

Uncertainty and Financial Stress Driving Closer Scrutiny of Employee Benefits

According to a recent Aflac study, the pandemic is causing employees to spend more time researching their benefits options.

In general, employers still see benefits as a crucial way to attract talent, and most say they plan to maintain their current level of benefits.

At a time of economic upheaval and uncertainty, most businesses in the US are trying to maintain their current benefits offerings to employees, a new report from Aflac finds. At the same time, employees are taking a closer look at their policies and weighing what may work best for them in the future.

The 2020-2021 Aflac Workforces Report is based on a national online survey, conducted in June and July, which polled 1,200 benefits decision-makers and 2,000 employees in the US.

For employers, some of the biggest changes consist of re-positioning resources; switching to a virtual enrollment process or offering more telemedicine options, for example. In general, however, employers still see

benefits as a crucial way to attract talent, and most say they plan to maintain their current level of benefits. Employee concerns include surprise medical bills and rising health care costs.

Aflac officials said one of the biggest outcomes of the pandemic is that employees will spend more time on researching their benefits options.

“Choosing benefits is one of the most important actions people take each year. And for the past 10 years, our survey found that employees are on autopilot when it comes to the choices they make,” said Matthew Owenby, chief human resources officer at Aflac. “However, COVID-19 has inspired important conversations taking place about the current health care crisis and growing concerns about financial security.”

Employers want to stay the course, but some changes are already underway.

For businesses, the majority of employers signaled that they plan to maintain their current benefits offerings; the survey found that 68% of benefits decision-makers said they were extremely or very certain their companies would maintain their current benefit plans. At the same time, the survey found some uncertainty: 23% of company respondents said there may be reductions in benefits to manage costs, while 18% said they

might increase benefits to retain employees. And 12% responded they were not sure what changes the next 12 months might bring.

One of the biggest changes so far appears to be in the expansion of remote options such as telemedicine or virtual workspaces: 56% of companies reported moving employees to remote working arrangements due to the COVID-19 pandemic. About one quarter (26%) said they viewed switching to more remote work arrangements as a long-term plan.

In addition, a significant number of companies showed flexibility in work scheduling as a response to the pandemic. The survey found 47% said they provided time off or flexible scheduling to allow dependent care at a time when many (if not most) school-age children were required to switch to remote learning. In addition, 39% of companies said they provided additional paid time off for those diagnosed with COVID-19, and 34% provided additional paid time off so that employees could provide care for family members diagnosed with COVID-19.

Employees worry about financial security, look to employers to do more
Financial worries were a problem for American workers before the pandemic, and the economic stress caused by COVID-19 has only made things worse. The analysis found that financial security is a major concern

for workers, with 48% saying they couldn't pay \$1,000 or more for out-of-pocket expenses without relying on debt or credit if an unexpected serious illness or accident should happen to their family.

Surprise billing has been in the political spotlight, and the survey found that unexpected costs are a challenge for workers: of employees who had a family member experience a serious illness or injury in the last year, 92% said they were surprised by at least one health care cost related to that event.

The pandemic also seems to have affected how employees think about benefits; 45% said they had high interest in pandemic insurance products that could help protect their income. And approximately 50% said the pandemic was a wake-up call to invest more time in researching and understanding their benefits better. The survey found 63% said they expected at least one expanded benefit to be offered by employers, including supplemental insurance or telemedicine options.

“It's certainly an encouraging sign to see more than half of workers are expecting more from their benefits package than just health insurance, and employers would do well to listen to their concerns,” said Owenby. “Our survey found that more than one-third (35%) of workers say improving their benefits package is the one thing their employer could do to keep

them in their jobs – second only to increasing their pay. The one thing that human resources professionals should take from this information is that satisfying employees of the future will require sustained effort by employers to offer a variety of options that meet employee demand.”

By Scott Wooldridge