

Employee Benefits Reach Inflection Point

AI modernizing plan design and administration, healthcare point solutions, and next-gen benefit design to reduce spend—it's an experimental environment in employer-sponsored insurance.

Employers today are operating under significant pressure to show they are fiduciarily responsible for their employees. In this environment, The Council of Insurance Agents & Brokers surveyed employee benefits executives on the issues and trends affecting their businesses in 2026. Survey respondents consisted of 166 employee benefits brokers, account managers, practice leaders, and executives representing employers of various sizes from a wide swath of industries. Respondents answered questions involving AI use within their brokerage and with clients, healthcare cost containment, point solutions, alternative benefit plan design, and future expectations for employer-sponsored insurance. The following is a slice of the results across these categories.

KEY FINDINGS

▶ ARTIFICIAL INTELLIGENCE

A significant majority of brokers (70%) have an AI strategy, which come in varied shapes, ranging from just starting proof-of-concept testing to seeing impacts across various use cases. A majority of firms (55%) have limited to moderate investment in AI (less than \$250K to \$1M annually).

While AI remains largely an internal operations function, it is beginning to creep into external client discussions: 60% of respondents report that they are actively discussing AI use cases in health benefit design with their clients.

Brokers say employers believe AI will significantly impact personalized healthcare in the next five years. Of the respondents, 67% say clients believe AI's impact will be felt in personalized health and wellness advice for employees, and 66% say AI will significantly affect

benefits personalization, in which employees are offered tailored care delivery recommendations.

▶ COST CONTAINMENT

Pharmacy cost management is a top area of focus for brokers looking for client cost containment solutions. Not only is pharmacy benefit manager (PBM) contract optimization listed as one of the top three cost containment levers used by employers, but it also seems to have significant returns on investment (ROI), with 58% of respondents saying it has either a 3:1 or 4:1 return.

Other top cost containment levers were high-performance networks, contribution strategy, and well-being programs. Notably, contribution strategy is the most popular solution for employers with less than 100 employees and with 100–999 employees, while larger employers favor PBM optimization, according to respondents.

▶ VENDOR AND POINT SOLUTIONS

A majority of respondents say their clients are using on average three to four point solutions. This number could get even smaller, as nearly three-quarters of respondents say their clients are either actively trying to consolidate vendors or considering consolidation.

Pharmacy cost management remains top of mind for brokers looking for point solutions. 63% of respondents say that pharmacy cost management point solutions (e.g., discount card programs, price transparency/prescription saving tools) top the list of the three most commonly used point solutions by clients. Wellness/well-being platforms and telehealth platforms round out the top three, at 61% and 59%, respectively.

▶ ALTERNATIVE BENEFIT DESIGN AND ADMINISTRATION

Brokers say they are using a variety of alternative benefit designs with their clients, though some are more widely used than others. Nearly two-thirds (64%) of brokers report using level-funded products. Independent TPA models, captive arrangements, and stop-loss are all used by more than half of respondents.

When asked what percentage of their clients use each of these products, broker responses indicate that stop-loss is the most widely used among clients, with 35% of respondents saying that the majority of their clients use stop-loss products.

▶ FUTURE EXPECTATIONS

The expectations for health benefit evolution are varied, but few respondents believe stability is on the horizon. Only about one-fifth of respondents representing all employer sizes think the employer-sponsored market will remain stable.

Most respondents believe that PBM reform and pharmacy cost regulation will be one of the top three issues to most significantly impact their business in the next three years. Almost half (49%) believe AI-enabled care navigation and cost management will be in the top three, and 48% believe that increased transparency requirements will be a top issue.

Affordability remains top of mind as brokers look to the future of employer-sponsored insurance. Of respondents, 64% say affordability pressures will fundamentally reshape plan design over the next 3–5 years. More than half (54%) say employers will increasingly shift financial risk to employees. Cost shifting is selected in the top three ways the healthcare model will evolve by respondents representing all employer sizes.

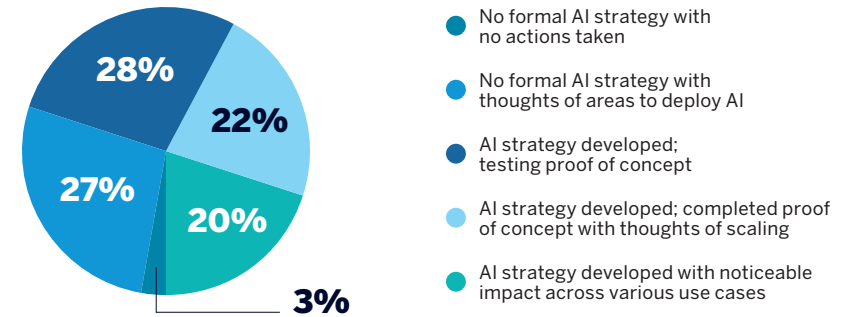
Brokers also see opportunity in the benefits environment: nearly half of respondents (48%) say brokers will play a greater role in risk mitigation and governance in the next 3–5 years.

Median Size of Employers in Client Portfolio



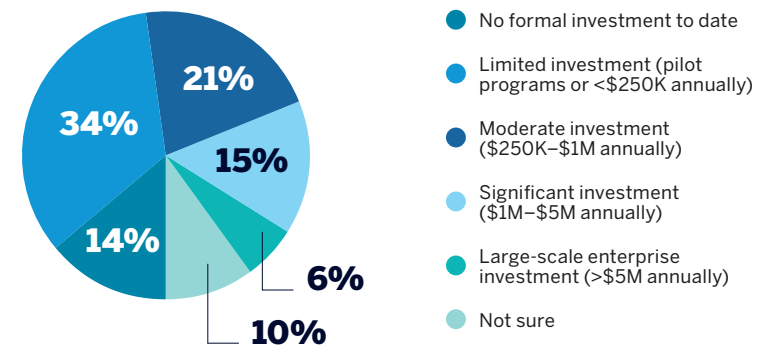
Artificial Intelligence

Brokerage Firm Stage of Development in Defining and Deploying AI Strategy

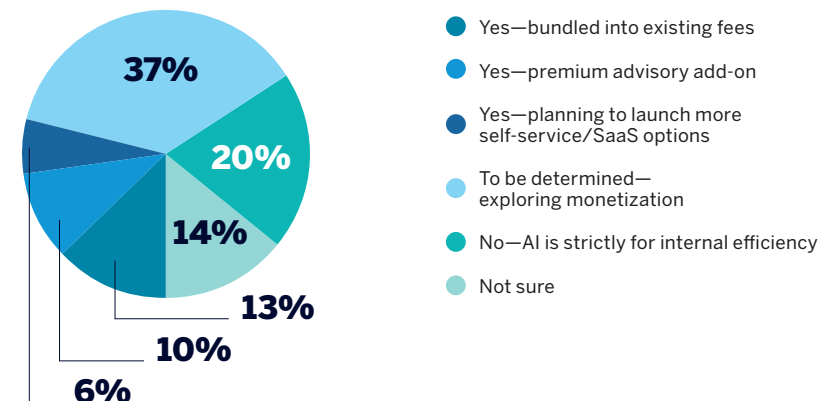


FOR THE 30% of respondents who say they have no formal AI strategy, half of those have a median client size of 100–999 employees, and another 38% have a median client size of <100 employees.

Brokerage Firm Investment in AI Capabilities (Excluding Training)



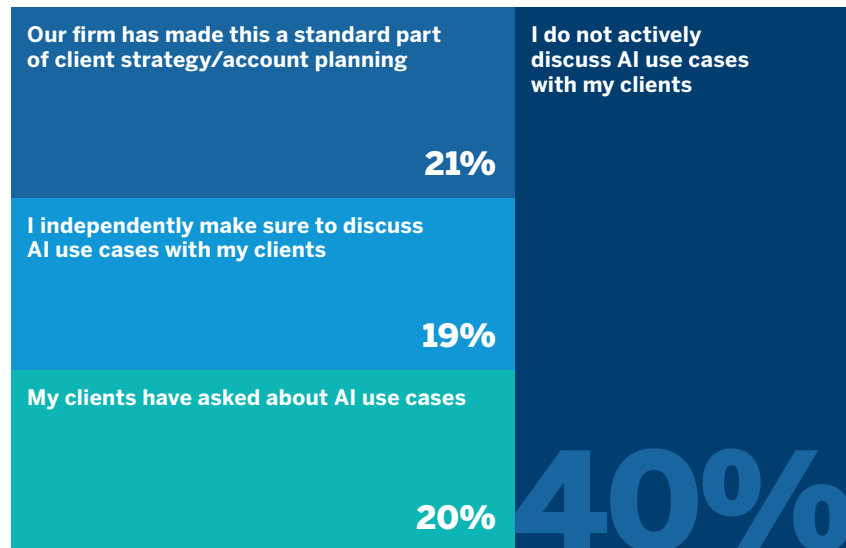
Brokerage Firm Plan to Monetize AI-Enabled Capabilities as Part of Client Offering



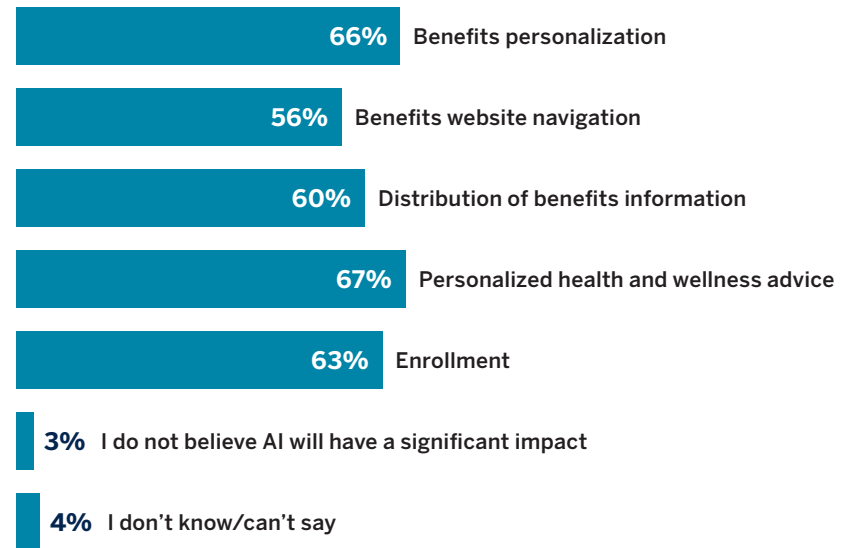


Artificial Intelligence

Extent of Discussions with Clients on AI Use Cases in Health Benefit Design

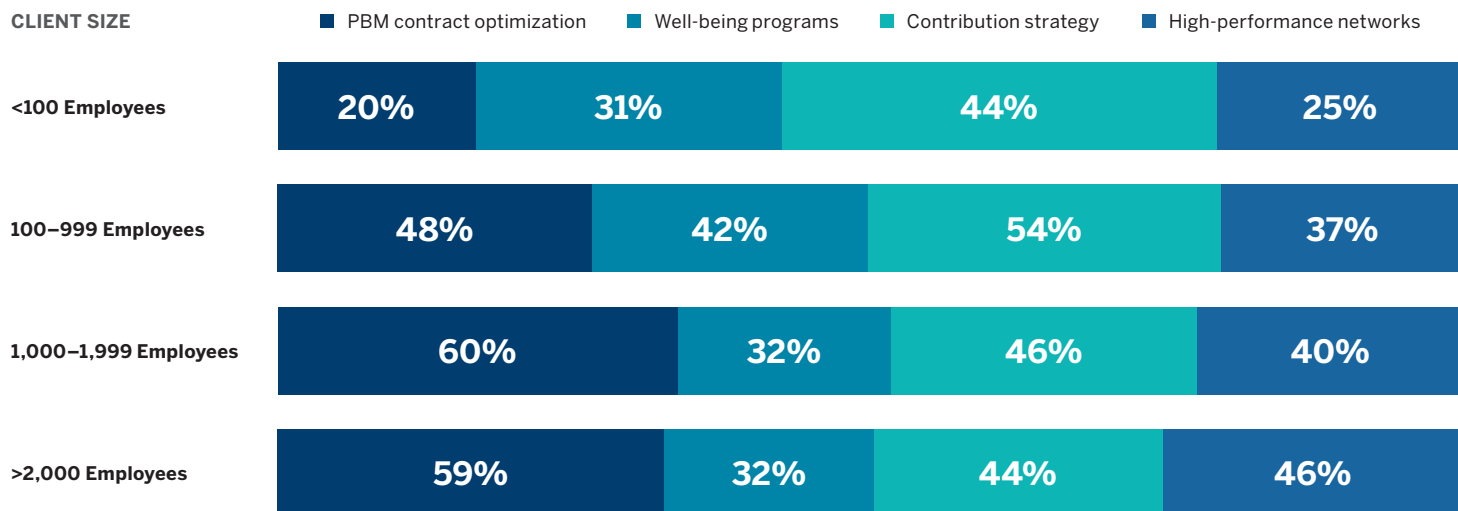


Areas in Which Clients Think AI Will Significantly Impact Benefits in the Next 3–5 years



Cost Containment

Top Cost Containment Levers Implemented by Clients



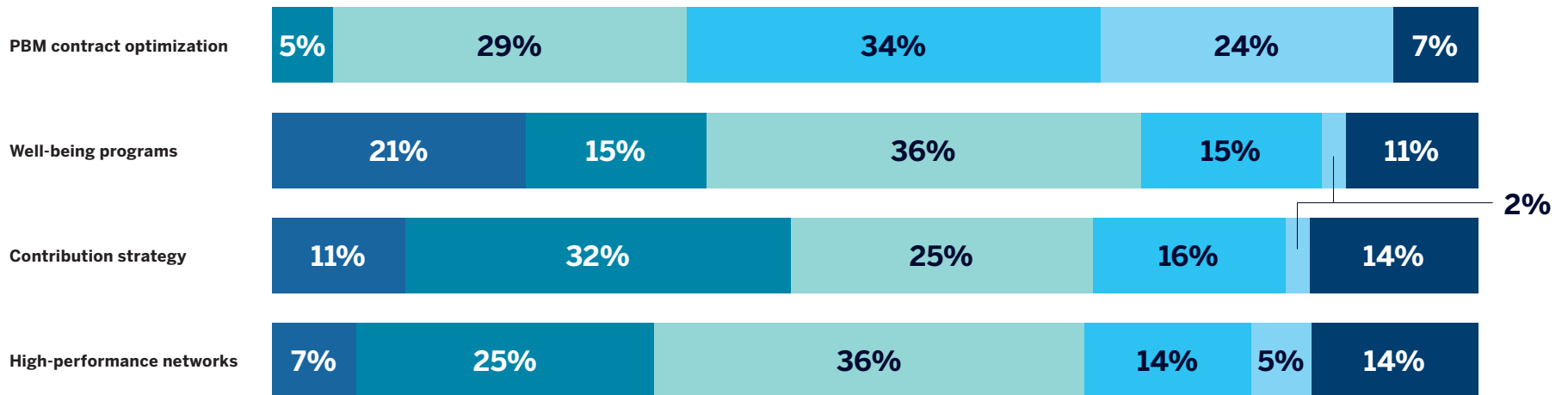
THE TOP LEVERS are determined by total number of respondents identifying each cost containment lever as one of the top 3 containment levers their clients used. PBM contract optimization received the most votes, well-being programs was second, and contribution strategy and high-performance networks tied for third.

It is worth noting that these were the top levers chosen across all client segments but not necessarily the top among individual client segments.

ROI Achieved with Most Commonly Selected Cost Containment Levers

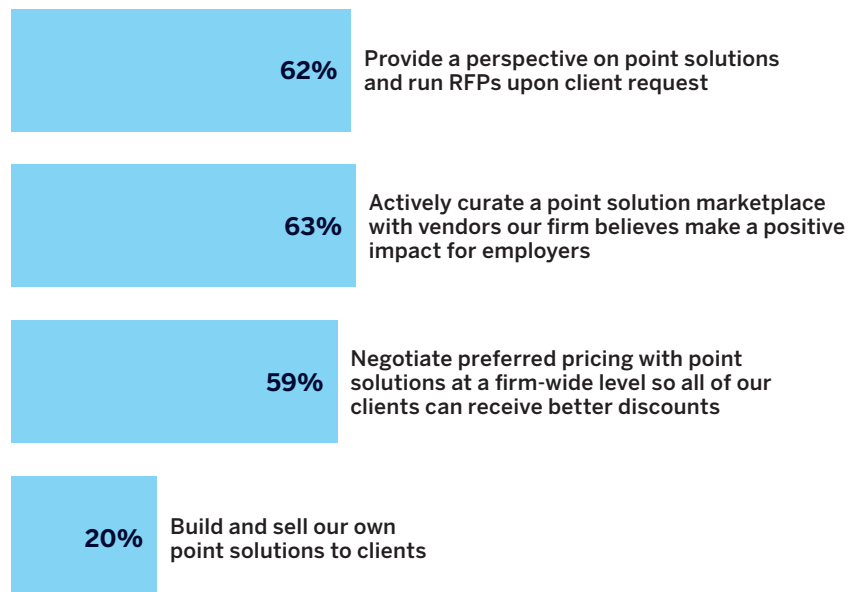
COST CONTAINMENT LEVER

■ No measurable hard dollar savings ■ 1:1 ■ 2:1 ■ 3:1 ■ 4:1 or more ■ Not sure

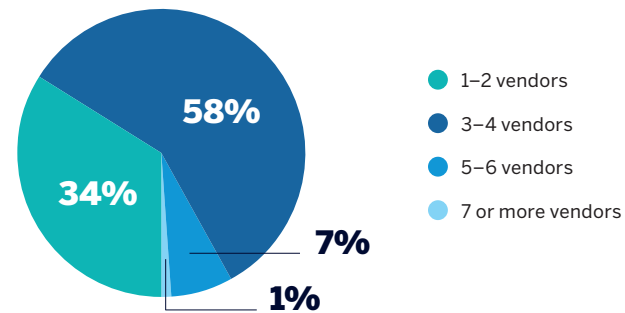


Vendor and Point Solutions

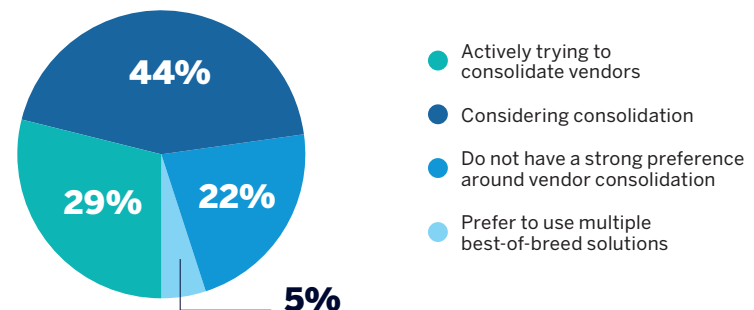
Brokerage Firm Role in Point Solution Ecosystem



Average Number of Point Solution Vendors Clients Use



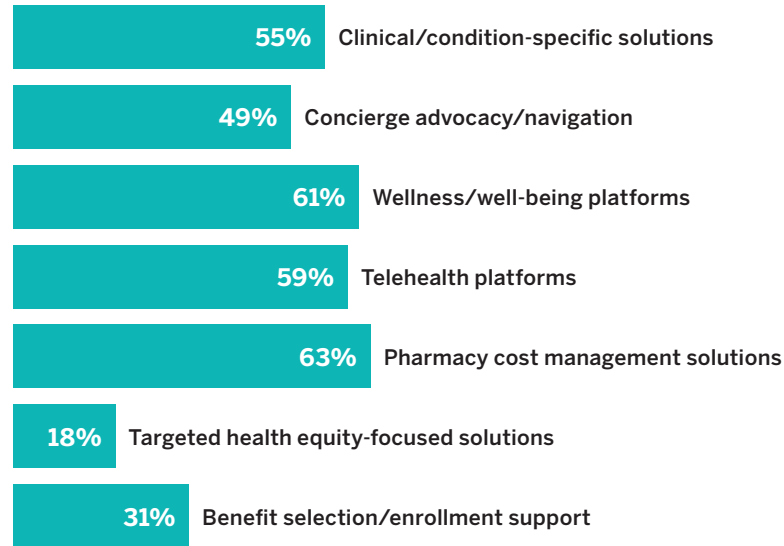
Client Interest in Reducing Vendor Count





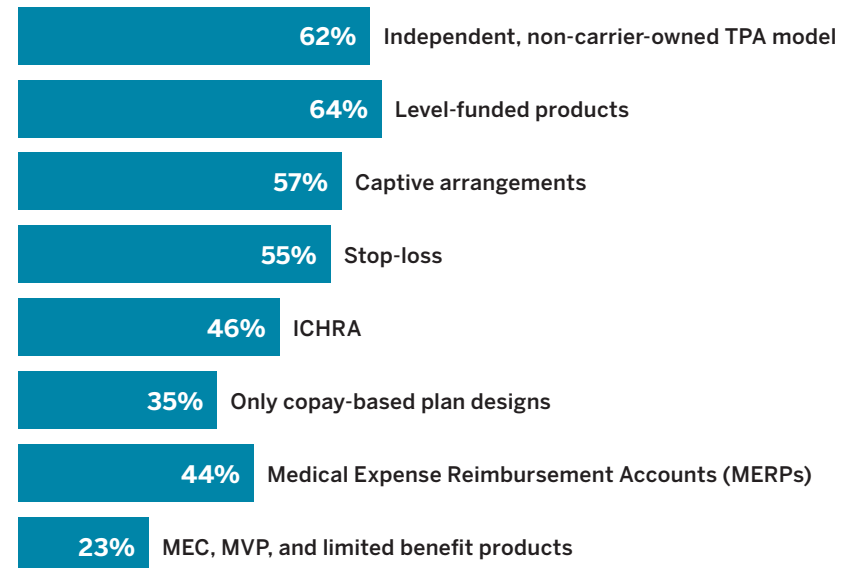
Vendor and Point Solutions

Areas in Which Clients Are Most Commonly Implementing Point Solutions



Alternative and Next Generation Benefit Design

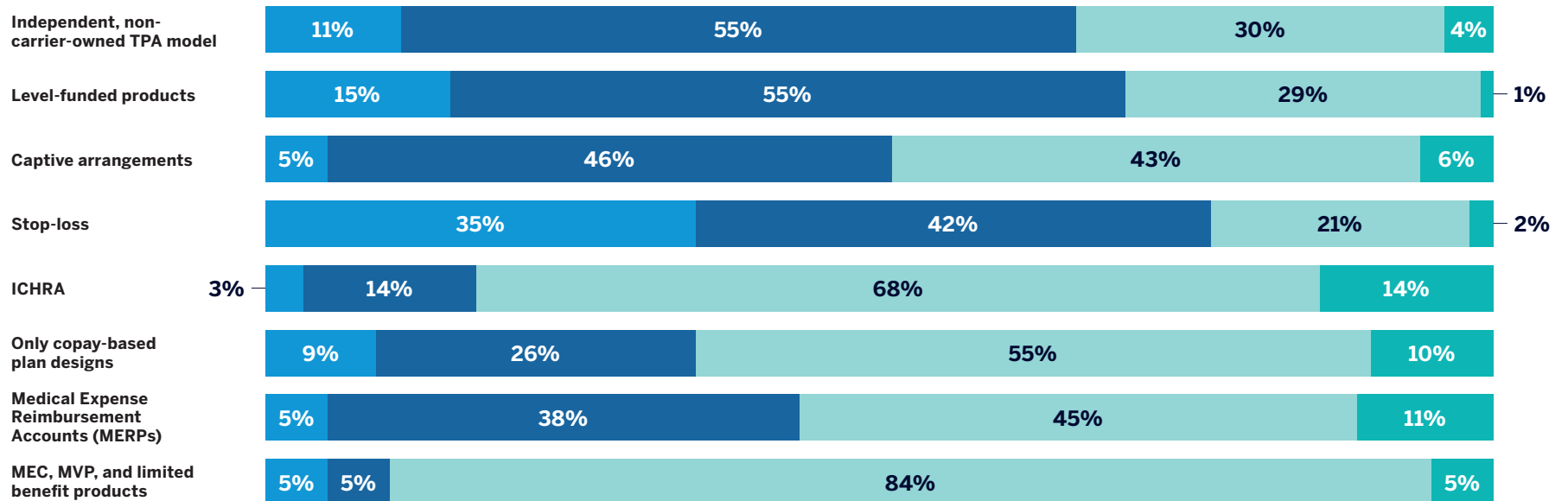
Alternative and Next-Gen Benefit Designs Used with Clients



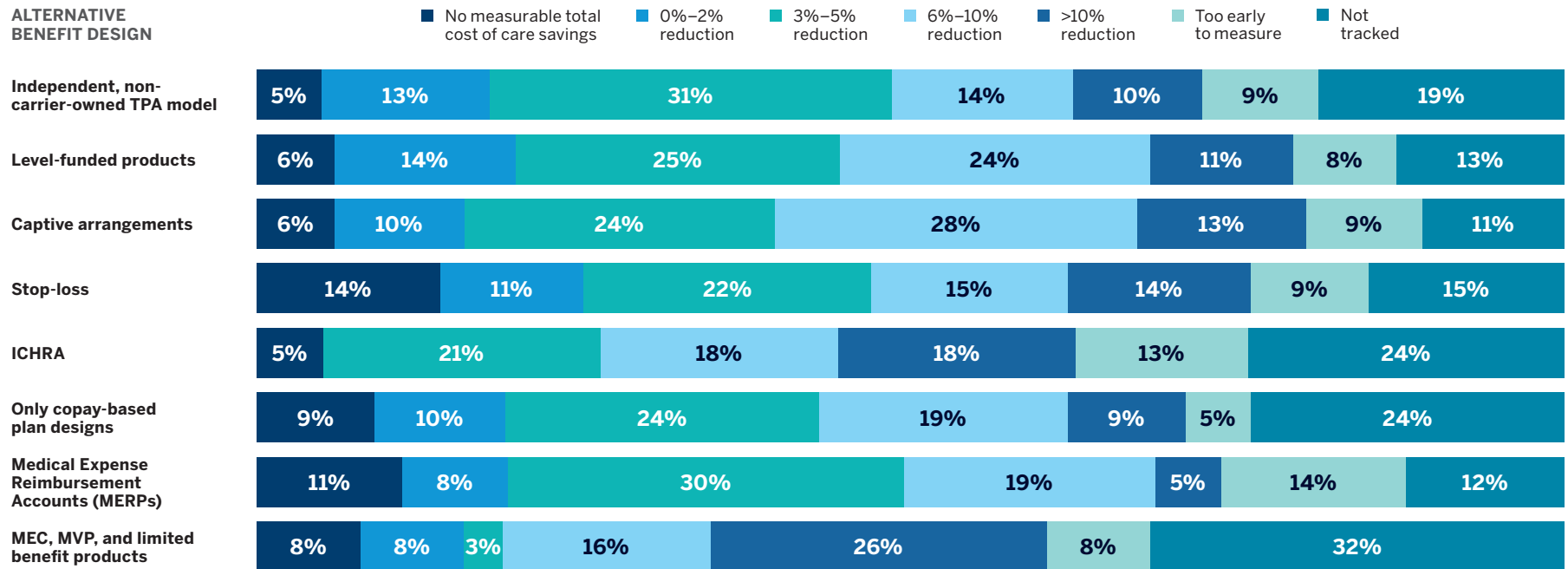
Scope of Client Solution Use

ALTERNATIVE BENEFIT DESIGN

■ Used by ≥50% of clients
 ■ Used by 10%–40% of clients
 ■ Used by <10% of clients
 ■ Discussed but not implemented

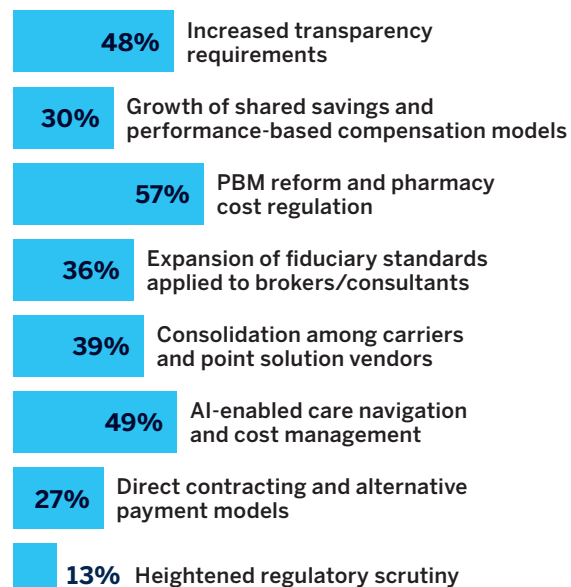


Average Medical Cost Savings Achieved in First Year After Switching to Alternative Benefit Design



Future Expectations

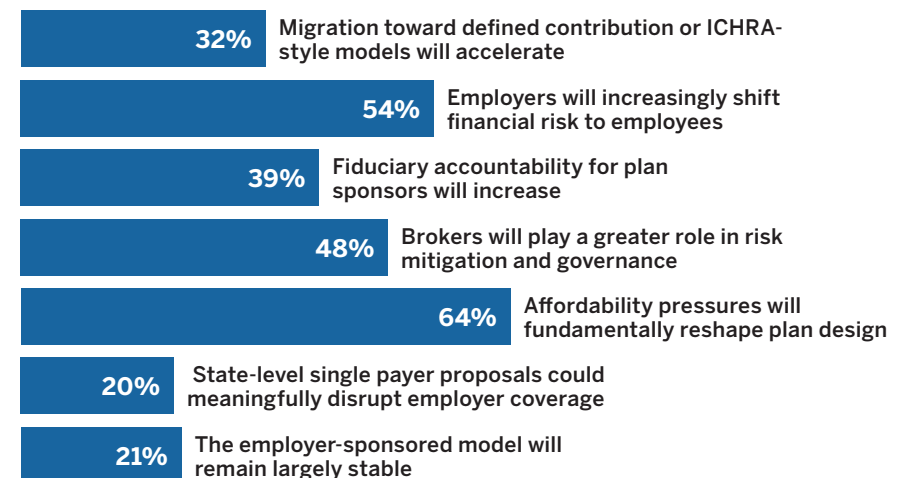
Industry Trends Brokers Believe Will Most Significantly Impact Their Business in the Next Three Years



#1 Most Impactful Trend by Client Segment:

- ▶ <100 employees and 100-999 employees: PBM reform and pharmacy cost regulation
- ▶ 1,000-1,999 employees: Increased transparency requirements
- ▶ 2,000+ employees: Increased transparency requirements and expansion of fiduciary standards

Anticipated Evolution of Employer-Sponsored Healthcare Model Over the Next 3–5 Years



34% OF RESPONDENTS representing employers in both the <100 and 100–999 employee segments think migration toward defined contribution or ICHRA-style models will accelerate. That percentage is smaller for respondents with larger client profiles; 14% of respondents in the 2,000+ employee segment think it will accelerate.