



**TREND 4**

# Cost continues to be the greatest barrier for employers to offer benefits.

The financial effects of the COVID-19 pandemic continue to play out for businesses, and at the time of the survey, about half of employers said the pandemic had a negative or extremely negative effect on their financial condition. Even with many maintaining their health insurance programs, the study continues to observe that employers of all sizes struggle to keep pace with rising health care costs, with some of the smallest companies unable to offer benefits at all.

Consistent with previous survey waves, offering a robust benefits program while staying within budget and cost restraints is the top challenge faced by employers when offering benefits. Additionally:

- ▶ **52% of employers that offer benefits say rising health insurance costs are preventing their company from increasing wages.**
- ▶ **About 1 in 5 (19%) increased employee copays and/or increased employee share of premium in 2020.**
- ▶ **15% of employers that offer benefits said they cannot continue to sustain the costs of their benefits programs, up from 11% in 2019.**
- ▶ **High-deductible health plans are on an upward trend, jumping from 26% in 2018 to 32% in 2019 and up slightly to 34% in 2020.**



## Cost is a particular concern for small companies with 3-49 employees.

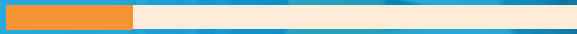
Of those not currently offering benefits, a full 65% report never offering employee health benefits. Their top-three reasons include:

- 65% Cost:** “We cannot sustain a benefits program for our workforce.”
- 37% Need:** “Our employees don’t need health insurance benefits through our workplace because they have access through another source.”
- 16% Quality:** “We cannot offer the quality of coverage that our employees need.”

**What effect has COVID-19 had on your business's financial condition?**

**22%**

Moderately positive to extremely positive



**25%**

Neither positive or negative



**52%**

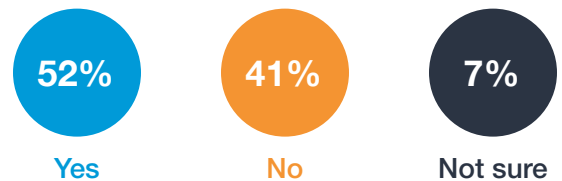
Moderately negative to extremely negative



**Of the following challenges, which is the top challenge your company faces when offering benefits?**

- 33%** Offering robust benefits while staying within cost constraints
- 14%** Determining the benefits that will meet our employees' needs
- 14%** Understanding what employees want when it comes to benefits
- 12%** Understanding the options I have to control benefits costs
- 11%** Communicating with and educating employees about benefits
- 10%** Managing benefits administration and workforce regulation compliance
- 6%** Finding time to dedicate to benefits selection and administration

**Are rising health insurance costs preventing your company from increasing compensation?**



The 2020-2021 Aflac WorkForces Report is the 10th annual Aflac employee study examining benefits trends and attitudes. The employer survey, conducted by Kantar on behalf of Aflac, took place online between June 12 and June 30, 2020. The survey captured responses from 1,200 employers across the United States in various industries. The employee survey, conducted by Kantar on behalf of Aflac, captured responses from 2,000 employees across various industries and business sizes between July 7 and July 21, 2020. For more, visit [aflac.com/awr](http://aflac.com/awr).