Employee Benefits Report

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Compliance

SECURE 2.0 Implementation: A New Era in Retirement Planning

The SECURE 2.0 Act, passed in late 2022 and now in active rollout through 2025, is reshaping the landscape of workplace retirement planning. Designed to expand access, modernize plan design, and improve financial preparedness, the law introduces over 90 new provisions—many of which are now surfacing in HR departments across the country.

Automatic Enrollment Takes Effect

One of the headline mandates is automatic enrollment in new 401(k) and 403(b) plans, starting in 2025 for employers launching plans after January 1. New employees will be automatically enrolled at 3%, with annual increases up to 10%. While employers can still opt out for legacy plans, this provision requires adjustments to payroll systems and employee communications.

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This Just In ...

Group Health Premiums on the Rise: What Employers Need to Know

In 2025, rising group health premiums are becoming a central concern for employers. Carriers like UnitedHealth, Anthem, and CVS Health have issued projections showing significant cost increases—driven by escalating claims severity, specialty drug costs, and continued labor shortages across provider networks.

These hikes pose challenges to affordability and enrollment, particularly for small and mid-sized employers. Workers may face higher contributions, reduced plan options, or shifts in network design as companies grapple with budget constraints.

What's Driving the Surge?

- Medical inflation continues to outpace general inflation, fueled by advances in diagnostics and treatment technologies.
- Chronic conditions and high-cost claims are up, especially in post-COVID care environments.
- Pharmaceutical spending, especially on gene therapies and biologics, is testing plan sustainability.

Student Loan Matching

SECURE 2.0 also introduces a groundbreaking feature: student loan matching contributions. This allows employers to treat student loan repayments as elective deferrals for matching purposes. Employees who prioritize loan repayment over retirement contributions can now still receive a match—helping younger workers build retirement savings earlier.

Emergency Savings Integration

Another major development is the option to create emergency savings accounts linked to retirement plans. Eligible employees can contribute up to $2,500 to these accounts, which allow penalty-free withdrawals and foster financial resilience. This benefit is particularly attractive for hourly and lower-income workers who may face liquidity challenges.

Roth Expansion and Flexibility

SECURE 2.0 expands Roth options, including Roth SEP and SIMPLE IRAs, and removes required minimum distributions (RMDs) for Roth accounts in qualified plans. Employers offering Roth matching must now navigate tax withholding nuances and update plan documents accordingly.

HR & Payroll Challenges

Implementing SECURE 2.0 isn't just about compliance—it requires meaningful coordination across departments. HR leaders must:

- Update plan documents and employee handbooks
- Integrate changes with payroll systems
- Train managers on eligibility and enrollment
- Communicate benefits clearly to new hires and existing staff

Many companies are partnering with recordkeepers and benefits consultants to manage the transition smoothly and ensure employees understand the expanded options available.

Strategic Opportunities

While SECURE 2.0 introduces complexity, it also opens doors. Employers can now build more inclusive retirement plans, engage younger employees, and align financial wellness with broader workforce objectives.

In short, SECURE 2.0 isn't just legislative housekeeping—it's a strategic pivot point. Employers who act now to implement its provisions thoughtfully will not only stay compliant but earn loyalty and trust from the next generation of savers.

Employer Strategies Emerging

In response, many companies are exploring alternative funding models to maintain plan viability:

- Level-funded and self-funded arrangements offer flexibility and potential savings.
- Captive stop-loss groups are gaining traction for mid-sized employers seeking pooled risk protection.
- Value-based network contracting and narrow provider networks are being deployed to control spend without sacrificing quality.

Beyond funding mechanisms, employers are also leaning into benefits education, wellness engagement, and digital navigation tools to maximize value for employees.

With costs mounting, strategic benefits planning is no longer optional—it's essential. Employers need actionable insights, and those who move now will be best positioned for sustainable coverage and stronger workforce outcomes.

Putting Health Equity into Practice: SDOH Integration Takes Center Stage

As healthcare costs continue their upward trajectory and disparities remain persistent across employee populations, a new lens is reshaping how employers approach benefits design—Social Determinants of Health (SDOH). From zip code to food access, education to transportation, SDOH factors account for more than 80% of health outcomes. In 2025, savvy employers are turning this challenge into opportunity.

Why SDOH Matters Now

The workforce is more diverse than ever, and a one-size-fits-all benefits package often fails those who need support the most. Employers are increasingly recognizing that issues like housing instability, financial stress, and limited healthcare access not only hurt individuals—they drive absenteeism, chronic disease claims, and lower productivity.

Integrating SDOH means proactively identifying barriers that affect employee health and tailoring benefits to meet real-life needs. The goal? Create more equitable plans that promote better outcomes—and reduce long-term costs.

Integrating Strategy with Real-World Needs

To make SDOH integration successful, organizations are reshaping their benefits playbook with targeted, practical steps:

- **Vendor Curation:** Employers are building relationships with partners that directly address social needs—such as meal delivery apps, virtual mental health providers, and transportation services for medical visits.
- **Data Activation:** Predictive analytics are being used to identify trends across employee populations, including risk factors like income, location, and access to care. This helps tailor interventions more precisely.
- **Education & Communication:** Awareness campaigns and outreach initiatives are bridging the gap between available resources and employee engagement. Programs like EAPs, financial wellness coaching, and community health networks are gaining traction through clearer messaging.

By aligning real-life challenges with targeted benefit enhancements, organizations are turning data into action and transforming healthcare outcomes one step at a time.

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How SDOH Integration Looks in Action

Leading employers are:

- Partnering with housing organizations to support employees facing eviction
- Offering culturally competent mental health support
- Adding benefit tiers that vary by location and access needs
- Measuring impact using ZIP code-level claims analysis

Some are even tying SDOH metrics to HR dashboards to track equity alongside engagement and retention.

ROI You Can Feel

Employers investing in SDOH aren't just doing the right thing—they're seeing results. Fewer ER visits. Improved medication adherence. Healthier pregnancies.

Self-Funding in 2025: Still Strong, But Evolving Fast

Self-funded employee benefit plans continue to be a powerful tool for employers looking to control costs and customize coverage. As we move further into 2025, momentum remains strong. But with rising healthcare expenses and shifting regulatory pressures, both employers and their brokers are being called to rethink and refine their approaches.

Adoption Holds Strong, Innovation Grows

Recent data shows that more than 63% of U.S. employees with employer-sponsored health insurance are now enrolled in self-funded plans. Among large employers, that figure climbs to 79%. Meanwhile, mid-sized organizations are rapidly embracing the model, propelled by a new wave of digital-first TPAs, flexible financing arrangements, and smarter stop-loss solutions.

Today's standout innovations include:

- Telemedicine and virtual care now embedded into most self-funded plan designs
- Predictive analytics that flag high-cost claimants for early intervention
- Expanded mental health benefits aligned with updated parity enforcement guidelines

Brokers are not just facilitators—they've become strategic partners guiding clients through this evolution. Their role goes beyond cost containment, focusing on long-term workforce health, engagement, and resilience.

Stop-Loss Costs: A Growing Challenge

One of the most pressing issues in self-funding today is the surge in stop-loss premiums. Factors like specialty drug costs, rising chronic condition prevalence, and multi-million-dollar inpatient claims have made risk coverage more expensive and complex.

With stop-loss premiums now topping $35 billion annually, major carriers like Cigna and Voya are adjusting pricing models and increasing thresholds. To safeguard their plans, employers must make more nuanced decisions—often with their broker's expert guidance. This includes:

- Selecting optimal attachment points that balance premium costs with risk tolerance
- Exploring layered or captive stop-loss models to share and diversify risk
- Tracking claims volatility through real-time data tools and strategic interventions

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Smart stop-loss purchasing isn't just reactive—it's preventative risk engineering.

Regulation & Risk: A Rising Tide

On the compliance front, audits are intensifying—especially around mental health parity and non-quantitative treatment limitations (NQTLs) in self-funded plans. At the same time, states such as Florida are requesting detailed pharmacy and claims data, raising complex questions around ERISA preemption and HIPAA privacy boundaries.

Employers must stay ahead of regulatory change by maintaining airtight documentation, robust plan governance, and a legal understanding of state vs. federal oversight. Being audit-ready isn't optional—it's essential.

Strategic Guidance for Complex Times

As complexity grows, so does the need for skilled guidance. Brokers are helping employers tap into a deeper vendor ecosystem—from predictive analytics platforms to member engagement solutions—to elevate plan performance.

Employers should ask for:

- Custom, data-driven strategies tailored to their workforce dynamics
- Scalable risk management solutions that evolve with claims patterns
- Ongoing education on cost, compliance, and coverage design

In short, self-funding is no longer just a financial framework—it's a dynamic platform for employer-led innovation.

Strengthening Your Stop-Loss Strategy

With stop-loss premiums surging in 2025, strategic purchasing is essential to protect the integrity of self-funded plans. Brokers play a pivotal role in guiding employers toward smarter decisions in three key areas:

Choosing Optimal Attachment Points

Setting the right specific deductible—the amount the employer pays before stop-loss kicks in—is a balancing act. Too low, and premiums skyrocket. Too high, and risk exposure grows. Employers should assess historical claims data, projected utilization, and employee demographics to find their "Goldilocks zone." Many are now adjusting attachment points annually to stay aligned with shifting claims volatility.

Exploring Layered or Captive Models

To offset rising costs, mid-sized employers are joining group captive arrangements, pooling resources to gain purchasing power and spread risk. Others are implementing layered coverage, purchasing multiple levels of protection (e.g., $250K, $500K, $1M) with different carriers. These alternative funding models offer tailored solutions while improving overall stop-loss efficiency.

Monitoring Claims Volatility

Tracking high-cost claims—especially outliers like cancer treatments or complex surgeries—has become mission-critical. Brokers are helping employers build real-time dashboards, run predictive analytics, and implement early intervention programs. These tools help employers detect potential spikes early and adjust coverage or wellness offerings accordingly.

Stop-loss isn't just an expense—it's an opportunity to engineer resilience. With the right strategy, employers can protect their plan, their people, and their bottom line.