

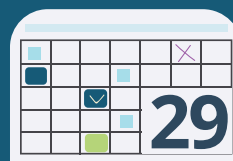
## IT'S ABOUT RETENTION:

### The Importance of Employee Benefits in a Competitive Job Market

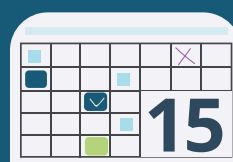
Employee retention is crucial to the success of businesses of all sizes, across all industries. Aside from salary, one of the best ways to influence an organization's ability to retain talent and reduce turnover is to provide a competitive benefits package, which includes affordable and easy to use health plans. Investing in benefits can help cultivate a loyal and committed workforce which, in turn, can contribute to the long-term success and growth of the organization.

However, attractive health benefits packages are increasingly unaffordable for small businesses, limiting their capacity to compete for talent. Additionally, with risk dispersed over a small employee population, insurance carriers are hesitant to engage with small businesses. Decisely has found solutions for both issues, addressing rising costs for small businesses and helping to mitigate smaller population risk to insurance carriers. When these employers can offer valuable, cost-effective benefit plans to their team members, it results in longer retention. Decisely research indicates that employees with benefits will stay with their employer twice as long as those without.

Decisely year-over-year research indicates that employees with benefits will **stay with their employer two times longer** than those without.



AVERAGE TENURE  
**WITH BENEFITS**  
(MONTHS)



AVERAGE TENURE  
**WITHOUT BENEFITS**  
(MONTHS)



## INTRODUCTION

Rising healthcare costs, leading to increases in health benefits plan premiums, continue to impact businesses year after year. In the near term, this trend is unlikely to change. As a result, providing comprehensive health benefits to employees is increasingly challenging for businesses of all sizes. Large corporations manage and mitigate risks by distributing them across their large employee base and benefit from the data transparency afforded by self-funded health plans.

On the other hand, Small Businesses (SMBs) struggle with insurance complexities and data access with fully funded plans. They lack resources required to implement a more transparent plan, thereby constraining their bargaining power. This leaves them with fewer affordable alternatives, resulting in offering increasingly expensive plans with fewer benefits. Regrettably, SMBs have little insight into their year over year spending. As a consequence of these challenges, employee access to quality, reasonably priced benefits have declined over the past decade. High deductible health plans, with deductibles that have surged by 68%<sup>1</sup> over the past ten years, discourage employees from seeking necessary medical care and make them feel they have no benefits at all.<sup>2</sup> The inability to offer affordable and valuable benefits can lead to higher turnover as employees actively search for better opportunities elsewhere. **Prioritizing access to cost-effective health benefits not only promotes the workforce well-being but also enhances employee retention and overall job satisfaction.**

## THE COSTS OF TURNOVER

Employee turnover is expensive for organizations; the costs associated with turnover can vary significantly depending on features such as the employee's position, seniority level, industry, and geographic location. According to SHRM, the average cost per hire is approximately \$4,700.

Many employers believe the total cost of hiring a new employee can be substantially higher, often reaching three to four times the employee's annual salary.<sup>3</sup> **This means replacing an employee in a \$60,000 position could cost \$180,000 or more.**



## TURNOVER COSTS INCLUDE BOTH HARD COSTS (RECRUITING FEES) AND SOFT COSTS (EMPLOYEE MORALE):

### Recruiting & Hiring:

Posting job openings, interviewing, and screening candidates. Costs may include agency and recruiter search fees.



### Training & Onboarding:

Orientation, job-specific training, and other skill development programs are important to employee proficiency but are time in which an employee is less than fully productive.



### Lost Productivity:

During the open time between an employee's departure and a new employee becoming fully productive, workload may be distributed to other employees or contractors to manage the gap, impacting both productivity and culture.



### Institutional Knowledge Loss:

Experienced employees carry valuable job skills and institutional knowledge with them, affecting long term efficiency and effectiveness, leading to potential errors and delays.



*The bottom line: keeping a good employee is cheaper than replacing them.<sup>4</sup>*

## THE IMPACT OF BENEFITS ON EMPLOYEE RECRUITING AND RETENTION

Comprehensive benefits, particularly health benefits, have long been a cornerstone of employee compensation. **But why are health benefits so essential?** For several reasons: according to a 2023 Benefits Insights report by Businessolver,

**45%** of employees would feel **panicked** by an **unexpected medical expense**.<sup>5</sup>

**85%** of millennials consider healthcare benefits **crucial for talent retention** in a diversifying workforce.<sup>6</sup>

A Glassdoor survey revealed what job seekers look for in a position;

**67%** cited salary as **most important** followed closely by **benefits** at **63%**<sup>7</sup>

Employees have an expectation that they will have access to benefits for themselves and their families, which is essential for their long-term physical and financial health.

## HEALTH BENEFITS PLAY A CRITICAL ROLE IN RETAINING EMPLOYEES.

1

According to a Glassdoor survey, nearly **80% of employees prefer additional benefits** over a pay raise, with health benefits one of the most sought-after perks by potential hires.<sup>8</sup>

2

**Health benefits can reduce long-term healthcare costs** for both the company and its employees by encouraging preventive care and early detection of health issues.<sup>9</sup>

3

A supportive employer fosters employee loyalty and commitment, resulting in longer tenures and lower turnover rates. **Sixty percent of employees rated benefits as a very important contributor to job satisfaction.**<sup>10</sup>

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## THE PROBLEM: A TRADITIONAL APPROACH TO BENEFITS

The standard approach to sourcing group benefits fails to meet the needs of the market it serves, particularly in the small business segment, for both employer and employee. SMBs find themselves grappling with rising costs without gaining valuable insights into their own experience, while employees face the challenge of soaring deductibles and copays that often exceed their ability to cover.

### Other problems include:

**Limited Benefit Reach:** 90% of benefit expenditures reach less than 10% of covered employees, leaving the balance of employees covering not only their premiums, but paying for their healthcare as well.

**Rising Deductibles:** The continuous increase in deductibles reduces the likelihood of employees reaching them, discouraging them from seeking necessary medical care and limiting their access to healthcare services.

**Perceived Low Value:** Complex coverage and high-deductible plans often leave employees feeling like they have no benefits at all, resulting in reduced satisfaction with the healthcare system.

**Escalating Medical Debt:** Medical debt affects over 100 million Americans, regardless of their financial status. Additionally, about half of U.S. adults lack the funds to cover a \$500 healthcare bill,<sup>11</sup> putting their living situation at risk.

**Insurers and payors:** Insurers struggle to obtain sufficient data from these smaller groups, making it challenging to accurately assess risk profiles. This, in turn, leads to less favorable terms (including higher premiums) for small business.

Given these challenges, it became evident to Decisely and its insurer partners that a better healthcare approach was necessary to address these issues and provide more satisfactory coverage for both employers and employees. Although there is a clear need for an alternative solution for businesses of all sizes, Decisely focused on addressing this need for small businesses and franchisees.



# THE DECISELY APPROACH

Decisely is addressing the small business challenge with **a revolutionary solution that prioritizes information volume and transparency**. This approach results in benefit plans that meet the long-term affordability and healthcare access requirements of the employer and employees.



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## HOW DOES THIS WORK?

Decisely collaborates with broker partners to aggregate businesses within industry verticals via association memberships or franchise organizations; we collect data from these large groups of small businesses and present insurers and payors with a more comprehensive view of risk factors within these businesses. The amalgamation of data facilitates a deeper understanding of industry trends, risk behaviors, and potential cost drivers. This, in turn, results in greater carrier confidence in their pricing strategies. As a result, small businesses and franchisees gain access to individual group level-funded plans grounded in accurate industry information.

By participating in level-funded plan structures, small business and franchisees gain first-time access to their own claims data. This empowers them with an accurate picture of their coverage needs and builds a knowledge base for future renewals.

Additionally, Decisely partners with forward-thinking insurers that prioritize employee healthcare needs early on, preventing them from becoming chronic or urgent. Decisely's primary insurer partner offers **plans that cover 85% of an employee's healthcare needs**, allowing a member to actively use health coverage from day one. This innovative plan design results in **20% higher utilization**. However, because employees address health needs at earlier stages, **plan costs average about 20% lower than traditional high-deductible plans**.

Finally, Decisely offers a cloud-based proprietary software platform, with integrated payrolls, insurer / carrier / payor APIs and robust onboarding, employee management and benefits administration for the small business and franchisee owner, supported by dedicated account management teams.

### As a result, small businesses benefits in several ways.

**Enhanced Data Insights:** Aggregation of businesses within industry offers insurers a more comprehensive view of risk factors within selected verticals. The combined data enables a deeper understanding of potential cost drivers, resulting in greater confidence in pricing strategies.

**Competitive Pricing:** Thanks to increased access to data-driven insights, Decisely's insurers offer more competitive pricing to SMBs. This approach also grants SMBs insight into claims within their own employee populations.

**Tailored Benefit Solutions:** By gaining a better understanding of the unique challenges faced by SMBs, Decisely provides benefit solutions tailored to meet the needs of these businesses and their employees.

**Employee Engagement and Retention:** Improved pricing allows SMBs to offer more attractive health benefits, leading to higher employee participation rates. This, in turn, fosters greater employee job satisfaction resulting in greater loyalty, reducing turnover rates and fostering a stable workforce.

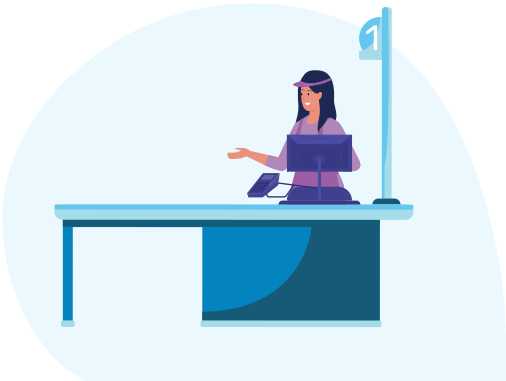


## THE PAYOFF: WINNING A WAR FOR TALENT

To assess the impact of benefits on employee retention, Decisely conducted an analysis of client data across full-time employees in four industries: Quick Service Restaurants, Logistics and Transportation, Automotive Repair, and Education. These verticals suffer from high turnover and a lack of qualified employees;

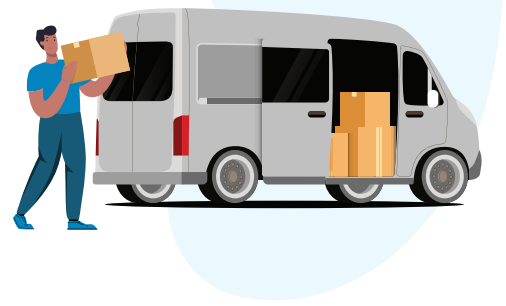
The Automotive Repair industry grapples with a diminishing pipeline of educated professionals entering the field, while Education / Teacher roles can remain vacant by up to 30% in some parts of the U.S.<sup>12</sup>

Decisely data demonstrated that year over year, benefits made a significant difference in employee loyalty and retention. Across all four industries, **full-time employees with benefits stayed with their employers twice as long as those without benefits.**



## QUICK SERVICE RESTAURANTS

In 2021, The Quick Service Restaurant (QSR) industry reported annual turnover of 144% for all employees.<sup>13</sup> Decisely examined its data on full-time QSR employees (Managers, Supervisors). Among this segment of the QSR community, the impact of benefits was undeniable: those with benefits stayed nearly a year longer than those without (44 months vs. 33 months).



## LOGISTICS & TRANSPORTATION

Like Quick Service Restaurants, this vertical is affected by a transient workforce, affecting even its full-time community. However, the impact of benefits on these full-time employees is evident: those with benefits will remain with their employer twice as long as those without (12 months vs. 6 months). A closer look into the Decisely client population showed that many of these employers experienced no full-time employee turnover year over year – better for business productivity, consistency, and morale.<sup>14</sup>



## EDUCATION

Maintaining a stable, committed workforce is crucial for an administration's and students' well-being. High turnover rates negatively impact the quality of education and support services provided to students, resulting in disruptions in their learning experiences. The impact of benefits on long-term job retention in education was clear; educators who are full-time with benefits will stay nearly a year longer (4 years, five months) compared to those without benefits, who typically stay for less than four years (3 years, seven months).



## AUTOMOTIVE

The automotive industry faces a major challenge with a shrinking workforce; skill gaps, an aging workforce, changing perceptions around vocational education, and increased automation all have an impact on its long-term health. About 73,300 openings for automotive service technicians and mechanics are projected each year, on average, over the next decade; many of these roles could go unfilled as young people continue to favor college over vocational schools.<sup>15</sup> However, with a workforce less hourly based and transient, this industry experiences much lower turnover, at 31% year over year; however, retention is critical as the pipeline of new employees continues to diminish. Benefits make a difference. Employees with benefits will stay *eighteen months longer* than those without.



## THE RESULT



**Employers offering affordable, useful healthcare plans retain a happier, healthier team:**

“The employees are **extremely happy with their benefits**. Their monthly portions have gone down, and as far as the coverage - there's no copay! Before, we had to pay co-pays. It would cost \$100 to go to urgent care, and now it doesn't cost anything! Great savings all around - for the company as well.

- **Tressie F.**

“The insurance is great, the deductible is reasonable, and their provider network is huge! My employees are happy with the Tel-a-med feature, and I'm sure this will be another way that **we will be able to retain our quality employees!**

- **Kevin E.**

“Once I tell them we offer healthcare, **they are more likely to accept the position**. Employees tend to stay longer on the job because they have benefits.”

- **Wanda G.**

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## DECISELY BENEFITS MATTER

A robust benefits program can significantly enhance employee retention, leading to increased job satisfaction and overall well-being, which, in turn, contributes to sustained business productivity. By emphasizing data transparency, Decisely has discovered a way to improve access to and affordability of comprehensive benefit plans for small business and franchisees, while alleviating the risk felt by insurance carriers. This innovative solution empowers both insurers and small businesses.

**Businesses that prioritize the well-being of their employees not only attract top talent but also nurture a loyal and motivated workforce, leading to sustainable business success. Decisely is playing a crucial role in making this a reality for small business.**





# RESOURCES

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- 1 <https://www.kff.org/report-section/ehbs-2021-summary-of-findings/#:~:text=The%20average%20single%20coverage%20annual,higher%20enrollment%20in%20HDHP%2FSDOs.>
- 2 Decisely internal client research, 2019.
- 3 <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/the-real-costs-of-recruitment.aspx>
- 4 <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/the-real-costs-of-recruitment.aspx>
- 5 [https://www.businessolver.com/blog/top-4-benefits-employees-love/?utm\\_campaign=Blogs&utm\\_content=Oktopost-linkedin&utm\\_medium=Oktopost&utm\\_source=linkedin](https://www.businessolver.com/blog/top-4-benefits-employees-love/?utm_campaign=Blogs&utm_content=Oktopost-linkedin&utm_medium=Oktopost&utm_source=linkedin)
- 6 <https://teamstage.io/employee-benefits-statistics/>
- 7 <https://www.glassdoor.com/employers/blog/salary-benefits-survey/>
- 8 <https://www.glassdoor.com/blog/ecs-q3-2015/>
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- 10 <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/pay-benefits-satisfaction.aspx>
- 11 <https://www.kff.org/report-section/kff-health-care-debt-survey-main-finding>
- 12 <https://www.washingtonpost.com/education/2023/08/24/teacher-shortages-pipeline-college-licenses/>
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- 14 <https://smallbusiness.chron.com/advantages-reducing-employee-turnover-17599.html>
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