News From The Employee Benefit Research Institute

New EBRI-Lincoln Financial Research Finds Many Employees Lack a Financial Cushion for Unexpected Medical Costs

Among employees with a recent medical event, 53% paid at least $1,000 out of pocket, while only 28% said they were very prepared for an unexpected expense of that amount

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WASHINGTON, D.C. — New research published today by the Employee Benefit Research Institute (EBRI), in collaboration with Lincoln Financial, finds that many benefits-eligible employees remain financially vulnerable to unexpected medical expenses despite having access to at least some employer-sponsored benefits.

The research also finds that employees reported markedly greater interest in voluntary benefits after reading brief, plain-language descriptions explaining what the benefits cover and how they may provide financial assistance. The findings suggest that stronger benefits education could help employees make more informed enrollment decisions and strengthen their financial resilience.

The new research report, “Expanding the Benefits Horizon: Employee Understanding, Enrollment, and Financial Vulnerability,” finds that 53% of employees who experienced a recent medical event paid at least $1,000 out of pocket, yet only 28% said they were very prepared to handle an unexpected expense of that amount. In addition, 44% reported having no money set aside for unexpected medical costs.

Nearly half of employees with a recent medical event, 47%, experienced at least moderate financial difficulty because of medical expenses. Forty-five percent said they were still experiencing financial difficulty related to past medical events, and 37% reported having a medical bill sent to collections.

“Our findings suggest that many workers simply do not have the financial cushion to absorb today’s health care costs,” said Bridget Bearden, director of member growth and partnerships at EBRI. “Medical expenses are not always isolated events. Many employees have little savings set aside to absorb these costs, and affordability concerns are causing some workers to delay needed care. As health care costs continue to rise, strengthening workers’ financial resilience will become increasingly important.”

The report is the third and final installment in “Benefits in Focus: Supplemental Health, Dental, and Vision Perspectives,” a three-part research program developed by EBRI and Lincoln Financial. The first report examined employer perspectives, the second examined benefits broker perspectives and the new report focuses on employee perspectives.

The earlier reports found that employers view voluntary benefits as contributing to employee satisfaction, recruitment, retention, performance and overall employee well-being. Benefits brokers expect continued growth in voluntary benefits but view enrollment support and communications as important areas in which carriers can better assist brokers and employers.

“Employers invest significantly in their benefits programs, but that investment delivers the greatest value when employees understand and use the benefits available to them,” said Kerry Brooks, senior vice president, Group Protection Product, Workplace Solutions Marketing and Customer Experience at Lincoln Financial. “These findings reinforce the importance of clear communication and education in helping employees make informed benefits decisions while strengthening their financial protection.”

Key findings in the report include:

• **Many employees are financially vulnerable to unexpected medical expenses and continue to experience financial difficulties related to those costs.** Fifty-three percent of employees with a recent medical event paid at least $1,000 out of pocket, yet only 28% said they were very prepared for an unexpected $1,000 expense. Nearly half, 47%, experienced at least moderate financial difficulty because of medical events, 45% said they were still experiencing financial difficulty related to past medical expenses and 37% reported having a medical bill sent to collections.

• **Employees have limited understanding of many workplace benefits.** Only 54% reported a high level of understanding of health insurance, and 53% reported a high level of understanding of retirement benefits. Understanding was lower for supplemental health products, with 40% reporting a high level of understanding of critical illness insurance and 35% reporting a high level of understanding of hospital indemnity insurance.

• **Plain-language descriptions increased employees' interest in voluntary benefits.** After reading concise benefit descriptions, 83% of employees were somewhat or very interested in dental insurance, 79% in vision insurance, 76% in critical illness insurance, 71% in accident insurance and 63% in hospital indemnity insurance. The report notes that expressed interest does not guarantee enrollment and that affordability and perceptions of existing coverage remain important considerations.

• **Cost concerns are causing employees to postpone care.** More than half of employees reported having delayed or avoided medical care because of cost concerns, including 26% who delayed care within the past year. Employees also reported postponing dental and vision care because of cost.

• **Burnout was associated with greater medical and financial hardship.** Fifty-six percent of employees reported at least one symptom of burnout. Among employees reporting burnout symptoms, 54% experienced moderate to extreme financial difficulty related to medical events, compared with 3% of employees without burnout symptoms. The findings demonstrate an association and do not establish that medical expenses caused burnout.

• **Employees may be unaware of benefits available through their workplaces.** Differences between employer and employee responses may also reflect eligibility requirements, plan design and how workers understand or recall available coverage. Employers previously surveyed by EBRI and Lincoln Financial were more likely to report offering several benefits than employees were to report having access to those benefits. For example, 46% of employers reported offering accident insurance, compared with 28% of employees who said the coverage was available to them.

• **Enrollment was relatively strong when employees reported having access to supplemental health benefits.** Seventy percent enrolled in accident insurance, 61% enrolled in hospital indemnity insurance and 53% enrolled in critical illness insurance. For each of the three products, 57% of enrollees described the coverage as very important.

Employees generally rated their employers' benefits communications positively, but favorable ratings did not necessarily correspond with a strong understanding of the benefits available to them. Fifty-five percent primarily relied on information supplied by their employer when making benefits decisions, underscoring the importance of clear, accessible and timely workplace communications.

Workers at organizations with fewer than 500 employees reported less access to benefits information than employees at larger organizations. These workers were less likely to receive benefits information through email, websites, smartphone apps or notifications, and social media.

The findings suggest that employers, benefits providers and brokers can help strengthen employees' financial protection by improving awareness of available benefits, explaining coverage in plain language and providing accessible tools that allow employees to evaluate and compare their options during enrollment.

Information for the report was collected through an online survey conducted in October 2025 among 1,130 benefits-eligible employees ages 20 to 64. Respondents were employed either full time or part time and were eligible for at least some employer-sponsored benefits. Quotas were established by employer size, age and gender to better reflect the benefits-eligible workforce population.

To review a summary of the new research report, visit https://www.ebri.org/voluntary-benefits-employees.

About the Research Series
EBRI and Lincoln Financial partnered on the three-part "Benefits in Focus: Supplemental Health, Dental, and Vision Perspectives" research program to examine awareness and use of voluntary benefits among employers, benefits brokers and employees.

About Lincoln Financial
Lincoln Financial helps people confidently plan for their vision of a successful financial future. As of December 31, 2025, approximately 17 million customers trust our guidance and solutions across four core businesses – annuities, life insurance, group protection, and retirement plan services. As of June 30, 2026, the company had $366 billion in end-of-period account balances, net of reinsurance. Headquartered in Radnor, PA., Lincoln Financial is the marketing name for Lincoln National Corporation (NYSE: LNC) and its affiliates. Learn more at LincolnFinancial.com.

About EBRI
The Employee Benefit Research Institute is a nonprofit, nonpartisan research organization that has provided independent, objective and fact-based research on employee benefits and financial security since 1978. EBRI combines large-scale administrative databases, nationally recognized surveys, advanced modeling and collaborative research centers to examine retirement security, health benefits and financial well-being. Its research and educational programs bring together employers, policymakers, benefits professionals, financial services organizations, researchers and other stakeholders seeking objective evidence to support informed policy, benefit-design and business decisions. EBRI does not lobby or advocate for specific policy outcomes. For more information, visit www.ebri.org.

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Media Note: To receive the complete research report, email Ron Dresner at dresner@ebri.org.