Benefits Insights

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5 Employee Benefits Trends Shaping 2026

Employee benefits are undergoing a significant transformation in 2026. Rising health care costs, evolving pharmaceutical trends, legislative changes and shifting worker expectations are reshaping employee benefits. Employers face mounting pressure to balance affordability with competitiveness, all while navigating complex regulatory updates and emerging health care innovations. Understanding these developments is critical for employers seeking to attract and retain talent while managing benefits costs effectively.

This article explores five key trends shaping employee benefits in 2026.

1. Rising Health Care Costs

Health care costs have been growing at an alarming rate in recent years, and they're not slowing down. As such, surveys project that health care costs in the United States are likely to increase by 6.5% to, in many cases, as much as over 10% in 2026. Regardless of the exact figure, employers can expect their health care costs to continue to skyrocket throughout 2026, and they will absorb much of the costs.

A few of these key cost drivers, such as glucagon-like peptide-1 (GLP-1) and specialty drugs, will be further explained in the following sections. Chronic health conditions, cancer care, health labor costs and medical inflation are also driving employer cost increases.

2. Continued Popularity of GLP-1 Drugs

Americans' heightened interest in and spending on glucagon-like peptide-1 (GLP-1) drugs is a major driver of rising health care costs. While GLP-1 drugs were traditionally used to treat diabetes, they are now in demand for weight loss. In fact, a RAND report revealed that 12% of Americans have used GLP-1 medications for weight loss, and 14% are interested in using the drugs. Moreover, the number of prescriptions for the drugs has more than tripled since 2020.

It's important to note that additional GLP-1 drugs are expected to hit the market by 2026, which could further drive up employers' health plan costs. In fact, the most recent development includes the approval of the first oral GLP-1 therapy, marking a significant advancement in treatment accessibility and convenience. The Food and Drug Administration approved the oral Wegovy pill in December 2025, and it became available to consumers on Jan. 5. With pharmaceutical companies recognizing the success of semaglutide and tirzepatide, more than 100 drugs are currently in clinical development for the treatment of obesity.

GLP-1 drugs are available in various doses and strengths and are meant to be used as a long-term treatment for their approved uses. The medication costs an average of around $1,000 per individual each month and should be taken continuously. When considering covering weight loss drugs, many employers are concerned that they require a long-term commitment to be effective.

This trend impacts workplaces as employees ask their employers to cover weight loss drugs. Given the priciness of GLP-1 drugs and their long-term commitment, employers may still be on the fence about whether they should cover the drugs despite demand.

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3. The Impact of the OBBBA

The One Big Beautiful Bill Act (OBBBA), a sweeping tax and spending bill signed by President Donald Trump, includes a broad set of changes for employee benefit plans, most of which take effect in 2026. Consider the following changes:

- **Expanded access to health savings accounts (HSAs)**—Effective Jan. 1, 2026, HSA eligibility will allow individuals with direct primary care (DPC) arrangements to make HSA contributions if their monthly fees are $150 or less ($300 or less for family coverage). Also, DPC fees will be treated as medical care expenses that can be paid using HSA funds.
- **Increased limits and tax credits for dependent care flexible spending accounts (FSAs)**—Effective Jan. 1, 2026, the maximum annual limit for dependent care FSAs increases to $7,500 for single individuals and married couples filing jointly and $3,750 for married individuals filing separately (up from $5,000 and $2,500, respectively).
- **A new tax-advantaged account ("Trump Account") for children**—Effective in 2026, Trump Accounts are a tax-advantaged savings account for children under age 18. Annual contributions are limited to $5,000 per child, and employers may contribute up to $2,500 per year to the account of an employee or an employee's dependent.

Additionally, as it relates to the Trump administration, the enhanced Affordable Care Act subsidies, which were passed through the Inflation Reduction Act, were not renewed when they were set to expire at the end of 2025. Nonrenewal of these enhanced subsidies could lead to premium increases and decreased enrollment. Potential changes could also occur to Medicare and Medicaid, which may influence employer decisions regarding retiree health benefits and supplemental coverage options for enrolled individuals.

4. New Specialty Drugs

The specialty drug market continues to expand rapidly in 2025, driven by a surge in approvals by the U.S. Food and Drug Administration (FDA) and a robust pipeline of innovative therapies. These high-cost, high-impact treatments are reshaping the pharmaceutical industry, with specialty drugs now accounting for the vast majority of new drug approvals. Industry experts estimate that nearly 80% of all FDA approvals in 2025 fall into the specialty category, reflecting a shift toward more targeted, complex therapies for chronic and rare conditions. This momentum is expected to continue throughout 2026.

This rapid growth is being fueled by more plan participants using these key specialty drugs:

- **Biologics and biosimilars**—Biologics dominate the specialty market, offering targeted treatment for autoimmune diseases, cancers and more. At the same time, biosimilars are gaining traction as cost-effective alternatives, especially as major biologics lose exclusivity. In 2024, the FDA approved 19 new biosimilar drugs, compared to five in the preceding year, which was the most biosimilar approvals in a year. The momentum continues, with 10 biosimilars approved in 2025. This trend is expected to continue; predictions indicate that at least 10 new biosimilars will be approved annually over the next five years. This dual trend of popularity and lapsing exclusivity is expected to reshape employer strategies and formulary decisions. When a biosimilar is approved, the matching biologic must lose exclusivity rights before the biosimilar can be marketed. These exclusivity rights last for 12 years.
- **Cell and gene therapies (CGT)**—These cutting-edge treatments are seeing a record number of approvals in 2025, with several first-in-class therapies entering the market. For example, chimeric antigen receptor T-cell (CAR-T) therapy, a type of CGT, is an advanced cancer treatment that uses a patient's own immune cells to fight tumors. Whether it's cell therapies for blood cancers or gene editing for rare genetic disorders, these innovations promise transformative outcomes but also come with significant cost and logistical issues. In particular, one of the biggest bottlenecks in CGT has been manufacturing. Traditional biologics infrastructure is ill-suited for the personalized, small-batch nature of many CGTs. In 2025, the industry is shifting toward purpose-built automation and analytical technologies designed specifically for CGT production. These innovations aim to reduce costs, improve scalability and accelerate time to market, all critical factors for broader patient access.

The complexity of these therapies—often requiring special handling, administration and monitoring—and their unique payment structures add to the challenge. Still, the momentum behind specialty drug innovation shows no signs of slowing, signaling a continued evolution in how health care is delivered in 2026 and beyond.

5. Expansion of Fertility Benefits

Infertility rates have been on the rise. According to the U.S. Centers for Disease Control and Prevention, roughly 9% of men and 11% of women of reproductive age have experienced fertility problems. As a result, many people turn to fertility treatments while navigating their paths to parenthood. These treatments often include medications, which are sometimes combined with surgical procedures.

As such, new federal initiatives aim to make in vitro fertilization (IVF) more affordable. Many states require that insurance companies cover infertility diagnosis and treatment. The new guidance provides that employers may offer the following:

- **Fertility benefits can be offered as an independent, noncoordinated excepted benefit** if the applicable conditions are met. Individuals enrolled in such coverage may also contribute to an HSA.
- **An excepted benefit health reimbursement arrangement (HRA) may reimburse an employee's out-of-pocket costs with respect to fertility benefits**, as long as the HRA meets the applicable regulatory requirements.
- **Benefits for coaching and navigator services can be offered to help employees and their dependents understand their fertility options under an employee assistance program (EAP) that qualifies as a limited excepted benefit**. To qualify as a limited excepted benefit, the EAP cannot be coordinated with benefits under another group health plan, no employee premiums or contributions can be required as a condition of participation, and there must be no cost sharing under the EAP.

Employee demand for fertility benefits continues to grow, and, generally speaking, reproductive health care benefits remain a key issue for employers as they strive to meet employee needs and remain competitive.

Conclusion

This year has the potential to be pivotal for employee benefits, marked by escalating health care expenses, groundbreaking drug therapies and new legislative mandates. Employers that proactively plan for these changes will be better positioned in a competitive labor market. As innovation and regulation continue to reshape employee benefits, staying informed and agile will be essential for organizations committed to supporting their workforce.

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