



A Special Trends Report

Perspectives on Employee Benefits Carriers
from a Survey of Large Employers
(Q2, 2023)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted a special online information exchange in Q1 2023 to understand its **large employer members'** opinions of and experiences with the employee benefits industry, including their interactions with employee benefits carriers.

The information in this report is based on an online survey taken by roughly 1,000 HR decision makers at organizations with 5,000+ employees (a small subset of organizations with 1,000+ employees from the Healthcare sector were included as well).

For this study, we asked employers to identify those carriers that provide non-medical benefits to their organization, and then asked follow-up questions about one or more of those carriers that were randomly selected among each employer's selections. We've aggregated these results and have reported average scores for the purposes of this briefing.

This exchange contains similar topics and questions to a special online exchange conducted in Q1 2023 among about 1,000 group employee benefits brokers and consultants, and another exchange conducted among employers in Q1 2022, and where possible, results of the three studies are compared. *Please note that employers' responses represent the views of those working in large organizations, while brokers' responses represent views of consultants and brokers serving a wide range of client sizes.*

Executive Summary

This report shares findings about large employers' interactions with non-medical carriers as well as satisfaction with various aspects of the employer-carrier relationship. Where possible, we also provide comparisons to responses of brokers to similar questions from a recent study, as well as responses to similar questions asked of large employers last year.

- Consistent with 2022 results, this year, large employers surveyed report being most commonly involved with non-medical carriers in the following ways: renewing a benefits program, reviewing a proposal from a carrier, and dealing directly with carrier reps (of some kind); yet, this year, the percentage of employer involvement in these interactions is higher than in 2022.
 - Not surprisingly, brokers report higher incidences of interactions with non-medical carriers, than employers do. Brokers are most commonly involved with non-medical carriers in submitting an RFP, placing non-medical business with a carrier, and/or evaluating quotations or proposals for non-medical benefits.
- When it comes to overall satisfaction with their relationships with specific carriers (selected as mentioned in the Background & Methodology), more than half of participants indicate they are “very satisfied”; this is higher than reported in 2022.
- We asked large employers how satisfied they are with carriers in various specific aspects of the employer-carrier relationship.
 - Overall, satisfaction with carrier reputation rates the highest; this also rated the highest among brokers this year and employers in 2022.
 - Accuracy and efficiency of the payroll deduction process scores second-highest; this is also consistent with employers' ratings in 2022. Brokers report they are second most satisfied when it comes to sales teams with local market expertise.
 - This year, participating employers report the lowest satisfaction with ability to suggest design alternatives/value-adds, as well as recommendations for innovative new benefits. Neither of these were named in the bottom five by employers in 2022.
 - Brokers' areas of lowest satisfaction are different than employers'. Their lowest satisfaction is with carriers' environmental sustainability, followed by ability to find sales opportunities for them.

Executive Summary, cont.

- When we asked participants to what degree their relationship with their carrier(s) has improved or declined in the past year, most offer moderate responses, about two-fifths say “significantly improved”, and none report that their relationships have “significantly declined”; these results are consistent with employers’ responses in 2022.
 - Brokers were asked the same question in their recent exchange; fewer, about one-fifth, say “significantly improved”, compared to employers.
- More than two-thirds of large employers indicate their non-medical plans and service/administration needs are relatively straightforward, as opposed to relatively complex, when asked to choose between these two options. This is slightly more than chose this option in 2022.
- Lastly, large employers expressed the importance of carrier support of Diversity, Equity & Inclusion (DEI) programs; roughly three-fifths indicate it’s highly important that the carriers they work with deliver benefits programs which support their organization’s DEI goals effectively.

Employers and Employee Benefits Carriers

We asked participants about their interactions with non-medical employee benefits carriers, their level of satisfaction with certain non-medical carriers (as mentioned in the Background & Methodology) in various areas, as well as other facets of their employee benefits programs.

Interactions with Non-Medical Carriers in Past 12 Months

We first asked large employers to indicate with which of several interaction types they have been personally involved in the past 12 months with regard to non-medical insurance carriers. *In order to participate in this study, participants were required to have been personally involved in at least one of the activities asked about.*

In the past twelve months, **three in four participants have renewed a benefits program**; this is the most common interaction large employers report with non-medical insurance carriers.

Roughly two in three have reviewed a proposal from a carrier and/or dealt directly with carrier reps (of some kind). About half indicated that they have been involved in on-boarding activities with non-medical carriers in the past year.

Last year, we asked large employers the same question in a special online exchange. This year, we find greater levels of interactions compared to last year.

Results are detailed in the chart below.

Interactions with Non-Medical Carriers in Past 12 Months, % Saying Yes

Base: Employers were required to have been personally involved in at least one of the following activities in order to participate in this study

	Large Employers 2022	Large Employers 2023
Renewed a benefits program	68%	75%
Dealt directly with a non-medical insurance benefits carrier's benefits service, operations or sales representative(s)	63%	70%
Reviewed a proposal from an insurance carrier	64%	67%
On-boarded / Implemented a new benefits program	48%	55%
Helped/on-boarded a new carrier or solved an issue with an insurance carrier	46%	49%

Spotlight on Trends: SHRM's Employee Benefits Survey

Every year SHRM conducts an annual study on employee benefits trends in the U.S. This year's study, conducted in early 2022, was undertaken by more than 3,000 HR professionals (members of SHRM).

SHRM's findings highlight the differences since and changes as a result of the COVID-19 pandemic. Key take-aways from the study include:

1. This year, health-related, retirement savings, and leave benefits were rated the top three most important employee benefits.
2. Employers rated all employee benefit types asked about as more important today than they were pre-COVID-19 pandemic.
3. Telehealth benefits offerings increased in prevalence by 20 percentage points from pre-pandemic levels to this year.
4. Mental health coverage hit an all-time high in prevalence this year, with more than 9 in 10 employers saying they offer these benefits. Also, 1 in 5 employers reported they currently offer mental health days.
5. Nearly 2 in 3 employers said they offer most of their workers the opportunity to adopt a hybrid work model, which involves a combination of working both remotely and in person.

The full report can be accessed at:

<https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Pages/2022-Employee-Benefits-Survey.aspx>

Interactions with Non-Medical Carriers in Past 12 Months, cont.

We also asked brokers a similar question in a recent special online exchange. **As would be expected, brokers report higher incidences of interacting with non-medical carriers. Nearly all participating brokers say they have had the following interactions with carriers in the past year:** evaluated quotations or proposals for non-medical benefits, submitted an RFP, and placed any non-medical business with a carrier.

Satisfaction with Overall Relationship with Carrier

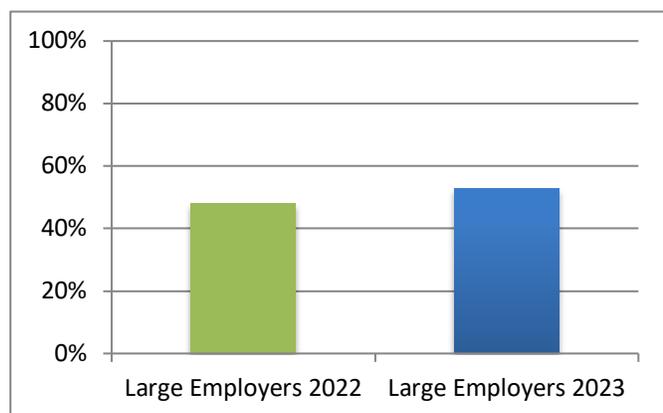
Next, we asked participants to rate their satisfaction with their overall relationship with specific carrier(s), based on their responses to earlier survey questions (as mentioned in the Background & Methodology).

Overall, slightly more than half of large employers (53%) indicate they are "very satisfied" with their overall relationship with the carrier(s) asked about.

In 2022, large employers were asked the same question, and satisfaction was slightly lower; fewer than half (48%) reported they were "very satisfied" with overall carrier relationships.

These results are consistent with industry feedback indicating, for the most part, that employers have been happy with the way in which carriers have responded to and 'weathered' the pandemic.

Aggregate Satisfaction with Overall Relationship with Carrier(s), % Saying "Very Satisfied"



Satisfaction with Aspects of Carrier Relationships

We then asked large employers how satisfied they are with certain carrier(s) in various aspects of the employer-carrier relationship.

The top five and the bottom five areas of employer satisfaction, along with comparisons to broker responses, are listed below. Employers and brokers were asked about different aspects

Satisfaction with Aspects of Carrier Relationships, cont.

of their carrier relationships, as applicable.

This year, large employer participants report the highest satisfaction, on average, with the following aspects of the employer-carrier relationship (top five, in order of scores [ties exist across these results]):

1. Carrier's reputation
2. Accuracy & efficiency of payroll deduction process
3. Accuracy and quality in supporting implementation and enrollment
4. Quality of information security program, controls and practices
4. Overall value for provided benefits and services
4. Ability to work with org's HRIS

In 2022, large employer participants reported the highest satisfaction, on average, with the following aspects of the employer-carrier relationship (top five, in order of scores):

1. Carrier's reputation
2. Accuracy & efficiency of payroll deduction process
3. Overall value for provided benefits and services
4. Timeliness throughout the renewal process
5. Clarity of benefits and covered services to employees

Comparatively, brokers' top five areas of satisfaction this year, on average, are (top five, in order of scores):

1. Carrier's reputation
2. Consultative sales team with local market expertise
3. Ease of understanding compensation plan
4. Proposal clarity and relevance
5. Amount of information required for a sales quote

Consistent with past study results, both employers and brokers are most satisfied with carrier reputation this year. Beyond that, employers and brokers name different areas with which they are most satisfied. Employers are most satisfied with areas related to the accuracy and quality of systems, while brokers tend to focus on aspects related to the proposal process.

Employer participants indicate they are least satisfied with the employer-carrier relationship, on average, in the following areas this year (bottom five, in order of scores lowest to highest):

1. Ability to suggest design alternatives & value-adds
2. Recommendations for innovative new benefits
3. Effective claims integration across coverages
4. Provision of forward-thinking best practices, industry trends, & research/analysis
5. Effective communication of value-adds to employees

A Look Back: NEBAF's Q3 2022 Benefits Briefing

In the Q2 2022, NEBAF conducted an online information exchange exploring members' experiences with and expectations regarding **Diversity, Equity, & Inclusion (DEI) programs**.

Roughly 100 HR decision-makers at organizations with 500+ employees and roughly 300 benefits brokers and consultants participated in this exchange.

Key findings included:

- Nearly three in four employers (with 500+ employees) reported that their organization has a formal DEI program. This percentage trends up with company size.
- Of those employers who have a formal DEI program, almost three-fourths think their company's investment in its DEI programs will increase over the next two years.
- Employers and brokers both report that race/ethnicity is the most common area of DEI that companies are focused on.
- More than three-quarters of participating employers (currently with a DEI program) reported that their company is currently actively seeking to attract certain groups of employees as part of their DEI programs/efforts.

The full report can be accessed at:

https://www.nebaf.org/wp-content/uploads/2022/10/NEBAF_Q3-2022-Benefits-Briefing_final.pdf

We are continuing to invite Human Resource executives, Finance executives, Brokers, and Consultants to join the **National Employee Benefits Advisory Forum (NEBAF)**. If you or someone you know is interested in joining, please visit www.NEBAF.org and click Join Us. Or, email us at service@nebaf.org for more information on how to join.

Satisfaction with Aspects of Carrier Relationships, cont.

In 2022, large employer participants indicated they were **least satisfied with the employer-carrier relationship**, on average, in the following areas (bottom five, in order of scores lowest to highest):

1. Value from bundling
2. Development of custom solutions for employers
3. Provision of forward-thinking best practices, industry trends, & research/analysis
4. Quality and clarity of Marketing/Communications collateral
5. Ability to partner with enrollment firms

For brokers, the following are areas of **lowest satisfaction**, on average this year (bottom five, in order of scores lowest to highest):

1. Environmental sustainability
2. Ability to find sales opportunities through data, analysis and insights
3. Effective support of client's DEI goals
4. Ability to combine medical and non-medical benefits
5. Usefulness of benefits education videos, webinars, etc.

This year, large employers identify different areas of lowest satisfaction, as compared to last year. Large employers tend to be least satisfied with aspects of carrier's proactivity around plan design this year. Employers are clearly looking for more guidance from carriers, but brokers may be able to help and bridge this gap.

The areas in which brokers are least satisfied with carriers differ from employers' responses. Brokers name several areas of more topical interest.

Degree to which Carrier Relationship has Improved/Declined in the Past Year

We asked participants, when thinking about their relationship with their carrier(s), to what degree this relationship has improved or declined in the past 12 months. Participants were asked to rate specific carriers as mentioned in the Background & Methodology.

Consistent with 2022 findings, nearly four in ten large employers surveyed think that their relationship with rated carrier(s) have, on average, "very significantly" improved. None of the participants report that their relationships have "very significantly" declined. Most employers answer moderately.

We asked brokers the same question in the same way in a recent special online exchange. **About one-fifth say their relationships have, on average, "very significantly" improved, only about half as many as employers.** Very few brokers report that their

Degree to which Carrier Relationship has Improved/Declined in the Past Year, cont.

relationships have “very significantly” declined. The majority of brokers are somewhere in between.

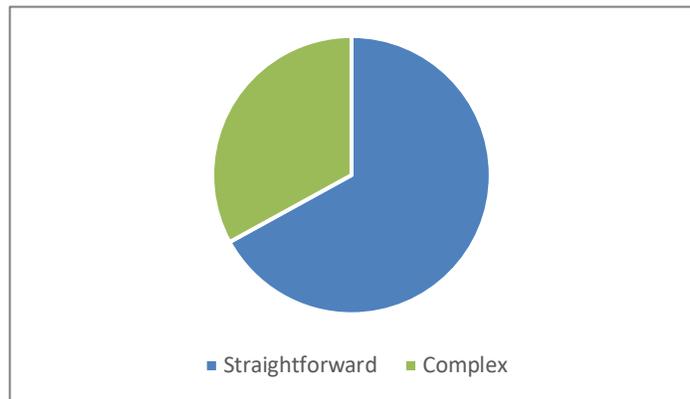
This is relatively good news for carriers.

Complexity of Benefits Plans and Service Needs

We then asked participants which of two options better describes the overall complexity of the non-medical benefits plans and service/administration needs they have with specific carriers (as described in the Background & Methodology)

Slightly more than two in three large employers indicate their non-medical plans and service/administration needs are relatively straightforward, e.g. 1 or 2 plans or plan designs, minimal customization, few variations by population. The remainder, about a third, report that their plans and needs are relatively complex, e.g. multiple plans or plan designs, custom solutions, and/or variations by population. Results are shown below.

Overall Complexity of Non-Medical Benefits Plans and Service/Administration Needs with Specific Carrier(s), % Choosing Straightforward or Complex



We also asked this question of large employers in 2022. This year, we find a greater number of employers saying their plan and service needs for non-medical benefits are straight-forward, as compared to 2022. As a result of the pandemic, there could be a move toward simpler solutions, simpler administration, etc.

Importance of Effective DEI Support from Carriers

Finally, we asked large employers how important it is to them that the carriers they work with deliver benefits programs which support their organization’s Diversity, Equity & Inclusion (DEI) goals effectively.

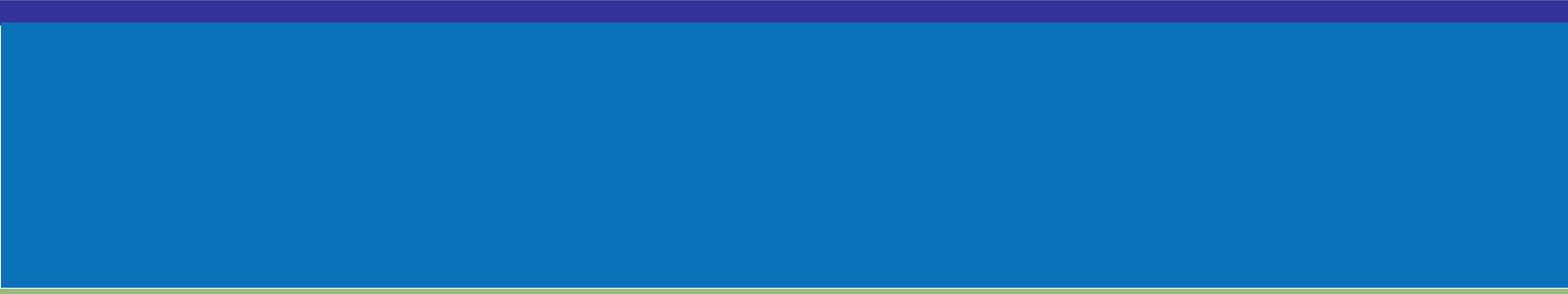
About three in five participants say that it’s highly important



Importance of Effective DEI Support from Carriers, cont.

to them the carriers they work with deliver benefits programs which support their organization's Diversity, Equity & Inclusion (DEI) goals effectively.

Given this is an area of lowest satisfaction for brokers, it's clear that, at least brokers think carriers could be doing a better job in this area.



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