

Law firm benefit packages remain relatively stable during challenging 2020

Law firms continue to provide rich medical programs as indicated by the 86% actuarial value (for every dollar spent on healthcare, the plan pays 86%).

Amid the ongoing economic and global health crises, Aon's latest *Law Firm Health Trends and Data Insights – 2020 Plan Year* report finds that most law firms' benefit packages remained relatively stable during 2020. Only a few firms adopted aggressive changes in plan design or structure. Instead, we observed increased awareness and communication of virtual benefits and non-traditional care delivery models as they continued to evolve and become more mainstream. Law firms have also recognized the importance of integrating the physical, emotional, and financial health of their employee population. Law firms continue to provide plans with high actuarial value at a comparatively higher cost to participants.

Aon's Health Solutions Professional Services Practice and **Data Forensics and Informatics team** collaborated to compile data on "Am Law 200"-ranked law firms with an average group size of 890 participants (including equity partners). The firms in the survey offered an average of four plan options, demonstrating that providing participants meaningful choice is still expected and valued. 81% of plans were funded on a self-insured basis; 19% were fully-insured. Some participating firms offered fully-insured plan options in certain geographies alongside their self-insured plans.

The survey results, powered by Aon's Health Value Initiative database, focuses on three main characteristics:

- **Plan Design** – The average actuarial value for law firm medical plans was 86% (for every \$1.00 spent on healthcare, the plan is estimated to pay \$0.86), notably higher than the professional services average of 83%.
- **Participant Contributions** – Due to US tax law, equity partners generally pay 100% of the medical plan premium with no subsidy from the firm. Non-partner participants (staff, associates, etc.) paid more for their benefits (about 27% of plan cost) than their peers at other types of professional service firms (about 20% of plan cost). A difference in philosophy sits at the core of this difference: law firms tend to direct most of their subsidy dollars towards single coverage, leaving participants that cover their spouses and/or children responsible for a higher share of the overall cost while other employers tend to distribute their subsidy more equally.
- **Overall Cost** – The average annual cost of medical coverage (gross cost including participant contributions, on a per employee per year (PEPY) basis) was 39% higher than the professional services benchmark and 32% higher than the all-employers benchmark.

By leveraging the insights in this report, law firms can measure the economic value of the firm's benefits spend and position their health and welfare benefits relative to other industry players.

Please click [here](#) to view *Law Firm Health Trends and Data Insights – 2020 Plan Year*.

If you'd like to discuss any of the issues raised in this article, please contact **Mark Scarafone**.