



2026 Market Outlook

Key trends and
projections shaping the
2026 market.

Published January 2026



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BROKER SOLUTIONS



Daybright Financial Overview

Daybright Financial is one of the nation’s largest independent, privately held firms specializing in **employee benefits, retirement plans, and compliance solutions**. Founded in **2008**, the company has grown through the strategic acquisition of more than **60 local and national firms**, building a strong national footprint while maintaining deep community roots.

Daybright holds the coveted **“Best Places to Work – USA”** certification and maintains trusted relationships with leading national carriers. Its proprietary benefits and retirement technology can be white-labeled to align with client branding and operational needs.



Introduction

- The employee benefits marketplace is undergoing a period of rapid transformation, influenced by evolving workforce dynamics, technological advancements, and shifting priorities among employers and employees alike. Across the industry, numerous organizations are publishing research, launching new products, and sharing thought leadership. These insights provide valuable perspectives on where the market is headed and what strategies may be most effective moving forward.
- At Daybright Broker Solutions, we recognize the importance of staying informed and proactive in this environment. In addition to monitoring industry reports and trends, we actively engage with our broker partners—of all sizes and areas of focus—to understand what their clients are asking for and how those needs are changing. This dual approach—combining external research with real-world feedback—allows us to identify emerging patterns and opportunities that can help brokers better serve their clients.
- The purpose of this Market Outlook is to consolidate these insights into a single, easy-to-read resource. Our goal is not to promote specific solutions, but rather to educate and inform. By highlighting key trends and supporting them with relevant data, we aim to provide brokers with actionable intelligence that can be incorporated into client benefit strategies and timelines. Whether it's understanding new product categories, anticipating regulatory changes, or recognizing shifts in employee expectations, this document is designed to help you stay ahead of the curve.
- We invite you to use these findings to spark new client conversations, refine future-year planning, and identify opportunities for added value. Our aim is to equip you with the clarity and context needed to support informed, confident decisions in an environment where employer expectations, cost pressures, and employee needs continue to shift.

Explore the Trends

Medical	05
Pharmacy	11
Alternative Healthcare Models	18
ICHRA	20
MEC & MVP	24
Association Health Plans	32
Gig-Care Health Plans	34
Dental	40
Voluntary Benefits	46
Life with LTC	49
Pet Insurance	55
Identity Theft	60
Next Generation Cancer Coverage	66
Financial Wellness	72
Mental Health	78
Caregiver Benefits	84



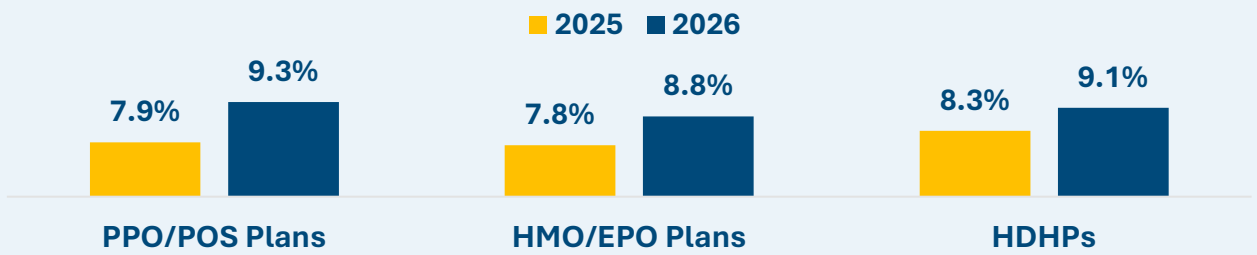
Medical

2026 Outlook

Medical Outlook for 2026

Employer-sponsored medical insurance costs are surging at the fastest rate in over a decade. For 2026, U.S. medical plan cost trends are projected to increase by a median of **9%**^{1,2}. This spike follows several years of elevated growth and **marks the steepest increase since 2010**.

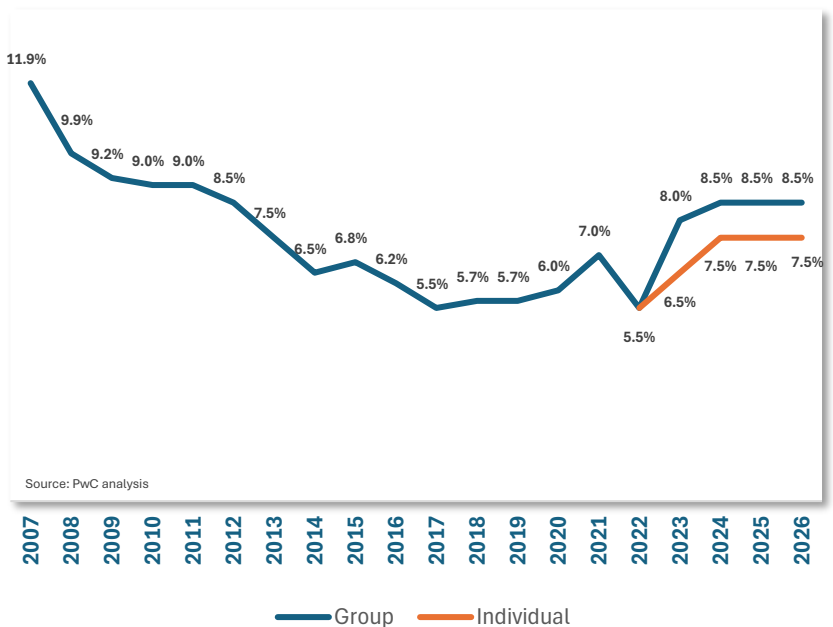
Medical Trend Projections For 2026* Are Approaching Double Digits



*Projections are for actives and non-Medicare retirees and exclude prescription drugs.
Source: 2026 Segal Health Plan Cost Trend Survey

Key drivers include higher healthcare prices (e.g. costly new therapies and provider consolidation) and increased utilization of services as patients resume care post-pandemic. Employers are reacting with a mix of cost-sharing changes and care management strategies to mitigate the budget impact. Still, employees face growing out-of-pocket exposure, fueling interest in supplemental health benefits.

PwC Medical Cost Trends, 2007-2026



Drivers

A Closer Look at Four Key Cost Drivers

Breakthrough Therapies & High-Cost Claims

New treatments (e.g. specialty drugs for obesity, gene therapies, etc.) carry hefty price tags, directly increasing plan spending. For example, **GLP-1 weight-loss medications** and novel gene therapies can cost tens of thousands (even millions) per patient annually. An aging population and rise in chronic conditions mean more high-cost claimants.

Provider Price Inflation & Consolidation

Hospital systems and physician groups have consolidated, gaining leverage to negotiate higher prices for services. Coupled with general inflation (e.g. staffing, supplies), **unit costs for hospital care are rising ~8–10%**^{1,2}, outpacing general CPI.

Post-Pandemic Utilization Rebound

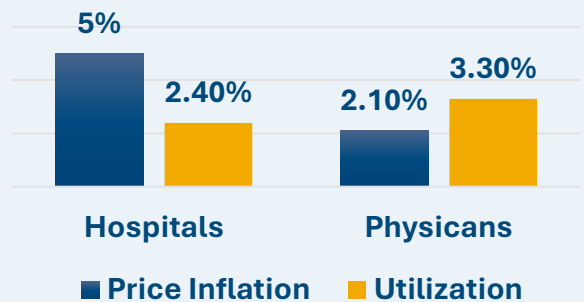
Deferred care during COVID is now hitting plans; employees are catching up on surgeries, screenings, and routine care. Utilization of medical services rebounded strongly in 2023–2025 and remains elevated. Increased use of mental health services and preventive care also contributes to higher claims volume.

Higher Wages and Benefit Expectations

Healthcare labor shortages (nurses, technicians) have led to wage hikes, which hospitals pass through to payers. At the same time, tight labor markets pressure employers to maintain rich benefits, limiting their ability to curb plan generosity.

What's Fueling 2026 Medical Trend Projections?

Price Inflation for Hospitals, Utilization for Physician Services



Source: 2026 Segal Health Plan Cost Trend Survey

Market Impact

- **Employee Burden & Affordability:** Rising costs are trickling down to workers through higher paycheck deductions and out-of-pocket expenses. Workers' premium contributions are rising ~6–7%^{1,2} for 2026, and more employees face high deductibles. This limits disposable income and can lead some to forgo care, potentially worsening health outcomes.
- **Renewed Focus on ROI of Benefits:** With medical benefits consuming a growing share of total rewards budgets, CFOs are scrutinizing the ROI of health programs. We see increased demand for data on which wellness or disease management initiatives truly bend the cost curve. Vendors demonstrating proven savings (e.g. musculoskeletal programs, maternity care support reducing NICU stays) are in high demand.
- **Market Consolidation and Innovation:** Insurers are reacting to cost pressures by consolidating or acquiring care delivery assets (clinics, telehealth providers) to control expenses. Startups in cost containment (e.g. advanced analytics identifying billing waste, negotiation services for large claims) are growing. At a macro level, high-cost trends may accelerate policy interest in cost controls – for instance, **new hospital price transparency rules** and **drug price negotiations (via Medicare)** are indirect responses to these rising costs.
- **Coverage Shifts:** Some small employers may drop group coverage if costs become untenable, potentially pushing more individuals to public exchanges or alternative arrangements. Conversely, large employers might expand on-site or near-site clinics to deliver care more efficiently.

Impact on Voluntary Benefits

As medical plan cost-sharing rises, employee demand for supplemental coverage continues to grow. Accident, critical illness, and hospital indemnity plans help bridge deductibles and coinsurance exposure, with industry analyses projecting double-digit growth for supplemental accident & health premiums through 2030¹. Employers increasingly bundle supplemental health with core medical, especially alongside HDHPs, to improve affordability and simplify claims².

Employer Strategies to Address Rising Prices

- 1 Plan Design Tweaks:** About **60%**¹ of employers are implementing plan changes for 2026 (e.g. raising deductibles/copays, narrowing networks, or introducing high-performance provider networks). Many are increasing employee premium contributions or adding surcharges (for spouses, tobacco use) to share costs. Others are adopting reference-based pricing or centers of excellence to control unit prices.
- 2 Cost Management Programs:** Employers continue to expand care management and wellness programs – e.g. chronic disease management, second-opinion services, and high-risk case management – aiming to mitigate expensive claims. There’s also growing interest in *value-based contracting* with providers and alternative payment models that incentivize quality over quantity of care.
- 3 Funding Arrangement Shifts:** More mid-sized employers consider **self-insurance** to gain claims data transparency and flexibility in managing costs. Stop-loss coverage is being used to cap risk for catastrophic claims, given the concern over million-dollar treatments.
- 4 Exploring Alternative Models:** Some employers are looking at **defined-contribution health plans** (like ICHRA) or joining **consortiums, or associations** to get better rates. Others turn to captives or level-funded plans as hybrid solutions to tame cost volatility.



Source: Mercer Health & Benefit Strategies survey (July 17, 2025); Mercer/National Survey commentary (Sept. 2025).

Broker Talking Points

- ✓ **Budget Impact:** Prepare clients for a median increase of 9.5% in 2026. While most 2026 rates are set, trends remain unfavorable and could persist into 2027.
- ✓ **Affordability Tools:** Consider employer-funded baseline hospital indemnity or accident plans paired with HDHPs; assess HSAs/HRAs and income-based contributions.
- ✓ **GLP-1 Strategy:** Review coverage policies (diabetes vs. obesity indications), clinical criteria, and alternative weight management programs.
- ✓ **High-Cost Claimants:** Implement nurse navigation, case management, centers of excellence, and stop-loss calibration (for self-funded clients).
- ✓ **Plan Design Levels:** Can the client adjust cost-sharing, introduce a high-deductible option, or steer members to cost-effective providers? Highlight potential savings from narrower networks, telehealth utilization, or prescription formulary changes.
- ✓ **Explore Funding Alternatives If Appropriate:** Self-funding for greater control, joining a purchasing coalition, or considering an individual coverage HRA (ICHRA) for certain segments. Ensure the client understands trade-offs of each model (risk vs. reward).
- ✓ **Communication:** Prepare messaging about any plan changes (e.g. why contributions are increasing, promoting preventive care to avoid bigger expenses). Helping employees become smarter healthcare consumers (through transparency tools or nurse hotlines) can mitigate cost growth long-term.



Pharmacy

2026 Outlook

Pharmacy Outlook for 2026

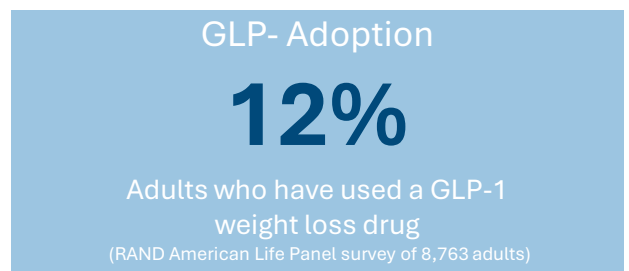
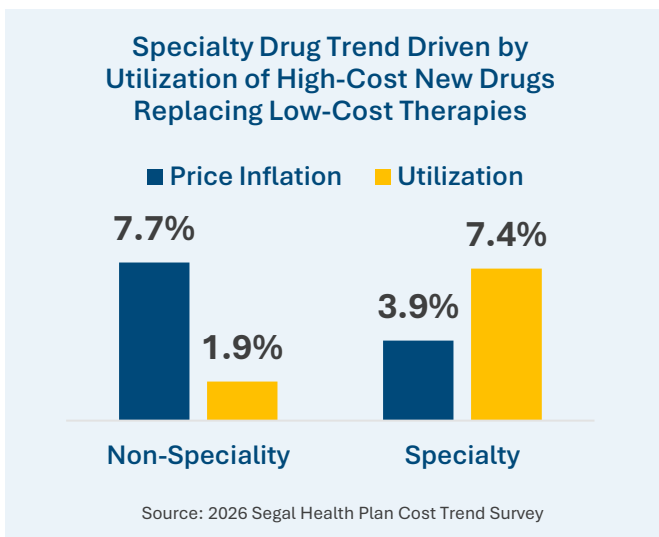
Pharmacy costs continue to be the fastest-growing component of health plans, with 2026 prescription drug trend projected around **10–12%**². High-cost specialty medications remain the primary driver of that growth, as biologics and gene therapies now account for more than half of total pharmacy spend² despite representing a small share of overall prescriptions.

The rapid expansion of GLP-1 medications such as Wegovy and Ozempic has added another layer of cost pressure, prompting employers to re-evaluate coverage, utilization controls, and long-term affordability strategies.

New direct-to-consumer channels such as TrumpRx and manufacturer cash-pay programs, are changing how members shop for medications and what they expect to pay. These channels are increasing price awareness and shifting some purchasing outside traditional pharmacy benefit paths. Meanwhile, proposed drug-pricing tariffs remain paused, so they are not expected to create meaningful cost impact for employer-sponsored plans in the near term.

Increased PBM transparency requirements are accelerating contract reviews and pushing more organizations toward pass-through and net-cost models, while biosimilars continue to emerge as one of the few meaningful deflators available.

Medicare Part D's 2026 redesign raises creditable coverage thresholds, requiring employers with retiree drug benefits to adjust plan designs and update annual notices accordingly.



Drivers of Change in Rx

Explosive Growth of Specialty & Biotech Drugs:

Innovative therapies for conditions like cancer, rare genetic diseases, and autoimmune disorders are launching at unprecedented prices. Many gene therapies now exceed **\$2–3 million per treatment**^{24,25}. Dozens of new specialty drugs are approved each year, often priced in the six-figures annually. This elevates overall pharmacy trend as more patients become eligible for these high-cost treatments.^{26,27}

Lack of Competition: A major driver of rising pharmacy costs is limited competition in the pharmaceutical market—particularly among brand-name drugs protected by patents. These exclusivity periods allow manufacturers to sustain monopoly-level pricing with little downward pressure. As a result, drug prices have increased more than **5.5-fold from 1985 to 2024**, rising roughly **three times faster than general inflation**.^{28,29}

GLP-1 Weight Loss Medications:

GLP-1 class drugs (initially for diabetes, now widely used for obesity management) are a major 2026 story. Demand is surging due to their efficacy in weight loss, but so are costs: annual per-patient expense can top \$15,000^{30,31}. If even a fraction of the eligible population utilizes these drugs, the budget impact is enormous. Analysts project **up to 30 million Americans could be using GLP-1 weight loss therapies by 2030**^{32,33}, representing a potential multibillion-dollar expense. Currently **fewer than 20%**^{30,31} of **large employer plans cover** GLP-1 medications specifically for obesity, largely due to cost concerns. Those that do often impose strict prior authorization and clinical criteria.

4.7% of members
use specialty drugs
while specialty medications
drive 50% of Total Rx spend^{26,27}

Utilization Uptick & Chronic

Condition Prevalence: More people are taking prescription medications overall, often for life-long chronic conditions. The pandemic exacerbated mental health medication usage and saw higher substance use disorder treatment needs. Also, as preventive care visits rebounded, **more prescriptions** for managing blood pressure, diabetes, etc., have been written (improving health but raising pharmacy spend).^{26,27,30}

Lagging Generic Savings in

Specialty: While traditional small-molecule drugs eventually get cheaper with generics, many top-spend drugs now are biologics with more complex biosimilar entry. Biosimilars have launched slowly and with moderate discounts. This means employers aren't getting the level of relief from patent expirations that they used to – the pipeline of savings is slower, keeping costs high.^{26,27}

Inflation and Supply Chain

Issues: Drug manufacturers have raised list prices at rates above general inflation on many medications. Supply chain disruptions also led to some generics shortages, pushing plans to cover higher-cost alternatives in certain cases (e.g., temporary insulin or antibiotic shortages, etc.).^{28,29,31}

Market Impact

Cost-Shifting and Affordability Issues: The continued rise in Rx costs contributes heavily to premium growth. Employers often pass a share of pharmacy cost increases to employees via higher copays or coinsurance, especially for brand and specialty tiers. We're seeing more **4-tier or 5-tier pharmacy plans** that isolate ultra-expensive drugs into a specialty tier with significant cost-sharing or co-insurance (often 20–30% of drug cost). While this can encourage cost-conscious decisions, it also raises patient affordability concerns – a two-week course of a specialty drug can run tens of thousands of dollars.^{26,27}

Plan Coverage Decisions Scrutinized: The **GLP-1 coverage dilemma** exemplifies the tough trade-offs: covering these popular drugs could improve employee health (weight loss can reduce long-term medical costs) but in the short run it might **raise plan costs by millions**. Employers are split – some large firms began covering them due to competitive pressure, while others explicitly exclude weight-loss medications. How insurers and large employers decide on this will influence standard practice; it's a key topic in 2026 renewals.^{30,31,32,33}

Regulatory and Transparency Movement: Public and political pressure on drug pricing is intensifying. Starting 2026, Medicare will begin negotiating prices on initial high-cost drugs – while this directly affects Medicare, it could indirectly benefit employer plans if it leads to lower price benchmarks for drugs like expensive anticoagulants or diabetes medications. Additionally, federal rules now require greater **reporting of pharmacy benefit costs and rebates** (as part of the Consolidated Appropriations Act of 2021). This transparency may empower plan sponsors to demand better deals or switch PBMs if current arrangements aren't delivering value.^{28,29}

Market Consolidation and New Entrants: The huge dollars at stake in pharmacy benefits are attracting new solutions. Giants (insurers, PBMs) are consolidating specialty pharmacies to control dispensing. Meanwhile, startups are offering **alternate procurement** models (like Mark Cuban's Cost Plus Pharmacy for generics) and **subscription-based pharmacy** models for employers. We also see hospitals entering the fray by potentially offering their pharmacy networks for external employers. By 2026, more employers may experiment with these non-traditional approaches if they promise savings.^{26,27}

Regulatory Updates & PBM Innovations

PBM Reform, Transparency & New Contract Structures

PBM oversight is intensifying. Required disclosures now reveal 25–40% rebate levels, prompting employers to reassess PBM value. In response, PBMs are rolling out pass-through models, clear admin fees, and trend-guarantee contracts. New entrants—coalition and tech-led PBMs—are competing on net cost, transparency, and simplicity, accelerating market disruption.^{26,27}

TrumpRx & Direct-to-Consumer Drug Channels

The new TrumpRx federal online pharmacy and other DTC models (e.g., Cost Plus Drugs) are creating transparent cash-price alternatives for select brand medications. Wegovy®, for example, appears at ~\$350/month vs ~\$1,300 retail. While peripheral today, these models give employers negotiation leverage and offer alternate sourcing paths for drugs excluded from formularies.^{26,27}

Innovations in Value-Based & Net-Cost Contracting

Employers are shifting from rebate-chasing to true net-cost optimization. PBMs and carriers are piloting value-based agreements, including installment-based payments for multimillion-dollar gene therapies and outcomes-based refunds. Specialty strategies like copay maximizers and accumulators remain widely used to offset high-cost drug spend, despite member-impact concerns.^{26,27,31}

Policy Direction: Tariffs, Supply Chain & Domestic Production

Federal discussions around drug import tariffs have stalled, but underscore a push toward domestic drug manufacturing and supply-chain security. No 2026 cost impact is expected, though ongoing generic shortages continue to affect plan costs, prompting FDA efforts to expedite approvals and stabilize access.^{26,27}

Medicare Negotiations Reframe Drug Pricing

Medicare's first negotiated drug prices under the Inflation Reduction Act take effect in 2026, setting public benchmark rates for high-cost drugs. With GLP-1s projected to fall to ~\$270/month in Medicare by 2027, employers are increasingly questioning why commercial plans pay far more. Updated Part D caps also shift cost burden between Medicare and manufacturers, subtly influencing commercial pricing strategies and retiree creditable coverage tests.¹⁷

Management & Plan Design Strategies

- 1 Utilization Management:** Stricter **prior authorizations, step therapy, and quantity limits** are being applied, especially for costly drugs like GLP-1s, specialty cancer meds, and anti-inflammatories. Plans are refining criteria to ensure only clinically appropriate use (e.g. covering weight-loss drugs only for those with certain BMI or medical necessity).
- 2 Formulary Exclusions and Specialty Carve-Outs:** Many employers are adopting narrower formularies that **exclude certain high-cost brands** if alternatives exist. Some are carving out specialty pharmacy to specialized vendors or leveraging **alternative funding programs** (controversial programs that seek manufacturer assistance for high-cost claims).
- 3 PBM Contract Revisions:** Given scrutiny on PBM practices, employers are negotiating for more **transparency and pass-through pricing**. There's movement toward **net cost pricing models** and scrutiny of rebate retention. A few employers are even exploring **direct contracting with pharmacies** or manufacturers for expensive gene therapies (outcomes-based contracts where you pay only if drug works).
- 4 Innovative Plan Designs:** To tackle medication adherence and cost, employers are trying ideas like **value-based insurance design**, where essential medications (e.g., insulin, hypertension drugs) are low or no-cost to avoid costly complications, while discretionary drugs might have higher cost-share. Some plans introduced a **“split benefit”** approach for GLP-1 drugs (covering them under medical benefit if certain obesity program participation criteria are met).
- 5 Employee Education & Alternatives:** Plans are educating members on lower-cost alternatives (generic or biosimilar options, therapeutic substitutes) through enhanced pharmacy coaching and digital tools. In the case of weight management, employers are promoting lifestyle programs and anti-obesity treatments other than drugs (like nutrition counseling, bariatric surgery) as alternative paths.

Broker Talking Points

- ✓ **Educate Clients on the “Why” of Pharmacy Costs:** Help clients understand what’s driving pharmacy spend. Use simple examples (e.g., GLP-1 usage, specialty drug costs, Humira alternatives) to show how a few high-cost drugs impact total plan trend. Explain percentages in real dollars and tie them to urgency around strategy, PBM oversight, and utilization management.
- ✓ **Set Policy on Weight-Loss Drugs (GLP-1s):** Guide clients through whether and how to cover GLP-1s by discussing medical necessity, long-term outcomes, cost sustainability, and benefit design guardrails. Recommend clear criteria (BMI, comorbidities, coaching requirements) and intentional communication—not accidental coverage. Highlight that only ~33%^{1,2} of employers cover obesity drugs today.
- ✓ **Scrutinize PBM Contracts and Explore Alternatives:** Encourage clients to regularly review PBM performance and compare models. New options (transparent pass-through, simplified guarantees) may lower costs. Consider audits, carve-outs, and negotiations to ensure they’re getting value. Staying current on PBM models helps clients avoid overpaying and increase transparency.
- ✓ **Implement Clinical Programs:** Recommend targeted clinical programs to address high-cost conditions (e.g., diabetes management, medication adherence, specialty oversight). These programs can reduce waste, improve compliance, and drive savings—especially where pharmacists or care teams can support members proactively.
- ✓ **Keep an Eye on External Price Benchmarks:** Educate clients on major inflators like Medicare fee schedules, drug pipelines, and upcoming regulatory changes. External pressures (e.g., rising Part B rates, new high-cost drugs) will influence employer plan trends even if not directly tied to their benefits. Prepare them for the downstream impact.
- ✓ **Employee Communication on Rx Benefits:** Boost employee engagement with simple education around cost-effective choices—pharmacies vs mail order, generics, coupons, preferred networks, and adherence. Better communication reduces avoidable spend and improves outcomes. Tailor messages to common conditions and provide easy “Know Your Rx Benefits” guidance.



Alternative Healthcare Models

ICHRA, MEC/MVP, Association / Gig-Care
Health Plans

The Future of Health Benefits

Why Alternative Plan Models Are Surging

- Employers are entering 2026 facing one of the most turbulent health care cost environments in more than a decade. Traditional group plans are posting steep renewal projections, forcing employers into increasingly difficult trade-offs: absorb unsustainable increases, reduce benefits employees rely on, or shift more cost onto a workforce already struggling with affordability pressures.
- In this environment, organizations are accelerating their search for alternative coverage models that offer predictability, flexibility, and greater control over year-over-year spending. Participation in Individual Coverage Health Reimbursement Arrangements (ICHRAs) has grown roughly 30%^{7, 9} since 2023, as employers look for budget stability while expanding employee choice. However, ICHRAs are not immune to market headwinds. The individual market remains highly volatile, ACA marketplace premiums are projected to rise nearly 20%^{7,9} in 2026, and the expiration of enhanced ACA premium subsidies is further increasing net premiums for millions of consumers. These combined forces directly impact the affordability and long-term viability of ICHRAs that depend on individual market plan pricing.
- At the same time, cost-sensitive employers are reevaluating “skinny plan” strategies such as Minimum Essential Coverage (MEC) and Minimum Value Plans (MVP). These plans satisfy ACA employer mandate requirements at materially lower price points than traditional major medical coverage, making them increasingly attractive options for employers seeking compliance without overspending. Innovations targeting gig workers, contractors, and variable-hour populations, along with virtual-first care models, streamlined copay structures, and individual-market-optimized plan designs, are expanding what alternative coverage can look like in 2026 and beyond.
- Taken together, these pressures and innovations signal a structural shift in employer-sponsored health benefits. As traditional plans strain under relentless cost escalation, employers are actively exploring new models capable of withstanding market volatility while maintaining compliance, controlling risk, and delivering sustainable value to their workforce.

The question for 2026 is no longer whether alternative models will grow -- it's how quickly employers will adopt them, and which organizations will lead in reshaping the next era of employer health benefits.



ICHRA

2026 Outlook



ICHRA Outlook for 2026

Mixed Market Conditions Entering 2025 ICHRA was gaining momentum, employers were able to push employees to the exchange and allow them to purchase benefits that best fit their needs at a more attractive premium than group plans in a growing number of states. Then the One Big Beautiful Bill pushed the ICHRA talk to new levels as the bill was supposed to codify ICHRA into law, provide a tax credit for small employers, pre-tax payroll premiums and reduce the employee notice period. Those items were eventually scraped when it made it to the senate. This took some of the wind out of the sails for the ICHRA market. By the end of the year the headwinds grew even stronger and they don't appear to be letting up anytime soon. Rising ACA individual premiums (projected ~20% increase) and the end of enhanced subsidies under American Rescue Plan Act of 2021/Inflation Reduction Act are eroding affordability. Employers that moved to ICHRA for cost predictability are reconsidering as compliance challenges and employee dissatisfaction with network access and plan complexity grow. Those that are continuing to offer are seeing employees switch from higher metallic plans to low metallic plans to keep premiums down not to mention increasing uncertainty in enrollment and risk-pool stability.¹⁸ Instability in statewide risk-adjustment payables is already straining carrier finances, with potential spillover effects into 2026.²⁰

In 2026 net premiums after subsidies are increasing on average 65% for bronze, 121% for silver and 80% for gold plans.²³

Structural Reset in Pricing

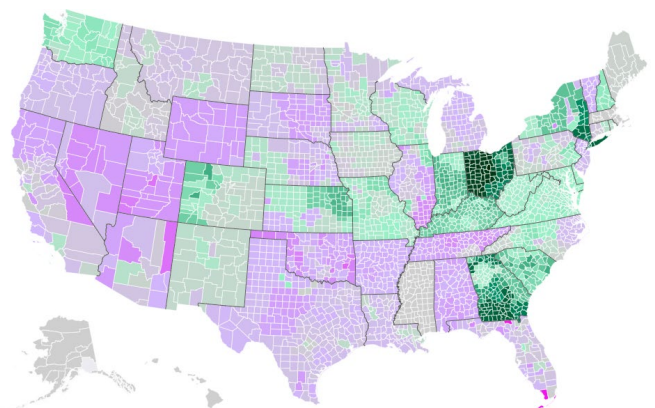
Milliman projects a structural repricing of the ACA market, with Silver premiums rising faster than Bronze and Gold, compressing affordability and raising the benchmark used in ICHRA affordability tests.²³ **Households just above subsidy thresholds face steep affordability shocks, leading to shifts into lower-value Bronze plans²³** and greater adverse-selection risk as healthier members drop coverage.^{9,23}

However, the impact varies materially by state, county, income level, and age—insurers who understand and act on these dynamics will be better positioned to support future strategic initiatives more effectively.

Comparison of the Lowest Cost Bronze Plans on the Individual and Small Group ACA Markets by County - 2026

Monthly Premium for a 27-Year-Old.

Green = Individual less expensive;
Purple = Small Group less expensive.



Source: Ideon. (2025). ICHRA insights by state. Map updated 11/13/2025 for the 2026 Plan Year

Competitive Landscape & Employer Implications

Carrier Competition & Variation

Despite volatility, marketplace participation remains strong; While Aetna withdrew from the ACA marketplace impacting 17 states carriers are not withdrawing at scale, providing support for ICHRA viability.^{7,9} A competitive environment supports ICHRA viability, as broader plan menus help mitigate employee-level cost variation. Even so, carriers' 2026 rate filings show wide dispersion. Take Command Health's national review identifies premium changes ranging from -5% to +59%, with nearly one-quarter of carriers requesting increases above 25%.¹⁹ Milliman reinforces this trend, highlighting that premium volatility is not merely inflationary—it is structural.²³ Their analysis shows a growing divergence in plan pricing between urban and rural regions, differing risk-adjustment expectations by carrier size, and increased pressure on Silver plans due to shifts in actuarial value and enrollment behavior.²³

Plan variety matters now more than ever. Employers relying on a narrow set of carriers or a single marketplace tier may inadvertently expose employees to greater affordability risk as pricing gaps widen between issuers and products.

Employer Decision Dynamics in 2026

Even with ACA volatility, employer interest in ICHRAs continues as organizations face the sharpest medical cost escalation in over a decade.

However, 2026 individual premiums are climbing as well, and employers with over 50 employees have to contribute 9.96% (up from 9.02% in 2025) of the lowest level silver plan which is also the fastest climbing metallic plan while interest may be there adoption lags behind.

Aetna Exit

Aetna left ACA exchanges January 2026. This move affects ~1 million enrollees nationwide. The largest impact will be in states with high enrollment ACA markets like Florida and Texas, as well as states where Aetna had a significant foothold such as Georgia.

Broker Talking Points

- ✓ **Carrier Variation:** Carrier stability remains uneven across the U.S., with some states experiencing sharp premium hikes and insurer exits, including Aetna's withdrawal from the individual market in 2026. This creates region-specific variation in plan availability, making it critical for brokers to review local filings and carrier footprints before recommending ICHRA strategies.^{19,20}
- ✓ **Adverse Selection Risk:** Analyses from RWJF and other policy groups show that healthier individuals are most likely to drop coverage when subsidies expire—leading to a sicker risk pool and higher premiums. Modeling indicates marketplace enrollment could fall 47–57% without subsidies, with net premiums rising 75–114%, deepening adverse-selection challenges for ICHRA allowances.^{9,21}
- ✓ **Hybrid Strategy Value:** With premiums rising sharply many employers blend ICHRA for variable/remote staff with traditional group plans for core teams to preserve network richness while maintaining cost stability. Hybrid strategies help buffer against regional volatility and high-cost renewals.^{18,19}
- ✓ **Off-Exchange Advantage:** Off-exchange plans in many states show smaller rate increases than on-exchange Silver plans. Ensuring ICHRA employees can access the full off-exchange menu prevents exposure to the steepest premium filings (some up to +59%).^{19,20}
- ✓ **Employee Education Needs:** With ACA benchmark premiums projected to rise 30–121% (depending on metal level), and out-of-pocket costs increasing simultaneously, employees will face complex choices. Clear communication about plan shopping, metal tier differences, and allowance mechanics is essential.^{5,15}
- ✓ **Policy Monitoring:** Congress let enhanced subsidies fully expire, creating major challenges for Americans that relied on the subsidies to get affordable health coverage. Experts warn of significant enrollment loss and premium spikes. Brokers should track the latest developments as this will be a continued topic for politicians especially given the mid terms are in 2026.
- ✓ **Multi-Year Positioning:** Analysts forecast ongoing instability through 2026–2027 as risk pools shrink and gross premiums rise (CBO projects +4.3% in 2026 and +7.7% in 2027). This environment reinforces the need for a multi-year strategy that include annual allowance adjustments, ongoing benchmarking, and proactive employee affordability modeling.²¹



MEC & MVP

2026 Outlook

The Skinny on MEC and MVP

2026 brings with it a surging interest in Minimal Essential Coverage “MEC”.

As health costs hit record highs in 2026, many employers – especially in low-margin, high-turnover industries – are turning to MEC and MVP strategies to contain costs. Historically, MEC plans have been offered by businesses like restaurant chains, hotels, retailers, staffing agencies, and other lower-wage employers that struggled to afford traditional insurance. That trend is accelerating. Benefits consultants report that even some larger employers in these sectors are now adopting MEC-based coverage models for 2026. The appeal is clear: predictable, capped costs and ACA compliance, at the price of very limited benefits.

The Essential Benefit Administrators (EBA) report notes that “you might be surprised how many large employers” in 2025/2026 are switching to MEC strategies – it cites restaurant groups, staffing agencies, home care networks, retail franchises, etc., all looking for greater cost control.

MEC/MVP plans have moved from a niche tactic for small firms to a more widely considered strategy among cost-conscious employers in certain sectors. Even large employers with major medical coverage are considering this for their non-benefit eligible population.

Avg. Monthly Cost:
Full Plan vs. MEC

\$500 vs.

\$75

(Illustrative)

2026 ACA Penalty A

\$3,340

Annual fine per full-time employee
up 15% from 2025

2026 ACA Penalty B

\$5,010

Annual fine per subsidized EE if no
affordable MV Plan
up 15% from 2025

Market Forces Driving The Shift

Steep Health Premium Increases

Employers are facing the highest benefit cost hikes in over a decade. MEC/MVP plans are a drastic, but effective, way to cap and drastically reduce employer spend.

Increased ACA Penalties and Enforcement

The IRS significantly raised employer mandate penalties for 2026 (over 15% increase from 2025), and signaled a renewed focus on ACA compliance audits. This is pressuring ALEs who previously might have risked non-compliance to instead offer at least a MEC plan.

Workforce Demographics

Industries adopting MEC often employ younger, healthier workers or a mix of part-timers who might not utilize comprehensive insurance heavily. For these groups, a preventive-care plan plus other limited benefits may suffice in the short term. Many such employees have alternate coverage (through a spouse or Medicaid) or would otherwise forgo insurance, so offering a MEC at work at least gives them an opportunity for free preventive care.

Competitive Labor Market in Low-Wage Jobs

Paradoxically, offering no health benefits is becoming a disadvantage even in traditionally low-benefit industries. Many service-sector employers find that providing a MEC plan (even with limited coverage) is better than nothing to attract and retain workers. It sends a message that the company offers something for health care, which can help marginally with hiring and loyalty. In fact, surveys show employees in these fields value having some employer insurance option – even if it's modest – rather than being left entirely on their own.

Drivers of MEC/MVP Adoption in 2026

Cost Control & ACA Compliance

- MEC/MVP plans allow employers to satisfy ACA requirements at very low cost (~\$50–\$100 PEPM vs. several hundred for major medical).
- Offering MEC avoids the **§4980H(a) penalty**
- Example: For 100 full-time employees, a MEC at \$50 PEPM costs ~\$60k/year—far cheaper than a full plan (~\$600k) or the ACA (a) penalty on 70 employees (~\$234k).
- Employers use MEC/MVP as a strategic, low-cost way to “check the box” on providing coverage.

Thin Margins & High Turnover

- Industries like restaurants, hospitality, staffing, and gig platforms operate on razor-thin margins and high churn.
- MEC offers an affordable compliance solution without the financial burden of sponsoring robust coverage.

ACA Penalty Mitigation Strategy

- Offering MEC to 95%+ of full-time staff eliminates the costly (a) penalty.
- Employers may risk limited **§4980H(b)** penalties (\$5,010 per employee in 2026) only when workers receive exchange subsidies—often far less expensive than a comprehensive plan.
- Many employers intentionally offer a MEC plan, then accept the small number of (b) penalties as a trade-off.
- Alternatively, employers could offer a MEC Plan alongside a MV Plan or limited days plan which can avoid the penalty while reducing the cost of coverage.

Workforce Composition Considerations

- Employers with younger, part-time, or transient workers often find these employees use minimal healthcare.
- MEC provides preventive coverage and the appearance of a benefit—even if employees rarely need major medical services.
- Common in gig-economy platforms, franchise groups, and hourly-service industries.

MEC & MVP Market Impact

Rapid Adoption Driven by Cost Pressure

Record 2026 premium increases (~9%) and steep ACA penalty hikes (+15%) are accelerating employer movement toward MEC/MVP plans—especially in hospitality, retail, staffing, logistics, and gig-economy sectors where margins are thin.

Financial Leverage for Employers

MEC plans drastically reduce spend compared to full medical. With Penalty A now \$3,340/FT employee, offering MEC is often far cheaper than absorbing penalties or maintaining traditional plans.

Compliance Becomes a Strategic Priority

Stronger IRS enforcement makes “offer coverage or pay” a real risk. MEC offers an inexpensive shield against Penalty A, while MVP can mitigate Penalty B when structured as affordable. Employers are prioritizing predictable compliance over richer benefits.

Shifts in Workforce Dynamics

As labor markets normalize, many employers use MEC as a minimal but competitive offering—particularly for high-turnover, part-time, or lower-wage workforces. Some mid-sized companies are adopting MEC/MVP for specific classes to manage budget pressure without fully eliminating benefits.

Carrier & Vendor Innovation Expands Options

TPAs and specialty carriers are rapidly evolving offerings:

- MEC+ bundles (telehealth, discount Rx) to boost perceived value
 - MVP-light designs hitting 60% minimum value at low cost
 - Level-funded MEC/MVP with rate caps for predictable budgeting
- Competition is driving better administration, digital access, and packaged supplemental solutions.

Strategic Trade-Offs for Employers

While MEC/MVP improves cost control and ensures mandate compliance, it shifts significant financial risk to employees. Transparency and supplemental offerings (accident, hospital indemnity) are critical to reducing backlash and maintaining trust.

Forward-Looking Outlook (2027+)

If cost inflation persists, MEC/MVP strategies will expand across industries. However, increasing scrutiny of these plans may trigger regulatory tightening in the coming years. For now, MEC/MVP remains a financially compelling, legally permissible tool for employers needing stability.

MEC/MVP Product Innovations

Historically there were limited PPO network options for MEC/MVP plans but now well-established networks such as Anthem Blue Cross Blue Shield are entering the market.

Limited Day MV Plans offer a full range of inpatient, outpatient, and prescription drug coverage at a significant lower monthly premium compared to major medical health insurance (often referred to as BUCA).

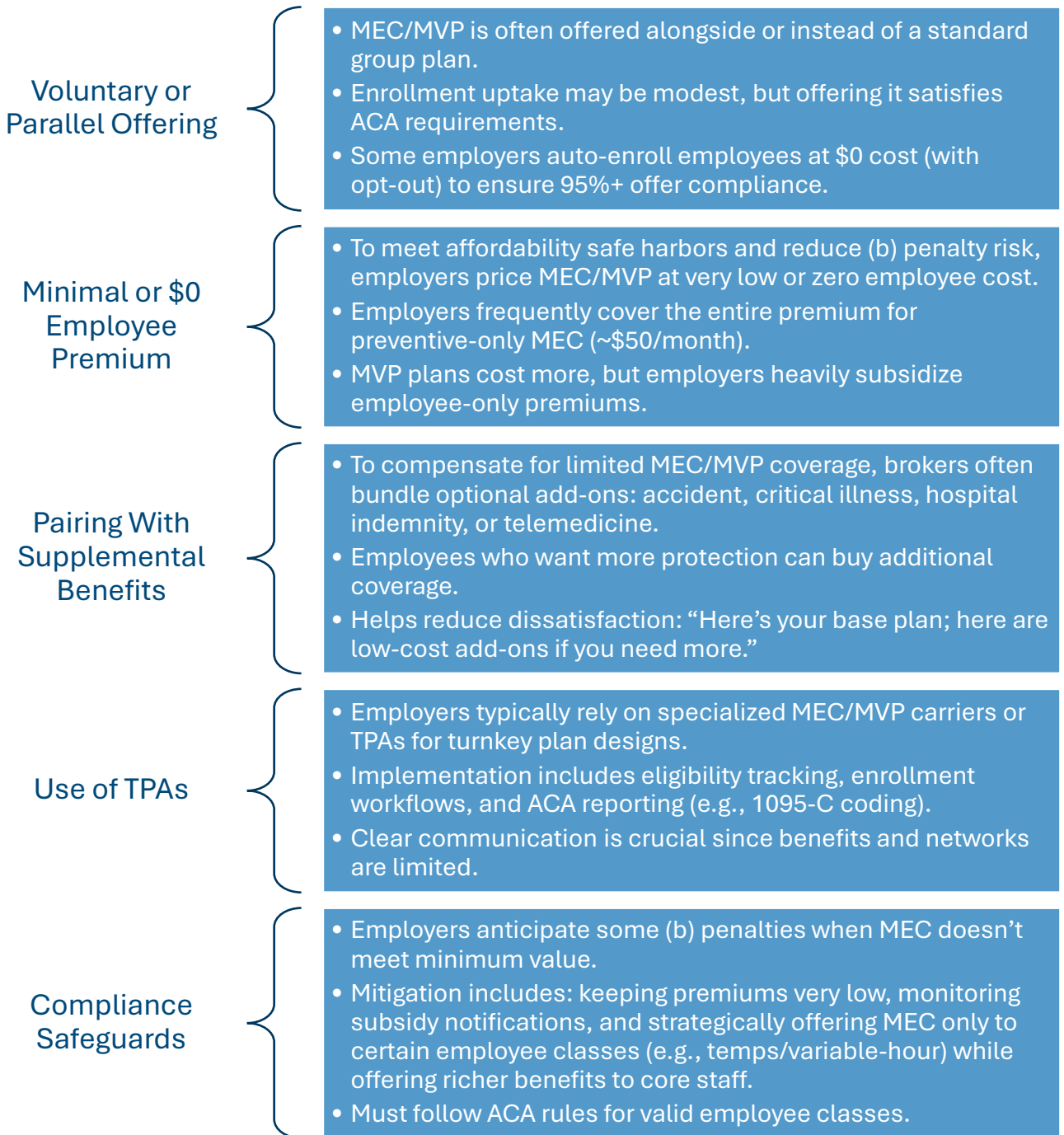
Limited Day MV Plans exclude specialty drugs and the associated high costs but typically offer concierge service for manufacturer discounts and alternative sourcing.

Limited Day MV Plans lower barriers to entry for group health insurance by offering low participation requirements compared to BUCA; typically 5-10 enrolled employees depending on carrier and plan design.

Healthcare cost stabilization is often achieved through Limited Day MV Plans as premium increases at renewal are often small or flat. For employer groups, these plans provide greater predictability for healthcare expenses.

Many Limited Day MVP carriers offer a range of plan designs including options with no deductible therefore providing first dollar coverage for covered services.

MEC & MVP Implementation Strategies



Broker Talking Points

- ✓ **Set Realistic Expectations:** MEC/MVP plans meet ACA requirements but cover only basic preventive care. Employees remain largely unprotected for major medical expenses. Clarify: “This keeps you penalty-free, but hospitalization wouldn’t be covered.” Offer voluntary add-ons like hospital indemnity, accident, or critical illness plans to soften gaps.
- ✓ **Compare Costs vs. Penalties:** Show the employer the approximate annual cost of offering a MEC to all full-timers versus the total penalties for not offering coverage. Often, MEC comes out significantly cheaper.
- ✓ **Regulatory Compliance:** Ensure MEC/MVP offers meet ACA rules (95% offer to avoid (a) penalty). Discuss affordability safe harbors if using MVP as the affordable option. MEC alone isn’t tested for affordability, but low or \$0 cost helps reduce (b) exposure. Call out any state-specific rules and reinforce 1095-C coding and documentation needs.
- ✓ **Employee Communication:** Encourage transparent, simple messaging: “Covers preventive care at 100%; most other services are not covered. Optional plans are available for added protection.” Recommend info sessions, plain-language summaries, and comparison charts to set expectations and reduce confusion.
- ✓ **Future Strategy:** If MEC/MVP is temporary, outline triggers for upgrading coverage later. If long-term, discuss gradual enhancements (e.g., MVP option, employer-paid supplements). Highlight low-cost perks like telemedicine or discount programs to improve employee perception at minimal cost.



Association Health Plans

2026 Outlook

Association Health Plans in 2026: A Market on the Brink of Change

Association Health Plans (AHPs) are heading into 2026 at a genuine crossroads. Fueled by rising premiums and small-employer frustration, **interest in AHPs is accelerating—yet their future hinges heavily on federal action.** Legislative momentum around the Association Health Plans Act of 2025, which would expand eligibility (including to self-employed individuals), is creating renewed attention and anticipation. If enacted, the bill could unlock a far larger marketplace by broadening who can join and how associations can form and operate.³⁵

Under today's rules, AHPs exist in a narrower form: some operate under state-regulated MEWA frameworks, while others function within the more restrictive pre-2018 federal guidance restored after the court struck down portions of the expanded DOL rule in 2019.³⁶ Growth is possible—but constrained. Most associations that build AHPs today do so state by state, often limited to specific industries or bona fide trade groups that meet ERISA-based commonality requirements.³⁸

In 2026, the inflection point will come down to federal action. If Congress or the Administration loosens eligibility and formation rules, the market could see a surge of new AHPs—especially from Chambers of Commerce, franchise systems, and national trade groups eager to pool risk and offer lower-cost coverage to members.³⁹ If not, AHP expansion will remain steady but modest, driven by niche groups offering alternatives to rising small-group premiums. The big draw for employers remains clear: the chance to escape ACA community rating and potentially achieve better pricing through pooled risk—particularly for younger or healthier populations.⁴⁰ Regulators and some insurers, however, remain cautious. Their concern: AHPs could pull healthier groups out of the ACA pool, creating market segmentation that raises premiums for those who remain.⁴¹ Meanwhile, employers want affordability, but they also want stability—comprehensive benefits, solvency protections, and strong oversight to avoid the historical pitfalls seen in poorly managed MEWAs.

The Bottom Line?

AHPs are worth watching in 2026. They may become one of the most attractive options for certain small employers—if federal expansion occurs. But they must be evaluated with care: benefit design, financial soundness, and regulatory compliance vary widely. Brokers should keep AHPs on the strategic radar while ensuring clients understand both the potential savings and the guardrails needed to make an AHP a safe long-term solution.



Gig-Care Health Plans

2026 Outlook

Gig-Care Health Plans: Where Coverage Meets Flexibility in the New Workforce Economy

The U.S. workforce is undergoing one of the most significant structural shifts in modern history. As traditional employment models give way to flexible, project based, and platform driven work, **nearly 70–90 million Americans now earn income outside of a standard W-2 job**, a trend expected to accelerate through 2026 and beyond.⁷⁹

Yet while gig work fuels economic mobility and autonomy, it also exposes an enormous gap: millions of independent workers still lack stable, affordable health coverage, forcing them to navigate an individual market plagued by volatility, rising premiums, and the expiration of affordability protections, producing a coverage crisis that disproportionately affects gig workers, many of whom have fluctuating income and minimal safety nets.

Amid these pressures, Gig-Care Health Plans are emerging as the most scalable, portable, and financially predictable coverage model for independent earners and associations. With projected **15–20% annual growth** and rising adoption among platforms seeking retention advantages, Gig-Care plans are positioned to redefine non-group coverage in 2026.⁸¹

Simultaneously, **virtual-first care models**—now a mainstream expectation among Millennials and Gen Z—are delivering exactly what gig workers demand: convenience, digital navigation, transparent costs, and healthcare that moves with them instead of tethering them to an employer.

The Bottom Line?

In 2026, this convergence of workforce transformation, economic pressure, and healthcare innovation positions Gig-Care health plans not as a niche alternative, but as **a core pillar of the future U.S. benefits ecosystem.**



Drivers of Cost & Change

Workforce Dynamics: The gig workforce is projected to reach 86–90 million workers by 2026–2027.⁷⁹ Gig work spans transportation, professional services, e-commerce, care work, construction trades, and the creator economy—fueling broad demand for flexible coverage.

Rising Healthcare Costs & Affordability Crisis: Employers project 9%+ medical cost trends in 2026, the steepest increase in over a decade.¹ Gig workers face the same inflation without employer subsidies.

Regulatory Shifts & Portable Benefits Legislation: Bipartisan momentum behind portable benefits initiatives aims to expand health benefits access without reclassifying gig workers.⁸²

Advances in Virtual First Care: Virtual-first plans bundle digital navigation, specialty care access, behavioral health, and chronic condition support—services gig workers previously lacked.

Projected Market Dynamics

ACA Market Volatility Drives Migration to Alternatives

Marketplace benchmark premiums projected a median increase of 18% in 2026⁵.

Expiration of enhanced premium subsidies affects millions and steeply increases net premiums.⁸⁰

Surge in Digital-First Expectations

94% satisfaction with virtual care experiences; nearly 80% say virtual care helps them take control of their life.

Employers and insurers confirm virtual-first models are rapidly becoming essential infrastructure.⁶⁶

A Coverage Gap Too Large to Ignore

Over 50 million independent workers lack consistent access to healthcare, driving demand for portable, non-employer-tethered insurance.

Continuity of care for gig workers has deteriorated as fragmented coverage disrupts access to stable primary care relationships, raising long-term healthcare costs.⁷⁸

Gig-care plans align perfectly with this shift through telehealth-first models, low barriers to entry, and predictable monthly pricing.

Gig-Care Employer Strategies for 2026

For Gig Platforms:

- Platforms (rideshare, delivery, creator platforms, marketplaces) can:
 - Offer stipends or portable benefit contributions without triggering employee classification
 - Provide curated access to gig-care plan partners to enforce workforce loyalty⁸²

For Organizations Using Hybrid Workforces:

- Companies mixing W-2 employees and 1099 contractors should:
 - Maintain core group benefits for employees
 - Add gig-care options for contractors to encourage continuity and reduce turnover
 - Provide centralized digital hubs listing vetted gig-care providers

Address Care Fragmentation:

- Continuity-of-care strategies include:
 - Encouraging virtual-first primary care relationships
 - Offering low-cost catastrophic coverage paired with virtual management
 - Leveraging gig-care plans offering mental health and chronic disease support⁷⁸

Cost-Strategic Integrations

- To navigate rising costs (~9% trend)
 - Employers may focus on virtual-first models for contractor populations
 - Offer education on HSAs and HDHPs tailored to gig incomes⁷⁹

Broker Talking Points

- ✓ **Explain the Gig-Care Model Clearly:** Gig-Care plans are Limited Partnership (LP) based programs that allow individuals to participate in group health plans. The LP model requires the individual to complete surveys or use an app that tracks their health and consumer habits. The individual is compensated for completing these tasks. The group health plans are portable, giving independent workers predictable monthly costs and uninterrupted coverage even as they move between platforms or projects.
- ✓ **Highlight the Urgency:** 2026 is projected to be one of the most difficult affordability years in the individual market due to steep ACA premium hikes and the expiration of enhanced subsidies. Analyses show median premium increase of 18%⁵ and higher deductibles and OOP maximums compound the burden on non-subsidized workers. Gig workers, who pay the full premium without employer support, are hit hardest.⁷⁸
- ✓ **Emphasize Market Momentum:** Gig-Care is accelerating because the workforce itself is transforming. The U.S. is on track to reach 86–90 million gig workers by 2026–2027, and alternative coverage models are growing at 15–20% annually, driven by affordability pressures and demand for portable benefits.⁷⁹
- ✓ **Address Trade-Offs Transparently:** Unlike full ACA-compliant plans, Gig-Care options may offer leaner benefits, limited networks, or catastrophic-only tiers. Brokers should ensure workers understand exclusions, prescription limitations, and out-of-pocket implications. This transparency protects worker trust and minimizes dissatisfaction.⁷⁵
- ✓ **Show the Regulatory Tailwinds:** Federal and state momentum around portable benefits, MEWA modernization, and independent contractor flexibility indicates long-term support for non-traditional coverage. These policies are designed to expand access without forcing reclassification — enabling Gig-Care models to scale safely.⁷¹
- ✓ **Position Gig-Care as a Stability Strategy:** Gig-Care plans give independent workers a reliable alternative to volatile ACA pricing through:
 - Access to group health plans with predictable monthly costs
 - PPO, EPO, HSA, MEC plan options with nationwide networks (Aetna, BCBS, PHCS)
 - Virtual-first primary care with care navigation support
 - Catastrophic protection for major events
 - Integrated behavioral health and chronic care supportThis model reduces coverage gaps, improves continuity of care, and lowers the financial shock risk that is common among uninsured or underinsured gig workers.⁶²



Dental Benefits

2026 Outlook

Dental Outlook 2026

A Fast-Changing Landscape Filled With Opportunity

The dental benefits market enters 2026 with, rising utilization, tightening margins, accelerating regulatory pressure and rate increases that have outpaced historical averages. While medical and pharmacy trend lines surge into high single and double digits, dental remains a low-volatility anchor for employers — but one facing structural shifts in consumer expectations, insurer transparency requirements, and modernization demands. Dental plans remain one of the most valued voluntary benefits, yet carriers are navigating higher provider reimbursement pressures, increased demand for preventive and major services, and new dental loss ratio (DLR) policy momentum reshaping expectations for patient value and insurer transparency.⁴²

Rapid Modernization

Carriers are investing heavily in digital enrollment tools, automated claims workflows, real-time billing transparency, and streamlined provider management, improving ease-of-use for employers and brokers alike. Meanwhile, dental practices themselves are adopting AI diagnostics, teledentistry, integrated digital ecosystems, and 3D-printed restorations, raising expectations for speed, accuracy, and convenience—trends that directly influence what employers and consumers look for in a dental plan.⁴³

For brokers, 2026 is a year of high strategic leverage. Employers navigating tighter budgets and rising medical costs increasingly view dental coverage as a high-ROI benefit—and they are demanding more from carriers. According to national broker research, **90% of dental brokers now consider digital enablement a top differentiator**, while provider network strength and customizable benefits remain leading drivers of carrier selection and switching. This environment positions brokers as key influencers in plan design, network strategy, and modernization decisions.⁴⁴

4%-6%
2026 Projected
Dental Increases⁴⁸



Drivers

A Closer Look at Four Key Cost Drivers

Rising Claims Costs and Rates

Dental care utilization is relatively steady; most people use their preventive cleanings and occasional basic services. Inflation in dental services has been low historically. However, dental insurers note mispricing in prior years – some carriers kept premiums artificially low to gain market share and are now adjusting upward leading to sticker shock (30%+). Additionally, general inflation (staff wages at dental offices, PPE costs, etc.) and higher usage of rich benefits (like maximum rollover features or increased annual limits) are contributing to a bit more cost pressure than in the past. An additional driver of costs is the growing presence of Private Equity which are acquiring dental practices.

Employee Demand and Value of Dental Benefits

Dental insurance is highly valued by employees as an essential benefit for health and cosmetic reasons. Employers maintain dental offerings to stay competitive in benefits packages. There's also a greater understanding of the link between oral health and overall health (gum disease's connection to heart health, for example), reinforcing why employers continue offering dental – it's relatively low-cost but with high perceived value.

Expansion of Covered Services

Some employers (or states via mandates) are pushing for expanded dental coverage, such as including periodontal care, orthodontics for adults, or more frequent cleanings for certain conditions. As plans cover more, that can raise premiums modestly. Also, new tech-driven services like teledentistry consultations or AI usage in dental exams are emerging – initially as pilot programs, potentially becoming standard if proven effective.

Competitive Market & Voluntary Uptake

The dental insurance market is competitive with many carriers (standalone dental insurers and medical insurers with dental products) vying for employer business. Rates have thus been kept moderate. On the employee side, dental is often voluntary (employee-paid) especially in smaller firms; strong participation (usually 70%+ elect coverage when offered) drives carriers to keep it affordable so that risk pools remain large.

Market Impact

Dental becomes a “Stability Line” Amid Medical Volatility

While medical and pharmacy trends are projected to surge 8–12% in 2026, dental trend remains one of the few benefit lines holding closer to historical averages but still above at 4–5% (mostly due to those plans that were underpriced and now receiving significant rate increases) — a pattern validated across HUB International’s national actuarial models and marketplace filings. Employers increasingly view dental as a low-cost, high ROI benefit that enhances retention without significant budget strain.^{47,48}

Consumer Expectation Shift Toward Value

Dental members are demanding clearer value in 2026: transparent plan designs, predictable out-of-pocket costs, and improved digital tools such as online scheduling, real-time cost estimates, and simplified claims access. They’re also seeking broader coverage options — including periodontal care, implants, and adult ortho — driven by workforce age diversity and rising oral-health needs. Ameritas highlights 2026 as a year of tightening margins and heightened expectations, pushing carriers to modernize and elevate the member experience.⁴⁴

Flat Treatment Volume, but Rising Fees

Despite stable or flat patient volume entering 2026, Fluent’s MarketWatch shows provider fees continue to rise, especially in higher-acuity procedures such as periodontal care, which saw 13.8% annual growth. This disconnect between utilization and cost is increasing pressure on reimbursement schedules and long-term plan sustainability. Carriers may need stronger network management, fee negotiations, and digital efficiency to maintain premium stability without shifting costs onto employers.⁴¹

Regulatory Environment

Momentum around Dental Loss Ratio (DLR) legislation is accelerating, with ADA and NADP advocating for stricter transparency and clearer definitions of how premium dollars should be allocated. California’s 2024 DLR framework is emerging as a potential national model, prompting carriers to prepare for tighter administrative allowances and enhanced reporting. Although the immediate impact on 2026 dental premiums is minimal, DLR policy evolution will shape future pricing strategies, transparency expectations, and regulatory oversight.⁴⁵

Employer Strategies to Address Rising Prices

- 1 Modernized Plan Designs:** Employers are increasing annual maximums, adding carryover options, and expanding coverage for advanced procedures. Some are using in-network incentives or tiered networks to balance cost control with employee choice.^{42,43}
- 2 Preventive Care Emphasis:** Many plans now offer 100% coverage for preventive services and enhanced preventive programs (e.g., extra periodontal visits for high-risk groups). Deductibles are often waived to encourage early care and reduce future high-cost claims.⁴²
- 3 Teledentistry Options:** Virtual consults via photos or video are growing, improving access—especially for remote employees—through simple carrier-app integrations.⁴⁴
- 4 Wellness Integration:** Employers are tying dental benefits into broader wellness strategies, including oral-health education, chronic-condition support, and onsite oral cancer screenings to promote whole-person health.^{42,44}



Broker Talking Points

- ✓ **Discuss Rate Drivers:** Explain any deviation from a historical low single-digit dental renewal. For example, a 10% increase may stem from carrier catch-up after flat years or elevated claims such as multiple ortho or periodontal cases. Then outline options: marketing the plan to other carriers, adjusting plan design, or exploring dual-option structures.
- ✓ **Emphasize Preventative Coverage:** Reinforce that dental plans deliver ROI when employees use preventive services. Enhanced preventive programs—like additional periodontal maintenance for high-risk members—reduce long-term costs, improve employee health, and align with employer wellness goals.
- ✓ **Plan Design Options:** Review whether the current design is outdated. Many groups still have \$1,000 annual maximums despite rising dental costs. Consider \$1,500–\$2,000 maximums or offering “buy-up” options. Modern plans increasingly incorporate teledentistry, flexible networks, and expanded benefits to stay competitive.^{42,43}
- ✓ **Bundling and Contracts:** If the employer also offers vision or other ancillary benefits, evaluate bundling opportunities. Many carriers provide multi-product discounts and streamlined service when dental and vision are placed together.
- ✓ **Employee Communications:** Provide simple communications encouraging employees to use preventive care (“Two cleanings a year are covered”). Better utilization improves oral health outcomes, boosts satisfaction, and supports whole-person wellness initiatives.



Voluntary Benefits

2026 Outlook

2026 Voluntary Benefits Outlook:

A Transformational Year for Employee Choice & Workforce Strategy

Voluntary benefits enter 2026 as one of the **fastest-evolving and highest-impact components** of the modern employee benefits portfolio. What was once a supplemental add-on strategy has become a **core driver of retention, financial wellbeing, and workforce competitiveness**, fueled by rising healthcare costs, shifting workforce demographics, and employee demand for personalization. **Voluntary offerings have moved from “nice-to-have” perks to essential value-add solutions** that help employers manage cost pressures while meeting the diverse needs of a five-generation workforce. In this section we are focusing on the benefit that are gaining traction in the market. While Accident and Critical Illness plans are more widely offered the categories below are making headlines.

Voluntary Benefits That EE’s Are Asking For



54%

of employees view voluntary health benefits as a core component of a comprehensive benefits program.⁸³

66%

of U.S. workers would switch jobs for better benefits.⁸⁵

The Bottom Line

With growth comes complexity. Employers must navigate a rapidly expanding marketplace of offerings, each with different underwriting rules, enrollment workflows, pricing structures, and ROI considerations. Brokers play a pivotal role in helping organizations determine which benefits matter most, how to structure them, and how to communicate their value effectively.

In 2026, voluntary benefits are no longer simply supplemental. They are central to workforce wellbeing, retention, and the modern employment value proposition.

ERISA is Watching: The New Voluntary Benefits Litigation Landscape

Why This Matters Now:

Courts and regulators are shifting from focusing on enrollment to scrutinizing process, fiduciary oversight and broker compensations. Employers offering voluntary benefits must demonstrate fiduciary rigor even when benefits are 100% employee-paid.

Key Drivers Behind Increased ERISA Scrutiny:

- Process, not perks: Courts are examining how voluntary benefits were selected, monitored, and documented – not just whether employees opted in.
- Fiduciary expectations rising: Even “voluntary” plans may trigger ERISA duties if the employer is involved in promotion, selection, or administration.
- Industry Shift: Legal challenges increasingly target employer oversight and broker compensation practices.

Emerging Employer Risks

- Failure to benchmark premiums or validate value to employees.
- Insufficient documentation from carrier selection or broker compensation disclosure and review.
- Unintentional “endorsement” of voluntary plans, pushing them into ERISA status.

What Employers Should Do Now

- Treat voluntary benefits like ERISA-governed plans until proven otherwise.
- Strengthen documentation of
 - Carrier/product selection
 - Broker compensation structures
 - Value and competitiveness validation
- Ensure communication materials avoid language that could signal endorsement, if trying to avoid becoming an ERISA qualified plan.¹⁴⁸

More than

80%

of voluntary benefit plans fail Safe Harbor and are therefore ERISA-governed, despite employers (and their brokers) believing the plans were exempt¹⁴⁹



Life with Long-Term Care

2026 Outlook



Long-Term Care Outlook for 2026

Life insurance with long-term care (LTC) riders is set for strong growth in 2026 as employers and carriers respond to rising LTC needs and declining stand-alone LTC options. Roughly 70% of adults that reach the age of 65 will require help with activities of daily living, yet only 3% hold LTC insurance¹⁰². In the workplace, interest far exceeds availability—40% of workers expect to need LTC, but only 24% of employers offer a benefit today, with just 9% enrolled¹⁰⁴. This gap is driving renewed momentum toward hybrid life/LTC products as a practical, more affordable alternative to traditional LTC policies.

Employer demand is accelerating nearly 70% of companies are considering Life+LTC offerings, and carrier supply is expanding as more insurers enter the market and add LTC or chronic illness riders to nearly all new voluntary life product designs. Industry experts describe this segment as “staging a comeback,” with combination products becoming strategically important for competitiveness and retention.^{98,101,103}

Regulatory activity is strengthening the tailwinds. Washington State’s WA Cares Fund—a payroll-tax-funded LTC program—goes live with benefits in 2026, and several states (NY, MA, CA, MN and others) are studying similar mandates. This has heightened employer awareness and created incentives to adopt qualified private coverage to help employees avoid potential future taxes. Nationally, regulators support innovation through NAIC consumer-protection standards and emphasize the role of private LTC solutions in easing Medicaid pressure.^{99,100}

By 2026, life insurance with LTC riders is positioned to become a mainstream workplace benefit, propelled by high employee interest, employer competitiveness needs, expanding carrier offerings, and growing state-level policy activity.

70% of 65-year olds will require some long-term care, yet only **3%** of Americans currently own any LTC insurance¹⁰²

40% of workers expect to need LTC as they age, but only **24%** of employers offer an LTC benefit today, with just **9%** enrolled¹⁰⁴



What's Driving Change for 2026?

Demographic Shifts: Each day ~11,000 Baby Boomers turn 65, and (70%) of Americans over 65 will require some help with activities of daily living.

Rising LTC Costs: The average annual cost of a semiprivate nursing home room is \$111,325. The average annual cost for a private nursing home room is \$127,750.⁸⁸ Traditional LTC insurance has become unaffordable for most people.

Competitive Pressure: Two in five employees consider LTC insurance a “very important” benefit, and over 20% say they want LTC coverage but lack access to it at work¹⁰².

Education and Awareness: Only 23% of workers feel they have strong knowledge of how to obtain LTC services, while 37% admit to little or no knowledge.¹⁰⁴

Regulatory Drivers: The NAIC and state regulators have updated model regulations to accommodate LTC riders within life policies.⁹⁹ Expanding private LTC coverage could relieve pressure on Medicaid.⁹⁹

Projected Market Dynamics for 2026

Segment	Current Adoption & Trends	Future Outlook
Large Employers (500+)	Higher adoption today; a roughly a quarter offer LTC benefit. ¹⁰⁴	Most large firms are expected to implement or expand Life+LTC coverage. ¹⁰²
Mid-Sized (100–499)	Moderate adoption currently, but rapidly growing. ¹⁰¹	Mid-sized firms will substantially close the gap with large employers. ¹⁰¹
Small Employers (<100)	Low current adoption, but interest is emerging. ¹⁰⁰	Gradual uptake.
Industry Leaders	Healthcare, financial services, and professional services are leading. ¹⁰¹	These industries will continue to lead in 2026. ¹⁰¹

Product Design Trends:

- Simplified Underwriting: Frequently offered on a guaranteed issue basis
- Lower Benefit Amounts: Modest face values with LTC riders that accelerate benefits⁹⁹
- Inflation Hedge: Newer products are offering an inflation rider
- Family Care: More Life/LTC products allow family members to provide care
- Regulatory Compliance: More life/LTC riders meet IRS Code §7702B requirements⁹⁹

Over 25% of current Life+LTC purchasers are under age 40.¹⁰¹

The average enrollee age has dropped from 57 to 47.¹⁰⁴

Millennials report the highest level of concern about future LTC costs.¹⁰²



Employer Strategies for Implementation, Education & Communication

Education Campaigns

Two-thirds of carriers report investing in employee education and engagement due to complex nature of product.⁹⁸

Employers should treat LTC education as an ongoing effort, not just a one-time blurb in open enrollment materials.

Multi-Channel Comms

Successful rollout requires meeting employees where they are. Employers should use multiple channels from traditional print brochures, to digital channels like intranet sites, videos, and mobile apps to communicate the value of LTC coverage.⁹⁸

Storytelling such as a real story of an employee using the benefit or having a love one use or need a similar benefit making it more relatable.

Integrated Benefits Positioning

Frame LTC coverage as part of a holistic benefits strategy.

Consider hosting a *Planning for the Future* workshop that covers 401(k) savings, long-term care, and estate planning in one venue, showing how the LTC benefit complements other financial benefits.

Tailoring by Employer Size

Large employers often create extensive custom communication plans, where smaller employers tend to use simpler, low-cost approaches like a one-pager. In all cases, the trend is toward leveraging external expertise – employers recognize that working with insurance partners brings specialized knowledge needed to explain LTC concepts correctly.

Enrollment Incentives

Making enrollment as easy as possible and incentivizing action.

Employers who have been offering it for years should have refined their enrollment process through lessons learned – for example, knowing which enrollment messaging resonated, or which groups were under enrolled and need extra outreach.⁹⁸

Life + LTC: Broker Talking Points

- ✓ “LTC is no longer optional—40% of employees expect to need care, but fewer than 1 in 4 employers offer it.”
- ✓ “As states move toward mandatory LTC taxes—private solutions may exempt your employees.”
- ✓ “Hybrid Life + LTC meets employees where they are.”
 - Guaranteed-issue options
 - Portability – take it with you when you leave your employer
 - Solves two problems with one product: financial protection + care protection
- ✓ “Your workforce is experiencing their parents needing care and want to protect themselves, so their kids don’t have to figure it out.”
- ✓ “Providing LTC boosts retention for high-tenure, high-skill employees.”
- ✓ “Only 27% of employees understand LTC—whoever educates the workforce wins the enrollment.”
- ✓ “LTC fits perfectly into financial wellness and executive benefits strategies.”
- ✓ “Employees want caregiving solutions now—not later. The earlier one purchases the less expensive it is.”



Pet Insurance

2026 Outlook



Pet Insurance:

From Niche to Noteworthy

Pet insurance has officially moved from a quirky perk to a core component of competitive benefits packages, and the data behind the shift is impossible to ignore. Across industries, employers are recognizing that supporting “the whole employee” increasingly means supporting the furry family members that shape their daily lives.

A Market Growing Faster Than Anyone Expected

The North American Pet Health Insurance Association (NAPHIA, 2024) reports that the industry continues to surge at double-digit growth rates, driven by record pet ownership and soaring veterinary costs. Pet insurance premiums and enrollment have climbed year over year, signaling a benefit that is no longer niche; **it’s mainstream and accelerating**. Shortlister data shows 64% of employers now provide pet insurance as an option for employees, with 3% covering the entire cost.

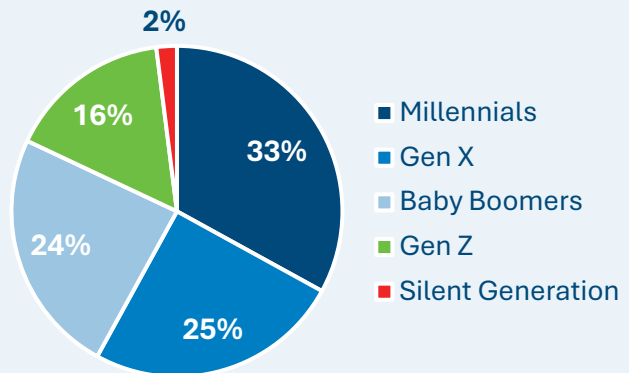
94M

U.S Households
owning at least
on pet

+8.5%

YoY Veterinary
Care Price
Increases

Share of Current Pet Owners by Generation



49% Gen Z
45% Millennials

would be more inclined to stick with
an employer offering pet-related
benefits

Pet insurance in the US has a five year average growth rate of 25%. (PRNewswire May 8, 2025)

Market Dynamics

Offering pet insurance delivers high perceived value at little cost. Given that Americans have **94 million pet-owning households** and veterinary costs are rising faster than general inflation, employees see real financial protection in this benefit. Surveys show pet insurance can improve employee satisfaction and loyalty – employees at pet-friendly companies report **84% higher benefits satisfaction**. Additionally, **75% of pet parents say their pet’s health issues affect their work stress and productivity**.¹¹⁵ By alleviating pet care financial stress, pet insurance indirectly boosts workplace focus and morale. The strong emotional bond many workers have with “fur babies” means this benefit also signals an inclusive, empathetic culture. On the market side, insurers are racing to expand – **total premiums exceeded \$4 billion in 2023 and are on track to grow double-digits annually**. New entrants and products (like wellness add-ons) are increasing competition and options

Navigating the Legal Landscape

As of late 2025, 14 states have adopted NAIC-inspired rules to treat pet insurance as a unique product with specific terms and protections. California, Pennsylvania, Ohio, Florida, and Louisiana are among the first states to adopt such legislation, with more expected to follow in 2026.

Here’s what the Model Act requires:

- **Clear definitions and disclosures:** Terms like “pre-existing condition,” “chronic condition,” or “waiting period” must be explained clearly, so there’s no fine-print confusion.
- **Transparency about what is and isn’t covered:** Insurers must state upfront what is excluded, whether coverage can be reduced over time, and how renewals work.
- **Separation between insurance and wellness:** Routine care and wellness benefits (like vaccines and checkups) must be marketed separately from accident and illness insurance products.
- **Proper licensing and training:** Before selling, soliciting, or negotiating a pet insurance product, providers must obtain proper licensing and training. Training topics include pre-existing conditions, waiting periods, the differences between pet insurance and non-insurance wellness programs.

Employer Strategies

Integrate Pet Insurance Into Total Well-Being Messaging:

Employers increasingly position pet insurance as part of holistic well-being—linking it to mental health, financial wellness, and family support. Presenting it alongside medical, dental, and voluntary benefits helps employees understand its relevance and reduces the chance it is overlooked.¹²⁶

Multi-Channel Education

High-engagement rollouts rely on broad, accessible education. Employers use email campaigns, intranet FAQs, visual media with pet imagery, and short explainer videos. Many also host webinars with carriers to demystify coverage and claims. Surveys show that awareness is critical, as many employees initially don't realize the benefit exists. Peer and leadership testimonials further increase interest and satisfaction—employees at pet-friendly companies show significantly higher job satisfaction.¹¹⁷

Emphasize Convenience, Flexibility & Value:

Employers highlight key selling points to overcome misconceptions: easy payroll deduction, coverage at any licensed vet, group-rate discounts, modern digital claims (including app-based reimbursements), and simple enrollment. Employers also promote negotiated savings with better group pricing than individual plans.

Partner with Providers for Enrollment Support:

By 2026, carriers routinely supply custom marketing materials, virtual or onsite support for benefits fairs, and decision-support integration for HR platforms. Employers treat the pet insurance vendor as an engagement partner. Satisfaction with providers is consistently high, encouraging deeper collaboration in communication and rollout.¹²⁰

Reinforce a Pet-Friendly Culture:

Companies enhance the value of pet insurance by pairing it with broader pet-inclusive initiatives—pet spotlights, adoption assistance, bereavement leave, or flexible schedules for vet appointments. These cultural cues normalize conversations about pets and boost peer-to-peer promotion. HR leaders note that 87% believe pet insurance signals that an employer genuinely cares about employees and their families.¹¹⁷

Broker Talking Points

- ✓ **High Impact at Zero Employer Cost:** Pet insurance is a voluntary, employee-paid benefit, giving employers an easy, no-cost way to enhance their package and boost morale.¹²⁵
- ✓ **Meeting Strong Employee Demand:** With 66%+ of U.S. households owning pets, employees are asking for this benefit. 78% of HR professionals say pet insurance is important because workers want it, and one-third of pet owners say they'd stay with a job because it's offered.¹²⁷
- ✓ **Stress the ROI in Engagement:** Employees with pet insurance are less stressed and even attribute higher satisfaction to it. Share success stories of other companies that added pet insurance.^{115,127}
- ✓ **Simple Administration:** Leading providers now make administration simple using online portals for enrollment and payroll deduction. Employees can also enroll at anytime.^{115,127} Some firms are even building out their products to be enrolled on current benefit administration systems.
- ✓ **When pitching this benefit, frame it as a part of a holistic well-being strategy:** *“Our benefits care for employees’ whole families – including their pets”*¹¹⁵
- ✓ **Mention the Regulatory Trend:** *“Pet Insurance is becoming more standardized and safer for consumers due to new laws, so now is a great time to offer it – you can be confident employees will get reputable coverage under clear laws.”*¹²⁷

Overall, pet insurance is “low-hanging fruit” – a voluntary benefit with high appeal and virtually no downside





Identity Theft / Cyber Safety Protection

2026 Outlook

Cybersafety and ID Theft Protection

Identity theft and cyber fraud have exploded, making Identity Theft Protection a top-tier voluntary benefit. A comprehensive 2025 workplace study found 77% of employees experienced an identity theft or cybersecurity issue in the past year – effectively a majority of the workforce.¹⁴⁴ U.S. consumers collectively lost \$47 billion to identity fraud and scams in 2024, an all-time high.¹⁵⁰ These crimes have severe personal and professional costs: a victim often spends 100–200 hours of personal time resolving identity fraud if they don’t have expert help.¹⁵¹ In the interim, they may suffer financial loss, credit damage, and emotional distress. It’s no surprise that 42% of employees say identity theft concerns increase their stress at work.¹⁴⁴ Offering ID theft protection addresses a nearly universal worry. Adoption has surged: industry surveys listed ID protection among the “top 5 voluntary benefits to watch” ¹⁵¹, alongside much older staples like accident and critical illness plans. Many employers either offer it now or are actively evaluating it. Notably, a Gallagher survey found 67% of employers planned to broaden voluntary benefits for 2025 – with identity protection programs high on the list and we expect that to continue in 2026 as these programs continue to evolve. ¹⁵¹ Market penetration is climbing steadily; ID protection has quickly shifted from a nice-to-have perk to a standard component of modern benefit packages (on par with things like pet insurance and legal plans).

Identity Fraud Losses

\$47B ¹⁵⁰

Employees Affected

77%

U.S. employees who experienced an identity theft or cyber issue in the past year¹⁴⁴



Deepfakes have become dramatically easier and cheaper to create resulting in more sophisticated and hyper-personalized phishing attacks.

Drivers of Change

Escalating cybercrime and identity fraud

- U.S. consumers reported losses of \$12.5b to the FTC in 2025. Experts believe the true loss is closer to \$47b as many people don't report losses.
- Employees face direct financial loss, credit damage, and significant time spent resolving fraud-related issues^{142 143}

Significant personal and productivity impact

- Identity theft victims often spend 100+ hours addressing fraud and restoring their identity
- A 2025 LegalShield workplace study found identity theft concerns materially increase employee stress, reduce focus at work, and contribute to productivity loss and absenteeism¹⁴⁴

Strong employee demand and loyalty impact

- A majority of employees worry about personal data exposure and how to fix it if it happens to them
- More than 60% report increased loyalty to employers that offer identity theft protection^{144 145}

Attractive employer value proposition

- Low cost and minimal administrative burden for employers
- High perceived employee value makes identity theft protection one of the most compelling voluntary benefits for 2026

Market Impact



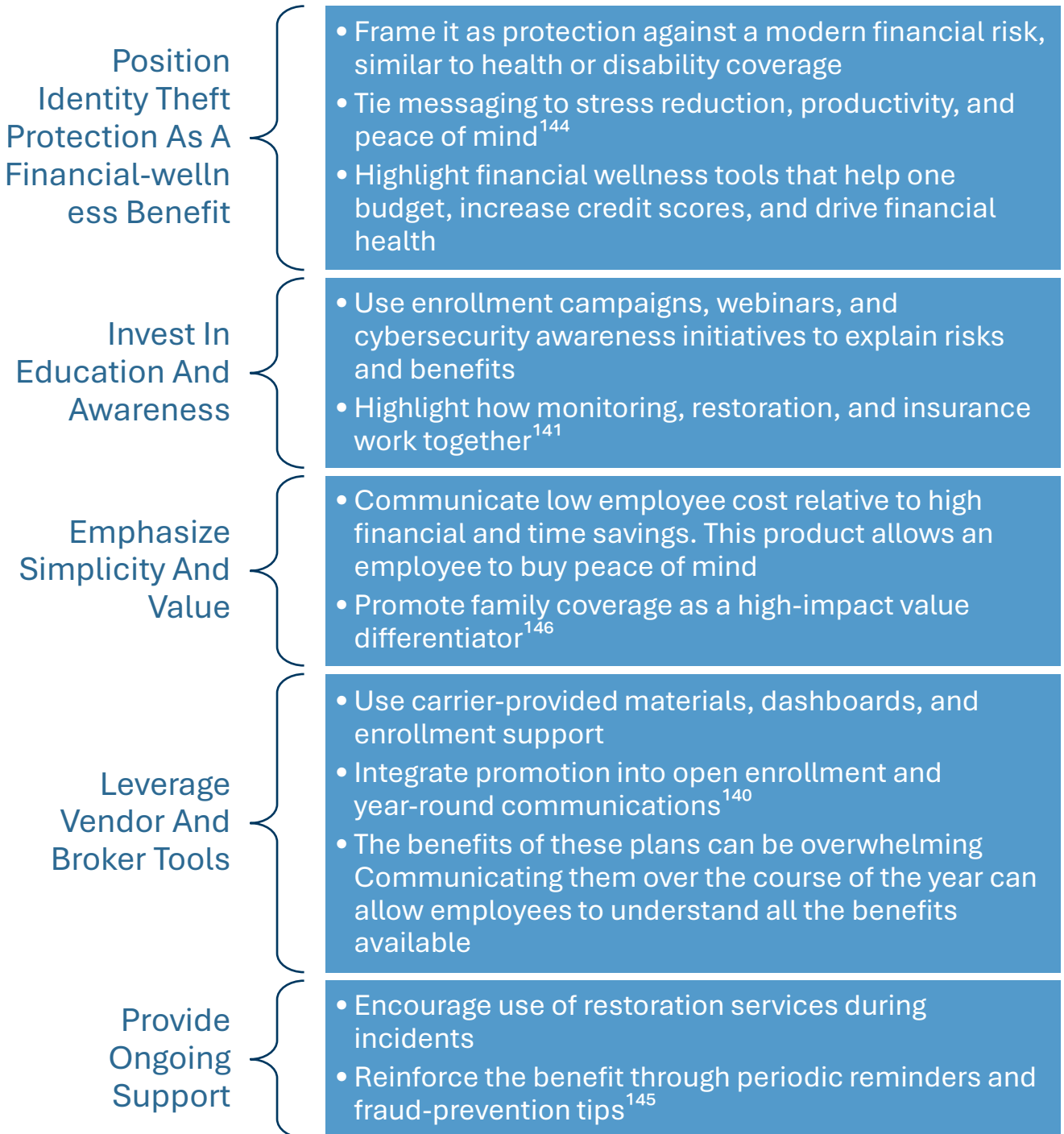
Identity theft protection adoption is expanding across employer sizes and industries. Large employers led early adoption, with a majority already offering coverage by 2023, particularly in technology, finance, and professional services¹³⁹. By 2026, identity theft protection is expected to approach near-universal availability among large employers, either as a voluntary or employer-paid benefit.

Mid-sized employers are rapidly closing the gap due to strong employee demand and low implementation cost. By 2026, roughly half or more of mid-market employers are expected to offer identity protection through broker-led voluntary benefit platforms¹³⁹. Small employers are adopting at a slower pace but increasingly access identity protection through bundled benefit solutions and PEOs, with projected adoption rising meaningfully by 2026¹⁴⁰.



Employee utilization spans age and income groups. Younger employees—particularly those aged 30–39—file a disproportionate share of identity theft reports, while older employees value coverage to protect retirement assets. Family and household coverage has further broadened participation, driving strong enrollment rates¹⁴¹.

Employer Strategies



Broker Talking Points

- ✓ **High Risk Problem, High-Employee Demand:** ID theft affects millions annually. Nearly all workers worry about data exposure, making protection highly valued.¹⁴² Artificial Intelligence has made it much harder to determine what is real and what is not.
- ✓ **Low-Cost, Easy-to-Implement Benefit:** Typically employee-paid or low-cost employer-sponsored. No medical underwriting or administration.¹³⁹
- ✓ **Two-Fold Protection: Prevention & Recovery:** Monitoring and alerts help prevent fraud. Dedicated restoration specialists and insurance covers losses and recovery costs including cyber bullying and crypto coverage.¹⁴¹
- ✓ **Improves Retention and Productivity:** Employers report higher loyalty and lower stress when coverage is available. Reduced work disruption during fraud incidents.¹⁴⁴
- ✓ **Supports Employer Risk Management:** Helps employers respond quickly to data breaches. Aligns with growing regulatory expectations around data security and employee protection.¹⁴³

“In 2026, with cyber risks at an all-time high, providing identity protection is as basic as providing a smoke alarm – it’s a safety measure employees expect you to have in place.”





Next Generation Cancer Coverage

2026 Outlook



Market Outlook

Cancer insurance has evolved significantly over the past decade—from traditional stand-alone cancer policies with fixed schedules of benefits to broader Critical Illness plans offering lump-sum payments, and more recently toward personalized, technology-enabled precision medicine solutions. This evolution reflects both advances in medical care and growing demand for benefits that address the financial and clinical complexity of cancer diagnoses.¹²⁹

Critical Illness insurance in particular has experienced sustained double-digit growth, averaging approximately 12% annually over the past several years. More than one-third of U.S. employers now offer some form of Critical Illness coverage, reinforcing that demand for this category is both established and growing.¹³⁰

The current market is now shifting toward “next-generation” cancer benefits that integrate advanced care navigation, genomic technology, and personalized clinical support. These solutions often combine genetic risk screening, molecular diagnostics, expert second opinions, and digital care navigation tools to help members make more informed treatment decisions. Rather than replacing traditional Critical Illness insurance, these offerings are typically positioned as enhancements layered on top of existing plans.¹³¹

As medical innovation accelerates, there remains a significant lag—averaging approximately 17 years—between the development of new clinical technologies and their widespread adoption by providers and coverage under major medical insurance. This gap has created an opportunity for voluntary benefits to serve as a bridge, enabling earlier access to emerging diagnostics and personalized care. As a result, precision-driven cancer benefits are expected to become a more normalized component of voluntary benefits strategies in 2026 and beyond.¹³²



Key Change Drivers



Rising cancer-related healthcare costs

Cancer continues to be one of the top medical cost drivers for employers, with U.S. cancer care spending exceeding **\$200 billion annually**. Even among well-insured populations, employees face significant out-of-pocket exposure, increasing demand for supplemental financial protection through Critical Illness, cancer insurance, and emerging genetic-based benefits.⁵



Increasing disease prevalence across the workforce

Business Group on Health's 2025 Employer Care Strategy Survey found that **72% of large employers** have experienced rising cancer prevalence among employees over the past few years, heightening employee awareness of risk and driving receptivity to benefits that combine financial protection with care navigation and clinical guidance.^{55 133}



Growing demand for personalization and preventive care

Employees increasingly value benefits tailored to individual risk profiles, with **57% reporting that employer-offered genetic testing could improve health outcomes**, and nearly half indicating it could positively influence retention. Rapid advances in genomic testing, declining costs, and expanding clarity around genetic privacy have made these offerings increasingly feasible for employers.^{135,129,136}

72%

Large employers report a higher prevalence of cancers within their workforce over the past few years¹³³

57%

Of surveyed employees believe employer-provided genetic testing could improve personal health outcomes

Market Impact & Adoption Trends



Large employers continue to lead

adoption Approximately half already offer Critical Illness or stand-alone cancer coverage, with many also integrating precision oncology resources through either medical plans or voluntary products. In 2026, more large employers are expected to layer in enhanced cancer solutions that include care navigation services and genomic support.^{129 130}

Mid-sized employers are increasingly following suit,

with adoption centered on turnkey carrier solutions that bundle Critical Illness coverage with care advocacy, navigation, and wellness features. Small employers continue to adopt at a more gradual pace, often constrained by cost sensitivity and administrative complexity.¹²⁹



Employee engagement spans

generations, though motivations differ by age. Older employees tend to prioritize financial protection and navigation support following a diagnosis, while younger employees show strong interest in preventive genetic insights—particularly those already familiar with direct-to-consumer genetic testing models.^{135 136}

Overall, genetic-based precision medicine offerings are most attractive as enhancements, rather than replacements, for employers that already offer Critical Illness or cancer-only coverage, reinforcing the trend toward layered voluntary benefit strategies.^{129 131}



Employer Strategies

Prioritize education and transparency

- Use clear, empathetic messaging to explain why cancer and genetic benefits are offered and how they complement existing medical coverage.
- Proactively address privacy and confidentiality concerns related to genetic testing, emphasizing voluntary participation and protections under GINA and related regulations.¹³⁵

Embed within the broader benefits strategy

- Position cancer and genetic benefits as part of an integrated health, wellness, and financial-wellbeing ecosystem rather than stand-alone add-ons.
- Align messaging across medical plans, disability, EAP, and leave programs to reinforce coordinated support during diagnosis, treatment, and recovery.^{131 133}

Offer strong decision support

- Provide benefits counseling, enrollment education, and guided comparisons to help employees understand what these plans cover and when they provide value.
- Use FAQs, webinars, and scenario-based education to illustrate typical use cases and personal relevance.¹³¹

Maintain year-round engagement

- Reinforce awareness outside of open enrollment through wellness campaigns, cancer awareness months, and targeted reminder communications.
- Ensure HR teams, leave administrators, and benefits partners are aware of available cancer support resources at the point of diagnosis or when an absence occurs.¹³³

Adapt communication by employer size

- Large employers often deploy multi-channel campaigns with family-inclusive education and digital tools.
- Mid-sized employers frequently leverage carrier- and broker-provided educational materials.
- Small employers benefit from simple, direct messaging supported by broker-led education and enrollment assistance.^{129 130}

Broker Talking Points

Protect employees from one of the costliest illnesses

- ✓ Cancer remains among the leading drivers of employee financial hardship
- ✓ Highlight access to genetic risk screening, expert second opinions, navigation support, and precision treatment resources
- ✓ Position these programs as individualized, concierge type medicine that is technology-enabled rather than traditional insurance¹³¹

Strengthen recruitment and retention

- ✓ Nearly half of employees say genetic health benefits increase employer loyalty
- ✓ These offerings signal long-term investment in employee well-being and differentiate employers in tight labor markets¹³⁵

Low employer cost, high perceived value

- ✓ Employers can offer cutting-edge benefits with minimal budget impact^{129 130}
- ✓ Identifying the best way to tract a person's individual cancer will lead to better outcomes and reduced medical spend for the employer

Support better outcomes and productivity

- ✓ Enhanced cancer support can influence care decisions, reduce unnecessary treatment, and support faster recovery
- ✓ Healthier recoveries help reduce absenteeism and productivity disruption¹³³

Simple implementation with expert partners

- ✓ Carriers and vendors provide turnkey enrollment, education, and support services
- ✓ Brokers manage rollout, communications, and alignment with employer culture




Financial Wellness

2026 Outlook



Financial Wellness



- 57%** of employees name financial matters as their top source of stress¹⁷⁰
- 91%** of large employers say financial wellness is critical to overall well-being strategy¹⁷⁴
- 60%+** of employers are planning to expand financial wellness offerings in 2026¹⁷⁴
- 37%** of Americans cannot afford a \$400 emergency expense¹⁷²

- With economic uncertainty and inflation persisting, financial wellness benefits have become essential rather than optional. Surveys consistently show that money is the leading source of employee stress—**57% of workers cite financial stress as their top personal challenge.**¹⁷⁰ This stress carries into the workplace: studies indicate employees spend **over eight hours per month during work time managing financial issues**, negatively affecting focus and productivity.¹⁷¹
- Financial fragility remains widespread. In 2024, as pandemic-era savings dwindled and student loan repayments resumed, employees' financial fragility grew. **Approximately 37% of Americans cannot cover a \$400 emergency expense**, and a majority report anxiety about unexpected medical bills.¹⁷² Demand for employer support is strong—**nearly 80% of employees prefer employers offering a broad range of voluntary benefits**, including financial wellness tools.¹⁷³ Employers recognize this need: **91% of employers view financial wellness as critical to overall employee well-being**, and **over 60% plan to expand these offerings in 2026.**¹⁷⁴ It should be noted that while employees want these services, they don't want to share their financial health with their employer.



Market Dynamics & Impacts

Financial wellness programs deliver meaningful employee outcomes, including reduced financial stress, improved financial literacy, stronger saving behaviors, and more effective use of employer-sponsored benefits such as FSAs, HSAs, and retirement plans, according to the Federal Reserve’s household finance research and large, multi-employer benefits surveys conducted by Bank of America and the International Foundation of Employee Benefit Plans.^{172,174,175} **Improved financial well-being is also directly linked to higher engagement and productivity.** Independent research shows that employees experiencing financial stress are significantly more likely to be distracted at work, while employees who report access to employer-provided financial education and tools demonstrate greater focus, engagement, and on-the-job performance.^{171,175}

Employers offering financial wellness benefits consistently report stronger retention and loyalty. MetLife’s 2025 Employee Benefit Trends Report shows that employees who feel their employer supports their financial well-being report higher loyalty, stronger intent to stay, and greater trust in their employer’s long-term commitment.¹⁸¹ SHRM and PLANADVISER similarly identify financial wellness benefits as retention-relevant, particularly when programs emphasize ongoing education and decision support rather than one-time tools.^{138,180}

Tangible financial supports, such as student loan assistance, play an outsized role in retaining early- and mid-career employees, while broader adoption has been supported by rapid market expansion and declining per-employee costs, making financial wellness more accessible across employer sizes.^{171,173,177,180} Regulatory and economic factors further reinforce adoption: SECURE 2.0 enables student-loan-based retirement matching, and periods of elevated inflation increase employees’ reliance on employer-provided financial resources.^{172,176,181,182}

Collectively, financial wellness benefits are now viewed as a foundational pillar of total well-being, alongside physical and mental health. Over time, employers expect these programs to contribute to reduced absenteeism, lower stress-related healthcare utilization, and sustained workforce productivity—outcomes consistently linked to improved financial stability.^{181,186}



Key Change Drivers

Economic pressure: Persistent inflation, higher interest rates, and the restart of student loan payments have increased financial stress across the workforce, particularly younger employees, intensifying demand for workplace financial support. ^{172,176}

Demographic needs: Younger employees face high student debt and limited financial literacy. Mid-career employees often juggle caregiving (children and/or parents), college costs, and retirement planning.

Talent competition: Adoption of financial wellness benefits is accelerating as employers seek to remain competitive with peers offering student loan assistance, enhanced retirement benefits, earned wage access, and emergency savings tools. Large employer surveys show that employees increasingly evaluate benefits packages holistically, and that perceived gaps in financial support can influence attraction and retention decisions, particularly in tight labor markets. ^{138,180}

Technology enablement: Advances in HR technology, payroll integration, and benefits analytics have lowered barriers to implementation and measurement. Modern platforms enable employers to deploy financial wellness programs at scale, integrate them with payroll and retirement plans, and track engagement and outcomes such as utilization, employee sentiment, and productivity proxies. ^{173,180}

Regulatory momentum: SECURE 2.0 expanded employers' ability to support financial security by allowing retirement plan matching contributions tied to student loan payments and emergency savings features. In parallel, a number of state-mandated retirement programs require employers to facilitate payroll-based savings if no qualified plan is offered. ^{176,182}

Entire workforce: Financial wellness initiatives support equity by addressing disparities in access to financial education, credit, and savings opportunities. Household finance research consistently shows that lower-income workers and workers without access to employer-sponsored retirement plans are more vulnerable to financial shocks, making workplace financial education and savings access an important tool for reducing structural gaps across the workforce. ^{172 175}

34%
of private-sector employees expect to stay
with their employer, compared to
61%
of those without debt²¹²

Employer Strategies



Broker Talking Points

✓ Clear business ROI:

- Independent workforce research from SoFi and the International Foundation of Employee Benefit Plans (IFEBC) shows that financial stress directly erodes productivity and retention, with a majority of employees reporting that money concerns distract them at work and impair focus and performance. Employers addressing financial stress through workplace financial wellness programs report improved concentration and reduced turnover pressure as a result.^{171,175}

✓ Proven impact:

- Large multi-employer surveys conducted by Bank of America and MetLife indicate that financial wellness has moved from optional to essential: more than nine in ten employers now view financial wellness as critical to overall workforce well-being. These programs are associated with fewer 401(k) loans, higher employee satisfaction, and stronger retention outcomes, often generating positive return by preventing even a small number of high-cost departures.^{174,181}

✓ Strong employee demand:

- Employees—especially younger workers—actively want help with student loans and financial basics. In surveys, financial wellness often ranks nearly as valuable as additional pay and can influence offer decisions in competitive markets.^{138,171}

✓ Flexible, budget friendly approach:

- Programs don't need to launch all at once. Employers can start with education and one high-impact benefit (e.g., student loan support or emergency savings), then expand based on engagement. Many tools are low-cost or bundled with retirement plans or other benefits.^{173,180}

✓ Tax advantages & legislation:

- Employers can provide tax-free student loan assistance up to \$5,250/year through 2026 (and adjusted for inflation thereafter) and link loan payments to 401(k) matching under SECURE 2.0, creating a powerful win-win.^{176,182}

✓ Part of holistic well-being:

- Research from IFEBC and MetLife consistently demonstrates that financial stress is tightly linked to anxiety, depression, absenteeism, and lower productivity, leading employers to increasingly integrate financial wellness alongside medical and behavioral health programs. Framed this way, financial wellness completes the total well-being equation and signals sustained commitment to the “whole employee.”^{175,181}

Financial Wellness is one of the most capital-efficient benefits available, preventing even one voluntary turnover, often costing **30-50%** of salary, can offset the annual cost of an entire program, especially when benefits are phased in and bundled with existing platforms.^{213,214}



Mental Health Benefits

2026 Outlook



Mental Health Benefits Are Now Core

Fully mainstream: Mental health is now a standard component of benefits—**94% of large employers include it in their well-being strategy**, and virtually all maintain EAPs or mental health initiatives.¹⁸⁵

Rapid expansion: About **50% of U.S. employers now offer enhanced mental health support beyond EAPs**, up from ~30% just two years ago, including counseling, coaching, and digital tools.¹⁸⁵

Strong employee demand: **62% of employees say mental health access influences whether they stay with an employer**, with younger workers especially expecting robust, stigma-free support.¹⁸⁴

High utilization, low stigma: Use of therapy and coaching services reached record levels post-pandemic, with **outpatient mental health utilization up ~20%** and remaining elevated.¹⁹³

Clear cost impact: Untreated mental health conditions drive significant productivity loss and burnout, costing employers thousands per employee annually.¹⁸⁶

Tele-mental health is the norm: **95% of multinational employers now offer teletherapy**, a dramatic shift from pre-pandemic access levels.¹⁸⁵

Employee value is clear: In surveys, **8 in 10 employees want employers to continue prioritizing mental health**, reinforcing its role as a foundational benefit alongside medical and dental.¹⁹⁴

Post-COVID Uptick

95%

Large employers including mental health in well-being strategy¹⁸⁵

Retention Impact

62%

Employees who say mental health resources influence their decision to stay with an employer¹⁸⁴

Expanding Coverage

~50%

Share of employers in 2025 offering mental health support beyond traditional EAPs (up from 30% in 2023)¹⁸⁵

Key Change Drivers



Market Dynamics & Impacts

- **Higher utilization, better outcomes:**

- Utilization of employer-sponsored mental-health benefits continues to rise as access improves and stigma declines. While this can increase short-term outpatient claims, evidence shows that earlier access to therapy and medication management helps prevent escalation into high-cost events such as inpatient hospitalizations and extended disability claims, shifting spend away from crisis care and toward prevention. ^{60,183,193}

- **Productivity & engagement gains:**

- Employers with robust programs report **lower absenteeism, shorter disability durations, and higher engagement** as employees access care earlier. ^{55,183,204}

- **Retention differentiator:**

- Mental-health support is now a **competitive advantage**, especially for younger workers who actively ask about counseling access and flexibility. ^{138,181,196}

- **Medical cost offsets:**

- Addressing mental health can **reduce overall medical spend**, as untreated conditions often worsen chronic physical health issues. ^{186,198}

- **Virtual care expansion:**

- Tele-mental health has dramatically improved access—shorter wait times, broader provider networks, and better reach for rural or time-constrained employees. ^{63,67,193,195}

- **Manageable cost impact:**

- Stronger parity enforcement may raise plan costs modestly ($\approx 1-2\%$), but many employers view this as acceptable given productivity and retention benefits. ^{185,187}

A 2025 cohort study published in *Global Business & Economics Journal* evaluated medical spending among nearly 14,000 employees and dependents receiving an enhanced employer-sponsored behavioral health benefit. After accounting for program costs, medical claims spending declined by an average of \$1,070 per participant in the year following implementation, compared with matched controls. This reduction translated into a return on investment of approximately 1.9 to 1, meaning employers realized about \$1.90 in reduced healthcare spending for every \$1.00 invested in the mental health program. ²¹⁵

Employer Strategies

EAP as the baseline: Nearly all large employers continue to offer EAPs as the foundation of mental-health support, providing short-term counseling, referrals, and crisis resources.¹⁸⁵

Expanded clinical coverage & parity: Employers are enhancing access to therapy and psychiatry through health plans, focusing on parity compliance, reduced cost-sharing, and fewer coverage barriers.¹⁸⁷

Third-party mental-health platforms: Many employers contract with external mental-health vendors to expand access beyond traditional EAPs, offering faster connections to therapists, coaches, and digital care models.¹⁹⁵

Tele-mental health normalization: 95% of multinational employers now provide teletherapy, significantly reducing wait times and access barriers compared to pre-pandemic models.¹⁸⁵

Manager and leader training: Employers are investing in leadership training to better recognize burnout, support employee mental health, and foster psychologically safe workplace cultures.¹⁹⁶

Mental health days & flexible time off: Dedicated mental-health time off and greater flexibility are increasingly used to reduce burnout and encourage preventive care.¹³⁸

Workshops & preventive programming: Employers offer on-site or virtual programs focused on stress management, mindfulness, and resilience, often extending support beyond clinical treatment alone.¹⁸⁵

Peer support & ERGs: Mental-health-focused employee resource groups and peer-support initiatives are growing as a complement to formal benefits, helping reduce stigma and improve engagement.¹⁹⁷

Integrated care models: Progressive employers are embedding mental-health services into broader care strategies, including tele-primary care and on-site clinics that incorporate behavioral health.¹⁹⁵

Digital self-help tools: Employers frequently offer free access to meditation, sleep, and cognitive behavioral therapy apps, supporting self-guided care alongside clinical services.¹⁹⁴

Evolving benefit design: Employers are monitoring emerging therapies and delivery models while maintaining compliance with Mental Health Parity requirements and regulatory guidance.¹⁸⁷

Broker Talking Points

- ✓ **Workforce expectation:** Mental health support is now a baseline benefit—**nearly all large employers include it**—and organizations that do not prioritize mental well-being risk falling behind on attraction and retention.¹⁸⁵
- ✓ **Performance impact:** Unaddressed mental-health issues contribute to burnout, errors, lower productivity, and higher absenteeism. Employers that invest in mental health see improvements in engagement and performance.¹⁸⁶
- ✓ **Cost mitigation:** While expanded access may modestly increase short-term costs, early intervention can **prevent far more expensive outcomes** such as disability leaves, hospitalizations, and high medical claims driven by untreated stress or depression.¹⁹⁴
- ✓ **Scalable, affordable options:** Employers can tailor solutions to fit budget and culture—enhancing EAPs, adding teletherapy vendors, or training managers. Increased competition and telehealth adoption have made high-quality services more cost-effective.¹³⁸
- ✓ **Confidentiality & utilization:** Privacy is protected; employers receive only **de-identified, aggregate data**. Utilization of enhanced programs is significantly higher than traditional EAP-only models, especially when benefits are well-communicated.¹³⁸
- ✓ **Culture & loyalty benefits:** Visible investment in mental health strengthens morale, trust, and loyalty, fostering a more open and supportive workplace culture.¹⁹⁶
- ✓ **Competitive benchmarking:** Peer organizations continue to expand counseling access, mental-health time off, and leadership engagement—employers that do not keep pace risk reputational and talent disadvantages.¹⁸⁵
- ✓ **Maximizing existing resources:** Many health plans already include digital mental-health tools or teletherapy options that can be leveraged at low or no additional cost.¹⁹⁶



Caregiving Benefits

2026 Outlook



Market Outlook

1 in 5

U.S. Workers currently provides for an adult relative or a child with special needs.^{199,200}

73%

U.S. employees report some caregiving responsibility.^{199,200}

Absenteeism, presenteeism, and turnover related to caregiving cost U.S. employers an estimated

\$30-\$35B
Annually²⁰²

Caregiving is now the **#2 reason employees exit the workforce** (after retirement), disproportionately affecting mid-career employees and specifically women.²⁰¹

Supporting employees with caregiving responsibilities has emerged as a **critical benefits trend** heading into 2026, often described as addressing a “caregiving crisis.”

Approximately **20% of employees are now providing care** to an adult relative (elderly parent, ill spouse) or a special needs child, on top of their jobs^{199,200}.

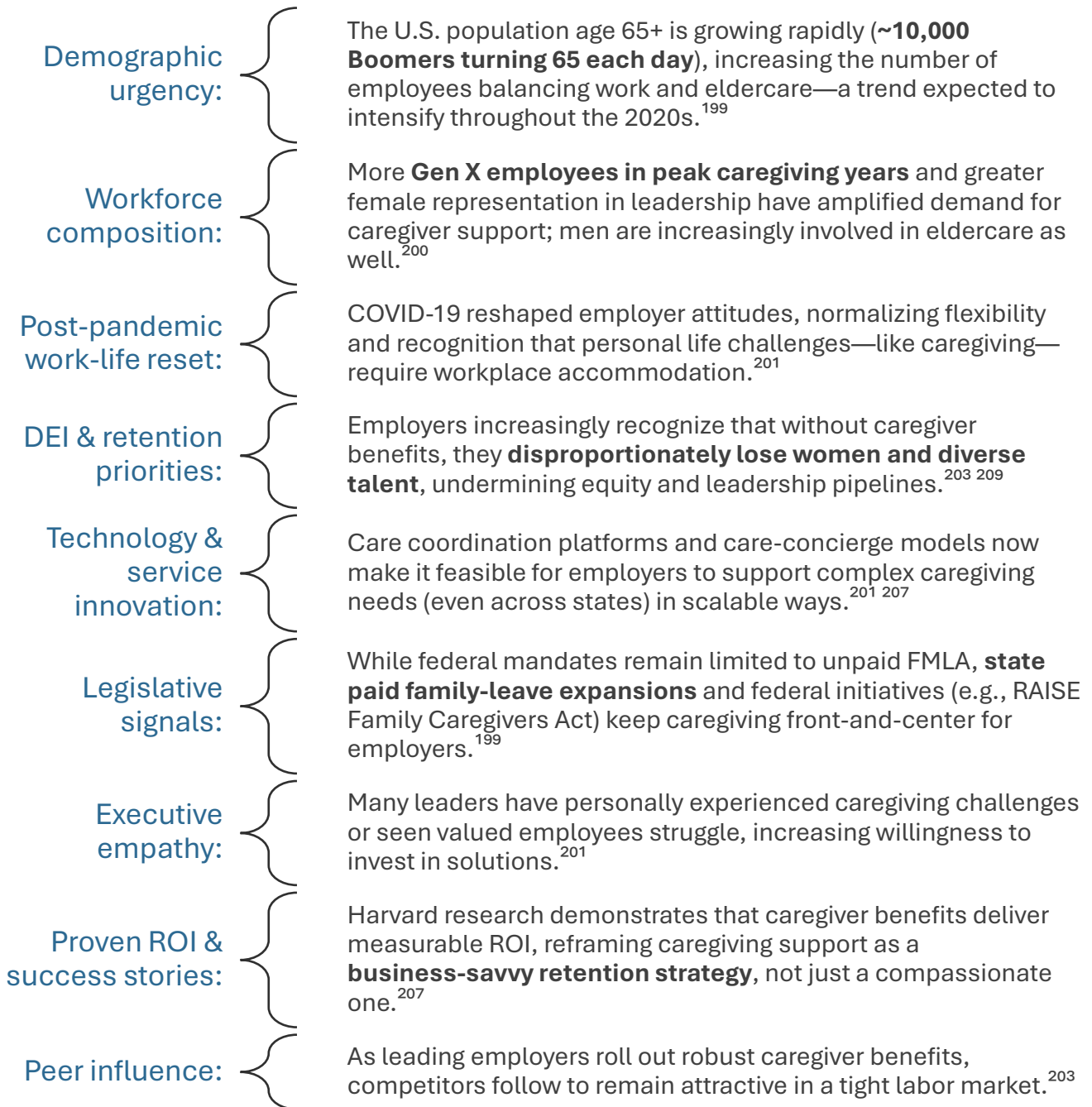
This share will only grow as Baby Boomers age – the U.S. is experiencing a sharp rise in older adults needing care. Caregiving is already so prevalent that in one Harvard Business School study, **73% of U.S. employees reported having some caregiving responsibility** (broadly defined to include child care)^{199,200}. Critically, caregiving burdens are affecting careers: it’s estimated that **caregiving is the #2 reason employees leave the workforce (after retirement)**²⁰¹, especially impacting women who disproportionately shoulder eldercare. The fallout for employers is massive – absenteeism, presenteeism, and turnover related to caregiving cost U.S. businesses roughly **\$30-\$35 billion per year**²⁰².

Employers have taken note:

a 2024 employer survey showed **63% plan to increase family and caregiving benefits.**^{203,204} In 2026 caregiver benefits for employees have moved from rare perk to mainstream consideration, much like how maternity leave became standard decades ago. We’re at a tipping point where supporting caregivers is seen as essential to retaining talent in a labor market where experience and loyalty are valuable.



Key Change Drivers



Bottom line: These forces converge to make caregiver benefits **one of the fastest-growing areas of employer benefits in 2026.**

Market Dynamic & Business Impact

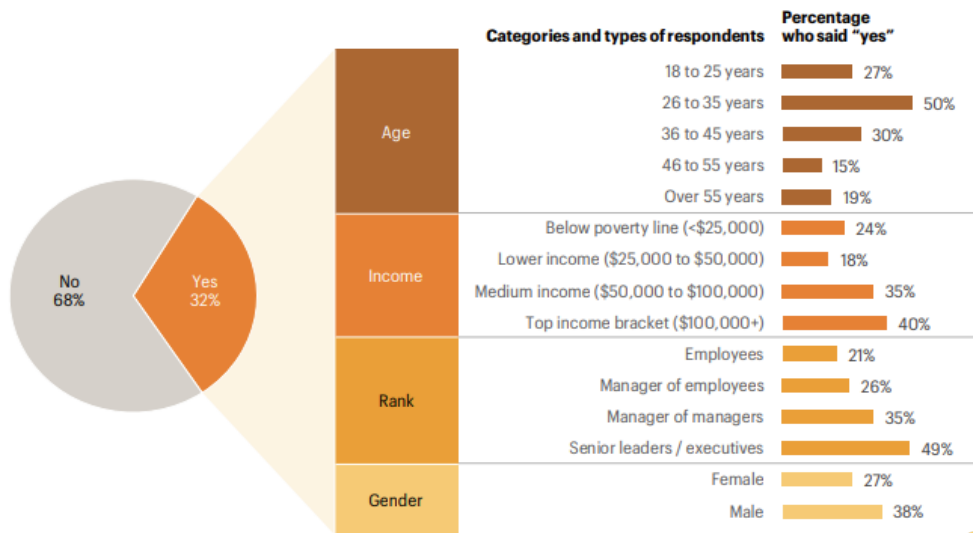
The rise of caregiving benefits is producing **tangible ROI for employers**. Retention is the biggest factor: by accommodating caregivers, companies can prevent valuable employees from quitting. **Keeping just a few mid-career professionals from exiting saves hundreds of thousands in recruiting and training costs.**²⁰¹

Many employers have reported improved retention particularly among women, who historically might drop out of the workforce to handle eldercare; caregiver benefits are thus helping preserve gender diversity in leadership pipelines²⁰⁷. **Productivity** also improves: employees with adequate support report being more focused and missing fewer days.

Surveys show **66% of employees said caregiver support benefits helped them stay more engaged and miss fewer days at work.**²⁰⁷ On the flip side, the cost of not addressing caregiving is high – an estimate of **\$33 billion in lost productivity** annually due to caregiving (from absenteeism, presenteeism, replacing employees) underscores what’s at stake²⁰².

On a larger scale, if more companies adopt these benefits, it could help address the predicted **nationwide caregiving labor shortage** by keeping working caregivers employed and supported, rather than forcing them out. Because of these advantages, the **vendor market for caregiving solutions is expanding**: a number of companies have grown quickly, and traditional EAP providers have bolstered their eldercare and caregiver services. This competition is slowly helping lower costs and increase quality of offerings.

Range of employees who left a job due to caregiving



Source: "Survey of U.S. Employees on Caregiving." Project on Managing the Future of Work, Harvard Business School.

Employer Strategies

Paid caregiver leave: Progressive employers are adding **2–4 weeks of paid family caregiver leave** beyond FMLA, expanding sick-leave use, or offering designated caregiver days.²⁰⁴

Flexible & hybrid work: Flexible scheduling and remote/hybrid work remain the **most impactful accommodations** enabling caregivers to stay employed.²⁰⁵

Care concierge services: Employers increasingly partner with vendors to provide **care coordinators** who manage care logistics and planning—reducing employee stress and lost work time.^{201 207}

Backup care & stipends: Backup elder/child care and financial stipends help prevent last-minute absences and stabilize teams.²⁰⁸

Integrated support: Caregiving benefits are embedded into **EAPs, health plans, wellness programs, and caregiver ERGs**, reinforcing a supportive culture.²⁰³

Broker Talking Points

- ✓ **Clear ROI:** Harvard Business School’s analysis based on observed reductions in absenteeism, leave utilization, and turnover found that organizations offering caregiving support achieved a **ROI of up to 72%**. The report further shows that caregiving benefits can “pay for themselves” with relatively small improvements in retention, and that **reductions in voluntary turnover can generate >2:1 value**, given the cost of employee replacement.²⁰¹
- ✓ **Cost of inaction:** Employers are already paying for caregiving strain through lost productivity, unplanned absences, and avoidable turnover—costing U.S. businesses **\$30–\$35B annually**. Investing recaptures value that is currently leaking out.²⁰²
- ✓ **Employee demand & loyalty:** Caregivers consistently report that employer support significantly improves their ability to stay employed; when supported during difficult life moments, **loyalty and morale increase sharply**.^{199 200}
- ✓ **Scalable solutions:** Employers can right-size programs—from flexible work and referrals to **paid caregiver leave, care concierge services, and modest stipends**—with each layer delivering incremental retention benefit.^{201 204}
- ✓ **Flexibility ≠ lost productivity:** Data shows flexibility helps caregivers **maintain performance and remain engaged**, reducing the risk of quiet disengagement or workforce exit.^{201 205}
- ✓ **Culture impact:** Because caregiving disproportionately affects women, caregiver benefits help **retain female and diverse talent**, strengthen leadership pipelines, and reinforce an inclusive culture.^{203 209}
- ✓ **Low-risk adoption:** Employers can pilot caregiver support with a subset of employees or for a defined period, measure outcomes, and scale based on results—reducing decision friction.²⁰¹

Caregiver benefits are not a soft perk—they are a high-return retention strategy that protects talent, productivity, and culture in a tight labor market.

Acknowledgement

This Industry Trends Report represents a true team effort. I am proud to have led this project alongside a group of talented colleagues whose expertise, hard, and commitment to broker success are reflected throughout the workse pages.

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- Doug Kreszl, Project Lead & Broker Solutions Division Leader
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Thank you for your continued partnership and trust.

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