



## **Employee healthcare benefits can help solve recruitment and retention challenges, and are more flexible than you think**

By Doug Hayes

This has been a turbulent time to run a business especially when it comes to attracting and retaining employees as the labor market goes through significant change.

### **Businesses face hard economic realities**

Hiring employees is costly in terms of both time and money, which means high staff turnover is detrimental for businesses. This is a particularly acute problem for the industries and sectors that can't offer post-Covid hybrid and flexible working models, are reliant on part-time or entry-level staff, or that need employees to work shifts during non-traditional hours. For businesses operating in sectors such as staffing, healthcare, retail, food service, security, construction and hospitality, for example, high staff turnover is nothing new, but the economic and social disruption of the last three years has made the problem worse. For example, the Center for Hospitality Research at Cornell has estimated the cost of turnover in the restaurant industry is on average over \$5,000 for each employee. If an organization has a role where the staff member turns over two to three times a year, the expense is significant.

Much has been reported about the cooling of the US economy, which could lead many organizations to think that their retention concerns are less acute. However, recent economic statistics tell a different story. According to the U.S Bureau of Labor Statistics more than 517,000 jobs were added in January 2023, and unemployment fell to its lowest level in more than half a century. Any organization thinking that retention is a problem of the past would be well-advised to change their position.

### **Employees face economic realities, too**

While employers are facing hard economic realities, employees are, too. The U.S. Bureau of Labor Statistics reported that inflation reached 9.59% in 2022, representing a 40 year high. With the rise in the cost of living, employees are seeing their purchasing power diminish. It stands to reason that employees will continue to look for ways to improve their financial wellbeing which includes leaving current positions for better pay and benefits.

### **Access to Healthcare is a universal desire**

While businesses are diverse in what they do, employees are not diverse in what they want and need.

There have been numerous studies in the traditional voluntary market about the types of benefits employees expect and want through their employer. Medical, mental health, dental, vision and prescriptions most often top the list. Through our own research into the preferred benefits products of employees where traditional benefits are not offered, we have seen a similar pattern – people want access to the healthcare system and some form of safety net. They want to be able to go to the doctor and have that covered. They want to have access to mental health resources. They want to be able to afford their prescriptions. According to a Fractl survey of 2,000 workers, 88% of employees consider benefits before accepting a new role. And with nearly 98 percent of organizations who participated in the SHRM 2022 Employee Benefits Survey indicating that they offer some type of health coverage, employees willing to go elsewhere to get access to those benefits have many options.



Offering employees benefits can be a cost-effective solution to improve staff recruitment and retention. Limited and voluntary benefits can provide employees access to more services than they might realize, including in-patient, out-patient, office visits, telemedicine, mental health counselling, self-help services and general discounts and savings through their insurers' service provider networks and more\*.

### **Flexibility and Easing the Administration Burden for Employers**

In the same way that these industries often require flexibility from their staff, insurers and benefits providers can help these businesses by, in turn, offering them flexibility around available solutions. It does not have to be an all or nothing proposition.

Businesses can design their plan based on their budget and employee needs. When putting plans together, insurers need to understand the economics and staff demographic of each employer. As an example, for an employee on an average rate of \$20 an hour we might recommend a plan that costs no more than \$80 - \$120 a month. The benefits could then be tailored and shifted accordingly based on employee demographic needs. For example, where employees are in the younger age demographic, they may be less concerned about life insurance and critical illness but place more value on accident, vision or dental.

These plans also include administrative services, such as complementary enrolment platforms, bilingual call center support and flexibility in premium administration to name a few. These services are designed to reduce or eliminate the administrative for employers.

### **Making a Difference in Retention**

In our experience, and we've been in this business for well over 30 years, companies in these high turnover sectors that offer better healthcare benefits can more effectively attract and, importantly, retain staff.

Benefits can be employee paid, partially employer paid, or fully employer paid, and all will have a positive impact, however we find, anecdotally, the more an employer is able to contribute in this respect, the lower the turnover.

### **Meeting the needs of employers and employees**

At the heart of everything we do as insurers are our policy holders and plan participants, and when it comes to healthcare, we are dealing with very personal and emotive issues.

In a post-Covid world where people are battling with the higher cost of living and increasing healthcare costs, access to healthcare is a highly valued benefit, and one that can help employers in high turnover sectors both attract and retain staff. As specialists in providing limited and voluntary benefits to US businesses, especially in sectors where staffing can be a challenge, we work closely with our producer partners to develop plans that are cost effective, flexible and provide ease of administration for our customers and their employees.

\*The services listed are not insurance and do not provide coverage, they only provide discounts and services. These services are not affiliated with AXIS Insurance Company.