are fresh out of college with student loans. Therefore, it is essential to offer benefit personalization to meet these varying needs.

By empowering employees to take charge of how they shop for and use their benefits, employers can ensure that their benefits package is more personalized and meets the needs of their diverse workforce. Employers can encourage employees to choose their benefits by providing them with a clear understanding of the options available and the impact of their choices. Additionally, employers can offer tools that help employees make informed decisions about their benefits package. Overall, employers who provide a more personalized benefits package will likely see higher employee engagement and retention.

“Gen Z values health insurance the most, while millennials prioritize a flexible work environment.”



What Can You Do?

To successfully navigate the different generations in the workforce, HR leaders must prioritize understanding their employees and their unique needs. One way to do this is through surveys, which can provide valuable insight into what benefits and perks are most important to each generation. Additionally, offering lifestyle benefits give employees more choices in their benefit offerings, such as flexible work arrangements and wellness programs.

One way to maintain engagement across all generations is by investing in technology that makes personalized benefit experiences possible. Consider adopting a mobile engagement platform that consolidates benefits information and sends tailored reminders to improve utilization. Overall, HR leaders should prioritize personalization and engagement when it comes to benefits offerings to meet the varying needs of a multigenerational workforce.



Conclusion and Key Takeaways

Conclusion and Key Takeaways

The Benefits Industry is rapidly changing, and it can be overwhelming to stay on top of relevant topics and tools. Our 2023 Benefits Trends Report was designed with busy HR leaders in mind to help you understand key benefit trends and predictions that should influence your strategy this year.

- #1** This year there are more late-stage disease diagnoses than ever. Invest and promote preventative health measures to support your employees.
- #2** 42% of the workforce is experiencing burnout. Consider how a cultural change that prioritizes work-life balance might decrease burnout among your own employees.
- #3** Financial wellness, women's health and fertility treatment benefits are among the most popular in 2023 and offering them could give you a competitive edge in the job market.
- #4** Now is the time to re-evaluate your work environment policy and clearly outline expectations for your employees and leadership team regarding remote, hybrid and in-person work.
- #5** Personalization is key to appealing to all 5 generations in today's workforce. This is simplified by innovative engagement and benefit utilization technology.



About PlanSource

PlanSource is a technology company that automates and simplifies every aspect of employee benefit programs, so employees and HR teams can make smarter, more confident benefits decisions. More than 5 million consumers receive their benefits through the PlanSource platform, which provides the best experience possible for benefits communications, shopping, enrollment, billing, compliance and ongoing administration. With an end-to-end benefits platform and suite of technology-enabled services, PlanSource helps people maximize the benefits of their benefits, so they can live happier, healthier lives. Learn more at plansource.com.

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