

U.S. employers focus on providing affordable health programs and boosting employee wellbeing



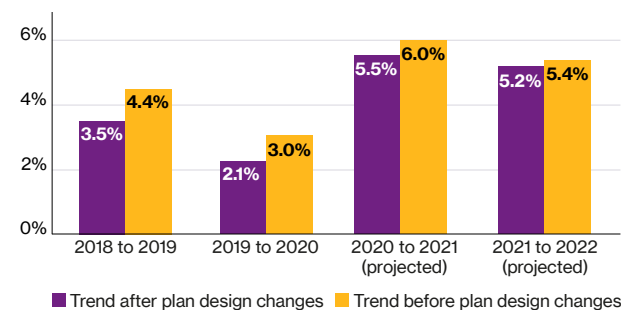


U.S. employers are prioritizing health care affordability and employee wellbeing over the next two years, as health care benefit costs are expected to jump by more than 5% during this period and lingering uncertainty about the trajectory of the pandemic persists.

Employers expect combined medical and pharmacy benefit expenses to rise 5.2% in 2022 after plan design changes (Figure 1). While this increase is slightly lower than the 5.5% increase projected for 2021, it is significantly higher than the actual reported 2.1% increase in 2020. The unusually small increase in 2020 stems largely from medical care that patients did not receive during the pandemic.

Figure 1. Health care trend before and after plan changes

Combined medical and pharmacy benefit expenses expected to rise by 5.2% in 2022 





Affordability and employee wellbeing are top of mind

Facing rising costs and increased health care utilization as employees catch up on deferred care, employers have prioritized the evaluation of cost-effective health programs and achieving sustainable costs for the organization (90%) (Figure 2). In addition, they recognize that many employees, in particular those at the low end of the income scale, face financial challenges covering both their payroll deductions and out-of-pocket costs for health care treatment and services. Consequently, achieving health program costs that are affordable for employees, especially lower-wage workers, is also a key priority for employers (86%).

A focus on affordability, wellbeing and diversity, equity and inclusion (DEI) will create a competitive advantage in today's tight labor market. Over eight in 10 employers (85%) are focused on enhancing employees' emotional, physical, financial and social wellbeing, while over three-quarters (78%) indicate they are prioritizing programs to support DEI.

Figure 2. Employers' key priorities over next two years



Opportunities to improve affordability and control costs

In an effort to make health programs affordable for employees and cost-effective for the organization, a modest but growing number of employers are making changes to their plan designs and contribution strategies.

- **Value-based designs.** The percentage of employers planning to reduce point-of-care cost sharing through plan design changes is set to more than double from 12% today to 28% in 2023.

Specifically, employers are turning to value-based designs or activities. These include reducing out-of-pocket costs for use of high-value services supported by evidence, an approach that two in five employers have implemented or are looking to implement. For example, employers might eliminate copays for medication to treat chronic disease such as high cholesterol.

Additionally, employers are steering employees to higher-value care by offering plan options that restrict or eliminate out-of-network coverage and have different levels of cost sharing depending on site of service.

40% of employers reduce or are looking to reduce out-of-pocket costs for use of high-value services supported by evidence



- **Contribution strategy.** Almost half of employers (48%) have adopted a defined contribution strategy with a fixed dollar amount provided to all employees by enrollment tier as a means of encouraging members to choose less costly health plans.

A quarter of employers impose a surcharge on employees with spouses who have access to their own employer-sponsored health insurance.

Our findings also reveal an emerging trend to structure employee contributions based on employee pay levels or job grades in an effort to make health care more affordable to lower-wage employees. Roughly a third of employers (30%) have implemented or are looking to implement such a contribution strategy over the next two years.

Among the 70% of employers contributing funds to a health savings account (HSA), over one in 10 (12%) are contributing or looking to contribute more for lower-wage workers to increase their financial security.

30% structure or are looking to structure employee contributions based on employee pay levels or job grades



Focusing on network and provider strategies to improve access

The pandemic accelerated the adoption of telemedicine and virtual care, which allowed employees to access affordable care while minimizing the risk of exposure to COVID-19. Telebehavioral health played an important role in providing much-needed mental health care to employees experiencing pandemic-related stress and anxiety. Roughly nine in 10 employers (89%) provide telebehavioral health services, while over six in 10 offer digital behavioral health support using online tools and platforms (Figure 3).

Employers are also focusing on the following network and provider strategies to improve access to quality, affordable care:

- Offer onsite services, including health promotion activities and onsite/near-site health clinics. Close to a quarter of employers (23%) currently offer an onsite health clinic, while approximately 10% are looking to do so. Twelve percent offer a near-site health clinic, and another 11% are planning or considering doing so.
- Use centers of excellence within health plans.

- Provide access to concierge services with integrated care management programs and expert medical opinion programs.
- Offer a narrow network of higher-quality and/or lower-cost providers.

With a better understanding of their options and potential strategies, employers have the opportunity to rethink how and where health care is delivered in order to improve access to cost-efficient care.

Figure 3. A majority of employers embrace telehealth and digital support for behavioral health care



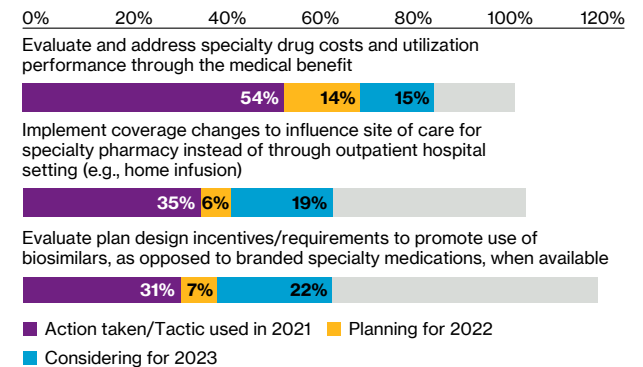
Controlling pharmacy costs

Over the next two years, companies will pursue a range of cost-effective options to manage overall pharmacy spend, and they are paying special attention to specialty drug cost.

Over half of employers (54%) evaluate specialty drug costs and utilization performance through the medical benefit, and another 29% are planning or considering doing so over the next two years. They are also promoting the use of lower-cost biosimilars and implementing coverage changes to influence site of care for specialty pharmacy (Figure 4).

Other emerging areas of focus include using point-of-sale rebates and carving out specialty drug fulfillment to rein in pharmacy costs.

Figure 4. Employers take action on specialty pharmacy





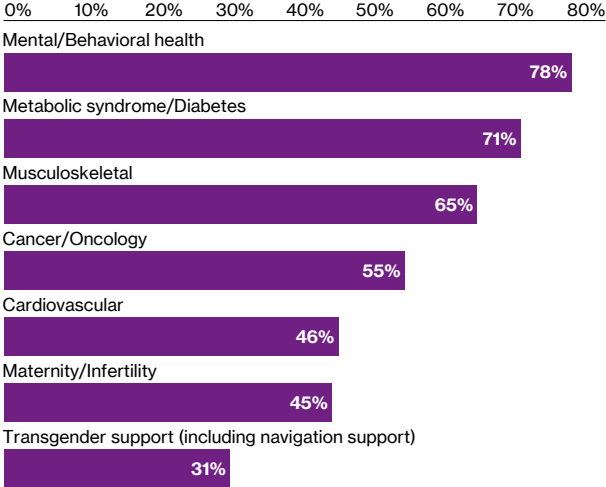
Managing clinical conditions

Employers are focusing on clinical conditions – including mental/behavioral health, metabolic syndrome/diabetes, musculoskeletal and cancer – to improve health outcomes and reduce costs. Their key strategies for managing these conditions include adopting vendor point solutions, enhancing navigation and evaluating network strategy (Figure 5).

An area of increasing focus is transgender support. Employers are supporting transgender employees primarily by enhancing navigation services to help improve access and care coordination in a cost-efficient manner.

Figure 5. Employers will focus on mental health to improve member health over the next three years

To what extent will your organization focus on the following critical areas as a means of improving member health over the next three years?





Enhancing employee wellbeing

The pandemic heightened employer's priority of employee wellbeing, in particular with an increased focus on emotional wellbeing.

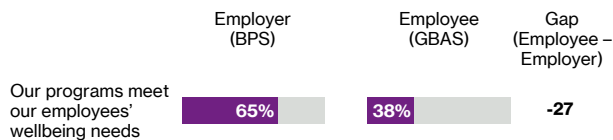
But while the overwhelming majority of employers indicate that enhancing wellbeing is a key priority, some may not recognize the extent of the challenge they face. Roughly two-thirds (65%) of employers say their programs meet employees' wellbeing needs, but only 38% of employees agree (Figure 6). This finding suggests that employers have an opportunity to improve their understanding of employee needs and preferences related to wellbeing. In fact, only slightly over half are using employee listening strategies for this purpose, but roughly another third are looking to do so over the next two years.

Nevertheless, employers are taking action across all wellbeing areas. In particular, they are turning their attention to improving emotional wellbeing by establishing or looking to establish an organization-wide behavioral health strategy/action plan. To address physical wellbeing, employers are promoting the use of virtual care as well as prevention and screenings. In an effort to boost financial wellbeing, they are offering webinars on financial issues employees are likely to face.

The pandemic has prompted employers to consider employee wellbeing from a broader perspective, that is, as a foundational element critical to the employee experience and overall business success. In this context, employers are promoting a culture of wellbeing, for example, through communication campaigns encouraging employees to look after their physical, emotional, social and financial wellbeing as well as through messaging from leaders on the importance of wellbeing.

Figure 6. **Gap between employer and employee views of wellbeing initiatives**

To what extent do you agree or disagree?



Note: Percentage indicates "Agree" or "Strongly agree."
Sources: 2021 Willis Towers Watson Best Practices in Health Care Employer Survey; 2020 Benefits Attitudes Survey, United States

As part of this effort, employers are also aligning their wellbeing programs with organizational culture, which connects employees in today's hybrid workplace to a common vision and purpose. In this way, employee wellbeing becomes part of an organization's shared vision and purpose, powering employee engagement and helping to attract and retain talent.



Improving the employee experience around health and wellbeing

The employee experience is essential to driving engagement in health and wellbeing programs, and in supporting employees in making smart decisions. While over two in five employers have no employee experience strategy around health and wellbeing programs today, two-thirds expect to differentiate and customize their strategies over the next three years. Employers are taking the following measures to improve the employee experience:

- **Enhancing the enrollment experience.** Over half of employers (52%) have taken action to enhance the enrollment experience, while another third (34%) are looking to do so.
- **Expanding choice.** Half of employers (49%) have added more choice in all benefits, and another 23% are planning or considering doing so.
- **Integrating wellbeing.** Over four in 10 employers have already integrated wellbeing vendors into the overall employee experience; 37% are looking to take action in this area.
- **Listening to the voice of the employee.** Half of employers have taken action to collect feedback on benefit preferences or needs from employees, while another 34% are planning or considering doing so.

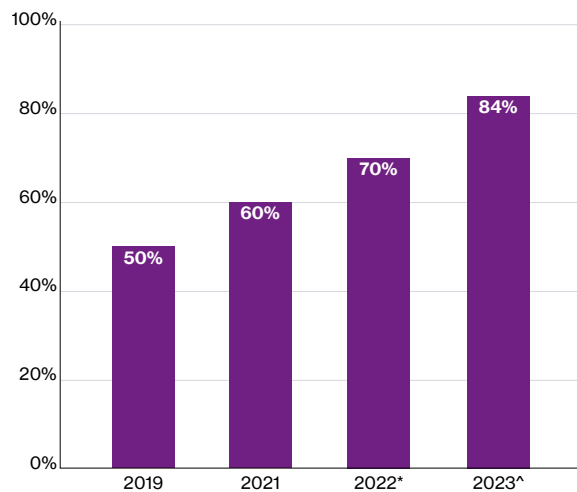


Employers are also looking to expand their use of tools to support enrollment and treatment decisions (Figure 7).

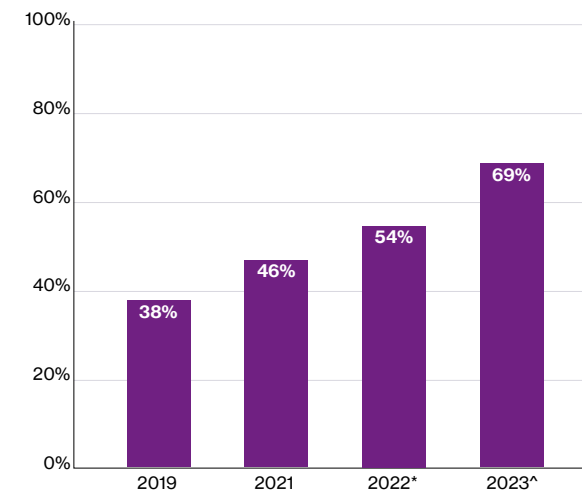
These various measures will help employers address moments or life events that matter to employees' health and wellbeing, from caregiving challenges to personal health scares to episodes of depression and anxiety.

Figure 7. Employers are considering actions to support health care decisions

Offer recommendation tools that support enrollment decisions



Offer treatment decision support



Based on a sample of companies with 1,000+ employees; all other data in this report are based on companies with 100+ employees.

* Planning 2022 ^ Considering 2023

Sources: 2019 and 2021 Willis Towers Watson Best Practices in Health Care Employer Survey

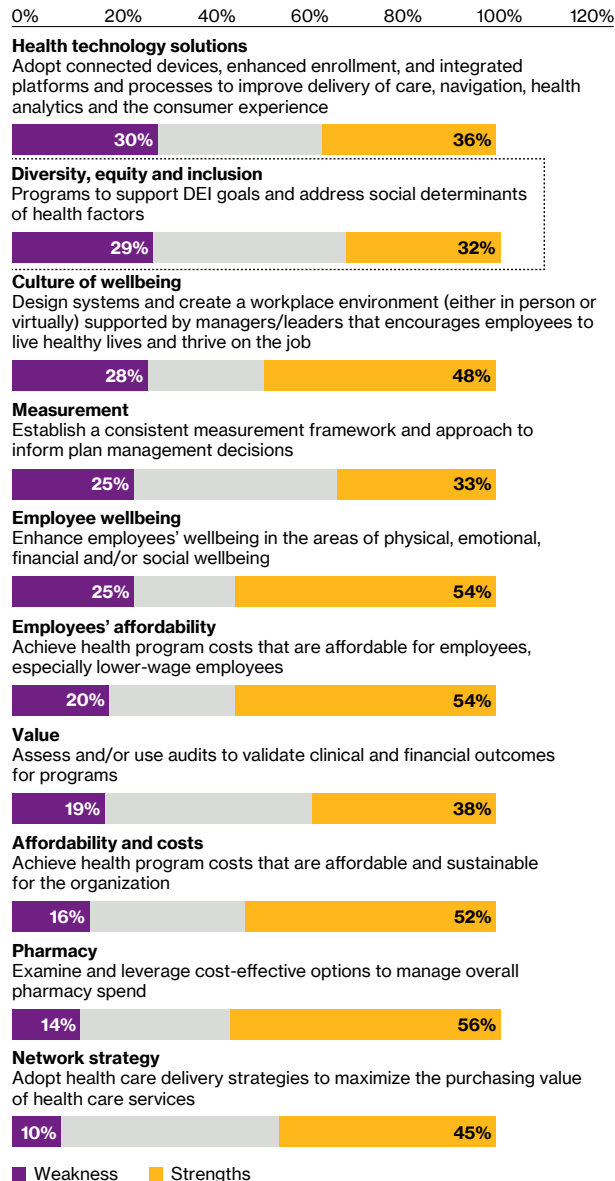
Integrating DEI into the employee experience

To create a meaningful employee experience, it is critical to recognize the diversity of employee needs, foster a sense of inclusion and equity, and emphasize the importance of safety and trust. But employers may not fully understand the gaps to be bridged. For example, while over nine in 10 employers (92%) believe that their organization provides a work environment free of discrimination and harassment, only two-thirds of employees (67%) hold this view.

Despite the fact that seven in 10 employers (72%) have implemented DEI initiatives, more work remains to be done to boost DEI. Employers indicate that programs to support DEI goals and address social determinants of health (SDoH) constitute their weakest area (29%), second only to health technology solutions, and the area of lowest strength (32%) (Figure 8).

Tactical steps employers are taking to support DEI include focusing on clinical areas such as fertility benefits, transgender support and mental health benefits; prioritizing health program affordability, especially for lower-wage employees; and making support for an organization's DEI agenda a key factor when selecting insurance carriers. Nevertheless, only 37% of employers collect feedback of benefit preferences from DEI or employee resource groups, while another 33% are planning or considering doing so. These findings underscore the importance of focusing not only on program implementation but also on gathering employee insights to help ensure programs address the needs and priorities of employees, meeting them where they are and where they want to go.

Figure 8. Employers identify diversity, equity and inclusion as a top weakness



Considerations for resetting health and wellbeing programs

Our survey findings will help employers reset their health and wellbeing programs to support employees working in the shadows of COVID-19 whether as a pandemic or endemic disease for the foreseeable future. To get started, employers may want to consider the following actions:

- Identify changes to benefit designs and employee cost sharing that would improve the affordability of health programs for your workforce and specifically for lower-wage employees.
- Unlock opportunities to implement network strategies that offer employees access to high-quality, affordable care.
- Update or redesign strategies for managing clinical conditions by using analytics to understand cost drivers, enhancing patient navigation and adopting targeted point solutions.
- Implement listening strategies to identify employees' wellbeing needs and design programs that meet those needs.
- Improve the employee experience by enhancing the enrollment experience, expanding choice and better integrating wellbeing vendors.
- Examine your employee experience through a DEI lens to uncover and address disparities in health and wellbeing programs.

About the survey

A total of 378 U.S. employers participated in the Willis Towers Watson 2021 Best Practices in Health Care Survey, which was conducted during June and July 2021. Respondents employ 5.9 million workers.

50%

For profit,
publicly
traded

32%

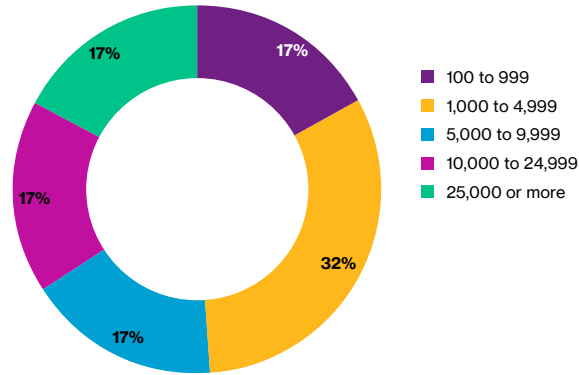
For profit,
private

16%

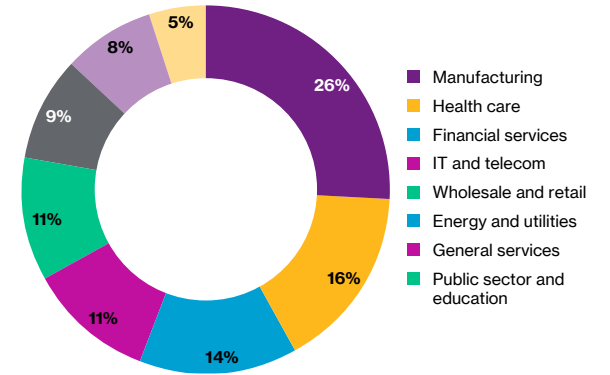
Nonprofit/
Government
(2% Other)

Figure 9. Survey participants by employer size and industry

Employer size



Industry





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