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Smarter Benefits, Better Results: Health Plan Trends That Matter

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Smarter Benefits, Better Results: Health Plan Trends That Matter

July 2026

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We are in a health care cost crisis

Healthcare cost increases are at the **highest point** in nearly two decades

51% of employers are **exceeding budgets**, leading to unprecedented financial strain

Escalating pharmacy costs are redefining the economics of benefit plans

73% of companies feel more **cost pressure** today than at any point in the past decade

1/3 of employers anticipate disruptive changes to their healthcare strategies

Nearly 80% of employers believe **AI will transform** healthcare benefits within three years

How employers must respond

Embrace innovation

De-risk your plan

- Adopt alternative plan designs, captives and other risk management strategies to control volatility

Rebalance your spend

- Shift dollars to high-value, high return employee-focused benefits

Optimize the experience

- Now is the time to leverage data-driven insights and technology for cost containment and better outcomes
- Invest in seamless, integrated and measurable solutions that improve efficiency, engagement, navigation, and member outcomes

Source: WTW Best Practices in Healthcare Survey, 2025; WTW Benefits Trends Survey, 2025

Highlights

Escalating healthcare costs

Employers face the steepest healthcare cost increases in over a decade. More than half are exceeding their budgets, resulting in greater financial pressure today than at any point in the past 10 years.

Strategic shifts ahead

One in three employers anticipate a need for disruptive changes to their healthcare strategies. Companies look beyond cost shifting to broader cost containment strategies.

Combating rising costs

Employers are adopting a range of strategies, including optimizing vendor and plan efficiency, implementing alternative plan designs, and investing in solutions that enhance transparency and navigation.

Rising dissatisfaction with PBMs

Employer scrutiny of PBM relationships, policies and contracting is on the rise. Employers address the growing impact of GLP-1 costs by implementing plan guardrails and, in some cases, dropping coverage.

Supporting clinical conditions

Employers are expanding the use of targeted point solutions for specific clinical conditions, but many miss the mark. Employers are seeking better engagement, integration and value from these solutions.

Growing optimism about AI

Although only 21% use AI in a meaningful way today, nearly 80% believe it will transform healthcare benefits within the next three years.

Source: WTW 2025 Best Practices in Healthcare Survey.

How would you describe your organization's current healthcare cost pressure?

Cost pressures are driving employers to consider disruptive changes

Companies consider disruptive changes

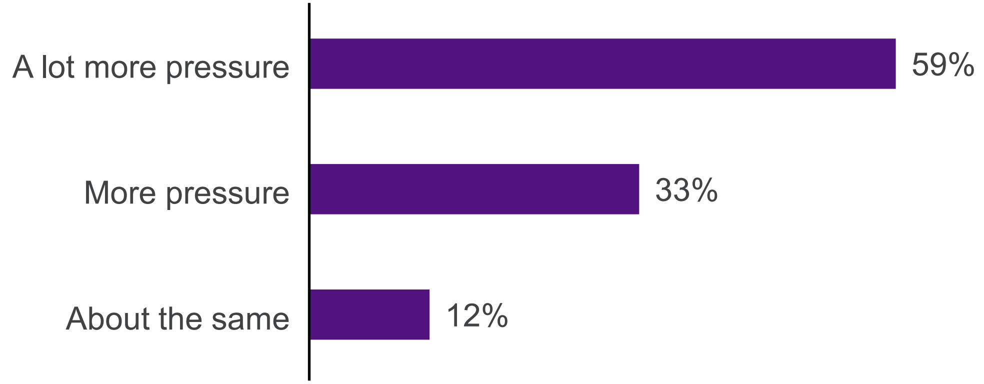
Organization's top priorities over the next three years

#1	**Company medical costs**	**95%**
#2	**Company pharmacy costs**	**85%**
#3	**Affordability for employees**	**82%**
#4	Employee wellbeing	48%
#5	Employee experience	46%
#6	Healthcare delivery	37%
#7	Program offerings	36%
#8	Compliance and transparency	33%
#9	Analytics, forecasting and risk assessment	24%

1 in 3 think it is necessary to make **disruptive changes** to healthcare program in the next three years

Past three years	**Next three years**
14%	**34%**

Organizations with higher cost pressure are more likely to make disruptive changes over the next three years

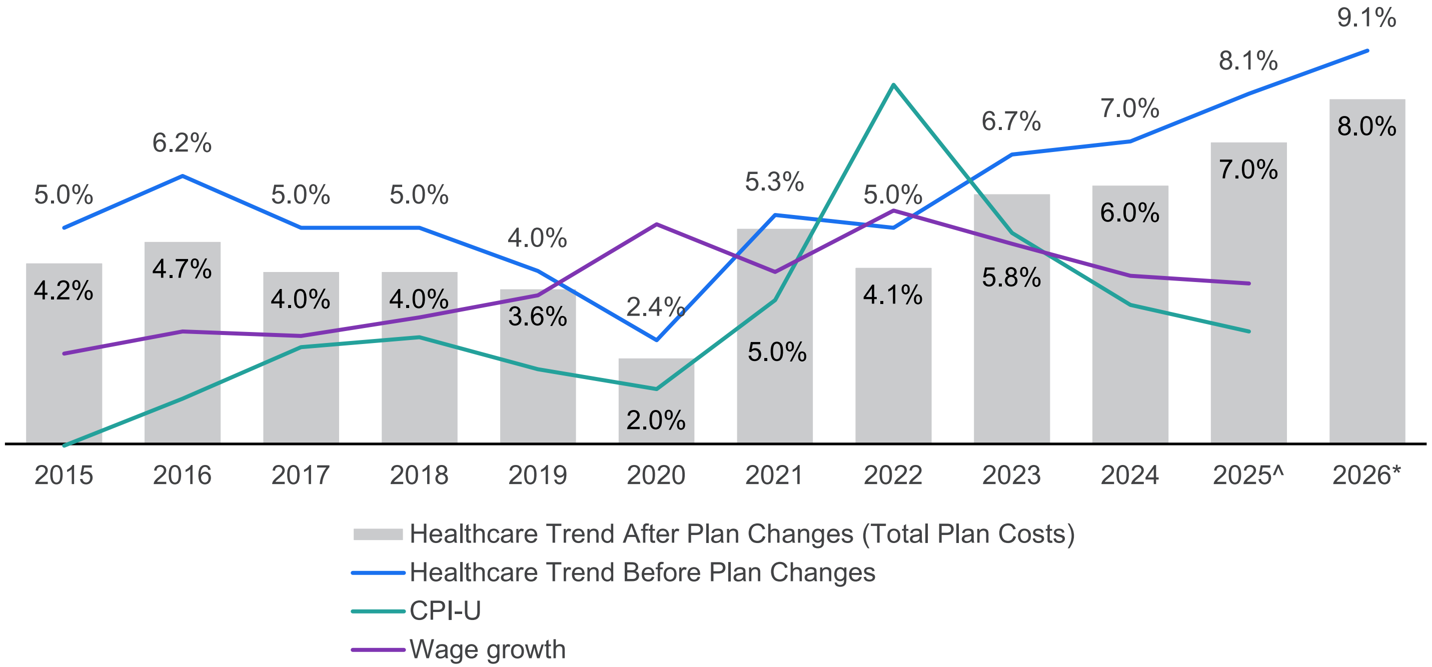


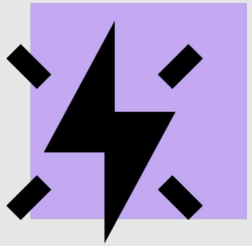
Note: Percentages indicate ranked "top 5".
Source: WTW 2025 Best Practices in Healthcare Survey.

Healthcare cost increases are at the highest point in over a decade

Cost pressure

Healthcare cost trends approach levels not seen since the early 2000s





73% **of companies are feeling more cost pressure today than at any point in the past 10 years**

Note: Percentages of healthcare trend are median numbers. ^Expected; *Projected.
Sources: WTW 2025 Best Practices in Healthcare Survey; Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U), Current Employment Statistics (CES).

More than half of companies were over budget by an average of 4.5 percentage points

Costs exceeding budgets

51% of employers' healthcare costs exceeded budgets in 2024 — 31% met budget

4.5 percentage points

Average amount that employers exceeded their original budgets

Top drivers of healthcare costs

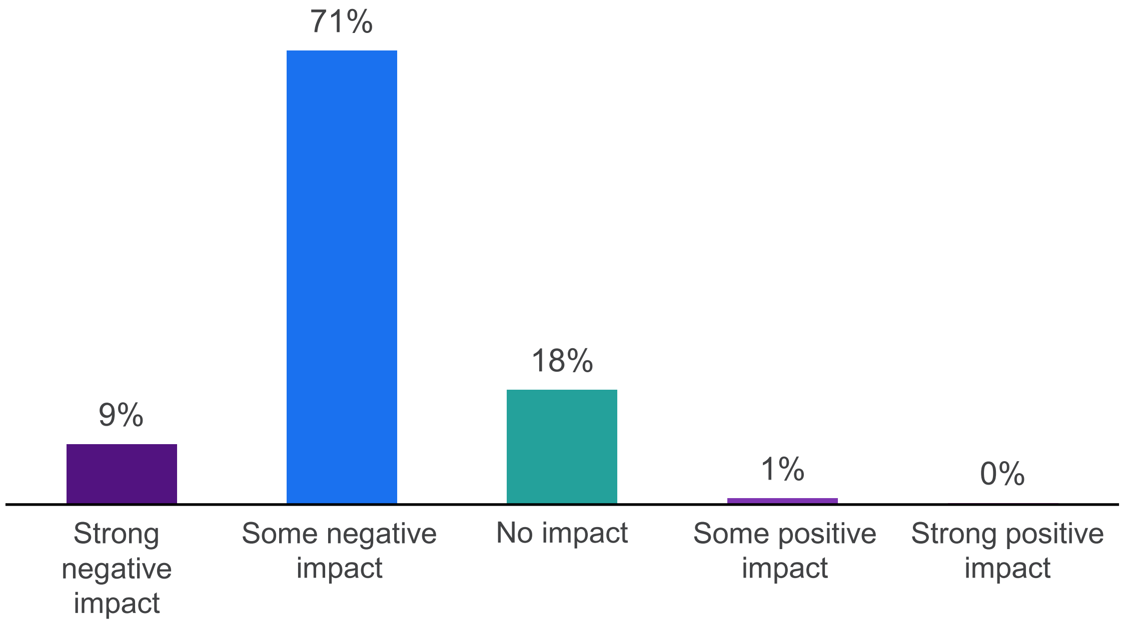
#1	**Pharmacy cost, primarily specialty pharmaceuticals and GLP-1 medications**
#2	**High-cost claimants**
#3	**Chronic conditions, particularly musculoskeletal, cancer and oncology**
#4	Inflation
#5	Gene and cell therapies
#6	Utilization increases
#7	Mental health and behavioral services
#8	Demographic factors
#9	Maternity and fertility

Source: WTW 2025 Best Practices in Healthcare Survey.

Do you expect external factors to impact your healthcare costs over the next year?

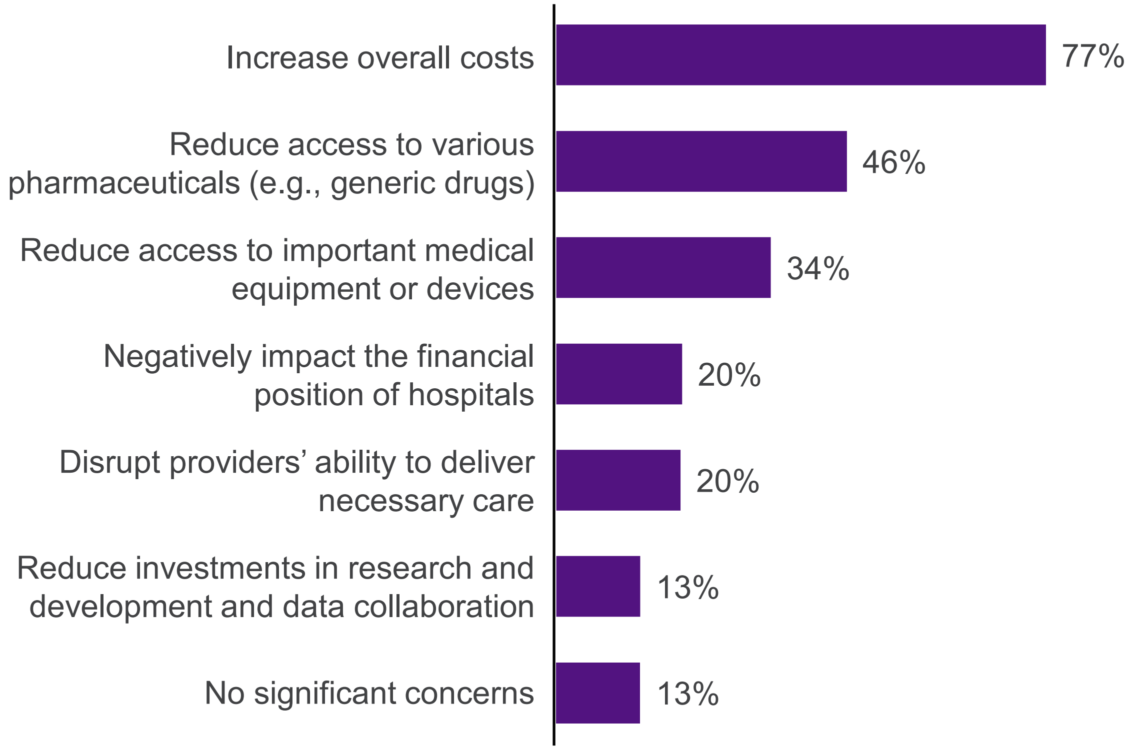
Significant concern that tariffs will increase healthcare costs

8 in 10 organizations expect tariffs will affect their business **negatively** over the next 12 months



Q: Over the next 12 months, how do you expect tariffs to affect your business?

What are the biggest concerns your organization has about the impact of the tariffs and trade policies on healthcare? Select at most 3 options.

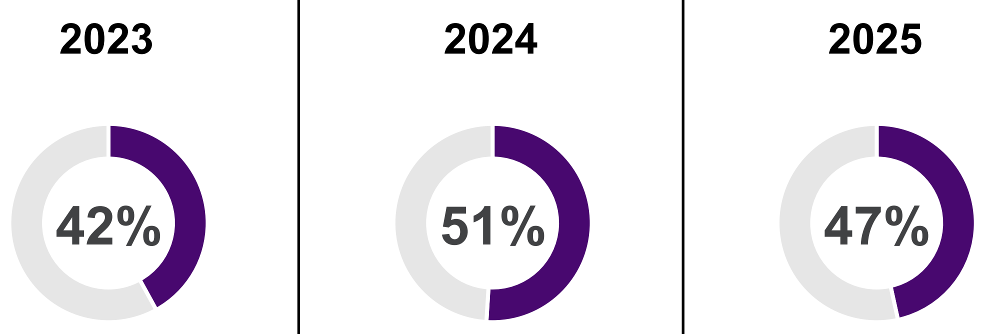


Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2025 Best Practices in Healthcare Survey.

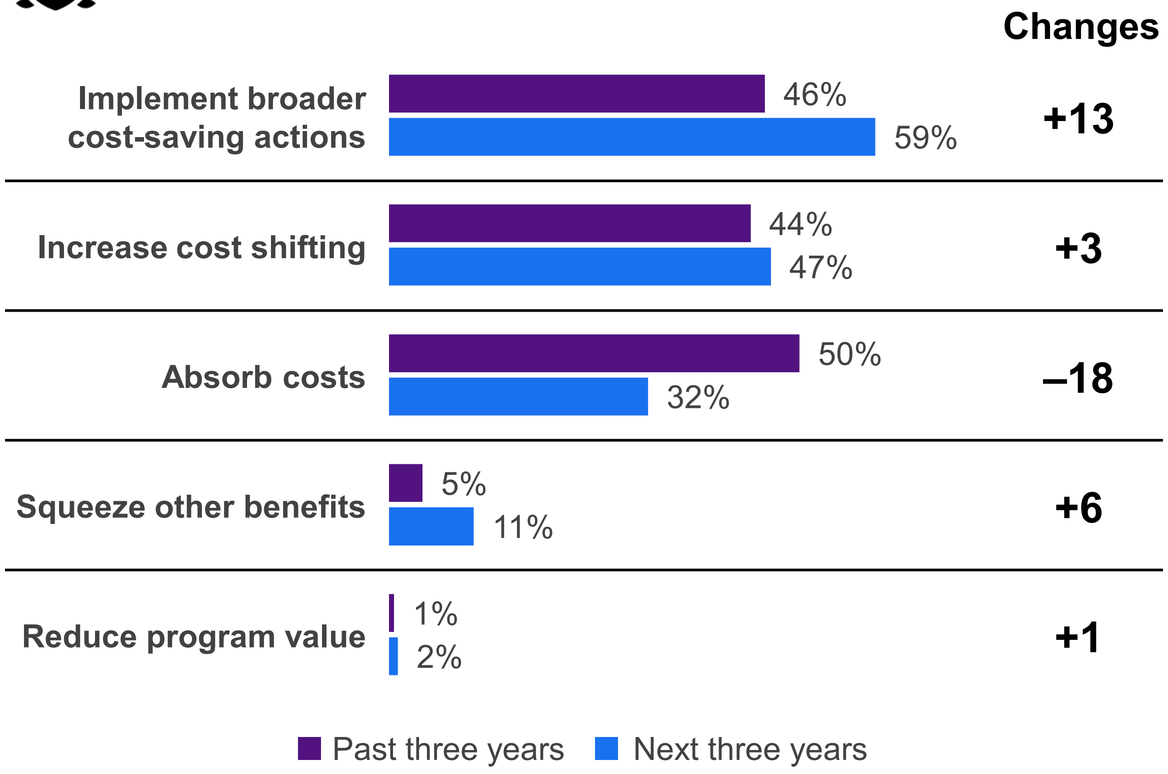
Cost-shifting actions are common, but companies are optimistic about managing their program costs through other approaches

Cost management actions

Cost shifting: Increase employee premiums or out-of-pocket costs



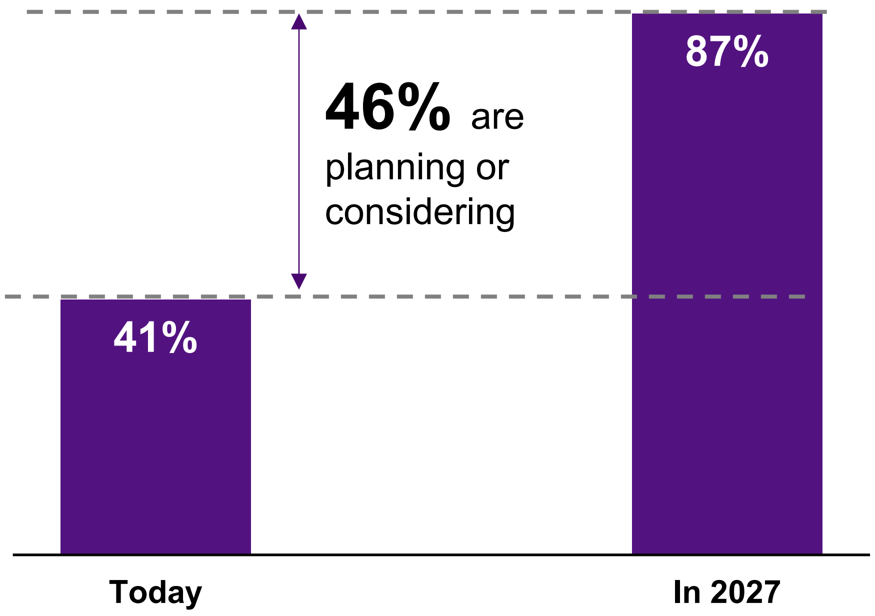
How will employers manage healthcare costs?



Sources: WTW 2023, 2024 and 2025 Best Practices in Healthcare Survey.

Growing momentum for alternative plan designs

Employers adopting alternative plan designs



Features of alternative plan designs

Alternative providers
26% use network designs to limit or restrict access to select providers, with another 20% planning or considering

Transparency
23% offer a health plan that confirms coverage and provides details on out-of-pocket costs prior to scheduling an appointment, another 32% planning or considering

Navigation
35% offer enhanced care navigation to relay provider quality information, another 26% planning or considering

Use of technology
26% use technology to provide information on local provider quality, another 23% planning or considering

Advanced primary care
5% offer an advanced primary care plan, another 17% planning or considering

Source: WTW 2025 Best Practices in Healthcare Survey.

Alternative Health Plan Options

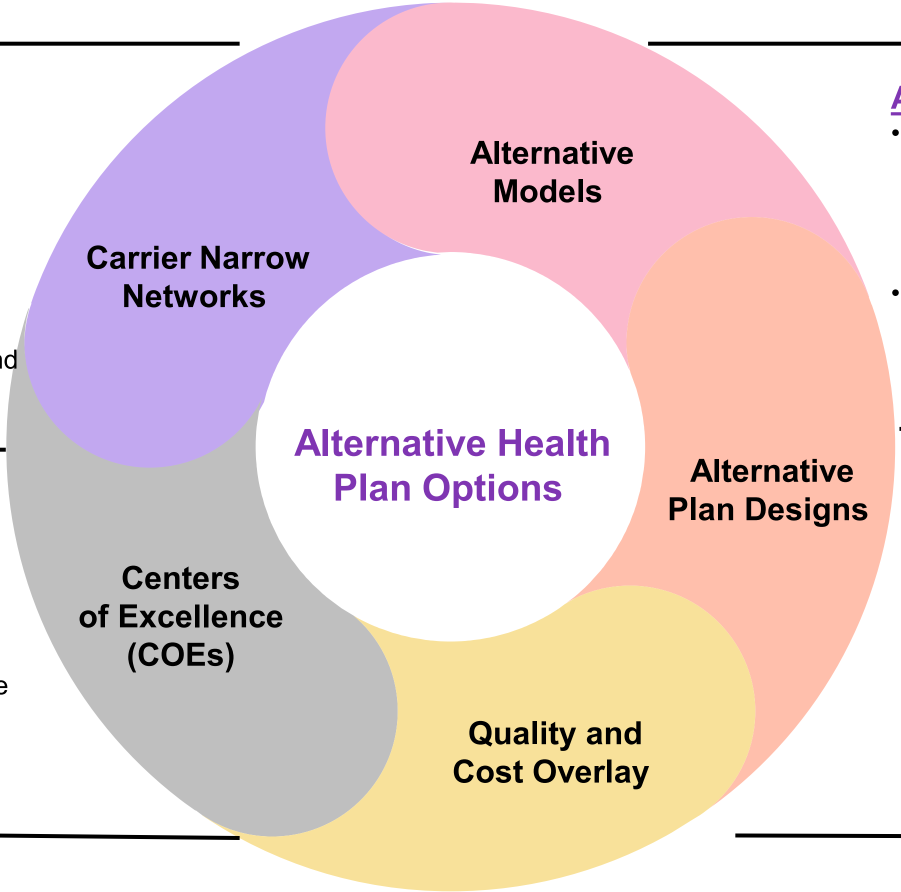
Reducing financial risk

Carrier Narrow Networks:

- **What it means:** These are health plans offered by traditional insurance carriers (like Cigna, Aetna, Blue Cross) that limit the network of doctors and hospitals to a smaller, curated group.
- **Why employers consider this:** Smaller networks often negotiate better rates, reducing employer and employee costs. Providers in these networks are typically selected for quality and efficiency, which can lead to better health outcomes and fewer unnecessary expenses.

Centers of Excellence (COEs):

- **What it means:** Specialized programs that direct employees to top-performing hospitals or clinics for complex procedures (like surgeries or cancer care).
- **Why employers consider this:** Ensures employees receive the best care for critical conditions. Reduces complications and readmissions, which lowers overall costs.



Alternative Models:

- **What it means:** These are innovative health plan structures that move away from the traditional insurance approach. Examples include direct-to-employer contracting or primary care-focused models.
- **Why employers consider this:** Can significantly lower costs by cutting out middle layers and focusing on preventive care. Often improves employee experience with simpler navigation and more personalized care.

Alternative Plan Designs:

- **What it means:** Plans that rethink how employees pay for care—such as subscription-based models, bundled pricing, or plans that simplify billing and cost transparency.
- **Why employers consider this:** Reduces complexity for employees (no surprise bills, clearer pricing). Encourages smarter healthcare decisions by making costs predictable and transparent.

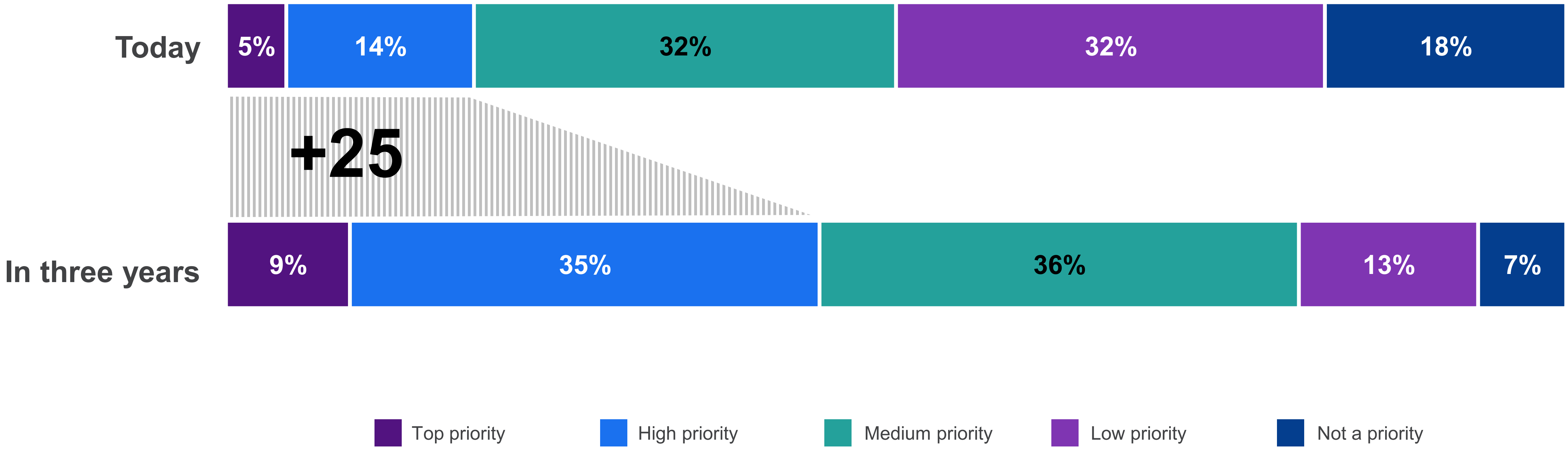
Quality and Cost Overlay:

- **What it means:** Programs layered on top of existing health plans to steer employees toward high-quality, cost-effective providers.
- **Why employers consider this:** Improves care quality without changing the entire health plan. Helps control costs by guiding employees to providers with better outcomes and lower prices.

About half of employers prioritize alternative plan designs

With more than three-quarters prioritizing over the next 3 years

Considering your healthcare strategy today, how important of a priority is using alternative plan designs, navigation or network models to steer members toward high-value providers? How important of a priority will it be in three years?

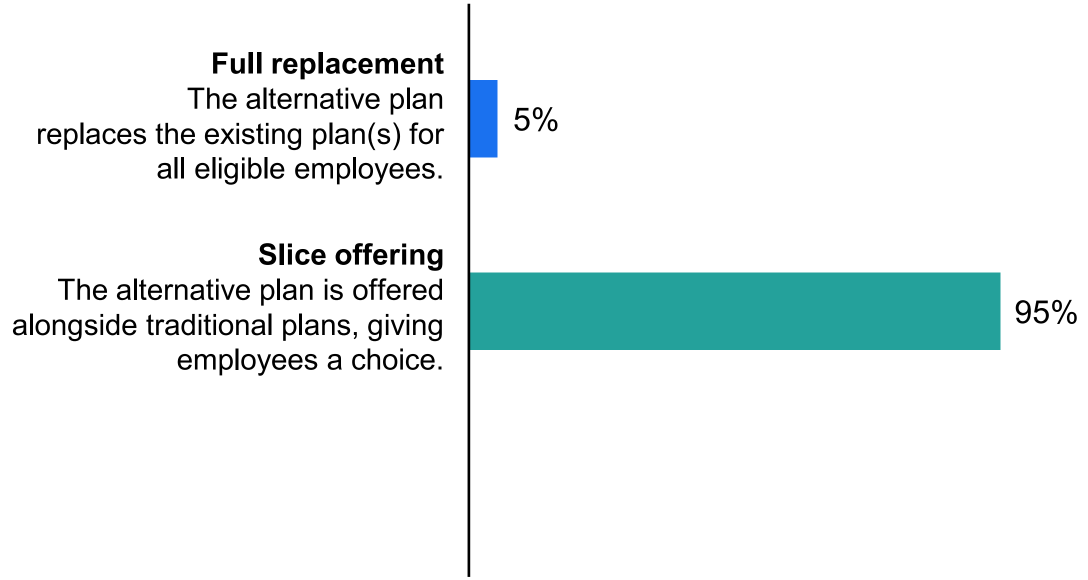


Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2025 Best Practices in Healthcare Survey.

Those who offer an alternate plan design offer alongside traditional options

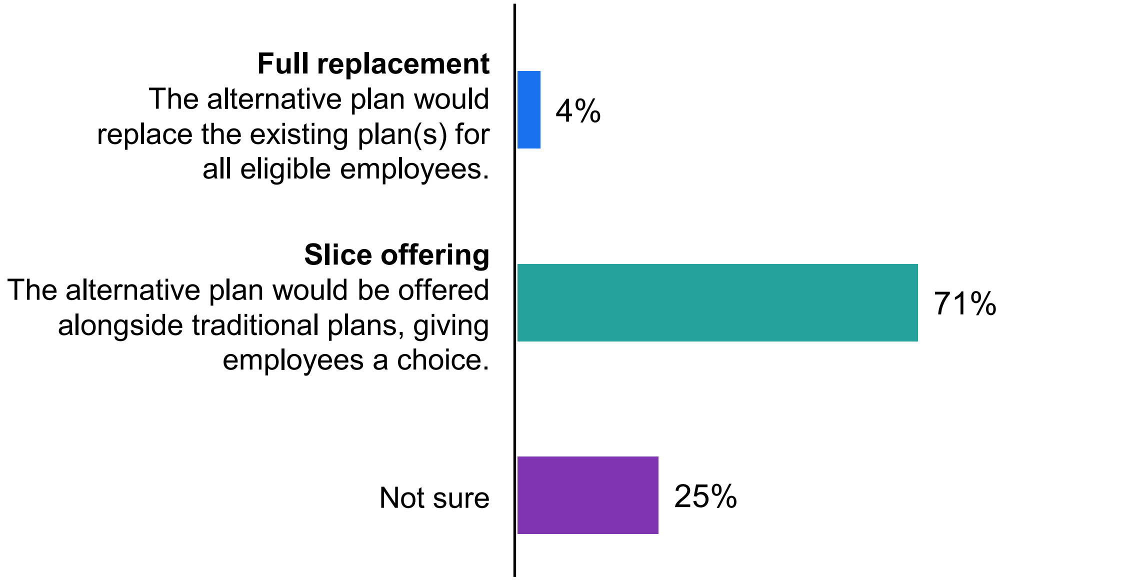
Companies with an alternative plan design today

How does your organization offer the alternative healthcare plan? (n = 22)



Companies considering an alternative plan design

If your organization were to implement an alternative healthcare plan, how would it most likely be offered? (n = 235)



Source: WTW 2025 Best Practices in Healthcare Survey.

Employers seek to manage company costs above all other objectives

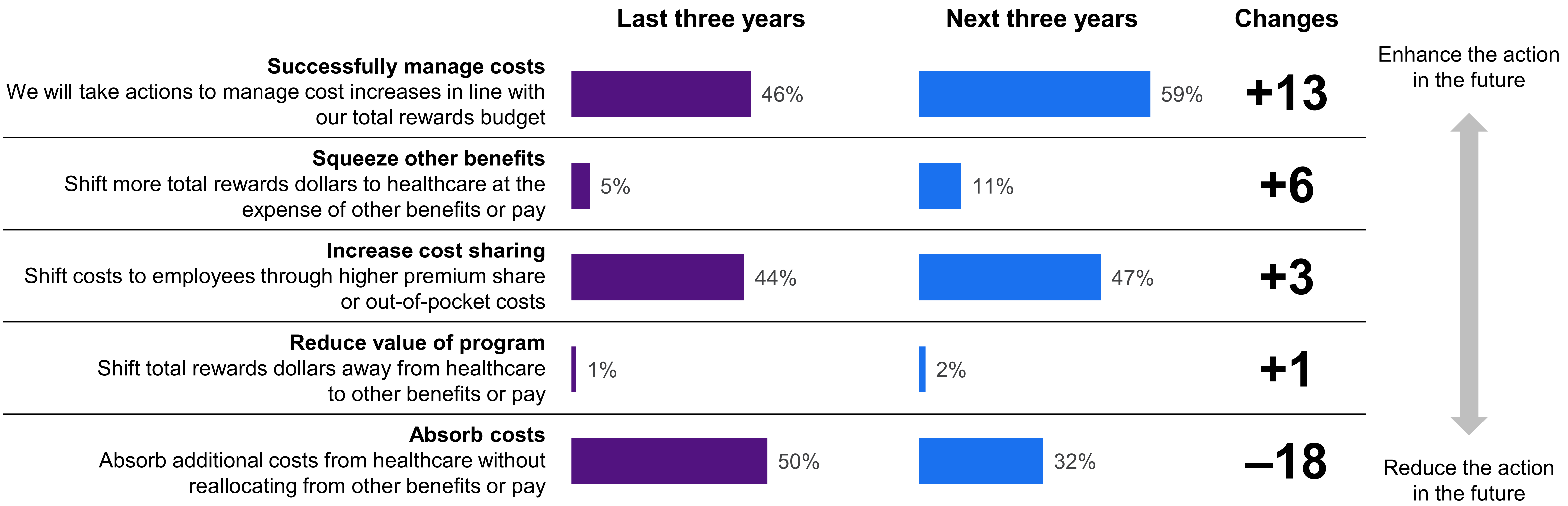
Plan design objectives

2024			2025
Affordability of designs (employer)	67%	72%	Affordability of designs (employer)
Affordability of designs (employee)	60%	64%	Affordability of designs (employee)
Competitive designs	38%	32%	Competitive designs
Range of coverage and designs	15%	16%	Range of coverage and designs
High-value providers and care	7%	6%	High-value providers and care
Equitable designs	5%	5%	Equitable designs
Value-based designs	5%	3%	Value-based designs

Note: Percentages indicate ranked “top 2”.
Sources: WTW 2024, 2025 Best Practices in Healthcare Survey.

Employers are optimistic about managing health costs to stay within budget

What best describes how your organization has managed its healthcare spend in the context of your total rewards budget over the last three years? What best describes how your organization is likely to manage its healthcare spend in the context of your total rewards budget over the next three years? Please select at most two options.



Source: WTW 2025 Best Practices in Healthcare Survey.

Do not edit
How to change the design

How effectively are your employees using the health and well-being programs available to them?

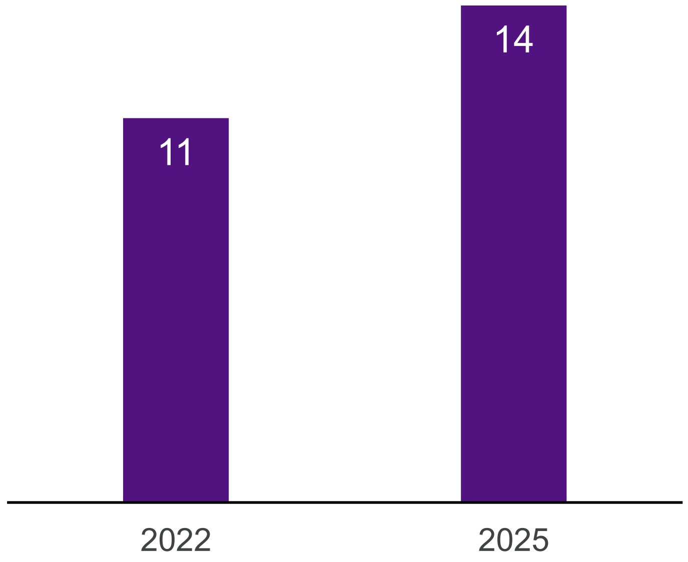
The Slido app must be installed on every computer you're presenting from

slido

Many employers are looking for improvements in engagement and member experience with their point solutions

Companies are managing three more vendors on average than in 2022

Mean direct health and wellbeing vendors



Opportunity for vendor improvement

What are the main areas in which your vendor partners could improve their point solutions? Select at most three options.

#1	Boost engagement among participating members	60%
#2	Enhance the employee experience	50%
#3	Better demonstrate value-add	40%
#4	Improve personalization and customization to employee needs	30%
#5	Integrate with other medical/ pharmacy/wellbeing programs	27%

Source: WTW 2025 Best Practices in Healthcare Survey. WTW 2022 Vendor Strategy Survey.

Employers view incentives as essential to a culture of health

Employers' perceptions on wellbeing incentives

Company culture	Employee lifestyles	Attraction and retention	Cost reduction
Financial incentives are essential to building a company culture of health and wellbeing.	Financial incentives have been effective at encouraging the use of preventive care and healthier lifestyles.	Financial incentives are an important tool to attract top talent and help retain existing employees.	Financial incentives have been effective at helping to reduce healthcare costs.
59%	47%	33%	23%

Note: Percentages indicate "agree" or "strongly agree".
Sample: Companies with wellbeing incentives.
Source: WTW 2025 Best Practices in Healthcare Survey.

The number of employers making significant changes to their healthcare programs is set to double

14%
Past three years

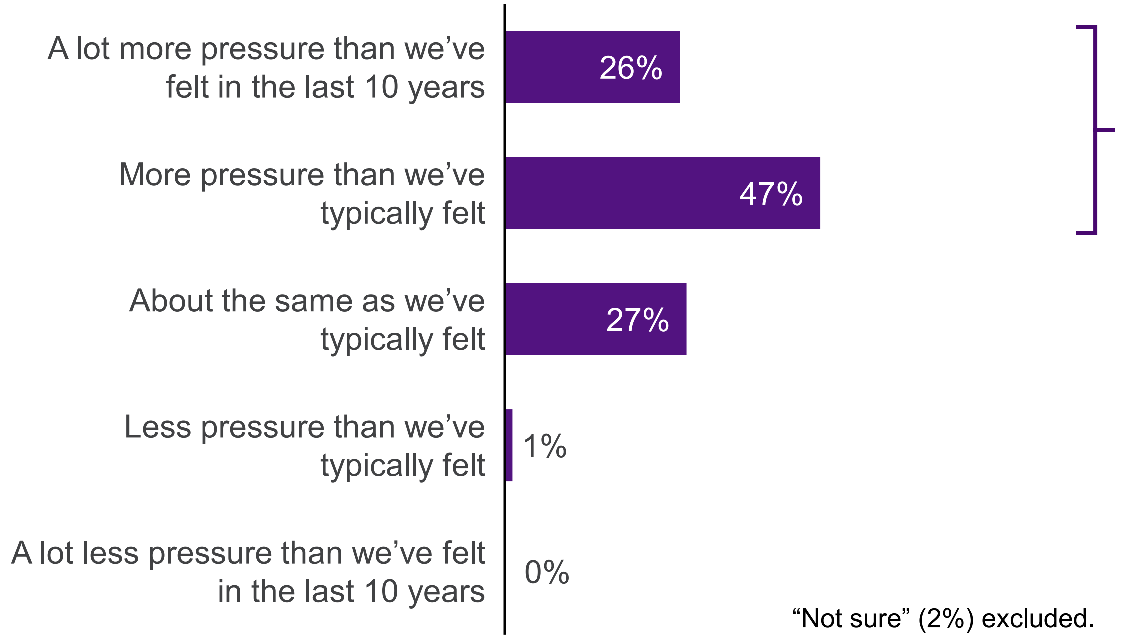
34%
Next three years

Make significant or disruptive changes
Only 14% have made disruptive changes in the past three years, but 34% think it's necessary to make significant or disruptive changes over the next three years

Sample: Based on all companies.
Source: WTW 2025 Best Practices in Healthcare Survey.

Healthcare cost pressures drive employers to consider disruptive changes

Three-quarters of organizations feel more pressure from healthcare costs compared to any point in the last 10 years.



Q: Compared to any point in the last 10 years, how much financial pressure is your organization currently facing from healthcare costs?

Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2025 Best Practices in Healthcare Survey.

14% Past three years

42% Next three years

42% of employers feeling pressure from healthcare costs think it's necessary for their organizations to make significant or disruptive changes to their healthcare program in the next three years, compared with only 14% of them have made significant or disruptive changes in the past three years

Appendix

About the 29th Best Practices in Healthcare Survey

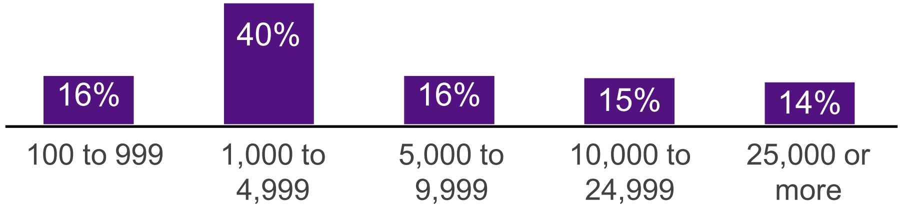
417 survey respondents with over 100 employees

5M employees at responding organizations

For profit, publicly traded	For profit, private	Nonprofit or government
45%	37%	16%

(2% "Other")

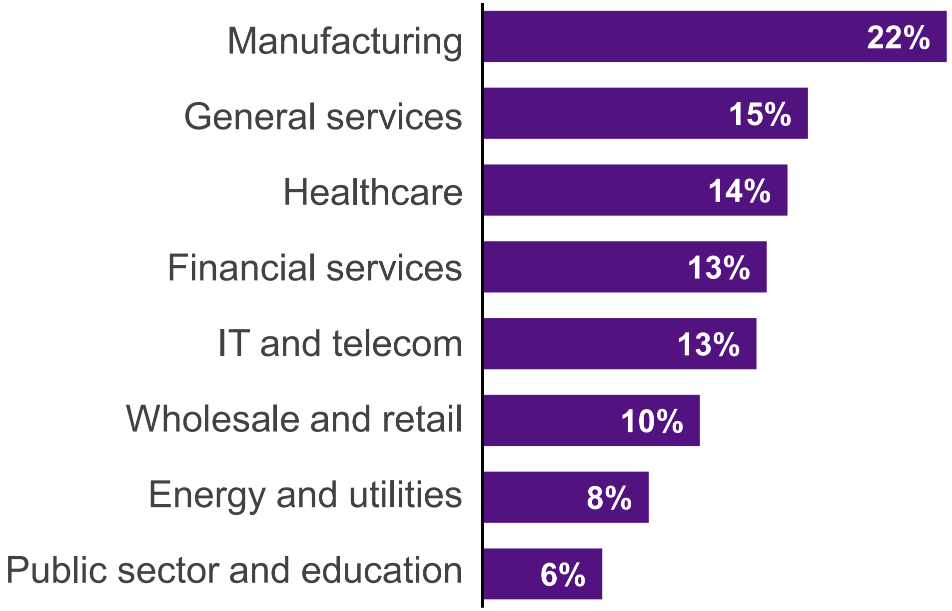
Employer size (number of employees)



Percentage of enrolled employees (average)

Fully insured medical plans	Self-insured medical plans
19%	81%

Industry



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2025 Best Practices in Healthcare Survey.

About the 29th Best Practices in Healthcare Survey

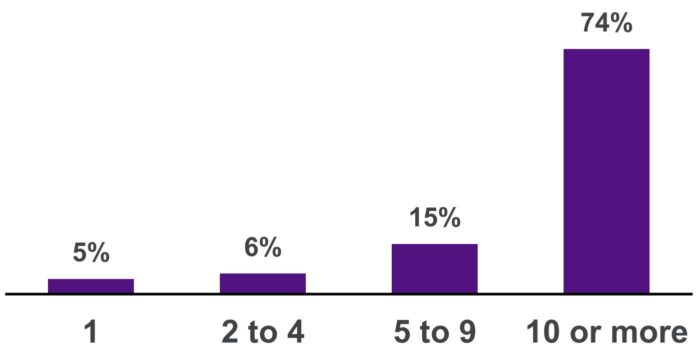
Location of workforce

25%	**Northeast region** (CT, MA, ME, NH, NJ, NY, PA, RI, VT)
9%	**Southeast region** (AL, DC, DE, FL, GA, KY, MD, MS, NC, SC, TN, VA, WV)
26%	**North Central region** (IA, ID, IL, IN, KS, MI, MN, MO, MT, ND, NE, OH, SD, WI, WY)
9%	**South Central region** (AR, CO, LA, NM, OK, TX, UT)
10%	**West region** (AK, AZ, CA, HI, NV, OR, WA)
22%	**Dispersed nationally**

417

Employers responded

Number of states with benefit-eligible employees



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2025 Best Practices in Healthcare Survey.