The Future of Benefits:
Changing Reward Strategies and Boutique Health Plans

Skip Woody, CEBS | Gallagher

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Insurance | Risk Management | Consulting

It's All Connected

Urgent issues are most visible, but are often influenced by areas that lay below the surface

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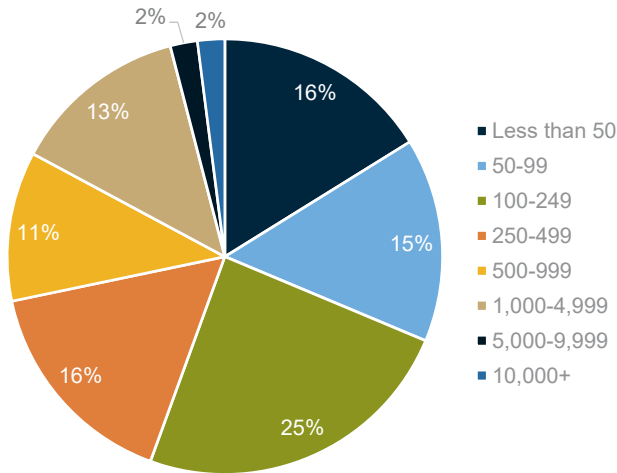|	
Physical Health Programs	Physical & Emotional
Compensation	Career
Diversity, Equity & Inclusion Culture	Career
Emotional Health Programs	Physical & Emotional
Employee Engagement	Career

Talent + Healthcare Costs

Leadership Development · Employee Recognition · HR Technology · Cost Containment · Employee Engagement · Emotional Wellbeing · Financial Wellbeing · Leadership Behaviors · DEI · Compliance · Communications · Succession Planning

2021 Benefits Strategy & Benchmarking Survey

4,013 U.S. Participants

Pie chart:
- 16% — Less than 50
- 15% — 50-99
- 25% — 100-249
- 16% — 250-499
- 11% — 500-999
- 13% — 1,000-4,999
- 2% — 5,000-9,999
- 2% — 10,000+

Legend:
- Less than 50
- 50-99
- 100-249
- 250-499
- 500-999
- 1,000-4,999
- 5,000-9,999
- 10,000+

It's All About Your People

Most employers prioritize retaining a competitive workforce

Top Operational Priorities

1. Retaining Talent (52%)
2. Growing Revenue or Sales (43%)
3. Attracting Talent (40%)
4. Maintaining operating costs (26%)
5. Ensuring Business Continuity (25%)
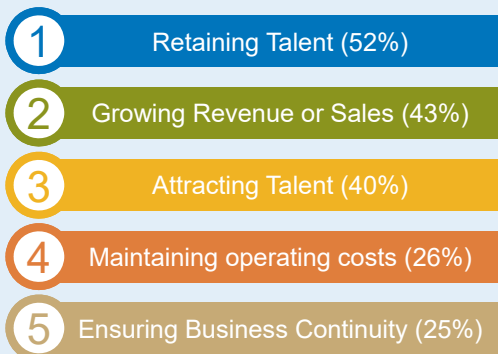
Full-time Employee Turnover

- **Almost half** of all employers experienced **turnover of 15% or more** in 2021

- Actual turnover defied expectations, with **17%** instead of 5% of employers experiencing a rate of **30%+**

Gallagher 2022 Benefits Strategy & Benchmarking Survey

Finding the Balance

Rewards + Programs to Drive Wellbeing = ENGAGEMENT

Wages

H&W Benefits

Retirement

Leave / PTO

Career Development

Training

Workplace Flexibility

Employers are focused on **wellbeing** and taking a more holistic approach.

Employees who are physically well, financially secure, emotionally balanced, and socially connected are **more engaged** and drive better business outcomes.

Employers recognize they need to support employees **holistically**.

Dimensions of wellbeing that have become more important since 2020:

- **#1 – Emotional Wellbeing (79%)**

- #2 – Physical Wellbeing (48%)

- #3 – Financial Wellbeing (45%)

- #4 – Career Wellbeing (33%)

Gallagher, "Benefits Strategy & Benchmarking Survey," March 2022

Reinventing and Rebalancing Total Rewards

It's all about improving the employee experience

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Financial Wellbeing	Mental Health	Compensation

Time Off & Flexibility	Family Building & Fertility

Employers offer financial wellbeing benefits to decrease employees' financial stress (31%) and **retain existing talent** (28%)[1]

Components of financial wellbeing initiatives offered by all employers:

- #1: Financial literacy and other educational opportunities (53%)

- #2: Employee discount programs (51%)

- #3: Personal financial coaching sessions (44%)

- #4: Will preparation, estate planning or other legal services (44%)

Financial Wellbeing

Slide 1

Compensation

78%
Of employers enhanced base salaries to meet recruitment and retention objectives

- While compensation budgets are not changing significantly, those dollars are being used more strategically

- Increases are now targeted more precisely to specific groups, usually those with a higher risk of turnover or employees in customer-facing roles

Gallagher, "Benefits Strategy & Benchmarking Survey," March 2022

Slide 2

Time Off & Flexibility

- Full-time remote employees make up over 50% of the workforce for 13% of employers

- Workplace mobility gives employees more power to dictate their locations and schedules

- Balance engagement and workplace safety

- Consider organizational culture

Gallagher, "Benefits Strategy & Benchmarking Survey," March 2022

Solutions to Support Your Workforce

Mental Health and Family Building & Fertility Options

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Financial Wellbeing	Mental Health	Compensation

Time Off & Flexibility	Family Building & Fertility

Mental Health

79% of employers stated that **emotional wellbeing** is the most important wellbeing dimension that has increased in importance since 2020.

- Virtual or telephonic mental health counseling (67%)
- Stress management programs (36%)
- Time off for mental health (22%)
- Mental health training for managers (17%)
- Onsite meditation rooms (12%)

Gallagher, "Benefits Strategy & Benchmarking Survey," March 2022

Categories of Emotional Wellbeing Solutions

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Prevention & Resiliency
- Seeks to develop, create or maintain positive mental processing and coping skills to help individuals bounce back from adversity or difficult experiences.
- Solutions in this space seek to provide tools, resources and teach coping skills, so individuals can effectively manage stress and stressors (i.e. traumatic events, serious health problems, infertility, financial stress, etc.)

Treatment & Management
- Seeks to diagnose and prescribe a therapeutic action plan designed to manage or improve the mental health of an individual.
- Solutions in this space expand access and connect individuals to mental health professionals for care (examples of diagnosis can include: PTSD, anxiety, depression, etc.).

Crisis & Emergency
- Seeks to support individuals or groups experiencing urgent or unexpected events/situations that have resulted in significant mental or emotional stress exceeding an individuals coping skills (i.e. suicidal thoughts, domestic abuse, workplace traumatic events, loss of a family member, victim of a crime, etc.).
- Solutions in this space seek to reduce the intensity of an emotional/mental response and can refer to appropriate care.

Emotional Wellbeing: **Prevention & Resiliency**

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What is it?

Prevention & Resiliency solutions help employees manage a mental health condition by:
- Stress Management & Resilience Building Tools
- Normalize Mental Health Issues
- Training & Education

Why is it important?

Poor sleep costs employers $1,967 PEPY
Due to lost productivity and over 1 million in lost working days annually[1]

80% of workers feel stress on the job
nearly half say they need help in learning how to manage stress[2]

What are the desired outcomes?

To address employee burnout, resiliency, anxiety, improve sleep, and mindfulness

To improve productivity and reduce turnover[4]

Sources:
1. *https://www.cdc.gov/workplacehealthpromotion/initiatives/resource-center/pdf/WHRC-Brief-Sleep-508.pdf*
2. *https://www.stress.org/wp-content/uploads/2011/08/2001Attitude-in-the-Workplace-Harris.pdf*
3. *2022 Employee Wellness Industry Trends Report, Wellable*
4. *The Positive Effect of Resilience on Stress and Business Outcomes in Difficult Work Environments. Shatte et al. 2017*

Prevention & Resiliency Solutions
Market Landscape

	Member Training & Education								Affordability
	Assessment	Webinar/ Workshop	Mindfulness	Cognitive Behavioral Therapy	Positive Psychology	Sleep Improvement	Movement	Meditation	Pricing model
1									Per Eligible Per Month based annual fee
2									Tiered PEPM
3									PEPY or PPS
4									PEPY
5									PEPY or PEPM
6									PEPY

Legend: ■ Does well   ■ Has average/limited capability   ■ Does not provide / no capability

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Emotional Wellbeing: Treatment & Management

What is it?

Treatment & management solutions help employees manage a mental health condition by:
- Destigmatizing mental health support
- Expanding and creating access to care
- Supporting options to increase the number of people who can benefit from external guidance
- Introducing innovative technologies and modalities

Why is it important?

50% of Americans
are diagnosed with mental illness
in their lifetime[1]

56% of Adults and 62% of Children
with a current mental illness
receive no treatment[1]

What are the desired outcomes?

Provide resources and access to care to address mental health conditions.

Source:
1. *Mental Health America's 2019 State of Mental Health in America Report, New England Journal of Medicine, Aug. 2019*

Treatment & Management Solutions
Market Landscape

|	Member Experience		Clinical Support			Member Tools			Conditions Supported	Affordability
	Advocacy & Navigation	Match member with clinician	Coaches	Masters Level Clinicians	Psychiatry	Cognitive Behavioral Therapy Tools	Mindfulness Tools	Self-directed Programs	Number of Conditions supported	Pricing model
1									16+	PEPM OR PEPM + Fee-for-service
2									9+	PEPM
3									6+	PMPM + Fee-for-service
4									10+	PEPM
5									12+	Bundled or via claims
6									8+	PEPM or Pay-per-Use
7									29+	PEPM, PPPM or via Claims

Legend: ■ Does well   ■ Has average/limited capability   ■ Does not provide / no capability

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Family Building and Fertility
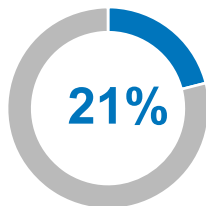## One subset of time off work and flexibility benefits
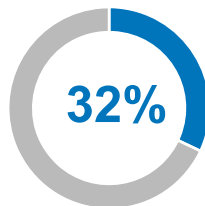
Family Building & Fertility

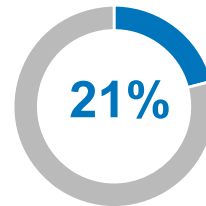What kind of parental leave policies do you offer?
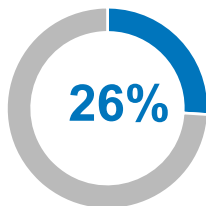
26%	21%	32%	21%
Fully Paid	Partially Paid	Unpaid	N/A or don't know

Gallagher Workforce Trends Pulse Survey #3: October 1, 2021

Only 36% of Employers Offer Paid Bonding Leave

A continued increase in paid bonding leave is needed to answer the elevated demand for this benefit.

- **64% don't offer**
- 20% offer to eligible new parents
- 16% offer to eligible new parents, coordinated with state and local paid leave

Gallagher, "Benefits Strategy & Benchmarking Survey," March 2022

Family Building & Fertility

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Family Building and Fertility

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What is it?	Family building programs provide inclusive processes that help support all kinds of family situations – LGBTQ, surrogacy, adoption, fertility preservation, fertility treatment, and more. Fertility treatment supports families' efforts to successfully conceive by providing clinical guidance and support.

Why is it important?

1 out of every 8 couples will be diagnosed as infertile	**12% of the population** will need to use reproductive services to have a child	**62%** of women say they will choose the job that offers fertility benefits when faced with multiple job offers	**90%** of millennials see fertility care as part of their core healthcare

What are the desired outcomes?

Healthcare Savings	**Increased DE&I Efforts**
Higher chance of singleton pregnancies and lower multiples rate (twins or triplets), leading to lower costs related to maternity complications and NICU	Supportive organizational policies lead to improved recruitment success and talent retention

Source: https://resolve.org/infertility-101/what-is-infertility/fast-facts

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Family Building and Fertility

Market Landscape

	Member Experience		Clinical Practices						Innovation	Affordability	
	Provides 100% dedicated primary support member through entire journey	Network availability	Has rigorous COE network selection criteria (additional standards beyond SART)	Has an integrated pharmacy	Requires providers to provide clinical outcomes monthly	Mandated genetic testing	Single embryo transfer rate	Positive pregnancy per IVF transfer	Covers wide spectrum of family building programs (fertility-delivery-return to work, child care)	Has performance guarantees in place	Fee structure
1						Yes					PEPM + utilization
2						No					Implement + utilization
3						No					PEPM + Utilization
4						No					PEPM
5						No					PEPM + Utilization

■ Does well   ■ Has average/limited capability   ■ Does not provide / no capability

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Health Plan of the Future
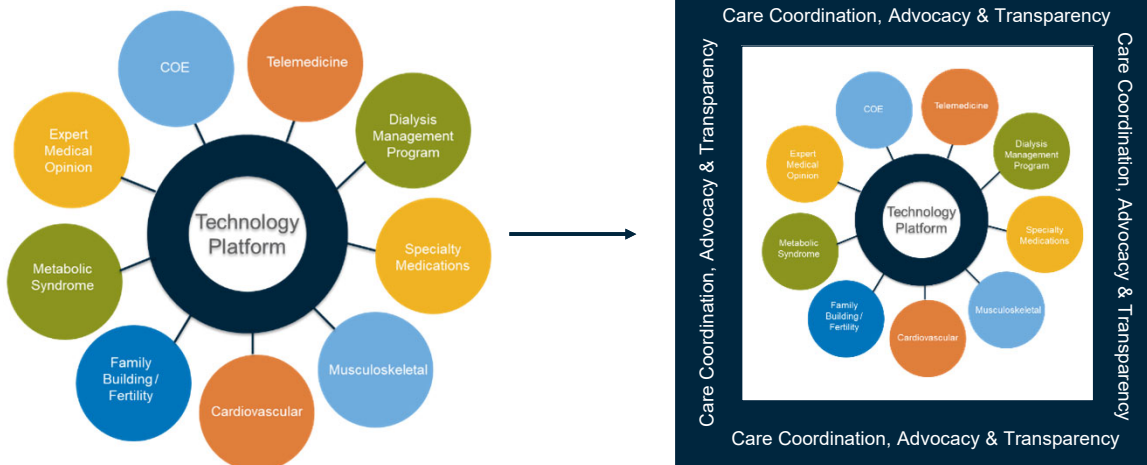
Boutique Health Plans and the Point Solution Market Landscape
Many Solutions – Not all created equally!

Which solutions are right for my workforce?

3 steps for informed decisions

1 **Workforce Evaluation** – who are your employees / demographics

2 **GBS Insider** – review utilization to see which benefits your employees are using

3 **Analyze** utilization and predicted needs of your workforce

Thank you!

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