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benefit costs over the next three years.

Isaac M. O'Bannon • Oct. 11, 2022



Two out of three U.S. employers (67%) plan to prioritize controlling rising healthcare benefit costs over the next three years. And with many employers expecting costs to rise steadily in the foreseeable future, they are pursuing several initiatives to manage costs and make benefits more affordable for employees. These

are among the key findings in a new survey by leading global advisory, broking and

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total costs; one in four (24%) will shift costs to employees through higher premium contributions.

“With no end in sight to projected cost increases, the need to manage healthcare costs and address employee affordability has never been greater,” said Courtney Stubblefield, Insights & Solutions leader, Health & Benefits, WTW. “Yet, with so many potential actions, employers must focus on changes that go beyond addressing their employees’ needs to also support efforts to attract and retain talent during a tight labor market.”

The survey of 455 U.S. employers revealed several actions employers implemented or used this year, or expect to pursue, to manage costs and enhance employee affordability. These include:

- **Health plan budget boost:** Two in 10 employers (20%) added dollars to their healthcare plan without reallocating funds from other benefits or pay. Another 30% expect to do so in the next two years.
- **Defined contributions:** Four in 10 employers (41%) reported using a defined contribution strategy with a fixed dollar amount provided to all employees that differs by employee tier. Another 11% are planning or considering doing so in the next two years.
- **Evaluate employee contributions by income:** The number of employers that examine employee health payroll contributions as a percent of total compensation or income as the basis for benefit design decisions is expected to more than double from 13% this year to 32% in the next two years.
- **Contribution banding:** More than a quarter (28%) structured payroll contributions to reduce costs for targeted groups, such as low-wage employees, or by job class. Another 13% are planning or considering doing so in the next two years.

- **Low-deductible plan:** Three out of 10 (32%) offered a plan with low member cost

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are planning or considering doing so by 2024.

- **Concierge navigation:** Two in 10 (21%) offered concierge navigation even if it requires movement from a full-service health plan to a third-party administrator. Another 25% are planning or considering doing so by 2024.
- **Voluntary benefits:** Over a third of respondents (35%) added or enhanced voluntary benefits and vendor solutions in case of a catastrophic event. Another 27% are planning or considering doing so by 2024.

“Employers that act now to predict, plan and implement solutions and strategies that balance employee affordability objectives with escalating prices can avoid having to take desperate measures in a rising healthcare cost environment,” said Tim Stawicki, chief actuary, Health & Benefits, WTW. “Without question, employers face difficult challenges in the next few years. And with limited budgets, the challenge of making decisions that consider healthcare affordability and engagement is exponentially greater.”

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