

Spectrum Equity Leadership Summit: Trends in Employee Benefits

September 30, 2022

Your future is limitless.™

Today's Agenda



Introductions



Market Overview & Key Findings



Questions

Today's Presenters



Greg Mix

Senior Vice President,
Employee Health & Benefits



Zibby Everett

Strategic Advisor,
Employee Health & Benefits



Dan Burton

Strategic Account Manager,
Employee Health & Benefits

Six Realities

Workforce demands

The great resignation, migration, or retirement: whatever you want to call it employers are trying to win the race for talent and pulling out all the stops.

Managing hybrid teams: 75% of employees do not want to return onsite full-time.

Solidifying remote workforce: permanent remote jobs doubled in 2021, decentralized workforces bring on compliance headache.

Maximizing gig economy: one in three people are now in the gig U.S. workforce.

Enhanced benefits

Personalized benefits: employees want benefits that fit their specific needs, from supplemental benefits to tuition reimbursement and everything in between.

Changing expectations: basic coverage for all is being replaced with family friendly, unlimited PTO, inclusive benefits with a mental health focus.

Caregiving support is essential: 80% of working caregivers are leaving jobs.

Financial turmoil prioritizes financial benefits: 72% of workers are facing financial setbacks.

Creative cost savings

Medical costs went up 6.3% in 2021, while projected trend is 4.4% for 2022, many employers are already worried.

Shifting care delivery: 95% anticipate an increase in utilization and cost.

Specialty Rx and gene therapies costs increase: Rx is a key cost driver with more risk coming with each million dollar gene therapy.

Employers are being asked to pay more, enhance benefits, and bear the brunt of higher claim costs. The need for **creative cost containment strategies** has never been greater.

Mental health

Mental health remains a continuing crisis: 47% of adults report a decline in mental health.

Impact of mental health will outlast the pandemic: \$6 trillion projected for mental disorders by 2030.

Burnout drives turnover: employers are looking at ways to improve empathy among their leaders and help employees with resilience.

Employer solutions: 70% say mental health is the most important benefit beyond traditional health insurance.

Mission-critical DEI

Equitable benefits: if employees can't afford coverage or get care when needed are benefits equal?

Evolution of inclusive benefits: 30% of employers are focusing here.

Diversity is business critical: 19% higher revenues.

93% of leaders agreed that the DEI agenda is a top priority: but only 34% believed that it's a strength in their workplace.

Employee experience

Technology to the rescue: As the workforce changes so does the importance of technology. From HRIS systems to collaboration employers, are going all in.

Managing absence gets even more complicated: with the growth in paid leave, statutory benefits, and company leaves.

Convenience is key: employees want help picking benefits, enrolling, comparing costs, navigating providers, and checking leave status. Employers are looking for ways to simplify the entire employee experience.

The Employment Landscape

95% of workers thinking about quitting their jobs.¹

Nearly **70%** of companies struggling to find skilled workers—the worst level since the pandemic began in March 2020.²

53% of employers said data scientists are the most challenging role to recruit and retain

Is employee leverage eroding?

58% of employees believe employers now have more leverage (up 5 points from January 2022)⁵

62% of employees say they will remain at their jobs because they fear an economic downturn

Quiet Quitting

~50% of employees are “quiet quitters,” however there is no change in how employees feel about their places of work⁶

6 point decrease in engagement scores in workers under 35

4% reduction in US productivity in 2Q 2022

Sources: 1. Monster.com survey 2. Gartner Work Trends that HR Leaders Can't Ignore in 2021. 3. 2021 McKinsey & Company Women in the Workplace. 4. SHRM Turnover 'Tsunami' Expected Once Pandemic Ends. 5 Harris Poll 6. Gallup Poll 7. BLS.gov
Marsh & McLennan Agency LLC

Employee Expectations are Shifting

33%

of employees surveyed want to work from home permanently

23%

left their jobs, or plan to, due to their employer not offering high quality employee benefits or support

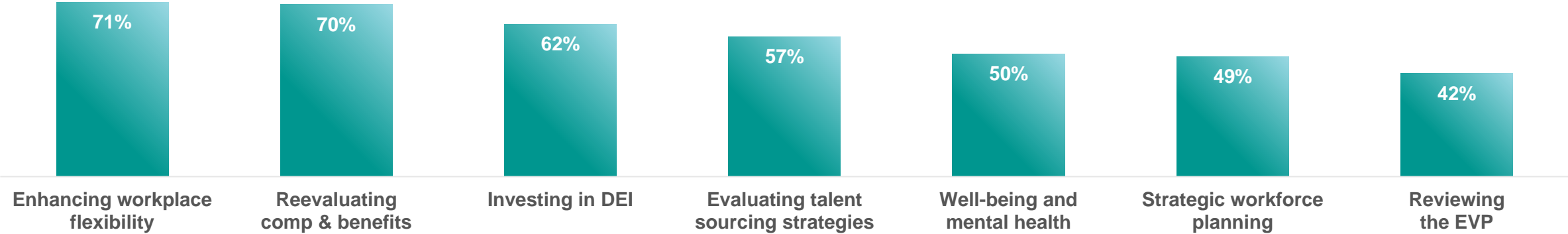
47%

of employees leave their job if their employer doesn't offer a hybrid work model

70%

of employers expect to enhance benefits in 2023

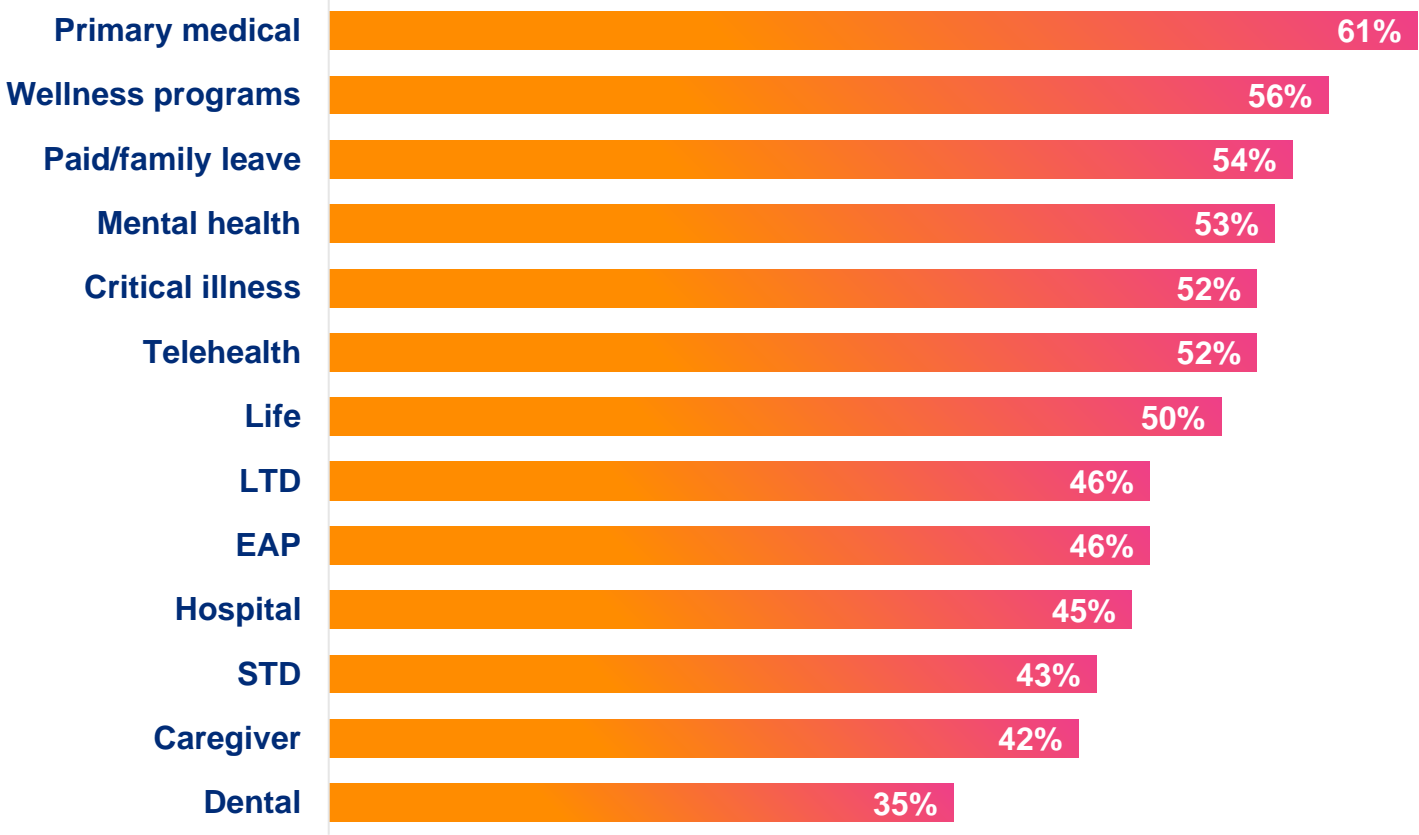
Employers are quickly responding to try and win the race for talent



Sources: Mercer 2021 Pandemic Survey Series – A Focus on the Labor Market. Capitalizing on the ‘Great Resignation.’ Mercer 2021-2022 U.S. Compensation Planning surveys.

What Do Employees Want?

Benefits that consumers rank as more important post-COVID-19¹



With all of the new and emerging benefits, **medical insurance** is still top of the list for employees

Caregiver support has quickly gained importance

Sources: 1. 2021 Society for Human Resource Management. 2. The Hartford 3. 2021 Mercer Survey on Fertility Benefits. 4. Vida Health.

Family-friendly Benefits

Offer or plan to offer in 2023

High Tech companies were the earliest of adopters of family-friendly benefits; parental leave programs offering time off for the purpose of bonding with new children is a now an expected offering

Parental leave		Family-building benefits		Child care assistance	
Paid parental leave	70%	Onsite lactation room	77%	Child care referral/consultations	30%
Paid adoption leave	53%	Adoption assistance (financial)	38%	Access to backup child care services	22%
Paid foster child leave	33%	Fertility benefit (financial support for fertility treatment outside of the health plan)	19%	Tutoring / educational support	17%
Paid surrogacy leave	27%	Concierge fertility service (enhanced support, typically with a dedicated specialist who works with the care team and the member)	15%	Subsidized child care services	13%
Phased back-to-work for new parents	12%	Surrogacy benefit (financial)	14%	College coaching	12%
Elder care assistance		Breast milk shipping services for business travel	13%	Special needs support	10%
Elder-care caregiver referral/consultations	34%	Foster care assistance (financial)	8%	On-site child care	9%
Provider and facility search assistance	28%			Child care cost reimbursement for business travel/working late/overtime	4%
Access to backup elder-care services	19%				
Elder-care caregiver leave	13%				

TECHniques Survey

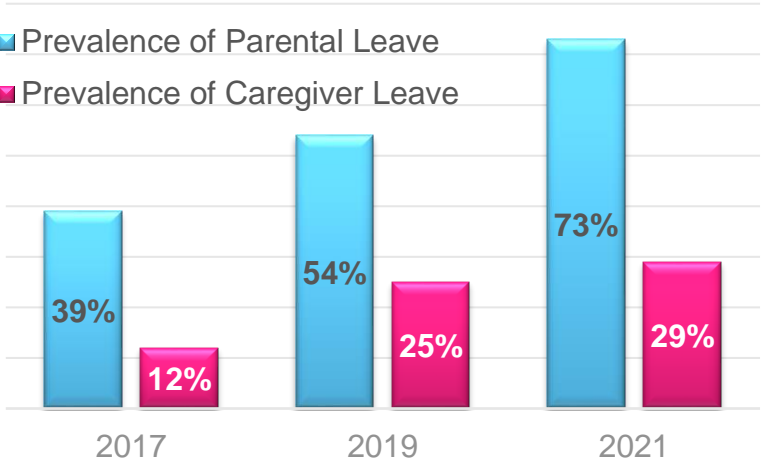


Source: Mercer 10-minute survey, Health & Benefits Strategy for 2023, June 2022

Parental and Caregiver Leave

MMA Absence Survey

MMA Absence Survey – All



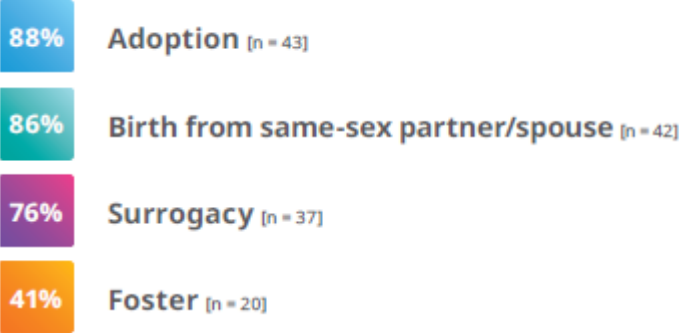
MMA Absence Survey – High Tech

	Parental Leave	Caregiver Leave
Prevalence	91%	65%
Median Duration	12 weeks	12 weeks

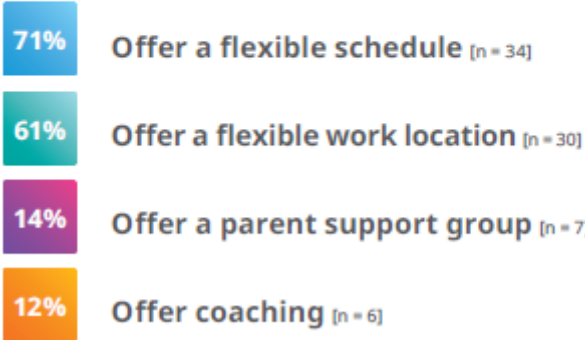
MMA 2021 Leave of Absence Survey, 173 Employers +5,000 lives; Financial and Technology TECHniques Survey

TECHniques Survey

Beyond natural birth, parental leave is extended to individuals becoming parents through...



Returning to work following a leave can feel somewhat intimidating. To provide support to new parents, some tech companies surveyed offer unique benefits.

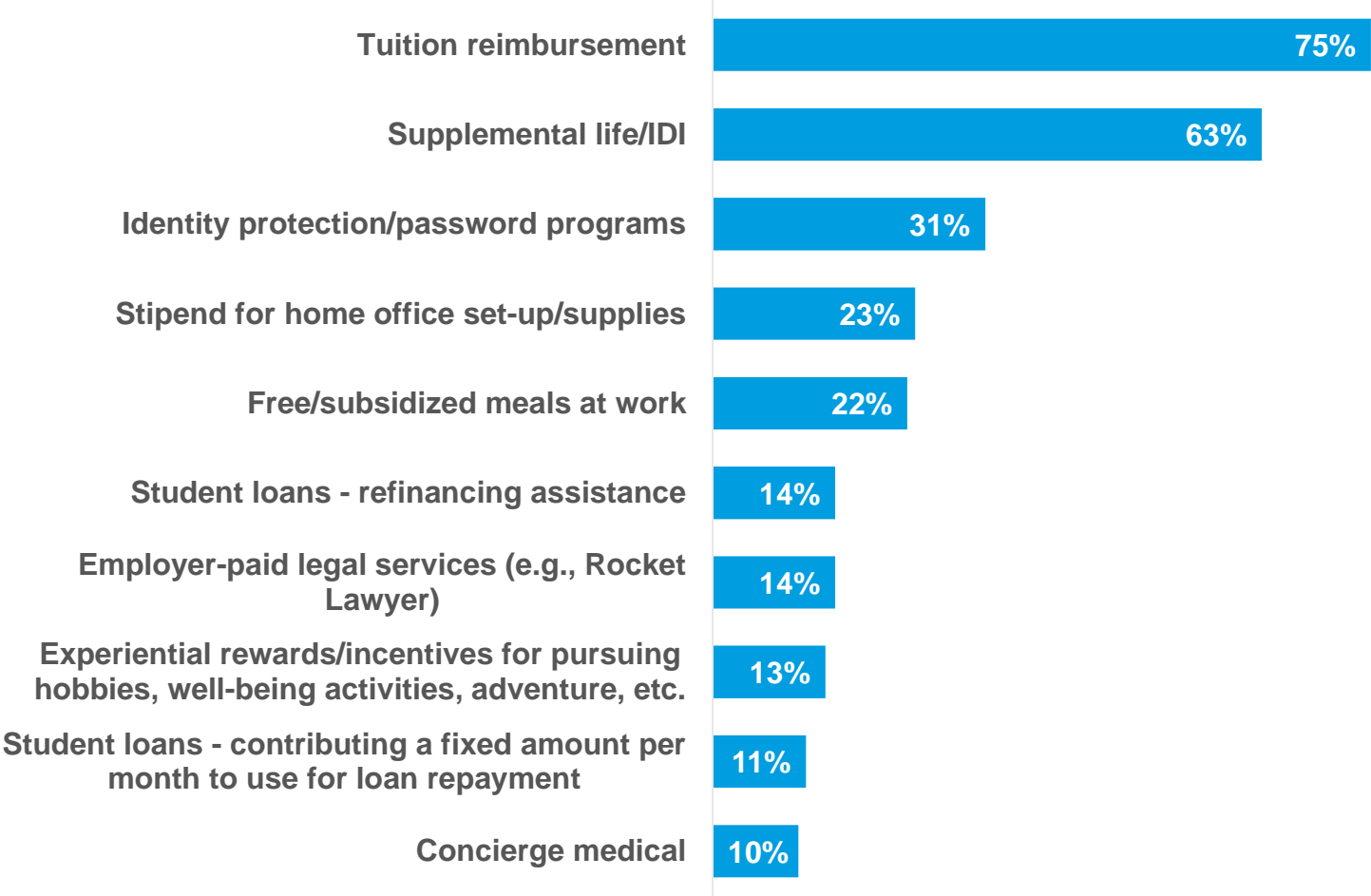


Employers are no longer considering *if they should* offer the benefit; they *are actively enhancing* their existing parental leave offering and broadening their family-friendly offering to include Caregiver Leave

Perks That Make a Difference

Offer or plan to offer in 2023

Mercer National Survey



76% of employees said they are more likely to stay with their employer because of its tuition reimbursement benefit³

45% of Millennials would change employers for tuition reimbursement benefits²

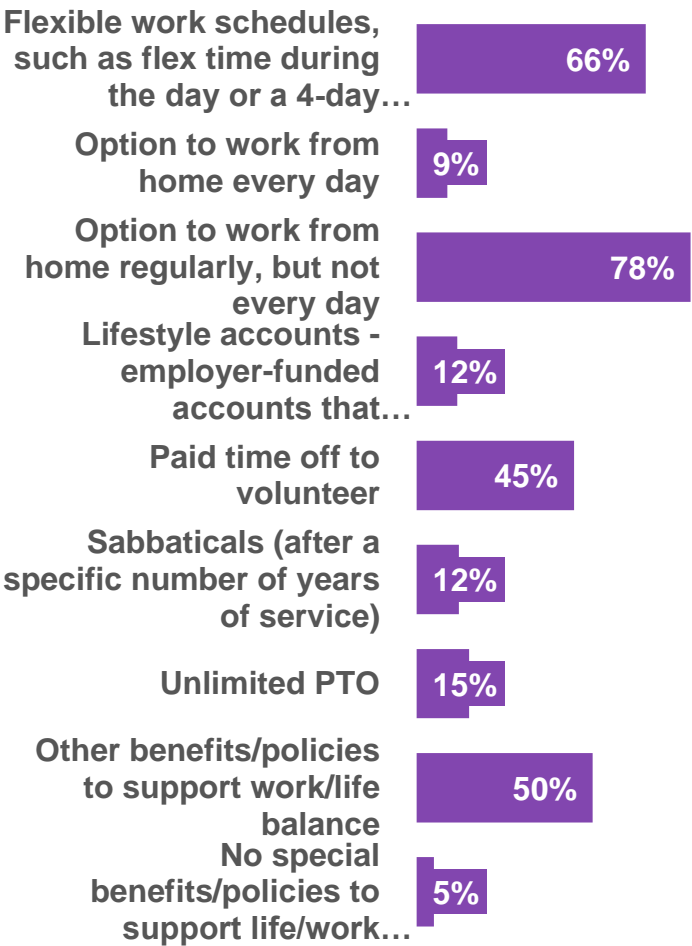
88% of Gen Z employees say they are more likely to recommend their employer because of its education benefits³

Source: Mercer 10-minute survey, Health & Benefits Strategy for 2023, June 2022 <https://www.instride.com/insights/tuition-reimbursement-statistics/> 1. InStride/Bain & Co.) 2. Gallup 3. Bright Horizons
Marsh & McLennan Agency LLC

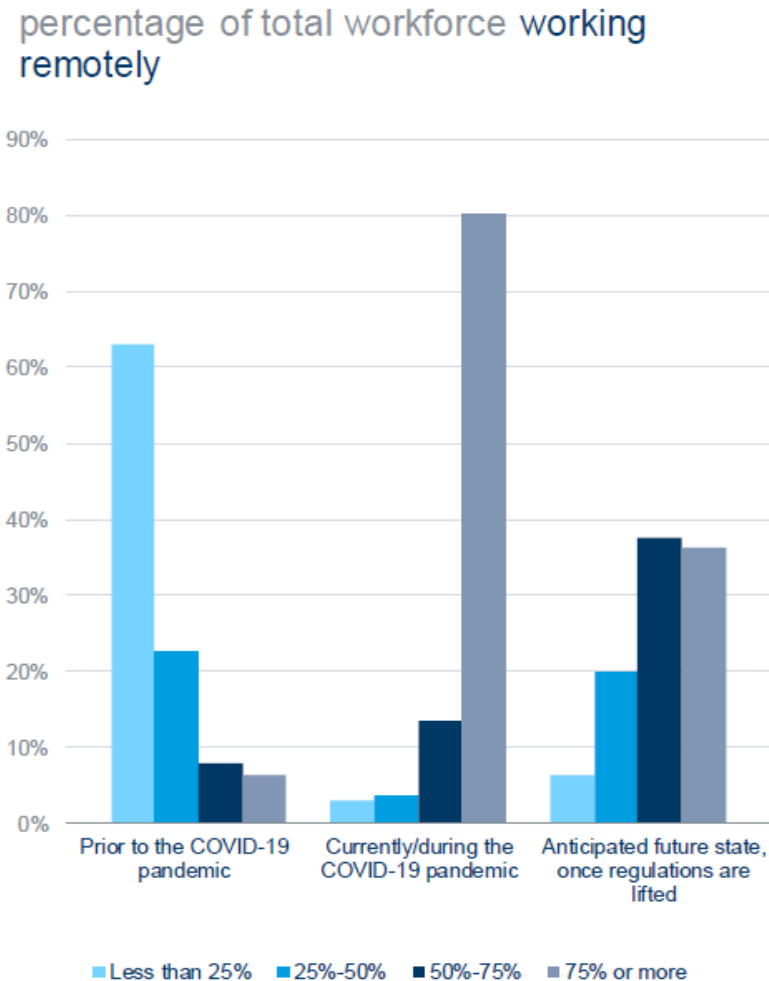
Flexibility for Better Work/Life Balance

Offer or plan to offer in 2023

Mercer National Survey



Mercer Tech Survey



84% of TECHniques respondents rate a flex working model as important

80% of Tech employers currently have 75% or more employees working remotely

~80% of Tech employers anticipate their future state to be 50% or more employees working remotely

78% of all employers offer the option to work remotely

Source: Mercer 10-minute survey, Health & Benefits Strategy for 2023, June 2022; Mercer 2022 Tech Survey; 2022 MMA TECHniques Survey

Lifestyle Accounts

Flexible Lifestyle Benefits



A Lifestyle Spending Account is an account that employers deposit a set amount of money into every month, allowing employees to spend rewards that are meaningful to them

Employers can administer in-house or outsource to third party specializing in lifestyle accounts, allowing for minimal administrative burden and enhanced user experience

Pros

- May help *hybrid workforce feel more connected/rewarded* (replacing some in-office perks)
- Employers can use a platform that also *promotes employer initiatives* (like EAP, etc.)
- Helps *employers enhance and personalize benefits* with tight control over the costs
- Can help *minimize “point solution fatigue”* by bundling multiple vendors in a single platform

Items for consideration

- May cause confusion and frustration when offered along with other spending accounts
- Depending on benefit, there may be tax implications
- May add to benefit complexity

Communicate! Communicate! Communicate!

Whole Person Well-being

What do employees want?



TECHniques Survey Results

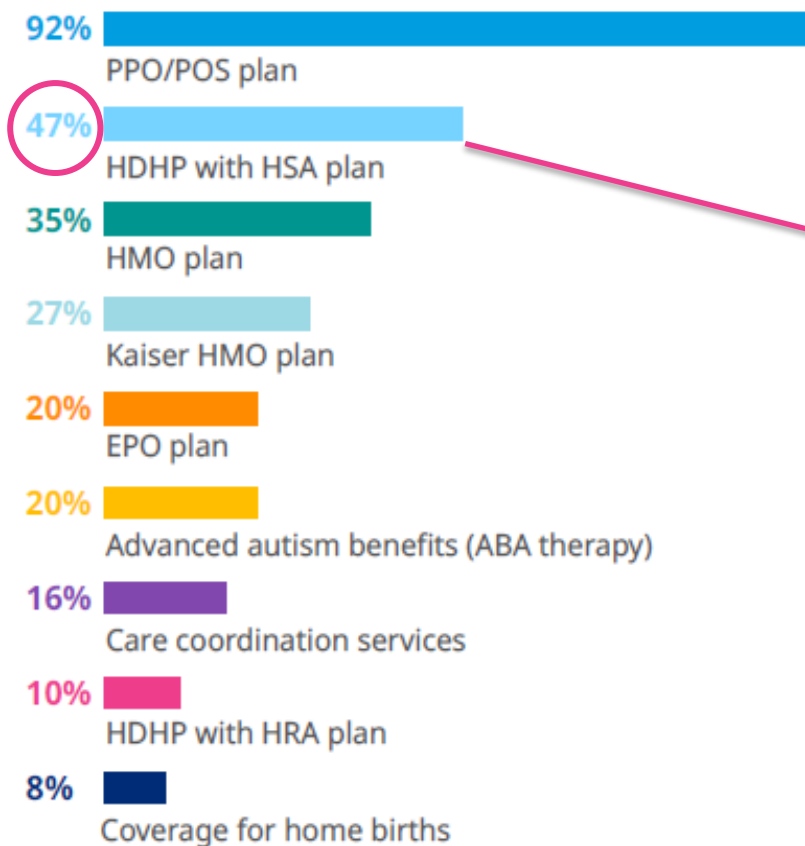


Employees are looking for **whole person well-being**

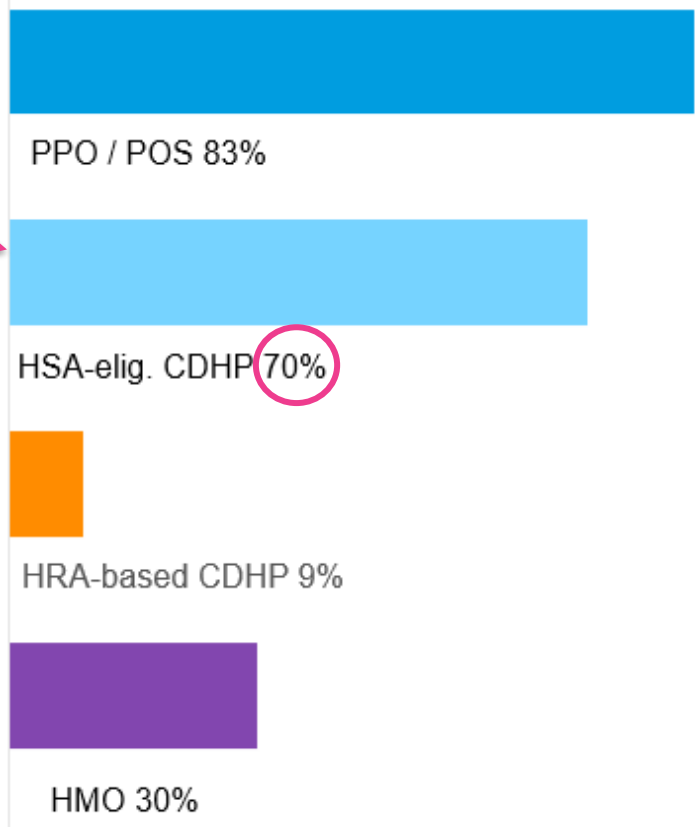
Going beyond physical wellness programs is key for employers seeking to meet the needs of their employees

Core Medical/Rx Plans

TECHniques Survey
Prevalance of medical benefit plans and coverages offered



Mercer Survey – High Tech



70% of Tech employers in the National Mercer Survey offer an HSA-eligible CDHP compared to 47% of TECHniques respondents

Young, highly educated, highly compensated employees are the ideal demographic for HSAs

Health plan costs and specific coverage costs shown are illustrative and based on market-wide averages. Individual results will vary.
Sources: Mercer Survey of US Benefits, TECHniques Survey, Dave Thomas Foundation, Business Group on Health, BUCA carrier average book of business figures

Benchmark Health Plan Costs

Annual Per Capita Benchmark Health Plan Cost (Mercer High-Tech)		Annual Per Capita Benchmark Cost to Add:	
PPO 2021 Cost	\$14,957	Fertility Coverage	\$263
HSA 2021 Cost	\$11,309	Gender Affirmation Surgery	\$81
Cost Differential \$	\$3,648	Adoption/Surrogacy Assistance	\$219
Cost Differential %	-24%	Caregiver Support / Parental Leave	Highly variable
Diff. w/20% Enrollment	\$730	Move to Alternative Funding Arrangements	(\$657)
		Carve Out Prescription Drug	(\$420)

HSA plans can offer **significant savings and a positive member experience** if deployed thoughtfully

Many employees the **tax benefits and low payroll cost**

Employers can use those savings to **enhance benefits**

Unit cost savings with little to no employee impact should be pursued as a first step

Health plan costs and specific coverage costs shown are illustrative and based on market-wide averages. Individual results will vary.
Sources: Mercer Survey of US Benefits, TECHniques Survey, Dave Thomas Foundation, Business Group on Health, BUCA carrier average book of business figures
Marsh & McLennan Agency LLC

Cost Pressures Continue to Rise

Staffing costs skyrocket

In order to retain doctors, nurses and other healthcare staff, systems have had to increase salaries, pay large retention bonuses and otherwise increase their compensation in order to recruit and retain frontline workers. These costs will not show up as a line item on your bill, but will impact medical claim costs.

Recouping losses

Hospitals lost a lot of revenue during quarantine when elective (and even some emergent) procedures were cancelled. 30% of US hospitals are currently running at a loss. Many systems are looking for creative CEOs to take them back into profitability, which will mean higher medical claim costs.

Medicaid expansion

Medicaid/CHIP enrollment grew by 22% during the pandemic– disproportionately higher than enrollment in employer plans. Providers will need to increase charges to private plans to recoup the losses they take from the Medicaid claims, which are the lowest reimbursement rates in the country.

CPI is ~8%

General inflation is hovering around 8%. Historically, medical inflation has historically been 2-3 times CPI. This is not to say that trend will be 16%-24%, but we should expect that medical trend will out-pace CPI.

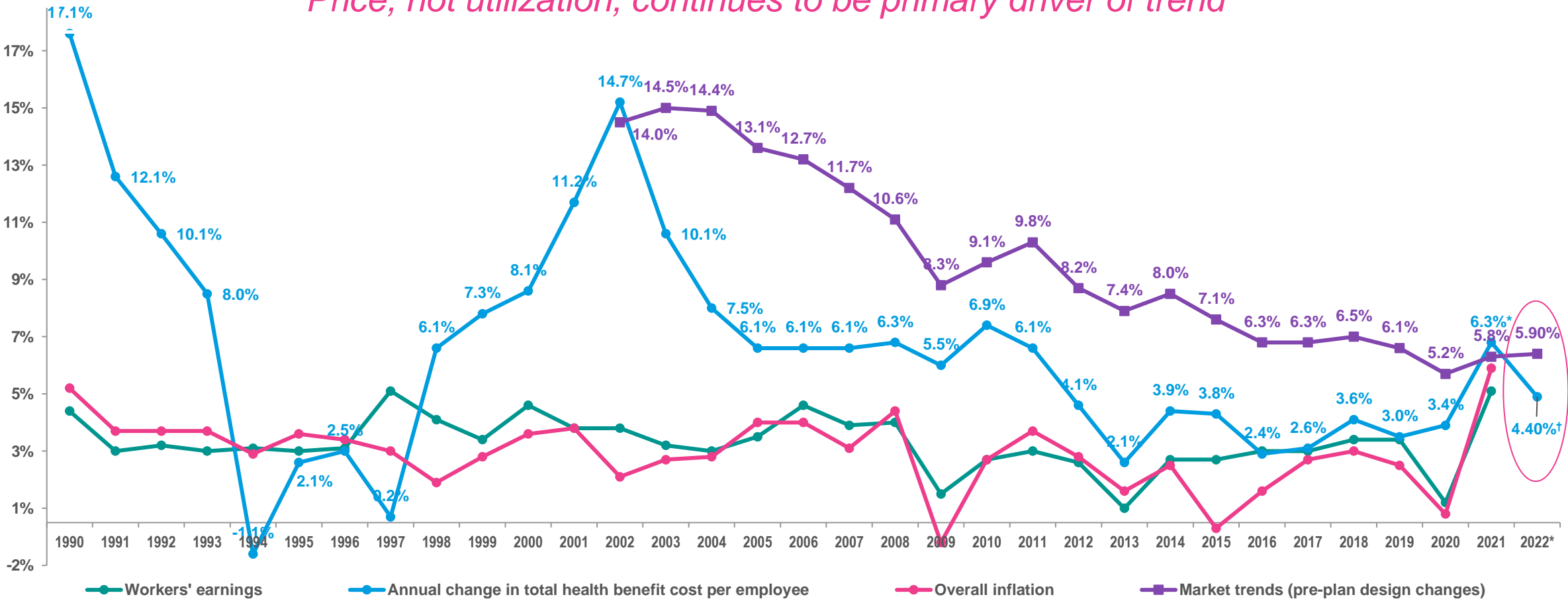
Sicker members

Because people could not get preventive screenings and care and in many cases, treatment for their conditions, the sick are sicker and fewer were caught when they condition could have been prevented or treated at a lower cost. As a result, we should expect higher medical costs.

Historical Medical Trend

For 2022, employers focus on benefit improvement, not cost-cutting

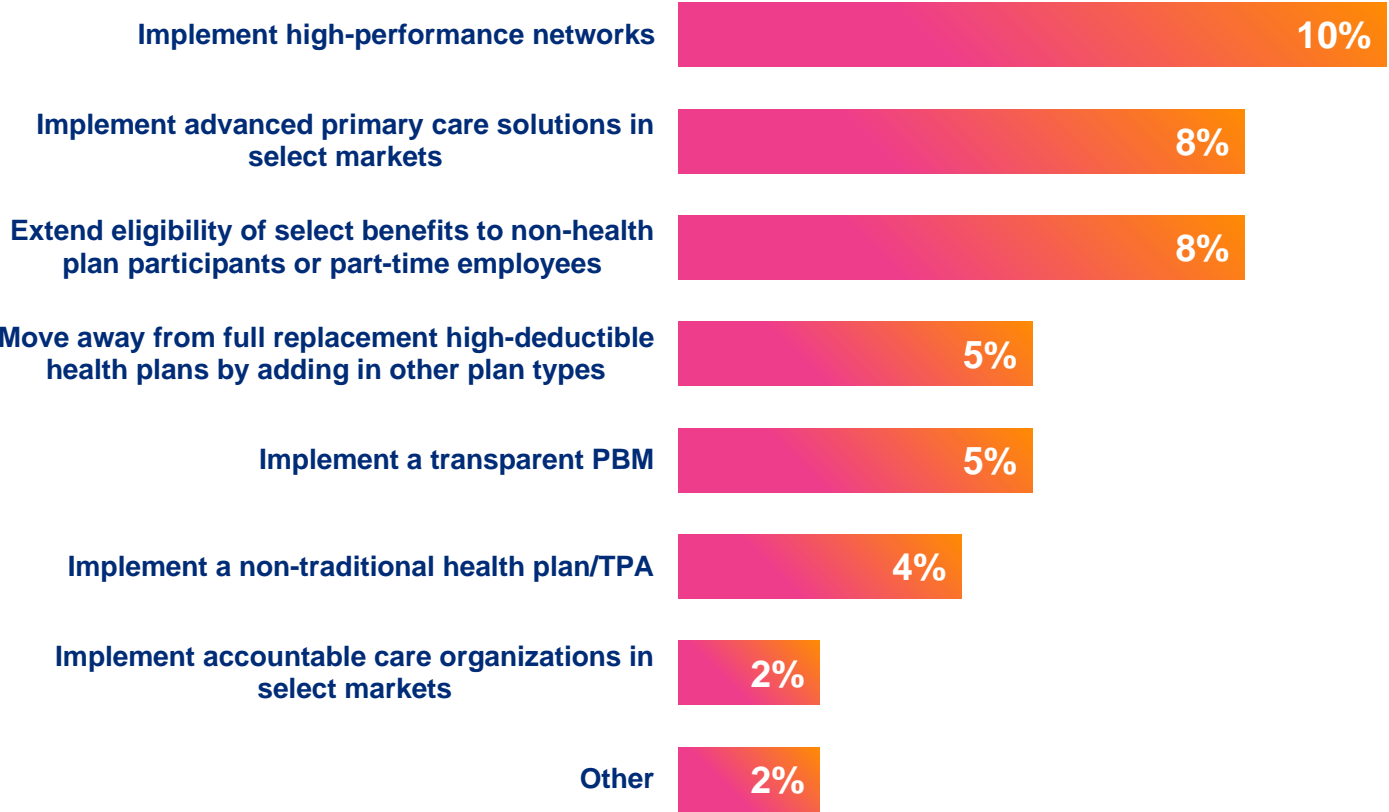
Price, not utilization, continues to be primary driver of trend



Source: 2021 Mercer National Survey of Employer-Sponsored Health Plans. Beginning in 2020, results are based on employers with 50 or more employees. *Projected. Price Index, U.S. City Average of Annual Inflation, 1993-2020 (April), 2021 (September); Bureau of Labor Statistics, Seasonally Adjusted Weekly Earnings from the Current Employment Statistics Survey 1993-2020 (April), 2021 (September). Sources: 1. 2021 Milliman Medical Index. 2. 2022 Segal Health Plan Cost Trend Survey. Marsh & McLennan Agency LLC

Employers Look for Savings, not Cost Shifting

Plan design and eligibility remain the same for a large majority of employers in 2022.¹



Sources: 1.2022 BGH Large Employers’ Health Care Strategy and Plan Design Survey. 2. Mercer National Survey of Employer Sponsored Health Plans, 2021. Source for costs: Mercer Survey of US Benefits, MMA book of business



First, buy better.

Before implementing strategies that impact members, **ensure unit costs are as low as possible**

Are you in the most advantageous **funding arrangement?**

Is your **pharmacy drug pricing** optimal or is the PBM/carrier retaining “invisible” profit from spread pricing and rebates?

Are you getting the **lowest possible stop loss rate?** Does your contract have protections like **No New Laser + Rate Cap?**

Have you evaluated **captive and consortium options?**

Mental Health is Mandatory

Why employers need to support mental health



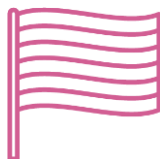
60%

of Employees said their productivity was affected by their mental health



20%

Voluntarily left roles in the past for mental health reasons. This jumps to 50% of millennials and 75% of Gen Z's



3X

LGBTQ individuals are three times more likely to experience a mental health condition



47%

of African American and Hispanic employees left a job at least in part for mental health reasons



86%

of job seekers think it's important for a company culture to support mental health

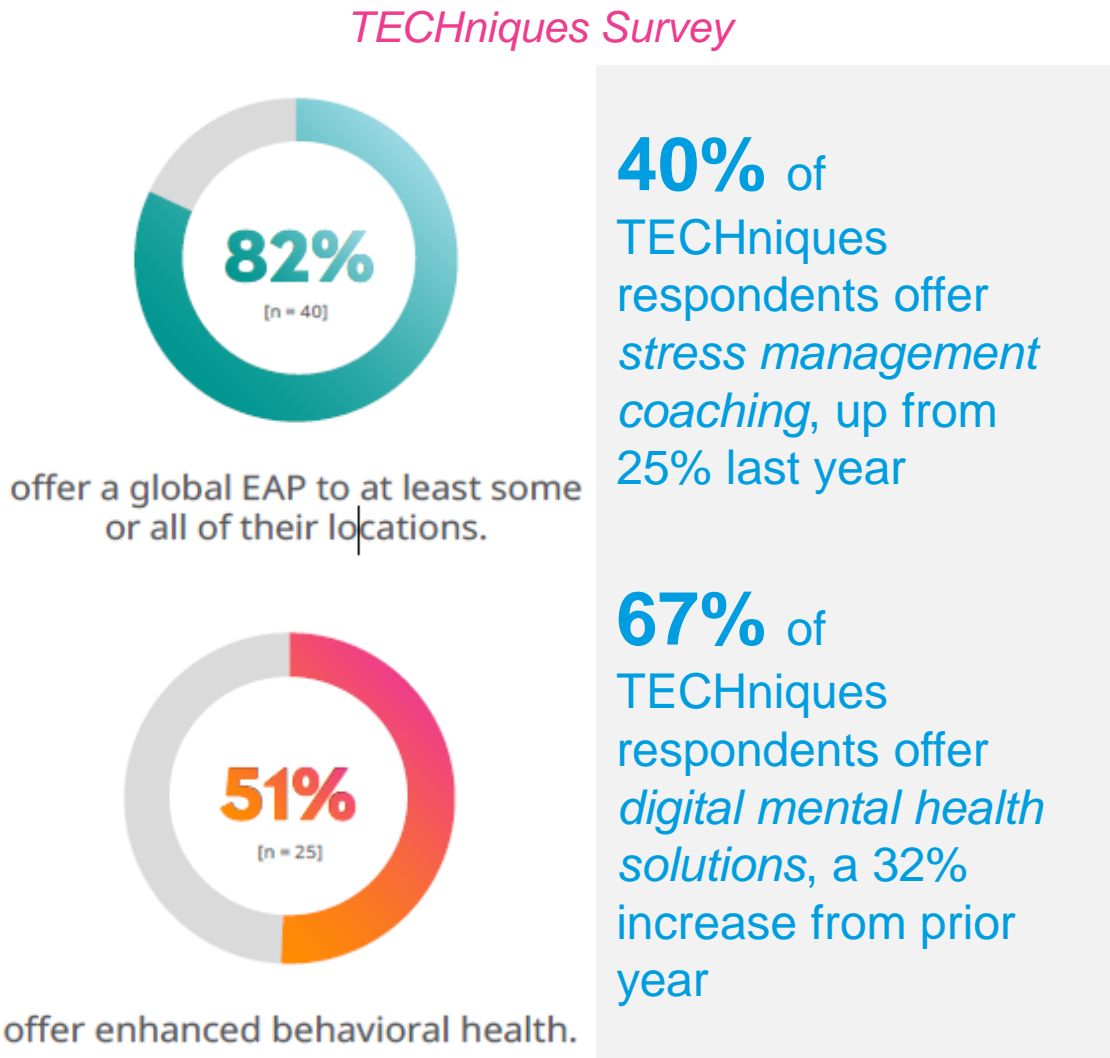
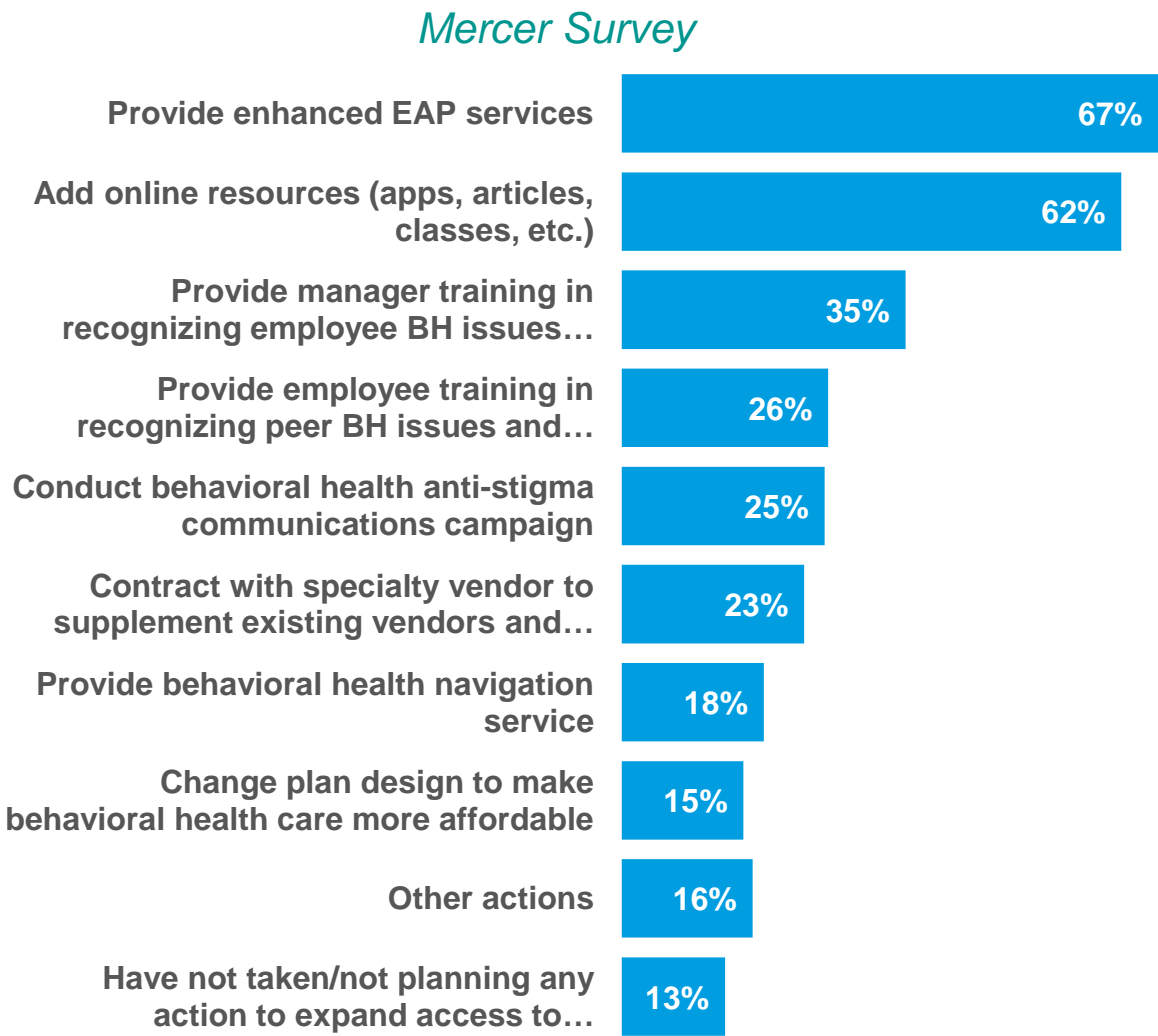


By some estimates, every \$1 spent on mental health promotion yields a return of at least \$3.

Source: MindShare Partners' Mental Health at Work 2019 Report.

Most Employers Expanding Access to Behavioral Healthcare

Strategies in place or planned for 2023



Source: Mercer 10-minute survey, Health & Benefits Strategy for 2023, June 2022
Marsh & McLennan Agency LLC

More than DE&I Programs

100%

of plans include coverage both
gender affirmation treatment
(including surgery)

67%

Currently or are considering
offering employee resource
groups

21% higher revenues for
gender diversity

33% higher revenues for
ethnic/cultural diversity

90%

of plans include behavioral
health, consulting and mental
health counseling

49%

Currently or are considering
offering specific budget for
DE&I

82% of TECHniques
respondents have implemented
a diverse talent recruitment
strategy

61% of TECHniques
respondents have appointed a
leader responsible for DE&I

Sources: 1. 2020 McKinsey & Company Diversity Wins: How Inclusion Matters. 2. Harvard Business Review. 3. Kaiser Family Foundation. 4. Mercer Marsh Benefits.

Marsh & McLennan Agency LLC

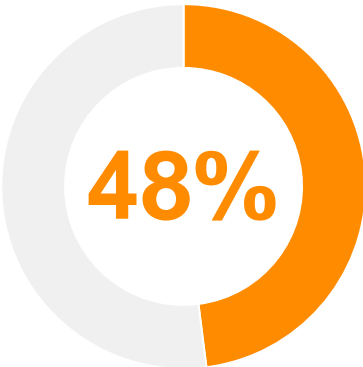
Technology to the Rescue

With less staff and more to do HR turns to technology.

43%

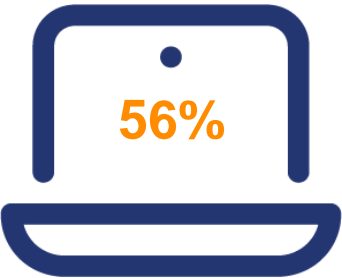
of HR professionals

believe HR role changed due to the pandemic, with the majority saying their **role became more challenging**.³



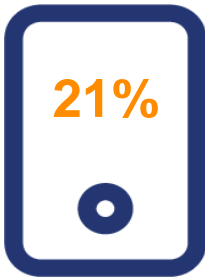
Half of employers **increased use of benefits technology** since the start of the pandemic¹

More than 7 in 10 enrolled digitally in 2020²....



56%

Laptop/PC

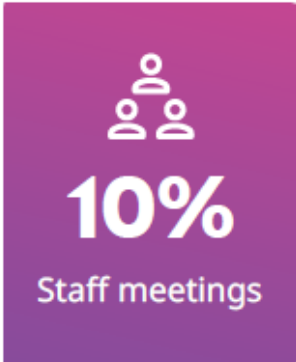
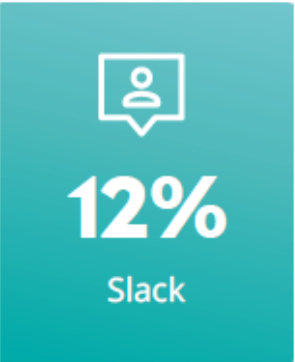
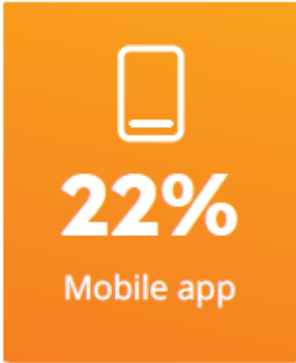
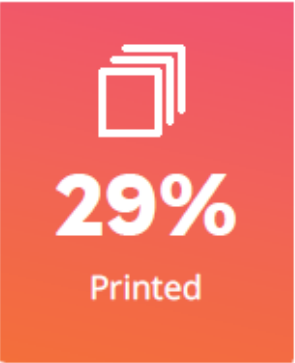
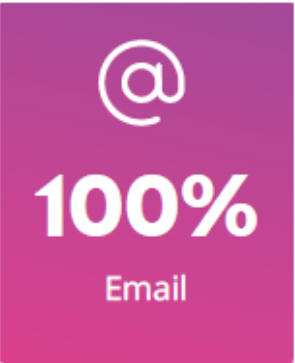


21%

Mobile device

TECHniques Survey

Most common communication methods



Source: 1. 2021 Guardian Absence Management Activity Index & Study 2. Guardian. 3. SHRM The pandemic expanded the role of HR.

Managing Absence Gets Even More Complicated

63% of employers experienced increase in leave requests over past 2–3 years.

42% report increases in requests for intermittent leave.

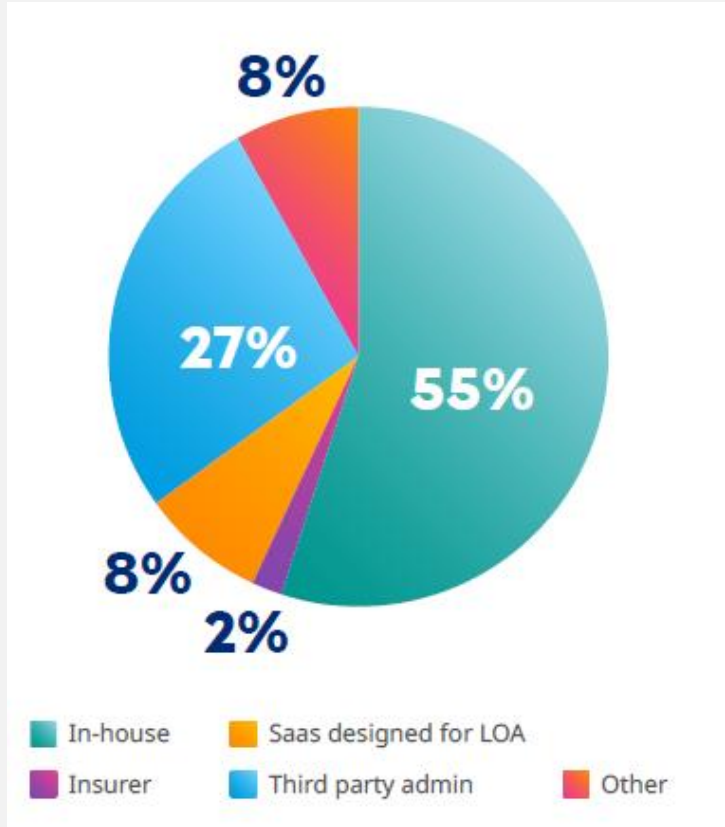
36% for ADAAA leave accommodation.¹

More and more states are deploying Statutory or required leave benefits, making it harder for employers to administer and employees to understand what their benefits are and what they need to do at claim time.

Administration of absence management programs	Centralized in-source	Decentralized in-source	Outsourced/ co-sourced	Do not offer
FML	39%	5%	56%	N/a
STD	21%	2%	75%	3%
LTD	15%	1%	86%	1%
Parental leave	41%	4%	39%	17%
Mandated state and local leave	38%	5%	52%	4%
ADAAA	56%	12%	31%	2%

Source: 1. Mercer Survey on Absence and Disability Management 2021 2. 2021 Guardian Absence Management Activity Index & Study.
Marsh & McLennan Agency LLC

55% of TECHniques respondents **manage** the leave of absence program **in house**



Long-term Care Needs Grow

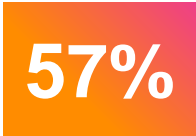
Between aging populations and a growing number of states mandating long term care coverage employers should prepare now.



The national average for nursing home care ranges from \$85,800 to \$150,000 per year, assisted living facilities cost on average \$51,600 per year, while in home care costs \$4,385 per month.



of adults turning 65 will need long-term care services at some point in their lives, according to the U.S. Department of Health and Human Services.

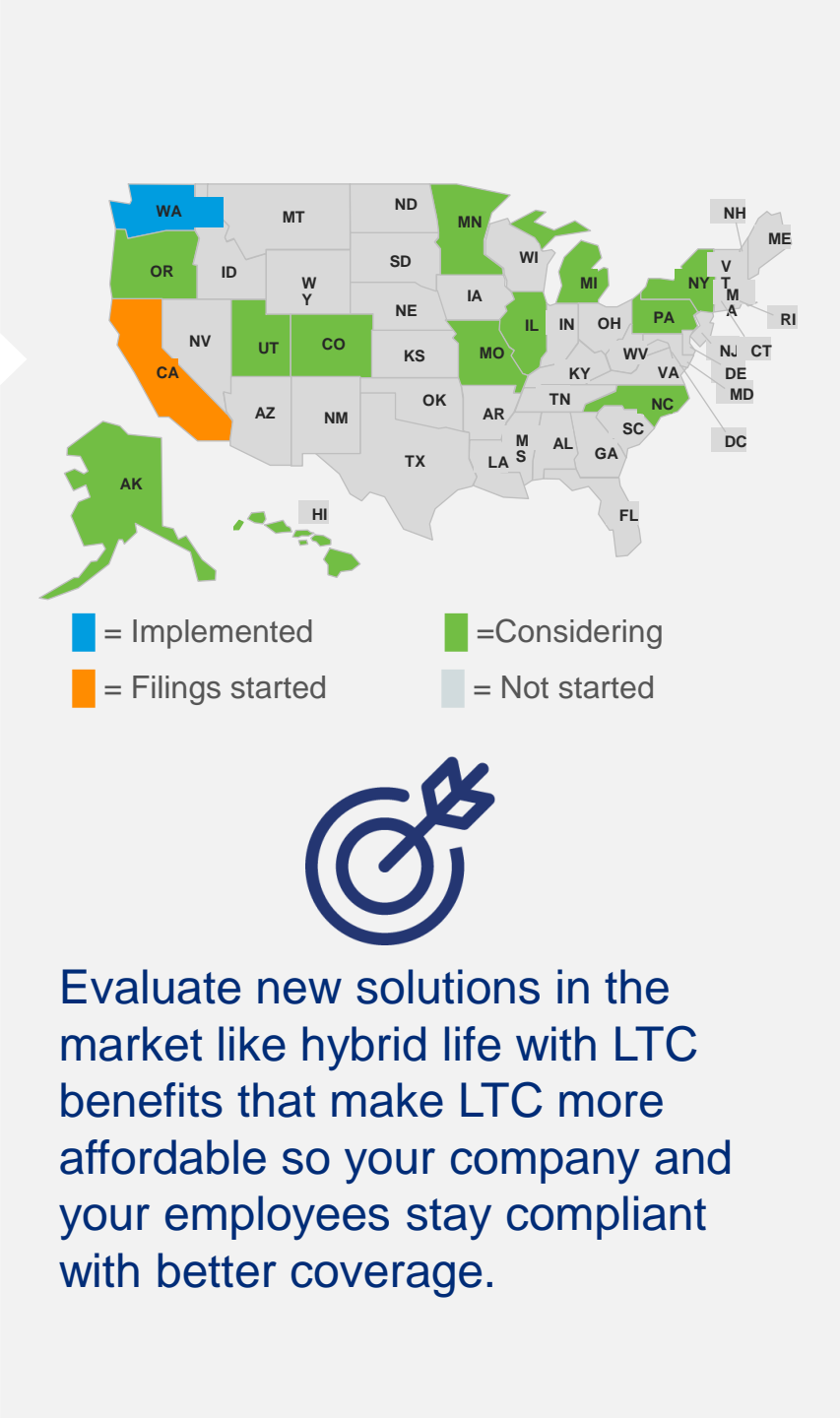


Medicaid is the largest payer of LTC services, but qualifications vary significantly by state. States are concerned with how they will fund LTC for more and more people who don't have private insurance.



States have implemented or are considering a public long-term care option that is funded by taxes. Washington state's solution is a required payroll tax with a maximum capped benefit.

Source: AARP. KFF.



Evaluate new solutions in the market like hybrid life with LTC benefits that make LTC more affordable so your company and your employees stay compliant with better coverage.

Retirement, Equity and Stock Options

Technology/Computers/Software Industry

78.5%
avg. plan
participation rate

85%
median
participation rate

9.1%
average deferral
rate

TECHniques Survey

92%
currently or in
next 1-2 years
will offer a 401(k)
contribution

88%
deem 401(k)
company
matching an
important
benefit

59%
offer some or all
employees equity

Are employees eligible to receive equity?

37%

yes, all employees

31%

no, we don't offer equity

22%

yes, some employees

8%

no, but some employees receive LTI

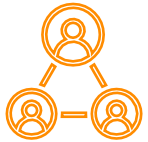
2%

no, but all employees receive LTI

Wrap Up



Create **alignment** between executive leadership, human resources, marketing and communications, and your recruiting team to ensure you're **delivering a consistent and compelling message** to current and considering employees



Consider the **generational, cultural, and geographical differences** within your workforce to ensure you are **delivering a personalized approach** your employees will appreciate



A strong core benefits package is **table stakes** for any employer, but the race for talent is won with **flexible work arrangements and inclusive benefits that support whole-person health**



First, buy better. Control what you can control – **ensure fixed costs are optimal** before implementing changes that negatively impact employees and their families

Questions?

To learn more, contact

Greg Mix

Senior Vice President, Employee Health & Benefits

M + 949 678 9398

Greg.Mix@MarshMMA.com

401(k), Retirement and Financial Well-being

The background of the slide features a series of light blue, wavy, horizontal lines that create a sense of movement and depth, resembling a stylized landscape or a series of overlapping waves.

Technology/Computers/Software Industry

401(k) Plan Design Features



Offer **Immediate Eligibility** for participation in the 401(k) plan.



Offer **Automatic Enrollment** with the most common default deferral rate of **6%**.



Allow for **In-Plan Roth Conversions**.



Offer a **Non-elective or Profit Sharing** contribution.



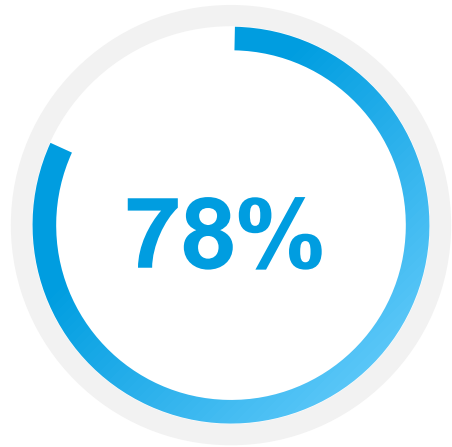
Offer a **Safe Harbor 401(k) Plan** which requires an employer contribution and avoids IRS non-discrimination testing.



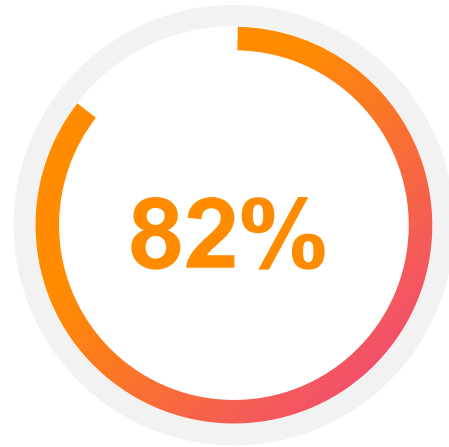
Offer an **Employer Matching** contribution.
Traditional Match (i.e. 100% of 3%) **36%**
Stretch Match (i.e. 50% of 6%) **33%**
Tiered Match (i.e. 100% of 3% + 50% Of next 2%) **23%**

Technology/Computers/Software Industry

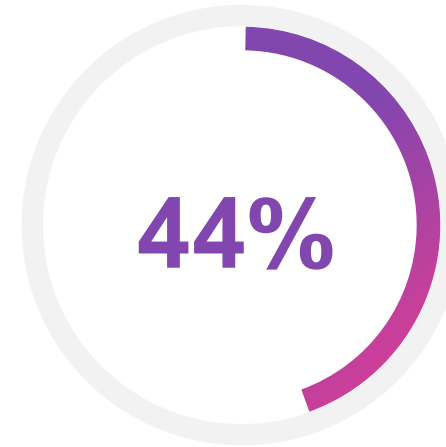
401(k) Plan Oversight



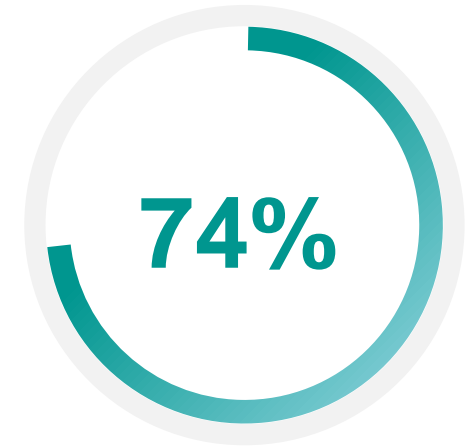
**Have a Formalized
Investment
Committee**



**Utilize a Retirement
Plan Advisor**



**Formally Review
Plan Investments
Quarterly**

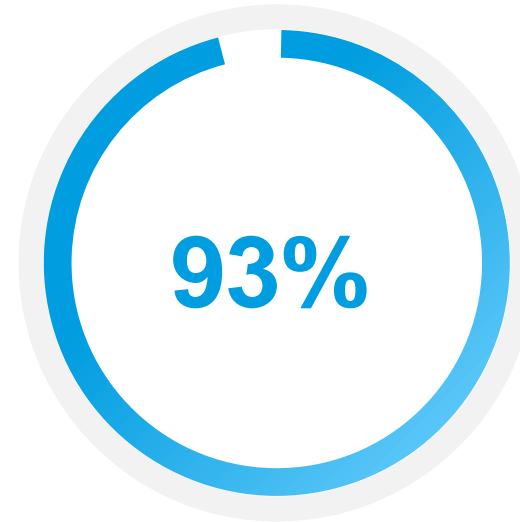


**Review Plan Admin
Costs/Fees Annually**

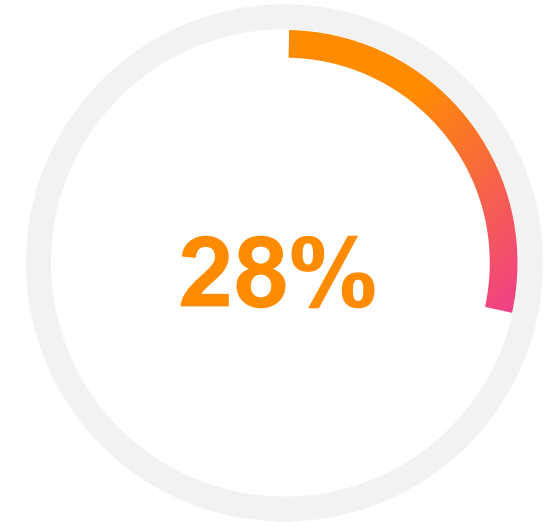
The case for financial well-being

Employees are asking for guidance

In today's talent market, offering financial well-being services can help you differentiate your benefit offerings and position your company as an employer of choice.



want their employers to offer financial planning and advisory services.



of employers offer financial planning or advisory services

What Employees are Saying...

74%

Financial wellness programs help reduce financial stress

57%

Financial wellness programs increase their productivity

82%

Would like to be more confident making financial decisions

Financial Stress Impacts the “Bottom Line”

- Financial stress alone costs employers upwards of \$2,000 per employee per year in lost productivity and absenteeism.

78% of employees reported being attracted to other companies that care most about their financial wellbeing

The Positive Behavior Change

Over a 12-month period



27%



increase in users
built up a
3-6 month
emergency
savings fund.



15%



increase in users
contributing
to their
retirement plan.



10%



increase in users
contributing
enough to get
their full
employer
retirement match.



28%



increase in
users that pay
off their credit
card in full
every month.



32%



increase in
users on-track
with their
financial goals.

Employers and employees both benefit.

Positive impact delivered through a financial well-being program.

- Lower absenteeism
- Improved employee productivity
- Increased ability to attract and retain talent
- Increased employee satisfaction and engagement
- Helps employees maximize the benefits programs
- Reduced health care expenses

Employers have achieved an average
VOI of
\$3 for every \$1
invested in
a financial
wellbeing program.

\$3
VOI for
every \$1

35%
less stressed

40%
more productive

51%
more engaged

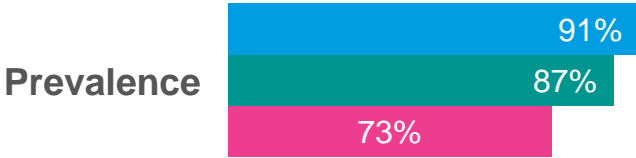
Leave Survey Detail

The background of the slide features a series of overlapping, wavy blue lines that create a sense of depth and movement. These lines are arranged in a pattern that resembles a series of nested, elongated 'V' shapes or a stylized mountain range, with the lines becoming more densely packed towards the bottom right corner.

Paid Parental

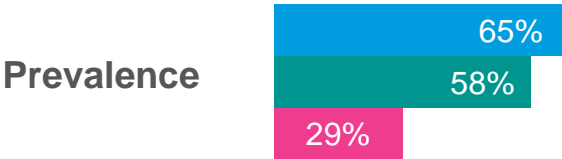
Parental Leave

Duration (weeks)	All Employers	FinTech	Hi Tech
<= 2	24%	3%	0%
3 – 5	19%	13%	5%
6 – 8	26%	23%	15%
9 – 11	4%	10%	10%
12+	21%	51%	70%
Median	6 weeks	12 weeks	12 Weeks



Caregiver Leave

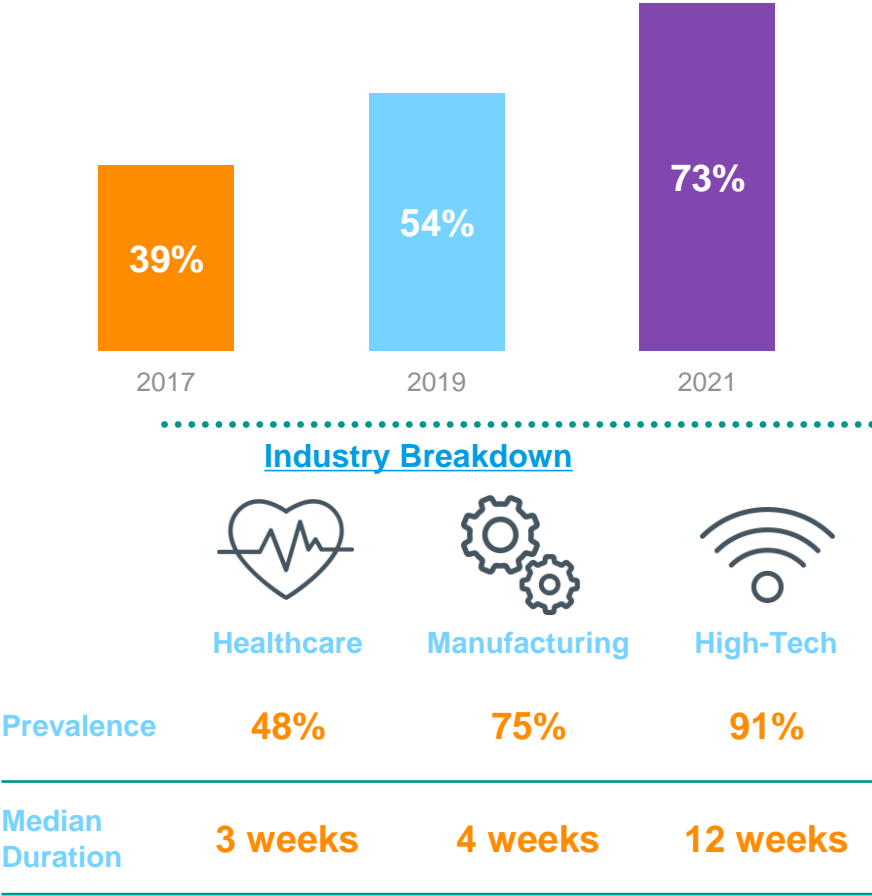
Duration (weeks)	All Employers	FinTech	Hi Tech
<= 2	22%	3%	14%
3 – 5	22%	13%	5%
6 – 8	16%	23%	27%
9 – 11	2%	10%	0%
12+	38%	51%	54%
Median	4 Weeks	6 Weeks	12 Weeks



Source: MMA 2021 Leave of Absence Survey, 173 Employers +5,000 lives; Financial and Technology (“FinTech”) 38 Employers; Hi Tech 38 Employers

Parental Leave

Prevalence of Parental Leave



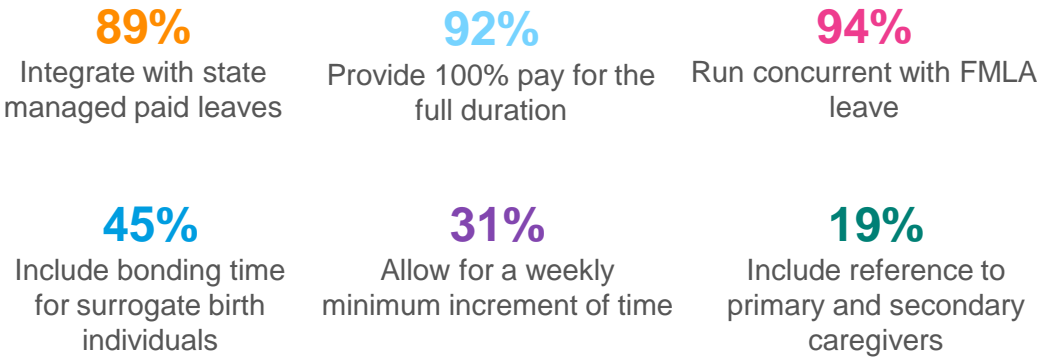
Observations

- The average **duration** increased ~2 weeks from **5.4 weeks** in 2019 to **7.2 weeks** in 2021, driven by High-Tech (7.9 weeks vs 12.8 weeks)
- Healthcare **doubled their prevalence** of parental leave (25% in 2019 vs 48% in 2021)
- All respondents indicate **Adoption** as a covered reason and **76%** also include **Foster Care**
- A large majority (87%+) include **domestic partner** (same & opposite sex) as an eligible individual
- 28% of respondents indicated they have **enhanced** their parental leave program in the last year

Duration of Parental Leave

Duration	2019	2021
<= 2 weeks	27%	24%
3 – 5 weeks	17%	19%
6 – 8 weeks	31%	26%
9 – 11 weeks	4%	4%
12+ weeks	21%	27%
Median	6 weeks (2019 & 2021)	

Policy Details



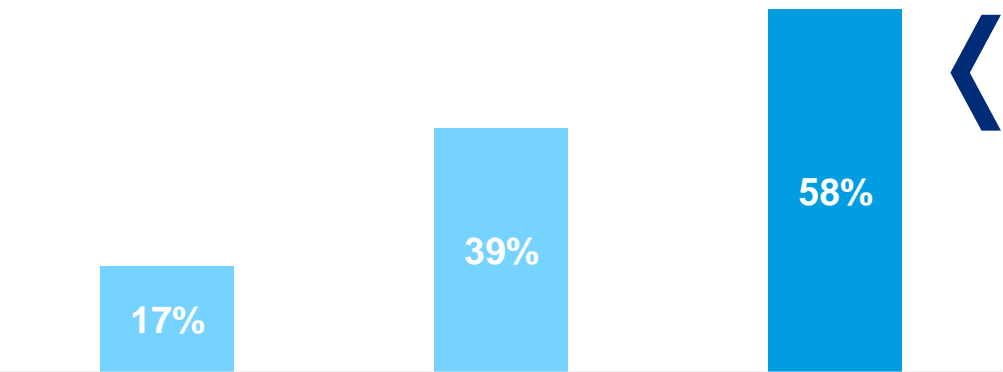
Parental Leave: Time provided to parents for bonding with a new child due to birth, adoption and/or foster care. We want to understand what, if anything, your organization provides for Parental Leave related to bonding time that is in addition to and/or integrates with statutory benefit requirements.

Family/Caregiver leave

Financial Services and High-Tech Results

Family/Caregiver Leave has been steadily increasing as an offering with **58%** of financial services and high tech large employers offering the benefit in 2021.

Prevalence of parental leave



Median offering of **6 weeks**, an increase from 2019.

64% provide 100% pay for the full duration.

Top 3 covered reasons to take time:

- Medical Care – **77%**
- Eldercare – **59%**
- Bonding – **32%**

All respondents indicated they continue active benefit rates while on leave and a majority continue accrual toward service (91%) and paid time off (64%)



All indicated that children, parents, spouse and domestic partners are individuals covered by the definition of family.



43% include bonding time in lieu of a parental leave policy

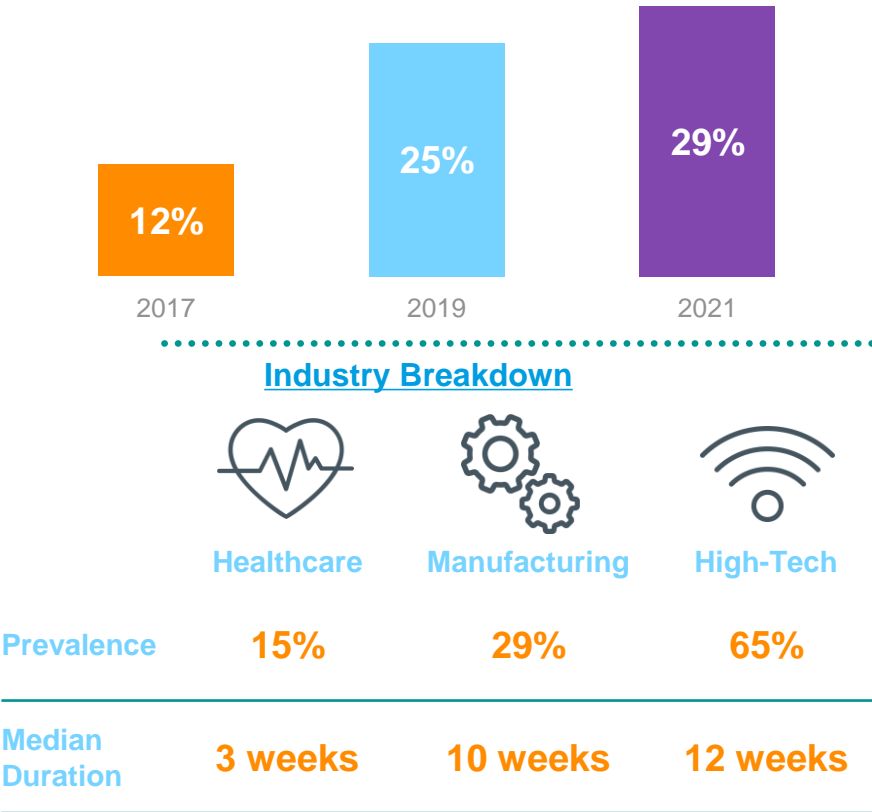


64% state the policy reflects both family and caregiver leave

Source: Trion's 2021 Leaves of Absence & Time Away from Work Survey

Family/Caregiver Leave

Prevalence of Family/Caregiver Leave



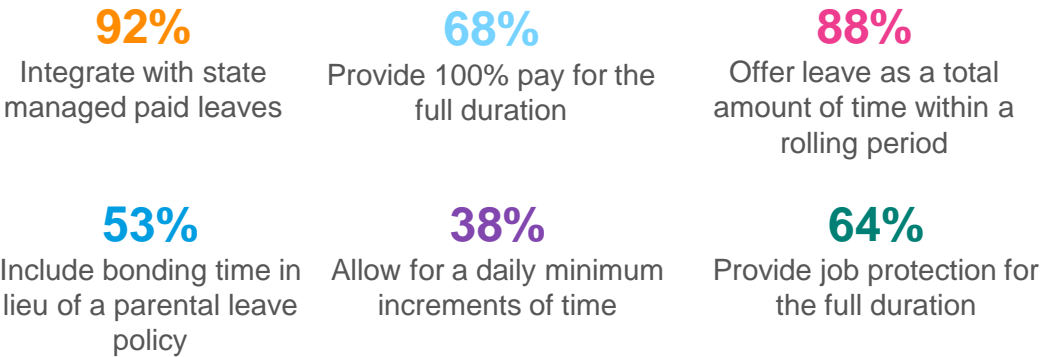
Observations

- Financial and insurance institutions are driving the increased prevalence (24% in 2019 vs 47% in 2021)
- All respondents indicated Child, Spouse and Parent as covered individuals:
 - Domestic Partner – 90%
 - In Loco Parentis – 60%
 - Legal Guardian/Ward – 56%
 - Parent-in-Law – 54%
- Top 3 covered reasons to take time:
 - Medical Care – 82%
 - Eldercare – 46%
 - Bonding – 34%
- All respondents indicated they continue active benefit rates while on leave and a majority (72%+) continue accrual toward service and paid time off

Duration of Family/Caregiver Leave

Duration*	2021
<= 2 weeks	22%
3 – 5 weeks	22%
6 – 8 weeks	16%
9 – 11 weeks	2%
12+ weeks	38%
Median	4 weeks

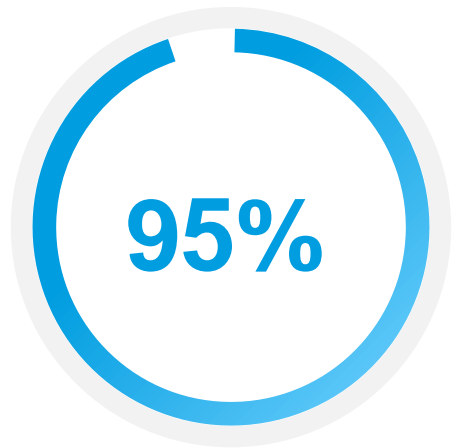
Policy Details



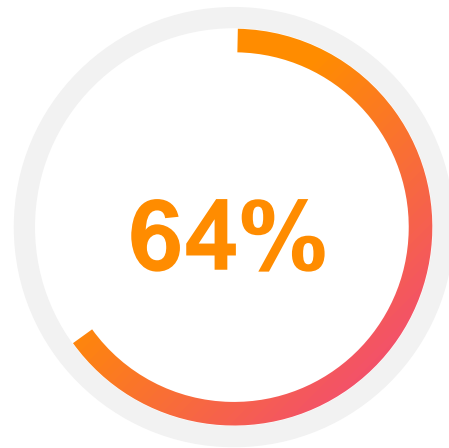
*2019 durations are not provided as a comparison point due to the small number of respondents that indicated they offer this program, resulting in fluctuations and potentially misleading trend analyses.

Family/Caregiver Leave

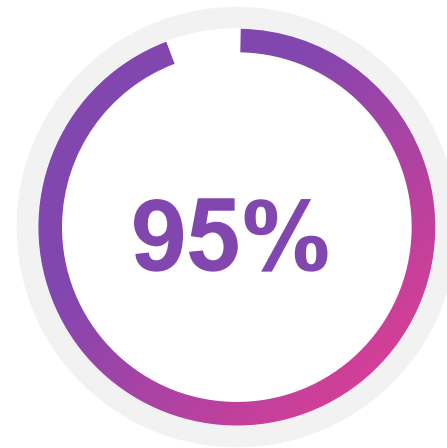
Financial Services and High-Tech Results



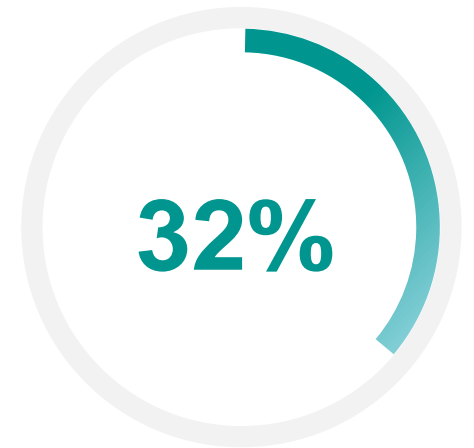
**Integrate with
statutory leave
requirements**



**Provide job
protection for the
full duration**



**Offer leave as a total
amount of time
within a rolling
period**



**Allow for a daily
minimum increment
of time**

Detail Benchmarking

The background of the slide features a series of light blue, wavy, horizontal lines that create a sense of depth and movement. These lines are layered, with some appearing more prominent than others, and they span the width of the slide, primarily concentrated in the lower half.



Employer Profile

Data cuts	50-499 employees	Software and Data Processing 50-499	High Tech 50-499	Other Technical, Professional Services 50-499
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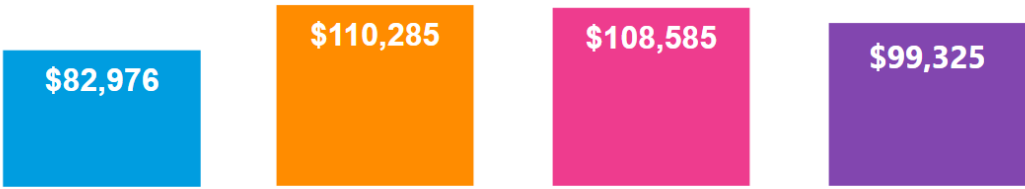
Employee age

44 40 43 41

Percent of female employees



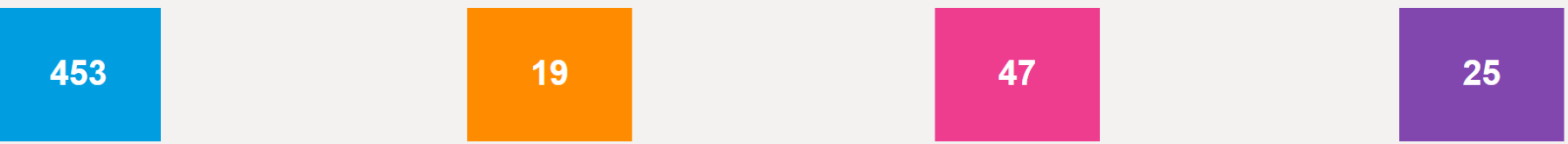
Employee salary in 2020



Turnover rate in 2020 (voluntary and involuntary)



Number of employers in data cut



All data provided by the Mercer National Survey of Employer-Sponsored Health Plans 2021 unless otherwise noted. All values are averages unless otherwise specified. Marsh & McLennan Agency LLC.



Eligibility

Data
cuts

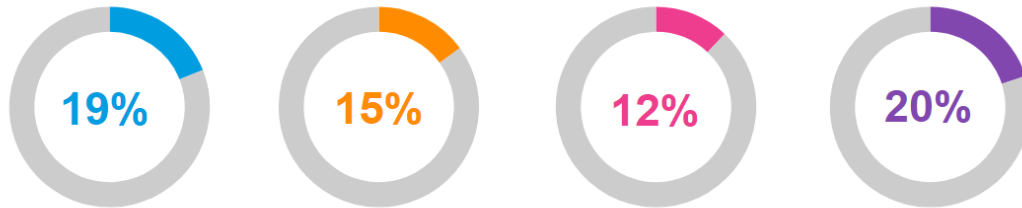
50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Eligible employees waiving coverage



Median waiting period for full-time employees (days)

30 31 30 30

Domestic partner coverage

Offer coverage to same-sex partners only

6% 6% 2% 8%

Offer coverage to both same-sex and opposite-sex partners

41% 78% 67% 54%

Same-sex couples must be married to be eligible for dependent coverage

53% 17% 30% 38%

Percent of employees electing dependent coverage (2020)





Part-time Eligibility

Data
cuts

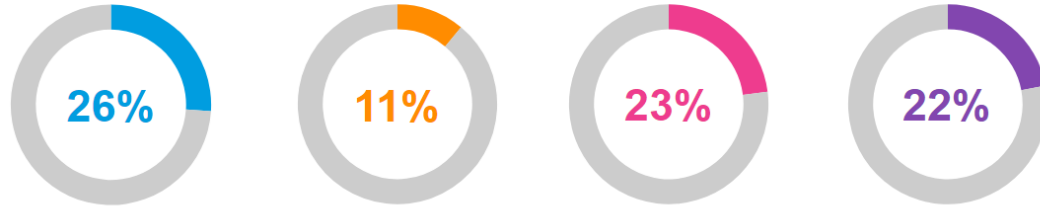
50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Offer coverage to part-time employees



Part-time employee contributions

Require contribution for employee-only coverage (% of employers)

89% --- 100% 100%

Contribution as a percent of premium

32% --- 23% 26%

Require contribution for family coverage (% of employers)

91% --- 100% 100%

Contribution as a percent of premium

37% --- 25% 31%

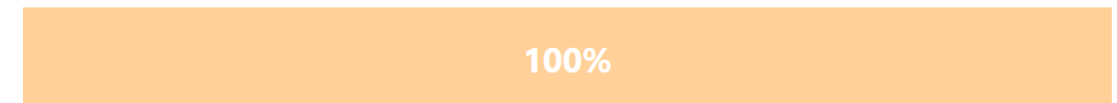
Median waiting period for part-time employees (days)

30 --- 45 60

When part-time coverage begins

After a waiting
period

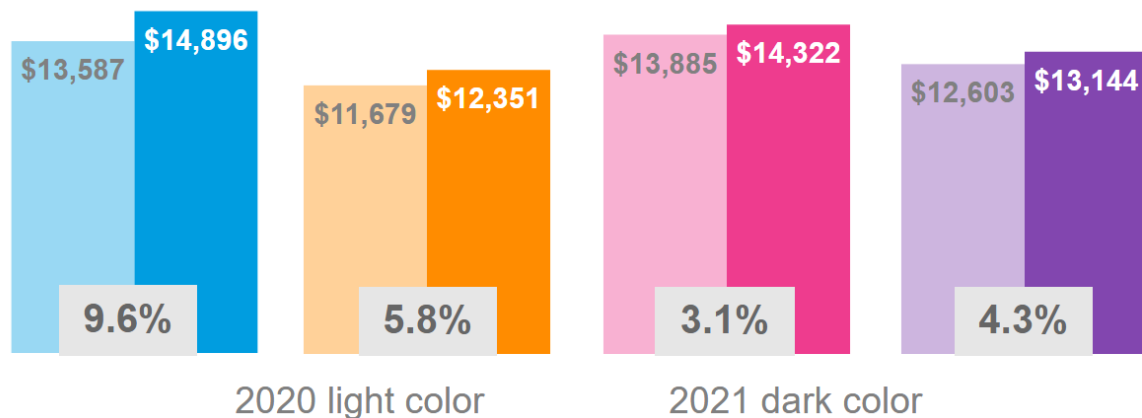
At date of hire/ first day of
following month



Health Plan Costs

Data cuts	50-499 employees	Software and Data Processing 50-499	High Tech 50-499	Other Technical, Professional Services 50-499
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Total health benefit cost/employee



Projected change in total health benefit cost/employee for 2020

Before plan changes	6.2%	8.8%	4.4%	5.8%
After plan changes	4.2%	8%	3.2%	3.5%

Medical plan cost/active employee

PPO / POS 2020	\$13,717	\$12,935	\$14,239	\$12,881
PPO / POS 2021	\$14,867	\$13,888	\$14,957	\$13,293
Percent change in cost	8.4%	7.4%	5%	3.2%
HSA-eligible CDHP 2020	\$11,382	\$9,263	\$11,181	\$10,940
HSA-eligible CDHP 2021	\$12,518	\$9,744	\$11,309	\$11,439
Percent change in cost	10%	5.2%	1.1%	4.6%
HRA-based CDHP 2020	---	\$18,810	\$17,565	\$6,295
HRA-based CDHP 2021	\$15,436	\$21,246	\$19,235	\$5,777
Percent change in cost	---	12.9%	9.5%	-8.2%
HMO 2020	\$11,372	\$9,755	\$12,735	\$11,717
HMO 2021	\$13,499	\$10,560	\$13,379	\$11,623
Percent change in cost	18.7%	8.2%	5.1%	-0.8%



Plan Offerings

Data
cuts

50-499 employees

Software and Data
Processing 50-499

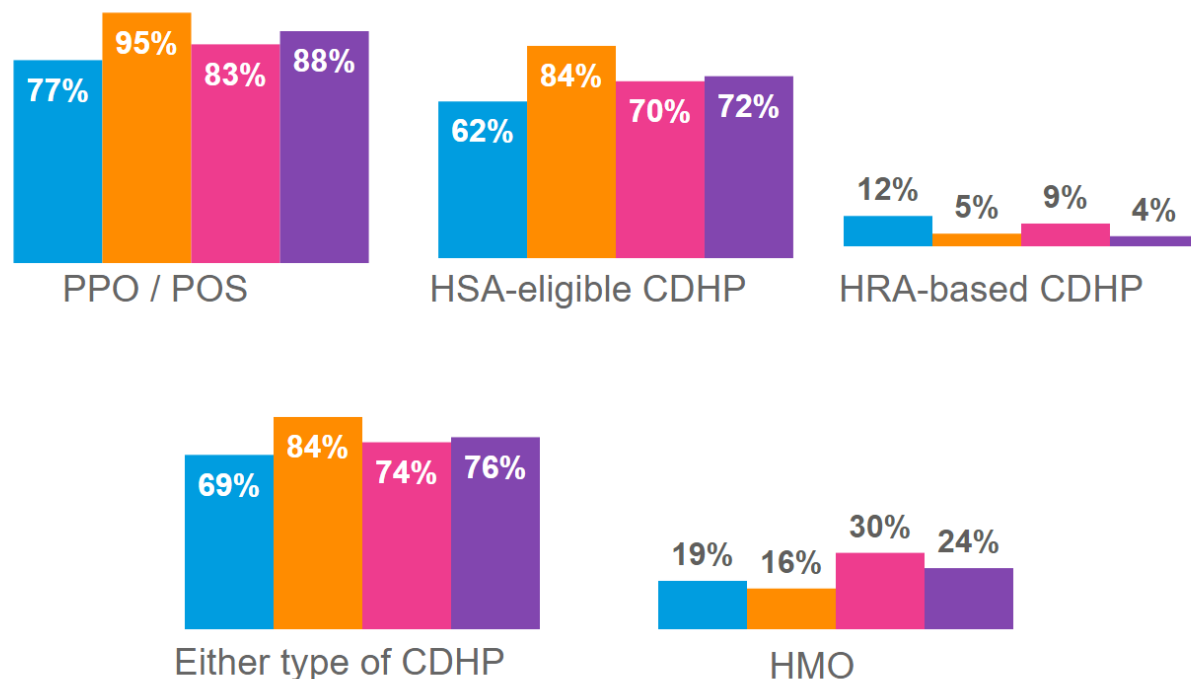
High Tech 50-499

Other Technical,
Professional Services
50-499

Number of plans offered at largest worksite

2 3 3 3

Types of medical plans offered



Percent of covered employees enrolled in each medical plan

50-499 employees



Software and Data Processing 50-499



High Tech 50-499



Other Technical, Professional Services 50-499



HMO HRA-based CDHP HSA-eligible CDHP PPO / POS



Health Plan Design

Data cuts

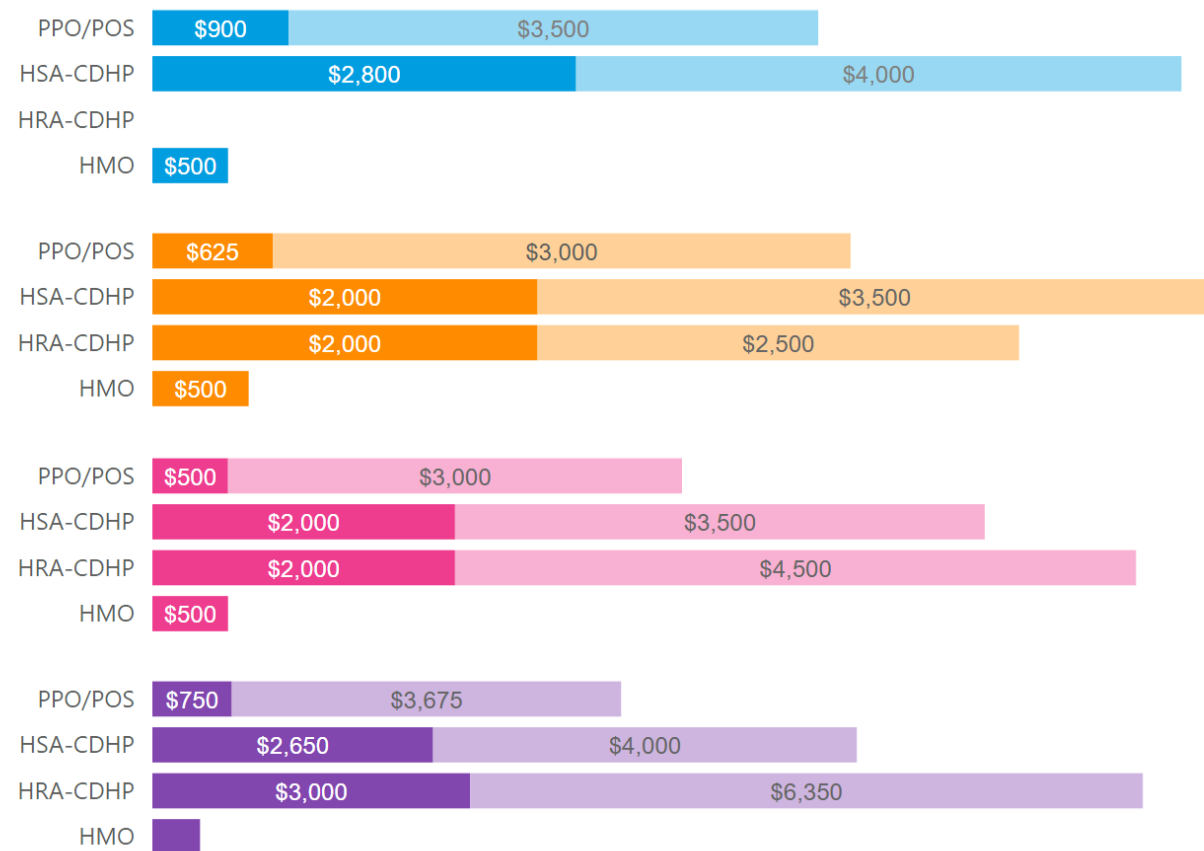
50-499 employees

Software and Data
Processing 50-499

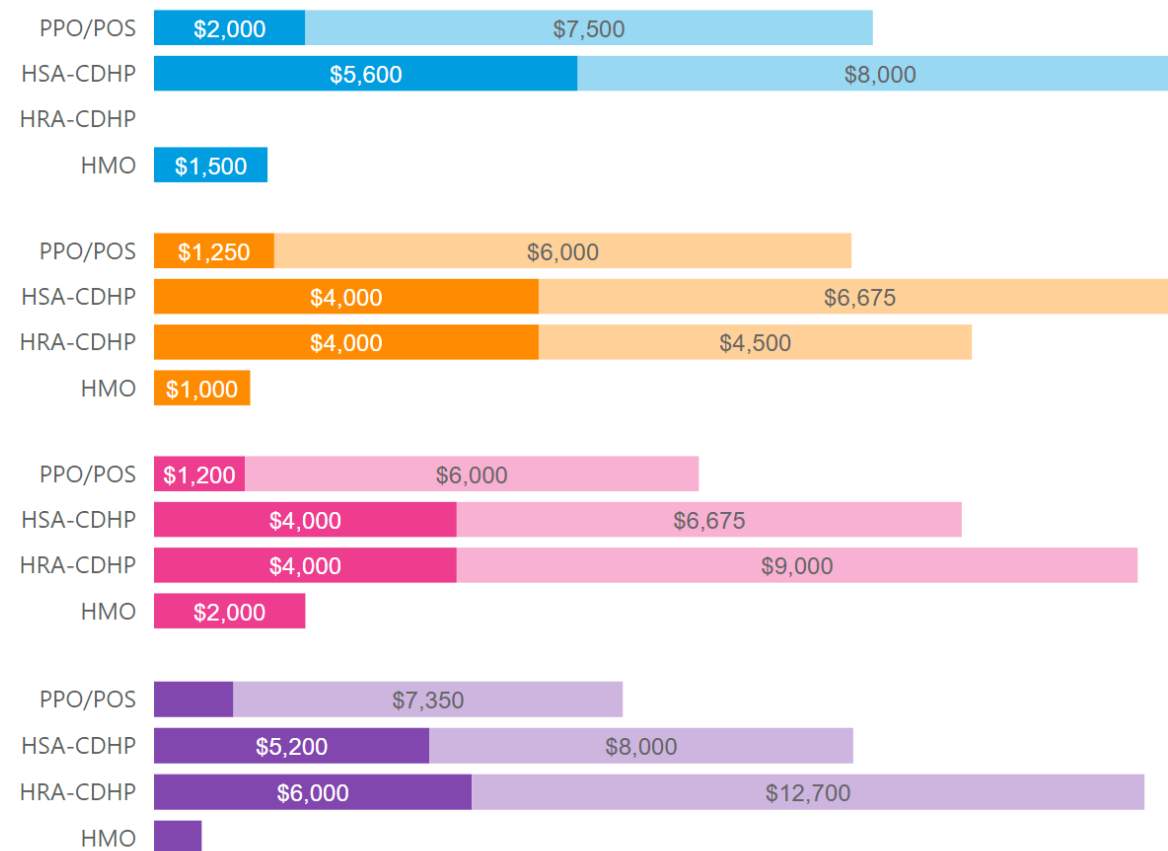
High Tech 50-499

Other Technical,
Professional Services
50-499

Median individual in-network deductible and out-of-pocket maximum



Median family in-network deductible and out-of-pocket maximum



* HMO out-of-pocket maximum data not collected

All data provided by the Mercer National Survey of Employer-Sponsored Health Plans 2021 unless otherwise noted. All values are averages unless otherwise specified. Marsh & McLennan Agency LLC.



Employee Cost Sharing For Care

Data
cuts

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Primary care and specialist costs

PPO/POS primary care copay IN	\$25	\$25	\$25	\$25
PPO/POS primary care coinsur. IN	20%	15%	20%	20%
PPO specialist copay IN	\$50	\$43	\$40	\$50
PPO/POS primary care coinsur. OON	40%	40%	40%	40%
HSA-eligible CDHP primary care coinsur. IN	20%	20%	20%	20%
HSA-eligible CDHP primary care coinsur. OON	40%	40%	40%	40%
HRA-based CDHP primary care coinsur. IN	---	20%	20%	20%
HRA-based CDHP primary care coinsur. OON	---	40%	30%	40%
HMO primary care copay	\$25	\$15	\$20	\$20
HMO specialist copay	\$40	\$35	\$35	\$40

Emergency room visit*

PPO/POS copay	\$150	\$150	\$150	\$200
PPO/POS coinsurance	20%	20%	20%	20%
HMO copay	\$150	\$100	\$100	\$150

Hospital stay*

PPO/POS coinsur. IN	20%	20%	20%	20%
PPO/POS coinsur. OON	40%	40%	40%	40%
HMO deductible	\$500	\$300	\$400	\$250
HMO coinsur. IN	20%	10%	10%	20%

* Survey does not provide this data for HSA-eligible or HRA-based CDHP plans

All data provided by the Mercer National Survey of Employer-Sponsored Health Plans 2021 unless otherwise noted. All values are averages unless otherwise specified. Marsh & McLennan Agency LLC.



Medical/RX Plan Design PPO/POS

**Data
cuts**

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Medical plans

Actuarial plan value	87%	89%	89%	87%
Individual deductible	\$900	\$625	\$500	\$750
Family deductible	\$2,000	\$1,250	\$1,200	\$1,500
Individual out-of-pocket max (in network)	\$3,500	\$3,000	\$3,000	\$3,675
Family out-of-pocket max (in network)	\$7,500	\$6,000	\$6,000	\$7,350
Physician copay	\$25	\$25	\$25	\$25
Specialist visit copay	\$50	\$43	\$40	\$50
Hospital stay coinsurance	20%	20%	20%	20%
Emergency room copay	\$150	\$150	\$150	\$200
Emergency room coinsurance	20%	20%	20%	20%
Telemedicine copay	\$25	\$20	\$20	\$23

Retail Drug Plans

Generic	\$11	\$11	\$11	\$11
Brand-name formulary	\$35	\$35	\$35	\$34
Brand-name non-formulary	\$61	\$61	\$60	\$57
Specialty or biotech drugs	\$137	\$118	\$111	\$104

90-Day Mail-Order Drug Plans

Generic	\$25	\$25	\$25	\$25
Brand-name formulary	\$80	\$82	\$79	\$77
Brand-name non-formulary	\$142	\$143	\$139	\$139
Specialty or biotech drugs	\$258	\$165	\$178	\$150



Medical/RX Plan Design HSA CDHP

Data cuts

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Medical plans

Actuarial plan value	78%	83%	83%	79%
Individual deductible	\$2,800	\$2,000	\$2,000	\$2,650
Family deductible	\$5,600	\$4,000	\$4,000	\$5,200
Individual out-of-pocket max (in network)	\$4,000	\$3,500	\$3,500	\$4,000
Family out-of-pocket max (in network)	\$8,000	\$6,675	\$6,675	\$8,000
Physician visit coinsurance (in network)	20%	20%	20%	20%
Physician visit coinsurance (out of network)	40%	40%	40%	40%
Telemedicine copay	\$25	\$20	\$20	\$23

Retail Drug Plans

Generic	\$11	\$11	\$11	\$11
Brand-name formulary	\$35	\$35	\$35	\$34
Brand-name non-formulary	\$61	\$61	\$60	\$57
Specialty or biotech drugs	\$137	\$118	\$111	\$104

90-Day Mail-Order Drug Plans

Generic	\$25	\$25	\$25	\$25
Brand-name formulary	\$80	\$82	\$79	\$77
Brand-name non-formulary	\$142	\$143	\$139	\$139
Specialty or biotech drugs	\$258	\$165	\$178	\$150



Medical/RX Plan Design HRA CDHP

Data cuts	50-499 employees	Software and Data Processing 50-499	High Tech 50-499	Other Technical, Professional Services 50-499
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Medical plans

Individual deductible	---	\$2,000	\$2,000	\$3,000
Family deductible	---	\$4,000	\$4,000	\$6,000
Individual out-of-pocket max (in network)	---	\$2,500	\$4,500	\$6,350
Family out-of-pocket max (in network)	---	\$4,500	\$9,000	\$12,700
Physician visit coinsurance (in network)	---	20%	20%	20%
Physician visit coinsurance (out of network)	---	40%	30%	40%
Telemedicine copay	\$25	\$20	\$20	\$23

Retail Drug Plans

Generic	\$11	\$11	\$11	\$11
Brand-name formulary	\$35	\$35	\$35	\$34
Brand-name non-formulary	\$61	\$61	\$60	\$57
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Brand-name formulary	\$80	\$82	\$79	\$77
Brand-name non-formulary	\$142	\$143	\$139	\$139
Specialty or biotech drugs	\$258	\$165	\$178	\$150



HSA and HRA Funding

Data cuts

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Employer contribution to account

Individual

Family

HSA-Eligible CDHPS

HSA-Eligible CDHPS



HRA-Based CDHPS

HRA-Based CDHPS



Funding schedule for employer account contributions to HSA

Fully pre-fund	28%	15%	11%	8%
Fund every paycheck	32%	38%	32%	25%
Fund monthly	17%	0%	7%	17%
Fund quarterly	10%	38%	32%	33%
Fund twice per year	10%	8%	11%	17%
Some other schedule	4%	0%	7%	0%

Employer contribution to HSA-eligible CDHP

Employer makes a contribution	75%	88%	85%	78%
Matching contributions	10%	14%	15%	15%
Incentive-based contributions	7%	7%	7%	15%



Medical/RX Plan Design HMO

Data cuts	50-499 employees	Software and Data Processing 50-499	High Tech 50-499	Other Technical, Professional Services 50-499
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Medical plans

Actuarial plan value	93%	94%	94%	94%
Individual deductible	\$500	\$500	\$500	\$450
Family deductible	\$1,500	\$1,000	\$2,000	\$900
Physician visit copay	\$25	\$15	\$20	\$20
Specialist visit copay	\$40	\$35	\$35	\$40
Hospital stay coinsurance	20%	10%	10%	20%
Hospital stay deductible	\$500	\$300	\$400	\$250
Emergency room copay	\$150	\$100	\$100	\$150
Telemedicine copay	\$25	\$20	\$20	\$23

Retail Drug Plans

Generic	\$11	\$11	\$11	\$11
Brand-name formulary	\$35	\$35	\$35	\$34
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Employee Contributions

Data
cuts

50-499 employees

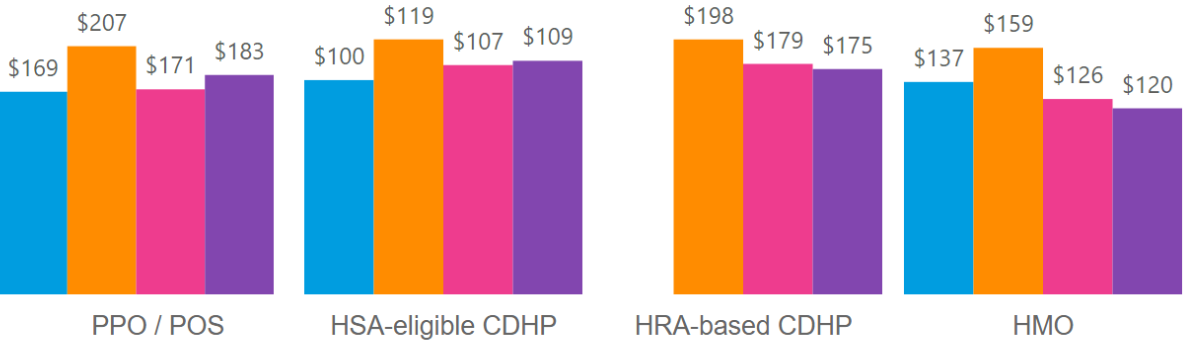
Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

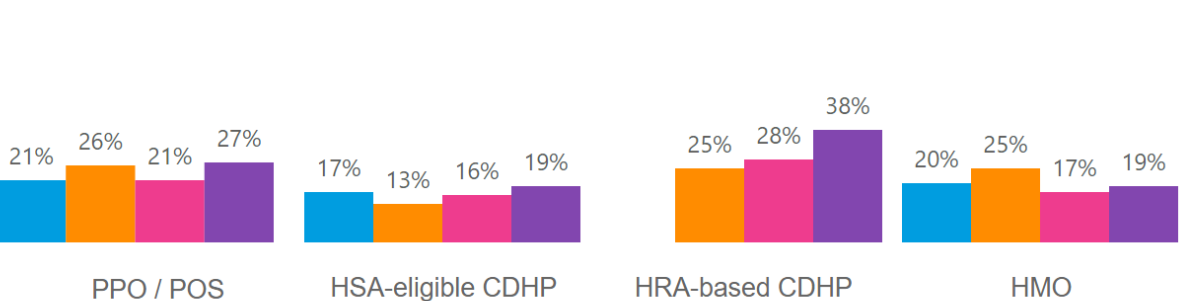
Monthly contribution amount (\$)

Employee-only coverage



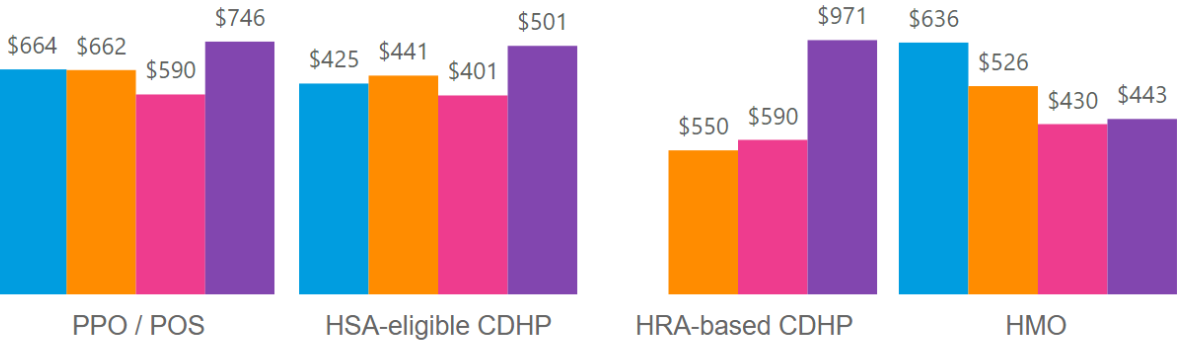
Monthly contribution as a percent of premium

Employee-only coverage



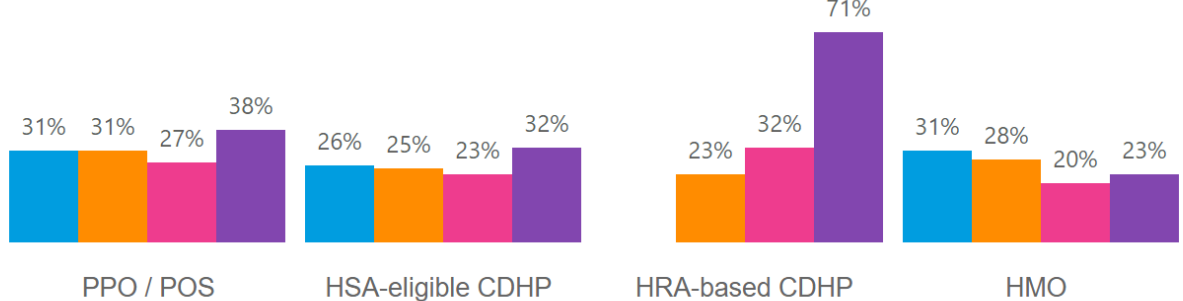
Monthly contribution amount (\$)

Family coverage



Monthly contribution as a percent of premium

Family coverage



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Surcharges and Strategies

Data
cuts

50-499 employees

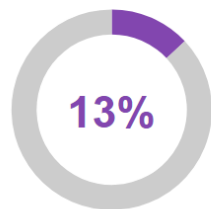
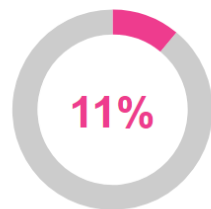
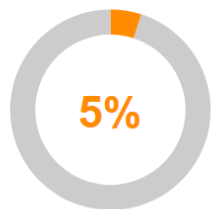
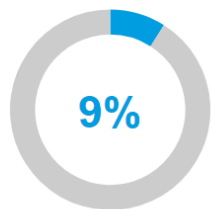
Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Spouse provisions

Spousal
surcharge



Median
surcharge

\$100

\$120

\$100

\$150

Spouse provisions

Spouses ineligible for coverage if other coverage is available

7%

5%

2%

0%

No spousal provision, but considering

13%

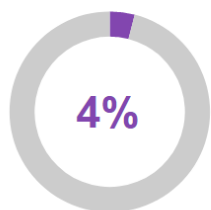
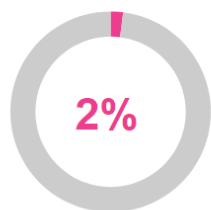
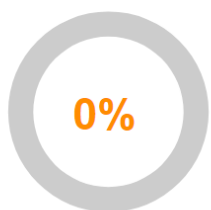
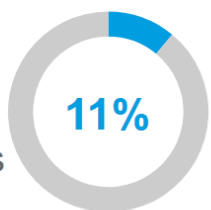
0%

7%

8%

Incentives for non-tobacco use (when provided)

Lower
premium
contributions



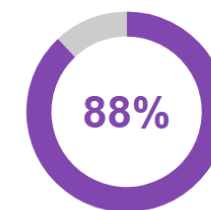
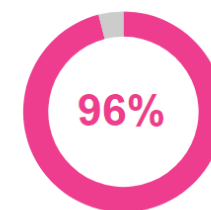
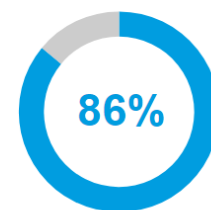
Annual
reduction in
premium

\$480

\$60

\$300

No incentive provided for non-tobacco use





Prescription Drug Coverage

Data
cuts

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

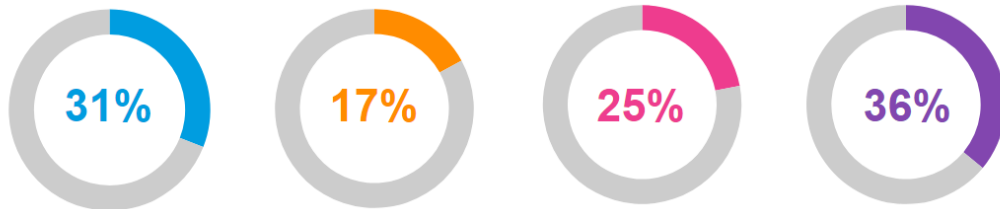
Retail drug copays

Generic	\$11	\$11	\$11	\$11
Brand-name formulary	\$35	\$35	\$35	\$34
Brand-name non-formulary	\$61	\$61	\$60	\$57
Specialty or biotech drugs	\$137	\$118	\$111	\$104

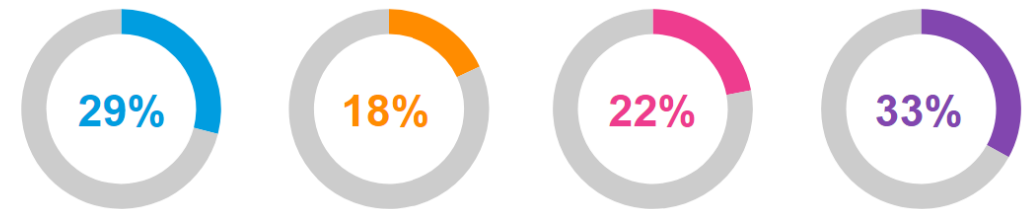
90-day supply copay

Generic	\$25	\$25	\$25	\$25
Brand-name formulary	\$80	\$82	\$79	\$77
Brand-name non-formulary	\$142	\$143	\$139	\$139
Specialty or biotech drugs	\$258	\$165	\$178	\$150

Use coinsurance for retail drugs in one of more categories



Use coinsurance in mail-order plan for one or more drug categories





Virtual Care Strategies

Data
cuts

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Telemedicine/virtual care offerings

Currently offer traditional telemedicine	93%	88%	95%	92%
Considering traditional telemedicine	1%	6%	2%	0%
Currently offer targeted virtual health solutions	3%	8%	9%	5%
Considering targeted virtual health solutions	9%	0%	12%	15%
Currently offer ai-driven triage program (identifies care options)	1%	8%	6%	5%
Considering ai-driven triage program	3%	0%	3%	5%
Currently offer virtual care PCP service/network	16%	0%	23%	20%
Considering virtual care PCP service/network	10%	0%	3%	10%
Currently offer virtual behavioral health care	19%	31%	42%	38%
Considering virtual behavioral health care	15%	15%	11%	24%



Gender Affirmations Coverage

Data
cuts

50-499 employees

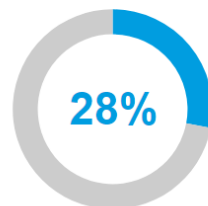
Software and Data
Processing 50-499

High Tech 50-499

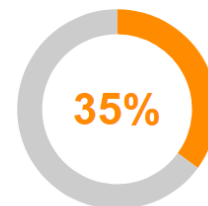
Other Technical,
Professional Services
50-499

Gender affirmation surgery coverage

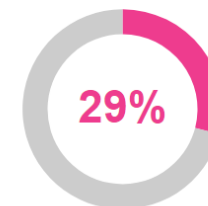
Provide coverage in at least one plan



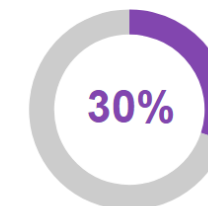
28%



35%



29%



30%

Considering adding coverage

7%

6%

7%

13%

Coverage for services associated with gender affirmation surgery

Behavioral health services / counseling

83%

60%

78%

67%

Non-surgical gender affirmation treatment (hormone therapy)

73%

80%

78%

67%

Other associated services (e.g., reconstructive procedures or puberty suppression)

53%

40%

67%

33%

None of these, affirmation surgery only

8%

0%

0%

17%



Gender Affirmation Coverage and Genetic Testing

Data
cuts

50-499 employees

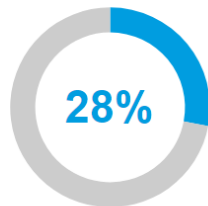
Software and Data
Processing 50-499

High Tech 50-499

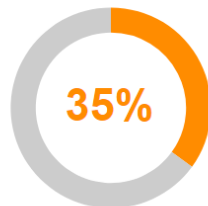
Other Technical,
Professional Services
50-499

Gender affirmation surgery coverage

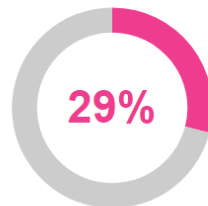
Provide coverage in
at least one plan



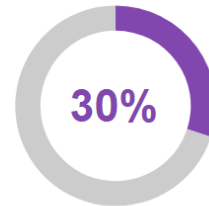
28%



35%



29%



30%

Considering adding
coverage

7%

6%

7%

13%

Coverage for services associated with gender affirmation surgery

Behavioral health services / counseling

83%

60%

78%

67%

Non-surgical gender affirmation treatment
(hormone therapy)

73%

80%

78%

67%

Other associated services (e.g., reconstructive
procedures or puberty suppression)

53%

40%

67%

33%

None of these, affirmation surgery only

8%

0%

0%

17%

Offer voluntary/optional genetic testing as part of well-being program

Through medical plan
(carve-in)

0%

0%

0%

0%

Through a direct contract
with genetic testing
company (carve-out)

0%

0%

0%

0%

Considering adding a
genetic testing benefit

0%

0%

3%

5%

Considered adding a
genetic testing benefit
but chose not to

0%

0%

0%

0%

No and not considering
genetic testing

99%

100%

97%

95%



Infertility Services

Data
cuts

50-499 employees

Software and Data
Processing 50-499

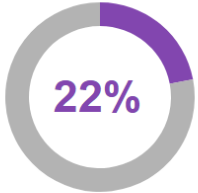
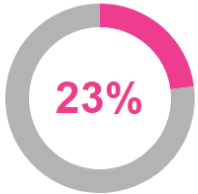
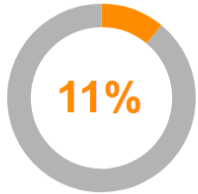
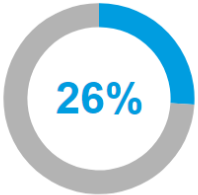
High Tech 50-499

Other Technical,
Professional Services
50-499

Infertility services covered

Evaluation by a specialist	42%	35%	47%	56%
Drug therapy	24%	24%	35%	44%
In vivo fertilization	21%	18%	30%	32%
In vitro fertilization	28%	24%	37%	36%
Egg freezing	8%	0%	14%	16%
No infertility services are covered	55%	65%	49%	40%

Offer coverage to part-time employees



Coverage limitations for infertility treatment beyond an evaluation

Lifetime maximum benefit in place	12%	0%	7%	13%
Other coverage limitations	47%	25%	50%	63%
No coverage limitations	41%	75%	43%	25%
Median lifetime maximum benefit for infertility treatment	\$15,000	---	\$10,000	\$100,000



Remote Workforce

Data
cuts

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Current expectations about returning employees to the worksite

As an essential business, most employees remained at their worksite(s)	39%	0%	10%	8%
Most employees required to work at a worksite by the end of 2021	20%	0%	10%	25%
Most employees can choose to work remotely or at a worksite for the foreseeable future	30%	71%	62%	42%
Most employees will work remotely on a permanent basis	2%	18%	7%	0%
Unknown at this time	9%	12%	12%	25%

Health program strategy changes planned in response to a larger remote workforce

(Among employers that expect more employees will work remotely in 2022 than prior to the pandemic)

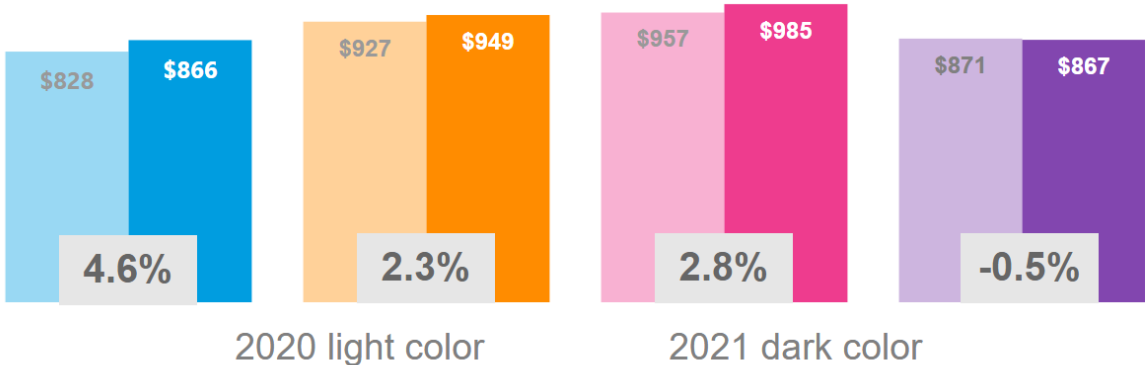
Assessing health plan network adequacy for employees who don't live near a worksite	11%	31%	15%	0%
Emphasizing virtual care strategies to address potential provider access issues	37%	38%	41%	46%
Adding financial subsidies for home office equipment, furniture or expenses	16%	23%	19%	8%
Adding/enhancing well-being initiatives that are targeted to remote workers	21%	62%	48%	31%
Adding voluntary benefits for more custom/personalized benefit packages	18%	46%	33%	23%
Re-evaluating investments in worksite well-being amenities (gym, food, perks, etc.)	18%	23%	22%	15%
Re-evaluating the entire employee value proposition	9%	15%	11%	8%



Dental Benefits

Data cuts	50-499 employees	Software and Data Processing 50-499	High Tech 50-499	Other Technical, Professional Services 50-499
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Dental cost/employee



Deductibles for in-network restorative services

Individual deductible required	90%	89%	89%	88%
Median individual deductible amount	\$50	\$50	\$50	\$50
Family deductible required	90%	89%	91%	92%
Median family deductible amount	\$150	\$150	\$150	\$150

Median maximum benefit amount

\$1,500 \$2,000 \$1,500 \$1,500

Orthodontic services

Covered for children only	53%	42%	50%	50%
Covered for adults and children	32%	37%	46%	25%
Orthodontic services not covered	15%	21%	4%	25%
Median lifetime maximum benefit amount	\$1,500	\$1,250	\$1,500	\$1,500

All data provided by the Mercer National Survey of Employer-Sponsored Health Plans 2021 unless otherwise noted. All values are averages unless otherwise specified. Marsh & McLennan Agency LLC.



Voluntary Benefits

Data
cuts

50-499 employees

Software and Data
Processing 50-499

High Tech 50-499

Other Technical,
Professional Services
50-499

Voluntary insurance benefits offered

Accident	62%	50%	65%	61%
Cancer / critical illness	54%	39%	53%	52%
Individual disability insurance	27%	22%	35%	26%
Whole / universal life	27%	28%	33%	22%
Hospital indemnity	30%	17%	33%	43%
Long-term care	20%	11%	9%	13%
Auto / homeowners	6%	0%	14%	17%
Id theft	28%	22%	35%	35%
Legal benefit	27%	28%	37%	48%
Discount purchase program	14%	11%	21%	22%
Student loan refinancing / repayment	6%	6%	7%	13%
Pet insurance	18%	22%	35%	57%
None of the above voluntary programs offered	17%	33%	19%	13%

Percentage of eligible employees enrolled in a voluntary benefits program

50-499 employees



Software and Data Processing 50-499



High Tech 50-499



Less than 25%
 25% - 50%
 51% - 75%
 Greater than 75%

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