

Benefits Insights

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Employee Benefits Trends to Watch

Generally speaking, employers are looking to lower their rising health care costs and improve their employees' overall health. When HR professionals look toward the future, they are evaluating strategies to help manage both short- and long-term costs.

Employers are facing pressure to keep health care costs low for themselves and their employees, particularly in today's tight labor market. As employers try to attract and retain top talent, they've had to get creative, and this is reflected in the following employee benefits trends.

Health Care Costs

According to the Kaiser Family Foundation and the Health Research & Educational Trust's (KFF/HRET) 2019 Employer Health Benefits Annual Survey, the average premium rose 4% for single coverage and 5% for family coverage from the previous year. The average premiums were \$7,188 and \$20,576 respectively, and employers shouldered the majority of those costs. The trend of rising health care costs is projected to continue at a steady rate over the course of this year.

The past trend of raising deductibles to offset premium increases remains relatively popular, but its growth has slowed. In 2019, 28% of workers were enrolled in a plan with a general deductible of at least \$2,000, but the overall average deductible was \$1,655. A reason for the slowed growth is that health benefits are a highly effective attraction and retention tool, especially in a strong economy and tight labor market.

Health Plan Designs

The types of plans employers are offering to their employees has followed a pattern year over year. More employers are

offering high deductible health plans with a savings option and fewer are offering standard preferred provider organizations. According to the KFF/HRET's survey, the following were the most common plan types in 2019:

- Preferred provider organizations (PPOs)—44% of workers covered
- HDHP/SOs—30% of workers covered
- Health maintenance organizations (HMOs)—19% of workers covered
- Point-of-service (POS) plans—7% of workers covered

Plan Funding

In an effort to reduce benefit costs, some employers are exploring alternative health plan funding methods, including self-insured and level-funded plans.

The KFF/HRET's survey found that, in 2019, 17% of workers with small employers were elected in either partially or entirely self-funded plans, compared to 80% of workers with large employers. Of the employers with fewer than 200 workers, 7% reported they had a level-funded plan.

Telemedicine

Since its introduction, telemedicine has been used by employers as a strategy to lower health care costs and provide employees with access to convenient care. More than two-thirds of employers with 50 or more workers have embraced telemedicine, with 69% offering health care services through this method. Of these employers, 48% offer financial incentives to receive health care services this way, opposed to an in-person physician visit.



Telemedicine now extends beyond an alternative for visiting a primary care doctor for ailments. Some plans offer telemental health and even telerehabilitation services.

Paid Leave and Family Benefits

The demand for generous parental leave and other family benefits, such as fertility coverage, continues to grow. Eager to boost attraction and retention efforts, some employers are expanding their benefits packages to include coverage for fertility treatments. Additionally, many companies are expanding or re-evaluating their parental leave policies.

Summary

Looking forward for 2020, employers should consider these employee benefits trends and identify tools and resources they can use to offset higher premium growth.

For more information, contact Insure NW.