



A man with dark hair and glasses, wearing a light blue button-down shirt, is leaning over a white laptop. He is looking at the screen with a slight smile. His right hand is raised in a gesture, palm facing up. He is wearing a watch on his left wrist. The background is a blurred office environment with a desk lamp and bookshelves.

Section 1

The state of workplace benefits and enrollment



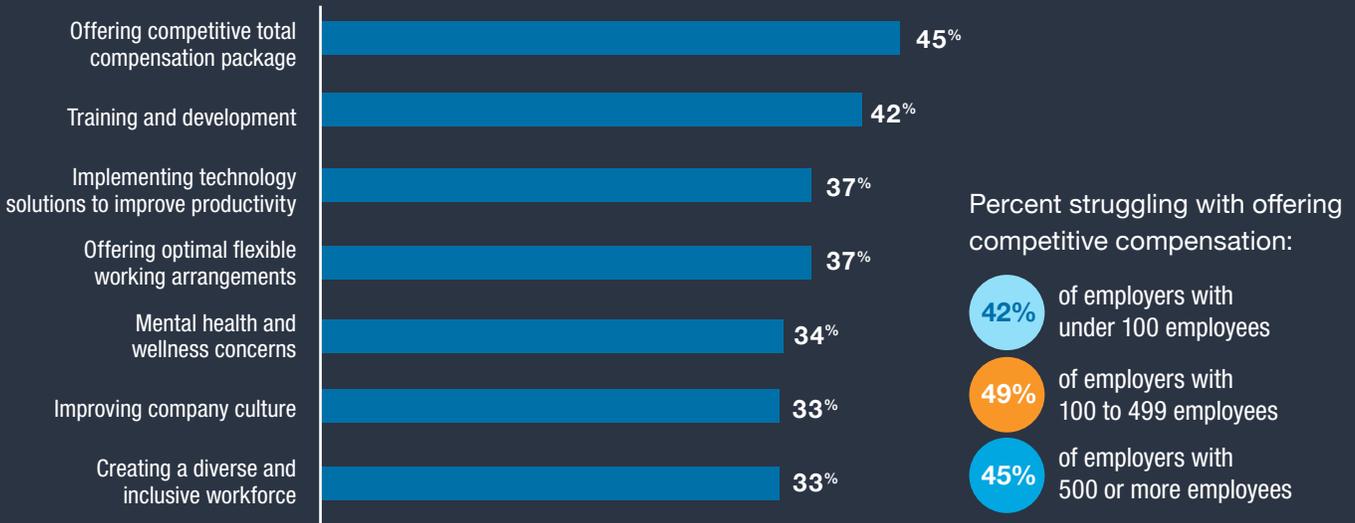
Steadily rising costs of benefits and claims are driving changes in how businesses select a provider and deliver benefits to their employees.

This year, organizations of all sizes across various industries encountered both familiar and unfamiliar challenges when it comes to giving their employees access to health care benefits. During a period of higher than normal inflation, historically low unemployment, rising health care costs and increasing voluntary employee turnover, organizations are struggling to meet their employees' benefits needs while remaining competitive and staying within budget. These challenges are limiting employers' ability to invest in key growth areas and have driven many to make sweeping organizational changes that push some expenses to employees, such as increasing employee deductibles and increasing employee share of health insurance premiums.

But, these operational changes are not without risk — more than half of the employees surveyed in 2023 report they're at least somewhat likely to accept a new job with a lower salary but more generous benefits offerings. As employers are faced with making these tough decisions, supplemental insurance remains a core component of a comprehensive benefits package to help attract and retain employees. Supplemental insurance plans help protect employees in the event of an unforeseen medical diagnosis and provide them with the added financial security they may need to help cover any gaps in health care coverage that have come from organizations' operational changes.

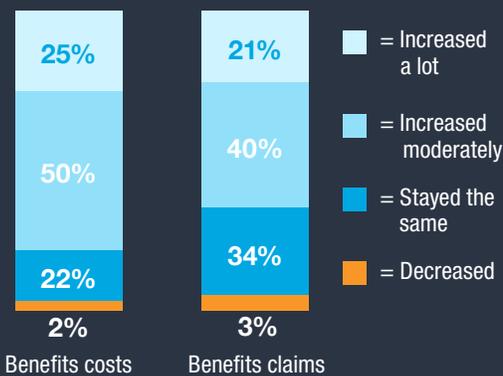
Regardless of company size, employers say the biggest challenge they face in 2023 is offering a competitive benefits package.

Question: When it comes to employee engagement and satisfaction, what are your organization's biggest challenges?



Benefits and claims costs continue to rise with well over half of all employers saying they increased at least moderately.

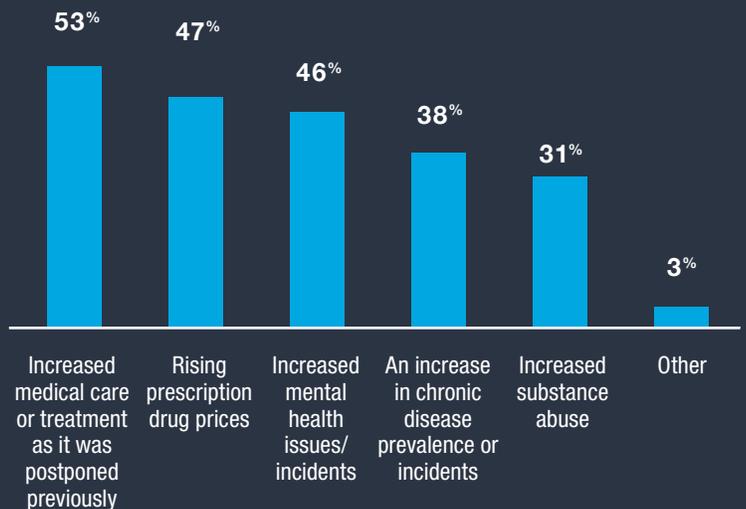
Question: When it comes to employee engagement and satisfaction, what are your organization's biggest challenges?



75% of employers in 2023 say benefits costs have increased at least moderately, and 61% say the same about their benefits claims.

The impact of delayed medical care, rising prescription drug costs and mental health issues remain the top culprits of increased benefits costs for employers.

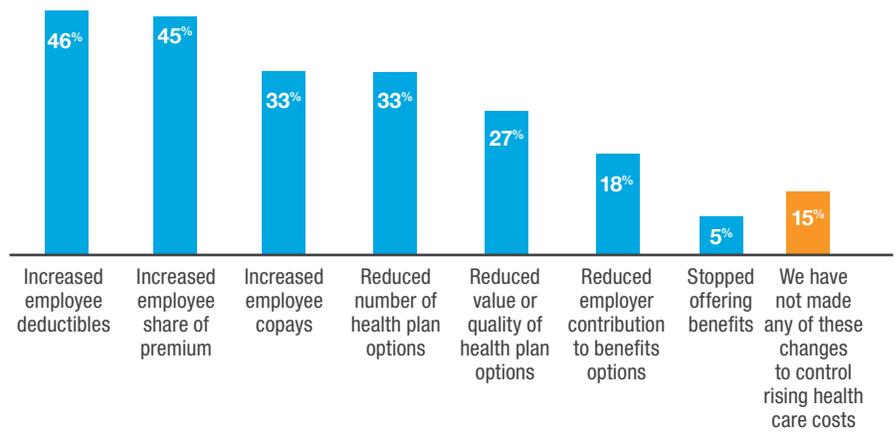
Question: You mentioned that your organization's benefits costs or claims increased in the last year. Which, if any, of the following best describes why?



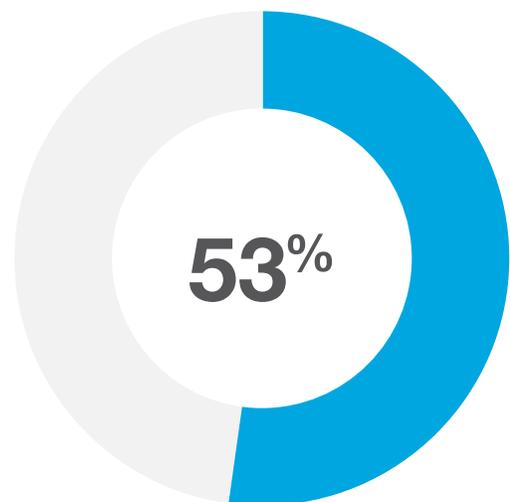
Most employers had to make operational changes as a result of the rising cost of health care and are opting to shift expenses onto their employees rather than reduce the benefits they offer — but these decisions could have negative downstream implications.

While employers are deploying a variety of tactics to cope with the rising costs of health care, **increasing employee deductibles and the amount they contribute to premiums and copays** are the most popular. Nearly half of all employers who are experiencing increased benefits costs indicate they increased the amount of their employee deductibles or increased the share they required employees to pay in order to *offset* the rising cost of health care. Yet, more than half (53%) of employees say they would likely accept a job offer with slightly lower compensation but a more robust benefits package. This is a strenuous time for organizations that saw [unprecedented voluntary turnover rates in 2022](#). As employers strike a balance of managing costs while offering competitive benefits packages, increasing the burden of health care benefits costs on the employee is a risky move as they are likely to seek a job with a better benefits.

Employer question: Have you done any of the following to control rising health care costs that you otherwise would NOT have done if benefits costs remained the same or decreased?



Employee question: How likely would you be to accept a job offer that included a slightly lower compensation but a more robust benefits package?

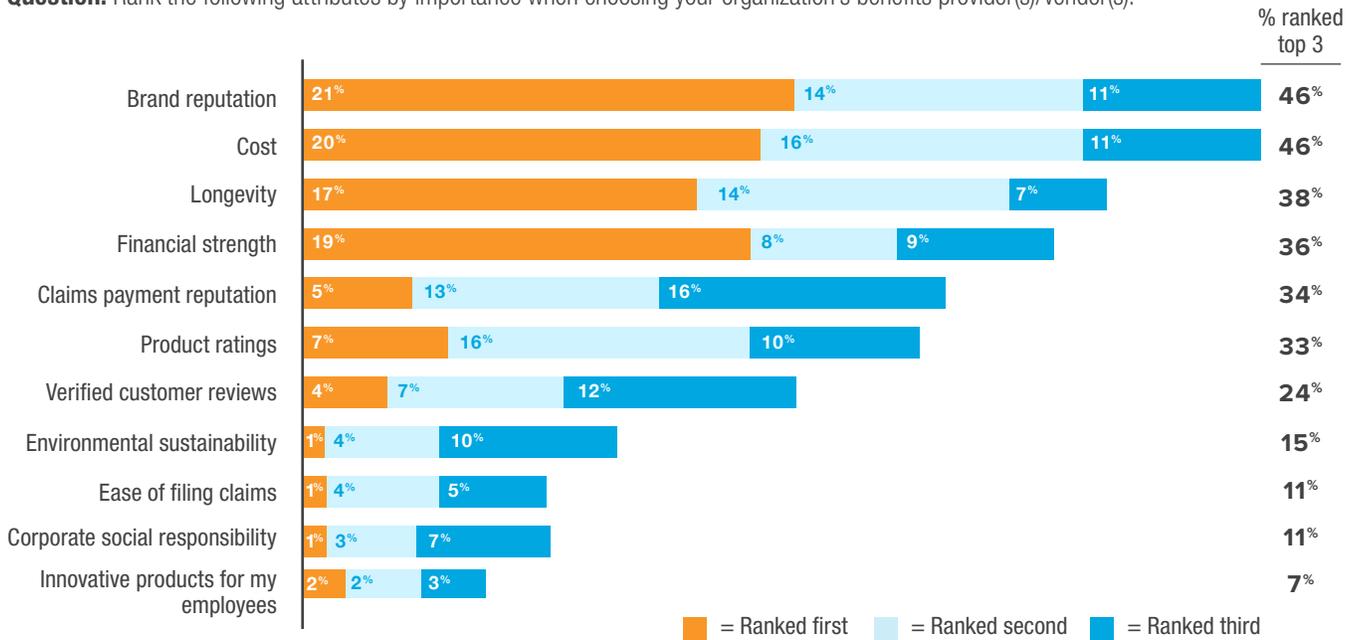


of all employees would be at least somewhat likely to accept a position with lower pay but better benefits.

It is unsurprising that cost is among the most important considerations for employers when choosing a benefits provider.

Employers are nervous about the cost of health care because claims are on the rise and employees may leave if benefits are reduced. However, brand reputation also is a significant driver in their decision-making process, with 21% ranking it above cost for why they choose a provider.

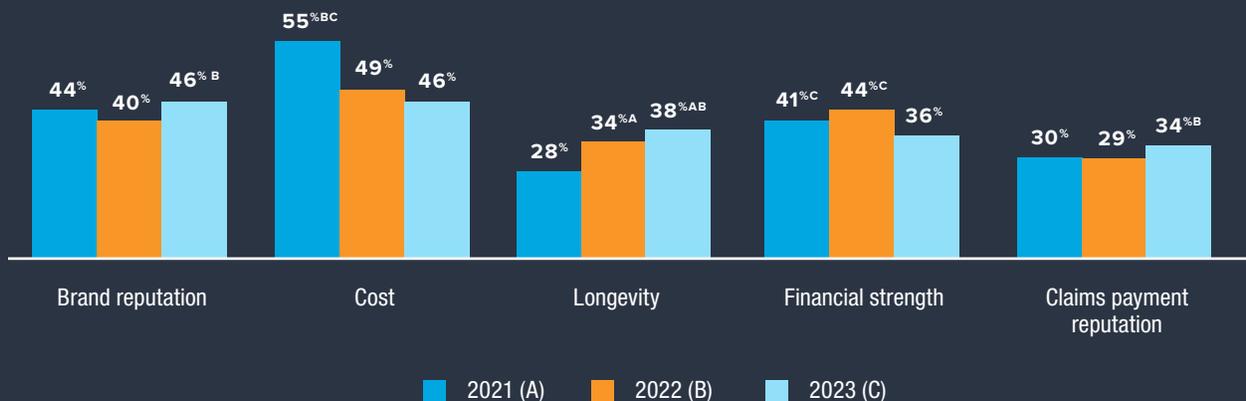
Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s).



And, interestingly, employers are placing far more emphasis on the importance of a benefits provider's reputation in 2023 than they ever have before.

Cost, while still near the top of the list, has been declining in importance since 2021, during the height of the COVID-19 pandemic. Rising in importance are elements associated with a provider's renown, such as brand reputation, longevity and claims payment reputation.

Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s). (% Ranking Top 3; Only the top 5 attributes are shown)



As employers struggle with rising health care costs, supplemental insurance remains a core component of a comprehensive benefits package for employers and employees alike.

Supplemental insurance offers an added layer of financial protection, helping to support employees in covering not only out-of-pocket (OOP) health care expenses not covered by major medical plans, but also everyday expenses linked to their health care needs.



The **overwhelming majority (87%)** of enrolled employees say they would recommend that a friend or family member enroll in supplemental benefits and that their supplemental benefits help their financial security (88%).

Yet only 2 in 5 (39%) employers indicate that they offer supplemental insurance options to their employees.



9 in 10 employees believe the need for supplemental insurance is increasing.



80% of employers who offer supplemental insurance believe these benefits help with recruitment, and 82% say they help with retention.



2 in 5 American workers view supplemental benefits as a core component of a comprehensive benefits program.



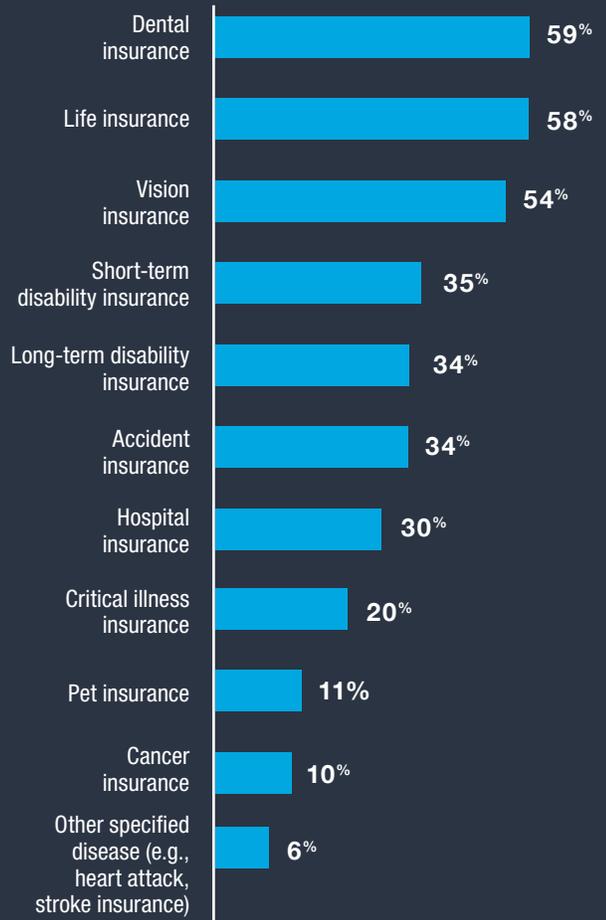
Two thirds of all employees enrolled in supplemental insurance have used it in the past year.

“Supplemental insurance helped with making sure we are taken care of financially while making sure we’re healthy.”

- Male employee, 23, North Carolina

Dental, life and vision insurance are the most elected supplemental benefits.

Question: Which of the following voluntary benefits are you enrolled in through your employer?



Note: This question was asked of those who indicated they have access to supplemental benefits at work. With more than 3 in 5 (60%) employees stating they have access to supplemental benefits through their employers, this translates to 37% of all surveyed employees enrolling in supplemental dental, 36% enrolling in supplemental life and 33% enrolling in supplemental vision.



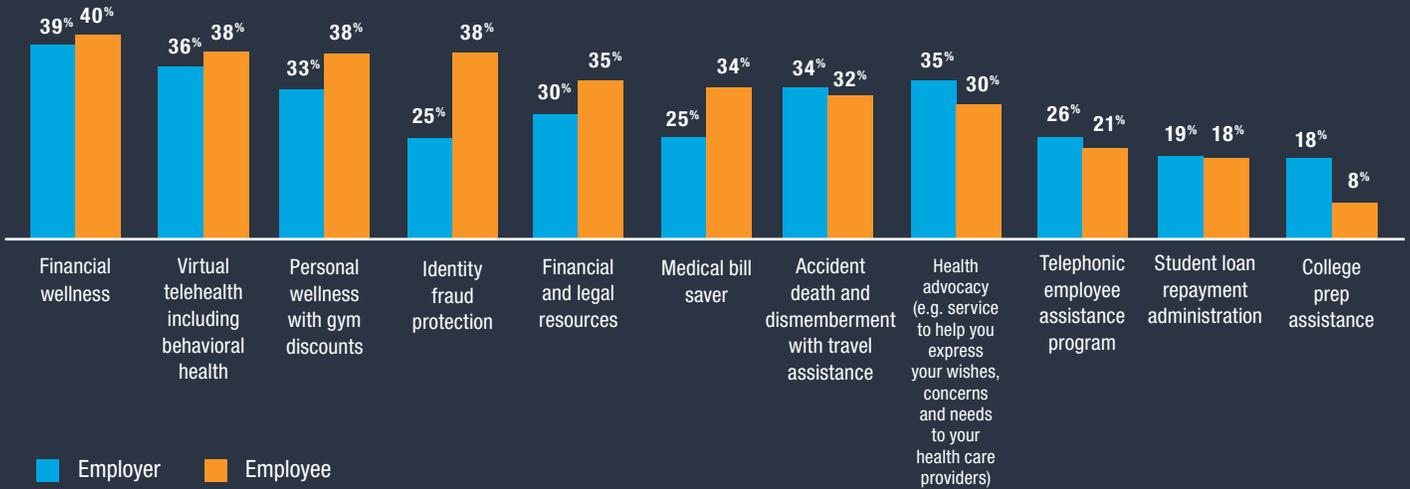
Employers can further enhance the overall compensation packages they offer by incorporating differentiated and nontraditional perks and benefits.

Employees are interested in a myriad of nontraditional perks. Given the impact of inflation on employees' overall financial stress and financial stability, it is not surprising that 2 in 5 (40%) are interested in having access to a financial wellness program. Other key areas of interest for employees where employers may be missing the mark today are access to personal wellness programs with gym discounts, identity fraud protection, access to financial and legal resources through their employers and access to Medical Bill Saver negotiations.

Hispanic employees are especially interested in nontraditional perks.

Some key differences emerge in Hispanic and non-Hispanic workers' preferences, giving organizations the chance to better meet the needs of a growing Latinx population. Specifically, Hispanic workers are more interested than their non-Hispanic counterparts in telehealth (43% vs. 37%), health advocacy (36% vs. 28%), student loan repayment administration (23% vs. 17%) and college prep assistance (14% vs. 7%). Access to telehealth through health insurance plans is far more important to Hispanic workers (56%) than non-Hispanic workers (41%). Use of telehealth also is higher among Hispanic workers (68% have used telehealth vs. 61%); therefore, it is not surprising that this group expresses greater interest in telehealth as an additional benefit.

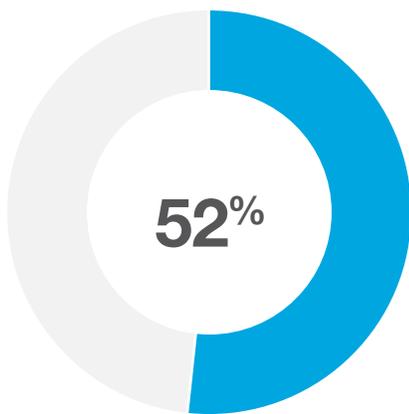
Employer question: Which of the following does your organization offer to your employees?



Supplemental benefits that directly address employees' anxieties about the future also are compelling.

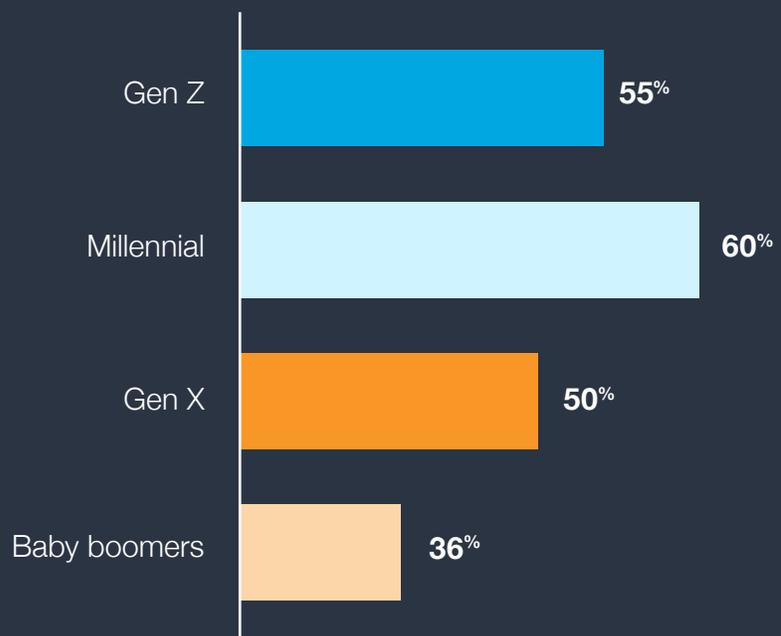
More than half of all employees express a high degree of interest in purchasing supplemental health insurance that covers serious illnesses or conditions — such as cancer, heart attack or stroke — if they have family history. This interest is higher among younger generations than baby boomers and significantly higher among Hispanic workers (62%), compared to their non-Hispanic counterparts (50%).

More than half of all employees are interested in supplemental policies for specific diseases or conditions with a hereditary component.



of all employees would be "very" or "extremely" likely to purchase supplemental insurance to cover a disease that runs in their families.

Question: If offered by your employer, how likely would you be to purchase insurance to help cover costs associated with a serious illness that you know is in your family health history (such as cancer, heart attack or stroke)?

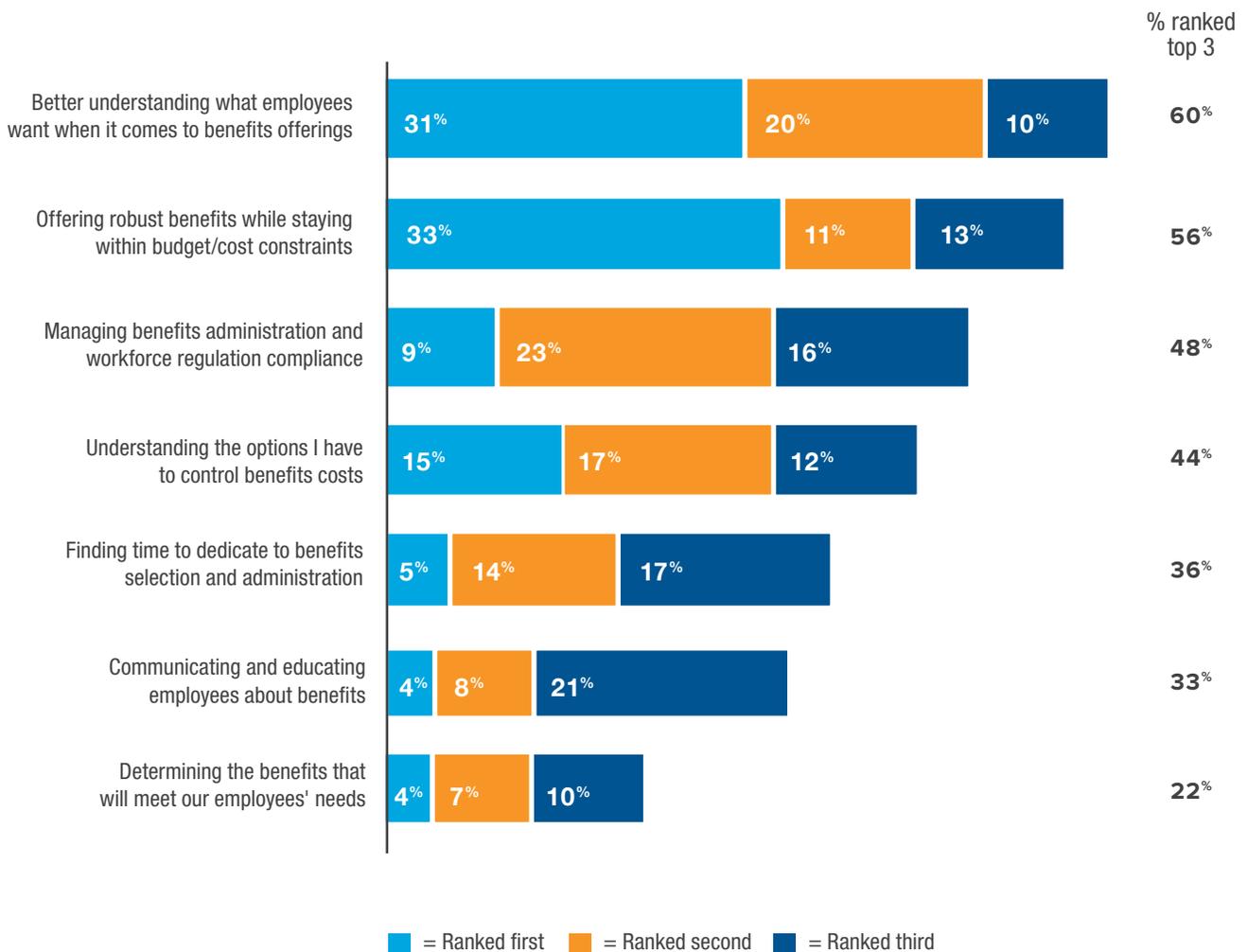


There are significant gaps in how employers and employees perceive the value of benefits packages.

Although employers who make sweeping changes to their benefits program are at risk of losing employees due to voluntary turnover, many state that they simply don't always know what employees want from their benefits packages. Additionally, the report finds that employers may be overly confident in their employees' satisfaction with their current benefits packages; however, there is a 19 percentage point gap between employers' perceptions of employee satisfaction with their benefits and actual lived experiences, which has widened since 2021. With many organizations planning to make changes to their benefits contributions, it is critical for organizations to help close this gap and gain a clear picture of their employees' benefits needs and expectations.

More than half (60%) of all employers say that one of their biggest challenges in benefits administration is understanding what their employees are looking for.

Employer question: Of the following challenges, which are the top challenges your organization faces when offering benefits?



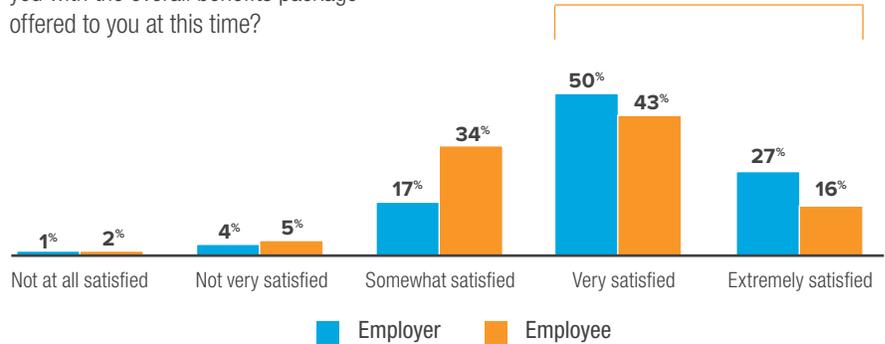
This lack of understanding is evidenced by employers' overly positive view of their employees' satisfaction with their benefits.

Greater alignment between employers and employees with regard to benefits experiences will make it easier for employers to rise to the occasion to meet employees' growing needs during a time of rising health care costs, inflation and increased health care complexity.

Employer question: How satisfied do you think your employees are with the overall benefits package your organization offers them at this time?

Employee question: How satisfied are you with the overall benefits package offered to you at this time?

78% of employers believe their employees are highly satisfied with their benefits, compared to only 59% of employees who express high satisfaction.

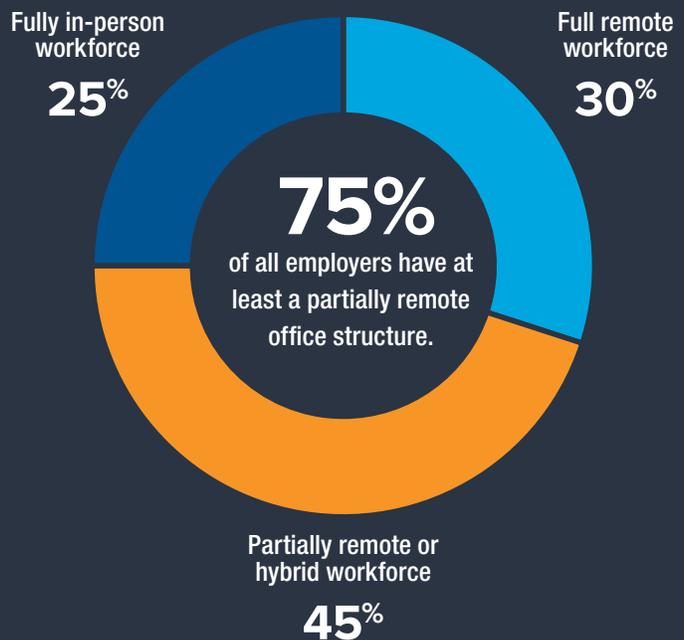


And these gaps extend to benefits enrollment with employers not offering the seamless digital experience that employees desire.

Remote and hybrid work remain the norm, with most employers offering at least a partially remote work structure, making a seamless digital experience for benefits enrollment and management increasingly important.

Remote work continues to be very common, even in a post-pandemic world. Three-quarters of all employers have at least a partially remote office structure with nearly a third foregoing the traditional office altogether.

Question: Which of the following best describes your organization's working arrangement over the last 12 months?



Most employers recognize the importance of having a benefits provider that excels in digital technology, and a similar proportion of employees value the convenience of managing their benefits online. Although many employees prefer digital enrollment for benefits, it is noteworthy that more than one-third of employers do not support online enrollment.



8 in 10 employers state that it is very important for their benefits provider to innovate by leading in digital technology.



Just as many (82%) employees stress the importance of being able to manage benefits online.



Yet, 45% of employers do not offer the ability to enroll in benefits online.



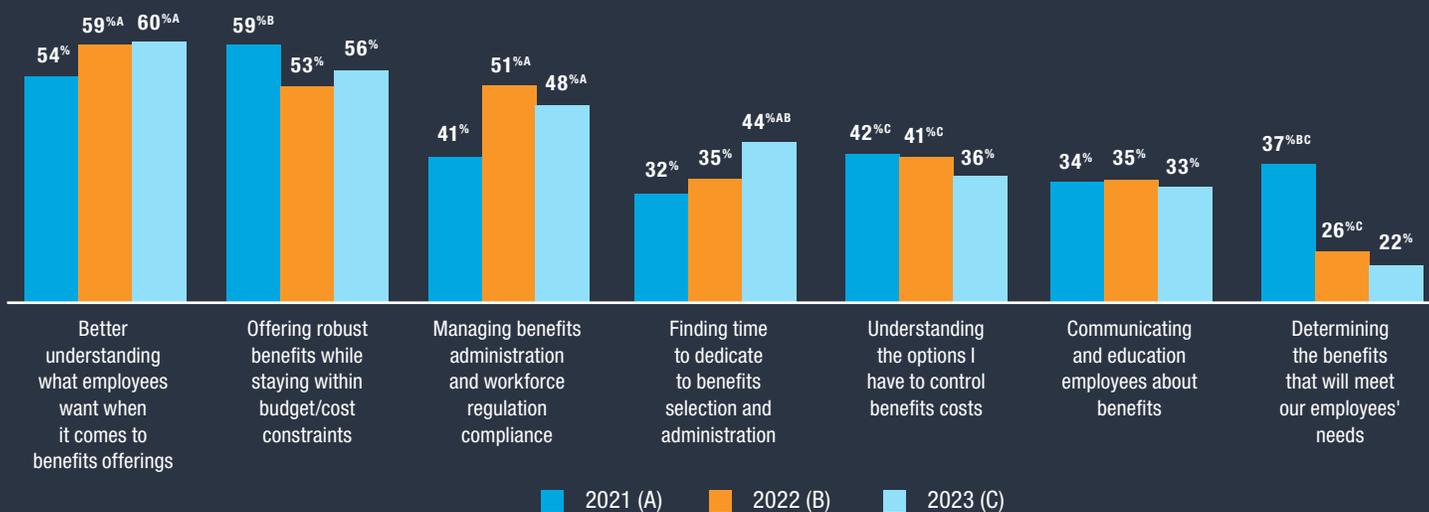
Pro tip: Prioritize ease of use. Employers have an opportunity to provide their employees with the benefits they need and partner with providers that can engage them with technology they use in their everyday lives. Having open conversations with employees about their experiences interacting with different health care providers and products in the digital landscape can help provide insight into technology and capabilities that are popular and help narrow their search for providers who check that box.



In addition to struggling with understanding what employees want from their benefits programs, organizations are finding it increasingly difficult to find the time they need to manage these programs.

Since 2021, the percentage of respondents who ranked finding time to *dedicate to benefits selection and administration* among their top three challenges has jumped by 12 percentage points. This could be, in part, due to operational changes organizations made over the last year to cut costs as inflation rose and a recession loomed. With fewer resources dedicated to the selection and administration of benefits, it has been difficult for employers to gain a deep understanding of the programs they offer their employees and how those programs might be improved.

Question: Of the following challenges, which are the top challenges your organization faces when offering benefits?



Pro tip: Listen to the experts. It's understandable that HR departments that have been whittled down in the last year as part of belt-tightening initiatives might feel overwhelmed by having to manage the same benefits programs they did a year ago with fewer resources and less support. Aflac can help provide guidance and insights gleaned from its more than 60 years in the field to help them understand the changing health care landscape and which options are available to them now.

About the Study

The 2023-2024 Aflac WorkForces Report is the 13th annual Aflac employee study examining benefits trends and attitudes. Conducted by Kantar on behalf of Aflac, the employer survey took place online between June 2 and June 25, 2023, and the employee survey took place online between June 2 and June 27, 2023. Throughout this report, some percentages may not add up to 100% due to rounding. The surveys captured responses from 1,201 employers and 2,000 employees across the United States.

For more information, visit aflac.com/awr.

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