

Q4 UPDATES

2022 State of the Employee Benefits Insurance Market



WHERE WE ARE NOW

In our Mid-Year Employee Benefits State of the Market Report, we highlighted key trends that were impacting employers. In this update, we give a quick recap of the trends we observed that were driving up costs and offer additional insights as we look back at what's happened since then... and ahead to 2023.

RECAP: THE GREAT RESIGNATION

The Great Resignation has spurred a massive labor shortage across industries as people leave jobs — with no immediate plans to assume new ones. The move has challenged processes, productivity, and profits for employers across the nation. As the Bureau of Labor Statistics reported, there were about 11 million job openings across the country on December 31, 2021 —and only 6.3 million unemployed workers.



UPDATE:

Recently, the [U.S. Chamber of Commerce](#) noted that the Great Resignation has not impacted industries equally. Some continue to struggle to fill open positions, while others experienced lower quit rates, lower unemployment, and higher-than average hiring activity.

THE IMPACT OF THE GREAT RESIGNATION ON JOBS - BY INDUSTRY

Highest number of job openings

Accommodation
Food
Healthcare
Social assistance
Transportation

Lowest number of job openings

Business & professional services
Durable goods manufacturing
Education
Financial
Wholesale & retail trade

Source: U.S. Chamber of Commerce, Sept. 2022

RECAP: WAGE INFLATION

To attract more workers back to the workforce, employers are paying higher wages and offering more robust benefit packages that absorb/share higher health plan costs and include a broader array of employer-sponsored offerings. They provide today's extremely diverse workforce with the customized and flexible options to help preserve a healthy work-life balance. As a result, the required resources to set up, administer, and maintain these programs are swelling overhead and impacting bottom lines.

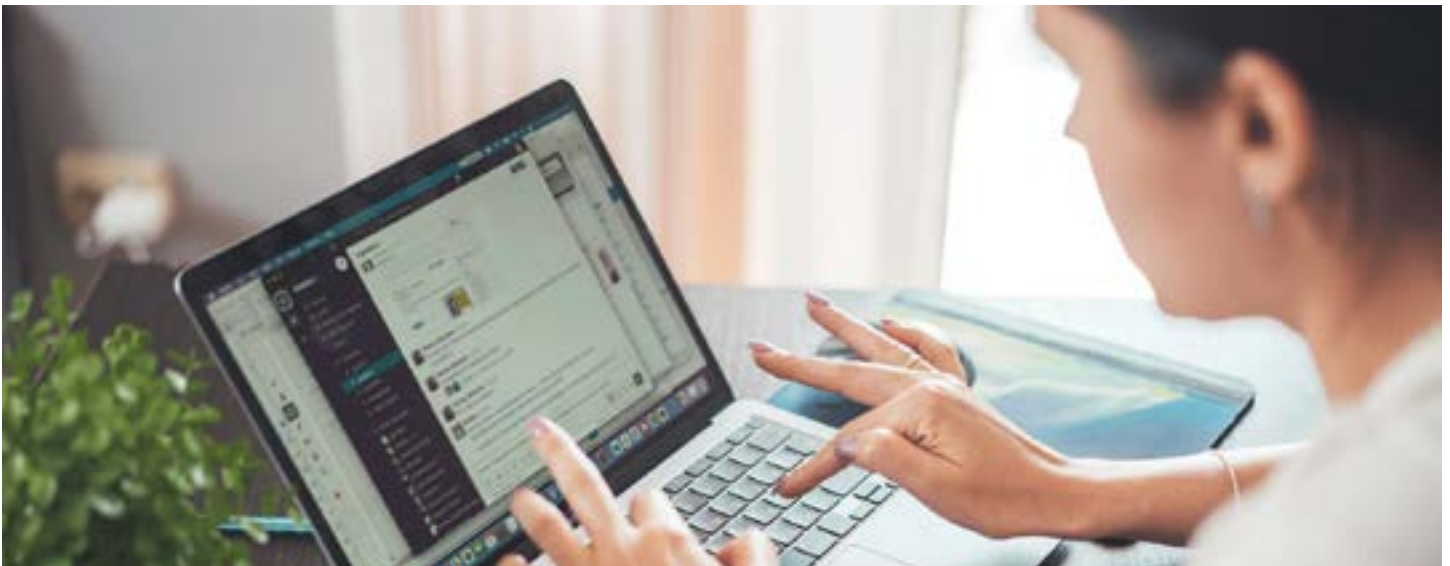


UPDATE:

Overall, employers remain focused on improving healthcare affordability for their employees. Some now provide a medical plan option with a low deductible or even no deductible, and research shows more may consider it for next year.

In addition, employees want access to mental health benefits to address disorders stemming from job-induced stress and anxiety, two after-effects of the pandemic. In its [August 2022 Pulse Survey](#), PricewaterhouseCoopers (PwC) found that 62 percent of employers said their companies have already implemented, or will develop, mental health workplace programs.

A benefit that also ranks high with employees is remote work. [Gallup found that 91 percent](#) of U.S. workers hope to continue working at least some of their regular work hours from home. And, about one-third said they would consider looking for another job if they are required to return to the office full-time in the future.



RECAP: LARGER IT SPEND

The shift to more flexible work arrangements and work-from-home policies to accommodate employee preferences are, in turn, requiring employers to make greater investments in secure IT services, equipment, and training to protect against the increased threat of malicious cybercrimes.



UPDATE:

Forrester's 2022 U.S. Tech Market Outlook confirms accelerated tech spending which is projected to grow by 7.2 percent year-over-year before 2022 is over. It also found that 67 percent of U.S. IT professionals predict increasing tech budgets over the next 12 months, despite increasing inflation, global uncertainty, and continuing supply chain slowdowns.

RECAP: PERSISTENT SUPPLY CHAIN ISSUES

The Great Resignation and global supply chain disruptions are very closely intertwined - creating an endless cycle of issues for those desperate to find talent and those on the receiving end of the supply shortage. On the supply chain front, the pandemic led to a loss of 1.52 million workers and a shortage of 330,000 truck drivers is forecasted through 2024, according to Business Insider. Bare shelves, inability to complete projects, and much longer shipping times is leading to unhappy, concerned customers.



UPDATE:

According to the latest Logistics Managers' Index, "Future predictions hint at normalization and a return to business as usual over the next year."

However, that doesn't necessarily mean a complete recovery yet for the transportation and trucking industry. Labor shortages, backlogs, cyber threats, and global issues are just some of the challenges companies must still wrestle with. And with the holiday season approaching, supply chains remain weak and vulnerable to ongoing disruptions caused by extreme weather events, like Hurricane Ian, fears of a U.S. economic recession, and the continuing war in Ukraine.

CONCLUSION

The trends impacting your company and your employees will continue to drive the need for adaptation of programs and policies. Stay connected to your employee benefits advisor for help navigating these times and to learn more about creative ways to tackle issues facing your organization.

Contact Your AHT Advisor Today

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