

# health & benefit strategies for 2023

Survey report

# Introduction



As employers focus on strategic planning for 2023 and beyond, the need to attract and retain employees in a tough labor market is top of mind. Compensation alone doesn't build the kind of engagement and sense of belonging that a well-designed benefit program can. The survey examined how employers are reworking benefit programs to meet new needs and expectations – and to deliver total well-being in 2023. In this report, we'll discuss the actions companies are taking to enhance:



Health care affordability



Work/life balance



Support for women's reproductive health



Behavioral health care



Inclusive benefits and perks

## About the survey

The survey was conducted April 26–May 13, 2022. In total 708 organizations participated, from all industries and of all sizes:

Fewer than 500 employees	<b>36%</b>
500-4,999 employees	<b>46%</b>
5,000 or more employees	<b>18%</b>

Because results vary by employer size, rather than report aggregated results combining all sizes, the graphs and tables in this report are based on the 451 organizations with 500 or more employees (all large employers). We note in the text where the results for either small employers (fewer than 500 employees) or very large employers (5,000 or more employees) vary most significantly.

# The war for talent

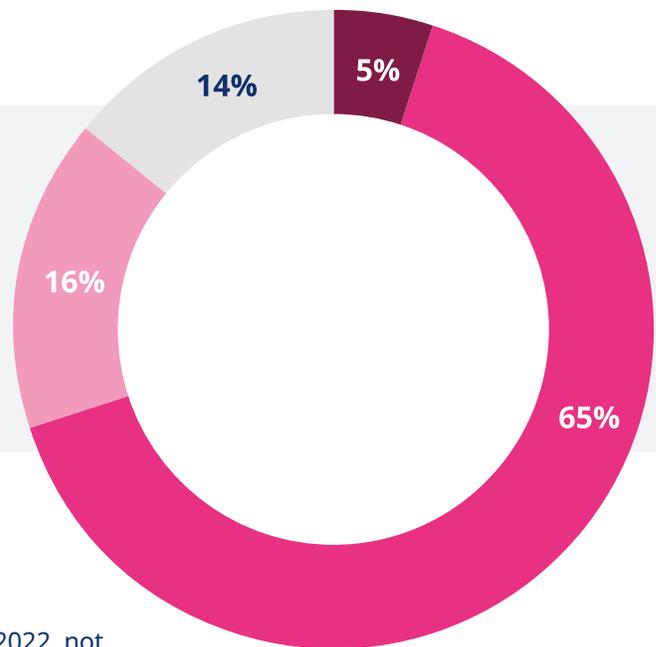
The war for talent is real. Attracting and retaining the right employees is the number one issue companies are dealing with today — and it's driving strategic planning discussions for 2023. The survey found that 70% of all large employers are planning benefit enhancements for 2023.

While small employers are somewhat less likely to be planning enhancements, still, more than half (53%) say that they are. Very large employers are the most likely to say they are planning *significant* enhancements (7%).



**70% of all large employers are planning benefit enhancements for 2023**

The majority of employers will enhance benefits in 2023 to improve A&R or better meet employee needs



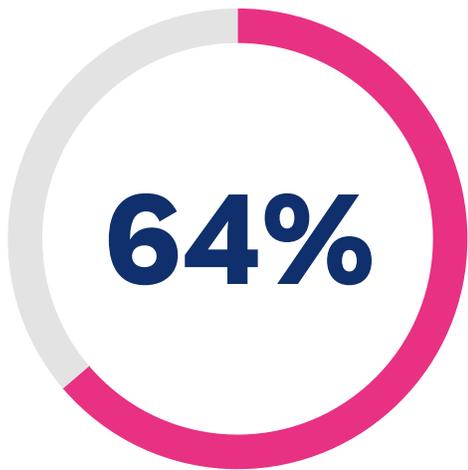
■ Planning significant enhancements

■ Enhanced benefits in 2022, not planning further enhancements in 2023

■ Planning some enhancements

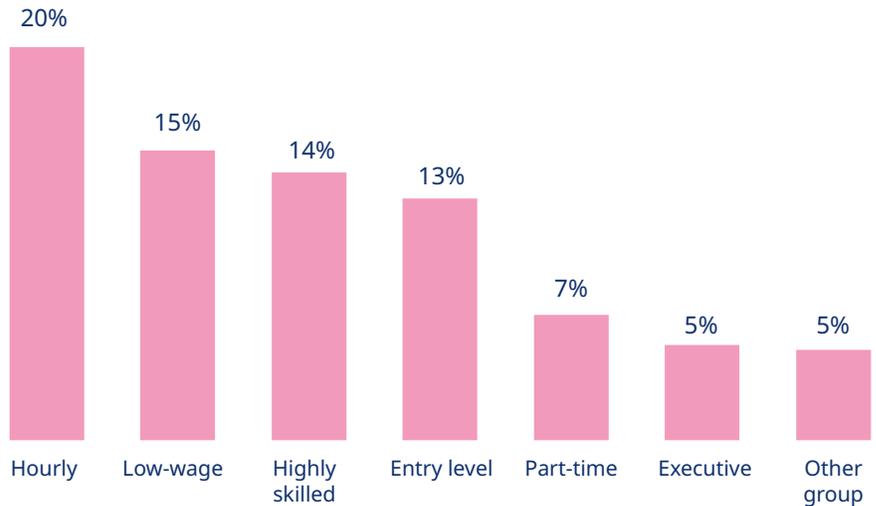
■ Not enhancing benefits

## Special focus on enhancing benefits for hourly and low-wage workers



Not prioritizing any one group in particular for benefit enhancements

Employee groups prioritized for benefit enhancements



When asked whether benefits enhancements would be targeted to specific employee groups, about a fifth of large employers say they are focusing on their hourly and low-wage workers. A wide range of industries rely on hourly workers — retail, restaurants/hospitality, health care, manufacturing, distribution centers, and more. In today's competitive labor market, employees are able to leave jobs for others offering only slightly higher pay. Employers are looking to create a stronger bond with their workforce by offering health and well-being benefits and resources that their employees will value.

While hourly workers are the group most likely to be singled out for special attention across all industries, highly skilled workers are the priority for large health care employers (24%).

[Learn more](#)

## Determining employee needs and preferences

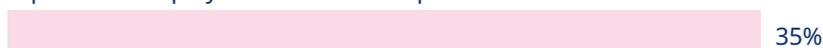
Employee survey



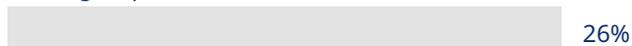
Analysis of needs based on employee demographics or personas



Input from Employee Resource Groups



Focus groups



Other source of information



None



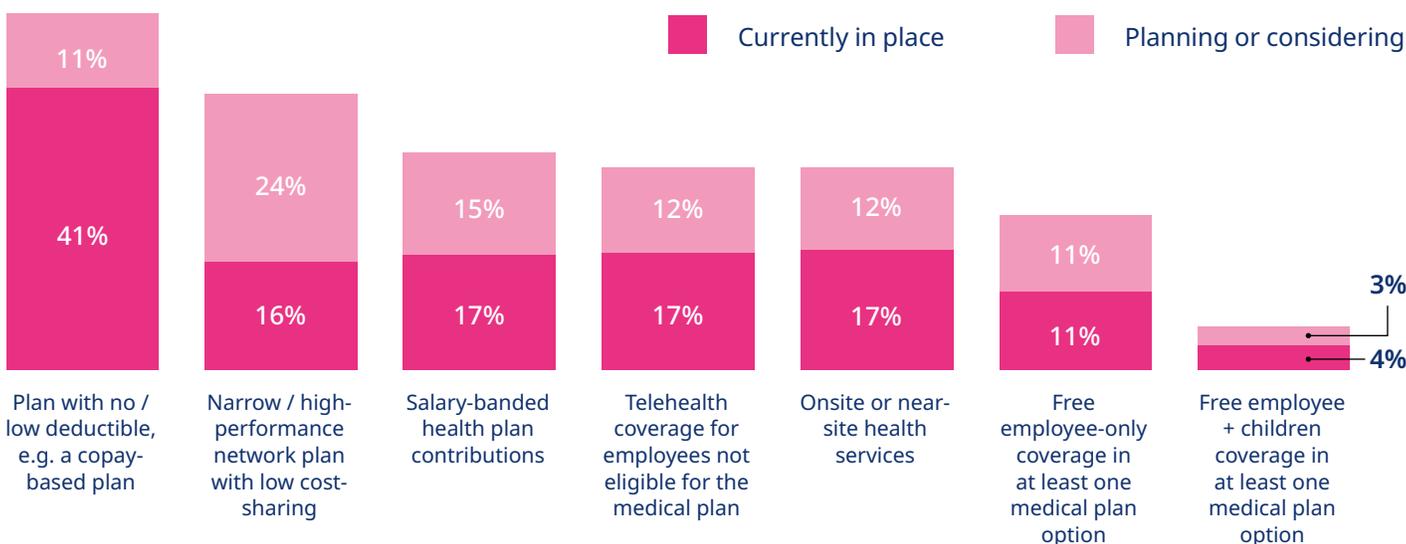
When it comes to retaining talent, taking a standard approach to benefit design is almost guaranteed to come up short. Strategies tailored to a specific industry or worker type may also be too broad. Employees have become more concerned with the “lifestyle fit” of the company they work for, so it is important to take into account the differences in employees’ lifestyles. Lifestyles vary based on generation and other demographics, but some employers are drilling down further to segment employees based on the life stage they are in and then considering what is important to workers in each life stage. Just under half the respondents are using demographics and “personas” — employee groups based on similar lifestyles, attitudes and preferences — to better understand employee needs and preferences when developing benefit strategies.

The majority of respondents (61%) conduct surveys to understand benefit preferences. While a well-designed employee survey may be an effective way to learn what employees want, some employers prefer less direct methods to avoid raising expectations or seeming to intrude on employee privacy.

# Start by finding the gaps

Health benefits matter a lot to employees. Mercer's **Health on Demand** survey of over 14,000 workers worldwide demonstrated that employees who believe their employer cares about their well-being are less likely to leave their jobs. If your benefit programs work better for some employees than others — if there are gaps that leave some employees feeling unsupported — finding and filling those gaps might be the best place to focus for a benefit strategy that strengthens the employer-employee bond.

## Improving health care affordability



Health care affordability is a top concern for many workers, in particular low-wage earners or those coping with a chronic medical condition. Many employers have recognized that high-deductible, HSA-eligible health plans are not a good fit for all employees. Just over two-fifths of large employers (41%) currently provide a medical plan option with a low deductible or even no deductible (such as a copay-based plan), and an additional 11% are considering it. Interestingly, low/no deductible plans are most common among small employers (45%) and least common among very large employers (35%). However, survey results suggest that many large employers are looking for cost-effective ways to improve health care affordability. Nearly a fourth (24%) are planning or considering leveraging a narrow / high performance network plan to help finance a richer benefit.

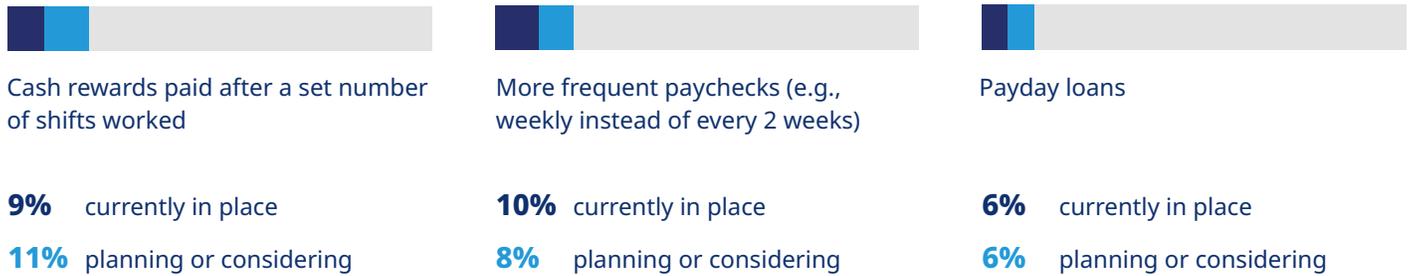
Salary-based contributions have long been used to make health plan premiums more affordable to those earning less. Currently, 17% of large employers responding to the survey use salary-based contributions, and nearly as

many are at least considering this tactic. It's important to be thoughtful about the possible consequences of implementing salary banding for the first time now. While charging lower-paid employees less is the goal, charging some employees more could have a negative impact on hiring at those levels.

Telemedicine and on-site care both provide care at a lower cost and have the added benefit of greater convenience, which employees at all pay levels appreciate.

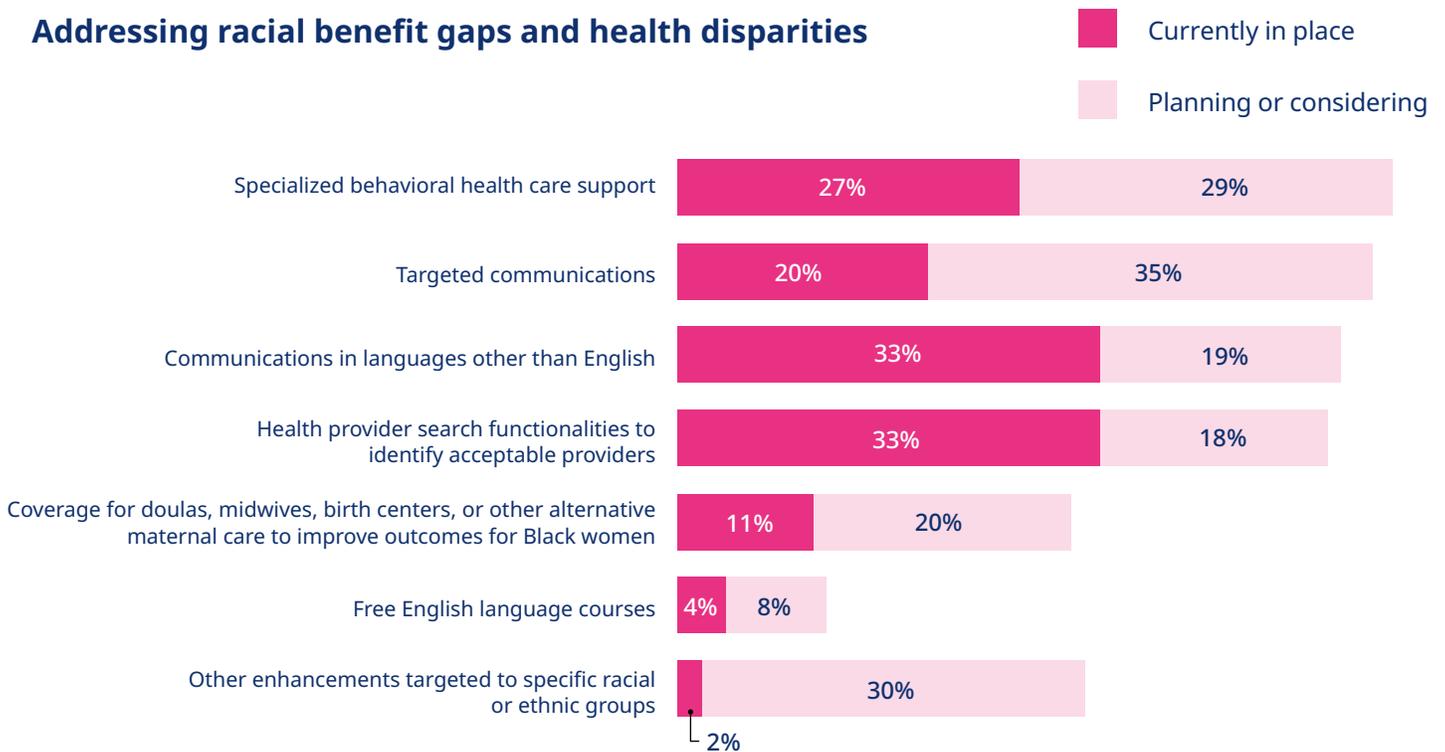
Just over one in ten large employers (11%) now offers a plan option that does not require any premium contribution, and another 11% are considering it. While free employee-only coverage historically has been relatively common among small employers (29% currently offer it), as we discuss in [this blog post](#), it is a newer strategy for large employers. Employers in high-tech industries were early adopters, but more recently we've seen employers advertising free coverage for high demand/low supply jobs such as truck drivers.

## Financial assistance for low-wage workers



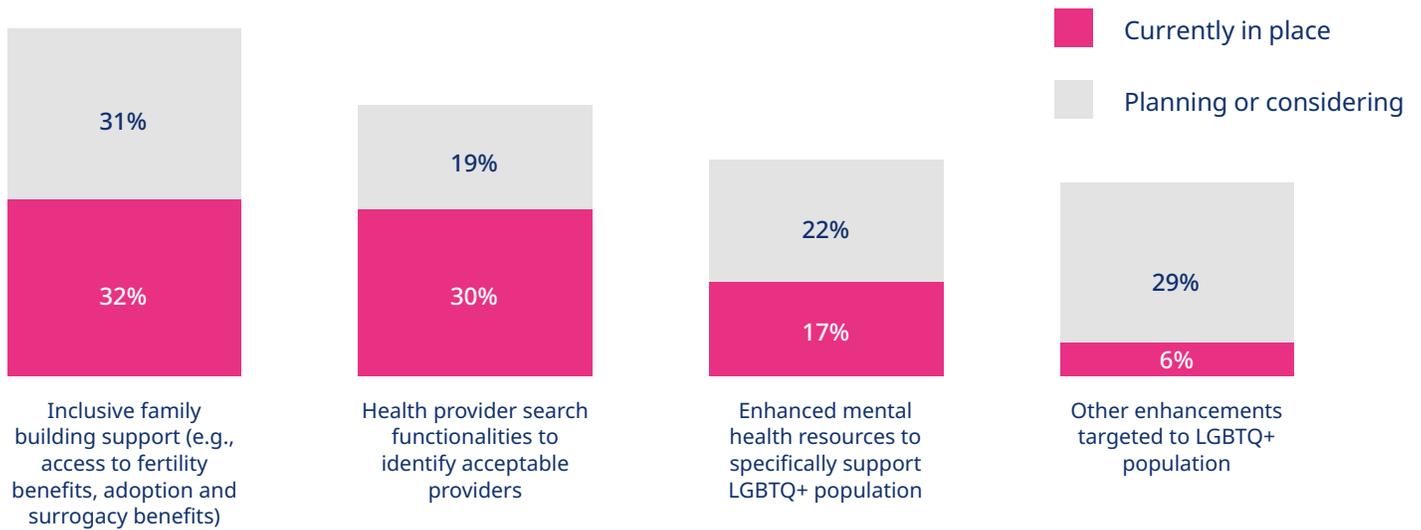
The survey asked about three strategies that can enhance cash flow: cash incentives for working more shifts, more frequent paychecks, and payday loans. Frequent paychecks are most common among very large employers (17% currently take this approach, with another 9% planning or considering it, compared to just 6% of small employers). Providing cash incentives for completing a certain number of shifts is most common among large health care employers (22%, with another 20% considering it).

## Addressing racial benefit gaps and health disparities



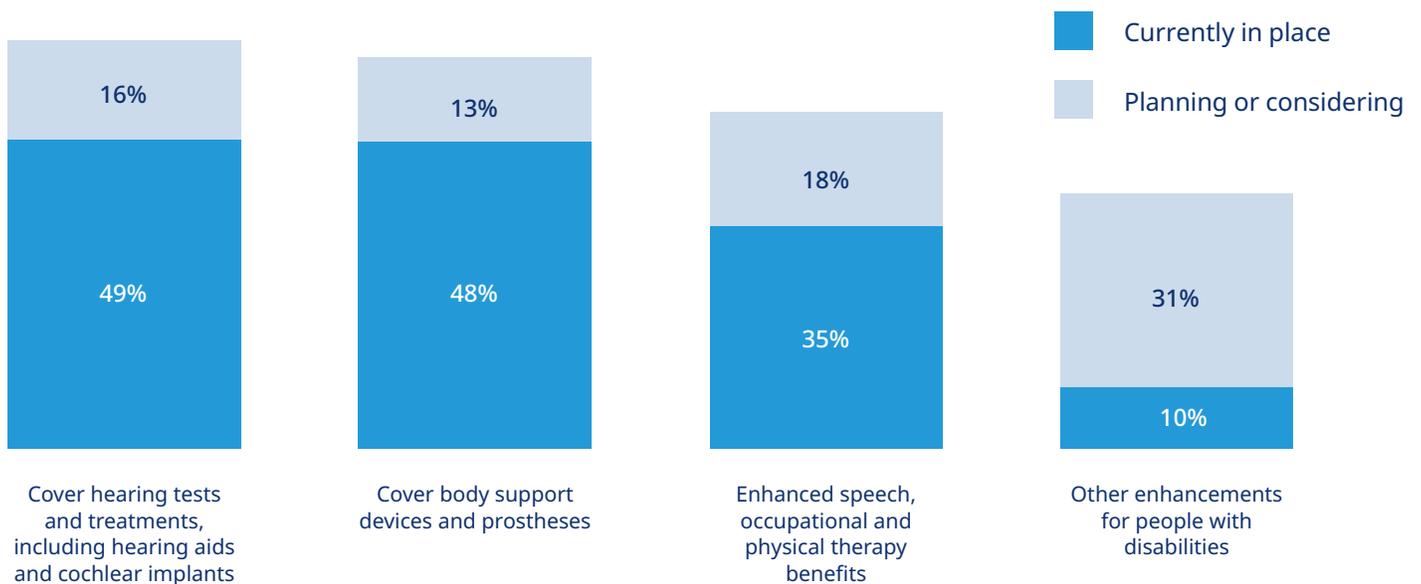
With a new understanding of the health disparities that exist within their populations, employers are just getting started with efforts to address the problem and make a difference. When it comes to closing gaps for racial and ethnic groups, the most common initiative currently in place is multilingual communications, followed by advanced search functions for health providers. However, survey respondents expressed strong interest in providing targeted communications, specialized behavioral health support, and enhancing coverage for maternal care to improve outcomes for Black women giving birth.

## Addressing LGBTQ+ benefit gaps and health disparities



Inclusive family-building support is quickly becoming the norm. Nearly a third of large employers will offer benefits such as access to fertility treatment coverage and adoption and surrogacy benefits by 2023, and almost another third are considering it. Mercer's [Health on Demand](#) survey found that LGBTQ+ employees strongly value specialized support for mental health, and while just 17% of large employers provide enhanced resources today, another 22% are considering it.

## Addressing benefit gaps and health disparities for people with disabilities



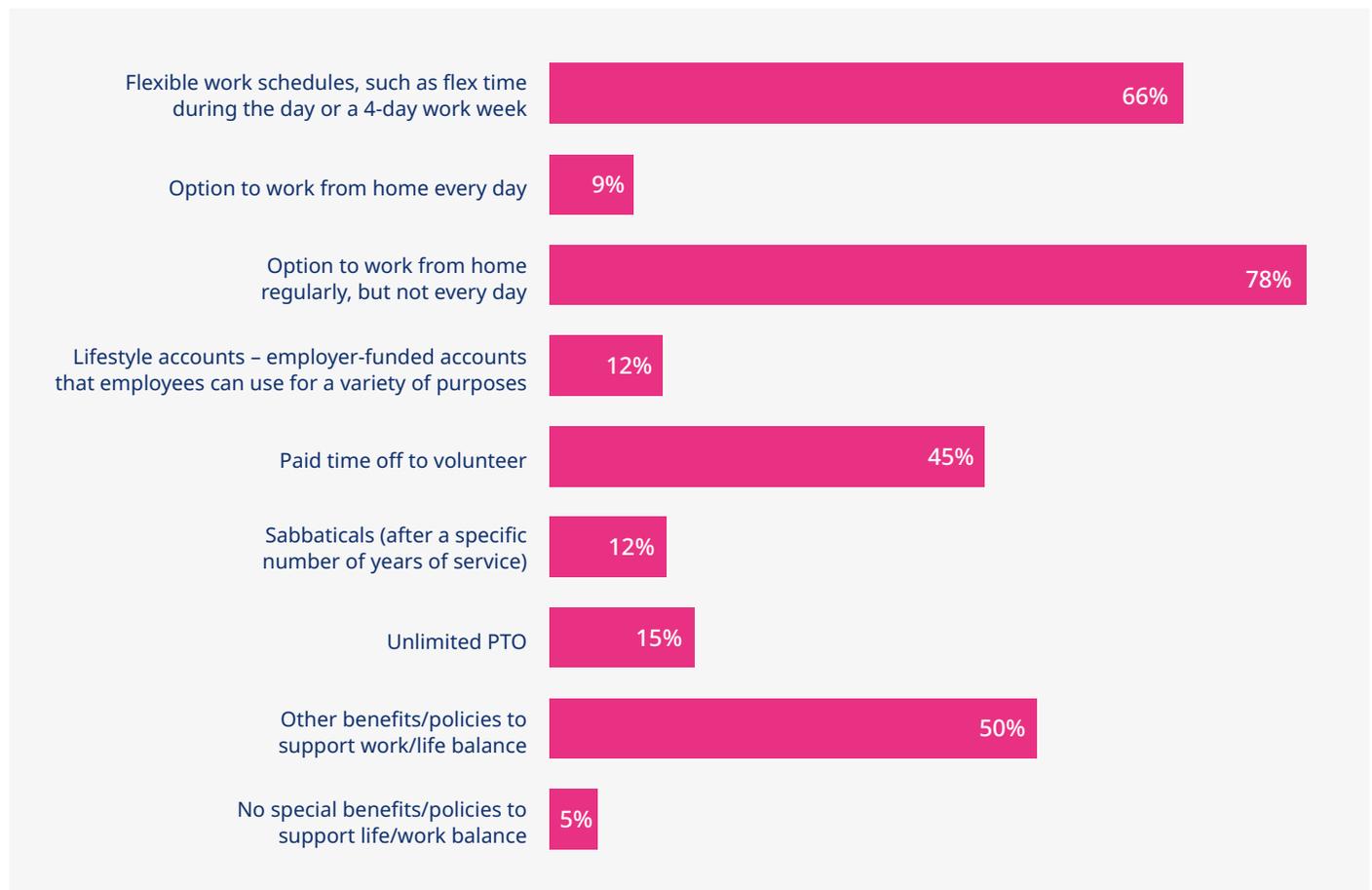
As we've discussed, benefit gaps and disparities for people with disabilities can be overlooked in diversity, equity and inclusion (DEI) conversations. It's notable that only about half of respondents cover hearing aids and cochlear implants, for example.

# Delivering on total well-being

The well-being ROI that matters today is less about a return on investment (focused on reducing healthcare costs) and more about what makes a difference to ensure the emotional, physical, social and financial well-being of employees. The survey found employers taking steps to encourage healthy, rewarding and sustainable work behaviors and offer personalized support.

## Flexibility for better work/life balance

### Offer or plan to offer in 2023



The pandemic accelerated the timeline and increased the importance of flexible working. Employees have demonstrated that they can remain engaged and productive outside of a traditional office environment, and for many, flexibility in where they work and when they work has become a priority. Over three-quarters of the large employers responding to the survey (78%) will permit employees to work from home regularly, and 9% will permit employees to work from home every day.

Employers are finding other ways to support a healthy work/life balance as well. Providing paid time off to volunteer, offering sabbaticals, and providing [lifestyle spending accounts](#) all provide tangible support for employees' interests outside of work.

## Family-friendly benefits

### Offer or plan to offer in 2023

#### Parental leave

Paid parental leave	<b>70%</b>
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Paid adoption leave	<b>53%</b>
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Paid foster child leave	<b>33%</b>
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Paid surrogacy leave	<b>27%</b>
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Phased back-to-work for new parents	<b>12%</b>

#### Family-building benefits

Onsite lactation room	<b>77%</b>
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Adoption assistance (financial)	<b>38%</b>
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Fertility benefit (financial support for fertility treatment outside of the health plan)	<b>19%</b>
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Concierge fertility service (enhanced support, typically with a dedicated specialist who works with the care team and the member)	<b>15%</b>
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Surrogacy benefit (financial)	<b>14%</b>
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Breast milk shipping services for business travel	<b>13%</b>
-----	-----
Foster care assistance (financial)	<b>8%</b>

#### Child care assistance

Child care referral/consultations	<b>30%</b>
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Access to backup child care services	<b>22%</b>
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Tutoring / educational support	<b>17%</b>
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Subsidized child care services	<b>13%</b>
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College coaching	<b>12%</b>
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Special needs support	<b>10%</b>
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On-site child care	<b>9%</b>
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Child care cost reimbursement for business travel/working late/overtime	<b>4%</b>

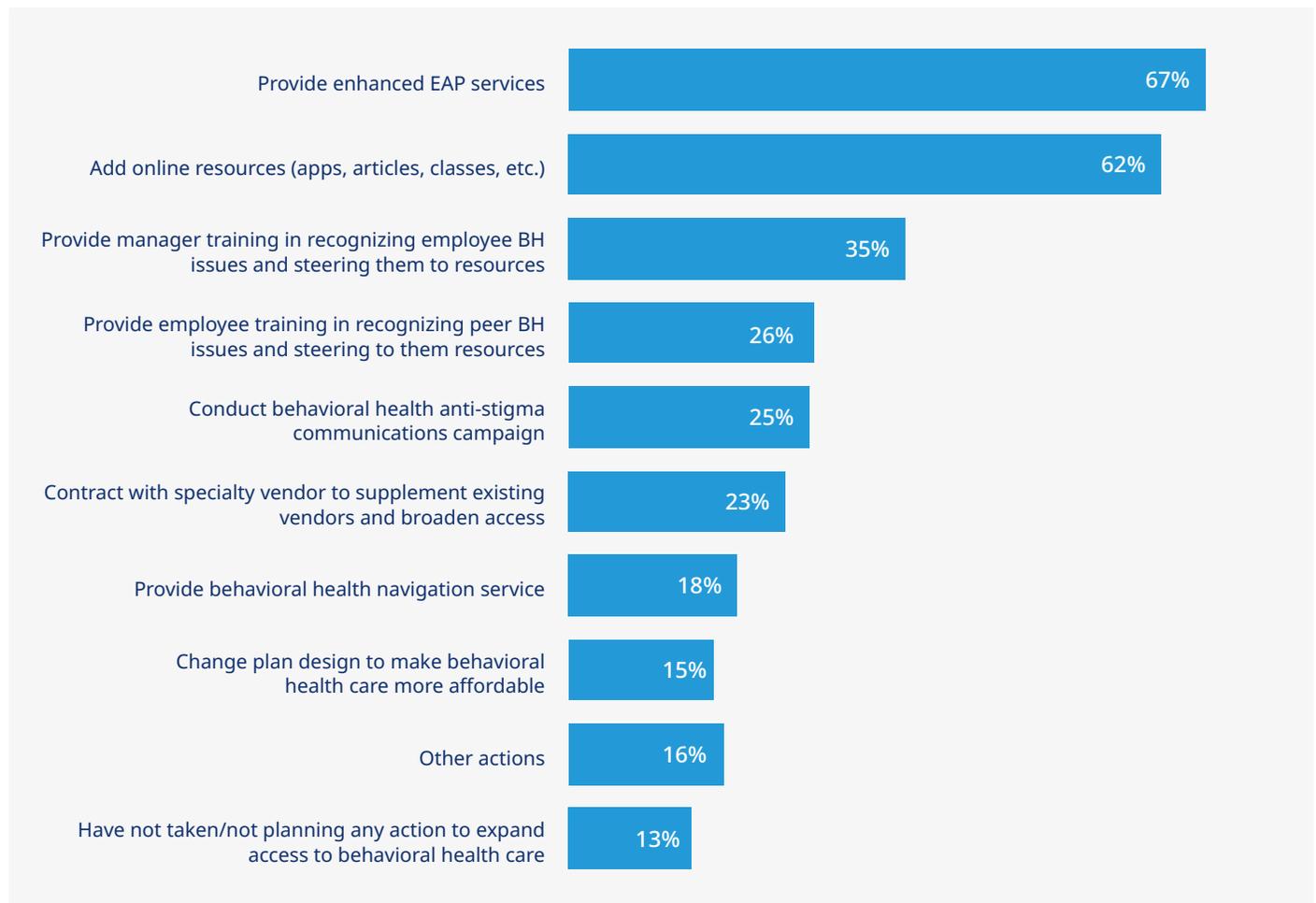
#### Elder care assistance

Elder-care caregiver referral/consultations	<b>34%</b>
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Provider and facility search assistance	<b>28%</b>
-----	-----
Access to backup elder-care services	<b>19%</b>
-----	-----
Elder-care caregiver leave	<b>13%</b>

For many employees, it's important to work for an employer that supports them as they build and nurture a family. We're continuing to see rapid [growth in offerings of a wide range of family-friendly benefits](#). Paid parental leave is becoming table stakes. In addition, nearly one in 10 large employers responding to the survey say they provide on-site child care now or will by 2023, and 22% will provide access to back-up childcare services. Child care support varies widely by industry — for example, 19% of large health care employers provide on-site child care.

## Expanding access to behavioral health care

### Strategies in place or planned for 2023



The stigma associated with behavioral health conditions is lessening. Employers are very aware that their people need support for their behavioral health — in fact, in [a survey last year](#), when employers were asked to identify benefit program priorities for the next 3-5 years, improving access to behavioral health care was ranked number one by the nation's largest employers.

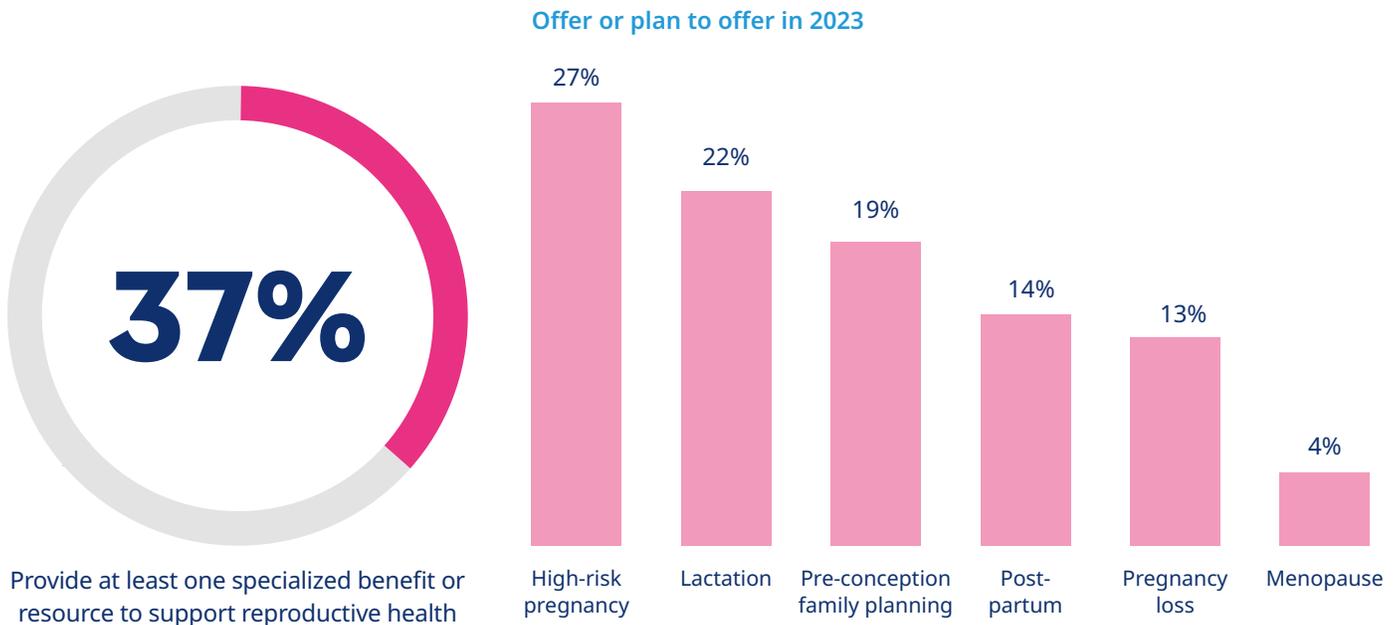
The survey found that employers are taking action. About two-thirds of respondents have taken steps to enhance their employee assistance program (EAP) services or will do so next year. The EAP is a logical place to start because most employers already have an EAP in place and their employees are familiar with it – and it's a way to offer care at no or little cost to the employee. By covering additional sessions, or arranging with their EAP or other vendors to provide virtual

options and self-directed tools, employers can make it easier for people to get quick support for emotional well-being.

Over a third of survey respondents are training managers to recognize behavioral health issues and direct employees to existing resources. Importantly, about a fourth of employers are also providing employees with this type of training so they are better equipped to respond to a peer who may be struggling, and have conducted anti-stigma campaigns to help employees feel comfortable taking advantage of behavioral health services.

Nearly a fourth have responded to the ongoing shortage of behavioral health professionals by contracting with a supplemental network of behavioral healthcare providers. Some have reduced cost-sharing for behavioral healthcare to remove cost barriers.

## Support for women's reproductive health



Employers are also starting to focus on the special needs of women in regards to reproductive health — from preconception family planning to support during menopause. The largest employers are out in front with providing support for reproductive health; among respondents with 5,000 or more employees, 48% offer one or more of these specialized benefits.

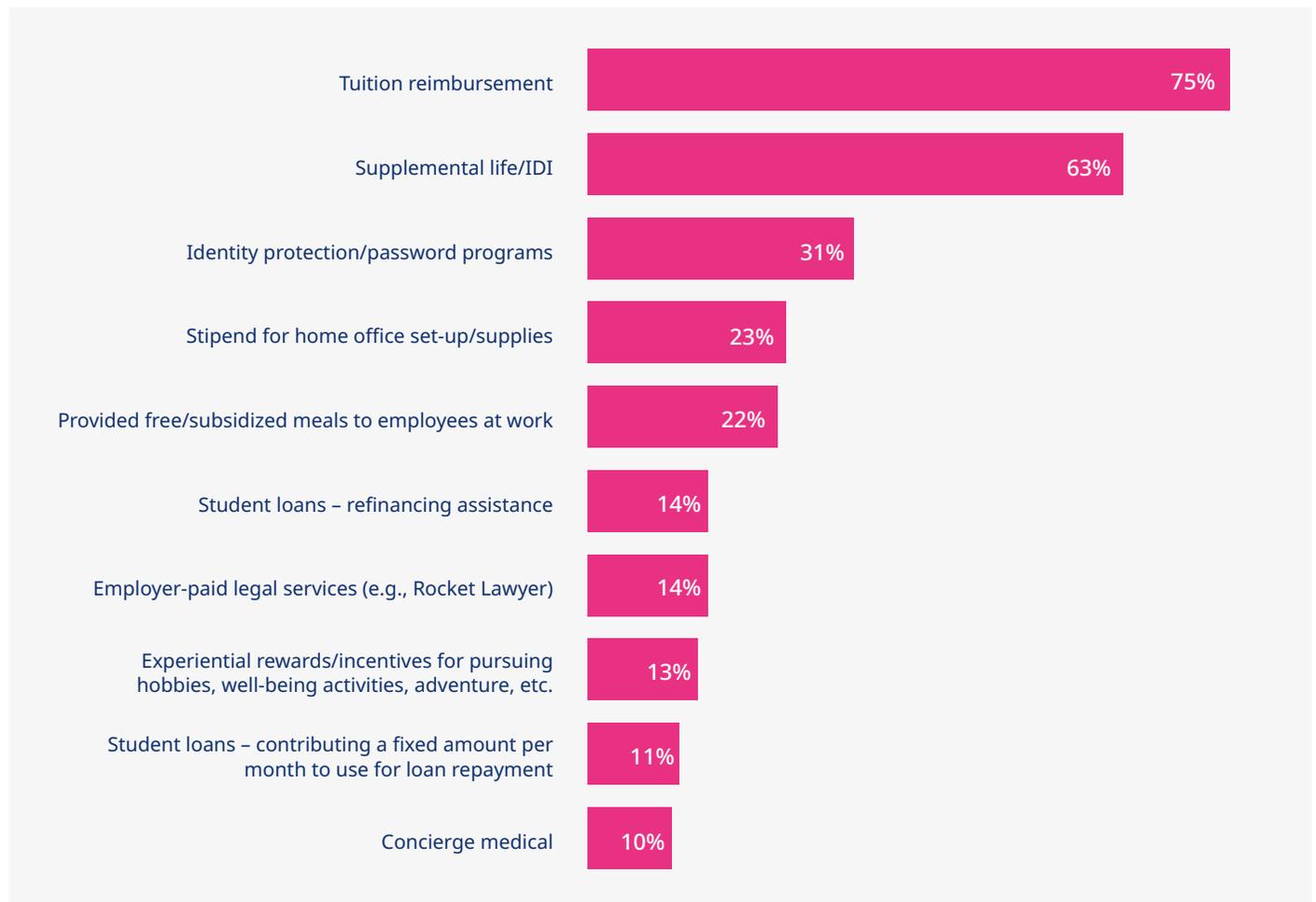
The survey asked whether employers planned to make benefit changes in response to state laws limiting access to abortion-related services. The largest employers (those with 20,000 or more employees) were the most likely to say they already provide, or are planning to provide, a travel and lodging benefit for employees who must travel to receive abortion-related services – 14%, with another 25% considering it. Fewer than half (47%) said they were not considering adding these benefits (an additional 11% don't have employees in states with restrictions or likely to impose them). Among a broader group of survey respondents (all employers with 500 or more employees), only 3% said they

provide this type of support and only 18% were considering it (15% don't have employees in states with restrictions or likely to impose them).

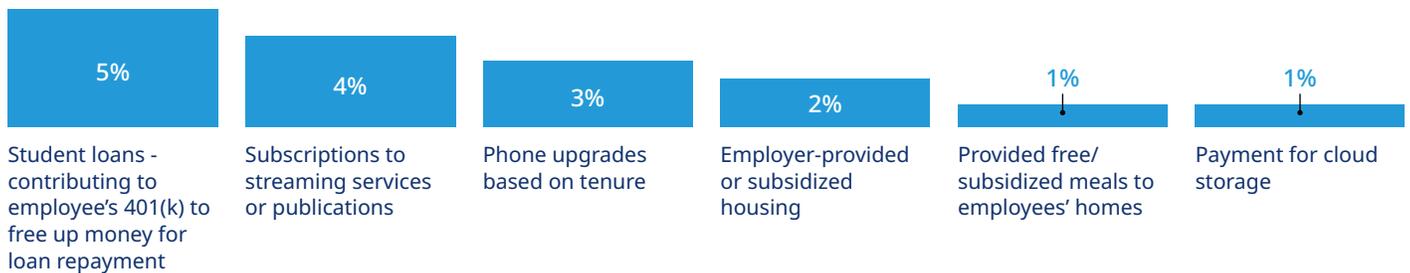
Importantly, this survey was launched before the Supreme Court's initial draft majority opinion on *Dobbs v Jackson Women's Health Organization*, which holds that there is no federal constitutional right to abortion, became public. We expect these early indicators of how employers may respond will change as they consider this new development and take the time needed to understand and weigh their options.

## Perks that make a difference

### Offer or plan to offer in 2023



### Offered by 5% or fewer of respondents



As discussed earlier, understanding your population's life styles and life stages will help guide the selection of "extras" that truly add value. For some segments of the population, assistance with student loan payment will be a key differentiator; for others, free or subsidized meals are a welcome benefit; still others will highly value concierge medical.

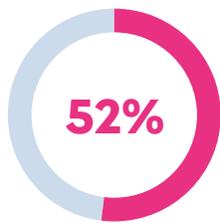
# The increasingly central role of virtual health care

Many virtual healthcare delivery solutions are coming to market and many have already arrived. As we discuss [here](#), these solutions have the potential to transform the health care system for the better by **replacing higher-cost services** with lower-cost services; **engaging more people in their health** as their access to care improves; and **promoting better outcomes** via digital monitoring and other mechanisms aimed at improving treatment compliance.

In any strategy that seeks to steer employees to higher-value care, convenience must be part of the equation, along with affinity. People want to get their care through the channels they are most comfortable with, and that's not always a doctor's office. It might be a pharmacy or a retail establishment — and more and more these days, it's online.

## The majority of employers will offer virtual care solutions beyond telemedicine in 2023

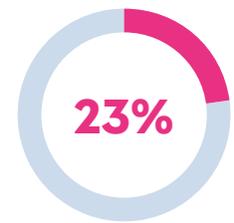
Offer or plan to offer in 2023



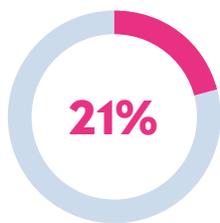
Virtual behavioral health care



Virtual primary care



Virtual point solutions for specific care categories, such as musculoskeletal or diabetes



Virtual specialty care, such as for dermatology



Other form of virtual care beyond traditional telemedicine



No virtual care will be offered in 2023 other than traditional telemedicine

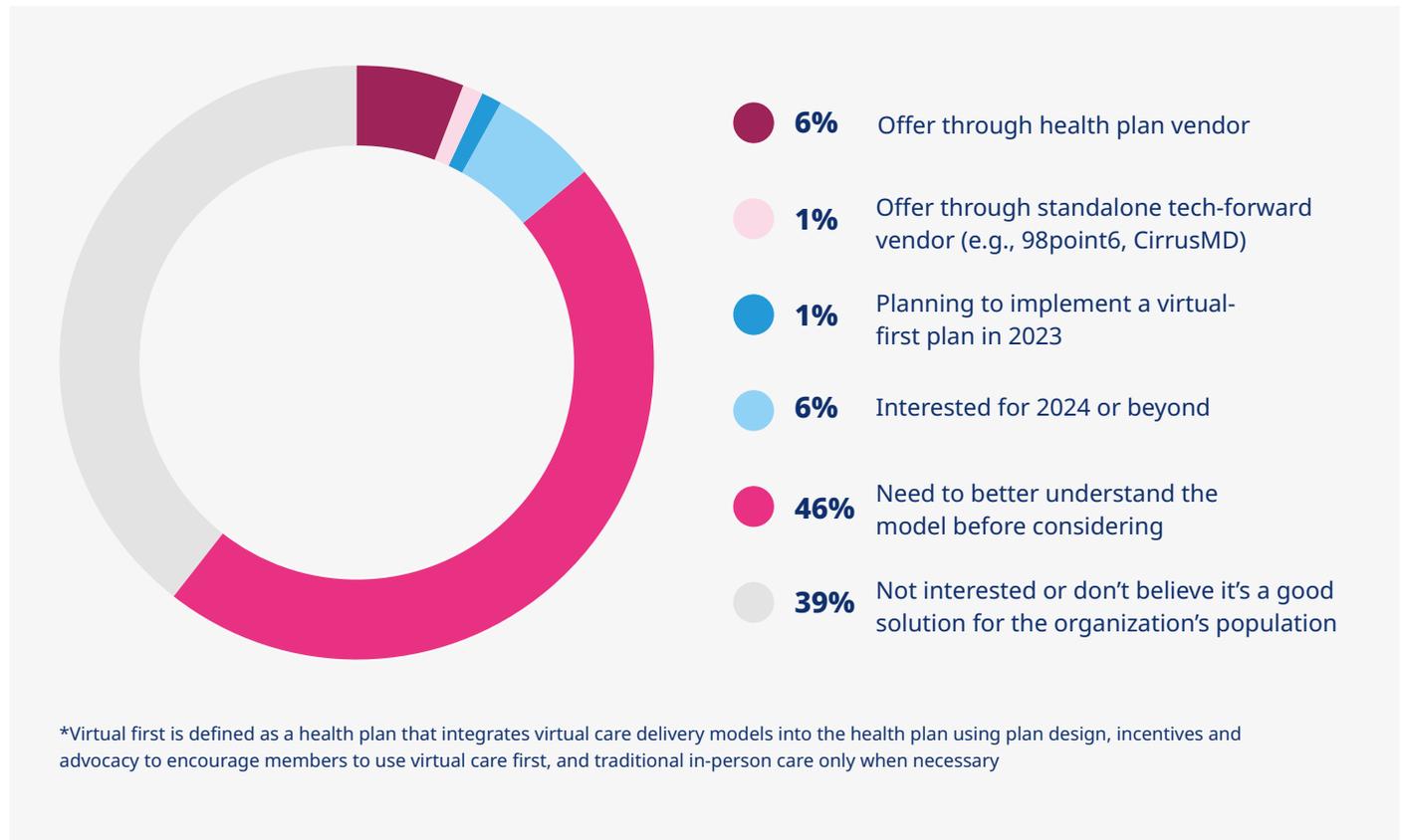
Now offered almost universally, traditional telemedicine services have been a critical source of care during the pandemic, but there are many other forms of virtual care as well.

Over half of large employers (52%) will offer virtual behavioral health care in 2023, and 40% will offer a virtual Primary Care Physician (PCP) network or service. This type of service typically provides patients with virtual-only access to a team of primary care providers, steering them

to in-person care outside the network as needed. Virtual specialty care, such as for dermatology, is offered by 21%.

Virtual care also encompasses a wide range of digital health solutions that don't rely solely on real-time interactions with a live health care professional. Targeted health solutions that address specific health conditions such as diabetes or musculoskeletal are offered by 23% of all large employers responding to the survey.

## Virtual-first health plans



Rising over the horizon is a novel approach called Virtual First Care, or V1C, that relies on providers who function mostly, if not entirely, outside of brick and mortar facilities. V1C gives individuals the ability to initiate care from anywhere, at any time, through telecommunication and digital technologies. It includes a personalized platform that offers a range of solutions to support a person along all the necessary steps in their health journey. While relatively few employers have already taken the leap — 6% offer V1C through their health plan and another 1% through a standalone, tech-forward vendor — those numbers could double by 2024. Nearly half of large employers say they need to better understand this new model before they could consider it; only 39% are not interested or don't believe it would be a good fit for their organization.

[Click here to watch Virtual First Care: Benefits for Plan Sponsors](#)

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