ALERAGROUP

2021 Healthcare & Employee Benefits Benchmarking Survey

Aggregate Summary Results



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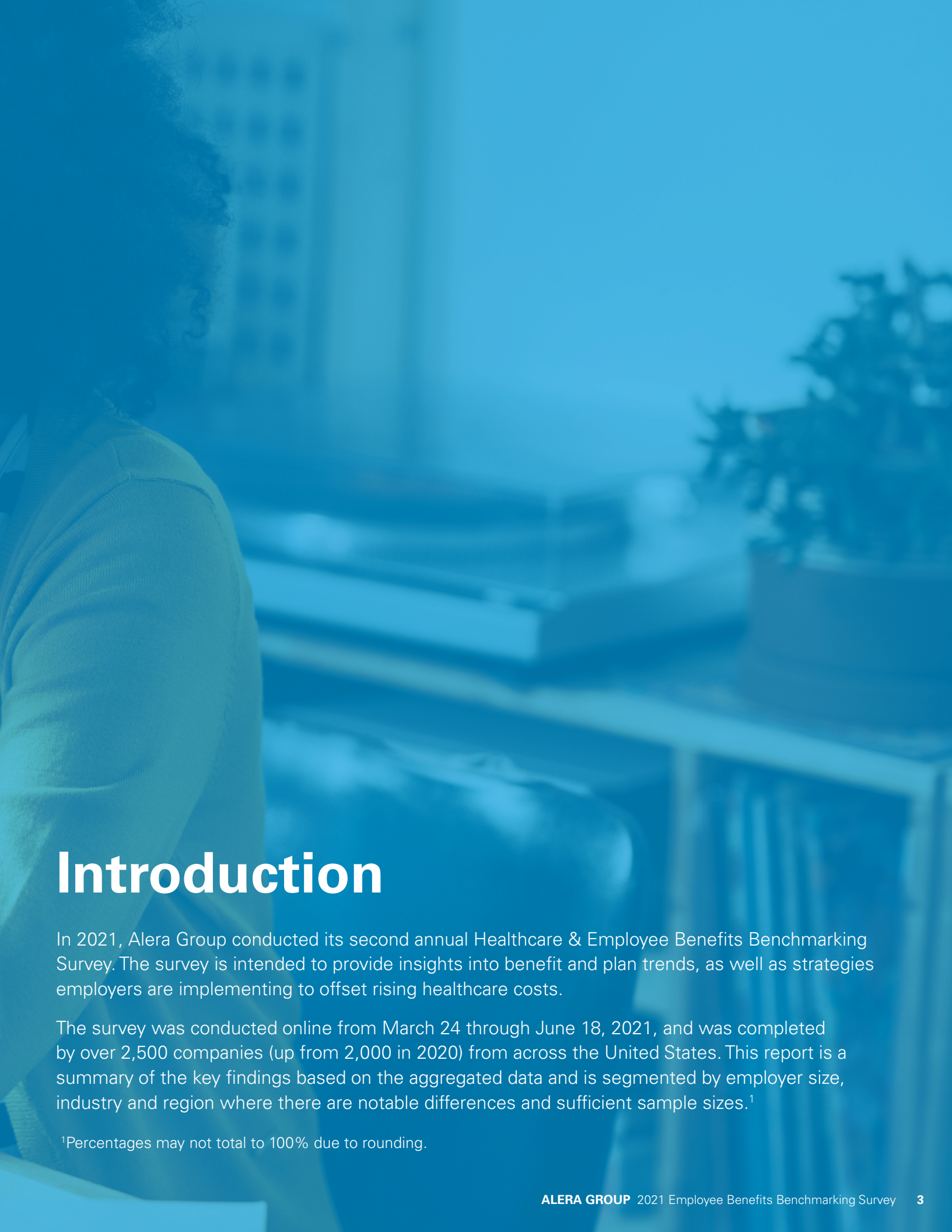
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Introduction

In 2021, Alera Group conducted its second annual Healthcare & Employee Benefits Benchmarking Survey. The survey is intended to provide insights into benefit and plan trends, as well as strategies employers are implementing to offset rising healthcare costs.

The survey was conducted online from March 24 through June 18, 2021, and was completed by over 2,500 companies (up from 2,000 in 2020) from across the United States. This report is a summary of the key findings based on the aggregated data and is segmented by employer size, industry and region where there are notable differences and sufficient sample sizes.[1]

[1]Percentages may not total to 100% due to rounding.

Key Findings at a Glance



Health and Life Benefits Prevail:

Medical, Dental and Life continue the trend from last year as the most common benefits, along with Vacation/Paid Time Off (PTO). On the horizon for consideration next year are Family Care Leave, Student Debt Repayment and Hospital Indemnity. The majority of respondents also offer pharmacy plans, mostly with three or four formulary tiers.

PPOs and HDHPs, Fully-Insured Plans, and Waiting Periods Popular:

PPO and HDHP plans are the most common plan type offered among respondents this year and most employers surveyed with under 500 lives are fully insured. The majority of employers require one or two month waiting periods before offering benefits.

Employers and Employees Continue to Implement Cost Containment Strategies:

The cost of medical plans continues to increase. Most employers are making plan design changes to help control rising healthcare costs, with larger employers (500+) more apt to apply advanced strategies. The majority of mid-sized company respondents are also providing resources for employees to help assess and manage medical costs.



Telemedicine Leads Health & Productivity:

Telemedicine continues this year as the most common health and productivity benefit, followed by Employee Assistance Programs. The prevalence of Telemedicine has grown year-over-year from pre-pandemic rates (up to 93% in 2021 vs. 80% in 2020), as has the utilization of Telemedicine.

Trends Identified in Human Capital Management and Total Rewards:

This year's survey added new questions regarding Human Capital Management and Total Rewards. Benefits costs, employee retention and the shortage of quality candidates are the biggest Human Capital Management challenges identified. When it comes to Total Rewards packages, the vast majority of respondents felt their strategy is in alignment with their organization's goals. Ensuring their Total Rewards strategy is on par with their competitors and striving to become an industry leader are the top areas of focus with respect to Total Rewards.

Benefits Offered

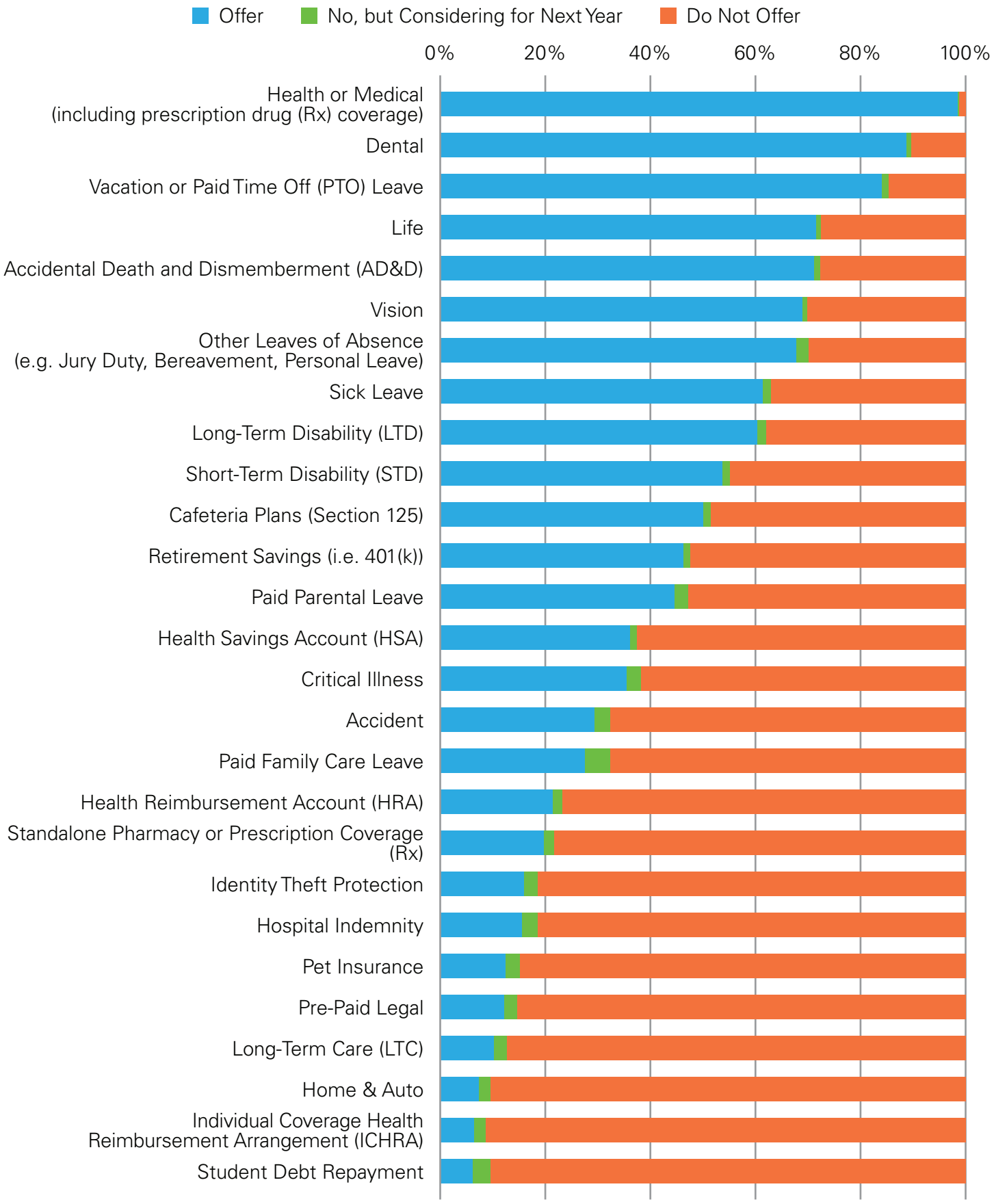
The 2021 survey asked about more than 25 different benefits.

Similar to last year, Medical, Dental, Vacation/PTO, and Life are the most common benefits offered by employers. Family Care Leave, Student Debt Repayment and Hospital Indemnity are being considered for next year. Benefits like Critical Illness, Accident, Hospital Indemnity and Identity Theft Protection are more commonly offered among large employers (500+ lives).

Consistent with 2020 survey results, Life, Accidental Death & Dismemberment (AD&D), and Long Term Disability (LTD) are typically 100% employer paid, while the cost of Medical and Dental tends to be shared between the employer and employee. Accident, Critical Illness, and Pet Insurance are typically 100% employee paid.



Benefits Offered

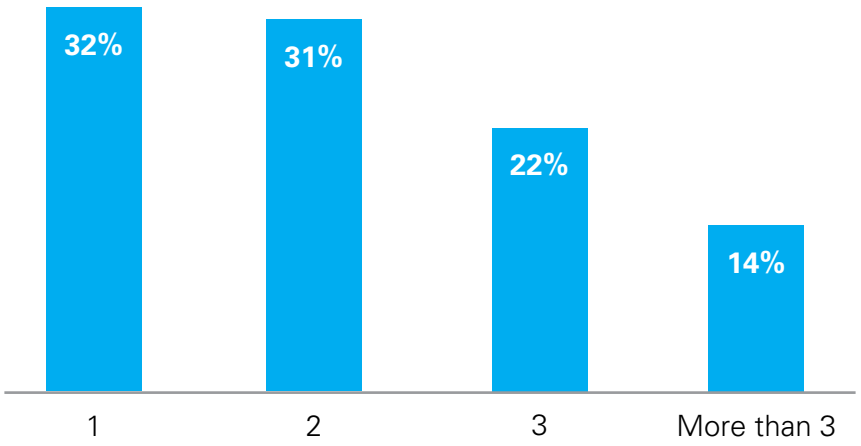


Medical Plan

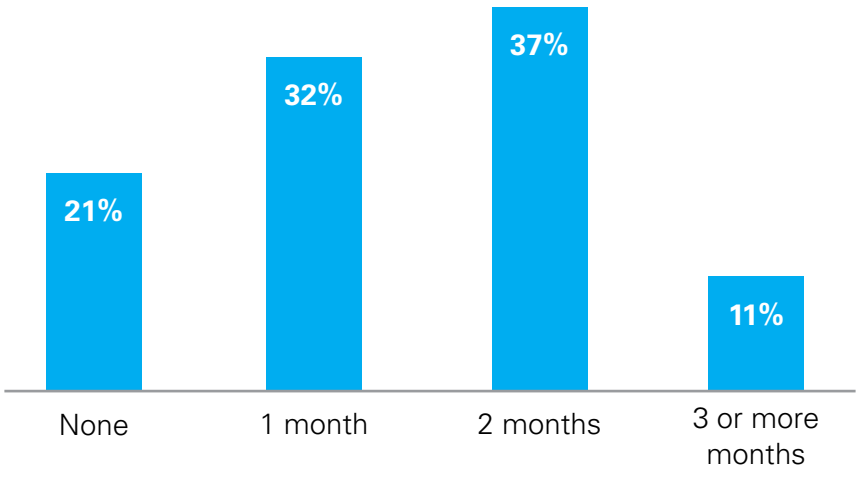


Consistent with last year, offering one or two medical plans is most common among surveyed employers; offering more than one medical plan is most common among respondents with 50 or more employees and those in the Information Management/ Information Technology sector. New this year, the survey asked organizations if their medical plan had a waiting period before employees were eligible for medical coverage.

Number of Medical Plans Offered

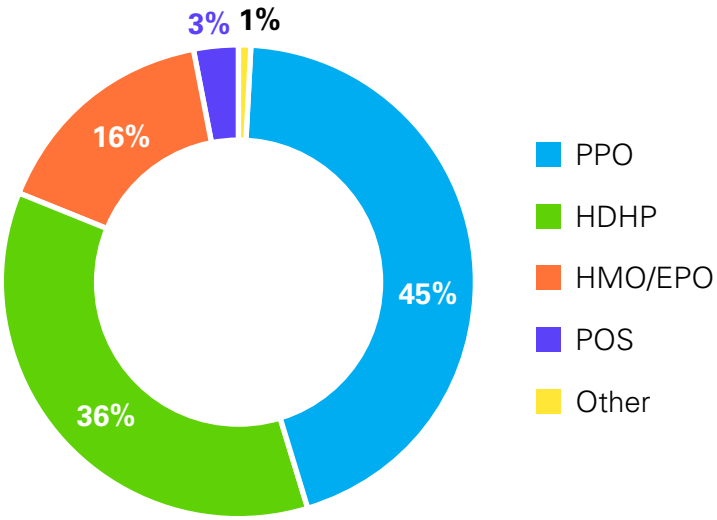


Waiting Period



Similar to 2020 results, the most prevalent type of medical plan offered is a Preferred Provider Organization (PPO) plan (especially for employers with less than 100 lives), followed by a High Deductible Health Plan (HDHP), which become more common as employer size increases. Comparatively, Point of Service (POS) plans are slightly more popular among small to mid-sized employers (100-499 lives). This summary report will focus on PPO, HMO/EPO, POS, and HDHP plans.

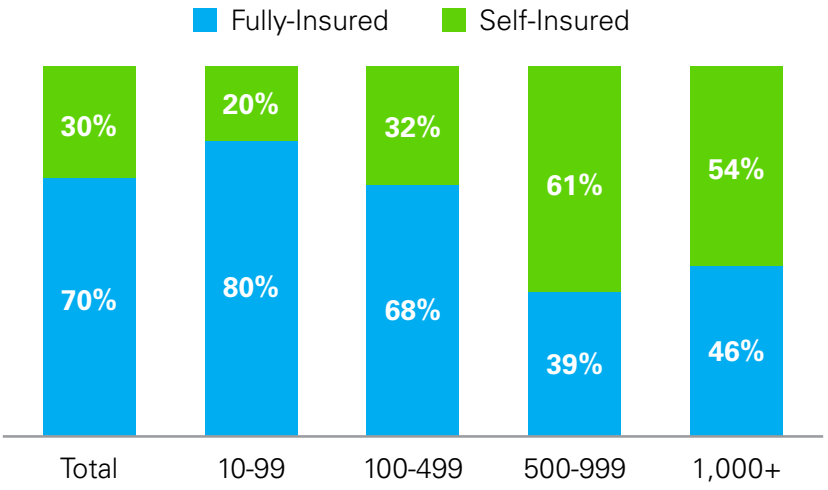
Type of Medical Plan Offered



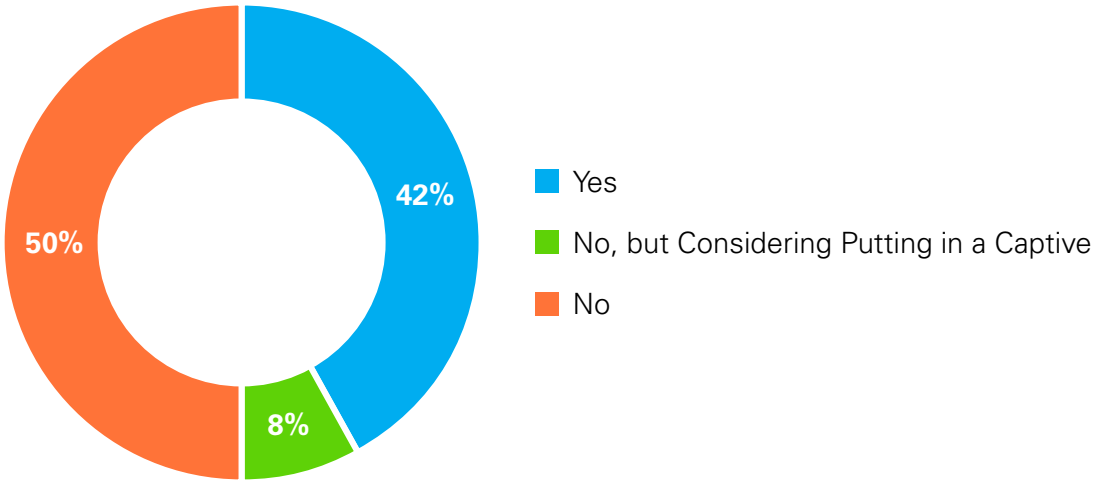


Similar to last year, most medical plans are fully insured, with the prevalence of self-insured plans increasing with employer size, starting at 500+ lives. Slightly over half of those with self-insured programs have stop-loss coverage. Of those with stop-loss coverage, 42% have their stop-loss in a captive, and another 8% are considering putting it in a captive.

Medical Plan Funding



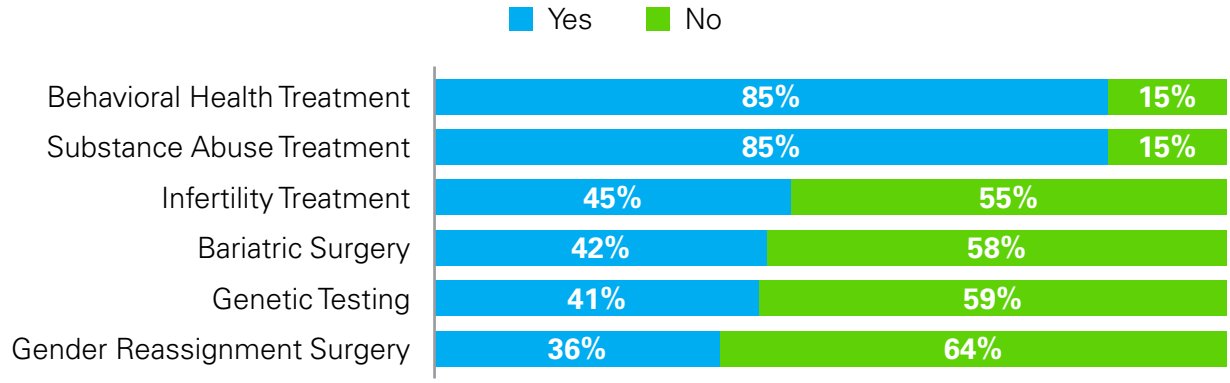
Is your stop loss in a captive?



Most medical plans cover behavioral health and substance abuse treatment, while genetic testing and gender reassignment surgery are less often covered.



Does this medical plan cover any of the following?



PPO Plan Design

The medians for PPO plans for individual coverage are summarized below.

	In Network	Out of Network
Deductible	$1,700	$5,000
Coinsurance	20%	50%
Out of Pocket Maximum (OOP)	$5,800	$11,000
Office Visit Copay	$25	
Specialist Copay	$50	
Urgent Care Copay	$50	
Emergency Visit Copay	$250	

HMO/EPO Plan Design

The medians for HMO/EPO plans for individual coverage are summarized below.

	In Network
Deductible	$1,500
Coinsurance	0%
Out of Pocket Maximum (OOP)	$5,500
Office Visit Copay	$25
Specialist Copay	$50
Urgent Care Copay	$50
Emergency Visit Copay	$250



POS Plan Design

The medians for POS plans for individual coverage are summarized below.

	In Network	Out of Network
Deductible	$1,500	$4,750
Coinsurance	20%	50%
Out of Pocket Maximum (OOP)	$4,750	$12,000
Office Visit Copay	$30	
Specialist Copay	$50	
Urgent Care Copay	$75	
Emergency Visit Copay	$300	

HDHP Plan Design

The medians for HDHP plans for individual coverage are summarized below.

	In Network	Out of Network
Deductible	$3,000	$5,600
Coinsurance	0%	50%
Out of Pocket Maximum (OOP)	$5,500	$11,000
Office Visit Copay	$30	
Specialist Copay	$50	
Urgent Care Copay	$60	
Emergency Visit Copay	$200	



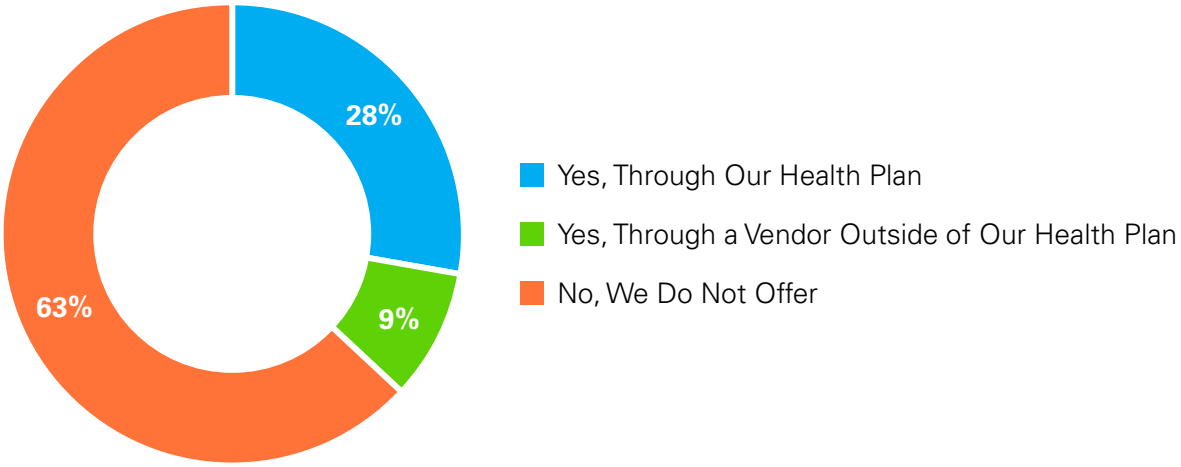
HSA and HRA

For plans with Health Savings Accounts (HSAs), employers typically contribute $500 per year for Employee Only and $1,000 for Family, which is consistent with last year's results. For Health Reimbursement Accounts (HRAs), companies most commonly contribute $1,000 per year.

Annual Employer Contribution			
	HSA – Employee Only	HSA – Family	HRA
Most Common	$500	$1,000	$1,000
Median	$750	$1,200	$900
Average	$980	$1,700	$850

The survey also asked if Point Solutions[2] are offered, and found that about 4 in 10 respondents do. Point Solutions are more often provided through the health plan (versus an outside vendor) and most commonly include second opinion/expert medical opinion programs.

Does your company offer Point Solutions?



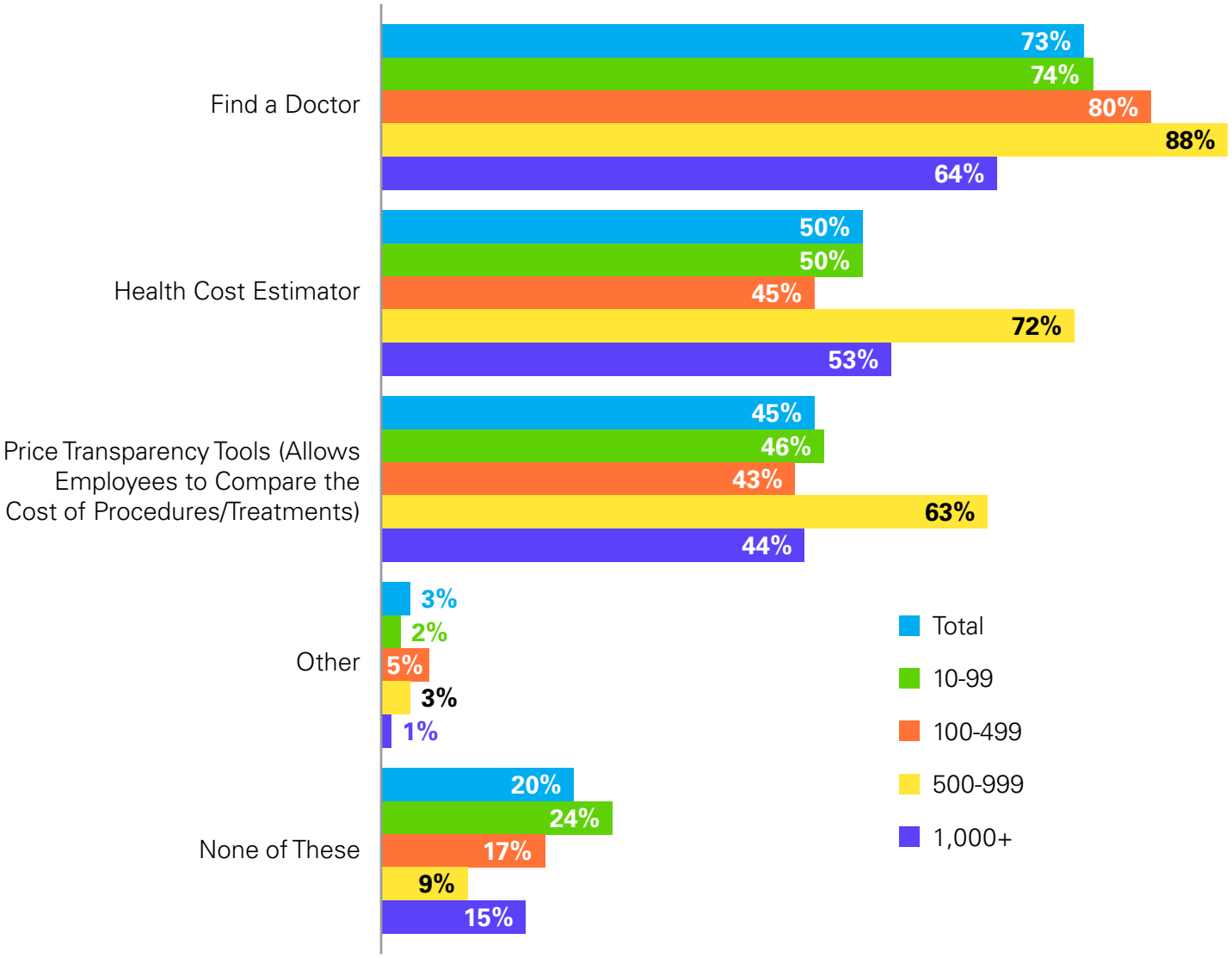


Almost 80% of surveyed companies offer the same medical plan as last year. The majority (66%) of employers report that the rate of their medical plan increased over last year; 17% say the cost stayed the same year-over-year. Many respondents, especially mid-sized respondents (500-999 employees) provide resources such as Find a Doctor, health cost estimators and price transparency tools.

[2] In the survey, Point Solutions were defined as high-tech or high-touch programs designed to assist individuals with specific health conditions, e.g. diabetes, asthma, obesity, etc.

Which of the following tools does your company offer?

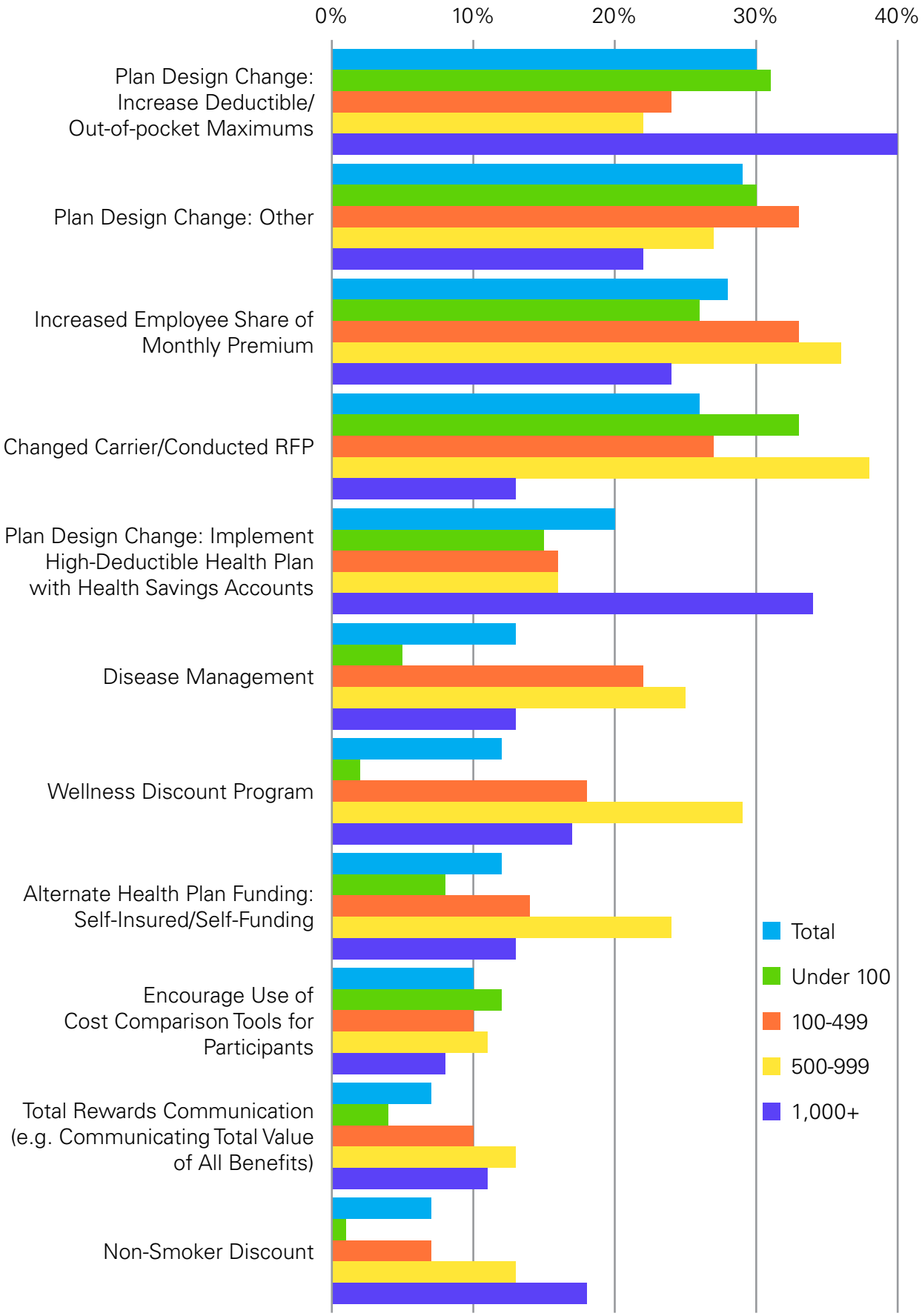
(Select all that apply; Percentage Yes)



Employers continue to use different strategies to help control rising healthcare costs. Most are making plan design changes (30%), such as increasing deductibles or out-of-pocket maxes, increasing the employee share of the premium (29%) or changing carriers (28%). Applying discounts, disease management, alternative plan funding and adding HDHPs with HSAs are more common strategies among larger companies (500+).

Which of the following strategies is your company using to control costs?

(Select all that apply; Chart shows most common)



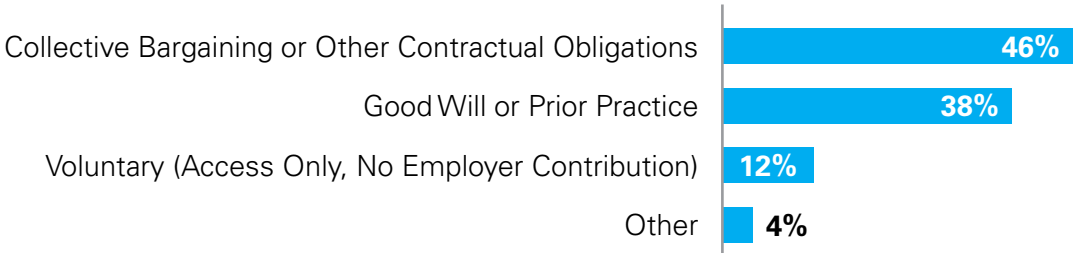
Retiree Medical

In 2021,19% of surveyed companies offer retiree medical. This offering becomes more common as employer size increases, and is more common among respondents in the Government/Public Sector. Retiree benefit plans are primarily offered due to collective bargaining or other contractual obligations (46%) or good will or prior practice (38%).

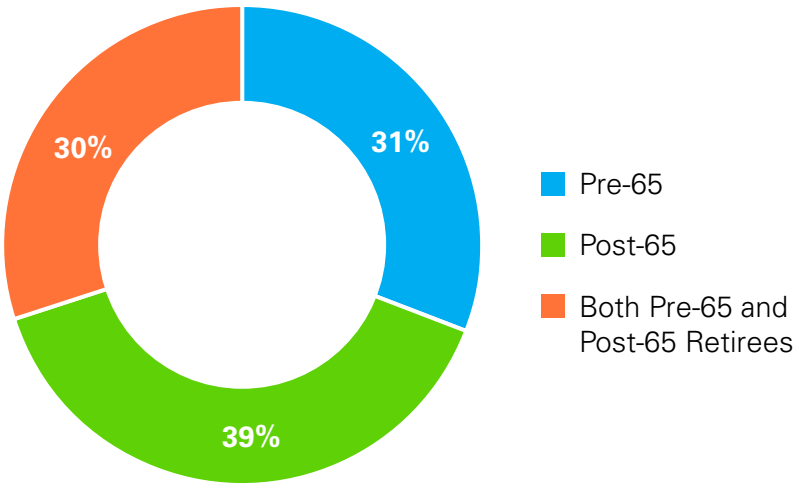
Of those that offer retiree medical, 31% offer to pre-65, 38% offer to post-65, and 31% offer to both pre- and post-65 retirees. Consistent with 2020 results, the majority of respondents (74%) say that dependents are eligible for retiree medical coverage.



Retiree benefit plans are offered due to:

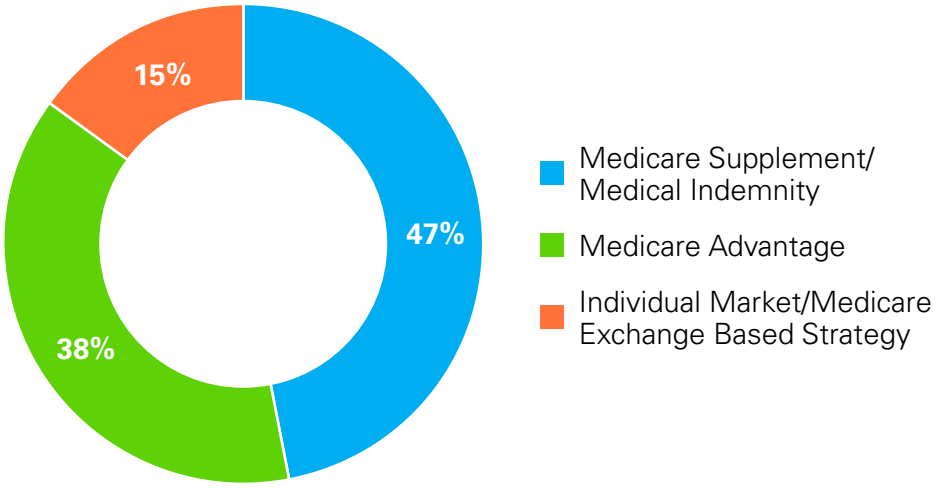


Which retiree populations are offered post-employment benefits?



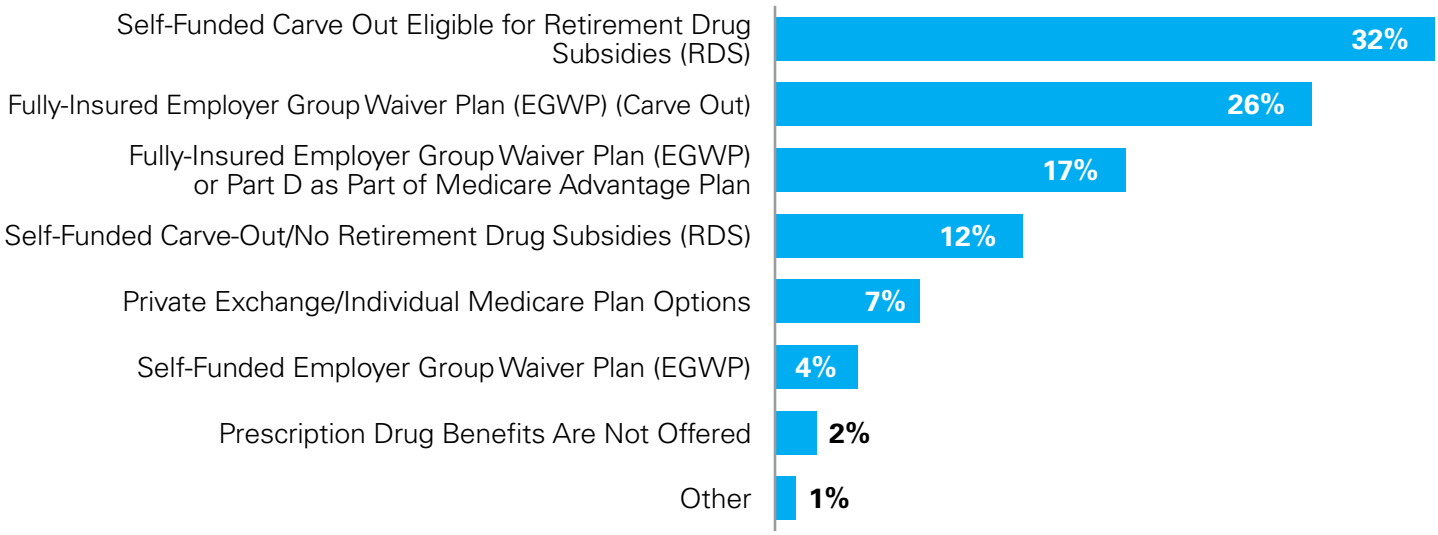
For post-65 retirees, Medicare supplement/medical indemnity followed by Medicare Advantage are the most common medical plan types offered. Similar to last year, offering one or two medical plans to post-65 retirees is most common. Post-65 plans are usually fully-insured, though a portion are self-insured (15%) or use a private exchange (13%).

If Post-65 benefits are offered, what type of medical plan is offered?



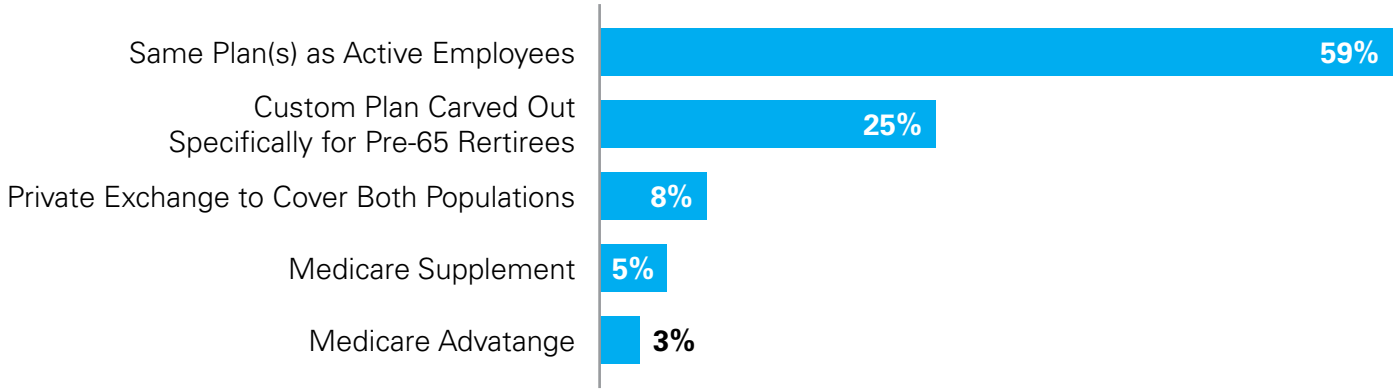
Similar to last year's results, most respondents offer the same Prescription Drug (Rx) coverage to post-65 retirees that is offered to active employees. As shown below, respondents vary on how they fund Prescription Drug coverage, though self-funded carve-out eligible for retirement drug subsidiaries (RDS) are slightly more common.

What best describes the Prescription Drug coverage offered to the post-65 retirees?



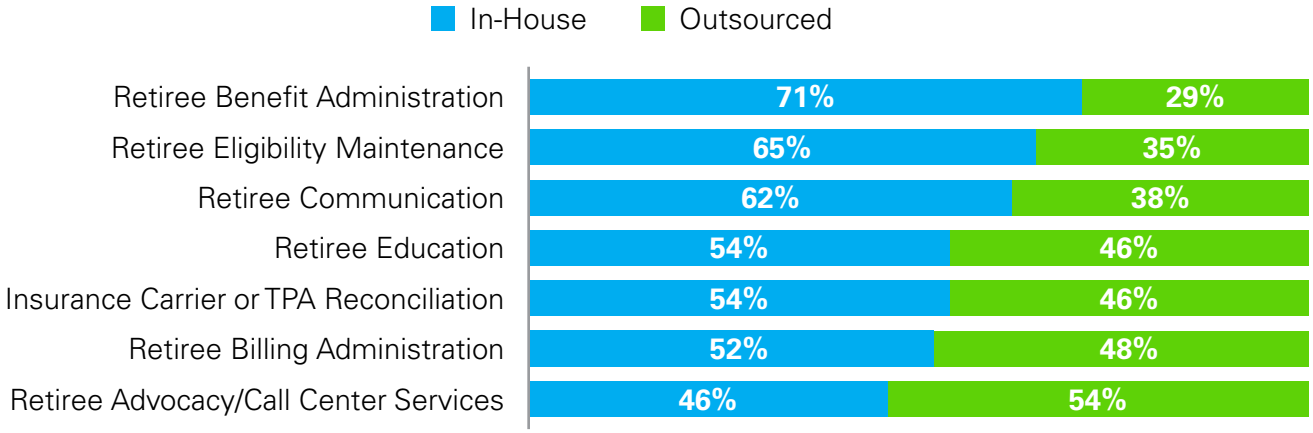
Although a quarter of respondents have a custom carve-out plan specifically for pre-65 retirees, most offer pre-65 retirees the same plan(s) as active employees. The majority (59%) fully insure their pre-65 plan while about a third self-insure it and another 10% use a private exchange.

If pre-65 benefits are offered, what type of plan is made available?



Most day-to-day tasks and administrative functions for retiree benefits are handled in-house, particularly retiree benefit administration, while Retiree Advocacy/Call Center Services are more typically outsourced.

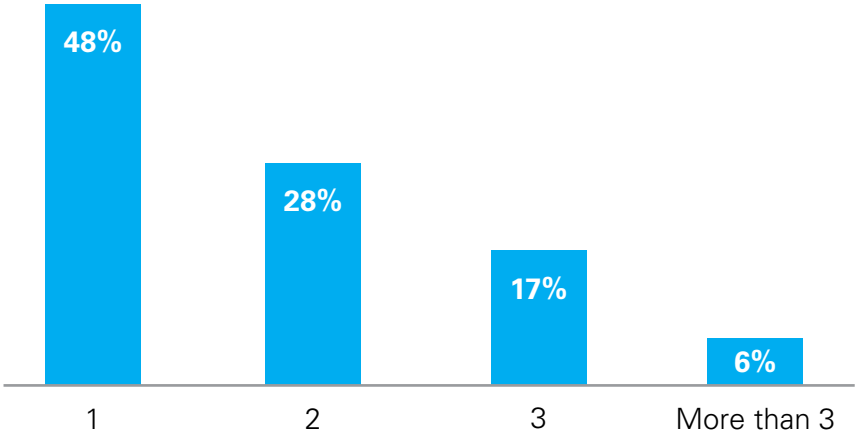
Management of Day-to-Day Tasks and Administrative Functions for Retiree Benefits



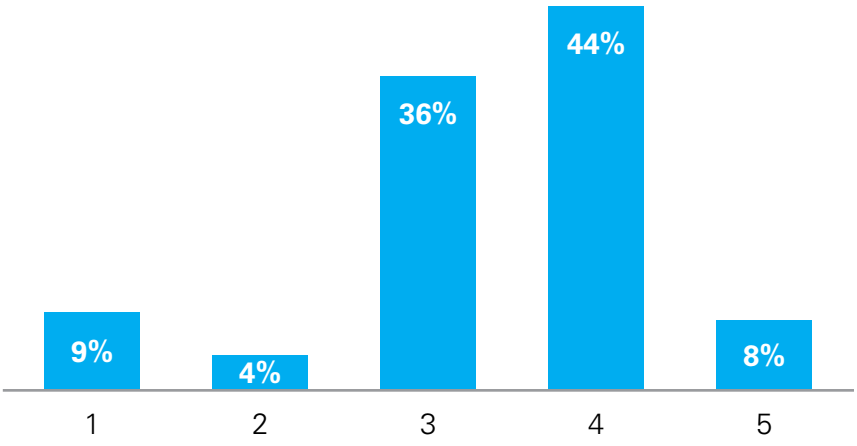
Pharmacy (Rx) Plan

Similar to Medical, the majority of respondents offer one or two Pharmacy plans, with more plans more common among employers with 50+ lives. Most Rx plans have four formulary tiers.

Number of Pharmacy (Rx) Plans Offered



Number of Formulary Tiers





About 20% of pharmacy plans require generic drugs. Most pharmacy plans cover birth control and use step therapy, and about 1 in 10 pharmacy plans cover biosimilars. Similar to last year, copays for mail order are typically 1.5X or 2X retail. Typical plan designs for pharmacy copays are summarized below.

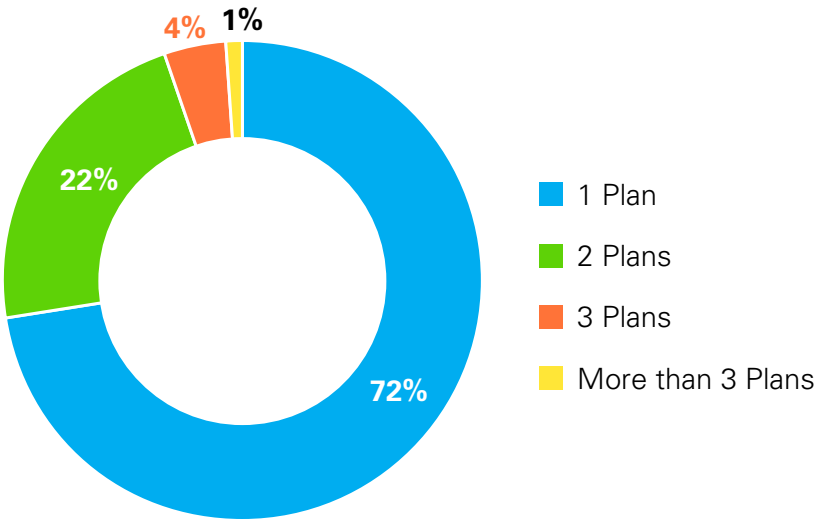
Pharmacy (Rx) Drug Copays (Retail/Mail)				
	Generic	Brand Formulary	Brand Non-Formulary	Specialty
Most Common	$15 / $30	$35 / $100	$60 / $150	$150 / $150
Median	$15 / $30	$40 / $90	$70 / $150	$150 / $150

[3] In the survey, step therapy was defined as using less expensive options before stepping up to drugs that cost more.

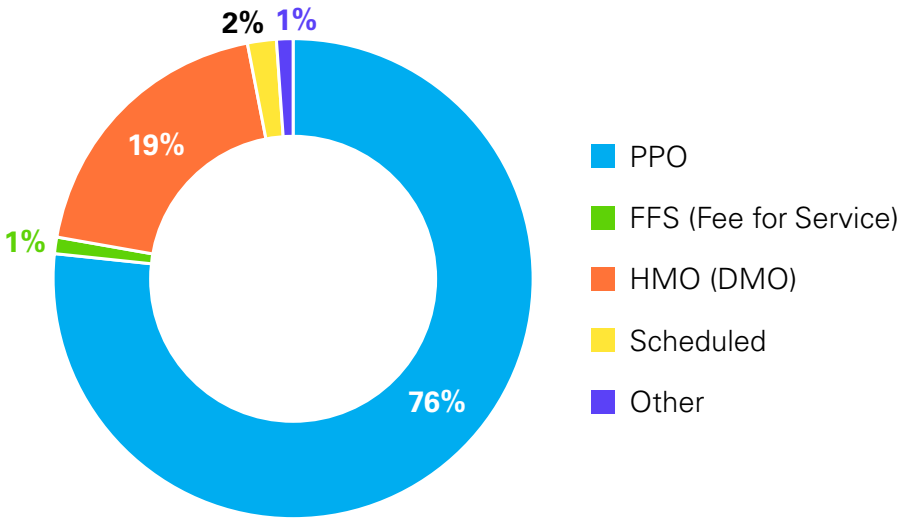
Dental Plan

Dental is offered by almost 90% of respondents. Of those that offer dental, the majority offer one dental plan (72%). PPO is the most common type of dental plan offered (85%) followed by HMO (DMO) (8%), which is more common among large employers (1,000+). Most employers fully insure their dental plans, with the propensity to self-insure increasing with employer size starting at 500 lives.

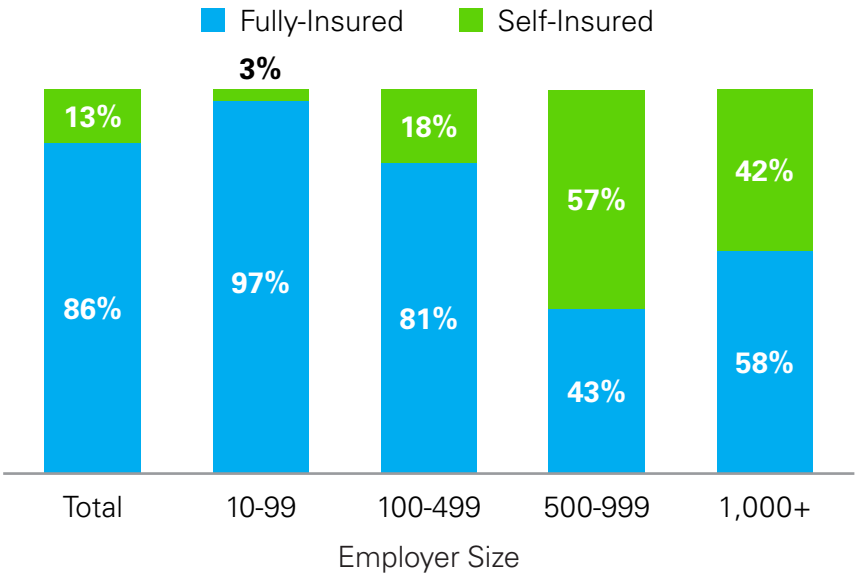
Number of Dental Plans Offered



Type of Dental Plan Offered



How Dental Plans Are Funded



The annual maximum benefit is typically between $1,000 and $2,000, which is consistent with 2020 results. Typical coinsurance arrangements for dental plans are below.

Almost 9 in 10 respondents offered the same dental plan as last year, and most say the rate of the plan stayed the same (64%), while about a quarter (23%) say the rate increased up to 10% over last year.

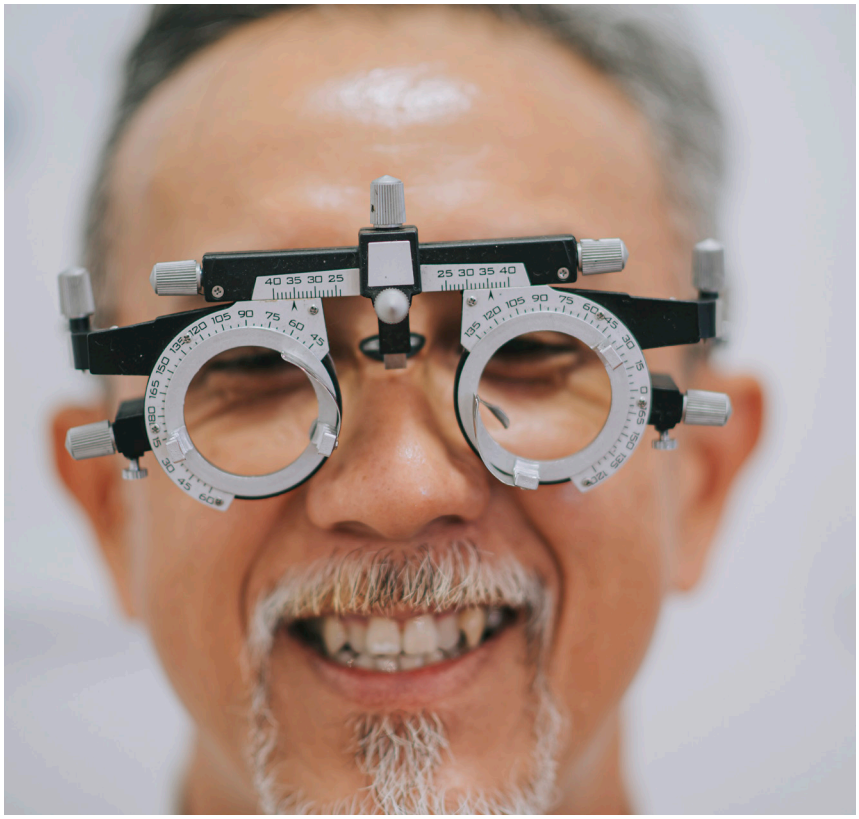
Most Common Dental Coinsurance[4]	
Preventative (Type I)	0%
Basic (Type II)	20%
Major (Type III)	50%
Orthodontia (Type IV)	50%



[4]Coinsurance represents the percentage the member pays.

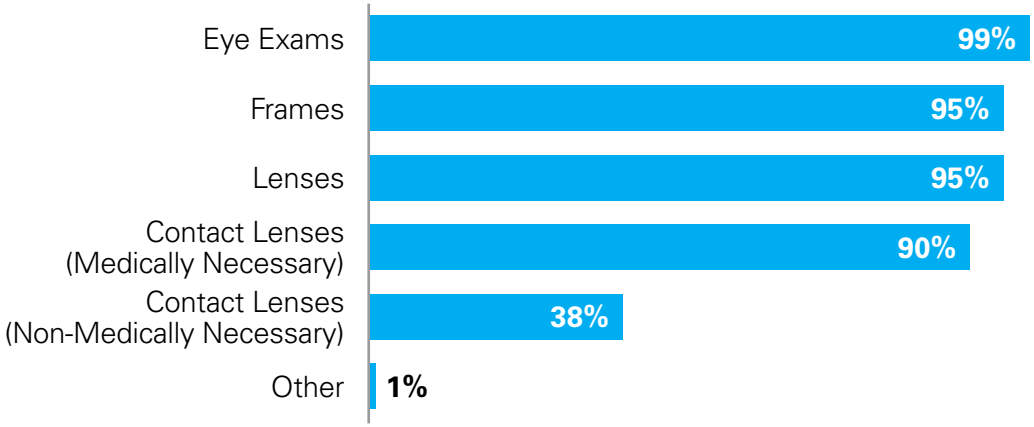
Vision Plan

About 70% of surveyed employers offer a vision plan to their employees. Consistent with 2020 results, the majority of companies offer vision as a standalone plan as opposed to part of the medical plan. Coverage typically includes eye exams, frames, lenses and medically-necessary contact lenses. The frequency period is typically 12 months for eye exams, lenses, and contact lenses and 24 months for frames. The most common allowance for frames, lenses and contact lenses is $130. Almost 9 in 10 respondents offered the same vision plan as last year, and 75% say the cost stayed the same and 17% say the cost increased over last year.



Does your vision plan cover the following?

(Select all that apply; Percentage Yes)



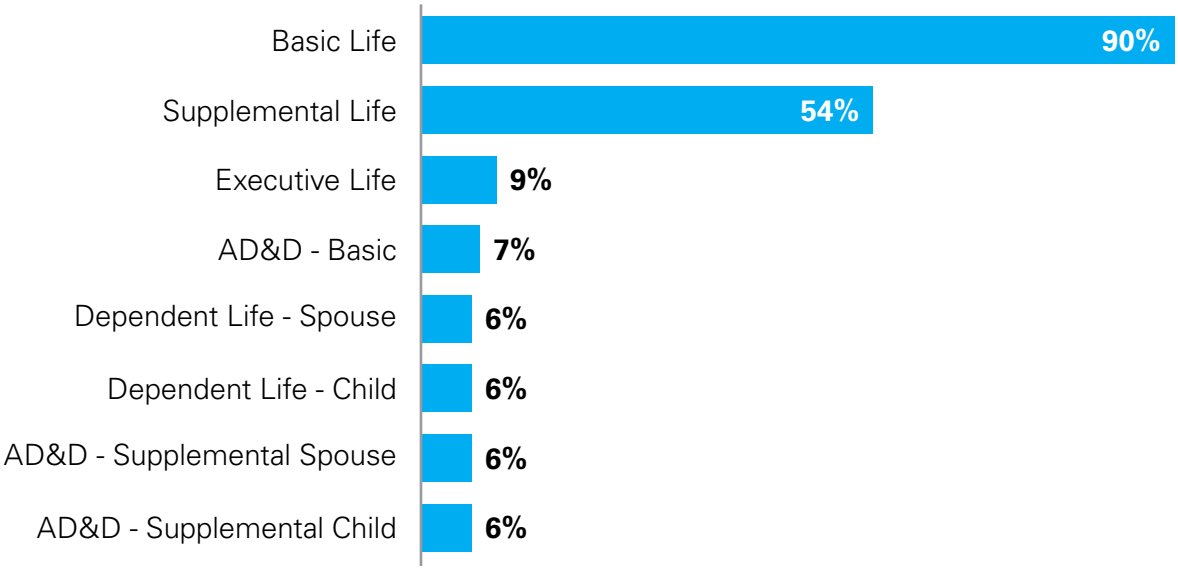
Life and AD&D Benefits



Life benefits are offered by over 70% of respondents, with Basic Life and Supplemental Life being most common. When life benefits are structured as a multiple of salary, Basic Life and Basic AD&D are typically offered as 1X salary and Supplemental Life, Dependent Life and Supplemental AD&D are offered up to 5X salary. When life benefits are offered as a flat dollar amount, the maximum benefit amount varies by life benefit, but is most commonly $50,000 for Basic Life and Basic AD&D and $500,000 for Supplemental Life.

Type of Life Benefits Offered

(Select all that apply; Percentage Yes)

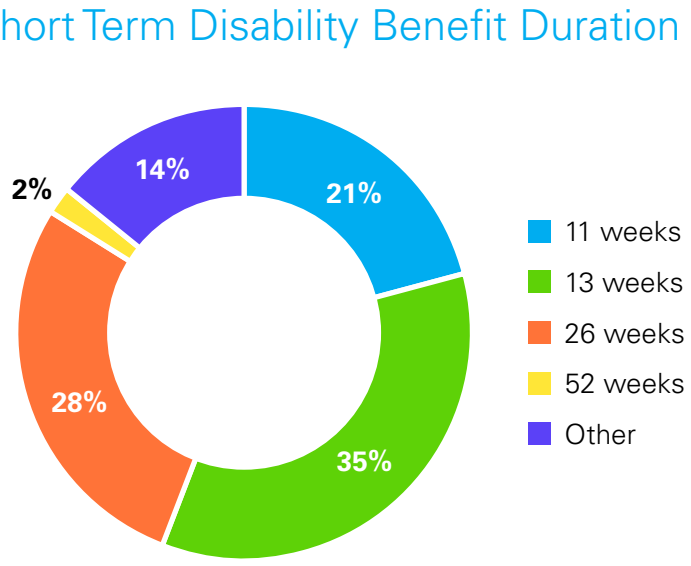


Disability Benefits

Similar to last year, about 6 in 10 respondents offer disability benefits to their employees, with the propensity to offer increasing with employer size (up to 80% of employers with 500+ lives offer).

Short-Term Disability

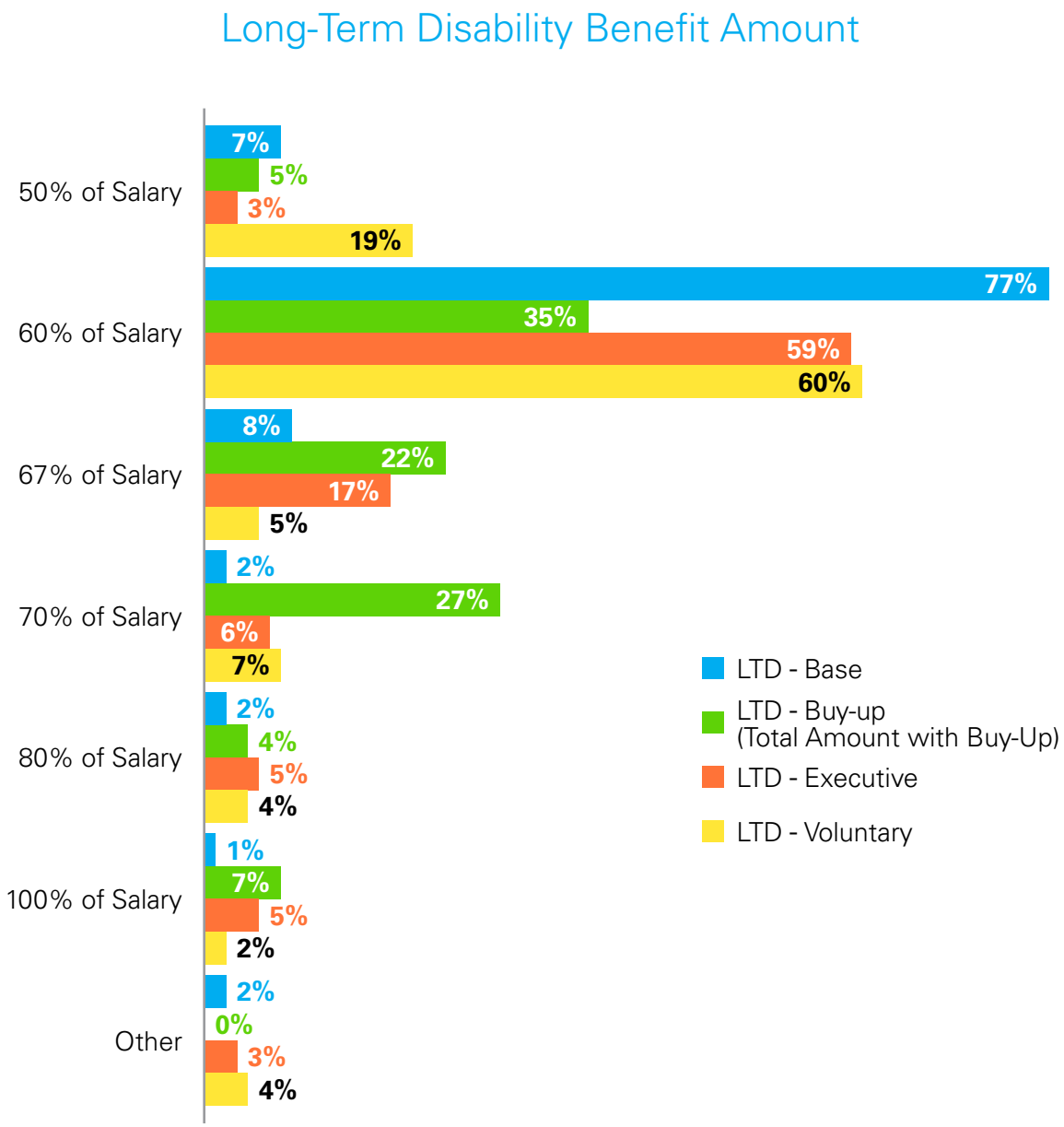
Short-term disability (STD) is 100% employer paid by 58% of surveyed employers. The waiting period[5] varies by employer but is most commonly one month or none. The elimination period, meaning the number of days the insured must be disabled before benefits can begin, is most commonly 7 calendar days (36%) or 14 calendar days (27%). For STD, 60% of salary continues to be the most common benefit amount, with mid-to-large sized companies (500+ lives) offering higher levels compared to smaller groups. The most common duration of STD benefits is 13 weeks, followed by 26 weeks. Similar to last year, smaller employers (under 100 lives) tend to offer shorter benefit durations, such as 11 weeks or 9 weeks. Consistent with the 2020 survey results, the maximum weekly benefit amount for STD is typically $1,000, though this increases slightly with employer size starting at 500 lives.



[5] Waiting period was defined as the length of time an employee must work for an employer before the employee is eligible for coverage.

Long-Term Disability

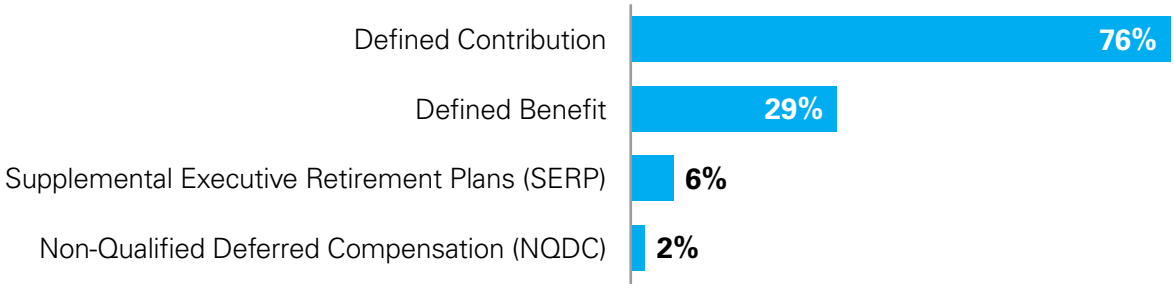
Long-term disability (LTD) is offered by 60% of surveyed companies and is 100% employer paid by 7 in 10 respondents. The surveyed asked about LTD Base (coverage paid for by the employer), Buy-up (additional coverage available for employees to purchase), Executive (coverage available to certain executive-level employees) and Voluntary (100% employee paid). LTD Base is the most common LTD benefit offered by employers, with Buy-Up and Executive LTD benefits more commonly offered by large employers (1,000+ lives). The waiting period for LTD is typically one month and the elimination period is typically 90 calendar days. LTD benefit amounts are typically 60% of salary across all LTD product types and are typically paid until Social Security Normal Retirement Age (SSNRA). The most common maximum monthly benefit for LTD Base is $10,000.



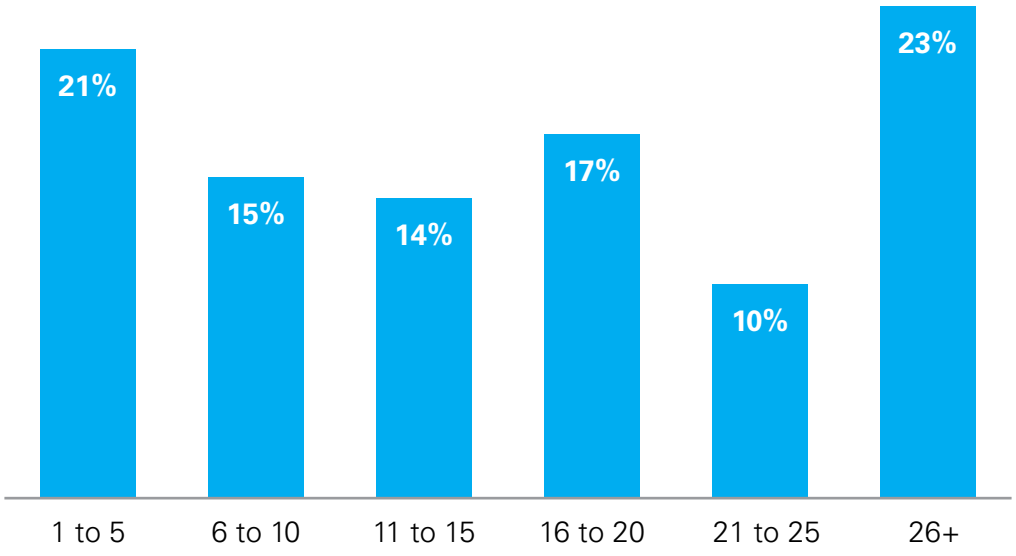
Retirement Benefits

About half of surveyed companies offer retirement benefits to their employees, with defined contribution plans being most common. Consistent with 2020 results, 401(k) is the most common type of defined contribution plan offered (84%) followed by 403(b) (13%). The most common employer contribution among respondents is 4%.

Type of Retirement Benefits Offered



Number of Funds Available



Time Off Benefits

About 85% of respondents offer Vacation or Paid Time Off (PTO), and almost 10% of respondents offer unlimited paid time off, most of which are in the Information Management/Information Technology sector. Mid-size and large employers (500+) tend to offer more time off compared to small companies. The number of PTO days given typically varies by years of service. The most common number of days given are summarized below.

Number of Time Off Days Given Based on Years of Service				
	New Hire	1-5 Years of Service	6-9 Years of Service	10+ Years of Service
PTO Bank	0-10 days	11-15 days	11-15 days	11-15 days
Sick	1-5 days	1-5 days	1-5 days	1-5 days
Vacation	1-5 days	6-10 days	11-15 days	16-20 days
Personal	0-5 days	1-5 days	1-5 days	1-5 days



Health & Productivity

Consistent with last year, Telemedicine[6] is the most commonly offered health and productivity benefit offered, followed by Employee Assistance Programs (EAP).

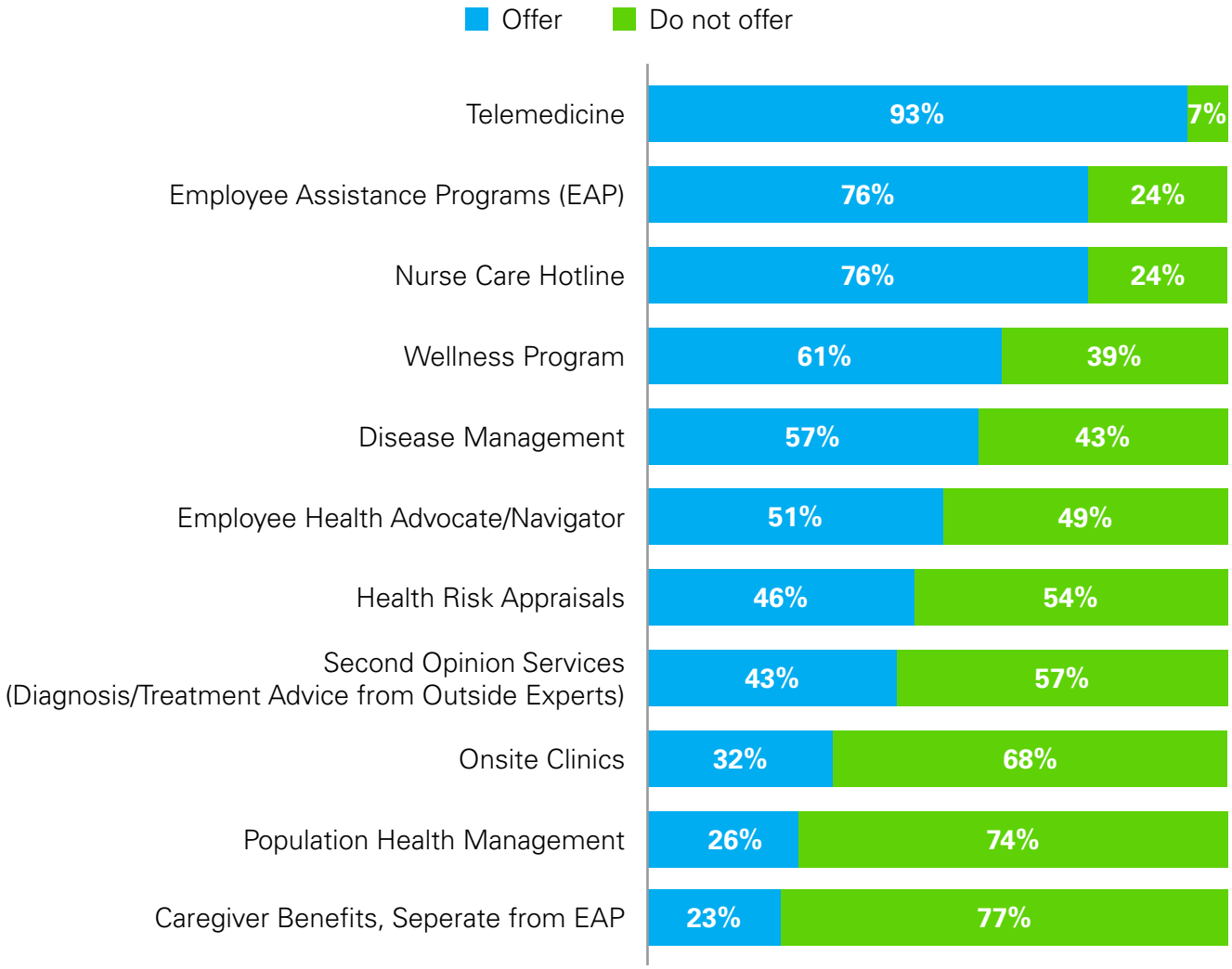
The prevalence of Telemedicine has grown compared to last year (93% in 2021 compared to 80% in 2020) and utilization of Telemedicine continues to be strong compared to pre-pandemic rates. More employers are integrating Telemedicine with their medical plan and offer it to employees enrolled in the company medical plan, versus all employees.



Not surprisingly, and similar to last year, larger companies (500+ lives) and those in the Information Management/ Information Technology sector offer these health and productivity benefits at a higher rate when compared to smaller companies and other industries. When it comes to region, the companies in the Northeast tend to offer Disease Management, Second Opinion Services, Employee Health Advocacy and Onsite Clinics more so than other regions. Respondents in the Midwest provide Nurse Care Hotlines while those in the West offer EAPs at the highest rate.

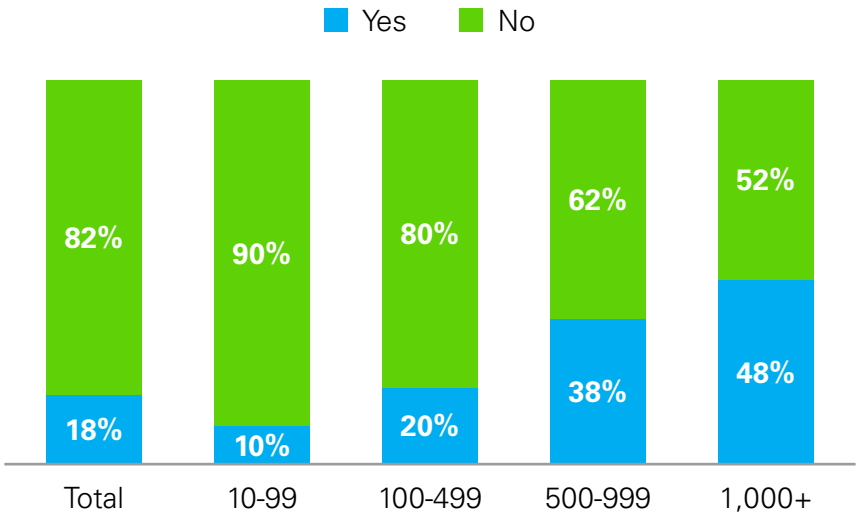
[6] In the survey, Telemedicine was defined as the remote diagnosis and treatment of patients by means of telecommunications technology. (e.g. via telephone, web conference, etc.).

Health & Productivity Benefits Offered



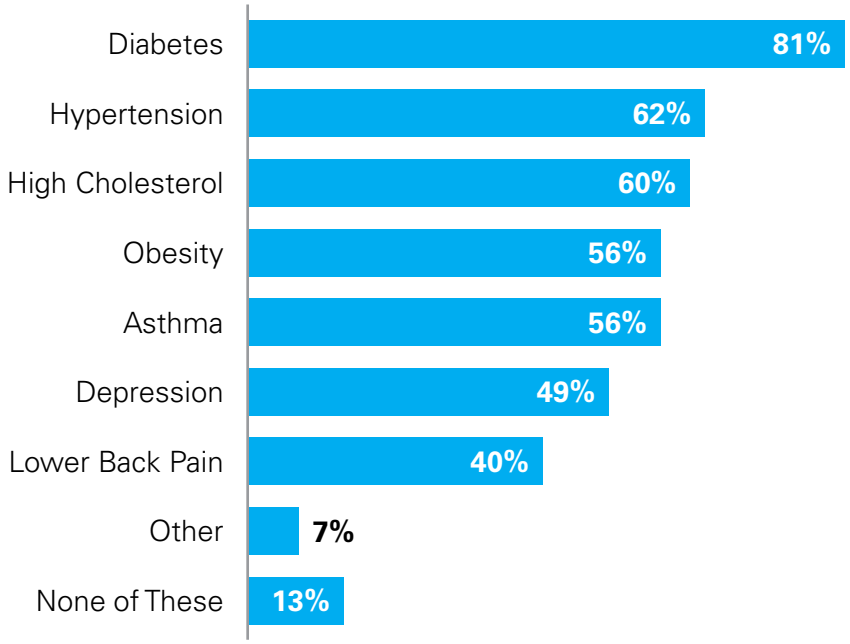
For those that offer a Wellness program, about 20% include a Financial Wellness program which typically includes retiree planning and general financial education. About 2 in 10 respondents provide incentives for their employees to participate in wellness related activities. Diabetes (81%) followed by hypertension and high cholesterol are the most common conditions that are included in disease management programs.

Does your company's wellness program include a financial wellness program?



What condition(s) does your company disease management program focus on?

(Select all that apply)

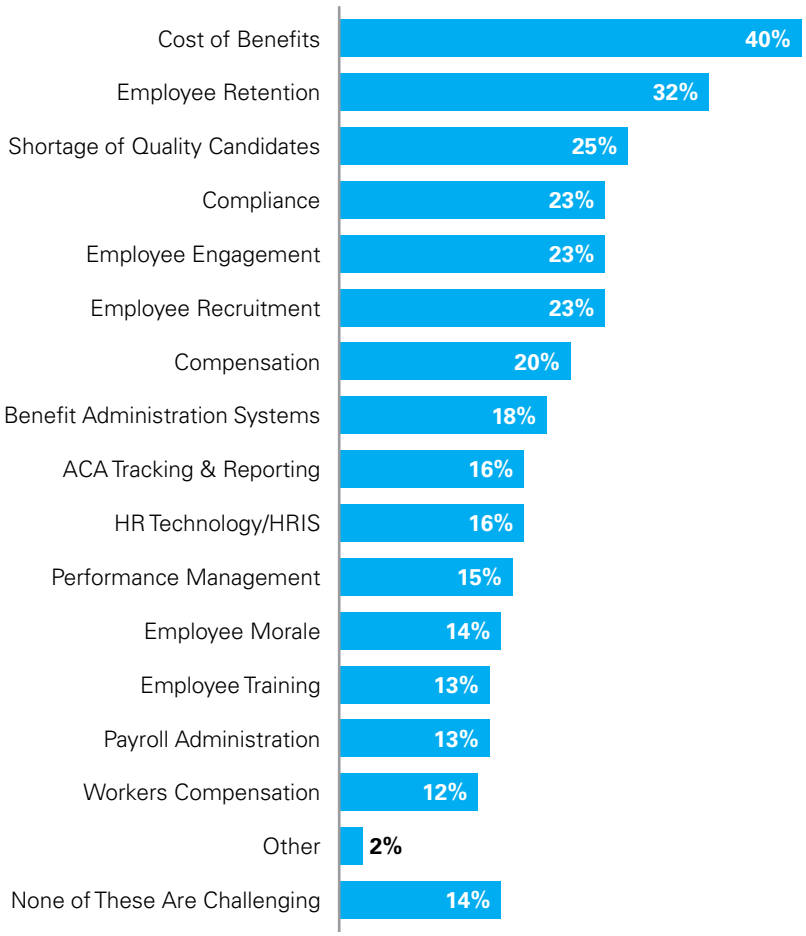


Human Capital Management

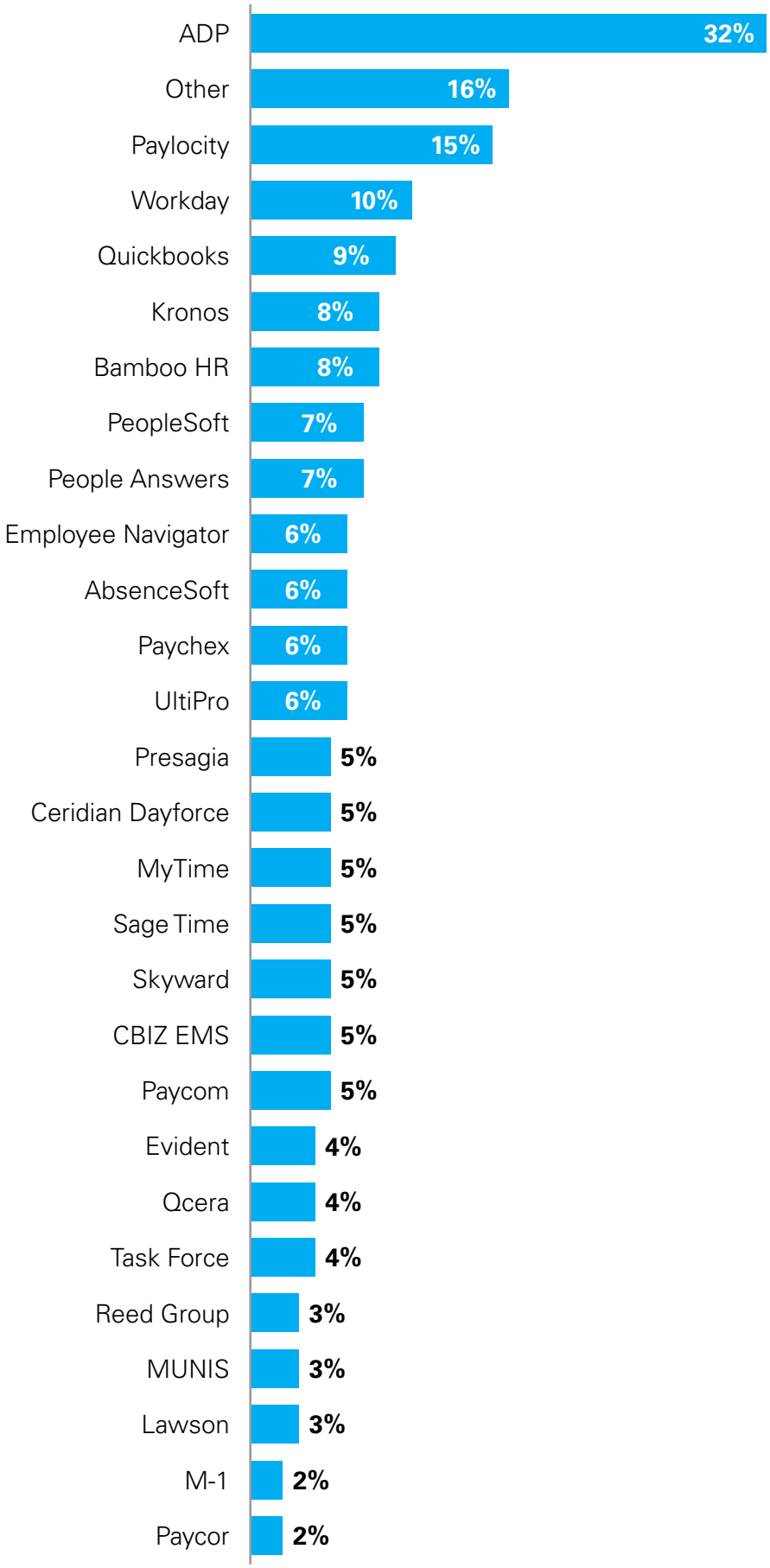
New this year, the survey asked a few questions about Human Capital Management in terms of what is most challenging for employers and what technology solutions are most often used. According to respondents, the cost of benefits followed by employee retention and the shortage of quality candidates are the most challenging aspects related to Human Capital Management.

When it comes to the technology used for Human Resource functions, a wide variety of solutions are used. As shown below, ADP is the most common but other solutions such as Paylocity, Workday and Quickbooks are also used. The features of these Human Resource technology solutions most often include payroll (71%), followed by benefits administration (56%) and employee onboarding (47%). Few HR technology platforms used among respondents include Performance Management or Leave Management capabilities.

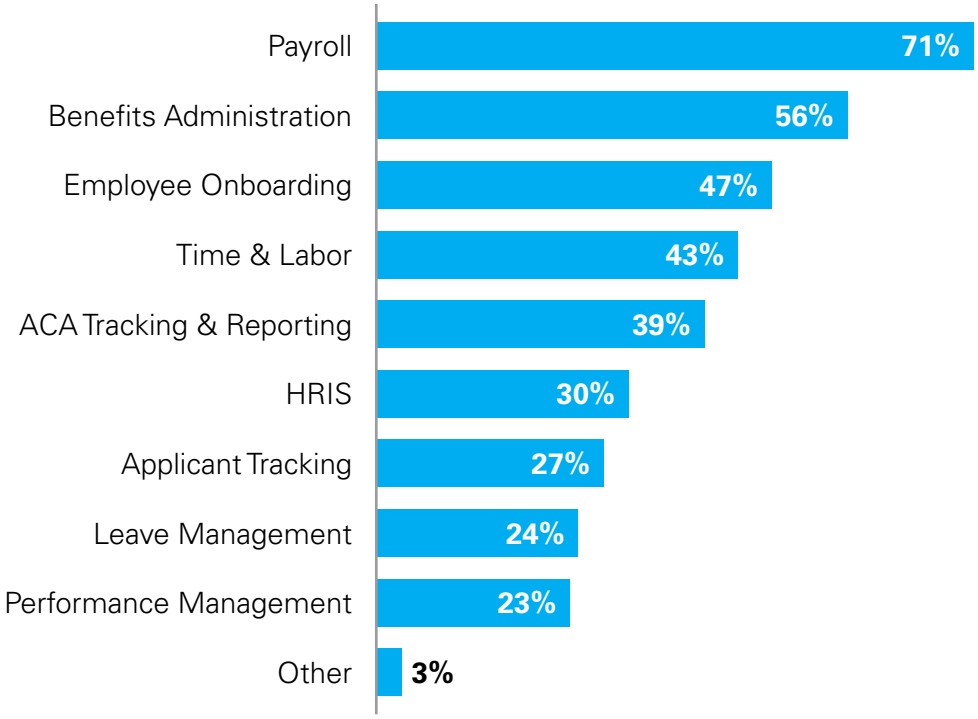
Areas of Human Capital Management That Are Most Challenging



Technology Used for Human Resource Functions



Features of Human Resource Technology

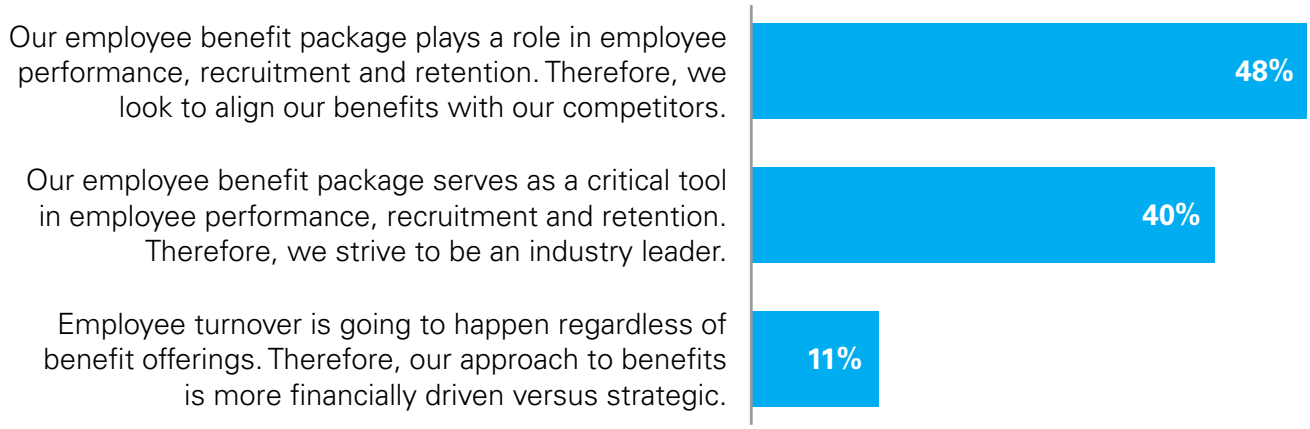




Total Rewards Strategy

New this year, the survey asked respondents about their Total Rewards Strategy. Over 80% of respondents feel their current Total Rewards Strategy aligns with their organization's mission, vision, and values as well as their organizational growth and employee acquisition goals. When it comes to companies' strategy for developing their employee benefits package, most are seeking to align their benefits with their competitors (48%), and others (40%) are striving to be an industry leader. Only a small percentage of respondents (11%) say their approach to benefits is to be more financially driven versus strategic.

Strategy for Company Employee Benefits Package



Respondent Profile

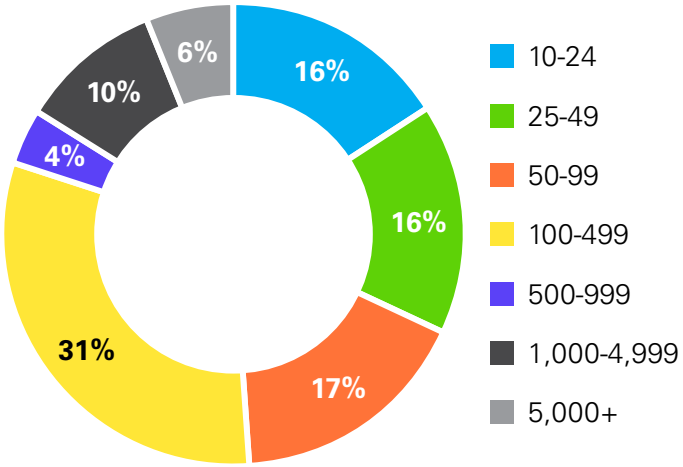
The survey was completed by 2,509 respondents across the U.S. of various sizes and industries. Respondents most commonly:

- Employ 100-499 employees (31%)
- Work in the Manufacturing (13%) or Healthcare (10%) industries
- Are located in the West region (55%), with the most common states being Oregon and Arizona, followed by Washington and Colorado
- Have 5 or fewer company locations (66%)
- Are privately-held corporations (39%)
- Have non-union populations (85%)

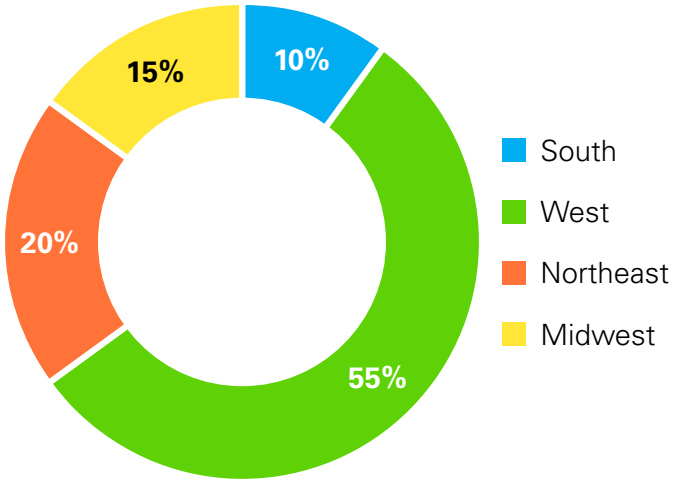




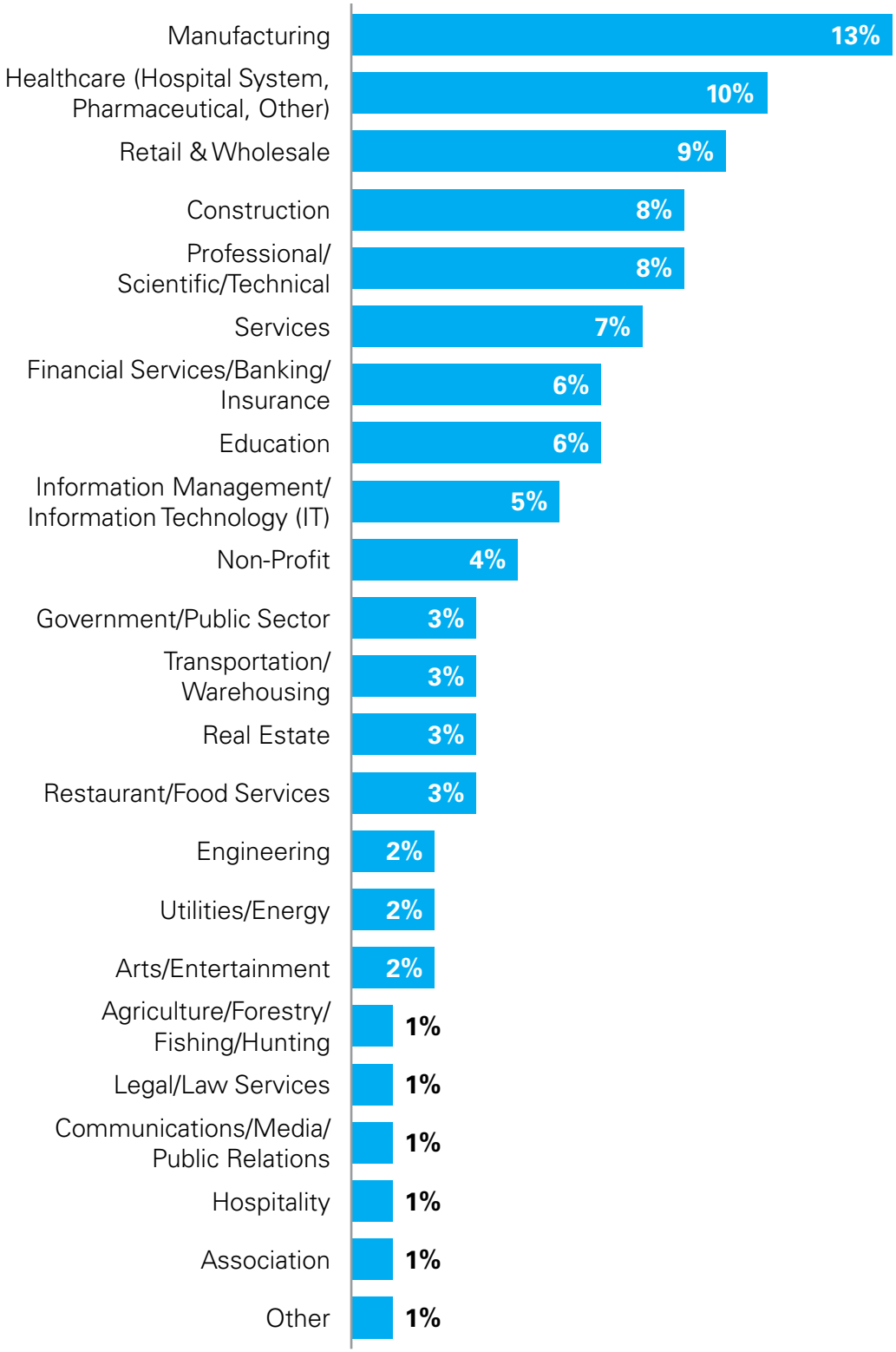
Company Size



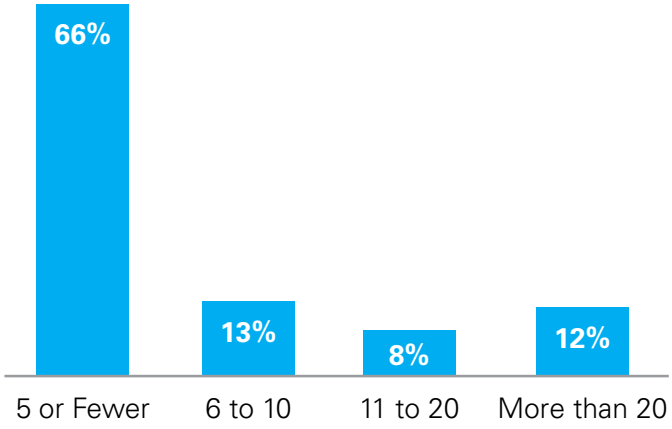
Region



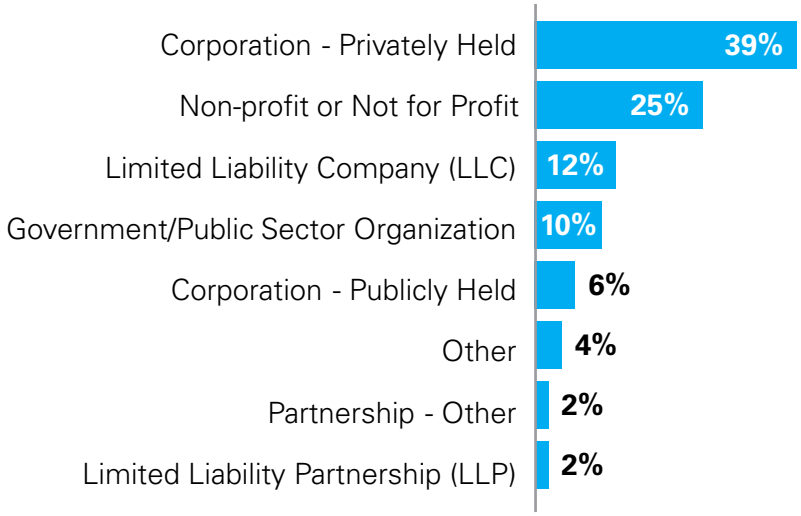
Industry


Manufacturing 13%
Healthcare (Hospital System, Pharmaceutical, Other) 10%
Retail & Wholesale 9%
Construction 8%
Professional/ Scientific/Technical 8%
Services 7%
Financial Services/Banking/ Insurance 6%
Education 6%
Information Management/ Information Technology (IT) 5%
Non-Profit 4%
Government/Public Sector 3%
Transportation/ Warehousing 3%
Real Estate 3%
Restaurant/Food Services 3%
Engineering 2%
Utilities/Energy 2%
Arts/Entertainment 2%
Agriculture/Forestry/ Fishing/Hunting 1%
Legal/Law Services 1%
Communications/Media/ Public Relations 1%
Hospitality 1%
Association 1%
Other 1%

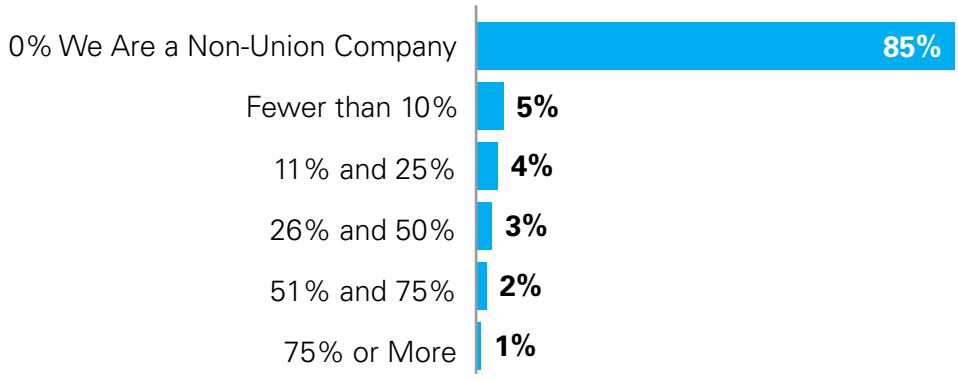
Number of Company Locations



Company Legal Structure



Union Population





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