Benefitfocus®

State of Employee Benefits™ Report 2026

An in-depth look at employee benefits trends intended to help employers craft impactful benefits strategies, enhance employee experiences and prepare for what's next.

A Letter from Our Executive Team

Every benefits decision affects your budget, employee wellbeing and your organization's future. Each year, we analyze anonymized data from 1.8 million+ benefit enrollees to cut through industry noise and show what employees choose, where they struggle and which investments deliver value. In the State of Employee Benefits Report 2026, we spotlight the three major cost drivers shaping spend—and the strategies that can help manage them.

This year's report has a clear theme: employers can influence behavior change to better manage health care costs and employee well-being. Claims-based insights and personalized guidance can help—especially amid rising expenses, inflation pressures, growing mental health needs and a shifting policy landscape. Benefits leaders are asking: where should benefit dollars go for maximum impact?

As financial strain grows, employees often make hard tradeoffs—sometimes without realizing how benefits could help. They may defer care, reduce retirement contributions or choose plans that leave them underinsured for their needs, potentially affecting both personal wellbeing and workplace productivity.

Meanwhile, the benefits landscape keeps shifting—health care costs vary widely by geography, demographic changes reshape workforce needs, and federal and state policy developments continue to influence what employers can offer and how employees access care.

The good news: meaningful improvements don't always require higher spend for employers—if decisions are data-driven and aligned to real employee needs. In the pages ahead, we share data-backed insights on the main drivers of rising benefits costs, how to optimize investments, patterns in employee decision-making and emerging solutions that create value for employers and employees.

Our goal is to help benefits leaders build programs that serve employees while staying financially sustainable. We hope these benchmarks and insights support your benefits strategy for the year ahead.

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Key Findings and Cost Drivers

The data in this report highlight several pressing concerns in employee health care, including rising barriers to prescription affordability, gaps in provider selection support, and the compounding struggles—both financial and mental health related—that chronic condition management places on employees. Building on these observations, our analysis identified the following key findings.

Overall health care spend is up.

According to industry data, total health benefit cost per employee

increased an average of 8% in 2025.[1]

But employers and brokers have an opportunity to outperform that trend by using claims insights to guide decisions.

In our customer population, total medical and prescription spend

increased only 2.4% per member per year,

which the analysis shows is driven by the rising cost and utilization of specialty pharmacy medications.

A large portion of total spend is driven by a small proportion of members.

In 2025, 1% of members accounted for 33.4% of total medical and pharmacy spend.

This reveals the importance of prioritizing high-cost claimant programs, including early identification, case management, prescription sourcing for specialty drugs and stop-loss alignment for self-funded employers.

Three Cost Drivers Shaping Today's Benefits Landscape

This year's analysis revealed three critical drivers contributing to rising benefits costs and practical mitigation strategies for each. We'll explore how leading organizations are addressing these challenges while maintaining robust support for employee health and financial wellness.

Cost Driver #1: Sub-Optimal Health Care Usage

- Choosing the optimal provider is a huge savings opportunity. **More than half (64%) of emergency department visits are non-emergent** and/or treatable in lower cost settings suggesting many people are under-utilizing primary care, telehealth options and urgent care centers.
- **75% of all emergency department visits are charged at the highest severity** levels, indicating potential upcoding.
- **32.1% of members do not have a primary care provider (PCP)**, up from 30.1% in 2024.

Cost Driver #2: Chronic Conditions Management

- **Chronic condition costs continue rising year over year.** Total spend for members with chronic conditions rose 2.1% year-over-year, primarily due to a sharp 11.7% increase in prescription costs.
- **54% of the total covered population has at least one chronic condition.**

Cost Driver #3: Rising Pharmacy Spend

- **Pharmacy costs are the largest proportion of total benefits spending** at 29.5% for 2025, up 2.3% from 2024.
- Largest year-over-year cost increase: **Overall pharmacy costs increased 10.9% per member in 2025.**
- Expensive brand drugs, the majority of which have no generic alternative, account for most of pharmacy costs: **56.9% of the prescription spend is for brand drugs,** 35.9% is for specialty prescriptions and 7.2% is for generics.

The following chapters explore each of these themes in depth, beginning with benefits usage, which represents an opportunity to promote long-term health and wellness outcomes.

Cost Driver #1: Sub-Optimal Benefits Usage

Where employees seek care has profound cost implications that extend far beyond coverage design. This cost driver includes an overview of how employees are engaging with preventive care, emergency departments and primary care providers.

Overall Preventive Care Trends

Participation in preventive care improved slightly, with 58.9% of individuals seeking preventive services in 2025, up from 58.1% in 2024. The portion of medical spend for preventive care is highest among Gen X and females. However, this boost doesn't begin to solve the continued disconnect between employees and primary care providers, a gap that manifests in costly downstream consequences. Employers that work alongside their brokers and partners to develop effective benefits strategies can help ensure employees get the care they need while managing costs.

Figure 1.1: % of Members Seeking Preventive Care by Generation

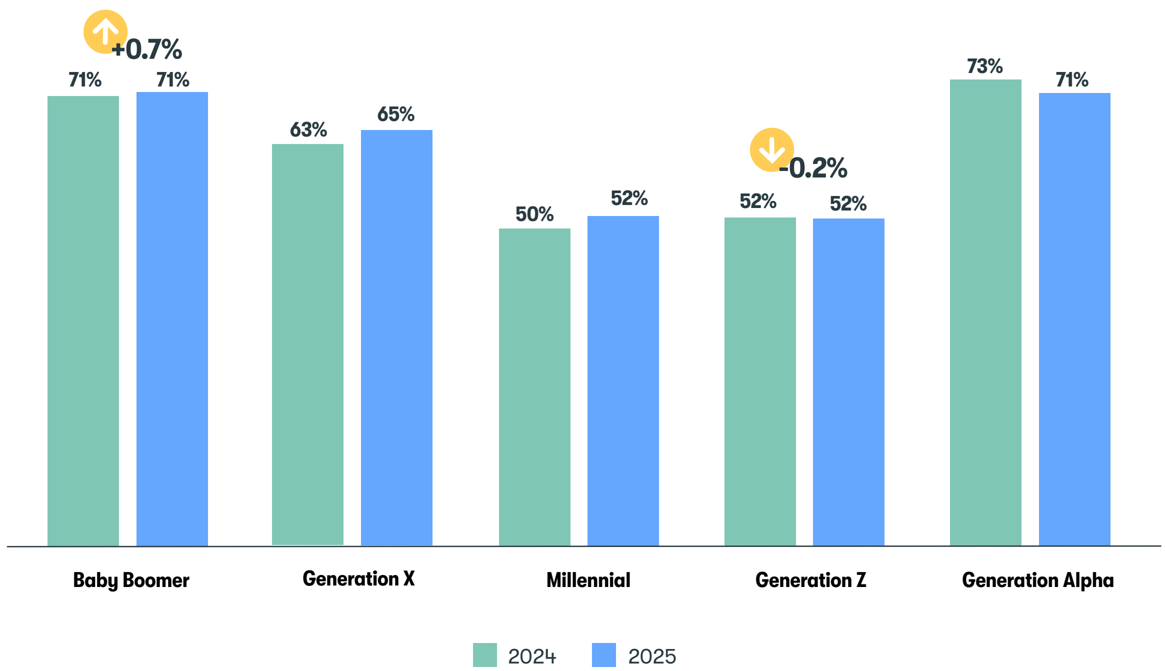
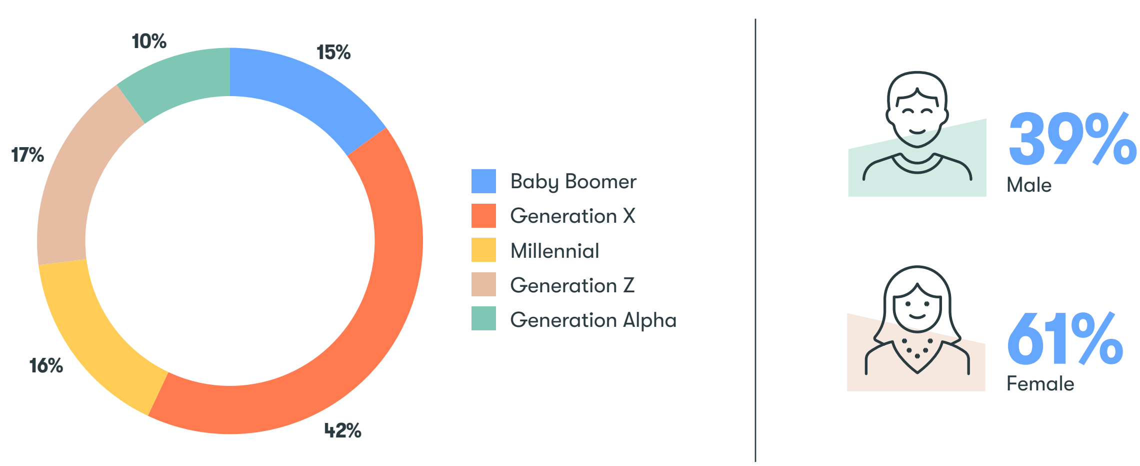


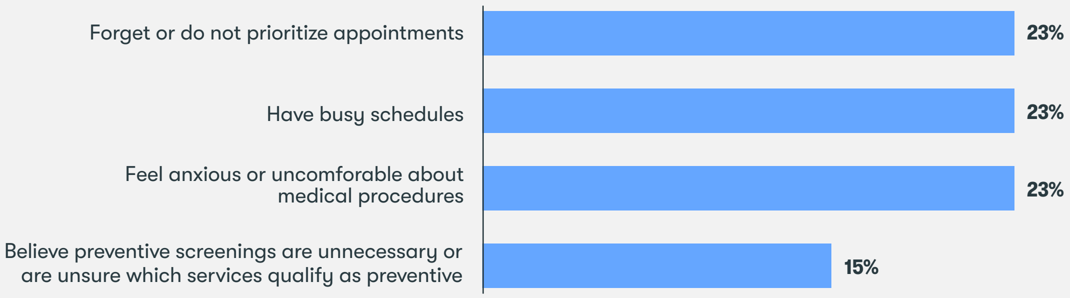
Figure 1.2: 2025 Portion of Preventative Medical Spend by Generation and Gender



Behavioral Impact on Preventive Care

Importantly, the barriers to annual preventive screenings are largely behavioral rather than structural. Among employees who do not participate[2]:

Figure 1.3: Behavioral Barriers to Annual Preventive Screenings



These findings suggest that employers have a meaningful opportunity to increase preventive care engagement not by redesigning benefits, but by addressing behavioral frictions through personalized reminders, education on what qualifies as preventive and supportive navigation that reduces anxiety.

Such behavioral gaps help explain why downstream care patterns, particularly emergency department utilization, remain misaligned with both clinical appropriateness and cost efficiency.

Emergency Department Trends

Emergency department utilization data from 2025 reveals overall use is down (-3.8%) but cost is up (5.3%). The data also tells a troubling story: **64% of emergency department visits are for non-emergent conditions** that could have been appropriately treated by a primary care physician or alternative provider. Additionally, **nearly 76% of all emergency department visits were billed at the highest severity levels**.

Figure 1.4: Breakdown of Visits by Necessity, 2025

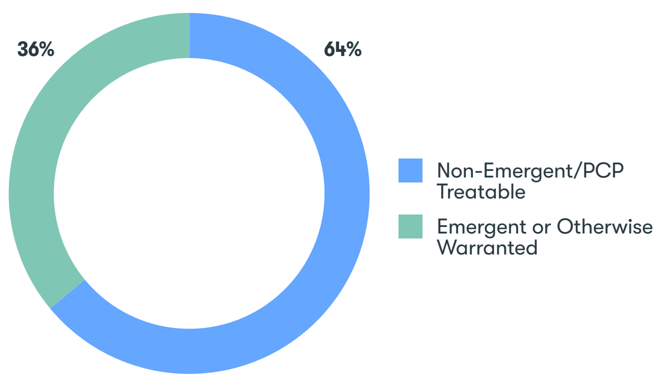


Figure 1.5: Emergency Department Services by Severity Level, 2025

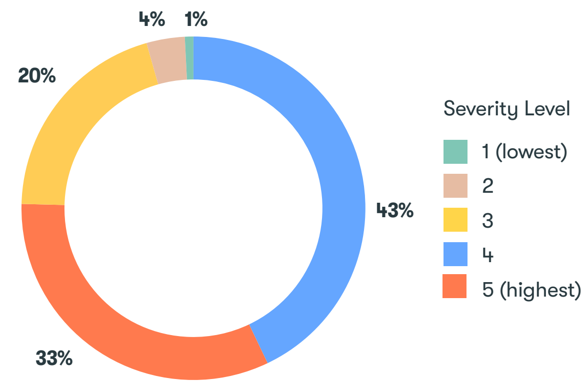
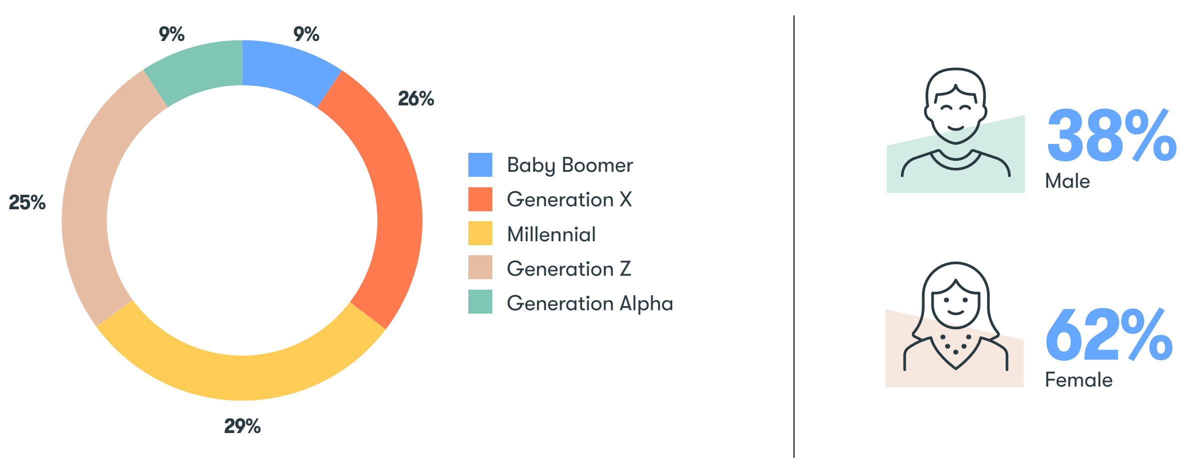


Figure 1.6: 2025 Non-Emergent/PCP Treatable Emergency Department Members by Generation and Gender



These figures indicate significant spending on care that could have been delivered more cost-efficiently and effectively outside of the emergency department. In our population sample, based on average emergency department and PCP visit costs, diverting non-emergent issues from the emergency department to PCPs could result in **saving up to $22M per year**.

Emergency Department Use for Members with No Primary Care Doctor

In 2025, **29.5% of members who used the emergency department had no primary care doctor,** up from 27.5% in 2024.

Of the members with emergency department visits marked as non-emergent or PCP treatable, **28.5% had no PCP in 2025**, up from 26.6% in 2024.

Figure 1.7: % of Emergency Department Use: Members with No PCP

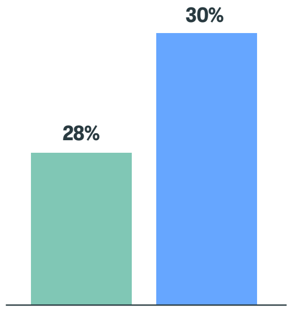
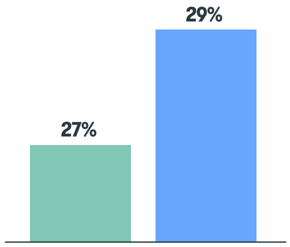


Figure 1.8: % of Emergency Department Use: Members Visiting for Non-Emergent Issues with No PCP



The root cause of emergency department visits for non-emergent issues may be a lack of established primary care relationships combined with insufficient awareness of care alternatives. Employees without an established PCP may default to the emergency room, as it remains the one health care access point that's always open and requires no appointment.

Primary Care Trends

When employees understand their options and have an established medical home, they're far more likely to seek appropriate care, in the appropriate place, at the appropriate time—improving both health outcomes and cost efficiency.

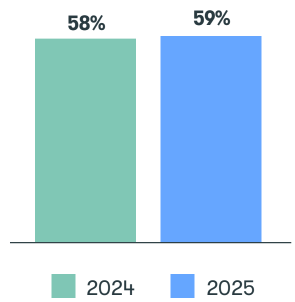
Encouraging members to establish care with an in-network PCP is an opportunity to make a substantial impact. In 2025, 20.9% of members had zero claims, and 32.1% of members had no PCP, illustrating underutilized coverage. While the data show a slight increase in preventive care in 2025 at 58.9% compared with 58.1% in 2024, employers can do more to improve participation. Under the care of a PCP, members may participate in more preventive screenings and be better equipped to manage chronic conditions and find appropriate prescriptions for their needs.

Figure 1.9: Underutilized Health Care Coverage, 2025

21%
Members with Zero Claims

32%
Members with No PCP

Figure 1.10: Preventive Care Use



Some good news: out-of-network spending decreased slightly to **1.4% in 2025, down from 1.7% in 2024,** as more members sought in-network providers. Offering employees access to provider networks that help identify in-network doctors can be predicted to have an impact on out-of-network costs.

Figure 1.11: Out-of-Network Spending

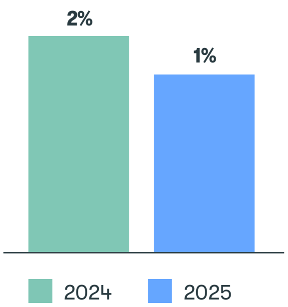
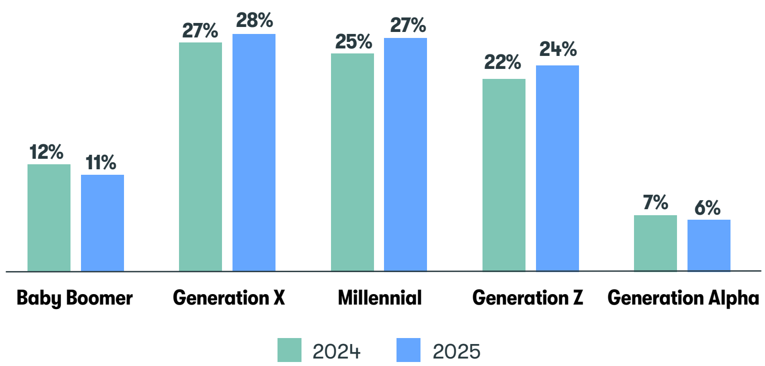


Figure 1.12: Out-of-Network Utilization by Generations



Employee Impact

Without an established PCP, employees often delay care or rely on the emergency department, driving higher costs and unexpected bills. Helping employees build PCP relationships supports earlier intervention, sound care experiences, improved chronic condition management and reduced financial strain.

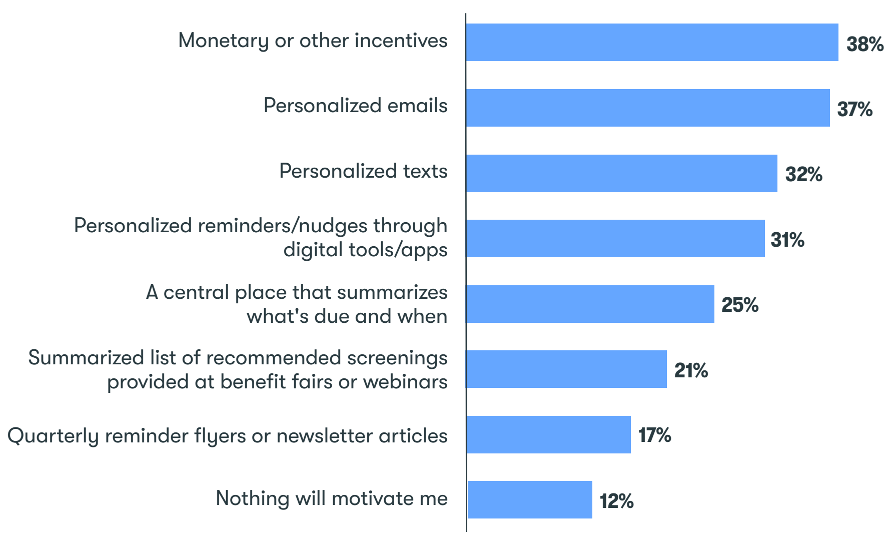
Benefit Strategy Tips

Employees need help understanding their benefits and how best to use them, which in turn can help mitigate costs for employers. Employers can address this need by working with their brokers and solutions providers to develop and optimize strategies that:

- **Personalize employee communication:** Using claims data to provide educational and **personalized communication** throughout the year. This might include member education about appropriate care settings for common conditions (e.g. fever, minor injuries) or claims-based personalized nudges targeted to employees who have not had a preventive visit within the recommended annual timeframe.
- **Strengthen health care guidance:** Offering resources to help employees find an optimal in-network provider or coordinate care. These resources can help promote cost-effective care, such as 24-hour nurse lines and telehealth options as first-line triage and guidance.
- **Activate cost-sharing structures:** Steering members toward urgent care centers rather than emergency departments for non-emergent needs.
- **Incentivize employees:** Driving healthier behaviors with an integrated **incentives experience**. Behavior-based incentives can be an effective strategy to mitigate the risk of costly health care in the future.

> One client used our Incentives Dashboard to boost rates of preventive care like wellness exams (7.9%), screenings (8.8%), tobacco cessation (3.5%), and vaccinations (10%).[3] This example shows that personalization is key to increasing employee participation in wellness behaviors – especially preventive screenings.

Figure 1.13: Most Effective Ways Employers Encourage Preventive Screenings[2]



Cost Driver #2: Chronic Conditions Management

Continuing the trend from years past, the cost of managing chronic conditions is on the rise. This section highlights that increasing prescription costs are the primary factor, with drug spending for members with chronic conditions up 12% year over year.

There is some good news: the average annual medical spend per patient related to chronic conditions was down 5% in 2025 ($4,004 to $3,805) despite a small (<1%) increase in the portion of members with at least one chronic condition.

By tapping into the knowledge and insights of trusted broker partners, employers can build informed, more effective health strategies intended to support all employees—including those managing chronic conditions—while keeping costs in check.

Chronic Condition Trends Spotlight

In 2025, there was a slight decline (-0.6%) in the proportion of the overall population managing one of these spotlighted chronic conditions as well as a slight decline (-1.1%) in medical spend for members with these conditions.

These subtle shifts align with our expectations based on the rates of Baby Boomers leaving our dataset and Zoomers joining.

Figure 2.1: % of Population with Chronic Conditions

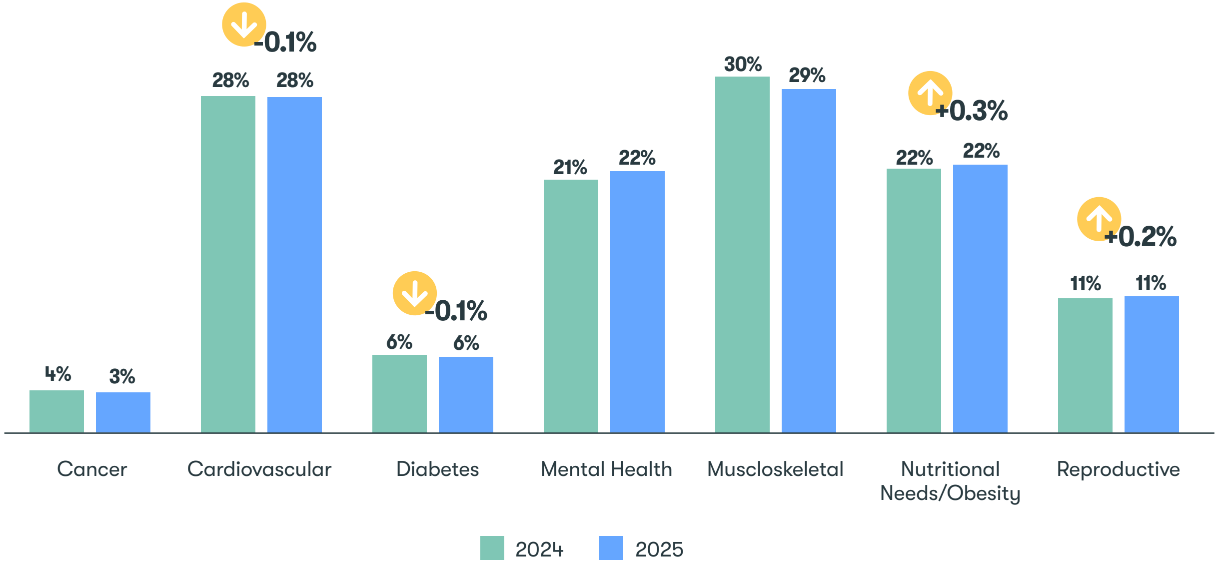
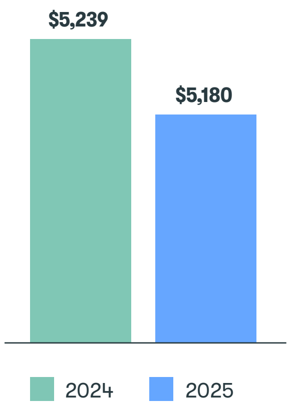


Figure 2.2: Avg. Annual Medical Spend per Member with Above Conditions



Cardiovascular Trends

Overall, the proportion of members with cardiovascular conditions in 2025 is down 0.1% compared to 2024.

Figure 2.3: Cardiovascular Conditions: Prevalence by Generation

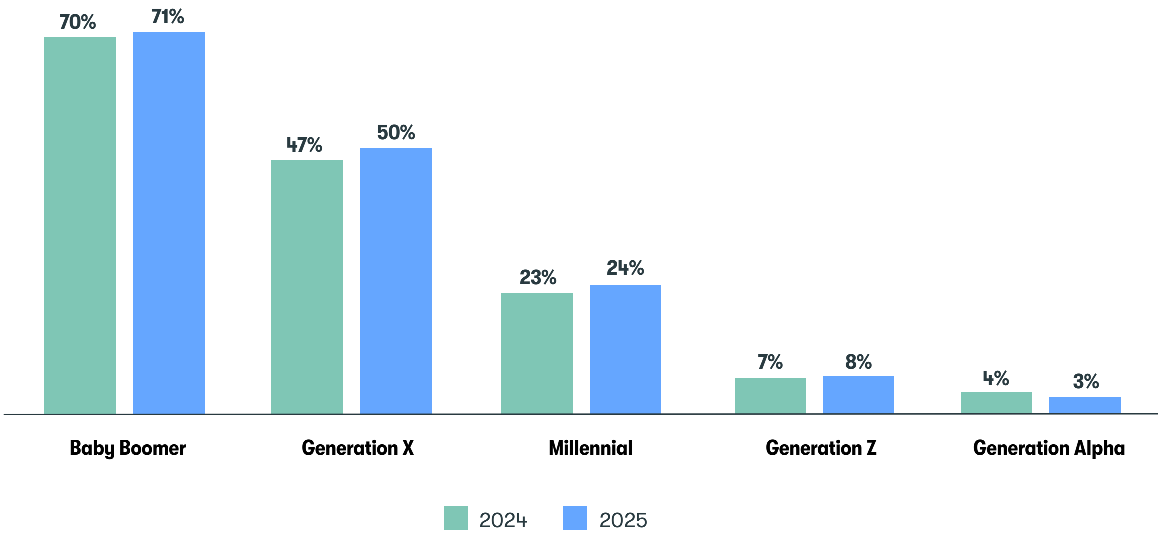
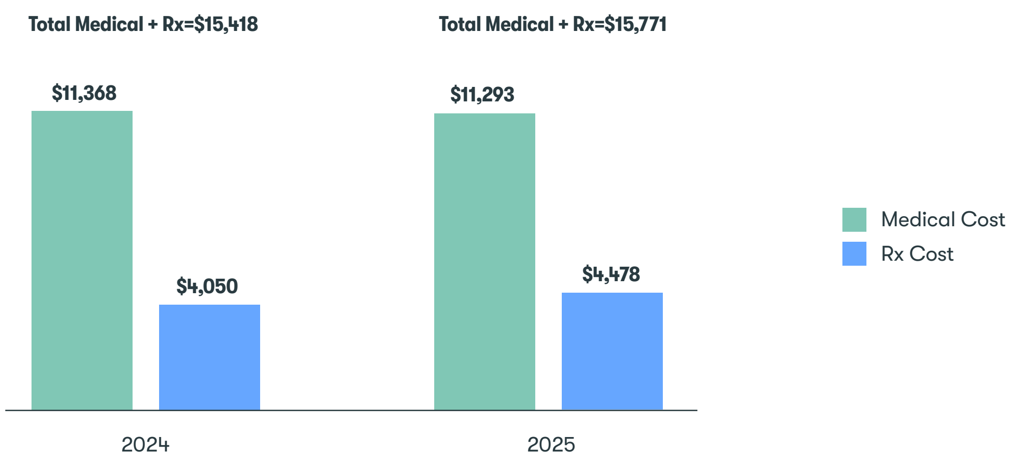


Figure 2.4: Cardiovascular Conditions: Cost Per Member Per Year



Reproductive Trends

Overall medical and prescription spend associated with members who face reproductive issues increased by 0.6% in 2025. Reproductive health includes fertility treatments, hormone replacement therapy, menopause care and other care related to reproductive systems.

Reproductive health care supports employees and their families throughout their lives and the data reflects higher overall spending for Baby Boomers and Gen X who receive reproductive care.

Figure 2.5: Reproductive Conditions: Prevalence by Generation

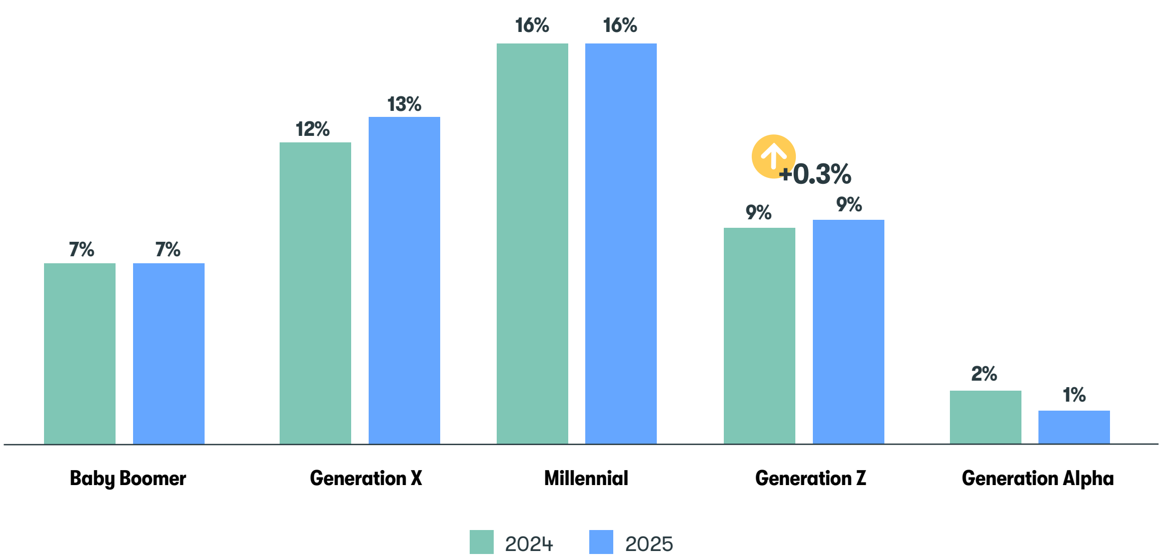
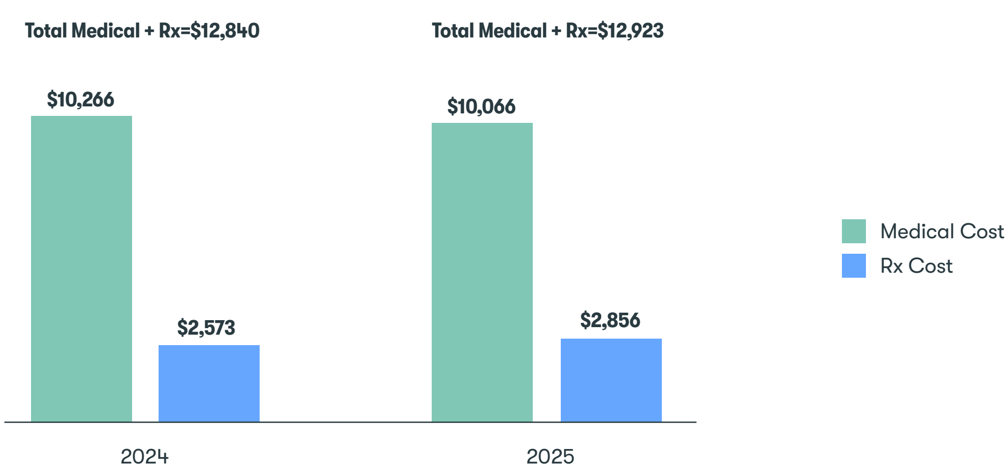


Figure 2.6: Reproductive Conditions: Cost Per Member Per Year



Demographic Shifts Influencing Employee Benefits

Broader demographic shifts are reshaping the landscape of employee benefits and reproductive health in particular.

- According to the **2020 U.S. Census**[4], more than a quarter (27.6%) of American households were one-person households.
- While the number of births per year is up, the general fertility rate (GFR), the number of births per 1,000 females age 15-44, is now at a record low, according to **The Johns Hopkins AGC® system**[5] of **CDC data**.[6]
- Compounding this trend, the profile of parenthood itself is changing: the average age of first-time mothers in 2021 was 27.3, compared to 21.4 in 1970, per **CDC**.[7]

> **Voya research** shows that employee demand for fertility and financial counseling benefits continues to outpace demand for other offerings such as caregiving support and student loan repayment.[8] For employers, this signals that fertility benefits are not a niche perk but a meaningful lever for attracting and retaining talent—particularly as employees navigate family planning later in life, often as part of single or non-traditional households.

Mental Health Trends

Overall medical and prescription spend for members seeking mental health treatment decreased by -0.1% year-over-year. Baby Boomers, Gen X, and Millennials show increased costs in 2025, while costs for Gen Z and Generation Alpha declined.

Mental health challenges are having a direct impact on workforce attendance: a third of employed Americans (33%) report taking time off work in the past three months due to mental health issues, stress, or burnout—a trend that falls disproportionately on younger employees (Gen Z at 44% and Millennials at 40%, compared to 26% for Gen X) and Employees of Color (41%, versus 29% for White Employees).[9]

Figure 2.7: Mental Health Conditions: Prevalence by Generation

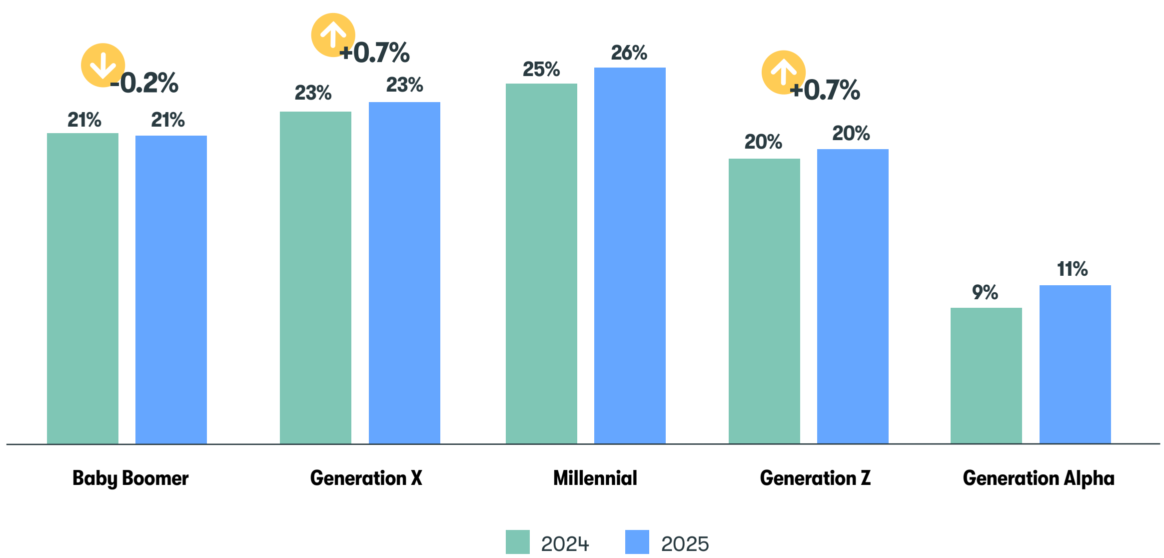
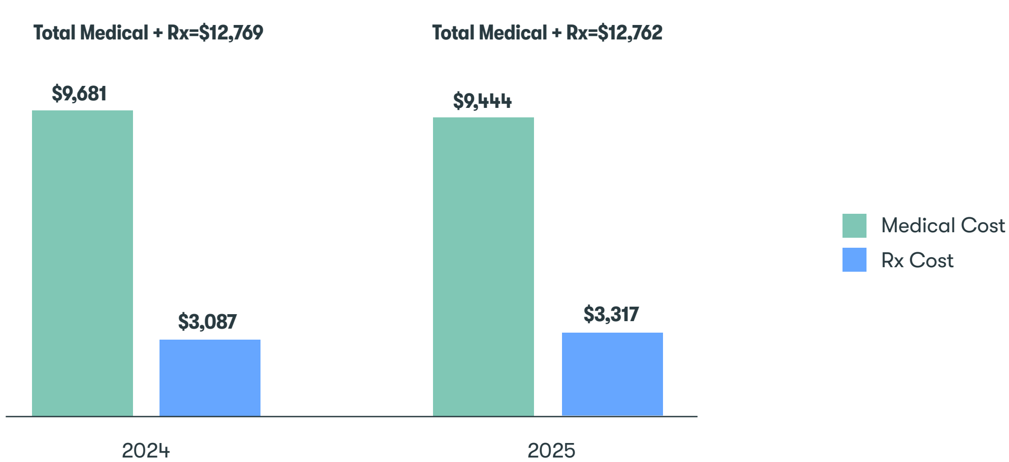


Figure 2.8: Mental Health Conditions: Cost Per Member Per Year



Financial Stress and Employee Mental Health

Financial stress is taking a measurable mental health toll on employees—particularly younger workers.

More than three quarters (79%) of Millennials report that financial stress often or sometimes impacts their mental health and wellbeing.[10]

Broader economic pressures compound this strain: A recent Voya survey also revealed **many Americans believe the economy (61%) and inflation (60%) will have a severe or major impact on their ability to save for retirement.**[11] In some cases, these pressures are driving employees to make difficult decisions—such as tapping into their 401(k) early to cover health-related expenses—that can have long-term consequences for their financial security.

These challenges are also shaping how employees engage with their workplace benefits:

- **Nearly 4 in 10 employed Americans (38%)** say they are worried about the costs of finding the optimal mental health care support, a concern felt even more acutely by employees who are Employees of Color (45%) compared to White Employees (35%).[9]

- At the same time, there is a clear appetite for guidance: **75% of employed Americans** agree they are interested in support to maximize their workplace benefits dollars across retirement savings, health savings accounts, healthcare insurance and voluntary benefits at work.[9]

- **Additionally, nearly 8 in 10 employees (78%)** are interested in personalized guidance on their benefit choices and more than two-thirds (67%) are interested in holistic financial planning and advice from their employer (notably higher among Gen Z employees and individuals with disabilities).[2]

Benefit Strategy Tips

Financial struggles are personal and complex, but employers can help. Two key ways to meet employees' demand for personalized financial guidance:

- **Guide benefits spending:** Offer tools that show employees how to optimally allocate their "next best dollar" across health, retirement and emergency savings.
- **Provide voluntary financial benefits:** Extend options like financial coaching, short-term loans and student loan refinancing to help employees protect and grow their money.

Musculoskeletal Trends

Overall medical and prescription spend for members with musculoskeletal conditions increased by 3.7% year-over-year. Costs increased in 2025 for all generations except Generation Alpha.

Figure 2.9: Musculoskeletal Conditions: Prevalence by Generation

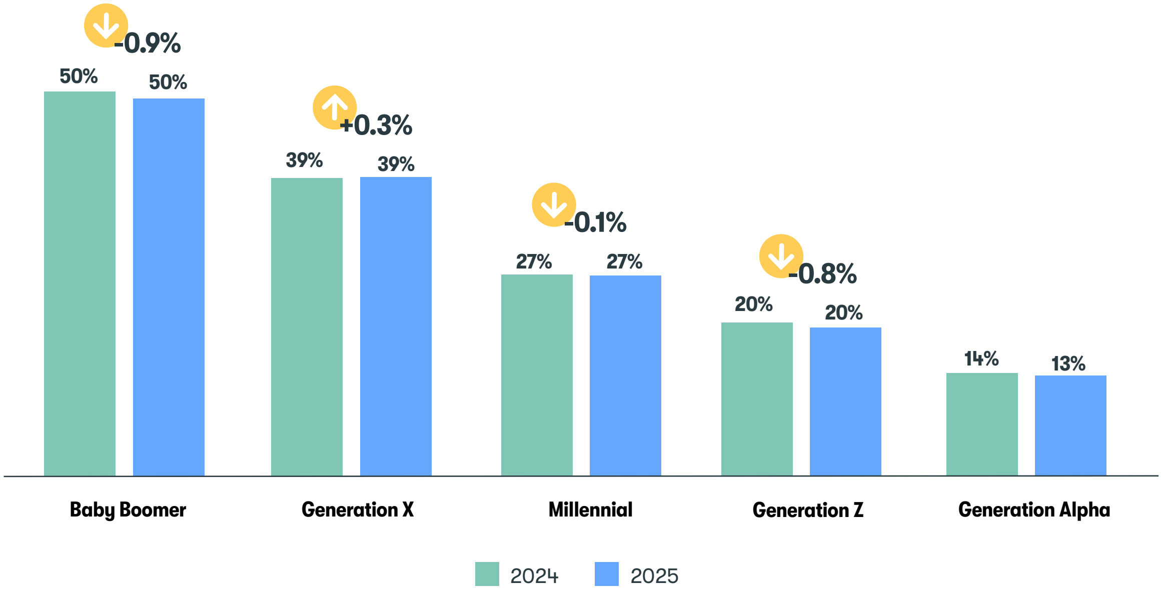
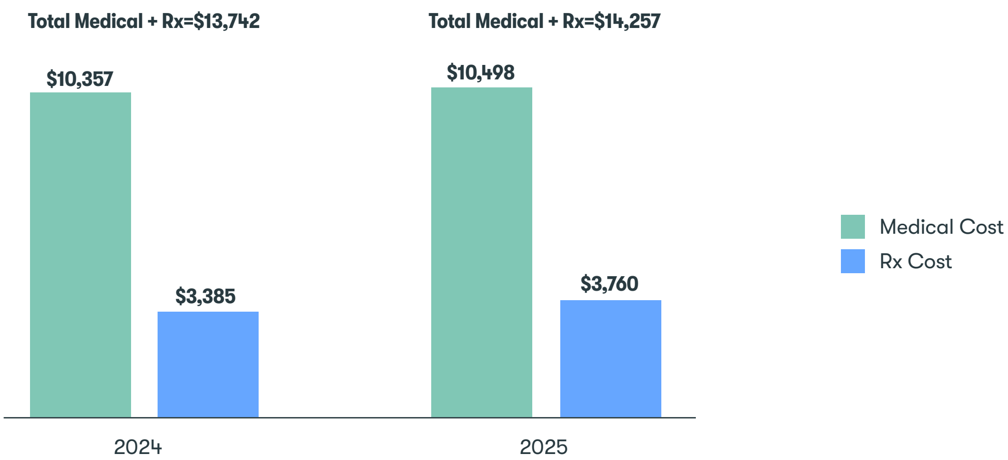


Figure 2.10: Musculoskeletal Conditions: Costs Per Member Per Year



Cancer Trends

Overall medical and prescription spend for members with cancer increased by 5.7% year-over-year, despite a slight decrease in prevalence across the broader employee population.

Figure 2.11: Cancer: Prevalence by Generation

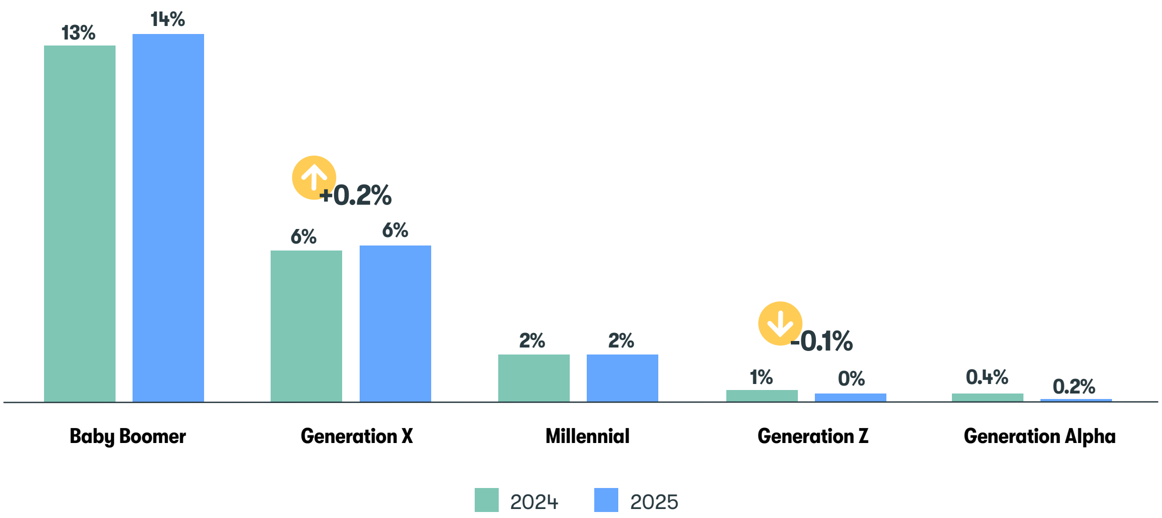
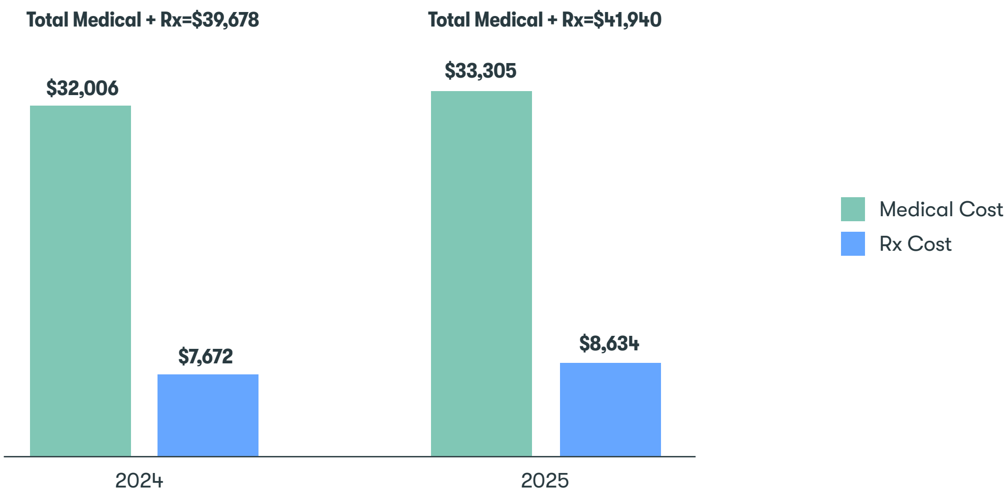


Figure 2.12: Cancer: Cost Per Member Per Year



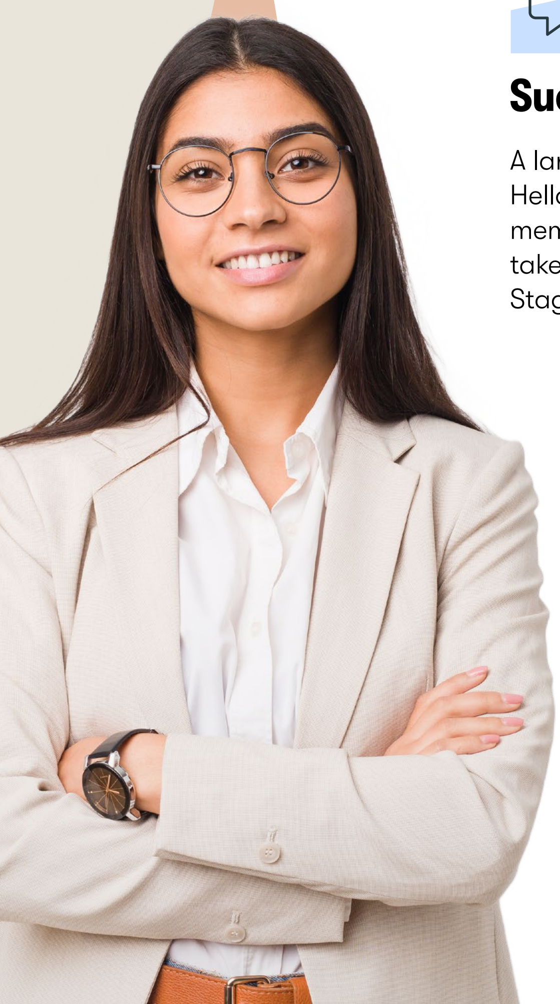
Employee Impact

Chronic condition trends affect employee health, wellbeing and finances. Without consistent PCP care, conditions have an opportunity to escalate and costs can then rise. Helping employees make informed choices about providers, treatments and medications enables earlier intervention, better control and reduced financial strain.

Benefit Strategy Tips

Supporting employees with chronic conditions while managing costs requires a coordinated benefits strategy, developed in partnership with brokers and trusted solution partners. This strategy may include some of the following elements, which can help mitigate costs without sacrificing care:

- **Claim insights:** Analyzing claims data in your population to ensure you have the right point solutions in place.
- **Personalized nudges:** Reminding and encouraging employees to engage with relevant point solutions that can address their unique health needs.
- **Streamlined administration:** Simplifying point solution management with a curated network of vetted partners like our **Care Partner Panel** members. A focused selection of digital health solutions can simplify contracting, enhance employee engagement, and connect members with chronic conditions to high-quality in-network care. Overall, this can help increase utilization, control costs and drive better health outcomes.



Success Story | Hello Heart

A large health care client targeting rural populations saw strong results with Hello Heart, one of our Care Partner Panel solutions. With more than 11% of members enrolled (4,300 members)[12] and 49,000 blood pressure readings taken, members overall saw a reduction of 16.2 mmHg average systolic among Stage 2 hypertension users.[13]

4,300
members

49,000
blood pressure readings

16.2 mmHg
reduction of average systolic blood pressure

Provided as an example only. Actual results may vary.

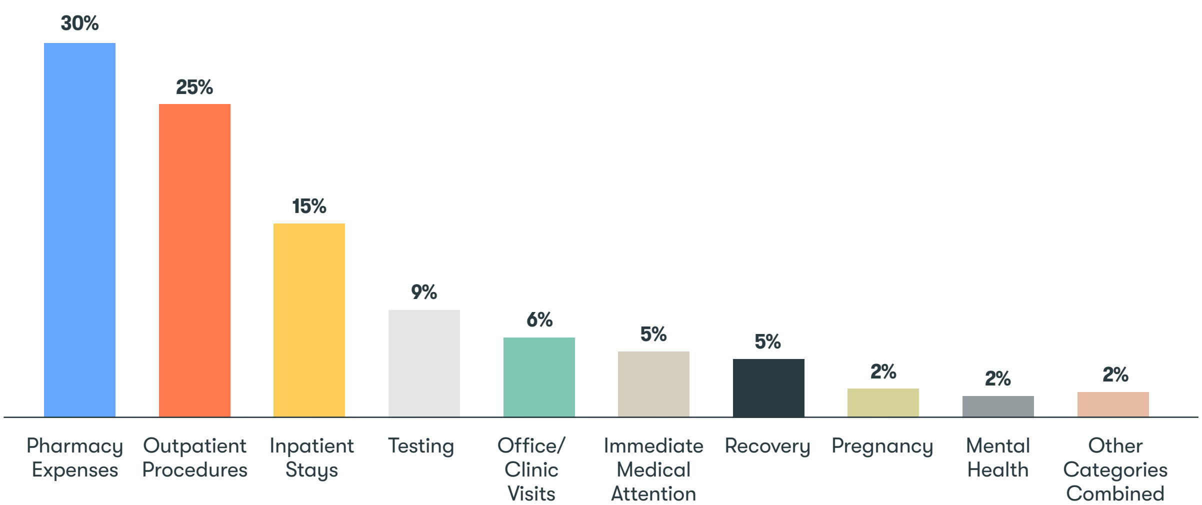
Cost Driver #3: Rising Pharmacy Spend

Prescription drug costs is the largest portion of spending - representing the single most significant opportunity for strategic cost management within employee benefits.

Overall Pharmacy Trends

Pharmacy expenses now constitute 29.5% of total claim spending for 2025, up from 27.2% the previous year. Year-over-year prescription spending has surged 10.9% per covered individual, outpacing inflation and wage growth by a substantial margin. Close employer-broker partnerships enable data-driven strategies that support employee health and help offset rising pharmacy costs.

Figure 3.1: % of Total Employer Spend by Category, 2025



The root of this cost crisis lies in a fundamental shift in the prescription drug landscape. Brand drugs where no generic is available and specialty drugs account for only 14% of prescriptions filled, yet they comprise a staggering 87.6% of total prescription spend in 2025. Highlighting just specialty, these drugs comprised only 1.4% of prescriptions in 2025, but 35.9% of prescription spend.

This shift fundamentally undermines traditional cost-management strategies. Historically, employers encouraged members to opt for generic alternatives, but this approach is increasingly irrelevant when a rapidly growing share of prescriptions have no generic option available.

Figure 3.2: Prescription Mix by Drug Category

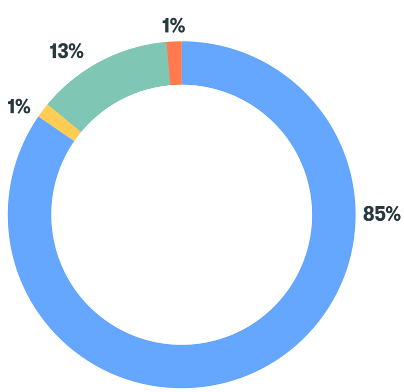
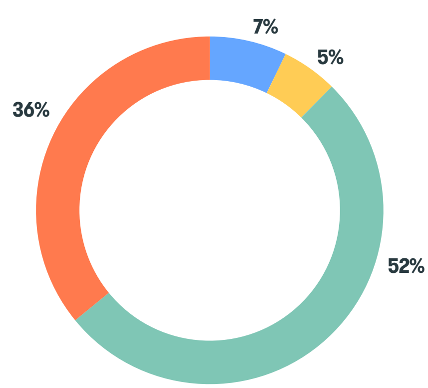


Figure 3.3: Prescription Spend Mix by Drug Category



Generic | Brand - Generic Available* | Brand - No Generic Available* | Specialty

*Includes Brand – DAW (Dispense as Written) – PhD and Brand – DAW – Patient

GLP-1 Impact

GLP-1 drugs exemplify the challenge of generic unavailability, with usage continuing to climb while remaining exclusively in the high-cost brand category. In 2025, the proportion of members taking GLP-1 medications rose to 6%, up from 5.1% in 2024. This represents an absolute 0.9% increase in members taking GLP-1's, while the analyzed population actually shrunk by -1.3%. Member utilization continued to grow in 2025 and GLP-1 medications now represent 20.3% of overall prescription spending compared to 17.5% the previous year.

Figure 3.4: % of Members Taking GLP-1 Medications

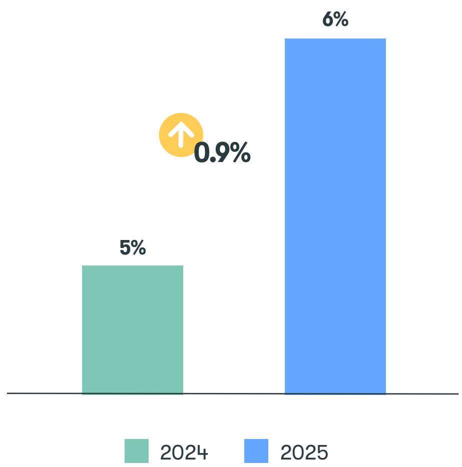
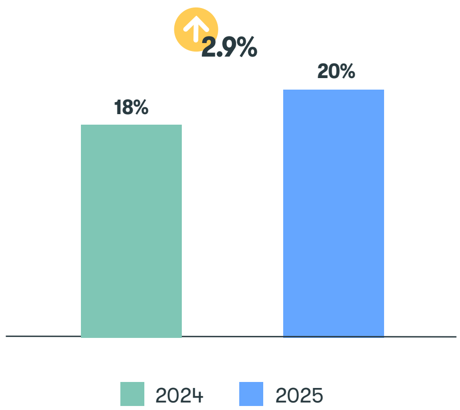


Figure 3.5: % of Overall Prescription Spend on GLP-1 Medications



This dramatic increase in both prevalence and cost share reflects not only expanded Food and Drug Administration (FDA) approvals for conditions beyond diabetes—most notably obesity and cardiovascular disease—but also aggressive direct-to-consumer marketing that has fueled member demand. This demand has resulted in an average per member GLP-1 spend increase of 10.2% over 2024, with members taking GLP-1's costing the plan nearly $7,400 annually for these medications alone in 2025. For plan sponsors, GLP-1 medications epitomize the challenge of managing high-cost medications without generic alternatives: they deliver meaningful clinical benefits for appropriate patients, yet their rapid adoption and premium pricing create budget pressures that can quickly become unsustainable without thoughtful utilization management and clear coverage criteria.

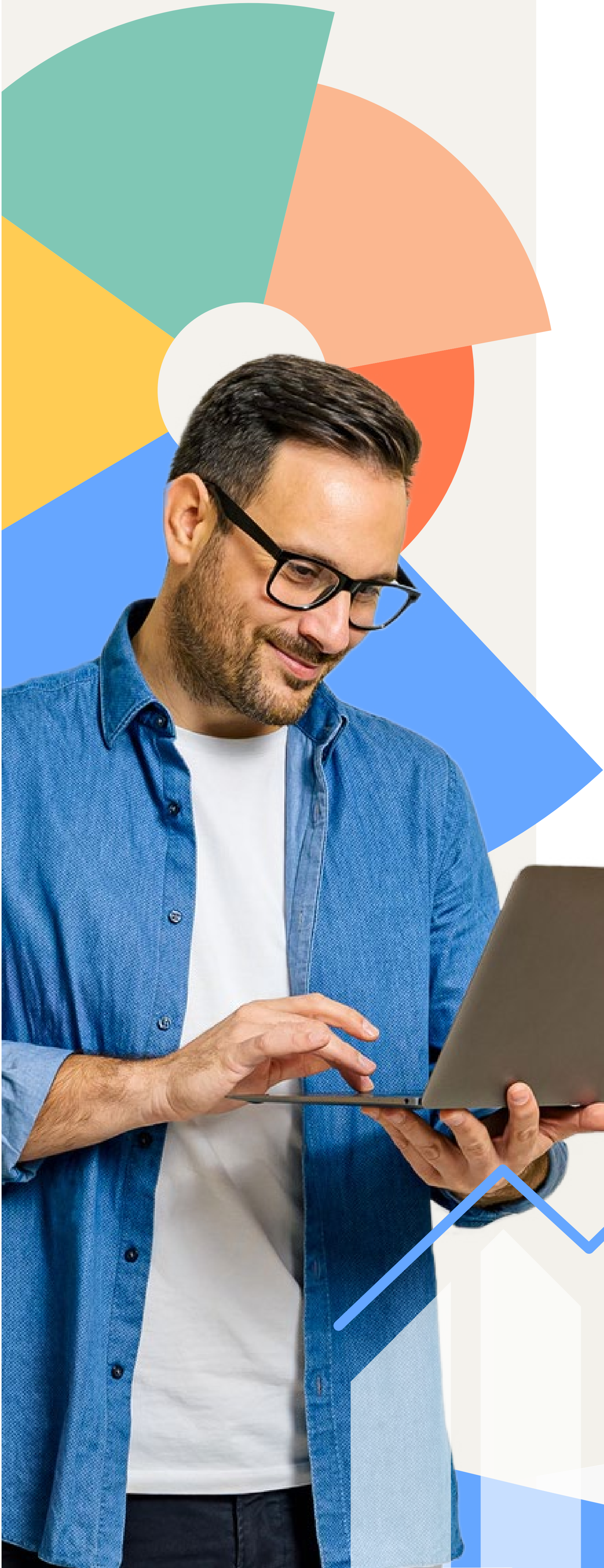
Employee Impact

Rising prescription costs create pressure on employees to choose between medications and basic needs, jeopardizing health and finances. Thoughtful cost-management strategies may include alternative sourcing, capped copays and education about therapeutic alternatives. By embracing these strategies, organizations can empower employees to reduce pharmacy spend, foster medication adherence and achieve optimal health outcomes - without compromise.

Benefit Strategy Tips

To address today's pharmaceutical cost drivers, employers and sponsors are designing health plans that focus on managing utilization and negotiating better terms for high-cost specialty and brand medications. Sourcing medications at lower costs can be a simple step to meaningful savings. Other strategies to help manage drug costs include:

- **Utilization Management:** Strengthening utilization management through prior authorization, step therapy and education on therapeutic alternatives.
- **Innovative Contracting:** Exploring alternative funding arrangements such as outcomes-based contracts with manufacturers.
- **Medical Adherence:** Investing in clinical programs that optimize medication adherence to prevent costly complications.
- **Pharmacy Vendor Optimization:** Optimizing pharmacy partners through preferred networks and pharmacy benefit manager (PBM) transparency.
- **Pharmacy Procurement Program:** Uncovering pharmacy savings opportunities with claims-based insights. By identifying top cost drivers within a population, employers can take targeted action to reduce costs without sacrificing care outcomes. For example, sourcing SKYRIZI® and and STELARA® through **Benefitfocus' Pharmacy Procurement Program** partner would have yielded total savings of 34% and 57% respectively for 68 of our clients.[14]



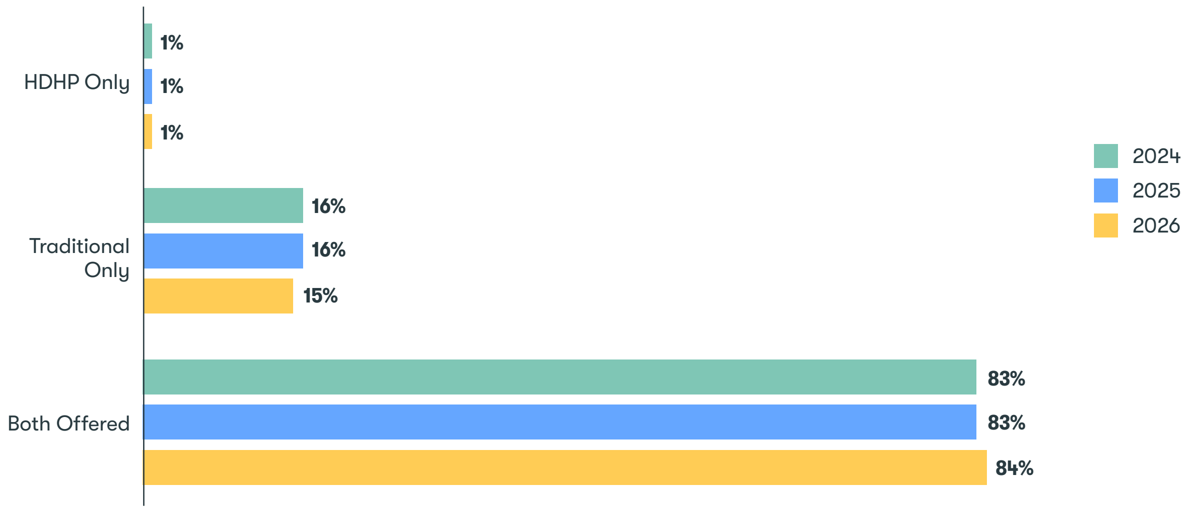
The Big Picture: Trends & Benchmarking Data

Benefit trends shift at varying speeds—some rapidly, others gradually. Longer trend lines give plan sponsors time to adapt programs to evolving behaviors. Use these trends and benchmarking data to gauge the strength of your benefits programs and your population's wellbeing.

Trends in Health Plan Offerings & Enrollment

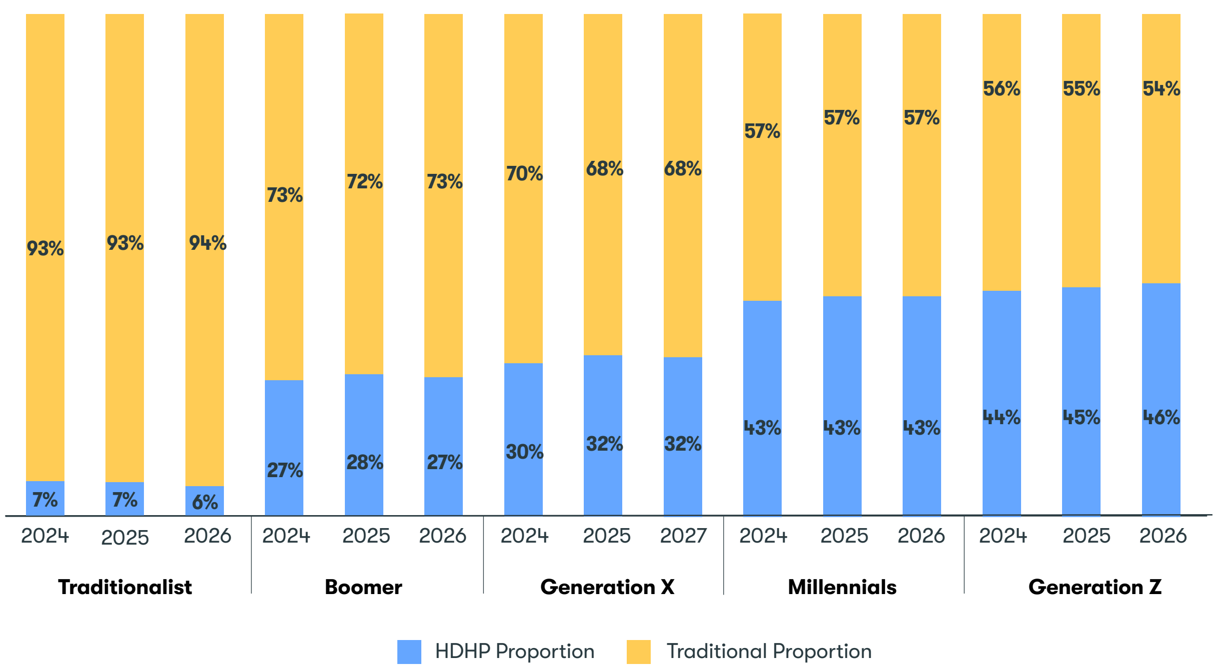
84% of employers currently offer traditional and high-deductible health plans (HDHPs), up from 83% in 2024 and 2023.

Figure 4.1: Percent of Plans Offering Traditional, HDHP or Both Plans



62% of covered individuals enrolled in a traditional plan vs 38% in an HDHP. This trend holds steady from previous years.

Figure 4.2: Generational Participation when both HDHP and Traditional Plans are Offered

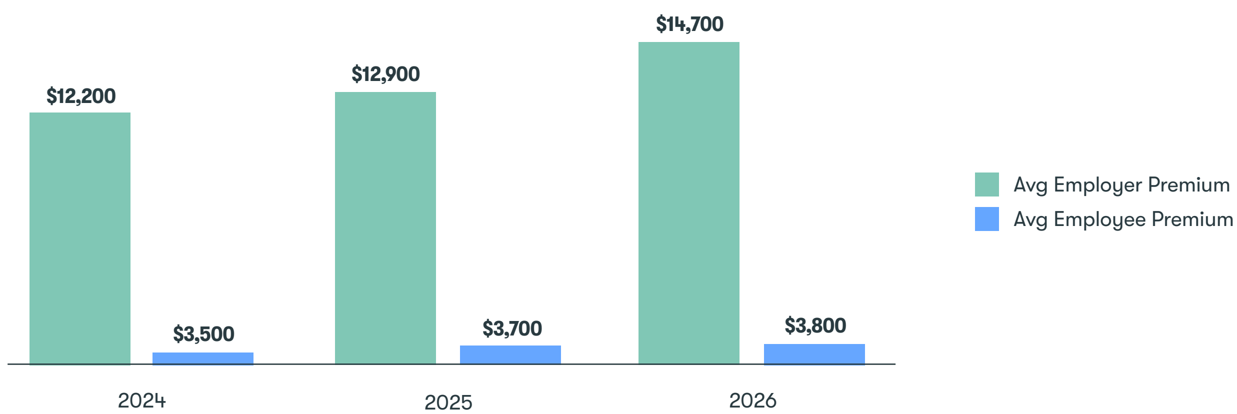


Employees with higher salaries continue to opt for HDHP plans. Average salary of HDHP enrollee is $117,000, holding steady year-over-year. Average salary for traditional plan enrollee is $89,000, up slightly from $86,000 for the 2025 plan year.

Trends in Health Plan Costs

Employers continue to shield employees from rising premium costs. Employer portions of premiums averaged $14,700 (per employee) up from $12,900 the previous year. Meanwhile, employee premiums increased by only $100 per year on average.

Figure 4.3: Average Employer and Employee Premiums



Employers are covering slightly higher proportions of premiums. Overall, employers are covering 80% of total premiums, up from 78% for the two years prior.

Figure 4.4: Average Employer and Employee Premiums, by Coverage Type

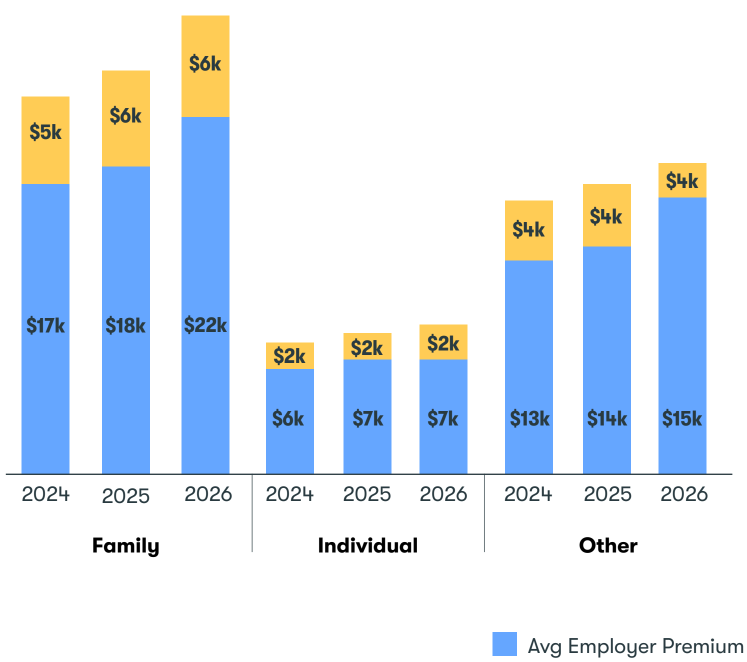
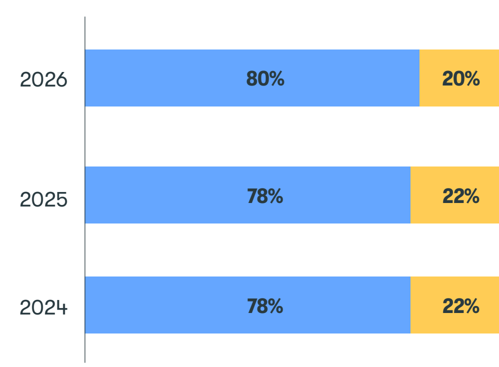


Figure 4.5: Average Employer and Employee Premiums, All Coverage Types

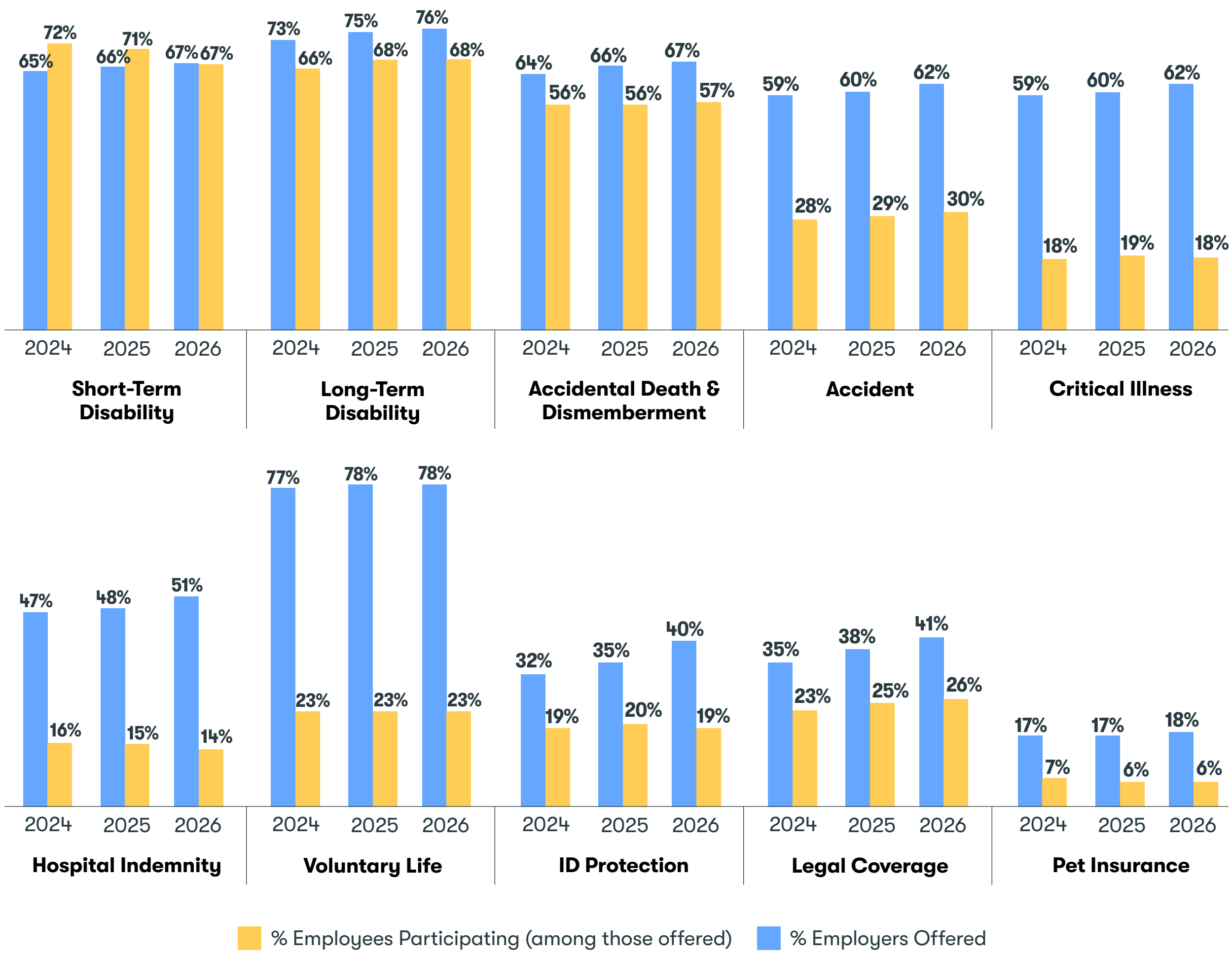


Trends in Supplemental & Voluntary Benefits

Slight increase in employers offering supplemental benefits. 46% offered supplemental benefits for 2026 plan year, up from 43% for 2025 and 41% for 2024. Year over year, the types of supplemental benefits offered remain about the same, among employers that offer any supplemental benefits, with slight increases across the board.

Across voluntary benefit categories, we see the highest participation rates in short-term disability (66.7%), long-term disability (68.1%) and accidental death and dismemberment (29.8%) with substantial leads over other types of supplemental benefit offerings.

Figure 4.6: Benefits Offering and Participation



The popularity of these voluntary insurance benefits can inform employer decisions about what types of plans to offer. Meanwhile, employers can also work on encouraging more participation in voluntary benefits. While 87% of employees rank these plans as important, 90% of employers do.[15] This small gap may shrink if employers improve communications and incentives that help employees understand the coverage available, how to use it and why it benefits them.

After financial benefits, employees value accident and critical illness insurance the most among voluntary benefits, with 80% reporting they are extremely or somewhat interested in these coverage options.[2]

Benefit Strategy Tips

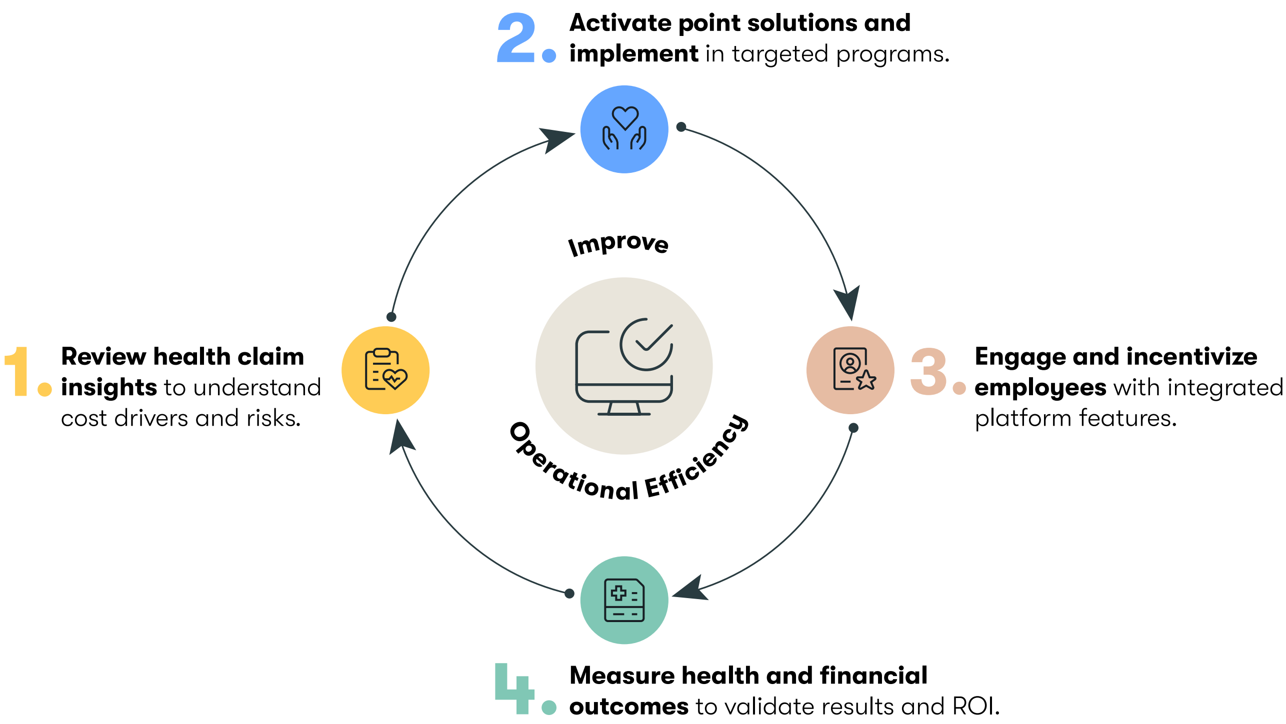
These broader trends across health plan offerings, voluntary benefits and enrollment can be used to shape your overall benefits strategy. Employers that are consistently utilizing these tips are prepared to effectively manage the cost drivers found in this report. Here are some tips to consider:

- **Evaluate and refine your plan design:** Work with your broker to determine whether your plan design is meeting your goals and the needs of your employee population. Your broker can help identify any gaps between offerings and enrollment and develop a plan to help mitigate costs.
- **Provide education on health savings accounts (HSAs):** Eligible employees may need education on the value and purpose of HSAs beyond the annual enrollment period. Ongoing education throughout the plan year may help encourage employees to enroll or start contributing when they are also enrolled in a qualifying HDHP.
- **Personalize guidance during enrollment:** Using a tool like **Decision Support** can lead to stronger engagement and more confident benefits decisions. Employees who used our tool reduced combined medical and prescription costs by 5.5% and were more likely to enroll in HDHPs, participate in HSAs and elect voluntary benefits. These actions can help lower premium costs for employers while also offering the potential to reduce employees' overall financial impact.
- **Optimize billing and payroll:** Errors in benefits billing and payroll can create costly discrepancies for employers and employees. Invest in solutions that streamline and reconcile benefits billing and payroll processes automatically, relieving the manual burden from you and your team.

Conclusion

This year's data analysis confirms a dual challenge: employees aren't fully using their benefits while certain costs, especially pharmacy, continue to rise rapidly. Plan sponsors and their brokers have an opportunity to address this challenge.

Health care data analytics is the foundation for employers to identify trends within their own workforce and build intentional benefits strategies that target the root causes of claims. These data insights can help drive a continuous benefits optimization cycle:



Continuous Improvement

Your benefits administration provider should be able to help you find opportunities to drive continuous improvement throughout the cycle. It all starts with a strong health claims analytics solution. Reach out to your provider for their thoughts about the findings in this report and where there may be opportunities for improvement within your plan.

Evaluate Your Benefits Administration Provider

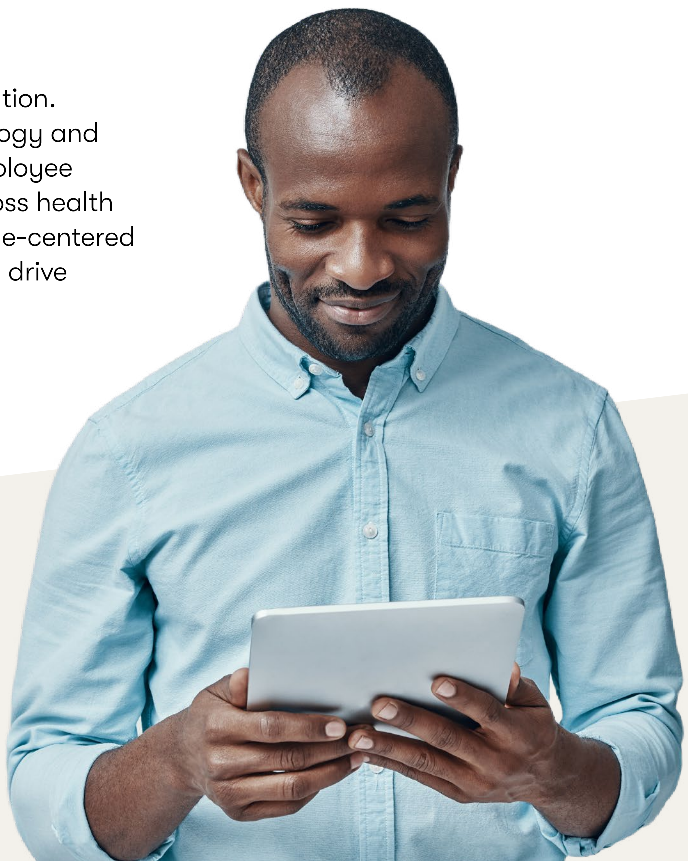
Creating an optimization cycle approach with your benefits administration provider involves several key components. Use this checklist to determine whether your current provider meets your needs.

	Benefitfocus	Comparative Vendor	
		Yes	No
Integrated Software and Service: Does the solution include resources and an experienced team that owns implementation, systems configuration, updates, file management, vendor coordination and reporting throughout the year, or is it just software?	✓	☐	☐
Comprehensive Benefits Administration: Are key aspects of benefits administration managed in-house with a single point of contact (compliance, billing, dependent verification)? Does it integrate employee benefits and financial wellness with continual enhancements to meet evolving needs?	✓	☐	☐
Claims Insights: Can you identify cost drivers in your benefits data, and translate these insights into specific actions or program decisions?	✓	☐	☐
Targeted Communications: Are you engaging employees year round with communications targeted to their specific needs?	✓	☐	☐
Measurable Outcomes: Do you have access to robust, self-service reporting to help you demonstrate whether your benefits strategy is improving health outcomes, reducing costs or impacting your return on investment (ROI)?	✓	☐	☐
User Support and Guidance: Does your benefits administration platform use claims data to help employees understand which actions are most relevant to them at the right moment?	✓	☐	☐

Connect with Benefitfocus

At Benefitfocus we simplify benefits administration. We extend your team with our people, technology and data insights while delivering a connected employee experience that inspires optimal decisions across health and financial wellbeing. Our full-service, people-centered approach puts your success first by helping to drive value and improve employee outcomes.

Request a demo to learn more.



Methodology

*Enrollment Data

The State of Employee Benefits 2026 was compiled from enrollment transactions aggregated across 316 large employers (1,000+ full time employees) within the Benefitfocus customer base, representing more than 1.8 million employees in total. The data was evaluated on an anonymous basis. Enrollment records include both active and passive enrollments made by a variety of industry roles (employee, carrier representative, broker, benefits administrator, etc) from the fall of 2023 through fall of 2025 for plan year effective dates of January 1. These measurements are not meant to be a nationally representative sample, but to represent the aggregate activity for large employers on the Benefitfocus platform.

*Medical and Rx Claims Data

For data related to medical and prescription drug claims, Benefitfocus drew from 68 employers in our Health Insights Platform with a total population of approximately 600,000 employees and their dependents. Claims were assessed based on claim service dates from 1/1/24 through 12/31/2025, for year over year comparison periods. Population Health data was compiled using Johns Hopkins ACG® System (version 14.0.1). The underlying claims demographics and claims were sanitized per HIPAA Safe Harbor guidelines and were filtered to exclude generations older than Baby Boomers to comply with the age 90 cutoff mentioned in section (3) of “Guidance on De-identification of Protected Information. November 26, 2012” which cites the Code of Federal Regulations Title 45 §164.514(b)(2)(i)(C).”

About Benefitfocus

As an established benefits administration company, Benefitfocus — a Voya Financial company — is committed to helping organizations and the individuals they serve get the most value out of their health care and benefit programs. Engaging with almost 12 million* employees in the U.S., Benefitfocus’ mission is to improve lives with benefits. Through exceptional service and innovative benefits administration technology, Benefitfocus helps simplify benefits and deliver an experience that engages people for better health and improved outcomes.

Footnotes

* 3Q 2025 Voya Financial Fact Sheet. Through its insurance companies, Voya is a leading provider of supplemental health insurance in the U.S. and offers a comprehensive and highly flexible portfolio of stop loss, life, disability, and voluntary insurance products to businesses covering approximately 7.5 million individuals through the workplace. Voya also offers health savings and spending accounts through our health accounts solutions business. Benefitfocus, a Voya company and a leading benefits administration provider, extends the reach of Voya's workplace benefits and savings offerings by engaging directly with approximately 11.7 million employees in the U.S.

[1] Projected cost increase for 2026 according to Mercer's National Survey of Employer-Sponsored Health Plans.

[2] Voya Customer Insights & Research survey conducted January 26-February 7, 2026, among 636 benefits-eligible employees ages 18+ in the U.S. and 303 employers.

[3] Based on a client analysis of employees engaging in Sunny Health Actions, between Q3 2024 and Q4 2025. Provided as an example only. Results may vary and not a guarantee of future results.

[4] U.S. Census Bureau, More Than a Quarter of All U.S. Households Have One Person, June 2023.

[5] Johns Hopkins ACG® System (version 14.0.1)

[6] Centers for Disease Control and Prevention (CDC), National Center for Health Statistics, Data Brief No. 535.

[7] Centers for Disease Control and Prevention (CDC), National Center for Health Statistics, National Vital Statistics Reports, Vol. 51, No. 1.

[8] Voya Financial Consumer Insights & Research survey conducted October 23-24, 2025, among 1,005 adults aged 18+ in the U.S., featuring 471 Americans working full-time or part-time.

[9] Voya Financial Customer Insights & Research survey conducted August 5-6, 2025, among 1,005 adults aged 18+ in the U.S., featuring 496 Americans working full-time or part-time.

[10] Based on the results of a Voya Financial Consumer Insights & Research survey conducted January 17–18, 2024, on the Ipsos eNation Omnibus online platform among 1,080adults working full time or part time, aged 18+ in the U.S., featuring 203 caregivers.

[11] Voya Financial Consumer Insights & Research survey conducted Jan. 21-22, 2025, on the Ipsos eNation omnibus online platform among 1,005 adults aged 18+ in the U.S., featuring 461 working full-time/part-time and 323 who are benefits eligible.

[12] Based on 38.6k health care client members (18+) in an initial 37-county phase.

[13] 79.9% of users starting in Stage 2 made a reduction health care client users who enrolled 7/9/25 - 10/31/25; Results through 10/31/2025.

[14] SKYRIZI® and it's design are registered trademarks of AbbVie Biotechnology Ltd. STELARA® is a trademark of Janssen Pharmaceuticals, Inc.

Benefitfocus, a Voya Financial® business, often subcontracts with independent third-party vendors and care partners and their affiliates to offer certain services. National Integrative Health, LLC. (West Des Moines, IA), is a point solution that offers alternative drug sourcing for employer sponsored Health Plans. Benefitfocus will earn a referral fee based on the percentage of pharmaceutical services purchased by any employer client that contracts directly with NIH. NIH is not affiliated with the Voya® family of companies, and the employer client is free to contract with any company that offers pharmaceutical services similar to NIH. The information provided does not, and is not intended to, constitute legal advice; instead, all information and content herein is provided for general informational purposes only and may not constitute the most up-to-date legal or other information.

[15] Voya Financial Customer Insights & Research survey conducted August 22-September 11, 2025, among 301 employer decision-makers and August 5-6, 2025 among 400 benefits-eligible employees aged 18+ in the U.S.