

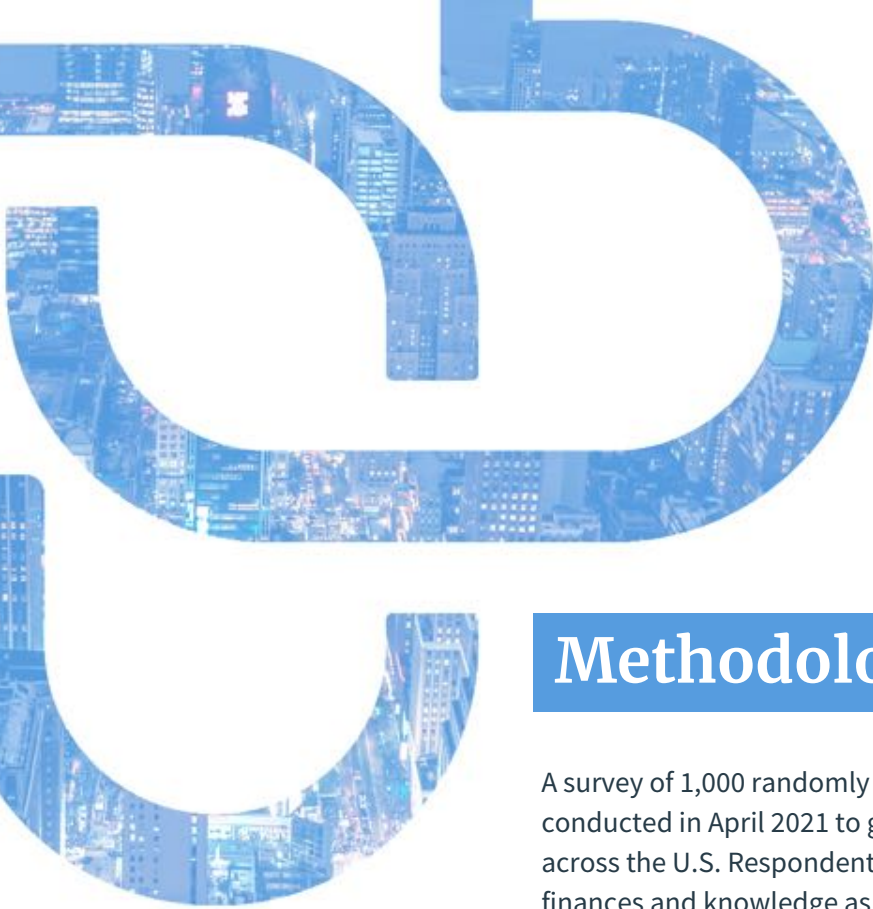
Wellness & Wealth Report

2nd Annual Employee Benefits Survey



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Methodology

A survey of 1,000 randomly selected U.S. Americans (ages 18 and older) was conducted in April 2021 to gauge physical and financial health decisions across the U.S. Respondents were asked ten questions about their personal finances and knowledge as they pertain to healthcare, health practices, ability to pay for health-related expenses, and insurance coverage. The survey was commissioned by Lively and executed by CITE Research, and is part one of a series of research about employee wellness and wealth. Part two of the results will be released later this year.

This is our second annual Wellness & Wealth Report.

Executive Summary

It was an abnormal year for healthcare, but even with massive fluctuations in care and access, the top benefits concerns for most Americans remain the same - cost and savings. Healthcare costs are the largest area of both spend and saving after basic livelihood costs. And what is not a surprise is that COVID-19 has had an increased adverse impact on financial well-being and outlook.

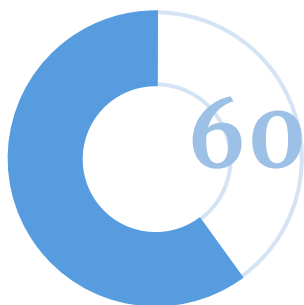
71% agree healthcare costs have a direct impact on family well-being

The short-term financial impact of COVID-19 has been swift and damaging to many Americans. We know that COVID-19 has increased the [retirement gap](#), and new data shows the extent of this impact: [60% of Americans withdrew funds](#) from their IRA or 401(k) in 2020. An additional [27% borrowed](#) against their 401(k) during COVID-19. A staggering 41% of these account holders did so to pay medical expenses.

Americans plan to spend 40% of their retirement savings on healthcare costs. The cost of healthcare is of increasing concern to young Americans. In fact younger Americans (those under 45) expect to spend a larger percentage of their retirement savings on healthcare costs.

The short term impact is delayed coverage and care. Due to cost, 46% of Americans have not gone to the doctor, 45% have delayed or skipped medications, and 44% have not followed a doctor's recommendations sometimes or more frequently. One-in-ten (11%) only go to the doctor when they have a medical catastrophe.

But there is also positive news. There has been a clear shift in coverage access and continued focus on preventative care, even with pandemic restrictions. Six in ten Americans visit the doctor for regular yearly preventative care and over 15% of Americans are using telemedicine at least once a year. Telemedicine has seen a [1,398% growth](#) between 2014 and 2018. Increasing usage of telemedicine will only increase care access.



60% Six in ten visit their doctor for preventative care

Executive Summary



**15% of adults are using telemedicine
at least once a year**

These trends are in line with findings from our [2019 Wellness & Wealth Report](#), but the COVID-19 impact has driven cost and financial concerns up. However, consumer understanding of healthcare terminology has increased significantly. We will review the key findings in the next section and discuss the longevity of these impacts and how employers can address employee concerns with an updated benefits offering approach.



Key Findings

Key Findings

Insights Into Employee Benefits

1. HSAs are viewed as a key healthcare benefit, but the majority of Americans don't have one

- 54% of Americans do not have a health savings account.
- Of all those who said they have an HSA, 33% said it's through their employer and 31% say it's an important benefit
- Males, those under 45, non-whites and those who make \$50K+ are more likely to agree with all statements.

2. Employee understanding of healthcare terms has increased, likely attributed to COVID-19 pandemic

- The majority understand terms like insurance co-pay (84%), insurance deductible (80%) and insurance out-of-pocket (80%).
- Those 45+ are more likely to understand these broad insurance terms.

3. Healthcare is top-of-mind when planning for future employment: Healthcare coverage and salary emerge as top benefits in staying at or switching jobs

- When asked to rank the most important benefits, healthcare coverage and competitive salary emerge as most important both in staying at a current job and switching to a new job.
- Healthcare coverage appears to be more important in employee retention, where 20% rank it is the #1 benefit for staying at a job while 16% saying it is #1 for switching jobs (compared to 22% and 28% for salary, respectively).
- Females, those 45+, and those with income of less than \$50K a year are more likely to say healthcare coverage is a top 2 benefit in staying at a job. The former two groups are also more likely to say this is a top 2 benefit in switching jobs.

Key Findings

Insights Into Employee Benefits

4. Rising healthcare costs major source of concern for almost all Americans and their families

- Nearly all (87%) agree healthcare costs are on the rise. Further, healthcare costs are the largest area of both spend / save after basic livelihood costs.
- With rising costs, 73% worry about the long-term healthcare costs and 63% worry about short-term healthcare costs, at least some of the time (sometimes, frequently or always).
- Looking to retirement, healthcare costs will continue to have a large impact, with 61% worried about healthcare costs in retirement. Moreover, Americans expect to spend 40% of their retirement on healthcare.

5. Nearly half of Americans skipping medical care due to costs

- Due to cost, 46% of Americans have not gone to the doctor, 45% have delayed or skipped medications, and 44% have not followed a doctor's recommendations sometimes or more frequently.
- One-in-ten (11%) only go to the doctor when they have a medical catastrophe
- While the majority report visiting their doctor in person for preventative care, the groups most likely to do so are those with high incomes (\$100K+), white (64%), males (62%) and those 45+ (70%). They are significantly more likely to go regularly compared to their counterparts.

6. Americans not ready to cover unexpected healthcare costs for themselves or loved ones

- Only 60% have enough money saved for a medical emergency this year.

7. Young Americans concerned COVID-19 has impacted their financial futures

- Younger groups are more likely to agree that COVID-19 has impacted financial goals this year and long-term, with those 25-34 being most likely to agree with this.



Key Finding Details

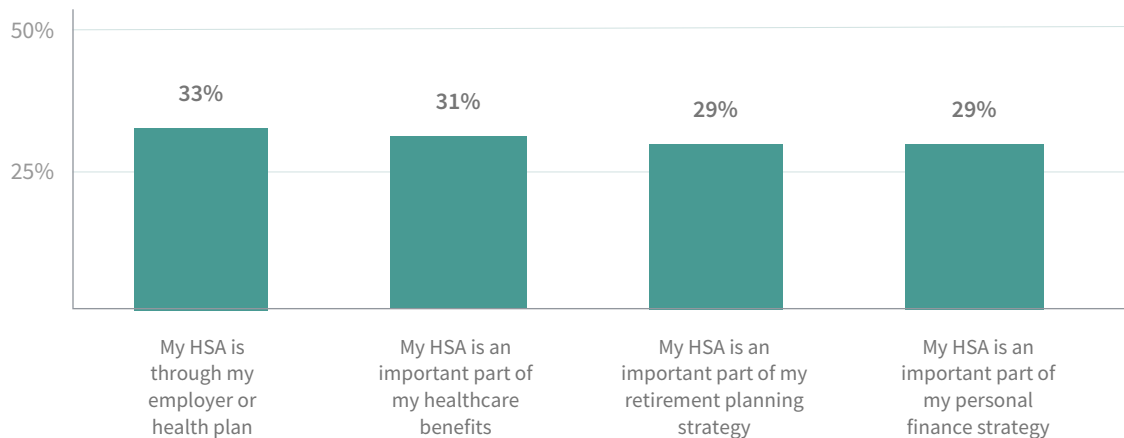
Key Finding #1

HSAs are viewed as a key healthcare benefit, but the majority of Americans don't have one.

HSAs are the only direct way for employees to plan and save for healthcare costs year over year. The [triple tax advantages](#) (savings, spending, and growth) reduce out-of-pocket healthcare costs and allow employees to save money for healthcare costs in retirement, estimated to be \$295,000 for the average 65 year old couple retiring today. Introducing an HSA before health plan selection will increase adoption and savings, better preparing employees for future healthcare costs.

- 54% of Americans do not have a Health Savings Account.
- Of all those who said they have an HSA, 33% said it's through their employer and 31% say it's an important benefit.
- Males, those under 45, non-whites and those who make \$50K+ are more likely to agree with all statements.

Health Savings Account (HSA) Beliefs



Employer Insights

Personalize health benefits for your employees by giving them a variety of health plan choices and savings options like a health savings account (HSA). HSAs, paired with qualified high deductible health plans (HDHP), will allow your employees to save pre-tax dollars for healthcare expenses today and into retirement. You can help them even more by encouraging regular contributions and creating a match program for employee HSAs.

By doing so, employers will see a reduction in FICA payroll tax, thereby offsetting some of those contributions costs. What many companies don't realize is that by offering plans with a higher deductible, it not only saves employees money on monthly premium costs but it could also give employees a valuable wealth building tool that will stay with them for life.

Key Finding #2

COVID-19 has increased employee healthcare understanding

A positive development from the healthcare dominated narrative of the last year is that healthcare understanding is up. This is a dramatic change from 2019, when we say that most (2 in 3 Americans) had a mixed understanding of their employer benefits. This flip in healthcare benefits understanding could help Americans better select plans that help them plan for healthcare costs with appropriate coverage.

- The majority understand terms like insurance co-pay (84%), insurance deductible (80%) and insurance out-of-pocket (80%).
- Those 45+ are more likely to understand these broad insurance terms.

Understanding of Benefits Terms

Insurance Copay	84%
Insurance Out-of-Pocket	81%
Insurance Deductible	80%
Insurance Premium	79%
401(k)	78%
Medicare	76%
In-Network / Out-of-Network	76%
Traditional IRA	73%
Medicaid	73%

Employer Insights

While it might seem like an opportunity to back off educational resources, it's actually time to double down. The better employees understand your benefits offering, the more they can build a personalized plan from your current list of benefits. Prioritize education because an informed employee makes for a more engaged employee.

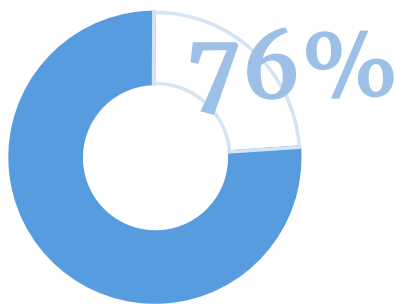
Offer tools and resources before Open Enrollment this year, like a [Health Plan Cost Calculator](#), that will help employees compare health insurance plans to find the best one for them.

Key Finding #3

Healthcare is top-of-mind when planning for future employment: Healthcare coverage and salary emerge as top benefits in staying at or switching jobs.

Next to salary, healthcare is the most important benefit offering for employees. This corresponds directly to the percentage of healthcare costs for the average American household. Employers who want to attract and retain employees need to offer a robust mix of plan options so employees can maximize their health benefits.

- When asked to rank the most important benefits, healthcare coverage and competitive salary emerge as most important both in staying at a current job and switching to a new job.
- Healthcare coverage appears to be more important in employee retention, where 20% rank it as the #1 benefit for staying at a job while 16% saying it is #1 for switching jobs (compared to 22% and 28% for salary, respectively).
- Females, those 45+, and those with income of less than \$50K a year are more likely to say healthcare coverage is a top 2 benefit in staying at a job. The former two groups are also more likely to say this is a top 2 benefit in switching jobs



76% of Americans rank healthcare coverage as the top 1 or 2 benefits reason for switching jobs.



Great healthcare benefits can attract / retain employee. 58% of Americans agree they would switch jobs for better healthcare benefits.

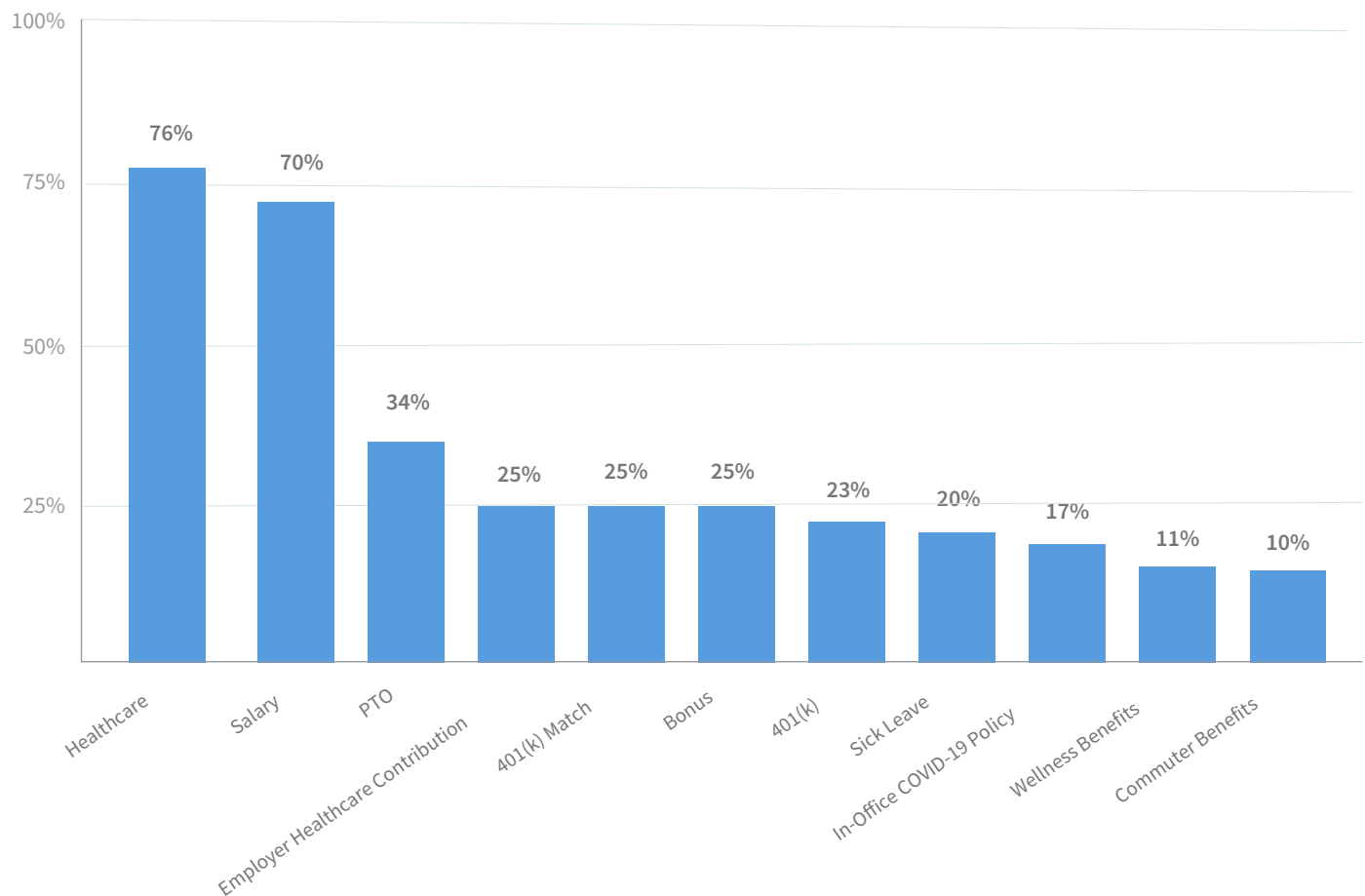


Healthcare coverage emerges as a top-tier benefit in switching or staying at a job – matched only by competitive salary.

Key Finding #3 (continued)

Healthcare is top-of-mind when planning for future employment: Healthcare coverage and salary emerge as top benefits in staying at or switching jobs.

Importance of Staying or Switching Jobs



Employer Insights

As the top ranked benefit according to employees, high quality health insurance plans and coverage will benefit companies of all sizes. With steep competition for talent and shorter employee retention times, quality healthcare could be the edge you need to keep and recruit the best employees for your business. Employees are increasingly more proactive and perceptive in managing their healthcare costs, and merely checking the box with benefits is no longer an option.

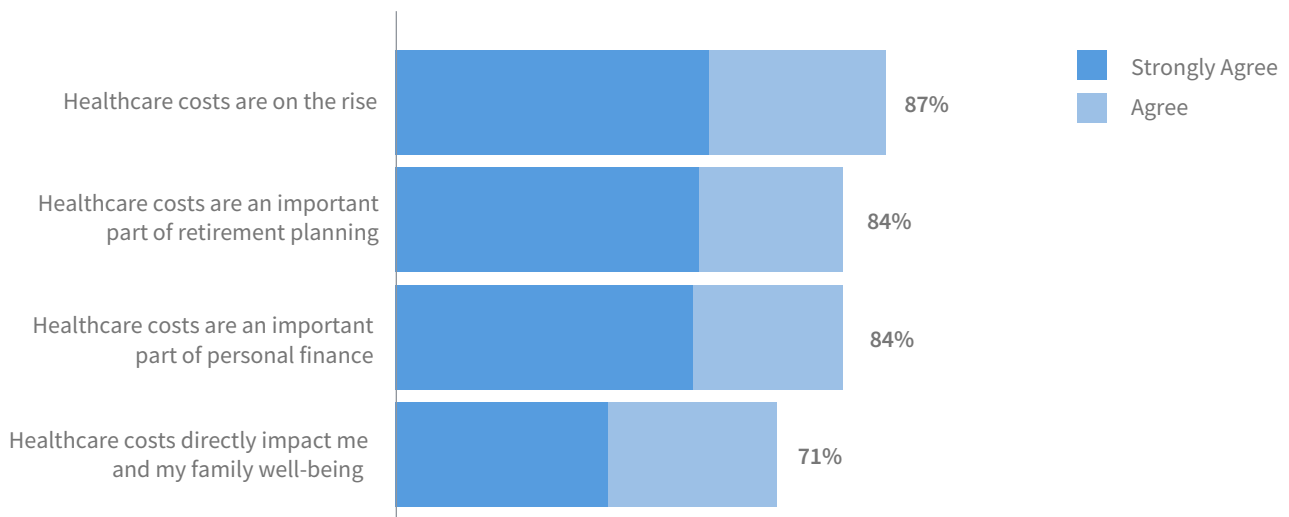
Key Finding #4

Rising healthcare costs are a major source of concern for almost all Americans and their families.

Healthcare cost concerns are at the top of the list for ALL American and those concerns continue to increase. All Americans agree (87%) that healthcare costs are on the rise. This is a [9% increase](#) from 2019. These cost concerns include short and long term costs along with a stronger focus on retirement planning (as it related to out-of-pocket medical costs) with age.

- Nearly all agree (87%) that healthcare costs are on the rise. Interestingly, those 18-24 are significantly less likely than older age groups to agree, perhaps a result of having high healthcare costs for the entirety of their adulthood.
- Conversely, older Americans (55+) are more likely to agree that healthcare costs are an important part of retirement planning.

Agree With Statements on Healthcare Costs



Employer Insights

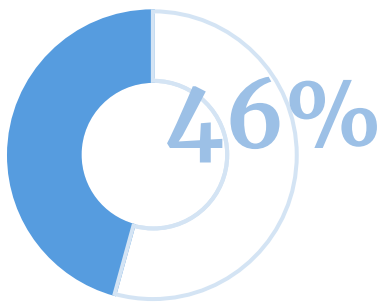
It has never been more clear that an optimal benefits offering needs to be focused primarily on offsetting healthcare costs and building retirement savings. Understanding how to properly educate employees around how key benefits work together (like a Health Savings Account and High Deductible Health Plan) will reduce employee financial stress and increase productivity.

Key Finding #5

Nearly half of Americans are skipping medical care due to costs.

It is not surprising that studies show that going to the doctor regularly and preventatively is more effective for long-term health and well-being. But healthcare costs are at odds with regular care. With nearly half of Americans skipping normal care appointments to reduce short-term costs, the long-term financial impact and outlook looks bleak. This also directly impacts employer bottom lines with reduced productivity. Preventative care is the cornerstone for financial health and longevity for both employees and employers.

- 36% say they frequently/always worry about long-term healthcare costs and 29% frequently/always worry about short-term costs.
- Notably, approximately four in ten have sometimes or more frequently skipped medication, skipped a doctor's visit or didn't follow a doctor's recommendation because of the cost.



Nearly half of Americans skipping medical care due to costs

Employer Insights

Having a healthy workforce is one of the best ways to ensure productivity and employee satisfaction. According to a study published in the [Journal of Occupational and Educational Medicine](#), “health-related issues cause employees to lose the equivalent of 31.2 working days each year.” Because nearly one in two Americans do not take preventative measures to stay healthy, it is in the best interest of companies to ensure employees get the care they need, when they need it.

Building in wellness programs within employee culture, as well as flexibility for employees to make and attend doctors' appointments, is imperative to fostering a healthy workforce. In fact, investing in a healthy workforce can have a profound impact on the bottom line. A recent study finds that on top of healthcare benefits, employers are spending another \$530 billion per year on illness-related lost productivity costs. Many employees may not realize that their health insurance plan covers some level of preventive care including telemedicine options, so helping employees understand all the components of their coverage will allow them to take full advantage of their insurance.

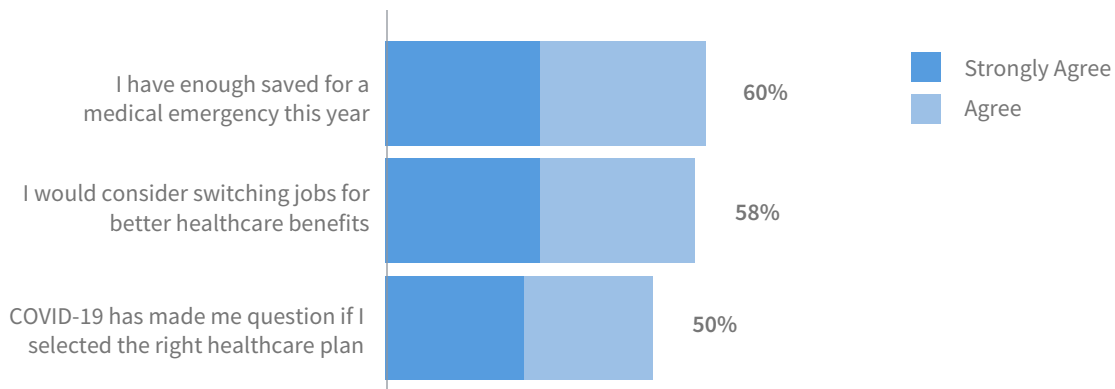
Key Finding #6

Americans are not ready to cover unexpected healthcare costs for themselves or loved ones.

Healthcare continues to be the number one reason Americans go into debt. Americans are unprepared for the cost of a medical emergency and it leaves them drowning in bills they cannot pay. Healthcare benefits that balance coverage, costs and savings are required to prepare employees for these costs. Employees who can must start investing more in their healthcare coverage early to reduce their financial risks.

- Many Americans disagree that they have saved enough for a medical emergency (60%). They rarely agree they have switched jobs for better healthcare benefits (38%).
- Younger Americans (18-44) are more likely than those 45+ to agree with many statements, including that they have saved enough for a medical emergency, they would consider switching jobs for better healthcare benefits, and COVID-19 has made them question if they selected the right healthcare plan/benefits.

Agree With Statements on Healthcare Behaviors



Employer Insights

Receiving an unexpectedly high medical bill can make an employee frustrated with the employer coverage provided. Making sure employees truly understand their health choices before open enrollment, including the coverage, benefits, and their personal financial responsibility will help them feel more prepared for the true cost of a medical service. When designing your benefits package, look for benefits providers who partner with you to help educate and empower employees throughout the year.

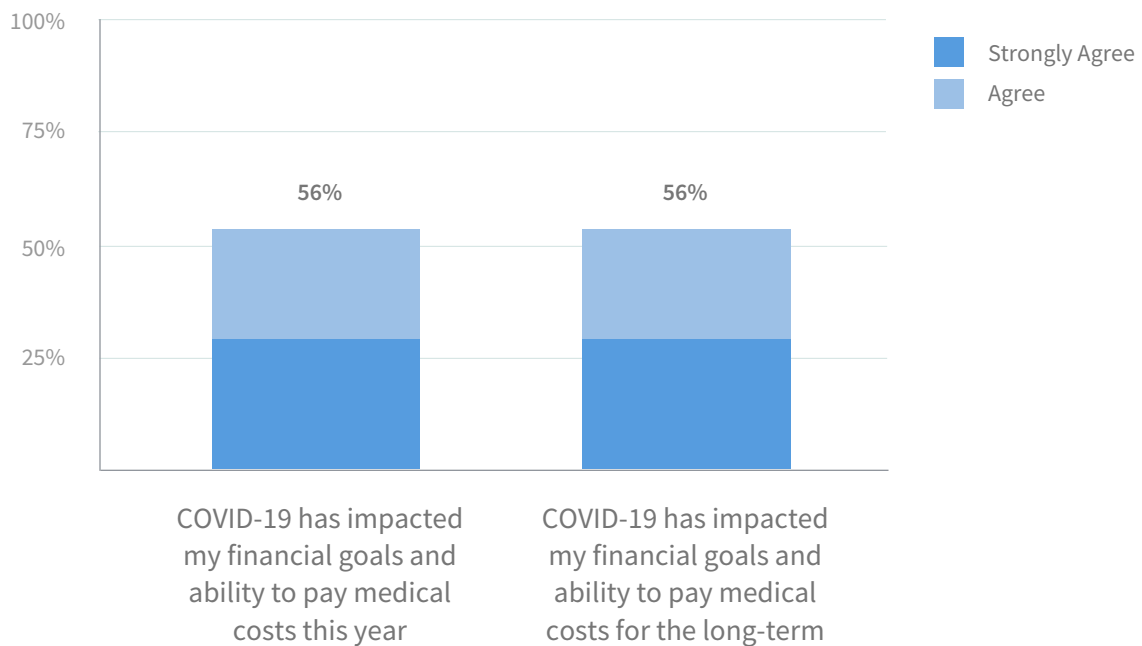
Key Finding #7

Young Americans are concerned COVID-19 has impacted their financial futures.

The financial impact of COVID-19 was worse for the majority of Americans [majority of Americans](#) than the 2008 financial crisis. Young Americans feel left in the cold and have downgraded their financial outlook. While we will have to wait to see the full financial impact from COVID-19, and the time it will take to fully recover, it's clear that employers who offer to help will have a competitive hiring advantage.

- Younger groups are more likely to agree that COVID-19 has impacted financial goals this year and long-term, with those 25-34 being most likely to agree with this.

COVID-19 Financial Impact



Employer Insights

Your workforce is diverse and their personalized needs may seem hard to balance as you look to better control costs. Employers often feel they are stuck between a rock and hard place. Rely on your benefits providers and broker partners to better bundle your current benefits mix to create more personalized offering.



Conclusion

Conclusion

Employees and employers alike need help addressing healthcare costs. Rising healthcare cost, and the short-term financial impact from COVID-19, have reinforced healthcare as a top priority for employees. This combined impact has cemented the connection between healthcare coverage and financial stability. This remains consistent across demographics and the age of employees.

A clear requirement for employers is to address financial concerns head on—it's in everyone's best interest. Financial stress has a direct and real impact on employee productivity. The most important step is to ensure healthcare benefits bundles address a range of coverage and long-term financial concerns. Employers will come out on top by positioning their existing benefits to better address these concerns. This means introducing savings options like an HSA before health plan selection.

HSAs Are the Only Direct Way to Address Health Saving Needs

Rising healthcare costs are likely a significant influence in the movement from traditional healthcare plans to HSA-eligible plans. These cost-reducing benefits strategies are essential to balance the benefits costs for employers. By adding an HSA, employers can extend their benefits offering while keeping their cost-reducing plan in place. Unlike FSAs and HRAs, HSAs help create a financial safety net that employees can rely on for years to come. It's truly a win-win for everyone involved.

The overwhelming healthcare narrative from the past 12-months has created elevated awareness of healthcare benefits, highlighting both shortcomings and opportunities. Employers who invest in more healthcare and financial education will see higher adoption of core benefits and savings. This will help address larger financial challenges for employees and reinforce the value employers provide for their workforce.

Lastly, the pace at which healthcare and financial concerns are changing won't be slowing down anytime soon. We have seen [unprecedented changes](#) from the IRS and congress to address (and expand) benefits options. Employers can rely on their providers to keep them up to date, but must communicate these changes to employees. Healthcare benefits (and coverage) may look different each year, but the needs of employees have never been clearer.



About Lively, Inc.

Lively is a modern Health Savings Account (HSA) platform for employers and individuals, built by pioneers of the HSA industry with decades of health, benefits, financial, and insurance industry expertise.

Lively's top-rated, user-centric solution creates an intuitive user experience allowing consumers to get the most out of their HSA. Lively HSAs work alongside HSA-compatible plans to make healthcare easier for everyone.

Lively is headquartered in San Francisco, CA with additional offices in Boise, ID. For more information, please visit livelyme.com or contact us at sales@livelyme.com.