



**USI BENEFITS BENCHMARKING STUDY**

# **PLAN TRENDS AND INDUSTRY SNAPSHOT**

**COLLEGES AND UNIVERSITIES (PUBLIC AND PRIVATE)**

**DATE:**





# MEET THE SPEAKERS

Your curated team is collaboratively connected with all other disciplines. USI experts are deeply connected nationally, with locally based experts with industry wide expertise.

## DEREK DUNCAN

PARTNER | SR. VP OF EMPLOYEE BENEFITS

Derek joined USI Insurance Services in 2011 as a national resource in Boston, MA. In his current position at the USI office in St. Louis, MO, he is responsible for developing employee benefits packages for mid to large employer groups. Derek has experience in managing employee benefits for employer groups as small as 50 employees up to 10,000+. He has worked with multiple clients in Missouri, Illinois, Kansas, Nebraska, Wisconsin and Iowa. However, Derek's current client book has employers with offices represented in nearly all 50 states.

Derek is a native of Missouri and is passionate about helping employers and their members curve and control the cost of healthcare. Many of his groups see no increase in their cost for 5+ years after implementing his strategic plan. Derek has personally consulted with/brokers for 18 Higher Education Clients in MO, IL and surrounding states. He's certainly cemented USI as THE Missouri Higher Education Broker of Choice! He's helped to build a Midwest practice that includes over 58 current Higher Education clients. That plan begins with the USI Higher Education Benefit Benchmarking Survey as an understanding of a baseline upon which to build.



# Today's Agenda

BBS  
2025

- 1 Role of Benchmarking
- 2 Viewing your Plan from the Employee's Perspective
- 3 Plan Strategy
- 4 Employee Well-Being

Plan Trends and Industry Snapshot



# Why is Benchmarking Important?

In a changing economy, employers face renewed pressure to balance cost control with competitive benefit offerings.

- Employers often struggle to understand how their benefit plans stack up to the competition.
- Offering appealing benefits to retain current employees may be more cost effective than recruiting new staff.



To drive informed decision-making, USI actuaries benchmark plan design with the related actuarial value of out-of-pocket costs and employee contributions.



Unemployment rate <sup>1</sup>



Annual voluntary turnover costs for U.S. employers <sup>2</sup>



Average cost of hiring an employee and takes 42 days



Percent of an employee's annual salary that may be associated with total cost of turnover <sup>4</sup>

<sup>1</sup> Bureau of Labor Statistics, April 2025

<sup>2</sup> Work Institute's 2020 Retention Report

<sup>3</sup> SHRM. "The Real Costs of Recruitment.";

<sup>4</sup> SHRM Foundation's Effective Practice Guidelines Series: Retaining Talent, A Guide to Analyzing and Managing Employee Turnover, 2008

Employers struggle with finding the **right balance** for benefits programs.

Top 5 concerns for employee benefits:



**\$ Cost of Benefits**

Is the company spending too much on benefits?

**\$ Cost of Turnover**

The company needs to spend more on benefits to attract and retain talent.

USI benchmarking offers targeted, clean data to drive decisions around benefit costs and programs



# Viewing Your Plan from the **Employee's Perspective**

Employees look at employee benefits as an important piece of their total compensation. Savvy employees who consider medical benefits as part of their employment decision are looking at:

01

Plan  
Design

02

Payroll  
Contributions

03

Overall  
Value

# Employee Needs

There are **three types** of employees when it comes to selecting a plan, and usually they pick based on household income:



Those who want the **cheapest possible plan**, regardless of how limited the coverage is



Those who want to **maximize the overall value** of their healthcare spending



Those who want the **best possible plan**, regardless of cost



**KEY:**

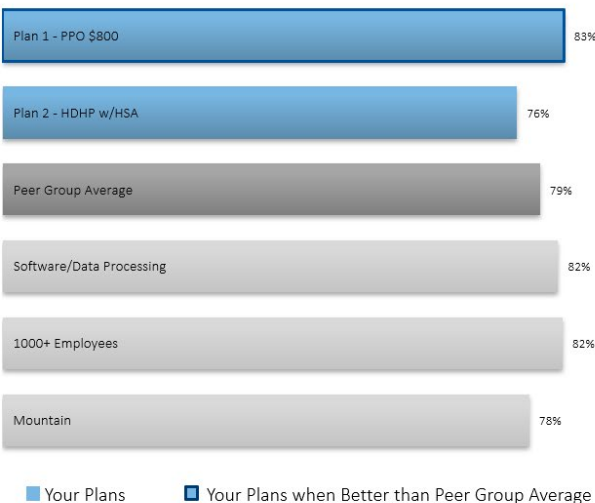
Make sure you're measuring the aspect of the plan your employees care about the most the right way

# Actuarial Plan Value vs Copay/Coinsurance/Deductible

Employees want to have access to at least one medical plan that covers as much or more than what they can find at an average employer in their industry or geography.

## Plan Design Value – Plan Richness

### Plan Design Value



Employees want access to at least one medical plan that covers as much or more than what they can find at an average employer in their industry or geography.

Plan design value calculations reflect the average amount of total healthcare spend covered by the plan.

It includes the benefit of employer-funded accounts, such as HSAs or HRAs which can offset out-of-pocket spend.

Note: Plan design values may not be an exact match to estimates from USI's Actuarial Value Calculator

**GOAL:** Offer at least one plan that's richer than the Peer Group Average. **RESULT:** You have met or exceeded this goal; you have 1 plan that is higher than the benchmark.

Note: "ID" means there was insufficient data to calculate the benchmarks for that peer group.

USI | 7

A plan is worth more than the sum of its component parts:

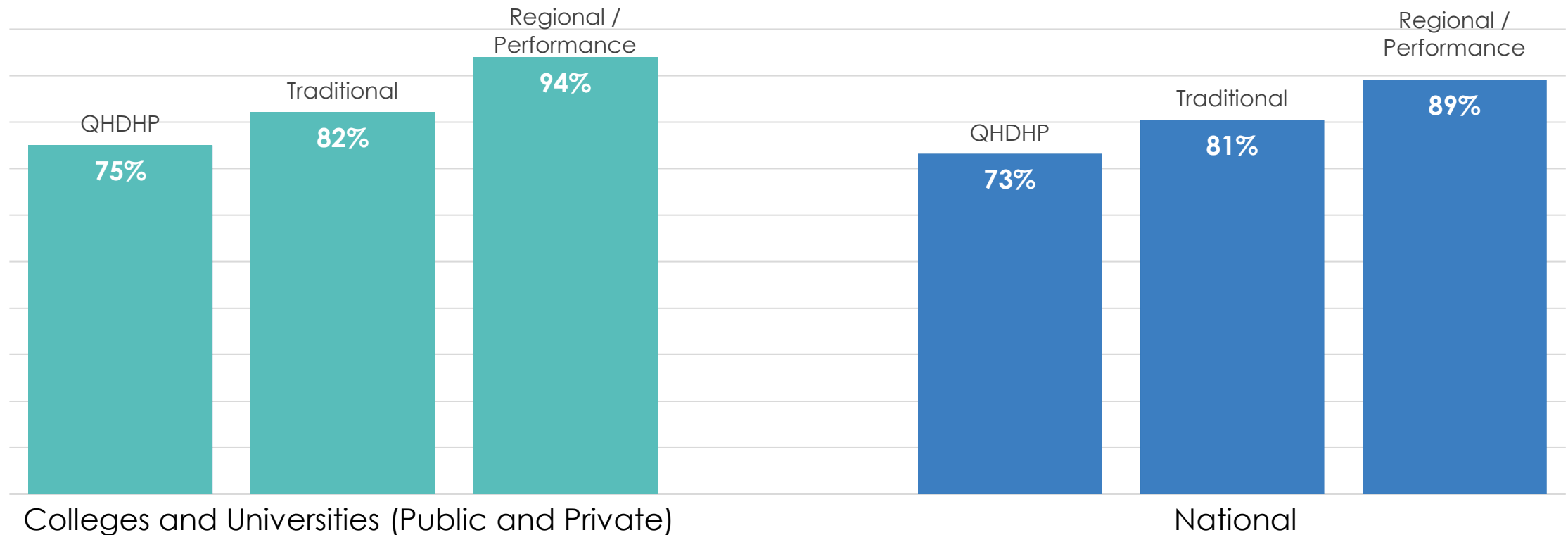
- Deductibles don't tell the full story
- Copays often apply to limited services
- Coinsurance and OOP Max only work in tandem with deductibles

**Actuarial Plan Value** is a measurement of what percentage of total costs the plan pays, including HRAs and HSAs

# Actuarial Plan Value vs Copay/Coinsurance/Deductible

Some employees want to have access to the best and most comprehensive medical coverage they can receive, regardless of cost.

Actuarial Plan Value by Plan Type, including Employer-funded Accounts

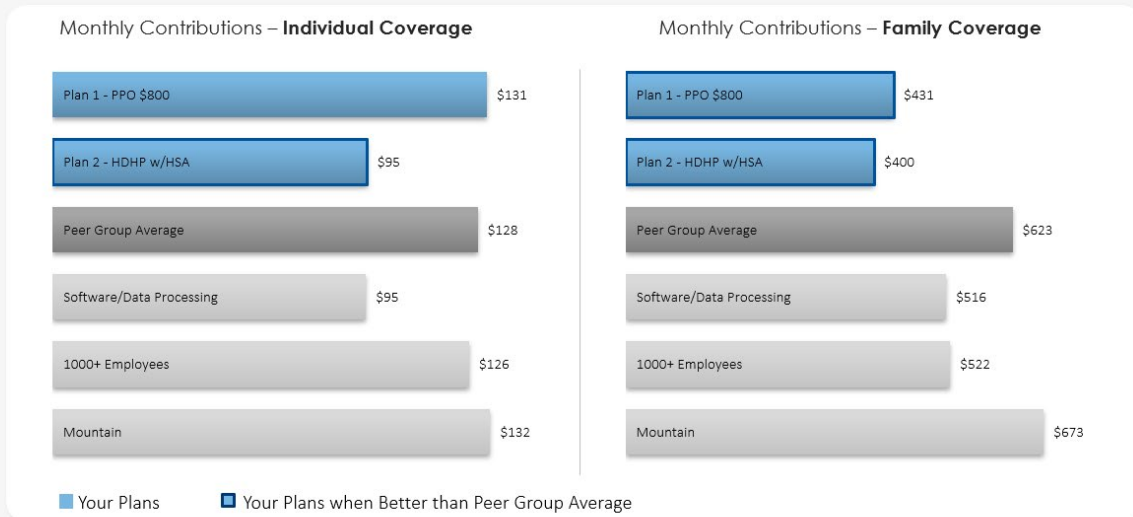


# Monthly Employee Contributions

Payroll contributions are the most visible component of a major medical plan. They also heavily influence the employees' perception of the benefit and drive migration from one plan to another.

## Employee Payroll Contributions

Payroll contributions are a primary driver of employee satisfaction with the benefit plan. USI identifies opportunities to improve competitiveness or reduce expense.



**GOAL:** Offer at least one plan that is priced lower than the Peer Group Average for singles, families.

**RESULT:** One or more plans are competitive for both singles and families.



Note: "ID" means there was insufficient data to calculate the benchmarks for that peer group.

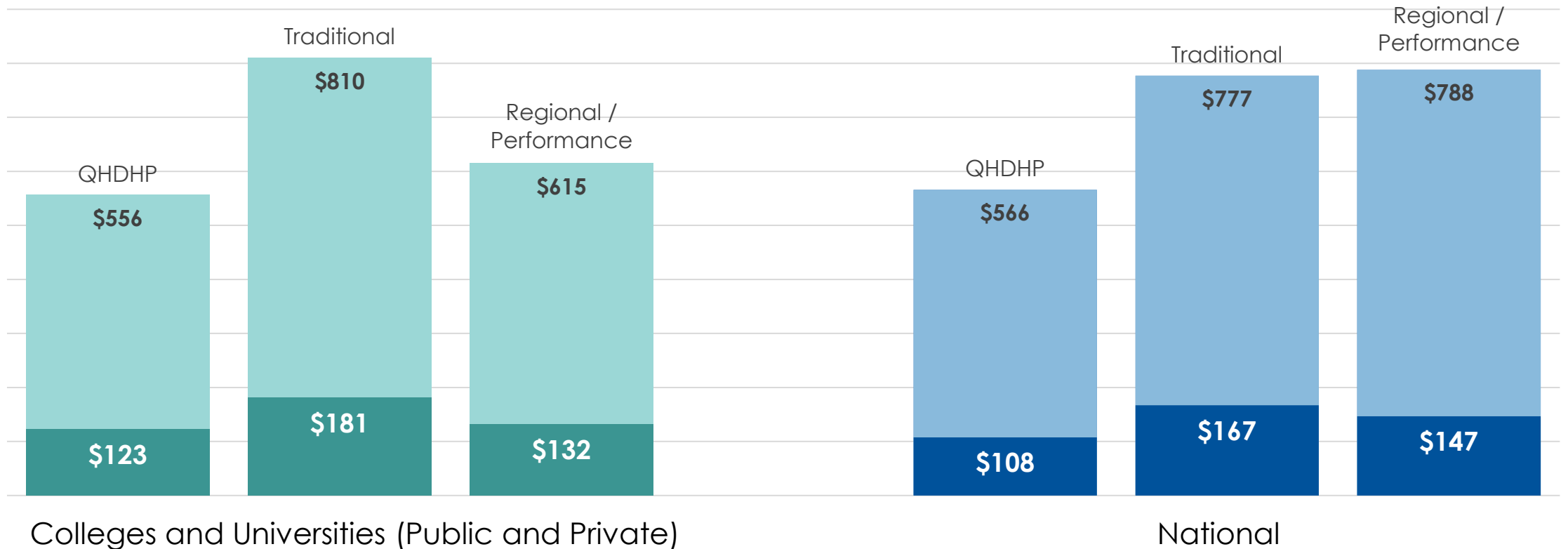
- ✓ Affordable plans aren't just for single employees.
- ✓ A truly competitive plan will have a plan that's affordable for singles and for families.

Some employees just don't want to spend their money on healthcare, so having affordable options will make them happy.

# Payroll Contributions by Plan Type

Payroll contributions are the most visible component of a major medical plan. They also heavily influence the employees' perception of the benefit and drive migration from one plan to another.

Monthly Employee Contribution Rate; Individual Coverage (bottom), Family Coverage (top)



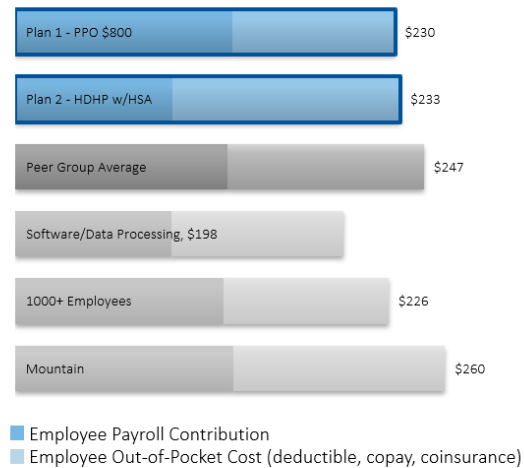
# Total Employee Cost (Payroll Deduction + Point of Service Costs)

Plan richness determines the employees' out-of-pocket spend. Add that together with the payroll contributions, and you get the total expected cost of healthcare for your average employee.

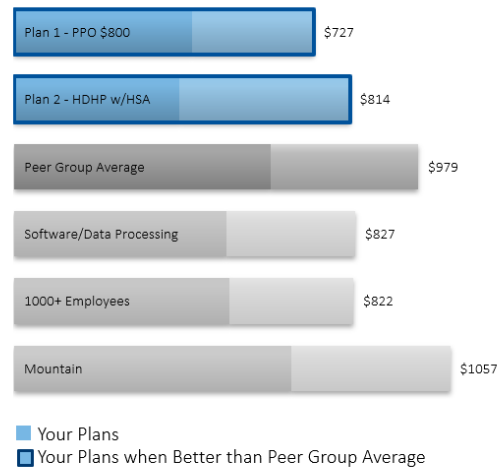
## Total Employee Cost

Plan richness determines the employees' out-of-pocket costs. Combined with the payroll contributions, you get the **total expected cost of healthcare for your average employee**.

Average Total Monthly Cost **Individual Coverage**



Average Total Monthly Cost **Family Coverage**



**GOAL:** Offer at least one plan with a Total Employee Cost lower than the Peer Group Average for singles and for families.

**RESULT:** One or more plans meet or exceed the goal for both singles and families.



Note: "ID" means there was insufficient data to calculate the benchmarks for that peer group.

From the employee's perspective, they are measuring overall cost as the sum of:

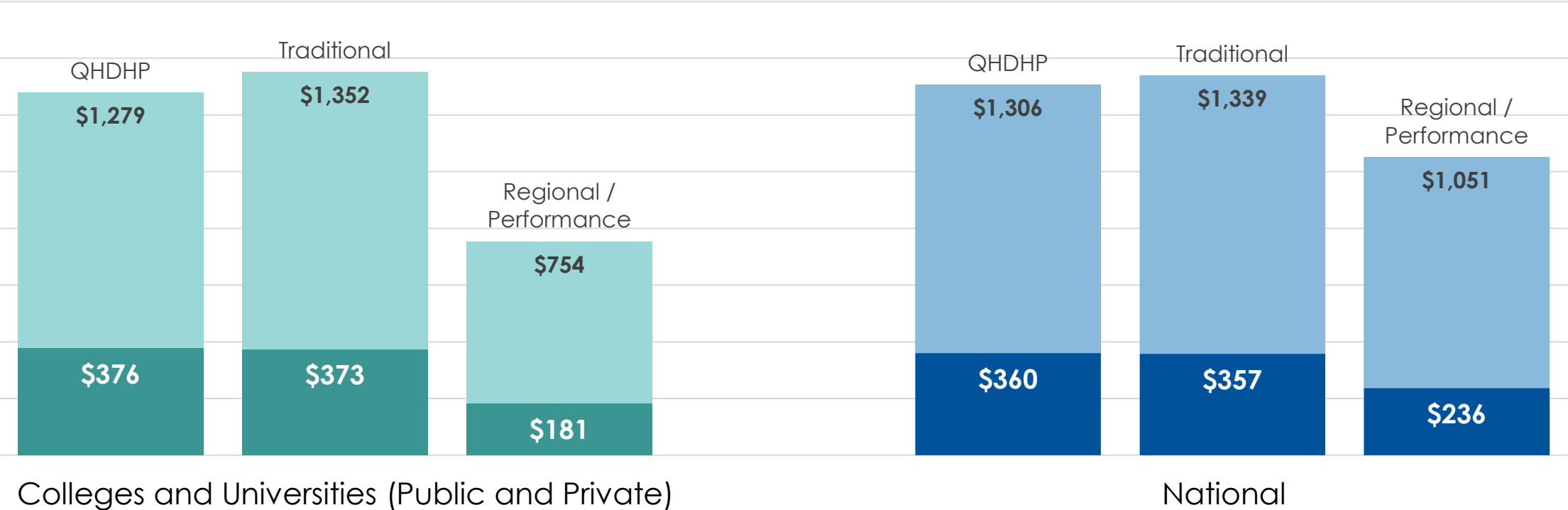
- What they pay out of their paychecks
- How much they will be paying (on average) at the point of service – the doctor, hospital, urgent care center, etc.

Large, diverse groups of employees will gravitate to the plan with the lowest overall employee cost

# Total Employee Cost by Plan Type

Plan richness determines the employees' out-of-pocket spend. Add that together with the payroll contributions, and you get the **total expected cost of healthcare for your average employee**.

Average Total Monthly Cost of Healthcare to Employee;  
Individual Coverage (bottom), Family Coverage (top)



# Plan Strategy

Employers are considering how to balance the attraction and retention of their employees with the cost of their benefits. We benchmark the plan sponsor perspective by looking at:

01

**Plan  
Management**

02

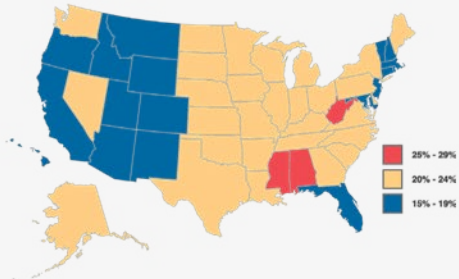
**Prescription  
Drug Strategies**

03

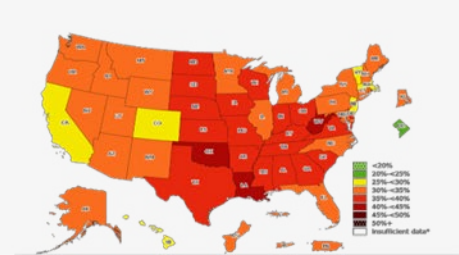
**Retirement  
Readiness  
Solutions**

# Strategies to Manage Rising Healthcare Costs

Obesity Rates in 2002



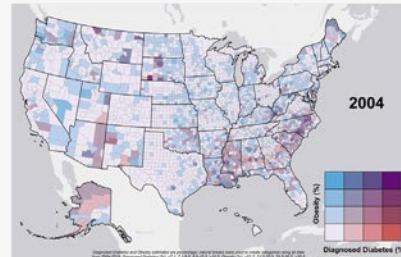
Obesity Rates in 2022



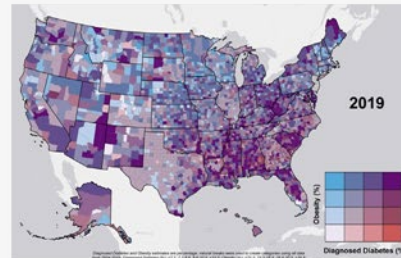
## Obesity

- In 2002, no state had more than 29% of the population with a BMI greater than 30
- In 2022, multiple states have 45% of their population with a BMI greater than 30

Diabetes Prevalence in 2004



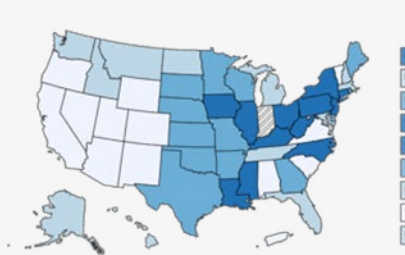
Diabetes Prevalence in 2019



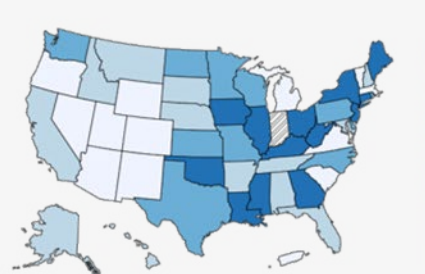
## Diabetes

- In 2004, 10.3% of the US population had diabetes
- In 2019, over 11% of the population had diabetes

2017-2021 Cancer Trend



2021 Cancer Trend



## Cancer

- Cancer rate continues to escalate at the same rate as obesity

Increasing cases of obesity, cancer and diabetes are contributing significantly to this decline.

## The Need for Targeted Solutions

Traditional wellness programs have proven ineffective at reducing costs because they lack the diagnostic follow-up and medical intervention needed to prevent, detect and manage these conditions.

Addressing these conditions with targeted solutions can significantly impact employer health plan spending.

# Strategies to Manage Rising Healthcare Costs



## Increase Primary Care Engagement

Routine exams and recommended screenings are they key to improving health outcomes and reducing costs.



## Provide Expert Cancer Care Management

Timely diagnosis and expert treatment significantly reduce costs associated with cancer care and increase patient survivability.



## Ensure Access to Modern Diabetes Care Options

Poorly managed diabetes can result in serious health issues and costly complications.

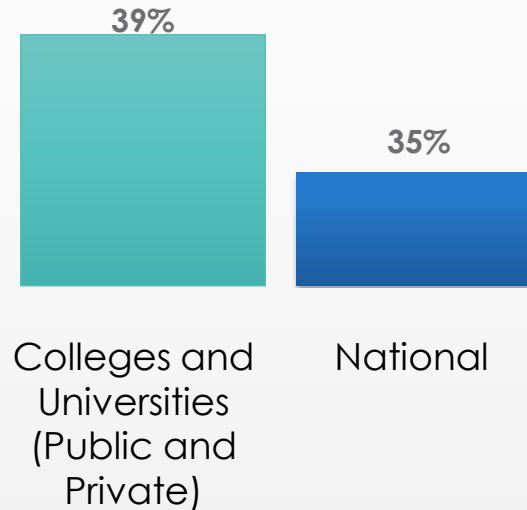
# Strategies to Manage Rising Healthcare Costs



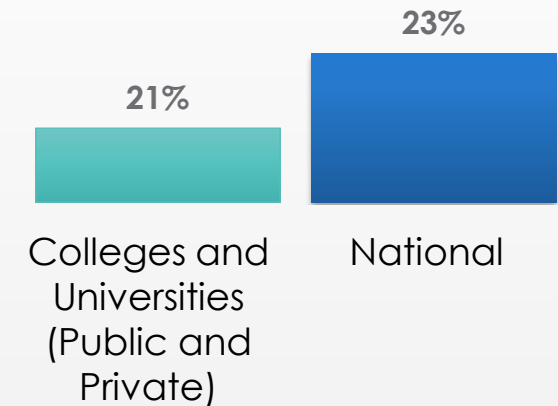
## Increase Primary Care Engagement

Routine exams and recommended screenings are they key to improving health outcomes and reducing costs.

% of Employers Rewarding PCP Engagement



% of Employers Offering Direct or Virtual Primary Care



# Strategies to Manage Rising Healthcare Costs

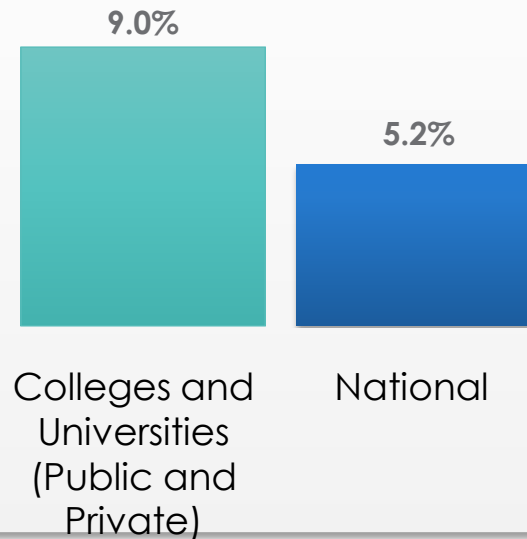


## Provide Expert Cancer Care Management

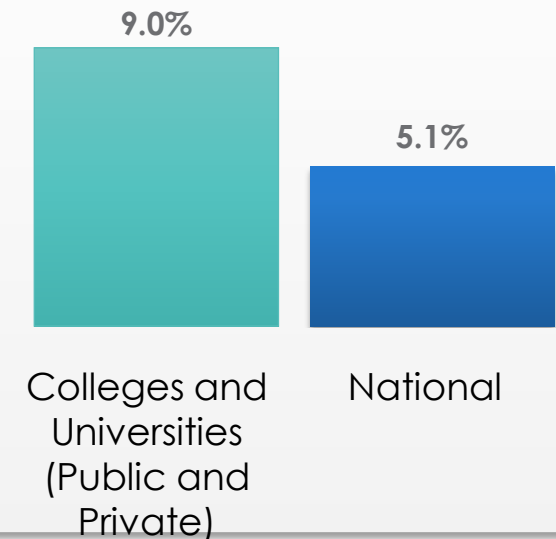
Timely diagnosis and expert treatment significantly reduce costs associated with cancer care and increase patient survivability.

### Cancer Care Management Solutions Offered

#### Centers of Excellence



#### Second Opinions



# Strategies to Manage Rising Healthcare Costs

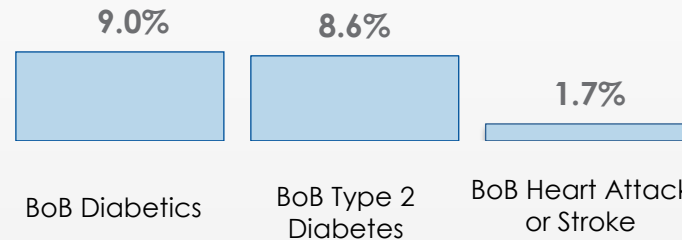


## Ensure Access to Modern Diabetes Care Options

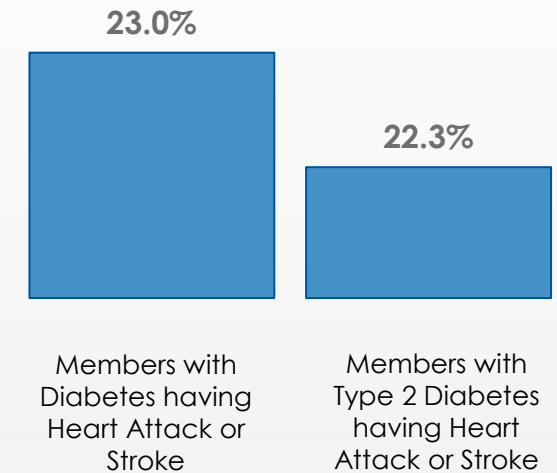
Poorly managed diabetes can result in serious health issues and costly complications.

## The Value of Diabetes Prevention to Impact Heart Attack and Stroke USI Book of Business

Prevalence of Diabetes and Heart Attack/Stroke in the USI BoB



Prevalence of Diabetes and Heart Attack/Stroke among Diabetics in USI BoB



# Reduce the Impact of Pharmacy on Health Plan Spending



American Journal of Health-System Pharmacy, *National trends in prescription drug expenditures and projections for 2024*

Pharmacy costs continue to increase, driven by utilization, higher drug prices, and new treatments entering the market.

Recent lawsuits targeting employer health plan sponsors allege a breach of fiduciary duty under the Employee Retirement Income Security Act (ERISA) for failing to protect health plan members against excessive PBM drug pricing.

## Strategies to Manage Costs

As pharmacy costs continue to drive up health plan premiums, there are several strategies employers should consider.

Identifying cost-driving conditions can help employers prepare for and better manage pharmacy expense.

# Managing Pharmacy Costs



## Gene Therapy

Have groups amended plan documents to exclude all or some gene therapies



## GLP-1s

Are employers covering GLP-1s if prescribed for weight-loss



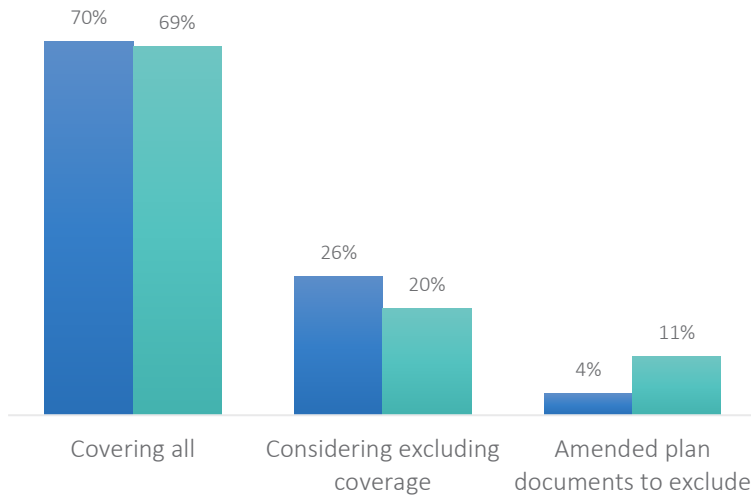
## Biosimilars

Using formulary customization to balance cost savings and ease of access

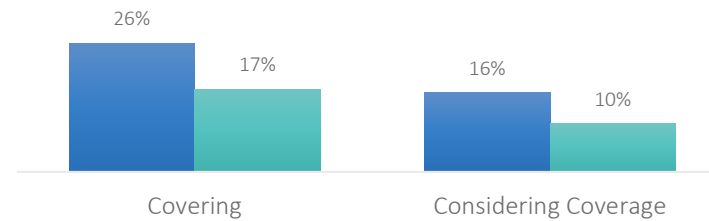
# Managing Pharmacy Costs

Companies are considering steps to help mitigate higher pharmacy spend and limit their exposure.

## Gene Therapy Coverage



## GLP-1s (Wegovy, Ozempic, etc.) Coverage for Weight-Loss



## Formulary options to address Biosimilars



■ Colleges and Universities (Public and Private) ■ National

# Strategies to Increase Retirement Readiness



## Optimize Plan Design

Increase retirement savings with enhancements like auto-enrollment, auto escalation, catch up provisions and re-enrollment for employees 55+



## Invest in Financial Wellness

Improve retirement readiness and reduce the risk of stress-related claims.



## Alternative Saving Strategies

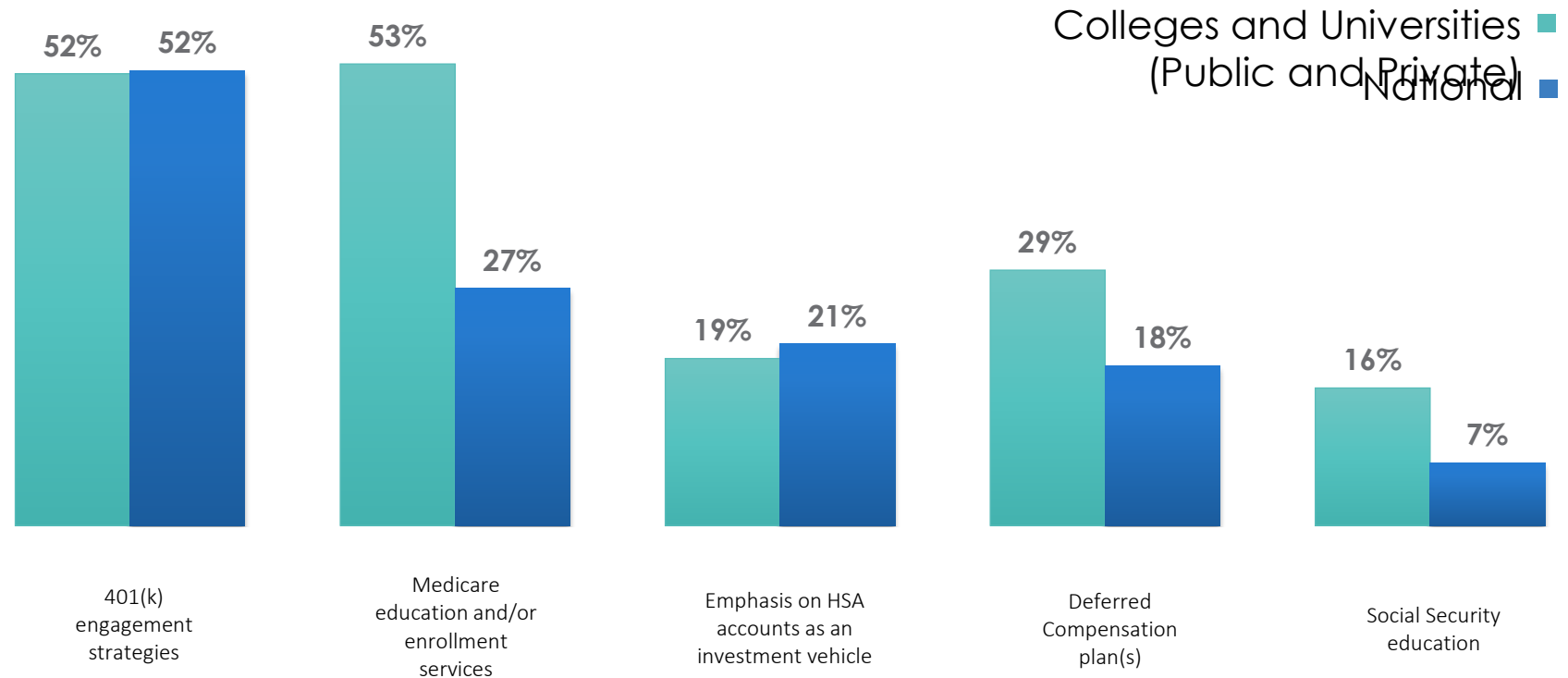
Supplement retirement savings by offering a health savings account (HSA) with a qualified high-deductible health plan.

# Incorporating Retirement Readiness Solutions

A comprehensive strategy to promote retirement readiness enables a successful transition to retirement, improves employee engagement, and reduces future employer healthcare costs.

Many organizations are beginning to integrate retirement readiness goals into their overall benefits strategy.

### How are companies supporting the future retirement needs of their employees



# Employee Well-Being

01

**Population  
Health  
Management**

02

**Financial  
Wellbeing**

03

**Family  
Planning**

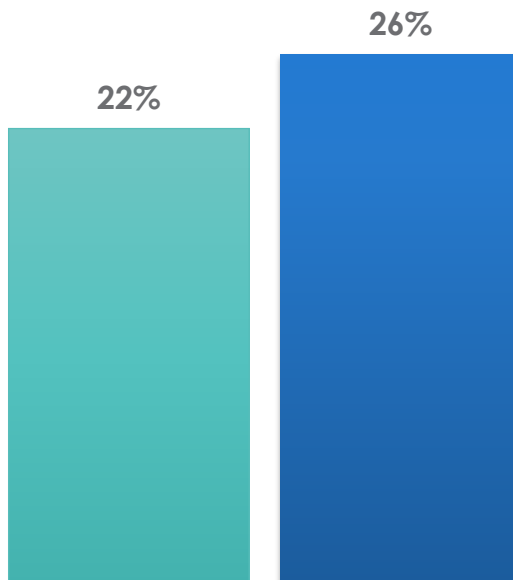
Comprehensive programs not only promote physical, behavioral and financial health but also drive employee engagement and wellness.

# Population Health Management Solutions

Exploring more comprehensive health solutions can be a valuable tool to drive proactive health management.

## Behavioral Health Solutions

% Employers offering

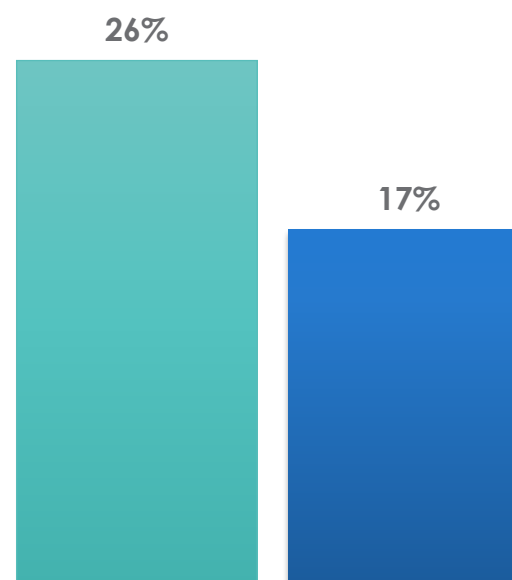


Colleges and Universities (Public and Private)

National

## Chronic Care Management

% Employers offering

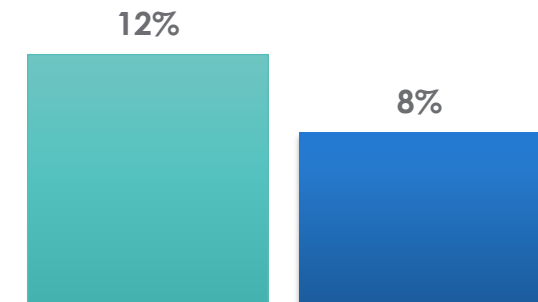


Colleges and Universities (Public and Private)

National

## Musculoskeletal Solutions

% Employers offering



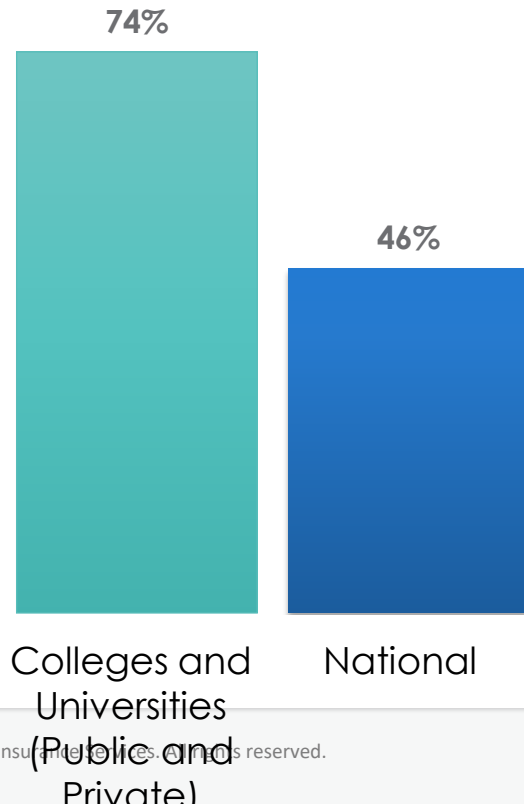
Colleges and Universities (Public and Private)

National

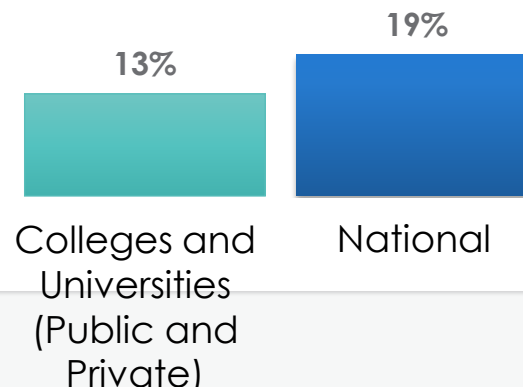
# Financial Wellbeing and Educational Support

Tuition costs have driven employees towards companies who can offer them reimbursement to further their education, or in some cases to companies who will help them pay off or refinance their student loan debt.

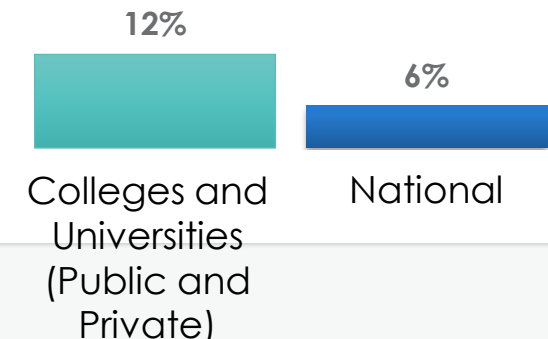
Tuition Reimbursement  
% Employers offering



Financial Wellness Resources or Training  
% Employers offering



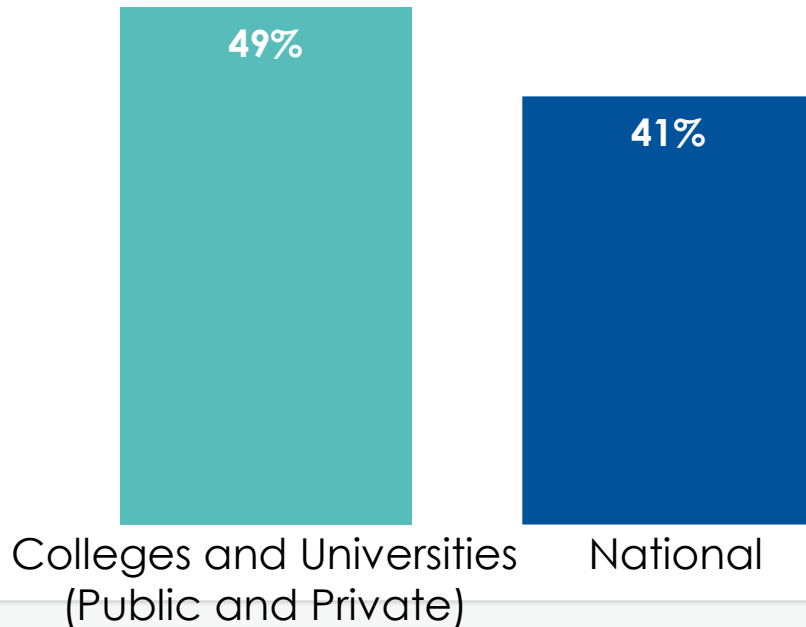
Student Loan Repayment or Refinancing  
% Employers offering



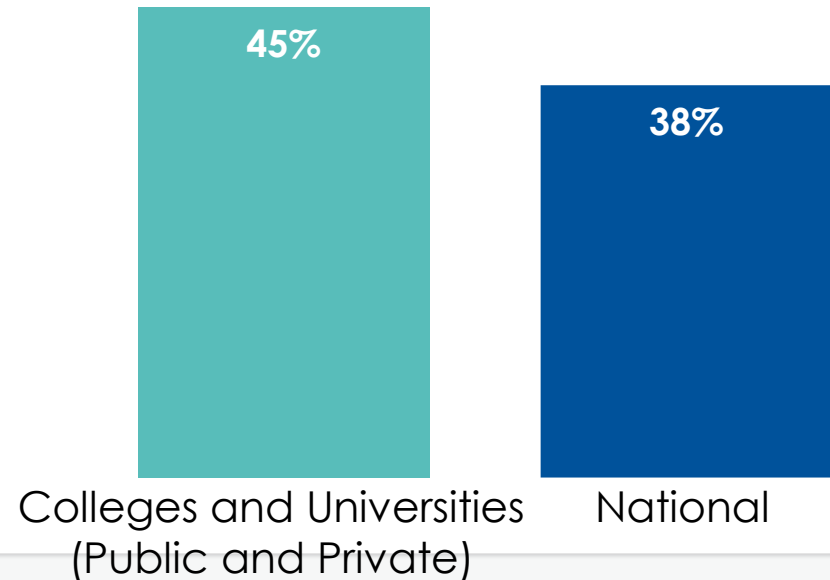
# Family Leave

Several states mandate maternity leave. If your business is not situated in one of those states, a maternity and/or paternity benefit can be valuable to growing families.

Maternity Leave  
% Employers offering

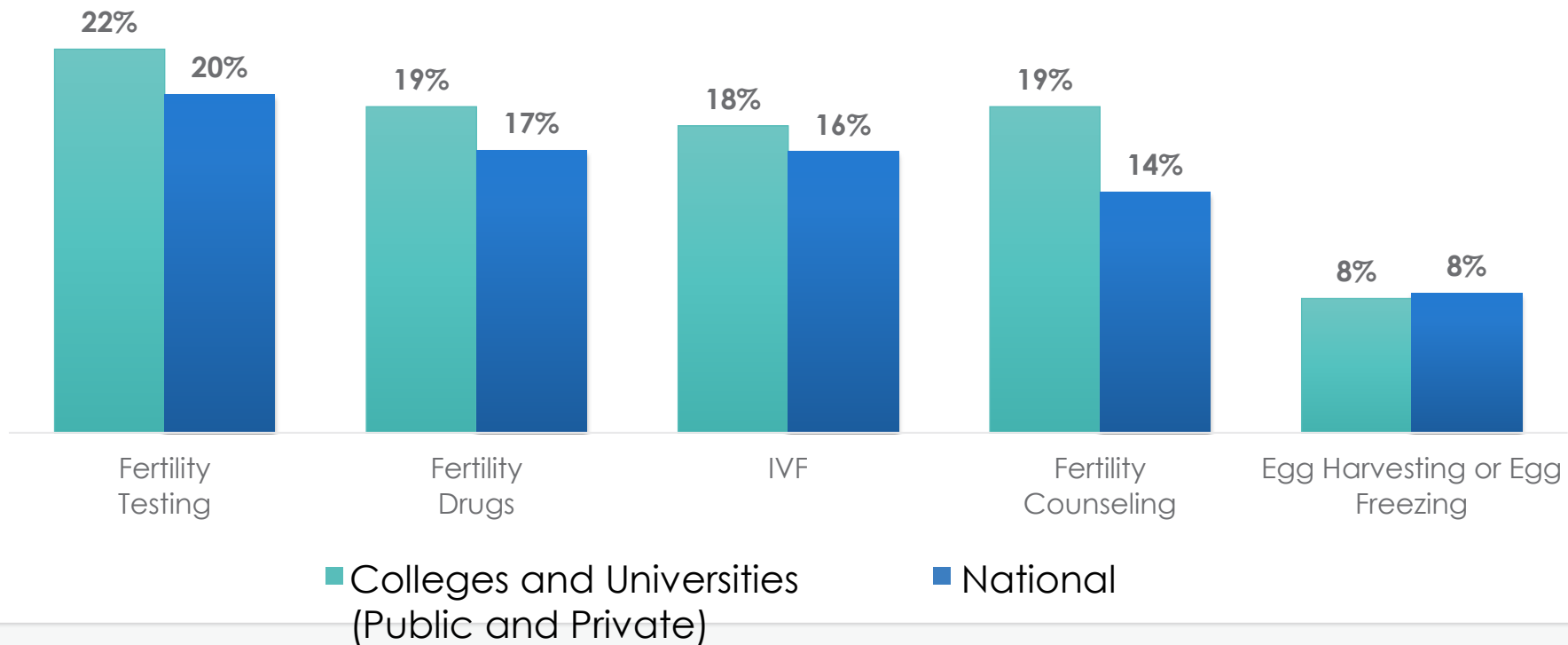


Paternity Leave  
% Employers offering



# Fertility Treatment Coverage

Fertility Support and Treatments Offered



Treatment for fertility is a plan option that should be considered thoughtfully.

It is expensive, increasing in its popularity, and can make the difference for employees deciding to leave or to stay.



WHY IT ALL MATTERS

# Conclusion and Q&A



## Optimize

Benchmarking helps to **optimize** your employee benefits spending, to **improve attraction and retention** of employees.



## Roadmap

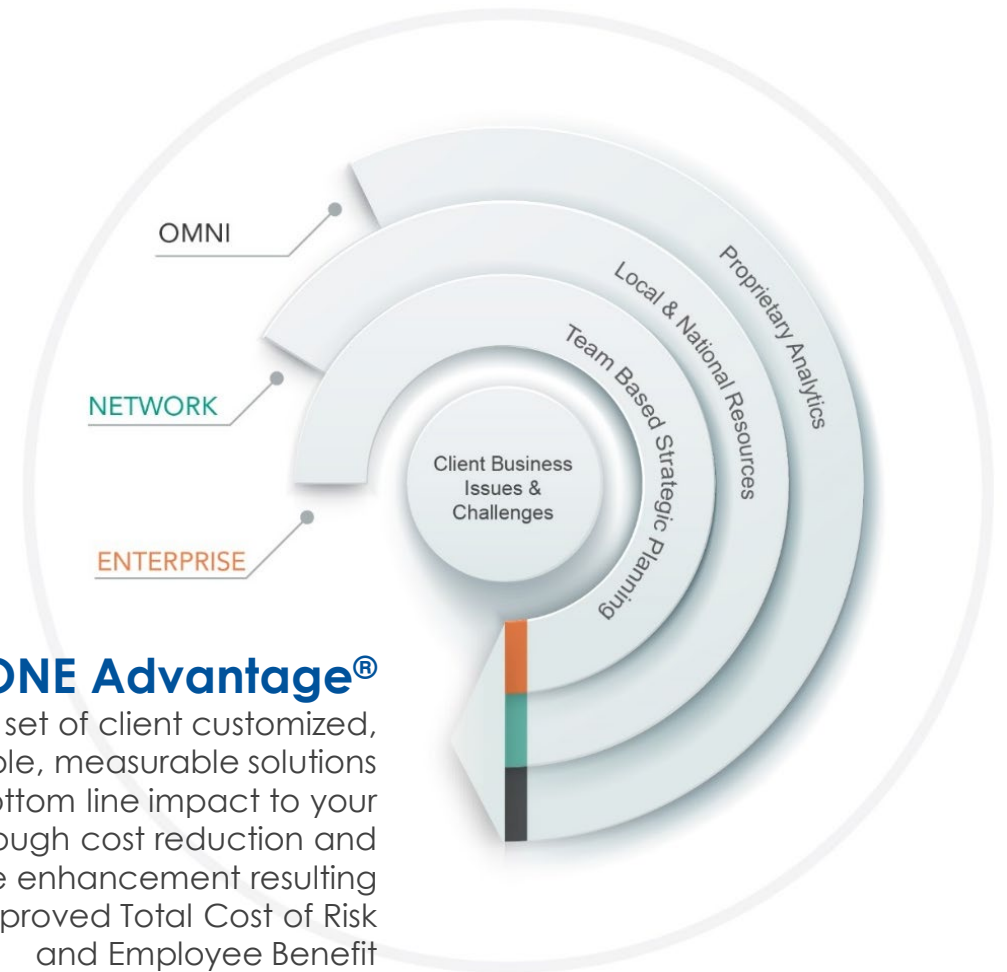
Our Plan Performance report gives you **strategic** start- and end points, by providing a **roadmap** to the future of employee benefits at your company.



## Improve

Adapting to forward-looking trends will **improve employee satisfaction** by focusing on more modern programs for your changing workforce.

Thank you!



### USI ONE Advantage®

A set of client customized, actionable, measurable solutions with bottom line impact to your business through cost reduction and coverage enhancement resulting in an improved Total Cost of Risk and Employee Benefit trend advantage.



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