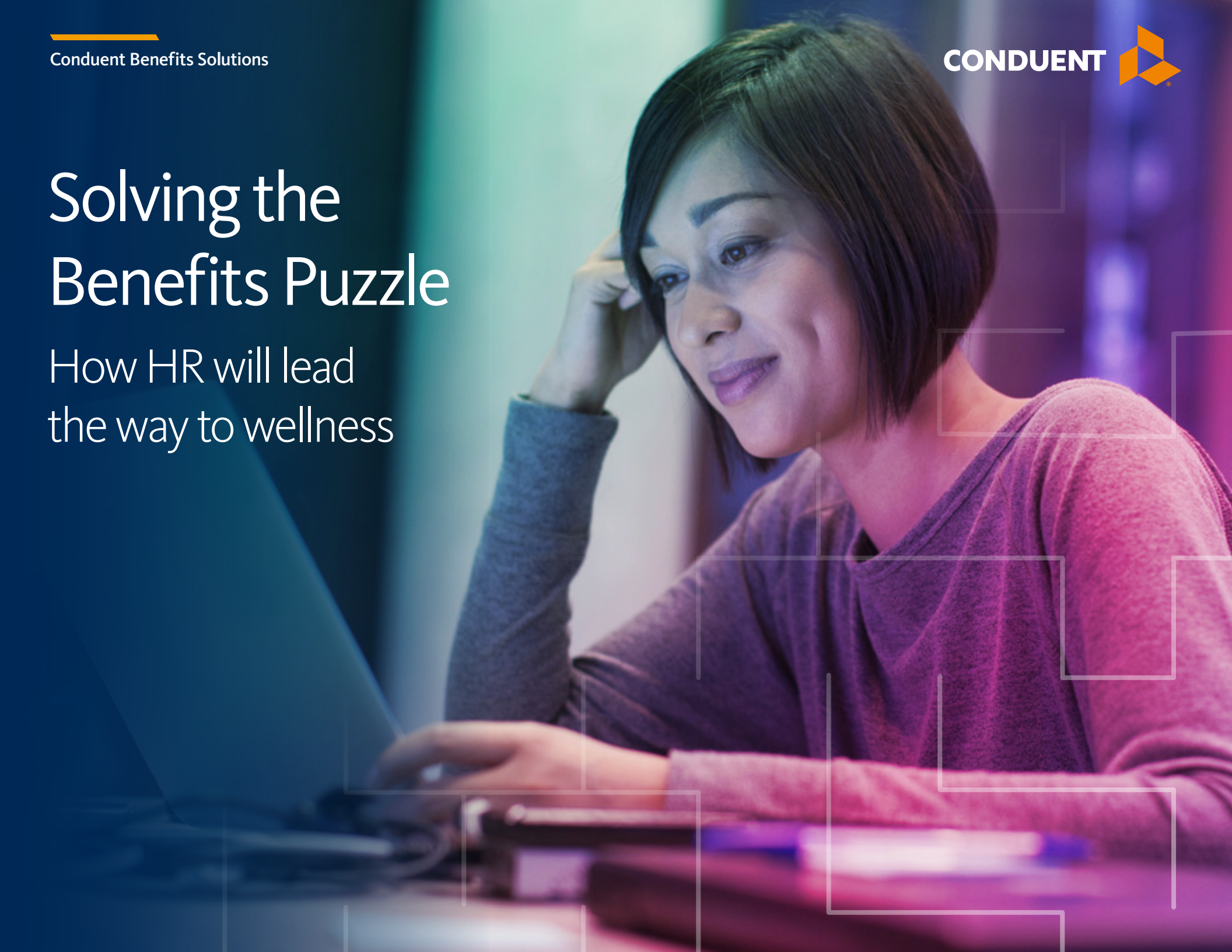
Conduent Benefits Solutions

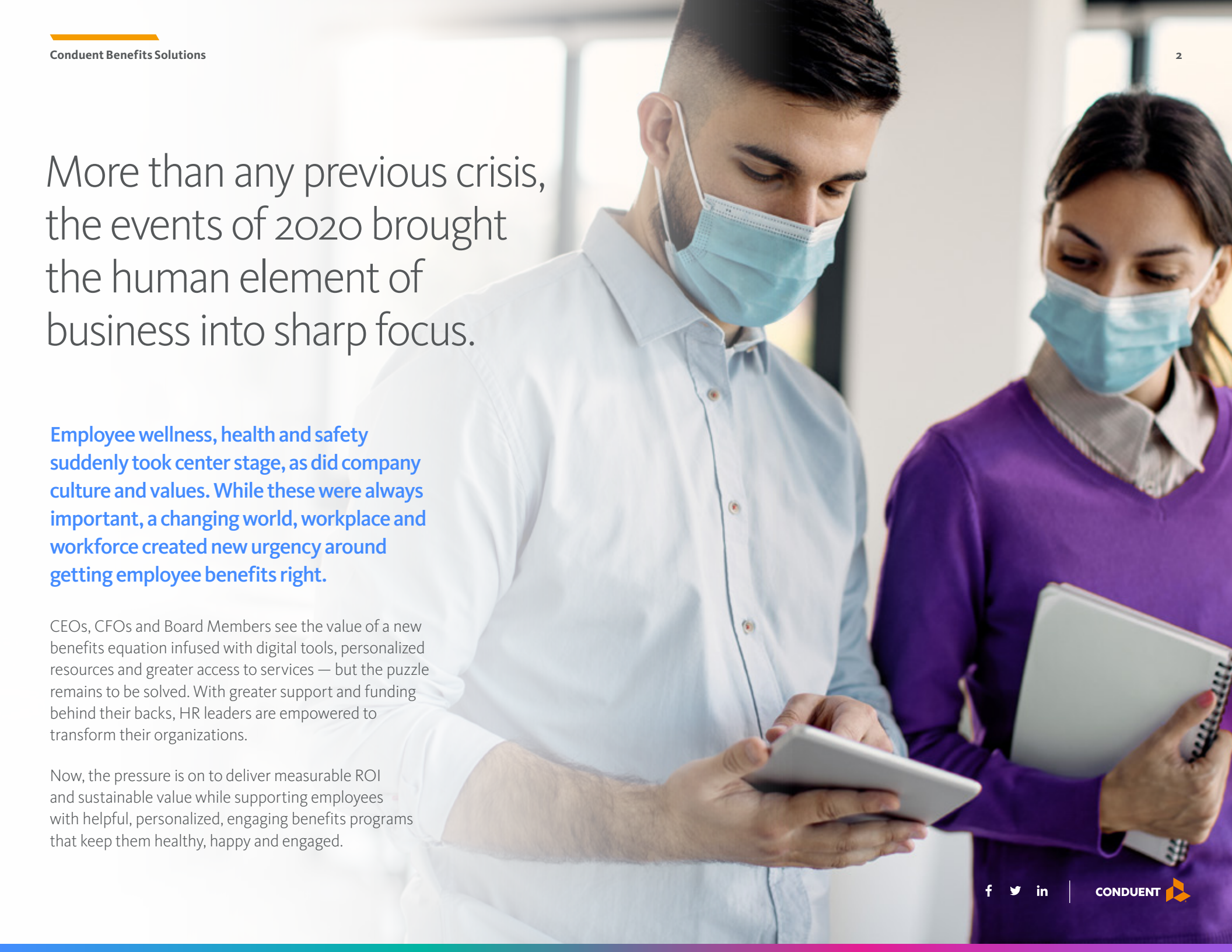
CONDUENT

Solving the Benefits Puzzle

How HR will lead the way to wellness



More than any previous crisis, the events of 2020 brought the human element of business into sharp focus.

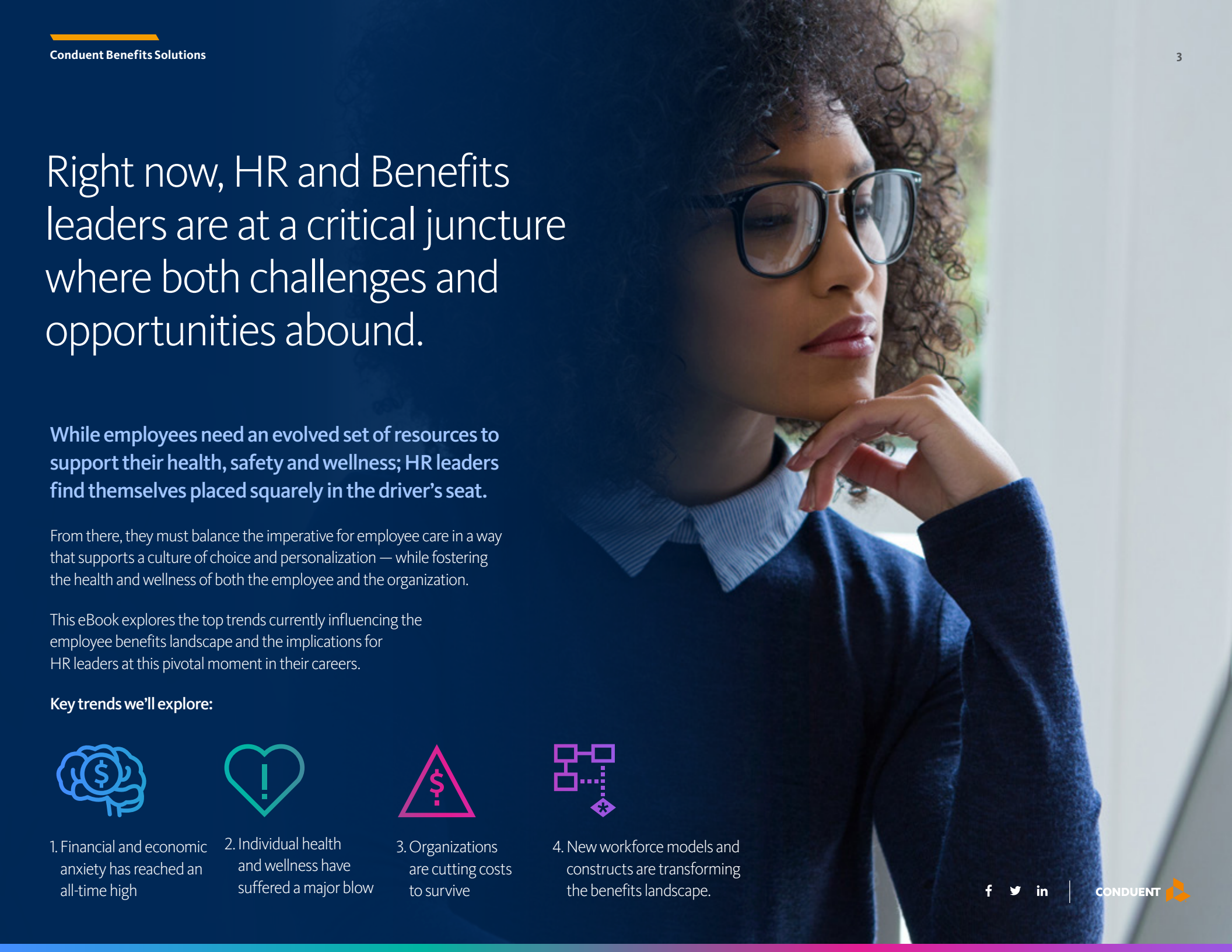


Employee wellness, health and safety suddenly took center stage, as did company culture and values. While these were always important, a changing world, workplace and workforce created new urgency around getting employee benefits right.

CEOs, CFOs and Board Members see the value of a new benefits equation infused with digital tools, personalized resources and greater access to services — but the puzzle remains to be solved. With greater support and funding behind their backs, HR leaders are empowered to transform their organizations.

Now, the pressure is on to deliver measurable ROI and sustainable value while supporting employees with helpful, personalized, engaging benefits programs that keep them healthy, happy and engaged.

Right now, HR and Benefits leaders are at a critical juncture where both challenges and opportunities abound.



While employees need an evolved set of resources to support their health, safety and wellness; HR leaders find themselves placed squarely in the driver's seat.

From there, they must balance the imperative for employee care in a way that supports a culture of choice and personalization — while fostering the health and wellness of both the employee and the organization.

This eBook explores the top trends currently influencing the employee benefits landscape and the implications for HR leaders at this pivotal moment in their careers.

Key trends we'll explore:

1. Financial and economic anxiety has reached an all-time high
2. Individual health and wellness have suffered a major blow
3. Organizations are cutting costs to survive
4. New workforce models and constructs are transforming the benefits landscape.

Trend #1 – Solving the puzzle

Financial and economic anxiety has reached an all-time high.

While the pandemic has impacted all of us in many ways, 88% of Americans feel that the COVID-19 crisis has caused stress on their personal finances.[1]
Considering that financial worries were top concerns for many employees even before the pandemic, the challenges of COVID brought many employees to a tipping point.

With unemployment at an all-time high, children home from schools, and the stock market in flux, families were hit hard, and some of the protections designed to help people stay financially afloat now threaten to sink their financial future. For example the CARES Act, which relaxed early distribution and loan withdrawal rules on certain tax-advantaged retirement plans including 401(k)s, 403(b)s, 457s, and traditional IRAs, was convenient and necessary at the time. However, now 70%[2] of employees expect the pandemic to impact their senior years — leaving them unwell in the long-run.

Pile these setbacks on top of the rising costs of healthcare, and it's a perfect storm threatening both employees' paycheck-to-paycheck existence and their longer-term prospects for financial health and peace of mind.



88%

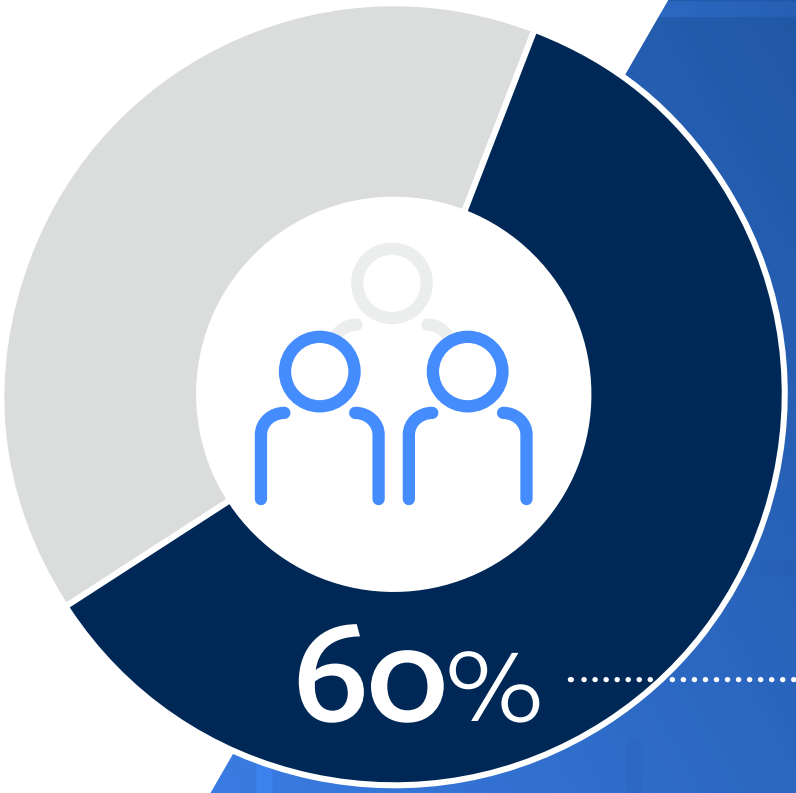
of Americans feel that the COVID-19 crisis has caused stress on their personal finances.

Trend #1 – Solving the puzzle

What employees need right now

While many employees are simply grateful to have their jobs in 2021, they need strategies and solutions to help them continue to cope with everyday financial burdens while making plans for a more financially stable future.

They expect to have choices about how to protect their hard-earned dollars — and now more than ever, they need access to education that will help them navigate their benefits options.



Nearly 60% of employees feel it is more important now (than before the pandemic) that employers offer financial wellness benefits.[3]

Trend #1 – Solving the puzzle

How HR is leading the way

Savvy HR leaders are taking advantage of modern financial wellness plans that put more control in employees' hands — and help them save more while also protecting their company's bottom line.

Some of these programs include:

Financial planning and advisory services:

With financial stress and uncertainty at an all-time high, employees would benefit from expert guidance. The major objective of offering financial advice is to help employees reach their goals for every stage of their "financial lives," whether it's real-time decision-making, saving for a major purchase, reducing debt, or planning for retirement. Robo-advisory services can be a smart addition to this toolkit — providing financial advice with moderate to minimal human intervention. Combining high-tech and high-touch solutions allows employees to engage via their preferred mode of interaction.

Integration between HSA and 401(k):

Today's most sophisticated employee benefits platforms help both HR and employees get the full picture of their company-sponsored plans, regardless of how and where those plans are administered. This can be incredibly helpful to employees as they navigate the best ways to make the most of their savings, their employer contributions, and the tax advantages of these high-value benefits offerings. Enabling employees to move their hard-earned dollars among plans via one interface can help them get a better handle on their savings and make the most out of these plans.

Budget management tools:

Regardless of an employee's job level or role, there are financial management tools and resources that can help them feel more confident about how to spend their next dollar — as well as modeling tools for evaluating bigger financial decisions such as purchasing a vehicle or planning for their children's college education.

Emergency funds:

Student loan repayment and emergency savings plans such as Roth IRAs or other after-tax plans are becoming more common vehicles through which employees find additional support to achieve their savings goals.

Total rewards statements:

Giving employees a complete picture of their total rewards is a great way to build employee trust and influence retention. It shows employees that the company is investing in them "beyond the paycheck" with a full view of salary, bonus, incentives, health benefits, 401(k) match, company HSA contributions, wellness programs, paid time off and more.

Trend #1 – Solving the puzzle

Impact on the bottom line

By supporting employees' financial health through savings vehicles, direct contributions to accounts, budgeting and financial modeling tools, and customized communications and offerings based on personalized data, HR leaders can add value to the employee experience and save money over the short- and long-term.

For example, the HSA helps employers control costs through reduced payroll taxes and lower healthcare premiums overall since it's offered in tandem only with a High Deductible Health Plan.

Financial wellness tools and targeted communication programs help employees make better choices about their finances and more effectively plan for their future. When they understand the value their employer delivers in a more comprehensive way, they're more likely to stay with the company long-term and contribute more over time.



Trend #2 – Solving the puzzle

Individual health and wellness have suffered a major blow.

In July 2020, 53% of U.S. adults reported that worry and stress related to coronavirus has had a negative impact on their mental health, up from 39% in May 2020.[4]

Even prior to the pandemic, many employees felt increasing pressure to remain constantly "at work." Our fast-paced, always-on, smartphone-enabled world, combined with corporate cultures that eschew the impact of stress on employees' physical and mental health, had already resulted in a health and wellness crisis of epidemic proportions.

With the crushing impact of a global pandemic layered on top of that, many workers found themselves struggling to cope with the pressures of work, family, healthcare, and personal financial security. Even those who were fortunate enough to work from home faced never-before-seen challenges. Parents, now suddenly responsible for the dual jobs of educating their children while working full-time, were often overwhelmed. At the same time, temporary shutdowns of physicians' offices, fears of leaving the house and financial concerns influenced decisions to cancel wellness visits and forgo other preventative care, including mental health visits.

Employers continue to feel the impact of this ongoing health crisis in terms of workforce productivity and quality — as well as rising healthcare costs resulting from poor health habits and stress influences that often lead to chronic conditions such as high blood pressure, substance abuse, obesity and diabetes.



53%

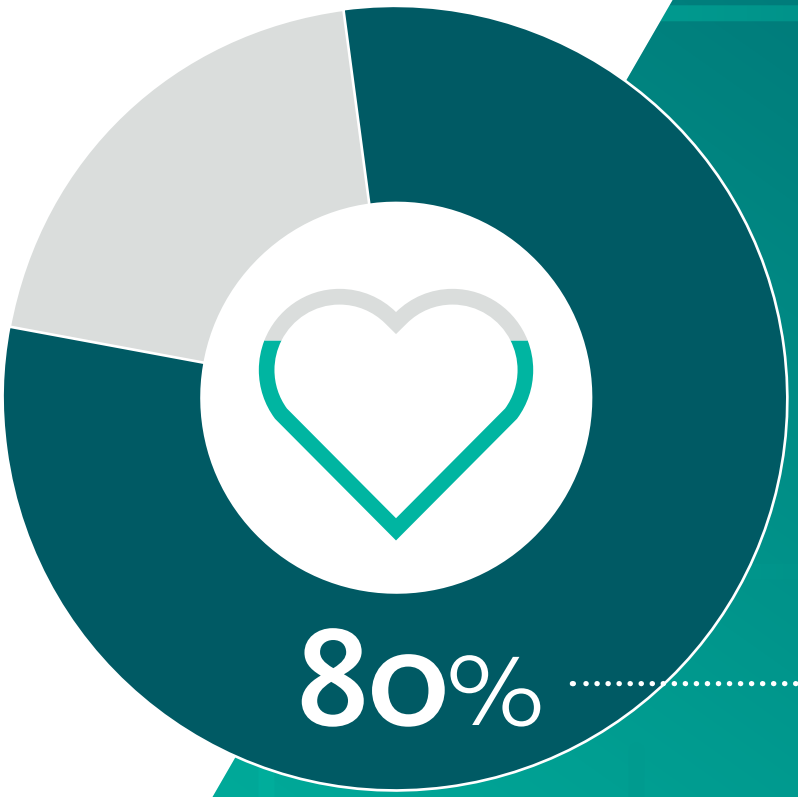
of U.S. adults reported that worry and stress related to coronavirus has had a negative impact on their mental health.

Trend #2 – Solving the puzzle

What employees need right now

To get employees back on track as they work through the pandemic and beyond, employers must recognize the impact that both physical and psychological stressors have on worker health and wellbeing.

Employees need strategies and tools to help them get healthy and stay healthy amid ongoing life challenges and uncertainty. They need their employers to treat them as individuals, with benefits offerings and solutions that are aligned with (or flexible in meeting) their individual needs and goals.



80% of organizations rank employee wellbeing as important or very important to their organization's success.[5]

Trend #2 – Solving the puzzle

How HR is leading the way

While many HR leaders have led the charge in getting employees back to workplaces safely and ensuring proper safety protocols are in place, forward-thinking executives are working hard to consider wellness in the context of the "whole person."

They're finding creative, cost-effective ways to address many of the other health and wellness challenges that have been exacerbated by the pandemic — and often stunt workplace productivity and personal fulfillment.

Some innovative strategies and solutions include:

Integrated health and wellness:

When employees have access to all their health, wellness, and benefits information in one place, they're able to see their total health picture. Through wellbeing marketplaces, employees can complete personal health assessments, find doctors and access other important programs such as diabetes education, mental health resources, financial guidance and other educational materials. Intelligent, data-driven customizations and sophisticated recommendation engines can lead employees to resources, track their usage, and chart their wellness progression over time.

Health navigation tools:

Employers are integrating AI chatbots and other technologies into their benefits platforms to help employees self-diagnose and triage their conditions to determine appropriate care, considering their individual benefits options and health insurance coverage. Employees can get a personalized care plan based on self-reported symptoms as well as recommendations for next steps, such as self-treatment or a visit to an in-network provider.

Health advocacy:

Here's where a human touch can make a big difference. Health advocacy provides employees with personal phone, email or chat consultation with a licensed medical professional who can help them determine the best healthcare options related to their conditions or symptoms, available treatment plans, and health plan coverage.

Return to workplace tools and apps:

These solutions assist organizations in assessing worksite and community risk data in near real time, so that they can make smart decisions about reopening. A variety of employee support applications can also answer questions about COVID-19 and vaccine status via a virtual assistant, allowing employees to self-report symptoms and receive notifications of return-to-work status. Integrated analytics feed sophisticated AI engines that can help organizations target communications based on employee risk factors and self-reporting.

Trend #2 – Solving the puzzle

Impact on the bottom line

Tools, applications and solutions that support employee wellness will have both short- and long-term ROI impacts for the organization.

Employees benefit from reduced non-emergency visits to the ER, more suitable and successful treatment plans, better management of chronic conditions, greater engagement in their personal health and increased peace of mind overall.

That translates to reduced medical claims and costs, lower rates of absenteeism due to illness and apathy, increased employee satisfaction and a more positive work environment overall.



Trend #3 – Solving the puzzle

Organizations are cutting costs to survive.

The pandemic has decimated many industries. For those that continue to survive (and thrive), keeping a keen eye of costs is crucial in the months and years ahead.

In this cost-cutting environment, HR leaders face a tough balancing act. They're working to deliver on employee expectations for a more comprehensive and personalized stack of benefits — with a constant focus on the increasingly complex cost vs. value equation. And with healthcare costs on the rise, organizations must find strategic ways to keep employees healthy and prevent unanticipated medical spend.



Overall healthcare costs — including all private and public spending — are anticipated to rise by an average of 5.5% per year over the next decade — growing from $3.5 trillion in 2017 to $6 trillion by 2027.[7]

Trend #3 – Solving the puzzle

What employees need right now

Employees want more customizable benefits options that allow them to pick and choose coverage based on their unique situation and needs, and avoid costs associated with "extras" that they won't take advantage of anyway.

Beyond the need for health insurance, employees also place a high value on dental coverage, vision coverage, and disability coverage — as well as other less traditional options such as critical illness and cancer coverage. They're also looking for COVID-specific benefits such as increased paid sick leave for COVID-19, waiving coronavirus testing and treatment co-pays and 24/7 access to health care professionals.[8]



People want to work for companies that they believe are going to **take care of them and their families**.

Trend #3 – Solving the puzzle

How HR is leading the way

Savvy HR leaders have risen to the challenges of COVID-19 and are making progress in delivering what employees need while conserving capital outlay and accelerating digital transformation. It might sound like heroics, but it's happening right now in organizations large and small.

Some of these programs include:

High Deductible Health Plans:

Consumer-directed HDHPs with HSAs are designed to drive higher employee involvement in healthcare decisions, reduce unnecessary care and costs, and provide a tax-advantaged way to save and pay for necessary services and procedures. They also significantly reduce premium costs for employers while allowing them to contribute dollars directly to employees' HSA accounts. And HSAs give employees more control to direct their savings toward health and wellness benefits that matter most to them and their families.

Digital open enrollment:

Delivering open enrollment education virtually through interactive, digital tools saves organizations money and prevents unnecessary employee health risks by creating more informed health consumers. Intelligent recommendation engines can help employees make key decisions. For employees who need high-touch support, organizations can provide qualified advocacy representatives to help them make the right choices based on their specific needs.

Health insurance consortiums:

A benefits consortium or "quilted network" creates a tangible change in healthcare financing and strength for its members, allowing cost stability, transparency, control and flexibility. A consortium approach, which may be offered by outsourcers, brokers or an organized group of employers, provides purchasing power through volume and discounts — and ensures quality through administrative oversight. Simplifying and integrating benefits delivery can reduce healthcare spend by millions of dollars in year one, with continuing year-over-year savings by managing risk and maximizing performance.

Using data and analytics for hyper-personalization:

With access to detailed data on employee behaviors such as participation in company-sponsored plans, actions taken around loans and withdrawals, health plan utilization and voluntary benefits data, HR can create targeted communications (email, push notifications, etc.) that encourage more responsible or valuable actions and behaviors. Taking it a step further, analytics can help HR teams slice and dice employee behavior data and use it to anticipate trends in the future for better cost control and resource planning.

Disease management and reversal:

With chronic health conditions at an all-time high, HR leaders are taking advantage of applications and tools that help employees get ahead and stay on top of these conditions for better long-term health. For example, a platform-integrated app that helps monitor Type 2 diabetes allows employees to track their food intake and exercise, complete biometric screenings and engage with a physician virtually for care management and prescription reduction — leading to an average decrease in medical spend of $5,500/per patient per year.[9]

Trend #3 – Solving the puzzle

Impact on the bottom line

While digital transformation and tools come with a price tag, digitization is one of the major catalysts driving HR value creation.

And in the long run, many of the hands-on programs (such as annual open enrollment) that formerly cost companies a lot of money in terms of materials, training resources and time off the clock spent in meetings can add up to significant savings.

Likewise, using employee health and wealth data to create more targeted employee communications can drive better outcomes such as reduced medical claims, increased participation in the 401(k) plan, and healthier workforces over time. Taking it a step further, this can translate to decreased absenteeism and better retention statistics too.



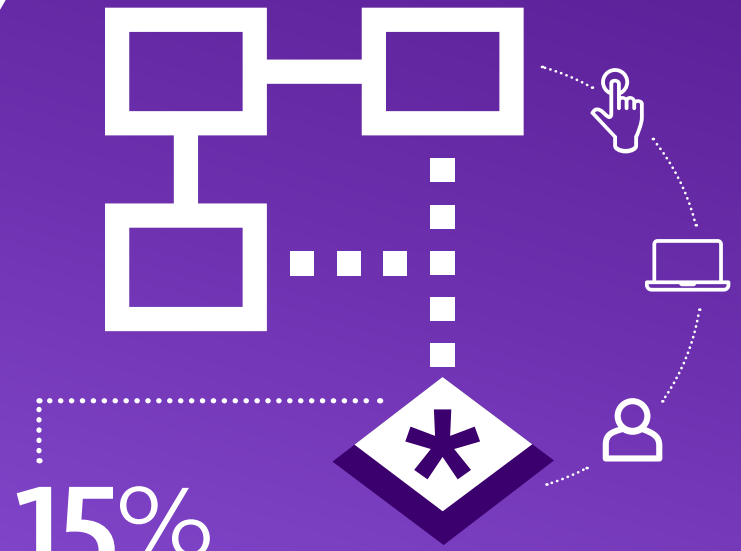
Trend #4 – Solving the puzzle

New workforce models and constructs are transforming the benefits landscape.

Part-timers, gig workers and contractors have been a regular part of the business landscape at a growing pace over the last decade while work-at-home constructs have grown in popularity too — even more so as a result of the pandemic.

An increasingly global, mobile, remote workforce expands the available labor pool and can save companies a lot of money in real estate requirements and travel expenses. It also underscores the need for digital transformation of HR systems, practices and employee-facing tools. From a benefits standpoint, the disparate nature of employees combined with the fact that many organizations are now employing five different generations of workers requires HR leaders to place a new lens on how they view their offerings.

With the added complexity of considering benefits offerings for gig workers, part-timers and other "non-employee" constructs, HR leaders face an increasingly complex landscape, not only in terms of benefits offerings but regarding regulatory implications and nuances of access and delivery.



15%

There are 6 million more gig workers today than a decade ago — representing a growth rate of 15%.[11]

Trend #4 – Solving the puzzle

What employees need right now

Gig workers and contractors are asking for more of a safety net than the simple "wage for pay;" mature workers have different benefits needs than younger employees just starting a family; and single associates have different ideas of what's important than employees with a family of four.

Employees who can suddenly "work from anywhere" still need access to benefits — and they've got high expectations that HR is going to deliver.



While work constructs continue to evolve, **personalized employee experiences** matter more than ever.

Trend #4 – Solving the puzzle

How HR is leading the way

New workforce models and constructs bring challenges and opportunities for employers. Depending on a company's geographic distribution and employee mix, the options and choices can be exhaustive and shouldn't be taken lightly.

However, there are some key strategies with broad reach that can make a big difference across a wide range of employees.

Some of these strategies include:

Individual Coverage Health Reimbursement Arrangement (ICHRA):

Established in 2020, the ICHRA allows employers to reimburse employees tax-free for health insurance purchased on the individual market — meaning employers of any size can provide benefits without offering a group health insurance plan. An ICHRA lets employees, including part-time and seasonal workers, choose a health insurance plan that works best for their personal needs. The employer can then reimburse them tax-free for their premiums and health care costs.

Voluntary benefits:

Voluntary benefits are the definition of personalization. They give employees (and potentially contractors) the flexibility to select from a menu and choose supplemental plans that meet their specific needs at any given time — whether it's consolidating student loans, saving for long-term care, safeguarding against fraudulent activity, or protecting furry family members. HR leaders have many options with voluntary benefits that deliver peace of mind for employees with minimal overhead.

Wellness and incentives for the alternative workforce:

While a major advantage of employing gig and contract workers is the elimination of benefits cost and risk, this population is growing — and it's advantageous to offer creative programs that boost productivity and performance. Consider opening up healthcare navigation tools such as symptom trackers and triage; financial guidance, education and modeling tools; and limited EAP access. Bonuses are another way to motivate and reward gig workers, incenting them to exceed milestones and deliverables that drive tangible business performance.

For HR leaders, success is about finding the right mix of benefits offerings that works in this changing landscape.

Trend #4 – Solving the puzzle

Impact on the bottom line

Tax-advantaged plans like the ICHRA and flexible health insurance networks support HR leaders' efforts to create a highly personalized employee benefits experience while keeping the company's costs lower too.

The strategic ability to provide a disparate workforce with benefits and perks that support their health and financial wellness can translate into lower attrition rates and cost of acquisition for employers, reduced training and development costs, higher employer satisfaction scores and enhanced brand reputation as an employer of choice.



Putting it all together

As HR leaders push forward against a reality that's been forever changed by COVID-19, their every move is under a microscope.

While there is no "one size fits all" solution for success, solving the benefits puzzle starts with connecting all the strategies and tools that your organization needs in one place — and then surfacing the right solutions in an integrated way through digital, self-serve technology. This is the foundation for the future of work, and HR leaders are making it happen right now.

If you're ready to put it all together for your business, Conduent can help. Let our experience, solutions and technology move your organization's benefits program forward in 2021 and beyond.



Move your HR business forward

The things that are top of mind for HR leaders right now are similar to those that mattered most before the pandemic — with many focus areas intensified by changing human, regulatory, financial and environmental conditions.

The most important factors in driving your organization along the path to recovery are the ability to take action, to be agile, and to drive organizational change.

As an HR leader, your reality has undoubtedly changed. But the steps you take right now — and in the weeks and months ahead — have the power to impact both business outcomes and the health and wellbeing of your employees for many years to come.

Our **Path to Recovery resource center** provides tools, tips, and new ways of thinking as you continue to navigate through the new world of HR.

Conduent – your partner across the HR journey

Conduent provides the most comprehensive suite of digitally-enabled HR offerings in the industry. Our digital platforms enable every employee to manage the complex landscape of employment, health, wealth, career, and retirement choices through a compelling, personalized journey.

Conduent's human-centric solutions improve the employee experience, streamline HR practices, reduce costs, increase productivity, provide employees with information they need to make important decisions, and empower HR teams with information and insights they need to succeed.

Learn more at **www.conduent.com/hr-services**
or email us at: **HR-Services@conduent.com**.

About Conduent

Conduent delivers mission-critical services and solutions on behalf of businesses and governments – creating exceptional outcomes for its clients and the millions of people who count on them. Through our dedicated people, process and technology, Conduent solutions and services automate workflows, improve efficiencies, reduce costs and enable revenue growth. It's why most Fortune 100 companies and over 500 government entities depend on Conduent every day to manage their essential interactions and move their operations forward.

Conduent's differentiated services and solutions improve experiences for millions of people every day, including three out of every four U.S. insured patients, 10 million employees who use its HR Services, and nearly 18 million benefits recipients. Conduent's solutions deliver exceptional outcomes for its clients including $16 billion in savings from medical bill review of workers compensation claims, up to 40% efficiency increase in HR operations, up to 27% reduction in government benefits costs, up to 40% improvement in finance, accounting and procurement expense, and improved customer service interaction times by up to 20% with higher end-user satisfaction.

Learn more at **www.conduent.com**.

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