



INDUSTRY REPORT

2021 Employee Benefits Insights



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EXECUTIVE SUMMARY

In the last year, we've lived with incredible change and challenge. As the world of work adjusts to new realities, it's fair to ask what has changed about way employees view and use their benefits. Our 2021 Employee Benefits Insights Survey scratched the surface of these employee perceptions — and the results reveal exactly what's driving employee hopes, fears, and choices in 2021.

Though nine-tenths of employees and those insured through a spouse's employer say they understand their benefits, their behavior indicates something else. Our survey revealed that they still don't understand how to put their benefits to use. They're anxious about the costs of healthcare, delaying visits and procedures, and not taking prescribed medication. Employees, in other words, are not good healthcare consumers. Their choices are driving a crisis. The average annual premium for a single person was \$7,470 in 2020, a number that's increased 22% since 2015, according to the Kaiser Family Foundation¹. Consultancy Mercer² predicted in late 2020 that employer costs will rise 4.4% in 2021 — a relatively normal increase that, this year, outpaces growth in the rest of the economy.

The results of this survey shine a light on the gaps HR can begin to fill. Answers from the employees we surveyed suggest it's possible to create better healthcare consumers, improve benefits understanding, and drive recruiting and retention through benefits. But it's essential that HR starts with insights from our most valuable asset: our people.

1. <https://www.kff.org/report-section/ehbs-2020-section-1-cost-of-health-insurance/>

2. <https://www.mercer.us/our-thinking/healthcare/health-benefit-costs-expected-to-grow-4-point-4-percent-in-2021-mercer-survey-finds.html>

KEY FINDINGS

01

Employees don't understand benefits as well as they think.

Ninety-two percent of employees insured through their own employer say they understand their benefits at least somewhat well. Yet their behaviors reveal a lack of understanding. Forty-percent of employees avoided healthcare services or procedures over the last year because they didn't know what was covered by insurance. Nearly 80% of employees are concerned about the cost of healthcare, and over a quarter (28%) of employees had paid a medical bill that seemed inaccurate because they didn't know how to get it resolved or didn't want to go through the hassle of disputing it.

02

Benefits communications leave employees with lingering questions.

On a scale of one to 10, employees ranked their HR team's benefits communications an average of six. Our survey also indicated growth potential in how HR communicates employee benefits. Over half of employees turn to their benefits guide first when they have questions, but when asked which communication method they prefer, an app and an email beat out the same benefits guide.

03

Employees like their benefits, but crave more flexibility and support.

Employee benefits remain an important component of employee satisfaction. Seventy-four percent of employees said they're satisfied with their benefits, and a further 47% said benefits contribute to their happiness at work. In fact, benefits are more important than ever: 56% agreed they place more emphasis on their benefits as a result of the COVID-19 pandemic. In this new world, employees crave flexible policies that allow them to live and work on their own terms. Human resource departments who wish to recruit and retain talent can look to wishlist benefits such as flexible work arrangements, unlimited paid time off (PTO) and educational reimbursements, to stand out.

04

Virtual care is more important than ever.

Employees like virtual care and have strong preferences about its delivery. They still strongly prefer a human voice in virtual care, choosing video or phone communications over text-based ones. Yet understanding and awareness remain barriers to utilization. Thirty-one percent of those we surveyed weren't sure if their employer offered an Employee Assistance Program (EAP) and 17% weren't sure about access to telemedicine.

01

Impression versus reality in employee benefits understanding

The employees and spouses we surveyed felt confident in their benefits understanding. However, they also reported feeling stressed about the cost of healthcare, delayed necessary care because they were unsure about coverage, and avoided taking prescriptions as recommended due to cost. These trends indicate a gap between employee perceptions of understanding, and how they play out in their day-to-day.



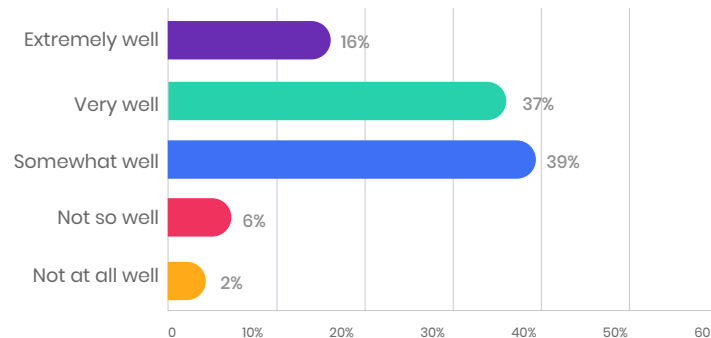
HOW WELL DO EMPLOYEES, SPOUSES, AND DEPENDENTS UNDERSTAND THEIR BENEFITS?

Among employees insured directly through their employer, 92% said they understood their benefits at least somewhat well. Similarly, 90% of those insured through their spouse's employer answered they understood benefits at least somewhat well, and compared to employer-insured respondents, a higher percentage reported they understood benefits extremely well. Spouses are highly involved in benefits decisions; 80% were at least somewhat involved in choosing benefits for their families.

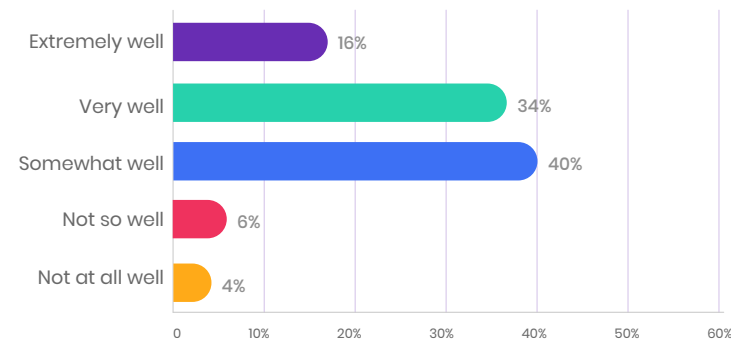
Dependent children insured through a parent were less confident in their understanding of benefits. Seventy-one percent reported they understood their benefits at least somewhat well, while 22% reported they understood their benefits "not so well."

How well do you understand your health insurance's benefits?

INSURED THROUGH AN EMPLOYER



INSURED THROUGH A SPOUSE

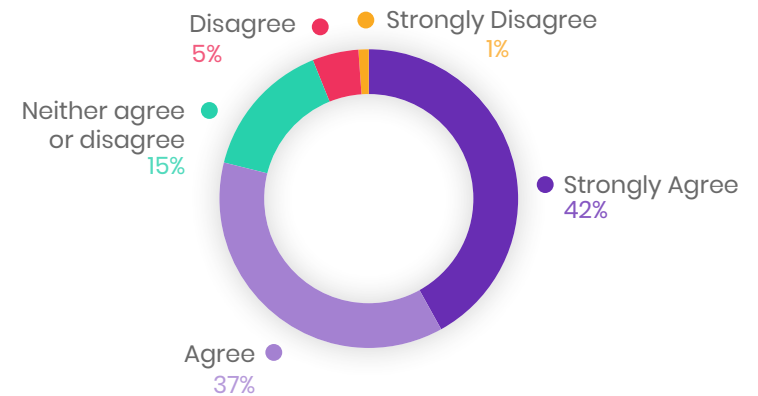


SOURCE: HEALTHJOY 2021 EMPLOYEE BENEFITS INSIGHTS

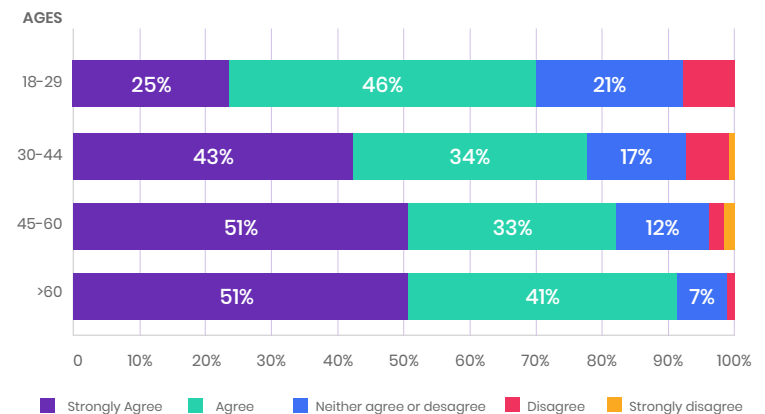
EMPLOYEES WORRY OVER HEALTHCARE, PRESCRIPTION DRUG COSTS.

Our survey revealed that 79% of employees are worried about the costs of healthcare. Forty-two percent strongly agreed that the costs of healthcare worried them. For employees over the age of 45, that worry increases. Eighty-four percent of those 45–60 worry, as do 92% of those over 60. Prescription drug costs are a particular source of stress. Sixty-two percent either agreed or strongly agreed that they were worried about the costs of their medications. Similarly, those over 45 were more worried than other age groups.

I'm worried about the costs of healthcare.



I'm worried about the costs of healthcare.



SOURCE: HEALTHJOY 2021 EMPLOYEE BENEFITS INSIGHTS

WORRY AND LACK OF UNDERSTANDING ARE PUSHING EMPLOYEES TO DELAY CARE.

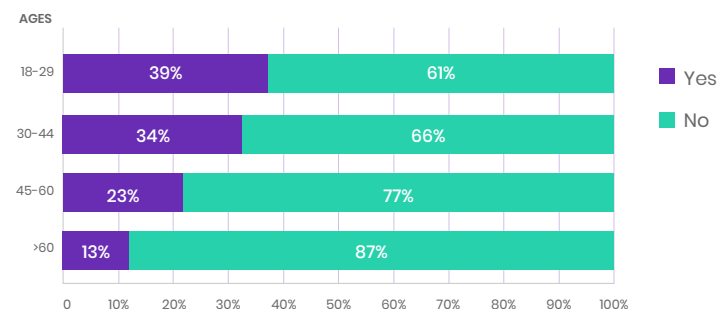
In spite of their own perception of understanding, employees struggle to use their health benefits. Employees reported delaying necessary care and skipping their prescriptions either from lack of understanding, fear of unexpected costs, or both.

Forty percent said they avoided care in the last year because they don't know what is covered. Twenty-nine percent had avoided taking medication as prescribed because of cost. Though older employees were more worried about costs, they were less likely to delay care.

In the past year, have you avoided seeking healthcare services or procedures because you don't know what's covered by your insurance plan?



In the past year, have you avoided seeking healthcare services or procedures because you don't know what's covered by your insurance plan?



SOURCE: HEALTHJOY 2021 EMPLOYEE BENEFITS INSIGHTS

MEDICAL BILLS COME AS A SURPRISE.

Medical bills remain opaque and confusing to employees. Over one-third (37%) reported that medical bills always or usually come as a surprise or seem inaccurate. Another 35% reported they sometimes come as a surprise or seem inaccurate.

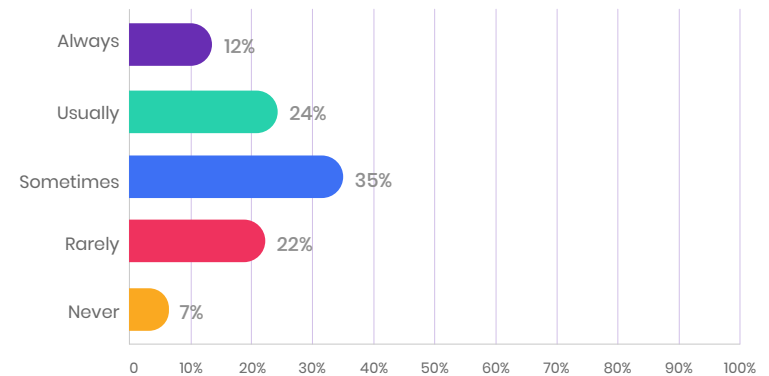
When asked what steps they'd taken to remedy these inaccuracies 28% said they'd done nothing and opted to pay the bill because they didn't know how to get it resolved or didn't want to deal with the hassle.

EMPLOYEES AREN'T MAKING HEALTHCARE DECISIONS WITH EMPLOYER COSTS IN MIND.

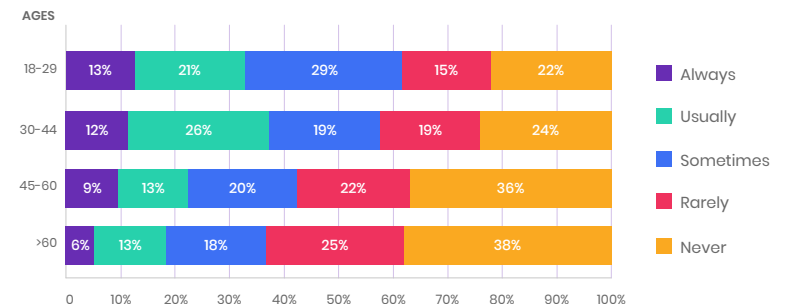
Employee healthcare choices drive employer healthcare costs — to the tune of an estimated \$15,000 per year¹. Yet almost half of employees rarely or never consider how the cost of their healthcare choices impact their employer. Older employees are even less concerned about the costs to their employer. Sixty-three percent of those over the age of 60, and 58% of those 45-60, rarely or never take the financial impact to their employer into consideration.

¹ <https://www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/employers-project-health-plan-cost-rise-for-2021.aspx>

How often do medical bills come as a surprise or seem inaccurate?



When making healthcare decisions, how often do you consider how your choices impact the costs to your employer?



SOURCE: HEALTHJOY 2021 EMPLOYEE BENEFITS INSIGHTS

Helping employees become better healthcare consumers can improve their health outcomes, guard their personal finances, and improve your company's bottom line. But achieving this goal, when employees are afraid to seek care and almost never consider employer impact, is easier said than done.

The fact that young people are more likely to avoid getting care or delay filling prescriptions because of anxiety is of particular concern for employers. We know that early intervention is essential to many positive health outcomes¹, especially when it comes to the chronic illnesses fueling three-quarters² of U.S. healthcare spending. This group is delaying or avoiding care precisely when it is most effective at treating and preventing chronic illness.

Equally concerning are employees' attitudes toward medical bills. Over a third of Americans³ don't have enough savings to afford a \$500 emergency expense, according to Simply Wise, a fact further exacerbated by the economic and healthcare crises of the last year. And medical debt continues to punish insured Americans. More than half of all debt in the U.S.⁴ is related to medical bills. Employees are paying bills they suspect are wrong, and going into medical debt, because the alternative is simply too difficult.

Finally, we know that employees are concerned about rising costs, and in particular, about prescription medications. Their concerns are justified: according to a GoodRx⁵ study, prescription drug costs increased 33% between 2014 and 2020, a higher increase than for any other good or service.

Together with our survey findings about healthcare cost anxiety and delays in care, we can begin to picture a system that leaves employees confused, frustrated, and disheartened.

To lessen the impact of costly decisions, companies must provide benefits that help with navigation and build confidence in healthcare decisions. Alternatives like virtual care can help lower barriers that prevent employees from accessing care, but effective communication will be central to lessening fears and improving understanding.

1. https://www.who.int/chp/chronic_disease_report/full_report.pdf

2. <https://www.cdc.gov/chronicdisease/pdf/2009-power-of-prevention.pdf>

3. <https://www.simplywise.com/blog/retirement-confidence-index/>

4. https://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf

5. <https://www.goodrx.com/blog/drug-prices-growing-faster-than-commodities-and-services/>

02

How benefits communications fail, and your opportunity

Employees report understanding their benefits, but their behavior — delayed care, skipped prescriptions, medical billing confusion — indicate otherwise. That leaves HR pros with an opportunity to address gaps. Employees' opinions and preferences in regards to benefits communications can guide those efforts as HR works to improve understanding, utilization, and ultimately, satisfaction.



EMPLOYEES ARE NOT COMPLETELY SATISFIED WITH BENEFITS COMMUNICATIONS.

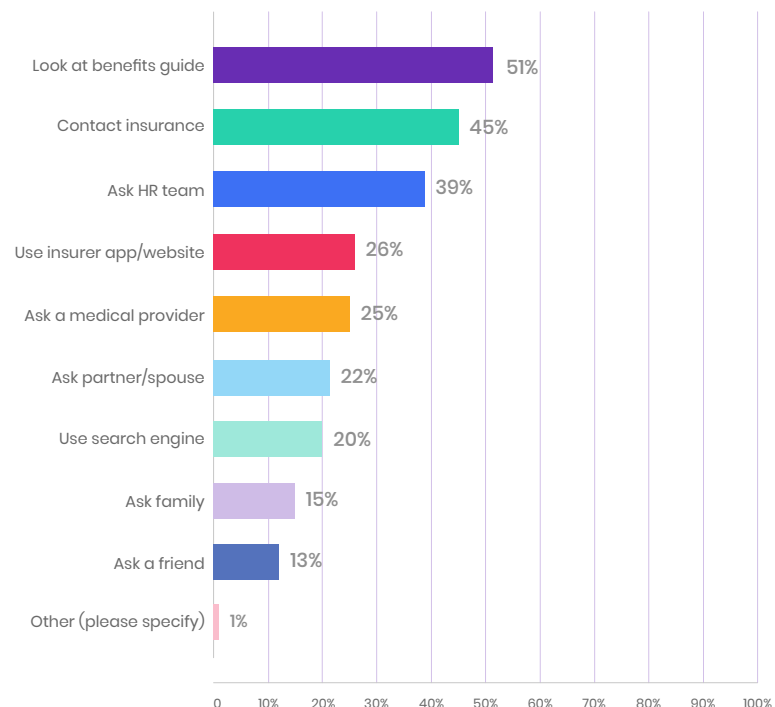
When asked how well their HR teams communicated about benefits on a scale of one to 10, employees gave an average answer of six. This number aligns with the three-out-of-five HR teams rated their own benefits communication's effectiveness when we inquired about it in our [State of the Benefits Experience Survey](#) last spring. Sure, it could be worse. But improving benefits communications may be the key to unlocking better benefits understanding and improving employee health outcomes.

HR'S CURRENT STRATEGIES DON'T ALIGN WITH EMPLOYEES' COMMUNICATION PREFERENCES.

When employees have a question about their benefits, over half will go straight to their benefits guide. After that, their top two sources of information are their insurance carrier (45%) or their HR team (39%).

But that's not how employees told us they want to view their benefits information. Only 18% ranked the benefits guide as their top preferred way to receive benefits communications. The top-ranking methods of communication were apps and email. Twenty-eight percent ranked an app as their top preference and another 18% ranked an app as No. 2. Twenty-three percent ranked email as their No. 1 preferred source.

What do you do if you have a question about your health insurance or benefits? Please select all that apply.



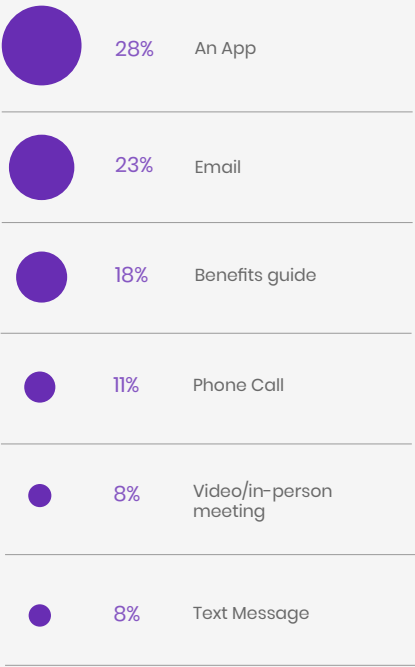
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It's worth asking: Are employees turning to their benefits booklet and insurance carrier because they find satisfying answers there? Or, are they going there first because simpler answers—in the mediums they prefer—aren't on offer?

People who selected their number 1 preferred source to receive information about your benefits.



INSIGHT

Employees aren't fully grasping their benefits, leading to fear over costs and delays in care. Yet in their own estimation, they understand their benefits well. Though employees are likely to turn to their benefits booklet with questions, those gaps in understanding and their own middling rating of HR's communication strategies reveal that current strategies alone may be unsuccessful.

To improve benefits understanding, HR must find creative ways to reach employees through their preferred communication methods. Rather than limiting benefits education efforts to open enrollment, HR teams can consider implementing a year-round communication strategy to get ahead of employee questions and encourage consumerism. To determine the medium, HR can weave in employees' preferred communication methods, apps and email, in conjunction with tried-and-true materials like the benefits booklet.

03

Wants, needs, and expectations: What employees hope for in their benefits

Employees are anxious about the rising cost of healthcare. As they put together a benefits package, HR teams must also consider employees' perception of their motives. While most employees reported satisfaction with their benefits, 12% of employees disagreed that "my employer cares about my ongoing health and wellness." Employees also have clear preferences about the benefits they most want added to their packages. If employers choose the wrong benefits or spend time on initiatives employees don't find valuable, they risk contributing to the perception that they don't care about employee wellbeing.

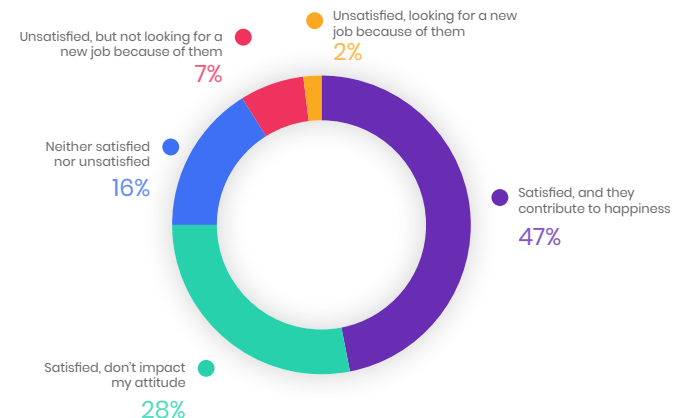


MOST EMPLOYEES ARE SATISFIED WITH THEIR BENEFITS – AND IT CONTRIBUTES TO JOB SATISFACTION

Some excellent news for HR teams: Nearly three-quarters (74%) of employees say they're satisfied with their employer's benefits package. Further, forty-seven percent of employees also said benefits contribute to their happiness at their company. Only 2% reported dissatisfaction that pushed them to look for a new job.

HR's next challenge is continuing that momentum and focusing on retention, particularly as employees spend less time in the office. One February, 2021 survey from Eagle Hill Consulting found that 25% of all workers and 36% of Millennial workers planned to quit their jobs once the pandemic is over¹. Employee benefits may help employers attract and retain the best talent as pent-up dissatisfaction and a buoyant job market collide.

Which of the following statements best reflect your attitude about your employer's benefits package?

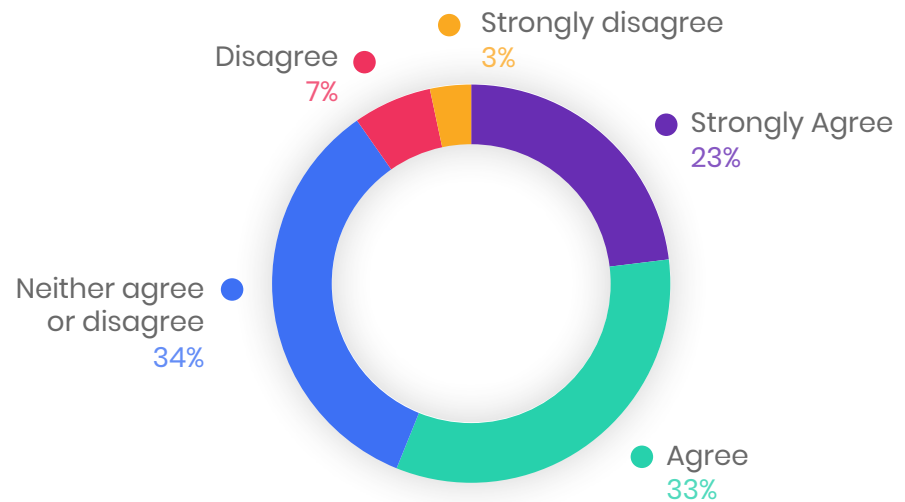


¹ <https://www.eaglehillconsulting.com/insights/employee-turnover-rise-post-covid/>

THE PANDEMIC MADE EMPLOYEES GRATEFUL FOR THEIR BENEFITS.

In fact, our survey revealed that benefits receive renewed employee focus and appreciation as a result of the coronavirus pandemic. Over half of employees (56%) agreed that the pandemic caused them to place greater emphasis on their employee benefits. That raises the stakes for HR teams who want to continue delivering satisfying benefits packages into 2022 and beyond. It may also help HR teams prioritize decisions and focus their budgets as they endeavor to put employees first.

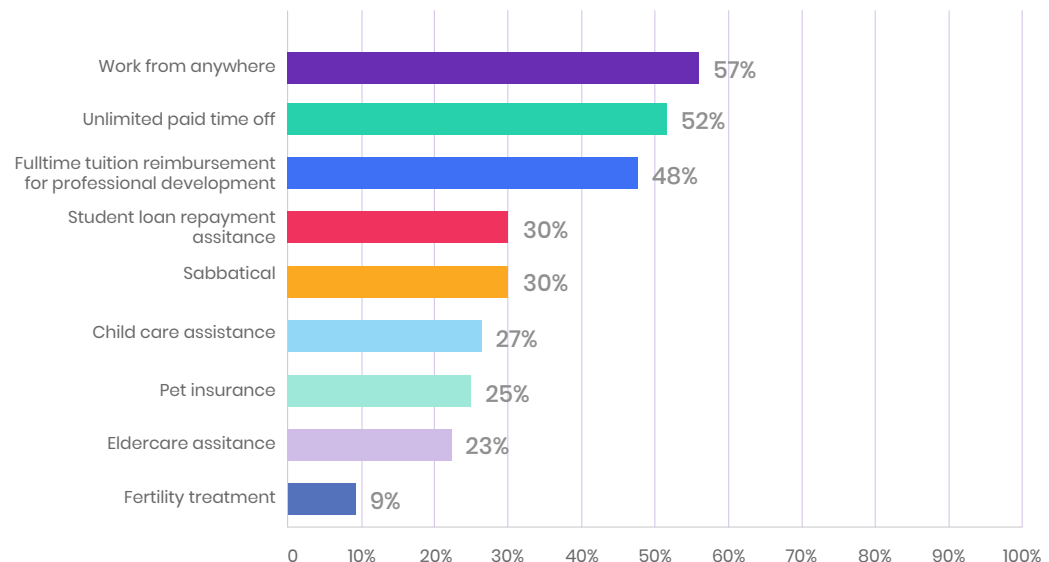
The pandemic has caused me to place greater importance on my employee benefits.



EMPLOYEES WANT REMOTE WORK, UNLIMITED PAID TIME OFF (PTO) AND EDUCATION ASSISTANCE.

Of the employees we surveyed, 64% either agreed or strongly agreed that “my employer cares about my ongoing health and wellness.” Nearly a quarter (24%) had no opinion, while 12% felt their employer did not care. With employee attitudes about their goodwill in mind, employers looking to expand on satisfaction may consider popular benefits that help their people achieve wellness and work-life balance. When asked to choose the three benefits they would find the most valuable, employees selected the ability to work from anywhere (57%), unlimited PTO (52%) and full tuition reimbursement for professional development (48%). “Work from anywhere” was the most popular with respondents aged 45-60 (62%), and 30-44 (57%). In every age group, these benefits were more popular than family-focused, hyper-specific benefits like child care assistance, elder care assistance, and fertility benefits.

Which of the following benefits are or would be the most valuable to you? Please choose three.



Employers contemplating a remote work environment may wonder how they'll attract and retain talent without the boon of a carefully designed office space or on-site cafeteria. Returning their attention to benefits may provide the competitive edge they need.

According to a March, 2021 Principal Financial Group¹ Study of over 1,000 small businesses, employee turnover saw a 20% uptick over the last 12 months. Principal's survey found that 97% of businesses believed the pandemic influenced turnover.

Now more than ever, employees continue to carefully evaluate their benefits and look forward to improvements. They are placing more emphasis on this aspect of their experience than they did before the pandemic, and see their benefits as a source of job satisfaction. So, human resource departments who wish to recruit and retain talent in a competitive hiring environment must work to provide an appealing benefits package. Employees' most-wished-for additions are benefits that appeal to the entire population, like flexible work arrangements, unlimited PTO, and tuition reimbursement or loan repayment. Perhaps because of

the changing nature of work this past year, employees crave flexible policies that allow them to live and work on their terms.

Some employees indicate they don't feel supported by their employers' HR teams. The first step for those who want to improve employee wellbeing may simply be to take employees' preferences into account. In addition to flexible policies and support, employee behavior around health benefits and anxiety about cost signal a growing need for navigation tools that help them find reliable, cost-effective care.

By providing a mix of these benefits, employers may restore their teams' confidence that they have their best interests and wellness at heart.

1. <https://www.principal.com/about-us/news-room/news-releases/employee-turnover-spiking-us-small-businesses>

04

The importance of virtual care

Virtual care offers employers a chance to support increasingly remote workforces with the care they need. Given employees' tendencies to delay care when they don't understand their benefits, and general anxiety about the cost of healthcare, free, low-cost, or transparently priced virtual care solutions may be appealing alternatives for employees. But employers must be selective in implementing these solutions. There's still a knowledge gap to bridge, and employee preferences are strong.



EMPLOYEE UNDERSTANDING OF EXISTING VIRTUAL CARE SOLUTIONS IS LOW.

Though 92% of those insured through their employer report understanding benefits at least somewhat well, their understanding of virtual care is much lower. For instance, 17% of employer-insured employees aren't sure whether they have a telemedicine benefit. Among the same group, 14% do not think they have access to an EAP and 31% were unsure, despite renewed emphasis on mental health support throughout the pandemic.

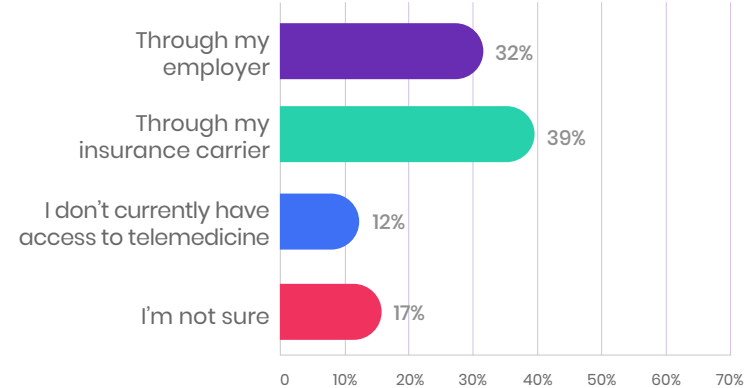
EMPLOYEES LIKE TELEMEDICINE AND PREFER VIRTUAL APPOINTMENTS BY VIDEO.

Two-thirds (66%) of employees said they would expect their employer to cover the costs of telemedicine if their insurance provider stopped covering it. That aligns with what experts said throughout 2020 and continue to predict for years to come: consumers like virtual care, and many who tried it for the first time during the pandemic plan to continue using it in the future¹.

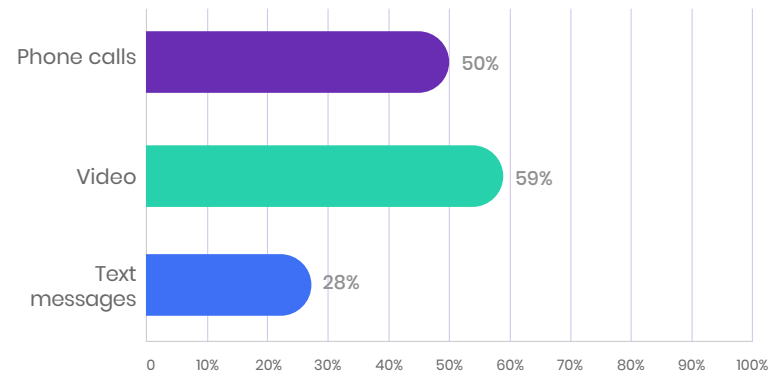
Despite the promise of other emerging technologies like treatment via text, employees prefer video calls over phone calls and text messages.

¹ <https://healthjoy.com/blog/employee-telemedicine-pulse-survey/>

How do you currently access to telemedicine?



Which of the following formats do you prefer for telemedicine appointments? Please select all that apply.



INSIGHT

Throughout our survey, respondents signalled they value their benefits, want more support, and hope for solutions that will help them balance life in the new world of work.

Virtual care certainly ticks that box, and in a Mercer survey¹, 27% of employers said they planned to add virtual care solutions to their benefits package this year. Yet despite highlighting their importance and signalling their value, employees also don't seem to grasp the virtual solutions like EAP and telemedicine already available to them.

As innovations continue to push the envelope of what's possible for virtual care, employee preferences — and the gaps revealed by their lack of understanding — can guide benefit choices and plan designs. By taking the specific preferences of their employee populations into account and relying on the communications tools employees prefer, HR teams can maximize their virtual care investments.

¹ <https://www.mercer.us/our-thinking/healthcare/health-benefit-costs-expected-to-grow-4-point-4-percent-in-2021-mercero-survey-finds.html>

01

Employers must make a plan to address employees' lack of understanding.

While employees, spouses, and dependents broadly think they understand their benefits, the truth is more complicated. Employees — those easiest to reach with educational materials — are avoiding care and skipping prescriptions because they don't know what's covered. Improving communication and engagement with the whole family throughout the year is crucial to increasing benefits understanding and lowering costs for everyone involved.

02

Employees want flexible support.

Most employees are satisfied with their benefits package, and many say it contributes to their job satisfaction. But that doesn't mean they don't see room for improvement. More than one-tenth of employees also reported they don't believe their employer has their ongoing wellbeing in mind. To prove them wrong, HR and benefits leaders can improve on their benefits packages by prioritizing the benefits their people want the most. Rather than hyper-specific choices, employees want ones that promise room to grow. They signalled a desire for unlimited PTO, flexible remote work policies, and education reimbursement and assistance. On the heels of a year that prompted many to reassess their work and home lives, the popularity of these benefits shows what employees need to keep doing their best work, no matter where that work takes place.

03

Telemedicine is here to stay.

Employees value virtual care, and the ability to talk with a medical professional over phone or video is particularly popular. This preference has wide-ranging implications for the development of virtual care, including virtual behavioral health and other mental health services. It indicates a sense of ease and comfort with services that's borne of a year when so many avoided in-person care and learned to love telemedicine. In fact, two-thirds of employees would expect their employer to cover telemedicine if it weren't covered by insurance. In the years to come, employers can bring value to employees by expanding telehealth offerings and focusing on the delivery mediums they use most — voice and video chat.

04

The stakes for employee understanding are high.

Employees who don't understand their benefits are avoiding medical care and failing to take their prescribed medications. Many are simply paying medical bills they suspect are inaccurate because they don't know how to get them resolved, or don't have time for the hassle. Finally, we know employees aren't considering the cost to employers when making healthcare decisions. To get ahead of potentially rising costs, employers must offer navigation and support tools that guide people through their healthcare journey and empower them to understand their benefits.

METHODOLOGY

The 2021 HealthJoy Employee Benefits Insights Survey was sent to 1,581 non-HealthJoy-member consumers across the United States in February and March 2021. This report features completed responses from 1,021 employer-insured consumers. Some totals may not equal 100% due to rounding.

WEBINAR

Join our Founder and CEO, Justin Holland, as he breaks down our findings and shares exclusive commentary and unique perspectives on HealthJoy's 2021 Employee Benefit Insights Report.

ATTEND WEBINAR



ABOUT US

HealthJoy maximizes the value of your benefits package, reclaims time for HR, and helps your people achieve better healthcare outcomes. Our simple, smart, and proven technology is changing the healthcare and benefits experience for over 700 clients.