



mychoice[®]
Recommendation
Engine

2022 Benefits Insights Report

*Leveraging benefits to overcome
the Great Resignation*



Leveraging benefits to overcome the Great Resignation

Employee benefits have long been known as the hidden paycheck, but their visibility brightened considerably in the past year.

Between a pandemic that turned careers and lives upside down and Great Resignation that shifted the balance of power in employment contract, 2021 was historic: A record number of working Americans, 47.4 million to be exact, quit their jobs. Better benefits are among the many reasons employees sought out new positions; research by money management platform Origin found that financially stressed employees are nearly 2.5 times more likely to look for a new job.

It's easy to understand why: In a time of deep uncertainty due to the pandemic, having stable finances is more critical than ever and makes financial wellness programs a stronger talent magnet in an airtight labor market. Beyond the financial component, however, benefits have become increasingly important at a time when so many Americans deferred or rationed medical care for more than a year, in the face of pandemic lockdowns and rising health care costs. Access to telemedicine skyrocketed over the past two years amid a growing realization about the value of mental health treatment to combat isolation, depression, and substance abuse. Other areas in the spotlight included supplemental medical benefits that narrowed major medical coverage gaps, as well as total health and well-being programs to promote more resilient workforces. The sum of these parts serves as a powerful antidote not only to pandemic malaise, but also a talent-management crisis that is expected to continue throughout 2022.

While employees increasingly recognize and appreciate the value of their benefits, especially in the current economic climate, Businessolver data shows they still need help navigating and understanding the value of their coverage options. This includes financial wellness offerings, where a lack of understanding is only further eroding employee engagement and has potential for detrimental long-term impact, such as unmanageable or unexpected debt. Research by Prudential found that employees are more likely to consider benefits as part of their overall compensation—77% versus 67% in the prior year—and three-quarters characterize their benefits as more important than ever.



Using data to drive results

The questions that make up the Businessolver MyChoice® Recommendation Engine (MCRE) ask users to self-report their financial situation, physical health, and lifestyle/risk preferences. The tool then yields helpful recommendations for benefits packages that can suit their needs as part of the benefits enrollment process.

Secondarily, the aggregate data from MCRE's some half-million users assists employers in seeing trends for how benefits literacy shifts year over year and how literacy affects employees' benefits engagement and decision-making to aid employers implementing strategies that can improve employees' benefits decision-making and understanding.

In Businessolver's annual MyChoice Recommendation Engine Benefits Insights Report, now in its fourth year, we look to examine three factors influencing employee decision-making:

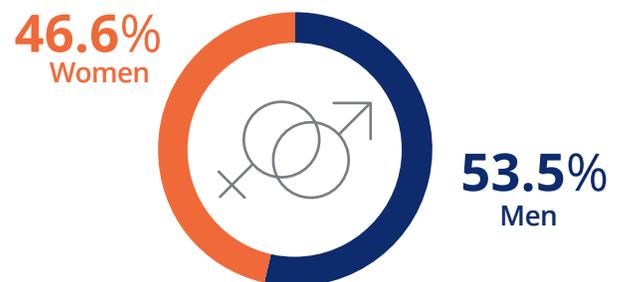
-  **Benefits literacy**
-  **Risk tolerance**
-  **Financial preparedness**

In examining these areas, we note employees' self-reported responses as they used the MyChoice Recommendation Engine to make benefits choices during 2022 annual enrollment (in the fall of 2021)—marked as a time when employees left their jobs at record rates, seeking better benefits and flexibility.

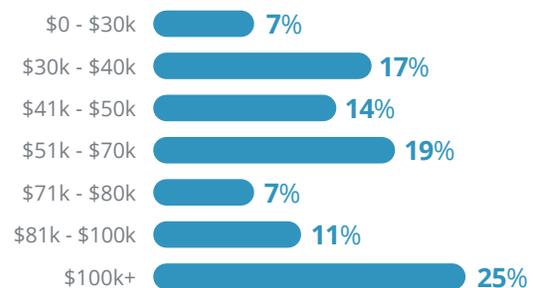
Users by generation



Users by gender



Users by annual income level





Benefits literacy

Low benefits literacy remains universal; risk tolerance and financial preparedness shift with age

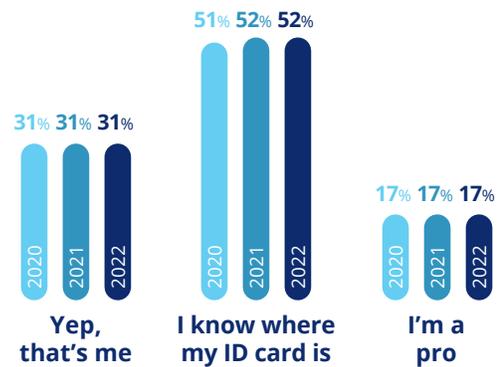
One thing remains steadfast year over year: Employees need help deciphering their benefits. As many as one-third (31%) of members leveraging the MyChoice Recommendation Engine don't understand their health care benefits, while more than half (52%) have a limited understanding of their coverage and only 17% understand their benefits well.

Benefits literacy among employees remains largely unchanged since the pandemic took hold in 2020. There has been no change in the percentage of employees who say they're confused about their benefits or savvy when it comes to understanding their coverage (32% and 17%, respectively). Calculations show a slight change in the percentage of individuals who say they at least know where their ID cards are, which edged up slightly to 52% over the past two years from 51% in 2020.

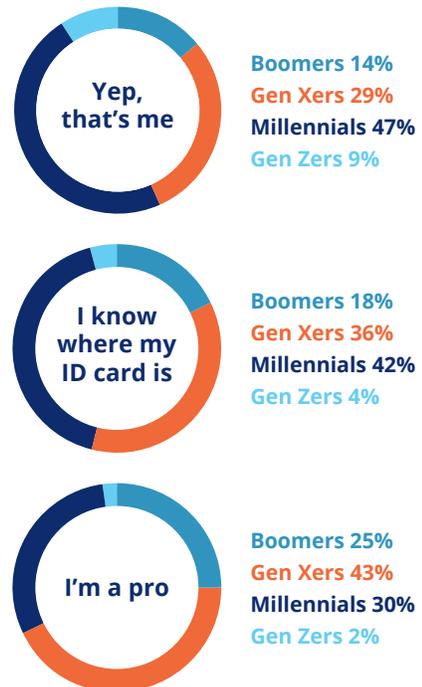
In terms of age, confusion was highest among Millennials (47%). Only 9% of Gen Z employees admitted to being confused about their benefits, the lowest of any age band.

On average, 86% of employees are confused about benefits. Does this describe you?

Benefits confusion overall



Benefits confusion by generation





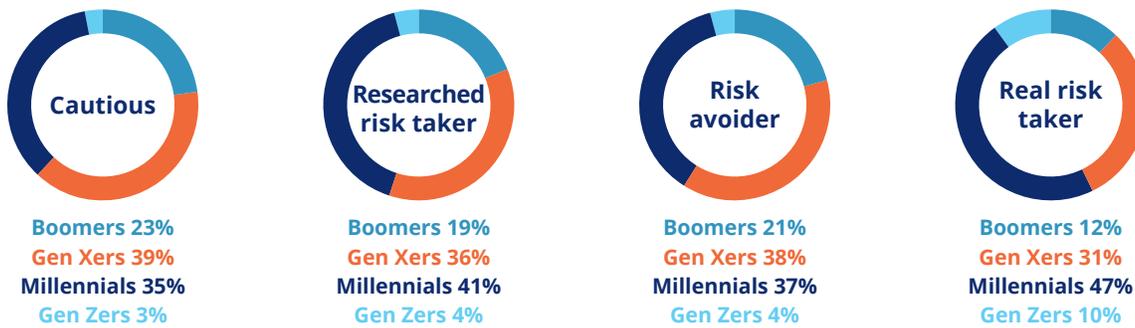
Risk tolerance

There's also a correlation between age and risky lifestyles, which tame down with age, though self-reported golfer/lounger remains consistent across the data set.

Risk tolerance overall



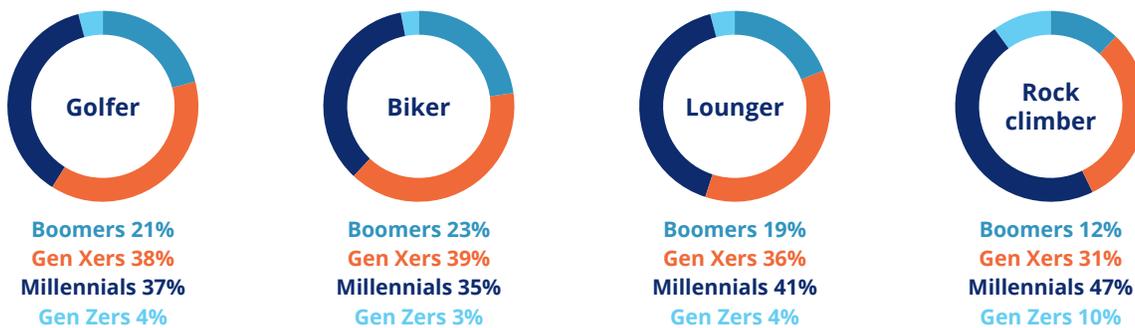
Risk tolerance by generation



Lifestyle overall



Lifestyle by generation





Financial preparedness

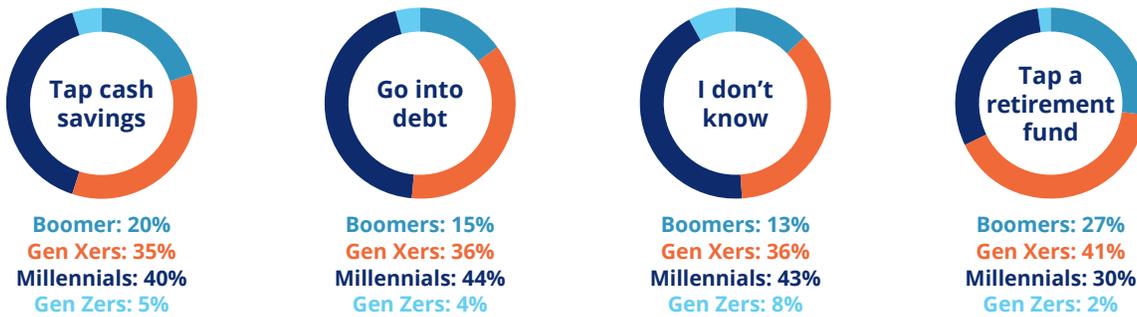
When looking at financial preparedness, the stats improve slightly with 64% saying they could tap their savings for an unexpected \$1,000 expense. However, when faced with a \$6,000 emergency room, the mood changes drastically, with only 11% saying they feel fully prepared while 44% would panic. The stats stay relatively steady across age bands regarding unexpected expenses, though there are notable peaks when it comes to Boomers and Gen Xers tapping retirement funds, likely due to those generations having more funds available or nearing the age to tap those funds without tax penalties.

When facing a \$1,000 unexpected expense:

Preparedness overall

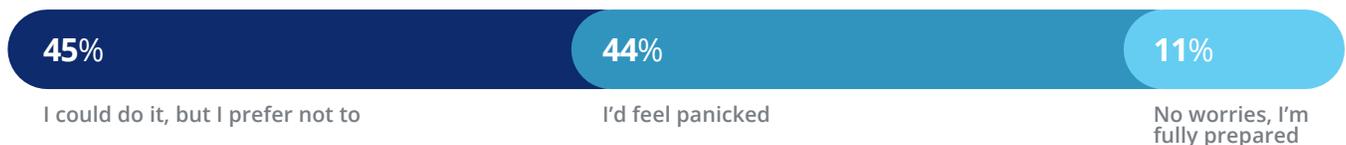


Preparedness by generation



When facing a \$6,000 emergency room expense:

Preparedness overall



Preparedness by generation



Three key action areas for employers

Based on those responses, three primary themes emerged as action items for HR/benefits professionals:

1. Combating confusion.

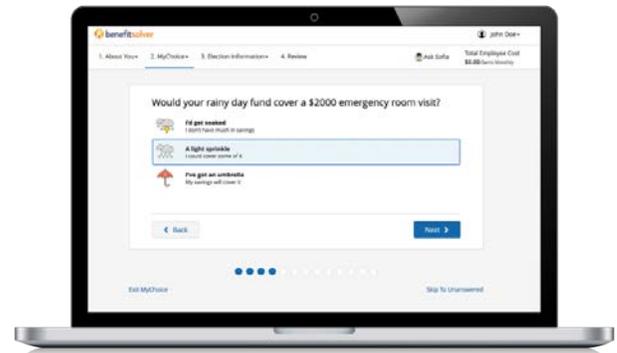
Employees want help deciphering their benefits. According to our 2022 data, nearly one-third (32%) of MyChoice Recommendation Engine users don't understand their health care benefits, while more than half (52%) have a limited understanding of their coverage. But we also know that almost half of all employees elected at least one new benefit as a result of COVID-19. With a focus on greater benefits personalization to combat confusion, employers can make gains in how employees put those benefits to work.

2. Countering complacency.

The vast majority (95%) of MCRE users describe themselves as having "average health" or being "healthy," and more than half (53%) have no family history of stroke, cancer, or heart attack. And with 86% not anticipating any planned life events in the coming year, it's tempting to become complacent about health benefits utilization. But we know that much of this may have come from being unable or too anxious to seek care the past two years. It will be important for employers to get ahead of what could be a mounting medical surge by ensuring employees are seeking the right kind of care at the right value with engagement strategies that span outside of annual enrollment.

3. Making ends meet.

Just under half (44%) of employees say they would feel "panicked" about facing a costly emergency room bill. Not surprisingly, more than half (55%) of MCRE users only "sometimes" prepare for emergency expenses and 12% say they "never" save money. Employers need to consider financial literacy as a component of their benefits engagement strategy to empower employees with the knowledge and resources to set themselves up for long-term stability.



About the MyChoice Recommendation Engine

A resource to help individual employees, a tool to uncover trends

The MyChoice Recommendation Engine is an optional online resource that organizations can leverage to support employees as they make benefits elections within the Benefitsolver platform.

When they use the MCRE, employees answer a special set of questions that reflect their employer's benefits plans and programs and help uncover their state of mind prior to benefits selection.

Their responses drive a personalized set of benefits recommendations appropriate for an employee's situation by taking into consideration their emotional, physical, and financial well-being.

When we aggregate the responses and demographic data from all MCRE users, benefits decision-makers gain a unique snapshot into what's driving employees' benefits decisions including benefits knowledge, emotional state, and financial well-being.



1 Combating confusion:

Create connections in the moments that matter

Translating benefits complexity into simpler, more commonly recognized terms and examples will go a long way toward improving benefits literacy; however, employees still need help understanding how and why their risk tolerance and finances factor into how their benefits can/will work for them. Helping employees connect these dots empowers them to forecast their benefits needs and mitigate or offset unexpected or catastrophic expenses related to their lifestyle or risk tolerance.

Benefits confusion overall



The key to overcoming the benefits literacy obstacles is for employers to personalize the employee benefit experience. Nearly half of all employees last year elected at least one new benefit as a result of COVID-19. The trouble is the benefits they chose were all over the map, rather than centralized in a particular category—indicating an increased desire for greater benefits personalization, as employees make choices unique to them, their families, and their finances



Nearly
1/2
of all employees last year elected at least one new benefit as a result of COVID-19.

What's also generally missing from many benefits enrollment experiences is empathy, a now popular watchword that emerged from the pandemic, but one that Businessolver has been studying for more than six years. Consider, for instance, that 77% of employees told Aflac it's important for benefits services providers to show they care. In addition, Businessolver's data shows that understanding and respecting employees' personal preferences rates highly among employees as a sign of an organization's empathy, indicating a strong correlation between organizational empathy and benefits literacy and opening a way for employers to foster more resilient and engaged workforces.



77%
of employees say it's important for benefits services providers to show they care.

84% of consumers say being treated like a person, not a number, is very important to them.

Additionally, 72% will only engage with personalized messages.

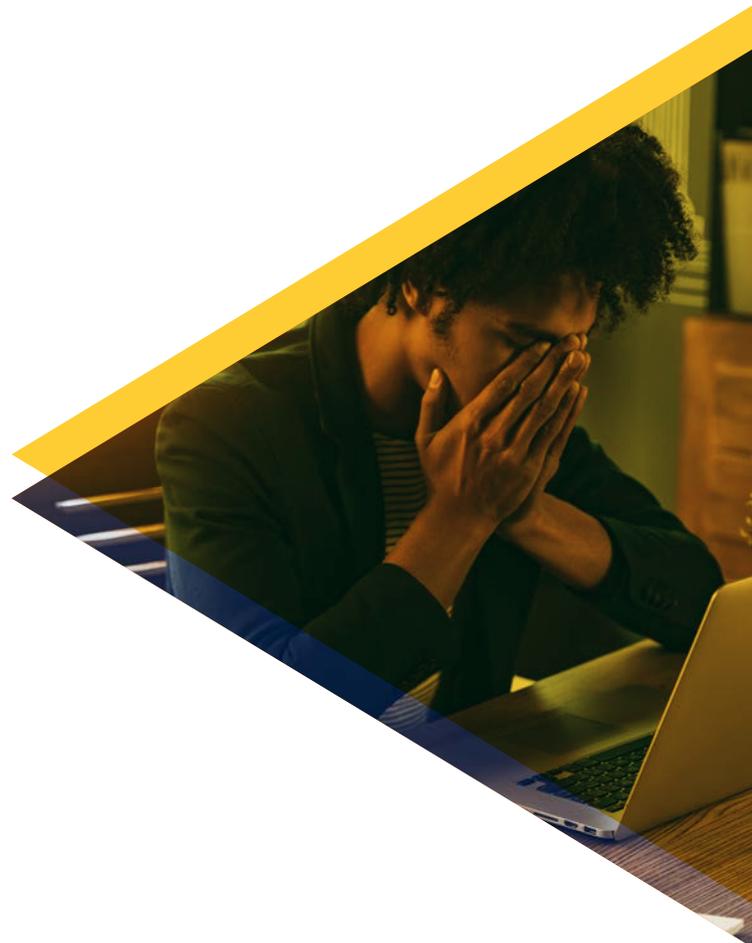
66% say content that isn't personalized would stop them from making a purchase.

In addition, adding personalization may help make engaging with benefits less stressful for employees.

Forty percent of employees say key benefits activities are stressful, Aflac reports, including:



Lastly to be effective, we need to change the way we view benefits literacy. While understanding benefits glossary terms could certainly help, it's not realistic to expect employees to wade through jargon and understand what's available to them, let alone elect the most appropriate benefits. Moving the needle starts with ensuring personalized and accessible tools are in place to show employees how to make the best possible choices at the moment of need, not tucked away in a 10-page enrollment guide.



Action items:

- ☑ **Engage employees with their benefits year-round**, not just at annual enrollment. Helpful resources that allow for meaningful interaction may include a personal benefits assistant who helps them understand their benefits needs 24/7 or care navigation guide they can call for support.
- ☑ **Avoid jargon** in favor of language employees will understand. Explaining the benefits package in plain language ensures that employees have a better chance of understanding what's available to them and when. Additionally, exploring alternative communication channels that they're already using, such as email and text messaging, can help reduce friction when it comes to engagement.
- ☑ **Gather and lean into employee feedback** to tailor the benefits experience. Also elevate personalization strategies to ensure that employees can leverage their benefits at the right time.
- ☑ **Use a care-navigation solution or provider guidance** tool to help employees better understand their benefit options. This will enable them to make better choices for their overall health and finances.
- ☑ **Offer technology that empowers employees** with better access to resources and HR teams with better access to employee data. Convenience and ease of use lead to smarter benefits decisions.





2 Countering complacency: Deliver a financial reality check with personalized data

With greater knowledge about their benefits, employees will be more self-aware, proactive about their health, and better prepared overall for life's unexpected challenges. But widespread benefits confusion may be fueling a halo effect for employees' about their health, triggering complacency or inertia and leading to inappropriate benefits selection.

For example, Businessolver found that the vast majority of employees (95%) who leveraged the MyChoice Recommendation Engine describe themselves as "healthy", and more than half report no family history of stroke, cancer, or heart attack. Add to the mix that 86% do not anticipate any planned life events in the coming year and it's tempting for employees to become complacent about using their health benefits—even, and perhaps especially, during a pandemic.

Given that most employees rate themselves and family members as having good health and health history, plus have limited benefits understanding, it's concerning that almost half of them are taking one or more prescriptions. In fact, over the last three years, our data shows that about one in five employees consistently said their medicine cabinet is "full."

Describe your overall health

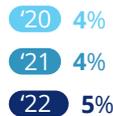
Healthy



Average health



Below average health

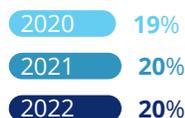


What does your medicine cabinet look like?

Empty



Full



There's room to spare



In addition, we know that many employees chose to forgo medical care during the past two years due to the pandemic. While it's difficult to discern a clear and full picture of employees' health status based on prescriptions alone, when we compare how employees describe their overall health to how they describe their medicine cabinets, one thing is clear: Employees are struggling to connect the dots between their lifestyle and their health.

And it's in resolving this disconnect that employers are in a unique position to make a difference—specifically in using data to build out benefits engagement strategies that not only address the needs of their employee population, but also educate and empower them to take action.

For example, as a counter to the “health halo,” leaders can cite data that shows how benefits are available to support employees in the face of the unexpected: 88% of employees have faced

unexpected costs—most commonly related to a hospital, doctor, or prescription bill. Moreover, 24% were affected by a major medical event in the past year either personally or through a family member, 54% missed a paycheck, and 62% took a leave of absence.

Then, considering how knowledge is power, it's possible that sharing with employees their own claims information alongside their self-reported ideas about their health and finances could reshape how they perceive their health and, by extension, how they select benefits at enrollment. By first-hand experience within our Benefitsolver platform, Businessolver found that as many as 84% of employees are willing to embrace an opportunity to use claims data in their benefits decision-making. Securing health plan members' consent to use their claims data represents a hyper-personalized approach that can improve overall engagement, like sending out reminders about annual physicals and age-related milestone exams like mammograms or colonoscopies, or flagging a potentially problematic health pattern. Spotting opportunities like this can help employees better understand their physical wellness and how it fits with their financial wellness, especially if they see immediate dividends from leveraging preventive care alone.

But the work can't end at arming employees with their data and year-round reminders. Personalized engagement also means steering employees to the right resources, such as care navigators or case managers, to continue to help employees connect the dots between their lifestyle, health, and financial well-being.

The bottom line is that employees are in dire need of a more personalized experience to help them understand and leverage their benefits, even if it means supplying more of their personal information. If that happens, they'll be less inclined toward complacency about their health or wealth and more proactive about making wiser choices.



Action items:

- Dig into data.** Partnering with a third party to analyze claims data will offer a clearer picture of what your employees are facing. Add in a tool like the MyChoice Recommendation Engine for a dynamic view of not only where employees think they are on the health spectrum, but also where they actually are.
- Provide education about chronic and acute conditions.** Leverage claims data and employee feedback to develop a resource library tailored to employees' needs and build it into an overarching employee communication strategy, including a mechanism that securely messages employees who may be at risk or need preventive care.
- Consider personalized care and case management solutions.** Connecting health plan members with high-quality network providers can result in increased engagement, improved benefits literacy and better health outcomes. This includes total well-being resources and provider guidance.
- Incentivize employees to seek preventive care.** One example is to earmark additional dollars to funnel into employees' health savings account for those who complete annual wellness checks or an employer-sponsored wellness program. Lifestyle or spending accounts also can support this endeavor.





3 Making ends meet: Support financial wellness in 2022

The danger of complacency and inertia is that they may make it exceedingly difficult for employees to make ends meet—which we see clearly in MCRE data. Only 12% of employees who leveraged the MyChoice Recommendation Engine during enrollment for their 2022 benefits feel “fully prepared” to face a large emergency room bill, compared to 42% who say they would “feel panicked” at the prospect and 34% who lack a rainy-day fund to cover such a bill.

Not surprisingly, that data tracks with the 67% who say they only “sometimes” or “never” spend less than they earn and regularly save for emergencies. It’s also affirmed by additional numbers from [Aflac](#) that reveal even deeper financial uncertainty: Only three in five workers are confident they will be covered in the event of a serious illness. Even more concerning, particularly amid the Great Resignation, is that one in four employees have more than one job. Among them, their main reasons for taking on additional work are to help:

Make ends meet (63%).

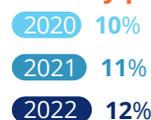
Pay for health care benefits and related expenses (32%).

Gain access to employer-sponsored health care benefits (25%).



How do you feel about facing a large ER bill?

I'm fully prepared



I'd feel panicked



I could do it, but prefer not to



I spend less than I earn, and regularly save for emergencies

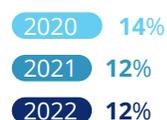
Always



Sometimes



Never



The data shows a willingness amongst working Americans to bolster their financial future, but a lack of literacy and resources is preventing many from doing so. As employers develop strategies to retain and attract talent amid the Great Resignation, it's critical that these initiatives consider how financial tools play large role in helping employees engage with their benefits to manage their health, finances, and well-being.

Employers should look at how their benefits packages align with employees' financial goals and what additional financial tools and incentives they could offer to help drive better outcomes overall. The key here continues to be year-round communication and education to help employees not only understand the benefits available to them but also why they should leverage them for their own long-term financial stability.

This might start with employers looking at how their current suite of financial benefits and incentives are designed to help offset financial struggles. Additionally, employers should consider how they're marketing these benefits. For example, low election rates or contributions to spending accounts might indicate that employees aren't aware of their options, that they don't understand how it benefits them, or that they don't realize how their benefits coordinate together for their financial and physical well-being.

Empowering employees starts with engagement strategies that are not only designed to showcase what's available to them, but also how those options benefit them over time. Aligning year-round engagement around employee knowledge gaps can help benefits professionals tailor employee messaging to improve benefits and financial literacy.



Would your rainy-day fund cover a large ER bill?

I have an umbrella



A light sprinkle



I'd get soaked



Action items:

- Offer spending and savings accounts** to help employees build a nest egg. Communicate early and often on their advantages, review data after annual enrollment, and identify who is missing out on opportunities. For example, target those who have enrolled in a high-deductible health plan (HDHP) but failed to contribute to an HSA.
- Consider lifestyle accounts** to provide a cushion toward select benefits. Given the dire need to recruit and retain top talent, employers are establishing unique lifestyle accounts that mirror their culture or address needs. Examples include helping fund child care, incentivizing employees to go to the gym, or purchasing at-home workout equipment.
- Spotlight voluntary benefits** to help fill coverage gaps as HDHPs continue to rise. Various income-protection vehicles serve as an important benefit for those who are unable to afford large out-of-pocket expenses. Consider a service provider that uses claims data to alert members when they're eligible for a reimbursement.
- Offer financial wellness solutions.** Whether it's student loan reimbursement, provider guidance, or financial coaches, all have a place in helping employees make wiser financial decisions.
- Tailor engagement strategies to highlight how employees benefit from financial wellness options.** Empower employees with resources and knowledge to understand why financial benefits are as important as health care, and how they can offset costs and help them build a financially stable future.





Conclusion

In these uncertain times, what's becoming increasingly clear is that employees need guidance and support in understanding their benefit plans. Benefits literacy hasn't shown any measurable improvement since the pandemic upended the way we work and live. Confusion about coverage terms and navigating the health care system is widespread enough that it may be lulling employees into a false sense of security or misperception about their health, causing risk aversion and leading to uninformed choices during open enrollment. It is particularly perplexing that a lack of financial literacy has such a direct impact on benefits literacy.

However, as detailed throughout this report, employers have plenty of tools at their disposal to combat these alarming trends. It starts with personalizing benefits communication for employees and helping make the use of their benefit packages less stressful. In addition, there's a growing need for financial wellness programs to help employees better anticipate emergency expenses and also save for retirement. Becoming more knowledgeable about their benefits will help prepare employees for life's unexpected challenges by making smarter choices about the plans that will best serve them and their families.



Ready for more?

Find more detailed data from the 2022 MyChoice Recommendation Engine Benefits Insights Report—including information around employee life events and benefits literacy levels by gender, generation, and income—**in our interactive dashboard.**





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