

## Expanding the Benefits Horizon: How Employers View Voluntary Offerings

By Jake Spiegel and Bridget Bearden, Ph.D., Employee Benefit Research Institute

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### AT A GLANCE

The benefits landscape is rapidly evolving in the workplace. As employers navigate a dynamic labor market and look to attract and retain a talented work force with diverse needs, one option is to extend their benefits offerings beyond core benefits like retirement plans and health insurance. Data from the Employee Benefit Research Institute's (EBRI's) previously published Financial Wellbeing Employer Survey (FWES), a survey of financial wellness benefit trends among large employers with 500 or more workers, suggest that organizations are increasingly broadening their offerings to include a wide range of benefits that address an equally wide range of worker concerns and priorities. Voluntary benefits — such as dental, vision, and supplemental health benefits — can play a role in helping workers manage day-to-day expenses, weather unexpected events, and better prepare themselves and their families for the future.

To build upon the learnings of the FWES and to develop a deeper understanding of the voluntary benefits market landscape, EBRI has partnered with Lincoln Financial to field Benefits in Focus: Supplemental Health, Dental, and Vision Perspectives. This body of work includes a series of surveys that explore the awareness and utilization of supplemental health, dental, and vision benefits in the American workplace across employer, broker, and employee audiences. The intent is to uncover trends, challenges, and opportunities for strengthening financial protections available to workers at employers of all sizes.

The first survey in Benefits in Focus, focusing on voluntary benefits from the employer's perspective, forms the basis for this *Issue Brief*.

#### Key Insights:

- **Even when faced with rising costs over the past two years, most organizations have increased investments in employee benefits.** Ninety-six percent of employers say their benefits budget has grown during the past two years, including 76 percent whose benefits budget has kept up with or exceeded inflation. Budgets are expected to continue to grow; more than two-thirds of employers anticipate increases to their benefits budget in the next 1–2 years. Employers are also looking to bolster their supplemental health offerings with the inclusion of family and reproductive health riders, such as infertility benefits or adoption assistance. Almost two-thirds of employers state that these riders would add value to their supplemental health benefits.
- **Most organizations report improvements in employee satisfaction, recruiting, retention, performance, and employee health as a result of their employee benefits program.** Improving worker morale is the top-cited reason organizations offer employee benefits, and 85 percent of organizations say they see a positive impact on employee satisfaction because of their benefits program. Nearly three-quarters of employers also see an impact on recruiting, retention, and employee performance, while 70 percent see a positive impact on employee health. Offering a full suite of supplemental solutions amplifies this impact — employers that offer accident, critical illness, and hospital indemnity insurance are even more likely to say their benefits have a positive impact on retention and absenteeism.

- **Nearly three-quarters of organizations list health care costs as an issue their benefits program is designed to address, yet only 11 percent offer accident, critical illness, and hospital indemnity insurance.** Seventy-three percent of employers say health care costs are one of the top issues faced by employees that their benefits seek to address. While 93 percent offer medical insurance, 83 percent offer dental insurance, and 80 percent offer vision insurance, supplemental health insurance coverage is less commonly included in a benefits program. The most commonly offered supplemental health benefit is accident insurance, but less than half (46 percent) offer it. Far fewer offer critical illness insurance (27 percent) or hospital indemnity insurance (25 percent). Only 11 percent offer all three of these supplemental health insurance benefits.
- **Many organizations that offer voluntary benefits have seen an increase in enrollment in these benefits in the past year and higher-than-expected uptake rates.** More than one in three organizations that offer dental, vision, or supplemental health benefits say enrollment for each of these benefits is higher than expected. More than a third of organizations that offer supplemental health insurance say enrollment has increased in the past year, and more than four in 10 organizations that offer dental insurance say the same.
- **By their own admission, organizations see a need to do a better job of communicating benefits information to employees.** Sixty-five percent of employers see room for improvement in how they communicate to employees about benefits. The most common way organizations are communicating with employees is via email, followed by small group meetings, smartphone apps/notifications, text messages, and websites.
- **Organizations that currently offer dental, vision, and supplemental health insurance say their health care costs would be higher, and productivity would be lower, if they did not offer these benefits.** Employers broadly agree that voluntary benefits ease employee concerns, help workers weather out-of-pocket expenditures, and are affordable for workers and their families. Many organizations feel that if they did not offer voluntary benefits, they would see premiums for their group health insurance plan increase, and some also anticipated lower productivity and more absences.
- **Larger employers are currently more likely to offer supplemental health benefits, but small employers see value in these benefits, and their budgets are increasing.** Organizations with fewer than 500 employees share the same motivations to offer benefits as larger organizations and agree on the value of accident, critical illness, and hospital indemnity insurance. Sixty-four percent of small employers expect their benefits budgets to grow in the next two years.
- **Employers are interested in additional features for supplemental health plans.** Ninety-eight percent of employers that offer supplemental health policies say add-on features would be valuable, including preventive care services, family and reproductive health, chronic condition management, enhanced critical illness coverage, and preventive care options.

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Jake Spiegel is a senior research associate, Health and Wealth, at the Employee Benefit Research Institute (EBRI). Bridget Bearden is research and development strategist at EBRI. This *Issue Brief* was written with assistance from the Institute’s research and editorial staffs. Any views expressed in this report are those of the authors and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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## Background

There is a small but growing base of literature on the voluntary benefits landscape in the United States. The Bureau of Labor Statistics (BLS), for instance, has conducted surveys on the propensity for employers to offer selected voluntary benefits, such as dental, vision, and supplemental health insurance. Reporting in its Employee Benefits in the United States survey, the BLS found that 43 percent of workers in the United States had access to dental benefits, and another 28 percent had access to vision insurance in 2024. Though the Financial Wellbeing Employer Survey (FWES) does not cover hospital indemnity insurance, it found that roughly three in 10 companies employing over 500 workers offer critical illness insurance and accident insurance.

To gain insight into the voluntary benefits currently being offered, as well as perceived challenges and opportunities related to employee engagement and adoption of supplemental health, dental, and vision insurance, EBRI and Lincoln Financial have partnered to field three surveys examining voluntary benefits. This *Issue Brief* focuses on results from the first survey, examining employer perspectives on voluntary benefits and the financial protections they provide to American workers.

A fuller explanation of these voluntary benefits can be found in the appendix.

## Methodology

This paper primarily focuses on five specific voluntary benefits: dental insurance, vision insurance, accident insurance, critical illness insurance, and hospital indemnity insurance. The data for this paper are based on a survey conducted in March and April 2025 using an online panel. To be included in the survey, respondents needed to be employed on a full-time basis and work in senior management, human resources, finance, or accounting. Furthermore, respondents were required to hold a position of human resources officer, compensation and benefits manager, senior executive, or similar, as well as work in the private sector for a company whose employees are primarily located in the United States. Respondents did not need to work for an employer currently offering voluntary benefits. The final sample consisted of 408 respondents, representing 243 organizations with at least 500 employees and 165 organizations with fewer than 500 employees.

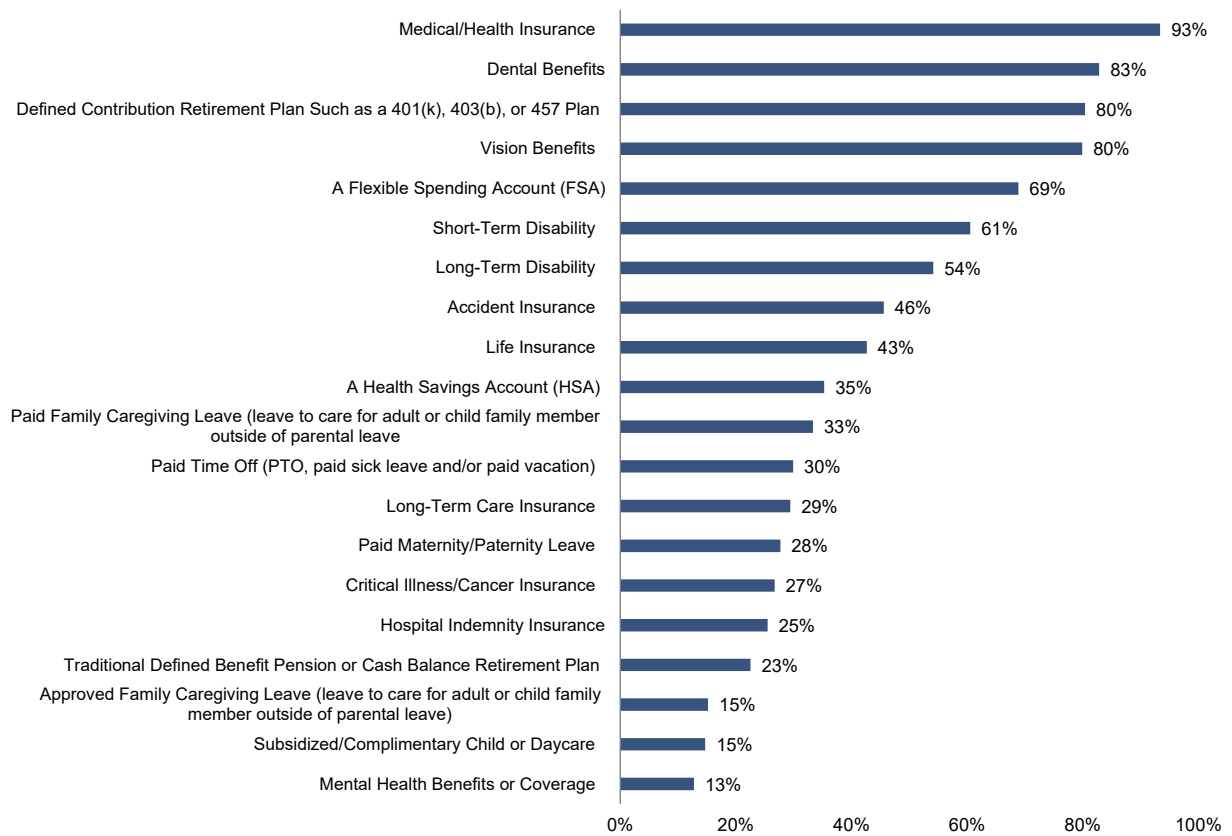
Most of the survey respondents worked for employers with fewer than 1,000 workers, and most worked for employers with less than \$10 million in yearly revenue. Additional descriptive information on the employers represented in this survey is listed in Appendix Figure 1.

## Benefit Offerings

The survey began by asking respondents about the scope of their organization's benefit offerings and was not limited to voluntary benefits. We find that nearly all employers — 93 percent — offered their employees health insurance. Four in five organizations also offered dental benefits, defined contribution retirement plans, and vision benefits, shown below in Figure 1A. Supplemental health offerings were less common but still prevalent, with 46 percent of firms offering accident insurance, 27 percent offering critical illness insurance, and 25 percent offering hospital indemnity insurance. Specific mental health coverage, subsidized or complimentary child care, and approved family caregiving leave, on the other hand, were least likely to be offered, with fewer than one in five offering those benefits. Larger employers were more likely to offer supplemental health benefits than smaller employers. Just over half of larger employers offered accident insurance, compared with 38 percent of employers with fewer than 500 workers, shown below in Figure 1B.

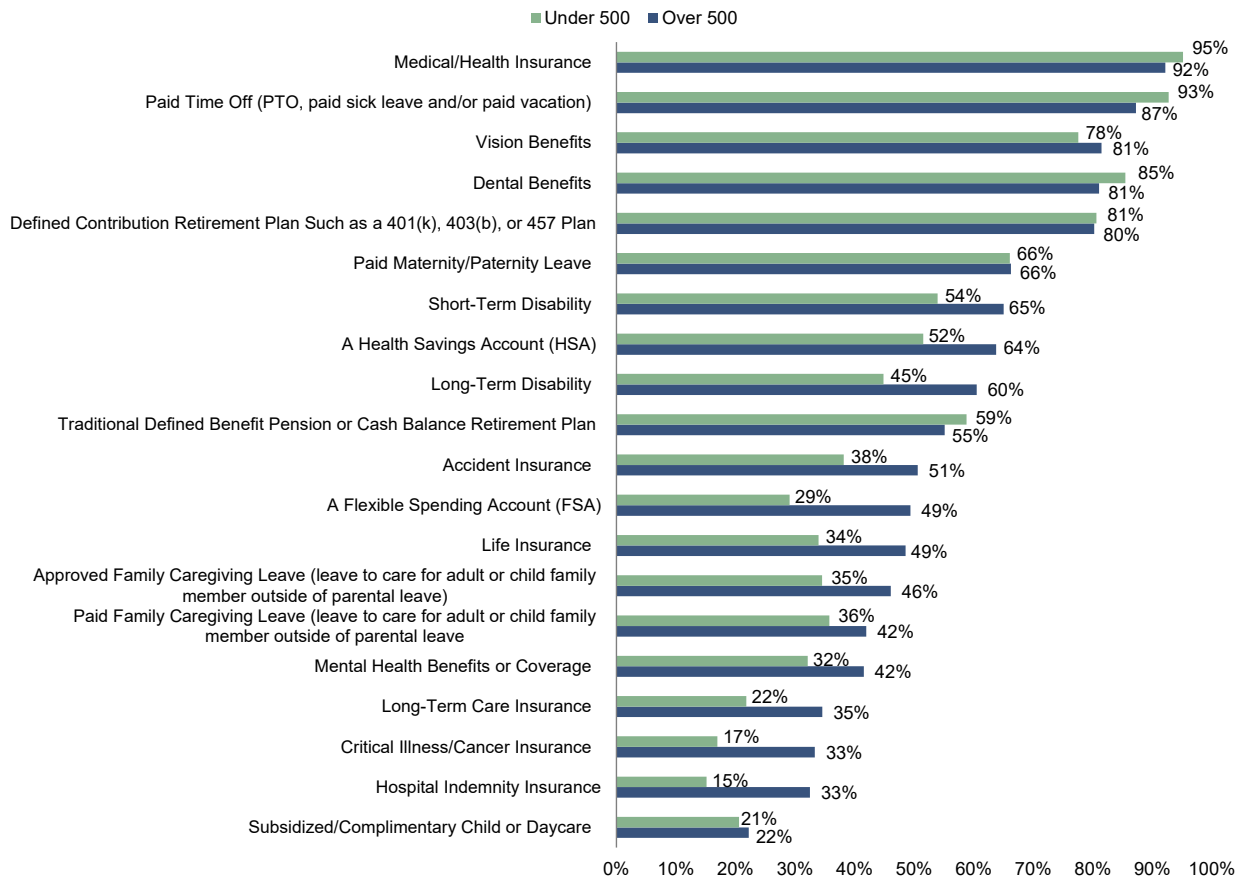
Similarly, 33 percent of larger employers offered critical illness insurance and hospital indemnity insurance, compared with 17 percent and 15 percent of smaller employers, respectively.

**Figure 1A  
Employer Benefit Offerings**



Q: Which employee benefits does your company offer? n=408

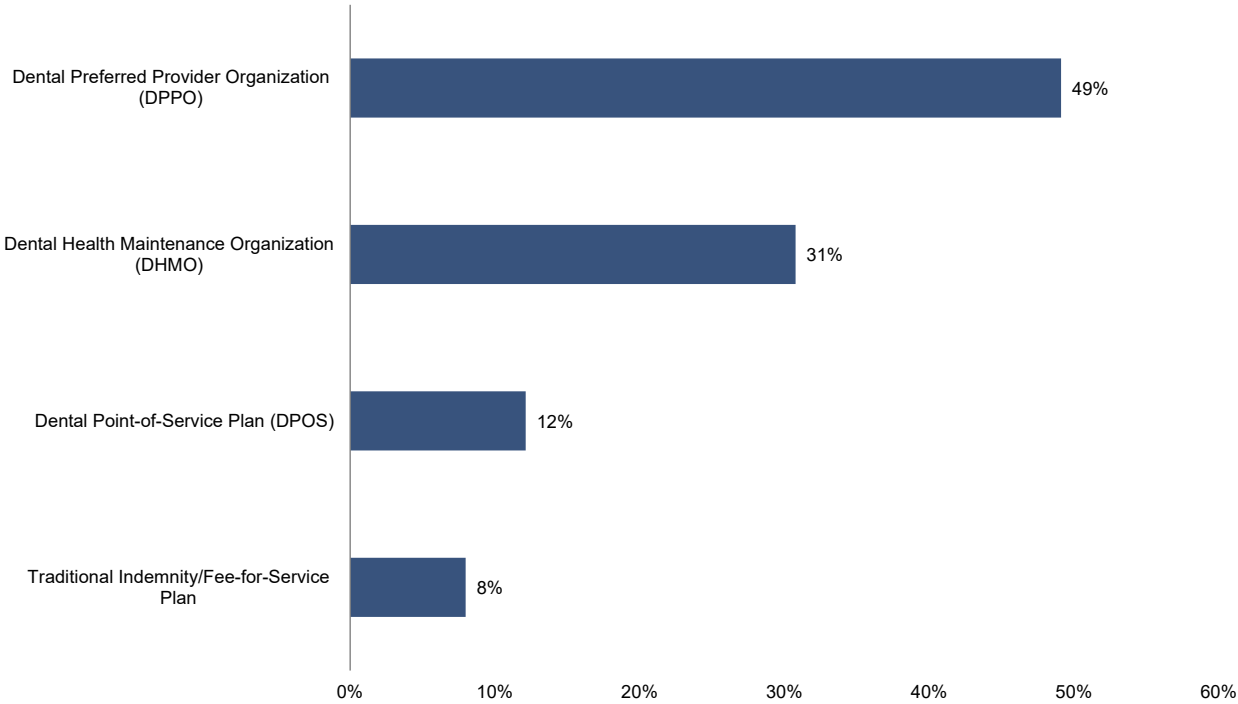
Figure 1B  
**Employer Benefit Offerings, by Employer Size**



### Dental and Vision Plan Types

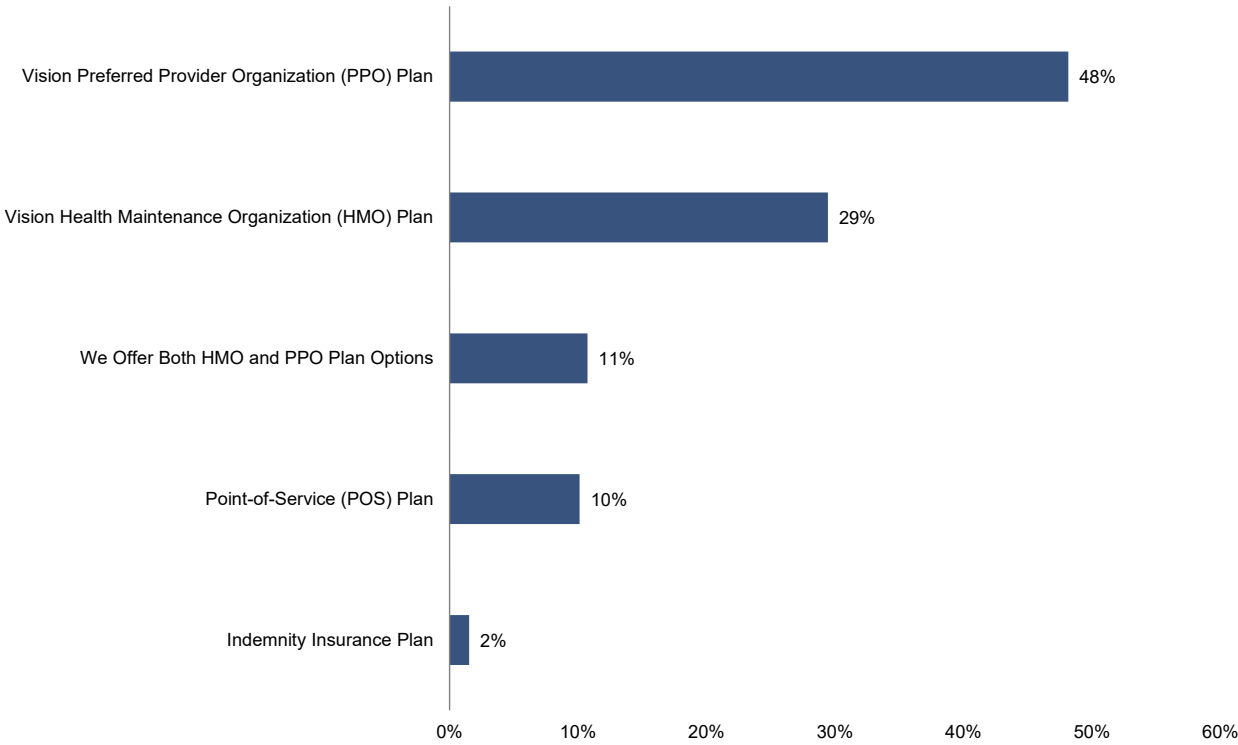
Of the 83 percent of employers that offered dental benefits, the plurality chose to offer Dental Preferred Provider Organization (DPPO) plans (Figure 2). Dental Health Maintenance Organization (DHMO) plans were the second-most-offered plan type, and relatively few chose to offer dental benefits in the form of a Dental Point-of-Service (DPOS) Plan or traditional indemnity plan. Similarly, of the 80 percent of employers that offered vision benefits, the plurality — 48 percent — offered vision PPO plans, shown below (Figure 3). Indemnity insurance plans were even less common for vision benefits than they were for dental benefits.

**Figure 2**  
**Dental Insurance Plan Types**



Q: What type of dental insurance plan do you provide? n=338

**Figure 3**  
**Vision Insurance Plan Types**



Q: What type of dental insurance plan do you provide? n=338

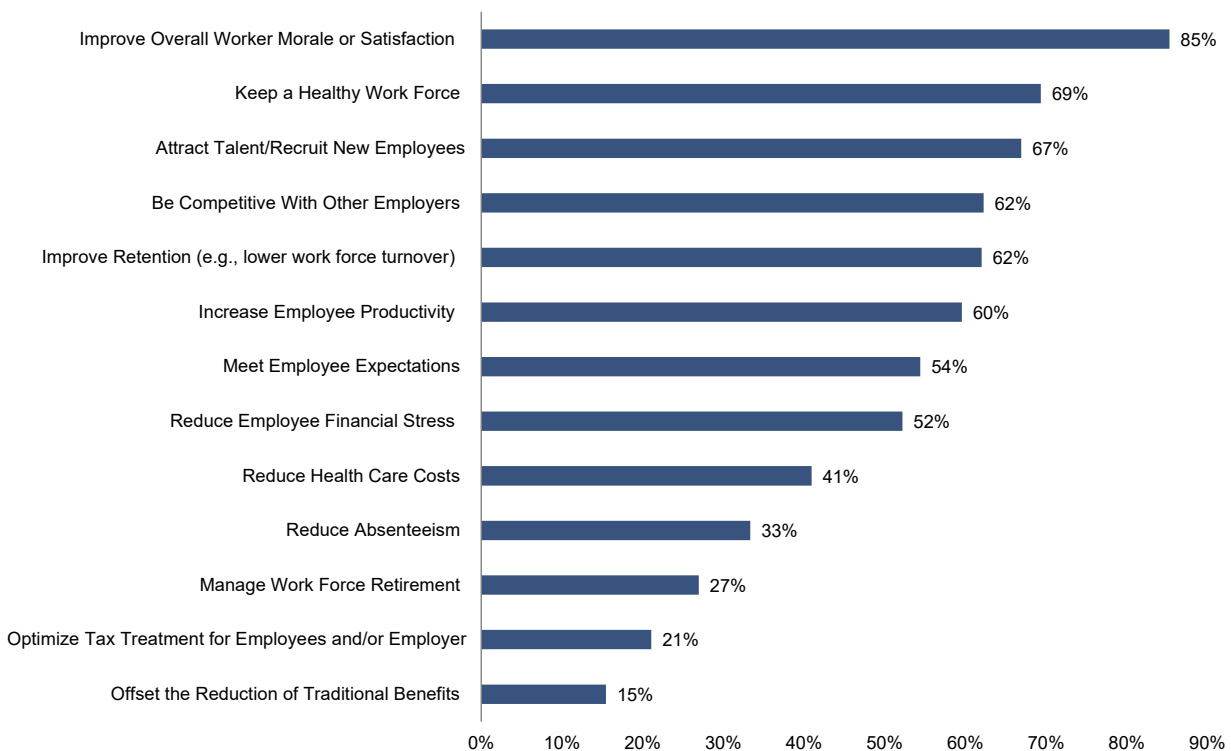


## Motivations for Offering

Developing a deeper understanding of employers' motivations for offering voluntary benefits is essential for optimizing the design and utilization of these programs. Without insights into the strategies behind these offerings, organizations risk implementing benefits that are misaligned with their objectives or that fail to resonate with their work force. By investigating why employers choose to offer specific voluntary benefits — for recruitment, retention, employee well-being, cost management, or a multitude of other motivations — researchers and practitioners alike may better advise on how to structure these packages for maximum impact.

Perhaps unsurprisingly, our survey found there are many reasons for offering benefits to employees. Improving overall worker morale or satisfaction was the most commonly cited reason for offering benefits, shown below in Figure 4. However, employers have diverse populations, and there is no one-size-fits-all justification for offering even one specific benefit. A retirement plan, for instance, can attract employees and help them prepare for retirement, and an employer match can incentivize workers to stay. Many employers also cited keeping a healthy work force (69 percent), attracting talent and recruiting new employees (67 percent), and being competitive with other employers and reducing turnover (both 62 percent) as reasons for offering their workers benefits. Additionally, these motivations were consistent across employer size. Improving worker morale is an important consideration for most employers, but driving business outcomes and talent management appear to justify the decision to offer voluntary benefits as well.

Figure 4  
Motivations for Offering Benefits

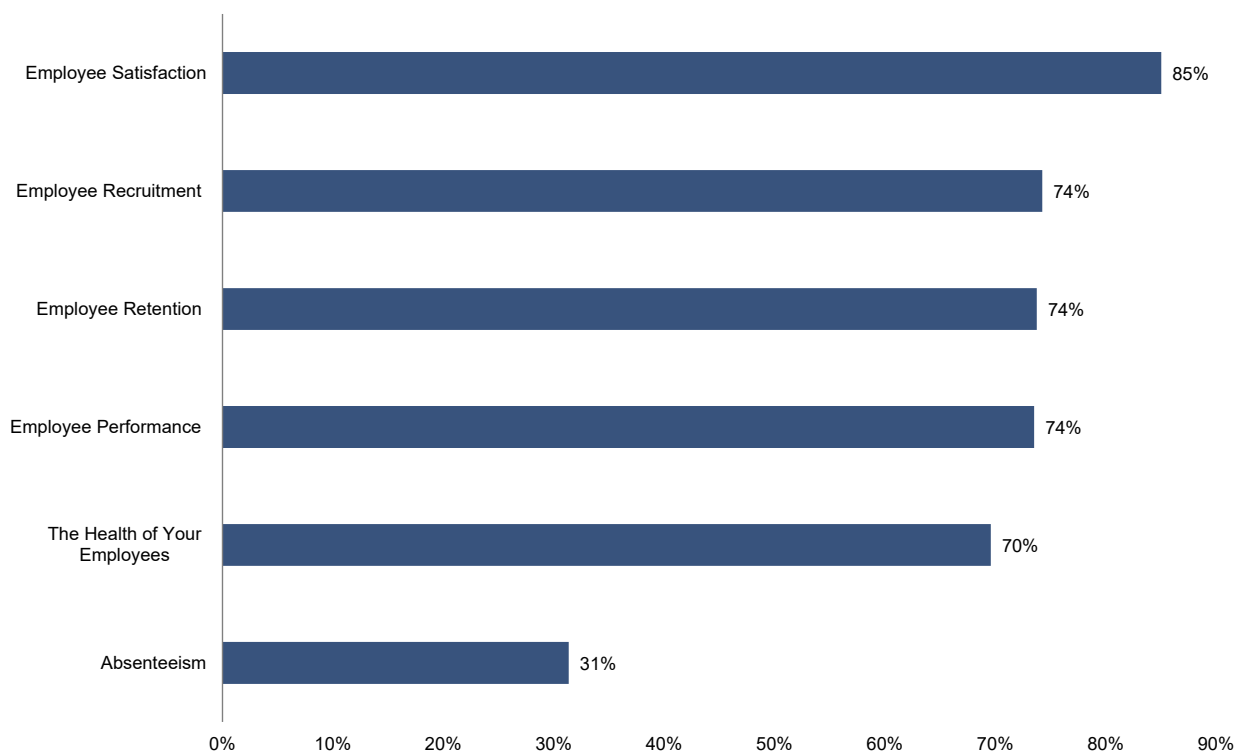


Q: What type of dental insurance plan do you provide? n=338

Encouragingly, employers reported that their benefits do have an impact on both employee satisfaction and business outcomes. Eighty-five percent of employers reported that their decision to offer benefits impacted employee satisfaction, shown below in Figure 5, and at least seven in 10 agreed that their benefits impacted employee recruitment, retention, and performance, as well as employee health. Fewer employers — 31 percent — reported their benefits impacted absenteeism, roughly in line with the share that responded that reducing absenteeism was an important reason for offering benefits.

Notably, organizations that offer supplemental health benefits were even more likely to see an impact. Organizations that offered even just one supplemental health benefit were more likely to see a positive impact on recruitment (78 percent) compared with those who didn't offer any supplemental health benefits (69 percent). Organizations that offer all three supplemental health benefits — accident, critical illness, and hospital indemnity insurance — were more likely to see a positive impact on retention (86 percent) and absenteeism (46 percent) compared with those who didn't offer any supplemental health benefits (72 percent and 29 percent, respectively).

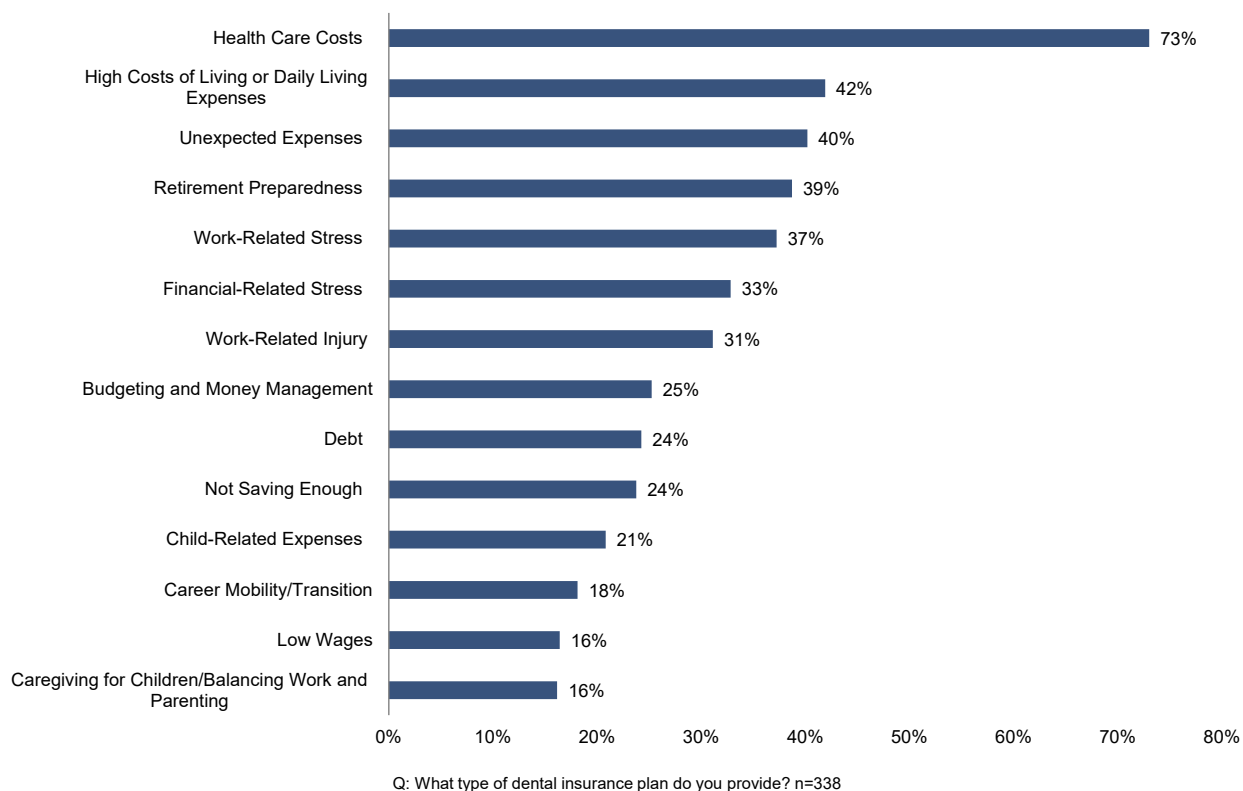
Figure 5  
Impact of Offering Employee Benefits



Q: What type of dental insurance plan do you provide? n=338

No two employers have identical work forces, and accordingly, employers target different issues to address with their benefits menu. Health care costs were the most commonly cited challenge that benefits were designed to address, shown below in Figure 6. Helping workers address high costs of living or daily living expenses and helping workers prepare for unexpected expenses rounded out the top three most commonly cited issues employers' benefits offerings were designed to address.

Figure 6  
**Top Issues to Address With Employee Benefits**



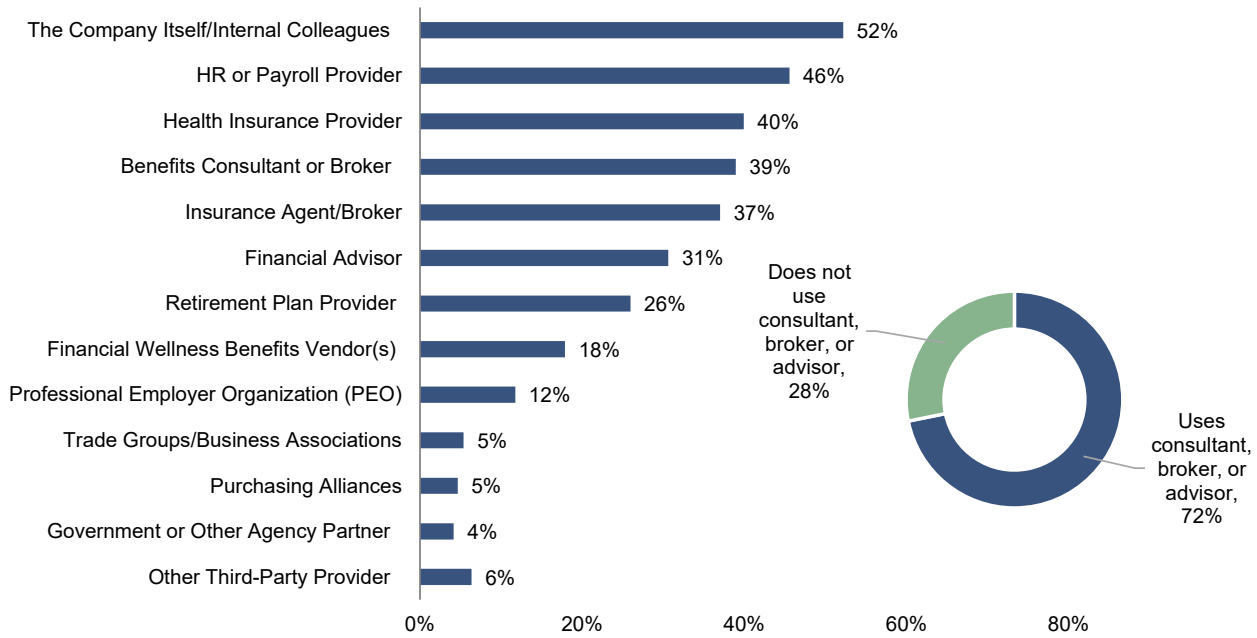
This comports with findings from EBRI’s FWES, which found a longtime focus on employers designing their benefits to help workers save for retirement, with a recent shift toward helping workers weather health care costs as well as prepare for day-to-day expenses.<sup>1</sup>

### **Intermediary Influence — Who Designs the Benefits?**

Designing a thoughtful benefits offering can be a complicated process. Employers need to identify the right mix of voluntary benefits to offer their work force and at which price point; research which carriers are best suited to source them; and finally, implement the benefits. To that end, employers leverage a combination of internal expertise and external resources when designing benefits programs, including consultants, experts, or the brokers and carriers from which they purchase benefits.

Internal staff were most frequently cited in helping employers design and develop their benefits strategy, with 52 percent of respondents indicating that they took a hands-on approach, shown below in Figure 7. Nearly three-quarters reported seeking input from a consultant, broker, or advisor. Slightly under half reported leveraging their HR or payroll provider for guidance, and 40 percent sought help from their health insurance carrier. Roughly four in 10 indicated that they sought guidance from insurance agents/brokers. Sources such as third-party providers (6 percent), trade groups/business associations or nonprofits (5 percent), and governments or agency partners (4 percent) were not common resources of help. Sources of help did not vary significantly across employer size.

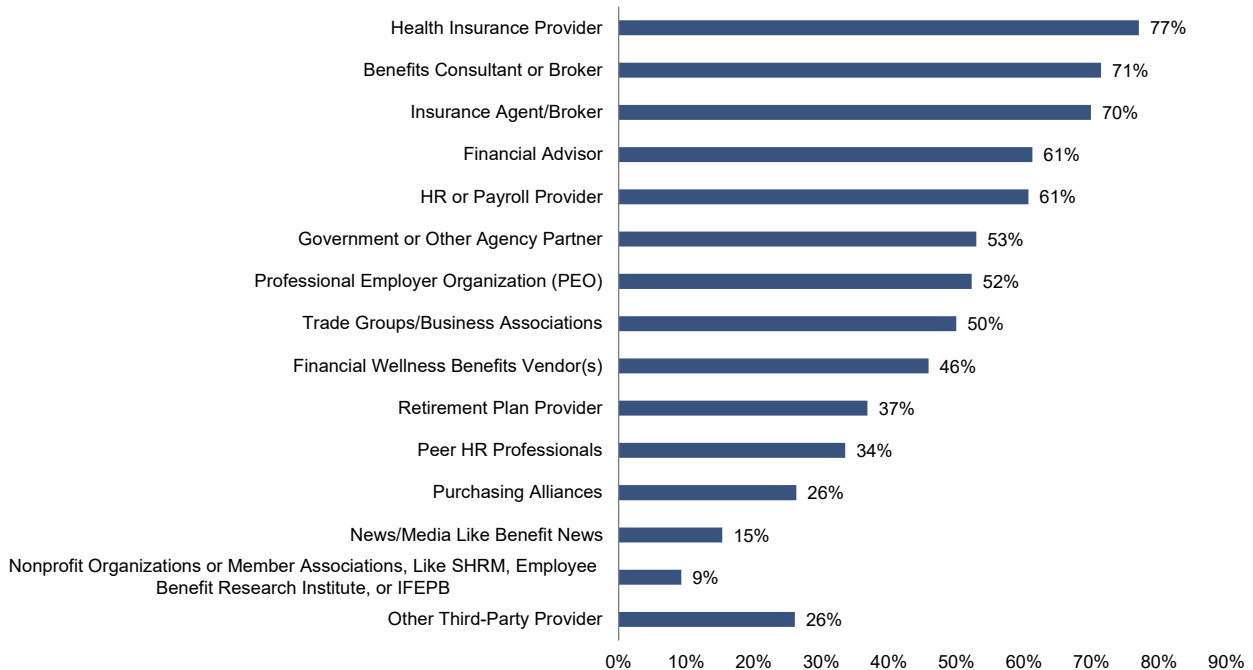
Figure 7  
Sources of Help in Designing Benefits



Q: What type of dental insurance plan do you provide? n=338

When specifically examining critical illness insurance, accident insurance, and hospital indemnity insurance, however, employers tended to rely on different sources for information. Most commonly, employers cited their health insurance provider (77 percent) as well as benefits consultants or brokers (71 percent) or insurance agents/brokers (70 percent) as sources of information on voluntary benefits, shown below in Figure 8. While employers did not commonly turn to government agencies or trade groups and business associations for help in designing their benefit offerings (as shown in Figure 9), roughly half of employers looked to them as sources of information on voluntary benefits.

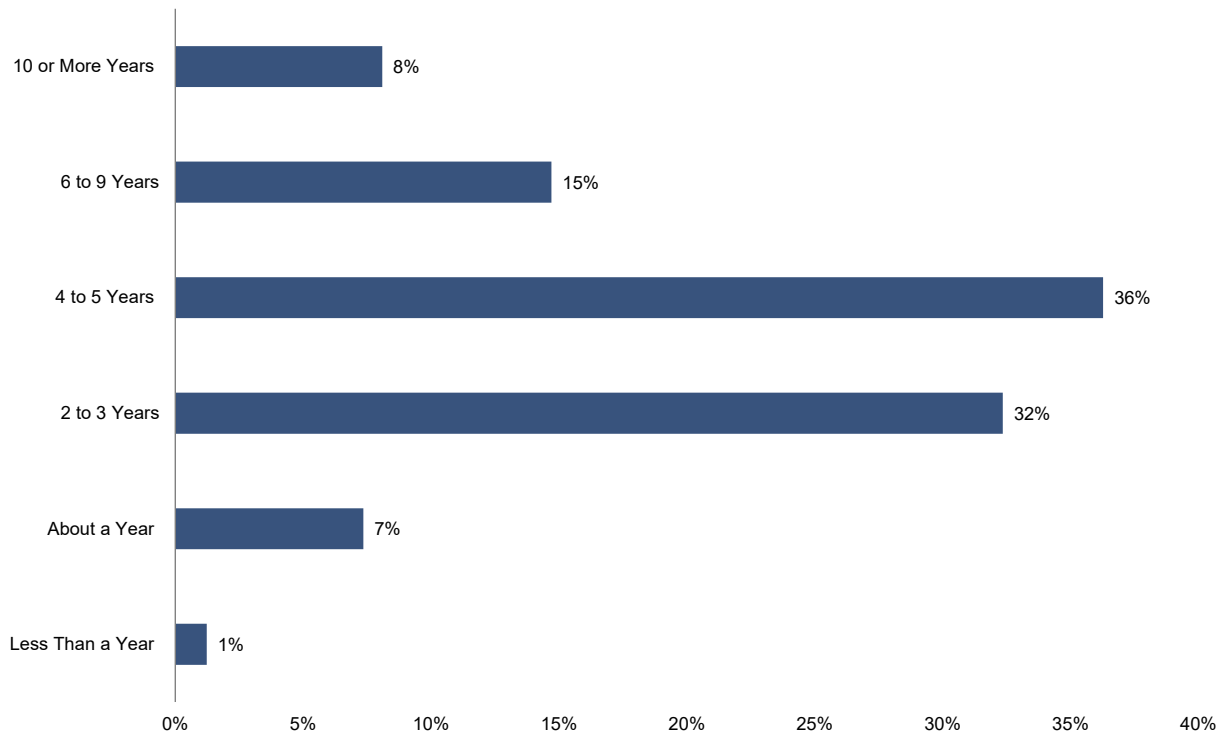
Figure 8  
Sources of Information on Voluntary Benefits



Q: What type of dental insurance plan do you provide? n=338

Employers commonly turned to benefits brokers as both a source of information on voluntary benefits and a resource in designing their benefits offering. Given this involvement, employers may develop deep ties with their benefits brokers. Our survey found that the plurality of respondents reported a relationship with their broker dating back between four and five years, and another 23 percent reported a relationship spanning six years or more, shown below in Figure 9.

Figure 9  
Length of Relationship With Benefits Broker



Q: What type of dental insurance plan do you provide? n=338

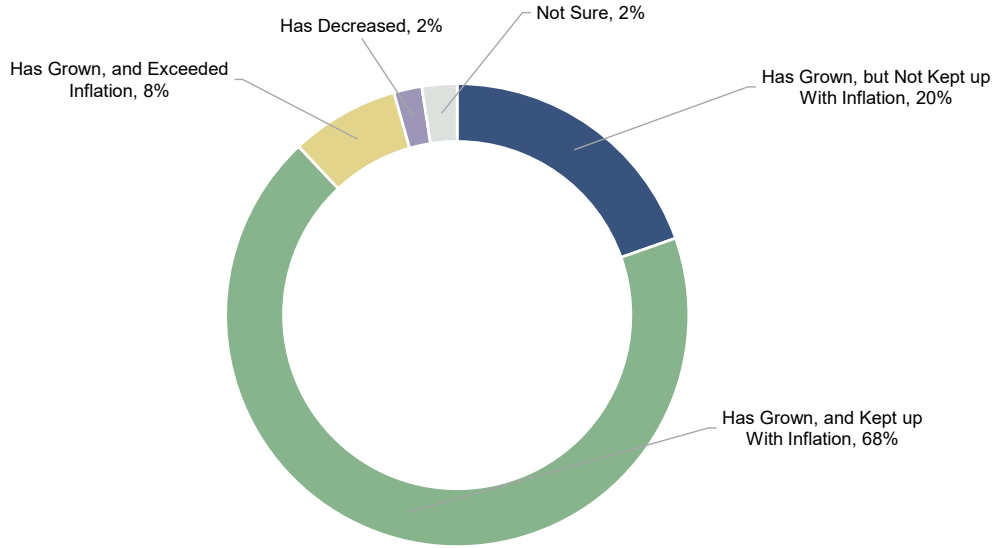
## An Eye Toward the Future

Understanding the trajectory of voluntary benefits requires an examination of near-term benefits budgets as well as the motivations of employers that do not currently offer these benefits. To that end, we delve into budgetary expectations, which may signal impending shifts in benefit offerings. Additionally, we examine the reasons employers do not currently offer voluntary benefits and explore the circumstances that might compel employers — that neither offer them nor plan to — to consider offering them in the future.

The Bureau of Labor Statistics (BLS) produces estimates of the total costs associated with employing workers, including both wages and benefits, called the Employment Cost Index (ECI). The ECI estimates that the year-over-year hourly labor costs increased 3.4 percent in the first quarter of 2025, down from post-COVID highs but still well above the levels observed from the late 2000s to the late 2010s.<sup>2</sup> As such, benefits decision makers may be feeling budgetary pressure to bend the cost curve, particularly as inflation has remained far above trend since 2021.

However, despite these pressures, employers have largely chosen to prioritize benefits rather than cut costs. Nearly all employers surveyed have not only kept their benefits budgets intact, but have actually increased the amount they spend on benefits. Ninety-six percent of organizations surveyed reported that their employee benefits budgets had grown over the past two years, including more than two-thirds who said their budget growth had kept up with inflation, and an additional 8 percent who said their budget growth had exceeded inflation, show below in Figure 10. Benefits decision makers responded similarly across all employer sizes.

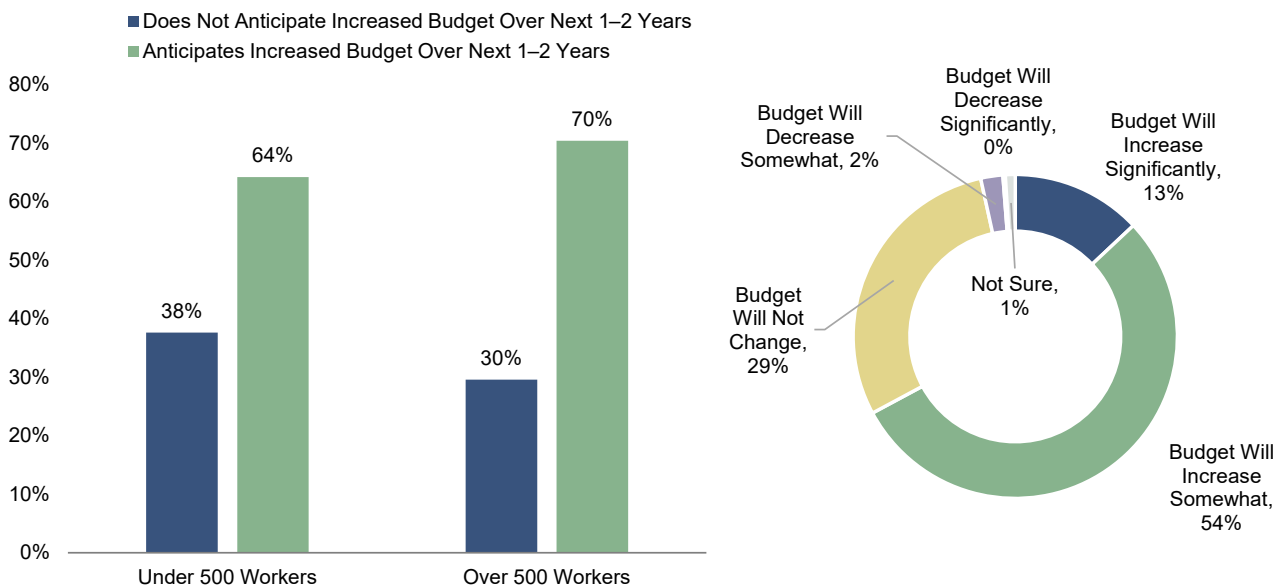
**Figure 10**  
**Benefits Budget Changes Over Past Two Years**



Q: What type of dental insurance plan do you provide? n=338

Respondents were also optimistic about the future of their benefits budgets. Within the next one to two years, two-thirds of employers surveyed responded that their budgets for employee benefits would either increase somewhat or significantly, shown below in Figure 11. Only 2 percent responded that their benefits budgets would decrease in the near term, and notably, there were no meaningful differences in budgetary outlook across employer sizes — 70 percent of large organizations (500 or more employees) and 64 percent of smaller organizations (fewer than 500 employees) expected their benefits budget to increase.

**Figure 11**  
**Anticipated Budget Changes Over Next One to Two Years**



Q: What type of dental insurance plan do you provide? n=338

Turning our focus to employers that did not offer voluntary benefits but planned to in the future, we asked respondents why they might offer voluntary benefits in the future and what features they would look for in a plan provider. For each benefit except dental insurance, the most common response was improved overall worker satisfaction, with increasing employee productivity also being a frequently cited motivation (Figure 12). Improving worker retention, on the other hand, was the least commonly cited motivation on average.

Figure 12  
**Rank of Reason for Offering Benefit, Among Those Planning to Offer**

	Dental	Vision	Accident	Critical Illness	Hospital Indemnity
Improved Overall Worker Satisfaction	#2	#1	#1	#1	#1
Increased Employee Productivity	#1	#2	#2 (tie)	#3	#4
Reduced Employee Financial Stress	#3	#4	#2 (tie)	#4	#2 (tie)
Reduced Health Care Costs	#5	#3	#4	#2	#2 (tie)
Improved Employee Retention (e.g., lower work force turnover)	#4			#5	
Improved Retirement Savings Behavior		#5			
Improved Employee Recruitment					#5
Reduced disability claims			#5		

*Q: What would be the top three reasons for offering [the benefit] to employees? n=58 for dental, 64 for vision, 129 for accident insurance, 82 for critical illness insurance, and 170 for hospital indemnity insurance*

Finally, we examined the attitudes of employers that did not offer voluntary benefits and did not plan to in the immediate future. On average, employers not offering accident insurance, critical illness insurance, or hospital indemnity insurance were most likely not do so because they believed their current health insurance benefits were sufficient for employees’ needs the organization’s revenue was too uncertain to commit to a plan, or the business could not currently afford it, shown below in Figure 13. Neither the worry that employees could not afford them nor a lack of a recommendation from the employer’s benefits consultant were commonly cited reasons for not offering a particular voluntary benefit.

Figure 13  
**Rank of Reason for Not Offering Supplemental Health Benefits, Among Those Not Planning to Offer**

	Accident	Critical Illness	Hospital Indemnity
Revenue Is Too Uncertain to Commit to a Plan	#2		#3 (tie)
Sufficient Coverage Is Included in the Health Insurance Premium	#1		#2
The Business Cannot Afford It	#3	#1	#5
Employees Cannot Afford It	#4		#3 (tie)
Employees Have Coverage Elsewhere		#4 (tie)	
Employees Prefer Wages and/or Other Benefits	#5	#3	#1
You Do Not Need to Offer [Supplemental Health] Benefits to Recruit and Retain Good Workers		#4 (tie)	
My Benefits Consultant Has Not Recommended It		#2	

*Q: You indicated that you do not plan to offer [the benefit]. Which of the following are reasons? n=93 for accident insurance, 120 for critical illness insurance, and 134 for hospital indemnity insurance.*

Among employers not planning to offer accident insurance, critical illness insurance, or hospital indemnity insurance, employers responded that they would seriously consider adding them if the plan were affordable and if employees asked for them, among other reasons, shown below in Figure 14. An improved business outlook or potentially reduced absenteeism were not major inducements for employers.

**Figure 14**  
**Conditions That Would Lead Businesses to Offer Supplemental Health Benefits**

	Accident	Critical Illness	Hospital Indemnity
If Your Employees Asked for It	#3	#1	#5 (tie)
If It Could Be Demonstrated That It Would Improve Recruitment and Retention	#4	#3	#2 (tie)
If It Could Be Demonstrated That Absenteeism Would Decrease			
If There Was an Increase in the Business' Profits		#4	#4
If Insurance Costs Fell	#2		#2 (tie)
If Found an Affordable Plan	#1	#2	#1
If Business Situation Improved	#5	#5	#5 (tie)

*Q: Under what conditions would your business be more likely to seriously consider offering a accident/critical illness /hospital indemnity insurance plan for employees? n=93 for accident insurance, 120 for critical illness insurance, and 134 for hospital indemnity insurance*

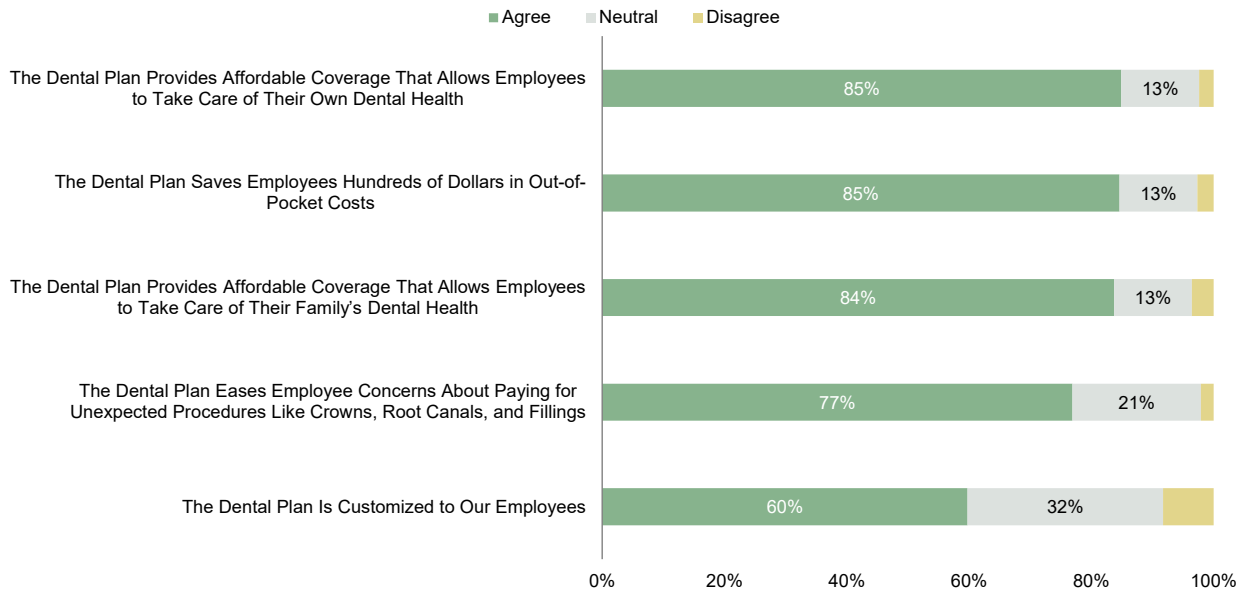
## Voluntary Benefits Value Proposition

As established earlier, employers offer benefits for many reasons, such as attracting and retaining workers. However, the employer population is diverse, and their respective work forces are equally diverse. As such, employers often have different motivations for offering different voluntary benefits, as each benefit can offer a unique value proposition to the worker and organization alike.

Employers that offered dental benefits largely agreed on their value proposition. Namely, the company's dental plan spared workers from out-of-pocket expenditures and eased concerns about paying for unexpected treatment, such as root canals, fillings, and crowns, shown below in Figure 15. Additionally, half of employers worried that their health insurance premiums would increase on account of poor dental health if they did not offer dental benefits, and 43 percent believed they would have more employee absences due to dental emergencies, shown below in Figure 16. These sentiments did not vary significantly depending on employer size.

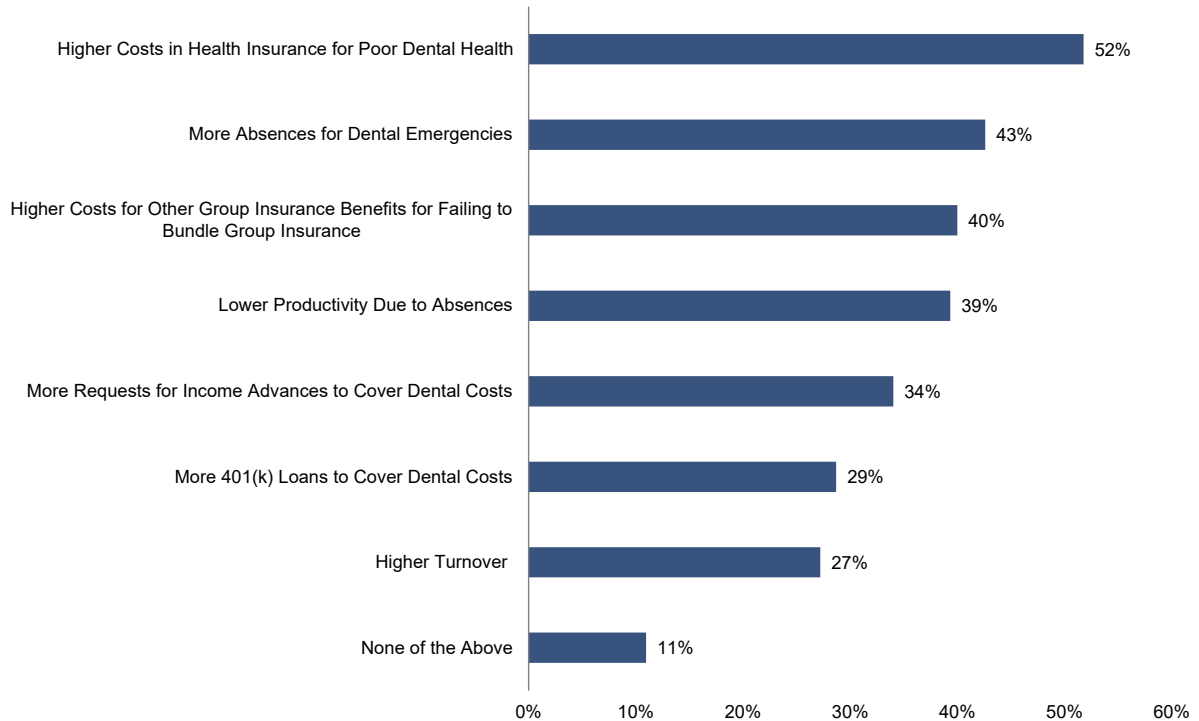


**Figure 15**  
**Sentiments on Dental Insurance**



Q: How much do you agree with the following statements? n=338

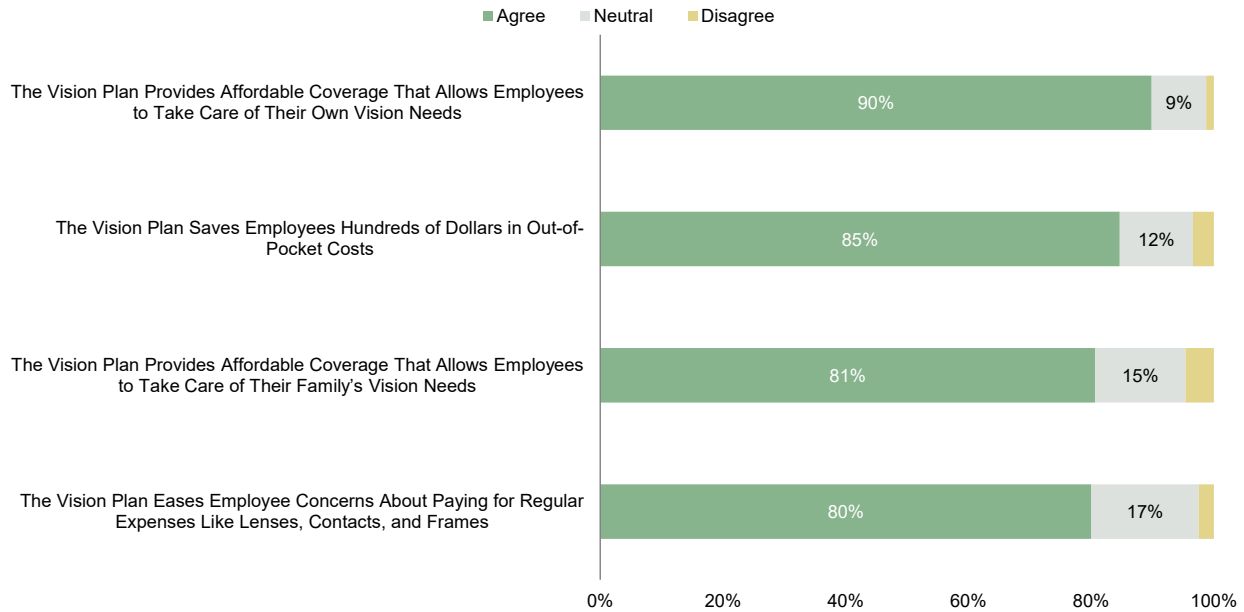
**Figure 16**  
**Possible Consequences of Not Offering Dental Insurance**



Q: Which of the following would your organization experience without dental insurance? n=338

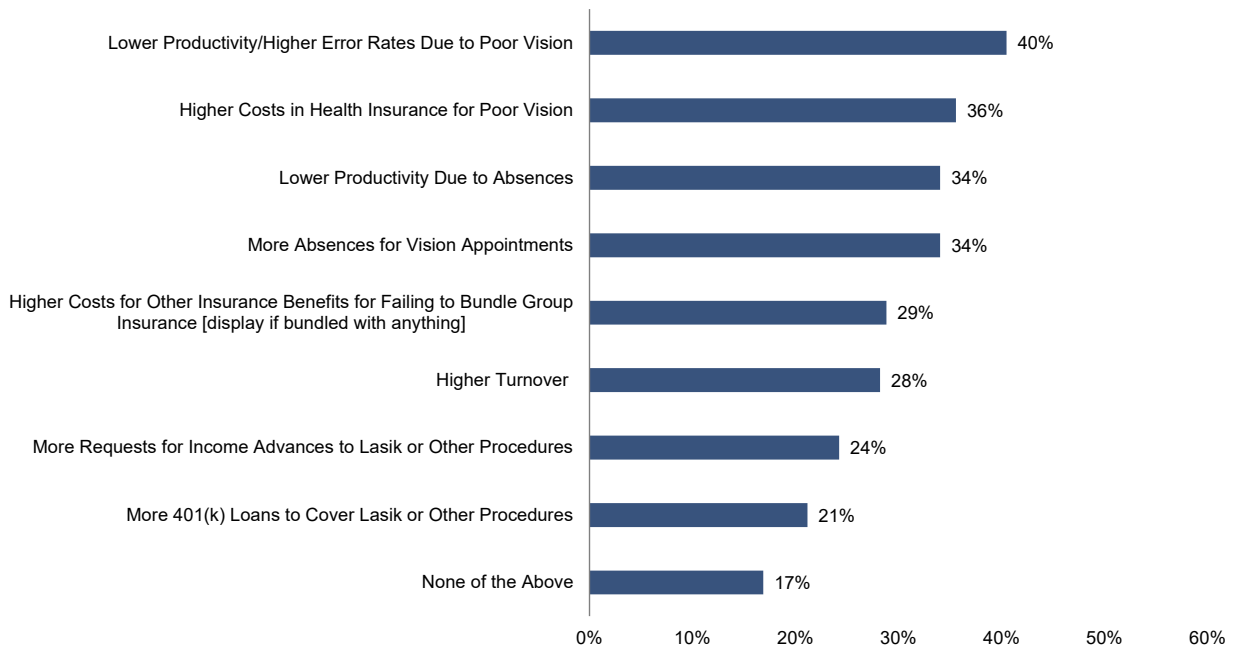
Similar sentiments were echoed when surveying employers that offered vision benefits. Most agreed their vision plan saved workers hundreds in out-of-pocket costs and eased concerns about paying for regular expenses such as corrective lenses, frames, and contact lenses, shown below in Figure 17. Four in 10 employers believed that if they did not offer vision benefits, they might suffer from lower productivity or higher error rates due to poor worker vision, and another 36 percent of employers believed their health insurance premiums would increase due to poor vision, shown below in Figure 18. An organization’s conception of the value proposition of dental benefits did not vary by size.

**Figure 17**  
**Sentiments on Vision Insurance**



Q: How much do you agree with the following statements? n=326

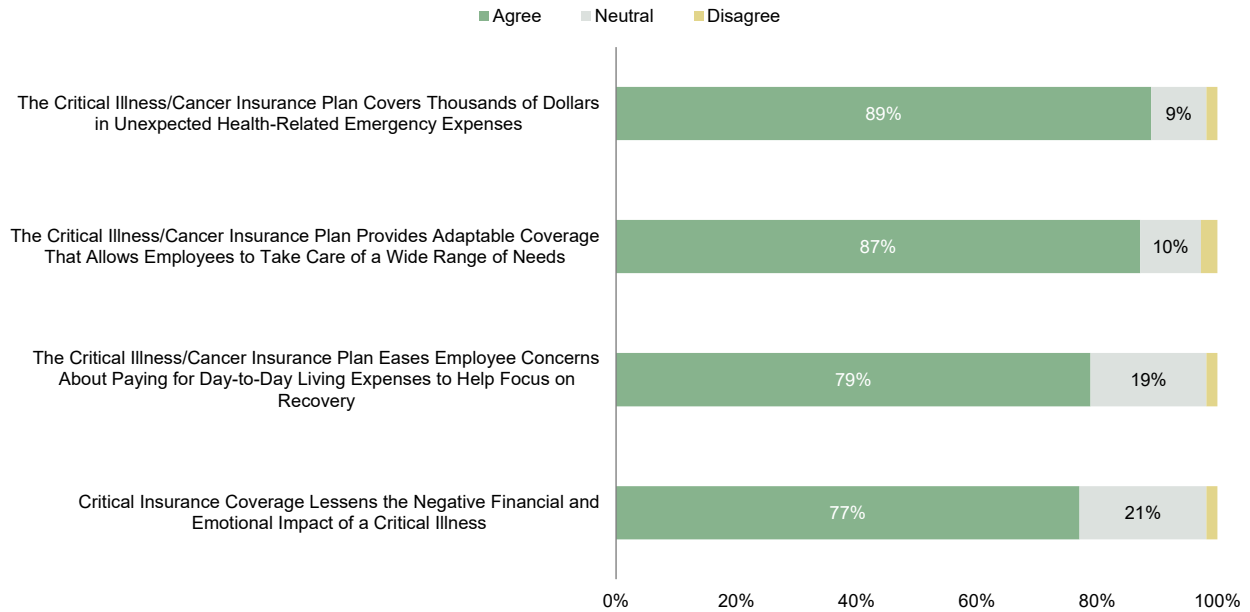
**Figure 18**  
**Possible Consequences of Not Offering Vision Insurance**



Q: Which of the following would your organization experience without vision insurance? n=326

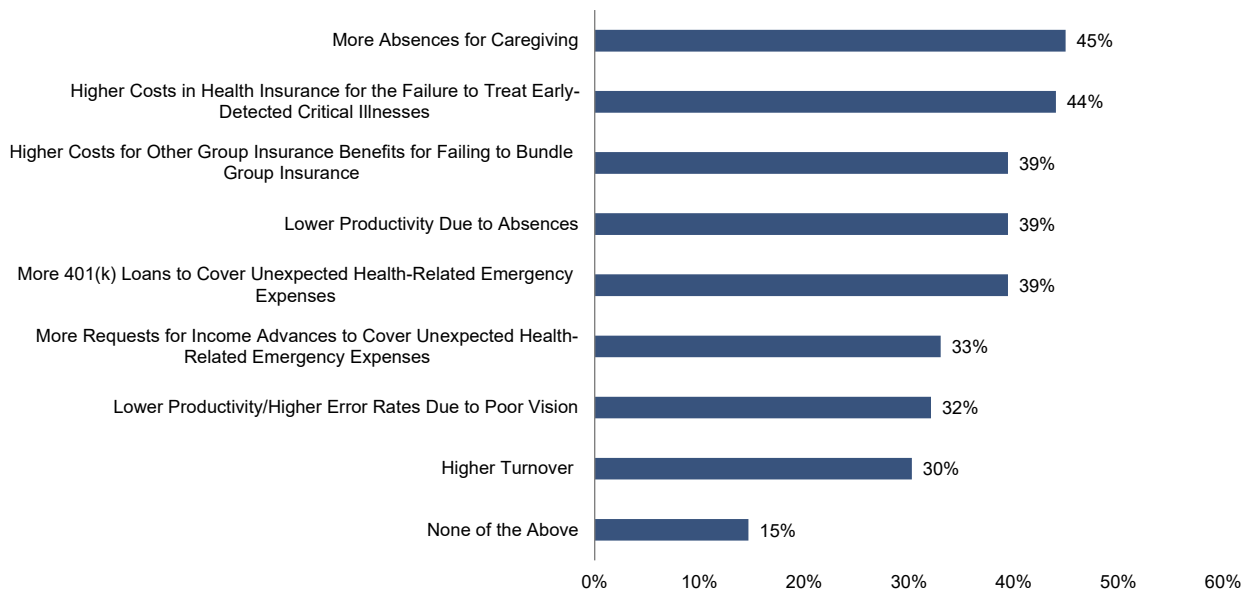
Critical illness insurance garnered similar responses. Employers broadly agreed that it covers thousands of dollars in unexpected health-related expenses, as well as agreeing with the notion that it provides adaptable coverage to support a wide range of needs, shown below in Figure 19. Employers expected increased absenteeism on account of caregiving if they did not offer critical illness insurance, as well as higher costs for their health insurance premiums on account of failure to treat early detected covered illnesses, shown below in Figure 20.

**Figure 19**  
**Sentiments on Critical Illness Insurance**



Q: How much do you agree with the following statements? n=109

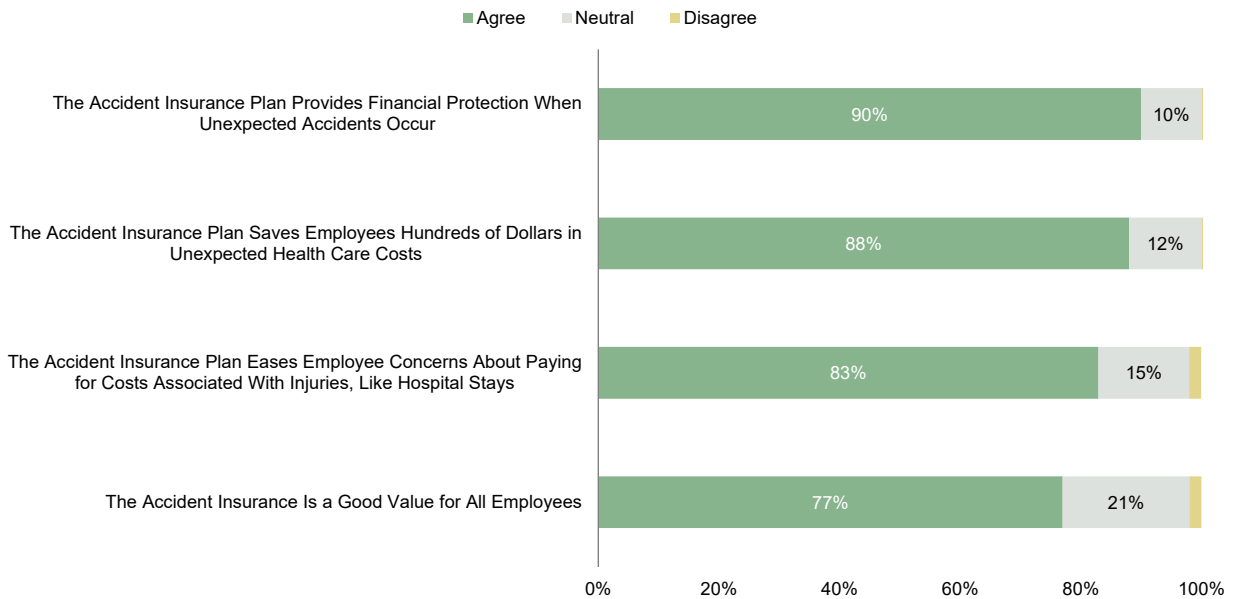
**Figure 20**  
**Possible Consequences of Not Offering Critical Illness Insurance**



Q: Which of the following would your organization experience without critical illness/cancer insurance plan? n=109

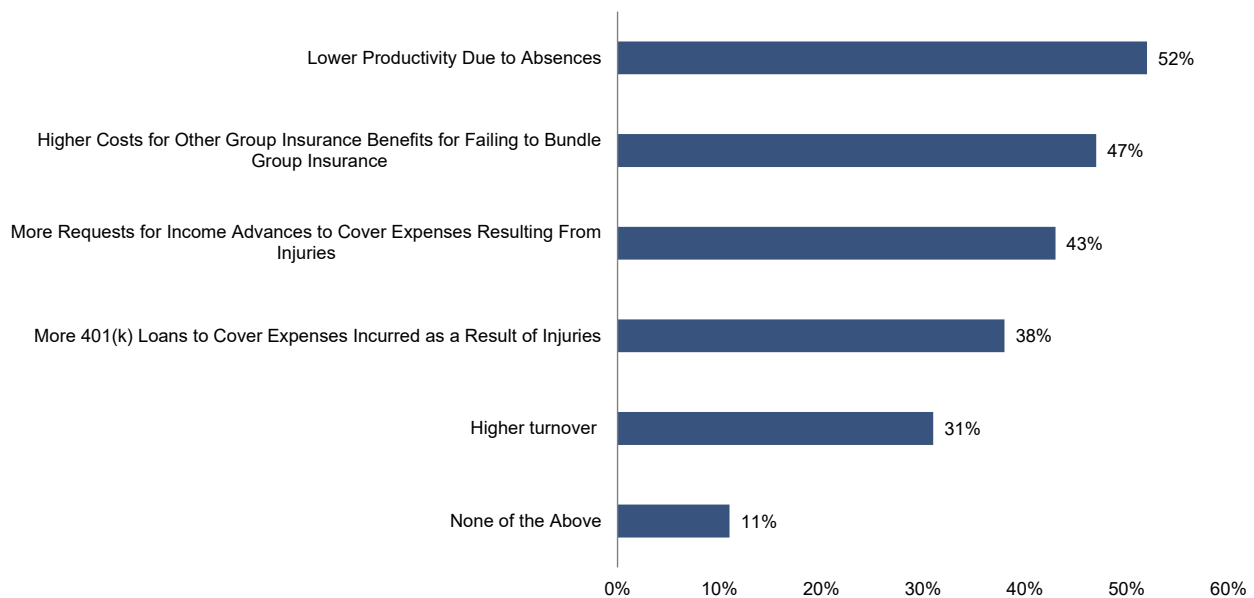
Employers addressed similar concerns by providing accident insurance. Eighty-eight percent of employers that offered accident insurance agreed it saves employees hundreds of dollars in unexpected health care costs, shown below in Figure 21. Ninety percent of employers believed accident insurance provides financial protection, perhaps a manifestation of employers being motivated to offer voluntary benefits to help workers manage unexpected expenses. Roughly half agreed that without accident insurance, they may suffer from reduced productivity due to absences, and another 47 percent worried they may face higher costs for other group insurance benefits if they did not bundle accident insurance with their other offerings, shown below in Figure 22.

**Figure 21**  
**Sentiments on Accident Insurance**



Q: How much do you agree with the following statements? n=186

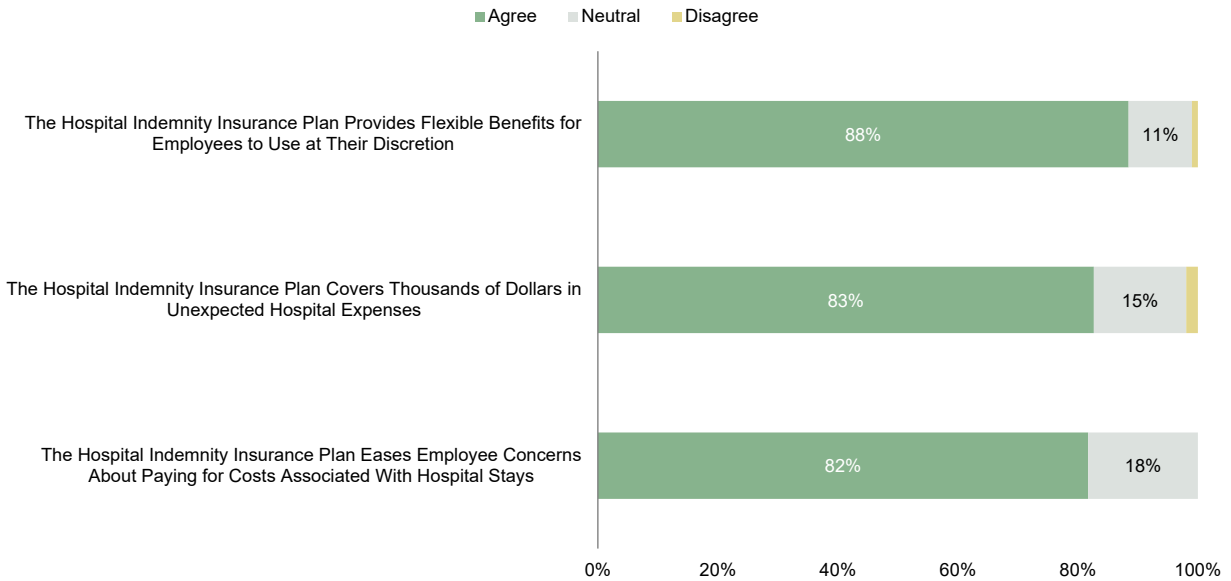
**Figure 22**  
**Possible Consequences of Not Offering Accident Insurance**



Q: Which of the following would your organization experience without an accident insurance plan? n=186

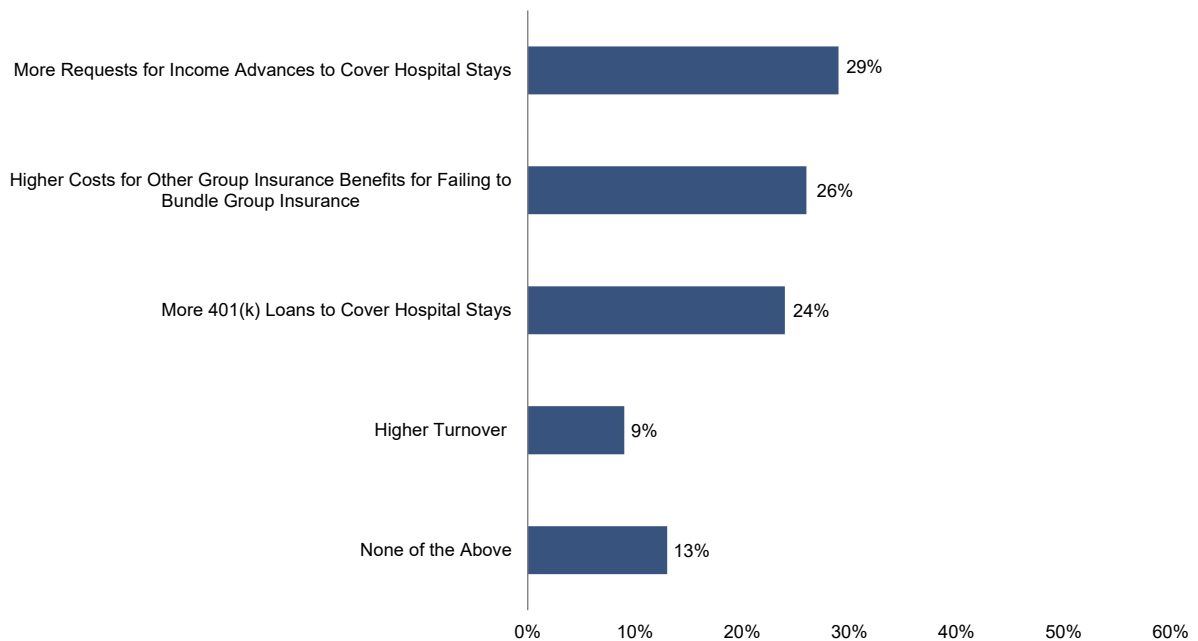
However, employers were not as enthusiastic about the value proposition of hospital indemnity insurance as they were about other voluntary benefits. Employers did largely agree, though in slightly smaller shares than with other voluntary benefits, that hospital indemnity insurance could save workers thousands of dollars in unexpected expenses, and it could also allay financial concerns, shown below in Figure 23. Few employers, however, envisioned the negative consequences of not offering hospital indemnity insurance. Only 29 percent of employers agreed with the most common concern, that not offering hospital indemnity insurance would lead to more requests for income advances to cover hospital stays, and only 9 percent worried about higher work force turnover, shown below in Figure 24.

Figure 23  
Sentiments on Hospital Indemnity Insurance



Q: How much do you agree with the following statements? n=104

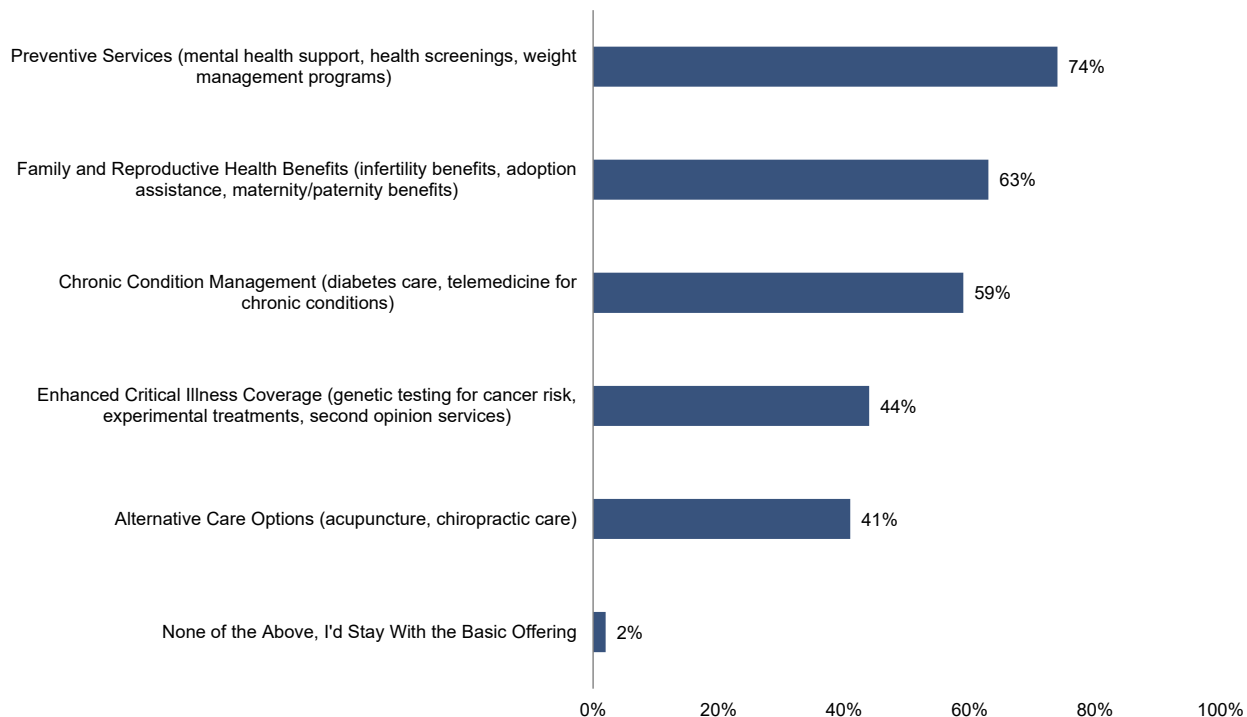
Figure 24  
Possible Consequences of Not Offering Hospital Indemnity Insurance



Q: Which of the following would your organization experience without hospital indemnity insurance? n=104

Finally, employers were asked whether they would find value in hypothetical add-ons to their existing supplemental health policies. Preventive services, such as mental health support or weight management programs, garnered the most enthusiasm from respondents (74 percent), shown below in Figure 25. Nearly two-thirds of respondents indicated family and reproductive health benefits, such as infertility benefits or adoption assistance, would also add value to their supplemental health policies. Enhanced critical illness coverage and alternative care options, such as acupuncture or chiropractic care, were not as commonly chosen.

Figure 25  
Value of Hypothetical Add-Ons



Q: Assuming a small additional cost, which of the following features would add value to your supplemental health policies? n=100

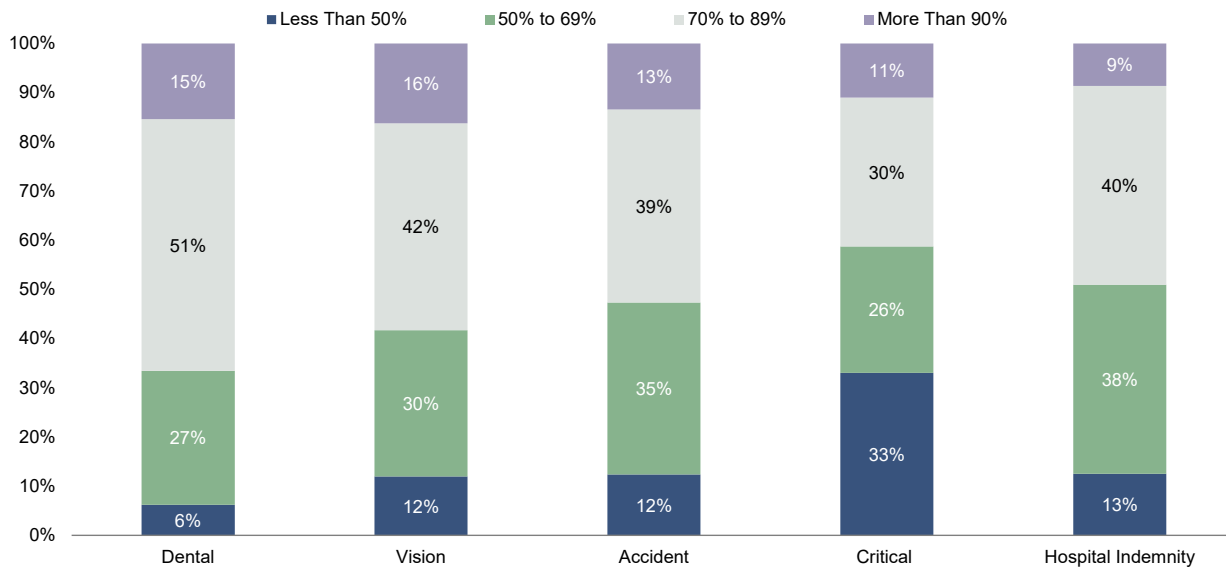
Broadly, employers cited similar reasons for offering dental, vision, accident, critical illness, and hospital indemnity insurance. Employers largely considered these voluntary benefits to be affordable and to help protect their workers from out-of-pocket expenditures and unexpected expenses. Further, many employers believed by offering voluntary benefits, they could potentially blunt health insurance premium increases. This substantiates findings from other surveys, including EBRI's FWES, which has found that health care costs are top-of-mind for large and small employers alike.<sup>3</sup>

## Employee Experiences and Challenges

The value of voluntary benefits can only be realized if employees enroll in them. Tracking enrollment data is critical, as it can provide insights into the return on investment in these programs and their overall effectiveness in meeting their work force's needs. Understanding trends, too, is essential for helping employers maximize the effectiveness of their benefits offerings.

Dental insurance had the highest take-up rates among eligible employees, shown below in Figure 26. Take-up rates for vision insurance are lower than for dental insurance but higher than for accident and hospital indemnity insurance. Enrollment in critical illness insurance has appeared to be notably lower, with one-third of employers responding that less than 50 percent of eligible enrollees were opting to enroll.

Figure 26  
**Enrollment, by Voluntary Benefit**

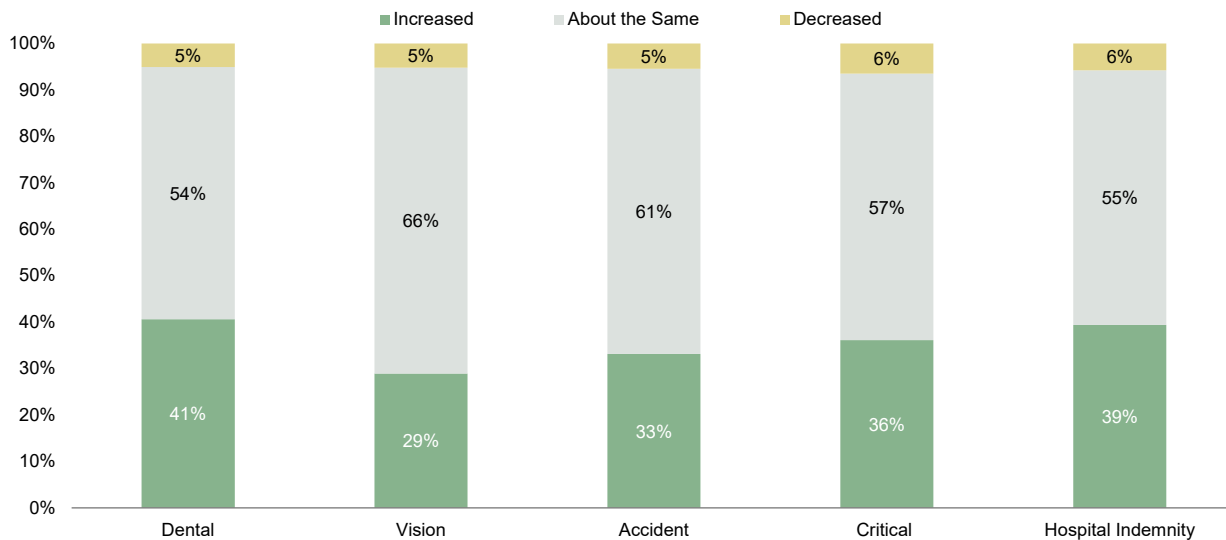


Q: What percentage of eligible employees are enrolled in the benefit? n=338 for dental, 326 for vision, 186 for accident, 109 for critical, and 104 for hospital indemnity

Enrollment trends over the past 12 months suggest that employee interest in voluntary benefits is rising. While most employers reported that enrollment in dental, vision, accident, critical illness, and hospital indemnity insurance was stable, many employers reported that enrollment in these benefits increased, shown below in Figure 27. Dental insurance was the benefit most likely to see enrollment increases, with 41 percent of employers reporting this trend.

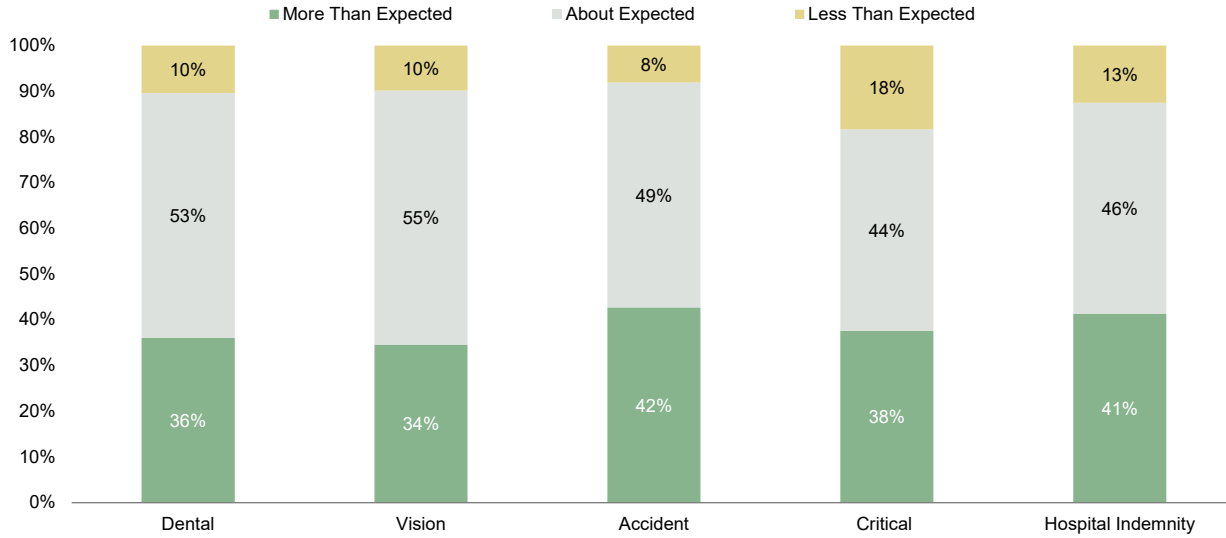
Employers tended to have reasonable estimates of benefit take-up rates, as enrollment in voluntary benefits was largely in line with expectations. The plurality of employers surveyed reported that the enrollment of eligible employees in voluntary benefits was in line with expectations, shown below in Figure 28. Many employers also reported seeing higher-than-expected enrollment across all voluntary benefits, with 42 percent indicating that enrollment in accident insurance was somewhat or much higher than expected and 41 percent indicating the same of enrollment in hospital indemnity insurance. While it was less common for employers to report that enrollment was lower than projected, 19 percent of employers reported that enrollment in critical illness insurance was either somewhat or much lower than expected.

Figure 27  
**Enrollment Trends Over Past 12 Months, by Voluntary Benefit**



Q: How has employee enrollment in the benefit changed in the past 12 months? n=338 for dental, 326 for vision, 186 for accident, 109 for critical, and 104 for hospital indemnity

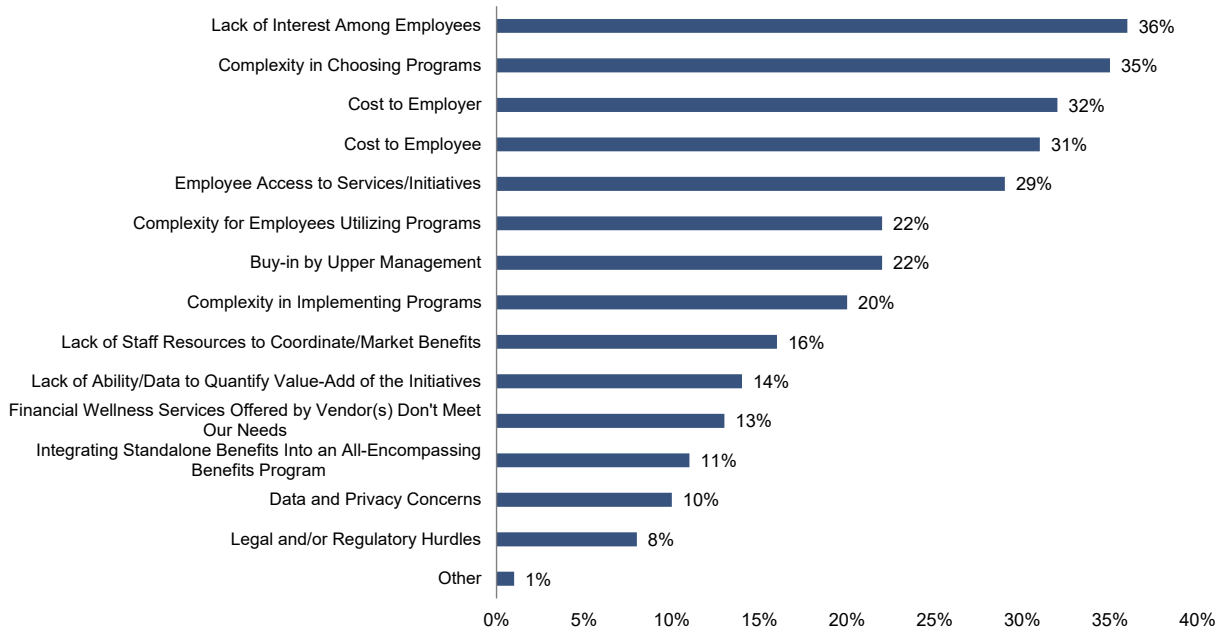
Figure 28  
**Enrollment Expectations, by Voluntary Benefit**



Q: How does the number of eligible employees enrolling in the benefit compare to what you would expect?  
 n=338 for dental, 326 for vision, 186 for accident, 109 for critical, and 104 for hospital indemnity

Next, employers identified potential impediments to broader adoption of voluntary benefits. Top challenges their company faced (or anticipated facing) in offering supplemental health benefits included worrying about a lack of interest among employees, shown below in Figure 29. Additionally, employers also anticipated challenges arising from complexity in choosing which programs to offer (35 percent). Perhaps relatedly, employers also frequently worried about the costs they would incur as well (32 percent). On the other hand, employers did not view legal or regulatory hurdles (8 percent) or data and privacy concerns (10 percent) as significant challenges in offering voluntary benefits.

Figure 29  
**Employer Perspectives on Challenges in Offering Voluntary Benefits**

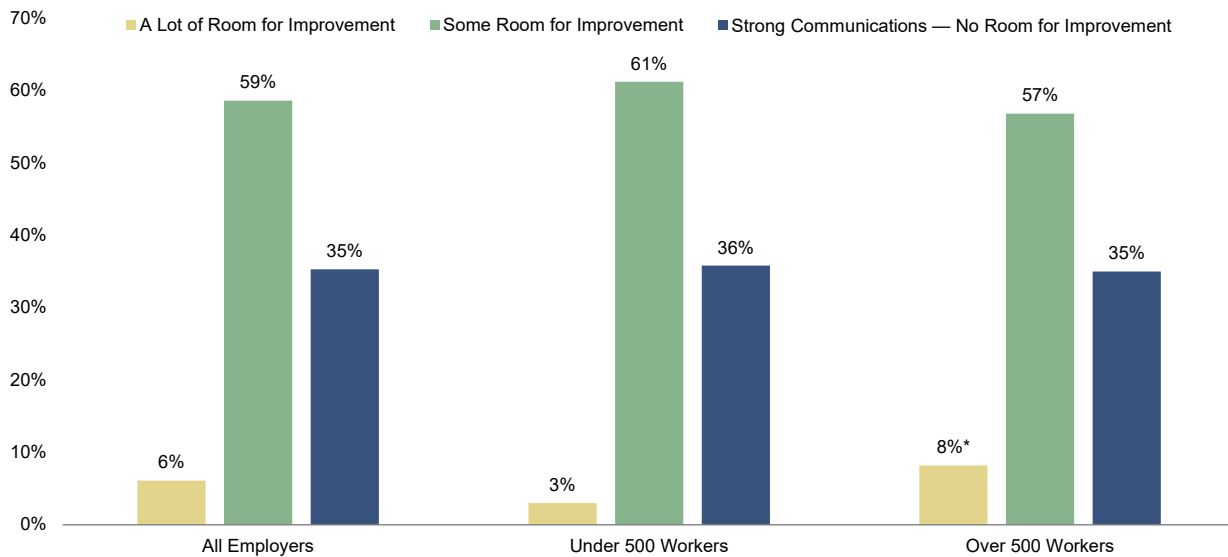


Q: What are the top three challenges your company faces or anticipates facing in offering supplemental health benefits in the workplace? Please select your top three. n=100



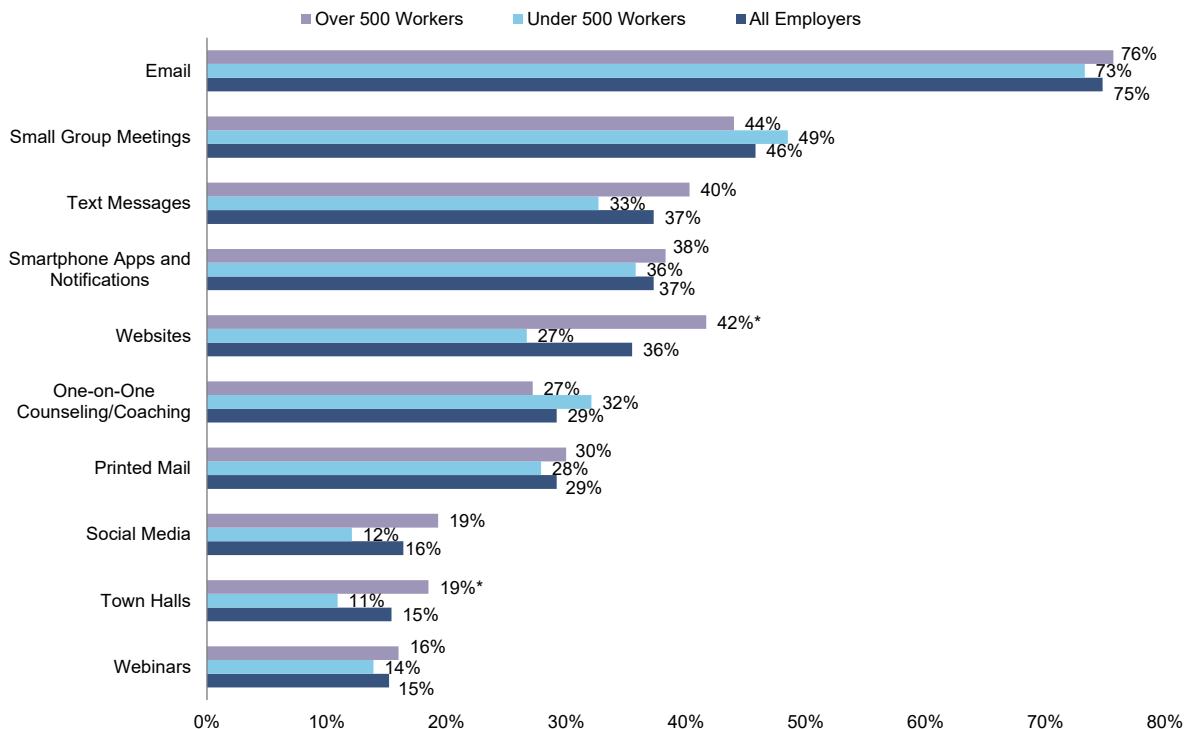
Finally, we asked employers to self-rate their communications to workers about their benefits. While over a third of organizations gave themselves high ratings for communications, with 35 percent reporting their communications were strong and there was no room for improvement, some employers felt they could have done a better job, shown below in Figure 30. Over half (58 percent) reported there was some room for improvement, while another 6 percent admitted their benefits communications left a lot of room for improvement. Most commonly, employers sent emails (75 percent), held small group meetings (46 percent), and leveraged phone-based strategies such as text messages or smartphone notifications (37 percent), shown below in Figure 31.

**Figure 30**  
**Self-Rated Communications About Benefits**



Q: In the past year, how would you rate your communications to employees about their benefits? n=408

**Figure 31**  
**Methods of Communicating With Employees About Benefits**



Q: In the past year, how would you rate your communications to employees about their benefits? n=408

## Conclusion

This *Issue Brief* underscores the growing importance of voluntary benefits in the workplace. Employers are broadening the focus of their benefits beyond traditional offerings such as 401(k) plans and health insurance. Additionally, research indicates that employers are expanding their focus from simply helping workers retire to providing protections for their financial wellbeing against health care costs, high costs of living, daily expenses, and the impacts of financial-related stress.<sup>4</sup> Voluntary benefits can play a critical role in helping workers flexibly address these issues, as their nature allows employees to select coverages aligning with their unique circumstances and priorities.

Employers broadly view benefits as impacting employee satisfaction, recruitment, and retention, and the offerings are designed to help workers address high health care costs, daily living expenses, and protection against the unexpected. When asked about the value proposition of supplemental health benefits such as accident insurance, critical illness insurance, and hospital indemnity insurance, employers broadly agreed that these plans help save workers significant sums of money in out-of-pocket expenditures and allay concerns about unexpected expenses.

However, there appears to be a disconnect: Employers who offer supplemental health benefits see a great deal of value, yet many employers do not offer these benefits. Despite health care costs being a top-five issue employees face, just under half of the employers surveyed for this *Issue Brief* offered accident insurance, and under three in 10 offered hospital indemnity insurance or critical illness insurance. Yet, those companies that did offer them broadly believed that these supplemental health benefits provided affordable protection and frequently allayed employer concerns such as increased absenteeism, lower productivity, and higher turnover. Employees see the value, too, as evidenced by higher-than-expected enrollment rates for these voluntary benefits. A comprehensive suite of coverage options expands employees' benefits horizon and, in turn, can increase satisfaction, retention, performance, and health.

## Appendix

Dental insurance often covers preventive dental procedures such as cleanings and provides coverage toward more complex procedures, such as root canals, extractions, and crowns. Much like traditional health benefits, dental benefits may be offered as a dental preferred provider organization (PPO) plan, where patients are nudged toward using in-network dentists via lower copays; a dental point of service (POS) plan, where benefits are determined by whether the provider is part of an exclusive network, part of a wider network, or out of network; or a dental health maintenance organization (HMO) plan, where patients must seek referrals for procedures in a restricted network of providers.

Vision insurance often covers routine eye exams and provides benefits for vision correction, such as corrective lenses and contact lenses. Insurance plans operate much the same way as dental benefits, with POS, PPO, and HMO plans commonly offered.

Accident insurance provides a cash benefit for workers who suffer an accident or injury that can be used for any expenses. This cash benefit may help cover expenses that patients with health insurance are still liable for, such as deductibles and copays, and can help offset lost income due to missed work.

Critical illness insurance plans typically provide a lump-sum cash payment if a worker is diagnosed with a serious health condition covered by the policy. Such health conditions may be, but are not limited to, cancer, heart attack, or stroke. The lump-sum payment may be used by patients for any purpose, whether to pay for out-of-pocket expenses they incur during their treatment, to pay for travel to specialists, or to cover lost income resulting from time out of work.

Hospital indemnity insurance plans often pay a fixed cash benefit when a worker or covered family member is admitted to a hospital. Usually paid in a lump sum or as a daily benefit, the purpose of hospital indemnity insurance is, like accident insurance and critical illness insurance, to help ease the burden of out-of-pocket expenses, such as deductibles, copays, or child care.

## Appendix

Appendix Figure 1  
**Employer-Level Descriptive Statistics**

Number of Employees	1 to 49 employees	6%
	50 to 99 employees	10%
	100 to 249 employees	12%
	250 to 499 employees	12%
	500 to 999 employees	25%
	1,000 to 2,499 employees	15%
	2,500 to 4,999 employees	7%
	5,000 to 9,999 employees	7%
	10,000 or more	6%
Has Part-Time Employees	No	19%
	Yes	81%
Firm Revenue	Less than \$500,000	2%
	\$500,000 to less than \$1 million	7%
	\$1 million to less than \$2 million	13%
	\$2 million to less than \$3 million	10%
	\$3 million to less than \$5 million	12%
	\$5 million to less than \$10 million	23%
	\$10 million or more	33%
Geographic Dispersion	The majority of employees live in one state	55%
	The majority of employees live in one region	23%
	The majority of employees are disbursed across the country	22%
Share of Employees Who Are Primarily Desk Based	Less than 20 percent	17%
	20 to 39 percent	27%
	40 to 59 percent	24%
	60 to 79 percent	19%
	80 percent or more	13%
Nature of Employee Turnover	High turnover, where most employees stay only	7%
	High turnover with a stable core, where many leave quickly but a core stay with the business	23%
	Moderate turnover, where most employees stay	43%
	Little turnover, where employees rarely change	26%
<i>n=408</i>		

## Endnotes

<sup>1</sup> Spiegel, Jake, Craig Copeland, and Bridget Bearden, "2024 EBRI Financial Wellbeing Employer Survey: Employers See Financial Wellness Benefits as a Tool to Improve Worker Satisfaction and Productivity," *EBRI Issue Brief*, no. 623 (Employee Benefit Research Institute, October 31, 2024).

<sup>2</sup> See <https://www.bls.gov/eci/> for more information on the total cost of employment over time among private establishments in the United States.

<sup>3</sup> Spiegel, Copeland, and Bearden (2024) (see endnote 1) and Spiegel, Jake, and Bridget Bearden, "Small but Mighty: An Analysis of the Small Employer Sample in the Financial Wellbeing Employer Survey," *EBRI Issue Brief*, no. 635 (Employee Benefit Research Institute, May 15, 2025).

<sup>4</sup> Spiegel, Copeland, and Bearden (2024) (see endnote 1) and Spiegel and Bearden (2025) (see endnote 3).