

The State of Benefits Satisfaction

Survey results from employee benefits brokers and employers on healthcare costs, commissions, carrier satisfaction, and more.

The Council of Insurance Agents & Brokers partnered with McKinsey & Company to conduct a survey involving 128 employee benefits brokers, with roles including producer, practice leader, and account manager. Survey respondents represented employers in a wide swath of industries and organization sizes. Topics included carrier satisfaction, healthcare cost containment concerns and solutions, broker pricing and commissions, regulatory and compliance issues, and future priorities.

Simultaneously, McKinsey conducted its own 2025 Employer Health Benefits Survey of roughly 1,900 employers to understand the key forces shaping employer healthcare decisions.

This report shares results of those two surveys, comparing broker and employer responses on key topics.

KEY FINDINGS

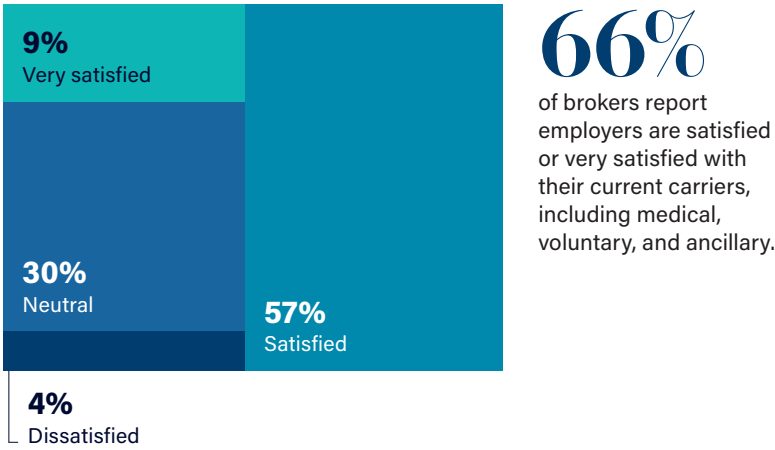
- ▶ Brokers believe their clients are satisfied with their carriers. More than half report that their clients switch medical, voluntary, and/or ancillary carriers every three to five years, with more than one-quarter saying clients switch every five to 10 years or rarely/never.
- ▶ Employers seem to echo that time frame, with 27% anticipating a carrier switch in three to four years and roughly one-third anticipating a carrier switch in four years or longer or not at all.
- ▶ Healthcare costs are the top reason employers and brokers consider switching carriers. Brokers are focused on cost containment as a priority.
- ▶ Brokers are implementing a wide breadth of cost containment levers, with more than 40% saying that half of their clients use a cost containment solution. However, no lever is being used by more than 10% of brokers, indicating there is not yet a consensus within the brokerage community on the most effective approach to contain costs.
- ▶ A majority of brokers report over the past five years benefit pricing premiums have increased, with medical premiums rising the most (43% reported an increase in premium pricing of more than 10%). This has not resulted in a direct increase in broker commissions, which have remained stable.
- ▶ Employers similarly report a steady increase in healthcare costs, with more than half expecting increases to continue next year. At the same time, nearly half report either no change or a decrease in their expected benefits budget for 2026.
- ▶ Employers are increasingly reporting switching to self-funding health plan options, with 60% noting they definitely/probably will switch. Employers are also willing to switch brokers and cite access to a broader range of solutions and lack of proactive help with managing costs as two of the top three reasons for switching.

Carrier Satisfaction

Most brokers report that their clients are satisfied with their carriers, and 85% report that clients switch carriers every three to five years or longer.

At the same time, 40% of employers responding to McKinsey's employer survey say they plan to switch medical benefits carriers three to four years from now or longer.

Broker Respondents Report Client Satisfaction with Carriers



Frequency of Carrier Change Among Clients



Anticipated Medical Benefits Carrier Change Among Employers



Employer respondents to McKinsey's survey say cost is a factor in two of the top three carrier challenges that would lead them to switch medical benefits carriers.

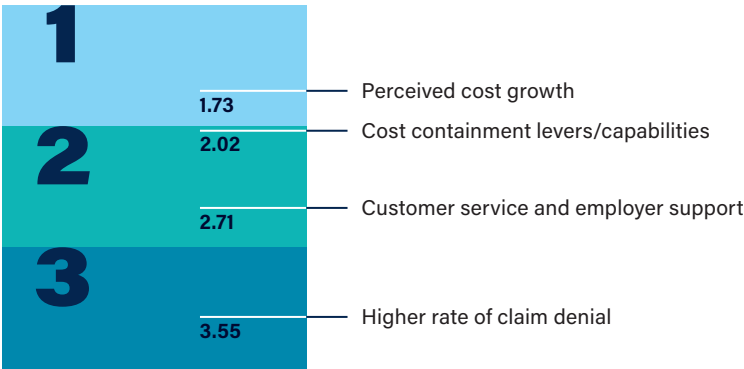
Top Challenges Leading Employers to Switch Carriers



Source: McKinsey Employer Health Benefits Survey – 2025

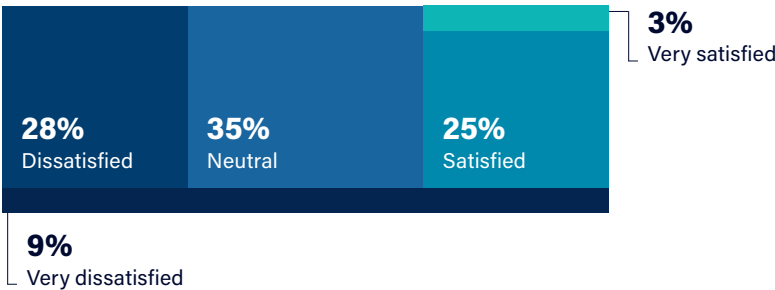
Similarly, brokers rank cost-related issues as the top two most important factors that would drive their clients to change carriers.

Average Rank of Factors Leading to Client Carrier Change (1 being most important)



Despite cost as a perceived driver of change, the majority of brokers say their clients are neutral, satisfied, or very satisfied with carriers' role in cost containment.

Brokers Report Levels of Client Satisfaction with Carriers' Role in Healthcare Cost Containment





Drivers of Carrier Choice

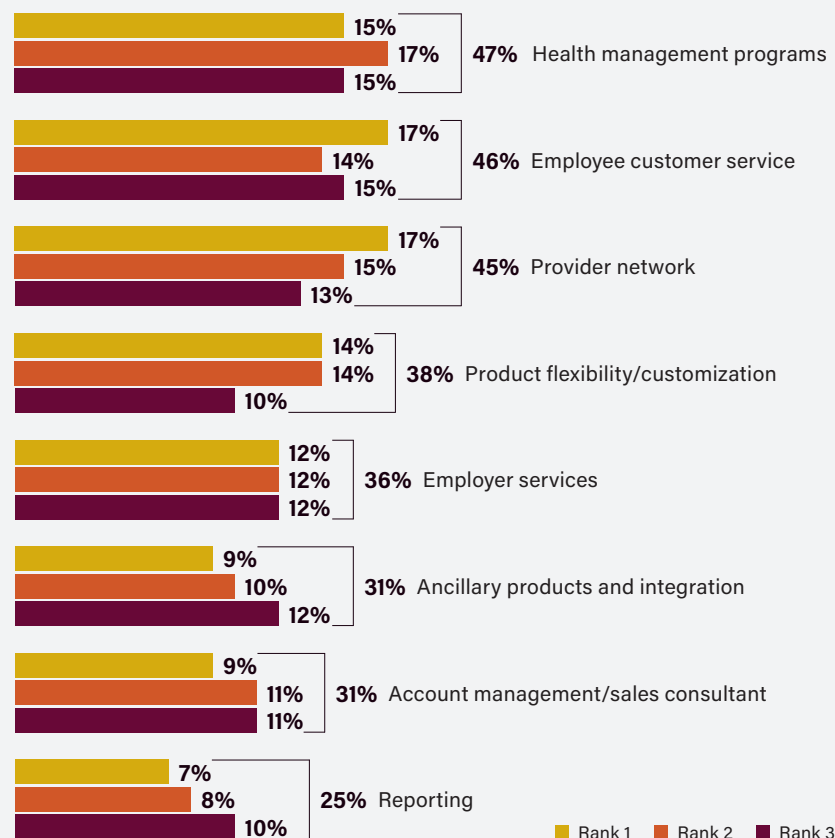
While brokers vary on what they believed were the most important drivers of their clients' satisfaction with carriers, the top two areas were customer service and employer support and network strength and provider access.

Employers similarly rank customer service and provider networks as the top two and three non-cost factors affecting purchase decisions.

Client Drivers of Carrier Satisfaction



Top Non-Cost Factors Influencing Employer Purchase Decisions

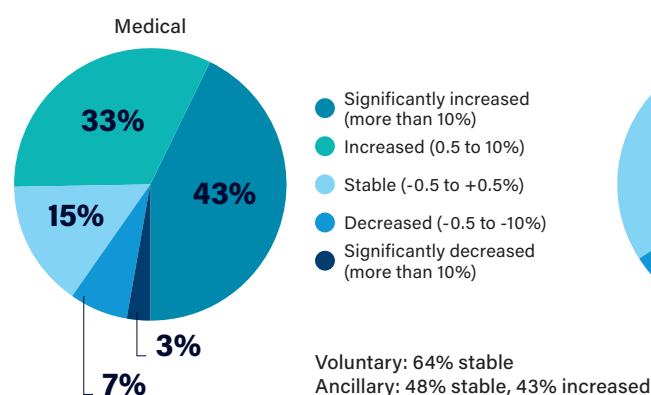


Source: McKinsey Employer Health Benefits Survey - 2025

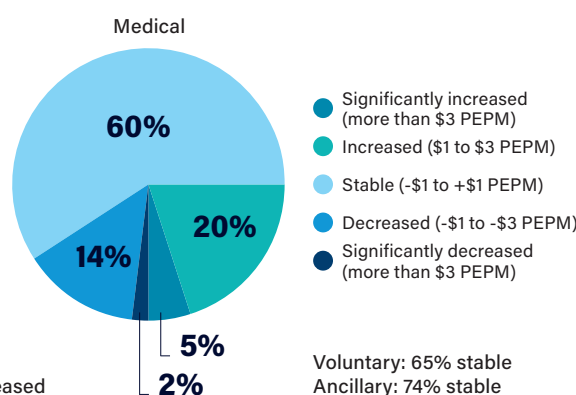
Brokers Report on Premium and Commission Increases

While premiums for fully insured plans have largely increased or significantly increased over the past five years, brokers report commissions and fees for self-insured clients have remained relatively stable.

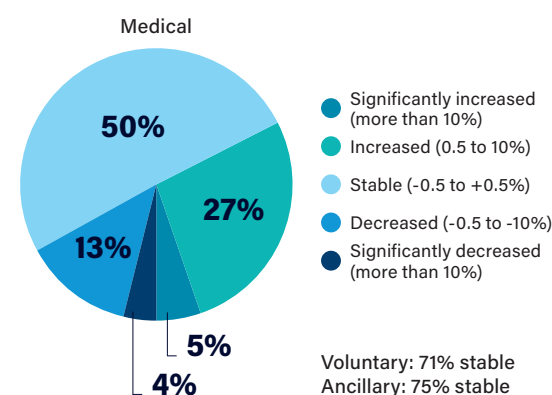
Benefit Premium Increases for Fully Insured Plans



Change in Broker Commissions for Self-Insured Clients (PEPM)



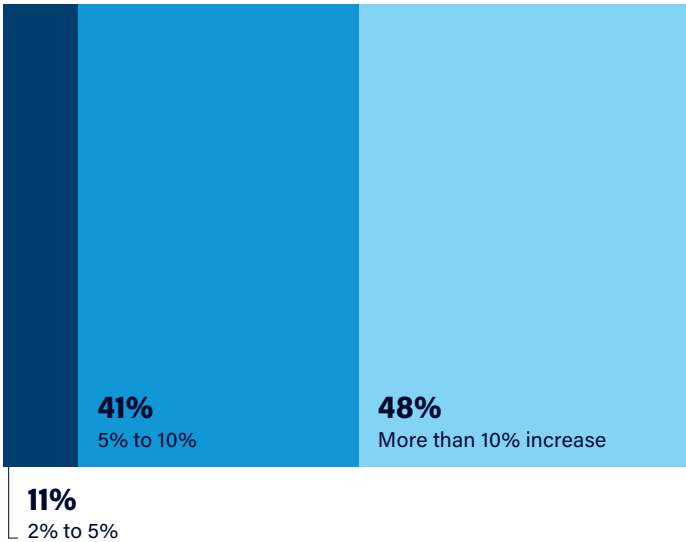
Change in Broker PEPM Fees



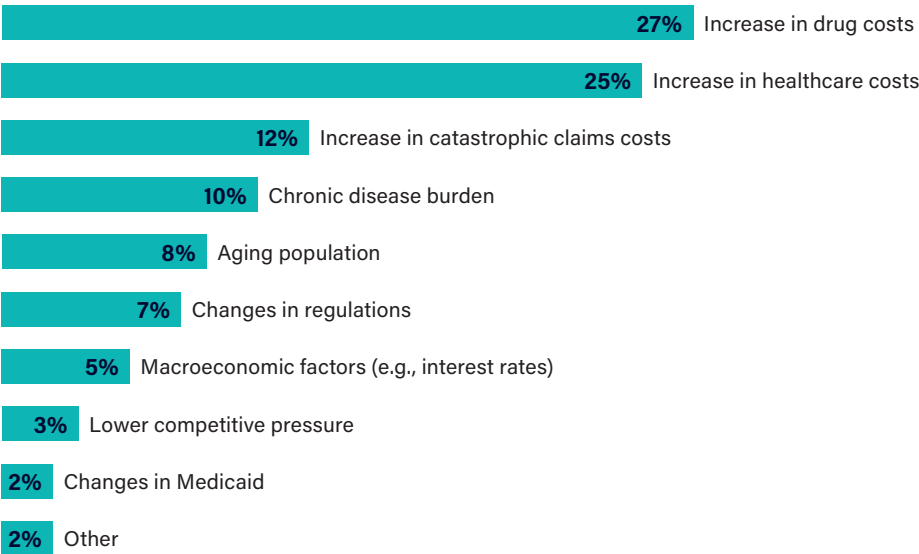
Premium Increase Predictions

The majority of brokers expect at least a 5% healthcare premium increase in the next one to three years, with almost half expecting a more than 10% increase.

Broker Expectations for Premium Increases in the Next 1 to 3 Years



Main Causes for Premium Increase



Consolidated Appropriations Act Changes

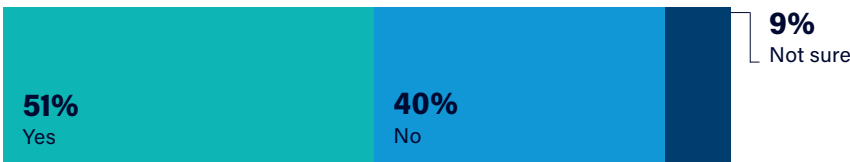
Since passage of the Consolidated Appropriations Act in 2021, which requires more transparency from insurance companies and employer-based health plans regarding healthcare pricing, a majority of brokers surveyed have not changed their pricing strategy but half have changed their communication strategy.

Changed Pricing Strategy



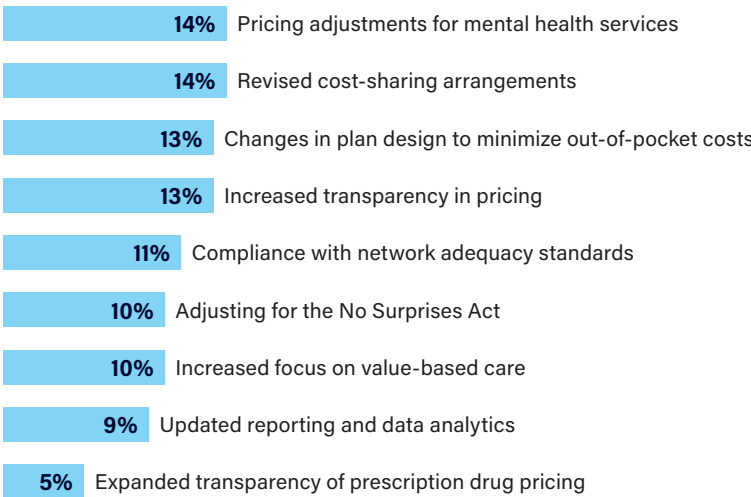
69% of respondents say their firm has not changed its pricing strategy considering broker compensation disclosure requirements in the Consolidated Appropriations Act of 2021.

Changed Communications Strategy



51% of respondents say their firm has changed its client communication strategy due to requirements in the Consolidated Appropriations Act of 2021.

Broker Pricing and Communications Strategy Changes





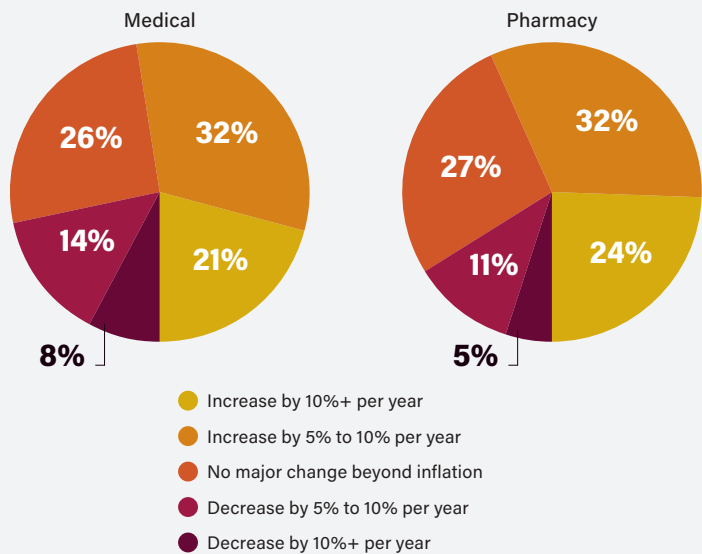
Employers' Future Healthcare Cost Expectations

More than 50% of employers expect healthcare cost increases beyond inflation next year.

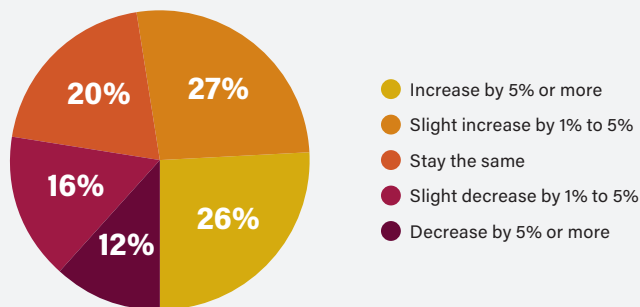
Employer healthcare costs have steadily increased over the past three years as they combat growing cost pressures.

In 2023 and 2024, McKinsey found that 58% and 64% of employers, respectively, expected healthcare cost increases of 5% or more year over year, suggesting they do not anticipate relief in the near future.

Expected Cost Change per Employee in 2026



Expected Change in Total Benefits Budget in 2026

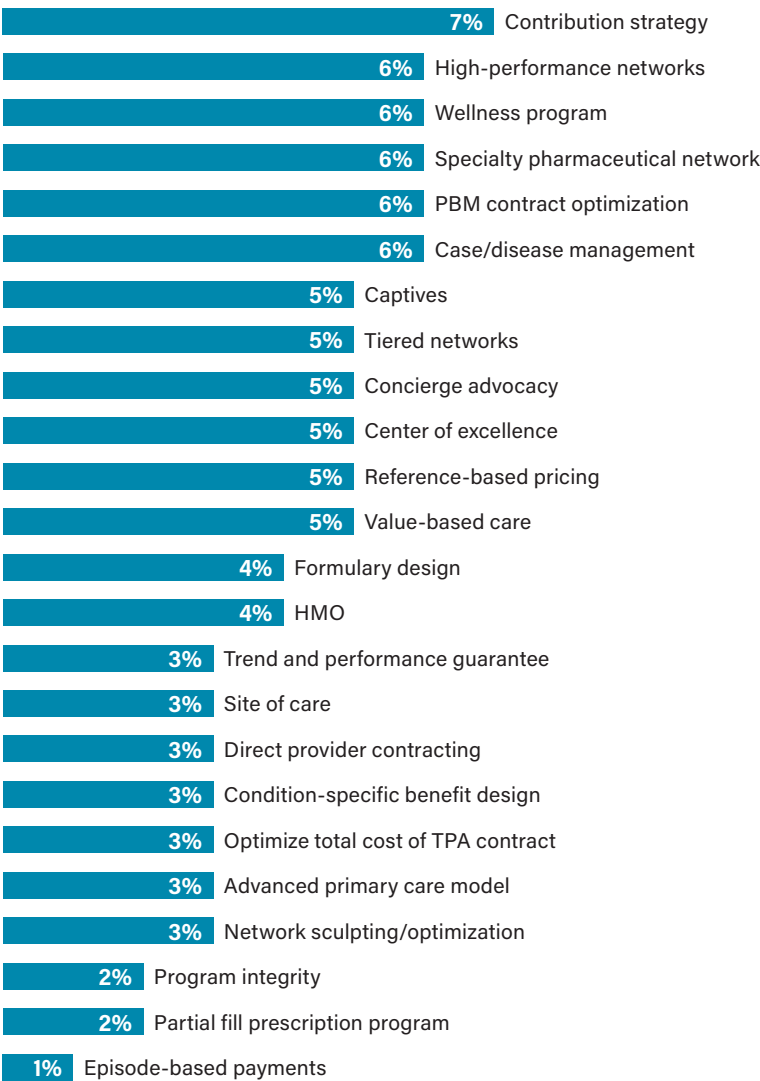


~28% of employers expect a reduced health benefit budget in the next year, a fivefold increase from 2024. In 2024, only 5% expected a budget decrease and 71% expected an increase.

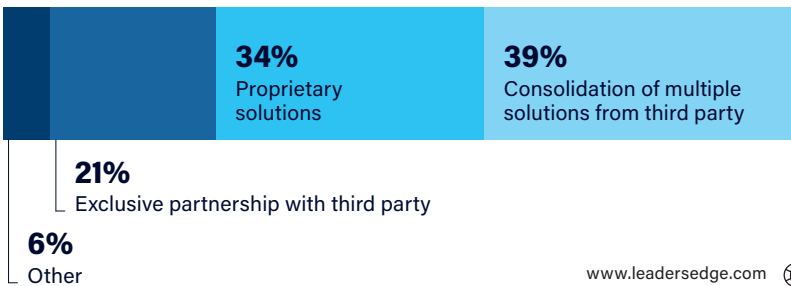
Brokers' Cost Containment Solutions

Brokers are implementing a wide breadth of cost containment levers for clients; no lever is being used by more than 7% of brokers.

Cost Containment Levers Implemented for Clients



Broker Approaches to Adding Cost Containment Solutions

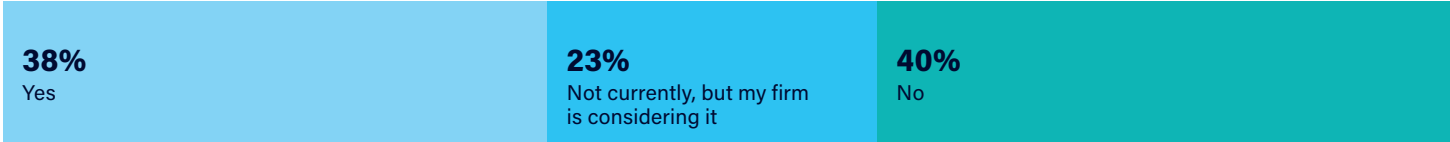


Percentage of Clients Using Cost Containment Solutions



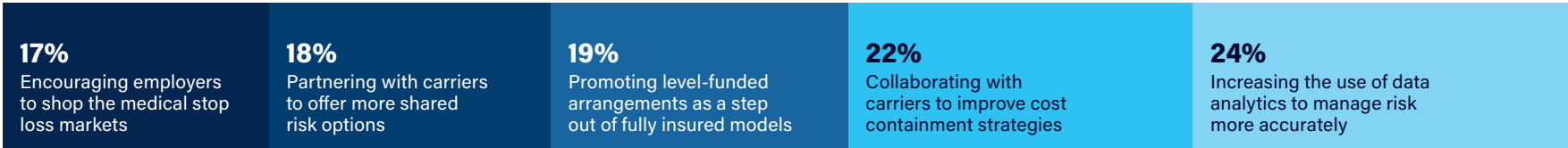
43%
of brokers report that over half of their clients are using cost containment solutions.

Use of Individual Coverage Health Reimbursement Arrangements (ICHRA)



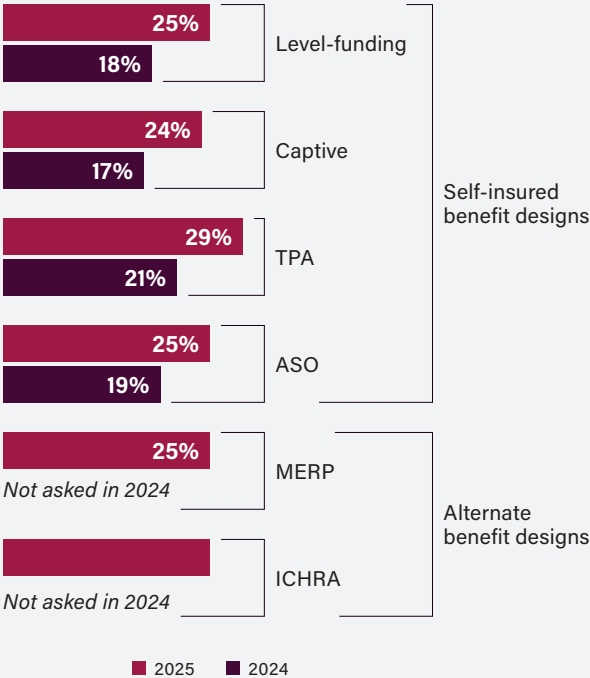
23%
of brokers are considering offering ICHRA support in the future.

How Brokers Are Working with Carriers on Cost Containment



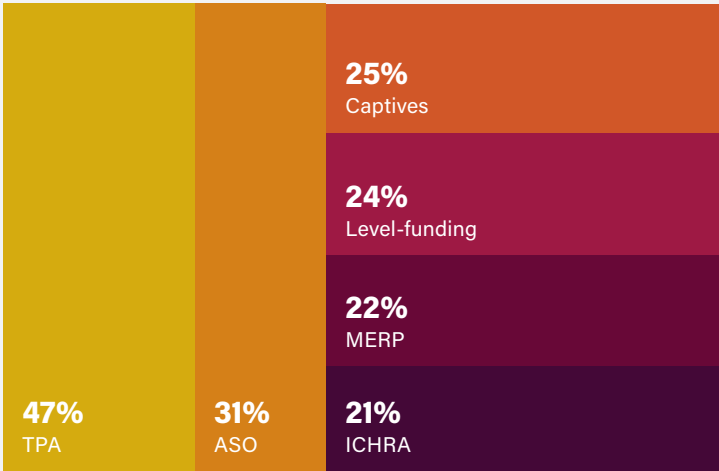
Employers See Self-Funding as Cost Containment Solution

Percentage of Employers Offered Alternatives to Fully Insured Benefits



60%
of employers note they definitely/ probably will switch to self-funded solutions,
versus
47%
of employers in 2024.

Alternative Health Insurance Models Recommended by Brokers



54%
of brokers recommended moving to self-insured coverage in the last 24 months.

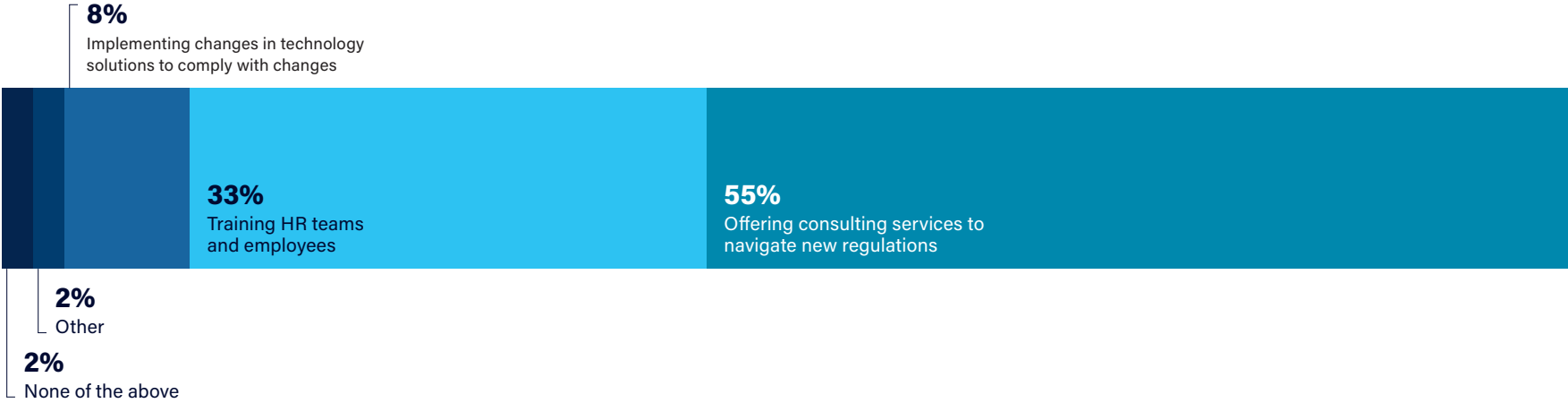


Future Focus on Regulation, New Products, and Cost Containment Solutions

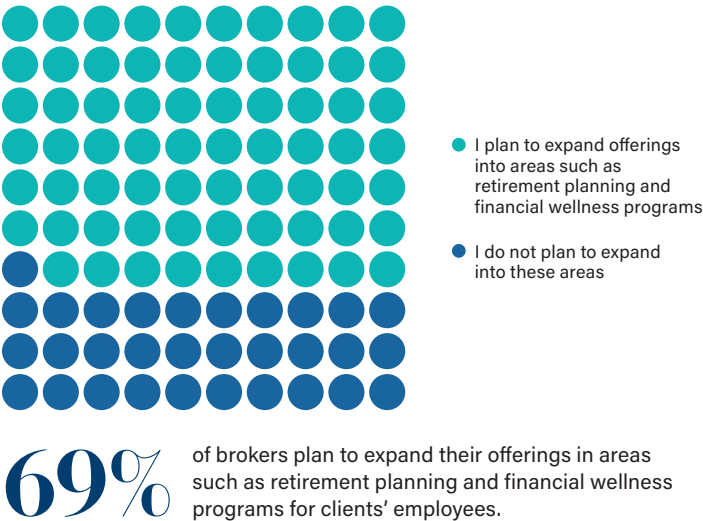
Brokers Expect Regulatory Changes in the Next 12 Months



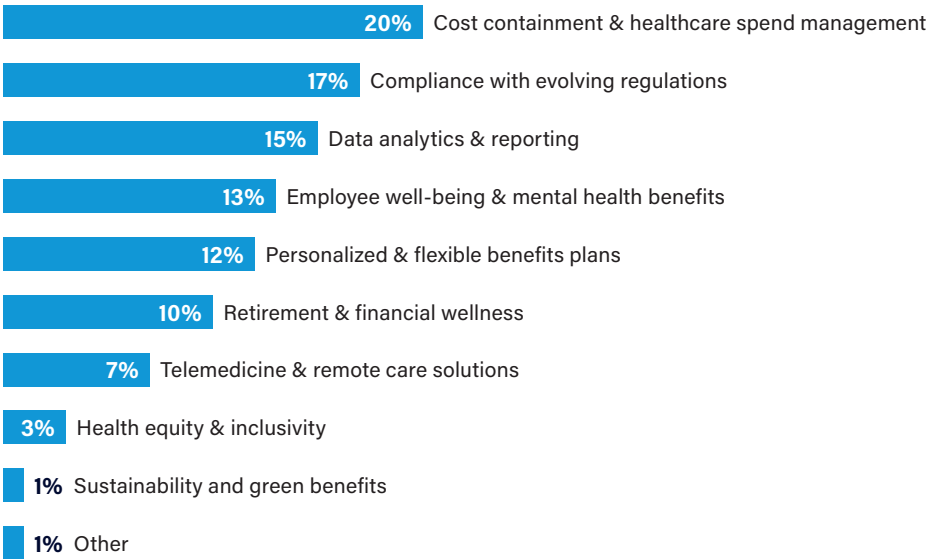
Broker Actions to Support Clients Navigating Regulatory Changes



Brokers Expand into Wealth Management



Brokers' Priorities



Role of Technology in Shaping the Future of Employee Benefits Packages

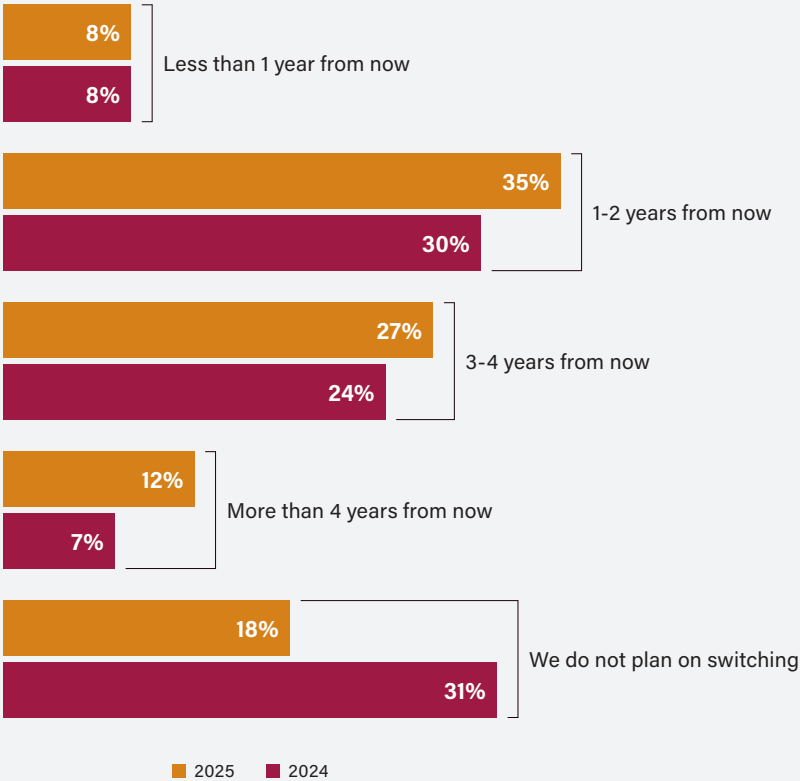


60%
of brokers expect technology to significantly change benefit scope and delivery in the future.

Employers Weigh in on Broker Satisfaction

Employers are eager for innovation, as demonstrated by their willingness to switch brokers for access to a broader set of cost management solutions. The percentage of employers not planning to switch brokers for the foreseeable future dropped to 18% in 2025 from 31% in 2024, a 42% decrease.

Employers’ Anticipated Time to Switch Brokers



Top 3 Reasons for Switching to a Different Broker

