Benefits Insights

5 Midyear Employee Benefits Trends to Monitor

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The middle of the year is an ideal time to evaluate benefits strategy and recalibrate plan design, vendor partnerships and cost-containment efforts to close out the year strong or prepare for the 2027 open enrollment season. As such, understanding the current state of the employee benefits market can help employers evaluate their offerings to best meet employee needs, respond effectively to their challenges and gain a competitive edge.

This article explores the latest benefit trends to watch in the second half of 2026, discussing how they will likely impact employers and exploring how savvy organizations can address them. These trends are explained in more depth in Zywave's 2026 Midyear Employee Benefits Market Outlook.

1. Healthcare Costs Projected to Hit Record High in 2027

PwC's annual Behind the Numbers medical trend report projects that the commercial healthcare cost trend will rise to 9% in 2027, the highest figure in 17 years and an uptick from the 8.5% that held steady over the past several years. Chronic condition prevalence remains the primary driver of spending; the U.S. Centers for Disease Control and Prevention reports that 90% of the nation's nearly $5.3 trillion in annual healthcare spending goes toward people living with chronic and mental health conditions. Specialty medications, particularly glucagon-like peptide-1 (GLP-1) drugs, and cancer care are compounding the pressure, and nearly 70% of health plans surveyed by PwC named artificial intelligence (AI)-enabled coding tools on the provider side as a top-three cost driver for 2027.

The U.S. Centers for Medicare & Medicaid Services projects national health expenditures will reach roughly $9 trillion annually by 2035, and employers preparing for 2027 plan design should treat this as a turning point for evaluating cost-containment strategy rather than a routine annual increase.

2. AI Reshapes Benefits Administration and Personalization

Adoption of AI in benefits is accelerating for employers and employees alike. Mercer's Global Talent Trends study found that roughly 40% of HR leaders now use AI for benefits administration, and Mercer separately estimates that AI and automation could replace more than half of a rewards team's workload.

On the employee side, Prudential's 2026 Benefits & Beyond study found that 83% of employers want AI to help employees understand benefits, though only 24% of employees currently use it due to trust and privacy concerns. Employers building AI into their benefits strategy should prioritize transparency about when AI is shaping recommendations, human oversight for complex cases and regular bias testing of recommendation engines.

3. Fertility Benefits Shift From Trend to Requirement

The market for employer-provided fertility benefits continues to expand. With infertility affecting roughly 1 in 6 people globally, employers are increasingly considering fertility coverage as a critical component of their benefits package. According to Maven Clinic's 2026 State of Women's and Family Health Benefits report, employers have broadly expanded family health benefits by an average of 39% year over year.

This growth has been driven by a combination of regulatory guidance that makes it easier for employers to offer fertility coverage and state legislation that increasingly requires it.

Most recently, on May 10, 2026, the U.S. Department of Labor (DOL) and other federal agencies proposed a new category of limited excepted benefits for fertility coverage, with an intended effective date of Jan. 1, 2027.

At the state level, insurance mandates regarding fertility treatments continue to expand as well. Earlier this year, California joined more than 20 states requiring fertility benefit coverage, with large group health plans now required to cover fertility services (including IVF) for plans issued, amended or renewed on or after Jan. 1, 2026. Other states, such as Virginia, will require their essential health benefits benchmark plans for 2028 to include fertility treatment and diagnosis (with up to three cycles of assisted reproductive technology per lifetime), among other additions.

As fertility benefits gain traction through both federal initiatives and expanding state mandates, employers have an opportunity to strengthen their benefits offerings in this area.

Employers with fully insured plans should confirm their offerings meet applicable state mandates, while self-funded employers should watch the DOL's proposed rule for a cost-effective path to offering fertility coverage outside the core group health plan.

4. GLP-1 Costs and Pipeline Keep Employers on Alert

GLP-1 medications remain one of the most significant cost drivers in employer-sponsored health plans. The Benefitfocus State of Employee Benefits Report 2026 found that GLP-1 drugs now drive approximately 20.3% of prescription spending at large self-funded plans, and a 2026 Business Group on Health survey found nearly 8 in 10 employers report GLP-1s are driving up their companies' healthcare costs.

The market shows no sign of slowing. The Wegovy pill became the first oral GLP-1 available for weight loss in early 2026, the U.S. Food and Drug Administration approved Eli Lilly's Foundayo in April, and pipeline candidates such as retatrutide and CagriSema are posting strong efficacy data ahead of expected approvals. With average annual costs of roughly $6,000 per participant and return on investment difficult to measure within typical employee tenure, employers should continue refining eligibility criteria, prior authorization requirements and lifestyle program participation requirements for 2027.

5. New Prescription Drug Channels Bypass Traditional PBMs

Two parallel developments are increasingly challenging the traditional pharmacy benefit manager (PBM) model.

TrumpRx Adds Competition to the Market

TrumpRx.gov, a government platform launched Feb. 6, 2026, under the administration's most-favored-nation pricing initiative, connects cash-paying consumers directly to manufacturer drug discounts. Under a November 2025 agreement between the administration, Novo Nordisk and Eli Lilly, GLP-1s are priced around $350 per month through the platform. KFF analysts note that most consumers with insurance are generally better served using their coverage rather than TrumpRx, since purchases made through the platform don't count toward a deductible or out-of-pocket maximum.

Ahead of the launch, the U.S. Department of Health and Human Services Office of Inspector General concluded in a January 2026 Special Advisory Bulletin that manufacturer-led direct-to-consumer drug programs can be structured to present a low risk under the federal Anti-Kickback Statute. However, it stopped short of a formal safe harbor.

DTE Drug Platforms Reshape the Market

Separately, direct-to-employer (DTE) platforms are removing PBMs from the employer side of the equation. A study published in the Annals of Internal Medicine found that for insured patients with generic copayments above $15, a direct-to-consumer pharmacy offered a lower price nearly 80% of the time. This gap has accelerated employer interest in platforms such as Eli Lilly's Employer Connect, Novo Nordisk's employer access programs and GoodRx's Employer Direct. All of these offer employers fixed, transparent pricing outside the PBM channel entirely, particularly for GLP-1s.

Both trends create blind spots for employers, since purchases made outside the PBM channel leave gaps in utilization data. Neither model is likely to broadly replace traditional PBM arrangements in the near term, but employers should expect carve-out options to continue growing heading into 2027.

Conclusion

Healthcare costs and the prescription drug market will continue to shift through the rest of 2026, driven by GLP-1 demand, new pricing competition and emerging technologies like AI. The second half of the year is a good time to revisit plan design, vendor partnerships and compliance posture before open enrollment begins.

Contact us for more resources about these trends or for Zywave's 2026 Midyear Employee Benefits Market Outlook.

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