As Work Evolves, So Do Employer Health Benefits

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FULL TEXT

Companies may be picking up more of the expense while also emphasizing cheaper remote care. Some are offering perks like "lifestyle" stipends.

Home delivery of food and snacks, to replace workplace cafeterias. Health club memberships and "lifestyle" stipends. Doulas for pregnant workers and breast milk services for new mothers.

Those are some of the perks that employers are offering as open enrollment season gets underway for workers with job-based health benefits. Most employers let workers choose or change benefits once a year, typically for several weeks in the fall.

But while workers may see more perks, they also may find that their health plans offer narrower doctor networks and emphasize less-costly telehealth care, as employers seek to rein in health care costs without making workers pay more out of pocket.

Behind the trends are two major changes -- a shift to remote work and a challenging labor market. So employers are enhancing some offerings, while also limiting big health premium increases and higher co-payments that might sour employees and give them a reason to seek jobs elsewhere.

"There is a war for talent," said James Bernstein, a partner at the benefits consultant Mercer.

Many employers expect their overall medical and pharmacy costs to rise by about 5 percent next year, after a smaller increase last year, according to recent separate surveys by Mercer and another benefits consultant, Willis Towers Watson. As more people get vaccinated for Covid-19 and life gradually returns to normal, workers are expected to seek medical care that they had postponed during the pandemic, pushing up costs.

Some employers are also preparing for more workers with serious health issues, like late-stage cancer diagnoses because of delayed screenings, and long-term mental health and substance abuse issues set off by the pandemic, according to a survey of large employers conducted this summer by the nonprofit Business Group on Health.

But employers won't necessarily pass along all of their higher costs to workers, said Julie Stone, managing director of health and benefits at Willis Towers Watson. "Employers are very concerned about losing workers," she said.

Moderate, "low single-digit" premium increases seem likely, she said, although specifics will vary by employer.

Sunit Patel, Mercer's chief actuary for health and benefits, said employees could expect "mid-single-digit" increases, on average, in their premiums.

Among the largest employers -- those with 20,000 or more on the payroll -- about a third said they would reduce the share of health premiums shouldered by workers, while 17 percent said they would increase it, Mercer found. (Mercer surveyed more than 1,700 public and private employers over the summer.)

More than half of Americans younger than 65 had health coverage through an employer in 2020, according to the Kaiser Family Foundation.

Families with job-based health insurance contributed an average of $5,600 toward the cost of health coverage last year, with employers paying more than $15,000, according to the Kaiser Family Foundation. The foundation expects to release its report on 2021 costs in November.

Given all the moving parts, employers are taking different tacks to manage costs next year.

Nearly a third said they would consider narrowing the network of doctors and other providers available to patients, Willis Towers found. (It surveyed 378 employers of varying size, representing almost six million workers, in June and July.) A quarter of employers said they charged extra for covering a working spouse, if additional coverage was available through the spouse's employer, and 9 percent said they were planning to add such "spousal surcharges" in the next year or two.

And in a trend to make care more affordable for lower-wage workers, some employers may vary their contributions to employee health care premiums, based on the employees' jobs and their level of pay. Employers may contribute less to higher-paid workers' health premiums, shifting more cost to them, and contribute more to lower-paid workers, to help them pay for the care they need. About a fourth of employers do this now, and 8 percent more are planning on doing it in coming years, Willis Towers found.

"It's aimed at affordability," which is a "hot topic," Ms. Stone said.

The financial services company Synchrony, which has a large number of hourly workers, has used tiered premiums for years. The company's entry-level tier offers health coverage starting at $2 a week for an individual and $10 a week for a family of five; higher-tier employees might pay twice as much or 10 times as much. The plans have the same type of coverage across tiers; just the premium varies, said Aaron Brown, the company's senior vice president of total rewards.

"It's the right thing to do, to make sure health care is affordable for our employees," he said. Employees seem receptive; the company says the share of employees who elect medical coverage is consistent across wage levels.

Employers see mental health as a top priority, said Mr. Bernstein of Mercer, and are responding by increasing the number of covered therapy visits, and offering digital tools to help increase access to providers. Online services like Ginger, for example, let workers schedule remote visits quickly and offer exercises to help reduce anxiety.

Some companies switched to virtual benefit fairs during the pandemic, when employees moved to remote work, and are now using mobile apps to help communicate benefit options. If an employer is not offering in-person benefits sessions, Mr. Bernstein said, "ask what virtual resources they have."

About a fifth of employers surveyed by Mercer said they would add or enhance options for off-site workers, like home delivery of meals or snacks, subsidized ergonomic furniture or stipends for "services or activities." Those "lifestyle" perks were spurred by the increase in remote work during the pandemic and will probably continue in some form as workers return to offices, consultants say. Companies may offer allowances for specific services or give workers a fixed amount -- say, $100 per month -- to use on what works best for them. (They typically must submit receipts for reimbursement.)

Other offerings, like coverage for doulas -- experienced helpers who provide support throughout childbirth, and are associated with lower birth complications -- are part of a broader effort to provide better prenatal care to people of color and low-income communities, said Ellen Kelsay, president and chief executive of the Business Group on Health. (Black women have much higher rates of maternal and infant death.)

"Employers are really focused on that from an equity perspective," she said.

Here are some questions and answers about open enrollment:

What should I look for in a health plan?

Caitlin Donovan, spokeswoman for the Patient Advocate Foundation, recommended that employees consider all aspects of a health plan -- including deductibles, which must be paid before insurance kicks in, and the co-payments charged for visits and prescriptions -- not just what they pay each month in paycheck deductions. "Look beyond your premium," she said. People with chronic conditions may want to opt for a plan with a lower deductible, even if monthly payments are higher, she said.

How much can I contribute to an H.S.A. in 2022?

Health savings accounts, or H.S.A.s, let people set aside money pretax for health and medical expenses not covered by their insurance plan. There's never a deadline for using money in an H.S.A., and the account goes with you if you change jobs. The accounts must be paired with a health plan that meets specific criteria, like a high deductible. For 2022, contributions may be as high as $3,650 for individuals and $7,300 for family coverage. People 55 and older can set aside an additional $1,000 in catch-up contributions.

When is open enrollment for Affordable Care Act coverage?

Open enrollment for 2022 health plans sold through Healthcare.gov, the federal insurance marketplace for people who lack job-based coverage, begins on Nov. 1 and runs through Jan. 15. Seventeen states and the District of Columbia operate their own marketplaces, and dates may vary.

Photograph

(PHOTOGRAPH BY Till Lauer FOR THE NEW YORK TIMES)

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