2023 STATE OF WORKPLACE EMPATHY

Businessolver® Special Report

Empathetic Technology and Smarter Service

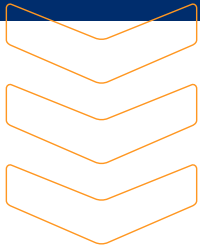**businessolver®**

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Unrelenting Change. Disparate Technology. Rising Healthcare Costs. Shifting Benefits Expectations.

Our 2023 State of Workplace Empathy and Benefits Insights data has underscored HR's burden over the past three years.

HR is reaching a breaking point

But no matter how you look at the data, many of the recommendations for HR and their executive partners to reanimate success across their benefits programs and workplaces boil down to technology, data, and service.

Today, benefits account for an average of <u>33% of an employer's total compensation spend</u> and the average deductible cost to insure a single person <u>has more than tripled</u> since 2007. As if that's not enough, benefits continue to be a tangled mess of complexity. Gone are the days when medical, dental, and vision coverage were enough; now employees demand mental wellbeing, financial stability, and lifestyle support just to consider it the bare minimum.

Alongside these challenges, HR is reaching a breaking point as they juggle an impossible workload alongside a frustrated employee base, a nervous finance team, and a tricky talent and economic landscape. And they're often doing it all with a small team and an even smaller HR tech stack (if they even have technology resources available to them at all).

As organizations look to close the empathy gap and alleviate HR's burden, leadership teams must be willing to invest in empathetic change and technology. Only then can they truly make a difference by streamlining processes and achieving meaningful efficiency gains.
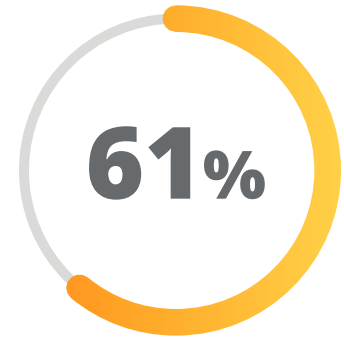
A Lack of Technology is Fueling HR's Burden

86%
of employees are confused about their benefits

61%

According to <u>Businessolver's 2023 Benefits Insights report</u>, 86% of employees are confused about their benefits, a statistic that's remained consistent within 3 percentage points year over year since 2017.

While employees will *never* be benefits experts (yes, we said it), benefits are the number two reason (right below pay) that employees stay or leave a company. As employee engagement wavers alongside the shifting expectations for what a "good" benefits program looks like, HR is saddled with the onus to figure out a connected strategy with little to no resources.

This added pressure, alongside mounting workloads and outdated technology to support the execution, is resulting in increased HR burnout in just the past year: **61% have experienced a mental health issue** and **27% don't feel motivated at work anymore**, according to <u>Businessolver's 2023 State of Workplace Empathy data</u>.
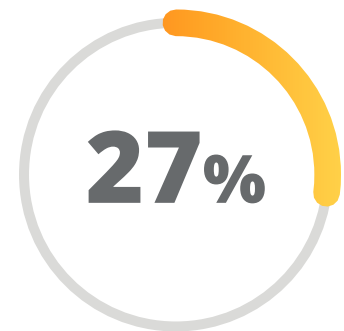
These stats are not a surprise.

27%

Here is what HR teams are up against

Tight budgets

Healthcare costs are expected to rise anywhere from 6% to 10%, but more than 7 in 10 employers don't want to pass those costs on to their employees.

Lack of technology

HR technology adoption rates are on the rise, but there's still a lot of room to grow. Just 59% use employee self-service technology and only 54% use some form of automation.

Managing distributed workforces

Remote and hybrid workplace models have layered on added complexity to today's workforces as HR teams struggle to manage distributed workforces across multiple cities and states.

Shifting compliance expectations

In 2023, it was announced that the State of Emergency was ending, forcing many organizations to scramble to prepare with only a 90-day runway. Additionally, new transparency and IRS requirements went into effect.

Benefits confusion and ill-fit benefit elections

86% of employees are confused about their benefits, and over 60% of Americans are considered "over-insured."

Gaps in benefits priorities, availability, and awareness

Over 90% of employees want to see more diversity in their benefits, especially with flexibility and mental health, but only an average of 32% of organizations' benefit programs align. Additionally, there's an average 20-point gap between the benefits being offered versus what's being used.

30%

HR TEAMS
Lack benefits technology

A common thread among these challenges is a lack of engagement and resources

As over **30% of HR teams** work without some kind of benefits technology, they're also without tools to amplify and measure feedback, gather data, or effectively manage and support their employee populations.

$1,204,000

Cost for an organization to manually enroll 11,000 employees during the annual enrollment period

Perpetual employee benefits confusion and low engagement is especially burdensome on HR teams

Without smart or efficient technology and processes in place, HR is often on the hook to be a live benefits concierge and guide, handle manual enrollments, answer questions, compare plans, guide employees towards supplemental benefits, and much, much, more.

Not only do these inefficiencies levy an emotional burden on HR teams, they also come with a hefty price tag. A manual enrollment period for an organization of 11,000 employees could cost an organization over $1,204,000 just to enroll employees in their benefits.

But that cost to enroll (typically over a 3-week period) doesn't include the additional time, effort, and resources spent through the rest of the year to engage employees, answer questions, manage claim spend and utilization, go to market at renewal, manage compliance and reporting... do we need to keep going?

However, this work doesn't happen in an HR vacuum (though these teams have certainly been under pressure to drive that performance alone). Brokers, advisors, and carrier/solution partners play a critical role in helping HR guide strategy, but internal buy-in is paramount to the success of the program. CEOs and CFOs have an eye on the bottom line and that often puts additional pressure (without consultation) on HR to continue to manage costs in an inefficient ecosystem.

The numbers are clear

As HR struggles to stay current and connected with their employees and their benefits plans, they need more resources and support to balance their workload.

Service and support are just as critical as the technology HR needs to execute efficiently and effectively on their strategy. While the burden can't be solely on HR to drive results, they must find a way to build buy-in with their cross-functional partners internally by speaking their language through data and industry expertise.

Benefits Engagement Stalls Without Technology

As today's workforces adapt to remote, hybrid, and distributed work models (even in the midst of return to office), technology is critical in keeping a pulse on the health and future of the organization, a responsibility that lands squarely on the shoulders of HR. This same technology is also a critical in lessening the HR burden and providing empathetic resources and service for HR to streamline their strategy and address employees' needs and feedback.

Employees' benefit expectations have evolved far beyond the old medical, vision, dental model. Today's employee—regardless of age—expects their employer to support their total wellbeing with a broad and inclusive suite of benefits. Our data finds that employees' top-ranked empathetic benefits are based in flexibility, mental wellbeing, and equitable access.

But as employees' benefit expectations evolve, so must HR's tech stack

| EMPLOYEE BENEFITS	BENEFITS Importance	BENEFITS Offered	BENEFITS Used
Mental health coverage included in the benefits enrollment process	92%	30%	10%
EAPs with diagnostics, support, and treatment services	91%	30%	10%
Flexible work hours	91%	35%	27%
Encouraged to take time away from work	90%	26%	14%
Open-door policy for face-to-face communications with managers and HR	92%	37%	17%

While our empathy data continues to highlight the gap between employees' expectations and employers' offerings, a secondary gap is also evident in the data: Even when top-valued programs and benefits are available, there's an average **20-point gap** when it comes to utilization.

And our data shows that when the right enrollment and engagement tools are in play, it pays dividends for HR and employees

When personalization and scalable tools are available (and visible) to employees, engagement, self-service, and right-fit utilization spikes up overall:

60% 60% of employees elected a cost-effective health plan with a savings vehicle when they had **decision support tools** at enrollment; only 20% did so when they didn't have that tech-enabled support.

23% 23% of all Benefitsolver logins are via the **MyChoice® Mobile App**.

80% Sofia helps drive 80% of impressions (or visibility of) **point solutions** based on employees' behavior in Benefitsolver.

19% 19% of employees engaged with a benefit (such as telehealth or an EAP) when Sofia served up **personalized messaging**.

90% 90% of **Sofia chats** are resolved same day without the need for a live advocate.

19% 19% of calls into the **service center** are resolved with our technology, meaning the member didn't need to wait on hold for a live advocate.

45% **Action Manager**, Benefitsolver's proprietary benefits communication tool, drives a 45% open and read rate for emails.
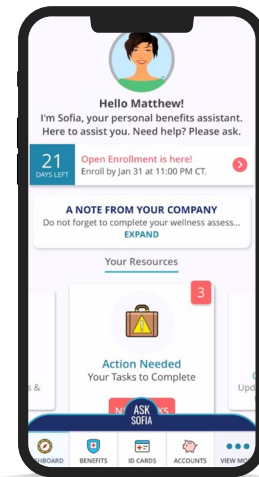
As these engagement numbers rise with the use of tech- and data-enabled support in benefits technology, these numbers also translate into cost savings and efficiencies for HR and their executive stakeholders.

But HR needs more than just email, chat, and a hard drive to make this experience happen for their employees. And employers must consider how employees' call for empathetic workplaces and personalization in benefits extends to HR technology to not only create an empathetic benefits program, but also scale empathetic efforts to one of the most critical teams in the business.

The world of employee benefits is rapidly changing, with employers trying to find innovative ways to show that they care about their employees

Benefits have always been an impactful way for employers to demonstrate their understanding of how hard their employees work and what matters most to them. And when done right, these offerings can help attract and retain talented workers who value having an employer that understands them on a personal level.

But the value of those benefits rest in them being accessible and engaging, and that's best accomplished through HR technology that can help those teams streamline their processes so they can step away from manual enrollment and into the role of strategists and advisors for their employees and benefit programs.

Technology can drive empathy and efficiency for HR

HR technology can help employers maintain a pulse on their employees needs and feedback, identify gaps and opportunities in benefits programming, streamline benefits administration, and promote employee self-service. Today's HR technology continues to evolve right alongside consumers' expectations, eschewing manual processes and in-person consults for efficient automation and tech-enabled personalization.

According to a recent report from Sage, HR technology adoption rates are growing, but still illustrate that at least a third of the industry doesn't have access to critical tools

59%	**54%**	**59%**	**56%**
EMPLOYERS	EMPLOYERS	EMPLOYERS	EMPLOYERS
Use employee self-service tools	**Use automation tools**	**Use people analytics**	**Use mobile HR services**

And there's an eager market for these tools from the employee side as well

When asked what tools would best help them engage with their benefits (such as an EAP, telemedicine, or a nurse line), tech-driven solutions topped the list as preferred ways to engage:

69% want a single mobile app to access all of their benefits resources

36% prefer text-message reminders alongside their primary communication method

35% want to see personalized messaging in their benefits experience that aligns to their personal situation, health needs, and claim history

27% prefer to engage with an interactive virtual assistant for help with their benefits*

*Businessolver Customer Survey Data - May 2022

Unlocking the Benefits of Empathetic Technology

The future rests in technology—and to be more direct—empathetic technology. 2023 has been a banner year for HR technology and innovation. AI, personalization, automation, expanded supplemental benefits, and more have taken the media spotlight over the past months.

Yet as technology progresses, adoption can feel out of reach. To make measurable progress in efficiencies and engagement, HR needs empathetic technology to help them drive strategy. Technology that was built to drive engagement into key benefit programs that make a real difference in the life of their employees while also freeing up the HR team from arduous and tedious processes. But investing into that requires buy-in and dollars.

"

Everyone needs to play their part in building that business case for empathy and benefits; you can't just dump things over to a financial person and say, 'Make these numbers work for me.' You need to be in it together and bring each other along."

– Marcy Klipfel, Businessolver Chief Engagement Officer, Eavesdropping on the C-Suite webinar

"

"We're in a tight labor market and employees are our best asset. I've been able to better understand our spend by looking at the overall analytics and line items so we can understand our employee base and how we can proactively address that by being better stewards to our employees through benefits."

– Derrick Barker, Businessolver Chief Financial Officer, Eavesdropping on the C-Suite webinar

Here's how HR can build out an air-tight business case for their executive and financial stakeholders
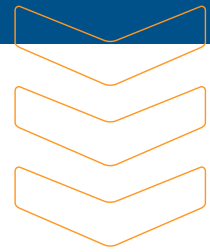
Spoiler alert—it requires empathy

Build your business case

Benefit spend is a top line item for a business, and executive leaders are tasked with protecting the bottom line and PNL so that they can invest in opportunities to further the business and stay competitive with compensation. Yet as healthcare costs continue to rise alongside employees' expectations of benefits they want to see in the workplace, so does the price tag and HR's workload.

HR must build a business case with their key stakeholders, primarily their CEO and CFO, to build buy-in for technology to support a scalable, engaging, and competitive benefits strategy.

Adopt a financial mindset

Benefits and HR technology is as much of a financial initiative as it is a people engagement initiative. But HR's effectiveness and efficiency is limited without technology to support their efforts.

Building your business case for HR technology will rely on speaking a common language with your key stakeholders, primarily around how a significant investment into HR technology will pay dividends year over year by helping to:

• Manage, track, and contain costs.

• Identify benefit spend leakage through over- or under-insured employees, under-utilized plans or services, and un-engaged employees.

• Pull together real-time, quantifiable data about your holistic plan and benefits strategy without having to rely solely on carrier partners to provide at a fee for service.

• Prove long- and short-term ROI across multiple data points, including retention, benefit spend, and risk mitigation.

Activate your partners

If HR readers take one thing away from this report, it's that the onus of your benefits plan shouldn't be—and can't be—solely on your shoulders. Approaching your partners with a common language will help you achieve your common goals: efficiency and engagement through empathetic technology.

But who can you turn to for that support?

Turns out, you have quite a few cheerleaders in your organization and industry

☑ Finance

These are your "numbers people" and who you'll want to align with when it comes to putting ROI and dollar value behind HR technology investment. Topics to align on with these partners include:

- The "why" behind the spend and investment
- What the cost breakdown or line-items of the HR technology investment look like
- How to align on budget and spend
- How to define ROI and where to look for current proof points in your existing data and PNL
- Benefits and compensation costs

☑ Recruiters and human capital management

These are the people who will have a pulse on people-centric ROI and employee engagement trends. Topics to align on include:

- Benefits trends among competitors and peers in the market
- HCM costs, including compensation, recruitment, and attrition
- Where current HR inefficiencies lie and what technology can do to alleviate that (and how to translate that efficiency into dollars saved or spent)
- How HR technology will translate into increased productivity for the business

☑ Technology teams

These are the people who will help you integrate your technology into the organization and also have a pulse on risk vs. reward when it comes to mapping out the investment into software and services. Topics to align on include:

- Integrating with existing systems
- Data security and management
- Added cost and workload to manage or implement with internal teams

☑ Brokers and advisors

These are your partners with a close pulse on the industry. Lean on them to help you source:

- Proof points around the ROI of HR technology
- Case studies with current clients and technology partners
- A curated list of best-fit technology recommendations for your business
- An audit of your current process and how that translates into inefficiencies and wasted spend
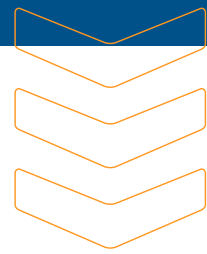
Lead with data

As you develop a common language with your colleagues, data will be foundational in strengthening your cross-functional partnerships and building buy-in with the c-suite. Numbers to consider bringing to the table include:

☑ **Cost breakdowns**

- How much are you spending today with your manual or internal processes?
- How long would it take for HR technology to mitigate that spend and actualize ROI through efficiencies and HR productivity?
- How long does it take to enroll and manage benefits manually? How does that compare to a tech-enabled experience?

☑ **Engagement and utilization data**

- What are your weak spots right now? What's getting the least utilization or engagement but should be seeing higher numbers?
- What case studies can you bring forward to illustrate how HR technology can move the needle?
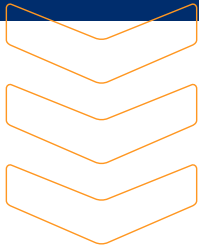
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About the State of Workplace Empathy Study

Since 2016, Businessolver has surveyed a diverse cross-section of more than 3,000 employees, HR professionals, and CEOs across multiple industries to examine the behaviors, benefits, and attitudes that make a workplace empathetic. In our survey, empathy is defined as "the ability to understand and experience the feelings of another."

Learn more about our findings, trends, and recommendations across eight years of data at Businessolver.com/empathy

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