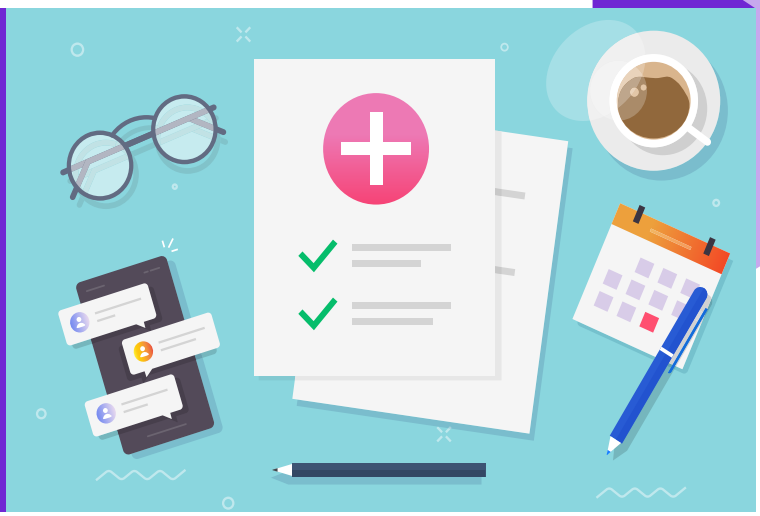
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WHITEPAPER

In the World of Employee Benefits, Knowledge Is Power

Educating employees on their coverage can boost satisfaction, productivity and retention



A robust labor market and a post-pandemic workforce more attuned than ever to mental and physical healthcare needs have put a premium on benefits offerings. Employers are increasing the benefits they offer, but the value of those benefits is tied directly to employees understanding their coverage and using it to its fullest potential.

In April 2023, Arizent and Employee Benefits News surveyed 500 consumers to explore the changing landscape of insurance and benefits. The research – conducted in partnership with Ameritas – builds on a similar survey conducted in 2021. The findings suggest that confusion over benefits coverage is preventing employees from taking full advantage of increasingly generous offerings. And this means it is more likely that coverage won't match employee expectations — an outcome that hurts employers and employees alike.

> **"Realistic expectations play a role in driving satisfaction with insurance coverage. Carriers can help employers make the value of their offerings more evident by demonstrating clearly the costs employees pay for the benefits they receive."**

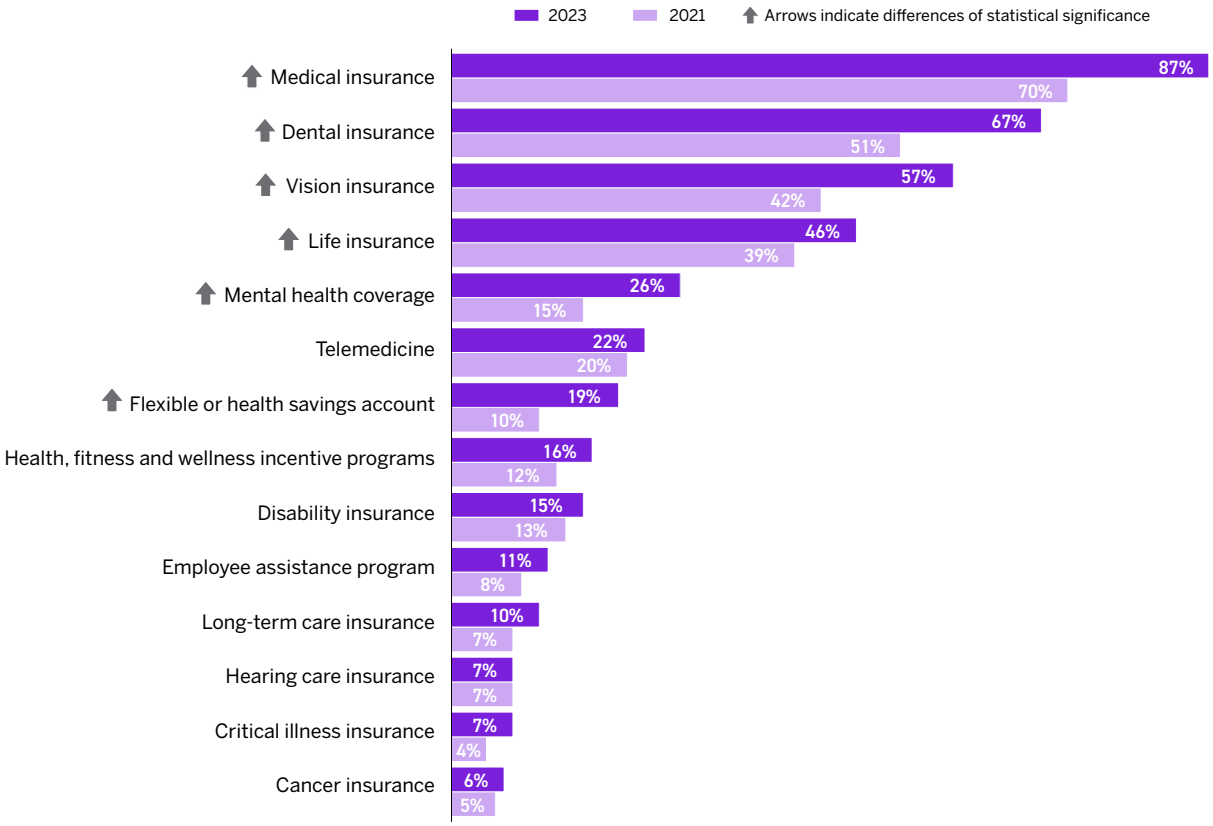
Access to core insurance benefits has increased in recent years

Consumers report that they have greater access to core benefits now than they did in 2021:

- 86% of employees have access to medical insurance (up from 70%)
- 67% of workers have access to dental insurance (up from 51%)
- 57% of team members have access to vision insurance (up from 42%)

Access to life insurance, mental health coverage and flexible or health savings accounts has also increased significantly (see Figure 1).

Figure 1: Expanded Benefits Coverage, 2023 Versus 2021



Source: Arizent/Employee Benefits News, 2023

The importance that employees place on core coverage areas — medical, dental and vision —has increased as well. This view is reflected in rising utilization rates. Provider visits rebounded in 2022 from a pandemic lull as 87% of respondents saw a primary care physician, 78% reported a visit to the dentist and 71% went to see an eye doctor.

Benefits satisfaction varies and navigation challenges abound

Consumers generally report that they are satisfied with their insurance options. The percentage of members who say they are moderately to highly satisfied ranges from 81% to 99% for each type of benefit listed in the survey. However, fewer than 50% of respondents say they are highly satisfied with core benefits such as medical, dental, vision and life insurance. Only 39% of respondents are highly satisfied with their dental insurance options, 44% are highly satisfied with their vision insurance options and 47% are highly satisfied with their medical insurance options.

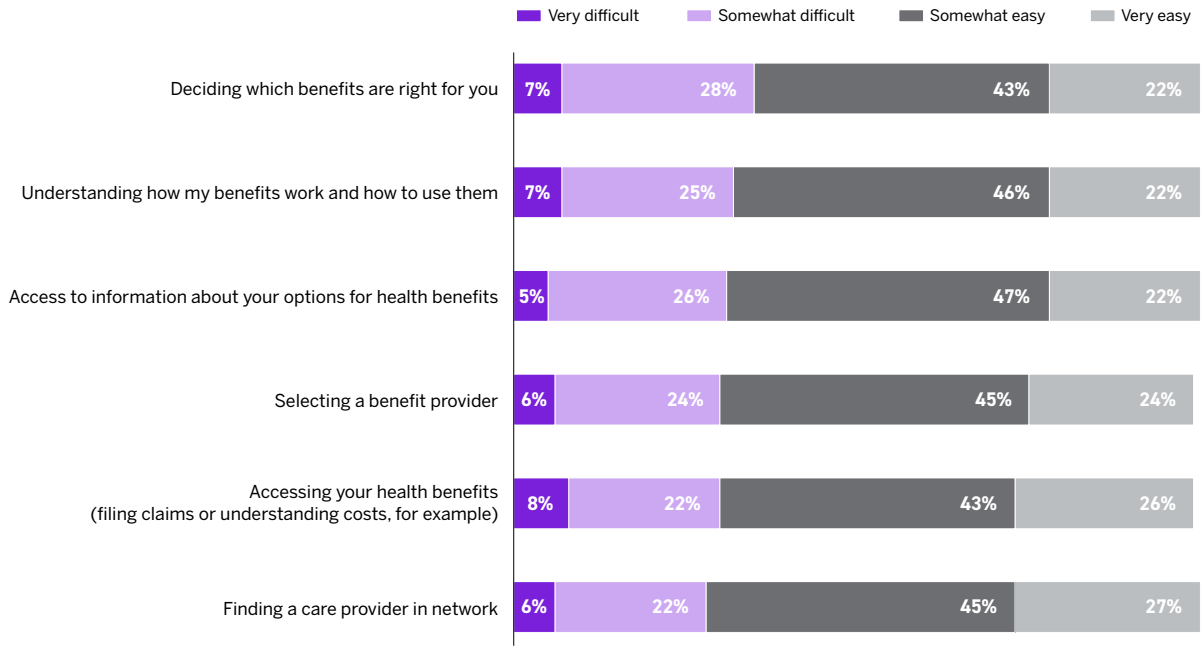
A better understanding of what drives satisfaction in these areas could help employers close the gap. For example, meeting coverage needs is a key driver of satisfaction for dental plans. About 75% of those who are highly satisfied with their dental options say their plan covers what they need. By contrast, 18% of those who are moderately satisfied believe they have adequate coverage.

The definition of adequate coverage can be a moving target, especially when employees fail to understand the value of the benefits they receive compared to the cost of their premiums paid. Consumers see medical (44%) and dental (38%) insurance as the most unreasonably priced types of insurance they receive. If employees aren't aware of the costs their insurance covers or whether their employer picks up some portion of their premium, their impression of the value they get from their benefits compared to what they pay for them could be substantially skewed.

Realistic expectations can play a major role in driving satisfaction with insurance coverage. Carriers can help employers make the value of their offerings more evident by demonstrating more clearly the costs employees pay for the benefits they receive (see "Designing Benefits Employees Want").

Having the knowledge and ability to get the most from benefits is key: Almost 33% of consumers find some crucial aspect of navigating their healthcare benefits difficult (see Figure 2). And these difficulties tend to be more pronounced among minority populations and women than for white, non-Hispanic men. Members of Gen Z are significantly more likely than older generations to report difficulty selecting a benefit provider, finding an in-network care provider or deciding which benefits are right for them.

Figure 2: Consumers Experience Difficulty Navigating Healthcare Benefits



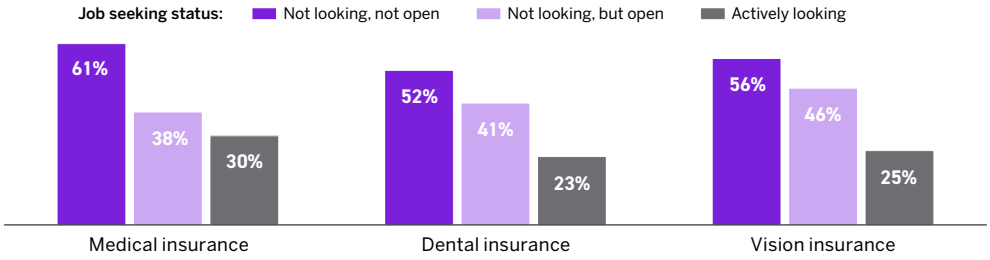
Source: Arizent/Employee Benefits News, 2023

Benefits satisfaction and employee retention are connected

Difficulties understanding the value of benefits or making full use of them have consequences for employers, particularly those actively seeking to fill open positions or add to their workforce. Only 19% of employees who say they are highly satisfied with the coverage available to them are actively looking for a new job. Improving employee satisfaction with insurance coverage may help drop that number even lower, as highly satisfied employees are more likely to stick around (see Figure 3).

Figure 3: Satisfied Employees Are Less Likely to Seek Employment Elsewhere

% Highly Satisfied with Coverage Available to Them



Source: Arizent/Employee Benefits News, 2023

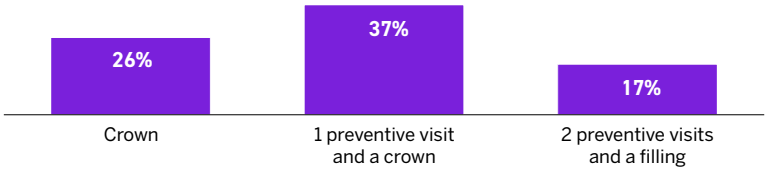
For nearly half of respondents, medical insurance and vacation time are nonnegotiable benefits — they simply won't work for a company that doesn't provide them. Dental insurance and paid sick leave are the next most important benefits when considering an employer. The importance of medical insurance has also increased rapidly in the last two years. About 34% considered it critical to their employment in 2021, while 46% say the same in 2023. More than three-fourths (76%) of employees agree that providing healthcare and insurance benefits for themselves and their families is one of the reasons they work.

Carriers can help educate employees about their benefits offerings

A generous benefits offering needs to be paired with employee awareness efforts to meaningfully increase employee satisfaction. If it's difficult to find coverage information, most employees won't bother — and that frustration may translate into dissatisfaction. Clear, accessible benefits information, on the other hand, demonstrates an employer's commitment to employees and results in a better experience. Information that explains coverage and costs in a simple, transparent way can help employees understand the value of their benefits.

For example, the savings indicated in Figure 4 reflect the cost of procedures incurred when visiting an in-network dentist, including annual premium payments.

Figure 4: Annual Employee Savings with Insurance



Source: Examples based on data from Ameritas. Actual savings will vary depending on geographic area and procedures performed.

Inevitably, employees' level of satisfaction with their benefits affects how they feel about their employer. But benefits managers do not — and should not — have to shoulder the responsibility of educating employees alone. Insurance carriers can provide comprehensive tools to help employees understand and navigate their benefits (see *Questions to Ask Your Carrier*). More information about what benefits cover and how to access that coverage can improve utilization rates and serve as a powerful reminder that an employer takes its employees' well-being seriously. Carriers can also help benefits managers offer benefits even to employees who don't qualify for coverage by providing access to individual policies that can benefit employees at no additional cost to the employer. Carriers also want to boost employee satisfaction and utilization rates. Enlisting their help in employee education can effectively improve your current benefits offering for free.

Questions to Ask Your Carrier

A good benefits carrier has tools to make it easier for your employees to navigate their benefits. Use this checklist to make sure they offer the resources you need to educate your employees.

- Do they provide materials that make it easy to understand coverage and how benefits work?
- Do they provide a variety of benefits education formats to fit your specific needs (i.e., website, brochure, video)?
- Do they provide materials that clarify the differences between various benefit options?
- Do they provide year-round benefits education support?
- Do they provide cost estimates prior to receiving services?

Learn more about how to improve employee benefits education.

Designing Benefits Employees Want

Research shows that benefits are a top reason employees join a company and stay on the job. But not just any benefit plans will do. Be creative and competitive by designing employee packages with plans that employees value. Here are five factors to consider:



Offer security – Employees value the peace of mind their benefits provide. Workers expect core benefits. Other perks vary based on worker preferences and needs.



Keep work fun – Many employers provide perks to improve workers' lives, such as fun days, better technology and tools, and creative workspaces.



Study benefits usage – Review reports on the benefits and features employees and their dependents use most. Work with your broker and carrier to adjust benefits packages to fit employees' needs better.



Provide personalized benefits – Many companies offer coverage options at different cost levels. Giving employees a choice can increase worker satisfaction and engagement.



Use outside resources – Brokers and carriers can create reports and uncover usage trends that can help employers tailor benefits packages to reach different employee demographic groups.

Learn more about what to consider when designing benefits for employees.

Methodology

This research was conducted online by Arizent/Employee Benefit News during April 2023 among 500 consumers aged 18 to 78 years balanced to the U.S. census population demographics. The previous wave of this research was conducted online during March 2021 among 510 consumers aged 18 and over, also balanced to the U.S. census.

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