



February 2022

# Benefits Breakdown



## 3 Strategies for Reducing Benefits Costs in 2022

Health care costs continue to rise each year, and 2022 will be no exception. In the new year, experts predict a 6.5% increase in medical costs alone, according to PricewaterhouseCoopers. Employers are also anticipating health plan premiums to rise more than 5% in 2022, a Willis Towers Watson survey reports. With these increases in mind, employers will want to strategize methods to rein in benefits spending. This article offers three ways to help.



### 1. Consider Alternative Plan Modeling

Instead of raising premiums, which may push employees away, employers can think about offering alternative health plan models. These include consumer driven health plans and various self-funded plan models. At their core, alternative plan models give more control to employees and employers about how health care dollars are spent.

### 2. Promote Health Care Literacy

The idea of health literacy is that if employees better understand their health care options, they can save more money and improve their overall well-being. Even limited health literacy can go a long way toward keeping health costs down in 2022. Arming employees with basic questions such as “How much will this cost?” and “Can I be treated in an equally effective but less costly way?” can help them take better control over their health choices and make wiser decisions.



### 3. Explore Telemedicine Solutions

In basic terms, telemedicine allows consumers to visit their doctor over the internet. These appointments are often much more affordable compared to in-person visits. As of mid-2021, 46% of consumers were using telemedicine to replace in-person health visits they had originally planned, according to a McKinsey and Company survey. Those figures are expected to rise in 2022 as the cost savings of telemedicine are more widely understood.



## The Case for Mental Health Benefits

Mental health has been a hot topic recently, thanks to the COVID-19 pandemic. Over the past two years, so many people have experienced issues such as burnout, depression, anxiety and substance addiction. In fact, 40% of U.S. adults said they have struggled with mental health or substance abuse during the pandemic, according to a Jellyvision survey.

In 2022, mental health will continue to be a top concern for workplaces, and employers are taking notice. Over 30% of employers have added new mental health benefits within the past year, McKinsey and Company says. Yet, despite increased efforts, nearly 25% of employees still don't feel supported when it comes to their mental health.



With that in mind, employers will need to evaluate their 2022 mental health strategies and consider how they can best help maximize their employees' overall well-being. Doing less could create greater problems down the road, such as increased absenteeism and voluntary terminations.