

2023 SMALL BUSINESS BENCHMARKING REPORT

The Changing Landscape of Employee Benefits



DID YOU KNOW...?

Employees in the **WESTERN** part of the U.S. value benefits more than any other part of the country

78% of employees say they will leave their job if they aren't offered benefits

82% of companies now offer a retirement plan,

55% offered one in 2021

Pre-Pandemic **60%** of workers were in office 5 days a week

Post-Pandemic, it's down to **23%**

70% of employees say they plan to stay at their jobs for 12+months in 2022

vs.

2018's **80%** of employees

PPO is losing popularity

36%

HMO is gaining popularity

HEALTH INSURANCE: A YEAR IN REVIEW



Insurers are now using technology to bring new products and services to the market at a more rapid pace. This has allowed consumers to have more choice when it comes to choosing the right health insurance plan to fit their needs & budget. We looked at the following attributes:

Insurer Option Availability

There are now more insurer options available to most consumers. Only 44% of consumers had access to 5 or more insurance plan options in 2021, compared to 61% in 2022.

- 87% of consumers have at least 3 insurer options
- Conversely, 2% of consumers only have access to 1 insurer option (McKinsey, 2022)

Enrollment Details

Currently, 82% of all plan type offerings are managed care plans.

- EPO has quadrupled since 2014
- PPO has declined by 36% since 2014. HMO has grown steadily since 2014, basically displacing PPO enrollment (McKinsey, 2022).

Age of Consumer*

A recent study showed that certain generations value health insurance more than others.

- Gen Z: 80%
- Millennials: 84%
- Gen X: 85%
- Baby Boomers: 93%

Company by Size

The same study also found that company size matters when it comes to how much employees value health insurance.

- 2-99 employees: 81%
- 100-4,999 employees: 86%
- 5,000+ employees: 91%

Income

We also compared the expectation of health insurance being offered at their job based on salary

- Under \$50,000: 70%
- \$50,000-\$99,000: 88%

\$100,000 or more: 90%* (MetLife, 2022)

EMPLOYEE BENEFITS OVERVIEW

In today's labor market, employers are facing more challenges than ever before. To stay ahead of the competition, they need to be sure they're doing everything they can to attract and retain the best talent

78%

of employees say they would leave a job if they weren't offered benefits

A Troubling trend *for employers*

MetLife found that the percentage of employees who want to stay with their current employer has steadily decreased over the past few years. In 2018, 80% were planning on staying with their company past their 1-year mark; by 2020 it decreased to only 70%. With this quick decline, we can see that many people are leaving before reaching maturity or tenure status (2022).



66% OF FTES SAY PERKS & EMPLOYEE BENEFITS ARE THE MOST DETERMINING FACTOR WHEN CHOOSING A JOB

WHERE DO BENEFITS MATTER MOST?

Location matters. Not all workers across the United States value benefits in the same way. For example, employees working for businesses in the Western part of the country value benefits significantly more than any other part of the country.

So, knowing what your employees value in your specific region will help you build the right benefits package to attract and retain the best talent plan.

(MetLife, 2022) conducted a survey based on small businesses with 2-99 employees. Based on the data, we can conclude that businesses in the Western part of the country value HSAs and FSAs about 50% of the time. In comparison to the Midwestern part of the country where these health spending accounts are considered “must have” only 33% of the time.

We also can conclude that the benefit with the most disparity is vision insurance where people out West value their need for vision coverage 43% more than employees in the South.

BENEFIT VALUES BY REGION

	NORTHEAST	MIDWEST	SOUTH	WEST
HSA	40%	40%	43%	48%
FSA	37%	33%	42%	46%
HEALTH	79%	79%	80%	87%
401K	69%	71%	73%	76%
VISION	65%	57%	54%	77%
DENTAL	65%	60%	59%	70%
PAID LEAVE	60%	69%	60%	66%

No matter where you are in the country there are non-traditional benefits that weigh heavily on an employee's decision to stay with or leave a company. Offering vision and health insurance in your business is a great start, but a lot of people consider them basic necessities that should always be offered anyway.

In this new age it is important that employers also take a look at other types of benefits that their staff consider important when looking for a long term position.

ADDITIONAL PERKS

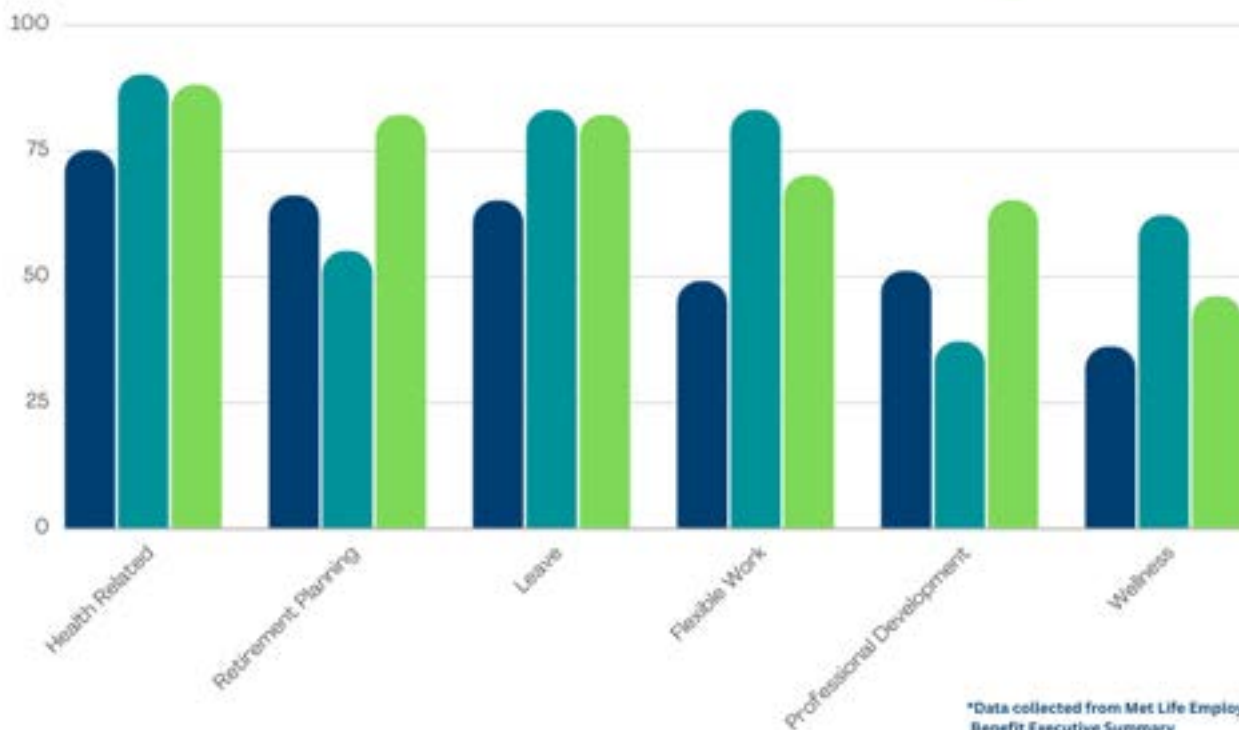
An employee's likelihood to stay with a company depends on their employers' offerings in these five key areas (MetLife, 2022):



If employers want to avoid a high turnover rate as the market changes, it's vital to stay on top of their staff's current wants and needs - especially when it comes to benefits. Business owners that ignore their employees' desires for these perks are at risk for losing talented individuals.

Ranked Importance of TOP BENEFITS CATEGORIES

(percentages represent those who selected very or extremely important)



*Data collected from Met Life Employee Benefit Executive Summary

WORKPLACE ATTENDANCE POST-COVID

Covid has not only changed the mindset around workplace benefits; it has changed minds about what a 'workplace' is!

The abrupt closure of many offices and workplaces over the past few years prompted a new era of work models for millions of American professionals. Specifically, the hybrid work model has gained popularity in the post-Covid world. This model allows for employees to work from home some of the time and in the office the rest of the time. It is also important to recognize this rare time when the labor market favors both the employee and employer. Both employees and employers are no longer limited by geography when searching for a job or talent, respectively.

Current & Anticipated Employee Work Locations for Remote-Capable Jobs



PRE-PANDEMIC 2019

CURRENT - 2022

ANTICIPATED 2023 & BEYOND

KEY

FULLY ON-SITE

EXCLUSIVELY
REMOTE

HYBRID

THE HYBRID WORK MODEL IS A WIN-WIN FOR BOTH EMPLOYERS AND EMPLOYEES

As remote work became commonplace during the pandemic, employers were forced to adapt their policies to meet the needs of their employees. According to Wigert (2022), the percentage of workers who are exclusively remote in 2022 is 39%. However, this number is expected to decline significantly in 2023 and beyond, as employers return to a more traditional model. 53% of employees are expecting to have a hybrid work week.

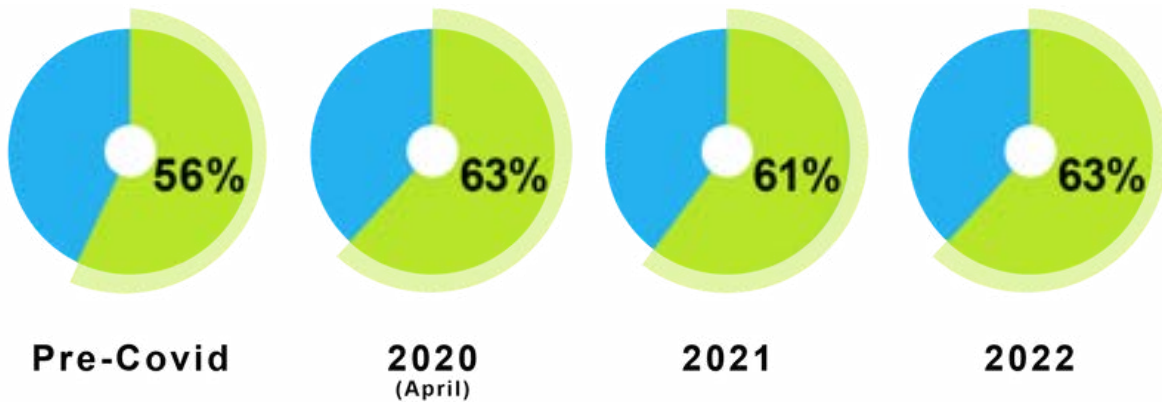
This goes to show how much employers are willing to meet their employees in the middle. Remote work is no longer a luxury – it's a necessity for many workers. Employers who are able to provide this flexibility will be in a better position to attract and retain the best talent (Gallup,2022).



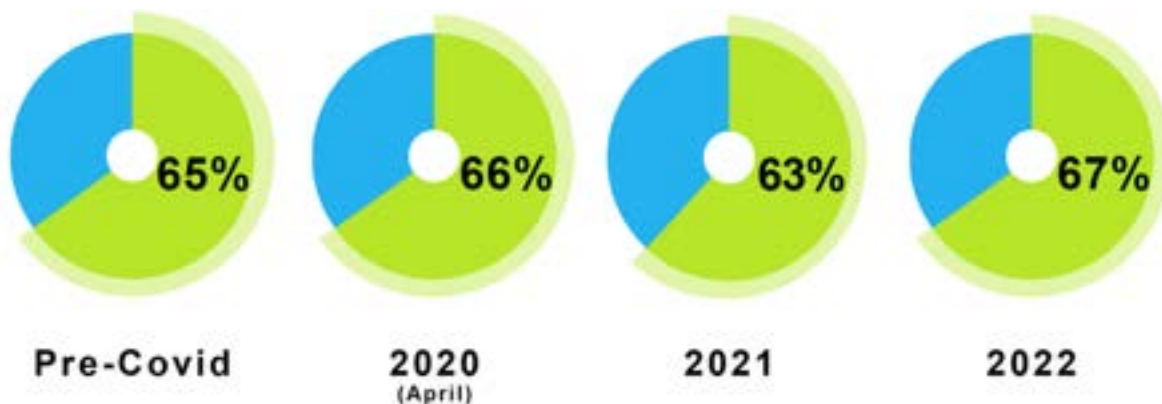
FINANCIAL & SOCIAL HEALTH POST-COVID

(MetLife, 2022) points out that employees reported they felt, and still feel more financially healthy than they did before the CoronaVirus. It is important to look at April 2020, the height of the pandemic where employees said they felt 7% more financially stable than they did pre-pandemic. While everyone was quarantined, disposable income was going unspent and stored in savings. We can also see employees reported they felt that their social health is better post pandemic then it was pre pandemic. The reason is twofold: 1) people are more appreciative of the routine activities they previously took for granted and 2) some are using the money they saved to take the vacation they missed out on.

Percentage Of Employees Who Feel Financially Healthy



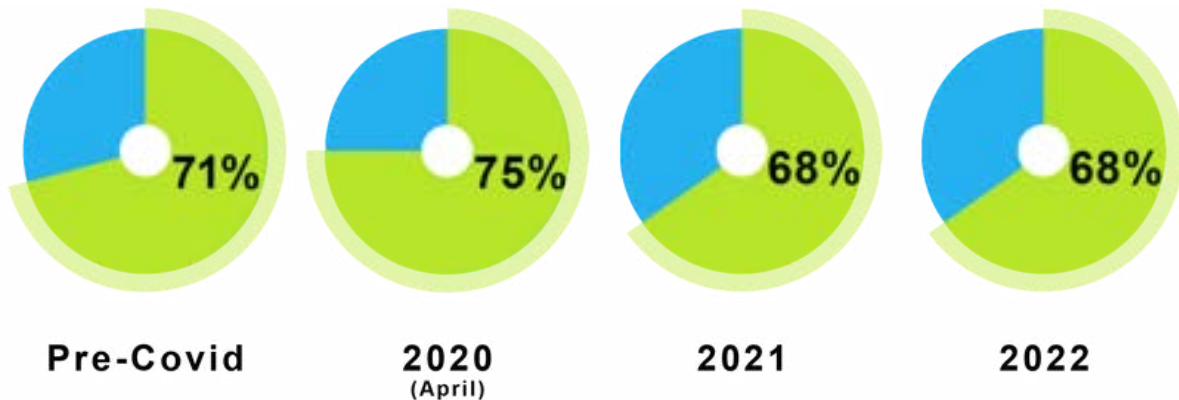
Percentage Of Employees Who Feel Socially Healthy



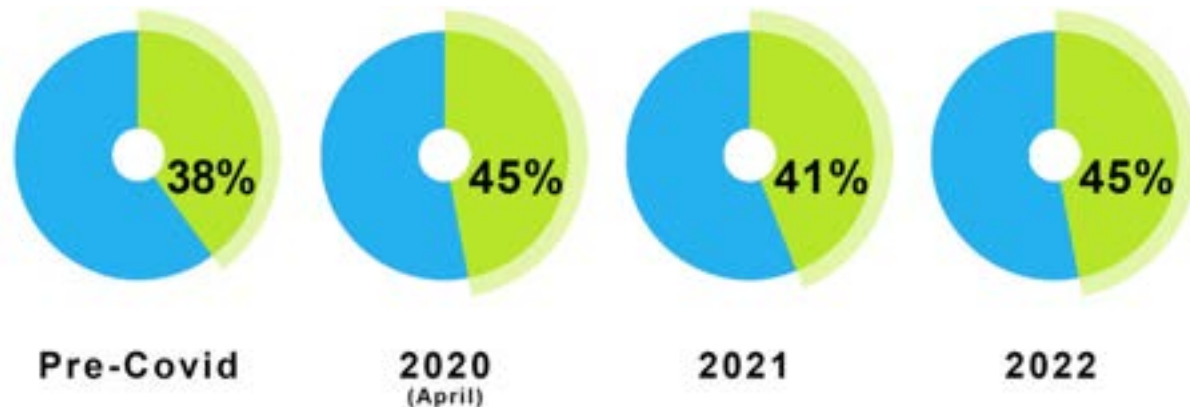
MENTAL & HOLISTIC HEALTH POST-COVID

In the same (MetLife, 2022) survey, employees reported that they felt their mental health was better before the pandemic. The 3% decrease post pandemic can be easily explained by the limitations in social interactions imposed across the U.S. as well as the stress involving the unknown surrounding the pandemic. Conversely, employees report they feel more holistically healthy than they did pre-Covid. Most likely because individuals are seeking alternative therapies to cure ailments while utilizing certain practices to maximize the health of the mind, body and soul.

Percentage Of Employees Who Feel Mentally Healthy



Percentage Of Employees Who Feel Holistically Healthy



CONCLUSION

Covid has certainly changed a lot and the employee benefits space is not immune. It was always important for small business owners to monitor the competition's employee benefit offerings based on industry, geography and size of company.

Now business owners have to also consider the critical elements outlined in this report like:

- updating workplace attendance policies
- allocating resources to professional development
- adopting wellness programs
- ensuring a social and supportive office environment

We hope you have found this information useful to better equip you as a small business owner. In the post Covid world, there is more you need to consider to attract and retain the best talent.

As the competitive landscape continues to change, visit [Group-Health-Quotes.com](https://www.group-health-quotes.com) to stay updated on the latest news and trends.

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