Employee Benefits Report

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Benefits Communication

The Personalization Mandate: Tailoring Benefits to Boost Retention

Generation Z is primed to take over as the largest generational group in the workforce. This seismic shift means employers must get creative in how they attract and keep top talent across diverse ages and life stages. One area ripe for a refresh is employee benefits communication and personalization.

Workers Want Better Benefits Guidance

It's clear that companies are dropping the ball when it comes to properly educating employees on available benefits and customizing offerings to their needs. MetLife's latest Employee Benefit Trends study lays it out: Over half of workers wish for personalized benefit recommendations, while an equal number say their employer could show they care more by improving how they communicate about benefits.

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Gen Z Craves Clearer Communication

This cry for better communication is loudest among the Gen Z crowd, with 68% of these young workers wanting ongoing benefits guidance all year long, not just during annual enrollment periods. Over half admit that as newbies to the working world, they don't fully grasp parts of their benefits package.

This Just In ...

The Great PTO Upgrade: Over 80% of Employers Boosting Leave Policies

A new survey from global advisory firm WTW finds the vast majority of employers plan to expand paid time off and leave benefits in the next two years. The data shows 84% of employers intend to alter their current policies, with most citing enhanced employee experience as the driving factor.

Major Changes Ahead

The survey results indicate substantial changes are on the horizon. Over 50% of respondents reported they plan moderate to extensive updates, going beyond basic legal compliance. With talent acquisition and retention top of mind, companies aim to remain competitive by improving parental leave, bereavement, caregiver leave, and paid time off offerings.

One-fifth of employers providing parental leave intend to lengthen the duration of their programs. A quarter of companies with bereavement leave expect to expand coverage for additional circumstances and increase time allotted.

Paid caregiver leave is also gaining traction, with 25% of employers currently offering it and 22% more planning to implement caregiver leave within two years. If this trend continues, nearly half of all employers could have caregiver leave on the books before 2025.

Meanwhile, their generational colleagues face different hurdles. New parent millennials may need help understanding childcare benefits, while Gen Xers caring for aging parents could use a hand with elder care resources.

Communication Breakdowns Lead to Disengagement

Poor benefits communication has real consequences, experts warn. An Aflac survey revealed that due to subpar guidance on benefits and lack of burnout assistance nearly half of employees don't believe their company truly values them. What's more, research shows HR is communicating less frequently about benefits compared to previous years — a missed opportunity to demonstrate their commitment to employees' overall well-being.

The Personalization Mandate

As the labor force evolves, employers can no longer take a one-size-fits-all approach to benefits communication. Personalizing offerings and outreach is key to meeting the diverse needs of a multigenerational workforce.

Tailoring the Benefits Experience

At its core, personalization recognizes that different generations prioritize benefits differently based on their current life stage. Millennial parents may value childcare and fertility offerings, while Gen Xers could appreciate elder care support. Meanwhile, Gen Zers are expressing interest in modern perks like legal aid, identity protection, and pet insurance.

Using Multi-Channel Outreach

Just as benefits needs vary, so do communication preferences across generations. Relying on just one outreach method risks leaving some groups feeling overlooked. The solution? A strategic multi-channel approach designed around each generation's unique communication leanings.

The Business Case for Personalization

While ramping up personalization efforts requires investment, the potential upsides for companies are massive — including higher employee satisfaction, engagement, and retention.

Happier Workers, Stronger Organizations

People who feel truly seen, heard, and valued by their employer are more likely to be invested in their job and loyal to the organization long-term. Tailoring benefits and how they're communicated cultivate that all-important sense of belonging.

In today's hyper-competitive job market personalized benefits and top-notch communications have the upper hand in the Talent War and can tip the scales for companies vying for skilled workers across generations. Organizations that prioritize understanding and meeting diverse employee needs will gain a serious talent advantage.

Retention Savings and ROI

There's also a dollars-and-cents case for prioritizing personalization. Improved benefits utilization and retention can result in significant savings by avoiding turnover expenses like recruiting and training. If done right, personalizing benefits engagement can deliver a hefty return on investment.

The Way Forward

As workforce dynamics constantly shift, companies must adapt their benefits strategies accordingly to attract and keep an engaged, loyal team. Personalizing offerings and outreach is no longer a nice-to-have but an essential part of the overall employee experience.

In addition, 16% of employers are looking to offer unlimited PTO to exempt employees, while 23% aim to increase the number of PTO days provided to staff.

Compliance Headaches

While enhancing employee experience is the top priority, survey data indicates compliance burdens are also driving updates. State and local leave legislation varies widely, creating administrative headaches for multi-state employers with remote workforces.

More than 20% of companies plan to outsource leave management functions, and over 50% expect to hire new personnel to handle its ever-increasing complexity within the next two years. Rather than continually modify policies to meet legal minimums, experts say streamlining and expanding leave beyond mandates could provide compliance relief while improving employee satisfaction.

Actively Listening to Stay Tuned In

Step one is giving employees a voice. Conduct surveys, run focus groups, or leverage employee resource groups to understand your workforce's diverse benefit needs and communication preferences.

Leveraging Data and Modern Tools

To empower their personalization efforts, companies can also tap into data analytics and communication technologies. Studying employee demographics, benefits usage, and outreach preferences allows for laser-focused, tailored messaging to specific groups.

Continuous Refinement Is Key

At the end of the day, personalization is an ongoing practice, not a one-and-done initiative. Employers should constantly assess the effectiveness of their efforts, gather feedback, and use data to optimize communication strategies as needed.

Prioritize Care While Cutting Costs

As 2024 rolls on, employers expect healthcare costs to continue rising, making for the steepest increase in a decade, according to recent projections. With employer healthcare expenses anticipated to jump 8.5% nationwide, finding innovative solutions to reduce expenditures while supporting employee wellness has become paramount.

Self-Funded Plans Offer Cost Control

Self-funded or self-insured plans are an increasingly popular option, allowing employers to pay for employee claims directly while partnering with an insurer or third party to handle administrative functions. A key advantage is access to data pinpointing high-cost areas and enabling smarter decision-making around reducing expenses. Pricing and quality can be compared transparently across providers. As with any of these techniques, your broker can help.

Direct Contracting Cuts Out Middlemen

Another emerging trend is direct contracting between employers and health care providers through direct-to-employer (DTE) arrangements, often administered by third parties. Community-based DTE plans align incentives, enabling average cost savings of 10% compared to traditional insurance by eliminating insurer profit margins and gaining volume-based discounts from providers.

Optimizing Pharmacy Spend

With 91% of large employers concerned about escalating medication costs, managing pharmaceutical benefits is critical. Tactics include partnering with an effective pharmacy benefits manager, driving the adoption of low-cost generic alternatives where possible, and negotiating rebates.

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Empowering Smarter Health Decisions

Beyond revamping plan structures, educating employees on accessing high-value care can substantially impact long-term costs. The new year represents an ideal opportunity to encourage preventative actions like routine checkups that detect issues early before they become larger expenses.

Concerning Statistics on Delayed Care

Delaying or skipping recommended medical tests and treatments due to cost concerns is commonplace, with 33% of Americans reporting these behaviors over the past year, according to the Kaiser Family Foundation. However, this penny-wise approach is ultimately pound-foolish, leading to more serious and costly health complications.

Steering Employees to High-Value Providers

To simultaneously improve outcomes and reduce expenses, many employers are adopting "steerage" strategies that guide employees to high-quality, cost-effective care sites for routine services and non-acute episodes. For example, shifting appropriate procedures from pricey inpatient hospitals to freestanding outpatient facilities can yield significant savings.

While identifying optimal providers requires upfront analysis, the long-term payoffs of steering can be substantial for employers and employees alike by avoiding downstream costs related to disease progression and complications.

Improving Health Literacy Year-Round

Traditionally, most employers have concentrated on health benefits communications during the annual open enrollment period. However, consumer education experts advocate adopting a year-round approach with bite-sized, easily digestible messaging that keeps benefits top-of-mind.

Working closely with brokers is the way to develop compelling multi-channel campaigns spanning digital, print, and interpersonal formats. Topics should cover the full scope of available benefits, money-saving strategies, and, importantly, how to optimize personal health outcomes by astutely navigating the care landscape.

Navigating Compensation in the Era of Transparency

Six decades after the Equal Pay Act aimed to eliminate gender-based wage discrimination, women in America still earn just 82 cents for every dollar earned by men. For Black and Hispanic women, the gap is even wider at 70 cents and 65 cents, respectively.

New pay transparency laws emerging across the U.S. aim to finally remedy these persistent inequities by requiring employers to disclose salary information for open positions. With eight states now mandating public disclosure of pay ranges for job postings, experts say a new era of compensation transparency is dawning.

As more locales enact regulations for posting salaries and banning questions about pay history, companies must adapt their hiring and compensation practices. Employers who embrace transparency can gain an edge in recruiting, while those who resist risk fines, poor publicity, and eroded trust.

Pay Gap Persists Despite Equal Pay Act

Though the 1963 Equal Pay Act made it illegal to pay women less than men for the same work, the gender wage gap has only narrowed by about 20 cents

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in 60 years. Remote workers face an even wider divide, with women earning 79 cents for every dollar men earn when both telecommute.

Over a 40-year career, the average woman stands to lose around $900,000 to the pay gap. Experts tie persistent inequities to tendencies for women to be less assertive in pay negotiations and reluctant to discuss salaries.

New Laws Seek to Empower Through Information

In response, in 2021 a wave of local and state laws was enacted requiring salary range disclosures on jobs when posted or upon request. Leading the effort was Colorado, the first state to mandate public posting of pay ranges, followed by seven more states. A dozen others are considering similar bills.

Proponents argue transparency gives applicants, especially women and minorities, vital data to better negotiate pay and ensure fair compensation. Surveys show over 80% of workers are more likely to apply when ranges are listed.

Wrestling with Wide Ranges

Yet some worry that loose requirements allow dubious salary ranges that render the laws ineffective. Ranges spanning as much as $90,000 to $900,000 have drawn viral scorn on social media.

While most employers aim to comply, noncompliance has led to fines of up to $10,000 per violation in Colorado. Moreover, experts urge resistant companies to consider the risk of eroding employee trust and branding.

Beyond Ranges: Building Fair Systems

Experts caution ranges alone cannot guarantee equity. True pay fairness requires systematically documenting legitimate reasons for differences. Employees must understand how roles, skills, and experience factor into compensation.

This culture shift around pay is largely driven by HR, but leadership must spearhead consistent messaging. Investing time in compensation frameworks can give companies a recruiting edge.

Objectively setting pay before negotiating helps prevent discrimination and build trust. Workers who grasp pay rationales are more loyal and engaged. Smaller employers unable to match high salaries can tout other perks like remote work-life balance.

Early Signs of Progress

Though limited, early research indicates that transparency positively impacts equity. Public sector jobs with openly available salaries show a much smaller gender pay gap than the private sector. The same holds true for union roles with pay transparency.

Multiple studies confirm disclosure laws significantly increase pay fairness and equality where implemented. While fears abound that transparency could spur turnover, most employers report more and better applicants after posting ranges.

Early Cancer Detection Saves Lives, Lowers Costs

A recent report reveals that early cancer detection through screenings can improve survival rates and reduce healthcare costs for employers. However, many organizations struggle to get employees screened due to a lack of awareness, time constraints, and reliance on third parties for care. Proactive efforts by employers to promote screening compliance can lead to better outcomes.

Costs Are Rising, But Focus Remains on Treatment Over Prevention

Cancer claims over 1,500 American lives daily and has become the number one driver of employer healthcare expenses. Approximately 96% of benefits leaders agree early detection provides the best solution. However, most efforts still concentrate on treatment instead of evidence-based screening.

Around three-quarters of employers now emphasize screening, early detection, and risk prevention more. However, only 25% think their current health plans adequately meet employees' screening needs. Seventy-five percent say workers aren't getting screened enough by primary care providers. Forty percent of employees overall don't comply with recommended screenings. For cancers like lung, screening rates are as low as 6% among those eligible.

Awareness and Access Are Key

Nearly half of employees don’t know which screenings they require, with 46% fearing the results and 40% unable to make time for appointments. By promoting screening benefits and allowing flexible scheduling, employers can ensure employees understand requirements and can attend preventive care visits.

Experts advise making screening participation a social norm. When coworkers openly discuss checkups, it motivates others to get tested. Flexible work policies also enable staff to fit appointments into busy schedules.

Employers Must Take Active Role in Health Management

Just 17% of benefits leaders currently offer supplemental screening programs beyond basic health plan coverage. Most depend too heavily on third-party administrators (TPAs) instead of taking a hands-on approach to population health. But TPAs focus on claims coverage, not improving access.

Experts urge employers to directly provide screening services that remove barriers for staff. Though prevention programs may increase upfront costs, avoiding late-stage diagnoses ultimately decreases expenses. Paying for late-stage treatment is far more costly and does nothing to solve underlying problems.

Access to Data Is Crucial for Insights

Ninety percent of employers want access to data on employee screening compliance. However, only 16% can view combined rates for the five cancer types causing a quarter of cancer deaths. As healthcare is often the first or second highest employer cost, experts emphasize the need to analyze this spending.

Without data transparency, employers cannot identify what drives costs to take action. They should be able to segment data demographically to gain insights into different populations within their workforce. But currently, healthcare analytics remains a black box.

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