

BENEFITS INSIGHTS

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2016 Benefits Trends So Far

As the second half of 2016 begins, it is important to look at the benefits industry trends that have emerged thus far. Acknowledging and responding to these trends can help you recruit and retain talented employees and help you position yourself for a more productive 2017.

Trend 1: Telemedicine

Fueled by technological advances and consumer demand, telemedicine is a top trend of 2016. Telemedicine uses technology to facilitate communication, whether in real-time or delayed, between a doctor and patient who are not in the same physical location for the purpose of evaluation, diagnosis and treatment. The American Telemedicine Association reported that there were 1 million virtual doctor visits last year. The number of virtual visits in 2016 is expected to surpass that of 2015. Advantages of telemedicine include:

- More convenient care
- Increased access to doctors, especially in rural areas
- Greater access to specialists, especially for things like mental health services
- Higher cost savings for patients and plan sponsors

While telemedicine is a viable option, it is not meant to be a complete replacement for health care. Navigating whether a condition would be best treated by a face-to-face or virtual visit is one challenge consumers are facing. Additionally, according to a recent Harris Poll survey, 35 percent of respondents were concerned about losing the personal relationship with their health care provider as a result of using telemedicine. This same survey revealed that 43 percent noted that a lack of insurance coverage for telemedicine was a top concern.

Employers and insurers are not ignoring these concerns. The rate of employers who offer telemedicine benefits has grown significantly; it went from 48 percent in 2015 to 74 percent in 2016, according to a study from the National Business Group. In addition, more insurers are now covering telemedicine services. As insurers and regulators work to resolve the challenges posed by telemedicine, and as consumer demand for telehealth services grows, telemedicine will continue to be a popular topic in the benefits industry.

Stay Informed

A lot can happen between now and the end of 2016, especially with it being an election year. Be sure to monitor news sources and remain on the lookout for updates from The Insurance Exchange.



Trend 2: Health Care Costs to Rise

Health care costs will continue to rise in 2016. National health spending is projected to exceed \$10,000 per person this year. This number is estimated to grow an additional 5.8 percent per year from 2017 to 2019.

Employer health spending is also expected to increase 6.5 percent in 2016. However, this cost burden will likely be shouldered by employees, as more employers are expected to make moves to contain costs. These moves can include switching to plans with higher deductibles, narrowing network restrictions, raising premiums and even adopting a defined contribution strategy.

Primary reasons for this rise in health care costs include:

- Increased utilization and consumer demand
- Fast-paced growth in medical prices
- Aging workforce population
- Growing costs of prescription and specialty drugs

Despite these projected increases, the Department of Health and Human Services (HHS) reported that insurance companies, cost-conscious consumers and provisions of the Affordable Care Act (ACA) may help prevent sharp, unexpected increases in prices. For more information on how to contain costs and help your employees make informed health decisions, contact The Insurance Exchange today.

Trend 3: Student Loan Repayment Benefits

Obtaining a college education, which is becoming an unwritten requirement for many jobs, comes with a hefty price tag. As tuition continues to increase at a staggering rate, it's becoming common for students to take out loans to pay for their education. The amount of student loan debt has steadily increased each year. The class of 2016 graduated with an average of \$37,712 in loan debt per student.

According to Beyond—a career networking company—89 percent of job seekers surveyed believe that companies should offer a student loan repayment program as part of their benefits package. As this benefit becomes more publicized, interest in student loan repayment programs will grow quickly, especially as more millennial and Generation Z college graduates enter the workforce.

However, according to a study by the Society for Human Resources Management, only 3 percent of employers currently offer student loan aid. While the benefits are obvious for employees, offering some form of a student loan repayment benefit program can result in the following benefits for employers, too:

- Increased recruitment and retention success
- Improved employee morale and productivity
- Expanded voluntary benefits offerings

While the concept of offering student loan repayment benefits is relatively new and there are important aspects to consider (e.g., limits and frequency of contributions, eligibility, tax issues, etc.), the demand for such a benefit will grow. Consider offering a student loan repayment program to set yourself apart from your competitors.



Trend 4: Growth of Voluntary Benefits

According to recent studies, 92 percent of employers believe that voluntary benefits will become increasingly important in the next few years. Historically, voluntary benefits have been a relatively inexpensive way to expand an employer's benefits offerings, which can be a significant strategy in recruiting and retaining employees.

Similarly, a 2015 study by Aflac revealed that 88 percent of employees saw voluntary benefits as a crucial part of a comprehensive benefits package. While traditional voluntary benefits like vision, dental and life insurance are among the most prevalent offerings, many companies are expanding their offerings to cater to a younger workforce. Research indicates that the fastest growing voluntary benefits include:

- Identity theft protection
- Student loan repayment programs
- Financial counseling services
- Pet insurance

Voluntary benefits will remain an important benefits trend, especially because the majority of the workforce expects employers to offer at least traditional voluntary benefits offerings (dental, vision, etc.). In order to set yourself apart from competitors, attract and retain talent, and keep your employees happy, consider expanding your voluntary benefits offerings.

Summary

By being aware of these benefits trends, you can set yourself apart from your competitors and better position your company for recruiting and retention success. For further information on any of these topics, contact The Insurance Exchange today.

