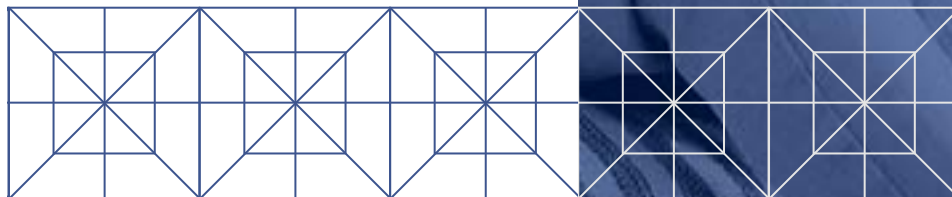


5 Benefits Trends

That Actually Matter
in 2020

*Upcoming trends in employee
benefits, benefits cost control
and benefits technology*



Benefits Trends Report

2019 was a busy year in human resources and employee benefits. Several states issued new laws that expanded regulation on everything from parental leave to classifying contracted employees. And amid rapidly changing legal requirements, many movements brought pressing social issues like mental health front and center, which has prompted a timely response from human resources.

What do these changes mean for the future of HR in 2020 and beyond? Find out in our 2020 Trends Report.

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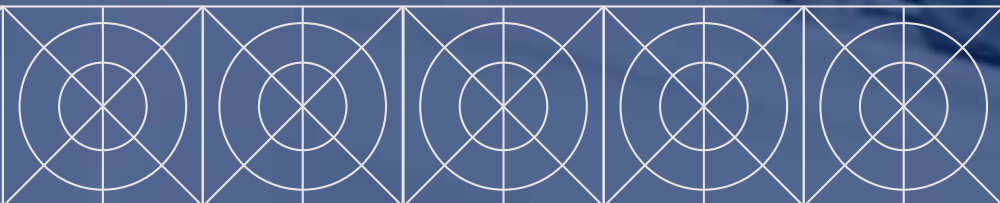
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Association Plans

BANDING TOGETHER FOR BETTER BENEFITS



Association Plans

BANDING TOGETHER FOR BETTER BENEFITS

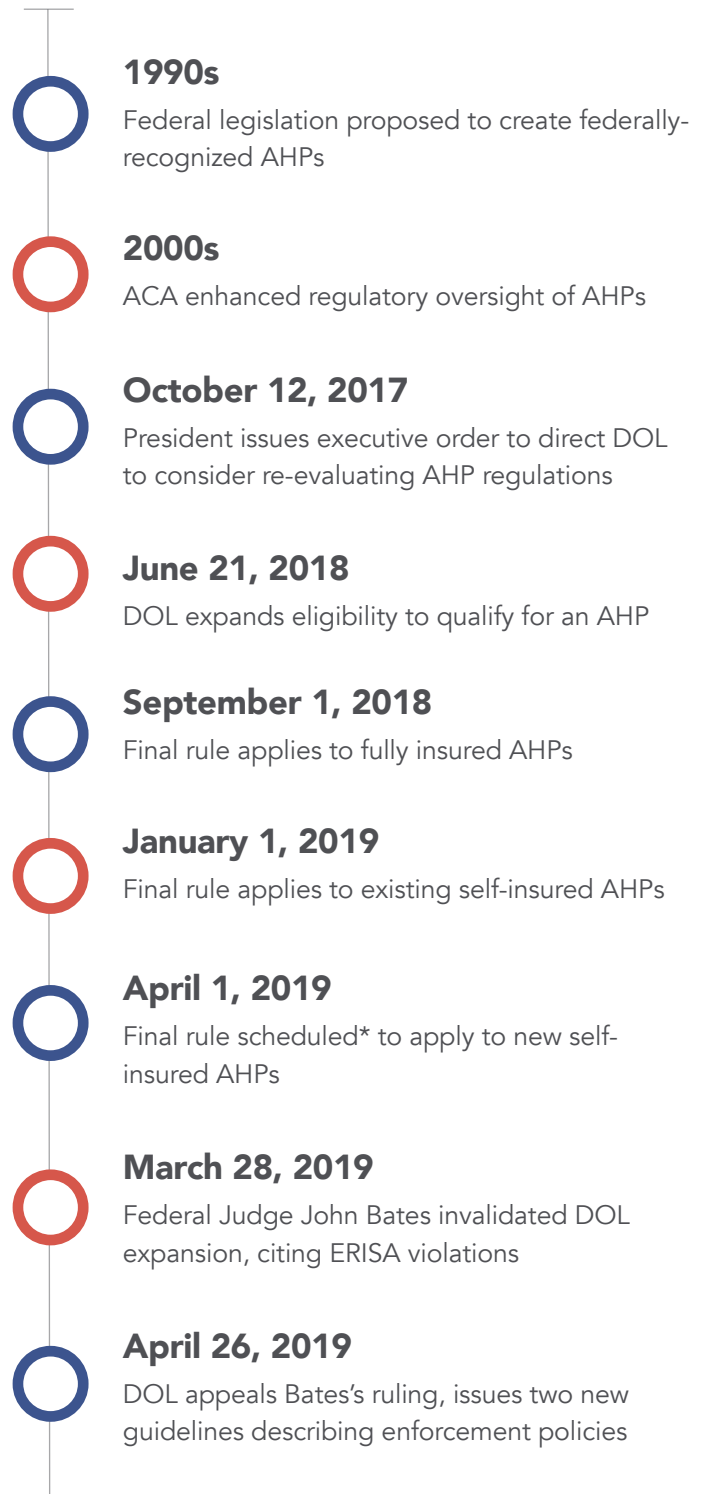
Association Health Plans (AHPs) made their debut in the 1990's as a way for small businesses to have better access to affordable health coverage. However, the original plans lacked the oversight and regulations to thrive, and many filed for bankruptcy over time.

AHPs began to make a comeback in the 2010s as political candidates called for sweeping health care changes, and an executive order in 2017 brought AHPs back to life by expanding access and adding more guidelines.

The Congressional Budget Office predicts that more than 3 million people will be covered by an AHP under the new rule.

The Department of Labor established a staggered implementation timeline for the final rule to allow stakeholders, including states and state regulators, an appropriate amount of time to tailor their groups, associations, plans and regulations to the final rule and to address a range of oversight and compliance assistance issues, especially with respect to self-insured AHPs.

Timeline of Events



*The court's decision puts the creation of new self-insured AHPs on hold.

Association Plans

On June 21, 2018, the U.S. Department of Labor expanded access to affordable health coverage options for America's small businesses and their employees through **Association Health Plans**.

Association Health Plans work by allowing small businesses and consortiums, including self-employed workers, to band together by geography or industry to obtain healthcare coverage as if they were a single large employer. Association Health Plans also strengthen negotiating power with health care providers from larger risk pools and greater economies of scale.

Under DOL's new regulations, an AHP could pass as a 'single employer plan' if it meets the following criteria:

- it serves at least **one substantial business purpose** other than providing health coverage, even though its primary purpose is offering health coverage
- its member employers are either **in the same trade or business or in the same geographic area**, which could span several states
- the employer members in some sense **control the AHP** and health plan.



“

By participating in AHPs, employees of small employers and working owners are able to obtain coverage that is not subject to regulatory complexity and can enjoy flexibility with respect to benefits comparable to that enjoyed by large employers.

– Alden Bianchi

Employee benefits and compensation attorney at Mintz

What it means for HR?

First and foremost, AHPs have leveled the playing field by providing small businesses and self-employed individuals more access to affordable health care. Associations are popping up across the U.S. to meet current voids in particular groups and industries.



Land O' Lakes Cooperative Farmer Health Plan



Stark County Schools' Council Consortium



Amazon Prime Logistics



Greater Las Vegas Association of REALTORS



National Automotive Dealers Association

From a provider perspective, there will be more opportunity for benefits brokers, advisers, consultants and tech providers to step in and fill the gap left by this unique new opportunity, which will require creative thinking and complex configuration to manage appropriately.

Newly formed Associations will also need to ensure they are fully compliant with other HR directives, including nondiscriminatory policies, ACA requirements and other federal and state regulations, which will require expert assistance and enterprise technology solutions with flexible configurations to avoid potential penalties for non-compliance.





2

Perks for Parents

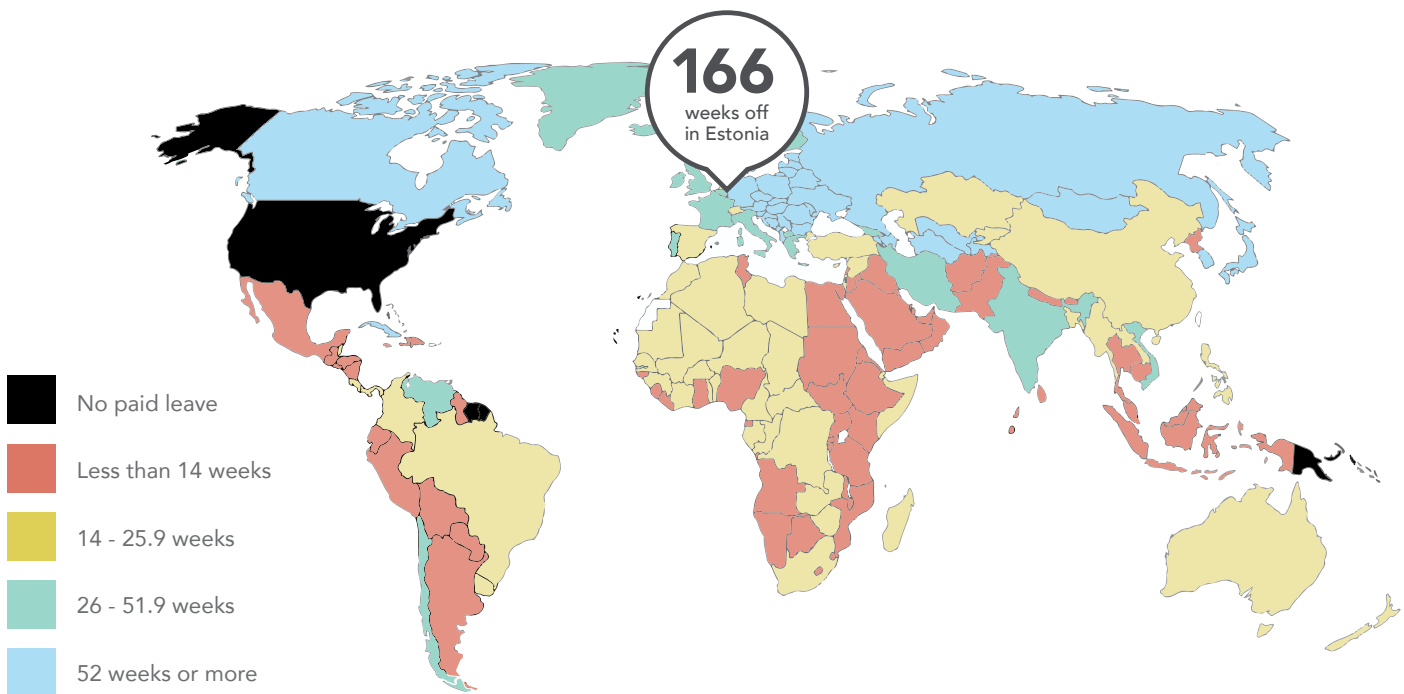
PUSH FOR EQUALITY

Perks For Parents

PUSH FOR EQUALITY

Of the world's 196 countries, the United States remains one of only four total countries that does not mandate paid maternity leave.

The United States vs. the Rest of the World



Top 5 Longest Total Paid Leave

*this includes paid maternity leave and optional home care leave

- Estonia:** 166 weeks
- Slovak Republic:** 164 weeks
- Finland:** 161 weeks
- Hungary:** 160 weeks
- Bulgaria:** 110 weeks

Top 5 Maternity Covered 100%

- Bulgaria:** 59 weeks
- Greece:** 43 weeks
- UK:** 39 weeks
- Slovak Republic:** 34 weeks
- Croatia:** 30 weeks

The only federal regulation for maternity leave falls under the Family Medical Leave Act (FMLA), which falls short of meeting the demands of the modern working family.

- Does not require paid time off
- Only protects job for 12 weeks
- Company must have more than 50 full time employees to apply
- Employee must meet minimum employment requirement

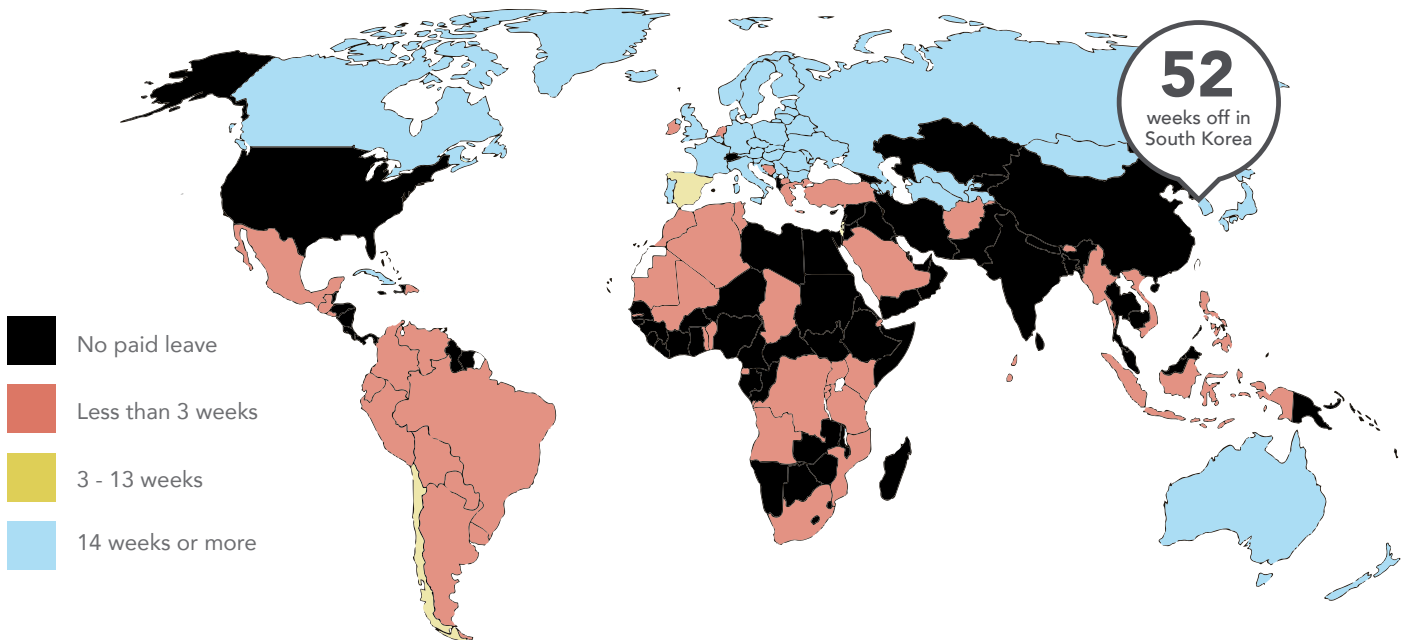
FMLA currently applies to less than 60% female workers, and many female employees who do qualify simply can't afford to take time off without pay.

Perks For Parents

PUSH FOR EQUALITY

What about paternity leave? While not quite as common as paid maternity leave, more than 50 countries across the globe have adopted paid paternity leave programs, and many countries even offer 100% paid leave for fathers. Currently, there is no federal mandate for any time off for fathers—paid or unpaid.

The United States vs. the Rest of the World

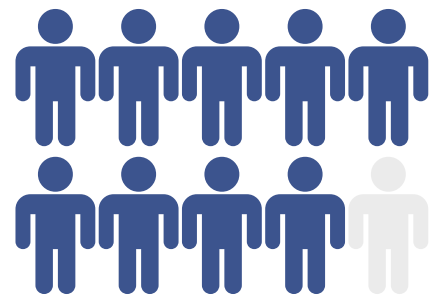


Top 5 Longest Total Paid Leave

- Korea:** 52 weeks
- Japan:** 52 weeks
- France:** 161 weeks
- Portugal:** 160 weeks
- Belgium:** 110 weeks

Top 5 Paternity Covered 100%

- Portugal:** 5 weeks
- Spain:** 4 weeks
- Lithuania:** 4 weeks
- Poland:** 2 weeks
- Luxembourg:** 2 weeks



9 out of 10

will U.S. fathers took some time off work for the birth or adoption of a child in 2018.

States Making a Statement

Currently, only seven states—California, Oregon, Washington, Massachusetts, New Jersey, New York and Rhode Island—have passed state-level legislation mandating paid parental leave. However, several other states have introduced bills to mandate paid leave policies in 2019 alone, sending a clear message that change is on the horizon.

From an employer perspective, being able to effectively manage and administer paid leave will be an important investment to ensure compliance.

And, for organizations in states that don't currently mandate paid maternity or paternity leave, layering in even modest paid perks for parents will vastly set your organization apart from others and support recruiting and retention efforts—and the data supports this.

77% of employees say that the amount of paid leave influences their employer choice

55% of employees said they'd rather have more parental leave than a pay raise

For companies that do currently offer a paid maternity leave policy, the stats are impressive.

50% REDUCTION in turnover among new mothers when Google increased their paid leave program from 12 weeks to 18 weeks.

Additionally, when women take paid leave, they are 93% more likely to be back in the workforce within 9-12 months compared to women who take no leave.

Paid maternity leave can:

- Increase productivity
- Increase morale
- Increase retention
- Decrease turnover/churn
- Improve recruiting

Other parental perks:



On-Site Childcare



**Adoption or
Fertility Assistance**



**Private Lactation
Room(s)**



**Flexible work
schedules**

Overcoming Obstacles

Cost is the primary prohibitor for offering paid leave, as there are no subsidies available to help offset the cost to companies. Don't wait until mandates come knocking at your door; take these steps to get ahead of paid leave changes that are inevitably coming soon.



Do Your Homework. With more than 15 states in legal limbo with paid leave requirements, there's no time to wait. Stay on top of any pending litigation in your state or, better yet, research common requirements and get ahead of the curve with your own non-mandated paid policy.



Start Planning Now. This means thinking through a future paid leave policy, ensuring there's room in the budget to absorb the payroll increases and ensuring there's tech in place that can manage new compliance and administration requirements. Check out this handy [calculator](#) to estimate the costs associated with a paid leave program.



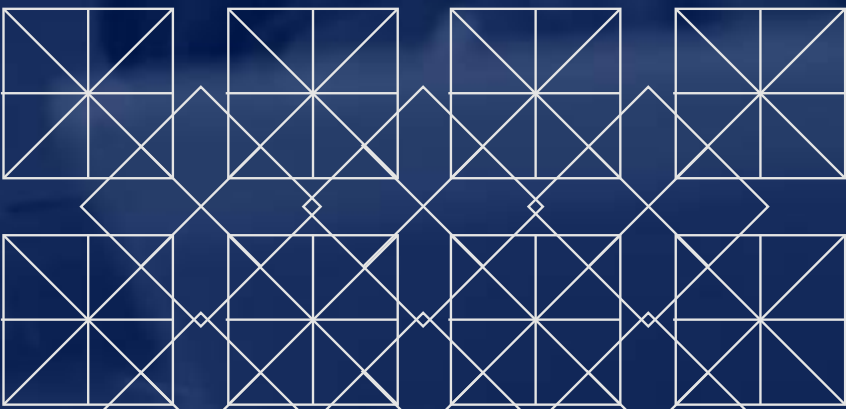
Invest in Tech. Companies that rely on paper or antiquated technology could be left in the dust with yet another complex compliance requirement, particularly for employers with employees across multiple states. An upgrade or addition to your existing tech stack could be just the key to alleviating the stress of manual administration.



3

The Gig Economy

HOW TO CLASSIFY CONTRACTORS



The Gig Economy

HOW TO CLASSIFY CONTRACTORS

Gig economy /gig e·con·o·my/

noun:

1. a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs.

The “gig economy” actually has three components: workers, consumers and the companies that facilitate the process. This last piece—**technology**—is a crucial component to the explosive growth that has ignited across the world. Technology helps in several key areas:

- Make hiring and scheduling workers more efficient
- Facilitate a frictionless transaction between consumers and producers
- Increase transparency through public profile and rating/review systems
- Seamless online payments for services

“

The gig economy is not new – people have always worked gigs... but today when most people refer to the ‘gig economy,’ they’re specifically talking about new technology-enabled kinds of work.

–Ms. Molly Turner,

Lecturer, Haas School of Business,
University of California Berkeley and the
former Director of Public Policy for Airbnb

\$1.28^T

Freelance workers contributed \$1.28 trillion to the American economy in 2018

3-4x

The gig economy is expanding 3-4x faster than the U.S. workforce as a whole

80%

80% of large US companies plan to switch to a flexible workforce

35%

35% of U.S. workers are now involved with part-time “gigs”

However, with growth often comes growing pains. Until recently, there were very few—if any—regulations to protect or rein in use of gig workers.

Change is on the Horizon

On September 18, 2019, the state of California signed a sweeping new regulation that requires employers to provide full wages and benefits to gig workers. Under the new provision, workers in California could only be considered a “contractor” if the work they do is outside of the usual course of the company’s business.

Transitioning a “contractor” to an “employee” triggers the following additional requirements:

- Federal and state tax withholding
- Anti-discrimination protections
- Health care
- Pension
- Worker’s compensation
- Unemployment insurance

However, few are aware that the state of Massachusetts passed a similar law in 2004, and little has actually changed since. And some companies (notably, Uber) have already come forward stating that they will not change the way they classify contractors.

Additionally, other cases (notably, FedEx) have proven that, at the end of the day, ***the substance of the working relationship will trump labels.***

Gig Economy Isn’t Going Anywhere Anytime Soon

84%



of freelancers are living their preferred lifestyle

78%



of gig workers say they’re happier than those working traditional jobs

51%



of freelancers would not go back to traditional work for any amount of money

Despite pending legislation that puts the future of how companies classify contractors in limbo, one thing is clear—the gig economy is thriving and isn’t going anywhere anytime soon.

What it means for HR?

Attracting and managing gig workers presents a few unique challenges and opportunities for human resources.

Many industries, like retail and hospitality, are a natural fit for transitioning traditional roles that can be hard to fill to more gig-centric roles—though this can be a burden for managers to continually attract and hire part-time/short-term workers. Tech solutions like Snag and Upwork have emerged to help fill this void and make **gig management** much easier for both employers and employees.

Managing payroll for gig workers can also be a pain, and many gig workers expect to be paid quickly for services rendered. This is another area where tech is stepping in through the emergency of **instant pay apps**, like Earnin' and DailyPay, which offer immediate access to earned wages after a job is completed. Instant pay apps are revolutionizing the traditional mindset of weekly or bi-weekly pay periods and providing more financial freedom to workers.

From a benefits perspective, not much is likely to change within the next year—but the California legislation heeds a close watch for any additional changes.

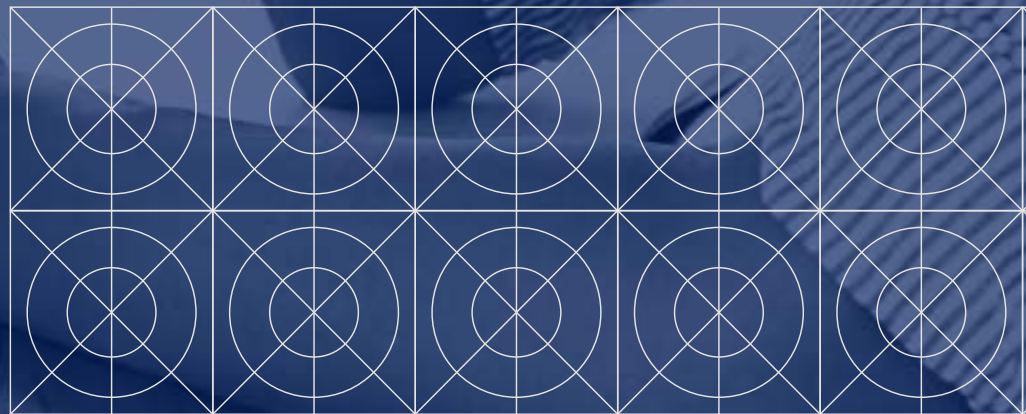
Consider—if you were required to offer all of your contract workers equal pay and benefits, could your company absorb this additional cost? Is your human resources department prepared for the potential influx of additional human capital? Do you have a platform in place that can help you efficiently manage employees, administer benefits and maintain compliance?



4

Mental Health

PRIORITIZING BETTER SUPPORT IN THE WORKPLACE



Mental Health in the Workplace

What was traditionally stigmatized as a topic kept far away from the workplace has evolved into a holistic movement that blurs the lines between work and personal life. Though it can still be a little uncomfortable, mental health has progressed leaps and bounds to become a common topic of conversation, which has helped countless people feel more comfortable addressing common issues faced on a daily basis.

Mental Health By The Numbers



\$1 Trillion

Depression and anxiety cost the global economy \$1 trillion each year in lost productivity



1 in 5

adults will experience a diagnosable mental illness in any given year. Of those, more than 50% will go untreated.

Common Mental Health Concerns

- Depression
- Burnout
- Anxiety
- Stress
- Addiction



HR with Heart

ADDRESSING THE CRISIS

The case is clear for companies to invest in their employees and to offer help when it matters the most—and the ROI is there, too. For every \$1 put into mental health treatment, companies see an average \$4 back in improved work and productivity. Additionally, 86% of employees report improved work performance and lower rates of absenteeism after receiving treatment.

The outlook is positive, as some companies are already beginning to implement new programs. The number of employers measuring the stress level of their employees is on track to more than triple by 2021, from 16% to 53%. More than half of the employers polled (53%) will offer apps to support sleep and relaxation by 2021, up from the 27% who now do.

Despite these encouraging numbers, there's still work to be done. Here are a few ways human resources can prioritize mental health in the workplace through strategic benefits.



Mental Health Coverage

When evaluating mental health solutions, start with the basics and ensure that your health insurance policies support a holistic array of mental health coverage and services.



Employee Assistance Programs

Separate from traditional health coverage, employee assistance programs (EAPs) can be a critical first step to getting help. Most EAPs are 100% employer covered and free for employees to use.



Mobile Apps

For an innovative approach, consider investing in mobile app subscriptions that focus on promoting mental health. Popular services include Happify, Calm, and Headspace.



Telehealth Counseling

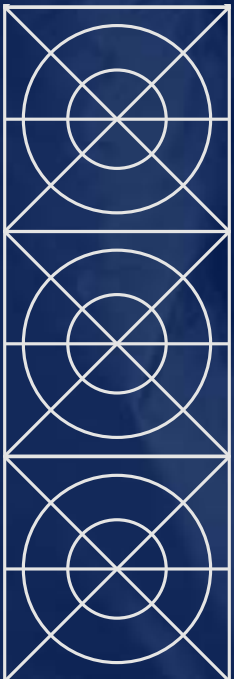
Remote counseling services are also gaining traction as a convenient and affordable alternative to traditional counseling. Check for carrier-provided solutions or third-party options like Talk Space.



5

Personalization

FLEXIBLE BENEFITS FOR 2020 AND BEYOND



Flexible Benefits

FOR 2020 AND BEYOND

Have you ever unexpectedly seen and purchased something on Amazon because it was just so timely and easy?

Retail has come a long way from the antiquated experience that existed 10+ years ago, and the data shows that consumers love a convenient and personalized shopping experience.

*In fact, consumers spent over **\$125 billion** online during Cyber Weekend alone in 2018.*

What if your employee benefits mimicked this easy, convenient and personalized experience that we've all come to know and love?

Many organizations are beginning to embrace this flexible, personalized approach to employee benefits and now offer a myriad of voluntary perks and products for employees to design their own benefits package. And we're not talking about the short- and long-term disability or life insurance, which are almost considered "standard" nowadays.

Many of these innovative voluntary benefits products are traditionally 100% employee paid, though paying for the perk on your end certainly won't hurt recruiting and retention efforts.

Flexible Benefits on the Rise



Pet Perks

(Insurance, Paw-ternity Leave, Pet Bereavement)



Identity Theft Protection



Student Loan Debt Repayment



Concierge Services



Flexible Stipends

(Wellness, Travel, etc.)

What it means for HR?

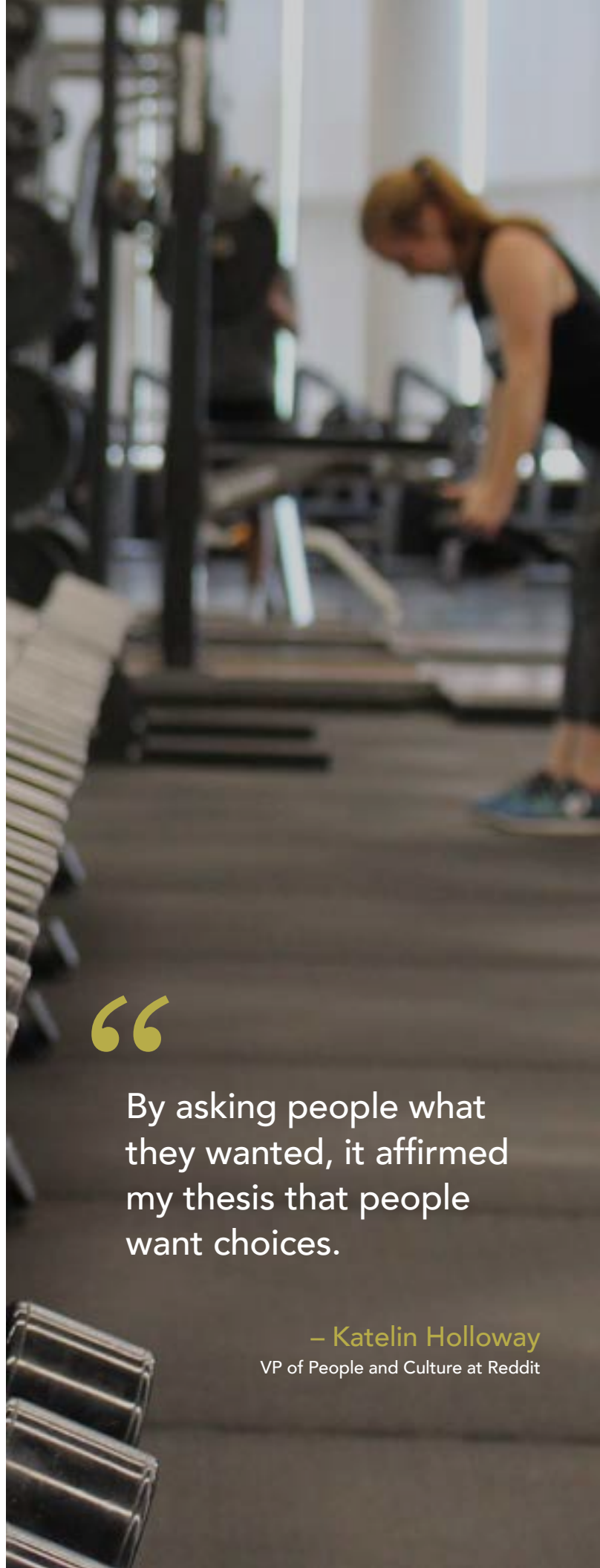
Reddit, one of the largest social platforms in the United States, is a prime example of how HR is evolving and finding creative avenues to meet the demands of a competitive workforce. Katelin Holloway, VP of People and Culture, was recently featured in an HR Dive interview where she shared her journey of transforming how Reddit approached employee benefits.

“It’s about choice,” Holloway said. “Because of that, our utilization rates have gone way up.”

So, how do you figure out what types of plans and programs employees really want?

It’s easy—ask them!

Through creative communication and investments in non-traditional benefits, Huffman and Holloway designed Reddit’s employee benefits to support growth and retention. A few specific areas where Reddit completely transformed their benefits program include a revamp of their leave program and the rollout of truly flexible development programs, divided into two distinct categories: **personal** and **professional**. Before, the company paid for specific perks, like a gym stipend or conferences. Now, the program is more flexible and allows employees to put funds towards a qualifying activity of their choice within each bucket.



“

By asking people what they wanted, it affirmed my thesis that people want choices.

– Katelin Holloway
VP of People and Culture at Reddit

About PlanSource



At PlanSource, we are devoted to creating the best benefits experience possible.

Helping people get the coverage they need is immensely important. Benefits give people peace of mind, access to invaluable health care, and can even save them from financial ruin. It's a responsibility we take seriously. That's why we are honored to partner with thousands of organizations on custom benefits programs that help millions of employees and their families when they need it most.

PlanSource provides a cloud-based solution for benefits administration that is affordable, intuitive, and highly configurable to support any benefits strategy. Combined with a range of complementary benefit services, PlanSource is an employer's single and complete source for benefits engagement and administration.

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