Workforce Whiplash: Why It's Time to Rethink Benefits for a New Employment Era

Introduction

From Shockwaves to Stagnation in the Labor Market

At the height of the COVID-19 pandemic, the American labor market experienced an unprecedented shock. Unemployment spiked to 14.7% in April 2020—the highest rate since the Great Depression. Entire industries ground to a halt. Millions were furloughed or laid off overnight.

But just as quickly as the labor market collapsed, it rebounded. By late 2021, a workforce awakening had taken hold. After months of upheaval, millions of Americans began reevaluating what they wanted from work and what they were no longer willing to tolerate. This mass reassessment gave rise to the Great Resignation, as employees left in search of better pay, more flexibility, and greater respect. The exodus helped drive record-breaking quit rates and soaring wages, especially for job switchers.

Fast forward to 2025, and the pendulum has swung again—this time in the opposite direction. Unemployment has stabilized at a relatively low 4.2%, but beneath the surface, a more complex reality has taken shape. Hiring has slowed dramatically, and job openings have declined. The same market that empowered workers to seek better opportunities just a few years ago has become risk-averse, cautious, and inert.

This reversal has given rise to what economists now call the Great Stay: a labor industry marked by low turnover. Employees are staying put, not necessarily because they're fulfilled but because the perceived risk of change outweighs the potential reward. The result is a workforce that appears stable on paper but may be quietly eroding in productivity, innovation, and long-term loyalty.

Understanding the contrast between the high-turnover chaos of 2021 and the cautious stagnation of 2025 is more than a historical exercise—it's the key to designing benefits strategies that actually work. In this light paper, employers will discover why the surface-level stability of the Great Stay masks deeper challenges and what it will take to build resilient, engaged, and future-ready workforces. We'll explore how to meet the evolving expectations of four generations in the workplace, address rising rates of chronic conditions and mental health concerns, and create benefit strategies that go beyond cost control to deliver measurable value—for people and the bottom line. As the labor market evolves, so must the strategies that support wellbeing, retention, and organizational growth.

Discover why the surface-level stability of the Great Stay masks deeper challenges and what it will take to build resilient, engaged, and future-ready workforces.

From an Employee's Market to Employer's Market

The dramatic swings in the labor market over the past five years have had a cascading effect on how employers approach their benefits strategy. During the Great Resignation, the job market became a seller's market for talent: workers had leverage, and employers responded with enhanced benefits, flexible work options, and wellness initiatives to attract and retain top talent.

Now, however, we've entered a very different chapter. Layoffs and restructurings have increased. Hiring freezes are more common. Remote work arrangements are being scaled back or reversed altogether. In this new employer-driven environment, the temptation is strong to reduce benefits, pull back on investments in employee experience, and focus narrowly on cost containment.

But this reactive approach risks undoing the progress of the past few years and squandering the trust that employers worked hard to build. Much like a housing market transitioning from seller to buyer conditions, today's labor market calls for strategic patience. The power dynamic may have shifted, but employee expectations have not. Workers still want to be seen, supported, and valued, and they're paying attention to how companies behave in this moment of retrenchment.

Employers who resist the urge to slash benefits and instead focus on value-based innovation will be better positioned when the pendulum swings again. And history shows it always does.

50M
million Americans quit their jobs in 2021 & 2022

63%
quit due to low pay

57%
quit due to feeling disrespected at work

63%
quit due to lack of advancement opportunities

Why They Left: Lessons from the Great Resignation

To understand the workforce behavior we see today, it's essential to revisit what drove the mass departures of the Great Resignation in 2021 and 2022. During that time, more than 50 million Americans quit their jobs in a single year, shattering historical records and reframing the employee-employer relationship in lasting ways.

While much of the media attention focused on higher pay and flexible work, the reality was more layered. According to the Pew Research Center, the most commonly cited reasons for quitting included low pay (63%), lack of advancement opportunities (63%), and feeling disrespected at work (57%). Quitters' concerns reflected a fundamental breakdown in trust, culture, and perceived value.

Employees weren't simply chasing dollars—they were seeking dignity, development, and a workplace that aligned with their evolving priorities.

Roughly half of workers who left during the Great Resignation cited poor benefits, lack of flexibility, or insufficient time to care for family as contributing factors, according to the Pew Research Center. For those with children, childcare issues were a major driver.

Importantly, most who quit during this period did not remain unemployed for long. The majority found new roles that they believed offered better pay and benefits, more flexibility, improved work-life balance, or greater respect. In other words, the Great Resignation was not an exit from the workforce—it was a realignment of values.

This chapter of workforce history left a clear lesson for employers: when people feel underpaid, unsupported, or unheard, they will leave—even in uncertain times. When the labor market loosens again, those same forces could resurface, especially if today's "Great Stay" is mistaken for lasting satisfaction.

The Workforce Has Stabilized But at a Cost

On the surface, the Great Stay seems positive: the quit rate has fallen to 2.2%, and unemployment is relatively low. In early 2025, wage growth for job stayers outpaced that of job switchers for the first time since 2018. However, beneath the veneer of calm lies a deeper set of challenges that are already reshaping employers' strategic priorities. New hiring is at its lowest level since 2013 (outside of recessions).

Most employees aren't actively pursuing new opportunities. Economic headwinds—including inflation, elevated interest rates, and housing inaccessibility—have tempered job mobility. According to iHire's 2024 Talent Retention Report, 54.8% of workers said they were satisfied in their current job, a slight dip from 2023 but hardly a glowing endorsement. Meanwhile, 25.5% of employers reported a decline in engagement. While terms like "quiet quitting" once dominated the conversation, we've since moved into an era of "resenteeism"—a dynamic where employees remain in their roles not out of loyalty, but out of caution or lack of better options. It's a shift that signals deeper disengagement beneath the surface of apparent stability.

The reasons employees left during the Great Resignation are instructive. Workers wanted more than a paycheck—they wanted autonomy, meaning, and support. Those underlying desires haven't disappeared. In fact, they now exist in tension with economic reality.

Today's workforce is not only older and more burdened with chronic conditions—it is also more generationally diverse than ever before, spanning Gen Z to Baby Boomers. Each group brings different priorities to the table: younger workers may prioritize flexibility, purpose, and mental health, while older employees may focus on stability, financial security, and chronic disease management. Employers must build benefit strategies that are as multidimensional as the people they serve.

Yet, most benefits programs remain rigid, siloed, or misaligned with actual employee needs. The result? Soaring costs and uncertain impact. Healthcare expenses are projected to increase by 8% in 2025, with employers already having seen a 50% rise in benefits costs since 2017. And while many employers have responded by offering raises—61.8% gave pay increases in 2024 to curb turnover—they're learning that pay alone isn't enough. Slightly more than 90% of those employers still experienced attrition, often driven by cultural issues such as toxic leadership or lack of flexibility.

Simply maintaining legacy benefits structures is no longer a viable path forward. Yet pulling back by reducing coverage or shifting more costs to employees risks worsening the very disengagement and stress that employers are trying to manage.

Organizations must shift from cost control to value optimization—reconfiguring benefits to better support health, wellbeing, and engagement while aligning spend with strategic priorities.

The question is no longer whether to rethink benefits. The Great Stay has made that decision for us. The real question is how—and how fast—employers can evolve their approach before temporary stability gives way to long-term stagnation or a future wave of attrition.

Reframing Healthcare Costs: The CFO's Role in Strategic Investment

In today's healthcare landscape, financial leaders are no longer silent partners in benefits strategy—they are its architects. For self-funded employers, healthcare is now the second-largest operating expense behind payroll, and it's growing faster than revenue. In response, leading CFOs are stepping in to view benefits as a creator of value rather than just as a cost, balancing short-term financial pressures with long-term workforce wellbeing.

The forces driving this shift are multifaceted. The pipeline of high-cost specialty drugs, including GLP-1s and gene therapies, is growing rapidly, often billed under medical rather than pharmacy benefits, making costs less predictable. Meanwhile, large, complex claims tied to cancer care, NICU stays, rare diseases, and chronic conditions now account for a disproportionate share of employer healthcare spending. Large claimants like these represent just 1.2% of insured members but about a third of healthcare spending.

This evolution demands a more sophisticated financial playbook. CFOs can no longer rely solely on blunt instruments like trimming benefits packages. Approaches like this degrade workforce morale while increasing the risk of disengagement, presenteeism, and future turnover.

Forward-looking finance leaders are embracing integrated, data-driven strategies that manage risk, improve care outcomes, and optimize every dollar spent. Key components of this evolving role include the following:

- **Advanced analytics and actuarial insights:** Predictive models can flag rising-risk individuals earlier, before their conditions escalate into six- or seven-digit claims. These insights allow for proactive engagement and tailored care pathways.
- **Care and case management investment:** For high-need members, strategic case management can significantly improve outcomes while reducing unnecessary costs
- **Payment integrity and fraud mitigation:** AI-enabled solutions are helping CFOs root out waste, errors, and abuse in real time. One study found a savings of $11.8 million over eight months through these technologies alone, with socially vulnerable members seeing the greatest benefit
- **Pharmacy benefit strategy:** With prescription drug costs climbing steeply, finance leaders are reevaluating formulary design, utilization controls, and educational efforts. The goal isn't to deny access but to ensure appropriate, value-aligned use of high-cost therapies
- **Stop-loss and reinsurance planning:** CFOs are also playing a direct role in designing protections for worst-case scenarios. Negotiating smarter stop-loss contracts, informed by robust claims data, is essential to preventing catastrophic budget disruptions

Ultimately, the most effective CFOs are repositioning healthcare as a lever for strategic workforce investment, not just a cost to be managed. Aligning benefit design with talent priorities, risk mitigation, and measurable ROI helps build healthier teams and more sustainable futures.

Flexibility That Goes Beyond Remote Work

The pandemic redefined flexibility—first as a necessity, then as a competitive advantage. Remote work became the headline benefit of the Great Resignation era, with many workers citing location freedom as a key reason for switching roles. But as the dust settles, it's clear that flexibility is no longer synonymous with working from home. Today, employees expect a deeper, more dynamic kind of flexibility—one that adapts to the complexities of their lives.

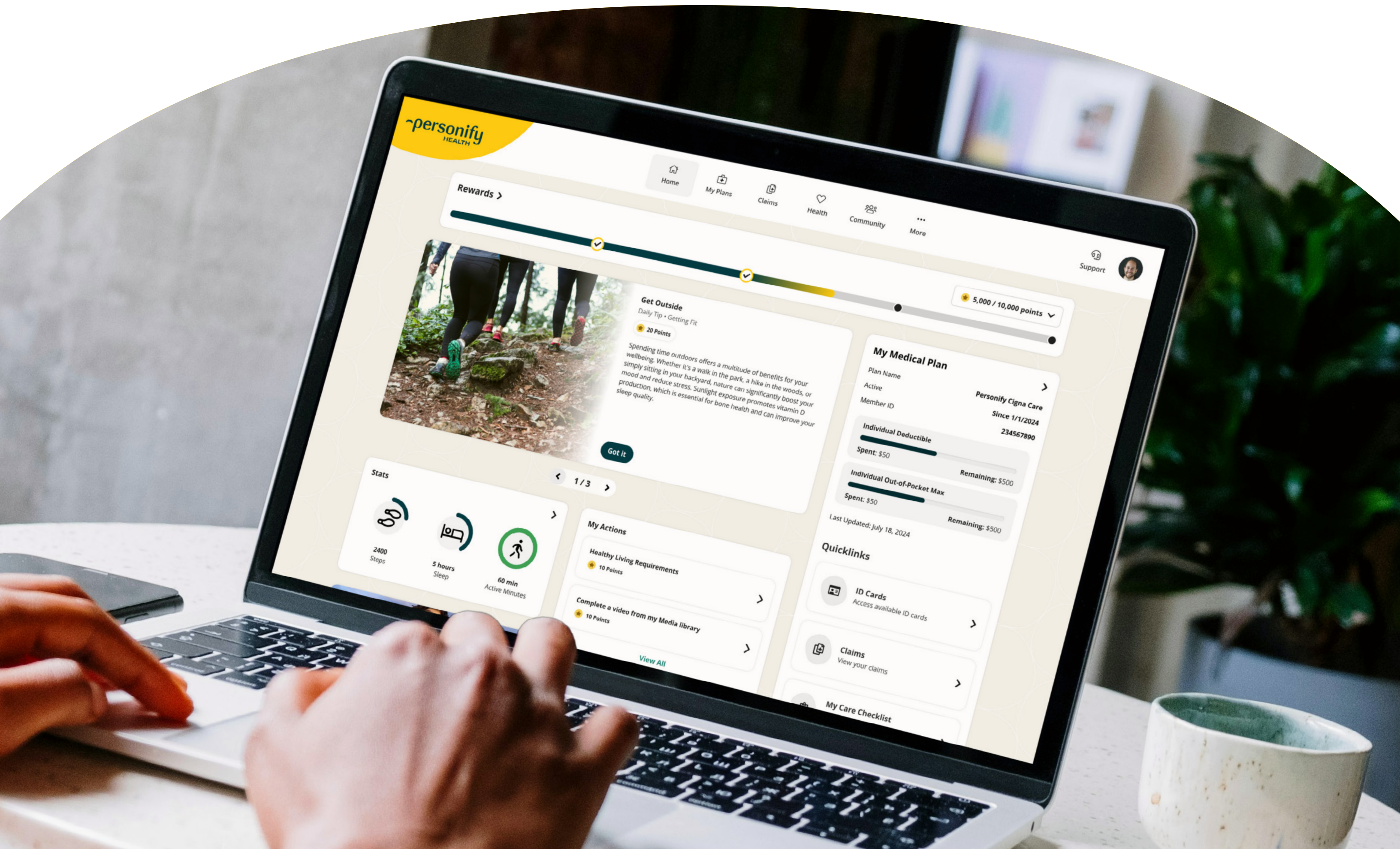
Survey results confirm this shift. According to iHire's 2024 Talent Retention Report, more than half (54.7%) of employees say they'd be more likely to stay at a job if they were allowed to set their own hours, and 44.4% say a four-day workweek would improve their retention. This data points to a broader truth: flexibility is about how, when, and why they work. Yet, many organizations continue to treat flexibility as binary—remote vs. in-office—overlooking a powerful opportunity to build engagement into the day-to-day design of work itself.

To meet this moment, companies must think more expansively. That means offering flexible work locations and schedules. It means allowing employees to shift hours to accommodate caregiving, education, or simply better energy cycles. It means rethinking rigid 9-to-5 norms in favor of outcome-based performance metrics.

> **Importantly, flexibility also applies to benefits and support services. Personalized wellbeing programs, mental health resources that adapt to individual schedules, and digital-first care access models are no longer perks—they're baseline expectations. When benefits are only accessible during traditional hours or buried across multiple systems, utilization drops and frustration rises. In contrast, integrated, anytime-anywhere solutions increase engagement and reduce friction.**

And it means applying flexibility equitably, to white-collar employees, corporate workers, and frontline teams as well.

Delivering this kind of flexibility isn't about offering unlimited choice. It's about offering meaningful, human-centered autonomy within a well-structured framework. Organizations that invest in this broader definition of flexibility will see returns in retention, morale, performance, and adaptability.



From Mental Health to Chronic Disease: Meeting Needs Across the Spectrum

Mental health and chronic conditions have emerged as two of the most urgent and costly challenges in today's workforce. Employees increasingly expect support for both, and employers are feeling the financial strain through rising claims, absenteeism, and diminished productivity. While mental health support has rightfully taken center stage in benefits strategy, it cannot stand alone. Burnout, anxiety, and depression often exist alongside and contribute to the development or worsening of chronic conditions like diabetes, cardiovascular disease, and obesity. To drive meaningful outcomes—for people and budgets—organizations must embrace a broader, more connected view of health

This is especially true in the current climate. More than 60% of U.S. adults live with at least one chronic condition according to the Centers for Disease Control, and mental health needs have surged post-pandemic. Yet most employer benefits ecosystems remain fragmented: physical health is managed in one silo, mental health in another, and high-cost interventions are often only addressed once claims begin to spike. This approach misses a critical opportunity for early intervention and cost avoidance.

Integrated health platforms that bring together behavioral health, chronic disease management, care navigation, and digital wellbeing tools are proving effective at meeting the real, complex needs of today's workforce. When these services are centralized and personalized rather than buried in disconnected programs, utilization increases, care becomes more proactive, and outcomes improve across the board.

Consider the data: in one multi-year study, members who engaged with a personalized health platform experienced significantly lower inpatient and pharmacy costs as well as higher rates of preventive screenings for conditions like high cholesterol, cervical cancer, and breast cancer. Another study found that members actively participating in wellbeing programs saw a 14% reduction in anxiety-related costs and prevalence while also improving biometric markers tied to chronic disease risk.

Key strategies for addressing whole-person health include these:

- **Embedding mental health into daily life:** Offering confidential, stigma-free access to coaches and clinicians through messaging, phone, or video empowers employees to seek help early and often
- **Designing for comorbidity, not single diagnoses:** Many health journeys don't fit neatly into categories. Programs that account for the overlap between mental and physical health see better adherence, engagement, and outcomes
- **Making navigation intuitive:** Employees should not have to decipher where to go for help. Unified platforms that guide members from wellbeing to clinical care, based on their needs and preferences, reduce friction and increase follow-through
- **Empowering action with data:** Real-time insights into behavioral trends, engagement patterns, and risk factors allow employers to personalize support, track impact, and course-correct in real time

Whole-person care delivers a measurable ROI while building the kind of workforce that can thrive in the years ahead.

Connecting Engagement to Cost Control

In an era of rising healthcare costs and growing workforce complexity, employee engagement with benefits is a strategic imperative. When employees understand, access, and trust their benefits, they're more likely to make proactive, informed healthcare decisions. They seek preventive care earlier. They adhere to treatment plans. They avoid costly escalations and emergency interventions. In short, engagement drives both better outcomes and better economics.

Unfortunately, many organizations still treat benefits engagement as a downstream communications challenge—something to be solved with emails and open enrollment campaigns. But the real barrier isn't awareness. It's usability, personalization, and relevance. When benefits are spread across siloed platforms, delivered in one-size-fits-all formats, or lack clear navigation, employees disengage. The result is underutilization of high-impact programs and overspending on avoidable claims.

The financial implications are significant. In an independent study commissioned by Personify Health, members who engaged regularly with an integrated, personalized benefits platform saw 23% lower healthcare costs. These savings were driven by smarter care navigation, increased preventive visits, and fewer emergency room and high-cost interventions. Another study found that members participating in targeted wellbeing programs saved an average of $699 per person per year, primarily through reduced inpatient and pharmacy spend.

These aren't abstract figures—they represent a shift in how we measure the value of benefits. It's not what's offered; it's about what's used. A digital benefits hub that integrates care navigation, mental health support, and proactive nudging can become a daily destination—not just a once-a-year decision point—by combining intelligent, connected technology with human-powered support. This blend of high-tech precision and high-touch guidance ensures employees get the right type of help, at the right time, in the way that works best for them.

To realize these gains, organizations must invest in platforms and experiences that treat engagement as a design principle, not an afterthought, through steps like these:

- **Simplifying access through single-entry, mobile-optimized portals that bring all benefits into one unified experience**
- **Personalizing interactions based on real-time data, user preferences, and life-stage relevance**
- **Proactively guiding decisions through nudges, reminders, and human-centered support that empowers rather than overwhelms**

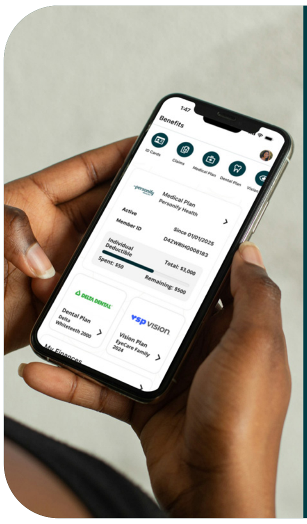
The logic is clear: when employees are engaged, they're healthier. When they're healthier, costs decline. But the reverse is also true. Disengagement is expensive. In an environment where healthcare inflation outpaces wage growth, organizations cannot afford to leave engagement on the table.

Personalized Benefits: Meeting the Moment With Precision

Employees no longer view benefits as background support. They see them as central to whether they feel seen, supported, and valued.

Yet, most benefits strategies remain anchored in a one-size-fits-all model: outdated, fragmented, and misaligned with the real lives of today's workforce. What employees want now is personalization. They want benefits relevant to their stage of life, tailored to their health needs, and responsive to their individual goals, whether that's managing a chronic condition, finding affordable childcare, improving mental health, or planning for retirement.

The impact of personalization is more than anecdotal. Our research shows that personalized benefits platforms with integrated access to health plan administration, wellbeing resources, and care navigation can lead to significantly higher engagement.



19x

How often people engage with the Personify platform each month

Personalization also addresses another major issue: benefit fatigue. When workers have to navigate six to eight different platforms to access healthcare, mental health, or financial wellness resources, usability drops and frustration rises. In contrast, a single, intuitive, personalized hub simplifies access and increases the likelihood that employees will actually use and benefit from the support offered. resources, usability drops and frustration rises. In contrast, a single, intuitive, personalized hub simplifies access and increases the likelihood that employees will actually use and benefit from the support offered.

To build a truly personalized benefits experience, employers should consider these strategies:

- **Use data to anticipate needs:** Predictive analytics can surface emerging risks and recommend timely interventions, whether it's a screening, a second opinion, or stress reduction support.
- **Offer personalized benefits:** Think of it as a "benefits kit," where employees can mix and match what's most relevant to them in a given year or stage of life.
- **Integrate navigation and advocacy services:** Offer employees a guide rather than a menu. Personalized benefits are about clarity, not choice.
- **Measure what matters:** Outcomes are more important than participation. Look for indicators of better health, such as fewer claims, improved satisfaction, and reduced absenteeism.

When benefits feel personal, they drive trust. When they drive trust, they drive retention. In today's environment of economic pressure and emotional fatigue, **trust is one benefit no employer can afford to overlook.**

Plan Now for the Next Market Turn

The current labor market may appear stable, but stability can be deceptive. The Great Stay has provided a temporary pause in turnover, not a permanent solution to disengagement, dissatisfaction, or the evolving needs of a modern workforce. Beneath the surface, signals are emerging that suggest the pendulum could swing again. When it does, organizations that have not prepared will find themselves playing catch-up in a market where top talent is suddenly back in motion.

That's why now is the time to reinvest, reimagine, and get ahead of what's next. Forward-thinking organizations are already shifting their approach from reactive cost containment to proactive value creation. They're building benefit platforms that meet people where they are and focusing on workforce physical, mental, and emotional health. They're not waiting for turnover to spike to start asking hard questions about engagement. They're doing it now, while the window to act is open and the risk of change remains low.

As we look to the future, one thing is clear: the next market turn won't just reward employers with the best compensation packages. It will reward those who have built cultures of trust, platforms of support, and workplaces designed for real life.

The question is no longer whether the market will shift. It's who will be ready when it does.

About Personify Health

By bringing industry-leading third party administration, holistic wellbeing, and navigation solutions together, all in one place, we have created the industry's first and only personalized health platform. With decades of experience and global operations, we empower diverse and unique businesses – and diverse and unique people – to engage more deeply in health at a lower cost. Through our proprietary combination of data-driven personalization, science-backed methodology, and concierge-level clinical expertise, our end-to-end platform makes it easier to proactively address people's needs across their lives. With a personalized, holistic, and powerfully simple experience, we are redefining industry expectations and what it means to manage health.

Let's connect →

Learn more at personifyhealth.com

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