



Challenges and Opportunities within the Employee Benefits Market

With an extremely competitive labor market, it is important for employers to recognize the challenges of the current employee benefits market and understand how to take advantage of opportunities to attract and retain talented individuals. According to [Microsoft's 2022 Work Trend Index](#), 39% of all workers are considering changing employers this year, while 52% of Gen Z and Millennial workers are considering a change. Another trend identified by this study is that 53% of workers prioritize their health and well-being over work more than they did prior to the COVID-19 pandemic.

Given this landscape, it is now more crucial than ever for businesses to consider their peers' benefits offerings and reconsider their own to maximize their attractiveness as an employer. By utilizing benchmarking data, companies can make informed decisions about which employer-sponsored healthcare benefits strategy best aligns with their goals and gives employees the healthcare security and stability they seek.

Each year, Scott Benefit Services, in partnership with the largest independent mid-market actuary in the U.S. (Milliman), conducts a Mid-Market Employee Benefits Benchmarking Survey to serve as a guide and valuable resource for mid-market employers. The 2022 survey results include data from nearly 24,000 companies, representing 3.8 million employees and \$51.8 billion in healthcare dollars spent. In the Southeast and Virginia regions, data comes from over 350 companies, representing 115,000+ employees with an average employee count of ~350 employees.

This year's results identify the following challenges and opportunities for mid-market employers:

Challenges

- *Inflation* is the most pressing challenge currently facing the employee benefits market. Over the past 60 years, healthcare inflation has consistently trended higher than general inflation. With this trend expected to continue, healthcare is reasonably expected to reach double digits soon. The full effect of inflation will be felt during next year's renewals.
- *Shortages in the healthcare workforce* continue to persist and increase costs. With the healthcare workforce still nearly 3% below pre-pandemic levels, providers have increased leverage in negotiating with carriers. With fewer discounts and savings, benefits plan will pay more. The full effect of this trend is expected to be felt between 2023-2025.
- *Lingering impacts of COVID-19* caused the average national healthcare cost for a family of four to be up 1.1% in 2021. A continued slight increase is expected over the next years due to the long-term health impacts on those with preexisting risk factors.

Opportunities

- *Diversified health plan offerings* can help employers stand out. Most employers – nationally and regionally – offer two or more health plans. Preferred Provider Organizations (PPOs) and High Deductible Health Plans (HDHPs) remain the most popular plan types.
- *Individual Coverage Health Reimbursement Agreements (ICHRA)*s enable employers to control costs and avoid unsustainable renewals while offering employees the freedom to choose plans that best suit their needs without minimum participation requirements.
- *Alternative funding options*, such as self-insurance and group captives, often help lower costs. While self-insuring brings considerable savings for the employer, this form of insurance is often not a feasible option for smaller to mid-size organizations. However, through [captive insurance](#), mid-market organizations can enjoy the benefits of self-insuring but with minimized risk and volatility.
- *Non-traditional health benefits* are quickly gaining popularity and importance with employees. Two of the most appreciated non-traditional benefits are corporate wellness programs and access to Teladoc.

The complete, non-biased data from this survey is compiled to provide actionable benchmarking for employers on local, national and industry-specific levels. Contact a [Scott Benefits Consultant](#) if you would like to compare your benefit plans – including employee share of

premiums, coinsurance and deductible amounts, plan designs, and out-of-pocket maximum levels – to those of nearly 24,000 mid-market companies nationally.

About Milliman

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