

# Demographic Studies and Real-Time Benchmarking Data Enable Strategic Planning.

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It's indisputable: The pandemic and the subsequent "Great Resignation" have made benefits more valuable in the marketplace, leaving organizational leaders wondering how to keep pace with similar organizations competing for the same talent. Real-time benchmarking and demographic studies offer a detailed, strategic evaluation of your organization's benefits package that simply isn't available through other means.

This is more than just gathering data. What matters is how you use that data to understand your employees and develop your strategic plan. Benchmarking and comparing your organization's benefits package to peers can help you identify ways to make your organization more competitive, in terms of attracting and retaining talent as well as cost containment. Here's how to approach benchmarking in a strategic way to help inform your planning for the next year.

## **The Baseline on Benchmarking**

Organizations should annually benchmark their employee benefits against competitors. That may sound like a lot of work on top of the other annual benefits tasks like renewals and open enrollment, but it doesn't need to be done for every single benefit you offer. Ancillary benefits like vision or dental, for example, can be benchmarked less frequently, unless your broker notices something that will make your offerings more competitive.

Focus on where you would like to make changes to the benefits offerings that matter to your employees most. Benchmarking annually for medical benefits—comparing the premium deductible, coinsurance, employer contribution, HSA contribution and other metrics—is essential to getting the most out of what you spend on your benefits package. It should compare both cost and benefits of all plan options with those of competitors.

It's not enough to rely on annual national industry reports. Those aggregated reports can give a broad idea, but the data may be outdated by time they are released. They also don't provide the same flexibility or detail. Real-time benchmarking offers a snapshot of the present and can get more specific on an industry, like nonprofits or independent schools, or a region of the country.

## **Keeping Your Organization Competitive**

In a competitive labor market, employees and job candidates are scrutinizing the entire compensation package, and you should be too. Benefits plans out of sync with your industry or region can become a hurdle to acquiring and keeping top talent. A medical plan that costs more or covers less than competitors could be a deciding factor.

On the flip side, benchmarking helps you identify when your benefits might be too generous. While generous benefits are often a bonus—and for many organizations, a major selling point—if they significantly exceed others' programs, that added cost may erase the advantage, or those additional dollars may be better spent to offer programs that employees have been asking for, like an upgraded EAP or enhanced paid parental leave policy.

A plan that is benchmarked much higher than peers happens for a number of reasons: If the employer contribution is too high or the employee contribution or deductible too low, or if the plan offers too much

coverage. In this case, an organization could potentially offer more reasonable plans without losing the competitive edge.

### **Incorporating Demographic Studies**

Incorporating your employees' demographic data in your strategic planning process helps complete the full benefits picture. For example, seeing how employees in different salary brackets choose their benefits can help you understand what matters to your employees so you can make informed decisions to optimize your plan design and contribution models.

This could also reveal communication needs or that your organization is investing big money in the wrong coverage for your workforce. Your plans may not be offering the coverage features your employees value.

### **Big Data for Small Organizations**

There is a perception that organizations need a lot of employees to make these efforts worthwhile. But even for smaller companies, benchmarking can offer big value. Typically, smaller, fully funded companies have limited access to data like claims information and utilization reports. Benchmarking and demographics can provide two essential strategic pieces to help you explore funding and plan design options.

### **Infusing Benchmarking in Strategic Planning**

All this data enables important strategic conversations and helps ensure that money is well spent. It's also a great way to get key decision makers on the same page and maintain an open conversation about strategy, budget and priorities when optimizing your benefit plan. Analyzing benchmarking data and demographic studies is the first step to setting meaningful and attainable strategic goals.

Benchmarking is a good way to check in with your employees' needs, see where you're spending your money, and prevent any big surprises. The situation may not always significantly change year over year, but it's important to understand where your strengths and weaknesses are as an employer, especially when assessing the offerings that attract and retain your talent. ■

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