Employee Benefits Market Outlook

THE USI ONE ADVANTAGE®

CONTENTS

Executive Summary

Are You Ready to Take on the Challenges Ahead?

Nearly two years after the mass shutdowns in response to COVID-19 crippled the U.S. economy and dramatically changed the nature of the workplace, the pandemic continues to have an impact on employers, and the C-suite faces tough operational obstacles ahead.

Competition for talent remains fierce as employers continue to experience high turnover, and job openings are going unfilled for longer than before the pandemic. Employee expectations are higher than ever, with many seeking employers that offer benefits, flexible work policies, and programs that support their financial, physical and emotional well-being.

Benefits budgeting will also be a challenge. Employer health plans will continue to be affected by rising healthcare costs for the foreseeable future, as a result of plan members delaying routine care and recommended screenings due to the pandemic, and high-cost specialty drugs and emerging therapies driving up pharmacy benefit costs.

USI Insurance Services' general view is that insurance carriers underpriced their 2021 renewals, as they failed to understand the impact the Delta variant would have on the commercial marketplace. Fully insured carriers and self-funded employers caught a break in 2020, as COVID-19's primary financial impact was to the Medicare and Medicaid populations. In 2021, however, the Delta variant impacted the working insured population much more significantly.

For 2022, the question is, will the Omicron variant be another Delta? If so, some fully insured carriers may be in for another rough ride. For self-funded employers, the new variant could mean claims at the upper end of their budget.

USI's 2022 Employee Benefits Market Outlook addresses these and other trends, and provides practical solutions for employers to take on the challenges ahead.

The C-suite has tough work ahead to negotiate the varied challenges of an ongoing pandemic, and decision-makers will need to stay on top of trends in healthcare, compliance and benefits in order to develop thoughtful mitigation strategies.

Arthur Hall

Employee Benefits National Practice Leader

Inclusive Benefits Strategies to Support Your Recruitment and Retention Efforts

Forty-nine percent of U.S. executives reported their organization had experienced a much higher rate of turnover than usual within the last 6 months, according to a July 2021 survey by the Society for Human Resource Management (SHRM), and 84% reported job openings were going unfilled for longer than before the pandemic.[1] A second SHRM report found 41% of workers were actively seeking a new job or planned to start seeking over the next few months, citing better compensation, better work/life balance and better benefits as the top reasons for leaving.[2]

While the second SHRM report also found 58% of employers have responded to the wave of resignations by offering higher starting salaries and wages than last year, higher wages alone may not be enough to stem the tide. Employees want to feel like they are being valued and viewed as a whole person — and will seek employers that do so.

Embracing DEI as Part of Your Recruitment/Retention Strategy

More employers have come to embrace diversity, equity and inclusion (DEI) initiatives as a way to improve workplace culture and demonstrate they value their employees as people, not just workers. Harvard Business Review found that 65% of U.S. executives say DEI is a high strategic priority, and organizations on the leading edge report multiple organizational benefits related to their DEI work, including increased employee engagement, innovation and success in recruiting and retaining employees.[3] Additional studies suggest that taking the right actions to improve DEI can also lead to better financial outcomes for the organization.

There are many areas where employers can make small adjustments that have a big impact:

- Pathways to Parenthood: Family-Forming Benefits
- Healthcare Access
- Financial Wellness
- Retirement
- Policies and Communication

Continued >>

Employers seeking to nurture and retain their existing workforce and attract new candidates should work to ensure employees feel welcome and included, and can see opportunities for growth and development. And while many organizations want to invest in retention strategies that support and value employees, employers are struggling with increasing costs that make it challenging to focus on these areas. *How can employers balance the need for workers to drive growth with keeping the lights on?*

Support DEI With Employee Benefits

There are many opportunities for employers to make small adjustments with big impact, particularly in employee benefits, programs and policies, and these adjustments may be easier and less expensive than you'd think.

Pathways to Parenthood – Many health plans cover some form of fertility treatment, but the scope of treatment options may inadvertently exclude certain plan members and family structures, such as transgender individuals, same-sex couples, or single individuals, as well as members in need of donor tissue and/or looking to preserve fertility. Making changes to the types of treatment covered by the plan can greatly expand access to these services and demonstrate your commitment to DEI.

Healthcare Access – People from some racial and ethnic minority groups continue to face multiple barriers to accessing healthcare, such as inadequate insurance, proximity to care, access to childcare, or ability to take time off from work.[4] Social determinants of health — the conditions in the places where people live, learn, work, play and worship that affect a wide range of health risks and outcomes — have historically prevented certain groups from equal access to care. Taking steps to ensure your employees have just and fair opportunities to be as healthy as possible may help reduce their financial burdens and help reduce overall health plan costs.

Financial Wellness – Benefits and programs to support the financial well-being of your employees signals that you value and support them and their needs. Helping employees address their financial concerns can also help increase engagement and reduce absenteeism and presenteeism.

Retirement – A recent report from the Federal Reserve found that among middle-aged families (age 35-54), 44% of Black families and 28% of Latinx families have at least one retirement account, compared to 65% of white families.[5] Addressing the importance of retirement, presented in a meaningful way to employees, can help bolster retirement readiness. For example, use a custom-tailored approach to communicate financial wellness to different employee groups.

Policies and Communication – Expanding policy offerings and eligibility beyond what's required by law is an easy and often low- or no-cost way to demonstrate your commitment to increasing DEI within your workplace. For example, adjust time off policies to include a broader range of reasons so that more employees can better manage work/life responsibilities, and/or update existing employee handbooks, policies and communications with more gender-neutral language. Training your HR and benefits admin employees, as well as people managers, on how to address employee questions and concerns in an inclusive manner can also help foster more open communication and better understanding.

Work with your benefits providers and/or third-party administrator (TPA) to determine what coverages, services and solutions may already be available to employees, or programs to enhance or expand. Employers may also choose to engage third-party solutions or service providers to address needs not currently being met.

Ways Employers Can Help Employees With Financial Wellness

Caregiver needs – Offering or expanding caregiver support and benefits can help employees better manage work/life balance and avoid absenteeism and burnout.

Educational needs – Tuition reimbursement or student loan repayment programs may help first-time college students or lower-income employees to invest in the education and professional development often required to get hired and advance. Developing and communicating a clearly defined pathway for advancement can also signal to employees that you are willing to invest in their growth and development, and can also help increase diversity at an organization's management and leadership levels.

Healthcare needs – Ensuring employees are actively engaged with a primary care physician can help improve employee health and reduce out-of-pocket costs. Helping employees address behavioral health needs, such as stress, anxiety, depression, alcohol and substance use, and other conditions, can also result in better overall health, engagement and productivity.

How USI Can Help

USI Insurance Services' consultative approach to employee benefits helps clients identify the unique needs of their employees and develop strategies to create a more supportive and open workplace and improve outcomes. Contact your USI representative to discuss how you can support your recruitment and DEI initiatives with more inclusive benefits, policies and programs.

[1] SHRM, *Employers Respond to Great Resignation by Raising Pay, Improving Benefits*, 2021
[2] SHRM, *Harnessing the Resignation Tsunami: HR Strives to Fill Empty Posts and Ease the Burden on Those Who Stay*, 2021
[3] Harvard Business Review, *Creating a Culture of Diversity, Equity, and Inclusion: Real Progress Requires Sustained Commitment*, 2021
[4] Centers for Disease Control and Prevention (CDC), *Health Equity Considerations and Racial and Ethnic Minority Groups*, 2021
[5] Federal Reserve, *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances*

Remote Work Is Changing the Employment Landscape

One of the most significant and lasting workplace changes from the pandemic is the recognition that remote work is not only possible, but may be necessary to recruit and retain talent.

In a recent Gallup report, 54% of employees who work remotely at least part of the time prefer a hybrid at-home/in-office arrangement, while 37% want to work from home exclusively. Only 9% want to return to the office full time, which means that, like it or not, remote work is something that almost every employer will have to weigh.[1]

In this article we will go through some of the major considerations that should be part of the remote work relationship.

Which Positions are Capable of Remote Work?

The belief that all jobs must be performed on-site is no longer accurate. Some positions can function 100% remotely, some can do so using a hybrid model, and some can't be performed remotely at all. However, some managers still cling to old assumptions, so it is important for employers to take an unbiased look at which positions can and can't be performed remotely.

Once the positions eligible for remote work have been determined, employers need to decide which employees in those positions will be successful working remotely, since some employees may be more successful working from home than others.

If you're going to choose between employees in the same position, be sure to base decisions on objective and verifiable reasons. Doing so will help you manage the employee relations issues likely to develop, while helping you address the appearance of discrimination. For instance, denying remote work to an employee with a history of anxiety and depression, but allowing it for someone without such a history can be problematic without an objective basis for distinction.

Continued >>

What Are the Legal Issues Related to Remote Work?

Employees working remotely are generally subject to all the same legal requirements as any other employee. They are covered by your workers' compensation insurance, they may be entitled to medical or religious accommodations, and if they are nonexempt (hourly), you will be responsible for carefully tracking and paying for every minute they perform work. About the only exception is that OSHA requirements generally do not extend to home working spaces.

Things get more cumbersome if the employee is working out of a different state, since you will need to set up a tax and unemployment account with that state, may have to register separately with the state, will be subject to that state's employment laws, and may need to update your work comp insurance to make sure it provides the minimum coverage required.

How Should Remote Work Relationships Be Administered?

Remote workers and their managers must have the same understanding as to what success in the role looks like and how it will be managed. That starts with establishing clear and objective ways to measure performance and work output, including such things as when employees should be available and how often they may have to report to a physical work site.

Employers should adopt policies and procedures that cover the administrative aspects of remote work relationships, including such things as:

- What equipment will be provided and how will equipment be recovered in the event an employee quits or is fired?
- Will you reimburse employees for any remote work expenses such as phone or internet service?
- Will you make it clear that remote work is a benefit, not a right, and that authorization can be revoked at your sole discretion?
- Will you use some sort of evaluation form to determine whether the employee is a good fit for working remotely?

With a little consideration, your organization can fully embrace remote work as part of your long-term recruitment and retention strategies.

[1] Gallup, *Remote Work Persisting and Trending Permanent*, 2021

Lessons Learned: Open Enrollment in a Virtual Environment

As 70% of employers plan to make remote work policies permanent, benefits enrollment will need to adjust.[1]

The pandemic has dramatically changed the way we work and communicate, with many employers opting for a remote work environment when possible. This shift has also challenged employers to communicate and engage with employees in a digital environment — with no exception for open enrollment.

Opportunities for Improvement

Leading into the enrollment cycle for the 2021 plan year, USI identified several potential pitfalls for open enrollment in a remote work environment:

- Elimination of in-person meetings
- Inability to post announcements in a common area or hand out printed materials
- Limitations of email as the primary communications vehicle

Opportunities remain to improve the process in a continued hybrid/remote work environment. Here are some key findings that employers can leverage for future benefits enrollment and communication.

Meet Employees Where They Are

Despite initial hesitation from some *employers*, USI found most *employees* were accepting of virtual enrollment. The key is to make sure the enrollment solutions put in place provide meaningful and accessible resources for employees and their dependents. For example, while email is one way to engage employees, the reach can be limited — taking a multichannel approach (such as live and recorded on-demand presentations, mobile apps, online platforms, mailers, internal memos or digital bulletin boards, etc.), and offering tools and resources relevant to your workforce can help improve benefits engagement and enrollment.

Provide a One-Stop Shop Experience

Employees are looking for a one-stop shop for all things benefits — whether it's an online resource library or a full-service benefits administration system. Once the employee begins the enrollment journey, having to leave the site, look for a file, download a video, etc., can be a major inconvenience, leading to confusion, frustration and disengagement. Streamlining your virtual enrollment process helps employees better understand and engage with the benefits you offer to them. A benefits administration system that includes built-in decision support can be especially valuable, as it encourages employees to engage in active and data-driven decision making, in real-time.

Send a Message From the Top

Employees want to feel protected and understand their benefits are meant to help keep them physically and mentally well. Messaging from the C-suite — whether through a short video, an email or a virtual town hall — can make employees feel valued and better understand how their benefits contribute to their well-being. Working with an employee benefits communications consultant can be instrumental in determining the best messaging and delivery for your workforce.

Survey Your Employees

Benefits communication is an ongoing conversation. Surveys and data can help determine the strategy to keep that conversation moving forward. Consider surveying employees as soon as possible while enrollment is fresh in their minds to help determine what they found most valuable, and to best leverage employee feedback for future benefits communication and enrollment.

Virtual enrollment has had many benefits for employers and employees, from reduced print and travel costs, improved productivity and engagement, and new, innovative solutions. With 70% of employers planning to make their new remote work policy permanent, it is highly unlikely we will see a full return to the printed benefits packets of years past.[1]

How USI Can Help

USI's employee benefits and employee communications specialists work with employers to understand the specific benefits engagement needs for each client's workforce and develop strategies and solutions to help employees get the most out of the benefits offered to them. Contact your USI representative to discuss ways to enhance your benefits communication and improve employee engagement.

[1] Forrester Consulting, *Responding to Permanent Pandemic Changes in the Workplace Solutions for Evolving Employer and Employee Benefits Needs*, 2021

Expanding Access With Alternative Care

COVID-19 has sparked renewed interest in alternative modes of care, such as telemedicine and direct primary care, to encourage employees to get back on track with routine visits and recommended screenings. And while alternative modes of care can be great options for increasing healthcare access and usage, there are considerations and costs to keep in mind when evaluating solutions for your workplace.

Telemedicine

The pandemic created a surge of interest and usage in various forms of telemedicine, increasing to 32% early in the pandemic when in-person care was highly restricted.[1] Behavioral health saw the largest increase in virtual care during the pandemic, with the number of providers offering virtual care in most instances spiking from 2% to 60%, and remains a popular mode of care in this space.[2] Telemedicine can also help connect rural patients with healthcare, especially if the nearest clinic is 90 miles away or local clinics are at capacity, and continues to be a good option for treating and diagnosing certain injuries and illnesses, and prescribing medications.

Considerations

Not all conditions can or should be treated exclusively through telemedicine or virtual care. The lack of in-person interaction can sometimes result in over-prescribing tests, or misdiagnosing or failing to diagnose conditions, all of which can be costly to the health plan and its members. A hybrid approach to care, including an annual in-person visit supported by virtual follow-up care could be a viable option for some chronic disease management.

Before engaging with a third-party telemedicine vendor, contact your insurance carrier to determine what services may already be offered or covered by your health and wellness plans. It would also be wise to determine if your health plan members would find value in this type of care. For example, despite the early surge in virtual care, usage has since settled around 13% to 17% across all specialties, suggesting that patients, as well as providers, still find value in in-person care.[3]

Direct Primary Care

Direct primary care (DPC) can provide a range of care options, including a combination of telemedicine, traditional in-office visits, and in some cases, in-home care in exchange for a flat monthly fee. Employers pay for employee access to primary care services, including appointments, lab work, X-rays and other primary care needs. Some DPC models have even expanded to provide prescription drug service and specialist services like physical therapy and behavioral health care. The flexibility of a DPC offering can significantly increase utilization over a stand-alone telemedicine model, while reducing costs and improving employee satisfaction.

Considerations

Despite the growing popularity of DPC, it may still be challenging for health plan members to find access to this type of care. Before contracting with a DPC practice or service, make sure the service area is able to accommodate most, if not all of your employees. DPC also does not replace the need for health insurance for emergency care or chronic condition management, but can be offered as an additional option to encourage engagement with primary care.

Continued >>

Employee Clinics

Many employers still find value in offering employee clinic services on-site or nearby. Employers implement employee clinics for many different reasons, the most common being to promote preventative care, though some clinics may also be able to help health plan members with chronic disease management and workplace injuries. Offering convenient, on-site access to care for employees may also help promote productivity and reduce absenteeism or presenteeism.

Considerations

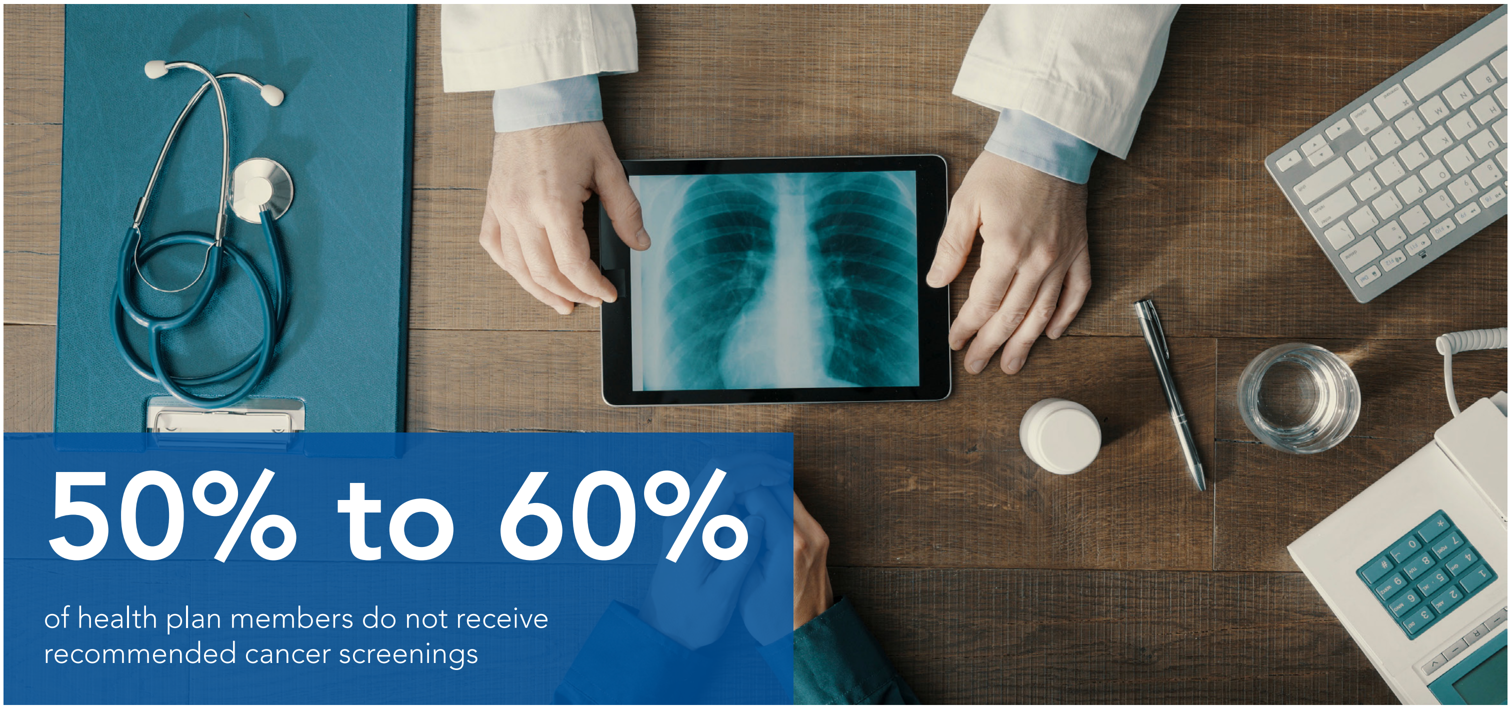
Before deciding on an on-site or near-site clinic for your organization, consider what the clinic would solve for, then examine your health plan data to determine if the trends match your goals. Next, you will need to consider how to structure your clinic and the cost and compliance implications for each decision: Where will the clinic be located? Will the clinic be sponsored by just your organization or multiple employers? What services will the clinic offer — and who will provide them? Who is eligible to receive these services?

These are just a few examples of alternative modes of care. When considering various options for your organization, remember, there is no one-size-fits-all solution. Work with your USI consultant to understand your specific healthcare needs and determine the best strategy for your workforce.

How USI Can Help

While alternative modes of care can be used to increase access and usage, this should be just one piece of your broader population health strategy to ensure proper chronic disease management and improve employee health, as well as reduce overall healthcare costs. USI takes a consultative approach to population health management, using proprietary benchmarking and analytics to help employers understand employee needs and implement targeted solutions designed to improve health and control costs. Contact your USI representative today to evaluate your employee healthcare options.

[1] Centers for Disease Control and Prevention (CDC), *Morbidity and Mortality Weekly Report (MMWR) Delay or Avoidance of Medical Care Because of COVID-19–Related Concerns,* September 11, 2020
[2] Qualifacts, *National Council for Mental Wellbeing, The New Role of Virtual Care in Behavioral Healthcare,* 2020
[3] McKinsey & Company, T*elehealth: A quarter-trillion-dollar post-COVID-19 reality?*, 2021



Implementing Meaningful PHM Strategies Today Can Mitigate Tomorrow's Healthcare Claims

The increasing number of employees with chronic conditions will continue to drive up the cost of healthcare over the next decade. Health conditions with some of the highest healthcare costs, such as cancer, heart disease and diabetes, are projected to dramatically increase in the U.S. over the next 10 years. The ongoing COVID-19 pandemic is expected to compound issues by contributing to 10,000 excess deaths from certain cancers as the result of delayed primary care and cancer screenings.[1]

Employers have often relied on various population health management (PHM) strategies to address employee health and control the costs of care — yet, despite these efforts, there remain gaps in care that, unless addressed, will continue to negatively impact employee health and related costs.

Where Are the Current Gaps in Care?

Early detection and prevention: According to group health plan data from USI, for many employers, 5% of plan members incur 60% of claims, largely due to undiagnosed conditions or mismanaged chronic disease care.[2] USI's claims data also shows that 70% to 80% of adult plan members do not engage in annual primary care visits, while 50% to 60% of plan members do not receive recommended cancer screenings. Without regular check-ins and recommended screenings, conditions go unmanaged until serious medical intervention — such as hospitalization or high-cost treatment — is needed.

Traditional Population Health Management: Employers have long attempted to improve population health through various incentivized wellness programs, but those programs often fail to have a meaningful impact on employee health and claims costs. For example, biometric screenings create awareness but rarely lead to the follow up care needed to improve health or reduce costs, while weight loss challenges can be costly to implement with little long-term benefit.

These solutions ultimately fail in the long run because they do not adequately address the underlying conditions driving the cost of care. Proper disease management is the key to reducing costs and improving employee health, and it starts with primary care engagement.

Closing the Gaps With Incentivized Physician Engagement

Connecting health plan members to a primary care provider is a low cost, high-impact solution for improving population health and reducing healthcare costs. Engaging with a primary care physician promotes general preventative care, including age- and gender-appropriate cancer screenings, early detection and prevention, which can have a significant impact on costs. For example, breast cancer detected at stage 0-1 has a survival rate of over 90%, while stage 4 breast cancer has a 22% survival rate and nearly double the cost of treatment as stage 1.[3,4]

Continued >>

In addition to early detection and prevention, active engagement with a primary care physician can also help reduce:

- Emergency room visits
- In-patient (hospital) admissions
- Length of hospital stays
- Hospital readmission rates

All of these have much higher costs than overall primary care.

USI data shows that with meaningful incentives, 50% to 80% of a health plan population will actively engage with a primary care physician. Taking steps to connect your health plan members with primary care will have a long-term benefit to your employees and your bottom line.

How USI Can Help

Designing a comprehensive wellness strategy is a multistep process. USI's Population Health Consultants work with our clients to:

- Determine goals and a budget for wellness vendors, and help select and implement an appropriate provider/solution.
- Develop a contribution strategy to manage the financial impact of incentive programs, and align programs with the client's culture to ensure meaningful participation.
- Ensure compliance with various Affordable Care Act (ACA), Employee Retirement Income Security Act (ERISA), and U.S. Department of Labor (DOL) regulations.
- Develop a comprehensive, targeted communications strategy that includes appropriate disclosures and notices, and uses multiple media channels to meet employees where they are.
- Conduct benchmarking to determine what is working, and what is not, and provide meaningful insight for future targeted programs.

Contact your USI representative to learn more about how you can help make meaningful improvements to your employees' health and well-being, and reduce the total cost of claims.

---

[1] Science, *COVID-19 and cancer*, June 2020
[2] USI Insurance Services 3D claims data
[3] American Cancer Society, *Survival Rates for Breast Cancer*
[4] Blumen H, Fitch K, Polkus V., *Comparison of Treatment Costs for Breast Cancer, by Tumor Stage and Type of Service*, 2016

The Specialty Drug Dilemma for Employers

As employers continue to struggle with increasing prescription drug costs, specialty drugs remain one of the fastest-growing pharmacy costs for most employers.

> *"While specialty drugs continue to increase in prevalence, utilization and annual costs, this leaves many employers wondering how they can continue to provide the current benefits structure and cover these exorbitant costs."*

Continued >>

A loosely defined class, specialty drugs generally represents about 2% of all drugs dispensed; however, with an average price tag of $84,442 , specialty drugs accounts for nearly 45% of all prescription costs paid by employer health plans.[1]

And it's not just the prescription plan that is being impacted; employers are now facing a significant cost exposure for medical plans from certain other drug treatments. Infusions, cancer treatments and gene therapies, which are not processed through a pharmacy and are administered in a hospital or clinic setting, range in cost from tens of thousands to millions of dollars annually.

While these drugs are costly, they also can represent life-altering or sustaining therapies for a wide range of diseases and conditions. This presents a true dilemma for employers as they weigh the costs of covering these drugs for a handful of members against the need to keep costs in line for all members covered by the plan. As specialty drugs continue to increase in prevalence, utilization and annual costs, this leaves many employers wondering how they can continue to provide the current benefits structure and cover these exorbitant costs.

What Can Employers Do to Manage Specialty Drug Costs?

Managing pharmaceutical access: Pharmacy benefits managers (PBMs) have traditionally offered prior authorization (PA) to mitigate high-cost medications, a process by which specialty drugs need to go through clinical approval prior to being dispensed to a plan member. Unfortunately, PBMs are also incentivized by rebate dollars to approve these medications, resulting in a higher PA approval rate and little savings for the employer. To combat the inherent conflict of interest around PA, some employers have begun to carve out the PA process to an independent third party. This can help to ensure rebates are not influencing the approval of those drugs.

Exclusions: Some employers have taken an aggressive position that limits or excludes plan coverage of certain specialty drugs altogether. However, exclusions remain a gray area in terms of compliance, and employers should take this into account when exploring this measure.

Foundation programs: Other employers, particularly those with lower-wage employees, have begun using "foundation" programs, a type of manufacturer assistance program (MAP) provided by the pharmaceutical industry to help health plan members cover the costs of these expensive drugs. The pharmaceutical industry provides billions of dollars to 501(c)(3) nonprofit organizations every year to assist patients with the coverage of high-cost medications. These programs are often administered by third-party organizations to assist the members who may qualify with applying for the grant or funding. Once a member is approved for coverage under the grant, the expense is completely removed as an employer responsibility. While employers that can take advantage of these programs stand to save a significant amount of money, not all members qualify for foundational funding, and employers will need to ensure their PBM even allows for foundational funding to be used.

Before implementing these or other cost-mitigation strategies, it is important to understand your company's specific pharmacy utilization that may determine which solutions are best for your organization.

How USI Can Help

USI's team of pharmacy consultants have the knowledge and expertise to manage your organization's specialty drug costs and are regularly evaluating new strategies to manage this expense. Our pharmacy consultants work with clients to assess their population health needs and determine appropriate cost-saving solutions. Contact your USI representative to learn more about managing specialty drug spend for your health and pharmacy plans.

[1] AARP, *AARP Report: Average Specialty Drug Price Reached $84,442 in 2020, Rising More Than Three Times Faster Than the Prices of Other Goods and Services*, 2021

Compliance May Be the Biggest Challenge With the No Surprises Act

The No Surprises Act (NSA), passed in late December 2020, has gone into effect for plan years beginning on or after January 1, 2022 for all group health plans (including grandfathered plans) with few exceptions. The U.S. Departments of Labor, Treasury and Health and Human Services (collectively, "the Departments") have since issued rules implementing the NSA in two parts detailing protections for health plan consumers related to emergency services, out-of-network providers and air ambulance services, as well as a federal independent dispute resolution (IDR) process to resolve unsettled claims between providers and plans.

Briefly, as it relates to group health plans, Part I regulations:

- Include protections to limit out-of-network (OON) cost-sharing and "balance billing" as they relate to emergency services, OON providers of air ambulance services, and non-emergency services performed by OON providers at in-network facilities (with limited exceptions).
- Prescribe a formula to determine a participant's cost-sharing for these services and how much the plan will pay to the provider for these services.
- Describe new notification obligations, including posting information about the surprise medical bill protections on the plan's website as well as including such information in the Explanations of Benefits (EOBs) issued with respect to these services.

The second set of regulations primarily provides guidance on a federal IDR process, as well as how the NSA interacts with the external review process mandated under the Affordable Care Act (ACA) and related regulations. Read USI's National Compliance Updates for more details.

How Will the NSA Impact Employer-Sponsored Health Plans?

It is difficult to forecast how the NSA will influence claims costs over the next year, though it seems likely the impact will be minimal. The biggest challenge to employers may be compliance, especially for self-funded health plans. While the carrier is responsible for compliance for fully insured plans, for self-funded group health plans, the plan sponsor (employer) is responsible and will need to work closely with its third-party administrator (TPA) to comply with these rules.

Has Your TPA Contacted You About NSA?

Despite the burden of compliance falling on the self-funded plan sponsor, most plan sponsors will rely on their service providers administering the plan to ensure compliance with these new requirements. Employers with a self-funded health plan should review these requirements with their carriers and TPAs for compliance effective with the first plan year that begins on or after January 1, 2022. As most of these requirements are functions of claim payment and adjudication, it will be important that your vendors can support the changes required by the NSA. Self-funded health plans will want to ensure TPAs can meet these new requirements.

How USI Can Help

Employers concerned about the impact of the NSA on claims should first review their claim data to understand what percentage of claims contain an OON charge. Even if the NSA is likely to have little impact on your claims, the data may suggest other opportunities for improving population health and reducing costs. Contact your USI service team to review your claims data and determine appropriate solutions.

Some CAA Deadlines Delayed as Others Continue to Take Effect

The NSA was passed as part of the broader Consolidated Appropriations Act (CAA) on December 27, 2020, which included several components that affect health and welfare programs. While a joint FAQ issued in August 2021 defers the enforcement of certain provisions of the CAA (and the Transparency in Coverage (TiC) final regulations that were issued in November of 2020), other provisions of the CAA will continue to take effect as described under the statute, but with good faith relief available pending future guidance or rulemaking. Read USI's National Compliance Update, COVID-19 and Government Funding Legislation Signed into Law and Some Transparency in Coverage and CAA Deadlines Delayed for more information.

Employees Want to Work for Employers That Support Financial Security

80% of workers are more likely to stay with an employer committed to helping them develop financial resiliency

Sixty-eight percent of American workers are somewhat worried (37%) or very worried (31%) about their financial security, according to a recent study from Prudential.[1] One-third of employees said financial stress impacted their job performance, while 55% of workers spent more time worrying about their finances during the workday than before the pandemic.

Employees cite several main barriers to financial security, including:

1. Lack of retirement savings – 72%
2. Lack of emergency savings – 65%
3. Not enough money invested to grow – 65%

Employers looking to help employees improve financial well-being are in a good position to do so: the Prudential report found that 80% of workers said they were more likely to stay with an employer that is committed to helping them develop financial resiliency, citing retirement as the most important benefit to help achieve this. The report also found that the majority of workers with access to employee benefits agree that the benefits provided by their employer are a central component to their financial security and well-being.

Improve Financial Well-Being and Resiliency

The gap between what retirement savers will need and the amount they have accumulated is approaching an estimated $4 trillion, according to a recent report from T. Rowe Price.[2] The report goes on to acknowledge a growing recognition that the gap is unlikely to close without improving financial wellness and resiliency of those enrolled in defined contribution plans, such as a 401(k).

The startling statistics on financial security are driving retirement plan advisers to develop tools and strategies aimed at helping employers maximize the effectiveness of their retirement benefit offering. Several strategies for providing access to better investment options and other financial security programs include:

- Increase retirement readiness with behavioral finance theory. Implementing features such as automatic enrollment and automatic escalation, and default investment options, such as Target Date Funds (TDFs), enable plan participants to save for retirement without having to think about it. Likewise, features can be implemented to discourage plan withdrawals and loans and keep more money invested in retirement.
- Offer financial wellness tools and resources that help employees balance the need to manage daily living expenses, save for emergencies and retirement, and reduce debt. One such solution to help manage debt could be some form of student loan repayment assistance, or providing access to consumer debt management services.
- Leverage plan data to identify trends and develop tailored communications campaigns to meet the needs of differing employee populations (e.g., women, people of color, employees closer to retirement, etc.). Track the progress of different employee groups separately to help identify and address issues or needs specific to those employee groups.
- Develop holistic metrics for tracking progress and employee success with financial well-being and retirement. In addition to looking at plan data, ask your employees for their feedback on their personal financial security and well-being, and what tools or resources you have been and/or could be offering to help.
- Expand access to your retirement plan by eliminating or broadening eligibility requirements. For example, consider automatically enrolling new hires or eliminating a probationary period, or even offering retirement to part-time employees.

How USICG Can Help

USI Consulting Group (USICG) has long leveraged its behavioral finance expertise to help plan sponsors make better-informed decisions regarding the design and management of defined contribution plans. Critical decisions such as implementing automatic features and selecting the appropriate contribution rate and default investment vehicles for plan participants are made with the guidance of behavioral data. Contact your USICG representative to discuss strategies for improving your employees' financial well-being.

[1] Prudential, *Pulse of the American Worker Survey: Road to Resiliency,* 2020
[2] T. Rowe Price, 2022 Retirement Market Outlook

How Can We Help?

To help clients navigate complex business challenges, USI shares expert insights and key solutions through our Executive Series. Our cross-functional teams work to provide timely information on new and evolving topics in risk management, employee benefits, personal insurance and retirement. We then share tailored solutions to help you guide your organization successfully, enhance insurance coverage, and control costs. For additional information and resources, please visit our Executive Insights page: usi.com/executive-insights