

Outlook.

Employee Benefits

Employee benefits programs will embrace innovative approaches to ensure a resilient, engaged workforce.



Risk & Insurance | Employee Benefits | Retirement & Private Wealth



What to Expect in 2024

Armed with lessons learned from the pandemic, employers will be better prepared to cope with labor shortages. Personalized benefits will remain a competitive differentiator while improving retention and engagement. But doing so will require organizations' HR function to embrace tech and data analytics to a greater degree than ever before.



The percentage of employees
engaged with their job



The percentage of employees
disengaged with their job¹

1. Gallup, "[Are Remote Workers and Their Organizations Drifting Apart?](#)" August 4, 2023.

As costs soar, benefits managers will seek solutions in analytics.

On top of an average 7% cost increase in 2023, employers can expect another 7% increase in healthcare costs for 2024, largely due to inflation, spending on chronic health conditions, catastrophic claims and rising specialty drug costs.²

The average premium for health insurance has risen 54% over the last decade.³ Employers know that endless premium hikes are unsustainable and will need to find novel strategies to make their plan benefits more affordable and effective.



Health insurance captives will continue to be a workable means to cut costs and improve care. Case in point: For one HUB client, a health insurance captive cut the client's medical benefits costs \$2.5 million and more than \$1 million on medication costs. The captive slashed health expenses roughly 40% and as much as 80% on some drugs.

Organizations can extend their savings through voluntary benefits captives, which can allocate additional monies to a new plan design or reduce employee premiums.

Employers are also embracing analytics — going well beyond basic data collection and review — to manage benefits costs. Analytics can identify patterns in claims, conditions and care that reveal larger truths about the cost of a plan. Analytics can also identify clinical patterns and administrative errors that can save thousands — **or even hundreds of thousands** — on a single claim.

Yet not all organizations are taking advantage of the data they already possess. While 68% of respondents to HUB's 2024 Outlook Executive Survey⁴ say data analytics plays a role in health plan management, only half use data analytics to cut costs or analyze claims trends.

HR executives seizing the opportunity to improve outcomes and cut costs will build a sustainable competitive advantage.

2. International Foundation of Employee Benefits Plans, "[Health Care Costs Pulse Survey: 2024 Cost Trend](#)," accessed September 21, 2023.
3. eHealth, "[How Much is the Cheapest Small Business Health Insurance?](#)" June 21, 2023.
4. HUB's 2024 Outlook Executive Survey polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.

To energize your workforce, respond to what matters to *them*.

Employers may find employee engagement — often a leading indicator of turnover — somewhat discouraging. Only 34% of workers feel engaged with their jobs, while 16% are actively disengaged. The resulting ratio of 2.1 engaged to 1 disengaged workers compares with a high of 2.7-to-1 four years earlier.⁵

At the same time, the labor shortage makes engagement more crucial: As of September 2023, there were 9.6 million job openings⁶ but millions fewer unemployed workers available to fill them,⁷ an imbalance expected to continue through 2024.

Salaries are expected to rise 3.5% to 4% in 2024,⁸ increasing costs for employers just to retain employees, including those who may not be fully engaged with their work.

Delivering personalized benefits will be key to increasing employee engagement in 2024. Done correctly, personalized benefits create **quality employee experiences (QEX)**, which drive company trust, loyalty and increased productivity.

According to HUB's Outlook Executive Survey, only 40% of organizations include personalized benefits in their overall benefits strategy. Offering personalized benefits means fostering a positive, supportive culture built on the idea of what matters most to employees at a given time.



CASE STUDY: A medium-sized financial services provider and HUB client faced an increase in retirements, entry-level hires and young employees with families. HUB's **Workforce Persona Analysis** revealed the company needed to revamp benefits in order to ensure employee satisfaction across the entire population.

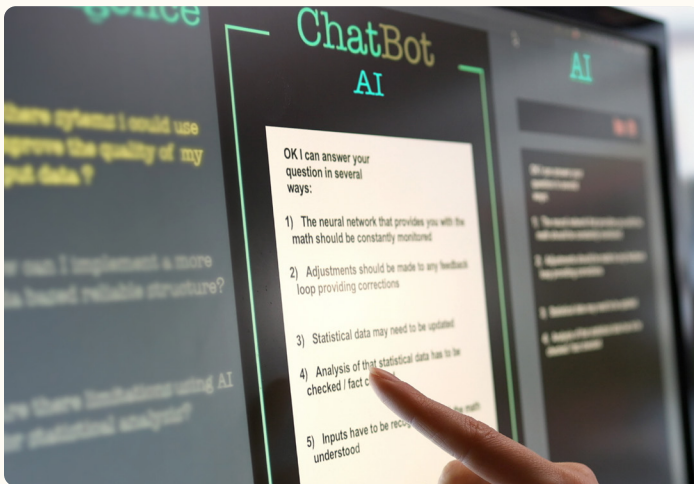
In particular, the Persona Analysis showed gaps between benefits and needs for people starting families, middle-aged people struggling with chronic health conditions and those struggling with finances.

To fill these gaps, the company offered fertility benefits, free access to weight management programs and increased their financial wellbeing programs. The new benefits reduced turnover, while increasing employee engagement and satisfaction, improving the overall vitality of the organization.

5. Gallup, "[Are Remote Workers and Their Organizations Drifting Apart?](#)" August 4, 2023.
6. U.S. Bureau of Labor Statistics, "[Job Openings and Labor Turnover Summary](#)," October 3, 2023.
7. U.S. Chamber of Commerce, "[Understanding America's Labor Shortage](#)," September 11, 2023.
8. Human Resource Executive, "[Salary increase projections for 2024: What the numbers say](#)," August 3, 2023.

HR tech will keep benefits programs viable, strong and effective in 2024.

At most organizations, technology is embedded into all things HR: recruiting, payroll, benefits administration, absence management and more. Workforce analytics is key to fostering a data-driven human resources function: 58% of companies use analytics and 69% deem it “critical” to the success of their HR function.⁹



In 2024, artificial intelligence will continue to dominate discussions regarding HR tech, as investor interest has dramatically shifted to AI, often at the expense of HR startups.¹⁰ AI has enormous potential to improve recruiting and benefits compliance, as well as develop benefits strategies that improve engagement and employee wellbeing.

As organizations explore leveraging AI to improve benefits and benefits administration, they will need to mix HR tech with a human touch: It’s common for HR tech to be siloed from the actual HR benefits operation, often with suboptimal outcomes.

CASE STUDY: A food manufacturer had struggled with its HR tech, resulting in inferior absence management efforts. Those in charge of the technology and the HR team that executed absence management procedures were siloed, translating into a poorly managed process and increased costs.

The company worked with HUB to identify disconnects between the technology and end-users, redefine processes and streamline the user experience. With aligned technology meeting the needs of those using it, HR processes were more efficient, effective and accurate.

9. Skyquest Technology, “[Workforce Analytics Market To Hit \\$2.92 Billion By 2028](#),” November 3, 2022.
10. HCM Technology Report, “[AI’s Hot, But HR Tech Funding Falls To 3-Year Low](#),” September 1, 2023.

To improve recruiting and retention, employee wellbeing will remain a focus in 2024.

Employees will continue to seek greater work-life balance, want hybrid working arrangements and desire better financial security — they welcome health and wellbeing programs, and companies expect greater participation with these programs in the future.

The number of people working primarily from home tripled between 2019 and 2021, reaching 27.6 million.¹¹ The number has undoubtedly increased since, and will likely increase again in 2024 as many workers view working from home as an essential part of wellbeing.

In HUB's Outlook Executive Survey, 68% of respondents say employee wellbeing initiatives have an impact on employee vitality, while 81% say their organizations have a strong or moderate focus on wellbeing programs in their benefits strategy.

HR executives seem to have received the message on the importance of these programs: Nearly 60% of organizations plan to make improvements to their health and wellbeing initiatives in 2024.¹²

Employee wellbeing strategies need to focus on more than physical and mental health, encompassing long-term initiatives that include providing career paths, job training, upskilling and financial wellbeing.

Wellbeing strategies also should prepare employees for “lifequakes” that can range from caring for an elderly parent, navigating a teen’s journey to college or grieving the loss of a loved one. They can also include celebrating a promotion, planning a dream vacation or welcoming a new member to the household. Each event needs a personalized approach and support.

Highly personalized programs speak to individuals, cement loyalty and convey a sense of care from the employer. They are informed through tools like HUB's **Workforce Persona Analysis and its QEX Assessment**, which can help identify individual groups within an employee base that will respond to specific benefits.



11. U.S. Census Bureau, “[The Number of People Primarily Working From Home Tripled Between 2019 and 2021](#),” September 21, 2022.
12. Virgin, “[Virgin Pulse survey reveals businesses expand their commitment to wellbeing](#),” June 20, 2023.

Make a plan

HUB employee benefits specialists and financial advisors will work with you to develop a tailored strategy that protects the bottom line, supports your workforce and builds resiliency for 2024. Here are some initial considerations:



Dive into data to set goals.

Whether your main HR goals include lower turnover, improved employee engagement or streamlining costs, determining specific employee benefits goals will inform your approach to benefits in 2024. Data analytics tools such as HUB Infused Analytics™ or HUB EmpoweRx™ can drive your goals. Work with your HUB benefits specialist to define goals and an approach through data.



Consider alternative healthcare coverage.

The rising cost of benefits — especially for health insurance — will burden employers throughout 2024. Solutions like health insurance captives or self-insurance can be less expensive and more effective than traditional third-party coverage. Ask your broker if they have expertise in alternative solutions to traditional health insurance to tame costs.



Turbocharge benefits personalization.

Personalized benefits fit the needs and wants of individual employees. HUB's Workforce Persona Analysis will help provide data-driven insights that support sound decision-making and lead to quality employee experiences throughout the organization.



Make employee wellbeing a priority.

A benefits strategy that focuses on employee wellbeing can help energize the workforce, improve retention and enhance workplace culture. Holistic, integrated solutions that take the employee's entire wellbeing into account will perform better than stand-alone initiatives that have a limited shelf life and limited effectiveness.

For instance, organizations can offer access to **financial education** and wellness programs and help connect workers to personal insurance coverage through solutions like **VIU by HUB**.

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HUB Employee Benefits

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largest insurance broker
in the world

6M+

covered employees

4,000+

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