



Health insurance is a critical component of employee benefits packages

serving as a key strategy for employers to attract and retain talent in a competitive job market. For insurance brokers, understanding trends, innovations, and cost management in benefits administration is essential to help employers develop effective health insurance strategies that enhance employee engagement and satisfaction while controlling costs.

Current trends



Diverse care delivery models

Recent advancements in technology and benefits administration have transformed the benefits landscape. Employers now offer a variety of health plan options, including PPOs, HMOs, HDHPs, and ICHRAs, to meet the diverse needs of their workforce.

Cost concerns

A recent study revealed that 56% of employers identify cost as the primary challenge in providing employee benefits, necessitating a tailored approach from brokers.¹

AT A GLANCE

Health plan stats

PPO MOST POPULAR

47% of enrolled employees selected PPO plans, making them the most popular choice.²

HDHPs

29% of eligible employees opted for high-deductible health plans.

Other plan types

13% enrolled in HMOs, 10% in POS plans, and 1% in conventional indemnity plans.

Self-funded

65% of covered employees were in self-funded plans, with a distinction between small (18%) and large (83%) firms.³

Level-funded

Among small businesses offering health benefits, 34% utilized level-funded plans, which combine self-funding with stop-loss insurance.

Cost management



Rising premiums

Average annual premium for employer-sponsored health insurance in 2023 reached \$8,435 for single coverage and \$23,968 for family coverage, marking a 7% increase from the previous year. This increase outpaced wage growth (5.2%) and inflation (5.8%).

Employee contributions

On average, employees contribute 17% towards single coverage premiums and 29% for family coverage. However, contributions vary by company size, with workers at smaller firms contributing an average of 38% towards family premiums compared to 25% at larger firms.

↑ 7%

increase
in premium costs
year over year

DID YOU KNOW

Brokers are crucial in guiding employers through the complexities of health insurance offerings. Their expertise is vital for balancing cost-effectiveness with comprehensive benefits to ensure employers remain competitive while maintaining financial sustainability. By helping employers navigate contribution rates and out-of-pocket costs, brokers transition from being mere advisors to becoming essential partners in their clients' success.

SOURCES

¹ <https://www.peoplekeep.com/offers/employee-benefits-survey#report>

² <https://www.kff.org/report-section/ehbs-2023-section-4-types-of-plans-offered/>

³ <https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2023-Annual-Survey-Summary-of-Findings.pdf>