

# Why It's Important To Regularly Review Your Employee Benefits Program

It's no secret—health care costs in the United States have risen sharply over the past two decades. A study by the Journal of the American Medical Association found that U.S. healthcare spending increased by \$1 trillion from 1996 to 2015. Just in 2020 alone, the average premium rose by 4% for both single coverage and family coverage, according to the Kaiser Family Foundation's (KFF) Employer Health Benefits 2020 Annual Survey. As costs continue to climb at a steady rate each year, employers feel the pressure. That's why reviewing your employee benefits program regularly is critical to managing costs and ensuring employee retention.

## Mitigating Health Care Costs

### Why Are Healthcare Costs Rising?

When considering how to save money on health care, it's important to explore the reasons behind rising costs. It's also essential to note that each organization will likely experience different cost drivers; however, the following are among the most common reasons for increased health care costs across the country:

- **Skyrocketing prescription prices:** Every year, prescription drug costs continue to represent an increasingly large portion of health care expenditures. The Centers for Medicare & Medicaid Services (CMS) projects that by 2022, annual expenditures on prescription drugs will grow to \$455 billion, and outpatient prescription drugs will account for about 9% of total health care spending.
- **Increase in chronic conditions:** Chronic conditions not only deeply affect those who suffer from them but can also drastically increase medical expenditures and lower employee productivity. Approximately 133 million Americans live with one or more chronic diseases, which translates into an increased cost for employers. As a nation, about 86% of our health care dollars go to treatment for chronic conditions.
- **Increased usage of services:** Over the last decade, the utilization of health care services has risen. A variety of factors such as improvements in medical technology, the influence of managed care, elevated consumer awareness and demand, and a boost in the number of practicing physicians caused health services—like the number of surgical procedures and the number of prescription drugs dispensed—has caused this number to rise. With the pandemic still ongoing, we can expect this number to continue to increase for some time.
- **Ageing population:** According to the U.S. Census Bureau, the number of Americans ages 65 and older is expected to nearly double by 2025, and the elderly population (80 and older) will increase by 80%. As citizens age, there will be a subsequent increase in chronic diseases such as asthma, heart disease, cancer, and the need for more

resources to fight these diseases. This eventually leads to increased use of prescription drugs and other medical services, which will create an overall increase in health care spending.

## How Can Employers Address These Rising Costs?

Mitigating health care costs has been a prevalent issue for employers nationwide for a few years. Many employers want to continue to offer attractive health care benefits to hire quality employees and ensure retention. However, they must also weigh the cost-effectiveness of those benefits at a time when hefty rate spikes are the norm.

Employers are struggling to contain accelerating health plan costs. That's why many firms are attacking the root causes of rising costs with sustained, systemic changes. With the growing epidemic of poor health and the uncertain overall impact of health care reform, it's recommended for employers to regularly review their health care programs. This may include making plan design changes, focusing on employee well-being and education, and implementing additional benefits offerings.

## 3 Questions To Ask When Reviewing Your Employee Benefits Program

### What Do My Employees Want?

No business leader wants to waste money. Therefore, don't invest in employee benefits that your team doesn't want. Instead, understand your employee's priorities by asking them what they value most in terms of benefits. It's also easy to gather information on your employees through surveys, focus groups, or one on one meetings.

### How Can I Help Inform Employees?

Communication is key when it comes to the success of your employee benefits program. Without consistent and clear communication, employees will fail to understand the benefits available to them, and most importantly, the value they can reap from the benefits. Consider employee communication tools you already have in place. Younger employees may prefer receiving information via text, while older employees may prefer emails or physical pamphlets. Either way, ensuring clear communication is essential when reviewing employee benefits.

### What Is My Budget?

One of the main reasons for employers to regularly review their employee benefits is to save money on costs. Therefore, you should consider the return on investment and which direction your company wants to go with its benefits. Review all your expenses and create a budget for your company. Whether you want to offer different benefits or provide additional benefits, reviewing your benefits program will re-engage employees, and improve their retention and productivity. You can also save money in the process by dismissing benefits employees no longer want.

## Alltrust Insurance Can Help Mitigate Your Costs

The world of employee benefits can be challenging to understand and navigate. With employee benefits being one of the largest expenses for many businesses, choosing the best package for your employees is one of the most significant decisions you need to make. Therefore, seeking a trusted partner to help mitigate your employee benefits and healthcare costs is of the utmost importance. At Alltrust Insurance, we are dedicated to helping companies make better decisions about their benefits and finances. Let our team at Alltrust save you money on your employee health plans, and visit our website to [sign up](#) for a free employee benefits review today.

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