



2025 YEAR IN REVIEW & 2026 OUTLOOK

Employee Benefits

2026 will demand smarter benefits – tighter networks, deeper analytics, and employee-centered value. Plans must get smarter, not just more expensive.



Overview

Now in its third year, the Assurex Global Employee Benefits Year-in-Review and Market Outlook continues to track the trends shaping employer strategies. For the third consecutive year, **cost containment and management** remain the defining theme. Employers are striving to deliver **competitive, sustainable benefit programs** while managing rising healthcare expenses and evolving workforce expectations.

Assurex Global — the world's largest privately-held, commercial insurance, risk management, and employee benefits brokerage group — surveys employers monthly on key employee benefits and HR topics. This 2025 Year in Review and 2026 Market Outlook compiles those insights, highlighting emerging strategies, trends, and actionable data to help employers navigate the year ahead.

Key Themes



BALANCING BUDGETS AND BENEFITS

As healthcare costs continue to rise, employers are finding it increasingly challenging to strike a balance between fiscal responsibility and employee value.



REGULATION, RISK, AND RESPONSIBILITY

Employers are navigating a progressively complex compliance landscape, balancing oversight, accountability, and organizational risk.



EVOLUTION, ENGAGEMENT, AND EMPLOYEE EXPERIENCE

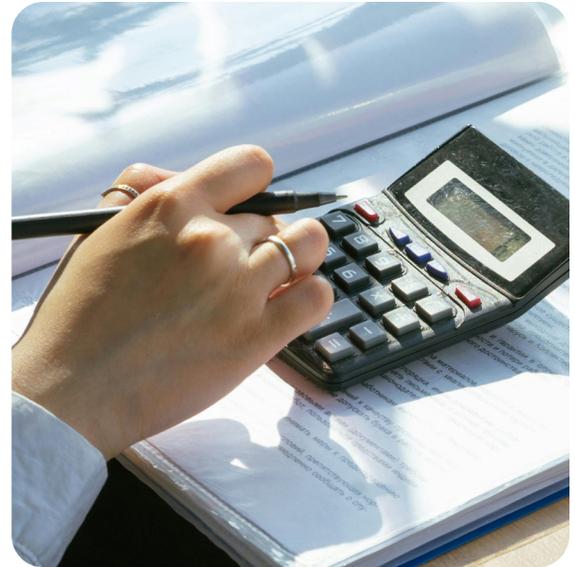
Despite extreme cost pressures, plan sponsors also recognize that their benefit offering must continue to progress to keep pace with their changing employee populations.



Balancing Budgets and Benefits

Employers are walking a fine line between controlling plan costs and maintaining benefit value for their workforce.

After a decade of moderate premium growth, health benefit costs have now risen for the **fourth consecutive year**, keeping affordability a top concern for employers. Ongoing pressures from medical inflation, tariffs, provider consolidation, pharmacy costs, chronic conditions, and emerging treatments continue to push costs higher across the board.

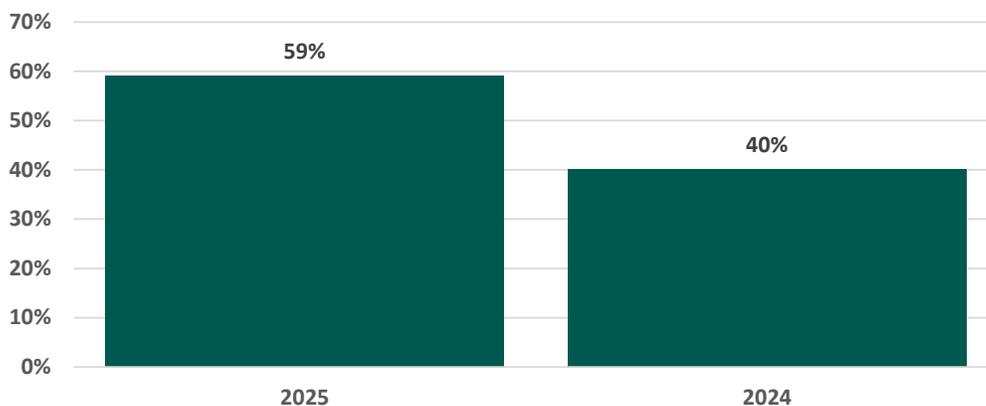


EMPLOYERS CONTINUE TO PRIORITIZE MANAGING COSTS

Employers are increasingly focused on controlling benefit expenses as cost pressures persist. **Managing costs ranked as the top benefits priority for 2025**, with 59% of employers reporting that they are actively taking steps to manage benefits costs – a sharp increase from 40% in 2024. Based on the renewal data below, it would be a shock if this isn't the top priority again in 2026.

This nearly 20-point increase underscores how cost management has become a unifying focus across organizations of all sizes and industries.

EMPLOYERS TAKING ACTION TO MANAGE BENEFITS COSTS



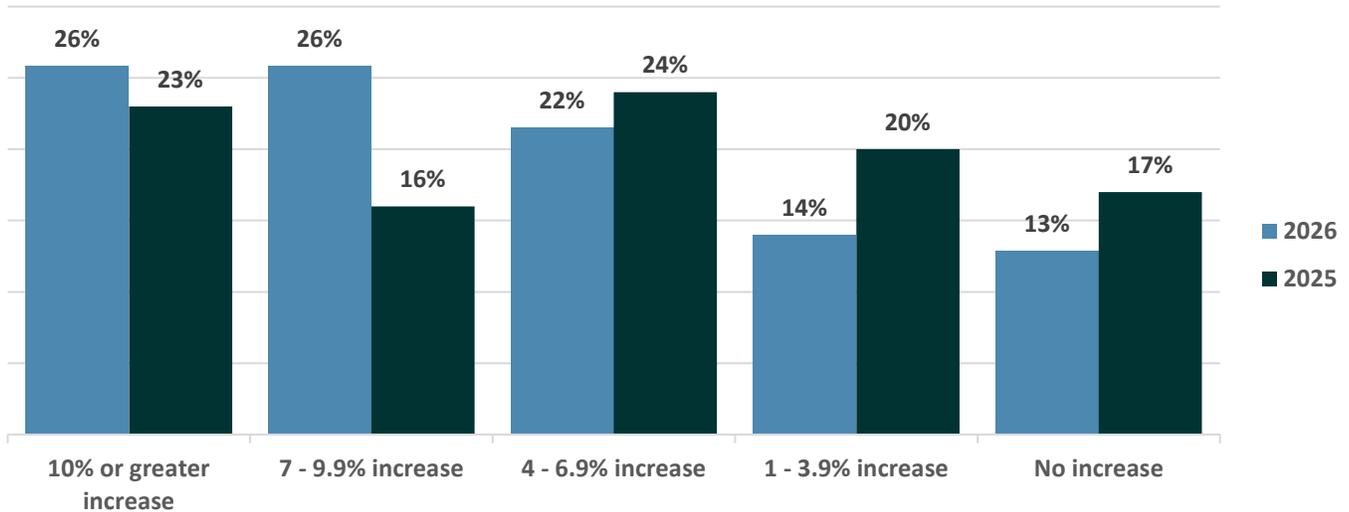
MEDICAL COST TRENDS AND CHANGES

As expected, medical renewal increases remained elevated for 2026 and were overall higher than 2025, continuing the multi-year trend of above-average cost growth. More than one-quarter of employers (26%) reported medical plan increases of **10% or more**, while another 26% experienced increases in the 7% to 9.9% range, meaning just over half of employers faced increases well above historical norms.



2026 VS. 2025 FINAL MEDICAL COST INCREASE

(After all plan design, carrier and network changes)



Employers cited **catastrophic claims (23.5%), higher utilization (15.3%), and pharmacy (12.9%)** as the primary contributors to higher medical costs. While pharmacy was identified as the top cost driver last year, it dropped to third this year as the frequency of catastrophic claims – those that exceed \$1 million annually – continues to rise. Even so, pharmacy remains a significant and closely monitored area of concern for employers. Notably, **28.2% of employers reported being unsure** of the main cost drivers, underscoring the ongoing need for greater data transparency and education on medical cost trends.

These renewal increases reflect the final outcomes after any plan changes have been implemented. While a meaningful number of employers made no changes to their medical plans (28%), many others found they could not absorb increased costs without taking action elsewhere.

Top Medical Plan Changes Implemented for 2026

- 1 42% Increased employee contributions
- 2 22% Changed plan design
- 3 15% Changed medical carrier/TPA



Together, these actions reflect a pragmatic response to sustained cost pressure—addressing immediate financial necessity with the desire to minimize disruption for employees.



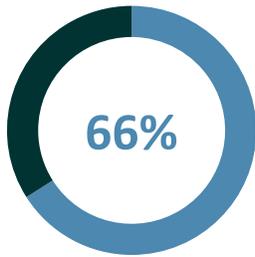
RISING EMPLOYEE AFFORDABILITY CONCERNS

While employers remain focused on cost control, they are acutely aware of the growing affordability challenges facing employees. Nearly three-quarters of employers (72%) said employees are having a harder time affording benefits than two years ago – a notable increase from 47% in 2022.

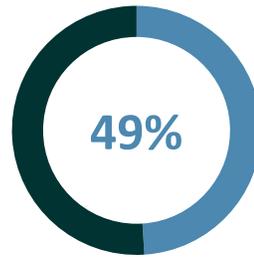
Still, many employers found they had **limited room to absorb costs without making changes elsewhere**. For many organizations, these increases directly influence decisions around employee contributions, plan designs, and medical carriers, as noted above.

72%
of employers feel their employees are having a harder time affording benefits than two years ago

When employers were asked what prevented them from making even bigger changes to their medical plans:



Employee affordability was the top barrier...



...followed closely by concerns about employee disruption and satisfaction

These findings highlight the careful balancing act employers continue to face, managing rising costs while striving to protect access, affordability, and the overall employee experience.



COST MANAGEMENT STRATEGIES

Beyond medical plan design adjustments, employers are exploring a variety of cost-management strategies. The most common approaches focus on employee well-being, with 40% (up from 20% in 2024) prioritizing the addition of a **wellness program** or **disease/care management initiatives**.

Benefit leaders can also evaluate how they fund their plans to manage their expenses. We found:

- **40%** do not plan to change their funding strategy, while
- **13%** are actively exploring options, and another
- **19%** are interested in doing so



Despite ongoing cost pressures, only one in four employers (24.6%) is adopting alternative provider networks.



Of the few that are, the most common approach (10.5%) is implementing narrow provider networks.

Provider networks that drive value are an avenue for employers to bend the cost curve without increasing the burden on employees' wallets.

LOOKING AHEAD: COST CONTAINMENT DOMINATES THE OUTLOOK

When asked how their benefits strategy will evolve over the next three to five years, employers' top response was a continued focus on **cost reduction (25.6%)**, followed by using **data and analytics** to shape their strategies. Likewise, **cost containment** ranked as the top trend being monitored for 2026, followed closely by **pharmacy management** — signaling that financial sustainability will remain at the heart of benefit strategy planning.

TURNING INSIGHTS INTO ACTION

As cost pressures persist, employers face a dual challenge: maintaining plan value while keeping budgets sustainable. The data suggests opportunities for employers to:

- **Invest in prevention and management programs** that improve long-term outcomes and moderate costs.
- **Assess pharmacy management**, including formulary design, specialty drugs strategies, and GLP-1 oversight, to better control one of the fastest-growing cost categories.
- **Leverage data and consultant guidance** to gain clearer insight into cost drivers and ROI.
- **Evaluate funding strategies and vendor partnerships** that improve predictability and transparency.
- **Evaluate non-traditional provider networks** as a mechanism to improve care and manage healthcare trends.

Employers that take a proactive, strategic approach will be best positioned to navigate another year of rising costs.



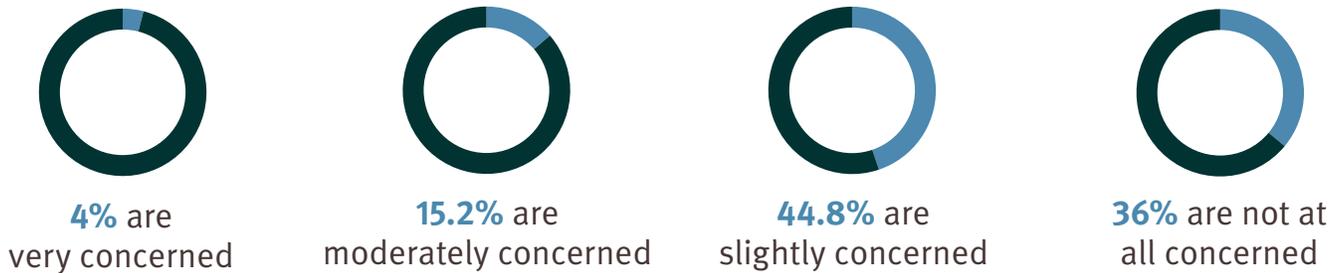
Regulation, Risk, and Responsibility

As regulatory oversight intensifies, employers are paying closer attention to compliance obligations that impact their benefits programs. From new provisions in the One Big Beautiful Bill Act (OBBBA) to ongoing fiduciary responsibilities and general compliance governance, organizations are weighing risk management with practical implementation.



KEEPING PACE WITH COMPLIANCE PRESSURES

While cost control remains the top benefits priority overall, **18% of employers said compliance was their organization’s leading focus for 2025**. Yet concern levels about increased regulatory scrutiny are mixed:



While only 4% of employers report being very concerned about compliance scrutiny, nearly 75% plan to act.

Employers’ Planned Responses to Increased Health Plan Compliance Scrutiny



Taken together, the data suggests employers recognize the need to stay prepared, even if they don’t feel immediate pressure. **Compliance, for many, has become less about reaction and more about readiness.**



EVOLVING UNDER THE OBBBA

The One Big Beautiful Bill Act (OBBBA) was 2025's most notable legislative development, introducing several provisions that will impact employee benefits administration in 2026. Many employers are taking a wait-and-see approach to OBBBA implementation; uncertainty outweighs action in several areas.



Dependent Care Assistance Program (DCAP) annual enrollment limits will increase to **\$7,500**; however, only **41.3% of employers plan to implement the change**, while 38.7% remain unsure.



Fair market value (FMV): Among employers that currently charge a FMV to HSA participants, **79.3%** stated that they will **eliminate that fee**.

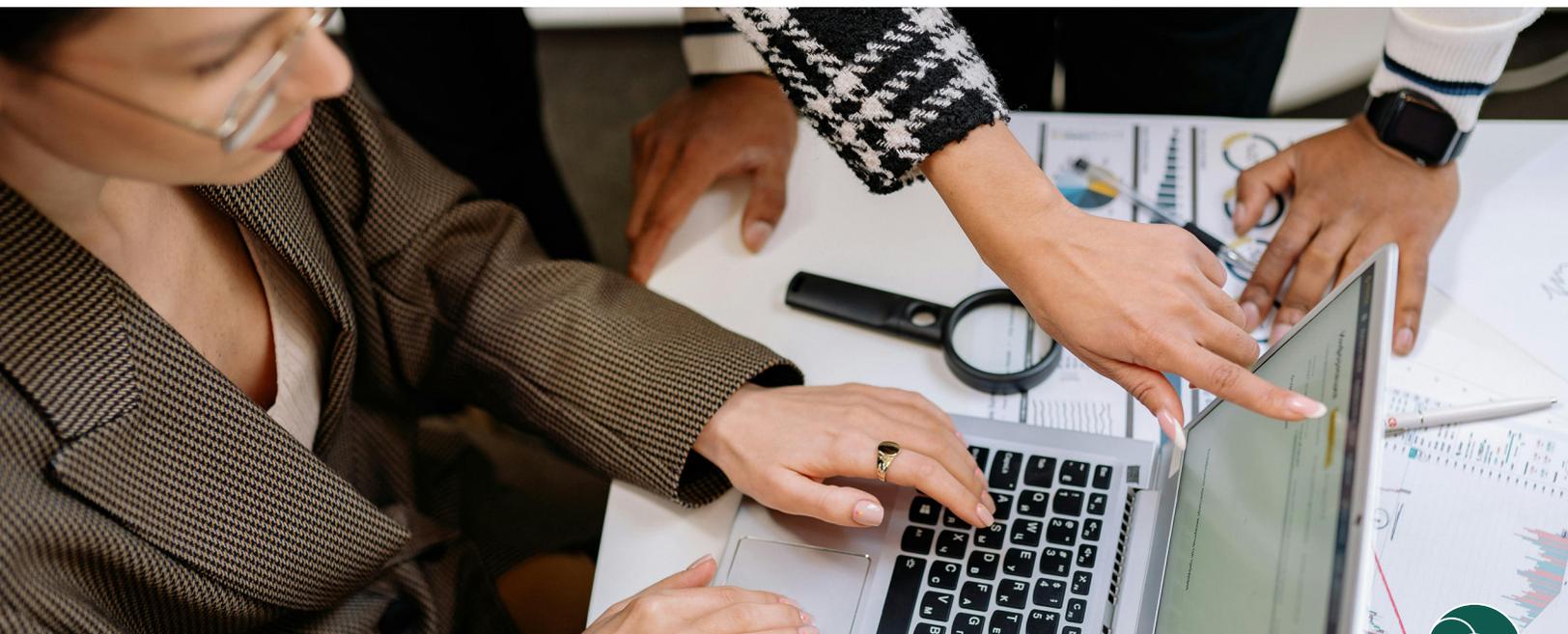


"Trump Accounts" remain largely on hold, with only **2%** planning to offer them and **51%** still undecided.



Student loan repayment assistance: only **2.5% of employers** said they will begin offering that benefit now that the **tax exclusion is permanent**.

While adoption rates are mixed, these responses illustrate a cautious but attentive approach. Employers are watching for clarity and precedent before committing to changes.



FIDUCIARY OVERSIGHT IN FOCUS

Compliance doesn't stop at legislative awareness; it extends into governance and fiduciary duty. Employers that sponsor employee benefit health and welfare plans have always had responsibilities as ERISA fiduciaries. The Consolidated Appropriations Act (CAA) of 2021 included additional rules regarding fiduciary obligations, and recent class action lawsuits have further underscored the importance of the fiduciary role.

When asked to describe their approach to **health plan fiduciary oversight**, responses revealed an area still defining its footing:

- **33.8%** are unsure of their standing
- **24.8%** have an informal oversight group or individual in place
- **24%** of employers have taken no steps
- **14.9%** have established a formal fiduciary committee
- **2.5%** are considering a fiduciary oversight structure

Among those engaged in fiduciary activities, the most frequently reviewed topics include:

1. Plan fees and administrative costs (54.2%)
2. Plan design strategy (40%)
3. PBM practices and transparency (37.5%)

Many employers recognize the importance of their fiduciary duty; however, **implementation remains inconsistent**, and many organizations may be unaware of their responsibilities. Litigation of health plans may continue into 2026, as health plans and pharmacy managers will be under intense scrutiny.



1 in 3

employers is unsure whether they have any fiduciary oversight in place.

TURNING INSIGHTS INTO ACTION: BUILDING A CULTURE OF COMPLIANCE

Taken together, these insights underscore that compliance is not a static box to check; it's an evolving balance of regulation, risk management, and responsibility. Employers have opportunities to:

- **Clarify governance structures** and assign clear ownership for oversight.
- **Conduct regular internal audits** and leverage external experts to stay ahead of enforcement trends.
- **Review documents, procedures, and financial incentive offerings to ensure compliance.**
- **Evaluate pharmacy, PBM, and data practices** through a fiduciary lens.
- **Educate internal stakeholders** on emerging regulatory responsibilities to reduce organizational risk.

Employers that move from reactive compliance to strategic compliance — embedding it into governance, partnerships, and plan design — will be best equipped to navigate the shifting regulatory landscape.



Evolution, Engagement, and Employee Experience

As employers focus on immediate cost containment, many are also looking ahead. Over the next three to five years, they anticipate striking a balance between financial sustainability and renewed investment in employee experience, well-being, and smarter benefit design.



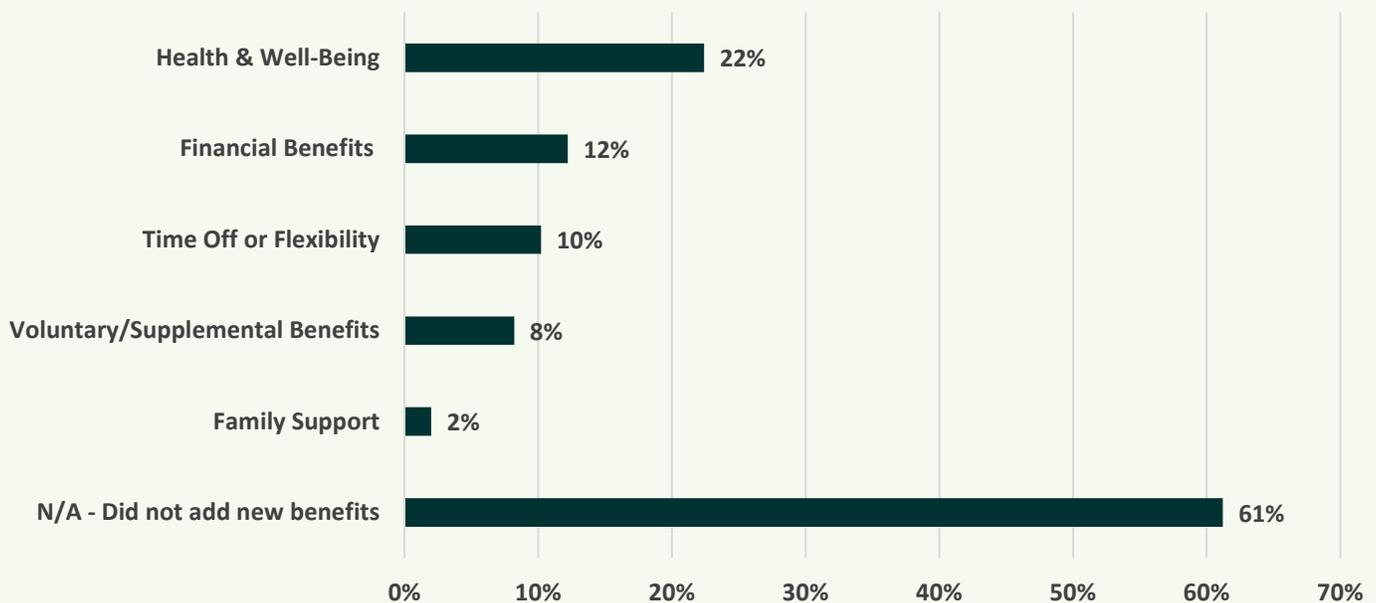
When asked how their strategy will evolve, 25.6% cited cost reduction (as discussed in Balancing Budgets and Benefits), 18.6% pointed to greater use of data and analytics, and 16.3% expect to innovate and personalize benefits – signaling a gradual shift toward modernization that pairs cost control with employee-centered improvements.

BALANCING AMBITION AND BUDGET

Innovation is on employers’ minds, **but budgets continue to set the pace.** In April, two-thirds of employers reported that they did not expect to add or enhance benefits for 2026, indicating early interest in new ideas but continued caution regarding costs.

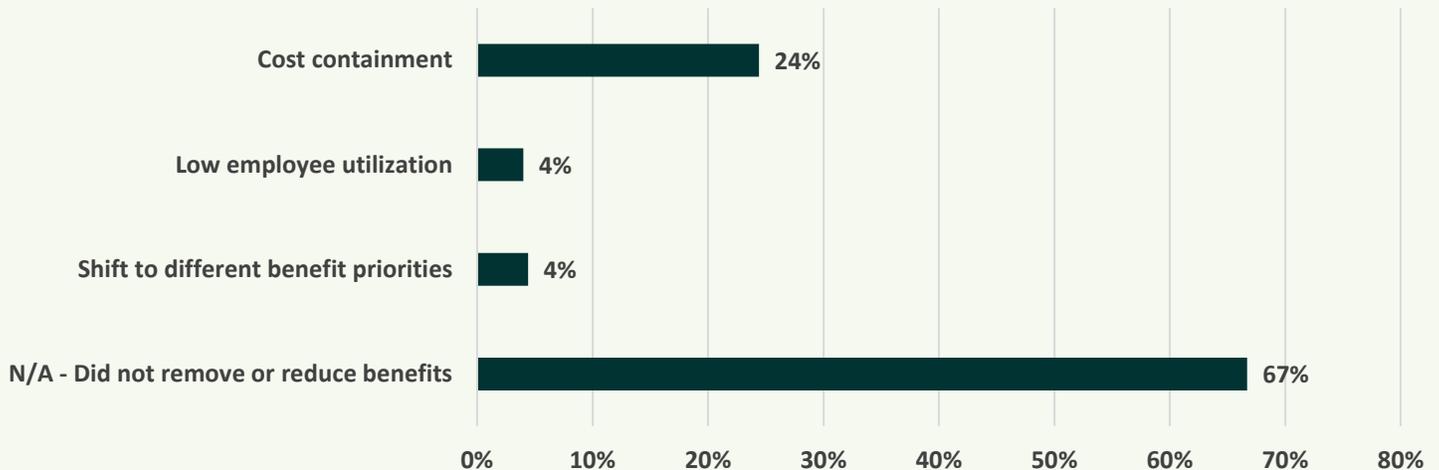
Employers initially explored a wide range of enhancements, including student loan assistance, wellness programs, pet insurance, advocacy services, EAP improvements, and retirement plan updates. The changes ultimately implemented focused on core needs, including health and well-being, financial benefits, and time off or flexibility.

If you added new benefits in 2026, which areas were most impacted?



Reductions followed a similar pattern. **While most employers did not remove or scale back benefits**, those that did primarily cited cost containment as the reason for doing so.

If you removed or reduced benefits for 2026, what was the main reason?



Together, these findings paint a picture of employers who are **ambitious in intent but measured in execution**, balancing innovation with financial realities and prioritizing changes that deliver tangible value for both the business and its people.

As employers navigate these financial pressures, many are looking beyond cost-cutting alone and focusing on strategies that improve employee health and productivity.

RENEWED FOCUS ON WELL-BEING

Employee well-being continues to be at the center of employers' long-term strategies:

- **61% will increase** focus on employee well-being
- **None of the responding employers will decrease** focus on employee well-being

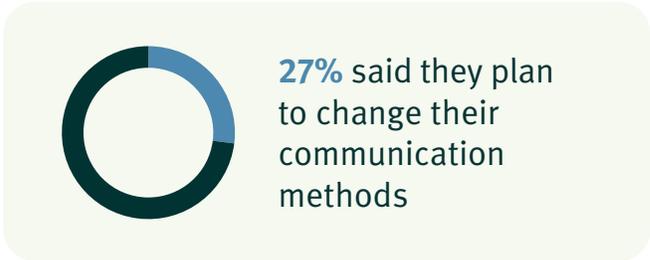
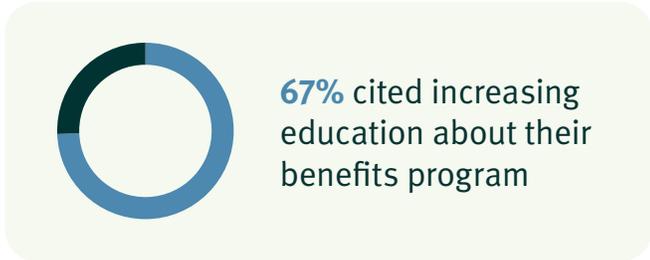
For 2026, half of employers (50%) will not change their well-being programs, while 34% will prioritize better communication and education around existing offerings. This indicates that awareness and engagement — not additional vendors — may be the bigger opportunity.

In recent years, many wellness efforts have centered on “feel-good” initiatives tied to engagement and culture. Now, employers are making **a clear shift toward ROI-driven, cost-control-focused well-being strategies**, aligning wellness investments with measurable financial impact.



ENGAGEMENT AND EDUCATION TAKE CENTER STAGE

Employers are recognizing that even first-class benefits fall short without strong communication. When asked how they plan to improve annual enrollment:



This emphasis on education and communication aligns closely with employers’ actions around well-being programs, where improved awareness and engagement are also key priorities.

There is a growing recognition that **communication is the bridge between strategy and impact**, whether the goal is cost containment, well-being, or stronger employee engagement.

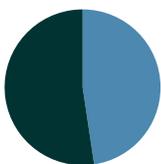
PHARMACY INNOVATION MEETS COST PRESSURE

Pharmacy costs continue to play a defining role in employer benefits strategy, and pharmacy ranks just behind overall cost containment as the top trend employers are monitoring. The growing demand for GLP-1 drugs, coupled with their substantial price tag, has made them a focal point of both financial and clinical decisions. Employers are responding in varied ways:

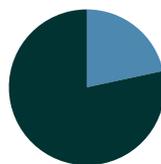
- **39.3% of employers cover GLP-1s for diabetes only** (compared to 38.1% in 2024)
- **9.5% cover for both diabetes and weight loss** (up from 4.9% in 2024)
- **16.7% do not cover and do not intend to** (up from 6.4% in 2024)
- **34.5% are unsure how their plan covers them** (down from 50.6% in 2024)

Employers are open to innovation — but they need clear data, proven value, and cost controls to move forward confidently.

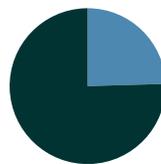
While most employers do not cover GLP-1 drugs for weight loss, we found that they may consider it if certain measures were in place:



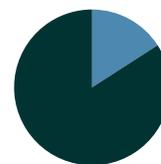
52.4%
Cost control strategies



23.8%
Stronger clinical data on long-term outcomes



27%
Guidance from consultants or carriers



15.9%
Case studies from other employers



TURNING INSIGHTS INTO ACTION: THE NEXT ERA OF BENEFITS

As employers look to the future, a clear theme emerges: **the evolution of benefits isn't about adding more. It's about doing better.** Organizations are seeking to:

- **Strengthen communication and education** to ensure employees understand and use their benefits effectively to maximize impact.
- **Prioritize employee well-being** to position well-being as both a people strategy and a cost-control measure.
- **Use data and analytics** to guide smarter benefit decisions and measure outcomes more precisely.
- **Balance innovation with affordability** by introducing new solutions that add value without driving up costs and streamlining vendors wherever possible.
- **Manage pharmacy costs strategically** by evaluating coverage, exploring cost controls, and leaning on expert guidance. As the pharmacy landscape continues to evolve, employers may want to consider a comprehensive restructuring of their pharmacy benefits.

The intersection of cost, compliance, and employee experience will define 2026 and beyond — where smarter design and better communication become as critical as the benefits themselves.

CLOSING THOUGHTS

Simply stated, **rising costs meet rising expectations.** Both will force plan sponsors to innovate even further. As employers look ahead, the themes emerging from this year's findings reveal a workforce landscape in motion; one defined by balancing financial pressures with the desire to deliver meaningful, competitive benefits. Cost containment remains constant, but it's being approached with greater creativity and strategy, from rethinking plan design to leveraging data and partnerships. Employers are learning that careful stewardship of budgets doesn't have to come at the expense of innovation or employee experience.

At the same time, the focus on compliance and fiduciary responsibility highlights a maturing benefits landscape — one where employers are not only responding to regulations but also building stronger governance and accountability frameworks. This heightened attention to oversight reflects a broader commitment to sustainability and trust in the management of benefits programs.

Looking forward, **the opportunity lies in connection:** between strategy and communication, between well-being and cost management, and between employer intent and employee understanding. As benefits leaders continue to adapt to new regulations, shifting costs, and evolving employee expectations, those who invest in communication, education, and thoughtful program design will be best positioned to turn today's challenges into tomorrow's advantages.

To view the full findings of our 2025 Market Check Surveys, please access our [2025 Market Trend Report](#).

Should you need assistance understanding the finding of any of these topics, please reach out to your The Partners Group team. If you are not currently a client, but would like to connect with us, please access our [website](#) for assistance

