



Using Data to Think Strategically About Health Benefits

For many middle-market companies, health insurance plan years begin either December 1 or January 1. This means that many employers will soon be gearing up for renewals and shift their focus to guiding their employees through the open enrollment process.

Annual health plan renewals and open enrollments often bring up many questions for employers and employees alike:

- Does the health plan provide good value?
- Are the benefits offered competitive in today's market?
- Are there sufficient options offered?
- Are employees carrying the right amount of the plan cost?

While decisions for 2024 plans have likely already been made, it is never too early to start thinking strategically about your employee benefits program and to consider how your offerings compare to those of peer organizations. By leveraging benchmarking data, you can make informed decisions about your employer-sponsored healthcare benefits strategy, plan ahead for future years and confidently answer the questions that may arise.

Each year, Scott Benefit Services partners the largest independent mid-market actuary in the U.S. (Milliman), to conduct a Mid-Market Employee Benefits Benchmarking Survey to serve as a valuable resource for decision-makers. Results from the 2023 survey include data from over 7,600 companies nationally, representing 1.5 million employees and \$19.4 billion in healthcare dollars spent. In the Southeast and Virginia regions, data comes from 417 companies, representing 115,000 employees and over \$1.5 billion in healthcare dollars spent.

A few key takeaways from this year's survey results include:

- **Increased Pharmacy Spending** – Pharmacy continues to be a significant driver of health plan expenses. Currently, pharmacy spending accounts for 23% of the average family's annual healthcare costs – up from 17% just five years ago. As this expense continues to grow there will be impacts felt by both employers and employees. Is your current pharmacy plan working for you in terms of costs, customer service, transparency and range of medications available?
- **Inflation Impact** – Based on current trends, it is reasonable to expect to see double-digit healthcare inflation soon. As costs continue to rise, decision-makers should consider taking advantage of strategic cost-savings opportunities like Individual Coverage Health Reimbursement Agreements (ICHRA) or alternative funding options, such as self-insurance and group captives.
- **Non-traditional Health Benefits** – In addition to traditional health plan benefits, many employers are beginning to offer non-traditional benefits. From providing online resources for healthy living to sophisticated disease management programs, offering non-traditional health benefits can help improve the health and productivity of employees while reducing overall health plan costs.

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 7,600 mid-market companies nationally.

About Milliman

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