

# Health Benefit Trends in 2022



## 2021 was anything but back to normal.

As the pandemic grinds on, new variants of the coronavirus emerge, and companies grapple with when, how, and whether to bring employees safely back into the workplace, employers, benefit providers, and benefit consultants continue to navigate shifting territory when it comes to health and wellness benefits.

At Lively, we work with thousands of brokers, employers, and individual HSA account holders, and have deep insight into their saving, spending, and investing habits, as well as a high-level industry overview. Based on our research this year, as well as overall trends in the industry, we compiled this report to highlight the six top trends that employers and brokers should be aware of in the health and benefit space in 2022.

### They include:

- The importance of healthcare and benefits, including mental health and financial wellness, for job seekers.
- The pressures rising healthcare costs and economic uncertainty are putting on most Americans.
- How remote work, and remote access to healthcare providers, continues to be a critical consideration for employers.

This report also offers actionable insights for employers and brokers, to help you understand how to respond to these trends and be fully equipped with the tools you need to navigate the new year.

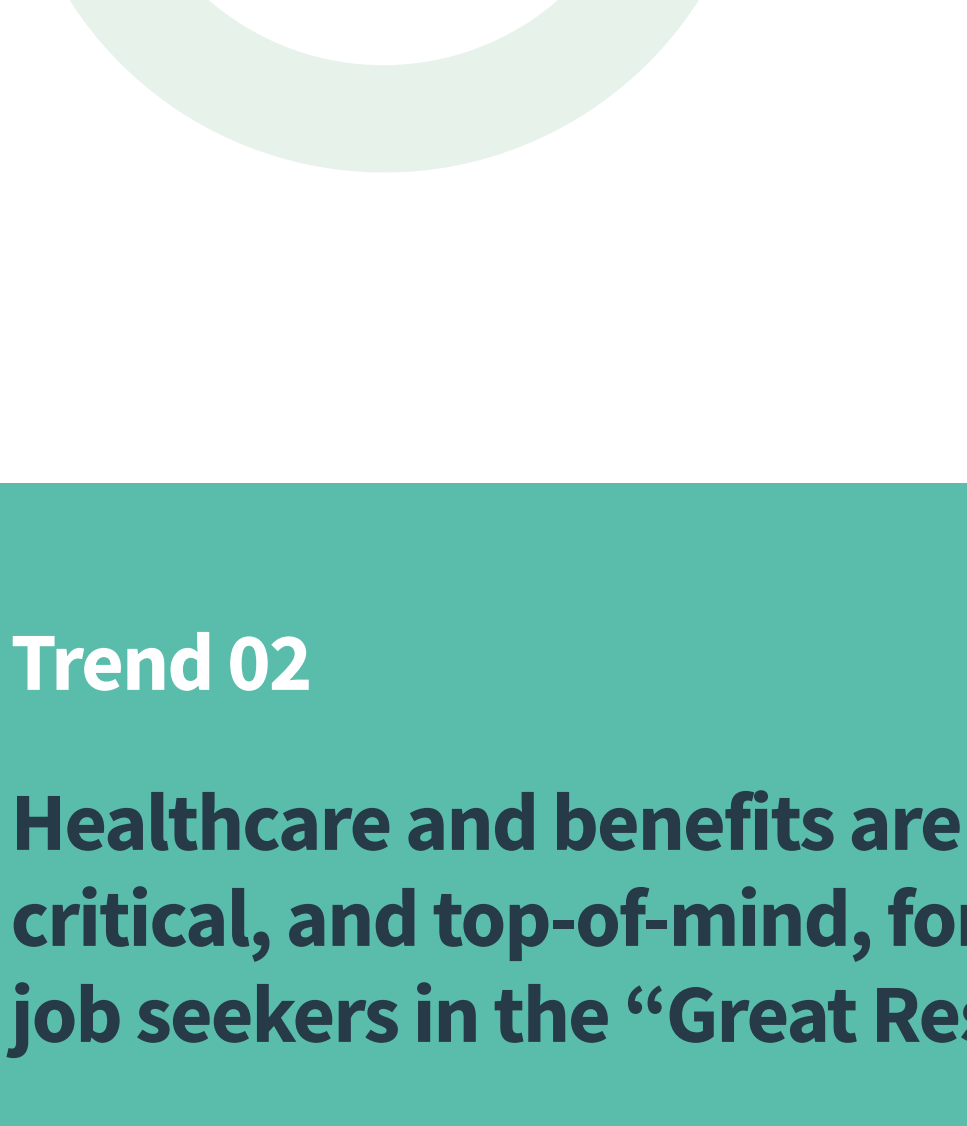
## Six health benefit trends to know about in 2022

### Trend 01

**Increasing healthcare costs, especially in retirement, are causing concern for Americans of all ages.**



High healthcare spending



Healthcare costs are the largest area of spending for the majority of Americans, after basic livelihood costs. **Lively's Wellness and Wealth Report found that 87% of Americans agree that healthcare costs are rising, while 73% worry about long-term healthcare costs, and 63% worry about short-term healthcare costs at least some of the time.**<sup>1</sup> Overall, PwC reports that healthcare costs are expected to rise about 6.5% in 2022 as healthcare spending increases.<sup>2</sup>

Healthcare costs are especially a concern in retirement: Fidelity found that the average 65-year-old couple retiring today can expect to pay between \$300,000 and \$390,000 for healthcare in retirement<sup>3</sup>, and Lively found that Americans expect to spend 40% of their retirement income on healthcare.

### Trend 02

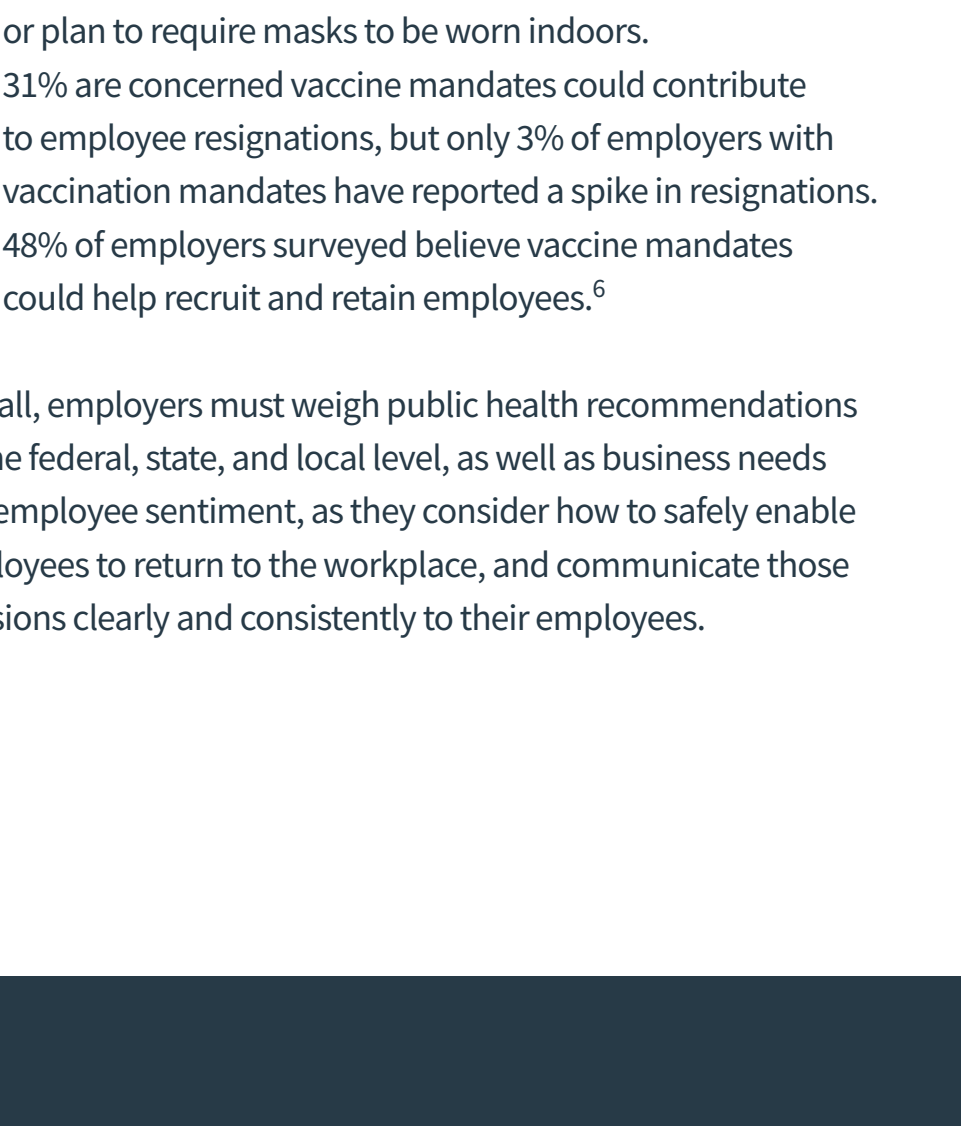
**Healthcare and benefits are increasingly critical, and top-of-mind, for employees and job seekers in the "Great Resignation."**



As employers are facing massive hiring shortages and competing for top talent, it's a job seeker's market. Healthcare is top-of-mind when planning for future employment and in employee retention. Lively found that 20% of people surveyed rank healthcare as the number one benefit for staying at a job, while 16% said it is number one for switching jobs. In contrast, 22% rank salary as the number one reason for staying at a job and 28% rank it as the number one reason for switching jobs.<sup>4</sup> In addition, **benefits that may once have been considered "nice-to-haves" are now necessities.** Employee interest in mental health and financial wellness benefits, as well as flexibility around working schedule and location, are especially strong.

### Trend 03

**Remote work remains popular, though return-to-workplace policies and vaccine mandates are a clear focus for employers.**



The pandemic created an explosion of remote work, and while some companies are encouraging workers to come back to the office or exploring hybrid work arrangements, overall higher levels of remote work are poised to stay.

According to Gartner, Inc., by the end of 2021:

- 51% of all knowledge workers worldwide are expected to be working remotely, up from 27% in 2019.
- 32% of all employees worldwide will be remote, up from 17% of employees in 2019.<sup>5</sup>

Despite a shifting environment, especially as different mutations of the COVID-19 virus emerge and scientists better understand how the virus operates, employers must be as clear as possible about their workplace policies, and create coherent vaccine and mask mandates.

Employee safety is a priority for many employers:

- 57% of employers surveyed either require or plan to require COVID-19 vaccinations, and 90% require or plan to require masks to be worn indoors.
- 31% are concerned vaccine mandates could contribute to employee resignations, but only 3% of employers with vaccination mandates have reported a spike in resignations.
- 48% of employers surveyed believe vaccine mandates could help recruit and retain employees.<sup>6</sup>

Overall, employers must weigh public health recommendations on the federal, state, and local level, as well as business needs and employee sentiment, as they consider how to safely enable employees to return to the workplace, and communicate those decisions clearly and consistently to their employees.

**As consumers continue to demand more convenient and streamlined access to care, and employers search for ways to save on healthcare, telehealth remains a critical offering.**

### Trend 04

**After skyrocketing in 2020, telehealth use is stabilizing at levels higher than pre-pandemic.**



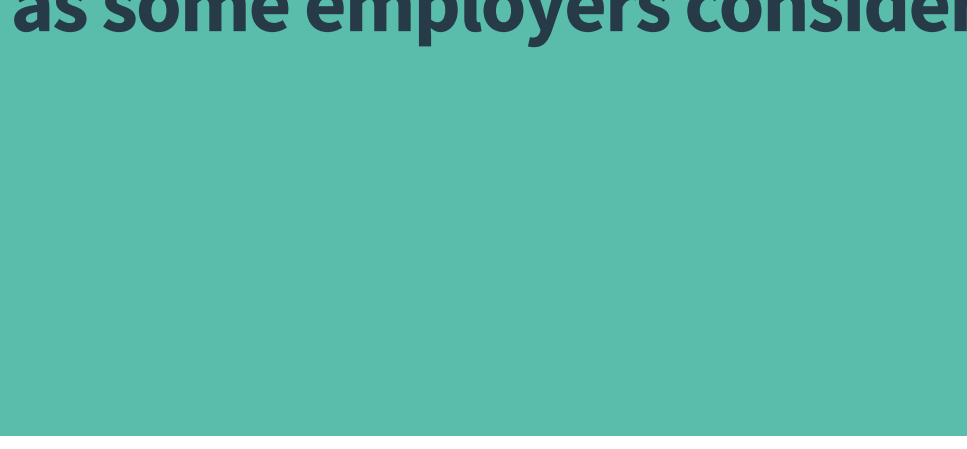
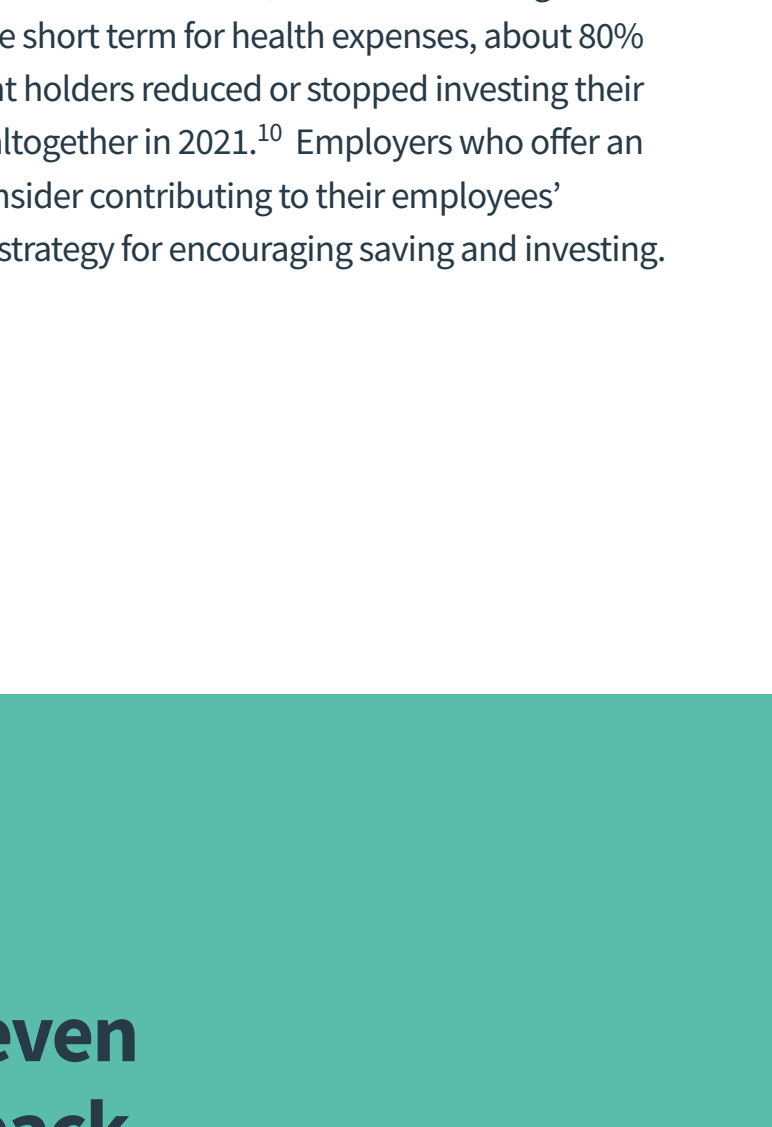
**Telehealth's popularity and usage grew exponentially during the beginning of the pandemic in 2020.** Usage now appears to be stabilizing, and it remains a critical, and more common, avenue through which Americans access healthcare. Here's what you need to know about telehealth's usage in 2021:

- Telehealth accounts for 13-17% of office and outpatient visits across all specialties in 2021, down from 32% of visits in 2020.
- Telehealth is seeing 38 times higher usage than before the pandemic,<sup>7</sup> and has benefited from its inclusion as a qualified expense for HSA and FSA coverage under the CARES Act.
- 15% of adults use telemedicine at least once a year.<sup>8</sup>

As consumers continue to demand more convenient and streamlined access to care, and employers search for ways to save on healthcare, telehealth remains a critical offering. Use of telehealth can save employers up to \$300 per individual, or \$1,000 for a family of four.<sup>9</sup> In addition, it enables employers to continue to meet their employees' need for flexibility and ease of access to services as the pandemic continues.

### Trend 05

**Ongoing economic uncertainty is impacting how Americans use their HSAs and save for short- and long-term health expenses.**



Though HSAs are a key healthcare benefit, due to the ongoing pandemic and economic uncertainty, Lively found that most HSA account holders decided to hold onto their cash and reduced their HSA and investments. The majority of account holders took about \$1,700 in distributions annually, leaving them an average account balance of just over \$1,000 in assets. In addition, focused on having cash available in the short term for health expenses, about 80% of HSA account holders reduced or stopped investing their HSA balance altogether in 2021.<sup>10</sup> Employers who offer an HSA might consider contributing to their employees' accounts as a strategy for encouraging saving and investing.

### Trend 06

**Mental health remains a crucial focus, even as some employers consider scaling it back.**



The stresses of the ongoing pandemic threw the importance of access to mental healthcare into stark relief. Mental health benefits and services have been a key focus for employers throughout 2021, though many employers are considering scaling back mental health benefits to pre-pandemic levels.<sup>11</sup> However, these benefits can be key to employee productivity and retention:

- 79% of employees are likely to stay at a company that provides high-quality mental health resources.
- 67% of leaders cited improvement in productivity when offering mental health support to their employees.<sup>12</sup>
- 60% of telehealth diagnoses national mental health-related – good mental healthcare also depends on telehealth availability.<sup>13</sup>

Overall, employers should survey their employees about what kind of mental health support programs they want and would utilize, and measure the usage and impact of existing programs before scaling back, as mental health remains an important benefit employees are looking for.

## How to prepare for the year ahead

While 2022, like 2021, promises to be anything but predictable, understanding these trends can help brokers, consultants, and employers navigate some of the challenges the year may bring. Recruiting and retaining employees, and providing them with benefits that match their lives, will be key for employers. Benefit consultants will play a key role in ensuring employers have the options they need to meet employee demands. Flexibility, clear communication, and innovative problem solving will be key qualities for all as the pandemic, and the economic response to it, continues to evolve.

### To meet employee needs in 2022, employers can:

- Add benefits that provide flexibility, choice, and ease of use for employees, especially around financial and health services.
- Invest in financial wellness benefits, and continue or extend mental health benefits.
- Contribute to tax-advantaged employee accounts that encourage savings and investing, like HSAs, FSAs, and 401(k)s.

• Create clear policies and communications around return-to-workplace and workplace safety. These not only give employees peace of mind, but are important for prospective employees to understand.

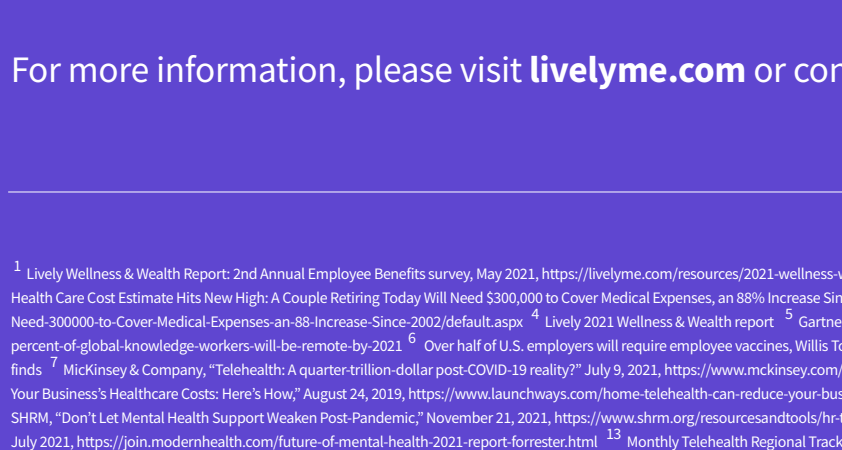
### Brokers and consultants can:

- Ensure the benefits they offer provide the flexibility, access, and ease of use demanded by employees.
- Continue to offer telehealth services and benefits, especially for mental health.
- Add financial wellness and mental health benefits to their portfolios.

As a top-rated platform for Health Savings Accounts and Flexible Spending Accounts, Lively makes it easy for you to meet the needs of your clients and employees with our modern, user-friendly HSA and FSA platform.

Don't hesitate to reach out to us at [sales@livelyme.com](mailto:sales@livelyme.com) to discuss how we can help you meet your goals this year.

## Previous reports



## About Lively, Inc.

Lively is a modern Health Savings Account (HSA) platform for employers and individuals, built by pioneers of the HSA industry with decades of health, benefits, financial, and insurance industry expertise. Lively's top-rated, user-centric solution creates an intuitive user experience, allowing consumers to get the most out of their HSA. Lively's HSAs work alongside HSA-compatible plans to make healthcare easier for everyone. Lively is headquartered in San Francisco, CA, with additional offices in Boise, ID.

For more information, please visit [livelyme.com](https://livelyme.com) or contact us at [sales@livelyme.com](mailto:sales@livelyme.com).

<sup>1</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/> <sup>2</sup> PwC, "Medical cost trends: Beyond the numbers 2022," <https://www.pwc.com/us/en/healthcare/healthcare-industry/library/beyond-the-numbers.html> <sup>3</sup> Fidelity's 2018 Annual Retiree Wealth Study, <https://www.fidelity.com/retirement/retiree-wealth-study> <sup>4</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/> <sup>5</sup> Gartner, "Global Forecast: CIOs of Global Knowledge Workers Will Be Remotely by the End of 2021," July 21, 2021, <https://www.gartner.com/newsroom/press-releases/2021-07-21-global-forecast-cio> <sup>6</sup> PwC, "Global Forecast: CIOs of Global Knowledge Workers Will Be Remotely by the End of 2021," July 21, 2021, <https://www.pwc.com/us/en/healthcare/healthcare-industry/library/beyond-the-numbers.html> <sup>7</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/> <sup>8</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/> <sup>9</sup> Jan Taylor, "How Telehealth Can Reduce Your Company's Healthcare Costs," <https://www.livelyme.com/blog/telehealth-can-reduce-your-companys-healthcare-costs> <sup>10</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/> <sup>11</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/> <sup>12</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/> <sup>13</sup> Lively Wellness & Wealth Report: 2021 Annual Employee Benefits survey, May 2021, <https://livelyme.com/resources/2021-wellness-wealth-report/>