

ease

2020 SMB Benefits & Employee Insights Report

National Data, Trends, & Observations



Our First Annual Report

The benefits and HR space is rapidly evolving. Healthcare costs continue to increase, employees expect more in their compensation packages than they did 5 or 10 years ago, and businesses like yours face new challenges as they adjust to a Millennial workforce.

Ease helps health insurance agencies offer their SMB clients better service through simple technology. Those agencies currently support more than 70,000 businesses and their 2 million employees using Ease, and we've used this data to research industry trends. We are excited to extend this knowledge to you through the 2020 SMB Benefits & Employee Insights Report, the first of its kind.



The 2020 SMB Benefits & Employee Insights Report will focus on the following:



Healthcare premiums & contributions



Life insurance, critical illness, and other voluntary benefits



Medical plans chosen by employees



SMB growth

The 2020 SMB Benefits & Employee Insights Report is a study of small and midsize businesses (SMBs) across the country, such as doctor's offices, manufacturers, restaurant groups, and more. The findings may not apply to businesses with over 250 employees.

This report focuses on trends from the last 3 years (2017-2019). During that time Ease has supported 70,000 businesses and 2 million employees across the country.

We hope you enjoy this report and can use the findings to continue to make better decisions about the benefits you offer and drive employee engagement. If there's data you wish to see in the future, please send us a note at hrinsights@ease.com.

In many parts of this report you'll see a geographic breakdown of certain findings by Northeast, Midwest, South, and West. A key for which states belong in what region can be found at the end of this report.

Medical Premiums & Contributions

If there was a “most popular stories in healthcare” list, rising medical premiums would be at the very top. That’s why we weren’t surprised when we found that medical premiums for both families and individuals have increased since 2017. This trend explains, in large part, the rise in popularity of voluntary benefits plans, or “gap” plans. Businesses, and the insurance brokers that support them, are crafting multi-plan packages that keep costs down but expand coverage as medical premiums rise.

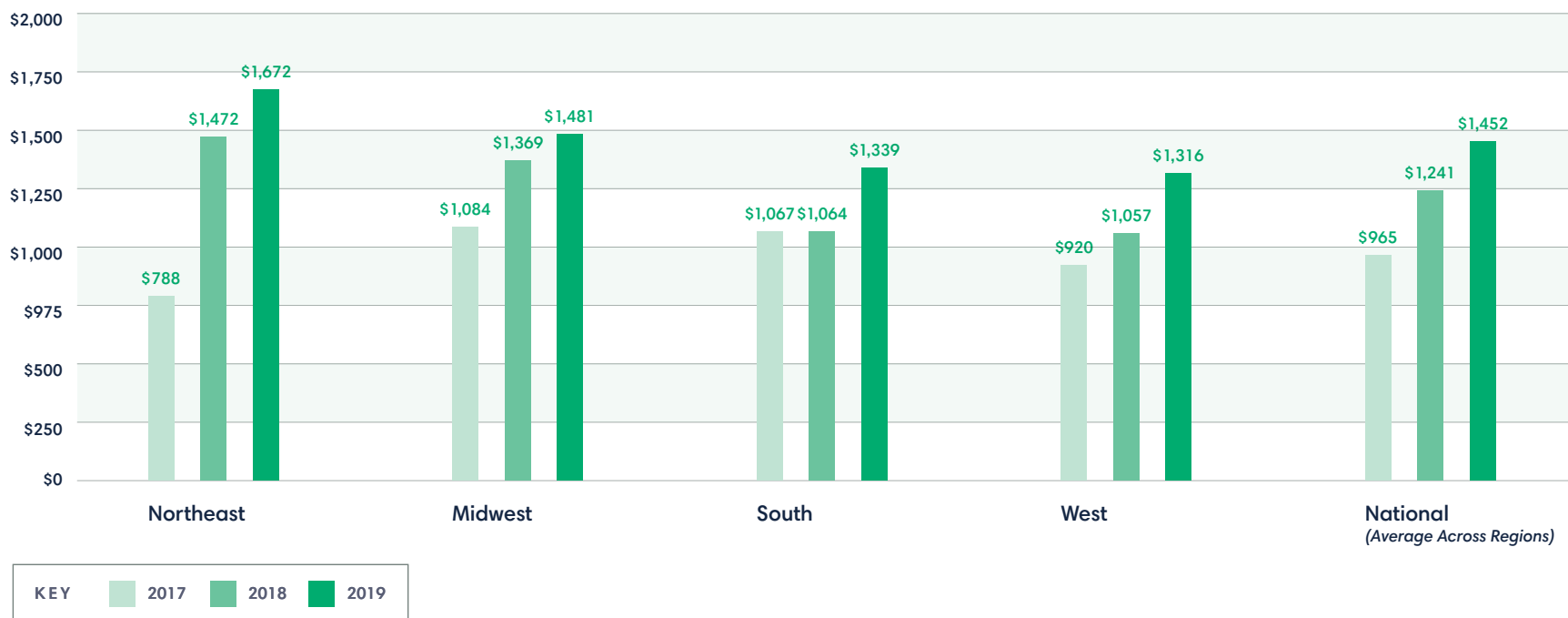


Individual Medical Premiums, 2017–2019



In Ease, the average individual medical premium in 2019 was \$591 per month, up 37.5% from 2017. The Northeast had the highest average premium this year at \$643 per month and the South had the lowest at \$515 per month. Every region had an increase in individual medical premium from 2017 to 2019.

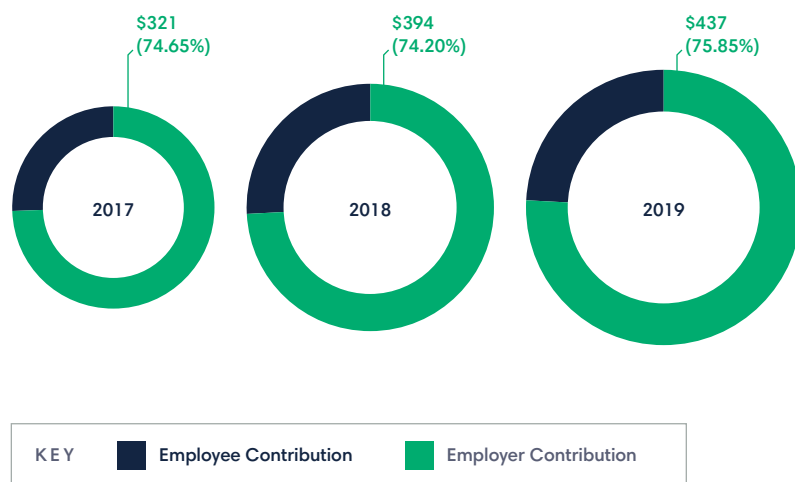
Family Medical Premiums, 2017–2019



Family medical premiums followed the same trend as individual premiums. The average cost in 2019 was \$1,452 per month, up 50% since 2017. The increase was slightly higher than individual medical premiums and significant enough to signal a steady rise over the last few years. The Northeast had the highest family medical premium, at \$1,672 per month.

Employers and employees cover the cost of medical premiums through contributions. We examined contributions during 2017, 2018, and 2019, and found that the percentage employers and employees are contributing to medical premiums has been steady. Since premiums are increasing, this still means that the actual dollar amount being contributed has increased. Therefore, both employers and employees are bearing the burden of increasing medical premiums.

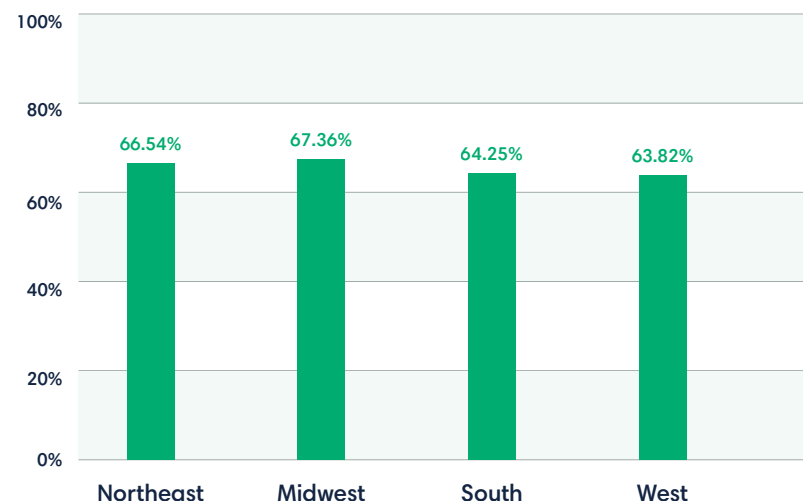
Employer Medical Contributions, 2017–2019



In 2019, businesses that use Ease contributed an average of 75.85%, or \$437 per month, to individual medical premiums. We found that 75.85% is close to the national average, which is 82%. National averages tend to be higher because they take into account large corporations with thousands of employees.

It's worth noting that the employer individual medical contribution did increase on a total dollar-basis from \$321 per month to \$437 per month. As a reminder, even though employers are contributing a similar percentage year over year, the actual dollars paid is increasing due to a rise in premiums.

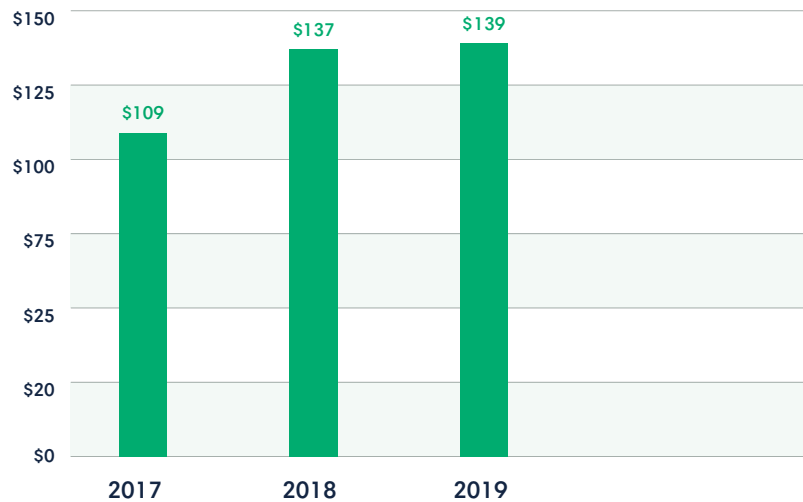
Employer Family Medical Contribution, 2019



Businesses contribute more to individual medical premiums than family medical premiums on a percentage basis. Each dependent added to a policy increases the cost of a medical premium, and businesses always contribute more to the policyholder who is their employee than dependents.

Businesses that use Ease contributed about 65% towards family medical premiums in 2019. Overall, employer contributions for family medical premiums are consistent across the country.

Employee Individual Medical Contributions, 2017–2019

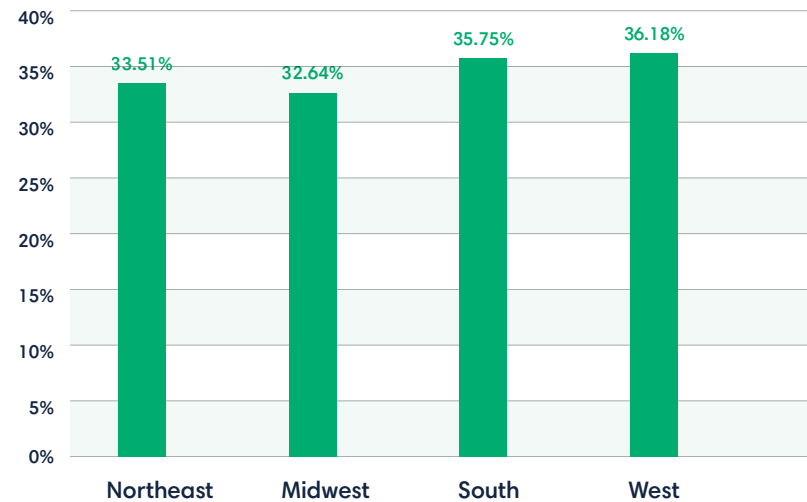


With individual premiums running close to \$7,000 per year, a primary challenge small businesses face is the cost of health insurance.¹

In 2017, the average employee individual medical contribution was \$109 per month and in 2019, that number jumped to \$139 per month. Employees are covering the same percentage of their plan, but dollars contributed is increasing.

¹ <https://www.forbes.com/sites/williamdunkelberg/2016/09/22/the-cost-of-health-insurance-is-a-big-big-problem-for-small-business/#333c79c725d9>

Employee Family Medical Contributions, 2019



Family medical premiums are close to \$14,000 per year, double the amount of individual medical coverage. Every dependent added to a plan increases the cost of the plan, and in turn, the total employee contribution.

The average employee contributions towards family medical premiums was lower in the Midwest (32.64%) and Northeast (33.51%) and higher in the South (35.75%) and West (36.18%). This could be a result of several factors, including number of dependents added.

Medical Plans Offered & Types

We found that larger companies offer more medical plan choices per employee than smaller companies. As a business grows, it's not uncommon for the number of medical plans offered to increase due to various employee locations and age differences.

We learned that the percentage of employees waiving coverage has remained steady year over year, even with the repeal of the individual mandate this past year. This could be for several reasons, including employees under 26 who choose to stay on their parents' coverage and employees who enroll in coverage with their spouse's company as opposed to their own.



Number of Medical Plans Offered per Employee



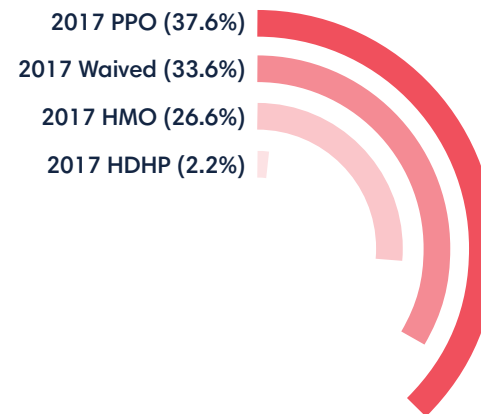
On average, businesses with more than 25 employees are offered more medical plans than those with less than 25 employees. In the West, businesses with more than 25 employees offered 6-7 medical plans per employee whereas those in the Northwest, Midwest, and South offered 3-4 plans. In every region but the West, businesses with less than 25 employees offered about 2 plans per employee.

What plans are employees choosing?

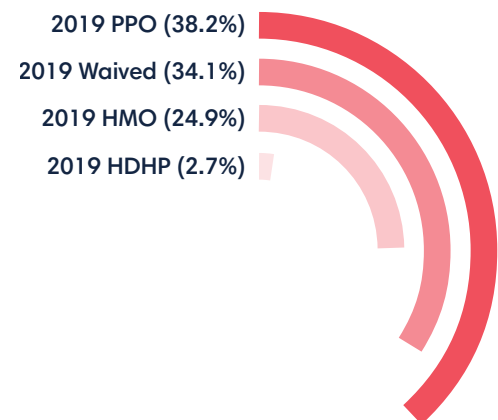
During the last three years, most employees enrolled in PPO plans, followed by HMO plans, and then High Deductible Health Plans (HDHP). The number of employees who waived coverage increased slightly from 2017 (33%) to 2019 (34%). This could be a result of the repeal of the Individual Mandate, which required employees to elect health insurance in order to avoid a fine from the IRS.

The number of employees enrolled in PPO and HDHP plans increased from 2017 to 2019, while the number of employees enrolled in HMO plans decreased slightly. HDHP plans are attractive for Millennials, the largest group in the workforce, because they have lower premiums, and therefore lower contribution costs.

Plan Types Elected By Employee in 2017

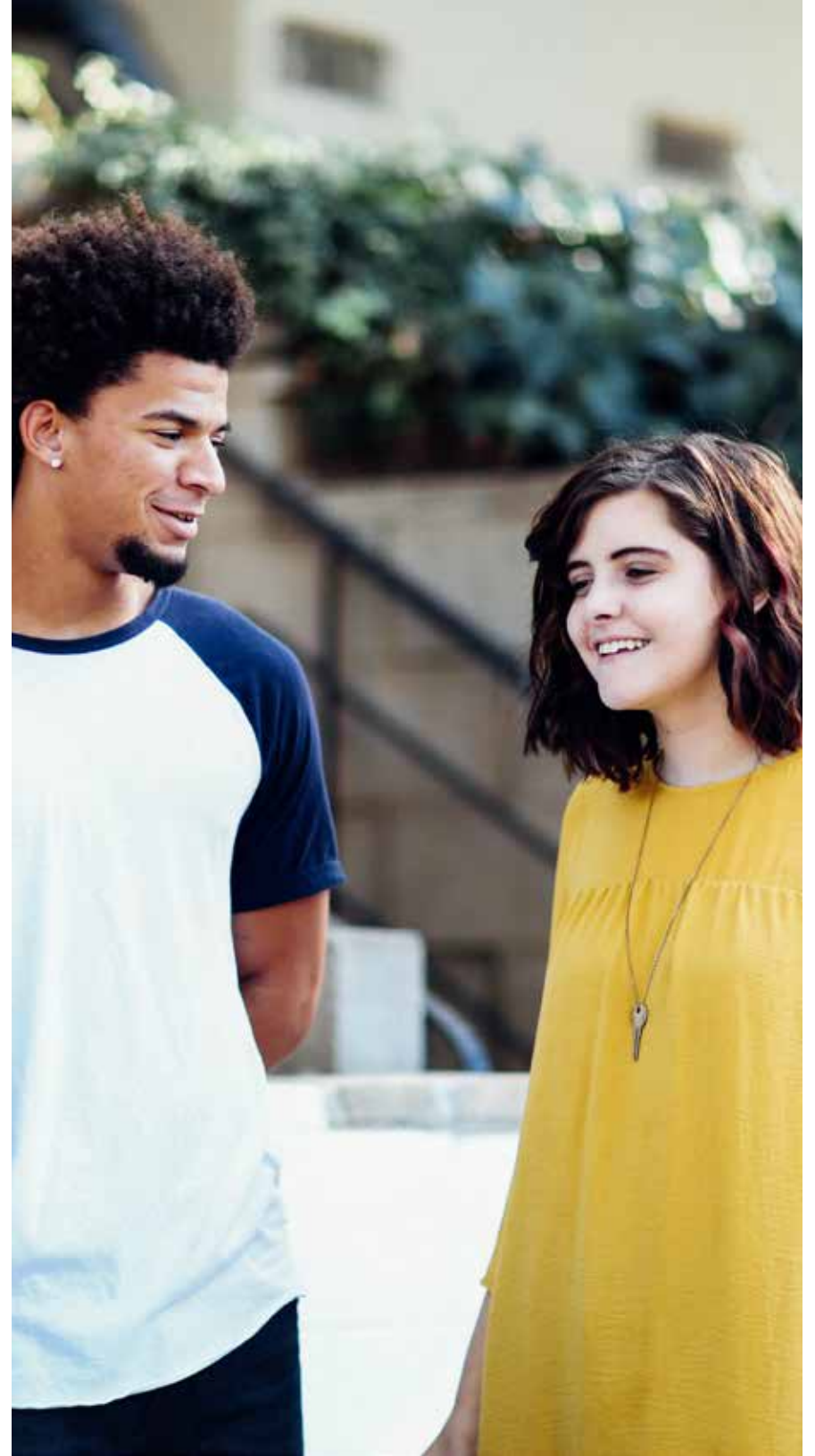


Plan Types Elected By Employee in 2019

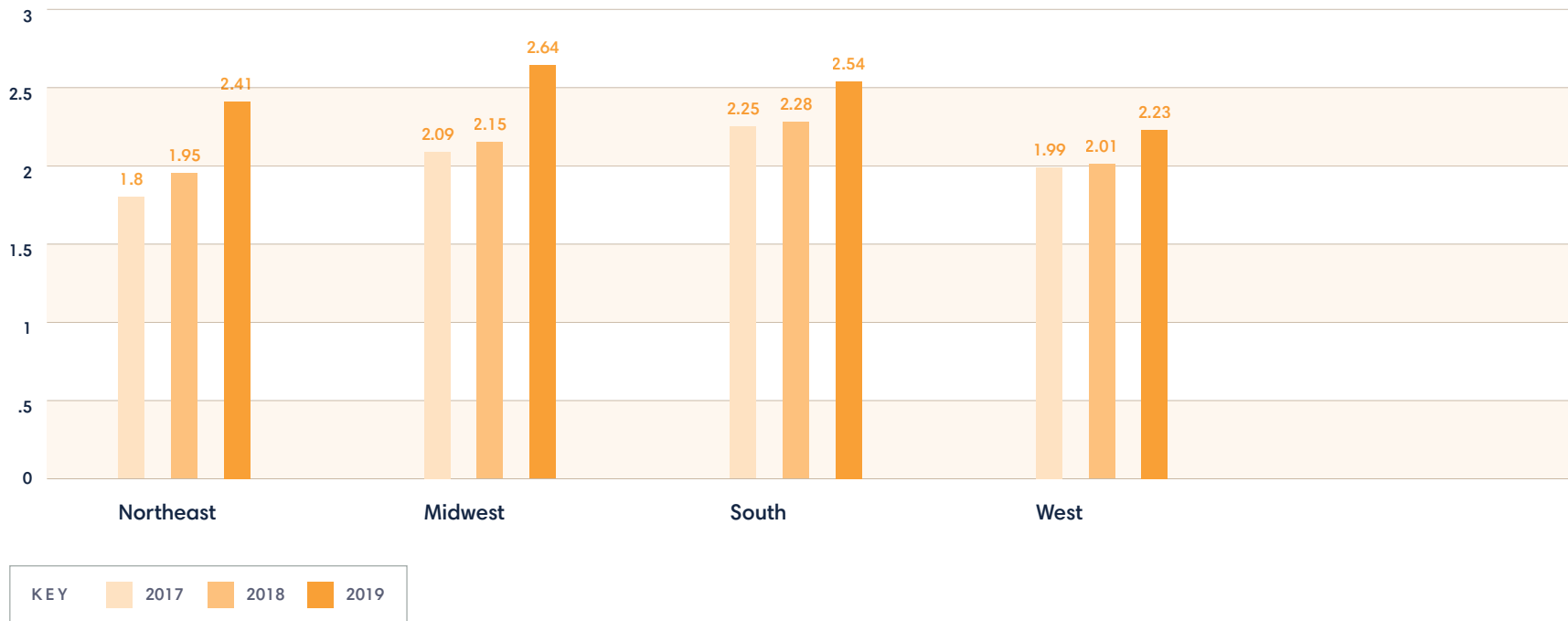


Voluntary Benefits

As we shared earlier in this report, the cost of healthcare is rising across the country. To offset some of these costs and meet the growing demand of the Millennial workforce, businesses are offering more voluntary benefits than before, and contributing more as well.



Voluntary Benefit Plans Offered per Employee per Region, 2017–2019



There's been a steady increase in the number of worksite/voluntary benefit plans offered per employee since 2017. This is a trend we've seen across regions, the biggest in the Northeast, where the average jumped from 1.8 in 2017 to 2.41 in 2019.

It's recommended for individuals to visit the dentist every six months, and 61% of Americans have eyeglasses or contact lenses. Additionally, for employees with dependents, life insurance is one way to protect family members.

We researched the most common voluntary and worksite plans offered in 2019. The results are as follows:

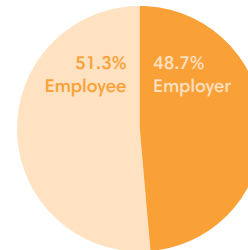
- Voluntary Life Plans: **22.72%**
- Voluntary Vision: **20.57%**
- Voluntary Dental: **18.94%**

Contributions For The Most Popular Voluntary Benefits

We examined the average monthly employer and employee contributions of the top three offered voluntary and worksite plans in 2019 per region.

We noticed that both employers and employees contribute a similar amount to Life plans, but employees contributed more to voluntary dental and vision plans.

Life: Employer vs Employee



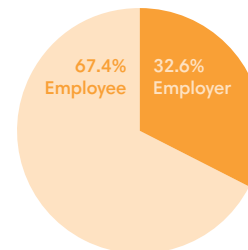
\$7.35

Average Employer Contribution for Life Plans

\$7.75

Average Employee Contribution for Life Plans

Dental: Employer vs Employee Contribution



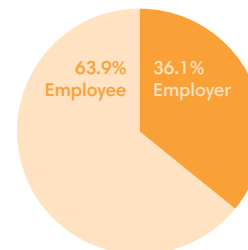
\$19.35

Average Employer Contribution for Dental Plans

\$34.30

Average Employee Contribution for Dental Plans

Vision: Employer vs Employee Contribution



\$4.23

Average Employer Contribution for Vision Plans

\$8.73

Average Employee Contribution for Vision Plans

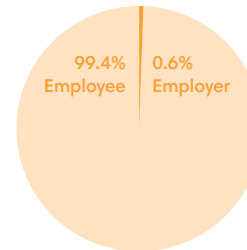
Accident & Illness

Critical accident and illness plans have become increasingly popular to help offset the rising medical premiums. We found that while there is a growing trend towards offering these plans, they tend to be employee paid. For both of these plans, the employee contribution was much greater. If you're looking to provide your employees with more affordable ways to gain full medical coverage for protection against accidents and injuries, this is definitely an option to talk to your broker about.

Wellness Benefits

Wellness benefits are designed to help people adopt and maintain healthy behavior, and plans that support this initiative are becoming a hot topic in the HR world. We found that at least one wellness plan was offered per employee in 2019.

Critical Illness: Employer vs Employee Contribution



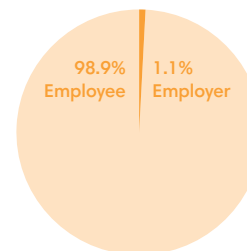
\$0.16

Average Employer Contribution
for Critical Illness Plans

\$26.15

Average Employee Contribution
for Critical Illness Plans

Critical Accident: Employer vs Employee Contribution



\$0.23

Average Employer Contribution
for Critical Accident Plans

\$20.93

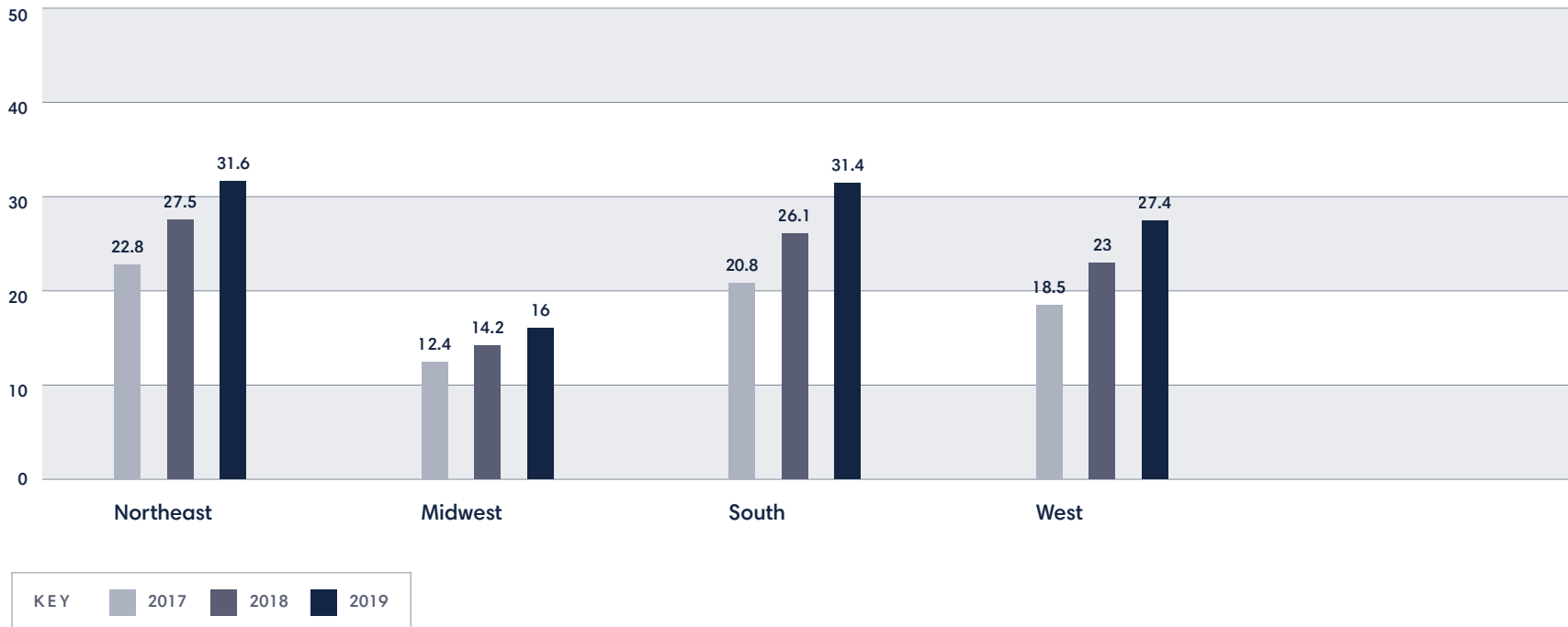
Average Employee Contribution
for Critical Accident Plans

SMB Growth

Ease has partnered with 1,500 health insurance brokers who support 70,000 SMBs, giving us unique insights into SMB growth.



Full-Time Employee Growth by Region 2017–2019



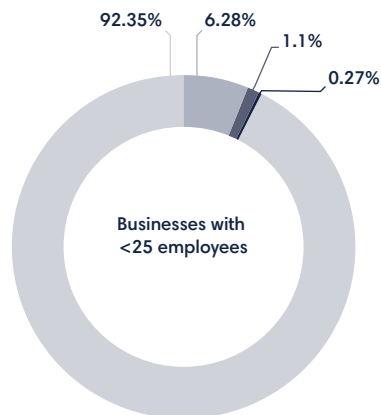
We took a look at businesses who have used Ease for at least two years and found that there was employee growth in every single region. Businesses in the South and West grew about 50% and businesses in the Northeast and Midwest grew 39% and 29% respectively.

Here's a look at employee growth per region:

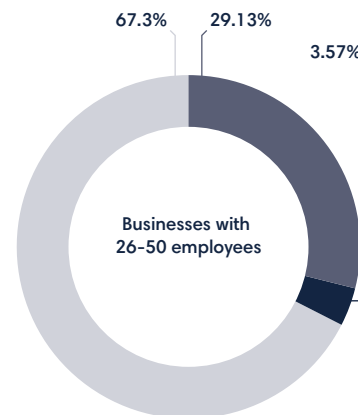
- In the Northeast, the average number of employees per business grew 39%
- In the Midwest, the average number of employees per business grew 29%
- In the South, the average number of employees per business grew 51%
- In the West, the average number of employees per business grew 48%

Furthermore, we looked at the growth of specific sized companies.

Employee Growth by Business Size



Of businesses that had less than 25 full-time employees in 2017, 6% grew to a range of 26-50, 1% to 51-100, and 0.27% to 100+.



Of businesses that had 26-50 full-time employees in 2017, 29% grew to 51-100 and 4% grew too 100+.



Of businesses that were 51-100 full-time employees in 2017, 27% grew to 100+.

Ease is Here to Help

As a business owner or HR leader, understanding benefits and associated costs are key to supporting your employees both inside and outside of the office. As healthcare costs continue to rise and SMBs continue to grow, finding benefits and price points that can truly satisfy your employees will be difficult. With Ease as a resource, difficult will never become impossible, but instead manageable.

Thanks to our 1,500 health insurance agencies, 70,000 businesses, and 2 million employee users we're in a great position to offer insights, trends, and best practices when it comes to healthcare and voluntary benefits. If you have questions about SMB benefits and growth that we can answer, we promise we'll help.



A Few Notes

Please note that the data in this report is reflective of the SMBs that use Ease. If you have questions about the trends we talked about in this report, please feel free to confirm with your broker or reach out to a member of the Ease team. This analysis is based on anonymized data and was collected in November and December 2019.

Geography Key

Northeast

Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont, New Jersey, New York, and Pennsylvania

Midwest

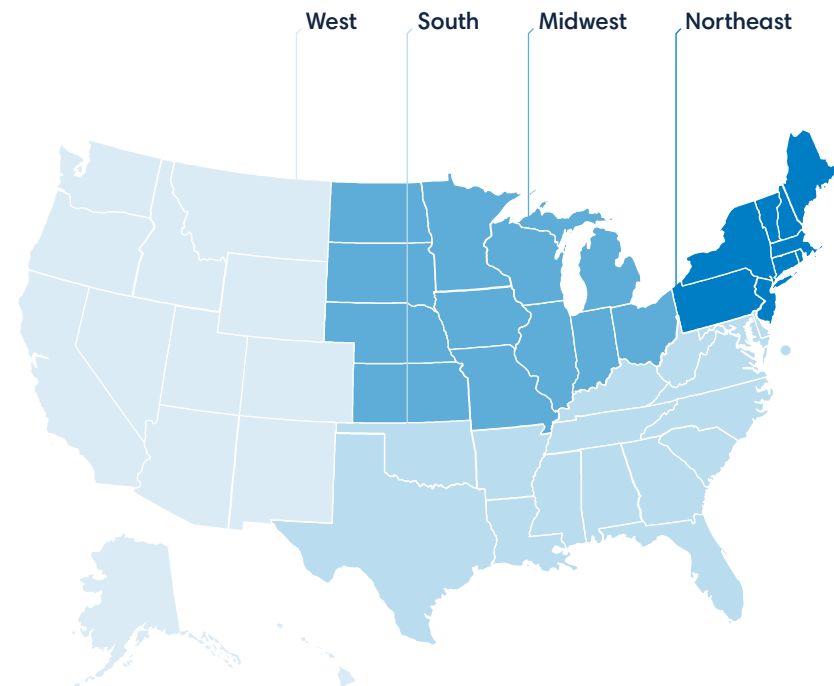
Illinois, Indiana, Michigan, Ohio, and Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota

South

Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, District of Columbia, and West Virginia, Alabama, Kentucky, Mississippi, and Tennessee, Arkansas, Louisiana, Oklahoma, and Texas

West

Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming, Alaska, California, Hawaii, Oregon, and Washington



Questions? Comments?

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