

2021 Employee Benefits Market Trend Report



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Executive Summary

Employee Benefits Market Trend Report

The employee benefits industry remains a fast-paced, ever-evolving market. While the rapid speed can make it exciting, it also creates challenges for benefit decision-makers. Rising costs, new legislation, retaining talent and sustaining employee engagement are just some of the headwinds that employers face. Knowing how others may be thinking about timely issues can be helpful when deciding a course of action.

Over the last year, Assurex Global conducted a series of polls during our webcasts with thousands of employers to gain an understanding from them on a variety of employee benefits, human resources, and health care topics.

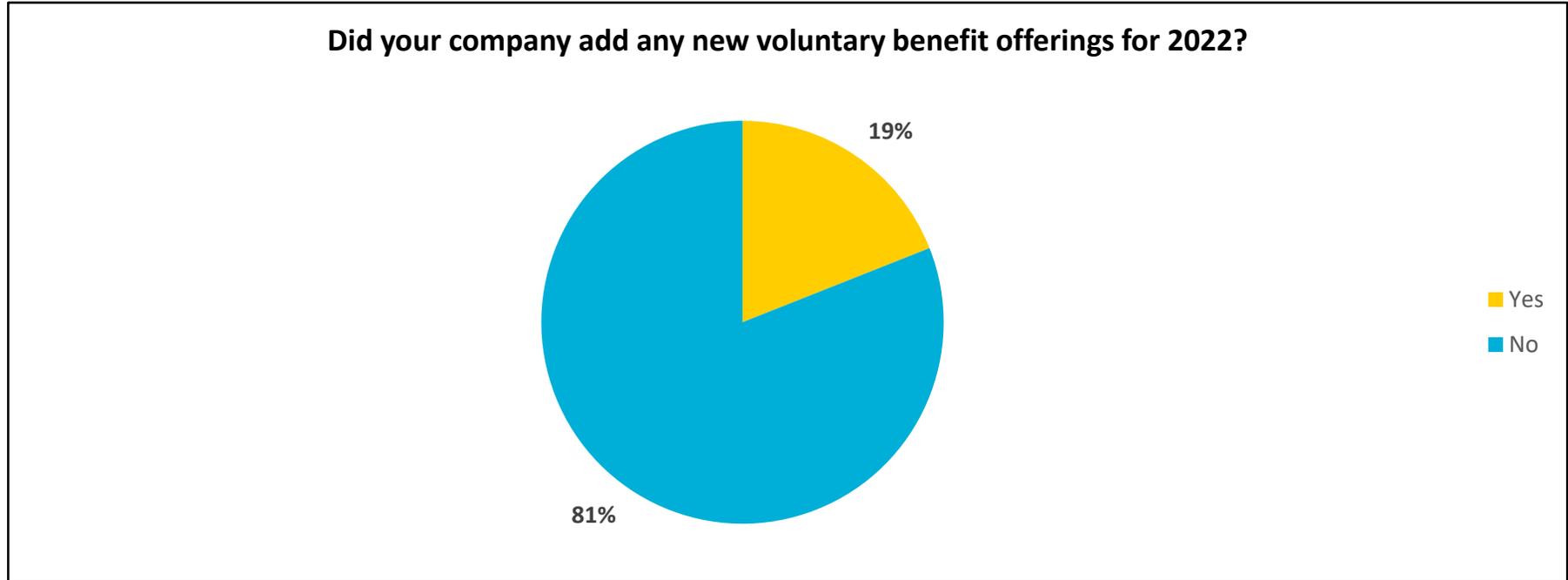
In this report, you will find useful information about these hot topics along with our poll results presented in chronological order. As an employer, you can use this information to help guide your own decisions as you evaluate your employee benefits offerings.

Should you need any assistance with understanding the findings of any of these topics, please contact your local Assurex Global adviser.

Voluntary Benefits for 2022

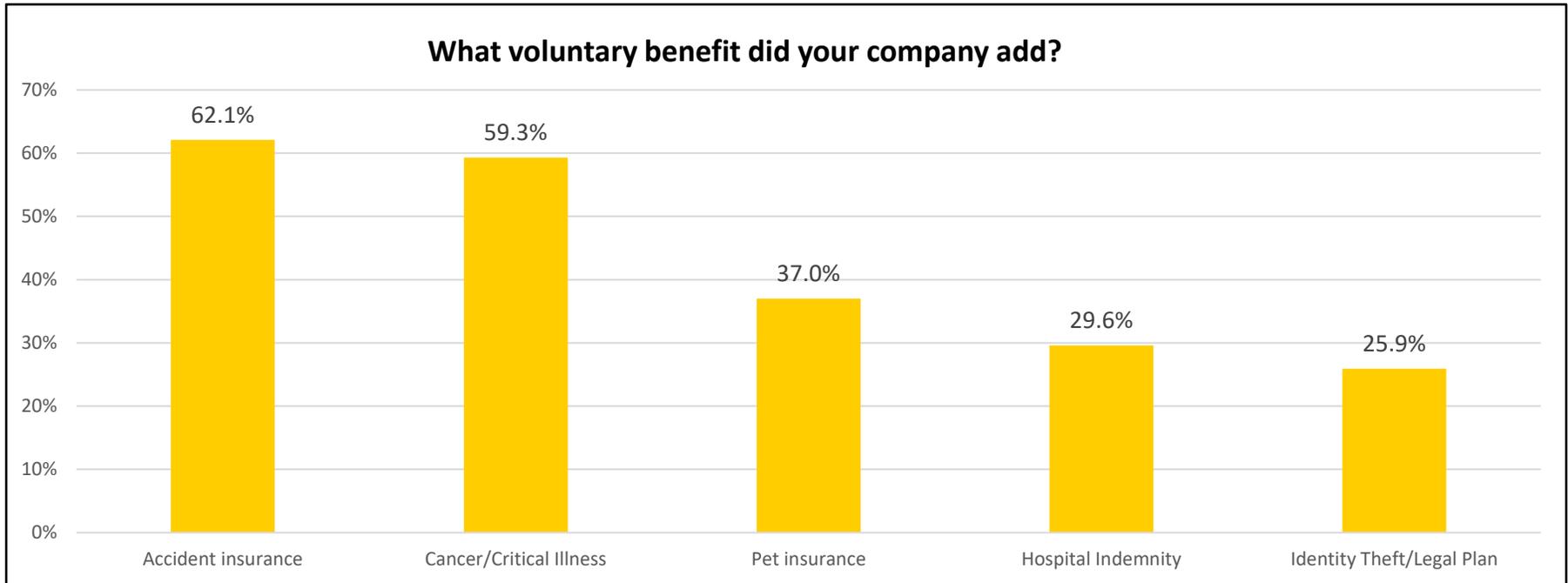
Employers have offered voluntary benefits (also known as worksite benefits, supplemental benefits, or employee-paid insurance) for many years and they continue to increase in importance and demand. These products allow employees to conveniently purchase protection relevant to them and their individual life stage and at a group discount. The available products have expanded over the past decade, and companies review new options every year. The pandemic has further shone a light on the importance of a well-rounded voluntary offering.

We asked employers what they are planning for their voluntary offerings in the coming year. The responses are reflected in the charts below.



Based on 163 employer respondents (allowed to select multiple responses). December 2021

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Based on 163 employer respondents (allowed to select multiple responses). December 2021

Key Findings

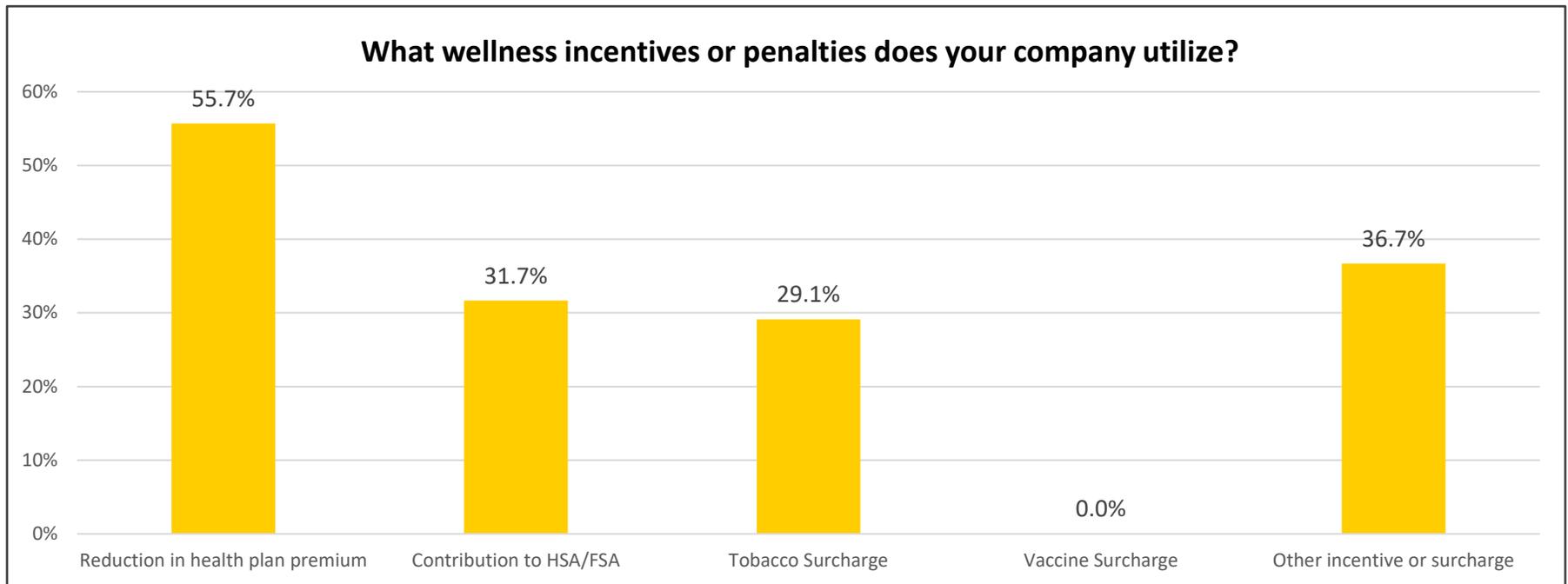
Voluntary benefits allow employees to purchase customized insurance protection at competitive premiums and fill any gaps left by the core benefit programs. They aid employers by supplementing their core benefits, improving employee total well-being, and controlling health care spending. Perhaps most importantly, a strong employee benefits package will help attract and retain talent during the continued “Great Resignation” and tightened labor market.

While there is a lot of buzz about employers enhancing their employee benefits packages, our poll found that most employers did not choose to add new voluntary benefits for 2022. We encourage you to work with your Assurex Global adviser to evaluate options if you have not done so recently.

Wellness Programs

Employee wellness programs continue to increase in popularity and are becoming a standard part of employee benefits packages. While most employers will acknowledge that they hope these programs will reduce their medical claims, they are also using them as employee engagement tools and to demonstrate their investment in the health of their population.

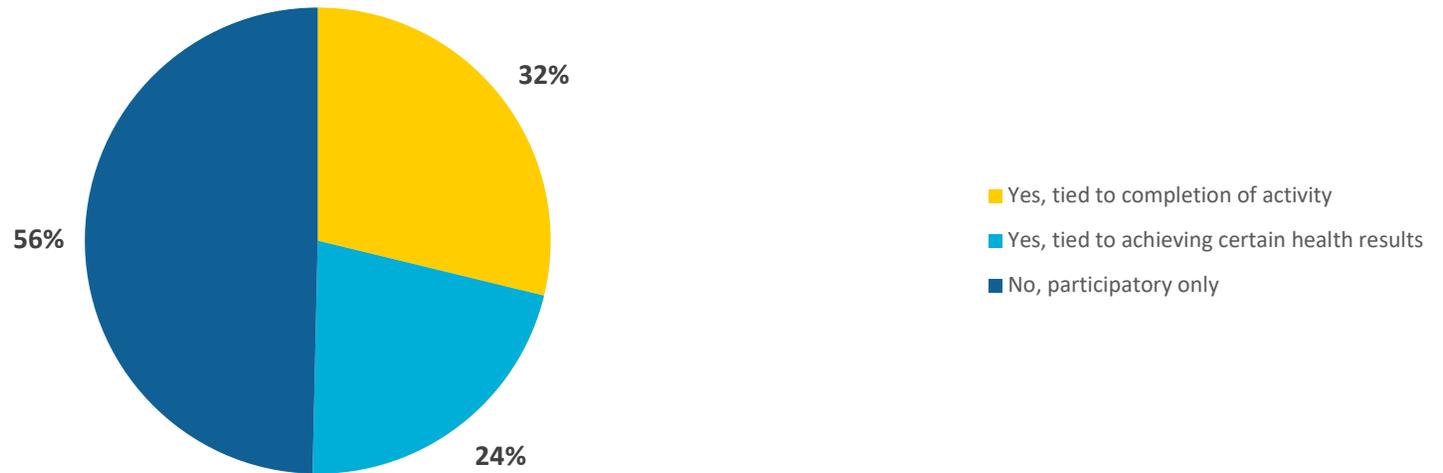
We asked employers how they are deploying their wellness programs. The responses are reflected in the charts below.



Based on 79 employer respondents (allowed to select multiple answers). November 2021

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Are any of your wellness program requirements health contingent?



Based on 124 employer respondents (allowed to select multiple responses). November 2021

Key Findings

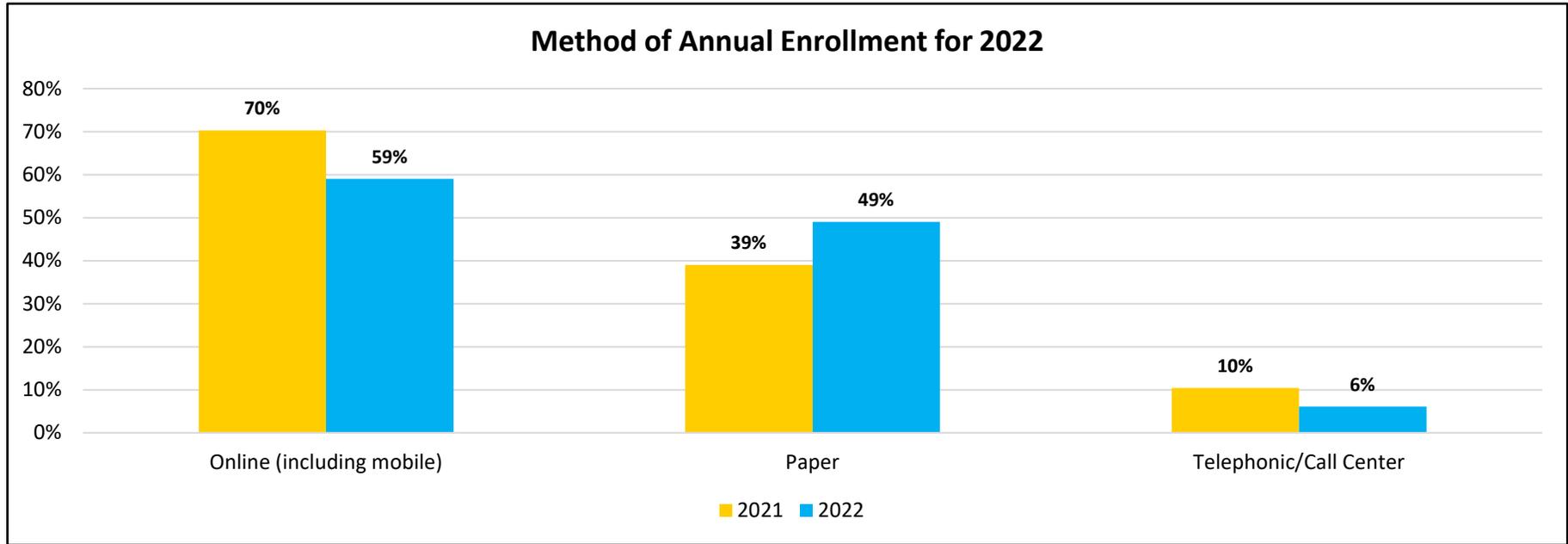
Interestingly, over half of respondents indicated their wellness program requirements were tied to employee participation only and did not require them to complete any health activities or meet any specific health metrics. The most common wellness incentive that employers offer is a reduction in health plan premiums. Notably, despite the buzz in the market, none of the respondents indicated they had implemented a vaccine surcharge at this time.

As employers continue to evolve their strategies, they might consider requiring employees to invest more in the wellness program to earn any incentives.

2022 Annual Enrollment Methods

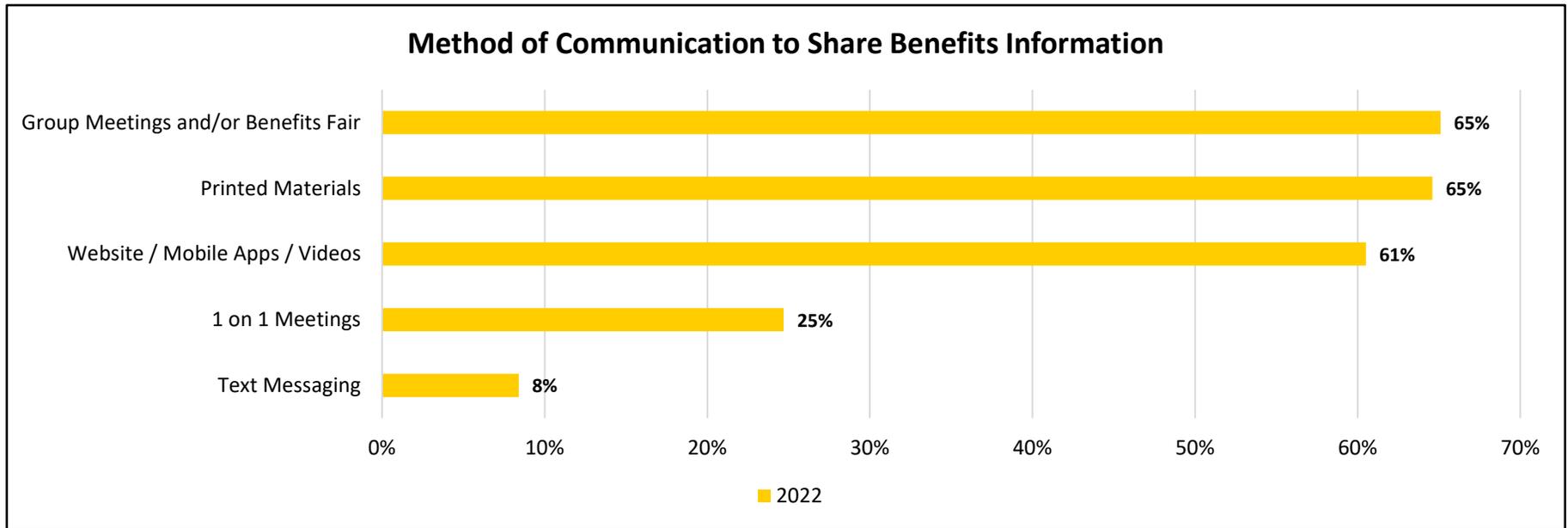
Annual enrollment season is once again approaching for many employers and employees. This time of year can cause stress and anxiety for both Human Resources staff and the general workforce. Annual enrollment is a critical part of a company’s benefits strategy. Still, many employees remain confused by the offerings available and enrollment process and do not spend an appropriate amount of time reviewing their options.

We asked employers about their annual enrollment plans for 2022 and compared it to the results from last year. The responses are reflected in the charts below.



Based on 229 employer respondents (allowed to select multiple responses). October 2021

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Based on 220 employer respondents (allowed to select multiple responses). October 2021

Key Findings

While we see the adoption of digital tools, there remains a high percentage of employers relying on paper materials during annual enrollment. Embracing technology allows employers to reach all segments of their workforce in a more meaningful way. Companies that provide robust employee education and a smooth enrollment experience are rewarded with higher employee satisfaction and greater engagement with the benefits program. Further, employers who leverage technology solutions are rewarded with less administrative work for their HR teams, fewer errors, and easy access to enrollment metrics and data.

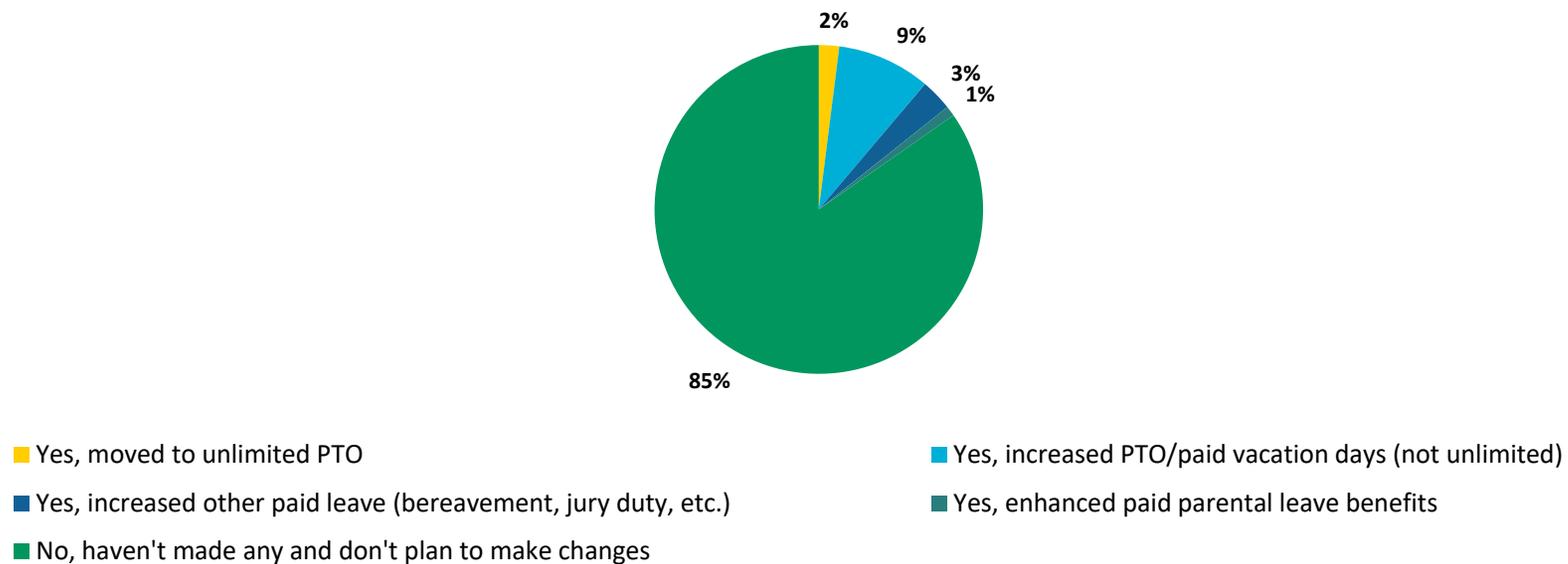
Regardless of how you communicate your benefit options, be clear, concise, and frequent. Having a well-thought-out enrollment strategy can assist an employer in achieving its employee benefit goals.

Time Off and Paid Leave Policies

Time off from work has always been one of the more desirable benefits for employees. The pandemic has further emphasized how critical it is for employees to have options to take a vacation or to take leave to care for children or aging parents.

We asked employers how they are planning their time off and leave policies and how they think those policies assist in attracting and retaining their key talent. The responses are reflected in the charts below.

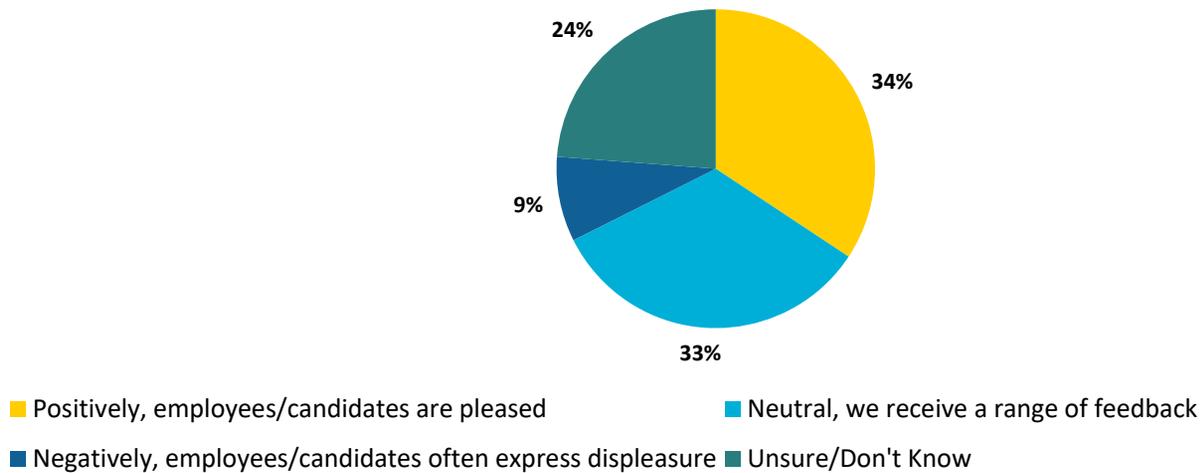
Has your organization adjusted its time off policies recently or plan to do so for 2022?



Based on 98 employer respondents (allowed to select multiple responses). September 2021

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How do your organization's paid leave policies impact your recruiting and retention efforts?



Based on 105 employer respondents (allowed to select multiple responses). September 2021

Key Findings

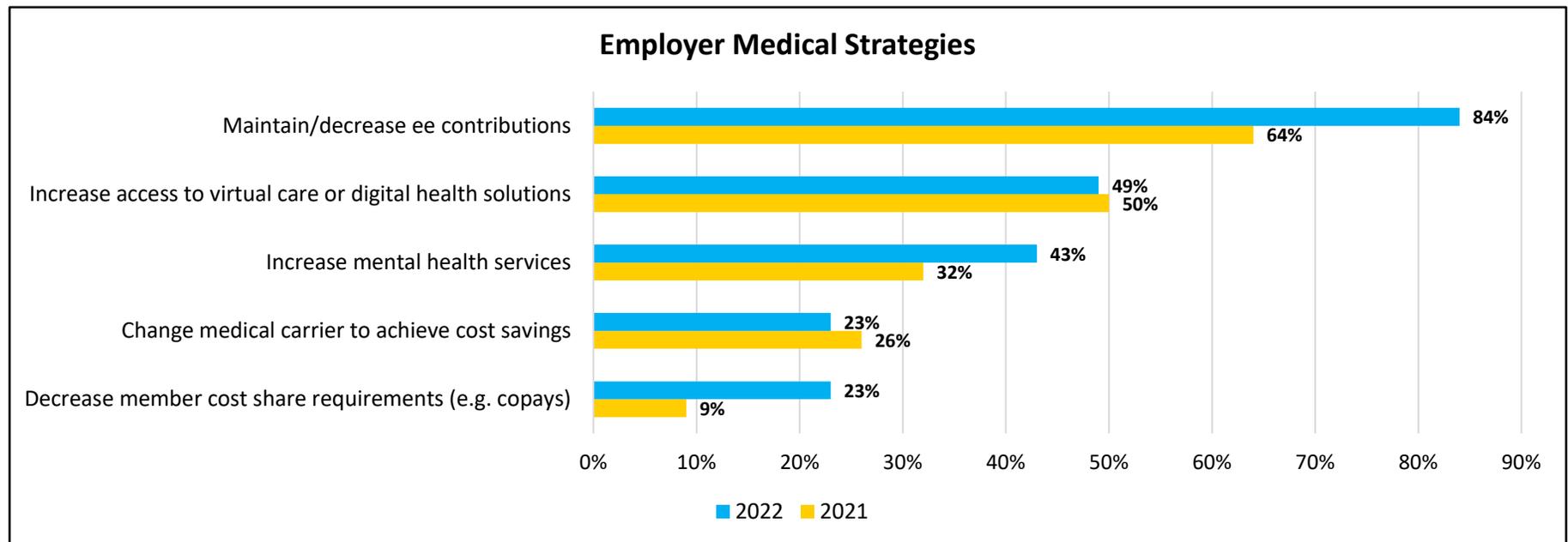
While concepts like unlimited or open paid time off and expanded parental leave are getting many headlines, most employers are not looking to expand available time off in the near term. When evaluating their total well-being strategy, employers would be wise to include a review of the current PTO and leave schedules to ensure a healthy work-life balance supported by the company culture.

PTO – Paid Time Off

2022 Employer Health and Well-Being Strategies

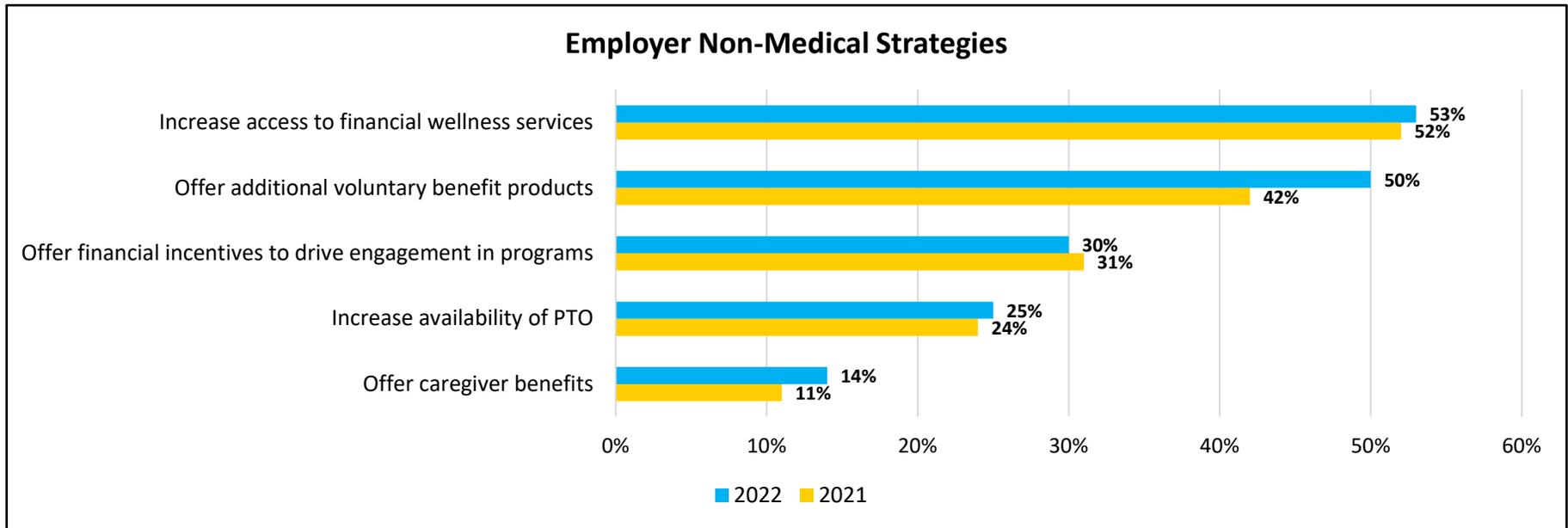
Employee benefits remain a critical aspect of a company's rewards program. As employers examine their offerings for next year, many continue to adopt additional products, limit financial burdens, and expand access to necessary resources to support worker productivity and total well-being.

We asked employers about their strategies for next year. The responses are reflected in the charts below.



Based on 235 employer respondents (allowed to select multiple responses). August 2021

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Based on 235 employer respondents (allowed to select multiple responses). August 2021

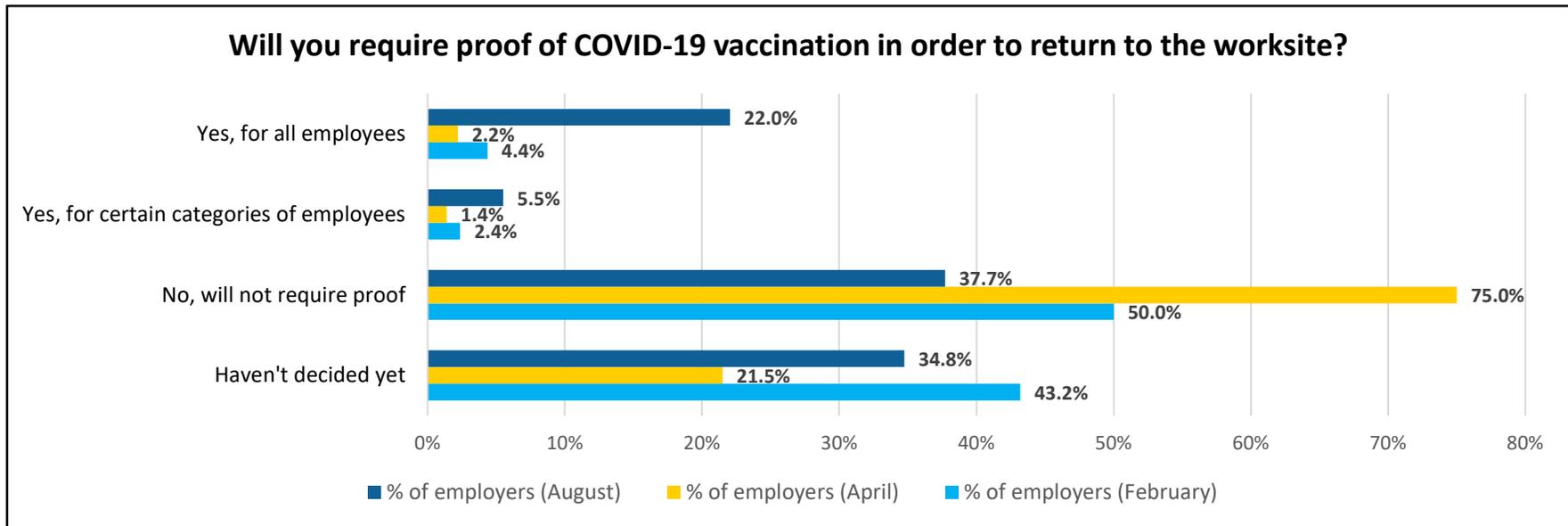
Key Findings

Most of the priorities listed above remained even or increased from the prior year. Employers are most concerned with healthcare affordability for their employees. Significantly more employers are holding/reducing payroll contributions for 2022, and while not as prevalent a strategy, more are also reducing cost-sharing requirements like copays and deductibles. Notably, more employers are planning to increase services available for mental health. As the pandemic has put a strain on employee mental well-being (increased levels of stress, anxiety, and depression), companies began adding valuable resources to support their workers. Accelerating the resources available will not only improve workforce productivity and healthcare costs, but it will also help business results.

COVID-19 Vaccines in the Workplace – Post-FDA Approval Update

Now that the U.S. Food and Drug Administration (FDA) has granted full approval of the Pfizer vaccine, employers are more willing to consider requiring proof of vaccination before allowing employees back into the worksite. Large employers and government entities are leading the way in this shift in thinking.

We asked employers about requiring proof of vaccination from their employees and compared it with the results from the same poll taken in February and April 2021. The responses are reflected in the charts below.



August results based on 235 employer respondents. August 2021
 April results based on 592 employer respondents. April 2021
 February results based on 252 employer respondents. February 2021

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Key Findings

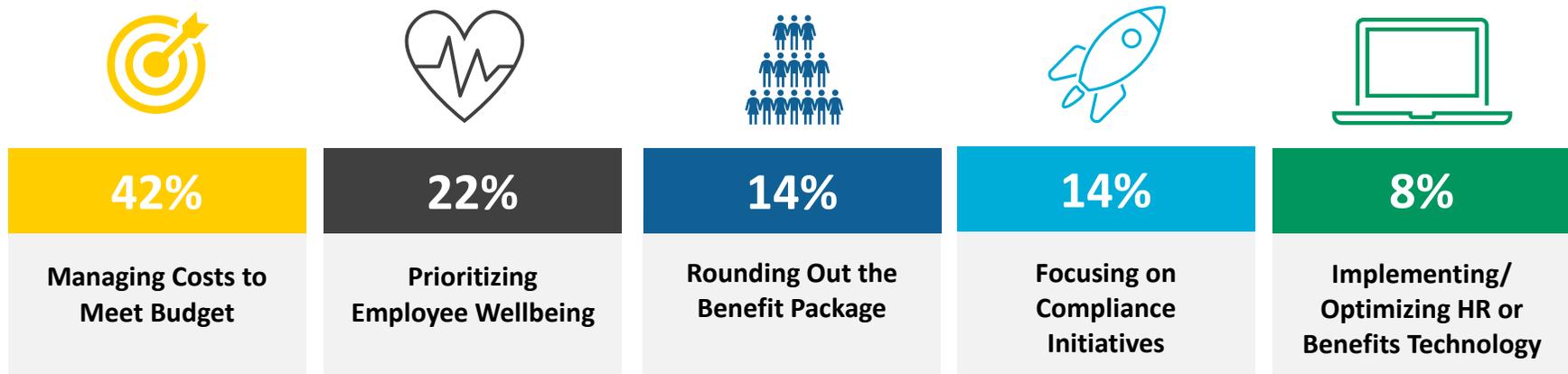
The additional time since the last poll, the emergence of virus variants, and full FDA authorization have allowed employers to define their position more clearly. While employers can encourage and mandate vaccinations before a return to the workplace, it remains critical to review several considerations including:

- exceptions for those with disabilities or religious beliefs
- a business need
- impact on company culture
- any collective bargaining issues
- state laws
- administrative effort to track vaccination status

We encourage companies to consult with counsel before enacting any mandate.

Top Benefits Priority for the Remainder of 2021

Now that we are past the midpoint of the year, many employers are turning their attention to plans for 2022. While planning for the long term is always prudent, there remains the need to address tactical issues for the final six months. We asked employers about their priorities for the remainder of the year. The responses are reflected in the chart below.



Based on 265 employer respondents. July 2021

Key Findings

Managing costs is always a concern for employers, so it is no surprise that remains the #1 goal for the rest of the year. As health conditions are left untreated due to the COVID-19 outbreak and utilization of health services continues to rise, costs will also increase as the year progresses.

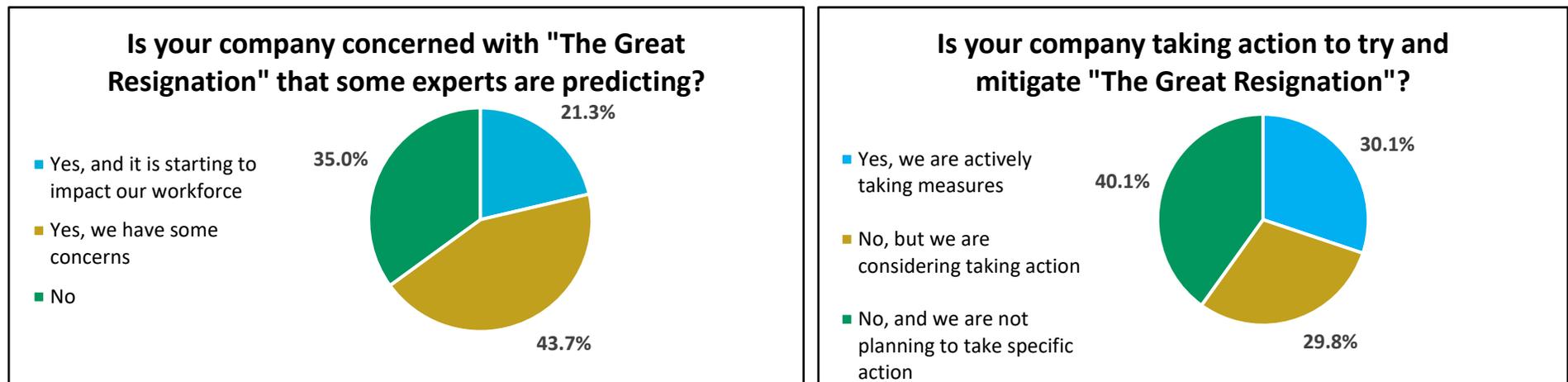
It is encouraging to see several employers placing more emphasis on total wellbeing. The pandemic has highlighted how critical wellbeing is for everyone, from physical to mental to financial. Couple this with those who indicated they intend to round out their benefits offering, including resources for mental health, caregiving, and virtual care. Many employers are focused improving the lives of their workforce.

Many of these strategies will continue into 2022 as well.

Changes in the Workforce – “The Great Resignation”

As the world begins to emerge from the COVID-19 pandemic, we will continue to see shifts in how people live, work, learn, socialize, and more. As it relates to work, the pandemic showed that many employees can do their jobs remotely, that they don't have to be in the same location as their employer, that job security is tenuous, and that new career paths are available. The recently coined phrase “The Great Resignation” describes the phenomenon of workers who stayed put during the uncertainty of the pandemic now leaving or considering leaving their jobs at record levels.

We asked employers about their concerns and plans for a possible “Great Resignation.” The responses are reflected in the charts below.



Based on 300 employer respondents. June 2021

Key Findings

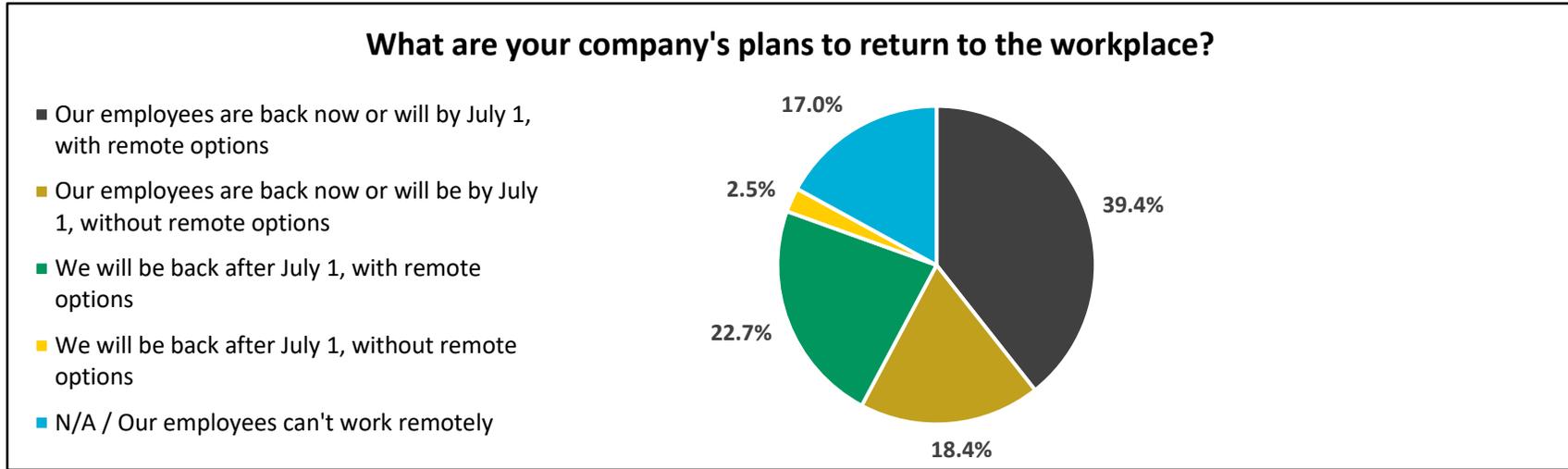
Over 60% of employers confirmed that the concerns are real, and almost 60% are taking steps or planning to combat this phenomenon. Employers need to examine new ways to engineer their employee benefits offerings to secure their employee retention. Possible actions that should be reviewed or considered are time-off policies, mental health resources, caregiver benefits, HR technology, and increased financial wellness. Along with benefits, employers should also re-evaluate their compensation practice, talent pipeline and interview process, learning & development, and workplace flexibility.

Not every employer will have to pivot or make substantial changes, but every company should review all their practices to ensure they aren't caught off-guard by any “Great Resignation” or “Big Shift.”

Employer Plans for Return to the Workplace

As the COVID-19 vaccines continue to be administered, many states and local communities are beginning to revise requirements around masks, social distancing, and capacity. Employers are also reviewing their workplace return plans, whether they involve a gradual transition or a full return.

We asked employers about their plans for returning to the workplace. The responses are reflected in the chart below.



Based on 282 employer respondents. May 2021

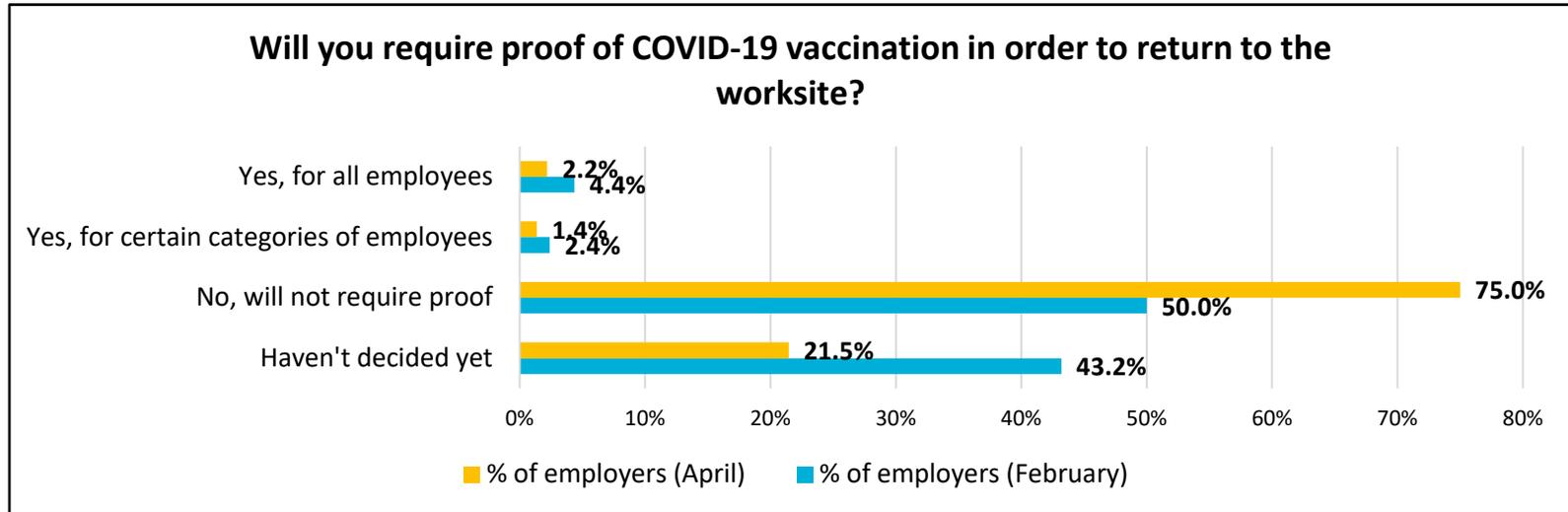
Key Findings

Over half the respondents will have their employees back by the middle of the year. Further, regardless of when employees return, the vast majority will continue to have remote work options available to them. Of those who can offer remote options, 75% will continue to do so after the transition back to the workplace. Employees will appreciate the flexibility provided to them, and employers will have to balance the equity of remote work, culture, and morale against meeting customer needs and business objectives.

COVID-19 Vaccines in the Workplace – Update

COVID-19 vaccinations continue to become more widely available, and about 147 million people (as of May 2, 2021) have received at least one dose of a vaccine. Many employers would prefer that 100 percent of their workforce is vaccinated as soon as possible. Still, most are stopping short of requiring employees to be vaccinated before returning to the workplace.

We asked employers if they are thinking about requiring proof of vaccination from their employees. We compared these results against responses from the same poll taken in February. Significantly more employers have decided not to require proof of vaccination before returning to the workplace. The responses are reflected in the chart below.



April results based on 592 employer respondents. April 2021
February results based on 252 employer respondents. February 2021

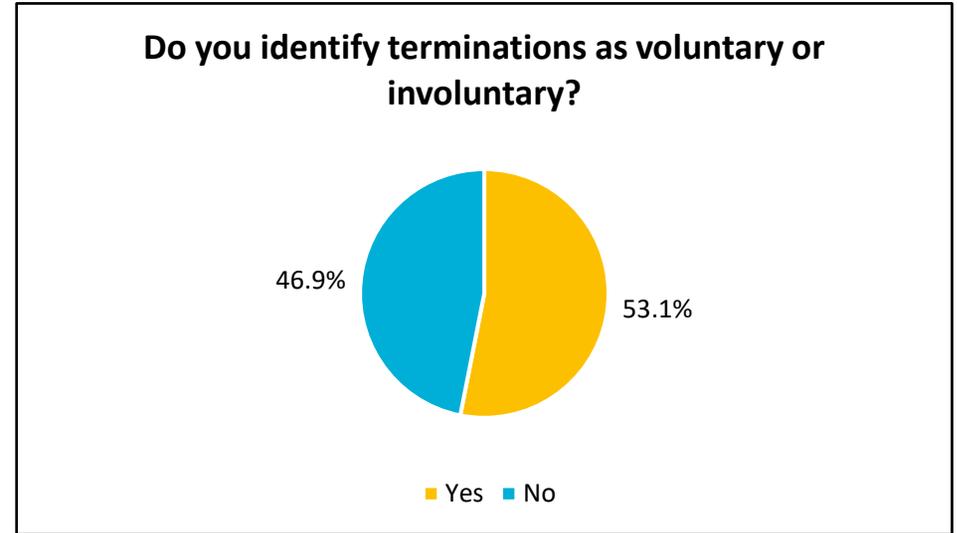
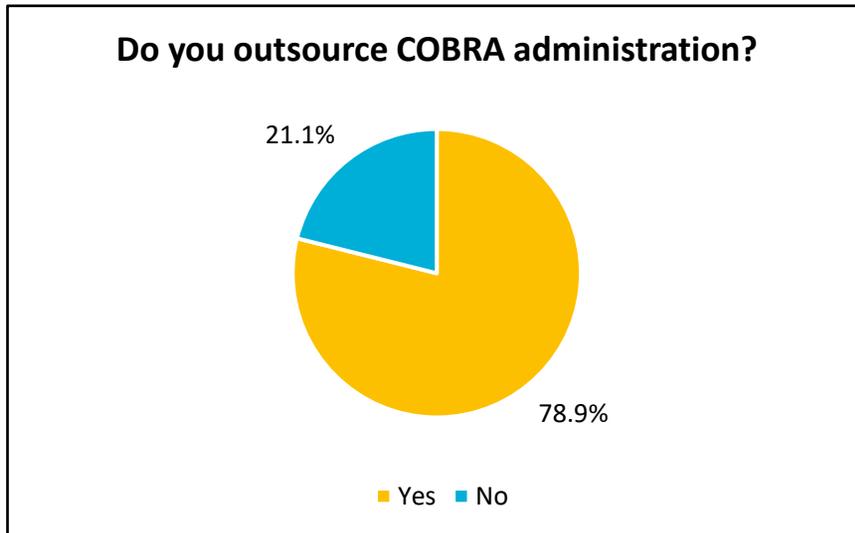
Key Findings

While employers can encourage and even mandate vaccinations before allowing a return to the worksite, several considerations must be reviewed, including exceptions for those with disabilities or religious beliefs, a business need, any collective bargaining issues, state laws, and more. Consulting with counsel is always advised before putting a mandate into effect.

Employer Actions as a Result of ARPA

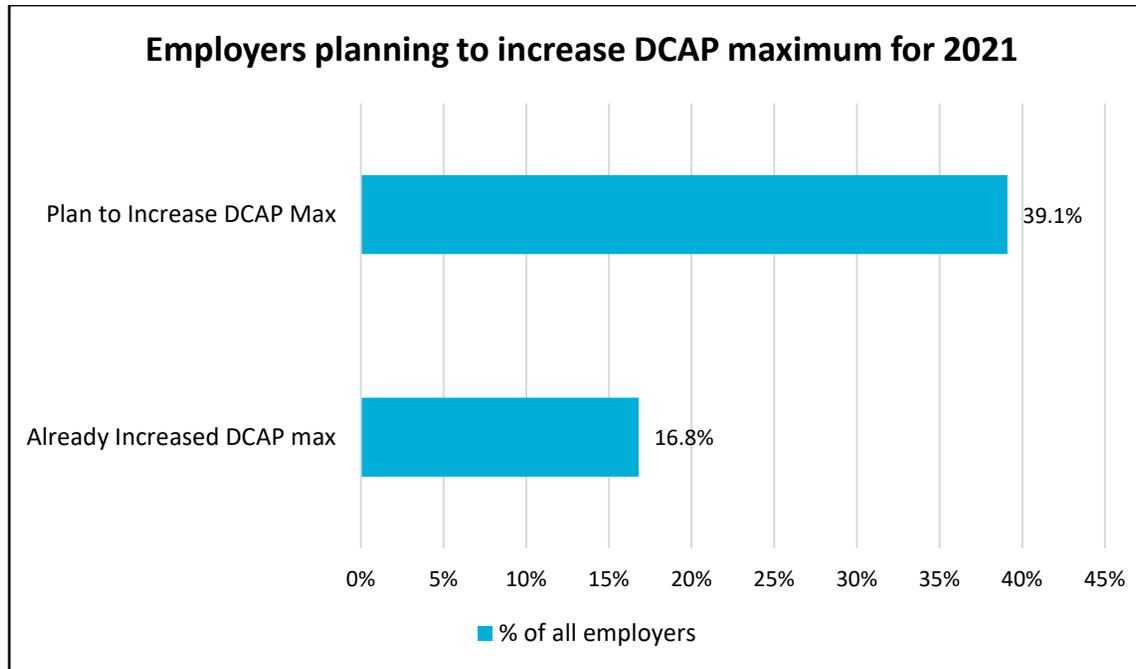
In March 2021, Congress passed the American Rescue Plan Act (ARPA) which was designed to provide COVID-19 relief to many. Included within the bill were several provisions that impact employers, and the employee benefits they offer. Most prominent were (1) a federal subsidy to cover 100% of the cost of COBRA coverage for up to six months for employees that experienced an involuntary termination of employment or reduction in hours and (2) an increase in the amount employees can contribute to their DCAP (from \$5,000 to \$10,500).

We asked employers about their current administration and where the legislation might create some challenges. The responses are reflected in the charts below.



Based on 495 employer respondents. March 2021

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Based on 495 employer respondents. March 2021

Key Findings

Because the COBRA subsidy is only for those employees that experience an involuntary termination of employment or reduction of hours, those employers not tracking the type of termination will have some additional legwork, either on their own or in conjunction with their COBRA administrator. Further, those employers administering COBRA internally will need to ensure that eligible individuals are notified by May 31, 2021.

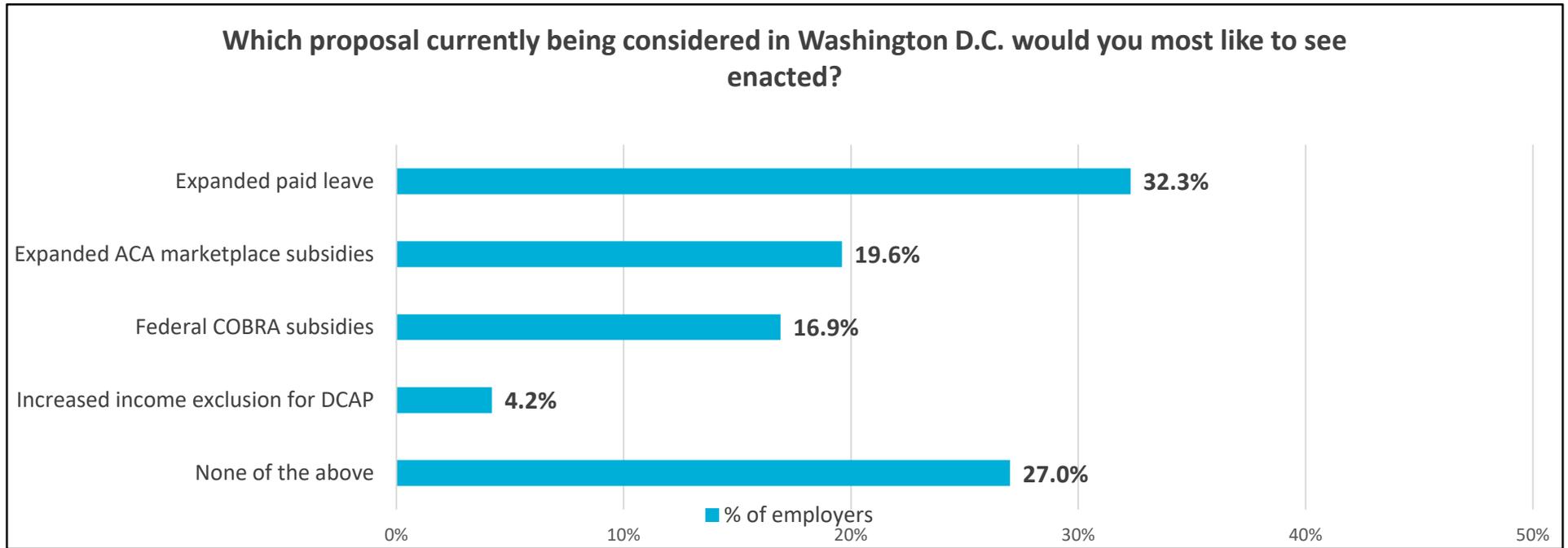
With daycare centers resuming operations, employees returning to work, and the school year coming to an end, employers who haven't decided on the DCAP increase should strongly consider it as employees may welcome this benefit. However, making this change will require some additional administration and communication and could make it more difficult to satisfy the DCAP non-discrimination tests. All of this should be contemplated.

ACA – Affordable Care Act | COBRA – Consolidated Omnibus Budget Reconciliation Act | DCAP – Dependent Care Assistance Plans

Vaccines and Proposed Legislation

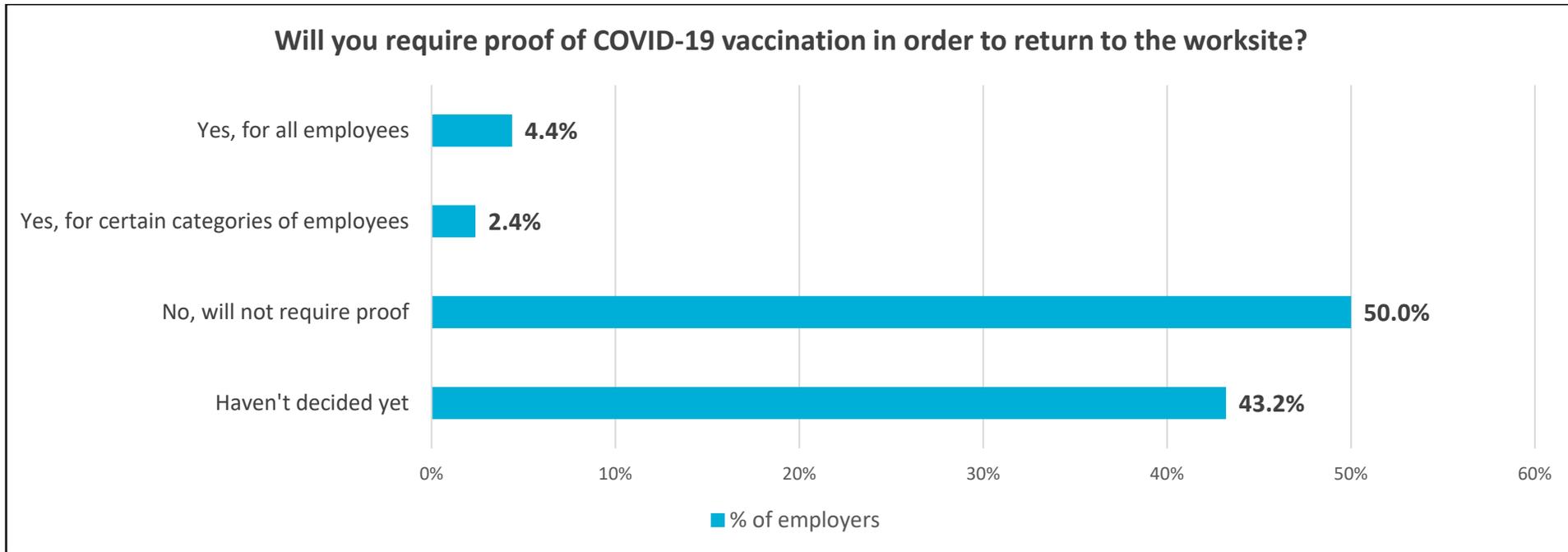
As the COVID-19 pandemic continues to have an impact on business, employers and Congress continue to mull different strategies to combat effects. Legislators are debating additional relief bills that would have impact on employee benefit programs by attempting to expand access to health care coverage. Further, as vaccines start to become available, employers are contemplating how they will allow employees to return to the office.

We employers about requiring proof of vaccination from their employees and how they feel about proposed federal legislative activity. The responses are reflected in the charts below.



Based on 252 employer respondents. February 2021

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Based on 252 employer respondents. February 2021

Key Findings

While employers are certainly allowed to mandate vaccinations before allowing a return to the worksite, there are several considerations to be reviewed including exceptions for those with disabilities, religious beliefs, a business need, any collective bargaining issues, state laws, and more. Consulting with counsel is always advised before putting a mandate into effect. For those employers who won't require proof of vaccination, many are studying ways to encourage workers to receive the vaccine including financial incentives, additional time off, or bringing the vaccine on-site when the appropriate time comes. It is important to note that not every health care provision being debated by Congress will directly impact employer benefit plans, such as the ACA marketplace subsidies, but some could have an indirect impact.

ACA – Affordable Care Act | COBRA – Consolidated Omnibus Budget Reconciliation Act | DCAP – Dependent Care Assistance Plans

Additional Flexibility for FSA and DCAP

Due to the continued impact of COVID-19, Congress has recently provided employers with some additional flexibility in administering Health Flexible Spending Accounts (FSAs) and Dependent Care Assistance Plans (DCAPs). Many employers are contemplating whether to make some or all the permitted changes (none of them are mandatory).

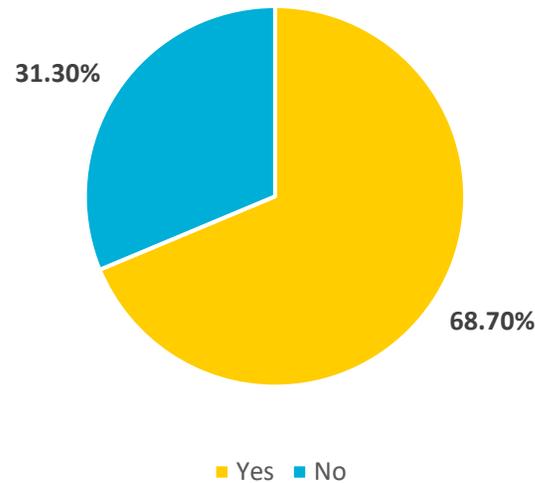
A quick summary of the temporary changes allowed:

1. Grace periods – for plan years ending in 2020 or 2021, employers can implement a grace period of 12 months to submit claims.
2. Carryovers – for plan years ending in 2020 or 2021, employers can allow participants to rollover entire, unused balances to the following year
3. Election changes – for plan years ending in 2021, employers can allow employees to make prospective changes to their election in either the FSA or DCAP.
4. Extending dependents – employers can allow the plan to reimburse expenses for a dependent who has not reached age 14 (standard is age 13), assuming certain criteria is met (For DCAP only)

We asked employers what they are planning. The responses are reflected in the chart on the next page.

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Do you plan to make at least one of the changes permitted by the most recent legislation?



Based on 115 employer respondents. January 2021

Key Findings

Employers who decide to make any of these changes will need to notify plan participants and amend their plan documents. While employers are not mandated to make any of these modifications, companies would be well served to consider all of them. Implementing these would give employees additional peace of mind and financial flexibility, at a time when stress and anxiety are at elevated levels.