

Benefits Matter



It's About Retention: The Importance of Employee Benefits in a Competitive Job Market

Employee retention is crucial to the success of organizations across all industries. While salary remains important, a competitive benefits package that includes affordable, easy-to-use health plans can be a key differentiator in attracting and keeping talent. Investing in employee benefits can help cultivate a loyal and committed workforce, reduce turnover, and contribute to the long-term success and growth of the organization.

Yet rising healthcare costs continue to put pressure on employers, especially small businesses (SMBs). Many struggle to offer the types of benefits that attract and retain talent. Additionally, with risk dispersed over a small employee population, insurance carriers are

hesitant to engage with SMBs, making it more difficult for these employers to access cost-effective coverage options.

Decisely has found solutions for both issues, addressing rising costs for SMBs 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 year-over-year research indicates that employees with benefits will stay with their employer more than two times longer than those without.

Average Employee Tenure

With
Benefits:
30
months

Without
Benefits:
14
months



INTRODUCTION:

Rising healthcare costs, and the resulting increase in health plan premiums, continue to impact businesses year after year. This trend shows no sign of slowing, making it increasingly difficult for businesses of all sizes to offer comprehensive, affordable health benefits.

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. In contrast, SMBs struggle with insurance complexities and data access with fully funded plans. Without the resources to pursue more flexible or transparent options, many SMBs are left with increasingly expensive plans that provide less value to employees.

As a result, employee access to quality, affordable benefits has declined. Over the past decade, the average deductible for high-deductible health plans has increased by 68%.¹ These rising out-of-pocket costs can discourage employees from seeking necessary care and contribute to the perception that their benefits are insufficient.²

When businesses are unable to offer valuable, cost-effective coverage, employees may begin to seek better opportunities elsewhere. Expanding access to affordable benefits not only supports employees' health and financial stability but also strengthens retention and job satisfaction.

THE COSTS OF TURNOVER

Employee turnover is expensive for organizations. While the exact cost varies depending on factors such as role, seniority, industry, and location, the impact is often substantial.

Estimates suggest that the total cost of replacing an employee can reach three to four times that employee's annual salary.³ This means replacing an employee in a \$60,000 position could cost \$180,000 or more.

WHAT DRIVES TURNOVER COSTS?

The costs associated with employee turnover go beyond the expense of hiring a replacement.

They include hard costs, such as recruiting and training, and soft costs, like reduced morale and lost institutional knowledge.



Recruiting & Hiring:

Advertising the position, screening candidates, and managing interviews take time and resources. These costs often include recruiter fees or agency expenses.



Training & Onboarding:

New hires require time to become fully productive. While orientation and training are essential, they represent a period of lower output and additional investment.



Lost Productivity:

During the transition period, responsibilities are often distributed across existing staff or contractors. This can disrupt workflows, strain teams, and impact overall productivity and culture.



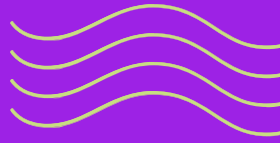
Institutional Knowledge Loss:

Departing employees often take with them valuable job skills and organizational knowledge. This loss can lead to inefficiencies, miscommunication, and delays as others adjust or learn the systems in place.

The bottom line: Keeping a good employee is cheaper than replacing them.⁴

THE IMPACT OF BENEFITS ON EMPLOYEE RECRUITING AND RETENTION

Comprehensive benefits, particularly health coverage, remain a fundamental part of employee compensation. But why are health benefits so essential? According to a 2023 Benefits Insights report by Businessolver,



45%

of employees would feel **panicked** by an **unexpected medical expense**.⁵

85%

of millennials consider healthcare benefits **crucial for talent retention** in a diversifying workforce.⁶

63%

of employees rank benefits nearly as important as salary **(67%)**.⁷

Employees expect access to meaningful benefits not only for themselves, but also for their families. In today's competitive job market, offering health benefits that meet those expectations can be a powerful driver of both recruitment and long-term retention.

WHY HEALTH BENEFITS MATTER

1

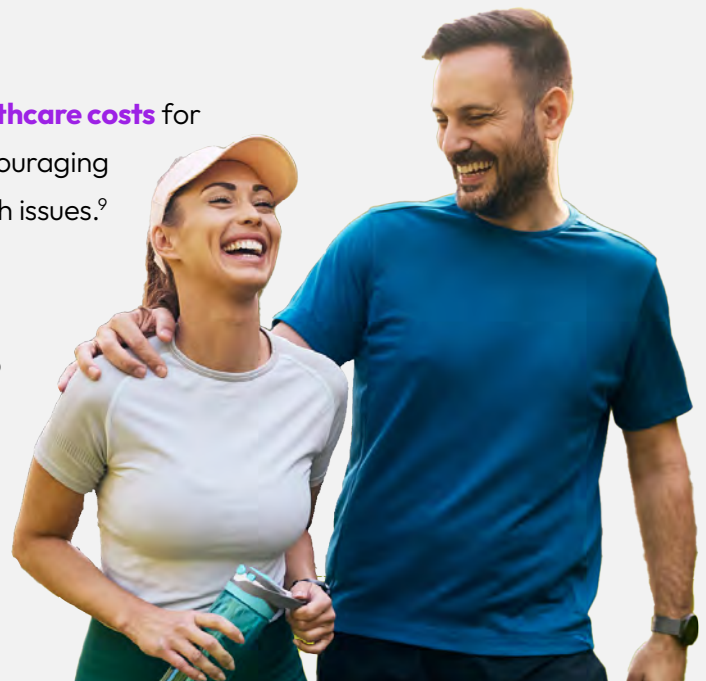
According to a Glassdoor survey, nearly **80% of employees would prefer additional benefits over a pay raise**, making health coverage one of the most sought-after offerings among job seekers.⁸

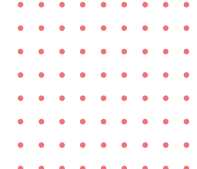
2

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.⁹

3

60% of employees rated benefits as an important contributor to job satisfaction.¹⁰





THE PROBLEM: TRADITIONAL APPROACH TO BENEFITS

The standard approach to sourcing group benefits fails to meet the needs of employers and employees in the small business segment. Rising costs and limited transparency leave many employers struggling to provide meaningful coverage, while employees face higher out-of-pocket expenses and fewer accessible options.

Key problems include:

Limited Reach: Research shows that 90% of benefit expenditures reach less than 10% of covered employees, leaving most workers to cover not only their premiums but also the majority of their healthcare costs.

Rising Deductibles: Deductibles have steadily increased, making it less likely that employees will meet them. This discourages the use of care and limits access to essential health services.

Perceived Low Value: High-deductible, complex plans leave employees feeling as though they have little or no real coverage, which can reduce satisfaction and engagement.

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 bill¹¹, putting their living situation at risk.

Insurer Challenges: Carriers often lack sufficient data from smaller groups to accurately assess risk. This uncertainty can result in less favorable terms for SMBs, including higher premiums.

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 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.



A SMARTER WAY TO OFFER EMPLOYEE BENEFITS

Decisely is redefining how small and mid-sized businesses access affordable, high-quality employee benefits. By aggregating risk across association memberships, franchise networks, and industry verticals, Decisely delivers the collective strength and scale traditionally reserved for large employers, bringing **choice and affordability** to those who need it most.

To meet the needs of employers, Decisely offers a **full range of funding options**, including **level-funded, fully insured**, and **captive group plans**, along with **Individual Coverage Health Reimbursement Arrangements (ICHRA)** and **dental, vision, and voluntary benefit programs**. This flexibility empowers employers to design benefits packages that align with their financial goals, workforce demographics, and risk tolerance.

Whether a business seeks predictable premiums,

claims transparency, or customized reimbursement models, Decisely provides the structure and support to make it happen.

At the center of this innovation is Decisely's **ICHRA solution**, giving employers and employees true flexibility. The platform supports customizable plan designs, predictable cost control, and compliance confidence, empowering businesses to meet their teams' diverse healthcare needs while maintaining financial sustainability.

Supporting it all is Decisely's **integrated, cloud-based technology platform** that unites payroll, benefits administration, onboarding, and compliance in one seamless system. Backed by dedicated account management and expert compliance support, Decisely makes it easier for employers to focus on growth while ensuring their people are protected.

As a result, small businesses benefit in several ways.



Stronger Data Insights:

Aggregated industry data gives insurers a more complete view of risk factors within selected verticals, helping refine pricing models and improve plan design.



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.



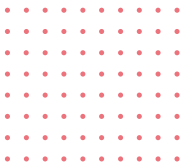
Tailored Benefit Solutions:

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, greater job satisfaction, and longer tenure.



INDUSTRY-SPECIFIC INSIGHTS

To better understand the relationship between health benefits and employee retention, Decisely analyzed client data across four high-turnover industries: quick service restaurants, logistics and transportation, automotive repair, and education. These verticals face ongoing challenges in attracting and retaining qualified employees.

The automotive repair industry continues to see a decline in new professionals entering the workforce, while education vacancies can reach up to 30% in some areas of the U.S.¹²

Across all four industries, Decisely data revealed a consistent trend: Full-time employees with access to benefits stayed with their employers twice as long as those without.



QUICK SERVICE RESTAURANTS

In 2021, the quick service restaurant (QSR) industry reported an annual turnover of 144% across all employees.¹³ However, Decisely's analysis of full-time roles (managers and supervisors) shows that access to benefits makes a meaningful difference. Employees with benefits stayed 49 months compared to 27 months for those without, nearly a year longer.

LOGISTICS & TRANSPORTATION

Similar to QSR, this vertical is heavily impacted by a transient workforce, even among full-time staff. The data shows that full-time employees with benefits remained with their employers twice as long as those without (20 months versus 10 months). In some cases, employers offering benefits experienced no full-time employee turnover year over year, improving productivity, consistency, and morale.¹⁴

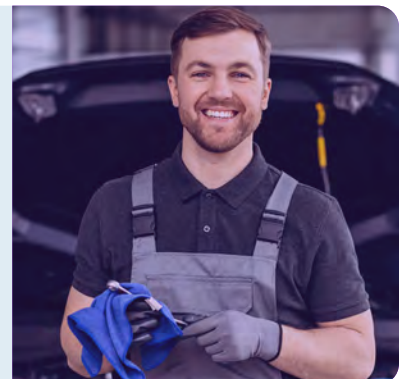


HOSPITALITY

High turnover in hospitality can impact guest satisfaction, service consistency, and overall business performance. However, access to quality benefits plays a critical role in improving workforce stability. According to Decisely client data, full-time hospitality employees with benefits stayed an average of 51 months, compared to 27 months for those without, proving that investing in employee benefits directly supports retention, morale, and operational excellence.

AUTOMOTIVE

The automotive industry faces long-term workforce challenges, including skill gaps, an aging workforce, and declining interest in vocational careers. Each year, an estimated 73,300 openings for technicians and mechanics are projected, but many go unfilled.¹⁵ While overall turnover in this industry is lower (31% annually), retention remains crucial. Employees with benefits stayed 20 months longer than those without, helping preserve institutional knowledge and maintain service quality.





THE RESULT: REAL FEEDBACK

Employers who offer affordable, accessible healthcare plans consistently report higher employee satisfaction and stronger retention. The following clients highlight the value that comprehensive benefits bring to both employers and their teams.

“The employees are **extremely happy with their benefits**. Their monthly portions have gone down, and as far as the coverage — there’s no co-pay! 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.

DECISELY BENEFITS MATTER

A robust benefits program can significantly improve employee retention, job satisfaction and overall well-being, which directly contributes to sustained business productivity.

Decisely’s approach emphasizes data transparency and smarter plan design to improve affordability and expand access to comprehensive benefits. By helping insurers better understand risk across small business populations, this model supports more sustainable pricing and reduces uncertainty for carriers.

Businesses that prioritize employee well-being not only attract top talent but also nurture long-term loyalty and engagement, leading to sustainable success.



Interested in improving employee retention through better benefits? Contact our team to learn how Decisely can help.

RESOURCES

1. Kaiser Family Foundation. "2021 Employer Health Benefits Survey – Summary of Findings." <https://www.kff.org/report-section/ehbs-2021-summary-of-findings/>
2. Decisely internal client research, 2019.
3. Society for Human Resource Management (SHRM). "The Real Costs of Recruitment." <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/the-real-costs-of-recruitment.aspx>
4. Businessolver. "Top 4 Benefits Employees Love." <https://www.businessolver.com/blog/top-4-benefits-employees-love/>
5. Society for Human Resource Management (SHRM). "The Real Costs of Recruitment." <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/the-real-costs-of-recruitment.aspx>
6. TeamStage. "Employee Benefits Statistics." <https://teamstage.io/employee-benefits-statistics/>
7. Glassdoor. "Salary & Benefits Survey." <https://www.glassdoor.com/employers/blog/salary-benefits-survey/>
8. Glassdoor. "Employment Confidence Survey Q3 2015." <https://www.glassdoor.com/blog/ecs-q3-2015/>
9. National Center for Biotechnology Information (NCBI). "Preventive Services and Health Outcomes." <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2873731/>
10. Society for Human Resource Management (SHRM). "Pay and Benefits Satisfaction." <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/pay-benefits-satisfaction.aspx>
11. Kaiser Family Foundation. "Health Care Debt Survey" <https://www.kff.org/health-costs/kff-health-care-debt-survey/>
12. The Washington Post. "Teacher Shortages and the Pipeline to the Classroom." <https://www.washingtonpost.com/education/2023/08/24/teacher-shortages-pipeline-college-licenses/>
13. Business Insider. "What It's Like to Work in the Restaurant Industry." <https://www.businessinsider.com/what-its-like-to-work-restaurant-industry-fast-food-statistics-2021-8>
14. Chron. "Advantages of Reducing Employee Turnover." <https://smallbusiness.chron.com/advantages-reducing-employee-turnover-17599.html>
15. U.S. Bureau of Labor Statistics. "Automotive Service Technicians and Mechanics." <https://www.bls.gov/ooh/installation-maintenance-and-repair/automotive-service-technicians-and-mechanics.htm>

