

# BENEFITS REPORT



Because You're Different

## GROUP HEALTH INSURANCE

# EMPLOYERS EYE 'DISRUPTIVE' CHANGES TO REIN IN COSTS

WITH EMPLOYERS bracing for another steep rise in health care expenses, many are preparing “disruptive” changes, according to a new report.

Employers surveyed for the “WTW 2025 Best Practices in Healthcare Survey” said they anticipate their health care costs will increase by 9% in 2026. They told researchers they can’t absorb the increases or pass them on in full to employees, and instead hope to chip away at costs through a multi-pronged approach.

Since you are likely experiencing cost pressures as well, here’s a look at what your peers are experiencing and doing about it.

### Where employers will focus

**Managing vendor contracts** – Survey results show 46% of employers are actively evaluating vendor performance.

Pharmacy benefit managers are under particular scrutiny, with three-quarters of employers either bidding out or planning to rebid their PBM. Many are also exploring more transparent, pass-through contract models.

**Conducting audits** – One-third of employers already conduct medical claims audits, and nearly half plan to add them. Another 22% have reviewed prior authorization or out-of-network payments, with 34% planning to.

These audits help uncover overpayments, billing errors or inappropriate authorizations. By increasing oversight, employers can identify waste, enforce contract terms and make sure vendor processes align with plan rules.

**Preventing overutilization and abuse** – Unchecked use of services remains a top cost driver, especially for specialty drugs, imaging and inpatient procedures.

Employers are taking a closer look at utilization controls, including stricter prior authorization, step therapy for high-cost drugs and site-of-care management to steer members toward lower-cost outpatient settings.

*Note:* Step therapy involves trying other lower-cost methods first, such as other proven medicines that aren’t as costly as new medications.

**Alternative plan designs** – Currently used by 41% of companies, alternative plan designs are expected to grow rapidly, with adoption potentially reaching 87% within two years.

These designs may include:

- Tiered or narrow networks,
- Transparent cost tools, and
- High-performance primary care models.

Employers are also using technology and enhanced navigation to guide employees when choosing providers. By structuring benefits to reward use of cost-effective, high-quality providers, employers told WTW they hope to chip away at growing costs while improving the employee experience.

### The takeaway

If you are concerned about rate hikes, talk to us about steps you can take to get a better handle on your health plan by incorporating some of the steps listed above.



## WELL-ROUNDED OFFERINGS

# VOLUNTARY BENEFITS ARE NO LONGER OPTIONAL

ONCE CONSIDERED optional add-ons, voluntary benefits such as accident, hospital indemnity, critical illness, group life, dental and vision insurance are increasingly becoming essential parts of a well-rounded benefits package.

Rising health insurance deductibles, higher out-of-pocket maximums and the soaring cost of care are pushing workers to look for other ways to fill the gaps. Fortunately, employers can step in to meet that need with voluntary benefits.

### A shift in expectations

Prudential's "2025 Benefits and Beyond" study found that nearly a quarter of employees expect these voluntary benefits to be included as part of a modern workplace offering. But often, employers are not providing the benefits that employees say they need.

The poll found that 86% of employers say their benefits are modern, but only 59% of employees agree.

### Employees' biggest concerns

- Saving for retirement (45%),
- Covering everyday expenses (44%),
- Paying for housing (29%), and
- Simply making it from paycheck to paycheck (26%).

### Why voluntary benefits matter now

When a single medical event can upend financial stability, benefits that offer supplemental protection can provide an important financial backstop and save an employee from financial disaster.

Voluntary benefits provide cost-effective coverage options that protect employees from the unexpected.

For example:

- Accident, critical illness and hospital indemnity policies help offset out-of-pocket costs that major medical insurance doesn't cover, such as co-pays, deductibles, transportation, lodging and lost income during recovery.
- Dental and vision plans promote preventive care that can reduce larger medical costs over time.
- Wellness and mental health programs, another key element of today's voluntary benefits landscape, help employees manage stress and anxiety that affect productivity and retention. (In Prudential's research, 63% of employees said they have mental health concerns for themselves or a family member, yet only about the same share feels their benefits help them manage overall well-being.)

### Employers and staff both win

Expanding voluntary benefit offerings and ensuring you have the benefits your employees really want support recruitment and retention while containing costs.

Because these plans are typically employee-paid through payroll deduction, they add value without significantly raising the employer's benefit budget.

Employers also gain a competitive advantage in a labor market where workers expect more comprehensive protection and well-being support.

Employees gain access to affordable coverage that helps them manage risk and avoid financial hardship.

For many, paying a few extra dollars per paycheck for supplemental coverage can prevent a small setback from becoming a financial crisis.

**COSTLY BIKE RIDE:** Voluntary group accident insurance can help your employees weather the out-of-pocket costs they may face after an accident.

## GETTING IT RIGHT

# SIX STEPS TO A SUCCESSFUL OPEN ENROLLMENT

If YOU view annual open enrollment as a simple box-checking exercise, you're likely missing out on helping your staff get the most out of the benefits you provide.

With health insurance premiums rising, employee financial stress growing and multiple generations in the workforce, employers need to approach open enrollment as a strategic initiative. Here are six best practices to keep in mind:

### 1. Focus on generational needs

If you have a multi-generational workforce, tailor your plan design to ensure there is something for everyone. Remember that each generation has different health care and insurance needs:

- Gen Z often looks for flexibility and mental health resources.
- Millennials focus on balancing family and financial security.
- Gen X may prioritize saving for retirement.
- Baby boomers often care most about health coverage and stability.

Personalize your benefits education by providing tailored communications for each generation in your workplace. Use multiple communication channels like text messages, e-mail, print materials and the company intranet.

Help employees understand how benefits support their physical and mental health as well as their long-term financial security.

### 2. Avoid two big mistakes

**Information overload.** Don't overload employees with materials and presentations full of jargon. This is a sure way to lose their interest.



**BORING!** Don't bog your staff down with lots of jargon and too many materials. Understand not all of your staff will have an equal understanding of their benefits.

**Lack of support.** Make sure to provide the necessary support to help them make decisions about which plan to choose.

Keep messaging simple, practical and easy to understand. Provide comparison tools, FAQs and one-on-one support when possible so employees don't feel lost.

### Communications tips

Throughout the year, consider providing:

- Reminders about their benefits and how they can use them.
- Micro-learning tools, which deliver training in short, focused lessons through platforms like mobile devices and learning management systems. These tools improve knowledge retention and boost engagement.
- Fact sheets on the benefits they are eligible for to help them discover options they may not know about but would like to have.

### 3. Educate your workers all year long

Regular benefits communications all year long can make open enrollment much easier for your staff.

### 4. Plan ahead

The most effective open enrollment strategies are carefully planned. As part of this process:

- Review last year's open enrollment results.
- Set clear goals.
- Segment your employee population to identify gaps and opportunities.
- Track outcomes so you can improve each year.

### 5. Consider new tech

Digital decision-support tools, including AI-driven platforms, can simplify open enrollment by providing employees with personalized plan recommendations.

These tools also give HR teams valuable data on employee behavior and preferences, which can guide future plan design and communication.

### 6. Play up the benefits of benefits

Frame your offerings as a stabilizing force. Emphasize that benefits provide consistency and protection when life is unpredictable. By positioning benefits as a safety net, you can show your staff how these programs help provide stability in daily life.

### Takeaway

Employers who approach open enrollment strategically, with a focus on affordability, engagement and education, can turn a routine process into a win for employees and the company.

**EXPENSE PRESSURES**

# CANCER CARE COSTS SURGE FOR GROUP HEALTH PLANS



AS CANCER rates rise among working adults, treatment has become one of the fastest-rising expenses in employer-sponsored health plans, according to a new survey.

The survey by the International Foundation of Employee Benefit Plans (IFEFP) found that 86% of employers have seen their cancer care spending increase over the past year, with a median rise of 11%, making it one of the most significant contributors to overall health care cost growth.

As more employees get diagnosed with cancer, which in turn increases the cost of care for employers, they are increasingly turning to strategies that direct plan members to high-quality, cost-efficient providers and care facilities.

## What's driving the trend

Employers report that cancer-related costs are increasing due to a mix of:

**Expensive specialty drugs** — Many of the newest cancer drugs can cost \$20,000 to \$40,000 per month, while gene and cell therapies can top \$1 million per course. Even with negotiated network discounts, the compounding cost of these treatments is straining plan budgets.

**New treatment technologies** — New high-cost therapies like immunotherapies and gene-based treatments are regularly coming on line.

**A higher number of working-age adults being diagnosed with cancer** — New cancer diagnoses are expected to exceed 2 million cases in 2025, with rising rates among women under 50 and cancers such as colorectal, breast and cervical appearing more often in younger age groups.

**More people are surviving cancer** — Employees and their dependents are entering treatment phases earlier and remaining in survivorship programs longer, adding sustained costs for employers.

## How employers are responding

Employers are increasingly turning to steerage techniques that direct enrollees to high-quality, cost-efficient providers and care. According to IFEFP, the most common approaches include:

- Nurse navigators (63%) to help employees coordinate complex care.
- Second-opinion programs (58%) to validate treatment plans.
- Centers of excellence (42%), which offer bundled, value-based pricing.
- Treatment center networks (24%) and virtual care clinic vendors (18%).
- Value-based contracts (17%) and point-of-care testing (15%).

Among employers using these strategies, the primary goals are:

- Improving outcomes (66%),
- Offering personalized support (59%), and
- Negotiating lower prices (33%).

Nearly a third is experimenting with alternative payment models such as shared-savings or bundled-rate arrangements that tie reimbursement to results rather than the volume of care.

## Prevention and early detection

Experts say early detection offers the greatest potential to control both costs and outcomes.

However, only about half of employees receive annual preventive care, and a significant portion of catastrophic cancer claims is linked to individuals who skipped routine screenings.

## What employers can do to help

- Promote annual preventive exams and age-appropriate cancer screenings.
- Cover or incentivize genetic and biomarker testing for at-risk employees.
- Incorporate AI-assisted diagnostics and at-home testing options for early detection.
- Provide educational campaigns on modifiable risk factors such as smoking, obesity and inactivity.

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