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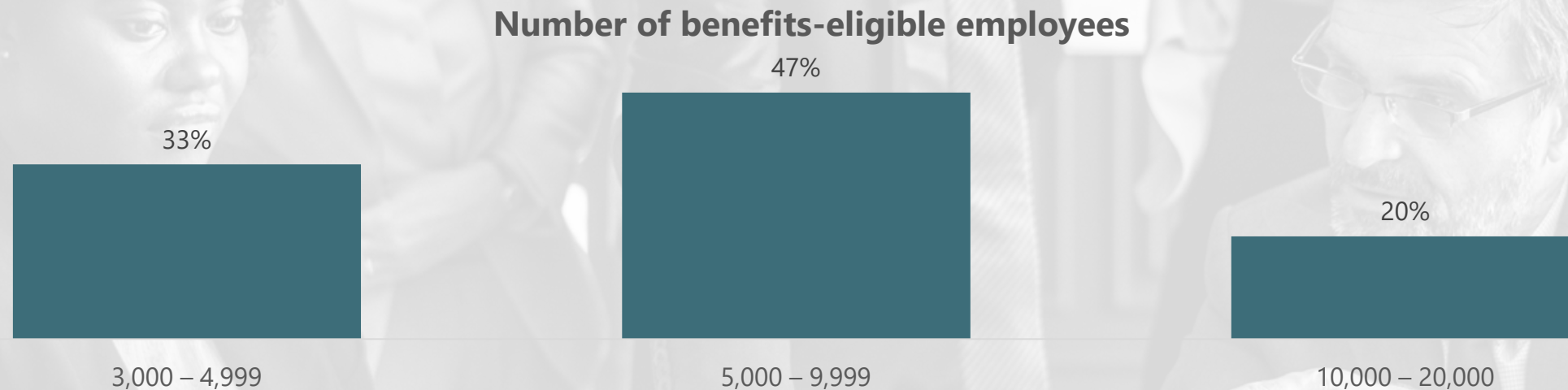


# 2020 TREND REPORT: Top Benefits Priorities for Mid-Market Employers



# Research Background

- **benefitexpress** partnered with Employee Benefit News/Arizent to help brokers understand employers' needs and challenges as they navigate COVID-19. The results from this research can also be used to provide employers with a peer-based perspective to help inform and support their benefits decision-making.
- An online survey was conducted in July/August 2020 among 102 respondents at large employers, defined as those with 3,000-20,000 employees. All respondents are involved in decisions related to employee benefits technology (*defined as technology that enables employers to capture enrollment participation, claims status, benefits administration (new hires/terminates) etc.*).



# Key Takeaways

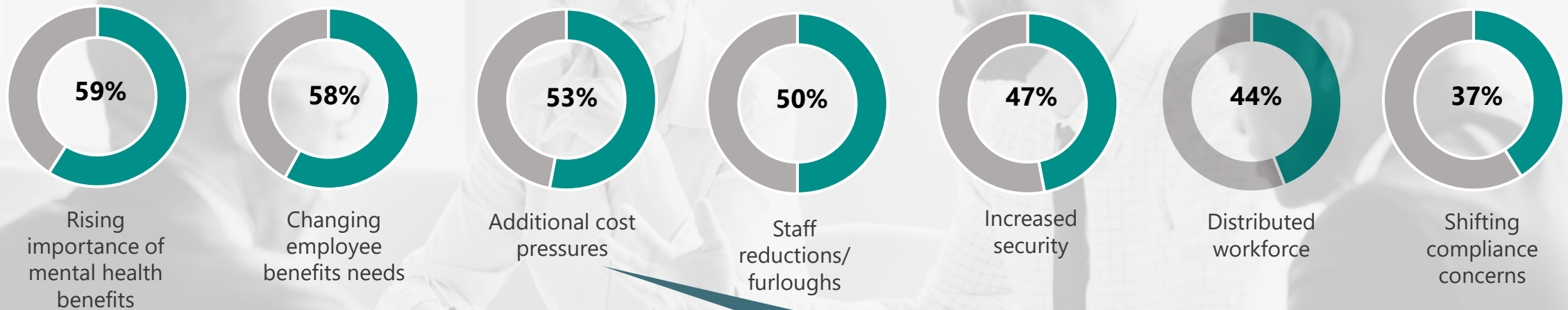
- As employers navigate these uncertain times, several HR/benefits challenges have arisen, with the most prominent being the rising importance of mental health benefits and changing employee benefit needs. Specific to the **benefits administration process**, reduced in-house resources and security vulnerabilities caused by employees' devices/networks are challenges employers are most often struggling with.
- In the next 6-12 months, employers' top priorities are employee education and benefit options evaluation. For **longer-term benefits changes**, employers are most likely to expand remote work policies, mental health support and telemedicine.
- While usage of benefits administration technology is ubiquitous among large employers (94%), about three-quarters are evaluating the need to **switch/invest in benefits technology** over the next 12-18 months, and employers cite data security and compliance as the biggest decision factors.
- Among benefits technology users, data security and compliance needs are the most likely to be fulfilled by current providers; however, providers are under-performing in many areas, including AI, ease of administration and **high touch consultative service**.
- Brokers and technology partners should look to drive employee training and a **seamless transition process** as these are the biggest barriers for employers switching benefits technology.

# Detailed Findings

# Rising importance of mental health benefits and changing employee benefits needs are the top employer challenges

Additional cost pressures and staff reductions are additional challenges that employers are facing amidst the COVID-19 pandemic.

## Key HR/benefits challenges during COVID-19 pandemic



Q: What are the key HR/benefits challenges that your organization has been facing during the COVID-19 pandemic?  
Base = 102 respondents

Employers with 10,000–20,000 employees are more likely than those with 5,000–9,999 employees to struggle with additional cost pressures

# Reduced in-house resources and security vulnerabilities from employee devices/networks are the most prevalent benefits administration challenges

## Benefits administration process challenges



Reduced in-house resources  
**59%**



Security vulnerabilities created by employees' own devices/networks  
**58%**



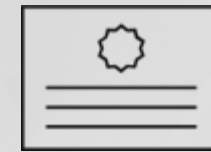
Lack of access to physical documentation  
**43%**



Lack of knowledge from partners/providers  
**42%**



Lack of customized service  
**35%**



Software licensing  
**30%**



Errors due to manual entry  
**27%**

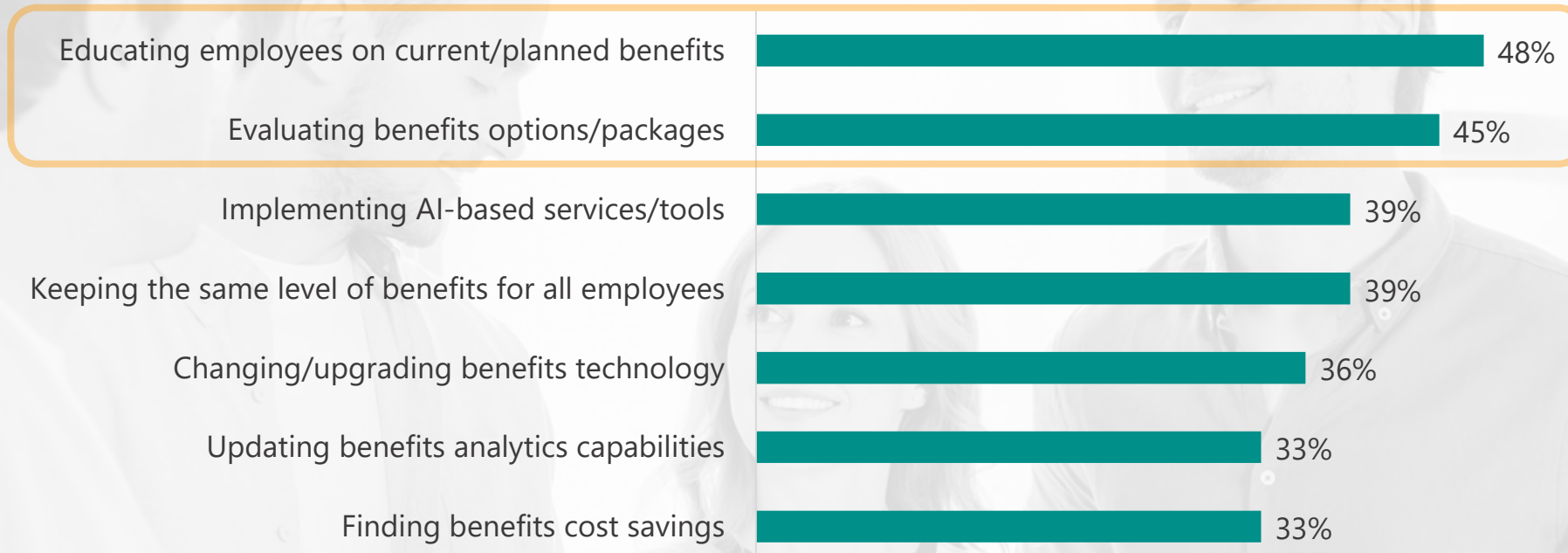
Q: What challenges has your organization experienced with your benefits administration process as a result of COVID-19 business changes?  
Base = 102 respondents



# Employee education and evaluation of benefits options are employers' top priorities in the next 6 to 12 months

1 in 3 employers are considering changing or upgrading their benefits technology.

## Benefits strategy priorities in the next 6 to 12 months

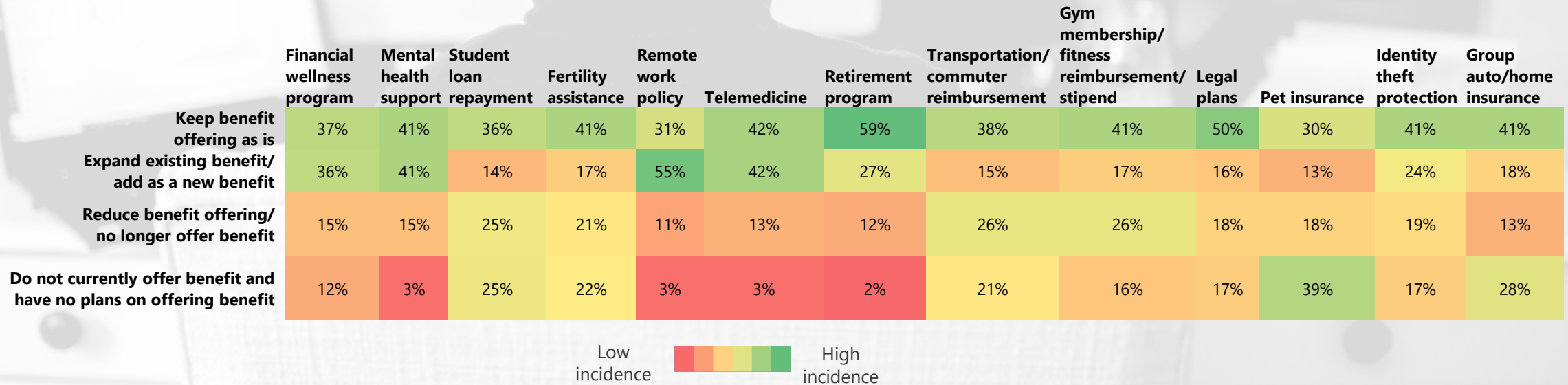


Q: What are your top three benefits strategy priorities in the next 6 to 12 months?  
Base = 102 respondents

# Longer-term, employers are likely to expand remote work policy, mental health support and telemedicine benefit offerings

Retirement programs and legal plans will likely remain the same within the next 12 to 18 months.

## Benefits changes expected to make within the next 12-18 months



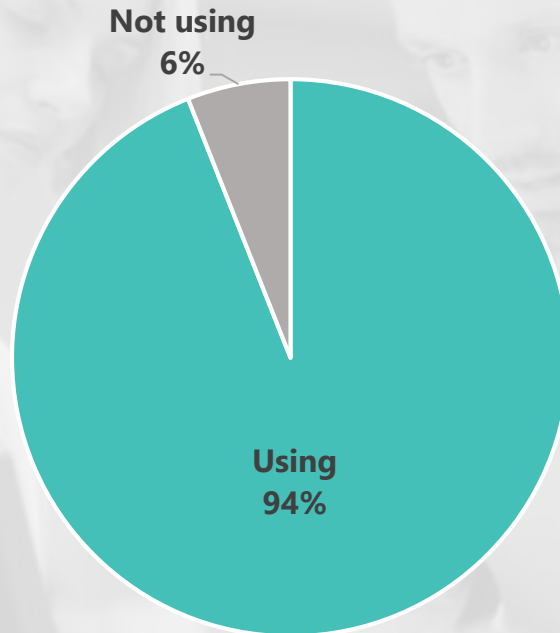
Q: What changes do you expect to make for each of the following benefits within the next 12-18 months?  
Base = 102 respondents



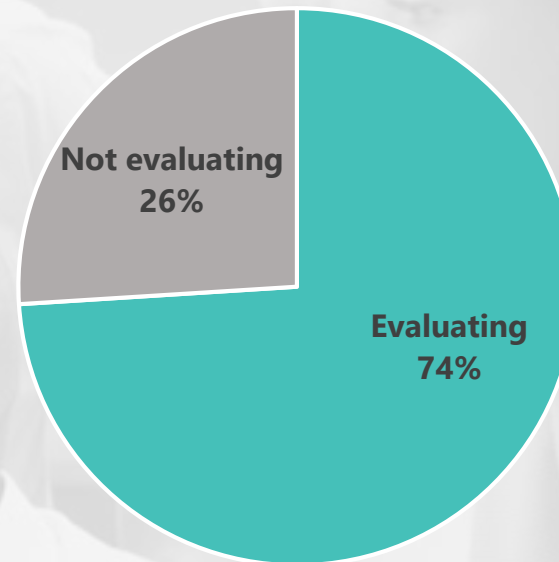
# Usage of benefits administration technology is ubiquitous among large employers

However, about three-quarters are evaluating the need to switch or invest in a new benefits administration technology within the next 12-18 months.

Benefits administration technology usage



Evaluating the need to switch/invest in benefits technology within the next 12-18 months



Q: Which of the following best describes your organization's usage of benefits administration technology?  
Base = 102 respondents

# Data security and compliance are the top factors driving benefits administration technology decisions

Data security and proven ROI are more significant decision factors among employers evaluating the need to switch/invest in new benefits admin technology than among employers not likely to make a switch.

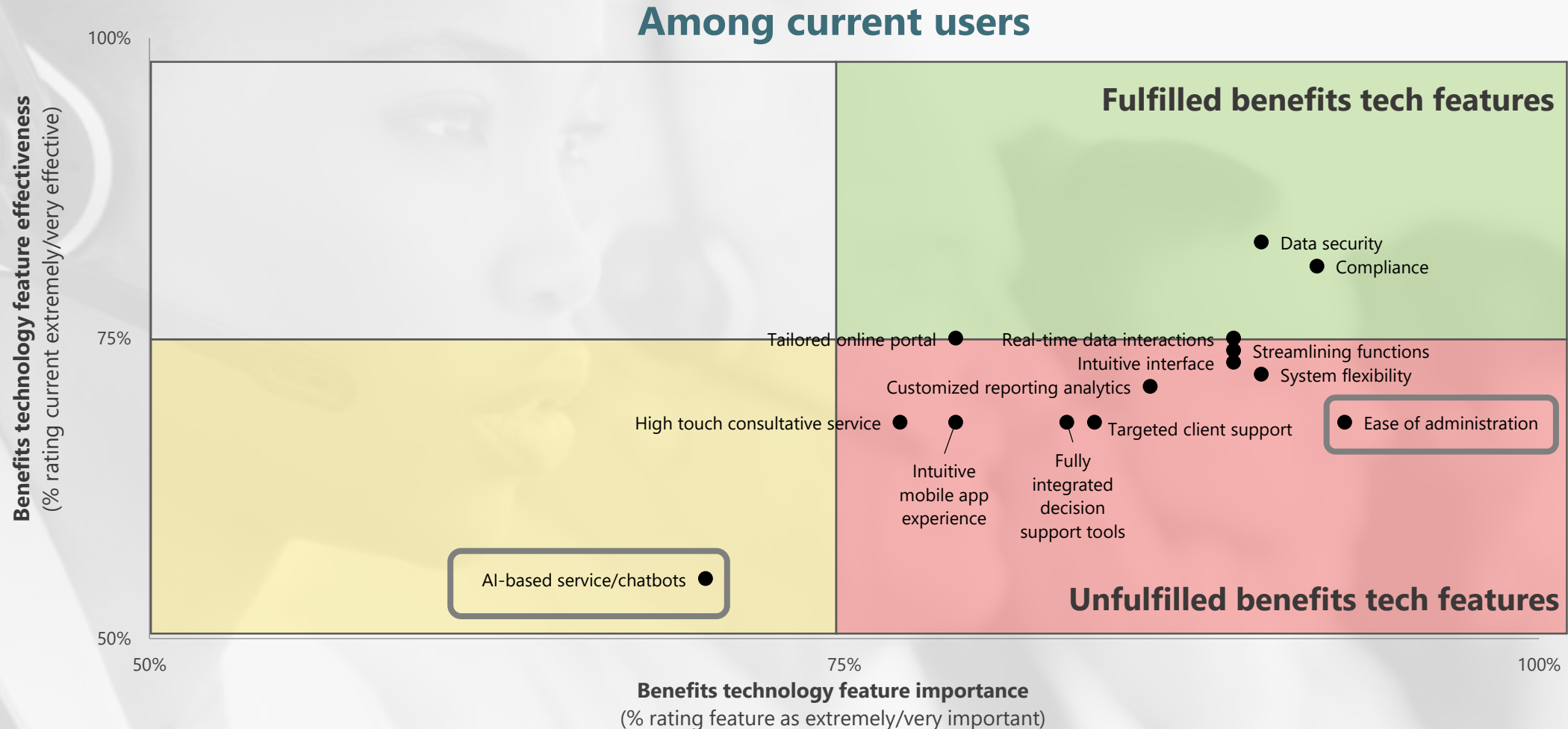
Extremely/very significant benefits administration technology decision factors



Q: How significant was/is each factor in your decision to invest in benefits administration technology?

Base = 102 respondents; 75 evaluating the need to switch/invest in benefits tech; 26 not evaluating the need to switch/invest in benefits tech  
(Letter denote a statistically significant increase over the indicated segment at the 95% confidence level)

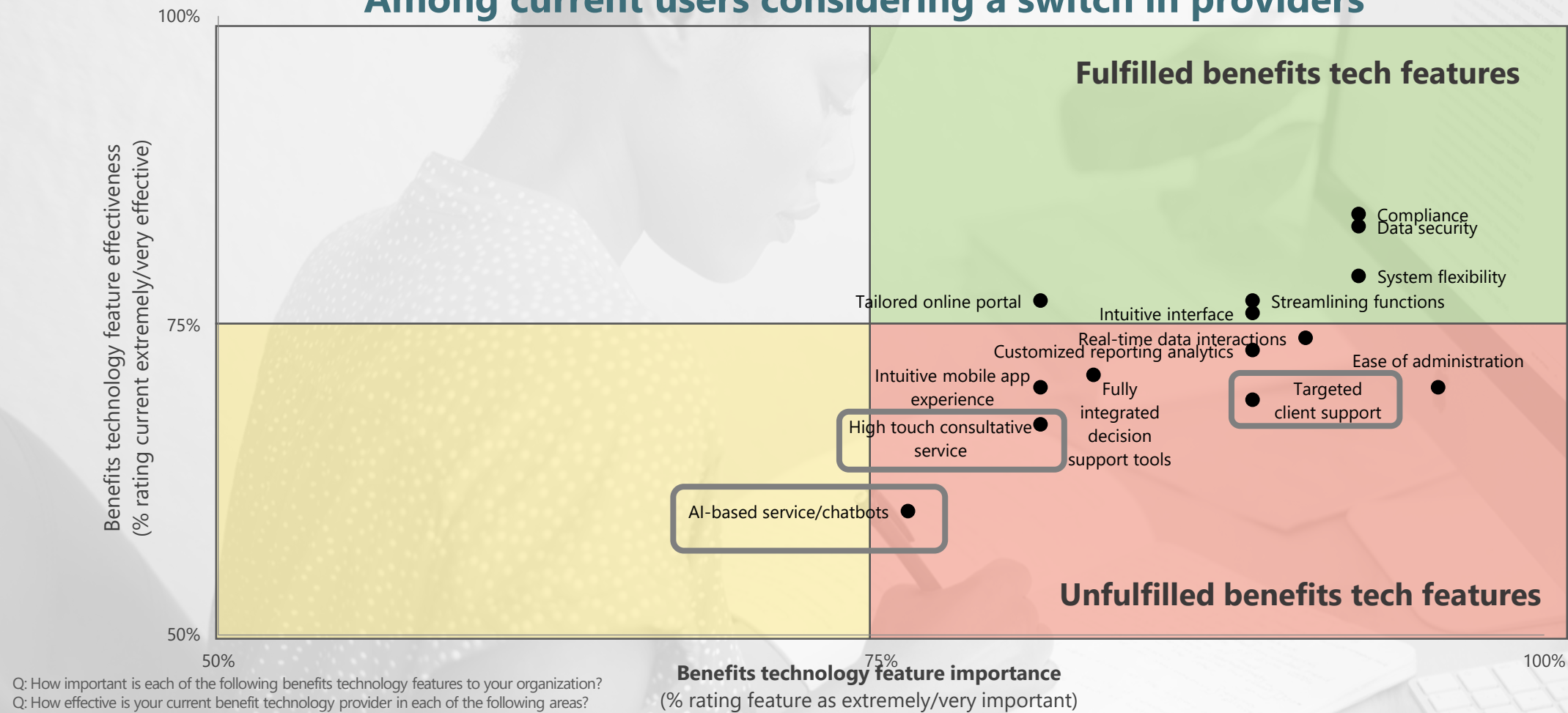
# Data security and compliance are also the features most likely to be fulfilled by employers' current benefits technology; however, providers have room to improve in several areas, including ease of administration and AI-based services



Q: How important is each of the following benefits technology features to your organization?  
Q: How effective is your current benefit technology provider in each of the following areas?  
Base = 96 respondents who currently use a benefits administration technology

# Among employers currently using benefits technology and evaluating the need to switch partners, high touch consultative service is an under-performing need, as well as targeted client support and AI-based services/chatbots

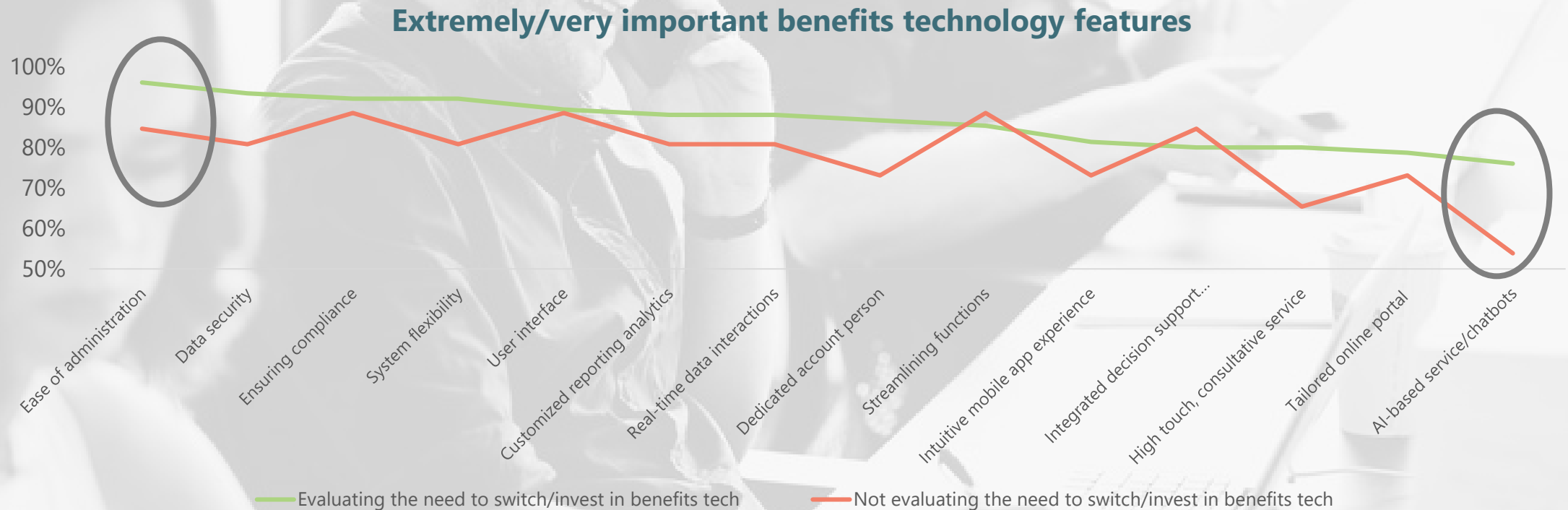
Among current users considering a switch in providers



Q: How important is each of the following benefits technology features to your organization?  
Q: How effective is your current benefit technology provider in each of the following areas?  
Base = 70 respondents who currently use a benefits administration technology and are evaluating the need to keep/switch providers in the next 12-18 months

# Ease of administration and data security are the most important features among prospective benefits tech users/switchers

Employers evaluating the need to **switch/invest in benefits technology** are more likely than employers not evaluating the need to rate ease of administration and AI-based service/chatbots as important features.



Q: How important is each of the following benefits technology features to your organization?

Base = 75 respondents evaluating the need to switch/invest in benefits tech; 26 not evaluating the need to switch/invest in benefits tech

Ovals denote a statistically significant difference at the 95% confidence level

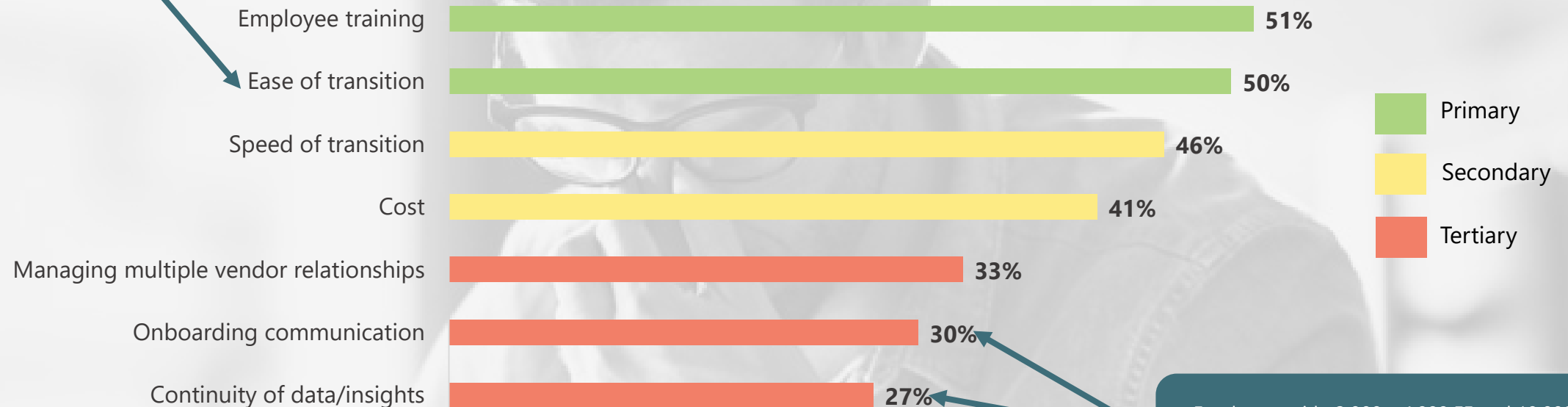


# Employee training and ease of transition are the primary barriers in switching benefits technology

Employers with 5,000-9,999 EE most concerned with Employee training and Ease of Transition

Speed of transition and cost are secondary concerns.

## Top concerns in switching benefits administration technology (Among all employer sizes)



Employers with 3,000 – 4,999 EE and 10,000-20,000 EE most concerned with Onboarding communication and Continuity of data./insights

Q: What are your top concerns in switching benefits administration technology providers?  
Base = 70 respondents evaluating the need to switch benefits administration technology within the next 12-18 months

# Questions?

**REQUEST A DEMO**

Or, for more detail, please contact:

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# Thank You!