2025 Benefit Plan Trends

Manufacturing Industry Snapshot

USI Benefits Benchmarking Study

Sections Covered

THE USI ONE ADVANTAGE®

Executive Summary

In today's competitive market, employers are seeking to balance employees' benefits expectations with escalating costs.

USI's Benchmarking Study empowers informed decision-making

Employers are driven to utilize benchmarking for several reasons, including:

1. They struggle to understand how their benefit plans stack up against the competition.
2. They recognize that it may be more cost-effective to retain existing talent with attractive benefits than to hire new employees.

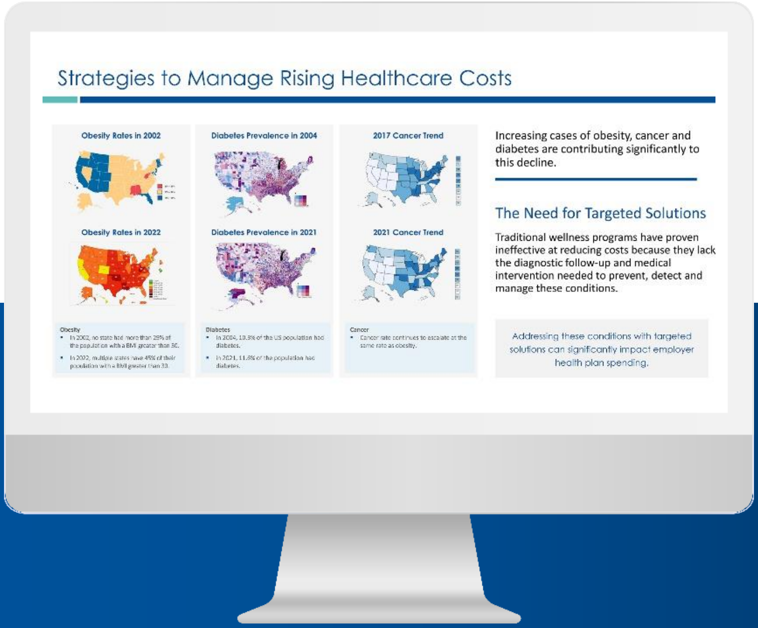
To drive insights grounded in analytics, USI actuaries benchmark plan design with the related actuarial value of out-of-pocket costs and employee contributions.

4.1%
Unemployment rate[1]

$630B
Annual voluntary turnover costs for U.S. employers[2]

$4,700
Average cost of hiring an employee, which can take up to 42 days[3]

50-200%
Turnover cost as a percentage of annual salary[4]



[1]Bureau of Labor Statistics, July 2025, [2] Work Institute's 2020 Retention Report
[3] SHRM. "The Real Costs of Recruitment.";
[4]Indeed Editorial Team. Estimating the Costs of Employee Turnover. Dec. 2024

Contact your USI representative to get your unique link and receive a customized benchmark study.

TOP 5

Employee Benefits Concerns

1. Payroll Contributions
2. Plan Design Comparison
3. Customization
4. Value Added Services to Employees
5. Employee Satisfaction and Retention

Finding the Right Balance

Employers struggle with finding the right balance for benefits programs.

Cost of Benefits

Is the company spending too much on benefits?

Cost of Turnover

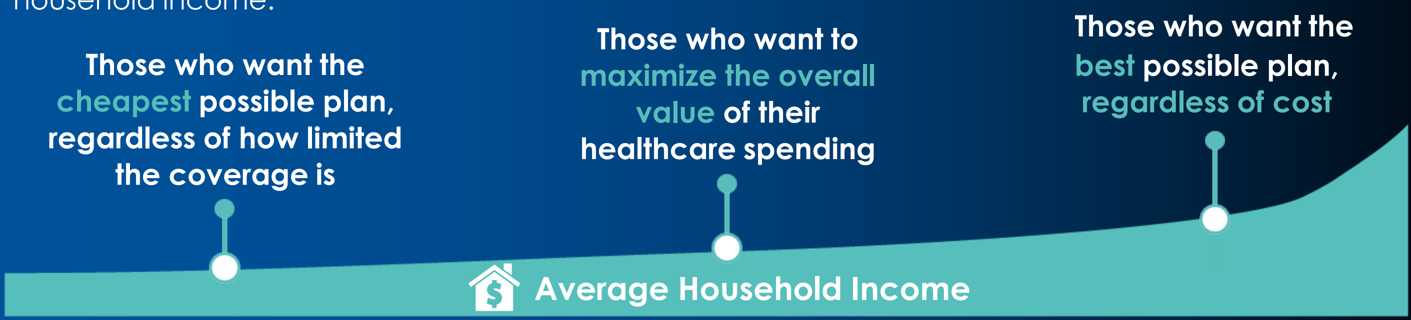
The company needs to spend more on benefits to attract and retain talent.

USI's benchmarking offers **targeted, credible data** from more than 10,000 participating organizations to help employers **drive decisions** around benefit costs and programs.

Employee Perspective

Plan Selection

There are three types of employees when it comes to selecting a plan, and usually they pick based on household income:



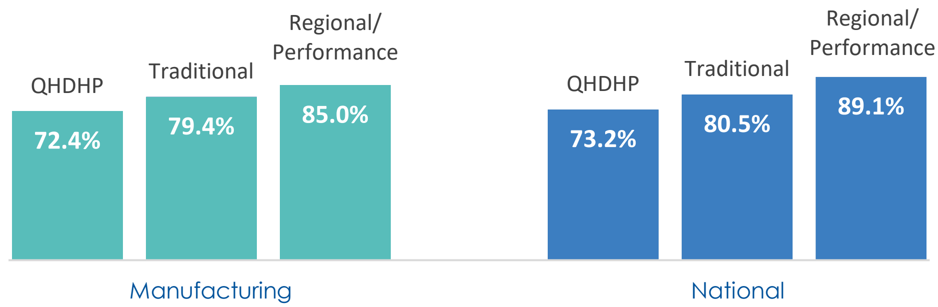
Actuarial Plan Value

Employers use benefits to attract and retain top talent. Examining the actuarial value of the different health plans you offer can help identify opportunities to make plan adjustments and improve employee retention and hiring.

The chart below illustrates plan richness by plan design type. Regional/High-Performance Network Plans have the narrowest network but the richest plan designs.

Actuarial Value Indicates the Richness of a Health Plan

Actuarial Plan Value by Plan Type*, incl. Employer-funded Accounts

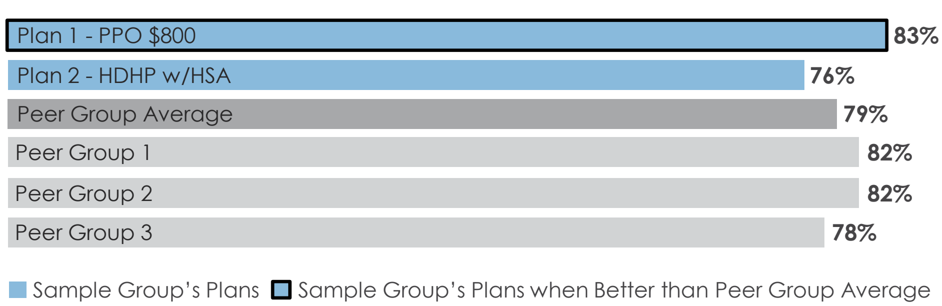


Plans offered by manufacturing for Traditional PPO type of plans cover 79.4% of medical expenses, slightly lower than the national average (80.5%). Qualified High Deductible Plans, with higher deductible and out of pocket costs for employees, offered by manufacturing cover 72.4% of medical expenses, compared to the national average of 73.2%

Employees who seek the best possible plan, regardless of cost, are most likely to elect a Traditional PPO plan with the broadest network coverage.

Customized Results Illustration

Sample Group's Plan Design Value Compared to Benchmark Averages

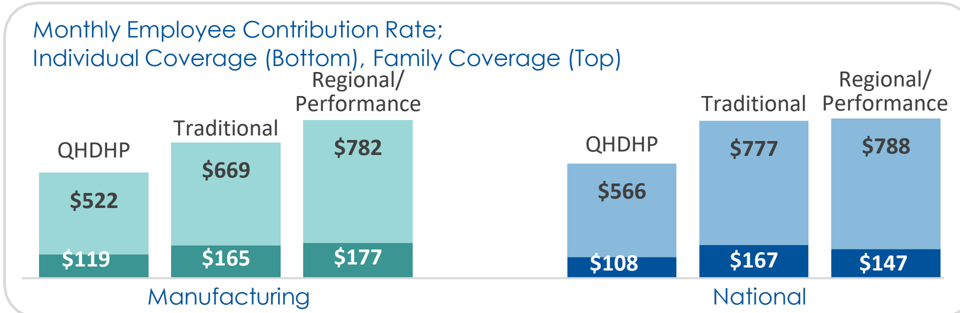


*QHDHP = Qualified High-Deductible Plans
Traditional = Broad Network PPO Type Plans
Regional/Performance = Regional, High Performance, or Tiered Network Plans

Employee Perspective

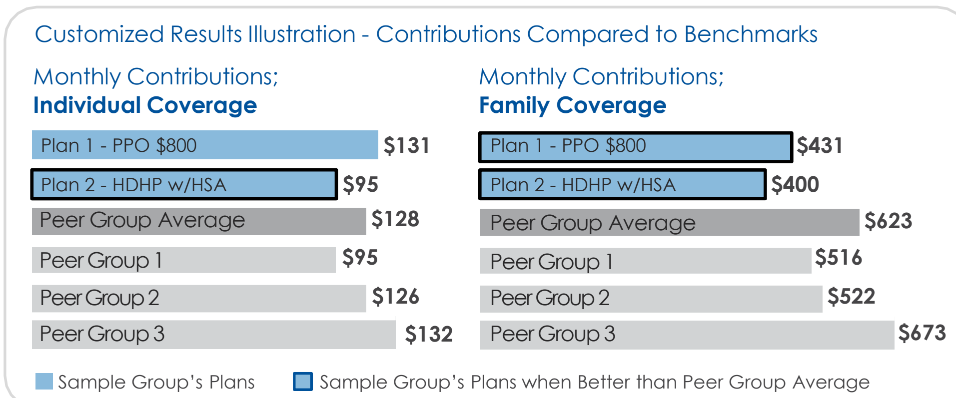
Payroll Contributions

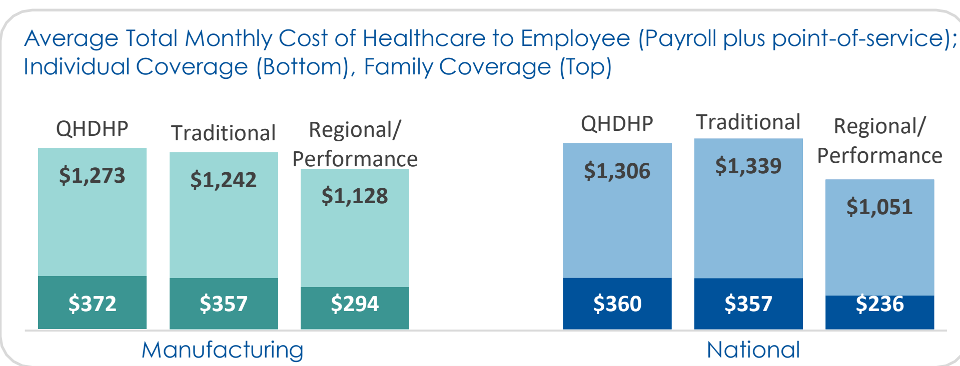
Payroll contributions are the most visible component of a major medical plan and can heavily influence employees' perception of the value of your plan offerings, driving migration between plans.



Richer plans with a higher actuarial value tend to have higher employee contributions, but lower costs at point of service. Less rich plans with a lower actuarial value will have lower payroll contributions, but higher out-of-pocket costs at point of service.

Regional/narrow, tiered network, or high-performance network plans may be priced similarly to broad network plans, while offering members lower costs at point of service because of the richer plan designs.





Overall Employee Cost

Plan richness combined with payroll contributions determine the total cost of healthcare for your average employee. Large, diverse employee groups tend to gravitate to the HDHP or PPO plans with the lowest overall employee costs.

Opportunities

Understanding the total cost of each health plan offering can help you identify how the richness of your plans compares to national plan values, what plans you are driving employees to based on the total cost of each plan, and how much you should be charging for benefits.

USI works with employers to determine appropriate plan adjustments designed to enhance employees' benefits experience and attract highly qualified workers.

Plan Sponsor Perspective

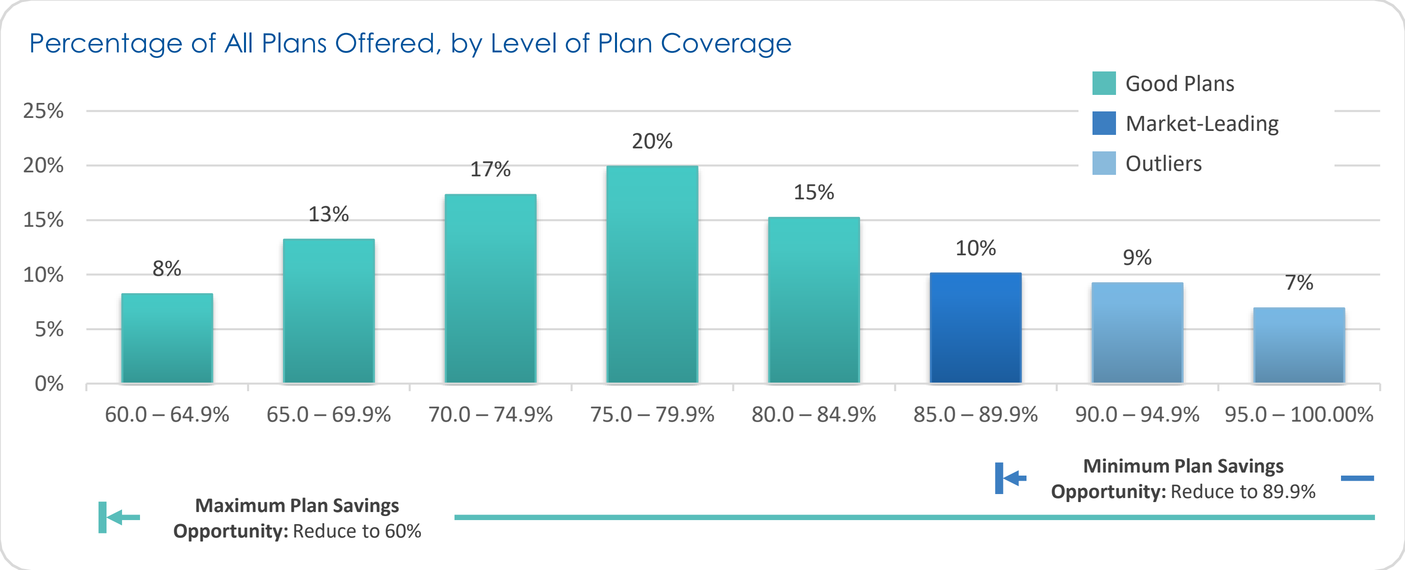
Employer Needs

Many employers want to offer highly attractive benefit plans, but this may not be a sustainable strategy in the long run. Plan sponsors with budget-conscious priorities will want to look at cost-efficient options.

OPTION 01 Changes that save you money without disrupting plan richness

OPTION 02 Changes that save you money without increasing employee contributions

Market-Leading Plans



Employers frequently tell us they want to offer market-leading plans without being an outlier. Our Benefits Benchmarking Study found 16% of all plans fell within the outlier status or exceeded 90% coverage. Market-leading plans still tend to be in the richer 85% to 89% coverage range. Plans most commonly fall into the less rich, but lower cost range, with 20% covering 75% to 79% of medical expenses. Employers that want to offer market-leading plans could consider increasing the richness of their plan offerings.

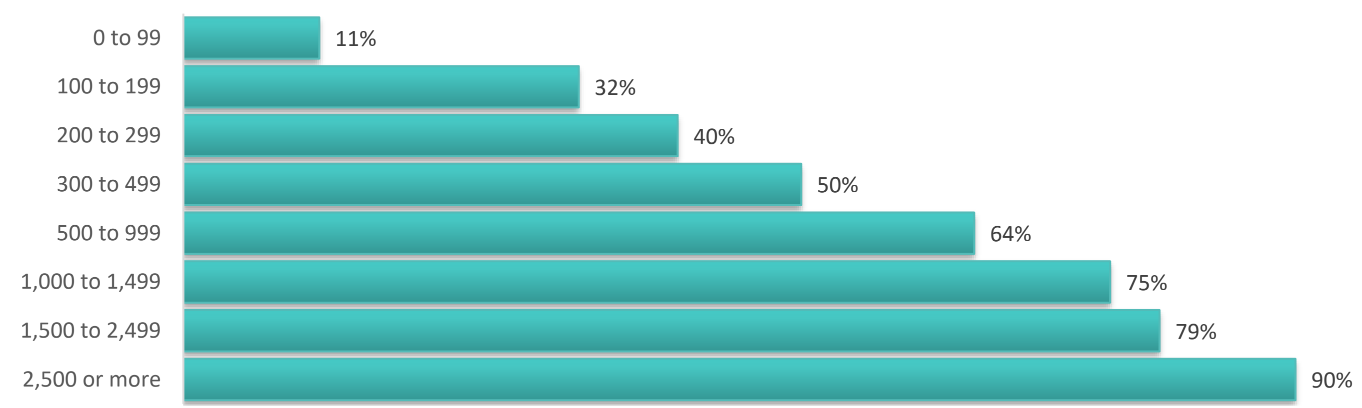
While generous plans can be more attractive to employees, these plans also tend to have disproportionally higher costs because they lack the consumerism of less rich plans. For example, an employee that has a $0 deductible and low co-pays for a non-urgent emergency room visit has no motivation to seek the best site of care option to keep out-of-pocket expenses low.

Employers that want to maintain the richness of their plan and manage costs could consider implementing incentives tied to member steerage to help employees become smarter consumers of healthcare.

Plan Sponsor Perspective

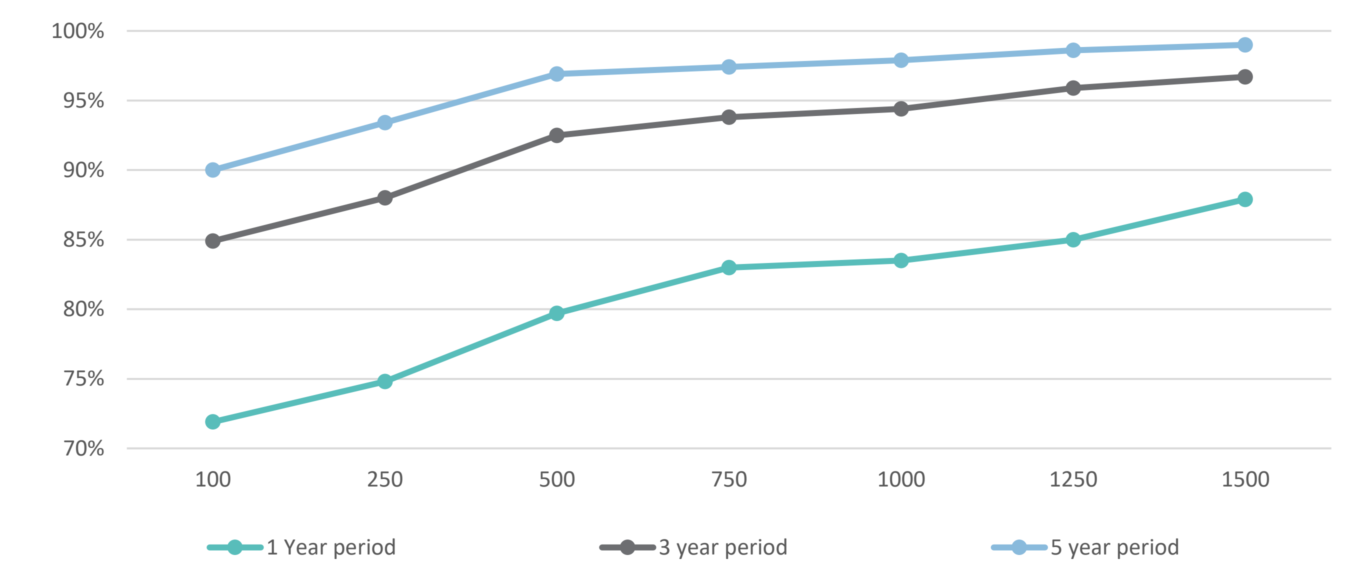
Sustainable Funding Strategies

Groups With at Least One Self-Funded Plan, by Group Size



While the majority of employers in the 500 to 2,500+ employee group range offer at least one self-funded plan, smaller organizations have also found success self-funding their plans.

5-Year Likelihood of Financially Benefiting From Self Funding

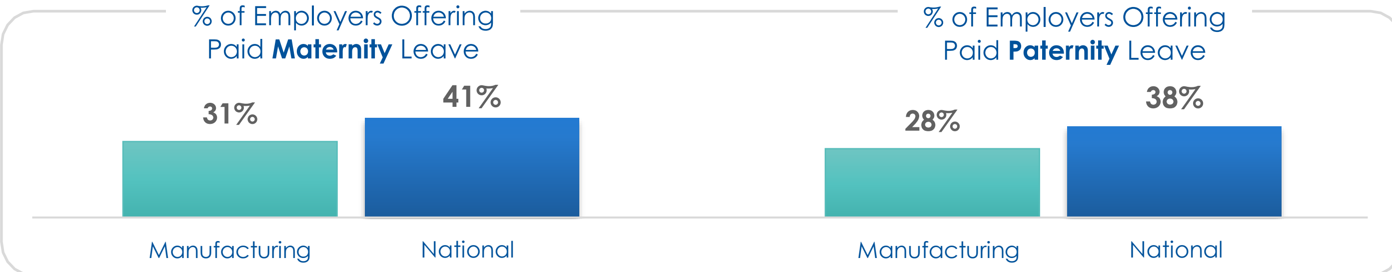


This graph shows the likelihood of self funding outperforming fully insured, by group size.
Actual enrollment may vary.

The likelihood of benefiting financially from a self-funded plan increases significantly with size and time. Groups in the 750- to 1,250-employee range have a roughly 85% chance of success in the first year, increasing 10 points within three years and reaching close to 100% by year five. Even for groups in the 100- to 250-employee range, the chances for success increase roughly 20 points over a five-year period, reaching close to a 95% likelihood of outperforming fully insured options by year five.

Trends in Plan Strategy

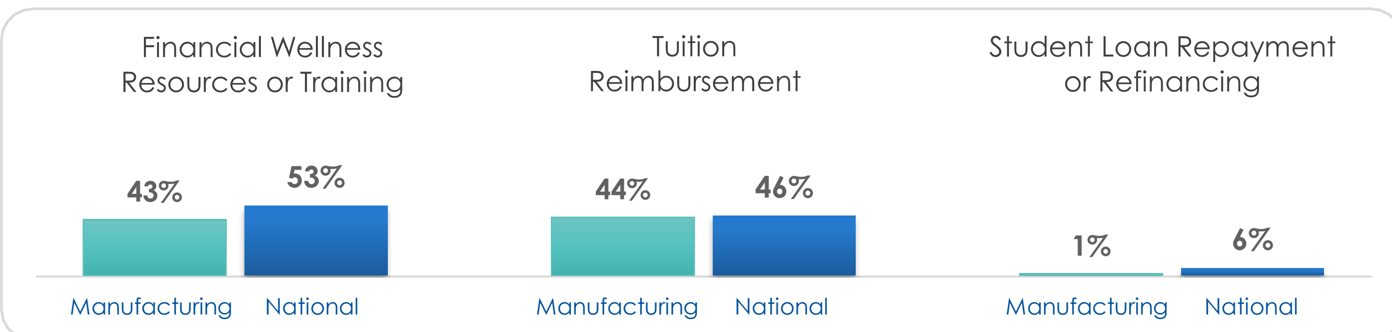
Family Leave



With more states mandating maternity leave benefits, the number of employers offering this benefit nationally is likely to grow. Offering parental leave benefits, especially in states that don't mandate maternity leave, can be a way to add value for growing families.

The chart above shows that there is opportunity for employers in the Manufacturing Industry to offer a more robust family leave program, especially when competing against other industries for staff.

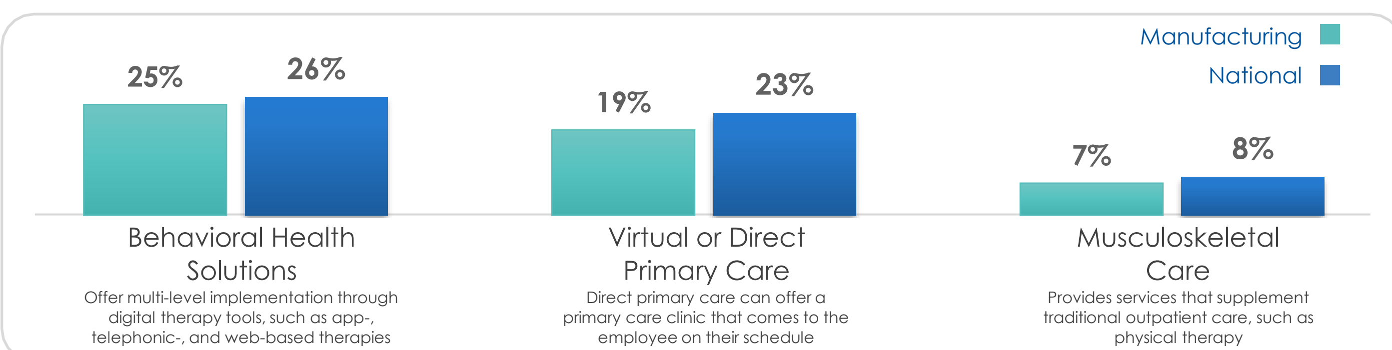
Financial Wellbeing and Educational Support



Many employers recognize the value of providing financial wellness benefits, such as resources and training, tuition reimbursement, and student loan repayment.

Manufacturing is an outlier compared with other employers in that financial wellness education is not the most likely benefit offered to employees. This comparison shows manufacturing is in line when it comes to offering tuition reimbursement. Financial stress can impact both employee health and their productivity.

Population Health Management



In general, employers in the Manufacturing Industry could improve outcomes by focusing on additional population health support for their members.

Trends in Plan Strategy

Prescription Drugs Contracts

Reviewing Pharmacy Contracts

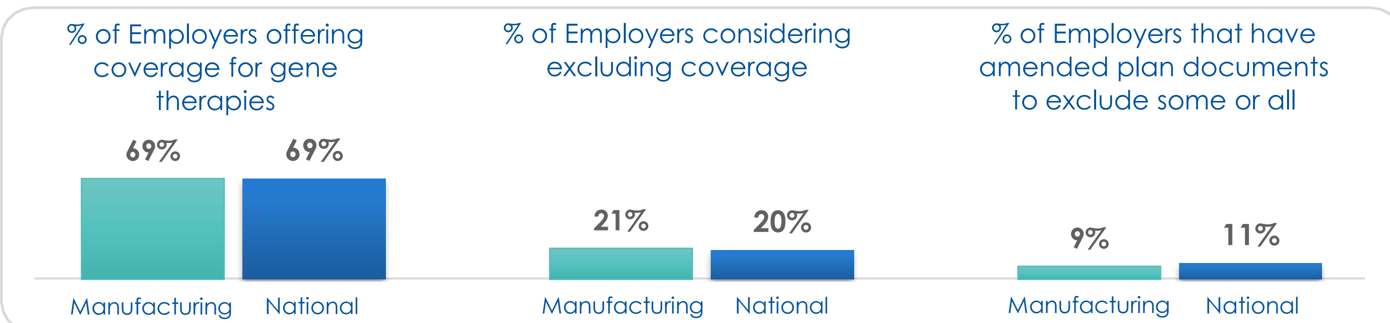
Here we show the % of employers who are reviewing their pharmacy contracts in detail.

Holding PBMs Accountable

Here we show the % of employers who are taking financial measurements to ensure the PBM is achieving the promises of their contract.

The average employer in Manufacturing could benefit from more robust pharmacy negotiations, as this illustration shows. Plans that review their pharmacy contracts in detail and hold their PBMs accountable are more likely to operate at a competitive advantage.

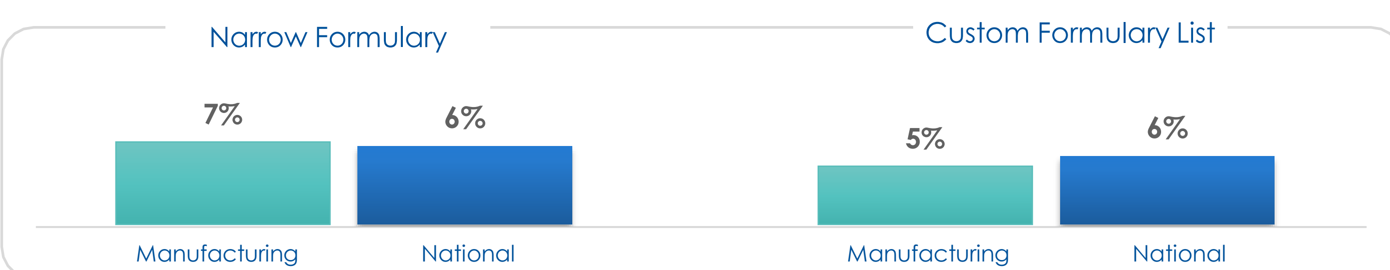
Gene Therapy Coverage



Cell and gene therapy are game changers when it comes to offering personalized healthcare. They offer the potential for lowering long-term healthcare costs but come with an enormous price tag.

Costs can range from $200,000 to $3.5 million per dose. While use of these therapies is still relatively low, the likelihood of a member seeking these treatments is expected to increase as more therapies are approved.

Formulary Options to Address Biosimilars



Biosimilars have the same therapeutic benefit as complex biologic drugs, but with a more affordable price tag. Plans may reap savings of **$1,000 to $4,000** per prescription fill of specialty medication when members switch to a biosimilar.

By strategically placing biosimilars on formularies, the plan design can encourage their use over more expensive biologics.

Get the Full Report

Customized to Your Organization

The full report **empowers holistic benefit strategy** through **customized insights** and **strategic recommendations** based on benchmarking results.

Your Health Plan From the Employee Perspective

- Plan design value and offerings
- Payroll contributions
- Total employee cost
- Communication quality

Medical Cost Efficiency and Plan Strategy

- Plan funding method
- Population health management
- Prescription drug strategy

Insights on Additional Benefits

- Dental
- Vision
- Paid time off
- Family leave
- Short-term disability
- Long-term disability
- Life insurance
- Voluntary or worksite benefits
- Retirement readiness strategy
- Financial well-being and education

The USI Benefits Benchmarking Study is the **largest survey** of its kind, with more than 10,000 participating employers. We have, by far, the market's highest participation, which enables the **deepest** and **narrowest cuts** of **emerging trend insights** for your relevant peer group. The 2025 survey results are available now.

Focus on Modern Benefits Programs for Your Changing Workforce

Benchmarking provides insights and opportunities to make plan design changes and create competitive, market-leading benefits employees look for from their employer.

Based on the current plan data of over 10,000 participating organizations, USI's Benefits Benchmarking Study allows us to generate a custom plan performance report for your organization with recommended solutions to help optimize your employee benefits offerings.

Participate in the 2025 USI Benefits Benchmarking Study and receive your personalized plan performance assessment.

Access Survey Here