



Employee Benefits Barometer 2017

Why Human Resources Must Take a Long-Term View

HUB International's annual research study reveals the top priorities and challenges facing employee benefits professionals at small to mid-sized firms. Managing benefits requires HR professionals to be strategic advisors to their executive leadership. They can only succeed in that capacity by having a multi-year plan that anticipates future risks and opportunities.



Benefits professionals work hard to provide their employees with benefits that promote a healthy, productive and loyal workforce, all within tight budget constraints. But human resources executives are under ever-increasing pressure to manage an expanding workload, stay current with talent acquisition and retention trends, and cope with changing regulatory requirements. These pressures often lead to short-term planning cycles and reactive approaches instead of a longer-term, strategic approach that gives them the best opportunity to guide and contribute to their organization's success.

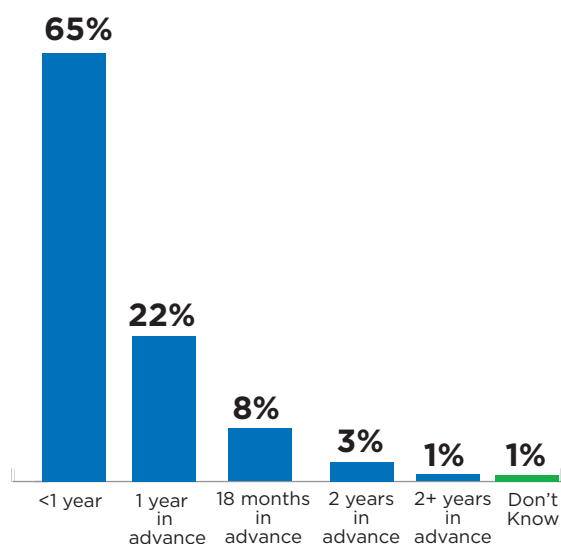
- o prioritizing cost management strategies
- o offering benefit plans and communications tailored to employee needs
- o investing in HR and benefits administration technology

- o **Multi-year benefits planning is lacking:** 65% of respondents say they spend less than a year developing their annual benefit plan changes.
- o **Certain planning concerns rise to the top:** 81% of respondents selected managing costs as one of their three primary benefits priorities; 50% list helping workers make better benefits decisions.
- o **New cost management strategies, while top of mind, may not be on the docket:** While 4 out of 5 companies say one of their goals is to manage health benefits costs better, 40% do not plan to implement any new cost management programs in the next 12 to 18 months and 50% believe that they've done all they can reasonably do to manage costs.
- o **Investments in benefits administration technology can be difficult to secure:** 53% say they need a better technology solution to reduce their workload but 36% of respondents report that they struggle the most to convince their CEOs/CFOs to make technology investments.
- o **Meeting the needs of a multi-generational workforce is not always a prime focus** Only 28% of respondents identified this objective as a top priority, despite the growing importance that millennials play in today's workforce.
- o **Wellness can provide a morale boost:** 54% cite employee morale as their most improved metric from implementing wellness programs.

In March 2017, SourceMedia Research conducted an online survey among 300 employee benefits professionals from organizations with 50 to 1,000 employees, drawn from *Employee Benefit News*' opt-in subscriber base.

The study reveals that very few employers — just 4% — plan changes to their health benefits (plan design, funding and contributions) two years or more in advance, with 65% spending less than a year putting together their annual benefit packages.

Survey question: How far in advance do you plan benefits, including making changes to plan options, funding and contributions?



This chart indicates that the majority of benefits professionals tend to be more reactive in their approach and operate on short planning cycles, which adversely impacts their ability to operate as strategic advisors to upper management.

The complexity of managing benefits requires HR to be strategic advisors to the executive suite — and they can best provide that essential support by developing a long-term plan that anticipates and addresses future risks and opportunities.

When asked to select their top three employee benefits priorities in 2017, respondents chose managing employee benefit costs (81%), helping employees make more informed benefits decisions (50%) and improving employee wellness and productivity (44%). Compliance with federal, state and local regulations — an area of intense focus in previous years — received a much lower priority ranking currently, which could be attributed to uncertainty regarding the future of ACA.

“We tend to be very reactive... talking a LOT about benefit changes too late in the process to make realistic changes.”

— *Survey Respondent*

FIGURE 2. Top Benefit Priorities

Survey question: Which of the following are the top three employee benefits priorities for your company in 2017?



“Our organization currently pays 80-90% of the premium. Rising costs could impact this and hurt employee retention and recruitment.”

— Survey Respondent

FIGURE 2A. Top Benefit Priorities, by Company Size



Source: HUB International Employee Benefits Barometer 2017 Study, SourceMedia Research/*Employee Benefit News*, March 2017

The most popular cost management strategies being implemented for the first time are multiple medical plan options, telehealth and high deductible health plans — all well-established practices that support a growing trend toward offering employees more choice in benefits. Telehealth gives employees convenient access to health care while reducing costs, whereas high deductible health plans can deliver substantial savings to employers (and to healthy employees). Interestingly, 4 of every 10 respondents do not plan to implement any new cost management programs in the next 12 to 18 months.

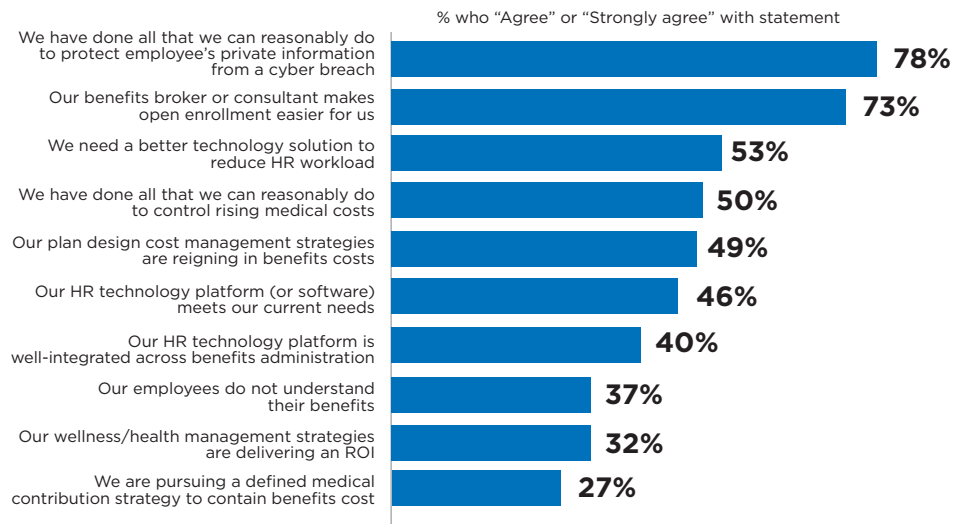
Survey question: Which cost management strategies are you implementing for the first time in the next 12-18 months?



— *Survey Respondent*

“We want to take care of our employees, and we want to be part of a plan that is fair to the company, is fair to the employees, and is sustainable through wellness participation and cost control measures.”

Survey question: Please indicate how much you agree or disagree with each of the following statements.



Source: HUB International Employee Benefits Barometer 2017 Study, SourceMedia Research/*Employee Benefit News*, March 2017

When it comes to benefits administration, more than half of employers say they need a better technology solution to reduce HR workload.

Interestingly, this seems to be less of a priority for small organizations, with a 4% response, than for mid-size at 18% and large companies at 27%. The difference in the priority of technology may reflect the reality that smaller firms may not believe it possible to find an affordable technology solution.

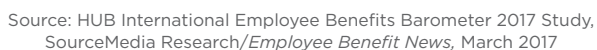
When asked which items on a list were among the top three employee benefits priorities for their company in 2017, only 28% of respondents select “Meet the diverse benefits needs of a multi-generational workforce.” Despite the growing importance that millennials play in today’s workforce, it is not a prime focus for most respondents — even though several candid responses highlight the challenge for employers:

- ## Wellness Initiatives Increase Employee Morale

More than half of employers who have a wellness program rank employee morale as their most improved metric from implementing wellness initiatives, with smaller improvements in claims and stress reduction. And in the same group, nearly one-third indicate that their wellness or health management strategies are delivering a return on investment.

— *Survey Respondent*

Survey question: Below are items that HR departments typically measure. Which 3 have you seen the most improvement in after implementing a wellness or health and performance program for your employees?



One of the telling findings of the survey is that more than a third of companies say they struggle to convince upper management to implement changes to both technology and benefits plan design.

FIGURE 6. Challenges with Upper Management

“Scary times-
people are
afraid to enroll,
invest, change
benefits due to
uncertainty.”

Benefit Plan Change	Percentage
Make an investment in technology	36%
Implement changes to benefit plan design or funding	35%
Introduce new wellness program initiatives	26%
Implement new cost management strategies	21%
Introduce new voluntary benefits	18%
Change benefits broker/consultant	12%
Introduce new employee communication channels	11%
None/Not applicable	17%

The Role of Changing Healthcare Policy: Smaller Than Might Be Expected

The regulatory environment for health care is in such a state of flux that employers are not currently focusing on it as they were in previous years but it is clear that they want to avoid disruption to their employees: “[We] do not want to alarm employees with major change, but change is required due to laws and expense,” writes one survey participant.

For example, when asked about the ACA, only 10% of respondents favor a total repeal, while an overwhelming 63% say they want only certain provisions abolished, particularly reporting requirements (“ACA reporting is cumbersome and involves a huge amount of time”).

Also, a majority of companies, 52%, say they would retain key terminology and provisions of their current benefits package even if the legal mandates for those provisions were repealed.

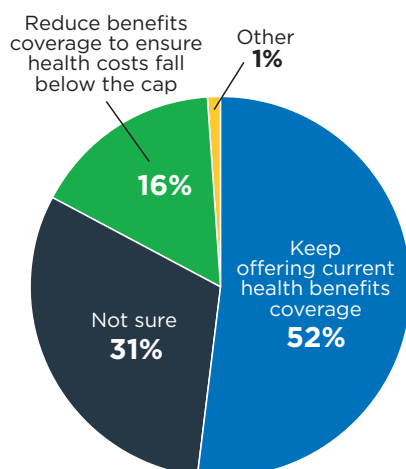
Company executives and benefits administrators can't do anything about the status of ACA other than keep current on legislations as it develops. But that doesn't mean they can't take any action. The research shows that long-term planning for growth and development of a coherent, efficient, and responsive plan is in the best interests of companies and employees.

“We must continue to offer competitive benefits to recruit and retain employees.”

— *Survey Respondent*

FIGURE 7. Impact of Cap on Deductibility of Coverage

Survey question: If a cap on the deductibility of employer-sponsored health insurance coverage is implemented, what would your organization do?



Source: HUB International Employee Benefits Barometer 2017 Study, SourceMedia Research/*Employee Benefit News*, March 2017

Human resources professionals are responsible not only for providing competitive benefits, but doing so efficiently and with a minimum of disruption to employees and the organization as a whole. However, change is necessary as the marketplace, benefits programs, organizations, government policies and worker demographics shift and evolve.

Recommended Reading from HUB International

Interactive infographic on cost management strategies

How to build a compelling case for an investment in technology

Interactive eBook on five key forces impacting employee health and productivity

Contact a HUB employee benefits advisor to learn how a multi-year strategic benefits plan can increase employee engagement, reduce costs and streamline administration.

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