



The SMB Benefits Cost Crisis:

How Strategic Plan Design Can Save Your
Business Hundreds of Thousands, Every Year

WHITE PAPER

Executive Summary

Health benefits are one of the most significant expenses and administrative burdens for U.S. employers, and for small and mid-sized businesses (SMBs), those costs are becoming increasingly unsustainable. As premiums rise and economic pressure continues to mount, many SMBs are being forced to make difficult decisions: reduce coverage, shift more costs to employees, or eliminate benefits altogether.

"In 2024 alone, small group health insurance premiums rose by more than 10% in over 10 states—including New York, Georgia, and Ohio. For many SMBs, this isn't just inflation—it's a breaking point."

Unlike large corporations, SMBs lack the buying power, internal HR resources, and dedicated benefits teams to effectively and efficiently navigate this evolving landscape. And the traditional broker model, which isn't designed to meet the needs of smaller employers, often leaves these businesses without the advocacy and support they need to manage costs strategically.

But there is a way forward. With the right benefits partner—one that offers a full-service approach to plan design and ongoing lifecycle support—SMBs can take back control. Through smarter strategies, full-picture visibility, and shared savings models, SMBs can reduce wasteful spending, increase employee satisfaction, and save hundreds of thousands of dollars each year.

This whitepaper explores the scope of the current benefits cost crisis, why SMBs are disproportionately affected, and what a better path looks like.

Introduction: Navigating a Shifting Benefits Landscape

Economic uncertainty, rising medical costs, and tariffs are fueling a perfect storm for employer-sponsored healthcare. Businesses across the country are bracing for continued cost increases, with healthcare benefits expected to rise by nearly 6% in 2025 alone. While this affects all employers, it's small and mid-sized businesses that are shouldering the heaviest burden.

Lacking the economies of scale and dedicated teams of larger enterprises, SMBs must navigate a fragmented, complex benefits market with limited negotiating power. Many traditional HR and broker-based approaches aren't built to handle today's environment, and they often leave smaller businesses without a clear strategy or the support they need to keep up.

For SMBs, managing healthcare costs is more than a budgeting challenge—it's a critical business issue that directly impacts competitiveness, employee retention, and long-term viability.

The Escalating Cost Crisis for SMBs

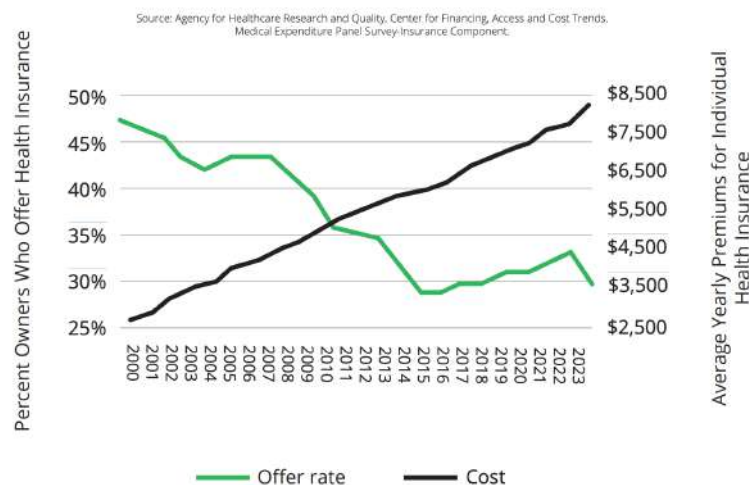
Employer-provided health coverage remains the backbone of healthcare in the U.S., insuring over half the population. But while 97.6% of large corporations offer health benefits, fewer than half of small businesses do the same, according to the Commonwealth Fund. Rising costs are pushing even more employers out of the benefits space, leaving employees with fewer options and businesses with limited leverage.

According to Mercer's National Survey of Employer-Sponsored Health Plans, per-employee benefit costs are expected to rise 5.8% on average in 2025. That marks the third consecutive year of increases of more than 5%, surpassing the 3% average annual growth trend seen in the previous decade.

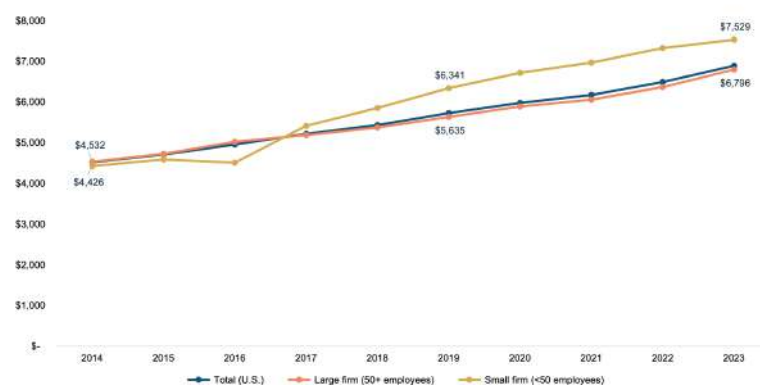
While factors such as new regulations, an aging population, and the exodus of healthcare workers have all impacted the industry over the past two decades, the current cost crisis is more macro. Global supply chain constraints and recently imposed tariffs on medical goods and prescription drugs have pushed insurers to price in future uncertainty. And at least some of the burden will likely be passed down to enrollees.

The result? SMBs are being asked to routinely absorb 10–15% annual premium increases—beyond what most SMBs can sustain. These increases affect more than the bottom line. They limit hiring flexibility, hurt morale, and hinder efforts to retain talent in an already competitive labor market. Historically, health insurance costs have been the fastest-growing and least predictable, which presents challenges for managing employee benefit expenses.

Health Insurance Offer Rates and Average Yearly Premiums for Businesses with Less Than 50 Employees, 2000 - 2023



Average annual employee premium contribution (in \$) for family coverage, nationally, by size of firm, 2014–2023



Data: Medical Expenditure Panel Survey Insurance Component (MEPS-IC), 2014–2023.

A municipal services provider saved
\$3.0M
over 10 years
with a 23.6% Year 1 cost reduction, while boosting employee satisfaction

Why SMBs Bear Much of the Burden

The fundamental challenge for SMBs lies in their size. With smaller risk pools and less predictable claims data, these businesses represent a higher actuarial risk to insurers and often face higher premiums as a result. They also lack the internal resources to design or negotiate effective plans on their own.

Recent data underscores how universally critical this issue is. According to the NFIB's 2024 Small Business Problems and Priorities report, the **cost of health insurance ranked as the number one problem facing small businesses across industries**—beating out taxes, supply chain challenges, and government regulations. Out of 75 possible concerns, the rising cost of health benefits was the most cited priority, highlighting the scale and urgency of the crisis across verticals like retail, manufacturing, real estate, and more.

Many SMBs are trapped in outdated models that were never built for them. Traditional brokers don't have the infrastructure or resources to serve SMBs as effectively as enterprises. So, many brokers can only offer one-size-fits-all solutions, while prioritizing carrier relationships or renewals over strategic guidance. Without the tools or incentives to drive change, these intermediaries offer little transparency or accountability when it comes to cost control.

At the same time, SMBs struggle with operational complexity. Benefits, payroll, compliance, and HR systems often operate in silos, making it difficult to see the full picture, let alone optimize it. Business owners and HR staff are left managing a fragmented system on their own, with limited time, resources, or data to guide decisions.

The result is a benefits environment that's reactive, expensive, and disconnected from employee needs.

A hospitality group achieved

\$3.3M

in savings over 10 years

and 10.4% Year 1 savings, with fewer HR escalations and happier employees.



A Better Path Forward: Strategic Planning + One-Point-of-CARE

To combat rising costs, some employers are adjusting plan designs, promoting preventive wellness plans, or negotiating with providers. These strategies can be effective, but only when supported by the right architecture. For SMBs, that means working with a partner who can bridge the gap between their needs and what the market offers.

The future of healthcare is still uncertain, with potential policy changes looming at both state and federal levels. But SMBs can't afford to wait. A strategic, proactive approach is essential to survival.

The key is regaining control over the cost drivers and aligning benefits with employee expectations and business objectives. With the right partner, SMBs can:

- Access cost-effective plan options
- Gain visibility into where their benefits dollars go
- Uncover savings through better plan design and claims analysis
- Create alignment between workforce needs and financial goals
- Reduce administrative burden
- Improve employee satisfaction with benefits offering and support.

By adopting a shared-savings approach and leveraging strategies that focus on tailored care above all else, SMBs can turn their benefits offering into a competitive advantage—not just a cost center.

A manufacturer reversed cost growth to save

\$1.26M

over 7 years

cutting per-employee costs by 5.6% in Year 1 and improving benefits use.



What to Look for in a Benefits Partner

Choosing the right benefits partner is one of the most strategic decisions an SMB can make. But in a crowded and often murky marketplace, it's not always easy to distinguish between providers who simply sell insurance and those who actively support your people and goals.

Here's what to look for in a true strategic partner:



Transparency and Independence

Look for a partner that prioritizes your interests over carrier relationships. Independence from commission-based incentives enables more objective guidance, while transparent pricing helps you understand where every dollar goes.



Full-Picture Visibility

Your benefits strategy shouldn't operate in a vacuum. Seek out a partner who has the ability to integrate benefits with HR, payroll, retirement, and wellness, giving you the ability to align resources and reduce inefficiencies across the board.



Execution, Not Just Advice

Consultants may offer recommendations, but your partner should be equipped to implement them. Look for a provider who can support plan design, enrollment, compliance, and ongoing employee education.



Customization and Flexibility

Avoid cookie-cutter plans. A good partner will tailor solutions to your unique workforce demographics, growth trajectory, and budget constraints—and adjust them as your business evolves.



Compliance and Risk Mitigation

Regulations like COBRA, ERISA, and ACA are complex and ever-changing. The right partner will keep you compliant, flag potential risks early, and take a proactive approach to audits, reporting, and documentation.



Technology and Employee Experience

A modern benefits platform should be user-friendly and mobile-accessible, making it easy for employees to enroll, understand, and utilize their benefits. A smooth user experience boosts engagement and reduces strain on HR.



Dedicated Support and Ongoing Education

Your partner should offer more than a helpdesk. Look for dedicated support teams who can field employee questions, guide your HR leaders, and deliver ongoing education to maximize plan value.

What OPOC clients are experiencing:

- Annual cost increases are consistently well below market trends.
- HR reports fewer escalations and higher employee satisfaction with their benefits.
- 95% of employees in multiple client organizations had no out-of-pocket costs for their most-used care.
- Strategic plan redesigns led to significant cost reductions while maintaining or improving coverage.

The OPOC Difference

At OPOC.us (One-Point-of-CARE. Ultimate Service), we believe every business—regardless of size—should have access to the same level of strategic guidance, pricing advantages, and dedicated service that large employers take for granted.

OPOC takes a comprehensive, white-glove approach to benefits management that's built around your business and your people. We go beyond basic plan offerings to design custom solutions informed by your unique employee demographics, usage patterns, and business goals. The result? Benefits that are not only cost-effective, but deeply aligned with your team's needs.

OPOC's impact is measurable across industries, with clients saving tens to hundreds of thousands of dollars annually. **One municipal services organization saved over \$150,000 in its first year**, while a hospitality group achieved **\$3.3 million in savings over 10 years**. Even in high-cost sectors like senior living, employers saw **per-employee savings of more than \$7,000 annually**.

What sets OPOC apart is our unwavering focus on CARE. While traditional brokers often focus on sales, we're built for fulfillment. Our structure is designed around service delivery, not carrier commissions, so your success is our only incentive. That means full-spectrum support across the entire benefits lifecycle, from plan design and implementation to care navigation and claims assistance.

With OPOC, SMBs gain access to the kinds of benefits pricing, plan design flexibility, and strategic guidance typically reserved for large employers. We act as your advocate and partner—not just at renewal time, but year-round—to help you control costs, ease administrative burden, and offer a benefits experience that attracts and retains top talent.

Get the CARE Your Growing Business Deserves

For SMBs, rising healthcare costs are an urgent, ongoing crisis. While large companies can weather the storm with expansive HR teams and bulk purchasing power, SMBs are left to navigate a turbulent system with fewer resources, less transparency, and mounting pressure.

To remain competitive and financially sustainable, SMB leaders must shift from reactive decision-making to proactive benefits planning, supported by a dedicated partner. In addition to offsetting costs, businesses will benefit from an approach that creates a culture of CARE within the organization.

Strategic plan design, paired with comprehensive, tailored support, can unlock significant savings and empower your team to offer the kind of benefits that attract and retain top talent. By understanding where your dollars are going and why, you can take control of your healthcare spend and provide real value to your employees.

When SMB owners and their employees are given greater choice, transparency, and control over their healthcare decisions, it strengthens the resilience of local businesses, supports healthier communities, and reinforces the foundation of the American economy.

If your current benefits approach feels more like a burden than a business advantage, it may be time to explore an alternative. OPOC delivers a high-touch, data-informed, and people-first model that offers SMBs the same level of care and savings that large employers enjoy—without the complexity or cost. Don't settle for outdated solutions. It's time to reassess, realign, and reimagine what's possible.



About OPOC.us

OPOC.us (One-Point-of-CARE™. Ultimate Service.) delivers custom benefits, real savings, and white-glove support, all with one, fully integrated partner. Our proprietary One-Point-of-CARE™ model integrates health benefits, HR, payroll, wellness, and retirement services into one seamless solution that reduces administrative burdens and delivers measurable ROI.

For over three decades, OPOC.us has been recognized as one of the nation's largest and most successful strategic planning firms. We represent thousands of corporate, nonprofit, and association clients, supporting over 100,000 employees and families across the country.

**Don't wait another year to absorb double-digit increases—
discover how OPOC.us can help take control of your benefits.**

Ready to learn more or discuss partnership opportunities?
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