Benefits Insights

Brought to you by:
Evolution of Benefits

How AI Is Shaping Benefits

Artificial intelligence (AI) is reshaping how employer-sponsored benefits are designed, delivered and experienced. While AI is commonly leveraged for HR functions, the technology can also bring smarter, faster and more personalized benefits solutions to both employers and employees. In fact, Mercer's latest Global Talent Trends study found that approximately 40% of HR leaders use AI for benefits administration.

This article explores how AI is shaping employee benefits for both employees and employers.

Impact on Employees

As AI continues to reshape the workplace, its influence on employee benefits is becoming increasingly personal and practical. AI can enhance how employees interact with and understand their benefits. This section highlights how AI is transforming the employee experience with benefits.

Benefits Personalization

One of the most transformative changes is in benefits personalization. AI systems can analyze employee data (e.g., health claims, lifestyle preferences and engagement history) to recommend benefits that align with individual needs. This means employees are more likely to be offered relevant options, whether it's mental health support, fertility services or chronic disease management. The result is a more meaningful benefits experience that drives higher satisfaction and utilization.

Benefits Navigation

AI is also revolutionizing benefits navigation. Available 24/7, virtual assistants and chatbots can help employees navigate complex benefits decisions, compare plans, estimate out-of-pocket costs and understand coverage. Notably, this type of real-time support from chatbots may also help offer mental health support to individuals navigating treatment. These tools reduce confusion and empower employees to make informed choices, especially during open enrollment or life events (e.g., getting married, having a child or changing jobs). As with any technology, employers should also consider ways to roll out these new tools and provide support and training. While AI may seem intuitive, many employees may need help building their capability. In fact, McKinsey reports that more than one-fifth (22%) of employees have received minimal to no support for generative AI use, so training could help boost adoption in their day-to-day usage.

Impact on Employers

While employees experience AI's front-end advantages in benefits, employers are seeing equally powerful changes behind the scenes. AI has the potential to help HR and benefits teams shift their focus from operations to strategy. This section explores how AI is streamlining tasks and fueling decision-making for plan sponsors and benefits leaders.

Benefits Administration

Behind the scenes, AI is also streamlining benefits administration for plan sponsors. A Mercer study revealed that AI and automation could replace more than half (52%) of a rewards team's workload, including tasks related to benefits administration and routine employee inquiries. Furthermore, tasks like claims processing, eligibility checks and compliance reporting can be automated, reducing errors and freeing up benefits teams to focus on strategy rather than paperwork. AI also enables real-time monitoring of benefits usage and costs, allowing employers to adjust offerings dynamically based on emerging trends.

evolution
of benefits
. . . bringing employee benefits full circle

Predictive Insights

AI also enables predictive insights, allowing employers to anticipate future health care needs and costs by analyzing claims and wellness data patterns. For example, if AI detects a rise in musculoskeletal issues, it might prompt the introduction of physical therapy benefits or ergonomic assessments. This proactive approach helps control costs while improving employee well-being.

Compliance and Risk Management

AI systems can also enhance compliance and risk management. This technology can monitor benefits-related regulatory changes and flag potential compliance issues in real time, helping employers stay ahead of legal requirements.

Conclusion

AI is not just optimizing benefits; it's transforming them by making benefits more personalized, accessible and responsive. As AI becomes more embedded in benefits platforms, employers should also consider data privacy and transparency concerns. Ensuring that AI tools are used ethically and equitably is essential to building trust and maximizing their impact on the workforce. Ultimately, AI is helping employers deliver a more modern and human-centered experience to employees as they navigate their increasingly complex benefits offerings.

Employers should continue to educate themselves about market trends and consider how AI can improve or streamline their benefits-related processes. Contact us today for more employee benefits resources.