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Benefit Trends to Watch in 2016—and Beyond

Employers are challenged to control health costs while providing more personalized benefits

By Stephen Miller, CEBS 10/1/2015

In 2016, more employers will introduce consumer-driven health plans, putting the onus for saving money onto employees. Part of that savings may stem from innovations such as visiting doctors virtually—via video, over their computer. To hang on to top talent, HR practitioners also will roll out new, creative and customized voluntary benefits. Student loan assistance, anyone?

And benefits professionals will have to communicate—effectively—with employees and the C-suite about all these offerings and changes. Here's how benefit experts tell SHRM Online they plan to do it.

Taking Consumerism Up a Notch

Organizations will continue to adopt comprehensive strategies to defend against rising medical and pharmacy costs. This often means promoting health care consumerism by shifting to high-deductible health plans (HDHPs) and providing—and funding—health savings accounts or health reimbursement arrangements that help employees pay their out-of-pocket expenses and allow them to keep funds that go unspent.

"Consumer-driven health plans will continue to rise as employers seek ways to reduce their exposure to the 2018 excise tax and reduce their benefit costs," noted Larry Boress, president of the nonprofit Midwest Business Group on Health, based in Chicago.

Consumer-driven HDHPs work when employees have adequate information about their benefits and a selection of cost-effective health care services and providers.

"Researching or 'shopping around' for different facilities for procedures and services can result in lower costs to the employee, the insurance carrier and eventually the employer," said Cara Calvin, benefits manager at Alcott HR, a provider of human resources outsourcing solutions in Farmingdale, N.Y.

Transparency Tools On the Go

Comparison shopping requires having access to information on access to information on cost and care-quality metrics.

"More employers are making available transparency tools—and more user-friendly tools—to help employees make educated decisions about where and from whom they receive health care," said Shannon Demaree, director of strategic consulting initiatives at Lockton Benefit Group, a provider of benefit services, in Kansas City, Mo. Insurers are adding these tools to their websites, and a growing number of independent benefit research providers are offering newer and better health care comparison tools as well, she explained.

"It's not enough to talk about what procedures cost; it's also important to ask if there are affordable alternatives that health care plans can cover, or if a provider can offer a services for a lesser fee," added Shawn Ellis, president of Chicago-based Zest Health, a provider of mobile health information apps.

Tools on mobile phones and tablets, backed with human support services, can help health care users find the information needed to make better, more cost-effective decisions. Look for these offerings to become more prevalent in 2016.

But “part of the issue for transparency tools …is that they differ widely,” cautioned Boress. “Some are self-service websites and apps, others are available by talking to a real person on the phone. Some use only government and plan data, and others use any source of information, regardless of its accuracy, including Yelp for physician quality/satisfaction ratings.”

And inaccurate or misleading comparison information can be just as bad as no information at all, Boress said.

Technology Fosters Health Care Consumer Engagement

Findings from Deloitte’s 2015 Survey of U.S. Health Care Consumers show that technology is helping to increase consumer engagement in at least two important ways:

- **Tapping online resources.** Consumers’ trust in the reliability of information sources is rising. Fifty-two percent report searching online for health or care-related information; additionally, use of social media, patient portals and performance scorecards is growing. One-quarter of consumers say they have looked at a scorecard or report card to compare the performance of doctors, hospitals, or health plans compared to 19 percent two years ago. Among Millennials who have needed medical care, scorecard use has grown from 31 percent to 49 percent.
- **Relying on fitness/health monitoring.** From 2013 to 2015, consumers’ use of technology to measure fitness and health improvement goals has grown from 17 percent to 28 percent. Use is highest among Millennials, at 45 percent of that group. Among consumers with major chronic conditions, tech-based monitoring has jumped from 22 percent to 39 percent in the last two years. More than 60 percent of tech users say that utilizing health technologies has had a significant impact on their behavior.

Telemedicine and More

As part of the larger consumerism trend, telemedicine services and onsite clinics also are becoming more prevalent as cost-effective health options for employers. These offerings also appeal to employees who are paying more out-of-pocket for their care.

“Telemedicine continues to shed some of the stigma for patients who are used to the more traditional experience of sitting down face-to-face with a doctor,” said Shandon Fowler, director of product management and marketplaces at Benefitfocus, a provider of benefits technology in Charleston, S.C. “As employees are expected under HDHPs to cover more of their first-dollar provider costs, inexpensive options like telemedicine and more nontraditional alternatives we may not have even seen yet will continue to gain traction.”

Using visual interfaces such as Skype or proprietary portals, these consultations are increasing taking place through video. In some places, on-call services work like Uber for doctors, bringing health care practitioners right to the office to treat workers with nonthreatening (and, hopefully, noncontagious) ills and for preventive care.

Applying Analytics

Employers are using health care analytics to design better plans and to demonstrate to employees the costs associated with their health care plans. “Claims data and historical usage helps employees see how much new plan designs may save them, enabling them to make better decisions,” Fowler said. “And providing administrators with visualized data views into their plan costs, employee adoption, utilization details and so on enable companies to make better decisions in designing plans, finding administrative efficiency, and providing a more personalized year-round experience for their employees.”

Customization and Communication

Creative benefits can attract and retain desirable employees, noted Claire Bissot, HR consulting manager at CBIZ, a provider of business services in Roanoke, Va. But “benefits can often become confusing or imbalanced if what’s offered doesn’t match people’s needs. Consider your environment and understand the benefits that will have the most positive effect,” she advised.

One way to provide more customized offerings is through a larger range of voluntary benefits, typically specialized insurance coverage negotiated at group rates by the employer but paid for entirely or in part by employees through salary-deferred payments. “Related to increased adoption of HDHPs is increased adoption of voluntary benefit offerings, especially those that address gaps in coverage” such as critical illness/critical accident coverage and vision care, noted Fowler.

Another aspect of customization is targeted employee communications that speak directly to different employee demographics.

“Employees beginning their careers and those transitioning into retirement have different financial, education and enrollment preferences,” pointed out Gene Lanzoni, assistant vice president for market and customer insight at the Guardian Life Insurance Co. of America, in New York City.

Promoting Financial Well-Being

Financial wellness benefits are part of this larger trend toward more-customized benefits, and that, too, is likely to continue into 2016, as more companies are looking to engage workers with the right benefits at the right time. Driven in large part by the influx of younger workers—think the Millennials, but also their younger cousins in Generation Z—employers are evolving their voluntary benefits to reflect the post-recession economic realities that their workers face.

“We’re driving toward a more-personalized experience,” said Betsy Dill, a senior partner and global retirement strategist at Mercer. “Employers are seeing multiple generations, with multiple dynamics based on things like level of debt and life events,” and are responding with a wider range of life-stage benefits tailored to their employees’ varying needs, from student-loan assistance through expanded paid parental leave to retirement preparation planning.

For employers, financial wellness programs that help workers to reduce—or at least better handle—stress about money and debt is a way to improve physical and mental health, lower absenteeism and turnover, and raise productivity.

Up Next, a Compliance Tsunami

Employers will continue to struggle with a slew of increasing compliance burdens that are set to expand dramatically in 2016, in several areas. Two of the biggest are the Affordable Care Act (ACA) employee reporting requirements and preparation for wide-ranging changes in employee classification under revised Fair Labor Standard Act (FLSA) regulations.

- **Health care reform.** As a reminder, employers with 50 or more full-time employees or part-time equivalents must submit ACA information reporting forms to the IRS on or before Feb. 29 by mail, or file electronically by March 31.

  Important new ACA disclosures also must now be directed to employees. For instance, similar to Form W-2 requirements, large employers must complete Form 1095-C for each full-time employee and distribute to them by Jan. 31.
- **Overtime.** The Department of Labor (DOL) is expected to issue its final rule altering white-collar exemptions from overtime pay sometime in 2016. “Employees and employers across every industry and sector will be impacted. Most employers covered by the FLSA will need to analyze employee classifications and make other changes by a likely 2016 effective date, which will be established in the final rule,” advised the Society for Human Resource Management’s Policy Action Center.

  According to the DOL, 11 million employees will be impacted with likely job reclassification from exempt to nonexempt. The revisions will add to the host of administrative and communication challenges HR will face next year, about which the best advice may be to understand what’s coming and be prepared.

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