Bolton
Insight
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2021 Benefits Planning and COVID-19

COVID-19 has had a huge impact on the 2020 benefits plan year. As employers are considering plan design changes and evaluating their benefits packages, they may want to consider some of the benefit options outlined below to help navigate the new world post-pandemic.

Potential Cost Increases and Plan Designs

Employers and benefits experts are bracing for cost increases headed into 2021. Health care premium costs have increased at a steady rate over the past few years, with the most recent average increase being around 6%. Actuaries at Willis Towers Watson predict up to a 7% increase in health care premiums in 2021 for both self-funded and fully insured employers.

Despite many health care providers waiving fees associated with COVID-19 testing right now, those costs will likely trickle down in the long run. While fully insured employers may not experience cost increases until the new plan year, self-insured employers may have already felt cost increases due to COVID-19. In addition, many patients are postponing elective surgeries and procedures this year due to COVID-19, but may opt to receive care in 2021, which would result in increased claims and costs.

As such, organizations may need to evaluate plan design changes heading into the 2021 enrollment season. No plan design is guaranteed to shelter employers during the coronavirus pandemic - it comes down to unique circumstances. For instance, some self-funded employers may be covering significantly more costs now than what they’re used to. These organizations may consider going fully insured to make more predictable payments. On the other hand, some fully insured groups may feel restricted by their locked-in premiums or may predict much higher costs in 2021, so self-funding could appeal to them.
Some organizations may wish to restructure even further, using reference-based pricing or other plan designs aimed at shifting costs away from the employer.

There is no one-size-fits-all plan design when it comes to mitigating COVID-19-related costs. Employers will need to evaluate their unique circumstances and consider whether they need to shift some of their cost-sharing burden with a new plan design.

Telehealth Benefits

Telehealth is the practice of communicating electronically with a physician, typically via telephone or video chat. The medium has risen in popularity over the past few years, but the coronavirus pandemic has proven just how viable it can be. Many insurers are already covering telehealth under their plans, and it’s a safe bet that others will do the same.

During the pandemic, telehealth services have seen a significant increase in utilization. According to a survey from FAIR Health, there was a 4,347% increase nationally in telehealth utilization from March 2019 to March 2020. As the pandemic has progressed, many providers and hospitals are encouraging patients to utilize telehealth services instead of coming to the office or hospital for non-life-threatening care.
Heading into 2021, expanded access to and coverage for telehealth services will be a priority for employees. Employers should evaluate their current offerings and consider adding or expanding this benefit.

Mental Health Benefits

According to a survey from mental health provider Ginger, nearly 7 in 10 employees cited the COVID-19 pandemic as the most stressful time in their careers. As employees return to work, many are experiencing financial hardship, balancing new caregiving responsibilities, managing concerns over their physical well-being, and maintaining their mental well-being and health. During these uncertain times, employees are understandably experiencing significant stress, which can lead to lower productivity and morale, and increase their risk for health conditions, absenteeism and higher health care costs.

To help employees navigate these times and ease their return to work, employers should consider offering or revamping an existing employee assistance program (EAP) and expanding mental health resources for the next benefits plan year. In addition to expanding EAPs, some other mental health resources to offer may include covering telemental health services and providing access to mental health professionals or apps. It is also important to educate employees about the tools and resources that are available to them. Employers want to consider highlighting Mental Health benefits in their benefit guides for 2021.

Flexible Workplace Benefits

Even before the COVID-19 pandemic, employers were feeling the pressure to provide flexible workplace benefits. Employees are looking for flexible work hours, paid time off and the ability to telecommute.
Since the onset of the coronavirus, the desire for these workplace benefits has only increased, in some cases, out of necessity. Many parents are trying to balance their professional responsibilities, likely at home, with home schooling and taking care of their children. There are also millions of people who are juggling remote work and elder care.

In addition, some employees may not be caregivers but may have a condition that puts them at a higher risk of severe COVID-19 illness. Or, they may not be comfortable returning to the office full time. As such, employees are likely looking for expanded flexible work benefits, including:

- **Work-from-home arrangements** - While this may not be feasible in every circumstance, employees who may already be working from home due to the pandemic or are equally as productive from home may expect to continue to receive such benefits in 2021.
- **Flexible work hours** - Offering flexible work hours or alternative schedules during these uncertain times and moving forward may help employees balance their personal and caregiving responsibilities, and prioritize their health.

These two benefits are examples of how some employers are addressing workplace flexibility in their benefits packages for 2021. Employees highly value flexibility, which means employers should evaluate how they can meet this demand.

Contact a Bolton Consultant today to discuss your 2021 renewal strategy and funding options.