Benefits Insights

Reducing Choice Overload in Health Plan Offerings

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National Insurance Services

Offering more medical plans can seem like a way to increase employee choice. In practice, many employers now offer five or more options, and that creates complexity instead of clarity. As employers evaluate their benefits portfolios, many are looking for ways to improve employee decision-making and simplify plan administration. This article covers the case for a smaller, more intentional plan lineup and what that shift can do for an organization's workforce.

The Challenge of Too Many Choices

A broad range of benefit options is meant to provide flexibility and accommodate a variety of needs. As portfolios have expanded, however, many organizations are finding that more choice doesn't always translate to better decisions.

Comparing premiums, deductibles and provider networks across five or six plans takes real time and effort. Most employees engage with these decisions only once a year, and a long list of near-identical options makes it hard to stay engaged long enough to choose well.

The result is predictable. Some employees will passively re-enroll in their current plan without a second look. While this process is often familiar, quick and convenient, it keeps them from evaluating whether the plan still fits their current medical and financial needs. Others delay the decision until the enrollment window is nearly closed or decline coverage altogether. All three patterns can lead to coverage gaps, rushed choices and post-enrollment regret. None of these outcomes reflects the confident decision-making employers hoped a wider menu would produce.

Building a Focused Lineup

Family premiums for employer-sponsored coverage rose 6% in 2025, following two straight years of 7% increases, according to KFF's latest Employer Health Benefits Survey. Increases at that pace justify a full review of the benefits strategy, including whether the plan menu still balances choice, value, and simplicity.

Many employers are finding that value in a lineup built around two core options: a traditional copay or PPO-style plan, and a qualified high deductible health plan paired with a health savings account. Reviewing enrollment patterns, employee preferences, and plan performance is the starting point for deciding whether this structure fits an employer's workforce.

A two-plan structure doesn't work for every organization. Employers with a multi-state workforce or a large population concentrated in a high-cost network area may need a third tier to cover those situations. The goal isn't to hit a specific plan count. It's to make sure every plan on the menu serves a distinct purpose rather than offering a slight variation on an existing option.

Simplification pays off administratively, too. Fewer plans mean less time spent managing contracts, provider networks, and renewal paperwork, freeing up HR and payroll teams to spend more of the year on programs that directly support employees. Communication also becomes easier because benefits teams can focus their materials on a small number of clearly differentiated options rather than trying to explain the differences among five plans that mostly overlap.

The Renewal Opportunity

Renewal planning provides a natural point to conduct this review, as it is an opportunity to look beyond cost alone. A thoughtful look at the lineup can surface ways to simplify enrollment, improve communication, and confirm that every plan still earns its place.

Start with utilization. Which plans do employees choose, and which get little to no enrollment? A plan with minimal participation adds complexity to the menu without expanding real choice for anyone.

Communication matters most when the lineup is changing. Give employees advance notice and put premiums, deductibles and out-of-pocket costs side by side so the comparison is easy to make. A decision-support resource, whether that's a comparison tool, plan materials or one-on-one meetings, can help employees work through the trade-offs and choose with more confidence.

Building this review into the annual renewal cycle gives employers time to plan the changes, communicate them clearly and support employees through the transition.

A Simpler Path Forward

Consolidating plan options isn't about limiting employees. It's about giving them a clear path to the coverage that actually fits their needs. Sustained premium growth is straining the Open Enrollment experience. Renewal season is about reviewing the current benefits package and developing strategies to plan for a successful Open Enrollment and plan year.
