



RESEARCH FROM EMPYREAN

Top Five Benefit Trends for **2022**

SPRING 2022



Since 2006, Empyrean has provided employers of varying size, industry, and benefit plan complexity with the innovative technology and best in class service necessary to accelerate their benefits strategies and bring their benefit programs to life. Empyrean's platform and services were designed to create connected employee benefit experiences that enrich lives, strengthen employer brands, and improve workplace cultures.

Today, more than **4.6 million** participants across the U.S. rely on Empyrean's cutting-edge systems and best in class support teams to inform and guide their benefit enrollment and utilization decisions. Focused on total employee health and wellness, Empyrean is dedicated to delivering a scalable and tailored benefits experience for all employees and their families by combining innovative technology with employee-centric services to empower participants to better understand, access, and engage with their benefit programs not just at enrollment time, but on a year-round basis.

Empyrean's platforms and services empower employees to not only better understand the value of the benefit programs offered to them, but to then connect with these benefits in a way that drives better outcomes from themselves, their families, and their organization.

Headquartered in Houston, TX, Empyrean has additional office locations in Minneapolis, MN and Nashville, TN, as well as remote teams located throughout the U.S.

Empyrean is a subsidiary of Securian Financial (www.securian.com).

Table of Contents

Introduction	3
Employee Demands Have Changed	6
Top Five Benefit Trends of 2022	
1. Total Wellbeing is the New Normal	6
2. Improved Consumer Education Driving Adoption, Employee Vulnerability Accelerating the Trend	8
3. Increased Focus on Using Benefits to Attract & Retain Talent	11
4. Increased Need to Deliver & Communicate a Positive Benefit Experience	13
5. Continued Focus on Regulatory Compliance	15
Summary	17
Report Methodology	18

Introduction

Two years ago, organizations made fast and sweeping changes to HR policies and benefits to ensure their teams could weather the multitude of challenges presented by COVID-19. The U.S. government quickly responded as well, with new and increasingly complex changes to legislation and regulatory compliance standards aiming to provide financial relief and support workplace health and safety. Focus turned to employee mental health as Americans struggled with isolation and stress brought on by closed schools, financial uncertainty, lack of childcare, shuttered offices, and demands placed on essential workers.

As we enter the third year of pandemic life, the shock waves and moves initially thought to be temporary are becoming more permanent. Reactionary shifts made by organizations that at one time may have seemed radical appear to be here to stay, as U.S. workers make it clear that the pandemic-driven changes to their everyday lives have altered their views of their employers, benefits, and overall workplaces.

Employees have embraced remote work, mental health, and work-life balance more boldly than ever, demanding that employers take notice and shift their benefit programs to one that supports their total health and wellness - both at work and outside it. Employers who fail to demonstrate the value of their benefit programs and create positive employee experiences are seeing their employees resign in droves, either finding new work or exiting the workforce all together.

Our 2022 Benefit Trends Report shares both quantitative data and expert insights that demonstrate how the many reactionary shifts in the benefits space, once thought to be temporary, may in all likelihood be permanent as the workplace continues to be forever reshaped by the COVID-19 pandemic.

It is critical that employers and benefit leaders take a step back from the “survival” modes employed since 2020 to understand the future of benefits and how to shift go-forward benefits strategies for both organizational and employee success.

This year, employees are continuing to show a demand for benefits that support their new pandemic-era challenges, values, and lifestyles, and employers have responded by moving towards benefit strategies that support total health and wellness. The Great Resignation has shown that employees have become intolerant of toxic and unsupportive

workplace cultures and are willing to leave in pursuit of better benefits and overall conditions, driving the need for benefit leaders to find a way to demonstrate the value of their benefit offerings.

Traditional medical benefits are not going far enough to retain today's worker, and employees are demanding supplemental benefits that support not just their physical health, but also their mental and financial wellbeing. If employers are not creating a workplace environment where employees can thrive both inside and outside of work, employees have shown that they will move on to greener pastures.

The tight job market has driven the need for organizations to find better ways to communicate their employer value proposition to both future and existing employees, pushing benefits, HR, and talent acquisition leaders to work together to use benefits to build positive workplace cultures and strong employer brands that both attract and retain talent. Decision support technology also continues to be called upon to educate employees about their benefit options, steer them towards right-sized coverage, and improve year-round benefits engagement.

Increased volume and complexity in HR and benefits compliance is also a continued trend, with much of what we saw in 2021 carrying over to 2022.

This year, employers have the opportunity to think differently about their benefit strategies to drive healthy and happy workplace cultures. As more businesses recognize the connections between benefits, employee experience, and positive organizational outcomes, leaders will continue to level up their benefits offering to build culture through benefits.



It is critical that employers and benefit leaders take a step back from the “survival” modes employed since 2020 to understand the future of benefits and how to shift go-forward benefits strategies for both organizational and employee success.

TREND #1

Total Wellbeing is the New Normal

Benefit election data and employee behavior show that today's employees have come to both expect and demand a broader range of supplemental benefit offerings from their employer, making an increased focus on total employee wellness a significant benefit trend again this year.

The pandemic continues to drive American workers to make sizable changes to the way they live their everyday lives, and both enrollment trends and employer benefit offerings reflect what look to be permanent shifts in the direction of total employee health and wellness.

"Employers must provide benefits specific to the challenges of their unique workforce, adopting a health and financial wealth strategy while at the same time focusing on how employees integrate work and personal time without set time boundaries or restrictions," says Keith Wilson, Chief Client Officer at Empyrean.

Enrollment data collected from the over **4.6 million** participants accessing their benefits through the Empyrean platform shows that employees have gravitated towards supplemental offerings, selecting benefits that align with the changes they have experienced in their own lives.

Remote & Hybrid Work Arrangements

The vast majority of employees still working from home have made it clear that they hope to continue flexible work arrangements permanently, and employers are working to meet these demands. Recent data released by job board The Ladders shows that the number of open, permanently remote positions doubled last year, from 9 percent to 18 percent of all open positions.¹ With three million jobs becoming permanently remote in the fourth quarter of 2021 alone, the same study projects that this number will increase to 25 percent by the end of 2022.

What in 2020 were viewed as "slapped together" remote work programs have seen long-term success as formalized corporate policy, clearing the path for ongoing remote work arrangements. Throughout 2021, many office reopening plans were derailed by new variants, leading many employers to push back their return dates or abandoning return projections altogether in favor of hybrid or remote work.

- 16.58%

decrease in commuter benefit participation*

+ 12%

increase in Vacation/PTO Buy-Sell Benefits*

*Source: Empyrean

Benefit elections from this year reflect the reluctance of many workers to return to an office environment. Empyrean's enrollment data shows a 16.58 percent decrease in commuter benefit participation from 2021 as employees have continued to move away from benefit choices that support an office-centric lifestyle. While it may seem that employers would be better served reallocating benefit dollars towards offerings that embrace ongoing remote work, many employers may be leveraging commuter benefits as a way to lure employees back to the office.

Remote work may also be influencing the way workers view paid time-off. Enrollment in Vacation/PTO buy-sell benefits have also seen double digit increases over 2021, with almost 12 percent more employees electing this benefit in 2022. This may be a reflection of the increased flexibility offered by employers through remote and hybrid work, changing the way work can be performed and how employees both view and use time-off.

Pet Insurance

Pets quickly emerged during the pandemic as the ultimate work from home companions, with social distancing and lockdowns leading to a surge in new pet adoption and ownership across the country. As of October 2020, more than 11 million American households had brought home a new pet since the start of the pandemic.²



With more than 68 percent of total U.S. households owning pets, the majority of which pay more than \$2,000 annually in pet care, many employers are offering supplemental products to assist employees with pet care costs.³

Data from the North American Pet Health Insurance Association (NAPHIA) shows that there has been yearly double-digit growth in pet insurance enrollments since the mid-2010s. However, 2022 enrollment data shows a 56.37 percent increase in pet care benefit adoption over 2021, with almost 35 percent of plan participants offered the benefit electing coverage. Employers can expect this trend to continue, with more Americans welcoming pets home each year and seeking ways to offset the financial costs associated with pet ownership.

Employee Discounts & Perk Plans

Another enrollment trend worth noting is an almost 24 percent increase in participation in employee discount and perk plans. Even though fewer employers offered these programs in 2022 than in the prior year, there was still a sizable jump in overall enrollments, with 99.86 percent of employees offered this plan participating.

Looking Ahead

“Enrollment shifts are a great indicator of employee interest levels or needs for specific benefits of types of coverage,” says Empyrean Strategic Account Advisor, Desta Millner. “More than anything, we have learned there is a need to differentiate benefits and offer employees choices that best meet their needs. Employee populations are shifting as Generation Z enters the workforce and awareness of this generation’s needs will be critical when considering changes to benefit programs.”

Empyrean's experts forecast that employers will continue to trend towards taking a more holistic approach to their benefit offerings due to employee and market pressure to do so.

Wilson agrees. “It is critical for employers to understand the needs of their employees – specifically with the increasing number of generations present in the workforce. The standard portfolio of health and welfare benefits typically does not meet the broader needs of our changing employee populations.”

Empyrean's experts forecast that employers will continue to trend towards taking a more holistic approach to their benefit offerings due to employee and market pressure to do so. “While traditional benefits are still foundational, employee expectations are changing, applying more pressure to employers to meet these new employee ‘demands’ to expand voluntary offerings and focus on overall wellbeing,” Millner adds.

TREND #2

Improved Consumer Education Driving Adoption, Employee Vulnerability Accelerating the Trend

For years, employers have leaned on supplemental benefits as a way to round out traditional programs by offering increased financial protection against unexpected and “catastrophic” medical events. Plan sponsors have spent significant resources educating their employees on why enrollment in these supplemental programs can be advantageous - especially for those in certain populations, like young parents or aging employees who may be more likely to suffer an injury or illness that results in a hospital visit. Data suggests that this education has started to take hold.

“While increased adoption of supplemental plans like hospital indemnity and critical illness have been a trend since the introduction of the high deductible health plan, employees have now had a number of years to understand the impact of not having this type of coverage,” says Wilson.

This trend is evident in Empyrean’s 2022 enrollment data, which shows significant increases in these type of elections over 2021, including:

According to Priebe, decision support technology in particular is critical in helping employees to see the bigger picture of how their benefits work together to meet their needs, treating them as the whole people they are – not just a sum of parts.

Decision support tools can also help contain and predict benefit costs for the employee by driving participants towards right-sized coverage during what can be a confusing enrollment process. Decision support technology should bridge educational and visibility gaps, providing increased transparency and support to help employees better understand their enrollment options and make smarter, more informed coverage choices and usage decisions.

Increased Vulnerability & Burnout Also Fueling Enrollment Shifts

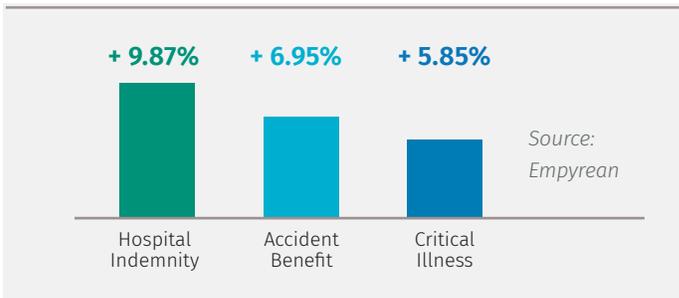
After two years of pandemic life, it may come as no surprise that more employees are enrolling in benefits that insure for catastrophic events, perhaps recognizing their own physical and financial vulnerabilities during the public health crisis.

In other cases, redefinition of the benefit itself may be fueling adoption. Critical illness benefits historically paid lump sum payouts in very specific circumstances, often excluding infectious diseases unless it led to an illness covered under the policy (i.e. organ failure, etc.). The pandemic led to some insurers making changes to their critical illness policies, providing coverage for future COVID-19 diagnoses and other infectious diseases.⁴

“Now more than ever, it is important to educate employees about the potential value of their benefits,” says Amanda Repp, Empyrean’s Product Manager, Employer Support Solutions. “With education on how supplemental plans can augment traditional health plans, employees can feel confident they have the tools to meet their healthcare needs during unprecedented times.”

Empyrean’s Chief Strategy Officer, Jim Priebe, says that improved consumer education is a main driver of increased adoption of benefits like hospital indemnity and critical illness.

“We are seeing employers strive to provide better education on the value of these products and how these plans support their needs,” Priebe says. “Where benefit communication and education has historically happened only during onboarding and annual enrollment, employers are leveraging technology and other methods to ensure a year-round communication and education cycle.”



Legal Benefits & Identity Theft Protection

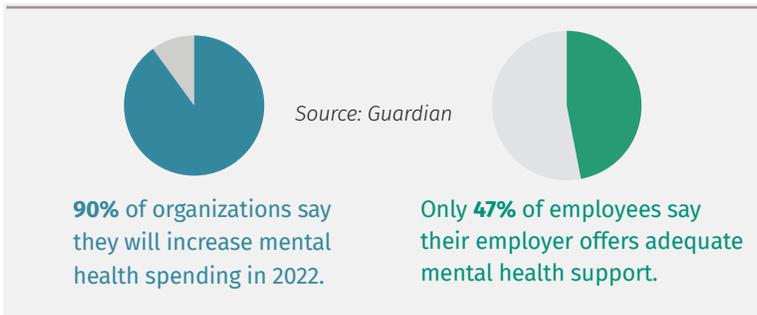
Empyrean's 2022 enrollment data shows a 5.44 percent jump in legal benefit adoption this year, as well as a modest 2.33 enrollment increase in identity theft protection over 2021. In our increasingly digitized world, experts say that this trend is likely to continue.

"The increase in ID theft adoption comes as no surprise," Wilson says. "We believe we will continue to see a growing trend of employers offering an employer-paid base coverage to their employees to help serve them better and remove stressors that can come with ID theft."

The National Center for Victim Research estimates that between seven and ten percent of the U.S. adult population fall victim of identity theft each year, though the agency predicts that this number is actually much higher due to lack of reporting.

Mental Health Support & Navigation

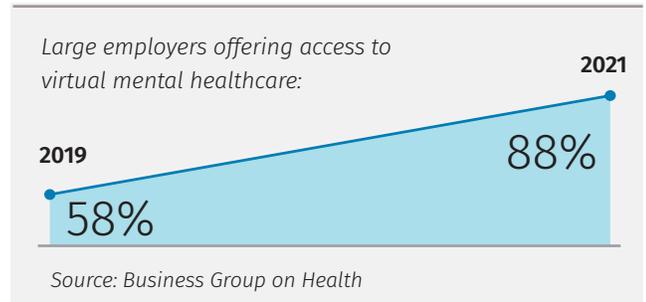
Employers have increased their focus on mental health benefits, a trend that has continued since the start of the pandemic.



Ninety percent of organizations say they will increase mental health benefit spending this year, though only 47 percent of employees from the same study say their employers offer "adequate" mental health support.⁵

"Nearly every part of the workforce has coped with unprecedented challenges during the COVID-19 pandemic, from frontline workers to homebound employees juggling family and professional responsibilities, and this has certainly come out in many conversations with our customers," says Tammy Kaplan, Empyrean's Product Manager, Employer Strategy Enablement. "But while employees are certainly voicing their need for added mental health support, they need help navigating these resource options to guide them on the most effective path to care."

Online mental health resources have skyrocketed in popularity since the start of the pandemic, with 88 percent of large employers offering access to virtual mental health care in 2021, up from just 58 percent in 2019.⁶



Navigational support, especially data-driven options that provide individualized guidance, can help drive employee connections and give employers a stronger return on the investments they make in these programs.

Employee Burnout

Mental health emerged early in the pandemic as an area where employees needed additional support as they managed isolation, limited access to childcare, and economic uncertainty. An area with historic stigma, employers finally began to recognize mental wellbeing as equally important as the physical health of their employees. While employers have made great gains to recognize the importance of mental health, employee burnout is at an all-time high.

A December 2021 study conducted by Total Brain found that 25 percent of U.S. workers showed signs of post-traumatic stress disorder (PTSD) in the last quarter of 2021. The study also found a seven percent decline in employee resilience in the final quarter of last year, and a 27 percent increase in employee stress levels during the same period.

These numbers indicate that the mental health crisis is getting worse as we enter year three of pandemic life, making employer commitments to the mental health of their employees a critical trend in the year to come.

Looking Forward

It can be expected that employees will continue to lean towards benefits that round out their traditional medical benefit programs to provide additional security around financial and medical health.

“While we can expect a generational influence around adoption of these supplemental products, their value will remain strong. If employees continue to see a fit, then there will be a continued demand,” says Priebe.

Priebe also says that employers who focus on communication to fuel adoption will create better employee experiences and stronger employer brands. “Offering employees choice and products that support their unique needs and circumstances creates tremendous value in the employee’s mind.”

As employee resiliency continue to wane, we can expect employees to continue to rely on mental health resources from their employer. Data demonstrating that employers recognize the critical role they have in providing access to mental health support is encouraging. Employers who lean into their role in supporting the total health and wellness of their teams will be in a place to best leverage the positive outcomes that result from employee wellbeing and the strong workplace cultures built through benefit experiences.

Employee burnout was at an all-time high in Q42021:

25 %

Showed signs of PTSD*

- 7 %

Decline in employee resilience*

27 %

Increase in employee stress levels*

* Source: Total Brain

TREND #3

Increased Focus on Using Benefits to Attract & Retain Talent

According to the Bureau of Labor Statistics, a record 47.4 million U.S. employees voluntarily left their jobs in 2021, making the need for improved attraction and retention through benefits an emerging trend in 2022.

The volume of voluntary quits this year has made it clear that employers who do not meet the evolving demands of employees can expect to see high levels of turnover. The Great Resignation has had a tremendous impact on health and welfare benefits, increasing the need for employers to rethink their benefits strategy and better demonstrate the value of their benefits program to both future and existing employees.

Employers who neglect to take the necessary steps to inform both future and existing employees about their benefits demonstrate both a lack of employee support and an uncaring company culture, no matter how generous their employee benefit plan design may be. This is absolutely detrimental to the employee experience, as recent data shows that employees of all generations present in today's workforce rank "organizations that care about employee wellbeing" as a top three criteria when evaluating and selecting an employer.⁷

"Without a big picture understanding, employees will be unable to truly understand the value of your benefits offering. This understanding is especially critical as employees continue to make employment decisions based on the benefits program they believe they are getting," says Angel Seufert, Director of Total Rewards at Empyrean.

A record 47.4 million U.S. workers voluntarily left their jobs in 2021.

Source: The Bureau of Labor Statistics

Data collected in a study conducted by PwC found that 66 percent of employees surveyed are looking for a new job, with 88 percent of executives polled saying they are experiencing increased levels of employee turnover.⁸ More alarmingly for benefits and HR leaders, those employees looking for new roles cited better benefits as the second leading driver for seeking a new position, ahead of desires for increased flexibility or career advancements. Fifty-seven percent of employees say they are at least somewhat likely to accept a position with slightly lower pay in exchange for a more robust benefits package.⁹

"Gone are the days when benefits and HR teams could work in a silo," adds Seufert. "HR and benefits leaders need to work together to listen and understand exactly what your unique employee populations are looking for, whether that be through exit surveys, engagement and stay surveys, or through a benefit utilization analysis."

To combat attrition, HR teams will increasingly work together to ensure they understand what their employees' benefits needs actually are.

Reimagining Work

With over 10 million job openings available in December 2021, the converse of The Great Resignation is The Great Hire, providing employers with the opportunity to capitalize on the increased volume of employees feeling empowered to find a better workplace.¹⁰ According to McKinsey & Company, more than half of business leaders say that organizational initiatives tied to culture, values, and purpose will be critical in shaping the future of work, and will focus on these pillars to differentiate themselves in today's tight labor market.

This massive shift in perspective creates opportunities for employers to convey what makes their organization unique, including the culture that they can externalize and back up with benefits.¹¹

Looking Forward

As the war for talent continues through The Great Resignation and The Great Hire, HR teams will need to work together to create a positive journey throughout the employee lifecycle, starting with candidate experience and communications. Traditional, supplemental, and non-monetary benefits will play a starring role in an employer's ability to differentiate themselves against the rest of the market, and delivery of a positive employee experience, from candidacy through termination, will be a key driver in an employer's ability to attract and retain talent.

"While the great resignation and great hire show no signs of slowing down soon, employers need to hone in on which benefits will both retain current talent as well as attract new desirable talent," says Empyrean Strategic Account Advisor, Scott Mesteller.

Even when the job market eventually shifts to favor employers, it can be expected that top talent will continue to prioritize employment with organizations that demonstrate they value employees, including through commitments to positive employee experiences and total wellbeing. One of the most tangible ways for employers to express their commitment, values, and dedication to positive workplace cultures will continue to be through employee benefits.

66%

of employees report that they are looking for a new job*

88%

of executives say they are experiencing increased levels of employee turnover*

Employees looking for new roles cited better benefits as the second leading driver for seeking a new position, ahead of desires for increased flexibility or career advancements.

* Source: PwC

TREND #4

Increased Need to Deliver & Communicate a Positive Benefits Experience

While employers are working hard to develop a strong benefits strategy that combats attrition and contributes to positive company cultures, equal effort must be made to ensure employees have positive experiences when enrolling in and utilizing these benefits, as research has shown employees will leave an organization for a role offering a more competitive benefits package.

“It is one thing for employers to offer a great benefits program and a totally different thing for employees to take maximum advantage of that program,” says Repp. “We are seeing that the difference between the two comes down to an effective benefits communications and education strategy. From initial decision support and education to key touchpoints throughout the year, we are seeing employers flock to technology that supports this communication model.”

Increased investments in decision support and benefits administration technology is a continued trend this year, as benefits and HR leaders leverage these tools to guide and educate their teams about the most complete and most cost-effective coverage for their individual situation. Decision support technology can help employees better understand the overall worth of their benefits plan by providing a transparent view of their employer’s financial contributions to these programs.

“It is one thing for employers to offer a great benefits program, and a totally different thing for employees to take maximum advantage of that program.”

Amanda Repp, Empyrean’s Product Manager, Employer Support Solutions

Year-Round Education & Communication Remain Critical

Providing employees with meaningful, year-round benefits education continues to be a major challenge for employers. Only 19 percent of organizations report that they believe their employees have a high-level understanding of their benefit option and elections, and 88 percent of employers say their main employee communications goal is to help participants better understand and utilize their benefit offerings.¹³



Just **19%** of organizations believe their employees have a high-level understanding of their benefits

Source: Guardian

Over 33 percent of employers say they accelerated their adoption of benefits technology to overcome challenges presented by hybrid and remote work.

33%

Source: Guardian

Over 33 percent of employers say they accelerated their adoption of benefits technology to overcome challenges presented by hybrid and remote work.¹² Decision support technology helps employees navigate employer-sponsored health and wellness benefit offerings through an individualized lens, enabling better education, selection, and utilization outcomes.

Focus on year-round communication remains critical, as 35 percent of employees report that they did not fully understand any of the employee benefits they enrolled in during their most recent open enrollment period.¹⁴

“When employees have the support to understand their plans, they will make election changes,” Kaplan said. “Our data shows that up to 25 percent of employees who reviewed a data-informed recommendation made a change to their medical plan election to align with their predicted needs. We expect these numbers to continue to climb as consumer confidence in these technologies continues to rise as well.”

According to a 2018 Unum poll, U.S. workers spend just 30 minutes or less reviewing their benefits prior to annual enrollment. For many, those 30 minutes may be the only time they interact with their benefits choices in a meaningful way, and only 49 percent of employees report that they can accurately recall their current benefit enrollments. This can lead to a failure to utilize coverage, collect benefit payouts, or even submit a benefits claim.¹⁵

Looking Forward

As we look to 2023, we expect technology to play an even bigger role in the employee benefits experience, with employers leveraging predictive analytics and real-life claims data to drive benefits engagement.

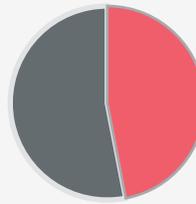
AI-enabled tools guide employees through the enrollment process, providing better visibility into which plans and programs are right for them based on their individual needs, health and wellness outlook, and overall circumstance. These platforms provide enrollment recommendation intelligence tied directly to the claims data of the individual enrollee, creating entirely customized forecasts based on real-life prior events. Because the tool is using the individual's own data to anticipate medical expenses, recommendations are truly tailored to the individual, and not based on generalized assumptions.

Through predictive analytics, employees can better conceptualize which programs will be most impactful for them and their family from a financial and coverage standpoint.

It can also be expected that employee decision support adoption will increase, as this individualized intelligence provides employees with confidence that their recommendations have been specifically customized for them. Since the enrollment recommendations are tailored specifically for the employee, it is clear that the employer is not trying to drive them towards a lower-cost plan that will save company dollars. Instead, the employer is able to demonstrate their commitment to providing the employee with benefit programs that meet the employee where they are in support of their total health and wellness.



U.S. workers spend **just 30 minutes** or less reviewing their benefits prior to enrollment*



Only **49%** of employees say they can accurately recall their benefit elections*

* Source: Unum

TREND #5

Continued Focus on Regulatory Compliance

Employment-sponsored benefit plans have been historically subject to a significant and ever-changing list of regulatory compliance standards, however, the sheer volume and complexity of legislation governing the employment law space is a continued trend since the start of the pandemic - and one that can be expected moving forward.

“With the federally declared outbreak period continued, there remains no rest for the weary,” says Valenda Chancey, Compliance Manager at Empyrean. “Employers continue to be faced with permanent and temporary federal regulations to administer, as well as unique state level requirements to consider.”

COBRA

While much of the federal legislation tied to COVID-19 relief has expired, plan sponsors continue to experience administrative headaches as they work to ensure compliance standards are met.

The American Rescue Plan Act’s (ARPA) COBRA premium subsidy rules may have ended on September 30, 2021, but experts caution employers to remain vigilant to ensure continued COBRA compliance.

“Employers should remain prudent with their COBRA administration, including reviews of COBRA Notice content,” adds Chancey. “There were a record number of COBRA class actions last year, and the field of potential COBRA litigation is expected to increase.”

Experts say that the volume of suits tied to COBRA notice violations had started to trend upward prior to the pandemic, and as the complexity around COBRA administration has grown since ARPA, this trend can be expected to continue.¹⁶

ACA Good Faith Relief Has Ended

In 2010, the Affordable Care Act (ACA) introduced requirements and subsequent non-compliance penalties under Employer Mandate rules associated with medical plan offers. Employers have to assess their plan offers each year based on IRS established rules specific to minimum essential coverage, minimum value, and affordability.

With good faith relief officially ended and record enrollments occurring in federally subsidized marketplace plans, employers can expect increased IRS compliance scrutiny associated with Employer Mandate rules.¹⁷ Increased IRS review without the safety net of good faith relief can lead to significant non-compliance penalties, making ACA compliance a major area of employer focus in 2022 and beyond.

Transparency in Coverage & No Surprises Act

New requirements introduced under the Consolidated Appropriations Act (CAA) go into effect this year. While enforcement of some provisions of the transparency rules have been delayed, the overall requirements, including new notices, are significant warns Chancey.

“Although carriers will likely own the heavy lifting, the employer will be responsible for validating that their plans are compliant,” Chancey says.

The No Surprises Act, designed to protect consumers covered under group and individual health plans from receiving unexpected medical bills, is now in effect. According to Christopher Condeluci, Principal at C&C Law & Policy, plan sponsor education around this new legislation is critical.

“With the federally declared outbreak period continued, there remains no rest for the weary.”

— Valenda Chancey, Compliance Manager at Empyrean

“The DOL and states are already enforcing requirements, so learning to comply with these new rules is critical,” Condeluci says. “It will certainly affect the employer’s bottom line and overall healthcare spend.”

According to Condeluci, the No Surprises Act has a number of other provisions, including but not limited to sending employees an Advanced Explanation of Benefits (AEOB), updating the plan’s provider directories, and completing a Non-Quantitative Treatment Limitations (NQL) analysis. By enabling future patients to compare costs between providers before receiving care, this legislation aims to end surprise billing and financial obligations that have crippled healthcare consumers in the past.

“The Federal Departments will be issuing guidance on the AEOB and provider directory requirements some time in 2022, so it is critical that employers stay on the lookout for this guidance,” Condeluci adds.

The Transparency in Coverage regulations, requiring insurers and plans to provide online tools that include individualized information tied to member cost-sharing responsibilities for medical care and prescription drugs, will go into effect in July of this year.

“While legislation does not necessarily move quickly through Congress, often times legislation changes, and keeping track of the latest iteration of a particular legislative proposal takes time and energy.”

-Christopher Condeluci, Principal at CC Law & Policy

“Employers must disclose their in-network rates and out-of-network allowed amounts on a public website starting July 1st,” says Condeluci. “Employers must make available to participants an online self-service cost-sharing liability tool so participants can request information about their out-of-pocket exposure for certain medical procedures. This cost-sharing liability tool must be made available starting Jan. 1, 2023.”

Multi-State Compliance

Studies of American migratory patterns show that remote work has influenced the relocation of many employees away from high-cost areas towards states with more favorable cost-of-living scenarios, making it increasingly common for employers to now have employees working from states never before considered when creating workplace policy.¹⁸

The top HR compliance concerns that have different compliance standards at the state level include paid leave laws, hiring and terminations practices, and overtime rules. Additionally, now that OSHA’s emergency temporary standard surrounding COVID-19 vaccination and testing has been repealed, it can be expected that there may be additional state and local actions up to and including mandates.

Employers are advised to closely monitor state-specific rules already in effect or currently pending.

Looking Forward

“Even though ERISA has been around for almost 50 years, compliance is an ongoing exercise, as employers must always ensure that their actions are in accord with ERISA’s fiduciary rules,” Condeluci warns. “So in summary, there is ALWAYS a law to comply with, and employers ALWAYS want to ensure that they are complying with the law.”

Maintaining regulatory compliance in benefits is nothing new, but the laws are expected to grow in complexity—and number.

“While legislation does not necessarily move quickly through Congress, often times legislation changes, and keeping track of the latest iteration of a particular legislative proposal takes time and energy,” Condeluci adds, noting that regulations and related guidance also require ongoing monitoring and can be equally hard to keep up with as shifting legislation.

Going Beyond Compliance to Ensure Positive Employee Experiences

As more employers recognize the connections between employee experience, benefits, and positive organizational outcomes gained by employee health and wellness, it can be expected that employers will go beyond minimum compliance standards. According to Condeluci, oftentimes legislative and regulatory requirements set a floor or a minimum on what an employer needs to do – or not do. A number of employers in various industries choose to adopt a policy, benefit, or a specific corporate strategy that goes further or is more generous than what any legislative or regulatory requirement may call for. Going “beyond” these legislative or regulatory requirements is typically done as a way to benefit employees and improve the employee/employer relationship.

Summary

Benefit leaders can conclude that the majority of benefits-related changes made by organizations in reaction to the COVID-19 pandemic are here to stay. Employer-sponsored health and welfare programs have been forever redefined to focus on mental and financial wellness benefits that support the whole employee in all facets of life, both inside and outside of work.

Organizations that recognize that the pursuit of employee wellness is critical to organizational success will find themselves better positioned to attract and retain employees, especially as employee expectations tied to benefits that go beyond traditional healthcare plans have grown. American workers have come to expect a wide range of supplemental benefit offerings, and employers who invest in benefits communication, education, and engagement will reap the reward of increased adoption and engagement, and all the organizational rewards that come with improved employee experiences.

The Great Resignation has made it clear that employees are unwilling to settle for poor workplace cultures that have been traditionally accepted as the norm for corporate America. Employers have an opportunity to reexamine their benefits offering to determine if their strategy holistically supports positive employee experiences that drive strong workplace cultures. Benefits can be considered as one of the most tangible expressions of a company culture, and employees have become increasingly savvy to recognize whether an employer truly values their health, wellness, and future.

Employee benefits continue to take on new meaning, with employees relying on their employers to provide the tools and resources to support them through the pandemic and beyond. Employers who recognize the attention that must be paid to building benefit programs that holistically support their employees and the importance of utilizing technology to drive data-driven decision-making will be well positioned to thrive in our increasingly competitive landscape.

Notes

- ¹The Ladders. "The Ladders Quarterly Remote Work Report." January 2022.
- ²The American Pet Products Association. "COVID-19 Pulse Study." October 2020.
- ³Packaged Facts Market Research Report. "Pet Population and Ownership Trends in the US: Dogs, Cats, and Other Pets, 4th Edition." August 2020.
- ⁴Sammer, Joanne. "A New Role for Critical-Illness Insurance in the Coronavirus Era." The Society for Human Resource Management. September 24, 2020.
- ⁵Guardian. "10th Annual Workplace Benefits Study." 2022.
- ⁶Business Group on Health. "The 2021 Large Employers' Health Care Strategy and Plan Design Survey." 2021.
- ⁷Gallup Poll. 2021.
- ⁸PwC. "PwC Pulse Survey: Next in Work." August 2021.
- ⁹Aflac. "2021-2022 Aflac Workforces Report." July 2021.
- ¹⁰Bureau of Labor Statistics. January 2021.
- ¹¹McKinsey & Company. "Organizing for the Future: Nine Keys to Becoming a Future Ready Company." January 2021.
- ¹²Guardian. "10th Annual Workplace Benefits Study." 2021.
- ¹³Guardian. "10th Annual Workplace Benefits Study." 2021.
- ¹⁴Voya Press Release. "Voya Survey Finds One-Third of American Workers Don't Understand the Benefits They Selected During Open Enrollment." Business Wire. January 29, 2021.
- ¹⁵Unum Poll. 2018.
- ¹⁶Cerrone, Stacey; Odom, Suzanne; Shapiro, Howard. "COBRA Notice Litigation: Cases are Mushrooming and Settlements are Too." Jackson Lewis. March 2020.
- ¹⁷HHS Press Release. "Biden-Harris Administration Announces 14.5 Million Americans Signed Up for Affordable Care During Historic Open Enrollment Period." HHS.gov. January 27, 2022.
- ¹⁸United Van Lines. "Annual 2021 United Van Lines National Movers Study." January 2022.

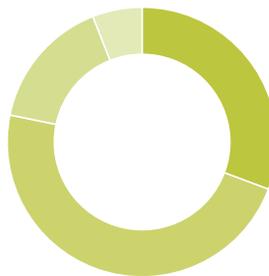
About the Report

This report was created in part using enrollment data collected from the Empyrean platform in January 2022, reflecting the benefit elections of the over **4.6 million** participants accessing their benefits through the Empyrean platform.

Enrollment data also reflects changes to the benefit offerings of Empyrean's roughly 400 client organizations. The employer demographics for these plan sponsors are as follows:



INDUSTRY	% OF TOTAL
Manufacturing	25%
Retail	13%
Financial Services	11%
Healthcare	8%
Professional Services	7%
Government	6%
Telecommunications	6%
Energy	6%
Technology	5%
Transportation	3%
Other	10%



COMPANY SIZE	% OF TOTAL
500-1,999	31%
2,000-9,999	48%
10,000+	16%
<499	6%



©2022 EMPYREAN BENEFIT SOLUTIONS, INC. All Rights Reserved. Reproduction and distribution of this publication, in whole or in part, in any form without prior written permission is forbidden. The information contained herein has been obtained from sources believed to be reliable. Empyrean disclaims all warranties as to the accuracy, completeness or adequacy of such information. Empyrean shall have no liability for errors, omissions or inadequacies in the information contained herein or for interpretations thereof. The reader assumes sole responsibility for the selection of these materials to achieve its intended results. The opinions expressed herein are subject to change without notice.



EMPYREAN

3010 Briarpark Drive
Suite 8000
Houston, Texas 77042
281.768.2900
800.934.1451
F 281.768.2991
GOEMPYREAN.COM

TECH + SRVC

