



# One View of Healthcare Changes in the U.S.

## Our Mission

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One person's perspective

What are Employees Looking for from Healthcare?

What are Employers Looking for from Healthcare?

Where Do We Land?



# My perspective

## Perspectives Can Vary

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**Attracting and retaining talent**  
is more  
important than  
ever



**1/3 of senior leaders**  
cite finding talent as their  
most significant challenge



**3.7%**  
**Unemployment –**  
lowest in almost  
50 years



**Millennials  
and Gen Z'ers**  
bring new wants,  
needs and demands

## Perspectives are Influenced by your Personal Situation

Benefits are not meeting employees needs...  
**we are at the tipping point of affordability**



**64%**

of Americans have  
**avoided or delayed**  
care due to cost

**\$1,573**

average deductible



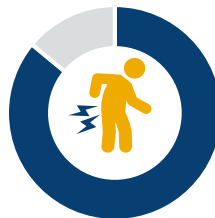
**20%**

of the workforce  
**provide elder**  
care



**\$46K**

average  
student  
loan balance



**70%**

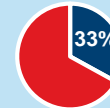
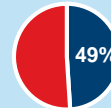
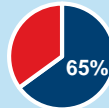
of the workforce have **at least**  
**one chronic condition or**  
are overweight

# The Value Challenge: Aligning Total Rewards Investments with Employee Priorities

## What Employees Say: Relative Importance of Key Total Rewards Programs

	Younger Millennials	Older Millennials	Gen X	Boomers+
Base Pay	1	1	1	1
Bonus	2	3	2	4
Medical, Rx, Dental, Vision	7	4	4	2
Paid Time Off	3	2	3	5
Retirement Savings	9	7	7	3
Workplace Flexibility	5	6	5	6
Wellness	8	10	8	7
Career Advancement	4	5	6	10
Onsite Amenities/Perks	6	8	9	8
Education Assistance	10	9	10	9

Likelihood of taking a new job based on more competitive pay and benefits



**Source:** Aon Total Rewards Employee Survey Database



# What are Employees Looking for .....?

# What is Important to You?

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# What is Important to you in your Career?

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**Rewards and provides high-value**

**Encourages thinking, exploration and innovation**

**Provides employees with the right tools to perform their best work**

**Other?**

# Generational Values and Expectations

	<b>Traditionalists</b> (Born 1945 and before)	<b>Baby Boomers</b> (1946-1964)	<b>Gen X</b> (1965-1980)	<b>Millennials</b> (1981-1997)	<b>Centennials</b> (1998 and after)
Incentives	<ul style="list-style-type: none"> <li>▪ Appreciation and recognition</li> </ul>	<ul style="list-style-type: none"> <li>▪ Individual rewards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rewards for results</li> <li>▪ Team rewards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Constant feedback</li> <li>▪ Spot awards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Personalized</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>▪ Embrace defined benefit retirement program</li> </ul>	<ul style="list-style-type: none"> <li>▪ Make employment decisions based on benefits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Self-reliance</li> <li>▪ Flexible benefit options</li> </ul>	<ul style="list-style-type: none"> <li>▪ Creative benefits and time off</li> </ul>	<ul style="list-style-type: none"> <li>▪ Create my own package</li> </ul>
Rewards	<ul style="list-style-type: none"> <li>▪ Satisfaction of a job well done</li> </ul>	<ul style="list-style-type: none"> <li>▪ Money, title, recognition</li> </ul>	<ul style="list-style-type: none"> <li>▪ Flexibility and autonomy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meaningful work</li> </ul>	<ul style="list-style-type: none"> <li>▪ Divergent experiences</li> </ul>
Base Salary	<ul style="list-style-type: none"> <li>▪ Loyalty to organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hired guns/ mercenaries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accessing opportunity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tailored to me</li> </ul>
Pay Increases	<ul style="list-style-type: none"> <li>▪ Cost of living adjustments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seniority and internal equity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pay increases tied to performance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Likely to share pay info</li> <li>▪ Entire group likely to leave if unfair</li> </ul>	<ul style="list-style-type: none"> <li>▪ Keep information private</li> </ul>
New Emerging Total Rewards Options	<ul style="list-style-type: none"> <li>▪ Retirement transition</li> <li>▪ Reverse Mentoring</li> <li>▪ Part-time work</li> <li>▪ Elder care</li> <li>▪ Grandchildren</li> </ul>	<ul style="list-style-type: none"> <li>▪ Money and title</li> <li>▪ Internal equity</li> <li>▪ Recognition</li> </ul>	<ul style="list-style-type: none"> <li>▪ Career advancement</li> <li>▪ Work/Life balance</li> <li>▪ Flexible work</li> <li>▪ Performance-based rewards</li> <li>▪ Team rewards</li> <li>▪ Financial Planning</li> <li>▪ Child's education savings</li> <li>▪ Elder care</li> </ul>	<ul style="list-style-type: none"> <li>▪ Divergent career pathing</li> <li>▪ Mobility/rotational opportunities</li> <li>▪ Sabbaticals; intrapreneurship</li> <li>▪ Engaging/meaningful work</li> <li>▪ On-site services and amenities</li> <li>▪ Open vacation policies</li> <li>▪ Inclusion programs, community</li> <li>▪ Upgraded technology</li> <li>▪ Parental leave</li> <li>▪ Financial planning</li> <li>▪ College loan tools/match; Debt repayment</li> <li>▪ Home-buying assistance</li> </ul>	



# What are Employers Looking for from Healthcare?

# The Value Challenge: Supporting Diversity & Inclusion

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## **Diversity**

Traits and characteristics that make people unique

### **Characteristics:**

- Age
- Disability
- Gender
- Income
- Marital Status
- Parental Status
- Political Affiliation
- Religion
- Sexual Orientation



## **Inclusion**

Achievement of a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute to the organization's success

### **Benefits that Consider:**

- Life Stage
- Modern Families
- Gender Affirmation
- Career Stage
- Generational Preferences
- Cultural Perspectives
- Religious Tradition
- Social Determinants of Health

# Differentiation to Compete for and Support Talent

The competitive hiring market and technology's increasing importance across all industries have created a benefits arms race.  
**Employers must decide how and where to compete.**



## Family Friendly

- Paid Family Leave
- Unlimited PTO
- Subsidized Child and Elder Care
- Concierge/Convenience Programs



## Financial Wellbeing

- Student Loan Repayment/Refinancing
- College Saving Plans
- Personalized Financial Counseling
- Life Planning Accounts



## New Parent Support

- Egg Freezing
- Travel Support for Nursing Moms
- Expanded Fertility Support
- Paid Parental Leave



## Voluntary Benefits

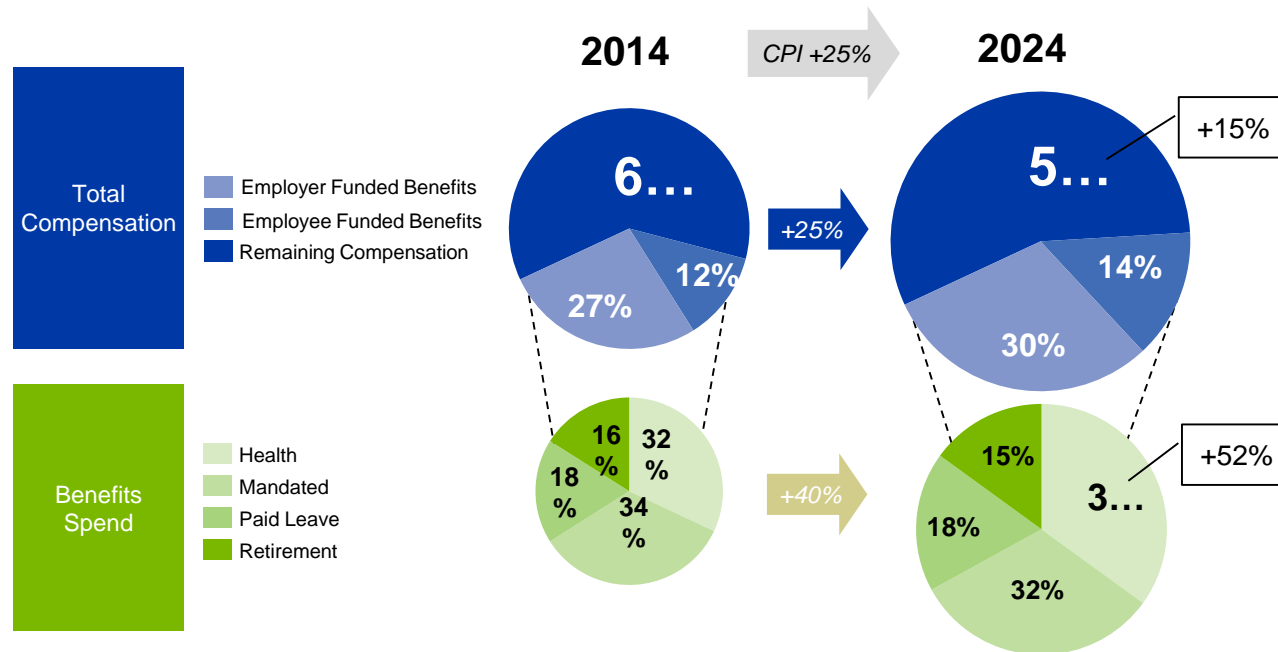
- Expanded Choices
- More Personalization
- Integration with Medical Carrier

Over 70% of employees report that having the ability to customize benefits would increase loyalty to their employer.

— 2019 MetLife Employee Benefit Trends Study, MetLife

# The Affordability Challenge: Benefits Costs Consume an Increasing Share of Total Compensation

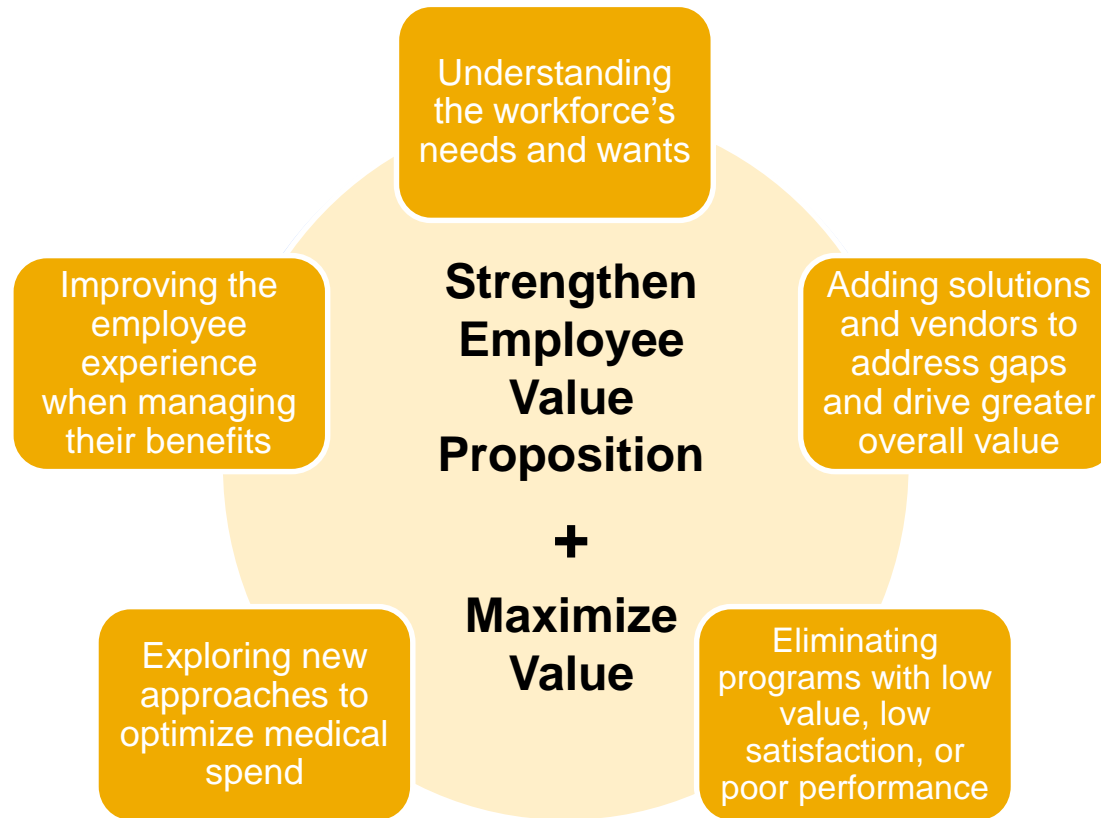
As healthcare cost continue to rise at a higher rate than wage increases, expendable income is not keeping pace with inflation



Sources: Bureau of Labor Statistics: Employer Costs for Employee Compensation; Bureau of Labor Statistics: Consumer Expenditure Survey; CBO Budget and Economic Outlook: 2014 to 2024

## Employers are Responding by...

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# The Time is Right to Re-Imagine How Benefits are Designed and Delivered



# A Framework for Action



## Drive Better Outcomes

- Optimize Care Delivery
- Reward High-Value Behaviors
- Manage the Care Continuum
- Provide Navigation & Guidance
- Pick the Right Partners



## Help Your People Thrive

- Advance Diversity & Inclusion
- Broaden Your Wellbeing Focus
- Rethink Time Away
- Expand Flexibility & Choice



## Deliver an Exceptional Experience

- Offer the Right Benefits
- Make it Easy
- Deliver Superb Service at Milestone Moments
- Personalize the Experience

Measure, Manage, Adjust



## Shift Paradigms to Drive Better Outcomes






Access to more data and evolving vendor landscape  
create new opportunities to drive better outcomes



# Reward High-Value Behaviors



Drive Better  
Outcomes

 <b>Select Optimal Providers</b> Biggest opportunity to improve quality and lower cost	 <b>Develop Primary Care Relationship</b> Adults with a primary care physician have 33% lower health care-related costs.*	 <b>Choose Best Care Option</b> Wide variation in provider adoption of evidence-based practices	 <b>Stay Compliant With Care Plan</b> Provider care team most influential in motivating individuals to comply	 <b>Get and Stay Healthy</b> 80% of chronic condition costs are related to controllable lifestyle risks
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## How Employers Are Responding

- Tiered benefits with optimal providers in top tier
- Member rewards for selecting lower-cost providers
- Low or no-cost primary care visits
- Value-based plan design for targeted conditions
- Wellness incentives

## Emerging Approaches

- Low/no cost virtual primary care
- Alternative health plan models that vary coverage based on individual provider selected
- Incentive/requirement to use Expert Opinion prior to targeted procedures

\*Journal of Family Practice

## Unleash the full potential of each and every employee:

Increase productivity and satisfaction by providing support for the biggest challenges your people face – within and outside of the workplace



### Advance Diversity & Inclusion

- Employees are looking for programs that are more family-friendly and address a broader range of needs and preferences
- Support across life stages, income levels, gender, sexual orientation, and more



### Broaden Your Wellbeing Focus

- Support and address all areas of wellbeing: physical, emotional, social, financial, and career
- Foster a culture of health, with visible buy-in from senior executives



### Rethink Time Away

- Employers are adding time away to support caregivers, new parents, etc.
- State/local governments are expanding time off requirements
- Benchmark current programs across full spectrum of time away from work








### Expand Flexibility & Choice

- Offer programs and choices to fill unmet needs of the population
- Solutions can be broad or focused based on your strategy, and many can be structured as voluntary, with no cost to the employer

# Advance Diversity & Inclusion Landscape



				
<b>Modern Families</b>	<b>LGBTQ</b>	<b>Income Disparity</b>	<b>Life Stages</b>	<b>Social Determinants of Health</b>
Supporting all families from conception through caregiving	Assuring benefits equitably support all employees with targeted programs for unique needs	Closing gaps in health care affordability and personal cash flow	Addressing unique needs and preferences across generations, life stages and key demographics	Understanding population SDOH drivers – conditions in which people are born, grow, live, work, and age that shape health

## How Employers Are Responding






- Identifying targeted demographics and adding benefits and resources to align to their needs and preferences
- Expanding voluntary benefits choices to help employees choose benefits that best meet their needs
- Aligning benefits with the Human Rights Campaign corporate equality index requirements
- Addressing health care affordability through plan design and specialized resources

## Emerging Approaches

- Shift from infertility benefits to conception support
- Benchmarking benefits with technology firms, even if not a tech company
- Audit of benefit programs to assure diversity and inclusion alignment
- SDOH need-based services (e.g., post-hospital discharge transportation and/or healthy meal delivery)

# Broaden Your Wellbeing Focus



 <b>Emotional</b> Attitudes and reactions to everyday living	 <b>Physical</b> Energy to complete daily living tasks and make healthy lifestyle choices	 <b>Financial</b> Confidently manage financial life today, while preparing for the future (and anything unexpected)	 <b>Social</b> Connections to others improve overall wellbeing and resiliency	 <b>Career</b> Positive work experiences that produce pride, satisfaction and value
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**Wellbeing** is a state of balance that consists of having the appropriate resources, opportunities and commitment needed to achieve optimal health and performance for the **individual** and the **organization**






## How Employers Are Responding

- Positioning wellbeing as a People and Performance Strategy
- Addressing a specific behavior through all the dimensions of wellbeing
- Strategizing to address employees' Emotional Fitness needs – stigma, access, navigation and quality of care

## Emerging Approaches

- Addressing the broad caregiving needs of employees – resources, policies, practices, culture and environment
- Recognition of the impact career progress and support has on overall wellbeing

# Re-Think Time Away

 <b>Paid Parental &amp; Caregiver Leave Laws</b> Emerging generational blend will change how we think of family responsibilities	 <b>Paid Sick &amp; Family Leave Laws</b> Emerging workforce is demanding more time off	 <b>Paid Time Off</b> Time off benefits should align with talent and brand strategy	 <b>Disability</b> Emerging trends in income protection to balance cost sharing with risk protection	 <b>Leave Administration</b> Increased complexity is driving outsourcing
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## How Employers Are Responding

- Defining “flexible workplace” and how to effectively leverage it
- Time off and leave coordinated strategy for policies and administration across regulated leave, FMLA and STD
- Increasing awareness of wellbeing and behavioral health resources and benefits available to employees at time of need

## Emerging Approaches

- Compliance assessments to identify gaps with myriad state and local regulations, followed by necessary policy and administration changes
- Mobile apps that allow employees to view, submit, download information

# Expand Flexibility and Choice

				
<b>Employees Desire Flexibility</b>	<b>Diverse Workforce</b>	<b>Expanding Definition of Benefits</b>	<b>Student Loan Debt</b>	<b>Voluntary Benefits</b>
70%+ of employees say the ability to customize benefits would increase loyalty	Employers want benefits to be relevant for a diverse workforce	Expanding workforce expectations of the needs benefits should address	Student loan debt is negatively impacting wellbeing and retirement planning	Employees are interested in options that are hyper-relevant and are willing to pay for them

## How Employers Are Responding

- Student loan assistance programs that provide tools and guidance for managing debt, along with the potential for an employer contribution
- PTO options that allow employees to buy vacation days or “sell” days for other purposes such as retirement savings or student loan repayment
- Expanded Voluntary Benefits that focus on specific caregiving and convenience services
- Exchange platforms to expand benefit choices and flexibility

## Emerging Approaches

- Adaptive Benefit designs that allow employees to create a benefit portfolio that is customized at the individual level
- Life Planning Accounts that cover a wide range of financial and wellness goals



## Create a Vision for the Experience You Want to Provide:

How should the benefits experience support the broader employee value proposition for your organization?



### Offer The Right Benefits

- Match what you offer to employees' needs and preferences
- Provide opportunities to personalize choices



### Make It Easy

- Establish a single “front door” to go to for help
- Curate a seamless experience to reduce friction for your employees when managing their benefits – consider human and digital interactions
- Assure benefits work well when employees use them



### Deliver Superb Service at Milestone Moments

- Use data to identify highest-impact milestone moments
- Map desired employee experience for each identified moment and for each segment of your workforce and create a tactical plan to implement
- Identify most effective human connections and focus resources accordingly



### Personalize The Experience

- Leverage data and machine learning to deliver hyper-relevant information and interactions
- Communicate in a variety of ways: video, text, email, mail, etc.
- Deliver relevant and timely information and optimized recommendations, messaging and nudges



# Where Do We Land?

## About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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