



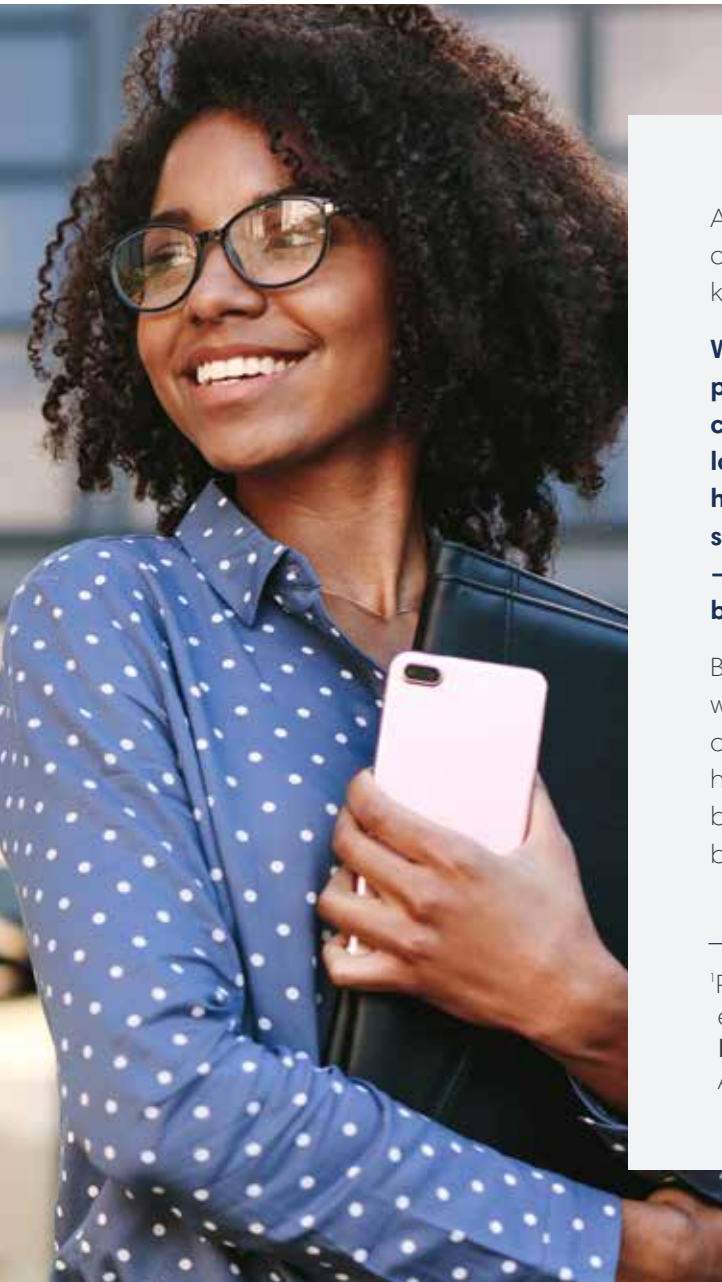
Opportunities from the pandemic

Putting employee well-being
front and center

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Embracing a new mantra for business success



A company's success is often measured by earning revenue, growing its customer base and hitting other established business goals. But another key metric shouldn't be ignored: employee well-being.

When employees aren't happy, productivity suffers, and businesses pay the price. In fact, research shows that untreated mental health conditions cost U.S. companies nearly \$17 billion a year in productivity loss.¹ And with the COVID-19 pandemic taking a toll on the mental health of the American workforce — with almost 70% of workers saying the pandemic has been the most stressful time in their careers — the importance of investing in employees' well-being has never been more apparent.¹

Businesses are now taking the opportunity to renew their focus on employee well-being through strategies such as improving communications and adding benefits designed to relieve financial pressures and improve mental health. Improving employee well-being has become the mantra for businesses success —and an opportunity that can be embraced by all business leaders.

¹Porter J, Wong B and Greenwood K. How to form a mental health employee resource group. Harvard Business Review. May 21, 2020. Available at: [HBR.org/2020/05/how-to-form-a-mental-health-employee-resource-group](https://hbr.org/2020/05/how-to-form-a-mental-health-employee-resource-group). Accessed April 22, 2021.

The challenges and opportunities for employers



The pandemic has been a catalyst for employers to show how much they value their employees — to acknowledge their challenges and meet their needs accordingly. Many rose to the occasion, with 78% of workers saying that they felt their companies responded to the crisis appropriately.²

However, understanding employees' needs and creating strategies to meet those needs should be a constant practice, not something that is reactionary or occasional. Here's why: Employees who say their organizations have responded well to their needs are four times more likely to be engaged and six times more likely to report a positive state of well-being.² That means higher productivity and more success for businesses.

In an unprecedented business climate, however, some organizations may find themselves faced with reduced or uncertain revenue streams, which can impact their ability to fund new employee programs and services. And with human resources departments bearing the brunt of the workload in executing staffing changes, new workplace procedures and a possible virtual open enrollment season, the administrative burden is a critical consideration.

The challenge is to balance benefits programs that enhance employee well-being with budget and executional realities. This presents an opportunity to implement benefits changes that can set the stage for longer-term success for employers and their employees.

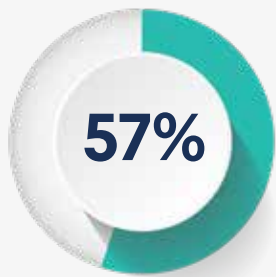
²Emmett J, Schrah G, Schrimper M et al. COVID-19 and the employee experience: How leaders can seize the moment. McKinsey & Company. June 29, 2020. Available at: [McKinsey.com/business-functions/organization/our-insights/covid-19-and-the-employee-experience-how-leaders-can-seize-the-moment](https://www.mckinsey.com/business-functions/organization/our-insights/covid-19-and-the-employee-experience-how-leaders-can-seize-the-moment). Accessed April 22, 2021.

The need to assess and refine employee benefits

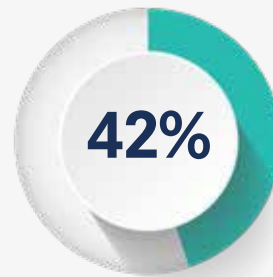
With the dramatic changes in how Americans work, HR leaders are taking another look at their benefits programs to see how they can better support their employees' well-being.

Understanding the toll the pandemic has had on their employees and their business, 98% of leaders surveyed by Care.com plan to newly offer or expand at least one employee benefit, prioritizing the ones workers deem most essential, like child and senior care benefits, flexibility around when and where work gets done, and expanded mental health support.³

Along with helping to support well-being, benefits are increasingly important for hiring and retention. In a recent study by HR consultancy Willis Towers Watson, 37% of employees would rather receive more substantial benefits than additional salary/wages or bonuses.⁴ **In addition:**



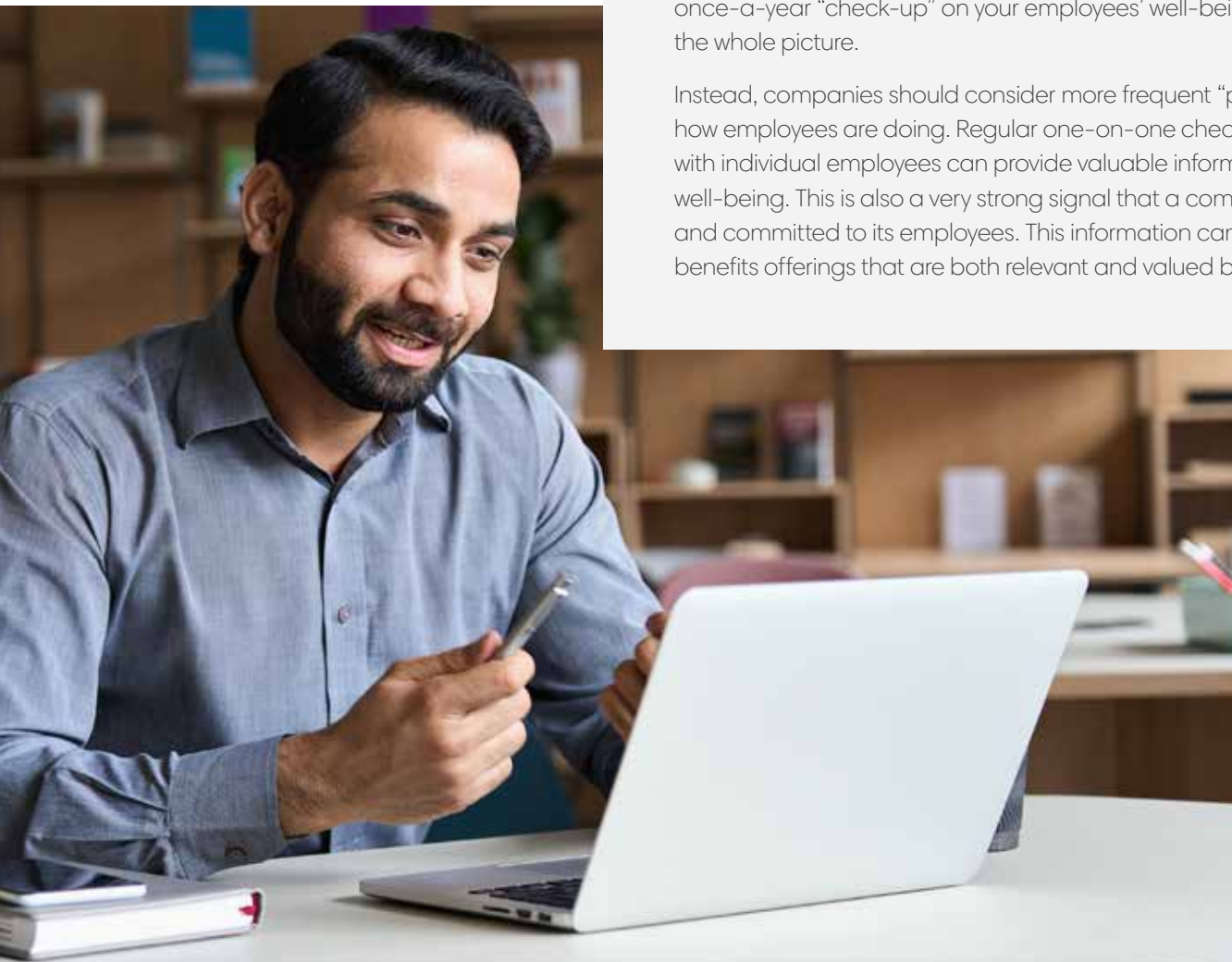
57% said their benefits package is more important to them than ever before, driven largely by their desire for greater security.⁴



42% would sacrifice additional pay each month for a more expansive health benefits plan — a sharp increase from 27% in 2013.⁴

³Allen J. The pandemic is changing employee benefits. Harvard Business Review. April 7, 2021. Available at: [HBR.org/2021/04/the-pandemic-is-changing-employee-benefits](https://hbr.org/2021/04/the-pandemic-is-changing-employee-benefits). Accessed May 18, 2021.

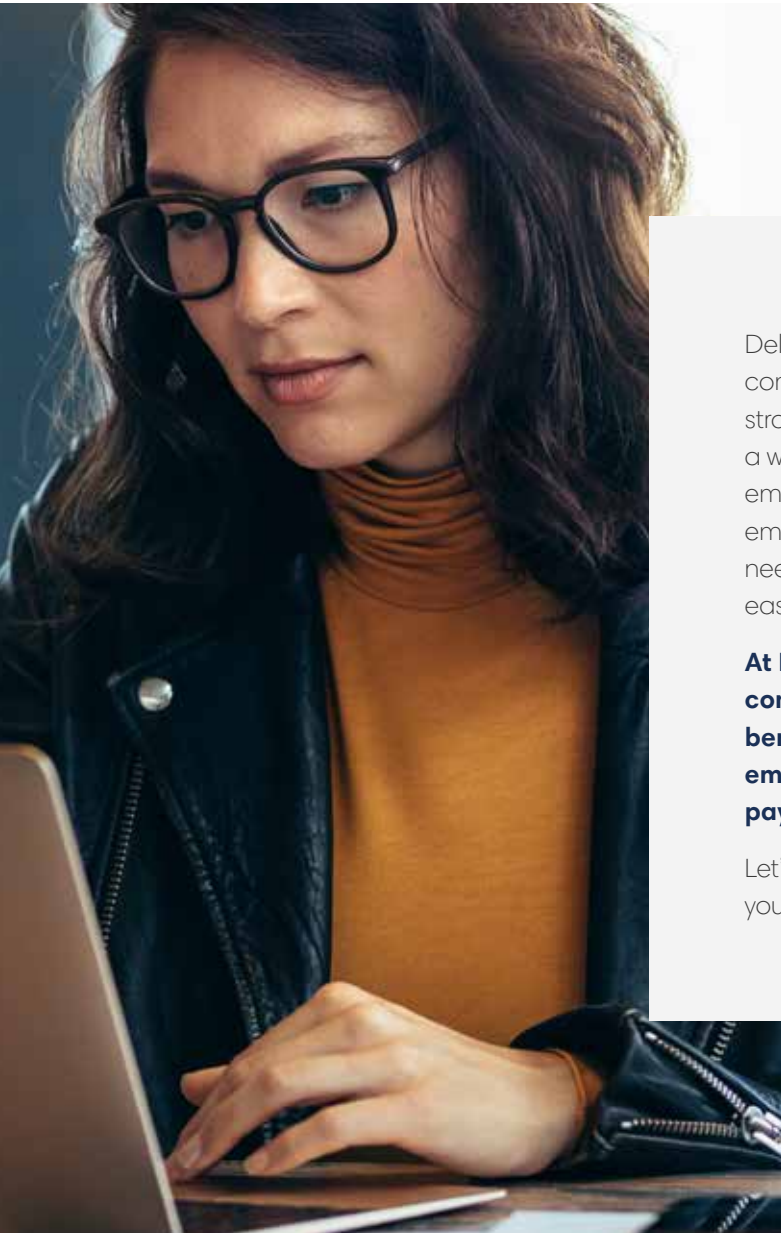
⁴Sammer J. Planning 2021 benefits changes for the COVID-19 era. The Society for Human Resource Management. July 21, 2020. Available at: [SHRM.org/resourcesandtools/hr-topics/benefits/pages/planning-2021-benefits-changes-for-the-covid-19-era.aspx](https://shrm.org/resourcesandtools/hr-topics/benefits/pages/planning-2021-benefits-changes-for-the-covid-19-era.aspx). Accessed April 22, 2021.



Determining the right benefits strategy for your company means understanding your employees' unique needs. Many companies will conduct an annual employee survey and review utilization of existing benefits to help determine what changes might make sense. But a once-a-year “check-up” on your employees’ well-being might not show the whole picture.

Instead, companies should consider more frequent “pulse” surveys to see how employees are doing. Regular one-on-one check-ins by managers with individual employees can provide valuable information on employee well-being. This is also a very strong signal that a company is listening to and committed to its employees. This information can then help shape benefits offerings that are both relevant and valued by the workforce.

The right benefits partner can optimize benefits offerings



Delivering a benefits program that meets the unique needs of a company's workforce is dependent on building the right benefits strategy. Having a benefits partner with decades of experience and a wide choice of products can make all the difference and help employers optimize their benefits solutions. Benefits partners can help employers choose the right products for their employees' well-being needs while also providing greater flexibility in managing costs and easing administrative burden.

At PayFlex®, we're here as a trusted partner and advisor to your company, helping you explore individualized and customized benefits plans and educational programs to help boost your employees' well-being while also helping them plan, save, and pay for their health care expenses.

Let's take a look at how the following PayFlex solutions might fit into your benefits offerings.

More health plan choices for employees. More cost control for companies.

Employers of all sizes can offer an **Individual Coverage Health Reimbursement Account (ICHRA)**. It's a company-funded program designed to reimburse employees tax-free for individual health insurance premiums and other medical expenses (e.g. deductibles and copays). This could replace the need to offer a group health plan.



Benefits to employees

- Greater selection of health plan options to best match employee needs
- Tax-free reimbursements, including premiums



Benefits to companies

- Eases the administrative cost and burden of offering a group health plan
- No annual employer contribution limits, so companies can offer competitive benefits with simpler administration
- Unused balances are given back to the company if employees leave



Key consideration

ICHRAs shift the responsibilities of health plan research and selection to employees, which can be a daunting task. To help in that process, companies should provide guidance in the form of educational materials and/or access to a health insurance broker to help employees transition successfully.

HSAs without the administrative cost

Companies continue to look toward high-deductible health plans (HDHPs) as a way of reducing health care costs. According to a 2019 report, the average annual premiums and contributions for health savings account (HSA)-eligible HDHPs were \$18,433, versus \$21,250 for non-HDHPs.⁵ However, some companies are faced with extreme cost-cutting measures and cannot afford to offer an HSA in addition to an HDHP. For these companies, referring their employees to an **individual HSA** can benefit both employees and employers.



Benefits to employees

- Allows for pre-tax dollars to be used for payment of eligible health care expenses
- Once the employee reaches a threshold, they can begin to build a health care nest egg for the future with investment options, similar to a 401(k) account
- Individual HSAs may also offer discounts on some health-related products and services
- Improved financial security and overall well-being



Benefits to companies

- Eliminates the cost of offering an employer-sponsored HSA
- Reduces the amount of administration
- Educates employees and guides them to an individual HSA, which can help improve their financial health and personal well-being; in turn, this can help increase employee productivity



Key consideration

Companies that offer an HDHP but cannot afford to offer an employer-sponsored HSA can still promote employee well-being through an individual HSA offering. Individual HSAs offer employees a tax-free benefit and help employees and their qualified family members save on their health care expenses and ease financial burdens. Moreover, with the right education, individual HSAs can help employees better plan for the future.

The employee cannot use a payroll deduction to fund their HSA.

⁵Kaiser Family Foundation. Average annual premiums and contributions for covered workers in HDHP/SOs and non-HDHP/SOs, for family coverage, 2019 9335. KFF.org. September 25, 2019. Available at: [KFF.org/report-section/ehbs-2019-section-8-high-deductible-health-plans-with-savings-option/attachment/figure-8-9-6/](https://www.kff.org/report-section/ehbs-2019-section-8-high-deductible-health-plans-with-savings-option/attachment/figure-8-9-6/). Accessed April 22, 2021.

Early access to HSA funds

To support employers with the move to an HSA offering, a new PayFlex® feature — **the HSA Assist® service** — allows employees with qualifying plans to access their employer's health savings account contributions before the funds are actually deposited. This means employees can get help paying for health care services when they're needed.

“A feature such as HSA Assist allows employers to spread out their company-seeded contributions over time, yet still offer a valued benefit when employees face unexpected health care expenses, giving them peace of mind. On average, we see 32% of HSA Assist users requesting an advance of their employer contributions, with the average advance being \$89,*” says Cherie Moser, Head of Core Product Development at PayFlex.



Benefits to employees

- Pay for medical needs using future employer contributions, after their own contributions are used
- Helps provide peace of mind



Benefits to companies

- Better HDHP adoption
- Greater HSA enrollment and engagement



Key consideration

This funding strategy is one way to increase acceptance and utilization of an HDHP/HSA offering. Our account team can help you determine if this strategy is the right one for your company and your employees.

*PayFlex book of business client report (January, 2021).

Helping employees on their paths to well-being

If your organization has a strong focus on boosting your employees' total health and well-being, a **Well-being Reimbursement Account (WRA)** could be a valuable program to include in your benefits offering. A WRA is a post-tax reimbursement product that can accommodate your organization's employee wellness strategy and support healthier lifestyles. Eligible expenses may include reimbursements for gym memberships, weight management programs, financial planning, nutrition counseling and even pet adoption.

“Overall well-being is made up of three elements: financial, physical and emotional. So it's important to provide your employees with a solution that addresses their holistic needs. That's why we offer a Well-being Reimbursement Account — a benefit that can be tailored to best support an organization's well-being strategy,” says Jack Gehrke, Head of Client Services at PayFlex®.



Benefits to employees

- Help in paying for activities that promote a healthier financial, physical and emotional state
- Tangible benefit that supports personal well-being



Benefits to companies

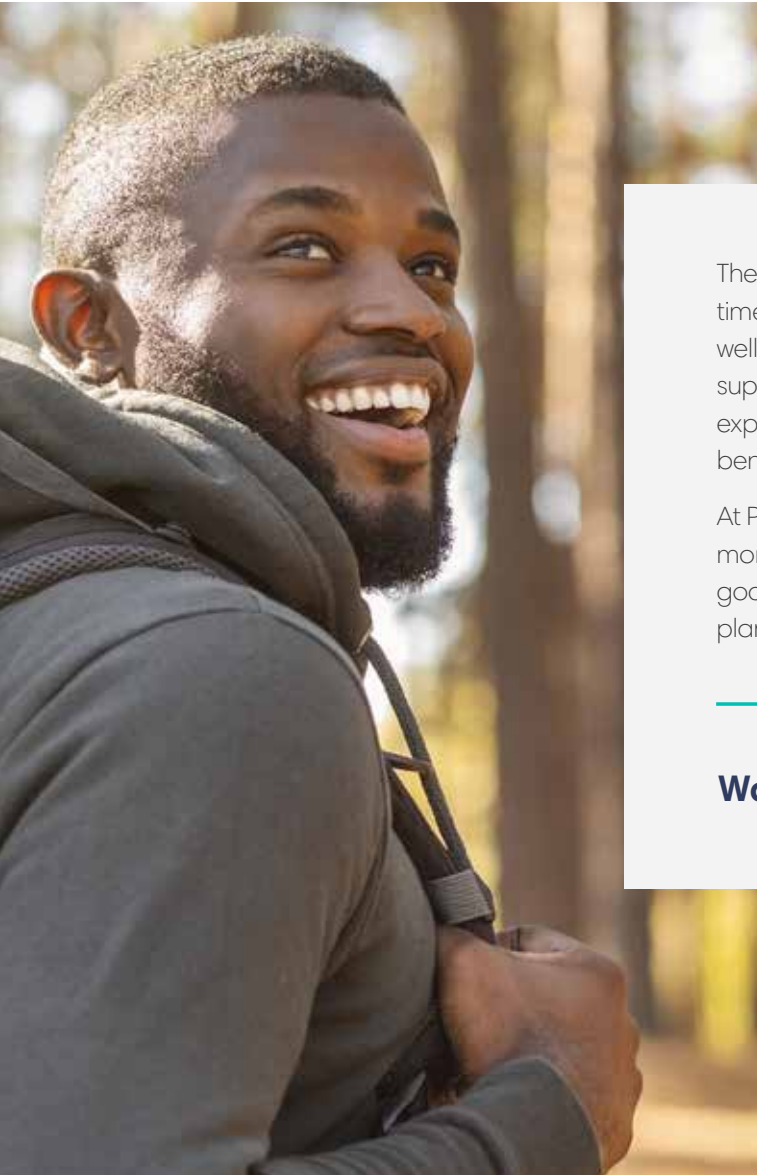
- Boost employee purchasing power
- Support employee well-being and productivity



Key consideration

WRAs work best when employees have a voice and their feedback influences the design of your program. An employee survey is a good way to assess company-specific needs, which can then be measured against potential cost.

Plan for a future of well-being and success with PayFlex®



The American workplace has seen many changes in a short period of time, and the challenges we've faced have placed a spotlight on personal well-being, offering employers the opportunity to bolster employee support and engagement. That's why it's important to work with an experienced partner with an expanded service offering to find the right benefits solution for your company.

At PayFlex, our goal is to work closely with you to help your employees feel more cared for and more secure, while recognizing the unique needs and goals of your company. It's part of our commitment to help employees plan, save, and pay for personal well-being.

Want to learn more? Visit us at [PayFlex Engage](#).

PayFlex Systems USA, Inc.

This material does not contain legal or tax advice. You should contact your legal counsel if you have any questions. PayFlex cannot and shall not provide any payment or service in violation of any United States (U.S.) economic or trade sanctions. For more information about PayFlex, go to **PayFlex.com**

There may be fees associated with a Health Savings Account ("HSA"). These are the same types of fees you may pay for checking account transactions. Please see the HSA fee schedule in your HSA enrollment materials for more information.

Investment services are independently offered through a third-party financial institution. By transferring funds into an HSA investment account, you will also be exposed to a number of risks, including the loss of principal, and you should always read the prospectuses for the mutual funds you intend on purchasing to familiarize yourself with these risks. The prospectus describes the funds, investment objectives and strategies, their fee and expenses, and the risks inherent to investing in each fund.

The HSA investment account is an optional, self-directed service, and PayFlex does not provide investment advice. Mutual funds and brokerage investments are not FDIC-insured and are subject to investment risk, including fluctuations in value and the possible loss of the principal amount invested. System response and account access times may vary due to a variety of factors, including trading volumes, market conditions, system performance, and other factors.

HSAs are currently not available to HMO members in California or Illinois.