Small business trends

Small-business benefits improve; employees aren't ready for benefits enrollment

Small businesses aren't usually known for their competitive benefits packages, but the fifth annual Aflac WorkForces Report shows a distinct shift toward improved workplace offerings for businesses with 3-99 employees. These businesses also seem to be getting ahead of changes to health care, and their employees reveal just how much they really know when making their benefits selections.

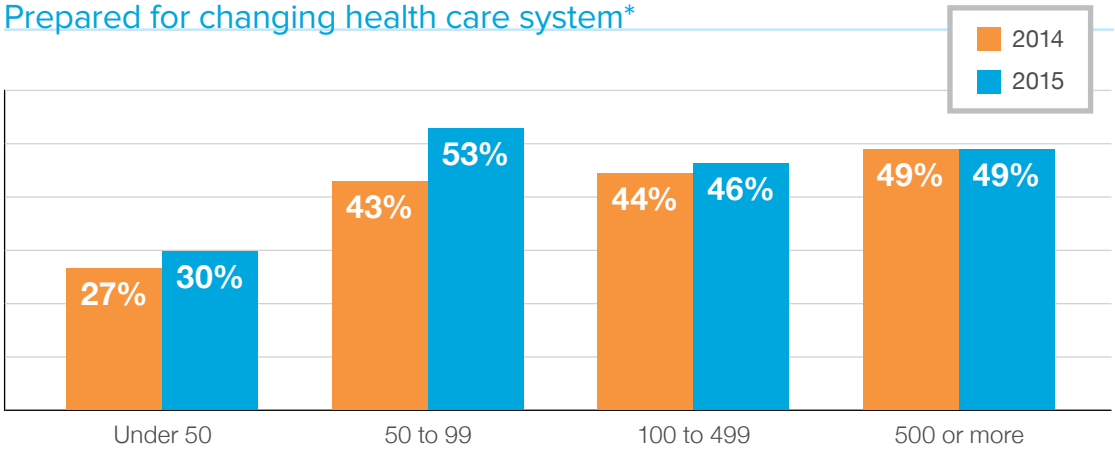
Small businesses most improved and most prepared for health care changes

This year's study found that employers with 50 to 99 employees were most likely to say they're prepared for changes to the health care system in 2015. They also showed the most improvement over the previous year. Whereas larger groups need to meet requirements now, this group may be feeling more comfortable because they have a grace period to help transition to health care reform compliance.

While just 30 percent of employers with fewer than 50 employees said they're prepared for changes, these companies aren't directly affected by health care reform like larger businesses.

Figure 1
Small businesses show most improvement compared to all business sizes.

Prepared for changing health care system*



*Extremely or very prepared to address changes to our health care system in 2015.

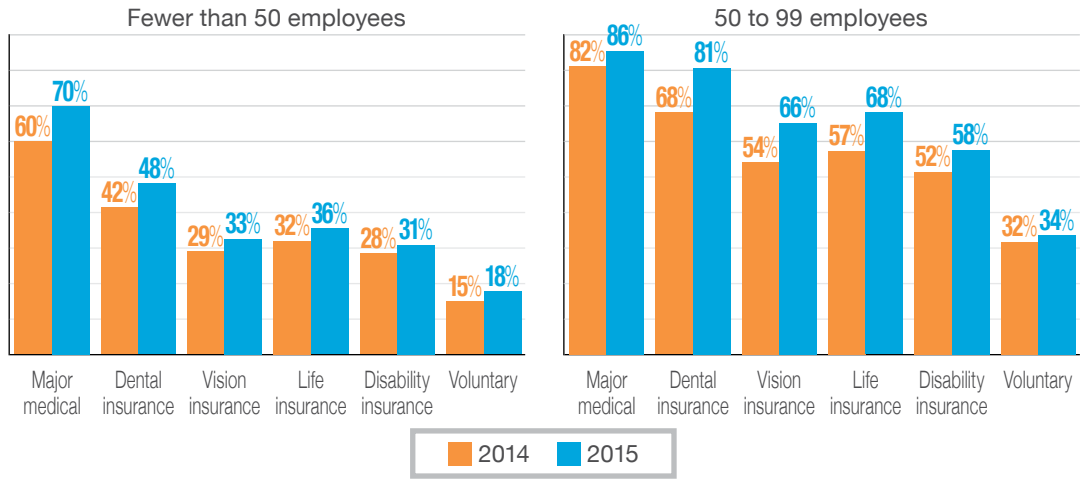
Aflac

Small businesses improve benefits; strategy likely to retain employees

Smaller companies are less likely to offer diverse benefits portfolios than medium and large employers, yet small businesses report an uptick over previous years – and it's good for business. Their employees say bolstering benefits packages is an effective retention strategy: Nearly half (49 percent) of small-business employees looking for jobs in the next year says improving their benefits package is one thing their employers can do to keep them in their jobs – even more so than employees from medium and large-sized companies.

Figure 2

More small businesses are offering benefits

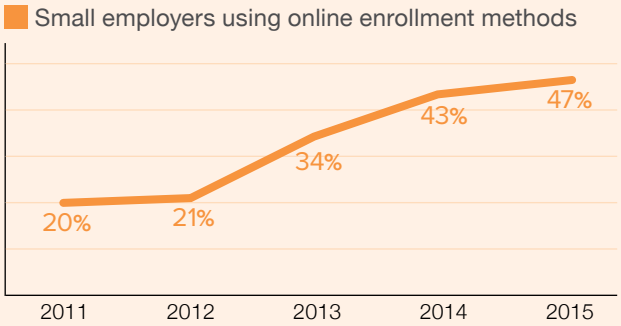


Employees need decision support as online benefits enrollment methods rise

Small businesses using online enrollment methods more than doubled from 2011 to 2015. And while most small-business employees say they prefer online enrollment, they also signal they may need more support making their benefits enrollment decisions. Only about half of employees (49 percent) agree they were adequately prepared to select their benefits during open enrollment, compared to 57 percent at medium companies and 56 percent at large companies.[1] Employees signal that having a benefits pro on hand could help: The majority (86 percent) at least somewhat agrees they'd be more informed about their health insurance choices if they sat with an insurance consultant during enrollment, more than those at medium and large-sized companies.

Figure 3

The percentage of small businesses using online enrollment grows



Health plan terminology and costs elude employees

Despite a small-business trend toward consumer-driven health plan options, such as high-deductible health plans and health savings accounts, small-business employees are least likely to report being knowledgeable about the options (see chart).

Figure 4: Knowledge* about plan options by company size

	Small Businesses	Medium-size Businesses	Large Businesses
High-deductible health plans	24%	29%	28%
Health savings accounts	21%	31%	30%
Flexible spending accounts	24%	37%	39%
Health reimbursement accounts	16%	21%	21%

*Respondents who are extremely or very knowledgeable

Fully understanding the costs is also a concern. Just 17 percent report understanding their total annual health care costs extremely well (insurance premiums, copays, deductibles, costs for services, costs for prescription drugs, other out-of-pocket costs, etc.), and more than half (54 percent) don't understand everything in their major medical/health insurance policy.[1] The burden of cost is an important concern for this group, because many admit they'd be hard-pressed for the cash to pay out of pocket for medical expenditures if they experienced an unexpected illness or injury today. More than half of all small-business employees (61 percent) has less than $1,000 to pay for unexpected out-of-pocket medical expenses, and 33 percent has less than $500.

About the study

The 2015 Aflac WorkForces Report is the fifth annual Aflac employee benefits study examining benefit trends and attitudes. The study, conducted in Jan. 2015 by Research Now, captured responses from 1,977 benefits decision-makers and 5,337 employees from across the United States. The survey included 1,626 employees and 669 business decision-makers at businesses with 3-99 employees. To learn more about the Aflac WorkForces Report, visit AflacWorkForcesReport.com.

[1] Respondents said they completely or strongly agree.

This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 1-800-318-2596) for additional information.

This article is for informational purposes only and is not intended to be a solicitation.

2015 Open Enrollment Survey conducted by Lightspeed GMI from June 23 - July 2, 2015 among 2,000 adults ages 18 and older who are employed full time or part time at a company with three or more employees.