Benefits Insights

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7 Key Employee Benefits Trends in 2024

Attracting and retaining employees has challenged employers since the onset of the COVID-19 pandemic. In 2024, the labor market is expected to cool slightly; however, competition for talent will remain. As such, employers must remain agile and adapt to developing labor and market trends that will shape the market in 2024. In particular, current labor challenges are forcing employers to find ways to balance rising health care costs and inflation while providing employees with benefits they value and need. Understanding this year's key employee benefits trends can help employers attract and retain talented individuals in an evolving labor market.

This article discusses seven key employee benefits trends in 2024.

1. Managing Health Care Costs

High inflation, provider shortages, an increase in serious chronic conditions and deferred care due to the pandemic continue to drive health care costs. According to several industry surveys and reports, employers anticipate health care costs to grow between 6% and 8.5% in 2024, the largest increase in more than a decade. This year, employers may struggle to mitigate skyrocketing health care costs while keeping benefits affordable for employees. Thus, many employers will plan and implement multiple cost-saving strategies in 2024 to mitigate rising health care costs, such as:

- Modifying health plan designs
- Incorporating health care analytics
- Using artificial intelligence to streamline administrative workflows, help employees make informed benefits decisions and decrease costs
- Implementing pharmacy management strategies
- Maintaining full coverage of recommended prevention and screening services
- Tailoring benefits to meet employees' specific needs
- Expanding voluntary benefits offerings
- Improving employee health care literacy
- Investing in more virtual health opportunities
- Incentivizing employees to seek cost-effective care options
- Revisiting cost-sharing arrangements

2. Increasing Personalization and Flexibility

The modern workforce is comprised of four or five generations of workers from various backgrounds. In 2023, many employers struggled to find a benefits plan that satisfied their entire workforce. According to the Life Insurance Marketing and Research Association's 2023 Workforce Benefits Study, nearly a third of all employers said that meeting the needs of their multigenerational workforce was a primary challenge. In 2024, employers will increasingly offer personalized and flexible benefits to address the unique needs and expectations of individual employees. The following are popular options for benefits customization:

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- Flexible spending accounts
- Flexible work arrangements
- Customized retirement plans
- Convertible paid time off
- Domestic partner benefits
- Broader medical coverage
- Expanded leave
- Diverse wellness programs
- Personalized learning and development opportunities

3. Prioritizing Employee Mental Health

Employee mental health is a priority for many employers in 2024. Countless employees are experiencing a combination of mental health concerns, including stress, lack of motivation and reduced focus. High inflation and widespread financial stress are exacerbating these issues, impacting workplace productivity, retention and morale. Given the impact employees' mental health can have on an organization, employers are considering employees' mental health while making important business decisions in 2024. To this end, savvy employers will continue prioritizing employee mental health in 2024 with the following methods:

- Finding specialized mental health treatment from chosen vendors
- Providing meditation and mindfulness resources
- Expanding employee assistance programs to address burnout and other mental health challenges
- Offering virtual therapy sessions
- Providing managers with training to recognize employee behavioral issues
- Expanding mental health service offerings
- Investing in programs that build resiliency and improve coping strategies
- Conducting anti-stigma behavioral campaigns

4. Focusing on Belonging

While more employers invested in diversity, equity and inclusion (DEI) initiatives in 2023, many employees—especially those from underrepresented and marginalized groups—continue to feel excluded. These emotions can undermine work performance, inhibiting creativity, participation and willingness to collaborate. They can also increase the risk of burnout and stress, leading to increased turnover and higher rates of absenteeism.

In 2024, employers are expected to address belonging to bridge the gap between existing DEI initiatives and the impact felt by employees. With that in mind, many employers are more often focusing on the factors that impact workplace belonging, such as organizational culture, leadership behaviors and personal relationships among employees. Others are introducing initiatives to foster belonging, such as:

- Encouraging supervisors to check in with employees
- Promoting social bonds within the organization
- Encouraging open-door policies
- Creating time for employees to connect socially
- Facilitating trusting relationships (e.g., mentorships)
- Celebrating employee achievements
- Involving employees in critical business decisions
- Creating fair and transparent compensation and promotion practices

5. Expanding Family-building and Reproductive Health Benefits

Reproductive health care benefits became a key issue for employers in 2023 after the U.S. Supreme Court's *Dobbs v. Jackson Women's Health Organization* decision ended federal protections for abortion rights and permitted states to implement their own regulations. Numerous employers will continue to expand reproductive health benefits in 2024 to meet employee needs and remain competitive.

Additionally, more employers are offering family-building benefits, as they have proven to be highly valued among employees who are looking to start or build their families. The impact of these benefits also often extends beyond

affected individuals to make employees feel welcomed and supported in the workplace, improving engagement, productivity and retention. In the next year, many employers are expanding benefits offerings to include the following:

- Paid parental and adoption leave
- Child care subsidies
- Flexible scheduling and remote and hybrid work options
- Surrogacy benefits
- Family planning assistance
- High-risk pregnancy care
- Pregnancy, lactation, postpartum and menopause support
- Testosterone deficiency treatments

Employers providing legal reproductive care benefits should assess the implications of these offerings as reproductive health care laws continue to evolve.

6. Balancing Flexibility With Return-to-Office Mandates

Many employers responded to 2023's tight labor market by offering remote and flexible work opportunities. As some employers begin issuing return-to-office mandates in 2024, organizations that are rigid in their policies may risk losing talented individuals and DEI efforts. They may also struggle to attract new employees from a smaller talent pool. As such, in 2024, proactive employers will focus on balancing employee expectations and needs with the benefits of having employees in the office. For instance, they may offer hybrid work options as a compromise for employees who are happier and more productive with flexible work arrangements.

Additionally, employers are increasingly focusing on creating safe, empathetic and transparent workplace environments to promote employee well-being as they return to the office. Some employers are also offering incentives for in-person employees, such as:

- Commuter benefits
- Child care benefits
- Catered meals

7. Prioritizing Preventive Care Services

In 2023, record-high inflation and skyrocketing medical care costs prevented numerous employees from seeking necessary preventive care for fear of incurring medical debt. However, avoiding medical care can worsen long-term health outcomes and increase costs for both employers and employees by preventing the early detection of serious illnesses. As employers struggle to mitigate rising health care costs in 2024, many will focus on keeping employees healthy and providing benefits education to help guide them on their journeys to be educated health care consumers, maximize their benefits and understand the importance of routine care.

Summary

Although every workplace is different, employers who understand current benefits trends will be better equipped to provide employees with the benefits they desire and need. In an evolving labor market, an attractive benefits plan is critical to maintaining a healthy, happy and productive workforce, which can ultimately impact organizational productivity, engagement and revenue.

Contact us today for more benefits resources.