



Workplace benefits trends

EXECUTIVE SUMMARY

2023-2024

TABLE OF CONTENTS

Section 1: The state of workplace benefits and enrollment

- 6 Steadily rising costs of benefits and claims are driving changes in how businesses select a provider and deliver benefits to their employees.
- 10 As employers struggle with rising health care costs, supplemental insurance remains a core component of a comprehensive benefits package for employers and employees alike.
- 14 Similar to 2022 findings, there are significant gaps in how employers and employees perceive the value of benefits packages.
- 15 These gaps extend to benefits enrollment, with employers not offering the seamless digital experience that employees desire.
- 17 In addition to struggling with understanding what employees want from their benefits plans, organizations are finding it increasingly difficult to find the time they need to manage these programs.

Section 2: Employee well-being and mental health

- 20 Employee confidence in how much their organizations care for them is waning and impacting not just mental health, but also job satisfaction.
- 21 Burnout and workplace stress remain top concerns in 2023, again disproportionately affecting both women and younger workers.
- 24 Fortunately, when it comes to mental health, most employees still feel they have someone they can turn to – often their own managers.

Section 3: Employee financial preparedness

- 28 Employees continue to experience a high degree of financial fragility, which causes anxiety about potential future medical events.
- 30 Inflation continues to significantly impact employees and their financial situations, forcing them to make difficult choices about their health care.
- 33 Employees do not fully understand their policies or their health care costs, which makes it difficult for them to prepare for an adverse medical event.

Section 4: The role of AI in benefits administration

- 38 There may be a place for artificial intelligence (AI) in benefits enrollment and administration, but it will take more work to bring employees on board than it will their benefits administrators.





Aflac® WorkForces Report

The Aflac WorkForces Report is a long-standing resource for tracking American workers' and employers' health care needs and experiences as well as benefits administration. The 13th annual report clearly shows that businesses across various industries face many challenges in providing benefits to their employees. The continuous rise in benefits and claims costs has prompted sweeping organizational changes, driven by ongoing concerns about inflation.

Employers cautiously navigate the balance between cost containment and maintaining employee satisfaction. More than half (53%) of employees surveyed in 2023 report they're at least somewhat likely to accept a job offer that included slightly lower compensation but a more robust benefits package. Consequently, employers are feeling the pressure to remain steadfast in offering competitive employee benefits to avoid a talent exodus.

Mental health care remains a top concern with stress and burnout affecting employees' overall well-being and productivity. Employers have an opportunity to address these challenges by offering robust mental health resources, flexible work schedules, personalized support, and enhancing job satisfaction and retention in today's competitive work environment.

Financial fragility among employees continues to contribute to high anxiety about potential medical events, further exacerbated by inflation's impact on their financial situations. Younger generations are particularly vulnerable to the devastating costs of an unexpected medical event, underscoring the need for supplemental insurance as a core component of comprehensive benefits packages.

The Aflac WorkForces Report highlights the important role benefits programs play in employees' well-being and satisfaction. Employers should work toward understanding their employees' needs, offering comprehensive support of mental health and financial well-being and leveraging innovative technology to shape a more resilient and employee-centric future. By doing so, organizations can help attract and retain top talent and foster a workplace that prioritizes the well-being of its workforce.



A man with dark hair and glasses, wearing a light blue button-down shirt, is leaning over a white laptop. He is looking at the screen with a slight smile and has his right hand raised in a gesturing motion. The background is a blurred office environment with a desk lamp and bookshelves.

Section 1

The state of workplace benefits and enrollment



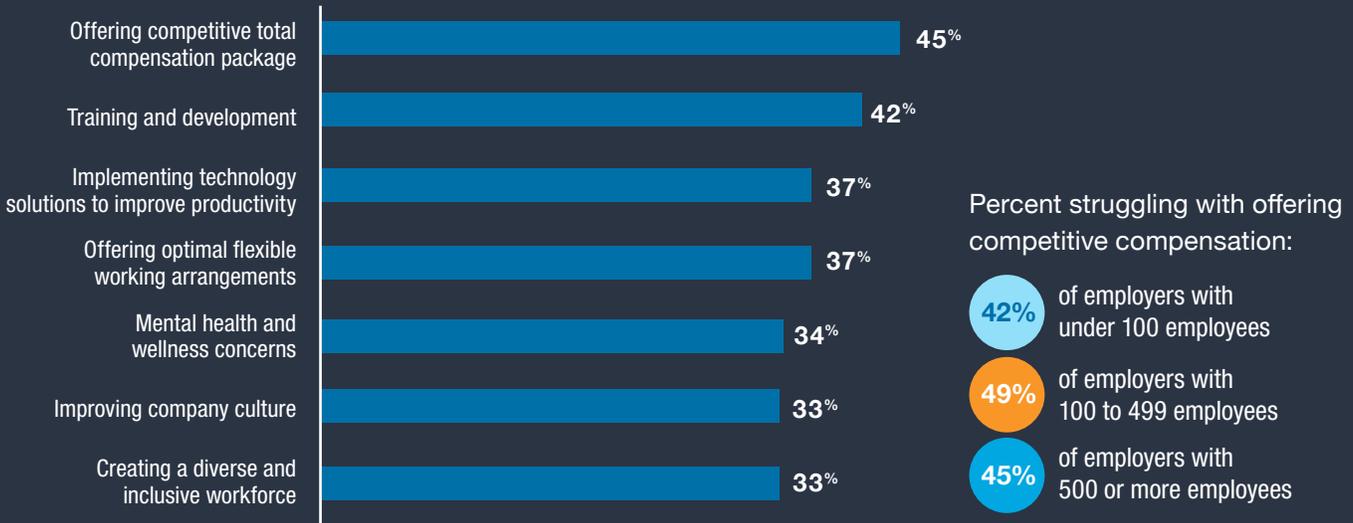
Steadily rising costs of benefits and claims are driving changes in how businesses select a provider and deliver benefits to their employees.

This year, organizations of all sizes across various industries encountered both familiar and unfamiliar challenges when it comes to giving their employees access to health care benefits. During a period of higher than normal inflation, historically low unemployment, rising health care costs and increasing voluntary employee turnover, organizations are struggling to meet their employees' benefits needs while remaining competitive and staying within budget. These challenges are limiting employers' ability to invest in key growth areas and have driven many to make sweeping organizational changes that push some expenses to employees, such as increasing employee deductibles and increasing employee share of health insurance premiums.

But, these operational changes are not without risk — more than half of the employees surveyed in 2023 report they're at least somewhat likely to accept a new job with a lower salary but more generous benefits offerings. As employers are faced with making these tough decisions, supplemental insurance remains a core component of a comprehensive benefits package to help attract and retain employees. Supplemental insurance plans help protect employees in the event of an unforeseen medical diagnosis and provide them with the added financial security they may need to help cover any gaps in health care coverage that have come from organizations' operational changes.

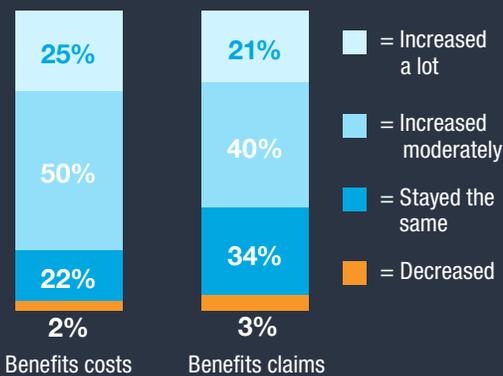
Regardless of company size, employers say the biggest challenge they face in 2023 is offering a competitive benefits package.

Question: When it comes to employee engagement and satisfaction, what are your organization's biggest challenges?



Benefits and claims costs continue to rise with well over half of all employers saying they increased at least moderately.

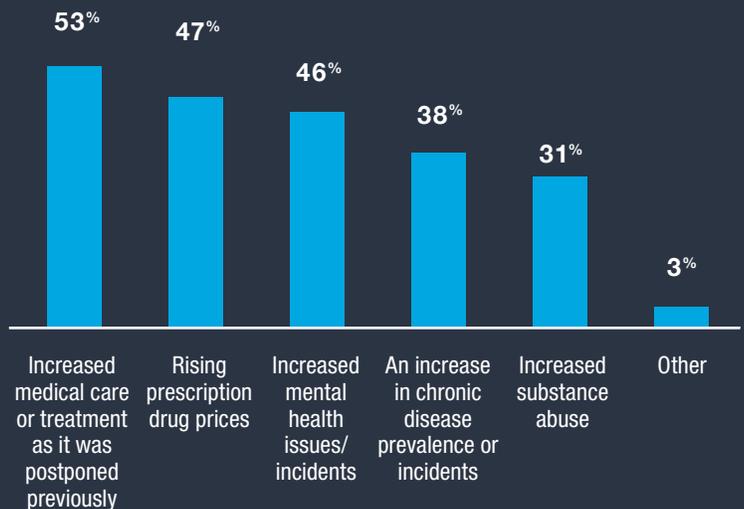
Question: When it comes to employee engagement and satisfaction, what are your organization's biggest challenges?



75% of employers in 2023 say benefits costs have increased at least moderately, and 61% say the same about their benefits claims.

The impact of delayed medical care, rising prescription drug costs and mental health issues remain the top culprits of increased benefits costs for employers.

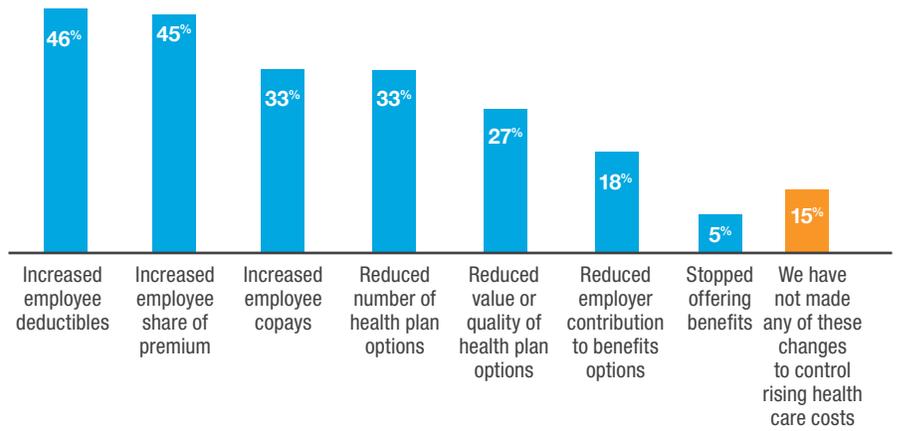
Question: You mentioned that your organization's benefits costs or claims increased in the last year. Which, if any, of the following best describes why?



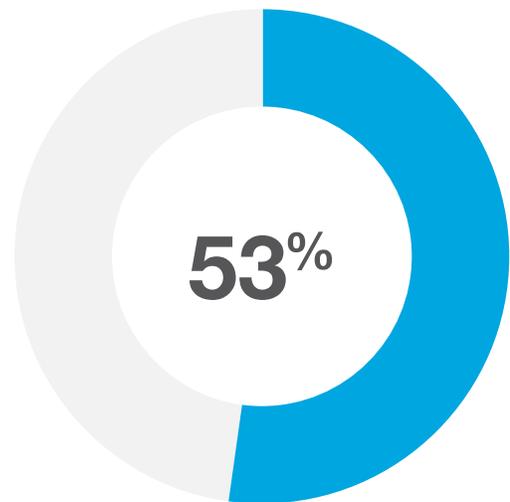
Most employers had to make operational changes as a result of the rising cost of health care and are opting to shift expenses onto their employees rather than reduce the benefits they offer — but these decisions could have negative downstream implications.

While employers are deploying a variety of tactics to cope with the rising costs of health care, **increasing employee deductibles and the amount they contribute to premiums and copays** are the most popular. Nearly half of all employers who are experiencing increased benefits costs indicate they increased the amount of their employee deductibles or increased the share they required employees to pay in order to *offset* the rising cost of health care. Yet, more than half (53%) of employees say they would likely accept a job offer with slightly lower compensation but a more robust benefits package. This is a strenuous time for organizations that saw [unprecedented voluntary turnover rates in 2022](#). As employers strike a balance of managing costs while offering competitive benefits packages, increasing the burden of health care benefits costs on the employee is a risky move as they are likely to seek a job with a better benefits.

Employer question: Have you done any of the following to control rising health care costs that you otherwise would NOT have done if benefits costs remained the same or decreased?



Employee question: How likely would you be to accept a job offer that included a slightly lower compensation but a more robust benefits package?

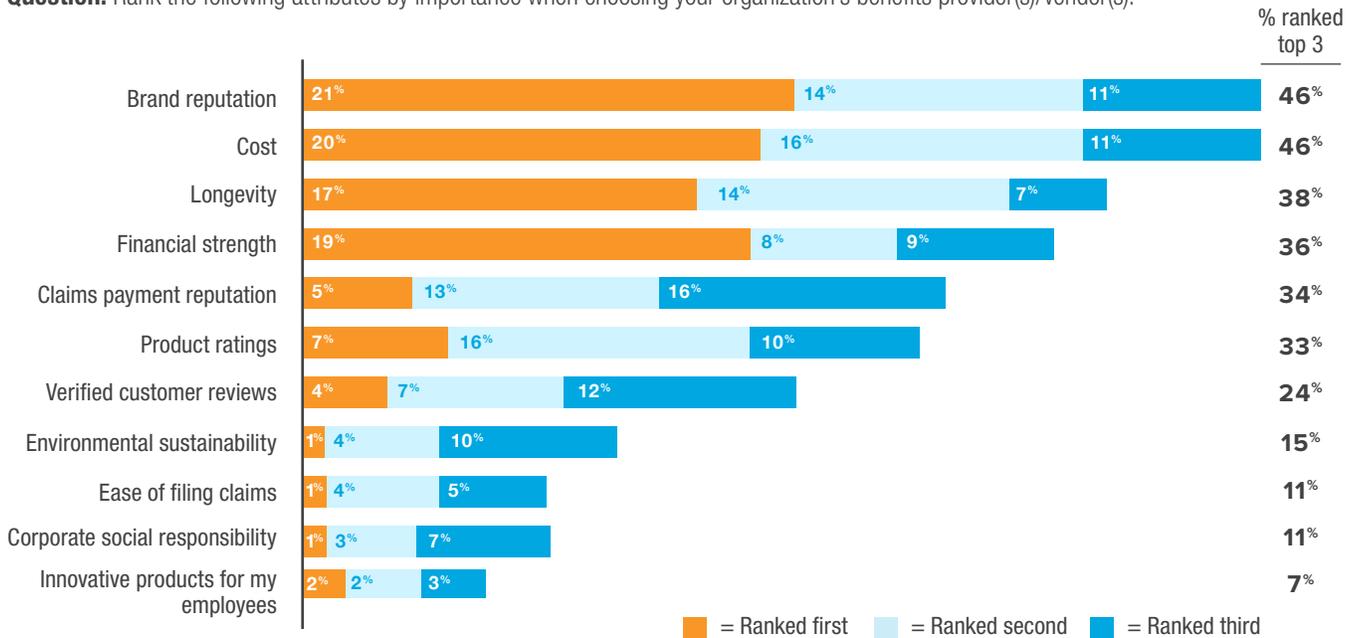


of all employees would be at least somewhat likely to accept a position with lower pay but better benefits.

It is unsurprising that cost is among the most important considerations for employers when choosing a benefits provider.

Employers are nervous about the cost of health care because claims are on the rise and employees may leave if benefits are reduced. However, brand reputation also is a significant driver in their decision-making process, with 21% ranking it above cost for why they choose a provider.

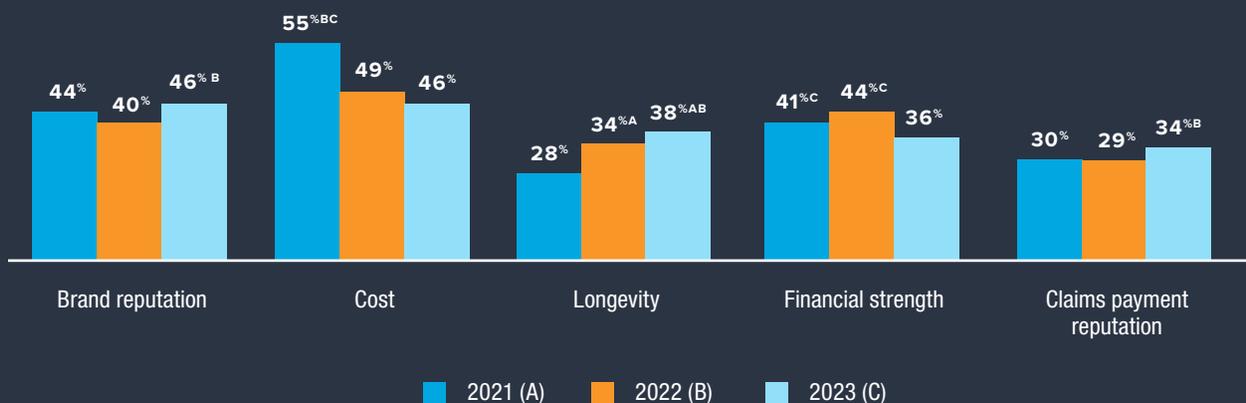
Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s).



And, interestingly, employers are placing far more emphasis on the importance of a benefits provider's reputation in 2023 than they ever have before.

Cost, while still near the top of the list, has been declining in importance since 2021, during the height of the COVID-19 pandemic. Rising in importance are elements associated with a provider's renown, such as brand reputation, longevity and claims payment reputation.

Question: Rank the following attributes by importance when choosing your organization's benefits provider(s)/vendor(s). (% Ranking Top 3; Only the top 5 attributes are shown)



As employers struggle with rising health care costs, supplemental insurance remains a core component of a comprehensive benefits package for employers and employees alike.

Supplemental insurance offers an added layer of financial protection, helping to support employees in covering not only out-of-pocket (OOP) health care expenses not covered by major medical plans, but also everyday expenses linked to their health care needs.



The **overwhelming majority (87%)** of enrolled employees say they would recommend that a friend or family member enroll in supplemental benefits and that their supplemental benefits help their financial security (88%).

Yet only 2 in 5 (39%) employers indicate that they offer supplemental insurance options to their employees.



9 in 10 employees believe the need for supplemental insurance is increasing.



80% of employers who offer supplemental insurance believe these benefits help with recruitment, and 82% say they help with retention.



2 in 5 American workers view supplemental benefits as a core component of a comprehensive benefits program.



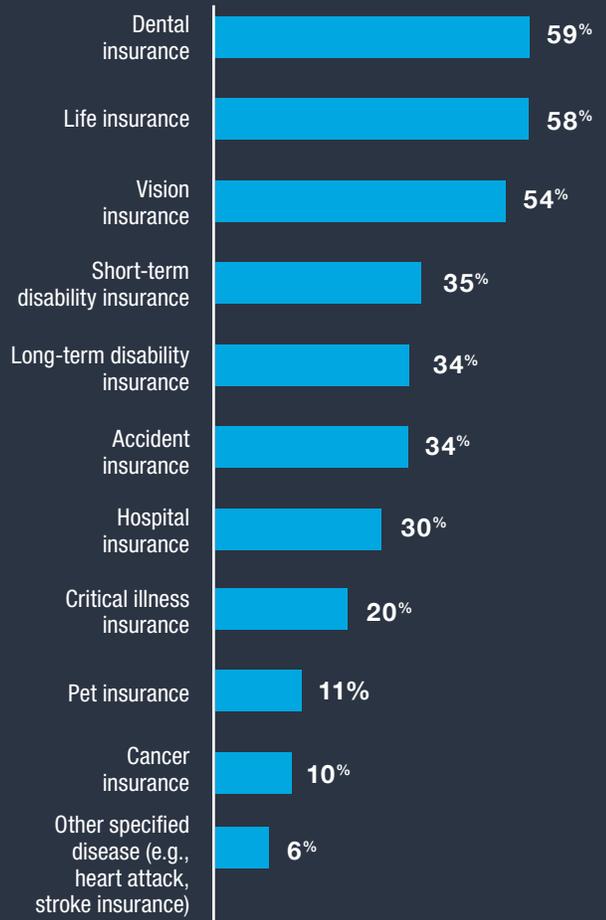
Two thirds of all employees enrolled in supplemental insurance have used it in the past year.

“Supplemental insurance helped with making sure we are taken care of financially while making sure we’re healthy.”

- Male employee, 23, North Carolina

Dental, life and vision insurance are the most elected supplemental benefits.

Question: Which of the following voluntary benefits are you enrolled in through your employer?



Note: This question was asked of those who indicated they have access to supplemental benefits at work. With more than 3 in 5 (60%) employees stating they have access to supplemental benefits through their employers, this translates to 37% of all surveyed employees enrolling in supplemental dental, 36% enrolling in supplemental life and 33% enrolling in supplemental vision.



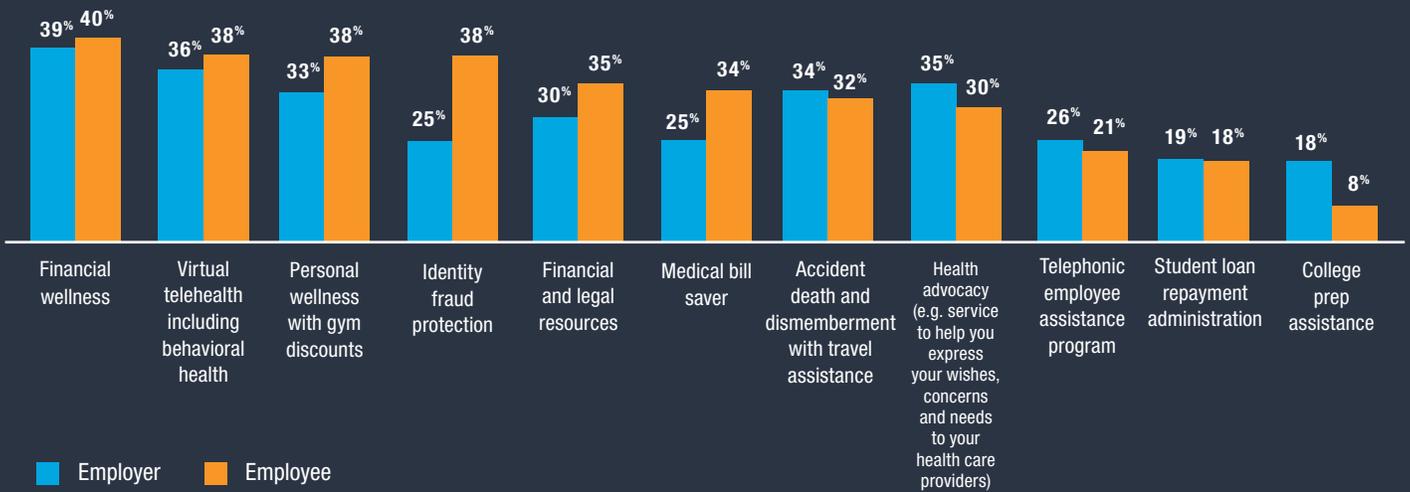
Employers can further enhance the overall compensation packages they offer by incorporating differentiated and nontraditional perks and benefits.

Employees are interested in a myriad of nontraditional perks. Given the impact of inflation on employees' overall financial stress and financial stability, it is not surprising that 2 in 5 (40%) are interested in having access to a financial wellness program. Other key areas of interest for employees where employers may be missing the mark today are access to personal wellness programs with gym discounts, identity fraud protection, access to financial and legal resources through their employers and access to Medical Bill Saver negotiations.

Hispanic employees are especially interested in nontraditional perks.

Some key differences emerge in Hispanic and non-Hispanic workers' preferences, giving organizations the chance to better meet the needs of a growing Latinx population. Specifically, Hispanic workers are more interested than their non-Hispanic counterparts in telehealth (43% vs. 37%), health advocacy (36% vs. 28%), student loan repayment administration (23% vs. 17%) and college prep assistance (14% vs. 7%). Access to telehealth through health insurance plans is far more important to Hispanic workers (56%) than non-Hispanic workers (41%). Use of telehealth also is higher among Hispanic workers (68% have used telehealth vs. 61%); therefore, it is not surprising that this group expresses greater interest in telehealth as an additional benefit.

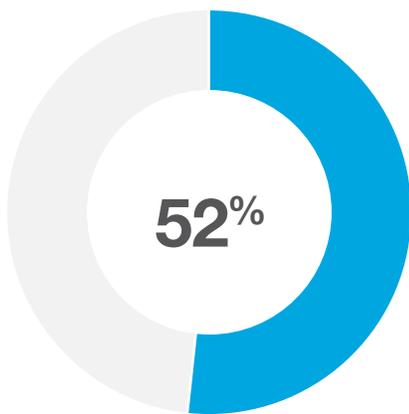
Employer question: Which of the following does your organization offer to your employees?



Supplemental benefits that directly address employees' anxieties about the future also are compelling.

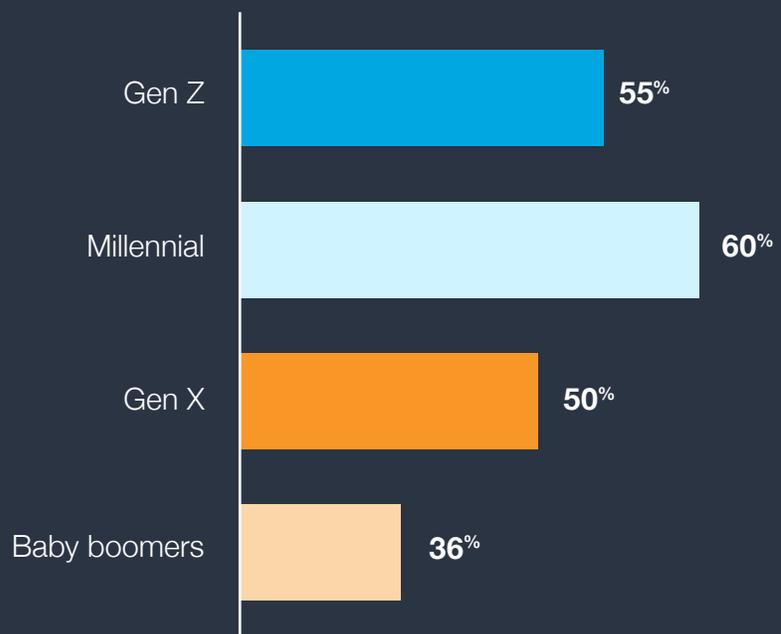
More than half of all employees express a high degree of interest in purchasing supplemental health insurance that covers serious illnesses or conditions — such as cancer, heart attack or stroke — if they have family history. This interest is higher among younger generations than baby boomers and significantly higher among Hispanic workers (62%), compared to their non-Hispanic counterparts (50%).

More than half of all employees are interested in supplemental policies for specific diseases or conditions with a hereditary component.



of all employees would be "very" or "extremely" likely to purchase supplemental insurance to cover a disease that runs in their families.

Question: If offered by your employer, how likely would you be to purchase insurance to help cover costs associated with a serious illness that you know is in your family health history (such as cancer, heart attack or stroke)?

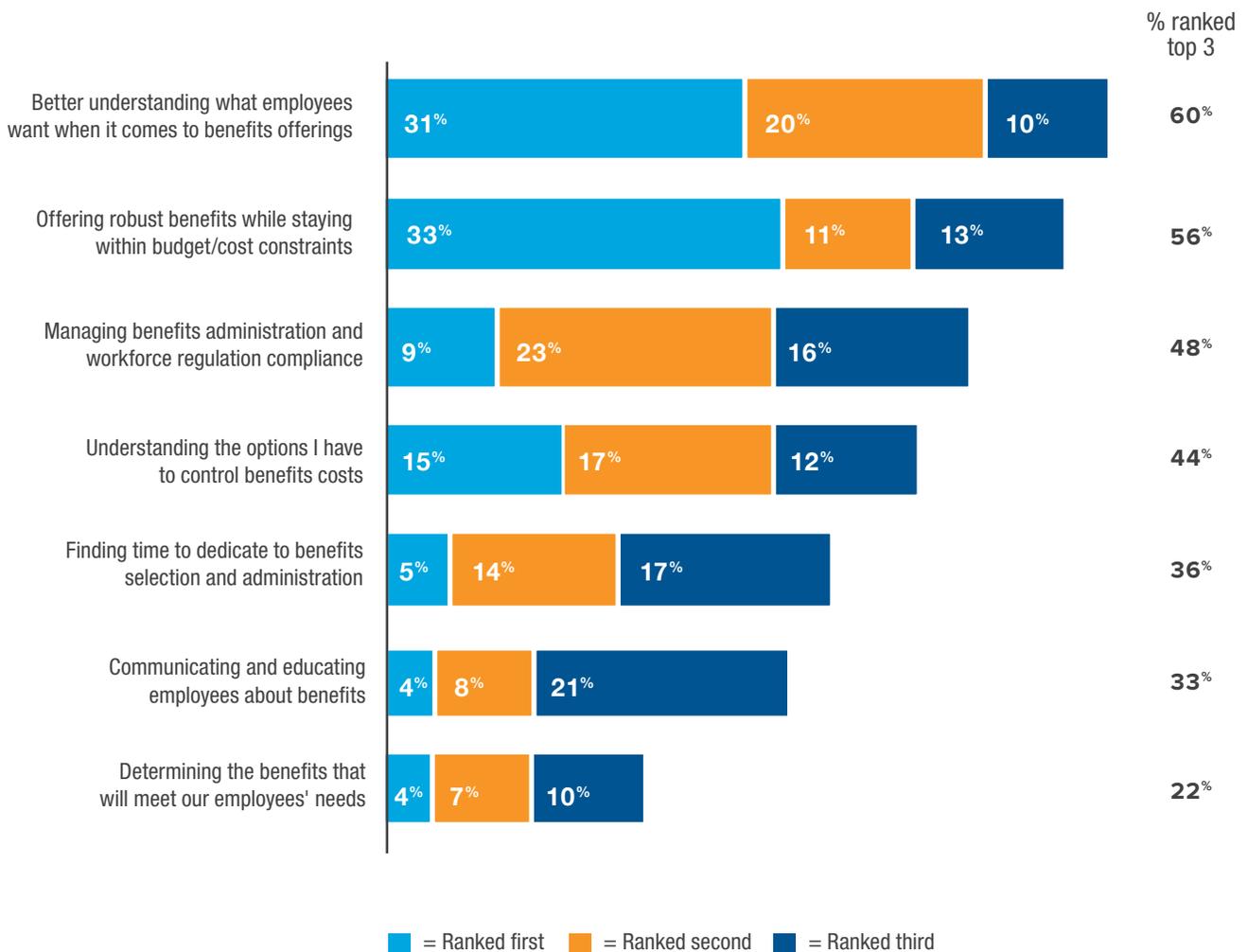


There are significant gaps in how employers and employees perceive the value of benefits packages.

Although employers who make sweeping changes to their benefits program are at risk of losing employees due to voluntary turnover, many state that they simply don't always know what employees want from their benefits packages. Additionally, the report finds that employers may be overly confident in their employees' satisfaction with their current benefits packages; however, there is a 19 percentage point gap between employers' perceptions of employee satisfaction with their benefits and actual lived experiences, which has widened since 2021. With many organizations planning to make changes to their benefits contributions, it is critical for organizations to help close this gap and gain a clear picture of their employees' benefits needs and expectations.

More than half (60%) of all employers say that one of their biggest challenges in benefits administration is understanding what their employees are looking for.

Employer question: Of the following challenges, which are the top challenges your organization faces when offering benefits?



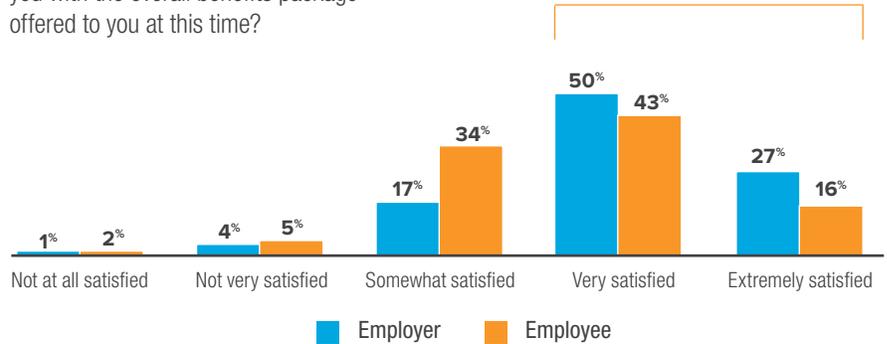
This lack of understanding is evidenced by employers' overly positive view of their employees' satisfaction with their benefits.

Greater alignment between employers and employees with regard to benefits experiences will make it easier for employers to rise to the occasion to meet employees' growing needs during a time of rising health care costs, inflation and increased health care complexity.

Employer question: How satisfied do you think your employees are with the overall benefits package your organization offers them at this time?

Employee question: How satisfied are you with the overall benefits package offered to you at this time?

78% of employers believe their employees are highly satisfied with their benefits, compared to only 59% of employees who express high satisfaction.

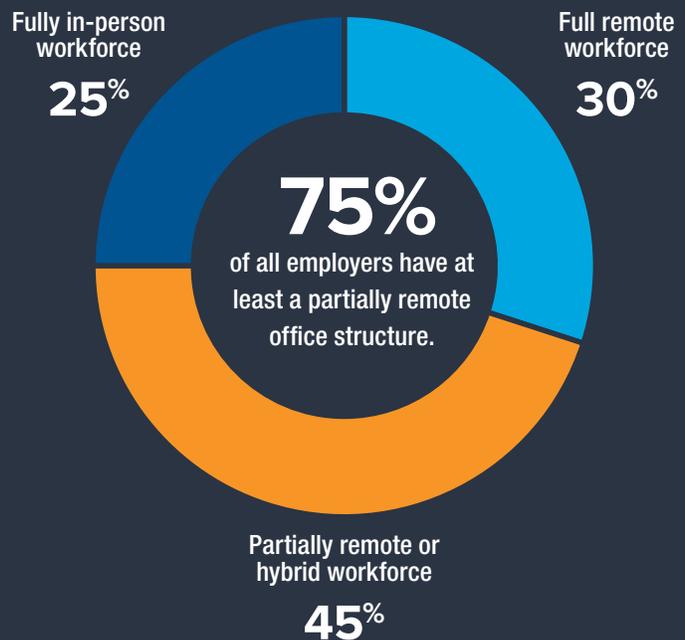


And these gaps extend to benefits enrollment with employers not offering the seamless digital experience that employees desire.

Remote and hybrid work remain the norm, with most employers offering at least a partially remote work structure, making a seamless digital experience for benefits enrollment and management increasingly important.

Remote work continues to be very common, even in a post-pandemic world. Three-quarters of all employers have at least a partially remote office structure with nearly a third foregoing the traditional office altogether.

Question: Which of the following best describes your organization's working arrangement over the last 12 months?



Most employers recognize the importance of having a benefits provider that excels in digital technology, and a similar proportion of employees value the convenience of managing their benefits online. Although many employees prefer digital enrollment for benefits, it is noteworthy that more than one-third of employers do not support online enrollment.



8 in 10 employers state that it is very important for their benefits provider to innovate by leading in digital technology.



Just as many (82%) employees stress the importance of being able to manage benefits online.



Yet, 45% of employers do not offer the ability to enroll in benefits online.



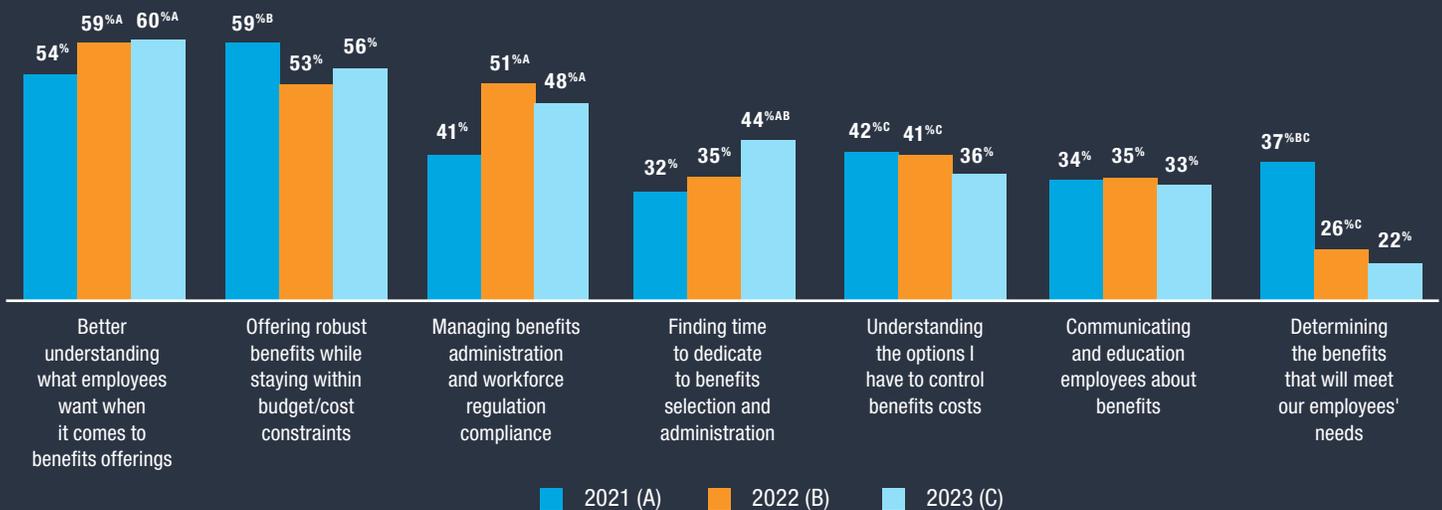
Pro tip: Prioritize ease of use. Employers have an opportunity to provide their employees with the benefits they need and partner with providers that can engage them with technology they use in their everyday lives. Having open conversations with employees about their experiences interacting with different health care providers and products in the digital landscape can help provide insight into technology and capabilities that are popular and help narrow their search for providers who check that box.



In addition to struggling with understanding what employees want from their benefits programs, organizations are finding it increasingly difficult to find the time they need to manage these programs.

Since 2021, the percentage of respondents who ranked finding time to *dedicate to benefits selection and administration* among their top three challenges has jumped by 12 percentage points. This could be, in part, due to operational changes organizations made over the last year to cut costs as inflation rose and a recession loomed. With fewer resources dedicated to the selection and administration of benefits, it has been difficult for employers to gain a deep understanding of the programs they offer their employees and how those programs might be improved.

Question: Of the following challenges, which are the top challenges your organization faces when offering benefits?



Pro tip: Listen to the experts. It's understandable that HR departments that have been whittled down in the last year as part of belt-tightening initiatives might feel overwhelmed by having to manage the same benefits programs they did a year ago with fewer resources and less support. Aflac can help provide guidance and insights gleaned from its more than 60 years in the field to help them understand the changing health care landscape and which options are available to them now.





Section 2

Employee wellbeing and mental health





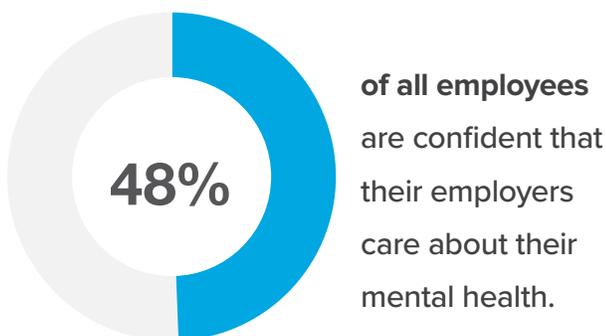
Employee confidence in how much their organizations care for them is waning and impacting not just mental health, but also job satisfaction.

In 2021, nearly 60% of employees surveyed said they believed their employers cared about their well-being at least somewhat. One year later, that number had dropped to 56%, and this year, it plunged another eight points to 48%. What's driving this dramatic shift in the way workers perceive how much their employers care about them? And how can employers regain lost ground?

Certainly, some of this discontent can be attributed to stress and shifting work conditions caused by COVID-19, rising inflation and the wave of layoffs that rippled through tech and other sectors last year. As inflation cools and the pandemic continues to ease, employers should look to providers for ways to reestablish the trust their employees have lost and increase their job satisfaction.

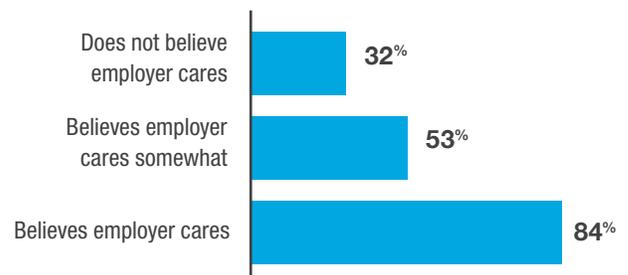
About half (48%) of all employees are confident their employers care about them.

Question: How much do you believe your employer cares about your overall mental health?*



And this belief is associated with job satisfaction. More than 4 in 5 (84%) of those who believe their employers care about them report high job satisfaction, compared to just a third (32%) of those who don't think their employers care.

Question: Overall, how satisfied are you with your job?*

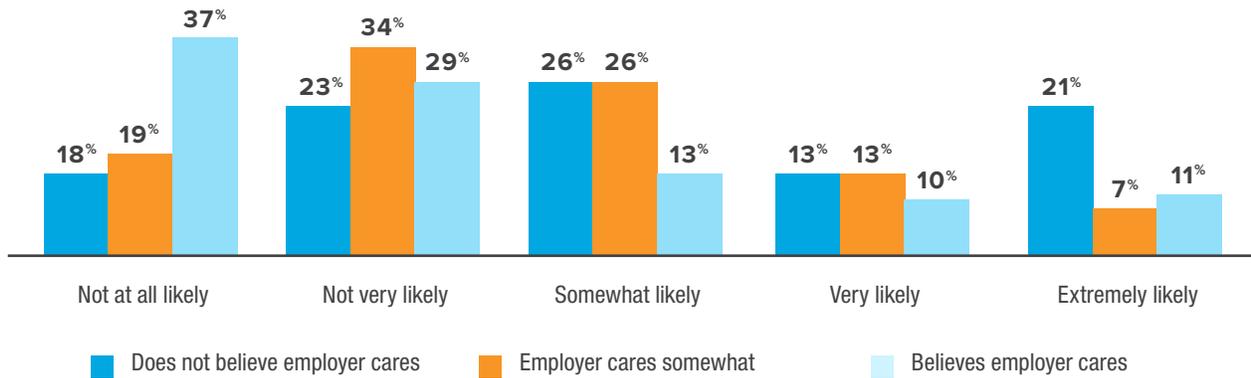


*Figures represent the highest two responses selected.

Further, it's *causing* them to look for a new job.

Employees feel it is vital that their employers care about their well-being, and many are willing to act. Of employees who say they believed their employers didn't care about their well-being, 60% are at least somewhat likely to look for a new job in the next 12 months. Again, employers need a way to regain trust in 2023.

Question: How much do you believe your employer cares about your overall mental health? Overall, how satisfied are you with your job?

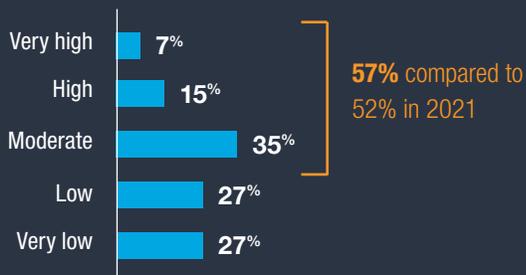


Burnout and workplace stress remain top concerns in 2023, again disproportionately affecting both women and younger workers.

Consistent with 2022 levels, more than half (57%) of all American workers state that they are currently experiencing at least moderate levels of burnout. Further, we see high levels of workplace stress among employees, with three-quarters reporting at least a moderate level of stress. Heavy workload is the primary culprit for workplace stress, though there are other contributing factors.

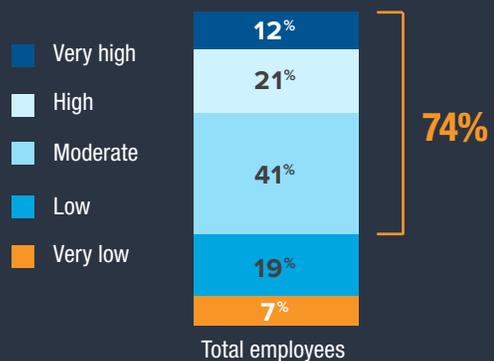
How employees experience burnout varies widely depending on demographics, especially age. Gen Z and millennials are more than twice as likely as baby boomers to experience high or moderate burnout. Women are vulnerable, too, with 75% reporting burnout at work as opposed to 58% of men. Providers have an opportunity here to help employers identify vulnerable populations and provide them with tools and resources to better cope with stress to stay well ahead of burnout.

Question: How would you rate your current level of **burnout**?



Well over half, 57%, of all American workers are experiencing at least moderate levels of burnout. This remains significantly higher than what was seen in 2021.

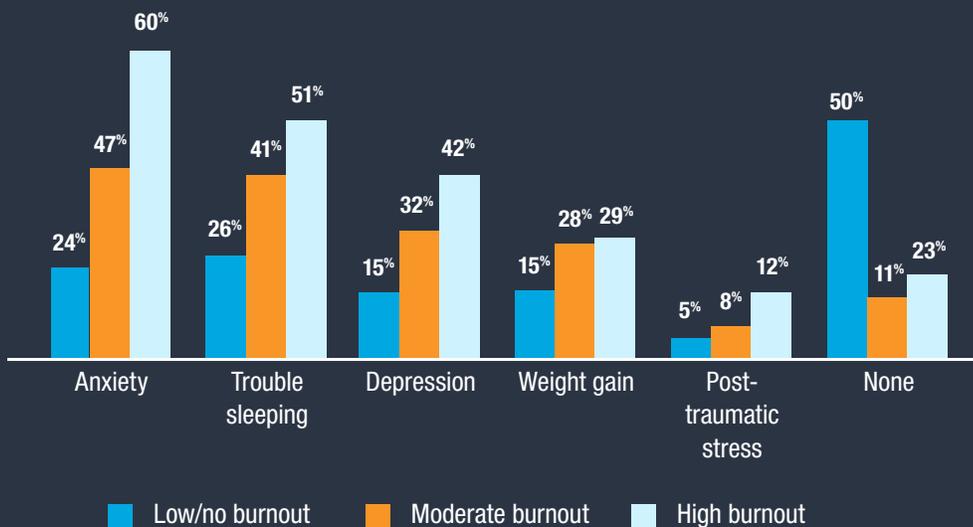
Question: How would you quantify the amount of **workplace stress** you experience?



We also see high levels of workplace stress, but a meaningful proportion of employees appear to be able to cope with stress without getting burned out.

And it's critical for employers to address burnout among their employees before the employees start to experience other more severe symptoms. This year, the percentage of employees who report having trouble sleeping jumped 6 percentage points from last year. On top of that, employees who experience burnout were more likely to experience anxiety and depression while dealing with sleep issues. Employers have an opportunity to intervene with proactive care up front that will help employees mitigate these issues before they worsen.

The overwhelming majority (89%) of employees who report high levels of burnout have also suffered other mental health challenges over the past year — most commonly anxiety, depression and trouble sleeping.



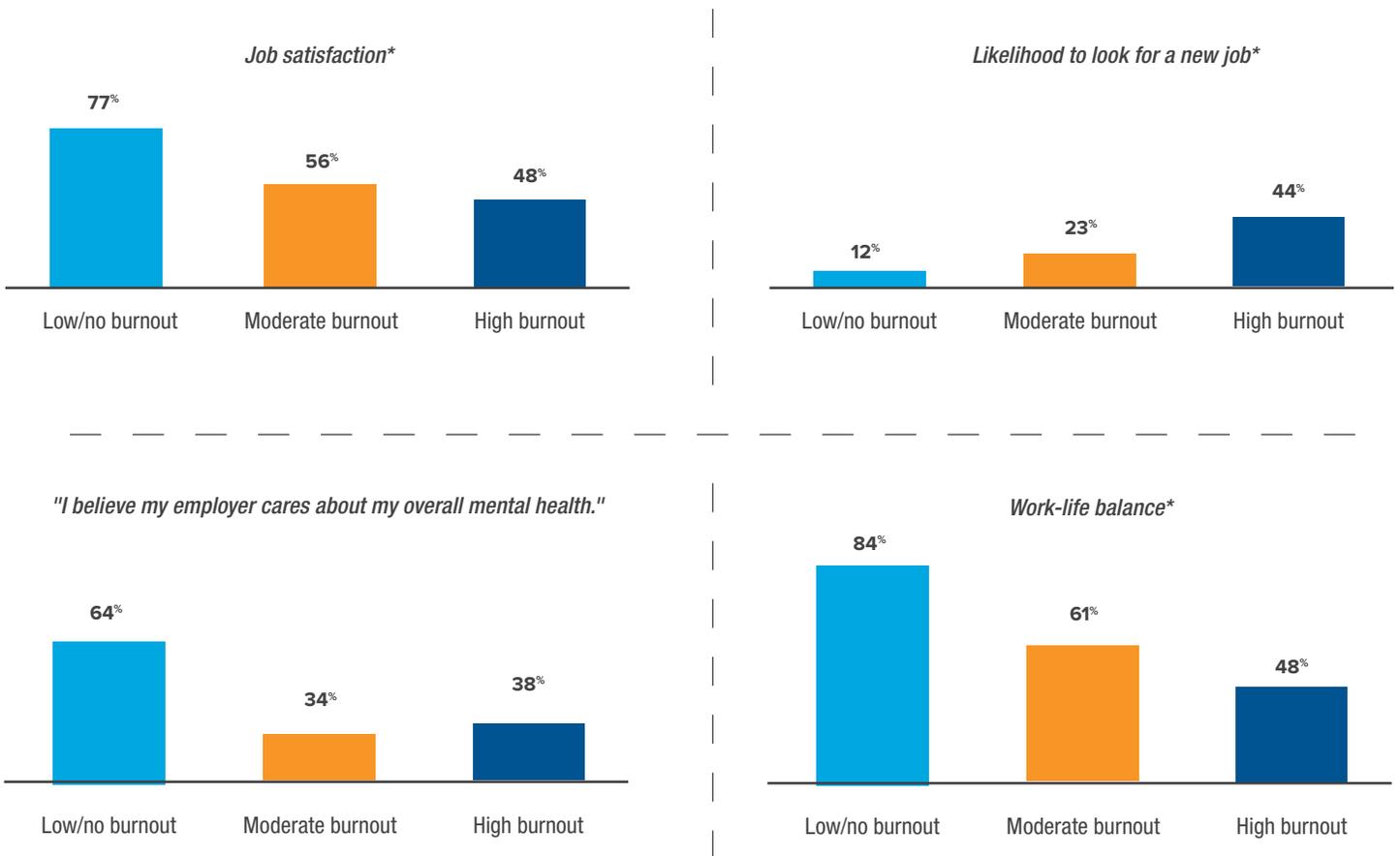
Question: Have you experienced any of the following in the past 12 months?

*Only displaying options that were selected by at least 5% of respondents.



Pro tip: Help ease employee stress with the option of supplemental insurance. In scenarios where providing a salary increase might not be feasible, offering supplemental insurance may be a good solution. Supplemental insurance offers employees added reassurance, helping to give them financial security in the event of an unforeseen medical event. Further, given that many plans are employee-funded, this approach can help employers effectively manage their expenses. For instance, 56% of American workers were negatively impacted by high medical bill costs with reasons including missed credit card payments, affected credit scores, and missed rent or mortgage payments, among others. These were key contributors to their financial stress and mental distress.

Not addressing burnout also may have downstream implications on an organization's workforce — namely diminished job satisfaction and work-life balance among those suffering from burnout, as well as a higher likelihood of looking for a new job over the next year.



*Figures represent the highest two responses selected.

Burnout is, unsurprisingly, associated with lower job satisfaction and loyalty, as well as one's impressions of work-life balance and how much an employer cares about their well-being.

Fortunately, when it comes to mental health, most employees still feel they have someone they can turn to – often their own managers.

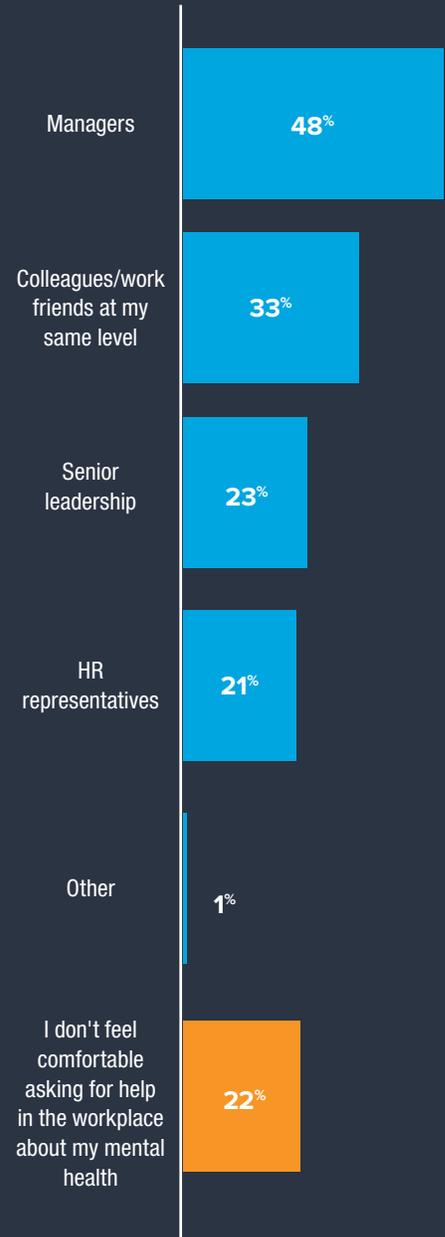
It would seem to contradict the fact that many employees don't believe their organizations care about their well-being while they also feel confident they have someone in the organization to talk to about their own mental health struggles and even ask for PTO. One explanation for this could be that while they view their organization overall as not caring enough about their well-being, there are individuals within the organization — namely, their supervisors — whom they trust and are willing to confide in.

Of note, while employees across all generations would feel comfortable talking to a manager about mental health struggles in the workplace, it is the younger generations who are willing to turn to their peers for support. While nearly half of all Gen Z (46%) and 40% of millennial employees trust their colleagues with this information, far fewer Gen X (28%) or baby boomer (17%) employees feel comfortable discussing such matters with their peers.

Question: Who, if anyone, in your workplace do you feel comfortable asking for help or time off should you need it as it relates to your mental health? / To what extent would you say your organization's employees feel comfortable asking for help or time off should they need it as it relates to their mental health in the workplace?



Pro tip: Empower individuals, not institutions. When it comes to something as personal as mental health, how employees deal with it and who they confide in can vary from person to person. Rather than fighting this by prescribing rigid programs that require everyone at work to deal with something that's very subjective, organizations should empower supervisors to take the lead in conversations about mental health and give employees the resources they need to choose their own path.



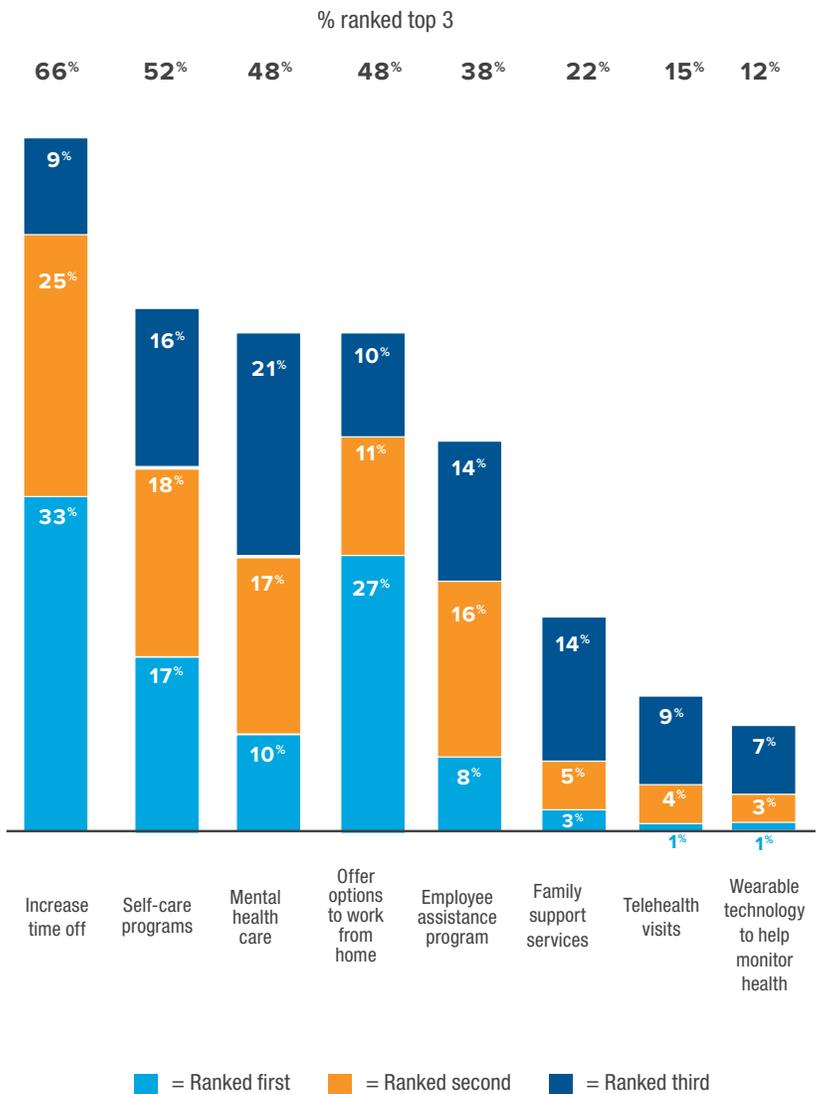
76%
of all employers are confident that their employees are very or extremely comfortable asking for support or time off to address mental health.



Outside of increasing pay, employers have many options for helping to improve employee stress and burnout. Of the options presented, 1 in 3 (33%) employees surveyed ranked increased time off as their first choice for addressing burnout. Options to work from home and self-care programs also top employees' lists for practical ways employers can offset the extra strain.

To address burnout and prevent their mental health from further deteriorating, employees want more time off.

Question: Which of the following would be most useful with helping you deal with burnout or personal mental health concerns?





Section 3

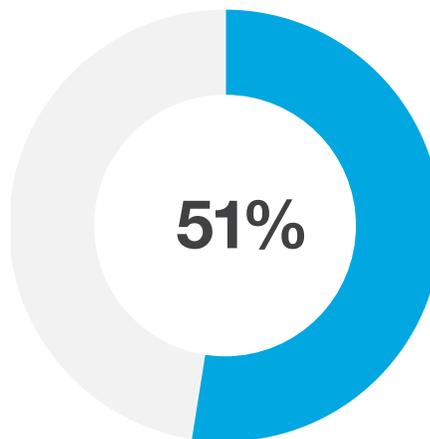
Employee financial instability

Employees continue to experience a high degree of financial fragility, which causes anxiety about potential future medical events.

The report found several bright spots related to individuals' financial security. More employees have additional cash on hand to cover a medical emergency and many are finding comfort in what their insurance plans cover. Still, the state of financial wellness among Americans remains fragile. The survey finds that just half (51%) have the resources to pull from savings for a medical bill. This is slightly up from last year (45%) but still concerning because 50% couldn't afford more than \$1,000 in OOP costs, while the [average deductible for a single person in an employer health plan is \\$2,004, according to the Kaiser Family Foundation](#). Employees are understandably nervous about inflation and the economy and afraid of the financial impact of an unexpected medical diagnosis. Americans are increasingly turning to crowdfunding sites like GoFundMe to support not just their medical bills, but also the secondary day-to-day costs related to being sick and needing to take time off work. In fact, GoFundMe hosts more than 250,000 medical fundraisers each year, with [health care-related fundraising as one of its largest categories](#).

Half (51%) of all employees say they would pull from a checking or savings account to cover unexpected medical bills — more than would have been able to do so in 2022 (45%).

Question: How would you pay for high out-of-pocket expenses associated with an unexpected serious illness or accident?



would be able to pull from checking or savings for an unexpected cost.

Half (50%) of all employees would not be able to pay more than \$1,000 in out-of-pocket costs for an unexpected medical event; over a quarter (27%) cannot afford a \$500 expense.

Question: How much would you be able to pay for out-of-pocket expenses if an unexpected serious illness or accident occurred today?

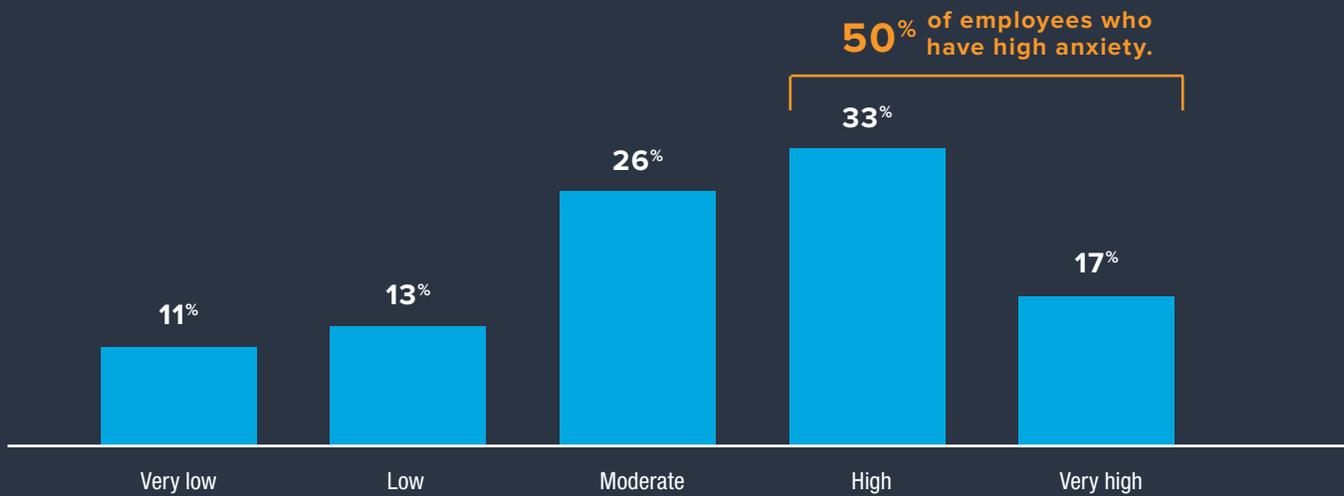


Financial instability disproportionately impacts Hispanic workers.

Hispanic workers are more financially fragile than their non-Hispanic counterparts. Nearly two-thirds (66%) of all Hispanic workers could not go more than a month without a paycheck (compared to 51% of non-Hispanic workers). More than half (57%) could not afford \$1,000 in unexpected OOP health care-related costs, compared to 49% of non-Hispanic workers. When faced with an unexpected medical expense, Hispanic workers also would be more likely to have to rely on family or friends (29% vs. 24%) or seek a second job for supplemental income (26% vs. 18%). They are less likely than their non-Hispanic counterparts to be able to pull from a checking or savings account to cover these expenses (43% vs. 53%).

Half of all American workers have high anxiety about health care costs beyond what their insurance covers — though this is a decline compared to 2022 levels (57%).

Question: How much anxiety do you feel about health care costs beyond what is covered by your health insurance?

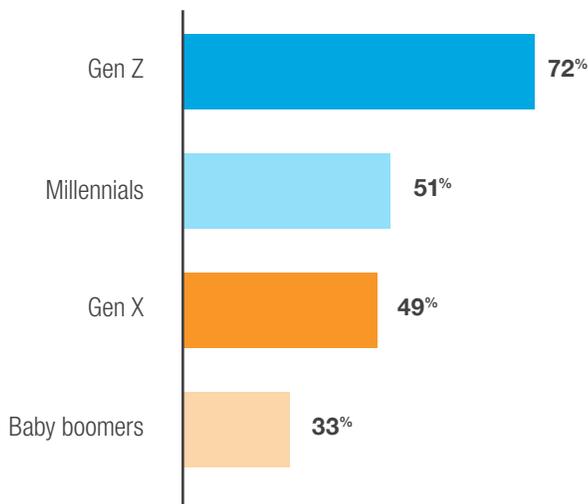


Younger generations are particularly hard hit by these anxieties, as they are less financially secure than their older counterparts.

Gen Z, who have not yet had the time or salary increases to build their savings, are the most financially fragile – nearly three-quarters (72%) cannot afford to pay \$1,000 in out-of-pocket health care expenses.

Question: How much would you be able to pay for out-of-pocket expenses if an unexpected serious illness or accident occurred today?

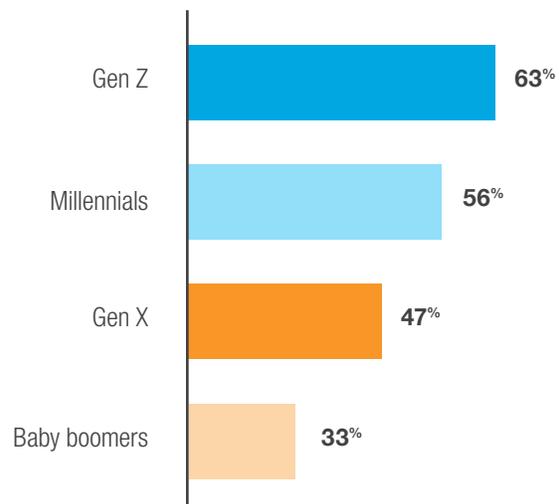
Percent of Employees Who Cannot Afford a \$1,000 OOP Expense



This rise in financial instability contributes to increased anxiety among these groups.

Question: How much anxiety do you feel about health care costs beyond what is covered by your health insurance?

Percent of Employees Experiencing High Anxiety About Health Care Costs



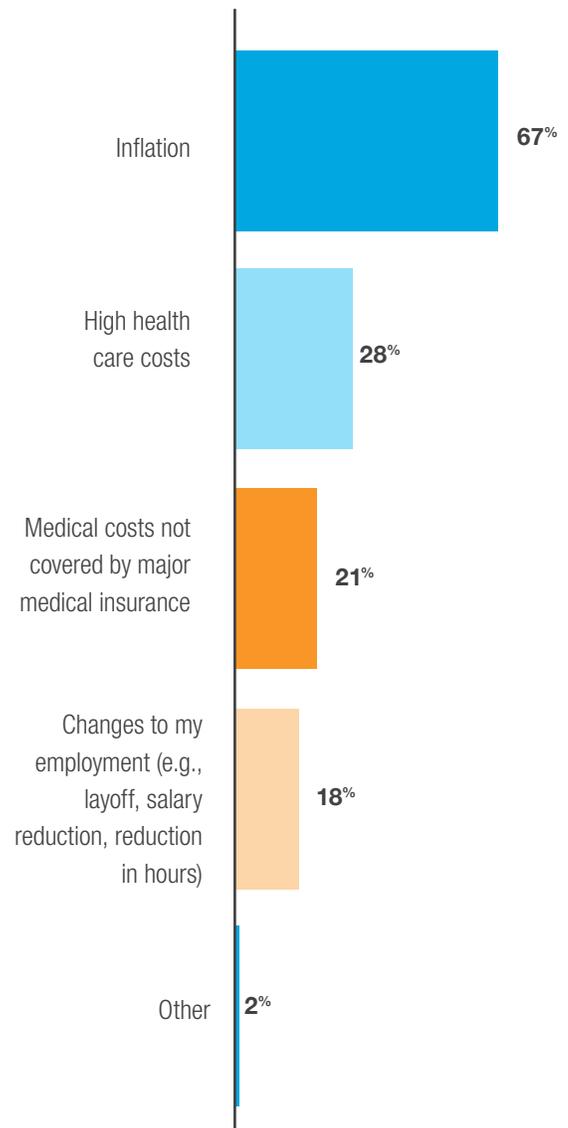
Inflation continues to significantly impact employees and their financial situations, forcing them to make difficult choices about their health care.

Although the annual inflation rate in the U.S. slowed to 3% in June 2023, the 9.1% inflation rate in the year prior has had a measurable impact on employees' financial well-being. As inflation continues to cool and consumer confidence continues to grow over the coming months, it will be important for organizations to understand the impact the economy is having on employees' state of mind and confidence in handling future medical expenses.



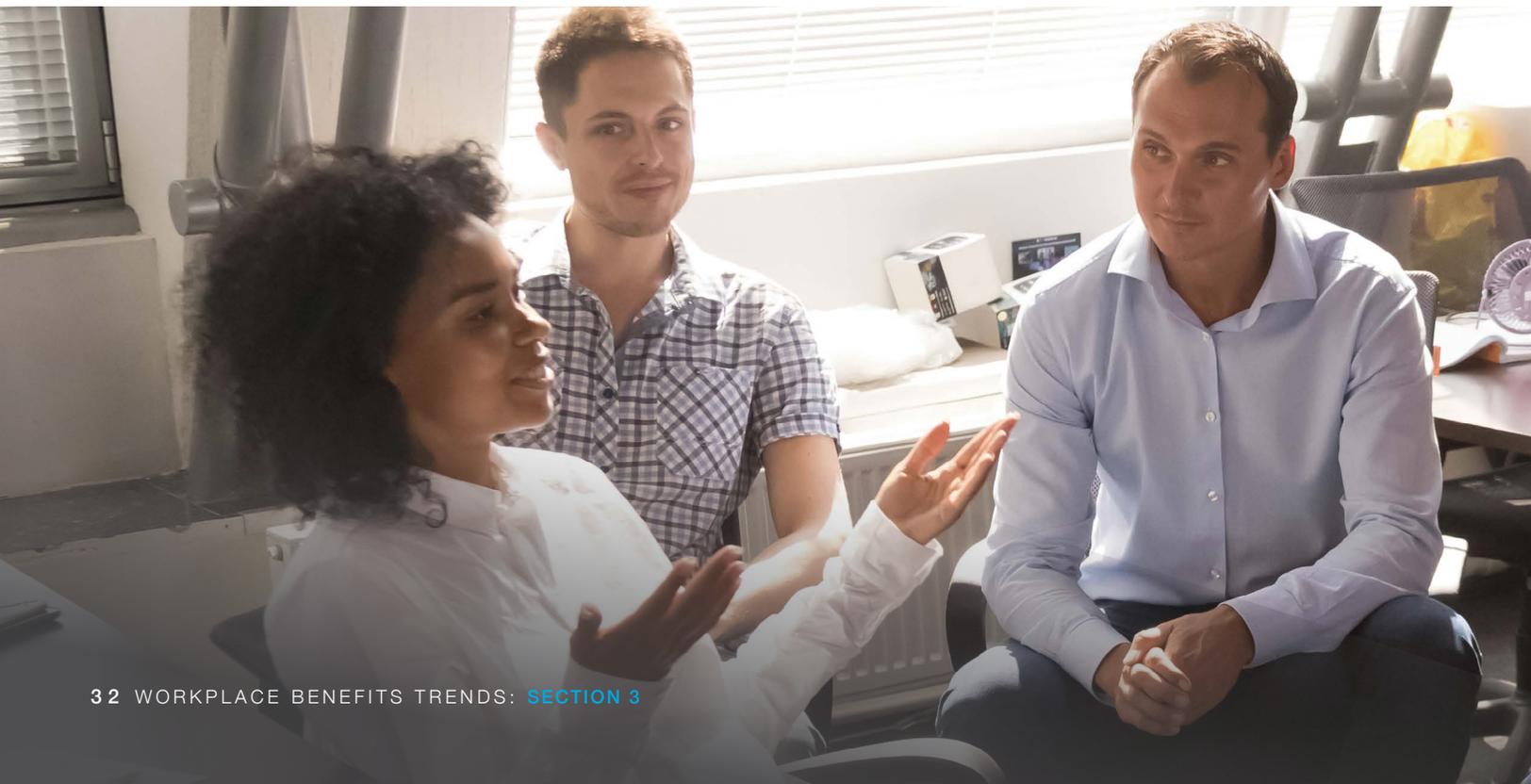
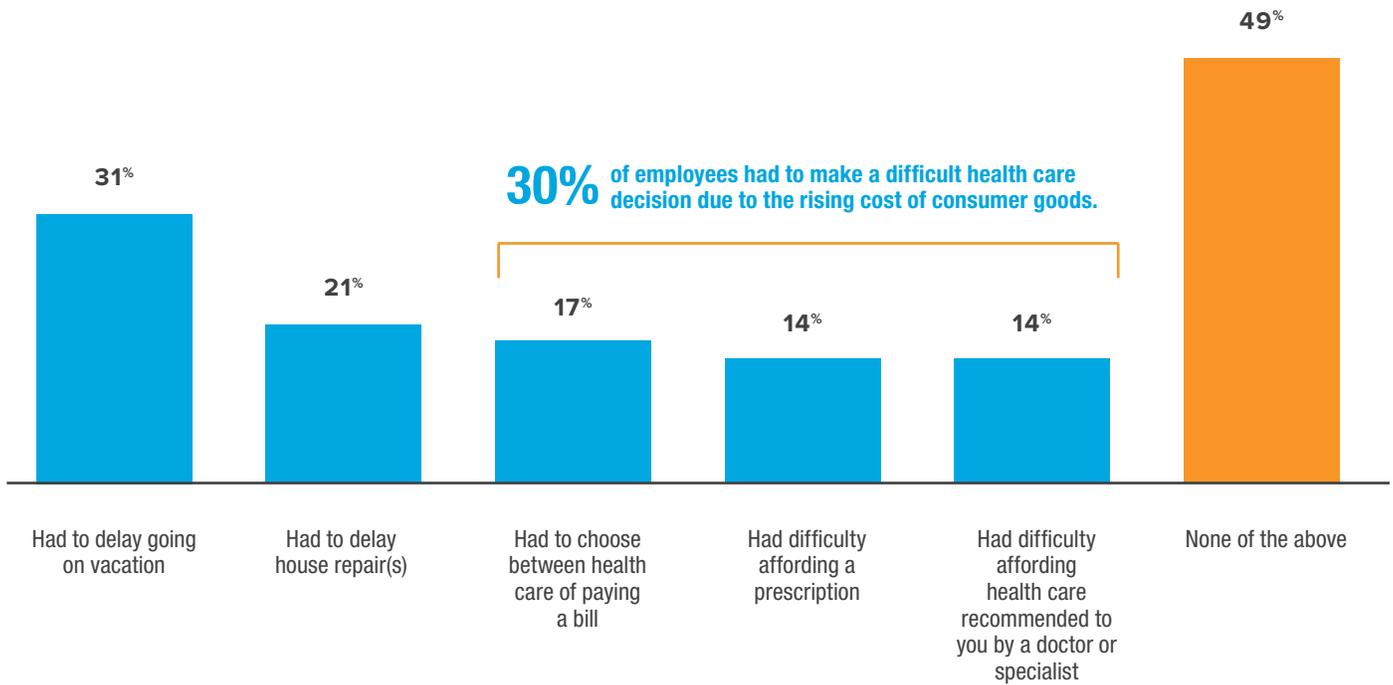
In fact, more employees in 2023 state that inflation has negatively impacted them compared to 2022 — and more than a quarter (28%) have been burdened with high health care costs.

Question: What, if anything, affected your finances negatively in the past 12 months?



Nearly a third of all American workers had to make a difficult health care decision in the past year — whether being able to afford a treatment or prescription, or choosing between paying medical and other bills..

Question: In the past 12 months, have you experienced any of the following due to rising costs (groceries, gasoline, etc.)?



And employees do not fully understand their policies or their health care costs, which makes it extremely difficult for them to prepare for an adverse medical event.

A disconnect is emerging between how well employers believe their employees understand medical costs and how well they do. Nearly 4 out of 5 (79%) employers think their employees understand the total annual costs of their health care “well.” When asked the same question, only 48% of employees agree. This disconnect presents an opportunity for providers equipped with the right solutions and capabilities to help employees better understand the costs of care and how to prepare for the unexpected.

Employers think their employees understand health care costs better than they do.

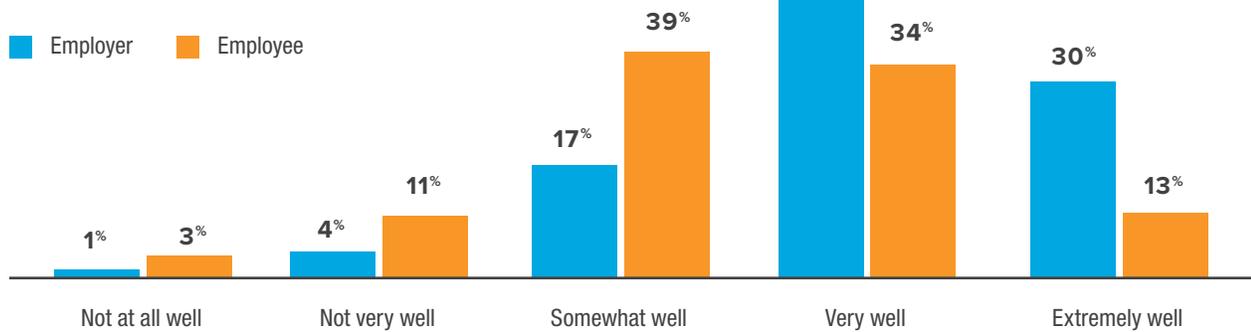
Employer Question: Thinking about health care-related expenses, how well do you think your employees understand their total annual costs for health care?

79% of employers think employees understand costs well.

48% of employees say they understand costs well.

Employee Question: Thinking about all of your health care-related expenses for you and your family, how well do you understand your total annual costs for health care.

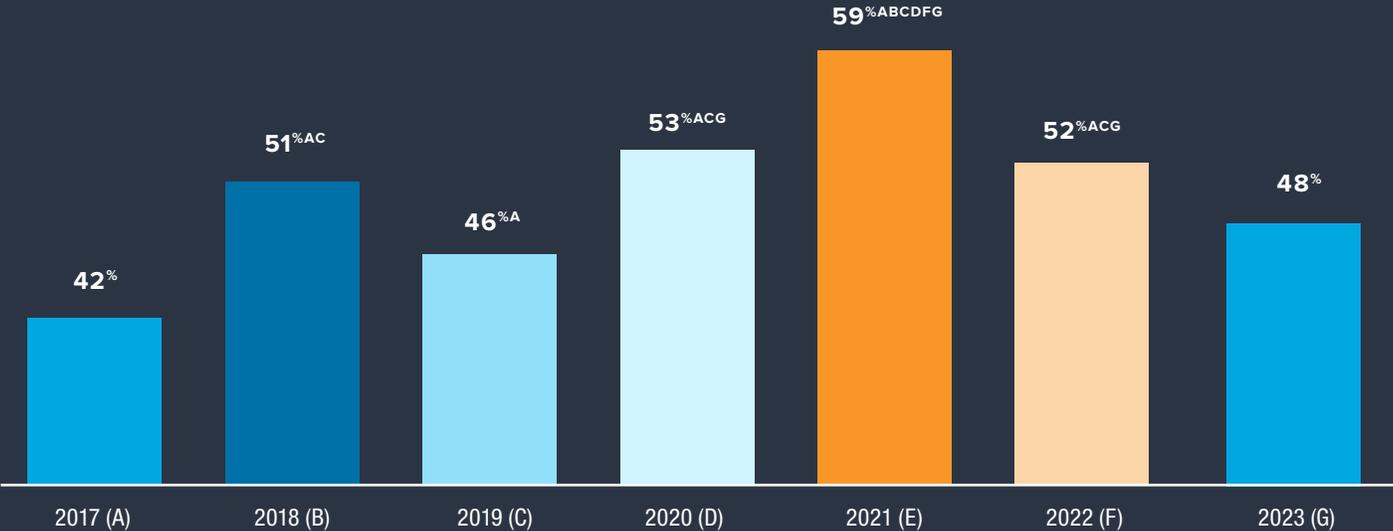
■ Employer ■ Employee



Since reaching a high in 2021, the percentage of employees who say they understood their annual health care costs has dropped by 11 percentage points. What could be causing this trend? For one, with health care costs steadily on the rise, employers are looking for new ways to offer their employees the same benefits but they now come at a higher cost. This can result in complexities that employees can't be expected to fully grasp without some education. Providers have a clear opportunity to step into the role of educator and facilitator, helping employees better understand their benefits and how supplemental insurance options work.

Employee understanding of medical care costs is getting worse, not better.

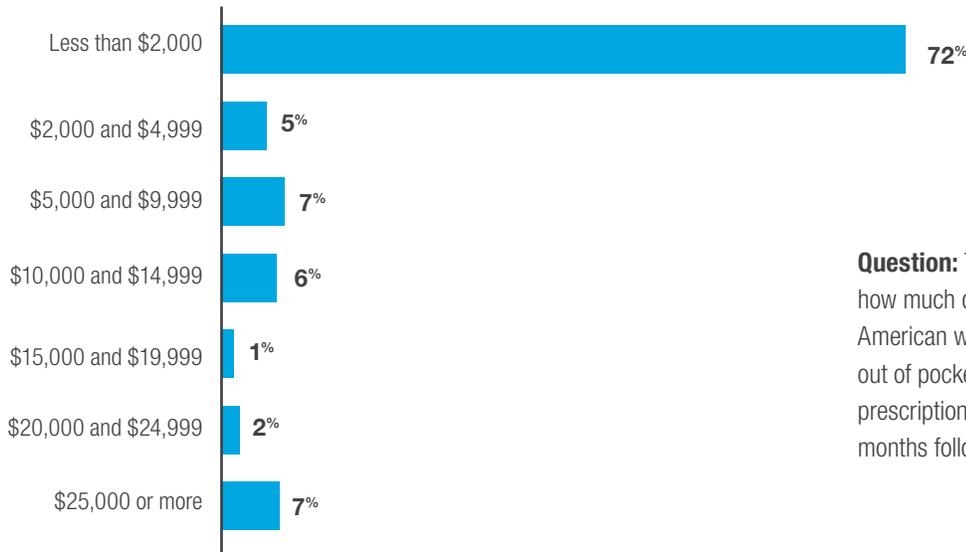
Question: Thinking about all your health care-related expenses for you and your family, how well do you understand your total annual costs for health care?*



*Figures represent the highest two responses selected.

American workers are woefully underprepared to weather the storm in the event of a major medical diagnosis. Most workers expect the out-of-pocket costs in the 12 months following a cancer diagnosis to remain under \$2,000 and few (24%) could support \$5,000 in out-of-pocket costs. This difficult environment places providers in a position to offer employers ways of easing employee fears about future bills and helping them stay healthy. Supplemental insurance helps cover care in the event of certain diagnoses that regular plans typically don't.

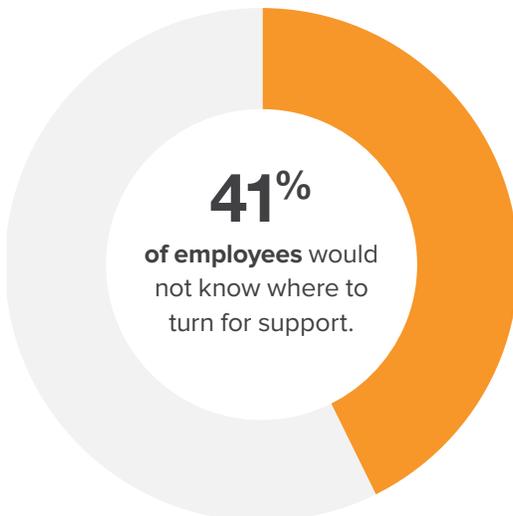
Nearly three-quarters (72%) of all employees expect that the out-of-pocket costs in the 12 months following a cancer diagnosis would be less than \$2,000.



Question: To the best of your knowledge, how much do you expect the average American with health insurance pays out of pocket for medical care and prescription medications for the 12 months following a cancer diagnosis?

Many (41%) employees state that they would not know where to turn for support in the event of a serious medical diagnosis.

Question: Do you know where to turn to for information and resources if you or a loved one were diagnosed with a serious illness such as cancer?



Pro tip: Supplemental support should be more than financial. Supplemental insurance serves as an added safety net, lessening the financial strain of a serious medical diagnosis by helping cover OOP expenses and providing added peace of mind. But beyond financial support, it also should offer invaluable informational resources that aid patients and families in understanding and coping with the diagnosis. By helping combine financial protection with empathetic guidance, supplemental insurance can become a crucial tool in navigating the challenges of medical conditions, fostering resilience and helping enable individuals to focus on their health and well-being.





Section 4

The role of AI in benefits administration

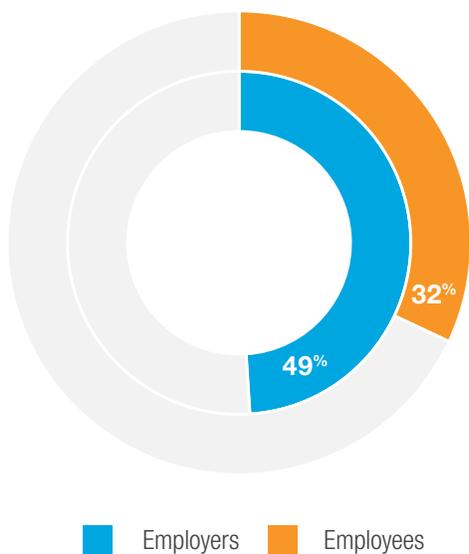
There is a place for Artificial Intelligence (AI) in benefits enrollment and administration, but it will take more work to bring employees on board than it will their benefits administrators.

Claims management and processing can be made more efficient using AI and machine learning. In fact, in 2022, Aflac rolled out an AI-driven platform designed to streamline claims processing. This platform leverages both AI and machine learning to automate routine claims processing, with the primary benefit being faster payments to Aflac customers. With the advent of more advanced AI, it is important for employers and benefits administrators to understand the practical uses and concerns surrounding AI.

Generally speaking, employers are more engaged with AI than their employees, which makes it unsurprising that they see a role for AI in managing benefits. Employees, on the other hand, remain far less convinced that AI will replace them entirely or even start to do some of the tasks associated with their jobs. They are also far less convinced of AI's potential role in benefits enrollment or management.

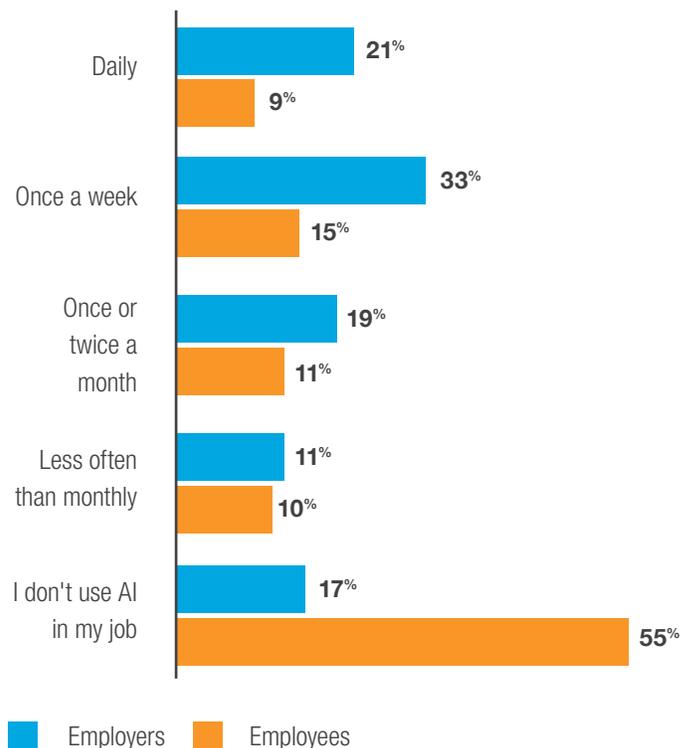
Employers possess a stronger understanding of AI, with 49% saying they are very familiar with it, compared to only 32% of employees saying the same.

Question: How familiar would you say you are with artificial intelligence?



And many (54%) employers use AI in their roles at least on a weekly basis, whereas employees, with different roles, are less likely to do so.

Question: How frequently, if at all, do you personally use artificial intelligence (e.g., ChatGPT, Bard, Motion, etc.) as part of your job?

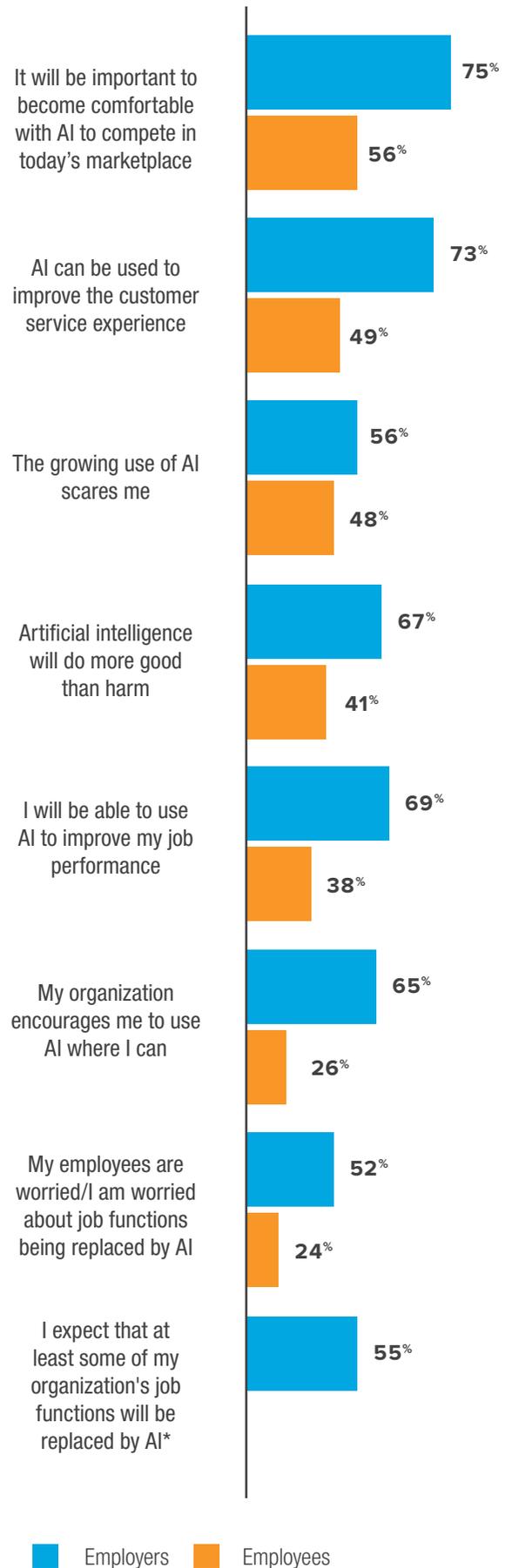


Employers see value in AI for their employees with three-quarters saying it will be important to become comfortable with AI in the future to be competitive in the workplace. Employees, on the other hand, are not as positive on the future of AI in the workplace, with only 56% (nearly 20 percentage points lower than their employers) agreeing that it will be important to leverage AI to stay competitive. And under 2 in 5 (38%) employees believe they can improve their job performance by leveraging AI.

Employers are far more likely than are their employees to see a role for AI in the future workplace.

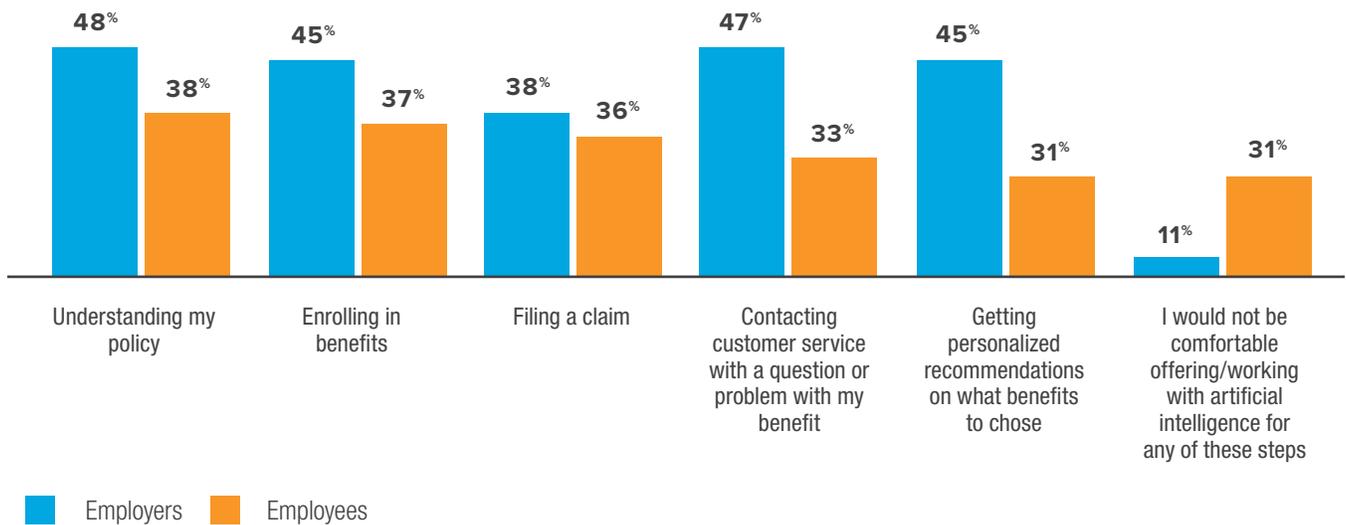
Question: Using the scale below, please rate your level of agreement with each of the following statements about artificial intelligence (AI).

*Only asked among employers.



Given the clear need for better understanding of employee benefits, it's safe to say that providers will be looking for AI-enhanced tools in the future to help with this task. Interestingly, given the lack of employee understanding of medical costs and benefits, employers say they see potential for AI to take on some of the burden of educating employees. Nearly half (48%) say that the use of AI in benefits administration could help employees better understand their policies. It's important for organizations to introduce AI slowly, providing ample support and education for their employees who are less comfortable with these tools.

It is unsurprising that employers see a role for AI in benefits enrollment, management and administration, where employees are far less likely to be on board.



Pro tip: If introduced appropriately, AI can significantly impact benefits administration for employers and employees alike. Through intuitive chatbots and personalized recommendations, AI can streamline the enrollment process, simplifying plan selection. AI-powered analytics can help employers optimize benefits offerings based on employee needs and preferences, enhancing satisfaction and retention. Automated claims processing can ensure swift reimbursements, reducing administrative burdens and benefiting employees through faster claims payments. Moreover, AI-driven insights can empower employees to make informed decisions, improving overall well-being. With AI as a strategic ally, benefits programs will become more efficient, tailored and user-friendly, fostering a happier and healthier workforce.



About the Study

The 2023-2024 Aflac WorkForces Report is the 13th annual Aflac employee study examining benefits trends and attitudes. Conducted by Kantar on behalf of Aflac, the employer survey took place online between June 2 and June 25, 2023, and the employee survey took place online between June 2 and June 27, 2023. Throughout this report, some percentages may not add up to 100% due to rounding. The surveys captured responses from 1,201 employers and 2,000 employees across the United States.

For more information, visit aflac.com/awr.

Aflac and Kantar are members of the Insights Association governed by The Insights Association Code of Standards and Ethics for Marketing Research and Data Analytics.

Individual coverage is underwritten by Aflac. Group coverage is underwritten by Continental American Insurance Company (CAIC), a wholly owned subsidiary of Aflac Incorporated. CAIC is not licensed to solicit business in New York, Guam, Puerto Rico or the Virgin Islands. For groups situated in California, group coverage is underwritten by Continental American Life Insurance Company. For individual coverage in New York or coverage for groups situated in New York, coverage is underwritten by Aflac New York.

The content within provides general information and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer will have to consider in their benefits decision-making process.



WWHQ | 1932 Wynnton Road | Columbus, GA 31999
Continental American Insurance Company | Columbia, SC
NY | 22 Corporate Woods Boulevard, Suite 2 | Albany, NY 12211

Z2301024

EXP 10/24

